

# Risk Assessment Questionnaire – Summary of Results

*Spring 2021*



**EBA**

EUROPEAN  
BANKING  
AUTHORITY

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# Introduction

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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 spring 2021, in which 59 banks<sup>1</sup> and 10 market analysts submitted their answers. Results of the survey were received in April 2021. The RAQ results are published together with the EBA's quarterly Risk Dashboard (Q1 2021).

The results of the survey are presented in an aggregated form. The questionnaires, for both banks and analysts, can be found in the Appendices. The charts are numbered, with numbers corresponding to the questions in the distributed questionnaires. Answers to the same questions from former questionnaires may be presented where deemed relevant. 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 and/or comments on this booklet, please do not hesitate to do so by contacting [rast@eba.europa.eu](mailto:rast@eba.europa.eu)

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<sup>1</sup> Please see Annex for the list of banks participating in the survey

# Summary of the main results

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The continued uncertainty around the evolution of COVID-19 and its impact on European banks is also reflected in responses to this survey. Also, responses submitted in the previous surveys may have been overly affected by the COVID-19 pandemic, therefore, historical comparison should be interpreted with great caution.

## Business model, strategy, and profitability

- **Most banks suggest they are considering, or have considered, mergers and acquisitions (M&A)** (around 60%), which is slightly higher than in previous surveys. Banks primarily consider transactions involving domestic business units and/or portfolios (around 70%) and domestic credit institutions (around 60%). *(Question 1 for banks)*
- **More than 40% of the banks estimate their cost of equity between 8% and 10%, and another 30% at 10%-12%.** Whereas the share of the former bucket continued its declining trend (nearly 60% one year ago and 50% in autumn 2020), the share of the latter bucket further increased (nearly 20% one year ago). Despite the higher percentage, compared to previous surveys, expecting an improvement of their profitability (more than 70%), **most of the banks reported that their current earnings do not cover their cost of equity** (around 60%). Analysts are similarly optimistic on the profitability outlook as they expect banks' short-term earnings to improve (around 80% agree or somewhat agree), mainly driven by an increase in total revenues and overall cost efficiency improvements, as well as no further increase in provisions. *(Question 3, 4 and 5 for banks and Question 1 for market analysts)*
- **Banks target reductions in operating expenses and increasing net fees and commissions to increase their profitability.** Around 75% of the banks consider the reduction in operating expenses or general cost reductions as medium to high priority. **An even higher percentage (more than 80%) targets an increase of their revenue side through commissions and fees.** In line with previous surveys, **automatisation and digitalisation are identified as the main areas to achieve a reduction in operating costs** (around 95%), followed by overhead and staff reduction (around 80%) and reducing business activities (around 45%). *(Questions 6 and 7 for banks)*

## Funding and liquidity

- In the next 12 months **banks intend to focus their funding mainly senior non-preferred/ senior HoldCo (nearly 50%)** and preferred senior unsecured debt (more than 40%). **A further rising share of banks reported their intention to draw funding from central banks** (up to more than 20% from 15% in autumn last year, and 0% in autumn the year before). **Analysts similarly expect banks to increase their senior non-preferred/senior HoldCo funding (50%),** and equally central bank funding as well as senior unsecured funding (both 40%). *(Question 9 for banks and Question 5 for market analysts)*

- **A smaller percentage of banks, compared to previous surveys, identifies the pricing as the main constraint when issuing MREL eligible instruments** (down from more than 50% to close to 40%). Yet, an increasing percentage of banks suggest there are no constraints in that respect (around 40%). *(Question 10 for banks)*
- **The percentage of banks charging negative rates on households' deposits remains rather low (close to 15%), compared to those banks charging negative interest rates to NFCs (around 55%).** However, an increasing share of banks report that they charge higher fees for household and NFCs deposits or current accounts and related services, as reaction to the current low/negative interest rate environment. *(Question 11 for banks)*

### Asset volume trends and asset quality

- **A comparatively high share of banks expects rather a deterioration in the asset quality of most portfolios.** More than 70% of the banks expect the asset quality of SME loans to deteriorate, followed by consumer credit (around 65%) and CRE exposures (around 55%). However, it also needs to be added that the expectation on asset quality slightly improved for the first time since spring 2019. In specific, the share of banks expecting a deterioration of asset quality declined slightly for all portfolios (except or the “other” portfolio). Similarly, the share of banks expecting an improvement of asset quality slightly rose for nearly all portfolios for the first time since spring 2019, but of course with still very low base of banks expecting improvements. *(Question 14 for banks)*
- **Despite the gloomy outlook on the asset quality, a rising share of banks report that they plan to increase their exposures towards SMEs and residential mortgages (both around 65%) as well as corporate exposures (around 60%) and consumer credit (around 50%).** *(Question 13 for banks)*
- **Close to 80% of the banks indicate that their cost of risk (CoR) estimation for the current financial year will not exceed 100bps.** At the same time, the share of banks that expect their CoR to exceed 100bps, has fallen compared to the previous survey (to around 20% from 40% in autumn 2020). In addition, the COVID-19 overlay on the cost of risk applied by around 80% of the banks does not exceed 50% of the total CoR. *(Question 15 and 16 for banks)*

### Conduct, reputation, and operational risk

- **Close to 60% of the banks see an increase in operational risk, which is similar to previous surveys.** Also, in line with their previous responses banks consider cyber risk and data security issues as the main source for increasing operational risk (close to 90%), followed by conduct and legal risk (around 45%). Banks also indicate that they plan to increase IT infrastructure and systems investments because of the Covid-19 pandemic (nearly 70%). This comes in parallel to nearly 90% of banks planning more telework arrangements. *(Question 20 and 21 for banks)*

### Fintech

- **Banks continue considering FinTech firms more as a threat than an opportunity** in the area of payments and retail brokerage. Specifically, more than 50% of EU banks consider Fintech firms

as threat to decrease revenues in payments and settlement as well as in retail brokerage (around 40%). The area of retail banking seems to bring both opportunities and threats (close to 45%) from the involvement of FinTech firms while opportunities seem to prevail in the areas of commercial banking and trading and sales (around 40%). *(Question 23 for banks)*

- **Approximately 1 out of 4 banks have encountered regulatory or supervisory impediments** in seeking to use a digital platform while more than 95% of respondent banks are currently using digital platforms to market or conclude contracts for financial products or services with customers. *(Question 24 and 25 for banks)*
- **Around 75% of EU banks use a RegTech solution.** The most frequent RegTech solutions relate to AML/CFT - identification and verification (70%), transaction monitoring (65%) - and fraud detection (55%). The main challenges that banks face in developing and implementing RegTech solutions relate mainly to internal factors – more than half of EU banks experience issues with integration with legacy systems and data quality. Organisational mindset, internal culture and data privacy and protection issues are also significant barriers for RegTech adoption. *(Question 26 for banks)*

### Sustainable Finance

- **Around 85% of banks are planning to develop products related to green or energy efficient mortgages, followed by green corporate loans (nearly 80%),** which compare respectively to 85% and 70%, in the previous survey. However, the biggest rise is related to the share of banks that report their interest to develop green cards, like debit or credit cards linked to environmental activities (around 50%, up from below 20% in autumn last year). In addition, related to the liability side, around 45% of banks have seen a pricing benefit compared to comparable non green bonds. *(Question 27 and 29 for banks)*

### General open question

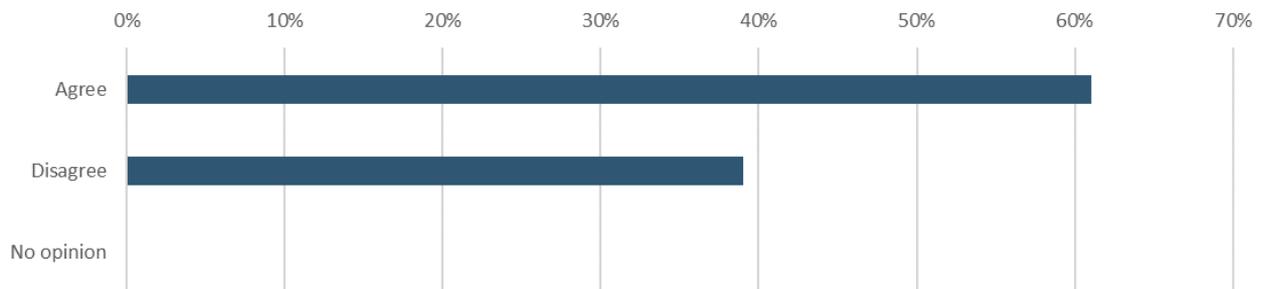
- In the open question on risks looking ahead, **banks and analysts highlight the challenges posed by the Covid-19 pandemic. Overall, respondents are mainly concerned about the increased uncertainty and the possible slowdown of economic activity.** In addition, banks are particularly concerned on the impact of COVID-19 on asset quality and the phasing out of support measures. Other factors mentioned by banks were credit risk, the low interest rate environment, regulatory risk, political risk, cyber risks and increasing risks related to sovereign debt sustainability. *(Question 32 for banks)*

# Banks' questionnaire

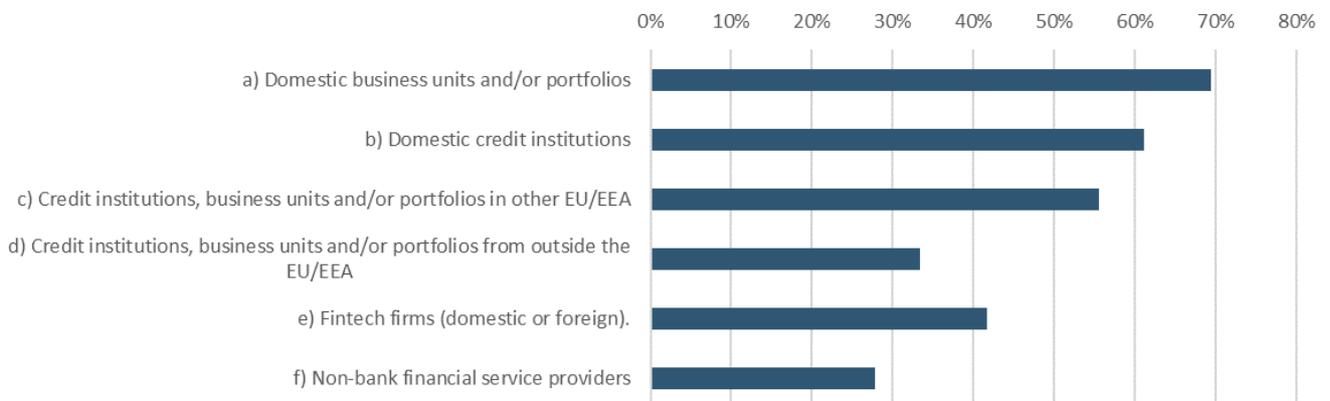
## 1. Business model / strategy / profitability

### Question 1: Spring 2021 results

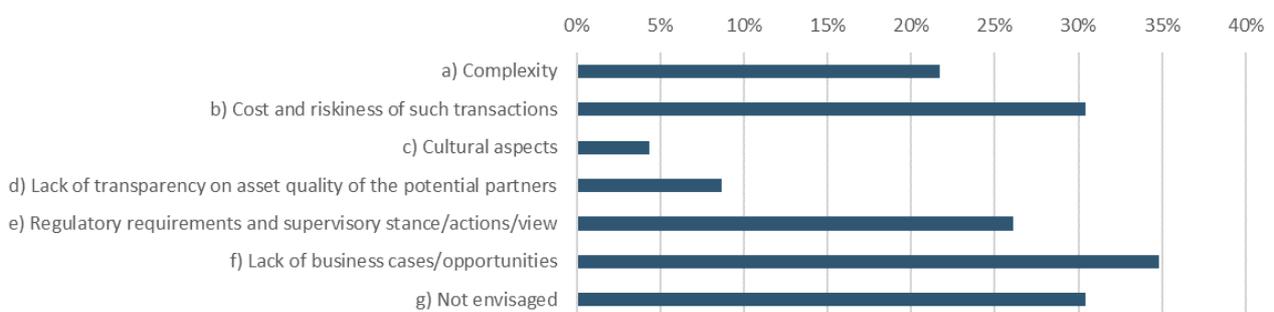
Q1 Are you considering (or have you considered) M&A transactions?



Q1 a) if Yes, are you potentially considering M&A transactions with/of:

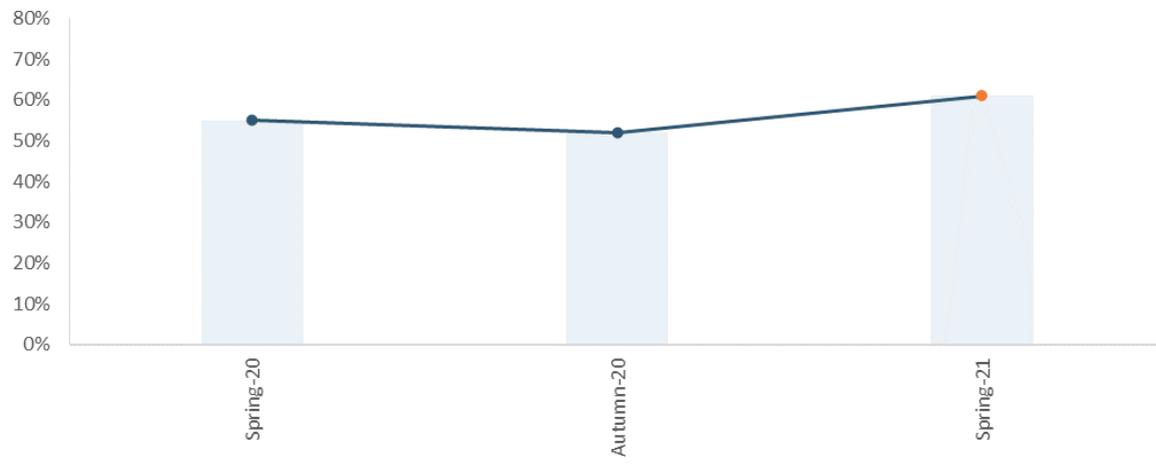


Q1 b) if No, what are the main reasons for not considering M&A transactions? (please do not agree with more than 2 options):

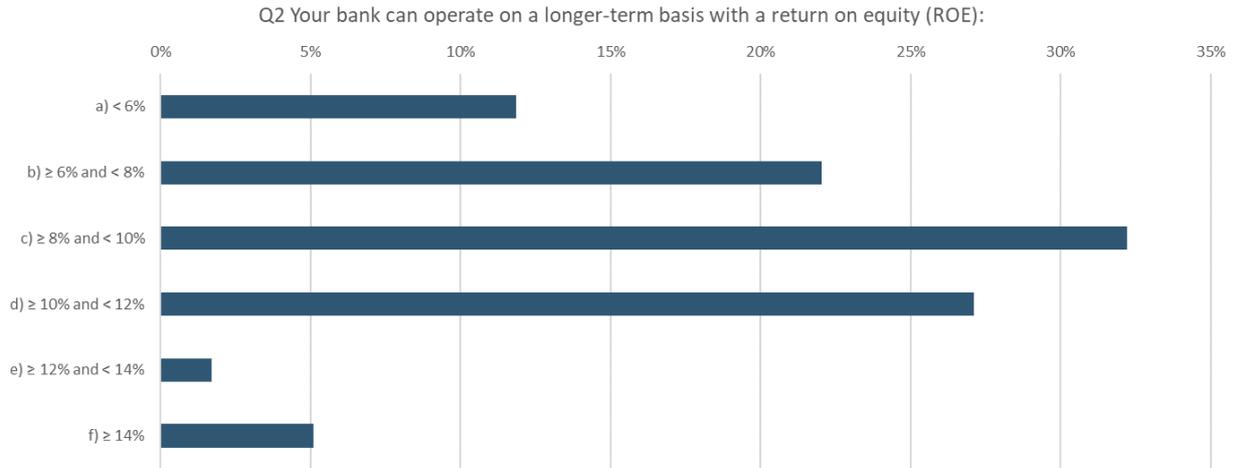


### Question 1: Comparison with earlier results

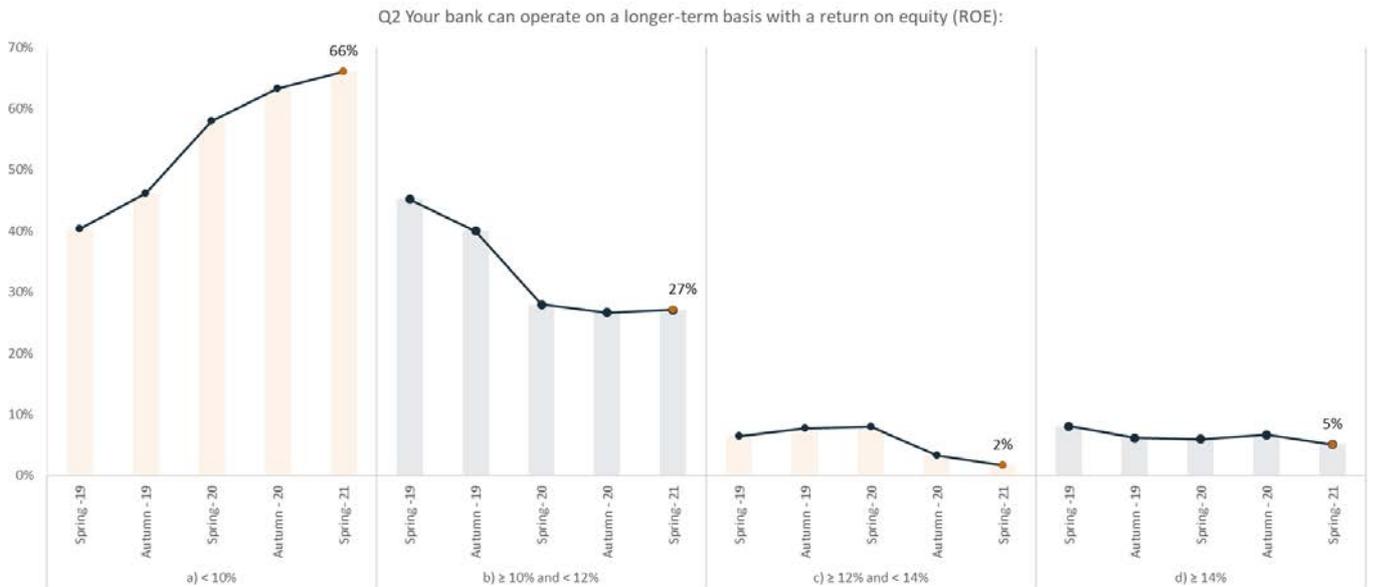
Q1.1 Are you considering (or have you considered) M&A transactions?



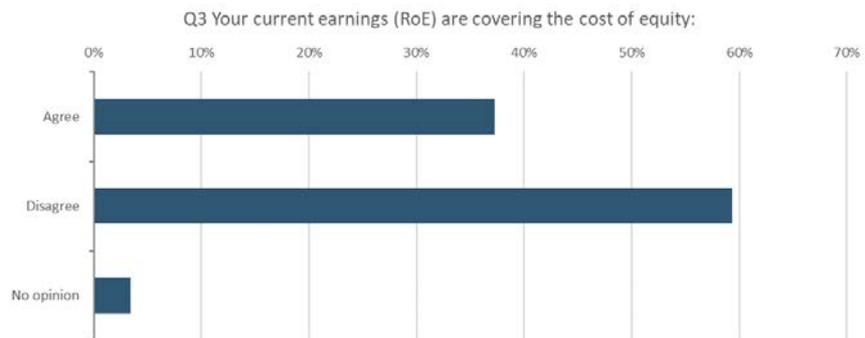
### Question 2: Spring 2021 results



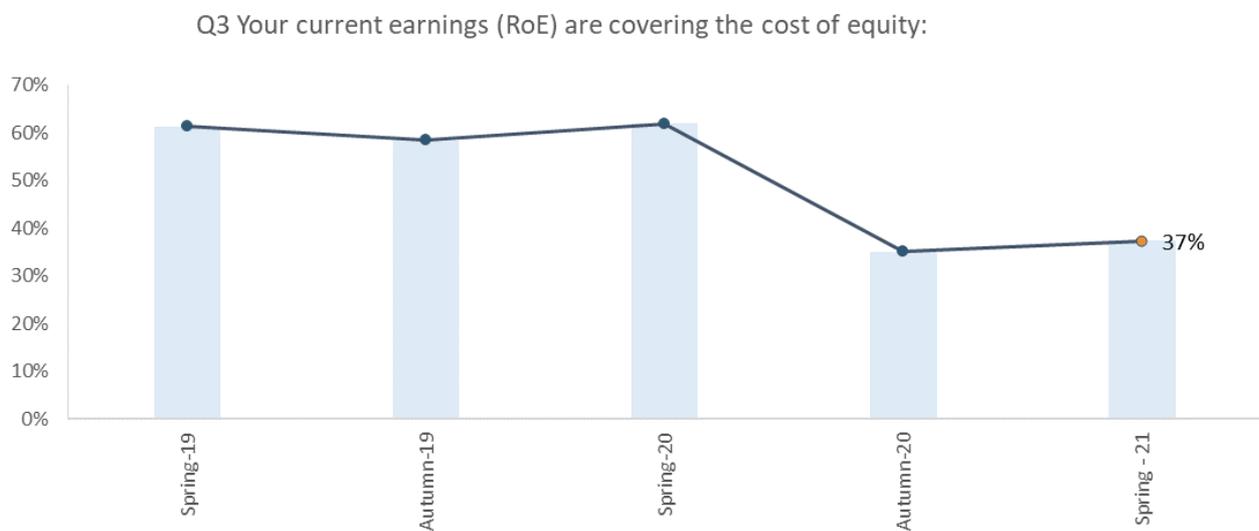
### Question 2: Comparison with earlier results



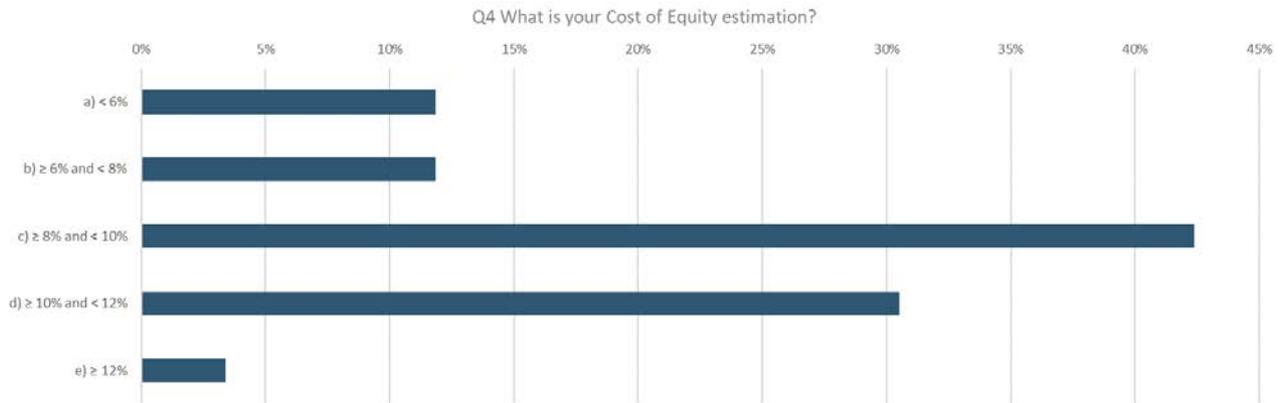
### Question 3: Spring 2021 results



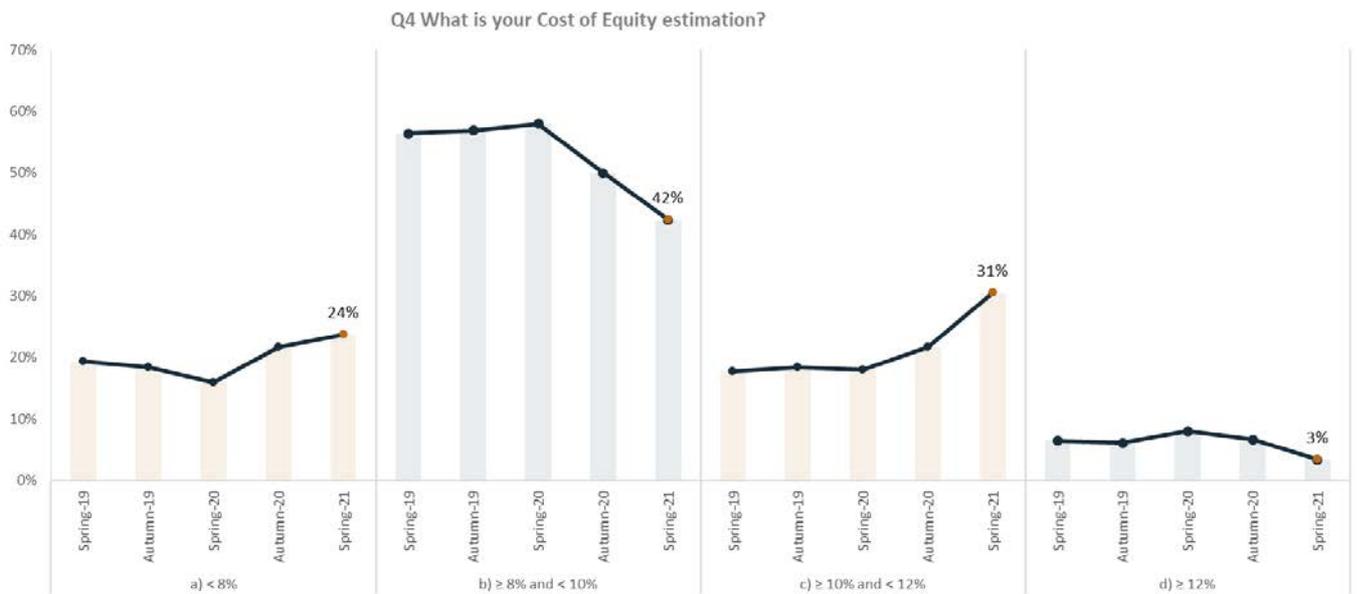
### Question 3: Comparison with earlier results



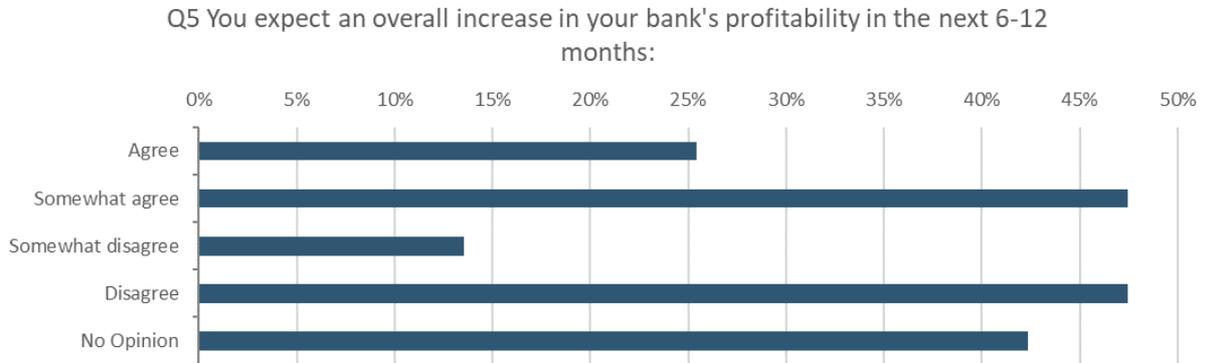
**Question 4: Spring 2021 results**



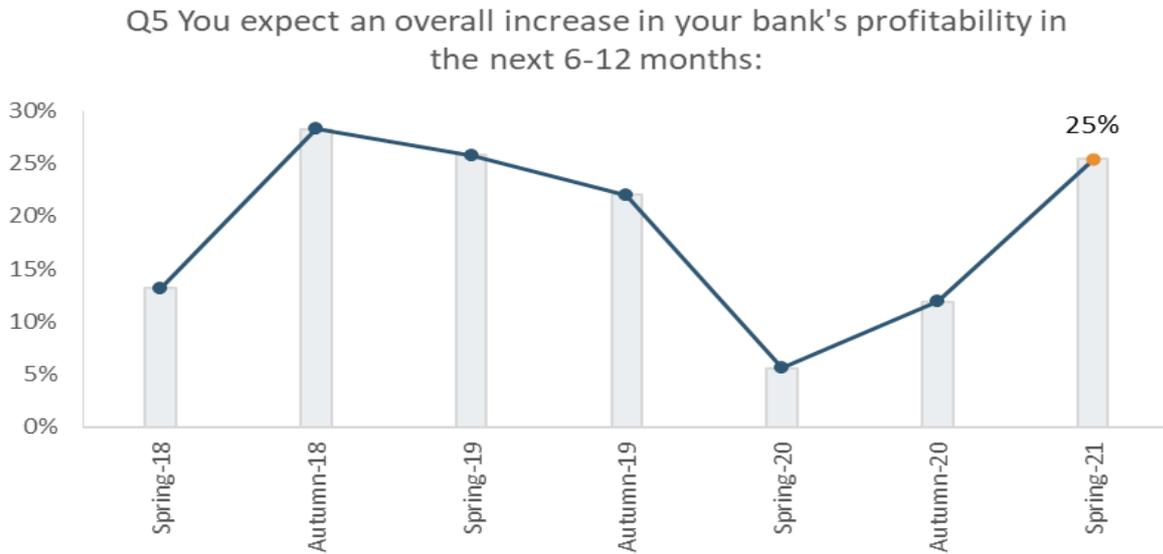
**Question 4: Comparison with earlier results**



**Question 5: Spring 2021 results**

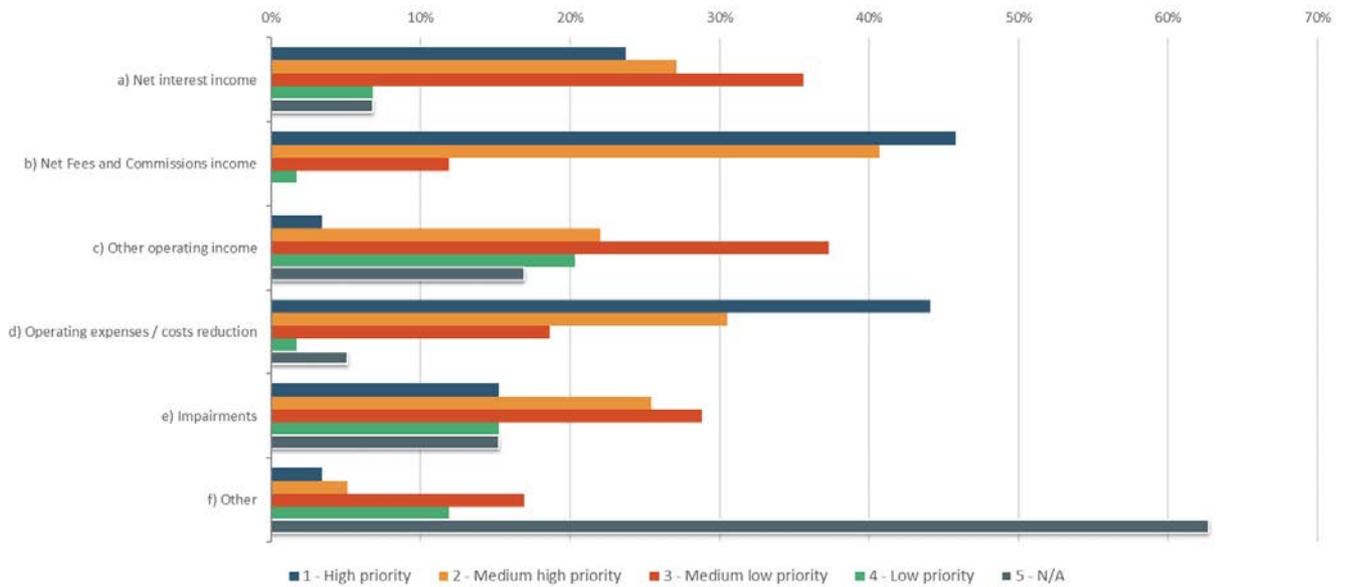


**Question 5: Comparison with earlier results**

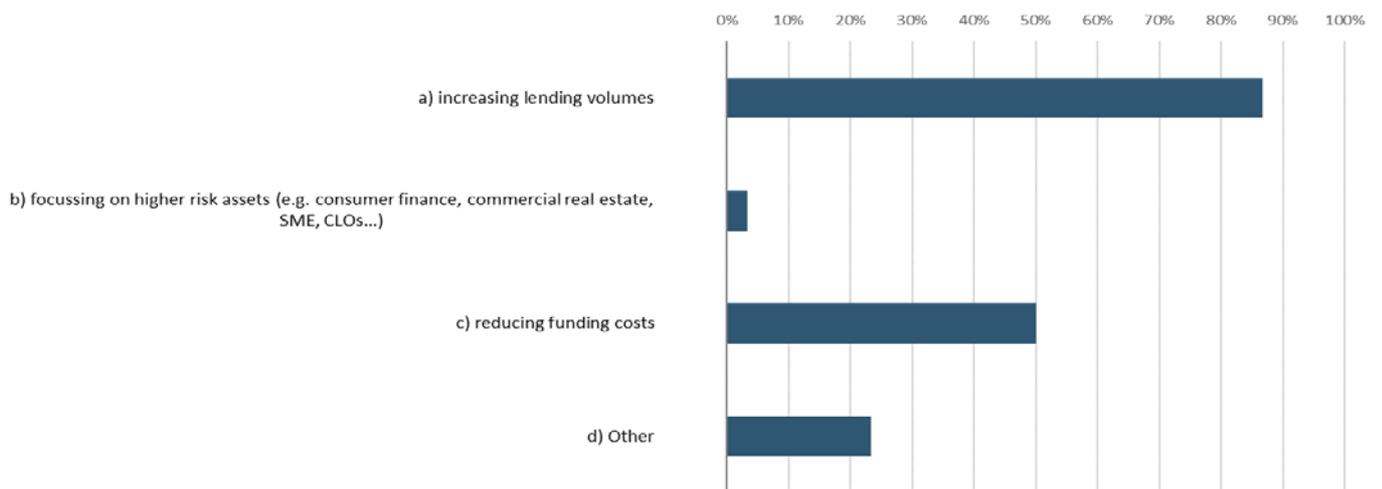


**Question 6: Spring 2021 results**

**Q6.1** Which areas are you primarily targeting to increase profitability of your bank in the next months? (ranking according to priority with 1-High Priority and 4-Low Priority)

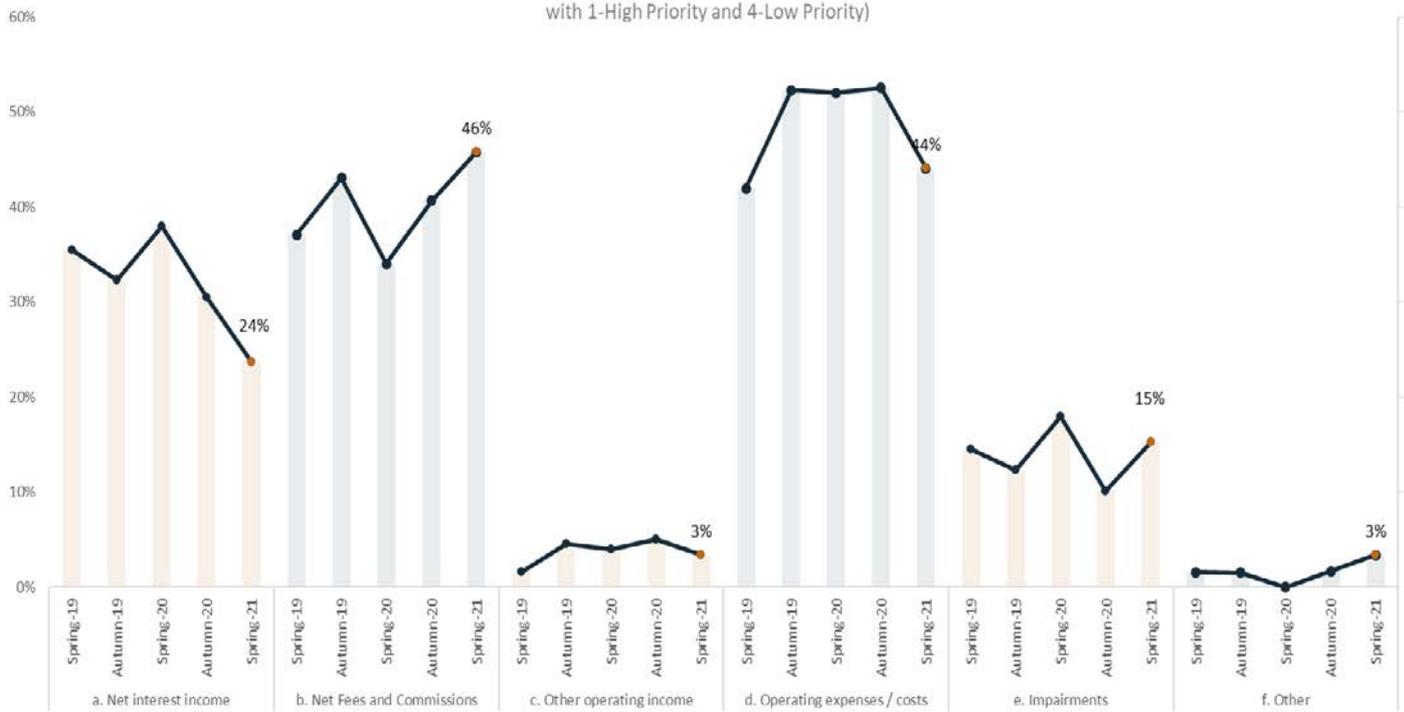


**Q6.2** If you rank net interest income with (1) or (2), what are the main area to increase net interest income: (please do not agree with more than 2 options)



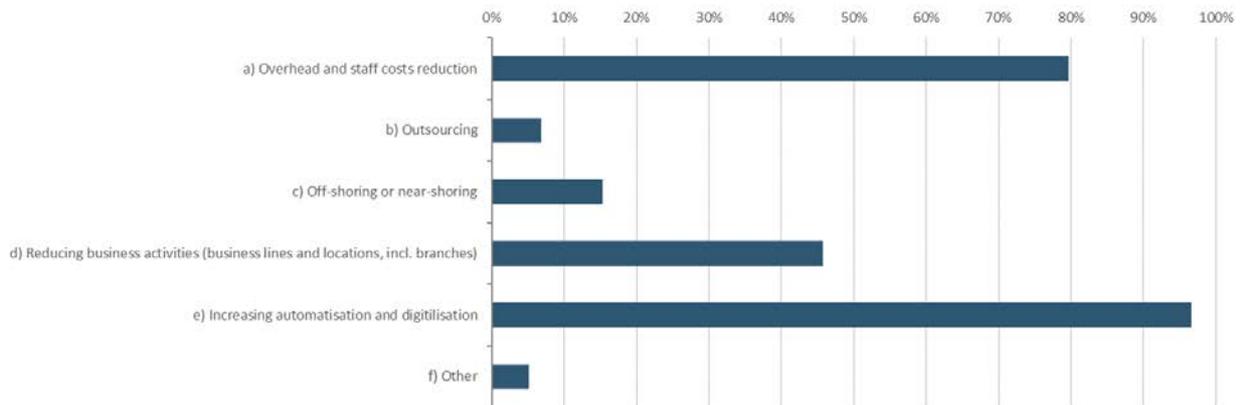
**Question 6: comparison with earlier results**

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



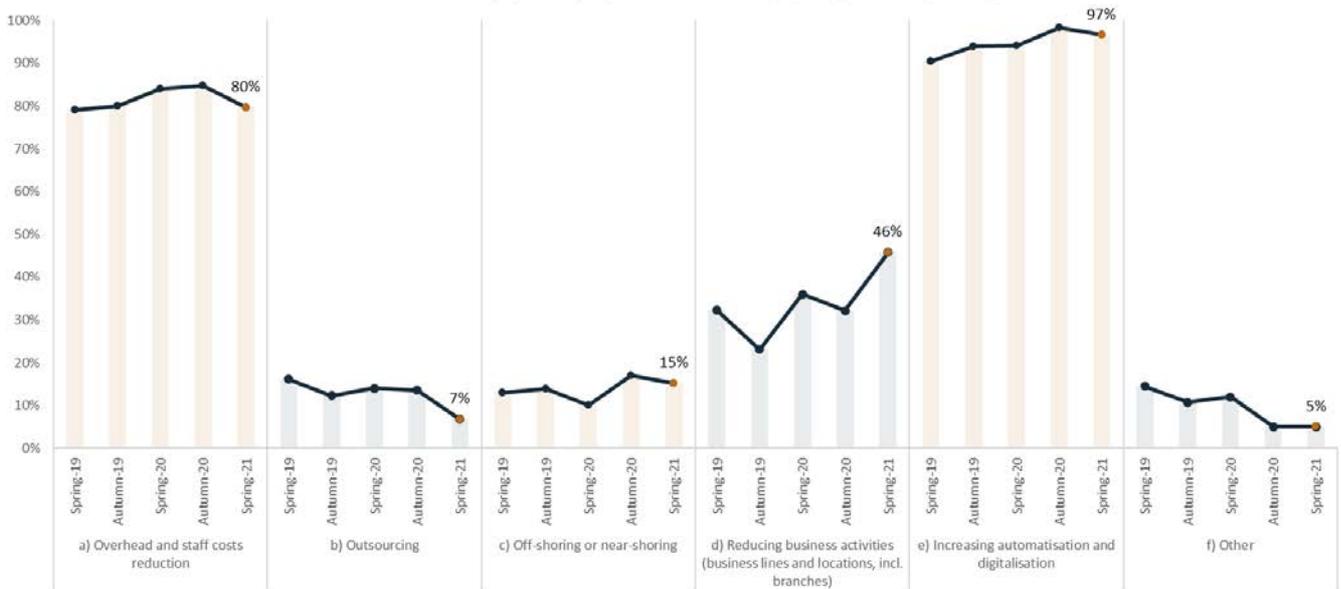
### Question 7: Spring 2021 results

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



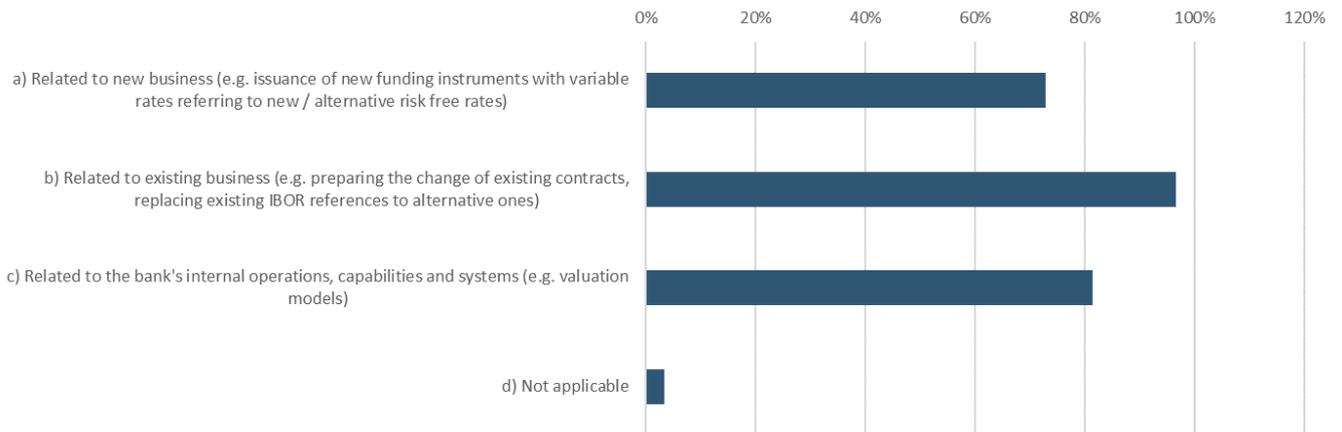
### Question 7: comparison with earlier results

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

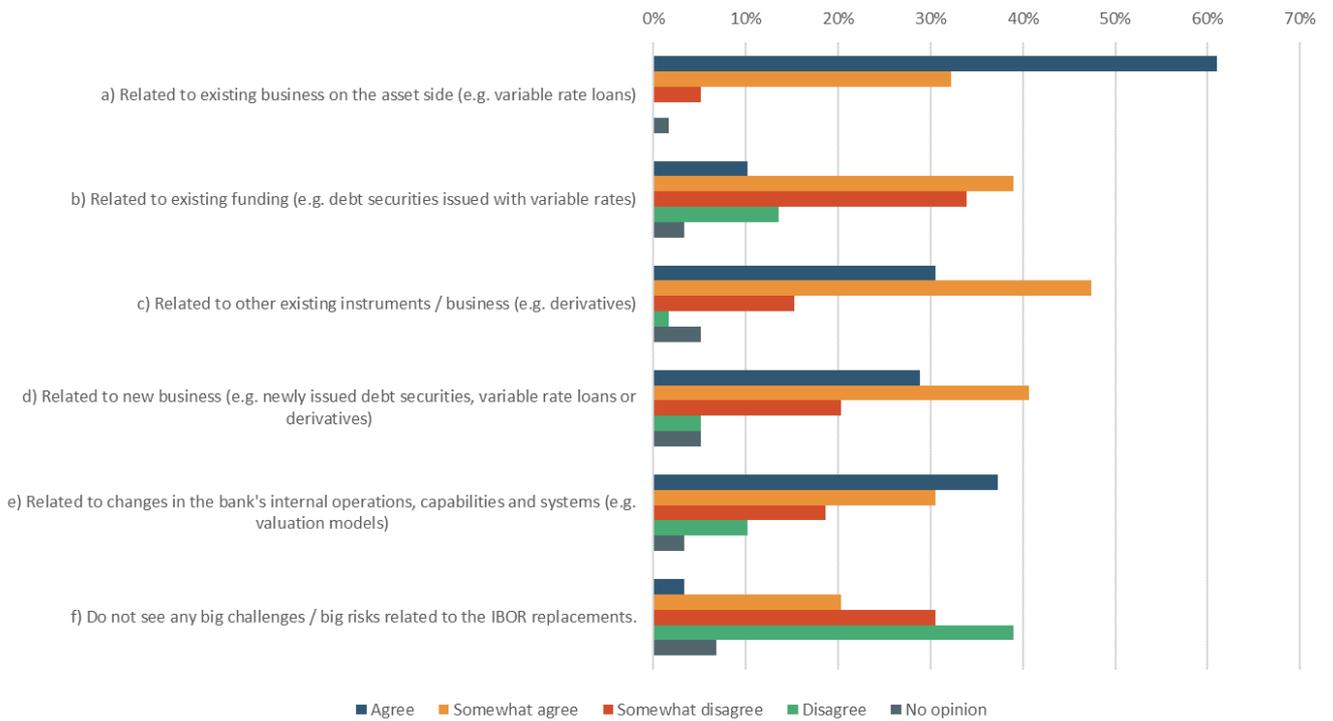


**Question 8: Spring 2021 results**

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

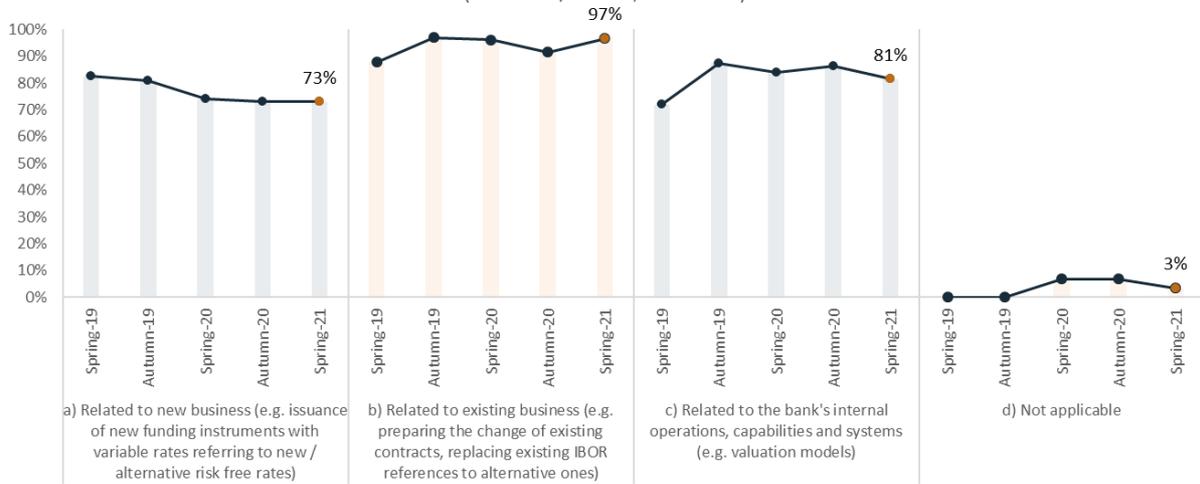


8.2 In which area would you currently see the biggest challenges and potentially the biggest risks in your preparations in view of the IBOR replacements?:

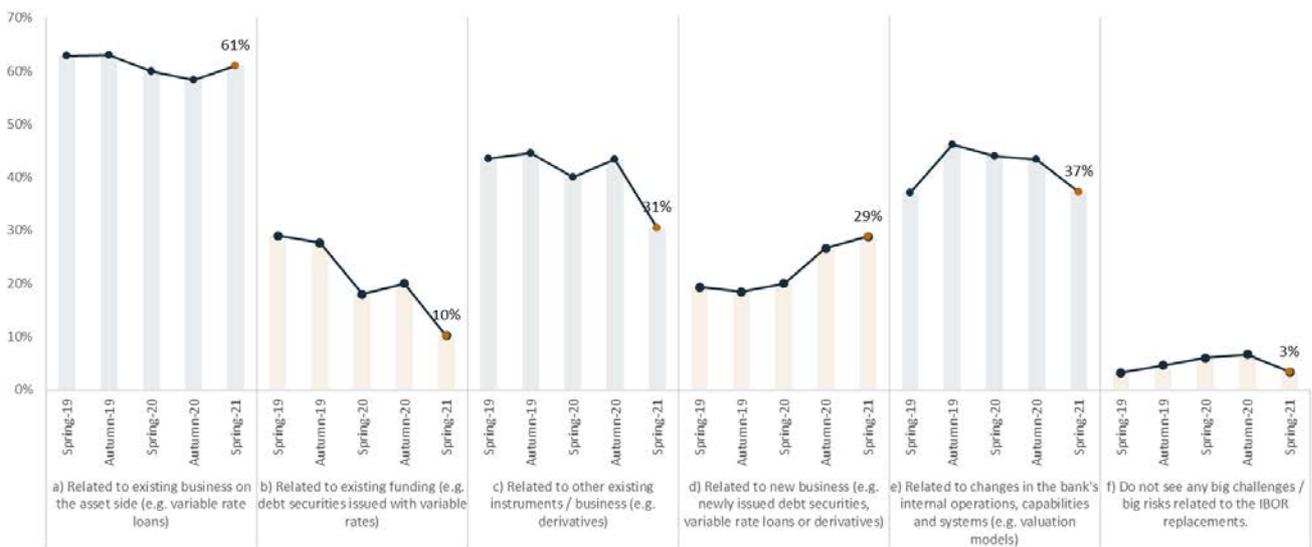


**Question 8: comparison with earlier results**

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



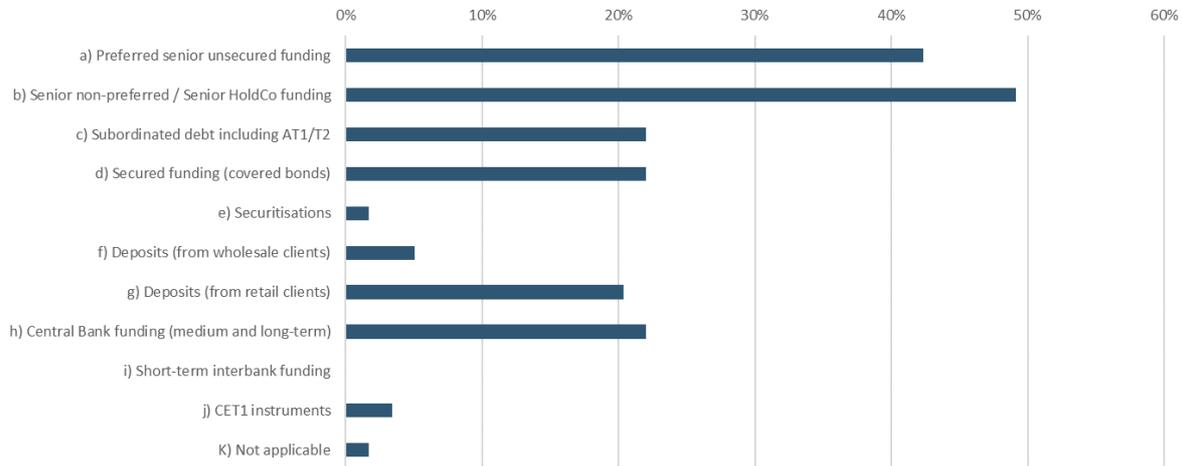
8.2 In which area would you currently see the biggest challenges and potentially the biggest risks in your preparations in view of the IBOR replacements?:



## 2. Funding / liquidity

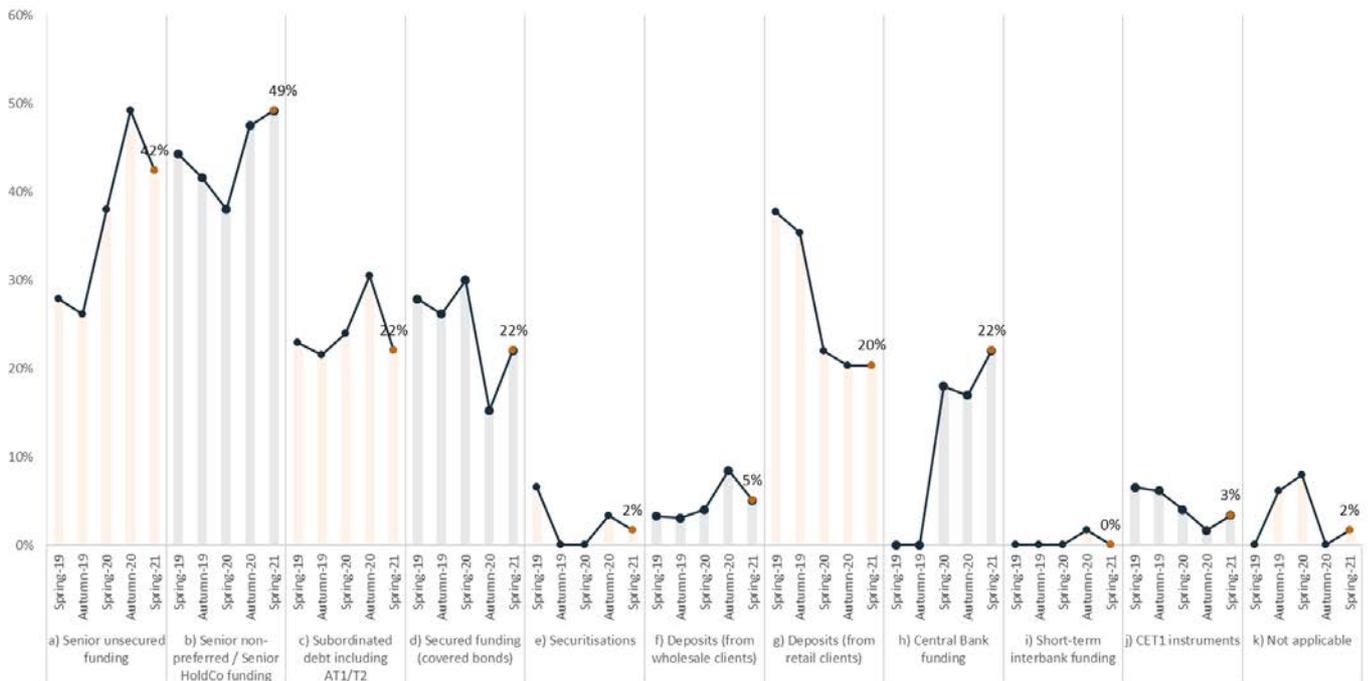
### Question 9: Spring 2021 results

Q9 In the next 12 months, which funding instruments do you intend to focus on? (please do not agree with more than 2 options)



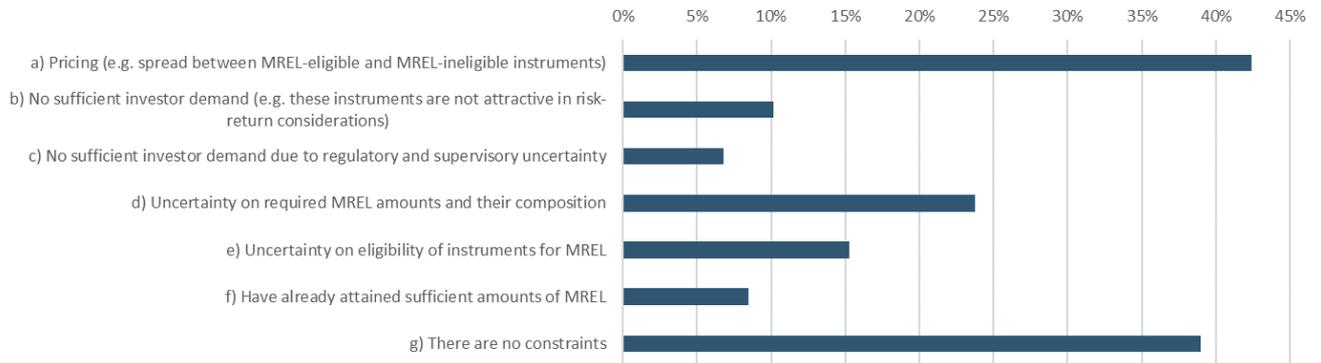
### Question 9: comparison with earlier results

Q9 In the next 12 months, which funding instruments do you intend to focus on? (please do not agree with more than 2 options)



### Question 10: Spring 2021 results

Q10 Which are the main constraints to issue instruments eligible for MREL (please do not agree with more than 2 options)?



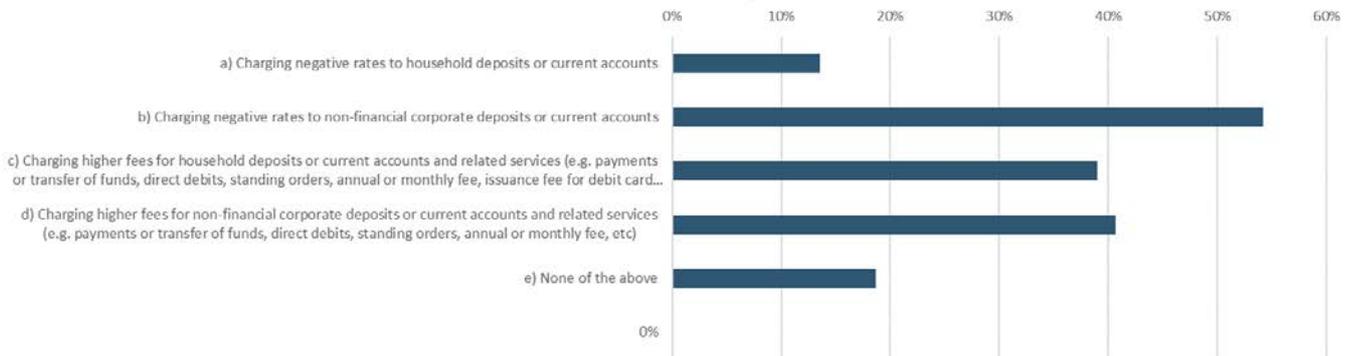
### Question 10: comparison with earlier results

Q10 Which are the main constraints to issue instruments eligible for MREL (please do not agree with more than 2 options)?



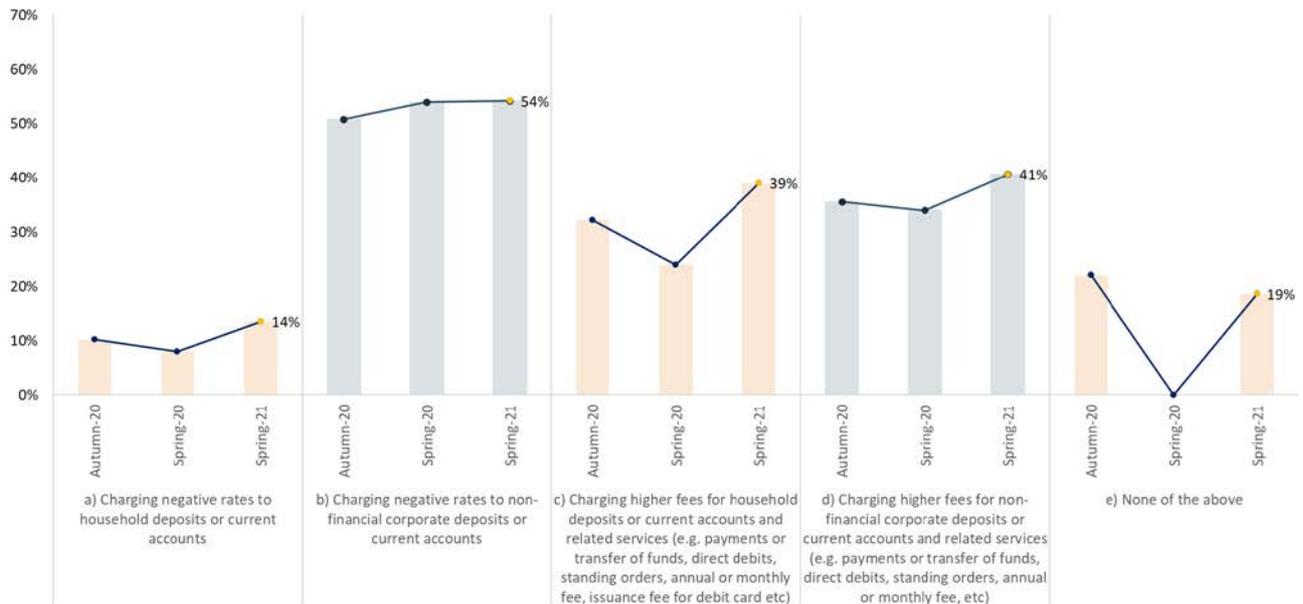
### Question 11: Spring 2021 results

Q11 In the current low and negative interest rate environment, which of the following actions have you taken in relation to deposits?



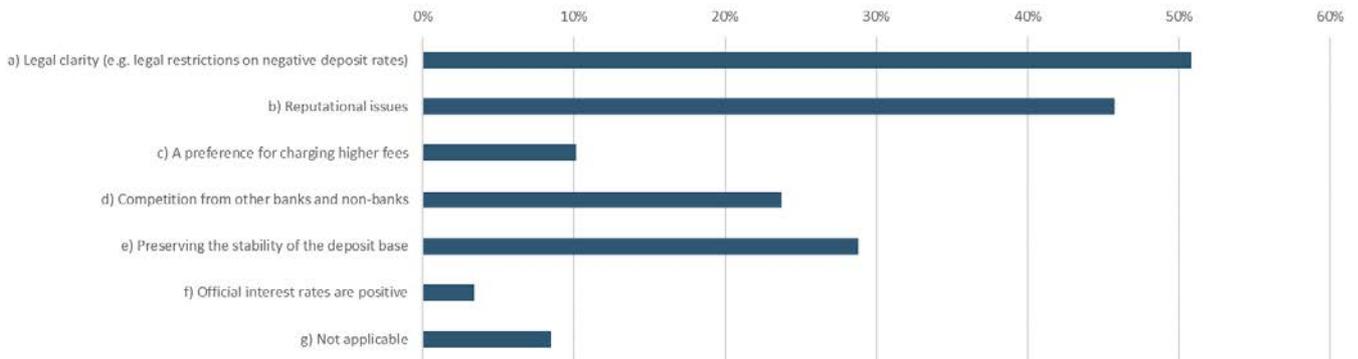
### Question 11: comparison with earlier results

Q11 In the current low and negative interest rate environment, which of the following actions have you taken in relation to deposits?



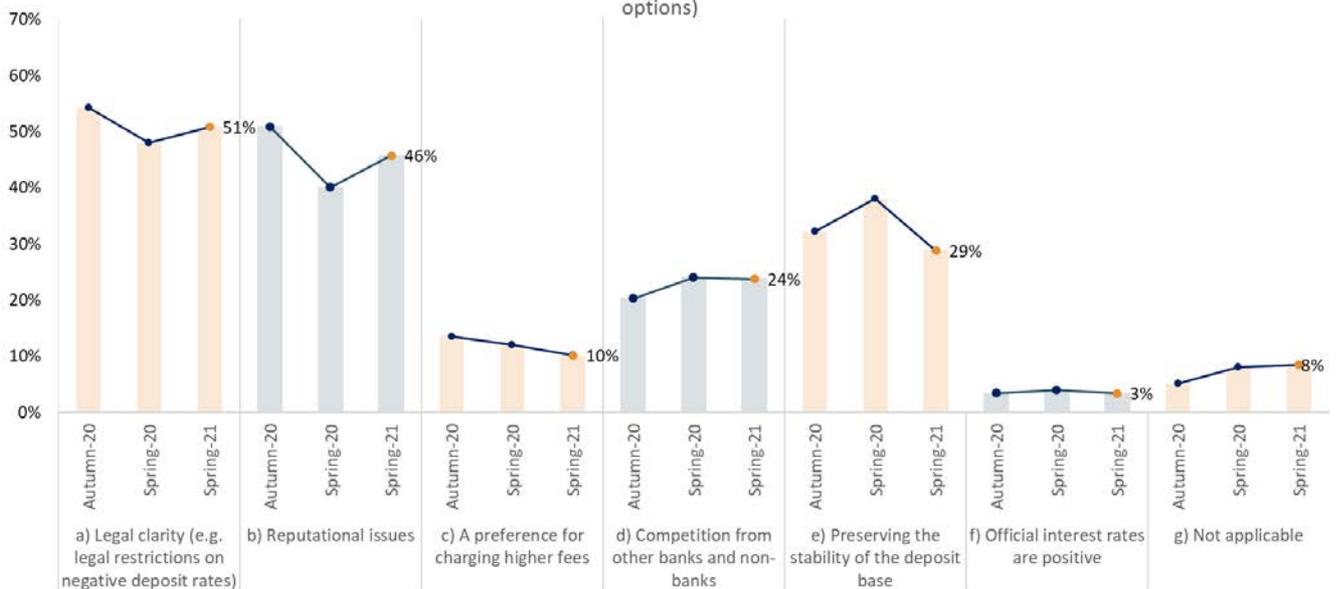
### Question 12: Spring 2021 results

Q12 What are your main considerations for avoiding to charge negative rates? (please do not agree more than 2 options)



### Question 12: comparison with earlier results

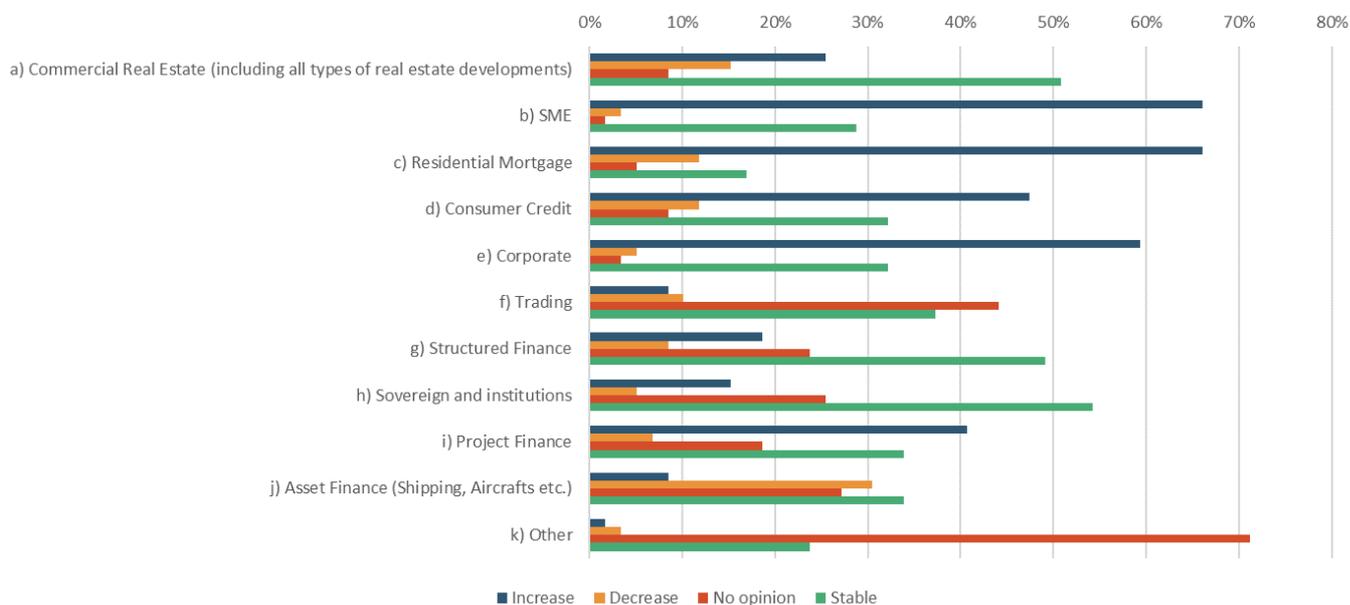
Q12 What are your main considerations for avoiding to charge negative rates? (please do not agree more than 2 options)



### 3. Asset composition & quality

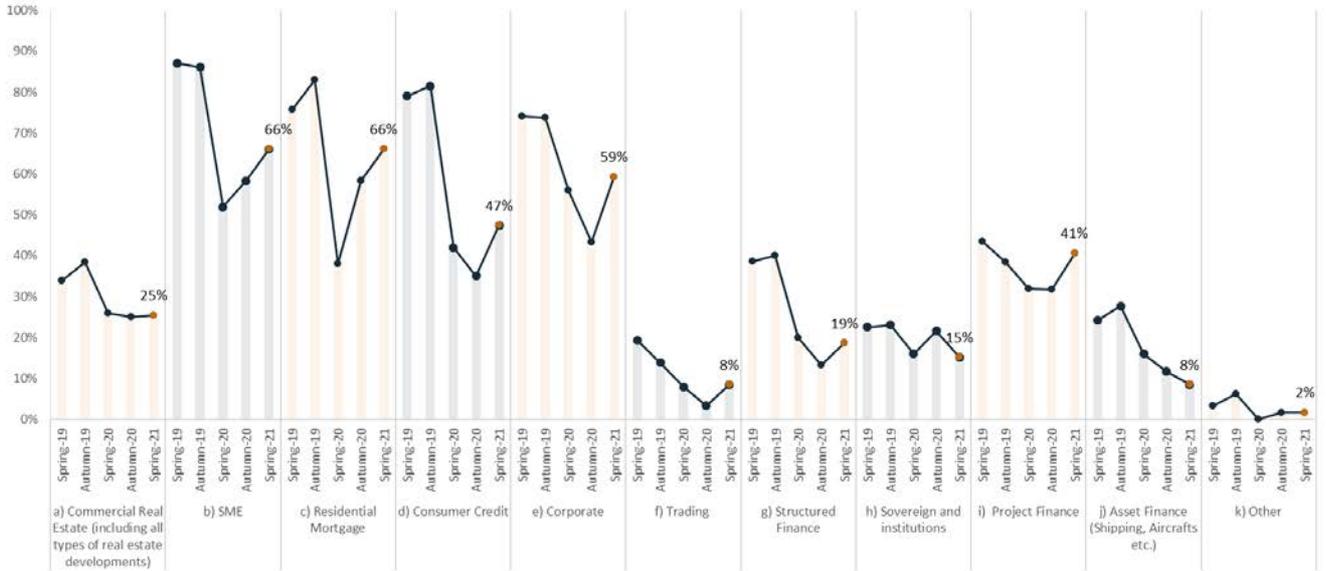
#### Question 13: Spring 2021 results

Q13 Which portfolios do you plan to increase/decrease in volume during the next 12 months (on a net basis)?:

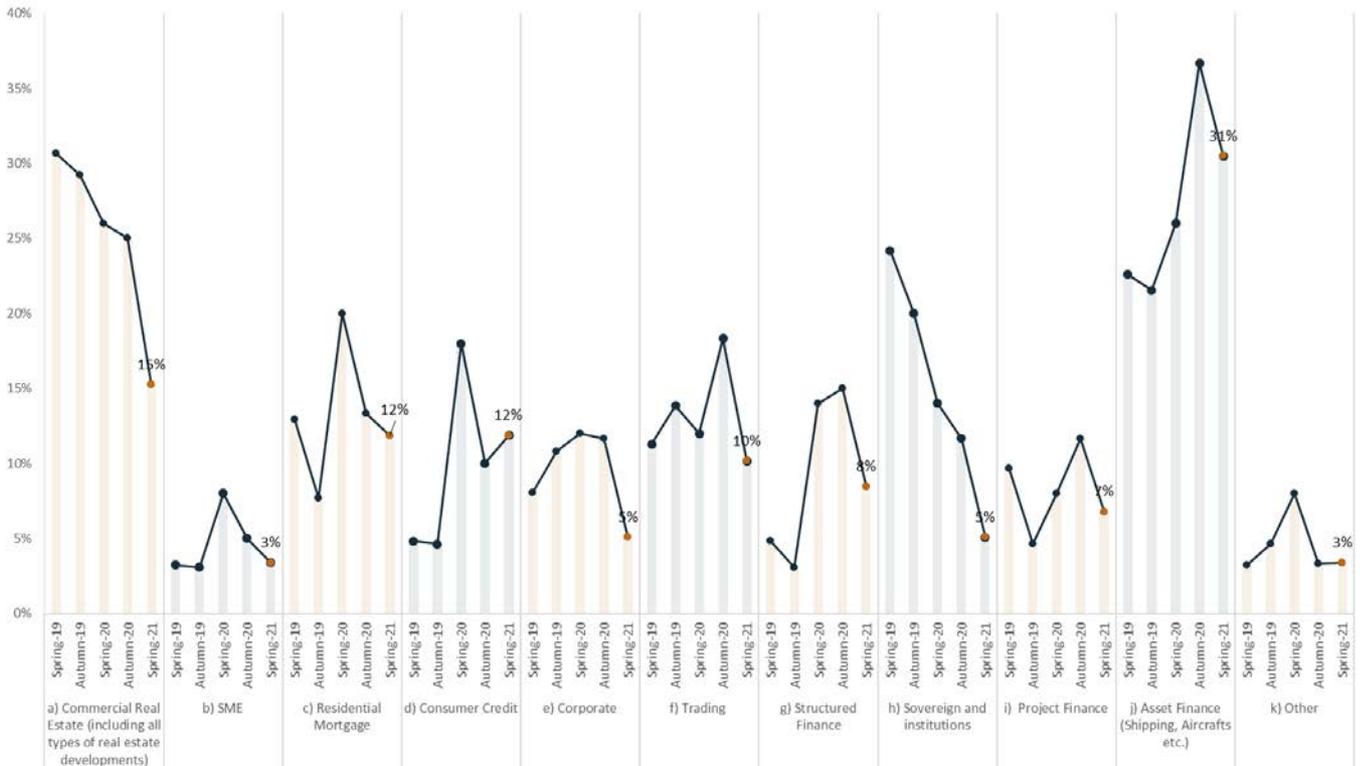


Question 13: Comparison with earlier results

Q13 Which portfolios do you plan to increase in volume during the next 12 months?

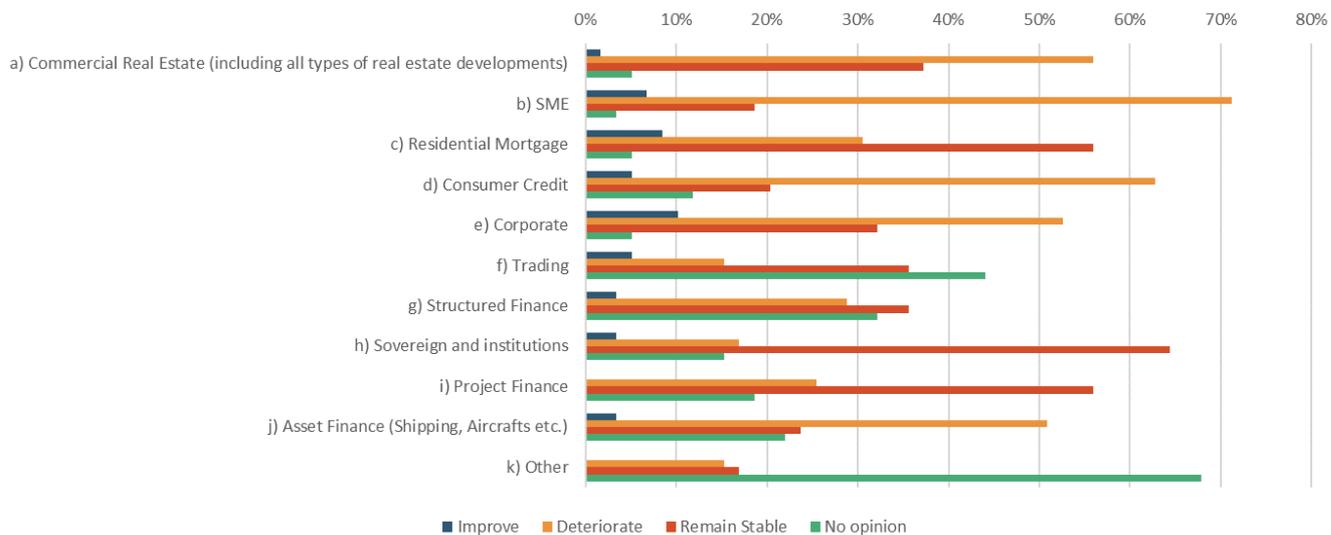


Q13 Which portfolios do you plan to decrease in volume during the next 12 months?



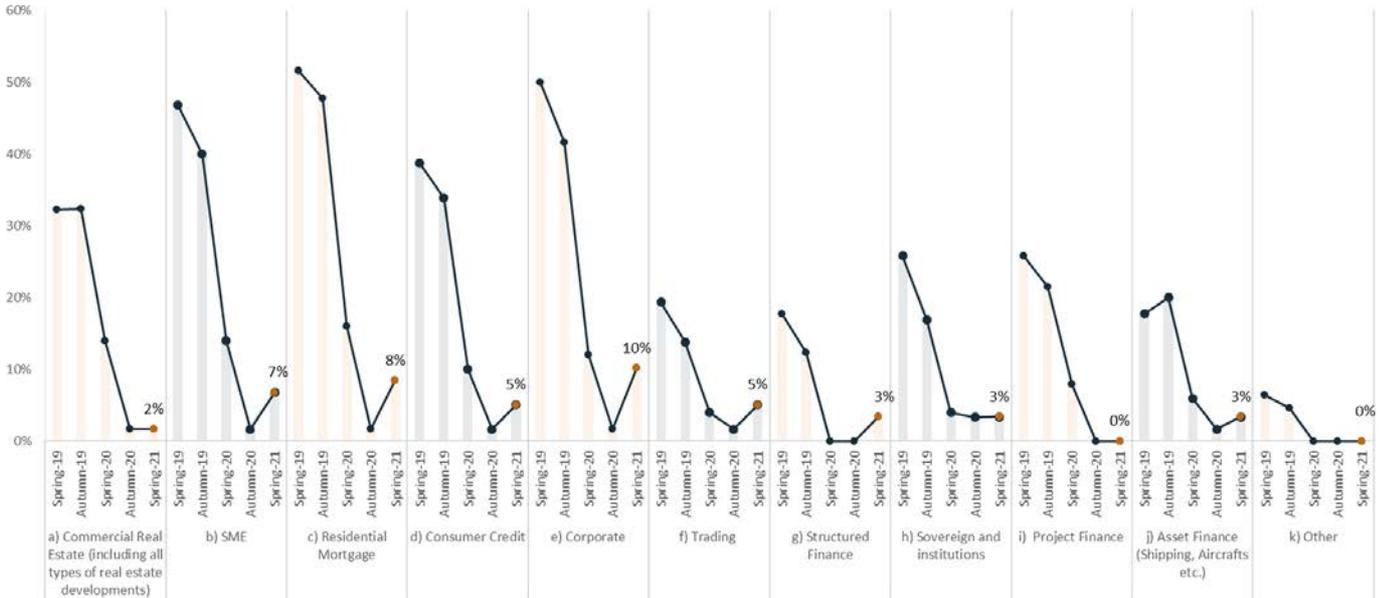
**Question 14: Spring 2021 results**

Q14 Which portfolios do you expect to improve/deteriorate in asset quality in the next 12 months?



Question 14: comparison with earlier results

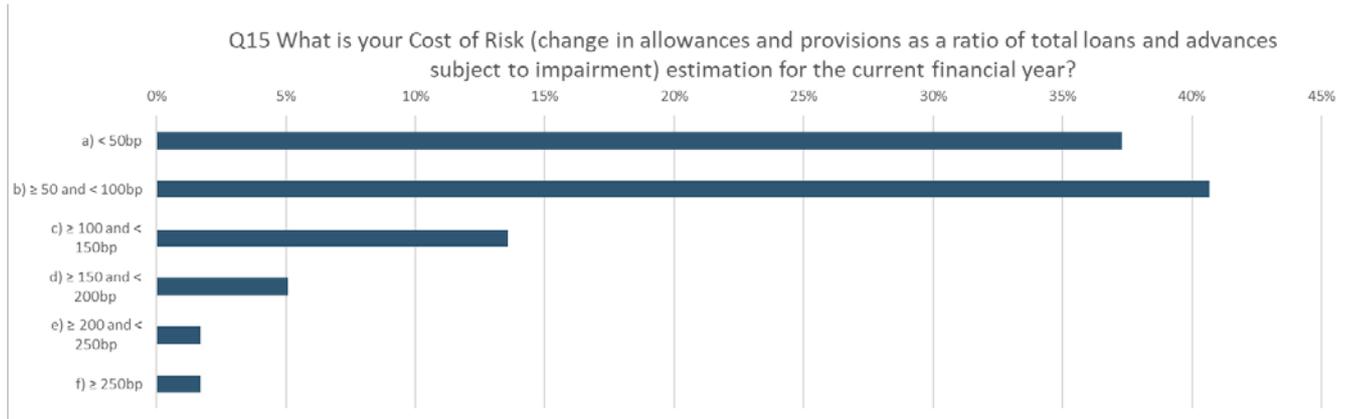
Q14 Which portfolios do you expect to improve in asset quality in the next 12 months?:



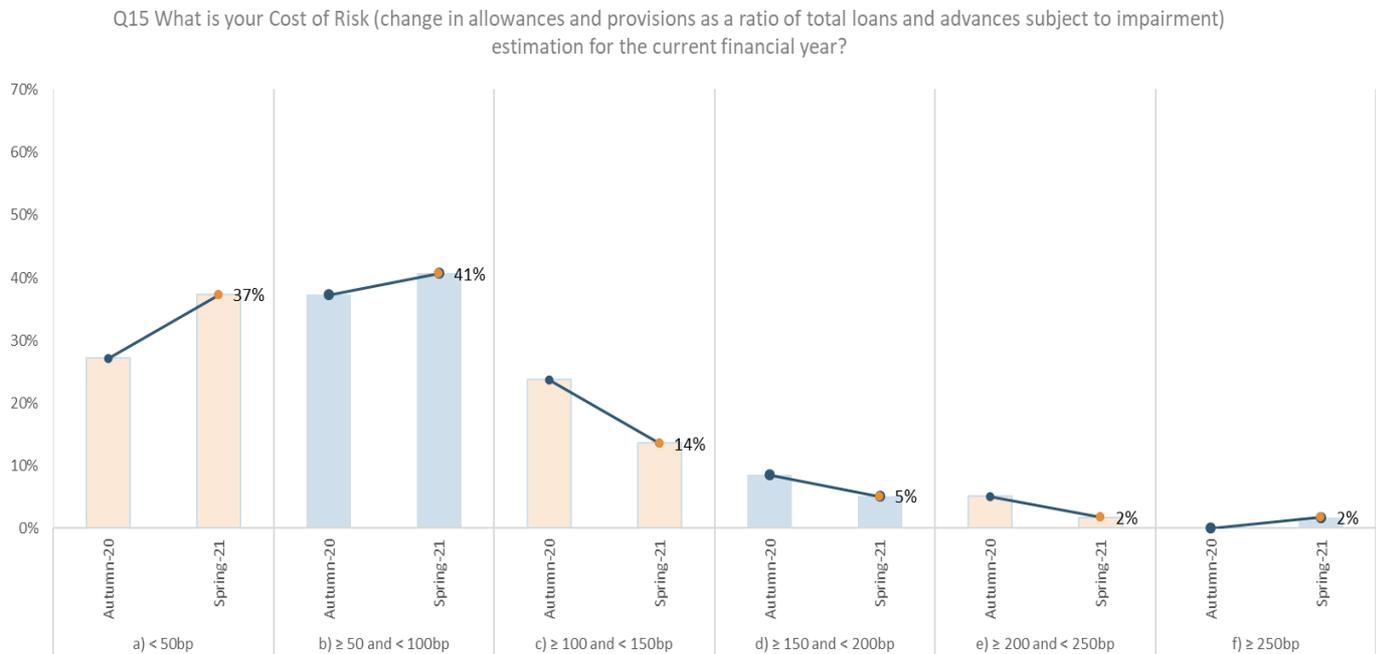
Q14 Which portfolios do you expect to deteriorate in asset quality in the next 12 months?:



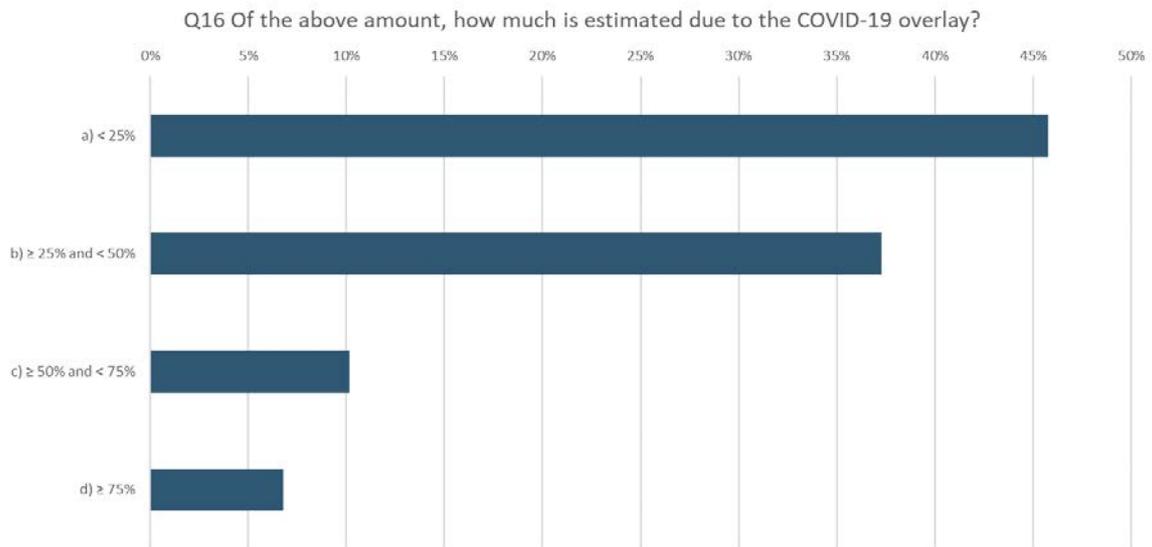
**Question 15: Spring 2021 results**



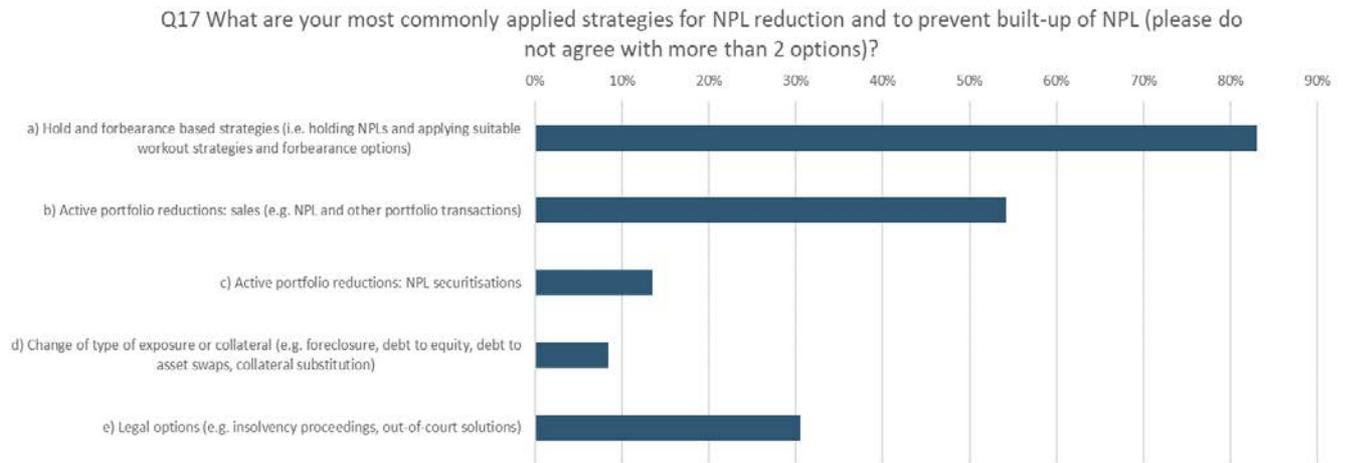
**Question 15: comparison with earlier results**



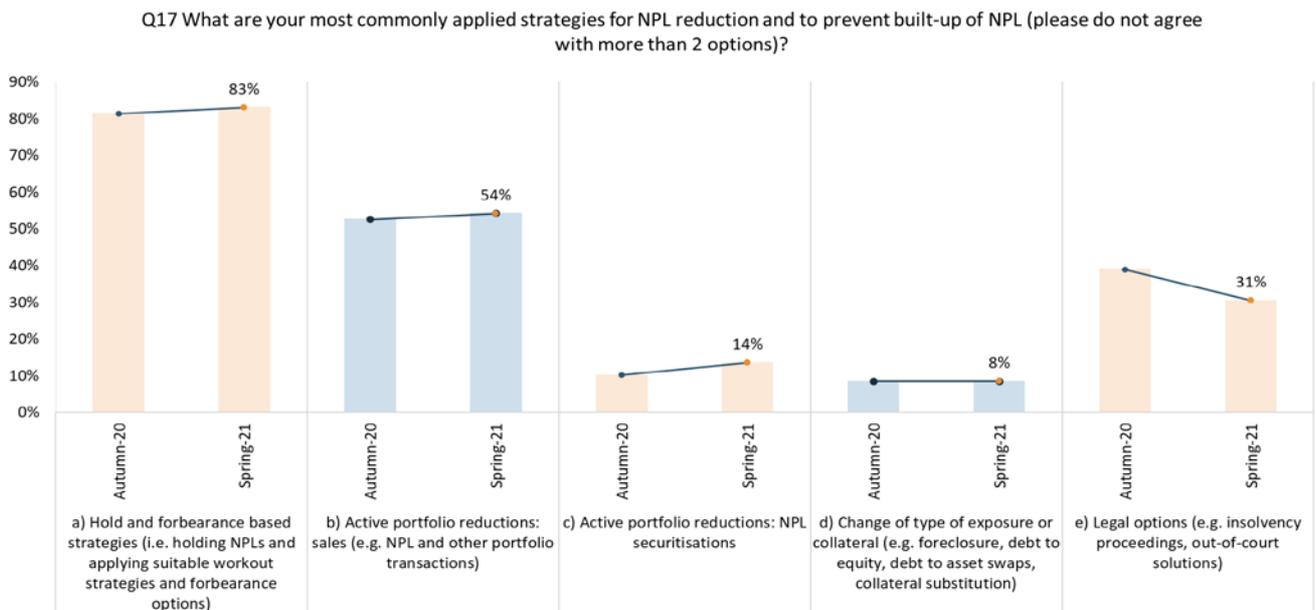
### Question 16: Spring 2021 results



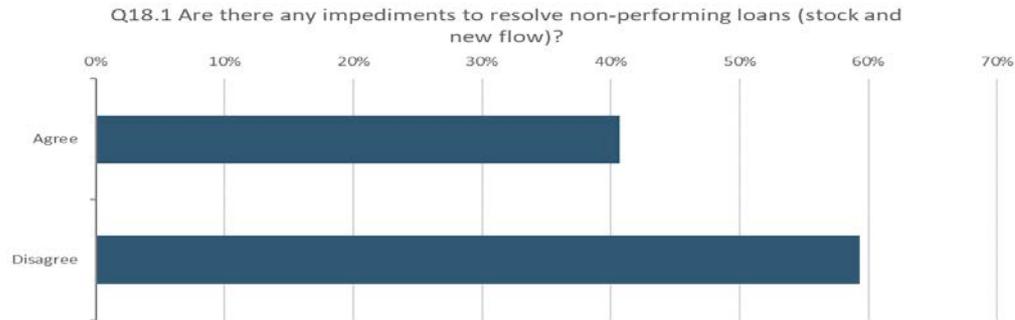
### Question 17: Spring 2021 results



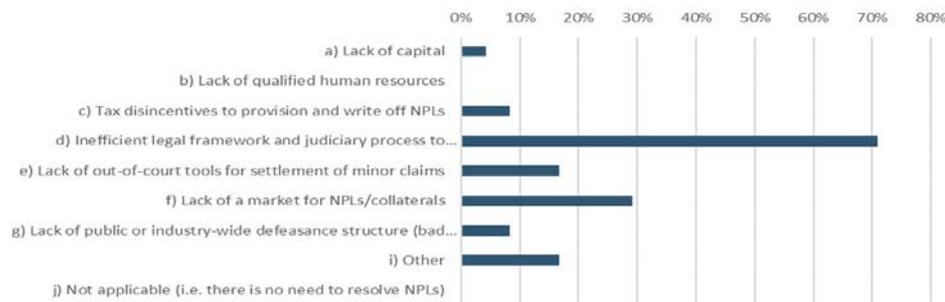
### Question 17: comparison with earlier results



### Question 18: Spring 2021 results

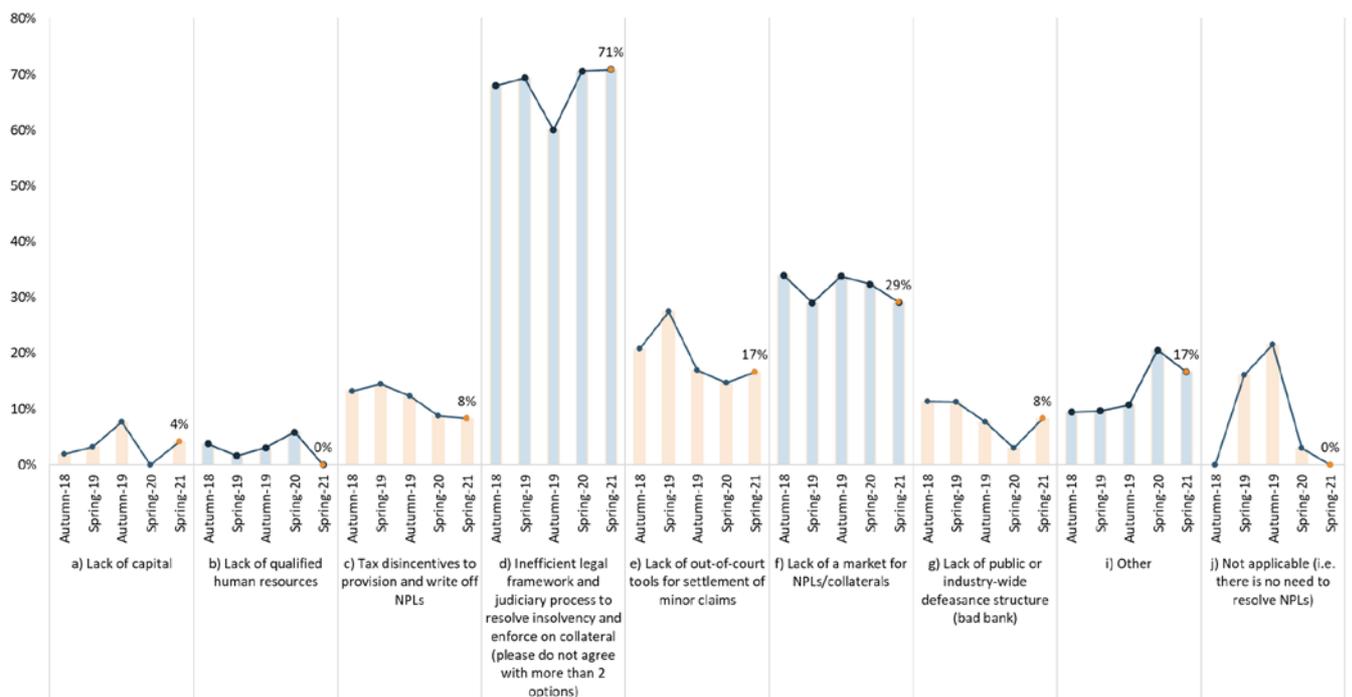


Q18.2 If Yes, what are the main impediments for your institution to resolve non-performing loans? (please do not agree with more than 2 options)



### Question 18: comparison with earlier results

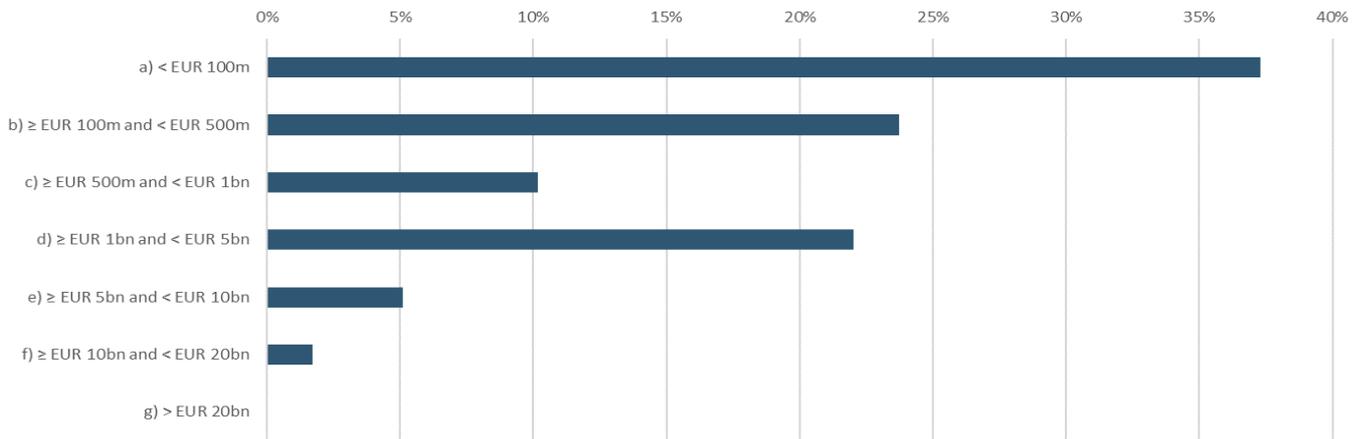
Q18.2 If Yes, what are the main impediments for your institution to resolve non-performing loans? (please do not agree with more than 2 options)



## 4. Conduct, reputation, and operational risk

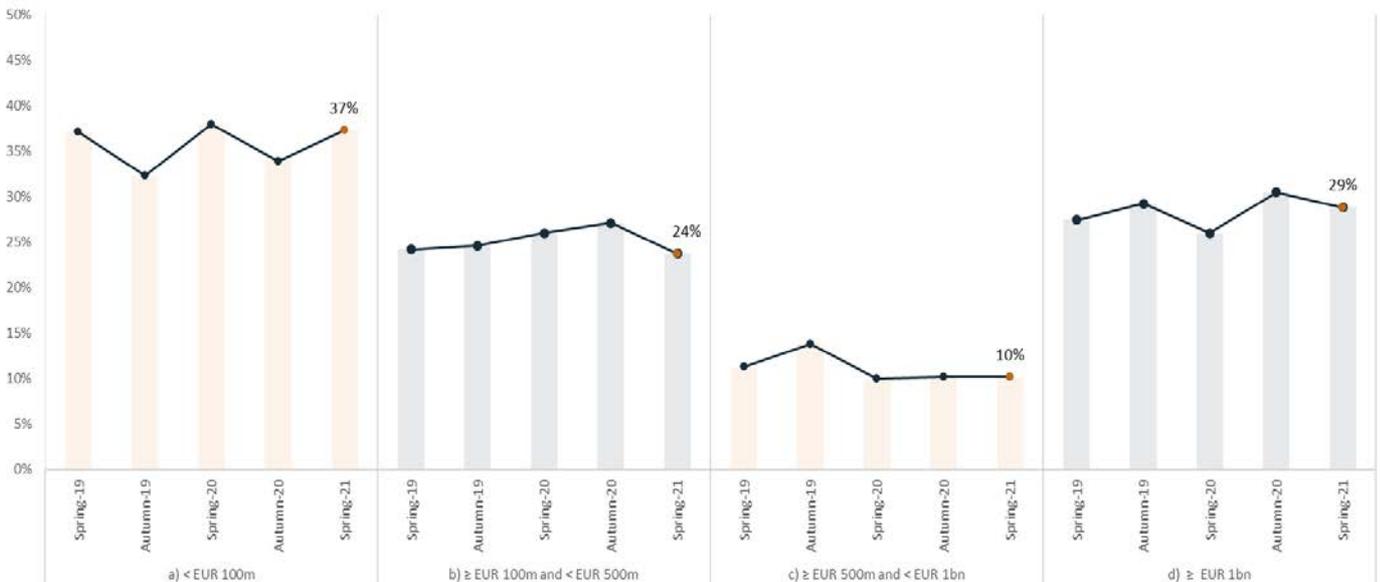
### Question 19: Spring 2021 results

Q19 Since the end of your Financial Year 2007/8, your firm has paid out in the form of compensation, redress, litigation and similar payments [converted to EUR] an aggregate amount of:



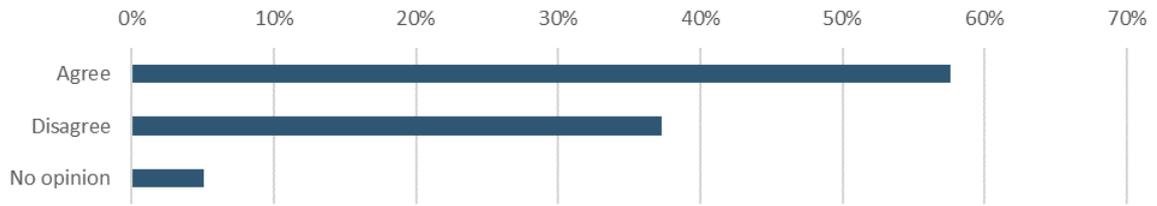
### Question 19: comparison with earlier results

Q19 Since the end of your Financial Year 2007/8, your firm has paid out in the form of compensation, redress, litigation and similar payments [converted to EUR] an aggregate amount of:

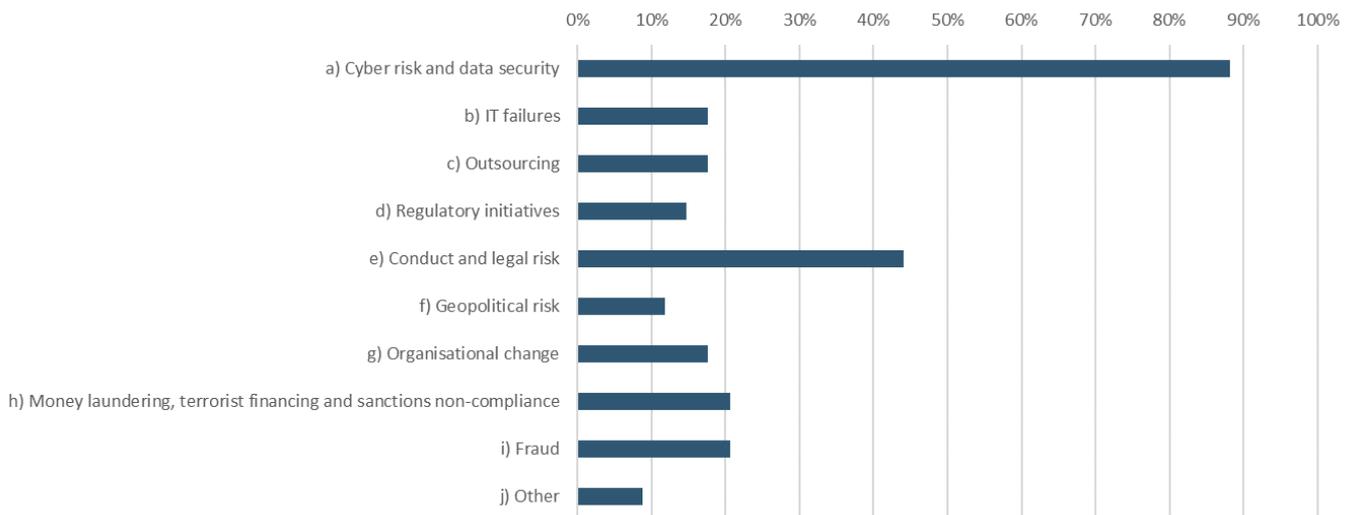


**Question 20: Spring 2021 results**

**Q20.1 You see an increase in operational risk in your bank:**

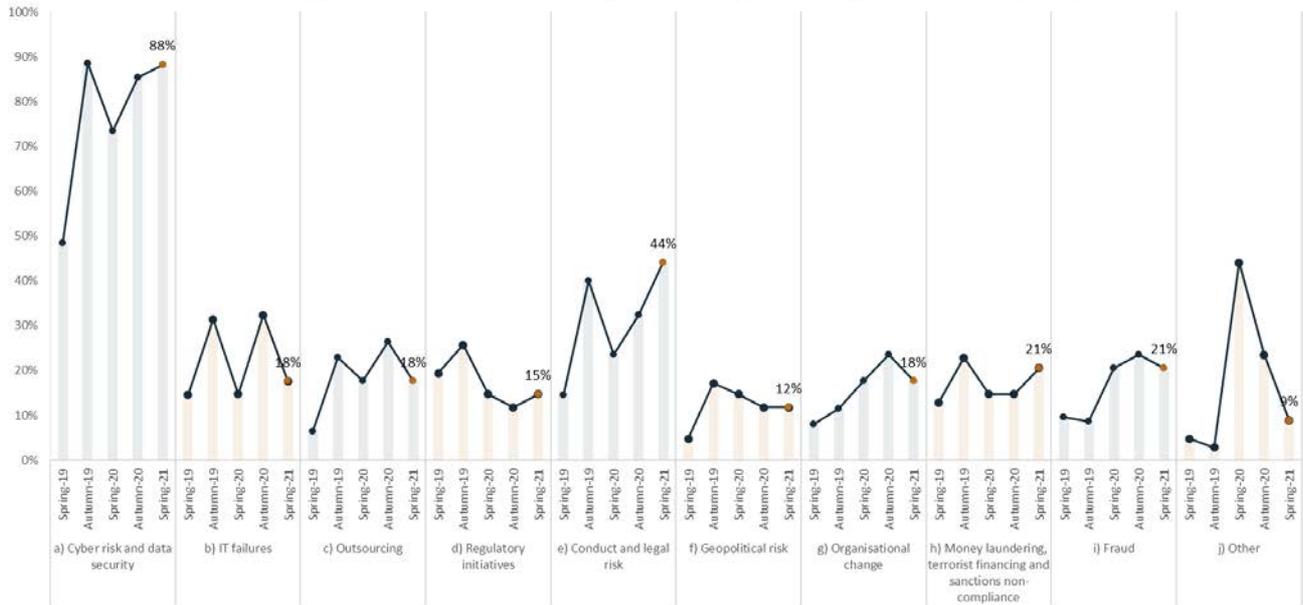


**Q20.2 If applicable, the main driver for increasing operational risk is (please do not agree with more than 3 options):**

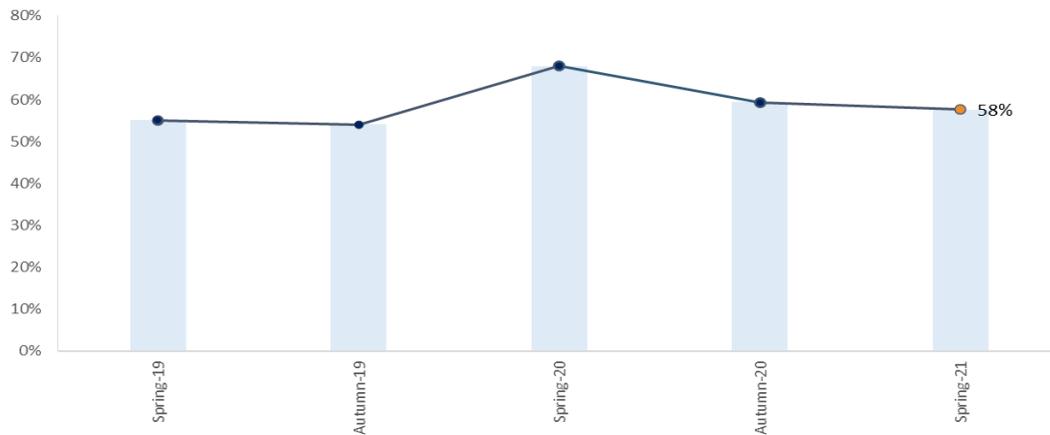


Question 20: comparison with earlier results

Q20.2 If applicable, the main driver for increasing operational risk is (please do not agree with more than 3 options):

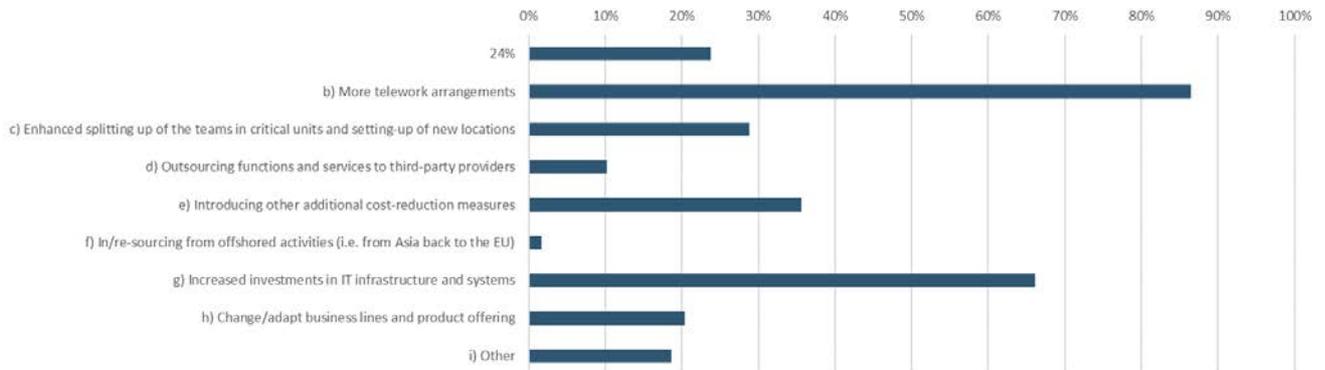


Q20.1 You see an increase in operational risk in your bank:



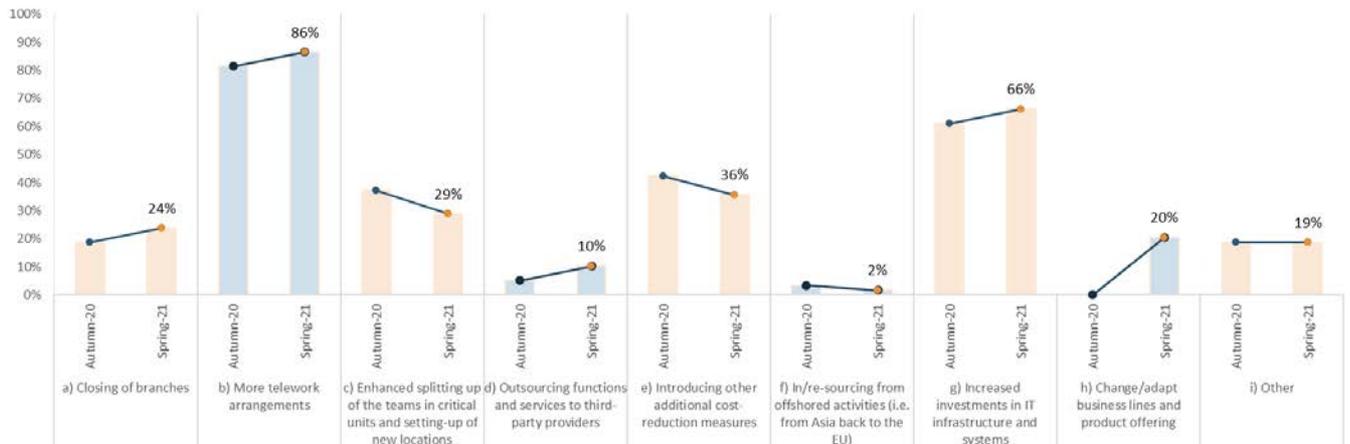
### Question 21: Spring 2021 results

Q21 What organisational changes are you planning for the future (both in the short-term and in the long-term) as a result of the COVID-19 crisis?



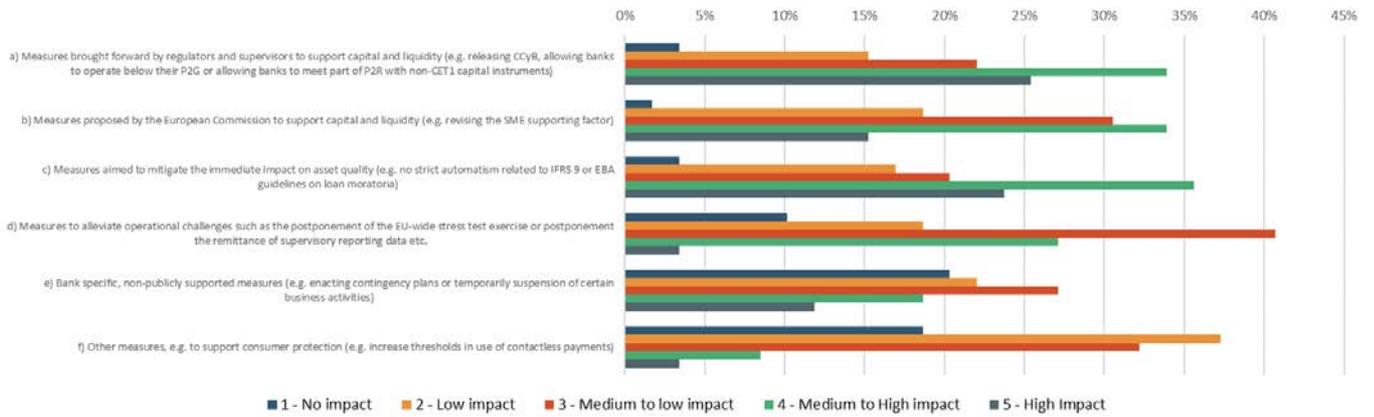
### Question 21: comparison with earlier results

Q21 What organisational changes are you planning for the future (both in the short-term and in the long-term) as a result of the COVID-19 crisis?



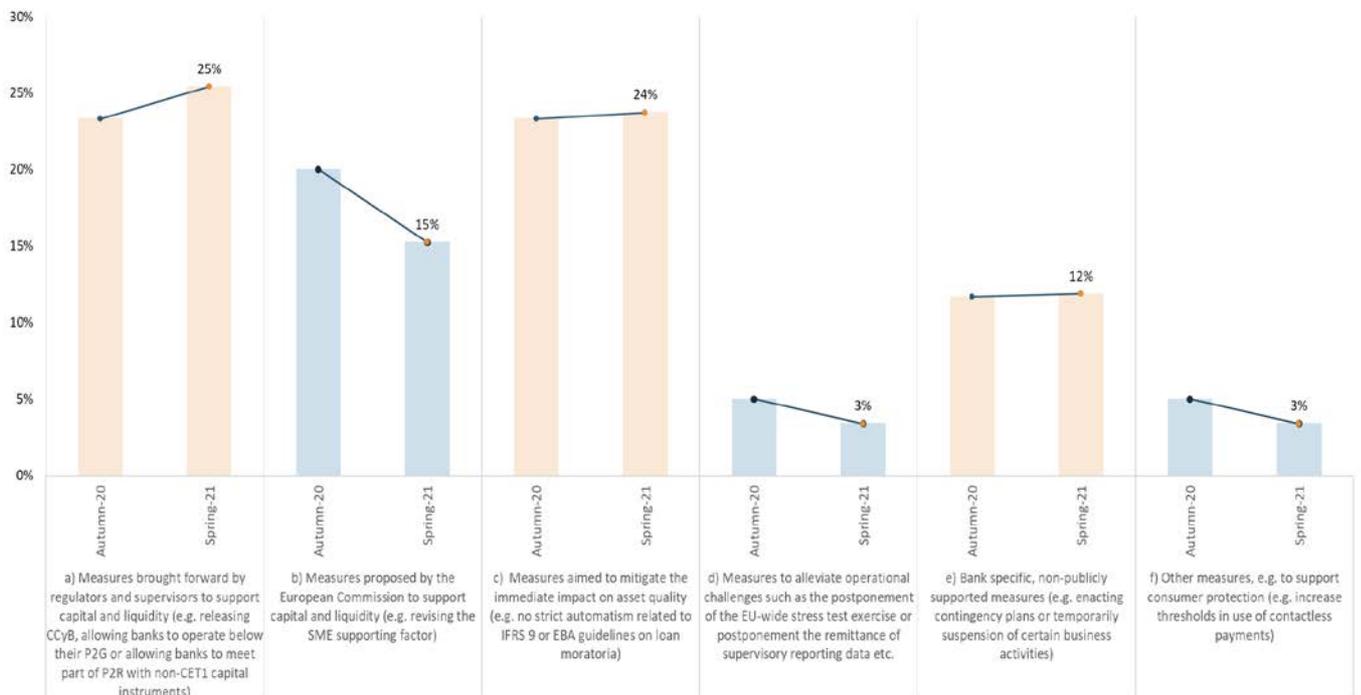
### Question 22: Spring 2021 results

Q22 Please rate the measures according to their efficiency to mitigate the impact of the COVID-19 crisis in your opinion? (1 no impact to 5 high impact)



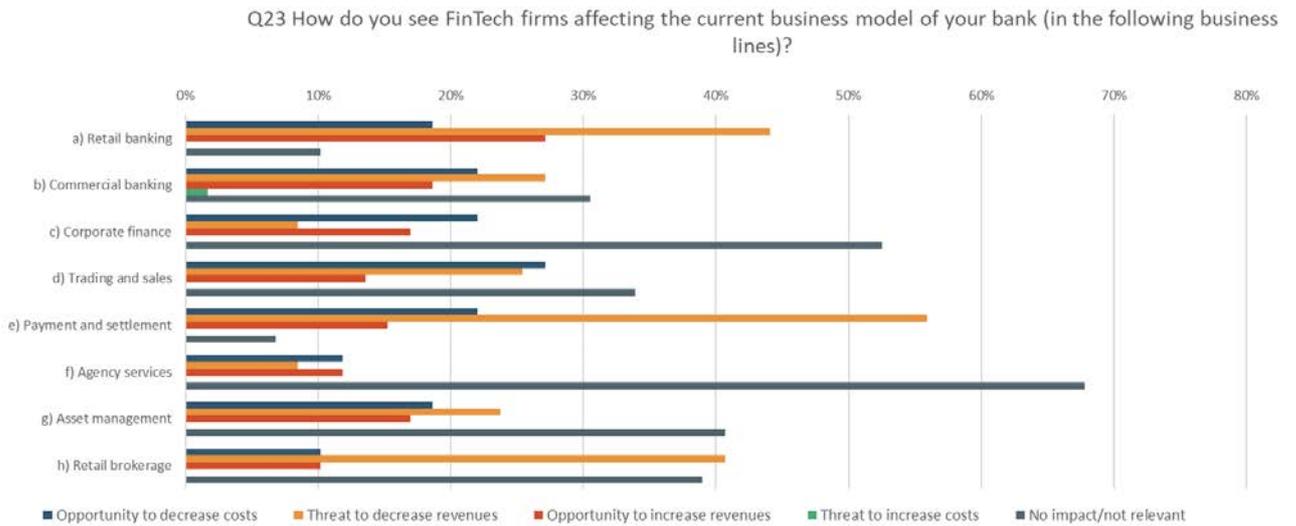
### Question 22: comparison with earlier results

Q22 Please rate the measures according to their efficiency to mitigate the impact of the COVID-19 crisis in your opinion? (1 no impact to 5 high impact)



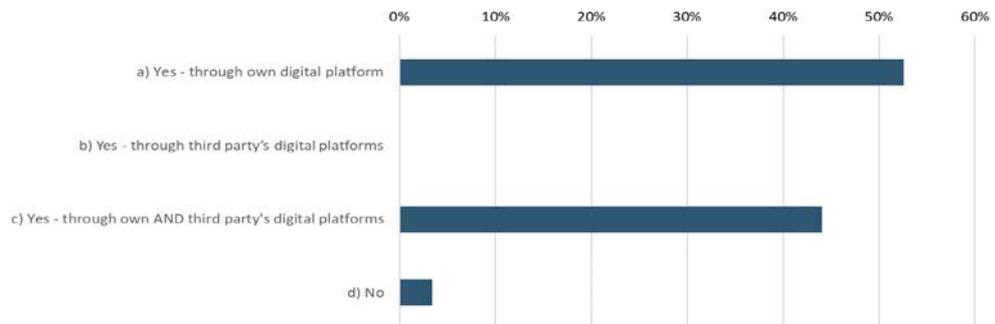
## 5. FinTech

### Question 23: Spring 2021 results

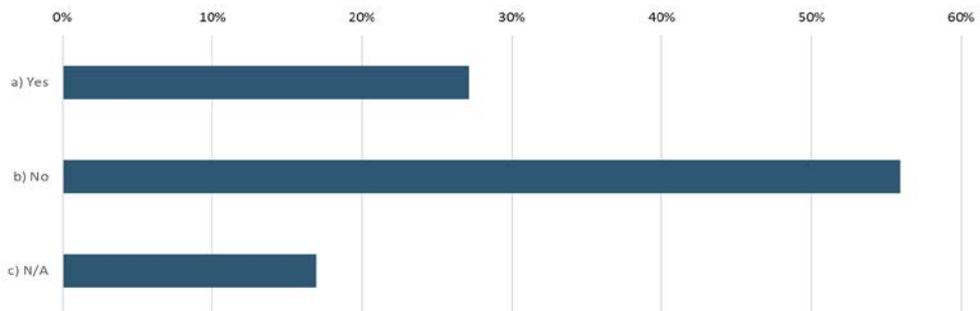


### Question 24: Spring 2021 results

Q24.1 Do you currently market or conclude with customers contracts for financial products or services through digital platforms?

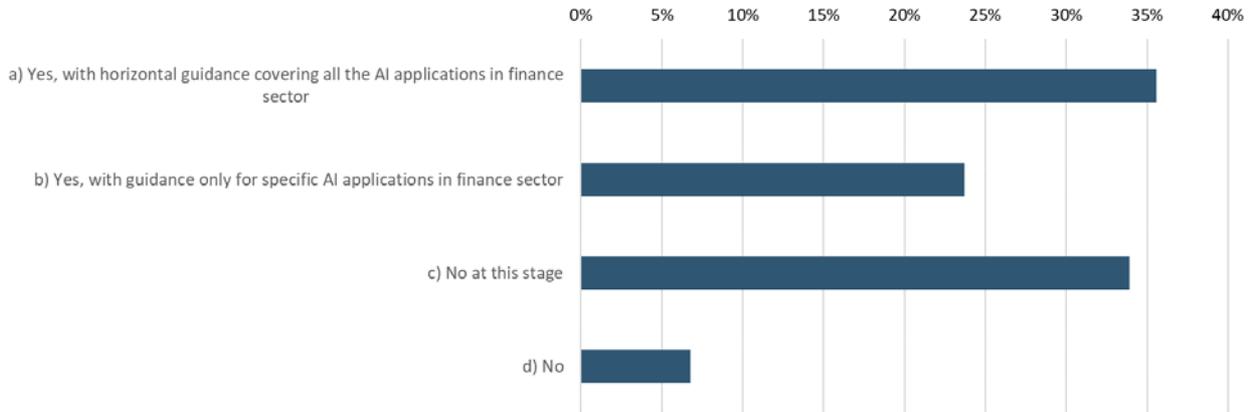


Q24.3 Have you encountered any regulatory or supervisory impediments in seeking to use a digital platform to market or conclude with customers contracts for products and services?

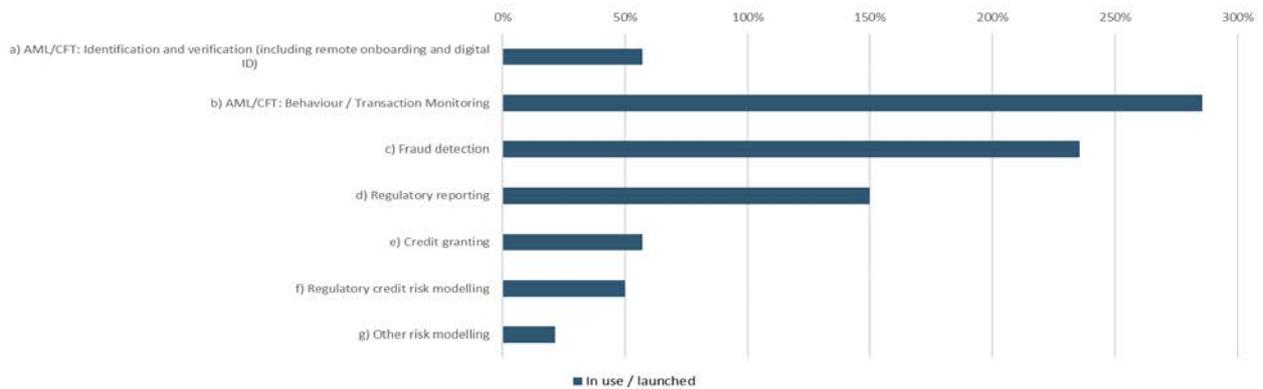


### Question 25: Spring 2021 results

Q25.1 Do you believe an EU-wide regulatory and supervisory guidance on the use of AI (Artificial Intelligence) applications in finance would promote the uptake of AI tools?



Q25.2 If (b), please indicate below the AI applications in finance where EU-wide regulatory and supervisory guidance would be needed.

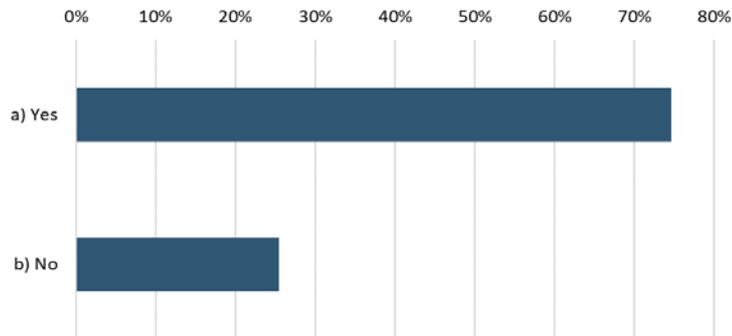


### Question 25: comparison with earlier results

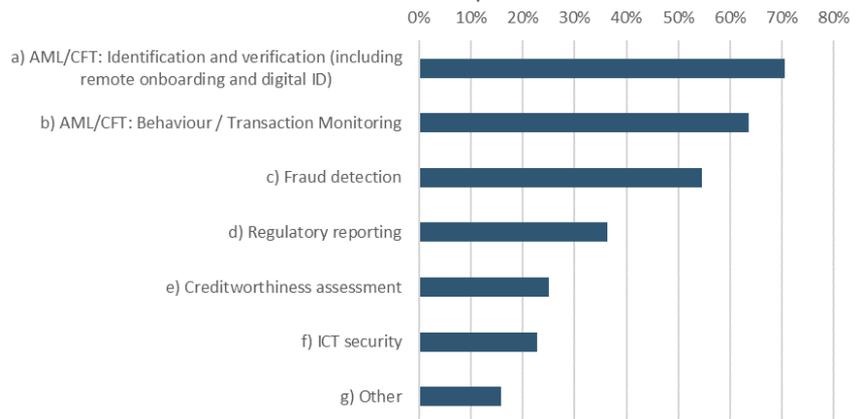


Question 26: Spring 2021 results

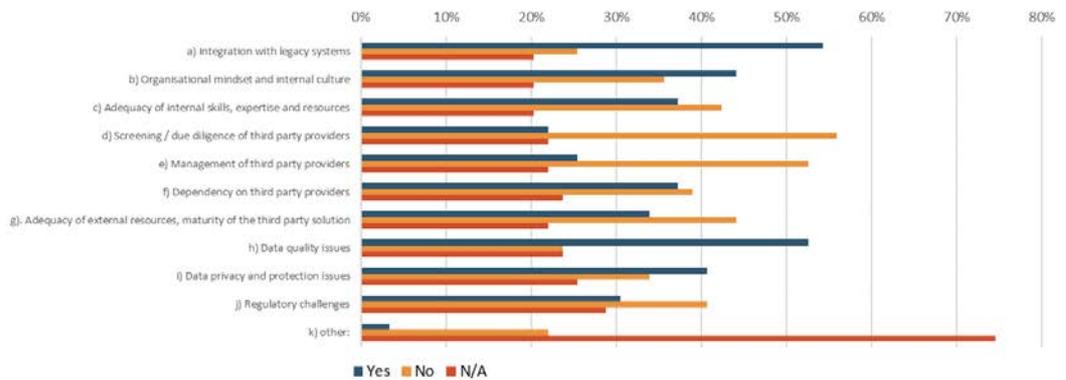
Q26.1 Have you implemented/used any RegTech solution?



Q26.2: If 'Yes', please indicate the areas where RegTech solutions are implemented.



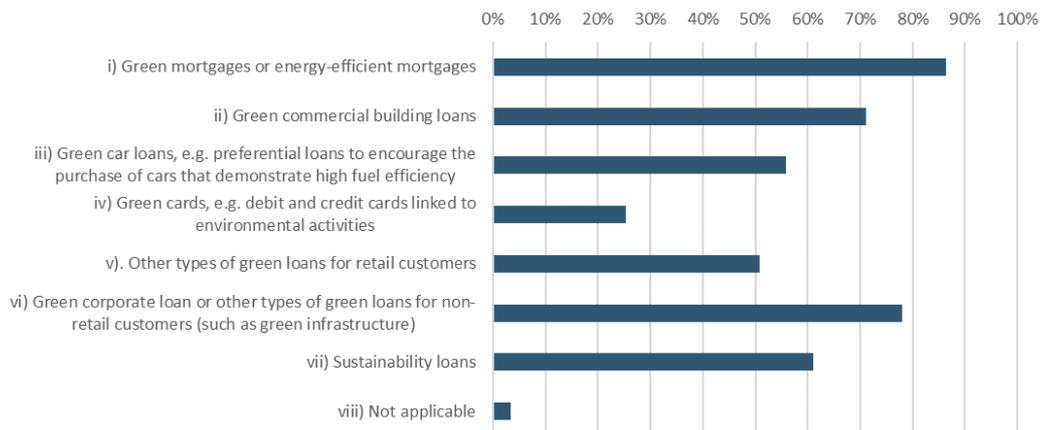
Q26.3 What are the challenges you have faced / are facing for the development and implementation of RegTech solutions (if any)?



## 6. Sustainable Finance

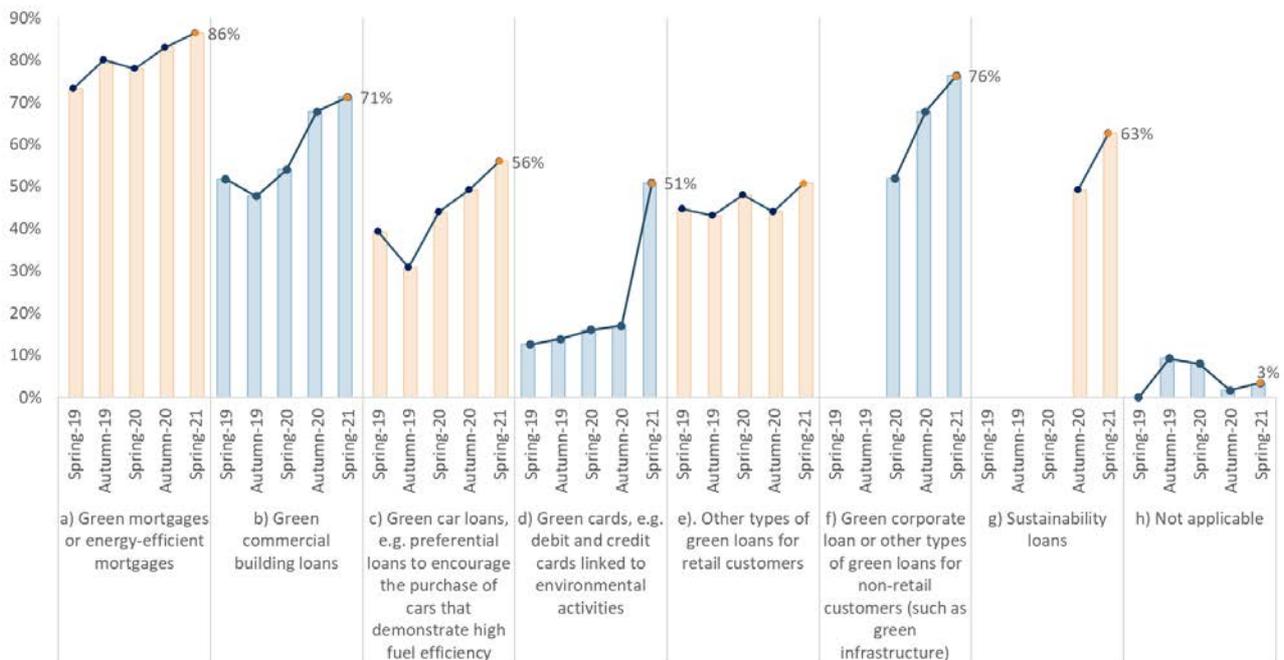
### Question 27: Spring 2021 results

Q27 Do you currently offer or plan to develop products and services based on:



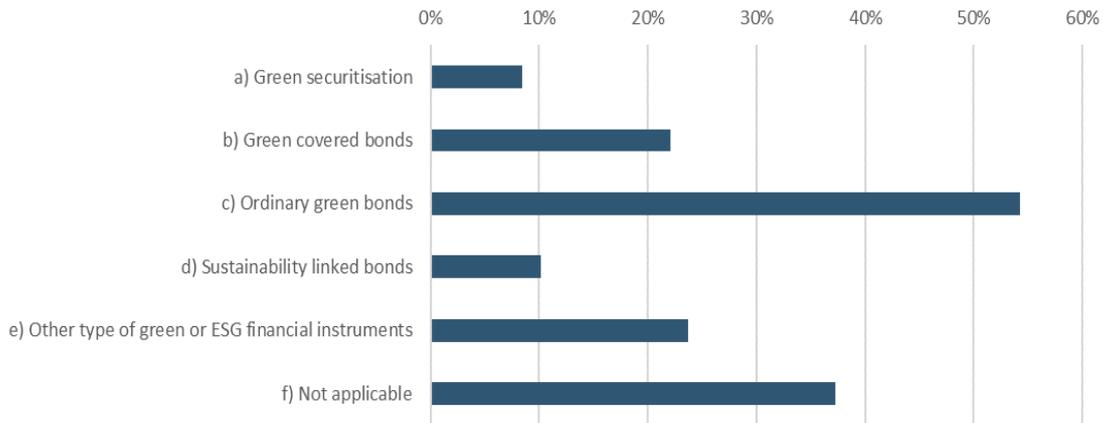
### Question 27: comparison with earlier results

Q27 Do you currently offer or plan to develop products and services based on:

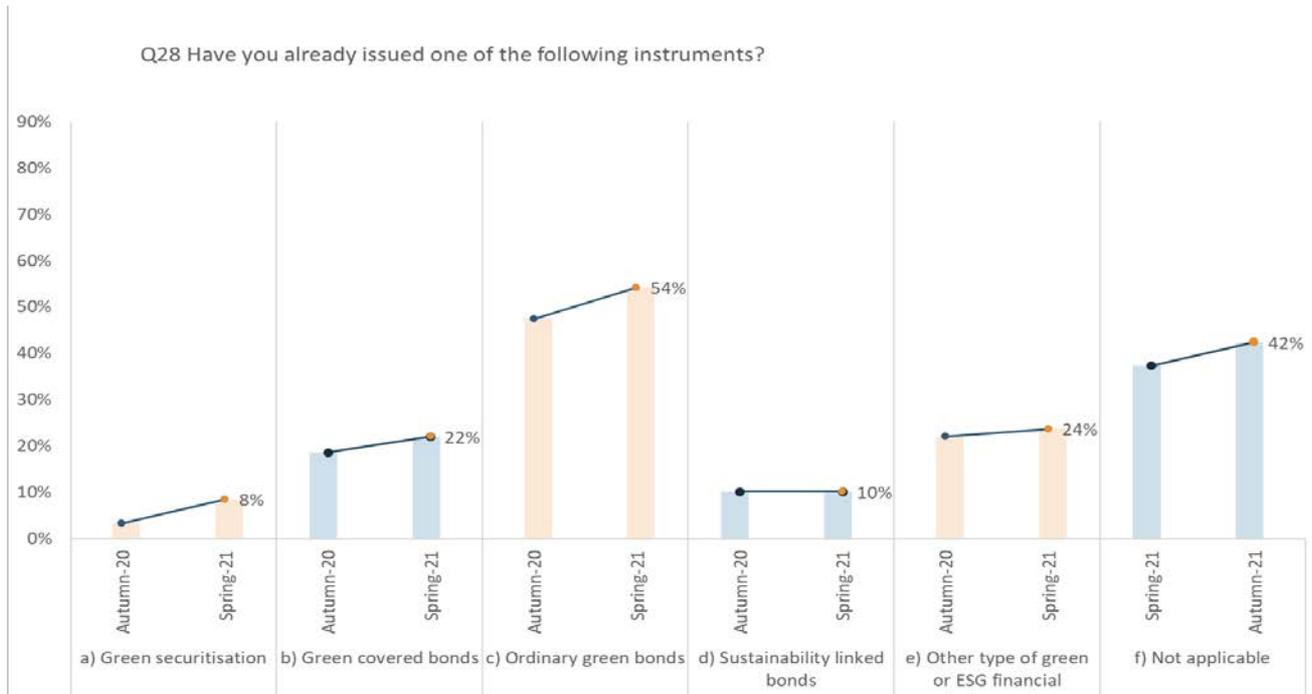


**Question 28: Spring 2021 results**

Q28 Have you already issued one of the following instruments?

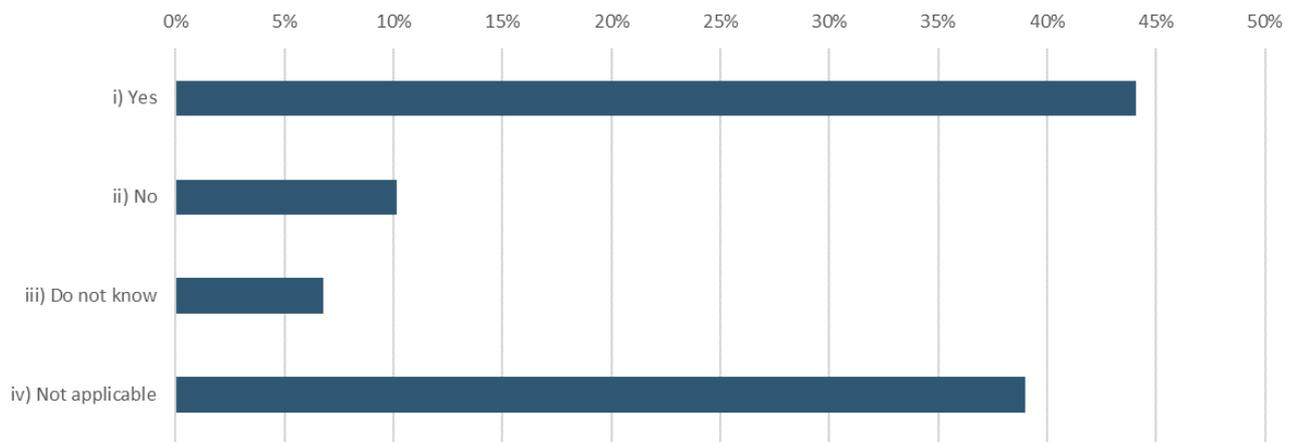


**Question 28: comparison with earlier results**



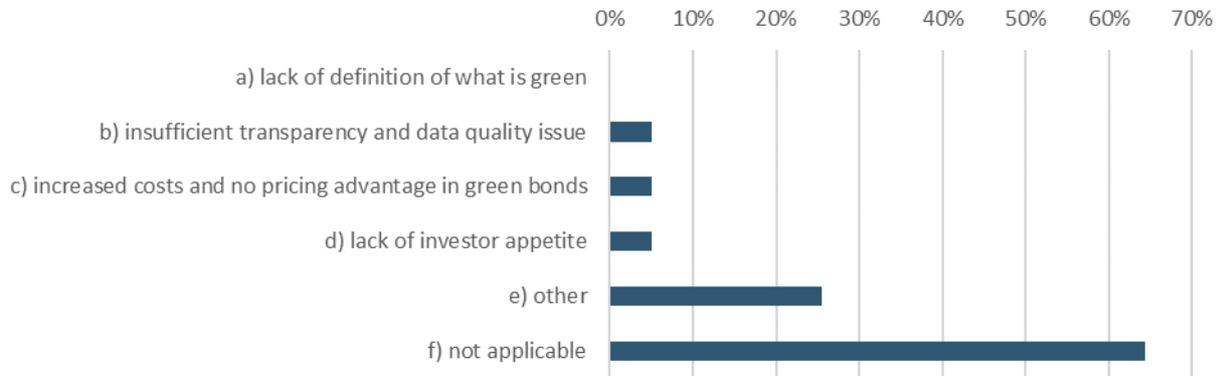
**Question 29: Spring 2021 results**

Q29 Have you observed a pricing benefit compared to comparable non-green bonds issued by your institution at the same period (either in primary or secondary markets)?



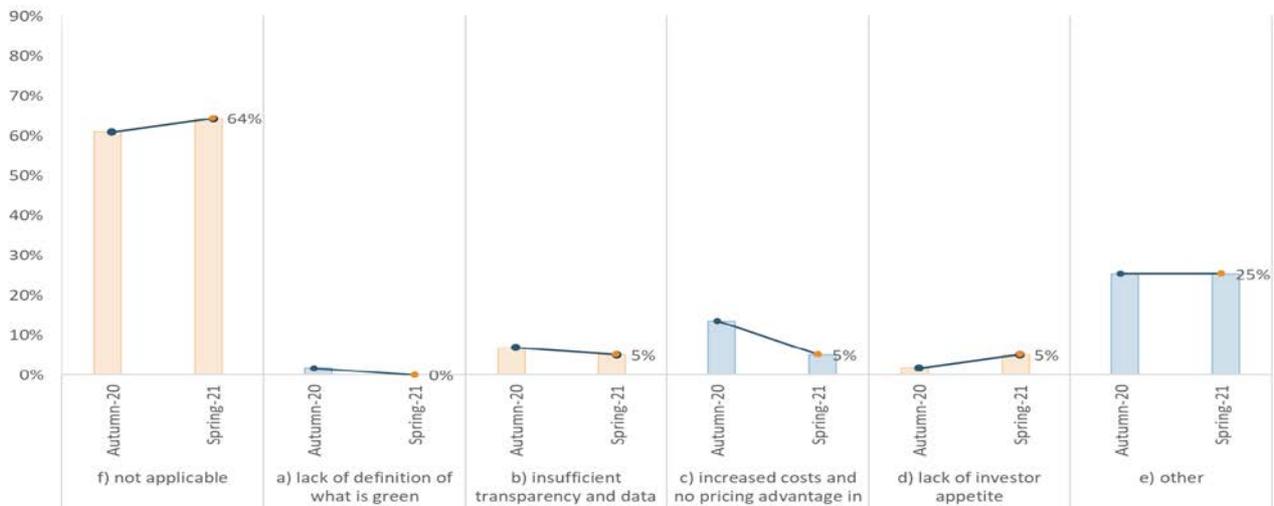
**Question 30: Spring 2021 results**

Q30 What are the main reasons why you have not issued a green bond?



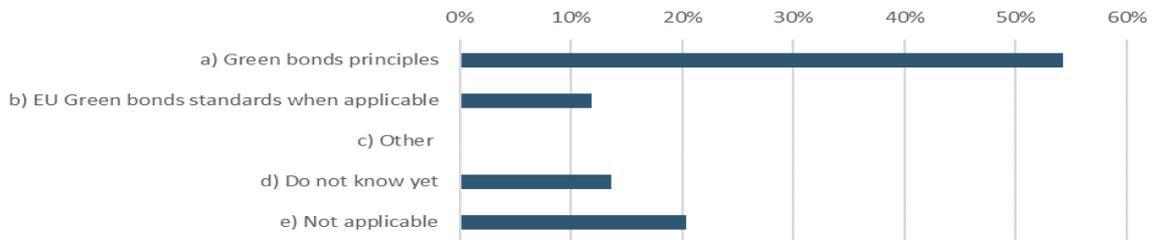
**Question 30: comparison with earlier results**

Q30 What are the main reasons why you have not issued a green bond?

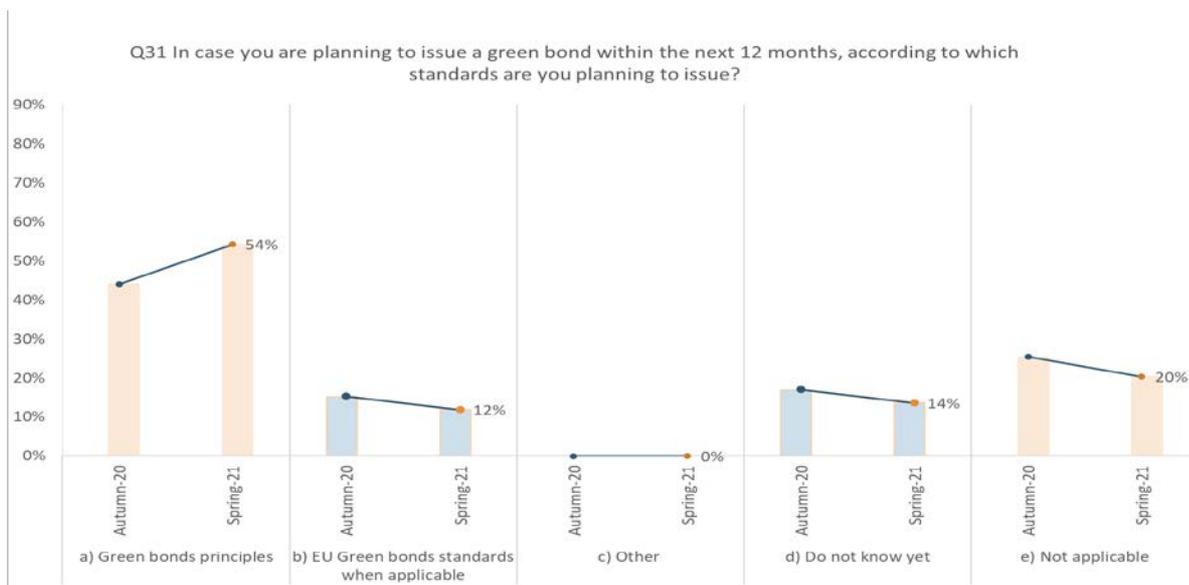


### Question 31: Spring 2021 results

Q31 In case you are planning to issue a green bond within the next 12 months, according to which standards are you planning to issue?



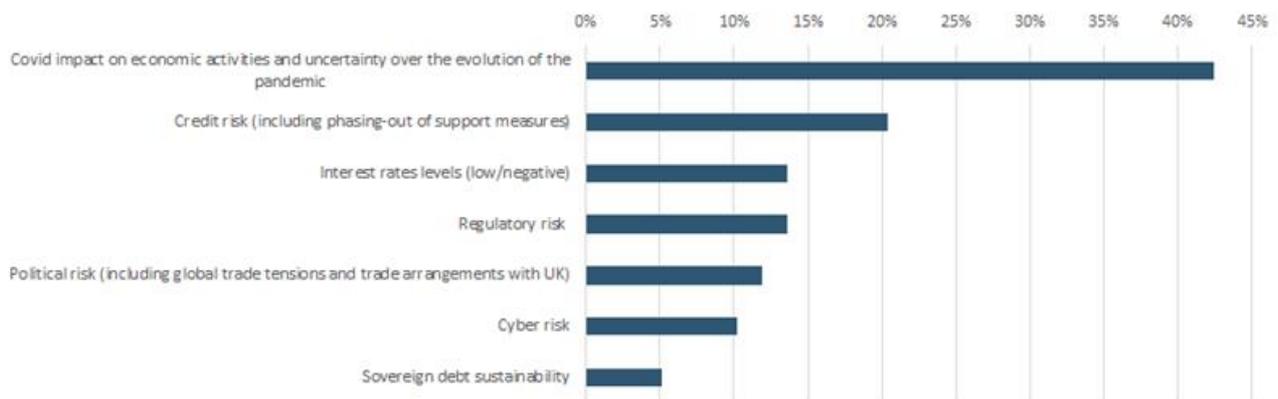
### Question 31: comparison with earlier results



## 7. General open question

### Question 32: Spring 2021 results

Q32 Looking at the EU banking sector, you expect other sources of risk or vulnerabilities to increase further in the next 6-12 months. Please indicate possible additional sources of risks and vulnerabilities.

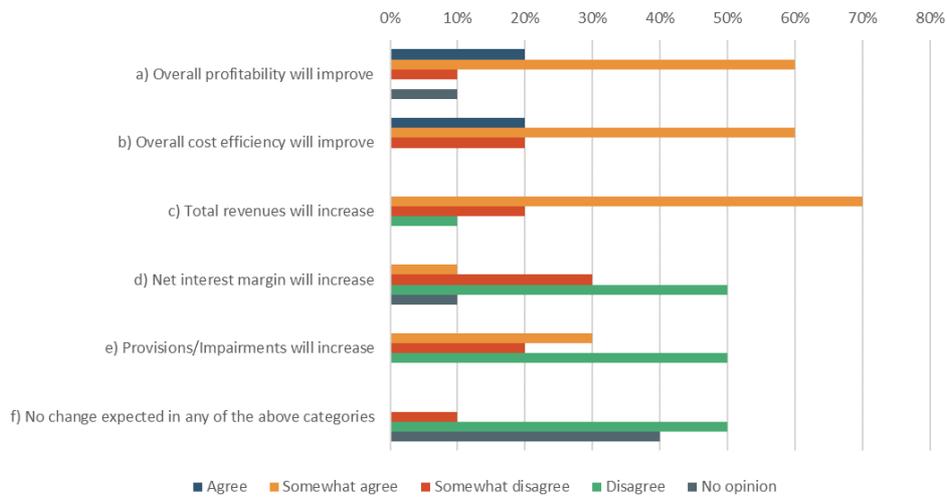


# Market analysts' questionnaire

## 1. Business model / strategy / profitability

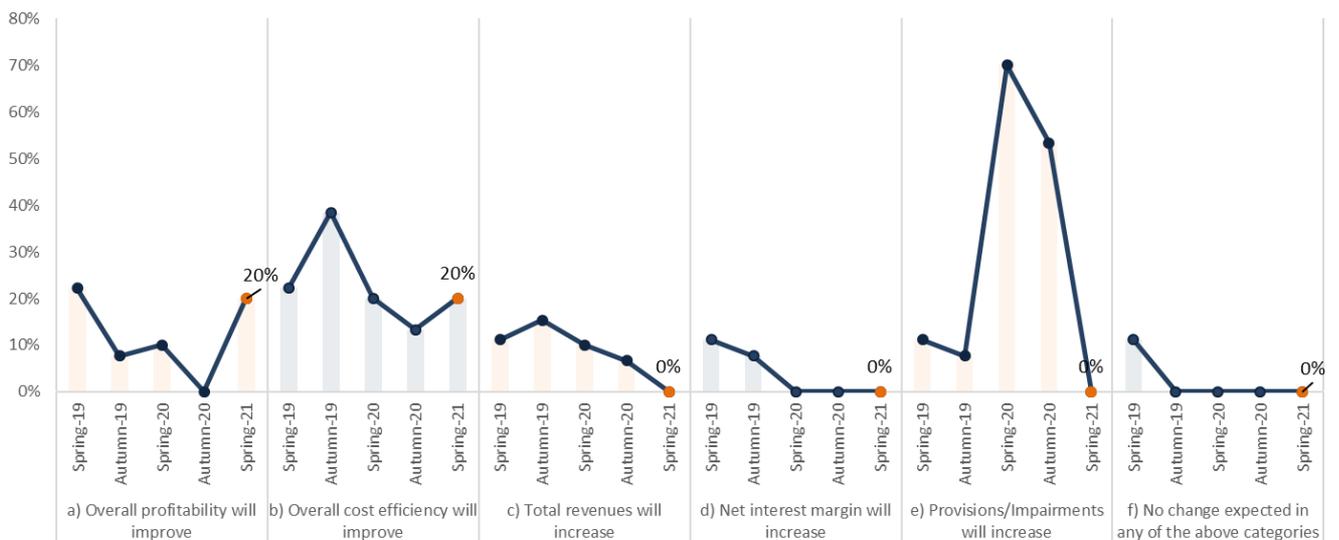
### Question 1: Spring 2021 results

Q1 Short term earnings expectations for banks are:

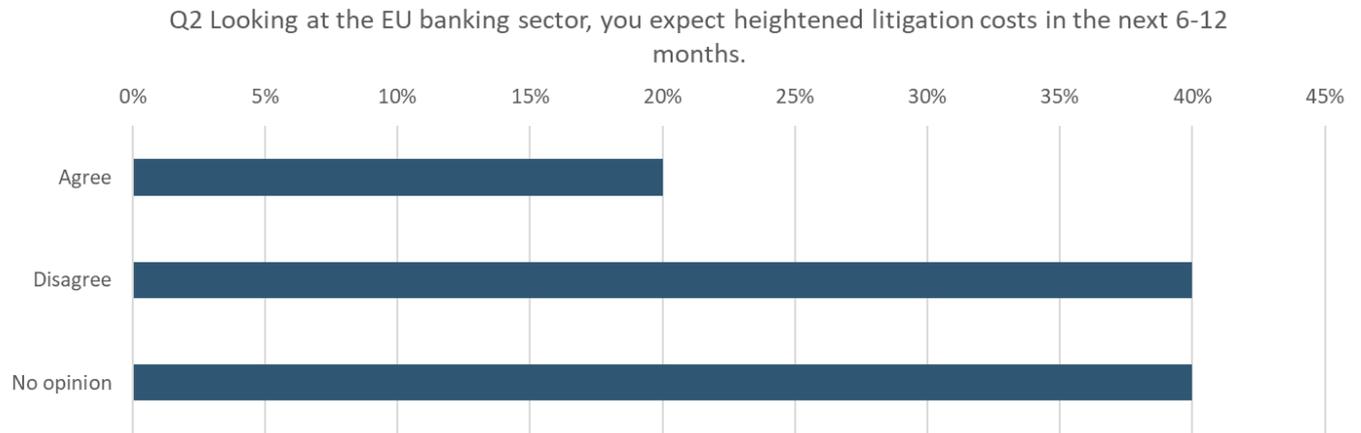


### Question 1: Comparison with earlier results

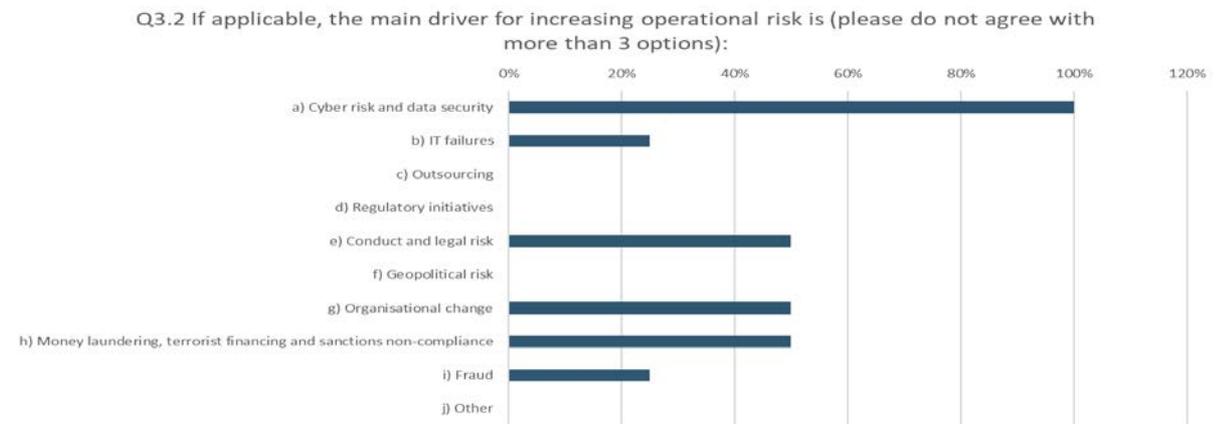
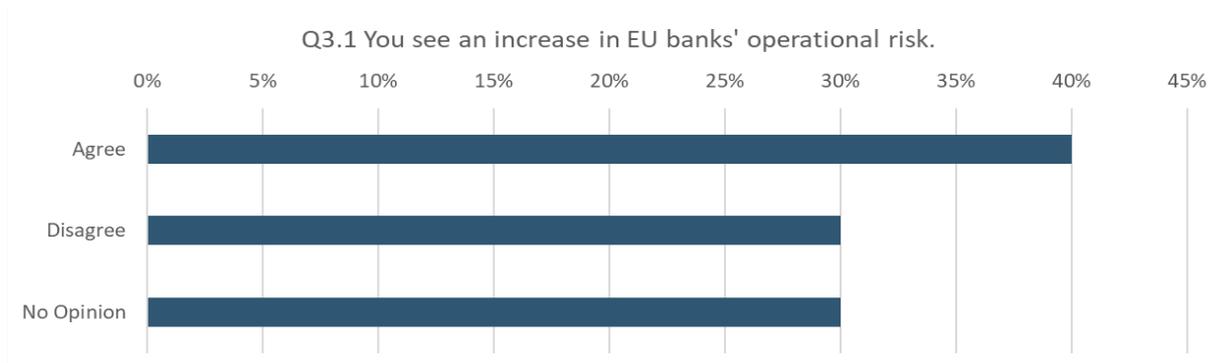
Q1 Short term earnings expectations for banks are:



**Question 2: Spring 2021 results**

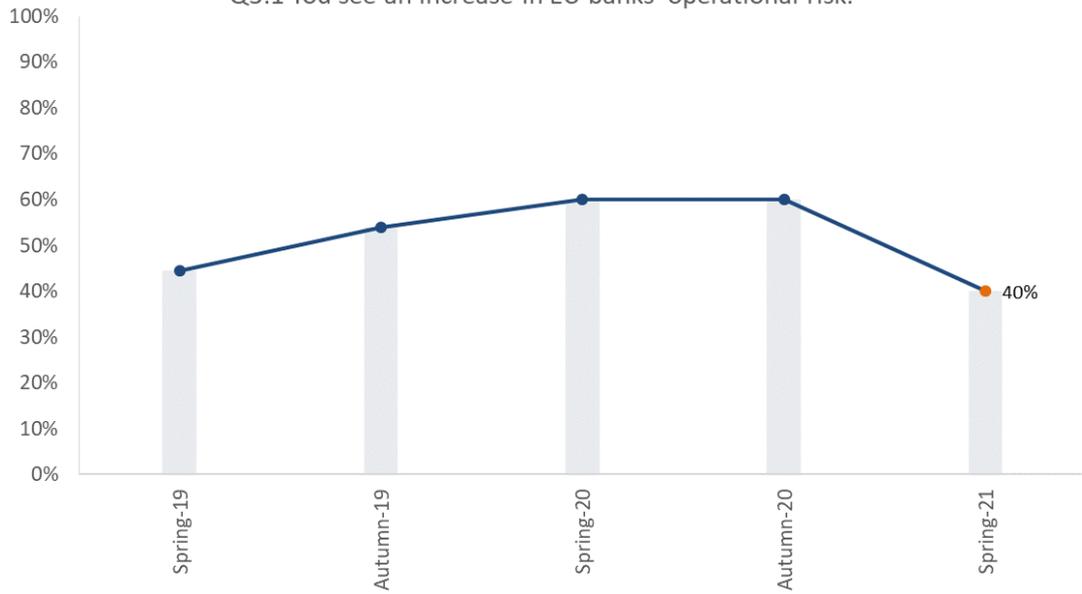


**Question 3: Spring 2021 results**

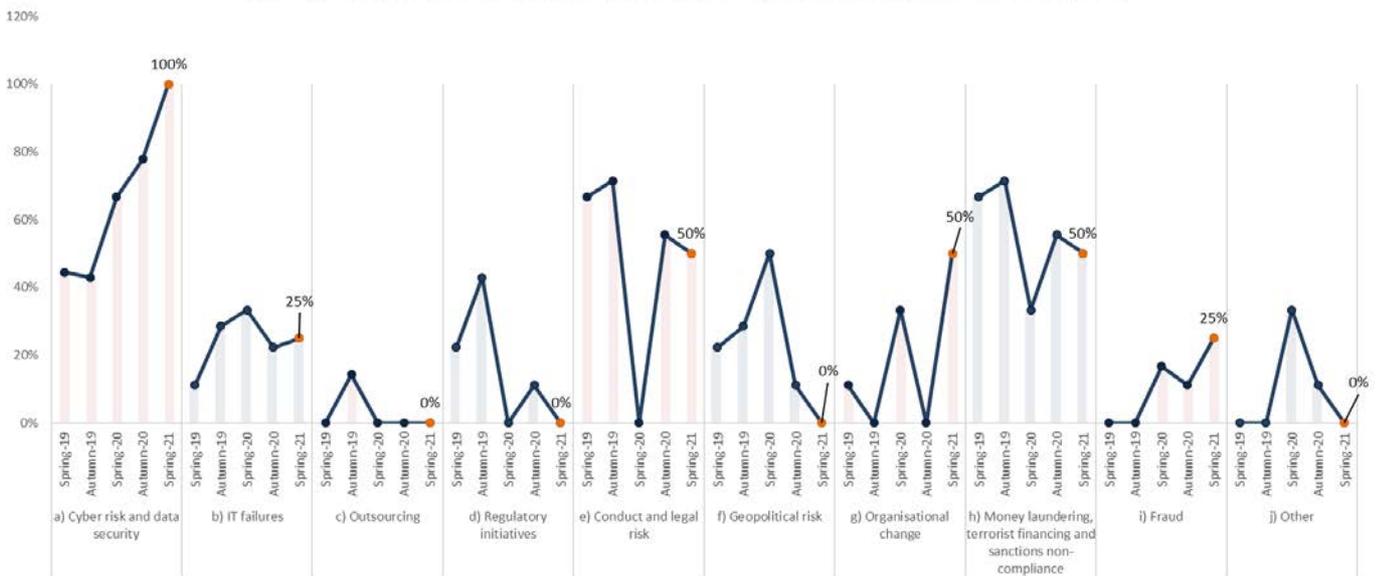


Question 3: comparison with earlier results

Q3.1 You see an increase in EU banks' operational risk.

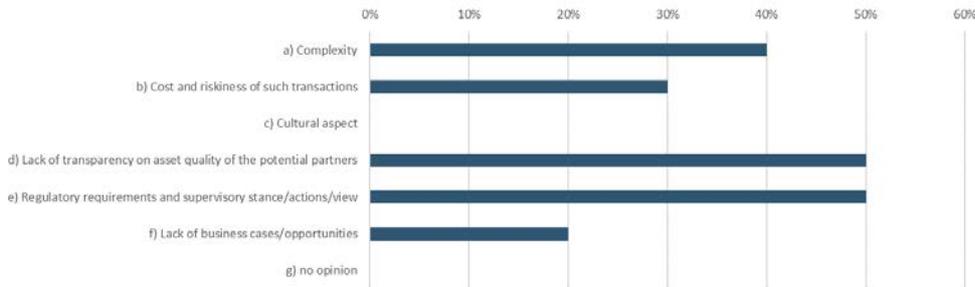


Q3.2 If applicable, the main driver for increasing operational risk is (please do not agree with more than 3 options):



### Question 4: Spring 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

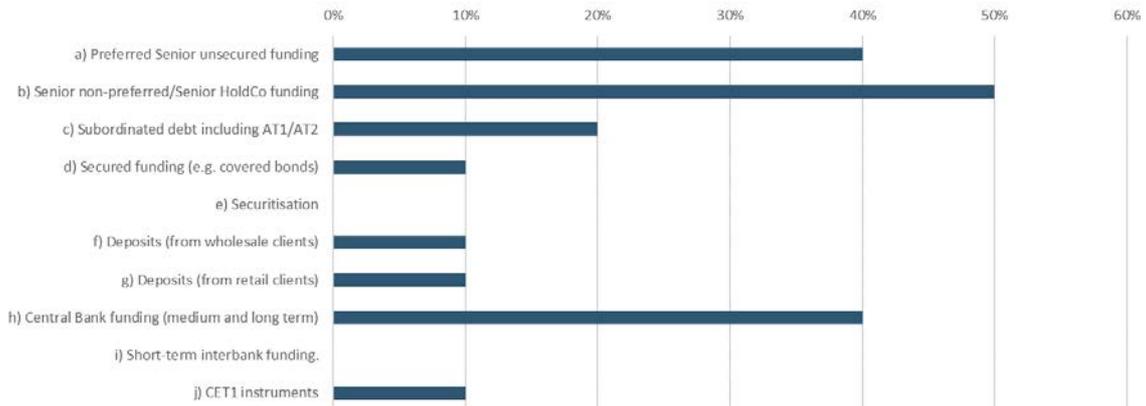
Q4 What are the main obstacles to M&A? (please do not agree with more than 2 options)



## 2. Funding / Liquidity

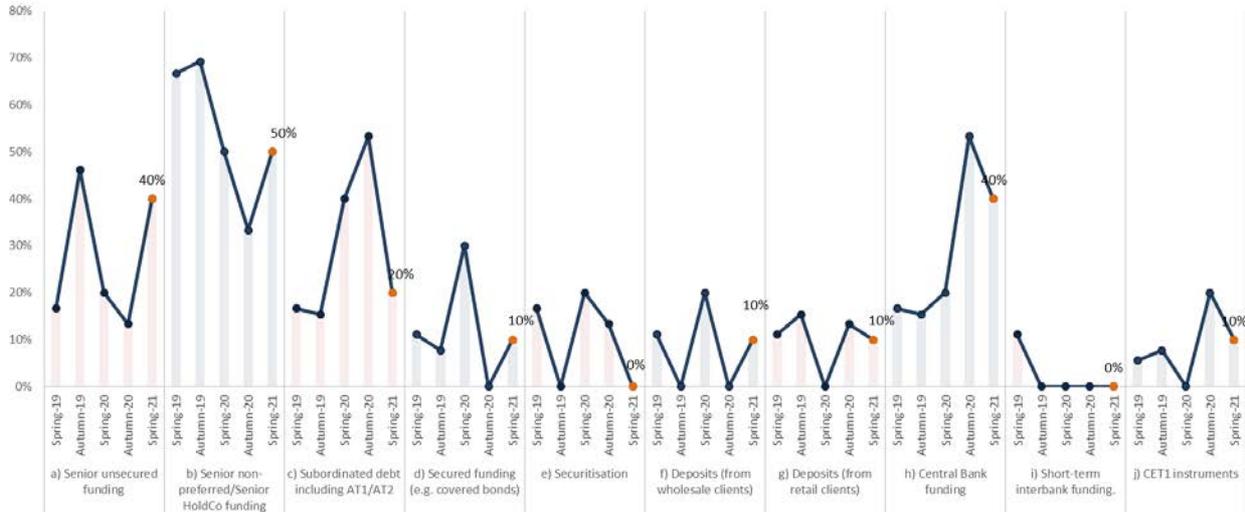
### Question 5: Spring 2021 results

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)



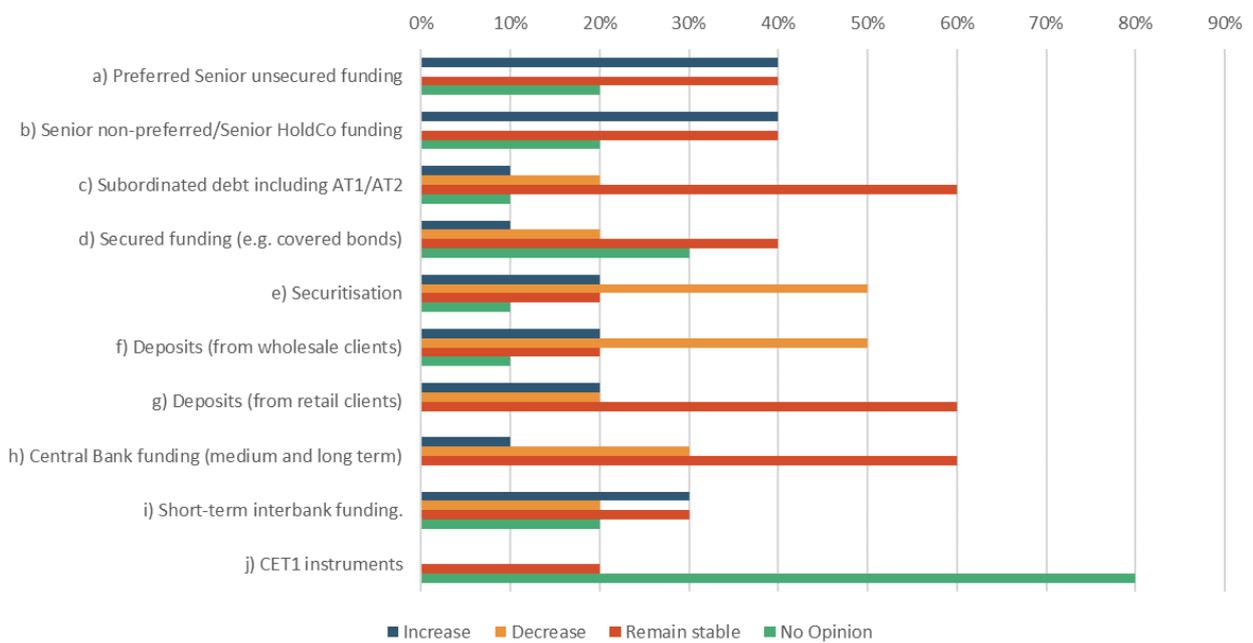
### Question 5: comparison with earlier results

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: Spring 2021 results**

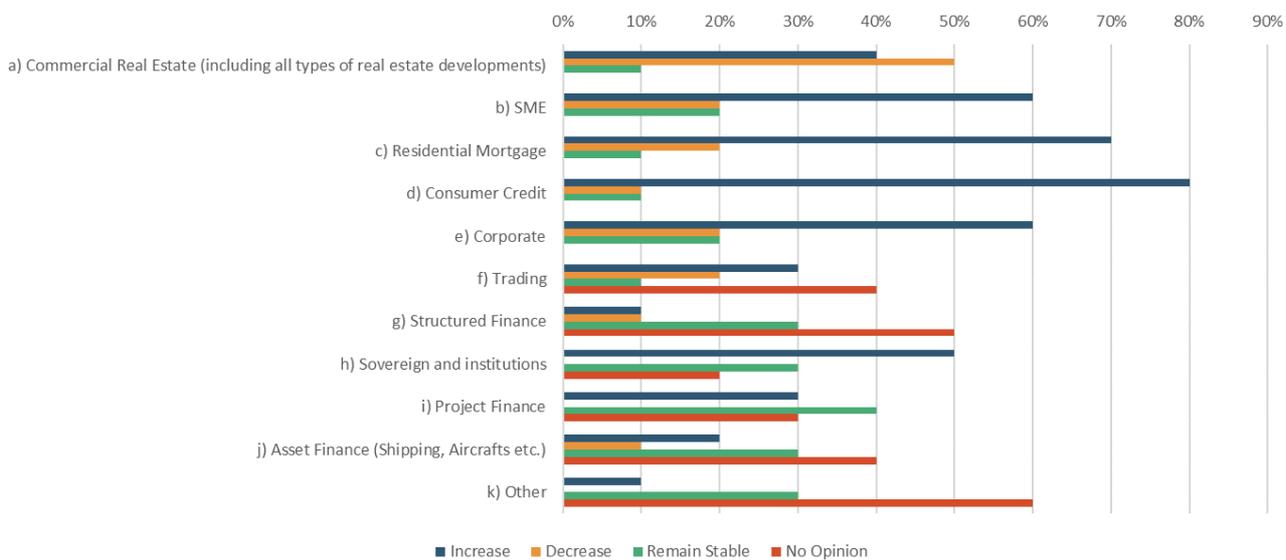
Q6 In the next 12 months, which are your expectations on the cost of the following funding sources?



### 3. Asset composition & quality

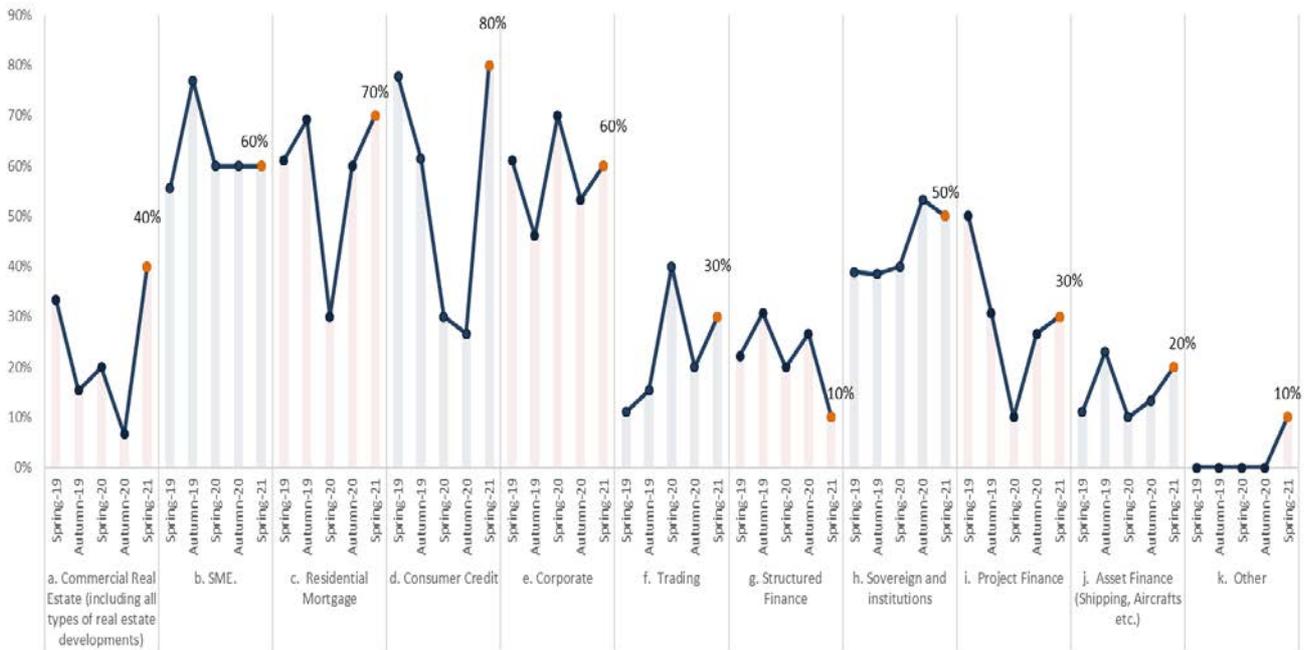
#### Question 7: Spring 2021 results

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

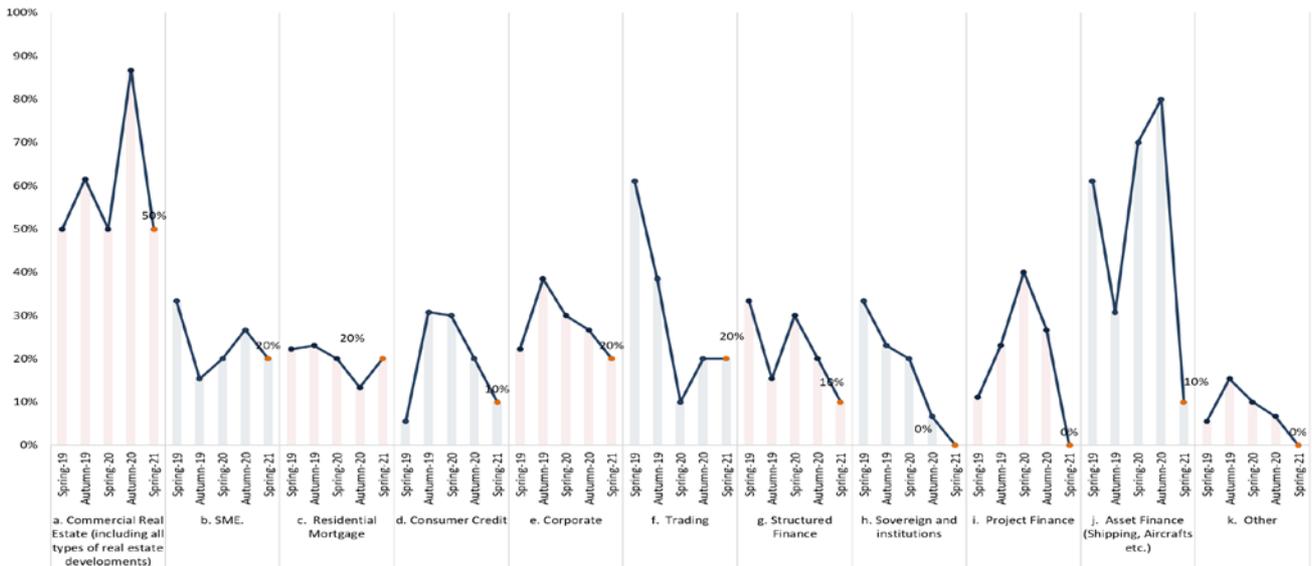


### Question 7: comparison with earlier results

Q7a Portfolios you expect to increase in volumes during the next 12 months (on a net basis):

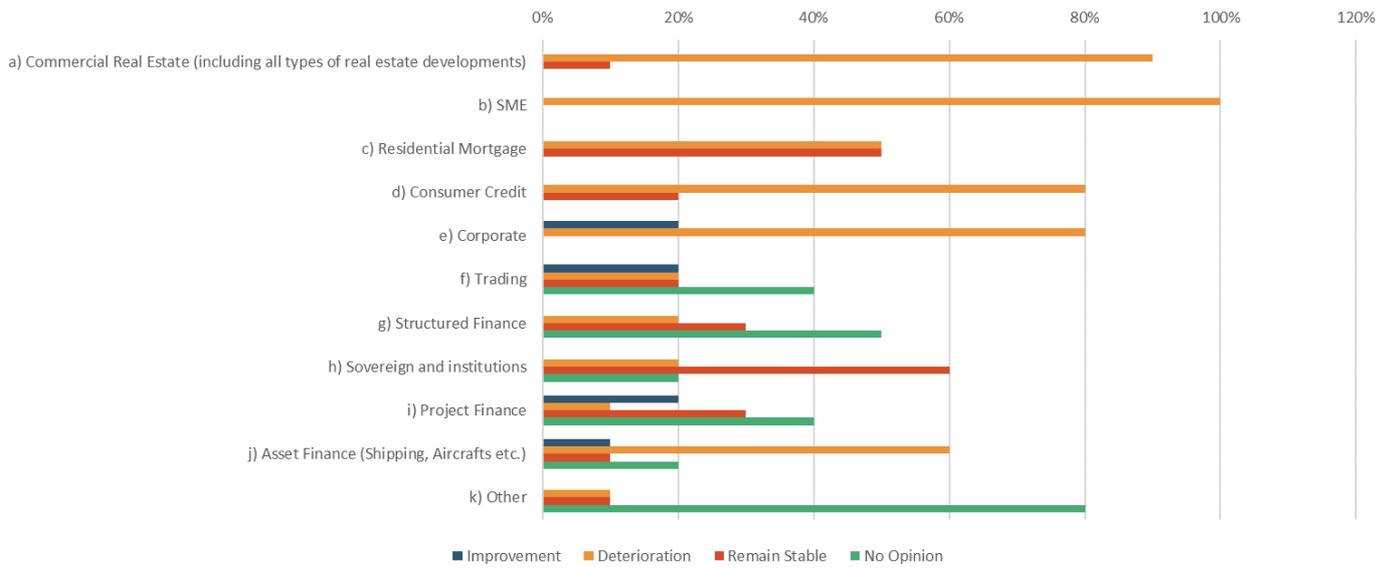


Q7b Portfolios you expect to decrease in volumes during the next 12 months (on a net basis):



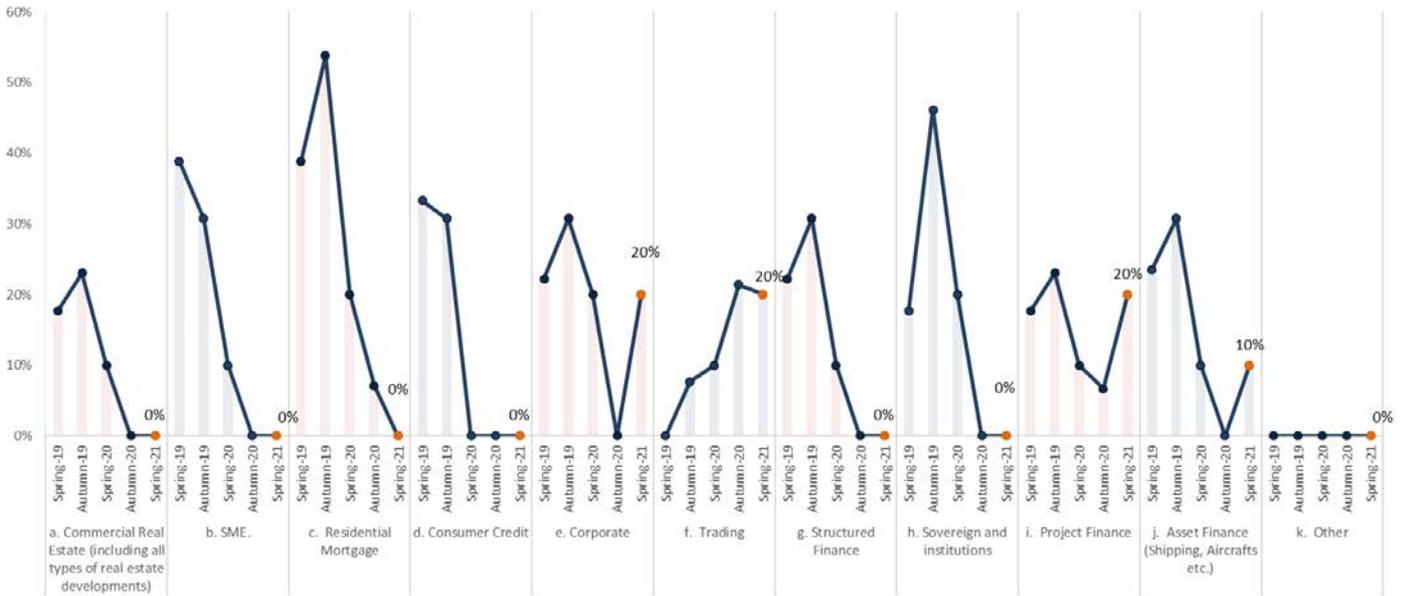
**Question 8: Spring 2021 results**

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

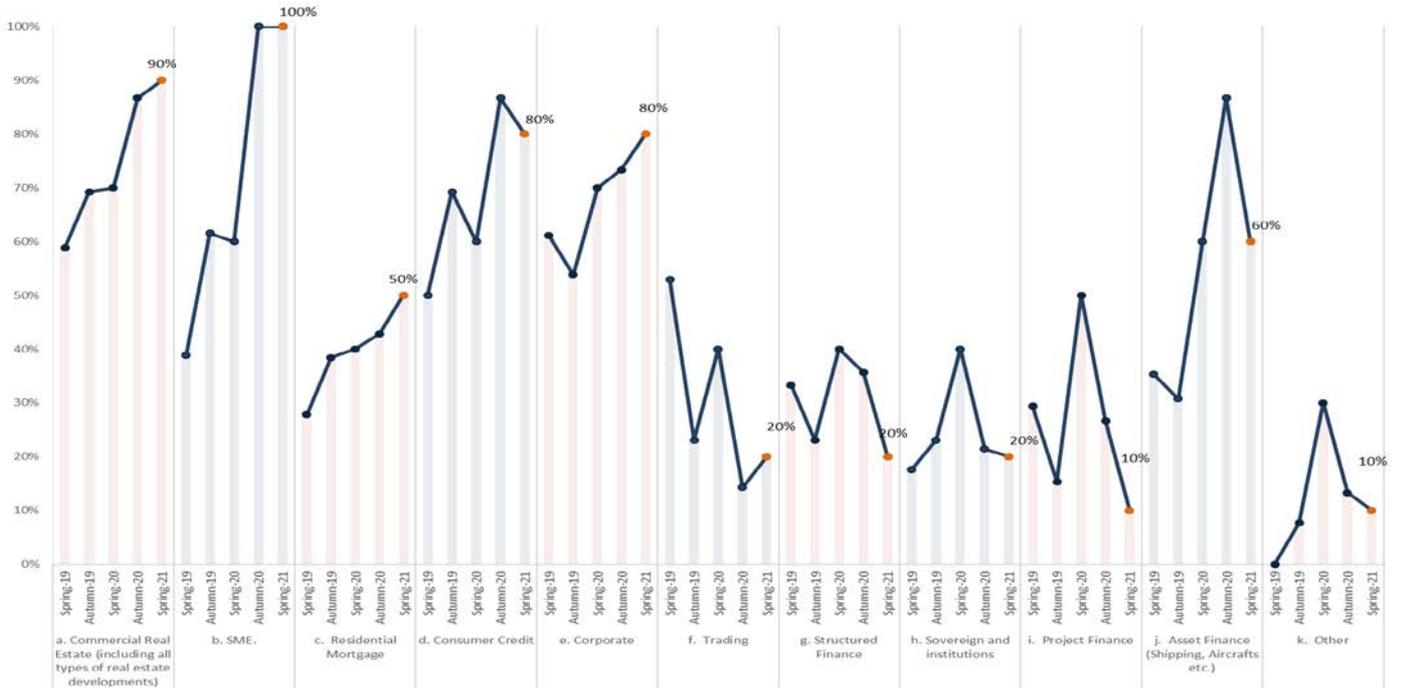


Question 8: comparison with earlier results

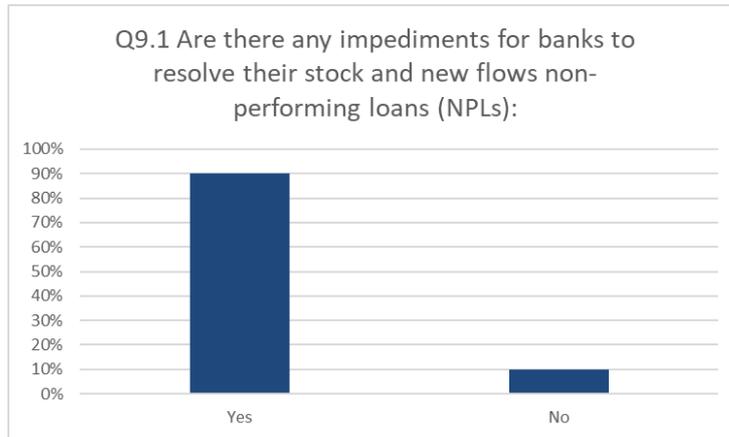
Q8a For which sectors do you expect an improvement in asset quality in the following 12 months?



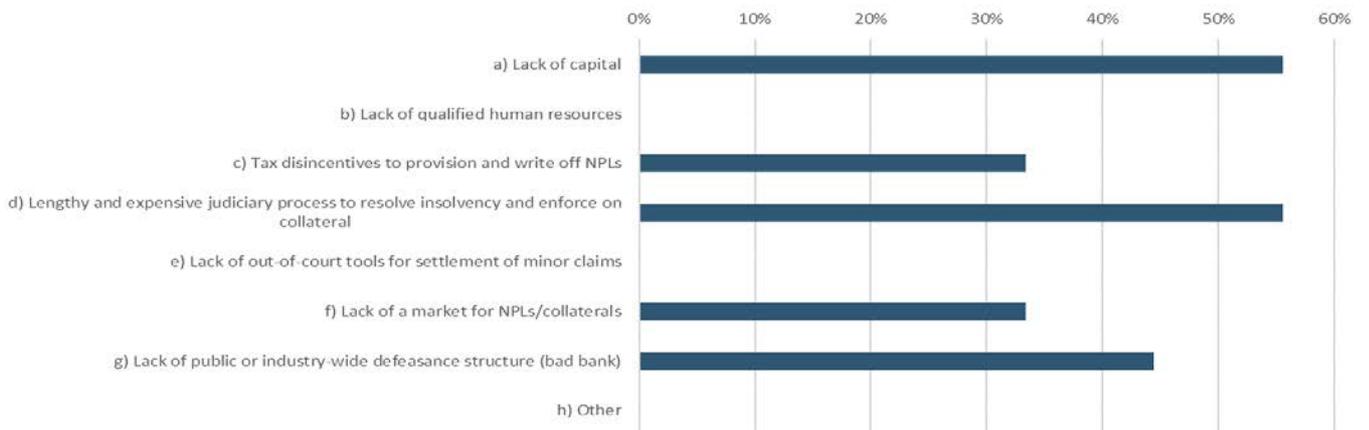
Q8b For which sectors do you expect a deterioration in asset quality in the following 12 months?



**Question 9: Spring 2021 results**

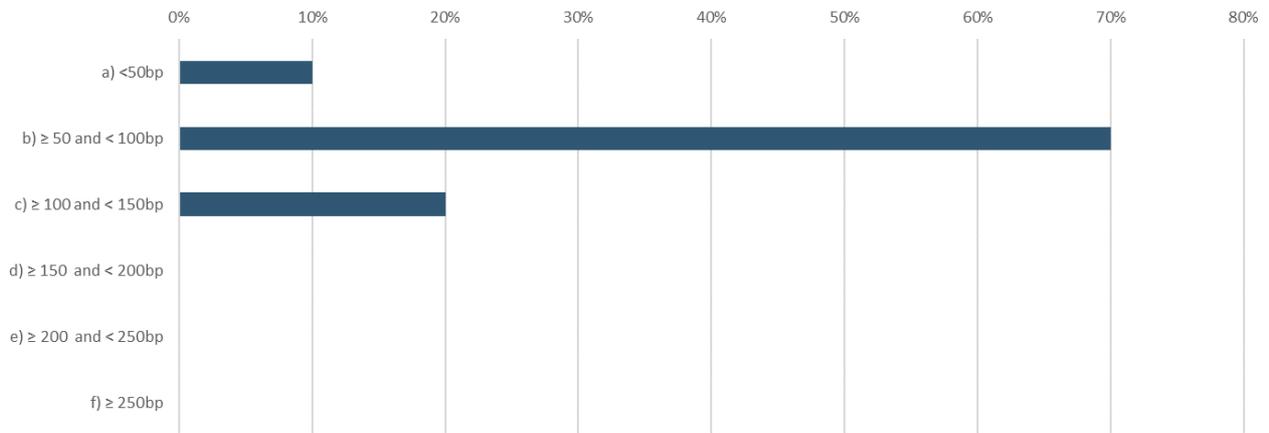


Q9.2 If Yes, what are the main impediments for the banks to resolve non-performing loans?  
(please do not agree with more than 3 options)

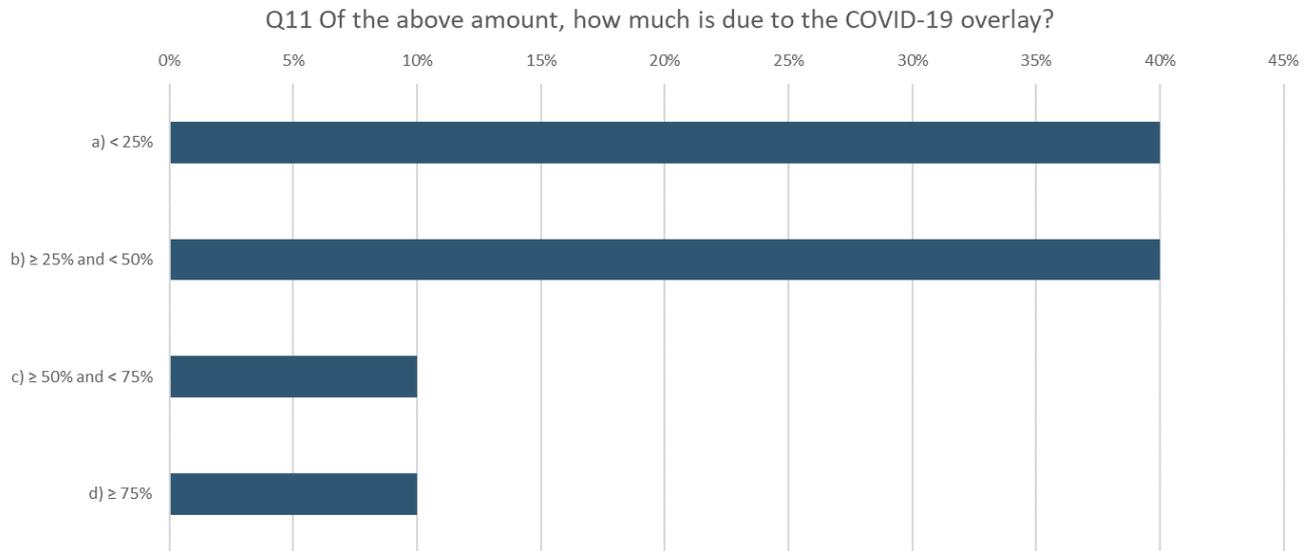


**Question 10: Spring 2021 results**

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?



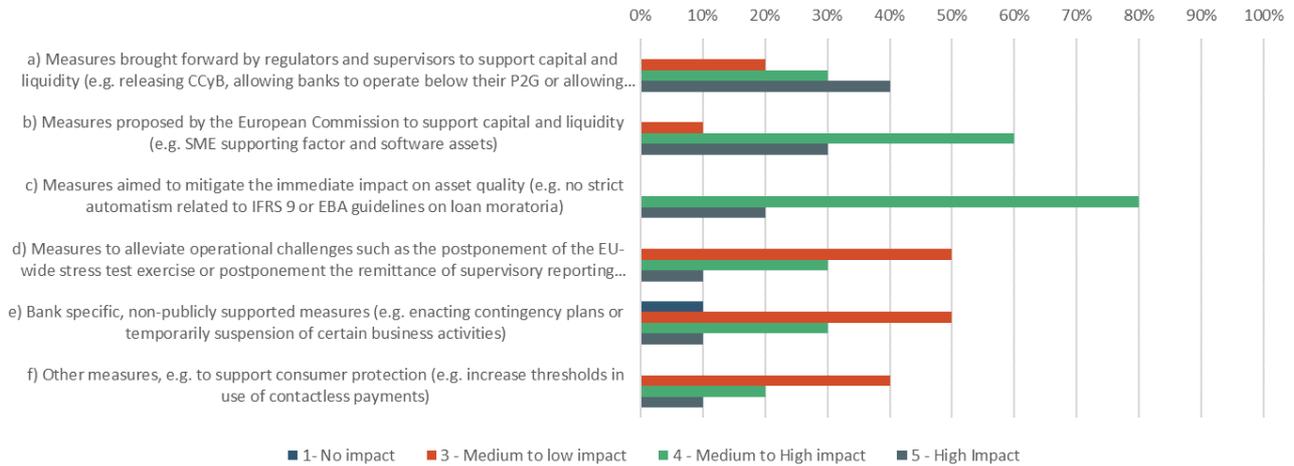
**Question 11: Spring 2021 results**



## 4. General Questions

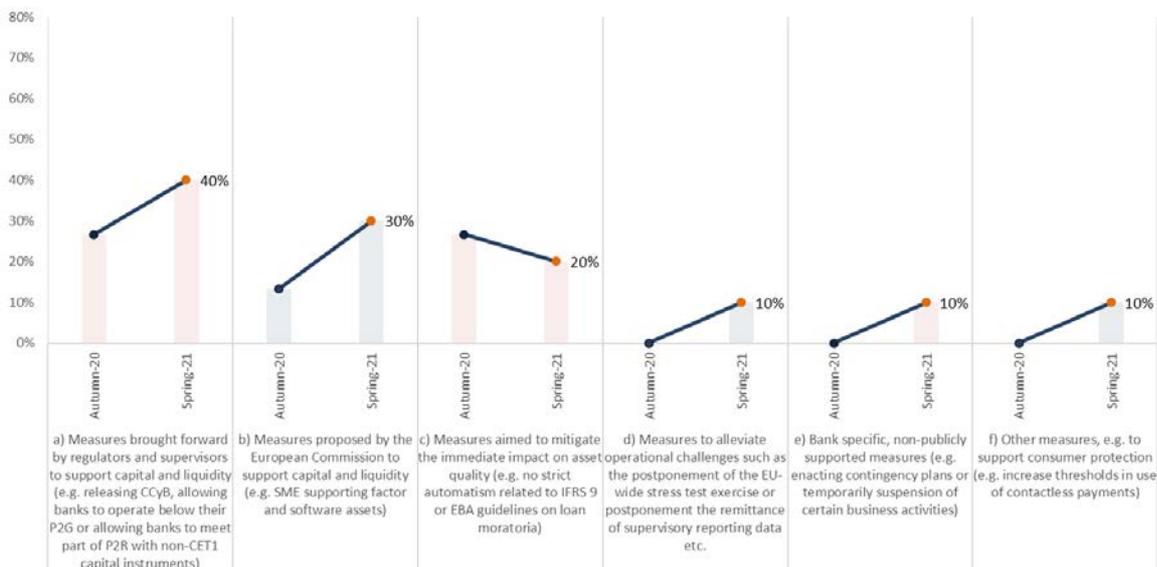
### Question 12: Spring 2021 results

Q12 Please rate the efficiency of the measures, which were more efficient in mitigating the impact of the COVID-19 crisis in your opinion?



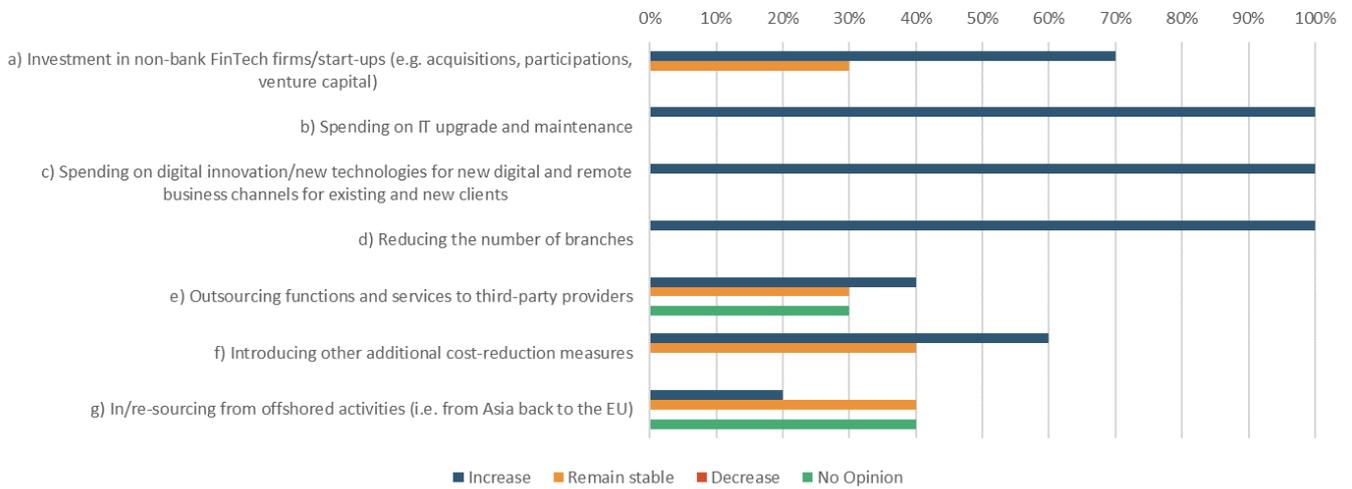
### Question 12: comparison with other results

Q12 Please rate the efficiency of the measures, which were more efficient in mitigating the impact of the COVID-19 crisis in your opinion?



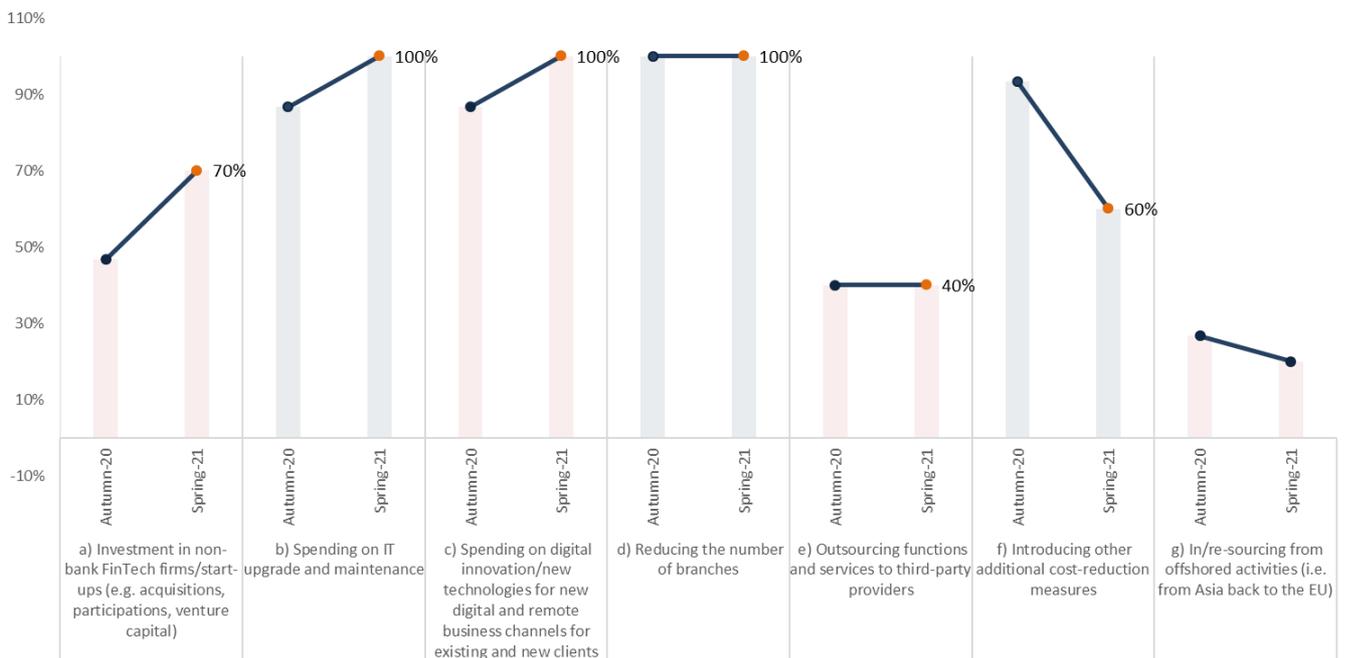
### Question 13: Spring 2021 results

Q13 What budgetary and / or organisational changes do you anticipate the banks will take in the near / mid-term future as a result of the COVID-19 crisis?

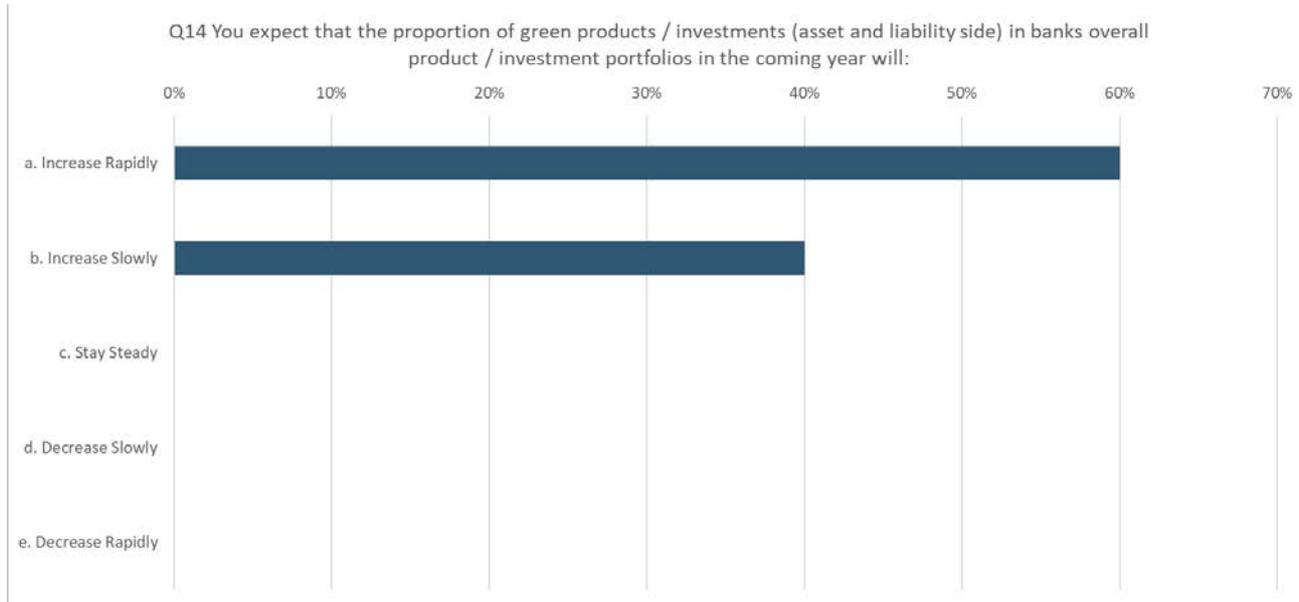


### Question 13: comparison with other results

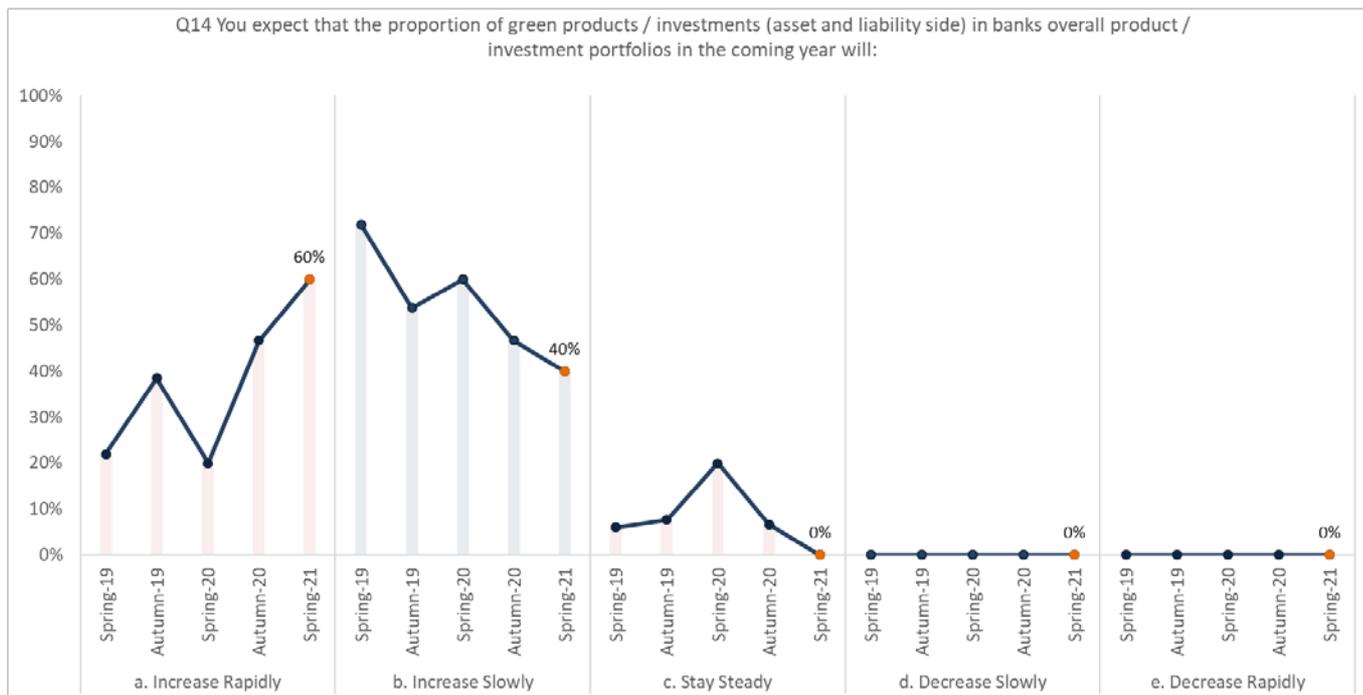
Q13 What budgetary and / or organisational changes do you anticipate the banks will take in the near / mid-term future as a result of the COVID-19 crisis?



### Question 14: Spring 2021 results



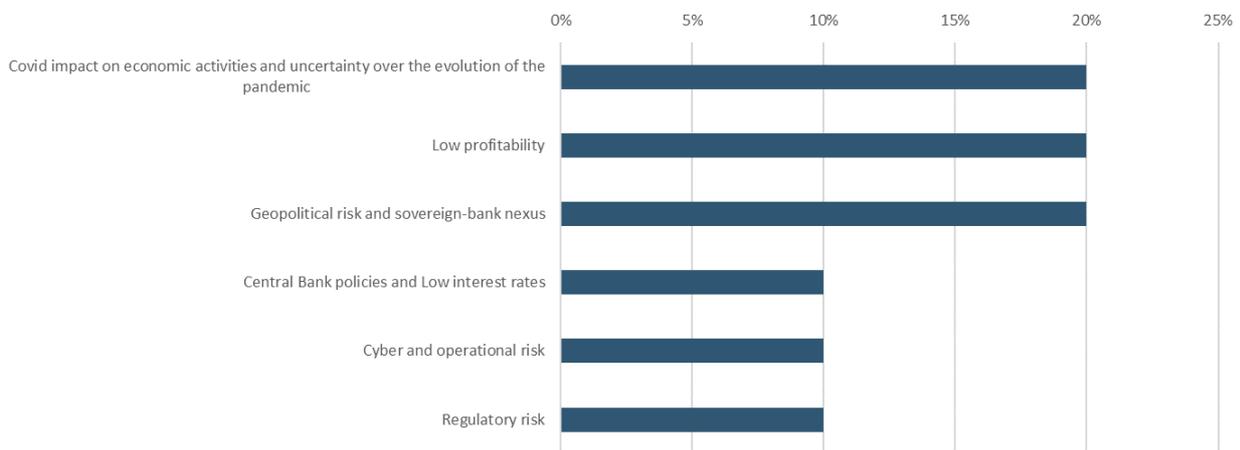
### Question 14: comparison with other results



## 5. General open question

### Question 15: Spring 2021 results

Q15 Looking at the EU banking sector, 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



## Annex: List of EU banks involved in current RAQ survey

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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

<b>Financial Institution</b>	<b>Country</b>
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

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[added on the following pages]



# EBA Risk Assessment Questionnaire for Banks - Spring 2021

Fields marked with \* are mandatory.

## Respondent information

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\* 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

*Please note the EBA RAQ booklet, which summarises the aggregate results of the survey ([see the last version](#)), will this time also include a list of participating banks, similar to the disclosure in the [Risk Assessment Report](#) (no bank by bank results or similar will be disclosed).*

## Business model/strategy/profitability

---

\* Q1.1 Are you considering (or have you considered) M&A transactions?

- a) Yes
- b) No

**\* Q1.2 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

**\* Q1.3 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 Your bank can operate on a longer-term basis with a return on equity (ROE):**

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

**\* Q3 Your current earnings (RoE) are covering the cost of equity:**

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

- Agree
- Somewhat Agree
- Somewhat Disagree
- Disagree
- No Opinion

**Q6.1 Which areas are you primarily targeting to increase profitability of your bank in the next 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"/>				
* b) Net Fees and Commissions income	<input type="radio"/>				
* c) Other operating income	<input type="radio"/>				
* d) Operating expenses / costs reduction	<input type="radio"/>				
* e) Impairments	<input type="radio"/>				
* f) Other	<input type="radio"/>				

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

- a) increasing lending volumes
- b) focussing 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 automatisisation and digitilisation
- f) Other

**Q8 Preparations in view of the replacements of IBOR based reference rates and implementation of alternative risk free reference rates:**

**\* 8.1 In which areas is your bank working on solutions for the replacement of IBOR benchmark rates (EURIBOR / 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

**8.2 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"/>				
* b) Related to existing funding (e.g. debt securities issued with variable rates)	<input type="radio"/>				
* c) Related to other existing instruments / business (e.g. derivatives)	<input type="radio"/>				
* d) Related to new business (e.g. newly issued debt securities, variable rate loans or derivatives)	<input type="radio"/>				
* e) Related to changes in the bank's internal operations, capabilities and systems (e.g. valuation models)	<input type="radio"/>				
* f) Do not see any big challenges / big risks related to the IBOR replacements.	<input type="radio"/>				

## Funding/liquidity

---

**\* Q9 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)*

- |  |   |
|--|---|
| <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/T2           | <input type="checkbox"/> i) Short-term interbank funding                |
| <input type="checkbox"/> d) Secured funding (covered bonds)              | <input type="checkbox"/> j) CET1 instruments                            |
| <input type="checkbox"/> e) Securitisations                              | <input type="checkbox"/> k) Not applicable                              |
| <input type="checkbox"/> f) Deposits (from wholesale clients)            |   |

**\* Q10 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
- g) There are no constraints

**\* Q11 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

**\* Q12 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

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**Q13 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"/>

**Q14 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"/>

**\* Q15 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) < 50bp
- b) ≥ 50 and < 100bp
- c) ≥ 100 and < 150bp
- d) ≥ 150 and < 200bp
- e) ≥ 200 and < 250bp
- f) ≥ 250bp

**\* Q16 Of the above amount, how much is estimated due to the COVID-19 overlay?**

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

**\* Q17 What are your most commonly applied 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)

**\* Q18.1 Are there any impediments to resolve non-performing loans (stock and new flow)?**

- a) Yes
- b) No

**\* Q18.2 If Yes, what are the main impediments for your institution to resolve non-performing loans? (please do not agree with more than 2 options)**

- 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

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**\* Q19 Since the end of your Financial Year 2007/8, your firm has paid out in the form of compensation, redress, litigation and similar payments [converted to EUR] an aggregate amount of:**

- 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

**\* Q20.1 You see an increase in operational risk in your bank:**

- Agree
- Disagree
- No Opinion

**\* Q20.2 If applicable, the main driver 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) Money laundering, terrorist financing and sanctions non-compliance
- i) Fraud
- j) Other

**\* Q21 What organisational changes are you planning for the future (both in the short-term and in the long-term) as a result of the COVID-19 crisis?**

- a) Closing of branches
- 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) Introducing other additional cost-reduction measures
- f) In/re-sourcing from offshored activities (i.e. from Asia back to the EU)
- g) Increased investments in IT infrastructure and systems
- h) Change/adapt business lines and product offering
- i) Other

**Q22 Please rate the measures according to their efficiency to mitigate the impact of the COVID-19 crisis in your opinion? (1 no impact to 5 high impact)**

	1 - No impact	2 - Low impact	3 - Medium to low impact	4 - Medium to High impact	5 - High Impact
* a) Measures brought forward by regulators and supervisors to support capital and liquidity (e.g. releasing CCyB, allowing banks to operate below their P2G or allowing banks to meet part of P2R with non-CET1 capital instruments)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) Measures proposed by the European Commission to support capital and liquidity (e.g. revising the SME supporting factor)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* c) Measures aimed to mitigate the immediate impact on asset quality (e.g. no strict automatism related to IFRS 9 or EBA guidelines on loan moratoria)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* d) Measures to alleviate operational challenges such as the postponement of the EU-wide stress test exercise or postponement the remittance of supervisory reporting data etc.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* e) Bank specific, non-publicly supported measures (e.g. enacting contingency plans or temporarily suspension of certain business activities)	<input type="radio"/>				
* f) Other measures, e.g. to support consumer protection (e.g. increase thresholds in use of contactless payments)	<input type="radio"/>				

## 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).**

**Q23 How do you see FinTech firms affecting the current business model of your bank (in the following business lines)?**

	Opportunity to decrease costs	Threat to decrease revenues	Opportunity to increase revenues	Threat to increase costs	No impact /not relevant
* a) Retail banking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) Commercial banking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* c) Corporate finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* d) Trading and sales	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* e) Payment and settlement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* f) Agency services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* g) Asset management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* h) Retail brokerage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Q24.1 Do you currently market or conclude with customers contracts for financial products or services through digital platforms? For the purposes of this survey, 'Digital platform' means a**

**digital platform that enables at least one financial institution directly (or indirectly using a regulated or unregulated intermediary) to market to customers, and/or conclude with customers contracts for financial products and services.**

- a) Yes - through own digital platform
- b) Yes - through third party's digital platforms
- c) Yes - through own AND third party's digital platforms
- d) No

**\* Q24.2 If 'Yes - through third party's digital platforms', please provide further information e.g. type of third party and digital platform (e.g. single-product aggregators, multiple-product multi-brand/single-brand aggregators, user-matching platforms such as invoice trading platforms, peer-to-peer lending platforms, crowdfunding platforms etc.), type of services and products offered etc.**

**\* Q24.3 Have you encountered any regulatory or supervisory impediments in seeking to use a digital platform to market or conclude with customers contracts for products and services?**

- a) Yes
- b) No
- c) N/A

**\* Q24.4 If 'Yes', please outline the impediments encountered**

**\* Q25.1 Do you believe an EU-wide regulatory and supervisory guidance on the use of AI (Artificial Intelligence) applications in finance would promote the uptake of AI tools?**

- a) Yes, with horizontal guidance covering all the AI applications in finance sector
- b) Yes, with guidance only for specific AI applications in finance sector
- c) No at this stage
- d) No

**\* Q25.2 If (b), please indicate below the AI applications in finance where EU-wide regulatory and supervisory guidance would be needed.**

- a) AML/CFT: Identification and verification (including remote onboarding and digital ID)
- b) AML/CFT: Behaviour / Transaction Monitoring
- c) Fraud detection
- d) Regulatory reporting
- e) Credit granting
- f) Regulatory credit risk modelling
- g) Other risk modelling
- h) Other AI applications

**\* if (h): Please specify**

**\* Q26.1 Have you implemented/used any RegTech solution?**

*'RegTech' (Regulatory Technology) means any range of applications of technology-enabled innovation for regulatory, compliance and reporting requirements implemented by a regulated institution (with or without the assistance of ICT third party providers).*

- a) Yes
- b) No

**\* Q26.2: If 'Yes', please indicate the areas where RegTech solutions are implemented.**

- a) AML/CFT: Identification and verification (including remote onboarding and digital ID)
- b) AML/CFT: Behaviour / Transaction Monitoring
- c) Fraud detection
- d) Regulatory reporting
- e) Creditworthiness assessment
- f) ICT security
- g) Other

**\* if (g): Please specify**

**Q26.3 What are the challenges you have faced / are facing for the development and implementation of RegTech solutions (if any)?**

	Yes	No	N/A
* a) Integration with legacy systems	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* b) Organisational mindset and internal culture	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* c) Adequacy of internal skills, expertise and resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* d) Screening / due diligence of third party providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* e) Management of third party providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* f) Dependency on third party providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* g). Adequacy of external resources, maturity of the third party solution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* h) Data quality issues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* i) Data privacy and protection issues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* j) Regulatory challenges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* k) other:	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* If (j): Please explain

\* If (k): Please explain

## Sustainable Finance

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\* Q27 Do you currently offer or plan to develop products and services based on:

- i) Green mortgages or energy-efficient mortgages
- ii) Green commercial building loans
- iii) Green car loans, e.g. preferential loans to encourage the purchase of cars that demonstrate high fuel efficiency
- iv) Green cards, e.g. debit and credit cards linked to environmental activities
- v). Other types of green loans for retail customers
- vi) Green corporate loan or other types of green loans for non-retail customers (such as green infrastructure)
- vii) Sustainability loans
- viii) Not applicable

\* Q28 Have you already issued one of the following instruments?

- i) Green securitisation
- ii) Green covered bonds
- iii) Ordinary green bonds
- iv) Sustainability linked bonds
- v) Other type of green or ESG financial instruments
- vi) Not applicable

\* Q29 Have you observed a pricing benefit compared to comparable non-green bonds issued by your institution at the same period (either in primary or secondary markets)?

- i) Yes
- ii) No
- iii) Do not know
- iv) Not applicable

\* Q30 What are the main reasons why you have not issued a green bond?

*at most 2 choice(s)*

- i) Lack of definition of what is green
- ii) Insufficient transparency and data quality issue
- iii) Increased costs and no pricing advantage in green bonds
- iv) Lack of investor appetite
- v) Other

vi) Not applicable

**\* Q31 In case you are planning to issue a green bond within the next 12 months, according to which standards are you planning to issue?**

- i) Green bonds principles
- ii) EU Green bonds standards when applicable
- iii) Other
- iv) Do not know yet
- v) Not applicable

## General issues

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**Q32 Looking at the EU banking sector, you expect other sources of risk or vulnerabilities to increase further in the next 6-12 months. Please indicate possible additional sources of risks and vulnerabilities.**

# Appendix: Risk Assessment Questionnaire for market analysts

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[added on the following pages]



# EBA Risk Assessment Questionnaire for Market Analysts - Spring 2021

Fields marked with \* are mandatory.

## Respondent information

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\* First Name

\* Last Name

\* Position

\* Company

\* Contact e-mail address

I agree with the EBA privacy notice

## A. Business model/strategy/profitability

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Please select your choice for every box.

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

Q1 Short term earnings expectations for banks are:

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

**\* Q2 Looking at the EU banking sector, you expect heightened litigation costs in the next 6-12 months.**

- Agree
- Disagree
- No Opinion

**\* Q3.1 You see an increase in EU banks' operational risk.**

- Agree
- Disagree
- No Opinion

**\* Q3.2 If applicable, the main driver for increasing operational risk is (please do not agree with more than 3 options):**

*at most 3 choice(s)*

- |  |  |
|--|--|
| <input type="checkbox"/> a) Cyber risk and data security | <input type="checkbox"/> f) Geopolitical risk  |
| <input type="checkbox"/> b) IT failures                  | <input type="checkbox"/> g) Organisational change  |
| <input type="checkbox"/> c) Outsourcing                  | <input type="checkbox"/> h) Money laundering, terrorist financing and sanctions non-compliance |
| <input type="checkbox"/> d) Regulatory initiatives       | <input type="checkbox"/> i) Fraud  |
| <input type="checkbox"/> e) Conduct and legal risk       | <input type="checkbox"/> j) Other  |

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

*at most 2 choice(s)*

- |   |   |
|---|---|
| <input type="checkbox"/> a) Complexity  | <input type="checkbox"/> e) Regulatory requirements and supervisory stance/actions/view |
| <input type="checkbox"/> b) Cost and riskiness of such transactions                         | <input type="checkbox"/> f) Lack of business cases/opportunities                        |
| <input type="checkbox"/> c) Cultural aspect   | <input type="checkbox"/> g) No opinion  |
| <input type="checkbox"/> 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"/>

**\* Q9.1 Are there any impediments for banks to resolve their stock and new flows non-performing loans (NPLs):**

Yes

No

**\* Q9.2 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) Other
- i) There is no impediment

**\* Q9.3 if h 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) <50bp
- b) ≥ 50 and < 100bp
- c) ≥ 100 and < 150bp
- d) ≥ 150 and < 200bp
- e) ≥ 200 and < 250bp
- f) ≥ 250bp

**\* Q11 Of the above amount, how much is due to the COVID-19 overlay?**

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

## General Questions

---

**Q12 Please rate the efficiency of the measures, which were more efficient in mitigating the impact of the COVID-19 crisis in your opinion? (1 no impact to 5 high impact)**

	1- No impact	2 - Low impact	3 - Medium to low impact	4 - Medium to High impact	5 - High Impact

* a) Measures brought forward by regulators and supervisors to support capital and liquidity (e.g. releasing CCyB, allowing banks to operate below their P2G or allowing banks to meet part of P2R with non-CET1 capital instruments)	<input type="radio"/>				
* b) Measures proposed by the European Commission to support capital and liquidity (e.g. SME supporting factor and software assets)	<input type="radio"/>				
* c) Measures aimed to mitigate the immediate impact on asset quality (e.g. no strict automatism related to IFRS 9 or EBA guidelines on loan moratoria)	<input type="radio"/>				
* d) Measures to alleviate operational challenges such as the postponement of the EU-wide stress test exercise or postponement the remittance of supervisory reporting data etc.	<input type="radio"/>				
* e) Bank specific, non-publicly supported measures (e.g. enacting contingency plans or temporarily suspension of certain business activities)	<input type="radio"/>				
* f) Other measures, e.g. to support consumer protection (e.g. increase thresholds in use of contactless payments)	<input type="radio"/>				

**Q13 What budgetary and / or organisational changes do you anticipate the banks will take in the near / mid-term future as a result of the COVID-19 crisis?**

	Increase	Decrease	Remain stable	No Opinion
* 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"/>
* b) Spending on IT upgrade and maintenance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* c) Spending on digital innovation/new technologies for new digital and remote business channels for existing and new clients	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* d) Reducing the number of branches	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* e) Outsourcing functions and services to third-party providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* f) Introducing other additional cost-reduction measures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* g) In/re-sourcing from offshored activities (i.e. from Asia back to the EU)



**\* Q14 You expect that the proportion of green products / investments (asset and liability side) in banks overall product / investment portfolios in the coming year will:**

- Increase rapidly     Decrease slowly
- Increase slowly     Decrease rapidly
- Stay steady

**\* Q15 Looking at the EU banking sector, 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**



**EUROPEAN BANKING AUTHORITY**

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Floors 24-27, 20 Avenue André Prothin,  
92927 Paris, La Défense

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Tel: +33 1 86 52 7000  
E-mail: [info@eba.europa.eu](mailto:info@eba.europa.eu)

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<http://www.eba.europa.eu>