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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 Spring 2021, in which 60 banks\(^1\) and 11 market analysts submitted their answers. Results of the survey were received in April 2022. The RAQ results are published together with the EBA’s quarterly Risk Dashboard (Q1 2022).

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

\(^1\) A list of banks participating in the survey is published in the Annex.
Summary of main findings

The effects of Russia’s war of aggression against Ukraine are reflected in bank and analyst responses to the Spring 2022 RAQ. According to them, increasing uncertainty, downward revisions of GDP growth, inflationary pressures, and the monetary policy response, are expected to affect asset quality, funding costs and interest margins.

Business model, strategy, and profitability

- **Both banks and analysts are more pessimistic about profitability prospects.** The share of banks and analysts expecting an increase in profitability fell to 50% (80% in the previous RAQ) and 25% (50% in the previous RAQ) respectively. In general, banks and analysts are optimistic about the impact of rising rates. Most banks (85%) expect that rising rates will have a very positive or rather positive impact. In a similar vein, the share of analysts expecting an overall increase in net interest margins went up from 0% in the previous RAQ to 55%. However, analysts also expect an increase in provisions and impairments (80% vs 15% in the previous one). *(Questions 5 and 8 for banks and Question 1 for market analysts)*

- **Banks point to a change in their target areas to increase profitability.** The share of banks pointing to operating expenses as the main target area has declined since the Autumn 2020 questionnaire (50% in Autumn 2020 vs 25% in this edition). The percentage of banks pointing to net interest income has however risen from a minimum of 25% one year ago to 33% in the last RAQ. Net fee and commission income continues to be the main area targeted by banks (50%). *(Question 6 for banks)*

- **Credit and market risk are the main risks expected to be impacted by the war.** A clear majority of banks (80% for credit and 70% for market risk respectively) pointed to these two areas as the ones primarily affected by the war. Liquidity risk and operational risk followed with 40% agreement in both cases. Despite the war and the rising rates environment, banks do not report an increase in their estimated cost of equity (CoE). *(Question 3 and 9 for banks)*

Funding and liquidity

- **Banks intend to continue to rely on MREL-eligible instruments - but covered bond funding has become increasingly important.** Similar to the previous RAQ, banks point at senior non-preferred and senior HoldCo debt as the main funding category they will focus over the next 12 months. An increasing share of banks also indicates that they aim to issue more senior preferred debt (45% vs 35% in the previous RAQ), which might also be MREL-eligible for some banks. Nonetheless, the sharpest increase is observed in covered bond funding, pointed out by 40% of the banks (15% in the previous RAQ). Analysts similarly expect an increasing issuance of senior preferred and covered bond instruments (from 15% and 0%, respectively, in the Autumn 2021 RAQ to 40% and 25%, respectively, in this edition). In contrast to banks, the share of analysts...
expecting a growing banks’ focus on senior non-preferred and senior HoldCo debt have fallen from 75% to 25% (Question 10 for banks and Question 6 for market analysts)

- **Analysts expect a surge in the cost of all funding sources.** More than 90% of analysts expect higher costs for senior preferred and senior non-preferred/HoldCo spreads (25% and 15%, respectively, in the previous RAQ). A majority of analysts (75%) also expect a rise in the cost of AT1 and T2 instruments, compared to 0% in the Autumn 2021 RAQ. These expected trends are also reflected in banks’ views about constraints to issue MREL-eligible debt. More than 50% of the banks point to pricing as the main issue (40% in the previous RAQ). (Question 11 for banks and Question 7 for market analysts)

- **Banks and analysts have different views on deposit repricing.** While more than 80% of the analysts expect an increase in retail deposit rates, only 20% and 35% of banks plan to increase household and non-financial corporation deposit rates respectively. More than 50% of the banks do not plan to take any action in relation to deposits. (Question 12 for banks and Question 7 for market analysts)

**Asset volume trends and asset quality**

- **Residential mortgages, corporates, and small and medium enterprises (SMEs) continue to appear as the segments where more banks plan to increase lending.** Market analysts hold similar views, but they also see project finance (65%) and asset finance (55%; shipping, aircrafts, etc.) as portfolios banks will show an interest in. (Question 13 for banks and Question 8 for market analysts)

- **Both banks and analysts expect a broad-based deterioration of asset quality.** SMEs and consumer lending are the segments most pointed out. Regarding commercial real estate, even though 80% of analysts still expect a deterioration, this percentage is down from 90% in the previous questionnaire. In the case of banks, only 20% expect a deterioration in this loan segment (30% in the previous questionnaire). (Question 14 for banks and Question 9 for market analysts)

- **For cost of risk (CoR), banks and market analysts hold divergent views.** Half of banks expect a CoR between 0 and 25bps (30% in the previous RAQ) and 25% (30% in the previous RAQ) between 50 and 75bps. Analysts are more conservative. The share of them expecting a CoR between 0 and 25bps has declined from 40% to 20% while those expecting CoR between 25 and 50bps and 50 and 75 bps have risen from 15% and 25% to 25% and 45%, respectively. (Question 15 for banks and Question 10 for market analysts)

- **A substantial share of banks (45%) plans to keep their COVID overlays to cover potential losses materialising in the next quarters.** In contrast, the percentage of banks that have already released these overlays fully or partially or that have used them fully or partially is 15% and 5% respectively. Going forward, 35% of banks plan to release them fully or partially in the next 6 to 12 months. Most banks (65%) also recognised provisioning overlays for reasons different from COVID, which is presumably related to the impact of the Russian war and ensuing macroeconomic deterioration. (Question 15 and 16 for banks)
Conduct, reputation, and operational risk

- The share of banks expecting an increase in operational risk (55%) remained unchanged. In contrast, the share of analysts expecting an increase in operational risk, rose from 40% in the previous survey to 80%. Banks continue to consider cyber risk and data security issues (75%) and conduct and legal risk (45%) as the main sources of operational risk. Geopolitical risk is also gaining relevance (35% vs 10% in the previous survey) for banks. Analysts also point to the risk of non-compliance with restrictive measures regimes (60%) as a relevant operational risk driver. (Questions 20 and 21 for banks and questions 3 and 4 for market analysts)

- The money laundering/terrorist financing (ML/TF) risks with highest significance for banks are risks associated with customers’ transactions in relation to terrorist financing or that are subject to international sanctions. This high rating most likely relates to risks related to the financial sanctions regime (and not to TF risk itself), as banks do not appear to consider customers associated with extremism or terrorism as an important risk. This is further underlined by the fact that the risk associated with the current Russian invasion of Ukraine and the related sanctions against Russia are also referred by several banks, in particular ML risks in relation to refugees and risks of circumvention of sanctions. (Question 23 for banks)

Fintech

- Although banks’ customers widely use digital channels, many banks still see FinTech firms as a threat for their revenues. A substantial part of banks (75%) report that more than half of their clients are using digital channels. Despite this, many banks still see FinTech firms as a threat for revenues. In the areas of payments and retail brokerage 55% and 40% of banks, respectively, consider FinTech firms as a threat for revenues vs 10% and 20%, respectively, that consider them as an opportunity to increase revenues. Nonetheless, banks also see FinTech firms as an opportunity to decrease costs, in particular in trading and sales (30%), retail (30%), and commercial banking (20%). The provision of crypto-asset services remains very limited. More than 60% of banks are neither offering nor planning to offer crypto-asset products or services to their clients. (Questions 24, 25 and 27 for banks)

- Artificial Intelligence (AI) are mostly used in fraud detection, AML/CFT purposes, client or transaction profiling/clustering, and credit scoring. The AI methods used are increasingly diverse. Decision trees and regression analysis seem to be the preferred approaches followed by natural language processing and neural networks. (Questions 26 for banks)

ESG

- Products linked to green or social objectives are most prominently offered to non-financial corporations (NFCs) different from SMEs. Green and sustainability-linked loans to NFCs constitute the products banks most commonly offer (80% and 75% of banks, respectively). Green loans are the product offered most widely across all counterparty types whilst the market for social products remains smaller. Banks most commonly identify a lack of data and transparency as the most relevant impediment for the further development of green retail loans (75% rank
this as either an extreme or significant impediment) followed by a lack of common definitions and regulatory uncertainty. *(Questions 28 and 30 for banks)*

- **Between 55% and 70% of banks are using the EU taxonomy as the definition for green, depending on the instrument.** This is the definition most widely used by banks for NFC loans. Market standards and internal definitions also remain widely used across all types of loans. *(Question 29 for banks)*

- **Green bonds remain the dominant sustainability-related funding instrument.** The share of banks stating that they have issued green bonds rose to 70% vs 55% in the Spring 2021 questionnaire. Most banks (60%) also indicate to have witnessed pricing benefits when issuing green bonds (up from just under 45% in the Spring 2021 questionnaire). For social, sustainable, and sustainability-linked bonds this share is only between 10 and 15%. *(Question 31 and 32 for banks)*

**General open question**

- **Geopolitical risks have replaced COVID-19 as the main concern for banks.** Respondents point to a deteriorating macroeconomic environment amid rising energy prices, mounting inflationary pressures and overall uncertainty about the outcome of the Russian war against Ukraine and the impact of the ensuing international sanctions. Other banks’ concerns were monetary policy and supply chain disruptions. *(Question 33 for banks)*
Banks’ questionnaire

1. Business model / strategy / profitability

Question 1: Spring 2022 results

Q1. Are you considering M&A transactions?

- Yes
- 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?

- 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/stances/view
- f) Lack of business cases/opportunities
- g) Not envisaged
Question 1: Comparison with earlier results

Q1 Are you considering M&A transactions?

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
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- d) Lack of transparency on asset quality of the potential partners
- e) Regulatory requirements and supervisory stance/actions/view
- f) Lack of business case/opportunities
- g) Not envisaged
**Question 2: Spring 2022 results**

Q2 What is the minimum return on equity (ROE) level that your bank is targeting 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%

**Question 2: Comparison with earlier results**

Q2 What is the minimum return on equity (ROE) level that your bank is targeting on a longer-term basis?
Question 3: Spring 2022 results

- **Q3 What is your estimated Cost of Equity?**

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

Question 3: Comparison with earlier results

- **Q3 What is your estimated Cost of Equity?**

  - Spring 20: a) < 8%, b) ≥ 8% and < 10%
  - Autumn 20: c) ≥ 10% and < 12%
  - Spring 21: d) ≥ 12%
  - Autumn 21: e) ≥ 12%
Question 4: Spring 2022 results

Q4 How do you estimate your Cost of Equity?

- a) Based on equity market prices and earning forecasts
- b) Model-based (CAPM, APT, etc)
- c) Survey, benchmarking or similar
- d) A combination of the above
- e) Other
Question 5: Spring 2022 results

Q5 Do you expect an overall increase in your bank’s ROE over the next 6 to 12 months?

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

Question 5: Comparison with earlier results

Q5 Do you expect an overall increase in your bank’s ROE over the next 6 to 12 months?
Question 6: Spring 2022 results

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

- a) Net interest income
- b) Net fee and commission income
- c) Other operating income
- d) Operating expenses / costs reduction
- e) Impairments
- f) Other

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)

- 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
Question 6: comparison with earlier results

Q6 Which areas do you primarily target to increase the profitability of your bank in the next 6 to 12 months? HIGH PRIORITY

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)
Question 7: Spring 2022 results

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

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

Question 7: comparison with earlier results

Q7 Which measures are you primarily taking to reduce operating expenses / costs? (Please do not agree with more than 3 options)
Question 8: Spring 2022 results

Q8 How do you expect rising interest rates will affect your bank’s profitability over 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

Question 8: comparison with earlier results

Q8 How do you expect rising interest rates will affect your bank’s profitability over 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 Which of the following do you expect will be most affected by rising geopolitical uncertainty? (Please agree with at most 3 options)

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Credit risk</td>
<td>≥80%</td>
</tr>
<tr>
<td>b) Market risk</td>
<td>≥70%</td>
</tr>
<tr>
<td>c) Liquidity and funding</td>
<td>40%</td>
</tr>
<tr>
<td>d) Operational risk</td>
<td>40%</td>
</tr>
<tr>
<td>e) Payment services</td>
<td>20%</td>
</tr>
<tr>
<td>f) Asset management</td>
<td>20%</td>
</tr>
<tr>
<td>g) Insurance services</td>
<td>0%</td>
</tr>
</tbody>
</table>
2. Funding / liquidity

Question 10: Spring 2022 results

Q10 In the next 12 months, which funding instruments do you intend to focus on? (Please do not agree with more than 2 options)

- a) Preferred senior unsecured funding
- b) Senior non-preferred / Senior Holding Company 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

Question 10: comparison with earlier results

Q10 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: Spring 2022 results

Q11 Which are the main constraints to issue MREL eligible instruments?

a) Pricing (e.g. spread between MREL-eligible and MREL-ineligible instruments)

b) No sufficient investor demand due to unattractive risk-return expectations

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

Question 11: comparison with earlier results

Q11 Which are the main constraints to issue MREL eligible instruments?
Question 12: Spring 2022

Q12 Given rising interest rates, which of the following actions are you considering in relation to deposits?

- a) Raise rates for household deposits or current accounts
- b) Raise rates for non-financial corporate deposits or current accounts
- c) Charge lower 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) Charge lower 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

0% 10% 20% 30% 40% 50% 60%
3. Asset composition & quality

Question 13: Spring 2022 results

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

- a) Commercial Real Estate (including all types of real estate developments)
- b) SME
- c) Residential Mortgage
- d) Consumer Credit
- e) Corporate (other than SME and Commercial Real Estate)
- f) Trading
- g) Structured Finance
- h) Sovereign and institutions
- i) Project Finance
- j) Asset Finance (Shipping, Aircrafts etc.)
- k) Other

[Bar chart showing the percentage of portfolios expected to increase or decrease in volume]
Question 13: comparison with earlier results

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

INCREASE

- 63% in Autumn 20
- 72% in Autumn 21
- 45% in Autumn 22
- 53% in Autumn 23
- 23% in Autumn 24
- 7% in Autumn 25
- 10% in Autumn 26
- 13% in Autumn 27
- 50% in Autumn 28
- 5% in Autumn 29
- 3% in Autumn 30

- a) Commercial Real Estate (including all types of real estate developments)
- b) SME
- c) Residential Mortgage
- d) Consumer Credit
- e) Corporate
- f) Trading
- g) Structured Finance
- h) Sovereign and institutions
- i) Project Finance
- j) Asset Finance (Shipping, Aircrafts etc.)
- k) Other
Q13 Which portfolios do you plan to decrease in volume during the next 12 months (on a net basis)?

- a) Commercial Real Estate (including all types of real estate developments)
- b) SME
- c) Residential Mortgage
- d) Consumer Credit
- e) Corporate
- f) Trading
- g) Structured Finance
- h) Sovereign and Institutions
- i) Project Finance
- j) Asset Finance (Shipping, Aircrafts etc.)
- k) Other
Question 14: Spring 2022 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?
Risk Assessment Questionnaire (RAQ)

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

- a) Commercial Real Estate (including all types of real estate developments)
- b) SME
- c) Residential Mortgage
- d) Consumer Credit
- e) Corporate (other than SME and Commercial Real Estate)
- f) Trading
- g) Structured Finance
- h) Sovereign and Institutions
- i) Project Finance
- j) Asset Finance (Shipping, Aircrafts etc.)
- k) Other
**Question 15: Spring 2022 results**

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

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**Question 15: comparison with earlier results**

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?

- Autumn-21: 0%
- Spring-22: 50%
- Autumn-21: 0%
- Spring-22: 23%
- Autumn-21: 15%
- Spring-22: 8%
- Autumn-21: 3%
- Spring-22: 0%
Risk Assessment Questionnaire (RAQ)

Question 16: Spring 2022 results

Q16 How are you planning to treat any “COVID-19 overlay” in your provisioning?

- a) We have already fully or partially released it
- b) We have already fully or partially used it for materialised losses
- c) We are planning to release it fully or partially in the next 6 to 12 months
- d) We are planning to keep it for now, for potential losses materialising in the quarters/years to come
- e) We had not recognised any management overlay due to COVID-19
Question 17: Spring 2022 results

Q17 Have you recognised any provisioning overlays for reasons other than COVID-19?

- Yes
- No
Question 18: Spring 2022 results

Q18 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)?

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)

Question 18: comparison with earlier results

Q18 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)?
4. Conduct, Reputational and Operational Risk

Question 19: Spring 2022 results

Q19 Over the past three years, how much has your firm paid out in the form of compensation, redress, litigation and similar payments (as percentage of equity)?

- a) ≥ 0% and <1%
- b) ≥ 1% and <2%
- c) ≥ 2% and <3%
- d) ≥ 3% <4%
- e) ≥ 4%
**Question 20: Spring 2022 results**

Q20 Do you see an increase in operational risk in your bank?

- a) Yes
- b) No
- c) No opinion

**Question 20: comparison with earlier results**

Q20 Do you see an increase in operational risk in your bank? YES
Risk Assessment Questionnaire (RAQ)

Question 21: Spring 2022 results

Q21 What are the main drivers of operational risk?

- a) Cyber risk and data security: 75%
- b) IT failures: 25%
- c) Outsourcing: 10%
- d) Regulatory initiatives: 15%
- e) Conduct and legal risk: 40%
- f) Geopolitical risk: 30%
- g) Organisational change: 60%
- h) Money Laundering (ML) and terrorism financing (TF): 80%
- i) Risk of non-compliance with applicable restrictive measures regimes (financial sanctions): 50%
- j) Fraud: 90%
- k) Climate change: 5%
- l) Other: 5%

Question 21: comparison with earlier results

Q21 What are the main drivers of operational risk?

- b) IT failures: Spring 2022: 15%, Autumn 2021: 20%, Spring 2021: 25%, Autumn 2020: 30%, Spring 2020: 35%
- d) Regulatory initiatives: Spring 2022: 20%, Autumn 2021: 15%, Spring 2021: 10%, Autumn 2020: 5%, Spring 2020: 0%
- e) Conduct and legal risk: Spring 2022: 45%, Autumn 2021: 35%, Spring 2021: 25%, Autumn 2020: 15%, Spring 2020: 5%
- f) Geopolitical risk: Spring 2022: 30%, Autumn 2021: 20%, Spring 2021: 10%, Autumn 2020: 5%, Spring 2020: 0%
- g) Organisational change: Spring 2022: 60%, Autumn 2021: 45%, Spring 2021: 30%, Autumn 2020: 15%, Spring 2020: 5%
- h) Money Laundering (ML) and terrorism financing (TF): Spring 2022: 80%, Autumn 2021: 60%, Spring 2021: 40%, Autumn 2020: 20%, Spring 2020: 10%
- i) Risk of non-compliance with applicable restrictive measures regimes (financial sanctions): Spring 2022: 50%, Autumn 2021: 30%, Spring 2021: 10%, Autumn 2020: 0%, Spring 2020: 0%
- j) Fraud: Spring 2022: 90%, Autumn 2021: 80%, Spring 2021: 70%, Autumn 2020: 60%, Spring 2020: 50%
- k) Climate change: Spring 2022: 5%, Autumn 2021: 10%, Spring 2021: 15%, Autumn 2020: 20%, Spring 2020: 25%
Question 22: Spring 2022 results

Q22 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?

- Corporate finance
- Trading and sales
- Retail banking
- Commercial banking
- Payment and settlement
- Agency services
- Asset management
- Retail brokerage
- Other

Question 22: comparison with earlier results

Q22 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
### Question 23: Spring 2022 results

Q23: What key ML and TF risks do you expect to face over the coming 6 to 12 months? (1-Low Significance and 4-High Significance)

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>0%</th>
<th>10%</th>
<th>20%</th>
<th>30%</th>
<th>40%</th>
<th>50%</th>
<th>60%</th>
<th>70%</th>
<th>80%</th>
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</thead>
<tbody>
<tr>
<td>a) Risks associated with customers who are Politically Exposed Persons</td>
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<td>b) Risks associated with customers who are Crypto Asset Services Provider</td>
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<td>c) Risks associated with customers dealing in cryptos</td>
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<td>d) Risks associated with customers whose ownership and control structure is opaque or undeclared</td>
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<td>e) Risks associated with the use of innovation technologies for CDD purposes</td>
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<td>f) Risks associated with transactions received from, or sent to, jurisdictions where groups committing terrorist offences are known to be operating, or that are known to be sources of terrorist financing or that are subject to international sanctions</td>
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<tr>
<td>g) Risks associated with customers whose activities are publicly known to be associated with terrorism or terrorism</td>
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<tr>
<td>h) Risks to be used for the laundering of the proceeds of frauds (incl. COVID-related fraud)</td>
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<tr>
<td>i) Risks to be used for the laundering of the proceeds of tax crime</td>
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<tr>
<td>j) Risks to be used for the laundering of the proceeds of corruption</td>
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<tr>
<td>k) Other</td>
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</tbody>
</table>

Legend: 1 = Low, 2 = Moderate, 3 = High, 4 = Very High, Not applicable (NA)
5. Fintech

Question 24: Spring 2022 results

Q24 For each business line, please indicate how many of your customers are primarily using digital channels?

a) Retail banking

b) Corporate banking (excluding financial customers)
Question 25: Spring 2022 results

Q25 How do you expect FinTech firms will affect the following business lines in your bank?

- a) Retail banking
- b) Commercial banking
- c) Corporate finance
- d) Trading and sales
- e) Payment and settlement
- f) Agency services
- g) Asset management
- h) Retail brokerage

- Opportunity to decrease costs
- Threat to increase costs
- Opportunity to increase revenues
- Threat to decrease revenues
- No impact / not relevant
**Question 26: Spring 2022 result**

Q26: If you are currently using or planning to use in the short-term any of the following AI applications, what is the AI approach applied for each of them? (More than one answer is possible):

<table>
<thead>
<tr>
<th>a) Neural networks</th>
<th>b) Decision Trees/Random Forest</th>
<th>c) Regression analysis</th>
<th>d) Natural language processing</th>
<th>e) Support vector machines</th>
<th>f) Probabilistic geographical models</th>
<th>g) Other (please specify)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

- a) AML/CFT: Identification and verification (including remote onboarding and digital ID)
- b) AML/CFT: Behaviour/Transaction Monitoring
- c) Fraud detection
- d) Regulatory or supervisory reporting
- e) Creditworthiness assessment/Credit scoring
- f) Monitoring conduct risk
- g) Real-time monitoring of payments, including verifying the identification of payers and payees
- h) Profiling/clustering of clients or transactions
- i) Robo-advisors for investment advice
- j) Algorithmic trading
- k) Regulatory credit risk modelling
- l) Other risk modelling
- m) Other use cases

Legend:
- 0%-10%
- 10%-20%
- 20%-30%
- >30%
Question 27: Spring 2022 results

Q27 Are you offering, or do you expect to offer any of the following crypto-asset products and services to retail or wholesale clients over the next 2 years?

<table>
<thead>
<tr>
<th>Option</th>
<th>No%</th>
<th>10%</th>
<th>20%</th>
<th>30%</th>
<th>40%</th>
<th>50%</th>
<th>60%</th>
<th>70%</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Crypto-asset issuance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>b) Custody and administration of crypto-assets on behalf of third parties</td>
<td></td>
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<tr>
<td>c) Operation of a trading platform for crypto-assets</td>
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<tr>
<td>d) Exchange of crypto assets for fiat currency that is legal tender</td>
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<tr>
<td>e) Exchange of crypto-assets for other crypto-assets</td>
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<tr>
<td>f) Execution of orders for crypto-assets on behalf of third parties</td>
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<td></td>
<td></td>
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<tr>
<td>g) Placing of crypto-assets</td>
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<tr>
<td>h) Advice on crypto-assets</td>
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<tr>
<td>i) Other</td>
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<td></td>
<td></td>
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<tr>
<td>j) No</td>
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</tr>
</tbody>
</table>
# 6. ESG Finance

**Question 28: Spring 2022 results**

Q28 Which of the following loans are you offering or planning to offer to your clients?

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Green loans (Proceeds-based)</td>
<td>70%</td>
</tr>
<tr>
<td>b) Social loans (Proceeds-based)</td>
<td>60%</td>
</tr>
<tr>
<td>c) Sustainable loans (i.e. any combination of environmental, social and/or governance dimensions) (Proceeds-based)</td>
<td>55%</td>
</tr>
<tr>
<td>d) Sustainability-linked loans (i.e. linked to sustainability performance objectives) specific KPIs reflecting any combination of environmental, social and/or governance dimensions (Performance-based)</td>
<td>50%</td>
</tr>
<tr>
<td>e) Loans that are a combination of proceeds- and performance-based</td>
<td>45%</td>
</tr>
</tbody>
</table>

To non-financial corporates (NFCs) excl. SMEs | To SMEs | To non-SME retail | To none of the previous
Risk Assessment Questionnaire (RAQ)

Question 29: Spring 2022 results

Q29 If you are offering or planning to offer green loans to customers, which definition of 'green' are you using (or planning to use) for the following instruments?

- a) Secured NFC loans
- b) Secured SME loans
- c) Secured non-SME retail loans
- d) Unsecured NFC loans
- e) Unsecured SME loans

- We are not offering (nor planning to offer) this type of green loan
- EU Taxonomy definition for green financial products
- Internal green framework definition
- Green market standard definitions (e.g. ICMA’s green loan definition)
Question 30: Spring 2022 results

Q30 In your opinion, what are the main impediments to the further development of the market for green retail loans? (5-Extremely relevant, 1-Not relevant)

a) Insufficient customer demand for green loans (i.e., lack of green retail projects to finance)
   - Weighted average: 2.7%
   - 5: 0%
   - 4: 0%
   - 3: 0%
   - 2: 0%
   - 1: 0%

b) Lack of commonly agreed definitions/standards for green retail loans
   - Weighted average: 3.2%
   - 5: 0%
   - 4: 0%
   - 3: 0%
   - 2: 0%
   - 1: 0%

c) Lack of data/transparency to identify green retail assets and to assess their environmental impact
   - Weighted average: 4.0%
   - 5: 0%
   - 4: 0%
   - 3: 0%
   - 2: 0%
   - 1: 0%

d) Uncertainty about the risk - return profile
   - Weighted average: 2.7%
   - 5: 0%
   - 4: 0%
   - 3: 0%
   - 2: 0%
   - 1: 0%

e) Funding and/or capital constraints in the (re)financing of green retail assets
   - Weighted average: 2.3%
   - 5: 0%
   - 4: 0%
   - 3: 0%
   - 2: 0%
   - 1: 0%

f) Uncertainty about future regulatory treatment
   - Weighted average: 2.4%
   - 5: 0%
   - 4: 0%
   - 3: 0%
   - 2: 0%
   - 1: 0%

g) Other challenges
   - Weighted average: 3.2%
   - 5: 0%
   - 4: 0%
   - 3: 0%
   - 2: 0%
   - 1: 0%
Question 31: Spring 2022 results

Q31 Which of the following instruments have you already issued? Please note the differentiation between proceeds-based and performance-based products, as to avoid double counting. Please avoid double counting products already included under other options.

- a) Green bonds [proceeds-based]
- b) Social bonds [proceeds-based]
- c) Sustainable bonds (e. any combination of environmental, social and/or governance dimensions) [proceeds-based]
- d) Sustainability-linked bonds (i.e., linked to sustainability performance objectives/specific KPIs reflecting any combination of environmental, social and/or governance dimensions) [Performance-based]
- e) Bonds that are a combination of proceeds- and performance-based
- f) None of the above
Question 32: Spring 2022 results

Q32 Have you observed a pricing benefit of the below funding instruments compared to similar ‘ordinary’ bonds issued in primary or secondary markets? Please note the differentiation between proceeds-based and performance-based products, as to avoid double

- a) Green bonds [proceeds-based]
- b) Social bonds [proceeds-based]
- c) Sustainable bonds (i.e. any combination of environmental, social and/or governance dimensions) [proceeds-based]
- d) Sustainability-linked bonds (i.e. linked to sustainability performance objectives/specific KPIs reflecting any combination of environmental, social and/or governance dimensions) [Performance-based]
- e) Bonds that are a combination of proceeds- and performance-based

[Bar chart showing percentages for each option with categories labeled as Yes, No, Don't know, Not applicable]
1. Business model / strategy / profitability

Question 1: Spring 2022 results

Q1 What are your short-term expectations for banks?

- a) Overall profitability will improve
- b) Overall cost efficiency will improve
- c) Total revenues will increase
- d) Net interest margin will increase
- e) Provisions/Impairments will increase

[Graph showing data]

Question 1: Comparison with earlier results

Q1 Short term earnings expectations for banks are: increase

[Graph showing data]
Question 2: Spring 2022 results

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

- Yes
- No (majority)
- No opinion

Question 2: Comparison with earlier results

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

Question 3: Spring 2022 results

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

- Yes
- No
- No opinion

Question 3: comparison with earlier results

Q3 Do you see an increase in EU banks' operational risk? Yes
Question 4: Spring 2022 results

Q4 What are the main drivers of operational risk? (please do not agree with more than 3 options)

- 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 and terrorist financing risk
- i) Risk of non-compliance with restrictive measures regimes (financial sanctions)
- j) Other

Question 4: comparison with earlier results

Q4 What are the main drivers of operational risk? (please do not agree with more than 3 options)
Question 5: Spring 2022 results

Q5 What are the main obstacles to M&A? (please do not agree with more than 2 options)

- a) Complexity
- b) Cost and riskiness of such transactions
- c) Cultural aspect
- d) Lack of transparency on asset quality of the potential partners
- e) Regulatory requirements and supervisory stance/actions/view
- f) Lack of business case/opportunities
- g) No opinion

Question 5: Comparison with earlier results

Q5 What are the main obstacles to M&A? (please do not agree with more than 2 options)
Question 6: Spring 2022 results

Q6 In the next 12 months, which funding instruments do you expect banks to focus on? (please do not agree with more than 2 options)

- a) Preferred Senior unsecured funding
- b) Senior non-preferred/Senior HoldCo funding
- c) Subordinated debt including AT1/AT2
- d) Secured funding (e.g. covered bonds)
  - a) Securitisation
- 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

Question 6: comparison with earlier results

Q6 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 7: Spring 2022 results

Q7 In the next 12 months, what do you expect will happen to the cost of the following funding sources?

- a) Preferred Senior unsecured funding
- b) Senior non-preferred/Senior HoldCo funding
- c) Subordinated debt including AT1/AT2
- d) Secured funding (e.g., covered bonds)
- e) Securitisation
- 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

Question 7: comparison with earlier results

Q7 In the next 12 months, what do you expect will happen to the cost of the following funding sources? Increase
3. Asset composition & quality

**Question 8: Spring 2022 results**

Q8. Which portfolios do you expect to increase/decrease in volume during the next 12 months (on a net basis)?

- a) Commercial Real Estate (including all types of real estate developments)
- b) SME
- c) Residential Mortgage
- d) Consumer Credit
- e) Corporate (other than SME and Commercial Real Estate)
- f) Trading
- g) Structured Finance
- h) Sovereign and Institutions
- i) Project Finance
- j) Asset Finance (Shipping, Aircrafts etc.)
- k) Other

**Question 8: comparison with earlier results**

Q8. Which portfolios do you expect to increase in volume during the next 12 months (on a net basis)?

- a) Commercial Real Estate (including all types of real estate developments)
- b) SME
- c) Residential Mortgage
- d) Consumer Credit
- e) Corporate (other than SME and Commercial Real Estate)
- f) Trading
- g) Structured Finance
- h) Sovereign and Institutions
- i) Project Finance
- j) Asset Finance (Shipping, Aircrafts etc.)
- k) Other
Q8. Which portfolios do you expect to decrease in volume during the next 12 months (on a net basis)?
Question 9: Spring 2022 results

Question 9: Which portfolios do you expect to improve/deteriorate in asset quality in the next 12 months?

- a) Commercial Real Estate (including all types of real estate developments)
- b) SME
- c) Residential Mortgage
- d) Consumer Credit (other than SME and Commercial Real Estate)
- e) Corporate
- f) Trading
- g) Structured Finance
- h) Sovereign and Institutions
- i) Project Finance
- j) Asset Finance (Shipping, Aircrafts etc.)
- k) Other

Question 9: comparison with earlier results

Question 9: Which portfolios do you expect to improve in asset quality in the next 12 months?
Q9. Which portfolios do you expect to deteriorate in asset quality in the next 12 months?

- a) Commercial Real Estate (excluding all types of real estate developments)
- b) Commercial Mortgage
- c) Consumer Credit (other than SME and Commercial Real Estate)
- d) Corporate
- e) Trading
- f) Structured Finance
- g) Sovereign and Institutions
- h) Project Finance
- i) Asset Finance (Shipping, Aircrafts etc.)
- j) Other
Risk Assessment Questionnaire (RAQ)

Question 10: Spring 2022 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) on average for the EU Banking Sector in 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

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) on average for the EU Banking Sector in the current financial year?
## Annex: List of EU banks involved in current RAQ survey

<table>
<thead>
<tr>
<th>Financial Institution</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>BAWAG Group AG</td>
<td>Austria</td>
</tr>
<tr>
<td>Erste Group Bank AG</td>
<td>Austria</td>
</tr>
<tr>
<td>RBI</td>
<td>Austria</td>
</tr>
<tr>
<td>Belfius Bank SA/NV</td>
<td>Belgium</td>
</tr>
<tr>
<td>KBC GROUP</td>
<td>Belgium</td>
</tr>
<tr>
<td>First Investment Bank AD</td>
<td>Bulgaria</td>
</tr>
<tr>
<td>Bank of Cyprus</td>
<td>Cyprus</td>
</tr>
<tr>
<td>Hellenic Bank Public Company Limited</td>
<td>Cyprus</td>
</tr>
<tr>
<td>Danske Bank A/S</td>
<td>Denmark</td>
</tr>
<tr>
<td>Nykredit Realkredit Group</td>
<td>Denmark</td>
</tr>
<tr>
<td>AS LHV Pank</td>
<td>Estonia</td>
</tr>
<tr>
<td>Nordea Bank Abp</td>
<td>Finland</td>
</tr>
<tr>
<td>OP Financial Group</td>
<td>Finland</td>
</tr>
<tr>
<td>BNP PARIBAS S.A.</td>
<td>France</td>
</tr>
<tr>
<td>Confederation Nationale Du Credit Mutuel</td>
<td>France</td>
</tr>
<tr>
<td>Credit Agricole SA</td>
<td>France</td>
</tr>
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<td>BPCE</td>
<td>France</td>
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<tr>
<td>La Banque Postale</td>
<td>France</td>
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<tr>
<td>Société Générale</td>
<td>France</td>
</tr>
<tr>
<td>Bayerische Landesbank</td>
<td>Germany</td>
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<tr>
<td>Commerzbank AG</td>
<td>Germany</td>
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<tr>
<td>Deutsche Bank AG</td>
<td>Germany</td>
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<tr>
<td>DZ BANK AG Deutsche Zentral-Genossenschaftsbank</td>
<td>Germany</td>
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<tr>
<td>Helaba - Landesbank Hessen-Thüringen</td>
<td>Germany</td>
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<tr>
<td>Landesbank Baden-Württemberg</td>
<td>Germany</td>
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<tr>
<td>NORD/LB Norddeutsche Landesbank - Girozentrale</td>
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<tr>
<td>ALPHA Bank</td>
<td>Greece</td>
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<td>Eurobank S.A.</td>
<td>Greece</td>
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<tr>
<td>National Bank of Greece</td>
<td>Greece</td>
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<tr>
<td>Piraeus Financial Holdings S.A.</td>
<td>Greece</td>
</tr>
<tr>
<td>OTP Bank PLC</td>
<td>Hungary</td>
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<tr>
<td>Landsbankinn hf.</td>
<td>Iceland</td>
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<td>AIB Group Plc</td>
<td>Ireland</td>
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<tr>
<td>Financial Institution</td>
<td>Country</td>
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<tr>
<td>-----------------------------------------------------</td>
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</tr>
<tr>
<td>Bank of Ireland</td>
<td>Ireland</td>
</tr>
<tr>
<td>Banca Monte dei Paschi di Siena Spa</td>
<td>Italy</td>
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<tr>
<td>Banco BPM SpA</td>
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<tr>
<td>UniCredit S.p.A.</td>
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<td>Banque et Caisse d’Epargne de l’Etat, Luxembourg</td>
<td>Luxembourg</td>
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<tr>
<td>Bank of Valletta Plc</td>
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<tr>
<td>ABN AMRO</td>
<td>The Netherlands</td>
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<tr>
<td>Rabobank Groep Organisation</td>
<td>The Netherlands</td>
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<td>ING Groep N.V.</td>
<td>The Netherlands</td>
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<tr>
<td>DNB Bank ASA</td>
<td>Norway</td>
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<tr>
<td>SpareBank 1 SR-Bank ASA</td>
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<tr>
<td>Bank Pekao S.A.</td>
<td>Poland</td>
</tr>
<tr>
<td>PKO Bank Polski S.A.</td>
<td>Poland</td>
</tr>
<tr>
<td>Banco Comercial Português</td>
<td>Portugal</td>
</tr>
<tr>
<td>CGD - Caixa Geral de Depósitos, S.A.</td>
<td>Portugal</td>
</tr>
<tr>
<td>Banca Transilvania</td>
<td>Romania</td>
</tr>
<tr>
<td>Nova Ljubljanska banka</td>
<td>Slovenia</td>
</tr>
<tr>
<td>Banco de Sabadell, S.A.</td>
<td>Spain</td>
</tr>
<tr>
<td>Banco Bilbao Vizcaya Argentaria S.A. (BBVA)</td>
<td>Spain</td>
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<tr>
<td>Bankinter, S.A.</td>
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<tr>
<td>CaixaBank, S.A.</td>
<td>Spain</td>
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<tr>
<td>Banco Santander, S.A.</td>
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<tr>
<td>SEB</td>
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<tr>
<td>Svenska Handelsbanken AB</td>
<td>Sweden</td>
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<td>Swedbank AB</td>
<td>Sweden</td>
</tr>
</tbody>
</table>
Appendix: Risk Assessment Questionnaire for banks

[added on the following pages]
EBA Risk Assessment Questionnaire for Banks - Spring 2022

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

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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
Q1 Are you considering M&A transactions?
   a) Yes
   b) No

**Profitability**

Q2 What is the minimum return on equity (ROE) level that your bank is targeting 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 What is your estimated Cost of Equity?
   a) < 6%
   b) ≥ 6% and < 8%
   c) ≥ 8% and < 10%
   d) ≥ 10% and < 12%
   e) ≥ 12%
   f) ≥ 14%

Q4 How do you estimate your Cost of Equity?
   a) Based on equity market prices and earning forecasts
   b) Model-based (CAPM, APT, etc)
   c) Survey, benchmarking or similar
   d) A combination of the above
   e) Other

Q5 Do you expect an overall increase in your bank’s ROE over 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 the profitability of your bank in the next 6 to 12 months? (Rank according to priority with 1-High Priority and 4-Low Priority)

<table>
<thead>
<tr>
<th>at least 6 answered row(s)</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Net interest income</td>
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<tr>
<td>b) Net fee and commission income</td>
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<tr>
<td>c) Other operating income</td>
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<tr>
<td>d) Operating expenses / costs reduction</td>
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<tr>
<td>e) Impairments</td>
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</tbody>
</table>
Q7 Which measures are you primarily taking to reduce operating expenses / costs?

- 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 interest rates will affect your bank profitability over 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 Which of the following do you expect will be most affected by rising geopolitical uncertainty?

- a) Credit risk
- b) Market risk
- c) Liquidity and funding
- d) Operational risk
- e) Payment services
- f) Asset management
- g) Insurance services

Funding/liquidity

Q10 In the next 12 months, which funding instruments do you intend to focus on?

- a) Preferred senior unsecured funding
- b) Senior non-preferred / Senior Holding Company 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

Q11 Which are the main constraints to issue MREL eligible instruments?

- a) Pricing (e.g. spread between MREL-eligible and MREL-ineligible instruments)
- b) No sufficient investor demand due to unattractive risk-return expectations
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  

• Q12 Given rising interest rates, which of the following actions are you considering in relation to deposits?
  
  a) Raise rates for household deposits or current accounts  
  b) Raise rates for non-financial corporate deposits or current accounts  
  c) Charge lower 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) Charge lower 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  

Asset composition and quality

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

<table>
<thead>
<tr>
<th></th>
<th>Increase</th>
<th>Decrease</th>
<th>Stable</th>
<th>No Opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Commercial Real Estate (including all types of real estate developments)</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>b) SME</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>c) Residential Mortgage</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>d) Consumer Credit</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>e) Corporate (other than SME and Commercial Real Estate)</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
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<tr>
<td>f) Trading</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
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<tr>
<td>g) Structured Finance</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
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<tr>
<td>h) Sovereign and institutions</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
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<tr>
<td>i) Project Finance</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>j) Asset Finance (Shipping, Aircrafts etc.)</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>k) Other</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>

Q14 Which portfolios do you expect to improve/deteriorate in asset quality in the next 12 months?
<table>
<thead>
<tr>
<th></th>
<th>Improve</th>
<th>Deteriorate</th>
<th>Remain Stable</th>
<th>No Opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a) Commercial Real Estate (including all types of real estate developments)</strong></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td><strong>b) SME</strong></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td><strong>c) Residential Mortgage</strong></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
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<tr>
<td><strong>d) Consumer Credit</strong></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td><strong>e) Corporate (other than SME and Commercial Real Estate)</strong></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td><strong>f) Trading</strong></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td><strong>g) Structured Finance</strong></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td><strong>h) Sovereign and institutions</strong></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td><strong>i) Project Finance</strong></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td><strong>j) Asset Finance (Shipping, Aircrafts etc.)</strong></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td><strong>k) Other</strong></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
</tbody>
</table>

**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) < 0bp
- b) ≥ 0 and < 25bp
- c) ≥ 25 and < 50bp
- d) ≥ 50 and < 75bp
- e) ≥ 75 and < 100bp
- f) ≥ 100 and < 200bp
- g) ≥ 200bp

**Q16** How are you planning to treat any “COVID-19 overlay” in your provisioning?

- a) We have already fully or partially released it
- b) We have already fully or partially used it for materialised losses
- c) We are planning to release it fully or partially in the next 6 to 12 months
- d) We are planning to keep it for now, for potential losses materialising in the quarters/years to come
- e) We had not recognised any management overlay due to COVID-19

**Q17** Have you recognised any provisioning overlays for reasons other than COVID-19?

- a) Yes
- b) No

**Q18** What are your most common strategies for NPL reduction and to prevent NPL built-up?

*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)

**Conduct, Reputational and Operational risk**

* Q19 Over the past three years, how much has your firm paid out in the form of compensation, redress, litigation and similar payments (as percentage of equity)?
  - a) ≥ 0% and <1%
  - b) ≥ 1% and <2%
  - c) ≥ 2% and <3%
  - d) ≥ 3% and <4%
  - e) ≥ 4%

* Q20 Do you see an increase in operational risk in your bank?
  - a) Yes
  - b) No
  - c) No opinion

* Q21 What are the main drivers of operational risk?
  
  *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 (ML) and terrorism financing (TF)
  - i) Risk of non compliance with applicable restrictive measures regimes (financial sanctions)
  - j) Fraud
  - k) Climate change
  - l) Other

Q22 How do you expect your ML and TF risks related to the following products / business lines to evolve in the next 6 to 12 months?

<table>
<thead>
<tr>
<th></th>
<th>Increase</th>
<th>Decrease</th>
<th>No impact</th>
<th>Not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Corporate finance</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>b) Trading and sales</td>
<td></td>
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<tr>
<td>c) Retail banking</td>
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<td></td>
</tr>
<tr>
<td>d) Commercial banking</td>
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</tr>
</tbody>
</table>
Q23 What key ML and TF risks do you expect to face over the coming 6 to 12 months? (1-Low Significance and 4-High Significance):

<table>
<thead>
<tr>
<th>Risk</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Risks associated with customers who are Politically Exposed Persons</td>
<td></td>
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<tr>
<td>b) Risks associated with customers who are Crypto Asset Services Provider</td>
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<td>c) Risks associated with customers dealing in cryptos</td>
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<tr>
<td>d) Risks associated with customers whose ownership and control structure is opaque or unduly complex</td>
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<tr>
<td>e) Risks associated with the use of innovative technologies for CDD purposes</td>
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<tr>
<td>f) Risks associated with customers’ transactions received from, or sent to, jurisdictions where groups committing terrorist offences are known to be operating, or that are known to be sources of terrorist financing or that are subject to international sanctions</td>
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<tr>
<td>g) Risks associated with customers whose activities or leadership are publicly known to be associated with extremism or terrorism</td>
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<tr>
<td>h) Risks to be used for the laundering of the proceeds of frauds (incl. COVID-related fraud)</td>
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<tr>
<td>i) Risks to be used for the laundering of the proceeds of tax crime</td>
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<tr>
<td>j) Risks to be used for the laundering of the proceeds of corruption</td>
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<tr>
<td>k) Other</td>
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</tbody>
</table>
*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).

Q24 For each business line, please indicate how many of your customers are primarily using digital channels?

<table>
<thead>
<tr>
<th>Business Line</th>
<th>0% -25%</th>
<th>25% -50%</th>
<th>50% -75%</th>
<th>75% -100%</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Retail banking</td>
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<tr>
<td>b) Corporate banking (excluding financial customers)</td>
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</tbody>
</table>

Q25 How do you expect FinTech firms will affect the following business lines in your bank?

<table>
<thead>
<tr>
<th>Business Line</th>
<th>Opportunity to decrease costs</th>
<th>Threat to increase costs</th>
<th>Opportunity to increase revenues</th>
<th>Threat to decrease revenues</th>
<th>No impact / not relevant</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Retail banking</td>
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<tr>
<td>b) Commercial banking</td>
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<tr>
<td>c) Corporate finance</td>
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<tr>
<td>d) Trading and sales</td>
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<tr>
<td>e) Payment and settlements</td>
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<tr>
<td>f) Agency services</td>
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<tr>
<td>g) Asset management</td>
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<tr>
<td>h) Retail brokerage</td>
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</tbody>
</table>
Q26 If you are currently using or planning to use in the short-term any of the following AI applications, what is the AI approach applied for each of them? (More than one answer is possible)

<table>
<thead>
<tr>
<th>AI Application</th>
<th>a) Neural networks</th>
<th>b) Decision Trees /Random Forest</th>
<th>c) Regression analysis</th>
<th>d) Natural language processing</th>
<th>e) Support vector machines</th>
<th>f) Probabilistic geographical models</th>
<th>g) Other (please specify)</th>
<th>h) Not used / not planned to be used</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) AML/CFT: Identification and verification (including remote onboarding and digital ID)</td>
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<tr>
<td>b) AML/CFT: Behaviour / Transaction Monitoring</td>
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<td>c) Fraud detection</td>
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<tr>
<td>d) Regulatory or supervisory reporting</td>
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<tr>
<td>e) Creditworthiness assessment /Credit scoring</td>
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<tr>
<td>f) Monitoring conduct risk</td>
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<tr>
<td>g) Real-time monitoring of payments, including verifying the identification of payers and payees</td>
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<tr>
<td>h) Profiling / clustering of clients or transactions</td>
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<tr>
<td>i) Robo-advisors for investment advice</td>
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<td></td>
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<tr>
<td>j) Algorithmic trading</td>
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<tr>
<td>k) Regulatory credit risk modelling</td>
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<td></td>
<td>l) Other risk modelling</td>
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<tr>
<td></td>
<td>m) Other use cases</td>
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<td></td>
</tr>
</tbody>
</table>
Q26.1 If you selected row "m) Other user cases" or column "g) Other", please specify:


* Q27 Are you offering, or do you expect to offer any of the following crypto-asset products and services to retail or wholesale clients over the next 2 years?

- [ ] a) Crypto-asset issuance
- [ ] b) Custody and administration of crypto assets on behalf of third parties
- [ ] c) Operation of a trading platform for crypto assets
- [ ] d) Exchange of crypto assets for fiat currency that is legal tender
- [ ] e) Exchange of crypto-assets for other crypto-assets
- [ ] f) Execution of orders for crypto assets on behalf of third parties
- [ ] g) Placing of crypto assets
- [ ] h) Advice on crypto assets
- [ ] i) Other
- [ ] j) No

ESG Finance

Q28 Which if any of the following loans are you offering or planning to offer to your clients? Please note the differentiation between proceeds-based and performance-based products, as to avoid double counting. Please avoid double counting products already included under other options presented in the question.

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>To non-financial corporates (NFCs) excl. SMEs</th>
<th>To SMEs</th>
<th>To non-SME retail</th>
<th>To none of the previous</th>
</tr>
</thead>
<tbody>
<tr>
<td>* c) Sustainable loans (i.e. any combination of environmental, social and/or governance dimensions) [Proceeds-based]</td>
<td>![ ]</td>
<td>![ ]</td>
<td>![ ]</td>
<td>![ ]</td>
</tr>
<tr>
<td>* d) Sustainability-linked loans (i.e. linked to sustainability performance objectives/specific KPIs reflecting any combination of environmental, social and/or governance dimensions) [Performance-based]</td>
<td>![ ]</td>
<td>![ ]</td>
<td>![ ]</td>
<td>![ ]</td>
</tr>
<tr>
<td>* e) Loans that are a combination of proceeds- and performance-based</td>
<td>![ ]</td>
<td>![ ]</td>
<td>![ ]</td>
<td>![ ]</td>
</tr>
</tbody>
</table>

Q29 If you are offering or planning to offer green loans to customers, which definition of ‘green’ are you using (or planning to use) for the following instruments?
### Green Market Standard Definitions

<table>
<thead>
<tr>
<th>Category</th>
<th>Green Market Standard Definitions (e.g. ICMA's green loan definition)</th>
<th>Internal Green Framework Definition</th>
<th>EU Taxonomy Definition for Green Financial Products</th>
<th>We are not offering (nor planning to offer) this type of green loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) NFC Loan</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>b) SME Loan</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>c) Non-SME Loan</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>d) NFC Loan</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>e) SME Loan</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>f) Non-SME Loan</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

### Q30
In your opinion, what are the main impediments to the further development of the market for green retail loans? (1 - Not relevant, 5 - Extremely relevant)

<table>
<thead>
<tr>
<th>Impediment</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Insufficient customer demand for green loans (i.e., lack of green retail projects to finance)</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
</tr>
<tr>
<td>b) Lack of commonly agreed definitions/standards for green retail loans</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
</tr>
<tr>
<td>c) Lack of data/transparency to identify green retail assets and to assess their environmental impact</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
</tr>
<tr>
<td>d) Uncertainty about the risk - return profile</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
</tr>
<tr>
<td>e) Funding and/or capital constraints in the (re)financing of green retail assets</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
</tr>
<tr>
<td>f) Uncertainty about future regulatory treatment</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
</tr>
<tr>
<td>g) Other challenges</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
<td>☝</td>
</tr>
</tbody>
</table>
Q31 Which of the following instruments have you already issued? Please note the differentiation between proceeds-based and performance-based products, as to avoid double counting. Please avoid double counting products already included under other options presented in the question.

- a) Green bonds [proceeds-based]
- b) Social bonds [proceeds-based]
- c) Sustainable bonds (e. any combination of environmental, social and/or governance dimensions) [proceeds-based]
- d) Sustainability-linked bonds (i.e. linked to sustainability performance objectives/specific KPIs reflecting any combination of environmental, social and/or governance dimensions) [Performance-based]
- e) Bonds that are a combination of proceeds- and performance-based
- f) None of the above

Q32 Have you observed a pricing benefit of the below funding instruments compared to similar ‘ordinary’ bonds issued in primary or secondary markets? Please note the differentiation between proceeds-based and performance-based products, as to avoid double counting. Please avoid double counting products already included under other options presented in the question.

<table>
<thead>
<tr>
<th>instrument</th>
<th>Yes</th>
<th>No</th>
<th>Don't know</th>
<th>Not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Green bonds [proceeds-based]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Social bonds [proceeds-based]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Sustainable bonds (i.e. any combination of environmental, social and/or governance dimensions) [proceeds-based]</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>d) Sustainability-linked bonds (i.e. linked to sustainability performance objectives/specific KPIs reflecting any combination of environmental, social and/or governance dimensions) [Performance-based]</td>
<td></td>
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</tr>
<tr>
<td>e) Bonds that are a combination of proceeds- and performance-based</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Open question

Q33 Looking at the EU banking sector, do 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.

Contact

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Appendix: Risk Assessment Questionnaire for market analysts

[added on the following pages]
EBA Risk Assessment Questionnaire for Market Analysts - Spring 2022

Fields marked with * are mandatory.

Respondent information

* First Name

* Last Name

* Position

* Company

* Contact e-mail address

I agree with the EBA privacy notice

EBA_Privacy_notice_2022.pdf

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 expectations for banks?**

<table>
<thead>
<tr>
<th></th>
<th>Increase</th>
<th>Stable</th>
<th>Decrease</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Overall profitability</td>
<td>☐</td>
<td>☐</td>
<td></td>
<td>☐</td>
</tr>
<tr>
<td>b) Overall cost efficiency</td>
<td>☐</td>
<td>☐</td>
<td></td>
<td>☐</td>
</tr>
<tr>
<td>c) Total revenues</td>
<td></td>
<td>☐</td>
<td></td>
<td>☐</td>
</tr>
<tr>
<td>d) Net interest margin</td>
<td></td>
<td>☐</td>
<td></td>
<td>☐</td>
</tr>
<tr>
<td>e) Provisions/impairments</td>
<td>☐</td>
<td>☐</td>
<td></td>
<td>☐</td>
</tr>
</tbody>
</table>

**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

**Q4 What are the main drivers of 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) Money laundering and terrorism financing risk
- i) Risk of non-compliance with restrictive measures regimes (financial sanctions)
- j) Fraud
- k) Other

**Q5 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
- 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) No opinion
B. Funding/liquidity

- Q6 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)

  - a) Preferred Senior unsecured funding
  - b) Senior non-preferred/Senior HoldCo funding
  - c) Subordinated debt including AT1/AT2
  - d) Secured funding (e.g. covered bonds)
  - e) Securitisation
  - 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) No opinion

Q7 In the next 12 months, what do you expect will happen to the cost of the following funding sources?

  at least 11 answered row(s)

<table>
<thead>
<tr>
<th></th>
<th>Increase</th>
<th>Decrease</th>
<th>Remain Stable</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Preferred Senior unsecured funding</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>b) Senior non-preferred/Senior HoldCo funding</td>
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<td></td>
<td></td>
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<tr>
<td>c) Subordinated debt including AT1/AT2</td>
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<tr>
<td>d) Secured funding (e.g. covered bonds)</td>
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<tr>
<td>e) Securitisation</td>
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<tr>
<td>f) Deposits (from wholesale clients)</td>
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<td></td>
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<tr>
<td>g) Deposits (from retail clients)</td>
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<td></td>
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<tr>
<td>h) Central bank funding (medium and long term)</td>
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<tr>
<td>i) Short-term interbank funding.</td>
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<td></td>
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<tr>
<td>j) CET1 instruments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>k) No opinion</td>
<td></td>
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</tbody>
</table>

C. Asset composition & quality

Q8 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)

<table>
<thead>
<tr>
<th></th>
<th>Increase</th>
<th>Decrease</th>
<th>Remain stable</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portfolio Type</td>
<td>Improve</td>
<td>Deteriorate</td>
<td>Remain Stable</td>
<td>No opinion</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------</td>
<td>---------</td>
<td>-------------</td>
<td>---------------</td>
<td>------------</td>
</tr>
<tr>
<td>a) Commercial Real Estate (including all types of real estate developments)</td>
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<tr>
<td>b) SME</td>
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<tr>
<td>c) Residential Mortgage</td>
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<td></td>
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<tr>
<td>d) Consumer Credit (other than SME and Commercial Real Estate)</td>
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<tr>
<td>e) Corporate (including all types of real estate developments)</td>
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<tr>
<td>f) Trading</td>
<td></td>
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<tr>
<td>g) Structured Finance</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>h) Sovereign and institutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Project Finance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>j) Asset Finance (Shipping, Aircrafts etc.)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>k) Other</td>
<td></td>
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</tr>
</tbody>
</table>

**Q9 Which portfolios do you expect to improve/deteriorate in asset quality in the next 12 months?**

- Q10 What is your Cost of Risk estimation (change in allowances and provisions as a ratio of total loans and advances subject to impairment) on average for the EU Banking Sector in 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) ≥ 200bp

General Questions

* Q11 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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