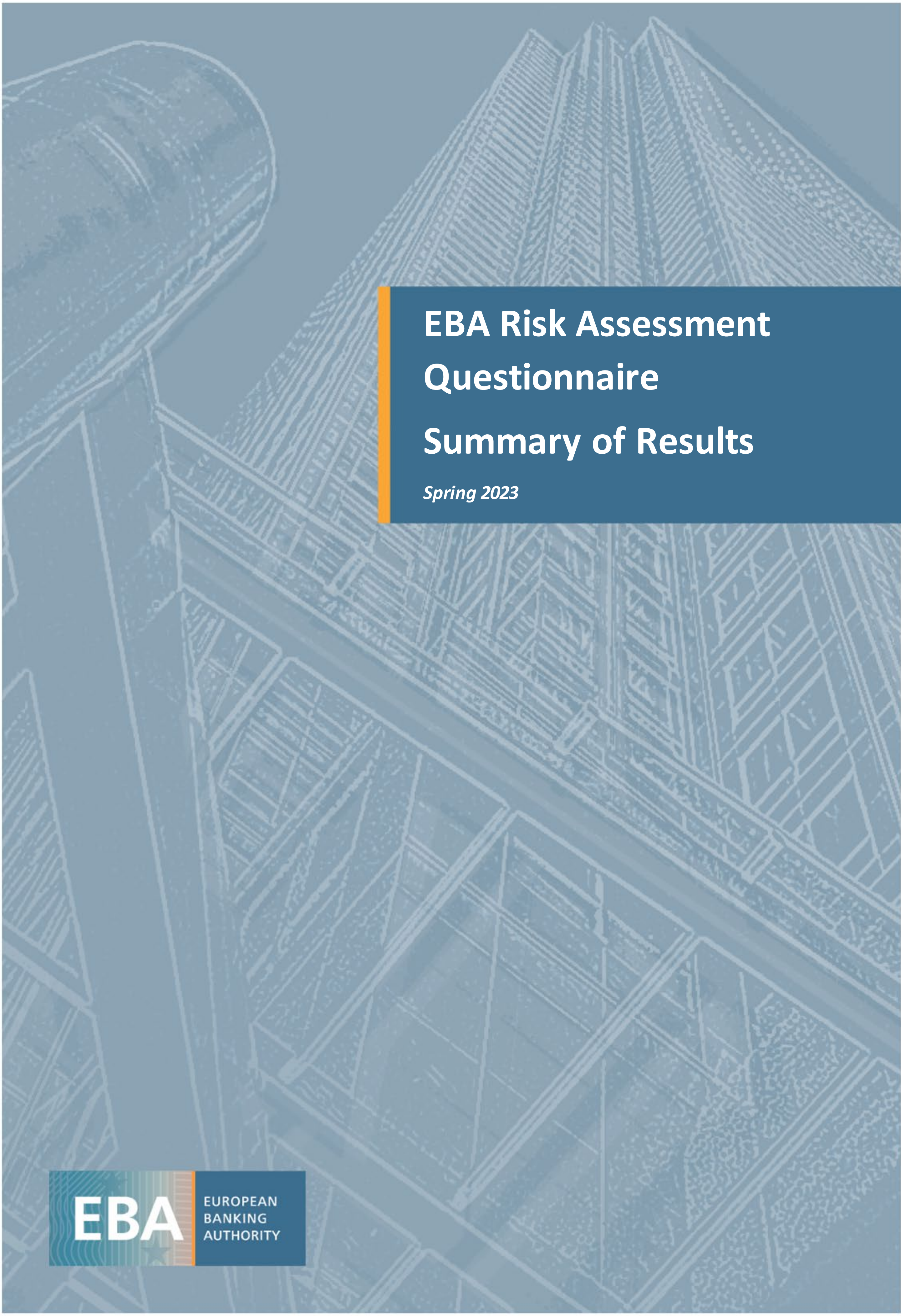

EBA Risk Assessment Questionnaire

Summary of Results

Spring 2023

EUROPEAN BANKING AUTHORITY

Contents

Introduction

The EBA conducts semi-annual Risk Assessment Questionnaires (RAQs) among banks. This booklet presents a summary of the responses to the RAQs carried out in Spring 2023, in which 85 banks[1] submitted their answers. Results of the survey were received in March 2023. The RAQ results are published together with the EBA's quarterly Risk Dashboard (Q1 2023).

The results of the survey are presented in an aggregated form. The questionnaires are available in the Appendices. Where relevant, answers from former questionnaires may be presented. Due to the change in sample of banks (previously 60 banks), the comparison with previous results should be made with caution. 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". Responses that were not selected by any banks are not presented in the charts. In the summary of the main results, 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 uncertain economic outlook caused by high persistent inflation and expectations of higher interest rates is clearly reflected in the banks' responses to the EBA's risk assessment questionnaire. Although profitability has increased notably for European banks, responses point to growing concerns with respect to credit risk as well as funding costs. The impact from financial technology competition as well as from increasing operational risks with regards to anti-money laundering are also cited as key concerns by banks.

Business model, strategy, and profitability

- **Banks remain optimistic on profitability.** The increase in interest rates positively affect expectations on return of equity (ROE) for the banking sector. 75% of banks expect a positive effect to their profitability due to higher interest rates, a higher share than in previous questionnaires. Yet, an increasing number of banks expecting higher impairments too (45%). *(Questions 1 and 4)*
- **Loan repricing key for further improvement in profitability.** Most banks (85%) prioritise increasing net interest income (NII) to improve their profitability. Repricing of loans are expected to improve NII. Around 70% of banks indicate that this is key. Banks with higher exposures towards non-financial corporates expect to benefit more from loan repricing. Respondents report that commercial real estate (CRE), corporate and small and medium enterprises (SMEs) loans will reprice faster than other portfolios in the coming 12 months. On the other hand, banks expect residential mortgage to reprice more slowly due to longer reset periods. *(Questions 2, 8 and 9)*
- **Banks' cost of equity on the rise.** Higher interest rates and the recent banking turmoil have also affected banks' expectations on their cost of equity (CoE). Around 85% of banks estimate their CoE to be over 8%. The percentage of banks that estimated CoE to be in excess of 12% more than doubled compared to the previous edition (25% vs 10%). *(Question 5)*

Funding and liquidity

- **An increasing share of banks target deposits to meet their funding needs, yet eligible liabilities for minimum requirement for own funds (MREL) remain their key focus.** The recent banking crisis affected the volumes of banks' issued debt. Due to the increase in banks' funding cost, deposits have become more attractive for the banks due to their substantially lower cost. 55% of banks target deposits (both retail and wholesale) to meet their funding needs (+15pp compared to previous survey). Despite the higher funding cost, senior non-preferred/senior

HoldCo and senior preferred remain the preferred instrument for a significant share of banks (40% and 45% respectively). *(Question 10)*

- **Banks prepare to repay ECB's TLTRO obligations.** More than half of the banks planned to use their current excess liquidity to meet the maturing ECB's TLTRO payments. 20% of the banks plan to issue covered bonds for the same purpose. *(Question 12)*

Asset volume trends and asset quality

- **An increasing share of banks expects to limit their lending exposures**. Higher interest rates adversely affected demand for loans. At the same time banks tighten their credit standards. As a result, an increasing share of banks expect to decrease their exposures across all portfolios, albeit from a low starting level. This dynamic is even more evident in the residential real estate portfolio. In specific, 20% of the banks expect to decrease their exposures towards this sector. *(Question 14)*

- **Bank's expectations on asset quality worsen.** Credit quality of real estate related exposures and consumer credit is expected by most banks to deteriorate. The erosion of households' disposable income due to the higher interest rates and high inflation, coupled with signals of overvaluation in real estate markets may have impaired banks' confidence in real estate sector. (*Question 15)*

- **Cost of risk may be limited due to the already present provisioning overlays.** Although an increasing share of banks expect asset quality deterioration, at the same time they do not see their cost of risk substantially increasing. More than 70% of banks in the sample expect their cost of risk to be less than 50bp. Close to 90% of the banks had provisioning overlays in place either at the level of IFRS9 model parameters or at total expected credit loss. Most of these overlays are associated with inflationary pressures (65%) and the Russian war in Ukraine (55%). *(Questions 16, 17 and 17.1)*

Conduct, reputation, and operational risk

- **The main source of operational risk remain cyber risk and data security (65%) followed by conduct and legal risk (50%).** Other sources of operational risk are becoming more relevant such as IT failures and fraud (35%). *(Question 20)*

- **Money laundering related risks still material for EU banks**. Banks perceive customers' transactions received from, or sent to, jurisdictions that are subject to international sanctions as susceptible to money laundering/terrorist financing (ML/TF) risks. In addition, 60% of the banks consider payment and settlement activities of heightened ML/TF risk. Risks associated with customers whose ownership and control structure are opaque or unduly complex, and customers dealing in cryptos are also considered of significant risk by banks. *(Questions 21 and 22)*

Fintech

- **While digital channels are increasingly used for daily banking activities, banks still see risks from FinTech firms to reduce revenues.** Digitalisation trend is strong in both corporate and retail banking. 55% and 40% of banks respectively report that 75%-100% of their customers primarily use digital channels for daily banking activities. The increased use of digital channels by consumers increases risks too. A higher share of banks than a year ago consider that FinTech firms pose risk to decreasing revenues from retail banking (40% vs 30% in Spring 2022). However, the risks of decreasing revenues in payments and retail brokerage have slightly declined over the last year (50% and 35%). At the same time, banks see more opportunities to decrease costs through digitalisation in the commercial banking business (30%) and payments/settlement area (25%). *(Questions 25 and 27)*

- **Partnerships with BigTech is increasingly important for the banking sector.** Most banks have already entered or intend to enter within the 2 years into a partnership with a BigTech (65% of banks surveyed)**.** According to banks, the main purpose of such partnerships is to distribute financial services (30% of banks) and distribute non-financial services (10% of banks). *(Question 26)*

- **Artificial Intelligence (AI) is being used on multiple fronts.** AI is mostly relevant in the areas of fraud detection, profiling/clustering of clients or transactions, creditworthiness assessment/credit scoring and AML/CFT behaviour/transaction monitoring and chatbots (more than 70% of banks report at least one AI approach for these applications). Additionally, there is an increasing use of chatbots and optimisation of internal processes. *(Question 28)*

ESG

- **Banks offer a wide range of green and sustainability-linked loans.** Proceeds-based green loans and sustainability-linked loans are the most common products in banks' lending to large corporates (80% and 70% respectively). Banks also offer to large corporates social and sustainability loans (i.e. through a combination of environmental, social and governance dimension). s (50%). A smaller share of banks offer these products towards SMEs (around 30% to 40%). Retail clients are mainly offered social and green loans[2]. (*Question 29)*
- Lack of data and transparency, regulatory uncertainty and lack of common definitions are the main obstacles for the further development of the green retail loan market, according to the banks. *(Question30)*

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[2] – Green loans are mostly defined by banks' internal standards and criteria.

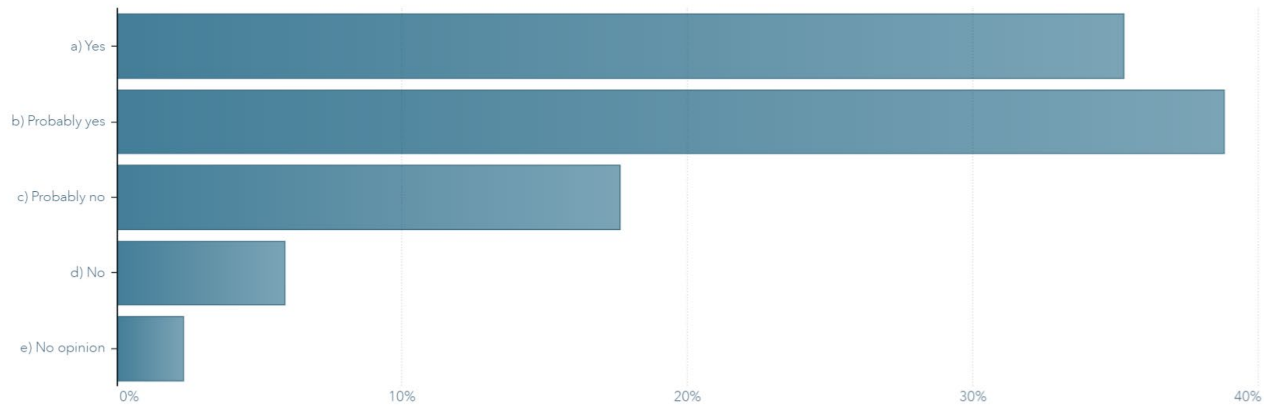
- **Green bonds continue to be the main sustainability-related funding instrument.** The share of banks that have issued green bonds remains significantly higher (60%) compared to other sustainability funding instruments. Green covered bonds and green securitisations are also proceed-based funding products indicated by banks (20% and 10%, respectively). Most banks (55%) also indicate to have witnessed pricing benefits when issuing green bonds, yet this was lower than previous survey (65% in Autumn 2022). *(Questions 32 and 33)*

Banks' questionnaire

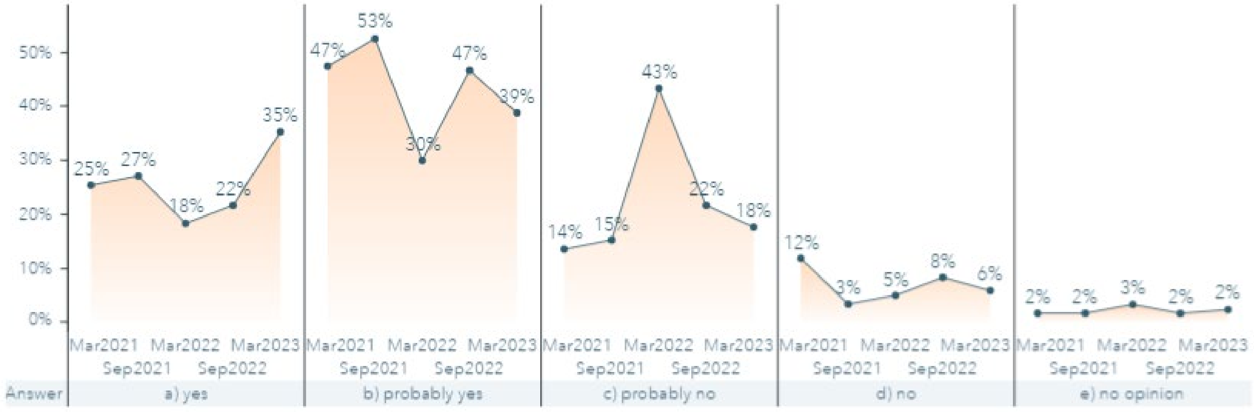
1. Business model / strategy / profitability

Question 1: Spring 2023 results

Q1 Do you expect an overall increase in your bank's ROE over the next 6 to 12 months?

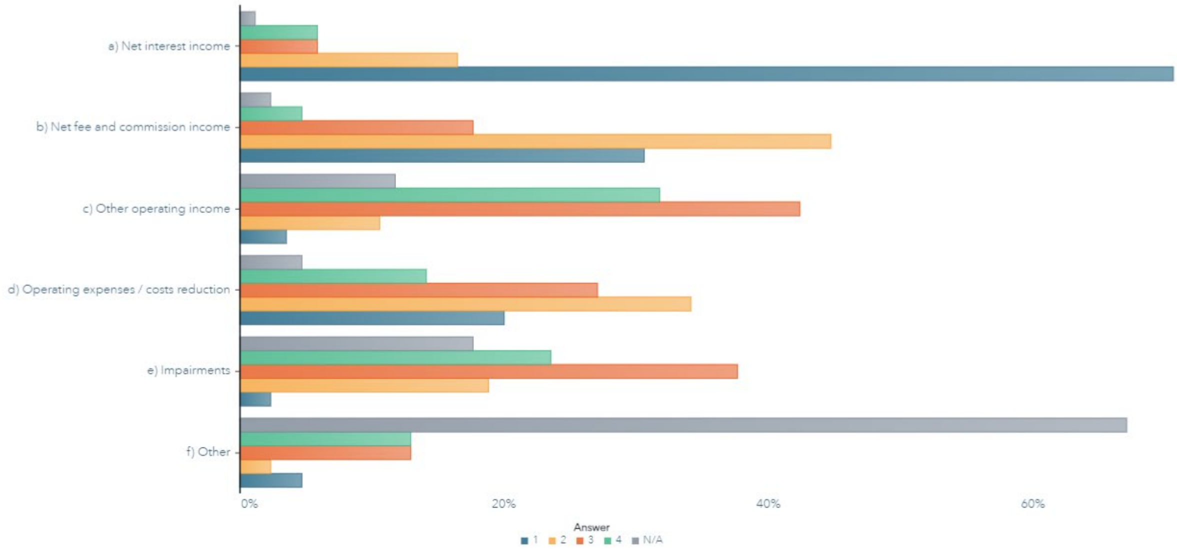


Question 1: Comparison with earlier results



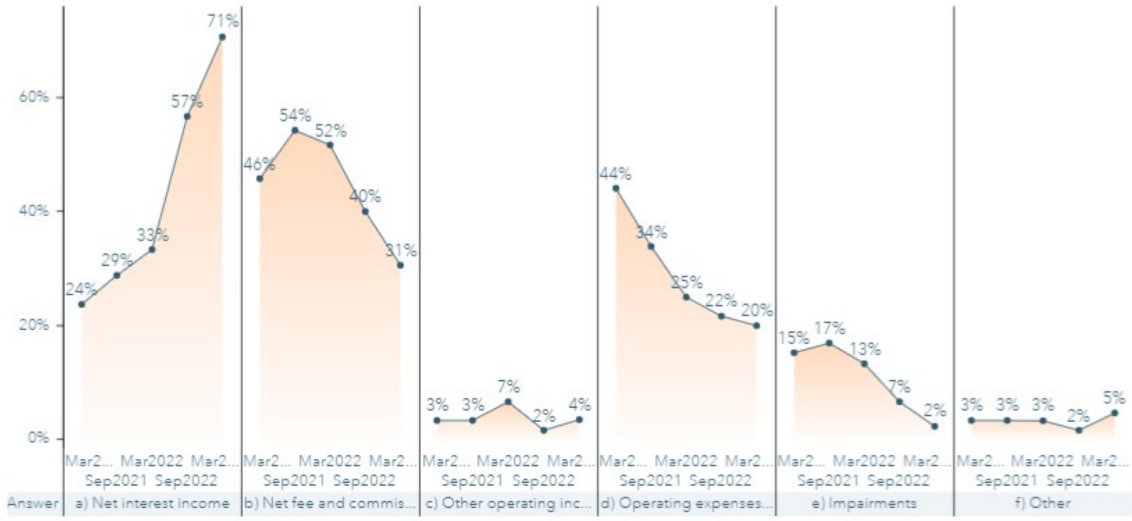
Question 2: Spring 2023 results

Q2 Which areas are you primarily targeting 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)



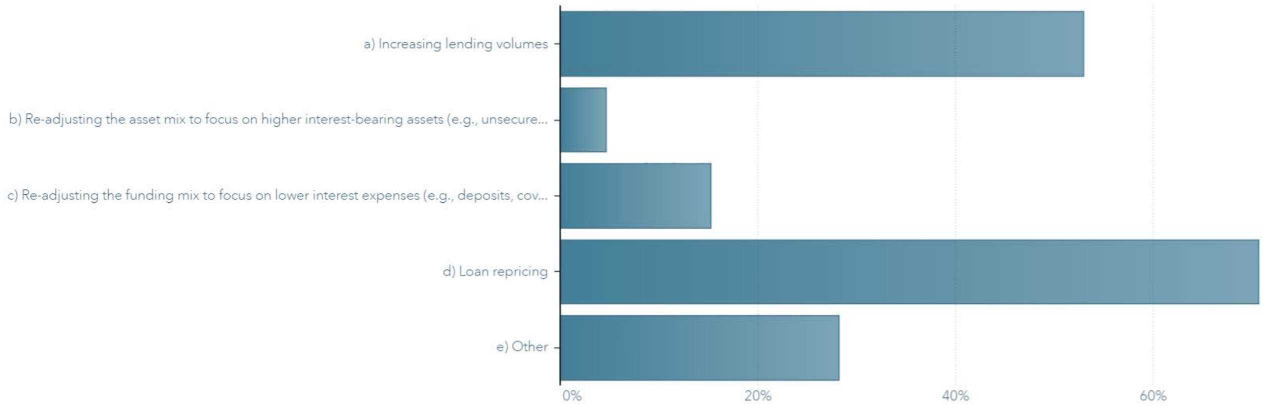
Question 2: Comparison with earlier results

1 - High Priority



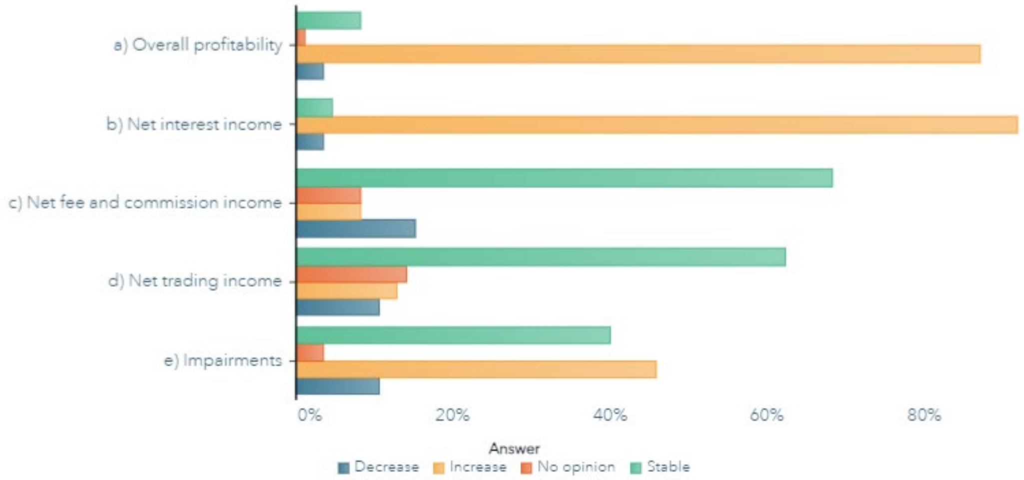
Question 3: Spring 2023 results

Q3 Which are the main areas you are targeting to increase net interest income?



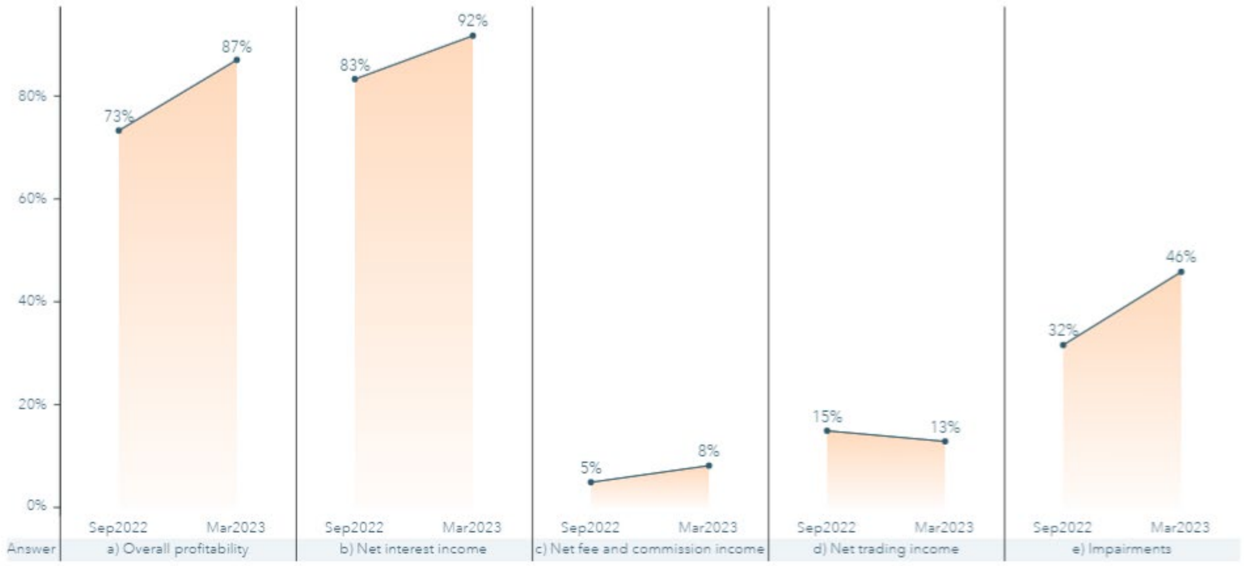
Question 4: Spring 2023 results

Q4 How do you expect rising interest rates to affect your P&L over the next 6 to 12 months?

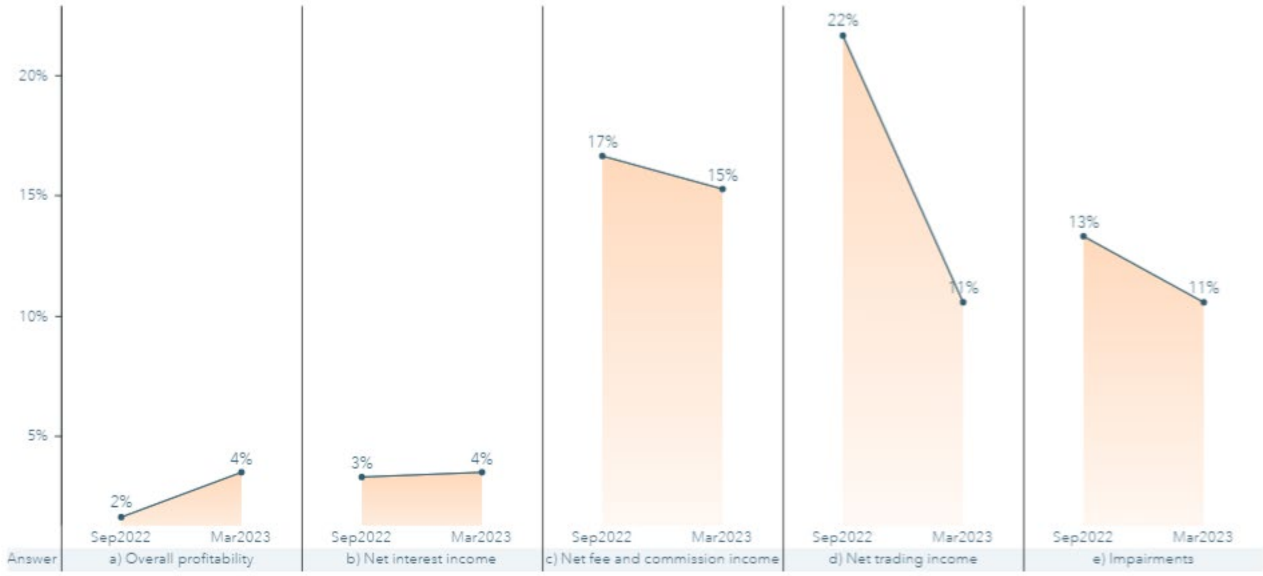


Question 4: Comparison with earlier results

Increase

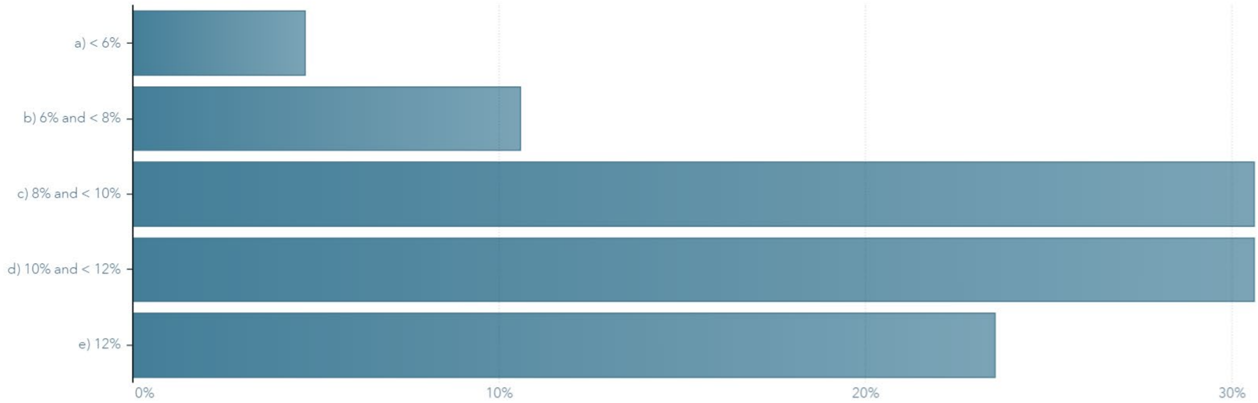


Decrease

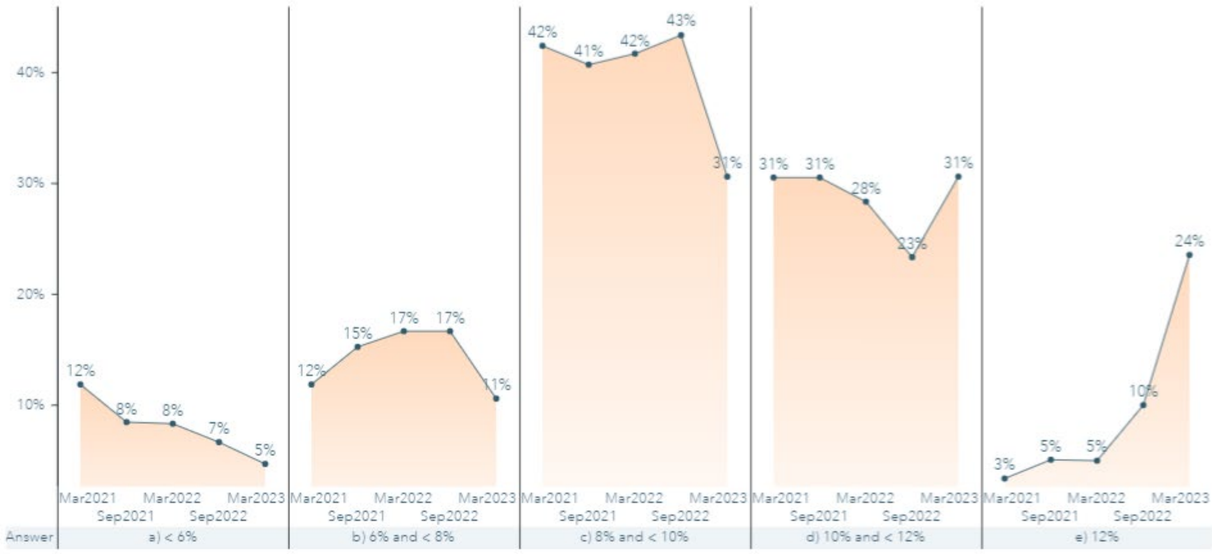


Question 5: Spring 2023 results

Q5 What is your estimated Cost of Equity?

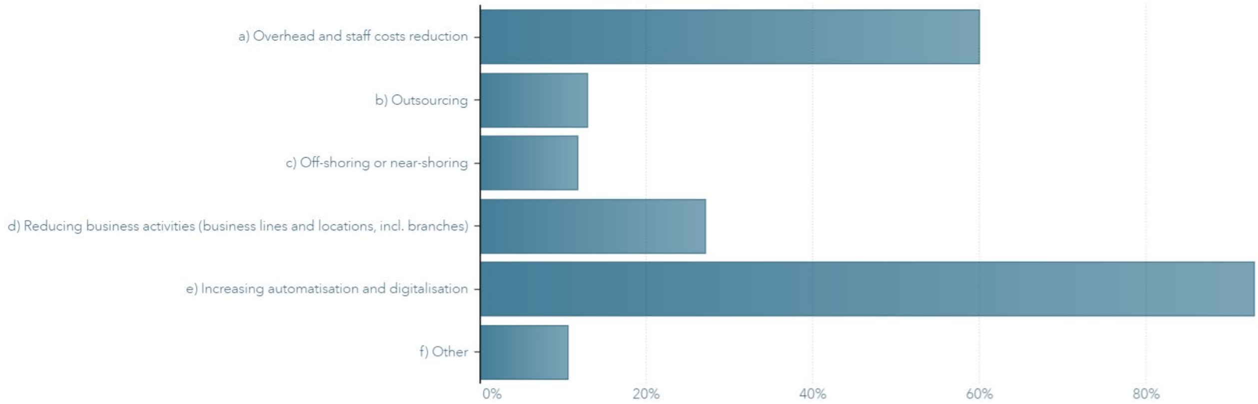


Question 5: Comparison with earlier results

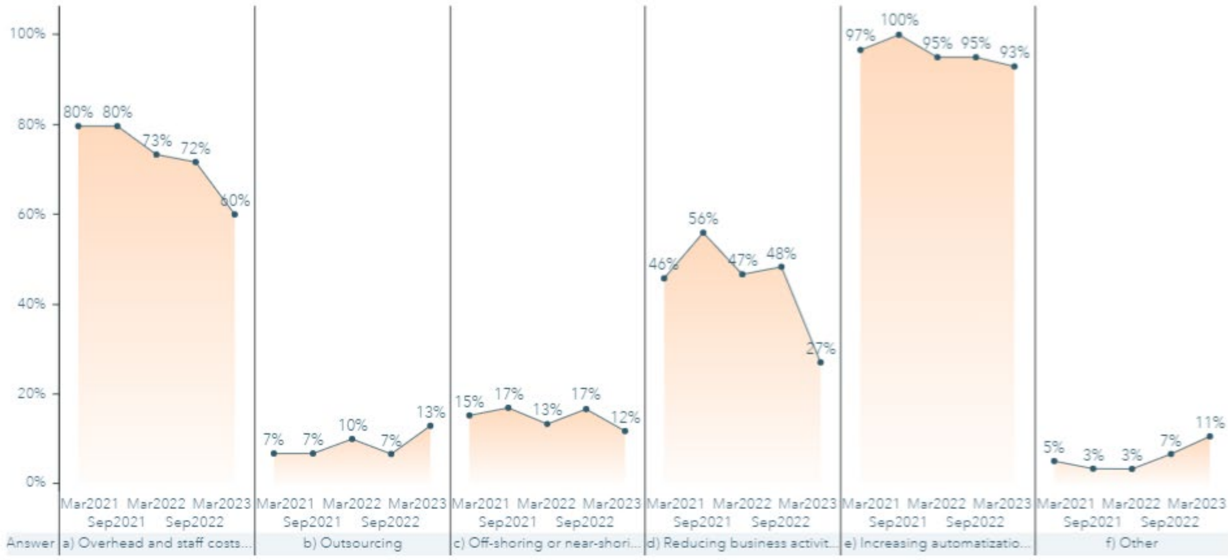


Question 6: Spring 2023 results

Q6 Which measures are you primarily taking to reduce operating expenses / costs?

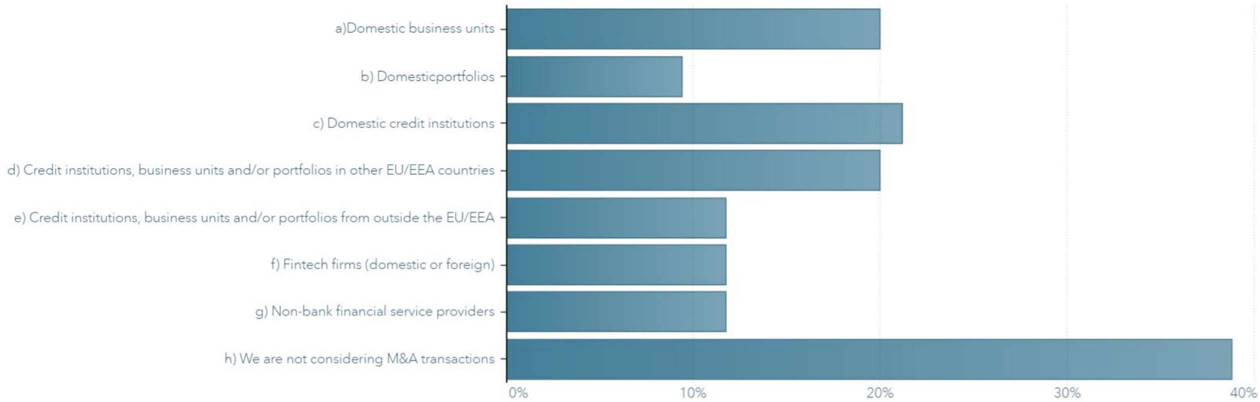


Question 6: comparison with earlier results



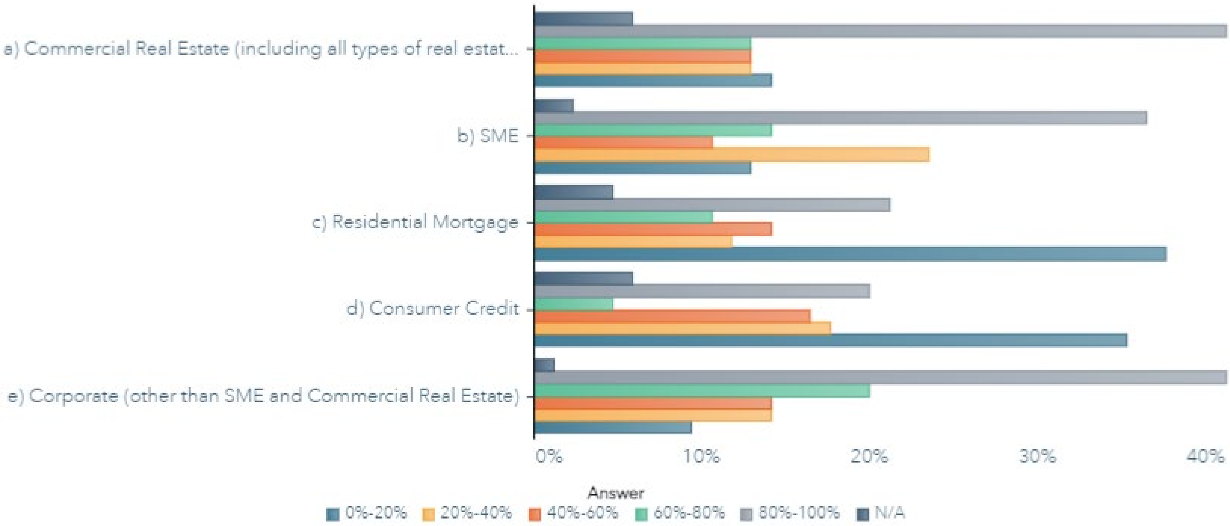
Question 7: Spring 2023 results

Q7 Are you considering M&A transactions with/of?



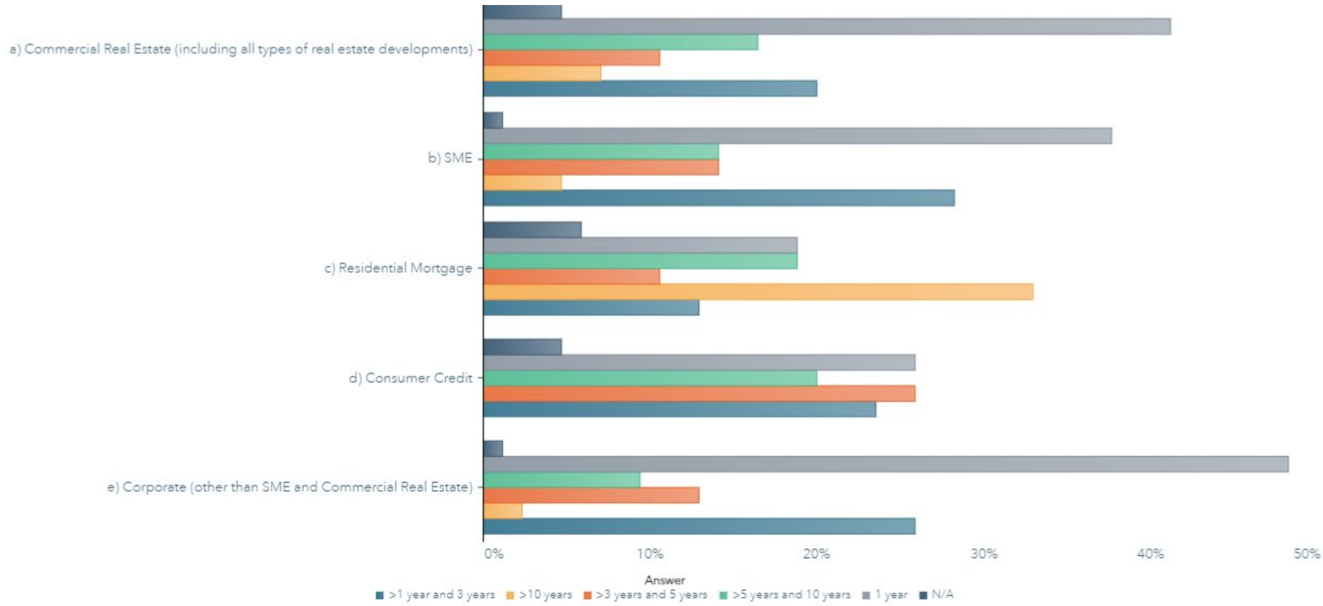
Question 8: Spring 2023 results

Q8 Which is the share of outstanding loans repricing in less than 12 months for the following portfolios?



Question 9: Spring 2023 results

Q9 Which is the average interest rate fixation period for the following loan portfolios (at origination)?[3]

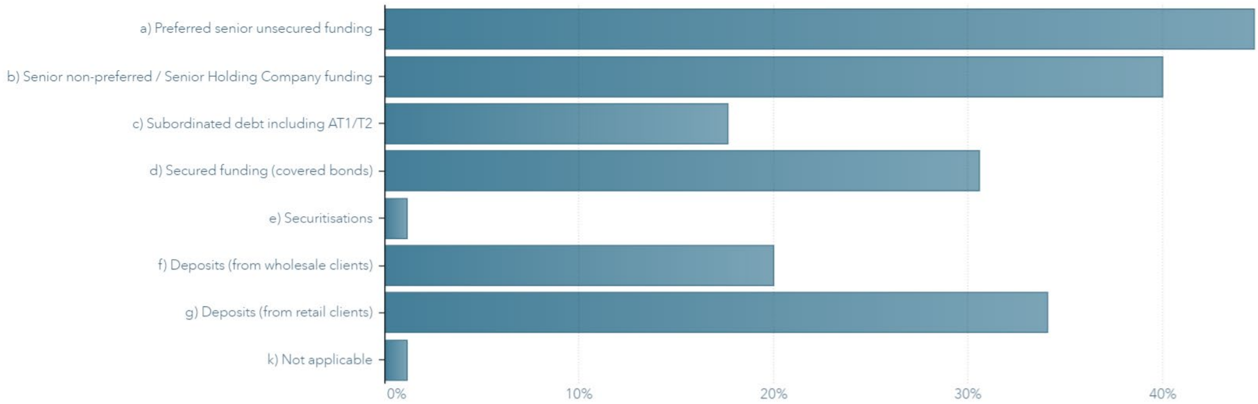


[3] If the rate is fixed for the whole life of a loan, please, select the bucket corresponding to its maturity. For loans with an interest rate fixation period changing over time (e.g. mortgage at fixed rate over the first five years and then variable with revisions every year), please, select the length of the first fixation period.

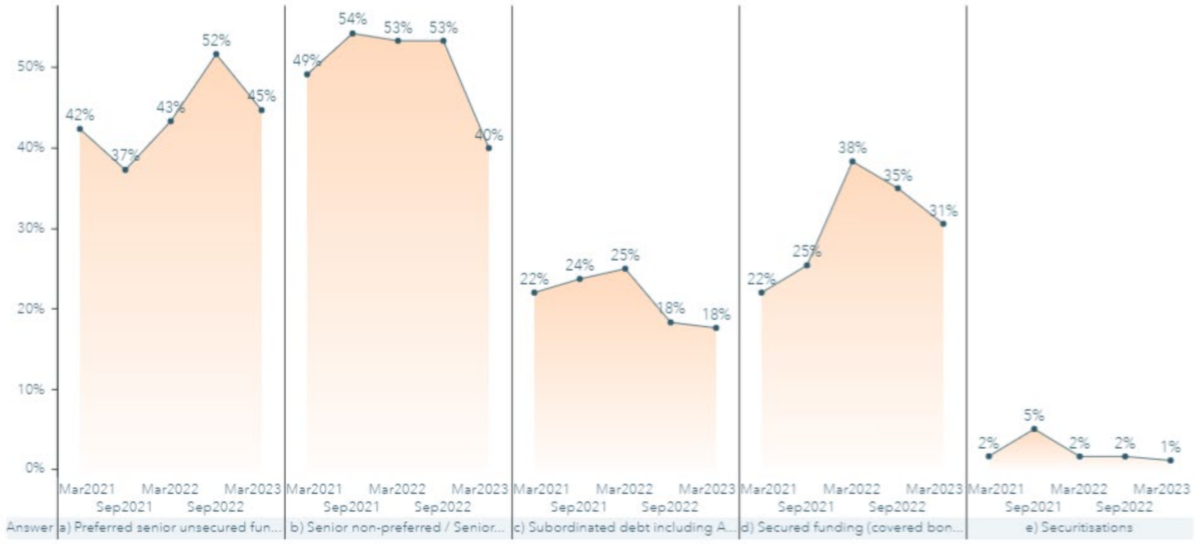
2. Funding / liquidity

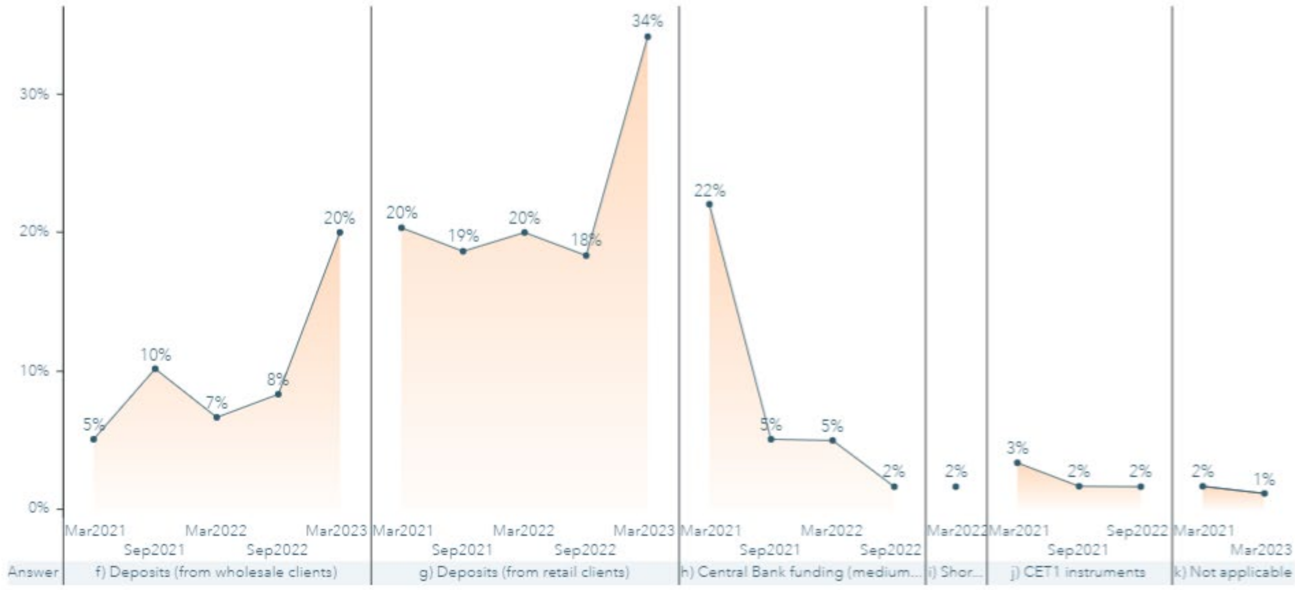
Question 10: Spring 2023 results

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



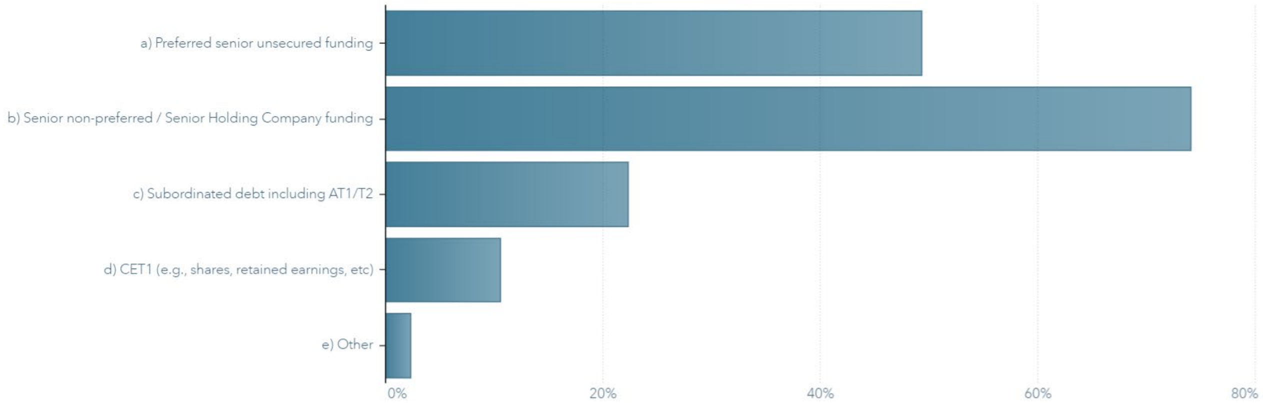
Question 10: comparison with earlier results





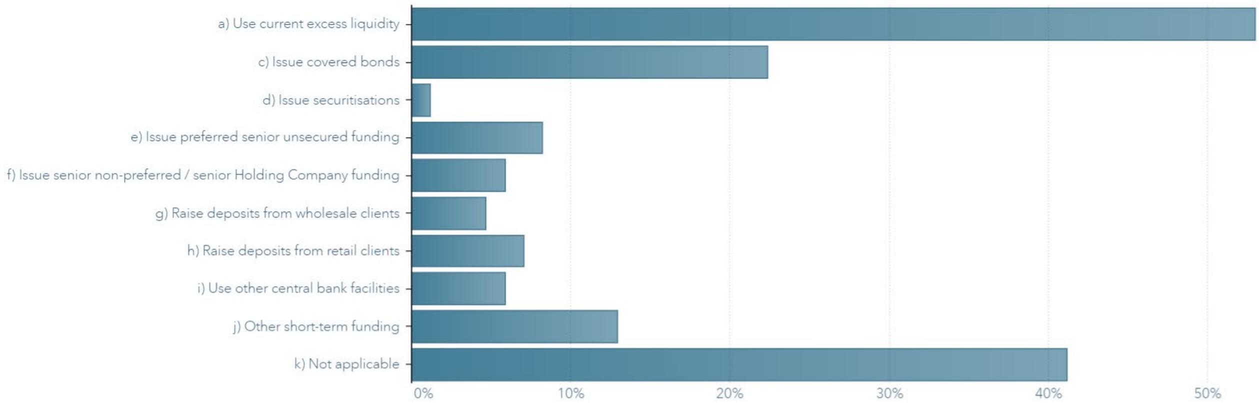
Question 11: Spring 2023 results

Q11 Which are the main funding instruments you consider to issue to meet or to maintain your MREL target (including potential headroom over regulatory requirements)?



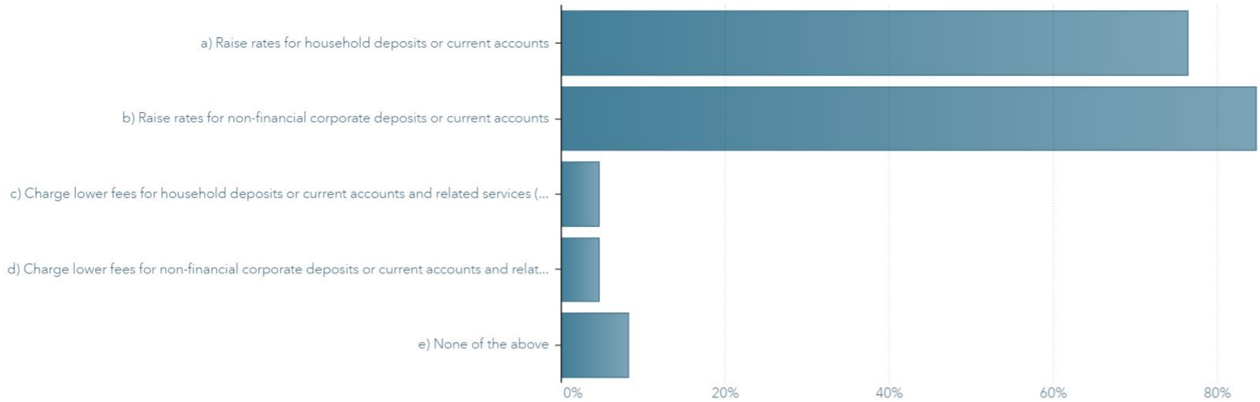
Question 12: Spring 2023 results

Q12 Which actions are you planning to take to repay upcoming ECB TLTRO maturities?

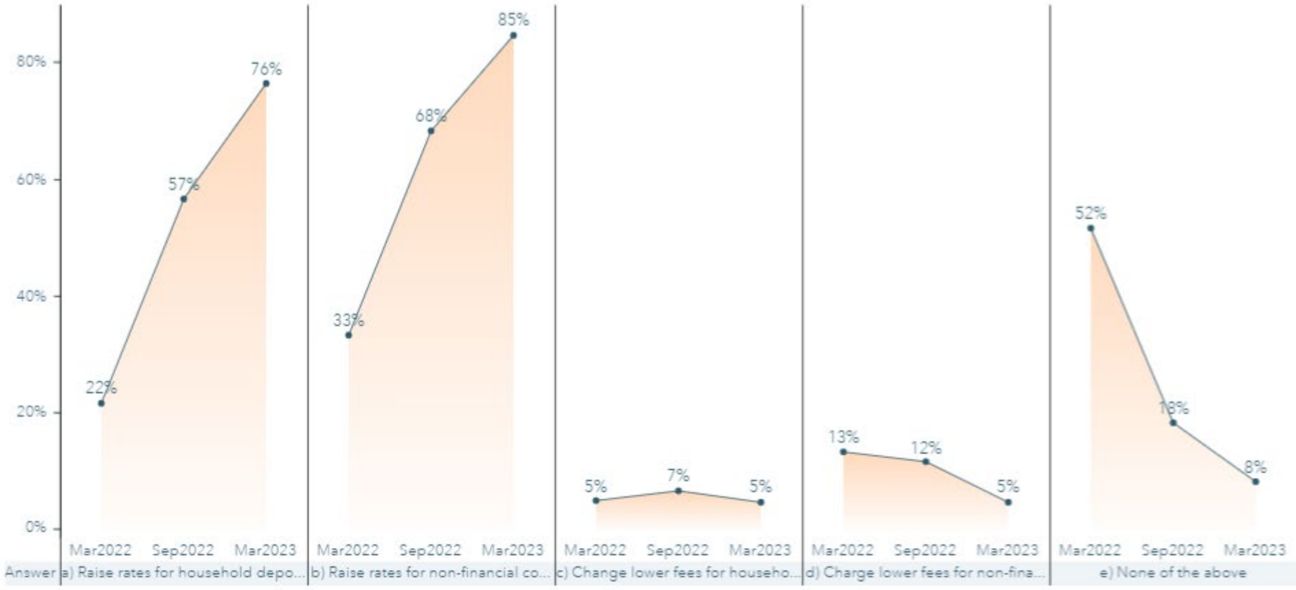


Question 13: Spring 2023 results

Q13 Given rising interest rates, which of the following actions are you considering in relation to deposits?



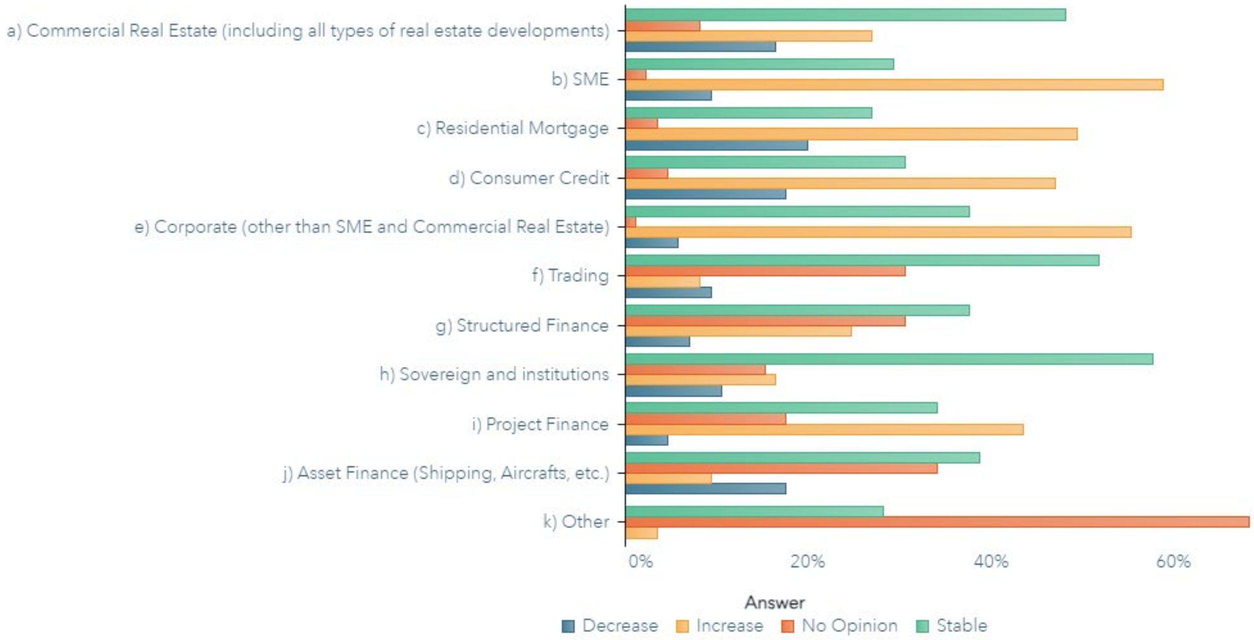
Question 13: comparison with earlier results



3. Asset composition and quality

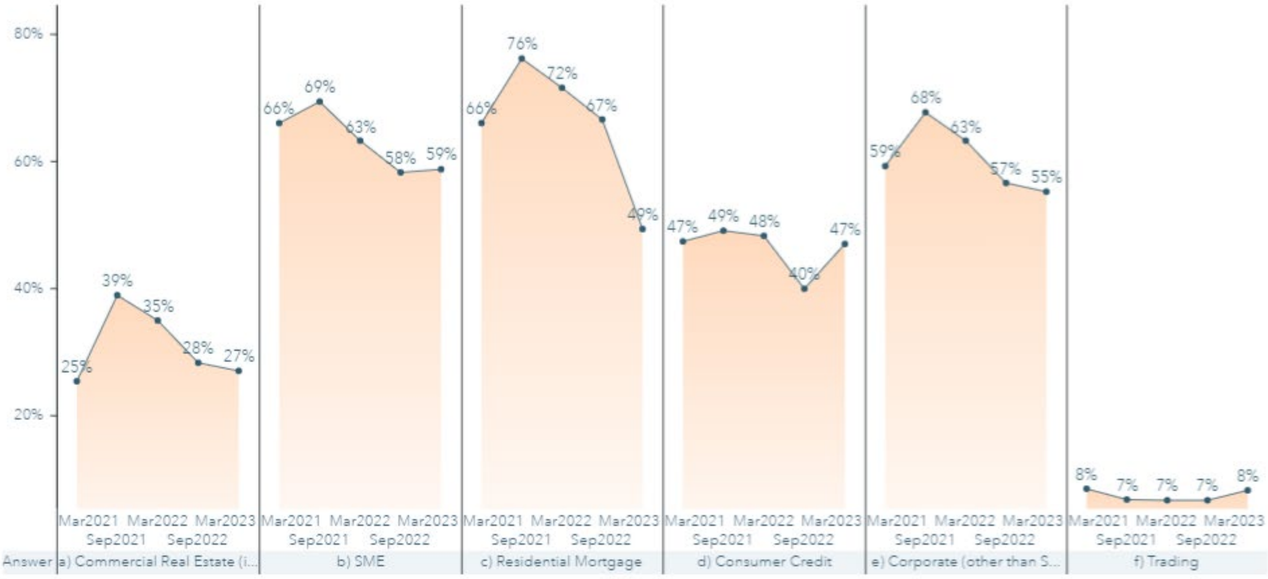
Question 14: Spring 2023 results

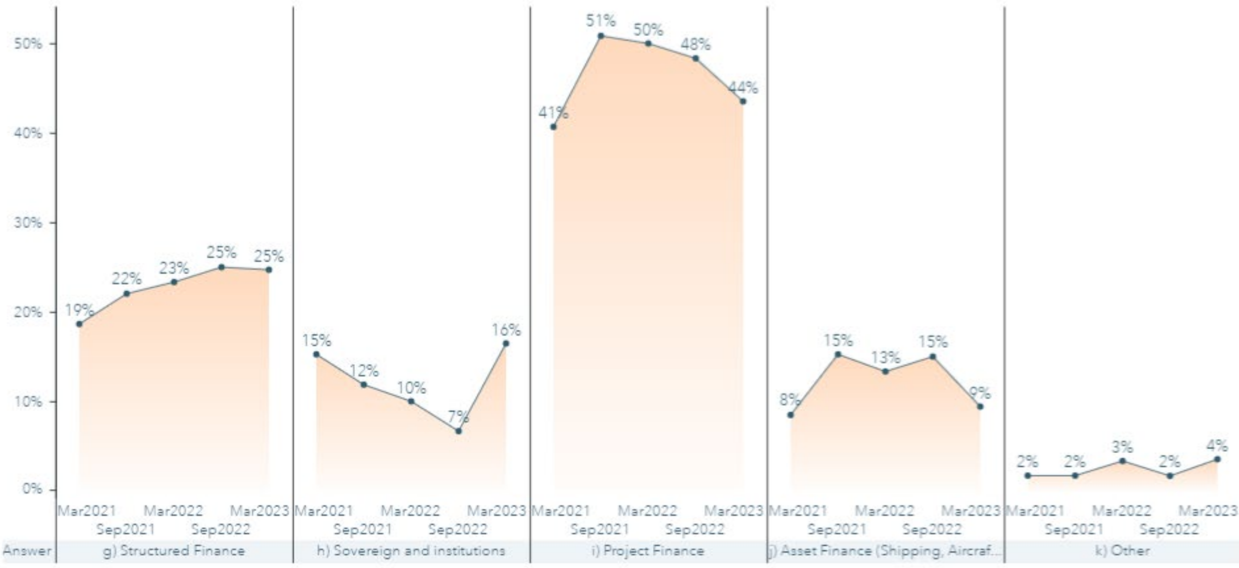
Q14 Which portfolios do you plan to increase/decrease in volume during the next 12 months (on a net basis)?



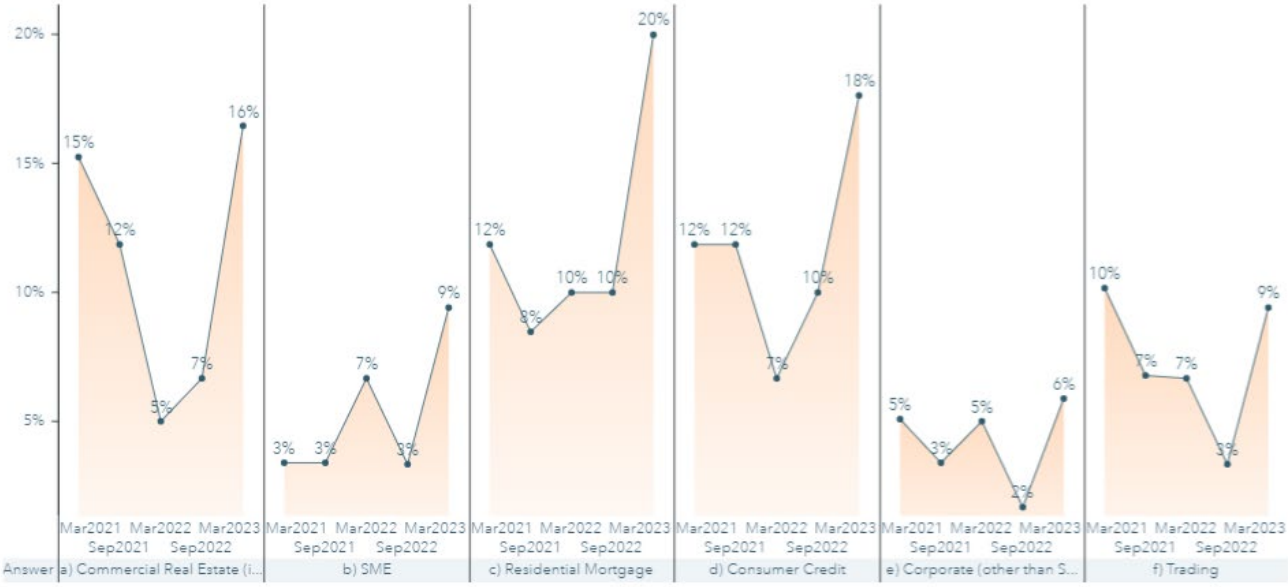
Question 14: comparison with earlier results

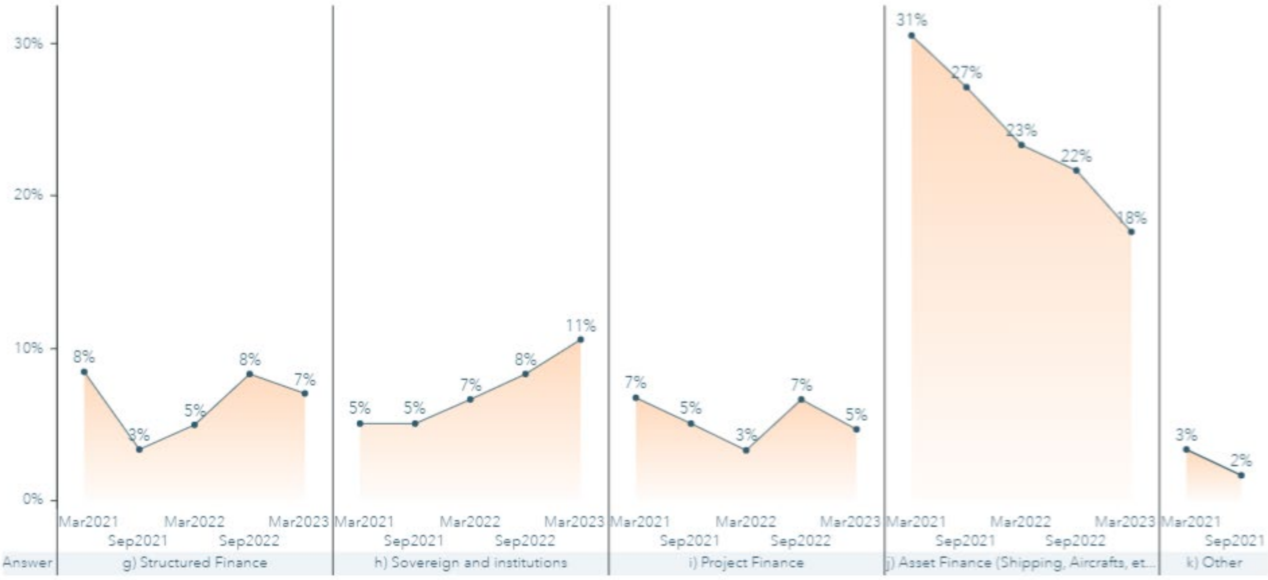
Increase





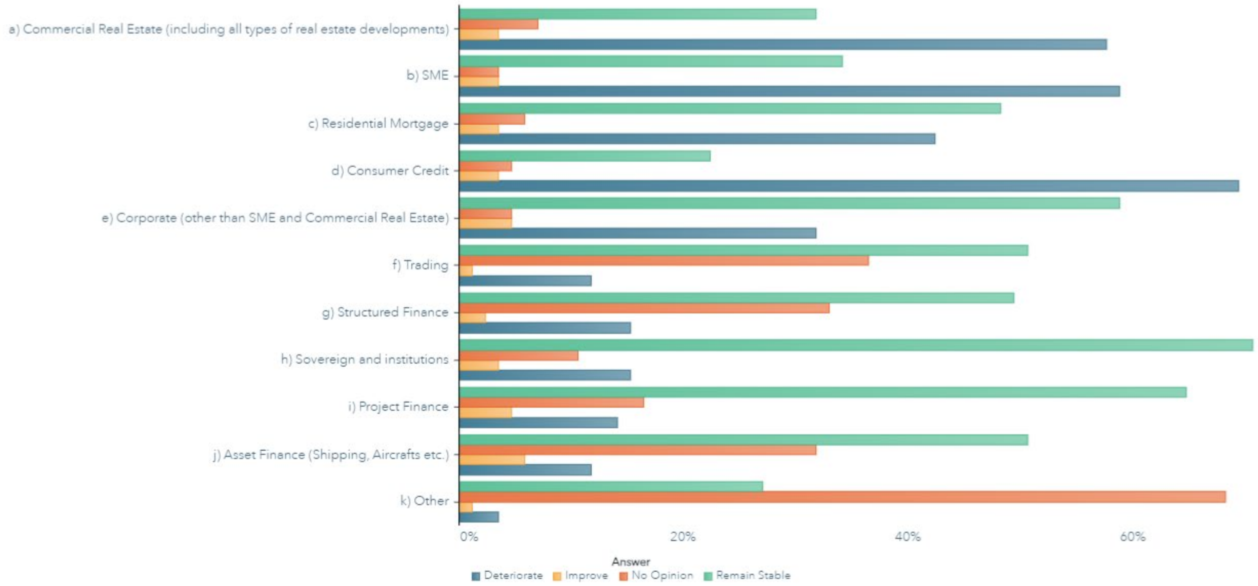
Decrease


20%
15%
10%
5%
Mar2021 Mar2022 Mar2023
Sep2021 Sep2022
Answer
a) Commercial Real Estate (i...
15% 12% 5% 7% 16%
b) SME
3% 3% 7% 3% 9%
c) Residential Mortgage
12% 8% 10% 10% 20%
d) Consumer Credit
12% 12% 7% 10% 18%
e) Corporate (other than S...
5% 3% 5% 2% 6%
f) Trading
10% 7% 7% 3% 9%


30%
20%
10%
0%
Mar2021 Mar2022 Mar2023
Sep2021 Sep2022
Answer
g) Structured Finance
8% 3% 5% 8% 7%
h) Sovereign and institutions
5% 5% 7% 8% 11%
i) Project Finance
7% 5% 3% 7% 5%
j) Asset Finance (Shipping, Aircrafts, et...
31% 27% 23% 22% 18%
k) Other
3% 2%

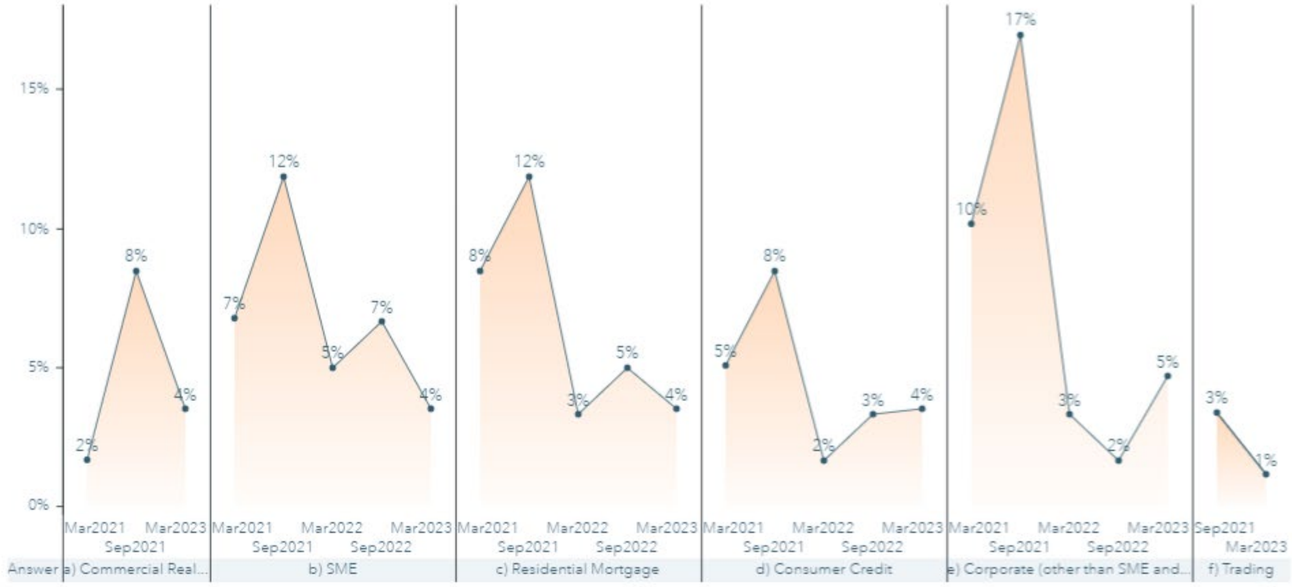
Question 15: Spring 2023 results

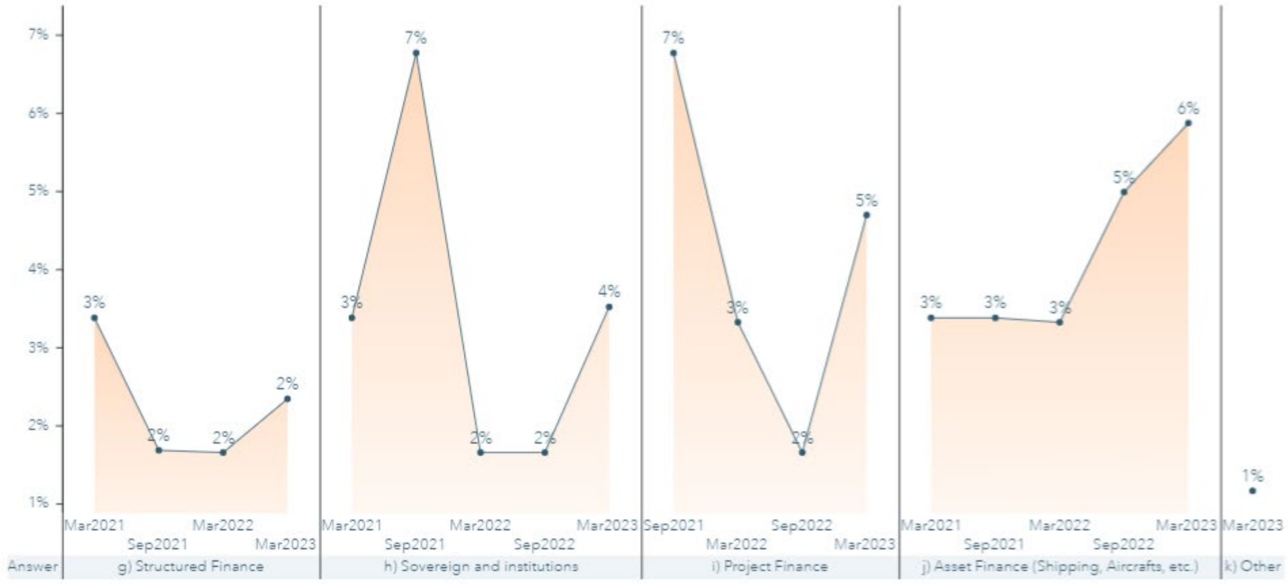
Q15 Which portfolios do you expect to improve/deteriorate in asset quality in the next 12 months?



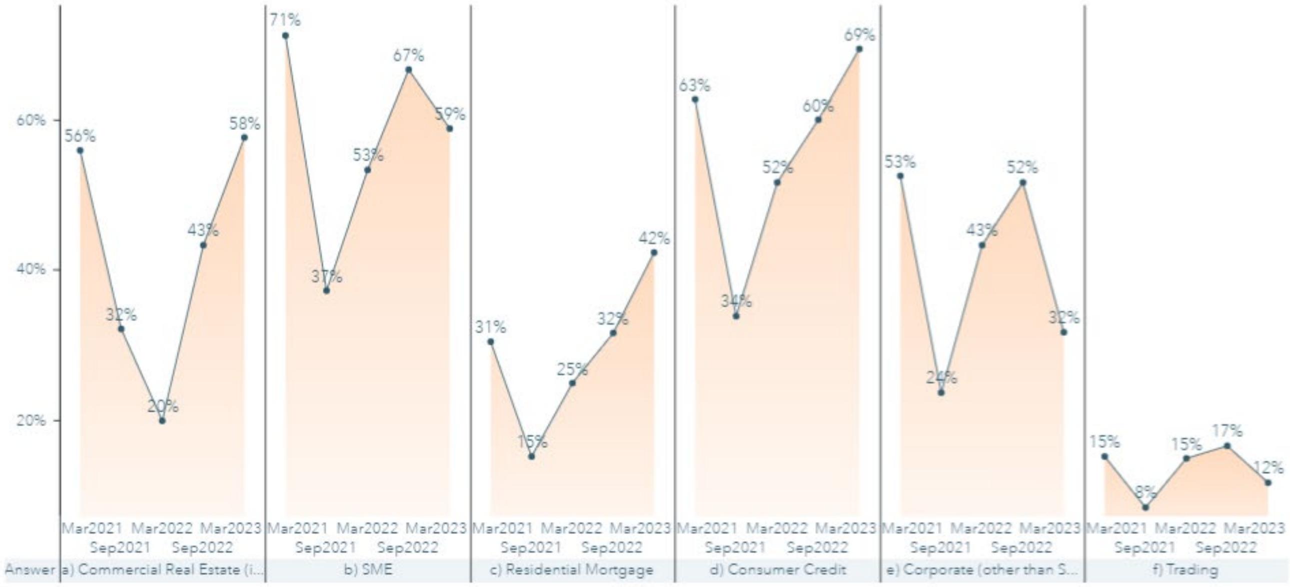
Question 15: comparison with earlier results

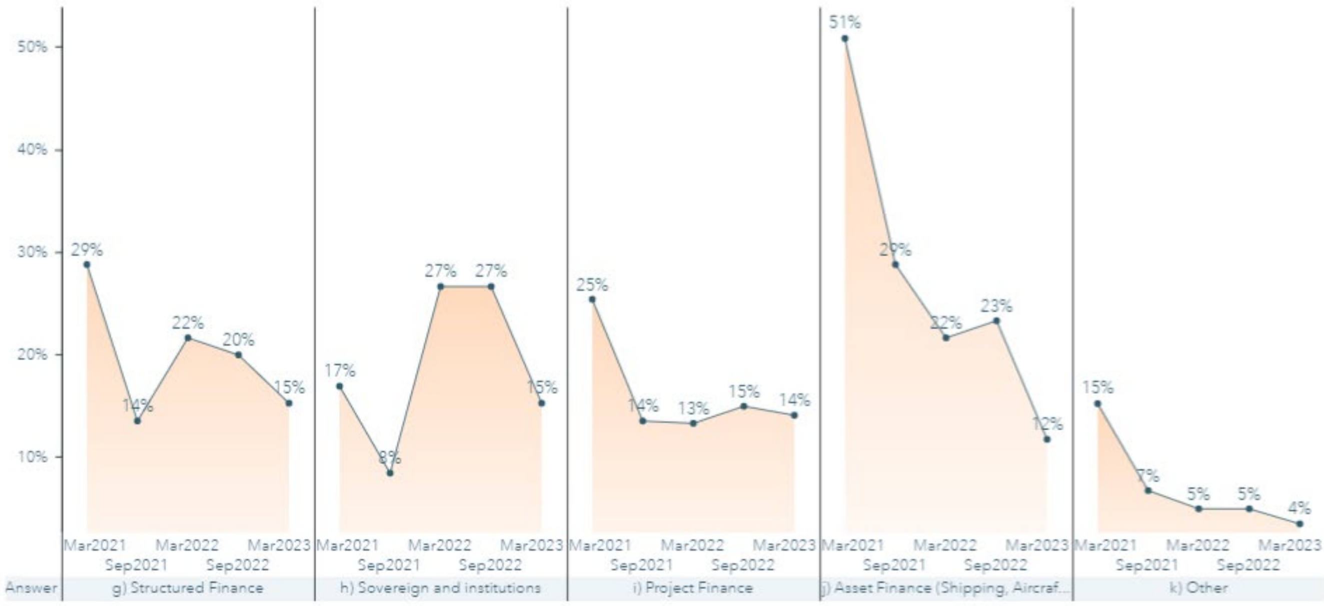
Improve





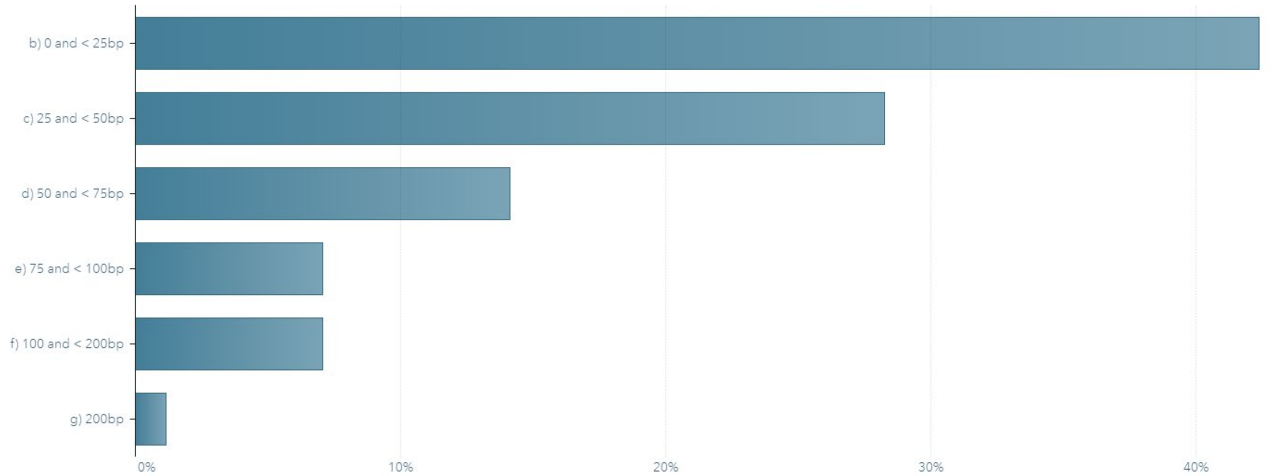
Deteriorate



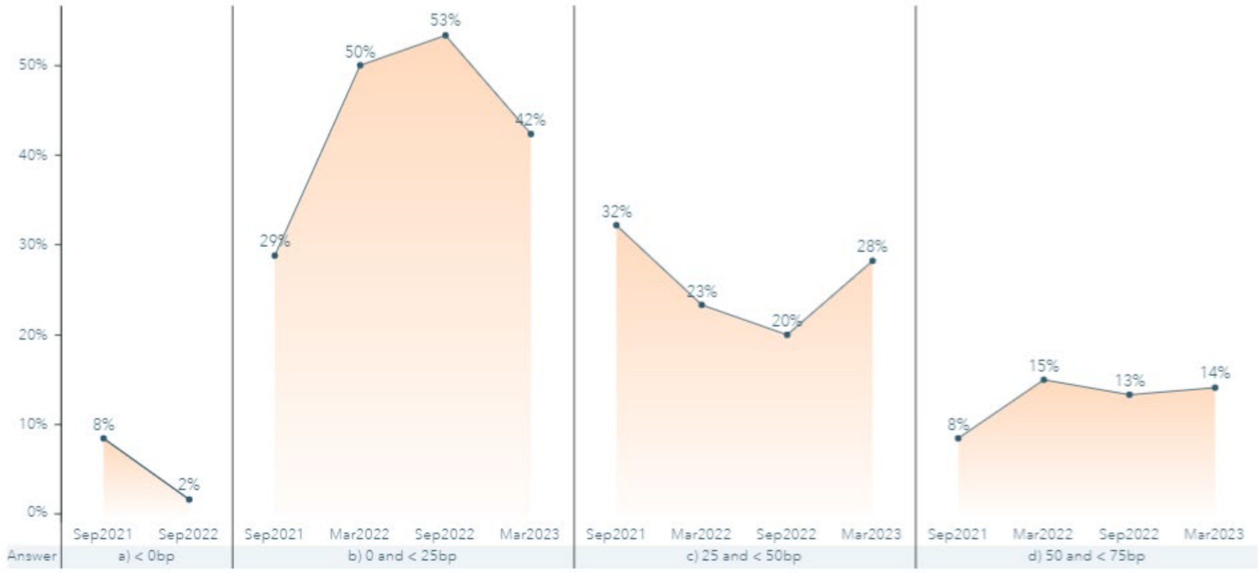


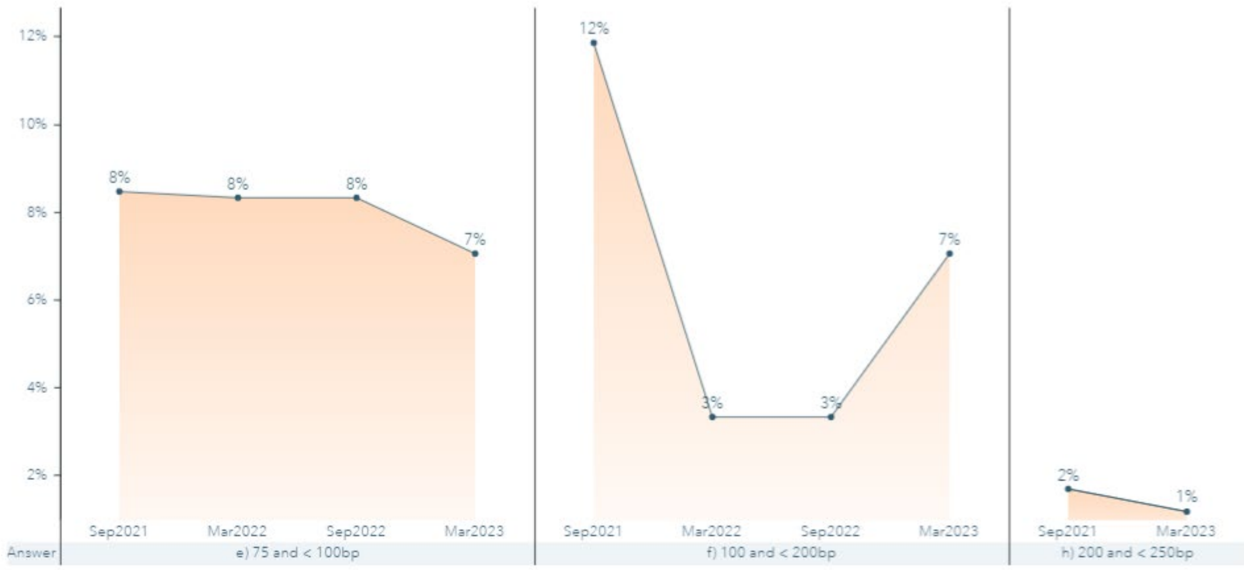
Question 16: Spring 2023 results

Q16 Which is your Cost of Risk (change in allowances and provisions as a ratio of total loans and advances subject to impairment) estimation for the current financial year?



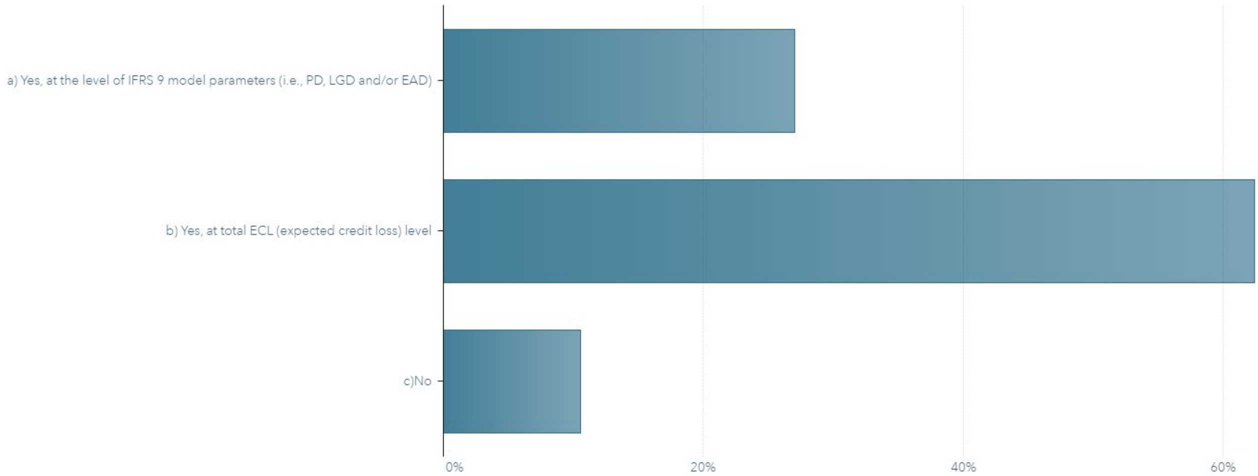
Question 16: comparison with earlier results



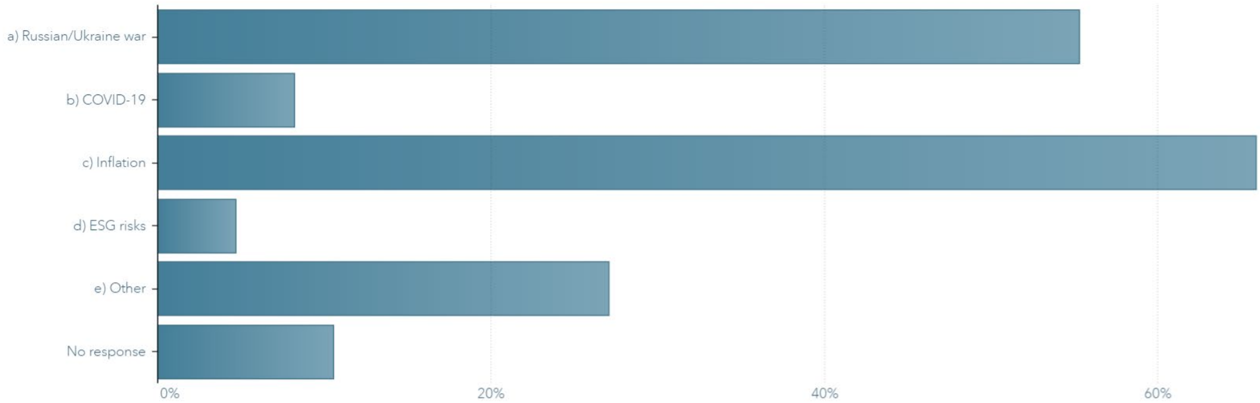


Question 17: Spring 2023 results

Q17 Do you have any provisioning overlays in place?

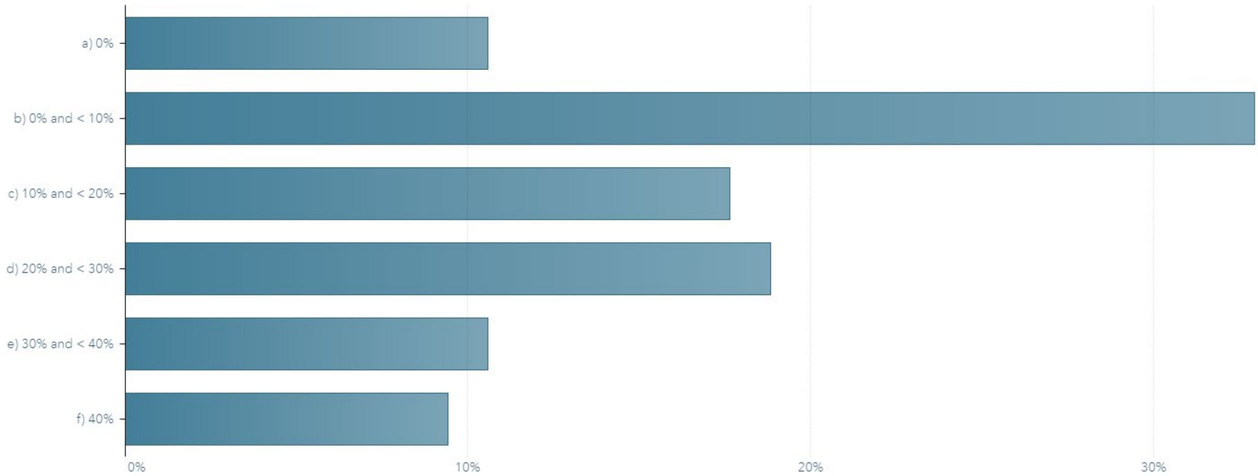


Q17.1 If you selected a) or b), which factors are the overlays associated to?



Question 18: Spring 2023 results

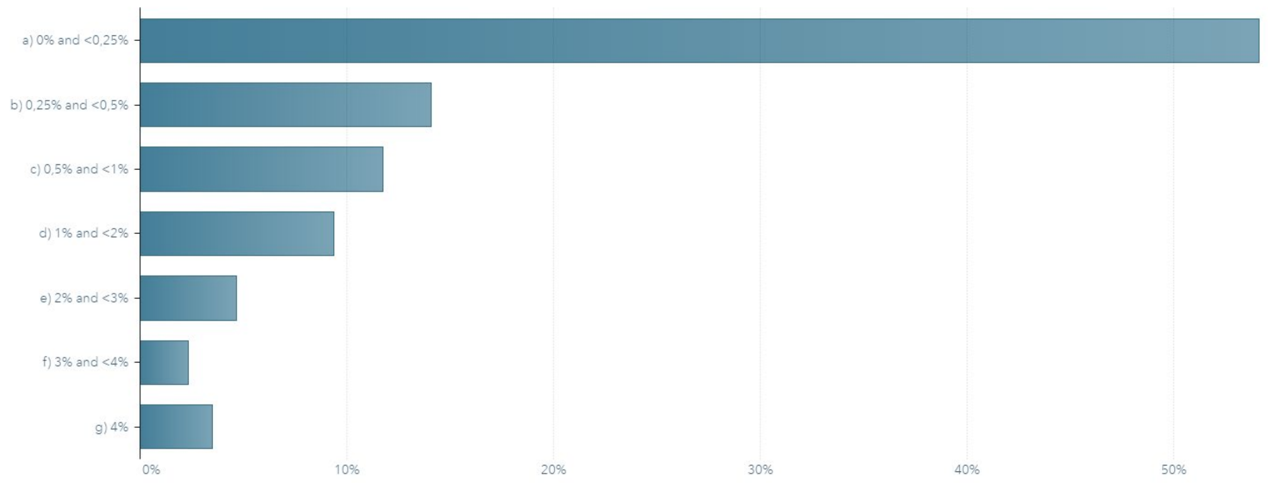
Q18 Which is the proportion of the total ECL (expected credit loss) amount that is recognised via provisioning overlays?



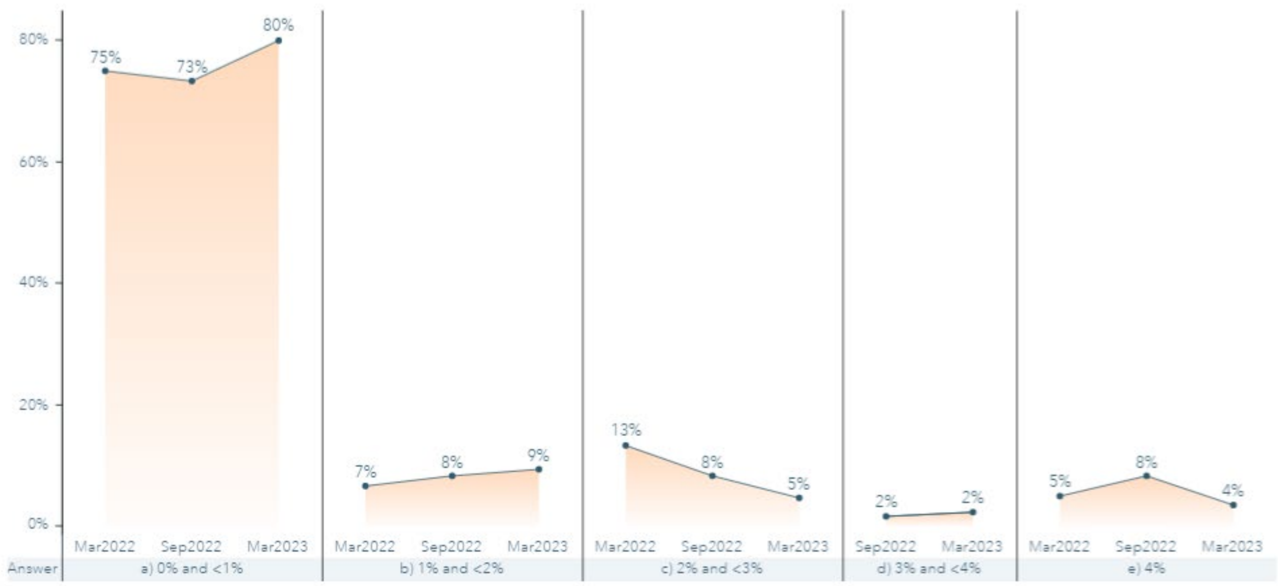
4. Conduct, Reputational and Operational Risk

Question 19: Spring 2023 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)?

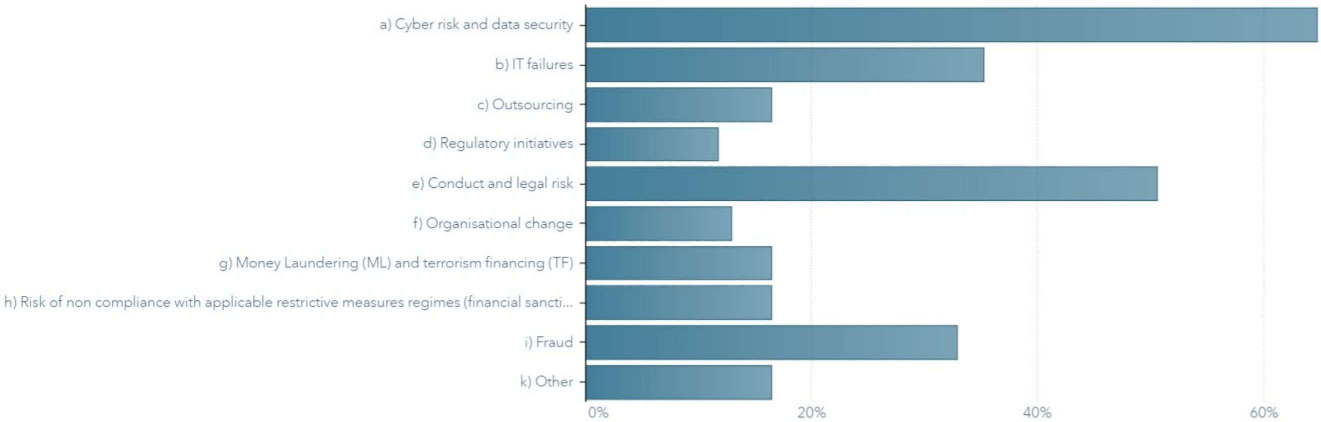


Question 19: comparison with earlier results

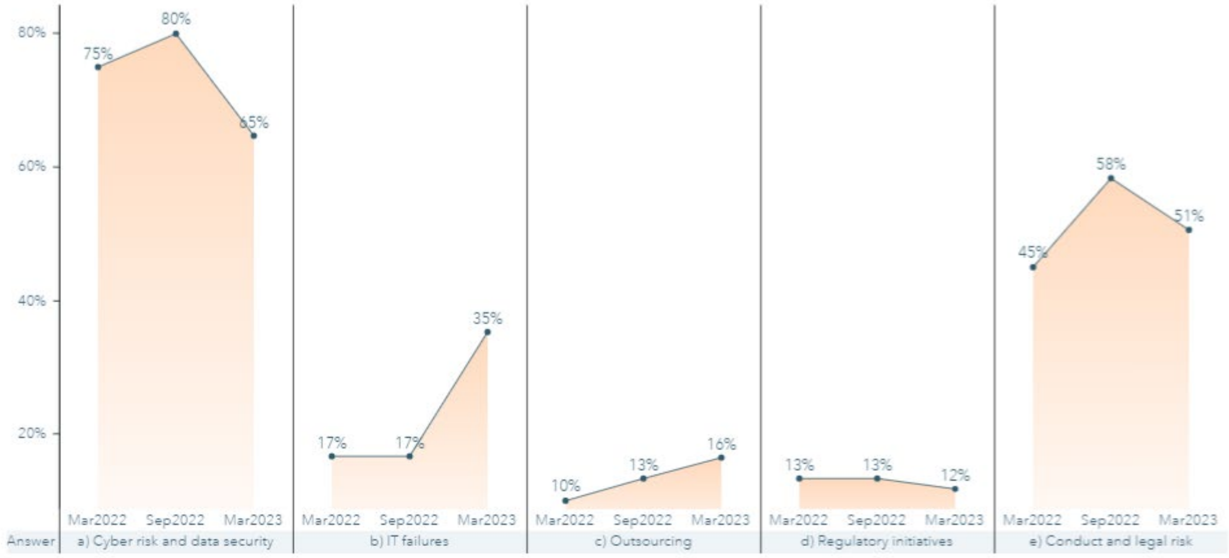


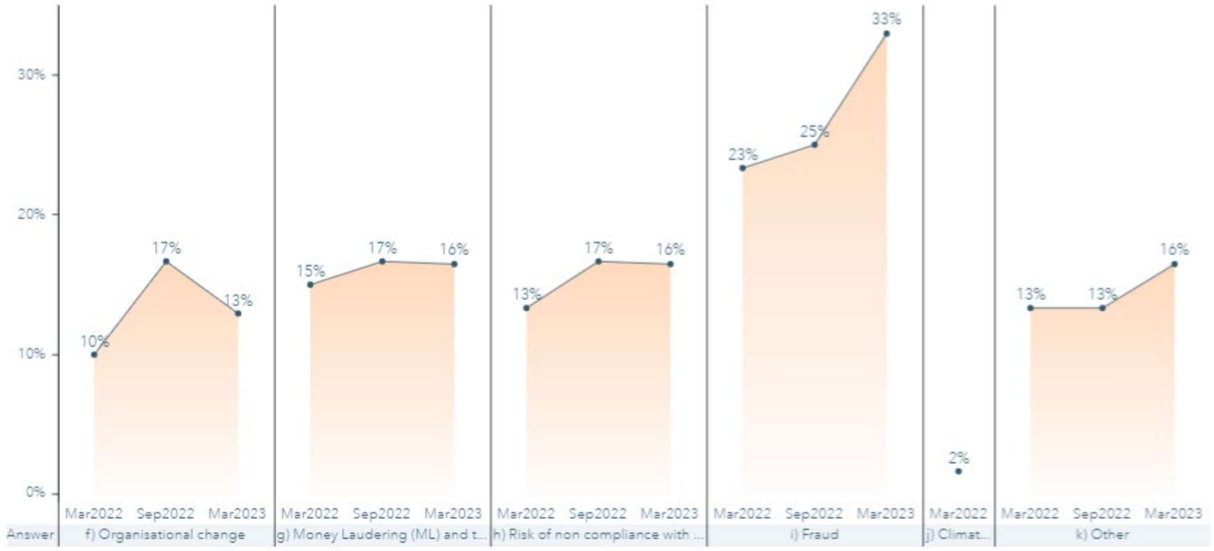
Question 20: Spring 2023 results

Q20 Which are the main drivers of operational risk?



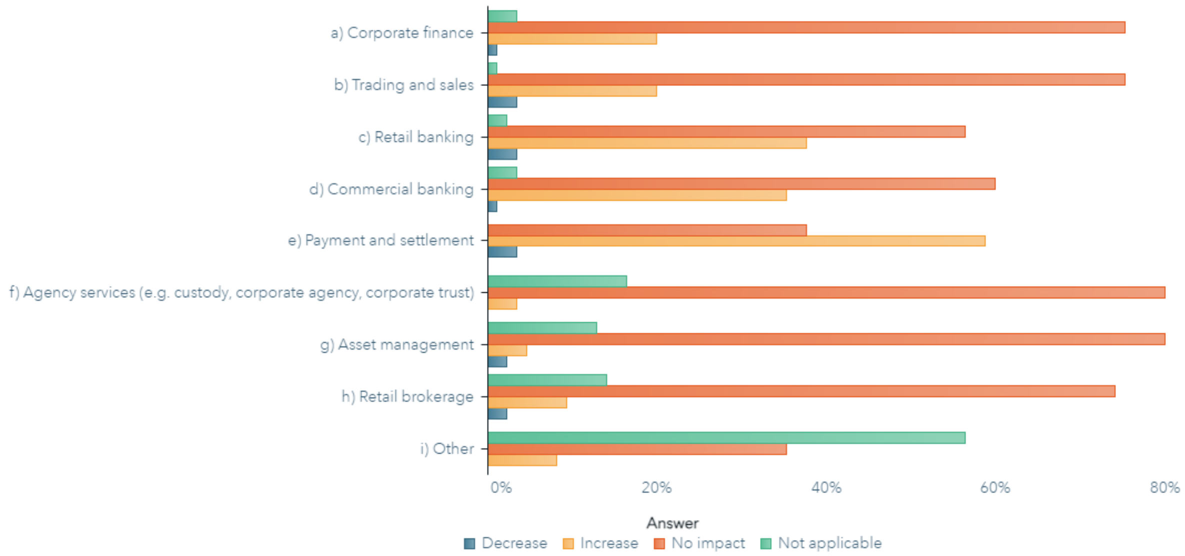
Question 20: comparison with earlier results





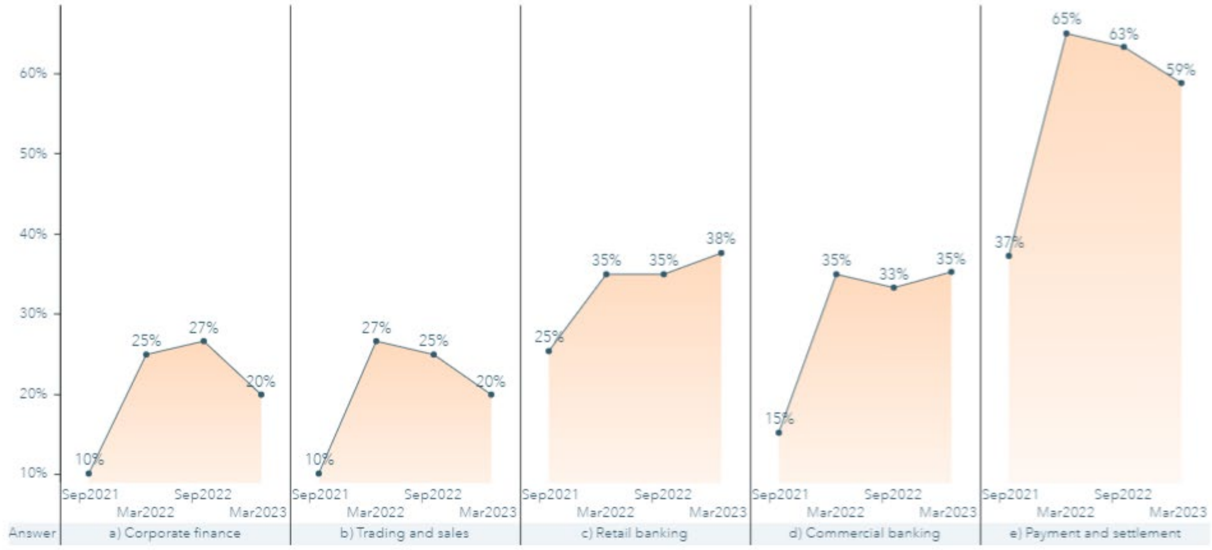
Question 21: Spring 2023 results

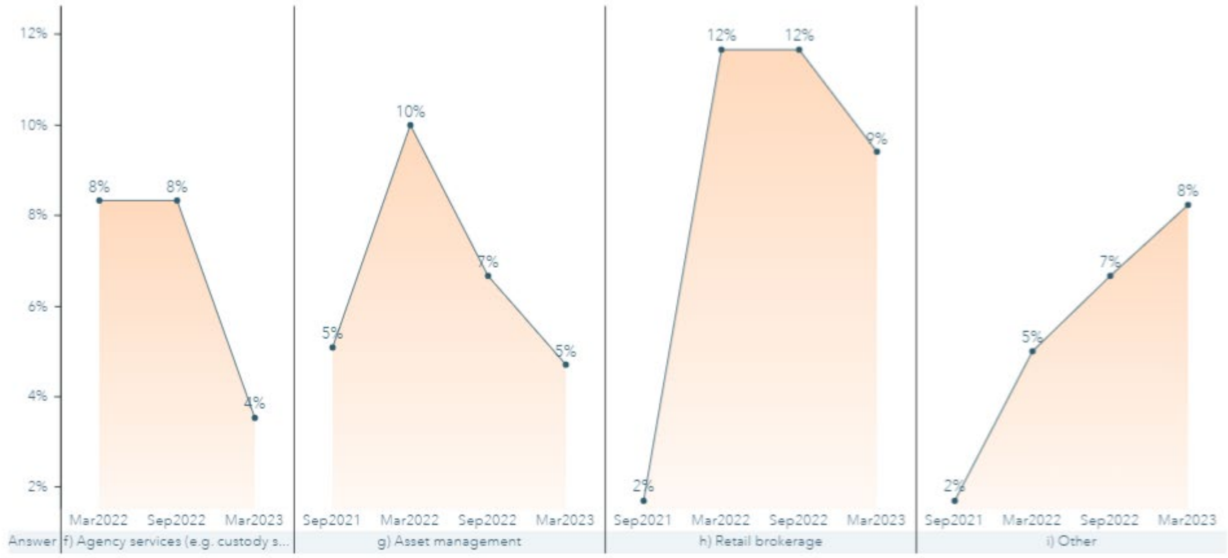
Q21 How do you expect your ML and TF risks related to the following products / business lines to evolve in the next 6 to 12 months?



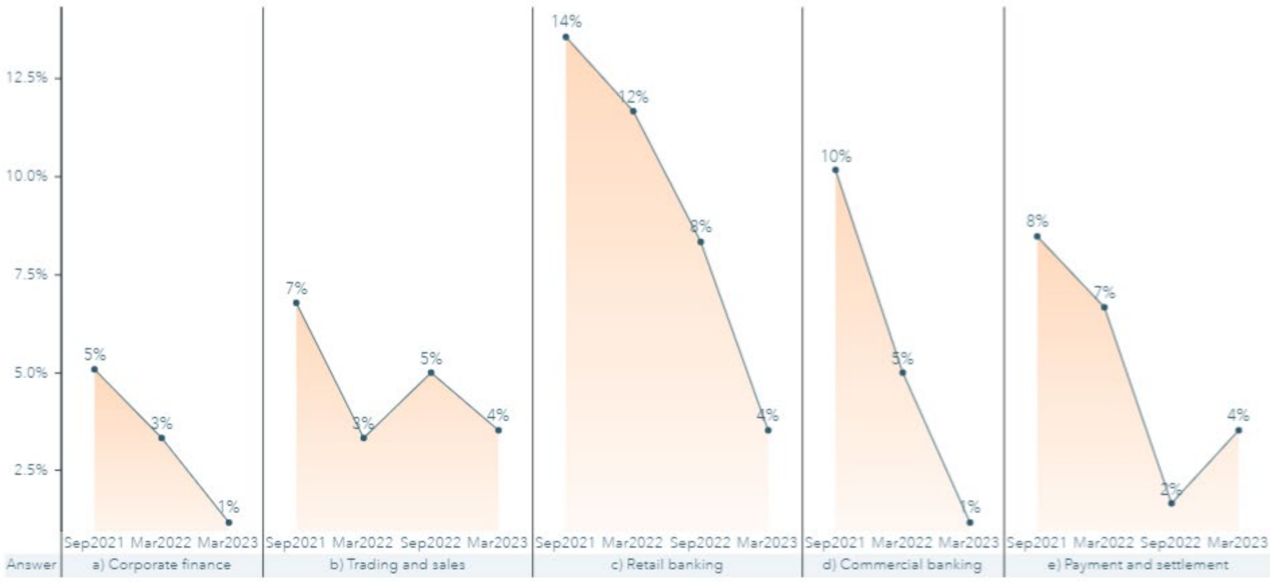
Question 21: comparison with earlier results

Increase





Decrease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Sep2021 Mar2022 Sep2022 Mar2023
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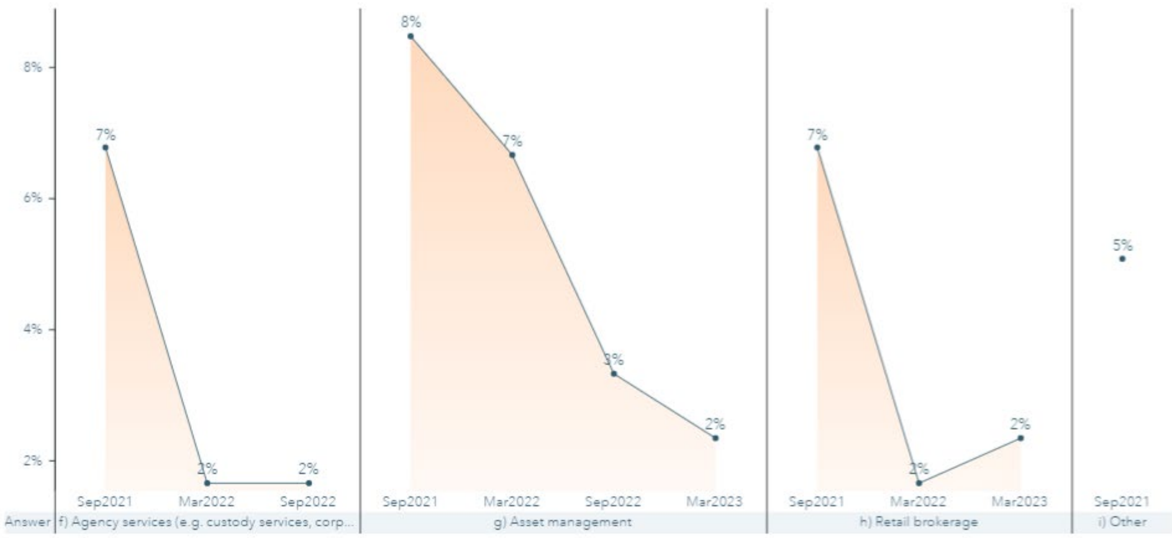
Sep2021 Mar2022 Sep2022 Mar2023
Answer
a) Corporate finance
b) Trading and sales
c) Retail banking
d) Commercial banking
e) Payment and settlement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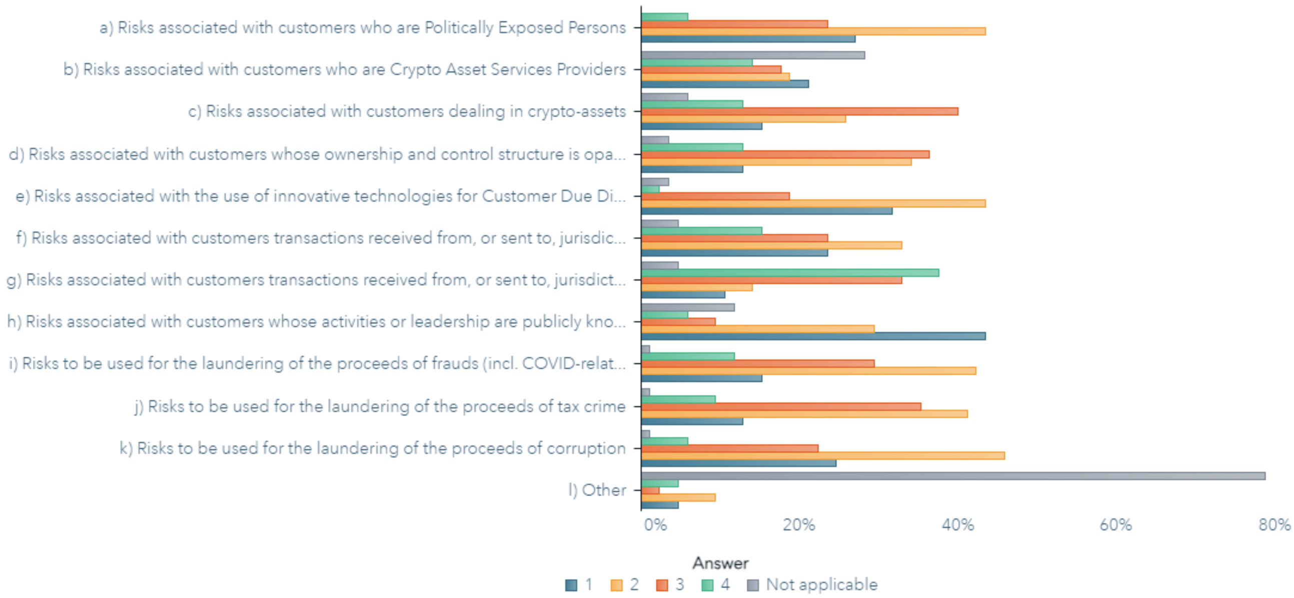
Sep2021 Mar2022 Sep2022
Sep2021 Mar2022 Sep2022 Mar2023
Sep2021 Mar2022 Mar2023
Sep2021
Answer
f) Agency services (e.g. custody services, corp...
g) Asset management
h) Retail brokerage
i) Other

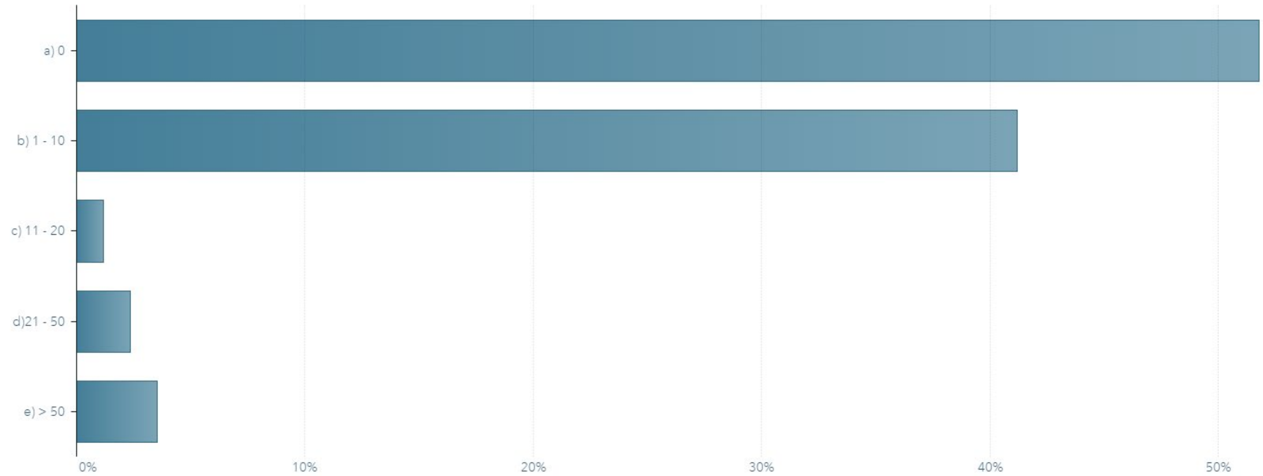
Question 22: Spring 2023 results

Q22 Which key ML and TF risks do you expect to face over the coming 6 to 12 months? (1 - Low Significance and 4 - High Significance)



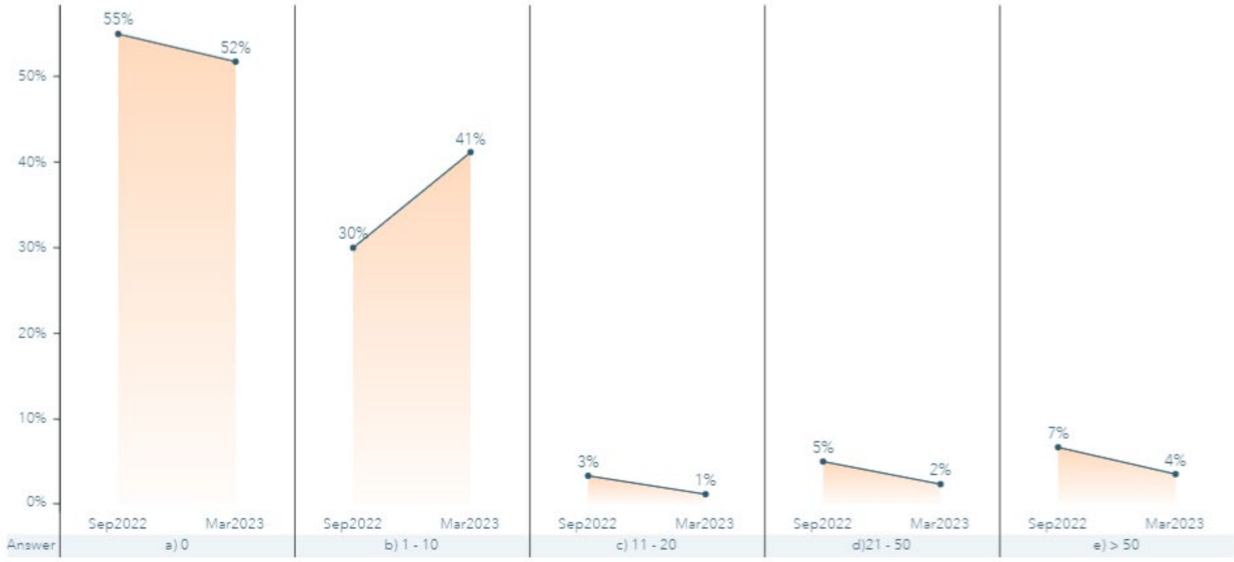
Question 23: Spring 2023 results

Q23 How many cyber-attacks that resulted or could have potentially resulted in a "major ICT-related incident"[4] have you faced from 1 July to 31 December 2022 (considering the highest level of consolidation)?



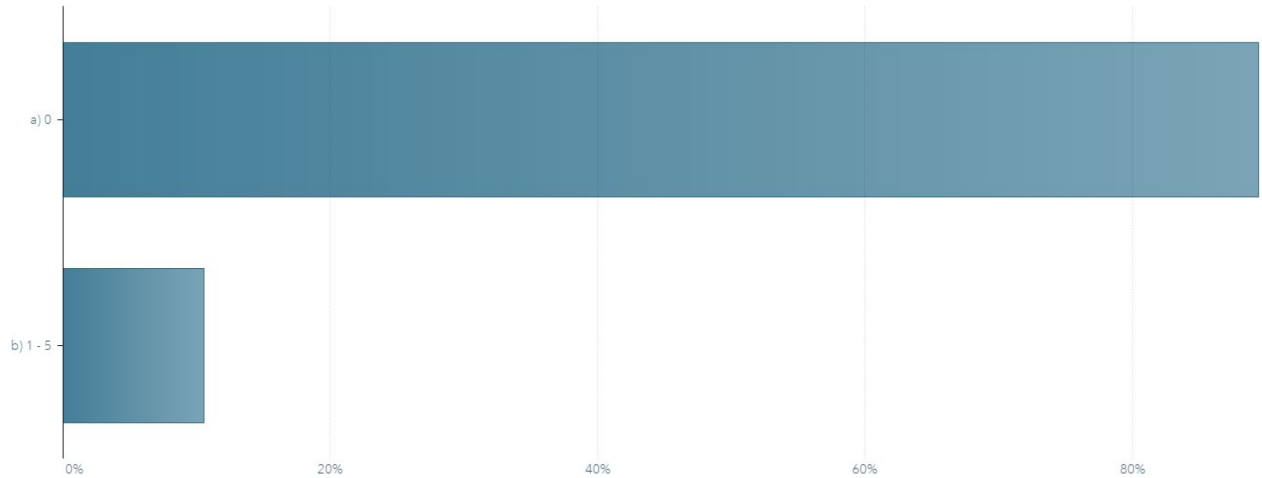
[4] "Major ICT-related incident" refers to an ICT-related incident that has a high adverse impact on the network and information systems that support critical or important functions of the financial entity; (Article 3(10) of Regulation (EU) 2022/2554 on digital operational resilience for the financial sector)

Question 23: comparison with earlier results

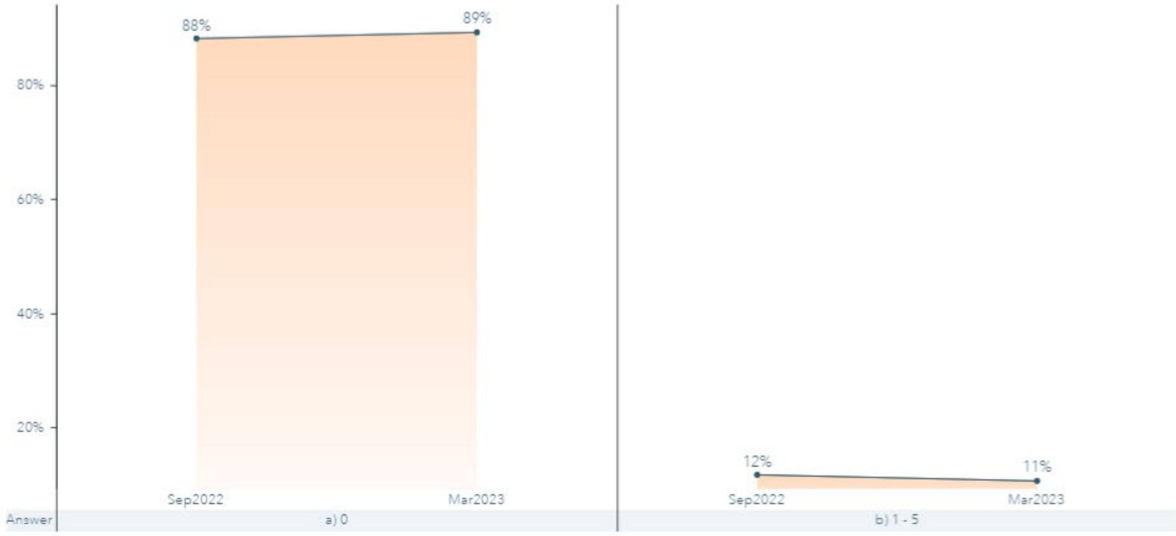


Question 24: Spring 2023 results

Q24 How many successful cyber-attacks resulting in "major ICT-related incidents"[5] have you faced in the period from 1 July to 31 December 2022 (considering the highest level of consolidation)?



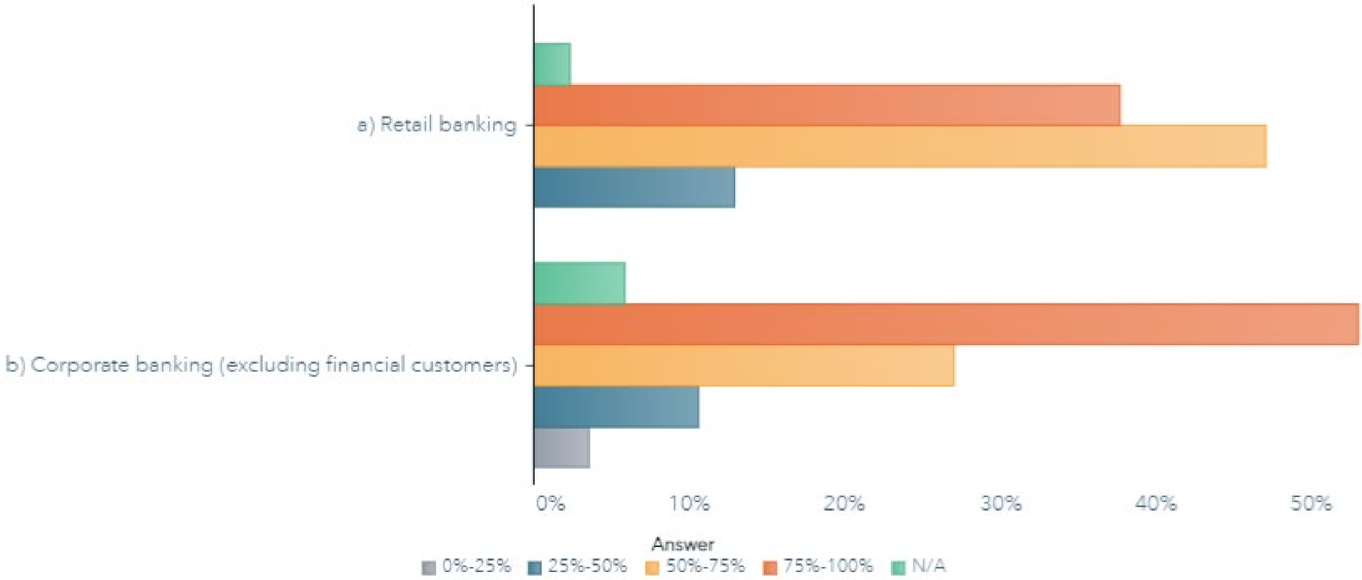
Question 24: comparison with earlier results



5. FinTech

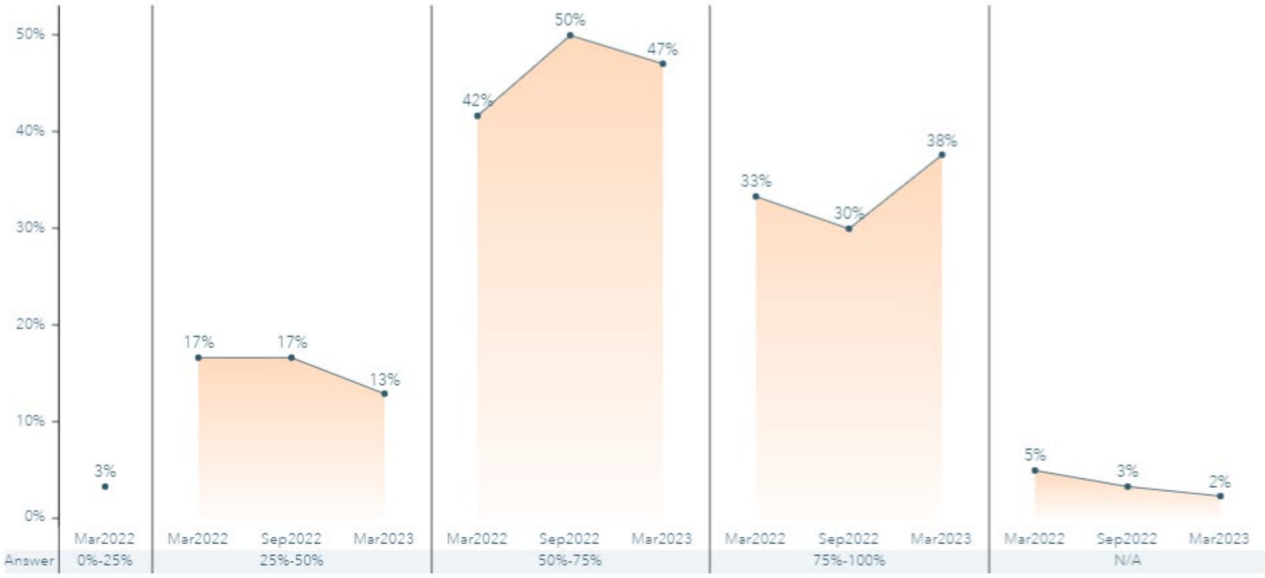
Question 25: Spring 2023 results

Q25 For each business line, please indicate how many of your customers are primarily using digital channels for daily banking activities?

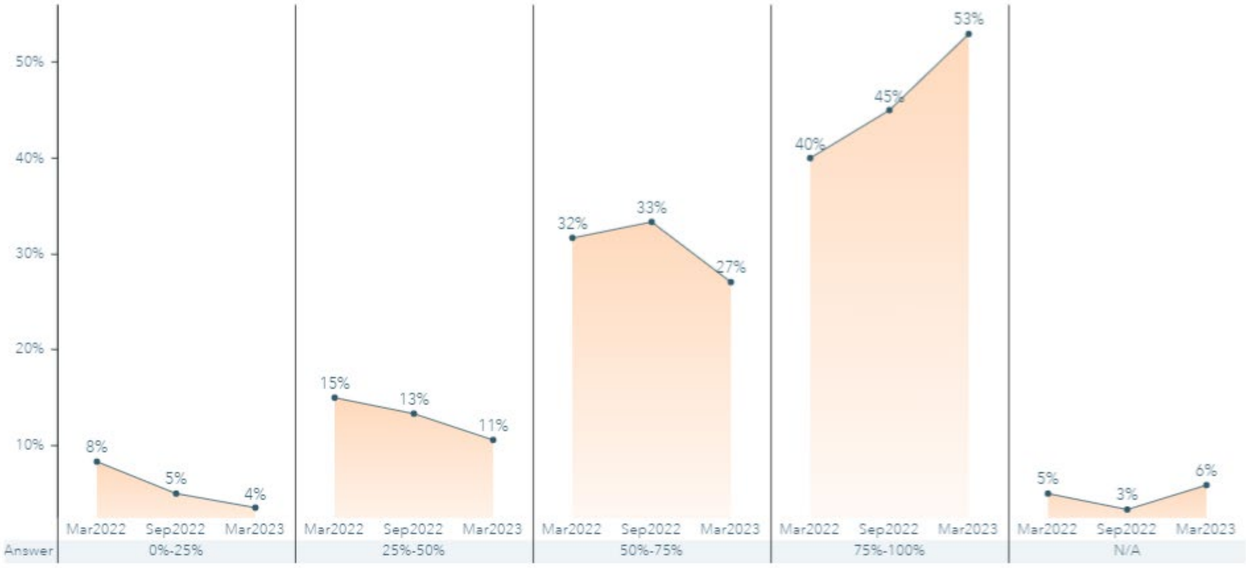


Question 25: comparison with earlier results

Retail Banking

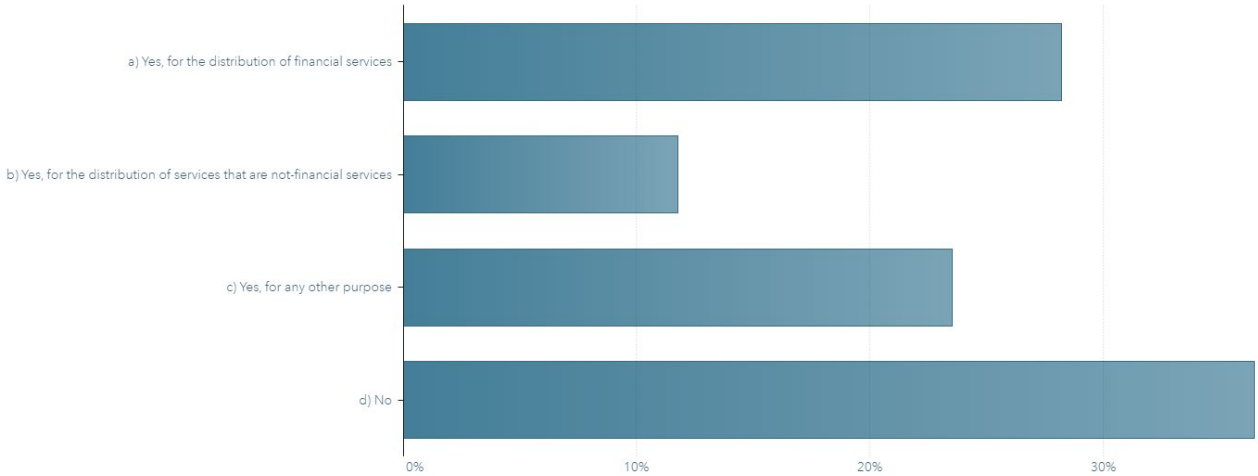


Corporate banking (excluding financial customers)



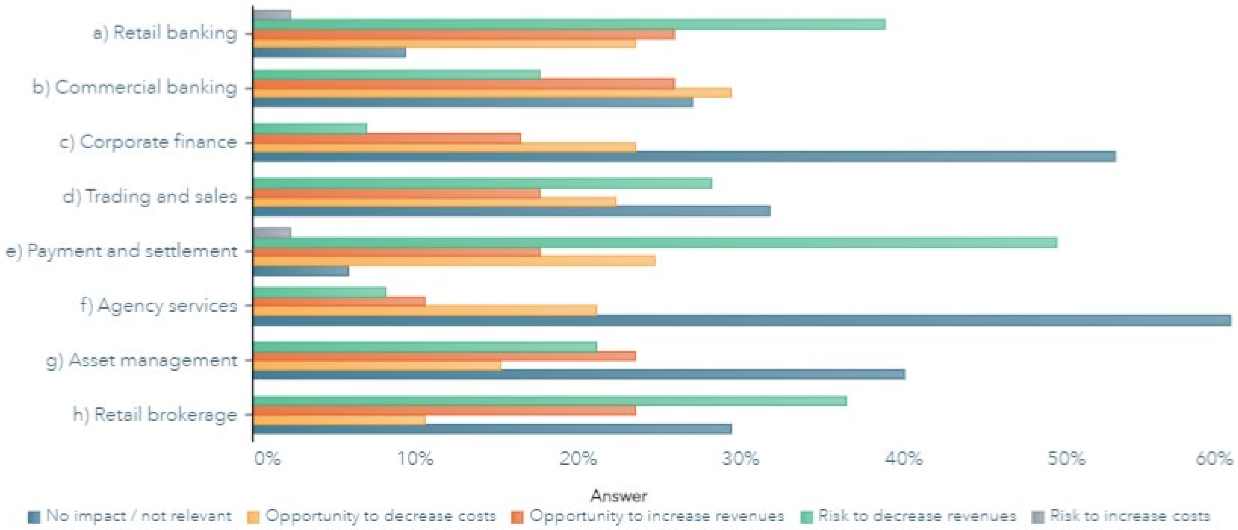
Question 26: Spring 2023 result

Q26 Have you entered into, or do you intend to enter within the next 2 years into a partnership with a BigTech[6]?



Question 27: Spring 2023 results

Q27 How do you expect FinTech firms will affect the following business lines in your bank?



Question 28: Spring 2023 results

Q28 If you are currently using or planning to use in the short-term any of the following AI (artificial intelligence) applications, what is the AI approach applied for each of them?

If you are currently using or planning to use in the short-term any of the following AI (artificial intelligence) applications, what is the AI approach applied for each of them?:	a) Neural networks	b) Decision Trees/Random Forest	c) Regression analysis (including gradient boosting)	d) Natural language processing, including large language models	e) Support vector machines	f) Probabilistic geographical models	g) Other	h) Not used / not planned to be used
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 ortransactions								
i) Customer support, including chatbots								
j) Optimisation of internal processes								
k) Carbon footprint estimation								
l) Regulatory credit risk modelling								
m)Other risk modelling, including anomaly detection or sentiment analysis								
n) Other use cases								

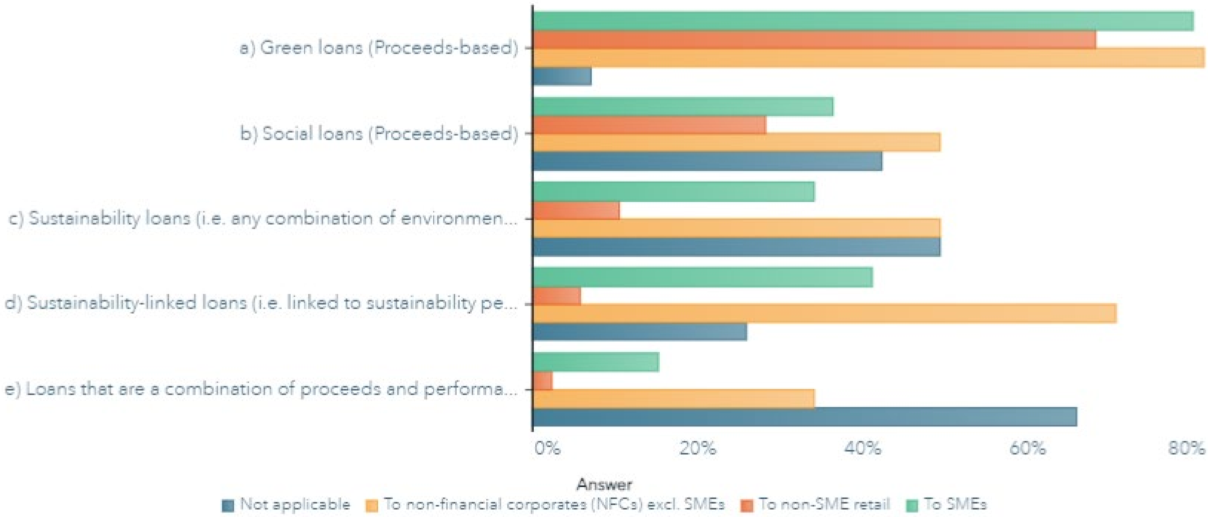
0%-10%
10%-20%
20%-30%
>30%

6 BigTech" refers to a large technology company whose primary activity is the provision of digital services

6. Environmental Social and Governance (ESG) Finance

Question 29: Spring 2023 results

Q29 Which of the following loans, if any, are you offering to your clients?[7]



7

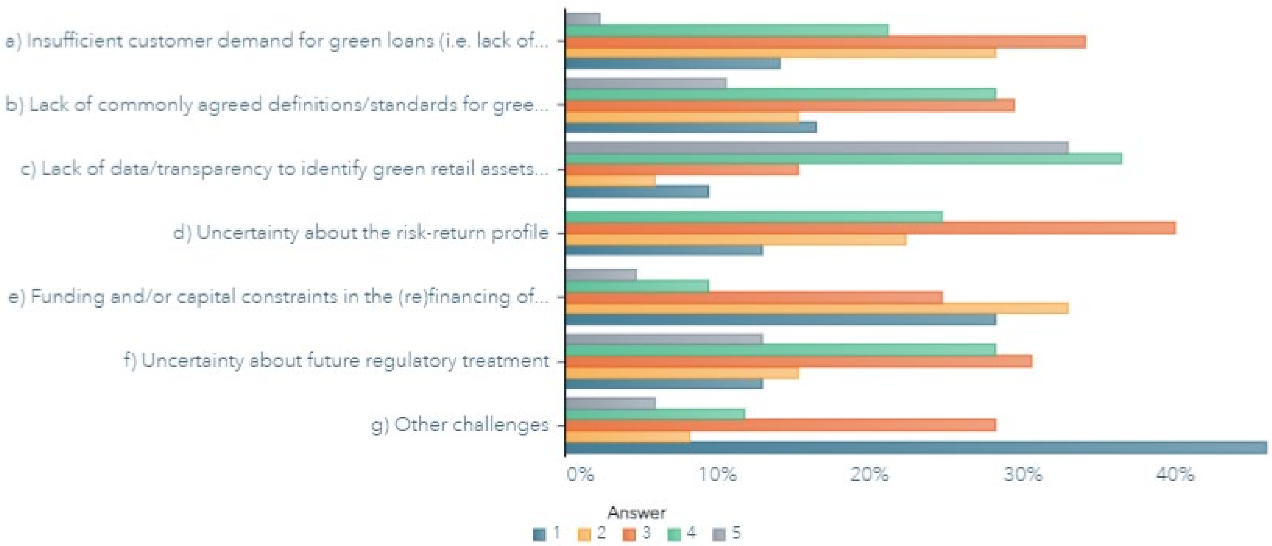
Please note the differentiation between proceeds-based and performance-based products, as to avoid double counting. Please avoid double counting of products already included under other options presented in the question.

Question 30: Spring 2023 results

Q30 If you are offering 'green' loans to customers, which is the main standard you are using to define these 'green' loans for the following portfolios?

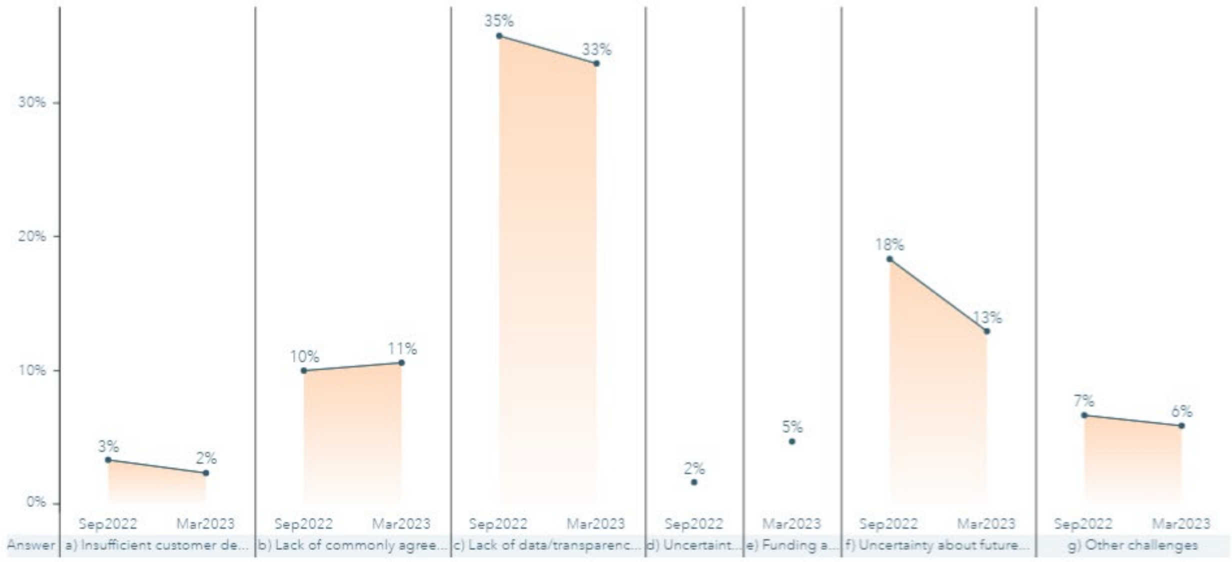
Question 31: Spring 2023 results

Q31 In your opinion, what are the main impediments to the further development of the market for green retail loans? (1 - Not relevant, 5 - Very relevant)



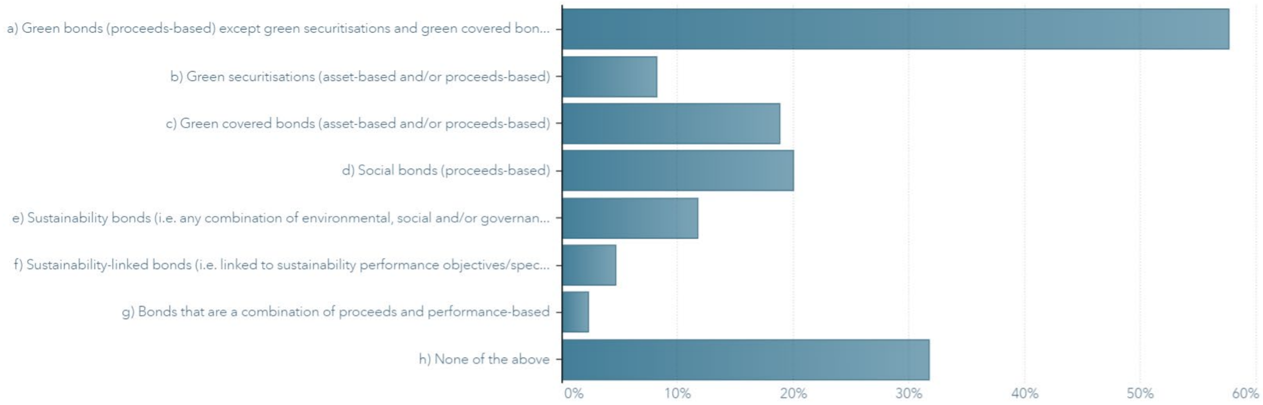
Question 31: comparison with earlier results

5 - Very relevant.



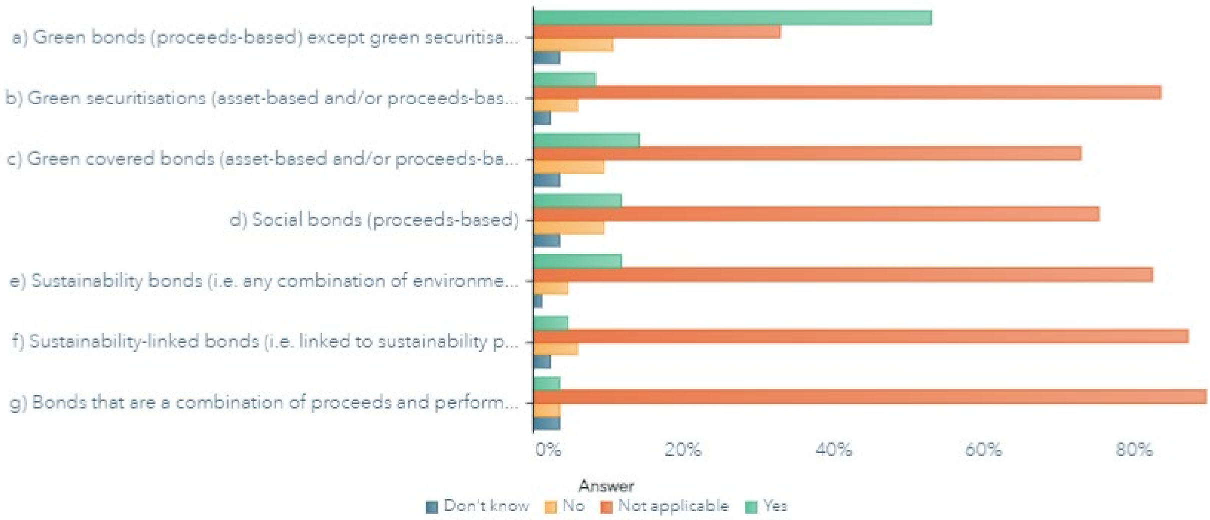
Question 32: Spring 2023 results

Q32 Which of the following instruments have you already issued?[8]



Question 33: Spring 2023 results

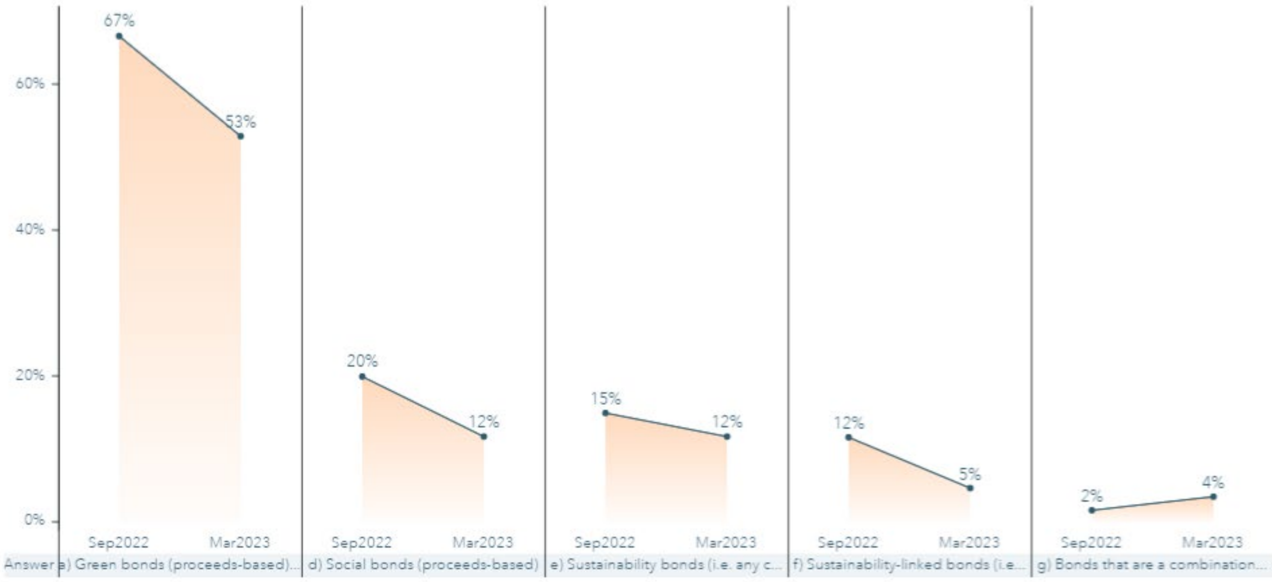
Q33 Have you observed a pricing benefit of the below funding instruments issued by your institution compared to similar 'non-green' bonds issued by your institution in primary or secondary markets?[9]



[8] See note 6

[9] See note 6

Question 33: comparison with earlier results



Annex: List of EU banks involved in RAQ

Financial Institution	Country	Previous survey
BAWAG Group AG	Austria	Yes
Erste Group Bank AG	Austria	Yes
Raiffeisen Bank International AG	Austria	Yes
Belfius Bank	Belgium	Yes
Crelan	Belgium	No
KBC Groep	Belgium	Yes
DSK Bank AD	Bulgaria	No
First investment Bank AD	Bulgaria	Yes
Privredna Banka Zagreb d.d.	Croatia	No
Zagrebačka banka d.d.	Croatia	No
Bank of Cyprus Holdings Public Limited Company	Cyprus	Yes
Hellenic Bank Public Company Ltd	Cyprus	Yes
Česká spořitelna, a.s.	Czechia	No
Československá obchodní banka, a.s.	Czechia	No
Komerční banka, a.s.	Czechia	No
Danske Bank A/S	Denmark	Yes
Jyske Bank A/S	Denmark	No
Nykredit Realkredit A/S	Denmark	Yes
AS LHV Group	Estonia	Yes
Luminor Holding AS	Estonia	No
Nordea Bank Abp	Finland	Yes
OP Osuuskunta	Finland	Yes
BNP Paribas	France	Yes

Financial Institution	Country	Previous survey
Confédération Nationale du Crédit Mutuel	France	Yes
Groupe BPCE	France	Yes
Groupe Crédit Agricole	France	Yes
La Banque Postale	France	Yes
Société générale S.A.	France	Yes
Bayerische Landesbank	Germany	Yes
Commerzbank AG	Germany	Yes
Deutsche Bank AG	Germany	Yes
DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main	Germany	Yes
Landesbank Baden-Württemberg	Germany	Yes
Landesbank Hessen-Thüringen Girozentrale	Germany	Yes
Norddeutsche Landesbank - Girozentrale -	Germany	Yes
Alpha Services and Holdings S.A.	Greece	Yes
Eurobank Ergasias Services and Holdings S.A.	Greece	Yes
National Bank of Greece, S.A.	Greece	Yes
Piraeus Financial Holdings	Greece	Yes
MKB bankcsoport	Hungary	No
OTP - Csoport	Hungary	Yes
Íslandsbanki hf.	Iceland	No
Landsbankinn hf.	Iceland	Yes
AIB Group plc	Ireland	Yes
Bank of Ireland Group plc	Ireland	Yes
Citibank Holdings Ireland Limited	Ireland	No
Banca Monte dei Paschi di Siena S.p.A.	Italy	Yes
Banco BPM S.p.A.	Italy	Yes

Financial Institution	Country	Previous survey
BPER Banca S.p.A.	Italy	Yes
Iccrea Banca S.p.A.	Italy	No
Intesa Sanpaolo S.p.A.	Italy	Yes
Unicredit S.p.A.	Italy	Yes
AS SEB banka	Latvia	No
Swedbank Baltics AS	Latvia	No
Akcinė bendrovė Šiaulių bankas	Lithuania	No
Revolut Bank UAB	Lithuania	No
Banque et Caisse d'Epargne de l'Etat, Luxembourg	Luxembourg	Yes
Banque Internationale à Luxembourg	Luxembourg	No
Bank of Valletta Plc	Malta	Yes
HSBC Bank Malta p.l.c.	Malta	No
ABN AMRO Bank N.V.	Netherlands	Yes
Coöperatieve Rabobank U.A.	Netherlands	Yes
de Volksbank N.V.	Netherlands	No
ING Groep N.V.	Netherlands	Yes
DNB Bank ASA	Norway	No
SpareBank 1 SR-Bank ASA	Norway	No
Bank Polska Kasa Opieki S.A.	Poland	Yes
Powszechna Kasa Oszczednosci Bank Polski S.A.	Poland	Yes
Banco Comercial Português, SA	Portugal	Yes
Caixa Geral de Depósitos, S.A.	Portugal	Yes
Banca Comerciala Romana SA	Romania	No
Banca Transilvania	Romania	Yes
Slovenská sporiteľňa, a.s.	Slovakia	No
Všeobecná úverová banka, a.s.	Slovakia	No

Financial Institution	Country	Previous survey
BISER TOPCO S.A R.L.	Slovenia	No
Nova Ljubljanska Banka d.d., Ljubljana	Slovenia	Yes
Banco Bilbao Vizcaya Argentaria, S.A.	Spain	Yes
Banco de Sabadell, S.A.	Spain	Yes
Banco Santander, S.A.	Spain	Yes
Bankinter, S.A.	Spain	Yes
CaixaBank, S.A.	Spain	Yes
Unicaja Banco, S.A.	Spain	No
Skandinaviska Enskilda Banken - gruppen	Sweden	Yes
Svenska Handelsbanken - gruppen	Sweden	Yes
Swedbank - Grupp	Sweden	Yes

Appendix: Risk Assessment Questionnaire for banks

[added on the following pages]

EBA Risk Assessment Questionnaire for Banks - Spring 2023

Fields marked with * are mandatory.

Respondent information

* Financial Institution

LEI code of financial institution

Text of 20 to 20 characters will be accepted

* EU member states

- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czechia
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Iceland
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta

- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Slovak Republic
- Slovenia
- Spain
- Sweden

* Contact e-mail address

I agree with EBA privacy notice

EBA_RAQ_Privacy_notice.pdf

Please note the EBA Risk Assessment Questionnaire booklet, which summarises the aggregate results of the survey (see the last version), will again include a list of participating banks (bank by bank results will not be disclosed).

Business model/strategy/profitability

* **Q1 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

Q2 Which areas are you primarily targeting 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)

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

* **Q3 Which are the main areas you are targeting to increase net interest income?**

at most 2 choice(s)

- a) Increasing lending volumes
- b) Re-adjusting the asset mix to focus on higher interest-bearing assets (e.g., unsecured lending, leveraged lending etc.)
- c) Re-adjusting the funding mix to focus on lower interest expenses (e.g., deposits, covered bonds)
- d) Loan repricing
- e) Other

Q4 How do you expect rising interest rates to affect your P&L over the next 6 to 12 months?

	Increase	Stable	Decrease	No opinion
* a) Overall profitability	○	○	○	○
* b) Net interest income	○	○	○	○
* c) Net fee and commission income	○	○	○	○
* d) Net trading income	○	○	○	○
* e) Impairments	○	○	○	○

*** Q5 What is your estimated Cost of Equity?**

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

*** Q6 Which measures are you primarily taking to reduce operating expenses / costs?**

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 automatisation and digitalisation
- f) Other

*** Q7 Are you considering M&A transactions with/of?**

at most 2 choice(s)

- a) Domestic business units
- b) Domestic portfolios
- c) Domestic credit institutions
- d) Credit institutions, business units and/or portfolios in other EU/EEA countries
- e) Credit institutions, business units and/or portfolios from outside the EU/EEA
- f) Fintech firms (domestic or foreign)
- g) Non-bank financial service providers
- h) We are not considering M&A transactions

Q8 Which is the share of outstanding loans repricing in less than 12 months for the following portfolios?

	0% -20%	20% -40%	40% -60%	60% -80%	80% -100%	N /A
* 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)	○	○	○	○	○	○

Q9 Which is the average interest rate fixation period for the following loan portfolios (at origination)? *If the rate is fixed for the whole life of a loan, please, select the bucket corresponding to its maturity. For loans with an interest rate fixation period changing over time (e.g. mortgage at fixed rate over the first five years and then variable with revisions every year), please, select the length of the first fixation period*

	≤1 year	>1 year and ≤3 years	>3 years and ≤5 years	>5 years and ≤10 years	>10 years	N/A
* 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)	○	○	○	○	○	○

Funding/liquidity

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

at most 2 choice(s)

- ☐ 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 funding instruments you consider to issue to meet or to maintain your MREL target (including potential headroom over regulatory requirements)?**

at most 2 choice(s)

- ☐ a) Preferred senior unsecured funding
- ☐ b) Senior non-preferred / Senior Holding Company funding
- ☐ c) Subordinated debt including AT1/T2
- ☐ d) CET1 (e.g., shares, retained earnings, etc)
- ☐ e) Other

*** Q12 Which actions are you planning to take to repay upcoming ECB TLTRO maturities?**

at most 3 choice(s)

- [ ] a) Use current excess liquidity
- [ ] b) Limit new lending
- [ ] c) Issue covered bonds
- [ ] d) Issue securitisations
- [ ] e) Issue preferred senior unsecured funding
- [ ] f) Issue senior non-preferred / senior Holding Company funding
- [ ] g) Raise deposits from wholesale clients
- [ ] h) Raise deposits from retail clients
- [ ] i) Use other central bank facilities
- [ ] j) Other short-term funding
- [ ] k) Not applicable

* **Q13 Given rising interest rates, which of the following actions are you considering in relation to deposits?**

at most 3 choice(s)

- [ ] 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 fees, issuance fees for debit cards, 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 fees, etc)
- [ ] e) None of the above

Asset composition and quality

Q14 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)	○	○	○	○
* 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	○	○	○	○

Q15 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)	○	○	○	○
* 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	○	○	○	○

*** Q16 Which 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

*** Q17 Do you have any provisioning overlays in place?**

○ a) Yes, at the level of IFRS 9 model parameters (i.e., PD, LGD and/or EAD)
○ b) Yes, at total ECL (expected credit loss) level
○ c) No

*** Q17.1 If you selected a) or b), which factors are the overlays associated to?**

at most 2 choice(s)

☐ a) Russian/Ukraine war
☐ b) COVID-19

- c) Inflation
- d) ESG risks
- e) Other

*** Q18 Which is the proportion of the total ECL (expected credit loss) amount that is recognised via provisioning overlays?**

- a) 0%
- b) ≥ 0% and < 10%
- c) ≥ 10% and < 20%
- d) ≥ 20% and < 30%
- e) ≥ 30% and < 40%
- f) ≥ 40%

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 <0,25%
- b) ≥ 0,25% and <0,5%
- c) ≥ 0,5% and <1%
- d) ≥ 1% and <2%
- e) ≥ 2% and <3%
- f) ≥ 3% and <4%
- g) ≥ 4%

*** Q20 Which 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) Organisational change
- g) Money Laundering (ML) and terrorism financing (TF)
- h) Risk of non compliance with applicable restrictive measures regimes (financial sanctions)
- i) Fraud
- j) Climate and environmental risk
- k) Other

Q21 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?

	Increase	Decrease	No impact	Not applicable
* a) Corporate finance				

* b) Trading and sales	○	○	○	○
* c) Retail banking	○	○	○	○
* d) Commercial banking	○	○	○	○
* e) Payment and settlement	○	○	○	○
* f) Agency services (e.g. custody, corporate agency, corporate trust)	○	○	○	○
* g) Asset management	○	○	○	○
* h) Retail brokerage	○	○	○	○
* i) Other	○	○	○	○

Q22 Which key ML and TF risks do you expect to face over the coming 6 to 12 months? (1 - Low Significance and 4 - High Significance)

	1	2	3	4	Not applicable
* a) Risks associated with customers who are Politically Exposed Persons	○	○	○	○	○
* b) Risks associated with customers who are Crypto Asset Services Providers	○	○	○	○	○
* c) Risks associated with customers dealing in crypto-assets	○	○	○	○	○
* d) Risks associated with customers whose ownership and control structure is opaque or unduly complex	○	○	○	○	○
* e) Risks associated with the use of innovative technologies for Customer Due Diligence purposes	○	○	○	○	○
* 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	○	○	○	○	○
* g) Risks associated with customers' transactions received from, or sent to, jurisdictions that are subject to international sanctions	○	○	○	○	○
* h) Risks associated with customers whose activities or leadership are publicly known to be associated with extremism or terrorism	○	○	○	○	○
* i) Risks to be used for the laundering of the proceeds of frauds (incl. COVID-related fraud)	○	○	○	○	○
* j) Risks to be used for the laundering of the proceeds of tax crime	○	○	○	○	○
* k) Risks to be used for the laundering of the proceeds of corruption	○	○	○	○	○

* l) Other	○	○	○	○	○

* **Q23 How many cyber-attacks that resulted or could have potentially resulted in a “major ICT-related incident”* have you faced from 1 July to 31 December 2022 (considering the highest level of consolidation)?** *(*"Major ICT-related incident" refers to an ICT-related incident that has a high adverse impact on the network and information systems that support critical or important functions of the financial entity; (Article 3(10) of Regulation (EU) 2022/2554 on digital operational resilience for the financial sector))*
  - a) 0
  - b) 1 - 10
  - c) 11 - 20
  - d) 21 - 50
  - e) > 50

* **Q24 How many successful cyber-attacks resulting in “major ICT-related incidents”* have you faced in the period from 1 July to 31 December 2022 (considering the highest level of consolidation)?** *(*" Major ICT-related incident" refers to an ICT-related incident that has a high adverse impact on the network and information systems that support critical or important functions of the financial entity; (Article 3(10) of Regulation (EU) 2022/2554 on digital operational resilience for the financial sector(*Major ICT-related incident means an ICT-related incident))*
  - a) 0
  - b) 1 - 5
  - c) 6 - 10
  - d) 11 - 20
  - e) > 20

FinTech

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

Q25 For each business line, please indicate how many of your customers are primarily using digital channels for daily banking activities?

	0% -25%	25% -50%	50% -75%	75% -100%	N /A
* a) Retail banking	○	○	○	○	○
* b) Corporate banking (excluding financial customers)	○	○	○	○	○

* **Q26 Have you entered into, or do you intend to enter within the next 2 years into a partnership with a BigTech*?** *(*"BigTech" refers to a large technology company whose primary activity is the provision of digital services)*

- a) Yes, for the distribution of financial services
- b) Yes, for the distribution of services that are not-financial services
- c) Yes, for any other purpose
- d) No

Q27 How do you expect FinTech firms will affect the following business lines in your bank?

	Opportunity to decrease costs	Risk to increase costs	Opportunity to increase revenues	Risk to decrease revenues	No impact / not relevant
* 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					

Q28 If you are currently using or planning to use in the short-term any of the following AI (artificial intelligence) applications, what is the AI approach applied for each of them?

	a) Neural networks	b) Decision Trees /Random Forest	c) Regression analysis, including gradient boosting	d) Natural language processing, including large language models	e) Support vector machines	f) Probabilistic geographical models	g) Other	h) Not used / not planned to be used
* a) AML/CFT (anti-money laundering / countering the financing of terrorism): 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) Customer support, including chatbots	☐	☐	☐	☐	☐	☐	☐	☐
* j) Optimisation of internal processes	☐	☐	☐	☐	☐	☐	☐	☐
* k) Carbon footprint estimation	☐	☐	☐	☐	☐	☐	☐	☐

* l) Regulatory credit risk modelling	☐	☐	☐	☐	☐	☐	☐	☐
* m) Other risk modelling, including anomaly detection or sentiment analysis	☐	☐	☐	☐	☐	☐	☐	☐
* n) Other use cases	☐	☐	☐	☐	☐	☐	☐	☐

Q29 Which of the following loans, if any, are you offering to your clients? *Please note the differentiation between proceeds-based and performance-based products, as to avoid double counting. Please avoid double counting of products already included under other options presented in the question.*

	To non-financial corporates (NFCs) excl. SMEs	To SMEs	To non-SME retail	Not applicable
* a) Green loans (Proceeds-based)	☐	☐	☐	☐
* b) Social loans (Proceeds-based)	☐	☐	☐	☐
* c) Sustainability loans (i.e. any combination of environmental, social and/or governance dimensions) (Proceeds-based)	☐	☐	☐	☐
* 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)	☐	☐	☐	☐
* e) Loans that are a combination of proceeds and performance-based	☐	☐	☐	☐

Q30 If you are offering 'green' loans to customers, which is the main standard you are using to define these 'green' loans for the following portfolios?

	Green market standard definitions (e.g. LMA's green loan definition)	Bank's internal green framework definition	EU Taxonomy definition for green financial products	Other standards /definitions	Not applicable
* a) Secured NFC loans	○	○	○	○	○
* b) Secured SME loans	○	○	○	○	○
* c) Secured non-SME retail loans	○	○	○	○	○
* d) Unsecured NFC loans	○	○	○	○	○

* e) Unsecured SME loans	○	○	○	○	○
* f) Unsecured non-SME retail loans	○	○	○	○	○

Q31 In your opinion, what are the main impediments to the further development of the market for green retail loans? (1 - Not relevant, 5 - Very relevant)

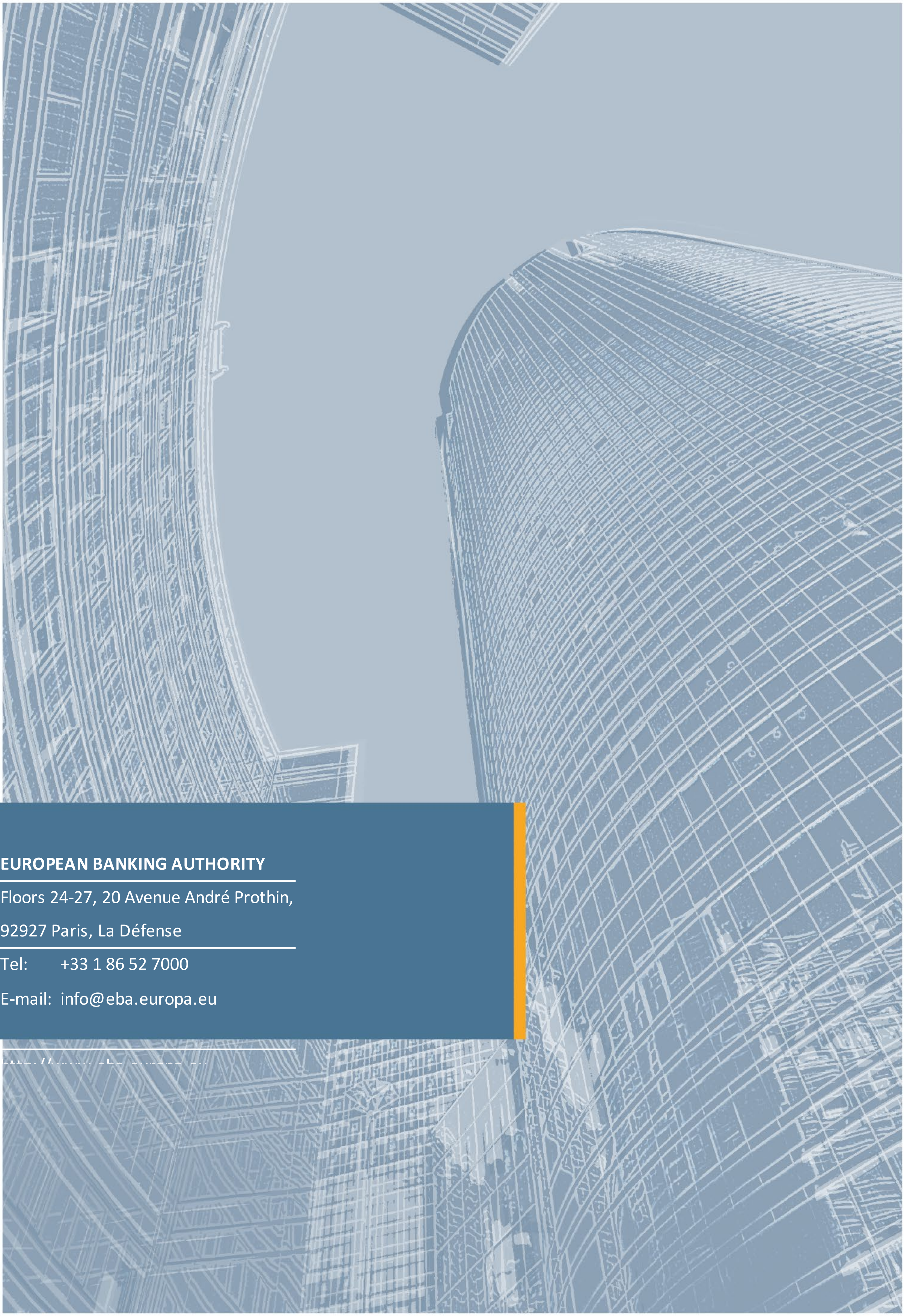
	1	2	3	4	5
* a) Insufficient customer demand for green loans (i.e. lack of green retail projects to finance)	○	○	○	○	○
* b) Lack of commonly agreed definitions/standards for green retail loans	○	○	○	○	○
* c) Lack of data/transparency to identify green retail assets and to assess their environmental impact	○	○	○	○	○
* d) Uncertainty about the risk-return profile	○	○	○	○	○
* e) Funding and/or capital constraints in the (re)financing of green retail assets	○	○	○	○	○
* f) Uncertainty about future regulatory treatment	○	○	○	○	○
* g) Other challenges	○	○	○	○	○

* **Q32 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 of products already included under other options presented in the question.*

- ☐ a) Green bonds (proceeds-based) except green securitisations and green covered bonds
- ☐ b) Green securitisations (asset-based and/or proceeds-based)
- ☐ c) Green covered bonds (asset-based and/or proceeds-based)
- ☐ d) Social bonds (proceeds-based)
- ☐ e) Sustainability bonds (i.e. any combination of environmental, social and/or governance dimensions) (proceeds-based)
- ☐ f) Sustainability-linked bonds (i.e. linked to sustainability performance objectives/specific KPIs reflecting any combination of environmental, social and/or governance dimensions) (Performance-based))
- ☐ g) Bonds that are a combination of proceeds and performance-based
- ☐ h) None of the above

Q33 Have you observed a pricing benefit of the below funding instruments issued by your institution compared to similar 'non-green' bonds issued by your institution 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.*

	Yes	No	Don't know	Not applicable
* a) Green bonds (proceeds-based) except green securitisations and green covered bonds	◯	◯	◯	◯
* b) Green securitisations (asset-based and/or proceeds-based)	◯	◯	◯	◯
* c) Green covered bonds (asset-based and/or proceeds-based)	◯	◯	◯	◯
* d) Social bonds (proceeds-based)	◯	◯	◯	◯
* e) Sustainability bonds (i.e. any combination of environmental, social and/or governance dimensions) (proceeds-based)	◯	◯	◯	◯
* f) Sustainability-linked bonds (i.e. linked to sustainability performance objectives/specific KPIs reflecting any combination of environmental, social and/or governance dimensions) (Performance-based)	◯	◯	◯	◯
* g) Bonds that are a combination of proceeds and performance-based	◯	◯	◯	◯



EUROPEAN BANKING AUTHORITY

Floors 24-27, 20 Avenue André Prothin,

92927 Paris, La Défense

Tel: +33 1 86 52 7000

E-mail: info@eba.europa.eu