



# KPMG Peer Bank

## COVID-19 payment moratoria and vulnerable sectors

In 2020, the EBA conducted two transparency exercises, one in Spring and the other in Autumn. This included the conditions of the EU banking sector at the start of the COVID-19 pandemic and the impact of the crisis in the first half of 2020.

The data included in these examples relate to a selected sample of 16 large European banks including G-SIBs across 6 countries: 5 banks from France, 3 from Spain, 3 Netherlands, 2 Germany, 2 Italy and 1 Finland. The analysis below can help you to answer two important questions:

What are the COVID-19 effects on bank loans? And specifically, on the moratoria of loans?



COVID-19 and vulnerable sectors: What is the exposure risk to banks?

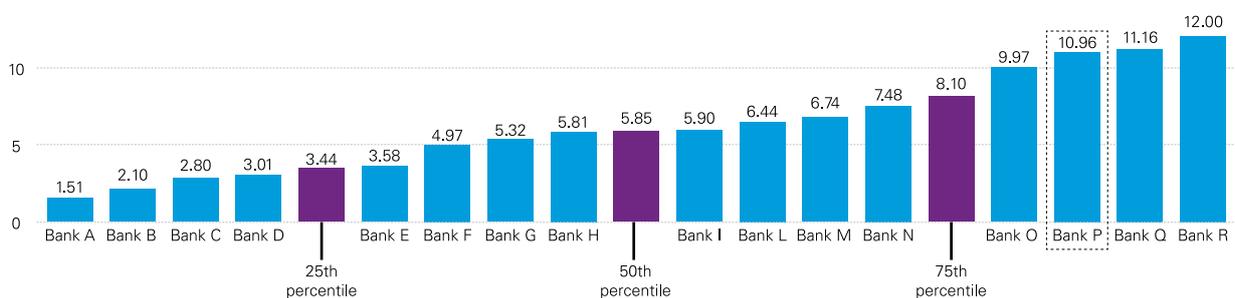


### Case study question: What are the COVID-19 effects on bank loans? And specifically, on the moratoria of loans?

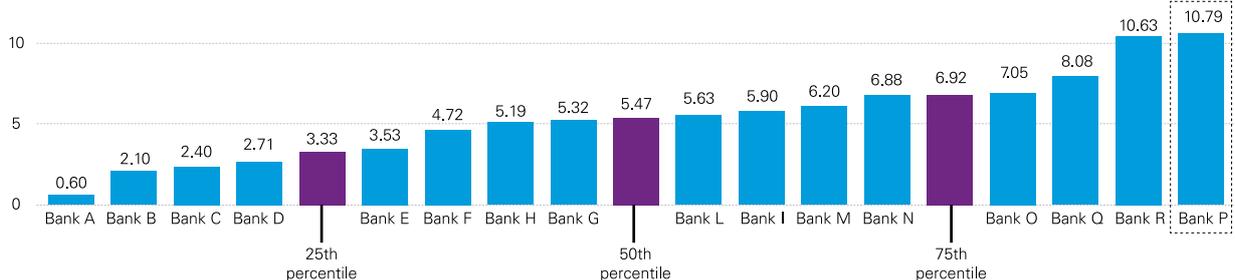
The COVID-19 related data in the 2020 Autumn Transparency Exercise included the gross carrying amount of loans and advances for which there was a request. When comparing the current granted and active moratoria in Figure 2, against the total requested volume in Figure 1, generally banks still had a high proportion of granted and active loans moratoria.

From this benchmark data, we were able to run further analysis to discover on average, this ratio was 87.6% for the banks in the sample.

**Figure 1: Loans associated with a request of moratoria as a percentage of total loans eligible for moratoria**



**Figure 2: Loans subject to moratorium (granted and active) as a percentage of total loans**



Source: KPMG Peer Bank

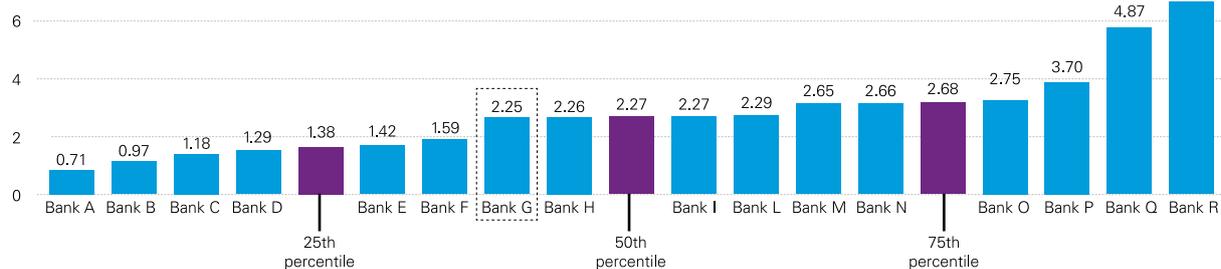
## Case study question: COVID-19 and vulnerable sectors: What is the exposure risk to banks?

As we dig deeper into the data, it is also possible to benchmark exposure against peer groups sectors\* that are or have been directly impacted by the COVID-19 crisis. Sectors include:

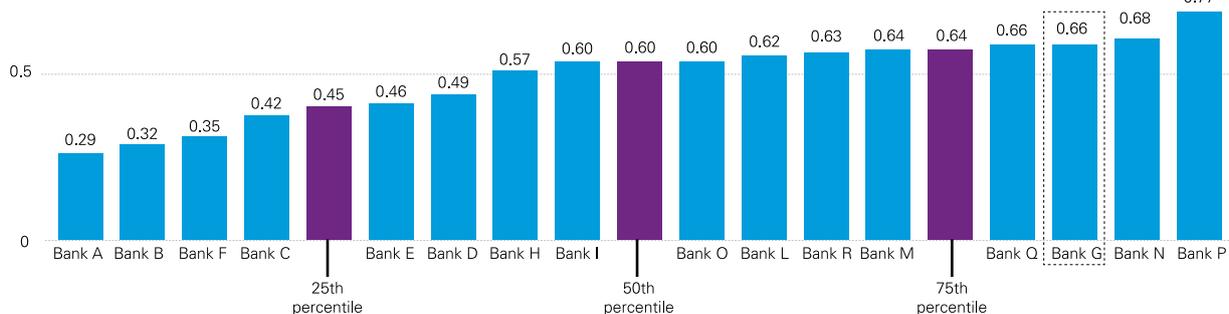
- Construction
- Wholesale and retail
- Transport and storage
- Accommodation and food
- Arts, entertainment, and recreation

As shown in Figure 3, exposure to the accommodation and food service activity sectors range in the sample from 0.71% to 5.62% underlines the differences between the banks and/or the countries in the peer group. Further, as shown in Figure 4, the exposure to the arts, entertainment and recreation sectors was overall less than the accommodation and food service activity sectors, with the percentage ranging in the sample from 0.29% to 0.77%.

**Figure 3: The gross carrying amount of accommodation and food service activity loans as a percentage of total loans**



**Figure 4: The gross amount of arts, entertainment and recreation loans as a percentage of total loans**



Source: KPMG Peer Bank

\*Sectors are classified based on the Statistical Classification of Economic Activities of the EU (NACE) codes.

### Summary

COVID-19 has generated significant instability in the banking sector, and it is expected that the adverse impact is likely to continue from the knock-on effects. KPMG Peer Bank is updated with the latest published data from the EBA transparency exercises to provide the most up-to-date information and benchmarks available to perform such analysis. Not only will it help you to prepare for supervisory dialogue but also to better understand your position against peers.

#### With just a few clicks you can...

- Easily find the answers to your pressing questions and analyse over 5 million data points for over 125 banks.
- Create your own peer group in different scenarios when using KPMG Peer Bank. A user may define a peer group using own criteria or by using recommendations provided by KPMG.
- Analyse hundreds of KPI's using both aggregate and granular data points, allowing you to turn data into insights.
- Download the data and use the insights to run further ad hoc analysis.

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