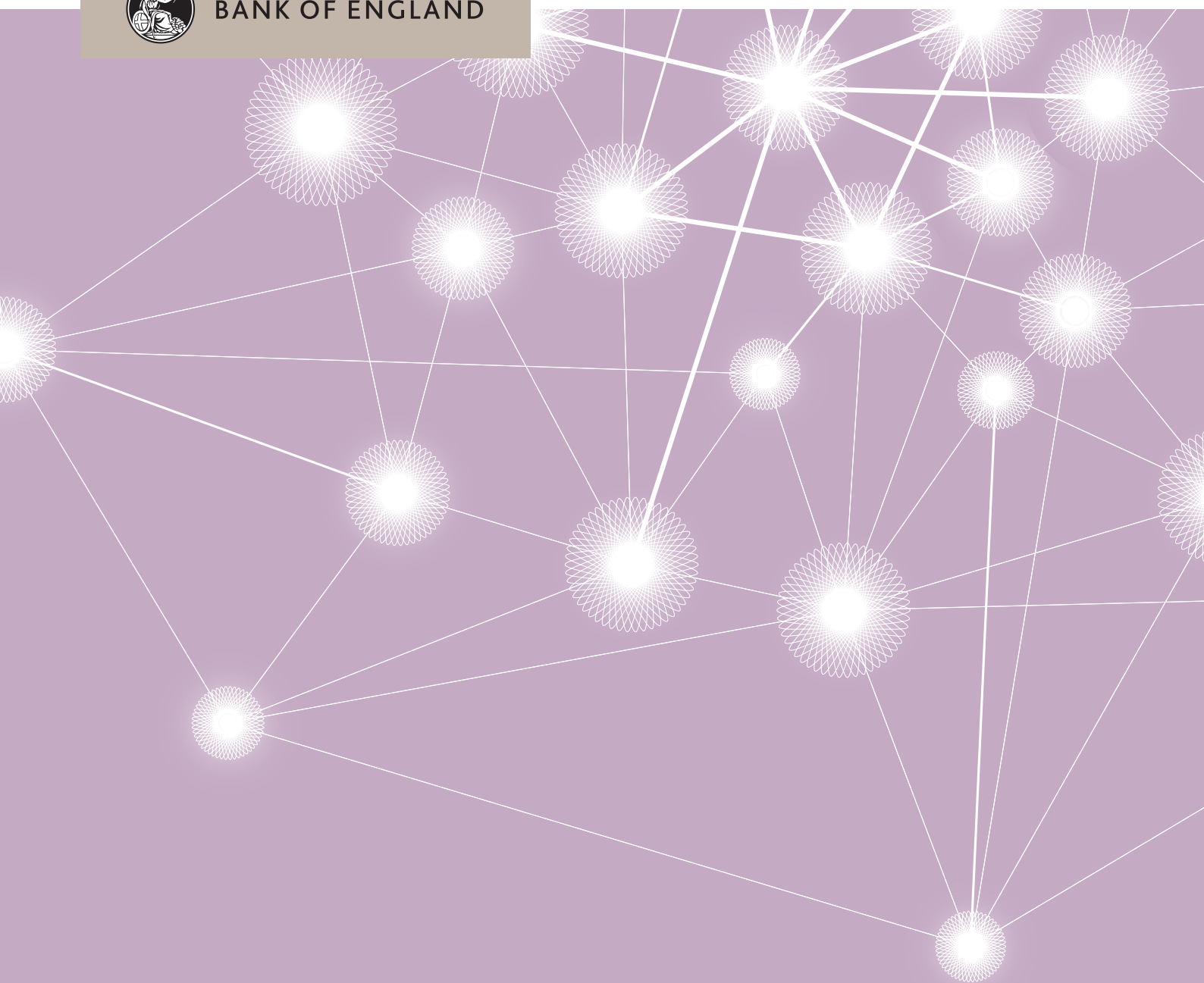


Systemic Risk Survey

Survey results | 2016 H2



BANK OF ENGLAND



On 12 December 2016 Table A.3 and Chart 7 were amended to correct errors in the original versions that had been published on 30 November 2016.



BANK OF ENGLAND

Systemic Risk Survey

Survey results | 2016 H2

The Systemic Risk Survey

- The *Systemic Risk Survey* is conducted by the Bank of England on a biannual basis, to quantify and track market participants' views of risks to, and their confidence in, the stability of the UK financial system.
- This report presents the results of the 2016 H2 survey, which was conducted between 12 September and 30 September.

Probability of a high-impact event and confidence in the UK financial system

- The perceived probability of a high-impact event in the UK financial system over the short term has fallen. The perceived probability of such an event over the medium term has risen considerably. 43% (-14 percentage points since the 2016 H1 survey) of respondents now consider the probability of a high-impact event as high or very high over the next twelve months; 63% (+26 percentage points) between one and three years ahead.
- On balance, confidence in the stability of the UK financial system has fallen slightly since the 2016 H1 survey. However, this masks two largely offsetting effects. A higher proportion of respondents judged themselves as not very confident or having no confidence (19%, +9 percentage points since the 2016 H1 survey). But the proportion completely or very confident also increased (21%, +7 percentage points).

Sources of risk to the UK financial system

- The risk to the UK financial system most cited by respondents was UK political risk (mentioned by 86% of respondents, +14 percentage points since 2016 H1). This is the second highest proportion of participants since the survey began to mention one risk, after sovereign risk in 2012 H2. UK political risk was also the most frequently cited number one source of risk (55% of respondents, -9 percentage points from 2016 H1).
- Almost all respondents citing UK political risk explicitly referred to the implications of the vote to leave the European Union.
- The risks surrounding the low interest rate environment were cited by 47% of respondents (+13 percentage points), a record high for this risk. There was a small increase in the proportion of respondents that cited geopolitical risks (+4 percentage points to 36%).
- A noticeably smaller proportion of respondents cited the risk of a global/overseas economic downturn (-22 percentage points to 37%) and cyber attack (-14 percentage points to 34%) compared to the previous survey.

Risks most challenging to manage as a firm

- UK political risk was most commonly cited as the risk most challenging to manage (64% of respondents, +11 percentage points since 2016 H1). Only sovereign risk, in the period between 2011 and 2013, has been perceived as a more challenging risk to manage since the survey began in July 2008.

The *Systemic Risk Survey* is a biannual survey that asks market participants about perceived risks to, and their confidence in, the stability of the UK financial system. The survey is generally completed by executives responsible for firms risk management or treasury functions. This report presents the results of the 2016 H2 survey, which was conducted by the Bank of England in the period between 12 September and 30 September 2016. The results presented are based on responses to the survey and do not necessarily reflect the Bank of England's views on risks to the UK financial system. Ninety-four market participants took part in the survey, representing a 90% response rate. Participants ranged from hedge funds, banks, building societies, large complex financial

institutions, asset managers, insurers, pension funds, large non-financial companies and central counterparties. Summary statistics are calculated by giving equal weight to each survey response.

This report is available on the Bank's website at www.bankofengland.co.uk/publications/Pages/other/srs/default.aspx. Additional background information on the survey is available in the 2009 Q3 *Quarterly Bulletin* article 'Bank of England Systemic Risk Survey' available at www.bankofengland.co.uk/publications/Documents/quarterlybulletin/qb090305.pdf.

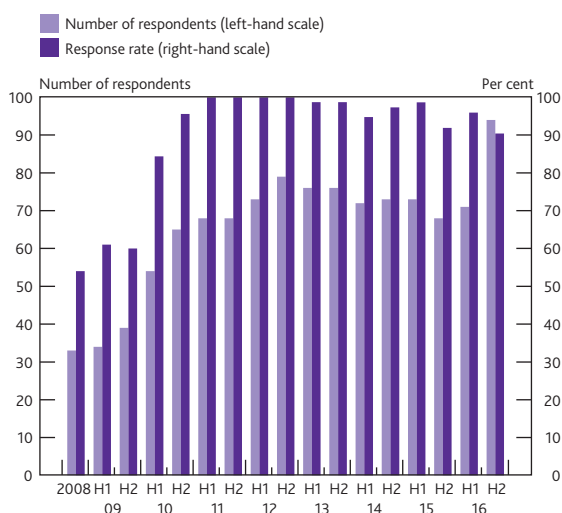
Systemic Risk Survey

Introduction

As part of its statutory objective to protect and enhance financial stability in the United Kingdom, the Bank works to identify risks to the stability of the UK financial system. The *Systemic Risk Survey* contributes to this activity by quantifying and tracking, on a biannual basis, market participants' perceptions of such risks.⁽¹⁾

The survey is typically completed by executives responsible for risk management and treasury functions at institutions including: UK banks and building societies; large foreign banks; asset managers; hedge funds; insurers; pension funds; large non-financial companies; private equity firms; and central counterparties. Ninety-four participants took part in the 2016 H2 survey between 12 September and 30 September 2016, which is higher than previous surveys due to an increase in the sample size (**Chart 1**).⁽²⁾ The response rate for this wider sample was 90%. This report describes the results.

Chart 1 Survey response rates^{(a)(b)}



Sources: Bank of England *Systemic Risk Surveys* and Bank calculations.

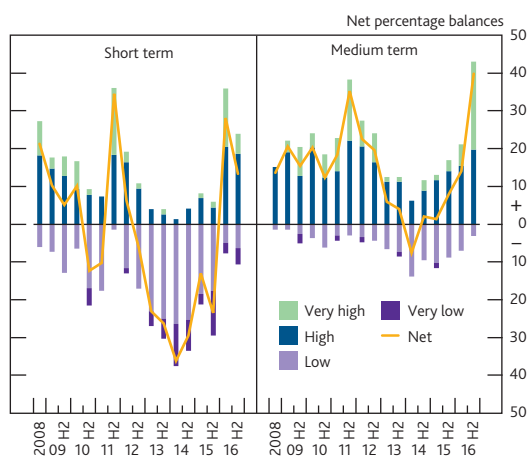
- (a) The percentage and number of contacts that answered at least one question in the *Systemic Risk Survey*.
 (b) Surveys from 2010 H1 were carried out by the Bank. Earlier surveys were carried out by the British Market Research Bureau (BMRB) on behalf of the Bank.

Probability of a high-impact event

Respondents were asked for their view on the probability of a high-impact event in the UK financial system in the short and medium term, and how these probabilities had changed over the past six months.⁽³⁾

In the 2016 H2 survey, the perceived probability of a high-impact event in the UK financial system over the short term has fallen. The percentage of respondents judging the probability to be high or very high fell (56% to 43%). And the percentage of those judging the probability to be low or very low increased slightly (13% to 17%). **Chart 2** depicts these responses and weights the probabilities into one measure. In contrast, the perception of a high-impact event materialising over the medium term increased considerably. The percentage of respondents judging the probability to be high or very high increased significantly (37% to 63%). And the percentage of respondents who judged the probability of such an event materialising to be low or very low over the medium term has fallen (14% to 6%).

Chart 2 Probability of a high-impact event in the UK financial system^(a)



Sources: Bank of England *Systemic Risk Surveys* and Bank calculations.

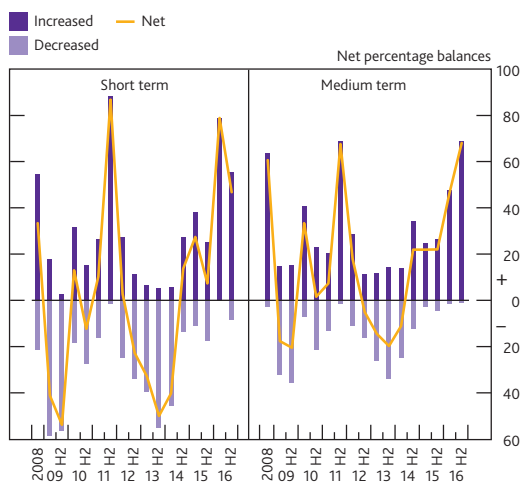
- (a) Respondents were asked for the probability of a high-impact event in the UK financial system in the short and medium term. From the 2009 H2 survey onwards, short term was defined as 0–12 months and medium term as 1–3 years. The net percentage balance is calculated by weighting responses as follows: very high (1), high (0.5), medium (0), low (-0.5) and very low (-1). Bars show the contribution of each component to the net percentage balance.

Respondents were asked how they perceived the risk of a high-impact event materialising had changed over the past six months (**Chart 3**). A large net balance indicated the

- (1) The *Systemic Risk Survey* has been taken biannually since 2009, following a pilot survey conducted in July 2008. It was published for the first time in November 2011. The survey results complement other sources of information used by the Bank to identify system-wide risks.
 (2) Note that the consistency of results from this wider sample has been assessed against past surveys, on a like-for-like basis, with no material impact identified.
 (3) Since the 2009 H2 survey, short and medium term have been specifically identified as 0–12 months and 1–3 years respectively. These terms were not explicitly defined in earlier surveys.

probability of such an event materialising over the short term had increased (47%). This contradicts participants' responses on the probability of a high-impact event materialising over the short term, relative to their responses in the 2016 H1 survey (Chart 2). This apparent contradiction is not unusual. It may be due to the expanded sample size or increased uncertainty among respondents. An even larger net balance (68%) reported that the probability of a high-impact event materialising over the medium term had increased over the past six months.

Chart 3 Change over the past six months in the probability of a high-impact event in the UK financial system^(a)



Sources: Bank of England Systemic Risk Surveys and Bank calculations.

(a) Respondents were asked how the probability of a high-impact event in the UK financial system in the short and medium term had changed over the past six months. From the 2009 H2 survey onwards, short term was defined as 0–12 months and medium term as 1–3 years. The net percentage balance is calculated as the percentage of respondents that perceived an increase, less the percentage that perceived a decrease. Bars show the contribution of each component to the net percentage balance.

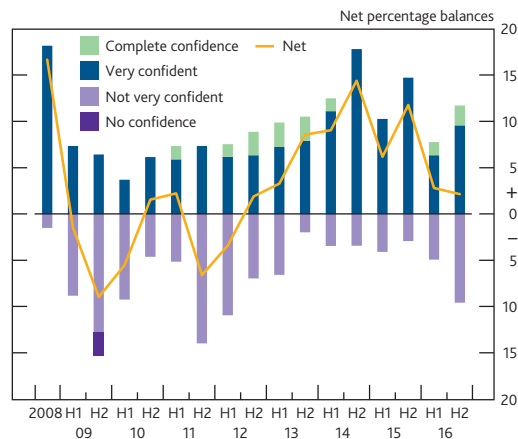
Confidence in the UK financial system

Compared to the 2016 H1 survey, respondents were slightly less confident in the stability of the UK financial system over the next three years. However, this masks two largely offsetting effects. A higher proportion of respondents judged themselves as not very confident or having no confidence (19%, +9 percentage points since the 2016 H1 survey). But the proportion completely or very confident also increased (21%, +7 percentage points). Chart 4 depicts these responses and weights them into one measure. The net percentage balance is the lowest since 2012.

Sources of risk to the UK financial system

Turning to specific sources of risk to the UK financial system, respondents were asked to list the five risks they thought would have the greatest impact on the UK financial system if they were to materialise. Answers were provided in free-text format, but have been grouped into the 22 categories shown in Table A2 in the data appendix to give an overview of the results.⁽¹⁾

Chart 4 Confidence in the stability of the UK financial system as a whole over the next three years^(a)



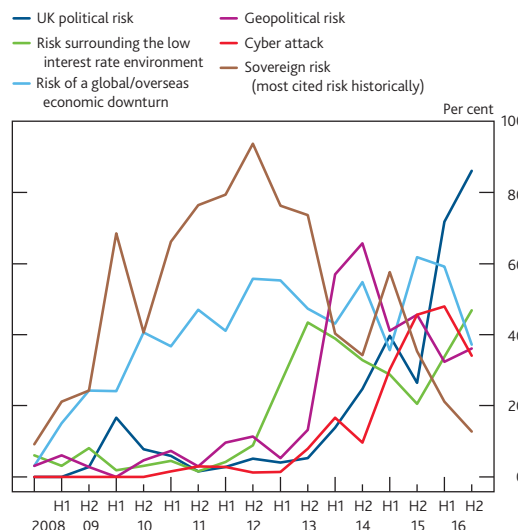
Sources: Bank of England Systemic Risk Surveys and Bank calculations.

(a) Respondents were asked how much confidence they had in the stability of the UK financial system as a whole over the next three years. The net percentage balance is calculated by weighting responses as follows: complete confidence (1), very confident (0.5), fairly confident (0), not very confident (-0.5) and no confidence (-1). Bars show the contribution of each component to the net percentage balance.

The five risks most frequently cited in the 2016 H2 survey were (Chart 5):

- UK political risk (cited by 86% of respondents).
- Risk surrounding the low interest rate environment (47%).
- Risk of a global/overseas economic downturn (37%).
- Geopolitical risk (36%).
- Cyber attack (34%).

Chart 5 Sources of risk to the UK financial system^{(a)(b)}



Sources: Bank of England Systemic Risk Surveys and Bank calculations.

(a) Respondents were asked to list the five risks they thought would have the greatest impact on the UK financial system if they were to materialise. Answers were in a free-text format and were coded into categories after the questionnaires had been submitted; only one category was selected for each answer. Chart figures are the percentages of respondents citing a given risk at least once, among respondents citing at least one source of risk. The chart shows the top five categories as well as sovereign risk (the most cited risk historically); see the data appendix for additional categories.
 (b) Risks cited in previous surveys have been regrouped into the categories used to describe the latest data.

(1) These summary categories are adjusted over time in order to better capture current risks; risks cited in previous surveys have been regrouped into the new categories to ensure comparability across survey rounds.

Four of the top five risks in the 2016 H2 survey were also in the top five risks in the 2016 H1 survey. The sole change to the composition of the top five risks was the entrance of geopolitical risks, which displaced the risk of financial market disruption/dislocation.

The risk to the UK financial system most cited by respondents was UK political risk (mentioned by 86% of respondents, +14 percentage points). UK political risk includes risks specifically related to the result of the EU referendum (over 90% of responses in this category directly referred to these risks).

The risks surrounding the low interest rate environment were cited by 47% of respondents (+13 percentage points), a record high proportion for this risk. There was a small increase in the proportion of respondents that cited geopolitical risks (+4 percentage points to 36%). Of those respondents that provided a specific response about 60% listed risks in the United States and roughly 40% listed risks in Europe.

A noticeably smaller proportion of respondents cited the risk of a global/overseas economic downturn (-22 percentage points to 37%) and cyber attack (-14 percentage points to 34%) relative to the 2016 H1 survey.

The risks most frequently cited as respondents' number one risk (Chart 6) were:

- UK political risk (55% of respondents viewed it as their number one risk).
- Risk of financial institution failure/distress (7%).
- Risk of a global/overseas economic downturn (7%).
- Risk of financial market disruption/dislocation (5%).
- Risk surrounding the low interest rate environment (5%).
- Risk of a UK economic downturn (4%).

Risks most challenging to manage as a firm

Respondents were asked to indicate which three of the five risks they identified would be the most challenging to manage if they were to materialise.

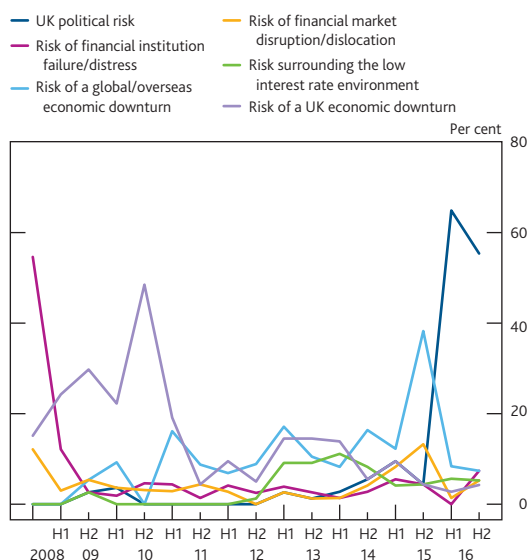
UK political risk and cyber attack were the most cited responses (Chart 7):

- UK political risk (64% of respondents).
- Cyber attack (28%).
- Risk surrounding the low interest rate environment (22%).
- Risks around regulation/taxation (20%).
- Risk of a global/overseas economic downturn (20%).
- Risk of financial institution failure/distress (19%).
- Risk of financial market disruption/dislocation (18%).

The percentage of respondents that cited UK political risk as the most challenging risk to manage increased since the

2016 H1 survey. There was also a notable increase in the proportion of respondents citing the risk of financial institution failure/distress — which had not been cited by any respondent in the previous survey.

Chart 6 'Number one' sources of risk to the UK financial system^{(a)(b)}

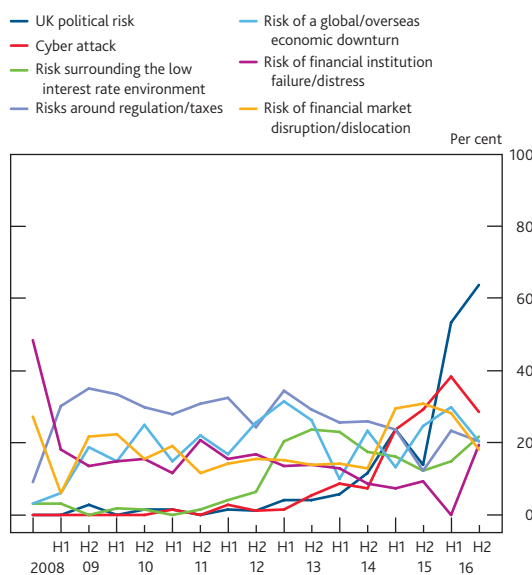


Sources: Bank of England Systemic Risk Surveys and Bank calculations.

(a) Respondents were asked to list the five risks they thought would have the greatest impact on the UK financial system if they were to materialise, in order of potential impact (ie greatest impact first). Answers were in a free-text format and were coded into categories after the questionnaires had been submitted; only one category was selected for each answer. Chart figures are the percentages of respondents citing a given risk as their number one source of risk, among respondents citing at least one source of risk. The chart shows the top six categories; see the data appendix for additional categories.

(b) Risks cited in previous surveys have been regrouped into the categories used to describe the latest data.

Chart 7 Risks most challenging to manage as a firm^{(a)(b)}



Sources: Bank of England Systemic Risk Surveys and Bank calculations.

(a) After respondents had listed the five risks they believed would have the greatest impact on the UK financial system if they were to materialise, they were asked which three of these risks they would find most challenging to manage as a firm. Answers were in a free-text format and were coded into categories after the questionnaires had been submitted; only one category was selected for each answer. Chart figures are the percentages of respondents citing a given risk at least once, among respondents citing at least one source of risk. The chart shows the top seven categories only; see the data appendix for additional categories.

(b) Risks cited in previous surveys have been regrouped into the categories used to describe the latest data.

Data appendix

The tables in this appendix, in Excel format, and the survey questionnaire are available on the Bank's website at www.bankofengland.co.uk/publications/Pages/other/srs/default.aspx.

Table A1: Aggregate risks to the UK financial system^{(a)(b)}

	2010		2011		2012		2013		2014		2015		2016	
	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	
Probability of a high impact event in the UK financial system in the short term^(c)														
Very high	2	0	18	3	1	0	1	0	0	1	1	15	5	
High	15	15	37	33	19	8	5	3	8	14	9	41	37	
Medium	45	50	43	40	46	42	38	33	33	45	43	31	40	
Low	34	35	3	23	34	46	50	53	51	37	35	10	13	
Very low	5	0	0	1	0	4	5	11	8	3	12	3	4	
Probability of a high impact event in the UK financial system in the medium term^(c)														
Very high	6	9	16	7	8	1	1	0	3	1	3	6	23	
High	25	28	44	41	33	22	22	13	18	23	28	31	39	
Medium	57	56	34	44	51	63	61	60	60	53	51	49	31	
Low	12	6	6	7	9	13	14	28	19	21	18	14	6	
Very low	0	1	0	1	0	0	1	0	0	1	0	0	0	
Change in the probability over the past six months of a high-impact event in the UK financial system in the short term^(d)														
Increased	15	26	88	27	11	7	5	6	27	38	25	79	55	
Unchanged	57	57	10	48	54	54	39	49	59	51	57	21	36	
Decreased	28	16	1	25	34	39	55	46	14	11	18	0	9	
Change in the probability over the past six months of a high-impact event in the UK financial system in the medium term^(d)														
Increased	23	21	69	29	11	12	14	14	34	25	26	48	69	
Unchanged	55	66	29	60	72	62	51	61	53	73	69	51	30	
Decreased	22	13	1	11	16	26	34	25	12	3	4	1	1	
Confidence in the stability of the UK financial system as a whole over the next three years^(e)														
Complete confidence	0	1	0	1	3	3	3	1	0	0	0	1	2	
Very confident	12	12	15	12	13	14	16	22	36	21	29	13	19	
Fairly confident	78	76	57	64	71	70	78	69	58	71	65	76	60	
Not very confident	9	10	28	22	14	13	4	7	7	8	6	10	19	
No confidence	0	0	0	0	0	0	0	0	0	0	0	0	0	
Change in confidence over the past six months^(f)														
Increased	25	10	3	12	11	22	33	25	15	5	9	1	5	
Unchanged	65	79	35	77	81	67	62	68	75	77	79	51	46	
Decreased	11	10	62	11	8	11	5	7	10	18	12	48	49	

Sources: Bank of England Systemic Risk Surveys and Bank calculations.

(a) Entries are percentages of respondents and may not sum to 100% due to rounding.

(b) The survey has been undertaken biannually since 2009, following a pilot survey conducted in July 2008. Due to insufficient space in this table, results prior to 2010 H2 have not been included.

(c) Respondents were asked what the probability of a high-impact event in the UK financial system was in their view, for both the short and medium term. Since the 2009 H2 survey, short and medium term have been specifically identified as 0–12 months and 1–3 years respectively. These terms were not explicitly defined in earlier surveys.

(d) Respondents were asked how the probability had changed over the past six months for the short and medium term. Since the 2009 H2 survey, short and medium term have been specifically identified as 0–12 months and 1–3 years respectively. These terms were not explicitly defined in earlier surveys.

(e) Respondents were asked how much confidence they had in the stability of the UK financial system as a whole over the next three years.

(f) Respondents were asked how their confidence had changed over the past six months. The question was asked from 2010 H1 onwards.

Table A2: Sources of risk to the UK financial system^{(a)(b)(c)}

	2010		2011		2012		2013		2014		2015		2016	
	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	
Sources of risk to the UK financial system^(d)														
UK political risk	8	6	1	3	5	4	5	14	25	40	26	72	86	
Risk surrounding the low interest rate environment ^(e)	3	4	1	4	9	26	43	39	33	29	21	34	47	
Risk of a global/overseas economic downturn	41	37	47	41	56	55	47	43	55	36	62	59	37	
Geopolitical risk	5	7	3	10	11	5	13	57	66	41	46	32	36	
Cyber attack	0	1	3	3	1	1	8	17	10	30	46	48	34	
Risk of financial market disruption/dislocation	27	31	19	21	22	20	18	18	18	42	44	37	30	
Risks around regulation/taxes	45	32	38	40	34	39	41	35	37	27	19	28	29	
Risk of property price falls	41	31	16	21	14	25	36	40	36	23	26	25	29	
Risk of financial institution failure/distress	17	18	26	25	25	26	30	22	16	14	13	7	28	
Risk of a UK economic downturn	67	60	62	68	53	54	42	38	33	30	26	31	24	
Risks surrounding monetary and fiscal policy	6	7	0	5	4	5	8	15	16	12	19	13	17	
Operational risk	17	13	7	10	13	22	18	14	23	21	24	18	16	
Other	9	3	7	1	1	9	13	8	15	16	12	4	15	
Sovereign risk	41	66	76	79	94	76	74	40	34	58	35	21	13	
Inflation risk	9	19	6	5	5	7	7	6	11	5	3	0	9	
Funding risk	39	43	57	45	32	17	16	15	4	11	9	8	2	
Risk of infrastructure disruption	9	6	10	10	9	11	11	13	15	15	16	10	2	
Risk of tightening in credit conditions	13	13	12	16	16	14	8	4	8	4	6	6	2	
Household/corporate credit risk	19	25	10	14	14	18	11	19	7	11	10	7	1	
Risks around public anger against, or distrust of, financial institutions	0	1	0	0	10	1	1	4	3	0	1	0	1	
Risk of loss of confidence in the authorities	6	7	10	15	11	11	9	4	3	0	0	0	1	
Risk of lack of confidence in ratings, valuations and disclosure	2	4	4	4	1	0	0	0	1	1	3	4	0	
Number one source of risk to the UK financial system^(f)														
UK political risk	0	0	0	0	0	3	1	3	5	10	4	65	55	
Risk of financial institution failure/distress	5	4	1	4	3	4	3	1	3	5	4	0	7	
Risk of a global/overseas economic downturn	0	16	9	7	9	17	11	8	16	12	38	8	7	
Risk of financial market disruption/dislocation	3	3	4	3	0	3	1	1	4	8	13	1	5	
Risk surrounding the low interest rate environment	0	0	0	0	1	9	9	11	8	4	4	6	5	
Risk of a UK economic downturn	48	19	4	10	5	14	14	14	5	10	4	3	4	
Risks surrounding monetary and fiscal policy	2	1	0	1	1	1	0	7	0	0	3	0	3	
Operational risk	0	0	0	0	0	1	0	0	5	4	3	3	2	
Sovereign risk	9	35	62	60	68	38	39	19	11	16	3	1	2	
Cyber attack	0	1	0	0	0	0	0	0	1	4	7	6	2	
Geopolitical risk	2	4	1	1	0	0	0	13	21	11	3	1	1	
Risk of infrastructure disruption	2	0	1	0	1	3	1	1	0	1	0	1	1	
Other	5	0	0	0	0	0	1	1	4	4	4	0	1	
Risk of property price falls	2	3	1	3	1	3	7	8	3	4	0	1	1	
Risks around regulation/taxes	5	1	1	3	3	3	8	7	4	4	3	1	1	
Household/corporate credit risk	2	0	0	0	0	0	0	1	0	0	1	0	0	
Funding risk	13	9	7	5	4	0	1	1	0	1	1	0	0	
Inflation risk	2	1	0	1	0	0	0	1	7	0	0	0	0	
Risks around public anger against, or distrust of, financial institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	
Risk of lack of confidence in ratings, valuations and disclosure	0	0	0	0	0	0	0	0	0	0	0	1	0	
Risk of loss of confidence in the authorities	2	0	6	1	4	1	3	0	0	0	0	0	0	
Risk of tightening in credit conditions	2	0	0	0	0	0	0	0	1	0	1	0	0	
Number of respondents citing at least one source of risk	64	68	68	73	78	76	76	72	73	73	68	71	94	

Sources: Bank of England Systemic Risk Surveys and Bank calculations.

(a) Respondents were asked which five risks they believed would have the greatest impact on the UK financial system if they were to materialise, in order of potential impact (ie greatest impact first). Answers were provided in a free-text format and were subsequently coded into the above categories; only one category was selected for each answer. Risks cited in previous surveys have been regrouped into the categories used to describe the latest data.

(b) The survey has been undertaken biannually since 2009, following a pilot survey conducted in July 2008. Due to insufficient space in this table, results prior to 2010 H2 have not been included.

(c) Figures are expressed as nearest whole integer, so may appear inconsistent with figures shown in the text of the survey.

(d) Percentages of respondents citing each risk at least once in their top five, among those citing at least one risk.

(e) The definition of this risk includes risks associated with a snapback in low rates to more normal levels, as well as risks directly associated with low rates.

(f) Percentages of respondents citing each risk as their number one risk (ie the risk with the greatest potential impact), among those citing at least one source of risk.

Table A3: Risks most challenging to manage as a firm^{(a)(b)(c)}

	2010		2011		2012		2013		2014		2015		2016	
	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	
UK political risk	2	1	0	1	1	4	4	6	12	24	14	53	64	
Cyber attack	0	1	0	3	1	1	6	9	7	24	29	38	28	
Risk surrounding the low interest rate environment ^(d)	2	0	1	4	6	21	24	23	17	16	12	15	22	
Risks around regulation/taxes	30	28	31	32	24	34	29	26	26	24	12	23	20	
Risk of a global/overseas economic downturn	25	15	22	17	26	32	26	10	23	13	25	30	20	
Risk of financial institution failure/distress	16	12	21	15	17	14	14	13	9	7	9	0	19	
Risk of financial market disruption/dislocation	16	19	12	14	15	15	14	14	13	29	31	28	18	
Geopolitical risk	2	4	0	6	5	3	3	36	48	25	20	12	14	
Risk of a UK economic downturn	31	29	22	32	23	21	13	20	13	16	11	17	11	
Risks surrounding monetary and fiscal policy	3	1	0	4	4	3	6	9	6	7	9	7	9	
Operational risk	5	9	7	7	6	12	11	10	13	12	11	13	8	
Risk of property price falls	8	4	0	4	3	10	14	11	7	6	15	7	7	
Inflation risk	6	4	3	1	3	5	1	3	7	4	2	0	5	
Sovereign risk	31	44	68	69	78	63	57	33	26	32	17	13	5	
Risk of infrastructure disruption	6	4	6	7	6	8	10	10	12	9	12	8	2	
Other	6	3	3	0	1	3	6	7	12	7	11	0	2	
Funding risk	27	25	35	23	18	7	7	11	3	6	5	2	1	
Risk of loss of confidence in the authorities	3	6	7	8	8	4	7	4	1	0	0	0	1	
Household/corporate credit risk	8	12	3	4	6	8	3	7	6	6	5	2	0	
Risks around public anger against, or distrust of, financial institutions	0	1	0	0	3	0	1	0	0	0	0	0	0	
Risk of lack of confidence in ratings, valuations and disclosure	2	3	3	0	0	0	0	0	1	0	0	3	0	
Risk of tightening in credit conditions	3	6	0	7	1	5	4	1	1	0	5	0	0	
Cited at least one key risk, but did not cite any risk as challenging to manage	2	0	0	3	1	4	4	3	5	7	4	15	6	
Number of respondents citing at least one source of risk	64	68	68	73	78	76	76	72	73	73	68	71	94	

Sources: Bank of England *Systemic Risk Surveys* and Bank calculations.

(a) After respondents had listed the five risks they believed would have the greatest impact on the UK financial system if they were to materialise, they were asked which three of these risks they would find most challenging to manage as a firm. Answers were provided in a free-text format and were subsequently coded into the above categories; only one category was selected for each answer. Risks cited in previous surveys have been regrouped into the categories used to describe the latest data. Table entries are the percentages of respondents citing each risk at least once in this second question, among those citing at least one source of risk.

(b) The survey has been undertaken biannually since 2009, following a pilot survey conducted in July 2008. Due to insufficient space in this table, results prior to 2010 H2 have not been included.

(c) Figures are expressed as nearest whole integer, so may appear inconsistent with figures shown in the text of the survey.

(d) The definition of this risk includes risks associated with a snapback in low rates to more normal levels, as well as risks directly associated with low rates.