



Banking in Europe: EBF Facts & Figures 2025

– 2024 banking statistics –

The data contained in this publication has been compiled from publicly available information released by the European Central Bank or Eurostat unless otherwise noted. The cut-off date is 31st December 2024.

Unless otherwise noted, all graphs and tables have been produced to illustrate EU-27 data mentioned in the relevant chapters.

Except where otherwise specified, the data relevant for EFTA countries and the United Kingdom has been compiled from the corresponding national central bank, financial supervisory authority, national office of statistics or national banking associations members of the European Banking Federation.

Country pages presented in the country-by-country overview have been produced by each national banking association member of the European Banking Federation. Figures may not match those presented in the statistical annex due to the sources used by national banking associations i.e., European Central Bank and National Central Banks.

All figures from years prior 2021 have been adjusted for a matter of consistency and for better year-over-year EU-27 comparison by removing the figures from the United Kingdom. Figures presented in the charts throughout this document may not sum due to rounding. From year 2023 onwards, data will reflect Croatia's accession to the eurozone. All figures have been updated to incorporate November data provided by the ECB. Any subsequent revisions to their 2024 figures will not be reflected in this report.

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Contents

EBF Facts & Figures 2025	1
Chapter 1	4
Structure of the banking sector	4
Number of credit institutions.....	4
Branches and subsidiaries	6
Bank staff	8
Chapter 2	13
Supporting customers	13
Deposits	13
Loans	14
Chapter 3	17
Banking sector performance	17
Bank funding.....	17
Assets	18
Bank profitability	19
Chapter 4	21
Country-by-country overview	21
Austria	20
Belgium.....	22
Bulgaria.....	24
Croatia.....	26
Cyprus	28
Czech Republic	30
Denmark	32
Estonia	34
Finland.....	35
France	36
Germany	38
Greece.....	40
Iceland.....	45
Ireland	47

Italy	49
Latvia.....	50
Liechtenstein	52
Lithuania	54
Luxembourg.....	55
Malta	57
The Netherlands	59
Norway	61
Poland	63
Portugal	65
Romania.....	67
Slovakia	69
Slovenia	71
Spain	73
Sweden.....	75
Switzerland.....	77
The United Kingdom	78
Albania	80
Andorra.....	82
Armenia	84
Bosnia and Herzegovina	85
Monaco.....	86
Montenegro	87
Republic of North Macedonia	89
Serbia	91
Türkiye	93

Chapter 1

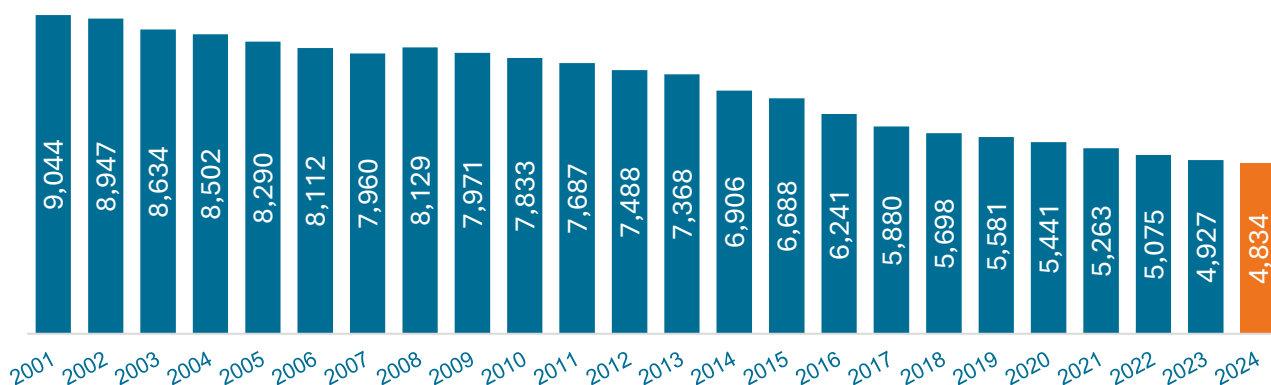
Structure of the banking sector

Unless otherwise noted, all data, graphs and tables have been produced to illustrate EU-27 data. The EU-27 data contained in this chapter has been compiled from publicly available information released by the European Central Bank unless otherwise noted. The data relevant for EFTA countries and the United Kingdom has been compiled from the corresponding national central bank, financial supervisory authority, national office of statistics and national banking associations members of the European Banking Federation.

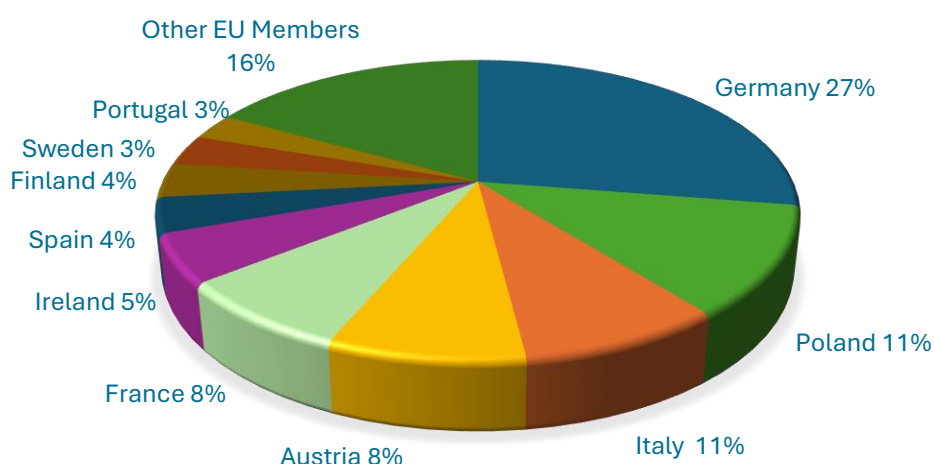
Number of credit institutions

The downward trend in the number of EU-27 credit institutions, which started in 2009, continued with the number falling to 4,834 in 2024 (-93 units). This marked a decline of 1.9% compared to the previous year and a reduction of 3,137 (-39.4%), in total, since 2009, when the contraction started.

Total number of credit institutions in the EU

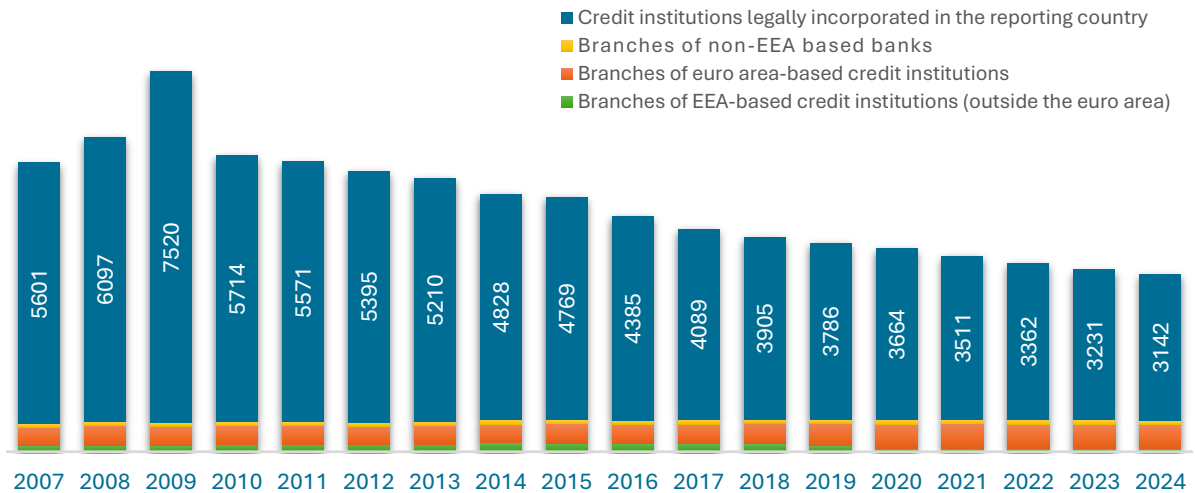


Share by country of total number of credit institutions in the EU



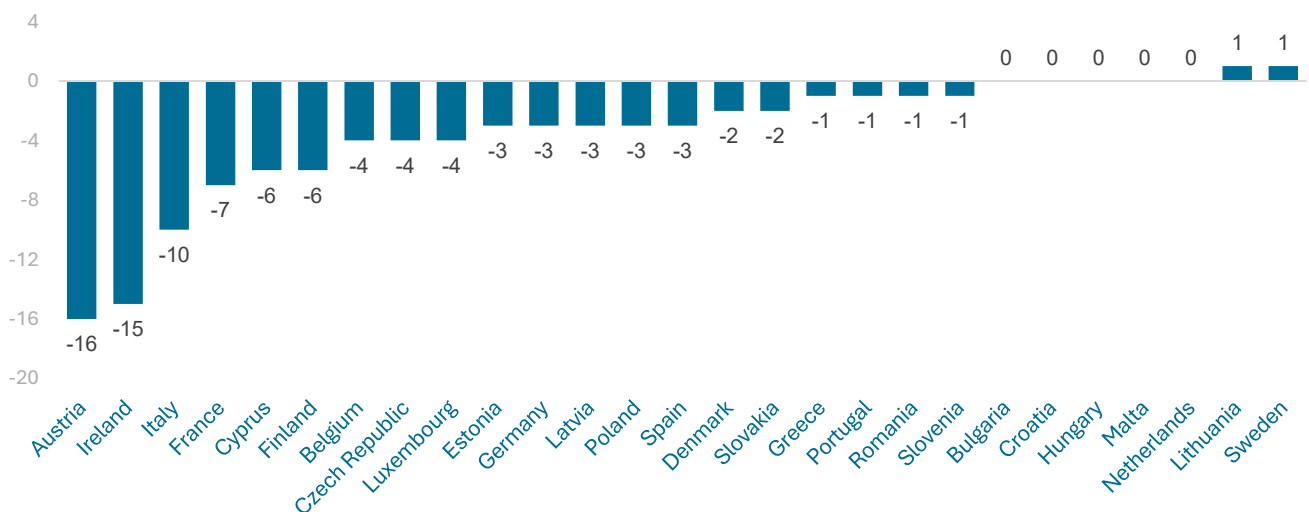
The consolidation among credit institutions legally incorporated into the reporting country continued taking place where the stock has fallen by 38.4% since 2008.

Breakdown of credit institutions in the EU



The countries that experienced the largest contraction in absolute terms in 2024 were Austria (-16) and Ireland (-15), followed by Italy (-10), France (-7) and Cyprus (-6). Sweden (+1) and Lithuania (+1) were the only countries where credit institutions increased in 2024.

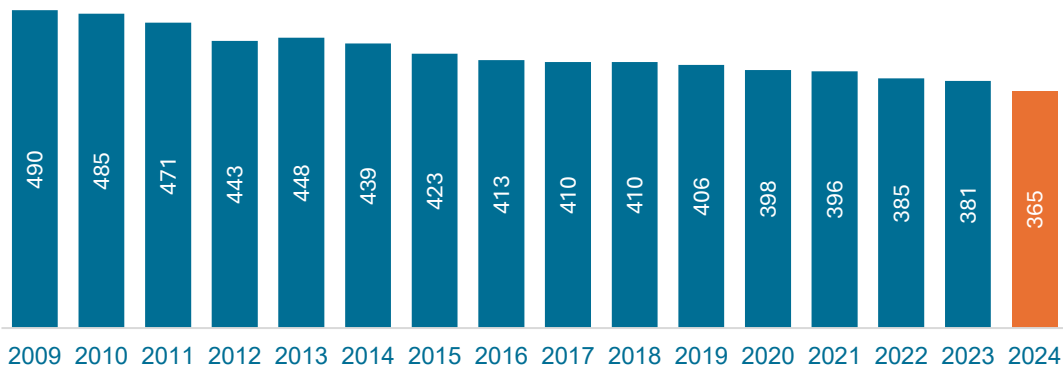
Change in number of credit institutions from previous year (2023 vs 2024)



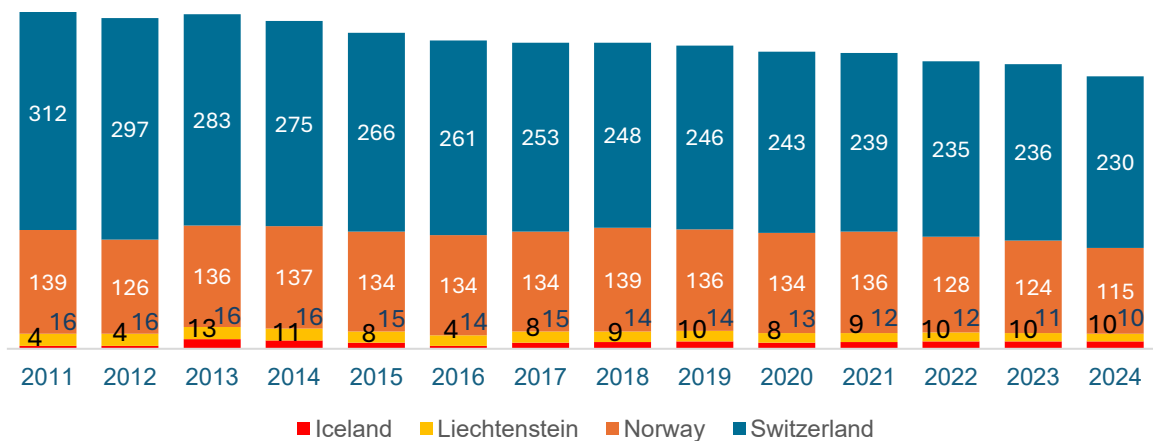
The number of credit institutions in the EFTA countries* was 365 in 2024, slightly down from 381 in 2023, reaching a new lowest level. While the stock has fallen since 2009, the same as in the EU-27, the EFTA continued experiencing a much lower pace with a decline of 26% compared to 39% in the EU-27.

*The EFTA countries (European Free Trade Association) refer to the members of the intergovernmental organization established in 1960 to promote free trade and economic cooperation. These countries currently include Iceland, Liechtenstein, Norway, and Switzerland

Credit institutions in EFTA countries



Breakdown of credit institutions in the EFTA countries



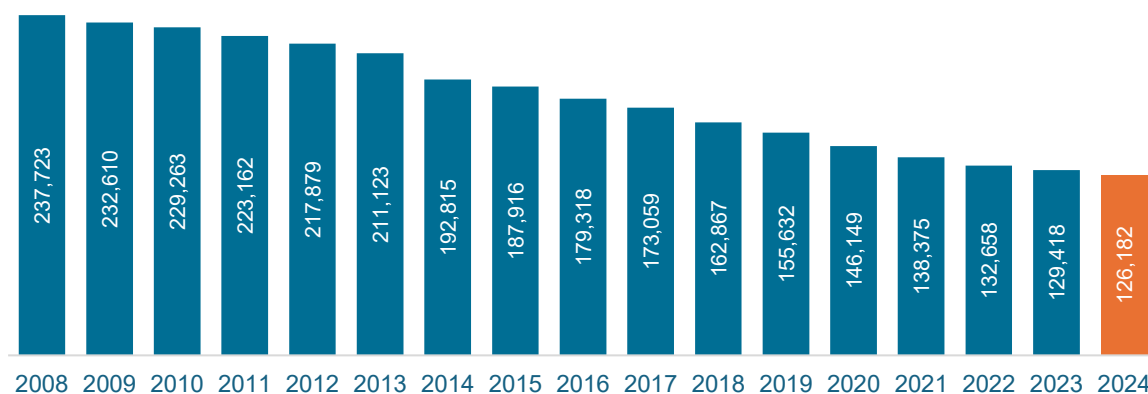
Branches and subsidiaries

The rationalisation taking place in the EU banking sector continued to involve bank branches as the total number of branches continued to shrink, falling to 126,952 by the end of 2024. Compared to the previous year, the total number of branches in the EU-27 decreased by about 2.5%, or 3,242 branches.

Since 2008, the total number of branches has fallen by about 43% or 99,108. Spain (-28,473), Germany (-21,651) and Italy (-14,478) were the countries with the largest contraction.

The number of domestic branches, the main category of branches, experienced in 2023 a contraction of about 2.5% or 3,236 branches, albeit at a slower pace than the previous years, reaching 126,182. In absolute terms, Germany (-1,631), Italy (-510), and France (-502) experienced the largest drops in domestic branches. Only two countries added domestic branches in 2024: Netherlands (+264) and Denmark (+21).

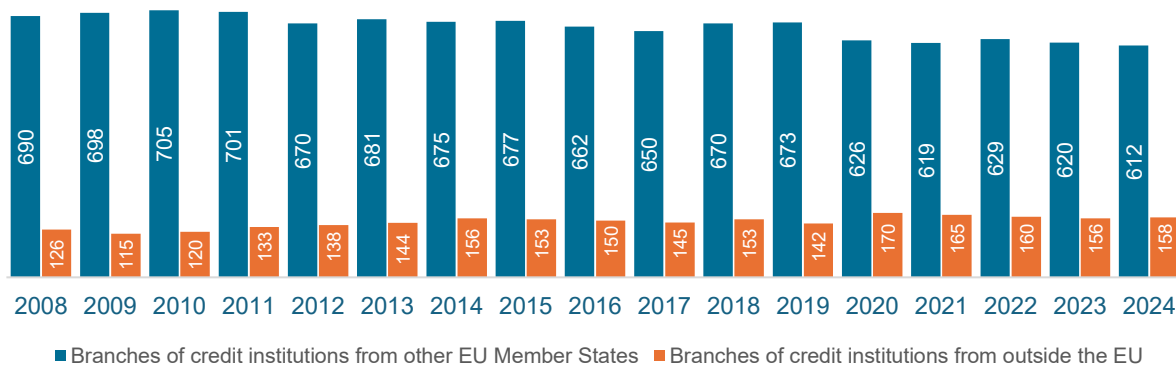
Number of domestic branches in the EU



Already for several years, a trend in the establishment of branches has been dominating that of subsidiaries in the EU. At a consolidated bank level, there were 770 foreign bank branches in the EU in 2024, of which 612 were from other EU Member States and 158 were from third countries. The latter grew by +2 after experiencing a consecutive declining trend for the past 2 years.

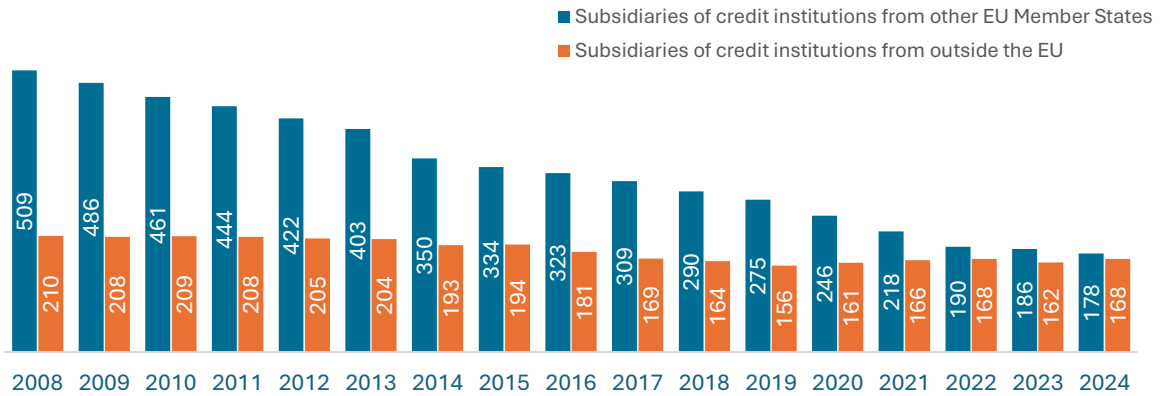
Spain continues to be the country with the highest number of foreign branches from other EU Member States, having 73 branches, followed by France (63) and Germany (61). Germany is also the country with the highest number of branches (45) of credit institutions from outside the EU followed by Italy (31) and France (26).

Credit institutions branches in the EU



The overall number of subsidiaries continued declining in 2024 falling by 0.6% to 346, the lowest level since 1997. The number of subsidiaries of credit institutions from other EU countries fell by 8 in 2024. The number of non-EU credit institutions' subsidiaries experienced a small increase to reach 168, after experiencing a decrease in the previous year (162).

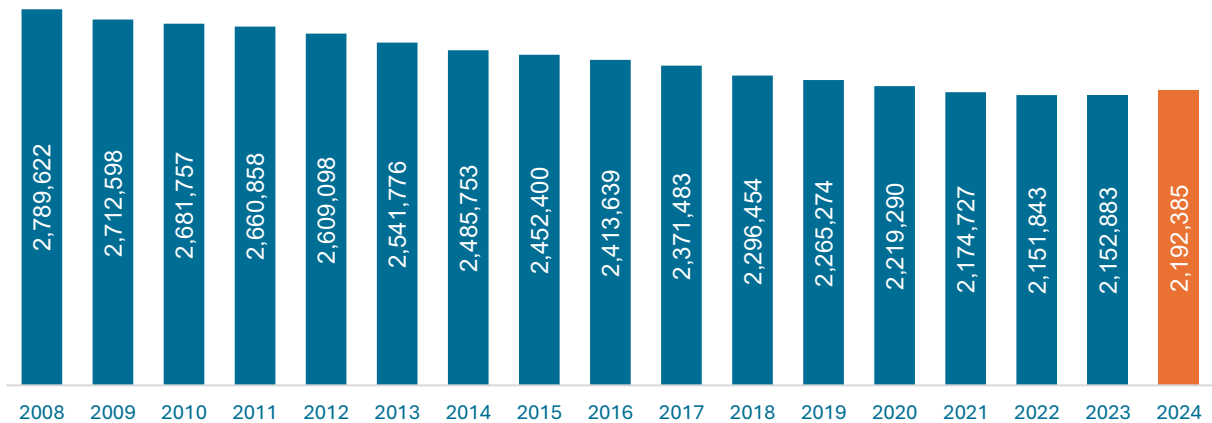
Subsidiaries of credit institutions in the EU



Bank staff

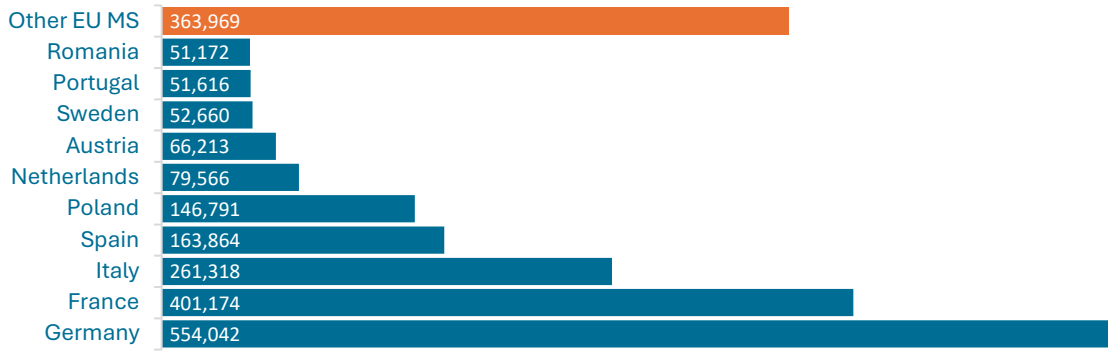
Banks have a large stake in society as important job creators. Banks employed slightly over 2.19 million people in the EU by end-2024. This is about 39,502 more than in 2023.

Number of employees in credit institutions



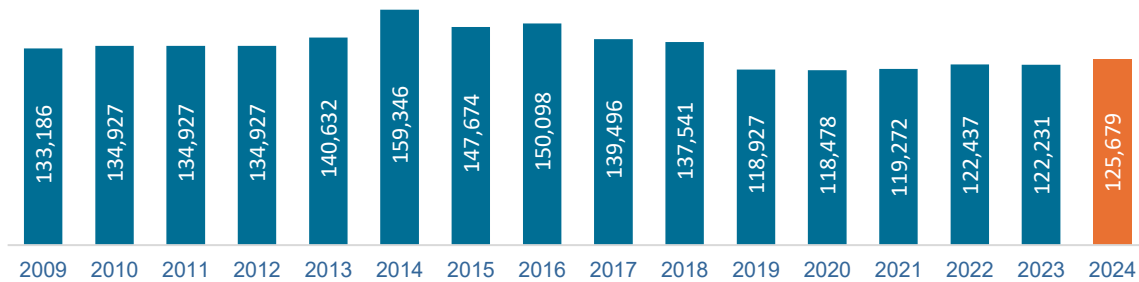
The countries with the largest number of jobs in this sector continued to be the countries with the largest financial centres in the European Union: Germany, France, Italy, and Spain. These four EU economies employed some 63% of the total EU-27 staff. In 2024, the number of employees increased in Cyprus, Denmark, Estonia, Finland, France, Germany, Hungary, Lithuania, Latvia, Malta, Netherlands, Poland, Portugal, Spain and Sweden. The largest drop, in absolute terms, happened in Greece and Italy with both having a contraction of about 1,490 combined. The sector shrank by almost 115, 232 compared to its peak in the number of employees reached in 2008.

Top 10 countries with largest total bank employees



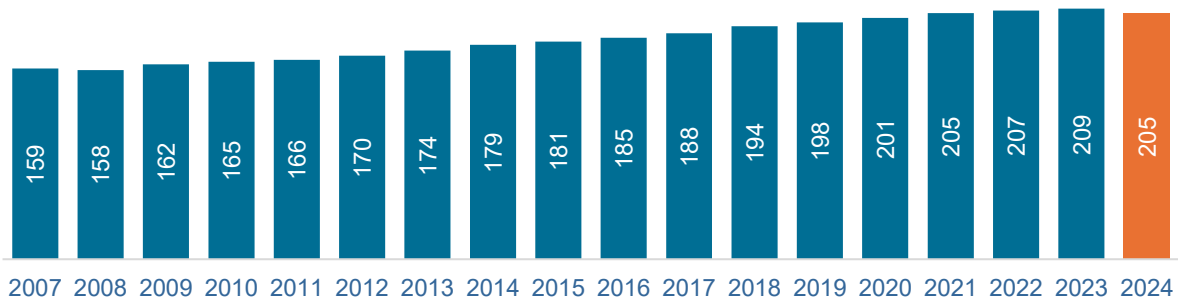
Meanwhile in the EFTA countries, the number of bank staff slightly increased in 2024, reaching 125,679. This is 3,448 more than in 2023, but about 33,667 less compared to its peak in 2014. Norway, Switzerland, Liechtenstein, and Iceland all grew in employees, with each country respectively providing 2,263, 1048, 107, 30 additional vacancies. Switzerland employed about 75% of total EFTA staff in 2024.

Number of employees in credit institutions in the EFTA countries



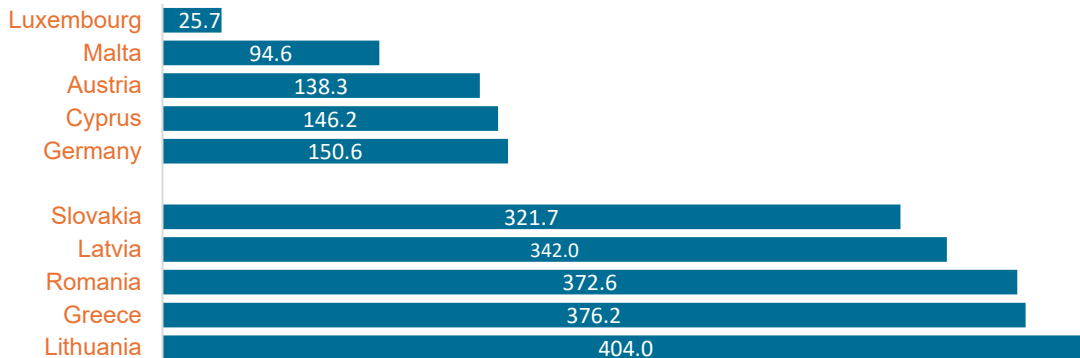
Reflecting a contraction in the banking sector, the average number of inhabitants per bank staff member in the EU Member States slightly declined from 209 in 2023 to 205 in 2024. The average number has been increasing each year since 2008, when it was 158, up until 2023. In 2024 it slightly dipped, notwithstanding a 30% increase in total. Lithuania has the highest number with 404 inhabitants per bank staff member, while Luxembourg continues to remain with the lowest number with about 25 inhabitants per employee.

Inhabitants per bank employee in the EU



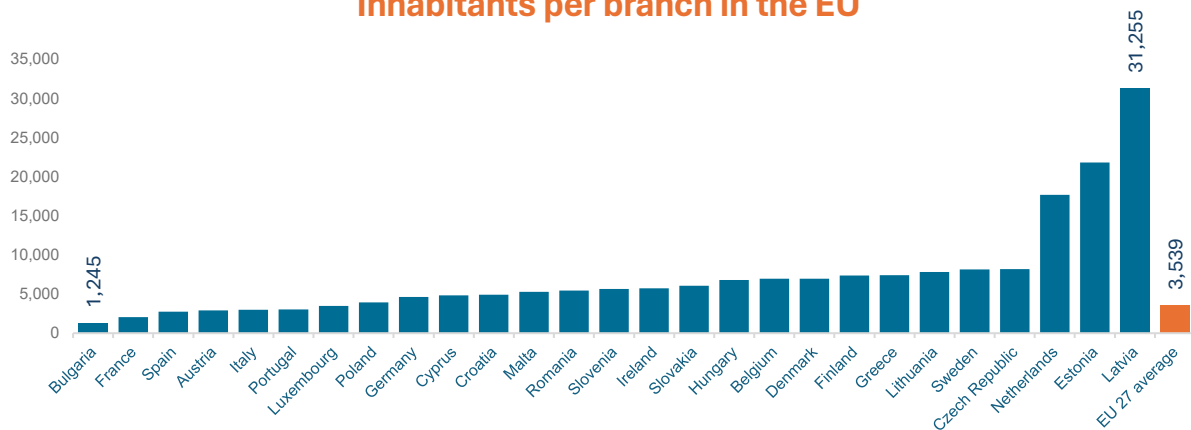
Inhabitants per bank employee

Countries with the lowest and highest number



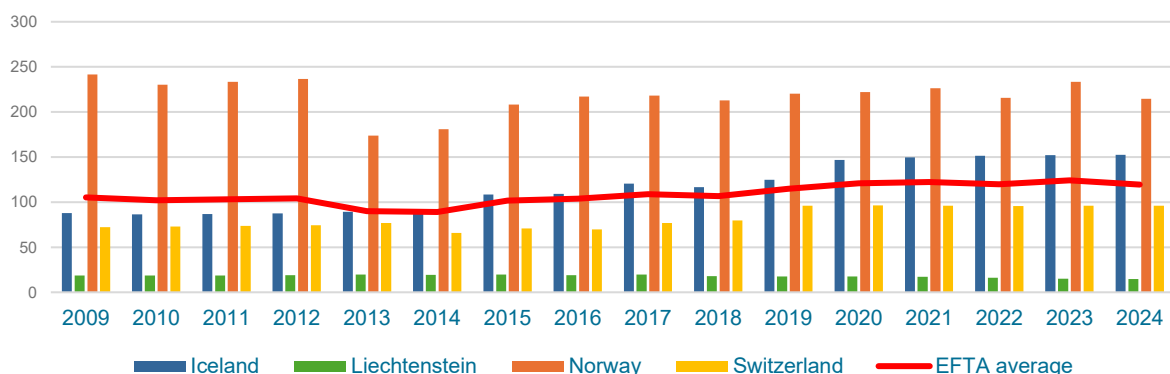
Regarding the number of inhabitants per bank branch, Bulgaria is at one extreme, where each branch welcomes an average of 1,245 citizens, while at the other is Latvia, where a branch provides services to an average of 31,255 inhabitants. The EU-27 average number of inhabitants per bank branch is 3,539.

Inhabitants per branch in the EU



The number of inhabitants per bank staff in the EFTA countries reduced to 119 in 2024 down from 124 in 2023. Norway continues leading the area with highest number, 214 inhabitants per bank staff, followed by Iceland (152), Switzerland (96) and Liechtenstein (14).

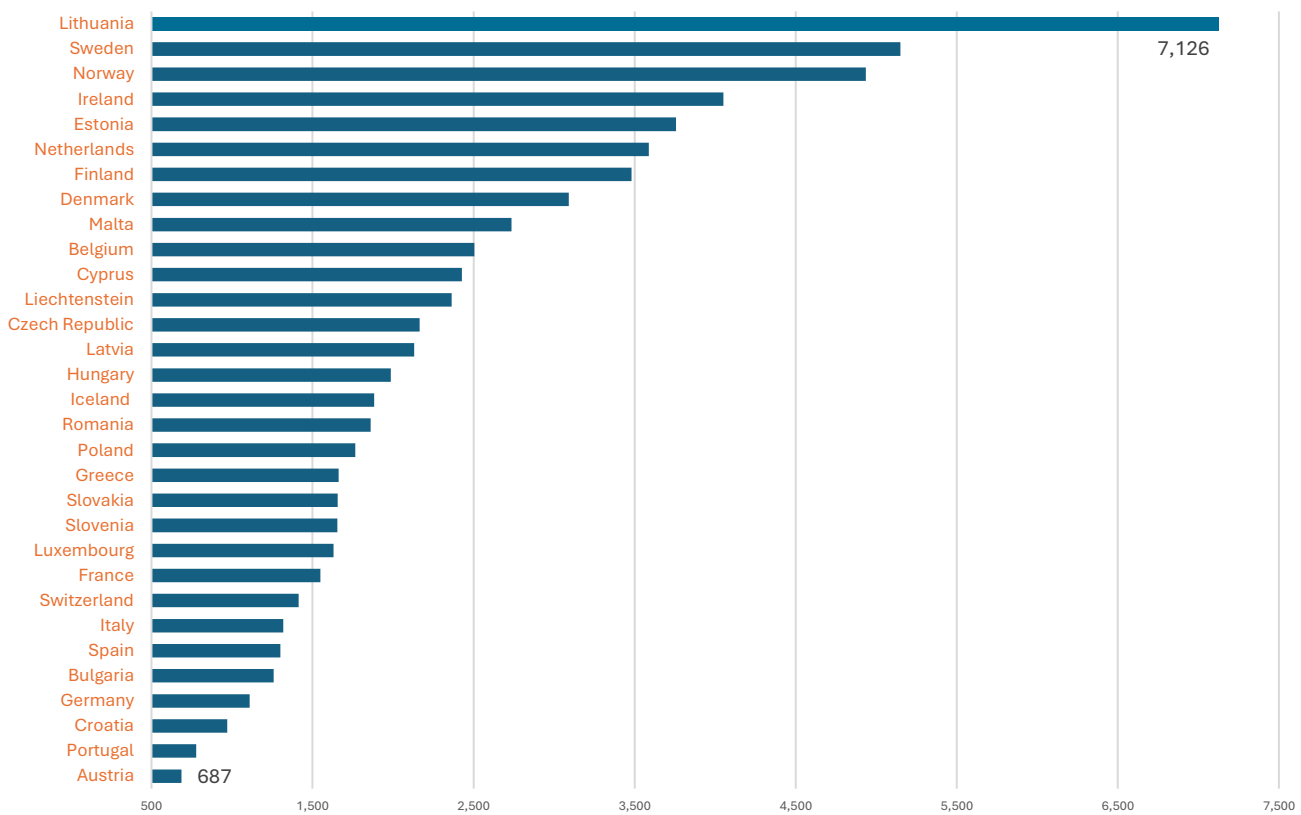
Inhabitants per bank staff in the EFTA countries



The number of ATMs (ATMs provided by resident PSPs only) in the European Union totalled 308,646 in 2024, or almost 10,927 less than in 2023. This represents a value of 1,456 inhabitants per ATM in 2024 in the EU. This decline signals the increasing lower demand for cash confirming the move towards the increasing use of digital banking and payments. As far as convenience and accessibility of banking services are concerned, Croatia and Austria lead in terms of the number of inhabitants per ATM of about 454 and 677 respectively. The EFTA countries count with about 7,753 ATMs, resulting in approximately 1,941 inhabitants per ATM.

*Respective sources for EFTAs (other than Liechtenstein) and Liechtenstein's number of ATMs: <https://fred.stlouisfed.org/categories/32264> & <https://cashtic.com/atms/liechtenstein>

Inhabitants per ATM in the EU and EFTA



Chapter 2

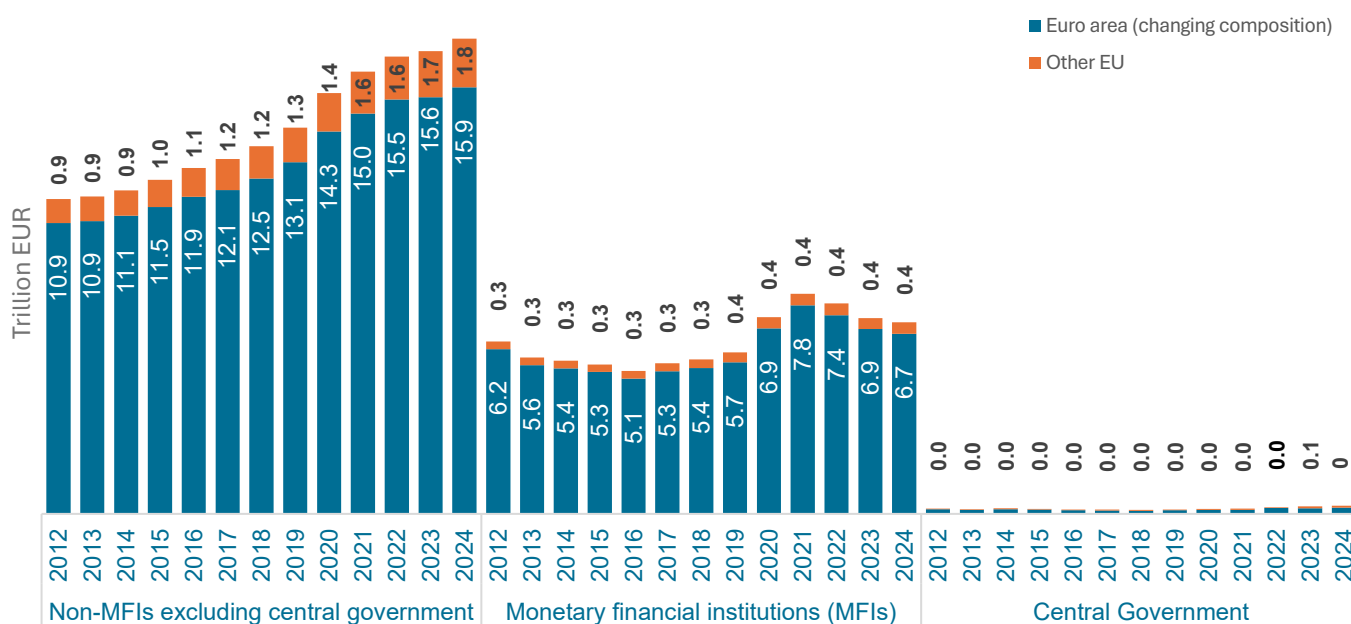
Supporting customers

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Deposits

Deposit liabilities in the EU increased by 1.34% to about €25.2 trillion driven mainly by growth of non-MFIs deposits that went from 1.2% between 2023 and 2023 to 2.7% between 2023 and 2024. MFI deposits saw the largest increase in France, Ireland, Netherlands, and Sweden. Deposits of non-MFIs excluding central government rose by about €186 billion, €88 billion, and €60 billion in Germany, France, and Spain respectively.

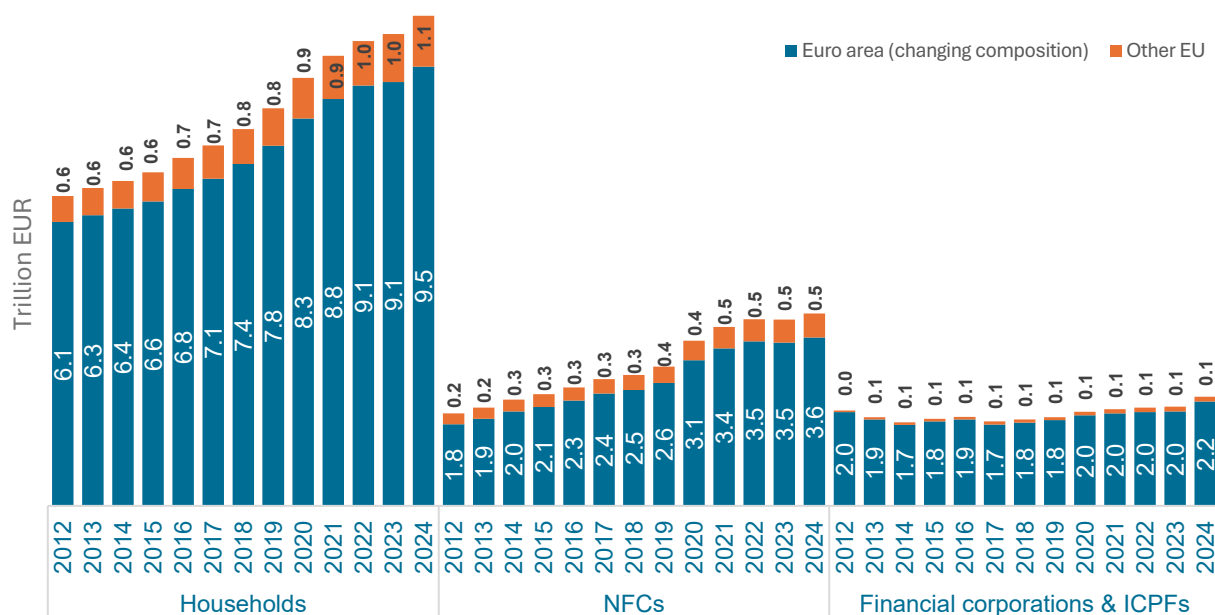
Bank deposits in the EU



Total deposits from non-MFIs, excluding central governments, grew by 1.8% to €17.9 trillion in the EU at the end of 2024, with over €15.9 trillion in deposits in the euro area. This compares with €11 trillion and €10.8 trillion, respectively, in 2012.

In 2024, growth took place in deposits from households (including non-profit institutions serving households), non-financial corporations (NFCs), and financial corporations and IPCFSs which rose to €10.56 trillion, €4.14 trillion, and €2.35 trillion respectively.

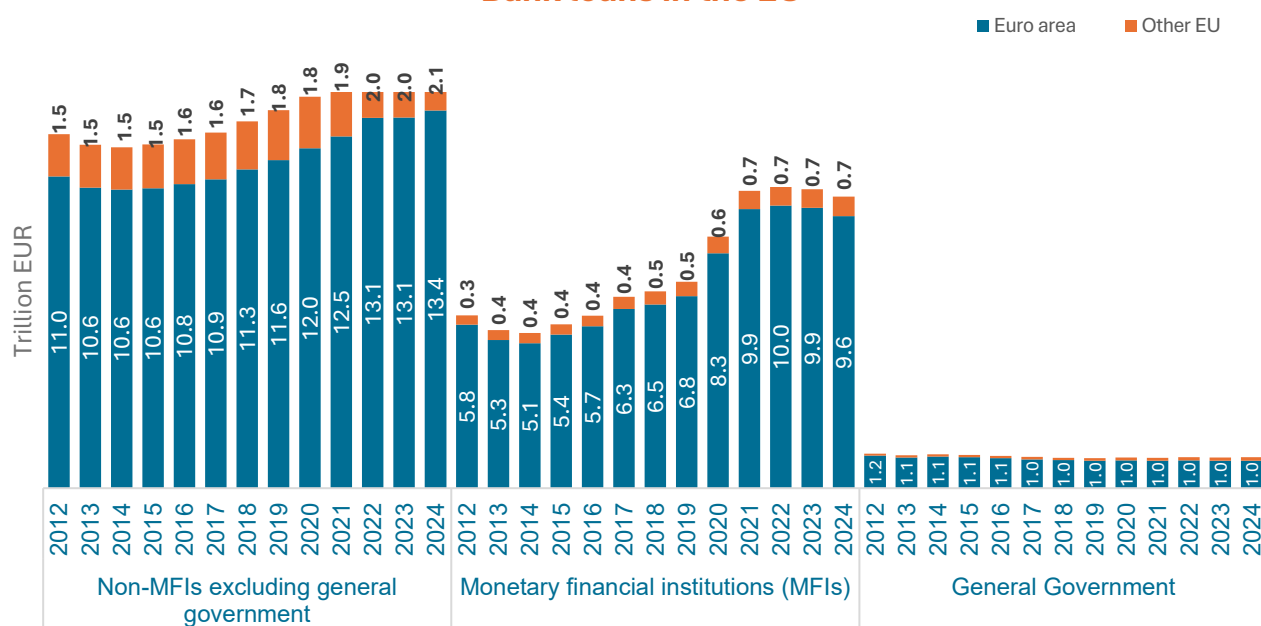
Deposit by counterparty sector



Loans

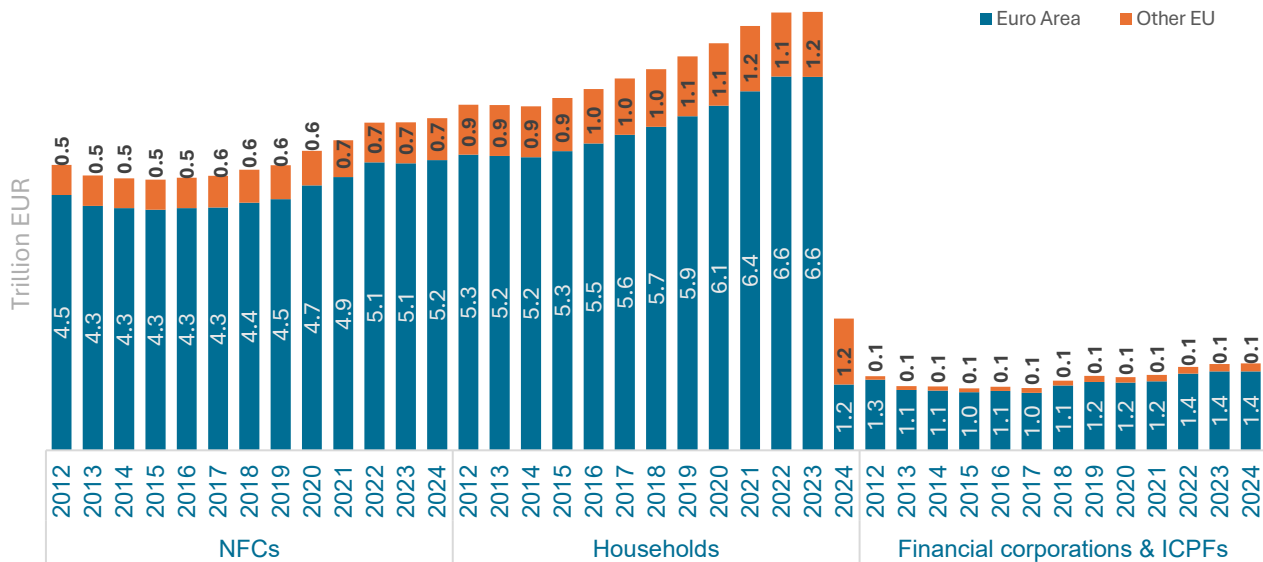
The total value of loans outstanding from EU MFIs increased by 0.12% in 2024 to reach about €26.84 trillion, the second-highest level since 2012. The increase mainly came from an expansion in loans to the General Government sector in the EU which grew by about 1.89% in 2024.

Bank loans in the EU



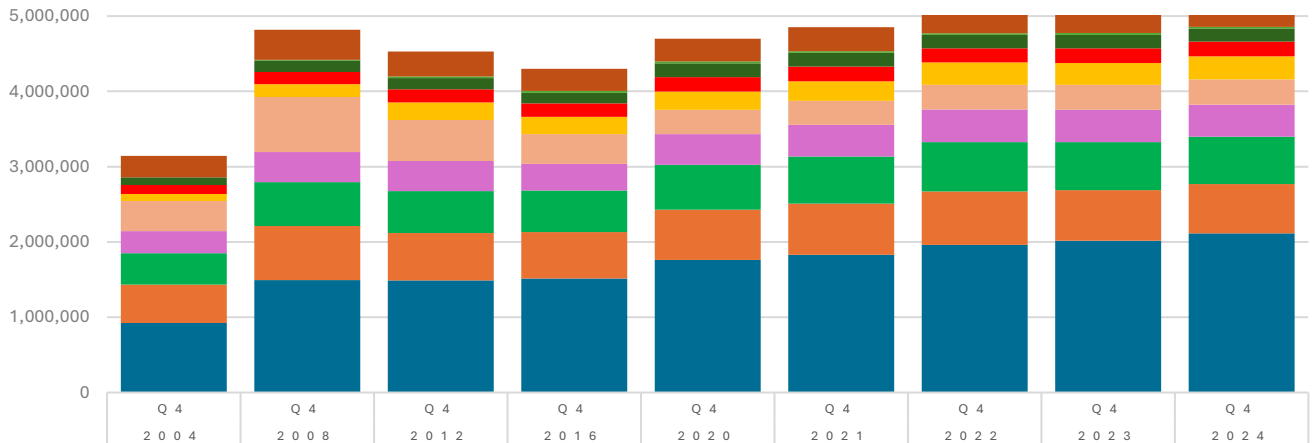
Loans to EU households rose by 0.56% in 2024 to €7.8 trillion. Loans to households in the euro area grew for the eighth successive year, adding almost €2.23 trillion to loans outstanding since 2008. NFC loans outstanding in the EU rose by 1.29% in 2024 to about €5.9 trillion.

Loans to counterparts in EU



Real estate activities, professional, scientific, and technical activities, and administrative and support service activities continued to account for more than one-third (40.9%) of loans outstanding at the end of 2024, up from 30.9% in Q4 2008. The next two largest sectors with loans outstanding were manufacturing and the wholesale and retail trades accounting for 12.6% and 12.2% respectively.

MFI Loans to NFCs by economy activity



- Other service activities
- Mining and quarrying
- Accommodation and food service activities
- Agriculture, forestry and fishing
- Electricity, gas, steam and air conditioning, water supply, sewerage, waste management and remediation activities
- Construction
- Transport and storage, information and communication
- Wholesale and retail trade, repair of motor vehicles and motorcycles
- Manufacturing
- Real estate activities, professional, scientific and technical activities, administrative and support service activities

Chapter 3

Banking sector performance

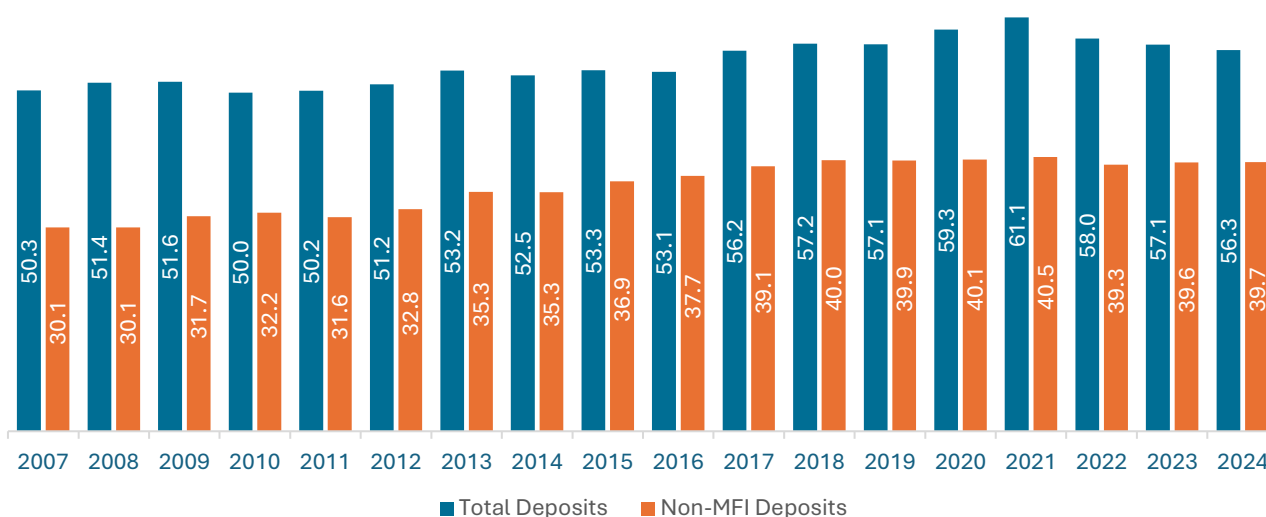
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Bank funding

The share of deposit liabilities over total assets experienced a small decline to reach 56.3% in 2024 after a strictly 3-year positive trend that ended in 2021. Nevertheless, this slight change remains in line with the positive trend started in 2007, which confirms the shift towards greater reliance on deposits as a source of funding. The share of non-MFI's deposits to total assets slightly increased from 39.6% in 2023 to 39.7% in 2024.

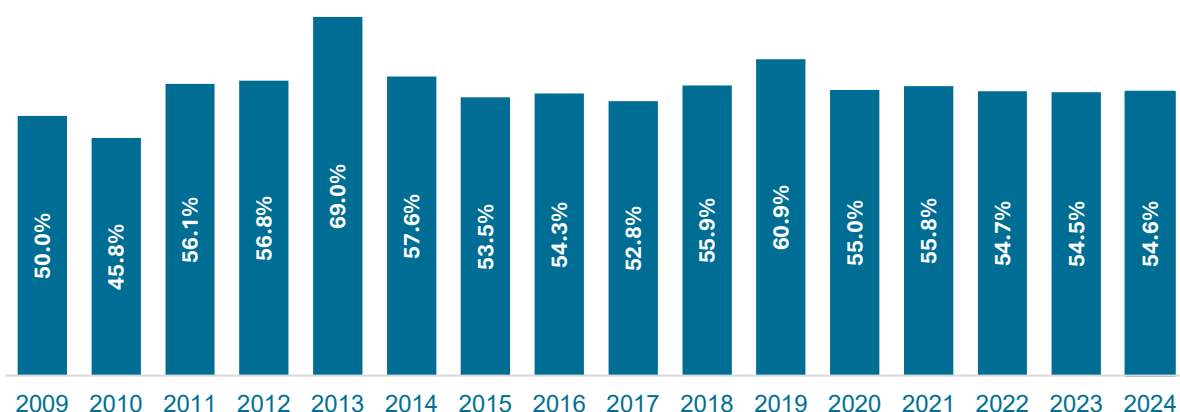
The country breakdown for total deposits with the lowest shares over total assets recorded in 2024 was in Ireland and Denmark, with 28.9% and 33.2% respectively. Meanwhile, countries with the largest shares of deposits financing the banking sector's assets were Croatia, Romania, Portugal, Latvia, and Slovenia, all of which had deposits equivalent to 75% or more of assets. The share of non-bank deposits to total assets was also highest in Bulgaria (72.7%) and lowest in Ireland (19.7%).

Deposits in EU banks as a share of total banking assets (%)



After having experienced a substantial increase in the share of deposit liabilities over total assets in 2019 (from 55.9% in 2018 to 60.9% in 2019), the EFTA countries generally remain stable in 2024 reaching 54.6% compared to a 54.5% a year earlier.

Average deposit liabilities per assets in EFTA countries

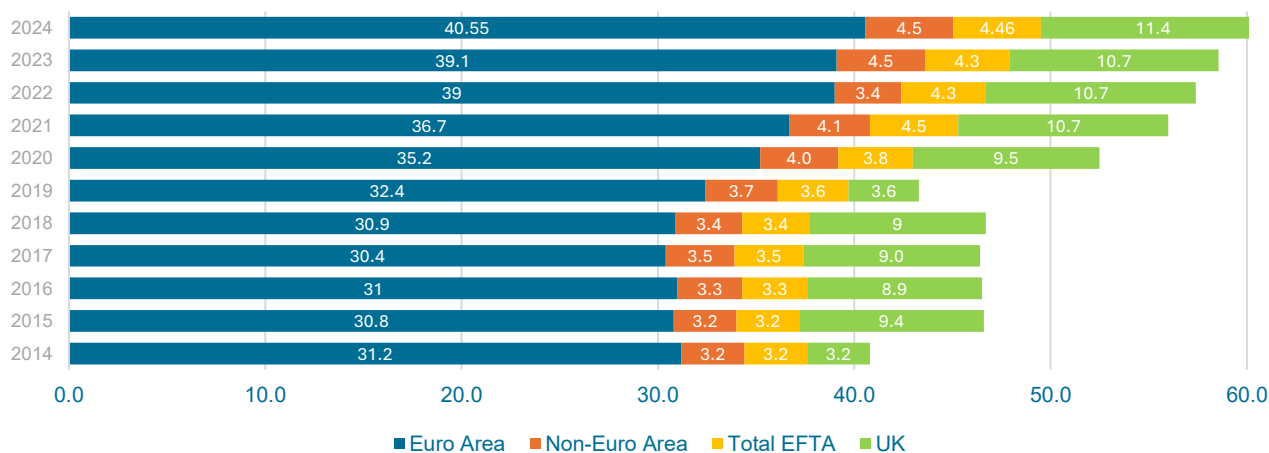


Assets

The amount of total assets in the euro area expanded by 27% between 2018 and 2023. The amount of total assets in the EU enlarged by approximately €1.4 trillion between 2023 and 2024, amounting to 45.1 trillion (€40.5 trillion in the euro area, and €4.5 trillion in the non-euro area). Total assets held by operating banks in the EFTA countries and the United Kingdom in 2024 was €4.46 trillion and €11.4 trillion respectively.

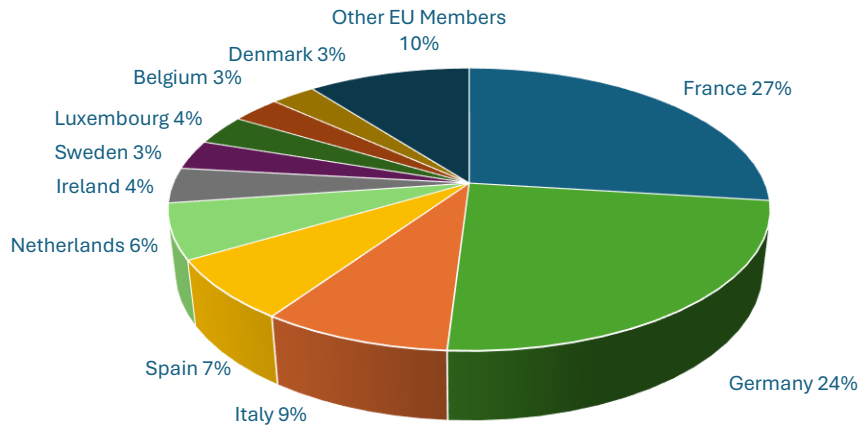
Total assets held by banks in the EU, EFTA and UK

€ Trillion



Considering the country breakdown, the countries with the strongest boosts in percentage points from 2023 to 2024 were Lithuania (15.88%) and Ireland (12.11%). Among the four largest economies, Spain, France, Germany and Italy registered positive results in their stocks of assets. Four countries experienced reductions in their stocks of assets: Denmark, Finland, Hungary, and Sweden. Countries that reported the sharpest drops are Finland (-8.39%), and Hungary (-6.83%).

Share by country of total assets held by banks in the EU

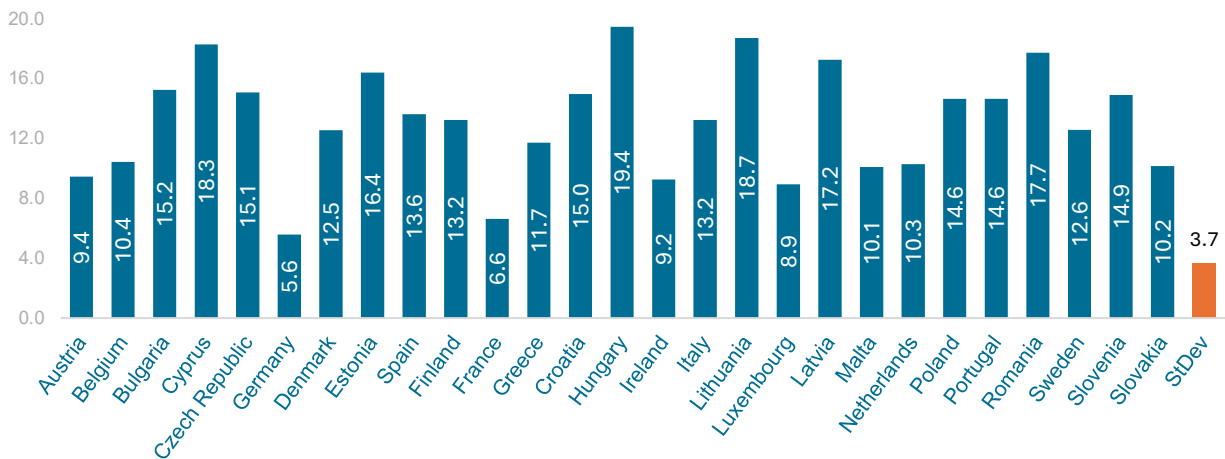


Bank profitability

The return on equity (ROE), a key indicator to assess the banking sector's attractiveness for investors, has been slowly recovering, with setbacks in between, after sharply contracting since reaching a peak in 2007 (10.6%). After a drop in 2020 returning to levels (1.9%) seen last time in 2013, the ROE of EU banks were 89.6% in 2024.

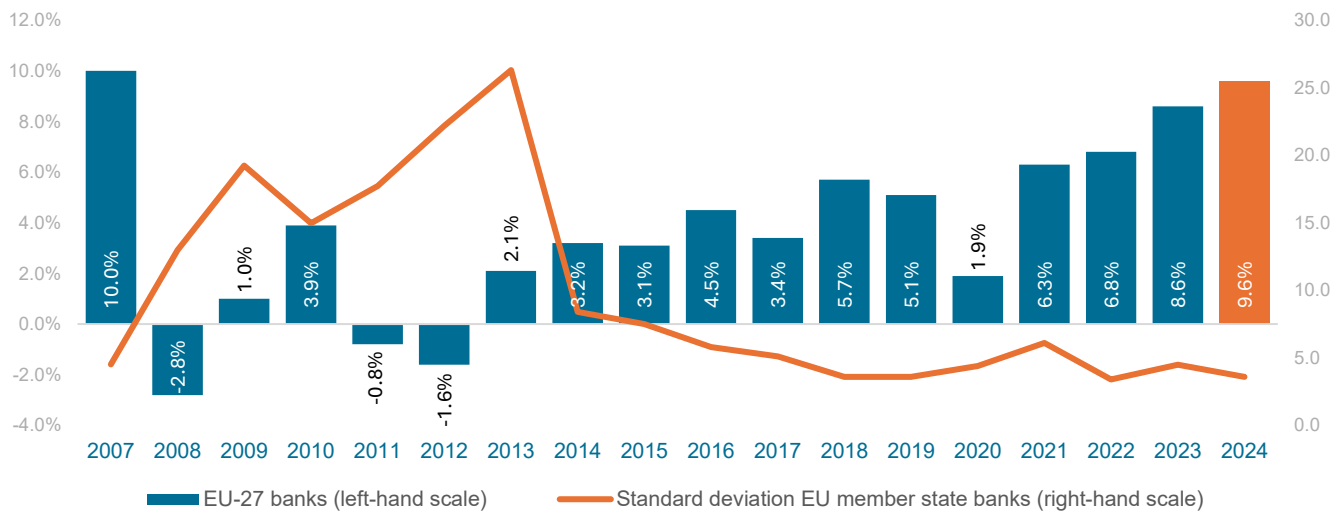
Reflecting on the national breakdown, all countries have consecutively had a positive ROE over the past two years, with twenty-two of them having a double-digit ROE: ranging from 10.1 for Malta to 19.4% for Hungary. The five countries that experience a single-digit ROE respectively are Austria, Germany, France, Ireland, Luxembourg. The difference between the highest (Hungary) and lowest (Germany) ROE was 13.9 percentage points in 2024, lower than the 16.1 in 2023 but very far from the 101.6 recorded in 2013.

Return on equity (%) by country in the EU



The ROE across EU countries has diverged since 2007, signalling growing fragmentation, particularly across the euro area. After reaching a peak in 2013 (26.3), the dispersion around the average ROE has substantially decreased falling to 3.6 in both 2018 and 2019, albeit slightly rebounding afterwards. Nevertheless, the dispersion went back to shrank levels over the past three consecutive years to reach 3.7 in 2024.

Return on equity in the EU



Chapter 4

Country-by country overview

Country pages presented in the country-by-country overview have been produced by each member and Associate member of the European Banking Federation. Figures may not match those presented in the statistical annex due to the sources used by national banking associations i.e. European Central Bank and National Central Bank.

Austria

Austria is a strongly bank-based economy. The domestic sector is dominated by universal banks with a long retail tradition and dense regional networks serving households and SMEs. Industry consolidation has continued gradually, with only a marginal decline in the number of institutions in the first half of 2024. Total banking assets grew moderately and stood at about €1.24 trillion by mid-2024, underscoring the sector's macro-financial footprint.

Credit dynamics were shaped by higher rates and targeted macroprudential policy. Residential mortgage growth slowed because of these higher rates and after borrower-based standards (the KIM-V regulation) were introduced in 2022; lending quality improved and, in the first half of 2024, over 80% of new housing loans met sustainable standards. Toward late 2024, improving affordability supported by easing financing costs and rising real incomes helped stabilize demand, suggesting a slight recovery going into 2025. Deposits remained the anchor of funding, with households keeping a high share of savings in banks amid volatile markets.

Despite a weak real economy, banks delivered near-record profitability in 2024, using earnings to strengthen capital buffers. Solid net interest income (after the 2022–2023 rate repricing) and contained credit risk supported results; the NPL ratio stayed low by historical standards. Capitalization and liquidity metrics remained comfortably above requirements, keeping resilience high against macro shocks.

Austria's system combines nationwide players and regionally rooted institutions, enabling relationship banking and close SME support. Gradual consolidation including within cooperative sectors continued through 2024, while sector employment and branch footprints adjust to digital usage trends. From a policy standpoint, the OeNB (Austrian Central Bank) highlighted that the effectiveness of borrower-based measures and stronger capitalization helped bring systemwide risk back to non-elevated levels in 2024. Ongoing digital initiatives (including work on the digital euro within the Euro system) frame the modernization of payments and banking services.

With profitability and capital starting from strong positions, the sector enters 2025 resilient, though earnings are expected to normalize as rates plateau and pass-through progresses. A soft macro recovery should support credit demand, while supervisory focus will likely remain on CRE risk management, sustainable mortgage origination, and funding cost dynamics. Continued attention to data quality and risk reporting balanced with proportionality will be important to sustain confidence and efficient intermediation.

KPIs YE 2024

- Net profit: EUR 11.5 bn (2nd-highest on record). Operating profit: €18.9 billion; Operating income: € 37.4 billion; Operating costs: € 18.4 billion. Cost-to-income: 49%. ROA: 1.0%.
- Capital & leverage: CET1 ratio: 17.5%; Leverage ratio: 8.4%.
- Liquidity: LCR: 176%; NSFR: 137%.
- Asset quality: NPL ratio: 3.0%; Coverage ratio: 37%.
- Total assets: € 1,265 billion.

Belgium

According to the European Commission's most recent country forecast, Belgium's real GDP growth is expected to moderate over the medium term. Following an expansion of +1.0% in 2024, growth is projected to ease to +0.8% in 2025 and +0.9% in 2026, signalling a gradual deceleration in economic momentum. In contrast, the National Bank of Belgium (NBB) adopts a slightly more optimistic outlook in its June 2025 projections, anticipating real GDP growth of +1.0% in 2025, followed by +1.1% in both 2026 and 2027. This divergence reflects differing assumptions regarding domestic demand resilience and policy impacts. The subdued growth trajectory is primarily attributed to a more challenging federal policy environment and persistent geopolitical uncertainties, which continue to weigh on investor sentiment and external demand. Labour market conditions remain relatively robust. Although the unemployment rate edged up from 5.5% in 2023 to 5.7% in 2024, it remains below the EU average of 5.9%. According to the NBB, the Belgian economy is expected to generate approximately 100,000 net new jobs between 2025 and 2027.

The Belgian banking community is characterised by a variety of players who are active in different market segments. BNP Paribas Fortis, KBC, Belfius and ING Belgium are the four leading banks (with a cumulated balance sheet on a non-consolidated basis representing 58% of the sector total at the end of 2024). They offer an extensive range of services in the field of retail banking, private banking, corporate finance and payment services. In addition, a number of smaller institutions is often more specialised and active in a more limited number of market segments. Some institutions have focused on international niche activities, such as Euroclear (one of the world's biggest players in clearing and settlement services) or The Bank of New York Mellon (custody).

Like the Belgian economy, the banking sector is characterised by a high degree of international openness. Of the 76 banks established in Belgium at the end of December 2024, 82% are branches or subsidiaries of foreign institutions, and only 18% have a Belgian majority shareholder ship. At the end of 2024, 13 credit institutions under Belgian law had 67 entities in 24 other countries.

At the end of 2024, the number of bank branches in Belgium amounted to 139 per million inhabitants. When adding the number of branches held by independent bank agents, this number reaches 256 per million inhabitants. The number of ATMs amounted to 4,688, including 3,632 cash dispensers. E-banking and mobile banking are on a strong rise: 15.1 million subscriptions for internet banking and 13.4 million subscriptions for mobile banking (Belgian population: 11.9 million). Since the covid period (2020), the number of cash withdrawals remains at a lower level while the number of card payments (and contactless payments) keeps on rising.

The Belgian banks' total assets (on a consolidated basis) amounted to €1,211 billion at the end of 2024. Interbank claims account for 1/4th of the total balance sheet, followed by loans to households (21%) and investment in debt securities (15%). Corporate lending to non-financial companies also takes up about 13% of the total assets. 54% of the liabilities of the Belgian banking sector are debts to clients (other creditors included), mainly consisting of regulated savings deposits, sight deposits and term deposits. The other 46% of the liabilities consist of interbank debts (24%), debts represented by a security (9%), own resources (6%) and the remaining other liabilities (4%), subordinated debts (2%) and write-downs, provisions, provident funds and deferred taxes (almost 1%).

The Belgian banking sector is essential to finance the economy. In 2024, corporate demand for credit exhibited a dual trend: while the number of loan applications declined, the average loan size increased progressively throughout the year. The average weighted cost of lending, which had been on an upward trajectory since January 2022 because of the European Central Bank's monetary policy, peaked at 4.7% in November 2023. Subsequently, the rate moderated to 3.7% by December 2024.

Corporate financing in Belgium has become more diversified. Companies also use asset-based financial instruments, such as leasing, from independent leasing companies or leasing subsidiaries from banks. The larger companies also rely directly on the financial markets (e.g. for bond issues), with accompanying services provided by the banks.

A similar diversification of services occurs in the savings and investment segments. Belgian households had gross financial assets of up to €1,638 billion at the end of 2024. In addition to their large offer of deposit products (Belgian households, non-banking companies and public authorities had around €664 billion in deposit accounts), banks offer a wide range of investment instruments and services. Asset management is an important part of this area, with banks (often through their asset management subsidiary) commercialising many investment funds.

The Belgian banking sector improved its financial soundness. At the end of 2024, the cost-to-income ratio stood at 50.5%, the return on equity (ROE) at 12.2% and the Liquidity Coverage Ratio and CET I ratio (fully loaded) remained very robust at 197.7% and 17.4% respectively. The NPL ratio slightly increased from 1.2% in March 2024 to 1.3% end of December 2024.

Not considering the persons employed by independent bank branches, banks in Belgium employ around 45,000 persons (of which almost 51% women). Gender equality and equal rights are high on the agenda of the Belgian financial sector with 63 financial institutions, representing over 90% of the financial sector, signing the Women In Finance Charter (WIF). WIF advocates for equal opportunities for everyone in the financial sector. The Glass ceiling index is improving, as is the percentage of women in senior management positions. Next to equal rights, the sector also invests permanently in staff skills. The swift digitisation is one of the factors that necessitate a permanent shift in competences.

The financial sector is aware of the challenges ahead. The regulatory pressure and the costs to comply with all regulations continue to mount. Due to the budgetary situation of the government, taxes on banks and financial products are expected to rise, despite already being high, further straining the profitability. Looking forward, and with a commitment to climate action, financing the energy transition for families, companies and governments is also a challenge coming quickly to the forefront. Convincing households to undertake necessary renovations in a timely manner, will be crucial. Promoting digital inclusion and financial literacy is crucial to help our citizens comprehend the financial world they live in, enabling them to make informed decisions about their financial wealth. Additionally, the sector faces other significant challenges, including cyber threats, the war for talent, digitalization and integration of AI.

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Bulgaria

In 2024, Bulgarian economy increased its growth compared to the previous year, performing significantly above the average levels for the EU and the euro area. Despite the lower inflation and external shocks internationally, the Bulgarian economy continues to grow in 2024, supported by the albeit weaker performance of exports, the ongoing increase in incomes and increased consumption. The stronger performance of the economy also has a positive impact on the results and activities of the banking sector. The past year was characterized by higher impairment costs and a decrease in accrued provisions, increased lending rates and improved results of the banking sector.

In 2024 Bulgarian economy increased its growth (2.8%) compared to the previous year (1.9%) and remained above the average levels for the EU and the Eurozone. The economic growth in Bulgaria was driven mainly by private and government consumption.

In 2024, the unemployment rate slightly decreased to 4.2% from 4.3% at the end of the previous year. The average annual change of HICP in Bulgaria declined to 2,6% from 8,6% in 2023. As of December 31, 2024, 23 banks were operating in Bulgaria, including 6 foreign bank branches. The top five banks held approximately 76.8% of all assets. At the end of 2024, the market share of the four systemically important institutions (according to the ECB criteria) comprised 68.6% of the banking system assets. The less significant banks held 28.9% of the assets and the branches of foreign banks - 2.5%.

In 2024 the banks' total assets increased by 11.4% year-over-year to €97.96 billion (BGN 191.6 billion). The share of loans and advances slightly increased to 61.2% compared to 60.0% at the end of 2023. The share of cash decreased to 17.8% from 21.1%, and the share of securities increased to 17.3% from 15.1% a year ago.

The total outstanding amount of loans to the non-government sector (non-financial corporations and households and NPISHs) grew by 15.2% to €48.54 billion (BGN 94.95 billion) from €42.13 billion (BGN 82.40 billion) in 2023, according to the BNB monetary statistics. In 2024 the outstanding amount of loans to non-financial corporations increased by 10,4% (from 6.9% in 2023), reaching €24.84 billion (BGN 48.58 billion). By sector classification, the highest amount of loans and deposits were reported in the trade and manufacturing sectors.

As of the end of 2024, the amount of non-performing loans (NPLs), excluding central banks and credit institutions, continued to decline, reaching €1.10 billion (BGN 2.16 billion) in absolute terms, or 1.79% as a share of the gross loan portfolio. Concurrently, the provision coverage ratio in the Bulgarian banking system remained higher than the EU average.

Despite the prolonged period of low interest rates, deposits accumulated by the banks increased by 10.1% and reached €71.80 billion (BGN 140.4 billion) in 2024, or 69.7% of GDP. Approximately two-thirds of the deposits were held by the household sector (64%).

According to the BNB interest rate statistics, the average interest rates on newly contracted term deposits increased and almost all newly agreed loans (except consumer loans) reported decrease by the end of 2024.

The net profit of the banking system increased by 8.1% to €1 889 million (BGN 3,695 billion). The net interest income rose by 14.9% to €2.85 billion (BGN 5.57 billion) and the net income from fees and commissions grew by 9.9% to €828.3 million (BGN 1.62 billion).

In 2024 the Bulgarian banking sector continued to have a solid capital position maintaining capital and leverage ratios well above the regulatory requirements. At the end of 2024, CET 1 of the banking system was 21.03%, and the total capital adequacy was 22.70%. The LCR stood at 241.0%, and the NSFR reached 161.1%, significantly exceeding the regulatory requirements. In 2024, ROA slightly decreased to 2.07% from 2.11%, and ROE decreased to 17.3% from 18.5% a year ago.

As of the end of 2024, 65,400 people were employed in the financial sector, and approximately 25,200 of them were in the banking sector.

Croatia

Croatia's economy grew strongly in 2024, with GDP rising by 3.9%, outpacing 2023 despite weak foreign demand, delayed monetary tightening effects, and geopolitical tensions. The primary drivers were higher personal consumption, supported by rising real incomes, consumer optimism, employment, and public sector wage hikes. Investment remained strong, continuing to increase at an almost two-digit rate for the third consecutive year. While goods exports improved compared to last year, a drop in tourism services offset these gains, mainly due to Croatia's reduced-price competitiveness and major European sporting events drawing tourists elsewhere. Increased imports and spending by Croatian residents abroad further contributed to a negative net export effect on GDP growth.

In 2024, inflation in Croatia exhibited a marked deceleration. The average annual rate of inflation, as measured by the HICP, declined significantly from 8.4% in 2023 to 4.0% in 2024. According to the national CPI, the reduction was even more substantial, with inflation decreasing from 8.0% to 3.0% in 2024. The disparity between the two is primarily driven by service prices, particularly those related to tourism, which constitute a larger share of the HICP consumer basket. The moderation of inflation was further supported by the reduction in imported inflationary pressures due to stabilisation in global supply chains and lower global energy prices. Conversely, domestic inflationary pressures persisted, fuelled by robust economic growth, labour shortages, and strong wage increases. Consequently, despite the overall slowdown, inflation remained above the euro area average.

According to the ESA 2010 methodology, in 2024, the general government budget ran a significant deficit, while the public debt-to-GDP ratio continued its downward trend dropping to 57.6%. The general government budget deficit was 2.4% of GDP, which is a significant deterioration from the deficit seen in 2023 (0.8% of GDP). Nevertheless, the general government debt-to-GDP ratio shrank on an annual basis, reflecting robust nominal GDP growth. The deterioration in the general government budget balance in 2024 reflects a stronger annual growth of budgetary expenditure (12.6%) than of revenues (8.9%).

The ECB's looser monetary policy in late 2024 led to easier financing for credit institutions, but household borrowing costs stayed largely unchanged. Corporate time deposit rates fell, while household deposit rates remained steady compared to early 2024. By December, average interest rates on new corporate loans dropped 129 basis points to 4.1%, their lowest in nearly two years; general-purpose household loan rates fell by 16 basis points to 5.9%, and new housing loan rates held at 3.8%. The stagnation of interest rates on household loans at approximately the same level as in 2023 was largely due to the continued strong growth in lending to the sector, granted mainly at long maturities and fixed interest rates, which makes these loans less sensitive to changes in market conditions than shorter-maturity loans.

More favourable financing conditions contributed to robust growth in both corporate and household lending. On an annual comparison, corporate loans grew at a consistent rate of 6.4%

in December 2024, matching 2023's pace. The most notable increases were observed in working capital loans to corporations in trade and manufacturing, as well as investment loans in construction, real estate, accommodation, and food service sectors. Annually, total household loan growth accelerated from 9.5% in December 2023 to 12.1% by December 2024. This acceleration was largely attributed to a rapid increase in general-purpose cash loans, with growth rising from 11.1% to 15.9%, while housing loan growth moderated from 9.9% to 9.1%. Heightened demand for durable consumer goods, underpinned by substantial wage growth and improved consumer sentiment, spurred this trend. Housing loans maintained steady growth despite the termination of the government housing loan subsidy programme, which ran from 2017 to 2023.

Domestic sector deposits (excluding government) increased by € 2.6 billion in 2024, up € 1.0 billion from 2023. This growth was mainly due to stronger private sector lending and some foreign inflows. Time deposits rose by € 1.4 billion (less than the € 4.1 billion increase in 2023), with the slowdown most notable among non-financial corporates. Overnight deposits grew by € 1.2 billion after a € 2.5 billion drop in 2023, almost entirely due to household deposits. End-2024 household overnight deposits increased by 4.0% y-o-y, while time deposits increased by 6.8%.

The asset quality of credit institutions continued improving as the decline in non-performing loans paired with robust increase in total loans resulted with the drop of NPLs share to 2.4%. Banking system profit rose nearly 14% yoy in 2024, as the credit institutions generated a record earning of €1.5 billion, simultaneously ROA reached 1.9% and ROE hit 16.3%. The primary driver of increased profits was the substantial rise in interest income. A key factor was the significant growth from private sector loans, followed by overnight deposits with the CNB and debt securities. Banking system capitalisation remained high, with the total capital ratio inching up from 23.9% to 24.0%.

Cyprus

The Cypriot economy maintained strong momentum and resilience in 2024. Gross Domestic Product (GDP) grew by 3.4% in 2024 (compared to 2.8% in 2023), boosted by external as well as internal demand. Tourist arrivals in 2024 as well as tourism revenue reached historical records. In addition, private consumption was supported by the increase in disposable income of households as well as the near full employment conditions of the labour market, with unemployment at 4.9% (compared to 5.8% in 2023) and an increase of 2% in employment. Inflation has declined to 2.3% in 2024 from 3.9% in 2023.

The positive performance of the economy is reflected in strong public finances, which continued to record robust results. In 2024, the fiscal surplus reached 4.3% of GDP and the debt-to-GDP ratio fell to 65.3%.

The Cypriot banking sector has also followed a positive path interconnected with the Cypriot economy. As a result of substantial reforms in recent years, the banking sector has been drastically strengthened, improving its ability to absorb shocks and support the real economy, exhibiting solid capital adequacy, high profitability, and significant progress at the operational level.

In December 2024, the Common Equity Tier 1 (CET1) capital ratio reached 24.5% (Dec. 2023: 21.5%), one of the highest rates in the EU and significantly above the European average of 16.1%. The profitability of the Cypriot banking system remained strong, with the return on equity (RoE) reaching 20%, almost double the EU average, while the cost-to-income ratio fell to 36%, reflecting significant progress in digital transformation and operational efficiency.

Liquidity remained high, with the Liquidity Coverage Ratio (LCR) at 333% and the Net Stable Funding Ratio (NSFR) at 188%. Asset quality continued to improve and the non-performing loans (NPL) ratio fell to 6.2% in 2024, continuing its steady downward trend.

Deposits from the domestic private sector recorded an annual increase in 2024 of 7.2% to €55.9 billion (2023: €52.2 billion). Deposit rates remained very low due to the exceptionally high surplus liquidity in Cypriot banks.

Credit expansion to the private sector remained on a gradual recovery path since April 2024, returning to positive rates following a year of contraction. Total outstanding loans increased to €25.4 billion in December 2024 (2023: €24.8 billion). This development aligned with the gradual easing of the ECB's monetary policy from the middle of 2024 which contributed to a significant decline in lending rates for both businesses and households. The average rate on new business loans has fallen by almost 2 percentage points since 2023, while the decline in mortgage rates has been even greater.

The banking sector in Cyprus comprises of domestic and international banks with Cyprus-based subsidiaries or branches. Beyond the traditional deposit and lending services, banks in Cyprus operate under the universal banking model as they offer a diverse range of products and services. Deposits from customers have traditionally been the main source of funding for banks and that element remains stable for the local banking sector.

There are 17 authorised credit institutions in Cyprus, consisting of five local authorised credit institutions, three subsidiaries of foreign banks from EU Member States, one subsidiary of a foreign bank from a non-EU country, three branches of banks from EU Member States, four branches of banks from non-EU Member States and one representative office.

There are two local credit institutions under the direct supervision of the ECB, as part of the Single Supervisory Mechanism (SSM) provisions, whereas the subsidiaries of Greek banks are supervised by the SSM as their parent banks are systemic in their home country.

As of the end of 2024, members of the Association of Cyprus Banks had 156 branches in Cyprus and a total of 6,525 employees. Banks provide a widespread ATM network as well as mobile solutions, contactless transactions and smart device applications to customers, while they continuously upgrade their online banking sites.

As part of the green transition, banks are required to assess and report on their sustainability as well as on that of their clients and set targets for improvement. In order to perform this ESG assessment for their clients, members of ACB collaborated with Artemis Credit Bureau (a subsidiary of ACB), along with ICAP CRIF S.A., a member of the international CRIF S.p.A. Group, to establish an important infrastructure Project in the field of ESG, the Interbank Project for the assessment of businesses based on ESG criteria. This Project was successfully launched in the first quarter of 2024, introducing to the Cypriot market an international, reliable tool for assessing the degree of compliance of companies regarding ESG criteria.

The Association of Cyprus Banks is a member of the Cyprus Financial Literacy and Education Committee, which is responsible for the implementation of the national strategy for financial literacy. In addition, the ACB and its member banks in collaboration with the organisation “Junior Achievement” (Cyprus) are promoting programs aimed at familiarising students in primary and secondary schools with basic financial skills and entrepreneurship. These programs are under the auspices of the Ministry of Education and Culture, and they have trained more than 22,000 students across Cyprus since 2014.

Czech Republic

The Czech economy entered 2024 on a gradual recovery path after two years of stagnation. Real GDP grew by 1% y/y, supported mainly by household consumption (+2%) and moderate public spending (+4%), while fixed investment fell by 1.3%. By 2024, GDP stood only 2.4% above 2019 levels.

Household purchasing power strengthened thanks to lower inflation and solid wage growth, even though interest rates remained relatively high in real terms. Consumer prices rose on average by 2.4%, marking a return to the Czech National Bank's (CNB) tolerance band after two years of double-digit inflation. Energy and food disinflation drove the decline, although core inflation (2.5%) remained elevated, led by service prices. The labour market stayed tight with unemployment at 3.8%, while nominal wages grew 7% y/y and real wages rebounded 4.5% after two years of decline.

Fiscal consolidation on both the revenue and expenditure sides somewhat offset the positive impact of easier monetary conditions. The CNB continued its easing cycle, cutting the two-week repo rate from 6.75% to 4% by November 2024. The narrower rate differential vis-à-vis the ECB and Fed weakened the koruna to CZK 25.1/EUR on average (from 24.0 in 2023).

At the end of 2024, the Czech banking market comprised 43 banks (three fewer than in the previous year), including 22 branches of foreign banks, five building societies, and two state-owned banks. Czech banks remained strongly capitalised: by end-2024, the CET1 ratio reached 20.6% and the total capital ratio stood at 22.9%, both well above the euro-area average. Retained earnings of CZK 400 billion accounted for roughly 56% of total bank capital of CZK 709 billion at year-end 2024.

According to official CNB statistics, the banking sector recorded a net profit of CZK 121.7 billion, up 17% y/y. The sector's profitability improved notably: return on equity (Tier 1) rose to the pre-pandemic five-year average of 17.8%, while return on assets increased to 1.09%, still slightly below the pre-pandemic average of 1.16%. Relative to nominal GDP, bank profits reached 1.52% of GDP, exceeding the long-term pre-COVID average of 1.43%.

The increase in profit almost CZK 18 billion year-on-year was mainly driven by revaluation gains on equity investments and lower provisioning costs. Other positive factors included one-off gains from real-estate sales, lower contributions to the Resolution Fund, and higher operating and interest income. These gains were partly offset by rising staff and administrative costs, as well as a decline in foreign-exchange gains that outweighed higher profits from financial assets. Corporate income tax payments increased by CZK 2 billion to CZK 21.1 billion, slightly reducing overall profitability.

The largest component of banks' earnings remained net interest income at CZK 170 billion, up only CZK 2 billion year-on-year. The main negative influence was the drop in income from deposits held at the CNB (–CZK 41 billion), mirroring the reduction of the CNB policy rate. This reduced the central bank's costs of monetary operations, further aided by the introduction of zero remuneration on required reserves, whose ratio will rise to 4 % in 2025.

Conversely, household loan growth boosted interest income. Lower deposit costs of other financial institutions and the public sector, higher bond and derivative returns, and reduced costs on banks' own

debt securities also contributed positively. Overall interest expenses fell by CZK 39 billion (–10 %) to CZK 357 billion, accompanied by a slightly smaller decline in interest income by CZK 37 billion (–6.5 %) to CZK 527 billion. The total cost of deposits fell CZK 7 billion to CZK 246 billion. Despite lower remuneration, household deposits continued to grow thanks recovering real incomes and fading inflation concerns.

Total banking sector assets reached CZK 10.7 trillion, raising the asset-to-GDP ratio to almost 136%. The net interest margin on total assets declined to 1.61% in 2024 (from 1.8% in 2023), remaining below the long-term average since 2008. Expressed as a share of nominal GDP, net interest income decreased to 2.12% (from 2.2% in 2023), staying below the 2.3% pre-pandemic five-year mean.

Client loans reached CZK 4.59 trillion (57% of GDP), up 5.3% y/y. Housing loans retained a 40% share, corporate loans 31%, and consumer credit 8%. Banks continued to hold about 40% of Czech government bonds (≈ CZK 1.3 trillion). The mortgage market, measured by new loans, nearly doubled in 2024 after bottoming out in 2022. New consumer credit volumes rose 30%, while new corporate lending expanded 24%, led by CZK-denominated loans (+30%). Non-performing loans fell to a new historical low of 1.69% of total loans (2.53% for corporates, 1.3% for households, 0.6% for mortgages).

Denmark

The Danish economy demonstrated a high growth level of 3.5% in 2024. The growth has mainly been driven by the pharmaceutical industry while the non-pharma industries have showed limited growth. Danish inflation was quick to drop from the peaking level in 2022 and landed at 1.4 pct in 2024, well below the 2% target. Unemployment levels remain very low and stable at around 2.9%.

Concerns regarding new waves of inflation and geopolitical instability have resulted in households holding back on spending despite recovering real wages. The consumer confidence is low given the strong stance of the Danish economy, though slightly more optimistic when it comes to the perception of households' own financial situation in the coming year.

Overall, despite low consumer confidence, the Danish economy has been very strong, with robust public finances, low inflation and unemployment rates.

At the end of 2024 there were 56 Danish banks, 5 of them in the Faroe Islands and Greenland. There were 6 mortgage banks and 25 foreign banks. The banking consolidation has continued with a sizeable reduction since 2000, where there were 185 banks with 10 mortgage banks. The consolidation is still ongoing, albeit at a slower pace. The number of employees in the financial sector, i.e. banks and mortgage banks, has remained relatively stable. The number of employees (FTE) was 39,932 in 2024 compared to 44,958 in 2000. However, the composition of competencies has changed. Today the demand is shifted towards back-office IT and compliance roles with less demand for FTEs in customer-facing roles. The demand for IT roles also follows the high digitalization levels of the Danish financial sector, with around 90 pct. of payments being performed with digital solutions.

After a decade of challenging profitability, the Danish banks improved earnings significantly in 2023 with the increasing interest rates. This trend continued in 2024, and the Danish banks demonstrated strong financial results with a return on equity (after tax) of 11.7 pct. for the year 2024. Though the level is comparable with other European countries it lacks somewhat behind that of Danish non-financial companies in aggregate. Overall, the Danish banking sector is very well-capitalized. The Danish banks have doubled their capital position compared to what was held just before the Great Financial Crisis. Ultimo 2024 the capital ratio was 23 pct.

The special Danish mortgage system is a defining component of the financial sector in Denmark. Danish mortgage bonds are securities with high credit quality and very high liquidity. Mortgage loans for companies and households constitute almost 70 percentage of total lending in Denmark. In 2024 the Danish banks managed to grow lending with around 6.3 pct. The primary driver of lending growth was banking loan products with growth rate of 12 pct., while mortgage lending grew by 3.2 pct.

The Danish banking sector has played important roles supporting under crisis situations in the Danish economy. For example, Danish banks offered credits to thousands of customers in temporary financial difficulties due to the Covid-19 situation. The total credit given or committed was more than 100 billion DKK (€14 billion). During the energy and inflation crisis, Danish banks provided cheaper loans for homeowners to replace fossil heating sources with green energy such as electric heating pumps.

Apart from the crisis support, the Danish banking sector has contributed with new digital solutions over many years. In 2024 Finance Denmark introduced eBankskifte, a digital solution designed to simplify the process of switching banks in Denmark. With a single click, customers can authorize a new bank to access relevant financial data from their current bank, eliminating the need to manually transfer documents. The system enhances transparency, supports competition among banks, and ensures customer privacy, current banks are not notified of data requests.

Lastly in 2024, the Danish financial sector, led by Finance Denmark, established the Fraud Task Force to combat the growing threat of digital fraud. The initiative was broadly anchored with representatives

from a range of relevant fields, among others, the police, the telecommunication sector, cyber security experts and banks. The initiative resulted in 18 targeted recommendations addressing all phases of fraud, from prevention to response. The Task Force emphasized cross-sector collaboration, technological innovation, and ethical considerations, aiming to protect citizens and customers from increasingly sophisticated scams. Key measures include enhanced phishing protection, improved transaction verification, and better data sharing.

Estonia

The Estonian banking sector consists of 13 banks of which nine are licensed credit institutions in Estonia and four are operating as branches of foreign credit institutions. Banking sector assets constitute €45 billion equivalent to 115 % of Estonian GDP (2024). The Estonian banking sector is dominated by foreign capital holding around 70% of banking sector assets.

The market is chiefly divided between Swedbank, SEB Bank, LHV Bank and Luminor Bank. Banks are serving 2,2 million private and 0.3 million corporate customers through 52 bank branches. Estonian customers are operating 1.5 active current accounts per inhabitant and 0,25 corporate accounts per inhabitant.

Estonian banks have issued 1.40 bank cards per inhabitant, 80% of issued cards are debit cards, and 20% credit cards. 65% of retail payments are initiated by bank cards and more than 99% of payment orders have been initiated electronically since 2009. Only 4% of the population receives income entirely or partially in cash.

Banks hold almost €32 billion worth of deposits and operate loan portfolio in the value of €30,1 billion. The banking sector is mainly funded through the deposits of resident clients, though financing from equity market and parent companies plays an important role in the funding of some banks.

The quality of the loan portfolio remained good. Value of loans overdue by more than 60 days has remained at 0,5% of the loan portfolio for several years.

Housing loans account for about 40% of the loans to the non-financial sector and 80% of the loans granted to households, which is slightly above the average for the countries in the EU, but as a share of total assets, the volume of these loans is one of the largest in the EU. This reflects the universal banking model used by banks in Estonia, the concentration of the domestic market and the preference of households for homeownership over renting. It also indicates that the operations of banks in Estonia are less diversified than the average for the EU.

The profitability of the Estonian banking sector has been among the strongest in the EU countries. The Estonian banking sector is relatively cost-efficient, which may partly be because the expenses of the local units of foreign banking groups can be reflected at group level rather than local level. Profitability is also aided by smaller loan losses than in other countries and quite large spreads between interest income and interest expenses. Net profit earned in 2023 was €1,1 billion. The record high profitability was supported mainly the monetary policy of the European Central Bank that have substantially increased the interest revenues of the banks.

Finland

In 2024, Finland's GDP declined slightly by 0.1%. The construction sector contracted significantly, and manufacturing also saw a slight decrease. Inflation remained above target, driven by high energy and food prices, but eased towards the end of the year, allowing the European Central Bank (ECB) to lower its key interest rates four times. The employment rate fell, and unemployment rose, reflecting a challenging labor market.

Household indebtedness remained a concern, but the indebtedness ratio fell to 123% by the end of 2024 as Finns borrowed less and focused on repaying existing loans. Savings in investment funds and equity savings accounts increased. The housing market slowed further, with fewer than 20,000 new building starts, and state-subsidized housing production became more prominent. Housing loans remained a major part of bank lending, and most loans are tied to variable Euribor rates, making Finnish households sensitive to ECB policy changes.

Finnish banks demonstrated strong profitability, stability, and capital positions, with non-performing loans and loan losses among the lowest in Europe. The sector's net interest income grew, and the return on equity remained high at 13.9%. The cost-to-income ratio improved, and capital adequacy ratios stayed above the European average. Banks' liquidity positions were robust, supported by high-quality liquid reserves and compliance with regulatory requirements.

In 2024, significant regulatory developments took place, including the implementation of the final Basel III standards and ongoing reforms to deposit insurance and crisis management frameworks. The Finnish Financial Supervisory Authority (FIN-FSA) maintained a steady macroprudential policy to support financial stability, keeping the housing loan cap at 95% for first-home loans and 90% for other mortgages to limit household indebtedness and risk-taking. The countercyclical capital buffer (CCyB) remained at 0.0%, reflecting subdued credit growth and the absence of systemic risks, while a 1.0% systemic risk buffer (SyRB) continued to apply to all banks to address structural vulnerabilities. These measures, along with recommendations on loan maturities, stricter creditworthiness assessments, and increased requirements for anti-money laundering and cyber risk preparedness, are designed to strengthen the resilience of Finnish banks and ensure the stability of the financial system in a challenging environment.

Climate change and the green transition were central themes. The EU's and Finland's climate neutrality targets are shaping regulation and investment. Banks play a key role in financing the transition to a low-carbon economy, with both private and public financial instruments supporting green investments. The sector is integrating sustainability into lending and investment decisions.

The Finnish banking sector is highly concentrated, with the three largest banks (OP Financial Group, Nordea, and Danske Bank) dominating lending and deposits. The sector remains a significant employer, with over 21,000 employees, though the number of bank offices continues to decline due to digitalization and mergers.

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France

The French economy stabilized in 2024, with GDP rising by 1.1%, after 1.6% in 2023 and 2.8% in 2022, as a result, the annual level of GDP is 4.2% higher than in 2019. Moreover, the decline in inflation to 2.0% (from +4.9% in 2023) has paved the way for monetary policy easing toward the neutral rate. Household consumption is rising at a slightly higher pace than in 2023 (+1% in 2024 vs. +0.6%). Gross disposable income rose by 4.8% compared with 7.9% in 2023. Thanks to lower inflation, household purchasing power per consumption unit increased by 2.1% in 2024. Since the summer of 2022, French non-financial companies have faced a historic increase in their borrowing costs. However, at the macroeconomic level, the margin rate in France has been preserved. Indeed, it had fallen to 31% in 2022 with the end of the support measures linked to the COVID-19 crisis and recovered to 32.2% in 2024.

In this context, French banks have played a key role in sustaining the momentum of recovery. In December 2024, the French banking industry counted 327 banks. According to the Financial Stability Board, four French banks are among the seven Euro area Global Systemically Important Banks (G-SIBs). Financial activities accounted for 3.8% of total value added in France in 2024, of which approximately 60% for the banking industry. The banking industry employed 373,600 people at the end of 2024, accounting for more than 20% of the sector's workforce in the euro area and recruited 38,600 people in 2024. Their network of bank branches providing access to banking services and cash is among the densest in Europe (almost one out of three bank branches in the eurozone is in France).

The results of the combined asset quality review and stress testing, conducted by the European Banking Authority and the European Central Bank, demonstrated the high level of capitalization of French banks. The aggregate common equity Tier 1 capital (CET1) of French banks was 16% at the end of 2024 (vs. 16,1% for the euro area banks).

The six largest French banking groups, which operate according to the 'universal banking' diversified model, reported an increase in revenues in 2024. Total net banking income stands at 158.7 billion (up 8% on 2023), and total group net income reaches 36.1 billion. French banks continue to play their full role in financing the economy, providing a robust supply of credit. At the end of December 2024, outstanding loans to businesses and households stood at €3,105 billion, up 1% year-on-year.

More specifically, bank loans to businesses continued to grow strongly over the year, with outstanding loans up 1.9% to €1,376 billion. Investment loans were up sharply (outstanding loans of €990 billion, up 3.4% year-on-year), supporting projects and companies' drive to become more competitive. Outstanding treasury loans amounted to €312 billion.

Loans to SMEs accounted for 39% of total loans granted to businesses in December 2024, the same level as in 2023. Access to credit remains high: 97% of SMEs investment loans and 83% of cash credits applications were accepted in the fourth quarter of 2024. French banks also actively finance French consumers. Outstanding household loans reached €1,528 billion at the end of December 2024, up 0.1% year-on-year. Most household loans were housing loans, representing €1,283 billion (down 0.7% year-on-year).

Lending activity remains both dynamic and sound. The level of non-performing loans is very low (2.4% at the end of December 2024) as the cost of risk (as a proportion of average total assets it declined from 0.4% in 2009 to 0.1% in 2024).

Diversification of corporate financing is developing in France. Markets accounted for 34% of corporate financing, compared with 30% in 2009. French banks also have a large and diversified investment banking activity.

Furthermore, French banks' investments, innovation, and leading role in the fintech ecosystem make them the natural leaders in the digital financial movement in France. 94% of French people consult their bank's website or use their banking app, according to the study FBF/IFOP conducted in 2023.

Finally, French banks are firmly committed to the fight against climate change. They have rolled out powerful and wide-ranging measures for several years now to reduce their exposure to the most greenhouse gas-emitting energies and accelerate the financing of renewable energies and green and sustainable activities. Their commitment is concrete, as demonstrated by the figures. Loans to the coal sector now make up a marginal share of their balance sheets (€2 billion, i.e. 0.02% of their total balance sheet), whereas renewable energy loans outstanding accounted for more than €96 billion in 2024, an increase of 28% over one year and 82% over two years.

Germany

The German economy remained in a prolonged phase of structural weakness. In 2024, real gross domestic product (GDP) fell once again (-0.5% compared to the previous year). The economic weakness is particularly evident in the industrial sector and in corporate investment. Structural challenges discourage investment dynamics.

In addition, the previously very robust labour market situation has changed over the course of 2024. The job creation has lost momentum. Although a new employment record was set in 2024, this was mainly driven by the service sector (especially public services, education, and health) and also shows a comparatively high proportion of part-time workers. It should be noted that the number of unemployed people rose in 2024.

The ECB has further adjusted its key interest rates in response to the decline in inflation over the course of the year. The deposit facility rate was at 3% at the end of 2024, while inflation was at 2,4% still above the ECB target.

German banks are proving to be very robust in this difficult macroeconomic environment. Taken in itself, the end of the negative interest rate policy and the rise of interest rates between July 2022 and September 2023 improved earnings prospects. Overall, the earnings situation of German banks remained comfortable in 2024. Profits were well above the long-term average. However, the sharp and rapid rise in capital and money market interest rates was also associated with certain risks for the value of assets. In addition, the correction in property prices and the fall in demand for property loans were weighing on the banks' business situation. Credit growth remained subdued in 2024. Persistent macroeconomic uncertainties dampened credit demand from businesses and private households. The aggregate annual average total assets of German credit institutions declined slightly for the first time since 2018. The decline was particularly pronounced among Landesbanken and big banks.

Germany's banking system comprises three pillars: private commercial banks, public-sector banks, and cooperative banks distinguished by the legal form and ownership structure. The private-owned commercial banks represent the largest segment by assets, accounting for around 48% of total assets in the banking system. An important feature of the private banks is that they compete keenly not only with banks in other sectors of the industry, but also among themselves. Private banks play a key role in the German export economy.

The public banking sector comprises savings banks (Sparkassen), Landesbanken, and DekaBank, which acts as the central asset manager of the Savings Banks Finance Group, representing 23% of total banks' assets. There are currently around 350 savings banks. They are normally organised as public law corporations with local governments as their guarantors/owners. Their business is limited to the area controlled by their local government owners. Other than this regional focus, their business does not differ in any way from that of the private commercial banks. As a result of the so-called regional principle, savings banks do not compete with one another.

Landesbanken were originally designed to act as central banks for the savings banks. In recent years, however, they have been increasingly involved in wholesale funding, investment banking, and international business activities, thus directly competing with commercial banks. The six Landesbanken at present are owned by the federal states and the regional associations of the savings banks.

The cooperative sector consists of 671 cooperative banks (Volks- und Raiffeisenbanken) and one central cooperative bank (DZ Bank AG). It accounts for almost 50% of all institutions by number and around 11% of total bank assets. The cooperative banks are owned by their members, who are usually their depositors and borrowers as well. By virtue of their legal form, cooperative banks have a mandate

to support their members, who represent about half of their customers. But cooperative banks also provide banking services to the general public. Like the savings banks, cooperative banks have a regional focus and are subject to the regional principle.

The number of banks in Germany has dropped sharply in recent years, and by almost 50% since 2001. Consolidation to achieve economies of scale has taken place largely within the existing pillars. In most cases in the savings bank and cooperative sectors (contrary to mergers in the private sector), consolidation has been the result of stress rather than proactive business considerations.

Greece

In 2024, the Greek economy maintained a solid growth trajectory despite a less favorable international environment. Real GDP expanded by an estimated 2.3%, matching the 2023 rate and remaining well above the euro area average (approx. 0.7%). Growth continued to be driven by exports, private consumption, and investment, supported by the absorption of EU Recovery and Resilience Facility (RRF) funds and improving labor market conditions. Risks to Greece's financial stability remain primarily external, driven by escalating geopolitical tensions and the rise of global trade protectionism.

Fiscal performance remained strong. The primary surplus reached 11.4 billion or 4.8% of GDP in 2024 (2023: 2.1%), which significantly exceeded initial forecasts. This better-than-expected result was supported by moderate increases in current expenditure, higher receipts from direct taxes, and strong social security contribution revenues. The latter were bolstered both by steady employment growth and by measures aimed at curbing tax evasion and undeclared work, such as the rollout of the digital labor card and enhanced VAT reporting obligations. The general government debt ratio continued to decline rapidly, reaching approximately 153.6% of GDP at end-2024 (2023: 163.9%, 2022: 177.0%). Robust nominal GDP growth and active debt management supported this improvement.

Headline inflation (HICP) fell sharply, averaging 3.0% in 2024 (2023: 4.2%, 2022: 9.3%), while core inflation eased to around 3.6%. The deceleration reflected mainly lower energy and food prices. The labor market continued to strengthen. The unemployment rate fell to 10.2% in 2024 (2023: 11.1%, 2022: 12.4%), marking the lowest level since 2009. Employment gains were broad-based across sectors, particularly in tourism, construction and trade.

Greece's credit rating benefited further from the favorable fiscal and macroeconomic outlook. By the end of 2024, Greece has secured investment-grade ratings from all credit agencies recognized by the ECB, a milestone that underscores its restored credibility and re-establishment as a standard member of the European economic landscape. At the same time, the spread between the ten-year Greek bond and the German Bund narrowed down, moving from 102 basis points at the start of January 2024 to 88 basis points by the end of December 2024.

Greece remained among the well performers in the EU regarding the absorption of RRF funds. By the end of 2024, the country had drawn 18.2 billion, representing 51% of its total allocation, after fulfilling 28% of the agreed milestones and targets. Significant headway has also been made in the loan component, with numerous agreements signed and disbursements to final beneficiaries reaching 32% of the total loan envelope.

In 2024, Greek banks further strengthened their fundamentals, achieving notable gains in profitability and capital adequacy, while maintaining robust liquidity and continuing to enhance asset quality. Greek banking groups saw a marked strengthening in profitability in 2024. Their combined profits after tax and discontinued operations rose to €4.4 billion, up from 3.8 billion in 2023. The improvement was largely driven by net interest and fee income, coupled with lower provisions for loan losses, although rising operating expenses partly offset these gains. Overall, the return on assets (RoA) reached 1.3%, while the return on equity (RoE) climbed to 12.2%.

Capital adequacy ratios also improved further, supported by internal capital generation and the issuance of capital instruments. The Common Equity Tier 1 (CET1) ratio on a consolidated basis rose to 15.9% in December 2024, while the Total Capital Ratio (TCR) increased to 19.7%, aligning with the Banking Union averages (CET1: 15.9%, TCR: 20.0%).

Asset quality strengthened markedly in 2024, largely due to continued securitization of non-performing loans (NPLs). The NPL ratio fell sharply to 3.8% in December 2024 (from 6.7% a year earlier), the lowest level since Greece joined the euro area and is now close to the Banking Union average of 2.3%.

Consolidation in the banking sector continued. By end-2024, the number of bank branches fell by around 4.8% y/y, consistent with the trend of digitalization across Europe (EU average ca. 3.0%). The number of employees in domestic credit institutions decreased by 2.5% (EU average ca. 0.3%). The improvement in fundamentals and the regained investment-grade status created favorable conditions for the Hellenic Financial Stability Fund (HFSF) to continue its divestment strategy from major Greek banks during 2024.

Finally, in 2024, the structure of Greece's financial system remained largely stable compared with the end of 2023, with banks continuing to dominate. Credit institutions held 85.1% of the system's total assets, of which Greek commercial banks accounted for 83.5%, while cooperative banks and foreign bank branches represented only 0.5% and 1.1%, respectively. The sector's high concentration is underscored by the four largest banks controlling 93.8% of total banking assets.

Sources:

Bank of Greece (Notes on the Greek Economy, April 2025 & May 2025 | 2024 Annual Report, April 2025 | Financial Stability Review, October 2024 | May 2025), European Commission Economic Forecast: Greece (Autumn 2024), Hellenic Statistical Authority (ELSTAT)

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Hungary

The geopolitical tensions, especially the war in Ukraine, the measures against the accelerating inflation and the consolidation of government budget had major impacts on the performance of the Hungarian economy in 2024. The economy's performance for the year as a whole came in well below the preliminary estimates. The economy expanded by only 0.5% on an annual basis, compared with the 2.5% growth target expected at the beginning of the year. This was the second year in a row that GDP growth had substantially underperformed expectations. Hungary had essentially stagnated for two years. Moreover, in a mere three years, Hungary experienced a technical recession twice, most recently between the second and third quarters of 2024.

Economic growth over the year was mainly driven by a pick-up in services and consumption. This contrasts with the contraction of industry and industrial exports, which have been the main headwinds for the economy. Alternatively, agriculture also pulled growth down in 2024 due to bad weather and a high basis. In addition to this, continued weak performance capital expenditures held back annual GDP growth. Indeed, the weak business outlook did not create a favourable climate for investment on the market.

The domestic labour market remained strong and tight, although a slight deterioration could be seen in over the year. Employment rates fluctuated around 65% and activity rates around 68%, while the unemployment rate fluctuated between 4.2% and 4.6%. This, strong labour market was in apparent contrast to the weak performance of the Hungarian economy. This may be explained by the fact that companies continue to reserve labour beyond their capacity needs. The most striking development in the labour market in 2024 was that, although companies were reluctant to give large wage increases, they were eventually forced to do so by a tight labour market.

Inflation in Hungary showed a mixed picture in 2024, ranging between 3.0% and 5.5%. For 2024 as a whole, inflation averaged 3.7%, an improvement relative to both the previous year and expectations at the beginning of the year. In general, however, the structure of inflation was unfavourable, as price increases in services have kept it high throughout the year. At the end of the year, inflation was boosted mainly by food prices, but also by a rapid rise in fuel prices.

In 2024 as a whole, Hungary's payments deficit amounted to HUF 4095.8 billion. The accumulated deficit thus overall met the cash deficit target for the year. In the first half of the year, interest expenditure was the main reason for the general government deficit, mainly due to interest payments on government bonds where payments were very much focussed over time. In the course of the year, official government communication changed the deficit plan from the initial Maastricht deficit target of 2.9% of the GDP to 4.5% of the GDP. In the second half of the year, interest expenditure started to fall as expected and the Government kept the expenditure side firmly under control. However, the deficit on an accrual basis still stood at 4.8% of GDP, higher than the 4.5% target.

The public debt ratio rose to 73.5% by the end of 2024, up from 73.0% in the previous year. The fiscal deficit on an accrual basis widened, while economic growth was lower than planned, and the HUF weakened significantly. Nevertheless, the Government has been active in reducing the debt ratio, as government bond repurchases in the last days of the year helped to push the ratio down.

In 2024 as a whole, the value of exports in EUR at current prices fell by 3.6% year-on-year. Low levels of investment, lower-than-expected consumption and weak industrial performance (which indirectly affects imports through components and energy) also reduce the country's import demand. Imports in current EUR terms in 2024 fell by 5.7% year-on-year. As a result, the external trade balance ended the year with a surplus of €11.6 billion, €2.6 billion higher than a year earlier.

The current account balance was in surplus by EUR 6.1 billion in December 2024. The December figure increased on an annual basis, which was mainly driven by developments in the foreign trade balance and the income balance. All in all, the current account balance increased significantly in 2024 compared to 2023, with a surplus of 3% of the GDP.

Throughout 2024, MNB pursued a cautious, patient, stability-oriented monetary policy, which also allowed it to significantly moderate the interest rate environment. At the beginning of the year, the base rate was still set at 10.75%. The central bank eased the policy rate on eight occasions during the year, cutting the base rate by a total of 425 basis points throughout the year, to end it at 6.50%.

The EUR/HUF exchange rate fluctuated in a fairly wide range of 377-415 during 2024. The significant weakening was mainly driven by global risk aversion, including the strengthening of the USD. In early October, the exchange rate broke through the psychological barrier of 400. In the last period of the year, the HUF remained above 410 for most of the period, driven by geopolitical risks and a strengthening USD driven by the US presidential election. The average annual exchange rate of the HUF against the EUR was 395.20 HUF - around 3.5% above the previous year's average.

At the end of 2024, the Hungarian banking sector consisted of 39 institutions. Among them are 17 commercial banks, 11 specialised credit institutions (mortgage banks, building societies, development and trade finance banks), 9 foreign bank branches and 2 guarantee institutions. The number of employees in the banking sector slightly increased in 2024 there were approximately 39,8 thousand employees in it (39.2 in the previous year), however number of branches further dropped, this year by 2% to 1401.

For the country's population of 9.6 million in 2024, there were more than 11,5 million bank accounts, almost 10.3 million payment cards (out of which 9.6 million were contactless), 5,140 ATMs, 273,775 POS physical terminals plus almost 59,733 virtual ones. At the end of 2024 almost 68% of the Hungarian banking sector was under local control. In commercial banking sector the state had negligible ownership.

The value of the banking sector's total balance sheet increased by 6.8% compared to the previous year. The capital position of the Hungarian banking sector was improving in 2024. The CET 1 capital adequacy ratio (CAR) were well beyond 21%, while the total CAR was above 24%. In 2024, profits of the Hungarian institutions even outperformed in nominal terms the figure of 2023, the net profit reached 1,634 billion in terms of HUF, mainly due to high policy rates and somewhat adjusting market interest rates. After tax return on equity was at 18.4%.

In 2024, both domestic (8,2%) and cross-border (6,1%) payment transaction volumes increased compared to 2023. The domestic share slightly increased from 97,81% in 2023 to 97,85% in 2024.

The Hungarian domestic instant payment system (HIPS) continued its smooth operation since its launch as of 2nd March 2020. In 2024 HIPS has cleared and settled 224+ million (59,5% of the total domestic) instant transactions.

In 2024, the majority of volume of payment transactions were carried out electronically by customers. Within this, the proportion of netbank and mobile banking transactions is 75,36% (2023: 76,8%). In its tendency, the proportion of netbanking transactions decreased (2022: 49,4% -> 2023: 46,5% -> 2024: 40,58%), while mobile banking transactions increased (2022: 25,3% -> 2023: 30,4% -> 34,78%) in 2024. The proportion of electronic banking (e.g. MultiCash) transactions showed some fluctuation over the last years. In 2022, the ratio stood at 14.19%, which then declined slightly to 12.97% in 2023.

However, in 2024 the ratio increased again to 15.08%, surpassing the 2022 level. The proportion of transactions submitted on paper (at the branch) is low and slightly decreased compared to the previous year (2022: 2,9% -> 2023: 2,7% -> 2024: 2,68%).

The value of loans granted to non-MFI sectors increased by 4.8% in 2024 in terms of HUF. 49.2% of the concerning loan portfolio is provided to non-financial corporates and 10.9% to household sector. The deposit value of the banking sector, excluding interbank transactions increased in 2024 (by 7.0%) in total, both corporate and household contributed, the former by 6.5% and the latter almost by 11.0%.

The expansion of renewable generators supports the diversification of the energy supply, decrease import dependency and provides clean source of electricity. One of the steps envisaged to reduce our reliance on fossil fuels is additional grid-connected PV power generation to reach a steady supply of electricity and continue on the path of decarbonisation.

The KÁT feed-in-tariff system in Hungary, which was available for new RES investments for more than 10 years until the end of 2016, was a calculable and reliable system supporting the financing of renewable projects and was very favourable for RES investors. However, in 2017 a new operative incentive scheme called METÁR was introduced that is a bit stricter, more competitive, and provides a tender-based premium (contract for difference) type subsidy (over the reference market price) to RES investors (except for household-sized power plants where the net metering system is applicable). Premium support is available only through tenders since May 2019, except the brown premium for ensuring the economic operation of existing biomass/biogas plants. Support via METÁR tenders can be granted for renewable electricity production related to a new investment, provided that the investment has not started before applying for the support. The last tender was announced in March 2022. More than 5200 MW renewable energy capacity was built or insured further operation due to KÁT and METÁR support scheme. Household-sized (not more than 50 kW) and utility-sized PV capacity was also growing due to favourable investment climate, investment and operational support and declining costs of PV technologies. Hungarian PV capacities rose from nearly zero in 2010 to more than 8100 MW at the end of August 2025. Appropriate solutions are needed for the challenges arising from the growing share of weather-dependent renewable electricity generation, in particular it is necessary to increase the ramping capability and flexibility of the electricity supply to ensure grid resilience and security of supply. Energy storage has significant potential to address these challenges. In early 2024, the Hungarian government held the battery storage tender, which aimed to enhance the development of large, grid-integrated battery energy storage systems (BESS) by market participants in the country.

Iceland

After big catch up in economic growth after the pandemic where average growth rate in 2021-2023 was 6,4% the economy shrunk to be 1% last year. Inflation has been considerably higher and more persistent compared to most European countries. After having lowered in the beginning of the year it has been persistent in about 4% since march. The Central Bank of Iceland (CBI) has maintained a high policy rate to slow the economy and reduce inflation to acceptable levels. The economy has been shows signs of cooling and the CBI forecasts much lower growth in the coming years compared to recent periods.

Iceland's commercial banking sector comprises four universal banks and five smaller savings banks operating primarily in rural areas. Three of the four major banks are classified as systemically important and are subject to supervision by Iceland's Financial Stability Council. Together, these three banks control approximately 96% of the loan market share in the banking sector.

The banking sector employs about 2,550 individuals across 67 branches in Iceland. Both commercial and savings banks have closed numerous service points and reduced staffing since 2012, increasingly focusing on electronic self-service options. The demand for electronic payments, services, and digital signatures has grown in recent years, with the pandemic further accelerating this shift. Despite these changes, the number of bank branches per 100,000 inhabitants in Iceland still remains significantly higher than in other Nordic countries.

As a part of the restructuring of the Icelandic financial system after the collapse of the banks in 2008 the Icelandic government took major ownership in the 3 big banks in Iceland. The government still has an 98.2% ownership in the biggest bank, Landsbankinn, and has no plan of reducing its stake in the near future. But the government has been reducing its stake in the other two for the last few years. In 2018 the government sold its remaining 13% stake in Arion bank. In 2021 the government started privatising the third bank, Islandsbanki, by selling 35% of its stake followed by further sell of 22,5% stake in 2022. The final step in the total privatization of Islandsbanki came this spring when the government sold its remaining 42,5% stake. Arion bank is listed on the stock exchanges in Reykjavík and Stockholm and the sole investment bank is listed on the stock exchange in Reykjavík.

As of end of 2024, total assets of deposit money banks (DMBs) stood at EUR 40.2 billion, equivalent to approximately 126% of GDP. The three largest banks hold about 94% of these assets. The total loan volume is around EUR 32.6 billion, and total deposits are about ISK 22.3 billion.

DMB lending increased by 8.3% at the end of 2024 (3.4% in real terms) compared to 1,9% decrease in real terms the year before. The growth last year was the most growth in real terms since 2021. Even though delinquency rate for households was trending a little bit upwards last year the increase was really small and the rate is still historically low standing at 1.05%. Delinquency rates in construction and tourism were also increasing over the last year but are still low in historical comparisons.

Even though the pandemic hit Iceland relatively hard due to large exposure to the tourism sector the Icelandic banking system was well equipped to handle the effect as seen in only small decrease in the equity ratio. Stress tests on the Icelandic banks done this summer were comparable to EBA tests on 64 European conglomerates. In comparison Icelandic banks' capital and leverage ratios decline only modestly in comparison with those of the European banks. This is due to Icelandic banks' higher leverage ratio. That has however has placed constraints on their return on equity, which has historically been lower than the European average and the banking systems of other small European countries.

Return on equity was 12,1% in 2024, the highest since 2021. Return on equity was 7% in real terms which is well below the average of other European countries.

Ireland

Ireland's gross domestic product (GDP) grew by 1.2% in 2024, driven by growth in the domestic economy, with consumer spending up by 2.3%. By the end of Q4 2024, almost 2.8 million people were in employment, down slightly from the peak in Q3 2024. The annual unemployment rate dropped to 4.2% by December 2024, down from 4.5% in December 2023. Employment and investment income increased by €16.3 billion in 2024, with compensation of employees 6.8% or about €10 billion higher. The seasonally adjusted gross household savings rate remained stable, averaging about 13.8% in 2024, similar to pre-Covid levels.

There were 47 banks operating in Ireland at the end of 2024. These included 18 credit institutions authorised in Ireland (of which two were covered bond banks) and 29 branches of banks authorised in other European Economic Area countries that were operating in Ireland.

While the number of banks has fallen in recent years, the number of credit unions, not-for-profit, member-owned financial cooperatives funded primarily by member deposits, fell from 192 to 183 between September 2019 and September 2024 as credit unions consolidated.

The Irish government had significant stakes in two banking groups (about 17.5% in AIB Group and 57.5% in Permanent TSB Group) at the end of 2024 but has gradually reduced its stakes, while the State has no stake in Bank of Ireland.

Resident credit institutions in Ireland, including credit unions, employed about 26,500 people at the end of 2024, according to the European Central Bank. Banks also paid some €570 million in corporation tax. Retail banks also paid an annual levy which cost €203 million in 2024, more than double the level in 2023.

Total credit institution balance sheet assets increased by about €64 billion during 2024 to almost €912 billion in December 2024, according to the Central Bank of Ireland, the highest December level since 2011. Loans to non-residents increased by 14% to €397 billion at the end of 2023.

Households accounted for about 69% of credit institution loans to the Irish private sector at the end of 2024. Credit institutions had outstanding housing loans of €86 billion at the end of 2024. When non-banks are included, the value of mortgage debt outstanding increased by 1.1% in 2024 to €112 billion. Non-mortgage personal credit outstanding rose by 6% year on year to €13.3 billion by the end of 2024.

In the mortgage market, demand for housing remained strong in 2024, but the shortage of supply of new homes remained the key issue. BPF analysis shows that the value of mortgage drawdowns rose by 4% to almost €12.6 billion, reflecting higher housing prices. Most of the growth in mortgage activity was driven by first-time buyers (FTBs). The value of FTB drawdowns rose by 8.4% to over €7.8 billion, the highest level since 2006.

Almost half (€16.4 billion) of the €34.3 billion in credit institution outstandings to Irish resident private-sector enterprises (excluding financial intermediation) was advanced to small and medium-sized enterprises (SMEs) at the end of 2024. SME credit outstanding fell by 6% to €16.4 billion as businesses continued to deleverage, even though gross new lending to SMEs increased by about 8% year on year to €4.3 billion during 2024.

Central Bank of Ireland analysis indicates that banks accounted for 52% of outstanding credit to companies and 31% of credit to individuals for business purposes, such as sole traders.

In terms of liabilities, deposits from Irish private-sector residents remained the key source of funding at about €329 billion though non-resident deposits grew by about 13% to €278 billion.

Households accounted for about half of Irish private-sector deposits, while 86% of household deposits were overnight (including current accounts). An Post, the State-owned postal service operator, managed a further €24.3 billion in national personal savings schemes and post office savings accounts on behalf of the national treasury.

Payment card usage continued to grow with 293 card payments per capita in the second half of 2024, more than double the euro area average of about 126. At the point of sale, contactless payments accounted for 87% of domestic card payments in 2024, while mobile wallet payments accounted for more than half (54%) of contactless volumes.

Ireland's exports of financial services (excluding insurance and pension services) rose by 17% in 2024, to €26 billion. Ireland was also the seventh largest exporter of financial services in the world in 2024, and the fifth largest in Europe.

Italy

In 2024, Italy's real GDP grew by 0.7%, reflecting a modest increase in domestic demand. Household consumption rose only slightly (+0.4%), as the recovery in real disposable income remained weak. Investment expanded by 0.5%, driven by a rise in non-residential construction, which more than offset the declines in equipment and housing investment. The contribution of net exports was slightly positive, mainly due to the contraction in imports.

Bank lending dynamics remained weak, although signs of a gradual recovery began to emerge, supported by the gradual easing of monetary policy and improving confidence. At the end of 2024 bank loans to customers in Italy amounted to €1,649 billion, down by 1.1% compared to the previous year. Loans to the private sector totalled €1,417 billion (-0.3% year-on-year), while loans to households and non-financial companies amounted to €1,267 billion (-1.0% year-on-year).

The decline in total loans was mainly due to the contraction in lending to non-financial corporations (-2.3%), driven by weak investment demand and the still ample liquidity held by firms. By contrast, lending to households returned to moderate growth, driven by a rebound in demand for housing loans following the gradual reduction in interest rates. Specifically, loans to households increased by 0.2% in December 2024 (-1.3% at the end of 2023); within this category, loans for home purchases grew by 1.2% in 2024 and consumer credit by +4.3% (-0.1% and +3.5% respectively in 2023).

Despite the weakness of economic activity, the stock of non-performing loans on banks' balance sheets remained at low levels in 2024. Their value (net of write-downs) stood at €31.3 billion corresponding to 1.5% of total loans, reflecting both the low inflow of new non-performing loans and the continuation of disposal operations (around €8 billion over the year as a whole).

Total bank funding in Italy including customer deposits and bonds returned to growth, reflecting the gradual recovery in deposits following the contraction recorded in 2023. At the end of 2024, total funding amounted to €2,096 billion, which corresponds to an increase of 2.7% compared to the previous year. Specifically, customer deposits rose by 2.0% on the previous year, to €1,830 billion, while medium and long-term funding via bonds increased by 7.2%, to €265 billion.

In 2024, Italian banks further consolidated their capital position. The Common Equity Tier 1 (CET1) reached 15.9% of total risk-weighted assets, up from 15.6% in 2023, in line with the average of European banks. Liquidity ratios remained high, and profitability improved further, supported by higher fee income and, to a lesser extent, by a rise in net interest income: the return on equity, net of non-recurring items, rose from 12.3% to 12.8%.

The restructuring plans and the consolidation processes of the banks operating in Italy, started in past years, continued over the course of 2024. At the end of the year, Italy's banking sector comprising banking groups and stand-alone banks consisted of 94 active institutions, with 19,655 branches and 261,653 employees.

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Latvia

In 2024, Latvia's GDP declined by 0.4% compared to 2023. Economic growth remained subdued primarily due to persistent geopolitical risks and weak demand from Latvia's key export partners in Western Europe. However, a turnaround is expected in 2025, with GDP projected to grow by 1.2% as economic activity stabilizes¹.

At the end of 2024, S&P Global Ratings reaffirmed Latvia's sovereign credit rating at "A" with a stable outlook. The agency highlighted that Latvia's fiscal stance, economic performance, and international competitiveness have remained resilient despite the indirect effects of Russia's war against Ukraine. Nevertheless, progress may be constrained by rising expenditure on key priorities such as defense and security.

The Latvian banking sector comprised 14 active credit institutions in 2024, including 10 domestically registered banks and 4 branches of EU banks. The two largest banks are owned by Nordic banking groups.

The banking system continues to be well-capitalized, with the Common Equity Tier 1 (CET1) ratio of 19.2%, and asset quality remains robust, with the Non-Performing Loan (NPL) ratio of 1.6%. The sector delivered strong profitability, with an average return on equity (RoE) of 16.7%, although it is expected that profitability will be adversely impacted in 2025 by reduced interest rates².

In 2024, credit institutions' balance sheets continued to grow, increasing by 8% to €30.5 billion³. The aggregate loan portfolio expanded modestly to €16.4 billion⁴, driven by a 7.5% increase in new corporate lending and a 6.1% rise in new household loans⁵. Savings among Latvian residents also grew significantly, with the total deposit portfolio growing by 9.9% and reaching €25.5 billion⁶.

Meanwhile, the value of the second pillar pension assets reached €8.8 billion at the end of 2024; €1.7 billion more than at the end of 2023⁷. The number of members reached 1.3 million⁸. The number of members in the voluntary third pension pillar increased by 8.3%, and the amount of savings rose by 22.3% to €0.8 billion at the end of 2024⁹.

Latvia continued to lead in digital banking innovation, supported by a strong regulatory framework and a highly digitalized financial ecosystem. The Bank of Latvia announced that non-bank payment providers will be granted direct access to its payment system, fostering the growth of fintech solutions and new digital services.

Latvia maintained one of Europe's strongest frameworks for financial crime prevention. In the beginning of 2025, Moneval completed the assessment of its AML framework, and the result of that assessment is expected to be published in December 2025. Since 2018, the country has implemented FATF recommendations and established a public-private partnership that enables detailed information

¹ <https://www.bank.lv/darbibas-jomas/monetaras-politikas-istenosana/prognozes>

² <https://www.bank.lv/en/statistics/stat-data/supervisory-statistics>

³ <https://www.bank.lv/en/statistics/stat-data/supervisory-statistics>

⁴ <https://www.bank.lv/en/statistics/stat-data/supervisory-statistics>

⁵ <https://data.ecb.europa.eu/main-figures/banks-balance-sheet/loans?tab=Households>

⁶ <https://www.bank.lv/en/statistics/stat-data/supervisory-statistics>

⁷ <https://www.manapensija.lv/lv/pensiju-2-limenis/aktualie-dati/?date=31.12.2024¤cy=EUR>

⁸ <https://www.manapensija.lv/lv/pensiju-2-limenis/aktualie-dati/?date=31.12.2024¤cy=EUR>

⁹ <https://www.manapensija.lv/lv/pensiju-3-limenis/vesture-un-statistika/>

sharing among banks to combat money laundering. Latvia maintains a transparent register of beneficial owners and rigorously enforces UN, EU, and allied sanctions, including measures by the OFAC. Cooperation with high-risk shell companies is prohibited. A risk-based approach, advanced technology, and strong public-private collaboration underpin the stability and integrity of Latvia's financial sector.

Liechtenstein

As a member of the European Economic Area (EEA), the Liechtenstein economy takes part in the European single market and due to the customs and Swiss Franc currency union, the country is strongly linked to the Swiss economy. Generally, Liechtenstein's diversified economy is on a moderate path to growth with optimistic outlook and Liechtenstein's AAA-rating with stable outlook was confirmed by Standard & Poor's end of November 2024. The average unemployment rate is with 1.6% at a comparatively extremely low level.

In October 2024, Liechtenstein joined the IMF, marking a key step in its deeper integration into the global financial architecture. This strengthened the country's overall stability by broadening policy dialogue and anchoring its framework within an internationally recognised system.

By the end of 2024, there were 10 fully licensed banks operating in Liechtenstein. Four of them are subsidiaries of Swiss, Luxembourgish and Chinese institutions, the others are Liechtenstein banks. The LGT Group is the largest private banking group owned by the princely family and the LLB Group listed on the Swiss Stock Exchange but majority-owned by the Liechtenstein government.

Owing to the very limited home market, Liechtenstein banks are dependent on international market access (in particular EEA passporting). Some banks are active in Switzerland as well as outside Europe, particularly in Asia, with subsidiaries, branches or representative offices in almost 30 countries. Their activities traditionally focus on private banking and wealth management. They do not engage in investment banking and carry comparatively low risks. However, smaller banks, in particular, are engaging more in other business areas, such as Bank Frick which has built up a high level of competence in e-commerce/payment solutions as well as in blockchain banking over the last few years.

Due to its unique position, Liechtenstein is part of the EURO payment area (SEPA) but also affiliated to the Swiss Franc payment systems.

Due to the narrow business model of the Liechtenstein banking sector, the lending business focuses on mortgages and Lombard loans. Residential mortgages amount to 80% of total mortgages and are mainly secured by Liechtenstein or Swiss real estates. The average LTV for residential mortgages is less than 50%. Commercial loans do not have a significant share of the loan portfolio of Liechtenstein banks.

Sustainability has always been at the core of the Liechtenstein financial centre's values and culture and is a key pillar of its long-term strategy, the so-called Roadmap 2025 with an emphasis on growth through sustainability and digitalisation. LGT is one of the pioneers in sustainability, not just in Liechtenstein but worldwide as well. Consequently, the positive trend towards sustainable investments from the last years onwards has persisted, and the percentage of sustainable investments continuously increased. With regard to digitalisation and blockchain in particular, Liechtenstein has taken on a pioneering role at the national level in that it was one of the first countries in the world to adopt the Trustworthy Technologies Act (TVTg) on 1 January 2020. This early move allowed authorities and service providers to gain valuable experience and build solid expertise in the field. With MiCAR entering into application in February 2025, Liechtenstein-based service providers will benefit from full passporting rights into the European market under a harmonised regulatory framework.

A demanding environment encompassing hardly predictable global economic outlook and political disorder in leading countries accompanied with high inflation, volatile financial markets and costly

regulation continued to challenge the sector. Even in time of such challenges and the restraint shown by investors, the banks attained stable net profits and assets under management (AuM). To sum up, the banking sector can again look back on a successful year in 2024.

The result of ordinary activities (EBT) in 2024 for the banking institutions (individual basis) was CHF 440.5 million. Compared to the previous year, it decreased by CHF 133.0 million, however it was higher than the average of the last five years (2019-2023), during which it averaged CHF 346.9 million.

Although net new money inflows (consolidated) decreased in 2024 (CHF 17.6 billion) compared to the previous year (CHF 30.9 billion), assets under management (AuM) rose to CHF 503.7 billion on a consolidated basis and were therefore significantly higher than in the previous year (CHF 439.0 billion) and thus exceeded the threshold of 500 billion Swiss Franc for the first time in history.

The consolidated balance sheet total of Liechtenstein's banks rose by around CHF 5.2 billion year-on-year to CHF 107.9 billion at the end of 2024, meaning that the banking sector's balance sheet total is around 14 times Liechtenstein's GDP. After the cost-income ratio slightly declined in the previous year, it worsened in 2024 on a consolidated basis to 79.4% (previous year 70.7%). On an individual basis, the ratio remained stable at around 65.7%.

Liechtenstein banks are distinguished by their financial strength and stability. They have solid and high-quality equity capital resources with an average core capital (CET 1 ratio) of 19% and a leverage ratio of around 7.3%, both at individual and consolidated level. The high average liquidity coverage ratio (LCR) of around 192% on a consolidated basis shows that security and stability are very important for the banks.

The national economic significance of the financial centre is disproportionately high, compared with other countries. It is one of the central pillars of Liechtenstein's national economy. The financial sector contributes a total of 17.3% to Liechtenstein's GDP and 17% to the workforce. The banks continue to be important employers. 107 full-time positions were created in 2024. The banking industry employs a total of 2'728 people (full-time equivalents), 38.6% of these were women. With a stake of around 41% of total corporate income tax revenue, the outstanding importance of the financial sector would be even more prominent.

Lithuania

In 2024, the Lithuanian banking sector comprised 19 market participants, including 6 banks, 7 specialized banks, and 6 foreign bank branches. During the year, the Swedish TF Bank AB branch began operations in Lithuania, while no new licenses were issued. The sector continues to be dominated by subsidiaries of Scandinavian banking groups, although the market structure has shifted notably.

By the end of 2024, Revolut Holdings Europe UAB became the largest bank by total assets, overtaking Swedbank after seven years of dominance. Revolut held 27.7% of sector assets, followed by Swedbank (26.8%), SEB (20.7%), and Šiaulių bankas (6.4%). Together, these four banks, directly supervised by the European Central Bank, controlled over 80% of total banking assets. The combined share of foreign bank branches, led by Luminor Bank AS Lithuanian branch, stood at 15.6% (down from 17.7% in 2023).

Total banking sector assets expanded by 19.1%, reaching €73.4 billion, driven by deposit growth and a sharp increase in liquidity reserves. Loans to customers grew by 15.4% to €31.7 billion, while investments in securities rose 19.9% to €7.7 billion. The total value of deposits surged by 20.8%, amounting to €61.3 billion, though after excluding non-resident deposits, the growth rate was 8.8%.

Deposits from households increased by 11.9%, and term deposits continued to rise despite a gradual decline in interest rates. Non-resident deposits grew significantly, at 7.25 billion (54%), mainly due to Revolut's pan-European operations.

The sector's capital adequacy ratio improved from 20.0% to 21.4%, and liquidity coverage (LCR) remained very high at 347%, more than three times the minimum requirement. The net stable funding ratio (NSFR) stood at 205%, and the leverage ratio at 6.06%, indicating sound liquidity and capital position.

The loan portfolio continued to expand robustly. Loans to households rose by 13.2%, reaching €17.0 billion, of which €12.7 billion were housing loans (+9.0%). Loans to non-financial corporations increased by 12.6%, totaling €12.7 billion. Despite the expansion, credit quality remained good: the share of non-performing loans (NPLs) decreased slightly to 0.9%, while the value of restructured loans dropped to €397 million, or 1.03% of the total loan portfolio.

The sector's profitability remained exceptionally strong for the second consecutive year. Banks and foreign branches collectively earned €1.02 billion in profit, an increase of 3.2% compared to 2023. Net interest income rose by 13.4% to €2.3 billion, and net fee and commission income surged by 52.5% to €1.27 billion (largely due to Revolut). The return on equity stood at 20.2% and return on assets at 1.5%.

Financial fraud remained a growing concern in 2024. According to the Center of Excellence in Anti-Money Laundering, financial institutions registered 13,691 fraud incidents, up from 10,487 in 2023. The total amount targeted by fraudsters reached €35 million, of which €20.2 million was prevented or recovered, leaving net losses of approximately €17.3 million. The most frequent schemes involved phishing, telephone scams, and investment fraud, increasingly using AI-assisted impersonation and social engineering. Despite enhanced prevention and public awareness efforts, the overall losses were around 40% higher than in 2023, underscoring the need for continued coordination between financial institutions, regulators, and law enforcement.

Luxembourg

Luxembourg is a major international financial centre located at the heart of Europe. The Luxembourg banking sector is highly diversified and serves as the leading private banking hub in the Eurozone. Its fund services and depositary banking are specifically tailored to support the Luxembourg fund industry's global reach. The Luxembourg fund industry holds the top position in Europe for asset management and ranks second globally. Luxembourg's corporate banks play a key role in financing European businesses, with 75% of corporate lending focused on international markets, and it also boasts a highly competitive retail banking sector.

Beyond these core industries, Luxembourg offers a unique and comprehensive financial ecosystem, encompassing the full range of services and expertise required to foster and expand the financial sector. This includes market infrastructures, law firms, consultants, education and training providers, IT partners, and FinTech companies. Leveraging these strengths, Luxembourg is positioning itself as a leader in innovative financial technologies, with close collaboration between financial institutions and FinTech firms, facilitated by the ABBL and other public-private partnerships.

Luxembourg has long attracted international financial institutions, drawn by its AAA credit rating and its economic, social, and political stability. One of Luxembourg's key strengths for clients is its ability to meet the needs of complex international and multijurisdictional situations. This global mindset is shared by Luxembourg's authorities, including the Ministry of Finance and the CSSF regulator, who are highly accessible and attuned to the unique characteristics of the financial centre.

As a result, Luxembourg is globally recognized as an international financial hub. It boasts the highest rate of banking internationalization in Europe, with 92.4% of its banks being foreign owned. Over one-third of these banks originate from outside the European Union and operate cross-border, using the EU financial services passport.

By the end of 2024, 115 banks were registered in Luxembourg, employing 26,184 people. The total balance sheet of these banks slightly increased at €937.4 billion. Luxembourg's banks are well-capitalized, with CET1 capital ratio of 21.29%, far exceeding regulatory thresholds and the European average, allowing them to meet potential challenges and support the economy.

2024 was another record-breaking year for Luxembourg private banks. Assets under management rose by 14.2%, fuelled by solid market performance (+10%) and a doubling of net new money inflows to 4%. This strong momentum is driven by a clearer focus on ultra-high-net-worth individuals (UHNWIs), particularly among medium and large institutions. Depositary banking's robust growth (AuD were up 13% to EUR 7.54tn) is increasingly driven by a healthy demand for traditional investment vehicles, alongside a significant rise in ALTs (especially in Private Equity and Fund of Funds) with notable ETF momentum & ELTIF take-off. Assets under Custody rose by 9.7% to 3.95tn driven by new client onboardings, USD equity markets, as well as rising economic activity. Corporate banking revenues climbed for the third consecutive year. The increase in interest rates in recent years has been a key driver of this performance.

Overall, the financial sector is the primary driver of Luxembourg's economy accounting for 30% of national gross value added (GVA) in 2024 (from which 43% is provided by banks). In terms of public finances, the financial sectors tax contributions reached EUR 7.2bn in 2024. The financial sector accounts for the majority of revenues from Corporate Income Tax (IRC), Municipal Business Tax (ICC),

and Wealth Tax (IF) – representing at least 60% of the total collected in each category. Additionally, the sector contributed approximately one-quarter of the total revenue generated from Withholding Tax on Salaries (RTS). With 30,3% banking is within the financial sector the second largest contributor to tax revenue (excluding TABO) behind financial holding companies (33,2%).

Malta¹⁰

Following the strong growth in 2022 and despite continued geopolitical risks due to the war in Ukraine and rising inflation, economic activity moderated but still exceeded that in the euro area. Real GDP grew by 5.6% (8.1% a year earlier), with a large positive contribution from net exports offsetting a negative contribution from domestic demand. The latter's increase, which was over and above its 2021 and pre-pandemic levels, was the main factor in GDP growth for 2022 adding 10.9 percentage points over the previous year. The seasonally adjusted unemployment rate published by Eurostat averaged 4.3% in 2020, higher than the average of 3.6% recorded in 2019 but lower than pre-2017 levels.

In the first three quarters of 2023, the general government deficit declined significantly compared to the corresponding period of 2022 to €295.9 million, €337.2 million lower than the corresponding period of 2022. When measured on a four-quarter moving sum basis, the deficit-to-GDP ratio narrowed from 5.6% as at end-2022 to 3.4% in the third quarter of 2023. Meanwhile, the government debt-to-GDP ratio fell by 2.0 percentage points compared to December 2022, to 49.6% of GDP. The general government net financial worth also improved as the share of financial assets in GDP rose by 0.8 percentage points to 28.9%, as at end September 2023.

The average rate of Harmonised Index of Consumer Prices (HICP) inflation was 5.6%, down from 6.1% in 2022. Though still high by historical standards, HICP inflation fell since the second quarter of the year. Consequently, inflation eased from 6.8% in January 2023 to 3.7% by December 2023.

Over the past three decades, the banking sector in Malta has grown from essentially just four retail banks serving the local population to 21 (operative) licensed banks as at the end of 2023, only three of which are Maltese majority owned. Thus, the ownership of the other banks originates from various EU and non-EU jurisdictions, including Austria, Belgium, Greece, Kuwait, Qatar, Turkey and the United Kingdom. As such, over 60% of the banking sector's total assets of around €46 billion are foreign owned.

The sector is very diverse in terms of inter-linkages with the domestic economy, and can be split into three groups, according to the extent of linkage with the Maltese economy: core domestic banks; non-core domestic banks and internationally oriented banks.

There are six core domestic banks, whose assets (€32.8 billion) represented 169% of Malta's GDP. The core banks employ 81% of the sector's workforce numbering around 5,532 employees. Two of these banks are the local market leaders, holding around 64% of this cohort's assets, and their branch and ATM networks contribute to over 80% of the branches/offices of the core banks in the Maltese islands. In fact, the local banking sector maintains a strong physical presence and financial access in the market. This is highlighted by the average of 23.51 branches per 100,000 adults in 2021 (Euro area: 16.78) and the number of ATMs per 1,000 km² for Malta at 613 (Euro area: 115).

The core banks exercise a conservative business model consisting mainly in the raising of deposits and the granting of loans mainly to Maltese residents. In fact, customer deposits, of which resident deposits comprise the largest proportion, financed around 85% of the core banks' balance sheets in 2023.

Their loan-to-deposit ratio stood at 58.9% in 2023, well below the euro area average of approximately 96%. On the asset side, exposures to the households' and individuals' sector continue to constitute the

¹⁰ This report reflects the year 2023.

largest sector to which the core domestic banks are exposed to. In fact, over 90% of all exposures by the aggregate banking sector to this economic sector were advanced by the core domestic banks. At the same time, the latter continued to apply prudent lending norms and loan-to-value ratios, as well as a cautious valuation of collateral. Additionally, their investment portfolios continued to be widely diversified in well-rated securities.

Overall, the core domestic banks are characterised by a sound capital base (Tier 1 capital adequacy to risk-weighted assets of 20.2%) and high liquidity. Additionally, in 2023 several factors contributed to a significant increase in the core domestic banks' profitability, amongst which: the ECB's rise in interest rates significantly increased the net interest income for Malta's banks particularly since such higher interest rates were not fully passed on to depositors; the cost of borrowing for both the personal (such as mortgage loans) and corporate sectors, remained low due to the limited pass-through by banks; hence Malta's economy continued growing without experiencing the easing arising from the ECB's rate hikes and the larger banks benefited from economies of scale, allowing them to spread the cost of compliance across diversified balance sheets, revenue streams, and customer bases.

There are six "non-core domestic banks", whose assets of around €3.7 billion represented 19.1% of Malta's GDP. These banks undertake some business with Maltese residents, but not as their core activity. As such, while the linkages with the domestic economy remained limited, both resident assets and resident liabilities picked up momentum somewhat as these banks continued to penetrate the domestic market. With a Tier 1 capital adequacy ratio of 20.4%, well in excess of the requirement, these banks have a good shock-absorbing capacity to cover any potential deterioration in asset quality. Considering also their limited exposure to the domestic economy, these banks are not deemed to pose a threat to domestic financial stability.

Twelve internationally oriented banks, some of which are subsidiaries and branches of large international institutions, have almost no links to the domestic economy (less than 10% of their assets are domestic). Their combined assets of around €9.9 billion represented 51% of Malta's GDP. These banks fund themselves mainly through the wholesale market or through their parent banks and deal mainly with intra-group activities. Overall, this group is also very well capitalised, has strong liquidity and remains profitable.

Sources: Central Bank of Malta (CBM) Annual Report 2023; CBM Financial Stability Report 2023; Malta Financial Services Authority Annual Report 2023; EY - The Future of Banking in Malta (2024); CBM database; NSO website. Additional information on the local banking sector may be accessed from this link: <https://www.maltabankers.org/future-of-banking-in-malta-report/>

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The Netherlands

The Dutch banking sector has proven to be stable and resilient and offers a great deal of diversity in services and products. Banks connect social goals with the real economy. Dutch banks therefore want to play an active role as both commercial players and social partners. For the latter you can think of serious involvement of Dutch banks in financial education of children and financial wellbeing in general for example providing customers with advice on sustainable housing to prevent energy poverty.

The sector is relatively large in size, almost 3 times the size of the Dutch economy (GDP), totaling € 2700 billion in assets. It's also concentrated with the six largest Dutch banks accounting for about 85% of total assets of the sector. It's employing 118.000 people worldwide of which 79.566 in the Netherlands itself. The ownership structure of the three major banks is diverse. The largest bank is publicly listed, the second largest has a cooperative structure and the third largest is partly state-owned.

In their 'Overview Financial Stability' publication in October 2024, the Dutch Central Bank restated Dutch banks are well capitalized, have sufficient liquidity, and are profitable, also due to higher interest rates. The average Core Equity Tier 1 capital was 16.3% and the leverage ratio was 6%.

In the Netherlands about three million households have a mortgage at a bank with a total value of € 566 billion euro's which is 69% of total mortgages in the Netherlands. In European perspective, the Dutch housing market is unique because of its relatively high LTV's. These relatively high private debts are offset by large savings totaling around € 600 billion and pension fund assets totaling roughly € 1800 billion.

Consumers in the Netherlands have access to efficient and innovative payment systems with banks offering payment packages at relatively low cost which are on average 30% lower than the European average. Cash payments are still going down and are only 20% of total payments in the Netherlands. Furthermore, Dutch Parliament agreed to introduce a € 3.000, - cash payments limit to reduce the risk of money laundering.

Banks play a vital role in the financing of Dutch companies, certainly to SMEs. Banks are working together with public and private sector stakeholders to further enhance business environment in the Netherlands, for example in the elaboration of the national SME Financing Agreement and the development of a SME Financing Hub. Furthermore, banks agreed on a base level of how to treat small entrepreneurs during all steps of the financing process in a special Code of Conduct 'Small business finance'. Total lending to businesses adds up to € 298 billion with Dutch banks being the largest financer of SMEs, with the three largest banks providing a total of € 119 billion in financing to SMEs).

Dutch banks are very committed to supporting and stimulating the transition to a sustainable economy. The Dutch financial sector has therefore set an international example with the 2019 Climate Commitment, in which banks pledged to reduce emissions from their financing and investments. All financial institutions have since then published an action plan. 69% of the financial institutions that are part of the Climate Commitment indicated that they are 'on track' regarding their CO2 reduction targets. The introduction of the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS) should provide coherent, standardized disclosures by non-financial corporations as a crucial prerequisite for properly mapping the sustainability profile of banks' portfolios. To help customers with this reporting the Dutch Banking Association together with 8 banks started the 'ESG-data project'. By setting uniform definitions and calculation methods corporate clients should be

able to report efficiently on sustainability leading also leading to comparability and transparency between banks.

Norway

The GDP growth for Mainland Norway was 0.6% in 2024. Unemployment remained low, and the prices in the housing market increased throughout the year, despite no cuts in the key policy rate at 4.5%. Housing investments declined and contributed to dampening the growth in GDP.

The Norwegian banking sector is characterised by a few very large commercial banks, some regional based and several small savings banks. At the end of 2024, there were 115 banks operating in Norway. 99 were Norwegian and 16 branches of foreign banks. The market share of the subsidiaries and branches of foreign banks were 21% and 34% in the retail and domestic corporate market, respectively.

The banking market is experiencing consolidation, especially among the savings banks, whereas newly established banks in recent years has been dominated by a focus on consumer credit. Mergers between savings banks has been observed in different variations, including 2-3 smaller banks merging, large and small bank merging and between 2 larger entities. The number of Norwegian banks has gone down by 26 during the last 10 years.

At year-end 2024, the aggregate assets of the banking sector (including foreign entities) amounted to around €769 billion. The Norwegian banks' return on equity was 15.4%, an increase of 1.4 percentage points from 2023. The increase in ROE in recent years has particularly been due to higher net interest income.

The capital adequacy in Norwegian banks (CET1 calculated as a weighted average) was 18.8% in 2024, up by 0.4 percentage points from the year before. The leverage ratio was unchanged at 7.7% on average.

As more and more people are using banking services online, the number of physical branches has decreased significantly over several years. More digital banking has given the banking sector large productivity gains and hence lower costs. In 2024, the cost/income ratio in Norwegian banks were on average 37.6%, down by 1.4 percentage points from the year before.

The most important sources of funding are deposits and covered bonds. Large banks have a considerably larger share of market-based, international funding than smaller banks, which base their operations largely on depository funding. Bank deposits are guaranteed by the Norwegian deposit guarantee scheme and have proven to be a stable source of funding, also during financial turmoil. The guarantee provided by the Banks' Guarantee Fund covers up to NOK 2 million (approx. €170,000) per depositor per bank. Deposits from customers increased by 6% in Norwegian banks and 7.5% in branches of foreign banks in 2024.

Credit growth has been on a declining path for some years but started to pick up from the spring 2024. The annual growth was 3.4% at the end of the year, and the retail credit growth 3.8%.

Given the VAT exemption for financial services a financial tax was implemented in Norway in 2017. The tax comprises of two elements. The first is a payroll tax of 5% and the second a maintained tax rate at 25 %, i.e. an extra tax of 3 percentage points relative to other corporates (22% tax rate in 2024).

The Norwegian financial sector strongly supports the ESG-agenda and are involved in/has launched several initiatives in this area. The Roadmap for Green Competitiveness in the Norwegian Financial Sector, developed by Finance Norway, is an example of a key initiative setting the vision of a profitable and sustainable Norwegian financial sector in 2030. The roadmap includes seven general

recommendations for the industry in addition to several specific recommendations for banks, insurers and investors. Furthermore, the Norwegian financial sector has already been issuing green bonds for several years, both covered and unsecured bonds.

Norwegian banks also strongly support the progress in the stability and governance of the European financial sector, as well as the increasing harmonisation of regulation and supervision throughout

Europe, to ensure a level-playing field and improve the functioning of the market economy. Norway is not a direct member of the EU but participates in EU's internal market under the European Economic Area Agreement (EEA). According to this agreement Norway is obliged to implement all EU directives and regulations that relate to financial institutions and markets, such as the CRR/CRD, MiFID, Prospectus Directive, Solvency II etc. This ensures Norwegian financial institutions the same rights and obligations as institutions established within the EU.

Poland

Poland's banking sector remains a key pillar of the domestic financial system, combining high shock-absorption capacity with effective support for financing the economy. According to Statistics Poland (GUS), results improved strongly in 2024: sector net profit reached about PLN 42.0bn (2023: PLN 27.6bn). Total assets of banks operating in Poland grew by 10.8% y/y to PLN 3,317.3bn at end-2024. Loans to the non-financial sector increased to PLN 1,194.0bn (+4.1% y/y), while deposits from this sector rose to PLN 1,943.2bn (+7.8% y/y).

Structurally, the sector remains diversified: in 2024 the number of banks operating in Poland declined to 551, including 62 commercial banks alongside a network of cooperative banks which despite consolidation continue to provide dense local infrastructure for SMEs and households. The modernization and digitalization trend is progressing, accompanied by ongoing branch network rationalization and stable employment.

Profitability recovered after a difficult 2022. On an annual basis, ROE for 2024 was 15,5% and ROA 1,27%, reflecting wider net interest margins and normalized risk costs. In 2024, profitability remained solid, although per the central bank it was around the EU median and below some CEE peers, due in part to specific regulatory burdens and legal-risk costs.

The most material structural risk remains the legal risk associated with foreign-currency mortgage portfolios, whose burden while still significant is being actively managed and is gradually easing relative to the sector's capital base. In 2024, the Polish Financial Supervision Authority (KNF) introduced a Recommendation on the Long-Term Funding Ratio (LTFR) aimed at mitigating liquidity and interest-rate risks by strengthening long-term funding, particularly for mortgages. In its Financial Stability Reports, Narodowy Bank Polski (NBP) assessed the system as stable, with high loss-absorption capacity and a sustained ability to provide financial services even under adverse stress-test scenarios.

On the demand side, credit expansion in 2024 was constrained by still moderate demand for credit among households and corporates following the period of higher interest rates and elevated inflation in 2022–2023. At the same time, the government maintained in 2024 a mortgage payment-holiday scheme for certain PLN borrowers, with income criteria and limits on suspension periods, which cushioned short-term household pressures but also dampened repayment dynamics and, in some banks, new lending volumes.

On the liabilities side, current accounts continued to play a major role, although there was a gradual reallocation of savings toward term deposits after an earlier period of elevated balances in sight accounts. In 2024, the central bank actively absorbed sector excess liquidity (via NBP bills), which stabilized liquidity conditions and supported monetary policy transmission. Liquidity metrics, including the LCR, remained well above regulatory requirements, and the sector maintained a sizeable capital surplus.

Institutionally, the sector features a meaningful yet balanced share of foreign ownership, alongside leading domestic banking groups and banks with State Treasury participation. At end-2024 the ownership structure was stable: 47.9% of the sector's assets were controlled by the State Treasury, 42.7% remained in the hands of foreign entities, and 9.4% belonged to Polish private capital. The prevailing business model remains relationship-oriented, deposit-funded and increasingly mobile-first, with growing automation and use of cloud and AI across risk, AML and customer service.

As of end-2024, Poland's banking sector was profitable, well-capitalized and liquid, with assets and deposits expanding and lending to the non-financial sector returning to a path of moderate growth. Priorities for the coming quarters (within this time horizon) include further reduction of FX mortgage legal risks; implementation of long-term mortgage funding standards; maintaining a stable deposit base amid interest-rate normalization; and continued digitalization with an emphasis on cybersecurity.

Portugal

The Portuguese economy expanded by 2.1% in 2024 (after 3.1% in 2023), driven by a strong contribution from domestic demand (2.9 p.p.), as private consumption rose by 3.0% and investment by 4.2%. This expansion occurred despite a negative contribution from net external demand (-0.7 p.p.), reflecting faster growth in imports (4.8%) than in exports (3.1%). Inflation decelerated significantly, averaging 2.4% in 2024 (down from 4.3% in 2023), while core inflation declined to 2.5% (from 5.0% in 2023).

Over the years, the Portuguese banking sector has undergone a profound process of transformation, which has been proved crucial to ensure resilience and capacity to finance the economy in the persistent context of geopolitical tensions and economic uncertainty. At the end of 2024, the banking sector showed high levels of profitability, liquidity and capital, all of them well above European average.

The banking sector comprised 139¹¹ institutions: 63 banks, 73 mutual agricultural credit banks, and three savings banks; with the five largest banks accounting for 72% of total assets. Domestic employees represented approximately 1% of the country's employment, of which 51.8% of the working force were women and 72% of the employees had higher academic qualifications.

Total assets grew by 5.9%, mainly reflecting the growth of the debt securities portfolio - mostly consisting of government debt securities and the increase in loans to customers, as well as the reduction in cash and claims on central banks. In the domestic activity, loans to non-financial corporations rose 0.7%², to €72.2 billion, and loans to households grew 4%¹², to €132.8 billion. The expansion was supported by housing and consumer loans. The share of variable rate loans in the stock of loans for house purchase stood at 62.2% (78.2% in December 2023).

Since the June 2016 peak, the NPL ratio decreased from 17.9% to 2.4%, with non-performing loans falling by €42.7 billion, and the NPL coverage ratio increasing from 43.2% to 55.4%. In 2024, the net NPL ratio reached 1%.

On the liabilities side, customer deposits rose by 7.4%, following a 0.4% decline in 2023, thereby increasing their share in the sector's funding structure to 73.9% (+1 pp). Borrowing from the Euro system continued to decrease, as banks repaid their TLTRO III operations, reaching an almost negligible level by the end of 2024.

The liquidity coverage ratio and the net stable funding ratio rose to 271.9% and 157.8%, respectively (254.5% and 150.6% in 2023, respectively), while the loan-to-deposit ratio decreased to 74.9% in December 2024 (-3.1 p.p. year-on-year).

Solvency has strengthened once again, reaching historically high levels and widening its gap relative to the Euro Area (EA) average. The CET1 ratio stood at 18% in 2024, compared with 16.8% for the EA average. Profits accumulated in recent years have significantly reinforced banks' internal capital generation capacity, enabling them to establish robust safety buffers and support the sector's resilience against additional adverse shocks.

For the second consecutive year, Portuguese banks posted record results, with net income attributable to shareholders reaching €5.942 billion (compared with €5.223 billion in 2023). This improvement was

¹¹ Source: Banco de Portugal.

¹² Annual growth rate adjusted for securitization and liquidity-providing operations.

mainly driven by a reduction in provisions and impairments, which more than offset the increase in operating costs. Net interest income also recorded a slight increase, despite the decline in interest rates. RoE reached 14.4% in 2024 (13.8% in 2023) which compares with 8.8% in the EA.

Significant progress continued to be made in the sector's digital transformation. The share of internet banking users increased to 68.0% in 2024 (compared with 38.1% in 2010) and 67.4% of current accounts had online access. The number of payment cards issued totalled 30.0 million, up by 10.1% year-on-year. Online purchases accounted for 18.0% of total card purchases, an increase of 2.3 p.p. from 2023, while contactless card payments increased by 24.0% in volume and 26.9% in value. In 2024, this technology was used in most card purchases (56.4%), representing 43.9% of the respective value.

The banking sector continued to strengthen its commitment to sustainability and ESG integration. The Portuguese Banking Association (APB) signed a cooperation protocol with ADENE the Portuguese Energy Agency, aimed at addressing ESG data gaps related to energy efficiency and primary energy consumption, thereby enhancing regulatory compliance in credit activities and environmental risk management.

The ESG Ecosystem, fully funded by the banking sector, began the structured collection of ESG data from companies to support financial institutions in meeting regulatory requirements and improving operational efficiency. The expansion of home banking integration further streamlined access and encouraged wider participation across the business sector.

The APB also joined the European Energy Efficiency Financing Coalition, a European Commission initiative that brings together EU countries, financial institutions, and key stakeholders to promote private investment in energy efficiency. In parallel, as a member of the Advisory Committee of the National Observatory on Energy Poverty, the APB contributed to the Action Plan for Combating Energy Poverty 2024–2030, providing input on measures to foster more energy-efficient and decarbonised housing.

Romania

In 2024, the Romanian real GDP had an increase by 0.9%, after an advance of the economy by 2.3% in 2023. For this year, the forecasts mention economic growth between 0.4% - 1%.

In December 2024, the annual CPI inflation stood at 5.59% which was lower than the December 2023 level of 10.4%.

Last year, the general budget execution closed with a deficit of 9.3% of the GDP, the highest in EU, and higher than the one of 2023 when the budget deficit had stood at 6.5% of the GDP. During 2024, the balance of payments' current account posted a deficit of almost €29.4 billion, according to the National Bank of Romania's data, higher by 36.7% compared to the previous year when the deficit stood at about €21.5 billion.

The programmes supporting employment reached their goal, as the unemployment rate continued being low, namely 5.2%.

The banking sector of Romania has an adequate stance as regards its prudential and financial ratios, almost all of them standing above the averages of the European Union banking sectors. Banks in Romania are sound and well capitalised, their capital adequacy ratio reaching 24.91% in December 2024 which is three times over the requested minimum. When it comes to liquidity, the ratios stand at comfortable levels and, in addition, banks' balance sheet structures post liquid assets. The provision coverage for NPLs was 66% at the end of the year, thus providing for stability and resilience. The NPL rate stood at 2.48% in December 2024, a slight difference compared to the European average.

For 2024, the data on lending showed an increase in non-government credit by 8.9% to €84.7 billion. Last year, the banks operating in Romania granted new loans to the population and to companies amounting to 181 billion *lei*, up by 29.28% compared to the volume of the new loans granted in 2023. The loans-to-deposit ratio decreased to 67.61%.

Romania has extraordinary potential when it comes to economic development via credit. In Romania, the financial intermediation level calculated as the weight of non-government credit against the GDP stood at 23% in 2024 compared to the European average of 78%. Last year, saving advanced by 10.5% to €127.18 billion.

The banking sector's assets stood at €177.27 billion, the advance being of 9.7% compared to 2023, this figure proving the size of the funding granted to the economy. In 2024, about 62.44% of the Romanian banking sector's assets were held by institutions with foreign capital.

At the end of 2024, the Romanian banking sector included 32 credit institutions: 2 banks with full or majority Romanian state-owned capital, 6 credit institutions with majority domestic, private capital, 16 banks with majority foreign capital and 8 branches of foreign banks.

Banks' good results are due to the increase in their lending volume, more efficiency contemplating digitalization and the reversing of some provisions established during the pandemic years when risks were higher. In the banking sector, the return on assets (ROA) and the return on equity (ROE) stood at 1.68% respectively 18.44% at the end of 2024.

The financial inclusion level among Romanian adults has advanced to 71%, up compared to the level we had 2 years ago of 68%, shows the market research called "The perception of the Romanians regarding the banking sector: lending and financial inclusion for the Romanians", conducted by the Romanian Institute for Evaluation and Strategy. The highest weight of the people who do not have current accounts is to be found among the persons with a poor education, with low income and with an average age of over 65 years, even though the current basic payment account is opened by banks free-of-charge.

Banks continue to be concerned with intensifying digitalization while providing for cyber security to render costs more efficient and enhance customer satisfaction. The banking sector of Romania is strong and resilient, and it can carry out its implicit mandate i.e. enhancing financial intermediation on sustainable basis.

Slovakia

In 2024, Slovakia's economy maintained solid growth, outpacing the EU average. The main driver of growth was household consumption, supported by rising real incomes. Public sector consumption also contributed, with increased spending on wages, goods and services, and healthcare.

In contrast, net exports performed weakly due to increased uncertainty and lower foreign demand and did not reach the results of the previous year. This was reflected in a significant decline in investment activity throughout the year.

Despite the solid performance in 2024, several risks could weigh on Slovakia's economic development in the coming years. These include the need for fiscal consolidation, the potential escalation of trade tensions, and persistent geopolitical risks. Together, these factors could limit the country's growth potential and increase economic uncertainty.

In addition, fiscal consolidation became necessary due to unsustainable public finance deficits and rising debt levels. The government introduced several revenue-side measures, including higher taxation on bank profits and increased employer health contributions, aiming to slow down and eventually halt debt growth. However, many of these measures are temporary, and further structural reforms will be needed to ensure long-term fiscal sustainability.

The Slovakian banking sector consists of 22 financial institutions with banking licenses. Most of them are universal banks, focused on retail and corporate banking. Only two of them are specialized banking institutions (building society and a state-owned development bank). Most of the banks in Slovakia are controlled by foreign entities (95.3%), mainly banking groups from Austria, Italy, and Belgium. Only three banks are fully controlled by domestic investment groups (two banks) or government (one bank). The Slovakian banking sector is concentrated within the hands of three major players (Slovenska sporitelná, VUB Banka and Tatra banka) who control 58% of the banking assets.

In comparison to the national GDP, the banking sector is one of the smallest in the EU. Funding of Slovak banks is based primarily on the domestic clients' deposits. The loan-to-deposit ratio has been growing for several years in row, mainly due to credit growth in years before 2023.

Retail lending continues to dominate the Slovak banking market. In previous years, Slovakia recorded one of the fastest-growing housing loan markets in the euro area. After a slowdown in 2023 caused by higher interest rates, the mortgage market began to recover in 2024. Falling rates stimulated demand, leading to renewed growth in mortgage lending and an increase in the average loan size. Consumer loans recorded one of the highest year-on-year growth rates in the EU in 2024; however, due to consolidation measures, their volume slightly declined later in the year. On the other hand, the volume of loans to businesses declined during the year, mainly due to lower corporate interest in external financing.

Higher interest rates contributed to rising revenues from core banking activities, which in turn led to growth in pre-tax profits. However, the introduction of a special bank tax caused net profits to decline by more than 10% in 2024. The overall tax burden on the Slovak banking sector reached nearly 40%, placing it among the highest in the European Union. Looking ahead, the bank tax rate is expected to decrease, which should gradually ease its impact on profitability. Despite these developments, Slovak banks continued to report relatively low profitability compared to their counterparts in other EU countries.

Slovak banks are among the leaders in the use of new technologies in day-to-day banking e. g. contactless cards, mobile and instant payments. Digitalization has significantly reshaped the banking industry. The Slovak banks have 882 branches and 15,389 employees, which is slightly fewer than in previous years. On the other hand, the number of card transactions has been growing for several years. Mobile payments are becoming more popular in Slovakia year by year.

Banks in Slovakia also play an active role in financial education. Numerous initiatives are supported by commercial banks, the central bank, and the banking association. One of them is the Economics Olympiad for high school students or European money quiz.

Slovenia

In 2024, the trend of slow economic activity continued, as the GDP growth decelerated from +2.7% in 2022 and +2.1% in 2023 to +1.6% on an annual basis, which still exceeded the growth rates in the euro area (+0.9%) and EU member states (+1%) in 2024. The global economy continued to be significantly affected by geopolitical tensions in several regions, which was somewhat challenging for the strongly export-oriented Slovenian economy. Despite that the aggregate exports went up by 4.4% y-o-y based on balance of payments statistics, while merchandise exports strengthened and services exports even outperformed figures achieved in 2023. On the other side aggregate imports slowed down moderately and imports of services increased in comparison to previous year. The current account surplus can mainly be attributed to the trade surplus of services. In addition to net exports, government consumption and private consumption also contributed significantly to growth, while the decline in gross fixed capital formation acted as a drag on economic growth, which was also reflected in the decreasing levels of the construction sector and investment contraction in machinery and equipment.

Labor market in Slovenia remained tight and unemployment rate did not change in comparison to 2023, and it stabilized at the level of 3.7% in 2024. There were some signs of cooling as the number of vacancies had been falling gradually, although the total number of job vacancies remained at pre-pandemic levels. The inflation rate fell further from 7.2% in 2023 to around 2% in 2024, although increased inflationary pressures were observed towards the end of 2024, due to higher energy prices and higher growth in processed food prices. Despite that inflation is expected to remain close to 2% also in 2025. The fiscal position of the country remained stable in 2024 due to stronger general government revenues and stabilized expenditures. Consequently, the general government deficit stood at 1.2% of GDP and government debt-to-GDP ratio at 67% in 2024.

As of year-end 2024 there were 8 commercial banks, 1 development and export bank (100% owned by the Republic of Slovenia), 3 savings banks and 2 branches of foreign banks operating in Slovenian banking sector. Total assets of the banking system increased by 2.1% in 2024 and reached 54.2 billion Eur at the end of the year, which was equivalent to 81% of GDP. In August 2024, the merger of NKBM banka d.d. and SKB banka d.d. (both owned by Hungarian OTP group) was successfully completed, creating OTP banka d.d., which, with total assets of 14.9 billion Eur, is the second largest bank in the Slovenian banking market. Together with NLB d.d. (16.9 billion Eur of total assets) the two largest banks in the market represent more than 60% of the Slovenian banking market, which makes the banking market significantly more concentrated than it used to be before the consolidation processes started approximately 10 years ago. Greater market concentration gives substantially larger market power to both main players in the market but at the same time also much larger responsibility for the development and further modernization of the banking services in the future.

Banking operations in 2024 were marked by a turnaround in central bank interest rates, as the ECB cut interest rates three more times by the end of 2024 after the first cut in June. In the second half of the year, banks began to gradually lower lending rates, which contributed to an increase in lending activity, but credit growth was particularly pronounced in lending to households (+6%), while volume of corporate loans contracted again in 2024 (-2.1%). Like in previous years a decelerated corporate credit activity of banks reflected not only lacking investment opportunities in Slovenian corporate sector (because of weak competitiveness and unfavorable tax burden) but also highly uncertain economic situation in some sectors and the increasing reliance of companies on other sources of financing. In household lending, demand was strongest for consumer loans, which increased by 13.5% in 2024, with the relaxation of macroprudential restrictions in previous year also being an important factor. Growth in housing loans was only 3.9%, but this was a noticeable improvement in 2023 (+0.6%) and is expected to increase further in 2025. As a result of falling interest rates, banks also significantly reduced their holdings of funds at the ECB (-30.6%) in 2024 and redirected these funds to the purchase of debt

securities, which resulted in a decrease in primary liquidity and an increase in secondary liquidity of banks.

Deposits from the non-banking sector remained a reliable source of funding for Slovenian banks in 2024, accounting for a substantial 76.7% of total liabilities. However, their annual growth slowed further to a modest 1.4%. Corporate deposits declined only slightly (–0.3%) for the first time after several consecutive years of growth, while household deposits continued to rise, making up 66% of all non-banking sector deposits by year-end.

Pre-tax profit of banks in Slovenia reached a record level in 2024, but its growth slowed to a more moderate 5.5% compared with 2023. This performance reflected a 15.6% increase in gross income alongside a sharp 22.3% rise in operating costs, driven by the introduction of a tax on banks' total assets. The increase in net impairments and provisions was moderate, with their total volume accounting for only 3.1% of banks' gross income in 2024. Despite stronger net non-interest income, net interest income still represented more than two-thirds of the Slovenian banking system's gross income and remains its most important revenue source. Profitability, measured by ROE, stood at 18.9% in 2024, slightly below the previous year's level.

Strong operating profitability was one of the key factors supporting the solid capital position of the Slovenian banking system in 2024. At year-end, the total capital adequacy ratio stood at 19.8%, while the CET1 ratio reached 17.6%. Although risk-weighted assets gradually increased due to higher credit exposure, particularly in the final quarter of 2024, capital adequacy is expected to remain high in 2025 as well.

The Slovenian banking system remains a pillar of stability, supported by strong capital, high liquidity, and solid profitability. However, banks operate in a challenging environment marked by global macroeconomic uncertainties, trade sensitivity of a small open economy, and intensified geopolitical tensions. These factors are gradually increasing systemic risks, though banks' resilience remains high. Income risk is currently low but expected to rise as exceptionally high revenues ease with interest rate cuts since mid-year 2024. According to Bank of Slovenia evaluation of credit risk for Slovenian banking system is assessed as moderate and stable, while cyber risk remains elevated with a stable outlook. Overall, the system's resilience in terms of solvency, profitability, and liquidity continues to be high and stable.

Spain

The performance of the Spanish economy was markedly positive in 2024, with GDP growing by 3.5% well above the euro area average supported by (i) internal demand, both consumption and investment, which began to recover, and (ii) significant migration flows, which helped the labour market remain resilient. Headline inflation fell to 2.9% (core inflation at 2.8%), towards its medium-term target.

In the first half of 2025, the Spanish economy continued to show resilience, with upward revisions to expected GDP growth, underpinned by domestic demand. However, some medium-term challenges remain: (i) high debt and deficit ratios requiring a multi-year fiscal consolidation plan; (ii) double-digit unemployment, despite labour market improvements; (iii) subdued investment, weighing on productivity growth; and (iv) housing supply shortages, which could become a bottleneck to economic growth.

With regard to the structure of the Spanish banking system, it is composed of 148 credit institutions, of which 10 are significant institutions directly supervised by the ECB. The remaining 138 are directly supervised by the Bank of Spain, of which 47 are less significant institutions and 91 are subsidiaries or branches of foreign institutions¹³.

The Spanish banking sector operates under a retail-centric and highly diversified (in terms of clients, services and geographies) business model within a competitive and dynamic market. For this reason, Spanish banks function on an omni-channel basis. On the one hand, the branch network the second largest in the euro area in terms of branches per inhabitant, with nearly 18,000 branches in Spain provides extensive capillarity to banking activity.

On the other hand, banks continuously invest in digitalization, security, and innovation to adapt their operations to a rapidly changing environment. New digital sales account for almost 70% of total sales, while digital customers represent close to 80% of the customer base. In addition, banks are developing innovative solutions to enhance customer service. An illustrative example is Bizum, a successful instant payments initiative resulting from collaboration among private banks, with 28 million customers and over 1 billion transactions per year.

Banks also contribute to economic and social progress by financing the real economy, enabling households and businesses to meet their financial needs. In this context, loans to households' amount to more than €1.3 trillion, while loans to NFCs total approximately €900 billion.

The year 2024 marked a turning point in monetary policy, with eight consecutive interest rate cuts in 12 months by the ECB. As a result, the deposit facility rate declined to 2% as of October 2025. Against this backdrop, front- and back-book volumes began to grow across the board (i.e., SMEs, large corporates, house purchase, and consumer loans), offsetting the negative impact of lower interest rates on margins. Furthermore, additional tailwinds include rising revenues from service provision and a healthy asset quality profile.

Compared to the EU average, the Spanish banking system provides new financing at a lower cost than its European peers, with an average rate on new loans to households for house purchase and to SMEs 63 basis points and 48 basis points lower respectively in Spain as of December 2024. On the other hand,

¹³ Financial figures contained in this report are sourced from Bank of Spain as of December 2024 and refer to the whole banking system on a consolidated basis (i.e. significant and less significant institutions), unless otherwise stated.

the remuneration gap on new time deposits vis-à-vis European peers narrowed and the deposit base from retail and corporate customers increased by 4% and 7%, respectively.

Owing to its business model, the Spanish banking sector ranked above most of its European peers in 2024 across key metrics, as evidenced by a significant improvement in profitability, with a double-digit ROE (around 13.71%) and an efficiency ratio of 44.5%. Capital (13.51% CET1) and liquidity (178% LCR) ratios remained well above regulatory requirements, and asset quality ratios stabilized at low levels, with an NPL ratio of 2.70%, despite persistent pressure on borrowers' repayment capacity due to higher interest rates.

The results of the 2025 EBA stress test confirmed the resilience of the Spanish banking sector under an adverse scenario, placing it among the euro area banking systems with the lowest CET1 depletion (186 basis points versus 370 basis points for the EU/EEA average). The outlook for 2025 remains positive, supported by stronger activity, improving asset quality, and a better-than-expected macroeconomic environment.

In October 2025, the Bank of Spain announced that it would raise the countercyclical capital buffer (CCyB) from October 2026 onwards to 1% (0.50% from October 2025 to September 2026). The revised framework indicates that a 1% buffer would be maintained should cyclical systemic risks remain at an intermediate level.

In conclusion, the Spanish banking system is profitable, adequately capitalized, and well prepared to face potential challenges.

Sweden

The Swedish banks are important to the Swedish economy and employ together with other financial institutions 2% of the workforce, account for 4% of GDP and pay 9% of the corporate taxes.

In December 2024, Sweden had a total of 126 banks, comprising 43 Swedish commercial banks, 37 foreign banks, 44 savings banks and two co-operative banks. The number of commercial banks and foreign bank branches in Sweden has increased from 67 in 2014 to 80 in 2024. The increase is largely explained by credit-market companies that have transformed into commercial banks and foreign banks starting operations in Sweden.

There were 939 bank branches in Sweden in 2024 compared to 1,777 bank branches in 2014. The number of branch offices has diminished slowly in the last ten years due mainly to changing customer behaviour. Most of the bank branches are cashless. The banking sector has 46,000 employees in Sweden compared to 116,000 in the whole financial sector.

The banking market in the Baltic States is important for the major Swedish banks as well as the market in the other Nordic countries. One of the largest banks in Sweden is the branch to the Finnish bank Nordea.

The payment market in Sweden is highly digitalised. Normal bank services are almost exclusively performed through mobile phones, tablets and computers. Bank services like mobile payment services, Bank e-ID, e-invoices, etc have become the new normal. Swedes use non-cash payments to a large extent, and the use of cash is declining rapidly.

The most common means of payment in Sweden are the various charge cards and electronic giro systems. Most payments are linked to bank transaction accounts, which facilitate salary deposits, ATM withdrawals, credit and charge card purchases and automatic transfers and instant payments.

Paper-based payments such as giro forms, cheques and cash payments have mostly been replaced by electronic alternatives. As an example, the use of different kinds of cards has increased from 2,398 million transactions in 2013 to 3,984 million transactions in 2023.

According to the Riksbank, the Swedish central bank, 84% of Swedish citizens have used a debit card in the past month and 25% have used a card in their mobile phone (Apple Pay, Samsung Pay, etc.). The past month 82% have used the Swish mobile payment service. Swish, which was introduced thirteen years ago and offers real-time account-to-account transfers, has 8.7 million users, corresponding to around 82 percent of the Swedish population.

Deposits account for 33% of the household financial assets in 2024 and is the most common household financial asset, followed by mutual funds, 28%, and shares, 19%. It is common for individual customers to have bank accounts and other financial assets in more than one bank. The Swedish households' financial savings in mutual funds and shares is facilitated by the Investeringssparkonto (ISK). The ISK is a Swedish investment savings account designed to simplify investing in stocks, funds, and other securities. It offers a tax-efficient way to invest, where instead of paying capital gains tax on each sale, the account is taxed annually based on its total value.

Residential lending is important on the Swedish lending market and 91% of the household loans are to residential property. Household lending increased by 1.4% on an annual basis in December 2024

compared to 0.3% previous year. The low lending growth is partly explained by the low demand on housing loans due to the weak housing market in 2023 and 2024.

Lending to Swedish non-financial companies decreased by 0.5% in December 2024 compared to an increase by 0.2% previous year.

Sustainable finance is a high priority in Sweden and Swedish banks are focused on financing the increasing number of new planned green projects in Sweden. Initiatives in the area have started by both banks and their clients. Swedish banks also offer specific green financial products, for example green mortgages.

In 2024 and 2025 the Riksbank have lowered the policy rate in several steps as the inflation pressure has declined. The Swedish economy shows signs of a modest recovery during 2024, with weak growth in the first quarter of 2025. Despite challenging times for households and companies, the Swedish banks' non-performing loan ratio is the lowest in Europe and have been so since several years.

According to the financial stability report from Finansinspektionen, the resilience among the major banks in Sweden is satisfactory because of among other things high capital buffers and the major banks' high profitability. This means that the banks are able to continue to issue loans and handle credit losses even if the economy were to worsen.

Switzerland

The financial sector is one of the cornerstones of the Swiss economy. In 2024, it contributed 8.8% to Swiss GDP, with banks alone accounting for 5% (CHF 41.9 billion (€44.9 billion)). By driving economic growth, offering highly skilled jobs with above-average salaries, and paying substantial taxes, banks play a major role in Switzerland's global competitiveness.

The sector is very heterogeneous with banks differing in size, business model, ownership structure and regional orientation. At the end of 2024, Switzerland had 230 banks operating 2,476 branches and 6,168 ATMs. These included two major banks, 24 cantonal banks, 40 stock exchange banks, one Raiffeisen bank, and 58 regional and savings banks. The remaining institutions are private banks, foreign-controlled banks, and foreign branches. Swiss banks employed 111,837 full-time equivalents (FTE), of which 94,347 were based in Switzerland. Women represented 39.5% of the workforce overall. The combined balance sheet of all Swiss banks amounted to CHF 3,219 billion (€3,447 billion). After deduction of extraordinary expenses, the Swiss banks posted extraordinary net income of CHF 3.8 bn in 2024. They paid CHF 2.5 bn in taxes, and thereby also make a direct substantial fiscal contribution.

The banks' lending business remains key for the economic development of Switzerland, especially for SMEs that employ two third of the Swiss labour force. Swiss SMEs that make use of external capital primarily rely on bank financing. The total outstanding domestic credit volume in 2024 moderately rose to CHF 1,392 billion (€1,491 billion) of which CHF 1,250 billion (€1,259 billion) are attributable to domestic mortgage lending.

However, the challenges currently faced by banks in Switzerland are in fact manifold: Shrinking interest margins and high regulatory costs due to growing regulatory complexity stand out in a currently volatile world. Despite these headwinds, the Swiss banking sector is in good shape. Almost half of the CHF 9,284 billion (€9,942 billion) assets currently managed by Swiss banks originate abroad. With CHF 2,427 billion (€2,599 billion) Switzerland remains the global leader in the field of cross-border private wealth management business. During today's turbulent times characterized by geopolitical risks, the 'safe haven' function of Switzerland is of particularly valuable.

Switzerland is also a global leader in financial innovation, as reflected in its top ranking on the Global Innovation Index. For example, the country is at the forefront of blockchain-based financial instruments, including digital currencies, stablecoins, and central bank digital currencies (CBDCs). Its technology-neutral, principles based regulatory framework, established in 2021, provides legal certainty and supports pioneering initiatives such as the world's first regulated digital asset exchange and licensed DLT trading system. These developments position Switzerland as a leading hub for integrating innovative financial technologies into the traditional financial system.

The United Kingdom

UK economic growth picked up pace somewhat in 2024, with GDP increasing by 1.1 per cent, up from 0.3 per cent in 2023. It was, however, a year of two halves, with comparatively strong quarter-on-quarter growth in the first six months of the year, which subsequently weakened in the latter half of 2024.

Additionally, the drivers of growth were uneven across the year. Cost-of-living pressures, which has been particularly acute for households during 2022 and 2023 persisted throughout 2024, including from the effects of higher interest rates. As such consumer confidence remained fragile and household spending contracted for the second year running. In aggregate, deposits began to rise again as households sought to rebuild savings that were eroded in previous years, as well as taking advantage of higher interest rates.

Increased government spending offset weaker household spending, and business investment also provided some support to growth. However, business sentiment also started to fade in mid-2024 and with that investment intentions softened. With global growth also remaining fairly tepid in 2024, net trade acted as a further drag on UK GDP growth in 2024.

The process of disinflation continued through the year with CPI inflation falling briefly back to the Bank of England's two per cent target in the summer, but rising energy and other regulated prices led inflation to rise again from autumn 2024. For the year as a whole CPI averaged 2.5 per cent. With monetary policy markers satisfied that underlying inflation pressures were easing, the Bank of England's Monetary Policy Committee (MPC) began cutting interest rates in August, with a second 25 basis point cut in November. Bank Rate ended 2024 at 4.75 per cent.

Despite another year of modest growth, the labour market continued to demonstrate resilience. Estimates of unemployment pointed to a modest uptick in the rate across the year. Measures of hiring in business surveys also indicated something of a slowdown and official data on vacancies showed a return to pre-pandemic levels only in the latter part of 2024. However, the economic inactivity rate remained elevated throughout the year.

As noted above, while fragile consumer confidence was evident in official data and UK Finance's data on card spending, a stable labour market and solid earnings growth helped keep aggregate household payment difficulties in check. Mortgage arrears, which had picked up through 2023, subsided again during 2024. Other indicators of stress across unsecured credit also showed no material change.

Turning to the evolution of payments, trends in the UK's payment markets stabilised after the disruptive effects of the pandemic. In 2024, the total number of payments in the UK increased by 1.9 per cent to 48.8 billion. The number of payments made using both debit cards and credit cards increased in 2024, and card payments accounted for 64 per cent of all transactions.

The use of contactless cards also continued to rise (at three per cent in 2024) but at a slower rate than in the years following the pandemic. UK Finance data also shows that for the first time the share of mobile payment users reached half of the adult UK population. Cash, which until 2023 was the second most used payment method in the UK, fell below the level of Direct Debit, Faster Payments, and credit cards.

The UK General Election in July, which was called earlier than expected, delivered a change of government, with the Labour party securing a significant 174 seat majority on just over a third of the vote. The outgoing Conservative government suffered its worst ever defeat, losing around two-thirds of its seats.

The new government faced a number of immediate challenges including public concern about net migration; the ambition to reset relations with the European Union post-Brexit; the need for investment in housing and infrastructure, and perhaps most pressing, delivering a Budget and future spending plans against the backdrop of market concern about the UK's fiscal position.

To put the public finances on a 'stable footing', the Chancellor brought forward tax increases amounting to just over £40 billion per year by the end of the forecast period (2029/30). The bulk of the revenue raising was from an increase in employer national insurance contributions (NICs), beginning in April 2025. The announcement prompted a negative response from business groups. Changes to the capital gains tax regime, including for non-doms, and the application of VAT to private school fees accounted for most of the rest of revenue raised.

The Chancellor also announced an update to the UK's 'fiscal rules'. These require a current budget balance and for net financial liabilities to be falling, both initially in five years. The market reaction to the overall package was fairly muted.

Ahead of the Budget, the government also announced its intention to publish a new industrial strategy, focused tackling barriers to growth in the highest potential growth-driving sectors and places, creating the right conditions for increased investment, and delivering high-quality jobs. Financial services were among the sectors identified as offering the highest growth opportunity for the economy and business.

The inclusion of financial services as a key growth sector is due to its continued contribution to the UK economy, including accounting for around nine per cent of total output (£200 billion); accounting for an ever-increasing share of UK exports and ensuring the UK remains the world's largest net exporter of financial services (£92 billion annually), supporting homeowners with over £1.7 trillion of residential mortgage loans outstanding, and financing SMEs with a stock of SME lending loans and overdrafts of £180 billion.

In addition, UK Finance continued to track the UK banking sector's total tax contribution. In 2024/5 the sector's total tax contribution (TTC) is estimated at £43.3 billion, which represents 4.3% of total UK government tax receipts in the year to 31 March 2025. This year's contribution remains well above £40 billion, consistent with the levels seen over recent years, reflecting both the stability of the sector's contribution and its continued growth over the longer term. In absolute terms, the sector's TTC has grown by one third since the study's inception in 2014. Within the sector TTC of £43.3bn, employment taxes comprise the largest element at £24.1bn. 13 UK banking sector employment tax receipts comprise 5.5 per cent of total government employment tax receipts, reflecting the skilled jobs in the sector.

EBF Associate Members

Albania

By the end of 2024, the structure of the Albanian banking system had become stronger and more consolidated, comprising a total of 11 banks five with Albanian capital and six with foreign capital. Throughout the year, the banking sector was characterized by notable stability and stable profitability, reflected in its high level of capitalization, sound liquidity position, and improved asset quality.

In parallel, the non-bank financial sector continued its consolidation too, reaching 37 non-bank financial institutions, 16 savings and loan associations, organised under the union of savings and loan associations, and 642 licensed foreign exchange offices. This expansion demonstrates the growing availability and diversification of financial services across the country.

The banking sector's role in the economy remains substantial. The ratio of total assets to Gross Domestic Product (GDP) at the end of 2024 was 90.44%, Despite a slight decline of 1.56 percentage points during compared to the end of 2023 the rate is still high. Conversely, the loan-to-GDP ratio increased by 1.42 percentage points, driven by the faster expansion of the loan portfolio relative to GDP growth, signalling an intensification of lending activity within the economy.

The total share capital of the banking sector reached ALL 215.2 billion, an increase of approximately ALL 19.8 billion or 10.1% compared to the end of 2023. Foreign capital continued to dominate the capital structure, accounting for around 70.4% of the paid-in capital as of end-2024. This, however, represents a decrease of 1.76 percentage points from the previous year. In the same period, the banking system's total assets rose by ALL 127.84 billion or 6.51%, compared to an increase of ALL 87.91 billion or 4.69% in 2023. The loan portfolio expanded by ALL 94.68 billion or 12.8% during 2024. These developments have collectively contributed to preserve the stability of the banking system and his financial health.

The capital adequacy ratio, the most significant and direct supervisory indicator, stood at 19.82% as of December 2024. This figure marks a slight decline of 0.11 percentage points compared to the previous year after fluctuating between 19.24% and 20.23%, throughout the year. The non-performing loans (NPL) ratio improved to 4.17% at the end of 2024. This represents a reduction of 0.57 percentage points relative to the end of last year. The improvement was driven by a 0.67% decrease in the volume of non-performing loans and a 12.8% increase in the total loan portfolio. The provisioning coverage ratio of NPLs also improved, reaching 76.09%, up from 70.56% a year earlier.

Liquidity remained robust, with the Liquidity Coverage Ratio (LCR) at 273.4%, well above the regulatory minimum of 100%. Similarly, the Net Stable Funding Ratio (NSFR) was reported at 182%, also exceeding the 100% minimum requirement. As of December 2024, total deposits in the banking system reached ALL 1.683 billion, marking an annual increase of 4.87%. The share of deposits denominated in local currency increased to 47.6%, up from 46.6% in December 2023. Throughout the year, time deposits showed the highest growth, followed by current accounts, while the increase of demand deposits was more modest. The maturity structure of deposits remains concentrated in the short term, despite this, 2024 recorded a gradual shift toward longer-term maturities.

Household deposits continue to form the core of the deposit base, accounting for 78.4% of total deposits. This represents an increase of 0.8 percentage points from the previous year. The highest deposit growth rates were recorded in the public sector and individual and households' subcategories, at 6.3% and 5.9%, respectively, while the private corporate sector posted a marginal increase of 0.2%.

Finally, the banking system's financial result at the end of 2024 amounted to ALL 37.4 billion, up by ALL 5.5 billion from the previous year. This improvement was primarily driven by growth in net income from core banking operations. Interest income increased by ALL 5.73 billion (8.5%), while income from other activities rose by ALL 3.37 billion (22.2%). Key profitability indicators also improved compared to 2023. Return on Average Assets (RoAA) rose to 1.86%, up from 1.7%, and Return on Average Equity (RoAE) increased to 18.2%, compared to 17.3% at the end of the previous year.

Andorra

The Principality of Andorra is a European microstate located in the Central Pyrenees between Spain and France, with a population of 87,097 inhabitants and over 8 million tourists each year. The Andorran economy remains focused on services, being an important touristic centre for shopping and winter sports activities.

In 2024, Andorra's economy recorded growth of 3.4%, driven by the recovery of tourism, construction, and the dynamism of the financial sector. Financial services continue to be one of the main drivers of GDP growth and a key pillar of the country's transformation and international positioning.

The Andorran banking sector closed the 2024 financial year with an aggregate profit of €175 million, a 7% increase compared with the previous year. This growth was driven mainly by the increase in income due to interest rates and a strong capacity to adapt the business model to new market conditions and the demands of clients. The sector's return on equity (ROE) reached 11.11%, while the return on assets (ROA) was 0.88%, both in line with European averages. The CET1 solvency ratio stood at 17%, above the European average of 16%, confirming the robustness of the Andorran financial system. The liquidity coverage ratio (LCR) reached 278%, also well above the European average (163%). The non-performing loan (NPL) ratio fell to a historic low of 1.8%, thanks to effective credit risk management.

Assets under management grew by 23% to €91,090 million, while total customer deposits rose by 17% to €16,000 million. Total credit investment reached €5 billion, 6% higher than the previous year, reflecting the confidence of clients and institutions in the Andorran economy. During the year, 769 new mortgages were granted for a total of €412 million, and loans to companies and individuals amounted to €635 million. At the same time, card payments grew to €1,798 million (+7%), equivalent to 48% of GDP.

Andorran banks continue to demonstrate a cautious and responsible management style, maintaining high solvency and liquidity ratios and a conservative credit policy. Their commitment to the real economy is evident: the credit investment represents 170% of GDP, and the sector contributes 13% of total value added to the country. The banking sector directly employs 1,202 people, representing around 70% of total financial sector employment.

Digital transformation continues to be one of the sector's strategic priorities. Banks dedicated around 6% of profits to innovation and technology in 2024. The number of digital users increased by 13%, and mobile app users grew by 20%. The use of cash fell to 15% of all transactions, confirming the rapid adoption of electronic means of payment.

The banking sector's social commitment also remains strong, allocating 4% of annual profits to social, cultural, and sports initiatives, as well as to non-profit organisations. Sustainability and the adoption of ESG criteria are increasingly integrated into corporate strategies, in line with the Sustainable Development Goals (SDGs).

With more than 90 years of history, the Andorran banking system combines private and commercial banking with international expertise and digital innovation. Its institutions maintain a presence on four continents and in eleven countries, with over 2,800 employees worldwide. The sector's resilience,

solvency, and strong governance have made it a benchmark in the region, contributing to Andorra's credibility and economic progress.

As Andorra moves toward the implementation of the Association Agreement with the European Union, the financial sector will play a key role in ensuring the country's sustainable growth, competitiveness, and continued alignment with international standards.

Armenia

Armenia has a strong and stable financial system with banks dominating the system. The system is well protected due to the strict and market-friendly supervision by the Central Bank of Armenia.

In recent years, the Armenian banking sector has benefitted from adjustments to its legislation and corporate governance, high liquidity of banking assets and favourable conditions for transferring investments to other markets. These are the sound bases for rapid development of the economy and healthy demand for financial products.

The banking system is the biggest part of the Armenian financial market. As of 31 December 2024, there were 18 commercial banks operating in the Republic of Armenia. They had 534 branches in Armenia, of which 267 were based in Yerevan. The total number of employees in the Armenian commercial banking sector was about 15,823. 17 banks are listed in the range of the first one thousand large taxpayers' list.

The banking system is privately owned with no government share. Moreover, five of the 18 Armenian banks are open joint stock companies and banks are expected to continue to strive to attract new shareholders.

In seven banks, 100% of the shares belong to non-residents and only in seven banks the shareholdings of non-residents are less than 50%. The shares of international organizations in Armenian banks are also significant. For example, EBRD has 17.71% shares in one bank and ADB has a 13.92% share in one bank.

The return on assets (RoA) was 3.8% and the return on equity (RoE) was 23.7%. In the context of capitalization ratios, the capital adequacy ratio was 26.8% in 2024.

Armenian banks actively participate in the development of each sector of the economy. The transfer volume through the banking system is also impressive. In 2024, transfers to Armenia were \$5,837 million, \$3,821 million of which came from Russia and \$ 691 million from the USA.

The major part (97%) of the total sum of the outstanding loans was provided to the residents of Armenia, 42.8% of which were companies, 48.8% to households, and only a small part to non-profit organizations and other financial organizations.

Loans to consumer, industry and the trade sector traditionally amount for a major part of the total loans of the banks: 21.9%, 9.2% and 9.9%, respectively, in 2024. The biggest growth in lending was in mortgage (compared to 31 December 2023, the volume of loans grew by 27.7%).

As of December 31, 2024, total Loans/GDP is 56.6% and total assets/GDP make up 108.1%.

Bosnia and Herzegovina

Bosnia and Herzegovina is a country in Southeastern Europe, located within the Balkan Peninsula with a population of 3,5 million. The convertible mark (konvertibilna marka – KM-BAM) the national currency is pegged to the euro through a currency board arrangement within Central bank of BiH, which has maintained confidence in the currency and has facilitated reliable trade links with European partners (1€ = 1,95583 KM).

Bosnia and Herzegovina's Nominal GDP Per Capita is forecasted to be €8.928 in Dec 2024.

BiH financial system is dominated by commercial banks. Currently 21 commercial banks operate on the market and 2 investment banks.

As Bosnia and Herzegovina is consisted of two entities: Federation of BiH and Republic of Srpska, there are two supervising bodies, two banking agencies for the banking sector: Banking Agency of Federation of BiH and Banking Agency of Republic of Srpska.

In 2024, there are 21 commercial banks operating in Bosnia and Herzegovina with total of 9,8 thousands employees. (there are also two development banks operating at entities level).

- Assets growth 9,4% (€22,3 bilion)
- Loans growth by 10,3% (€13,2 billion)
- Deposits increase by 8,8% (€17,3 billion)
- The profitability of the banking sector increased by 26% (€438,8 million)
- NPLs level was 3,2% which is the lowest level since the start of the GFC
- Bank pre-tax ROE according to the National Central Bank reached 16.0% in 2024
- Capitalization and liquidity of banks remain adequate (regulatory capital ratio nearing 20 percent).

Monaco

Monaco's financial marketplace dates back to the end of the nineteenth century, when the first deposit banks opened in the Principality. Most of these banks were French. However, the financial industry did not really take off until the 1970s, when expansion was stimulated by an imaginative and active policy on the part of the public authorities and by the effect of a long period of economic growth and political and social stability.

Today, Monaco has a very extensive financial network, comprising twenty-five full-service banks, and sixty-eight portfolio or mutual fund management companies. The banking and asset management industry is now one of the strengths of the Principality's economy. As of 2024, financial activities contribute to almost 18% of Monaco's GDP and the total assets grew by 15% over the last 3 years.

Monaco's continued attraction as a financial centre is not surprising in light of its wide range of exceptional advantages that include:

- high quality infrastructure and dedicated professionalism.
- sustainable environment to maximise both business and personal growth.
- a diversified economic base.
- an attractive tax regime.

All of the banks operating in Monaco belong to leading banking groups. Less than 50% of the industry's assets belong to non-resident clients from across Europe and sub-Saharan Africa, the Middle East, Latin America and Asia-Pacific.

Under various agreements between France, European Union and Monaco, Monegasque banks are supervised by the French Prudential Supervisory Authority (Autorité de Contrôle Prudentiel et de Résolution - ACPR) and are therefore subject to the same prudential and regulatory rules as French and European Union banks. All supervisory activities are, of course, strictly regulated, which guarantees the confidentiality of transactions carried out by financial institutions in Monaco.

Asset management companies are approved and supervised by the Monegasque Commission de Contrôle des Activités Financières (CCAF), which is supported at the highest level by the Autorité des Marchés Financiers (AMF), the French market supervisor body.

Both asset management companies and banks are controlled by the Autorité Monégasque de Sécurité Financière for AML/FT-C purposes. They also are supervised by two monegasque authorities for personal data protection and IT security purposes.

The industry provides a full range of private banking products and services, as well as a personalized approach to a highly demanding clientele. More importantly, it guarantees the confidentiality of "clean" money (see section below on "Confidentiality and the Drive Against Money Laundering").

It also provides access to mutual fund management through a very broad array of investment funds covering every business sector and markets, including emerging markets.

The AMAF is an associate member of the European Banking Federation, the united voice of banks established in the European Union and European Free Trade Area.

Contributor: Monaco Association for Financial Activities – Amaury Chaboud, Secrétaire General

Montenegro

We can state that the year 2024 was marked by significant reforms, intensive work and preservation and improvement of financial stability. The most impressive is the admission of Montenegro to SEPA, including the TIPS clone process, which will enable Montenegro, hopefully in July 2026 to establish a modern national instant payment system aligned with European standards, preparing for a smooth transition to the original TIPS system (Target Instant Payment Settlement), after joining the European Union.

Then, the drafting of systemic laws addressed to the Government, with the aim of meeting the completed benchmarks with the EU for the closure of Chapters 4 - Freedom of movement of capital and 9 - Financial services. There is also a stronger systemic focus on a sustainable economy, increased digitization of services with membership of UBCG from 2024. In SBFN (Sustainable Banking and Finance Network) supported by IFC as part of the World Bank.

Intensive activities to harmonize domestic regulations with the legal framework of the EU and quality work of the banking sector resulted in stable and healthy results of banks, which are characterized by stability, high-quality capitalization, high liquidity and profitability of operations.

The central bank, with its monetary policy in the Euro currency system and the reduced mood of monetary instruments, takes care of price stability, maximum employment and sustainable economic growth in a balanced way. The Montenegrin labour market is solid according to official data, along with economic growth, and year-on-year inflation fell below three percent from a record 17.2 percent in 2022.

During the previous year, the work of banks was characterized by the growth of all significant balance positions. Bank assets increased by 5.45 percent on an annual basis, which is almost equal to the estimated GDP of 7.25 billion euros. Liquid assets of banks in December 2024. compared to the same month in 2023, was 4.62 percent higher.

In the structure of banks' assets, at the end of December net loans had a dominant share of 62.12 percent, followed by securities with 18.18 percent and cash and deposit accounts with central banks with 16.66 percent, while 3.04 percent related to the remaining assets. Commercial banks which we have 11 since 2019, in Montenegro, while by 2019 there were 15 banks, achieved 10.05 percent more revenue last year than in the same period in 2023.

In the structure of liabilities, the dominant share of 80.53 percent was achieved by deposits, followed by capital with 12.39 percent, loans with 3.72 percent, while other items accounted for 3.36 percent of total liabilities. Total deposits are worth 78 percent of national GDP. According to the data at the end of 2024, the total income from interest participates in the total income of banks with 59.72%, while the year before it was 57.86% of the total income. The increase in lending activity of banks contributed the most to the growth of interest income, because 2024 was a record year in terms of the amount of newly approved loans. Also, the increase in income was influenced by the timing of short-term placements of banks on foreign markets, as well as investments in securities. According to data at the end of 2024, the total income from fees and commissions amounts to 32.09% of the total income of banks, while in the comparative annual period it was 33.24% of the total income.

Income from fees and commissions is predominantly generated by three sources: income from payment transactions, income from card and ATM operations, as well as income from account management. Their participation is at approximately the same level in the one-year comparative period. The amount of newly approved loans is 30% higher than last year. Deposits grew by 5.05% in 2024, which is above the projected GDP growth rate for 2024. The solvency ratio of banks is 19.80%, which significantly exceeds

the legal minimum (8%). The level of non-performing loans is constantly decreasing, making up 3.81% of total loans at the end of 2024.

Montenegro ended the year 2024 with positive economic indicators, an increase in wages, a decrease in inflation and stabilization of economic flows. Although these results are encouraging, the path to long-term economic growth requires continuous reforms and strategic investments. In the coming period, the government will have to balance the social needs of citizens and economic sustainability in order to achieve sustainable growth.

Republic of North Macedonia

As of 31 December 2024, the Macedonian banking system comprised fifteen depository institutions, thirteen banks and two savings house with no changes compared to the previous year. The banking network operated across almost all cities in the country, encompassing a total of 377 business units.

The core business model of the Macedonian banking system based on deposit collection and loan placement, remained unchanged in 2024. Deposits accounted for 77.8% of total liabilities, while loans represented 59.6% of total assets.

In 2024, the structure of the banking system's major balance sheet positions continued to be predominantly influenced by foreign-owned banks. Of the thirteen banks, nine were majority foreign owned, including five subsidiaries of international banking groups.

As of the end of 2024, the banking sector employed 5,991 persons, marking an increase of 84 employees compared with the previous year.

Throughout the year, the Macedonian banking sector operated in an environment of accelerating domestic economic growth and gradually declining inflation. However, the global geopolitical landscape remained volatile, creating uncertainty and heightened risks. Reflecting these conditions, the National Bank of the Republic of North Macedonia (NBRNM) began a gradual monetary policy easing cycle in September 2024, lowering the policy rate on CB bills by a total of 0.75 percentage points to 5.55% by year-end.

Macroprudential policy was further reinforced through the phased implementation of higher countercyclical capital buffer rates, which increased from 0.75% in early 2024 to 1.25% by December 2024. In parallel, the NBRNM continued to strengthen the regulatory framework in alignment with international standards.

Amid favourable domestic macroeconomic developments and persistent external risks, the banking sector recorded solid growth. Total banking system assets rose by 10.5% year-on-year (compared with 9.1% in 2023). Risk exposure indicators remained stable or improved, and stress test results confirmed the sector's resilience to potential shocks.

The growth of deposits from non-financial entities accelerated to 11.4% annually (from 9.2% in 2023), primarily driven by household savings. Long-term and denar-denominated deposits dominated this increase. Lending to non-financial entities also strengthened, recording annual growth of 11.2% (compared with 4.3% in 2023), supported by higher demand from both corporate and household sectors, as result of a net relaxation of credit standards.

The banking system's liquidity position improved notably. Liquid assets increased by 13.2%, mainly comprising government securities and balances with the National Bank. The liquidity coverage ratio (LCR) reached 289.4%, nearly three times the regulatory minimum. The share of liquid assets in total assets rose to 32.6%, while the coverage of short-term household liabilities improved to 55.7%, confirming the sector's strong liquidity profile.

Bank solvency also strengthened further in 2024. The capital adequacy ratio reached 18.9%, the highest level since 2006, up from 18.1% at end-2023. This improvement was primarily driven by a 13.3% increase in own funds, mainly resulting from reinvested profits.

The quality of the loan portfolio remained sound. Non-performing loans (NPLs) increased by 7.9%, mainly due to methodological adjustments aligned with EU standards that redefined exposure classifications. Despite this, the NPL ratio declined slightly to a record low of 2.7%. Corporate NPLs fell by 12.4%, reducing their share to 2.8%, while household NPLs rose to 2.5%, largely reflecting the regulatory change.

Currency risk exposure continued to decrease, with open foreign currency positions falling to 8.1% of own funds, well below the 30% limit. The presence of foreign currency components in banks' assets and liabilities also declined. Interest rate risk in the banking book increased moderately to 11.2% of own funds, remaining within the prescribed limits, while the share of variable-rate loans decreased to 65.8%.

Bank profitability improved in 2024, albeit at a slower pace than in the previous year. Net profit rose by 21.6%, driven mainly by higher net interest income, recoveries of written-off loans, and lower impairment charges. Net commission income also contributed positively, while operating expenses increased by 9.2%. The cost-to-income ratio improved to 42% (from 43.4% in 2023). Returns on average assets and equity rose to 2.2% and 17.6%, respectively, compared with 2.0% and 16.1% a year earlier.

Overall, the Macedonian banking sector remained stable and resilient in 2024, characterized by stronger solvency, improved liquidity, and solid asset quality. Despite heightened geopolitical uncertainty and global protectionist pressures, the system demonstrated strong resilience.

Serbia

Serbia's GDP growth measured 3.9% in 2024 and it amounted 83.25 bill EUR. On the production side, a positive impulse came from activity in industry, construction and service sectors, while the contribution of agriculture was negative due to the drought.

The general government fiscal deficit was RSD 191.9 bn in 2024, slightly above the deficit recorded in 2023, while the share of the general government fiscal deficit in GDP dipped to 2.0% in 2024. The share of central government public debt in GDP shrank from 48.0% of GDP at end-2023 to 47.2% of GDP at end-2024. End-2024 external debt was EUR 49.8 bn, up by EUR 4.4 bn from end-2023. Measured as a share of GDP, it increased slightly from last year. The current account deficit widened to 4.7% of GDP in 2024, from a record low of 2.4% of GDP in 2023, as imports of goods and services rose faster than exports. Import growth (8.4%) exceeded export growth (8.0%) in 2024.

For the tenth year in a row, the current account deficit was fully covered by FDI inflows, which is an important pillar of the country's stability. At the end of 2024, FDI amounted to 4.62 bill EUR net or 5.6% of GDP. The stand-by arrangement with the IMF was successfully completed in December 2024. The IMF's Board of Directors approved a new three-year Policy Coordination Instrument; an advisory arrangement intended for countries which pursue a credible economic policy. Record-high FDI inflows, falling public debt and rising exports confirmed the domestic economy's resilience to external shocks.

Gross National bank of Serbia (NBS) FX reserves gained EUR 4.4 bn in 2024, reaching EUR 29.3 bn gross or EUR 24.7 bn net at end-December. The relative stability of the dinar exchange rate against the euro was preserved thanks to the National bank of Serbia (NBS) interventions in the IFEM by buying EUR 2,725 mn, net, in 2024. Like in previous years, this helped preserve the relative stability of the exchange rate and further build up FX reserves.

In June 2024, the Republic of Serbia issued the 10Y sustainability bond in US dollars and thus became the only non-EU European country to issue a sustainability Eurobond, with robust investor demand. In 2024, Serbia was awarded an investment-grade rating for the first time in its history. After upgrading its outlook from stable to positive in April 2024 (with credit rating at BB+), in October Standard & Poor's raised Serbia's credit rating to investment grade level (BBB-). Thus, a key strategic goal of the NBS and the Serbian Government was fulfilled, confirming the responsible conduct of economic policy, favourable macroeconomic indicators and the country's increased resilience to external shocks.

Average annual inflation in 2024 was 4.6%, while y-o-y inflation measured 4.3% in December, which is within the NBS target band of $3\pm 1.5\%$.

According to the Labour Force Survey, the average employment rate in 2024 was 51.4%, up by 1.2 pp from 2023. The average unemployment rate contracted from a year earlier, to 8.6% in 2024. The average monthly net wage paid out in the Republic of Serbia in 2024 was RSD 98,143. The average pension paid out in 2024 was RSD 46,138, up by 20.4% in nominal terms from a year earlier.

In view of the established downward trajectory of inflation and its return within the target band in May 2024, the NBS started the cycle of key policy rate reductions, trimming this rate three times by 25 basis points each, to 5.75% at year end. Monetary policy easing of the NBS and the ECB, temporary caps on lending rates, led to easing of banks' credit standards and reduced costs of funding.

Serbia's banking sector, accounting for around 91% of financial sector assets, remained stable during 2024 thanks to good capitalization, high liquidity and profitability. According to the results of macroprudential stress tests for end-2024, the Serbian banking sector would remain resilient,

capitalized and liquid even if the strongest assumed shocks were to materialize. The capital adequacy ratio meets all the prescribed capital adequacy regulatory minimums and all requirements for the coverage of capital buffers, in all scenarios. Based on the results of macroprudential solvency stress tests, the capital adequacy ratio would measure 18.67%, remaining above the regulatory minimum even in the worst-case scenario.

In 2024, 20 banks were operating in Serbia. Total number of employees was 22286, working in 1337 branches. Total assets were 56.705 bill EUR, capital 7.89 bill EUR, loans 31.78 bill EUR, deposits 43.5 bill EUR.

The Serbian banking sector remained adequately capitalized in 2024 as well. Capital adequacy ratio stood at 21.3% at end-2024, so that Serbia's banking sector capital adequacy ratio was above the regional average. Thanks to the favourable structure of capital, CET1 capital ratio and Tier 1 capital ratio were high. The average monthly liquidity ratio was 2.5, well above the prescribed minimum (1.0). The share of NPLs in total loans shrank to 2.5% in late 2024.

The Law on Amendments and Supplements to the Law on Payment Services from July 2024 encouraged further innovation in the market. It also ensured greater competition and transparency in the area of payment services provision and provided for enhanced consumer protection and payment security. At end-2024, there were eight payment institutions licenced by the NBS to provide payment services, and seven electronic money institutions. According to data of all payment services providers for 2024, there was an increase in the number of almost all payment services provided, particularly of cashless payments. Relative to 2023, the total number of m-banking users increased by 13.9% and that of ebanking users by 7.5%.

In December 2024, the NBS adopted the Decision on Temporary Interest Rate Cap on Loan Agreements Concluded with Natural Person Consumers. This Decision ensured a gradual switch to a market interest rate after the Decision on Temporary Measures for Banks Relating to Natural Persons' Housing Loans was no longer applied. In addition to capping interest rates on housing loans, the above decision also capped interest rates on cash and consumer loans, credit card debt and current account overdraft. In December 2024, the NBS set up a regulatory framework for implementing the government housing loans programme for young people, allowing banks to apply a 99% loan-to-mortgage ratio, with customers providing a 1% down payment.

Serbia's banking sector recorded a positive financial result in 2024, with ROA of 2.8% and ROE of 20.3%. Domestic lending activity continued up, with growth rates accelerating notably. At end-2024, total domestic loans, excluding the exchange rate effect, gained 8.2% from end-2023. Loans to households contributed more than corporate loans to y-o-y growth in total domestic loans.

Türkiye

The Turkish economy grew by 3.2 percent in 2024. The contribution of net external demand to growth increased. At the end of the year, consumer price inflation was 44.4 percent and producer price inflation was 28.5 percent.

Monetary policy was focused on lowering the inflation rate in the medium term and ensure price stability. Fiscal policy was focused on keeping the budget deficit below 3 percent, excluding the expenses resulting from the earthquake. Budget deficit was around 5 percent. Ratio of budget revenues and budget expenses to GDP was 20 percent and 25 percent, respectively. The ratio of budget deficit to GDP was 4.8 percent.

The banking sector supports the economic program aimed at ensuring macroeconomic stability. The growth of the banking sector balance sheet slowed down and its ratio to GDP decreased. Quality of assets and liquidity stayed high. The balance sheet size was TL 32.7 trillion (USD 926 billion). The ratio of the balance sheet to GDP decreased by 15 percentage points to 75 percent as compared to 2023. Capital adequacy was close to the global average. Average return on equity was below inflation. The number of banks in operation was 67 as of December 2024. 37 of them were deposit banks, and 20 were development and investment banks. There were 4 state-owned deposit banks and 11 private deposit banks. There were 9 participation banks in Türkiye.

The number of employees increased by 0.5 percent to 209,000 as compared to the previous year. 87 percent of the employees were employed by deposit banks, 3 percent by development and investment banks, and 10 percent by participation banks. The share of the first ten banks in total assets remained unchanged at 89 percent. The share of top 10 banks in total deposits increased by 1 percentage point to 96 percent.

The share of assets of deposit banks was 86 percent, while the shares of development and investment banks and participation banks were 6 percent and 8 percent, respectively. The shares of state-owned deposit banks, private deposit banks and foreign-owned deposit banks are 38 percent, 28 percent and 20 percent, respectively. Total assets increased by 39 percent to TL 32.6 trillion. Total assets increased by 16 percent to USD 926 billion. The ratio of total assets to GDP decreased by 14 points to 75 percent.

Loans increased by 37 percent to TL 16 trillion (USD 455 billion). TL loans increased by 28 percent and FX loans increased by 30 percent in USD. TL commercial and individual loans increased by 20 percent and 43 percent, respectively. TL loans used by SMEs and large-scale enterprises increased by 25 percent and 15 percent, respectively. FX loans increased on USD basis by 28 percent and 42 percent for large enterprises and SMEs, respectively. Non-performing loans increased by 153 percent to TL 294 billion. The ratio of non-performing loans (before provisions) to total loans was at 1.8 percent.

Total deposits reached TL 19 trillion. The ratio of total deposits to GDP increased by 12 percentage points to 44 percent. The ratio of TL deposits (excluding FX-protected deposits and FX conversion deposits) to GDP increased by 2 percentage points to 26 percent. Total non-deposit funds were TL 7,347 billion. These were bank loans (48 percent), security issuance (14 percent) and funds from repo transactions (31 percent).

Shareholders' equity increased by 34 percent to TL 2,898 billion (by 13 percent to USD 83 billion). As a result of the 127 percent increase in interest revenues and 160 percent increase in interest expenses, the increase in net interest income was at 37 percent. The ratio of interest margin to average assets decreased by 0.3 percentage points to 3.5 percent and the ratio of non-interest margin decreased by 1.2 percentage points to 0.7 percent.

The net profit after tax provisions increased by 9 percent to TL 659 billion. Average return on equity decreased by 8 points to 27 percent. Average return on assets decreased by 0.8 points to 2.4 percent.

Capital adequacy standard ratio was 19.5 percent. Core capital ratio stood at 15.5 percent.

The number of active users of digital banking transactions (un-singularised) reached 120 million as of December 2024. 96 percent of customers were individual, and 4 percent were corporate.

In 2024, the volume of online banking transactions increased by 62 percent to TL 49.4 trillion, while mobile banking increased by 71 percent to TL 127 trillion.

STATISTICAL ANNEX

EU-27 data contained in the statistical annex has been compiled from publicly available information released by the European Central Bank unless otherwise noted. The data relevant for EFTA countries, United Kingdom and EBF Associate Members has been compiled from the corresponding national central bank, financial supervisory authority, national office of statistics and national banking associations members of the European Banking Federation.

Country-by-country statistics – Euro area Member States

All figures as at 31 December 2024

	Number of credit institutions	Assets (€ million)	Loans (€ million)	Deposits (€ million)	Staff
Austria	407	1,033,170	720,428	635,686	66,213
Belgium	74	1,400,800	947,621	833,143	45,758
Cyprus	18	69,335	45,893	51,480	6,608
Estonia	28	45,678	41,925	33,996	6,355
Finland	179	664,350	451,593	301,302	21,622
France	381	12,157,659	7,562,969	6,914,212	401,174
Germany	1,330	10,806,955	6,346,827	5,994,285	554,042
Greece	34	321,289	154,525	237,535	27,650
Ireland	253	1,814,990	598,016	524,880	26,523
Italy	421	385,799	2,224,385	2,662,943	261,318
Latvia	39	29,914	23,797	22,641	5,484
Lithuania	80	75,578	60,165	52,597	7,144
Luxembourg	115	1,568	680,248	583,003	26,150
Malta	21	47,083	23,829	30,759	5,957
Netherlands	84	2,834,825	1,739,910	1,552,375	79,566
Portugal	136	443,704	284,658	338,812	51,616
Slovakia	14	56,034	37,587	423,564	8,457
Slovenia	22	125,467	96,420	840,874	16,864
Spain	184	3,115,248	1,878,093	2,160,735	163,864
Eurozone	3,820	35,429,446	23,918,889	24,194,822	1,782,365

Country-by-country statistics – Non-Euro Area EU Member States

	Number of credit institutions	Assets (€ million)	Loans (€ million)	Deposits (€ million)	Staff
Bulgaria	23	100,250	68,454	74,606	25,187
Croatia	21	86,892	67,961	68,222	18,214
Czech Republic	48	422,798	281,752	280,618	36,898
Denmark	90	1,279,891	827,623	424,742	39,325
Hungary	38	184,493	109,197	122,928	39,773
Poland	569	802,136	404,415	544,244	146,791
Romania	66	184,229	133,881	141,601	51,172
Sweden	159	1,529,401	982,210	645,688	52,660
Non Eurozone	1,014	4,590,090	2,875,493	2,302,649	410,020

	Number of credit institutions	Assets (€ million)	Loans (€ million)	Deposits (€ million)	Staff
EU 27	4,927	40,825,657	25,995,598	24,352,418	2,152,883

Country-by-country statistics – EFTA countries and the United Kingdom

	Number of credit institutions	Assets (€ million)	Loans (€ million)	Deposits (€ million)	Staff
Iceland	10	40,200	32,600	22,300	2,553
Liechtenstein	10	90,362	33,992	52,640	2,728
Norway	115	768,600	581,700	338,100	26,051
Switzerland	230	3,564,000	1,567,763	2,025,707	94,347
EFTA	365	4,463,162	2,216,055	2,438,747	125,679

	Number of credit institutions	Assets (€ million)	Loans (€ million)	Deposits (€ million)	Staff
United Kingdom	345	11,412,000	8,187,000	8,840,000	402,500

Country-by-country statistics – EBF Associate Members

	Number of credit institutions	Assets (€ million)	Loans (€ million)	Deposits (€ million)	Staff
Albania	11	21,299	8,495	17,142	7,208
Armenia	3	21,100	5,000	16,000	1,202
Andorra	18	25,700	14,900	15,100	540
Bosnia and Herzegovina	23	22,300	13,200	17,300	9,858
Republic of North Macedonia	13	13,410	7,970	9,770	5,991
Monaco	25	176,000	30,000	58,400	2,665
Montenegro	11	7,250	4,640	5,840	2,647
Serbia	20	5,671	31,790	43,560	22,286
Türkiye	67	889,000	437,000	515,000	209,001
EBF Associates	191	1,181,730	552,995	698,112	261,398

The focus of this publication is on banks; however, the pure data on banks is not available from the ECB. For this reason, the EBF uses both the Credit Institutions (CI) and the Monetary Financial Institutions (MFI) depending on which type of data is available. For your convenience, the ECB definitions of CI and MFI are presented below:

Credit Institution (CI) = Any institution that is either (i) an undertaking whose business is to receive deposits or other repayable funds from the public and to grant credit for its own account, or (ii) an undertaking or any other legal person, other than those under (i), which issues means of payment in the form of electronic money.

Monetary Financial Institution (MFI) = Financial institutions which together form the money-issuing sector of the euro area. These include: the Eurosystem, resident credit institutions (as defined in EU law) and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities. The latter group consists predominantly of money market fun