
EBA MREL IMPACT ASSESSMENT REPORT UNDER ARTICLE 45L(2) BRRD

EBA/REP/2026/06 MARCH 2026

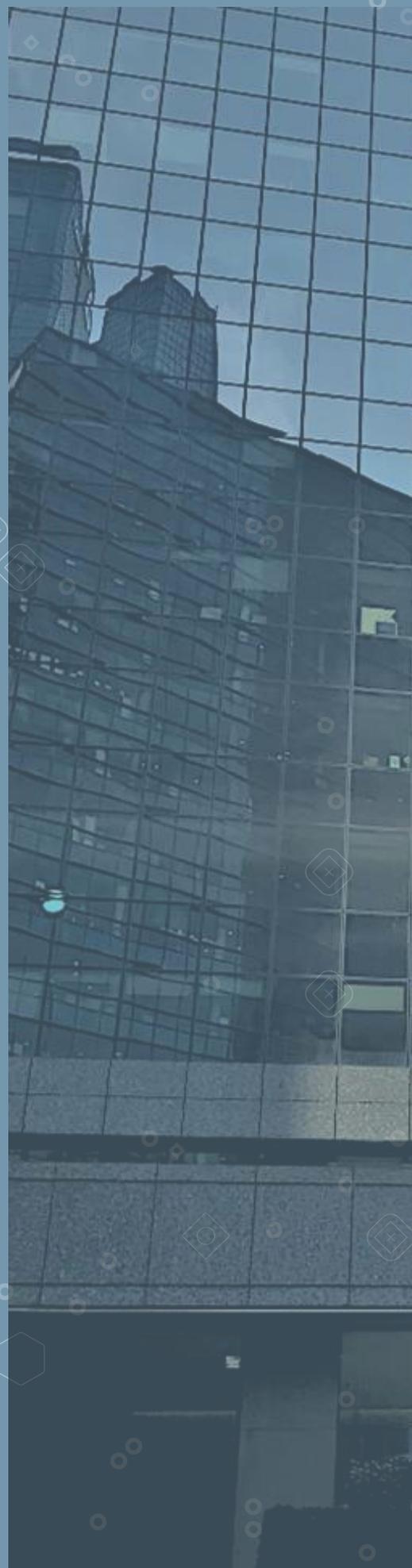


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Abbreviations

AT1	Additional Tier 1
BRRD	Bank Recovery and Resolution Directive
EU	European Union
FSB	Financial Stability Board
G-SII	Global systemically important institution
iMREL	Internal minimum requirement for own funds and eligible liabilities
LSI	Less significant institution
MPE	Multiple point of entry
MREL	Minimum requirement for own funds and eligible liabilities
NCWO	No creditor worse off
O-SII	Other systemically important institution
SNP	Senior non preferred
SPE	Single point of entry
TEM	Total exposure measure
TLOF	Total liabilities and own funds
TREA	Total risk exposure amount

Executive Summary

This report is delivering on the MREL impact assessment mandate under Article 45 I(2) BRRD.

This is the second iteration of the report due every three years and the last one to be produced under the current framework. It assesses the impact of MREL on EU institutions, markets and funding structures over the 2022–2024 period, having reached the steady state after the full implementation of BRRD II.

EU banks have continued to build up MREL resources between 2022-2024, to meet final MREL targets.

Nearly all institutions met their final requirements by the 1 January 2024 deadline or were granted transitional arrangements under Article 45m BRRD.

Over the reference period, both total and subordinated MREL requirements increased across all categories of banks, reflecting the full implementation of BRRD II and the 2024 deadline for compliance with final targets. In parallel, MREL resources also increased: by end-2024 resolution entities held 34.7% of TREA in eligible instruments on average, driven by growth in senior non-preferred (SNP), senior unsecured and CET1. Only 37 banks saw declines in eligible resources, but none resulted in a shortfall.

The introduction of MREL requirements prompted issuances of eligible liabilities, particularly SNP, creating an incentive for smaller and multiple point of entry (MPE) group banks to develop market access. The composition of MREL resources reflects subordination requirements and the different ability of banks to issue in wholesale funding markets.

All bank categories increased eligible debt issuances. MPE banks developed their own capital market access to issue externally at the level of each resolution entity, leveraging both domestic and international exchanges. Larger banks continued to issue across the different subordination layers, while smaller banks mostly relied on retained earnings and CET1 to meet MREL requirements. No material shift was observed in the currency composition of MREL instruments.

Own funds remain the core MREL component (20.5% of TREA), while eligible debt instruments account for 13.6% of TREA. Subordinated instruments (own funds and subordinated eligible debt) reached 27.8% of TREA on average by end-2024. SNP remains by far the main instrument issued by banks subject to subordination requirements.

Most resolution banks have shown high levels of issuance in 2024. Structural challenges remain for smaller banks, even though market access has improved.

In 2024, issuances of eligible instruments amounted to EUR 371 bn, across 105 issuing banks. Issuance concentration by country and by systemic category has declined compared to 2021. Smaller banks continue to face structural challenges linked to size, ratings and investor base, although market access has gradually improved.

Only 18 entities (0.9% of EU banking assets) reported a shortfall in 2024, all of which benefit from transitional arrangements.

Authorities report no material impact of MREL on banks' business models, yet smaller, deposit funded institutions face higher compliance costs and complexity.

EU resolution and competent authorities have observed no material changes to bank business models or legal and operational structures which are directly attributable to MREL. Structural adjustments within groups remained limited and were mostly driven by broader resolvability considerations rather than MREL needs. The general view of authorities is that smaller, retail-oriented banks face relatively greater MREL-related compliance costs, while larger diversified banks and wholesale/investment banks already operating in capital markets can adapt more easily.

With regards to the MREL framework, as part of the work on the implementation of the recommendations set out in the EBA's [Report on the efficiency of the regulatory and supervisory framework](#), the EBA is reflecting on inputs on how to streamline the capital and TLAC/MREL requirements (Recommendation 9). Key relevant findings coming from this monitoring report could inform that future work, in particular where they provide insights into challenges that have emerged in the application of the current framework. By way of example, this may include the challenges faced by smaller banks in diversifying their funding base in terms of subordinated issuances, which could be relevant when considering proportionality aspects.

Introduction

1. This report responds to the mandate set in Article 45L(2) of Directive (EU) 2019/879 (BRRD) for the EBA to submit, in cooperation with the competent authorities and resolution authorities, a report to the Commission including an impact assessment of the requirement for own funds and eligible liabilities, on the following: (i) financial markets, (ii) business models and balance sheet structure of institutions, (iii) profitability of institutions, (iv) actions taken by institutions, and (v) capacity of banks to issue and prevalence of own funds and subordinated eligible instruments.
2. Various parts of this monitoring mandate are covered by other regular EBA publications, such as the MREL dashboard¹, the Risk assessment report², the report on the monitoring of TLAC/MREL eligible instruments of EU institutions³, and the report on asset encumbrance⁴.
3. The first iteration of the report responding to the mandate was submitted to the Commission and published in 2023⁵, combined with the annual report on quantitative and qualitative information on the requirements and MREL shortfalls of the EU banking sector mandated under Article 45L(1) BRRD. It covered a period where the MREL framework was still in a build-up phase, from 2021 to 2023. The current report now offers insights on the impact of MREL after the transitional phase, covering the period from 2022 to 2024. It is the last one to be produced under the BRRD mandate.

Samples and data sources

4. For each section of the report, a different sample was used depending on the availability of underlying data:

Table 1: Different samples and data sources used across the different sections of the report

Section	Sample	Data source	Coverage
Current levels and evolution of the total and subordinated MREL requirements	345 resolution groups	MREL TLAC reporting	77% of EU banking sector assets
1.1 Impact of MREL on financial markets and marketability of own funds	Aggregated data	Markit	n.a.
1.2 EU banks' funding structure	299 EU banking groups	FINREP (consolidated)	94% of EU banking sector assets

¹ [MREL dashboard | European Banking Authority](#)

² [Risk reports and other thematic work | European Banking Authority](#)

³ [Report on monitoring AT1 and MREL.pdf](#)

⁴ [Thematic analysis | European Banking Authority](#)

⁵ [EBA MREL quantitative monitoring report and impact assessment \(Art.45L BRRD II\).pdf](#)

	Section	Sample	Data source	Coverage
1.3	Evolution of eligible liabilities	345 resolution groups	MREL TLAC reporting	77% of EU banking sector assets
1.4.	Eligible debt market	345 resolution groups	Dealogic and MREL TLAC reporting	77% of EU banking sector assets
1.6	The impact on banks' profitability	138 banks	FINREP (consolidated)	66% of EU banking sector assets

Sources: MREL/TLAC reporting, Markit, Dealogic, FINREP and EBA calculations.

- The analysis has also been complemented by a qualitative survey carried out by the EBA among EU resolution and competent authorities to gather views on the potential impact of MREL on a number of aspects of the BRRD mandate. More specifically, the qualitative questionnaire has served as input to assess: (i) impact on the funding profile and funding strategy of institutions, and the legal and operational structure of groups; (ii) the actions taken by institutions to comply with the minimum requirement, and in particular the extent to which the minimum requirement has been met by asset deleveraging, long-term debt issue and capital raising; and (iii) the capacity of institutions to independently raise capital or funding from markets in order to meet any proposed harmonised minimum requirements.

MREL in the EU resolution framework

- MREL is the cornerstone of the EU resolution regime in that it allows resolution authorities to use a bank's own resources to absorb losses and recapitalise it in case of failure, instead of relying on public funds (i.e. taxpayer's money) to bail-out banks.
- Until the introduction of the resolution regime, banks deemed to be too big to fail would benefit from an implicit subsidy in the form of an assumption of sovereign support in case of failure. This led to unfair advantages between banks and EU members states via notched up credit ratings, increased risk-taking behaviour driven by moral hazard, and high risks to EU public finances via the socialisation of losses in case of failure.
- The introduction of MREL also entailed benefits for EU financial stability. The enhanced market discipline that is exercised by bail-in debt investors contributes to reducing moral hazard mentioned above, curtail excessive risk-taking behaviour and the likelihood of systemic crises. Academic literature⁶ has found consistent evidence that post-crisis resolution reforms have reduced implicit funding subsidies and increased the sensitivity of funding costs to bank-specific

⁶ Rocamora M., Monjas M., Suarez N. (2023): [Determinants of bail-in debt yields in the EU banking sector: a multi-country approach with idiosyncratic factors](#) Empirica – Journal of European Economics; Berndt A. et al. (2018) "The decline of too big to fail"; Schäfer L. et al. (2017): "Expecting bail-in? Evidence from European banks"; Acharya V. et al. (2016): "The end of market discipline? Investor expectations of implicit government guarantees", MPRA Paper 79700, University Library of Munich, Germany.

risk, supporting the view that enhanced market discipline has become an important channel through which MREL requirements mitigate moral hazard.

9. The BRRD II⁷, which amended the original BRRD framework in 2019, introduced substantial changes to the MREL framework to reinforce the loss-absorbing and recapitalisation capacity of EU institutions, more closely aligning the EU regime with the international TLAC standard while promoting consistency and proportionality across the Union. In this respect, one of the key developments was the introduction of subordination requirements, extending beyond global systemically important institutions (G-SIIs) to also cover top-tier banks with total assets exceeding EUR 100 billion and for resolution entities of certain smaller resolution groups that are considered likely to pose a systemic risk in the event of failure – the so-called “fished banks”⁸.

Current levels and evolution of the total and subordinated MREL requirements

Over the reference period, both total and subordinated MREL requirements increased across all categories of banks, reflecting the full implementation of BRRD II and the 2024 deadline for compliance with final targets.

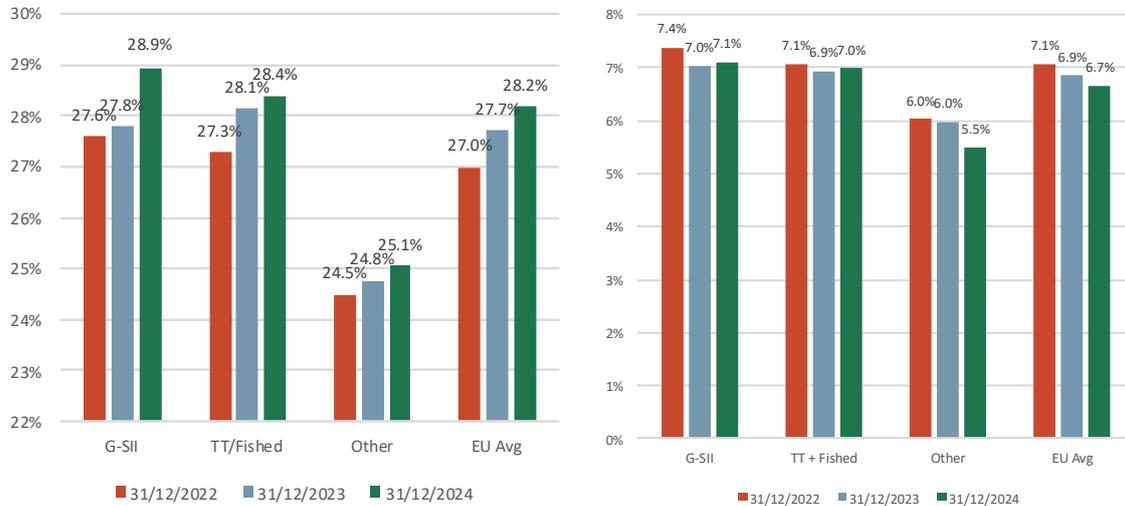
10. Following the introduction of the MREL framework, banks have been building up their resources to meet the requirements. This section shows the evolution over the 2022-2024 reference period of the external MREL requirements calibrated in terms of (i) Total Risk Exposure Amount (TREA) including Combined Buffer Requirement (CBR) and (ii) Total Exposure Measure (TEM).
11. As of Q4 2024, on a weighted average basis, the total MREL (including the CBR) reaches 28.9% of TREA for G-SIIs, 28.4% for top tier and fished banks and 25.1% for other banks. In the period 2022-2024, the total MREL final target increased for the three groups of banks (Figure 1), reflecting the increase in capital ratios and requirements observed over the same period, based on EBA supervisory reporting data⁹. In percentage of TEM, the total MREL reaches 7.1% for G-SIIs, 7% for top tier and fished banks and 5.5% for other banks.

⁷ Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC.

⁸ As per Art. 45c(6) BRRD.

⁹ RISK ASSESSMENT REPORT OF THE EUROPEAN BANKING AUTHORITY – JUNE 2025: [Risk Assessment Report Spring 2025.pdf](#)

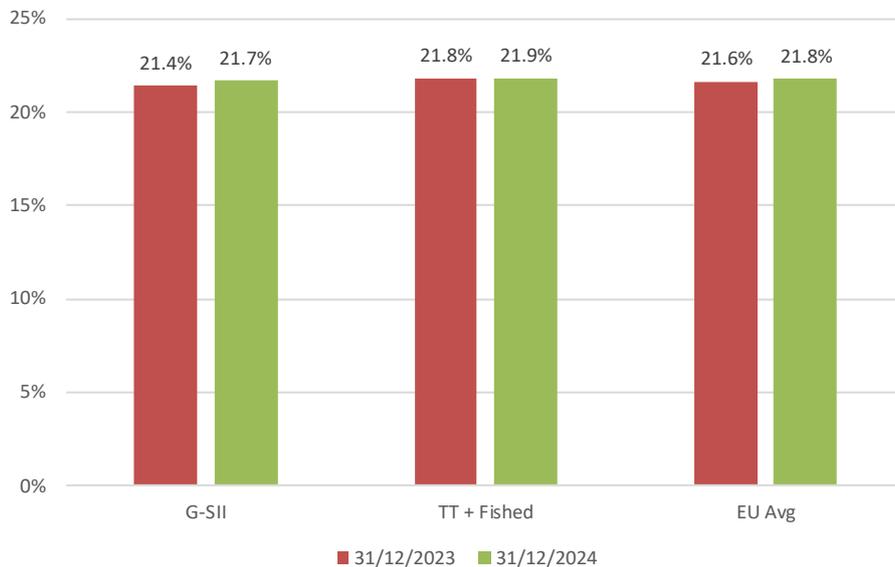
Figure 1: MREL requirement as a percentage of TREA including CBR (left) and of TEM (right)



Sources: MREL/TLAC reporting and EBA calculations.

12. On a weighted average basis, the total subordinated MREL requirements (including CBR) reach 21.7% of TREA for G-SIIs and 21.9% for top tier and fished banks (Figure 2). In the period 2023-2024, the total subordinated MREL target slightly increases for both groups of banks¹⁰.

Figure 2: Subordinated MREL as a percentage of TREA (left)



Sources: MREL/TLAC reporting and EBA calculations.

¹⁰ In line with the MREL dashboard, subordination requirements imposed upon other institutions to address no creditor worse off (NCWO) risks are not included in the analysis.

1. MREL impact assessment

1.1. Impact of MREL on financial markets and marketability of own funds

13. To analyse the impact of MREL on financial markets, this section looks at how MREL requirements could have impacted volumes and prices of the various key debt instruments for banks.

Impact on debt volumes

14. The impact on volumes is showed by analysing the evolution of both MREL-eligible and non-eligible debt under three relevant periods: (i) since the entry into force of the Creditor Hierarchy Directive in 2017¹¹, (ii) since the entry into force of BRRD II in 2019 and (iii) since the start of the period of increase in interest rates in July 2022. The three periods are relevant to shed light on the behaviour of MREL-eligible instruments under regulatory changes and under different monetary conditions. To allow comparison with non-eligible MREL liabilities, the evolution of MREL-eligible debt metrics is analysed alongside that of covered bonds. For the purposes of the analysis, it is relevant to note that all banking groups had to comply with a first intermediate MREL target in January 2022¹² and then required to meet their full external and internal MREL targets including subordination as of 1 January 2024¹³.

MREL has impacted EU banks' funding structure, leading SNP to become an important source of funding to meet MREL needs, while issuance of more expensive instruments like Additional Tier 1 (AT1) and Tier 2 declined over the reference period.

15. With the entry into force of the Creditor Hierarchy Directive in 2017, an EU-wide harmonisation of the senior non-preferred debt layer was introduced, allowing institutions to meet MREL/TLAC subordination requirements through this type of instrument. In line with this development, since December 2017, the volume of senior non-preferred debt has experienced a remarkable growth (

16. Figure 3), increasing by 185% - well above the increase observed for senior unsecured debt (76%), AT1 (77%), and Tier 2 (4%).

17. With the entry into force of BRRD II in 2019 introducing, inter alia, the alignment of MREL requirements with TLAC standards for G-SIIs and minimum subordination requirements for G-

¹¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32017L2399&rid=3>

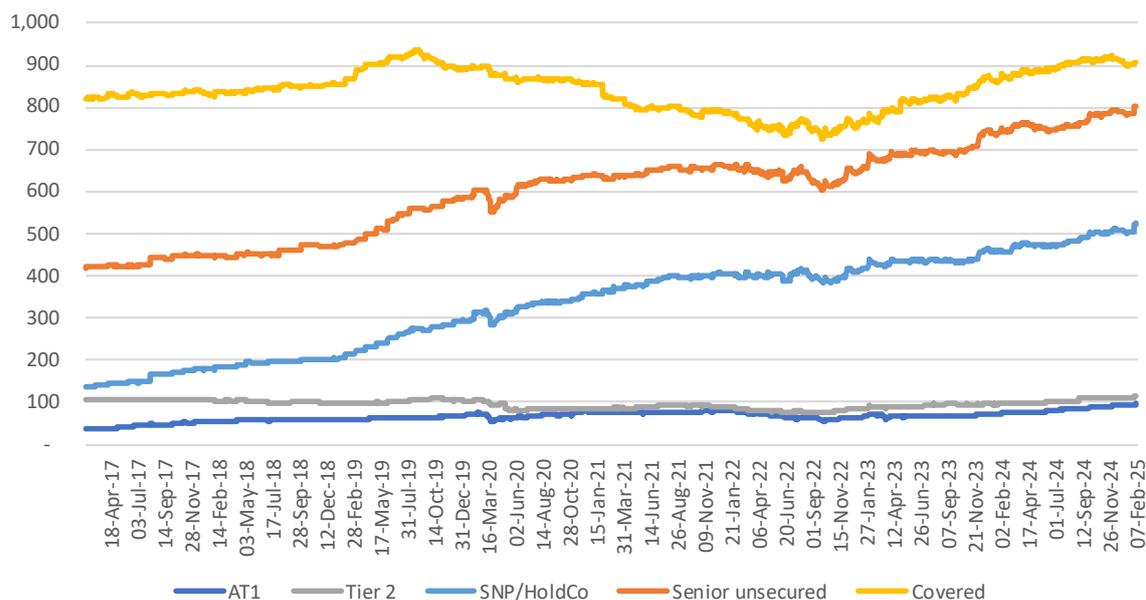
¹² In some jurisdictions, the intermediate target date was set after 1 January 2022, in line with Art. 45m BRRD.

¹³ Article 45m BRRD grants discretion to resolution authorities to set appropriate transitional periods for compliance, which may end after 1 January 2024 where duly justified and appropriate on the basis of definite criteria. According to the European Banking Authority (EBA), while most EU banks met their MREL targets by the 1 January 2024 deadline, 21 banks were still in their transitional period as of mid-2024 and reported a shortfall in meeting the requirement. This is documented in the EBA Q2 2024 MREL Dashboard and Q4 2024 Dashboard press release.

SILs, top tier and fished banks, senior non-preferred continued to be the debt type increasing the most while non-eligible debt and the most expensive forms of subordinated debt (AT1 and Tier 2) fell. More precisely, in the period ranging from December 2019 until December 2024, senior non-preferred increased by 43%, followed by senior unsecured debt (13%). The rest of debt types decreased in the period, such as AT1 and Tier 2, which declined by 6% and 23%, respectively. This downward trend in the most expensive types of eligible debt is a sign of the preference of EU banks to fulfil MREL subordination requirements with less expensive subordinated instruments such as senior non-preferred.

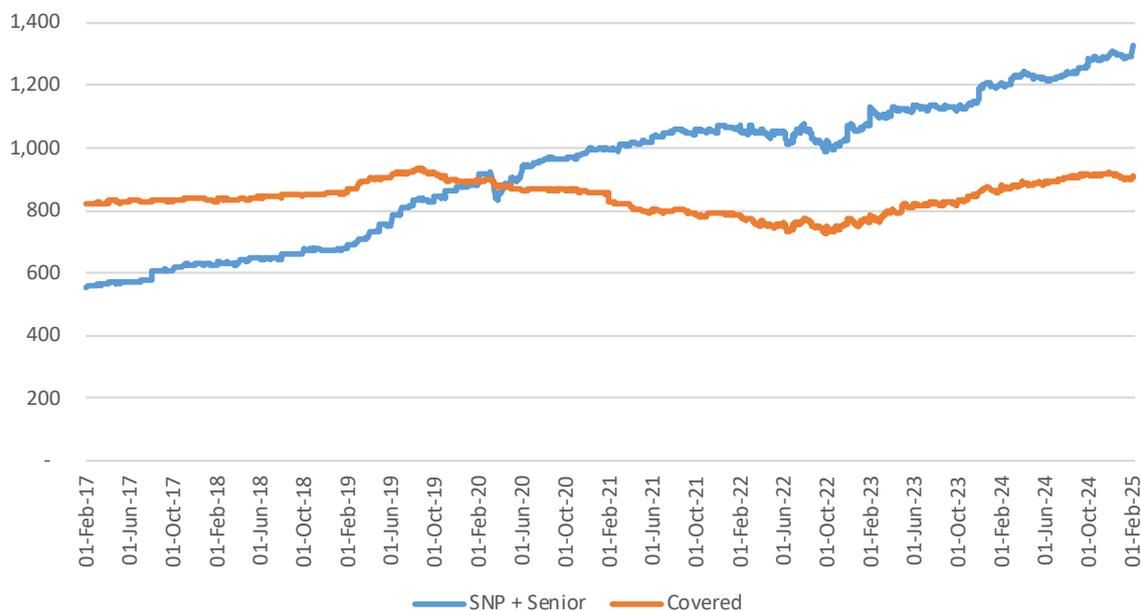
18. In the period of high interest rates between July 2022 and December 2024, senior non-preferred and senior unsecured continued their increase and much more markedly than AT1 and Tier 2 instruments (Figure 4). The growth in banks' reliance on the cheapest types of debt continued while they had to meet their MREL requirements. The increase observed for senior non-preferred and senior unsecured in the period ranging from July 2022 to December 2024 was 22% and 20%, respectively. Therefore, EU banks showed a strong issuance capacity even under high-interest rate environments. The debt volumes issued by type of bank are described in section 2.3.2 of the report.

Figure 3: Market value of bank-issued debt in markets, EUR billion



Sources: Markit and EBA calculations.

Figure 4: Market value of main eligible debt types (SNP + senior unsecured) and covered bonds, EUR billion



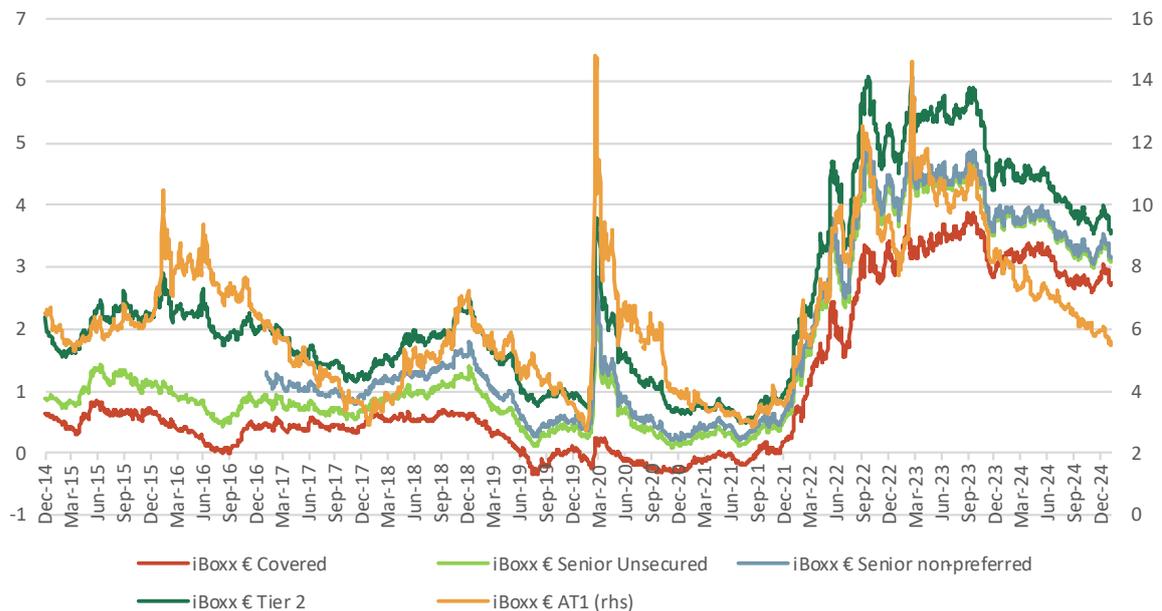
Sources: Markit and EBA calculations.

Impact on debt prices

19. The evolution of the yields of eligible debts is influenced by many variables, including the monetary policy stance and the volatility in markets (Figure 5). Literature on the topic concludes that banks' unsecured funding costs are also determined by bank-specific characteristics such as an institution's credit worthiness and the return on its market value, and importantly, on the level and quality of capital.¹⁴

¹⁴ Babihuga R., Spaltro M. (2014): Banks funding costs for international banks. IMF Working Paper.

Figure 5: Yield to maturity of bank-issued debt in markets, percentage

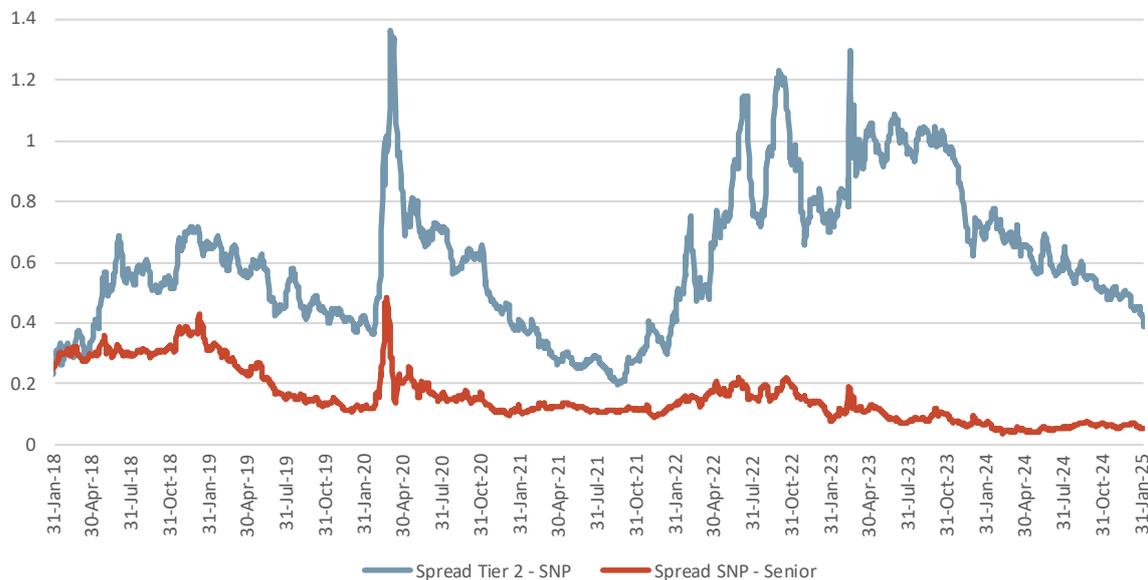


Sources: Markit and EBA calculations. AT1 debt yields are shown in the right-hand scale (rhs).

Between 2021 and 2024, the SNP–senior preferred spread remained stable while the Tier 2–SNP one was more volatile, suggesting a consistent market perception of the different instrument riskiness.

20. The spreads between different types of eligible debt were high during periods of high volatility such as the COVID-19 outbreak or the interest rate hike period that started in July 2022, but they tightened significantly since the ECB started to cut interest rates in September 2023 (Figure 6).
21. The spread between SNP and senior preferred debt has remained relatively stable over time, suggesting that the market perceives a consistent risk differential between these two layers of debt. The spread between Tier 2 and SNP debt is notably more volatile, with sharp peaks around April 2020 (likely linked to COVID-19 market stress) and again in early to mid-2022. This indicates that Tier 2 instruments are more sensitive to market conditions and perceived risk (Figure 6). This pattern appeared unchanged even during the banking crises of spring 2023, indicating that investors did not expect the turmoil to spread to European banks, possibly indicating investor confidence in their resilience.

Figure 6: Spread between Tier 2/SNP and SNP/senior debt, percentage points.



Sources: Markit and EBA calculations.

1.2. EU banks' funding structure

22. The analysis now moves to assessing the evolution the EU banks' funding structure over 2021-2024, to track any trends that may have been triggered by MREL compliance needs. To this end, this section takes a sample of 299 EU banks covering 94% of EU banking sector assets, of which 151 are resolution entities covering 75% of EU banking sector assets. The analysis, based on consolidated FINREP data, shows that the main liability items have a similar pattern for resolution entities and for the total sample of banks¹⁵. Resolution banks present a lower level of equity in percentage of their balance sheet compared to the total sample (Figure 7). This finding is aligned with the fact that resolution entities are bigger in size compared to banks that are not earmarked for resolution, and large banks are better able to issue debt and optimise their capital structure¹⁶ (Figure 7).

The liability structure of EU banks evolved similarly for resolution entities and the broader banking sample. Both groups increased market-based funding, especially debt issuances, while deposits declined due to TLTRO repayments.

23. Both resolution entities and the broader sample of banks increased the share of debt securities issued at a similar pace, although for different reasons. The total sample likely did so in part to replace maturing TLTRO funding, which is classified as deposit funding in this analysis, while resolution banks needed to meet their MREL targets. Overall, both groups of banks made

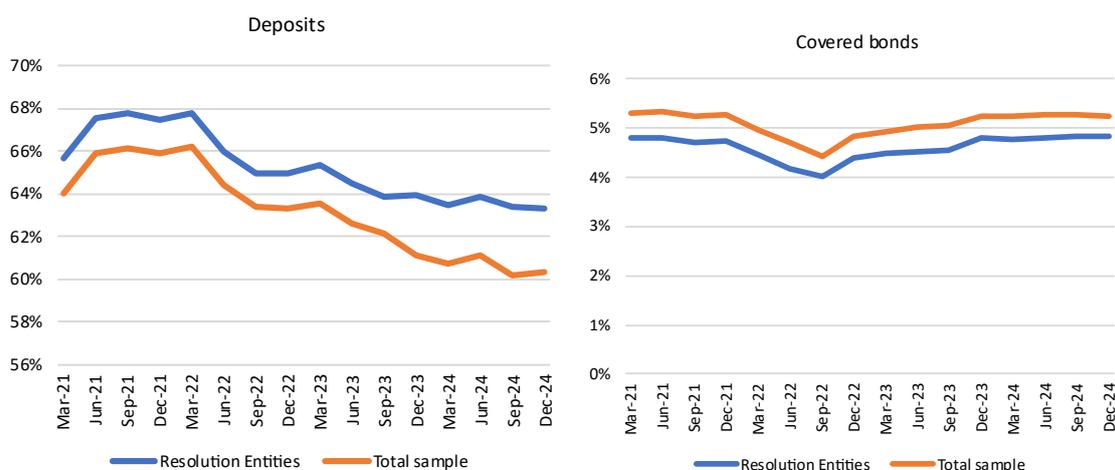
¹⁵ All banks that report consolidated FINREP to the EBA.

¹⁶ [EBA Risk Dashboard 2024Q4](#).

efforts to issue more instruments, either to meet MREL requirements or to compensate for the loss of other funding sources.

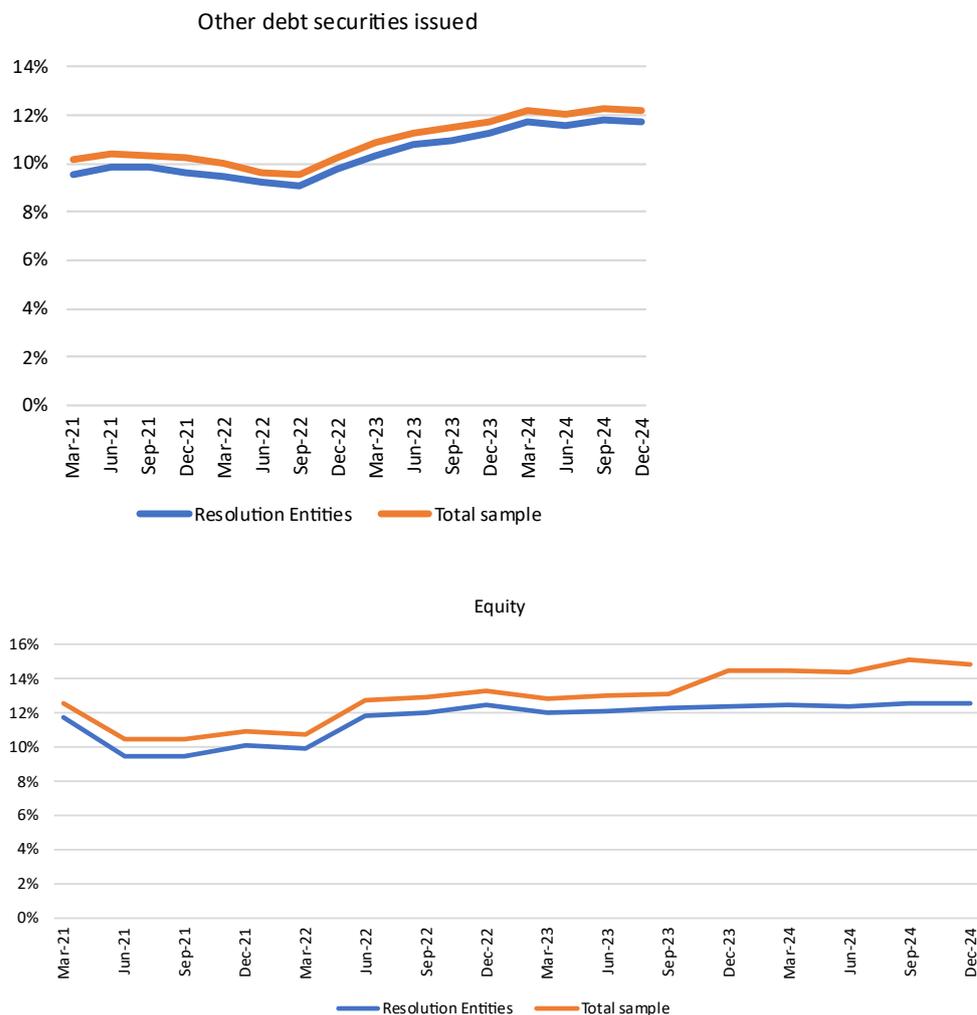
24. Deposits declined both in percentage of TREA and in amounts across both categories of banks due to TLTRO repayments. Smaller banks— more prevalent in the total sample than in the sample of resolution entities— were more reliant on TLTRO funding than larger banks or resolution entities, and they have repaid their TLTRO balances over the past few years. As a result, deposit funding declined more sharply for the total sample than for resolution banks. On the other hand, the decrease in deposits was less pronounced for resolution entities, reflecting their lower dependence on TLTRO funding and their higher reliance on market-based sources of financing. The higher levels of deposit funding observed for the resolution entities compared to the total sample is mostly related to the higher reliance of big banks on repo funding, which is classified within deposit funding from an accounting perspective. Secured transactions (repos) rose by 41% between 2022 and 2024, from EUR 1.3 trillion to EUR 1.8 trillion in daily aggregate turnover¹⁷. Euro area banks increasingly rely on repo markets for short-term funding, especially in US dollars¹⁸.

Figure 7: EU/EEA banks' funding structure, December 2024



¹⁷ [ECB Euro Money Market Study 2024](#)

¹⁸ [ECB Financial Stability Review](#)



Note: FINREP and EBA calculations.

1.2.1. Impact on funding strategies

25. This section looks at the impact on funding strategies, based on the results of the qualitative survey carried out by the EBA among EU resolution and competent authorities. Overall, authorities have indicated that the introduction of MREL requirements could have influenced banks' funding strategies by prompting more issuance of eligible liabilities, in particular SNP, noting however that the degree of impact varies by bank size and existing funding model.

MREL has led to an increase in issuances of subordinated debt, particularly SNP, and prompted smaller and MPE-group banks to develop market access.

26. In several countries, authorities reported little change in funding strategies where banks were already well-capitalised or had bond programs in place. On the contrary, jurisdictions with banks not used to market funding (e.g. smaller retail banks) experienced a more noticeable shift. Overall, smaller deposit-funded banks moved to broaden their liability mix, tapping

wholesale funding markets for the first time to build their MREL resources, whereas larger banks or those already active in capital markets adjusted volumes or instruments issued.

27. Many authorities highlighted an increase in issuances of subordinated instruments over the past years, with SNP especially issued to meet subordination requirements and to create “an additional buffer” to protect senior creditors. Yet, in practice, many LSIs continue to mostly rely on equity to meet their MREL requirements and they will not issue or more likely issue senior debt, when needed. For instance, the funding strategy of small banks could be subject to changes in case of a switch to a resolution strategy (which would imply a need to issue to meet MREL). Among larger banks, it is more common that all layers of debt are used (AT1, Tier 2, SNP, senior), due to the fact that these banks will be subject to subordination requirements that would have to be met with subordinated liabilities. Authorities indicate that some cooperative groups have started issuing SNP and senior preferred in wholesale markets to meet MREL.
28. Almost all authorities highlighted that they have not observed major changes in banks’ currency composition or reliance on foreign funding as a direct result of MREL compliance. Banks largely continue to issue in their usual currencies (EUR for Eurozone and other banks, or domestic currencies). The largest banks have more currency diversification, including third-country issuances, with 88% of eligible debt issuances in third countries in 2024 concentrated among GSIs and top tier banks. However, there are instances where the limited depth of local markets has prompted greater use of other markets, often EUR-denominated.
29. Authorities noted in particular that banks under a multiple point of entry (MPE) resolution strategy generally had to develop their own capital market access, as they need to issue at the level of each resolution entity. For this purpose, authorities have reported SNP, Tier 2 and senior instrument issuances, with mentions of both private and public placements carried out on domestic and international exchanges. In some cases, where the local market could not absorb the required volume of instruments, these were also placed with international financial institutions, e.g. development banks, as anchor investors. Authorities report that by now most of these resolution groups are able to place the required MREL instruments externally, also relying on parental support in market-making to build investor confidence. For single point of entry (SPE) groups instead, subsidiaries of resolution entities issue MREL instruments directly or indirectly to their parent.

1.3. Evolution of eligible resources

30. After having considered the evolution of EU banks’ funding structures and funding strategies, the analysis in this section now focuses on the evolution of total eligible resources of resolution banks over the last three years and the composition of eligible resources, to identify potential dependencies on specific instruments for certain types of banks or in specific member states. To this end, this section covers the evolution of MREL resources first and then analyses the composition of those resources across the 2022-2024 period.

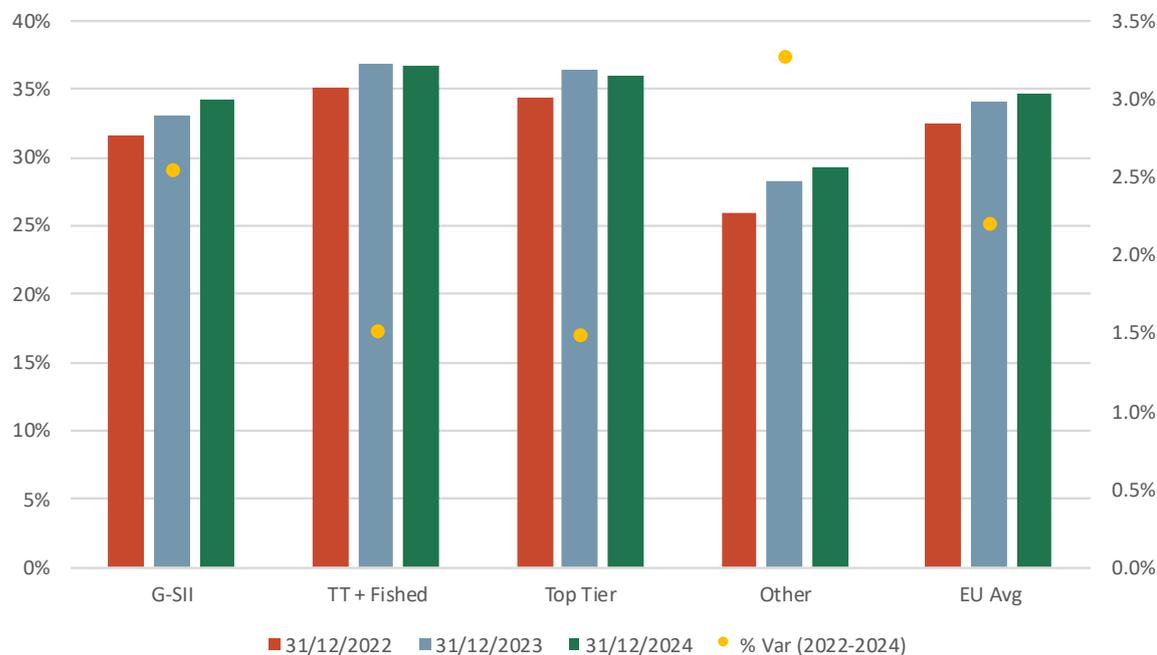
31. The results are presented by bank category and by country. The analysis is based on a sample of 345 resolution entities that cover 77% of EU banking sector assets. The data as of December 2024 is based on MREL/TLAC reporting.

1.3.1. Overall evolution of MREL resources in the period 2022-2024 by type of banks

Between 2022 and 2024, EU banks generally increased their MREL resources, in line with an upward trend in requirements, with only a small minority of banks or countries seeing declines.

32. Over the reference period, the analysis shows that all categories of banks increased their MREL resources in percentage of TREA, except fished banks with assets between EUR 10bn and 50bn and other banks with assets below EUR 5bn (Figure 8 and Figure 9). Only 37 banks- representing 9% of EU banking sector assets- decreased their MREL resources in the period, none of which reported a shortfall as of December 2024. Out of these banks, 12 banks decreased capital instruments while maintaining or increasing eligible debt, 15 banks decreased eligible debt while maintaining or increasing capital instruments and 8 banks decreased both. Finally, for 2 banks the decline in total eligible resources was due to a decrease in eligible deposits.
33. Looking at the MREL evolution over the reference period, as of December 2024, MREL resources amounted to 34.7% of TREA (34.2% for G-SIIs, 36.7% for top tier and fished banks and 29.3% for other banks) (Figure 8). Banks increased their stock of eligible resources in absolute amounts and in percentage points of TREA. In the period 2022-2024, eligible resources in percentage of TREA increased by 2.2% for the total sample (2.6% for G-SIIs, 1.5% for top tier and fished banks and 3.3% for other banks). The increase observed over the three-year period is consistent with the upward trend observed in MREL requirements (Figure 1) and the January 2024 deadline for compliance.
34. The increase in the amount of eligible resources is mainly explained by the higher level of senior non-preferred that increased by 0.8% of TREA, which is justified by the need to meet subordination requirements, followed by senior unsecured that increased by 0.7% and the higher level of CET 1 capital that showed an increase of 0.6% in the period. The composition of eligible resources in the period 2022-2024 is addressed in section 1.3.2 of the report.

Figure 8: Evolution of total MREL resources of resolution entities, breakdown by category of banks, percentage of TREA



Sources: MREL TLAC reporting and EBA calculations.

Table 2: Summary statistics of total MREL resources in percentage of TREA.

	2022	2023	2024
Avg	32%	34%	35%
Min	12%	13%	13%
Max	88%	84%	83%
St. Deviation	13%	12%	11%
P(25)	21%	22%	24%
P(75)	34%	34%	35%

Sources: MREL TLAC reporting and EBA calculations.

35. The most significant increases of eligible liabilities in percentage of TREA have been observed for fished banks with assets below EUR 5bn (5.7% of TREA), followed by other banks with assets between 10 and 50bn (3.3%) (Figure 9). Finally, the third category that increased the eligible liabilities the most was fished banks with assets between 5 and 10bn (3.1%).

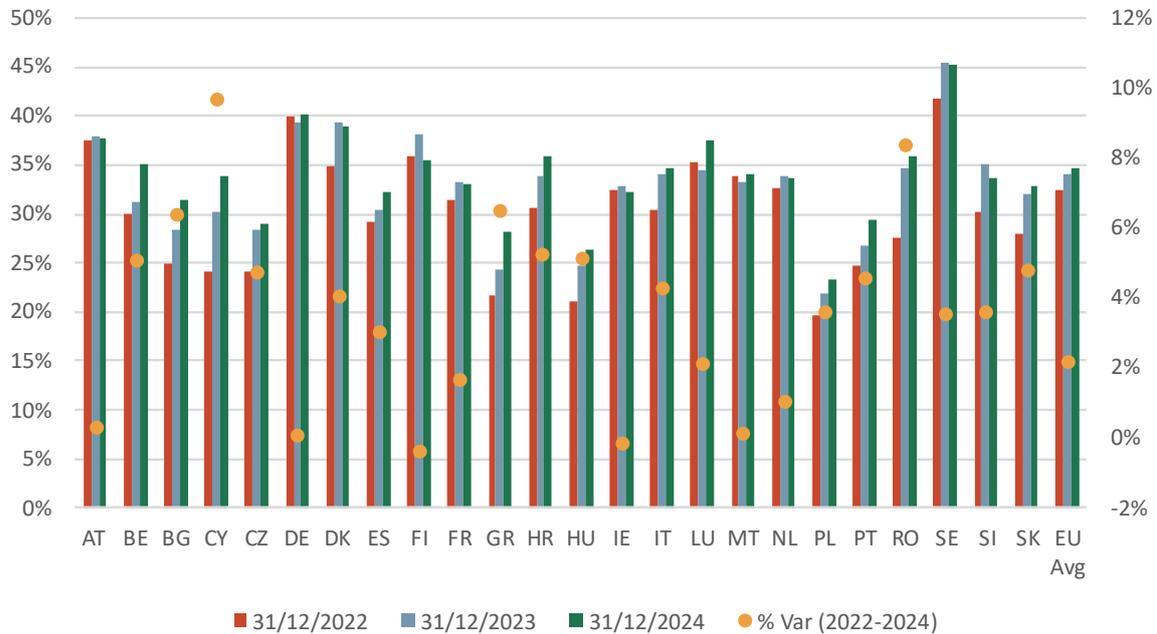
Figure 9: Evolution of total MREL resources of resolution entities, breakdown by subcategory, percentage of TREA



Sources: MREL TLAC reporting and EBA calculations.

36. By country, only two countries have reported a decline of the total eligible liabilities in percentage of TREA (FI and IE) (Figure 10). Instead, the most significant increases of eligible liabilities in percentage of TREA have been observed in CY, RO, BG, GR, BE.

Figure 10: Evolution of total MREL resources of resolution entities, percentage of TREA, breakdown by country



Sources: MREL TLAC reporting and EBA calculations. One bank was excluded from the MT sample because it did not provide data for all reference dates.

1.3.2. Banks' reliance on specific instruments to meet MREL requirements

EU banks' MREL composition continued to shift toward subordinated and senior non-preferred debt, especially for larger, more complex banks, while smaller banks remained more reliant on own funds and senior preferred instruments.

37. Looking at the composition of MREL resources, this section aims to show the dependence of banks and countries on certain instruments in order to comply with MREL. The composition of the MREL stack essentially reflects the minimum subordination requirement imposed on banks. As per Figure 11, as expected, the build-up of the stock of eligible instruments in the period 2022-2024 has not been symmetrical across banks and the composition of eligible liabilities differs between G-SIIs, top tier banks and fished banks and other banks.
38. EU banks rely on own funds instruments (20.5% of TREA, 19.9% for G-SIIs, 20.9% for top tier and fished banks and 20.6% for other banks), eligible debt instruments (13.61% of TREA, (14.2% for G-SIIs, 15.1% for top tier and fished banks and 7.6% for other banks), structured notes (0.5% of TREA) and MREL eligible deposits (0.2% of TREA) to comply with MREL. In the period 2022-2024, EU banks have increased both own funds and eligible debt instruments. Other banks show an above average reliance on own funds instruments, while G-SIIs, top tier banks and fished banks show an above average reliance on debt instruments.
39. Also by composition of the MREL stock across categories of banks, own funds remain the main instrument used to comply with MREL (Figure 11). Own funds instruments represent 59% of

the MREL stock (58% for G-SIIs, 57% for top tier and fished banks and 70% for other banks). Eligible debt represents 39% of the stock on average (41% for G-SIIs, 41% for top tier and fished banks and 26% for other banks). This is consistent with the fact that G-SIIs, top tier and fished banks are subject to more complex MREL requirements, including subordination, which implies a higher relative reliance on eligible debt compared to other banks.

40. Within eligible debt instruments, senior non-preferred has become the dominant component (6.9% TREA on average, 8.1% for G-SIIs, 7.7% for top tier and fished banks and 1.7% for other banks), above senior preferred (6.3% TREA on average, 5.6% for G-SIIs, 6.9% for top tier and fished banks and 5.6% for other banks) (Figure 12). This pattern is particularly relevant for larger or more complex banks, i.e. G-SIIs, top-tier and fished banks, mirroring their stricter subordination requirements. All groups of banks increased the stock of senior non-preferred in the period 2022-2024 and its importance is also visible by the evolution of the market value (section 1.1).
41. As of December 2024, subordinated instruments account for 27.8% of TREA (28.5% for G-SIIs, 29.1% for top tier and fished banks and 22.5% for other banks¹⁹). The three groups of banks increased the stock of subordinated instruments in the period 2022-2024. In the period 2022-2024, subordinated instruments in percentage of TREA increased by 1.6% for the total sample (1.1% for G-SIIs, 1.8% for top tier and fished banks and 2.3% for other banks).
42. Finally, eligible deposits represent 0.2% of TREA on average, a negligible part of eligible liabilities for G-SIIs, top tier and fished banks (0.1%), while their relative importance increases among smaller banks (1.1% on average, with a peak of 3.7% of TREA for other banks with assets below EUR 5bn). Their contribution has declined since 2022, when they accounted for 0.3% of TREA (0.2% for top tier and fished banks and 1.3% for other banks) (Figure 12).
43. Overall, other banks made progress to comply with MREL in the period 2022-2024, largely through higher issuance of senior non-preferred and senior preferred debt (Figure 11 and Figure 12). Own funds and senior preferred debt represent 91% of the stock of eligible liabilities as of 2024Q4 for other banks, which is well above the average of the sample (78%) and well above the level observed for G-SIIs (75%) and top tier and fished banks (77%).

¹⁹ For small banks, this is mostly due to an increase in capital instruments, while their stock of SNP is negligible (Figure 11).

Figure 11: Composition of eligible liabilities, percentage points of TREA, breakdown by systemic importance, December 2022 and December 2024



Sources: MREL TLAC reporting and EBA calculations. Labels for structured notes are positioned on the left side of each bar, while labels for MREL-eligible deposits are positioned on the right side.

Figure 12: Composition of eligible liabilities, percentage points of TREA, breakdown by banks' size, December 2022 and December 2024



Sources: MREL TLAC reporting and EBA calculations.

1.4. Eligible debt market

1.4.1. Analysis of the flow of eligible liabilities: issuances performed in 2024

44. This section looks at the evolution of issuances and seeks to identify potential specificities by types of banks. This evolution is obtained from Dealogic, which is based on market data and thus private placements are not considered²⁰. The issuances analysed are senior preferred, senior non-preferred and Tier 2 and AT1 instruments. For the purposes of this analysis, the EBA considers the sample of 345 resolution entities that cover 77% of EU banking sector assets and analyses the number of banks of that sample that issued MREL eligible instruments.

Issuance activity is still concentrated among larger banks and a few countries, albeit less so than in 2021. Smaller banks show limited but growing market access.

45. EU banks have shown strong issuing capacity since the interest rate hike period started in 2022 and progressively increased the issuances of MREL eligible debt, up from EUR 247 bn in 2018, EUR 294 bn in 2022 and EUR 379 in 2023, reaching EUR 371 bn in 2024. Issuances by G-SIIs accounted for 30% of the total amount, while top tier, fished banks and other banks issued 32%, 5%, and 33% of the amount issued, respectively. All groups of banks increased their issuances in the period 2018-2024, with the highest increases observed for fished banks (G-SIIs increased their issuances by 66%, top tier banks by 40%, fished banks by 110% and small banks by 45%).
46. Other banks are lagging behind G-SIIs, top tier and fished banks both in terms of number of issuances and amount. They are, however, issuing much more compared to 2018, before the entry into force of BRRD II. In 2024, other banks performed 33% of the issuances of eligible debt in the EU (9% of the AT1 issuances, 19% of Tier 2, 19% of senior non-preferred and 55% of senior preferred debt). In 2018, other banks issued 34% of the eligible debt (12% of AT1 instruments, 6% of Tier 2 instruments, 16% of senior non-preferred instruments and 48% of senior preferred instruments).
47. The market of eligible debt in the EU is highly concentrated in a few countries and by systemic entities. However, the market is less concentrated than it was in 2021 and the concentration by country and by systemic importance declined compared to the analysis based on 2021 data. Issuances are still highly concentrated in three countries (52% of the amount issued from banks located in DE, FR and NL), but less so than in 2021, when these three jurisdictions represented 68% of the issuances²¹. Also, G-SIIs and top tier banks represented 62% of the issuances in 2024, well below the level observed in 2021 (G-SIIs and O-SIIs top tier represented more than 80% of the amount issued). During 2024, issuances are observed for banks with ultimate parents

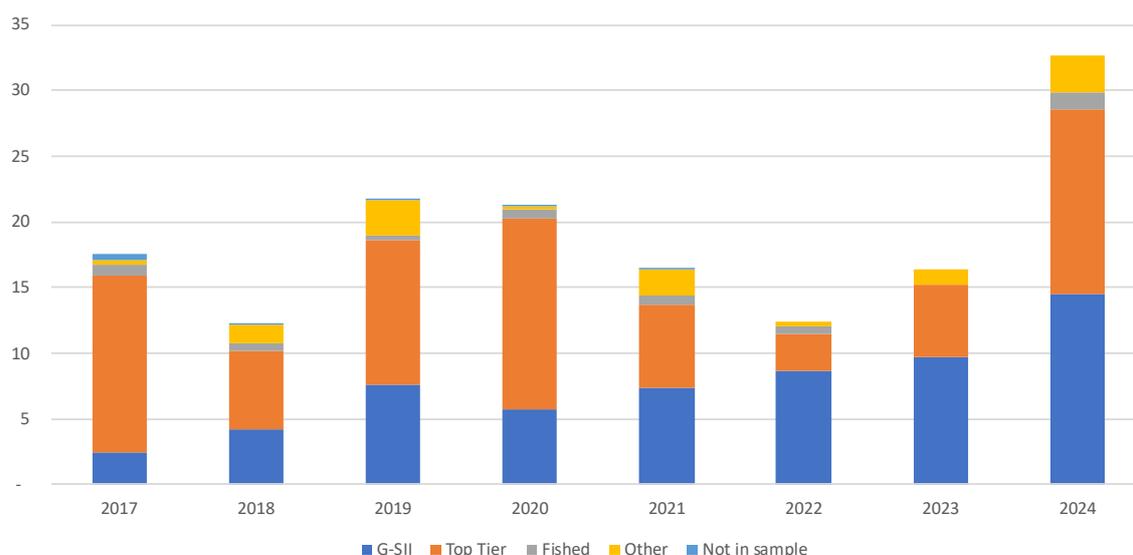
²⁰ Primary market issuances are not included in the sample. Thus, the amount of issuances in certain cases may be underestimated (particularly for banks that are still in shortfall).

²¹ Section 5.5 of the [EBA MREL Quantitative monitoring report and impact assessment \(Art. 45 BRRD II\). December 2021.](#)

located in 20 EU member states and for banks located in 22 EU member states (21 member states in 2021)²².

48. Among the 105 banks that issued debt in 2024, 7 were classified as G-SIIs, 24 as top-tier banks, 14 as fished banks, and 60 as other banks. Of the 14 fished banks, 8 had assets between EUR 50 billion and EUR 100 billion, while 6 had assets between EUR 10 billion and EUR 50 billion. No issuances were observed from fished banks with assets below EUR 10 billion.
49. Among the 60 other banks, 25 banks reported assets above EUR 50 billion, 20 reported assets between EUR 10 billion and EUR 50 billion and 15 reported assets below EUR 10 billion. Overall, only 14% of the issuers (15 out of 105 banks) reported assets below EUR 10 billion. This may indicate some challenges faced by smaller banks in accessing debt markets.
50. EU banks issued EUR 33bn of AT1 instruments in 2024 (up from EUR 12 bn in 2018). G-SIIs issued 44% of the total amount, while top tier, fished banks and other banks issued 43%, 4% and 9%, respectively. All groups of banks increased their issuances, with the highest increases observed for G-SIIs.

Figure 13: Issuances of AT1, EUR billion

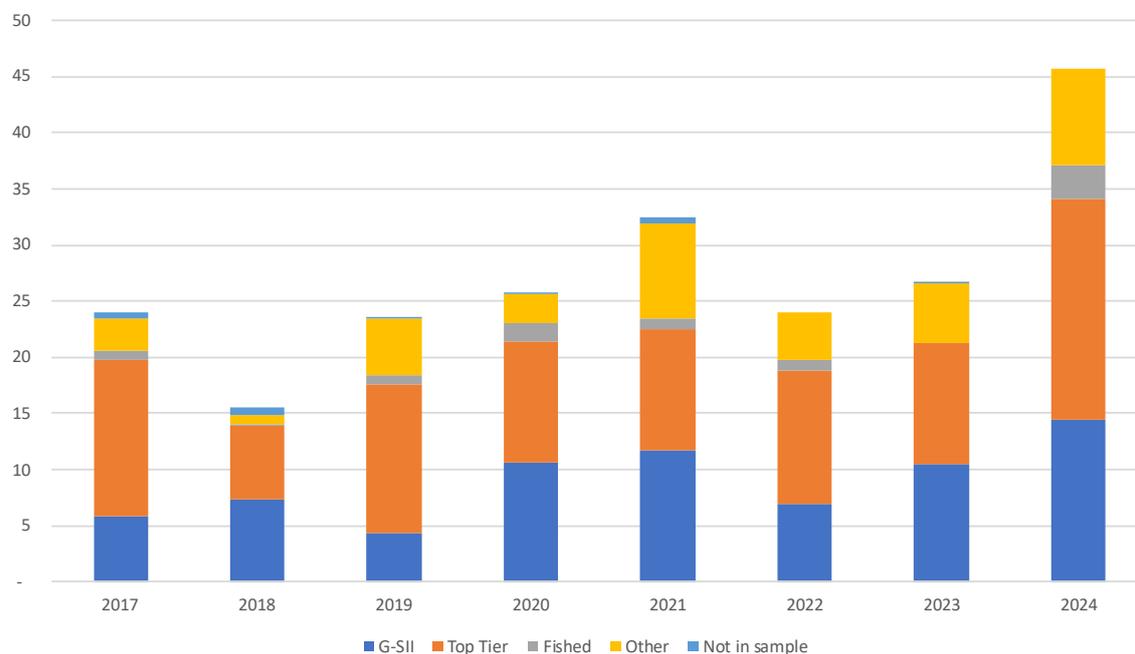


Sources: Dealogic and EBA calculations.

51. EU banks issued EUR 46bn of Tier 2 instruments in 2024 (up from EUR 15 bn in 2018). G-SIIs issued 32% of the total amount, while top tier, fished banks and other banks issued 43%, 6% and 19%, respectively. All groups of banks increased their issuances, with the highest increases observed for fished banks and other banks.

²² The metric varies depending on whether it considers the country of the parent entity or the country of domicile of the direct issuer.

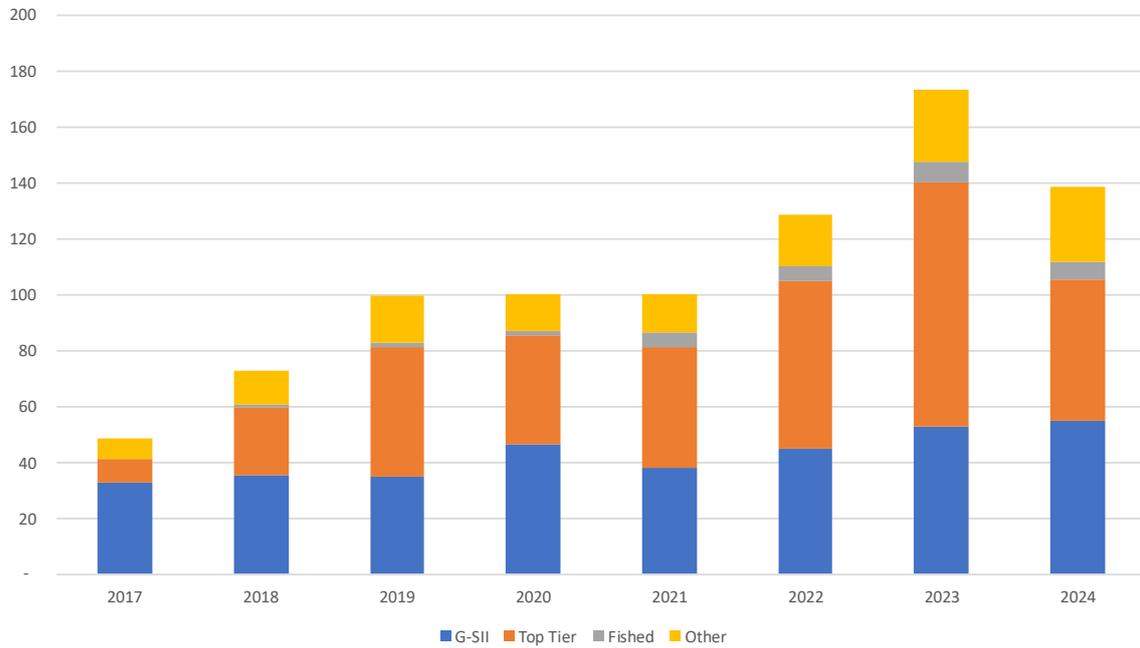
Figure 14: Issuances of Tier 2, EUR billion



Sources: Dealogic and EBA calculations.

52. Senior non-preferred debt issuance has increased continuously in recent years, driven by MREL subordination requirements, peaking around the compliance deadline of January 2024 (Figure 15). EU banks issued EUR 139bn of senior non-preferred in 2024 (up from EUR 73bn in 2018) (Figure 15). G-SIIs issued 40% of the total amount, while top tier, fished banks and other banks issued 36%, 5% and 19%, respectively. All groups of banks increased their issuances, with the highest increases observed for fished banks and top tier banks.

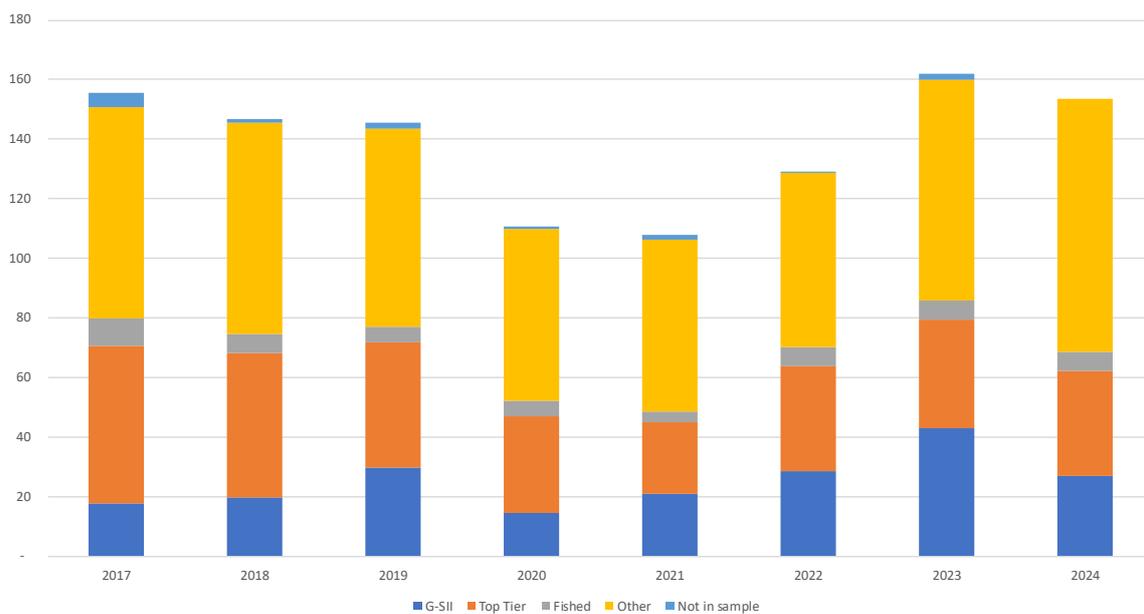
Figure 15: Issuances of senior non-preferred debt in the EU, EUR billion



Sources: Dealogic and EBA calculations.

53. EU banks issued EUR 154bn of senior preferred debt in 2024 (up from EUR 147 bn in 2018) (Figure 16). G-SIIs issued 17% of the total amount, while top tier, fished banks and other banks issued 23%, 4% and 55%, respectively. G-SIIs, fished banks and other banks increased their issuances in the period 2018-2024 while top tier declined the issuances.

Figure 16: Issuances of senior preferred debt in the EU, EUR billion



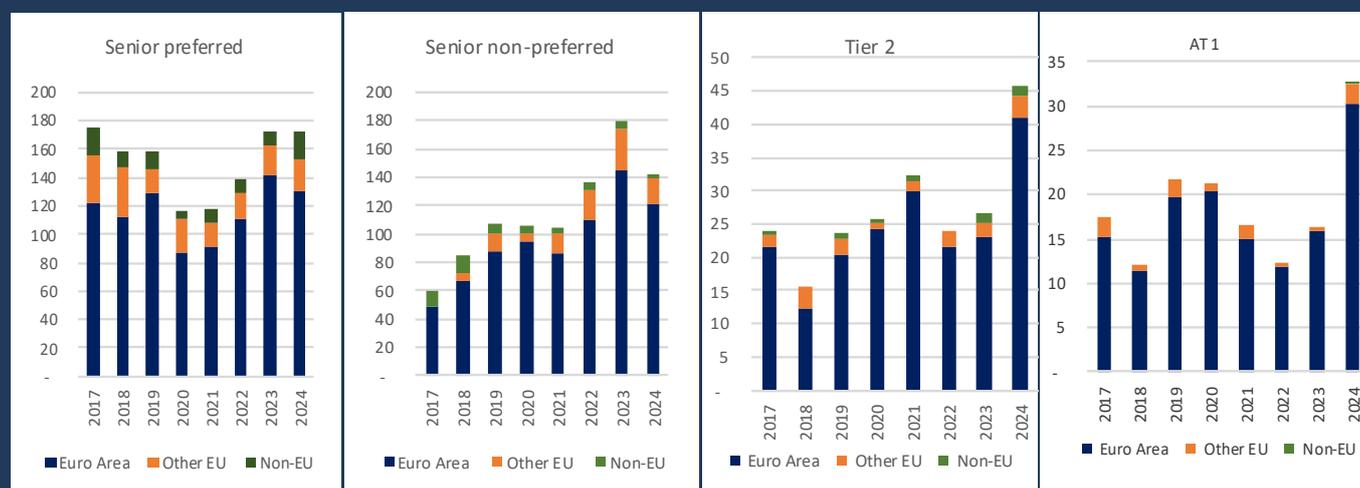
Sources: Dealogic and EBA calculations.

Box 1: Third-country issuances of MREL-eligible debt

This box examines the jurisdiction of issuance for MREL-eligible debt, to assess the relevance of different markets. This box provides the breakdown of issuances by domicile of the direct issuer. The parent entities of direct issuers are EU banking groups. This box shows the share of MREL-eligible debt issued in the euro area, in other EU countries and in non-EU countries by subsidiaries of EU banking groups.

Issuances in third-country markets account for only a small share of total issuances across the four debt categories. In 2024, third-country issuances represented 11% of senior preferred, 2% of senior non-preferred, 7% of Tier 2, 7% of AT1 issuances.²³

Figure 17: Senior preferred, senior non-preferred, Tier 2 and AT1 issuances in EUR bn, breakdown by jurisdiction of issuance



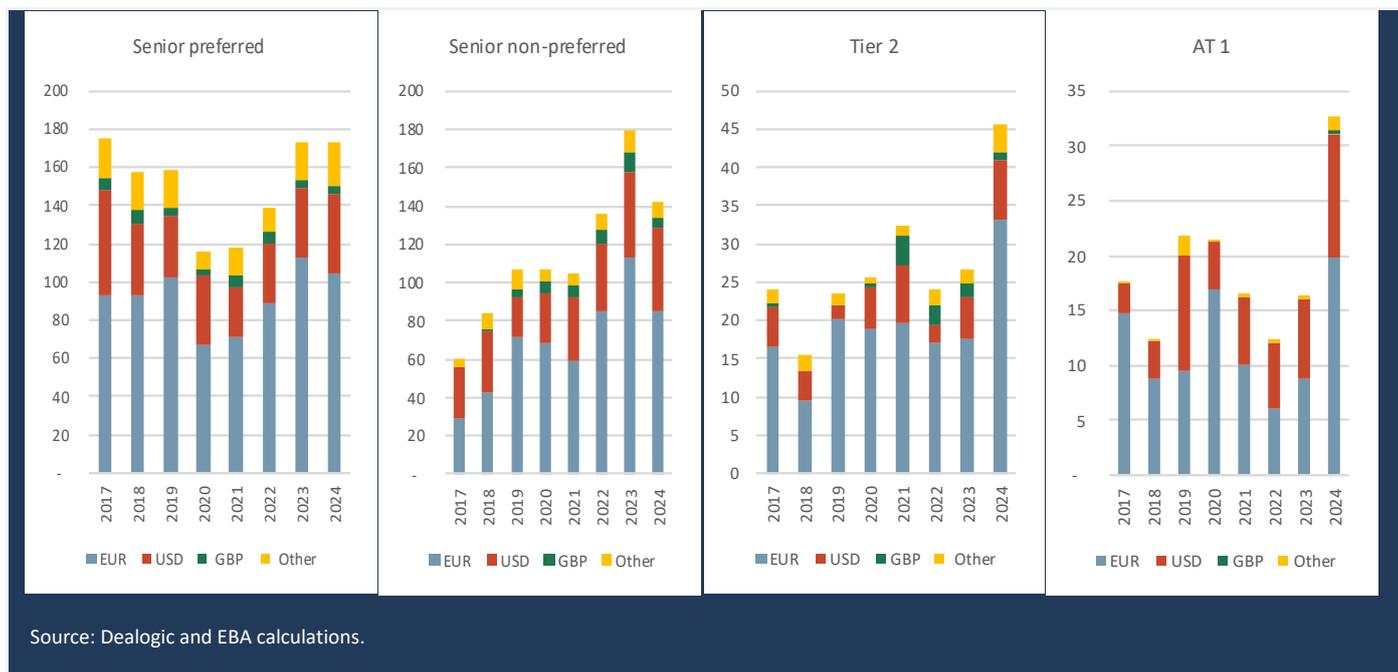
Source: Dealogic and EBA calculations.

By currency of denomination, euro accounts for the majority of issuances (61% of AT1, 73% of Tier 2, 60% of senior non-preferred, and 61% of senior preferred instruments). The US dollar is the second most common currency, representing 34% of AT1, 17% of Tier 2, 31% of senior non-preferred and 24% of senior preferred issuances.²⁴

Figure 18: Senior preferred, senior non-preferred, Tier 2 and AT1 issuances in EUR bn, breakdown by currency of denomination

²³ According to the findings of the 2024 Resolution Convergence Report ([EREP 2024 convergence report \(EBA-Rep-2024-19\).pdf](#)), 20 resolution authorities indicated that domestic resolution entities in their remit issued AT1, Tier 2 or other eligible liabilities governed by third-country law.

²⁴ This is in line with the findings of the EBA 2024 Resolution Convergence Report (section 3.2): [EREP 2024 convergence report \(EBA-Rep-2024-19\).pdf](#).



Source: Dealogic and EBA calculations.

1.5. The capacity of banks to issue

54. This section aims at identifying the banks that are facing effective difficulty in issuing, determine their weight, and try and identify potential drivers for their difficulty to issue.

Only a small share of EU banks, mainly smaller, lower rated institutions, face difficulties issuing MREL-eligible debt, largely due to limited investor demand, shallow markets and internal constraints, though overall market access has gradually improved.

55. Based on MREL reporting and EBA calculations, 18 resolution entities, covering 0.9% of EU banking sector assets, presented a shortfall of EUR 2.3bn as of December 2024. However, these banks were still in their transitional period as of mid-2024, as allowed under Art. 45m BRRD. Out of these 18 resolution entities, 9 increased eligible liabilities in the period 2022-2024, which tends to support their capacity to issue. For the other 9 banks, the EBA does not have data as of December 2022. However, they are 2 fished banks and 7 other banks from 8 different member states with total assets below EUR 50 billion and the latter are assumed not to pose a systemic risk for the EU.

56. On the basis of the EBA qualitative survey, many resolution authorities have highlighted that the capacity of banks to raise MREL funding differs between larger banks or banks with existing market access, which generally did not struggle to issue, and smaller banks, which tend to encounter difficulties, at least initially. In many jurisdictions, authorities reported that LSIs have either not tried to issue at all because they meet MREL with capital, or they could issue what they needed when they could already rely on active bond programs. On the other hand, where banks went to the market, several encountered notable challenges, especially in the first years of needing to build up MREL resources.

57. In general, the key factors behind such issuance difficulties pointed out by authorities were a mix of external market conditions and internal characteristics of the banks. The most common challenges faced by smaller institutions include: (i) limited demand, due to shallow domestic markets or scarce investor base at home; (ii) limited attractiveness of smaller issuance sizes for institutional investors, who tend to prefer larger, liquid debt issues, which can result in higher yields; and (iii) market volatility and external shocks, e.g. Covid-19 crisis or the conflict outbreak in Ukraine, which caused a contraction for riskier issuers. One authority also mentioned that EU rules restricting the sale of MREL securities to retail investors may limit the investor base significantly in smaller countries where there are less domestic institutional investors.
58. Internal factors also played a significant role, especially for LSIs. The banks most affected by MREL issuance challenges tend to be smaller, lower-rated or unrated, and less internationally known. Many authorities mentioned size and lack of credit rating as common features, with some acknowledging that smaller banks may face difficulties both due to external factors. i.e. market conditions and investor appetite, and internal ones, e.g. capability to reach investors, having a rating or cost considerations.
59. Over the past couple of years, authorities have observed a gradual improvement in market access. The key factors mentioned for successful issuances encompass better market conditions, increased investor familiarity and confidence with MREL instruments, improved bank financials and ratings, support from the parent for group subsidiaries' issuances, favourable market windows, and clearer communication strategies from issuing banks.
60. Overall, the capacity of banks to raise MREL funding has improved, even though smaller institutions remain at a relative disadvantage. One authority indicated that, while smaller banks still face structural challenges, medium-sized banks have progressively gained market access by leveraging issuance windows opened by larger peers.

1.5.1. Actions taken by banks to comply with MREL

Banks have generally met MREL needs through new debt issuances and retained earnings. Smaller and cooperative banks have more limited market access and remain more dependent on internal capital generation.

61. Resolution authorities have observed that banks have generally met their MREL requirements through a combination of new debt issuances, retained earnings, and, to a lesser extent, capital raising.
62. In general, authorities did not observe banks shrinking assets or exiting business lines specifically to comply with MREL requirements. Several authorities noted increased interest in synthetic securitisation transactions or credit risk transfer transactions, which reduce risk-weighted assets, but could not establish a direct link to intentions of lowering MREL, as these operations can serve other regulatory aims, e.g. capital relief.²⁵

²⁵ The EBA 2024 Resolution Convergence Report also highlights similar actions taken by banks to meet their MREL targets (Section 3.1.1): [EREP 2024 convergence report \(EBA-Rep-2024-19\).pdf](#).

63. A recurrent theme noted by authorities is that most institutions, and in particular smaller ones, rely on retained earnings to bolster capital for MREL, rather than issue new equity. Only isolated cases of new capital injections were observed specifically in relation to MREL. Many respondents pointed to cooperative banks and small banks being particularly dependent on internal capital generation, as they find external capital more challenging to raise and public equity raising is not a viable option for member-owned banks. Authorities highlighted that the main factors driving reliance on internal or external capital generation are lack of market access, issuing cost and burden and the extent to which banks have a sufficient stream of earnings.

1.6. The impact on banks' business models, legal and organisational structures

Impact on business models

Authorities report no material impact of MREL on banks' business models, although smaller, deposit-funded institutions face higher compliance costs and complexity, while larger banks adapt more easily due to existing market access.

64. Based on the EBA qualitative survey, across EU jurisdictions, authorities have not observed that MREL requirements have caused any material change in banks' business models or to their business strategy. Generally, banks have continued their usual activities, adjusting capital and funding, but not shifting their core customer focus or services because of MREL. Some banks were reported as having undertaken significant balance sheet clean-up and de-risking in recent years, but those initiatives were driven by legacy asset quality issues and other regulatory pressure, rather than by MREL compliance needs.
65. In terms of which business models might be more affected by MREL requirements, the general view of authorities is that smaller retail-oriented banks, more reliant on deposit funding face relatively greater challenges from MREL in terms of compliance cost, as issuing MREL-eligible debt can raise costs and requires developing the appropriate issuance expertise, while larger diversified banks and wholesale/investment banks already operating in capital markets can adapt more easily.
66. Two authorities echoed that as long as a bank can meet MREL with existing own funds, no model is at a disadvantage, but to the extent that unsecured deposits might need to be replaced by bonds, those that rely only or mostly on deposits (typically smaller banks) might experience more strain. On the other hand, one authority suggested that struggles are mostly related to size and rating rather than business models. No country reported banks reducing or expanding their geographic presence because of MREL needs. In conclusion, the impact of MREL is rather perceived as a cost and complexity issue for banks with certain business models or sizes, but not as a driving need to change the business model itself.

Impact on legal and organisational structures

Banks generally adapted to MREL within their existing group structures. Only limited and targeted simplifications occurred, mostly to improve overall resolvability rather than to reduce MREL or internal MREL.

67. Broadly, authorities have not observed changes in group structures, e.g. through the creation of holding companies, directly attributable to MREL compliance needs. They rather reported that decisions regarding structural changes were generally driven by other strategic or supervisory reasons. In recent years, a few banks reorganised into holding company structures, but usually motivated by reasons other than MREL, even if the reorganisation later facilitated MREL issuances.
68. The imposition of internal MREL (iMREL) requirements on subsidiaries has also been a consideration for banks, but authorities generally did not observe radical group structure simplifications just for the purposes of reducing iMREL needs. Two authorities noted cases of groups with a parent holding company, which simply met iMREL requirements through existing structures, without needing any change. No authority reported major divestitures of subsidiaries explicitly to avoid iMREL. Yet, one authority indicated that some banks took managerial actions to optimise iMREL, for instance through the elimination or merger of intermediate holding companies or a number of smaller subsidiaries, to avoid being required to maintain internal loss-absorbing capacity at the level of those entities.
69. When structural changes occurred, authorities emphasise that those were driven by overall resolvability or efficiency considerations, rather than to influence the MREL target itself. For example, one authority noted a general push among LSIs to simplify groups, i.e. merging subsidiaries, removing intermediate holding companies, reducing cross-holdings, as part of a broader effort to improve resolvability. These choices were then indirectly beneficial for MREL.

1.7. The impact on banks' profitability

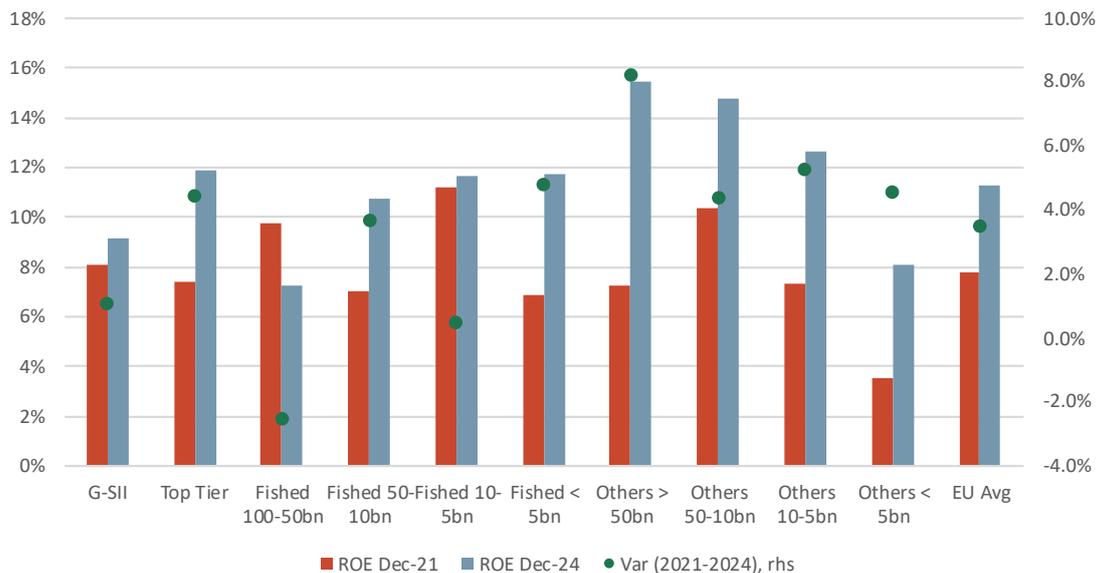
Banks' profitability improved between 2021 and 2024, with both ROE and net interest income rising across most bank categories. Over this period, there is no strong evidence that MREL buildup significantly constrained their ability to generate income.

70. This section investigates the evolution of the two main profitability metrics (ROE and NII) during the three-year period that has been characterised by the building up of MREL buffers (2021-2024). This section relies on FINREP data which is submitted to the EBA only on a consolidated basis (for EU/EEA banking groups). For this reason, the sample of this analysis is composed by 138 banks that cover 66% of EU banking sector assets.
71. The section highlights that both metrics show an upward trend in the period on average for all banks but also by category of banks. Net interest income to total equity captures directly the interest expense of the bank-issued debt and, as can be observed, all categories of banks have increased it in the period. Therefore, it does not seem that MREL has undermined the capacity

of EU banks to generate income, yet the ratios could be influenced by a number of factors, e.g. interest rates.

72. In the period 2021-2024, ROE for the period has increased by 3.5% (Figure 19). All categories of banks increased the ROE in this period except fished banks with assets between EUR 50 and 100bn. The categories of banks that show above average increases are top tier banks, fished banks with assets between EUR 10 and 50bn and with assets below EUR 5bn and all categories of other banks. The biggest increases are observed in the category of other banks.

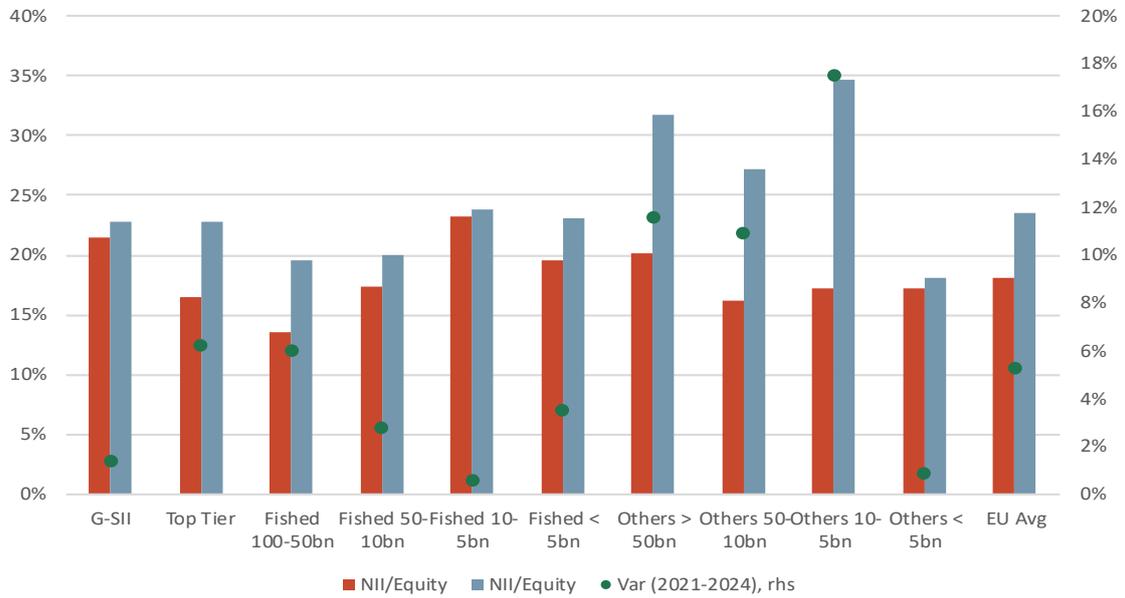
Figure 19: Evolution of ROE by category of banks, 2021-2024, percentage



Sources: FINREP and EBA calculations.

73. Over the period 2021-2024, net interest income to total equity has increased by 5.3%, with all categories of banks showing an upward trend (Figure 20). The categories of banks that show above average increases are top tier banks, fished banks with assets between EUR 50 and 100bn and all categories of other banks except other banks with assets below EUR 5bn. The biggest increases are observed in the category of other banks.

Figure 20: Evolution of net interest income to total equity by category of banks, 2021-2024, percentage



Sources: FINREP and EBA calculations.

ANNEX

Table 3: Number of banks with external MREL decisions covered in this report, December 2024

Bank	N. of banks
G-SII	6
Top Tier	32
Fished 100-50bn	10
Fished 50-10bn	21
Fished 10-5bn	7
Fished < 5bn	3
Others > 50bn	21
Others 50-10bn	56
Others 10-5bn	22
Others < 5bn	167
Total	345

Sources: MREL TLAC reporting and EBA calculations.



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