

SEE-5 Banking Sector Overview 2024 & Outlook

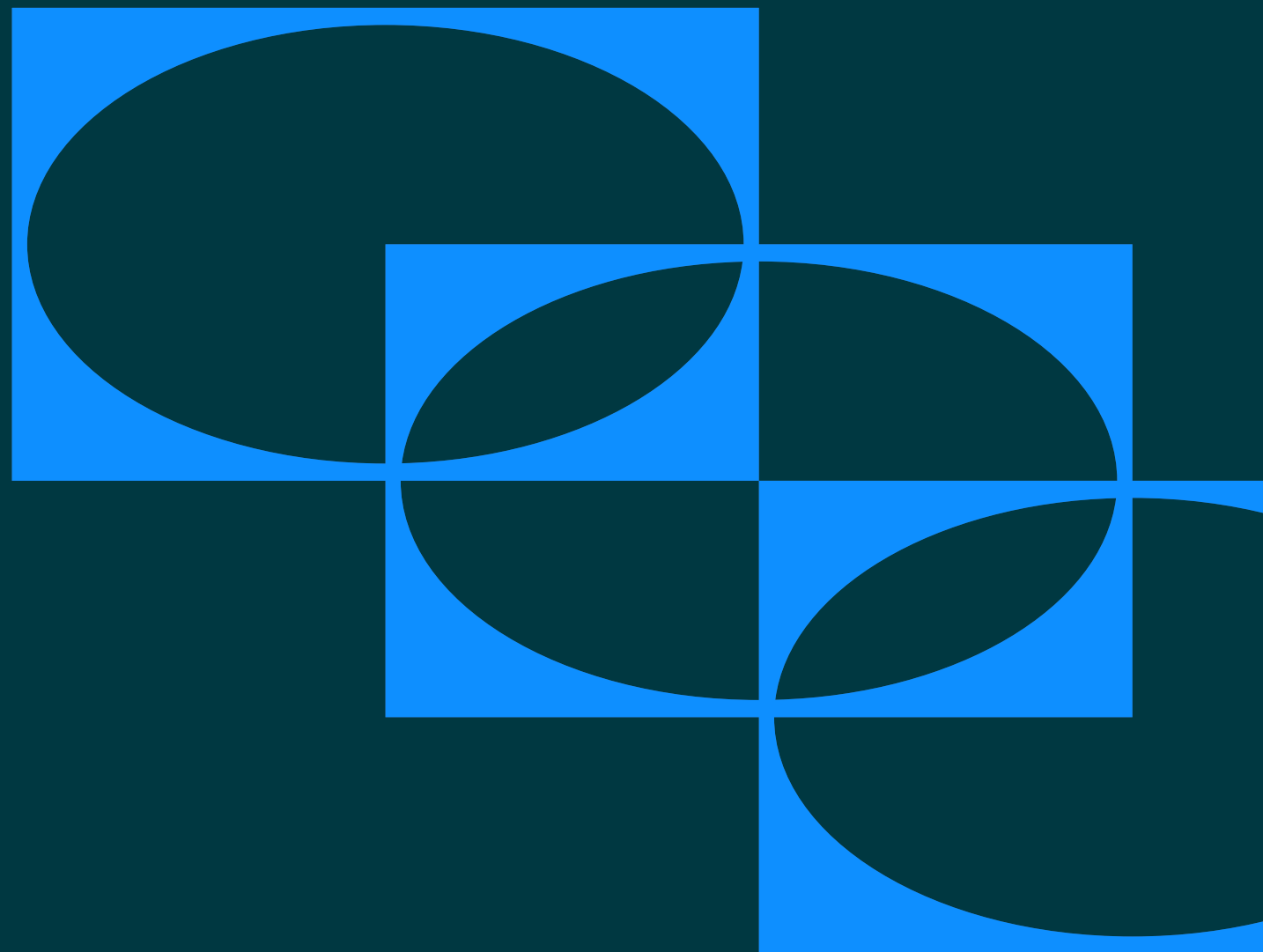
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SPECIAL FOCUS:

SEE-5 Banks' Exposure to Real Estate

Economic Analysis Division Emerging Markets Analysis

Romania | Bulgaria | Serbia | North Macedonia | Albania



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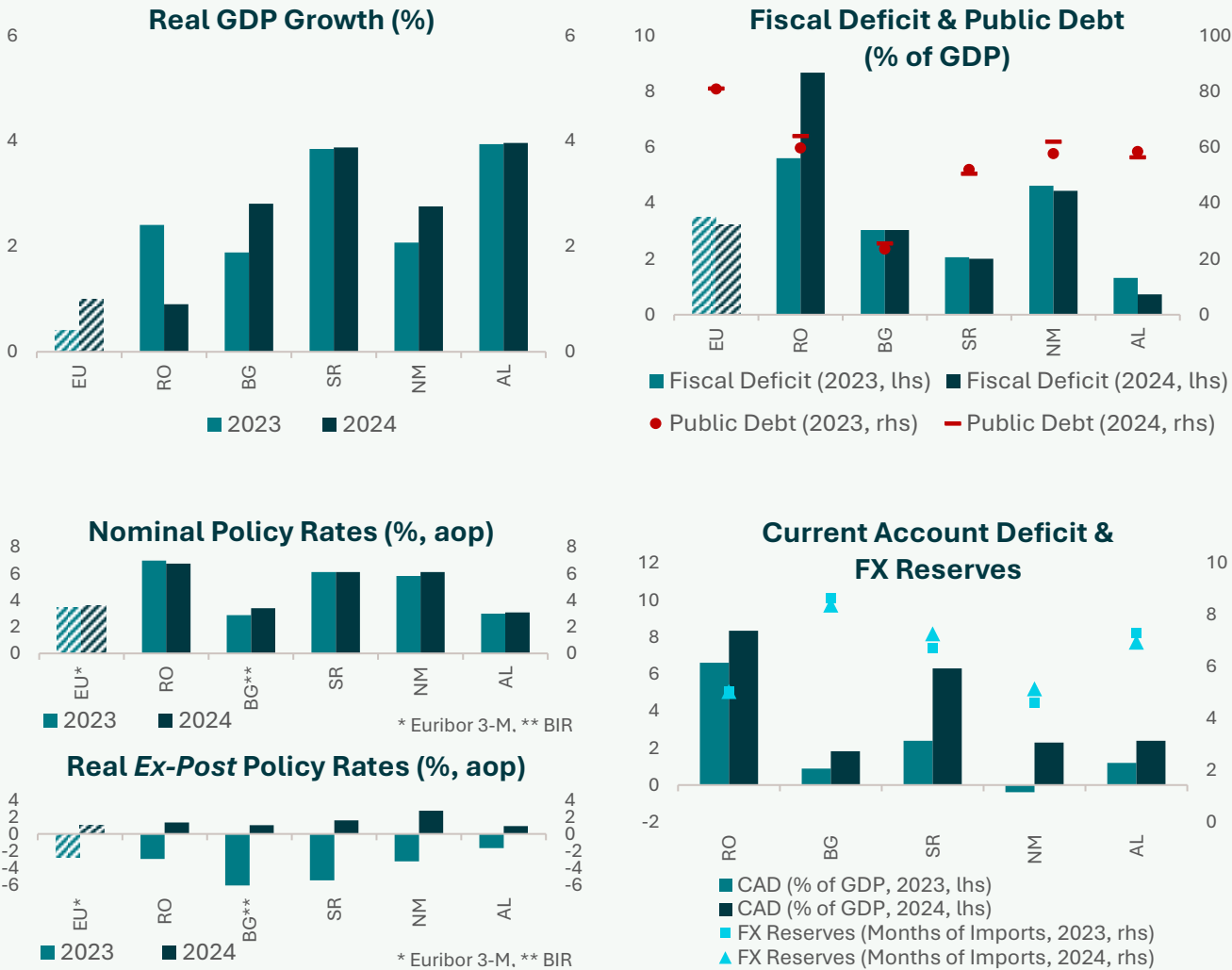
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Macroeconomic Environment - 2024 Overview

- Regional economies (barring Romania) saw GDP growing at a solid pace in 2024, mainly on the back of easing inflation and more accommodative financing conditions, outperforming the EU average. Robust growth in private consumption, thanks to tight labour market conditions and a loose incomes policy, was the key engine of economic expansion. Fixed investment failed to bolster (Romania, Bulgaria) or added only modestly (North Macedonia, Serbia, Albania) to economic growth. Unsurprisingly, amid firming domestic demand and sluggish growth in the EU, especially Germany, net exports were a drag on overall growth
- Declining international global energy prices, together with the measures taken to contain the rising cost of living, helped lowering headline inflation in SEE-5 in 2024 (to 4.7% on average, down from 10.3% in 2023, yet still above its pre-pandemic average of less than 3.0%). Disinflation lost much of its steam in H2:24, reflecting not only unsupportive base effects, but also higher volatile food prices and sticky services inflation
- Easing inflation allowed regional central banks to follow the ECB and start cutting rates in 2024 (after a period of aggressive tightening), but at a cautious pace
- Fiscal consolidation halted in most of the economies under review in 2024 (barring Romania, where fiscal balances deteriorated sharply amid a busy election year), with budget deficits remaining above pre-pandemic levels (except in Albania). With easing inflation implying a smaller favourable “snowball” effect, the public debt-to-GDP ratio jumped in Romania and North Macedonia (crossing the 60.0% threshold) as well as in Bulgaria, while it eased further in Serbia and Albania
- Despite supportive global energy price trends, current account balances remained under pressure in all of the economies under review, especially in Romania and Serbia, in line with firm domestic demand. Still, all the economies plugged the implied external financing gap without resorting to their FX reserves

Macroeconomic conditions remained supportive for banks in 2024, with solid economic growth and a favourable interest rate environment

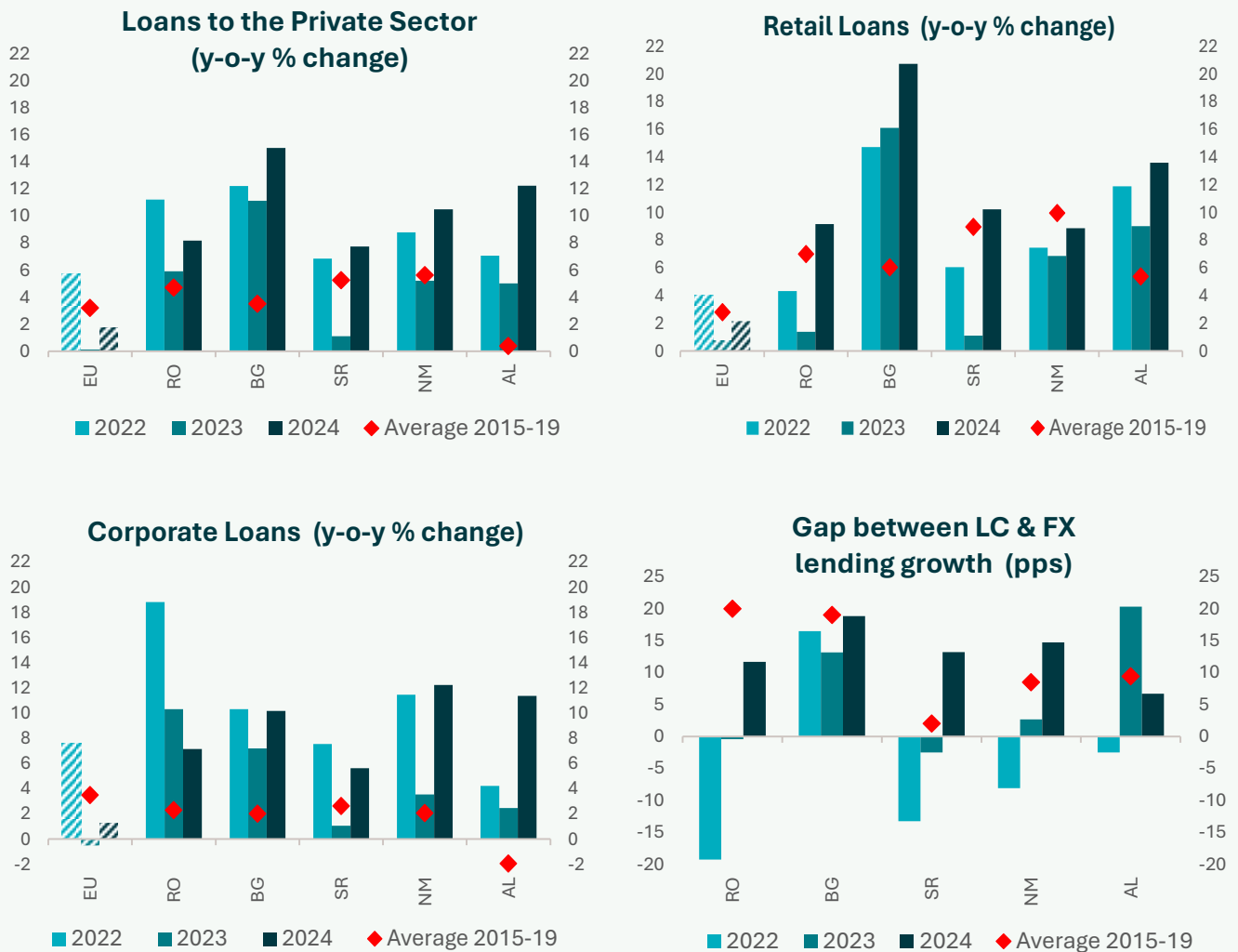


Sources: EBA, National Central Banks & NBG estimates

Banking Sector Activity - 2024 Overview

- Lending growth accelerated markedly in SEE-5 in 2024 (well above pre-pandemic averages), as (gradually) declining interest rates, amid slowing inflation and firming growth prospects, led to stronger credit demand, while credit supply responded promptly, against a backdrop of easing of lending standards and strong competition for market shares
- The acceleration in household lending growth was driven by the mortgage segment in all the banking systems under review. In Bulgaria, mortgage lending growth would have been even stronger had the BNB not tightened its borrower-based macroprudential policy. Growth in the consumer segment also strengthened in the systems under review, albeit from a relatively low base
- Corporate lending growth picked up in all the economies under review (barring Romania, where it remained above its pre-pandemic average, nonetheless), with increasing demand for loans for investment purposes more than compensating for normalizing demand for working capital financing needs, following, *inter alia*, consolidation of inflation at lower levels
- Local currency (LC) lending growth outpaced foreign currency (FX)-denominated lending growth in all the economies under review. In North Macedonia, the pace of LC lending expansion would have been even stronger had authorities not raised banks' minimum reserve requirements. In Albania, FX lending growth surged, following agent's renewed interest after the ECB's key rate fell below that of the BoA's. Generally speaking, although FX loans come at a lower interest rate cost compared with LC loans, lending growth in LC exceeds that in FX, reflecting central banks' efforts to contain euroization and associated risks

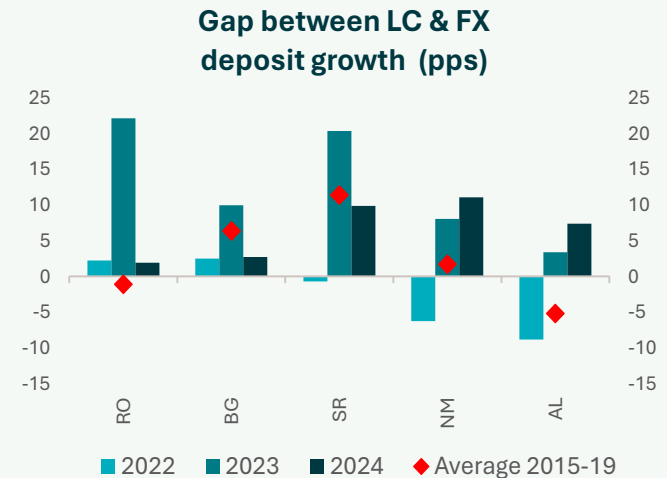
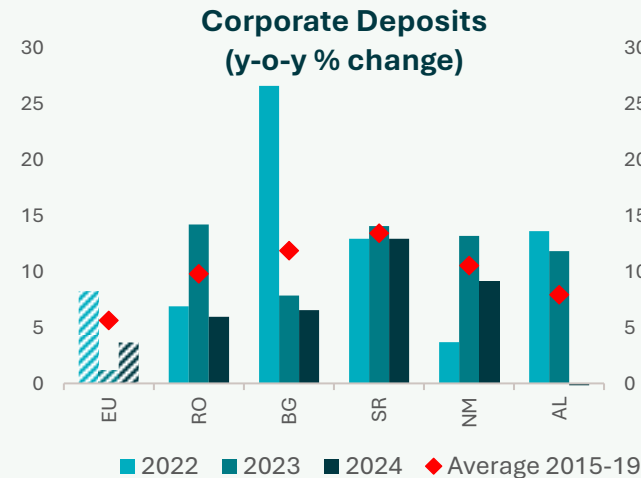
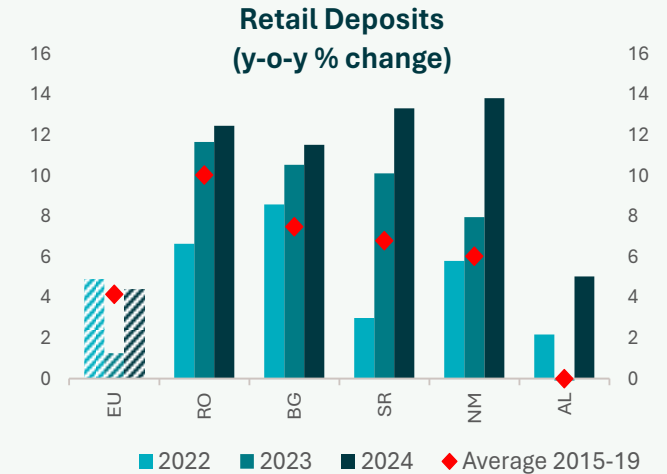
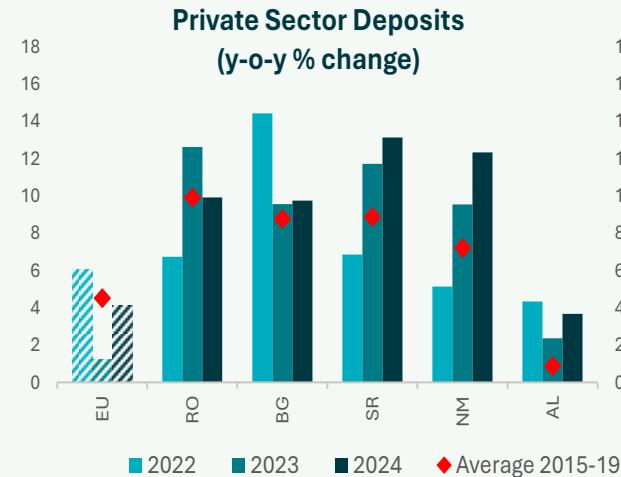
Credit expansion gained steam in 2024, on the back of easing financing conditions...



The values of the years 2020-21 are not included on the charts since their outcomes are heavily impacted by the schemes implemented to mitigate the impact of the pandemic
Sources: EBA, National Central Banks & NBG estimates

... and deposit growth remained strong

- Further easing of the cost-of-living crisis, as suggested by the gradual consolidation of inflation at lower levels, rising real wage and non-wage incomes, and still high deposit interest rates in real *ex-post* terms, allowed households & corporates in SEE-5 economies (barring Albania, see below) to accumulate financial savings at a rapid pace for a 2nd consecutive year in 2024
- In Serbia and North Macedonia, the pace of deposit expansion exceeded markedly that of GDP growth, hinting, *inter alia*, at precautionary motives. In Albania, the weak deposit growth rate mostly reflects the impact of the appreciation of the Lek (up c. 6.0% y-o-y against the EUR in 2024, bringing cumulative gains since end-2021 to c. 23.0%) on FX deposits (accounting for c. 55.0% of total deposits)
- Deposit growth in LC outpaced significantly that in FX in all the economies under review, reflecting much stronger GDP growth in SEE-5 versus its main trade partner, the EU, as well as higher interest rates in LC
- The loan-to-deposit (L/D) ratio -- the key metric for assessing banks' liquidity -- in LC increased in all the banking systems under review (barring that of Serbia), yet remaining below the critical threshold of 100% (see also the "Banking (Under)Penetration in SEE-5" section). In contrast, FX lending growth lagged FX deposit growth in all the banking systems under review (barring that of Albania, with the underlying L/D ratio remaining below the 50% mark, nonetheless)



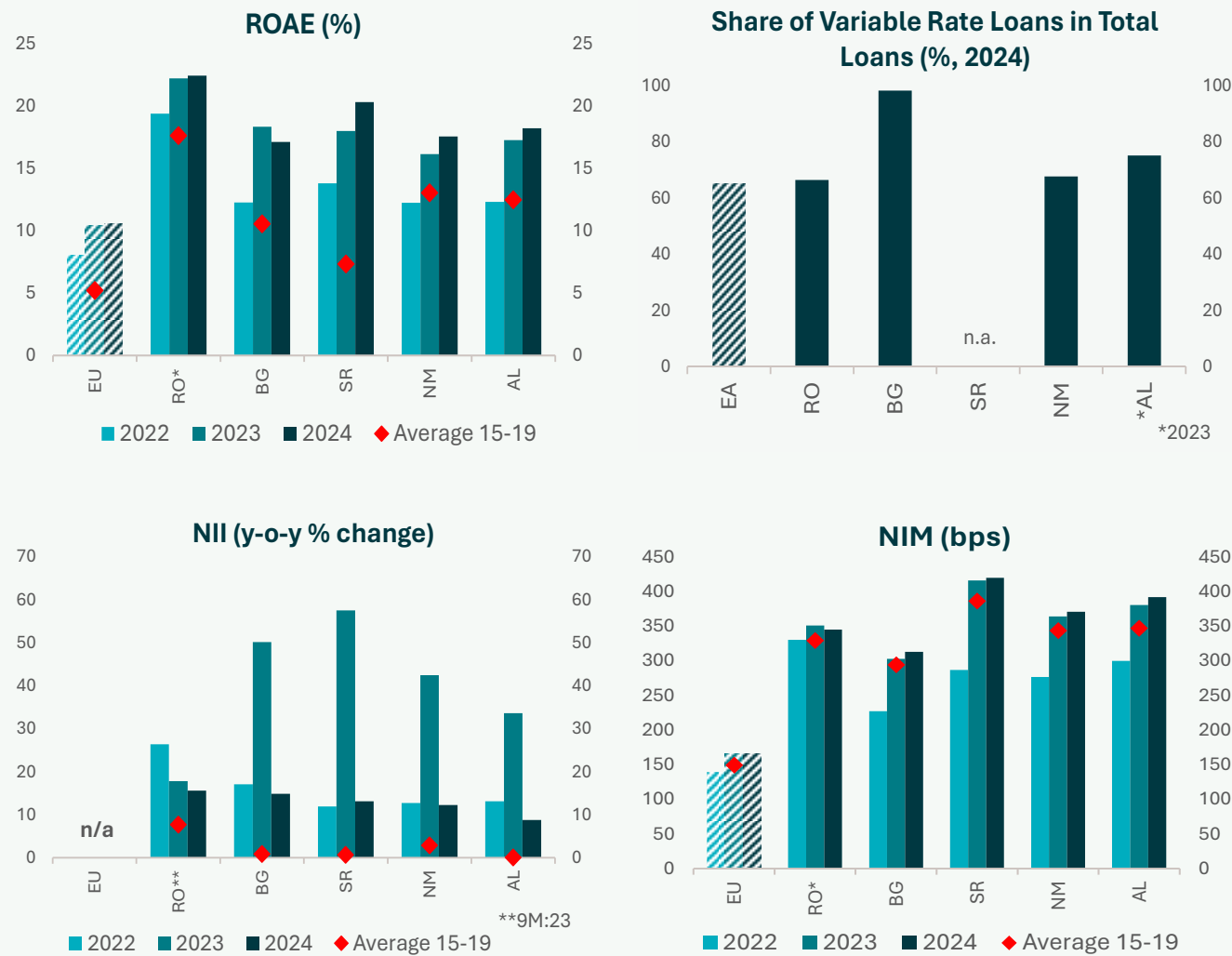
The values of the years 2020-21 are not included on the charts since their outcomes are heavily impacted by the schemes implemented to mitigate the impact of the pandemic

Sources: EBA, National Central Banks & NBG estimates

Banking Sector Profitability - 2024 Overview

- Amid a favourable operating environment, involving high interest rates, solid economic growth and lower (perceived) uncertainty, banks' profitability (in terms of Return On Average Equity, ROAE) hit new highs in Serbia, North Macedonia and Albania in 2024, hovered around the record-high levels seen in the previous year in Romania, and eased slightly in Bulgaria (but largely due to fast build-up in equity), ranging between 17.1% (Bulgaria) and 22.4% (Romania), well above the EU average (of 10.5%)
- Resilient -- albeit much slower -- net interest income (NII) growth accounted for the bulk of the increase in SEE-5 banks' Gross Operating Income (GOI). NII's share in banks' GOI increased further in 2024 (ranging from c. 70% in Serbia to c. 75% in Albania, well above the EU average of 60%)
- (Stronger) credit expansion, on the back of gradually easing financing conditions, replaced (higher) interest rates as NII's key underlying growth driver
- Although regional central banks started to ease cautiously their stance in H2:24, interest rates remained higher on average than in full-year 2023, resulting in a marginal further increase in NIM. Serbian banks enjoyed the largest NIM (420 bps), while Bulgarian banks the lowest (c. 315 bps, nearly double that of EU banks)
- Net non-interest income (NNII, mainly fees & commissions) continued to increase in 2024, following solid economic growth and banks' efforts to diversify their sources of income, with its share in GOI remaining on a downward trend, nonetheless

SEE-5 banks' profitability hit new record-highs in 2024, on the back of still favourable interest rate trends and rising lending growth

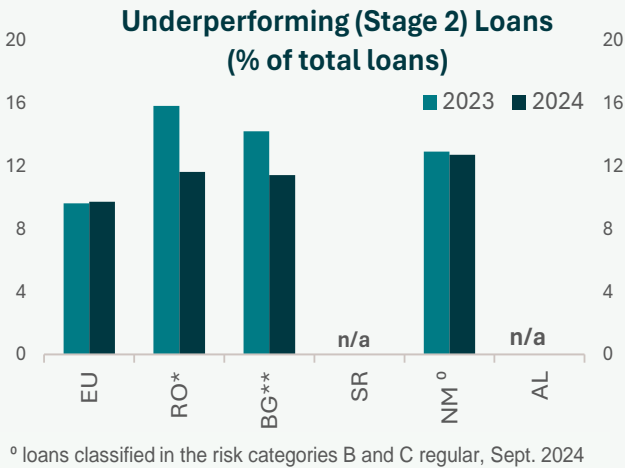
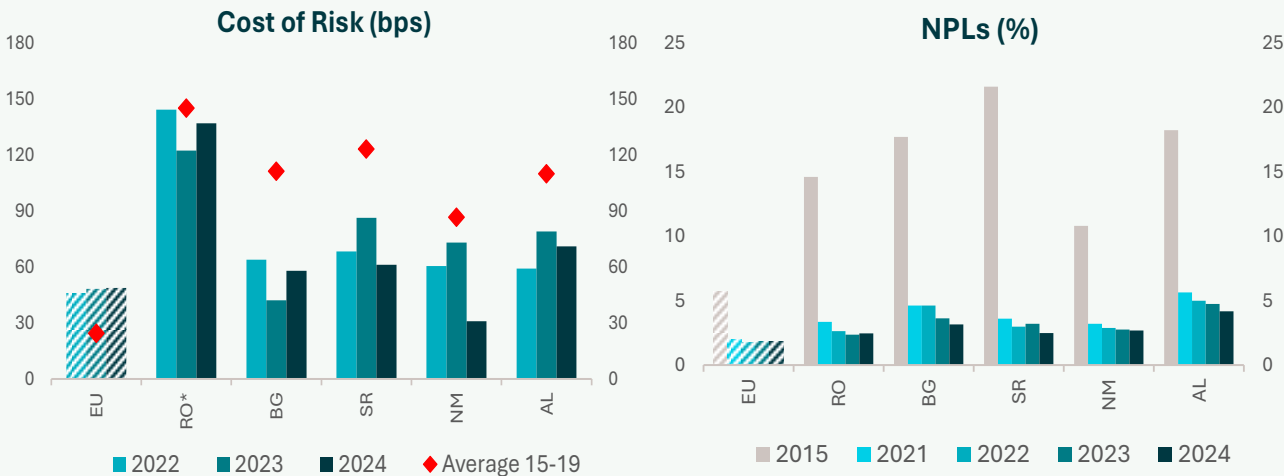


* 4 largest banks, together accounting for c. 51% of the banking system's assets

Sources: EBA, National Central Banks & NBG estimates

- With favourable macroeconomic conditions allowing shift to a more accommodative monetary policy, banks maintained loan loss provisioning charges at relatively subdued levels (Bulgaria) or lowered them further (Serbia, North Macedonia, Albania), given resilient underlying asset quality (see below). At current levels, their cost-of-risk is much lower than in pre-pandemic times, thanks, *inter alia*, to past clean-up of balance sheets and intensified portfolio restructuring efforts as well as the impact of structural reforms (improving the operating framework for credit servicers and insolvency procedures). Against the backdrop of a challenging macroeconomic outlook (see next section) and political uncertainty, Romanian banks remained cautious in 2024, with their cost of risk remaining at broadly pre-pandemic levels
- Although elevated interest rates have weighed on agents' debt repayment capacity, banks' asset quality remained resilient, with non-performing loan (NPL) ratios hitting new post-GFC lows in Bulgaria, Serbia, North Macedonia and Albania, also reflecting the impact of strong credit expansion. That said, regional NPL ratios remain above the EU average (of 1.9%), with that of Albania (4.2%) topping the list
- The improvement in asset quality dynamics in SEE-5 banks' loan portfolios was also reflected in the declining share of stage 2 loans in total loans, which remains higher than the EU average, nonetheless

Provisioning charges remained subdued against the backdrop of resilient asset quality metrics and a favourable economic outlook

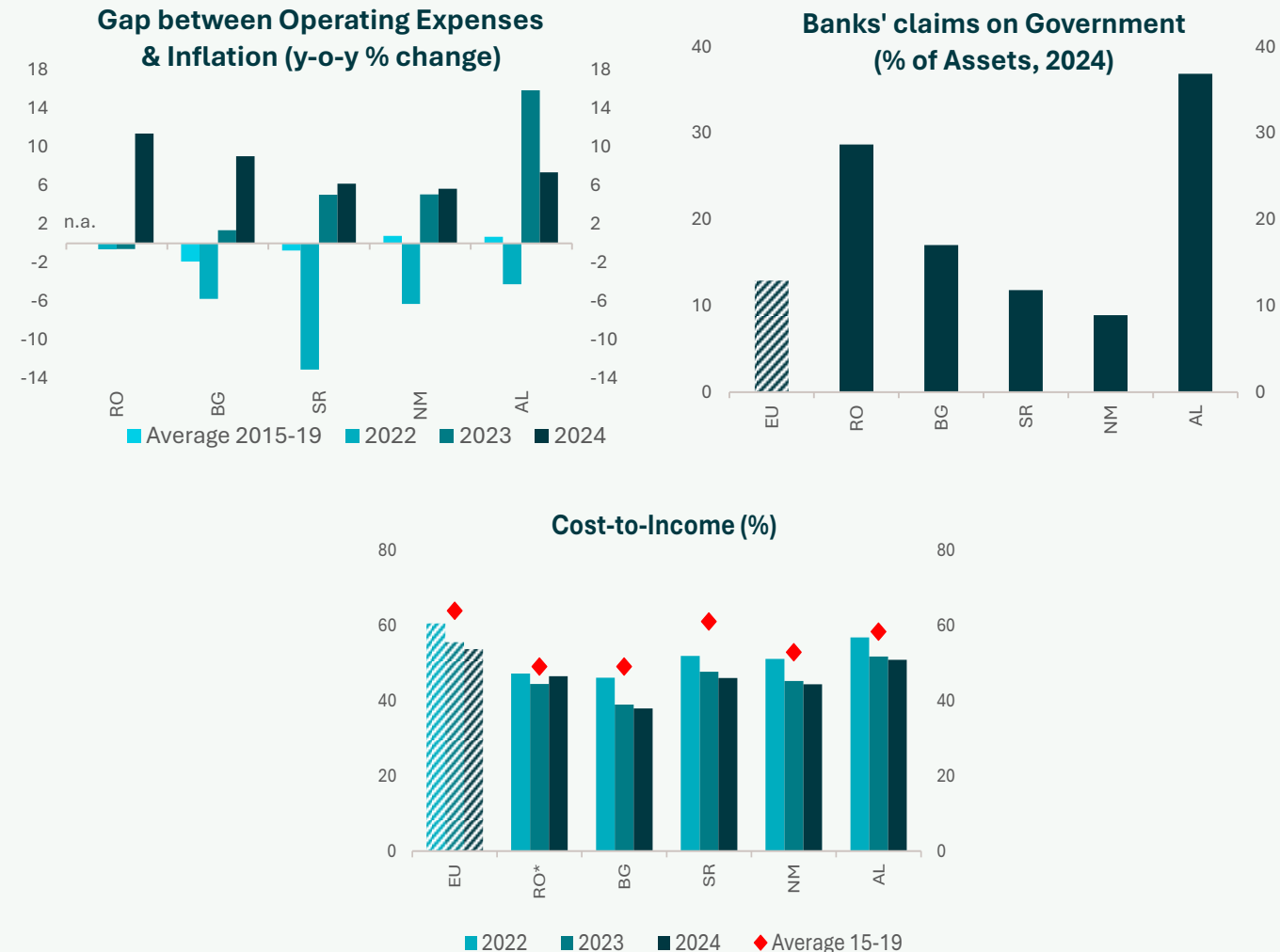


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Sources: EBA, National Central Banks & NBG estimates

Banking Sector Profitability - 2024 Overview

- Profitability would have been stronger had operating expenses not risen in 2024, yet at a slower pace than in 2023, driven by higher personnel spending (reflecting backward-looking wage-setting behaviour) and increased digitalization-related expenses
- Despite their large holdings of financial securities, especially government bonds (highlighting the deep sovereign-bank nexus, with Albanian banks being the most exposed by far, holding securities equivalent to c. 37% of their assets, a share close to that of loans), SEE-5 banks recorded limited unrealized gains from the downward shift and flattening of sovereign yield curves, as a significant share of their security portfolios (ranging from 38% in Romania to more than 90% in Bulgaria) is measured at amortized cost
- Overall, efficiency improved further in all the systems under review (barring the Romanian) in 2024, with the respective Cost-to-Income (C/I) ratios -- ranging from 38% (Bulgaria) to 51% (Albania), below their pre-pandemic levels -- continuing to outperform the EU average (54.0%)
- Bulgarian banks' tax burden increased in 2024, following implementation of the global minimum tax rate of 15.0% for multinationals (note that banks had been subject to a flat 10.0% tax rate until then). As of 2024 Romanian banks have been subject to a 2.0% turnover tax (to be raised to 4.0% starting from July 1, 2025, pending Parliament's approval)

SEE-5 banks' efficiency improved further in 2024



* 4 largest banks, together accounting for c. 51% of the banking system's assets

Sources: EBA, National Central Banks & NBG estimates

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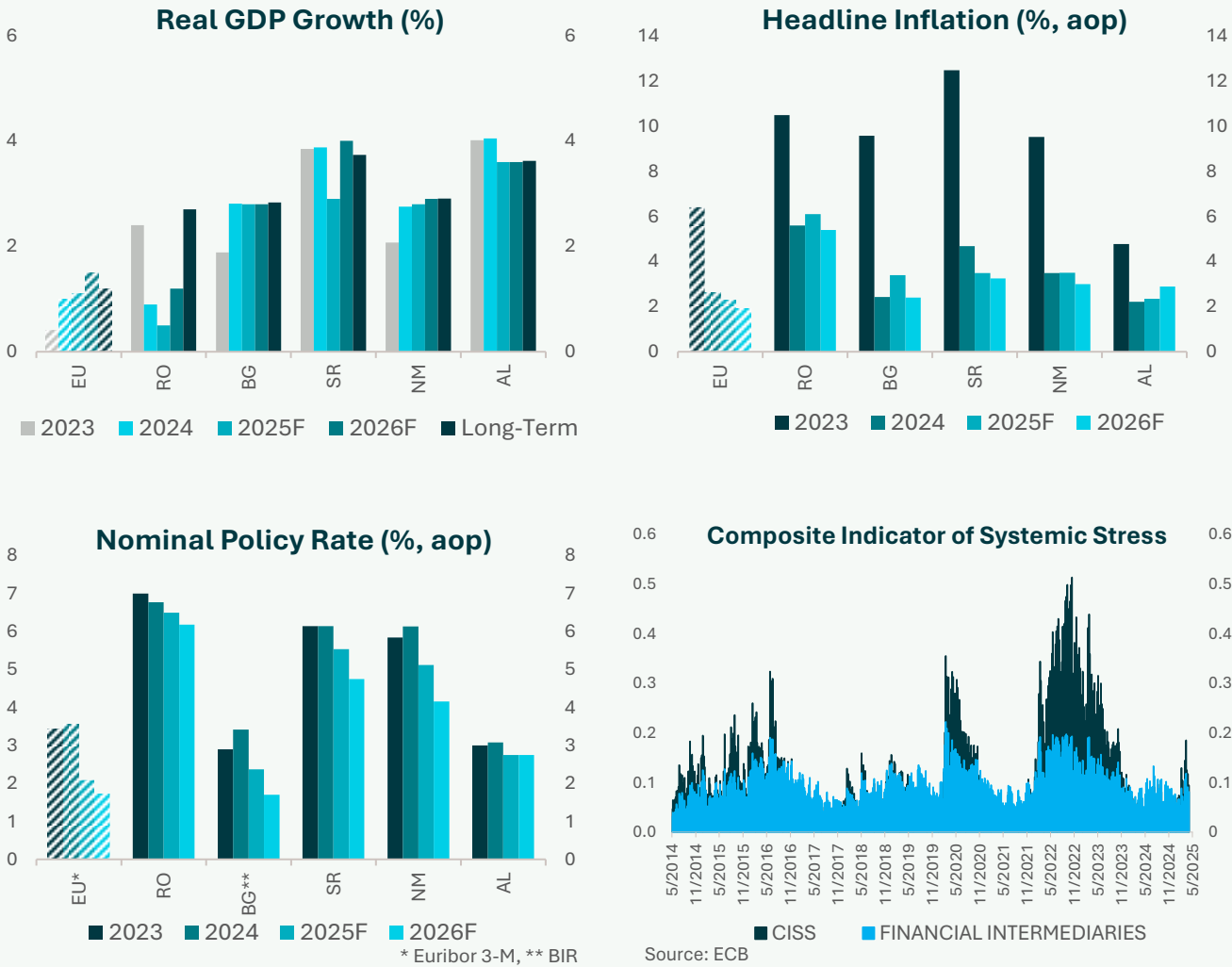
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Macroeconomic Environment - Outlook

- SEE-5 economies (barring Romania) are set to remain on a solid footing in 2025, supported by low inflation and further (yet slowly) easing in monetary policy conditions. Private consumption should continue driving overall growth, underpinned, *inter alia*, by solid -- but moderating -- real wage growth, amid still tight labour market conditions. Fixed investment is also due to increase its contribution to overall growth, albeit modestly, with the public sector continuing to provide a critical push. In contrast, in view of the poor outlook for exports, amid global trade uncertainties, on the one hand, and firm domestic demand, on the other hand, net exports are unlikely to add to overall growth this year
- Slow disinflation and elevated broad-based uncertainty should prompt most central banks to move cautiously with further easing, despite the room provided by the ECB's quite aggressive easing trajectory over the past 12 months
- Fiscal consolidation is unlikely to gain much pace this year, keeping fiscal balances above their pre-pandemic levels in most of the economies under review
- Risks to economic outlook are tilted to the downside, especially in the event: i) global trade tensions escalate or related uncertainties fail to ease, suppressing economic sentiment and leading to lower-than-envisaged growth in the EU, the region's main trade partner; and/or ii) geopolitical unrest in the Middle-East persists, keeping global energy prices at high levels and fueling a resurgence in inflation
- The need to contain the twin deficits paints a rather poor economic outlook for Romania. Authorities recently announced a fiscal consolidation package, involving, among others, hikes in the VAT rate and excise duties as well as wage freezes. Elevated political noise and its implications in terms of policy implementation amplify country-specific downside risks
- After a temporary spike following the US "Liberation Day", the ECB's Composite Indicator of Systemic Stress has remained quite subdued, suggesting limited risks to financial stability

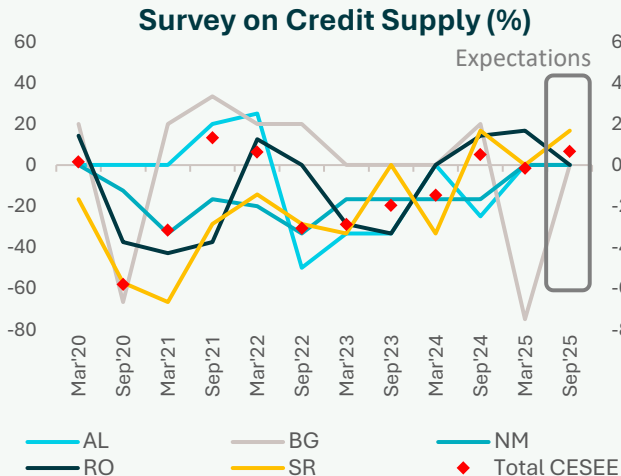
Favourable macroeconomic conditions for 2025, although risks are skewed to the downside



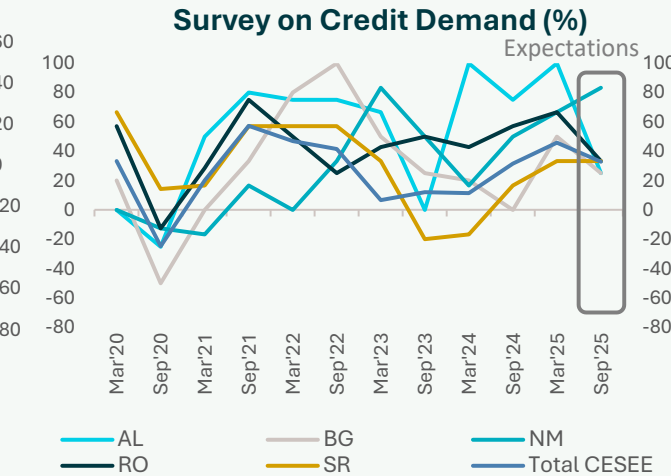
Banking Sector Profitability - Outlook

- The initiation of regional central banks' easing cycles has put the brakes on widening interest margins (with NIMs having narrowed -- albeit from a very high base -- in all the banking systems under review in Q1:25)
- Indeed, with new lending coming progressively with lower interest rates and the favourable “base” effect from refinancing of existing loans at higher rates gradually fading out, the average lending rate has eased off recent highs. At the same time, banks have been earning a lower interest rate from their placements with central banks
- Nonetheless, the compression in NIM should be slow, reflecting not only central banks' cautious pace of easing, but also SEE-5 banks' strong liquidity position, which could foster a faster pass-through of policy rate cuts to deposit rates. As a result, NIMs should remain markedly above their pre-pandemic averages over the forecast horizon
- Strong growth in interest-earning assets growth should partly compensate for compressing NIM. Note that, amid solid economic growth and against the backdrop of lower interest rates and easing credit standards, credit expansion has made a strong start to the year in all the economies under review. Latest bank lending surveys broadly confirm this outlook. We recognize, however, that elevated broad-based uncertainty could make banks and borrowers more cautious, watering down the impact of previous monetary policy easing

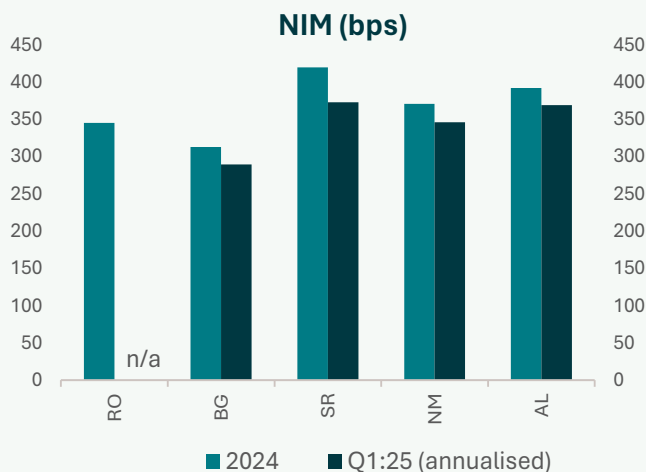
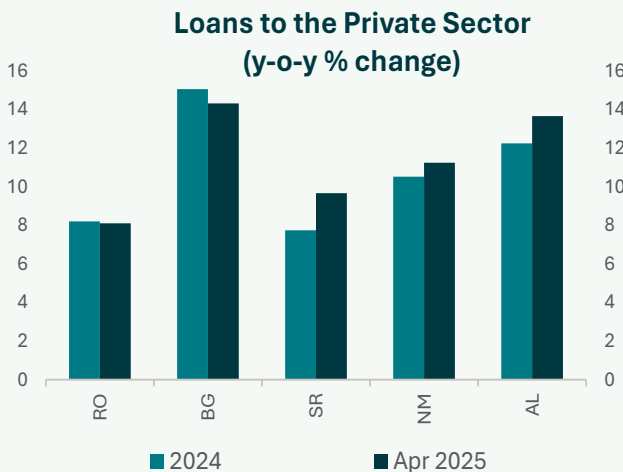
Stronger credit expansion should partly compensate for narrowing -- albeit slowly and from a high base -- NIM



Source: EIB - CESEE Bank Lending Survey
Note: All values are net percentages.
Positive values denote increasing supply



Source: EIB - CESEE Bank Lending Survey
Note: All values are net percentages.
Positive values denote increasing demand

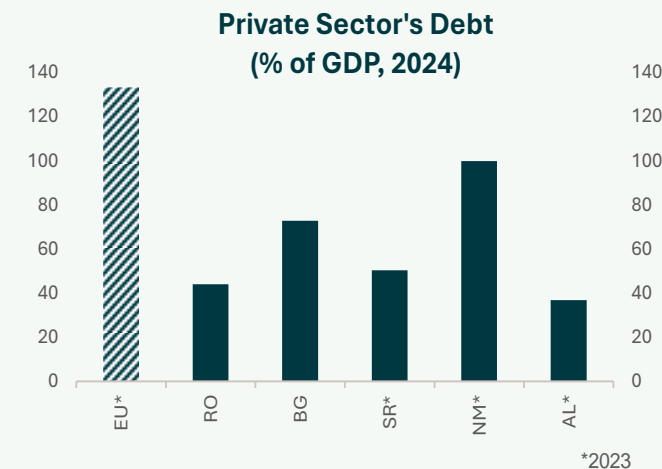
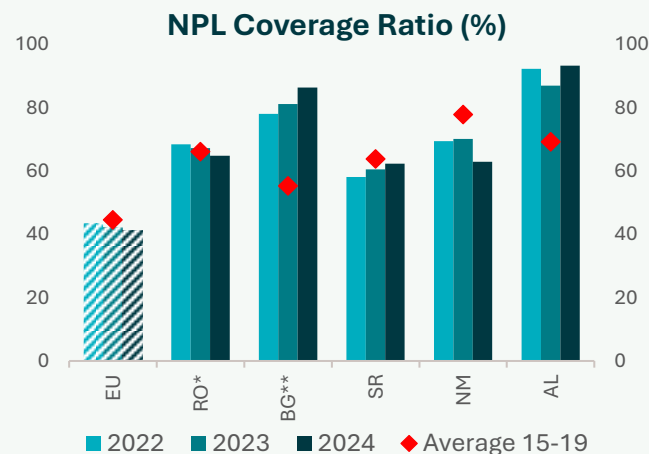
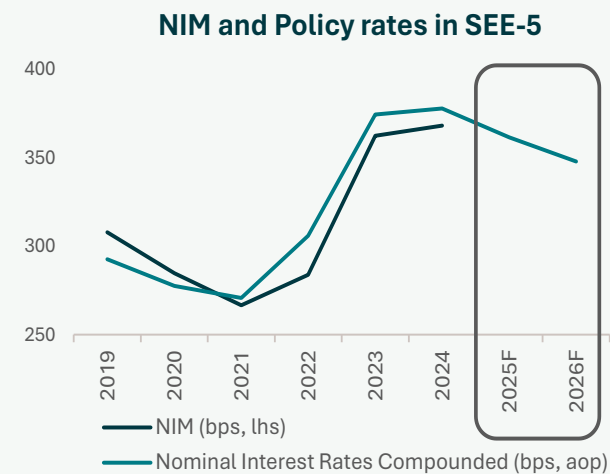
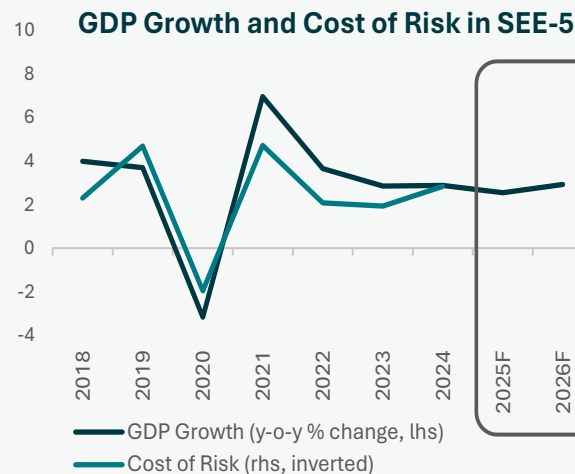


Sources: EBA, National Central Banks & NBG estimates

Banking Sector Profitability - Outlook

- As suggested, although our baseline scenario assumes GDP growing at a rate not far off its long-term potential over the medium-term in all the economies under review (barring that of Romania, which should struggle to escape stagnation this year and recover sluggishly over the next few years), we recognize that downside risks are largely skewed to the downside
- With a view to accommodating implied credit risks, SEE-5 banks are expected to build up provisions at a faster pace in the period ahead
- Still, under our baseline scenario, which assumes gradually easing interest rates -- but not back to pre-pandemic low levels -- asset quality metrics should remain resilient, especially for loans to households, thanks, *inter alia*, to their high savings and strong labour market conditions. On the other hand, tightening profit margins could pose a challenge for non-financial corporates
- Importantly, challenges to the SEE-5 private sector's debt repayment capacity are also mitigated by its low indebtedness -- ranging from 35% of GDP (Albania) to nearly 100% (North Macedonia), below the EU average of c. 125%
- SEE-5 banks' solid NPL coverage ratios -- ranging from 62% (Serbia) to over 90% (Albania), well above the EU average of 41% -- provide a credible buffer against a deterioration in asset quality
- An expansion in non-interest income revenue sources should further support banks' operating income. On the other hand, amid tight labour market conditions and continuing digital transformation of the industry, growth in operating expenses is set to remain elevated in the short-term, yet weaker than in 2024, following, *inter alia*, projected disinflation. The ongoing streamlining of branches and staff optimization should help banks contain operating expenses in the longer-term
- All said, SEE-5 banks' profitability (in terms of ROAE) should moderate over the forecast horizon, remaining, however, above historical average levels

Higher provisioning rates to accommodate for increased uncertainty should weigh on profitability, with the latter projected to remain above historical average levels, nonetheless



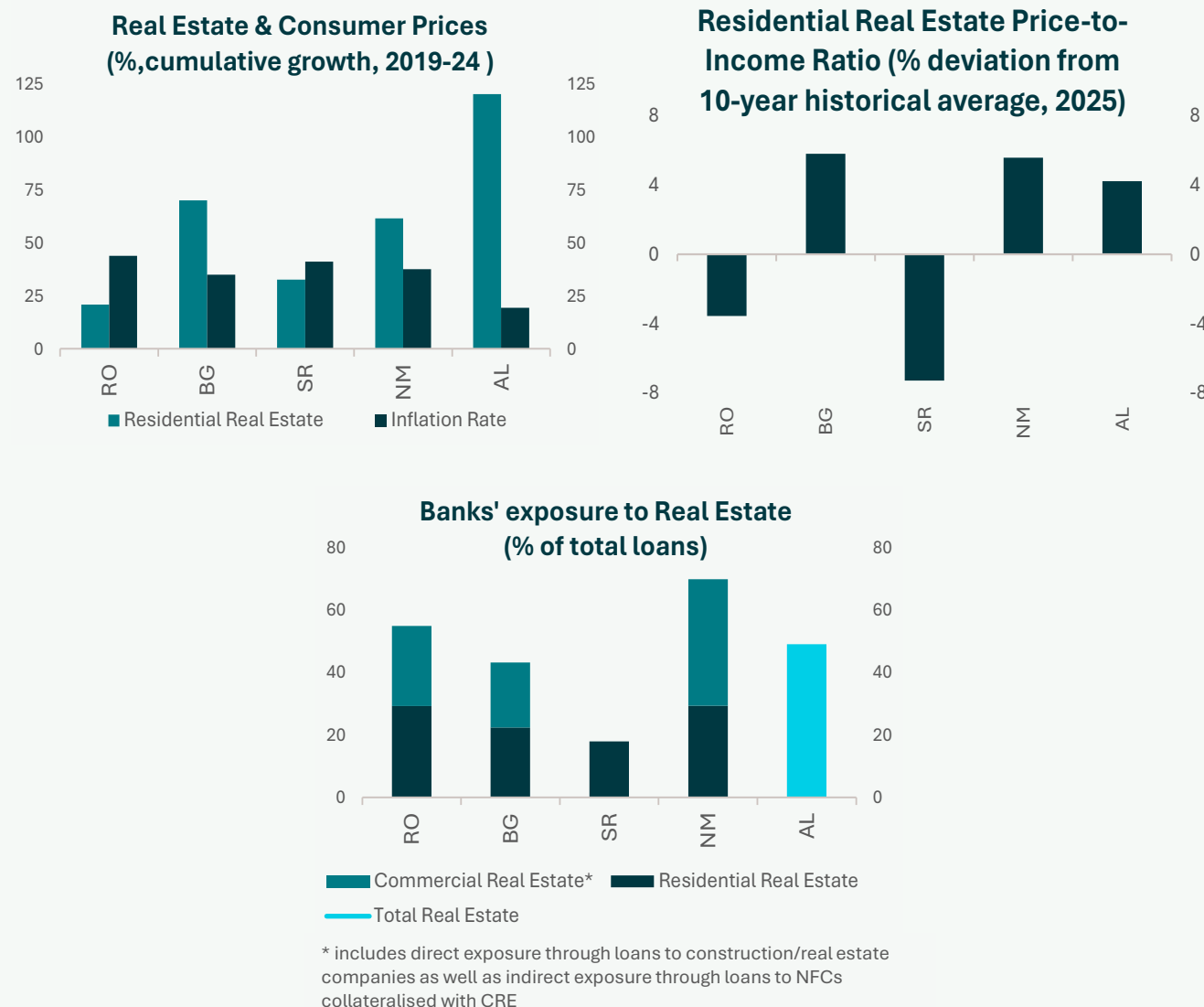
*4 largest banks, together accounting for c. 51% of the banking system's assets

Sources: EBA, National Central Banks & NBG estimates

Banking Sector Profitability - Risks

- Provisioning needs could rise significantly in the event of a disorderly property (collateral) price correction. Regarding the residential real estate segment (RS), risks are assessed to be higher for North Macedonia, Bulgaria and Albania, where prices have gone up c. 65%, 70% and 120%, respectively, since end-2019, leading to a significant overvaluation in the respective markets. Rising household income along with a significant positive differential between real ex-post rental yields and (negative) deposit interest rates have been key factors behind this overperformance. Although no data on the commercial real estate (CRE) segment is available, we estimate prices to have followed a similar trend, but the degree of market overpricing to have been smaller
- Banks' exposure to the real estate market is both direct, through lending to businesses operating in the sector, and indirect through loans secured by RS and CRE. North Macedonian banks are the most exposed to the real estate sector (with related loans accounting for a massive 70% of total loans)
- The central banks of Bulgaria, North Macedonia and Albania have already tightened their macro-prudential policies (by raising the LTV and DSTI limits) to contain mortgage lending growth. Should real estate price inflation and mortgage lending growth fail to ease, central banks should be prepared to tighten further their stance
- Provisioning (and/or capital) requirements could rise in the event of abrupt FX movements. Albanian banks are particularly susceptible to this risk, with c. 25% of FX loans (o/w $\frac{2}{3}$ rd are concentrated in the real estate sector) being unhedged
- Albeit being preferentially treated in regulatory terms, sovereign exposure is a source of credit and market risk. With public debt remaining in check, the former appears to be contained. As regards the latter, SEE-5 banks are to a significant extent immune to shifts in market sentiment as the bulk of their securities portfolios are measured at amortized cost

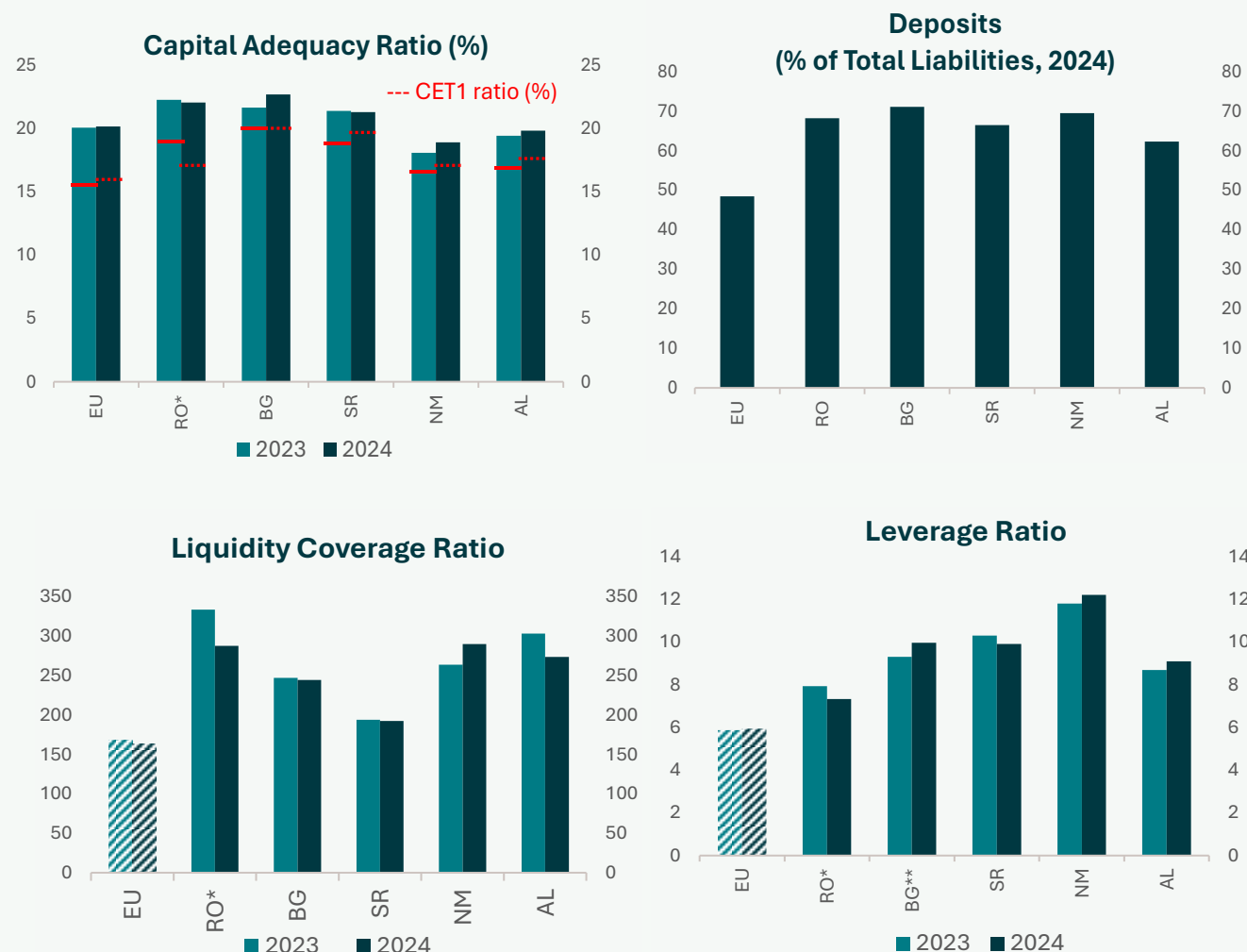
Real estate market overvaluation warrants caution



Banking Sector Profitability - Outlook

- SEE-5 banks appear to be better placed than their EU peers to navigate current uncertainties and deal with potential stress events
- All banking systems under review are well-capitalized with CET1 accounting for c. 90% of their total capital, suggesting that there is significant headroom to absorb potential losses. Solid profitability is set to continue to feed through to capital building, despite increased dividend payout. Heightened uncertainty and underlying financial stability risks have prompted supervision authorities to raise banks' required countercyclical capital buffer (CCyB), locking-in strong overall capital ratios
- Easing interest rates should mitigate banks' cost of conforming with Minimum Requirements for Own Funds and Eligible Liabilities (MREL). The small size of non-internationally affiliated domestic banks would continue to constrain their funding capacity, nonetheless
- SEE-5 banks' liquidity positions remain strong, reflecting large cash balances and holdings of Government paper. Their liquidity coverage ratios stand well above EU standards, ensuring SEE-5 banks' ability to withstand a period of stressed conditions without resorting to disorderly asset liquidation
- The large deposit base limits funding risks for SEE-5 banks. Albeit stable, deposits are highly concentrated, however, in shorter maturities, implying a maturity mismatch between them and loans. Importantly, the overwhelming majority of deposits fall below the respective insurance thresholds, reducing banks' vulnerability to a confidence crisis
- The implications of climate change and digitalization of the financial industry (including growing competition from fintechs) on banks' business models and risk-management frameworks are set to emerge as key focus areas in the period ahead

SEE-5 banks' strong fundamentals limit downside risks



*4 largest banks, together accounting for c. 51% of the banking system's assets

Sources: EBA, National Central Banks & NBG estimates

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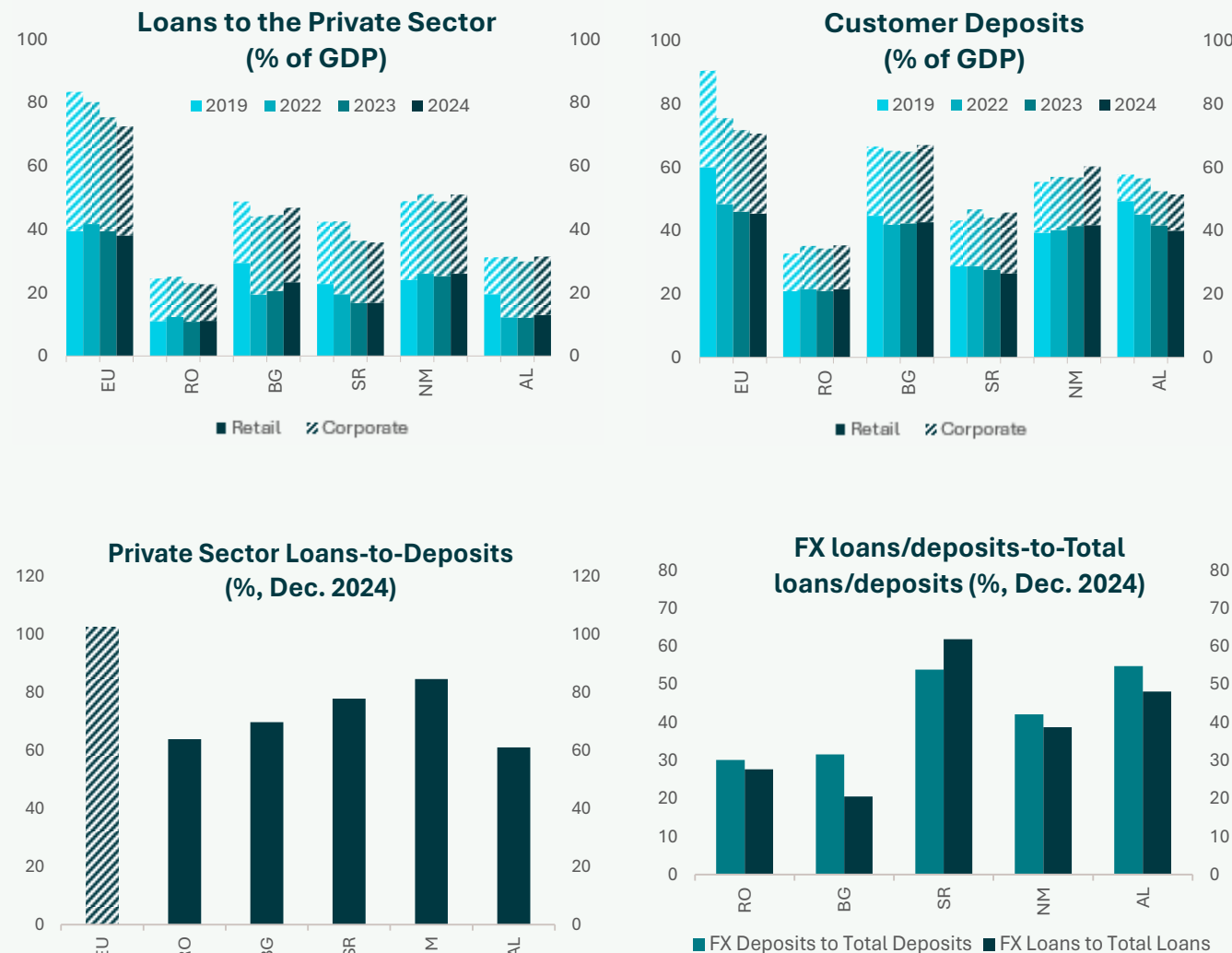
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15 Banking Sector Indicators (2024)

Banking (Under)Penetration in SEE-5 - Overview

- The outstanding stock of bank lending to the private sector remains at relatively low levels in SEE-5, especially Romania and Albania, with no advance since prior to the pandemic. The recent downward trend has been compounded by the impact of high -- yet moderating -- inflation. The retail segment is the most underpenetrated. On the other hand, penetration in the corporate segment is understated as it excludes a non-negligible amount of lending coming from foreign banks and parent companies
- Regional deposit-to-GDP ratios also remain low compared with EU standards. Following depletion of the savings accumulated during the pandemic (mainly with a view to tame the impact of the cost-of-living crisis), deposits picked up in 2024 in all the economies under review, barring Albania, where the impact of rapidly growing FX deposits and Lek appreciation compressed the underlying ratio further
- In view of shallow domestic capital markets and lack of alternative savings products, banks absorb the bulk of private sector's savings. A notable exception is Albania, where treasury bills traditionally attract a non-negligible share of household (c. 10%) and (to a lesser extent) corporate savings
- The highest degree of financial intermediation (measured as loans and deposits as percent of GDP) is seen in Bulgaria (114%, below the EU average of 143%), followed closely by North Macedonia (111%), while the lowest in Romania (23%)
- Unsurprisingly, euroization remains high in SEE-5, in view of the region's integration with the euro area (via trade, migration etc). Nonetheless, it is much higher in regional EU candidate countries (in particularly Serbia and, to a lesser extent, Albania and North Macedonia) than in EU members (Romania, Bulgaria), due, *inter alia*, to relatively lower confidence in formers' domestic currencies
- SEE-5 banks remain liquid, with their loan-to-deposit ratios standing below the critical 100% threshold, especially in Albania (61%)

Financial intermediation remains low in SEE-5,



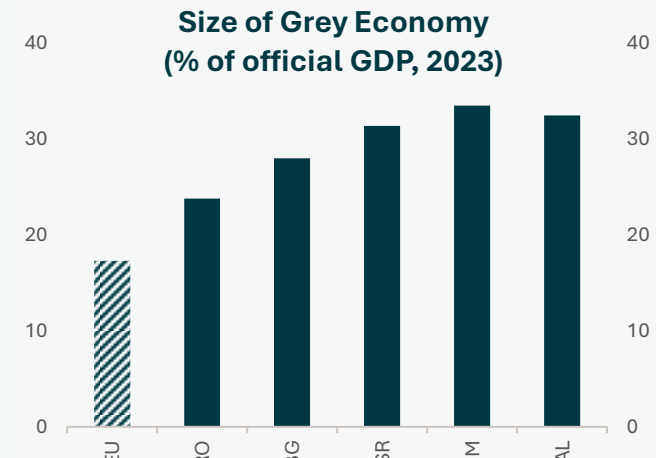
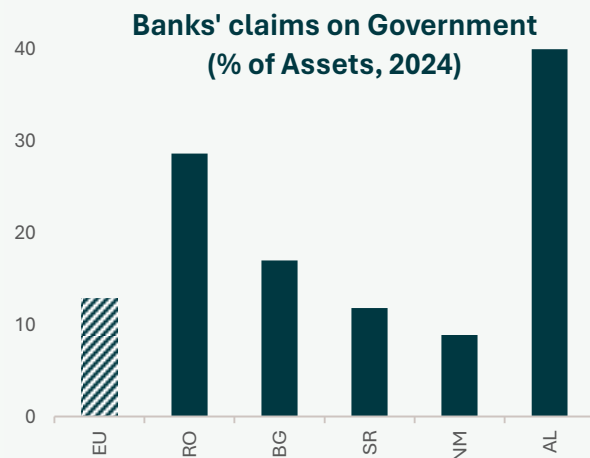
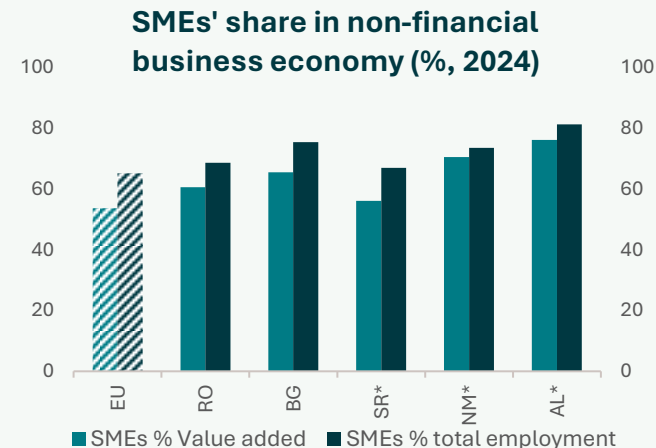
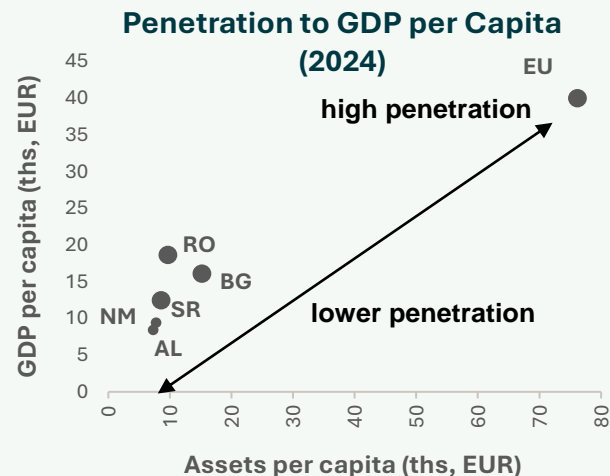
Banking (Under)Penetration in SEE-5 - Causes

Several factors explain the stylized fact of positive correlation between the degree of financial intermediation and economies' income in the SEE-5 region:

- Banks' increased exposure to the sovereign crowds out the private sector.** In Romania and Albania, loans to the public sector and banks' holdings of government securities account for a significant share of the systems' assets;
- The presence of many micro-businesses & SMEs, which are non-bankable, either due to weak fundamentals** (e.g. in Romania, c. 1/3rd of businesses had negative capital prior to the pandemic -- EBRD, 2020) **or lack of credit history and information asymmetries**;
- Banks' cautious lending practices**, such as their requirement to secure collateralized loans with land rather than receivables, which limit young and asset-light firms' access to financing
- The large size of grey economy**, which keeps market liquidity out of banks. The share of such activities in SEE-5 ranges from c. 25% of official GDP (Romania) to 35% (North Macedonia), well above the EU average of below 20%;
- The relatively high concentration of the banking sector**, which may enable banks to curtail credit supply, while reaping excess profits
- The sector's still significant stock of legacy NPLs.** Despite having been drastically reduced, the NPL ratio in SEE-5 exceeds the EU average, burdening banks' balance sheets, while making them more cautious as to new lending;
- The relatively poor quality and soundness of legal & regulatory frameworks**, including bankruptcy and insolvency regimes
- Low levels of trust in banks & low financial literacy rates**, especially in countries that suffered in the past by banking crises and Ponzi schemes (e.g. Albania)

Note that the gap in terms of assets per capita between SEE-5 and EU banks is amplified by the formers' limited non-lending activities (mainly confined in holding cash and Government securities)

... in line with the region's lagging income levels in relative terms



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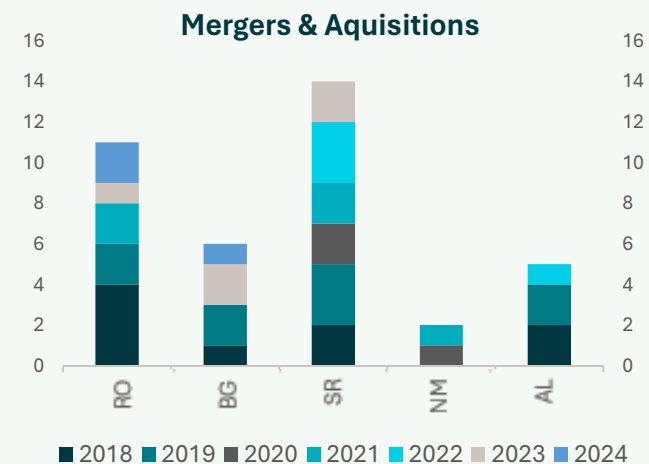
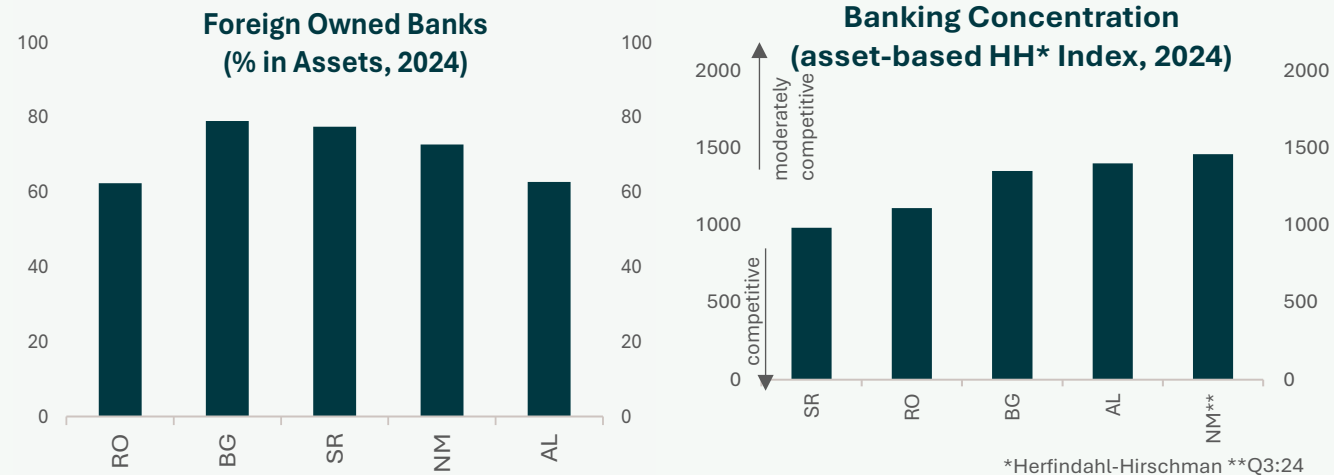
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Banking Concentration, M&A Activity & Other Developments - Overview

- The presence of foreign (mostly EU) banks in SEE-5 has been broadly stable since mid-2010s, when their deleveraging and restructuring of activities (commenced in the aftermath of the GFC) was completed. The only exception is Albania, where the share of foreign-owned banks has been reduced in favour of smaller domestically-owned banks. Importantly, strong foreign presence enhances regional banks' access to credit and contributes to migration of modern banking practices
- Still, regional banking systems (especially those of Serbia and Romania) have a low-to-moderate degree of concentration, implying scope for further consolidation, with smaller and less-efficient banks being potential acquisition targets, in view, *inter alia*, of the challenges they face to meet regulatory requirements
- Merger & Acquisition (M&A) activity continued in 2024, but at a slow pace, with bank acquisitions in Romania (2 in total, 1 of which from a player already present in the market) and Bulgaria (1 from a player already present in the market)
- Local players appear to be engaged more actively during this consolidation phase, aiming at seeking synergies and growing their market shares. At the same time, there appears to be increasing interest by regional banks for acquisition of providers of non-bank financial services (e.g. insurance, leasing etc)
- Serbian, North Macedonian and Albanian banks were accepted in the Single Euro Payments Area (SEPA) in 2025. Besides promoting integration with the European Economic Area, participation in the SEPA brings reduced costs and faster clearance of international payments
- Bulgaria's participation in the bloc's Banking Union and its key mechanisms (SSM, SRM) and its upcoming accession in the euro area (expected in January '26) are credit-positive factors. Besides a seat in the ECB's Governing Council, euro area membership should entail significant benefits for Bulgaria, including lower transaction and funding costs, while help cement investor confidence, through bolstering financial stability (following BNB gaining access to the ECB's facilities) and reducing the risk of financial contagion and a balance of payments crisis

M&A activity continued in 2024, but at a slow pace, with banking concentration remaining still low



a: excluding cooperative banks (40), b: 2020, c: 4 largest banks, together accounting for c. 51% of the banking system's assets
Sources: EBA, National Central Banks & NBG estimates

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Banking Sector Indicators (2024)

Macro & Banking Sector Indicators (2024)					
	Romania 	Bulgaria 	Serbia 	North Macedonia 	Albania 
Macro Indicators					
Population (2024, mn)	18.9	6.4	6.6	1.8	2.7
GDP (2024, EUR, bn)	354.0	103.7	82.4	15.4	25.2
GDP per Capita (2024, EUR)	18,687	16,113	12,488	8,426	9,444
S&P / Moody's / Fitch	BBB- / Baa3 / BBB-	BBB / Baa1 / BBB	BBB- / Ba2 / BB+	BB- / NR / BB+	BB-/ Ba3 / NR
Ownership: Number of Banks					
Number of Banks	32 ^a	23	20 [*]	13	11
Foreign Owned	25	15	15 [*]	9	6
State Owned	3	2	2	1	0
Ownership: Share in Assets (%)					
Foreign Owned	62.4%	79.20	77.5%	68.4%	62.8%
State Owned	14.3%	2.9%	9.0%	2.3%	0.0%

a: excluding cooperative banks (40), b: 4 largest banks, together accounting for c. 51% of the banking system’s assets,* excludes foreign banks’ branches
 Sources: EBA, National Central Banks & NBG estimates

Banking Sector Indicators (2024)

Banking Sector Indicators (2024)					
	Romania	Bulgaria	Serbia	North Macedonia	Albania
Concentration: 5 Largest Banks' Market Share (%)					
Assets	65.0%	76.8%	61.9%	81.9%	74.2%
Branch Network & Number of Employees					
Branches	3,495	5,171	1,337	382 ^c	405
Number of Employees	51,172	25,184	22,286	5,830 ^c	7,154
Intermediation (% of GDP)					
Assets	52.0	94.5	61.9	88.3	93.9
o/w Credit to Private Sector	22.7	46.8	35.9	53.0	33.3
Deposits	35.5	67.1	45.8	61.2	66.1
Liquidity					
Liquidity Coverage Ratio (%)	287.4 ^b	244.1	192.4	289.4	273.4

a: excluding cooperative banks (40), b: 4 largest banks, together accounting for c. 51% of the banking system’s assets, c: 2022
 Sources: EBA, National Central Banks & NBG estimates

Banking Sector Indicators (2024)

Banking Sector Indicators (2024)					
	Romania	Bulgaria	Serbia	North Macedonia	Albania
Asset Quality					
NPLs (%)	2.5	3.2	2.5	2.7	4.2
NPL Coverage (%)	64.8 ^b	86.3	62.3	62.9	93.3
Efficiency					
Cost / Income (%)	46.5 ^b	38.0	46.1	44.4	50.9
Leverage & Capital Adequacy					
Leverage Ratio (Tier 1)	7.3 ^b	10.0	9.9	12.2	9.1
Tier 1 Capital Ratio (%)	18.8 ^b	21.0	19.6	18.1	18.2
CAD (%)	22.0 ^b	22.7	21.3	18.9	19.8
Profitability					
NIM (bps)	345 ^b	313	420	371	392
ROAE (%)	22.4 ^b	17.1	20.3	17.6	18.2
ROAA (%)	2.0 ^b	2.0	2.8	2.2	2.2

a: excluding cooperative banks (40), b: 4 largest banks, together accounting for c. 51% of the banking system’s assets
 Sources: EBA, National Central Banks & NBG estimates

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