Annual Report 2024 - Part 1

Board of Supervisors analysis and assessment

The EBA Board of Supervisors (BoS) takes note of the Annual Report 2024, submitted by the Executive Director ('Authorising Officer') in accordance with Article 48 of the Financial Regulation applicable to the EBA.

Analysing and assessing the Annual Report 2024, the BoS has made the following observations.

This report contains a comprehensive account of the activities carried out by the EBA in the implementation of its mandate and work programme during 2024. The EBA has met its obligations under Article 48, providing a detailed account of the results achieved in relation to the objectives set in the work programme for 2024, and financial and management information.

The BoS takes note of the reports of the European Court of Auditors and the Internal Audit Service, and of the EBA's response to these reports.

The BoS notes that the Executive Director has no reservations or critical issues to report that would affect the presentation of the annual accounts for the financial year 2024 to the discharge authority.

Paris, 20 May 2025

José Manuel Campa

Chair of the Board of Supervisors

Executive Summary

The European Banking Authority's (EBA) achievements in 2024 demonstrated its dedication to enhancing the stability and resilience of the EU's banking sector. The EBA completed 93%

of the tasks outlined in its 2024 Work Programme, highlighting its unwavering commitment to its regulatory responsibilities.

In 2024, the EBA achieved significant progress in implementing the Basel III reforms within the EU, aiming to ensure banks' resilience in future crises and strengthen the financial system. The EBA focused on enhancing the Single Rulebook by issuing guidelines and technical standards on key banking topics such as credit, market and operational risk. The EBA also contributed to the European Green Deal through progress in sustainable finance integration, issuing guidelines and reports on ESG risks, greenwashing and scenario analysis, reflecting its commitment to embedding environmental and social considerations into prudential frameworks. The authority also addressed proportionality by focusing on minimising regulatory burdens on smaller banks while maintaining prudential objectives, and progressed mandates under investment firm regulations (IFR/IFD). In reinforcing the Single Rulebook, the EBA addressed capital instruments and regulatory stacking through reports and updated guidelines, including on CET1, TLAC/MREL, and liquidity standards. It assessed elements such as the net stable funding ratio (NSFR), concluding that no significant legislative changes were needed. Pillar 2 work included analysing interest rate risk impacts and updating supervisory review guidelines (SREP), while benchmarking activities continued across credit and market risk. In governance, joint European Supervisory Authorities (ESAs) guidelines improved cross-sector communication on fit and proper assessments. The EBA also tackled remuneration policies, publishing reports on gender neutrality and high earners, and began annual monitoring of non-EU banks' market share and foreign currency exposures, enhancing transparency and understanding of risk across the EU banking sector.

The EBA has focused on monitoring financial stability amid high interest rates, slow growth and geopolitical uncertainty, with a particular emphasis on the impact on the banking sector. In 2024, the EBA published two issues of its Risk Assessment Report, one in spring and one in autumn, and it accompanied the latter with the publication of the results of the EU-wide transparency exercise. The EBA also updated its stress-testing methodology, incorporating new elements such as net fee and commission income (NFCI) projections and market risk sensitivity. Additionally, the EBA conducted a one-off climate risk stress test to assess the resilience of the financial sector under Fit-for-55 package scenarios, showing a limited impact from transition risks but potential disruption when combined with macroeconomic factors. The EBA is also working to gradually integrate climate risks into the EU-wide stress-testing framework. Starting in 2027, it will use a combined approach that assesses both capital adequacy and business model resilience, while ensuring alignment with existing stress test methodologies.

In 2024, the EBA continued advancing its data strategy to enhance the acquisition, use and dissemination of regulatory data through its EUCLID platform, enabling better data flows and access to high-quality insights. The EBA provided stakeholders with tools for visualising and comparing key financial data from over 9 500 data points across 123 banks, helping increase transparency and market discipline. It also supported data-driven analyses and responded to calls for advice on EU banks' funding and exposures. The EBA began adapting EUCLID to accommodate new types of reporting entities, such as those involved in MiCA and Digital Operational Resilience Act (DORA) regulations. The EBA also made progress in implementing the Pillar 3 data hub and worked on enhancing integrated reporting, including a governance structure and improvements to the Data Point Model (DPM 2.0) for better reporting efficiency. The EBA also introduced new tools to ensure better data quality and consistency, aligning with ongoing efforts on supervisory disclosure and transparency in EU banking regulations.

In 2024, the ESAs intensified their efforts to implement DORA, preparing for the framework's full application starting in 2025. Key activities included advancing oversight over critical ICT third-party providers (CTPPs) by establishing governance structures and developing methodologies for oversight tasks. The ESAs also launched training programmes for staff and financial entities to build the necessary capabilities. In line with the EU's systemic cyber risk mitigation, the ESAs introduced the EU Systemic Cyber Incident Coordination Framework (EU-SCICF) to enhance coordination between financial authorities and mitigate cyber risks to financial stability. A joint ESA statement was also published in December 2024, guiding financial entities on the new requirements, particularly regarding the reporting of ICT incidents and third-party providers.

The Markets in Crypto-Assets Regulation (MiCA) came into force in 2023, with full application starting in 2024. In 2024, the EBA delivered 20 technical standards and guidelines to enhance consumer protection, governance and prudential resilience for crypto-asset markets. The EBA also developed a framework for supervising significant asset-referenced tokens (ARTs) and electronic money tokens (EMTs), including tools for information exchange and templates for supervisory procedures. The Crypto-Assets Standing Committee (CASC) replaced the temporary Crypto Supervision Coordination Group (CSCG) to help with knowledge-sharing and supervisory convergence. In addition, the EBA issued statements to remind issuers and consumers of the new MiCA requirements, highlighting key topics for supervisory attention and reinforcing the regulatory framework's consistent application across the EU. The EBA also completed preparatory actions for its other MiCA responsibilities, including providing non-binding opinions on crypto-asset classifications and exercising temporary intervention powers.

In 2024, the EBA strengthened its focus on innovation, consumer protection and the transition to a new anti-money laundering and countering the financing of terrorism (AML/CFT) framework. The EBA monitored emerging financial technologies, including decentralised finance, artificial intelligence (AI)/machine learning applications and crypto-assets, while also assessing their associated risks, such as operational and consumer protection issues. It published reports on tokenised deposits, decentralised finance (DeFi), and the impact of AI on the banking sector, as well as providing guidance on regulatory consistency in digital finance. Additionally, the EBA prioritised consumer protection through its monitoring of non-bank lenders and complaints handling, and took steps to ensure fair access to financial services. The EBA led efforts to standardise AML/CFT practices, tackle emerging financial crime risks, and coordinated with national authorities on implementing new regulatory measures. It also began preparations for the transition to the new EU AML/CFT framework, contributing to the creation of the new European Anti-Money Laundering Authority (AMLA), set to take over AML responsibilities by 2025.

Foreword by the Chairperson

As I look back on 2024, I reflect on a year in which, amid a shifting landscape, following the European Parliament elections, a new EU Commission and the ongoing shifts in the global landscape, the EBA has once again proven its adaptability in navigating evolving challenges.

The Draghi report and the reinforced emphasis on developing our single market underscore our commitment to fostering a financially stable environment that supports sustainable economic growth.

Last year signalled the start of my second mandate as Chairperson of the EBA. As we come up to 15 years of the EBA's unwavering dedication to safeguarding the EU banking sector, we must remember what we have built: a robust banking system. We need to ensure it remains that way. This includes planning for the future, adapting to new opportunities arising from technology and rising to new challenges to ensure the future growth of our economies.

In particular, we should address the impacts of climate change. The publication of the first-ever climate stress test of the EU financial sector under the implementation of the Fit-for-55 strategy symbolises our proactive stance to integrating ESG into financial oversight, paving the way for a sustainable future.

We recognise the need for regulations that are strong but also agile and fit for purpose, to support financial stability and the adequate provision of credit to finance our economies. In this context, we want to ensure that regulatory efficiency and simplification where possible should drive the implementation of the regulations. The ongoing work of implementing the new Basel framework is a true testament to such efforts.

The collaborative efforts among the European Supervisory Authorities, exemplified by our joint oversight under DORA, have set the regulatory framework for operational resilience and the basis for oversight of critical third-party providers. In addition, our work has helped the adoption of MiCA, a comprehensive and ambitious framework for the regulation and supervision of crypto-assets.

All these achievements highlight the tangible results of collaboration despite the uncertainties that surround us. We have leveraged our collective expertise to steer the banking sector towards innovation while keeping to our common mantra of a stable banking system.

As we look forwards, we need to continue to assess what is working, what is not, and what is left to do. We should aspire to extract of the benefits of a true single market, moving beyond mere regulation towards the goal of a comprehensive Banking Union, and allocating our citizens' savings into the financing of our future in the most efficient way possible.

None of these achievements would have been possible without the dedication of our over 250 members of staff or the unwavering support of our stakeholders – the EU Commission, the Council of the EU, the Banking Stakeholder Group (BSG), and our sister ESAs, the ESMA and EIOPA.

As we embark on a new cycle, using the momentum of past successes, I am confident that the EBA will continue to rise to the challenge, embrace innovation, and uphold our commitment to a resilient EU banking sector.

As we walk the talk, we should do it step by step, in our daily work, to build a coherent framework. But we should have no doubts about our final destination – a more integrated EU and single market for financial services. We will continue to do this together, with the support of our stakeholders, competent authorities and other European institutions – one step at a time.

Interview with the Executive Director

You arrived at the EBA at the height of the COVID-19 pandemic in 2020 and you have witnessed other important challenging situations. What would you make of your first mandate as it comes to an end?

Time flies. On the one hand, I have a hard time realising that I have been in my role for almost five years already, but, on the other hand, it has been very full years! In this regard, 2024 can be seen as a key milestone in our efforts to consolidate the EBA and prepare it for its future challenges.

A priority was of course to deliver our work programme and to support our staff in their missions. Which we did. The average execution rate of our work programme is 94% over the past four years. This was achieved despite challenging circumstances: Covid, Ukraine, inflation, and market and geopolitical shocks and turbulence called for new analyses, new requests, and evolving regulatory and risk assessment responses. Key enablers were staff talent and motivation, but also the thorough planning and controlling environment that we have built to support better prioritisation and resource allocation.

Since 2020, we have gradually adjusted our organisation. A first series of changes happened in 2021, with a stronger legal and compliance function, a data department, units dedicated to AML, Digital Finance, ESG and Reporting, and a new role of team leader to steer work on cross-cutting issues. In 2022 we created a shared accounting office with ESMA and revisited our approaches to third country equivalence and to Q&A. Since 2023, we have been working on MiCA and DORA preparations, which led to a new DORA Joint Oversight directorate between the three ESAs launched in 2024. During the entire period, we have consistently streamlined the number of our activities (from 37 in 2020 to 19 since 2023) and reduced the share of administrative support and coordination relative to business resources (it is now around 12–13%).

In fact, the entire organisational set-up of the EBA has been strengthened. Let me mention a few examples. Since 2022, the Human Resources approach has been entirely revisited. As culture is important, we formalised EBA's values in 2023, and we promote equal chances, especially gender equality. A multi-annual IT strategy was delivered by the end of last year, including a move to cloud, the rolling out of collaboration tools, investments in IT security, a new website and a new visual identity. A tight management of our budget and expenses allowed us to absorb the impact of inflationary tensions on expenses in 2023 and 2024. We introduced an Enterprise Risk Management system in 2022 and strengthened our internal IT and Data management. In the context of our commitment to the green deal, the EBA obtained environmental certification in 2022 which has been renewed annually since then. Last year, we refurbished the offices to adjust to our new working model and accommodate new staff for DORA and MiCA.

It sounds like you have pushed for innovation during your first mandate. Is this the approach looking forward? To rely more on innovative approaches?

I just mentioned that we recently formalised the EBA's values. Those are: public service, excellence, trust, creativity and collaboration. As you can see, they provide a strong foundation for developing innovative approaches. Which is something we need if we are to be effective and efficient in our missions.

A strong organisation is important, but we are a relatively small agency by design, and we are expected to closely collaborate with our members and partners in a flexible, agile and creative manner. It is with this spirit that we have approached our evolving tasks. For DORA and MiCA, we have set up intense interdepartmental coordination and massively redeployed staff on a temporary basis. Throughout 2024, I co-chaired with a BoS member the first EBA Coordination group, which was set up to facilitate the preparations for crypto-asset supervision ahead of MiCA application, and we agreed a common reporting platform to simplify the burden on entities and supervisors. For DORA, which gave similar responsibilities to the three ESAs, we have sponsored the idea of a joint oversight venture. This was endorsed early 2024, and we could organise the first joint recruitment and agree a target operating model before DORA applied. Last but not least, we agreed a pragmatic approach with the Commission for the transition to AMLA.

Now, the EBA is entering a new cycle of its existence and needs to deal with at least three main challenges. Firstly, new legislation is entering into force and impacting our roles – CRD/CRR, IFD/IFR, AML, DORA, MiCA, EMIR, with others reaching the final stages of negotiations. Secondly, the outlook for financial risks and vulnerabilities has shifted and this affects both the financial sector and the EBA itself, due to a changing geopolitical context and increasing economic imbalances, as well as to the transformations at play in the financial sector. Thirdly, EU legislators have announced new priorities, including a European Savings and Investment Union for market and banking, unlocking bank financing, working on non-bank financial intermediation, making a success of the green and digital transitions, and reducing the administrative and reporting burden.

All this in a context where resources granted by the EU legislators will remain scarce. Against that background, we will need to keep our innovative mindset to perform our missions in a way that benefits all stakeholders – financial institutions, regulators and, most importantly, European citizens!

Establishing a solid HR strategy is crucial for organisational success. How has your approach to talent management supported the EBA's achievements, and what lies ahead in this area?

Fundamentally, the EBA is its people. Without a skilled, motivated and adaptable workforce, none of the achievements I have mentioned so far would have been possible.

One of the biggest steps we have taken was the development and implementation of the Horizon 2029 HR Talent Strategy. We have been preparing for this since mid-2022 and moved into full implementation in 2024. The first results are already encouraging, as illustrated by staff satisfaction, which rose from 64% in 2020 to 72% in 2024. We want to set the foundations for a long-term approach to talent management that is built on versatility, mobility, career development and a trust-based work environment.

A major part of this effort has been to foster internal and external mobility. We want to ensure that staff have the opportunity to grow, take on new challenges, and bring fresh perspectives to their roles. Our staff members, in turn, provide their expertise to other EU agencies. This has led us to think outside the box when it comes to career progression, allowing employees to explore different functions within the EBA and beyond, including through personnel swap arrangements with other organisations.

A significant initiative launched in 2024 was also the 'Living the EBA Values' campaign. This helped reinforce and embed our core values into daily work. Our goal is that the EBA is a place where people are inspired to do their best work.

The EBA's ability to fulfil its mission depends on having a workforce that is not only highly skilled but also deeply committed to the institution's goals. We will focus on further strengthening talent development and leveraging new technologies to maintain a workplace culture that reflects our core principles and that will allow us to meet the challenges of today and tomorrow.

Abbreviations and acronyms