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John Berrigan
Director General
Directorate-General for Financial Stability,
Financial Services and Capital Markets Union (FISMA)
European Commission
Rue de Spa 2
1000 Brussels
Belgium

EBA-2025-D-5295

22 October 2025

Subject: Response to the EC request to study the funding structure of EU banks and the funding in foreign currencies

Dear Mr Berrigan,

On 29 June 2021, Commission services requested EBA to study the EU dependence on non-EU banks and the funding in foreign currency of EU banks. In that context, the European Banking Authority published in October 2022 a report¹ containing the analysis of the market share of non-EU entities in the EU banking sector and the funding structure of EU banks, with a special focus on foreign currency funding. Building on this report, during the first quarter of 2024 Commission services mandated the EBA to submit on an annual basis the set of indicators that investigate the market share of non-EU entities, the funding structure and the asset and liability exposures in foreign currency funding. Based on this mandate, the EBA delivered two reports that were published in the EBA website in April 2025². After the submission of the first iteration of the mandate, DG FISMA reiterated the mandate for the exercises 2025-2027³. The EBA is mandated to provide the available indicators (previous year-end data) and the related explanatory notes by mid-November of each of the next three years (2025-2027).

The attached report uses the data as of December 2024. The report finds that the EU banks' weighted average net stable funding ratio (NSFR) stood at 127.6%, with none of the banks in the sample close to the threshold of 100%. As regards the EU banks' NSFR in the main significant foreign currencies, the weighted averages remain above 100%. However, at the individual institution level, many banks fail to comply with the minimum NSFR requirement in significant foreign currencies.

¹ [Report on EU dependence from non-EU entities Publication.pdf \(europa.eu\)](#)

² <https://www.eba.europa.eu/publications-and-media/press-releases/eu-subsidiaries-third-country-players-account-10-total-eu-assets-their-presence-more-significant>

³ [Request for submitting indicators on the interconnectedness of the EU financial sector with global markets for the next three years \(2025-2027\)](#)

For example, NSFR in US dollars is below 100% for 27% of the banks in the sample. For the pound sterling, 41% of the banks report NSFR below 100%. The NSFR requirement does not need to be fulfilled currency-by-currency as a Pillar 1 requirement, but banks and their supervisors should pay attention to any currency mismatches in the stable funding requirements and ensure that any gaps between the banks' foreign currency assets and liabilities are either eliminated or adequately hedged.

The analysis of EU banks' funding structure and their reliance on foreign currency funding shows that EU-registered credit institutions had on average 21% of their total funding denominated in significant foreign currencies as of December 2024. Funding in US dollars represents 13.1% of total funding, funding in GBP 1.2%, and the remaining 6.7% is distributed between other significant foreign currencies. Unsecured wholesale funding, including unsecured debt securities, is the main source of foreign currency funding for EU banks.

Lastly, EU banks' exposures (assets) in significant foreign currencies are meaningfully higher than their funding in significant foreign currencies. On average, EU-registered credit institutions hold nearly 32% of their exposures in foreign currencies. Out of this, 23% of total exposures are denominated in US dollars, 2.7% in GBP and the remaining 6.3% in other significant foreign currencies.

Yours sincerely,

José Manuel Campa

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Encl: EBA Report on the analysis on EU/EEA banks funding structure and their dependence on asset and liability exposures in foreign currency