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Press and Communications

Press release

The EBA publishes the results of its 2025 EU-wide stress test

The European Banking Authority (EBA) today released the results of its 2025 EU-wide stress test involving 64 banks from 17 EU and EEA countries and covering 75% of EU banking sector assets. The results confirm that European banks remain resilient even under a severe hypothetical economic downturn. The simulated scenario involves a sharp deterioration in the global macro-financial environment, driven by a resurgence in geopolitical tensions, entrenched trade fragmentation, including increase in tariffs, and persistent supply shocks. EU banks, despite bearing losses of EUR 547bn,¹ maintain strong capital positions and their capacity to continue supporting the economy.

Key findings

- *The capital depletion under the adverse stress test scenario amounts to 370 bps, resulting in a CET1 ratio at the end of the scenario of 12%². The strong income generation during the exercise helps banks to partly offset their losses and results in a lower depletion compared to the 2023 exercise.*
- *Banks start the exercise with higher profitability and capital than in recent years. While banks are more risk-sensitive, showing higher nominal losses, they have better absorption capacity through income generation. Banks show more vulnerabilities in credit and market risk, which are the main contributors to the stress test losses.*
- *Specific adverse scenarios affect economic sectors differently. Banks have improved their ability to differentiate the impact of adverse scenarios across sectors, but there is still a need to further improve their modelling efforts.*
- *Strong performance of the EU banks in the 2025 EU-wide stress test is reassuring, nonetheless, maintaining adequate capital remains essential to ensure the safety of the EU banking system.*

¹ These are total credit, market and operational risk losses.

² This refers to the applicable capital ratios and stress test impacts computed considering all applicable CRR3 transitional arrangements (i.e. “transitional capital ratios”). See section 2.4 of the Report for more details about the implementation of CRR3.

Summary of key results³

	CET1 capital ratio					Leverage ratio	
	Starting point	Baseline 2027	Adverse 2027	Delta baseline 2027-2024	Delta adverse 2027-2024	Starting point	Adverse 2027
Transitional	15.8%	16.9%	12.1%	+118 bps	-370 bps	5.8%	4.9%

Transparency and input to the Supervisory Review and Evaluation Process

The EBA has published detailed, bank-level results from the stress test, including comprehensive data on both the starting point and the projected outcomes under the baseline and adverse scenarios.

While the EU-wide stress test does not apply a predefined pass/fail threshold, it serves as a critical input for the Pillar 2 supervisory assessment. The results will support Competent Authorities in evaluating banks' ability to meet prudential requirements under stress and provide a robust basis for discussions between supervisors and individual institutions. These discussions cover capital adequacy and distribution plans as part of the regular Supervisory Review and Evaluation Process (SREP).

Notes to the editors

1. Detailed information on bank-level results, including interactive tools, can be found on the [2025 EU-wide stress test website](#).
2. The 2025 EU-wide stress test involves 64 banks from 17 EU and EEA countries, covering 75% of the EU banking sector assets. This stress test allows supervisors to assess the resilience of EU banks over a three-year horizon under both a baseline and an adverse scenario. The full sample of banks can be found in Annex 1 of [the EBA methodology](#).
3. The EU-wide stress test is initiated and coordinated by the EBA and undertaken in cooperation with the EU Competent Authorities, including the European Central Bank (ECB) for the Banking Union, and the European Systemic Risk Board (ESRB).
4. The EBA develops a common methodology and is responsible for the final dissemination of the outcome of the exercise. The adverse scenario is designed jointly by the ESRB and the ECB, and the baseline scenario is provided by the national central banks. Competent Authorities, including the ECB Banking Supervision for the euro area banks, are responsible for ensuring that banks correctly apply the common methodology. In particular, they are responsible for assessing the

³ Bank projections are based on the regulatory regime applicable as of January 1, 2025, when CRR3 applies. The ratios are provided on transitional basis. The progressive phase-in of the regulation through transitional arrangements facilitates the adjustment of banks towards the new framework, which will apply in full as of 2033.

reliability and robustness of banks' assumptions, data, estimates and results and the resulting supervisory actions.

5. The EU-wide stress test is based on the implementation by the banks of the EBA methodology and the two scenarios, under the close scrutiny of their supervisors ("constrained bottom-up" exercise). Some parts of the stress test rely on top-down projections or have been centralised. The 2025 methodology benefits from enhancements, including the centralisation of net interest income (NII) projections with a revised NII scope and a more risk-sensitive market risk approach with enhanced proportionality. The changes are part of the medium-term plan of revising the stress test framework.
6. The EU banking package regulation (CRR3/CRD VI), which applies from 1 January 2025, is reflected in the 2025 EU-wide stress test methodology and templates, which should, however, continue to be understood as a risk exercise, and not as an exercise that assesses the impact of regulatory changes. The Capital Requirements Regulation (CRR3) is introduced step by step using transitional arrangements until full implementation in 2033. The Report focuses on applicable CET1 capital ratios, i.e. "transitional ratios" taking into account all the applicable transitional arrangements specified in the CRR3 over the three-year scenario horizon. For completeness, the outcome of the exercise under the assumption of full implementation, i.e. "fully loaded ratios", is also reported (see section 2.4 of the Report for further details).
7. Detailed information about the baseline and adverse scenarios can be found in the [note produced by the ESRB](#).
8. The EBA's 2025 stress test methodology can be found on the [EBA website](#).