ESRB
European Systemic Risk Board
European System of Financial Supervision

Press release

27 November 2025

Outcomes of the 60th General Board meeting of the European Systemic Risk Board – 20 November 2025

- Systemic risks in the EU remain elevated amid growing vulnerabilities in financial markets
- ESRB to publish a report on financial stability implications of linkages between banks and non-bank financial intermediaries and another on implications of geopolitical risks

The General Board of the European Systemic Risk Board (ESRB) agreed that **financial stability risks in the EU remain elevated** amid growing vulnerabilities in financial markets. Valuations of several riskier asset classes appear stretched and are highly concentrated in certain market segments, like the US technology sector. The pervasive risk appetite in financial markets does not seem to be fully consistent with the subdued growth outlook in major economies. The current investor optimism could quickly shift to risk aversion if global economic or political uncertainty increases.

The General Board discussed vulnerabilities within certain parts of the non-bank financial sector, such as opacity and leverage and liquidity mismatches in private markets and hedge funds. These vulnerabilities may exacerbate adverse market dynamics through forced asset sales. In this context, the General Board noted the high degree of interconnectedness between the EU and the rest of the world, which increases the potential for spillovers. Recent developments in crypto markets underline the General Board's concerns, particularly as regards valuations and governance.

At the same time, the General Board acknowledged that the **EU financial system continues to show strong resilience**, as confirmed by the results of recent EU-wide stress

European Systemic Risk Board
Directorate General Communications
Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany
Tel.: +49 69 1344 7455, email: media@esrb.europa.eu, website: www.esrb.europa.eu

tests[1]. The ESRB had as usual provided the severe adverse scenarios for the exercises. The General Board noted that the results of the 2025 Supervisory Review and Evaluation Process confirm high capital and liquidity buffers in the banking sector. However, there are signs of credit risk materialising in some jurisdictions, and the impact of tariffs may take some time to trickle through to bank balance sheets. Insurers remain sound, although the General Board expressed concerns about recent changes to Solvency II, which had resulted in less prudent regulatory requirements. Furthermore, implementing the Insurance Recovery and Resolution Directive in 2027 remains a crucial step in ensuring that resolution frameworks are in place in most key sectors.

The General Board also discussed and approved the publication of two reports prepared jointly with the European Central Bank.

- The first report will examine linkages between banks and non-bank financial intermediaries (NBFIs) in the EU. It will focus on the role of banks in managing liquidity and providing leverage to NBFIs and the implications for financial stability.
- The second report will discuss the **link between geopolitical and geoeconomic risks and financial stability**. This report will set out tools for regular monitoring of these risks.

Both reports will be published in due course.

Lastly, the ESRB today released the 54th issue **of its** risk dashboard**. This provides a set of quantitative and qualitative indicators that measure systemic risk in the EU financial system.**

For media queries, please contact François Peyratout, tel.: +49 172 8632 119.

[1] See European Banking Authority 2025 EU-wide stress test, European Insurance and Occupational Pensions Authority 2024 insurance stress test, and European Securities and Markets Authority fifth stress test exercise for central counterparties.

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