EUROPEAN CENTRAL BANK

BANKING SUPERVISION

Press release

12 January 2022

ECB publishes supervisory banking statistics for the third quarter of 2021

- Aggregate Common Equity Tier 1 ratio at 15.47% in third quarter of 2021 (down from 15.60% in previous quarter)
- Aggregated annualised return on equity increased to 7.19% (compared with 6.92% in previous quarter, and up from 2.12% one year ago), driven by further decrease in impairments and provisions
- Cost of risk decreased to 0.53% in third quarter of 2021 (compared with 0.57% in previous quarter, and down from 0.67% one year ago)
- Aggregate non-performing loans ratio fell further to 2.17% (down from 2.32% in previous quarter), with stock of non-performing loans declining to €401 billion (down from €423 billion in previous quarter)
- Aggregate loans and advances subject to non-expired EBA-compliant moratoria declined further to €44 billion (down from €102 billion in previous quarter)

European Central Bank
Directorate General Communications, Global Media Relations Division
Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany
Tel.: +49 69 1344 7455, email: media@ecb.europa.eu, website: www.ecb.europa.eu

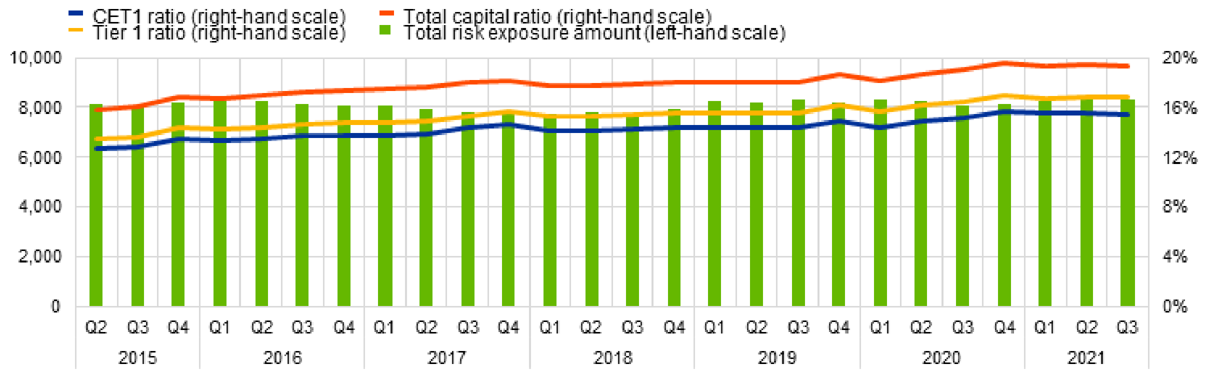
Capital adequacy

The aggregate capital ratios of significant institutions (i.e. those banks that are supervised directly by the ECB) decreased slightly in the third quarter of 2021. The aggregate Common Equity Tier 1 (CET1) ratio stood at 15.47%, the aggregate Tier 1 ratio stood at 16.79% and the aggregate total capital ratio stood at 19.30%. Aggregate CET1 ratios at the country level ranged from 12.63% in Greece to 28.55% in Estonia. Across Single Supervisory Mechanism business model categories, diversified lenders reported the lowest aggregate CET1 ratio (13.86%) and development/promotional lenders reported the highest (32.44%).

Chart 1

Capital ratios and their components by reference period

(EUR billions; percentages)

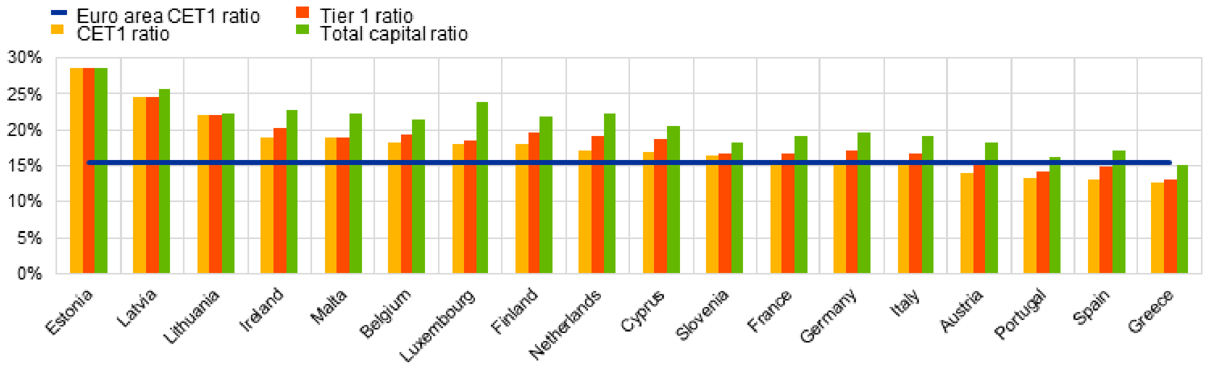


Source: ECB.

Chart 2

Capital ratios by country for the third quarter of 2021

(percentages)



Source: ECB.
Note: Some countries participating in European banking supervision are not included in this chart, either for confidentiality reasons or because there are no significant institutions at the highest level of consolidation in that country.

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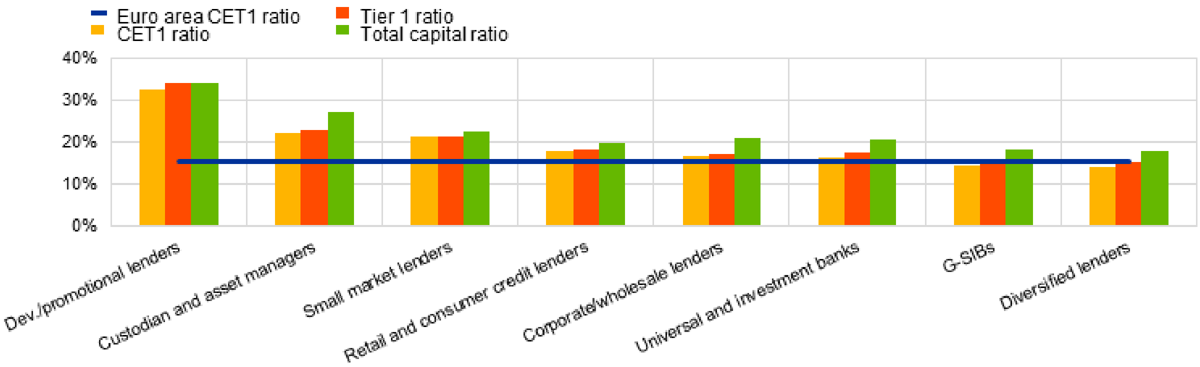
Chart 3

Capital ratios by business model for the third quarter of 2021

(percentages)



Source: ECB.
Note: G-SIBs stands for global systemically important banks. "Dev./promotional lenders" stands for Development/promotional lenders.

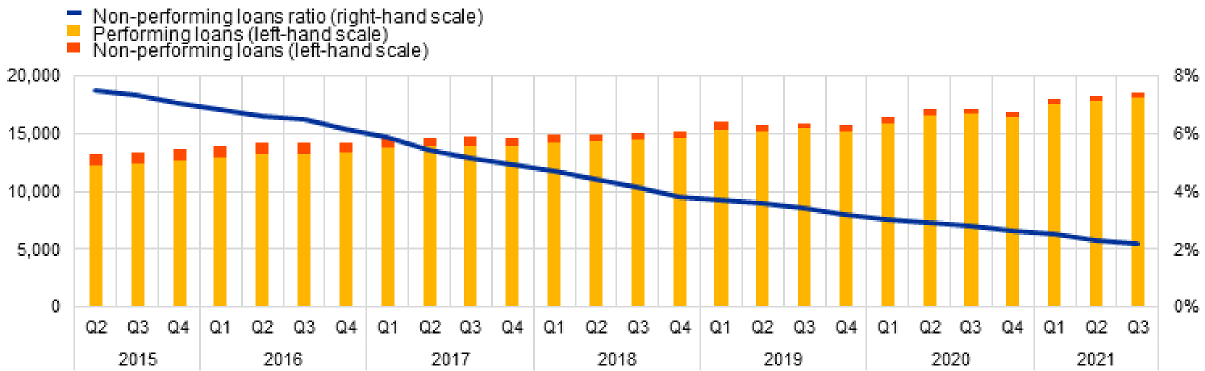
Asset quality

The aggregate non-performing loans (NPL) ratio decreased further to 2.17% in the third quarter of 2021, the lowest level recorded since supervisory banking statistics were first published in the second quarter of 2015. As in the previous quarter, this decrease was driven by the combination of a declining stock of NPLs and an increase in the stock of total loans. At the country level, the average NPL ratio ranged from 0.62% in Luxembourg to 10.49% in Greece. Across business model categories, custodians and asset managers reported the lowest aggregate NPL ratio (0.19%) and diversified lenders reported the highest (3.64%).

Chart 4

Non-performing loans by reference period

(EUR billions; percentages)



Source: ECB.

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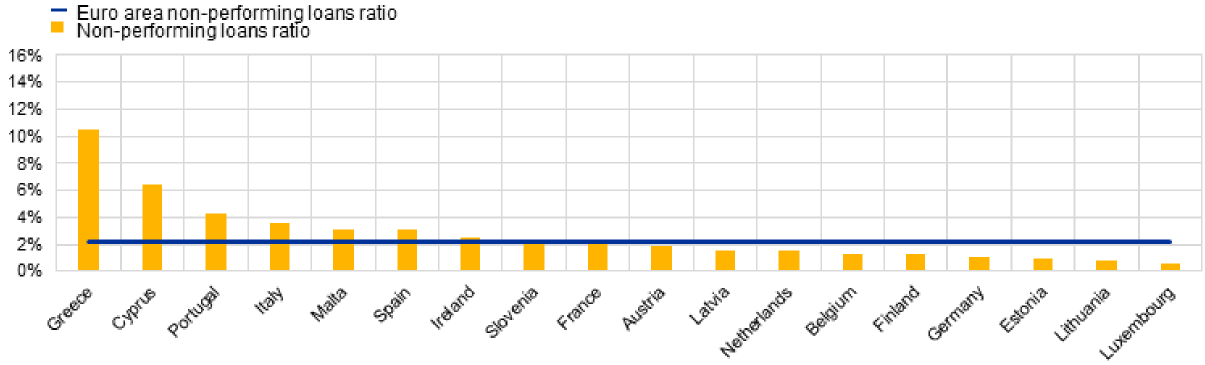
Chart 5

Non-performing loans ratio by country for the third quarter of 2021

(percentages)

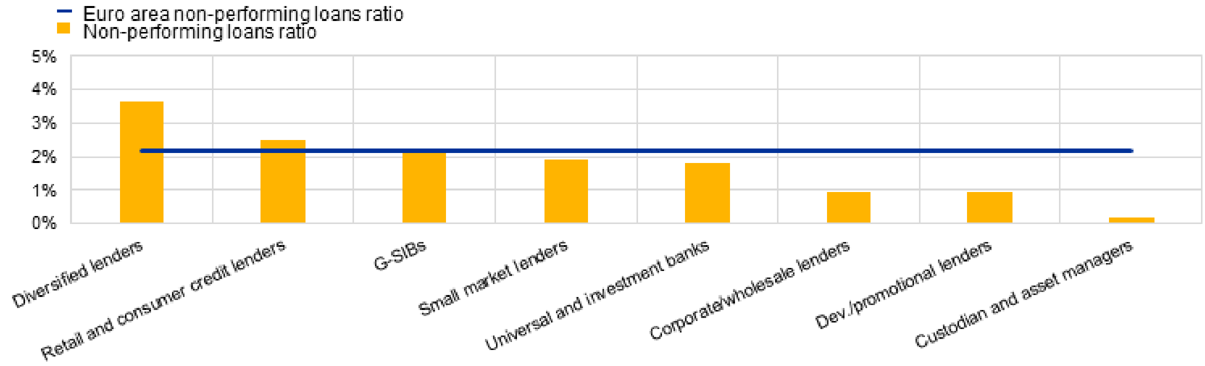


Source: ECB.
Note: Some countries participating in European banking supervision are not included in this chart, either for confidentiality reasons or because there are no significant institutions at the highest level of consolidation in that country.

Chart 6

Non-performing loans ratio by business model for the third quarter of 2021

(percentages)



Source: ECB.
Note: G-SIBs stands for global systemically important banks. “Dev./promotional lenders” stands for Development/promotional lenders.

Return on equity

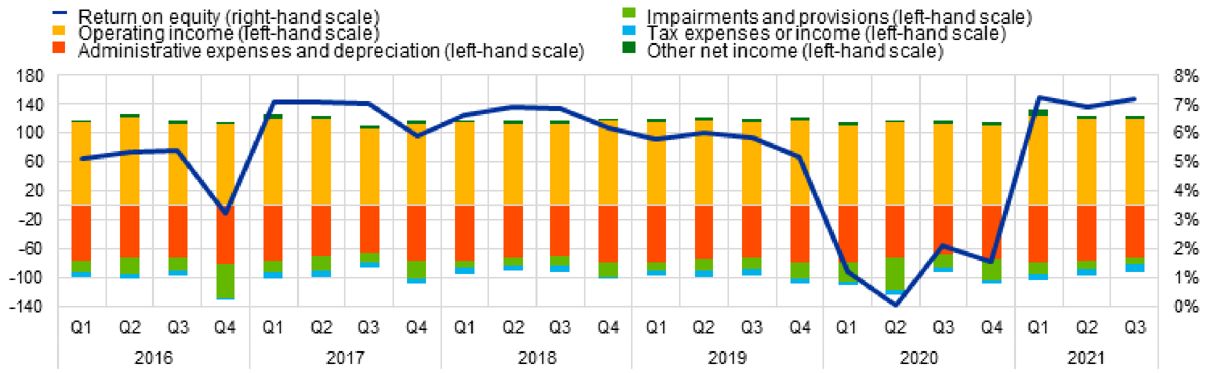
The aggregated annualised return on equity stood at 7.19% in the third quarter of 2021 (compared with 6.92% in the second quarter, and up from 2.12% one year ago). The generation of operating income remained largely stable (€119 billion in the third quarter of 2021, up from €118 billion in the second quarter), while administrative expenses and depreciation as well as impairments and provisions decreased. Impairments and provisions accounted for -€10 billion of the profit and loss in the third quarter of 2021, the lowest level since the first quarter of 2018.

The cost of risk decreased to 0.53% in the third quarter of 2021 (compared with 0.57% in the second quarter, and down from 0.67% one year ago).

Chart 7

Return on equity and composition of net profit and loss by reference period

(EUR billions; percentages)

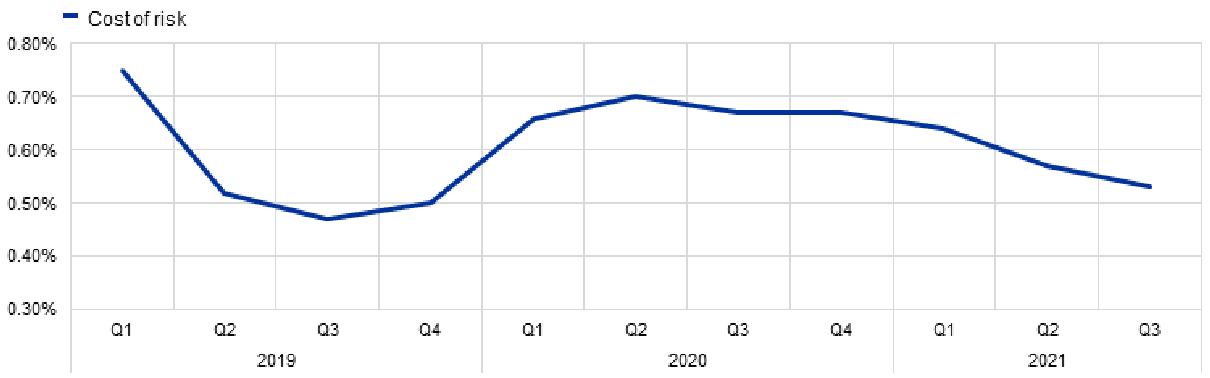


Source: ECB.

Chart 8

Cost of risk by reference period

(percentages)



Source: ECB.

Funding

The aggregate loan-to-deposit ratio decreased to 104.03% in the third quarter of 2021, down from 104.74% in the previous quarter. The third consecutive quarter-to-quarter increase in loans and advances to non-financial corporations and households (+€74 billion compared with the second quarter of 2021) was overcompensated by another increase in their deposits (+€143 billion compared with the second quarter of 2021).

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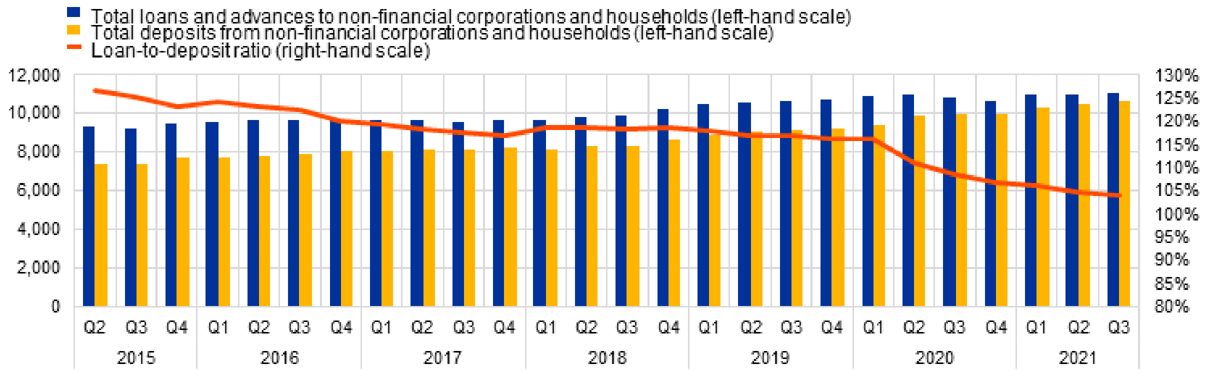
Chart 9

Loan-to-deposit ratio by reference period

(EUR billions; percentages)



Source: ECB.

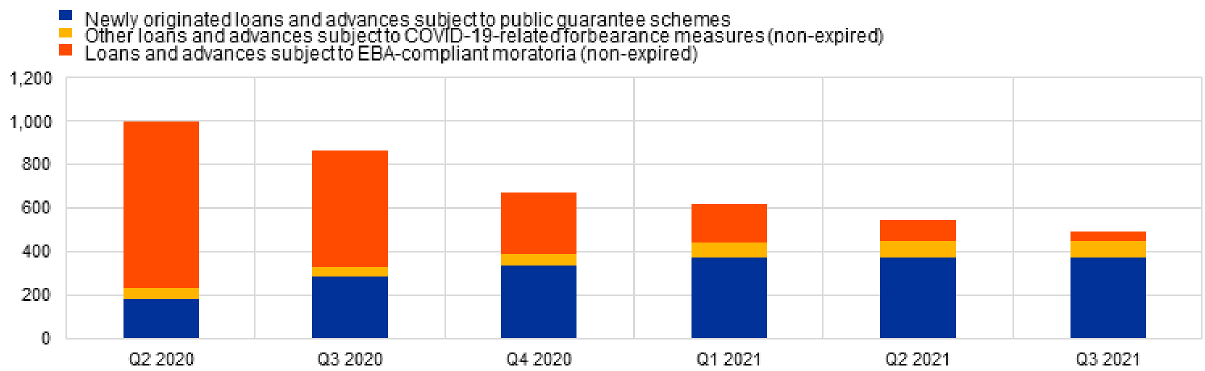
Loans and advances subject to COVID-19-related measures

In the third quarter of 2021 the total loans and advances subject to COVID-19-related measures decreased further to €494 billion, down from €548 billion in the previous quarter. The decrease was driven by loans and advances subject to non-expired moratoria compliant with European Banking Authority (EBA) guidelines, which declined to €44 billion from €102 billion in the second quarter of 2021.

Chart 10

Loans and advances subject to COVID-19-related measures by reference period

(EUR billions)



Source: ECB.

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Factors affecting changes

Supervisory banking statistics are calculated by aggregating the data that are reported by banks which report COREP (capital adequacy information) and FINREP (financial information) at the relevant point in time. Consequently, changes from one quarter to the next can be influenced by the following factors:

- changes in the sample of reporting institutions;
- mergers and acquisitions;
- reclassifications (e.g. portfolio shifts as a result of certain assets being reclassified from one accounting portfolio to another).

For media queries, please contact Philippe Rispal, tel.: +49 69 1344 5482.

Notes

- The complete set of Supervisory banking statistics with additional quantitative risk indicators is available on the ECB's banking supervision website.

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