DEUTSCHE BUNDESBANK
EUROSYSTEM

FINANCIAL STABILITY REVIEW 2025

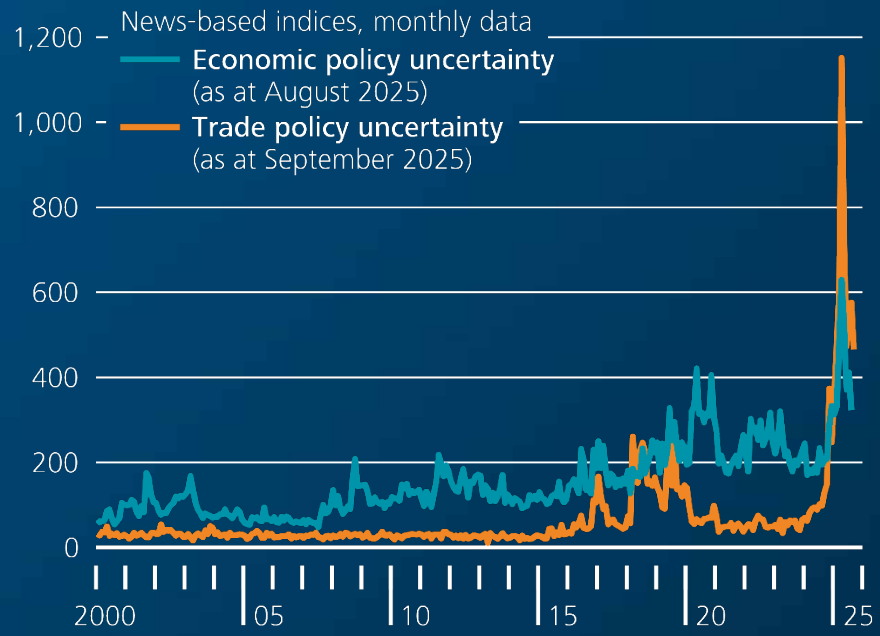
Press conference, 6 November 2025

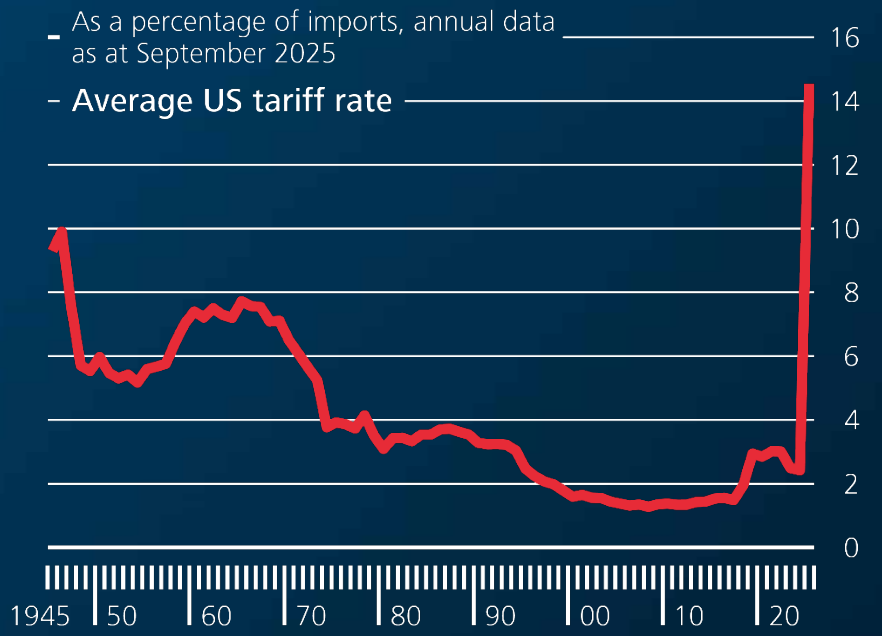
Macro-financial environment

Challenges and risks

Photo: aerial-drone – stock.adobe.com

Greater economic and trade policy uncertainty





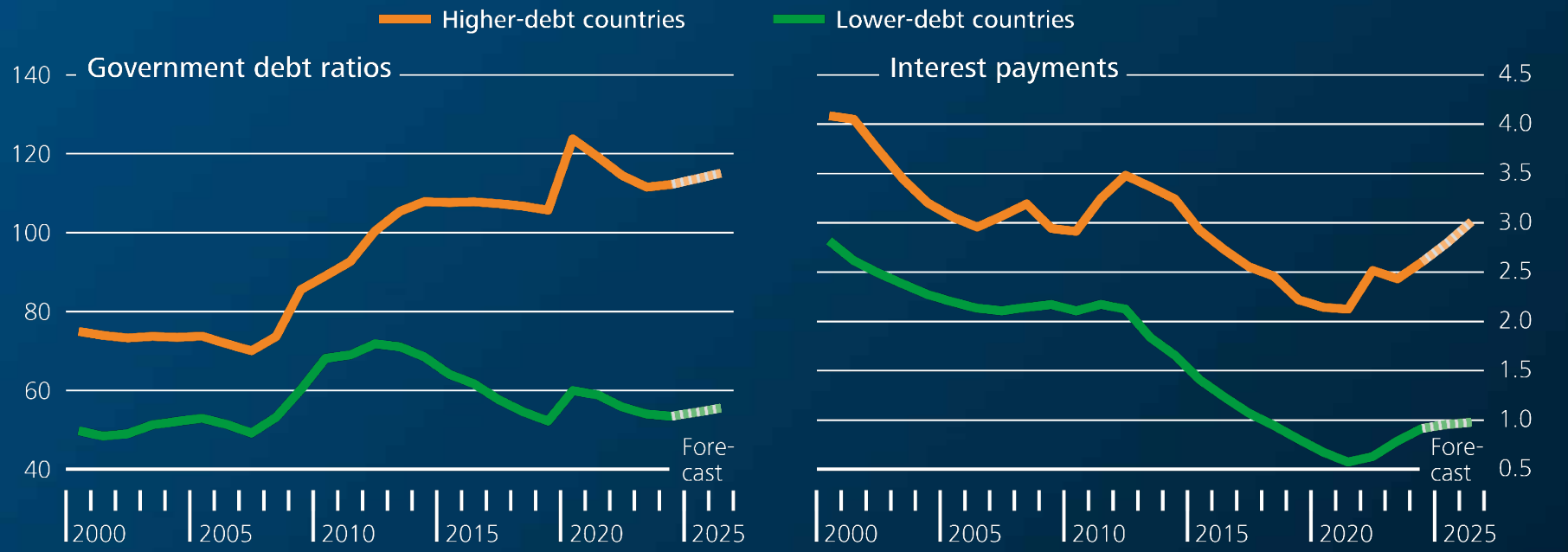
Rising government debt

Risks to financial stability

Photo: Marco Scisetti – stock.adobe.com

Rising government debt in euro area countries, especially in higher-debt countries

As a percentage of GDP, as at Q2 2025



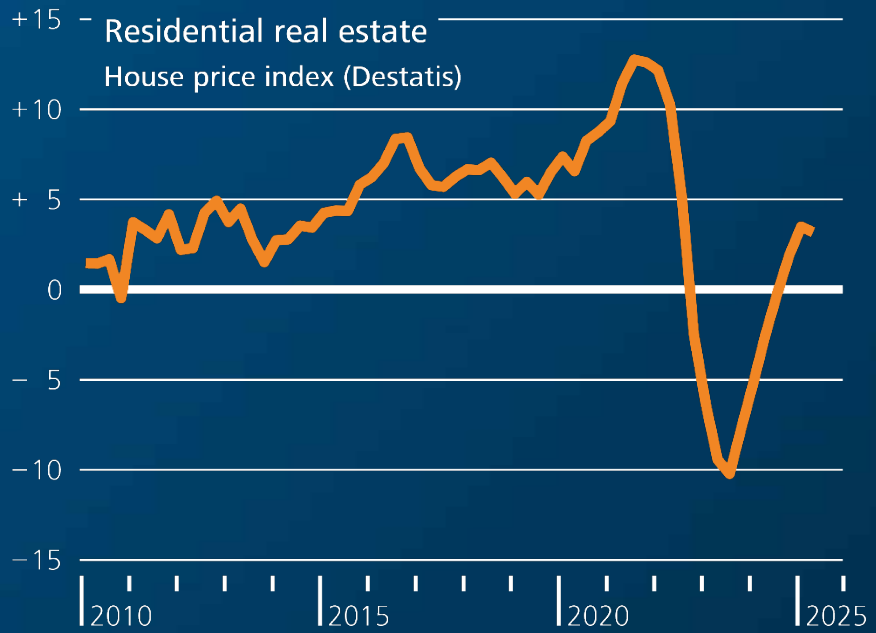
Credit and assets

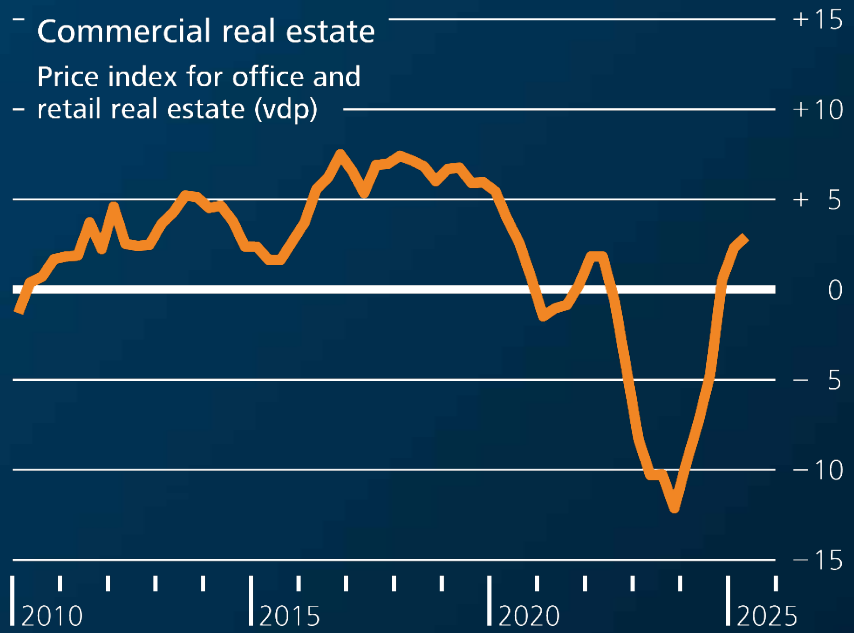
State of the financial cycle

Photo: peterschreiber.media – stock.adobe.com

Signs of recovery in residential real estate market, fragile situation in commercial real estate market despite stabilisation of prices

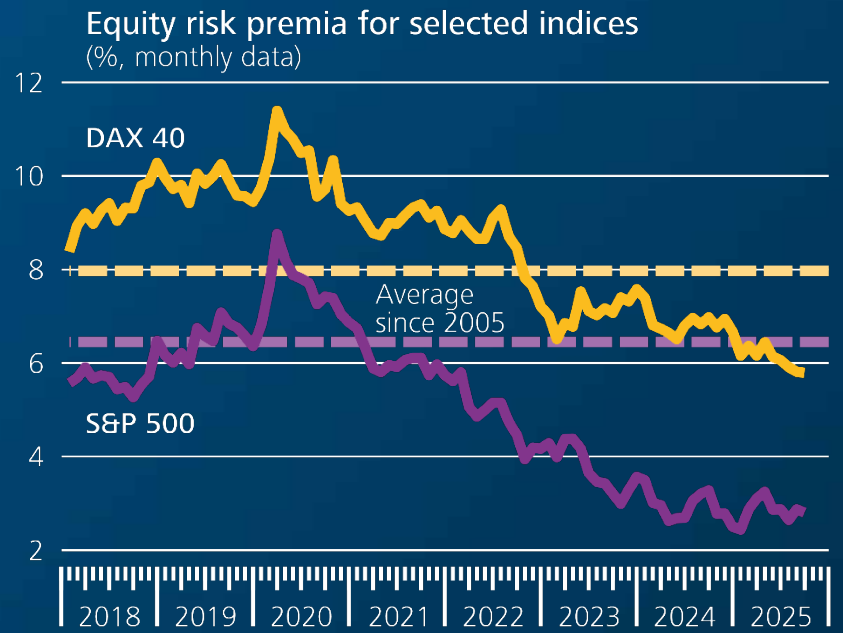
Year-on-year percentage change, quarterly data, as at Q2 2025

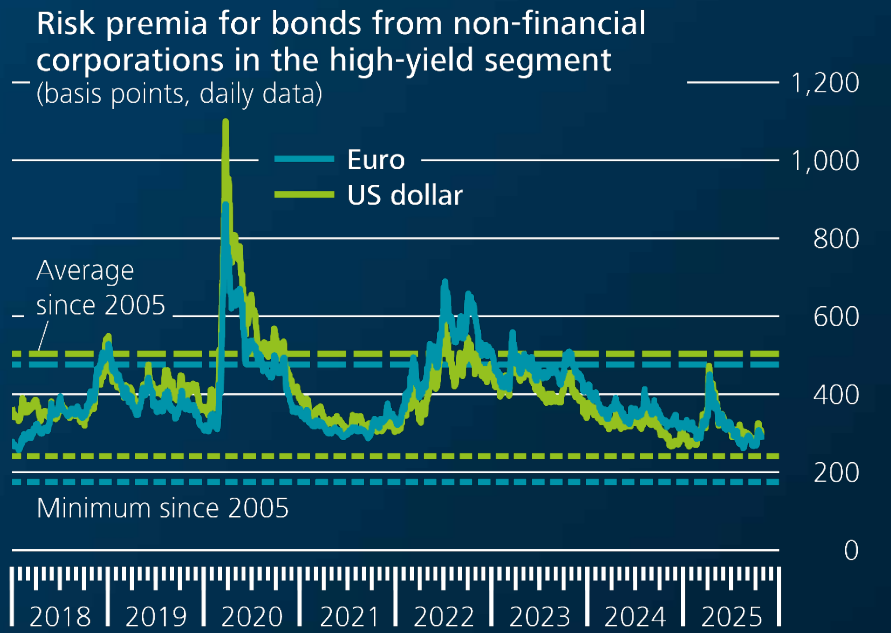




Market risk due to high valuations, possibility of abrupt market price corrections

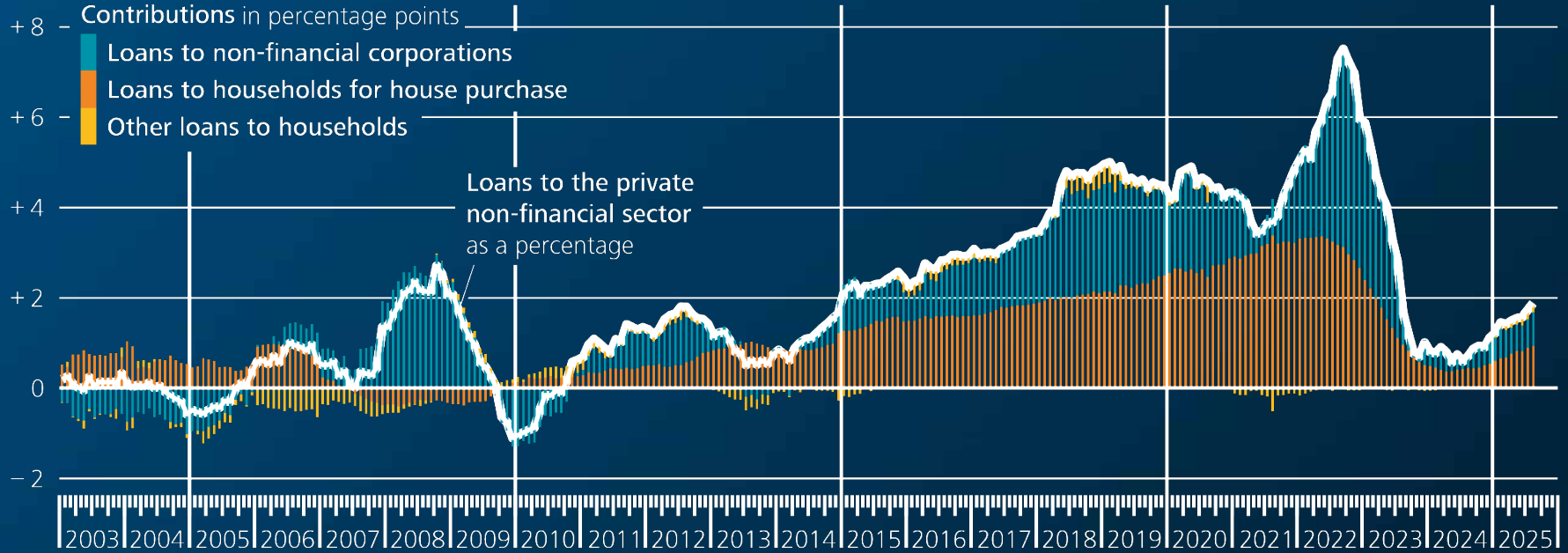
As at 24 October 2025





Lending by German banking sector remains subdued, but showing slight recovery

Year-on-year change, monthly data, as at August 2025

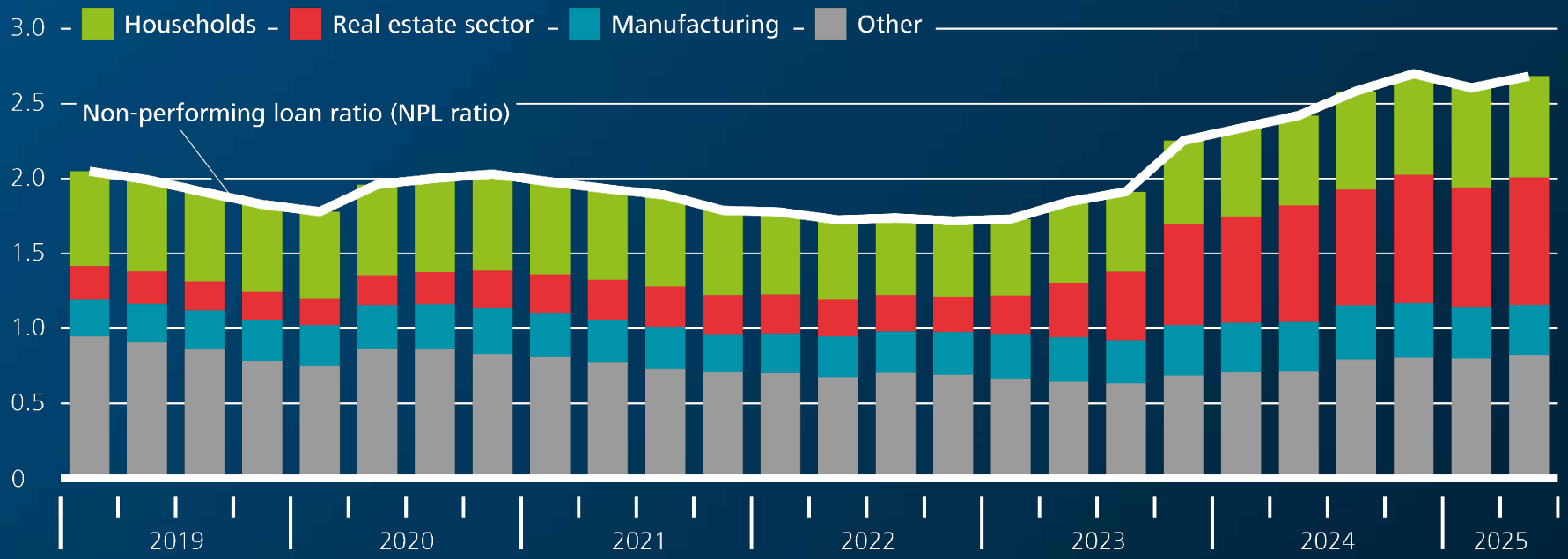


State of the financial system

Situation for banks

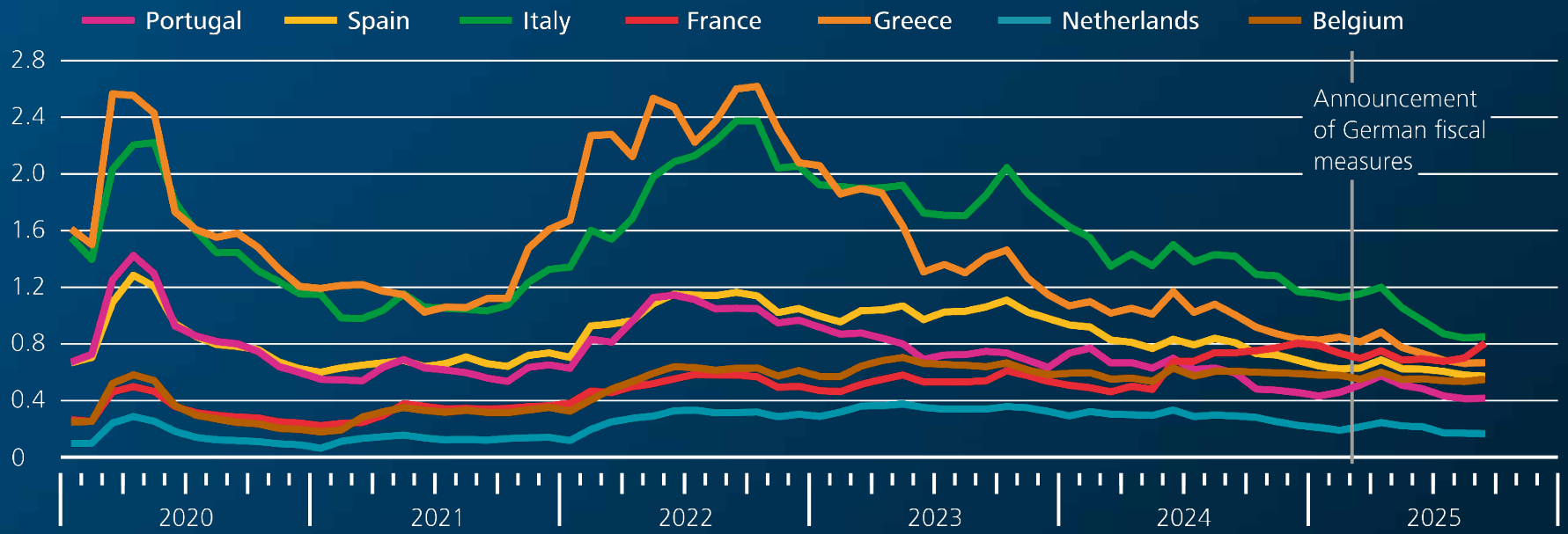
Credit risk: rise in non-performing loans, particularly in real estate sector

%, as at Q2 2025



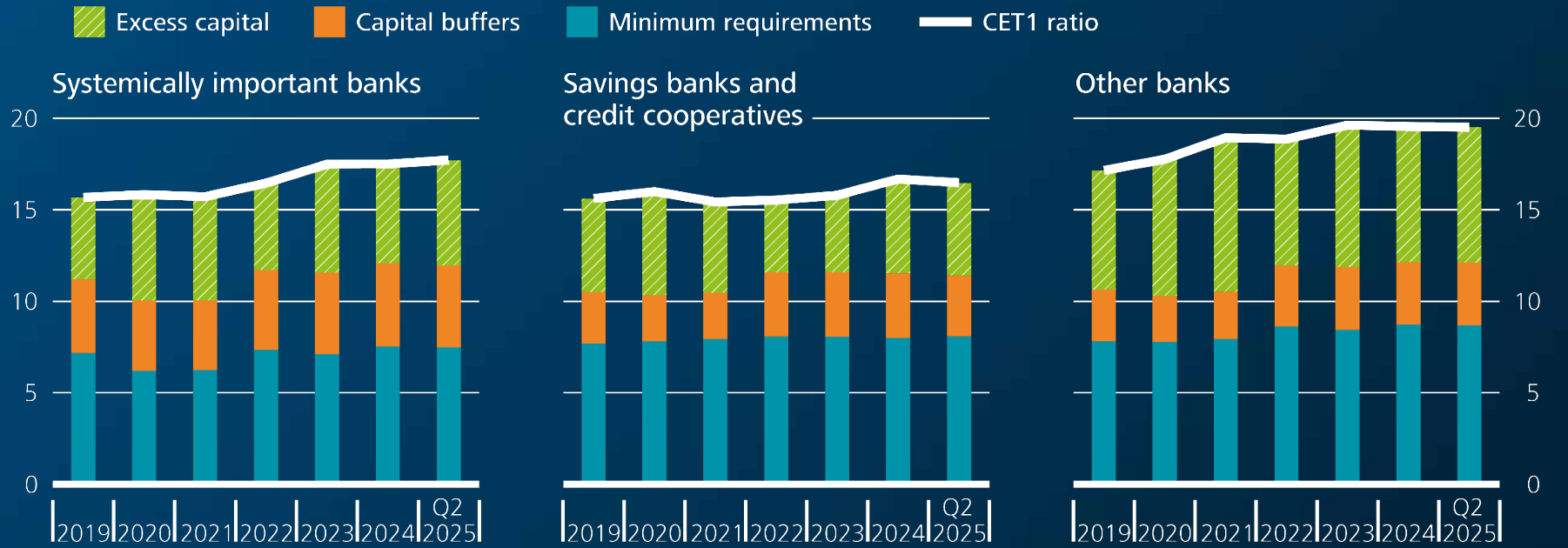
Market risk: yield spreads over German government bonds significantly narrowed

Percentage points, monthly averages, as at 24 Ocober 2025



High regulatory capital ratios, but low risk weights: resilience overestimated?

As a percentage of risk-weighted assets at year-end, as at Q2 2025



Non-bank financial intermediaries

Growing importance
and risks from interconnectedness

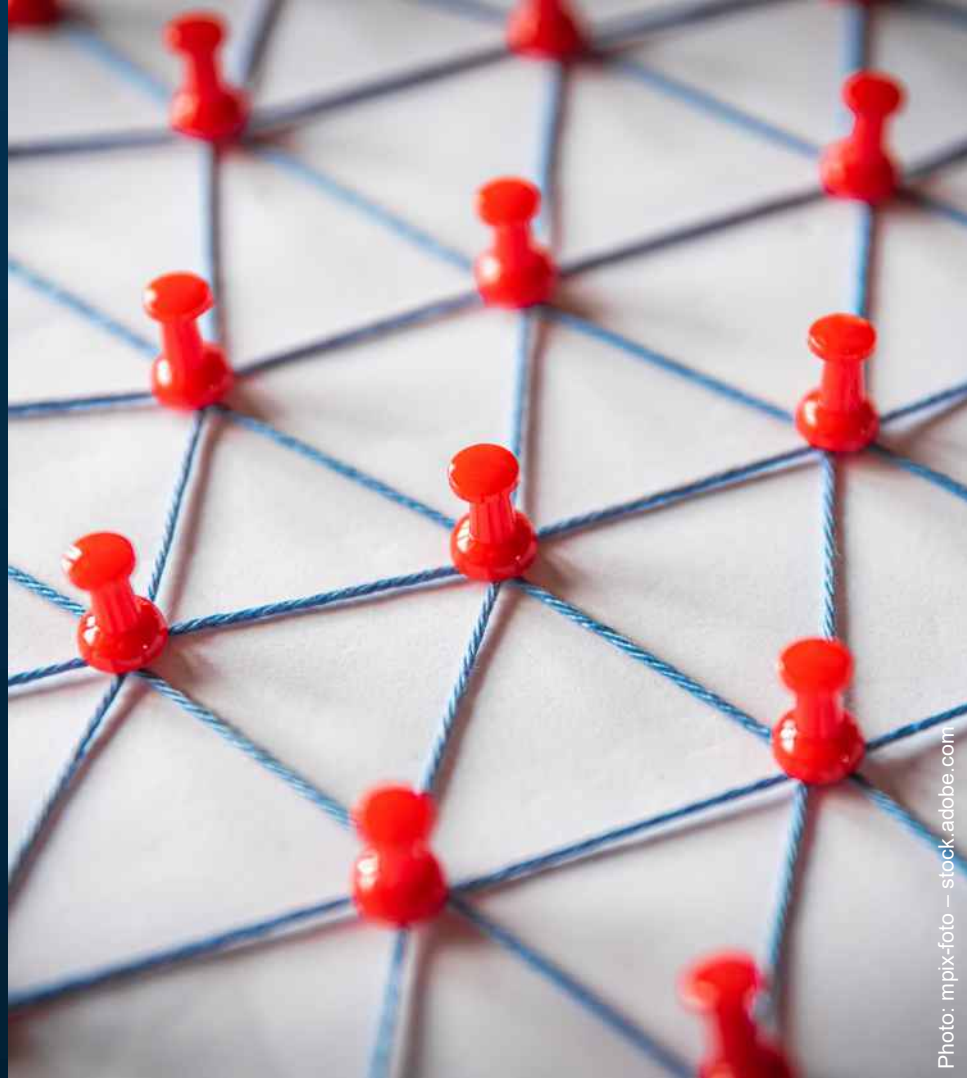
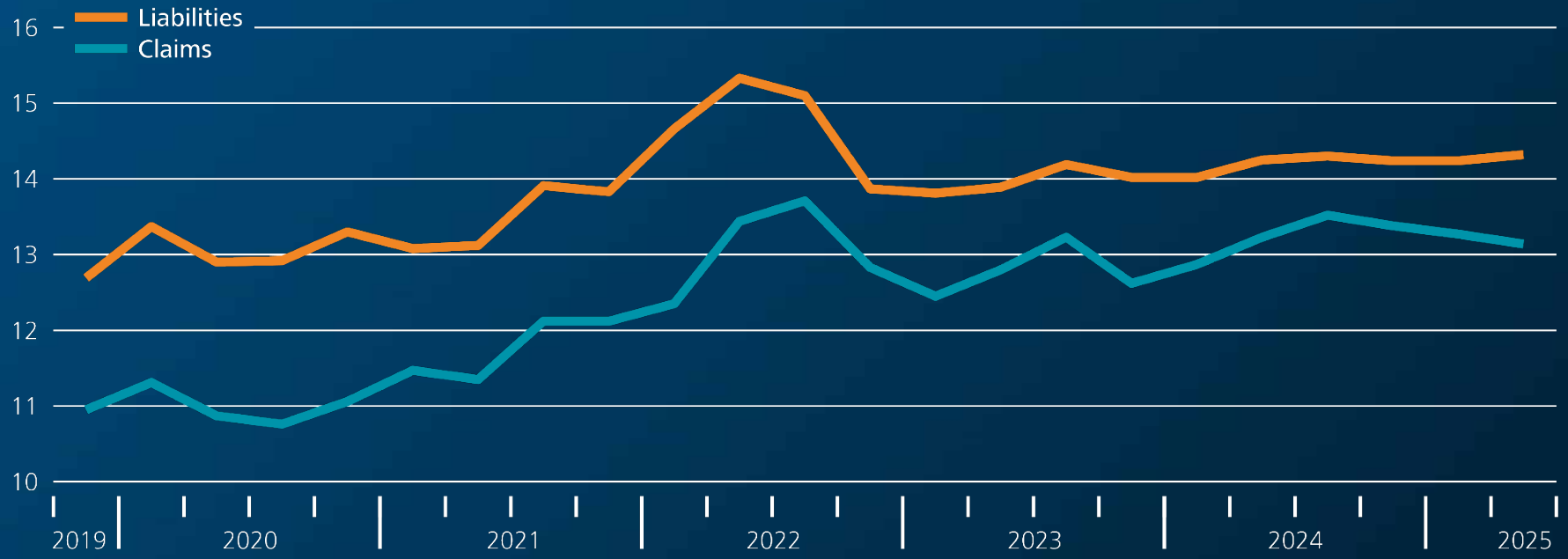


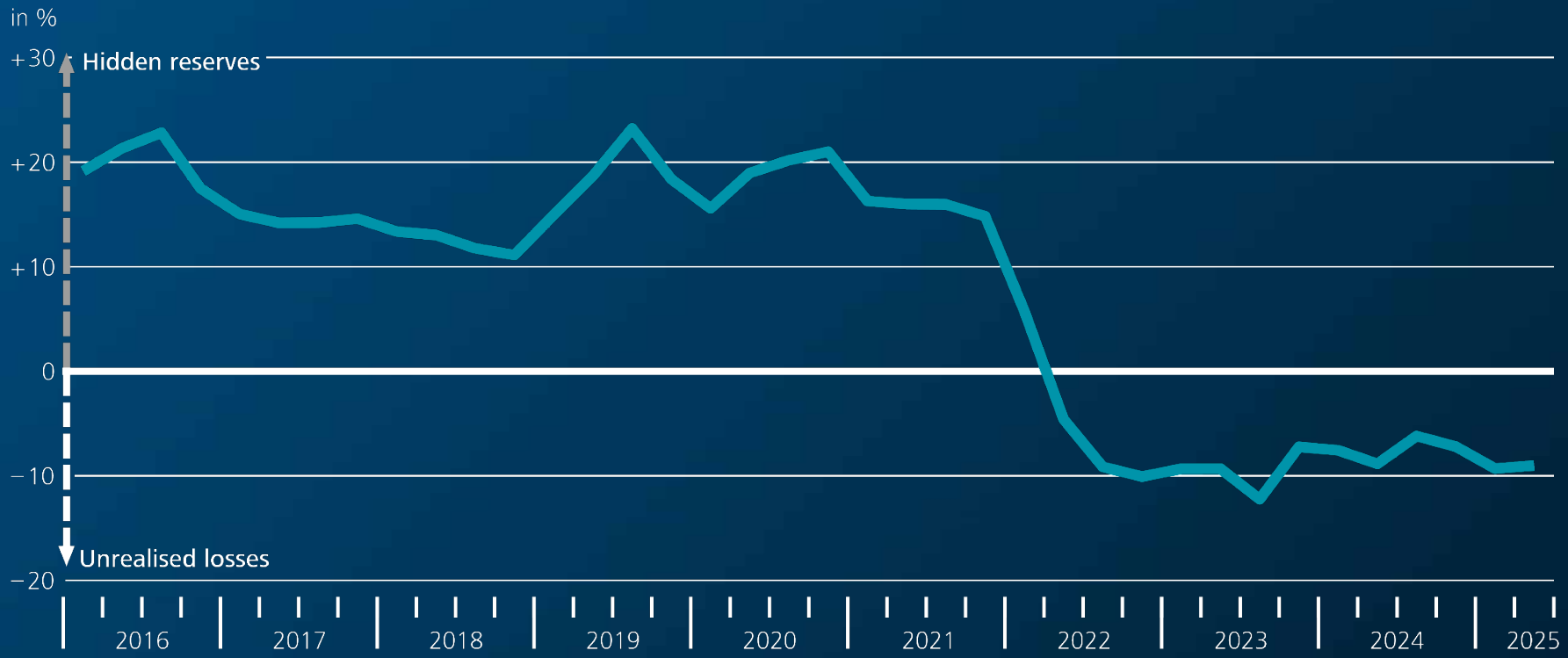
Photo: mpix-foto – stock.adobe.com

Funds, insurance companies and other NBFIs increasingly interconnected with each other and with banks

As a percentage of total banking system assets, as at Q2 2025



Unrealised losses may restrict stabilising behaviour of insurance companies



Implications for macroprudential policy

Photo: MDBP IXS – stock.adobe.com

Package of macroprudential measures appropriate

Simplify banking regulation, safeguard resilience

NBFI risks from interconnectedness: strengthen macroprudential surveillance, share data across borders

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Key messages on the risk situation

Increasing market risk –
trade policy, geopolitical and fiscal burdens

Greater credit risk in the banking sector

Challenges to macroprudential surveillance from NBFI interconnectedness