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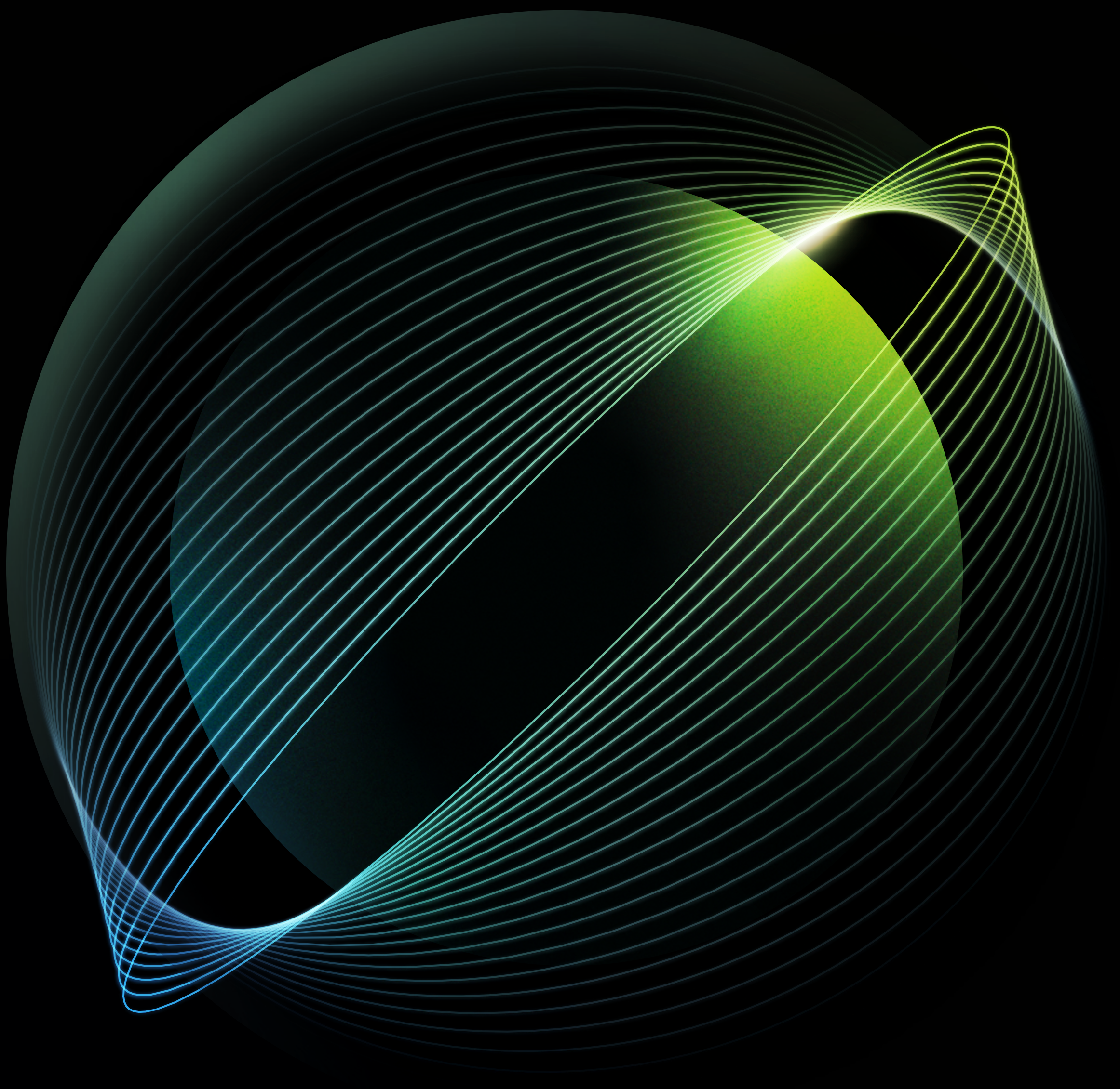

RESILIENT GROWTH:

CEE Banking Sector Strengthens Amid Stabilizing Macroeconomic Environment

2024

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FOREWORD

The Central and Eastern European banking sector enters 2025 with cautious optimism as it navigates amid a stabilizing macroeconomic environment. Easing inflation, moderating interest rates, and resilient labor markets signal a gradual recovery in demand and continued opportunities for growth. These factors underline the sector's adaptability and its ability to thrive amidst evolving challenges.

In recent years, the region's banking sector has showcased its resilience, achieving record profitability and successfully navigating geopolitical and economic uncertainties. Consolidation remains a key theme, with larger institutions leveraging economies of scale to strengthen their positions and rationalize fragmented markets. Additionally, the sector is witnessing an increased focus on resolution frameworks, enhancing financial stability and ensuring preparedness for emerging risks. Simultaneously, the growing interest in IPO activity signals a robust appetite for expanding market opportunities and attracting investment.

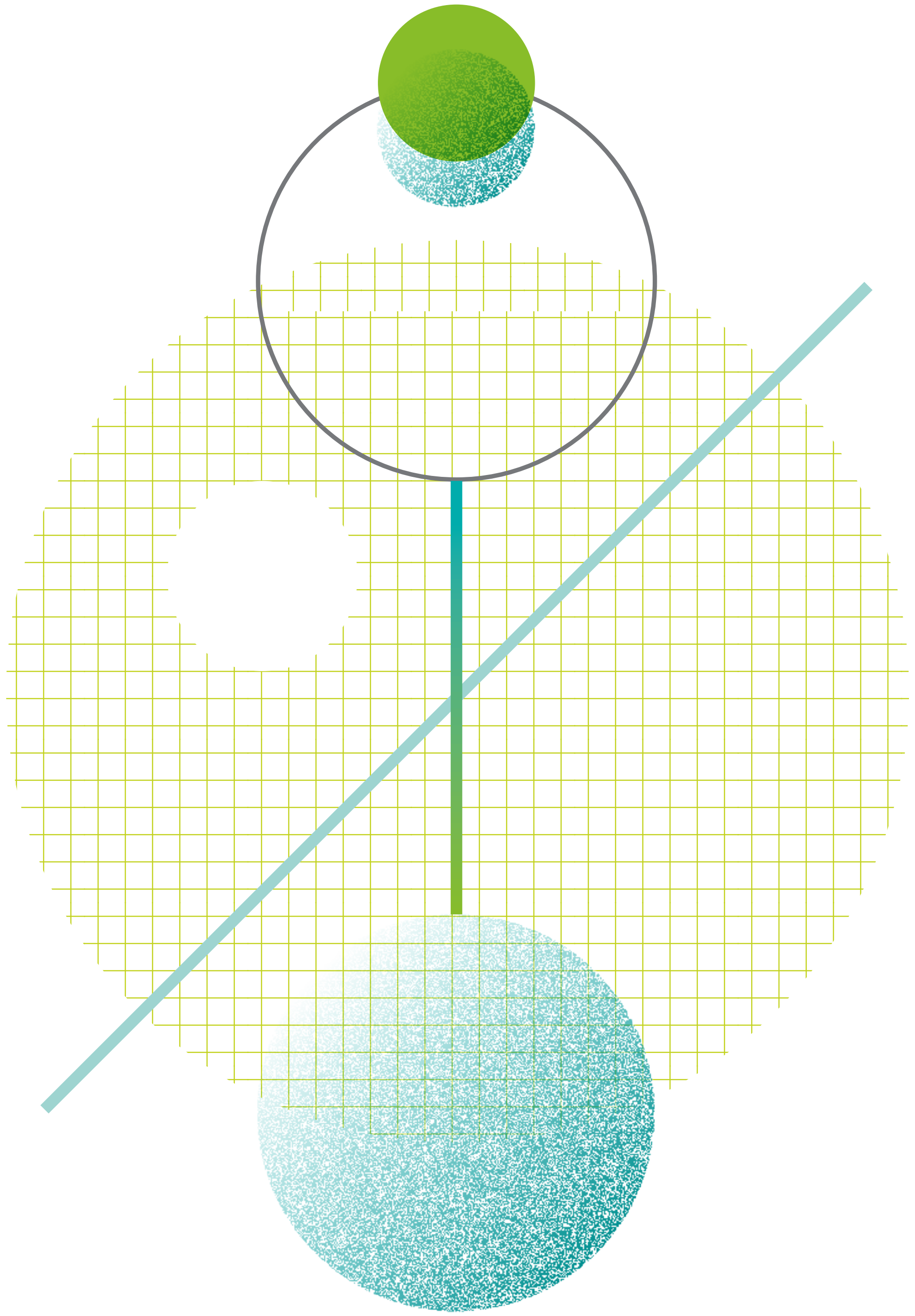
Technological transformation also continues to redefine the sector, as banks invest in digitalization to optimize operations and enhance customer experiences. These advancements are shaping a more integrated and competitive financial ecosystem, aiming to ensure that the region remains at the forefront of innovation.

The 7th edition of the Deloitte Banking M&A Study explores these pivotal trends, with a focus on resolution frameworks, IPO activities, and the broader dynamics driving the evolution and M&A activity of the sector. By providing a comprehensive view of the region's banking M&A landscape, this study aims to support stakeholders in navigating a period of transformation and opportunity.

We hope this study serves as an invaluable resource for banks, investors, and policymakers, fostering dialogue and strategies that ensure the CEE banking sector remains a cornerstone of economic growth and resilience, also supported by healthy banking M&A markets.

Balazs Biro

CE regional Financial Services Industry Leader



Summary of key figures between 2021 and 2024 H1

TOTAL ASSETS (EUR BN)						
COUNTRY	**2021**	**2022**	**2023**	**2024H1**	**Δ 2022-2023**	**Δ 2023-2024H1**
Albania	14.7	16.4	18.9	19.9	15.1% ▲	5.4% ▲
Bosnia and Herzegovina	18.4	19.1	20.2	21.0	5.7% ▲	3.9% ▲
Bulgaria	69.2	79.5	88.0	91.2	10.7% ▲	3.7% ▲
Croatia	67.1	76.3	78.9	78.4	3.4% ▲	-0.6% ▼
Czech Republic	342.8	368.9	399.9	424.7	8.4% ▲	6.2% ▲
Estonia	54.3	53.1	56.1	58.7	5.8% ▲	4.5% ▲
Hungary	166.6	179.7	193.8	196.6	7.9% ▲	1.4% ▲
Latvia	24.8	27.0	27.9	28.1	3.1% ▲	0.9% ▲
Lithuania	44.4	57.4	63.6	66.2	10.7% ▲	4.1% ▲
Poland	556.3	579.0	688.7	721.6	18.9% ▲	4.8% ▲
Romania	140.3	154.2	171.4	174.2	11.1% ▲	1.6% ▲
Serbia	44.7	48.3	52.7	54.9	9.1% ▲	4.2% ▲
Slovakia	104.8	112.2	120.9	119.6	7.8% ▲	-1.1% ▼
Slovenia	48.3	50.6	53.1	53.6	5.0% ▲	1.0% ▲
Total	**1,696.4**	**1,821.8**	**2,034.2**	**2,108.8**	**11.7%** ▲	**3.7%** ▲

TOTAL LOANS (EUR BN)						
COUNTRY	**2021**	**2022**	**2023**	**2024H1**	**Δ 2022-2023**	**Δ 2023-2024H1**
Albania	5.3	6.0	6.8	7.6	14.1% ▲	10.4% ▲
Bosnia and Herzegovina	10.8	11.3	12.0	12.7	6.6% ▲	5.5% ▲
Bulgaria	40.3	47.4	52.7	56.7	11.3% ▲	7.5% ▲
Croatia	55.6	63.7	64.9	65.0	2.0% ▲	0.1% ●
Czech Republic	154.7	168.7	176.2	178.3	4.5% ▲	1.2% ▲
Estonia	22.4	25.0	27.3	27.9	9.3% ▲	2.0% ▲
Hungary	80.1	88.2	96.5	97.3	9.5% ▲	0.8% ▲
Latvia	14.3	17.6	17.3	19.3	-1.6% ▼	11.4% ▲
Lithuania	39.7	50.1	55.0	57.9	9.9% ▲	5.2% ▲
Poland	325.5	332.3	367.5	378.8	10.6% ▲	3.1% ▲
Romania	95.6	103.4	115.5	116.7	11.6% ▲	1.0% ▲
Serbia	25.5	27.3	27.6	28.7	1.3% ▲	3.8% ▲
Slovakia	89.3	95.8	102.8	100.6	7.3% ▲	-2.2% ▼
Slovenia	26.7	29.5	28.6	29.4	-3.0% ▼	2.7% ▲
Total	**985.8**	**1,066.1**	**1,150.9**	**1,176.6**	**8.0%** ▲	**2.2%** ▲

TOTAL EQUITY (EUR BN)						
COUNTRY	**2021**	**2022**	**2023**	**2024H1**	**Δ 2022-2023**	**Δ 2023-2024H1**
Albania	1.5	1.6	1.9	2.0	16.6% ▲	8.6% ▲
Bosnia and Herzegovina	2.2	2.1	2.4	2.6	12.3% ▲	7.2% ▲
Bulgaria	8.5	8.8	10.2	10.8	15.8% ▲	5.5% ▲
Croatia	8.8	8.5	8.9	8.7	5.0% ▲	-2.3% ▼
Czech Republic	28.2	29.2	31.3	29.9	7.0% ▲	-4.2% ▼
Estonia	5.4	5.4	5.9	5.5	9.1% ▲	-7.0% ▼
Hungary	15.4	15.9	20.0	20.4	26.2% ▲	2.0% ▲
Latvia	3.1	3.2	3.6	3.4	12.8% ▲	-5.4% ▼
Lithuania	3.7	4.3	5.3	5.3	23.6% ▲	-0.5% ▼
Poland	43.4	43.2	59.1	60.1	36.9% ▲	1.8% ▲
Romania	17.7	17.1	19.6	19.8	14.6% ▲	0.9% ▲
Serbia	5.8	5.9	6.5	6.7	10.3% ▲	3.3% ▲
Slovakia	10.0	10.4	11.3	11.8	8.2% ▲	5.0% ▲
Slovenia	5.1	5.2	6.1	6.2	18.0% ▲	1.4% ▲
Total	**158.7**	**160.8**	**192.0**	**193.2**	**19.4%** ▲	**0.6%** ▲

RETAIL NPL RATIO (%)						
COUNTRY	**2021**	**2022**	**2023**	**2024H1**	**Δ 2022-2023**	**Δ 2023-2024H1**
Bosnia and Herzegovina	5.8%	4.6%	3.8%	3.5%	-0.8% ▼	-0.3% ▼
Bulgaria	5.7%	4.0%	3.1%	2.9%	-0.9% ▼	-0.2% ▼
Croatia	6.6%	5.0%	4.2%	4.0%	-0.8% ▼	-0.2% ▼
Czech Republic	1.5%	1.3%	1.3%	1.3%	0.0% ●	0.0% ●
Estonia	0.2%	0.2%	0.2%	0.3%	0.1% ▲	0.1% ▲
Hungary	4.3%	4.6%	2.9%	2.4%	-1.7% ▼	-0.5% ▼
Latvia	2.7%	1.9%	2.1%	2.2%	0.3% ▲	0.0% ●
Lithuania	1.0%	0.8%	1.2%	1.3%	0.4% ▲	0.1% ▲
Poland	5.1%	5.1%	5.1%	4.5%	0.0% ●	-0.6% ▼
Romania	3.2%	3.0%	3.2%	3.2%	0.2% ▲	0.0% ●
Serbia	4.1%	3.9%	4.3%	3.9%	0.4% ▲	-0.4% ▼
Slovakia	2.0%	1.8%	1.8%	1.8%	0.0% ●	0.1% ▲
Slovenia	2.3%	1.9%	1.9%	1.8%	-0.1% ▼	-0.1% ▼
Average	**3.4%**	**2.9%**	**2.7%**	**2.6%**	**-0.2%** ▼	**-0.1%** ▼

Please note that retail NPL ratio was not available for Albania.

CORPORATE NPL RATIO (%)						
COUNTRY	**2021**	**2022**	**2023**	**2024H1**	**Δ 2022-2023**	**Δ 2023-2024H1**
Bosnia and Herzegovina	7.0%	5.0%	4.0%	3.6%	-1.0% ▼	-0.4% ▼
Bulgaria	7.9%	6.6%	5.2%	5.4%	-1.5% ▼	0.3% ▲
Croatia	9.9%	6.4%	5.1%	4.6%	-1.4% ▼	-0.4% ▼
Czech Republic	3.8%	3.4%	2.6%	2.5%	-0.8% ▼	-0.1% ▼
Estonia	0.2%	0.2%	0.2%	0.2%	0.0% ●	0.0% ●
Hungary	4.4%	4.1%	4.1%	4.1%	0.0% ●	0.0% ●
Latvia	6.6%	5.1%	4.4%	4.2%	-0.7% ▼	-0.2% ▼
Lithuania	1.7%	1.5%	1.5%	1.6%	0.0% ●	0.1% ▲
Poland	7.4%	6.5%	6.1%	6.2%	-0.3% ▼	0.0% ●
Romania	5.7%	4.3%	3.8%	3.8%	-0.5% ▼	0.0% ●
Serbia	2.9%	2.1%	2.1%	2.1%	0.0% ●	0.0% ●
Slovakia	2.8%	2.4%	2.8%	2.8%	0.4% ▲	0.0% ●
Slovenia	3.7%	3.0%	3.0%	3.0%	0.0% ●	0.0% ●
Average	**4.9%**	**3.9%**	**3.5%**	**3.4%**	**-0.4%** ▼	**-0.1%** ▼

Please note that corporate NPL ratio was not available for Albania.

TOTAL NPL RATIO (%)						
COUNTRY	**2021**	**2022**	**2023**	**2024H1**	**Δ 2022-2023**	**Δ 2023-2024H1**
Albania	5.7%	5.0%	4.7%	4.7%	-0.3% ▼	0.0% ●
Bosnia and Herzegovina	6.4%	4.8%	3.9%	3.5%	-0.9% ▼	-0.4% ▼
Bulgaria	6.0%	4.6%	3.6%	3.6%	-1.0% ▼	0.0% ●
Croatia	4.3%	3.0%	2.6%	2.6%	-0.4% ▼	-0.1% ▼
Czech Republic	2.4%	1.9%	1.7%	1.7%	-0.3% ▼	0.0% ●
Estonia	0.2%	0.2%	0.2%	0.2%	0.0% ●	0.0% ●
Hungary	2.9%	3.0%	2.3%	2.1%	-0.7% ▼	-0.2% ▼
Latvia	3.7%	2.4%	2.5%	2.3%	0.1% ▲	-0.3% ▼
Lithuania	0.7%	0.5%	0.6%	0.7%	0.1% ▲	0.1% ▲
Poland	4.6%	4.2%	3.9%	3.7%	-0.3% ▼	-0.3% ▼
Romania	3.4%	2.7%	2.4%	2.5%	-0.3% ▼	0.1% ▲
Serbia	3.6%	3.0%	3.2%	2.9%	0.2% ▲	-0.3% ▼
Slovakia	1.7%	1.6%	1.6%	1.6%	0.0% ●	0.1% ▲
Slovenia	2.4%	2.1%	2.1%	2.0%	-0.1% ▼	-0.1% ▼
Average	**3.4%**	**2.8%**	**2.5%**	**2.4%**	**-0.3%** ▼	**-0.1%** ▼

ROE (%)

COUNTRY	2021	2022	2023	2024H1	Δ 2022-2023	Δ 2023-2024H1
Albania	12.9%	12.3%	17.3%	18.5%	5.0% ▲	1.3% ▲
Bosnia and Herzegovina	9.6%	12.0%	15.0%	18.4%	3.0% ▲	3.4% ▲
Bulgaria	8.9%	12.3%	18.3%	17.6%	6.1% ▲	-0.7% ▼
Croatia	8.8%	8.2%	15.5%	18.2%	7.3% ▲	2.7% ▲
Czech Republic	10.3%	14.6%	14.1%	15.7%	-0.5% ▼	1.6% ▲
Estonia	7.5%	9.1%	16.7%	20.5%	7.6% ▲	3.8% ▲
Hungary	9.5%	8.1%	21.1%	24.7%	13.0% ▲	3.5% ▲
Latvia	9.5%	10.2%	18.1%	17.3%	7.9% ▲	-0.9% ▼
Lithuania	10.3%	14.2%	23.6%	21.4%	9.4% ▲	-2.2% ▼
Poland	2.9%	5.3%	12.0%	14.7%	6.8% ▲	2.6% ▲
Romania	13.3%	16.4%	20.1%	20.1%	3.7% ▲	0.0% ●
Serbia	7.8%	13.9%	18.1%	22.7%	4.2% ▲	4.6% ▲
Slovakia	8.4%	9.4%	11.5%	10.0%	2.1% ▲	-1.6% ▼
Slovenia	11.3%	10.8%	20.6%	19.5%	9.8% ▲	-1.2% ▼
Average	**9.4%**	**11.2%**	**17.3%**	**18.5%**	**6.1%** ▲	**1.2%** ▲

ROA (%)

COUNTRY	2021	2022	2023	2024H1	Δ 2022-2023	Δ 2023-2024H1
Albania	1.4%	1.4%	2.0%	2.2%	0.6% ▲	0.2% ▲
Bosnia and Herzegovina	1.3%	1.6%	2.0%	2.5%	0.4% ▲	0.5% ▲
Bulgaria	1.1%	1.4%	2.1%	2.1%	0.7% ▲	0.0% ●
Croatia	1.2%	1.0%	1.8%	2.1%	0.8% ▲	0.3% ▲
Czech Republic	0.9%	1.2%	1.1%	1.2%	-0.1% ▼	0.1% ▲
Estonia	0.8%	0.9%	1.7%	2.0%	0.8% ▲	0.3% ▲
Hungary	0.9%	0.7%	2.1%	2.6%	1.4% ▲	0.5% ▲
Latvia	1.2%	1.2%	2.3%	2.2%	1.0% ▲	-0.1% ▼
Lithuania	0.8%	1.0%	1.7%	1.6%	0.7% ▲	-0.1% ▼
Poland	0.2%	0.4%	1.0%	1.2%	0.6% ▲	0.3% ▲
Romania	1.4%	1.5%	1.8%	1.8%	0.3% ▲	0.0% ●
Serbia	1.2%	1.9%	2.5%	3.2%	0.5% ▲	0.7% ▲
Slovakia	0.7%	0.8%	1.0%	0.9%	0.3% ▲	-0.1% ▼
Slovenia	1.2%	1.1%	2.2%	2.2%	1.1% ▲	0.0% ●
Average	**1.0%**	**1.2%**	**1.8%**	**2.0%**	**0.6%** ▲	**0.2%** ▲

CIR (%)

COUNTRY	2021	2022	2023	2024H1	Δ 2022-2023	Δ 2023-2024H1
Albania	58.9%	59.2%	52.9%	49.5%	-6.3% ▼	-3.4% ▼
Bosnia and Herzegovina	60.1%	55.7%	52.6%	50.0%	-3.2% ▼	-2.5% ▼
Bulgaria	46.2%	42.7%	36.1%	34.6%	-6.5% ▼	-1.5% ▼
Croatia	49.2%	51.8%	41.0%	39.5%	-10.8% ▼	-1.6% ▼
Czech Republic	48.3%	39.9%	42.0%	40.9%	2.2% ▲	-1.2% ▼
Estonia	45.9%	43.7%	32.3%	27.6%	-11.4% ▼	-4.7% ▼
Hungary	62.2%	60.5%	52.1%	47.9%	-8.4% ▼	-4.1% ▼
Latvia	63.4%	62.8%	43.8%	46.2%	-19.0% ▼	2.4% ▲
Lithuania	63.5%	54.1%	39.3%	43.6%	-14.8% ▼	4.3% ▲
Poland	59.4%	53.6%	47.4%	44.2%	-6.2% ▼	-3.2% ▼
Romania	53.9%	52.1%	47.6%	50.4%	-4.5% ▼	2.8% ▲
Serbia	71.0%	58.7%	53.7%	50.2%	-5.0% ▼	-3.5% ▼
Slovakia	56.8%	53.7%	47.6%	45.7%	-6.1% ▼	-1.8% ▼
Slovenia	59.5%	57.6%	42.0%	45.6%	-15.6% ▼	3.6% ▲
Average	**57.0%**	**53.3%**	**45.0%**	**44.0%**	**-8.3%** ▼	**-1.0%** ▼

OPEX ON AVG. TOTAL ASSETS (%)

COUNTRY	2021	2022	2023	2024H1	Δ 2022-2023	Δ 2023-2024H1
Albania	2.2%	2.1%	2.4%	2.4%	0.3% ▲	0.0% ●
Bosnia and Herzegovina	2.4%	2.3%	2.5%	2.6%	0.2% ▲	0.0% ●
Bulgaria	1.6%	1.5%	1.5%	1.5%	0.0% ●	0.0% ●
Croatia	1.6%	1.5%	1.5%	1.5%	-0.1% ▼	0.1% ▲
Czech Republic	1.1%	1.1%	1.1%	1.0%	0.0% ●	-0.1% ▼
Estonia	0.8%	0.9%	1.0%	1.0%	0.1% ▲	0.0% ●
Hungary	2.3%	2.6%	2.6%	2.7%	0.0% ●	0.1% ▲
Latvia	2.1%	2.1%	2.2%	2.3%	0.1% ▲	0.1% ▲
Lithuania	1.5%	1.5%	1.3%	1.5%	-0.1% ▼	0.2% ▲
Poland	1.6%	1.9%	1.8%	1.7%	-0.1% ▼	0.0% ●
Romania	2.0%	2.1%	n/a	n/a	-2.1% ▼	n/a ●
Serbia	n/a	n/a	n/a	n/a	n/a ●	n/a ●
Slovakia	1.4%	1.3%	1.3%	1.3%	0.0% ●	0.0% ●
Slovenia	1.5%	1.5%	1.6%	1.9%	0.1% ▲	0.3% ▲
Average	**1.7%**	**1.7%**	**1.7%**	**1.8%**	**0.0%** ●	**0.1%** ▲

NIM (%)

COUNTRY	2021	2022	2023	2024H1	Δ 2022-2023	Δ 2023-2024H1
Albania	7.5%	7.8%	10.5%	10.2%	2.6% ▲	-0.3% ▼
Bosnia and Herzegovina	4.0%	4.0%	5.2%	5.3%	1.2% ▲	0.1% ▲
Bulgaria	3.5%	3.6%	4.8%	5.0%	1.2% ▲	0.2% ▲
Croatia	2.4%	2.2%	3.4%	3.5%	1.1% ▲	0.2% ▲
Czech Republic	3.5%	4.4%	4.0%	3.7%	-0.4% ▼	-0.2% ▼
Estonia	2.4%	2.8%	4.9%	4.8%	2.1% ▲	-0.2% ▼
Hungary	3.8%	5.4%	6.2%	6.0%	0.9% ▲	-0.3% ▼
Latvia	3.4%	3.5%	6.3%	6.2%	2.7% ▲	-0.1% ▼
Lithuania	1.3%	1.7%	3.5%	3.6%	1.9% ▲	0.0% ●
Poland	3.2%	4.8%	6.0%	6.1%	1.2% ▲	0.1% ▲
Romania	2.7%	3.0%	3.4%	3.4%	0.4% ▲	0.0% ●
Serbia	n/a	n/a	n/a	n/a	n/a ●	n/a ●
Slovakia	2.0%	1.9%	2.2%	2.4%	0.3% ▲	0.2% ▲
Slovenia	2.4%	2.7%	5.0%	5.5%	2.4% ▲	0.5% ▲
Average	**3.2%**	**3.7%**	**5.0%**	**5.0%**	**1.4%** ▲	**0.0%** ●

COST OF RISK (%)

COUNTRY	2021	2022	2023	2024H1	Δ 2022-2023	Δ 2023-2024H1
Albania	0.2%	0.2%	0.6%	0.7%	0.3% ▲	0.1% ▲
Bosnia and Herzegovina	4.7%	3.8%	3.2%	3.0%	-0.6% ▼	-0.3% ▼
Bulgaria	0.8%	0.7%	0.5%	0.5%	-0.2% ▼	0.0% ●
Croatia	0.3%	0.2%	0.1%	0.2%	-0.1% ▼	0.1% ▲
Czech Republic	0.1%	0.4%	0.2%	0.0%	-0.1% ▼	-0.2% ▼
Estonia	0.1%	0.1%	0.1%	0.0%	0.0% ●	0.0% ●
Hungary	0.5%	1.0%	-0.3%	0.0%	-1.3% ▼	0.3% ▲
Latvia	0.0%	0.4%	0.3%	0.2%	-0.1% ▼	-0.1% ▼
Lithuania	0.0%	0.2%	0.2%	0.1%	0.0% ●	0.0% ●
Poland	1.0%	0.7%	1.1%	0.8%	0.4% ▲	-0.2% ▼
Romania	2.2%	2.2%	1.8%	n/a	-0.4% ▼	-1.8% ▼
Serbia	n/a	n/a	n/a	n/a	0.0% ●	0.0% ●
Slovakia	0.2%	0.2%	0.1%	0.1%	-0.1% ▼	0.0% ●
Slovenia	-0.3%	0.1%	0.0%	0.2%	0.0% ●	0.2% ▲
Average	**0.9%**	**0.8%**	**0.7%**	**0.5%**	**-0.1%** ▼	**-0.2%** ▼

Source: National Banks' data

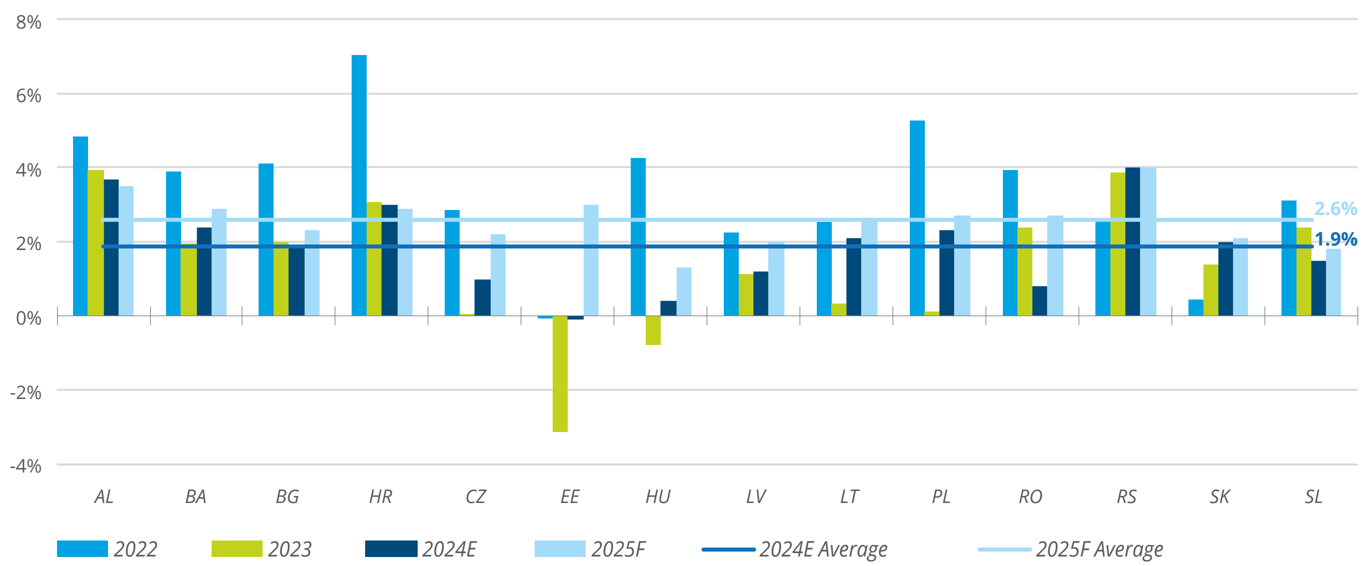
1. CEE MACROECONOMIC OVERVIEW

The macroeconomic landscape of the CEE region in 2024 shows modest improvement over 2023, driven by easing inflationary pressures that have prompted central banks to initiate monetary easing. However, economic growth has slowed considerably compared to 2021 and 2022, hindered by both external and internal challenges. The region's outlook has uncertainties revolving around, like the ongoing war in Ukraine, escalating trade disputes, and persistent geopolitical tensions. While energy markets have stabilized relative to recent years, they remain susceptible to disruptions due to global supply chain vulnerabilities and geopolitical conflicts.

Western Europe, particularly Germany, has faced stagnation, with weak industrial output, subdued export activity, and a struggling manufacturing sector hindering recovery. High energy costs and structural vulnerabilities in energy-intensive industries have further constrained growth in core economies like Germany and France, creating additional headwinds for the CEE region. Furthermore, Europe's economic prospects remain uncertain, heavily reliant on the potential implementation of global trade tariffs by the new US administration, which could exacerbate challenges for both Western and Eastern Europe.

Real GDP

Figure 1. Changes in real GDP (%), 2022-2025F



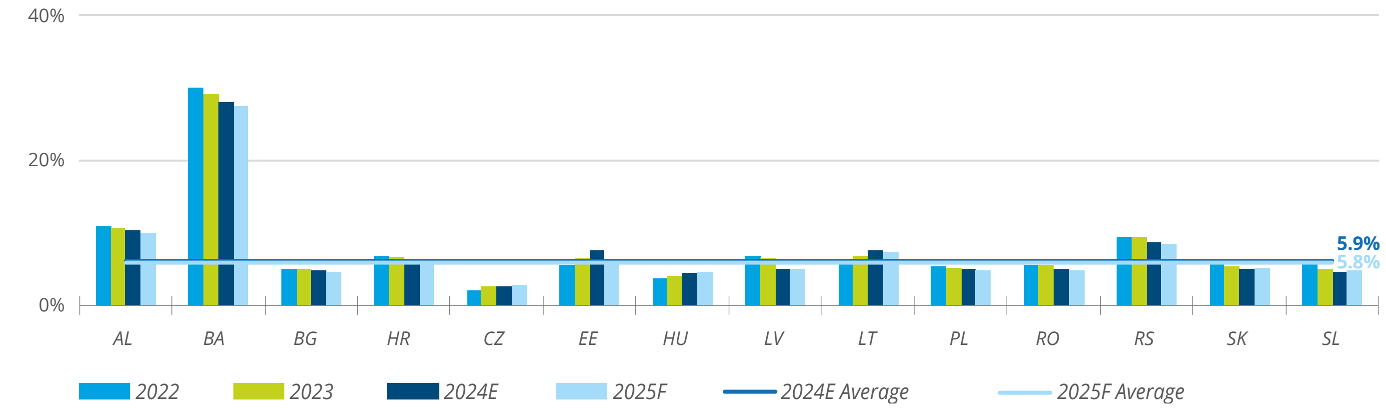
Source: EIU

Following a strong post-pandemic rebound in 2021-2022 and a slowdown in 2023, real GDP growth in CEE showed signs of recovery in 2024. Average real GDP growth increased from 1.3% in 2023 to 1.9% in 2024 and is projected by the EIU to reach 2.6% in 2025, driven by easing inflation, rising real wages, stronger household consumption, and a rebound in external demand. Medium-term growth is expected to benefit from these factors, alongside the diminishing effects of monetary policy tightening. Steady wage growth and easing inflation are anticipated to further support private consumption, although subdued investment activity and tight financial conditions continue to weigh on overall economic performance. Additionally, while real household disposable income is recovering in several countries, private consumption remains fragile due to persistent inflation in services.

Serbia and Albania recorded the highest real GDP growth in both 2023 and 2024, whereas Estonia is the only country in CEE to have had negative growth rates in both years, mainly due to the lack of low-cost inputs from Russia, the weak economic performance of its main trading partners, and its relatively small and open economy, which makes the country more vulnerable to external shocks. Due to the proximity of the war, the Estonian government has substantially increased military spendings, limiting its capacity to stimulate the economy.

Labour market

Figure 2. Recorded unemployment (%), 2022-2025F

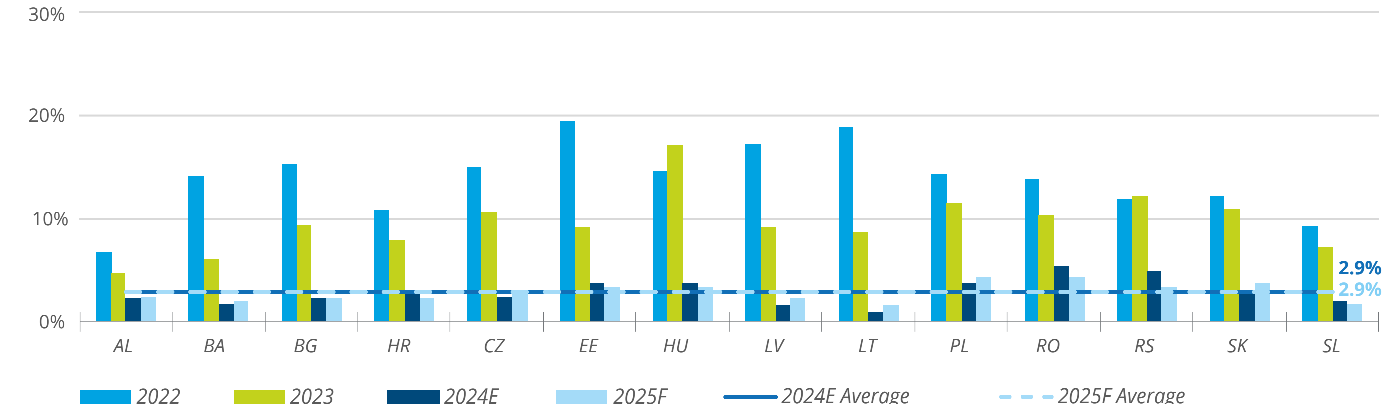


Source: EIU
Please note that Bosnia and Herzegovina has been excluded from the average calculations.

The labor market remained robust despite the challenges of recent years. In 2024, only a few countries experienced an increase in unemployment rates compared to 2023. The average unemployment rate across the observed CEE countries stood at 6.1% in 2023 and is anticipated to remain relatively stable with a slight decrease through 2024 and 2025, according to EIU projections. After a temporary decline in real wages seen in 2022, sustained nominal wage growth exceeding inflation has been present from 2023 onwards in most countries in the region, driven by the persistently tight labor market. The trend might result in increasing real wages and a recovery in purchasing power.

Inflation

Figure 3. Changes in consumer prices (%), 2022-2025F

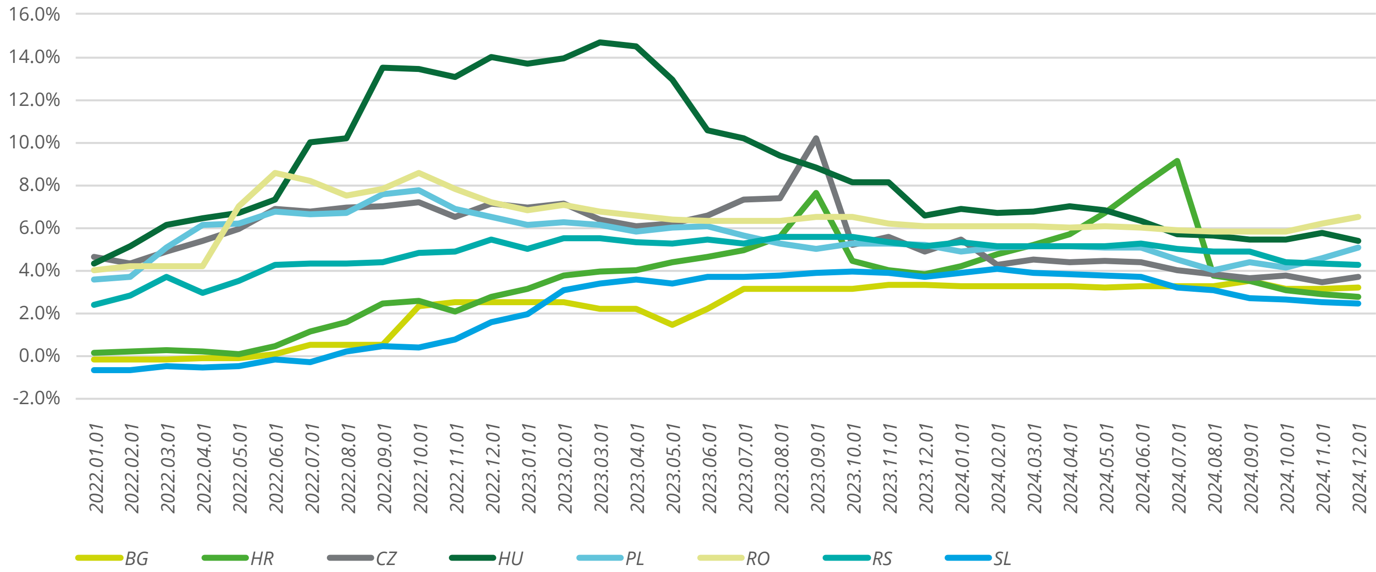


Source: EIU

Inflation has continued its downward trajectory in 2024, with the average rate across CEE countries declining significantly from 9.6% in 2023 to 2.9% in 2024, according to EIU estimates. It is expected to remain at this level through 2025. This substantial improvement reflects the effectiveness of the tighter monetary policies implemented in recent years. Key drivers of this disinflation include stabilized energy prices, further reductions in food prices, and continued easing of supply chain constraints. However, elevated inflation in services persists in some countries, limiting sharper declines in overall inflation.

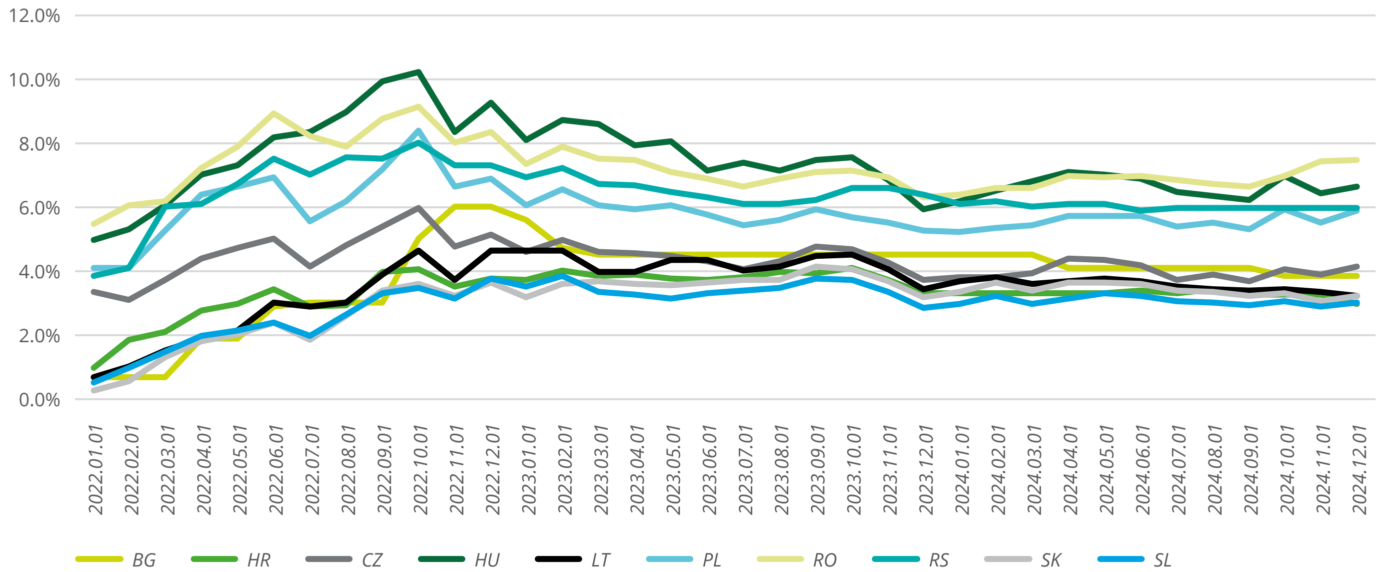
The improved inflationary outlook has enabled central banks across the region to begin loosening monetary policies after a prolonged period of tightening. Policy rates, which were raised substantially between 2021-23, are now being reduced in several countries to stimulate economic growth. Bond yields have moderated in tandem, with average 1-year and 10-year government bond yields decreasing in 2024. In the Eurozone, as inflation moved closer to the 2% target in 2024, the ECB initiated a series of rate cuts starting in June 2024, marking a shift towards easing monetary conditions. Consequently, the deposit facility rate decreased from 4.0% to 3.0% in 2024.

Figure 4. 1-year government bond yield, 2022-2024



Source: Refinitiv (LSEG)

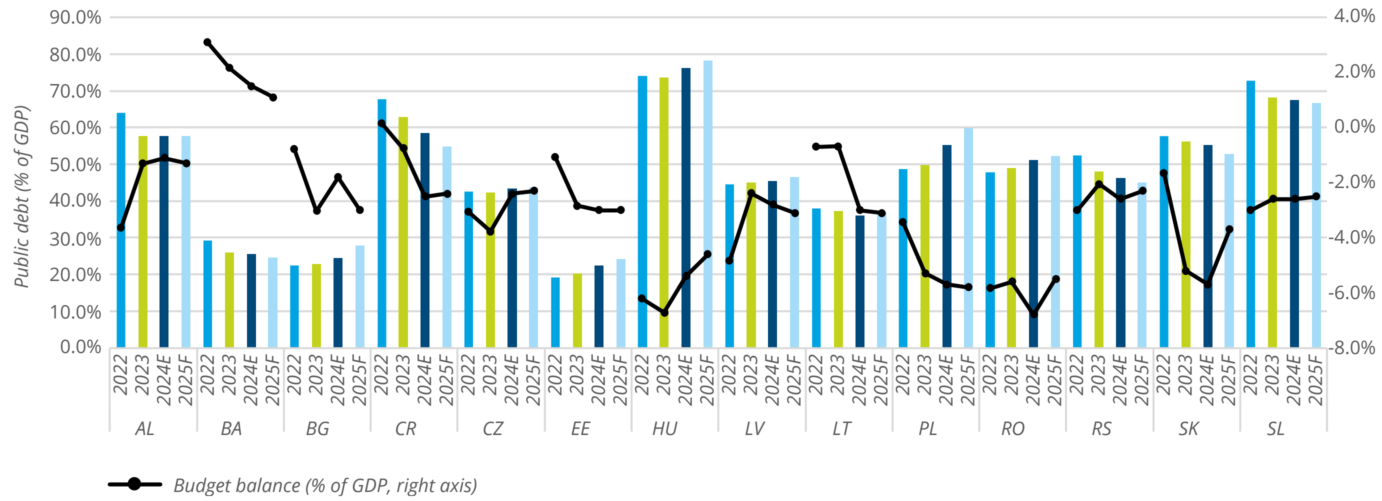
Figure 5. 10-year government bond yield, 2022-2024



Source: Refinitiv (LSEG)
Please note that the 10-year government bond yield figure also includes Slovakia and Lithuania.

Public finances

Figure 6. Public debt (% of GDP) and budget balance (% of GDP), 2022-2025F



Source: EIU

In 2023, budget deficits stabilized across most countries in the region, following the fiscal pressures observed during the rebound in 2022. While fiscal support measures introduced during the pandemic were largely phased out, higher interest expenditures continued to weigh on public finances. In 2024, marginal improvements in budget deficits materialized as governments exercised fiscal restraint, helping to prevent additional inflationary pressures and ensure fiscal sustainability in the medium term.

Public debt as a percentage of GDP showed a slight increase in 2024 across the region, reflecting subdued economic growth and persistently high interest expenditures in some countries. However, higher nominal GDP growth supported by disinflation and economic stabilization helped mitigate a more pronounced rise in debt ratios. This balance between fiscal discipline and economic recovery is expected to stabilize public debt levels across the region in 2025.

2. CEE BANKING TRENDS

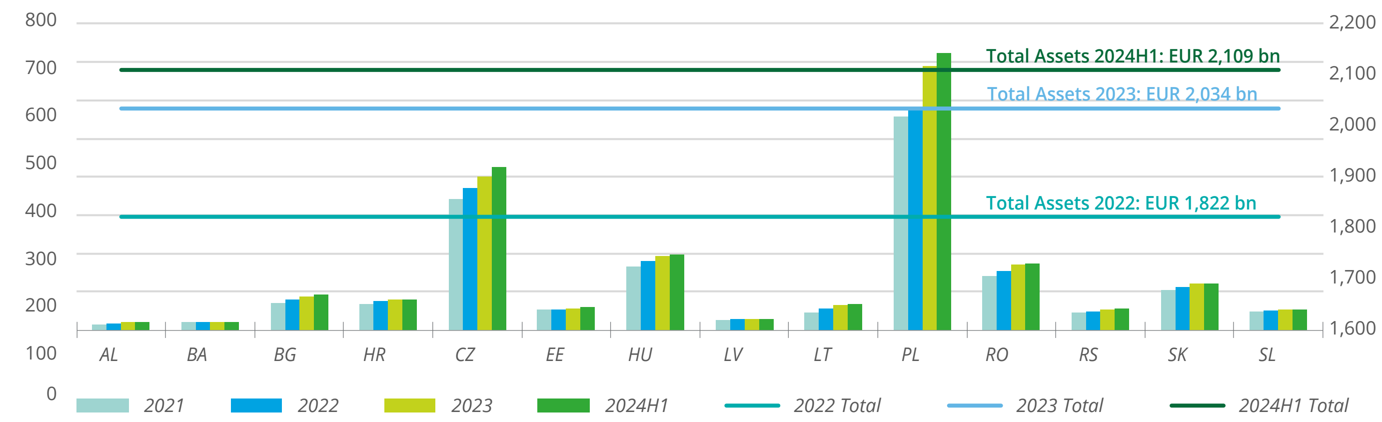
In 2024, the Central and Eastern European banking sector demonstrated resilience and adaptability in the face of shifting economic conditions. Supported by a high-interest-rate environment, the sector achieved strong profitability while maintaining solid capitalization and high-quality loan portfolios. However, as interest rates began to decline and geopolitical uncertainties persist, sustaining growth and profitability will pose challenges in the medium term.

The gradual normalization of monetary policy and easing inflationary pressures have reshaped the operating environment for banks across the region. While profitability levels remain strong, driven by effective cost management and net interest margins, emerging risks, such as slower loan growth, highlight the need for strategic adaptation.

Market consolidation continued, particularly in Croatia, Hungary, and Romania where leading banks strengthened their positions. The sector's ability to leverage digital transformation, operational efficiency, and proactive risk management will be critical in navigating uncertainties and sustaining performance.

Banking assets dynamics

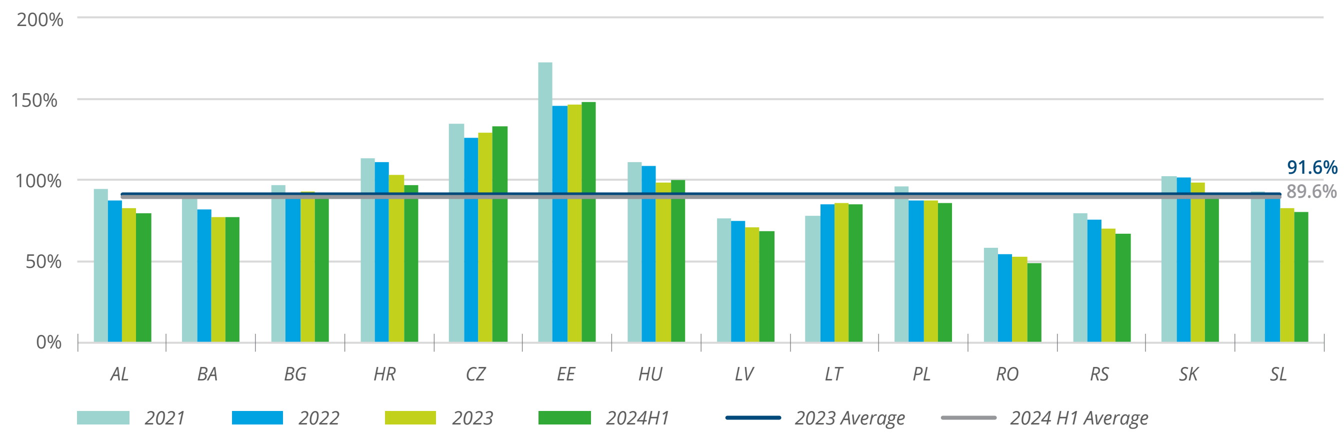
Figure 7. Total asset (EUR bn), 2021-2024H1



Source: Deloitte analysis, National banks' data

The banking sector's total assets grew by 11.7% in 2023 and 3.7% in the first half of 2024, reaching approximately EUR 2,109 billion by June 2024. Poland, the Czech Republic, and Hungary remained the largest markets, accounting for over 63% of total assets of the region. While the high-interest-rate environment in 2023 constrained credit demand—particularly in corporate segments—central banks' rate cuts in 2024 signaled a gradual recovery. However, higher interest rates and a challenging macroeconomic environment are expected to keep demand for new loans subdued in the near term.

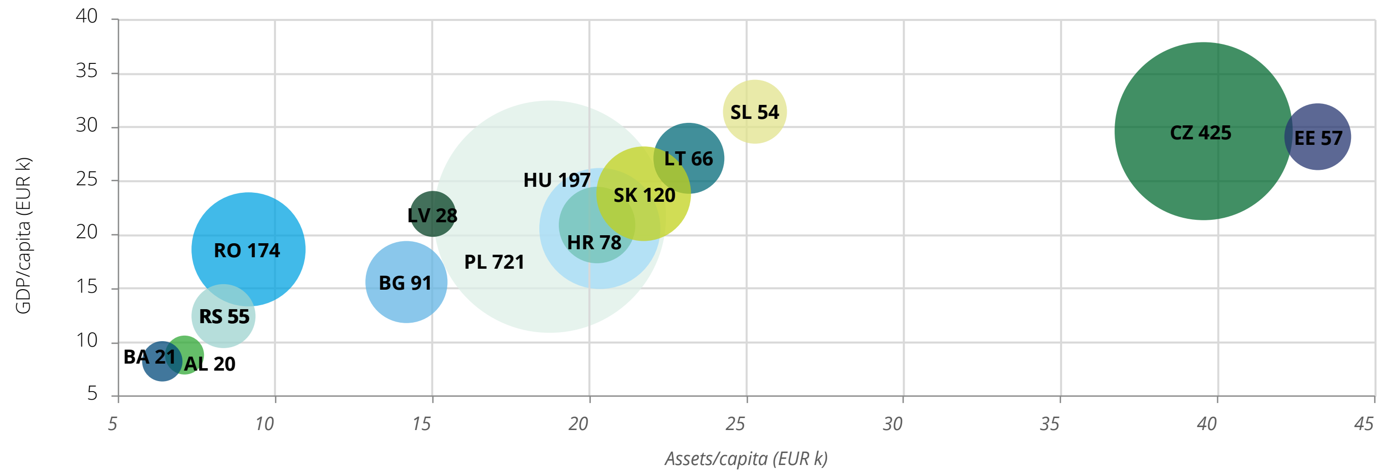
Figure 8. Banking assets to GDP (%), 2021-2024H1



Source: Deloitte analysis, National banks' data

Despite decreasing inflation, bank assets in CEE grew more slowly than nominal GDP in 2023 and 2024H1, resulting in a further decrease in asset penetration across the region. Asset penetration dropped from 94.5% in 2022 to 91.6% in 2023 and 89.6% in the first half of 2024, marking a year-on-year decrease of 2.9 percentage points in 2023. The most penetrated markets—Estonia and the Czech Republic—maintained above-average ratios, reflecting their developed financial systems and higher levels of banking sector integration. Slower asset growth was largely influenced by elevated interest rates, which constrained credit expansion and prevented bank assets from keeping pace with nominal GDP growth.

Figure 9. Banking market penetration to GDP per capita, 2024H1



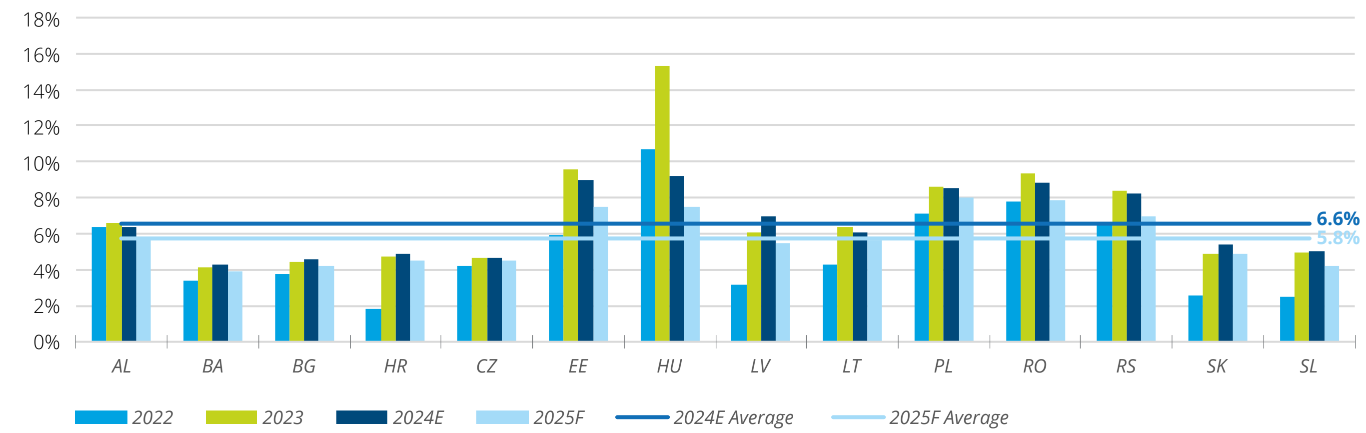
The size of the bubbles represent the total asset volume in 2024 H1 (EUR bn)
Source: Deloitte analysis, National banks' data

Banking asset penetration remains correlated to GDP per capita within the CEE region, highlighting the connection between economic development and financial sector maturity. Countries such as Romania, Serbia, Bosnia and Herzegovina and Albania continue to show lower penetration levels, signaling significant potential for long-term growth as their financial systems expand.

In contrast, Bulgaria, Slovakia, Hungary, Poland, Croatia, Lithuania and Latvia form the moderately penetrated group. Estonia remains the most penetrated market in the region, accompanied by the Czech Republic. Slovenia continues to approach the high-penetrated group of countries, benefiting from its consistent economic progress and stable banking sector.

Interest rates

Figure 10. Lending interest rates (%), 2022-2025F



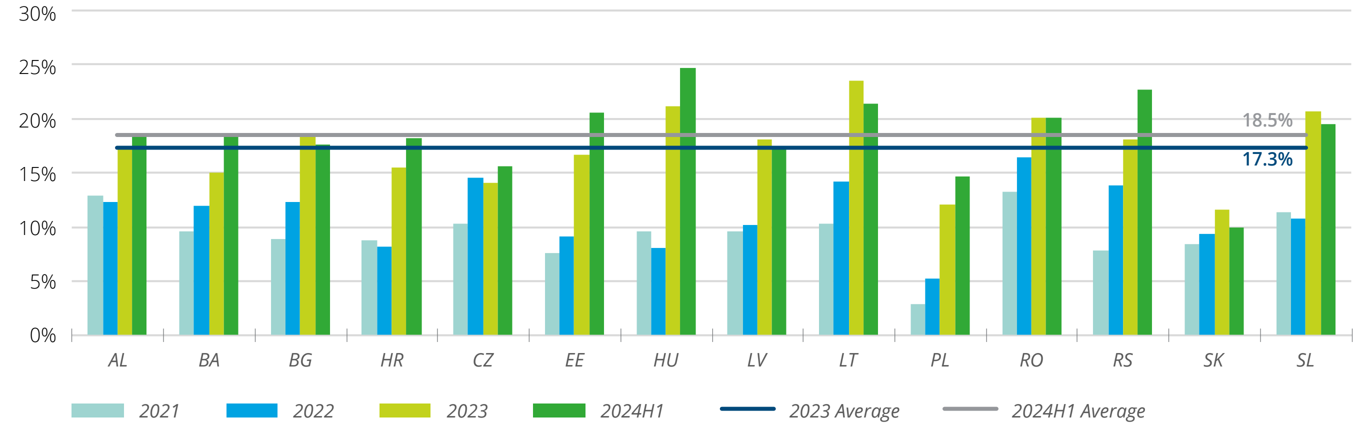
Source: EIU

Average lending rates across CEE decreased in 2024 as inflationary pressures eased and central banks shifted towards looser monetary policies. While the region had experienced significant rate hikes in previous years, 2024 marked a turning point, with borrowing costs gradually declining across all countries compared to 2023. However, average lending rates remained above their 2021 levels in both 2023 and 2024, reflecting the lasting effects of earlier monetary tightening.

Despite easing inflation and more balanced macroeconomic conditions, lending rates in 2024 generally stabilized around 7.0%, which is still a relatively high level. This supports banking sector profitability through strong net interest margins but also raises concerns about future asset quality, particularly for small enterprises and households. Although monetary easing has begun to reduce borrowing costs and stimulate credit demand, the impact on the real economy remains uneven due to structural differences in financial systems and lending practices across the region.

Profitability

Figure 11. Return on equity (%), 2021-2024H1



Source: Deloitte analysis, National banks' data
Please note that Return on Equity (%) for 2024H1 is calculated by annualizing the profit after tax for the first half of the year. This approach does not account for potential variations in performance that may have occurred during the second half of the year.

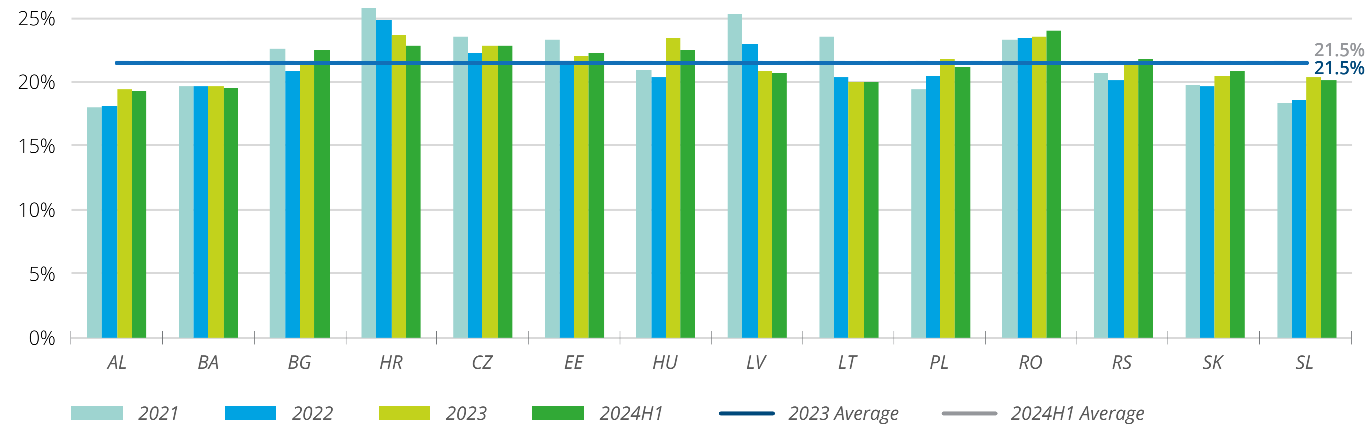
The average ROE of the banking sector in CEE showed substantial growth, rising from 11.2% in 2022 to 17.3% in 2023, and further to 18.5% in H1 2024. This sharp increase reflects the sector's strong adaptability and profitability amidst changing economic conditions. Hungary, Latvia, Lithuania, Romania and Serbia were the most profitable markets in H1 2024, with ROE consistently outpacing the regional average, supported by robust net interest income and disciplined cost management.

Higher net interest margins were the primary driver of profitability, underpinned by elevated interest rates that persisted into early 2024.

Despite some easing in lending activity, banks offset slower loan growth through improved cost efficiency with a strong focus on reducing operational expenses. The continued digitalization of banking services further helped optimize cost structures by streamlining physical distribution networks. Additionally, the region's low NPL ratios contributed to reduced impairments, reflecting improved borrower performance and a more favorable macroeconomic environment. This sustained profitability highlights the resilience and strategic adaptability of the CEE banking sector even in challenging times.

Capitalization of the banking sector

Figure 12. Capital adequacy ratio, 2021-2024H1

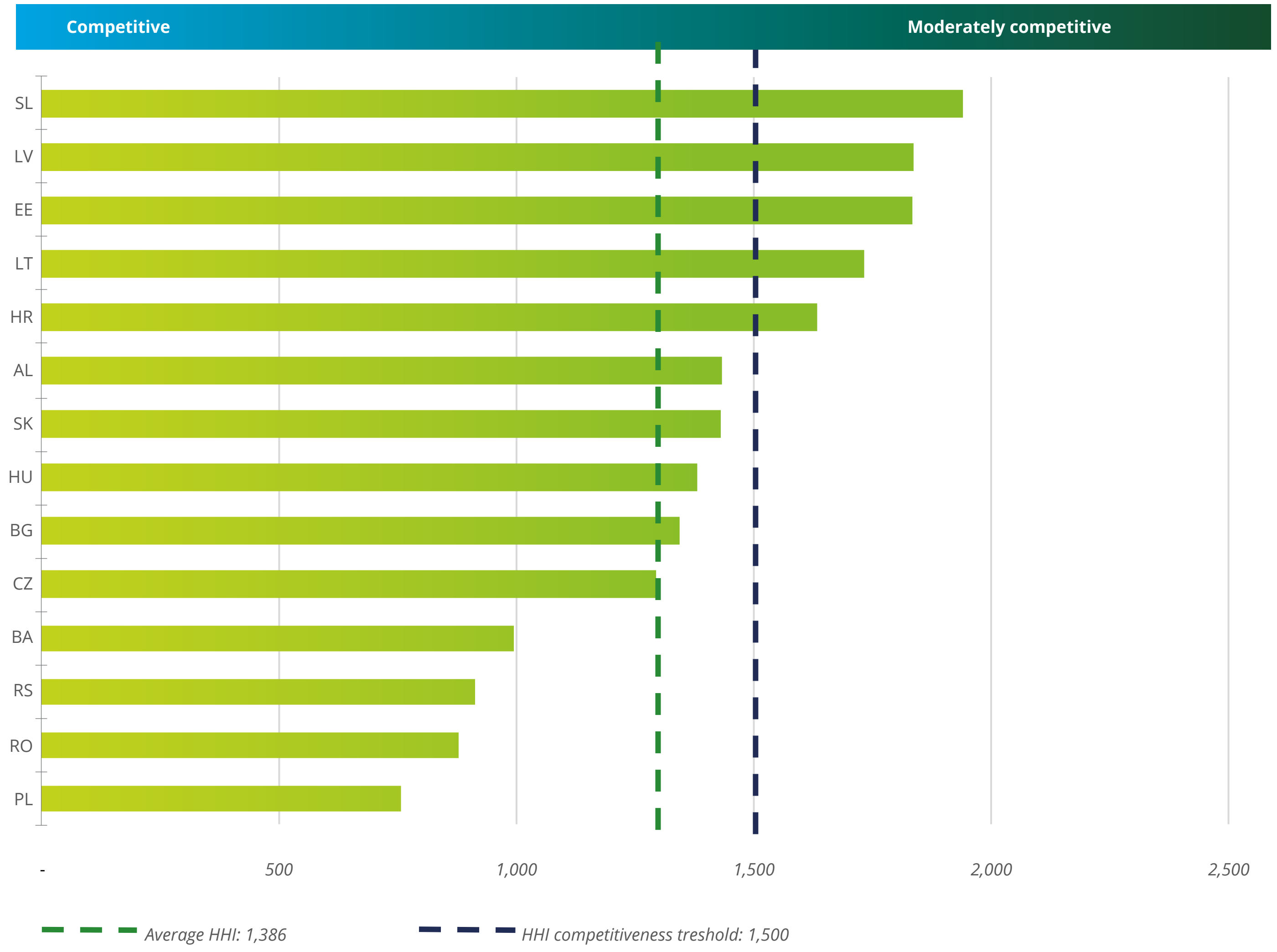


Source: Deloitte analysis, National banks' data

The capital adequacy of the CEE banking sector remains strong, despite persistent geopolitical and economic challenges. Concerns over the stability of banks amid volatile macroeconomic conditions prompted regulators across the region to raise capital requirements and implement stricter countercyclical buffers to safeguard financial stability. With inflation easing, monetary policy has shifted toward rate cuts across the region, aiming to stimulate domestic demand. However, the effectiveness of these reductions varies, as the transmission to lending activity and broader economic recovery differs by market and loan type. In response to these regulatory changes, banks have reduced exposure to higher-risk assets, enabling them to comply with increasing capital thresholds. The average CAR in the CEE region remained stable at 21.5% in both 2023 and 2024H1, despite many banks maintaining dividend payments.

Banking markets

Figure 13. Market concentration by HHI in the respective countries, 2023



Source: Deloitte analysis, National banks' data

The Herfindahl–Hirschman Index (HHI) reveals a minor increase in market concentration across the CEE banking sector, with the regional average rising from 1,376 to 1,386. Moderate concentration levels (HHI between 1,500 and 2,500) remain present in five countries, while nine markets continue to show competitive characteristics (HHI below 1,500). The most significant increases in HHI were observed in Romania, Croatia and Lithuania, where leading banks further expanded their market shares, driving higher concentration. In contrast, Albania experienced the largest shift towards greater competition, as smaller banks successfully gained ground against dominant institutions, reflecting a divergence from the regional trend in 2023.

Overall, the consolidation of the banking sector continues to be a defining trend across the region, driven by the challenges smaller players face in maintaining profitability and meeting regulatory requirements in an environment of elevated interest rates. Larger institutions, particularly those with strong capital positions and operational efficiencies, are better equipped to navigate these pressures. International banking groups are increasingly focusing their resources on subsidiaries with sufficient scale, further accelerating the consolidation process. This trend is expected to persist, as smaller, less resilient banks may struggle to compete effectively in challenging times.

Ranking of the leading banking groups by total assets in the selected countries, 2023

RANK 2023	RANK 2022	YOY	BANKING GROUP	AL	BA	BG	HR	CZ	EE	HU	LV	LT	PL	RO	RS	SK	SL	NUMBER OF COUNTRIES WITH PRESENCE	NUMBER OF COUNTRIES WITH TOP5 PRESENCE
1	1	●	Erste		7		3	2		5				2	8	1	7	8	5
2	2	●	KBC Group			1		1		3						4		4	4
3	3	●	UniCredit		1	3	1	5		4				6	4	6	4	9	7
4	5	▲	PKO										1					1	1
5	4	▼	OTP	5		2	4			1				9	2		2	7	6
6	6	●	Raiffeisen	3	2		5	4		6				5	3	3		8	7
7	7	●	PZU										2					1	1
8	8	●	Société Générale					3						3				2	2
9	9	●	Intesa Sanpaolo	4	6		2			8				14	1	2	3	8	5
10	10	●	Santander										3					1	1
11	12	▲	ING										4					1	1
12	11	▼	Commerzbank										5					1	1
13	13	●	Bank Gospodarstwa Krajowego										6					1	0
14	14	●	Swedbank						2		1	1						3	3
15	16	▲	BNP Paribas							17			7					2	0
16	17	▲	Banca Transilvania											1				1	1
17	15	▼	MBH							2								1	1
18	19	▲	BCP										8					1	0
19	18	▼	SEB Group						3		2	2						3	3
20	20	●	NLB Group		3										5		1	3	3
21	21	●	PPF Group					6							20			2	0
22	22	●	MONETA					7										1	0
23	23	●	Citibank										9					1	0
24	26	▲	CEC Bank											4				1	1
25	25	●	J&T Finance Group				23	8								7		3	0

TOP 1-5 | TOP 6-10 | TOP 11+

Source: Deloitte analysis, banks' annual reports and National banks' data
Please note that foreign branch operations are not considered in the table except for UniCredit in Slovakia.
Please note that total CEE assets are calculated as pro forma sum of the CEE entities of the banking groups, on an unconsolidated basis.
Please note that the table reflects the rankings as of the end of 2023.
Although the sale process of OTP Bank Romania began in 2023, the transaction was completed in 2024. Consequently, OTP is included under Romania.

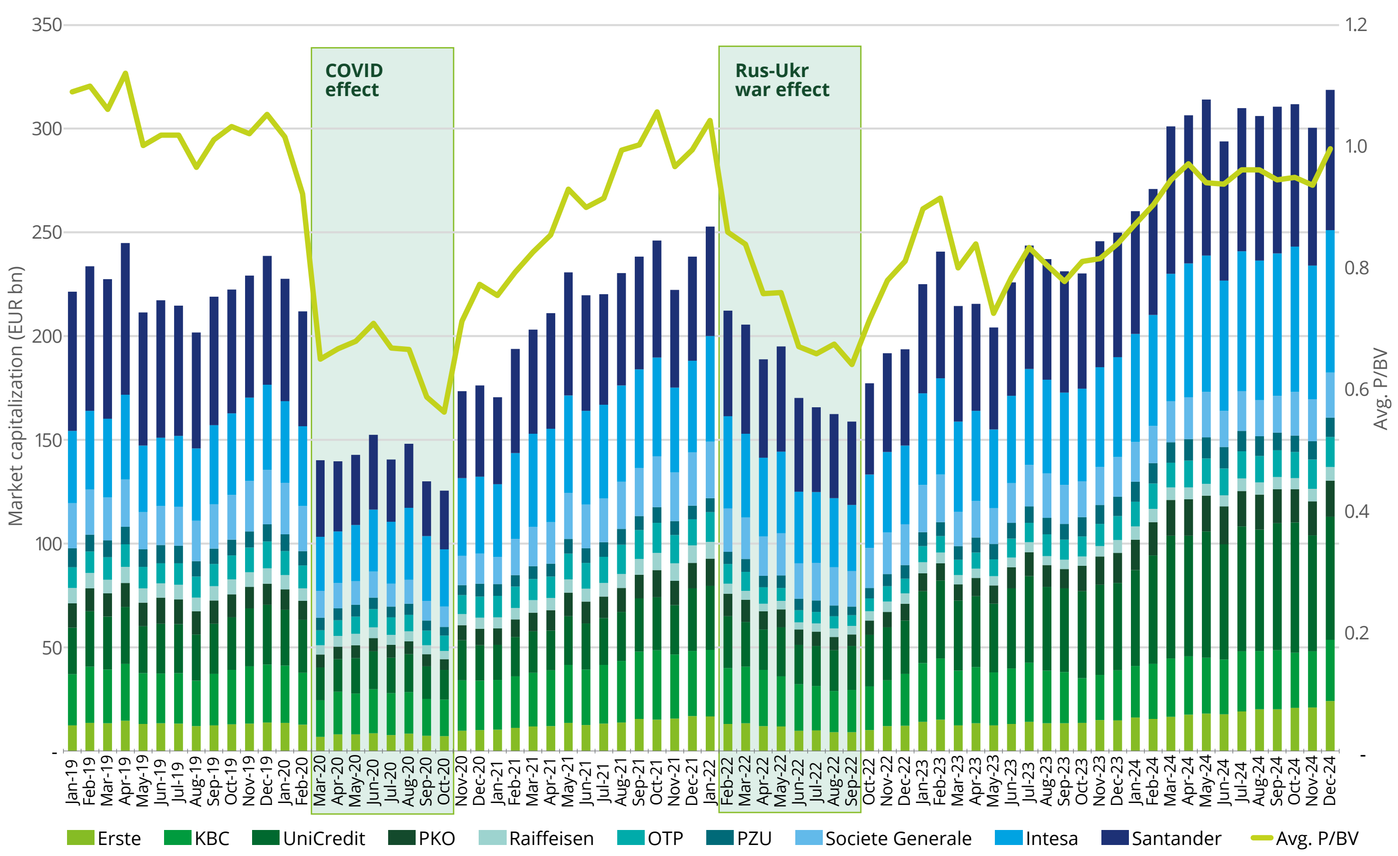
Despite the challenges posed by a volatile market environment, the largest banking groups in the CEE region successfully maintained their strong market position in 2023. Erste Group continues to lead in the selected CEE countries, holding a 7.6% market share in total assets across its operations in 8 countries. KBC Group and UniCredit rank second and third, with market shares of 6.8% and 5.6%, operating in 4 and 9 countries, respectively. While as of December 31, 2023, OTP Group was still active in seven countries, in 2024, the group finalized the sale of OTP Bank Romania to shift its focus on markets where stronger presence can be achieved.

BANKING GROUP	RANK	TOTAL CEE ASSETS (EUR BN)	TOTAL CEE MARKET SHARES (%)	CUMULATIVE MARKET SHARES (%)	TOTAL CEE ROE (%)	MARKET CAP. (EUR BN, DEC. 2024)	P/BV (DEC. 2024)
Erste	1	153.7	7.6%	7.6%	16.3%	24.5	1.06x
KBC Group	2	138.8	6.8%	14.4%	13.0%	29.5	1.38x
UniCredit	3	114.0	5.6%	20.0%	17.9%	59.3	0.99x
PKO	4	113.5	5.6%	25.6%	12.4%	17.5	1.48x
OTP	5	108.5	5.3%	30.9%	24.8%	14.5	1.25x
Top 5		**628.7**	**30.9%**	**30.9%**	**17.1%**		
Raiffeisen	6	96.2	4.7%	35.6%	18.3%	6.5	0.33x
PZU	7	89.2	4.4%	40.0%	24.1%	9.3	1.31x
Société Générale	8	78.9	3.9%	43.9%	14.7%	21.7	0.32x
Intesa Sanpaolo	9	65.8	3.2%	47.1%	15.9%	68.7	1.03x
Santander	10	62.7	3.1%	50.2%	14.8%	67.6	0.82x
Top 10		**1,021.5**	**50.2%**	**50.2%**	**17.4%**		
ING	11	56.0	2.8%	53.0%	33.0%	46.9	0.93x
Commerzbank	12	51.2	2.5%	55.5%	0.2%	18.6	0.75x
Bank Gospodarstwa Krajowego	13	51.1	2.5%	58.0%	8.9%	n/a	n/a
Swedbank	14	42.1	2.1%	60.1%	24.3%	21.4	1.18x
BNP Paribas	15	36.2	1.8%	61.8%	8.2%	66.8	0.53x
Top 15		**1,258.1**	**61.8%**	**61.8%**	**16.8%**		
Banca Transilvania	16	32.9	1.6%	63.5%	24.3%	5.0	1.51x
MBH	17	32.5	1.6%	65.1%	12.5%	6.0	2.22x
BCP	18	29.0	1.4%	66.5%	8.4%	7.0	1.07x
SEB Group	19	27.9	1.4%	67.9%	25.7%	26.9	1.37x
NLB Group	20	23.0	1.1%	69.0%	22.7%	2.6	0.79x
Top 20		**1,403.5**	**69.0%**	**69.0%**	**17.1%**		
PPF Group	21	22.2	1.1%	70.1%	19.8%	n/a	n/a
MONETA	22	19.1	0.9%	71.0%	17.3%	2.5	1.99x
Citibank	23	16.9	0.8%	71.9%	25.4%	128.6	0.69x
CEC Bank	24	16.8	0.8%	72.7%	11.9%	n/a	n/a
J&T Finance Group	25	16.4	0.8%	73.5%	15.2%	n/a	n/a
Top 25		**1,494.9**	**73.5%**	**73.5%**	**17.1%**		
Total CEE		**2,034.2**	**100.0%**	**100.0%**			

Source: Deloitte analysis, National banks' data, S&P Capital IQ, based on 2024YE data
Please note that the market cap and P/BV figures presented in the table reflect group-level data and are not limited to the CEE region specifically.
Please note that total CEE assets are calculated as pro forma sum of the CEE entities of the banking groups, on an unconsolidated basis.
Please note that total CEE assets, total CEE market shares (%) and total CEE ROE (%) ratios are calculated using unconsolidated data from entities based in the region.

Collectively, the top 25 banks in the CEE region held 73.5% of total assets by the end of 2023, up from 70.9% in 2022, achieving an average return on equity (ROE) of 17.1%. This underscores the continuing consolidation and concentration that define the entire Central European banking sector. Interestingly, however, the largest five banking groups saw a modest decrease in their market share, accounting for 30.9% of total assets, compared to 32.0% in the previous year. This divergence in trends highlights the dynamic shifts within the sector, with smaller institutions among the top 25 solidifying their positions, even as the largest players experience slight contractions in relative dominance.

Figure 14. Aggregated market capitalization of the region's largest banking groups (EUR bn), 2018-2024



Source: Capital IQ

The economic tightening introduced to combat inflationary pressures reduced banks' lending activity but did not negatively impact their profitability. On the contrary, the higher-yield environment enabled banks to channel their liquidity into high-yield government instruments. Despite elevated inflation, CEE economies remained stable, unemployment rates held steady, and asset quality even improved in several countries. This led to favorable sector valuations and strong equity returns, even amid persistent geopolitical risks.

Despite momentary disruptions in early 2023—stemming from global financial concerns such as the US banking turbulence and the Credit Suisse crisis—market capitalization has consistently trended upward. By the end of 2023, many banking groups in the region had not only regained their pre-pandemic valuations, but also exceeded them. The increasing market capitalization trend persisted in 2024, with the overall market cap of CEE banks recovering to their 2019 levels. However, the average P/BV ratio of 0.9 in 2024 remained below the corresponding figure of 1.0 in 2019.

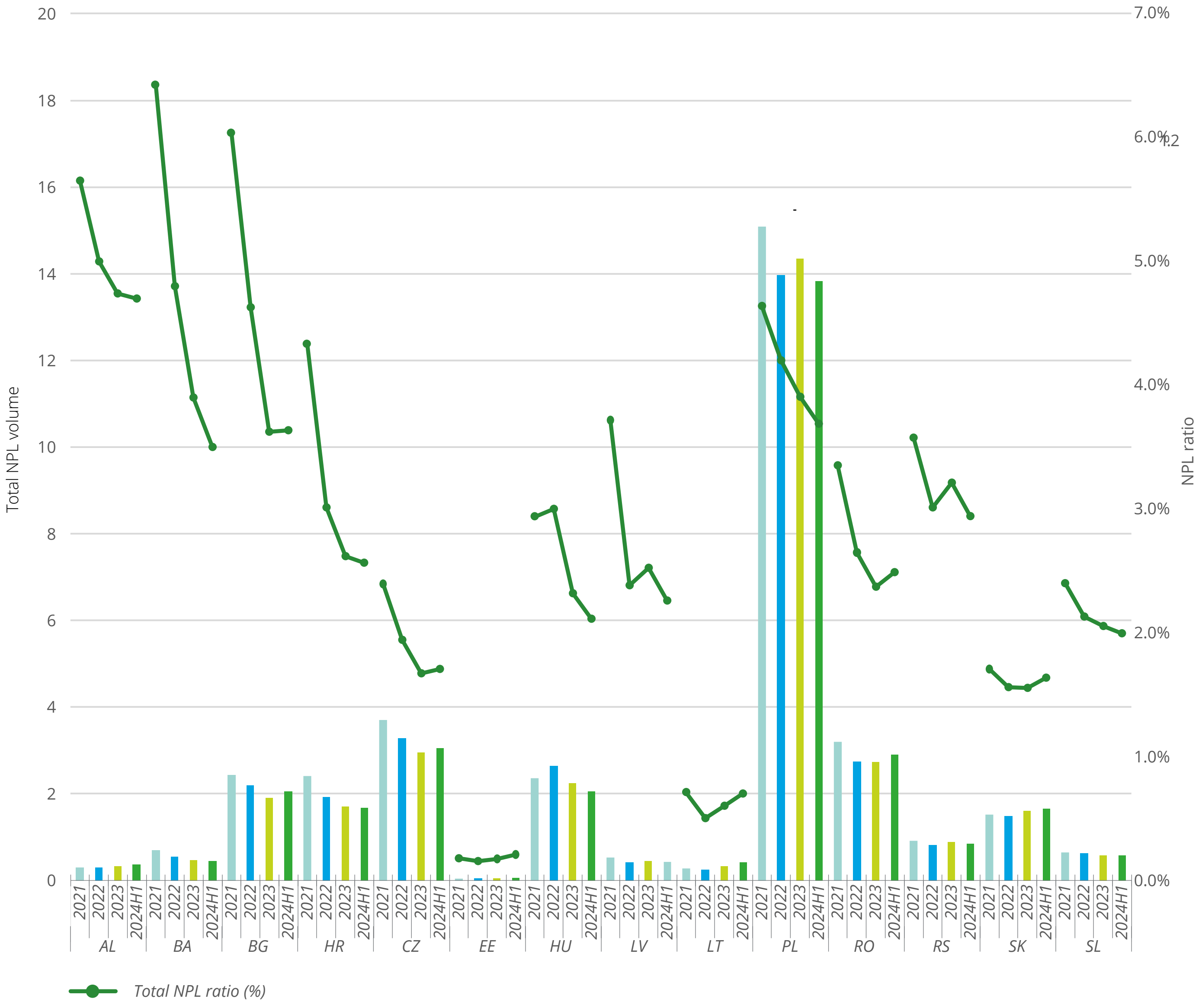
3. EVOLUTION OF NPL METRICS IN THE CEE REGION

TOTAL NPLS (EUR MN)						
COUNTRY	**2021**	**2022**	**2023**	**2024H1**	**Δ 2022-2023**	**Δ 2023-2024H1**
Albania	300	300	324	355	8.2% ▲	9.5% ▲
Bosnia and Herzegovina	693	542	469	444	-13.4% ▼	-5.3% ▼
Bulgaria	2,430	2,192	1,912	2,062	-12.8% ▼	7.8% ▲
Croatia	2,405	1,919	1,700	1,667	-11.4% ▼	-1.9% ▼
Czech Republic	3,705	3,281	2,948	3,041	-10.1% ▼	3.1% ▲
Estonia	40	39	48	58	22.8% ▲	21.1% ▲
Hungary	2,353	2,643	2,238	2,053	-15.3% ▼	-8.2% ▼
Latvia	530	419	437	436	4.2% ▲	-0.2% ▼
Lithuania	282	250	330	405	31.9% ▲	22.7% ▲
Poland	15,086	13,959	14,350	13,826	2.8% ▲	-3.7% ▼
Romania	3,203	2,741	2,737	2,905	-0.2% ▼	6.1% ▲
Serbia	912	822	886	842	7.8% ▲	-4.9% ▼
Slovakia	1,522	1,493	1,601	1,648	7.2% ▲	3.0% ▲
Slovenia	641	628	587	586	-6.5% ▼	-0.2% ▼
Total	**34,101**	**31,228**	**30,567**	**30,330**	**-2.1%** ▼	**-0.8%** ▼

TOTAL NPL RATIO (%)						
COUNTRY	**2021**	**2022**	**2023**	**2024H1**	**Δ 2022-2023**	**Δ 2023-2024H1**
Albania	5.7%	5.0%	4.7%	4.7%	-0.3% ▼	0.0% ●
Bosnia and Herzegovina	6.4%	4.8%	3.9%	3.5%	-0.9% ▼	-0.4% ▼
Bulgaria	6.0%	4.6%	3.6%	3.6%	-1.0% ▼	0.0% ●
Croatia	4.3%	3.0%	2.6%	2.6%	-0.4% ▼	-0.1% ▼
Czech Republic	2.4%	1.9%	1.7%	1.7%	-0.3% ▼	0.0% ●
Estonia	0.2%	0.2%	0.2%	0.2%	0.0% ●	0.0% ●
Hungary	2.9%	3.0%	2.3%	2.1%	-0.7% ▼	-0.2% ▼
Latvia	3.7%	2.4%	2.5%	2.3%	0.1% ▲	-0.3% ▼
Lithuania	0.7%	0.5%	0.6%	0.7%	0.1% ▲	0.1% ▲
Poland	4.6%	4.2%	3.9%	3.7%	-0.3% ▼	-0.3% ▼
Romania	3.4%	2.7%	2.4%	2.5%	-0.3% ▼	0.1% ▲
Serbia	3.6%	3.0%	3.2%	2.9%	0.2% ▲	-0.3% ▼
Slovakia	1.7%	1.6%	1.6%	1.6%	0.0% ●	0.1% ▲
Slovenia	2.4%	2.1%	2.1%	2.0%	-0.1% ▼	-0.1% ▼
Average	**3.4%**	**2.8%**	**2.5%**	**2.4%**	**-0.3%** ▼	**-0.1%** ▼

Source: Deloitte analysis and National banks' data

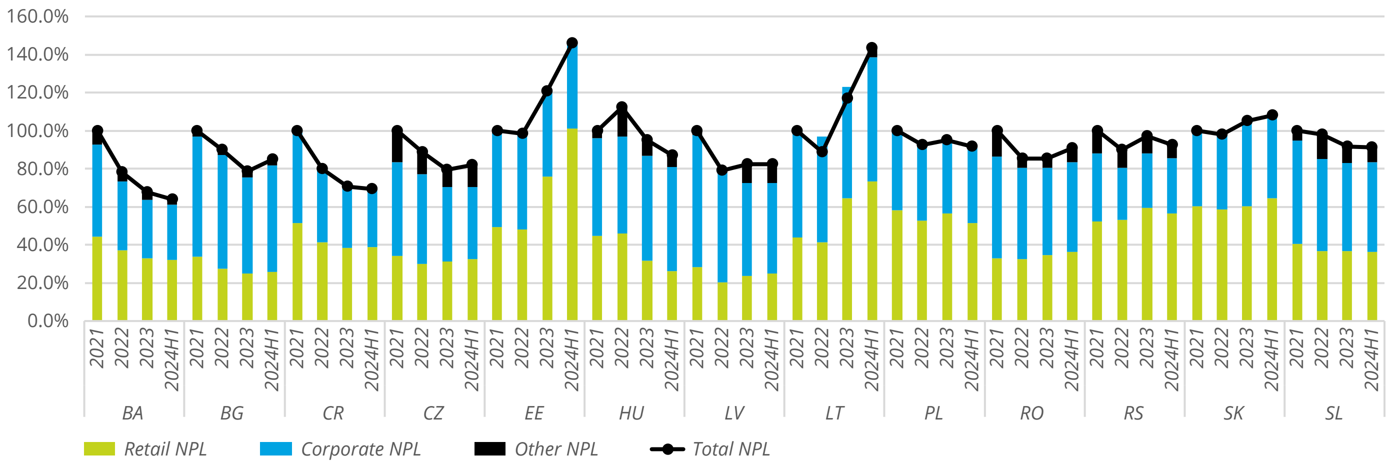
Figure 15: Evolution of key NPL metrics, 2021-2024H1(EUR bn, % of total loans)



Source: Deloitte analysis, National banks' data

The total NPL ratio and volume continued to improve across the CEE region in 2023. By the end of 2023, the regional average NPL ratio declined to 2.5%, down from 2.8% in 2022. This improvement was present in 12 of the 14 analyzed countries, with Bulgaria experiencing the largest reduction, where the NPL ratio fell by 1.0% point. There was also a notable decrease in the NPL ratios in Hungary supported by the portfolio cleaning activity of banks regarding retail personal loans. In 2024H1, when the regional NPL ratio decreased further to 2.4%, the countries with the highest ratios were Albania (4.7%), Poland (3.7%), Bulgaria (3.6%) and Bosnia and Herzegovina (3.5%), among which Bulgaria and Bosnia and Herzegovina displayed the most substantial improvements in their NPL ratios across the region. Estonia and Lithuania reported the lowest ratios, at 0.2% and 0.6%, respectively, while Latvia and Lithuania were the only countries to see slight increases, both remaining below the regional average. The sustained improvement in asset quality is largely attributable to stable labor markets, which supported borrowers' repayment capacities, and cautious lending practices adopted by banks in recent years. Additionally, targeted restructuring solutions offered to vulnerable borrowers have played a role in mitigating potential defaults. Altogether, the solid portfolio quality, coupled with strong profitability, ensures a high level of shock-resilience to the CEE banking sector.

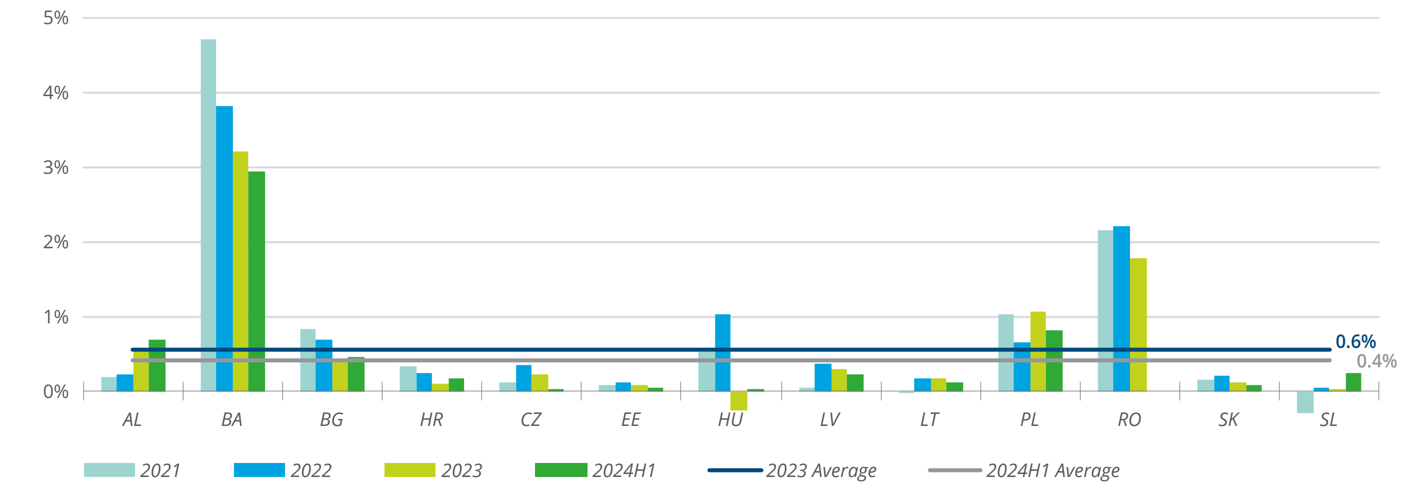
Figure 16. Distribution of different NPL categories, 2021=100%, 2021-2024H1



Source: Deloitte analysis, National banks' data
Please note that NPL category distribution for Albania was not available.

The CEE region's average cost of risk rose sharply during the pandemic and remained elevated from 2020 to 2022 due to the war's proximity. However, it began to decrease in 2023 and 2024, partly driven by the release of provisions booked in 2020 and portfolio cleansing efforts. As reflected in the declining NPL figures, the anticipated deterioration in portfolio quality has not materialized.

Figure 17. Cost of risk (%), 2021-2024H1



Source: Deloitte analysis, National bank's data

4. M&A DYNAMICS

The banking M&A landscape in the CEE region continued its trajectory of consolidation in 2024, despite recording the lowest deal numbers in recent years. By the end of 2024, 9 transactions had been successfully closed, with 2 still ongoing. Hungary, Serbia, and the Czech Republic emerged as the most active countries over the last five years, reflecting targeted efforts to optimize and streamline banking operations in these markets.

The decline in deal activity reflects broader macroeconomic challenges, including high-interest rates, widening pricing gaps, and geopolitical uncertainties, all of which have dampened investor appetite. Moreover, the high-interest rate environment has substantially enhanced bank profitability, diminishing the urgency for weaker players to pursue transactions. Simultaneously, central banks' inflation-curbing measures have tightened liquidity in the economy, restricting access to low-cost capital for acquisitions. Despite these headwinds, the drive for consolidation persists, as the fragmented structure of the CEE banking market continues to provide opportunities for larger, more diversified banking groups to acquire smaller players. In 2024, several notable transactions exemplified this trend.

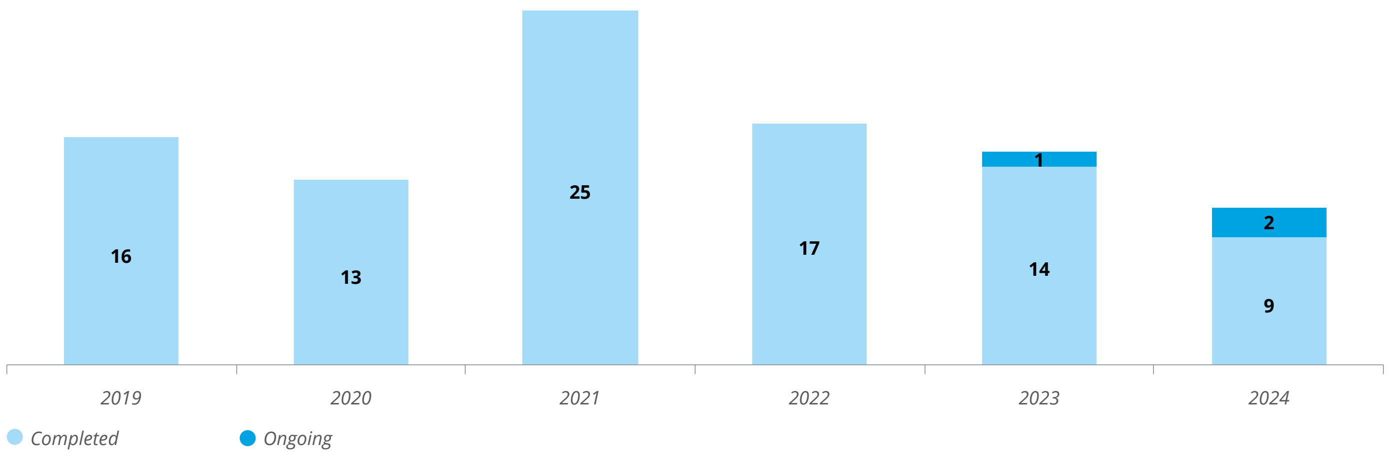
In Bulgaria, Bulgarian-American Credit Bank (the 12th largest player) acquired Tokuda Bank, the smallest banking player in the market. In Estonia, LHV Pank (the 4th largest player) acquired the loan portfolio of TBB Pank, the smallest banking player in the country, which included corporate loans and some related personal loans. In Hungary, MBH acquired additional shares in Fundamenta, to increase its market share in the mortgage market.

In Poland, consolidation efforts persist as Citigroup actively seeks a buyer for its Polish retail banking arm, Bank Handlowy, while speculation grows around potential market exits by major players like Banco Santander. Meanwhile, in Romania, Banca Transilvania reinforced its market presence through the acquisition of OTP Bank Romania.

Swedish-owned SEB Bank, a major financial institution in Lithuania, has announced plans to consolidate its three Baltic banks under a single headquarters in Tallinn while continuing operations in Lithuania as a branch. The new structure, aimed at streamlining operations and enhancing regional efficiency, is expected to be operational by early 2027, pending approvals from local financial regulators and the European Central Bank.

Diversification also remains a key trend, with non-bank financial services, such as leasing companies, continuing to attract interest as acquisition targets. For instance, in July 2024, Gránit Bank acquired De Lage Landen Finance Zrt. and De Lage Landen Leasing Kft., Hungarian subsidiaries of the Netherlands-based DLL Group. This strategic move supports Gránit Bank's goal to expand its leasing operations. Following regulatory approvals, the companies were rebranded as Gránit Pénzügyi Zrt. and Gránit Lízing Kft., continuing their operations with existing product portfolios. In August 2024, Nova Ljubljanska Banka (NLB) acquired a 100% shareholding in SLS HOLDCO, the parent company of Summit Leasing Slovenija and its Croatian subsidiary, Mobil Leasing, becoming the leading lease service provider in the Slovenian market.

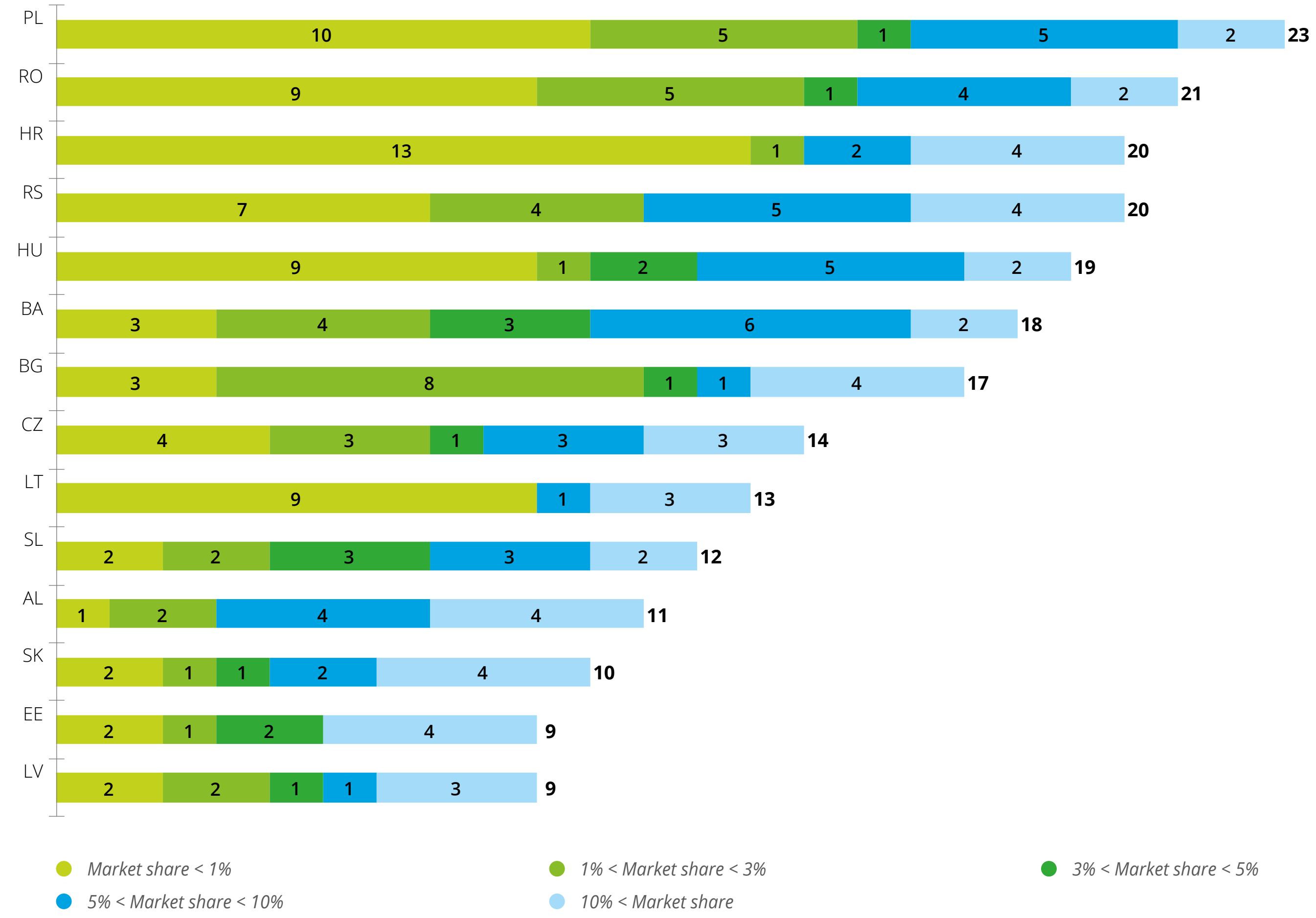
Figure 18. M&A activity by year – Nr. of transactions, 2019-2024



The ongoing deal in 2023 involves the merger and integration of two Czech government-owned banks, Česká exportní banka (Czech Export Bank) and Národní rozvojová banka (National Development Bank).
Source: Deloitte Intelligence

The CEE banking sector remains fragmented, with 60% of banks holding less than 5% market share in 2024. Poland, Romania, Hungary and Croatia are among the most fragmented banking markets in the region, marked by a significant number of small players with limited market shares under 1%. In the future, larger banking groups are likely to continue integrating smaller competitors to build scale and enhance profitability. The high proportion of banks with less than 5% market share underscores that consolidation will remain a key force shaping the banking landscape in the years ahead.

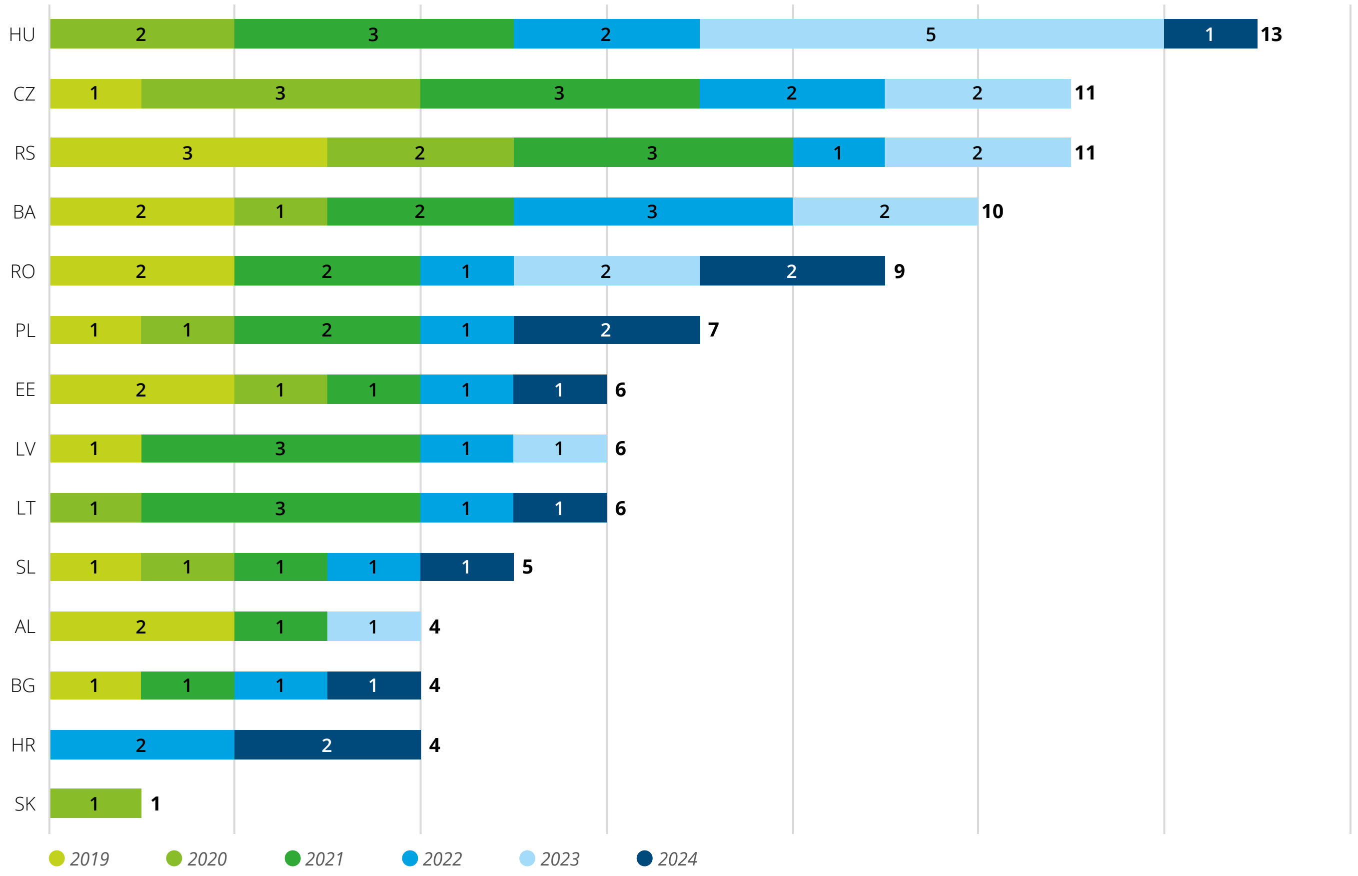
Figure 19. Nr. of banking groups in the respective countries grouped by market share, 2023



Source: Deloitte Intelligence, Annual reports

Hungary, Serbia, and the Czech Republic were the most active M&A markets in the CEE region between 2019 and 2024, with 13, 11, and 11 deals, respectively. In Hungary, the landmark merger of MKB Bank, Budapest Bank, and Takarék Bank to form MBH Bank in 2023 reshaped the sector, positioning MBH as the country's second-largest financial institution. MBH also acquired Duna Takarék Bank and Fundamenta Lakáskassza in 2023, as well as the loan portfolio of Sberbank Hungary in 2022. In the Czech Republic, Raiffeisenbank a.s. acquired Equa bank a.s. in a EUR 308 million deal in 2022, in line with Raiffeisenbank's strategy to expand its presence in the Czech market. Serbia saw notable activity, including AIK Banka's acquisition of Eurobank Direktna for EUR 280 million and Adriatic Bank's expansion into the Serbian market through its acquisition of Expobank A.D. Belgrade.

Figure 20. M&A activity by country-Nr. of transactions, 2019-2024



Source: Deloitte Intelligence

The Austrian Erste Group remained the most active buyer in the region, completing six transactions between 2019 and 2024. These included both majority and minority share acquisitions across multiple markets, with key deals in Hungary and the Czech Republic. Notably, Česká spořitelna, Erste's Czech subsidiary, acquired BNP Paribas' Hello Bank! consumer loan portfolio for EUR 300 million in 2023, further solidifying its presence in the market. In Hungary, Erste regained full ownership of its Hungarian subsidiary by repurchasing the 30% stake previously held by the state and EBRD, reaffirming its commitment to the region.

Hungary-based OTP followed closely with five completed transactions, all of which involved majority acquisitions. OTP expanded its footprint in the region, while also concluding its largest acquisition to date, the purchase of Nova KBM in Slovenia for approximately EUR 900 million. The transaction established OTP as the no.2 player in the Slovenian market. OTP has also completed the sale of its Romanian subsidiary, OTP Bank Romania, to Banca Transilvania in early 2024, marking OTP's exit from the Romanian market.

Austria's Raiffeisen also completed four transactions during the same period, with a strong focus on the Czech Republic. A notable deal was the acquisition of Equa bank a.s. for EUR 308 million, which integrated all assets and customers into Raiffeisenbank's operations by early 2022. This acquisition significantly strengthened Raiffeisen's market presence in the Czech Republic. Meanwhile, the group has been actively navigating its planned exit from Russia, balancing its expansion efforts with risk mitigation in challenging markets.

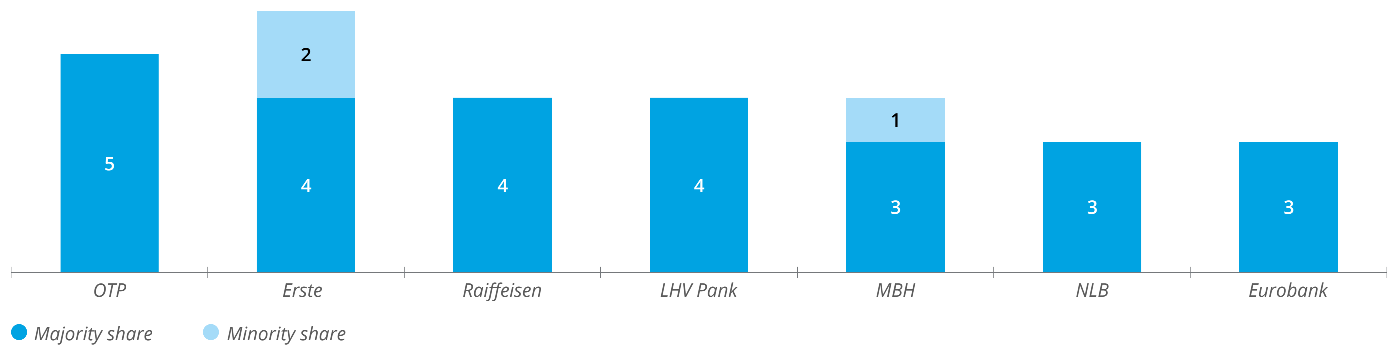
LHV Pank, a key player in the Baltics, also executed four transactions, including the acquisition of TBB Pank's loan portfolio in Estonia in 2024. These strategic moves bolstered its regional presence and further diversified its portfolio.

Hungarian MBH Bank Group, which formed through a three-party merger in 2023, also completed four acquisitions during the period. These transactions included the acquisition of Duna Takarék Bank, Fundamenta-Lakáskassza and the loan portfolio of Sberbank Hungary, making MBH a leading housing savings institution in Hungary.

Slovenia's NLB completed three transactions between 2019 and 2024, focusing primarily on Southeast Europe. Key deals included the acquisition of Komercijalna Banka in Serbia and Sberbank Slovenia. These acquisitions reflect NLB's strategic aim to solidify its position as a leading banking group in Southeast Europe, leveraging its expanded footprint to enhance operational efficiencies and competitive strength. In 2024, NLB initiated a voluntary public takeover offer to gain control of Addiko Bank AG, Austrian banking group, which has subsidiaries in Croatia, Slovenia, Serbia and Bosnia and Herzegovina. However, by the end of the acceptance only 36.39% of Addiko's shares were tendered, falling short of the 75% threshold required for the offer's success. As a result, the acquisition did not move forward.

Eurobank has remained an active player in the CEE banking market, with its most recent transaction announced in 2022. The Greek banking group acquired BNP Paribas Personal Finance Bulgaria, a deal that was finalized in June 2023. This acquisition further strengthened Eurobank Bulgaria's (Postbank) position in the market, aligning with the group's strategy of regional expansion. In addition, First Investment Bank, Bulgaria's fifth-largest lender, is reportedly up for sale, with a potential deal value estimated at up to EUR 500 million. While Eurobank has officially denied interest in the acquisition, Bloomberg reports have suggested that Eurobank Bulgaria and UniCredit Bulbank might be among the potential buyers.

Figure 21. Top buyers in the CEE market by the Nr. of transactions (Ranked based on the Nr. of majority transactions), 2019-2024



Source: Deloitte Intelligence

Following the sanctions imposed due to the Russian invasion of Ukraine, the European Central Bank declared Sberbank Europe "failing or likely to fail" in early 2022, prompting an accelerated exit from the European banking market. As a result, Sberbank liquidated its regional operations. Key deals included the sale of its subsidiaries in Slovenia to NLB, in Croatia to Hrvatska Postanska Banka, and in Bosnia and Herzegovina to ASA Bank Sarajevo and Nova Banka Banja Luka. Additionally, its loan portfolios in Hungary and the Czech Republic were sold to MKB Bank (now MBH Bank) and Česká spořitelna, respectively. By 2023, Sberbank had finalized its withdrawal from Europe with the sale of Sberbank Europe AG.

The European Bank for Reconstruction and Development (EBRD) followed a strategic divestment approach, completing six transactions between 2019 and 2024. Key transactions included the sale of stakes in Erste Bank Hungary and Lithuania's Šiaulių Bankas. These divestments align with EBRD's strategy of reducing its equity involvement in more mature markets while reallocating resources to higher-impact development opportunities.

Société Générale completed four significant transactions during the same period as part of its strategic decision to divest non-core assets in the CEE region. The French banking group sold subsidiaries in Albania, Bulgaria, and Serbia, retaining only its largest operations in the Czech Republic and Romania. Most of Société Générale's divested assets were acquired by OTP, reflecting OTP's growing regional presence.

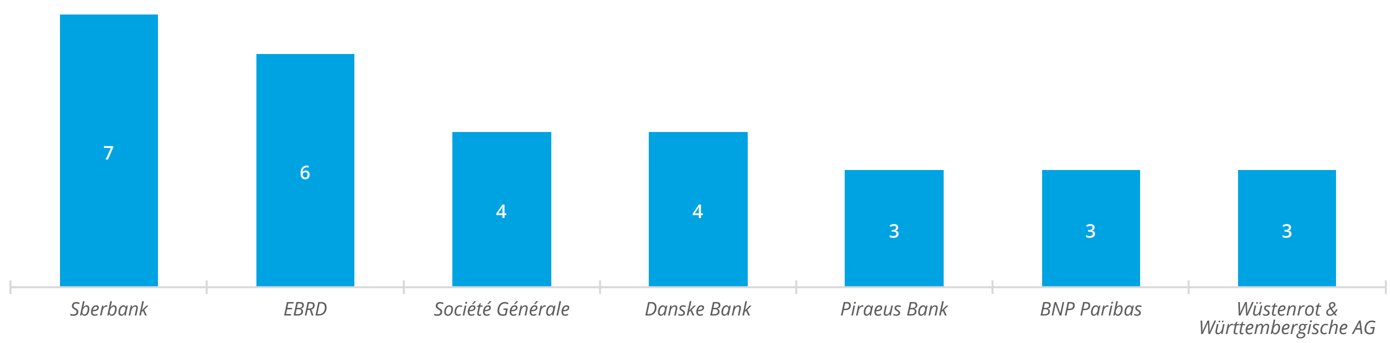
Danske Bank's exit from the Baltic region, driven by reputational and regulatory pressures following its money-laundering scandal, included four divestments of subsidiaries and portfolios in Estonia and Latvia. These transactions underscore how compliance issues can force banks to retreat from markets, even at significant cost.

Piraeus Bank exited the CEE market in 2018 and 2019 as part of a restructuring plan agreed with the European Commission. This involved selling its subsidiaries in Serbia, Romania, Albania, and Bulgaria, reflecting its focus on consolidating operations in its core domestic market. Additionally, in 2024, Piraeus sold a portfolio of approximately 2,000 non-performing loans in Romania.

BNP Paribas engaged in three transactions in the CEE region, focusing on divesting non-strategic assets. In 2023, BNP sold the consumer loan portfolio of its Czech consumer finance unit, operating under the Hello bank! brand, to Česká spořitelna. It also finalized the sale of its Bulgarian subsidiary, BNP Paribas Personal Finance Bulgaria, to Eurobank. Additionally, BNP sold of its Hungarian consumer finance arm, Magyar Cetelem Bank Zrt., to Cofidis Group, which operates as Magyar Cofidis Bank from December 2024.

Wüstenrot completed several key divestments in the CEE region between 2019 and 2024. In the Czech Republic, it sold its banking operations, including Wüstenrot – Stavební Spořitelna and Wüstenrot Hypoteční Banka. In Hungary, MBH Bank acquired a 76.35% stake in Fundamenta-Lakáskassza in 2023, completing the transaction in early 2024. Finally, in Croatia, Slatinska Banka acquired Wüstenrot Stambena Štedionica, a local housing savings bank, with the deal finalized in December 2024.

Figure 22. Top sellers in the CEE market by the Nr. of transactions, 2019-2024



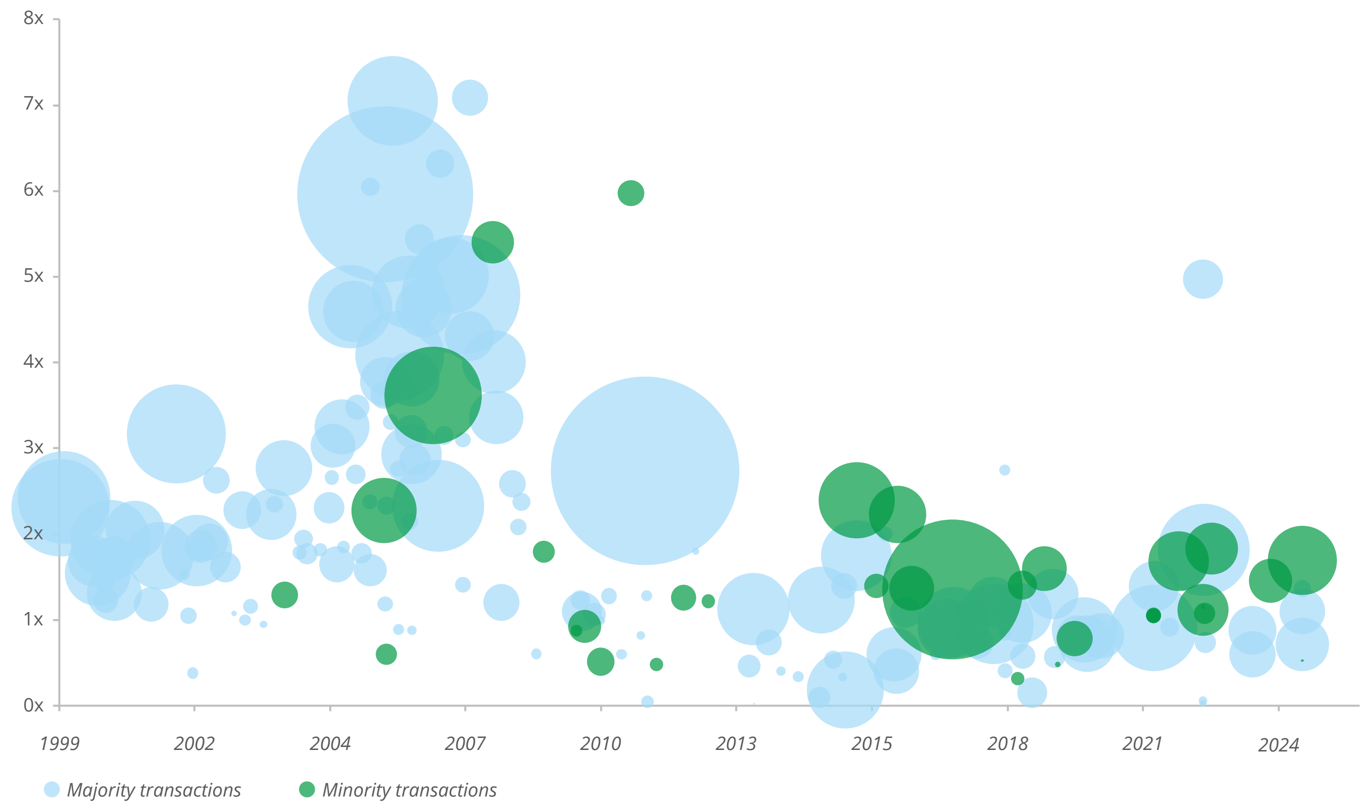
Source: Deloitte Intelligence

LIST OF BANKING M&A DEALS 2023-2024						
COUNTRY	YEAR	TARGET	BUYER	% ACQUIRED	DEAL VALUE IN EUR MN	SELLER
BG	2024	Tokuda Bank	Bulgarian-American Credit Bank	99.9%	34.8	Tokushukai Incorporated
EE	2024	TBB Pank (Loan portfolio)	LHV Pank	n/a	n/a	TBB Pank
HR	2024	Slatinska Banka	Cset	9.4%	1.1	Cyber Level
HR	2024	Wüstenrot stambena štedionica d.d.	Slatinska Banka	100.0%	n/a	Bausparkasse Wüstenrot AG
HU	2024	Fundamenta-Lakáskassza	MBH Bank	14.9%	n/a	Generali
LT	2024	PayRay Bank UAB	ERA Family Finance	100.0%	n/a	2404 S.A. Holding
PL	2024	VeloBank S.A.	Cerberus, EBRD, IFC	100.0%	250.3	Bank Guarantee Fund
PL	2024	Santander Bank Polska SA	n/a	5.2%	575.0	Banco Santander
RO	2024	Piraeus Financial Holdings SA (NPE portfolio)	APS Holding SA	100.0%	34.6	Piraeus Financial Holdings SA
RO	2024	OTP Bank Romania	Banca Transilvania	100.0%	347.5	OTP
SL	2024	Dezelna Banka Slovenije	KD Group	5.4%	n/a	Civibank
AL	2023	United Bank of Albania	Eurosig	33.2%	n/a	Islamic Development Bank
BA	2023	Banka Srpske ad Banja Luka (NPL portfolio)	Undisclosed buyer	100.0%	5.1	Banka Srpske ad Banja Luka
BA	2023	Nasa Banka a.d.	GI Finance	73.2%	n/a	n/a
CZ	2023	Hello Bank! (consumer loan portfolio)	Ceska Sporitelna	100.0%	300.0	BNP Paribas Personal Finance
CZ	2023	Ceska exportni banka	Narodni rozvojova banka	100.0%	n/a	Ministry of Finance, Export Guarantee and Insurance Corporation
HU	2023	Duna Takarék Bank Zrt	MBH Bank	98.5%	n/a	Danube Private Equity Fund
HU	2023	Magyar Cetelem Bank Zrt.	Cofidis Group SA	n/a	n/a	BNP Paribas Personal Finance
HU	2023	Fundamenta-Lakáskassza	MBH Bank	76.4%	n/a	Bausparkasse Schwäbisch Hall AG; Bausparkasse Wüstenrot AG; Wüstenrot & Württembergische AG
HU	2023	Erste Bank Hungary	Erste Group Bank AG	15.0%	n/a	EBRD
HU	2023	Erste Bank Hungary	Erste Group Bank AG	15.0%	230.0	Hungarian State
LV	2023	LPB Bank	Signet Bank	100.0%	n/a	SIA Mono
RO	2023	Alpha Bank Romania S.A.	UniCredit SpA	90.1%	255.0	Alpha Services and Holdings S.A.
RO	2023	First Bank	Intesa Sanpaolo	100.0%	n/a	J.C. Flowers & Co.
RS	2023	Eurobank Direktna	AIK Banka a.d.	100.0%	280.0	Eurobank Ergasias Services & Holdings SA, Private Individuals
RS	2023	Expobank JSC Belgrade	Adriatic Bank AD Podgorica	100.0%	n/a	Expobank

Source: Deloitte Intelligence

The most recent CEE banking M&A deals from January 2023 to December 2024 are summarized in the table above. For transactions completed prior to 2023, please refer to the deal summary tables provided in the respective country sections.

Figure 23. P/BV evolution of banking deals in the CEE region (1999-2024)



Source: Deloitte calculations
Please note that pricing was only available for 185 transactions for the reviewed period.
Please also note that the comparability of the different transactions is limited due to significantly different unique conditions and transaction circumstances in many cases.

Figure 23 illustrates the changes in the Price-to-Book Value (P/BV) ratio for transactions with disclosed deal values since 1999. The notable peak and subsequent decline following the 2008 financial crisis are evident. During that period, implied exit multiples could reach as high as 7.0x P/BV, whereas recent pricings have generally ranged from a more reasonable 0.5x to 2.0x. In 2022, the average price-to-book value (P/BV) of disclosed transactions stood at 1.5x. After a slight decrease in pricing indicated by publicly available data in 2023 to 1.0x, prices started increasing to 1.1x in 2024. Therefore, the CEE banking market remains to be a suitable ground for reasonably priced acquisitions, supported by stable profitability and asset quality, as well as ongoing digital advancements.

5. CEE BANKING RESOLUTION FRAMEWORK OVERVIEW

The next stage of the regulatory resolution landscape has been outlined following the release of the Single Resolution Board's (SRB) 2025 Work Programme, the accompanying List of Consultations and Requests to the Industry and EU banks receiving their latest priority letters. It is now the responsibility of financial institutions to navigate through this complex landscape. The highest peak to climb at the end of this track is the operationalisation of resolution plans.

Amid its efforts towards the primary goal of operationalising resolution plans, the SRB will continue to perform its standard operations in 2025 that contribute to its business objectives. It will support National Resolution Authorities (NRAs) responsible for the supervision of Less Significant Institutions (LSIs) in making their resolution plans operational and enhancing their crisis readiness. The Single Resolution Fund (SRF) remains a key priority, with a focus on dry-run testing of operational steps while using it. Resolution planning for banks under the SRB's remit will proceed in accordance with the Resolution Planning Cycle (RPC). The RPC 2024 will conclude this March, while April will mark the beginning of the RPC 2025. Banks will also need to begin preparations for the RPC 2026. Furthermore, the SRB will continue its role in monitoring MREL plus the development and dissemination of its policies in close cooperation with NRAs.

What is most evident, however, is the shift in focus from the finalization to the operationalisation of resolution plans. Learning from the events in the banking sector in March 2023, the SRB aims to create a crisis-oriented resolvability and resolution planning landscape to ensure banks have robust crisis preparedness and management. This is accompanied by several tools designed to equip them for their journey towards this goal.

The SRB will continue the implementation of its work programme on crisis preparedness and management, including new areas stemming from the SRM Vision 2028. In 2025, emphasis will be placed on enhancing crisis communication through the SRM Communications Forum. This Forum serves as a platform where the SRB, NRAs, the European Central Bank (ECB), and Commission communication experts interact and share best practices. The SRB will prepare and implement the Forum's action plan. Given that crisis management also involves managing external threats and risks in resolution scenarios, the SRB will implement its overarching risk policy framework and actively monitor risks under the new framework.

Specific devices to support the operationalisation of resolution plans will also be developed. In 2025, the SRB will complete and enhance the stocktake of documents, manuals and integrate new steps. The results will be reflected in an updated Crisis Governance Handbook and new flashcards. Concurrently, the SRB will assist NRAs in updating or finalizing National Handbooks in 2025. Tools for resolution operationalisation, such as the bail-in calculator, the Public Interest Assessment (PIA) tool, the moratorium tool, and Ready for Crisis (R4C) will also be supported. To ensure successful implementation, these tools will be tested and their users trained this year. Additionally, the crisis readiness training programme and the SRB's crisis readiness assessment will continue to develop.

Alongside the strategic shift to operationalisation, simplification measures will be introduced (e.g., resolution plans based on a modular approach) to make resolution plans more actionable in crises and allow resources to be redirected from drafting to testing resolution plans. Lessons learned from 2024 will inform the redesign of the RPC 2025 related templates.

The SRB plans to move towards bank-led testing by using banks' self-assessments as the starting point for overall resolvability assessment. Accordingly, new guidance on resolvability self-assessment for banks will be adopted, alongside a revised methodology for Internal Resolution Team (IRT) resolvability assessment (Heatmap). This approach will be complemented by On-site inspections (OSIs) conducted by the SRB.

Finally, the SRB will ensure that IRTs are adequately trained on policy considerations, legal and procedural documentation developed to operationalise the framework for removing or addressing substantive impediments. The SRB will continue engaging with NRAs to promote training and knowledge sharing on LSI cases where substantive impediments have been identified or considered.

The List of Consultations and Requests together with the priority letters provide clear milestones for banks along the path. With its renewed commitment to transparency and predictability, the SRB aims to demystify the complex landscape and make it easier for financial institutions to navigate.

The goal of operationalisation is evident in the consultations announced by the SRB. Of the five topics, four will focus on valuation capabilities, operationalisation of transfer strategies, the self-assessment template, and bank resolvability testing. Regarding the expectations the shifting focus towards operationalisation is apparent in the priorities, which include the Joint Liquidity Template and an Access to FMIs dry-run apparent in most priority letters. Additionally, some banks have been requested in their priority letters to participate in certain dry-run exercises, such as testing the Minimum Bail-in Data Template (MBDT) based on the associated guidance (2024).

The journey may be winding, but at the end lies a resilient financial sector capable of withstanding external shocks and heightened risks. Achieving routine operation in a crisis scenario requires practice during stable times. The SRB's priorities for the coming year reflect this approach to get there ideally without surfacing all the achievements behind the scenes.

6. CEE BANKING IPO LANDSCAPE

Equity market presence of the banking sector in the region

The equity market plays a crucial role in reflecting the financial health and investor confidence in the banking sector. Given that many of the region's larger banking players or their parent banks are publicly listed, their performance is continuously mirrored in stock prices and valuation multiples. These developments, alongside the key banking KPIs and indicators analyzed in this study, offer insights into potential public transaction activity, complementing observed trends in private M&A markets.

Naturally, share price movements and valuation multiples are influenced by a range of bank specific factors[1]. For the sake of comparability, we categorized listed banks into three groups:

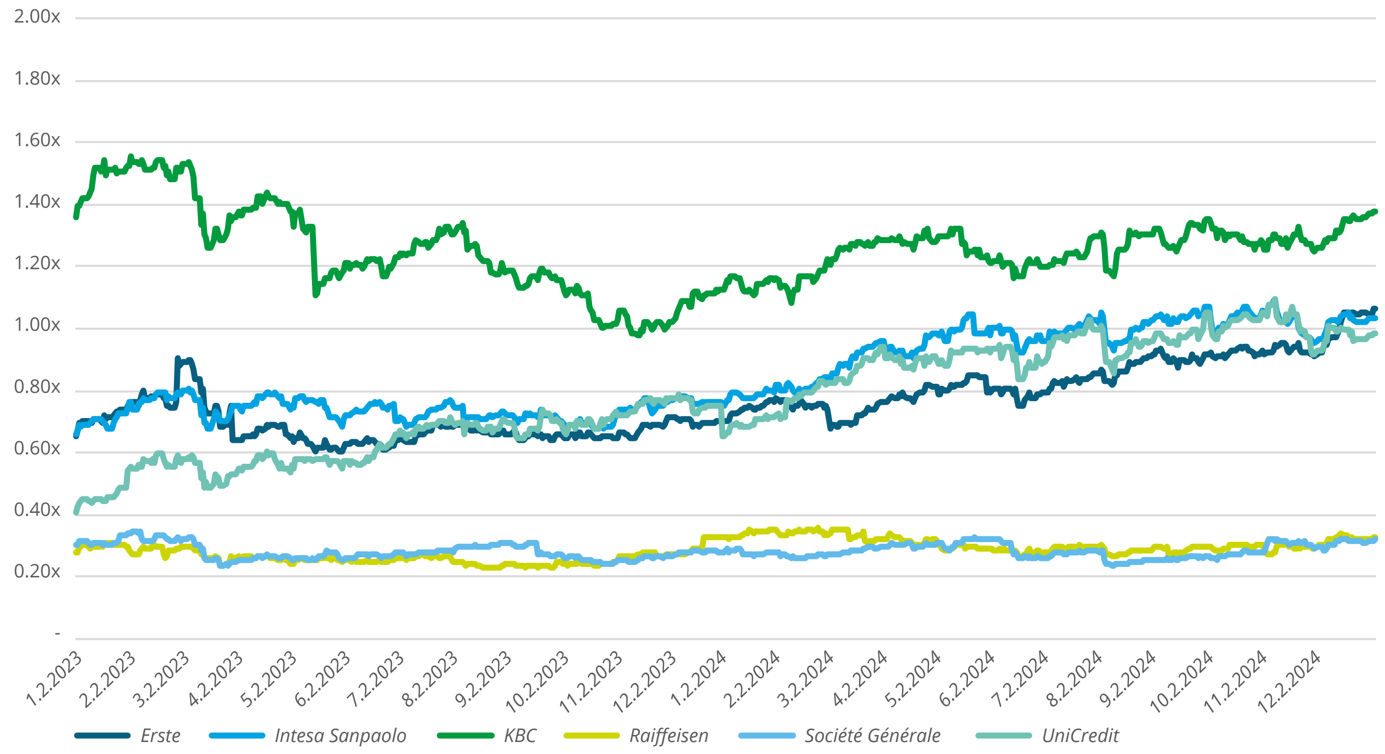
i) Network banks headquartered and listed in Western Europe, with substantial operations in the CEE region, but where the majority of assets and performance stem from their Western European markets;

ii) Network banks with significant network coverage in the CEE region, where CEE operations represent the majority of group assets and performance;

iii) Single market banks, which are listed and operate primarily in one of the CEE markets.

1 The total number of listed banks (either in Western Europe or in the CEE) with market presence in the region is exceeding the number we present in this section. We selected those network banks where market presence was relevant on at least two CEE markets and where the size of market capitalization, the level of free float and liquidity can be considered meaningful.

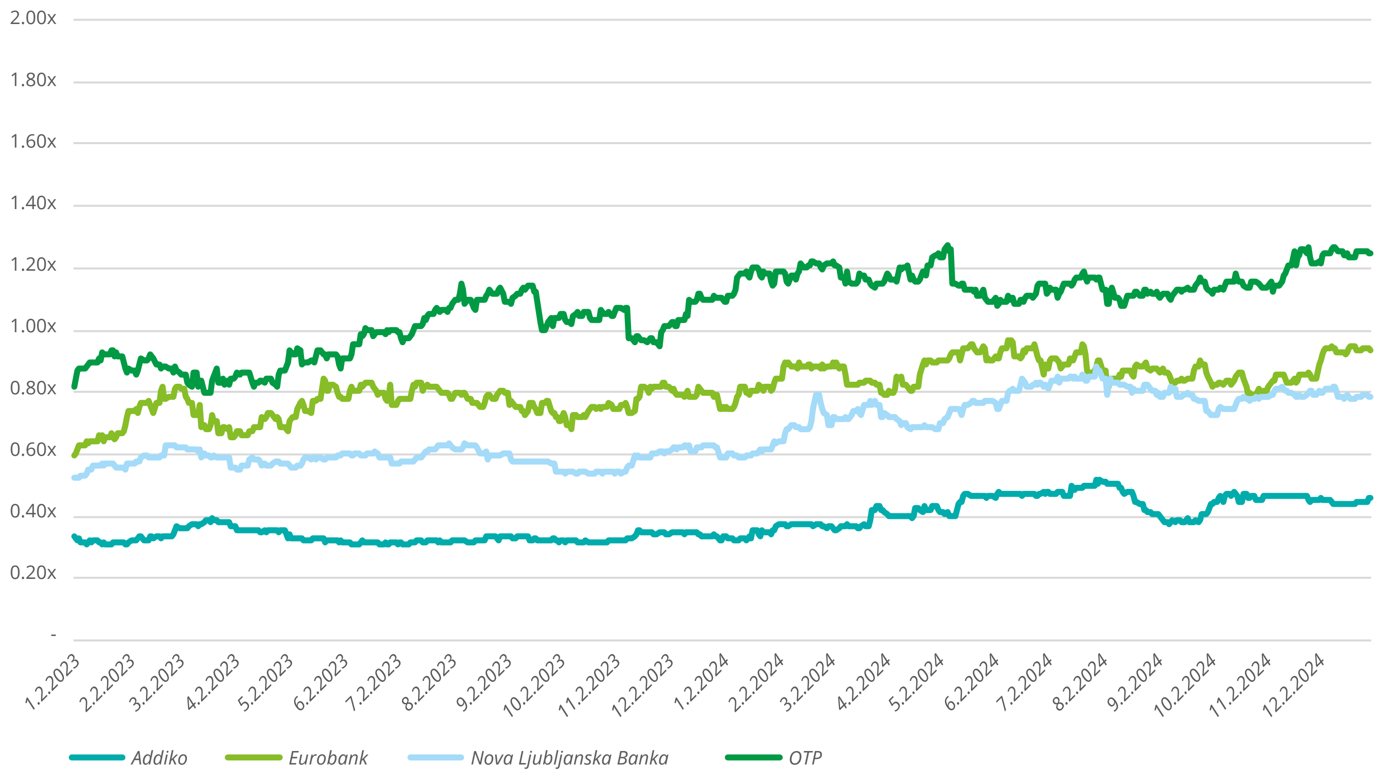
Figure 24. Development of P/BV multiples for listed Western European banks with substantial regional coverage, 2023-2024



Source: Capital IQ, Deloitte analysis

Among the first group, valuation trends in 2023–2024 have been mixed. Société Générale and Raiffeisen have struggled from specific challenges, such as substantial Russian exposure in case of Raiffeisen and constant need to improve capital positions in case of Société Générale, preventing their price-to-book value (P/BV) multiples from rising beyond 0.5x. In comparison, other Western European banks with relevant regional coverage have seen considerable increase in valuation levels since late 2023, reaching and slightly exceeding 1.0x P/BV (Intesa, UniCredit, Erste) or getting close to 1.5x P/BV (KBC) by the end of 2024.

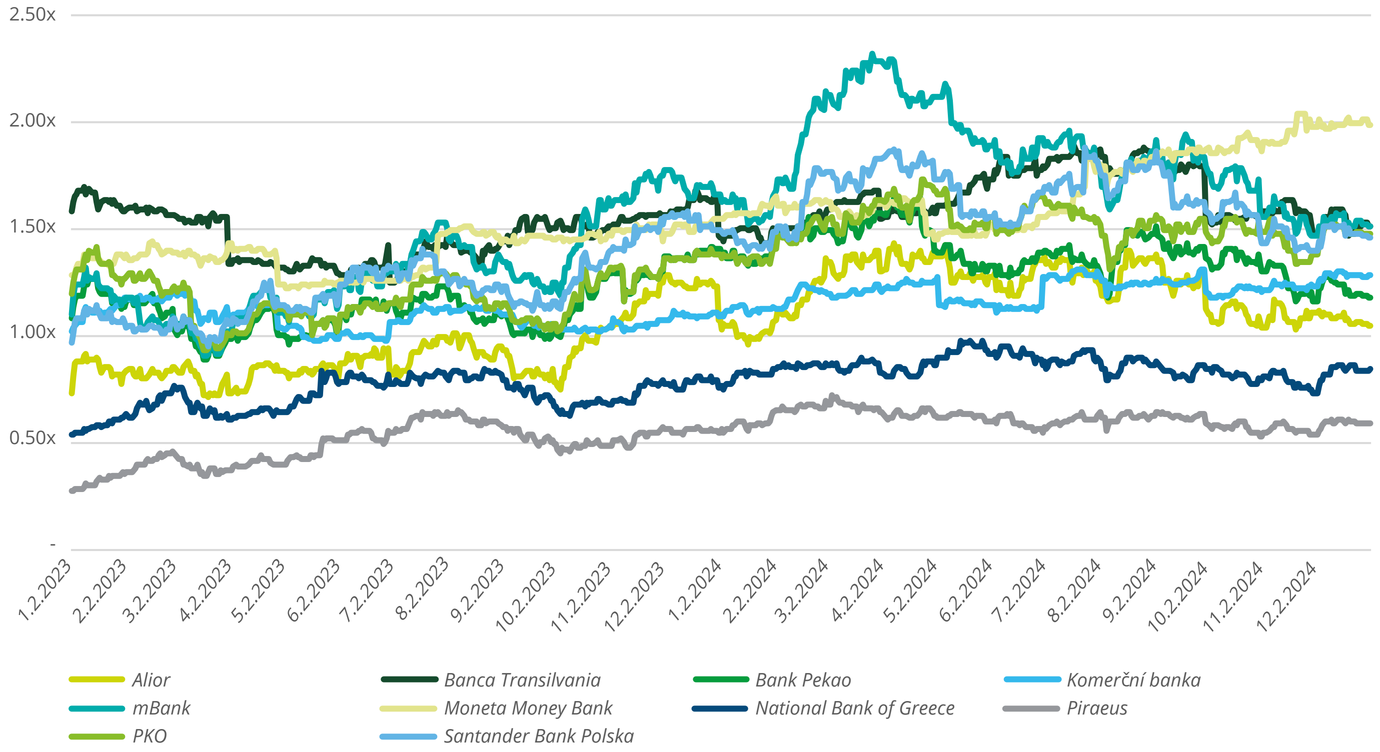
Figure 25. Development of P/BV multiples for listed CEE focused network banks, 2023-2024



Source: Capital IQ, Deloitte analyis

The valuation trajectory of regional-focused network banks has closely mirrored that of their Western European counterparts (Erste, Intesa, UniCredit), showing a steady upward trend in valuation levels in the past two years, with OTP outperforming both NLB and Eurobank in terms of P/BV multiples. Meanwhile, Addiko's valuation stagnated around 0.5x P/BV for most of 2024, likely influenced by NLB's unsuccessful attempt to acquire a majority stake, which also impacted NLB's own valuation trends.

Figure 26. Development of P/BV multiples for listed banks focusing on a single market in the region, 2023-2024



Source: Capital IQ, Deloitte analyis

For single-market banks, valuation movements have followed a distinct pattern. While valuation levels somewhat increased over the past two years, banks had a decrease in implied P/BV multiples during Q3-Q4 2024, with the exception of the Czech banks (Moneta, Komercni). Despite the difference in the trends, valuation levels of single market banks are generally above network bank valuation levels (in the range of 1.2-1.5x P/BV compared to 0.8-1.2x P/BV).

Overall, the general trend of market prices of regionally relevant banking stocks in the last two years have shown positive trends from an investor perspective. Strong ROEs have driven significant share price appreciation, and while banking stocks may still be considered undervalued relative to average cost of equity, this dynamic could set the stage for increased investment inflows into the sector in the coming year.

Significant public banking transactions in the CEE region, 2023 – 2024

The positive valuation trends and strong financial performance of banks in the CEE region have contributed to an increase in public market transactions alongside private M&A activity.

Key transactions between 2023-2024 include:

PARTY INVOLVED	SELLING PARTY	COUNTRY	DATE	BASIS OF TRANSACTION	TRANSACTION SIZE	VALUE EUR MN	IMPLIED P/BV
Alpha Bank	Greek State	Greece	Nov-23	Secondary shares	9.0%	300	0.47x
National Bank of Greece	Greek State	Greece	Nov-23	Secondary shares	22.0%	1100	0.69x
Piraeus	Greek State	Greece	Mar-24	Secondary shares	27.0%	1300	0.64x
Santander Bank Polska	Banco Santander	Poland	Sep-24	Secondary shares	5.2%	575	1.48x
National Bank of Greece	Greek State	Greece	Oct-24	Secondary shares	10.0%	690	0.83x
Gránit Bank	n/a	Hungary	Dec-24	Primary shares	6.4%	44	1.97x

Source: Capital IQ, Deloitte analysis

Transactions mainly consist of the sale of minority stakes in already listed entities driven by the privatizations done by the Greek state in relation to systemic network banks also operating in the CEE. However, the latest transaction done by Gránit Bank was related to the raising of new capital via an IPO, potentially signaling a renewed interest in public listings within the sector.

Banking sector outlook from an equity market perspective

While public market transactions remain highly dependent on general market movements and investor sentiment, the combination of supportive market conditions, robust bank valuations, and strong financial performance of banks could drive increased transaction activity in 2025. The past few years have seen a notable decline in banking sector IPOs and other equity market transactions, both regionally and globally. However, the pipeline for 2025 already includes notable global listings such as the Klarna IPO, Stripe IPO, and Novo Banco IPO, indicating renewed momentum.

- In the CEE region, several banking players have signaled potential public market transactions, contingent on favorable market conditions: Moldova-Agroindbank shareholders have already approved to prepare for an IPO and listing on the Bucharest Stock Exchange[1]
- MBH Bank in Hungary has already articulated its aim to increase its capital market presence[2]
- Should the current transaction process of Luminor prove to be unsuccessful, a public listing may be an alternative option for its shareholders

1 Moldova-Agroindbank shareholders approved IPO and listing
2 https://www.portfolio.hu/bank/20241218/barna-zsolt-felzarkozott-az-mbh-az-otp-melle-730621

7. FINTECH SUMMARY

Fintech Funding Challenges Persist: A 20% Decline in 2024 Compared to 2023.

The decline in fintech investments persists, it has been driven by the ongoing global liquidity and thus investment scarcity, a shift in investor sentiment towards AI and cleantech investments, and the maturation of the segment, where later-stage deals and exits are becoming increasingly important. Rising risk-free rates, triggering increasing funding costs and a decline in valuations across segments and regions over the past two years have placed significant pressure on the fintech industry. The ongoing decline in deal count highlights that the sector continues to face substantial headwinds.

While the fintech industry faced funding challenges in 2023 and 2024, the focus has shifted towards sustainable growth, technological integration, and regulatory compliance. In response to the prolonged decline in fintech fundraising, many companies have shifted their focus towards enhancing operational efficiencies by optimizing customer acquisition costs, achieving economies of scale, and, in some cases, restructuring their operations to improve bottom lines. This strategic pivot has led to notable improvements in EBITDA margins across the fintech sector. Although fintech market segments reported positive median returns, valuations continued to lag as investors remained cautious about long-term profitability. This cautious stance underscores the importance of sustainable profit margins in the current investment climate.

Given the challenges in the initial public offering market, fintech companies have increasingly turned to alternative exit strategies to achieve liquidity and growth objectives. Mergers and acquisitions have become prominent strategies, with fintech firms either merging with complementary companies or being acquired by larger entities seeking to enhance their technological capabilities. Notable transactions include Rapyd's acquisition of PayU's Global Payments Organization for USD 610 million, expanding Rapyd's global payments network and solidifying its position in emerging markets. Additionally, Crédit Agricole S.A. acquired a 7% minority stake in Worldline S.A., strengthening their strategic partnership aimed at creating a major player in the French merchant payment services market. Additionally, strategic partnerships offer fintech companies opportunities to collaborate with established financial institutions, allowing for resource sharing and expanded market reach without the complexities of a full merger or acquisition. A good example is the collaboration between OTP Bank and Iliad Solutions. This partnership focuses on accelerating fintech innovation and enhancing payment testing infrastructure across OTP Bank's operations in CEE. By integrating Iliad Solutions' advanced payment testing platform, OTP Bank aims to streamline and optimize its payment processing capabilities, ensuring faster deployment of new financial services while maintaining compliance with evolving regulatory standards

Raising capital in today's evolving fintech landscape, founders must focus on demonstrating a clear path to profitability, as investors increasingly prioritize startups with sustainable business models and efficient operations. Emphasizing technological integration is also crucial, with AI and blockchain gaining significant investor interest; showcasing how these innovations are leveraged to address industry challenges can provide a competitive edge.

Emergence of New Trends: AI and Crypto

Beyond focusing operational efficiency, fintech firms are integrating AI across their whole operation, in fraud detection, in customer support, and in compliance to drive automation and improve user experience. AI is used to analyze vast datasets, identifying patterns that indicate fraudulent activities, enabling real-time detection and prevention. AI-powered chatbots and virtual assistants provide 24/7 customer service, efficiently managing inquiries and transactions. Additionally, AI supports the monitoring of communications and transactions to ensure adherence to financial regulations. This integration is designed to boost both efficiency and the overall user experience.

The adoption of blockchain technology and cryptocurrencies is rapidly expanding, with fintech companies leveraging it for innovative applications in decentralized finance (DeFi) and digital assets. DeFi platforms provide financial services without traditional intermediaries, enabling peer-to-peer transactions through smart contracts that enhance transparency and reduce costs. Fintech firms are also embracing digital asset tokenization, converting real-world assets into blockchain-based tokens to increase liquidity and facilitate fractional ownership. Regulatory frameworks, such as the European Union's Markets in Crypto-Assets (MiCA) regulation set to take effect in 2025, are being introduced to ensure consumer protection and market stability while encouraging innovation. Additionally, blockchain and digital assets, or shortly crypto assets, are also coming to the strategic agenda of more and more traditional banks to increase revenues and profits, as customer demand is significantly increasing on both institutional and retail sides. Most common use cases are crypto custody and trading, as well as stablecoins and tokenization. Deloitte`s specialized Blockchain & Digital Assets team is proud to advise a number of banks in these growth endeavors. „Tectonic shifts are happening in the financial services industry with blockchain and digital assets coming to financial mainstream. Deloitte`s specialized Blockchain & Digital Assets team is delighted to serve global leading commercial banks, as well as central banks to support them navigating towards the future digital economy, running on the blockchain, with 24/7 instant, programmable, frictionless, atomic settlement. Our global team very closely cooperates led by the US, across Europe or Asia, thus global knowledge transfer is very fast." – said Csaba Csomor, Head of Blockchain & Digital Assets, Central Europe.

Traditional Themes: Embedded Finance, Data Utilization, Payment

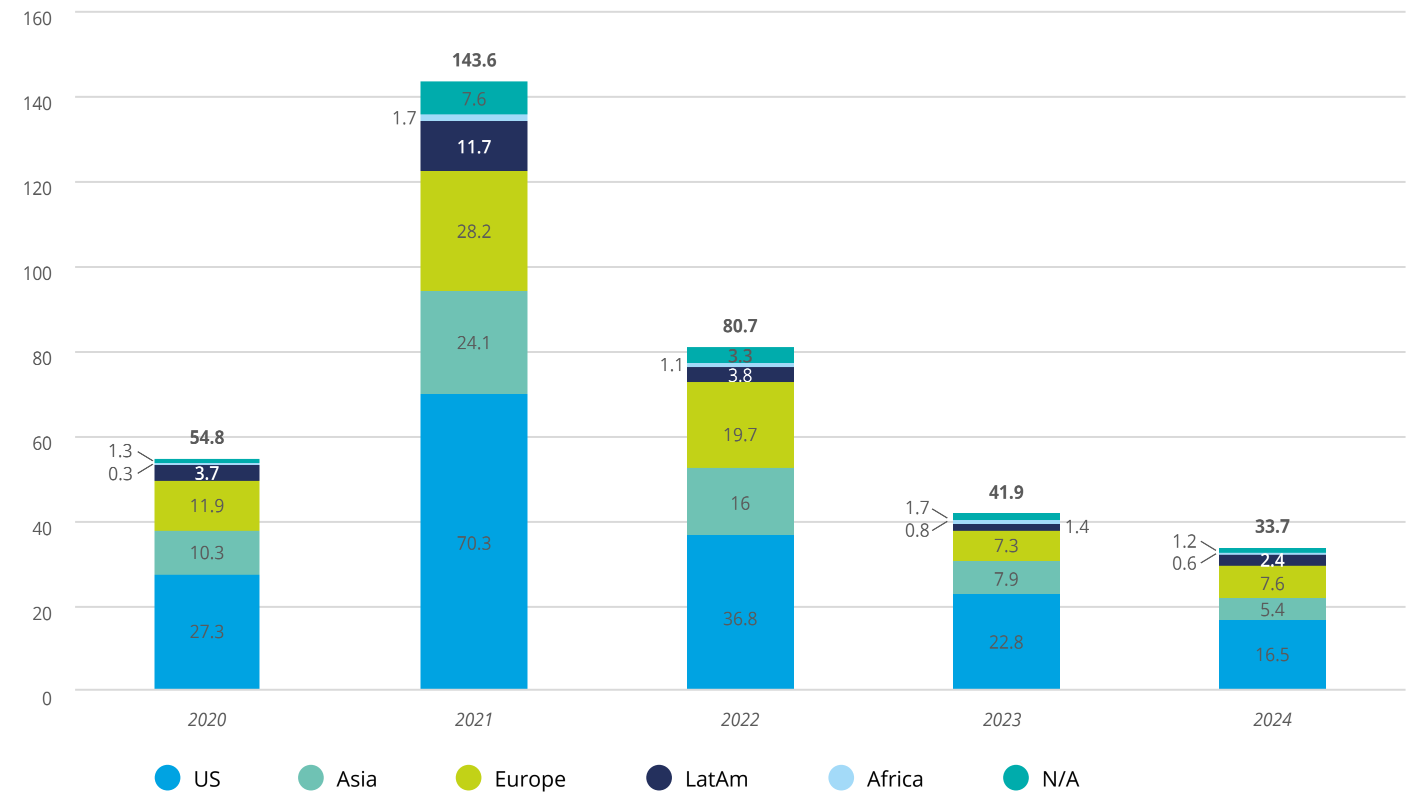
Besides the emergence of new trends, embedded finance, data utilization, and the expansion of payment solutions continue to be key themes shaping the fintech industry. As financial technology evolves, these core trends remain vital for enhancing customer experiences, driving business efficiencies, and enabling financial inclusion across various sectors.

Embedded finance is revolutionizing the way consumers access financial services by integrating them directly into non-financial platforms such as e-commerce websites, social media platforms, and digital marketplaces. This approach allows businesses to offer financial products such as loans, insurance, and payment processing services seamlessly within their existing ecosystems, enhancing user convenience and expanding their market reach. Recent advancements in API-driven banking, Banking-as-a-Service (BaaS) platforms, and cloud-native infrastructure are driving the growth of embedded finance, making integration more efficient and scalable. These technologies enable businesses to offer financial services without having to develop complex banking infrastructures themselves, allowing them to rapidly deploy tailored solutions that cater to customer needs. Additionally, partnerships between fintech firms and large tech players such as Amazon and Uber are further accelerating the adoption of embedded finance.

Data utilization has become a critical driver of fintech innovation, enabling companies to make informed decisions, optimize operations, and enhance financial resilience. As financial transactions and digital interactions generate vast amounts of data, fintech companies are focusing on modernizing their data management systems to harness this valuable resource effectively. Cutting-edge solutions such as predictive analytics, real-time data processing, and cloud-based big data platforms are transforming how fintech firms analyze customer behavior, detect anomalies, and deliver hyper-personalized financial products. These technologies not only help in fraud prevention but also provide businesses with deeper insights into spending patterns and creditworthiness, allowing for smarter lending decisions

The expansion of payment solutions is another major trend that continues to reshape the financial landscape. With the rise of global commerce and cross-border transactions, payment companies are scaling their services to support seamless, efficient, and secure financial transactions across different regions. Innovative technologies such as blockchain for cross-border payments, biometric authentication for secure transactions are reshaping the payment ecosystem by offering faster, more secure, and cost-effective solutions. Meanwhile, fintech firms are adopting open banking protocols to provide customers with more flexible payment options, allowing for direct bank-to-bank transfers without traditional card networks.

Figure 27. Global fintech funding by target company location (USD Billion)

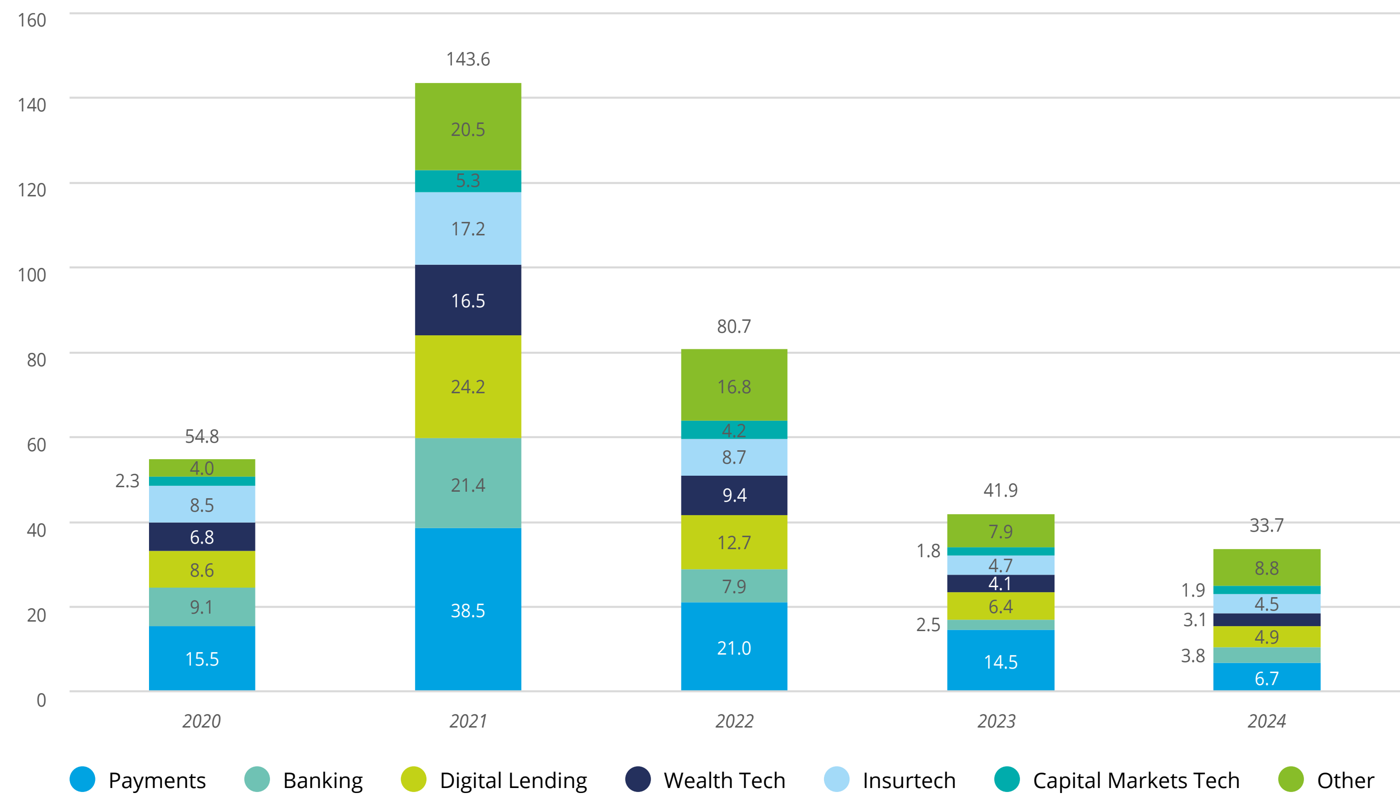


Source: CB Insights, Deloitte

Europe: Stabilizing Investment Landscape

Despite the overall reduction in funding, the fintech sector demonstrated resilience, with investment activity increasing slightly to USD 7.6 billion in Europe. Though overall funding levels remained below the peaks of previous years, the decline in investments began to plateau, indicating a more stable investment climate. The median deal sizes increased, reflecting a focus on quality over quantity among investors. Additionally, the sector witnessed a resurgence in IPOs, suggesting renewed confidence in the market's prospects. Valuation trends during this period were mixed. Some high-profile fintech companies faced significant markdowns; for instance, Schroders devalued its stake in Revolut by approximately 46%, and Allianz sold its holding in N26 at a USD 3 billion valuation, down from USD 9 billion in 2021. Conversely, certain fintech firms achieved substantial valuations, with Monzo reaching a USD 5 billion valuation in 2024, defying the broader market slump. The period also highlighted a strategic shift among fintech startups. Companies increasingly focused on sustainable growth and profitability, adapting to the more discerning investment climate. This approach was evident in the cautious expansion plans and streamlined operations adopted by many firms to align with investor expectations and market realities.

Figure 28. Global fintech funding by target company segment (USD Billion)



Source: CB Insights, Deloitte

Global Segment Trends

Payments

Funding in the payments sector remained robust throughout 2024, with significant growth in the second half of the year. Total funding for the year reached approximately USD 6.9 billion, reflecting a 54% decrease from 2023, investments were driven by innovations in real-time payments, embedded finance, and digital wallets. Notable transactions highlight the increasing demand for digital payment solutions across various markets particularly in the B2B payments sector. Argentina-based mobile payments company Ualá secured a USD 300 million Series E round in Q4, making it one of the largest deals of the quarter alongside home equity release firm Splitero. Similarly, B2B payments automation provider Melio attracted USD 150 million to expand its global footprint, reflecting the increasing need for streamlined accounts payable solutions among businesses. Additionally, Brazilian fintech ASAAS raised USD 150 million to enhance its digital payment offerings tailored to SMEs, demonstrating the rising adoption of fintech services in emerging markets and the sector's continued expansion beyond traditional financial hubs.

Banking

In 2024, the banking fintech sector experienced significant developments characterized by increased investment in mature companies, a cautious approach towards new technologies due to regulatory uncertainties, and a notable rise in mergers and acquisitions. Investors exhibited a preference for mid- and late-stage banking fintech firms, with such deals constituting 38% of the total deal volume in 2024, up from 21% in 2023. This trend reflects a strategic move towards companies with proven business models amidst regulatory volatility, particularly affecting banking-as-a-service providers.

Digital Lending

Despite the broader downturn, the sector attracted USD 4.9 billion in investments, a 23% decrease compared to 2023. Though investor confidence is evidenced by the emergence of new fintech unicorns in 2024. Notably, France-based financial management and accounting platform Pennylane achieved unicorn status, reflecting the sector's capacity for significant growth and innovation.

Wealth Tech

The wealth management industry has increasingly adopted artificial intelligence and open integration, leading to more personalized client engagement and efficient back-office operations. While AI-driven investment personalization is still in its early stages, advancements are paving the way for more tailored financial solutions. In 2024, the wealth tech sector witnessed several significant funding rounds. Human Interest secured a USD 242 million Series F round to strengthen its position as a leading turnkey retirement plan provider, catering to small and medium-sized businesses. Earned Wealth raised USD 200 million in a Series B round, focusing on delivering tailored digital wealth management services for medical professionals, reflecting the increasing need for specialized financial planning. Bilt Rewards obtained USD 200 million in Series C funding to expand its platform that enables renters to earn rewards on rent payments, demonstrating the evolving intersection of financial technology and the real estate sector.

Insurtech

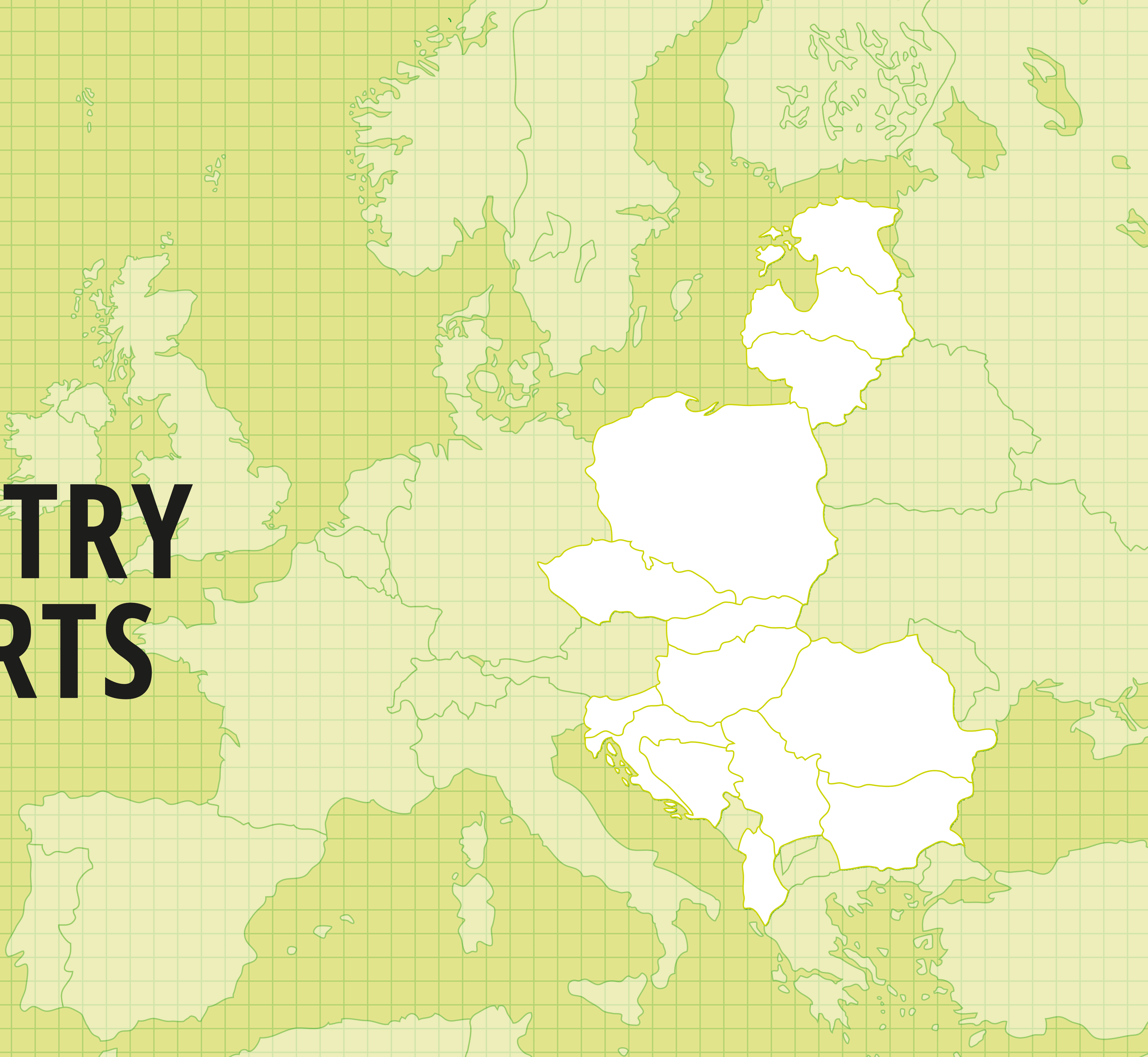
In 2024, the insurtech sector experienced a dynamic landscape marked by fluctuating investment levels, significant deals, and the integration of advanced technologies. The integration of artificial intelligence became increasingly prominent, with startups leveraging AI to streamline underwriting processes and personalize policies. Overall investment in insurtech remained steady at USD 4.5 billion compared to 2023. Notable deals include Sidecar Health's USD 165 million Series D round in Q2'24. Alan: The France-based health insurer secured a USD 193 million Series F round in Q3'24, underscoring significant investor interest in European insurtechs. Akur8: A pricing platform that obtained a USD 120 million Series C round in Q3'24, reflecting the demand for advanced pricing solutions in the insurance industry.

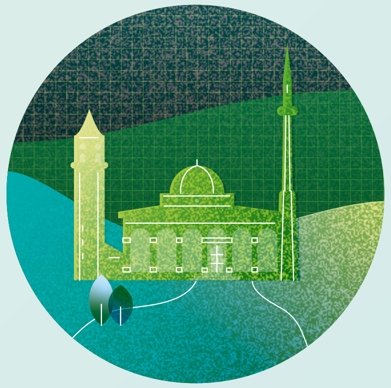
Crypto

In 2024, the crypto fintech sector experienced notable fluctuations in investment activity, strategic acquisitions, and evolving regulatory frameworks. The year commenced with a robust USD 2.4 billion invested across 518 deals in Q1, marking increases of 40.3% and 44.7% respectively from the previous quarter. This upward trajectory continued into Q2, with deal value reaching USD 2.7 billion—the third consecutive quarter of growth. However, Q3 saw a decline, with deal value dropping to USD 1.7 billion, a 31.3% decrease from Q2, indicating persistent market volatility. Despite these fluctuations, venture capital interest remained strong.. One global leading venture capital firm, with AUM of USD 42 billion, heavily investing in crypto as well as providing immaculate market eminence, is A16z, also heaving their crypto focused arm, A16z crypto, with over USD 7 billion of crypto investments.

Strategic acquisitions underscored the sector's maturation, notably Stripe's USD 1.1 billion acquisition of stablecoin platform Bridge in October 2024, highlighting the increasing integration of stablecoins (native on the blockchain) into mainstream financial services. Traditional financial services companies are also coming out with their own stablecoins on a greenfield basis, with JP Morgan launching JPM Coin, their own USD stablecoin back in 2020, PayPal launching their USD stablecoin PYUSD in 2023, while French banking giant Société Générale also has its own EUR stablecoin, CoinVertible.

8. COUNTRY REPORTS





ALBANIA

During 2024, Albania's macroeconomic environment has shown resilience and positive trends despite global economic challenges. Real GDP grew by 3.9% in 2023, supported by strong domestic demand, private investments, and tourism, although a slightly slower pace of 3.7 is estimated in 2024 due to economic slowdowns in the Balkan area and tighter global financial conditions. Although unemployment rate continued to decrease further in 2023 by 0.2% point, it remains high at 10.7%, standing below the Balkan average of 11.7% according to WBRER Fall 2024. Interest rates in Albania were stable at 3.25% since November 2023, but in July 2024, a key policy adjustment was made by the Bank of Albania with a 25 basis points cut, bringing the policy rate down to 3.0% by the third quarter of 2024. In November 2024, another 25 basis point reduction was implemented, further lowering the policy rate to 2.75%. Inflation has steadily decreased from 6.7% in 2022 to 4.8% in 2023 and an estimated inflation of 2.2% in 2024, primarily driven by a reduction in food prices.

In 2023, the Albanian banking sector experienced a steady growth in total assets, increasing by 15.1% from EUR 16.4bn in 2022 to EUR 18.9bn, driven by a 14.1% increase in total loans. This growth reflects increased financing demand from enterprises for investments and the favorable shift towards loans denominated in local currency (Albanian Lek), supported by lower interest rates and the appreciation of the lek against major currencies. Corporate lending, particularly in the tourism and service sectors, increased from EUR 3.8 bn in 2022 to EUR 4.2 bn in 2023, reflecting improved economic prospects and competition among banks. Retail loans exhibited even stronger growth of over 19.9% from EUR 2.2 bn in 2022 to EUR 2.6 bn in 2023, influenced by higher living costs but supported by eased credit conditions. The banking sector maintained favorable financing conditions with low interest rates, even after a policy rate hike in November 2023 followed by a 25bps cuts in July and November 2024. According to EIU, the Bank of Albania has maintained a more accommodative monetary policy stance compared to the region, cutting its policy rates in July 2024 by 25 bps and later lowering it again in November 2024 by 25bps, reaching at 2.75%. The decrease was driven by lower inflationary rates, and it is expected to ease at 1% by 2025, driving an increase in the loan demand.

Throughout 2023 and early 2024, the Albanian banking sector managed to maintain stable level of non-performing loans (NPLs) and high loan quality through strategic lending and prudent risk management practices. Total NPL ratio dropped from 5.0% in 2022 to 4.7% in 2023 due to favorable economic conditions, reduction in credit risk premia and banks' increased focus on sectors with higher growth potential, such as tourism and services. The sector saw a significant shift towards loans denominated in local currency, driven by lower interest rates and the currency's appreciation, which reduced exchange rate risks and enhanced loan performance. Proactive lending behavior, including eased conditions for household loans and a shift towards long-term investment loans, also contributed to maintaining loan quality.

The banking sector's capital adequacy has been robust, with a strong capital base providing sufficient buffers against potential financial shocks. In 2023, the banking sectors capital adequacy ratio increased from 18.1% to 19.4% which supported the continuous lending growth.

The Albanian banking sector demonstrated strong profitability throughout 2023 and into 2024 H1, which is reflected in solid ROE and ROA. ROA has been stable, increasing from 1.4% in 2022 to 2.0% in 2023 and 2.2% in 2024 H1, reflecting efficient asset management and steady interest incomes driven by increased lending activity, particularly in loans denominated in local currency. This growth in asset utilization was supported by low NPLs and prudent risk management that focused on sectors with high growth potential, such as tourism and services. Meanwhile, ROE saw significant growth from 12.3% in 2022 to 17.3% in 2023 and a further increase to 18.5% in the first half of 2024, benefiting from a solid capital base and effective cost management that maximized earnings on shareholders' equity. Furthermore, banks eased lending conditions to attract more borrowers, which increased loan demand from both enterprises and households.

MACRO INDICATORS	2021	2022	2023	2024E	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024E (% OR % POINT)
Gross Domestic Product (GDP)						
Nominal GDP (LCY mn)	1,866,674	2,149,741	2,369,906	2,494,100	10.2% ▲	5.2% ▲
Nominal GDP / Capita (LCY k)	666.7	767.8	846.4	890.8	10.2% ▲	5.2% ▲
Nominal GDP (EUR mn)	15,245	18,077	21,793	24,767	20.6% ▲	13.7% ▲
Nominal GDP / Capita (EUR k)	5.4	6.5	7.8	8.8	20.6% ▲	13.7% ▲
Real GDP (% change pa.)	9.0%	4.8%	3.9%	3.7%	-0.9% ▼	-0.2% ▼
Financial Markets						
Lending interest rate (%)	6.1%	6.4%	6.6%	6.4%	0.2% ▲	-0.2% ▼
Deposit interest rate (%)	0.5%	0.7%	1.3%	1.1%	0.6% ▲	-0.2% ▼
Consumer prices (% change pa.)	2.0%	6.7%	4.8%	2.2%	-2.0% ▼	-2.6% ▼
Average EURLCY	122.4	118.9	108.7	100.7	-8.6% ▼	-7.4% ▼
Average USDLCY	103.6	113.1	100.6	93.2	-11.1% ▼	-7.4% ▼
Public Debt						
Public debt (% of GDP)	74.1%	64.1%	57.8%	57.6%	-6.4% ▼	-0.2% ▼
Budget balance (% of GDP)	-4.6%	-3.6%	-1.3%	-1.1%	2.3% ▲	0.2% ▲
Population						
Population (mn. pers.)	2.8	2.8	2.8	2.8	0.0% ●	0.0% ●
Unemployment rate (%)	11.6%	11.0%	10.7%	10.4%	-0.2% ▼	-0.3% ▼

Source: EIU, Bank of Albania (exchange rates)
E – Estimated data for 2024
Please note that 2024H1 average exchange rate was applied for 2024E figures.

Banking Sector

BANKING SECTOR	2021	2022	2023	2024H1	Δ 2022-2023 (% OR % POINT)		Δ 2023-2024H1 (% OR % POINT)	
General Data								
Total assets (EUR mn)	14,689	16,434	18,919	19,935	15.1%	▲	5.4%	▲
Asset penetration (%)[1]	95.0%	87.3%	82.9%	80.2%	-4.4%	▼	-2.8%	▼
Total equity (EUR mn)	1,456	1,613	1,881	2,043	16.6%	▲	8.6%	▲
Total loans (EUR mn)	5,304	5,995	6,839	7,552	14.1%	▲	10.4%	▲
Loan penetration (%)[2]	34.3%	31.9%	30.0%	30.4%	-1.9%	▼	0.4%	▲
Retail loans (EUR mn)	1,845	2,182	2,616	2,901	19.9%	▲	10.9%	▲
Corporate loans (EUR mn)[3]	3,459	3,813	4,224	4,651	10.8%	▲	10.1%	▲
Other loans (EUR mn)	n/a	n/a	n/a	n/a	n/a	●	n/a	●
NPL Volumes								
Total NPLs (EUR mn)	300	300	324	355	8.2%	▲	9.5%	▲
Retail NPLs (EUR mn)	n/a	n/a	n/a	n/a	n/a	●	n/a	●
Corporate NPLs (EUR mn)	n/a	n/a	n/a	n/a	n/a	●	n/a	●
NPL Ratios								
Total NPL ratio (%)	5.7%	5.0%	4.7%	4.7%	-0.3%	▼	0.0%	●
Retail NPL ratio (%)	n/a	n/a	n/a	n/a	n/a	●	n/a	●
Corporate NPL ratio (%)	n/a	n/a	n/a	n/a	n/a	●	n/a	●
Key Ratios								
CAR (%)	18.0%	18.1%	19.4%	19.3%	1.3%	▲	-0.2%	▼
ROE (%)	12.9%	12.3%	17.3%	18.5%	5.0%	▲	1.3%	▲
ROA (%)	1.4%	1.4%	2.0%	2.2%	0.6%	▲	0.2%	▲
CIR (%)	58.9%	59.2%	52.9%	49.5%	-6.3%	▼	-3.4%	▼
L/D (%)	44.4%	44.6%	44.0%	46.8%	-0.6%	▼	2.8%	▲
NIM (%)	7.5%	7.8%	10.5%	10.2%	2.6%	▲	-0.3%	▼
OPEX on avg. total assets (%)	2.2%	2.1%	2.4%	2.4%	0.3%	▲	0.0%	●
Cost of risk (%)[4]	0.2%	0.2%	0.6%	0.7%	0.3%	▲	0.1%	▲

Source: Bank of Albania. 1. Asset penetration = Total assets/Nominal GDP | 2. Loan penetration = Total loans/Nominal GDP |
3. Corporate loans consists of loans to private and public non-financial corporations | 4. Cost of risk is calculated using net provisions

List of Banks in Albania 2023 (EUR mn, %)

RANK 2023	RANK 2022	YOY	INSTITUTIONS	TOTAL ASSETS	MARKET SHARE	EQUITY	NET INCOME	ROA	ROE	MAJOR SHAREHOLDER
1	1	●	**Banka Kombëtare Tregtare**	4,674	24.7%	483	61	1.4%	13.2%	Calik Holding A.S.
2	2	●	**Credins Bank**	3,112	16.4%	200	17	0.6%	8.8%	Private individuals
3	3	●	**Raiffeisen Bank Albania**	2,904	15.3%	297	60	2.2%	21.5%	Raiffeisen
4	4	●	**Intesa Sanpaolo Bank Albania**	1,938	10.2%	232	28	1.5%	13.4%	Intesa Sanpaolo
5	5	●	**OTP Albania**	1,746	9.2%	212	31	1.9%	17.1%	OTP
6	6	●	**American Bank of Investments**	1,260	6.7%	109	24	2.1%	23.2%	Tranzit Sh.p.k.
7	7	●	**Tirana Bank**	1,254	6.6%	124	18	1.6%	17.0%	Balfin Sh.p.k.
8	8	●	**Union Bank**	956	5.1%	79	7	0.8%	10.2%	Financial Union Tirana
9	9	●	**FIBank Albania**	529	2.8%	56	10	2.0%	19.9%	Fibank AD
10	10	●	**ProCredit Bank**	426	2.3%	41	2	0.4%	4.2%	ProCredit
11	11	●	**United Bank of Albania**	164	0.9%	29	-5	-3.7%	-25.8%	EUROSIG SHA
			Total Banking Sector	**18,919**	**100.0%**	**1,881**	**313**	**2.0%**	**17.3%**	

Source: Annual reports, Bank of Albania
Please note that the presented total banking sector data also includes foreign branches and other entities.

As of 2023, 11 banks are operating in Albania according to the Bank of Albania. Regarding the ranking, there was no change, banks maintained their positions compared to the year prior. The sector is dominated by 3 main players, Banka Kombetare Tregtare, Credins Bank and Raiffeisen Bank Albania as they possess 56.2% of the market share in the sector based on total assets.

The presence of foreign-owned banks remained significant as they compose 64.2% of the market share.

M&A deals

2023

- In 2023, Eurosig increased its stake in the United Bank of Albania (UBA) from 66.26% to 99.46%, solidifying near-total ownership. Eurosig initially invested in the bank in 2019 by acquiring a 21% minority stake, becoming the first Albanian shareholder in UBA. Over the following years, the company gradually increased its ownership, holding 21.02% until 2022, when its shareholding surged to 66.26%. In December 2023, Eurosig completed the acquisition to reach 99.46%.

2021

- In 2021, OTP Bank Hungary acquired 100% stake in Alpha Bank Albania, the Albania based commercial bank from Alpha Services & Holdings for approximately EUR 55mn. The transaction was closed in Q2 2022, and they have been operating under the name of OTP Bank Albania since December 1, 2022. Alpha Bank Albania showed a 27.5% ROE in 2022, representing the highest return of Albanian Banks and of the OTP Group Banks.

2019

- In 2019, as a result of the strategic decision of several Greek banks to exit from the Balkan markets, Piraeus Bank sold 98.83% stake in Tirana bank to Balfin (Albania based company engaged in real estate development and retail business) and to the Macedonian Komercijalna Banka.
- In 2019, the Hungarian OTP Bank acquired an 88.89% stake in Banka Société Générale Albania. This deal was a part of the Société Générale's CEE regional subsidiary divestiture actions. The transaction was valued together with the 99.47% stake of the Bulgarian Société Générale Expressbank (acquired in 2018) and the OTP Bank payed EUR 600 mn altogether.

2018

- In 2018, Union Bank has acquired 100% of voting shares of International Commercial Bank from Swiss based ICB Financial Group Holdings. The price of the deal was not disclosed. ICB held 0.7% of total assets with a network of six branches and 94 employees.
- In 2018, the Albanian American Bank of Investments acquired Banka NBG Albania from National Bank of Greece (a listed Greek financial institution). Banka NBG Albania owned 26 branches and had total asset of EUR 305.7 mn as of 30 September 2017.

2015

- In 2015, the French Credit Agricole sold its Albanian subsidiary to the Albanian Tranzit Finance for an undisclosed consideration. At the end of 2015, Credit Agricole Albania was renamed American Bank of Investments.

List of banking M&A deals in Albania 2015 – 2024 September

YEAR	TARGET	BUYER	% ACQUIRED	DEAL VALUE IN EUR MN	SELLER
2023	United Bank of Albania	Eurosig	33.2%	n/a	Islamic Development Bank
2021	Alpha Bank Albania	OTP	100.0%	55.0	Alpha Bank SA
2019	Tirana Bank	Komercijalna Banka and Balfin	98.8%	57.3	Piraeus Bank SA
2019	Banka Societe Generale Albania	OTP	88.9%	n/a	Societe General SA
2018	International Commercial Bank	Union Bank	100.0%	n/a	ICB Financial Group Holdings
2018	Banka NBG Albania	American Bank of Investments	100.0%	25.0	National Bank of Greece
2015	American Bank of Investments	Tranzit Finance	100.0%	n/a	Credit Agricole

Source: Deloitte Intelligence, Mergermarket, S&P Capital IQ

Overview of the Albanian fintech market

Characteristics of the fintech industry in Albania

The fintech industry in Albania is growing rapidly, mainly focused in transforming the traditional banking operations. Even though Albania is a cash-based economy, its financial infrastructure is adapting quickly on new technological trends. The number of companies that operate in fintech sector increased from 17 in 2019 to 28 in 2023.

This upward trajectory highlights both the progress and opportunities within Albania's evolving digital marketplace, suggesting a need for continued infrastructure development and broader adoption across industries, in line with the requirements for EU integration path.

According to the World Bank (2024), Albania's economy is projected to grow by 3.3% in 2024, whereas the inflation is expected to stay below 3%, supported by lower import prices and currency appreciation, further satisfying the strategic initiatives towards innovation and technology.

The key fintech segments are i) payment, ii) deposits and lending and iii) banking infrastructure.

Customer behavior overview

Data from Enterprise Surveys (2020) show the Covid-19 impacts in the consumer digital behaviors and trends, evidencing that 18.1% of Albanian firms either started or expanded their online business activities during this period. However, only 4.8% of Albanians used mobile phone or the internet for bill payments in 2021, which is much lower than the global median of 25.3% and regional median of 51.5% as per World Bank data.

As per INSTAT (2024), 86.2% of Albanians at the age group of 16-74 years accessed the internet, with 96.4% engaging with it multiple times per day. The expansion of online shopping is particularly evident, with 42.4% of this demographic making digital purchases in the past year, marking a 3.9% increase from 2023.

On the other side, according to "*The usage of ICT in Albania*" report (2024), 24.5% of business have engaged in products sales through internet websites or applications dedicated to online transactions, representing a notable increase of 9.7% compared to 2023.

The substantial share of online transactions from the accommodation and food services sector (45.3%) and the information technology sector (38%) underscores the growing reliance on digital platforms across various industries.

Meanwhile, 99.3% of enterprises with 10-49 employees now use computers with internet access for work, a slight increase from 99.1% in 2023. For businesses with 50-249 employees, the proportion rose from 99.15% in 2023 to 99.22% in 2024. For larger corporations with 250+ employees, the figure remained unchanged at 100% in both years, reflecting the ubiquitous adoption of digital industry among industry leaders.

Key points

- Fintech environment in Albania is mainly comprised by i) deposits and lending services companies and ii) payment companies, with the latter having the highest market share of 54% as per 2023. Statista (2024) forecasts that fintech's largest market activity in 2025 will correspond to Digital Assets – mainly focused on virtual currencies. The number of users in this market is expected to reach 1,606k users by 2028.
- Deposits and lending service providers had the highest growth in terms of revenues with a CAGR of 45% during 2019 – 2022. In terms of profitability, this category possessed a net income margin of 33% during 2022, followed by the payment services at 14%. As per Bank of Albania, e-money usage in Albania have expanded during 2024. Statistics show that there are 381 e-money cards issued during 2024, compared to 235 in the previous year. According to European Central Bank (2024) e-money is defined as an electronic store of monetary value on a technical device that may be widely used for making payments to entities other than the e-money issuer.
- The Albanian government authorized Distributor Ledger Technology (DLT) in 2020, with the aim of enhancing the potential of the fintech sector. DLT is a decentralized system that records transactions across multiple locations in a secure, transparent and immutable manner without the need for a central authority. It enables real-time data sharing and validation among participants, enhancing security and reducing risk of fraud. This regulatory framework supports the development of blockchain-based solutions, making Albania an attractive destination for fintech startups and investors (AMF, 2020).
- Currently, there are 10 fintech companies licensed from Bank of Albania to operate in the crypto market and blockchain services.
- The Albanian banking system, including banks like Raiffeisen Bank, BKT, and Intesa Sanpaolo, has embraced fintech solutions to enhance digital payments, mobile banking and blockchain technology. This collaboration improves service efficiency and accessibility for customers, supported by the Bank of Albania's regulatory framework promoting innovation and stability.
- Regarding the Regulatory Framework, the Bank of Albania ensures financial stability and enforces regulations governing digital payment systems. The Albanian Financial Supervisory Authority (AMF) oversees non-banking financial institutions, including fintech firms engaged in digital assets and alternative finance. Meanwhile, Ministry of Finance and Economy formulates policies that promote technological advancement and the seamless integration of fintech solutions into the broader financial infrastructure.

Technological trends

The development of AI and fintech is increasing rapidly in Albania, driving innovation and improving efficiency in the financial sector, supporting the digital transformation and addressing key challenges:

- For the past 12 years, Albania holds the technological start-up national event – ICT Awards, aiming to promote and encourage innovation and development in the field of ICT and Artificial Intelligence. POK is one of the companies which was awarded a national "Start-up of the Year" price in 2024, prototyping an application that i) allows money transferring on real time, ii) online shopping and iii) QR payments.
- Governmental initiatives to promote Artificial Intelligence were published during 2023, while the Albanian government entered into an agreement with OpenAI to re-organize its legislative framework and adapt it with the EU requirements, closely monitoring the EU integration chapters until 2030. The aim of this initiative is to increase the efficiency on the approximation of the Albanian legislation with the EU requirements by using Chat GPT, considering that including translators and lawyers would postpone the timeline of this process. (Albania Daily News, 2024).
- The introduction of Google Pay in Albania is boosting the shift towards digital payments, alongside growing use of mobile wallets and prepaid cards.

Key challenges

Albania remains largely a cash-based economy, with only 8% of the population holding credit cards. Despite the efforts by banks to promote smart payment solutions through discounts and promotions, they have not gained widespread popularity (World Bank, 2024).

However, pay-on-delivery and prepaid payments are more commonly used, while e-wallets remain less popular. Card payments through physical POS terminals increased by 22% in H1 of 2024 compared to 2023. According to Bank of Albania, POS terminals increased by 23% in September 2024, amounting at 23,502 compared to 19,184 as at December 2023. Local companies currently dominate the fintech market; however, growing interest from international players poses a challenge as they bring advanced solutions and competitive pricing strategies.

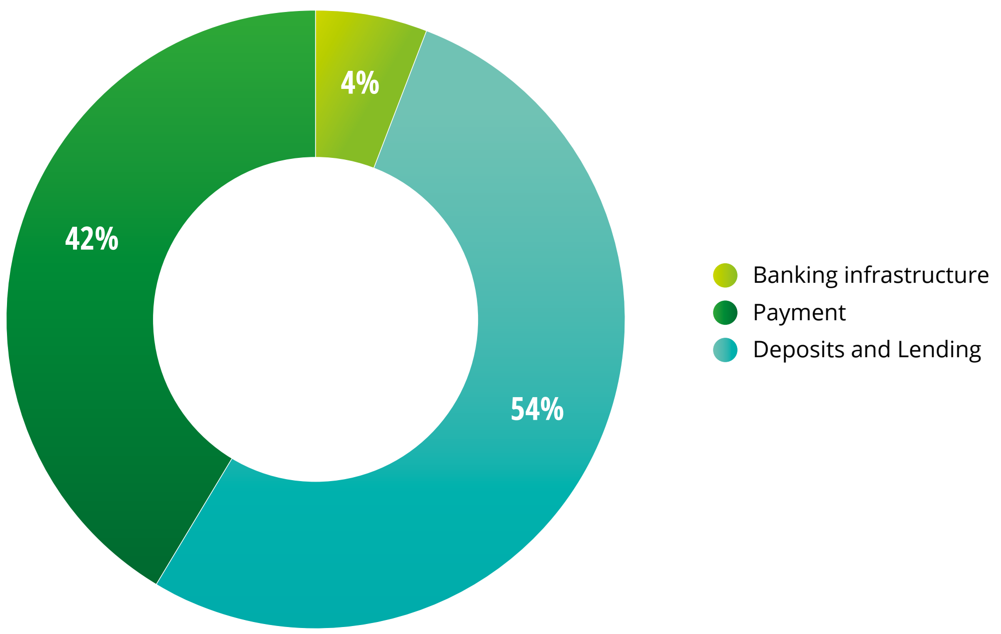
Development prospects

As of November 2024, Albania is a part of SEPA (Single Euro Payments Area). This milestone is expected to bring ease and growth in the online transactions within EU. This development assists Albania in becoming more competitive within the regional economy since there will be an increase in efficiency and simplicity of payments (European Commission, 2024).

Accelerator programs in Albania are established through both government-funded initiatives and banking institutions. For instance, Raiffeisen Bank powers the "Elevator Lab", a prominent fintech acceleration program in Eastern and Central Europe (Elevator Lab 2024). On the other hand, the government sponsors the "Support Program for Startups facilitators through Grants and Assistance", which is designed to promote entrepreneurship, including the fintech sector. (Albaniatech.org 2025)

As of November 2024, the International Finance Corporation (IFC) reached an agreement with the Albanian Association of Banks (AAB) to support and promote the growth of the fintech industry in Albania. AAB in collaboration with IFC will participate on technical assessments and workshops to develop areas of digital onboarding with e-KYC practices, cybersecurity, cashless payments, open banking, credit information and cloud technology (AAB 2024).

Fintechs distribution among categories based on the number of companies



Source: Deloitte Intelligence

TOP 20 Albanian fintechs by revenue (kEUR, 2023)

#	COMPANY NAME	FINTECH CATEGORY	DESCRIPTION	OWNERSHIP STYLE	HAD VC INVESTMENTS PREVIOUSLY?	REVENUE	EBITDA	NET INCOME	TOTAL EQUITY
1	Kredo	Deposits and Lending	Kredo Finance is a non-bank financial institution licensed by the Bank of Albania in 2017. The company aims to provide rapid financing services to individuals with the most appropriate borrowing process, without bypassing the safety and convenience of consumers.	Private	no / n.a.	28,150	19,170	8,490	16,633
2	Posta Shqiptare*	Payment	Albanian Postal service, alongside its main activity, issues electronic money, makes payments and money tranfer services as well as foreign exhanges.	Ministry of Economy, Trade and Energy of the Republic of Albania	no / n.a.	n/a	n/a	n/a	n/a
3	Iutecredit	Deposits and Lending	IuteCredit Albania is a financial institution licensed by the Bank of Albania in 2015. As such, it operates a responsible credit policy that includes credit risk assessment, clear and transparent conditions without hidden fees and quick and comfortable service to the customer throughout the process.	AS IuteCredit Europe	no / n.a.	22,745	13,558	5,811	19,765
4	Tranzit*	Deposits and Lending	Transit was licensed to operate as a Non Bank Financial Institution in 2010. The company offers numerous financing opportunities that include loans and equity stake for individuals and society in the country.	Private	no / n.a.	n/a	n/a	n/a	n/a
5	SOFT & SOLUTION SH.P.K.	Payment	Soft & Solution Group offers services in the development of programmes and applications of all categories and profiles, while also issuing payments, etc.	n/a	no / n.a.	11,659	5,555	5,014	8,587
6	Easypay	Payment	EasyPay was born in 2010 as an inevitable need of the country and the Albanian financial system for an inclusive digital payment platform, designed to enable individuals to make payments within our extensive service portfolio as well as make money transfers while saving time, money and increasing convenience.	Private	no / n.a.	6,272	1,284	1,025	4,501

#	COMPANY NAME	FINTECH CATEGORY	DESCRIPTION	OWNERSHIP STYLE	HAD VC INVESTMENTS PREVIOUSLY?	REVENUE	EBITDA	NET INCOME	TOTAL EQUITY
7	AK invest	Payment	"AK-Invest is licensed by the Central Bank of Albania in 2003 to provide the following financial services: Lending (individual/business), Factoring, Guarantees and banking commitments, Payments (international/domestic), Money transfers, Utilitarian, Payment, Non-life insurance, Forex and Mediation and financial consultancy."	Private	no / n.a.	5,305	1,208	782	12,146
8	MICRO CREDIT ALBANIA SH.A. *	Deposits and Lending	MCA are the first financial society to come to the aid of individuals to meet their minimum needs. They make contribution to the growth of small and medium-sized businesses, becoming part of their investment.	Private	no / n.a.	n/a	n/a	n/a	n/a
9	A&S Fund	Deposits and Lending	A&S Fund is a microcredit financial institution that gives financial assistance mainly to micro and small enterprises and individuals.	Fondi Besa sh.a.	no / n.a.	2,588	1,262	457	3,846
10	Paysera	Payment	Paysera has been providing online banking and payment solution since 2004.	Private	no / n.a.	1,553	359	225	966
11	Paylink	Payment	PayLink is licensed by the Bank of Albania as a National Operator for Basic Card Payment and the Clearing Interbank Operator.	Unionnet – Western Union	no / n.a.	1,528	76	327	672
12	Rubicon	Deposits and Lending	Rubicon is a fintech company in Albania engaged in providing financial solutions and developing a payment processing network.	Private	no / n.a.	1,035	853	(198)	631
13	CREDITAL SH.P.K.	Deposits and Lending	Credital is a microcredit financial institution that provides loans to small businesses and individuals.	n/a	no / n.a.	827	354	288	494
14	RAEA FINANCIAL SERVICES SH.P.K.	Payment	RAEA FINANCIAL SERVICES is a financial institution, which has the client at the center of its activity. It offers a wide range of services: Utility Payment Service, Money Transfer, Trade Transfers, Currency Exchange, Recharging Mobile Phones, Internet and TV, etc., Payment of various bills, Financial Consulting.	Private	no / n.a.	272	121	79	427
15	M - pay	Deposits and Lending	MPAY, as a company was established in 2010, with the aim of providing bank-centric mobile payments on the Albanian market. Its namesake service was launched in 2013 in collaboration with Raiffeisen Bank Albania and Societe Generale Albania (now OTP Bank Albania).	Private	no / n.a.	211	32	2	256
16	RPAY SH.P.K.	Payment	POK is an electronic payments and money transfer solution that is continuously innovating and improving its services so that customers and merchants have state of the art technology at the palm of their hands.	n/a	no / n.a.	172	(122)	(115)	632
17	VELOX PAY SH.P.K.*	Payment	The company was born in 2020 and its main activity is issuing electronic money.		no / n.a.	n/a	n/a	n/a	n/a
18	AGRO PARTNER SH.P.K.	Deposits and Lending	The Microcredit Financial Institution "AGRO PARTNER" aims to cover the entire rural space of the Lusnje Sub-Prefecture and especially the deep areas, where bank subsidiaries are currently missing or little present, as well as those of microcredit financial institutions operating in this Sub-Prefecture.	Private	no / n.a.	125	59	(17)	498
19	Symmetric	Payment	Symmetric is established 2010 in Tirana. Symmetric has started its activities providing mainly consultancy service in Payment Applications, Business Process Optimization and Business Process Re- Engineering.	Private	no / n.a.	99	8	2	73
20	Noa	Deposits and Lending	By funding the establishment and expansion of activity of Albanian businesses and farmers, NOA aims to contribute directly to improving the quality of living for thousands of families benefiting from rising incomes, from new jobs, from increasing economic activity, both in cities in rural areas of the country.	NOA Holding N.V	no / n.a.	20	10	4	23

Note:From the 28 companies presented, only 20 of them published their financial data as per FY23. Please note that Posta Shqiptare, Tranzit, Micro Credit Albania and Velox Pay Sh.p.k were ranked 2nd, 4th, 8th and 17th respectively in the FY22 list but they did not provide financial data for FY23. Taking into consideration that the following companies had significant revenue values we have decided to include them in the FY23 list as well.

BOSNIA AND HERZEGOVINA

In 2023, Bosnia and Herzegovina experienced a modest real GDP growth of 1.9%, driven by personal spending and investment, despite a decline in foreign demand affecting exports[1]. Inflation reached 6.1% in 2023, significantly lower than the previous year's rate, but still driven by rising food, energy, and domestic price pressures. Core inflation was recorded at 5.9%, according to the Central Bank of Bosnia and Herzegovina. Unemployment was recorded at 29.1% by the end of 2023, down by 1.1% from 2022, but still notably above the EU average of 6.2%. According to the NBBH, wages saw an average annual nominal growth of 12.6%[2], contributing to a modest recovery in household purchasing power despite continued inflationary pressures.

In 2023, the banking sector of Bosnia and Herzegovina experienced moderate growth of 5.7% in total assets, reaching EUR 20.2 bn in 2023, primarily driven by an increase in loans, which made up a substantial part of the sector's total assets, 59% in 2023. The growth of loans was driven by the acceleration of lending which was boosted by favourable lending conditions on newly approved loans[3].

Total loans in the banking sector of Bosnia and Herzegovina saw a growth of 6.6%, driven by lending to private non-financial companies and the household sector. Retail loans stood at EUR 6.0 bn, following a 7.4% increase from 2022. Within the household segment, the most significant increases were seen in consumer non-purpose loans and housing loans. Corporate loans saw an increase of 6.3% since 2022, driven by strong demand from the corporate sector despite the tightening of lending standards and rising financing costs[4].

1 Central Bank of Bosnia and Herzegovina – Annual report 2023 – page 18
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3 Central Bank of Bosnia and Herzegovina – Annual Report 2023 – page 54
4 Central Bank of Bosnia and Herzegovina – Annual Report 2023 – page 29

Bosnia and Herzegovina's banking sector showed a stable and controlled level of NPLs. Overall NPL volumes decreased by 13.4% compared to 2022, resulting in total NPL ratio to also decrease by 0.9% point since 2022. This positive trend was driven by the joint effect of decreasing retail and corporate NPLs as both figures experienced a downward trend, as retail and corporate NPL ratios decreased by 0.8 and 1% points, respectively. Improvement of NPL ratios in the banking sector signals improved credit risk management and financial soundness of credit institutions. However, part of the household sector encountered difficulties in consistently servicing their debts, which is evident in the rise of loans classified under credit risk level 2, particularly in the housing loan category[5].

The banking sector in Bosnia and Herzegovina maintained profitability and stability over 2023. The capital adequacy ratio (CAR) signalled financial health of the banks, being stable at 19.7% in 2023. High liquidity, a low share of non-performing loans (NPLs), and moderate asset growth contributed to the overall profitability of the sector. Return on equity (ROE) increased by 3% point between 2022 and 2023 reaching 15% by the end of 2023. Furthermore, return on assets (ROA) also saw an increase of 0.4% to 2% in 2023. Due to the improvement in profitability, the banking sector sowed increased resilience, better asset quality and enhanced capitalization. These improvements reduced structural risks in bank's balance sheets compared to the year prior[6].

5 Central Bank of Bosnia and Herzegovina – Annual Report 2023 – page 8
6 Central Bank of Bosnia and Herzegovina – Annual Report 2023 – page 25

MACRO INDICATORS	2021	2022	2023	2024E	Δ 2022-2023 (% OR % POINT)		Δ 2023-2024E (% OR % POINT)	
Gross Domestic Product (GDP)								
Nominal GDP (LCY mn)	40,127	45,594	50,932	53,041	11.7%	▲	4.1%	▲
Nominal GDP / Capita (LCY k)	12.2	13.9	15.5	16.2	11.7%	▲	4.1%	▲
Nominal GDP (EUR mn)	20,517	23,312	26,041	27,120	11.7%	▲	4.1%	▲
Nominal GDP / Capita (EUR k)	6.3	7.1	7.9	8.3	11.7%	▲	4.1%	▲
Real GDP (% change pa.)	6.8%	3.9%	1.9%	2.4%	-1.9%	▼	0.5%	▲
Financial Markets								
Lending interest rate (%)	3.2%	3.4%	4.1%	4.3%	0.7%	▲	0.2%	▲
Deposit interest rate (%)	0.6%	0.6%	1.2%	1.5%	0.5%	▲	0.3%	▲
Consumer prices (% change pa.)	2.0%	14.0%	6.1%	1.7%	-7.9%	▼	-4.4%	▼
Average EURLCY	2.0	2.0	2.0	2.0	0.0%	●	0.0%	●
Average USDLCY	1.7	1.9	1.8	1.8	-2.8%	▼	0.0%	▲
Public Debt								
Public debt (% of GDP)	33.1%	29.3%	25.8%	25.4%	-3.5%	▼	-0.4%	▼
Budget balance (% of GDP)	3.1%	3.1%	2.2%	1.5%	-0.9%	▼	-0.7%	▼
Population								
Population (mn. pers.)	3.3	3.3	3.3	3.3	0.0%	▲	0.0%	▲
Unemployment rate (%)	32.4%	30.1%	29.1%	28.0%	-1.1%	▼	-1.1%	▼

Source: EIU, MNB (exchange rates)
E – Estimated data for 2024
Please note that 2024H1 average exchange rate was applied for 2024E figures.

Banking Sector

BANKING SECTOR	2021	2022	2023	2024H1	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024H1 (% OR % POINT)
General Data						
Total assets (EUR mn)	18,358	19,138	20,232	21,026	5.7% ▲	3.9% ▲
Asset penetration (%)[1]	89.5%	82.1%	77.7%	77.5%	-4.4% ▼	-0.2% ▼
Total equity (EUR mn)[4]	2,177	2,138	2,401	2,572	12.3% ▲	7.2% ▲
Total loans (EUR mn)	10,777	11,283	12,028	12,686	6.6% ▲	5.5% ▲
Loan penetration (%)[2]	52.5%	48.4%	46.2%	46.8%	-2.2% ▼	0.6% ▲
Retail loans (EUR mn)	5,336	5,613	6,026	6,326	7.4% ▲	5.0% ▲
Corporate loans (EUR mn)	4,759	5,013	5,327	5,655	6.3% ▲	6.2% ▲
Other loans (EUR mn)[3]	682	657	674	705	2.7% ▲	4.5% ▲
NPL Volumes						
Total NPLs (EUR mn)	693	542	469	444	-13.4% ▼	-5.3% ▼
Retail NPLs (EUR mn)	308	258	229	221	-11.3% ▼	-3.3% ▼
Corporate NPLs (EUR mn)	335	251	213	204	-15.0% ▼	-4.5% ▼
NPL Ratios						
Total NPL ratio (%)	6.4%	4.8%	3.9%	3.5%	-0.9% ▼	-0.4% ▼
Retail NPL ratio (%)	5.8%	4.6%	3.8%	3.5%	-0.8% ▼	-0.3% ▼
Corporate NPL ratio (%)	7.0%	5.0%	4.0%	3.6%	-1.0% ▼	-0.4% ▼
Key Ratios						
CAR (%)	19.6%	19.6%	19.7%	19.6%	0.1% ▲	-0.1% ▼
ROE (%)	9.6%	12.0%	15.0%	18.4%	3.0% ▲	3.4% ▲
ROA (%)	1.3%	1.6%	2.0%	2.5%	0.4% ▲	0.5% ▲
CIR (%)	60.1%	55.7%	52.6%	50.0%	-3.2% ▼	-2.5% ▼
L/D (%)	75.7%	75.5%	75.6%	77.5%	0.1% ▲	2.0% ▲
NIM (%)	4.0%	4.0%	5.2%	5.3%	1.2% ▲	0.1% ▲
OPEX on avg. total assets (%)	2.4%	2.3%	2.5%	2.6%	0.2% ▲	0.0% ●
Cost of risk (%)[5]	4.7%	3.8%	3.2%	3.0%	-0.6% ▼	-0.3% ▼

Source: The Central Bank of Bosnia and Herzegovina 1. Asset penetration = Total assets/Nominal GDP | 2. Loan penetration = Total loans/Nominal GDP | 3. Other loans consist of the difference between total loans and loans to households, non-financial public enterprises and non-financial private enterprises. | 4. Total equity = average capital | 5. Cost of risk is calculated using provisions for non-performing loans.

List of Banks in Bosnia and Herzegovina 2023 (EUR mn, %)

RANK 2023	RANK 2022	YOY	INSTITUTIONS	TOTAL ASSETS	MARKET SHARE	EQUITY	NET INCOME	ROA	ROE	MAJOR SHAREHOLDER
1	1	●	**UniCredit Bank**	3,664	18.0%	451	83	2.4%	19.6%	UniCredit
2	2	●	**Raiffeisen Bank**	2,656	13.0%	343	62	2.4%	18.9%	Raiffeisen
3	4	▲	**ASA Banka**	1,543	7.6%	187	24	1.6%	13.1%	Asa Finance d.d. Sarayevo
4	3	▼	**Nova Banka, Banja Luka**	1,468	7.2%	158	28	2.0%	19.7%	MG MIND doo
5	5	●	**Intesa Sanpaolo Banka**	1,336	6.6%	176	14	1.1%	8.1%	Intesa Sanpaolo
6	6	●	**Sparkasse Bank**	1,157	5.7%	146	17	1.5%	11.9%	Erste
7	7	●	**NLB Banka, Banja Luka**	1,043	5.1%	109	25	2.5%	24.1%	Nova Ljubljanska Banka
8	8	●	**NLB Banka**	914	4.5%	93	13	1.5%	14.2%	Nova Ljubljanska Banka
9	9	●	**Bosna Bank International**	789	3.9%	96	12	1.5%	13.3%	Islamic Development Bank
10	11	▲	**ZiraatBank BH**	728	3.6%	86	17	2.5%	23.2%	Ziraat Bank
11	10	▼	**Unicredit Bank, Banja Luka**	652	3.2%	126	12	1.7%	8.6%	UniCredit
12	13	▲	**ATOS Bank Banja Luka**	621	3.0%	90	13	2.2%	15.0%	Nova Banka ad
13	14	▲	**Addiko Banka**	572	2.8%	95	9	1.6%	11.6%	Addiko Bank AG
14	12	▼	**Union Banka**	569	2.8%	64	3	0.5%	4.1%	State of Bosnia
15	15	●	**Addiko Bank Banja Luka**	518	2.5%	89	12	2.4%	14.0%	Addiko Bank AG
16	16	●	**ProCredit Bank**	470	2.3%	43	5	1.2%	13.5%	ProCredit Holding
17	17	●	**MF Banka Banja Luka**	401	2.0%	51	5	1.2%	9.8%	Mkd Mikrofin Doo Banja Luka
18	19	▲	**Banka poštanska štedionica Banja Luka**	252	1.2%	29	1	0.5%	4.2%	Banka Poshtanska Shtedionica Ad Beograd
19	20	▲	**Naša Banka Bijeljina**	168	0.8%	15	1	0.7%	7.4%	GI Finance doo Zvornik
20	21	▲	**Komercijalno-investiciona Banka**	66	0.3%	16	1	1.4%	5.7%	No majority shareholder
21	18	▼	**Privredna Banka Sarajevo**	34	0.2%	324	5	2.9%	3.1%	No majority shareholder
			Total Banking Sector	**20,232**	**100.0%**	**2,401**	**361**	**2.0%**	**15.0%**	

Source: Annual reports, The Central Bank of Bosnia and Herzegovina
Please note that the presented total banking sector data also includes foreign branches and other entities.

Capital markets in Bosnia and Herzegovina are regulated at the Entity level, with separate frameworks governing the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS). While each Entity has its own Securities Market Act (ZOTVP) outlining definitions, participants, and institutions, recent legal amendments in RS have harmonized regulations with FBiH by restricting banks' direct involvement in financial intermediation, ensuring greater alignment between the two markets.

The banking sector in Bosnia and Herzegovina is highly concentrated with 21 banks operating as of 2023 and shows a balanced mix of domestic and foreign banks in the top positions. In FBiH, the banking sector consists of one state owned and 12 privately owned banks. The number of banks in Republika Srpska, with eight banks, remained unchanged compared to the end of 2022.

While foreign banks like UniCredit Bank, Raiffeisen Bank, and Intesa Sanpaolo dominate the top positions, by holding 37.6% market share, several locally owned institutions also hold significant market shares. Domestic banks such as ASA Banka and Nova Banka, Banja Luka, rank among the top, demonstrating the strong presence of locally owned banks alongside major international players, by maintaining almost 20% market share in 2023. The sector is dominated by a few top players, both domestic and foreign players, as the top 5 banks according to total assets held 52.4% of the sector's total assets.

M&A deals

2023

- In 2023, the non-performing loan portfolio of the state-owned Banka Srpske ad Banja Luka, a commercial bank based in Bosnia and Herzegovina which went into liquidation in 2016, has been sold to an undisclosed buyer in a transaction valued at EUR 5.11 mn.
- In December 2023, GLS Alternative Investments SICAV acquired a 5.4% stake in MF Banka Banja Luka for EUR 2.5 mn.
- In May 2023 GI Finance acquired an 11.5% stake in Nasa Banka a.d., then a subsequent 61.7% stake in June securing majority ownership in the bank.

2022

- In May 2022 Nova Banka Banja Luka completed the acquisition of Sberbank Banja Luka, a local subsidiary of Sberbank Europe. The central registry of securities registered Nova Banka's acquisition of 61,974 shares of Sberbank Banja Luka, representing a 99.64% stake.
- In 2022 BiH lender ASA Banka acquired Sarajevo-based Sberbank BH, a local subsidiary of Austria-based Sberbank Europe, which is ultimately owned by Russia's Sberbank.

2021

- In Q3 2021, Serbian state-owned Banka Poštanska Stedionica signed an agreement on the purchase of Komercijalna Banka a.d. Banja Luka with Komercijalna Banka Beograd – NLB Group. The sale transaction of 100% of ordinary share has been completed in December 2021. Since then, the bank has been rebranded to Banka Poštanska štedionica Banja Luka.

2020

- At the end of 2018, a 20.8% stake in Nova Banka Banja Luka was acquired by MG Mind (BiH private Company). During 2019 - 2020, MG Mind constantly was increasing ownership in Nova Banka. During 2020 MG Mind finished process of takeover of shares in accordance with Takeover Law. MG Mind is owner 99.1% of Nova Banka at the end of October 2021 and squeeze out is in progress. MG Mind is majority owner of several companies: Mrkonjić putevi – road maintenance, Tržnica Banja Luka and Merkur Banja Luka: real estate, Čistoća Banja Luka – waste management company, etc.
- Slovenian NLB acquired Komercijalna Banka Banja Luka in late 2020 (as part of acquisition of Serbian Komercijalna Banka).

2019

- In November 2019, a 73.4% stake in Vakufska Banka was acquired by ASA Group (BiH private investment holding). ASA Group bought more than 550 thousand Vakufska Banka shares on the Sarajevo Stock Exchange for EUR 11.98 mn. In 2020, the ASA Group declared to merge two of its banks in Bosnia-Herzegovina, the previously owned ASA Banka and the recently acquired Vakufska Banka.
- Also in 2019, the largest shareholder of Pavlovic International Bank, Miroslava Pavlovic decided to sell all his shares (36.7%) together with the second largest shareholder, who decided to decrease its shares (from 18.6% to 13.0%). The buyer was Galens Invest (22.3%) and Pavgord International AG (22.0%) and the acquisition price was c. EUR 3.6 mn. The bank also decided to change its name to Naša Banka.

2016

- In 2016, the BiH BOR Banka acquired Privredna Banka Sarajevo. Both bank's shareholders approved the transaction. Since the merger, the two banks have been operating under the name of Privredna Banka Sarajevo.

List of banking M&A deals in Bosnia and Herzegovina 2015 – 2024

YEAR	TARGET	BUYER	% ACQUIRED	DEAL VALUE IN EUR MN	SELLER
2023	Nasa Banka a.d.	GI Finance	73.2%	n/a	n/a
2023	Banka Srpske ad Banja Luka (Non-performing loan portfolio)	Undisclosed buyer	100.0%	5.1	Banka Srpske ad Banja Luka
2022	MF Banka a.d. Banja Luka	GLS Alternative Investments SICAV	5.4%	2.5	Mikrofin
2022	Sberbank BH	ASA Bank Sarajevo	100.0%	n/a	Banking Agency of the Federation of Bosnia and Herzegovina/ Sberbank
2022	Sberbank Banja Luka	Nova Banka Banja Luka	99.6%	n/a	Banking Agency of Republika Srpska / Sberbank
2021	Nova Banka Banja Luka	MG Mind	99.1%	n/a	n/a
2021	Komercijalna Banka Banja Luka	Banka Poštanska Stedionica	100.0%	n/a	Nova Ljubljanska Banka
2020	Komercijalna Banka Banja Luka	Nova Ljubljanska Banka	n/a	n/a	n/a
2019	Pavlovic International Bank	Galens Invest; Pavgord	44.3%	4.0	Miroslava Pavlovic; Batagon International AG
2019	Vakufska banka Sarajevo	ASA Finance	73.4%	12.0	Badeco Adria Sarajevo
2016	Privredna Banka Sarajevo	BOR Banka Sarajevo	100.0%	n/a	n/a

Source: Deloitte Intelligence, Mergermarket, S&P Capital IQ

Overview of the Bosnian FinTech market

Characteristics of the FinTech industry in Bosnia and Herzegovina

The fintech sector in Bosnia and Herzegovina has a strong potential, however still facing numerous challenges primarily due to the dominance of traditional banks and adherence to conventional business practices.

One of the obstacles to further fintech sector development lies in the traditional approach of the wider population towards financial innovations. Attracting customers' attention and developing a product that is valuable and will be used frequently are two of the largest challenges facing today's digitalization efforts. Given the relatively small size of the country, Bosnia and Herzegovina faces a limited market for the complete development of fintech technologies.

Additionally, existing regulations within the country are not sufficiently adapted to the rapid changes in the fintech sector, and a lack of awareness of the advantages of fintech over traditional banking further slows down its acceptance. Despite these challenges, the outlook suggests that there is potential for the gradual integration of fintech into the daily lives of citizens of Bosnia and Herzegovina, provided that these obstacles are adequately addressed.

Key points:

- Dominance of traditional banking practices hinders FinTech growth.
- The integration of FinTech is slowly advancing despite current challenges.
- The potential for further expansion exists, contingent on overcoming societal and regulatory barriers.

Technological trends:

- Internet penetration reached 76.7% in 2022, up from 74% in 2021
- Online shopping among individuals aged 15+ increased from 20-24% in 2021 to 30.6% in 2022.
- Online access to bank accounts jumped to 35%, from 15-18% in 2021.
- Payment of utility bills via mobile phones increased to 10%, from 3-4% the previous year.
- In 2022, 66.5% of individuals made or received digital payments.
- By 2023, electronic banking services grew to 1,575,942 users, with a notable preference for mobile banking, particularly among individual clients.

Key Challenges:

- Slow financial innovations adoption hinders FinTech adoption.
- Existing regulations are not well-defined to the rapid advancements in the FinTech sector.
- The small market size restricts the full development of FinTech technologies.
- Significant rise in cyber threats.

Development prospects:

- Gradual acceptance and integration of FinTech into daily life are anticipated, contingent upon overcoming existing challenges.
- Necessary adaptation of relevant regulations and increased investment in FinTech could bolster development prospects.
- Continued growth in digital transactions and banking services suggests that there is a supportive foundation for future FinTech expansion in Bosnia and Herzegovina.

BULGARIA

The Bulgarian banking sector has experienced a favourable environment characterized by declining inflationary pressures and an improving economic landscape. Real GDP growth dropped from 4.1% in 2022 to 2.0% in 2023, with similar rate estimated for 2024. Projections for 2025 indicate a modest acceleration in real GDP growth, expected to reach 2.3% according to the EIU. Economic activity has been positively influenced by increased household income and favourable labour market conditions as unemployment rate remained stable between 2022 and 2023 at ca. 5%.

Moderation in inflation took place since 2022 decreasing from 15.3% to 9.5% by the end of 2023, and further down to 2.3% in 2024. Inflation has been influenced by a mix of external factors, including stabilized energy prices and improved global supply chains, as well as domestic economic adjustments like moderated wage growth and tighter monetary policies. As consumer inflation eases, private consumption is expected to be the primary growth driver in 2025, supported by continued robust real wage increases.

On 7 August 2024, the National Assembly in Sofia passed a law to introduce the euro into the Republic of Bulgaria with initial anticipation of full adoption on 1 July 2025. The country however is still slightly above the price stability criterion, which alongside the protracted political uncertainty and multiple election cycles kept postponing Bulgaria's entry into the euro zone. With the positive developments with regards to inflation levels, as well as the appointment of a regular coalition government in January 2025, Bulgaria is very close to achieving the inflation targets and request a convergence report, trying to join the euro-zone as early as of beginning of 2026.

As of December 2023, the total assets of the Bulgarian banking system were EUR 88.0 bn, reflecting a 10.7% increase from the previous year. By the end of the second quarter of 2024, total assets further rose to EUR 91.2 bn. By end of 2023, total loans in the Bulgarian banking sector amounted to EUR 52.7 billion, reflecting a 11.3% increase from December 2022. This trend continued in the first half of 2024, with total loans rising to EUR 56.7 bn, an increase of 7.5% compared to year end 2023. Growth was driven by robust lending activities across households and non-financial corporations, as household loans notably increased by 17.1% between 2022 and 2023, and by 10.6% between 2023 and 2024H1, supported by favorable lending rates and improved economic conditions, spurring demand for housing and consumer loans. Non-financial corporations also contributed positively to the credit expansion in 2023 as loans to non-financial corporations increased by 9.0%.

The quality of loans improved significantly, as the share of total NPL ratio decreased to 3.6% by the end of 2023, down from previous year's 4.6%. In the first half of the year, the NPL ratio remained at 3.6%. NPLs volume decreased by 12.8%, reaching EUR 1.9 billion in 2023. The decline in NPL ratios and effective loan management have contributed to the overall improvement in NPL quality is supported by a well-capitalized banking system, providing a buffer against potential credit risks. The trend has been largely preserved in 2024 with total NPL ratio standing at 3.5% as of the end of September 2024.[1]

Bulgarian banks maintain strong capital adequacy, with CAR of 22.5% as of the end of June and 23.4% as of September 2024, up from 21.6%, by the end of 2023. As of the Bulgarian National Bank, the leverage ratio stood at 10.45% as of the end of September 2024 (up from 9.62% at the end of 2023), well above the regulatory minimum[2]. These strong capital positions ensure resilience against economic shocks and support financial stability. As per the profitability, the Bulgarian banking sector reached EUR 3.4 bn profit after tax in 2023, marking a 64.4% annual increase compared to the year prior[3]. Meanwhile return on assets (ROA) rose to 2.1% and return on equity (ROE) reached 18.3%. Key drivers of profitability include increased net interest margins and higher fee and commission income[4]. Effective cost management, particularly in reducing impairment costs (30% decrease since 2022), has also contributed to improved profitability metrics[5].

1 Bulgarian National Bank – Banks in Bulgaria 2024 – page 11
2 Bulgarian National Bank – Banks in Bulgaria 2024 – page 16
3 Bulgarian National bank – Banks in Bulgaria 2023 – page 13
4 Bulgarian National bank – Banks in Bulgaria 2023 and 2024 – page 13-15
5 Bulgarian National bank – Banks in Bulgaria 2023 – page 10

MACRO INDICATORS	2021	2022	2023	2024E	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024E (% OR % POINT)
Gross Domestic Product (GDP)						
Nominal GDP (LCY mn)	139,602	168,360	185,233	196,583	10.0% ▲	6.1% ▲
Nominal GDP / Capita (LCY k)	21.4	25.9	28.7	30.6	10.5% ▲	6.6% ▲
Nominal GDP (EUR mn)	71,375	86,078	94,705	100,508	10.0% ▲	6.1% ▲
Nominal GDP / Capita (EUR k)	10.9	13.3	14.7	15.6	10.5% ▲	6.6% ▲
Real GDP (% change pa.)	7.4%	4.1%	2.0%	1.9%	-2.1% ▼	-0.1% ▼
Financial Markets						
Lending interest rate (%)	4.1%	3.7%	4.4%	4.6%	0.7% ▲	0.2% ▲
Deposit interest rate (%)	0.0%	0.0%	0.1%	0.2%	0.1% ▲	0.1% ▲
Consumer prices (% change pa.)	3.3%	15.3%	9.5%	2.3%	-5.8% ▼	-7.2% ▼
Average EURLCY	2.0	2.0	2.0	2.0	0.0% ▼	0.0% ▲
Average USDLCY	1.7	1.9	1.8	1.8	-2.8% ▼	0.0% ▲
Public Debt						
Public debt (% of GDP)	23.8%	22.5%	22.9%	24.5%	0.4% ▲	1.6% ▲
Budget balance (% of GDP)	-2.8%	-0.8%	-3.0%	-1.8%	-2.2% ▼	1.2% ▲
Population						
Population (mn. pers.)	6.5	6.5	6.5	6.4	-0.5% ▼	-0.5% ▼
Unemployment rate (%)	6.1%	4.9%	5.1%	4.9%	0.1% ▲	-0.2% ▼

Source: EIU, MNB (exchange rates)
E – Estimated data for 2024
Please note that 2024H1 average exchange rate was applied for 2024E figures.

Banking Sector

BANKING SECTOR	2021	2022	2023	2024H1	Δ 2022-2023 (% OR % POINT)		Δ 2023-2024H1 (% OR % POINT)	
General Data								
Total assets (EUR mn)	69,232	79,456	87,980	91,225	10.7%	▲	3.7%	▲
Asset penetration (%)[1]	97.0%	92.3%	92.9%	90.8%	0.6%	▲	-2.1%	▼
Total equity (EUR mn)	8,491	8,836	10,236	10,795	15.8%	▲	5.5%	▲
Total loans (EUR mn)	40,271	47,378	52,747	56,720	11.3%	▲	7.5%	▲
Loan penetration (%)[2]	56.4%	55.0%	55.7%	56.4%	0.7%	▲	0.7%	▲
Retail loans (EUR mn)	14,325	16,687	19,539	21,602	17.1%	▲	10.6%	▲
Corporate loans (EUR mn)	19,547	21,906	23,873	25,020	9.0%	▲	4.8%	▲
Other loans (EUR mn)[3]	6,399	8,784	9,335	10,098	6.3%	▲	8.2%	▲
NPL Volumes								
Total NPLs (EUR mn)	2,430	2,192	1,912	2,062	-12.8%	▼	7.8%	▲
Retail NPLs (EUR mn)	817	671	603	624	-10.2%	▼	3.5%	▲
Corporate NPLs (EUR mn)	1,536	1,453	1,234	1,362	-15.1%	▼	10.4%	▲
NPL Ratios								
Total NPL ratio (%)	6.0%	4.6%	3.6%	3.6%	-1.0%	▼	0.0%	●
Retail NPL ratio (%)	5.7%	4.0%	3.1%	2.9%	-0.9%	▼	-0.2%	▼
Corporate NPL ratio (%)	7.9%	6.6%	5.2%	5.4%	-1.5%	▼	0.3%	▲
Key Ratios								
CAR (%)	22.6%	20.9%	21.6%	22.5%	0.8%	▲	0.9%	▲
ROE (%)	8.9%	12.3%	18.3%	17.6%	6.1%	▲	-0.7%	▼
ROA (%)	1.1%	1.4%	2.1%	2.1%	0.7%	▲	0.0%	●
CIR (%)	46.2%	42.7%	36.1%	34.6%	-6.5%	▼	-1.5%	▼
L/D (%)	71.4%	71.7%	72.2%	75.0%	0.5%	▲	2.8%	▲
NIM (%)	3.5%	3.6%	4.8%	5.0%	1.2%	▲	0.2%	▲
OPEX on avg. total assets (%)	1.6%	1.5%	1.5%	1.5%	0.0%	●	0.0%	●
Cost of risk (%)	0.8%	0.7%	0.5%	0.5%	-0.2%	▼	0.0%	●

Source: Bulgarian National Bank. 1. Asset penetration = Total assets/Nominal GDP | 2. Loan penetration = Total loans/Nominal GDP | 3. Other loans consists of loans to central banks, general governments, credit institutions, and other financial corporations.

List of banks in Bulgaria 2023 (EUR mn, %)

RANK 2023	RANK 2022	YOY	INSTITUTIONS	TOTAL ASSETS	MARKET SHARE	EQUITY	NET INCOME	ROA	ROE	MAJOR SHAREHOLDER
1	3	▲	**UBB**	17,405	19.8%	1,726	241	1.5%	15.0%	KBC Group
2	1	▼	**DSK Bank**	16,757	19.0%	2,280	514	3.3%	24.6%	OTP
3	2	▼	**UniCredit Bulbank**	16,425	18.7%	1,872	412	2.6%	23.3%	UniCredit S.p.A.
4	4	●	**Eurobank Bulgaria**	9,914	11.3%	1,164	158	1.7%	14.6%	Eurobank Ergasias Services and Holdings S.A.
5	5	●	**First Investment Bank**	7,101	8.1%	753	69	1.0%	9.6%	Private Individuals
6	7	▲	**Central Cooperative Bank**	4,186	4.8%	386	43	1.1%	12.2%	CCB Group
7	9	▲	**ProCredit Bank**	2,135	2.4%	203	33	1.6%	16.0%	ProCredit Holding
8	8	●	**Allianz Bank Bulgaria**	2,017	2.3%	176	29	1.4%	18.4%	Allianz
9	11	▲	**Investbank**	1,618	1.8%	187	31	2.0%	17.9%	Festa Holding AD
10	15	▲	**TBI Bank**	1,487	1.7%	234	53	4.2%	26.1%	TBI Financial Services B.V.
11	10	▼	**Bulgarian Development Bank**	1,432	1.6%	620	18	1.2%	2.9%	State of Bulgaria
12	12	●	**BACB**	1,427	1.6%	165	28	2.0%	18.6%	CSIF AD
13	13	●	**International Asset Bank**	1,271	1.4%	113	21	1.8%	20.9%	Dynatrade International
14	14	●	**Municipal Bank**	1,210	1.4%	87	15	1.3%	19.8%	Novito Opportunities Fund
15	16	▲	**D Commerce Bank**	849	1.0%	109	23	2.7%	23.1%	Private individuals
16	17	▲	**Texim Bank**	330	0.4%	29	1	0.4%	4.8%	Web Finance Holding AD
17	18	▲	**Tokuda Bank**	248	0.3%	26	4	1.6%	16.4%	Tokushukai Incorporated
			Total Banking Sector	**87,980**	**100.0%**	**10,236**	**1,747**	**2.1%**	**18.3%**	

Source: Annual reports, Bulgarian National Bank
Please note that the presented total banking sector data also includes foreign branches and other entities.
Please note that in 2023, KBC Bank Bulgaria merged its operations with UBB.
Please note that in 2024, BACB has reached an agreement to acquire Tokuda Bank.

As of 2023, Bulgaria's banking sector consists of 17 banks. The four largest banks in Bulgaria are subsidiaries of prominent financial institutions from other EU nations, with the state owns a small stake in Bulgarian Development Bank. Top five market players are 'Group I banks' collectively hold a significant 76.8% market share. Notably, the merger of KBC Bulgaria with UBB has made the combined entity the leading player in the Bulgarian banking market.

First Investment Bank, Bulgaria's fifth-largest lender, is reportedly up for sale, with shareholders looking for strategic investors to buy a controlling stake and boost the bank's capital and competitive position. Greece's Eurobank has denied any interest in the acquisition despite Bloomberg reports suggesting that Eurobank Bulgaria (Postbank) and Unicredit Bulbank are in the race. The potential deal is estimated at a value of up to EUR 500 million.

M&A deals

2024

- In 2024, Bulgarian-American Credit Bank (BACB) agreed to acquire 99.94% of Tokuda Bank from Tokushukai Incorporated for EUR 34.75 million, subject to the necessary regulatory approvals.

2022

- In 2022, Eurobank Ergasias Services and Holdings S.A. announced they would acquire BNP Paribas Personal Finance Bulgaria. The transaction has been closed in June 2023.

2021

- In 2021, KBC announced the acquisition of 100% stake in Raiffeisenbank. The transaction had been closed on 7th of July 2022 with the consideration of EUR 1.01 bn paid in cash. KBC was present in Bulgaria through UBB, and in 2023, the Bulgarian National Bank has granted permission for the merger of KBC Bank Bulgaria with UBB. The merger was completed in April 2023.

2019

- In 2019, as a result of the strategic decision of several Greek banks to exit from the Balkan markets, Piraeus Bank sold a 99.8% stake in Piraeus Bank Bulgaria to Eurobank Bulgaria. The deal was completed in July 2019.

2018

- In 2018, OTP Bank signed an agreement to acquire a 99.74% stake in Société Générale Expressbank, the Bulgarian subsidiary of the France-based banking group. The acquisition was closed in January 2019.
- In 2018, the Bulgarian Investbank bought Commercial Bank Victoria (CB Victoria) from the insolvent Corporate Commercial Bank (Corpbank). As a result of the transaction, Investbank fully repaid both the loans of CB Victoria and related interest to Corpbank while the subsequent merger with CB Victoria increased its capital base to meet the post-AQR regulatory requirements.

2017

- In 2017, Liechtenstein-based Novito Opportunities Fund received regulatory approval to acquire 67.7% stake in Bulgaria's Municipal Bank for a value of EUR 23.3 mn. Municipal Bank was majority owned by the municipality of Sofia and was the 16th largest in the country, with 1.56% market share based on assets in 2016.

2016

- In December 2016, the National Bank of Greece sold its subsidiary, United Bulgarian Bank (UBB) to KBC Group for a consideration of EUR 610 mn. In 2018, UBB merged with KBC's other subsidiary.

2015

- In 2015, Eurobank agreed to acquire Alpha Bank Bulgaria for an undisclosed consideration. Alpha Bank had 82 branches with EUR 464 mn of assets. Postbank aimed to expand both its corporate and retail customer base in the country by executing the deal. The sale was the part of Alpha Bank's strategy to divest from non-core markets.

List of banking M&A deals in Bulgaria 2015 – 2024

YEAR	TARGET	BUYER	% ACQUIRED	DEAL VALUE IN EUR MN	SELLER
2024	Tokuda Bank	Bulgarian-American Credit Bank	99.9%	34.8	Tokushukai Incorporated
2022	BNP Paribas Personal Finance Bulgaria	Eurobank Bulgaria	100.0%	n/a	BNP Paribas Personal Finance
2021	Raiffeisen Bank	KBC	100.0%	1,015.0	Raiffeisen
2019	Piraeus Bank Bulgaria	Eurobank	99.8%	75.0	Piraeus Bank
2018	Societe Generale Expressbank	OTP	99.7%	n/a	Société Générale
2018	Commercial Bank Victoria	Investbank	100.0%	n/a	Corporate Commercial Bank
2017	Municipal Bank	Novito Opportunities Fund	67.7%	23.0	Municipality of Sofia
2016	United Bulgarian Bank	KBC	99.9%	610.0	National Bank of Greece
2015	Alpha Bank Bulgaria	Eurobank	100.0%	n/a	Alpha Bank

Source: Deloitte Intelligence, Mergermarket, S&P Capital IQ

Overview of the Bulgarian fintech market

In recent years, the fintech sector in Bulgaria has grown rapidly, making it the fastest-growing hub in South-Eastern Europe (SEE). The growth is attributed to the establishment of a sustainable venture capital ecosystem, initiated by the European Investment Fund in 2012. This ecosystem has led to an increase in investments and the number of fintech companies, with over 90% being small and medium-sized enterprises (SMEs).

The creation of funds and the involvement of angel investors have contributed to Bulgaria's vibrant fintech ecosystem. The payment sector has been a significant contributor, representing more than 50% of total operating revenues. Other growing sectors include cryptocurrency, blockchain, alternative credit, and data analytics companies.

Sofia, the capital of Bulgaria, is at the centre of the fintech ecosystem. The city's abundance of tech talent and suitable business infrastructure has made it a globally competitive and cost-effective fintech location with major part investments being directed to the Digital Payment sub-sector.

Bulgarian and global fintech market in 2023 and 2024 are characterized by higher interest rates than in 2021 and 2022 and lower level of funding. This encouraged some Bulgarian fintech companies to turn to the stock exchange for raising capital.

In recent years, fintech companies have consistently been among the most favored by venture capital funds, and this trend is expected to continue in the future. The state-owned Fund of Funds is expected to provide 350 million for investments over the next two years (2025 and 2026).

As a result of the development of AI in 2023 and 2024, there is a growing demand for specialists in the Bulgarian fintech sector and less demand for inexperienced personnel.

Company highlights

The year 2024 was characterized by a relative steadiness and lack of significant activity regarding investments in fintech companies in Bulgaria. Some of the largest recent investments include:

- **Evrotrust** – raised a total funding of EUR 3.3mln, which will be used for further developing of their new product- digital identity wallet that stores ID cards, diplomas, driver's licenses, and other important documents. The fund raising was performed locally and led by Silverline Capital.
- **Boleron (insurtech)** – raised EUR 1.6mln from IPO on the BEAM market (part of Bulgarian stock exchange) for expanding its operations both domestically and in Greece and Romania.
- **Paysera** – raised EUR 0.6mln from IPO on the BEAM market. Funds will be used for acquisition of local license for an electronic money institution, meeting capital regulatory requirements and implementation of other development plans.

Payhawk's success is expected to have some spillover effects, such as further boosting the ecosystem and building confidence of other entrepreneurs (the exit of Telerik in 2014, when it was acquired by Progress, had a similar impact on the ecosystem, with more than 50 companies founded by former employees of the company, including Payhawk). In addition, Payhawk's success story is putting

Bulgaria on the global fintech map, which could help attract more interest from international investors.

M&A activity

The Fintech sector M&A activity in 2024 included:

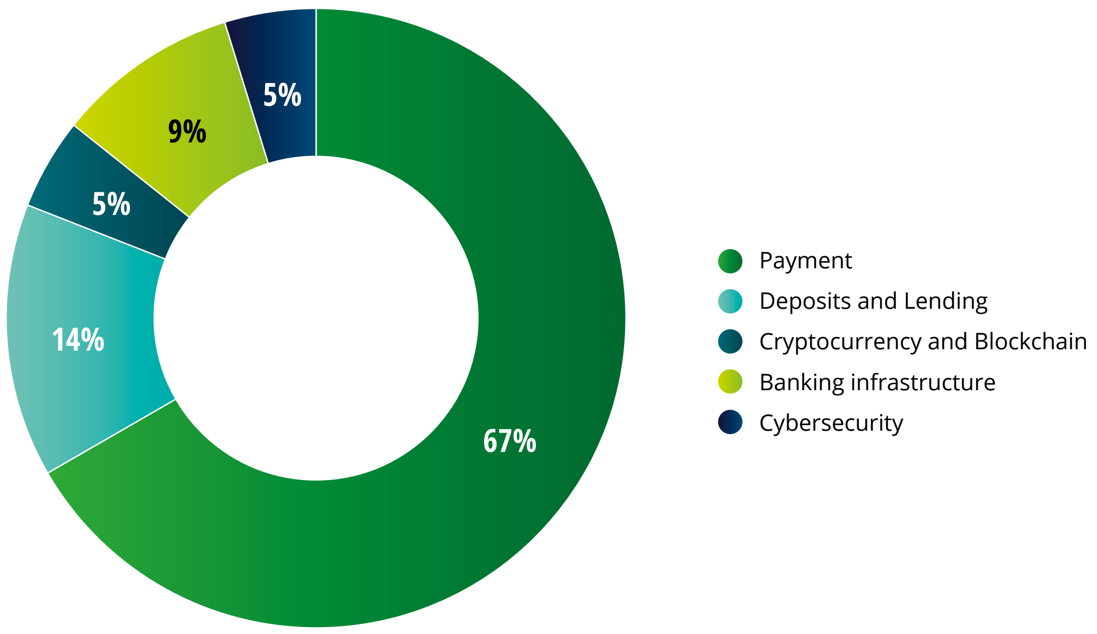
1. Acquisition of companies that have Bulgarian subsidiaries.

- The private equity fund Advent International acquired the Canadian digital payments company Nuvei for USD 6,300mln, thereby also gaining ownership of its subsidiary- Nuvei Service Bulgaria. In Q1 Advent International finalized the myPOS deal from 2023 after receiving all the necessary regulatory approvals.
- Valtech acquired Kin + Carta for EUR 280mln. In 2022 Kin + Carta acquired the Bulgarian fintech Melon.

2. Acquisition of foreign entities from Bulgarian holding companies.

- The IT group Sirma Group Holding acquired 51% share in the Romanian software company Roweb, which develops web applications in the fields of finance, insurance, real estate, tourism, and more. The price of the deal remains undisclosed
- The technology holding company Bianor added the Serbian fintech company Badin Soft to its portfolio. Badin Soft develops software solutions for companies in the financial services and telecommunications sectors. The price of the deal remains undisclosed, but it will include shares of Bianor's equity.
- There were no direct acquisitions of Bulgarian fintech companies in 2024.

Fintechs distribution among categories based on the number of companies



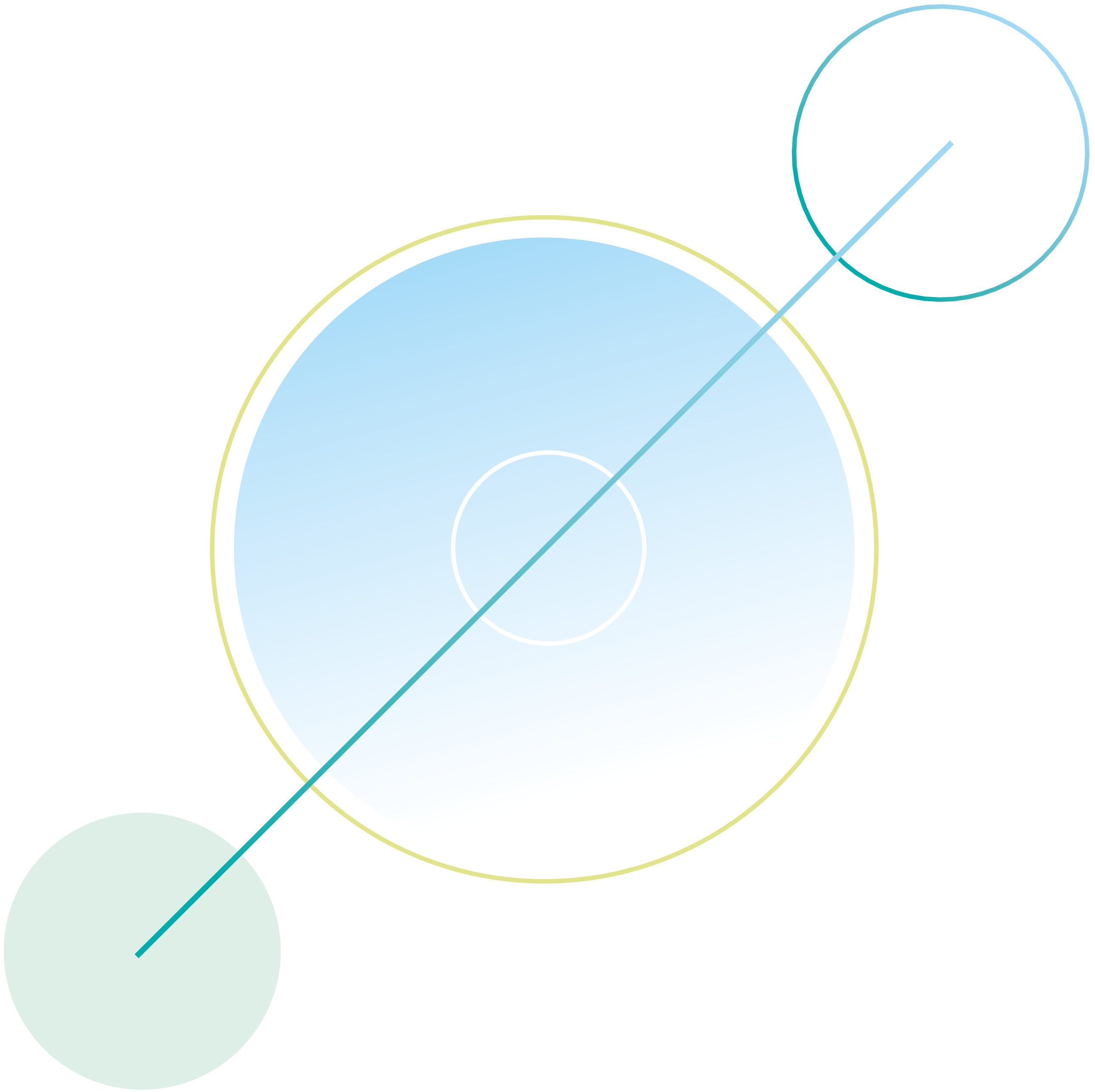
Source: Deloitte Intelligence

Top 20 Bulgarian fintechs by revenues (kEUR, 2023)

#	COMPANY NAME	FINTECH CATEGORY	DESCRIPTION	OWNERSHIP STYLE	HAD VC INVESTMENTS PREVIOUSLY?	REVENUE	EBITDA	NET INCOME	TOTAL EQUITY
1	Management Financial Group	Deposits and Lending	MFG is a holding company, managing a portfolio of successful business models in the field of consumer loans, loans for micro and small businesses, credit cards, digital business and other alternative financial products and services, including iuvo, Viva credit, Byala karta, EasyCredit, Newpay, SmartIT and others.	Private	no / n.a.	205,043	38,380	32,504	183,003
2	Paysafe	Payment	Paysafe is a leading payments provider, offering payment processing, digital wallet, and online cash solutions delivered through an integrated platform. Paysafe Bulgaria EOOD is part of London-based digital wallet provider Skrill (former Moneybookers). The local unit, based in the capital Sofia, is responsible for the development and implementation of Skrill's software.	Private	no / n.a.	124,011	12,591	9,262	64,749
3	Datecs	Payment	Leading manufacturer and developer of innovative POS solutions; Product lines include mobile payment systems, printers, cash registers, barcode readers, and peripheral devices.	Private	no / n.a.	100,017	11,520	6,698	145,131
4	Easypay	Payment	Easypay allows paying all utility bills in one place. EasyPay was founded in 2006 and is a partner of the online payment system ePay.bg. Today the company has 3000 offices and more than 2500 employees.	Private	no / n.a.	65,439	3,434	3,108	10,195
5	iCard	Payment	iCard is a licensed electronic money issuer with EEA coverage under the EU passport rules. The company provides a digital wallet service, as well as business accounts, card issuing, transaction processes, ATMs and prepaid giftcards.	Private	no / n.a.	52,754	15,389	9,719	24,736
6	Mypos	Payment	Mypos is a POS solutions provider, offering classic and Android based POS terminals, allowing customers to receive payments instantly.	Private	no / n.a.	47,183	10,173	7,773	19,472
7	Nexo	Cryptocurrency and Blockchain	High growing company with a very lucrative business model where it lets crypto owners use their holdings as collateral to withdraw cash. They offer tax-efficient Instant Crypto Credit Lines, a high-yield Earn Crypto Interest product, Send & Pay capabilities, and sophisticated trading & OTC services. Nexo manages assets for over 4M+ users across 200+ jurisdictions and has processed over $80 billion since its launch in 2018.	Private	yes	40,106	2,502	603	3,054
8	Nuvei	Payment	Nuvei's technology allows leading companies to accept next-gen payments, offer all payout options and benefit from card issuing, banking, risk and fraud management services.	Private	yes	35,188	3,931	2,714	10,462
9	Borica	Payment	BORICA AD is the foundation of the technological infrastructure of the payment industry in Bulgaria. The company offers innovative fintech services for end customers and partners, such as remote electronic identification, electronic and cloud electronic signature B-Trust, instant payments Blink, mobile payments, cash transfers through ATM Cash-M, etc.	Private	no / n.a.	32,777	9,825	5,248	40,093
10	Paynetics	Payment	Regulated e-money institution providing its services across the EU and the UK. The company is B2B payments and a digital banking platform provider with all the building blocks required to design, build and operate financial products.	Private	yes	29,075	2,031	1,263	9,725
11	Software Group	Banking infrastructure	Software Group is a global technology company specialized in digitalization and integration solutions for financial service providers. They help FSPs successfully go through the process of digital transformation, extend their outreach and improve operational efficiency.	Private	yes	18,527	4,776	(3,599)	(2,443)
12	Credissimo	Deposits and Lending	Credissimo is founded in 2007 and utilizes innovative proprietary technology to provide instant online consumer loans. Credissimo is present in six European and South American countries.	Private	no / n.a.	16,393	4,057	3,869	20,660

#	COMPANY NAME	FINTECH CATEGORY	DESCRIPTION	OWNERSHIP STYLE	HAD VC INVESTMENTS PREVIOUSLY?	REVENUE	EBITDA	NET INCOME	TOTAL EQUITY
13	Quantive	Banking infrastructure	A goal management and employee experience software that helps businesses amplify revenue growth by facilitating the alignment of execution and strategy of individuals and teams with those of the organization. Its platform provides an easy and intuitive way to set, manage, and measure goals across the organization.	Private	yes	10,876	(8,817)	(11,015)	(35,060)
14	Tixi	Payment	A technology provider proficient in transport management systems and electronic payments. The main focus of the company is the development of integrated solution for end customers allowing effortless transportation and mobile payments.	Private	yes	6,966	877	409	3,701
15	Cash Credit	Deposits and Lending	Cash Credit is digital lending provider offering micro-finance services in cooperation with mobile telecom operators and other partners. The company was founded in 2011 in Bulgaria and has expanded internationally in Africa and South-East Asia.	Private	no / n.a.	5,900	(136)	(75)	1,422
16	Payhawk	Payment	A spending software that simplifies expenses, payments, and card spending for growing businesses. The company's platform enables financial officers and business owners to manage the entire spending lifecycle end-to-end.	Private	yes	5,359	(13,764)	(15,919)	23,836
17	Treasury Intelligence Solutions	Payment	Treasury Intelligence Solutions is a German SaaS company, one of the leading cloud-based platforms for managing corporate payments and financial operations. They have 6 locations spread across Germany, Bulgaria, the Netherlands and the USA and support their customers in making better decisions about their financial flows.	Private	no / n.a.	5,318	205	107	1,745
18	Evrotrust	Cybersecurity	Technology for remote identification and qualified trust services	Private	no / n.a.	3,919	300	(368)	1,045
19	Sepa Cyber Technologies	Payment	SEPA Cyber Technologies offers various innovative, modular and scalable IT solutions to the banking & financial, governmental and retail sectors - its product suite includes both fintech and regtech. The company boasts its own data centres in five countries and aims to give advanced companies worldwide access to scalable IT solutions and consulting to develop their business potential.	Private	no / n.a.	2,290	461	351	1,164
20	Phyre	Payment	A fintech solution that replaces the physical wallet - allows for shopping on any contactless POS or online, using loyalty cards, send/receive money, buy FX. Clients can also use it to build their mobile banking using Phyre's white label product or to embed financial services in their solution, using Phyre's fintech components proposition.	Private	yes	451	(525)	(756)	30

Source: Deloitte Intelligence



CROATIA

Croatia's economy is primarily driven by the services sector, with tourism contributing over 19.2% of the country's GDP[1]. In 2023, the real GDP growth rate slowed to 3.1%, a decline of 4% points from the previous year, while in 2Q 2024, real GDP growth rate increased by 3.3% compared to 2Q 2023[2]. Real GDP growth is expected to remain stable in 2024, supported by sustained foreign demand for services, ongoing EU-funded investments, and the continuous decrease in the unemployment rate[3]. This recovery follows disruptions caused by the COVID-19 pandemic, geopolitical tensions, and the energy crisis stemming from the war in Ukraine, which negatively impacted foreign demand and exports[4].

Croatia has benefited from adopting the euro in 2023, which reduced currency risk and provided stability through the ECB's monetary policies[5]. The euro adoption also lowered transaction costs, facilitating trade, financial integration with the euro area, and attracting inward investment[6]. The government's focus in the coming years is on leveraging EU recovery funds for investment projects to drive economic growth, with Croatia set to receive EUR 9 bn in loans and grants from the EU recovery fund between 2021 and 2027[7].

Growth in disposable income in 2023 helped offset rising interest[8]. However, challenges remain due to increased interest rates, which rose from 1.9% in 2022 to 4.7% by the end of 2023, and tightened lending conditions. Inflation pressures eased throughout 2023, decreasing by 2.8% point since 2022, which is attributed to lower energy prices and effective monetary policies[9]. Inflation slowed down further in 2024 reaching 2.9%. The gradual reduction in inflation is supporting consumer purchasing power and overall economic stability[10].

The Croatian banking sector has seen steady growth in total assets in recent years, with a 3.4% increase from 2022 to 2023. Growth was primarily driven by increased lending to the domestic private non-financial sector, a rise in foreign assets, and greater investments in government bonds[11]. Due to growth in interest income in all sectors in H1 2024, credit institutions profit increased[12]. The Croatian banking system also recorded decrease in total assets by 0.6% since the end of 2023[13] and remained stable in first half of 2024.

Total loans have increased by 2% in 2023, mainly driven by the retail sector[14]. According to the National Bank, housing loans experienced accelerated growth due to the government's housing loan subsidy program, reaching an annual growth peak of nearly 18% before slowing to 7.2% by the end of March 2024[15]. Interest rates on housing loans stabilized at the end of H1 at an elevated level of 3.8%. In 2023, housing loans accounted for 24% of the banking sector's total loans, with the retail loan segment growing by 9.8% between 2022 and 2023[16]. In contrast, corporate lending faced a slowdown due to higher interest rates and stricter lending conditions but still increased by 5.9% year-on-year[17].

The Croatian banking sector made substantial progress in managing and reducing non-performing loans in recent years. Corporate NPL ratio decreased by 4.8% points between 2021 and 2023, while the retail NPL ratio saw a reduction of 1.7% points. Decline in NPLs was mainly driven by continuous improvements in the credit quality of non-financial corporations and the resilience of households, supported by a strong labor market and wage growth, attributed to favorable macroeconomic conditions[18]. Share of non-performing loans in total loans stabilized at 2.6%, the same level as the previous year.

The banking sector experienced a significant rise in profitability in 2023. Banking sector generated profit of EUR 0.8bn, which was 15% larger than in the same period last year, mostly as response to growth in interest income The sector's return on equity (ROE) reached 15.5% in 2023, showing 7.3% point increase compared to the pre-Euro adaptation period, while the return on assets was recorded at 1.8%, positioning Croatian banks among the top performers in the European Union. In the first half of 2024 profitability further improved, as return on equity reached 18.2%, marking a 2.7% point increase. This was driven by a combination of factors including an increase in net interest margins, due to increasing lending rates, as well as tightening credit standards[19]. Further contributing factors toward were lower provisioning costs for risky loans due to lower NPL volumes and increased operational efficiency which moderated the growth of operating expenses.

1 Croatian National Bank – Annual Report 2023 – page 16
2 Croatian Bureau of Statistics
3 Croatian National Bank – Annual Report 2023 – page 16
4 Croatian National Bank – Financial Stability Report 2024 – page 8
5 Croatian National Bank - Financial Stability Report 2024 – page 11
6 Croatian National Bank – Annual Report 2023 – page 3
7 Croatian National Bank – Annual Report 2023 – page 17
8 Croatian National Bank - Financial Stability Report 2024 – page 18
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14 Croatian National Bank – Annual Report 2023 – page 63
15 Croatian National Bank - Financial Stability Report 2024 – page 31
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MACRO INDICATORS	2021	2022	2023	2024E	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024E (% OR % POINT)
Gross Domestic Product (GDP)						
Nominal GDP (LCY mn)	58,850	68,373	76,471	81,000	11.8% ▲	5.9% ▲
Nominal GDP / Capita (LCY k)	15.0	17.5	19.6	20.9	12.2% ▲	6.5% ▲
Nominal GDP (EUR mn)	58,850	68,373	76,471	81,000	11.8% ▲	5.9% ▲
Nominal GDP / Capita (EUR k)	15.0	17.5	19.6	20.9	12.2% ▲	6.5% ▲
Real GDP (% change pa.)	13.0%	7.0%	3.1%	3.0%	-4.0% ▼	-0.1% ▼
Financial Markets						
Lending interest rate (%)	1.9%	1.9%	4.7%	4.9%	2.8% ▲	0.2% ▲
Deposit interest rate (%)	0.1%	0.1%	3.9%	4.0%	3.8% ▲	0.1% ▲
Consumer prices (% change pa.)	2.6%	10.8%	7.9%	2.9%	-2.8% ▼	-5.0% ▼
Average EURLCY	1.0	1.0	1.0	1.0	0.0% ●	0.0% ●
Average USDLCY	0.8	1.0	0.9	0.9	-2.8% ▼	0.0% ▲
Public Debt						
Public debt (% of GDP)	77.5%	67.8%	63.0%	58.6%	-4.8% ▼	-4.4% ▼
Budget balance (% of GDP)	-2.5%	0.1%	-0.8%	-2.5%	-0.9% ▼	-1.7% ▼
Population						
Population (mn. pers.)	3.9	3.9	3.9	3.9	-0.3% ▼	-0.5% ▼
Unemployment rate (%)	8.1%	6.8%	6.7%	6.1%	-0.1% ▼	-0.6% ▼

Source: EIU, MNB (exchange rates)
E – Estimated data for 2024
Please note that 2024H1 average exchange rate was applied for 2024E figures.

Banking Sector

BANKING SECTOR	2021	2022	2023	2024H1	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024H1 (% OR % POINT)
General Data						
Total assets (EUR mn)	67,073	76,310	78,890	78,432	3.4% ▲	-0.6% ▼
Asset penetration (%)[1]	114.0%	111.6%	103.2%	96.8%	-8.4% ▼	-6.3% ▼
Total equity (EUR mn)	8,773	8,493	8,914	8,705	5.0% ▲	-2.3% ▼
Total loans (EUR mn)	55,561	63,684	64,926	64,973	2.0% ▲	0.1% ●
Loan penetration (%)[2]	94.4%	93.1%	84.9%	80.2%	-8.2% ▼	-4.7% ▼
Retail loans (EUR mn)	18,910	19,925	21,873	23,109	9.8% ▲	5.7% ▲
Corporate loans (EUR mn)	11,695	14,164	14,998	15,546	5.9% ▲	3.7% ▲
Other loans (EUR mn)[3]	24,956	29,595	28,055	26,317	-5.2% ▼	-6.2% ▼
NPL Volumes						
Total NPLs (EUR mn)	2,405	1,919	1,700	1,667	-11.4% ▼	-1.9% ▼
Retail NPLs (EUR mn)	1,240	995	926	932	-7.0% ▼	0.7% ▲
Corporate NPLs (EUR mn)	1,155	910	760	722	-16.5% ▼	-5.0% ▼
NPL Ratios						
Total NPL ratio (%)	4.3%	3.0%	2.6%	2.6%	-0.4% ▼	-0.1% ▼
Retail NPL ratio (%)	6.6%	5.0%	4.2%	4.0%	-0.8% ▼	-0.2% ▼
Corporate NPL ratio (%)	9.9%	6.4%	5.1%	4.6%	-1.4% ▼	-0.4% ▼
Key Ratios						
CAR (%)	25.9%	24.8%	23.6%	22.9%	-1.2% ▼	-0.7% ▼
ROE (%)	8.8%	8.2%	15.5%	18.2%	7.3% ▲	2.7% ▲
ROA (%)	1.2%	1.0%	1.8%	2.1%	0.8% ▲	0.3% ▲
CIR (%)	49.2%	51.8%	41.0%	39.5%	-10.8% ▼	-1.6% ▼
L/D (%)	105.6%	105.3%	103.5%	105.2%	-1.8% ▼	1.7% ▲
NIM (%)	2.4%	2.2%	3.4%	3.5%	1.1% ▲	0.2% ▲
OPEX on avg. total assets (%)	1.6%	1.5%	1.5%	1.5%	-0.1% ▼	0.1% ▲
Cost of risk (%)	0.3%	0.2%	0.1%	0.2%	-0.1% ▼	0.1% ▲

Source: Croatian National Bank. 1. Asset penetration = Total assets/Nominal GDP | 2. Loan penetration = Total loans/Nominal GDP | 3. Other loans consist of loans to central banks, general governments, credit institutions, other financial corporations and cash balances at central banks and other demand deposits.

List of banks in Croatia 2023 (EUR mn, %)

RANK 2023	RANK 2022	YOY	INSTITUTIONS	TOTAL ASSETS	MARKET SHARE	EQUITY	NET INCOME	ROA	ROE	MAJOR SHAREHOLDER
1	1	●	**Zagrebačka banka d.d.**	20,373	25.8%	1,980	450	2.2%	20.6%	UniCredit
2	2	●	**Privredna banka Zagreb d.d.**	16,160	20.5%	1,901	314	2.0%	15.6%	Intesa Sanpaolo
3	3	●	**Erste&Steiermärkische Bank d.d.**	13,257	16.8%	1,267	219	1.6%	17.8%	Erste
4	4	●	**OTP banka d.d.**	8,035	10.2%	978	135	1.7%	14.2%	OTP
5	6	▲	**Hrvatska poštanska banka d.d.**	7,046	8.9%	505	81	1.3%	16.6%	State of Croatia
6	5	▼	**Raiffeisenbank Austria d.d.**	6,600	8.4%	563	96	1.5%	15.3%	Raiffeisen
7	7	●	**Addiko Bank d.d.**	2,205	2.8%	382	9	0.4%	2.5%	Addiko Bank AG
8	9	▲	**Istarska kreditna banka Umag d.d.**	746	0.9%	62	11	1.6%	19.3%	Intercommerce d.o.o.
9	12	▲	**KentBank d.d.**	728	0.9%	73	7	1.0%	10.1%	Suzer Holding A.S.
10	10	●	**Podravska banka d.d.**	681	0.9%	77	4	0.6%	6.0%	Private Individuals
11	11	●	**Agram banka d.d.**	601	0.8%	61	8	1.4%	14.2%	Agram Life Osiguranje
12	13	▲	**Karlovačka banka d.d.**	474	0.6%	45	9	1.9%	21.2%	Private Individuals
13	14	▲	**Partner banka d.d.**	301	0.4%	35	3	1.1%	9.3%	Metroholding d.d.
14	15	▲	**Wüstenrot stambena štedionica d.d.**	298	0.4%	23	2	0.6%	8.5%	Bauparkasse Wustenrot AG
15	16	▲	**Croatia banka d.d.**	239	0.3%	20	2	1.0%	13.5%	State Agency for Deposit Insurance
16	17	▲	**Slatinska banka d.d.**	235	0.3%	23	1	0.4%	4.1%	Hita-Vrijednosnice, AU79 Capital
17	18	▲	**Banka Kovanica d.d.**	233	0.3%	26	4	1.8%	16.7%	Cassa di Risparmio della Repubblica di san Marino S.p.A.
18	19	▲	**Imex banka d.d.**	174	0.2%	17	0	0.3%	2.8%	Private Individuals
19	21	▲	**Samoborska banka d.d.**	99	0.1%	8	1	1.0%	10.6%	Aquae Vivae d.d.
20	20	●	**J&T banka d.d.**	75	0.1%	12	-2	-1.9%	-12.2%	J&T Banka a.s.
			Total Banking Sector	**78,890**	**100.0%**	**8,914**	**1,339**	**1.8%**	**15.5%**	

Source: Annual reports, Croatian National Bank
Please note that the presented total banking sector data also includes foreign branches and other entities.
Please note that the presented equity represents the individual banks' own funds.
Please note that Nova Hrvatska Banka d.d. merged with Hrvatska Poštanska Banka d.d. in 2023.
Please note that Wüstenrot stambena štedionica, a "housing savings bank" based on the National Bank's classification, has been acquired by Slatinska Banka in December 2024.
Please note that after the acquisition of Cset in Slatinska in 2024, Cset and AU79 Capital became the two major shareholders.

By the end of 2023, the Croatian banking market comprised 20 credit institutions, down from 21 in 2022 following the merger of Nova Hrvatska Banka d.d. with Hrvatska Poštanska Banka d.d. The market is largely dominated by major banks such as Zagrebačka Banka, Privredna Banka Zagreb, and Erste & Steiermärkische Bank, which are primarily foreign-owned and account for 64% of the total banking system's assets.

M&A deals

2024

- Slovenian real estate company Cset acquired 9.44% of the voting rights in Croatian lender Slatinska Banka by purchasing 84,759 shares at a price of EUR 13.50 (in total EUR 1.1 mn), as reported to the Zagreb Stock Exchange, with the shares previously owned by Bulgarian insurance brokerage Cyber Level.
- Slatinska Banka acquired 100% ownership of Wüstenrot Stambena Štedionica, a local housing savings bank in 2024. The transaction was finalized on December 16, 2024, following approval from Croatia's central bank and the European Central Bank. However, the financial details of the deal, including its value, were not publicly disclosed.

2022

- In 2022, the Single Resolution Board concluded that Sberbank d.d. was likely to default due to a sudden loss of liquidity. In cooperation with the National Bank of Croatia, the resolution process was initiated, ultimately determining that the sale of Sberbank. Hrvatska Poštanska Banka acquired Sberbank for EUR 9.4 mn and continued its operations under the name Nova Hrvatska Banka. In 2023, Nova Hrvatska Banka legally merged with Hrvatska poštanska Banka in a merger-by-acquisition process. The merger resulted only in the transfer of assets and liabilities of Nova Hrvatska Banka to HPB and did not lead to any changes in the HPB shareholding structure.
- In 2022 September, UniCredit SpA, the Italy based financial services company offering retail, commercial and investment banking services has announced to acquire 11.72% of Zagrebacka Banka dd, the Croatia based commercial bank from Allianz SE, the Germany based financial services company offering life, health, property and casualty insurance and reinsurance, as well as banking and asset management services. The consideration was EUR 323 mn based on a one-day prior price of HRK 64.8 ($8.44). With the transaction completed at the end of December 2022, UniCredit SpA owned 96.2% of Zagrebačka Banka dd.

2018

- In 2018, state-owned Hrvatska Poštanska Banka (HPB) acquired Jadranska Banka which had financial difficulties. Through the transaction, HPB aimed to achieve higher market efficiency, cost savings and increased customer reach.
- In 2018, Intesa Sanpaolo's Croatian subsidiary, Privredna Banka Zagreb, acquired Veneto Banka from the Italian Veneto Banca. The transaction was in line with Intesa Sanpaolo's strategy to expand its presence in Croatia.

2017

- In 2017, OTP Banka Hrvatska acquired Splitska Banka from Société Générale, which significantly strengthened OTP's position in the Croatian market. After the acquisition, OTP became the fourth largest group in the market with 8.8% market share at the end of 2019.

2016

- In 2016, a Croatia-based undisclosed bidder acquired Banca Kovanica, from Cassa di Risparmio Della Repubblica di San Marino and a subsidiary of Banca Carige.

2015

- In 2015, the US-based private equity Advent and EBRD acquired Hypo Group Alpe Adria for EUR 200 mn, in an 80%/20% proportion. The Southeast European Network incorporated banks in five countries, Slovenia, Croatia, Bosnia-Herzegovina, Serbia and Montenegro. Advent then performed a comprehensive rebranding and introduced the Addiko Bank brand. In July 2019, Addiko made a successful IPO on the Vienna Stock Exchange, valuing Addiko at EUR 312 mn.

List of banking M&A deals in Croatia 2015 – 2024

YEAR	TARGET	BUYER	% ACQUIRED	DEAL VALUE IN EUR MN	SELLER
2024	Wüstenrot stambena štedionica d.d.	Slatinska Banka	100.0%	n/a	Bausparkasse Wüstenrot AG
2024	Slatinska Banka	Cset	9.4%	1.1	Cyber Level
2022	Zagrebačka Banka d.d.	UniCredit Group	11.7%	323.0	Allianz SE
2022	Sberbank Croatia	Hrvatska Poštanska Banka	100.0%	9.4	Single Resolution Board / Sberbank
2018	Jadranska Banka	Hrvatska Poštanska Banka	100.0%	15.0	Local Agency for Deposit Insurance and Bank Resolution
2018	Veneto Banka	Intesa Sanpaolo	100.0%	20.0	Veneto Banca
2017	Societe Generale Splitska Banka	OTP Banka Hrvatska	100.0%	n/a	Société Générale
2016	Banka Kovanica	Undisclosed bidder	100.0%	n/a	Cassa di Risparmio della Repubblica di San Marin
2015	Addiko Bank	Advent International Corp. (80%); EBRD (20%)	100.0%	200.0	Heta Asset Resolution

Source: Deloitte Intelligence, Mergermarket, S&P Capital IQ

Overview of the Croatian fintech market

- The fintech market segment in Croatia experienced growth during the Covid-19 pandemic due to reduced mobility and evolving consumer preferences. Similar to trends in Europe, the Croatian market witnessed expansion of fintech businesses. Growth in number of fintech solutions in Croatia is already drawing global interest from investors. This growth brought forth various new opportunities for users, including reduced costs and expanded access to finances for individuals previously excluded from the financial sector. Unlike the period after the global financial crisis, banks faced competition in multiple areas such as custody, payment operations, and lending.
- Croatia could potentially become new financial technology destination in Southeast Europe with expanding ICT market. It is estimated that Croatia has close to 60,000 active ICT professionals. One of the most successful companies in Croatia from fintech sector is Microblink, company that develops computer vision technology. Microblink's biggest success was Photomath which was acquired by Google in 2022. Since then, company has received more than EUR 5m in external direct investments. Another very successful example is Aircash, company which specializes in facilitating fast and secure money transfer and payments.
- According to Croatian National Bank („CNB"), at the end of 2021 there were approximately 57 companies operating in Croatia that can be considered as fintech companies in a wider sense. However, according to Tracxn, there were 126 companies in fintech sector in Croatia in 2024, of which 18 secured funding. Among them, five received Series A or higher, and three received Series B or beyond. Fintech sector in Croatia saw a total funding of more than EUR 100m in the last 10 years. The largest funding occurred in 2022 at more than EUR 62.6m. Biggest funding projects which were registered halfway through the 2024 referred to Verne (Project 3 Mobility) with EUR 280m of total funding, Entrio with EUR 9.4m and Daytona in the seeding stage with EUR 6.4m of total funding received.
- In comparison to banks, these companies registered a strong rise in assets, staff numbers and operating income after 2015. As for their specialization, according to the CNB 50% of the industry lists software design and development as its core activities, while among the most repre¬sented activities are retail development and crypto assets. Nevertheless, as in the previous few years, the bulk of revenues of fintech companies comes from design and software development. The profitability of fintech companies considerably exceeds that of banks as they registered a return on equity of some 35% in the period from 2015 to 2020, considerably higher than banks.
- While globally important banks regularly acquire fintech companies, incorporating them into their groups, in Croatia part¬nerships are more frequent, or else the bank will establish a separate company. The benefits for banks are primarily mirrored in technological advancement that, for the time being, results in better user experience but not better cost efficiency. In Croatia, Erste bank can be outlined with its payment application KEKS Pay, Privredna Banka Zagreb with its digital banking application, Nova Hrvatska Banka with its MINT@Nova service and Addiko bank with the Addiko Mobile application.
- Following global trends of decentralized financials, Croatia has seen a rise in successful fintechs specialized in blockchain technology.
- The Croatian fintech market has been enriched with the first software application in the portfolio management robo-advisory segment, Genius by Intercapital. Genius is based on three key features: diversification and optimization, high level of transparency and low maintenance costs. It uses questionnaire to assess clients risk aversion in order to optimize and personalize every portfolio to customer needs. App also offers ETF savings plans, allowing users to invest globally, not only in equity but also in commodities. Electrocoin, founded in 2014 in Zagreb, is the biggest crypto broker in Croatia involved in selling and buying cryptocurrency as well as facilitating crypto payments for merchants.
- The Croatian National Bank supports national fintech companies through their Innovation hub. The initiative is to help fintech companies, primarily those developing innovations in providing banking and payment services, in understanding the regulations and terms that they must be compliant with.
- In 2024, there were several angel investors and venture capital firms which invested in startups in Croatia. Fil Rouge Capital (FRC) is an investment fund manager whose funds focus on early-stage businesses from pre-seed, seed, and Series A rounds of investment. Fund invested in 160 startups over the past nine years and have EUR 48m of assets under management. FRC made investments in 5 companies in 2024 ranging from Software, Information Technology and E-Commerce. Day One Capital, an early-stage technology investor which manages privately financed funds, invested in three fintech startups. Their current Fund operates since 2018 with a EUR 34m capitalization.
- The Croatian Financial Services Supervisory Agency's (HANFA) regulatory Innovation Hub covers all other financial products in the RegTech and InsurTech domains. Its function is to provide support and advice regarding regulatory, supervisory, and legal issues that companies encounter in the development of fintech products. The goal for these two organizations is to collaborate with fintech companies in order to create a growth-friendly environment while staying inside regulatory boundaries.
- To introduce high-quality fintech projects to Croatia, fintech Hub Croatia was founded through a collaboration between Endava and FIVE. This initiative brings together a team of software development experts and build engineering teams dedicated to creating innovative financial solutions for the region. Croatia fintech industry is supported by several incubators and accelerators. BIRD Incubator focuses on incubating early-stage AI startups, including those in fintech sector. ZICER (Zagreb Innovation Centre) is another startup incubator, offering leadership, education and financial help to turn ideas into startups and startups into strong and successful companies.
- Money Motion, the largest regional fintech conference that takes place every spring in Zagreb, brought together over 30 industry leaders and more than 50 brands in 2024, to discuss the present and future of fintech in front of 2,000 visitors.

M&A Activity

- In July 2024, Visma, leading Norwegian tech company, acquired Elektronički računi d.o.o., provider of SaaS business tools in Croatia and owner of moj-eRačun service.
- In March 2023 Amodo, the first Croatian InsurTech startup, was acquired by Cambridge Mobile Telematics. Amodo continued to operate under the CMT name.
- In October 2022 Halcom, a leading provider of innovative solutions for payment systems, acquired a Croatian innovative supplier of CRM systems - Insite.
- In 2022 the Netherlands-based Invera Private Equity Fund acquired a 70% stake in Kompare Online d.o.o. via its subsidiary in Croatia.
- In 2021, Slovenia's largest private equity fund Alfi has acquired a majority stake in Elektronički Računi d.o.o.

Top 20 Croatian fintechs by revenues (kEUR, 2023)

#	COMPANY NAME	FINTECH CATEGORY	DESCRIPTION	OWNERSHIP STYLE	HAD VC INVESTMENTS PREVIOUSLY?	REVENUE	EBITDA	NET INCOME	TOTAL EQUITY
1	Nexi Croatia	Payment	Nexi Croatia is a part of the Nexi Group, a European PayTech. The company specializes in technological infrastructure and services for financial institutions, central banks, companies, and public bodies in the field of payments, cards, network services, and capital markets.	Private	No / n.a.	110.8	33.3	20.9	225.8
2	Aircash	Payment	First Croatian multi-currency e-wallet and issuer of the Aircash Mastercard prepaid card.	Private	Yes	35.3	12.0	9.5	18.8
3	Asseco	Banking infrastructure	Asseco specializes in the development, integration and implementation of core banking solutions based on Microsoft and Oracle platforms, Business Intelligence banking systems and Internet banking solutions, mobile and security solutions and contact center solutions. Secondly, the company is specialized in products (terminal equipment), services and solutions related to payments in general, and especially for business with payment cards.	Private	Yes	29.5	2.6	2.1	4.3
4	Microblink	Cybersecurity	Microblink is a high-tech company engaged in research and development in the field of computer vision and artificial intelligence. Their technology replaces manual data entry on mobile devices, i.e. enables automatic data entry using the camera of mobile devices.	Private	Yes	15.0	(5.1)	(4.2)	(10.3)
5	Monri Payments	Payment	Monri Payments offers solutions for card payments on POS terminals in stores and online shops. With its solutions, the company secures every fifth transaction in Croatia. In addition to processing payments, the company is also engaged in software for fiscal cash registers and business operations focused on the hospitality and retail sectors.	Private	Yes	14.2	3.1	2.4	3.6
6	Elektronički računi	Bookkeeping and Tax	The company is an intermediary for the exchange of e-invoices and other electronic documents which are managed in everyday business.	Private	No / n.a.	6.0	2.1	1.3	3.9
7	Oradian	Banking infrastructure	Enabler for banks, fintechs and other financial institutions to scale rapidly and launch new products in emerging markets.	Private	Yes	5.0	1.6	0.9	2.7
8	Insite	Bookkeeping and Tax	Insite offers CRM solutions, primarily focusing on retailing, retail and corporate banking sectors. Their Customer Data Platform (CDP) uses AI, machine learning and workflows to unify all distribution channels and business platforms.	Private	No / n.a.	2.0	0.9	0.8	1.9
9	CorvusPay	Payment	Corvus Pay is a payment institution licensed by the Croatian National Bank, which offers the payment initiation service. The service automatizes wire transfers for online shoppers and merchants. It allows the buyers to make payments in web shops directly from their accounts to merchant accounts, as if they were paying via the Internet or mobile banking without using their cards.	Private	No / n.a.	1.8	0.3	0.2	0.9

#	COMPANY NAME	FINTECH CATEGORY	DESCRIPTION	OWNERSHIP STYLE	HAD VC INVESTMENTS PREVIOUSLY?	REVENUE	EBITDA	NET INCOME	TOTAL EQUITY
10	Amodo	InsurTech	The Amodo platform enables insurance carriers and brokers to create usage-based products build on insurance telematics.	Private	Yes	1.7	(1.7)	(2.4)	(2.3)
11	Kompare	InsurTech	The company operates as a platform where customers can use their online tool to get a comparison of insurance, telecom and electricity offers.	Private	Yes	1.7	(0.4)	(0.0)	1.3
12	Primex	Payment	Primex is a payment service provider licensed by the Croatian National Bank. The company offers credit card processing and eCard services.	Private	No / n.a.	1.5	0.0	0.0	0.1
13	Electrocoin	Cryptocurrency and Blockchain	Electrocoin d.o.o. deals with mediation in cryptocurrency trading and processing of crypto payments. The company's core business includes selling and buying cryptocurrencies from physical, legal and institutional clients and enabling merchants to accept payments in cryptocurrencies in Croatia and the rest of the European Union.	Private	No / n.a.	1.3	(0.2)	(0.2)	1.1
14	Blockademia	Cryptocurrency and Blockchain	Blockademia is a Proof-of-truth document verification system powered by Cardano blockchain system.	Private	Yes	1.1	0.1	0.0	0.2
15	Fonoa	Bookkeeping and Tax	Fonoa helps digital platforms and marketplaces understand whether their customers and suppliers are taxable, determine and calculate what taxes apply to their transactions, automatically generate locally compliant invoices, and report their transactions to tax authorities in real-time or periodically.	Private	Yes	1.1	0.2	0.0	0.4
16	Cantab PI	Cybersecurity	Cantab PI specializes in optimizing marketing and sales in Life Sciences by Machine Learning and Advanced Analytics, and for automating and rapid deployment of Artificial Intelligence for multiple use cases in retail banking.	Private	No / n.a.	0.9	0.2	0.1	0.3
17	Identyum	Cybersecurity	Identyum provides a platform for frictionless and legally compliant customer digital onboarding, authentication, data sharing and document signing.	Private	No / n.a.	0.9	0.1	0.0	0.0
18	Farseer	Other	Farseer is specialized in low-code SaaS for financial modeling, planning, and analytics.	Private	Yes	0.4	(0.3)	(0.3)	0.5
19	Robocash	Investment platfrom	Robo.cash is a fully automated investment platform.	Private	Yes	0.3	(0.0)	(0.0)	0.2
20	BitFalls (RMRK.app)	Blockchain technology	Specialized in blockchain education and consulting. In 2020. launched RMRK, a market protocol designed on the NFT technology.	Private	Yes	0.3	0.1	0.1	0.3

Source: Deloitte Intelligence

CZECH REPUBLIC

The Czech Republic's real GDP is anticipated to grow by 1.0% in 2024, with a more substantial growth expected in 2025 and 2026 driven primarily by household consumption and investment activity. Household consumption, a key driver of GDP growth before the COVID-19 pandemic, remained below 2019 levels due to high inflation and changes in saving behaviours, with consumer confidence still influenced by economic uncertainties and elevated interest rates. Additionally, the economy relies heavily on the automotive industry, more so than most of its regional peers, except for Slovakia and Hungary. The industry contributes nearly 10% to the country's GDP and approximately 25% to its manufacturing activity and goods exports. Given the recent pressure on the automotive sector, this reliance could have a lingering impact on the economy.

Following two years of high inflation, CPI is estimated to decline to 2.4% in 2024. As inflation returns to the target range, it signals a potential easing of restrictive monetary policies, thus the Czech National Bank initiated the rate reduction cycle at the end of 2023, continuing into early 2024, reaching 4.0% (2W repo rate) in November 2024. Lower interest rates typically stimulate borrowing and investment by reducing the cost of loans, thereby fostering further economic growth. Amid restrictive monetary policies, cautious fiscal consolidation has been observed, leading to reduced budget deficits and improved economic stability. According to EIU, the budget deficit is estimated to remain at 43.4% by the end of 2024.

The primary driver for the year-on-year growth in the banking sector's total assets was the changes in claims on the National Bank, total loans and government bonds. As a result, total assets rose by 8.4% by the end of 2023. Growth in loans to households and non-financial corporations is expected to rebound following high interest rates and negative economic sentiment, as total loans in the sector has increased by 4.5% between 2022 and 2023. In case of retail loans, consumption loans are growing faster than housing loans, as high interest rates have subdued borrowing, particularly in the housing segment which discourages new mortgage applications to some extent, thereby moderating loan growth. The National Bank has maintained the upper limit of LTV at 80%, and 90% limit for younger applicants (under 36 years old) purchasing owner-occupied housing[1] which also contributes to the current lending dynamics while providing more safeguard over risk management. The share of euro-denominated loans to non-financial corporations continued at a slower growth rate, accounting for approximately 50% of such loans at the end of March 2024[2], this trend is driven by corporate strategies to hedge against exchange rate risks and manage cost efficiencies. Growth in loans to non-financial corporations is expected to average 9.5% annually from 2024 to 2026, driven by increased investment activity and demand from small enterprises, despite the impact of higher koruna rates and a slight weakening of the koruna against the euro[3].

The total volume of Stage 3 loans in the household segment increased in line with the overall loan portfolio in 2023. However, the share of these loans in the total portfolio declined, showcasing an improvement in loan quality as retail NPL ratio reached 1.7% in 2023. There was a substantial year-on-year reduction in Stage 3 loans for non-financial corporations as well, largely due to a lower-than-expected materialization of credit risks and successful resolutions of previously problematic loans reaching a corporate NPL ratio of 2.6% by 2023.

According to the National Bank, the banking sector remained solidly profitable, however, due to assets growing faster than earnings, ROA has slightly decreased to 1.1% from last year's 1.2%. The consistent profitability of the banking sector is well-positioned to generate the capital necessary to expand its loan portfolio and replenish its capital buffers from profits. In 2022, the government introduced a windfall tax targeting banks and energy firms to finance energy price subsidies, which is imposed for three years starting in 2023. It will levy a 60% rate on banks' profits exceeding 120% of their four-year average, impacting only the top five internationally owned banks. Tax revenues from the windfall tax in the banking sector were behind government expectations, amounting to less than EUR 30 mn in 2023.

Based on decision of the National Bank, since October 2023 banks no longer receive interest on the minimum reserves (similarly to ECB decision adopted in July 2023). The purpose of this decision was to lower the cost of implementing monetary policy while preserving its effectiveness.

In October 2024, the National Bank increased the minimum reserve requirement from 2% to 4% of the reserve base, except for repo liabilities. This decision became effective on 2 January 2025.

The sector's high capitalization and robust capital buffers, reinforces the financial resilience of the major banking players. The banking sector showed a solid aggregate capital position as CAR stood at 22.9%, 0.6% point higher than in 2022.

1 Czech National Bank – Financial Stability Report – Spring 2024 – page 80
2 Czech National Bank – Financial Stability Report – Spring 2024 – page 29

3 Czech National Bank – Financial Stability Report – Spring 2024 – page 25

MACRO INDICATORS	2021	2022	2023	2024E	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024E (% OR % POINT)
Gross Domestic Product (GDP)						
Nominal GDP (LCY mn)	6,306,061	7,048,467	7,626,573	7,958,500	8.2% ▲	4.4% ▲
Nominal GDP / Capita (LCY k)	598.8	660.4	705.5	741.0	6.8% ▲	5.0% ▲
Nominal GDP (EUR mn)	245,894	286,984	317,782	318,113	10.7% ▲	0.1% ▲
Nominal GDP / Capita (EUR k)	23.3	26.9	29.4	29.6	9.3% ▲	0.8% ▲
Real GDP (% change pa.)	4.0%	2.9%	0.0%	1.0%	-2.8% ▼	1.0% ▲
Financial Markets						
Lending interest rate (%)	3.2%	4.2%	4.7%	4.7%	0.5% ▲	0.0% ▲
Deposit interest rate (%)	0.2%	1.4%	2.4%	2.1%	1.0% ▲	-0.3% ▼
Consumer prices (% change pa.)	3.9%	15.1%	10.6%	2.4%	-4.5% ▼	-8.2% ▼
Average EURLCY	25.6	24.6	24.0	25.0	-2.3% ▼	4.2% ▲
Average USDLCY	21.7	23.4	22.2	23.1	-5.0% ▼	4.3% ▲
Public Debt						
Public debt (% of GDP)	40.7%	42.5%	42.4%	43.4%	-0.1% ▼	1.0% ▲
Budget balance (% of GDP)	-5.0%	-3.1%	-3.8%	-2.4%	-0.7% ▼	1.4% ▲
Population						
Population (mn. pers.)	10.5	10.7	10.8	10.7	1.3% ▲	-0.6% ▼
Unemployment rate (%)	2.8%	2.2%	2.6%	2.7%	0.4% ▲	0.1% ▲

Source: EIU, MNB (exchange rates)
E – Estimated data for 2024
Please note that 2024H1 average exchange rate was applied for 2024E figures.

Banking Sector

BANKING SECTOR	2021	2022	2023	2024H1	Δ 2022-2023 (% OR % POINT)		Δ 2023-2024H1 (% OR % POINT)	
General Data								
Total assets (EUR mn)	342,755	368,909	399,931	424,691	8.4%	▲	6.2%	▲
Asset penetration (%)[1]	135.2%	126.3%	129.7%	133.5%	3.3%	▲	3.8%	▲
Total equity (EUR mn)	28,228	29,210	31,254	29,937	7.0%	▲	-4.2%	▼
Total loans (EUR mn)	154,744	168,665	176,181	178,327	4.5%	▲	1.2%	▲
Loan penetration (%)[2]	61.0%	57.8%	57.1%	56.0%	-0.6%	▼	-1.1%	▼
Retail loans (EUR mn)	82,312	88,815	90,804	92,062	2.2%	▲	1.4%	▲
Corporate loans (EUR mn)	47,790	51,247	54,889	55,786	7.1%	▲	1.6%	▲
Other loans (EUR mn)[3]	24,642	28,604	30,489	30,478	6.6%	▲	0.0%	●
NPL Volumes								
Total NPLs (EUR mn)	3,705	3,281	2,948	3,041	-10.1%	▼	3.1%	▲
Retail NPLs (EUR mn)	1,263	1,111	1,157	1,202	4.1%	▲	3.9%	▲
Corporate NPLs (EUR mn)	1,834	1,744	1,450	1,405	-16.8%	▼	-3.1%	▼
NPL Ratios								
Total NPL ratio (%)	2.4%	1.9%	1.7%	1.7%	-0.3%	▼	0.0%	●
Retail NPL ratio (%)	1.5%	1.3%	1.3%	1.3%	0.0%	●	0.0%	●
Corporate NPL ratio (%)	3.8%	3.4%	2.6%	2.5%	-0.8%	▼	-0.1%	▼
Key Ratios								
CAR (%)	23.5%	22.3%	22.9%	22.9%	0.6%	▲	0.0%	●
ROE (%)	10.3%	14.6%	14.1%	15.7%	-0.5%	▼	1.6%	▲
ROA (%)	0.9%	1.2%	1.1%	1.2%	-0.1%	▼	0.1%	▲
CIR (%)	48.3%	39.9%	42.0%	40.9%	2.2%	▲	-1.2%	▼
L/D (%)	69.9%	69.5%	65.0%	61.3%	-4.5%	▼	-3.7%	▼
NIM (%)	3.5%	4.4%	4.0%	3.7%	-0.4%	▼	-0.2%	▼
OPEX on avg. total assets (%)	1.1%	1.1%	1.1%	1.0%	0.0%	●	-0.1%	▼
Cost of risk (%)	0.1%	0.4%	0.2%	0.0%	-0.1%	▼	-0.2%	▼

Source: CNB | 1. Asset penetration = Total assets/Nominal GDP | 2. Loan penetration = Total loans/Nominal GDP |
3. Other loans consist of loans to financial institutions (without credit institutions), general government, non-profit institutions and non-residents.

List of banks in the Czech Republic 2023 (EUR mn, %)

RANK 2023	RANK 2022	YOY	INSTITUTIONS	TOTAL ASSETS	MARKET SHARE	EQUITY	NET INCOME	ROA	ROE	MAJOR SHAREHOLDER
1	1	●	**Ceskoslovenska obchodni banka**	70,551	17.6%	4,422	626	0.9%	14.6%	KBC
2	2	●	**Ceska sporitelna**	69,501	17.4%	5,481	781	1.1%	14.2%	Erste
3	3	●	**Komercni banka**	58,198	14.6%	4,655	607	1.1%	12.8%	Société Générale
4	5	▲	**UniCredit Bank CZ & SK**	29,061	7.3%	1,682	271	1.0%	10.9%	UniCredit
5	4	▼	**Raiffeisenbank**	27,379	6.8%	2,178	229	0.9%	10.5%	Raiffeisen
6	7	▲	**MONETA Money Bank**	17,830	4.5%	1,323	224	1.3%	16.8%	Private individuals
7	6	▼	**Hypotecni banka**	16,490	4.1%	2,347	103	0.6%	4.3%	KBC
8	8	●	**PPF banka**	15,568	3.9%	840	162	1.2%	20.4%	PPF Group
9	10	▲	**J&T Banka**	11,705	2.9%	1,605	263	2.5%	16.9%	J&T Finance
10	9	▼	**Fio banka**	10,773	2.7%	764	270	2.6%	41.5%	Private Individuals
11	11	●	**Air Bank**	6,603	1.7%	608	107	1.6%	18.7%	PPF Group
12	12	●	**CSOB stavebni sporitelna**	5,453	1.4%	400	41	0.7%	10.4%	KBC
13	14	▲	**Banka CREDITAS**	5,287	1.3%	417	47	1.0%	13.7%	Creditas
14	13	▼	**Modra pyramida stavebni sporitelna**	4,367	1.1%	325	12	0.3%	4.0%	Société Générale
15	17	▲	**Trinity Bank**	3,472	0.9%	235	28	0.9%	12.8%	Private Individual
16	15	▼	**Raiffeisen stavebni sporitelna**	3,283	0.8%	336	34	1.0%	11.6%	Raiffeisen
17	16	▼	**Stavebni sporitelna Ceske sporitelny**	2,985	0.7%	372	38	1.3%	10.6%	Erste
18	19	▲	**Max Banka**	2,584	0.6%	142	13	0.6%	11.0%	Creditas
19	21	▲	**Narodni rozvojova banka**	1,396	0.3%	229	39	2.8%	18.4%	State of Czech Republic
20	20	●	**Ceska exportni banka**	1,369	0.3%	368	33	2.4%	9.2%	State of Czech Republic
21	18	▼	**MONETA stavebni sporitelna**	1,249	0.3%	115	23	1.7%	19.8%	Private individuals
22			**Partners Banka**	127	0.0%	124	1	0.9%	0.9%	Partners BankIn
			Total Banking Sector	**399,931**	**100.0%**	**31,254**	**4,259**	**1.1%**	**14.1%**	

Source: Annual reports, CNB
Please note that the presented total banking sector data also includes foreign branches and other entities.
Following the acquisition of Max Banka (previously Expobank CZ) in 2022, in October 2024 Max Banka merged to Banka Creditas.
In 2024, Hypoteční banka, a.s. changed its name to ČSOB Hypoteční banka, a.s.
For UniCredit Bank CZ & SK the table above shows annual data for the operation in the Czech Republic.
A new bank, Partners Banka has received its banking license in 2023 and started its operations in 2024.

The Czech banking sector is dominated by a few large banks holding a substantial share of the market. As of the end of 2023, the top 5 banks hold 63.7% of the total banking assets. Top banking players, which are internationally owned and recognized, include Československá obchodní banka, Česká spořitelna, and Komerční banka. These banks play a crucial role in the overall stability and functionality of the Czech banking market. Foreign ownership is prevalent, with many of the leading banks being subsidiaries of larger international banking groups. This includes banks like UniCredit Bank Czech Republic and Slovakia, and Raiffeisenbank, which benefit from their robust parent company support.

KBC owns the largest bank CSOB as well as the seventh and twelfth largest banks, CSOB Hypotecni banka and CSOB stavebni sporitelna. Additionally, international banking groups such as Erste, Société Générale, UniCredit, and Raiffeisen possess substantial bank ownership in the Czech Republic. Collectively, these five foreign bank groups control approximately 71% of total bank assets, indicating a high level of concentration in the market.

A new digital bank, Partners Banka has officially started its operation in March 2024 after it has received its banking license from the CNB in August 2023. The bank is the first financial advisory bank emphasizing investment advice as a core service on the Czech market. It focuses on providing traditional banking products like current and savings accounts while also specializing in specific target groups, such as entrepreneur mortgages and energy investment financing. The bank launched with 175 branches backed by advisors from the Partners Group, and primarily it operates as a mobile-only platform. Looking ahead, Partners Banka plans potential international expansion, with Slovakia being considered as a potential target.

M&A deals

2023

- In November 2023, the Czech government approved the acquisition of Česká exportní banka (Czech Export Bank) by Národní rozvojová banka (National Development Bank). The Czech government has decided to integrate these government owned institutions into one group to consolidate state financial institutions and enhance their efficiency. Following the restructuring, the merged institutions will remain under state ownership with oversight likely centralized under the Ministry of Finance. The merger is expected to be completed in 2025. Until then, the two banks will continue to operate independently.
- Česká spořitelna (member of Erste Group Bank) acquired the consumer loan portfolio of BNP Paribas' consumer finance unit in the Czech Republic operating under brand name Hello bank! The deal with a value of EUR 300 mn was announced in July 2023 and the closing of the transaction took place at the end of October 2023. The portfolio transfer represents main step towards the gradual closure of Hello bank's operations in the Czech Republic.

2022

- In 2022 the Czech Republic based Creditas decided to acquire the local commercial bank Expobank CZ, buying 100% stake in the bank. In October 2022, Expobank CZ was rebranded to Max banka with solely online operations. In October 2024, Max Banka has successfully merged to Banka Creditas.
- In April 2022, the banking license of Sberbank CZ was revoked based on the decision of the Czech National Bank. Sberbank CZ entered into liquidation in May 2022. The loan portfolio of Sberbank CZ was acquired by Česká spořitelna for ca. EUR 1.7 bn in July 2022, the transaction closed in Q1 2023.

2021

- In February 2021, Raiffeisen Bank International has agreed to acquire the retail banking operations of ING Group NV. The transaction has received regulatory approval in March. ING served 375,000 local retail customers and it has remained present on the Czech banking market as a provider of wholesale banking products. This transaction was in line with ING's strategy of focusing on the corporate segment.
- In 2021 PPF Group N.V. acquired 28.4% stake in Moneta Money Bank, the listed provider of banking and financial services for individuals and SMEs.
- AnaCap Financial Partners sold its stake in Equa bank to Raiffeisen Bank's Czech subsidiary Raiffeisenbank a.s. for EUR 308 mn. The acquisition was in line with Raiffeisen Bank's strategy to strengthen its presence in the Czech market. With effect as of 1 January 2022, all assets of Equa bank a.s. were legally transferred to Raiffeisenbank as a result of a merger by acquisition. As of such date, Equa bank a.s. ceased to exist as an independent legal entity and Raiffeisenbank a.s. became its universal legal successor.

2020

- In 2020, Raiffeisen Bausparkassen Holding GmbH sold its 90% share in Raiffeisen Stavebni Sporitelna to Raiffeisenbank a.s.
- In 2020, Ceska Sporitelna signed an agreement regarding the takeover of the Czech branches of Austrian Waldviertler Sparkasse.
- In 2020, Wuestenrot & Wuerttembergische AG sold its 100% share of two of its banks: Wuestenrot – Stavebni Sporitelna and Wuestenrot Hypotecni Banka to Moneta Money Bank.

2019

- In 2019, Bausparkasse Schwaebisch Hall sold its 45% share in Ceskomoravska Stavebni Sporitelna to one of the market leaders Ceskoslovenska Obchodni Banka. As a result of the transaction, KBC's Czech subsidiary, CSOB strengthened its position in the domestic housing finance sector by fully owning CMSS.

2016

- In 2016, General Electric sold its 100% subsidiary GE Money Bank renamed to Moneta Money Bank via IPO on Prague Stock Exchange. General Electric gradually sold its entire share during 2016.

2015

- In 2015, Citibank decided to sell its retail banking business in the Czech Republic, which was subsequently acquired by Raiffeisen.

List of banking M&A deals in the Czech Republic 2015 – 2024

YEAR	TARGET	BUYER	% ACQUIRED	DEAL VALUE IN EUR MN	SELLER
2023	Ceska exportni banka	Narodni rozvojova banka	100.0%	n/a	Ministry of Finance, Export Guarantee and Insurance Corporation
2023	Hello Bank! (consumer loan portfolio)	Ceska Sporitelna	100.0%	300.0	BNP Paribas Personal Finance
2022	Sberbank CZ (loan portfolio)	Ceska Sporitelna	100.0%	1,700.0	Czech National Bank / Sberbank
2022	Expobank	Creditas	100.0%	n/a	n/a
2021	Moneta Money Bank	PPF Group N.V.	28.4%	435.0	n/a
2021	ING Group NV (retail banking operations in Czech Republic)	Raiffeisen Bank International AG	100.0%	n/a	ING Group NV
2021	Equa Bank	Raiffeisen Bank International AG	100.0%	308.0	AnaCap Financial Partners Limited
2020	Wuestenrot - Stavební Sporitelna Wuestenrot Hypotecni Banka	Moneta Money Bank	100.0%	175.0	Wuestenrot und Wuerttembergische AG
2020	Waldviertler Sparkasse Bank - Czech branch	Ceska Sporitelna	100.0%	n/a	Waldviertler Sparkasse Bank
2020	Raiffeisen Stavební Sporitelna	Raiffeisen Bank International AG	90.0%	n/a	Raiffeisen Bausparkassen Holding GmbH
2019	Ceskomoravska Stavební Sporitelna	KBC	45.0%	240.0	Bausparkasse Schwaebisch Hall
2016	GE Money Bank	IPO	100.0%	n/a	GE Capital
2015	Citibank Europe plc (Czech consumer banking business)	Raiffeisen Bank International AG	100.0%	n/a	Citibank

Source: Deloitte Intelligence, Mergermarket, S&P Capital IQ

Overview of the Czech fintech market

- The Czech Republic's fintech scene continues to be very appealing to local and international investments, supported by multiple fintech hubs (e.g. Fintech Hub Czechia, Seed Starter, FintechBooster, Vacuumlabs) and the Czech Fintech Association. They foster entrepreneurship, facilitate knowledge sharing and provide networking opportunities for investors and owners/founders.
- The Czech National Bank maintains its commitment to supporting local fintech firms through its FinTech contact point established in 2019. The contact point aims to promote the introduction of innovative technologies on the Czech financial market by establishing communication between the CNB and incumbent institutions as well as potential new entrants to the financial market, specifically the FinTech area. The CNB is not currently planning to establish an innovation hub or a regulatory sandbox.
- In 2024, the Czech fintech market has seen several significant developments and innovations. Inbank, an Estonian digital bank, has expanded its services in the Czech market, Skip Pay has introduced the option to pay in three installments in select physical stores, providing consumers with greater payment flexibility. mBank, in collaboration with Mastercard and Niceboy has launched a payment ring that does not require charging. Škoda has introduced a new feature called Pay to Fuel, allowing drivers to pay for fuel directly through their car's infotainment system.

- The Czech government launched the eDoklady app, enabling citizens to store digital versions of their ID cards on smartphones. Initially accepted by central authorities, its recognition has expanded to post offices, banks, health insurance companies, and municipalities. The app also prepares users for the upcoming European Digital Identity Wallet, intended for state and private sector services across the EU.
- The Fintech of the Year 2024 is Flowpay (awarded in Mastercard Bank of the year ranking), a company focused on financing SMEs in the Czech Republic and abroad. By using AI and predictive models, it gains a better understanding of the risks and potential of these businesses, enabling it to provide lending more efficiently.
- Many companies have not published their 2023 financial results yet; therefore, the study consists only of companies for which data were available and does not state any conclusion on the quantitative development of the industry in 2023.

Company highlights

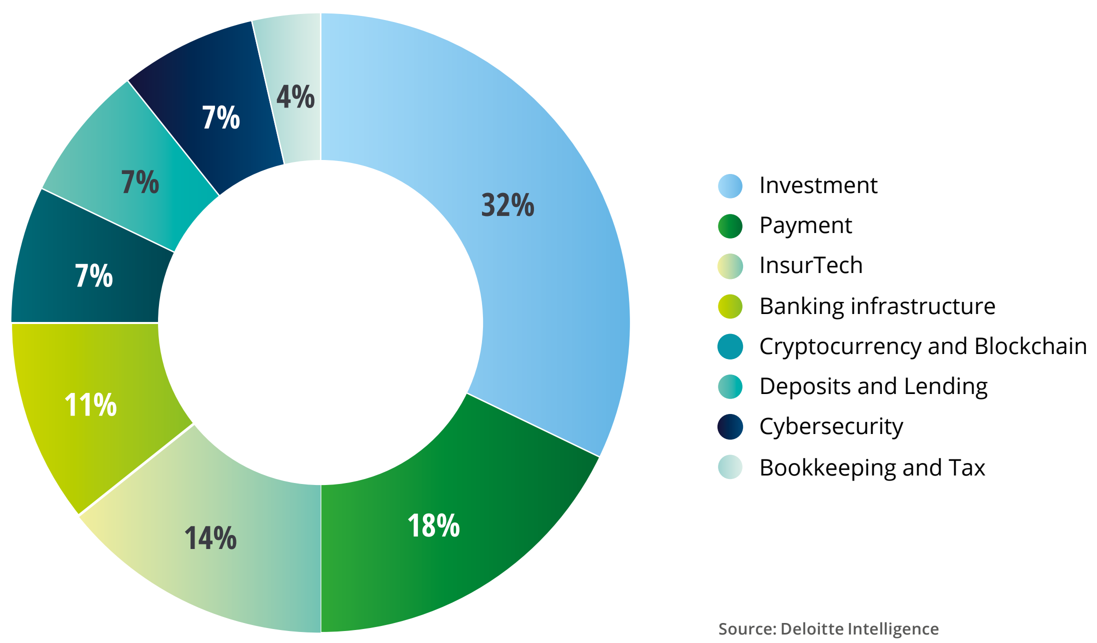
- Significant shifts in the year-to-year ranking based on 2023 revenues have been observed, primarily driven by the inclusion of additional companies with substantial revenues that had reported their financial statements prior to the creation of current year's report which was not the case in the previous year.
- The group of Top 5 companies comprises FTMO, Pillow, ePojisteni.cz, Monet+ and Trezor in descending order. The year-to-year comparison reflects significant changes primarily due to the absence of reported results from Monet+, ePojisteni.cz and Trezor at the time of the previous report's preparation.
- FTMO recognized 242% of revenue CAGR between 2020 and 2023, remaining in the 1st place of absolute revenue ranking. FTMO was also a winner of the Deloitte Technology Fast 50 ranking in the period 2019 to 2023 confirming its position of the fastest-growing technology company in the Central European region.
- The most significant 2020–2023 revenue CAGR was recognized by PatronGo at 1,805%.

- Wultra, Czech cybersecurity startup, has raised EUR 3 mn from Tensor Ventures, Elevator Ventures and J&T Ventures (transaction closing in January 2025). The money was raised to accelerate the development of its post-quantum authentication technology, safeguarding banks and fintech against the coming wave of quantum threats.

M&A Trends

- We have identified several funding rounds in categories of Deposits and Lending and Investment.
- Banking infrastructure category became the leading category in terms of VC investment given by capital raising of Resistant AI in the amount of USD 11 mn.
- In Deposits & Lending category we identified capital raisings in the amount of EUR 3 mn (4Trans) and not specified raisings in the case of Lemonero and Cashbot. Flowpay secured EUR 2.1 mn in a seed round to expand services beyond the Czech Republic.
- In Investment category we identified capital raisings in amounts of CZK 160 mn (period 2023–2025, Budgetbakers), CZK 30+ mn (Investown), EUR 1 mn (Finmap), CZK 10 mn (Investbay), CZK 7.5 mn (PatronGo).
- Apart from capital raisings of individual companies, changes in shareholder structure as a result of M&A transactions are observable in all categories. In terms of market consolidation, minor cooperation on the business activities level has been announced, e.g. between Twisto and NFCtron. A significant merger of Bauer Media Group and Netrisk Group impacting the InsurTech category as companies ePojištění (Bauer Media Group) and Klik (Netrisk Group) was completed. Furthermore, Lemonero merged with Monkeydata in 2024.
- Lower M&A activity can be partially explained by increased debt financing driven by corporate bonds emissions. We identified bonds emissions in Deposits and Lending category in the case of 4Trans (EUR 15 mn), Flowpay (CZK 6 mn) and Cryptocurrency and Blockchain category in the case of Braiins (CZK 100 mn).

Fintechs distribution among categories based on the number of companies

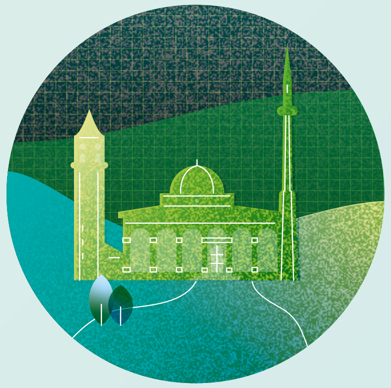


Source: Deloitte Intelligence

TOP20 Czech fintechs by revenues (kEUR, 2023)

#	COMPANY NAME	FINTECH CATEGORY	DESCRIPTION	OWNERSHIP STYLE	HAD VC INVESTMENTS PREVIOUSLY?	REVENUE	EBITDA	NET INCOME	TOTAL EQUITY
1	FTMO	Investment	FTMO funds retail traders who pass its evaluation process.	Private company	no / n.a.	196,157	96,342	80,113	83,267
2	Pillow	Insurtech	Pillow Insurance splits payments between costs and claims, sharing any surplus with customers.	Private company	no / n.a.	34,779	-1,584	108	11,268
3	ePojisteni	Insurtech	ePojisteni is an online broker that compares and sells insurance policies.	Private company	yes	32,497	-380	2,560	7,213
4	Monet+	Cybersecurity	Monet+ provides security and authentication solutions for banks, government, and fintech.	Private company	no / n.a.	22,314	2,754	1,429	8,821
5	Trezor	Cryptocurrency and Blockchain	Trezor develops hardware wallets for secure cryptocurrency storage.	Private company	no / n.a.	18,975	2,780	2,560	42,638
6	ComGate	Payment	Comgate offers a payment gateway for online stores supporting multiple payment methods.	Private company	no / n.a.	16,117	1,004	418	26,143
7	Twisto	Payment	Twisto provides deferred and installment payment options for e-shoppers.	Private company	yes	12,207	2,582	1,156	14,534
8	Braiins	Cryptocurrency and Blockchain	Braiins develops Bitcoin mining software and management tools.	Private individuals	no / n.a.	9,897	1,707	-45	347
9	Ušetřeno.cz	Insurtech	Usetřeno.cz is an insurance comparison software that helps users find and compare insurance policies.	Bank	no / n.a.	6,828	366	-925	7,511
10	Dateio	Banking infrastructure	Card-Linked Marketing analyzes shopping behavior for personalized banking and merchant offers.	Bank and private individuals	yes	5,641	1,192	836	4,829
11	Fidoo	Bookkeeping and Tax	Receipt Digitization automates receipt processing and integration with accounting software.	Private company	no / n.a.	4,317	-386	-390	1,125
12	Epptec	Banking infrastructure	Epptec develops fintech software solutions and consulting for banks and businesses.	Private individuals	no / n.a.	4,227	1,419	1,083	1,086
13	Investown	Investment	Investown enables micro-investments in real estate projects.	Private individuals	yes	3,330	895	817	1,921
14	RoklenFx	Payment	Online Exchange that allows users to trade and send money in multiple currencies.	Private company	no / n.a.	2,392	988	709	4,627
15	Resistant AI	Banking infrastructure	AI KYC & AML solutions that automates identity verification and fraud detection for financial institutions.	Private company	yes	1,897	-7,060	-8,009	1,565
16	Upvest	Investment	Upvest is a crowdfunding platform for real estate investment.	Private individuals	yes	1,838	173	466	1,396
17	Fingood	Investment	P2B Platform connects investors with SMEs seeking business loans.	Private companies	no / n.a.	1,444	173	67	1,513
18	Roger	Deposits and Lending	Roger provides invoice financing and short-term investment options.	KB and private individuals	yes	1,313	306	55	1,519
19	Wultra	Cybersecurity	Wultra secures digital banking with cybersecurity solutions for apps and transactions.	Private individuals	yes	1,121	-306	-489	1,018
20	PatronGo	Investment	PatronGO helps users save on financial products using AI and machine learning.	Private individuals and companies	yes	680	186	-14	189

Source: Deloitte Intelligence



ESTONIA

Estonia's economy has experienced a two-year recession since 2021, as the real GDP growth has continued to decline in 2023 reaching -3.1%, a drop from 0.0% in the previous year. In 2024 real GDP has started to recover by a 3.0%-point increase but remains at -0.1%. While the current performance of Estonia's traditional export markets, such as Scandinavia and Germany, are weaker, a forecasted recovery in these regions over the coming years is expected to support Estonia's economic growth.[1] Inflation in Estonia reached 19.5% in 2022, driven by rising energy prices and supply chain disruptions. It decreased to 9.1% in 2023 as global pressures eased and the economy adjusted. Inflation has further decreased to 3.7% in 2024, as the effects of previous shocks diminish, and economic conditions stabilize.

Interest rates have been on a steady rise since 2021 in the Eurozone, with the lending interest rate reaching 9.6% in 2023, marking a 3.6% point increase from 2022 in Estonia. The ECB's hikes in base interest rates, aimed at combating inflation, have directly raised borrowing costs for both companies and households which elevated loan servicing expenses, potentially further dampening economic growth. As inflation in the Eurozone has moved closer to the ECB's 2% target in 2024, ECB conducted a series of rate cuts starting in June 2024, signaling a shift towards easing monetary conditions. As a result, the deposit facility rate has decreased from 4.0% to 3.0% in 2024[2]

The banking sector's total assets have increased by 5.8% year-on-year, with notable liquid assets comprising approximately 30% of total assets in 2023[3], and loans accounting for 48.7% of the sector's total assets. Estonian subsidiaries of Swedish banks such as Swedbank and SEB have increased their positions connected to their Swedish parents. By the end of 2023, Estonian subsidiaries held about one billion euros in loans, predominantly to Swedish credit institutions. However, while these claims used to represent 60-70% of their liquid assets in early 2008, they now account for just 20%, indicating a lowered dependency on their Swedish parents, according to Eesti Pank[4].

Total loans have grown by 9.3% between 2022 and 2023, with both the retail and corporate segments contributing equally to the overall increase. The corporate loan segment has continued to expand, but at a slower rate, showing a 6.0% compared to the 2022. Despite high-interest rates, borrowing growth has become more evenly distributed across various industries in the second half of 2024. The growth across segments were more balanced in 2024, with real estate and construction sectors seeing the most rapid increases in borrowing.[5]

Despite challenging economic conditions, the retail loan segment experienced stable growth, primarily driven by both an expansion in household and consumer loans. Household loan portfolios has increased by 5.8% in 2023, further improving to 7.0% by September 2024. The merger of Coop Finants and Coop Pank in April 2024 has impacted the growth of credit card and consumer loans, which saw yearly increases of 9% and 7% in August 2024, respectively. Also, the newly introduced motor vehicle tax starting from January 2025, resulted in a moderate increase in car leases in the second half of 2024.[6]

The loan portfolio has maintained robust quality, with NPL levels remaining low in 2023. The NPL ratio stood at 0.2%, although the retail loan portfolio showed a slight deterioration in 2024. Corporate NPL ratio remained stable over the past year at 0.2%, despite high interest rates and the ongoing recession, as companies have generally managed to repay their loans. Non-performing exposure varies widely across sectors, with the industry sector having the highest NPL rate at 5%, followed by the agriculture sector at 2% as of August 2024.[7] Retail NPL has increased due to the rise in unemployment which has reduced households' ability to pay their loans, particularly affecting consumer loans. By the end of September 2024, loans overdue by more than 60 days increased to 3% for consumer loans and 1% for credit card loans, while housing loans overdue by more than 60 days remained below 0.2%.[8]

The profitability of the banking sector in 2024 has improved significantly, influenced by high base interest rates implemented by the European Central Bank. The widespread use of loans linked to Euribor in Estonia improved ROA from an average of 0.9% in 2022 to 1.7% in 2023. ROE also almost doubled from 2022 by the end of 2023, reaching 16.7% compared to the 9.1% in 2022. Record profits in recent years have enabled banks to increase their dividends, likely influenced by upcoming tax increases in 2025 (income tax rate from 14% to 18%, and dividend tax rate from 20% to 22%), while the total dividends paid in the first half of 2024 exceeded the banks' profits from last year and caused a slight reduction in their voluntary capital buffers.[9] The profitability of Estonian banks, which has been higher than that of other EU countries, is expected to decline due to interest rate cuts and rising problem loans, but it will still remain relatively high. The Capital Adequacy Ratio (CAR) showed a slight increase from 21.7% in 2022 to 22.1% in 2023, reflecting the Estonian banking sector's continued resilience and prudent capital management.

1 Eesti Pank – Financial Stability Report 2023 – page 6
2 European Central Bank – 2024
3 Eesti Pank – Financial Stability Report 2023 – page 20
4 Eesti Pank – Financial Stability Report 2024 – page 29
5 Eesti Pank – Financial Stability Report 2024/2 – page 8
6 Eesti Pank – Financial Stability Report 2024/2 – pages 9-10
7 Eesti Pank – Financial Stability Report 2024/2 – page 10
8 Eesti Pank – Financial Stability Report 2024/2 – page 11
9 Eesti Pank – Financial Stability Report 2024/2 – pages 23-24

MACRO INDICATORS	2021	2022	2023	2024E	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024E (% OR % POINT)
Gross Domestic Product (GDP)						
Nominal GDP (LCY mn)	31,456	36,443	38,188	39,569	4.8% ▲	3.6% ▲
Nominal GDP / Capita (LCY k)	23.6	27.4	28.0	29.1	2.2% ▲	4.1% ▲
Nominal GDP (EUR mn)	31,456	36,443	38,188	39,569	4.8% ▲	3.6% ▲
Nominal GDP / Capita (EUR k)	23.6	27.4	28.0	29.1	2.2% ▲	4.1% ▲
Real GDP (% change pa.)	7.2%	0.0%	-3.1%	-0.1%	-3.1% ▼	3.0% ▲
Financial Markets						
Lending interest rate (%)	4.9%	6.0%	9.6%	9.0%	3.6% ▲	-0.6% ▼
Deposit interest rate (%)	0.6%	0.7%	2.7%	3.8%	2.0% ▲	1.1% ▲
Consumer prices (% change pa.)	4.5%	19.5%	9.1%	3.7%	-10.3% ▼	-5.4% ▼
Average EURLCY	1.0	1.0	1.0	1.0	0.0% ●	0.0% ●
Average USDLCY	0.8	1.0	0.9	0.9	-2.8% ▼	0.0% ▲
Public Debt						
Public debt (% of GDP)	18.4%	19.1%	20.2%	22.4%	1.1% ▲	2.2% ▲
Budget balance (% of GDP)	-2.6%	-1.1%	-2.8%	-3.0%	-1.8% ▼	-0.2% ▼
Population						
Population (mn. pers.)	1.3	1.3	1.4	1.4	2.6% ▲	-0.5% ▼
Unemployment rate (%)	6.2%	5.6%	6.4%	7.6%	0.8% ▲	1.2% ▲

Source: EIU, MNB (exchange rates)
E – Estimated data for 2024
Please note that 2024H1 average exchange rate was applied for 2024E figures.

Banking Sector

BANKING SECTOR	2021	2022	2023	2024H1	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024H1 (% OR % POINT)
General Data						
Total assets (EUR mn)	54,253	53,056	56,144	58,681	5.8% ▲	4.5% ▲
Asset penetration (%)[1]	172.5%	145.6%	147.0%	148.3%	1.4% ▲	1.3% ▲
Total equity (EUR mn)	5,379	5,373	5,864	5,455	9.1% ▲	-7.0% ▼
Total loans (EUR mn)	22,426	25,015	27,334	27,883	9.3% ▲	2.0% ▲
Loan penetration (%)[2]	71.3%	68.6%	71.6%	70.5%	2.9% ▲	-1.1% ▼
Retail loans (EUR mn)	10,410	11,541	12,257	12,705	6.2% ▲	3.7% ▲
Corporate loans (EUR mn)	8,313	9,376	9,943	10,070	6.0% ▲	1.3% ▲
Other loans (EUR mn)[3]	3,703	4,098	5,134	5,108	25.3% ▲	-0.5% ▼
NPL Volumes						
Total NPLs (EUR mn)	40	39	48	58	22.8% ▲	21.1% ▲
Retail NPLs (EUR mn)	20	19	30	40	57.6% ▲	33.2% ▲
Corporate NPLs (EUR mn)	20	20	18	18	-11.4% ▼	0.6% ▲
NPL Ratios						
Total NPL ratio (%)	0.2%	0.2%	0.2%	0.2%	0.0% ●	0.0% ●
Retail NPL ratio (%)	0.2%	0.2%	0.2%	0.3%	0.1% ▲	0.1% ▲
Corporate NPL ratio (%)	0.2%	0.2%	0.2%	0.2%	0.0% ●	0.0% ●
Key Ratios						
CAR (%)	23.3%	21.7%	22.1%	22.2%	0.4% ▲	0.2% ▲
ROE (%)	7.5%	9.1%	16.7%	20.5%	7.6% ▲	3.8% ▲
ROA (%)	0.8%	0.9%	1.7%	2.0%	0.8% ▲	0.3% ▲
CIR (%)	45.9%	43.7%	32.3%	27.6%	-11.4% ▼	-4.7% ▼
L/D (%)	80.4%	89.1%	92.8%	91.4%	3.7% ▲	-1.4% ▼
NIM (%)	2.4%	2.8%	4.9%	4.8%	2.1% ▲	-0.2% ▼
OPEX on avg. total assets (%)	0.8%	0.9%	1.0%	1.0%	0.1% ▲	0.0% ●
Cost of risk (%)	0.1%	0.1%	0.1%	0.0%	0.0% ●	-0.0% ●

Source: Eesti Pank. 1. Asset penetration = Total assets/Nominal GDP | 2. Loan penetration = Total loans/Nominal GDP | 3. Other loans consists of the difference between Total loans (Residents – General government, Financial institutions, non-fin. Corp., households, Non-residents – General gov., Financial institutions, non-fin. Corp.) and loans to Households and Non-financial corporations.
Please note that only loans overdue by more than 90 days are presented as non-performing loans (NPLs).

List of Banks in Estonia 2023 (EUR mn, %)

RANK 2023	RANK 2022	YOY	INSTITUTIONS	TOTAL ASSETS	MARKET SHARE	EQUITY	NET INCOME	ROA	ROE	MAJOR SHAREHOLDER
1	1	●	**Luminor**	15,603	27.8%	1,724	189	1.2%	11.6%	Blackstone Group
2	2	●	**Swedbank**	14,399	25.6%	1,935	428	3.0%	23.6%	Swedbank
3	3	●	**SEB**	8,464	15.1%	1,028	229	2.8%	23.3%	SEB
4	4	●	**LHV Pank**	6,735	12.0%	512	139	2.2%	31.4%	LHV Group
5	6	▲	**Bigbank**	2,287	4.1%	248	41	2.1%	17.7%	Private individuals
6	5	▼	**Coop Pank**	1,941	3.5%	140	28	1.6%	22.0%	Coop Investeeringud
7	7	●	**Inbank**	1,239	2.2%	80	-2	-0.1%	-2.1%	Cofi Investeeringud OU
8	9	▲	**Holm Bank**	186	0.3%	22	2	1.1%	8.3%	OÜ Koduliising
9	8	▼	**TBB Pank**	134	0.2%	23	1	0.7%	4.7%	Leonarda Invest AS
			Total Banking Sector	**56,144**	**100.0%**	**5,864**	**940**	**1.7%**	**16.7%**	

Source: Annual reports, Eesti Pank
Please note that the presented total banking sector data also includes foreign branches and other entities.
Please note that the data for Luminor includes the operations of the bank's Latvian and Lithuanian branches as well.

As of 2024, Estonia's banking sector is heavily dominated by foreign banking groups, notably the Swedish Swedbank and SEB Pank, and US owned Luminor Bank. Together, these three banks control a significant portion of the market, with Luminor Bank holding the largest market share at 27.8%, Swedbank at 25.6%, and SEB Pank at 15.1%. Collectively, they account for over 68.5% of the sector's total assets, underscoring their dominance in the market. SEB Bank, a Swedish-owned financial institution with 15.1% market share in Estonia, plans to merge its three Baltic banks under a single headquarters in Tallinn, Estonia. Following the consolidation, it will continue its operations in Lithuania and Latvia as a branch. The new structure is expected to take effect in early 2027, pending approval from local financial regulators and the European Central Bank.

M&A Deals

In a notable move within the Baltic banking sector, several major financial institutions have expressed interest in acquiring Luminor Bank, one of the leading banks in Estonia, Latvia, and Lithuania. Among the most prominent potential bidders were UniCredit, OTP Bank, and Pekao Bank, all of which are looking to expand their regional presence. This potential acquisition, currently under discussion, could significantly impact the competitive landscape of the Baltic banking market.

2024

- In August, 2024, LHV Pank entered into an agreement with TBB Pank to partially acquire the latter's loan portfolio, which includes corporate loans and a limited number of related personal loans. The acquired portfolio's volume amounted to €19.2 million, with the potential to increase by up to €4.3 million within the next three months.

2022

- Blackstone Group acquired an 11.6% stake in Luminor Bank from Nordea in 2022. This transaction was valued at EUR 328.9 mn, further increasing Blackstone's ownership in Luminor.

2021

- In 2021, Blackstone Group purchased an additional 8.4% of Luminor Bank from Nordea. This acquisition continued Blackstone's strategy to expand its holdings in the bank, although the deal value was not disclosed.

2020

- LHV Bank acquired the corporate and private banking operations of Danske Bank in Estonia, taking full ownership in a deal valued at EUR 254 mn. This acquisition marked LHV's expansion in the Estonian banking sector.

2019

- LHV Bank purchased the retail business of Danske Bank in Estonia for EUR 410 mn. This move allowed LHV Bank to strengthen its position in the retail banking market in Estonia.
- LHV Bank acquired the entire loan portfolio of Versobank AS in 2019. This acquisition, valued at €12 million, helped LHV to grow its loan offerings.

2018

- Blackstone Group initially acquired a controlling 60% stake in Luminor Bank from DNB and Nordea for EUR 1 bn. This significant investment positioned Blackstone as the majority shareholder of Luminor.

2017

- Inbank and Coop Eesti Keskühistu jointly acquired an 84.7% stake in Eesti Krediidipank from VTB Bank. The deal's value was not disclosed, but it marked a significant shift in ownership for the bank.

List of banking M&A deals in Estonia 2017 – 2024

YEAR	TARGET	BUYER	% ACQUIRED	DEAL VALUE IN EUR MN	SELLER
2024	TBB Pank (Loan portfolio)	LHV Pank	n/a	n/a	TBB Pank
2022	Luminor Bank	Blackstone Group	11.6%	328.9	Nordea
2021	Luminor Bank	Blackstone Group	8.4%	n/a	Nordea
2020	Danske Bank - Corporate and Public sector business	LHV Pank	100.0%	254.0	Danske Bank
2019	Danske Bank - Retail business	LHV Pank	100.0%	410.0	Danske Bank
2019	Versobank AS (Loan portfolio)	LHV Pank	100.0%	12.0	Versobank AS
2018	Luminor Bank	Blackstone Group	60.0%	1,000.0	DNB; Nordea
2017	Eesti Krediidipank	Inbank; Coop Eesti Keskuhistu	84.7%	n/a	VTB Bank

Source: Deloitte Intelligence, Mergermarket, S&P Capital IQ

Overview of the Estonian fintech market

- Estonia is, according to the State of European Tech 2024, still regarded as the most entrepreneurial European country for tech startups, which boasts the highest number of startups per capita and the highest number of unicorns per capita. Estonia's strength lies in its modest environment, supported by a strong digital infrastructure. Furthermore, Estonia ranks second in the world, just behind Finland, in terms of tech employees per million inhabitants. As at the end of 2023, Estonia is home to approximately 264 fintech companies, maintaining nearly the same number of entities as previous year. The total assets of the Estonian fintech sector had surpassed the 15 billion euro mark in 2023.
- The national economic environment in Estonia also supports the entrepreneurial hub to grow: the country is ranked in first place in the OECD tax competitiveness index and 99% of all public services are online 24/7.

Key developments

- In 2023, Tenity, a Swiss-based global innovation ecosystem and early-stage investor, expanded its operations to Estonia.
- In February 2024, Tuum raised a EUR 25M Series B financing round, led by CommerzVentures, as well as undisclosed follow-on funding in March from the VC arm of Citigroup, Citi Ventures.
- In 2024, Mifundo, an Estonian-founded cross-border finance platform, successfully raised a total of EUR 10M. This funding includes EUR 1.2M from a pre-seed round led by Tera Ventures, with participation from existing investor Opus11 VC. Additionally, Mifundo secured EUR 2.5M in grant funding and EUR 6.3M in matched funding from the EIC Accelerator program.

TOP 10 Estonian fintechs by revenue (kEUR, 2023)

#	COMPANY NAME	FINTECH CATEGORY	DESCRIPTION	OWNERSHIP STYLE	HAD VC INVESTMENTS PREVIOUSLY?	REVENUE	EBITDA	NET INCOME	TOTAL EQUITY
1	Wise	Payment	"People on every continent around the world are choosing Wise to help them live, travel and work internationally. We're the fairest, easiest way to send money overseas. Built by and for people who live global lives, we make sending money abroad up to 8 times cheaper than the bank. This is money without borders - instant, convenient, transparent and eventually free." (LinkedIn)	"Kristo Käärmann (18.23%) AH Capital Management LLC (8.61%) Taavet Hinrikus (5.12%) Others (< 5% each)"	yes	1,052,000	520,200	407,449	1,125,943
2	Salv	Banking infra-structure	"Salv provides technology-powered solutions to help banks and money service providers detect and mitigate financial crime -- with the flexibility and speed needed to stay ahead of criminals. Salv's core AML platform covers screening, monitoring, and risk assessment to detect criminal behaviour, streamline internal processes, and leave clear audit trails for regulators. Salv adjusts its algorithms to meet every organisation's needs and detect potentially risky behaviour in time to act. In addition, Salv's groundbreaking AML Bridge platform is the first of its kind in the world --connecting unrelated banks in a network to enable them to share financial intelligence and save time." (LinkedIn)	"Taavi and Kaisa Tamkivi (21.55%) Jeffrey Mcclelland (14.97%) Passion Capital Nominees Limited (UK) (12.19%) Fly Ventures Fund I GmbH ja Co. KG (Germany) (7.63%) ff Venture Capital spółka z ograniczoną odpowiedzialnością ASI S.K.A. (Poland) (6.05%) Others (< 5% each)"	yes	2,194	(3,426)	(3,441)	2,606

#	COMPANY NAME	FINTECH CATEGORY	DESCRIPTION	OWNERSHIP STYLE	HAD VC INVESTMENTS PREVIOUSLY?	REVENUE	EBITDA	NET INCOME	TOTAL EQUITY
3	Monese	Payment	Monese Ltd (Monese) operates an online banking alternative platform that allows users to manage money online. It provides current accounts for storing money and making payments.	"Norris Koppel Multiple VCs"		n/a	n/a	n/a	n/a
4	Bondora	Investment	"Bondora is a peer-to-peer lending platform from Estonia. Bondora serves as an online community for investing in personal debt starting at €1, and enables borrowers to receive funding directly from investors."	"Pärtel Tomberg (22.82%) SIX SIS AG (10.82%) European Founders Fund GmbH & Co. Beteiligungs KG Nr. 1 (10.48%)"		44,353	4,412	3,354	19,553	19,553
5	Esto	Payment	"""ESTO Group is a payment technology company with a creditors license from Estonian Financial Supervision Authority. ESTO's mission is to enable merchants to sell and consumers to buy online in an easy, automated and safe way. ESTO provides a fully automated and tech-driven point of sale purchase financing and payments solution for its network of merchant partnerships in Estonia, Lithuania, and Latvia. ESTO's business model is to facilitate payments between the client and merchant in an e-commerce setting by providing real time payments for the merchant and payment schedules for the client."" (LinkedIn)"	"Ivo Tahk (19.92%) Mikk Metsa (19.60%) Martin Uustal (19.20%) Vahur Rajaver (15.00%) Kristjan Tiik (15.00%) Mikk Mihkel Nurges (7.3%) Others (< 5% each)"		12,612	6,139	5,851	13,906	13,906
6	Wallester	Payment	"Wallester is an Estonian licensed financial institution that develops financial digital technology and issues VISA cards. Since 2018, we are an official Visa partner and Visa FinTech Fast Track Member issuing physical and virtual cards of any type: debit cards, credit cards, prepaid cards, and cards for business."	"Aleksandr Kostin (47.50%) Sergei Astafjev (47.5%) Reimo Hammerberg (7.5%)"		9,141	(491)	(635)	3,797	3,797
7	Tuum	Banking infra-structure	"""Tuum is a cloud-native, next-generation core banking platform built on decades of industry expertise. Tuum is built for allowing any business to rapidly offer seamless, tailored financial services to their customers. The highly modern banking platform follows the microservice architecture and is composed of flexible and independent modules that cover end-to-end everyday banking processes. Imagine it as Lego blocks: they fit together flawlessly, however, you can always take the blocks apart, use only some of them, leave others aside, or add some when necessary."" (LinkedIn) The platform is API-based for quick and easy integration with your existing ecosystem and can run on all main cloud providers as well as on private clouds. If you need to introduce new lending products, new payment facilities, or even a new banking core, Tuum helps you to do it in weeks."	"Karma Ventures I SICAV-SIF, SCS (14.85%) FPCI BlackFin Tech 1 (12.95%) Portage Ventures III Investments LP (12.65%) CommerzVentures III Beteiligungs GmbH & Co. KG (10.76%) Pereshire OÜ (9.28%) Snowtoken OÜ (9.28%) Other VCs"		3,682	(5,511)	(6,368)	5,347	5,347
8	Cachet	InsurTech	"Cachet is a financial services marketplace for gig workers. We aggregate and enrich cross-market data from gig platforms to enable businesses like insurance companies to sell better priced and personalized coverage based on the gig workers' real work hours." (LinkedIn)	"Hedi Mardisoo (founder) Kalle Palling (founder) Multiple VCs"		377	(11)	(311)	(736)	(736)
9	Funderbeam	Investment	"In our tech-powered marketplace, anyone can buy and sell shares in ambitious companies, while founders can raise capital without borders." (LinkedIn)	"Kaidi Ruusalepp (founder) Multiple VCs"		n/a	n/a	n/a	n/a	n/a
10	Lightyear	Investment	"Lightyear is a simple way to invest your money globally without unnecessary barriers or fees." (LinkedIn)	"Martin Sokk (founder) Mihkel Aamer (founder) Multiple VCs"		1,127	(2,151)	(2,244)	5,508	5,508

Source: Deloitte Intelligence

HUNGARY

Hungary's economy is anticipated to improve gradually in the upcoming years, with real GDP growth projected to increase from 0.4% in 2024 to 3.5% by 2026, driven by household consumption, rising wages and easing monetary policy. Investment activity is expected to remain limited in the short term due to postponed public investment projects and weak business sentiment. Exports are also projected to improve slowly, constrained by reduced demand from key European trading partners, particularly in the automotive and machinery sectors. However, foreign direct investment in manufacturing is likely to contribute positively to the overall growth.[1]

Inflationary pressures are expected to ease gradually. Headline inflation fell to 3.7% in late 2024, but core inflation remains high driven by wage growth, increased consumer demand, and the Hungarian forint's depreciation. Inflation is forecast to moderate further as commodity prices and wage growth stabilize.

The unemployment rate gradually increased in the past few years reaching 4.4% in 2024. However, unemployment rate is projected to remain stable as the economic improvement is anticipated to boost labor demand, leading to a gradual decrease in the unemployment rate after 2024. As the labor market is expected to tighten, nominal wage growth in 2025 and 2026 is projected to slow from its peak as the impact of earlier minimum wage increase fades.

The National Bank of Hungary (NBH) has reduced its policy rate by 650 basis points since late 2023. While the pace of rate cuts has slowed in response to persistent inflation, further reductions are anticipated, contributing to improved liquidity and economic activity.

Hungary's fiscal deficit decreased to 5.4% between 2023 and 2024, supported by reduced energy subsidies. Among the analyzed countries, Hungary has the highest public debt, reaching 76.3% in 2024. Challenges include limited EU fund disbursements, which could impact medium-term growth.

The total assets of the Hungarian banking sector have shown notable developments over recent periods as total assets increased by 7.9% in 2023. In the first half of 2024 total assets dynamics continued its development path, as bank deposits accounted for 57% of the banking system's total assets, reflecting a decrease from 61% at the end of 2022. This shift was primarily due to the rechanneling of household savings into investment funds and government securities, driven by a high-interest rate environment.

Lending dynamics in Hungary displayed contrasting trends in 2024 compared to previous years. Corporate loan amount increased by 10.8% between 2022 and 2023 but decreased in the first half 2024 by 1.0% due to limited investment activity, insufficient demand rather than supply-side constraints and tighter subsidized loan programs, mirroring regional trends. In contrast, household lending continued its expansion in the first half of 2024, fueled by initiatives such as the HPS Plus program, with housing loans contributing to a notable one-third increase in property sales. The housing market saw a 9% annual price appreciation by mid-2024, with further growth expected, supported by declining yields and subsidized loan program.[2]

The share of NPLs remained low, reaching 4.1% in the corporate sector and 2.4% in the retail sector as of 2024H1. According to the National Bank, corporate loan provisioning can be impacted by the declining commercial real estate collateral values. In the household segment, the NPL ratio decline was strongly supported by intensified portfolio clean-up efforts by banks, particularly for personal loans.[3] The removal of the mortgage interest rate cap at the end of 2024 poses a limited risk, potentially affecting only 5% of borrowers, as decreasing interest rates may help mitigate the impact.

The Hungarian banking sector achieved exceptionally high profitability in 2023, with a remarkable return on equity (ROE) of 21.1%, primarily fueled by a substantial increase in interest income on the back of the high-interest rate environment. The strong performance carried into 2024, which was partly attributed to volatile and one-off factors, such as a rise in dividend income and a reduction in the windfall tax.[4] The Hungarian banking sector faced increased regulatory and fiscal pressure in 2024, including higher financial transaction taxes[5], a special tax on credit institutions, and the introduction of a defense contribution[6], targeting profitable industries.

The Hungarian banking sector has maintained a strong capital position, reflecting its resilience against economic shocks. As of 2023, the capital adequacy ratio of the banking system stood at 23.5%, and slightly decreased from the historical peak in the first half of 2024 to 22.5%. Capital position of the banks was supported by strong profitability and retained earnings due to a moderate dividend payment policy.

1 EIU and European Commission's Economic forecast for Hungary - November 2024

2 MNB – Financial Stability Report November 2024 – page 5-6

3 MNB – Financial Stability Report November 2024 – page 39

4 Banks can reduce their 2024 windfall tax liability by up to 50% of the tax amount. This reduction is available if the average daily stock of Hungarian government securities maturing after January 1, 2027, held between January 1 and November 30, 2024, increases compared to the average daily stock during the period from January 1 to April 30, 2023, provided that the total stock of government securities held by the bank rises by at least the same proportion. The deduction is capped at 10% of the increase in eligible government securities.

5 Effective August 1, 2024, the FTT rate increased from 0.3% to 0.45% per transaction, with the maximum cap doubling from HUF 10,000 to HUF 20,000. For cash withdrawals, the rate rose from 0.6% to 0.9%. Additionally, a supplementary financial transaction tax of 0.45% was introduced on currency conversion transactions starting October 1, 2024, also capped at HUF 20,000 per transaction.

6 In July 2024, the Hungarian government announced a "defence contribution" targeting banks, energy firms, and multinational companies that earned significant profits during the ongoing "wartime" conditions, particularly referencing the conflict in Ukraine. This measure aimed to bolster the state's defence fund, with specific details on rates and implementation pending at the time of the announcement.

MACRO INDICATORS	2021	2022	2023	2024E	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024E (% OR % POINT)
Gross Domestic Product (GDP)						
Nominal GDP (LCY mn)	55,343,300	65,989,442	74,936,529	77,752,500	13.6% ▲	3.8% ▲
Nominal GDP / Capita (LCY k)	5,700.9	6,814.1	7,736.2	8,035.6	13.5% ▲	3.9% ▲
Nominal GDP (EUR mn)	154,413	169,075	196,271	199,395	16.1% ▲	1.6% ▲
Nominal GDP / Capita (EUR k)	15.9	17.5	20.3	20.6	16.1% ▲	1.7% ▲
Real GDP (% change pa.)	7.1%	4.3%	-0.8%	0.4%	-5.1% ▼	1.2% ▲
Financial Markets						
Lending interest rate (%)	3.0%	10.7%	15.3%	9.2%	4.6% ▲	-6.1% ▼
Deposit interest rate (%)	1.0%	8.4%	13.1%	6.2%	4.8% ▲	-6.9% ▼
Consumer prices (% change pa.)	5.1%	14.6%	17.1%	3.7%	2.5% ▲	-13.4% ▼
Average EURLCY	358.4	390.3	381.8	389.9	-2.2% ▼	2.1% ▲
Average USDLCY	303.1	371.3	353.1	360.7	-4.9% ▼	2.2% ▲
Public Debt						
Public debt (% of GDP)	76.5%	74.0%	73.6%	76.3%	-0.5% ▼	2.7% ▲
Budget balance (% of GDP)	-7.1%	-6.2%	-6.7%	-5.4%	-0.5% ▼	1.3% ▲
Population						
Population (mn. pers.)	9.7	9.7	9.7	9.7	0.0% ▲	-0.1% ▼
Unemployment rate (%)	4.1%	3.7%	4.1%	4.4%	0.4% ▲	0.3% ▲

Source: EIU, MNB (exchange rates)
E – Estimated data for 2024
Please note that the currencies for 2024E are average exchange rates for 2024H1.

Banking Sector

BANKING SECTOR	2021	2022	2023	2024H1	Δ 2022-2023 (% OR % POINT)		Δ 2023-2024H1 (% OR % POINT)	
General Data								
Total assets (EUR mn)	166,594	179,650	193,812	196,598	7.9%	▲	1.4%	▲
Asset penetration (%)[1]	111.1%	109.0%	99.0%	99.9%	-10.0%	▼	0.9%	▲
Total equity (EUR mn)	15,358	15,873	20,028	20,433	26.2%	▲	2.0%	▲
Total loans (EUR mn)	80,075	88,151	96,488	97,262	9.5%	▲	0.8%	▲
Loan penetration (%)[2]	53.4%	53.5%	49.3%	49.4%	-4.2%	▼	0.1%	▲
Retail loans (EUR mn)	24,660	23,517	26,057	26,357	10.8%	▲	1.2%	▲
Corporate loans (EUR mn)	27,146	29,030	31,585	31,254	8.8%	▲	-1.0%	▼
Other loans (EUR mn)[3]	28,269	35,603	38,846	39,650	9.1%	▲	2.1%	▲
NPL Volumes								
Total NPLs (EUR mn)	2,353	2,643	2,238	2,053	-15.3%	▼	-8.2%	▼
Retail NPLs (EUR mn)	1,057	1,080	743	620	-31.2%	▼	-16.6%	▼
Corporate NPLs (EUR mn)	1,205	1,204	1,299	1,287	7.9%	▲	-0.9%	▼
NPL Ratios								
Total NPL ratio (%)	2.9%	3.0%	2.3%	2.1%	-0.7%	▼	-0.2%	▼
Retail NPL ratio (%)	4.3%	4.6%	2.9%	2.4%	-1.7%	▼	-0.5%	▼
Corporate NPL ratio (%)	4.4%	4.1%	4.1%	4.1%	0.0%	●	0.0%	●
Key Ratios								
CAR (%)	21.0%	20.3%	23.5%	22.5%	3.1%	▲	-1.0%	▼
ROE (%)	9.5%	8.1%	21.1%	24.7%	13.0%	▲	3.5%	▲
ROA (%)	0.9%	0.7%	2.1%	2.6%	1.4%	▲	0.5%	▲
CIR (%)	62.2%	60.5%	52.1%	47.9%	-8.4%	▼	-4.1%	▼
L/D (%)	76.1%	80.6%	87.7%	86.9%	7.1%	▲	-0.8%	▼
NIM (%)	3.8%	5.4%	6.2%	6.0%	0.9%	▲	-0.3%	▼
OPEX on avg. total assets (%)	2.3%	2.6%	2.6%	2.7%	0.0%	●	0.1%	▲
Cost of risk (%)	0.5%	1.0%	-0.3%	0.0%	-1.3%	▼	0.3%	▲

Source: MNB, 1. Asset penetration = Total assets/Nominal GDP | 2. Loan penetration = Total loans/Nominal GDP | 3. Other loans consist of loans to credit institutions, other financial intermediaries, local governments, other domestic customers and foreigners.

List of banks in Hungary 2023 (EUR mn, %)

RANK 2023	RANK 2022	YOY	INSTITUTIONS	TOTAL ASSETS	MARKET SHARE	EQUITY	NET INCOME	ROA	ROE	MAJOR SHAREHOLDER
1	1	●	**OTP Bank**	45,857	23.7%	6,005	1,716	3.8%	32.9%	OTP
2	2	●	**MBH Bank**	28,760	14.8%	2,562	310	1.1%	11.8%	MBH
3	3	●	**Kereskedelmi és Hitelbank**	14,740	7.6%	1,488	282	1.9%	21.7%	KBC
4	4	●	**UniCredit**	13,618	7.0%	1,195	232	1.7%	21.3%	UniCredit
5	5	●	**Erste Bank Hungary**	12,539	6.5%	1,352	282	2.2%	23.1%	Erste
6	6	●	**Raiffeisen Bank**	11,532	6.0%	1,191	260	2.3%	24.6%	Raiffeisen
7	11	▲	**Magyar Export-Import Bank**	9,516	4.9%	1,094	49	0.6%	4.8%	State of Hungary
8	9	▲	**Magyar Fejlesztési Bank**	9,252	4.8%	1,643	6	0.1%	0.4%	State of Hungary
9	8	▼	**CIB Bank**	8,668	4.5%	810	163	1.9%	21.5%	Intesa Sanpaolo
10	10	●	**OTP Jelzálogbank**	6,272	3.2%	360	31	0.5%	8.8%	OTP
11	13	▲	**GRÁNIT Bank**	3,329	1.7%	200	50	1.7%	29.1%	BDPST Zrt
12	15	▲	**MBH Jelzálogbank**	2,368	1.2%	204	17	0.8%	8.9%	MBH
13	14	▲	**Merkantil Váltó és Vagyonbefektető Bank**	2,201	1.1%	155	25	1.1%	17.1%	OTP
14	16	▲	**Fundamenta-Lakáskassza**	1,727	0.9%	215	25	1.5%	12.5%	Bausparkasse Schwäbisch Hall AG
15	21	▲	**Bank of China**	1,424	0.7%	71	17	1.5%	27.9%	Bank of China
16	17	▲	**OTP Lakástakarékpénztár**	1,225	0.6%	100	8	0.6%	8.5%	OTP
17	20	▲	**UniCredit Jelzálogbank**	1,116	0.6%	60	9	0.8%	14.9%	UniCredit
18	12	▼	**MBH Befektetési Bank**	1,071	0.6%	92	17	0.6%	19.5%	MBH
19	19	●	**KDB Bank**	966	0.5%	99	17	1.8%	19.3%	Korea Development Bank
20	18	▼	**MagNet Magyar Közösségi Bank**	964	0.5%	81	15	1.5%	18.2%	No major shareholder
21	22	▲	**ERSTE Jelzálogbank**	608	0.3%	29	-13	-2.2%	-42.4%	Erste
22	23	▲	**K&H Jelzálogbank**	490	0.3%	33	3	0.6%	9.8%	KBC
23	26	▲	**Garantiqa Hitelgarancia**	439	0.2%	270	97	24.8%	43.6%	State of Hungary
24	24	●	**ERSTE Lakás-takarékpénztár**	365	0.2%	23	9	2.2%	33.4%	Erste
25	27	▲	**MBH Duna Bank**	342	0.2%	24	10	3.0%	47.0%	MBH
26	25	▼	**KELER Központi Értéktár**	336	0.2%	85	13	3.9%	16.8%	State of Hungary
27	28	▲	**Magyar Cetelem Bank**	253	0.1%	51	3	1.0%	4.1%	BNP Paribas
28	29	▲	**Polgári Bank**	147	0.1%	16	5	3.4%	35.0%	Private Individuals
29	30	▲	**Agrár-Vállalkozási Hitelgarancia**	133	0.1%	117	18	14.5%	16.8%	Private Individuals
30	31	▲	**Trive Bank Hungary**	13	0.0%	12	-3	-21.0%	-22.5%	Trive Financial Holding
			Total Banking Sector	**193,812**	**100.0%**	**20,028**	**3,872**	**2.1%**	**21.1%**	

Source: Annual reports, MNB

Please note that the presented total banking sector data also includes foreign branches and other entities.

In 2023 Cofidis Group acquired Magyar Cetelem Bank from BNP Paribas and became the major shareholder of the bank in 2024 after the closing of the transaction. The bank operates as Magyar Cofidis Bank from December 2024.

In 2023 the merger between MKB Bank and Takarékbank has been completed, after which it has started to operate under the name MBH Bank. As a part of the merger, the names of the bank's subsidiaries have been changed as well, with MTB Magyar Takarékszövetkezeti Bank changing to MBH Befektetési Bank, Takarék Jelzálogbank to MBH Jelzálogbank.

After MBH Bank acquired Duna Takarék Bank in 2023, the bank started operating with the name MBH Duna Bank.

After the closure of the transaction of Fundamenta Lakáskassza by MBH Bank in 2024, MBH became the major shareholder of the bank.

In 2023 and 2024, Hungary's banking sector underwent significant transformation, driven by consolidation efforts. In March 2023, MKB Bank, Budapest Bank, and Takarék Bank completed their merger to form MBH Bank, establishing Hungary's second-largest financial institution. MBH further strengthened its market position by acquiring Fundamenta Lakáskassza, becoming the leading housing savings institution in the country. Granit Bank recently completed an initial public offering (IPO), raising HUF 17.7 bn in capital. Granit Bank also acquired De Lage Landen Finance Zrt. and De Lage Landen Leasing Kft., Hungarian subsidiaries of the Netherlands-based DLL Group in July 2024. Furthermore, in February 2025, Gránit Bank expanded its operations, marking an important step in the bank's growth strategy by launching its cross-border business in Romania providing digital services to Romanian customers.

M&A deals

2024

- In November 2024, MBH Bank acquired an additional 14.88% stake in Fundamenta-Lakáskassza, from Generali, increasing its ownership to 91.23%. This transaction marks a strategic step in MBH's consolidation of control over Hungary's leading housing savings institution.

2023

- In November 2023, MBH Bank acquired 76.35% of Fundamenta-Lakáskassza, a home savings bank from the majority shareholder, Bausparkasse Schwäbisch Hall AG, and Bausparkasse Wüstenrot AG, Wüstenrot & Württembergische AG minority shareholders. In March 2024, the transaction was successfully completed.
- In November 2023, the state-owned Corvinus International Investments sold it's 15% stake of Erste Bank Hungary to the Austrian Erste Group Bank AG for EUR 230 mn. The deal was closed in December 2023.
- In November 2023 EBRD also sold it's 15% stake in Erste Bank Hungary, which transaction made Erste Group Bank AG the sole 100% owner of the Hungarian Bank.
- In July 2023, MBH Bank acquired 98.46% of the shares of domestic peer Duna Takarék Bank (DTBank), from DANUBE Private Equity Fund. With the transaction, MBH aimed to strengthen its market presence and position with DTBank's portfolio and branch network. The deal was closed in September 2023.
- In 2023, the French-owned financial group Cofidis has acquired the Hungarian subsidiary of BNPP PF Group, Magyar Cetelem Bank Zrt. With the transaction, Cofidis Group aims to increase its position in Central Europe as a leading financial services and consumer credit company. The transaction has received regulatory approval and has been completed in October 2024.

2022

- In November 2022 Trive Financial Holding, based in the Netherlands, acquired Sopron Bank from MagNet Bank. Before that, Magnet Bank had took over the branches of Sopron Bank, migrated its customer base of 10,000 people to the MagNet community. With the transaction, Trive aims to expand its geographical footprint by getting a Hungarian bank licence. Trive is planning to rebrand the lender to Trive Bank Hungary and operate it "fully digitally" as a "high-tech bank based on FinTech concepts".
- The Single Resolution Board (SRB), the central resolution authority within the European Banking Union, decided to initiate the liquidation procedure of Sberbank Europe AG due to the materially deteriorated liquidity and capital position of the banking group as a result of the war in Ukraine. In March 2022, in line with this decision, the Hungarian National Bank revoked the license of Sberbank Hungary. As part of the liquidation procedure the loan book of Sberbank was sold in a competitive process to MKB Bank for EUR 539 mn.

2021

- In December 2021, Erste Bank Hungary Zrt. announced the acquisition of Commerzbank's Hungarian corporate banking subsidiary Commerzbank Zrt. Through this purchase, Erste has strengthened its position in the corporate banking business in Hungary. Erste took over 100% of Commerzbank Zrt., including its customer portfolio and the bank's head office building in Budapest. By the end of 2022, the clients of Commerzbank have been successfully integrated.
- In 2021 December, BDPST Zrt. a Hungarian real estate management group, agreed to acquire a 57% majority stake in Gránit Bank, a Hungarian bank with stringent focus on digital banking.
- In October 2021, Hypo-Bank Burgenland agreed to sell 100% of its stake in Sopron Bank to MagNet Bank. With the closing of the deal in 2022, MagNet Bank doubled its market share and expects to realize significant synergies. Financial terms of the deal were not disclosed.

2020

- In November 2020, the Hungarian State and Sándor Nyúl, supervisory board member of Granit Bank announced to increase share capital in Granit Bank, the largest Hungarian digital bank. The capital increase will be c. EUR 12 mn which will strongly secure the capital structure of the bank to continue its remarkable growth. The Hungarian State (through a venture capital fund) holds 7%, while Sándor Nyúl holds 3% of the shares following the transaction.
- In October 2020, Budapest Bank, Takarek Group and MKB Bank decided on a three-party fusion and signed the shareholder agreement about their integration with the following ownership structure: Hungarian State (owner of Budapest Bank) - 30.35%, MKB Bank - 31.69% and Takarek Group - 37.69%. The three banks together have formed Hungary's second largest banking group behind OTP. The banking group's total assets exceed EUR 18.0 bn. Their total FTE number will exceed 11,000 and the aggregated branch number with nearly 900 units will offer the largest banking coverage in Hungary. The three bank successfully complement each other both in operation and in their loan portfolios. Budapest Bank provides a significant household lending portfolio that fits well with MKB's corporate lending profile and the savings bank clients of Takarék Group.

2017

- In 2017, a 36.5% stake in Granit Bank was acquired by the management team of the Bank from the Hungarian Government in a management buyout transaction for EUR 14.4 mn.
- In 2017, Konzum investment fund manager acquired 49% of the MKB Bank. As of September 2018, Konzum investment fund manager still possesses 49% (35 % via Metis Fund), while the other significant owner is Blue Robin Investments with 33%.

2016

- In 2016, Corvinus – a Hungarian state-owned investment fund - purchased 15% of Erste Bank Hungary, together with EBRD which also acquired 15%, for a total consideration of EUR 247.8 mn.
- In 2016, MKB Bank was privatized, Metis Fund (45%), Blue Robin Investments (45%) and Pannonia Pension Fund (10%) acquired 100% of the Bank from the Hungarian State for a consideration of EUR 118 mn.

- In 2016, AXA sold its Hungarian subsidiary to OTP Bank, in line with its strategy to exit the non-core CEE exposures. The acquisition included the whole operation and all employees of AXA Bank. The deal increased OTP Bank's mortgage portfolio by almost 25%.

List of banking M&A deals in Hungary 2015 – 2024

YEAR	TARGET	BUYER	% ACQUIRED	DEAL VALUE IN EUR MN	SELLER
2024	Fundamenta-Lakáskassza	MBH Bank	14.9%	n/a	Generali
2023	Erste Bank Hungary	Erste Group Bank AG	15.0%	230.0	Hungarian State
2023	Erste Bank Hungary	Erste Group Bank AG	15.0%	n/a	EBRD
2023	Fundamenta-Lakáskassza	MBH Bank	76.4%	n/a	Bausparkasse Schwäbisch Hall AG; Bausparkasse Wüstenrot AG; Wüstenrot & Württembergische AG
2023	Magyar Cetelem Bank Zrt.	Cofidis Group SA	n/a	n/a	BNP Paribas Personal Finance
2023	Duna Takarék Bank Zrt	MBH Bank	98.5%	n/a	Danube Private Equity Fund
2022	Sopron Bank Zrt	Trive Financial Holding BV	n/a	n/a	MagNet Magyar Kozossegi Bank Zrt
2022	Sberbank Hungary (loan portfolio)	MKB Bank	100.0%	539.0	Hungarian National Bank / Sberbank
2021	Commerzbank Zrt.	Erste Bank Hungary	100.0%	n/a	Commerzbank AG
2021	Granit Bank	BDPST Zrt.	57.0%	n/a	EPM Tanácsadó Kft.
2021	Sopron Bank	MagNet bank	100.0%	n/a	Hypo-Bank Burgenland AG
2020	Granit Bank	Hungarian State; Private investor	n/a	12.1	Share capital increased
2020	Takarek Group; MKB Bank; Budapest Bank	Three-party merger	~ 100%	n/a	-
2017	Granit Bank	Management	36.5%	14.4	Hungarian State
2017	MKB Bank	Konzum	49.0%	n/a	Blue Robin Investments; Minerva Capital Fund Management
2016	Erste Bank Hungary	Hungarian State; EBRD	30.0%	247.8	Erste Group Bank AG
2016	MKB Bank	Pannonia Pension Fund; METIS Private Capital Fund; Blue Robin Investments	100.0%	118.0	Hungarian State
2016	AXA Bank Hungary	OTP	100.0%	n/a	AXA Bank

Source: Deloitte Intelligence, Mergermarket, S&P Capital IQ

Overview of the Hungarian FinTech market

- Based on the number of companies, the top fintech categories in 2024 did not change, banking infrastructure fintechs are the leaders, then payment firms, followed by deposits and lending companies. In 2023, similarly to 2022, payment service providers accounted for 36% of the overall market revenue, a significant decrease from above 40%, due to the growth in cybersecurity segments (11% revenue share in 2022 compared to 14% in 2023). Overall year on year revenue growth was 29% in 2023 compared to a growth of 20% in 2022.
- Growth of the Fintech Sector: The number of fintech companies in Hungary reached more than 200. Small and micro-enterprises constitute approximately 80% of these companies, with notable growth in data analytics, business intelligence, blockchain, and virtual payment segments.
- National Bank of Hungary's Support: The National Bank of Hungary (MNB) actively backs local fintech enterprises through initiatives like its Innovation Hub, aimed to assist companies in creating innovative products. Additionally, the Regulatory Sandbox has been introduced to facilitate the market entry of fintech solutions, granting companies exemptions from specific rules related to payment, remote customer identification, partner assessment, and reporting obligations, thereby reducing administrative burdens.
- Advancements in Digital Payments: Hungary's adoption of cashless payment methods continues to grow, reflecting

the broader digital transformation underway in the country. According to the latest Mastercard Digital Payment Index, Hungary's overall score improved by 11 points over the last four years, reaching 62 points in 2023.

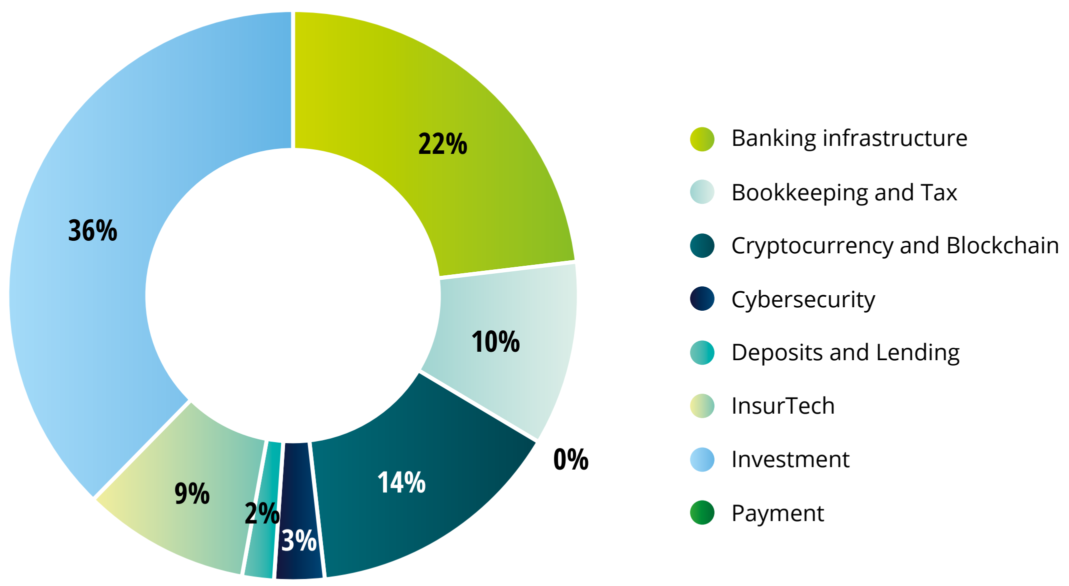
- Central Bank Digital Currency (CBDC) Initiatives: The MNB is exploring the potential of a digital forint for wide-scale use, currently in a test phase for youth aged 8–14 since March of last year. The "Student Safe" (Diákszéf) mobile app, available nationwide since May last year, allows young people to manage digital forint transactions within the app, focusing on educating users about responsible money management and digital payments.
- Regulatory Developments: In 2024, MiCA (Markets in Crypto Assets), the European Union's framework for the new, regulated crypto-asset market became applicable, with the MNB carrying out the supervisory authority tasks in Hungary.

Additionally, a review of European payment legislation is in progress, and a new framework for access to financial data is being developed, supporting the advancement of open banking and the move towards open finance, thus ensuring EU citizens' access to modern financial services.

M&A Trends

- Hungary experienced a significant decline in venture capital investments in 2023, with total investments dropping by over 60%, from a record EUR 180 million to EUR 65 million, mirroring a broader European downturn. This investment scarcity had a notable impact on the fintech industry, with most transactions concentrated in the very early-stage segment.
- The most notable transaction in Hungary's fintech sector was Pastpay's €12 million capital raise in the buy-now-pay-later segment in 2024.

Fintechs distribution among categories based on the number of companies



Source: Opten, Deloitte Intelligence

Top 20 Hungarian FinTechs by revenues (kEUR, 2023)

#	Company name	Fintech category	Description	Ownership style	Had VC investments previously?	Revenue	EBITDA	Net income	Total equity
1	Simplepay	Payment	It is developed and operated by OTP Mobil Kft., SimplePay provides online credit card acceptance and instant payment solutions for webshop operators and service providers.	OTP Bank Nyrt.	yes	66,134	6,992	4,635	15,534
2	Dorsum Zrt	Investment	"Dorsum Zrt. was founded in 1996 to build concepts on providing a wide range of software focusing on the financial services industry. Currently the products of the company are also available as applications for Android, iPhone, and iPad.	Private individuals	no / n.a.	19,343	5,648	4,196	7,058
3	W.UP (Finshape)	Banking infrastructure	Finshape blends digital banking platform and deep personalization capabilities into a driver of digital success for banks in Europe and the APAC and MENA regions. The firm provides digital banking, digital sales, personalized targeting, customer engagement services	PHOENIX PLAY INVEST Zrt.	no / n.a.	19,295	5,259	3,019	9,663
4	SEON Technologies Kft	Cybersecurity	Seon Technologies Kft. is a Hungary-based company that provides modular artificial intelligence (AI) powered fraud detection to its client. The software controls for online account opening by performing digital footprint analysis and strong customer authentication.	SEON Holdings LTD	yes	17,335	(10,254)	(11,806)	4,445
5	Taxually	Bookkeeping and Tax	Taxually delivers VAT compliance solutions that cater for all business types, from online retailers to those with complex tax departments. It was incorporated in 2018 and is based in Budapest, Hungary. The firm has recently been acquired by Ardian SAS in 2022.	Taxually Holding LTD	yes	10,654	1,760	(502)	8,619
6	LOXON SOLUTIONS	Banking Technology & Software	Loxon Solutions, founded in 2000 in Budapest, specializes in lending and risk management software for financial institutions. Its solutions cover credit approval, collateral management, debt collection, and risk assessment. Loxon serves major banks across CEE, CIS, and MEA regions.	Private Individuals	no / n.a.	11,067	1,764	644	3,937
7	Szamlazz.hu	Bookkeeping and Tax	Szamlazz.hu develops online invoicing software solution. It serves as a platform to monitor bank account, cost register, warehouse management and cloud accounting. The company was founded in 2004 and is based in Budapest, Hungary.	Visma International Holding	no / n.a.	10,475	5,888	6,518	6,887
8	Salt Hungary (previously: B-payment)	Payment	B-payment provides payment platform for webshops and revenue monitoring system related to POS terminals. The platform settles 6 million transaction per month, the service is offered in 20+ languages and there is a multi-currency acceptance.	Salt Pay Europe Ltd	no / n.a.	93	24	21	39
9	R34DY Zrt	Banking infrastructure	The firm provides various Banking-as-a-Service (BaaS) solutions in order to help banks in their digital transformation - from consulting, implementation and integration to full outsourcing. The R34DY has built a regional expertise on the largest Oracle FlexCube implementation, upgrade and integration projects within CEE region.	Private individuals	no / n.a.	5,752	140	107	1,194
10	Online Business Technologies	Banking infrastructure	Online Business Technologies develops IT solutions for financial services since 1989. One of its products - MoonSol gives full scale support for account management and accomplishes related reporting tasks. The other one - DigiTie enables the clients to access any desired financial service 24/7, like PSD2 services and instant payment through electronic channels	Private individuals	no / n.a.	6,216	1,110	893	3,216
11	Barion Payment	Payment	Barion Payment Zrt. offers an application that enables users to make payments form their cards and use Barion as a prepaid wallet that facilitates wire transfers.	Private individuals	yes	4,474	(650)	1,318	4,103
12	Parkl	Payment	Parkl is a parking app with which one can easily and safely find, book and pay for parking spots. Parkl is based on sharing economy in which a marketplace brings together parking facility owners and drivers so that drivers can rent parking spots in the short term.	Private individuals	yes	5,036	(97)	(246)	1,118
13	NetLock	Cybersecurity	NETLOCK Kft. provides digital identity, e-signature, time stamping, authentic e-conversion, encryption of web communication, biometric signature solutions for its clients from different industries, including the financial sector.	Private company	yes	3,795	(1,167)	(1,652)	(1,223)
14	Hellopay	Payment	The firm offers efficient payment transactions and transparent real time data for its clients including festival organizers and Horeca owners. Hellopay has 500 satisfied business partners, over 200 successful events and 2 million satisfied customers.	Private individuals	yes	3,682	(223)	(465)	141
15	GB solutions Zrt	Banking infrastructure	The company provides project lifetime support in many different areas, such as elaborating business concepts, defining development needs, strategy planning, product design, and developing applications. The reference solutions include real-time video and selfie KYC solution, the country's first online morgage loan pre-assesment process and online corporate lending.	Private individuals	no / n.a.	4,737	753	451	804
16	Festipay	Payment	Festipay is one of Europe's largest integrated event management solutions providers. Its innovations in venue access and cashless payments have been in use across the continent. Festipay's services cover ticketing, access control, and staff management too.	Private companies	no / n.a.	3,191	438	14	365
17	FaceKom	Cybersecurity	The firm provides easy-to-use customer identification and remote inspection to prevent potential fraudulent behavior. It has significant partnerships with OTP, Allianz, Unicredit, OVB, MKB, Raiffeisen bank etc. FaceKom products are compliant with eIDAS, PSD2 and GDPR legislations and the highest security standards.	Private individuals	yes	4,439	1,065	718	1,637
18	Bank360	Deposits and Lending	The company provides a platform to compare various types of personal, home and business loans, savings and insurance from different financial institutions.	Private individuals	no / n.a.	2,105	88	24	382
19	Lippert	Banking infrastructure	Lippert provides an interface for business analysis and decision-making, customized application development, data-mining, IT and risk management consultation.	Private individuals	no / n.a.	2,055	507	404	516
20	YUSP	Banking infrastructure	Gravity R&D is an engine vendor offering a product portfolio called Yusp with a core team focusing on data science since 2009. The vision of the company is to enable clients to engage with their consumers by using a machine learning algorithmic portfolio to anticipate future behavior on a low-cost, low-risk basis.	Private individuals	yes	5,046	536	(87)	1,233

Source: Deloitte Intelligence

LATVIA

Latvia faced an economic slowdown in 2023, with real GDP growth at 1.1%, a drop from 2.2% in 2022. In 2024, real GDP has remained at 1.2% according to the estimation of the EIU. Although Latvia's traditional export markets in the euro area have shown weaker performance, a projected recovery in these regions in the coming years is expected to support Latvia's economic growth. Despite the tight financial conditions, subdued external demand, and the regional and global geopolitical landscape, the financial sector of Latvia remains resilient.[1]

The average inflation in Latvia was 9.1% in 2023, marking an 8.2 percentage point decrease compared to 2022, and it has decreased to an estimated 1.5% in 2024. The unemployment rate in Latvia remained relatively low at 6.5% in 2023 and is estimated to have decreased further to 5.0% by the end of 2024. Coupled with consistent wage growth, this stability in the labor market plays a crucial role in sustaining household finances, preventing a significant drop in consumption, and thereby strengthening household solvency[2]. Interest rates have consistently risen in the Eurozone since 2021, with Latvia's lending interest rate reaching 6.1% in 2023, a 2.9 percentage point increase compared to the previous year. The European Central Bank's (ECB) monetary tightening measures in 2022 and 2023, intended to control inflation, have significantly increased borrowing costs for Latvian businesses and households, raising concerns over the burden of loan repayments and the potential dampening of economic activity. As inflation in the Eurozone has moved closer to the ECB's 2% target in 2024, ECB conducted a series of rate cuts starting in June 2024, signaling a shift towards easing monetary conditions. As a result, the deposit facility rate has decreased from 4.0% to 3.0% in 2024.[3]

In 2023, the total assets of the Latvian banking sector reached approximately EUR 27.9 bn, a 3.1% growth compared to 2022, with the share of loans among assets increasing from 57.5% in 2021 to 62.1% in 2023. Total loans in Latvia decreased by 1.6% in 2023, driven by a decline in corporate lending and a slowdown in new retail loan issuances. High-interest rates, coupled with subdued economic activity, significantly restrained borrowing appetite among businesses and households. Non-financial corporations (NFCs) exhibited reduced demand for loans, particularly for long-term investments, as businesses faced heightened financing costs and uncertainty. Despite this, the real estate sector demonstrated some resilience, benefiting from pre-existing contracts and targeted financing for energy-efficient projects.[4]

In the retail segment, loans grew by 2.7% year-on-year in 2023, driven by moderate activity in housing loans. State-supported programs offering guarantees for housing loans played a key role in maintaining this growth. However, the pace of new housing loan issuance slowed considerably compared to pre-2022 levels, reflecting the impact of elevated borrowing costs on affordability and demand.[5] In 2023, the parliament of Latvia has approved amendments to the Consumer Rights Protection Law, effective January 1, 2024, introducing a 30% compensation on total interest payments for eligible mortgage borrowers capped at two %-points of the borrowing rate. This measure aimed to support households facing rising costs due to EURIBOR-linked variable interest rates. The program applied to loans concluded before October 31, 2023, with balances under €250,000, excluding fixed-rate loans, and is funded by a 0.5% mortgage protection fee on lenders.[6]

The loan portfolio in Latvia maintained solid quality in 2023, with the NPL ratio rising slightly from 2.4% in 2022 to 2.5% in 2023. The corporate NPL ratio improved, decreasing from 5.1% to 4.4%, however, the retail NPL ratio increased slightly from 1.9% to 2.1%, primarily due to rising delinquencies in consumer loans, as elevated borrowing costs strained household budgets.

As per the National Bank, the Latvian banking sector experienced a substantial increase in profitability in 2023, with a notable 75.2% rise in total annual profits. This performance is primarily attributed to significant increases in net interest income increasing by 93.8% from in 2023, due to rising market interest rates and efficient cost management, according to Latvijas Banka. Given that over 90% of the loan portfolio in Latvia consists of variable interest rate loans, the interest rates on these loans have risen, leading to a substantial increase in interest income for banks. Latvian banks demonstrated high returns achieving 20.9% ROE and 2.3% ROA in 2023, almost doubling the figures of 2022.[7]

1 Latvijas Banka – Financial Stability Report – page 7
2 Latvijas Banka – Financial Stability Report – page 8
3 European Central Bank - 2024
4 Latvijas Banka – Financial Stability Report – pages 21 and 28
5 Latvijas Banka – Financial Stability Report – page 24
6 Latvijas Republikas Saeima
7 Latvijas Banka – Financial Stability Report – page 31

MACRO INDICATORS	2021	2022	2023	2024E	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024E (% OR % POINT)
Gross Domestic Product (GDP)						
Nominal GDP (LCY mn)	32,206	36,095	39,092	41,136	8.3% ▲	5.2% ▲
Nominal GDP / Capita (LCY k)	17.1	19.2	20.8	22.0	8.2% ▲	5.7% ▲
Nominal GDP (EUR mn)	32,206	36,095	39,092	41,136	8.3% ▲	5.2% ▲
Nominal GDP / Capita (EUR k)	17.1	19.2	20.8	22.0	8.2% ▲	5.7% ▲
Real GDP (% change pa.)	7.0%	2.2%	1.1%	1.2%	-1.1% ▼	0.1% ▲
Financial Markets						
Lending interest rate (%)	3.5%	3.2%	6.1%	7.0%	2.9% ▲	0.9% ▲
Deposit interest rate (%)	0.3%	0.3%	2.9%	3.8%	2.6% ▲	0.9% ▲
Consumer prices (% change pa.)	3.2%	17.2%	9.1%	1.5%	-8.2% ▼	-7.6% ▼
Average EURLCY	1.0	1.0	1.0	1.0	0.0% ●	0.0% ●
Average USDLCY	0.8	1.0	0.9	0.9	-2.8% ▼	0.0% ▲
Public Debt						
Public debt (% of GDP)	46.0%	44.4%	45.0%	45.5%	0.5% ▲	0.5% ▲
Budget balance (% of GDP)	-7.2%	-4.9%	-2.4%	-2.8%	2.5% ▲	-0.4% ▼
Population						
Population (mn. pers.)	1.9	1.9	1.9	1.9	0.1% ▲	-0.4% ▼
Unemployment rate (%)	7.6%	6.9%	6.5%	5.0%	-0.4% ▼	-1.5% ▼

Source: EIU, MNB (exchange rates)
E – Estimated data for 2024
Please note that 2024H1 average exchange rate was applied for 2024E figures.

Banking Sector

BANKING SECTOR	2021	2022	2023	2024H1	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024H1 (% OR % POINT)
General Data						
Total assets (EUR mn)	24,796	27,029	27,874	28,135	3.1% ▲	0.9% ▲
Asset penetration (%)[1]	77.0%	74.9%	71.3%	68.4%	-3.6% ▼	-2.9% ▼
Total equity (EUR mn)	3,060	3,224	3,638	3,441	12.8% ▲	-5.4% ▼
Total loans (EUR mn)	14,259	17,570	17,297	19,270	-1.6% ▼	11.4% ▲
Loan penetration (%)[2]	44.3%	48.7%	44.2%	46.8%	-4.4% ▼	2.6% ▲
Retail loans (EUR mn)	5,550	5,756	5,910	6,046	2.7% ▲	2.3% ▲
Corporate loans (EUR mn)	5,608	5,983	5,894	6,016	-1.5% ▼	2.1% ▲
Other loans (EUR mn)[3]	3,101	5,832	5,493	7,208	-5.8% ▼	31.2% ▲
NPL Volumes						
Total NPLs (EUR mn)	530	419	437	436	4.2% ▲	-0.2% ▼
Retail NPLs (EUR mn)	150	108	127	132	16.9% ▲	4.4% ▲
Corporate NPLs (EUR mn)	367	304	258	252	-15.2% ▼	-2.5% ▼
NPL Ratios						
Total NPL ratio (%)	3.7%	2.4%	2.5%	2.3%	0.1% ▲	-0.3% ▼
Retail NPL ratio (%)	2.7%	1.9%	2.1%	2.2%	0.3% ▲	0.0% ●
Corporate NPL ratio (%)	6.6%	5.1%	4.4%	4.2%	-0.7% ▼	-0.2% ▼
Key Ratios						
CAR (%)	25.3%	23.0%	20.8%	20.7%	-2.1% ▼	-0.1% ▼
ROE (%)	9.5%	10.2%	18.1%	17.3%	7.9% ▲	-0.9% ▼
ROA (%)	1.2%	1.2%	2.3%	2.2%	1.0% ▲	-0.1% ▼
CIR (%)	63.4%	62.8%	43.8%	46.2%	-19.0% ▼	2.4% ▲
L/D (%)	73.9%	83.8%	81.3%	89.1%	-2.5% ▼	7.8% ▲
NIM (%)	3.4%	3.5%	6.3%	6.2%	2.7% ▲	-0.1% ▼
OPEX on avg. total assets (%)	2.1%	2.1%	2.2%	2.3%	0.1% ▲	0.1% ▲
Cost of risk (%)	0.0%	0.4%	0.3%	0.2%	-0.1% ▼	-0.1% ▼

Source: Latvijas Banka 1. Asset penetration = Total assets/Nominal GDP | 2. Loan penetration = Total loans/Nominal GDP | 3. Other loans consists of loans to MFIs (excluding Latvijas Banka), central government, local governments, Non-MMF investment funds and alternative investment funds, insurance corporations and pension funds, other financial institutions.

List of banks in Latvia 2023 (EUR mn, %)

RANK 2023	RANK 2022	YOY	INSTITUTIONS	TOTAL ASSETS	MARKET SHARE	EQUITY	NET INCOME	ROA	ROE	MAJOR SHAREHOLDER
1	1	●	**Swedbank**	9,298	33.4%	1,218	236	2.6%	20.9%	Swedbank Baltics AS
2	2	●	**SEB Banka**	5,585	20.0%	602	151	2.7%	27.6%	SEB
3	3	●	**Citadele Banka**	4,636	16.6%	453	92	1.9%	22.2%	Ripplewood Advisors LLC
4	4	●	**Rietumu Banka**	1,519	5.4%	360	12	0.8%	3.4%	SIA SKY Investment Holding
5	5	●	**BluOr Bank (BlueOrange Bank)**	924	3.3%	85	13	1.6%	15.2%	AS BBG
6	6	●	**Regionala investiciju banka**	468	1.7%	54	9	2.1%	18.3%	SIA SKY Investment Holding
7	7	●	**Signet Bank**	406	1.5%	28	6	1.4%	22.7%	Signet Acquisition III
8	8	●	**Industra Bank (Meridian Trade Bank)**	255	0.9%	27	6	2.2%	25.0%	J.A. Investment holdings SIA
9	9	●	**LPB Bank**	164	0.6%	34	0	0.3%	1.3%	JSC Signet Bank
			Total Banking Sector	**27,874**	**100.0%**	**3,638**	**622**	**2.3%**	**18.1%**	

Source: Annual reports, Latvijas Banka
Please note that the presented total banking sector data also includes foreign branches and other entities.
Please note that following the acquisition by Signet Bank, LPB Bank was renamed Magnetiq Bank in April 2024.

As of 2023, there were 9 operating banks in Latvia, among which Swedish banking groups, such as Swedbank and SEB Banka have a particularly dominant market position. These two banks control 53.4% of the market, underscoring their significant influence and dominant presence within the Latvian banking sector. Being the third largest bank in the market, the most significant Latvian bank is Citadele Banka with a market share of 16.6%. Signet Bank AS has acquired a 51% stake in AgroCredit Latvia SIA, a local non-banking lender specializing in financing for farmers. The acquisition aligns with the bank's strategy to expand its local loan portfolio.

SEB Bank, a Swedish-owned financial institution with 20.0% market share in Latvia, plans to merge its three Baltic banks under a single headquarters in Tallinn, Estonia. Following the consolidation, it will continue its operations in Lithuania and Latvia as a branch. The new structure is expected to take effect in early 2027, pending approval from local financial regulators and the European Central Bank.

M&A deals

2023

- Signet Bank acquired the entire ownership of LPB Bank from SIA Mono in 2023. The deal value was not disclosed, but it represents a complete takeover of LPB Bank by Signet.

2022

- In 2022, Signet Bank took full control of Expobank from private individuals. The financial details of the acquisition were not made public.

2021

- Industra Bank AS acquired the business operations of Privatbank AS, marking a full transfer of business. This acquisition aimed to consolidate Industra Bank's position in the market, though the deal value remains undisclosed.
- Citadele Bank acquired ABLV Bank's mortgage loan portfolio from Duet Group Ltd. This acquisition, involving a complete transfer of the mortgage segment, strengthened Citadele Bank's loan offerings.
- Luminor Bank AS purchased the corporate portfolio of Danske Bank for €35 million. This transaction allowed Luminor to expand its corporate banking services.

2019

- Private individuals obtained a 60% stake in PNB Banka in 2019. Although the deal value was not disclosed, it reflects a significant change in the bank's ownership structure.

2017

- Signet Capital Management Limited acquired a majority stake of 56.1% in Bank M2M Europe. The acquisition, purchased from private individuals, aimed to bolster Signet's footprint in the European market.

2016

- Swedbank took full ownership of Danske Bank's retail business segment. The deal details were not disclosed, but it marked Swedbank's expansion in the retail banking sector.

2015

- Private individuals acquired a 75% stake in Citadele Bank from VAS Privatizācijas aģentūra. This €74 million transaction allowed for significant private investment in the bank's operations.

List of banking M&A deals in Latvia 2015 – 2024

YEAR	TARGET	BUYER	% ACQUIRED	DEAL VALUE IN EUR MN	SELLER
2023	LPB Bank	Signet Bank	100.0%	n/a	SIA Mono
2022	Expobank	Signet Bank	100.0%	n/a	Private Individuals
2021	Privatbank AS (Business transfer)	Industra Bank AS	100.0%	n/a	PrivatBank AS
2021	ABLV Banka A/S (Mortgage loan portfolio)	Citadele Bank	100.0%	n/a	Duet Group Ltd
2021	Danske Bank – Corporate portfolio	Luminor Bank AS	100.0%	35.0	Danske Bank
2019	PNB Banka	Private Individuals	60.0%	n/a	Private Individuals
2017	Bank M2M Europe	Signet Capotal Management Limited; SIA Hansalink; SIA Fin.lv	56.1%	n/a	Private Individuals
2016	Danske Bank – Retail business	Swedbank	100.0%	n/a	Danske Bank
2015	Citadele Bank	Private Individuals	75.0%	74.0	VAS Privatizacijas agentura

Source: Deloitte Intelligence, Mergermarket, S&P Capital IQ

Overview of the Latvian FinTech market

According to Riga Technical University, Riga Business School, 2024 study „What Should Latvia's Next National FinTech Strategy Look Like?", there are around 180 fintech companies in Latvia. These companies were mostly operating in the fields of digital lending (41%), digital payments (19.1%), enterprise technology provisioning (17.3%), and wealthtech (7.5%). Well-established fintech companies, particularly in the digital lending field, showed significant development and expansion in 2024.

The FinTech ecosystem is supported by various umbrella organizations, such as FinanceEstonia, Lift99, FinTech Latvia Innovation Hub, special regulatory sandboxes, Magnetic Latvia and Estonian Founders Society, which promote the development of new FinTechs and provide a tight-knit community of entrepreneurs.

In late 2024, FinanceEstonia, the Fintech Latvia Association, and Rockit Vilnius have signed a memorandum of understanding to create an event aimed at showcasing Baltic fintech innovation and positioning the region as a global fintech powerhouse. The partnership will leverage the region's strengths, such as a high concentration of unicorns and advanced technological expertise, to enhance the Baltics' reputation as an innovation hub and foster cross-border collaboration. A key initiative of this collaboration is Baltic FinTech Days in Vilnius, with over 1,000 participants, 300 companies, and 70 expert speakers. The event will be held annually in different Baltic capitals to highlight each country's ecosystem and promote regional cooperation.

Key points

Several Latvian fintech companies secured significant funding in 2024

- **Eleving Group** went public in late 2024 with one of the largest private corporate IPOs in Latvia's history. The IPO saw strong interest from both retail and institutional investors, with a total of 4,515 investors subscribing for shares worth 33 million euros, oversubscribing the base offer by 1.2 times. Founded in Latvia in 2012, Eleving Group operates in 16 markets across three continents, focusing on vehicle and consumer finance.
- **DelfinGroup** launched a EUR 15 million bond listing on the Nasdaq Riga Baltic Regulated Market Corporate Bonds list. The bond issue was oversubscribed by almost 50%.
- **Mintos**, an alternative investment platform, raised EUR 3.1 million through crowdfunding and attracted EUR 2 million from Latvian growth capital fund FlyCap to expand in EU markets and enhance its platform.
- **Jeff App** raised US$2 million in a seed round to expand into new markets and broaden its financial services offerings.

2024 saw the introduction of new fintech players and innovative solutions:

- **Indexo** launched a neobanking solution, **Indexo Bank**, offering a comprehensive suite of banking products.
- The Bank of Latvia issued new electronic money institution licenses to **TigSiPay** and **xpate**.
- **Upwood**, a platform focused on forest tokenization, was launched, highlighting the emerging green finance sector.
- **Payall**, a cross-border banking infrastructure provider, partnered with Latvian regtech **Huntli**. The collaboration aims to accelerate transaction monitoring and fraud prevention capabilities for banks, central banks, and other financial institutions.

At the end of 2024, the Latvian Parliament passed the Law on Crypto-asset Services **which adopts the EUs Markets in Crypto-Assets (MiCA) regulation.**

Technological trends

- According to the Fintech Latvia Association report Fintech Pulse 2024/2025, artificial intelligence has been increasingly relevant for fintechs in 2024. Some example of use cases are for marketing, utilizing tools like ChatGPT for content creation and document preparation. AI also assists in understanding internal laws and regulations, with some companies using it to analyze legal and anti-money-laundering documents. AI-supported decision-making and AI-powered risk engines are also in use, enhancing risk management capabilities.

Key Challenges:

- According to the Economist Intelligence Unit (EIU), Latvia faces structural problems of worker shortages and skills mismatches, exacerbated by weak demographic trends and net emigration in 2025-2026. The labor force is projected to decline by an average of around 1% annually from 2024 to 2050. For 2027-2029, the EIU expects reduced labor cost competitiveness due to a poor demographic profile and persistent labor shortages driving up wages. Such demographic challenges could potentially limit the availability of skilled local workforce in the fintech sector.

Development prospects:

- Robust growth and significant advancements in the sector are expected over the next five years, driven by technological innovation, evolving regulations, and increasing consumer demand for digital services. Key trends include the integration of financial services into non-financial platforms (embedded finance), the adoption of regulatory technology (regtech), the rise of decentralized finance and blockchain, and the widespread use of artificial intelligence and machine learning to enhance personalization, risk management, and operational efficiency. Additionally, companies are focusing on improving user experience, data-driven personalization, and exploring new business models and markets, both within and outside the EU.

TOP7 Latvian fintechs by revenues (kEUR, 2023)

#	COMPANY NAME	FINTECH CATEGORY	DESCRIPTION	OWNERSHIP STYLE	HAD VC INVESTMENTS PREVIOUSLY?	REVENUE	EBITDA	NET INCOME	TOTAL EQUITY
1	Sun Finance	Deposits and Lending	Sun Finance Group operates as an online consumer financing platform in nine countries in Europe and Scandinavia, central and southeast Asia, and Latin America. Its products include a Buy Now Pay Later solution, instalment loans, a line of credit and microloans. The company has more than nine million registered customers and more than 1,000 employees.	"AS Puzzle International (73%) SIA ""Sofi Investments"" (18.53%) SIA ""EL Investments"" (5%) Others (3.47%)"	no / n.a.	278,711	99,012	72,062	72,062
2	Dynatech	Deposits and Lending	Dynamically growing financial technology company, established in 2015, which provides access to loans for consumers across Europe and other regions. Part of Dyninno Group of companies founded in San Francisco, delivering products and services to 50 markets globally via powerful marketing, IT, and lead generation.	Dyninno Group Limited (100%)	no / n.a.	26,514	2,954	2,018	2,018
3	Decta	Payment	DECTA is payment processing and card issuing solutions for Corporates, Banks, P2P and other payment service providers. It is one of the most advanced processing centres and a top provider of end-to-end solutions for payment processing and card issuing for customers. By combining cutting-edge technology, their extensive business expertise, and individual approach to every customer, they deliver tailored solutions that help their partners increase global reach, solve business challenges and minimize risk.	"DECTA LIMITED (71.58%) AS Rietumu Holding (28.42%)"	no / n.a.	12,754	312	(751)	(751)
4	Mintos	Deposits and Lending	Mintos is a consumer peer-to-peer lending platform that connects borrowers with investors. The platform currently serves personal unsecured loans, mortgage loans, small business loans and secured car loans. The platform allows customers to invest in 6 countries: Latvia, Estonia, Poland, Lithuania, Czech Republic and Georgia. As of November 2015, the company had more than 8,346 registered investors from over 40 countries.	"AS ALPPES Capital (29.69%) SIA MS Cap (15.01%) Crowdcube Nominees Limited (12%) AS Obelo Capital (9.9%) SIA EMK Ventures (9.9%) Others (23.5%)"	no / n.a.	11,388	3,293	652	652
5	Altero	Banking infra-structure	Altero is a platform for comparison of financial services for natural persons, which includes comparison for services such as insurance, checking accounts, lending, deposits and refinancing.	"Aktiva Finance Group OU (26.52%) SIA Forza OS (29%) Akciju sabiedrība ""DELFI"" (25.48%) Osauhing OM Teenused (19%)"	no / n.a.	6,798	1,397	1,035	1,035
6	xInfotech	Banking infra-structure	X Infotech is a global provider of software solutions for issuance and verification of electronic identity documents and payment cards. X Infotech is a part of Silverlake Axis Ltd Group of companies.	X INFOTECH GROUP, SIA (100%)	no / n.a.	8,545	2,449	1,742	1,742
7	Transact Pro	Payment	Fully in-house payment service provider for your business since 2004. Providing online payment acceptance and processing services as well as debit card issuance services for corporate customers.	Marks Moskvins (100%)	no / n.a.	2,648	(454)	(516)	(516)

LITHUANIA

The macroeconomic environment in Lithuania in 2023 has been shaped by the lingering effects of elevated interest rates aimed at combating inflation. Despite significant geopolitical tensions, the economy has demonstrated resilience, with cautious optimism for future growth. The EIU anticipates a real GDP growth of 2.1% in 2024. However, Lithuania's real GDP experienced only a moderate 0.3% increase between 2022 and 2023, primarily due to higher interest rates that have dampened both domestic and export-related economic activity. Geopolitical tensions, including Russia's ongoing war against Ukraine and conflicts in the Middle East, have likely contributed to the rising cost of government borrowing in Lithuania, with the budget deficit estimated to reach 3.0% in 2024.

After peaking at 18.9% in 2022, inflation eased to 8.7% by 2023 and to 0.8% in 2024 according to the EIU's estimations as the efforts by the ECB to curb inflation through higher interest rates have been successful. As inflation converges to ECB's 2% target, Central Bank has decreased the three key ECB rates multiple times during 2024. The deposit facility rate has decreased from 4.0% to 3.0% in 2024[1]

The unemployment rate increased from 5.9% in 2022 to 6.8% in 2023 and further to 7.6% in 2024, reflecting a challenging labor market, although easing inflationary pressures provided some relief in other economic areas. As per the National Bank, wage growth continued strongly, with average gross monthly wages rising by 11.1%[2] by the end of 2023, partly offsetting the impacts of inflation on household purchasing power.

The Lithuanian banking sector's total assets displayed notable growth in 2023 owing to the sector's robust profitability, as well as increase in loan portfolio and investments in securities. The banking sector's total assets in Lithuania grew by 10.7%, rising from EUR 57.4 bn at the beginning of 2023 to EUR 63.6 bn by year-end. The trend of the increasing total assets continued in the first half of 2024 by 4.1%.

The loan portfolio experienced moderate growth, despite economic uncertainties and high interest rates in 2023. Total loans increased by 9.9% to EUR 55 bn from 2022. Within this, loans to retail segment saw the most significant growth, rising by 9.1%. Loans to non-financial corporations also increased by 4.4%. Corporate loan growth was predominantly driven by loans to the construction and transportation sectors.[3] Total loans continued to expand in 2024H1 by 5.2%, with notable increase in all segments.

Although there was a slight deterioration in loan quality, the banking sector maintained a relatively low level of NPLs as the total NPL ratio increased marginally by 0.1% points both in 2023 and 2024H1 to 0.7%. The level of corporate NPL ratio remained low at 1.5% in 2023, however, sector-specific challenges emerged, with the manufacturing sector showing a slight deterioration in loan quality and the transport sector experiencing an increase in bankruptcies. Despite that, NPLs in higher-risk sectors like construction and accommodation declined, and loans to sectors with higher NPLs represent a small portion of the total loan portfolio. By early 2024, the transport and storage sectors saw a significant rise in bankruptcies, reflecting their deteriorating financial situation.[4] The corporate NPL ratio has slightly increased in 2024 to 1,6%. The share of non-performing loans to households increased to 1.2% in 2023 due to higher interest rates. Despite the increase of the NPL ratio, households demonstrate financial resilience as savings accumulated during the pandemic and recent wage increases have strengthened household purchasing power, helping to mitigate the impact of rising interest rates.[5]

As of the end of 2023, the CAR of the Lithuanian banking sector stood at 20.0%, a slight decrease from 20.3% the previous year, but it remains significantly above the regulatory requirement, ensuring the sector's resilience. CAR decreased because the growth in risk exposures outpaced the expansion of the capital base, yet most banks strengthened their capital reserves, with only a small number choosing to distribute dividends despite their strong capitalization and outstanding performance.[6]

The banking sector achieved unprecedented profitability in 2023 with ROE reaching 23.6%, representing a 9.4% point increase over the previous year. As per the National Bank, this surge in profit was driven by a substantial rise in net interest income, which nearly tripled, and a significant growth in net service and commission income, which increased by 38.6% [7]. The sector's cost-to-income ratio improved by 14.8% points to 39.3%, indicating enhanced operating efficiency in 2023. However, a new solidarity contribution proposal by the Bank of Lithuania reduced the potential profit by EUR 250 mn[8], earmarking these funds for military infrastructure projects.

1 European Central Bank - 2024
2 Bank of Lithuania – Financial Stability Review 2024 – page 17
3 Bank of Lithuania – Banking Activity Review 2023 – page 12
4 Bank of Lithuania – Financial Stability Review 2024 – page 16
5 Bank of Lithuania – Financial Stability Review 2024 – page 17
6 Bank of Lithuania – Financial Stability Review 2024 – page 37
7 Bank of Lithuania – Financial Stability Review 2024 – page 35
8 Bank of Lithuania – Financial Stability Review 2024 – page 35

MACRO INDICATORS	2021	2022	2023	2024E	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024E (% OR % POINT)
Gross Domestic Product (GDP)						
Nominal GDP (LCY mn)	56,680	67,455	73,793	77,600	9.4% ▲	5.2% ▲
Nominal GDP / Capita (LCY k)	20.3	23.9	25.9	27.1	8.0% ▲	5.0% ▲
Nominal GDP (EUR mn)	56,680	67,455	73,793	77,600	9.4% ▲	5.2% ▲
Nominal GDP / Capita (EUR k)	20.3	23.9	25.9	27.1	8.0% ▲	5.0% ▲
Real GDP (% change pa.)	6.4%	2.5%	0.3%	2.1%	-2.2% ▼	1.8% ▲
Financial Markets						
Lending interest rate (%)	2.8%	4.3%	6.4%	6.1%	2.1% ▲	-0.3% ▼
Deposit interest rate (%)	0.5%	0.7%	3.2%	3.2%	2.5% ▲	0.0% ▼
Consumer prices (% change pa.)	4.6%	18.9%	8.7%	0.8%	-10.2% ▼	-7.9% ▼
Average EURLCY	1.0	1.0	1.0	1.0	0.0% ●	0.0% ●
Average USDLCY	0.8	1.0	0.9	0.9	-2.8% ▼	0.0% ▲
Public Debt						
Public debt (% of GDP)	43.3%	38.1%	37.3%	35.9%	-0.7% ▼	-1.4% ▼
Budget balance (% of GDP)	-1.1%	-0.7%	-0.7%	-3.0%	0.0% ▲	-2.3% ▼
Population						
Population (mn. pers.)	2.8	2.8	2.9	2.9	1.3% ▲	0.2% ▲
Unemployment rate (%)	7.2%	5.9%	6.8%	7.6%	0.9% ▲	0.8% ▲

Source: EIU, MNB (exchange rates)
E – Estimated data for 2024
Please note that 2024H1 average exchange rate was applied for 2024E figures.

Banking Sector

BANKING SECTOR	2021	2022	2023	2024H1	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024H1 (% OR % POINT)
General Data						
Total assets (EUR mn)	44,375	57,435	63,578	66,189	10.7% ▲	4.1% ▲
Asset penetration (%)[1]	78.3%	85.1%	86.2%	85.3%	1.0% ▲	-0.9% ▼
Total equity (EUR mn)	3,747	4,288	5,300	5,274	23.6% ▲	-0.5% ▼
Total loans (EUR mn)	39,693	50,081	55,039	57,898	9.9% ▲	5.2% ▲
Loan penetration (%)[2]	70.0%	74.2%	74.6%	74.6%	0.3% ▲	0.0% ●
Retail loans (EUR mn)	12,392	13,931	15,200	15,972	9.1% ▲	5.1% ▲
Corporate loans (EUR mn)	8,912	10,554	11,017	11,470	4.4% ▲	4.1% ▲
Other loans (EUR mn)[3]	18,390	25,596	28,822	30,457	12.6% ▲	5.7% ▲
NPL Volumes						
Total NPLs (EUR mn)	282	250	330	405	31.9% ▲	22.7% ▲
Retail NPLs (EUR mn)	124	117	182	208	55.9% ▲	13.8% ▲
Corporate NPLs (EUR mn)	155	156	165	184	5.8% ▲	11.0% ▲
NPL Ratios						
Total NPL ratio (%)	0.7%	0.5%	0.6%	0.7%	0.1% ▲	0.1% ▲
Retail NPL ratio (%)	1.0%	0.8%	1.2%	1.3%	0.4% ▲	0.1% ▲
Corporate NPL ratio (%)	1.7%	1.5%	1.5%	1.6%	0.0% ●	0.1% ▲
Key Ratios						
CAR (%)	23.5%	20.3%	20.0%	20.0%	-0.3% ▼	-0.1% ▼
ROE (%)	10.3%	14.2%	23.6%	21.4%	9.4% ▲	-2.2% ▼
ROA (%)	0.8%	1.0%	1.7%	1.6%	0.7% ▲	-0.1% ▼
CIR (%)	63.5%	54.1%	39.3%	43.6%	-14.8% ▼	4.3% ▲
L/D (%)	64.0%	55.9%	54.2%	55.5%	-1.7% ▼	1.3% ▲
NIM (%)	1.3%	1.7%	3.5%	3.6%	1.9% ▲	0.0% ●
OPEX on avg. total assets (%)	1.5%	1.5%	1.3%	1.5%	-0.1% ▼	0.2% ▲
Cost of risk (%)[4]	0.0%	0.2%	0.2%	0.1%	0.0% ●	0.0% ●

Source: Bank of Lithuania 1. Asset penetration = Total assets/Nominal GDP | 2. Loan penetration = Total loans/Nominal GDP | 3. Other loans consist of loans to MFIs, banks, the general government, OFIs, financial auxiliaries, insurance corporations, pension funds, and other financial intermediaries. | 4. Cost of risk (%) is calculated using impairment of loans and non-financial assets.

List of banks in Lithuania 2023 (EUR mn, %)

RANK 2023	RANK 2022	YOY	INSTITUTIONS	TOTAL ASSETS	MARKET SHARE	EQUITY	NET INCOME	ROA	ROE	MAJOR SHAREHOLDER
1	1	●	**Swedbank**	18,417	29.0%	1,379	345	1.9%	28.6%	Swedbank Baltics AS
2	2	●	**SEB Bankas**	13,887	21.8%	1,217	299	2.2%	27.0%	SEB Group
3	4	▲	**Revolut Bank UAB**	12,091	19.0%	578	78	1.2%	23.3%	Revolut
4	3	▼	**Siauliu Bankas**	4,623	7.3%	544	76	1.7%	15.3%	Invalda INVL AB
5	5	●	**Medicinos Bankas**	548	0.9%	57	8	1.7%	15.7%	Private individuals
6	7	▲	**AB Mano bankas**	246	0.4%	14	3	1.5%	28.5%	Private individuals
7	6	▼	**PayRay Bank, UAB**	215	0.3%	31	2	0.8%	6.1%	2404 S.A. Holding
8	8	●	**UAB GF bankas**	164	0.3%	25	3	2.0%	12.6%	Marginalen AB
9	9	●	**European Merchant Bank UAB**	148	0.2%	12	1	0.8%	9.5%	Akce Holding Malta Ltd.
10	10	●	**UAB SME Bank**	117	0.2%	7	0	-0.4%	-6.5%	UAB Magnus Investments, UAB AKM Finance
11			**Saldo Bank UAB**	81	0.1%	17	-6	-14.9%	-71.1%	Saldo Finance Oy
12	11	▼	**AB Fjord Bank**	44	0.1%	7	-1	-3.0%	-18.0%	No major shareholder
13	12	▼	**Finora Bank AB**	23	0.0%	2	-2	-13.1%	-98.5%	AS Finora Group
			Total Banking Sector	**63,578**	**100.0%**	**5,300**	**990**	**1.7%**	**23.6%**	

Source: Annual reports, Bank of Lithuania
Please note that the presented total banking sector data also includes foreign branches and other entities.
In 2024, Medicinos Bankas changed its name to UAB Urbo bankas.
In 2024, Akce Holding Malta Ltd. has sold its' shares in European Merchant Bank UAB to European Merchant Bank Holdings UAB.
Please note that in 2023 Saldo Finance UAB has received it's licence and started operating as Saldo Bank UAB.

The Lithuanian banking sector remains highly concentrated, predominantly held by a few major players. Swedbank and AB SEB Bankas together hold more than half (50.8%) of the market by assets. Revolut Holdings Europe UAB also commands a significant market share at 19%, followed by AB Šiaulių bankas at 7.3%. Despite new entrants specializing in SME and consumer credit segments, these major players dominate the market, as they possess 77.1% of the sectors total assets. The gap between larger, long-established banks and smaller, specialized banks remains substantial despite the latter's increased activity. SEB Bank, a Swedish-owned financial institution with 21.8% market share in Lithuania, plans to merge its three Baltic banks under a single headquarters in Tallinn, Estonia. Following the consolidation, it will continue its operations in Lithuania and Latvia as a branch. The new structure is expected to take effect in early 2027, pending approval from local financial regulators and the European Central Bank.

TF Bank, a Swedish online loan provider offering banking and e-commerce solutions, has opened a branch in Lithuania. It is the 19th foreign bank or branch to operate in the country, having previously offered services without a physical presence there.

Finora Bank UAB, raised €5.6 million in equity and debt to strengthen its capital base and drive growth and service expansion.

M&A deals

2024

- In October 2024, the Competition Council allowed ERA Family Finance to acquire 100% of the shares of PayRay Bank, that provides financial services to small- and medium-sized enterprises from the Luxemburg-registered 2404 S.A. Holding. ERA Family Finance is a company funded by Artūras Rakauskas, a shareholder and president of Kesko Senukai, a Lithuania-headquartered DIY sector retailer. Earlier in 2024, PayRay Bank was fined EUR 0.2 mn for regulatory various violations found during an inspection. The new owner plans to guide the development of the bank in a sustainable and transparent manner with cooperation of the Bank of Lithuania.

2022

- In 2022, Siauliu Bankas agreed to acquire retail businesses from Invalda INVL AB, which company is one of the bank's shareholders. After receiving regulatory approvals, the group completed the transaction and the merger of the retail business. The transaction contained parts of insurance and pension funds and investment funds for retail clients' management businesses. The transaction price was EUR 41.76 mn of which EUR 40.2 mn was paid using newly issued shares and the rest was paid in cash.

2021

- In 2021, EBRD decided to reduce stake in Siauliu Bankas of Lithuania, 18% altogether. Invalda INVL AB and Tesonet are each acquiring 5.87% respectively, while ME Investicija UAB is acquiring 6.29% with an offer price of EUR 0.633 per share. Invalda INVL, Tesonet, and Willgrow (former ME Investicija UAB) have finalized the acquisition of the shares after three-part transaction process between 2021 and 2024. During the transaction period, due to the issue of new shares, the combined acquired % of shares changed from 18% to 16.33%. EBRD retains 7.25% of shares in the bank and plans to support the bank in the future as well. The acquiring companies now hold 34.22% of the bank (Invalda INVL – 19.93%, Willgrow – 8.97% and Tesonet – 5.32%).

2020

- In 2020, the Latvian Siauliu Bankas acquired 100% of the Retail business of the Danish Danske Bank's Lithuanian Branch for EUR 108 mn. The acquisition enabled Siauliu Bankas to gain momentum in the housing financing market and become an active player in the mortgage market by offering attractive credit terms to our clients.

2017

- In 2017, a significant transaction in the Baltic region's banking market was the forming of Luminor, a new banking entity in the Baltics region. Luminor was established via the merger of the Norway-based DNB and the Sweden-based Nordea. The two Nordic banks agreed to combine their banking operations and with this, strengthen their geographic presence and product offering. According to terms of the merger, parties have equal ownership in the new company. Luminor started its operations in October 2017.

2015

- In 2015, Siauliu Bankas acquired Finasta Bank, from Invalda for EUR 6.7 mn. The transaction helped Siauliu extend its offered services and increase its capital reserves. Invalda's goal was to focus on its core asset management activities.

Source: Deloitte Intelligence, Mergermarket, S&P Capital IQ

List of banking M&A deals in Lithuania 2015 – 2024

YEAR	TARGET	BUYER	% ACQUIRED	DEAL VALUE IN EUR MN	SELLER
2024	PayRay Bank UAB	ERA Family Finance	100.0%	n/a	2404 S.A. Holding
2022	Invalda INVL AB - Retail business	Siauliu Bankas	100.0%	41.8	Invalda INVL AB
2021	Siauliu Bankas	Willgrow (former ME Investicija UAB)	6.3%	22.3	EBRD
2021	Siauliu Bankas	Tesonet	5.9%	22.3	EBRD
2021	Siauliu Bankas	Invalda INVL AB	5.9%	23.9	EBRD
2020	Danske Bank - Retail business	Siauliu Bankas	100.0%	108.0	Danske Bank
2017	DNB Bank ASA (Operations in Estonia, Latvia and Lithuania) | DNB	Nordea Bank AB (Operations in Estonia, Latvia and Lithuania)	100.0%	451.0	DNB Bank ASA | DNB
2015	Finasta Bank	Siauliu Bankas	100.0%	7.0	Invalda INVL AB

Source: Deloitte Intelligence, Mergermarket, S&P Capital IQ

Overview of the Lithuanian fintech market

In 2024, the fintech ecosystem in Lithuania has continued to grow and mature. According to the Fintech Hub LT association, last year alone, the association's members processed around €140 billion in payments - 40% more than in 2023 – and served more than 30 million customers in Europe.

There are about 270 companies operating in the Lithuanian fintech sector, of which 120 are (electronic) payment institutions licensed and supervised by the Bank of Lithuania. Lithuania continues to be the largest Fintech hub in EU in terms of licensed companies. Both Invest Lithuania and the Bank of Lithuania identify a well-developed, mature ecosystem of fintech companies as the main attraction of the country. In addition, Lithuania is a business-friendly environment, ranking 3rd in OECD for Corporate Tax Comptetitiveness, 7th in the European eGovernment Benchmark and 10th in OECD for Open Data.

However, while historically the main attraction has been the regulatory environment and the ability to obtain a licence and serve European clients, today the attraction is no longer the licences, but the ecosystem. The fintech sector in Lithuania has gone through different stages of evolution over the years: in the last decade, there was a rapid increase in the number of companies and the number of licences, but in the last few years the market has been consolidating.

A survey conducted in November showed that 36% of the population in Lithuania use the fintech sector's services and value them for their convenience, lower prices than in banks and speed. The sector employs around 7,400 people.

Regulatory changes:

The Bank of Lithuania has become stricter with respect to issuing e-payment licences. Fintech companies have been challenged to comply with the increasingly stringent requirements for the prevention of money laundering and terrorist financing, as well as for the implementation of sanctions and risk management.

There is a clear stance of quality over quantity, which is why it is becoming much more difficult to obtain a licence in Lithuania.

In 2024, crypto companies prepared for the Markets in Crypto Assets Regulation (MiCA). Though MiCA includes a transitional period until July 01, 2026 to allow service providers to adapt to the new requirements, Lithuania proposed a shorter transitional period until June 01, 2025, citing risks of money laundering, terrorist financing, circumvention of international sanctions and fraud inherent to the emerging sector.

Over the past years, Lithuania has seen its crypto sector surge. According to data from the Lithuanian company register, there are now more than 700 Virtual Currency Exchange Operators and Depository Virtual Currency Wallet Operators in the country.

Performance of key players:

Despite having raised approximatively US$75 million in venture capital funding and once seen as Lithuania's next unicorn, payment software startup Kevin (€144k revenue in 2022) declared bankruptcy in September 2024. In July 2024, the Bank of Lithuania restricted Kevin from offering payment services to new clients due to non-compliance with financial reporting requirements. Specifically, the central bank noted that the company had not submitted its accounting statements on time. The Vilnius District Court formalized the bankruptcy, and the Bank of Lithuania subsequently revoked the company's Payment Institution license.

An analysis by Flagship Advisory Partners, a Dutch consultancy and mergers and acquisitions advisory firm, highlighted structural issues with Kevin's business model, including high friction, usability limitations, and low margins.

The Bank of Lithuania revoked Foxpay's EMI license on November 22 because it failed to comply with AML and anti-terrorist financing requirements and failed to properly identify clients and their representatives.

M&A and funding:

Lithuania showed notable VC activity in H1 2024, securing 24 rounds or a third of all Baltic VC rounds. Notable fintech rounds this year include Finbee Verslui's EUR 35 million VC round, Bourgeois Bohème (BoBo)'s EUR 6.5 million seed round, and FreeBnk's US$3 million funding.

TOP10 Lithuanian fintechs by revenues (kEUR, 2023)

#	COMPANY NAME	FINTECH CATEGORY	DESCRIPTION	OWNERSHIP STYLE	REVENUE	EBITDA	NET INCOME	TOTAL EQUITY
1	Nord Security	Cybersecurity	Nord Security operates as an internet privacy and security provider for individuals and businesses. Its product portfolio includes its NordVPN offering and its Surfshark consumer line of solutions.	Nord security has multiple shareholders, including founders and investors.	155,665	n/a	35,603	(58,625)
2	transferGO	Payment	TransferGo is an international transfer company that specializes in sending money between various European countries. Users only need to register, provide data and the order will be processed on the next working day.	TransferGo has 73 shareholders, the biggest being Daumantas Dvilinskas, Justinas Lasevičius, Hard Yaka, Practica Capital and VEF	37,171	n/a	(797)	2,339
3	Walletto	Payment	Walletto, UAB, established in 2017, is a Lithuanian electronic money institution regulated by the Bank of Lithuania. As a principal member of Visa and Mastercard, Walletto offers a comprehensive suite of financial services, including payment card issuing, acquiring, and international payment solutions such as SEPA and SWIFT transfers. The company provides dedicated IBAN accounts, mass payment capabilities, and white-label card programs, catering to individuals, businesses, and financial institutions across Europe.	n/a	21,739	n/a	3,442	6,142
4	Vialet	Payment	Via Payments, UAB, operating under the brand name VIALET, is a Lithuanian electronic money institution established in 2017 and authorized by the Bank of Lithuania. The company offers a range of financial services, including business accounts with IBANs, merchant accounts, virtual business cards, international transfers (SEPA, SEPA Instant, and SWIFT), currency exchange, and card acquiring services.	n/a	15,814	n/a	1,389	4,133
5	Perlas Finance	Payment	Perlas Finance, UAB is a Lithuanian electronic money institution authorized by the Bank of Lithuania. The company offers a range of financial services, including mobile payments, bill and tax payment processing, cash deposit and withdrawal services, and bank transfers. These services are facilitated through an extensive network of terminals across Lithuania. In 2015, Perlas Finance obtained an electronic money institution license, enabling it to provide electronic money issuance and payment services both domestically and across the European Economic Area.	n/a	11,895	n/a	5,029	8,940
6	Paysera	Payment	Paysera provides financial and related services globally, offering products ranging from a payment gateway for e-shops to money transfers, currency conversion, payment cards, an event ticketing platform, a parcel locker network.	Kostas Noreika, Audrius Lučiūnas, Šarūnas Broga, Rolandas Razma	10,641	n/a	7,019	22,236
7	NRD Cyber Security	Cybersecurity	NRD Cyber Security offers cybersecurity consulting, incident response, and implementation of appropriate technology. They are active members of international cybersecurity organisations and contribute to the development of international good practices.	INVLD Technology (100%)	7,369	n/a	837	1,920
8	Ondato	Cybersecurity	Ondato streamlines KYC and AML-related processes. It provides advanced technological solutions for digital identity verification, business customer onboarding, data validation, fraud detection.	Kean Logic, Startup Wise Guys, Liudas Kanapienis,OTB Ventures,	6,605	n/a	(1,017)	(5,409)
9	ConnectPay	Payment	ConnectPay is one of the fastest growing Electronic Money Institutions (EMI) in Lithuania providing banking services for internet based companies. It offers smooth onboarding and boutique banking experience.	Deependra Singh Bhartari (100%)	6,573	n/a	(3,251)	6,481
10	BankingLab	Banking infrastructure	BankingLab unites four companies providing professional services for banks and financial institutions: NANO Banking-as-a-service platform; NCS infrastructure provider; GIRO payment card processing centre; KYC/KYB provider.It started in 2012 with an office in Vilnius. In 2020 opened an office in Amsterdam.	n/a	3,736	n/a	(631)	(15)

Source: Deloitte Intelligence

POLAND

Poland's GDP growth is estimated to rebound to 2.3% in real terms in 2024 (compared to 0.1% in 2023), driven by strong private and public consumption, continued improvements in consumer sentiment, and a gradual economic recovery across Europe. The growth outlooks for most of Poland's key trade partners in western Europe, most notably Germany, continue to worsen, especially industrial demand. Inflation in Poland declined slightly from 14.4% in 2022 to 11.4% on average in 2023. In 2024, it is estimated to drop further to 3.8%, primarily due to reduced cost pressures and lower consumer demand. Lowering inflation is expected to stimulate economic activity, providing potential benefits to the banking sector. The National Bank has maintained the policy rate at 5.75% since October 2023, and it is anticipated by EIU to remain unchanged until mid-2025. The fiscal deficit in 2024 is estimated to reach 5.7% of GDP, driven predominantly by defense spending. According to the EIU, the fiscal deficit is expected to narrow to 3% by 2028.

Polish banks have shown significant growth in their total assets primarily driven by shifts toward safer Treasury and State Treasury-guaranteed bonds as total assets has grown by 10.3% (in LCU terms) between 2022 and 2023. Banks have continued to invest in liquid assets such as government bonds to ensure liquidity coverage, especially following regulatory recommendations to maintain higher liquidity buffers.

The banking sector has shown positive loan dynamics, particularly in housing and consumer loan segments, while corporate loans also recovered. Demand for housing loans surged, particularly in the second half of 2023, largely due to the introduction of the „2% Safe Mortgage" housing loan subsidy program[1]. More than 90,000 loan agreements of over PLN 37 bn have been signed under this program. The program offered periodically fixed interest rates, which constituted over 80% of new loan agreements by value and volume in the latter half of 2023. In the first half of 2024 the number of housing loan applications dropped as a result of the termination of the "2% Safe Mortgage" programme[2]. Housing loans demand in the first three quarters of 2024 was fostered by: (i) low unemployment, (ii) lower interest rates than in 2023 and (iii) rising real wages. Consumer loans have shown steady growth, driven by improved household financial conditions and increased demand for financing durable goods. There is growing consumer interest in „Buy Now, Pay Later" (BNPL) services, initially offered by loan companies but increasingly adopted by banks as well[3]. Some banks have also started acquiring portfolios of such receivables from other entities, thereby increasing their instalment loan balances. Households' interest in taking out consumer loans and the annual rate of their growth continued to increase in 2024[4]. The growth rate for corporate loans began to increase slowly in the latter half of 2023. However, it remains lower than the previous year. In 2024, the annual growth rate of corporate credit remained low but positive, which was associated with the continued moderate growth rate of investment loans amid very slowly growing loans on current account and working capital loans. Overall, the total loan exposure in the banking sector increased by 10.6% between 2022 and 2023, and this growth persisted into the first half of2024 with an increase of 9.5%.

The Polish banking sector has experienced a notable improvement in the quality and stability of non-performing loans across the various loan categories. Retail NPL ratio has remained at 5.1% between 2022 and 2023, as credit losses in housing loans have remained stable in the second half of 2023. Programs like „2% Safe Mortgage" are instrumental in stabilizing the housing loan segment by subsidizing interest rates, thus reducing the borrowers' financial strain and likelihood of default. As such retail NPL ratio has improved further by 0.9% points between 2023 and June 2024. Corporate NPL ratio has been also stable with a 0.3% point decrease between 2022 and 2023, as credit risk indicators for corporate loans have largely stabilized, particularly in sectors like construction, real estate services, and tourism, except for loans provided to individual entrepreneurs.[5]
In general, banks have adopted tighter lending policies, especially for consumer loans, ensuring better credit risk management which has led to a stabilization of credit losses and arrears. Proactive measures to manage legal risks associated with foreign currency loans, such as writing off legal costs from gross carrying values and pursuing out-of-court settlements, have reduced the potential for future NPLs as well.

Polish banks exhibit high capital adequacy with 21.8% at the end of 2023 and 21.2% as at June2024, with substantial capital surpluses that ensure resilience against adverse economic conditions. The banking sector's high nominal profits and increased excess capital create room for lending expansion and the build-up of capital buffers for future needs.

Between 2022 and 2023 ROE has increased by 6.8% point reaching 12.0% while ROA also strengthened by 0.6% point to reach 1.0% by the end of 2023 as net interest income remains the primary driver of profitability for Polish banks. The share of interest income in net income from banking activities has approached 80%, and even 90% for cooperative banks[6]. Between 2023 and 2024H1 the net interest margin remained stable at the level around 6%.

1 National Bank of Poland – June 2024 Financial Stability Report – page 24
2 National Bank of Poland – December 2024 Financial Stability Report – page 27
3 National Bank of Poland – June 2024 Financial Stability Report – page 25
4 National Bank of Poland – December 2024 Financial Stability Report – page 29
5 National Bank of Poland – June 2024 Financial Stability Report – page 32-33
6 National Bank of Poland – June 2024 Financial Stability Report – page 46

MACRO INDICATORS	2021	2022	2023	2024E	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024E (% OR % POINT)
Gross Domestic Product (GDP)						
Nominal GDP (LCU mn)	2,661,518	3,100,850	3,401,610	3,618,300	9.7% ▲	6.4% ▲
Nominal GDP / Capita (LCU k)	70.0	80.8	87.8	93.9	8.6% ▲	7.0% ▲
Nominal GDP (EUR mn)	582,930	661,700	749,312	837,977	13.2% ▲	11.8% ▲
Nominal GDP / Capita (EUR k)	15.3	17.2	19.3	21.7	12.1% ▲	12.5% ▲
Real GDP (% change pa.)	6.9%	5.3%	0.1%	2.3%	-5.1% ▼	2.2% ▲
Financial Markets						
Lending interest rate (%)	3.3%	7.1%	8.6%	8.5%	1.4% ▲	-0.1% ▼
Deposit interest rate (%)	0.3%	3.1%	5.3%	4.2%	2.2% ▲	-1.1% ▼
Consumer prices (% change pa.)	5.1%	14.4%	11.4%	3.8%	-2.9% ▼	-7.6% ▼
Average EURLCU	4.6	4.7	4.5	4.3	-3.1% ▼	-4.9% ▼
Average USDLCU	3.9	4.5	4.2	4.0	-5.8% ▼	-4.9% ▼
Public Debt						
Public debt (% of GDP)	53.0%	48.8%	49.7%	55.2%	0.9% ▲	5.5% ▲
Budget balance (% of GDP)	-1.7%	-3.4%	-5.3%	-5.7%	-1.9% ▼	-0.4% ▼
Population						
Population (mn. pers.)	38.0	38.4	38.8	38.5	1.0% ▲	-0.6% ▼
Unemployment rate (%)	6.4%	5.4%	5.2%	5.1%	-0.2% ▼	-0.1% ▼

Source: EIU, MNB (exchange rates)
E – Estimated data for 2024
Please note that 2024H1 average exchange rate was applied for 2024E figures.

Banking Sector

BANKING SECTOR	2021	2022	2023	2024H1	Δ 2022-2023 (% OR % POINT)		Δ 2023-2024H1 (% OR % POINT)	
General Data								
Total assets (EUR mn)	556,279	579,035	688,681	721,571	18.9%	▲	4.8%	▲
Asset penetration (%)[1]	96.0%	87.6%	88.0%	86.0%	0.5%	▲	-2.0%	▼
Total equity (EUR mn)	43,428	43,158	59,067	60,104	36.9%	▲	1.8%	▲
Total loans (EUR mn)	325,509	332,313	367,530	378,756	10.6%	▲	3.1%	▲
Loan penetration (%)[2]	56.2%	50.3%	47.0%	45.1%	-3.3%	▼	-1.8%	▼
Retail loans (EUR mn)	172,507	157,242	167,146	171,445	6.3%	▲	2.6%	▲
Corporate loans (EUR mn)	83,774	90,281	94,635	97,807	4.8%	▲	3.4%	▲
Other loans (EUR mn)[3]	69,228	84,790	105,749	109,505	24.7%	▲	3.6%	▲
NPL Volumes								
Total NPLs (EUR mn)	15,086	13,959	14,350	13,826	2.8%	▲	-3.7%	▼
Retail NPLs (EUR mn)	8,794	7,985	8,507	7,764	6.5%	▲	-8.7%	▼
Corporate NPLs (EUR mn)	6,168	5,843	5,819	6,039	-0.4%	▼	3.8%	▲
NPL Ratios								
Total NPL ratio (%)	4.6%	4.2%	3.9%	3.7%	-0.3%	▼	-0.3%	▼
Retail NPL ratio (%)	5.1%	5.1%	5.1%	4.5%	0.0%	●	-0.6%	▼
Corporate NPL ratio (%)	7.4%	6.5%	6.1%	6.2%	-0.3%	▼	0.0%	●
Key Ratios								
CAR (%)	19.4%	20.5%	21.8%	21.2%	1.3%	▲	-0.6%	▼
ROE (%)	2.9%	5.3%	12.0%	14.7%	6.8%	▲	2.6%	▲
ROA (%)	0.2%	0.4%	1.0%	1.2%	0.6%	▲	0.3%	▲
CIR (%)	59.4%	53.6%	47.4%	44.2%	-6.2%	▼	-3.2%	▼
L/D (%)	80.7%	79.6%	74.6%	73.4%	-5.0%	▼	-1.2%	▼
NIM (%)	3.2%	4.8%	6.0%	6.1%	1.2%	▲	0.1%	▲
OPEX on avg. total assets (%)	1.6%	1.9%	1.8%	1.7%	-0.1%	▼	0.0%	●
Cost of risk (%)	1.0%	0.7%	1.1%	0.8%	0.4%	▲	-0.2%	▼

Source: National Bank of Poland, MNB (exchange rates) | 1. Asset penetration = Total assets/Nominal GDP | 2. Loan penetration = Total loans/Nominal GDP | 3. Other loans consist of loans to the central and local government sector, financial sector, other loans beside corporate and household loans in the non-financial sector and loans designated at fair value through profit or loss

List of banks in Poland 2023 (EUR mn, %)

RANK 2023	RANK 2022	YOY	INSTITUTIONS	TOTAL ASSETS	MARKET SHARE	EQUITY	NET INCOME	ROA	ROE	MAJOR SHAREHOLDER
1	1	●	**PKO**	109,177	15.9%	9,879	1,072	1.1%	12.6%	State of Poland
2	2	●	**Pekao**	67,730	9.8%	6,876	1,480	2.4%	25.8%	PZU
3	3	●	**Santander Bank Polska**	58,053	8.4%	6,782	1,029	1.9%	16.8%	Santander
4	4	●	**ING BSK**	55,108	8.0%	3,822	978	2.0%	34.3%	ING
5	6	▲	**mBank**	51,157	7.4%	3,142	6	0.0%	0.2%	Commerzbank
6	5	▼	**Bank Gospodarstwa Krajowego**	51,142	7.4%	9,067	694	1.5%	9.0%	State of Poland
7	7	●	**BNP Paribas**	35,970	5.2%	2,947	222	0.7%	8.4%	BNP Paribas
8	8	●	**Millennium**	28,724	4.2%	1,521	112	0.4%	8.5%	BCP
9	9	●	**Alior Bank**	20,665	3.0%	2,116	438	2.3%	25.9%	PZU
10	10	●	**Bank Handlowy w Warszawie**	16,901	2.5%	2,224	497	3.1%	25.7%	Citibank
11	11	●	**VeloBank**	11,192	1.6%	237	82	0.8%	36.0%	BFG
12	12	●	**Credit Agricole Bank Polska**	8,329	1.2%	777	30	0.4%	4.2%	Crédit Agricole
13	14	▲	**SGB-Bank**	7,275	1.1%	141	6	0.1%	4.3%	Co-operatives
14	15	▲	**Bank Polskiej Spółdzielczości**	7,196	1.0%	210	13	0.2%	6.9%	Co-operatives
15	16	▲	**Bank Ochrony Środowiska**	5,030	0.7%	490	14	0.3%	3.0%	State of Poland
16	13	▼	**Deutsche Bank Polska**	4,930	0.7%	324	-176	-3.3%	-52.9%	Deutsche Bank
17	18	▲	**Santander Consumer Bank**	4,620	0.7%	926	15	0.4%	1.7%	Santander
18	17	▼	**PKO Bank Hipoteczny**	4,355	0.6%	377	37	0.8%	10.9%	State of Poland
19	20	▲	**mBank Hipoteczny**	2,324	0.3%	182	5	0.2%	2.8%	mBank
20	21	▲	**Bank Pocztowy**	2,067	0.3%	188	49	2.6%	36.3%	State of Poland
21	19	▼	**Bank BPH**	1,788	0.3%	801	-1,222	-50.6%	-215.0%	GE Investment Poland
22	22	●	**Nest Bank**	1,682	0.2%	142	1	0.1%	1.0%	Porto Group Holdings
23	23	●	**Toyota Bank Polska**	1,461	0.2%	265	19	1.6%	7.9%	Toyota Kreditbank GmbH
24	26	▲	**ING Bank Hipoteczny**	869	0.1%	101	9	1.2%	9.5%	ING
25	25	●	**Pekao Bank Hipoteczny**	820	0.1%	650	-24	-3.2%	-7.2%	PZU
26	24	▼	**DNB Bank Polska**	753	0.1%	328	-46	-5.9%	-13.7%	DNB
27	27	●	**Bank Nowy**	692	0.1%	80	12	2.4%	19.0%	Wielkopolski Bank Spółdzielczy (NeoBANK)
28	29	▲	**Millennium Bank Hipoteczny**	305	0.0%	56	2	1.2%	5.0%	BCP
29	28	▼	**PLUS BANK**	148	0.0%	24	7	4.6%	34.6%	Karswell Ltd
			Total Banking Sector	**688,681**	**100.0%**	**59,067**	**6,244**	**1.0%**	**12.0%**	

Source: Annual reports, National Bank of Poland
Please note that the presented total banking sector data also includes foreign branches and other entities.
Please note that on 20 September 2022, the Bank Guarantee Fund initiated the resolution procedure of Getin Noble Bank and since, the bank's operation has been transferred to Velobank, a bridge bank.
Please note that VeloBank's data comes from the bank's individual financial report for the 15 month period from 05.09.2022. to 31.12.2023.
Please note that VeloBank has been acquired by Cerberus, and the transaction was closed on 1 August, 2024.

The Polish banking sector is dominated by a few major banks that hold significant market shares. The sector has undergone several consolidation processes which were driven by the need to stabilize the financial system, reduce systemic risks, and improve the overall health of the sector. Getin Noble Bank S.A. resolution began on September 30, 2022, with the transfer of some operations to a bridge institution, VeloBank. The sale of VeloBank to an affiliate of Cerberus Capital Management, L.P., was completed on 1 August 2024, marking a significant consolidation effort aimed at stabilizing the sector. Resolution of Idea Bank was finalized with its acquisition by Bank Pekao S.A. on December 31, 2020. The transaction involved a write-down of the acquired bank's shares and financial support to cover the remaining capital gap, ensuring the continuity of banking services and customer protection. The continued consolidation is expected to further solidify the sector's resilience and competitiveness.

M&A deals

Several M&A deals happened in the Polish banking sector in the past few years and the market shows signs of further consolidation activity. Citigroup is actively seeking a buyer for its Polish retail banking arm, Bank Handlowy, after reviving the sales process in late 2023 following a pause in mid-2022. Speculation suggests that Cerberus Capital Management might be interested in the acquisition, though neither Citi nor Cerberus have commented on these rumors.

Banco Santander's recent sale of a 5.2% stake in Santander Bank Polska has led to speculation about a possible full exit from the Polish market. The transaction, which raised approximately EUR 575 mn, suggests Banco Santander sees better investment opportunities outside of Poland. Meanwhile, Austria's Erste Bank is reportedly eyeing entry into the Polish market and may consider acquiring either Santander Bank Polska, Alior Bank, or mBank, should such opportunities arise.

PKO Bank Polski (PKO BP) is exploring acquisition opportunities both within Poland and the broader region, according to CEO Szymon Midera in an interview with Dziennik Gazeta Prawna.

According to public sources, PZU might sell or merge its banks, Pekao and Alior Bank, due to management challenges highlighted by the Minister of State Assets. In December 2024 PZU along with Pekao signed a letter of intent regarding the reorganization of banking assets of PZU Group. One of the considered scenarios assumes that the reorganization will involve a purchase of shares of Alior Bank by Pekao from PZU for cash. The purpose of the reorganization is to achieve financial and management synergies that increase value for the shareholders of PZU and Pekao.

In January 2024, the banking business of the cooperative bank Wielkopolski Bank Spółdzielczy (neoBANK) has been transferred to Bank Nowy S.A. which is owned by Neobank since 2021. The transferred banking products are currently serviced by Bank Nowy S.A.

At the end of 2024, APS Holding successfully acquired a secured retail loan portfolio worth over €16 million from one of Poland's top three banks, marking a strategic expansion in the country. The transaction was funded by RHAPSODY and RHAPSODY II, subfunds of APS CREDIT FUND SICAV, a.s.

2024

- In August 2024, Cerberus Capital Management, the European Bank for Reconstruction and Development (EBRD), and the International Finance Corporation (IFC) announced the successful completion of their acquisition of 100% of VeloBank from the Bank Guarantee Fund in Poland for the consideration of EUR 250 mn. This acquisition, which was the result of a competitive and open sale process started by the Bank Guarantee Fund in 2023, has met with all regulatory approvals. The transaction includes the recapitalization of VeloBank by the new owners with an amount of EUR 159 mn (PLN 687 mn). The acquisition will bolster VeloBank's growth across various business lines, having already shown significant progress in customer acquisition, deposit balances, and loan sales.
- In 2024, Banco Santander sold a 5.21% stake in Santander Bank Polska through an accelerated book-building process, raising approximately EUR 575m.

2022

- In 2022 Banco Santander, the Spain based financial services group has acquired through its subsidiary Santander Bank Polska the Poland based portfolio of bonds issued by public sector entities and loans from DNB Bank Polska, the Poland based financial institution providing commercial and investment banking services. The consideration based on an 8% capitalization rate was EUR 25.5 mn.

2021

- In 2021, Bank Guarantee Fund sold the 100% of Nowy Bank, 72% was acquired by Wielkopolski Bank Spółdzielczy, a collective bank operating under the name NeoBANK.
- In 2021, Idea Bank was taken over by Poland's second biggest-lender, Bank Pekao. The takeover was engineered by the Poland's Bank Guarantee Fund to support the stability in the Polish Financial System. Pekao acquired some of Idea Banks' assets and liabilities excluding corporate bonds.

2020

- In 2020, SGB Bank acquired 100% of Bank Spółdzielczy w Przemkowie, which was placed under compulsory restructuring by Poland's Bank Guarantee Fund.

2019

- In 2019, BCP-owned Millennium Bank acquired 99.79% of Société Générale's Polish subsidiary, Euro Bank. The acquisition was in line with Bank Millennium's strategy to strengthen its position in the consumer lending segment.

2018

- In 2018, EBRD acquired 4.5% stake in Bank BGZ BNP Paribas from Raiffeisen Bank International: via this transaction, Raiffeisen fully exited Poland.
- In 2018, Bank BGZ BNP Paribas agreed to acquire the core bank business of Raiffeisen Bank Polska from Raiffeisen Bank International for EUR 775 mn. The transaction helped Bank BGZ to further strengthen its position in the Polish market, due to the strong distribution network, innovative products platform, and modern central costumer service.
- In 2018, Deutsche Bank sold its retail and private banking business to Santander Bank Polska (formerly Bank Zachodni WBK), owned by Santander Group, for a consideration of EUR 305 mn. With the deal, Santander acquired 113 branches, 1500 employees, and nearly EUR 4,350 bn in assets. The acquisition was aligned with Santander's strategy to enhance its position in the retail segment.

2016

- In 2016, the largest banking acquisition in recent years was the sale of a 32.8% stake of the second largest bank in Poland, Bank Pekao, owned by UniCredit Group, to the state-owned PZU for EUR 2,382 bn.

- In 2016, PZU-controlled Alior Bank agreed to acquire Bank BPH from GE Capital for 360 mn. The transaction was consistent with the strategy of Alior, based on a dynamic organic growth and acquisitions.
- Also in 2016, PZU purchased a 25.3% stake in Alior Bank from an Italian conglomerate for EUR 396 mn. Based on PZU's activity, it is visible that the most active consolidator in the Polish banking market has been the state, in line with its intention to increase domestic ownership in the banking sector.

2015

- In 2015, a UK-based private equity firm, AnaCap Financial Partners, agreed to acquire FM Bank PBP, the Poland-based retail and SME bank, from Abris Capital Partners for an undisclosed consideration.
- In 2015, state-owned PKO agreed to acquire SKOK Wesoła, the Poland-based cooperative savings and credit company engaged in providing non-banking financial services and products such as loans and credit, term deposits, current accounts, and other insurance-related transfer services, for an undisclosed consideration.
- In 2015, Alior Bank agreed to acquire a 97.9% stake in Meritum Bank ICB from Innova Capital, WCP Cooperatief UA and EBRD for a consideration of EUR 83.6 mn.

List of banking M&A deals in Poland 2015 – 2024

YEAR	TARGET	BUYER	% ACQUIRED	DEAL VALUE IN EUR MN	SELLER
2024	Santander Bank Polska SA	n/a	5.2%	575.0	Banco Santander
2024	VeloBank S.A.	Cerberus, EBRD, IFC	100.0%	250.3	Bank Guarantee Fund
2022	DNB Bank Polska (loan portfolio)	Santander Bank Polska SA	100.0%	25.9	DNB Bank Polska SA
2021	Bank Nowy BFG SA	Wielkopolski Bank Spółdzielczy (72%), Other entities (28%)	100.0%	n/a	Bank Guarantee Fund
2021	Idea Bank SA (Certain assets and liabilities)	Bank Pekao SA	100.0%	n/a	Idea Bank SA
2020	Bank Spółdzielczy w Przemkowie	SGB-Bank SA	100.0%	n/a	n/a
2019	Euro Bank	Bank Millennium	99.8%	425.5	Société Générale
2018	BGZ BNP Paribas	EBRD	4.5%	100.0	Raiffeisen
2018	Raiffeisen Bank Polska	BNP Paribas	100.0%	775.0	Raiffeisen
2018	Deutsche Bank Polska	Santander	100.0%	305.0	Deutsche Bank
2016	Bank Pekao	PZU	32.8%	2,382.0	UniCredit
2016	Bank BPH	Alior Bank	100.0%	360.0	GE Capital
2016	Alior Bank	PZU	25.3%	396.0	Carlo Tassara
2015	Nest Bank	AnaCap Financial Partner	100.0%	n/a	Abris Capital Partners
2015	SKOK Wesola	PKO	100.0%	n/a	n/a
2015	Meritum Bank ICB	Alior Bank	97.9%	84.0	EBRD; Innova Capital; WCP Cooperatief

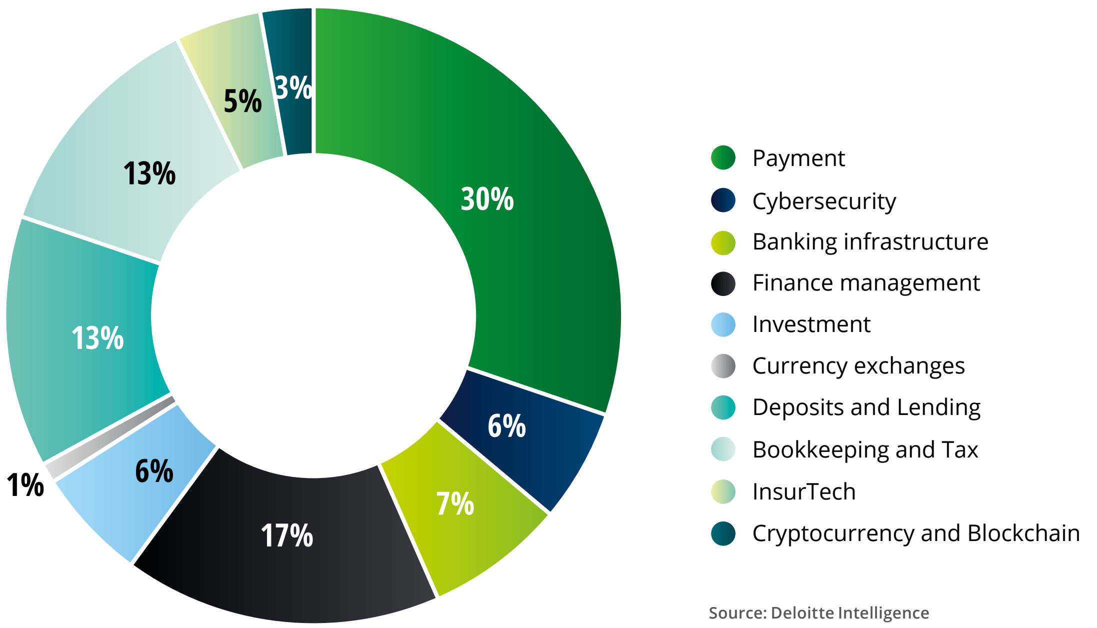
Source: Deloitte Intelligence, Mergermarket, S&P Capital IQ

Overview of the Polish FinTech market

Over the last years the FinTech sector in Poland is experiencing robust growth, primarily driven by collaborative initiatives between startups and the banking industry. The majority of FinTech entities have a relatively short operational history, as 70% of fintechs were founded after 2010. When it comes to personnel, 67% of polish fintechs employ less than 50 employees. Predominantly, companies in the Polish FinTech landscape focus their operations within the domains of electronic payments, software development, and financial management. Macroeconomic forecasts indicate potential for expansion, and strategic partnerships between tech providers and banks are on the rise. Polish consumers are open to innovation, creating demand for intelligent and personalized solutions. Potential drivers of fintech market's growth in Poland include prospering economy, increasing digitalization of Polish consumers and strong ecosystem consisting of well-established partners, especially among incumbent banks.

Over the past 7 years, the number of FinTechs in Poland has doubled, rising from 167 in 2018 to 368 in 2024. There are several factors driving this growth, including: overall macroeconomic growth, increasing demand for technology-enabled financial services, the large number of highly skilled experts and technical university graduates, changing customer behavior (accelerated by the COVID-19 pandemic), and an increasing pressure to meet safety / ESG standards.

Fintechs distribution among categories based on the number of companies



Source: Deloitte Intelligence

The dominant FinTech segments in Poland are payments, financial management, and software providers, constituting over half of all FinTech companies (52% in 2024).

Key points:

- Electronic payments and financial platforms are the leaders of Polish fintech market. They are mostly focusing on cooperation with banks – even if their offer is addressed directly to the consumer market, they see the potential of cooperation and the resulting benefits of both parties.
- The Polish banking system cooperates with FinTechs, especially with mobile payment operators such as Blue Media or PayU. On the other hand, some Polish banks, such as mBank or Alior, invest in technology and develop it by themself or through acquisitions.
- Distinctive innovations are instant transfer systems, processes of remote sale of financial products (in the form of "pure online"), Personal Finance Management and remote customer service like video-counseling. Many of these solutions have been introduced by the banks in close cooperation with FinTechs, which were often at a stage close to start-up in their first banking implementations. The banking sector is also leading the implementation and development of cloud computing and ensuring cybersecurity.
- While the Polish FinTech landscape is still relatively new, the industry is already showing signs of maturing. In 2024, fintechs founded between 2011 and 2020 constituted the largest group (54%), while entities founded pre-2020 accounted for 84% of all fintechs. Average revenue is increasing and, according to Cashless.pl, the share of companies with more than PLN 10m in sales rose from 29% in 2021 to 57% in 2024.
- Most of the FinTechs surveyed (35%) employ between 11 to 50 people., while 22% employ no more than 10 people. Larger institutions, i.e., those employing 51 to 100 people, account for 14% of surveyed companies, with 29% reporting a workforce of over 100 people. This shows a trend of growth in their scale of operations as in 2021 fintechs employing over 100 people constituted only 9% compared to 29% in 2024.
- Accelerators and accelerator programs are set up in Poland mainly by banks such as Let's fintech by PKO BP, Innovation Lab by BNP Paribas, RBL_Innovation by Alior Bank, mAccelerator by mBank, Poland Prize by Polish Agency for Enterprise Development, Sandbox Blockchain coordinated by Fundacja KIR na Rzecz Rozwoju Cyfryzacji Cyberium and Accelpoint accelerator.
- Regulatory bodies encourage innovation in the fintech sector. The Polish Financial Supervision Authority supports the local FinTechs by launching its Innovation Hub to guide them in developing new products.

- The Credit Information Bureau, the largest information base of the financial sector in Poland, launched the BIK HUB Program – a technological sandbox, which encourages entrepreneurs, who are both in the initial stage of their development, as well as mature ones - companies to test and develop their ideas.
- Fintech companies that have secured funding in recent years include:
  - o Wealthon (USD 12.3m, 2023);
  - o Climatica (undisclosed amount, 2023);
  - o Quantee (undisclosed amount in 2023, EUR 640k in 2022);
  - o Billon (undisclosed amount, 2023);
  - o Ramp Network (PLN 220m in 2022, PLN 330m in 2021);
  - o Vodeno (EUR 58m, 2022);
  - o Straal (EUR 2m, 2022);
  - o Laven (PLN 3.8m, 2022);
  - o Uncapped (PLN 301m, 2021).

Technological trends

- **AI-driven transformation:** AI is revolutionizing financial services in Poland. Many FinTech firms use AI for credit scoring, customer interaction automation, and predictive analytics. These technologies enhance the speed and accuracy of financial decision-making while improving user experiences.
- **Blockchain:** Beyond cryptocurrencies, blockchain technology is being utilized for secure digital identities, tokenized assets, and tamper-proof transaction ledgers. This innovation facilitates transparency and reduces fraud in financial processes.
- **Advanced analytics and big data:** Polish FinTech companies are adopting sophisticated data analytics to anticipate customer needs and optimize service delivery. This approach supports better product development and effective risk management.
- **Contactless and digital-first payments:** The surge in mobile wallets, QR code payments, and e-commerce-linked financial tools has redefined payment methods. Polish consumers increasingly prefer fast, digital-first transactions over traditional systems.
- **Cloud and cybersecurity innovations:** As the sector embraces cloud-based platforms, ensuring data security and regulatory compliance remains a top priority. Advanced encryption methods and cyber threat detection systems are being adopted to fortify digital operations.

Challenges and Development Prospects

- **Navigating regulatory complexities:** The dynamic pace of technological innovation often outpaces regulatory adaptations. FinTech firms must navigate evolving legal frameworks and align with stringent compliance requirements.
- **Mitigating cybersecurity threats:** The increasing reliance on digital platforms exposes FinTech companies to elevated cybersecurity risks. Robust data protection measures are essential to safeguard consumer trust and sensitive financial information. sector.
- **Competing in a saturated market:** With a growing number of FinTech entities, differentiation is critical. Companies must focus on unique offerings, innovation, and fostering customer loyalty to maintain a competitive edge.
- **Promoting consumer awareness:** Despite widespread adoption, some consumers remain hesitant about digital financial solutions. Ongoing education efforts are necessary to highlight the advantages of FinTech innovations and address concerns about security and reliability.

Development prospects

- **Strengthening collaborations:** Ongoing partnerships between FinTech startups and established financial institutions hold immense potential to reshape the industry. These collaborations enhance innovation, streamline processes, and create mutually beneficial opportunities.
- **Global market positioning:** Polish FinTech companies are leveraging their domestic successes to explore international opportunities. By adapting to global trends and maintaining agile strategies, these firms are poised to capture significant market share abroad.
- **Investing in talent and technology:** Sustaining growth requires strategic investments in human capital and technological advancements. Building a skilled workforce and enhancing infrastructure will be key drivers in meeting evolving market demands and fostering long-term success.

Selected Polish fintechs

- **Allegro Pay**, Allegro's fintech arm in Poland, has attracted over 1 million clients with its user-friendly buy-now-pay-later option. The platform's success exceeds targets, offering flexibility and high client appreciation. Allegro Pay provides billions of zlotys in secure loans annually, aiding consumer finance across shopping categories.
- **BLIK**, Poland's mobile payment market since 2015, emerged from collaboration among competing banks. Integrated into mobile apps, it became the standard for mobile payments. Utilizing a 6-digit code, BLIK allows versatile transfers, with 25.9 million users and 12.9 million monthly payers. Praised for its speed, convenience, and security, BLIK has expanded by acquiring VIAMO in Slovakia.
- **PayU**, owned by Prosus, serves 450,000+ merchants globally, processing 10 million daily transactions with 400+ payment methods. In Poland for 20 years, it supports e-commerce development, providing services such as one-click payments, mobile payments, BNPL, digital wallets, BLIK, online bank transfers, card payments, subscription payments, and multi-currency options.
- **ProService Finteco** is a leading provider of support services for financial institutions, including transfer agent services, fund accounting and valuation, corporate accounting and IT solutions for funds, banks and insurance companies. Founded in 1994 and now owned by Oaktree Capital Management, the company has PLN 137bn assets under management, carries out 22 million transactions every year and employs 1300 people covering 5500 funds in total across 7 countries in Europe.
- **Verestro** is a dynamically growing Fin-Tech from Poland that has been developing innovative payment products since 2011. The company has built an extensive Fin-Tech-as-a-Service platform that specializes in creating digital payment solutions for mobile and internet connected devices. The company's solutions are used by banks, Fin-Tech partners, mobile telecom providers, merchants, and other eCommerce platforms.
- **Vodeno** is a leading European Banking-as-a-Service (BaaS) provider, offering a fully API-based, cloud-native platform and access to an ECB banking license through Aion Bank.
  It covers the full spectrum of banking services, from smart contract enabled; core banking to accounts to payments to lending and investments, and both for retail and corporate end users, allowing for our solutions to be flexible and modular to client needs.

TOP20 Polish fintechs by revenues (kEUR, 2023)

#	COMPANY NAME	FINTECH CATEGORY	DESCRIPTION	OWNERSHIP TYPE	REVENUE	EBITDA	NET INCOME	TOTAL EQUITY
1	Blue Media	Payment	Blue Media provides payment services, which include: payment gateway for , topping up phones via the Internet, simplified bill payments. In 2019, Blue Media launched the system for automatic toll collection at motorway gates - Autopay.	Private	286,531	2,828	1,624	34,928
2	Polskie ePłatności	Payment	Polskie ePłatności offers payment solutions for the SME sector through payment terminals. Currently is has 230 000 payment terminals.	Nets Group	214,282	41,820	16,493	48,091
3	PayU	Payment	PayU offers payment gateways solutions including: wire transfers, payments cards, BLIK payments, mobile payments, phone top-ups.	Private	184,465	10,996	8,404	30,988
4	eService	Payment	eService S.A. has been present on the card acceptance market since 1999. eService offers comprehensive services for settling non-cash transactions made both in the network of traditional stores (POS terminals), by phone (including IVR) and on the Internet.	Private, PKO BP Bank, EVO Payments	140,258	59,922	36,950	73,310
5	ITCARD	Payment	ITCARD owns Planet Cash (ATM network), Planet Pay (POS terminals, online payments, payemtns cards) and Smoopay (mobile payments). ITCARD provides ATM outsourcing and management services, payment gateway, POS terminals.	Private	115,603	18,011	6,296	44,407
6	PolCard	Payment	PolCard from Fiserv offers payments solutions based on terminals. It also facilitates online payments for businesses.	First Data	109,076	34,161	18,265	81,936
7	dotpay, Przelewy24	Payment	PayPro is a payment services provider offering online payment solutions through its flagship platforms, Dotpay and Przelewy24. The company enables fast and secure transactions for e-commerce businesses and their customers, supporting a wide range of payment methods, including bank transfers, payment cards, BLIK, and mobile payments.	Nets Group	107,710	41,850	33,339	118,457
8	Certum	Cybersecurity	Certum provides services connected with cybersecurity, including electronic signature, safety certificates, cryptographic cards and readers. Certum brand belongs to Asseco Data Systems, a part of Asseco, the largest Polish IT company.	Private, pension funds	79,812	14,929	9,689	98,250
9	Soonly (vivus / vivigo)	Deposits and Lending	Vivus is one of the leaders of the online loan market. It has been present on the polish market for 10 years and as of now Vivus.pl has 2m registered clients.	71,061	40,567	27,334	45,975	Private
10	BLIK	Payment	BLIK is a payment method offered by Polish banks using digital codes, which enables the user to pay for online purchases and services, pay for products in stores, send money to a phone number, withdraw and deposit money at an ATM.	70,840	39,580	31,859	96,588	6 major banks, Mastercard
11	allegropay	Payment	Allegro pay offers a form of deferred payment for products on Allegro website, whereby the client receives up to PLN 4 200 for purchases, which he later repays within ceratain timeframe after the purchase.	69,764	53,071	38,234	54,114	Private (Allegro)
12	mojeID, Szafir, KIR express elixir, KIR paybynet	Cybersecurity	KIR (Krajowa Izba Rozliczeniowa) is a technological hub, a key entity in the infrastructure of the Polish payment system and a provider of digital solutions for banking, economy and administration. Paybynet - fast online payment service; expres elixir - instant payment settlement system; Szafir - qualified electronic signature; mojeID - online identity confirmation tool.	54,363	17,050	10,869	43,964	National Bank of Poland, major banks
13	smartney	Deposits and Lending	smartney is an online loan company providing consumer credit. Smartney offers loans for up to PLN 60 000 with a repayment term of up to 8 years. It belongs to the French Oney Bank Group.	52,906	236,022	3,587	9,118	Oney Bank Group
14	ProService Finteco	Bookkeeping and Tax	Proservice Finteco provides a wide range of services, including: solutions supporting TFI operations in the field of asset valuation, asset management, AML handling or data warehousing, web-based fund solutions for distributors (B2B) and participants (B2C), operational support services for investment funds, accounting activities.	Private (Profund SARL)	48,320	9,514	(1,058)	(14,463)
15	lendi	Deposits and Lending	lendi is an online comparer of mortgage products. It also provides free of charge support of an expert. So far, thanks to lendi almost 30 000 people obtained a cheaper mortgage.	Mathias Doepfner (Axel Springer SE)	42,684	1,194	911	1,811
16	Useme	Deposits and Lending	Useme offers services for freelancers and clients, acting as an intermediary for secure contract management and payment processing. The platform facilitates invoicing, tax settlement, and contract execution for freelancers without the need for registering a company.	Private	42,457	267	227	280
17	PayPo	Payment	PayPo provides deferred payment solutions to buinesses and customers. The customer using PayPo has up to 30 days for repaying with an option to spread the payment into installments	Private	42,325	24,792	9,001	21,003
18	wonga.pl	Deposits and Lending	wonga specializes in granting short-term and installment online loans. The loan can be obtained online or during a telephone conversation with a consultant.	KRUK S.A. Group	40,755	16,608	3,814	5,645
19	autopay	Payment	Autopay is a system used to make quick and automatic payments for motorways. It currently operates in Poland, Estonia and Czech Republic. Autopay was created by Blue Media.	Private (Blue Media)	38,344	(1,112)	(1,080)	1,648
20	e100	Payment	E100 provides comprehensive fuel card services for businesses in the transportation and logistics sector. The company offers solutions for fuel payments, toll settlements, and VAT refunds across multiple countries in Europe and Asia. E100 fuel cards enable cashless payments at partner fuel stations, providing cost optimization and seamless operations for fleet management.	Private	37,069	3,183	1,841	13,049

Source: Deloitte Intelligence

ROMANIA

In 2023, the Romanian economy has encountered a series of challenges as economic growth in Romania experienced a slowdown in 2023, with GDP rising by 2.4% in real terms, compared to 3.9% in 2022. The deceleration in 2023 was largely due to subdued domestic demand, high inflation impacting household real disposable incomes, and tightened monetary conditions. Investments in high value-added sectors and effective use of EU funds, particularly from the National Recovery and Resilience Plan (NRRP), could bolster the future economic growth. However, the real GDP growth rate is estimated by the EIU to have declined to 0.8% in 2024. Despite economic growth slowing in 2023, Romania surpassed the EU and euro area average growth rates, suggesting resilience in the labour market. Since 2021, unemployment has remained stable at 5.6%, but it is estimated to decrease to 5.1% in 2024.

Inflation has pressured household incomes, reduced their purchasing power and dampened domestic demand, reaching 10.4% in 2023. In response to surging inflation, the NBR increased its policy rate by 5.75 percentage points to 7% by January 2023, maintaining this rate until it was lowered to 6.75% in early July 2024. Romania continues to grapple with fiscal imbalances due to persistent twin deficits, with budget deficit 5.6% of GDP in 2023, one of the highest in the EU after Italy and Hungary.

Romanian banks have shown steady growth in their total assets, the expansion of total loans issued and a rise in profitability and net profits within the banking sector. Total loans displayed a notable increase of 11.6% between 2022 and 2023, a faster pace compared to the previous year. The general acceleration of loan dynamics in 2023 is attributed to the 24.9% increase in other loans — consisting of loans to non-MFI financial corporations, to general government and to non-residents — and to the 9.7% increase in corporate loans. The growth of corporate loans was supported by the extension of government-guaranteed loan programmes such as the IMM INVEST PLUS. These subsidized loans grew by 28%[1] annually, making up 20% of total corporate loans by September 2023, as per as the Romanian National Bank. The favourable conditions of government-guaranteed loans, such as lower interest rates and extended repayment terms made them attractive to businesses, particularly in the high-interest-rate environment. The volume of retail loans increased by 0.9% from 2022 to 2023, reflecting a slowdown compared to the previous year's growth of 4.3%. The deceleration is due to a decrease in demand for housing loans, particularly under the „First Home"/"New Home" programs, which saw its share of total housing loans drop to 30% in September 2023 from 47% five years ago[2]. This shift can be attributed to the rising interest rates, which have made these loans less attractive, as well as broader economic uncertainties impacting household borrowing decisions.

1 National Bank of Romania – Financial Stability Report – page 39

The NPL ratio of Romania's banking sector has shown stability and improvement despite the challenging economic environment. The overall NPL ratio for Romania stood at 2.4% as of 2023, which marks a 0.3% points decrease compared to 2022. Retail NPL ratio increased by 0.2% points from 2022 to 2023, as rising interest rates and inflationary pressures through 2023 put additional financial strains on households, making it more challenging for some borrowers to service their debts. In 2024, both inflationary pressures and borrowing costs are expected to decline, indicating a slight improvement in debt service. In contrast to the retail sector, corporate NPLs showed a slight improvement in 2023. Compared to the year prior, corporate NPL ratio decreased by 0.5% points from 2022, due to ongoing government support programs. These programs helped to stabilize the financial performance of companies, particularly SMEs, and reduced the likelihood of defaults. Additionally, the economic recovery has allowed many businesses to stabilize their cash flows and meet their debt obligations more effectively. Despite the overall improvement of corporate NPLs, the sector still faces risks related to weak capitalization and poor repayment discipline[3].

Romanian banks have maintained a strong capital position, with capital adequacy ratio at 23.6% in 2023, well above regulatory requirements, providing a robust buffer against potential economic shocks. This strong capital position has been bolstered by the profitability of the banking sector in recent years. Romanian authorities have introduced a permanent additional 2% tax on banks' turnover, impacting credit institutions' annual own funds by 1.5% and affecting financial intermediation. The 2% windfall tax on banks' turnover falls to 1% from 2026, according to EIU.

The profitability of the Romanian banking sector has significantly improved, with ROE increasing by 3.7% points to 20.1% and ROA by 0.3% points to 1.8% since 2022. Net interest income remained the primary source of profitability, constituting 70.2% of the total operating income, driven by high interest rates[4]. Cost-to-income ratio due to inflation, investments in digitalization and improved operational efficiency, decreased by 4.5% points from 2022 to 2023

2 National Bank of Romania – Financial Stability Report – page 58
3 National Bank of Romania – Financial Stability Report – page 30
4 National Bank of Romania – Financial Stability Report – page 76

MACRO INDICATORS	2021	2022	2023	2024E	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024E (% OR % POINT)
Gross Domestic Product (GDP)						
Nominal GDP (LCY mn)	1,192,285	1,389,450	1,604,554	1,768,800	15.5% ▲	10.2% ▲
Nominal GDP / Capita (LCY k)	61.9	72.5	83.9	93.0	15.8% ▲	10.8% ▲
Nominal GDP (EUR mn)	242,262	281,767	324,371	355,577	15.1% ▲	9.6% ▲
Nominal GDP / Capita (EUR k)	12.6	14.7	17.0	18.7	15.4% ▲	10.2% ▲
Real GDP (% change pa.)	5.5%	3.9%	2.4%	0.8%	-1.5% ▼	-1.6% ▼
Financial Markets						
Lending interest rate (%)	5.6%	7.8%	9.3%	8.8%	1.6% ▲	-0.5% ▼
Deposit interest rate (%)	1.6%	4.2%	6.4%	5.6%	2.3% ▲	-0.8% ▼
Consumer prices (% change pa.)	5.0%	13.8%	10.4%	5.4%	-3.4% ▼	-5.0% ▼
Average EURLCY	4.9	4.9	4.9	5.0	0.3% ▲	0.6% ▲
Average USDLCY	4.2	4.7	4.6	4.6	-2.5% ▼	0.6% ▲
Public Debt						
Public debt (% of GDP)	48.3%	47.9%	48.9%	51.2%	1.0% ▲	2.3% ▲
Budget balance (% of GDP)	-6.7%	-5.8%	-5.6%	-6.8%	0.2% ▲	-1.2% ▼
Population						
Population (mn. pers.)	19.2	19.2	19.1	19.0	-0.2% ▼	-0.5% ▼
Unemployment rate (%)	5.6%	5.6%	5.6%	5.1%	-0.1% ▼	-0.5% ▼

Source: EIU, MNB (exchange rates)
E – Estimated data for 2024
Please note that 2024H1 average exchange rate was applied for 2024E figures.

Banking Sector

BANKING SECTOR	2021	2022	2023	2024H1	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024H1 (% OR % POINT)
General Data						
Total assets (EUR mn)	140,277	154,237	171,381	174,206	11.1% ▲	1.6% ▲
Asset penetration (%)[1]	58.2%	54.9%	53.1%	49.0%	-1.8% ▼	-4.1% ▼
Total equity (EUR mn)	17,675	17,107	19,599	19,766	14.6% ▲	0.9% ▲
Total loans (EUR mn)	95,623	103,446	115,474	116,656	11.6% ▲	1.0% ▲
Loan penetration (%)[2]	39.7%	36.8%	35.8%	32.8%	-1.0% ▼	-3.0% ▼
Retail loans (EUR mn)	33,213	34,655	34,962	36,377	0.9% ▲	4.0% ▲
Corporate loans (EUR mn)	30,012	35,664	39,129	39,789	9.7% ▲	1.7% ▲
Other loans (EUR mn)[3]	32,398	33,127	41,383	40,491	24.9% ▲	-2.2% ▼
NPL Volumes						
Total NPLs (EUR mn)	3,203	2,741	2,737	2,905	-0.2% ▼	6.1% ▲
Retail NPLs (EUR mn)	1,051	1,041	1,108	1,165	6.4% ▲	5.2% ▲
Corporate NPLs (EUR mn)	1,723	1,540	1,477	1,512	-4.1% ▼	2.3% ▲
NPL Ratios						
Total NPL ratio (%)	3.4%	2.7%	2.4%	2.5%	-0.3% ▼	0.1% ▲
Retail NPL ratio (%)	3.2%	3.0%	3.2%	3.2%	0.2% ▲	0.0% ●
Corporate NPL ratio (%)	5.7%	4.3%	3.8%	3.8%	-0.5% ▼	0.0% ●
Key Ratios						
CAR (%)	23.3%	23.4%	23.6%	24.1%	0.2% ▲	0.5% ▲
ROE (%)	13.3%	16.4%	20.1%	20.1%	3.7% ▲	0.0% ●
ROA (%)	1.4%	1.5%	1.8%	1.8%	0.3% ▲	0.0% ●
CIR (%)	53.9%	52.1%	47.6%	50.4%	-4.5% ▼	2.8% ▲
L/D (%)	68.8%	71.4%	67.8%	66.4%	-3.6% ▼	-1.5% ▼
NIM (%)	2.7%	3.0%	3.4%	3.4%	0.4% ▲	0.0% ●
OPEX on avg. total assets (%)	2.0%	2.1%	n/a	n/a	n/a ●	n/a ●
Cost of risk (%)	2.2%	2.2%	1.8%	n/a	-0.4% ▼	n/a ●

Source: National Bank of Romania. 1. Asset penetration = Total assets/Nominal GDP | 2. Loan penetration = Total loans/Nominal GDP | 3. Other loans consist of loans to financial corporations other than MFIs, to general government and to non-residents.
Please note that the NIM (%) values are sourced from the Economist Intelligence Unit (EIU), and the NIM (%) for 2024H1 is an estimate.
Please note that for 2024H1, the 2024Q3 corporate NPL ratio (%) has been presented.

List of banks in Romania 2023 (EUR mn, %)

RANK 2023	RANK 2022	YOY	INSTITUTIONS	TOTAL ASSETS	MARKET SHARE	EQUITY	NET INCOME	ROA	ROE	MAJOR SHAREHOLDER
1	1	●	**Banca Transilvania**	32,524	19.0%	2,378	503	1.7%	25.2%	Private individuals
2	2	●	**Banca Comerciala Romana**	21,713	12.7%	2,510	503	2.4%	21.3%	Erste
3	5	▲	**CEC Bank**	16,797	9.8%	971	104	0.7%	11.8%	State of Romania
4	3	▼	**BRD - Groupe Societe Generale**	16,360	9.5%	1,702	330	2.1%	21.7%	Société Générale
5	4	▼	**Raiffeisen Bank**	14,104	8.2%	1,501	348	2.6%	25.0%	Raiffeisen
6	6	●	**UniCredit**	13,612	7.9%	1,581	262	2.0%	18.0%	UniCredit
7	7	●	**Exim Banca Romaneaca**	5,317	3.1%	328	12	0.2%	3.7%	State of Romania
8	8	●	**Alpha Bank Romania**	4,738	2.8%	468	38	0.8%	8.4%	Alpha Bank
9	9	●	**OTP Bank Romania**	3,971	2.3%	482	49	1.2%	10.8%	OTP
10	10	●	**Garanti Bank**	3,065	1.8%	376	36	1.2%	10.1%	BBVA
11	11	●	**Libra Internet Bank**	2,249	1.3%	253	64	3.0%	27.6%	NCH
12	12	●	**Vista Bank**	1,908	1.1%	127	13	0.7%	10.5%	Barniveld Enterprises
13	13	●	**First Bank**	1,680	1.0%	183	12	0.7%	6.5%	J.C. Flowers &Co
14	14	●	**Intesa Sanpaolo Romania**	1,493	0.9%	207	8	0.5%	4.1%	Intesa Sanpaolo
15	15	●	**Patria Bank**	811	0.5%	80	5	0.6%	6.2%	EEAF Financial Services BV
16	16	●	**Credit Europe Bank**	679	0.4%	183	14	1.8%	7.5%	Credit Europe Bank N.V.
17	17	●	**Procredit Bank**	555	0.3%	48	4	0.8%	9.3%	ProCredit
18	18	●	**Salt Bank**	356	0.2%	73	-5	-1.2%	-8.3%	Banca Transilvania
19	19	●	**Banca Centrala Cooperatista CREDITCOOP**	344	0.2%	83	1	0.2%	0.9%	Lista Membrii Cooperatori
20	20	●	**TechVentures Bank**	174	0.1%	9	-2	-1.0%	-20.2%	Private individuals
21	21	●	**BCR Banca pentru Locuinte**	126	0.1%	11	2	1.5%	19.7%	Erste
22	23	▲	**Banca Romana De Credite Si Investitii**	73	0.0%	11	-3	-4.7%	-30.2%	Private individuals
23	22	▼	**PORSCHE BANK ROMANIA SA**	72	0.0%	25	2	2.4%	6.1%	Porsche Bank AG
			Total Banking Sector	**171,381**	**100.0%**	**19,599**	**3,085**	**1.8%**	**20.1%**	

Source: Annual reports, National Bank of Romania
Please note that the presented total banking sector data also includes foreign branches and other entities.
Please note that from July 2024, Intesa Sanpaolo is the major shareholder of First Bank.
Please note that Salt Bank, a 100% digital bank was created from Idea Bank, owned by Banca Transilvania.
As of 31 December 2023, Banca Transilvania had not yet acquired majority ownership of OTP Bank Romania; the transaction closed in July 2024.
As of 31 December 2023, the acquisition of Alpha Bank Romania by UniCredit has not yet been completed. The deal closed in November 2024, after which the two banks merged.
After the approval of the acquisition of Porsche Bank by private investor Dan Ostahie, the bank started to operate as Credex Bank in July 2024.
Please note that as per the National Bank's classification, Banca Centrala Cooperatista CREDITCOOP is a 'Central body of credit co-operatives'.
Please note that as per the National Bank's classification, BCR Banca neptru Locuinte is a 'Savings banks for housing'.
Please note that as per the National Banks, there are 33 credit co-operatives operating in Romania as of 31 December 2023.

As of 2023, there were 23 banks in Romania. The four biggest players in terms of total assets are Banca Transilvania, Banca Comerciala Romana, CEC Bank and BRD – Groupe Societe Generale, as they held 51.0% of total assets of the banking sector, showcasing their strong market position. The presence of Romanian owned banks remained significant, as Banca Transilvania, CEC Bank and Exim Banca Romaneaca held 31.9% market share in 2023, based on total assets. They also held 34% of private sector deposits and were the largest contributors to financial intermediation, accounting for 32 percent of total loans as of September 2023[5].
The majority of corporate loans were directed towards domestically owned companies, representing about 70 percent of total loans to businesses. The ongoing consolidation of the Romanian banking sector is anticipated to continue, driven by the mergers and acquisitions announced in 2023.

In the beginning of February 2025, the Hungarian digital bank, Gránit Bank has launched its cross-border operations in Romania. The bank provides digital services to Romanian customers, including accounts in RON and foreign currencies, as well as currency exchange at preferential rates.

M&A deals

2024

- OTP Bank sold its Romanian subsidiary to Banca Transilvania, the market leader in the Romanian banking sector for a consideration of EUR 347.5 mn. The transaction, which involved the acquisition of 100% of OTP Bank Romania, closed in July 2024. Banca Transilvania CEO Omer Tetik revealed further plans to acquire small to medium-sized banks or assets from larger banks in Romania, as reported by Ziarul Financiar. The bank also aims to acquire asset management, leasing, and factoring firms to increase its market share from 23% to just under 28%.
- In May 2024, APS Holding, the Luxembourg based non-performing loan investor acquired non-performing exposures from Piraeus Financial Holdings. The portfolio consisted of approximately 2,000 unsecured loans and loans secured with real estate collateral in Romania. The deal value was EUR 34.6 mn and was closed on 14 May 2024.

2023

- At the end of October 2023, Intesa Sanpaolo has acquired 99.98% of First Bank Romania from the American private equity firm, J.C Flowers & Co. With this transaction, Intesa Sanpaolo has entered the top 10 banks of the Romanian market by nearly doubling their assets. The transaction received regulatory approval and was completed in May 2024.
- In October 2023, UniCredit and Alpha Services and Holdings announced that UniCredit would acquire Alpha Bank Romania S.A. The transaction, which closed in November 2024 following due diligence process and the receipt of corporate and regulatory approvals, created the third largest bank in the local market with a combined market share of 10.8%. From the new entity, Alpha Bank retained 9.9% of the combined share capital and received a cash consideration of EUR 255 mn. Besides this acquisition, the two banks have forged a commercial partnership in the Greek market as well. In addition, UniCredit issued an offer to the Hellenic Financial Stability Fund for their 9% stake in Alpha Services and Holdings.

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2022

- In 2022, the owner of Altex group, Dan Ostahie a Romanian private investor decided to acquire the banking license of local banking services provider Porsche Bank Romania for a total value of EUR 189 mn. k. In June 2022, the BNR vetoed the deal, as the minimum required 5 years of experience in the financial banking field was not met. In 2023, Dan Ostahie fulfilled the banking experience requirements and in June 2024 the acquisition has been approved by the National Bank of Romania. Due to the transaction Dan Ostahie (90.1%) and Real Estate Srl (9.89%) now own 100% of the bank, which operates under the trade name of Credex Bank since.

2021

- In 2021, 100% shares of Idea Bank has been acquired by Banca Transilvania S.A for EUR 43 mn from Getin Holding SA. The transaction was completed in Q3 2021.
- In 2021, the French banking group Credit Agricole Bank sold 100% shares of its subsidiary (Credit Agricole Bank Romania S.A.) to Vista Bank which is owned by a Greek business conglomerate, Vardinogiannis Group. The transaction was completed in Q3 2021. Integration of two banks has been completed in October 2022, afterwards they started to operate as one entity.

2019

- In 2019, EXIMBANK of Romania acquired 99.28% stake of Banca Romaneasca from National Bank of Greece (a listed Greek financial institution). The acquisition was in line with EXIMBANK's strategy of strengthening the role of state-controlled banks in the Romanian market and enabled EXIMBANK to start retail banking operation in the domestic market. Following the completion of acquisition, the integration plan has been implemented and it became universal bank from December 2022. Previously, in July 2017 OTP Bank Romania agreed to acquire a 99.28% stake in Banca Romaneasca from National Bank of Greece, but the transaction was terminated, since the Romanian Central Bank rejected the transaction
- In 2019, the Israeli Bank Leumi le-Israel sold the Bank Leumi Romania to J.C. Flowers (US investment fund). The deal was beneficial for all parties as J.C. Flowers's aim was to increase and consolidate its presence in the Romanian market; and the Leumi's international strategy was to focus on the commercial banking operations of its US and UK subsidiaries. J.C. Flowers merged the bank to the First Bank, its Romanian subsidiary. At the time of the transaction, Bank Leumi Romania owned a network of 15 branches in Romania with 200 employees.

2018

- In 2018, Piraeus Bank agreed with J.C. Flowers (US investment fund) on the sale of its entire shareholding stake in its banking subsidiary in Romania. In September 2018, the bank changed its name to First Bank.
- In 2018, Banca Transilvania agreed to acquire a 99.15% stake in Bancpost along with a leasing and a consumer credit provider company from the Greece-based Eurobank Ergasias for EUR 301 mn. The acquisition is in line with the organic growth strategy of Banca Transilvania.
- In 2018, the Greek Vardinogiannis Group acquired a 99.53% stake in Marfin Bank from the Cyprus Popular Bank. Marfin Bank had a 20-year over presence in the local market and had more than 30 branches in the country. In 2019, due to a strategic decision, the name Marfin Bank was changed to Vista Bank.

- In 2018, the Austrian Erste Group acquired a 6.29% stake in Banca Comerciala Romana (BCR) from SIF Oltenia (Romanian investment fund). As a result of the transaction, Erste Group holds 99.89% in BCR. The remaining 0.11% share is held mostly by former BCR employees.

2017

- In 2017, Veneto Banca was absorbed into Intesa Sanpaolo Bank after Intensa Sanpaolo successfully acquired Veneto Banca's Romanian operations. Veneto's assets and branch units significantly improved Intensa Sanpaolo's market presence.

2016

- In 2016, a 54.79% stake in Banca Comerciala Carpatica was acquired by Nextebank (now called Patria Bank). The implied equity value of the transaction was EUR 26.68 mn.

2015

- In 2015, UniCredit Bank Austria acquired a large stake in UniCredit Tiriac Bank, providing retail and commercial banking services, from Ion Tiriac, the Romania-based businessman. The transaction was part of the exit option agreed on by both parties, enabling UniCredit Group to increase its stake in the Romanian bank to 95.60%.
- In 2015, OTP Bank Romania, subsidiary of the Hungarian OTP Bank acquired Banca Millennium from the Portugal-based commercial bank, Banco Comercial Portugues, for a cash consideration of EUR 39 mn.
- In 2015, Banca Transilvania acquired Volksbank Romania from Oesterreichische Volksbanken, Westdeutsche

List of banking M&A deals in Romania 2015 – 2024

YEAR	TARGET	BUYER	% ACQUIRED	DEAL VALUE IN EUR MN	SELLER
2024	OTP Bank Romania	Banca Transilvania	100.0%	347.5	OTP Bank Plc
2024	Piraeus Financial Holdings SA (NPE portfolio)	APS Holding SA	100.0%	34.6	Piraeus Financial Holdings SA
2023	First Bank	Intesa Sanpaolo	100.0%	n/a	J.C. Flowers & Co.
2023	Alpha Bank Romania S.A.	UniCredit SpA	90.1%	255.0	Alpha Services and Holdings S.A.
2022	Porsche Bank Romania	Dan Ostahie (Private investor)	100.0%	189.0	Porsche Bank AG
2021	Idea Bank Romania	Banca Transilvania	100.0%	43.4	Getin Holding SA
2021	Credit Agricole Bank Romania	Vista Bank	100.0%	n/a	Credit Agricole SA
2019	Banca Romaneasca	Export-Import Bank of Romania	99.3%	314.0	National Bank of Greece
2019	Bank Leumi Romania	First Bank	99.3%	n/a	Bank Leumi le-Israel
2018	Vista Bank	Barniveld Enterprises (Vardinogiannis family)	100.0%	n/a	Cyprus Popular Bank
2018	First Bank	J.C. Flowers & Co.	76.1%	n/a	Piraeus Bank
2018	S.C. Bancpost	Banca Transilvania	93.8%	301.0	Eurobank Ergasias
2018	Banca Comerciala Romana	Erste Group	6.3%	n/a	SIF Oltenia
2017	Veneto Banca	Intesa Sanpaolo	100.0%	n/a	Veneto Banca
2016	Banca Comerciala Carpatica	Patria Bank	54.8%	26.7	Banca Comerciala Carpatica
2015	UniCredit Tiriac Bank	UniCredit Bank Austria	45.0%	700.0	Ion Tiriac (Private Investor)
2015	Volksbank Romania	Banca Transilvania	100.0%	711.0	ÖVB, Westdeutsche GZb, DZ Bank, BPCE
2015	Banca Millenium	OTP Bank Romania	100.0%	39.0	Banco Comercial Portugues

Source: Deloitte Intelligence, Mergermarket, S&P Capital IQ

Genossenschafts-Zentralbank, DZ Bank and BPCE for EUR 711 mn. After the transaction, BT Banca Transilvania fully integrated the new business unit into the existing structure.

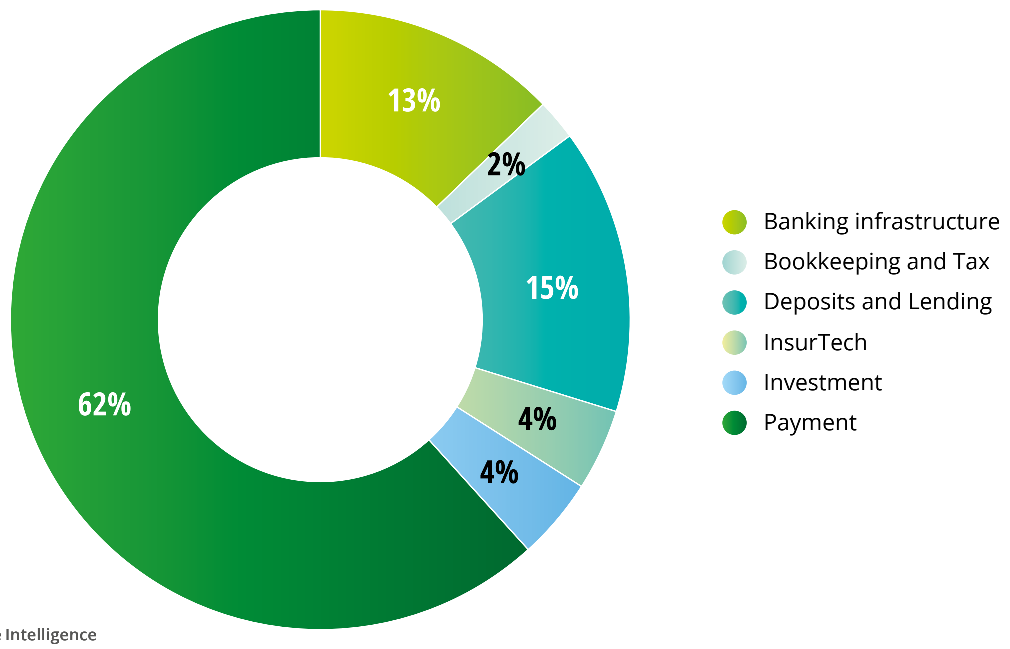
Overview of the Romanian fintech market

- Based on the number of fintech companies in Romania, the top two sectors are payment and banking infrastructure firms. The payment service providers accounted for ca. 91% of the total market revenue, making them the most profitable in 2023.
- In terms of revenues, the fastest-growing firms are those in the Banking Infrastructure and deposit & lending sectors. The Compound Annual Growth Rate (CAGR) for these companies was 162% and 86%, respectively, for the period from 2019 to 2023.
- Payment, lending and financial infrastructure are anticipated to remain the primary focus of Romanian fintech companies. However, InsurTech, InvesTech, and wealth management sectors are also projected to continue growing and attain a similar status in the near future. InsurTech's development is supported by InsurTech Hub Romania set up by the Romanian Financial Supervision Authority. This initiative aims to ensure the institutional framework for the collaboration of interested parties in order to support the controlled development of innovation activities in technologically supported insurance, facilitate communication between interested parties by organizing joint events, identify both the latest trends in the field and the latest solutions & products developed, in order to improve the activity and the products offered and develop an environment conducive to understanding and deepening the innovations and technological solutions presented.
- Traditional banks continue to be a major player in the digital financial industry, owing to numerous partnerships with existing fintech companies and increasingly developing their own digital solutions. Banks which have initiatives in the fintech sector include Banca Transilvania, CEC Bank, BCR, BRD Groupe Societe Generale, Alpha Bank, ING, Raiffeisen Bank, OTP Bank, TBI Bank, Patria Bank, UniCredit Bank, Garanti BBVA, First Bank, Credit Europe Bank, ProCredit Bank, Libra Internet Bank and Exim Banca Romaneasca.
- Capitalizing on the popularity of fintech solutions in Romania in the B2C segment as well as the National Bank of Romania's openness to support such initiatives, it is highly anticipated that in the near-term at least the top 5 ranked banks on the Romanian banking landscape will have their own neobank/fintech solutions to better meet the shifting consumer preferences.
- Multiple fintech hubs, such as RoFinTech and FinTech Hub exist in Romania. These hubs foster entrepreneurship and provide knowledge sharing opportunities like the Next Fintech acceleration program, and networking opportunities for investors and founders/owners.
- The National Bank of Romania supports local fintech firms by launching the FinTech Innovation Hub. This initiative encourages and supports innovation in payment and financial services in a controlled environment, while also monitoring potential risks and suggesting mitigation measures. Through the FinTech Innovation Hub, the National Bank of Romania serves as a point of contact for fintech firms, who can request non-binding compliance guidelines for their innovative products and services.
- In July 2023, RoFinTech initiated the Romanian Open Banking Initiative (ROBI) to address the misalignment between the implementation of PSD2 and the upcoming PSD3, with the aim of promoting the adoption of open banking in Romania. This is accomplished by analyzing and making recommendations about the quality of banking data available through the API.
- In October 2023, RoFinTech, along with seven other European entities, secured a non-refundable loan of EUR 1 mn under the Fintech Investor Network and Ecosystem (FINE) EU project. The project's goal is to foster networking and connections both locally and internationally within the fintech industry.
- Romania aims to develop into a full-fledged fintech hub in the CEE region, capitalizing on the continuous growth of the entrepreneurial environment in recent years, high internet speed and a highly favorable consumer sentiment towards digital solutions adoption. However, significant barriers, such as high equity and debt financing requirements for fintech start-ups, pose challenges. The limited number of investors mainly target established fintech companies that are already demonstrating growth.

M&A Trends

- Investment fintech leads the VC investment category, as all such companies managed to raise capital from these funds starting from 2019. The banking infrastructure and InsurTech sectors are the second and third most popular segments, with approx. 67% and 50% of firms in each category, respectively, raising capital from VC firms.
- Several fintech companies, including Instant Factoring, FintechOS, Lendox (iFactor), Finqware, Prime Dash, faragrija.ro (PayPact), Omnicredit, Vestinda, and Fagura have collectively raised approximately EUR 81.4 mn from VC firms recently.
- The large increase in funding raised is driven by FintechOS which managed to secure approx. EUR 60mn in Series B+ financing round on 30th May 2024.

Fintechs distribution among categories based on the number of companies



Source: Deloitte Intelligence

TOP20 Romanian fintechs by revenues (kEUR, 2023)

#	COMPANY NAME	FINTECH CATEGORY	DESCRIPTION	HAD VC INVESTMENTS PREVIOUSLY?	REVENUE	EBITDA	NET INCOME	TOTAL EQUITY
1	MonePOS by AROBS	Payment	MonePOS was developed in 2021 by AROBS Transilvania Software SA in partnership with Banca Transilvania and it is a company specialized in offering mobile POS terminals. It is accredited by Visa and Mastercard and offers the fastest (10 seconds) contactless and paperless solution in the country. Moreover, MonePOS can be intregrated with any ticketing system for public transit.	no / n.a.	86,383	14,954	6,452	55,017
2	Paypoint Services SRL	Payment	Paypoint Services SRL is a major market player in the Romanian payment processing industry with both a B2B and B2C focus. The company offers a vast range of services: miscellaneous bill and utility payments, mobile top-up, national and international money transfers, express parcels pick-up, road tax and bridge tax payment and online payment.	no / n.a.	68,007	4,707	3,031	5,163
3	Selfpay SA	Payment	Zebrapay SA is active since 2009, changing its brand identity to SelfPay in 2018. It has the largest self-service terminal network in Romania (over 10,000 installed units), operating under an omni-channel approach in over 1,000 cities. Services offered are: mobile top-up (for Telekom, Vodafone, and Orange), bill payment, online payment, parking fee payment, road tax payment, loan installments payment. As of March 2023, the company's SelfPay Now app reached over 140,000 users and processed over 500,000 transactions. It is the first European app which facilitates real-time bank card top-up with cash through the use of SelfPay terminals.	no / n.a.	37,384	4,123	2,185	5,287
4	Mobile Distribution SRL	Payment	The company was founded in 2007. Since 2014, its platform offers bill payment services, mobile and SIM top-up, insurance payment, vignette purchase, tax payments, money transfer, e-money, lottery ticket purchase, and entertainment voucher purchase. Currently, company has 7,000 partners, 10,000 shops, 150 supported suppliers, and a national reach, given that 2,600 cities are covered.	no / n.a.	35,172	660	(111)	5,930
5	Up Romania SRL	Payment	Incorporated in 2002 in Romania but operating in 29 other countries as part of the Up Group. Up Group ranks third in the global meal tickets card issuing market. Products offered are electronic/paper meal tickets (Up Dejun), gift tickets (Up Cadou), holiday vouchers, cultural tickets. Over 800,000 employees directly benefit from these products.	no / n.a.	34,523	9,110	16,628	25,342

#	COMPANY NAME	FINTECH CATEGORY	DESCRIPTION	HAD VC INVESTMENTS PREVIOUSLY?	REVENUE	EBITDA	NET INCOME	TOTAL EQUITY
6	Printec Group Romania SRL	Payment	Printec Group Romania SRL is part of the Printec Group. It is a leader in B2C transaction technologies in CEE. Solutions offered focus on self-service channels (ATMs, smart vending machines), e-signature, security & compliance, and BI & analytics. Services provided can be classified as software development, consulting, and maintenance in the field of self service channels, digital transformation, e-payments, security & compliance and business intelligence & analytics.	no / n.a.	21,346	2,135	1,707	4,193
7	Fintech OS SRL	Banking infrastructure	Fintech OS SRL was established in 2017 and offers fully integrated fintech infrastructure. Product line encompasses: digital banking transformation platform for retail and commercial banking; digital insurance platform; platforms for creating and launching products, such as data models, data pipes, scoring engines, etc., without writing a single line of code. Product portfolio is a good fit for the retail banking, small business banking, general insurance, embedded finance, health insurance and life insurance. More than 50 institutions in 20 markets and 4 continents run on FintechOS, including Erste Bank, Societe Generale, Vodafone, and VIG. Company manages a total of 80.9 EUR bn in assets and has offices in London, Amsterdam, Bucharest, Copenhagen and Vienna.	Yes	17,369	n/a	(16,420)	(9,563)
8	Tpark	Payment	Tpark is the market leader in parking management solutions. The system is deployed in over 105 cities across Romania and Hungary. Firm has direct contracts with local GSM operators. Users can also purchase e-vignettes for both Romania and Hungary. To this date, company processed over 8mn transactions and amassed over 650,000 users, and more than 50,000 parking spaces are currently under management.	no / n.a.	15,671	699	504	1,012
9	Myworld Retail Services SRL	Payment	Launched 2013 in the UK and reaching an international presence, myWorld is an international network of ca. 15m shoppers and 150,000 partners. With myWorld Partner, the myWorld group of companies confers SMEs a cost-efficient and innovative customer loyalty program, linked to the benefit program. Over 10m products are available on the myWorld platform. Suppliers' integration to the platform is facilitated by 24h service and zero-error picking, through the myWorld Logistics entity.	no / n.a.	14,290	16	42	(596)
10	Payten Payment Solutions SRL	Payment	Payten Payment Solutions provides payment solutions to both financial and non-financial institutions, supporting both card and card-less transactions. Its operations function under a wide array of national certifications (ISO). Service and solutions encompass mobile payment, bill payment, ATM and POS related services, security and fraud, maintenance and support.	no / n.a.	12,283	1,623	799	3,524
11	Viva Payment Services Single Member SA	Payment	Founded in 2010 in Greece, Viva Payment Services SA is the developer and operator of Viva Wallet, the first Pan-European entirely cloud-based Neobank providing localized payment and credit services to businesses across 24 European countries. Company is a primary member of Visa and Mastercard for acquiring and issuing services.	Yes	11,303	4,870	4,085	10,646
12	Netopia Financial Services SRL (previously Netopia Holding SA)	Payment	NETOPIA Payments is a leading player in the Romanian payment processing market for both B2B and B2C clients. Company offers full payment processing services (credit/debit cards, special cards, micropayments through SMS), the mobilPay app (the first multifunctional digital wallet in Romania), and virtual POS. Payments are facilitated through payment links, one-click payments, recurring payments, loan installments.	no / n.a.	10,598	1,865	1,727	2,775
13	It Smart Systems SRL	Banking infrastructure	Fouded in 2002, It Smart Systems SRL is the first Romanian company authorized as a TPP by the National Bank of Romania and also a winner of the 2018 London Open Banking Hackathon. The company has niche expertise in digital identity, open banking, business process management, omnichannel banking, cloud, analytics and business intelligence. Product portfolio consists of Ryke (local non-bank payment and PFM app), Harp (HR processes automation tool), Momentum (streamlining tool for digital business partnerships), Fintech App Accelerator - FiMA (financial app development), SmartPG Suite (suite of tools: SmartPG OBaaS - Open Banking as a Service for banks or financial institutions, SmartPG Validator - for TPPs that are allowed to use Open Banking services, SmartPG Integrator - accelerator for access to payment initiation and account interrogation financial services implemented over the bank's open banking interfaces, SmartPG Monitor - continuous monitoring tool of the Romanian bank Open Banking services accordingly to regulatory criteria).	no / n.a.	7,710	654	164	997
14	24Broker	InsurTech	Founded in 2004, 24Broker is a SaaS platform for insurance brokers. It facilitates the operational management of insurance brokerage activities: sales and sales team management. It connects through web services with major insurance companies on the Romanian market, being able to offer and issue more than 120 insurance products in real time.	no / n.a.	6,177	1,728	1,286	9,742
15	Europayment Services SRL	Payment	Europayment Services SRL was established in 2006. It is specialized in e-Commerce payment, card payment processing, 3D Secure integration solutions, e-payment solutions for e-shops (including recurring payments, loan installments payment, SMS payments, bank transfers, payment links, virtual payment terminals and QR payments). Company operates under multiple accredited certifications: SR EN ISO/IEC 27001:2018, SR ISO/IEC 27701:2019, SR EN ISO 9001:2015, and PCI-DSS Level 1 - Service Provider. Client portfolio includes SMEs, corporations, service providers, tourism agencies, and universities, as well as a network of cross-industrial partners.	no / n.a.	4,955	2,341	1,971	1,960
16	Timesafe SRL	Payment	Timesafe SRL is the developer of the Pago app, launched in 2017. Pago is a payment processor mobile application that allows its users to pay their bills online and transfer money in real time to any Romanian bank card, all under a single account. Over 432 utilities suppliers are partnered with the app. Pago has over 220,000 active users in Romania and more than 15,000 users in Poland. The beta version of the app was launched in Italy in 2021 and further expansion plans in Spain are under discussion.	no / n.a.	4,208	(231)	(362)	166
17	C Solution SRL	Payment	C Solution SRL owns the payment platform plationline.ro dedicated to corporate entities and launched in 2002. This platform focuses on online payment acceptance and payment processing, offered through an integrated management system for credit card transactions, alternative online payments, recurring online payments, payment tokens, loan installments payment, bank transfers. Its partnership network denotes a strong presence both locally and abroad.	no / n.a.	4,149	129	61	157
18	Easypay System SRL	Payment	Founded in 2010, Easypay System SRL has developed a self-service terminal network and launched the first payment terminal in Romania. Company simultaneously produces and designs self-service terminals, tailored to clients' specific needs and projects. Types of self-service terminals offered are info touch, cryptocurrency, info-point, coin to card, cash out, digital signage, and public transport. Company has been a partner of Mega Image retail chain for over 6 years.	no / n.a.	3,703	751	456	1,299
19	INSTANT FACTORING IFN S.A.	Banking infrastructure	Founded in 2018, Instant Factoring is a fintech company that provides flexible working capital financing through invoice financing for small businesses and micro-companies, turning invoices into cash in 24 hours based on a proprietary automated data driven scoring technology.	Yes	1,576	467	271	1,871
20	STOCKBERRY SRL	No longer relevant for this study as the company switched to the gambling industry	Founded in 2017, StockBerry App is designed to help traders save time by scanning millions of tweets and news and show them how positive or negative the market sentiment is + many other goodies (like news, portfolio management, market data, technical indicators, etc). The application is a mobile application Android and iOS and planing to have the web version as well.	no / n.a.	118	n/a	82	82

Source: Deloitte Intelligence

SERBIA

The Serbian economy has shown resilience and adaptability in a globally unstable environment marked by geopolitical tensions, elevated inflation, and tightened monetary conditions. Despite these global challenges, Serbia has managed to maintain economic stability as the real GDP grew by 3.8% in 2023, driven by positive contributions from multiple sectors such as agriculture, construction and industry.

In 2023, Serbia's average annual inflation was 12.1%, with core inflation at 9.1%[1], both of which peaked in March before declining by year-end, driven by monetary policy measures, reduced global cost pressures, and a strong agricultural season. The National Bank of Serbia continued raising the key policy rate, reaching 6.50% by July 2023[2], and increased reserve ratios to absorb excess liquidity. Inflation expectations have moderated, with an estimated annual inflation of 4.8%, prompting the National Bank to ease its monetary policy by reducing the key policy rate to 6.0% in July and to 5.75% in September 2024.

Despite challenges such as the international energy crisis, Serbia's public debt as well as the unemployment has been on a downward trajectory since 2021. At the end of 2023, central government debt stood at 48% of GDP, down from 52.4% at end of 2022, meanwhile unemployment rate decreased by 1.7% points since 2021 to 9.4% in 2023.

At the end of 2023, the total assets of the Serbian banking sector amounted to EUR 52.7 billion, reflecting a 9.1% increase from the previous year, due to expansion in claims on the National Bank of Serbia[3].

Retail loans showed a modest growth of 1.4% from 2022 to 2023, excluding the exchange rate effect. Within the retail sector cash loans contributed to growth mostly, representing a substantial portion of new loans issued. As of the Serbian National bank, by the end of 2023, cash loans accounted for 44.5% of total household receivables, up by 1.0% point from the previous year[4]. Housing loans, although still a significant part of retail lending, contributed negatively to growth due to higher borrowing costs and elevated real estate prices. Corporate loan growth was twice that of retail loan growth, with a 2.7% increase since 2022, driven by investment loans which accounted for 41.9% of corporate loans as per the National Bank. Despite the overall growth, there was a notable slowdown in corporate lending, which was attributed to the maturity of guarantee-scheme loans and the tightening of credit standards by banks. Corporate loans were dominated by long-term loans, which represented 88.2% of total corporate loans by the end of 2023[5].

As of the end of 2023, the total NPL ratio remained low, standing at 3.2% with a minimal increase compared to 2022. Key reason was the rise in interest rates, which increased the cost of loan repayment and strained borrowers' financial capacities. Rising interest rates had a more notable impact on the retail loans as the retail sector saw an increase in the NPL ratio. By the end of 2023, the NPL ratio for household loans reached 4.3%[6], marking an increase of 0.4% points compared to the previous year. The share of non-performing loans in total corporate loans remained low at the end of 2023 with 2.1%, unchanged from the previous year, indicating that the increase in interest rates did not impair corporates' ability to service their loan obligations. However, there was a marginal increase in NPLs in some sectors, such as mining and manufacturing.

The National Bank of Serbia raised policy rates to levels not seen since the global financial crisis of 2007-2008 resulting in enhanced net interest income of the sector. In 2023, Serbian banks recorded a 2.5% ROA, which was slightly above the regional average. This higher ROA reflects better asset utilization and income generation from core banking activities compared to peers. While the ROE of Serbian banks has been lower than the regional average due to higher capitalization, it remained above the EU average throughout the observed period. The ROE for Serbian banks in 2023 was 18.1%, underscoring strong profitability. CAR for Serbian banks in 2023 was 21.4%, significantly above the regulatory minimum, as Serbian banks are well-capitalized, providing a strong cushion against potential losses and ensuring financial stability.

1 National Bank of Serbia – Annual Financial Stability Report 2023 – page 1
2 National Bank of Serbia – Annual Financial Stability Report 2023 – page 1
3 For liquidity purposes, the National Bank of Serbia conducted reverse repo transactions involving securities with a one-week maturity.
4 National Bank of Serbia – Annual Financial Stability Report 2023 – page 40

5 National Bank of Serbia – Annual Financial Stability Report 2023 – page 3
6 National Bank of Serbia – Annual Financial Stability Report 2023 – page 3

MACRO INDICATORS	2021	2022	2023	2024E	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024E (% OR % POINT)
Gross Domestic Product (GDP)						
Nominal GDP (LCY mn)	6,576,024	7,458,762	8,817,763	9,611,321	18.2% ▲	9.0% ▲
Nominal GDP / Capita (LCY k)	962.2	1,119.2	1,331.3	1,460.0	19.0% ▲	9.7% ▲
Nominal GDP (EUR mn)	55,929	63,501	75,208	82,043	18.4% ▲	9.1% ▲
Nominal GDP / Capita (EUR k)	8.2	9.5	11.4	12.5	19.2% ▲	9.8% ▲
Real GDP (% change pa.)	7.9%	2.6%	3.8%	4.0%	1.2% ▲	0.2% ▲
Financial Markets						
Lending interest rate (%)	5.5%	6.6%	8.4%	8.2%	1.8% ▲	-0.2% ▼
Deposit interest rate (%)	1.8%	4.6%	4.6%	4.0%	0.0% ●	-0.6% ▼
Consumer prices (% change pa.)	4.0%	11.8%	12.1%	4.8%	0.3% ▲	-7.3% ▼
Average EURLCY	117.6	117.5	117.2	117.1	-0.2% ▼	-0.1% ▼
Average USDLCY	99.4	111.8	108.4	108.4	-3.0% ▼	-0.1% ▼
Public Debt						
Public debt (% of GDP)	53.9%	52.4%	48.0%	46.2%	-4.4% ▼	-1.8% ▼
Budget balance (% of GDP)	-3.9%	-3.0%	-2.1%	-2.6%	1.0% ▲	-0.5% ▼
Population						
Population (mn. pers.)	6.8	6.7	6.6	6.6	-0.6% ▼	-0.6% ▼
Unemployment rate (%)	11.1%	9.5%	9.4%	8.7%	-0.1% ▼	-0.7% ▼

Source: EIU, MNB (exchange rates)
E – Estimated data for 2024
Please note that 2024H1 average exchange rate was applied for 2024E figures.

Banking Sector

BANKING SECTOR	2021	2022	2023	2024H1	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024H1 (% OR % POINT)
General Data						
Total assets (EUR mn)	44,695	48,326	52,720	54,937	9.1% ▲	4.2% ▲
Asset penetration (%)[1]	79.9%	76.0%	70.0%	66.8%	-6.1% ▼	-3.2% ▼
Total equity (EUR mn)	5,828	5,897	6,503	6,716	10.3% ▲	3.3% ▲
Total loans (EUR mn)	25,513	27,264	27,606	28,665	1.3% ▲	3.8% ▲
Loan penetration (%)[2]	45.6%	42.9%	36.6%	34.9%	-6.3% ▼	-1.8% ▼
Retail loans (EUR mn)	11,694	12,418	12,591	13,196	1.4% ▲	4.8% ▲
Corporate loans (EUR mn)	11,460	11,950	12,269	12,752	2.7% ▲	3.9% ▲
Other loans (EUR mn)[3]	2,359	2,896	2,746	2,718	-5.2% ▼	-1.0% ▼
NPL Volumes						
Total NPLs (EUR mn)	912	822	886	842	7.8% ▲	-4.9% ▼
Retail NPLs (EUR mn)	478	486	543	516	11.8% ▲	-5.0% ▼
Corporate NPLs (EUR mn)	327	249	259	265	4.3% ▲	2.3% ▲
NPL Ratios						
Total NPL ratio (%)	3.6%	3.0%	3.2%	2.9%	0.2% ▲	-0.3% ▼
Retail NPL ratio (%)	4.1%	3.9%	4.3%	3.9%	0.4% ▲	-0.4% ▼
Corporate NPL ratio (%)	2.9%	2.1%	2.1%	2.1%	0.0% ●	0.0% ●
Key Ratios						
CAR (%)	20.8%	20.2%	21.4%	21.8%	1.2% ▲	0.4% ▲
ROE (%)	7.8%	13.9%	18.1%	22.7%	4.2% ▲	4.6% ▲
ROA (%)	1.2%	1.9%	2.5%	3.2%	0.5% ▲	0.7% ▲
CIR (%)	71.0%	58.7%	53.7%	50.2%	-5.0% ▼	-3.5% ▼
L/D (%)	85.1%	85.3%	76.6%	75.8%	-8.6% ▼	-0.9% ▼
NIM (%)	n/a	n/a	n/a	n/a	n/a n/a	n/a n/a
OPEX on avg. total assets (%)	n/a	n/a	n/a	n/a	n/a n/a	n/a n/a
Cost of risk (%)	n/a	n/a	n/a	n/a	n/a n/a	n/a n/a

Source: National Bank of Serbia. 1. Asset penetration = Total assets/Nominal GDP | 2. Loan penetration = Total loans/Nominal GDP |
3. Other loans consist of loans to other financial organizations, local government, public enterprises, non-profit and other organizations.
Please note that the methodology for calculating total loans (EUR mn) has been changed to exclude claims on the National Bank and local governments.

List of Banks in Serbia 2023 (EUR mn, %)

RANK 2023	RANK 2022	YOY	INSTITUTIONS	TOTAL ASSETS	MARKET SHARE	EQUITY	NET INCOME	ROA	ROE	MAJOR SHAREHOLDER
1	1	●	**Banca Intesa**	7,911	15.0%	947	179	2.4%	20.2%	Intesa Sanpaolo
2	2	●	**OTP Banka Srbija**	7,079	13.4%	920	144	2.1%	16.2%	OTP
3	5	▲	**Raiffeisen Banka**	5,670	10.8%	745	192	3.4%	27.3%	Raiffeisen
4	3	▼	**UniCredit Banka**	5,452	10.3%	822	157	3.0%	20.6%	UniCredit
5	4	▼	**NLB Komercijalna banka**	5,033	9.5%	834	128	2.6%	16.5%	NLB
6	8	▲	**Postal Savings Bank**	3,957	7.5%	299	36	1.0%	13.2%	State of Serbia
7	6	▼	**AIK Banka**	3,919	7.4%	819	70	1.9%	9.4%	BDD M&V Investments
8	7	▼	**Erste Bank**	3,240	6.1%	412	47	1.5%	12.2%	Erste Group
9	9	●	**Eurobank Direktna**	2,749	5.2%	337	15	0.6%	4.5%	AIK Banka
10	11	▲	**ProCredit Bank**	1,390	2.6%	168	20	1.5%	12.2%	ProCredit Holding
11	12	▲	**HalkBank**	1,091	2.1%	210	18	1.8%	9.2%	Turkiye Halkbankasi AS
12	13	▲	**Addiko Bank**	942	1.8%	206	6	0.6%	2.8%	Addiko Group
13	15	▲	**ALTA Banka**	681	1.3%	55	9	1.6%	21.0%	ALTA Pay Group
14	17	▲	**Srpska Banka**	394	0.7%	30	3	0.9%	10.6%	State of Serbia
15	18	▲	**Mobi Banka**	303	0.6%	35	1	0.3%	2.1%	Telenor Danmark Holding
16	16	●	**Bank of China Serbia**	283	0.5%	33	11	3.0%	41.4%	Bank of China
17	19	▲	**3 Banka**	257	0.5%	43	4	1.8%	10.6%	Umwelt Bank
18	20	▲	**Adriatic Banka**	200	0.4%	31	5	3.2%	19.5%	Private Individual
19	21	▲	**Api Bank**	154	0.3%	25	8	5.9%	37.9%	AZRS INVEST
20	22	▲	**Mirabank**	50	0.1%	20	-1	-2.0%	-4.9%	Duingraaf Financial Investments
			Total Banking Sector	**52,720**	**100.0%**	**6,503**	**1,295**	**2.5%**	**18.1%**	

Source: Annual reports, National Bank of Serbia
Please note that the presented total banking sector data also includes foreign branches and other entities.
In 2022 April, with the merger of NLB ad Beograd, and Komercijalna banka a.d. the bank changed its name to NLB Komercijalna banka a.d. Beograd.
In 2023, RBA banka a.d. Novi Sad (previously, Credit Agricole Banka Srbija) merged to Raiffeisen Bank.
In August 2023, Expobank a.d. Beograd changed its name to Adriatic Bank akcionarsko društvo Beograd.
In May 2024, Mobi Banka ad Beograd changed its name to Yettel Bank ad Beograd.

As of 2023, 20 banks were operating in Serbia. The banking sector was dominated by major players like Banca Intesa, OTP Banka Srbija, Raiffeisen Banka, UniCredit Bank, and the NLB Komercijalna Banka, which together controlled 59.1% of the banking sector's total assets, while maintaining significant market share. In 2023, RBA banka a.d. Novi Sad, previously Credit Agricole Banka Srbija merged to Raiffeisen Banka making Raiffeisen the third largest bank in Serbia. The Serbian banking sector has been experiencing a trend of market consolidation, driven by the need for operational efficiency and increased competitiveness. This trend has been characterized by mergers and acquisitions, particularly among major banks aiming to expand their market share and streamline operations. Notably, the sector's consolidation is influenced by the strategic moves of both foreign-owned and domestic banks, aiming to enhance their foothold in the Serbian market.

M&A deals

2023

- In April 2023, Adriatic Bank A.D. Podgorica, a Montenegro-based bank, completed the acquisition of Expobank A.D. Belgrade. This strategic move was made to facilitate Adriatic Bank's expansion into the Serbian market. Subsequently, the target bank has begun operating under its new name, Adriatic Bank A.D. Beograd.
- In March 2023, AIK Banka a.d., the Serbia-based commercial bank has signed an agreement to acquire 100% stake in Eurobank Direktna, the local Serbian bank from Eurobank Ergasias Services & Holdings SA, the Greece-based financial services group. The total deal value is approximately EUR 280 mn. The transaction was completed in early November 2023.

2022

- Serbian lender AIK Banka has finalized the acquisition of Sberbank Serbia in March 2022 after announcing the deal in 2021. The bank changed its name to NASA AIK Banka after the transaction. In 2022, NASA AIK Banka has merged to AIK Banka.

2021

- Following the acquisition of 83.23% of Komercijala Banka's shares by NLB, the bank announced a takeover intention of the remaining 16.77% in 2021. In 2022, after a successful merger of NLB's subsidiary, NLB ad Beograd, and Komercijalna banka a.d. the bank started operating under the name of NLB Komercijalna banka a.d. Beograd. By 2022, through a series of transactions, NLB acquired 100% of the bank's shares. After NLB became the sole owner, NLB Komercijalna Banka delisted it's shares from the Belgrade stock exchange in 2022.
- In 2021 Raiffeisen Bank International, acquired all shares in the Serbian subsidiary of Credit Agricole, a French rival, for an undisclosed fee. The closing of deal is completed at 1st April 2022 after which the bank was renamed to RBA banka a.d. Novi Sad. In April 2023, RBA banka was merged to Raiffeisen banka a.d. Beograd.
- Direktna Banka AD was merged with Eurobank Ergasias SA for an undisclosed deal value. The combined bank had total assets in excess of EUR 2 bn, total equity above EUR 300 mn. Transaction was closed 10 December 2021.
- MTS Banka received the approval by the Serbian competition authority of its integration into the state-owned Banka Postanska Stedionica in 2021. Previously, MTS Banka was fully owned by state-owned Telekom Srbija. After the merger, the Serbian state started to control 70.5% of Banka Postanska Stedionica, 17.94% will be owned by Posta Srbije, and 10.08% will remain in the hands of Telekom Srbija.

2020

- In 2020, a consortium, consisting of Germany-based GLS Gemeinschaftsbank eG and Umweltbank AG, and Netherands-based Triodos Investment Management B.V. announced the acquisition of 78% stake in Opportunity Banka JSC Novi Sad. Opportunity Transformation Investments Inc. reduced its holding in Opportunity banka JSC Novi Sad from 100% to 22%. UmweltBank and GLS Gemeinschaftsbank holds respective stakes of 30% and 19.99% in Opportunity banka, while Triodos Investment Management's two entities (Triodos Sicav II Fund and Triodos Fair Share Fund) each own a 14% stake. Terms of the transaction were not disclosed.
- In 2020, Nova Ljubljanska Banka announced the acquisition of 83.23% stake in Komercijalna Banka for EUR 387 mn. The transaction strengthens NLB's presence and its focus on markets in Southeast Europe, consolidating its position as the largest banking group headquartered in the region. The largest foreign subsidiary of the NLB Group will be in Serbia. The closing of the transaction was at the end of 2020.

2019

- In 2019, Government of the Republic of Serbia announced the acquisition of a 34.58% stake in Komercijalna Banka from IFC Capitalization Fund (US-based equity and subordinated debt fund) and the European Bank for Reconstruction and Development (UK based project financing firm). As a result of the transaction, the Republic of Serbia owned 83.23% of Komercijalna Banka's shares after the acquisition.
- In 2019, Telenor (Norwegian mobile operator) sold its Serbian bank, the Telenor Banka to PPF (Czech private equity fund). Earlier in 2013, Telenor bought Telenor Banka from KBC. Four years later, in 2017, River Styxx agreed to acquire Telenor Banka, but the transaction was cancelled. In March 2018, PPF acquired mobile operations of Telenor in Serbia, Hungary, Bulgaria and Montenegro with an option to buy Telenor Banka. This option was closed in 2019 by the deal.
- In 2019, the Hungarian OTP Bank bought Société Générale Srbija from its parent company, the French Société Générale. The transaction was in line with OTP Bank's regional strategic plan, to widen its presence and provided services in the region.

2018

- In 2018, the Greek Piraeus Bank sold its Serbian subsidiary to the Serbian Direktna Banka. The final deal value was around EUR 60 mn.
- In 2018, a Russian private investor acquired the Russian VTB Bank's Serbian subsidiary. The private investor's plan was to benefit from the growth potential of the Serbian market including development and supply of new products based on financial technologies.

2017

- In 2017, OTP Banka Srbija, a Serbian subsidiary of the Hungarian OTP Bank, acquired Vojvodjanska Banka from the National Bank of Greece for EUR 125 mn. After the deal, the market share of OTP Bank Srbija increased to 5.3% and it became the 9th largest bank in the country. Vojvodjanska Banka was acquired by NBG for EUR 375 mn from the Serbian state in 2006. The integration of Vojvodjanska Banka started in 2019 and was finished in 2021.
- In 2017, MK Group, a Serbian-based industrial conglomerate, agreed with the Greece-based Alpha Bank on the acquisition of Alpha Bank Serbia ad Belgrade. The transaction was in line with restructuring plan of Alpha Bank.
- In 2017, Marfin Bank Beograd was acquired by the Czech Republic-based Expobank CZ from Cyprus Popular Bank Public Co Ltd., for EUR 14.79 mn. Expobank had a long-term strategy to develop the Marfin Bank.

2016

- In 2016, BNP Paribas' subsidiary, Findomestic Banka Beograd was acquired by Serbian lender Direktna Banka Kragujevac. The acquisition was consistent with the strategy of Direktna Banka to become a leader in the SME segment in Serbia.
- In 2016, a Serbian private investor bought 100% of the KBM Banka from the Slovenian Nova KBM. Post transaction, the bank's name was changed to Direktna Banka.

2015

- In 2015 Advent International, a private equity investor, together with the EBRD acquired Hypo Group Alpe Adria AG, the Southeast European banking network of the former Hypo Alpe Adria Bank International from Heta Asset Resolution AG (Heta), including the Serbian entity.
- In 2015, Cacanska Banka was acquired by the Turkey based Turkiye Halk Bankasi from EBRD for EUR 10.1 mn. After the transaction, the bank changed its name to Halkbank, and moved its headquarters from Čačak to Belgrade.

List of banking M&A deals in Serbia 2015 – 2024

YEAR	TARGET	BUYER	% ACQUIRED	DEAL VALUE IN EUR MN	SELLER
2023	Expobank JSC Belgrade	Adriatic Bank AD Podgorica	100.0%	n/a	Expobank
2023	Eurobank Direktna	AIK Banka a.d.	100.0%	280.0	Eurobank Ergasias Services & Holdings SA, Private Individuals
2022	Sberbank Srbija	AIK Banka	100.0%	n/a	National Bank of Serbia / Sberbank
2021	Credit Agricole Srbija A.D.	Raiffeisen Bank International AG	100.0%	n/a	Credit Agricole SA
2021	Direktna Banka AD	Eurobank Ergasias SA	100.0%	n/a	Private Individuals
2021	MTS Banka	Banka Postanska Stedionica	89.9%	n/a	Telekom Srbija
2020	Opportunity Banka JSC Novi Sad	GLS Gemeinschaftsbank eG; Umweltbank AG; Triodos Investment Management B.V.	78.0%	n/a	Opportunity International
2020	Komercijalna Banka	Nova Ljubljanska Banka	83.2%	387.0	State of Serbia
2019	Komercijalna Banka	State	34.6%	155.0	EBRD, IFC Capitalization Fund
2019	Telenor Banka	PPF Group	100.0%	n/a	Telenor
2019	Societe Generale Banka Srbija	OTP	100.0%	n/a	Société Générale
2018	Piraeus Bank	Direktna Banka	100.0%	58.0	Piraeus Bank
2018	VTB Banka	Private individuals	100.0%	n/a	VTB Bank
2017	Vojvodjanska Banka	OTP	100.0%	125.0	National Bank of Greece
2017	Alpha Bank Srbija	MK Group	100.0%	n/a	Alpha Bank
2017	Marfin Bank	Expobank	100.0%	14.8	Cyprus Popular Bank
2016	Findomestic Banka	Direktna Banka	100.0%	n/a	Findomestic Banca
2016	KBM Banka	Private individuals	100.0%	n/a	Nova KBM
2015	Addiko Bank	PE Advent (80%), EBRD (20%)	100.0%	n/a	Heta Asset Resolution AG
2015	Cacanska Banka	Turkiye Halk Bankasi	76.7%	10.1	EBRD; State; IFC; Beogradska Banka

Source: Deloitte Intelligence, Mergermarket, S&P Capital IQ

Overview of the Serbian fintech market

Characteristics of the fintech industry in Serbia

The fintech industry in Serbia is evolving steadily, fueled by the growing adoption of digital services and a highly skilled tech workplace specializing in software development, blockchain, and artificial intelligence. Payment solutions, digital wallets, and blockchain technologies dominate the landscape, with startups addressing financial inclusion gaps in rural areas and underserved populations. Established banks are increasingly partnering with fintech companies to enhance digital services, while international players like Payoneer have gained significant traction in the local market.

Regulatory adjustments, driven by Serbia's EU aspirations, are modernizing the financial framework but remain a work in progress, creating challenges for compliance and scalability. Funding remains a bottleneck, with most startups relying on local angel investors, regional VCs, or government grants such as those from Innovation fund.

Many fintech companies are focusing on cross-border opportunities, leveraging Serbia's competitive engineering talent and lower operational costs to deliver global solutions. While domestic market is moderate, these factor position Serbia's fintech sector as a promising hub for innovation and regional expansion.

Key points:

- Electronic payments and blockchain technologies are the leaders of Serbian fintech market. While payment solutions are mostly focused on cooperation with financial institutions, blockchain companies are dominating commercial space with aim to enhance individual's practicality and efficiency.
- The Serbian banking system cooperates with fintech industry usually through different programs, such as startup competition, grant and know-how support, etc.
- Although significant number of Serbian fintech companies are still relatively new entrants (less than 5 years on the market), the key players are showing elements of maturing. Additionally, they are innovating in niche industries such as peer-to-peer lending and automated trading platforms.
- 80% of the Serbian fintech's revenue comes from international clients, reflecting a strong focus on global markets.
- Accelerator programs are set up in Serbia by banks such as You say innovation, you think application by OTP bank, Tech the bank by Banca Intesa, Elevator Lab Challenge by Raiffeisen Bank, but also by government and non-government organizations such as Science-Technology Parks in various cities.
- Although Serbian economy is in developing phase, it showcases strong performance in certain aspects. For instance, first Bitcoin ATM in region was installed in Belgrade in 2014 – at the beginning of crypto expansion. Moreover, with over 5 thousand graduates annually specialized in software development, with over 70% of bank account holders in Serbia using online or mobile banking services, and with increasing presence of international capital, Serbia has a potential to become a significant player in fintech space.
- Among the fintech companies, Tenderly, Penta, and Relio have raised hundreds of millions EUR from VC firms with significant valuations.

Technological trends

- Digital payments are experiencing expansion in Serbia with the market forecasted to grow at a compound annual growth rate (CAGR) of 7.25% between 2024 and 2028 per data provided by Statista, reaching an estimated transaction value of 4,355 million dollars in 2028.
- Embedded finance, which refers to integration of financial services into non-financial platforms, is gaining traction. This offers clients additional convenience as they can access directly services such as insurance and loans.
- Banks and other institutions in Serbian financial sector are rapidly increasing usage and adoption of artificial intelligence and big data analytics to further enhance risk assessments, detect frauds, automate customer support, and provide more personalized offerings.
- In order to support expansion of digital payments and FinTech industry, Serbia is actively developing its regulatory framework which includes establishing and enhancing compliance standards and customer protection regulations.

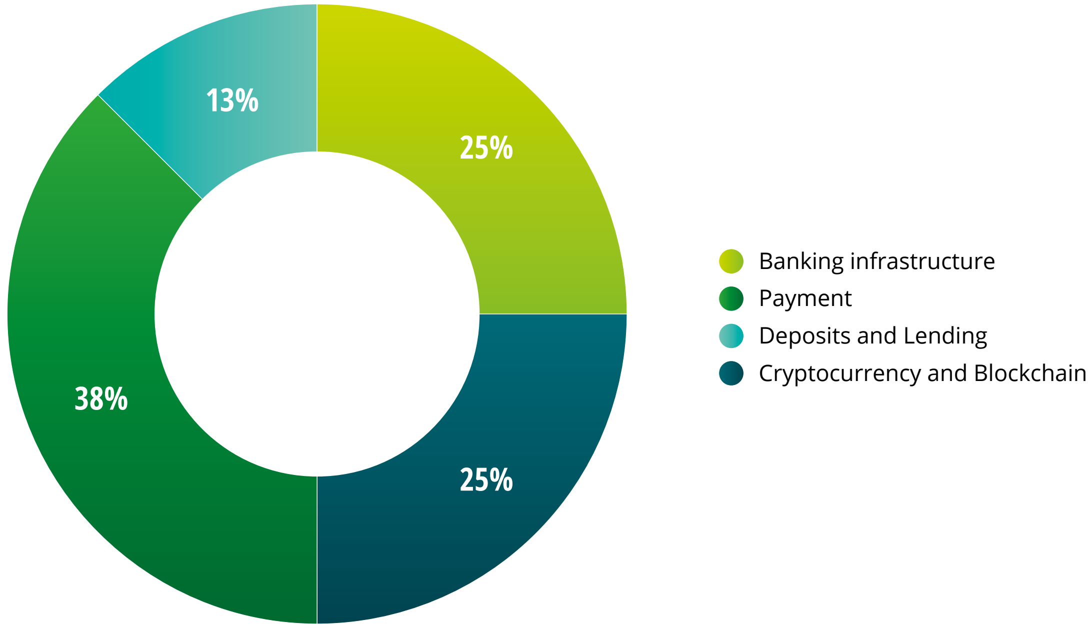
Key Challenges:

- Regulatory framework for FinTech companies in Serbia is still evolving as industry is still in its developing phase, thus firms can face challenges with compliance as rules around digital payments, cryptocurrencies, and data protection continue to be redefined. Additionally, as Serbia is preparing to join European Union, alignment with EU standards can create additional operational costs for local firms.
- As Serbian economy is still developing, access to funding for local startups is limited due to limited number of local capital providers and cautiousness of international players who are just getting familiar with region and Serbian ecosystem. Reliance on angel investors and government grants slows growth.
- Although digital payments are experiencing record numbers, consumers are still skeptical towards it due to concerns about data security and frauds.
- Due to lower levels of financial literacy among people, the adoption of new FinTech solutions is slower. Many consumers still lack basic understanding of digital offerings such as peer-to-peer lending and cryptocurrencies.

Development prospects:

- Continued collaboration between fintech startups and traditional financial institutions is expected to fuel the growth of Serbian financial industry, enabling bank to adopt digital-first strategies while FinTech firms get an access to large customer base. Such collaboration could be beneficial to most of the population in rural areas who have limited access to financial services.
- Alignment with EU standards in combination with growing reputation of Serbian FinTech companies which are increasingly present in international markets such as EU and USA are attracting attention from foreign funds and investors.
- Blockchain solutions have strong presence in Serbia with strong base of developers and enthusiasts which provides an opportunity for Serbia to position itself as regional hub for blockchain innovations.

Fintechs distribution among categories based on the number of companies



Source: Deloitte Intelligence

TOP 16 Serbian fintechs by revenues (kEUR, 2023)

#	COMPANY NAME	FINTECH CATEGORY	DESCRIPTION	OWNERSHIP STYLE	HAD VC INVESTMENTS PREVIOUSLY?	REVENUE	EBITDA	NET INCOME	TOTAL EQUITY
1	MCM 965 doo	Cryptocurrency and Blockchain	Established in 2012, ECD has emerged as a trailblazer and a regional frontrunner in the crypto industry. ECD's mission is to advocate for the use of digital assets and streamline the secure buying and selling of cryptocurrencies. At the heart of its operations is a cryptocurrency exchange. Complementing the online exchange is a network of crypto ATMs, and users can also leverage the ECD Wallet for their convenience.	Private	no / n.a.	46,697	210	159	1,288
2	Payten	Payment	Payten provides complete payment industry solutions, for non-financial and financial institutions, supporting card and card-less transactions. The offering includes solutions for eCommerce, mPayments, Processing as well as ATM and POS related services. We deliver software and services including outsourcing and equipment, providing highest level of expertise, maintenance and support through the entire portfolio.	PAYTEN HOLDING SPÓŁKA AKCYJNA	no / n.a.	20,774	7 346	4 657	15,928
3	Payspot	Payment	PaySpot DOO is a company that offers various payment services, such as transferring money, paying bills, taxes and fees, and issuing electronic money. Company successfully cooperates with a large number of commercial banks in Serbia – OTP Bank, Aik Bank, Addiko Bank, Erste Bank, Direct Bank, Komercijalna Banka, Postal Savings Bank, as well as with all insurance companies operating in our country. Today, PaySpot in Serbia has a network of over 1300 representatives who have the opportunity to offer payment transactions to their clients within their business.	Private	no / n.a.	13,601	2 319	1 775	5,166
4	Qonto Services	Deposits and Lending	Qonto is financial service company aimed at freelancers, entrepreneurs, and SMEs. It is a payment institution that operates without a physical branch. The funds entrusted are managed by the Crédit Mutuel Arkéa bank, which is Qonto's credit institution.	Qonto Services GmbH	no / n.a.	4,801	347	202	1,138
5	NF Innova	Banking infrastructure	NF Innova is a software development and digital transformation company with a strong focus on digital banking. The main offering is an omnichannel banking solution based on company's four-pillar business model consisting of Digital Branch, Dual Brand, White Label Banking and Partner Ecosystem, providing immediate solutions for companies looking to adapt to the digital world. Clients include Halkbank, AIK Banka, Piraeus Bank and Atlas Banka among others. NF Innova company is a part of New Frontier Group, a system integration company spread over 15 countries.	SAGA	no / n.a.	4 302	653	612	-
6	Tenderly	Cryptocurrency and Blockchain	All in one development platform, enabling Web3 developers to build, test, monitor, and operate smart contracts from their inception to mass adoption.	TENDERLY TECHNO-LOGIES INC.	no / n.a.	4,229	(9 200)	(9 723)	-
7	FinTech Solutions CEE d.o.o.	Payment	Leanpay, a trailblazer in BNPL 3.0, empowers both vendors and consumers through its innovative installment payment solutions. The company, driven by a mission to facilitate seamless and accessible purchasing experiences, strives to provide fair, transparent, and straightforward financing solutions for customers in any retail setting. Simultaneously, Leanpay equips its partners with a suite of tools designed to enhance revenue streams, including increased sales, customer attraction, higher order values, and repeat business.	Leanpay Ltd.	Yes	2,868	144	53	499
8	MVP Workshop	Cryptocurrency and Blockchain	MVP Workshop is a venture builder in the WEB 3.0 space, offering a comprehensive range of services that encompass the entire lifecycle of a client's idea. From conceptualization and idea development to securing funding, and ultimately scaling, MVP Workshop guides clients through every stage.	ATTIC 42	no / n.a.	2,043	(178)	242	1,202
9	TradeCore	Banking infrastructure	All in one financial services API for you to develop your customer's favorite features faster, cheaper, and easier.	TRADE-CORE GROUP LIMITED	no / n.a.	914	8	(2)	2,399
10	Relio d.o.o.	Banking infrastructure	Relio specializes in providing Neobanking services tailored specifically for Small and Medium Enterprises (SMEs). Beyond that, the company has expanded its offerings to cater to complex businesses seeking a fully customized approach through digital business accounts. In a significant development, Relio has secured a fintech license from the Swiss Financial Market Supervisory Authority (FINMA) in the year 2023	Relio AG	Yes	784	78	76	143
11	Blinking	Cybersecurity	Blinking verification platform helps businesses secure their customers' journeys. With their customizable KYC and AML solutions, you can design your verification process, prevent digital fraud, speed up onboarding and acquire more clients while saving money.	AI Family Office AG, Private	no / n.a.	646	(314)	(366)	-
12	Finspot d.o.o.	Deposits and Lending	FINSPOT operates as an innovative online platform, facilitating the rapid conversion of invoices into cash within a 24-hours. The company is dedicated to addressing the daily liquidity challenges encountered by micro, small, and medium-sized enterprises. Through specialized factoring services for receivables, FINSPOT aims to cater to a diverse range of customers, offering prompt and efficient financial solutions to meet their immediate cash flow requirements.	FINSPOT TECHNO-LOGIES LIMITED, Private	no / n.a.	428	166	20	493
13	ZWEBB	Banking infrastructure	ZWEBB is one of the leading providers of innovative FinTech solutions in the Scandinavian market and abroad. We produce Cloud-based financial SaaS (Software as a Service) applications for Crowdfunding businesses and other types of financial services, such as factoring, trading, and digital banking.	Private	no / n.a.	236	11	8	9
14	Plativoo	Payment	"Plativoo" d.o.o. Futog, a company that developed a web platform for the distribution of structured e-invoices. We enable all users to take advantage of all the advantages of digitization and electronic business. They are there to allow users to consolidate all their accounts into a single free digital inbox.	Private	no / n.a.	55	2	1	7
15	Mobile Payment for ALL	Payment	"mpay4all is a Mobile Payment Service, product of ONSEE DOO. The Service is designed to make payment easily, anytime, from anywhere. In order to use the Service, user needs to subscribe. Upon registration, subscriber is using mobile phone to send request and to receive the information about the payment."	Private	no / n.a.	16	0	0	-
16	Aircash S d.o.o.	Payment	Aircash operates as a regulated and licensed EU electronic money institution and a fintech platform. The company's innovative solutions encompass an Aircash digital mobile wallet, providing seamless instant deposits, withdrawals, payments, and money transfers.The Aircash Marketplace, seamlessly integrated within the Aircash mobile wallet, serves as a comprehensive one-stop payment solution. This marketplace facilitates payments for diverse services, including parking, transport, entertainment and gaming, events, utilities and telecoms.	Aircash Int Limited, Private	no / n.a.	8	1	1	401

Source: Deloitte Intelligence

SLOVAKIA

Slovakia's economy grew by 1.4% in 2023, marking the slowest pace of expansion in a decade, excluding the pandemic-induced downturn. In early 2023, robust export growth, fueled by domestic carmakers, provided a boost to the economy. However, as global demand weakened later in the year, this positive impact was diminished. This slowdown is expected to moderate, with an estimated real GDP growth of 2.0% in 2024. Household financial caution and the high inflation led to a slowdown in consumption, causing investments to become the primary growth factor later in the year. Slovakia runs one of the highest fiscal deficits in the EU, at 5.2% of GDP in 2023, above the EU27 average deficit of 3.5% of GDP according to the EIU. Investor sensitivity to high deficits led to higher required yields on Slovak government bonds, making debt servicing progressively more expensive.

Inflation stood at 11.0% following a 1.2%-point decrease from 12.1% in 2022. Despite the increase, a gradual moderation is expected in the following years, with an estimated 7.5%-point decrease in inflation by the end of 2024, thanks to the ECB's effective measures to control inflation through increased interest rates. As inflation approaches the ECB's 2% target, the Central Bank has decreased its key interest rates four times. The reductions occurred in June, September, October, and December of 2024, each by 25 basis points, bringing the deposit facility rate down to 3.00% by December 2024. As per the National Bank, despite the economic slowdown, rapid inflation fueled a 9.6%[1] increase in average wages by mid-2023, while the labor market stayed resilient. The unemployment rate hit a historical low of 5.1% in May 2023 and remained at a low level of 5.3% at the end of 2023.

The banking sector saw stable growth in total assets, marking a 7.8% increase from 2022 to 2023, driven by new exposures in loans to banks and customers as well as debt securities.

The growth in total loans in the Slovakian banking sector has moderated in recent periods, particularly in 2023 and early 2024 as total loans increased by 7.3% between 2022 and 2023. The annual growth in corporate loans has slowed down compared to previous years with an increase of 0.6% in 2023, due to reduced demand, especially in sectors like commercial real estate and large corporate portfolio which experienced a contraction in loan volumes, reflecting higher borrowing costs while retail loans has seen a 4.1% increase. Mortgage lending has stabilized and around one-third lower than pre-2022 levels, with annual growth slowing to 2.9%[2] by April 2024. This deceleration is linked to higher interest rates, reduced housing affordability, and a cooling housing market. In contrast, consumer credit has rebounded, with annual growth reaching around 8%[3] by early 2024 due to inflation driven spending and improved household finances.

Overall NPL ratio remained stable at 1.6% in 2023, though certain sectors and newly disbursed loans exhibit higher risk due to rising interest rates and falling real incomes. Most corporate loans have been affected by interest rate hikes, but this has not led to significant repayment issues resulting in a 0.4%-point increase of corporate NPL ratio between 2022 and 2023. Despite facing higher debt servicing costs, retail borrowers in Slovakia have continued to repay their loans effectively as the decline in real wages has not led to an increase in the retail NPL ratio, which remained at 1.8% in 2023. Mortgage portfolios have shown higher sensitivity to potential economic downturns due to various factors, including a decline in real incomes and property values, but less than a fifth of the overall portfolio has been repriced to the current higher mortgage rates, which are over 3%[4]. Government measures like mortgage subsidies have also played a significant role in maintaining NPL stability.

The Slovak banking sector experienced its most profitable year in 2023, resulting in a 2.1%-point increase of the ROE to 11.5% in 2023.[5]. Since the ECB started its monetary policy tightening to tackle inflation in 2022, net interest income has been the primary driver of bank profitability, while the net interest margin rose from 1.9% to 2.2% between 2022 and 2023. Besides improving margins, there was a significant year-on-year decrease in net provisioning, supporting profit growth. According to the National Bank, total provisioning in 2023 stood at EUR 112 mn[6], much lower than in 2022. The main factor behind the decline in net provisioning was a reversal in loss provisions for performing loans, as well as a decrease in provisioning for both corporate and retail loan portfolios.

1 National Bank of Slovakia – Financial Stability Report 2023 – page 21

2 National Bank of Slovakia – Financial Stability Report 2024 – page 16
3 National Bank of Slovakia – Financial Stability Report 2024 – page 19
4 National Bank of Slovakia – Financial Stability Report 2024 – page 7
5 National Bank of Slovakia – Financial Stability Report 2024 – page 37
6 National Bank of Slovakia – Financial Stability Report 2024 – page 35

MACRO INDICATORS	2021	2022	2023	2024E	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024E (% OR % POINT)
Gross Domestic Product (GDP)						
Nominal GDP (LCY mn)	101,960	110,089	122,919	131,200	11.7% ▲	6.7% ▲
Nominal GDP / Capita (LCY k)	18.7	20.1	22.3	23.8	10.7% ▲	7.0% ▲
Nominal GDP (EUR mn)	101,960	110,089	122,919	131,200	11.7% ▲	6.7% ▲
Nominal GDP / Capita (EUR k)	18.7	20.1	22.3	23.8	10.7% ▲	7.0% ▲
Real GDP (% change pa.)	5.7%	0.5%	1.4%	2.0%	0.9% ▲	0.6% ▲
Financial Markets						
Lending interest rate (%)	2.3%	2.6%	4.9%	5.4%	2.4% ▲	0.5% ▲
Deposit interest rate (%)	0.0%	0.3%	3.0%	3.6%	2.6% ▲	0.6% ▲
Consumer prices (% change pa.)	2.8%	12.1%	11.0%	3.1%	-1.2% ▼	-7.9% ▼
Average EURLCY	1.0	1.0	1.0	1.0	0.0% ●	0.0% ●
Average USDLCY	0.8	1.0	0.9	0.9	-2.8% ▼	0.0% ▲
Public Debt						
Public debt (% of GDP)	60.2%	57.7%	56.1%	55.2%	-1.6% ▼	-0.9% ▼
Budget balance (% of GDP)	-5.1%	-1.7%	-5.2%	-5.7%	-3.5% ▼	-0.5% ▼
Population						
Population (mn. pers.)	5.4	5.5	5.5	5.5	0.8% ▲	-0.2% ▼
Unemployment rate (%)	7.5%	6.3%	5.3%	5.0%	-1.0% ▼	-0.3% ▼

Source: EIU, MNB (exchange rates)
E – Estimated data for 2024
Please note that 2024H1 average exchange rate was applied for 2024E figures.

Banking Sector

BANKING SECTOR	2021	2022	2023	2024H1	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024H1 (% OR % POINT)
General Data						
Total assets (EUR mn)	104,807	112,180	120,933	119,608	7.8% ▲	-1.1% ▼
Asset penetration (%)[1]	102.8%	101.9%	98.4%	91.2%	-3.5% ▼	-7.2% ▼
Total equity (EUR mn)	10,049	10,416	11,268	11,831	8.2% ▲	5.0% ▲
Total loans (EUR mn)	89,270	95,776	102,809	100,575	7.3% ▲	-2.2% ▼
Loan penetration (%)[2]	87.6%	87.0%	83.6%	76.7%	-3.4% ▼	-7.0% ▼
Retail loans (EUR mn)	45,600	50,292	52,377	53,219	4.1% ▲	1.6% ▲
Corporate loans (EUR mn)	21,614	24,203	24,350	24,222	0.6% ▲	-0.5% ▼
Other loans (EUR mn)[3]	22,057	21,281	26,081	23,134	22.6% ▲	-11.3% ▼
NPL Volumes						
Total NPLs (EUR mn)	1,522	1,493	1,601	1,648	7.2% ▲	3.0% ▲
Retail NPLs (EUR mn)	920	895	918	980	2.6% ▲	6.8% ▲
Corporate NPLs (EUR mn)	600	592	682	667	15.2% ▲	-2.2% ▼
NPL Ratios						
Total NPL ratio (%)	1.7%	1.6%	1.6%	1.6%	0.0% ●	0.1% ▲
Retail NPL ratio (%)	2.0%	1.8%	1.8%	1.8%	0.0% ●	0.1% ▲
Corporate NPL ratio (%)	2.8%	2.4%	2.8%	2.8%	0.4% ▲	0.0% ●
Key Ratios						
CAR (%)	19.8%	19.6%	20.5%	20.8%	0.8% ▲	0.4% ▲
ROE (%)	8.4%	9.4%	11.5%	10.0%	2.1% ▲	-1.6% ▼
ROA (%)	0.7%	0.8%	1.0%	0.9%	0.3% ▲	-0.1% ▼
CIR (%)	56.8%	53.7%	47.6%	45.7%	-6.1% ▼	-1.8% ▼
L/D (%)	105.6%	108.5%	115.1%	113.3%	6.6% ▲	-1.8% ▼
NIM (%)	2.0%	1.9%	2.2%	2.4%	0.3% ▲	0.2% ▲
OPEX on avg. total assets (%)	1.4%	1.3%	1.3%	1.3%	0.0% ●	0.0% ●
Cost of risk (%)	0.2%	0.2%	0.1%	0.1%	-0.1% ▼	0.0% ●

Source: Národná banka Slovenska 1. Asset penetration = Total assets/Nominal GDP | 2. Loan penetration = Total loans/Nominal GDP | 3. Other loans consist of loans to monetary financial institutions, general governments, non-MMF investment funds, other financial corporations, insurance corporations and pension funds.

List of banks in Slovakia 2023 (EUR mn, %)

RANK 2023	RANK 2022	YOY	INSTITUTIONS	TOTAL ASSETS	MARKET SHARE	EQUITY	NET INCOME	ROA	ROE	MAJOR SHAREHOLDER
1	1	●	**Slovenska Sporitelna**	26,501	21.9%	2,441	309	1.2%	13.4%	Erste
2	2	●	**Vseobecna Uverova Banka**	24,326	20.1%	2,118	264	1.1%	13.3%	Intesa SanPaolo
3	3	●	**Tatra Banka**	22,073	18.3%	1,553	237	1.1%	16.0%	Raiffeisen
4	4	●	**Ceskoslovenska Obchodna Banka**	13,714	11.3%	1,163	121	0.9%	11.2%	KBC
5	5	●	**UniCredit Bank CZ & SK**	6,478	5.4%	1,697	157	2.4%	14.2%	UniCredit
6	6	●	**Prima Banka Slovensko**	6,239	5.2%	452	49	0.8%	11.4%	Penta Investments
7	7	●	**365.bank**	4,638	3.8%	705	85	1.8%	11.5%	J&T Finance
8	8	●	**Prva Stavebna Sporitelna**	3,125	2.6%	312	21	0.7%	6.9%	Bausparkasse Schwäbisch Hall AG, Raiffeisen Bausparkassen Holding GmBH
9	9	●	**Privatbanka**	855	0.7%	122	20	2.4%	17.5%	Penta Investments
10	10	●	**Slovenska Zarucna a Rozvojova Banka**	600	0.5%	352	9	1.6%	2.7%	State of Slovakia
11	11	●	**Wustenrot Stavebna Sporitelna**	271	0.2%	37	-1	-0.4%	-2.7%	Bausparkasse Wüstenrot AG
			Total Banking Sector	**120,933**	**100.0%**	**11,268**	**1,203**	**1.0%**	**11.5%**	

Source: Annual reports, Národná banka Slovenska.
Please note that the presented total banking sector data also includes foreign branches and other entities.
Please note that the above does not include banks with foreign branches except for UniCredit.
Please note that UniCredit Bank CZ & SK is based in the Czech Republic. The table above shows annual data for the operation in Slovakia.
Please note that in 2023, Csob Stavebna Sporitelna merged to Ceskoslovenska Obchodna Banka. The assets and liabilities of the two banks are presented together.

As of 2023, the number of banks operating in Slovakia decreased to 11, after Ceskoslovenska Obchodna Banka (CSOB) merged with its' fully owned subsidiary Csob Stavebna Sporitelna (CSOB Building Savings Bank) in December 2023. CSOB became the legal successor of CSOB Stavebna Sporitelna. The Slovak banking sector is highly concentrated, with the three largest banks—Slovenská Sporiteľňa, Všeobecná Úverová Banka (VÚB), and Tatra Banka—continuing to dominate the market. These three institutions collectively held 60.3% of the total market share in 2023, reflecting their significant role in the financial landscape of Slovakia.

M&A deals

2020

- In 2020, OTP sold 100% of its shares in its Slovakian subsidiary, OTP Banka Slovensko to KBC. KBC further integrated the acquired OTP Banka Slovensko in 2021 as the group merged it with Ceskoslovenska Obchodna Banka. The main reason behind the sell was that OTP Banka Slovensko could not reach a substantial growth rate and therefore its market share remained low in the country. Also, the bank mostly made losses in past years.

2016

- In 2016, 99.5 % stake in Sberbank Slovensko was acquired by Primabanka which is owned by Penta Investments Limited, a private equity firm. In 2017, Sberbank Slovensko was merged into Prima banka.

List of banking M&A deals in Slovakia 2015 – 2024

YEAR	TARGET	BUYER	% ACQUIRED	DEAL VALUE IN EUR MN	SELLER
2020	OTP Banka Slovensko, a.s.	KBC	99.4%	n/a	OTP
2016	Sberbank Slovensko	Penta Investment	99.5%	n/a	Sberbank

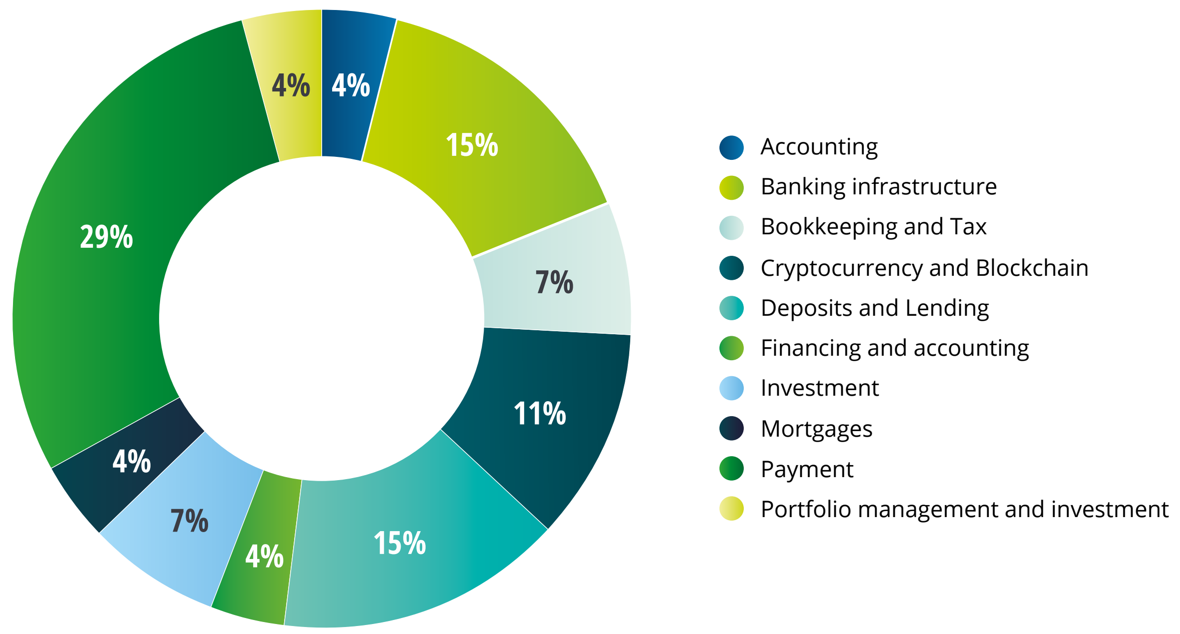
Source: Deloitte Intelligence, Mergermarket, S&P Capital IQ

Overview of the Slovak fintech market

Based on the number of companies, **Payment innovation is the leading category** in the Slovak fintech market, accounting for 29% of the market, followed by banking infrastructure and deposits and lending categories, both accounting for 15% of the market.

- In terms of revenue, **Payment category** experienced the highest year-on-year percentage growth, increasing by 43% from the year 2022 to 2023.
- Compared to the year 2022, numerous fintech companies in Slovakia ceased to exist or changed their operating model, hinting that the Slovak fintech market is still evolving. According to The Vienna Institute for International Economic Studies (wiiw) forecast report published in September 2024, **Slovakia ranked lower than all EU countries beside Romania in innovation performance** and placing as 45th out of 132 countries in the global innovation index (Zavarska, et al. 2024), indicating further room for improvement in innovation.
- Finas, a fintech and Insurtech Association, has been actively supporting the fintech industry in Slovakia by various initiatives including **FINAS Meetup**, a regular event organized with the goal of connecting fintech companies with inspiring speakers and bringing networking opportunities to all the participants involved.
- Furthermore, Finas initiated a new project, called **Fintech accelerator**, which aims to help organizations achieve their goals by connecting them to industry experts, providing valuable advice, validating their approach, business model and technology, or connecting the organizations with investors, securing capital for further growth.
- In September 2023, Slovak FinTech association established an **Open Banking Platform** to facilitate a discussion between the banking sector and third-party delegates for challenges and issues specifically in open banking.
- National Bank of Slovakia (NBS) continues to provide support for fintechs in terms of **Innovation Hub** allowing individuals interested in establishing a fintech company to approach and get insights from NBS experts in different areas, concerning the financial market and regulatory requirements. The **regulatory sandbox**, which has been introduced in 2022, continues to provide support to fintech companies by enabling to work with NBS through consultations.
- **Slovak leading bank Tatra Banka created "Elevator Lab"** which provides support to startups and fintechs, by offering mentoring, access to the latest technologies and improvements and facilitating lectures and conferences in Slovakia.

Fintechs distribution among categories based on the number of companies



Source: Deloitte Intelligence

Top 10 Slovak FinTech in terms of revenue (EUR, latest financial data)

#	COMPANY NAME	FINTECH CATEGORY	DESCRIPTION	OWNERSHIP STYLE	HAD VC INVESTMENTS PREVIOUSLY?	REVENUE	EBITDA	NET INCOME	TOTAL EQUITY
1	TrustPay	Payment	Merchant payments, licensed payment institution which specializes on effective solutions for payments	n.a.	no / n.a	35,240	13,230	10,640	12,479
2	SOFTIP	Bookkeeping and Tax	Online accounting solution for SMBs	n.a.	yes	19,360	3,177	2,750	2,888
3	Finax	Investment	Robo advisor platform for investment and financial planning	n.a.	no / n.a	3,960	(249)	(343)	1,899
4	Digital Systems	Payment	Partner for financial institutions in software solutions development and implementation as well as in other supply services, including SWIFT in Cloud and Instant payments	n.a.	no / n.a	3,563	360	185	1,036
5	24pay	Payment	Payment gateway for processing online payments	n.a.	no / n.a	2,500	808	512	2,289
6	Papaya	Payment	Point-of-Sale	n.a.	no / n.a	2,057	505	207	362
7	Besteron	Payment	Payment solution and gateway including POS terminals	n.a.	no / n.a	1,028	(154)	(198)	697
8	Datamolino	Bookkeeping and Tax	Automated accounts payable data capture solution	n.a.	yes	889	(10)	(14)	53
9	Crypton Digital	Cryptocurrency and Blockchain	Products for managing crypto assets, incl. Hodl index and active management portfolio	n.a.	n.a.	777	121	50	416
10	Wishmaker	Deposits and Lending	Innovative P2P platform	n.a.	n.a.	775	302	51	(526)

Source: Deloitte Intelligence

SLOVENIA

Slovenia's economy, which achieved 2.4% real GDP growth in 2023, has decelerated in 2024 with an estimated 1.5% real GDP growth as per the EIU. Growth is supported by the increase in economic activity towards the end of 2023 and relatively favorable developments continuing into early 2024, as consumer confidence were gradually improving, and positive trends were observed in the services, retail, and construction sectors, although the manufacturing sector continues to struggle due to weak demand and economic uncertainty.

In 2023, Slovenia experienced a notable drop in inflation, decreasing from 9.3% in 2022 to 7.2% by year-end, which trend is expected to continue, with inflation estimated to stabilize at 1.9% by 2024. Rising interest rates played a crucial role in controlling inflation by curbing demand-side pressures. The ECB's sharp interest rate hikes caused borrowing costs to increase (the lending interest rate increased from 2.5% at the end of 2022 to 4.9% in 2023), which in turn slowed down credit activity and reduced demand for loans, thereby decreasing money supply growth – a critical driver of inflation. As inflation converges to ECB's 2% target, the Central Bank has implemented a series of rate cuts starting in June 2024, lowering the three key rates by 25 basis points, followed by further cuts in September, October and December. As a result, the deposit facility rate has decreased from 4.0% to 3.0%.[1]

Additionally, Slovenia's economic landscape was impacted by weakened foreign trade due to geopolitical tensions, yet the decline in imports outpaced that in exports, strengthening the current account surplus and easing inflationary pressures. Moreover, as per the National Bank, the labor market remains tight, reflecting strong employment levels despite broader economic uncertainties, which has contributed to sustained wage pressures as real wage growth increased by 3.5%[2] from 2022 to 2023, enhancing household disposable income and fostering sustained consumer confidence. The overall stabilization of the Slovenian economy was supported by the constantly decreasing unemployment rate, which stood at 5% following a decrease of 0.8% point from 2022. This downward trend in the unemployment rate is forecasted to continue in 2024 as the EIU forecasts unemployment to fall to 4.6%.

As of the end of 2023, the total assets of the Slovenian banking system reached EUR 53.1 bn, reflecting a year-on-year growth of 5.0%. Total loans in the banking sector have decreased by 3% to EUR 28.6 bn by the end 2023, particularly in the corporate and other loans segment, which slowed by 4.9% and 11.4% due to increased interest rates and tightened credit standards. Meanwhile, retail saw some growth with 3.4%. Consumer loans saw substantial growth, driven by relaxed macroprudential restrictions and a rise in fixed-rate loans, which protected borrowers from interest rate hikes[3]. In contrast, housing loans grew minimally, due to declining demand, poorer real estate market prospects, and existing high owner occupancy rates. The easing of inflation and stable economic conditions supported household disposable income and real wage growth, enhancing loan servicing capacity.

In 2024, Slovenia's NPL ratio remained at a low level of 2.1%, indicating a stability in the quality of bank assets. As per the National Bank, the slight decline in NPL exposures was facilitated by more frequent reclassifications from non-performing to performing exposures[4] (rising from 19% to 24%) and a high share of repayments of previous NPLs (44%). This was especially evident in the household loan portfolio, where repayments and reclassifications accounted for 75% of NPE reductions[5]. In the corporate sector, higher reclassification rates helped mitigate increased defaults in sectors like manufacturing. Enhanced bank strategies, including efficient debt management and improved coverage by impairments and provisions (reaching 59.5%)[6], played a key role in reducing NPLs. Legislative support, such as the introduction of the Purchasers and Servicers of Banks' Non-Performing Loans Act, facilitated NPL management. In 2023, despite higher default rates in sectors like manufacturing and among sole traders and SMEs, the overall NPL ratio was contained through effective reclassifications and repayments.

Slovenia's banking system exhibited robust financial stability and capital adequacy by the end of 2023, with the total capital ratio standing at 20.4%, well above regulatory requirements. Interest rate risk has also declined to moderate with a stable outlook, thanks to a slowdown in lending and a higher proportion of fixed-rate loans, as well as funding side adjustments.

In 2023, the Slovenian banking system achieved record profitability, marking a year-on-year increase of ROE by 9.8% points. The exceptional profitability was primarily driven by positive price effects on assets, particularly from loans and highly liquid assets held at the European Central Bank, and the slow adjustment of liability interest rates. Despite an increase in overall operating costs within the banking system, high gross income maintained the cost-to-income ratio (CIR) at a low 42%, marking a significant improvement compared to 2022.

1 European Central Bank – 2024
2 National Bank of Slovenia – Financial Stability Review 2024 – page 55
3 National Bank of Slovenia – Financial Stability Review 2024 – page 56
4 National Bank of Slovenia – Financial Stability Review 2024 – page 27
5 National Bank of Slovenia – Financial Stability Review 2024 – page 27
6 National Bank of Slovenia – Financial Stability Review 2024 – page 30

MACRO INDICATORS	2021	2022	2023	2024E	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024E (% OR % POINT)
Gross Domestic Product (GDP)						
Nominal GDP (LCY mn)	51,821	56,873	64,154	66,600	12.8% ▲	3.8% ▲
Nominal GDP / Capita (LCY k)	24.5	26.9	30.3	31.4	12.6% ▲	3.8% ▲
Nominal GDP (EUR mn)	51,821	56,873	64,154	66,600	12.8% ▲	3.8% ▲
Nominal GDP / Capita (EUR k)	24.5	26.9	30.3	31.4	12.6% ▲	3.8% ▲
Real GDP (% change pa.)	8.5%	3.1%	2.4%	1.5%	-0.7% ▼	-0.9% ▼
Financial Markets						
Lending interest rate (%)	2.1%	2.5%	4.9%	5.0%	2.4% ▲	0.1% ▲
Deposit interest rate (%)	-0.2%	0.2%	2.8%	1.7%	2.6% ▲	-1.1% ▼
Consumer prices (% change pa.)	2.0%	9.3%	7.2%	1.9%	-2.1% ▼	-5.3% ▼
Average EURLCY	1.0	1.0	1.0	1.0	0.0% ●	0.0% ●
Average USDLCY	0.8	1.0	0.9	0.9	-2.8% ▼	0.0% ▲
Public Debt						
Public debt (% of GDP)	75.1%	72.8%	68.2%	67.5%	-4.6% ▼	-0.7% ▼
Budget balance (% of GDP)	-4.6%	-3.0%	-2.6%	-2.6%	0.4% ▲	0.0% ●
Population						
Population (mn. pers.)	2.1	2.1	2.1	2.1	0.1% ▲	0.0% ▲
Unemployment rate (%)	7.6%	5.8%	5.0%	4.6%	-0.8% ▼	-0.4% ▼

Source: EIU, MNB (exchange rates)
E – Estimated data for 2024
Please note that 2024H1 average exchange rate was applied for 2024E figures.

Banking Sector

BANKING SECTOR	2021	2022	2023	2024H1	Δ 2022-2023 (% OR % POINT)	Δ 2023-2024H1 (% OR % POINT)
General Data						
Total assets (EUR mn)	48,252	50,575	53,082	53,588	5.0% ▲	1.0% ▲
Asset penetration (%)[1]	93.1%	88.9%	82.7%	80.5%	-6.2% ▼	-2.3% ▼
Total equity (EUR mn)	5,061	5,153	6,081	6,169	18.0% ▲	1.4% ▲
Total loans (EUR mn)	26,737	29,469	28,591	29,361	-3.0% ▼	2.7% ▲
Loan penetration (%)[2]	51.6%	51.8%	44.6%	44.1%	-7.2% ▼	-0.5% ▼
Retail loans (EUR mn)	11,263	12,138	12,556	12,876	3.4% ▲	2.5% ▲
Corporate loans (EUR mn)	9,299	10,487	9,968	10,070	-4.9% ▼	1.0% ▲
Other loans (EUR mn)[3]	6,175	6,844	6,067	6,414	-11.4% ▼	5.7% ▲
NPL Volumes						
Total NPLs (EUR mn)	641	628	587	586	-6.5% ▼	-0.2% ▼
Retail NPLs (EUR mn)	261	236	236	233	-0.2% ▼	-1.0% ▼
Corporate NPLs (EUR mn)	347	310	296	302	-4.4% ▼	1.9% ▲
NPL Ratios						
Total NPL ratio (%)	2.4%	2.1%	2.1%	2.0%	-0.1% ▼	-0.1% ▼
Retail NPL ratio (%)	2.3%	1.9%	1.9%	1.8%	-0.1% ▼	-0.1% ▼
Corporate NPL ratio (%)	3.7%	3.0%	3.0%	3.0%	0.0% ●	0.0% ●
Key Ratios						
CAR (%)	18.4%	18.5%	20.4%	20.2%	1.9% ▲	-0.2% ▼
ROE (%)	11.3%	10.8%	20.6%	19.5%	9.8% ▲	-1.2% ▼
ROA (%)	1.2%	1.1%	2.2%	2.2%	1.1% ▲	0.0% ●
CIR (%)	59.5%	57.6%	42.0%	45.6%	-15.6% ▼	3.6% ▲
L/D (%)	67.4%	69.3%	61.5%	62.5%	-7.8% ▼	1.1% ▲
NIM (%)	2.4%	2.7%	5.0%	5.5%	2.4% ▲	0.5% ▲
OPEX on avg. total assets (%)	1.5%	1.5%	1.6%	1.9%	0.1% ▲	0.3% ▲
Cost of risk (%)[4]	-0.3%	0.1%	0.0%	0.2%	0.0% ●	0.2% ▲

Source: Banka Slovenija. 1. Asset penetration = Total assets/Nominal GDP | 2. Loan penetration = Total loans/Nominal GDP | 3. Other loans consist of loans to banks at amortised cost (including central bank), loans to non-banking sector: government, other financial institutions, non-residents | 4. Cost of risk (%) is calculated using net impairments and provisions.

List of banks in Slovenia 2023 (EUR mn, %)

RANK 2023	RANK 2022	YOY	INSTITUTIONS	TOTAL ASSETS	MARKET SHARE	EQUITY	NET INCOME	ROA	ROE	MAJOR SHAREHOLDER
1	1	●	**Nova Ljubljanska Banka**	16,015	30.2%	2,249	514	3.3%	25.4%	State of Slovenia
2	2	●	**Nova KBM**	10,806	20.4%	1,147	189	1.8%	17.7%	OTP
3	3	●	**SKB banka**	4,575	8.6%	539	83	1.8%	16.9%	OTP
4	4	●	**Banka Intesa Sanpaolo**	3,991	7.5%	396	72	1.9%	19.8%	Intesa Sanpaolo
5	5	●	**UniCredit Banka Slovenija**	3,576	6.7%	325	47	1.4%	14.7%	UniCredit
6	6	●	**Sid Banka**	2,686	5.1%	485	16	0.6%	3.3%	State of Slovenia
7	7	●	**Gorenjska Banka**	2,435	4.6%	283	50	2.1%	18.2%	Agri Europe Cyprus Limited
8	8	●	**Delavska Hranilnica**	2,158	4.1%	127	36	1.7%	33.0%	Private Individuals
9	9	●	**Sparkasse**	1,744	3.3%	166	17	1.0%	11.1%	Erste
10	10	●	**Addiko Bank**	1,448	2.7%	210	26	1.9%	12.6%	Addiko Bank AG
11	12	▲	**Dezelna Banka Slovenije**	1,415	2.7%	98	24	1.9%	27.8%	KD Group d. d
12	13	▲	**Hranilnica Lon**	340	0.6%	26	2	0.7%	10.5%	Kylin prime Group AG
13	14	▲	**Primorska Hranilnica**	239	0.5%	12	3	1.4%	28.8%	No major shareholder
			Total Banking Sector	**53,082**	**100.0%**	**6,081**	**1,098**	**2.2%**	**20.6%**	

Source: Annual reports, Banka Slovenija
Please note that the presented total banking sector data also includes foreign branches and other entities.
The local subsidiary of Sberbank, which was renamed N Banka, was acquired by Nova Ljubljanska Banka in 2022 and merged into NLB in September 2023.
Please note that according to the National Bank's classification, Delavska Hranilnica, Hranilnica Lon and Primorska Hranilnica are considered as savings banks.
Please note that Nova KBM and SKB banka merged in September 2024 and operate as OTP banka d.d. since.

Slovenia's banking sector in 2023 was dominated by key players such as NLB (Nova Ljubljanska banka), NKBM (Nova Kreditna banka Maribor), SID Bank, SKB, Intesa Sanpaolo, and UniCredit Banka, capturing 78.5% of the market. These banks, identified as Other Systemically Important Institutions (O-SIIs), hold substantial assets and customer base, contributing significantly to the sector's stability. Market consolidation has been a prominent trend. Recent M&A activities have included strategic realignments, such as selling non-core operations to focus on core banking services. Regulatory changes, like the introduction of a 1.0% countercyclical capital buffer from January 2025, along with recalibrated macroprudential policies, further encourage consolidation.

M&A deals

2024

- In 2024, KD Group, financna druzba, d. d. agreed to acquire an additional 5.36% of Dezelna banka Slovenije d. d. from Banca di Cividale S.p.A. This purchase brings KD Group's total ownership in DBS to 29.364%. The transaction that includes the acquisition of 228,289 shares has been completed in August 2024, with which Civibank completely exited its ownership in DBS.
- Zorn Plus, a real estate company in Slovenia, along with the construction firm GIC Gradnje, have made an offer to acquire the Slovenian savings bank Hranilnica Lon, where they respectively hold 21.03% and 20.28% ownership stakes, and the bank's assets were valued at EUR 316 mn by the end of 2023. The takeover bid was unsuccessful.

2022

- In 2022, Nova Ljubljanska banka d.d. acquired a 100% stake in Sberbank banka d.d. for a consideration of EUR 5 mn. The acquisition was fully aligned with the strategy of NLB to further strengthen its market position. The closing was completed in March 2022. Following the transaction, Sberbank banka d.d. was renamed N banka and later merged with Nova Ljubjanska Banka in September 2023.

2021

- In 2021, OTP Bank Hungary has acquired 100% stake in Nova KBM from Apollo Asset Management (80%) and EBRD (20%) for approximately EUR 900 mn. The bank was later merged with SKB banka and started to operate as OTP banka d.d. in September 2024.

2020

- In 2020, the Slovenian Sovereign Holding (Slovenian state-owned asset manager) sold Abanka to NKBM, owned by Apollo Global Management, amid strong investor interest. In September 2020, the banking regulators issued the necessary authorizations for the merger of #3 Abanka and #2 Nova KBM, which was the largest merger in Slovenian banking industry to date.

2019

- In 2019, OTP Bank acquired 99.73% stake in SKB banka Ljubljana, from Société Générale. The closing was completed in December 2019.

2018

- State-owned Nova Ljubljanska Banka (NLB), the country's largest bank, has undergone privatization, as a part of the governmental plan to decrease its ownership in the banking market. The NLB made a successful IPO in 2018.
- In 2018, Kylin Prime Group acquired majority stake in Hranilnica Lon to be present in the European market. Until 2019 Q4, Kylin Prime Group bought 27.5% stake in Lon, in two rounds.

2017

- In 2017, Sava sold a 37.6% minority stake in Gorenjska Banka to the Serbian privately owned AIK Banka for an undisclosed consideration.

2016

- In 2016, Nova Kreditna Banka Maribor (NKBM) was acquired by a US-based private equity firm, Apollo Global Management, and EBRD from the Government of Slovenia for EUR 250 mn. Apollo Global acquired 80%, while EBRD 20% stake in NKBM.

2015

- Raiffeisen exited Slovenia via selling its Slovenian entity, Raiffeisen Banka in 2015. Raiffeisen Banka was acquired by Apollo Global Management and was renamed to KBS Banka. In 2017, KBS Banka was merged into Nova KBM, a bank owned by Apollo Global Management.

List of banking M&A deals in Slovenia 2015 – 2024

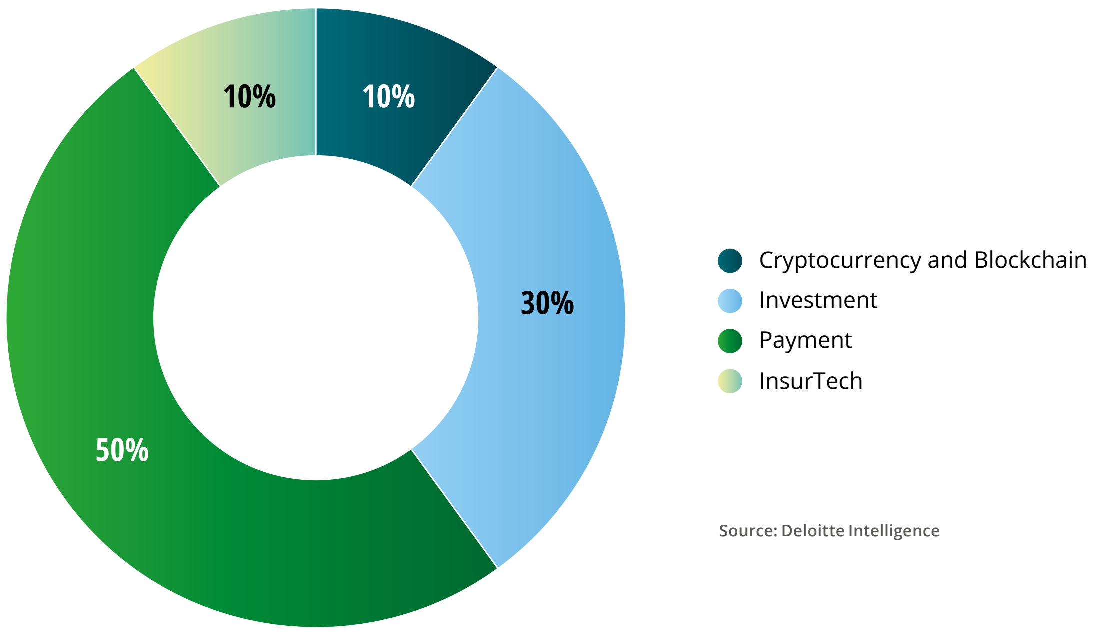
YEAR	TARGET	BUYER	% ACQUIRED	DEAL VALUE IN EUR MN	SELLER
2024	Dezelna Banka Slovenije	KD Group	5.4%	n/a	Civibank
2022	Sberbank	NLB	100.0%	5.1	Single Resolution Board / Sberbank
2021	Nova KBM	OTP Bank Plc	100.0%	900.0	Apollo Global Management, LLC; EBRD
2020	Abanka	Nova KBM	100.0%	511.0	Slovenian State
2019	SKB banka	OTP	99.7%	n/a	Société Générale
2018	Hranilnica Lon	Kylin Prime Group	27.5%	n/a	n/a
2017	Gorenjska Banka	AIK Banka	37.6%	n/a	Sava
2016	Nova KBM	Apollo Global Management; EBRD	100.0%	250.0	Slovenian State
2015	Raiffeisen Banka	Apollo Global Management	100.0%	n/a	Raiffeisen

Source: Deloitte Intelligence, Mergermarket, S&P Capital IQ

Overview of the Slovenian fintech market

- The top fintech categories are payment and cryptocurrency and blockchain firms based on the number of Slovenian fintech companies. These are followed by investment and banking infrastructure focused companies.
- The fintech scene in Slovenia continues to thrive, showing resilience despite recent overall market downturns.
- Fintech companies specializing in Cryptocurrency and Blockchain have the highest share of the overall market based on revenue: the category has generated EUR 67.4 mn in revenue in 2022, accounting for 55% of the local fintech market.
- Companies in the Payments category had a negative average net income margin in Slovenia in 2022, while the Bookkeeping and Tax and the Cryptocurrency and Blockchain companies were the most profitable with net profit margins of 26% and 25% respectively.

Fintechs distribution among categories based on the number of companies



Source: Deloitte Intelligence

- In a reflective analysis of Slovenia's fintech sector, the top 10 companies maintained a stable financial performance between 2022 and 2023. The combined revenue for these leading firms was recorded at €125,675,679 in 2022, with a slight increase to €125,769,000 in 2023, indicating an overall growth of 0.1%. Furthermore, the median revenue growth among these firms was 7.2%, suggesting that while the sector as a whole shows modest growth, there are notable variances in performance among individual companies.
- The EBITDA for Slovenia's top 10 fintech companies experienced a significant change from 2022 to 2023. In 2022, the EBITDA was €21,915,497, which decreased to €3,856,640 in 2023. A closer examination reveals that this substantial shift was primarily due to the performance of CargoX, an outlier whose results heavily influenced the overall figures. Excluding CargoX, the EBITDA for the remaining companies shifted from €1,527,497 in 2022 to -€550,360 in 2023, indicating a transition to a negative EBITDA.
- In 2023, the average EBITDA margin among Slovenia's top 10 fintech companies was 2.5%, with a median margin of 0.1%. This data indicates significant variability in the EBITDA margins across these companies.
- For Slovenia's top 10 fintech companies, net income decreased from €19,028,383 in 2022 to €6,023,900 in 2023. Excluding the largest company, CargoX, the net income for the remaining companies increased from €2,184,904 in 2022 to €2,826,900 in 2023, marking a 29.4% increase.
- For Slovenia's top 10 fintech companies, total equity decreased from €24,401,980 in 2022 to €21,060,400 in 2023. Excluding CargoX, total equity for the remaining companies increased from €13,791,328 in 2022 to €16,260,400 in 2023, representing an 17.9% increase.
- The fintech company mBills has been owned by Petrol since 2020, operating under the Petrol Pay d.o.o. company name while maintaining the mBills brand for its mobile app and services. This ownership structure supports the continuation of mBills' innovative payment solutions, leveraging the resources and network of Petrol to enhance service delivery and customer engagement.
- Notable player: LeanPay a Buy Now, Pay Later (BNPL) and Point-of-Sale lending platform, has successfully raised €10 million in a Series B funding round. This significant financial boost was led by BlackPeak Capital, with contributions from Catalyst Romania Fund II, and continued support from existing investors such as South Central Ventures and Lead Ventures. Leanpay has demonstrated notable financial growth from 2022 to 2023, with its revenue increasing by 131% from €3,037,000 to €7,009,000. Concurrently, the company's net income showed a significant rise, increasing from €496,966 in 2022 to €1,575,000 in 2023. This robust growth underscores Leanpay's successful expansion and operational efficiency in the digital consumer lending market.

Top 10 Slovenian fintechs by revenues (kEUR, 2023)

#	COMPANY NAME	FINTECH CATEGORY	DESCRIPTION	OWNERSHIP STYLE	HAD VC INVESTMENTS PREVIOUSLY?	REVENUE	EBITDA	NET INCOME	TOTAL EQUITY
1	CargoX	Cryptocurrency and Blockchain	CargoX Ltd is a global company specializing in document transfer solutions, based on blockchain transaction and an ownership validation platform.	n.a.	no / n.a.	69,675	4,500	3,197	4,800
2	Bitstamp, storitve, d.o.o.	Investment	Bitstamp is a cryptocurrency exchange based in Luxembourg. It allows trading between fiat currency, bitcoin and other cryptocurrencies. It allows USD, EUR, GBP, bitcoin, ALGO, XRP, Ether, litecoin, bitcoin cash, XLM, Link, OMG Network, USD Coin or PAX deposits and withdrawals.	n.a.	no / n.a.	18,333	1,376	863	4,151
3	Bitstamp d.o.o.	Investment	Bitstamp is a cryptocurrency exchange based in Luxembourg. It allows trading between fiat currency, bitcoin and other cryptocurrencies. It allows USD, EUR, GBP, bitcoin, ALGO, XRP, Ether, litecoin, bitcoin cash, XLM, Link, OMG Network, USD Coin or PAX deposits and withdrawals.	n.a.	no / n.a.	17,179	1,413	860	3,450
4	LEANPAY	Payment	Leanpay is an omni-channel POS financing company that aims to disrupt consumer loans segment, and help consumers buy products they need.	n.a.	no / n.a.	7,009	(3,880)	1,575	1,416
5	Borza terjatev	Payment	Enables companies to obtain funding by selling off their invoices in an online auction on an organized exchange.	n.a.	no / n.a.	3,575	(155)	77	450
6	Petrol Pay d.o.o.	Payment	mBills offers payment experience anywhere, anytime. Paying by phone in Slovenia, and for online purchases and abroad there is a mBills Mastercard card®. You can also connect your card to Garmin, Fitbit,and Apple devices that make you pay.	n.a.	no / n.a.	3,486	(314)	(963)	2,460
7	Paywiser	Payment	Established in 2017, Paywiser is a global FinTech company focused on providing businesses with a singular platform to manage their payment issuance and acceptance operations.	n.a.	no / n.a.	2,606	131	86	610
8	ICONOMI	Investment	Technical service that allows anyone from beginners to blockchain experts to invest in and manage digital assets. ICONOMI enables users to invest in and manage various digital assets and combinations of digital assets called Digital Asset Arrays	n.a.	no / n.a.	2,166	155	28	2,507
9	Lab4Pay	Payment	Lab4Pay, as an integrator of payment systems and software solutions for SMEs, manages a network of advanced certified Android POS terminals through which we enable our users all the solutions they need for a business without a good performance. Pos terminals integrate solutions for SMEs developed on Android, covering both tax coffers, ordering programs, customer satisfaction measurement programs, loyalty programs and other add-ons to enable high-value-added services.	n.a.	no / n.a.	876	29	(86)	200
10	L&C d.o.o. - COININDEX		CoinIndex, a Slovenian FinTech startup, offers a real-time data platform for cryptocurrency indexing and analysis. It aggregates information from various exchanges, aiding both new and experienced investors in tracking market trends and making informed decisions.	n.a.	no / n.a.	864	602	326	927

Source: Deloitte Intelligence

COMPANY NAME	DESCRIPTION	REVENUE (2022)	REVENUE (2023)	REVENUE GROWTH	EBITDA (2022)	EBITDA (2023)	EBITDA MARGIN CHANGE (BSP)	NET INCOME (2022)	NET INCOME (2023)	NET INCOME MARGIN GROWTH	TOTAL EQUITY (2022)	TOTAL EQUITY (2023)
CargoX	CargoX Ltd is a global company specializing in document transfer solutions, based on blockchain transaction and an ownership validation platform.	67,395,308	69,675,000	3%	20,400,000	4,500,000	(24%)	16,843,479	3,197,000	(20%)	10,610,652	4,800,000
Bitstamp, storitve, d.o.o.	Bitstamp is a cryptocurrency exchange based in Luxembourg. It allows trading between fiat currency, bitcoin and other cryptocurrencies. It allows USD, EUR, GBP, bitcoin, ALGO, XRP, Ether, litecoin, bitcoin cash, XLM, Link, OMG Network, USD Coin or PAX deposits and withdrawals.	26,618,071	18,333,000	(31%)	1,938,000	1,376,000	0%	1,263,332	863,000	(0%)	3,294,606	4,151,000
Bitstamp d.o.o.	Bitstamp is a cryptocurrency exchange based in Luxembourg. It allows trading between fiat currency, bitcoin and other cryptocurrencies. It allows USD, EUR, GBP, bitcoin, ALGO, XRP, Ether, litecoin, bitcoin cash, XLM, Link, OMG Network, USD Coin or PAX deposits and withdrawals.	18,012,179	17,179,000	(5%)	1,601,000	1,413,000	(1%)	1,029,984	860,000	(1%)	2,597,053	3,450,000
LEANPAY	Leanpay is an omni-channel POS financing company that aims to disrupt consumer loans segment, and help consumers buy products they need.	3,037,000	7,009,000	131%	(1,870,000)	(3,880,000)	6%	496,966	1 575,000	6%	182,623	1,416,000
Borza terjatev	Enables companies to obtain funding by selling off their invoices in an online auction on an organized exchange.	3,770,000	3,575,000	(5%)	(1,000)	(155,000)	(4%)	72,941	77,000	0%	374,049	450,000
Petrol Pay d.o.o.	mBills offers payment experience anywhere, anytime. Paying by phone in Slovenia, and for online purchases and abroad there is a mBills Mastercard card®. You can also connect your card to Garmin, Fitbit,and Apple devices that make you pay.	2,668,504	3,486,000	31%	(909,503)	(314,000)	25%	(1,094,419)	(963,000)	13%	3,423,041	2,460,000
Paywiser	Established in 2017, Paywiser is a global FinTech company focused on providing businesses with a singular platform to manage their payment issuance and acceptance operations.	744,023	2,606,000	250%	112,000	131,000	(10%)	88,036	86,400	(9%)	524,575	610,000
ICONOMI	Technical service that allows anyone from beginners to blockchain experts to invest in and manage digital assets. ICONOMI enables users to invest in and manage various digital assets and combinations of digital assets called Digital Asset Arrays	2,248,384	2,166,000	(4%)	171,000	155,000	(0%)	36,644	27,500	(0%)	2,479,831	2,507,000
Lab4Pay	Lab4Pay, as an integrator of payment systems and software solutions for SMEs, manages a network of advanced certified Android POS terminals through which we enable our users all the solutions they need for a business without a good performance. Pos terminals integrate solutions for SMEs developed on Android, covering both tax coffers, ordering programs, customer satisfaction measurement programs, loyalty programs and other add-ons to enable high-value-added services.	404,210	876,000	117%	(67 000)	28 640	20%	(141,937)	(86,000)	25%	287 111	200 000
L&C d.o.o. – COININDEX	CoinIndex, a Slovenian FinTech startup, offers a real-time data platform for cryptocurrency indexing and analysis. It aggregates information from various exchanges, aiding both new and experienced investors in tracking market trends and making informed decisions.	778,000	864,000	11%	541 000	602 000	0%	428,000	326,000	(17%)	600 000	927 000
Arvio	Arvio offers solutions for managing the lifecycle of real estate insurance from the initial estimate to the monitoring of the value of the collateral.	308,141	484,000	57%	12 000	93 000	15%	5,357	61,000	11%	28 439	89 400
CU d.o.o. – CRYPTOUNITY	Crypto Unity is a Slovenian startup focusing on simplifying cryptocurrency transactions for everyday use. Their platform features a user-friendly wallet and exchange that emphasizes security and accessibility, aiming to bridge the gap between complex crypto technologies and general consumers.	56,000	147,000	163%								

Source: Deloitte Intelligence

NOTES TO THE METHODOLOGY

The macro data was downloaded from the Economist Intelligence Unit (EIU) on 2025/01/08.

The banking sector tables presented may include both gross and net values, depending on the data available from National Banks.

For balance sheet items, year-end (or half-year-end) exchange rates were applied, while average yearly (or half-yearly) exchange rates were used for profit and loss items. Calculated indicators may also incorporate exchange rate impacts.

Return on Equity and Return on Assets ratios for 2024H1 is calculated by annualizing the profit after tax for the first half of the year. This approach does not account for potential variations in performance that may have occurred during the second half of the year.

Asset and loan penetration ratios for 2024H1 are calculated using the estimated GDP for 2024.

OPEX on average assets (%) has been calculated as the sum of the following items on an annualized basis, divided by the average asset amount:

- Administrative expenses
- Depreciation

Cost of risk (%) has been calculated as the sum of the following items, divided by the average loan amount, depending on the available data:

- Modification gains or (–) losses
- Impairment or (–) reversal of impairment
- Provisions or (–) reversal of provisions

LIST OF ABBREVIATIONS

AL – Albania
Avg – Average
BG – Bulgaria
BiH/BH – Bosnia and Herzegovina
Bn – Billion
C. / Ca. – Circa
CAR – Capital Adequacy Ratio
CEE – Central and Eastern Europe
CIR – Cost-to-income ratio
CNB – Czech National Bank/Croatian National Bank
COVID-19 – Coronavirus disease
HR – Croatia
CZ – Czech Republic
EBRD – European Bank for Reconstruction and Development
ECB – European Central Bank
EE – Estonia
EIU – Economist Intelligence Unit
EU – European Union
EUR – Euro
EURIBOR – Euro Interbank Offered Rate
FX – Foreign exchange
GDP – Gross Domestic Product
HANFA – Croatian Financial Services Supervisory Agency
HHI – Herfindahl–Hirschman-index
HRK – Croatian Kuna
HU – Hungary
IPO –Initial Public Offering
K – Thousand
LCY – Local Currency
LT – Lithuania
LV – Latvia
L/D ratio (L/D) – Loan-to-deposit ratio
Market cap. – Market capitalization
Mn – Million
MNB – Hungarian National Bank
M&A – Mergers and Acquisitions
N/a – Not available/Not applicable
NBR – National Bank of Romania
NBS – National Bank of Slovakia/National Bank of Serbia
NFCs – Non-Financial Corporations
NIM – Net Interest Margin
NPL – Non-performing loan
NR. – Number
OPEX – Operational Expenses
P/BV – Price to Book Value
PL – Poland
POS – Point of Sale
Q1 – First quarter of the year
Q2 – Second quarter of the year
Q3 – Third quarter of the year
Q4 – Fourth quarter of the year
RO – Romania
ROA – Return on Assets
ROE – Return on Equity
RS – Serbia
SL – Slovenia
SK – Slovakia
SME – Small and medium-sized enterprises
SRB – Single Resolution Board
USD – United States Dollars
YoY – Year-on-Year

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