Figure 1.3.1. (continued)

Declining net interest margins will hit profits of European banks more strongly.

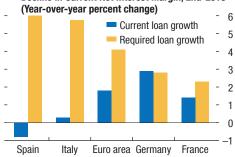
5. Impact of a 10-Basis-Point Decline in Net Interest Margin (Percent)



Sources: Bloomberg, L.P.; SNL Financial; and IMF staff calculations.

Substantial loan growth would be required to make up loss of net interest income.

6. Euro Area: Annual Loan Growth Required to Offset Decline in Current Net Interest Margin, End-2015



Sources: Bloomberg, L.P.; European Banking Authority Transparency Exercise (2015); European Central Bank; SNL Financial; and IMF staff calculations.