

# Table 7:

Potential increase of NPL levels after the break-out of the Covid-19 pandemic



**European Bank**  
for Reconstruction and Development



North Macedonia



This Annex was produced by the European Bank for Reconstruction and Development (EBRD) Legal Transition Programme, as part of the EBRD Covid-19 Emergency Measures Survey which complements the 2022 EBRD Business Reorganisation Assessment.

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Information in this table is based on the review of the answers received in connection with question 22 of the EBRD Covid-19 Emergency Measures Survey. This table reflects the respondents' position as of April 2022. Information provided by local counsel respondents has not been independently verified by the EBRD. Responses are based on original text provided by respondents. In some cases response have been edited by the EBRD for clarity.

**Question 22: “Has there been an increase in non-performing loans in your jurisdiction since March 2020?”**










**Key:** ✓ denotes that all respondents answered that the NPL level has increased  
 ✗ denotes that all respondents answered that the NPL level has remained the same or decreased  
 △ denotes that no estimation provided or answers of respondents from the same jurisdiction differ

Economy	Number of respondents	NPL level since March 2020	Vienna Initiative Monitor <sup>1</sup>	
			NPL volume (€ bn)	Variation (%) <sup>2</sup>
<b>Albania</b>	1	✗ There was a decrease in NPL volume as soon as the economy opened up after Covid-19.	0.4	▼(7.6)
<b>Armenia</b>	1	✓ The respondent estimates that NPLs increased although they do not have any statistics.		
<b>Azerbaijan</b>	1	△ No comments provided.		
<b>Belarus</b>	1	✓ As of 1 April 2020, the share of NPAs in the Belarusian banking sector was 5.3 per cent. According to official statistics of the National Bank of the Republic of Belarus, there is a significant increase in non-performing assets of Belarusian banks since March 2020 (from BYN 3062,4 billion as of 1 March 2020 up to 4,234,1 billion as of 1 April 2022).		
<b>Bosnia and Herzegovina (Federation and Republika Srpska)</b>	2	△ It is difficult to assess due to lack of available data.	0.6	▼(13.3)
<b>Bulgaria</b>	3	△ While some respondents estimate that there was a slight increase in NPLs levels after March 2020, others claim that it is difficult to assess due to lack of available data.	2.7	▼(10.9)
<b>Croatia</b>	3	✗ According to information from the central bank, the portion of NPLs at the end of 2021 was 4.3 per cent, compared to 5.4per cent at the end of 2020. NPLs were reduced both in the retail sector (from 7.1 per cent to 6.6 per cent) and in the corporate non-financial sector (from 12.5 per cent to 9.9 per cent) partly due to sale of NPL portfolios.	2.5	▼(1.8)
<b>Cyprus</b>	1	△ No comments provided.	4.7	▼(18.0)
<b>Czech Republic</b>	1	△ No comments provided.	4.7	▲(13.9)








<sup>1</sup>Vienna Initiative NPL monitor – H2 2021: Overview of the NPL profile in the CESEE region, 30 June 2020 to 30 June 2021 covering Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Kosovo, Latvia, Lithuania, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovak Republic, Slovenia, and Ukraine

<sup>2</sup> Variation (per cent) is calculated as ((value period 1/value period 0) -1), with June 2020 as period 1 and June 2021 as period 0 (where available)

△ (percentage points) is the variation, between two periods. It is calculated as (per cent period 1 - per cent period 0)

Economy	Number of respondents	NPL level since March 2020		Vienna Initiative Monitor <sup>1</sup>	
				NPL volume (€ bn)	Variation (%) <sup>2</sup>
<b>Egypt</b>	1		The NPL ratio and facilities to total loans and facilities decreased from 3.9 to 3.6 between the fiscal years 2019/2020 and 2020/2021 (as per the Annual Report and the macroeconomic overview presentation published by the Central Bank of Egypt). The respondent notes that such decrease since the fiscal year 2019/2020 is a result of the moratorium that has been put in place by the CBE in March 2020 deferring all credit dues for all customers whether corporates, SMEs and individuals for a period of six months as well as exempting them from any late interest fees or additional fines for late payments.		
<b>Estonia</b>	2		While one respondent estimates there was an increase, another claims that it is difficult to assess due to lack of available data.	0.1	▼ (22.4)
<b>Georgia</b>	2		In 2020, due to the Covid-19 global pandemic, the overall volume of non-performing SME loans exceeded GEL 974 million (143 per cent increase from 2019), the highest level since 2010, and the share of non-performing SMEs loans is now at 9.8 per cent (4.8 per cent increase from the last year). In 2020 the total volume of non-performing loans increased by 126 per cent (from 4.9 per cent in 2019 to 9.75 per cent in 2020) out of which the contribution of SMEs non-performing loans was 40.6 per cent, and other loans contribution was 85.9 per cent.		
<b>Greece</b>	2		There has been a decrease. This relates to the enhanced securitisation programs of the Greek banks (mostly driven by the Hercules – HAPS scheme). New non-performing loans are expected to emerge in the aftermath of the repayment moratorium, end of subsidies etc.	34.6	▼ (46.4)
<b>Hungary</b>	2		No comments provided.	0.5	▼ (28.3)
<b>Jordan</b>	3		The actual rates of NPLs in both corporate and retail sectors are not publicly available information, and vary from one bank to the other based on their portfolio. Nevertheless, there has been an increase in NPLs in both corporate and retail due to the declining financial state of various individuals and companies during the Covid-19 pandemic.		
<b>Kazakhstan</b>	2		According to some public sources <sup>3</sup> , NPLs in Kazakhstan remain at approximately the same level (6.8 per cent as of the end of 2020 and 6.9 per cent as of the end of 2021), despite the risks generated by the Covid-19 pandemic.		
<b>Kosovo</b>	1		No comments provided.	0.1	▲ (11.6)
<b>Kyrgyz Republic</b>	1		It is difficult to assess due to lack of available data.		









<sup>3</sup> <https://www.ceicdata.com/en/indicator/kazakhstan/non-performing-loans-ratio>

Economy	Number of respondents	NPL level since March 2020		Vienna Initiative Monitor <sup>1</sup>	
				NPL volume (€ bn)	Variation (%) <sup>2</sup>
Latvia	1		No comments provided.	0.7	▼(7.2)
Lebanon	3		As per the information available, Lebanon's NPLs reached 33 per cent at the end of 2020 compared to 15.19 per cent in the previous year - it could have been higher, but some of the loans are against collateral and some loans are held by non-Lebanese residents (which are less impacted by the economic crisis in Lebanon). The absence of reforms to tackle the financial crisis Lebanon is facing will lead to a further deterioration of consumer loans. It is anticipated that the NPL rate will further increase, primarily due to extremely high levels of unemployment and hence purchasing power.		
Lithuania	2		While one respondent estimates there was an increase in NPLs, another has a different perception. Although in 2020 the total share of non-performing corporate loans in banks increased by a relatively small percentage (0,6 per cent), the share of MFI loans to more affected companies by the Covid-19 crisis could reach almost one tenth of the total MFI loan portfolio.	0.3	▲(10.7)
Moldova	1		On 31 December 2019 NPLs average rate for banks was 8.5 per cent. It increased to 8.7 per cent on 30 July 2020 and decreased to 7.4 per cent on 31 December 2020. That rate varied from 3.6 per cent to 16.6 per cent, depending on the bank. On 30 September 2021, the NPL average rate for banks decreased to 6.8 per cent. In the non-banking sector, the NPLs average rate was 14.9 per cent on 30 September 2020 and it decreased to 14.1 per cent on 30 September 2021.		
Mongolia	1		The NPLs rose both for corporate loans and retail loans. The banking authority and the parliament made changes to the loan classification regulations enabling the banks to waive classification of NPLs during the pandemic. This waiver applies to all types of loans - whether business or retail.		
Montenegro	4		According to available data provided by the banking authority, the ratio of NPLs to loans in Montenegro's banking system was 5.7 per cent at the end of October 2021, compared to 5,5 per cent at the end of 2020.	0.2	▲(15.7)
Morocco	1	N/A <sup>4</sup>	-		
North Macedonia	3		One respondent could not answer this question, while the other two respondents provided different answers (one yes and one no).	0.2	▼(23.2)

<sup>4</sup> Morocco was the only economy that did not answer this question

Economy	Number of respondents	NPL level since March 2020		Vienna Initiative Monitor <sup>1</sup>	
				NPL volume (€ bn)	Variation (%) <sup>2</sup>
<b>Poland</b>	1	✓	The analysis of the NPL ratio shows that the quality of loans in 2020 remained at the same level from December 2019, and the quality of housing loans - even slightly improved by 0.1 pp, amounted to 9.6 per cent and 2.7 per cent, respectively. Slight deterioration of NPLs by 0.3 per cent recorded cash loans, reaching the value of 13.1 per cent at the end of 2020. The lowest quality readings are characteristic of non-bank loans. In their case, at the end of December 2020, the ratio was 43.4 per cent and was higher by 9.5 pp, compared to December 2019.	11.3	▼(14.6)
<b>Romania</b>	2	✗	Both respondents think there was no increase in NPLs. Based on the information made available by the National Bank of Romania, the percentage of non-performing loans decreased, reaching 3.35 per cent. ( <a href="https://www.bnr.ro/Raport-statistic-606.aspx">https://www.bnr.ro/Raport-statistic-606.aspx</a> )	2.7	▼(7.8)
<b>Russia</b>	1	✗	According to the media, the Russian economy has managed to recover swiftly after the pandemic, and also during the pandemic parties (borrowers and creditors) have learned to better negotiate in mutual interests which had allowed to avoid mass non-performance.		
<b>Serbia</b>	3	⚠	The responses differ. However, in April, the National Bank of Serbia released its regular Macroeconomic Developments in Serbia report for the first quarter of 2022. It concluded that after the record low values of NPL indicators recorded in 2020, the Covid 19 pandemic slowed down the declining trend at the end of the year, and in the first quarter of 2022 this indicator increased slightly, but is still significantly lower than the pre-crisis level. From the same report, it can be concluded that the share of NPLs in the amount of total loans is greater when it comes to the loans of natural persons (4.3 per cent), while that percent is lower when it comes to the companies (2.7 per cent).	0.9	▲(2.2)
<b>Slovak Republic</b>	1	✗	The NPL ratio for corporate loans that were under a statutory moratorium has gradually stabilised. By the end of September 2021 this ratio was close to 3 per cent, after ceasing to show any significant increase since June 2021. Non-performing post-moratorium loans make up around 0.3 per cent of the total corporate loan book. But corporate loans that were not under a moratorium have also defaulted. From September 2020 to September 2021 the loans that defaulted and were not under a moratorium accounted for 0.6 per cent of total NFC loans.  In the retail loan book, by contrast, the NPL ratio for loans that were under a moratorium is still increasing. As of September 2021 this ratio stood at 3.5 per cent, representing 0.4 per cent of the total retail portfolio. Nevertheless, this ratio is still slightly below the level that in late 2020 households themselves were expecting.	1.7	▼(8.8)



Economy	Number of respondents	NPL level since March 2020		Vienna Initiative Monitor <sup>1</sup>	
				NPL volume (€ bn)	Variation (%) <sup>2</sup>
<b>Slovenia</b>	3		While no official statistics are available to support their conclusion, the respondents have sensed from the market that the NPLs have not increased materially due to Covid-19. The first reason is that Slovenian banks have significantly improved their asset quality since the 2008 financial crisis, disposed of large NPL portfolios already before the pandemic and developed a better NPL management and some stricter scrutiny of credit worthiness (particularly in respect of consumers). Additionally, the mandatory moratoria on bank loans appear to have prevented a significant build-up of NPLs, allowing many businesses to get through the worst business slowdown.	1.0	▼(7.7)
<b>Tajikistan</b>	1		No comments provided.		
<b>Tunisia</b>	1		The respondent assumes there was an increase in NPLs in view of the economic difficulties companies went through during the pandemic.		
<b>Türkiye</b>	2		The responses differ. However, as per the Central Bank financial stability report dated November 2021, the ratio of the NPLs to total loans was approximately 3.5 per cent in December 2018 for corporate loans. This rate increased to approximately 5.7 per cent in March 2020, but decreased to approximately 3,7 percent for in June 2021. For retail loans, the rate of NPLs to loans was approximately 3.5 per cent in December 2018. This rate decreased gradually to approximately 3 per cent in March 2020 and to approximately 1.7 per cent for June 2021.		
<b>Turkmenistan</b>	1		The perception is that there is a decrease given that a number of businesses were suspended.		
<b>Ukraine</b>	1		The perception is that there is an increase in both corporate and retail NPLs.	11.9	▼(33.4)
<b>Uzbekistan</b>	1		No comments provided.		
<b>West Bank and Gaza</b>	3		All three respondents think there was an increase in NPLs. The loan forbearance announced by the Palestine Monetary Authority and the eagerness of local FIs to contact affected customers to reschedule their loans meant that NPL rates did not drastically increase.		