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About the *NPL Monitor*

The *NPL Monitor*¹ is the semi-annual publication of the NPL Initiative, a workstream of the Vienna Initiative. The publication reviews the latest non-performing loan (NPL) trends in 17 countries² in central, eastern and south-eastern Europe (CESEE) and selected non-CESEE countries.³

This edition presents a data-based analysis of NPL trends, as well as a comprehensive overview of the current NPL market and of European Union (EU) regulations related to credit risk. In addition, it focuses on the potential impact of today's challenging macroeconomic landscape and heightened geopolitical risks on the quality of bank assets.

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² The 17 CESEE countries are Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czechia, Estonia, Hungary, Kosovo, Latvia, Lithuania, Montenegro, North Macedonia, Poland, Romania, Serbia, the Slovak Republic and Slovenia.

³ The non-CESEE countries are Armenia, Georgia, Greece, Kazakhstan, Moldova, Morocco, Türkiye and Ukraine. Although they are not covered by the CESEE data on NPLs, the NPL Initiative has begun following NPL reforms in these countries more closely.

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Executive summary

Non-performing loan (NPL) levels remain broadly stable across the NPL Monitor jurisdictions, with headline ratios at historically low levels in most markets.

Across central, eastern and south-eastern Europe (CESEE), **NPL volumes have continued to decline**, helped by solid borrower fundamentals and active balance-sheet management. In Q2 2025, NPL volumes in the CESEE region were down 3.5 per cent year on year to €28 billion. The average **regional NPL ratio also remained broadly stable**, at 1.93 per cent, down 0.2 percentage point from Q2 2024. The region's **overall coverage ratio** for the same period **declined slightly** on the year, falling 1.2 percentage points to 63.3 per cent, mainly due to some countries' softer provisioning buffers.

While the headline indicators suggest resilience, they hide more **fragile dynamics beneath the surface**. National trends are diverging as macroeconomic pressures, sectoral exposures and policy responses vary. However, overall, credit-quality pressures continue to suffer from sector-specific stress. Borrower affordability challenges continue in the current microeconomic environment, with refinancing risks persisting due to relatively high interest rates.

Stage 2 exposures⁴ remain a key supervisory focal point, particularly in segments where vulnerabilities have been identified, such as commercial real estate (CRE), small and medium-sized enterprises (SMEs) and retail borrowers. Elevated Stage 2 exposures are increasingly perceived as an early warning of potential sectoral deterioration in banks' portfolios. Supervisors, therefore, continue to closely

monitor credit migration, early-warning systems and provisioning adequacy as preventive measures.

Where NPL transactions are concerned, market activity continues to evolve unevenly across the NPL Monitor regions. In some jurisdictions, such as Greece, transaction activities and pipelines have remained strong, supported by Hellenic Asset Protection Scheme (HAPS)-driven securitisations, ongoing sales of relatively large portfolios and increasingly active secondary transactions. In Türkiye, flows have been steadier, but dominated by smaller, more frequent retail portfolio disposals to local asset managers. In many smaller CESEE countries, limited new NPL stock and structural constraints continue to weigh on volumes and pricing. Servicer consolidation remains topical, with the use of technology, particularly artificial intelligence (AI), becoming a strategic differentiator.

In the euro area, **supervisory priorities remain firmly anchored in forward-looking credit risk assessment and early intervention**. Supervisors continue to challenge provisioning practices, internal model calibration and the effectiveness of early-warning systems. Geopolitical risk is now firmly embedded in supervisory expectations, with explicit attention on areas such as cyber-risks and trade fragmentation.

Supervisory scrutiny is also intensifying around unsecured and retail lending practices, alongside continued close monitoring of collateral valuations in CRE. Another area of concern is interconnectedness with private credit and non-bank financial institutions (NBFIs), with ECB analysis showing these linkages can amplify stress across bank portfolios.

⁴ Under IFRS 9, which includes forward-looking recognition of loan impairment, when a loan's credit risk has increased significantly since initial recognition, it is termed "Stage 2".

At national level, authorities across the NPL Monitor jurisdictions are advancing legal, prudential and structural reforms to strengthen NPL management frameworks and improve market functioning. In the current environment, their particular focus is on safeguarding borrower affordability while mitigating refinancing risks from higher interest rates.

So far, the region has demonstrated resilience in terms of credit risk and avoided a sharp deterioration in headline indicators. However, the risk of renewed NPL accumulation persists, amplified by rising geopolitical tensions and ongoing macroeconomic uncertainty. In this environment, **sustained vigilance and proactive supervision will remain critical** to ensuring the timely identification, management and resolution of distressed assets in the coming period.

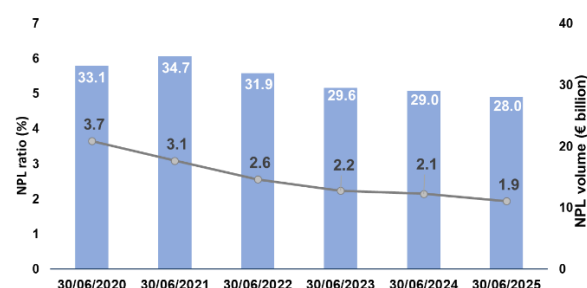
I. NPL developments in the NPL Monitor regions

Since June 2024, NPL volumes in the CESEE region have continued to decline, supported by stronger asset quality and active management by banks. However, amid rising geopolitical tensions and with an uncertain economic outlook, close monitoring remains essential.

CESEE region

Credit quality in CESEE has continued to improve overall, thanks to low unemployment and strong borrower liquidity, which have helped to limit new NPL formation. However, early signs of strain are emerging as weaker economic prospects and rising policy uncertainty begin to challenge the region's small and open economies.^{5, 6} **NPL volumes in the region declined** in the year to June 2025, **falling 3.5 per cent to €28 billion**.⁷ This positive development is a relatively sharp reduction compared with recent years. Montenegro and Serbia recorded particularly significant falls in NPL volumes, of 22.5 per cent and 19.9 per cent, respectively. Estonia, in contrast, saw NPL volumes rise 14.2 per cent, while Romania saw NPL volumes increase 14.3 per cent amid weak economic growth and emerging credit risks, particularly in the SME and real-estate sectors. NPL volumes in Poland declined 9.4 per cent, as Polish banks eased lending criteria in Q2 2025 – driven by stronger competition, interest rate cuts and lower NPL levels – boosting demand for loans.⁸

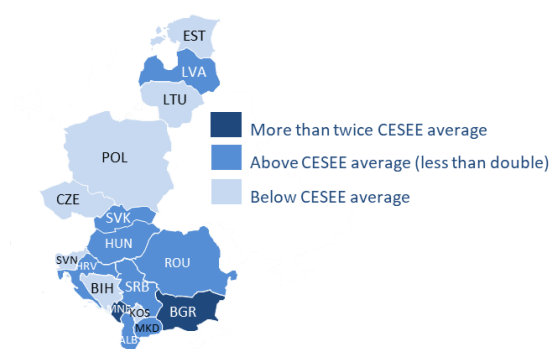
Figure 1. Evolution of NPL ratios and volumes in the CESEE region



Source: IMF Financial Soundness Indicators (FSIs) and central banks.

The average regional **NPL ratio**⁹ remained **broadly stable**, continuing its **modest gradual downward trend**, declining 0.2 percentage point to 1.93 per cent in the year to June 2025. Most CESEE jurisdictions saw decreases in their NPL ratios, with only Estonia, Romania and Slovenia registering marginal increases of 0.1 percentage point.

Figure 2. Net NPL ratio¹⁰ (Q2 2025)



Source: IMF FSIs and central banks.

⁵ See EU NPL Advisory Panel (2025).

⁶ See Austrian National Bank (2025).

⁷ See notes to Table 1.

⁸ See Reuters (2025).

⁹ The ratio of NPLs to total gross loans.

¹⁰ The ratio of NPLs net of provisions to total gross loans.

The **overall coverage ratio**¹¹ in the region declined slightly, falling 1.2 percentage points from June 2024 to 63.3 per cent in June 2025. Slovenia maintains the highest coverage ratio in the region, at 96.4 per cent, while Czechia and Bulgaria report the lowest, at 49.9 and 50.5 per cent, respectively.

Other regions

As Table 1 shows, NPL stocks in Greece and Ukraine decreased significantly in the year to June 2025, falling 39.2 per cent and 15.7 per cent, respectively. In **Ukraine**, the NPL ratio fell to 27 per cent in Q2 2025, its lowest level since March 2022, just after the start of Russia's full-scale invasion. Excluding legacy bad debts from state-owned banks and former PrivatBank owners, the decline was mainly due to robust growth in new high-quality loans and NPL write-offs.¹² In **Greece**, the notable decrease in NPLs was driven by aggressive portfolio sales and the extension of the HAPS, which helped lower NPL ratios to less than 4 per cent (for details, please see Section 3).

In contrast, **Türkiye** experienced a 56.5 per cent surge in NPL volumes in the year to June 2025, primarily driven by consumer and credit-card exposures. Softer economic activity, high funding costs and currency weakness and inflation are weighing on borrower repayment capacity and contributing to a further rise in NPL volumes.

While asset quality is expected to deteriorate further, banks' proactive collections, restructurings, NPL sales and stronger capital cushions should limit the overall impact on the NPL ratio across the CESEE region. S&P Global expects NPL ratios to increase to 3.0 per cent to 3.2 per cent by end 2026. Banks' prior provisioning efforts and stronger capital buffers

should help them absorb any potential losses.¹³

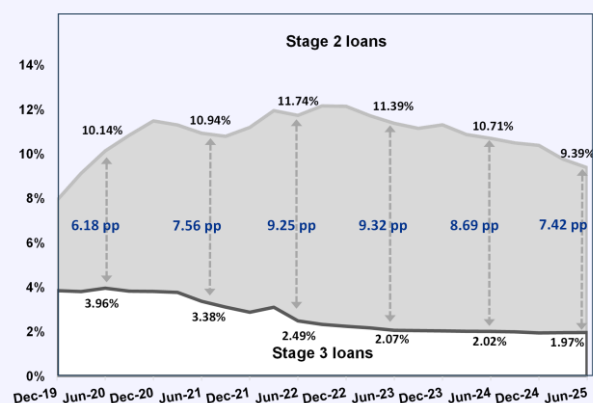


In focus: The evolution of staging in the EU central and eastern Europe region¹⁴

Ongoing improvement in credit quality with declining Stage 2 and Stage 3 loans^{15, 16}

The EU CEE region has shown an improvement in credit quality, as evidenced by the sustained decline in Stage 2 and Stage 3 loans since March 2023. Stage 2 loans peaked at 12.15 per cent at the end of 2022, but have since declined, totalling 9.39 per cent in June 2025. Stage 3 loans have been on a steady decline, reaching an historical low of 1.95 per cent in December 2024. This reflects the resolution of legacy NPLs, improved credit quality and the impact of active portfolio management and improving borrower repayment capacity.

Figure 3. Evolution of Stage 2 and 3 loans in the EU CEE region



Source: European Banking Authority Risk Dashboard.

The narrowing gap between Stage 2 and 3 loans (from 9.9 percentage points at its peak at the end of 2022 to 7.42 percentage points in June 2025) is a positive signal. Supervisors are, however, increasingly pointing to early but visible signs of weakening credit fundamentals.¹⁷

¹¹ The ratio of NPL provisions to NPL stock.

¹² See National Bank of Ukraine (2025).

¹³ See S&P Global (2025).

¹⁴ The EU CEE countries are Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic and Slovenia.

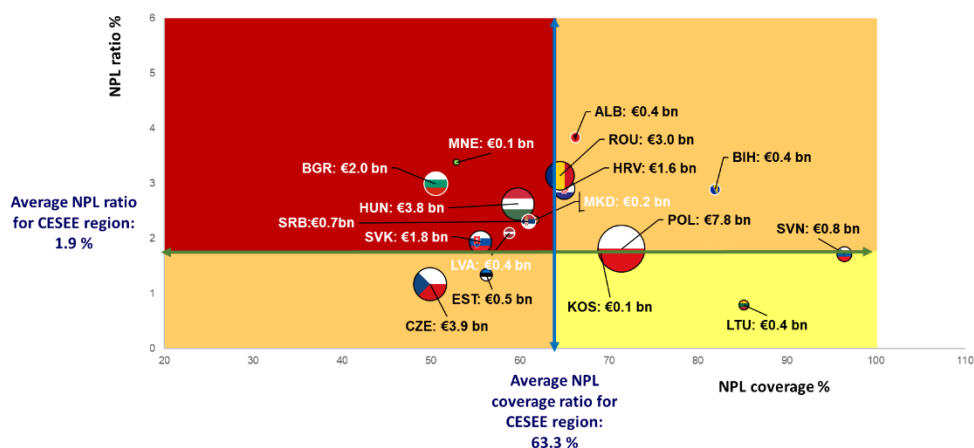
¹⁵ Under IFRS 9, which includes forward-looking recognition of loan impairment, when a loan's credit risk has increased

significantly since initial recognition, it is categorised as "Stage 2". When a loan's credit risk increases to the point where it is considered credit impaired, the loan is categorised as "Stage 3". See BIS (2017).

¹⁶ As classified by IFRS 9, unless otherwise specified. Data on staging are from the interactive European Banking Authority Risk Dashboard (see EBA, 2025).

¹⁷ See Buch (2025).

Figure 4a. NPL volumes and ratios in the CESEE region as at Q2 2025



Source: IMF FSIs and central banks.

Figure 4b. NPL ratios and NPL coverage ratios per coloured quadrants in Figure 4a

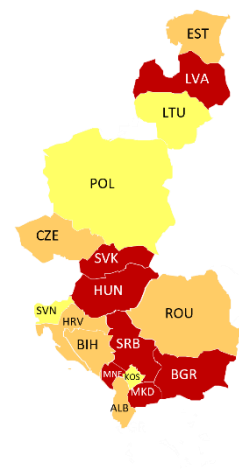


Table 1. Overview of the NPL profile in the CESEE region, 30 June 2024 to 30 June 2025

Country	NPL volume (€ billions)		NPL ratio (%)		NPL coverage ratio (%)		Net NPL ratio (%)		Net NPL/capital (%)		NPL-to-GDP ratio (%)	
	Jun-25	Variation (%)	Jun-25	Δ (pp)	Jun-25	Δ (pp)	Jun-25	Δ (pp)	Jun-25	Δ (pp)	Jun-25	Δ (pp)
Albania (ALB)	0.4	▼ (1.3)	3.8	▼ (0.7)	66.2	▼ (1.0)	1.3	▼ (0.2)	5.5	▼ (0.5)	1.4	▼ (0.1)
Bosnia and Herz. (BIH)	0.4	▼ (9.0)	2.9	▼ (0.6)	81.9	▼ (0.6)	0.5	▼ (0.1)	2.5	▼ (0.5)	1.4	▼ (0.2)
Bulgaria (BGR)	2.0	▼ (5.1)	3.0	▼ (0.6)	50.5	▲ (2.0)	1.5	▼ (0.4)	8.2	▼ (2.2)	1.8	▼ (0.3)
Croatia (HRV)	1.6	▼ (2.7)	2.9	▼ (0.3)	65.0	▼ (3.8)	1.0	▲ (0.0)	6.0	▲ (0.1)	1.8	▼ (0.2)
Czechia (CZE)	3.9	▲ (2.7)	1.2	▼ (0.0)	49.9	▼ (0.1)	0.6	▼ (0.0)	6.4	▼ (0.1)	1.2	▼ (0.0)
Estonia (EST)	0.5	▲ (14.2)	1.3	▼ (0.1)	56.2	▼ (8.5)	0.6	▲ (0.1)	4.1	▲ (1.3)	1.3	▲ (0.1)
Hungary (HUN)	3.8	▼ (10.8)	2.6	▼ (0.4)	59.8	▲ (0.7)	1.1	▼ (0.2)	5.6	▼ (1.4)	1.7	▼ (0.3)
Kosovo (KOS)	0.1	▼ (2.7)	1.8	▼ (0.3)	69.0	▲ (1.0)	0.6	▼ (0.1)	3.5	▼ (0.7)	1.0	▼ (0.1)
Latvia (LVA)	0.4	▲ (1.4)	2.1	▼ (0.1)	58.8	▲ (3.9)	0.9	▼ (0.1)	5.9	▼ (0.6)	1.0	▼ (0.0)
Lithuania (LTU)	0.4	▼ (1.2)	0.8	▼ (0.2)	85.1	▼ (4.6)	0.1	▲ (0.0)	1.1	▲ (0.2)	0.4	▼ (0.0)
Montenegro (MNE)	0.1	▼ (22.5)	3.4	▼ (1.7)	52.8	▲ (7.5)	1.6	▼ (1.2)	7.6	▼ (5.1)	1.8	▼ (0.7)
North Macedonia (MKD)	0.2	▼ (9.8)	2.3	▼ (0.7)	61.7	▼ (2.0)	0.9	▼ (0.2)	4.5	▼ (0.9)	1.3	▼ (0.2)
Poland (POL)	7.8	▼ (9.4)	1.8	▼ (0.4)	71.4	▼ (2.1)	0.5	▼ (0.1)	3.4	▼ (0.5)	0.8	▼ (0.2)
Romania (ROU)	3.0	▲ (14.3)	3.1	▲ (0.1)	64.5	▼ (2.5)	1.1	▲ (0.1)	6.5	▲ (0.7)	0.8	▲ (0.1)
Serbia (SRB)	0.7	▼ (19.9)	2.3	▼ (0.6)	61.0	▲ (0.3)	0.9	▼ (0.2)	4.0	▼ (0.7)	0.8	▼ (0.3)
Slovak Republic (SVK)	1.8	▲ (3.7)	1.9	▼ (0.1)	55.6	▼ (1.3)	0.9	▼ (0.0)	6.0	▼ (0.6)	1.3	▼ (0.0)
Slovenia (SVN)	0.8	▲ (11.1)	1.7	▲ (0.1)	96.4	▼ (5.4)	0.1	▲ (0.1)	0.4	▲ (0.6)	1.2	▲ (0.1)
CESEE	28.0	▼ (3.5)	1.93	▼ (0.2)	63.3	▼ (1.2)	0.7	▼ (0.1)	4.4	▼ (0.5)	1.1	▼ (0.1)
Armenia (ARM)	0.2	▲ (2.9)	1.1	▼ (0.0)	165.1	▲ (4.4)	0.7	▼ (0.0)	3.2	▼ (0.3)	0.7	▲ (0.0)
Georgia (GEO)	0.3	▲ (0.1)	1.5	▼ (0.1)	39.2	▲ (0.9)	0.9	▼ (0.0)	4.6	▼ (0.6)	1.0	▼ (0.1)
Greece (GRC)	6.5	▼ (39.2)	3.3	▼ (2.9)	59.5	▲ (10.8)	1.3	▼ (1.8)	7.2	▼ (9.5)	2.6	▼ (1.9)
Kazakhstan (KAZ)	2.1	▲ (4.9)	3.4	▲ (0.3)	66.1	▼ (4.8)	1.2	▲ (0.3)	4.7	▲ (0.7)	0.8	▲ (0.1)
Moldova (MLD)	0.2	▲ (8.1)	4.3	▼ (0.6)	50.5	▼ (4.5)	2.1	▼ (0.1)	6.5	▲ (0.9)	1.1	▲ (0.1)
Morocco (MAR)	9.6	▲ (8.8)	8.8	▲ (0.2)	68.8	▲ (1.3)	2.8	▼ (0.0)	-	-	6.1	▲ (0.1)
Türkiye (TUR)	9.7	▲ (56.5)	2.0	▲ (0.6)	73.2	▼ (5.8)	0.5	▲ (0.2)	3.4	▲ (1.6)	0.7	▲ (0.2)
Ukraine (UKR)	8.2	▼ (15.7)	27.0	▼ (7.6)	85.3	▲ (1.3)	4.0	▼ (1.6)	14.4	▼ (6.1)	4.4	▼ (1.1)
Other	36.9	▼ (3.4)	4.0	▼ (0.6)	71.9	▲ (3.3)	1.1	▼ (0.3)	5.0	▼ (1.7)	1.6	▼ (0.2)
Total countries	65.0	▼ (3.5)	2.7	▼ (0.3)	68.2	▲ (1.4)	0.9	▼ (0.2)	4.6	▼ (1.0)	1.3	▼ (0.1)

Source: IMF FSIs and central banks.

Notes on the data and the interpretation of results

- Variation (per cent) is calculated as $((\text{value period 1}/\text{value period 0}) - 1) \times 100$, with June 2025 as period 1 and June 2024 as period 0 (where available).
- Δ (percentage points) is the variation between the two periods. It is calculated as (per cent period 1 – per cent period 0).
- For most of the countries covered in this edition of the *NPL Monitor*, data to 30 June 2025 are the latest available.
- When not available from the IMF FSIs, data are found on the website of the monetary authority of the country in question. Such data include the latest information on selected indicators for Serbia and Morocco. When information is available from neither national websites nor the IMF FSIs, time-adjacent data are used to plug the gaps. The countries for which data are not available for Q2 2025 are Kosovo (Q1 2025), Poland (all up to Q1 2025, apart from NPLs net of provisions, which are available only up to Q4 2024), Kazakhstan (Q1 2025), Georgia (Q1 2025) Moldova (Q1 2025) and Armenia (October 2024).
- Figures for Croatia are sourced from the IMF and are presented in euros, which may result in differences compared with earlier versions of the *NPL Monitor*.
- Net NPL/capital for Morocco could not be calculated due to the lack of capital data from the IMF and monetary authorities.
- The NPL-to-GDP ratio is calculated using annual GDP values for 2024 and 2025, respectively (rather than quarterly data), in line with reporting for the IMF's *World Economic Outlook*.
- The coverage ratio is calculated using total specific loan loss provisions, which correspond to provisions specifically allocated to NPLs, consistent with both IFRS 9 Stage 3 allowances and the IMF's definition of "total specific loan loss provisions".

II. NPL market trends

Deal flows

Despite banks having smaller NPL volumes to sell in many of the CESEE countries, deleveraging has become more embedded in banks' annual capital and portfolio planning cycles. Sales decisions are now less of a one-off reactive exercise and more to do with strategic forward-planning.

This shift is manifesting itself very differently across jurisdictions, however, depending on local specificities.

For many smaller central and eastern European (CEE) countries, new NPLs for disposal remain limited (mainly single names and small portfolios), making consistent "forward flow planning" challenging and placing economic limitations on international investors and servicers in the region.

In Greece, until recently, the market was strongly focussed on state-backed securitisations because of the HAPS, but there has been a move back towards more "traditional" portfolio disposals and secondary trades.

In Türkiye, where NPL flows are more constant, deleveraging remains dominated by more frequent, smaller-scale retail portfolio sales to locally licensed asset management companies.

Secondary trading accelerates

In the CESEE region, secondary trades remain selective and are typically concentrated in re-performing or sub-performing pools carved out of earlier bank-originated transactions. In Greece, secondary activity is reflected in the re-trading of securitised positions and seasoned pools as investors rotate out of HAPS exposures. Türkiye remains more heavily weighted towards primary sales, reflecting the shorter seasoning of portfolios and the rapid recycling of retail defaults.

Across the region, secondary liquidity is improving, but remains uneven, although pricing remains fragmented and highly asset specific.

Mixed corporate–SME portfolios

A rise in SME problem loans has been observed in many CESEE markets. These are predominantly resolved by workouts and restructurings. However, an increasing number of transactions now include a mix of corporate and SME portfolios, notably in jurisdictions such as Greece, Romania and the Western Balkans, indicating growing investor appetite for this asset class.

True standalone SME carve-outs remain limited. Where they occur, they require highly granular data, clear collateral documentation and predictable enforcement. They are still typically targeted at niche turnaround investors rather than mass-market buyers.

Servicers: technology is increasingly central

In Greece, large, licensed servicing platforms such as doValue Greece and Cepal Hellas, manage a substantial share of the portfolios transferred from banks under the HAPS, as well as subsequent follow-on transactions. The appointment of EOS Matrix Greece to service National Bank of Greece's "Project Etalia B" portfolio demonstrates how banks are increasingly outsourcing the servicing of portfolios, together with the related data production and preparation for sale.¹⁸

Technology has become a key enabler of NPL servicing, processing large volumes of data and documentation efficiently while optimising operations through targeted action plans. At the pre-sale stage, it allows servicers to produce high-

¹⁸See National Bank of Greece (2025).

quality data and borrower segmentation to support portfolio disposals. At the post-sale stage, it enhances recoveries through automated workflows and monitoring tools.

As a result, in many markets (such as in Greece and Türkiye), technology, including the increasing use of AI, is expected to continue to drive the consolidation of servicers as smaller firms struggle to compete.

Developments in Greece and Türkiye



In focus: Greece and the weight of legacy NPLs - a case study in systemic challenges

- Greece is a case study in an economy's endurance under the weight of unresolved NPLs. Two recent European Commission reports provide a stark snapshot of these lingering effects and the structural weaknesses that perpetuate them.¹⁹
- After years of effort, Greece succeeded in reducing its NPL ratio to 3.3 per cent in June 2025, equivalent to around €6.5 billion or 2.6 per cent of GDP. Yet this progress was achieved largely through portfolio sales and securitisations rather than organic restructuring. Loan servicers continue to hold €74.8 billion in distressed assets, equivalent to 31.5 per cent of GDP.²⁰ Continued securitisations layered over slow workouts have left legacy NPLs entrenched, blocking efficient capital allocation and constraining growth.
- The reasons for the slow resolution are deeply structural. The Commission cites bottlenecks in debt enforcement: inefficient court procedures, foreclosure auctions failing at discouraging rates (75 per cent of auctions end without success²¹) and delays in cadastre registrations.
- Greece has taken steps, including extending the HAPS and amending the Civil Code to improve transparency and auction processes. Still, more decisive measures, such as incentivising specialist servicers to accelerate workouts, may be needed to break the cycle.
- The cost of unresolved NPLs is severe. Corporate borrowers account for 33 per cent of debts held by servicers,²² leaving many firms locked out of capital markets. The Bank of Greece even finds a link between high NPL levels and “zombie” firms, which choke investment and productivity. Household debt makes up 54 per cent,²³ sidelining individuals from the financial system and the broader economy. In short, NPLs are not just a banking issue; they are a systemic drag on recovery.
- Greece must uphold strict lending standards and sustain a liquid secondary market to prevent a fresh buildup of bad loans, especially with corporate credit growth accelerating to 9.2 per cent in Q3 2024, far outpacing the EU average of 0.8 per cent.²⁴



In focus: Turkish banks adapt to shifting credit quality through active NPL sales

- Amid tight monetary policy, elevated inflation and higher interest rates, Türkiye's banking sector has seen a marked increase in NPLs in 2025. NPL volumes were up around 56.5 per cent in euro terms in the year to June 2025, at €9.7 billion, while the sector's NPL ratio remained at a relatively low 2 per cent. While Turkish banks remain well capitalised, ongoing growth in NPLs could put pressure on profitability and constrain new lending activity.
- To address balance-sheet risks, banks have proactively accelerated the sale of delinquent loan portfolios to NPL asset management companies, of which 28 are currently licensed by the banking regulator. In the first nine months of 2025, Turkish banks sold nearly €1 billion in NPL portfolios, already nearing the total for all of 2024. However, the pace of new defaults continues to exceed the rate of sales, highlighting persistent credit challenges in the market.

See Annex 1 for selected recent transactions in Greece and Türkiye.

¹⁹ See European Commission (2025a).

²⁰ See European Commission (2025a).

²¹ See European Commission (2024).

²² See European Commission (2025b).

²³ See European Commission (2025b).

²⁴ See European Commission (2025a).

III. The EU perspective on credit risks and NPLs

Macroeconomic and geopolitical backdrop^{25, 26, 27, 28}

The euro area is approaching 2026 with a weaker macro-financial environment amid considerable geopolitical uncertainty. The unpredictability of trade policy has risen to its highest levels in 35 years. The ECB's supervisory priorities for 2026-28 emphasise that banks must remain vigilant.

The ECB Financial Stability Review warns that the credit risk outlook for both corporate and household portfolios remains pessimistic due to weak macro-financial conditions and persistently high interest rates. High interest rates continue to affect retail exposures (especially consumer credit), which are particularly sensitive to rate levels.

Trade tensions are also a growing concern, as prolonged or deeper conflicts could lead to a deterioration in bank asset quality, especially for institutions with concentrated exposures to export-oriented sectors (such as steel and carmakers, with risks of supply-chain spillovers).

Evolving credit risks across sectors^{29, 30, 31, 32, 33}

Emerging strain on banks' credit portfolios has been evident, with a rise in Stage 2 exposures for some asset classes, a decrease in coverage ratios and some tightening of lending standards.

While NPL ratios remain stable at around 2 per cent in the EU,³⁴ recent trends suggest some stress on the credit cycle. Coverage ratios have been declining across the eurozone, raising

concerns that growing credit risk is not being fully reflected in provisioning. Portfolios in sectors such as CRE and SME continue to show more pronounced stress, particularly in less significant institutions (LSIs). For example, among LSIs in Germany and Austria, CRE and SME exposures have driven a notable increase in NPL ratios since their historical lows in 2022.

According to S&P Global, 17 out of 45 major European banks reported a quarterly increase in NPL ratios in Q1 2025, while 18 reported a year-on-year increase. Banks are also increasing loan-loss provisions in response to rising geopolitical and tariff risks. For example, in the UK, Lloyds Bank raised provisions to €369.9 million in Q1 2025, including €119.7 million tied specifically to tariff risks. Barclays also increased provisions by €88.6 million in the same period due to US macroeconomic uncertainty.³⁵

On the positive side, countries that faced elevated NPL ratios after the global financial crisis continue to reduce legacy stocks through disposals, indicating that resolution and sales mechanisms remain effective. That said, this has been more challenging for smaller banks (as discussed later in this in section).

Commercial real estate

The commercial real-estate asset class is more vulnerable to the current macro-financial environment and a key focus of supervisory attention. The ECB has identified loans secured by

²⁵ See ECB (2025f).

²⁶ See ECB (2025h).

²⁷ See ECB (2025e).

²⁸ See ECB (2025b).

²⁹ See ECB (2025h).

³⁰ See ECB (2025c).

³¹ See ECB (2025e).

³² See ECB (2025b).

³³ See ECB (2025f).

³⁴ See Buch (2025).

³⁵ See S&P Global Market Intelligence (2025).

Using the ECB exchange rate of £1 = €1.1971 as of 31 March 2025, the original amounts of £309 million, £100 million and £74 million have been converted to euros.

commercial real estate as one of the main pockets of NPL-related weakness in the banking system. Nonetheless, NPL ratios remain broadly stable.

Corporate^{36, 37}

The ECB's Financial Stability Review warns that any broader macro-financial deterioration, especially as a result of trade policy uncertainty, could disproportionately affect export-reliant sectors and have potential knock-on effects along supply chains. Consequently, banks are intensifying their monitoring of credit risks at their potentially most affected corporate customers, particularly exporters with high levels of US exposure.

Small and medium-sized enterprises

SMEs continue to exhibit higher overall asset quality risks, with the NPL ratio of EU banks' SME portfolios at 4.78 per cent in Q1 2025, above the 3.47 per cent NPL ratio of non-financial corporates.³⁸ Banks are showing greater caution towards SMEs, which remain more exposed to shocks than large companies. In Q2 2025, credit standards for firms were broadly unchanged, but lenders stepped up their monitoring of exporters with significant US exposure, reflecting concerns over trade tensions.³⁹

Retail and household

Weaker asset quality, including rising NPL ratios, is pushing banks to tighten credit standards for consumer and housing loans. Lenders appear to be adjusting their risk appetite in anticipation of more stress on household finances.⁴⁰

Interconnectedness with private credit and non-bank financial institutions (NBFIs)^{41, 42}

The ECB continues to highlight NBFIs as a structural source of credit risk. Private credit markets have expanded rapidly in recent years, with assets under management surpassing €2 trillion by mid-2024, nearly five times higher than

a decade ago. These funds are moving into traditional lending, filling gaps left by banks that have scaled back due to tighter risk appetites.

This growth introduces complex counterparty and contagion risks. ECB scenario analyses show that exposures to NBFIs can amplify stress in credit portfolios under adverse macro-financial conditions. These linkages are now seen as a forward-looking driver of credit risk, alongside trade fragmentation and climate-related vulnerabilities.

Credit supply conditions and banks' lending behaviour

Banks reported a small net tightening in credit standards for loans to firms in Q1 2025 (3 per cent), less than they had previously expected. This tightening was explicitly attributed to perceived credit risks, including banks' assessments of borrower creditworthiness, sectoral vulnerabilities, and macroeconomic uncertainty.⁴³

ECB supervisory priorities for 2026-28: credit risk remains in focus

Despite progress, the ECB has noted ongoing weaknesses in credit risk management frameworks as a core vulnerability. Shortcomings in IFRS 9 practices and governance, it says, are most evident in portfolios exposed to current macro-financial risks, such as SMEs and commercial real estate. Common issues include arbitrary overlays, poor risk capture, and gaps in provisioning, collateral valuation and data quality.⁴⁴

Targeted reviews of SME portfolios have revealed governance flaws, including reliance on outdated data, early warning systems that are overly dependent on ratings, and limited readiness for borrower distress. On-site inspections of SME, retail and CRE portfolios confirm recurring

³⁶ See ECB (2025e).

³⁷ See ECB (2025b).

³⁸ See ECB (2025d).

³⁹ See ECB (2025c).

⁴⁰ Ibid.

⁴¹ See ECB (2025g).

⁴² See ECB (2025h).

⁴³ See ECB (2025c).

⁴⁴ See ECB (2025h).

problems in expected credit loss models, staging and provisioning.⁴⁵

Supervisors will keep their focus on IFRS 9 staging, expected credit loss (ECL) parameters, overlays for emerging risks (including geopolitical factors) and loan origination standards. Banks are expected to identify asset-quality deterioration promptly and reflect it in provisions and capital buffers, while maintaining sound credit standards and risk-based pricing. The ECB has also stressed the need to strengthen risk measurement and internal models and enforce remediation deadlines more aggressively.

Institutions that fail to address long-standing weaknesses within set timelines may face stricter supervisory measures, including sanctions.⁴⁶

Climate and nature-related risks as credit-risk drivers

The ECB has warned that misalignment with climate and nature-related (C&N) exposures can expose banks to higher credit risk, reinforcing the view that environmental risks are becoming increasingly relevant for credit portfolios.⁴⁷

Upcoming supervisory work will include assessing institutions' transition plans and how they integrate C&N risks into credit risk frameworks. Supervisors will also review governance, data quality and risk measurement practices to ensure these risks are embedded in provisioning models and early warning systems.

New EU supervisory approach to supervising coverage for legacy NPLs at smaller banks

After years of steady decline, the downward trend in NPL ratios across the European banking sector

stalled in 2023. For smaller banks, the picture worsened slightly in 2024, with NPL levels beginning to rise again, albeit moderately.⁴⁸

As a result, some smaller banks (LSIs) continue to grapple with persistent stocks of long-standing NPLs and maintain relatively low provisions to absorb potential losses. This is down to structural disadvantages that make NPL reduction more difficult for smaller banks, such as:

- limited market demand for small-scale NPL transactions
- resource constraints that hinder active portfolio clean-up
- lack of access to state support schemes.

To address these risks and strengthen resilience, the ECB and national competent authorities (NCAs) have agreed on a common, tailored supervisory approach for legacy NPL coverage at LSIs.

The new draft guidelines (final version expected early in 2026) build on the existing provisioning calendar and set out supervisory expectations for provisioning levels based on the age and type of NPL exposure.

⁴⁵ Ibid.

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ See ECB (2025a).

IV. Recent policy actions in *NPL Monitor* countries⁴⁹

Europe and the Western Balkans



Albania

- **Monetary policy:** On 2 July 2025, the Bank of Albania's Supervisory Council reduced the base interest rate to 2.5 per cent and adjusted the overnight deposit and lending rates to 1.5 and 3.5 per cent, respectively. The easing aimed to support price stability and economic growth amid external uncertainties, benefitting borrower affordability and credit quality. The outlook remains positive, with inflation expected to return to target by early 2026 and lending conditions likely to stay stable.
- **SEPA integration progress:** On 7 October 2025, the Bank of Albania hosted the launch of the country's first Single Euro Payments Area (SEPA) transaction, marking Albania's official integration into the system. SEPA integration is expected to improve payment efficiency, reduce costs and improve transaction security.⁵⁰
- **Regulatory updates:** The Bank of Albania has approved key regulatory amendments to strengthen financial integrity and modernise its payment systems. Changes to the regulation on foreign-exchange bureaus enhance licensing and supervision standards, reinforcing requirements on reputation, integrity and financial stability in line with international norms, ultimately reducing systemic risks. Amendments include higher initial capital thresholds, stricter documentation of capital sources and operational requirements to ensure market entry by financially sound entities with transparent ownership and responsible management.⁵¹
- **New bank to enter the Albanian market:** On 6 August 2025, the Bank of Albania granted preliminary approval for the licensing of a foreign bank branch, Türkiye Cumhuriyeti Ziraat Bankası A.Ş., Albania. Ziraat Bank is one of Türkiye's largest commercial banks and is expected to enhance competition and diversify financial services, contributing to the overall development of the banking sector.⁵²



Croatia

- **Monetary policy:** On 30 December 2024, the Croatian National Bank held its countercyclical buffer rate at 1.5 per cent, taking the view that this level remained appropriate for maintaining banking-system resilience against the potential materialisation of cyclical systemic risk or sudden shocks.
- **Measures to tackle rising energy prices:** In March 2025, the Croatian government adopted its eighth package of anti-inflation measures. With a total value of €296 million (0.3 per cent of gross domestic product (GDP)), it extends already enacted energy price caps, offers one-off payments to pensioners and maintains price controls on essential food items.
- **Revised consumer lending criteria:** To address rising financial stability risks from household lending and to bolster resilience in adverse scenarios, the Croatian National Bank brought stricter consumer lending criteria into force on 1 July 2025, including a 30-year cap on housing loan terms (10 years for non-housing loans), debt service-to-income ratio limits of 45 per cent (housing) and 40 per cent (non-housing), and a loan-to-value ratio cap for housing of 90 per cent.

⁴⁹ Based on information compiled by EBRD staff.

⁵⁰ See Bank of Albania (2025c).

⁵¹ See Bank of Albania (2025a).

⁵² See Bank of Albania (2025b).

Europe and the Western Balkans



Hungary

- **New measures for housing loans:** A new subsidised mortgage loan scheme called Home Start was introduced in September 2025. Offering interest rates of up to 3 per cent, the scheme is designed to help people purchase their first home.
- **Monetary policy:** Since September 2024, the National Bank of Hungary has kept the base rate unchanged at 6.5 per cent.
- **Capital requirements:** The countercyclical capital buffer for domestic exposures was increased from 0.5 per cent to 1 per cent in July 2025.



Montenegro

- **Insolvency law:** The new Law on the Resolution of Credit Institutions was adopted on 27 November 2024 with the aim of aligning the local resolution framework with the EU's Bank Recovery and Resolution Directive (BRRD2, Directive 2019/879/EU amending Directive 2014/59/EU). The Amended Law on the Bankruptcy and Liquidation of Banks was adopted at the same time and both laws came into force on 3 December 2024.
- **SEPA membership:** On 6 October 2025, Montenegro officially joined the SEPA payment zone, aligning its citizens and businesses with those of 40 European countries, including all EU members. Its membership enables faster, safer and more affordable international transactions, making it easier to send money from abroad and strengthening ties between Montenegro and its diaspora.



Serbia

- **Regulatory updates to enhance consumer protection:** On 1 July 2025, the new Law on the Protection of Financial Service Customers came into force, under which the National Bank of Serbia imposed limits on interest rates (both fixed and variable) on housing credit agreements, credit cards and overdrafts. The most important provisions include:
 - From end 2027, the variable (fixed) interest rate applied to housing credit agreements may not exceed the weighted average interest rate on existing (new) housing credit agreements in the same currency/indexation, increased by one-fifth of that rate.
 - From 1 January 2028, the variable (fixed) interest rate applied to housing credit agreements may not exceed the weighted average interest rate for existing (new) agreements in the same currency/indexation, increased by one-quarter of that rate.
- **Temporary measures for loans granted to the retail segment:** In addition, the Decision on the Temporary Interest Rate Cap for Loan Agreements with Natural Person Consumers stipulates a ceiling on variable interest rates as follows: a maximum of 14.75 per cent for loans denominated in local currency and 7.05 per cent for foreign currency-indexed dinar loans and foreign-currency loans. Furthermore, the interest rate on housing loans, be they fixed or variable, is capped at 5 per cent. This regulatory measure remains in effect until the end of 2025.
- **Resolution framework:** The harmonisation of BRRD II into Serbian legislation was achieved through amendments to the Banking Act, adopted in March 2025 and entering into force in October 2025. These legislative changes were complemented by a set of implementing bylaws adopted in July 2025. These measures aim to enhance financial stability, safeguard public funds and ensure effective resolution of banks in Serbia, consistent with EU standards.

North Africa



Morocco

- **Measures to tackle NPLs:** Since 2023, Morocco's central bank, Bank Al-Maghrib, has been helping to set up a secondary market for NPLs with the aim of facilitating the management and reduction of NPL portfolios held by credit institutions and enhancing their capacity to finance the economy. This work has led to the drafting of a reform to address the transferability of NPLs.

The Caucasus and Central Asia



Georgia

- The policy rate has been held at 8 per cent since May 2024. The country's fiscal and external positions have remained relatively strong, helped by resilient tourism. Foreign direct investment slowed in 2024 and the first half of 2025, reflecting weaker sentiment.
- Growth is forecast at 7 per cent in 2025 and 5 per cent in 2026 as external conditions soften. Downside risks stem from weaker global growth, the de facto suspension of the EU accession process over domestic democratic backsliding, and investor caution. Maintaining macroeconomic buffers and policy credibility will be critical to sustaining investor confidence.



Türkiye

- In the first 10 months of 2025, the Central Bank of Türkiye (CBRT) maintained a tight policy stance that helped bring down inflation from a peak of 75.5 per cent in May 2024 to 44.4 per cent at year end. As ex post real interest rates turned positive, the CBRT gradually reduced the policy rate from 50 per cent in December 2024 to 42.5 per cent in March 2025. It temporarily reversed course in April 2025, raising the rate to 46 per cent to stabilise markets following the political turmoil triggered by the arrest of Istanbul Mayor Ekrem Imamoglu. With disinflation continuing, the CBRT resumed its rate cuts in July 2025, bringing the policy rate to 39.5 per cent by October. Net foreign reserves excluding swaps fell sharply from about US\$ 60 billion (€52.6 billion) to US\$ 10 billion (€8.8 billion) in April 2025 amid market interventions, before rebounding to more than US\$50 billion (€43.1 billion) by end October 2025 on improved sentiment and renewed capital inflows.



Kazakhstan

- **Monetary policy:** In 2025, the National Bank of Kazakhstan (NBK) maintained its 5 per cent inflation target, tightening policy as disinflation stalled. On 10 October, the base rate rose to 18 per cent amid renewed inflationary pressures, driven by higher consumer price inflation (12.9 per cent year on year in September), elevated inflation expectations, foreign-exchange pass-through risks and a narrowing output gap. Policy is expected to remain on hold with a hawkish bias over the next 6-12 months, with any easing unlikely before Q2 2026, pending January 2026 tax reforms and sustained disinflation.
- **Regulatory changes:** In 2025, the NBK and Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market introduced a stricter, rules-based framework for banks and microfinance organisations (MFOs). From mid-June, annual effective interest rate (AEIR) caps were cut from 56 per cent to 46 per cent for unsecured bank loans, from 40 per cent to 35 per cent for secured loans, and from 56 per cent to 46 per cent for MFO microcredits. A planned mortgage cap reduction to 20 per cent was postponed to November 2025 to limit foreign-currency passthrough and contain household debt burdens.
- Consumer-protection measures are expected to lower NPL ratios and strengthen capital adequacy. Overall, the new framework should compress risk-adjusted yields in unsecured lending, shift portfolios towards secured and prime segments, boost liquidity buffers and improve asset quality.

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Annexes

Annex 1. Selected transactions in Greece and Türkiye

Table 2. Close-up of selected transactions in Greece⁵³

Project name	Bank	Completion (Expected)	Gross book value	Investor/ servicer	Notes
Project Leon	Eurobank	2024	€0.6 billion	doValue Greece	Mixed NPE portfolio
Imola	Piraeus Bank	2025	€0.3 billion	Waterwheel Capital Management/Cepal Hellas	Mixed portfolio of consumer, mortgage and business NPLs
Project Andros	Alpha Leasing (subsidiary of Alpha Bank)	2025	€0.2 billion	Bain Capital (via Hellas Capital Leasing)	Perimeter of non-performing financial leases along with related real-estate interests
Project ACAC (servicing mandate)	Alpha Bank	2025	€0.1 billion	doValue Cyprus	Cypriot mainly secured non-performing portfolio exposures
Project Pronto	National Bank of Greece	Q1 2025	€33 million	Arena Investors, the United States of America-based asset management firm headquartered in Florida; via AIEF Hellenic Fin LP, an Irish fund controlled by Arena	National Bank of Greece decided to dispose of the non-performing leasing exposures through i) the sale of the shares of Probank Leasing S.A. and ii) the sale of the Bank's leasing portfolio (ex First Business Bank) and NBG Leasing S.A.'s leasing portfolio
Alphabet	PQH*	Q1 2025	€4.8 billion	Fortress Investment Group, Bain Capital, Bracebridge Capital/ doValue Greece	Largest sale of an NPL portfolio in Greece. Parallel sale of three portfolios: - unsecured/low-secured loans (€1.3 billion) – Fortress - secured retail loans (€1.4 billion) – Fortress + Bain Capital - secured corporate loans (€2.1 billion) – Bracebridge Capital
Domus & Rhodium	Attica Bank	Q1 2025	€3.7 billion (combined)	Davidson Kempner/ Cepal Hellas	Under HAPS III; corporate, SME and retail exposures
GAIA I & II	Alpha Bank	Q1-Q2 2025	€1.1 billion (combined)	Davidson Kempner/ Cepal Hellas	Under HAPS III; non-performing mortgage exposures, exposures to small businesses, SMEs and large corporations – via a securitisation structure
Project Frontier III	National Bank of Greece	Q2 2025	€0.7 billion	Bracebridge Capital/ doValue Greece	Under HAPS III; predominantly secured large corporate, SME, mortgage and consumer loans
Project Solar	Joint transaction by all four systemic Greek banks – National Bank of Greece, Alpha Bank,	Q3 2025	€1.2 billion	doValue Greece	First multi-seller (involving Greece's four systemic banks), single-SPV, HAPS- and SRT-compliant securitisation of SME and corporate NPEs in Greece; although the long

⁵³ Source: EBRD, banks' Pillar III reporting, audited financials and public information.

	Piraeus Bank and Eurobank				stop date for the HAPS transaction expired on 31 December 2024, banks remain committed
Project Etalia A	National Bank of Greece (NBG)	(Q1 2026)	€0.1 billion	Bain Capital	SME, mortgage and consumer loans
Project Etalia B	National Bank of Greece (NBG)	(Q1 2026)	€0.1 billion	EOS/EOS Matrix Greece	Large corporate, SME, mortgage and consumer loans

* Special liquidator for credit institutions in liquidation.

Table 3. NPL portfolio sales by top four private banks in Türkiye in 2025⁵⁴

Bank	Date	Buyer	Portfolio type	Nominal (€ million) ⁵⁵	Purchase price (€ million) ⁵⁶	Blended purchase price (%)
TÜRKİYE İŞ BANKASI A.Ş.	Mar 2025	Denge Varlık Yönetim A.Ş. Arsan Varlık Yönetim A.Ş. Hedef Varlık Yönetim A.Ş. Gelecek Varlık Yönetimi A.Ş. Birikim Varlık Yönetim A.Ş. Dünya Varlık Yönetim A.Ş. GSD Varlık Yönetim A.Ş.	Retail	43.5	15.4	36%
	Jul 2025	Dünya Varlık Yönetim A.Ş. Gelecek Varlık Yönetimi A.Ş. Emir Varlık Yönetim A.Ş. Hedef Varlık Yönetim A.Ş. İstanbul Varlık Yönetim A.Ş. Ortak Varlık Yönetim A.Ş. Birikim Varlık Yönetim A.Ş. GSD Varlık Yönetim A.Ş. Tuna Varlık Yönetim A.Ş.	Retail	107.6	21.3	20%
	Nov 2025	İlke Varlık Yönetim A.Ş. Doğru Varlık Yönetim A.Ş. Dünya Varlık Yönetim A.Ş. GSD Varlık Yönetim A.Ş. Birleşim Varlık Yönetim A.Ş. Birikim Varlık Yönetim A.Ş.	Retail	56.9	12.3	22%
TÜRKİYE GARANTİ BANKASI A.Ş.	Feb 2025	Dünya Varlık Yönetim A.Ş.	Retail	26.2	5.5	21%
	Feb 2025	Ortak Varlık Yönetim A.Ş.	Retail	13.1	2.6	20%
	Feb 2025	Gelecek Varlık Yönetim A.Ş.	Retail	39.4	8.2	21%
	Jan 2025	GSD Varlık Yönetim A.Ş.	Retail	10.8	2.7	25%
	May 2025	Sümer Varlık Yönetim A.Ş.	Retail	11.8	2.4	20%
	May 2025	Gelecek Varlık Yönetimi A.Ş.	Retail	11.7	2.3	20%
	May 2025	Sümer Varlık Yönetim A.Ş.	Retail	10.5	2.6	25%
	May 2025	Doğru Varlık Yönetim A.Ş.	Retail	5.6	0.9	17%
	Aug-2025	Ortak Varlık Yönetim A.Ş.	Retail	13.5	2.9	22%
	Aug-2025	Gelecek Varlık Yönetimi A.Ş.	Retail	11.2	1.3	12%
	Aug-2025	Gelecek Varlık Yönetimi A.Ş.	Retail	10.7	1.7	15%
	Aug-2025	Gelecek Varlık Yönetimi A.Ş.	Retail	16.7	2.7	16%
	Aug-2025	Gelecek Varlık Yönetimi A.Ş.	Retail	16.7	2.6	16%
	Jul-2025	Gelecek Varlık Yönetimi A.Ş.	Retail	16.1	3.4	21%
	Jul-2025	Gelecek Varlık Yönetimi A.Ş.	Retail	16.1	3.0	19%

⁵⁴ Source: Bank and company announcements on public disclosure platform (www.kap.org.tr).

⁵⁵ Converted to € from TRY for information purposes.

⁵⁶ Converted to € from TRY for information purposes.

	Oct 2025	Ortak Varlık Yönetim A.Ş.	Retail	11.1	1.9	17%
	Oct 2025	Gelecek Varlık Yönetimi A.Ş.	Retail	11.1	1.9	17%
	Oct 2025	Dünya Varlık Yönetim A.Ş.	Retail	11.2	1.8	16%
	Oct 2025	Galata Varlık Yönetim A.Ş.	Retail	5.1	0.8	15%
AKBANK T.A.Ş.	May 2025	Birikim Varlık Yönetim A.Ş.	Retail	11.4		
	May 2025	Gelecek Varlık Yönetimi A.Ş.	Retail	34.1		
	Aug 2025	Birikim Varlık Yönetim A.Ş.	Retail	6.3		
	Aug 2025	Gelecek Varlık Yönetimi A.Ş.	Retail	6.1		
	Oct 2025	Gelecek Varlık Yönetimi A.Ş.	Retail	8.1		
YAPI VE KREDİ BANKASI A.Ş.	Sep 2025	Arsan Varlık Yönetim A.Ş. Denge Varlık Yönetim A.Ş. Efes Varlık Yönetim A.Ş. Emir Varlık Yönetim A.Ş. Gelecek Varlık Yönetim A.Ş.	Mixed	55.3	10.3	19%
	May 2025	GSD Varlık Yönetim A.Ş. Emir Varlık Yönetim A.Ş. Gelecek Varlık Yönetimi A.Ş. Birikim Varlık Yönetimi A.Ş.	Mixed	57.1	11.7	20%
	Mar 2025	GSD Varlık Yönetim A.Ş. Emir Varlık Yönetim A.Ş. Gelecek Varlık Yönetimi A.Ş. Efes Varlık Yönetimi A.Ş. Pozitif Varlık Yönetim A.Ş. Arsan Varlık Yönetim A.Ş.	Mixed	44.2	10.7	24%

Annex 2. NPL servicers in the *NPL Monitor* regions

Table 4. List of major NPL servicers in the *NPL Monitor* regions

NPL servicer	Type of servicer		Asset class					Country																	Website					
	Own assets*	Third-party assets	Retail	SME	Corporate	Residential real estate	CRE	Albania	Bosnia & Herzegovina	Bulgaria	Czechia	Croatia	Estonia	Georgia	Greece	Hungary	Kazakhstan	Kosovo	Latvia	Lithuania	Monte negro	North Macedonia	Poland	Romania		Serbia	Slovak Republic	Slovenia	Turkey	Ukraine
APS Holding	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓			✓	✓					✓		✓	✓	✓	✓	✓	✓		https://www.aps-holding.com/
AxFina		✓	✓	✓	✓	✓	✓					✓				✓							✓	✓				✓		https://www.axfina.com/
Best S.A	✓	✓	✓	✓	✓	✓																	✓							https://www.best.com.pl/en/home
B2 Impact	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓	✓		✓	✓			✓	✓			✓	✓	✓	✓	✓	✓		https://www.b2-impact.com/
Cabot Credit Management (Encore Capital Group)	✓	✓	✓	✓	✓	✓	✓																✓							https://www.cabotcreditmanagement.com/
Cepl Hellas Financial Services S.A		✓	✓	✓			✓								✓															https://www.cepl.gr/?lang=en
Copernicus Hellas		✓	✓	✓	✓	✓									✓															https://copernicusservicing.com/
CreditExpress	✓	✓	✓								✓	✓												✓	✓	✓			✓	https://www.creditexpress.com/
Debt Collection Agency	✓	✓	✓	✓	✓	✓	✓			✓															✓					https://theagency.bg/en/
doValue Group	✓	✓	✓	✓	✓	✓	✓								✓															https://www.dovaluegreece.gr/en/services https://dovalue.it/en
Dunya Varlık Yönetim A.Ş.	✓	✓	✓	✓	✓	✓	✓																					✓		https://www.dunvavarlik.com/
DV01 Asset Management		✓		✓	✓										✓															https://dv01am.com/
EOS Group	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		https://eos-solutions.com/
EuPraxis FSI		✓	✓	✓	✓	✓	✓								✓															https://www.eupraxis-fsi.com/
Gelecek Varlik	✓	✓	✓	✓	✓	✓	✓																					✓		https://www.gelecekvarlikyatirimciliskileri.com.tr/en/
Hipoges Hellas	✓	✓	✓	✓	✓	✓	✓								✓															https://www.hipoges.com/en/home-en/
Hoist Finance	✓		✓	✓											✓								✓	✓						https://www.hoistfinance.com/
Intrum	✓	✓	✓	✓	✓	✓				✓					✓	✓		✓	✓			✓				✓				https://www.intrum.com/
Kruk	✓	✓	✓	✓	✓	✓	✓				✓												✓	✓		✓				https://en.kruk.eu/
NPA Servicing S.A.	✓	✓	✓	✓	✓	✓	✓								✓															https://npa-servicing.gr/en/
PraGroup	✓	✓	✓	✓																			✓							https://pragroup.co.uk/
Primo Collect Ukraine	✓	✓	✓	✓	✓	✓	✓																					✓		https://primocollect.com.ua/en
Resolute Asset Management		✓	✓	✓	✓	✓	✓		✓						✓									✓						https://www.resoluteassetmanagement.com/
Silverton Servicing Solutions S.A.	✓	✓	✓	✓	✓	✓	✓								✓															https://silverton-group.gr/about/
QQuant Master Servicer		✓	✓	✓	✓	✓	✓								✓															https://www.qquant.gr/en/home/
Tagor Asset Management	✓	✓			✓	✓	✓																	✓						https://www.tagor.ro/
Thea-Artemis Financial Solutions		✓	✓	✓	✓										✓															https://www.thea-artemis.com/
UCI Greece Loan Management Services	✓	✓	✓			✓									✓															https://uci.gr/en/home/

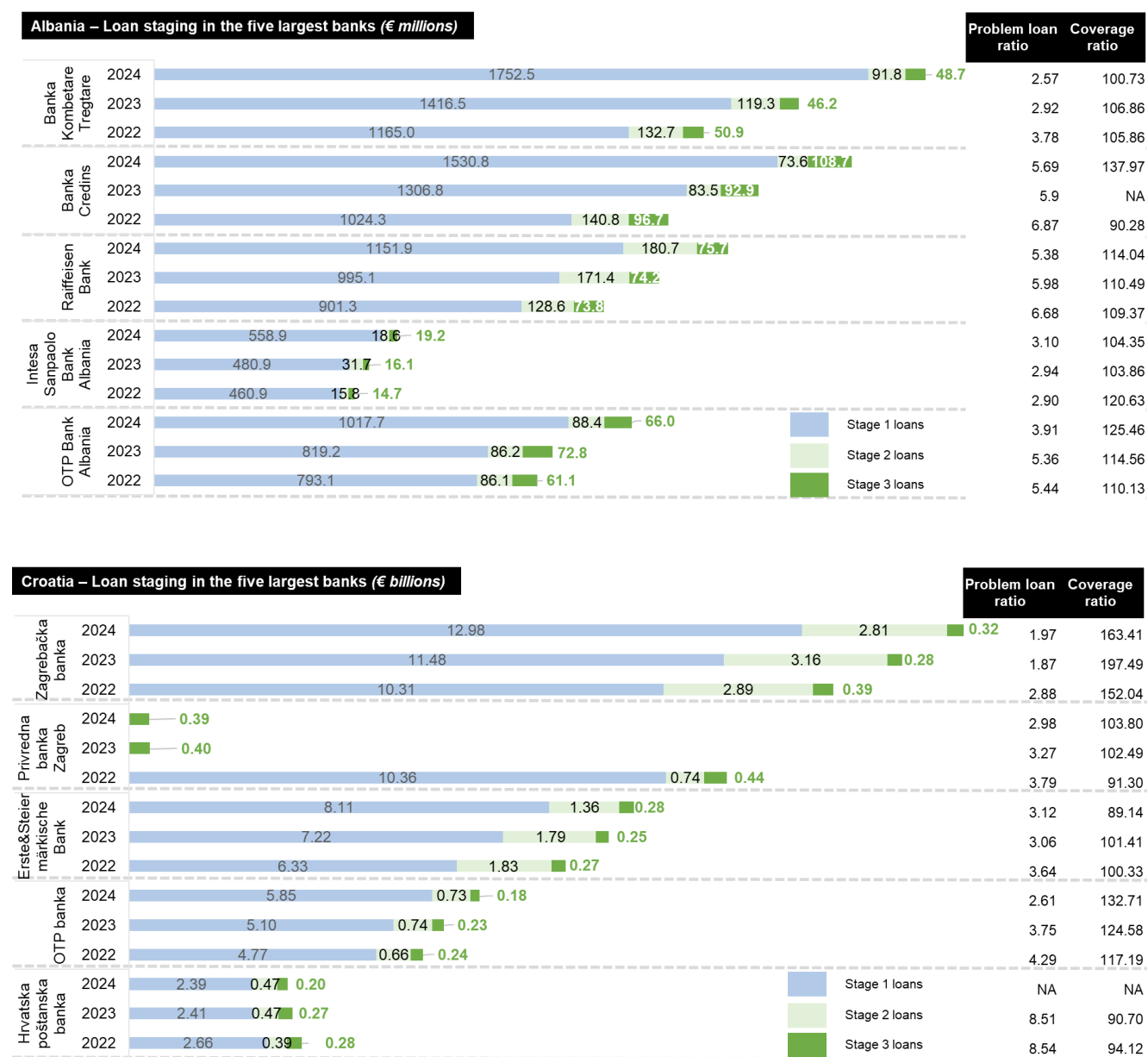
Source: Public information compiled by the EBRD.

* Note: NPL servicers investing in and servicing own NPL portfolios.

Annex 3. NPL Monitor – bank level

This section focuses on the asset quality of the five largest banks in each of the Vienna Initiative partner countries.^{57 58}

Figure 5. Loan staging among the five largest banks in each Vienna Initiative partner country



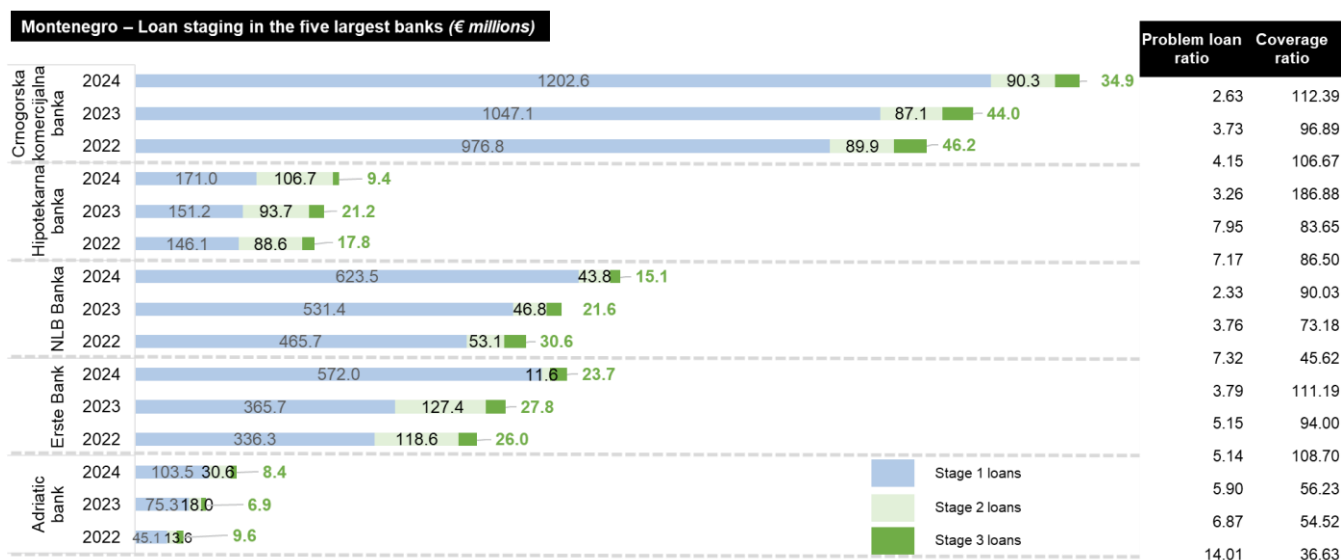
⁵⁷ Data are based on S&P Capital IQ Pro as of 6 November 2025. “Problem loans” are as reported by S&P Capital IQ Pro and may cover different categories of loan (non-performing, impaired and/or net impaired) depending on the bank in question. Consequently, caution is advised when comparing banks’ “problem loan ratios”. Reserves are the amount of impairment allowances as reported by banks.

⁵⁸ Stage 2 loan data for Privredna banka Zagreb are unavailable on S&P Cap IQ Pro.

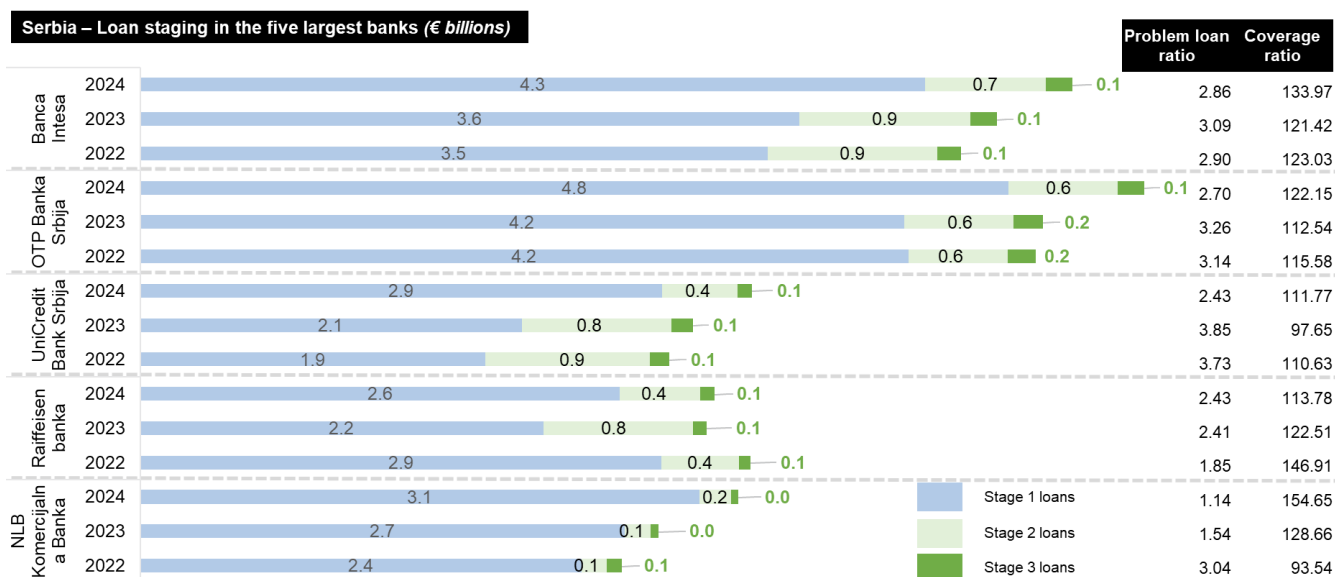
Hungary – Loan staging in the five largest banks (€ billions)



Montenegro – Loan staging in the five largest banks (€ millions)



Serbia – Loan staging in the five largest banks (€ billions)



Annex 4. Regional economic prospects in the EBRD regions – H2 2025

According to the EBRD's *Regional Economic Prospects* report of September 2025,⁵⁹ growth in the EBRD regions (excluding sub-Saharan African (SSA) economies and Iraq) averaged 2.8 per cent in 2023-24, rising to 3.3 per cent in the first half of 2025. This was slightly above May 2025

expectations, driven by stronger performance in the southern and eastern Mediterranean, Central Asia and Türkiye. Elsewhere, growth lagged amid record trade policy uncertainty and Russia's war on Ukraine, now in its fourth year.

Table 5. GDP growth in real terms (%)

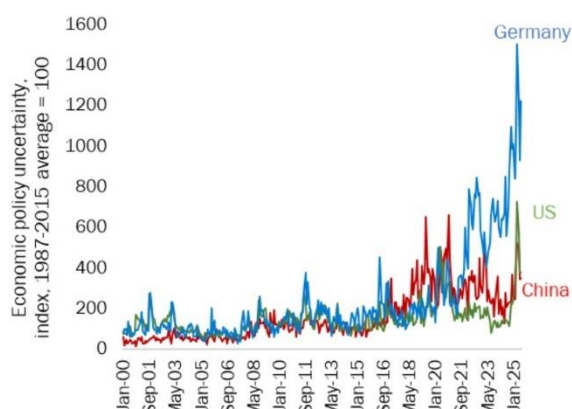
GDP growth in real terms							
	Actual			Forecast (Sep 25)		Revision since May 25	
	2023	2024	H1 2025	2025	2026	2025	2026
EBRD regions excl. SSA and Iraq	2.8	2.8	3.3	3.1	3.3	0.1	-0.1
Central Asia	5.9	5.6	6.6	6.2	5.2	0.7	0
Kazakhstan	5.1	4.8	6.2	5.7	4.5	0.8	0
Central Europe and the Baltic states	0.4	2.1	2.4	2.4	2.7	-0.1	0
Croatia	3.3	3.9	3.2	3.2	2.8	0.3	0.2
Czechia	-0.1	1.2	2.4	2	2.2	0.4	0
Estonia	-3	-0.3	0.1	0.5	2	-0.8	0
Hungary	-0.8	0.5	0	0.5	2	-1	-0.7
Latvia	2.9	-0.4	0.7	0.9	1.9	-0.9	-0.5
Lithuania	0.3	2.8	3.2	2.6	3.2	0	0.6
Poland	0.2	2.9	3.4	3.5	3.4	0.2	0.2
Slovak Republic	2.2	2.1	0.6	1.1	1.6	-0.3	-0.2
Slovenia	2.1	1.6	0.1	0.7	2	-1.2	-0.3
Eastern Europe and the Caucasus	4.7	3.9	2	3	4.4	-0.5	0
Armenia	8.3	5.9	5.5	5	4.5	0	0
Georgia	7.8	9.4	8.3 e	7	5	1	0
Moldova	0.7	0.1	-1.2 e	1.5	3.8	-0.3	0
Ukraine	5.3	2.9	0.9 e	2.5	5	-0.8	0
South-eastern EU	2.3	1.6	1.9	1.7	1.9	-0.3	-0.5
Bulgaria	1.9	2.8	3.2	3.2	2.6	0.4	0.0
Greece	2.3	2.3	2	2.2	2.1	0	-0.1
Romania	2.4	0.8	1.4	0.9	1.6	-0.7	-0.8
Southern and eastern Mediterranean excl. Iraq	2.7	2.7	4.6	4.1	4	0.6	0.2
Morocco	3.7	3.8	4.7 e	4.2	4	0.7	0.6
Türkiye	5.1	3.2	3.6	3.1	3.5	0.3	0
Western Balkans	3.5	3.6	2.4	2.7	3.2	-0.5	-0.2
Albania	3.9	4	3.4 e	3.5	3.5	0	0
Bosnia and Herzegovina	1.9	2.5	1.7 e	2.2	2.7	-0.3	0
Kosovo	4.1	4.4	3.6 e	3.9	3.9	0	0
Montenegro	6.3	3	2.5 e	2.6	2.7	0	0
North Macedonia	2.1	2.8	3.2	3	3	0.4	0.3
Serbia	3.8	3.9	2	2.5	3.3	-1	-0.4

Source: National authorities and the EBRD (2025).

Note: Weights are based on the values of GDP in 2022 at market exchange rates for the line "EBRD regions excluding SSA and Iraq" for comparability with forecasts made in May 2025. "e" denotes unofficial estimates.

⁵⁹ See EBRD (2025).

Figure 6. Economic policy uncertainty has also peaked, but remains elevated



Source: CEIC data, Baker, Bloom and Davis (2016) and authors' calculations.

Note: Latest observation is July 2025

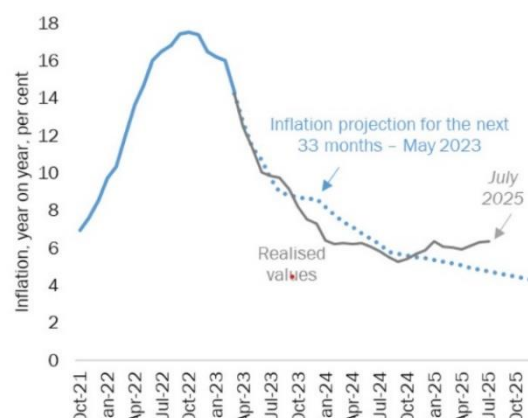
Increases in US import tariffs that became effective in 2025 (up to end August) are estimated to raise the expected average effective US tariff on imports from the EBRD regions from 1.4 per cent in the first half of 2024 to 4 per cent in the first half of 2025 (allowing for changes in the composition of imports, which have been modest so far). In the first half of 2025, US imports from Slovenia, Tunisia and Jordan declined. However, imports from Kazakhstan and Hungary increased, as did US imports of computers, phones, machinery and gold, possibly reflecting the front-loading of imports in anticipation of higher tariffs in future.

Average inflation in the EBRD regions (excluding sub-Saharan Africa and Iraq) peaked at 17.5 per cent in October 2022 and bottomed out at 5.3 per cent in September 2024. It has since been rising, reaching 6.4 per cent in July 2025 (see Figure 7) and deviating markedly from the path of disinflation predicted back in May 2023 (shortly after inflation peaked).

Central Asia

Central Asia's economies maintained solid growth in early 2025, supported by strong domestic

Figure 7. Average inflation has been rising above expectations



Source: EBRD (2023), based on IMF, national authorities via CEIC, World Bank Global Inflation database and authors' calculations.

demand, rising real wages and robust remittances. Industrial output remained resilient, though commodity price volatility weighed on mining and exports. Inflation trends diverged: easing in Turkmenistan, Mongolia and Uzbekistan, but accelerating in Kazakhstan and the Kyrgyz Republic due to fiscal stimulus, food prices and utility tariff hikes. Fiscal positions strengthened in the Kyrgyz Republic, Tajikistan and Uzbekistan, but weakened in Mongolia amid lower coal revenues. The 2025-26 outlook remains strong, driven by domestic demand and investment, though risks stem from commodity volatility, remittance dependence and exposure to Russian and Chinese markets.

Central Europe and the Baltic states

Growth in the CEB region is projected at 2.4 per cent in 2025 and 2.7 per cent in 2026, up from 2.1 per cent in 2024. Private consumption remains robust, and investment is accelerating as governments absorb EU funds ahead of the Recovery and Resilience Facility deadline, expand defence spending and benefit from lower borrowing costs. Defence spending in the Baltic states and Poland is nearing 4-5 per cent of GDP, boosting defence industries. Infrastructure

projects are advancing and private investment is recovering in most economies. Hungary remains an outlier, with investment contracting due to high rates and frozen EU funding. Consumption is supporting growth, but faces headwinds from renewed inflation and higher taxes. Rising defence spending is putting strain on fiscal balances. The short-term outlook depends on EU fund absorption, project execution and global trade dynamics.

Eastern Europe and the Caucasus

After weak growth and high inflation early in 2025, price pressures have eased in Ukraine and Moldova. However, Russia's war of aggression is limiting Ukraine's recovery and continues to affect Moldova's economy.

South-eastern Europe

Following the 2024 slowdown, growth in early 2025 remained steady, with weaker exports offset by stronger investment. Forecasts were revised down to 1.7 per cent for 2025 and 1.9 per cent for 2026, reflecting Romania's fiscal consolidation in the midst of a cyclical downturn. Bulgaria's improved political stability and upcoming eurozone entry support investment and EU fund absorption, while Romania must leverage EU funds to sustain growth. Greece's outlook remains stable, backed by strong tourism and the effective use of EU funds.

Southern and eastern Mediterranean

Growth exceeded expectations in early 2025 in most countries in the region. Egypt grew 4.2 per cent year on year between July 2024 and March 2025, supported by manufacturing rebounds, Morocco grew 4.7 per cent in the first half of 2025 and Tunisia 2.4 per cent. Inflation eased in Egypt, Tunisia and Morocco as food prices moderated. The region benefited from strong tourism, rising remittances and an improvement in external balances. Lebanon, however, saw a 7.5 per cent

contraction in 2024 due to conflict-related disruptions.

Türkiye

Growth averaged 3.6 per cent year on year in the first half of 2025, rising to 4.8 per cent in the second quarter, driven by private consumption and investment despite weaker government spending and exports. Inflation fell from 75 per cent in May 2024 to 33 per cent in August 2025. After several policy rate cuts, the central bank briefly hiked rates in April amid volatility, then resumed easing from July. Fiscal consolidation lagged due to higher interest costs and post-earthquake spending, with the 2025 deficit down revised to 3.6 per cent of GDP (from 4.7 per cent in 2024). Net reserves rebounded from US\$ 10 billion (€8.8 billion) in April to more than US\$ 55 billion (€46.6 billion) in September. Growth is expected to hover between 3.1 per cent and 3.5 per cent in 2025-26 as policies balance growth and disinflation. Political risks and tight global financing remain challenges, while easing regional tensions and closer EU ties could unlock new opportunities in construction, logistics and defence.

Western Balkans

Real growth in the Western Balkans is projected at 2.7 per cent in 2025, rising to 3.2 per cent in 2026. Global uncertainty and weak EU demand continue to weigh on exports, investment and remittances, particularly in export-oriented economies such as Serbia, Bosnia and Herzegovina, and North Macedonia. Tourism-dependent economies such as Kosovo, Albania and Montenegro also face headwinds due to heightened uncertainty in the EU economies. Private consumption, wage growth and public investment remain key drivers, but structural reforms and EU integration could boost growth further. Tight labour markets, rising labour costs, inflation and political instability continue to test the region's outlook

Annex 5. Definitions

- **NPL volume (or gross NPLs):**
 - NPLs are defined and reported differently from country to country, as there is no international standard. For countries reporting Financial Soundness Indicators (FSIs) to the International Monetary Fund (IMF), the [FSI Compilation Guide](#) recommends reporting NPLs when: (i) payments of principal and interest are past due by 90 days or more; (ii) interest payments equal to 90 days' interest or more have been capitalised, refinanced or rolled over; and (iii) loans are fewer than 90 days past due, but recognised as non-performing under national supervisory guidance.
 - European national supervisory authorities tend to use 90 days past due as an objective quantitative threshold, alongside bankruptcy, when reporting NPLs.
 - It is also important to note that in January 2015, the EU adopted harmonised and consistent definitions of both forbearance and non-performing exposures (see Regulation No. 680/2014, which sets out the technical standards drawn up by the European Banking Authority).
 - While most NPL data in this report are sourced from the IMF FSIs, NPL data for Serbia and Morocco come directly from its central bank (being taken, for example, from its financial stability reports, banking reports, macroeconomic reports and statistical databases). Serbia uses a definition in line with that of the IMF. Montenegro, meanwhile, defines NPLs as loans that are more than 90 days past due, without interest, prepayments and accruals.
- **NPL ratio:** NPL volume divided by the total gross value of the loan portfolio (including gross NPLs before the deduction of specific loan loss provisions).
- **NPL coverage ratio:** Total specific loan loss provisions divided by gross NPLs.
- **Net NPLs:** NPLs minus specific loan loss provisions.
- **Net NPL ratio:** Net NPLs divided by the total gross value of the loan portfolio (including gross NPLs before the deduction of specific loan loss provisions).
- **Net NPL/capital:** Net NPLs divided by capital. Capital is measured as capital plus reserves; for cross-border consolidated data, total regulatory capital can also be used.
- **Market share of NPLs:** Total country gross NPLs divided by total CESEE gross NPLs.
- **Market share of loans:** Total country gross loans divided by total CESEE gross loans.

Annex 6. Metadata

To provide a comprehensive overview of the underlying data used in this report, we summarise below the key indicators used in the analysis, as detailed by central banks when reporting to the IMF (or, in the case of Serbia, as published directly). While most countries report to the IMF, they do not always report the same data. For example, some countries include loans to deposit-takers when calculating the total gross loan portfolio, while some exclude such loans (increasing their NPL ratio). Other specificities listed below may also create a slight upward or downward bias in the results. However, despite some discrepancies, the definitions and data used in this report are consistent overall between countries and can be relied on for comparability purposes.

Table 6. Key indicators used in this analysis

		NPLs	Gross loans	Provisions (or net NPLs)	Comments
1	Albania	<ul style="list-style-type: none"> - 90 days past due for instalment loans - 60 days past due for limit loans (excluding overdrafts) - 60 days over limit usage for limit loans <p>A borrower's financial situation and inflows are assessed as insufficient to regularly meet the default liabilities; or the bank does not possess the complete required or updated information needed to fully assess their financial condition.</p>	Book value of principal plus accrued interest. For non-performing loans, interest accrued after becoming non-performing is not counted.	Specific provisions for NPLs are accounted for. Only financial collateral is taken into consideration for loan provisioning.	
2	Bosnia and Herzegovina	Until Q4 2010, NPLs consisted of C (substandard, 90 days) and D category loans. E category loans became part of non-performing loans from Q4 2011.		From Q4 2009, FSIs used non-performing loans net of provisions to Tier I.	
3	Bulgaria	Until 2014, NPLs were risk exposures where principal or interest payments had been past due for more than 90 days. Since 2015, the definitions and the scope of the NPLs have been in line with EBA standards.	Until 2014, loans to deposit-takers were excluded from the calculations. Since 2015, the definition and the scope of NPLs have been in line with EBA standards. The source of the data is FinRep template F18 (rows 70 and 250, column 10), which covers all loans and advances, including to deposit-takers.	All deposit-takers must assess, classify and provision loans at least on a quarterly basis and submit a regulatory report to the Bulgarian National Bank. Compliance is enforced via offsite surveillance and onsite inspections.	
4	Croatia	NPLs are all gross loans (to all sectors) not classified as performing (90 days overdue). However, a loan can be considered a "pass" even if it is 90 days overdue if it is well covered with collateral and if the process of foreclosure has started.		Provisions refer to NPLs.	
5	Cyprus	In December 2014, the EBA final implementing technical standards on supervisory reporting on forbearance and non-performing exposures under Article 99(4) of Regulation (EU) No. 575/2013 came into force. Non-performing exposures are those that satisfy either or both of the following criteria: (i) material exposures that are more than 90 days past due; (ii) the debtor is assessed as unlikely to pay their credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due.			
6	Czechia	Besides the 90-day rule recommended by the FSI guide, the financial condition of the debtor is also used in classifying loans as non-performing.	This excludes non-current assets (or disposal groups) classified as held for sale.		
7	Estonia	Deposit-takers usually carry out loan reviews monthly, depending on the needs of any given credit institution. Collateral and guarantees are not taken into consideration. Restructured loans are treated as performing loans. There is no credit register in Estonia, but there is a register containing information on bad loans and problematic debtors. If there is a problem with a loan granted by bank "A" and that debtor has also taken a loan from bank "B" and that loan "works well", bank "B" does not need to make any provisions or downgrade the loan.			

		NPLs	Gross loans	Provisions (or net NPLs)	Comments
8	Greece	In accordance with the EBA Implementing Technical Standards (ITS) on supervisory reporting, non-performing loans comprise the exposures defined under Commission Regulation 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No. 575/2013 of the European Parliament and of the Council.	Calculated in accordance with the EBA ITS on supervisory reporting. Total gross loans comprise NPLs before the deduction of specific loan loss provisions.	Calculated in accordance with the EBA ITS on supervisory reporting. Only specific loan provisions are deducted from NPLs.	
9	Hungary	Loans that are overdue by 90 days are classified as NPLs.	These are gross loans provided to customers and banks.	Only the specific provisions (impairment) attributed to the NPLs are netted out from NPLs.	
10	Kosovo	N/A	N/A	N/A	
11	Latvia	NPLs are considered to be those whose term due for the accrued income payment is overdue for a period of more than 90 days.	Calculated in accordance with the EBA guidance note on compiling the IMF FSLs for deposit-takers using the ITS on supervisory reporting (June 2018 edition).	Provisions are the total number of provisions (general and specific) for the total loan portfolio of the credit institutions.	
12	Lithuania	NPLs are the sum of impaired loans and advances and non-impaired loans and advances that are past due by 60 days or more. In their accounting policies, banks specify the individual provisions and conditions under which interest on non-performing assets is not accrued. This includes interest accrued on some NPLs. It also includes some financial assets besides loans, such as deposits and funds held in other banks and credit institutions.	These include interest accrued on some NPLs. In their accounting policies, banks specify the individual provisions and conditions under which interest on non-performing assets is not accrued.		
13	Montenegro	NPLs include only principal and exclude interest due, as well as accrued interest and fees. Loans are defined as non-performing using the 90-days-past-due criterion, or if there is a high probability of incurring losses due to clearly disclosed weaknesses jeopardising their repayment. According to the central bank's Decision on Minimum Standards for Credit Risk Management in Banks (Official Gazette of MNE, Nos. 22/12, 55/12, 57/13, 44/17 and 82/17), loans are classified in five categories (A, B, C, D and E) depending on the probability of incurring losses. Loans in categories C, D and E are considered to be non-performing. A loan that is more than 90 days past due may not be classified in a higher category than C. Indeed, banks may deem a loan to be non-performing if they have evidence suggesting the inability of the borrower to repay the debt.		Provisions refer to value adjustments as per IAS 39/IFRS 9 as they are allocated by banks' own criteria. Apart from value adjustments, which are balance-sheet data, there are also regulatory provisions, which are not balance-sheet data. They are calculated using central bank-prescribed criteria and serve as a prudential filter. Namely, if regulatory provisions are higher than value adjustments for a particular loan, the difference essentially leads to a deduction from the bank's core capital.	
14	North Macedonia	<p>A non-performing credit exposure is defined as:</p> <ul style="list-style-type: none"> - a credit exposure which on any basis (principal, interest or other non-interest claims) has not been collected in a period longer than 90 days from the maturity date, while the uncollected amount that is due for a period longer than 90 days is greater than: MKD 1,000 (for credit exposures to natural persons), MKD 3,000 (for credit exposures to small companies) or MKD 10,000 (for credit exposures to other legal entities) - a credit exposure for which it has been determined that the client will not be able to meet their liabilities to the bank, regardless of whether collateral has been established and regardless of the amount that has not been collected or the number of days of delay (unlikeliness to pay). <p>The bank's assessment of whether the client is unlikely to pay will be based, at a minimum, on the following data and information:</p> <ul style="list-style-type: none"> - blocking of the client's account - deteriorating risk category at banking-system level - deteriorating financial position of the client - revocation of the client's work permit by the competent body - sale of another of the client's credit exposures with a significant loss 	These include loans to the financial and non-financial sectors.	Provisions are included for non-performing and performing loans.	Definitions of gross loans and provisions (or net NPLs) are published based on the IMF's <i>FSI Compilation Guide</i> . The central bank also calculates and publishes on its website loans and NPLs in the non-financial sector only and net NPLs netted by loan loss provision against NPLs only.

		NPLs	Gross loans	Provisions (or net NPLs)	Comments
		<p>- grace period for the payment of principal and interest extended beyond 18 months</p> <p>- write-off that significantly reduces the amount of the credit exposure.</p> <p>All of a bank's credit exposures to one client legal entity should be treated as non-performing credit exposures if the bank's own balance-sheet credit exposure that is past due for more than 90 days exceeds 20 per cent of the bank's total balance-sheet credit exposure to that client.</p> <p>During the Covid-19 pandemic, amendments to the decision on the methodology for credit risk management were introduced (in March and April 2020). These amendments allowed a temporary change in the definition of an NPL. The threshold of 90 days past due was increased to 150 days past due for all clients with a performing status before the pandemic (before the entry into force of the amendments). Moreover, banks were not obliged to apply provisions for determining clients' unlikelihood to pay, nor the provision according to which all of the bank's credit exposures to one client legal entity should be treated as non-performing credit exposures if the bank's on-balance-sheet credit exposure past due for more than 90 days exceeded 20 per cent of the bank's total balance-sheet credit exposure to that client. Banks could use these exceptions until 30 September 2020 for credit exposures that were deemed to be performing (classified in risk category A, B or C) as at 29 February 2020, or were approved (as performing credit exposures classified in risk category A or B) in the period from 1 March to 30 September 2020. However, to adequately address the possible risks, banks were required to fully adjust to the existing "regular" criteria for determining non-performing credit exposures (90 days and unlikelihood to pay) by 31 December 2020 at the latest.</p> <p>For NPLs, the same approach is applied, using only the principal of the loan agreement. The regulation defines the NPL ratio as the ratio between the total amount of NPLs (principal) and the bank's total loans (principal), in gross value.</p>			
15	Poland	<p>NPLs exclude repurchase agreements that are not classified as deposits. They include some other financial assets besides loans: data represent total receivables, including originated loans, purchased receivables and guarantees that are being exercised. They exclude loans to the central bank. Deposit-takers that are in distress or in receivership are not included.</p>	<p>These exclude repurchase agreements, which are not classified as deposits. They include some other financial assets besides loans: data represent total receivables, such as originated loans, purchased receivables and guarantees that are being exercised. They exclude loans to the central bank.</p>	<p>From Q1 2010, data include all receivables excluding loans to the central bank. Banks that follow Polish Accounting Standards decrease the carrying value of all loans except those classified in the loss category by a proportional share of general provisions, as well as by impairment provisions.</p>	
16	Romania	<p>From June 2014, NPLs were based on reports from all banks for Romanian legal persons for which loans met the non-performance criteria (overdue for more than 90 days and/or legal proceedings initiated).</p> <p>Since December 2015, NPLs have been based on the EBA definition: the ratio of the gross carrying amount of non-performing loans and advances to the total gross carrying amount of loans and advances.</p>	<p>These exclude loans to deposit-takers. Deposit-takers that are in distress or receivership are not included.</p>	<p>From June 2014 to December 2015, IFRS impairment losses (provisions) for NPLs identified (based on reports from all banks) were subtracted from NPLs. Since December 2015, NPLs net of provisions have been compiled as the gross carrying amount of NPLs and advances minus the accumulated impairment of NPLs and advances.</p>	
17	Serbia	<p>An NPL is the total outstanding debt under an individual loan (including the amount of arrears) where: (i) the debtor is past due (as envisaged by the decision governing the classification of bank balance-sheet assets and off-balance-sheet items) for more than 90 days with respect to payments of interest or principal; (ii) at least 90 days of interest payments have been added to the loan balance, capitalised, refinanced or delayed by agreement; or (iii) payments are fewer than 90 days overdue, but the bank has deemed the borrower's repayment ability to have deteriorated and doubts that the payments will be made in full.</p>		<p>Specific provisions of NPLs.</p>	<p>Not reported by the FSIs. Sources: <i>Quarterly Review of Dynamics of Financial Stability</i>; statistical annex to <i>Quarterly Banking Report</i>; <i>Annual Financial Stability Report</i>.</p>

		NPLs	Gross loans	Provisions (or net NPLs)	Comments
18	Slovak Republic	Deposit-takers use not only quantitative criteria (in other words, the 90-days-past-due criterion) but also their own judgement when classifying loans as NPLs.		Specific provisions that are netted out from NPLs in compiling the series. NPLs net of provisions include not only the provision attributed to the NPLs but also the provisions constituted for performing loans. General provisions are not netted out.	
19	Slovenia	NPLs include all financial assets at amortised cost (not just loans) and some non-loan assets (tax assets, non-current assets and disposal groups classified as held for sale, and so on).	These include all financial assets at amortised cost (not just loans) and some non-loan assets (tax assets, non-current assets and disposal groups classified as held for sale, for example).	All financial assets at amortised cost and risk-bearing off-balance-sheet items are included. Off-balance-sheet items comprise financial guarantees issued, avals, uncovered letters of credit and transactions with similar risk on the basis of which a payment liability could arise for the bank.	
20	Ukraine	This is consistent with the 90-day criterion. Since the first quarter of 2017, NPLs have included loans classified in the lowest class, in particular: Class 10 – loans to corporate borrowers (excluding banks and state-owned entities); and Class 5 – loans to other borrowers or counterparties accounted for in the balance sheet. A bank is a legal entity with separate subdivisions in Ukraine and abroad.	Since the first quarter of 2017, debts arising from credit transactions that comprise loans to customers, interbank loans and deposits (including the accrued interest) and that do not include off-balance-sheet liabilities on guarantees and loans given to banks and customers are used for credit risk assessment. A bank is a legal entity with separate subdivisions in Ukraine and abroad.		

Acronyms and abbreviations

CBRT	Central Bank of Türkiye
CESEE	central, eastern and south-eastern Europe
CRE	commercial real estate
DSCR	debt-service coverage ratio
EBA	European Banking Authority
ECB	European Central Bank
FSIs	Financial Soundness Indicators
HAPS	Hellenic Asset Protection Scheme
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
ITS	Implementing Technical Standards
JST	Joint Supervisory Team
NBG	National Bank of Georgia
NPE	non-performing exposure
NPL	non-performing loan
RPL	reperforming loan
SME	small and medium-sized enterprise
SPL	sub-performing loan
SREP	Supervisory Review and Evaluation Process

Photography: Getty Images.

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