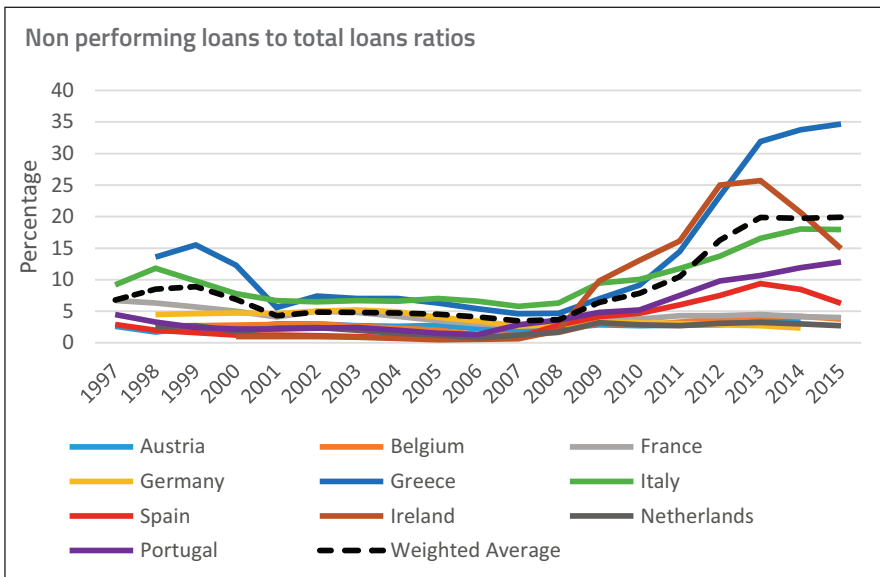


Numbers

by José Manuel Mansilla-Fernández⁶

Non-performing loans across the European countries

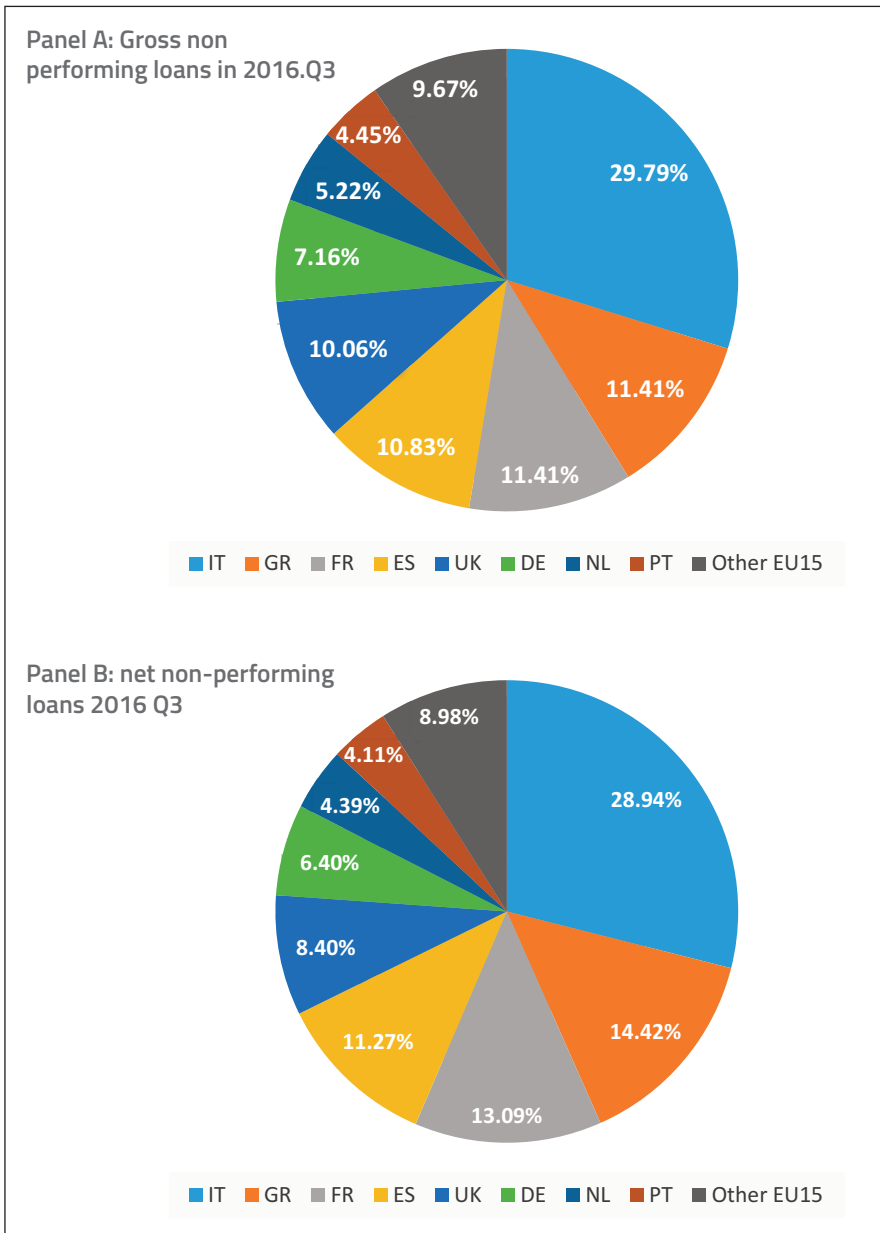
Figure 1: The rise in non-performing loan ratios was significantly stronger among periphery-countries of the Eurozone



Source: Own elaboration based on the World Bank database. The ratio measures the proportion non-performing loans (NPL) to total loans as a percentage by country. The dashed line represents the weighted average of the NPL ratios across all countries.

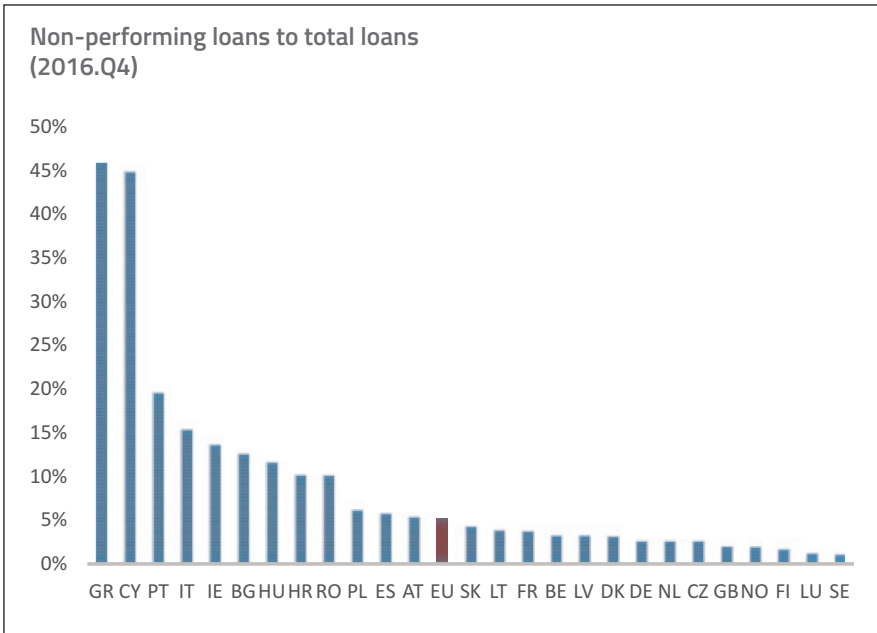
6. University of Milan

Figure 2: Italy has the largest amount of gross and net non-performing loans in Europe, followed by Greece and Spain



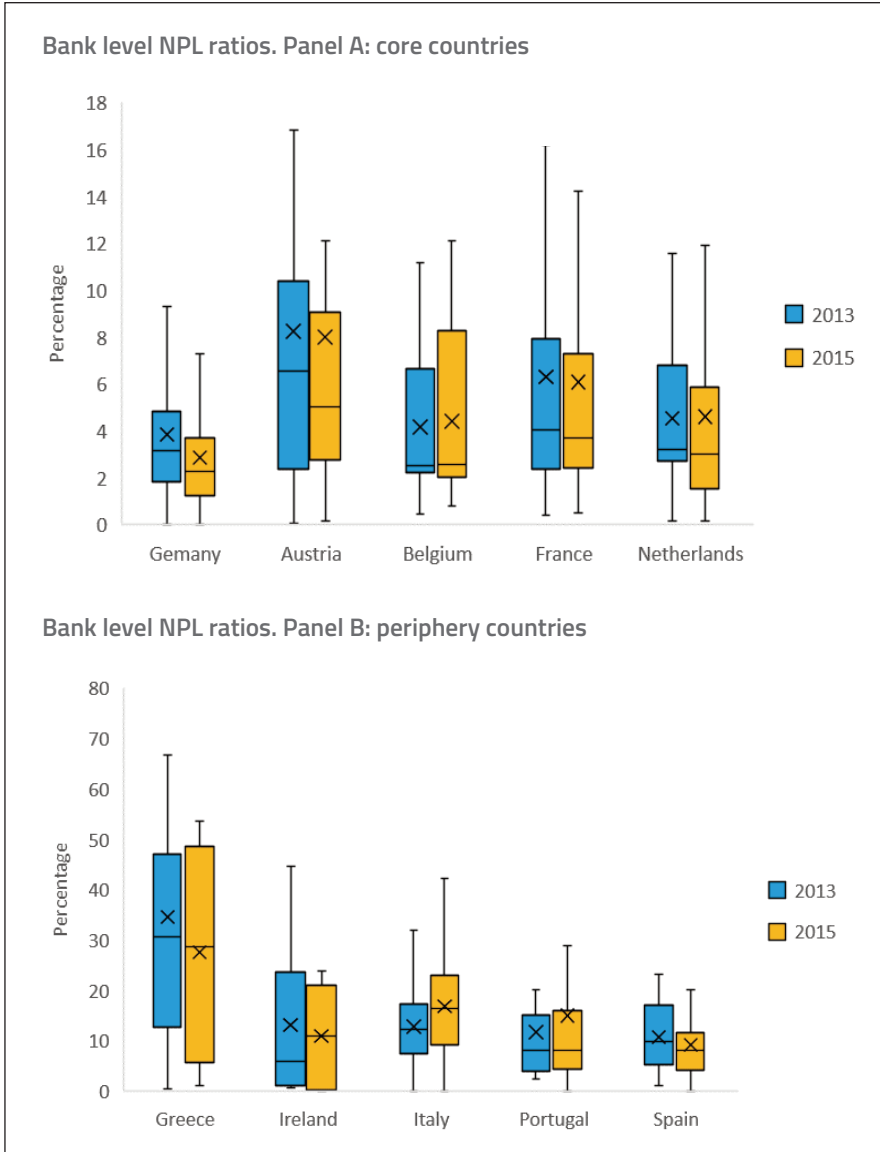
Source: Own elaboration on ECB data.

Figure 3: Three groups of countries emerge within Europe according to the incidence of non-performing loans to total loans



Source: Own elaboration based on the EBA database.

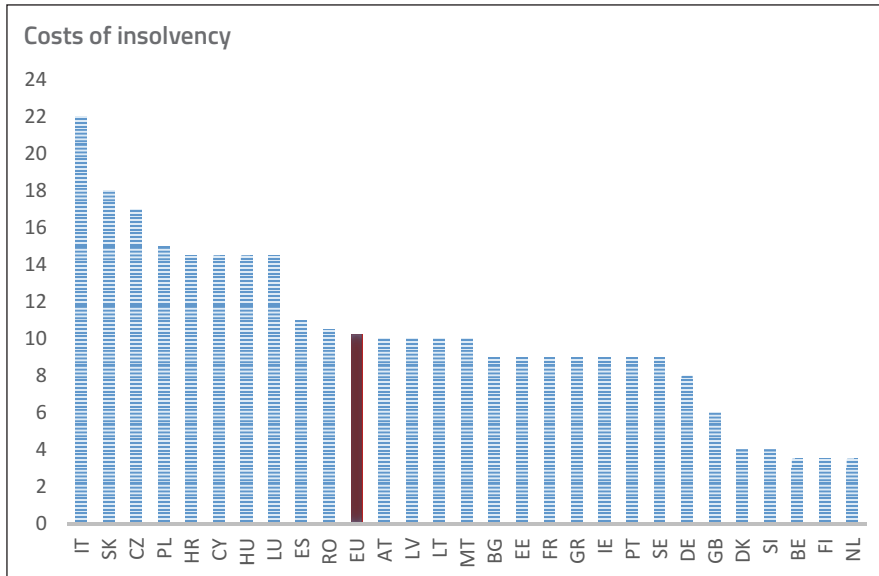
Figure 4: Very large dispersion of bank-level NPL ratios within all European countries



Source: Own elaboration on Bankscope (May 2017) data. Non-performing loan (NPL) ratios are calculated as the amount of non-performing loans over total loans. The whiskers represent the maximum and the minimum of the distribution. The box is divided into two parts by the median, i.e. the 50 percent of the distribution. The upper (lower) box represents the 25 percent of the sample greater (lower) than the median, i.e. the upper (lower) quartile. The mean of the distribution is represented by x.

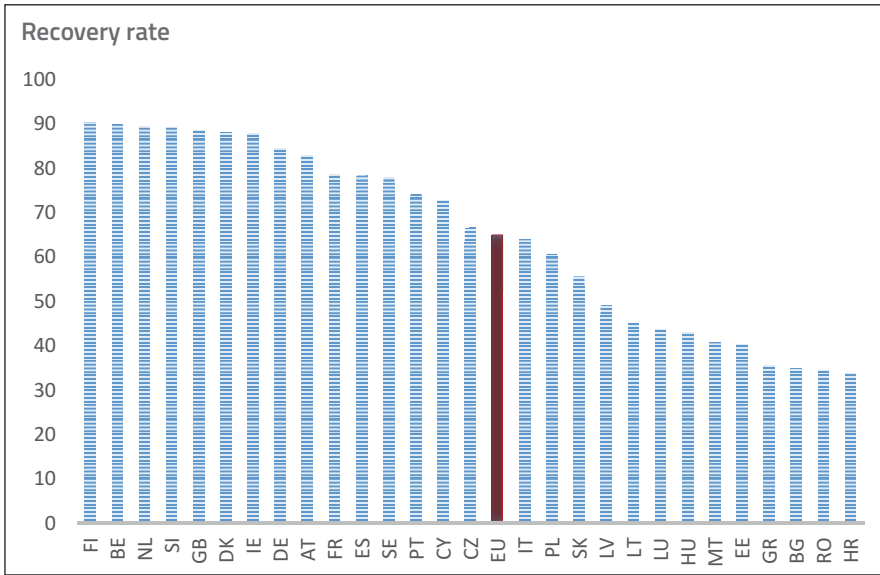
Costs of Insolvency and Recovery Rates

Figure 5: Costs of insolvency as a percentage of the value of the debtor’s estate are highly variable across European countries, and can be in some cases substantial



Source: Own calculation based on the “Doing Business” survey. The cost of the proceedings, registered as a percentage of the debtor’s estate, is assessed on the basis of questionnaire responses and includes court fees and governments levies, fees of insolvency administrators, auctioneers, assessors and lawyers, and all other fees and costs.

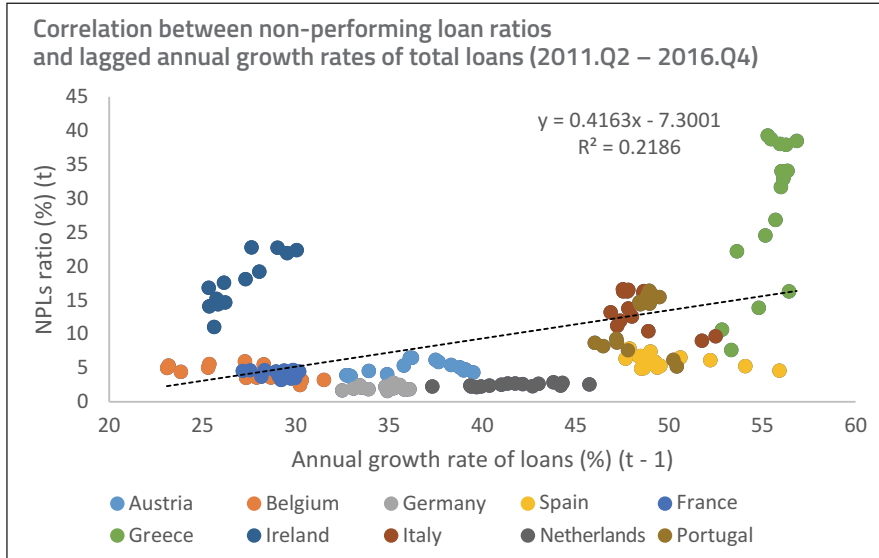
Figure 6: The recovery rates as a percentage of the NPL book value are highly variable across European countries



Source: Own calculation based on the "Doing Business" survey. The recovery rate is recorded as the percentage of the NPL recovered by secured debtors through judicial organizations, liquidation or debt enforcement (foreclosure or receivership) proceedings.

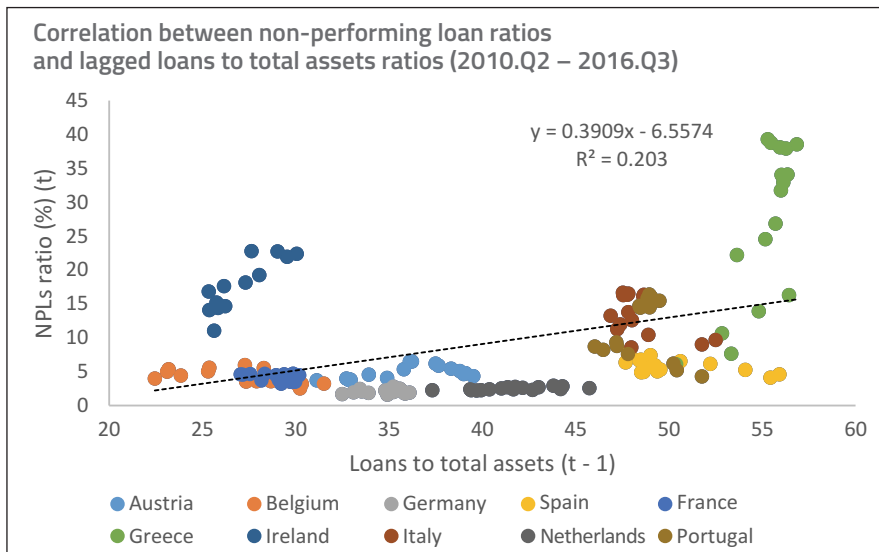
Stylised facts on non-performing exposures

Figure 7: NPL ratios are larger for countries with earlier rapid credit expansion



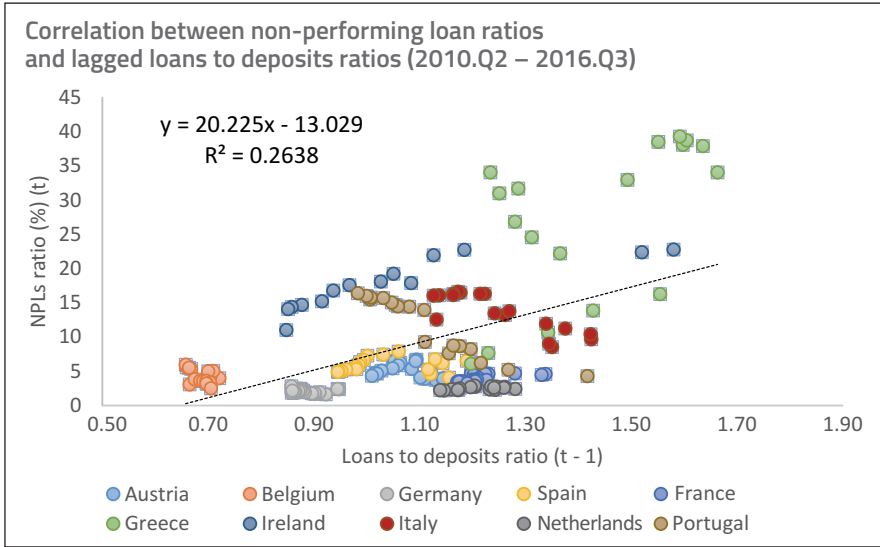
Source: Own elaboration based on ECB data. Non-performing loans (NPLs) ratio is calculated as the amount of non-performing loans over total loans. Annual growth rate of loans is computed as the annual variation rate in the stock of loans as a percentage. Dots are quarterly observations per country

Figure 8: NPL ratios are larger for countries with higher share of loans to total assets



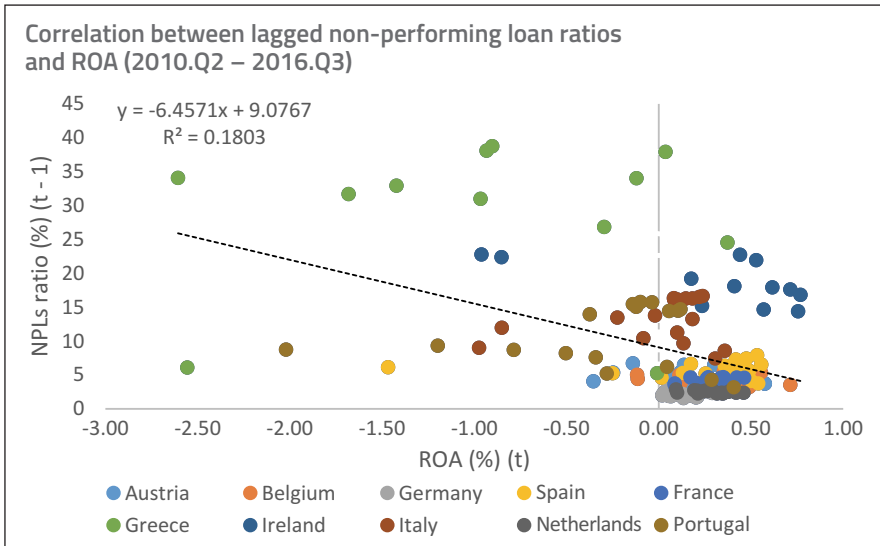
Source: Own elaboration based on ECB data.

Figure 9: NPL ratios are larger for countries with higher share of loans to deposits



Source: Own elaboration based on ECB data.

Figure 10: Higher NPLs ratios determine a drop in ROA



Source: Own elaboration based on ECB data.