



PRESS RELEASE

30 June 2017

ECB's updated review of NPL regimes shows countries should be proactive and ensure NPL toolkits are fit-for-purpose

- Latest review extended to include all euro area countries
- Judicial and legal systems play a key role in reducing NPLs

The European Central Bank (ECB) today published its second stocktake of national supervisory practices and legal frameworks related to non-performing loans (NPLs) in the euro area. The stocktake now covers all euro area countries and contains updates on the eight countries included in the original stocktake published last year.

The report provides a comprehensive picture of the practices for treating NPLs in the euro area as at 31 December 2016 and supports the ECB's continuing contribution to the dialogue on NPLs with other stakeholders in Europe.

One of the key lessons of the financial crisis and the experience of many countries with high NPL levels is that it is necessary to be proactive and prepared before NPL levels become elevated. The stocktake notes that stakeholders should make preparations in quieter times so that frameworks for managing NPLs are robust from the outset.

Current legal backlogs relating to insolvency can be traced back to the failure to establish out-of-court settlement mechanisms before NPL levels became elevated. As a result, banks in some countries cannot resolve NPL issues efficiently and their NPLs have a negative impact on their performance.

There have also been some changes to legal frameworks since the publication of the first stocktake, but these have been largely incremental in nature and it is too early to assess their effectiveness.

For media queries, please contact Ronan Sheridan, tel.: +49 69 1344 7416.

Notes

- The [first stocktake](#), published in September 2016, covered the national supervisory practices and legal frameworks related to NPLs in Cyprus, Greece, Ireland, Italy, Portugal, Slovenia, Spain and Germany.

PRESS RELEASE / 30 June 2017

ECB's updated review of NPL regimes shows countries should be proactive and ensure NPL toolkits are fit-for-purpose

- The second stocktake covers the remaining 11 countries participating in European banking supervision.
- The stocktakes are the result of joint efforts by the ECB and the national competent authorities who together supervise more than 4,000 banks in the euro area.
- Country-specific NPL data as at Q4 2016 are available on the ECB's banking supervision website, [here](#).

European Central Bank Directorate General Communications
Global Media Relations Division, Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany
Tel.: +49 69 1344 7455, e-mail: media@ecb.europa.eu, website: www.ecb.europa.eu

Reproduction is permitted provided that the source is acknowledged.