EUROPEAN MANUFACTURING SECTOR IS HEADING INTO THE 2026 ENERGY CRISIS WITH A LOWER RATIO OF NON-PERFORMING LOANS THAN IN 2022

Thomas Humblot

During her hearing on 18 March 2026 before the Committee on Economic and Monetary Affairs of the European Parliament, Claudia Buch (Chair of the Supervisory Board of the European Central Bank) highlighted the absence of decline in the quality of bank assets and the stability of non-performing loan ratios. These ratios are a good indirect indicator of the financial health of borrowing corporations in the European Union (EU), particularly in the manufacturing sector. When viewed from this perspective, the proportion of firms in this sector facing severe financial difficulties appears to be lower at the start of 2026 than at the start of 2022. This suggests, by extension, that these firms are in better financial health and have a greater ability to absorb shocks. Nevertheless, comparing the current energy shock with the previous one poses difficulties. Apart from the uncertainty surrounding the duration and scale of the 2026 shock, the effects of the 2022 shock were largely mitigated by public and private support measures. This time, such measures are likely to be more limited, given budgetary constraints.

The manufacturing sector's non-performing loan ratio has generally declined across the EU since 2019

	Q2 2019	Q4 2019	Q2 2020	Q4 2020	Q2 2021	Q4 2021	Q2 2022	Q4 2022	Q2 2023	Q4 2023	Q2 2024	Q4 2024	Q2 2025	Q4 2025
Germany	2,8%	3,4%	3,3%	4,1%	3,8%	3,2%	3,5%	3,9%	4,2%	4,5%	4,5%	5,0%	4,5%	4,3%
Austria	3,8%	3,5%	3,3%	3,8%	3,9%	3,7%	3,7%	3,7%	3,2%	3,4%	3,1%	4,5%	3,4%	3,6%
Belgium	3,0%	4,3%	4,0%	4,9%	4,3%	3,8%	3,6%	3,6%	3,8%	3,7%	3,6%	3,4%	3,7%	3,9%
Bulgaria	8,0%	6,5%	7,2%	6,5%	6,1%	4,4%	3,1%	2,7%	2,1%	2,9%	2,8%	3,0%	3,1%	3,5%
Cyprus	31,7%	28,0%	19,9%	14,0%	13,1%	3,8%	2,8%	3,2%	2,8%	2,1%	2,3%	1,9%	1,4%	0,7%
Croatia	17,6%	16,0%	16,0%	15,6%	14,0%	8,6%	7,2%	6,6%	5,5%	5,5%	5,1%	5,9%	5,6%	5,1%
Danmark	3,1%	3,7%	2,8%	4,0%	3,4%	1,9%	1,5%	1,3%	1,2%	1,8%	1,8%	1,9%	1,9%	2,2%
Spain	5,1%	4,8%	4,4%	4,5%	4,6%	4,0%	3,4%	3,2%	3,1%	3,2%	3,0%	3,1%	3,0%	2,9%
Estonia	3,1%	3,1%	3,7%	2,1%	1,7%	1,4%	1,6%	1,8%	2,2%	3,1%	4,3%	3,1%	5,1%	6,4%
Finland	4,9%	4,6%	5,6%	3,3%	3,2%	3,0%	2,8%	1,9%	2,3%	2,6%	2,0%	1,7%	2,2%	1,8%
France	4,5%	4,2%	4,5%	5,0%	4,9%	4,1%	4,2%	3,9%	3,9%	3,9%	4,2%	4,3%	3,9%	4,0%
Greece	43,8%	39,2%	33,9%	31,6%	21,0%	12,6%	8,1%	6,7%	6,4%	5,3%	5,5%	4,4%	3,8%	3,3%
Hungary	6,7%	6,1%	5,4%	5,2%	4,6%	4,2%	4,8%	4,2%	3,8%	6,9%	6,5%	6,8%	5,7%	7,9%
Ireland	2,4%	1,6%	1,7%	1,5%	1,4%	1,6%	2,0%	2,8%	2,9%	2,3%	1,8%	2,0%	1,9%	2,7%
Italy	10,3%	9,1%	7,8%	6,1%	5,6%	4,2%	3,1%	3,1%	3,1%	3,4%	3,7%	4,0%	4,1%	4,1%
Latvia	10,6%	10,7%	9,5%	8,9%	9,4%	1,4%	1,5%	1,3%	2,2%	2,0%	2,2%	1,5%	1,4%	3,7%
Lithuania	5,7%	4,7%	5,1%	5,3%	3,2%	2,1%	1,8%	0,6%	0,6%	3,4%	3,3%	2,8%	0,5%	1,7%
Luxembourg	2,4%	2,4%	3,5%	3,5%	2,5%	2,2%	5,9%	7,3%	8,6%	3,5%	3,4%	4,0%	4,1%	5,6%
Malta	4,9%	6,4%	6,9%	13,8%	13,9%	15,6%	9,8%	8,0%	8,4%	6,7%	12,3%	6,9%	7,5%	7,7%
Netherlands	3,5%	4,5%	4,8%	5,1%	4,5%	3,8%	3,5%	3,2%	3,5%	3,1%	3,1%	4,0%	3,8%	3,6%
Poland	7,1%	8,3%	8,0%	8,8%	8,8%	7,3%	6,5%	5,5%	5,2%	5,4%	5,1%	10,5%	11,0%	10,7%
Portugal	10,5%	9,0%	8,5%	7,8%	6,0%	6,9%	7,4%	6,9%	7,1%	5,2%	5,1%	4,9%	5,6%	5,6%
Romania	8,5%	8,7%	11,9%	11,1%	10,8%	9,2%	7,7%	5,2%	4,4%	4,6%	4,2%	4,0%	5,1%	6,0%
Slovakia	1,9%	2,2%	2,5%	1,9%	2,5%	2,2%	2,2%	1,6%	1,4%	2,1%	2,3%	2,8%	2,7%	3,6%
Slovenia	4,9%	3,6%	2,9%	3,5%	2,8%	2,3%	1,9%	1,5%	2,0%	3,2%	3,7%	3,3%	3,6%	9,8%
Sweden	2,8%	3,2%	3,2%	2,3%	1,6%	1,3%	1,5%	0,9%	1,0%	1,0%	1,0%	1,6%	1,0%	1,3%
Czechia	4,6%	5,0%	5,2%	5,7%	5,3%	5,2%	5,6%	5,4%	4,3%	4,2%	3,9%	3,6%	3,6%	3,5%
European union	5,7%	5,5%	5,6%	5,5%	5,0%	4,0%	3,6%	3,5%	3,5%	3,6%	3,7%	4,0%	3,8%	3,8%

Reading note: For each country individually, the highest non-performing loan ratio in the manufacturing sector during the observation period is shown in the darkest shade of red. The lowest ratio is shown in the darkest shade of green

SOURCE: EBA, BNP PARIBAS

Lower non-performing loan (NPL) ratios indicate a smaller proportion of firms in a severely deteriorated situation

These ratios have the advantage of being available for each sector of activity. Furthermore, they enable the difficulties faced by certain firms to be standardised to a certain extent, by assessing their economic significance within the total number of firms (whether in difficulty or not). In most individual European Union countries[1], the NPL ratio for the manufacturing sector now stands at a historically low level (*see heatmap:* cells shaded in the darkest green). Furthermore, the highest ratios (shaded in the darkest red) at the start of the observation period typically recorded the sharpest declines. In the majority of cases, NPL ratios were reduced by more than half between Q2 2019 and Q4 2025. In cases where they increased during this latter period, the increases generally remained modest. Overall, the decline in the manufacturing sector's NPL ratio in most European countries

1 Comparing the level or extent of variation in the NPL ratio across countries is of limited interest, given the wide range of national specificities (proportion of floating-rate loans, laws governing companies in difficulty, etc.).

tends to indicate improved financial health. The manufacturing sector's initial ability to withstand the energy shock linked to the 2026 war in Iran is therefore, in theory, greater than it was at the onset of the 2022 war in Ukraine.

An energy shock and the corresponding mitigation measures remain uncertain in terms of their scale and duration

However, the manufacturing sector's greater ability to absorb shocks, as indicated by NPL ratios, does not in itself enable us to predict the impact of the 2026 shock, particularly when compared with the 2022 shock. In response to the latter, many EU firms did indeed benefit from public and private support measures, which were in addition to those already put in place during the COVID-19 pandemic (moratoria on loan repayments, deferrals of social security contributions, state guaranteed loan schemes, etc.). This helps to explain why the manufacturing sector in EU countries has, generally speaking, absorbed the 2022 shock well, as evidenced by the stability or minimal increases in NPL ratios. The scale and duration of any potential public and private mitigation measures in response to the current energy shock are shrouded in as much uncertainty as the shock itself. However, orders pertaining to defence, public infrastructure and AI are expected to provide new sources of resilience[2] which, combined with the European manufacturing sector's initially robust financial health, could help limit the impact of the 2026 energy shock on business bankruptcies and unemployment.

thomas.humblot@bnpparibas.com

2 The nowcasts, updated scenario and forecasts of the Economic Research - 23 March 2026.

GROUP ECONOMIC RESEARCH

ECOINSIGHT
Structural or thematic topics

ECOPERSPECTIVES
Analyses and forecasts with a focus on developed and emerging economies.

ECOFLASH
Data releases, major economic events

ECOWEEK
Recent economic and policy developments, data comments, economic calendar, forecasts

ECOPULSE
Easy-to-read monthly overview of inflation dynamics

ECOCHARTS
Monthly barometer of key economic indicators of the main OECD countries.

ECOTV
What is the key event of the month?
You will find the answer in our economy broadcast.

MACROWAVES
Our economic podcast

HOW TO RECEIVE OUR PUBLICATIONS

SUBSCRIBE ON OUR WEBSITE
see the Economic Research website

&

FOLLOW US ON LINKEDIN
see the Economic Research linkedin page

OR TWITTER
see the Economic Research Twitter page

Published by BNP PARIBAS Economic Research
Head office: 16 boulevard des Italiens – 75009 Paris France / Phone : +33 (0) 1.42.98.12.34
Internet: www.group.bnpparibas - www.economic-research.bnpparibas.com
Head of publication : Jean Lemierre
Chief editor: Isabelle Mateos y Lago

Subscribe to our publications:
ECONOMIC RESEARCH

BNP PARIBAS

La banque
d'un monde
qui change