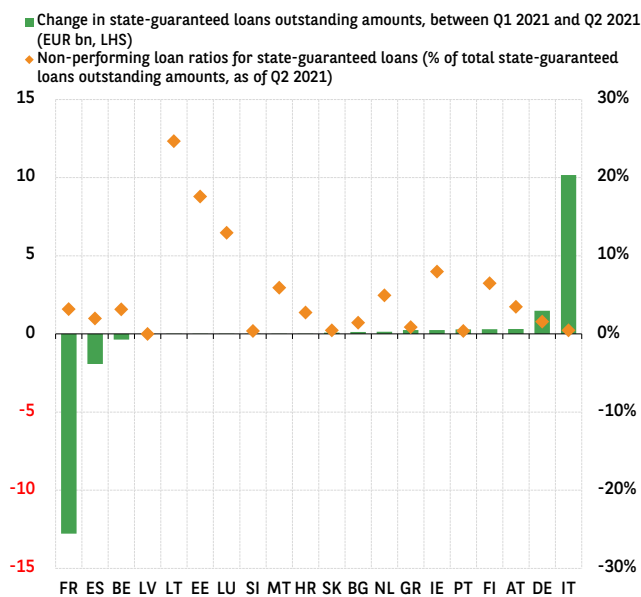


3 November 2021

## EUROZONE: STABILISATION OF STATE-GUARANTEED LOANS (SGLS<sup>1</sup>) OUTSTANDING AMOUNTS

Thomas Humblot

State-guaranteed loans in the Eurozone: outstanding amounts and non-performing loan ratios



Source: EBA, BNP Paribas

In the Eurozone, gross state-guaranteed loans outstanding amounts<sup>2</sup> issued in response to the Covid-19 pandemic stabilised at EUR 375 bn in Q2 2021. This stabilisation is notably due to the decline in state-guaranteed loans outstanding amounts granted by French and Spanish banks (down EUR 13 bn and EUR 2 bn, respectively), the first decline since the scheme was introduced in Q2 2020. Together, the two countries accounted for 64% of all state-guaranteed loans in the Eurozone in Q1 2021.

This decline, combined with the much smaller decline in state-guaranteed loans outstanding amounts by Belgian and Latvian banks, cancelled out the ongoing increase in SGLs in the other Eurozone countries, especially Italy and Germany (EUR 10 bn and EUR 1.5 bn, respectively), as a share of total Eurozone SGLs.

Since the introduction of state-guaranteed loans in France, only 0.6% of the beneficiary companies (0.3% of SGLs outstanding amounts<sup>3</sup>) have reported payment defaults, while 12% of outstanding amounts were repaid during Q2 2021. These repayments were primarily made by relatively solid companies, which automatically increases the share of non-performing loans as a percentage of total state-guaranteed loans outstanding amounts. This comes on top of the emergence of difficulties among certain debtors. The non-performing loan ratio for SGLs in France rose from 2.2% in Q1 2021 to 3.2% in Q2 2021, which is comparable to the median ratio observed in the Eurozone.

<sup>1</sup> "Newly originated loans and advances subject to public guarantee schemes" as defined by the European Banking Authority.

<sup>2</sup> To be more precise, the gross carrying amounts.

<sup>3</sup> According to the most recent Bank of France figures.

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