

Navigating COVID-19 Recovery: How to Manage Non-Performing Loans Amid Policy Normalization

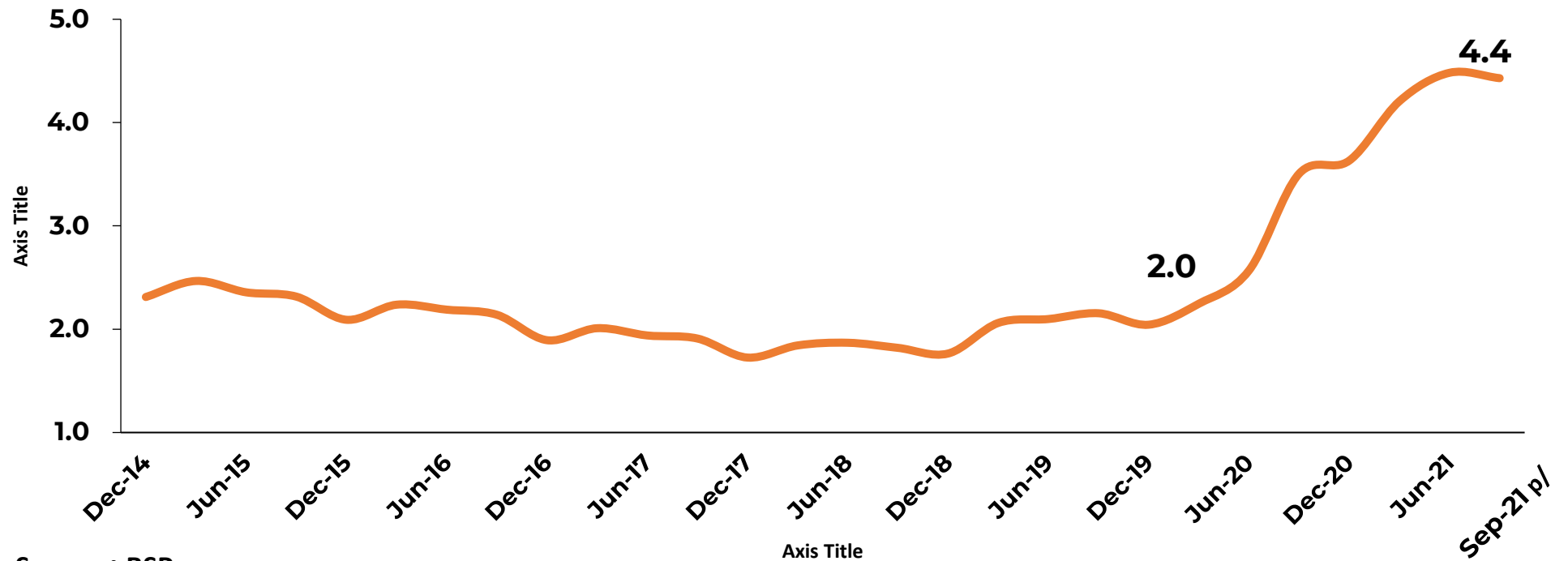
ADB/ECB NPL Book Launch Webinar **Nonperforming Loans in Asia and Europe – Causes, Impact and Resolution Strategies**

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NPL ratio of banks projected to remain within single-digit levels

Philippine Banking System
Non-Performing Loan (NPL) Ratio
In percent



Source : BSP

Axis Title

p/ preliminary data




Structural and Regulatory Reforms support NPL Resolution

2020-2021: Crisis

2022-2023: Recovery

Government Support Measures




Bayanihan to Heal as One Act (2020)

Bayanihan to Recover as One Act (2020)


BSP Relief Measures (2020-2021)

Supervisory Considerations



Prudential Treatment

Surveillance and Analytics



Temporary Twin Relief Measures

Regulatory Treatment of Loan Loss Modifications (2022)

Capital Relief on Provisioning Requirements (2022 to 2023)

Surveillance and Analytics

Financial Institutions Strategic Transfer (FIST) Act (February 2021 to 2023)



Important considerations for effective management of NPLs

01

Macroeconomic conditions, including evolving risk from the COVID-19 variants

02

Smooth transition between temporary relief measures and eventual phase-out

03

Amendments to surveillance analytics and models to consider COVID-19 dynamics

04

Consistent application of prudential expectations by supervisors and supervised institutions

