

## Mazars Study: Thanks to government support, the number of unpaid receivables in European banks is decreasing

12 December 2022, Prague – The International Audit, Tax and consulting Company Mazars has issued its fifth Financial Reporting of European Banks study focusing on the level of their expected credit losses (ECL). The main findings of the study include a decrease in the number of unpaid receivables due to support offered by the relevant governments during the pandemic. At the same time, it also pays attention to concerns about geopolitical instability and the subsequent energy crisis in the context of the war in Ukraine.

The study currently covers the first half of 2022. It is based on an analysis, carried out by Mazars, of the information published in the interim reports by 26 banks in 11 European countries, including the United Kingdom, France, Germany, Italy and Spain. The aim of the report is to serve as a practical benchmarking tool to help credit institutions compare the impact of the macroeconomic climate on their business with similar institutions.

*“Our report reveals that during the first half of 2022, the number of outstanding receivables decreased for the analysed European banks, mainly thanks to the support given to them by the respective governments through the pandemic,”* stated Jiří Šimek, a Partner of Mazars in the Czech Republic, commenting on the study.

According to the study, the average coverage of loans at amortised value decreased from 1.54% in 2021 to 1.42% in the first half of 2022. The study also presents visible geographical trends in the changes in the adjustments to expected credit losses and post-model adjustments, the weights of macroeconomic scenarios and forward-looking information compared to 2021.

In addition, the report deals, for example, with the impact of expenses concerning the expected credit losses for the first half of 2022 on the economic result and with changes in the adjustments related to expected credit losses. It also compares the future estimates contained in the annual reports of the banks and their changes compared to the past. The study also highlights how the ongoing war in Ukraine affects estimates of future credit losses. As far as this issue is concerned, the study points out that the direct effects of the war in Ukraine are limited, but the related economic uncertainty significantly affects the expected credit losses in the future.

*“One of the important facts that banks analysed in the report have disclosed is the impact of transactions related to subsidiaries in Russia or Ukraine – such as the loss of control or sale of a subsidiary and their effects on the valuation of the credit portfolio. Despite a different comparative basis, no bank has published significant direct impacts on credit losses resulting from the war in Ukraine,”* added Jiří Šimek.

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### About Mazars

Mazars is an internationally integrated partnership specialising in auditing, accounting, consulting and tax services. We operate in more than 90 countries and territories around the world and draw on the experience of 44,000 experts (28,000 in the Mazars Integrated Partnership and 16,000 through the Mazars North America Alliance) to help clients of all sizes at every stage of their development. [www.mazars.cz](http://www.mazars.cz)