

# Corporate indebtedness and non-performing loans: the Portuguese case



BANCO DE PORTUGAL  
EUROSYSTEM

**Inês Drumond**  
Financial Stability Department

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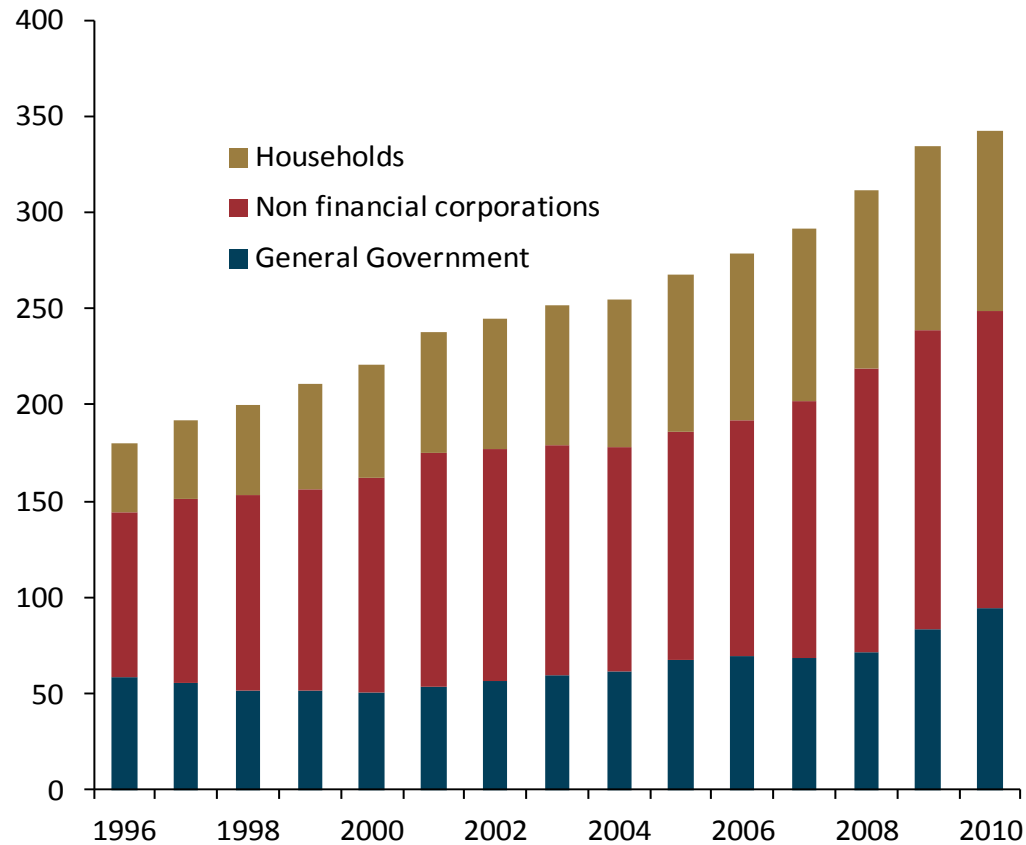
Workshop  
**Dealing with excessive corporate indebtedness**

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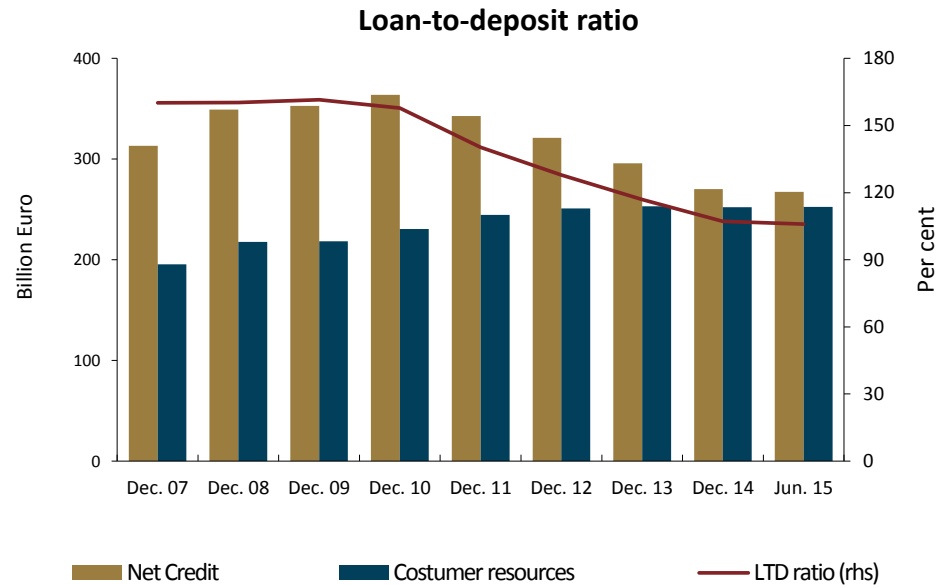
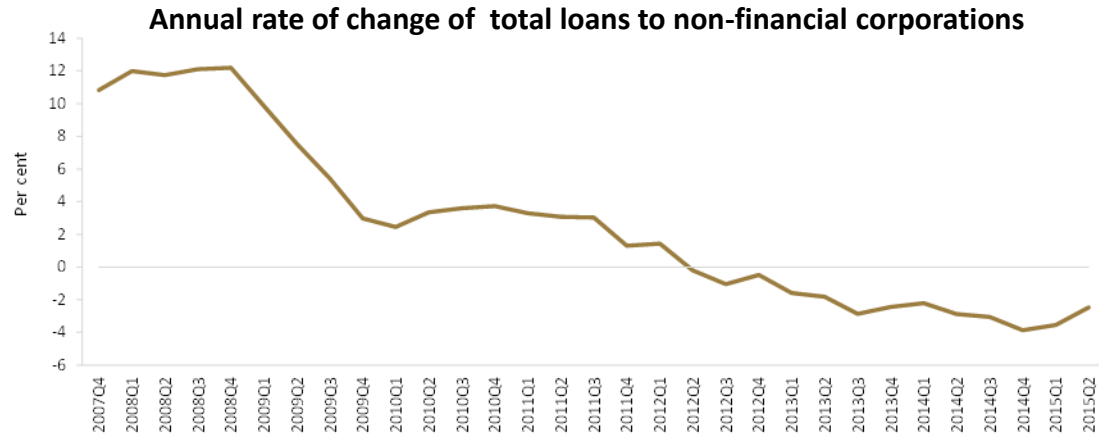
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Debt (% of GDP)

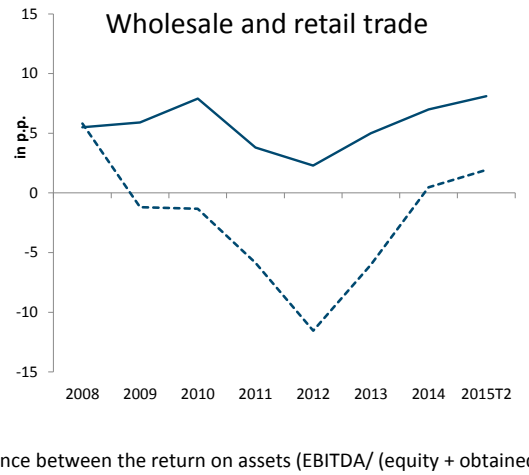
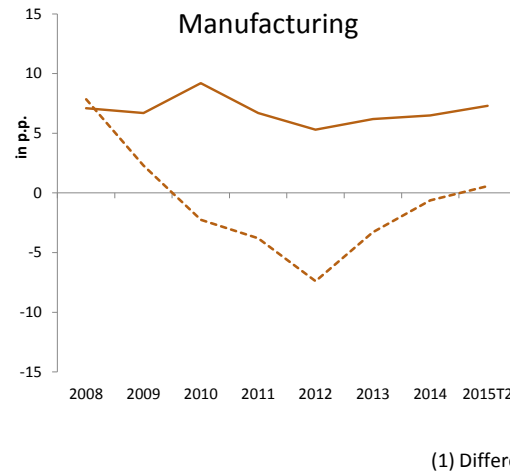
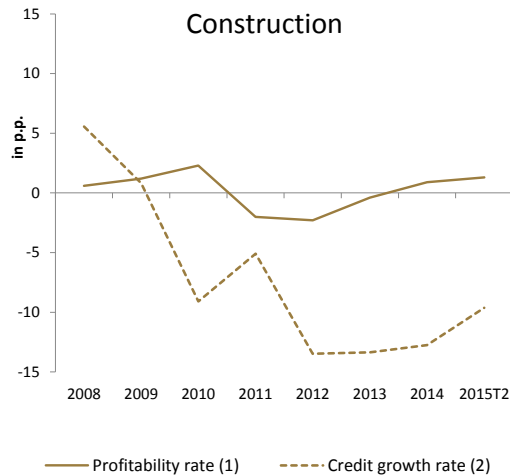
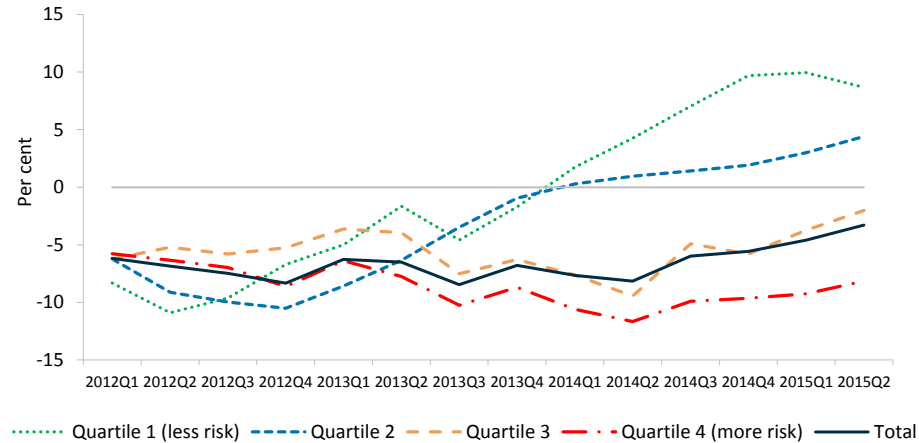


Source: Banco de Portugal

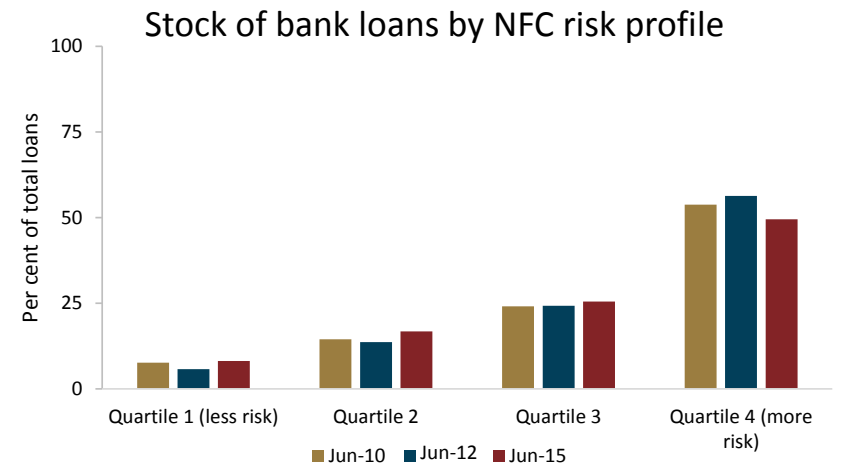
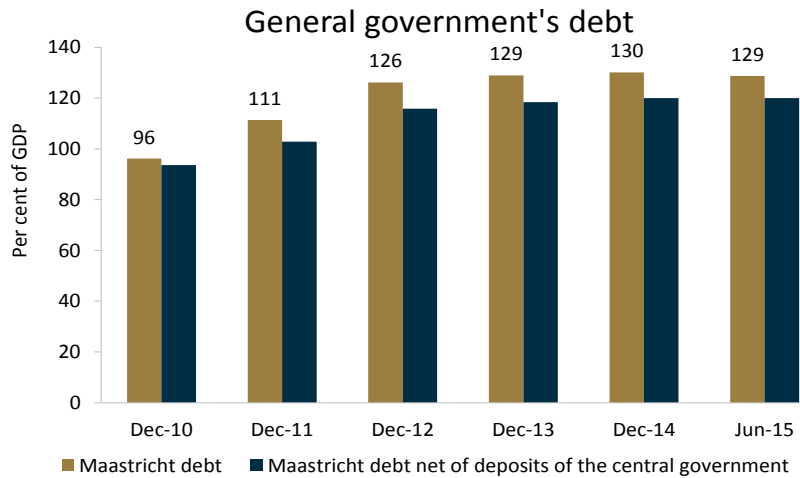
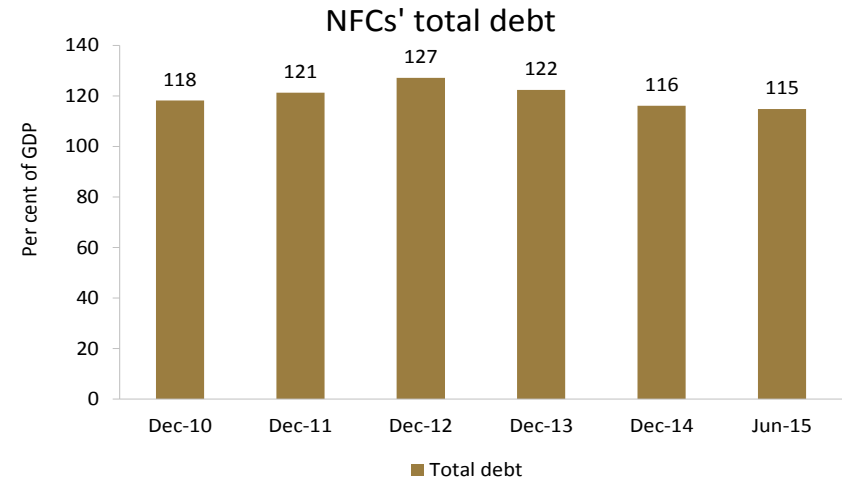
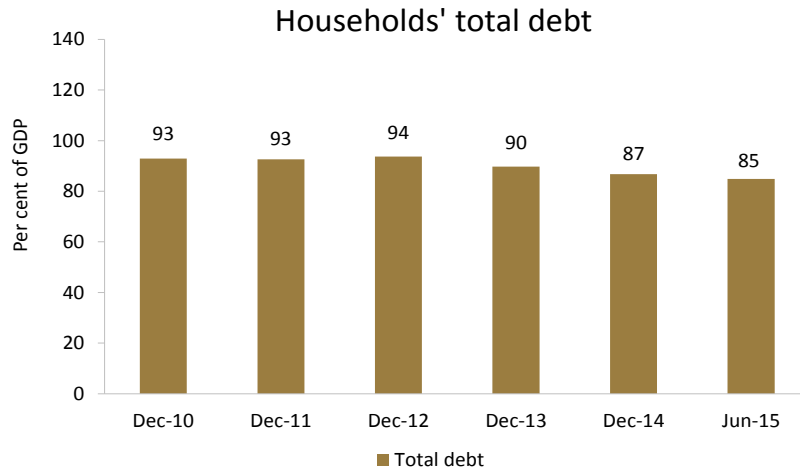




## Credit growth by NFC risk profile (risk evaluated according to the Z-Score)



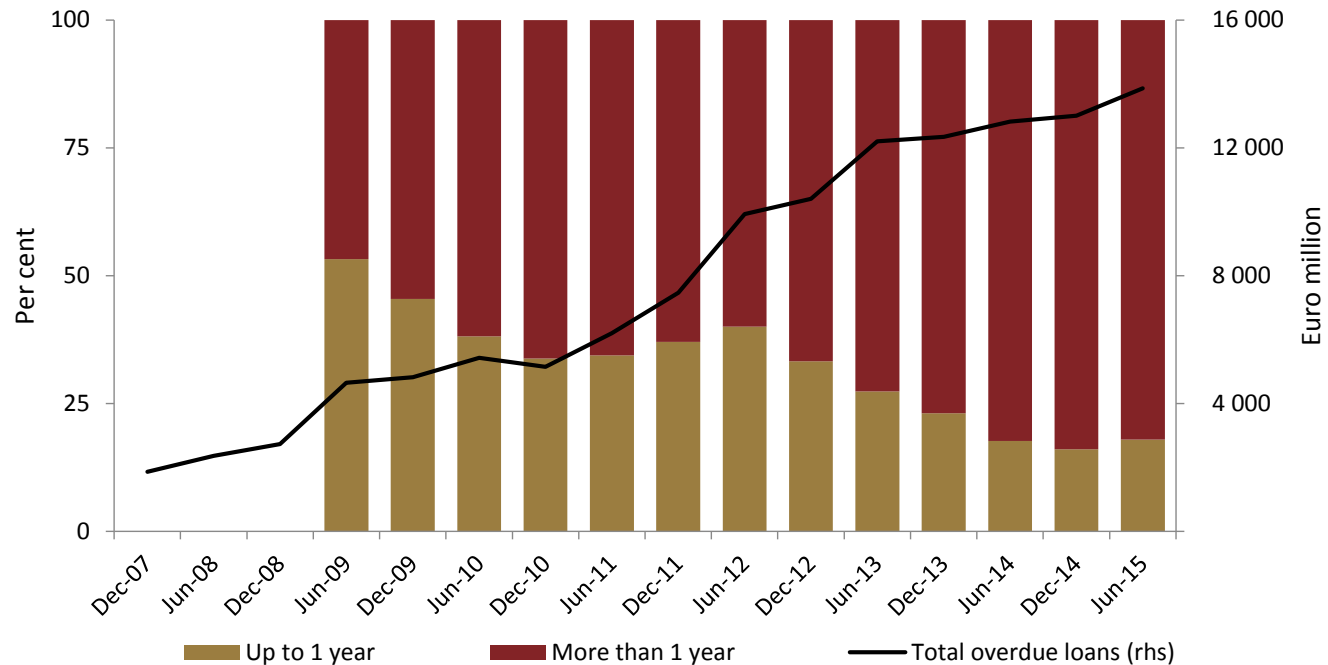
(1) Difference between the return on assets (EBITDA/ (equity + obtained funding)) and the implicit interest rate (interest expenses / funding).  
(2) Annual rate of change of loans granted by Other MFIs and by Non-monetary financial institutions.  
Source: Banco de Portugal



Source: INE and Banco de Portugal



### NFC overdue credit



Source: Banco de Portugal

**Policy Action:** Reinforce the holistic approach followed during the adjustment programme and address the link between high NFC indebtedness and high level of NPLs