

Italian NPL sales fall to €33bn last year

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New NPE disposals are projected to reach around €47bn next year, according to an Ifis report



- **What** Non-performing loan transactions in Italy reached €33bn last year, according to the latest NPL Market Watch by Banca Ifis
- **Why** Servicers, specialised investors and banks were active in the market
- **What next** New NPE disposals projected to reach around €47bn in 2022

Non-performing loan transactions in Italy reached €33bn last year, according to the latest NPL Market Watch by Banca Ifis. While still an NPL hotspot, Italy's NPL deals have declined sharply, falling to their lowest level since 2016, [according to a React News analysis](#). However, rising distress could spell an

increase in sales next year, according to Ifis.

The digital bank and distressed investor purchased a total of €3.7bn NPLs, making it the top buyer in 2021 with 11% share of the overall value of transactions. Banca Ifis specialises in the unsecured retail NPL sector, with a market share of 46% on over €7bn of loans sold.

Intesa Sanpaolo sold NPLs with a total gross book value of €4.4bn, the **largest transaction of the year** to MBCredit Solutions, Banca Ifis, with Guber Banca, and Deva Capital, with Intrum.

Italy's stock of non-performing exposures last year was valued €330bn, the majority of which (€242bn) are managed by servicers and specialised investors, while the rest are held by banks. Total stock is estimated to climb to €402bn in 2024, with 78% to be under management at the impaired credit industry and only 22% to be on the bank balance sheet.

Banks booked around €45bn UTPs at the end of 2021 compared with €39bn impaired positions, the first time in Italy that UTPs exceeded NPLs in the banks' balance sheet. The trend is expected to continue over the coming years.

The secondary market represented 32% of total transactions last year, reflecting its increasing relevance. Servicers and investors invested almost €60bn between 2017 and 2021 to acquire €245bn NPL portfolios.

For 2022, new NPE disposals is projected to reach around €47bn comprising €35bn NPLs and €12bn unlikely-to-pay exposures. The same levels are expected in 2023, €37bn NPLs and €10bn UTPs.

Around €60bn of loans are expected to deteriorate from 2022 to 2023. Deterioration rate is predicted to decrease to around 1% in 2024 from 2.4% estimated in 2022, considering a forecasted return to pre-Covid levels.

There was also improvement in the Italian NPE ratio, which dropped 4.7% at the end of 2021 below the ECB target of 5%.

Italy also showed record sales of properties in 2021, with around 700,000 purchases made driven by the “great liquidity of families and businesses that was added to the tax incentives.” Sustained growth is expected this year.