FRAMEWORK & FRONTIERS

npl meeting

Npl Transaction Market and Servicing Industry

Scenario 2025-2027

MARKET WATCH NPL

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Reference Scenario - Overview

In the 2023–2024 biennium, the European Non-performing loan (Npl) market showed signs of reawakening, albeit with significant divergences across countries. The gross Npe stock of significant EU banks amounts to 373 €billion in Q2 2025, with a stable Npe ratio substantially at 1,84%. However, this increase is polarized: Germany and France report notable growth, while Italy and Spain continue to reduce volumes.

The deterioration is driven primarily by the Corporates segment, especially in Real Estate. At the same time, lending activity in the EU is picking up again, indicating a recovery in credit demand. This polarization is also reflected in Npe transaction markets: France and Germany show limited activity, whereas Italy, Spain, and Greece maintain dynamic markets.

Italy's outlook remains resilient. The deterioration rate remains at historic lows, even under the ECB's "worst-case" scenario. The increase in Npes is limited and confined to specific sectors: Construction (3%), Hospitality (2,6%), and Retail (2,4%). System-wide liquidity, supported by monetary expansion, contributes to overall stability. Projections indicate a decline in the gross Npe ratio from 2,8% in 2024 to 2,3% by 2027.

For the 2025–2027 period, annual Npe transaction volumes are estimated at around 22 €billion, consistent with 2024 levels and supported by a deep secondary market. Sales cover a significant portion of new deteriorated flows, and the transaction model is evolving: shifting from flag-deals to partnerships with originators, with a reduction in average GBV per portfolio and rising pricing for newer credits due to increased competition.

The servicing industry faces new challenges. The total stock of deteriorated credit in Italy has decreased by 86 €billion compared to the 2015 peak, but judicial recovery is slowing: 60% of case files are over five years old, and the average duration of real estate auctions has risen to 6,6 years.

The Italian Npl sector has reached a notable level of maturity, as evidenced by the consolidation phase among operators. Notably, of the top 15 players in 2018, four have been downsized through mergers and acquisitions, with average AUM per operator increasing by 39%, from 18 €billion to 25 €billion.

In this context, the adoption of AI is becoming crucial: 47 active projects across Europe aim to enhance both external effectiveness (early warning systems, predictive analytics) and internal efficiency (documentation, scoring, chatbots).

Several aspects will be important to monitor going forward: sectoral trajectories and sensitivity to interest rates and consumption, the outcomes of servicers' AI initiatives, judicial efficiency (timelines, auctions), and the impact on recovery assumptions.

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The Key Messages (1/3)

Divergences between countries and customer segments

Non-performing credit in the banking sector of the European Union

- The gross Npe stock of significant EU banks amounts to 373 €bln in Q2 2025, with the Npe ratio remaining stable substantially at 1,84%

- Compared to the lowest level recorded in Q1 2023, the stock increased by 16 €bln and the Npe ratio by 9 basis points. The rise is concentrated in Germany (+14,4 €bln) and France (+11,8 €bln), while Italy (−7,9 €bln) and Spain (−5,1 €bln) show a countertrend with reductions

- The deterioration is driven by the Corporates segment (accounting for 89% of the increase in Germany and 63% in France), particularly in the Real Estate sector

- EU lending is growing again: Households loans up by 2,9%, Corporates loans up by 1,7% in Q2 2025

A multi-faceted sector

Non-performing credit sector in major EU countries

- Six countries have been analyzed—Germany, France, Italy, Spain, Portugal, and Greece—which together represent 77% of the EU's Npe stock.

- France leads in terms of Npe volumes (124 €bln) on bank balance sheets, followed by Spain and Germany

- Germany and France show an increase in Npes, both in absolute terms and as a share of total credit; Italy, Spain, Greece, and Portugal continue the de-risking process, even after having moved past the critical phase

- Forward-looking indicators confirm rising risk levels in France and Germany, reflected in the cost of risk for both countries, and in Germany also in Stage 2 and Forborne Performing exposures

- A comparison of EU Npe transaction markets reveals significant polarization: on one side, France and Germany with very limited transaction volumes; on the other, Italy, Spain, and Greece with highly active markets

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The Key Messages (2/3)

Deterioration at historic lows

The dynamics of Non-performing credit in the Italian banking system

- The deterioration rate in Italy remains historically low, even under the ECB's "worst-case" scenario (1,25% in 2027), only 10 basis points above the baseline scenario

- The worsening is concentrated in the Corporates segment: the deterioration rate rises from 1,3% in 2023 to 1,8% in 2024, corresponding to an increase of €2,7 billion in new flows. The 2025-2027 forecast confirms the rate at similar levels

- The most at-risk sectors are Construction and Hospitality businesses; compared to the 2022 low, Retail has shown the most significant deterioration (+1,1 percentage points)

- Monetary expansion (M3), mainly driven by increased lending to the private sector, contributes to stabilize deterioration by supporting system liquidity

- Italy's gross Npe ratio projections indicate a decline from 2,8% in 2024 to 2,3% by 2027

Stable volumes covering new flows, depth in the secondary market

The Npl and UtP transaction market

- During the 2025–2027 period, Npe transaction volumes are estimated at approximately 22 €bln per year, in line with the finalized amounts for 2024

- Primary market disposals covered 85% of newly deteriorated flows in the 2023–2024 biennium and are expected to cover 81% of new flows in the 2025–2027 period

- Over time, the nature of Npe transactions has evolved:
  - Increased share of Unsecured and Households portfolios
  - Shift from flag-deals to partnerships with originators: the average portfolio size has decreased from ~1€bln GBV in 2017 to ~500 €mln in 2022, and is expected to reach ~190 €mln in 2025

- Pricing is increasing due to fresher credit portfolios and stronger competitions amid limited volume supply

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The Key Messages (3/3)

The Npl industry

Efficiency and scale as key interpretive drivers

- The total deteriorated stock in Italy (banks + investors) is estimated to decline by 86 €bln in 2025 compared to the 2015 peak

- Recovery on portfolios (subset with Scope ratings) shows a greater reliance on judicial recovery, with a drop in collections due to:

  - Delays in court proceedings (60% of cases are over 5 years old)
  - Decline in real estate auctions, with the average duration of Court-led asset liquidations rising to 6,6 years

- In recent years, M&A activity has triggered a consolidation process across the entire sector: starting from the top 15 operators in 2018, the number of players has decreased to 11, while average AUM per operator has increased by 39%, from 18 €bln to 25 €bln

The Adoption of AI in the European Npl sector

AI as a competitive advantage

- AI adoption in the Npl sector is growing: 17 European operators currently have 47 active projects

- Applications target both external effectiveness (predictive analytics, early warning systems) and internal efficiency (documentation management, chatbots, scoring models)
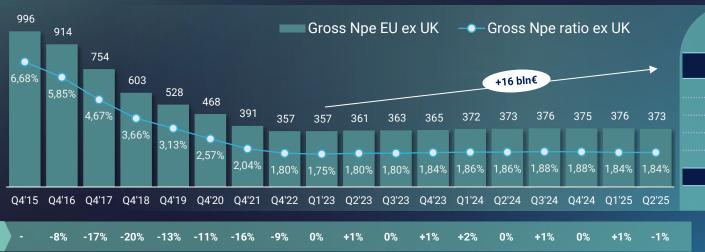
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Compared to the low recorded in Q1 2023, the stock of Npes has increased by €16 billion, with a rise of 9 basis points, driven by German and French banks. In contrast, Italy and Spain show a decline. In Q2 2025, the gross stock of Npes held by major EU banks fell to €373 billion (-€3 billion), while the gross Npe ratio remained broadly stable

EU NON-PERFORMING LOANS (IMPAIRED LOANS) IN BANK FINANCIAL STATEMENTS, GROSS NPE RATIO - ONLY SIGNIFICANT EBA BANKS - €BLN, %

Legend: ▬ Gross Npe EU ex UK ━●━ Gross Npe ratio ex UK

+16 bln€

	Q4'15	Q4'16	Q4'17	Q4'18	Q4'19	Q4'20	Q4'21	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25
Gross Npe (€bln)	996	914	754	603	528	468	391	357	357	361	363	365	372	373	376	375	376	373
Gross Npe ratio	6,68%	5,85%	4,67%	3,66%	3,13%	2,57%	2,04%	1,80%	1,75%	1,80%	1,80%	1,84%	1,86%	1,86%	1,88%	1,88%	1,84%	1,84%
Gross Npe Var. % Q/Q	-	-8%	-17%	-20%	-13%	-11%	-16%	-9%	0%	+1%	0%	+1%	+2%	0%	+1%	0%	+1%	-1%

Change in Npe stock Q2'25 vs Q1'23– €bln

Countries	Q2'25 vs Q1'23
Italy	-7,9
Germany	+14,4
France	+11,8
Spain	-5,1
Other Countries	+2,3
Europe	**+15,5**

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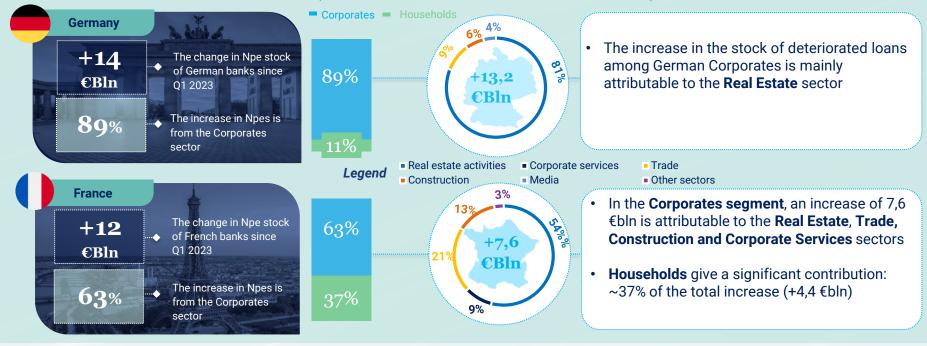
In Germany and France, the increase in Npe stock is driven by the Corporates segment, with the Real Estate sector representing the main driver (around 81% in Germany and 54% in France). In the latter, Households also contribute significantly

CHANGE IN NPE STOCK Q2'25 VS Q1'23 – €BLN, % (PROPORTIONATE TO THE TOTAL OF INCREASING SECTORS)

Corporates   Households

Germany

+14 €Bln
The change in Npe stock of German banks since Q1 2023

89%
The increase in Npes is from the Corporates sector

89%

11%

6% 4%
9%
81%

+13,2 €Bln

• The increase in the stock of deteriorated loans among German Corporates is mainly attributable to the **Real Estate** sector

Legend

■ Real estate activities   ■ Corporate services   ■ Trade
■ Construction   ■ Media   ■ Other sectors

France

+12 €Bln
The change in Npe stock of French banks since Q1 2023

63%
The increase in Npes is from the Corporates sector

63%

37%

3%
13%
54%
21%
9%

+7,6 €Bln

• In the **Corporates segment**, an increase of 7,6 €bln is attributable to the **Real Estate**, **Trade, Construction and Corporate Services** sectors

• **Households** give a significant contribution: ~37% of the total increase (+4,4 €bln)

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EU loans to Households and Corporates are growing again: the total index has risen by 3 percentage points over 12 months. The trend is driven by both Households (+2,9 p.p. at the end of Q2 2025) and Corporates (+1,7%)

EU LOANS (EX. UK) IN BANK BALANCE SHEETS - EBA SIGNIFICANT BANKS ONLY - BASE 100 = Q2 2019 - ROLLING PERCENTAGE CHANGE OVER PREVIOUS 12 MONTHS

Legend: Q2'19 Q2'20 Q2'21 Q2'22 Q2'23 Q2'24 Q2'25

Households: 100, 103, 105, 111, 111, 112, 115
Corporates: 100, 106, 102, 111, 111, 112, 114
Total (Households + Corporates): 100, 104, 103, 111, 111, 112, 115

Var. on previous period							
Households	-	+3,1%	+1,8%	+5,9%	+0,2%	+0,7%	+2,9%
Corporates	-	+5,5%	-3,7%	+9,0%	+0,6%	+0,4%	+1,7%
Total (Households + Corporates)	-	+4,3%	-0,9%	+7,3%	+0,4%	+0,6%	+2,3%

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The Non-performing credit sector in major EU countries

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The detailed analysis of the EU non-performing credit segment was scoped to six countries that account for 77% of the European Npe stock: in Italy, France, and Germany the Corporates segment prevails; Spain and Greece are more influenced by the Households segment; finally, in Portugal, both segments are equally represented

EU NON-PERFORMING LOANS (DETERIORATED CREDIT) IN BANK BALANCE SHEETS – ONLY SIGNIFICANT EBA BANKS AS OF Q2 2025 – €BLN

373
Npe Volume EU (€bln)

77%
Share of the 6 analyzed countries in total EU Npe Volumes

1,84%
Npe Ratio EU

	124	70	46	38	6	4
Others	3%	1%	8%	5%	1%	6%
Households	38%	62%	21%	31%	54%	46%
Corporates	59%	37%	71%	64%	45%	48%

Legend:
- Others
- Households
- Corporates

Flags (left to right): France, Spain, Germany, Italy, Greece, Portugal

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Countries show polarization into two clusters: France and Germany, with increasing stock and Npe ratios, although their incidence on total credit remains contained. The other four countries continue the de-risking process

Bubble size: **Npe ratio % Q2'25**

Var. Npe ratio Q'2 25 vs Q1'23

- 2,26% (Italy)
- 2,56% (Spain)
- 2,12% (Portugal)
- 2,73% (Greece)
- 2,09% (France)
- 1,53% (Germany)

Var. Stock Npe Q2'25 vs Q1'23 (bln€)

Germany–France: Increasing stock and Npe ratio, though still contained

Italy–Spain–Greece–Portugal: Ongoing de-risking, though with Npe ratios above the EU average

SOURCE: Banca Ifis Research Department elaborations on EBA "Risk Dashboard" report

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Forward-looking indicators confirm the upward trend in credit risk in France and Germany. In both countries, an increase in the cost of risk is observed, and in Germany this also applies to Stage 2 and Forborne Performing exposures

Forward-looking indicators	France Q1 2023	France Q2 2025	Spain Q1 2023	Spain Q2 2025	Italy Q1 2023	Italy Q2 2025	Germany Q1 2023	Germany Q2 2025	Greece Q1 2023	Greece Q2 2025	Portugal Q1 2023	Portugal Q2 2025
Stage 2 (% Total loans)	9,4%	**9,7%**	6,9%	**6,2%**	11,3%	**8,6%**	9,6%	**15,4%**	11,2%	**6,9%**	11,8%	**9,7%**
Forborne Performing	0,58%	**0,55%**	1,46%	**0,87%**	1,41%	**1,04%**	0,75%	**1,06%**	3,32%	**1,67%**	1,46%	**1,24%**
Cost of risk	0,40%	**0,47%**	1,13%	**1,00%**	0,34%	**0,30%**	0,40%	**0,65%**	0,64%	**0,62%**	0,79%	**0,19%**
Trend	GROWTH		DECLINE		DECLINE		GROWTH		DECLINE		DECLINE	

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The comparison of EU Npe transaction markets reveals two different stories. On one side, France and Germany show very limited transaction volumes—marginal in the German case and moderately increasing in France. On the other side, Italy, Spain, and Greece have very active markets. Finally, in Portugal, transaction volumes are not significant in absolute terms, but they have helped keep Npe's low on bank balance sheets

NPE TRANSACTIONS IN EUROPEAN MARKETS – €BLN

Legend: 2019, 2020, 2021, 2022, 2023, 2024

SOURCE: Internal analyses by the Banca Ifis Research Office based on confidential information and public sources

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The structure of the European servicing market remains fragmented in jurisdictions like Germany and Portugal, whereas Greece and Italy exhibit more consolidated and mature market dynamics

Servicing

- **Concentrated yet competitive**: Approximately 400 active players—primarily local operators

- **Ongoing consolidation driven** by PE fund exits and mandate expirations; with profit margins showing signs of contraction

- The market is both **consolidated** and **concentrated**, reflecting a high level of **maturity**

- **Highly fragmented due to strong** specialization; lagging in market development

- **Consolidated market:** Npls primarily managed by three servicers, with limited specialization in SME and Corporate segments

- **The market remains fragmented**, with consolidated and specialized operators. However, their focus does not extend to the SME and Corporate segments

Pricing

- **Cyclical pricing**, improving quality, and intense market competition

- **Stable pricing** in the primary market, with upward pressure in the secondary market due to intensifying competition

- **Prices showing a modest increase**

- **Prices are trending downward**

- **The bid-ask spread has widened**, reflecting heightened price expectations on the part of sellers

- n.a.

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Among the top investors in the Npl sector over the past decade, Cerberus ranks near triple digits at the top of the European list. Italy, Spain, and Greece are the countries with the strongest presence, counting on the highest volumes of distressed assets to dispose of

NPL INVESTORS IN THE PRIMARY MARKET SINCE 2015 AND EUROPEAN COUNTRIES OF OPERATION – € BLN

Investor	€ BLN
Cerberus	98
Davidson Kempner	80
Blackstone	54
CarVal	53
Intrum	45
PIMCO	38
AMCO	35
Fortress	30
Quaestio Capital SGR	29
Lone Star	27
Goldman Sachs	22
Bain Capital	19
King Street	18
Hoist	17
doValue	17
Banca Ifis	16
Barclays	15
Deutsche Bank	14
Elliott	13
Bank of Ireland	12

Legend:
- Multi-country
- Strategics
- Financial Investor
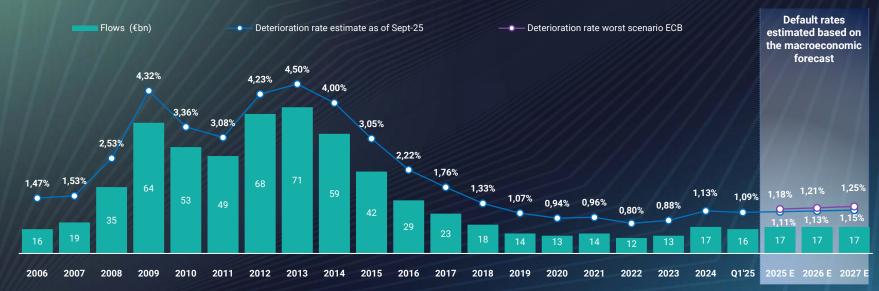
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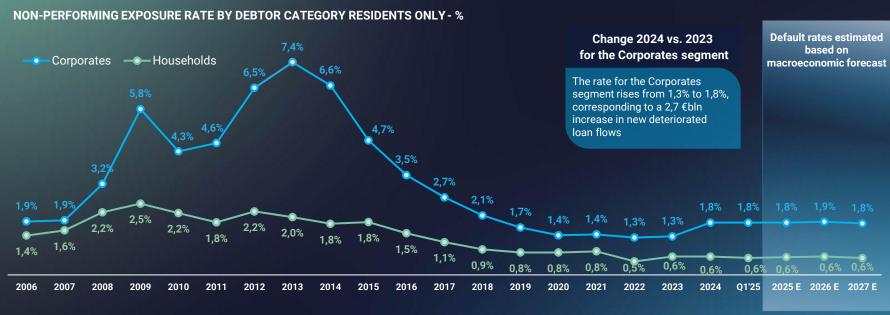
In Italy, the credit deterioration rate is expected to remain at a historically low level. The ECB's worst-case scenario, which assumes a significant increase in U.S. tariffs compared to previous levels, would bring the rate to 1,25% in 2027 - only 10 basis points higher than the baseline scenario

ANNUAL FLOWS OF NEW DEFAULTING LOANS AND LOAN DETERIORATION RATE (DEFAULT RATE) RESIDENTS ONLY - €BLN, %

Legend:
- Flows (€bn)
- Deterioration rate estimate as of Sept-25
- Deterioration rate worst scenario ECB

Default rates estimated based on the macroeconomic forecast

Year	Flows (€bn)	Deterioration rate
2006	16	1,47%
2007	19	1,53%
2008	35	2,53%
2009	64	4,32%
2010	53	3,36%
2011	49	3,08%
2012	68	4,23%
2013	71	4,50%
2014	59	4,00%
2015	42	3,05%
2016	29	2,22%
2017	23	1,76%
2018	18	1,33%
2019	14	1,07%
2020	13	0,94%
2021	14	0,96%
2022	12	0,80%
2023	13	0,88%
2024	17	1,13%
Q1'25	16	1,09%
2025 E	17	1,18% / 1,11%
2026 E	17	1,21% / 1,13%
2027 E	17	1,25% / 1,15%

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At the end of 2024, we observe a moderate increase in the bank credit default rate, driven by a deterioration in forecasts for the Corporates segment, while the Households one remains stable. The outlook for 2025–2027 remains broadly flat, supported by the resilience of the Italian economy and the strict credit policies adopted by banks

NON-PERFORMING EXPOSURE RATE BY DEBTOR CATEGORY RESIDENTS ONLY - %

Corporates   Households

Change 2024 vs. 2023 for the Corporates segment

The rate for the Corporates segment rises from 1,3% to 1,8%, corresponding to a 2,7 €bln increase in new deteriorated loan flows

Default rates estimated based on macroeconomic forecast

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Q1'25	2025 E	2026 E	2027 E
Corporates	1,9%	1,9%	3,2%	5,8%	4,3%	4,6%	6,5%	7,4%	6,6%	4,7%	3,5%	2,7%	2,1%	1,7%	1,4%	1,4%	1,3%	1,3%	1,8%	1,8%	1,8%	1,9%	1,8%
Households	1,4%	1,6%	2,2%	2,5%	2,2%	1,8%	2,2%	2,0%	1,8%	1,8%	1,5%	1,1%	0,9%	0,8%	0,8%	0,8%	0,5%	0,6%	0,6%	0,6%	0,6%	0,6%	0,6%

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Looking deeper into the Corporates segment, Construction shows the highest deterioration rate, followed by Hospitality companies. Compared to the 2022 low, Trade has recorded the most significant worsening (+1,1 percentage points). Trade and Industry are the sectors that most influence the overall trend due to the substantial weight of their respective credit volumes

LOANS AND DETERIORATION RATE OF CORPORATES BY PRODUCTIVE SECTOR, RESIDENT ONLY – €BLN, %

Deterioration rate 2013 - %	7,4	13,5	6,6	5,4	8,8	4,6	5,5	10,0	6,1	5,4	5,5

■ Deterioration Rate % – Q1 2025   ■ Deterioration Rate % – Q4 2022

	Total	Construction	Accommodation and Food Services	Trade	Real Estate Activities	Agriculture	Industry	Transport Services	Media Services	Other Services	Professional Services
Q1 2025	1,8	3,0	2,6	2,4	1,8	1,8	1,6	1,5	1,5	1,2	0,9
Q4 2022	1,3	2,9	2,2	1,3	1,6	1,2	1,0	0,9	0,9	1,2	0,7

Loans Q1'25	667,3 €Bln	8%	5%	18%	8%	6%	32%	4%	3%	7%	9%

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DETERIORATION RATE: annual flow of new adjusted defaulted loans / stock of adjusted non-defaulted loans from the previous year.
SOURCE: Analyses by Banca Ifis Research Department based on the Bank of Italy statistical database

The steady and gradual increase in the M3 aggregate suggests a monetary expansion capable of stabilizing credit deterioration, creating greater liquidity that eases financial stress

HISTORICAL TREND OF MACROECONOMIC VARIABLES – %

Legend: ◆ M3 ● GDP ● Inflation ● Mortality Corporates Rate

Forecasts of macroeconomic variables

Forecast values:
- Mortality Corporates Rate: 6,58% (2025 E), 6,65% (2026 E), 6,75% (2027 E)
- M3: 3,70% (2025 E), 3,80% (2026 E), 4,04% (2027 E)
- Inflation: 1,50% (2025 E), 1,50% (2026 E), 2,00% (2027 E)
- GDP: 0,60% (2025 E), 0,80% (2026 E), 0,80% (2027 E)

Y-axis: 14,00%, 12,00%, 10,00%, 8,00%, 6,00%, 4,00%, 2,00%, 0,00%, -2,00%, -4,00%, -6,00%, -8,00%, -10,00%

X-axis: 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025 E, 2026 E, 2027 E

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The trend in the money supply (M3) is supported by credit to the private sector, which has recorded an extraordinary increase thanks to financing to Households and Corporates and the cautious behavior of businesses. In June 2025, in particular, M3 slows slightly, but the private sector continues to grow

CONTRIBUTIONS TO MONTHLY M3 GROWTH (IN PERCENTAGE POINTS) IN EUROPE

Legend:
- M3
- Claims on the private sector
- Longer-term liabilities
- Claims on general government
- Net external assets
- Remaining counterparts

Private Sector Credit
Loans and investments by MFIs to the euro area private sector; their increase can expand M3 through new deposits. Contribution is steadily growing (from +0,38 to +2,57), indicating an increasingly important role in M3 expansion.

Credit to Public Administrations
Loans and government securities held by MFIs; purchases can increase M3 through deposit creation. Initially negative but improving in 2025 (from -0,9 to +0,03), suggesting a return of public support for liquidity.

Long-Term Financial Liabilities
Less liquid funding sources for MFIs; their increase can reduce M3. Negative effect is easing (from -2,30 to -1,08), indicating a rebalancing toward more liquid instruments.

Net Foreign Assets
Difference between foreign assets and liabilities of MFIs; an increase reflects money inflows and can expand M3. Strong and stable positive contribution, though slightly declining (from +3,54 to +2,4), reflecting capital inflows from abroad.
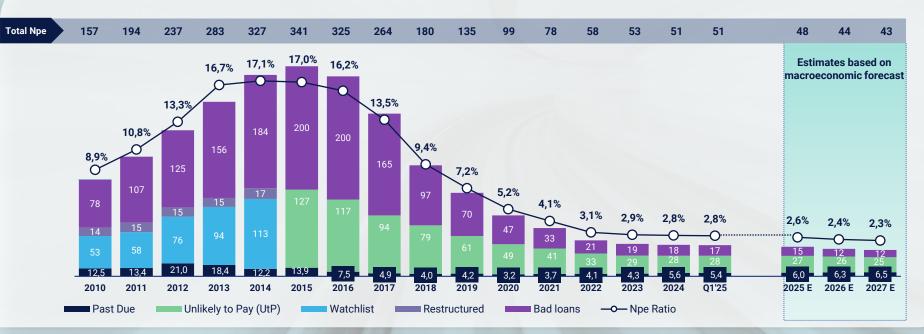
Remaining Counterparts
Residual items not included in M3; they serve as accounting offsets and can variably influence M3. Volatile component, with fluctuations between negative and positive values, functioning as an accounting balance.

The approach of originators, now increasingly focused on the disposal of Npls, will lead to a slight decrease in the gross Npe ratio: from 2,8% in Q1 2025 to 2,3% by the end of 2027

GROSS BANK'S NPE OF RESIDENT AND NON-RESIDENT DEBTORS AND NPE RATIO - CLASSIFICATION OF BAD LOANS UPDATED IN 2015 - €BLN, %

Total Npe	157	194	237	283	327	341	325	264	180	135	99	78	58	53	51	51	48	44	43

Estimates based on macroeconomic forecast

Npe Ratio values: 8,9% (2010), 10,8% (2011), 13,3% (2012), 16,7% (2013), 17,1% (2014), 17,0% (2015), 16,2% (2016), 13,5% (2017), 9,4% (2018), 7,2% (2019), 5,2% (2020), 4,1% (2021), 3,1% (2022), 2,9% (2023), 2,8% (2024), 2,8% (Q1'25), 2,6% (2025 E), 2,4% (2026 E), 2,3% (2027 E)

Legend: Past Due, Unlikely to Pay (UtP), Watchlist, Restructured, Bad loans, Npe Ratio
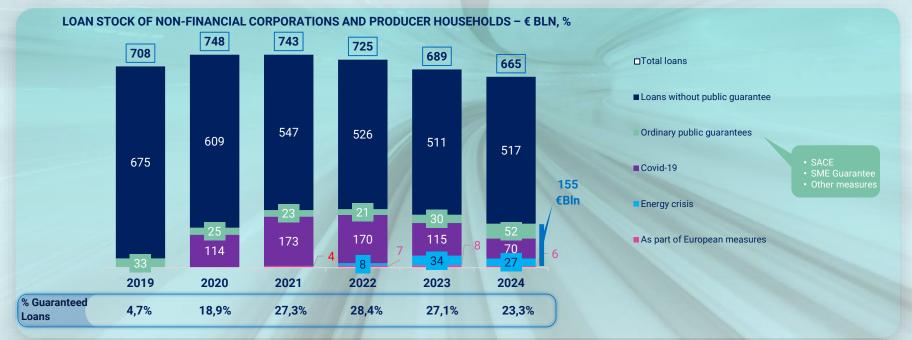
In the first quarter of 2025, the trend in loans to residents recorded a slight decline of 0.2% compared to the same period in 2024. This decrease is entirely attributable to the Corporates sector, also as an effect of the reabsorption of loans granted during the pandemic years 2020 and 2021

STOCK OF ITALIAN RESIDENT-ONLY LOANS ADJUSTED FOR SECURITISATIONS, OTHER DISPOSALS, RECLASSIFICATIONS, VALUE ADJUSTMENTS AND EXCHANGE RATE CHANGES - BASE 100 = Q1 2019 - ROLLING PERCENTAGE CHANGE OVER PREVIOUS 12 MONTHS

Legend: Q1'19, Q1'20, Q1'21, Q1'22, Q1'23, Q1'24, Q1'25

Households

	Q1'19	Q1'20	Q1'21	Q1'22	Q1'23	Q1'24	Q1'25
Value	100,0	102,3	104,3	108,9	111,9	111,2	113,3

Corporates

	Q1'19	Q1'20	Q1'21	Q1'22	Q1'23	Q1'24	Q1'25
Value	100,0	101,2	107,6	109,0	107,6	103,0	101,5

Total

	Q1'19	Q1'20	Q1'21	Q1'22	Q1'23	Q1'24	Q1'25
Value	100,0	101,2	104,1	106,3	105,9	102,9	102,7

Var. % on previous period	Households							Corporates							Total						
	-	2,3%	2,0%	4,4%	2,7%	-0,6%	1,9%	-	1,2%	6,3%	1,3%	-1,3%	-4,2%	-1,5%	-	1,2%	2,9%	2,1%	-0,4%	-2,8%	-0,2%

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SOURCE: Processing by the Banca Ifis Research Office based on data from the Bank of Italy.
NOTE: The total loans include only transactions with resident customers, excluding monetary financial institutions. The stock takes into account securitizations, other transfers, reclassifications, value adjustments, and exchange rate variations.

The repayment of loans linked to the Covid-19 emergency has significantly reduced the outstanding stock. The decline has been so substantial that it has impacted the total amount of loans to businesses. Meanwhile, the share of ordinary public guarantees—primarily those from the SME Guarantee Fund (MCC)—has increased, with volumes up by 58% compared to 2019

LOAN STOCK OF NON-FINANCIAL CORPORATIONS AND PRODUCER HOUSEHOLDS – € BLN, %

Legend:
- ☐ Total loans
- ■ Loans without public guarantee
- ■ Ordinary public guarantees
- ■ Covid-19
- ■ Energy crisis
- ■ As part of European measures

Callout (Ordinary public guarantees):
- SACE
- SME Guarantee
- Other measures

	2019	2020	2021	2022	2023	2024
Total loans	708	748	743	725	689	665
Loans without public guarantee	675	609	547	526	511	517
Ordinary public guarantees	33	25	23	21	30	52
Covid-19		114	173	170	115	70
Energy crisis				8	34	27
As part of European measures			4	7	8	6
% Guaranteed Loans	4,7%	18,9%	27,3%	28,4%	27,1%	23,3%

155 €Bln

SOURCE: Banca Ifis Research Department elaborations based on data from Banca d'Italia and the Ministry of Economy and Finance (MEF) – 'Economic and Financial Document'
NOTE: The total loans include only transactions with resident clients, excluding monetary financial institutions. The stock accounts for securitizations, other disposals, reclassifications, value adjustments, and exchange rate variations

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The total stock of public guarantees for Covid-19-related interventions aimed at businesses peaked at 174 €bln in 2021, of which 146 €bln were MCC-backed. By the end of 2024, 70 €bln remained, with 61 €bln attributed to MCC. According to a CRIBIS analysis, MCC-guaranteed loans recorded a deterioration rate of 1,6% in 2024, while the Covid-related portion showed a rate of 2,6%

STOCK OF GUARANTEED LOANS FOR NON-FINANCIAL CORPORATIONS AND PRODUCER HOUSEHOLDS – € BLN, %

Loan deterioration rate
Total MCC: 1,6%

COVID 2,6%
The deteriorated loan flows at the beginning of 2024 accounted for the total of 14,8%

Legend:
- □ Total Guarantees
- ■ Other Ordinary
- ■ Ordinary Guarantees - SACE
- ■ Ordinary Guarantees - MCC
- ■ Covid-19 - SACE
- ■ Covid-19 MCC
- ■ Energy Crisis
- ■ EU Interventions

Ordinary guarantees

Covid-19 Guarantees

Extraordinary Guarantees

% Covid-19 Guarantees	0%	81%	86%	83%	61%	45%

Bar chart data:
- 2019: Total 33; MCC 29; deterioration 4,3
- 2020: Total 141; EU 2; Covid-19 MCC 96; Covid-19 SACE 18; Ordinary MCC 20; deterioration 5,0
- 2021: Total 203; EU 6; Covid-19 MCC 146; Covid-19 SACE 28; Ordinary MCC 18; SACE 2; deterioration 3,5
- 2022: Total 206; EU 7; Energy Crisis 8; Covid-19 MCC 144; Covid-19 SACE 26; Ordinary MCC 15; SACE 3; deterioration 3,1
- 2023: Total 187; EU 8; Energy Crisis 34; Covid-19 MCC 97; Covid-19 SACE 18; Ordinary MCC 22; SACE 6; deterioration 2,6
- 2024: Total 155; EU 6; Energy Crisis 27; Covid-19 MCC 61; Covid-19 SACE 9; Ordinary MCC 38; SACE 11; deterioration 2,9

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In 2024, the total stock of public guarantees allocated to households for the purchase of a first home reached 29 €bln under the ordinary scheme, while the Covid-19 financing was fully repaid

STOCK OF LOANS TO CONSUMER HOUSEHOLDS – €BLN, %

	2019	2020	2021	2022	2023	2024
Consumer Households	546	553	575	595	592	595
Loans without Public Guarantee	539	545	565	578	568	566
Ordinary Guarantees	7	8	10	17	24	29
Covid-19			1	3	3	
% Guarantees on Total Loans	1%	1%	2%	3%	5%	5%

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Net of Covid-related and energy crisis loans, the trend in business lending is downward until 2023. The reversal starting in 2024 is attributable to the increase in loans backed by ordinary public guarantees

LOAN STOCK OF NON-FINANCIAL CORPORATIONS AND PRODUCER HOUSEHOLDS − INDEX BASE 100 = Q4 2019 − 12-MONTH ROLLING PERCENTAGE CHANGE

Legend: ■ Q4'19 ■ Q4'20 ■ Q4'21 ■ Q4'22 ■ Q4'23 ■ Q4'24

Corporates

	Q4'19	Q4'20	Q4'21	Q4'22	Q4'23	Q4'24
Index	100,0	105,6	104,9	102,3	97,3	94,0
Var. % su periodo precedente	-	+5,6%	-0,6%	-2,5%	-4,9%	-3,4%

Corporates net of Covid and energy crisis

	Q4'19	Q4'20	Q4'21	Q4'22	Q4'23	Q4'24
Index	100,0	89,2	79,5	76,1	75,1	79,5
Var. % su periodo precedente	-	-10,8%	-10,8%	-4,3%	-1,3%	+5,8%

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Between 2025 and 2027, annual Npe transaction volumes are projected to stabilize at approximately 22 €bln, in line with 2024 outcomes, with the secondary market contributing to 50% or more of total transactions

NPL & UTP TRANSACTION MARKET TREND - €BLN, %

UtP €bln

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 E	2026 E	2027 E
	0,3	10	7	9	2	10	7	4	4 / 2 / 2	0,3	5	5

Npl €bln

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 E	2026 E	2027 E
19	17	72	67	38	38	31	32	23	17	18 / 2 / 8 / 8	18	17

- Estimate
- Pipeline
- Actual

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 E	2026 E	2027 E
% GACS on *Npl*	0%	3%	44%	58%	27%	42%	36%	34%	0%	0%	0%	0%	0%
% Secondary market on Npl	31%	51%	4%	2%	24%	23%	32%	28%	67%	57%	49%	52%	53%

Npl Transactions

- The Npl transaction market is now mature, with overall volumes declining from peak levels. Banks remain committed to their de-risking trajectories

- UtP sales continue, though at a slower pace, in a market increasingly led by specialized funds with advanced capabilities in strategic UtP management

Banca Ifis

An aggregated analysis of 2023–2024 and the projected 2025–2027 period clearly underscores the importance of the Npe transaction market in supporting the stabilization of deteriorated assets within bank financial statements

GROSS NON-PERFORMING LOAN FLOWS, NPE SALES, NPE RECOVERY AND NPE RATIO – €BLN, %

- ❖ During the 2023–2024 biennium, primary market transactions represented 85% of newly originated non-performing exposures

- ❖ Projections indicate that, during the 2025–2027 period, these transactions will represent 81% of new non-performing exposure flows

- ❖ The partnership between originators and stakeholders in the non-performing credit sector supports the ongoing reduction of the Npe ratio
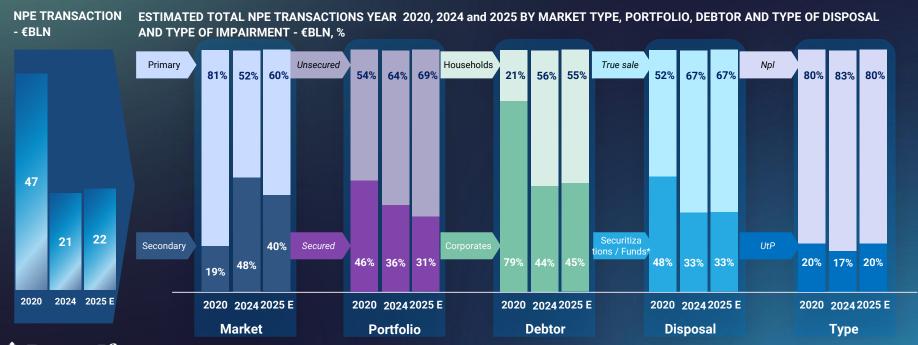
Actual | *Npe Ratio* | Expected

3,1% · · · · · · · · · · · · · · · · · · **2,8%** · · · · · · · · · · · · · · · · · · **2,3%**

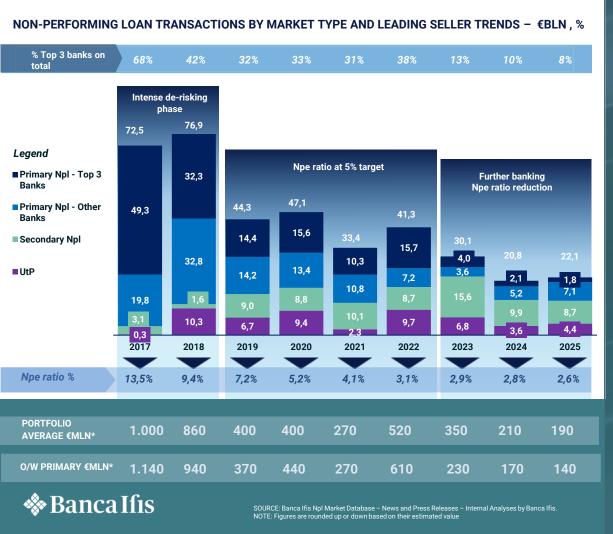| Stock Npe 2022	Inflow Npe 2023-2024	Sales Npe 2023-2024	Collection-Recovery 2023-2024	Stock Npe 2024	Inflow Npe 2025-2027	Sales Npe 2025-2027	Collection-Recovery 2025-2027	Stock Npe 2027
58,6	30,0	-25,4	-12,2	51,0	49,6	-40,2	-17,6	42,8

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A comparison of 2025 estimates with data from 2024 and 2020 highlights a shift in the nature of Npe transactions.
For the current year, the rising share of deals involving Unsecured and Households portfolios - already evident in 2024 - is reaffirmed
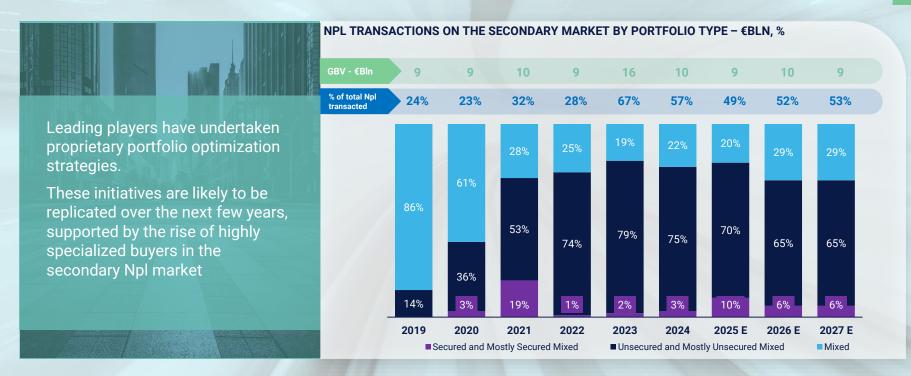

NPE TRANSACTION - €BLN

ESTIMATED TOTAL NPE TRANSACTIONS YEAR 2020, 2024 and 2025 BY MARKET TYPE, PORTFOLIO, DEBTOR AND TYPE OF DISPOSAL AND TYPE OF IMPAIRMENT - €BLN, %

	2020	2024	2025 E
NPE Transaction	47	21	22

Market — Primary / Secondary
	2020	2024	2025 E
Primary	81%	52%	60%
Secondary	19%	48%	40%

Portfolio — Unsecured / Secured
	2020	2024	2025 E
Unsecured	54%	64%	69%
Secured	46%	36%	31%

Debtor — Households / Corporates
	2020	2024	2025 E
Households	21%	56%	55%
Corporates	79%	44%	45%

Disposal — True sale / Securitizations / Funds*
	2020	2024	2025 E
True sale	52%	67%	67%
Securitizations / Funds*	48%	33%	33%

Type — Npl / UtP
	2020	2024	2025 E
Npl	80%	83%	80%
UtP	20%	17%	20%

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NON-PERFORMING LOAN TRANSACTIONS BY MARKET TYPE AND LEADING SELLER TRENDS − €BLN , %

% Top 3 banks on total	68%	42%	32%	33%	31%	38%	13%	10%	8%

Intense de-risking phase

Npe ratio at 5% target

Further banking Npe ratio reduction

Legend
- ■ Primary Npl - Top 3 Banks
- ■ Primary Npl - Other Banks
- ■ Secondary Npl
- ■ UtP

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total	72,5	76,9	44,3	47,1	33,4	41,3	30,1	20,8	22,1
Primary Npl - Top 3 Banks	49,3	32,3	14,4	15,6	10,3	15,7	4,0	2,1	1,8
Primary Npl - Other Banks	19,8	32,8	14,2	13,4	10,8	7,2	3,6	5,2	7,1
Secondary Npl	3,1	1,6	9,0	8,8	10,1	8,7	15,6	9,9	8,7
UtP	0,3	10,3	6,7	9,4	2,3	9,7	6,8	3,6	4,4

Npe ratio %	13,5%	9,4%	7,2%	5,2%	4,1%	3,1%	2,9%	2,8%	2,6%

PORTFOLIO AVERAGE €MLN*	1.000	860	400	400	270	520	350	210	190
O/W PRIMARY €MLN*	1.140	940	370	440	270	610	230	170	140

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A historical review of Npe transaction activity provides insight into the market's development, both in terms of transaction typologies and deal sizes:
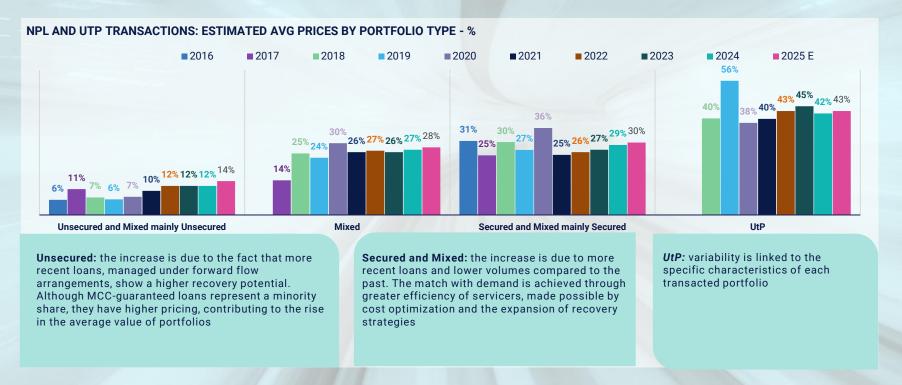
- The average portfolio size in Npe transactions has steadily declined, particularly within the primary market, reflecting a structural shift from one-off flag-deals to long-term partnership models

- The average ticket size per transaction has declined by nearly 75%, providing further evidence of the increasing weight of Retail Unsecured portfolios within the market

Over the 2026–2027 forecast period, asset composition in the secondary market is projected to retain a significant share of mixed and unsecured portfolios, driven primarily by ongoing divestments of non-core portfolio segments

Leading players have undertaken proprietary portfolio optimization strategies.

These initiatives are likely to be replicated over the next few years, supported by the rise of highly specialized buyers in the secondary Npl market

NPL TRANSACTIONS ON THE SECONDARY MARKET BY PORTFOLIO TYPE – €BLN, %

	2019	2020	2021	2022	2023	2024	2025 E	2026 E	2027 E
GBV - €Bln	9	9	10	9	16	10	9	10	9
% of total Npl transacted	24%	23%	32%	28%	67%	57%	49%	52%	53%
Mixed	86%	61%	28%	25%	19%	22%	20%	29%	29%
Unsecured and Mostly Unsecured Mixed	14%	36%	53%	74%	79%	75%	70%	65%	65%
Secured and Mostly Secured Mixed		3%	19%	1%	2%	3%	10%	6%	6%

■ Secured and Mostly Secured Mixed   ■ Unsecured and Mostly Unsecured Mixed   ■ Mixed

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Npl portfolio prices are generally rising, due to increased competition in a market with lower volumes and fresher loans in primary segment transactions

NPL AND UTP TRANSACTIONS: ESTIMATED AVG PRICES BY PORTFOLIO TYPE - %

Legend: ■ 2016 ■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022 ■ 2023 ■ 2024 ■ 2025 E

Unsecured and Mixed mainly Unsecured: 6%, 11%, 7%, 6%, 7%, 10%, 12%, 12%, 12%, 14%

Mixed: 14%, 25%, 24%, 30%, 26%, 27%, 26%, 27%, 28%

Secured and Mixed mainly Secured: 31%, 25%, 30%, 27%, 36%, 25%, 26%, 27%, 29%, 30%

UtP: 40%, 56%, 38%, 40%, 43%, 45%, 42%, 43%

Unsecured: the increase is due to the fact that more recent loans, managed under forward flow arrangements, show a higher recovery potential. Although MCC-guaranteed loans represent a minority share, they have higher pricing, contributing to the rise in the average value of portfolios

Secured and Mixed: the increase is due to more recent loans and lower volumes compared to the past. The match with demand is achieved through greater efficiency of servicers, made possible by cost optimization and the expansion of recovery strategies

UtP: variability is linked to the specific characteristics of each transacted portfolio

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SOURCE: Banca Ifis Npl Market Database – News and Press Releases – Internal Analyses by Banca Ifis
NOTE: Sale prices have been normalized to exclude transactions involving assets other than non-performing loans

From January to September 2025, Npl transactions totaling 8,4 €bln were completed, along with 0,3 €bln in UtP movements

Npl
Transactions concluded

UtP
Transactions concluded

DETAILS OF FINALIZED NPL AND UTP TRANSACTIONS AS OF SEPTEMBER 2025

Seller (Originator)	€BLN GBV	Market	Investor	Servicer
Multioriginator	1,0	Secondary	IPV Investing	IPV Investing
Confidential	0,4	Primary	Cherry Bank	Cherry Bank
Intesa Sanpaolo	0,3	Primary	Confidential	Confidential
Confidential	0,2	Secondary	IPV Investing	IPV Investing
Banca Popolare di Sondrio	0,2	Primary	Clessidra Capital Credit sgr	Npl ight spa
Banco BPM	0,2	Primary	Esino Securitisation , doNext	DoValue
Cassa Centrale Banca	0,1	Primary	Investitori vari	Axis
Confidential	0,1	Primary	Zenith Global	Zenith Service SpA
Confidential and other low-level	5,9	Primary/Secondary	N.a.	N.a.
Total transactions	**8,4**			

Seller (Originator)	€BLN GBV	Market	Investor	Servicer
Banco BPM	0,2	Primary	Banca Finint	Intrum
Multioriginator	0,1	Primary	Fondo UtP Italia (Sagitta Sgr,Intrum)	Intrum
Total transactions	**0,3**			

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The 2025 pipeline includes 9,2 €bln in Npl portfolios and 4,1 €bln in UtP, related to both primary and secondary markets

Npl

Pipeline and estimate 2025

UtP

Pipeline and estimate 2025

DETAILS OF NPL AND UTP TRANSACTIONS IN THE PIPELINE AS OF SEPTEMBER 2025

Seller (Originator)	€BLN GBV	Market	Potential investor	Status
Iccrea Banca	0,8	Primary	n.a	*On plan*
BNL	0,5	Primary	n.a	*Ongoing*
Banco BPM	0,5	Primary	Confidential	*On plan*
Multi-Seller	0,5	Secondary	Confidential	*Ongoing*
Gardant	0,4	Secondary	n.a	*Ongoing*
Monte dei Paschi di Siena	0,3	Primary	n.a	*On plan*
Multi-Originator	0,1	Primary	Fondo Kleos	*On plan*
Confidential and other low-level	6,1	Primary/Secondary	n.a	*n.a*
Total pipeline	**9,2**			

Seller (Originator)	€BLN GBV	Market	Potential investor	Status
Iccrea Banca	0,8	Primary	fondo Back2Bonis	*Announced*
Multi-Originator	0,7	Primary	Nuovo Fondo di Replica sim spa	*Ongoing*
Multi-Originator	0,1	Primary	n.a	*On plan*
Confidential and other low-level	2,5	Primary/secondary	n.a.	*Ongoing/On plan*
Total pipeline	**4,1**			
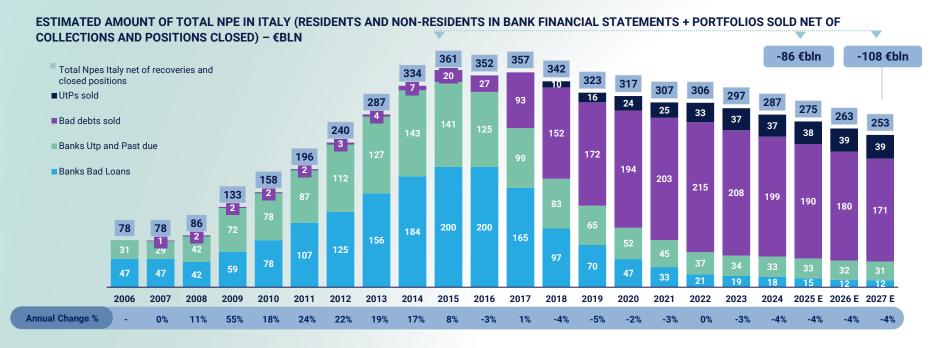
The downward trend in Italy's total stock of deteriorated loans (banks + investors) is confirmed, with a cumulative reduction of 86 €bln in GBV compared to the 2015 peak. The decline has clearly accelerated: an average annual decrease of 10,3 €bln in the 2023–2025 period, compared to 7,9 €bln per year between 2015 and 2022

ESTIMATED AMOUNT OF TOTAL NPE IN ITALY (RESIDENTS AND NON-RESIDENTS IN BANK FINANCIAL STATEMENTS + PORTFOLIOS SOLD NET OF COLLECTIONS AND POSITIONS CLOSED) – €BLN

Legend:
- Total Npes Italy net of recoveries and closed positions
- UtPs sold
- Bad debts sold
- Banks Utp and Past due
- Banks Bad Loans

-86 €bln

-108 €bln

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 E	2026 E	2027 E
Total	78	78	86	133	158	196	240	287	334	361	352	357	342	323	317	307	306	297	287	275	263	253
UtPs sold													10	16	24	25	33	37	37	38	39	39
Bad debts sold		1	2	2	2	2	3	4	7	20	27	93	152	172	194	203	215	208	199	190	180	171
Banks Utp and Past due	31	29	42	72	78	87	112	127	143	141	125	99	83	65	52	45	37	34	33	33	32	31
Banks Bad Loans	47	47	42	59	78	107	125	156	184	200	200	165	97	70	47	33	21	19	18	15	12	12
Annual Change %	-	0%	11%	55%	18%	24%	22%	19%	17%	8%	-3%	1%	-4%	-5%	-2%	-3%	0%	-3%	-4%	-4%	-4%	-4%

Banca Ifis

SOURCE: Banca Ifis Research Department internal estimates from Banca Ifis's Npl Market Database, the Bank of Italy, Unirec and servicer budgets.
NOTES: Normalised data. The new definition of default harmonised at European level has been in force since January 2021. The data includes transactions with total customers of resident and non-resident subjects, excluding interbank relations

Analyzing collections across 44 portfolios rated by Scope reveals a decline in the recovery rate, correlated with an increase in the share of judicial recoveries starting from 2023

TREND IN GROSS COLLECTION INCIDENCE AND RECOVERY RATE OF 44 SECURITIZATIONS RATED BY SCOPE – %

#44
Number of securitizations rated by Scope since 2017

95 €bln
The total GBV of the 44 portfolios

18%
Estimated impact of cumulative collections on GBV

Chart: TREND IN GROSS COLLECTION INCIDENCE AND RECOVERY RATE OF 44 SECURITIZATIONS

% Judicial proceedings (line): 2019: 65%, 2020: 67%, 2021: 60%, 2022: 59%, 2023: 62%, 2024: 70%, 2025 E: 74%

% Collections on residual (bars): 2019: 3,0%, 2020: 2,8%, 2021: 3,4%, 2022: 3,8%, 2023: 3,8%, 2024: 3,1%, 2025 E: 3,0%

Legend: ■ % Collections on residual ● % Judicial proceedings

Possible reasons for the decline in judicial recoveries

- **Delays in the courts**
  Slowdowns due to delays in the Italian judicial system, caused by heavy workloads, judicial holidays, or strikes. The ongoing digitalization of court systems is still in progress

- **Exhaustion of the "easier" cases**
  Older securitizations have already recovered the simpler credits, often through out-of-court settlements. Currently, more complex cases are being processed, which require longer execution times

- **Regulatory or procedural changes**
  Legislative changes or new judicial interpretations may slow down enforcement proceedings

SOURCE: Banca Ifis Research Department elaboration based on Scope Report 'Italian Npl Collections – June 2025'

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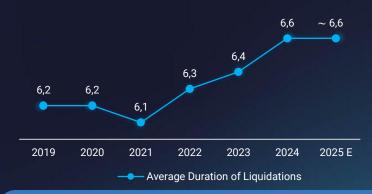
Despite approximately 200k real estate auctions being postponed during the pandemic biennium, the number has been steadily declining since 2022. This is due to staff shortages in the courts (60% of case files are over 5 years old) and the incomplete adoption of digital tools. A first improvement in activity is expected in 2025

REAL ESTATE AUCTIONS PER YEAR – NO. OF AUCTIONS AND LOTS (IN THOUSANDS) AND MINIMUM AUCTION OFFER - €BLN

Minimum * Offer €bln	18,0	11,6	14,3	13,3	11,0	8,8	~11,0

	2019	2020	2021	2022	2023	2024	2025 E
Number of Auctions	255	117	186	191	152	121	~146
Number of Lots	161	95	126	126	102	81	~98

■ Number of Auctions ■ Number of Lots

TREND IN AVERAGE DURATION OF JUDICIAL LIQUIDATIONS – VALUES IN YEARS

	2019	2020	2021	2022	2023	2024	2025 E
Average Duration of Liquidations	6,2	6,2	6,1	6,3	6,4	6,6	~6,6

—●— Average Duration of Liquidations

In 2024, real estate auctions in Italy declined by 20%, yet the market remains significant with a value of nearly 9 €bln. More specifically, online auctions account for 47% of the total, more than doubling compared to 2019. Digitalization—driven also by AI—is making the sector more efficient, although differences between courts persist

In 2024, the average duration of judicial liquidations increased. This trend reflects the operational challenges of the system and staff shortages, resulting in an average increase of 4 months compared to 2019 (+6,5%). A stabilization is expected in 2025, though not yet a reduction in average timing

❖ Banca Ifis

Since 2018, the Npl servicing market has seen 59 M&A transactions, highlighting a strong rationalization aimed at optimizing structures and results. Recently, the acquisition of 100% of Gardant by doValue was complete

	2018	2019	2020	2021	2022	2023	2024	2025
Acquisitions	**Lindorff / Intrum** Acquisition of 100% of Mass Credit Collection (MCC) department **Anacap + Pimco** Acquisition of the majority of Phoenix Asset Management **Cerberus** Acquisition of 57% of officine CST **MCS - DSO** (BC Partners company) Acquisition of 80% by Serfin **Arrow** Acquisition of 100% Parr Credit and Europe Investments **Financial Group** Acquisition of Generale Gestione Crediti Se.Tel. Servizi **Banca Ifis** Acquisition of 90% of FBS **Kruk** Acquisition of the 51% of Agecredit **Hoist Finance** Acquisition of 100% of Maran	**iQera** BC Partners company Acquisition of Sistemia **IBL Banca** Acquisition of 9,9% of Frontis Npl **Banca Ifis** Acquisition of the remaining 10% of FBS **DeA Capital** Acquisition of 38,8% of Quaestio Holding and the Npl branch of Quaestio	**Cerved Credit Management** Acquisition of 100% of Quaestio Cerved Credit Management **Bain Capital Credit** Acquisition of Hypo Alpe Adria rebranded in Julia Portfolio Solutions	**Hipoges** Acquisition of majority stake in AXIS **Axactor** Acquisition of 100% Credit Recovery Service S.r.l.	**Cerved Credit Management** Acquisition of REV Gestione Credit **Illimity Bank S.p.A.** Acquisition of 100% by Aurora Recovery Capital S.p.A. **Intrum Italy** Acquisition of a part of i-law, a law firm specialising in Npl servicing. **Zolva** Acquisition of 100% of Euro Service Spa **Collextion** Acquisition of Whitestar (formerly Parr Credit) **Team Evolution (Exacta Group)** Acquisition of 100% of Credem	**Covisian Credit Management** Acquisition of 100% of Credires **Ion - Prelios** Acquisition of Prelios by Ion **Banca Ifis** Acquisition of 100% of Revalea S.p.a. **A-Zeta** Acquisition of the legal BU of Officine CST (Cerberus) **iQera** Acquisition of 33% of MFLaw (STA) **Sesa** Acquisition of 51% of Centrotrenta Servicing S.p.a **Guber Banca** Acquisition of 100% of Fintech's Reperform.com platform	**Cherry Bank** Acquisition of Banca Macerata **doValue** Signing for the acquisition of 100% of Gardant **Arrow Global** Agreement to become the controlling shareholder of iQera through a partial capitalization of the Notes	**Banca Ifis** Opas Illimity **BPER** Opas Sondrio **doValue** Acquisition of coeo, a German AI company **Green Arrow** Acquisition of DeA Capital Alternative Funds SGR
Joint Venture	**IBL Banca + Europa Factor** Joint venture for the creation of the Credit Factor Servicer (106 vehicle) **Cerved + Studio legale La Scala** Law firm specialised in the management and in the judicial and extrajudicial recovery of banking credits **Npl Re Solutions + Axactor** Joint venture to manage Npl and UtP **Intesa + Lindorff/ Intrum** Joint venture for the Npl platform by Intesa Sanpaolo	**Gardant + Banco BPM** Joint venture to manage BPM's Npl transfers **doValue + Aurora RE** Real estate UtP management platform	**Famiglia Strocchi + Tinexta** Launch of FBS Next a new Npl servicer	**Europa Factor e Convecta's lawyers** Partnership on the management of Npls	**Gardant + BPER** Joint venture for the strategic management di Npls and UtPs **Prelios + Luzzatti** Partnership for the creation of a fund for the strategic management of UtPs **Luzzatti + Prelios** Creation of UtP Management Fund **Unicredit + Prelios** Partnership for the management of UtPs	**Cherry Bank** Merger of Banca Popolare Valconca **IPV Investing SpA** Player in the secondary market of non-performing exposures **Fire** Creation of Effe46, special situation vehicle	**Sagitta SGR ed Europa Investimenti** Creation of a new UtP restructuring fund **doValue + Cardo AI** Strategic partnership for stage 2 credit management **Persefone + P&G Sgr, Fire** Creation of new fund **Gardant Investor Sgr S.p.a. istituisce Caeser** Creation of a new fund for real estate financing in Italy **Tyche e Banca di Credito Peloritano** Reverse merger between bank approved	**Unicredit + Prelios** Strategic partnership for Npl management **Debitos + OneOSix** Strategic partnership aligned with the new Secondary Market Directive

SOURCE: Banca Ifis Npl Market Database - Press releases and news

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An analysis of the top 15 Npl servicers by assets under management in Italy in 2018 highlights the impact of M&A activity on sector consolidation. By 2024, the number of operators had decreased by four, while average AUM per servicer rose by 39%, from 18 €bln to 25 €bln

TOP NPL SERVICERS BY AUM 2018−2024 - € BLN, %

	2018	2019	2020	2021	2022	2023	2024
Servicers by ownership groups - numbers	**15**	**14**	**14**	**14**	**14**	**13**	**11***
				-4			
Total AUM - €Bln **	~275	~285	~295	~275	~295	~275	~275
AUM per capita - €Bln	~18	~20	~21	~20	~21	~21	~25
				+39%			

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Investment in Artificial Intelligence (AI) is also a strategic focus within the Npl sector. As of August 2025, 17 European operators have announced at least one technology-based initiative, totaling 47 projects. An average of 3 initiatives per operator

KEY AI METRICS IN THE NON-PERFORMING LOANS SPACE

17

Number of European Npl operators (servicers, banks, and providers) with active AI initiatives

47

Number of AI initiatives announced by Npl operators

~3

Number of AI projects per Npl operator

KEY APPLICATION AREAS OF AI

Predictive analytics	Forecasting the evolution of **Non-performing loans** using Machine Learning models
Documentation and Compliance	Administer and **verify document compliance** in accordance with applicable legal and regulatory frameworks
Chatbot / Virtual Assistant	Streamline debtor engagement through automated, **real-time response and support systems**
Early warning	**Detect early risk indicators** to proactively mitigate credit deterioration
Credit management/scoring	**Assess creditworthiness** by leveraging financial and behavioral data
Generative content	**Automate analysis and content generation** for presentations on business activities

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Investing in AI enables development along two key dimensions: effectiveness and efficiency. On the external front (effectiveness), predictive analytics is the most widespread application, while internally (efficiency), the technology is most used for document management

NUMBER OF AI USE CASES, BROKEN DOWN BY AREA AND OBJECTIVE

AREA → OBJECTIVE ↓	Predictive analytics	Documentation and Compliance	Chatbot / Virtual Assistant	Early warning	Credit management/ scoring	Generative content	Tot
EFFECTIVENESS EXTERNAL Impact	**11**	-	**6**	**8**	**2**	-	**27**
EFFICIENCY INTERNAL Impact	-	**9**	-	-	**5**	**6**	**20**
TOTAL	**11**	**9**	**6**	**8**	**7**	**6**	**47**

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General Statement