July 2024

The Italian NPE Market

Navigating Tranquility

Navigating Tranquility

The gross NPE stock on Italian banking books reached €52.6 billion at the end of 2023, confirming the decreasing trend of recent years (continuously declining since the 2015 peak), even if at a slower pace compared to previous years. This reduction occurred despite a series of shocks impacting the markets, such as the pandemic, conflicts in Ukraine and the Middle East, the commodities crisis, inflation, and the consequent interest rate hikes.

Since year-end 2020, the gross UtP stock has exceeded gross bad loans with €29 billion of UtP vs. €19 billion of bad loans at the end of 2023. Over the last three years, the annual inflows of new non-performing exposures have stabilized, reaching its minimum level (€12.0 billion) at the end of 2022. In 2023, the new inflows saw a slight increase (€13.4bn), confirming the trend reversal noted since 2022, with a slow but steady growth trajectory. However, Cerved Rating Agency sees positive prospects for 2024, estimating a slight decline in the credit risk of Italian companies in the most optimistic scenario expected by the end of 2024.

A crucial contribution to banks' deleveraging came from the use of the GACS structure, which expired and was not renewed in mid-2022 (46 transactions with a total GBV of approximately €118 billion).

After the extensive deleveraging process undertaken by banks starting in 2017, NPE transaction volumes have decreased in recent years, stabilizing around €21 billion in 2023, essentially returning to pre-2017 levels. The first quarter of 2024 marked the lowest number of transactions related to the sale of non-performing exposures in recent years. Looking ahead, the volume of NPEs sold by banks on the primary market is expected to remain limited compared to the past. There is a tendency toward a higher number of transactions consisting of segmented portfolios sold through ad hoc operations to specialized investors, often based on recurring relationships, rather than large mixed portfolios. Contribution funds for the disposal of UTP portfolios will continue to play an important role in the market.

The secondary market for NPE sales is gaining momentum, reaching over €8 billion in 2023, At the highest levels in recent years. However, the potential of this market remains untapped, and we expect it to grow, especially in proportion to the primary market.

Overall, Italian banks have experienced an increase in ROE in recent years (14.1% in 2023 vs. 9.2% and 5.6% respectively in 2022 and in 2021 for significant banks), mainly due to the surge in interest rates, while asset quality has somewhat improved. Looking at 2024-2025, the relatively slower-than-expected decrease in rates should result in a more supportive trend for net profits at the sector level.

All these elements may suggest that NPEs are no longer a significant problem. However, it is worth considering that there are over €300 billion of total NPEs in the market, including those sold to investors, which are largely still outstanding and require management, and over €200 billion of Stage 2 loans that require close monitoring.

Italy ranks third in Europe for Stage 2 loan stock (led by France with €461 billion and Germany with €241 billion at 2023-end). Between 2022 and 2023, the stock of Stage 2 loans on banks' books decreased by 9% and now represents 9.6% of total loans.

Between 2020 and 2022, the use of state-guaranteed loans increased. As of May 2024, the outstanding MCC-guaranteed loan portfolio is equal to €180 billion, of which €107 billion refers to the loans issued under the COVID measures (spring 2020 – June 2022). Since the implementation of these liquidity measures for businesses over three years ago, the amount has more than halved. The average remaining duration of existing loans is three and a half years, compared to their initial six-year term. To date, enforcements on guarantees by banks due to debtor defaults have totalled €3.3 billion (less than 2% of the initial total).

In 2023, credit management operators continued to shift their focus towards Stage 2 and UtP loans,

moving from a gone-concern to a going-concern approach. Central to this transformation will be the use of technology and innovations that enable the maximum utilization of the vast amount of data available to servicers and originators, allowing for increasingly precise and predictive analyses. The industry is expected to undergo a substantial transformation to meet the evolving needs of banks, introducing new services and adopting novel approaches to capitalize on emerging business opportunities. In recent years, there has been a significant wave of market consolidation, leading to the creation of more robust players prepared to tackle the challenges of the industry's transformation.

In June 2024, the Italian government approved the legislative decree implementing the Secondary Market Directive (SMD), which aims to establish a secondary credit market at the European level and may have an impact on the servicing industry

Furthermore, there are still €250 billion no longer on bank balance sheets but in the hands of investors. One of the system's priorities will have to be finding solutions with social value to manage this residual stock, minimizing the impact on families and businesses.

Contents

Cover: Malfa, Italy

Key highlights on the Italian NPE Market

Bologna, Emilia-Romagna

Key Message

The deleveraging process by banks and the activities of specialized operators have consistently reduced the overall Non-Performing Exposures (NPEs) stock, starting from almost €400bn in 2015 to over €300bn in December 2023. However, the stock of credits under scrutiny is worth over €500 billion when considering €212 billion of credits classified as stage 2.

The stock of NPEs in Italy is estimated to have reached the peak in 2015 with approx. €400bn in the market.

The process of de-risking that followed the 2015 peak of NPE allowed the banking system to constantly reduce the NPE stock, which reached historical minimum levels in 2023 (€53bn).

However, NPEs have been actually shifted from banking to investors' books.

The total NPE stock in the market decreased from €397bn in 2015 to €308bn in 2023 (-23% in 8 years, vs. -85% of the NPEs on banking books).

In the Italian market, there are still over €300bn billion of NPEs that need to be managed and recovered, which could fuel a significant secondary market in the future.

The Stage 2 loans on banking books amount to €212bn as of December 2023, bringing the total value of credits under scrutiny to over €500bn.

Chart 1: NPE trend in the Italian market (GBV, €bn)
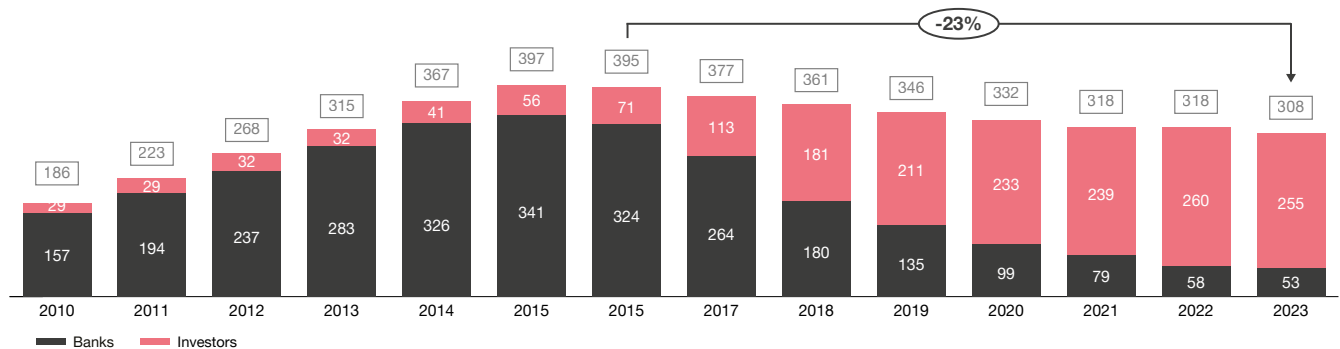
Source: PwC analysis/ estimate on Banca d'Italia, public information and market rumours

Chart 2: Stock of NPEs and Stage 2 credits in the Italian system (1H 2023, GBV, €bn)
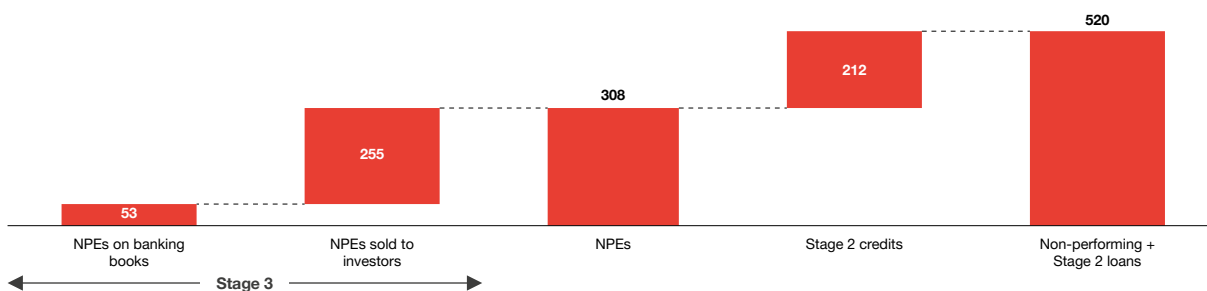
Source: PwC analysis/ estimate on Banca d'Italia, public information and market rumours.

Evolution on NPEs on banking books

Key Message

NPEs on Italian banking books landed at €52.6bn at the end of December 2023 from €58.4bn at the end of 2022. UtPs remain the main component (55.7%) of deteriorated loans.

The stock of Bad Loans decreased to €19.0bn from €21.2bn at the end of 2022, while the Past Due stock slightly increased from €4.1bn to €4.3bn.

Asset Quality

European financial institutions continue to enhance their balance sheets in accordance with the directives outlined by both the European Banking Authority ("EBA") and the European Central Bank ("ECB"), and with the related Calendar Provisioning measures. The objective of those guidelines is to establish robust procedures and systems for assessing, overseeing, and monitoring credit risk, to achieve higher standards of credit quality.

Chart 3 shows the Gross NPE stock evolution in the Italian banking system, with NPE stock continuously decreasing since YE-2015, when the stock reached a peak of €341bn. The actual €52.6bn balance at the end of 2023 confirms the decreasing trend, even if at a slower pace compared to the previous years (average CAGR of -22.3% between YE-2015 and YE-2022 and of -9.9% in 2023). The stock reduction in 2023 was driven by a decrease of €2.2bn in Gross Bad Loans and of €3.7bn in Gross UtP. The Gross Past Due stock shows an increase of €0.2bn from the end of 2022.

Since YE-2020, the Gross UtP stock has always exceeded the Gross Bad Loans stock; not surprisingly the NPE market has been more focused on UtP transactions in recent years. The Gross Bad Loans stock reached at YE-2023 its lowest value since 2008 at €19.0bn

The new annual inflows to non-performing exposures decreased from

€41.6bn in 2015 to €14.9bn in 2019. Over the last three years, the value has stabilized and reached its minimum level (€12.0bn) at the end of 2022. In 2023, the inflows of exposures classified as NPE has been equal to €13.4bn, suggesting a substantial

stabilization in recent years. Lastly, it can be observed a low incidence of the Net Bad Loans over the total loans to Customers, equal to 1.2%[1] at YE-2023 (in line with YE- 2021 and YE-2022 at 1.0% and significantly lower than the peak of 5.7% at YE-2015).

Chart 3: Gross NPE trend
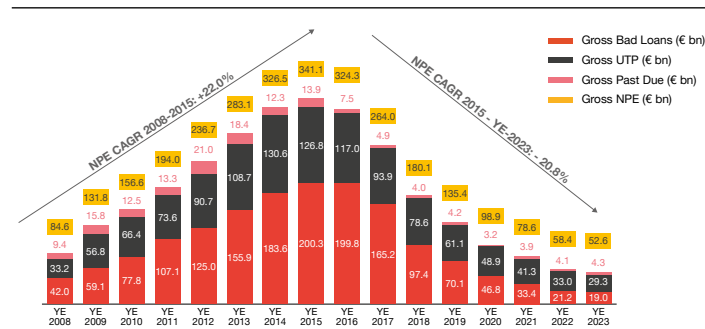
Source: PwC analysis on Banca d'Italia "Banche e istituzioni finanziarie: condizioni e rischiosità del credito per settori e territori", June 2024.

Chart 4: New annual inflows to NPE (€bn)
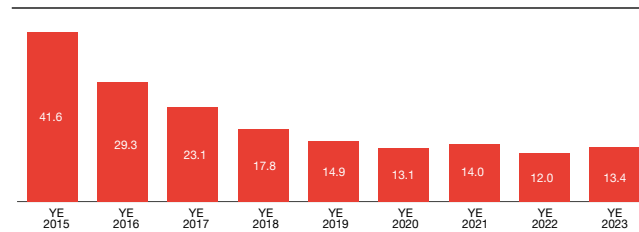
Source: PwC analysis on Bank of Italy data, June 2024.

Chart 5: Net Bad Loans Trend
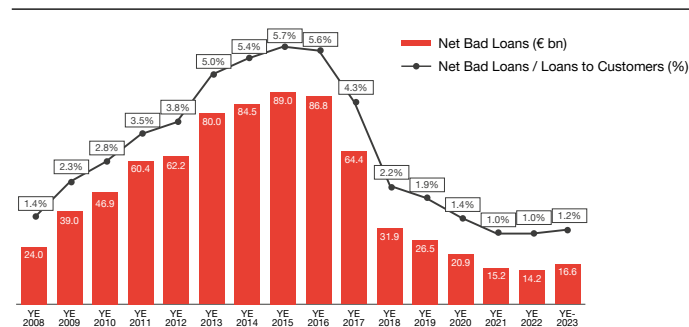
analysis on ABI Monthly Outlook and bank of Italy data – June 2024 Note: 2017 and 2018 data might include financial intermediaries.

1. Net Bad Loans and Loans to Customer are based on ABI data.

Focus: Bad Loans

Chart 6a and **6b** show the distribution of Gross Bad Loans by region.

In terms of Gross Bad Loans ratio, the highest percentages are recorded in the Islands and the Southern of Italy, mainly in Calabria (2.3%), Sicilia (2.1%), Puglia and Basilicata (2.0%) and Campania (2.0%). The lowest percentages are recorded in Trentino- Alto Adige (0.7%), Lazio (0.7%), Lombardia (0.9%) and Friuli Venezia Giulia (0.9%).

Lombardia and Lazio, because of the high share of the total loans to customer, are the top two Italian regions in terms of incidence of Bad Loans over the total Italian stock at YE-2023 (19.6% and 14.4% respectively). On the other hand, Friuli Venezia Giulia and Umbria show the lowest incidence of Gross Bad Loans over total (they register respectively 1.4% and 1.5%).

As shown in **Chart 7** (next page), the "Corporate & SME" sector is the main component of Italian Gross Bad Loans as of YE- 2023, with a share of 64.5%, followed by "Consumer loans" sector with 26.1%, decreasing from 27.1% in YE-2022, but still significantly higher than the historical average incidence (18.9% from 2008 to 2020).

The percentage of Secured Bad Loans reached its minimum level since YE-2008 at 30.9%.

Chart 8 (next page) shows that more than half of Secured Bad Loans are related to "Corporate & SME" (58.9%), followed by 31.3% of "Retail".

Chart 6a: Gross Bad Loans ratio by region* (YE-2023)


Legend:
- > 2.0%
- 1.0% - 2.0%
- < 1.0%

Source: PwC analysis on Banca d'Italia «Banche e istituzioni finanziarie: condizioni e rischiosità del credito per settori e territori», June 2024.
Note: Bad Loans ratio in the region of Lazio is influenced by Cassa Depositi e Prestiti, included in bank of Italy database;
Note: (*) Unique percentage for
1. Valle d'Aosta and Piemonte.
2. Abruzzo and Molise.
3. Puglia and Basilicata.

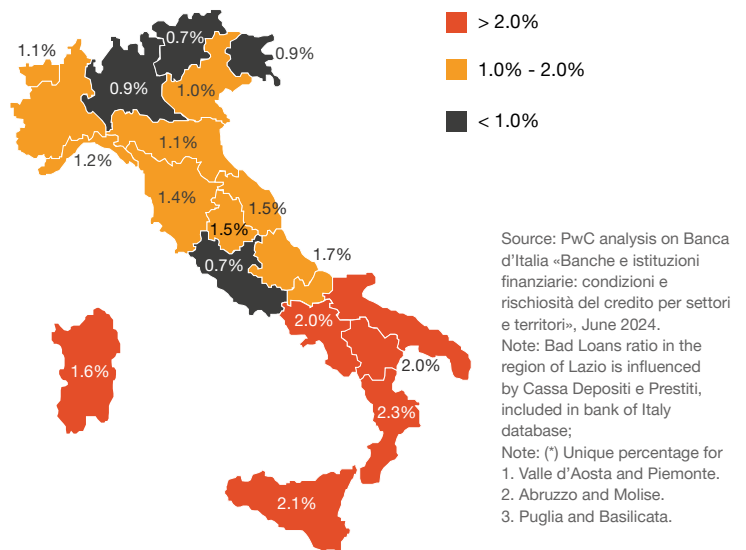**Chart 6b:** Breakdown of Gross Bad Loans by region* (YE-2023)

Legend:
- >10.0%
- 6.0% - 10.0%
- 2.0% - 6.0%
- <2.0%

Source: PwC analysis on Banca d'Italia «Banche e istituzioni finanziarie: condizioni e rischiosità del credito per settori e territori», June 2024.
Note: (*) Unique percentage for
1. Valle d'Aosta and Piemonte.
2. Abruzzo and Molise.
3. Puglia and Basilicata.
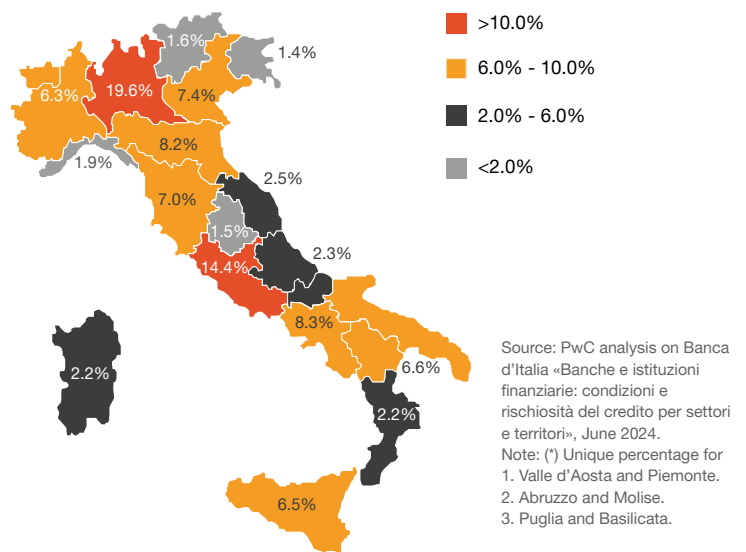
Chart 7: Breakdown of Gross Bad Loans by counterparty** (YE-2023)
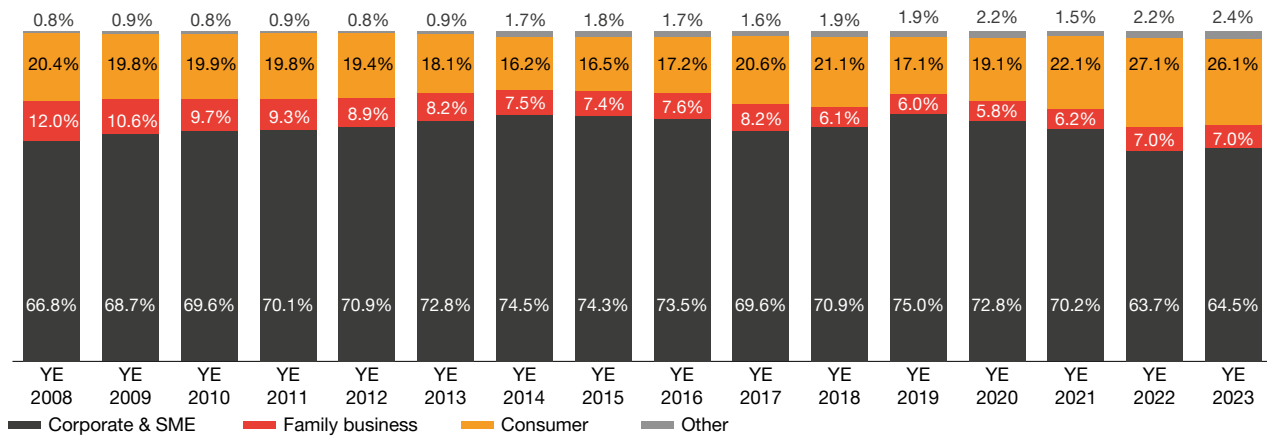
	YE 2008	YE 2009	YE 2010	YE 2011	YE 2012	YE 2013	YE 2014	YE 2015	YE 2016	YE 2017	YE 2018	YE 2019	YE 2020	YE 2021	YE 2022	YE 2023
Other	0.8%	0.9%	0.8%	0.9%	0.8%	0.9%	1.7%	1.8%	1.7%	1.6%	1.9%	1.9%	2.2%	1.5%	2.2%	2.4%
Consumer	20.4%	19.8%	19.9%	19.8%	19.4%	18.1%	16.2%	16.5%	17.2%	20.6%	21.1%	17.1%	19.1%	22.1%	27.1%	26.1%
Family business	12.0%	10.6%	9.7%	9.3%	8.9%	8.2%	7.5%	7.4%	7.6%	8.2%	6.1%	6.0%	5.8%	6.2%	7.0%	7.0%
Corporate & SME	66.8%	68.7%	69.6%	70.1%	70.9%	72.8%	74.5%	74.3%	73.5%	69.6%	70.9%	75.0%	72.8%	70.2%	63.7%	64.5%

■ Corporate & SME   ■ Family business   ■ Consumer   ■ Other

Source: PwC analysis on Banca d'Italia "Banche e istituzioni finanziarie: condizioni e rischiosità del credito per settori e territori",
June 2024. Note: (**) "Other" includes PA and financial institutions.

Chart 8: Secured Gross Bad Loans trend** (% on total Bad Loans)
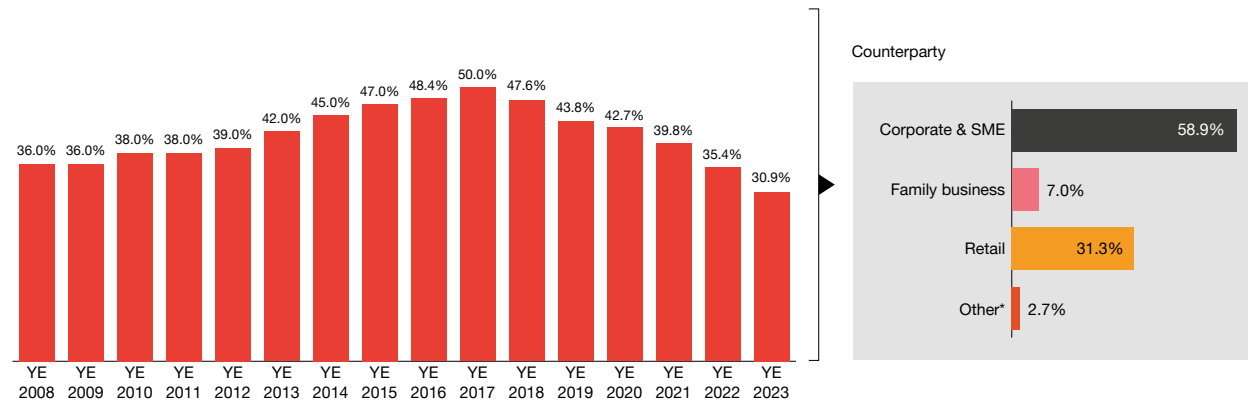
YE 2008	YE 2009	YE 2010	YE 2011	YE 2012	YE 2013	YE 2014	YE 2015	YE 2016	YE 2017	YE 2018	YE 2019	YE 2020	YE 2021	YE 2022	YE 2023
36.0%	36.0%	38.0%	38.0%	39.0%	42.0%	45.0%	47.0%	48.4%	50.0%	47.6%	43.8%	42.7%	39.8%	35.4%	30.9%

Counterparty

Corporate & SME	58.9%
Family business	7.0%
Retail	31.3%
Other*	2.7%

Source: PwC analysis on Banca d'Italia "Banche e istituzioni finanziarie: condizioni e rischiosità del credito per settori e territori",
June 2024. Note: (*) "Other" includes PA and financial institutions.

Chart 9 shows the breakdown of Gross Bad Loans by economic sector. The largest share of the NPE stock is represented by exposures related to debtors belonging to the Manufacturing sector (33.4%) followed by the Real Estate and Construction sector (together 29.4%). The remaining balance includes Professional Services, Industrial, Wholesale and retail trade, and other aggregate economic sectors.

Chart 10 shows the Gross Bad Loans by ticket size. It can be observed that loans with a ticket size higher than €1.0m (i.e., large-size exposures) represents 43.4% of the total Bad Loans stock. More in detail, 19.6% refers to loans with a ticket size higher than €5.0m, while the remaining 23.8% is divided between size clusters of €1.0-2.5m (14.3%) and €2.5-5.0m (9.4%).

This cluster is followed by the medium- size exposures, which are the €250k-1m cluster (21.7%) and the €75k-250k cluster (19.6%). The remaining proportion is represented by small-size exposures, with a ticket size smaller than €75k, that have an overall share of 15.2%.

Focus: UtP

Charts 11a and **11b** (next pages), show that at YE-2023 only in Trentino-Alto Adige the UtP ratio is higher than 2.5% (2.7%).

The other regions stand between 1.0% and 2.5%, denoting a lower incidence of UtP over total loans with respect to YE-2022. More in depth, the areas with the lowest UtP ratio are Lazio (1.0%), Piemonte and Valle d'Aosta (1.3%). In terms of stock breakup, the highest UtP concentration is in Lombardia and Lazio (respectively 24.6% and 14.0% of total), the lowest in Umbria (1.3%).

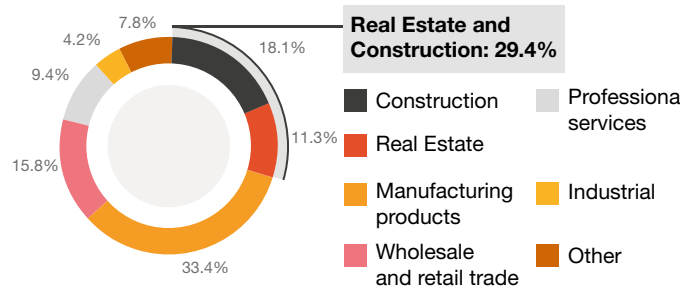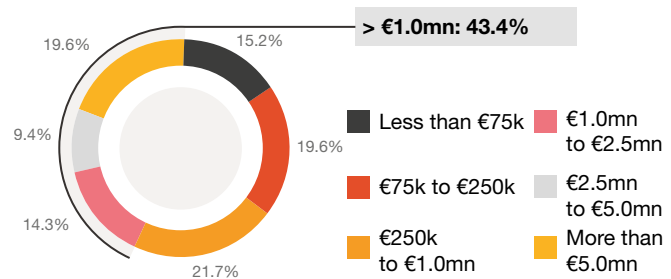**Chart 9:** Breakdown of Gross Bad Loans by economic sector (YE-2023)

	Real Estate and Construction: 29.4%	
■ Construction		■ Professional services
■ Real Estate		
■ Manufacturing products		■ Industrial
■ Wholesale and retail trade		■ Other

18.1%, 11.3%, 33.4%, 15.8%, 9.4%, 4.2%, 7.8%

Source: PwC analysis on Banca d'Italia «Banche e istituzioni finanziarie: condizioni e rischiosità del credito per settori e territori», June 2024.

Chart 10: Breakdown of Gross Bad Loans by ticket size (YE-2023)

	> €1.0mn: 43.4%	
■ Less than €75k		■ €1.0mn to €2.5mn
■ €75k to €250k		■ €2.5mn to €5.0mn
■ €250k to €1.0mn		■ More than €5.0mn

19.6%, 15.2%, 19.6%, 14.3%, 9.4%, 21.7%

Source: PwC analysis on Banca d'Italia «Banche e istituzioni finanziarie: condizioni e rischiosità del credito per settori e territori», June 2024.

…

Venice, Veneto

Chart 11a: UtP ratio by region* (YE-2023)

Legend:
- >2.5%
- 2.0% - 2.5%
- <2.0%

Map values:
- 2.7%
- 1.9%
- 1.6%
- 1.5%
- 1.3%
- 1.8%
- 2.1%
- 2.0%
- 2.1%
- 2.0%
- 1.0%
- 2.5%
- 2.2%
- 1.5%
- 2.3%
- 2.1%
- 2.3%

Source: PwC analysis on Banca d'Italia «Banche e istituzioni finanziarie: condizioni e rischiosità del credito per settori e territori», June 2024.
Note: (*) UtP ratio in the region of Lazio is influenced by Cassa Depositi e Prestiti, included in bank of Italy database; (**) Unique percentage for
1. Valle d'Aosta and Piemonte.
2. Abruzzo and Molise.
3. Puglia and Basilicata.

Chart 11b: Breakdown of UtP by region* (YE-2023)

Legend:
- >10.0%
- 6.0% - 10.0%
- 2.0% - 6.0%
- <2.0%

Map values:
- 4.2%
- 2.1%
- 24.6%
- 7.1%
- 5.4%
- 9.0%
- 2.1%
- 7.0%
- 2.2%
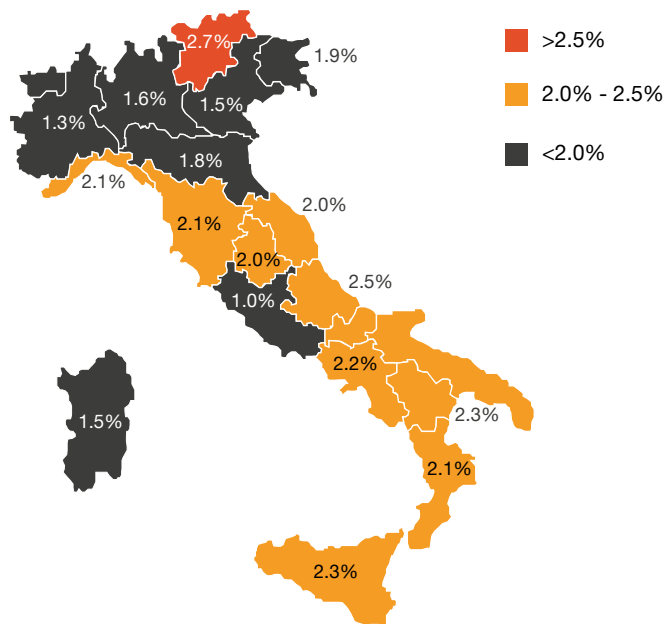- 1.3%
- 14.0%
- 2.1%
- 5.9%
- 5.1%
- 1.4%
- 1.4%
- 4.7%

Source: PwC analysis on Banca d'Italia «Banche e istituzioni finanziarie: condizioni e rischiosità del credito per settori e territori», June 2024. Note: (*)
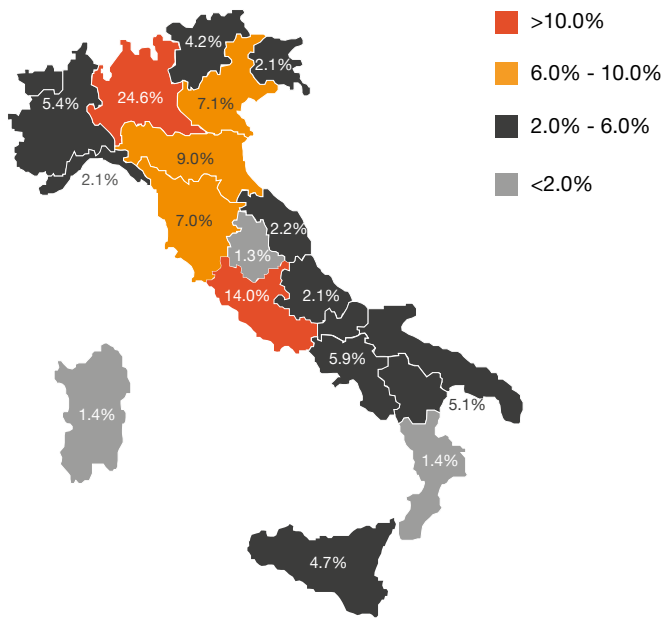Unique percentage for
1. Valle d'Aosta and Piemonte.
2. Abruzzo and Molise.
3. Puglia and Basilicata.

San Gimignano, Tuscany

An update on NPE transactions

Key Message

In the first semester of 2024, 163 transactions have been completed, for a total GBV of €2.3bn. The announced transactions for both Bad Loans and UtP loans are expected to add approximately €9.0bn by the end of 2024.
In 2023, 1180 transactions have been announced as completed, for an overall GBV of 20.8bn.

This marks a 34.4% decrease compared to the year 2022, in which 525 transactions were closed with a total GBV of €31.7bn.

In 2023, the Italian NPL market recorded a higher number of transactions compared to 2022, but with a lower total GBV of €20.8bn (vs €31.7bn). The sold portfolios had a lower average size in terms of GBV, decreasing from approximately €0.6bn in 2022 to €0.2bn in 2023.

The volume decrease is likely the result of two main drivers: on one side, it is due to the prevailing macroeconomic conditions, on the other side is a consequence of the lower NPE stock in the banking system. Specifically on the former, the European Central Bank's frequent adjustments to interest rates, which were only recently halted, aimed at curbing inflation, have increased the cost of financing for investors, thus increasing their opportunity cost. At the same time, NPE stock in the Italian banks is relatively low at this point both in € terms and as a percentage of the their loan portfolio (NPE ratio), with new inflows under control. Banks keep selling NPE portfolios on the primary market, but with smaller transactions and less urgency compared to the past.

In terms of macro asset class, €8.9bn of the closed transactions in 2023 referred to portfolios of Bad Loans, €4.8bn to UtP portfolios, and €2.6bn refers to other transactions with mixed underlying asset classes.

The second half of 2023 confirmed the relevant role of in-kind contribution credit funds (in Italian "Fondi ad Apporto di crediti"). In fact, one of the transactions with the highest GBV was closed by UniCredit and Illimity with the newly established Olympus Fund 1 and 2.

After about a year and a half from the expiration of the GACS scheme, discussions regarding its potential renewal seem to be on hold.

Key Highlights 2023 transactions

The transactions with the highest GBV (Gross Book Value) were closed by illimity and Unicredit on one hand and by Credit Factor on the other hand.

- The two banks sold credits to two in-kind contribution credit funds managed by Finint for a total GBV of €2.0bn.
- Credit Factor, on the other hand, bought on the secondary market a total of €2.0bn in unsecured Bad Loans.

Key Highlights 2024 transactions

In the first semester of 2024, Cherry Bank closed the transaction with the highers GBV of the year, namely €0.8bn.

Focus on In-kind Contibution Funds

As of YE-2023 the largest funds in terms of GBV contributions are:

- Back2Bonis managed by Prelios (AUM of €2.5bn),
- Efesto Credit Fund managed by Finint Investments (AUM of €1.8bn) and
- Olympus Fund 1 and 2 managed by Finint Investments (AuM ca. €1bn each).

During 2023, the In-kind Contribution Funds have announced acquisitions for a total GBV of approximately €3.5bn.

At the beginning of 2024, P&G Sgr launched a new Alternative Investment Fund, Persefone, through a first transaction that involved the contribution of five banks amounting to €300m of GBV. The aim of the fund is to reach €700m of GBV by the end of 2025.

Chart 12: NPL transactions trend in the Italian market (€bn)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total	4.0	8.0	18.3	20.7	67.7	84.1	37.0	40.1	26.1	31.7	20.8	10.6
Ongoing												8.3
Mixed				4.6	4.3	2.0		0.3	2.7	6.7	6.6	0.4
UtP					10.5		6.0	8.4	1.2	5.0	4.8	
Bad Loans w/ GACS			0.4	1.4	8.0	2.6 / 45.3	17.4	15.8	11.2	10.2	1.6	
Bad Loans w/o GACS	4.0	8.0	18.3	14.2	44.8	34.1	13.5	15.5	10.8	9.6	9.3	

Legend: Bad Loans w/o GACS · Bad Loans w/ GACS · UtP · Mixed · Ongoing
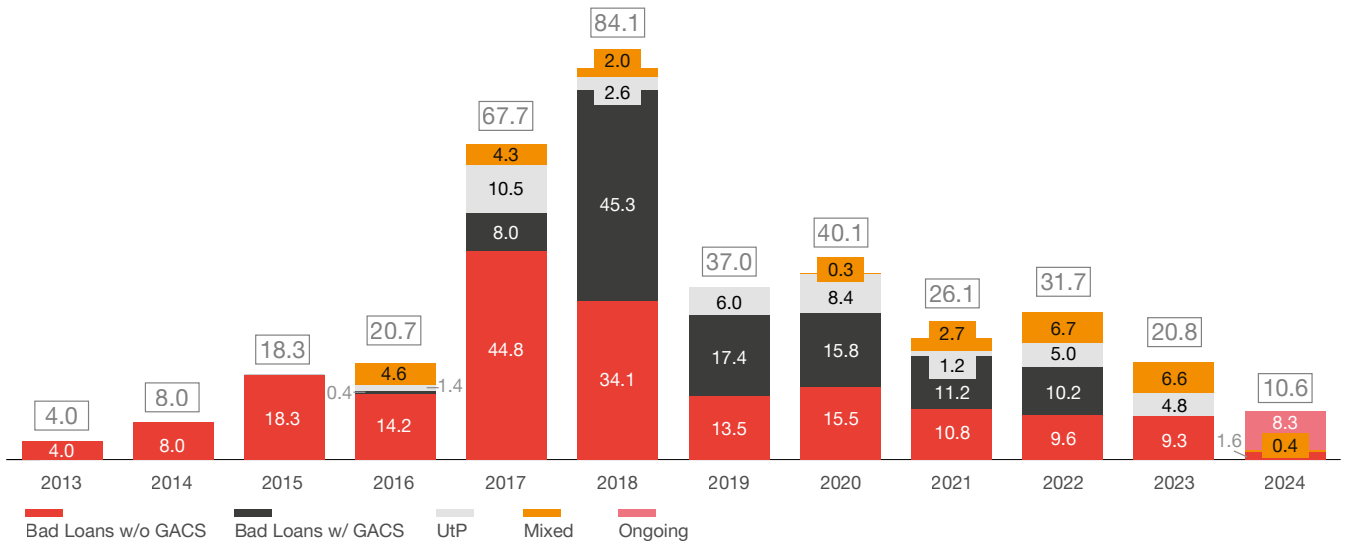
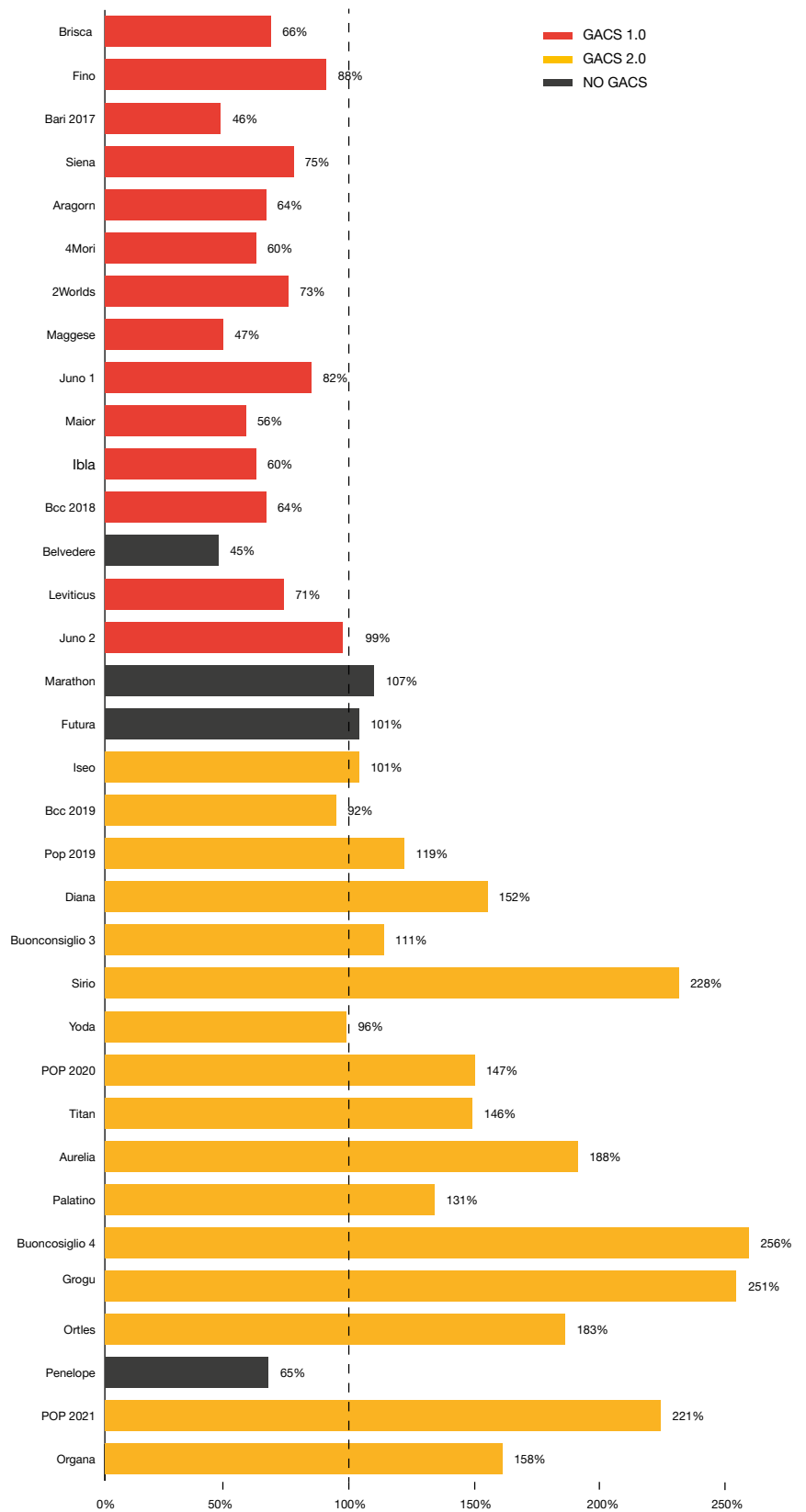Source: PwC estimates on public information and market rumours.

Matera, Basilicata

Focus on GACS performance

According to the DBRS Morningstar assessment published in May 2024, out of the 34 Italian Securitisaztions rated by the Agency, 18 GACS (Guaranteed Asset-Backed Securities) have recorded performances above or close to their initial business plans. 14 GACS (all issued under GACS 2.0) have recorded overperformance compared to their initial business plans.

From the **chart 13** many GACS 2.0 transactions were outperforming the servicers' initial expectations, except for BCC 2019 at -8% and Yoda at -4%. The best performance was recorded by Buonconsiglio 4, closed in December 2021, followed by Grogu, closed by Intesa Sanpaolo in December 2021. On the other hand, the poorest performance in terms of actual collections versus expected collections was observed in Bari 2017, which was closed in December 2017 by Banca Popolare di Bari, followed by Maggese, closed in July 2018 by Cassa di Risparmio di Asti & di Biella e Vercelli.

Chart 13: Cumulative net collection actual data compared with business plan forecasts

Legend:
- GACS 1.0
- GACS 2.0
- NO GACS

Transaction	Value
Brisca	66%
Fino	88%
Bari 2017	46%
Siena	75%
Aragorn	64%
4Mori	60%
2Worlds	73%
Maggese	47%
Juno 1	82%
Maior	56%
Ibla	60%
Bcc 2018	64%
Belvedere	45%
Leviticus	71%
Juno 2	99%
Marathon	107%
Futura	101%
Iseo	101%
Bcc 2019	92%
Pop 2019	119%
Diana	152%
Buonconsiglio 3	111%
Sirio	228%
Yoda	96%
POP 2020	147%
Titan	146%
Aurelia	188%
Palatino	131%
Buoncosiglio 4	256%
Grogu	251%
Ortles	183%
Penelope	65%
POP 2021	221%
Organa	158%

Genoa, Liguria

Table 1.1: Main closed transactions as of June 2024

Date	Seller	Volume (€m)	NPE category	Macro asset class	Buyer	Primary / Secondary market
Transactions closed in 2024						
2024 Q3	Confidential	220	UtP	n.a.	Keystone Fund	Primary
2024 Q3	Confidential	244	n.a.	Unsecured	Kruk	Secondary
2024 Q2	Hoist Finance	430	Bad loans	Unsecured	Sorec	Secondary
2024 Q2	Hoist Finance	840	Bad loans	Unsecured	Cherry Bank	Secondary
2024 Q2	Confiedential	140	Bad loans & UtP	Secured	Confidential	Primary
2024 Q1	Iccrea	300	Bad loans	n.a.	Confidential	Primary
Other transactions with deal value < €100m		157				
Total (2024)		**2,331**				

Table 1.2: Main closed transactions as of December 2023

Date	Seller	Volume (€m)	NPE category	Macro asset class	Buyer	Primary / Secondary market
Transactions closed in 2023						
2023 Q4	Confidential	2,210	Mixed secured / unsecured	Bad loans	Cherry Bank	Secondary
2023 Q4	UniCredit & illimity	2,000	Mixed secured / unsecured	UtP	Olympus Fund 1 SPV and Olympus Fund 2 SPV	Primary
2023 Q4	Intesa Sanpaolo	1,320	Mixed secured / unsecured	Bad Loans	Andor spv srl	Primary
2023 Q4	Confidential	864	Mainly Unsecured	Bad loans	Cherry Bank	Secondary
2023 Q4	Banco BPM	700	Secured	UtP	Esino Securitisation S.r.l.	Primary
2023 Q4	Cassa Rurale ed Artigiana di Cantù, illimity, Banca Pop. Sondrio	450	Secured	UtP	iREC Fund	Primary
2023 Q4	Banche Popolari (L. Luzzatti)	313	Mixed secured / unsecured	Bad loans	Luzzatti POP NPLS 2023 srl	Primary
2023 Q4	Deutsche Bank	280	Unsecured	n.a.	Kruk Italia	Primary
2023 Q4	IFIS NPL Investing S.p.A.	250	Unsecured	n.a.	SPV Project 2301 S.r.l.	Secondary
2023 Q4	Pool of Italian banks	200	Secured	UtP	Keystone Fund	Primary
2023 Q4	MyCredit	190	Secured	Bad loans	Brenta SPV	Secondary
2023 Q4	Iccrea	145	Secured	Bad Loans	Confidential	Primary
2023 Q4	Nebula SPE S.r.l.	140	Unsecured	n.a.	Marte SPV S.r.l.	Secondary
2023 Q4	Credit Factor S.p.A.	121	Mixed Secured/Unsecured	n.a.	Marte SPV S.r.l.	Secondary
2023 Q3	Veld Capital	2,000	Unsecured	Bad Loans	Credit Factor S.p.A.	Secondary
2023 Q3	Various sellers	570	Secured	Bad loans & UtP	Confidential	Primary
2023 Q3	Next Generation Collection	450	n.a.	Bad Loans	SPV Project 2301 S.r.l.	Primary
2023 Q3	Banca Ifis and Investing SPA	450	Unsecured	Bad loans & UtP	SPV Project 2312 S.r.l.	Primary
2023 Q3	IFIS NPL Investing S.p.A.	450	Unsecured	Bad Loans	SPV Project 2301 S.r.l.	Secondary
2023 Q3	UniCredit	271	Mixed secured / unsecured	Bad loans & UtP	Back2Bonis Fund	Primary
2023 Q3	Banco di Sardegna	185	n.a.	Bad loans & UtP	Gaia SPV	Primary
2023 Q3	Confidential	144	Unsecured	Bad Loans	Credit Factor S.p.A.	Secondary
2023 Q3	Banco BPM	115	n.a.	n.a.	Confidential	Primary
2023 Q3	Confidential	100	Unsecured	Bad Loans	Sorec	Secondary
2023 Q2	Acero SPV/Elipso Finance S.r.l.	1,376	"Mixed secured / unsecured"	n.a.	Credit Factor S.p.A.	Secondary
2023 Q2	Confidential	500	Mixed secured / unsecured	Bad loans & UtP	Confidential	Primary
2023 Q2	BPER	470	n.a.	UtP	Elliot	Primary
2023 Q2	BPER	430	n.a.	UtP	AMCO	Primary
2023 Q2	Iccrea and Others	415	n.a.	UtP	UTP Italia	Primary
2023 Q2	BNL	360	Unsecured	Bad Loans	IBL-CF SPV S.r.l.	Primary
2023 Q2	Confidential	360	Mixed secured / unsecured	Bad Loans	Credit Factor S.p.A.	Primary
2023 Q2	Confidential	350	n.a.	n.a.	Europa Investimenti	Primary
2023 Q2	BNL	213	Unsecured	n.a.	Marte SPV S.r.l.	Primary
2023 Q2	Intesa Sanpaolo	100	Secured	n.a.	ACO SPV S.r.l.	Primary
2023 Q2	Italo Sicav	100	Unsecured	n.a.	Hoist Finance	Secondary
2023 Q1	Confidential	400	n.a.	n.a.	Efesto Credit Fund	Primary
2023 Q1	Iccrea	390	Mainly Secured	Bad loans & UtP	AMCO	Primary
2023 Q1	Various sellers	200	n.a.	n.a.	Creditchange	Secondary
2023 Q1	Iccrea	105	Mainly Secured	Bad loans & UtP	UTP Italia	Primary
Other transactions with deal value < €100m		1,141				
Total (2023)		**20,828**				

Source: PwC estimates on public information and market rumours of primary and secondary market. Data refer to transactions closed from January 2023 to June 2024. Some transactions involved groups of different investors; the volumes of these transactions have been allocated to each player, when possible. Otherwise, they have been assigned to the main investor. In case of securitization transactions, the total volume has been allocated to the main buyer, without taking into account eventual notes subscribed by the banks themselves and/ or third parties (e.g. senior).
Source: PwC estimates on public information and market rumours.

Table 1.3: Main closed transactions as of December 2022

| Date	Seller	Volume (€m)	NPE category	Macro asset class	Buyer	Primary / Secondary market
Transactions closed in 2022						
2022 Q4	Banche Popolari (L. Luzzatti)	545	Bad Loans	"Mixed secured / unsecured"	Luzzatti POP NPLS 2022 srl	Primary
2022 Q4	Intesa Sanpaolo	570	Bad Loans	Mainly Unsecured	Intrum	Primary
2022 Q4	Deutsche Bank Mutui	297	Bad loans & UtP	Secured	Italian Npl Opportunities Fund, Banca Finint	Primary
2022 Q4	Confidential	160	n.a.	n.a.	Sagitta sgr	Primary
2022 Q4	Pool of banks	143	UtP	Mainly Secured	Keystone	Primary
2022 Q4	BBPM, Credite Agricole; Banco Desio & Banco di Sardega	600	UtP	n.a.	Finint Investments SGR	Primary
2022 Q3	BPER	1,500	Bad Loans	Mixed secured / unsecured	Gardant	Primary
2022 Q3	UnipolReC	2,600	Bad Loans	Mixed secured / unsecured	Amco	Primary
2022 Q3	Monte dei Paschi di Siena	208	Bad Loans	Secured	Amco	Primary
2022 Q3	Monte dei Paschi di Siena	366	Bad Loans	Unsecured	Intrum	Primary
2022 Q3	Monte dei Paschi di Siena	344	UtP	n.a.	Illimity	Primary
2022 Q2	UniCredit	1,300	Bad Loans	Unsecured	illimity	Primary
2022 Q2	Intesa Sanpaolo	120	UtP	n.a.	AMCO	Primary
2022 Q2	Intesa Sanpaolo	1,400	Bad Loans	Secured	AMCO	Primary
2022 Q2	Intesa Sanpaolo	1,800	UtP	n.a.	CRC	Primary
2022 Q2	UniCredit	1,900	UtP	Mixed secured / unsecured	CRC	Primary
2022 Q2	Illimity, Aporti S.r.l., Doria SPV S.r.l.	500	n.a.	n.a.	Illimity, Other	Secondary
2022 Q2	Various sellers	724	n.a.	n.a.	Ifis Npl Investing	Primary/Secondary
2022 Q2	MBCredit Solutions	676	Bad Loans	Unsecured	Ifis Npl Investing	Secondary
2022 Q2	Guber	126	UtP	n.a.	Arrow Global	Primary
2022 Q2	UniCredit	1,129	NPE	Mixed secured / unsecured	ITACA SPV SrL	Primary
2022 Q2	Iccrea	650	Bad Loans	n.a.	BBC NPLs 2022	Primary
2022 Q2	Intesa Sanpaolo	8,500	Bad Loans	Mixed secured / unsecured	CRC and Bayview	Primary
2022 Q2	Illimity	475	Bad Loans	Mixed secured / unsecured	Confidential	Secondary
2022 Q2	Banco BPM	700	Bad loans & UtP	Mixed secured / unsecured	Gardant	Primary
2022 Q1	Confidential	600	Bad Loans	Unsecured	Sorec	Secondary
2022 Q1	Società gestione crediti Delta (SGCD)	134	Bad Loans	n.a.	Cassa di Risparmio della repubblica di San Marino	Primary
2022 Q1	Arrow Global	1,000	Bad loans & UtP	Mainly Unsecured	Exacta, Banco Azzoaglio	Secondary
2022 Q1	Apollo Global Management	1,800	n.a.	n.a.	illimity	Secondary
2022 Q1	UniCredit	222	Bad loans & UtP	Mixed secured / unsecured	Kruk Italia	Primary
2022 Q1	Banco Desio, BPER Banca, Banca del Fucino e Cassa di Risparmio di Volterra	127	n.a.	Mixed secured / unsecured	Keystone	Primary
Other transactions with deal value < €100m		494				
Total (2022)		**31,709**				

Source: PwC estimates on public information and market rumours of primary and secondary market. Data refer to transaction from January 2022 to December 2022. Some transactions involved groups of different investors; the volumes of these transactions have been allocated to each player, when possible. Otherwise, they have been assigned to the main investor. In case of securitization transactions, the total volume has been allocated to the main buyer, without taking into account eventual notes subscribed by the banks themselves and/or third parties (e.g. senior).

Table 2: Main announced NPE transactions as of June 2024

Status	Seller	Volume (€m)	NPE category	Macro asset class	Primary / Secondary market
Ongoing	ICCREA	400.0	n.a.	Loans	Primary
Ongoing	Confidential	550.0	UtP / Bad Loans	Loans	Primary
Ongoing	Monte dei Paschi di Siena	400.0	Bad Loans	Loans / Leasing	Primary
Ongoing	Intesa Sanpaolo	n.a.	UtP / Bad Loans	Loans	Primary
Ongoing	BBPM	400.0	n.a.	REOs	Primary
Ongoing	Barclays	5,200.0	Performing, UtP, Bad Loans	Loans	Primary
Ongoing	Confidential	108.0	UtP / Bad Loans	Loans	Primary
Ongoing	Confidential	70.0	Bad Loans	Loans	Secondary
Ongoing	Confidential	70.0	Bad Loans	Loans	Secondary
Ongoing	Confidential	n.a.	n.a.	REOs	Secondary
Ongoing	Confidential	100.0	Bad Loans	Loans	Secondary
Ongoing	Confidential	86.0	UtP	Loans	Primary
Ongoing	Confidential	136.0	Bad Loans	Loans	Primary
Ongoing	Confidential	233.0	Bad Loans	Loans	Primary
Ongoing	Confidential	213.0	UtP / Bad Loans	Leasing	Primary
Ongoing	Confidential	350.0	n.a.	Leasing	Primary
Ongoing	Confidential	n.a.	n.a.	REOs	Primary
Pipeline	BBPM	700	n.a.	n.a.	Primary
	Total	**9,016**			

Source: PwC estimates on public information and market rumours of primary and secondary market. Data refer to announced transactions as of June 2024. Some transactions involved groups of different investors; the volumes of these transactions have been allocated to each player, when possible. Otherwise, they have been assigned to the main investor. In case of securitization transactions, the total volume has been allocated to the main buyer, without taking into account eventual notes subscribed by the banks themselves and/or third parties (e.g. senior).
Source: PwC estimates on public information and market rumours.
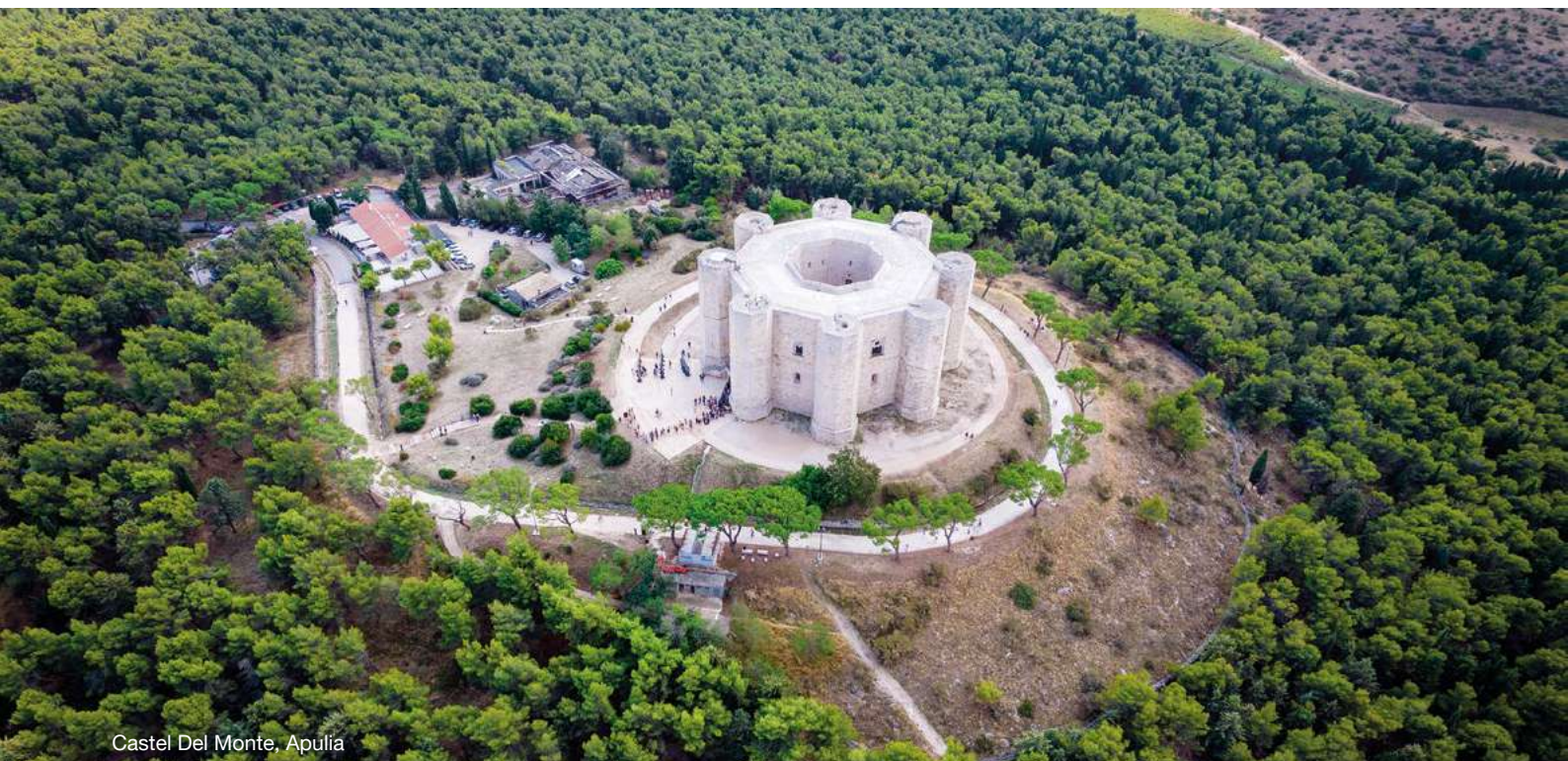
Castel Del Monte, Apulia

Table 3: Table of the main In-kind Contribution Funds

| SGR | Fund Name | Servicer | GBV conferred (€m) | Date GBV | Inception Date | Main Distressed Type | Recent transactions of conferred receivables | | | |
							Date	GBV (€m)	Banks	Details
Kryalos	Keystone Fund	n.a.	270	Q4 2022	1Q 2022	UtP	Q4 2022	143	Gruppo ICCREA, Bper Banca S.p.a, Banco di Desio e della Brianza S.p.A; Banca Agricola Popolare di Ragusa S.C.p.A; Cassa di Risparmio di Asti S.p.A., Banca Popolare di Sondrio S.p.A e Crédit Agricole.	The fund acquired new UTP loans for a GBV of € 143 mln (o/w 70% Secured) originated by 11 Italian and international. I credits concern 132 small and medium-sized enterprises operating in Italy in various industrial sectors.
Prelios	Back2Bonis	Prelios	2500	Q3 2023	3Q 2019	UtP	Q3 2023	295	UniCredit Leasing e BPER Banca	n.a.
Finint Investments	Efesto Credit Fund	doValue	1800	Q4 2022	4Q 2020	NPL, UTP e Leasing	Q1 2023	400	Confidential	The fund acquired the credit from a leading bank Italy.
Sagitta	UTP Italia	Intrum	700	Q2 2023	3Q 2021	UtP Granulari Corporate	Q2 2023	520	Iccrea and Others	The fund has purchased two new portfolios of granular UTPs derived from mortgages and SME financing.
Illimity	Illimity Credit Corporate Turnaround	ARECneprix	280	Q4 2021	1Q 2021	UtP Corporate	n.a.	n.a.	n.a.	n.a.
Illimity	illimity Real Estate Credit (iREC)	ARECneprix	270	Q1 2023	3Q 2022	UtP e Leasing Corporate	Q1 2023	95	n.a.	The portfolio includes receivables from 86 different companies operating mainly in the real estate with highly diversified.
Finint Investments	Olympus Fund 1 & 2	ARECneprix	2000	Q4 2023	Q4 2023	UtP e Leasing Asset RE Corporate,	n.a.	n.a.	n.a.	n.a.
Prelios	Eleuteria	Prelios	70	Q1 2022	n.a.	UtP PMI/ Corporate	n.a.	n.a.	n.a.	n.a.
P&G	Persefone	Fire	300	Q1 2024	n.a.	Private individual UtP	n.a.	n.a.	n.a.	n.a.

Source: PwC analysis on public data
Note: GBV is related to the entire Fund and not just to the credit contributions to the Fund.

Main GACS transactions

Table 4 1/2: List of NPE securitisations with GACS since 2016

Main banks involved	SPV	Servicer	Issuing date	GBV (€/ bn)	% Secured	Rated Notes (at nominal value)					Buyer
						"Senior (% GBV)"	"Mezzanine (% GBV)"	"Junior (% GBV)"	"Senior* Yield (%)"	Mezzanine* Yield (%)	
Banca Popolare di Bari	Popolare Bari NPLs 2016 S.r.l.	Prelios	Aug-16	0.5	63.4%	26.4%	2.9%	2.1%	4.1%	9.6%	n.a
Carige	Brisca Securitisation S.r.l.	Prelios	Jul-17	0.9	77.2%	28.5%	3.3%	1.3%	4.3%	9.6%	n.a
Creval	Elrond NPL 2017 S.r.l.	Cerved	Jul-17	1.4	73.5%	33.0%	3.0%	1.4%	4.1%	9.6%	n.a
UniCredit	FINO 1 Securitisation S.r.l.	doValue	Nov-17	5.4	52.0%	12.1%	1.3%	0.9%	5.2%	8.8%	n.a
Banca Popolare di Bari	**Popolare Bari NPLs 2017 S.r.l.	Prelios	Dec-17	0.3	56.1%	25.3%	3.2%	4.2%	4.1%	9.6%	n.a
MPS	Siena NPL 2018 S.r.l.	Cerved, Prelios, doValue, Credito Fondiario	Jan-18	24.1	41.6%	12.1%	3.5%	2.3%	5.2%	11.7%	n.a
Creval	Aragorn NPL 2018 S.r.l.	Cerved, Credito Fondiario	Jun-18	1.7	75.4%	30.5%	4.0%	0.6%	1.5%	10.6%	"Banco BPM / Senior Eliott / Mezzanine e Junior"
BPER	4Mori Sardegna S.r.l.	Prelios	Jun-18	1.0	53.0%	22.2%	1.2%	0.8%	1.4%	11.6%	n.a
Banco Desio e Brianza	2Worlds S.r.l.	Cerved	Jun-18	1.0	71.6%	28.8%	3.0%	0.9%	4.0%	11.6%	n.a
Banco BPM	Red Sea SPV S.r.l.	Prelios	Jul-18	5.1	76.6%	32.5%	3.0%	1.0%	4.2%	9.6%	n.a
ICCREA	BCC NPLs 2018 S.r.l.	Prelios	Jul-18	1.0	72.0%	27.0%	3.0%	1.0%	2.9%	9.6%	n.a
Cassa di Risparmio di Asti	Maggese S.r.l.	Prelios	Jul-18	0.7	63.4%	24.5%	3.5%	1.6%	1.5%	9.6%	n.a
BNL (BNP Paribas)	Juno 1 S.r.l.	Prelios	Jul-18	1.0	30.4%	14.2%	2.7%	0.2%	4.2%	11.6%	n.a
UBI	Maior SPV S.r.l.	Prelios	Aug-18	2.7	46.6%	22.9%	2.2%	1.0%	1.8%	9.6%	n.a
Banca Popolare di Ragusa	Ibla S.r.l.	doValue	Sep-18	0.3	81.8%	24.4%	2.6%	1.0%	4.2%	11.6%	n.a
BPER	Aqui SPV S.r.l.	Prelios	Nov-18	2.1	59.5%	26.2%	3.0%	0.5%	2.0%	10.6%	n.a
Banca Popolare di Bari	POP NPLs 2018 S.r.l.	Cerved	Nov-18	1.6	65.7%	27.0%	3.2%	1.0%	1.8%	9.6%	n.a
Carige	Riviera NPL S.r.l.	Credito Fondiario, doValue	Dec-18	1.0	39.4%	18.2%	3.1%	1.0%	1.0%	10.6%	n.a
ICCREA	BCC NPLs 2018-2 S.r.l.	doValue	Dec-18	2.0	58.4%	23.8%	3.0%	1.0%	1.3%	9.6%	n.a
Banco BPM	Leviticus SPV S.r.l.	Credito Fondiario	Feb-19	7.4	66.9%	19.5%	3.0%	3.4%	2.1%	11.6%	n.a
BNL (BNP Paribas)	Juno 2 SPV S.r.l.	Prelios	Feb-19	1.0	60.7%	21.1%	5.0%	1.3%	4.2%	11.6%	SPF Investment Management
UniCredit	Prisma SPV S.r.l.	doValue	Oct-19	6.1	64.0%	20.0%	1.3%	0.5%	5.1%	12.6%	n.a
UBI	Iseo SPV S.r.l.	Credito Fondiario, doValue	Dec-19	0.9	92.2%	39.1%	2.9%	1.6%	4.1%	9.6%	Elliott

Table 4 2/2: List of NPE securitisations with GACS since 2016

Main banks involved	SPV	Servicer	Issuing date	GBV (€/bn)	% Secured	Rated Notes (at nominal value)					Buyer
						"Senior (% GBV)"	"Mezzanine (% GBV)"	"Junior (% GBV)"	"Senior* Yield (%)"	Mezzanine* Yield (%)	
ICCREA	BCC NPLs 2019 S.r.l.	doValue	Dec-19	1.3	65.9%	26.8%	4.0%	1.0%	3.9%	10.1%	n.a
Banca Popolare di Bari	POP NPLs 2019 S.r.l.	Prelios, Fire	Dec-19	0.8	46.9%	20.9%	3.0%	0.6%	3.9%	13.1%	n.a
BPER	Spring SPV S.r.l.	Prelios	Jun-20	1.4	52.5%	23.2%	1.5%	0.2%	4.1%	13.1%	n.a
Banca Popolare di Sondrio	Diana SPV S.r.l.	Prelios	Jun-20	1.0	64.7%	23.5%	3.5%	0.4%	4.1%	12.6%	n.a
ICCREA	BCC NPLs 2020 S.r.l.	doValue	Nov-20	2.3	59.8%	22.2%	1.7%	1.0%	3.9%	11.6%	n.a
UniCredit	Relais SPV S.r.l.	doValue	Dec-20	1.6	86.5%	29.4%	5.7%	0.6%	5.1%	13.1%	n.a
Cassa Centrale	Buonconsiglio 3 S.r.l.	Guber	Dec-20	0.7	65.5%	22.7%	3.1%	0.7%	4.1%	13.1%	n.a
UBI	Sirio NPL S.r.l.	Prelios	Dec-20	1.2	53.7%	23.6%	2.8%	0.8%	4.1%	13.1%	Institutional investors
Intesa Sanpaolo	Yoda SPV S.r.l.	Intrum	Dec-20	6.0	41.2%	16.7%	3.5%	0.3%	4.2%	13.2%	n.a
Banca Popolare di Bari	POP NPLs 2020 S.r.l.	Credito Fondiario, Fire	Dec-20	0.9	55.9%	26.3%	2.7%	1.1%	3.9%	15.6%	n.a
Alba Leasing	Titan SPV S.r.l.	Prelios	Dec-20	0.3	87.7%	27.0%	4.5%	3.0%	4.1%	11.6%	n.a
BPER	Summer SPV S.r.l.	Fire	Dec-20	0.3	44.4%	26.5%	3.1%	0.3%	4.1%	15.6%	Institutional investors
Banco BPM	Aurelia SPV S.r.l.	Credito Fondiario	Jun-21	1.5	50.3%	22.6%	2.6%	0.8%	4.1%	11.6%	Institutional investors
UniCredit	Olympia SPV S.r.l.	Italfondiario, doValue	Nov-21	2.2	35.0%	12.0%	1.2%	0.1%	5.1%	13.1%	Italian Recovery Fund
Iccrea	BCC NPLs 2021	doValue	Nov-21	1.3	63.5%	21.6%	3.0%	1.0%	4.0%	11.6%	n.a
Intesa Sanpaolo/BPER	Grogu SPV S.r.l.	Intrum, Prelios	Dec-21	3.1	51.0%	15.0%	1.2%	0.1%	4.4%	13.2%	Fortress
Cassa Centrale	Buonconsiglio 4 S.r.l.	Prelios	Dec-21	0.6	54.1%	20.3%	2.9%	1.0%	4.0%	18.6%	Waterfall Asset Management
Banca Popolare di Sondrio	Luzzatti POP NPLs 2021 Srl	doValue	Dec-21	0.8	53.7%	24.2%	3.2%	1.3%	-	n.a.	n.a
Credit Agricole Italia	Ortles 21 S.r.l.	doValue, Cerved, Italfondiario	Dec-21	1.8	44.7%	18.5%	2.2%	0.8%	3.9%	13.1%	n.a
ICCREA	BCC NPLS 2022 S.r.l.	doValue	May-22	0.6	n.a.	22.0%	3.0%	1.0%	4.1%	13.1%	n.a
Intesa Sanpaolo	Organa SPV S.r.l.	Intrum	May-22	8.5	28.8%	11.4%	1.5%	0.2%	4.2%	13.2%	CRC & Bayview
UniCredit	Itaca SPV S.r.l.	doValue	Jun-22	1.1	29.0%	11.1%	2.1%	0.5%	4.6%	13.1%	CRC
Total				**108.6**							
Weighted average					**52.9%**	**19.1%**	**2.8%**	**1.3%**	**4.1%**	**11.7%**	

Source: DBRS Morningstar's report and other Rating Agencies' reports.
Note: (*) Annual yield of notes has been calculated as interbank rate as of June 2024 plus applicable spread and considering caps when applicable to variable rates.

Stage 2 credits

Key Message

Key message: The stock of Stage 2 loans on the bank books amounts to €212 billion at the end of December 2023, 7% lower compared to the previous year-end figure (€227 billion).

The portfolio is primarily composed of medium to small-sized positions, thus requiring a management approach that is as industrialized as possible and based on insightful data analysis.

Stage 2 perspective in Europe

Share of loans showing significant increase in credit risk (stage 2 loans) increased slightly to 9.7% in 2023 (up from 9.6% at the end of 2022).

Stage 2 loans include assets that have seen a significant increase in credit risk since initial recognition.

The stock of stage 2 loans on European Significant banks' books amounted to €1,413 billion at FY2023 (compared to €1,380 billion at the end of 2022).

The level of Stage 2 exposures is still high throughout all European countries and reflects the different classification and management approaches adopted.

In particular, France shows the highest levels of Stage 2 stocks in absolute value with €461 billion, representing 9.43% of the total loans exposure subject to impairment review.

Chart 14: Stage 2 stock evolution at European level (FY20 – FY23)
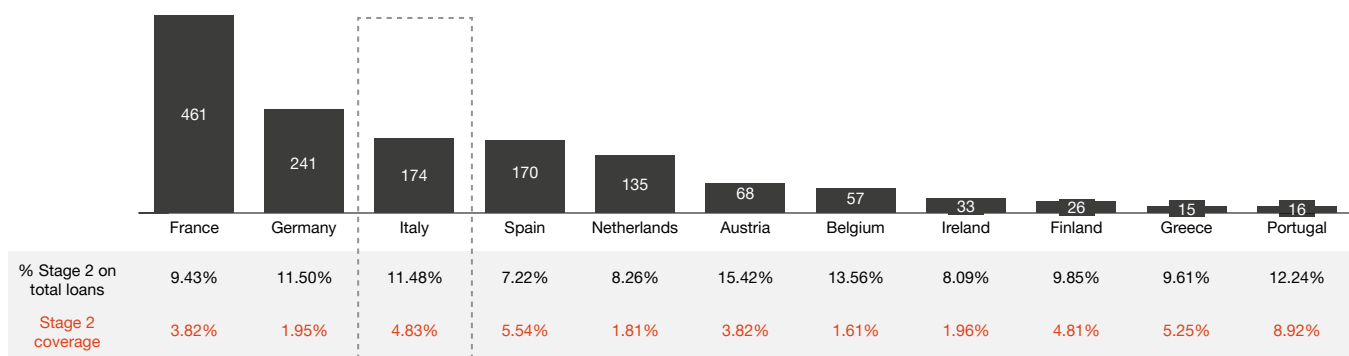Significant banks only

Share of total loans and advances subject to impairment review
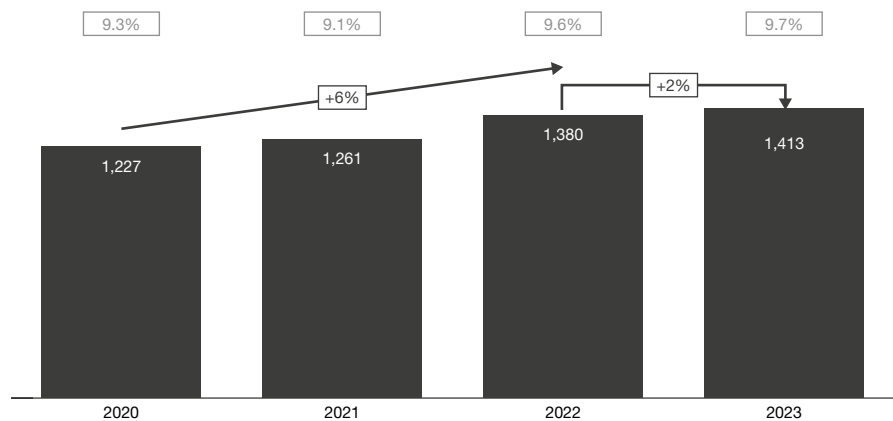
Germany follows France with € 241 bn (11.50% of total loans).

Austria has the highest incidence of Stage 2 on total loans (15.42%).

Chart 15: Stage 2 stock per country – Significant banks only (FY23, data in €/bn)

	France	Germany	Italy	Spain	Netherlands	Austria	Belgium	Ireland	Finland	Greece	Portugal
% Stage 2 on total loans	9.43%	11.50%	11.48%	7.22%	8.26%	15.42%	13.56%	8.09%	9.85%	9.61%	12.24%
Stage 2 coverage	3.82%	1.95%	4.83%	5.54%	1.81%	3.82%	1.61%	1.96%	4.81%	5.25%	8.92%

Source: ECB – European Banking Statistics data on Significant Institutions (April 2024).

Modena, Emilia-Romagna

Stage 2 loans in Italy

As of December 2023, Stage 2
loans on the books of Italian banks,
including those of less significant
banks and branches of foreign banks,
totaled €212 bn, constituting 9.6% of
the total loans and advances.
The coverage level for Italian Stage 2
loans is approximately 4.7%.

Chart 16: Stage 2 stock of Italian banks (data in €/bn)
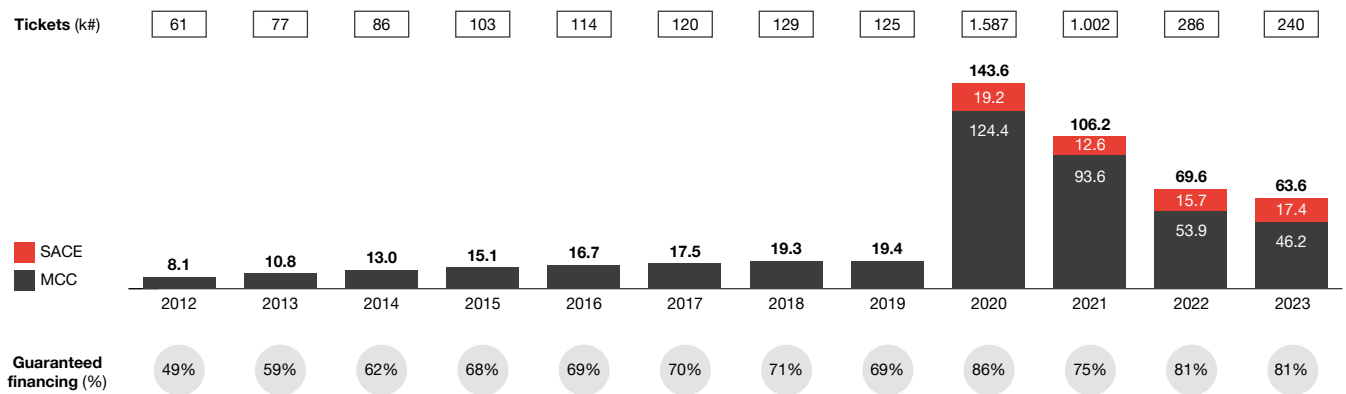
**Share of total loans
and advances**

7.6%	10.2%	8.8%	9.8%	9.6%

-7%

2019	2020	2021	2022	2023
166	239	217	227	212
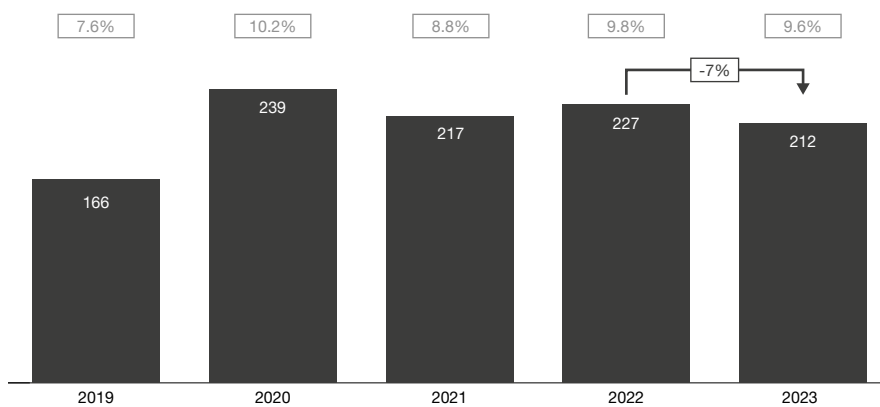
Focus on Guaranteed Lending

Throughout the period from 2020 to 2023, over €380 bn in loans were disbursed with public guarantees, both MCC and SACE. Starting from early 2024, the criteria for granting public guarantees have essentially returned to the ordinary regime (with coverage more limited to 55-60% for liquidity and up to 80% only for investments).

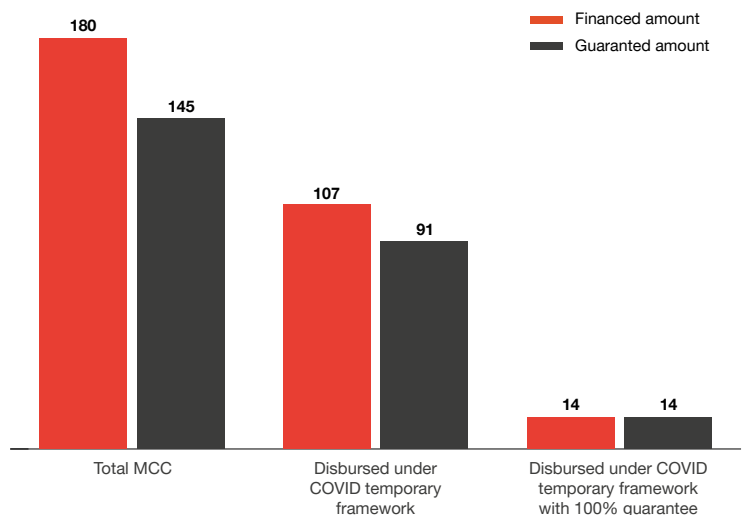**Chart 17:** Financed amount yearly evolution (€bn, 2012- 2023)

Tickets (k#)	61	77	86	103	114	120	129	125	1.587	1.002	286	240

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total	8.1	10.8	13.0	15.1	16.7	17.5	19.3	19.4	143.6	106.2	69.6	63.6
SACE									19.2	12.6	15.7	17.4
MCC									124.4	93.6	53.9	46.2
Guaranteed financing (%)	49%	59%	62%	68%	69%	70%	71%	69%	86%	75%	81%	81%

Source: MCC balance sheets 2013-2014; FdG – "Reports 2015-2022"; FdG web page; SACE balance sheets 2020-2023, DEF 2024 (MEF). Audizione preliminare all'esame del DEF 2024 (Bankit).

As of May 2024, the outstanding loan portfolio is equal to €180 billion, of which €107 billion refers to the loans issued under the COVID measures (spring 2020 – June 2022).

Of the loans issued under the COVID measures, €14 billion remains related to loans of €30 thousand with a 100% guarantee.

Chart 18: Stock of MCC guaranteed lending (€bn, May 2024)

Legend: Financed amount / Guaranted amount

	Financed amount	Guaranted amount
Total MCC	180	145
Disbursed under COVID temporary framework	107	91
Disbursed under COVID temporary framework with 100% guarantee	14	14

Source: Il Sole 24 Ore (5 July 2024)

Focus on loans disbursed under COVID temporary framework

Since the implementation of these liquidity measures for businesses over three years ago, the amount has more than halved. The average remaining duration of existing loans is three and a half years, compared to their initial six-year term.

The guarantees provided by the SME fund under the Covid temporary framework decreased to €91 billion by the end of May 2024, down from €200 billion at peak. At the same time, the stock of guaranteed loans disbursed between spring 2020 and June 2022, is now equal to €107 billion (€253 billion at the peak).

Enforcements on guarantees by banks due to debtor defaults have totaled €3.3 billion (1.65% of the initial total). For €30k loans, enforcements amount to €600 million, reflecting a deterioration rate of approximately 2.6% (based on a peak stock of €23 billion).

Source: Il Sole 24 Ore (5 July 2024)

Chart 19: [..]: Evolution of the stock of MCC guaranteed amount and cumulated enforcements (€bn)

	At Peak	May-24	Enforcements YTD
	200	91	3.3

-55%   1.7%
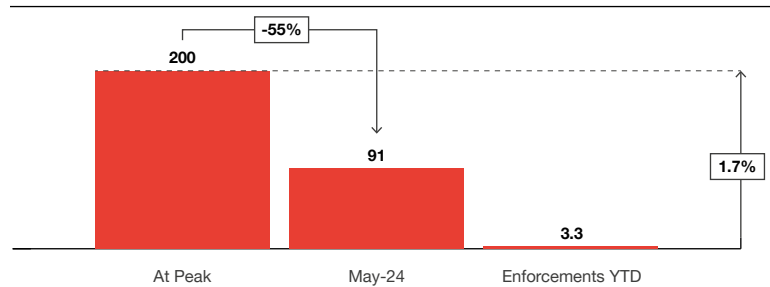
Chart 20: Loans with 100% guarantee ONLY

	At Peak	May-24	Enforcements YTD
	23.0	14.0	0.6

-39%   2.6%
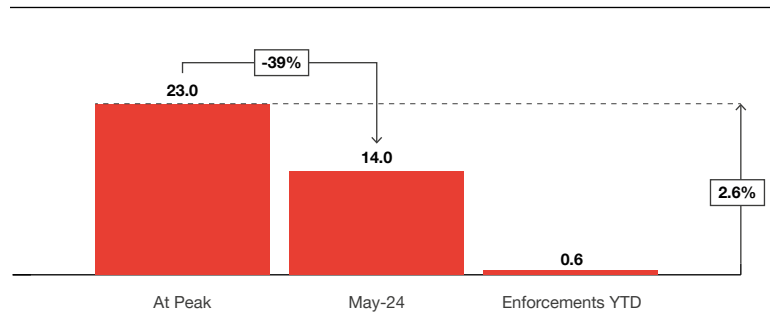
Aquileia, Friuli-Venezia Giulia

25

Italian banking system overview

Agrigento, Sicily

Top 10 banks results

Key Message

The Top 10 Italian banks have been continuing to deleverage their balance sheet also in 2023, even if at a lower pace than in the past years as the stock of non-performing exposure is stabilizing at a low level. The average of the banks' NPE ratio has been constantly decreasing from year to year, landing to 3.3% at YE-2023. ICCREA and CCB announced their industrial plan; both setting their gross NPE ratio targets, setting its Gross NPE ratio target for YE-2026 at 3.3%, while the others left their existing targets plans unchanged.

This report covers the following top 10 Italian banks:

- Intesa Sanpaolo ("**ISP**")
- UniCredit ("**UCG**")
- Banco BPM ("**BBPM**")
- BPER Banca ("**BPER**")
- Credito Emiliano ("**CREDEM**")
- Banca Monte dei Paschi di Siena ("**MPS**")
- Crédit Agricole Italia ("**CA ITALIA**")
- Banca Nazionale del Lavoro ("**BNL**")
- Iccrea Banca ("**ICCREA**")
- Cassa Centrale Banca ("**CCB**")

Chart 21 shows the relationship between Gross NPE ratio and NPE Coverage ratio for the Top 10 Italian banks. Comparing YE-2023 to YE-2022, the average Gross NPE ratio decreased from 3.6% to €3.3%, while the NPE coverage ratio increased from 56.2% to 58.2%.

Chart 22 represents the relationship between Gross Bad Loans ratio and Bad Loans Coverage ratio, and their average stands at 1.2% and 74.8% respectively. BNL has the highest Gross Bad Loans ratio at 2.3% and UCG the lowest at 0.7%. CCB has the highest value of Bad Loans Coverage Ratio at 93.8% and BNL has the lowest value at 59.2%.

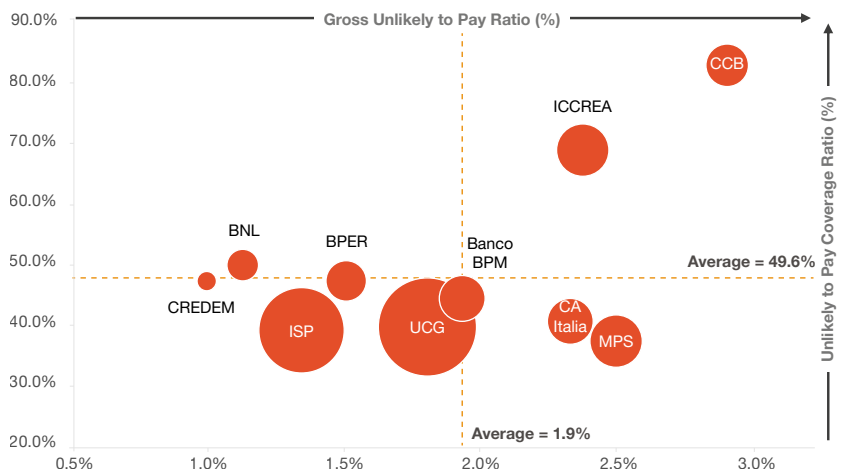**Chart 21:** Top 10 Italian banks – NPE Peer Analysis as of YE-2023 (Bubble size: Gross NPE)
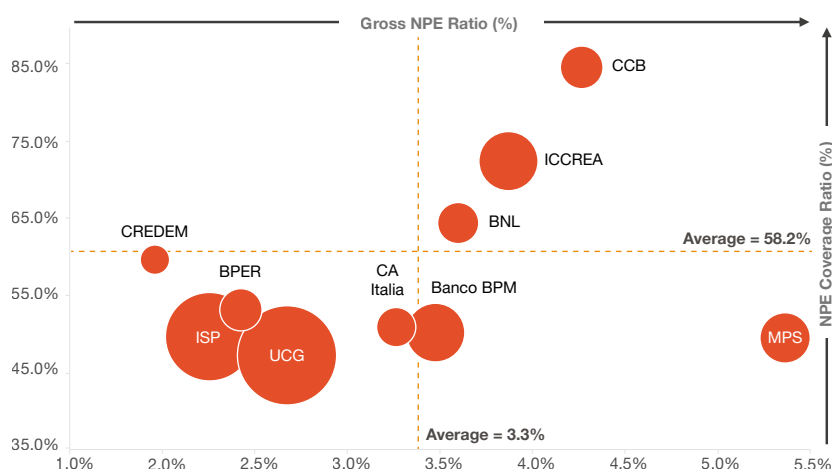
Source: PwC analysis on financial statements and analysts' presentations; Financial statements as of YE-2023. Data affected by different write-off policies.

Chart 22: Top 10 Italian banks – Bad Loans Peer Analysis as of YE-2023 (Bubble size: Gross Bad Loans)
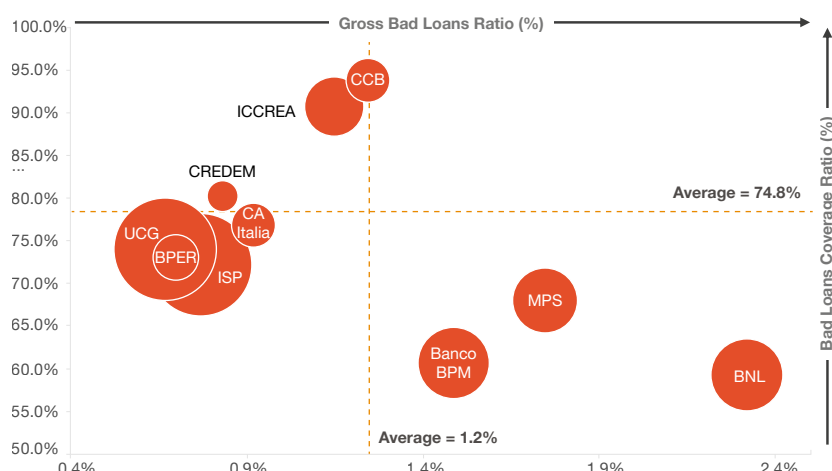
Source: PwC analysis on financial statements and analysts' presentations; Financial statements as of YE-2023. Data affected by different write-off policies.

Chart 23 provides an overview of the Unlikely to Pay ratio combined with its Coverage ratio for the Top 10 Italian banks. The average Gross UtP ratio is 1.9% (higher than the average of Bad Loans ratio), with CCB showing the highest value (2.9%) and CREDEM the lowest one (1.0%). The average Unlikely to Pay Coverage ratio is 49.6%. CCB shows the highest level at 82.6%, while MPS the lowest (37.6%).

Chart 23: Top 10 Italian banks – Unlikely to Pay Peer Analysis as of YE-2023
(Bubble size: Gross Unlikely to Pay)

Source: PwC analysis on financial statements and analysts' presentations; Financial statements as of YE-2023. Data affected by different write-off policies.

Chart 24 illustrates the Gross Past Due ratio and the Past Due Coverage ratio for the banks analyzed. The averages are respectively 0.2% and 29.2%. The gross past due ratio is characterized by a low dispersion around the average, while the Coverage ratio indicates two peaks: the upward peak is CCB with 45.9%, while the downward peak is BNL with 13.8%.
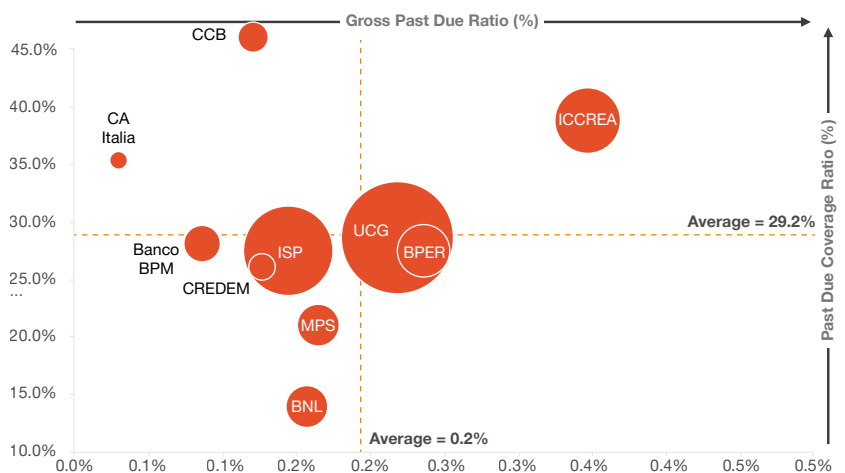
Chart 24: Top 10 Italian banks – Past Due Peer Analysis as of YE-2023
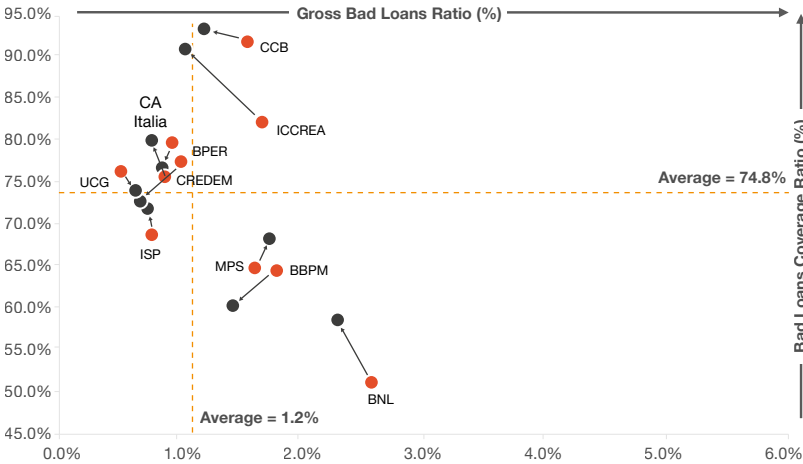(Bubble size: Gross Past Due)

Source: PwC analysis on financial statements and analysts' presentations; Financial statements as of YE-2023. Data affected by different write-off policies.

The following three charts show the changes between YE-2022 and YE-2023.

Chart 25 analyzes, for the banks in the sample, the movements in the Gross Bad Loans ratio and the Bad Loans Coverage ratio. ICCREA presents the most significant shift in the chart, decreasing in terms of Gross Bad Loans ratio (-33.4%) and increasing in terms of Bad Loans Coverage ratio (+10.2%), reaching 1.1% and 90.7% respectively. Also BPER shows a major movement, with a decrease of 31.9% in the Gross Bad Loans ratio and a decrease of 5.2% in the coverage ratio.
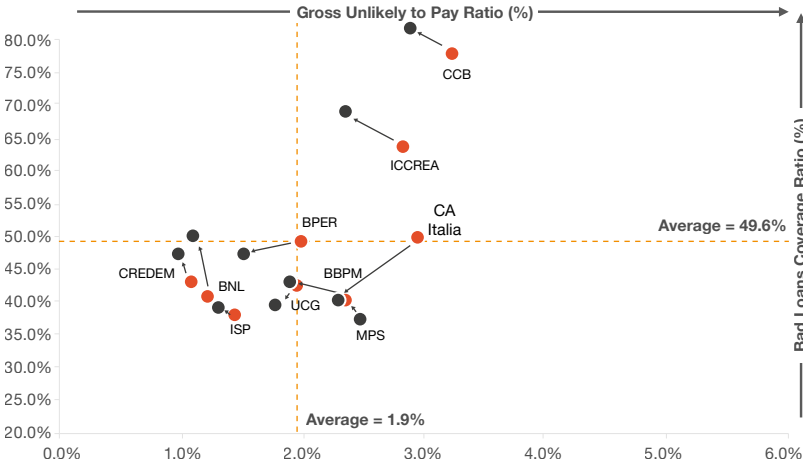
Chart 25: Top 10 Italian banks – Bad Loans movements (YE-2023 vs YE-2022)

Source: PwC analysis on financial statements and analysts' presentations; Financial Statements as of YE-2022 (yellow) and YE-2023 (red). Data affected by different write-off policies.

Chart 26 shows that all the Italian banks in the sample experienced a decrease in terms of Gross Unlikely to Pay ratio. BPER and Credit Agricole Italia present the most relevant decrease (-25.0% and -22.4% respectively). In terms of Unlikely to Pay Coverage ratio, BNL shows the highest increase (+22.9%) and Credit Agricole Italia the highest decrease (-17.6%).

Chart 26: ToTop 10 Italian banks – Unlikely to Pay movements (YE-2023 vs YE-2022)

Source: PwC analysis on financial statements and analysts' presentations; Financial Statements as of YE-2022 (yellow) and YE-2023 (red). Data affected by different write-off policies.

Chart 27 illustrates the movements of the Gross Past Due ratio and of the Past Due Coverage ratio.

Intesa Sanpaolo, UCG, Banco BPM, MPS, BPER, BNL, and CREDEM increased their Gross Past Due ratio. In particular, MPS increased its ratio by 181.3%. On the other hand, Credit Agricole Italia recorded

a -55.3% change in the Gross Past Due ratio. CREDEM experienced the highest increase in Past Due coverage ratio (+44.2%), while BNL shows the most significant decrease (-15.0%).

Considering both the variables, MPS (right downward shift) and Credit Agricole (left upward shift) are the ones that show the most relevant shifts.

Chart 27: Top 10 Italian banks – Past Due

Source: PwC analysis on financial statements and analysts' presentations; Financial Statements as of YE-2022 (yellow) and YE-2023 (red). Data affected by different write-off policies.
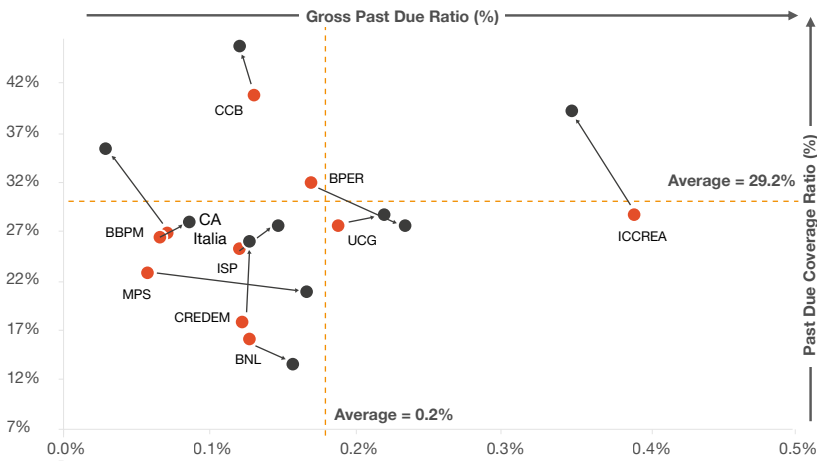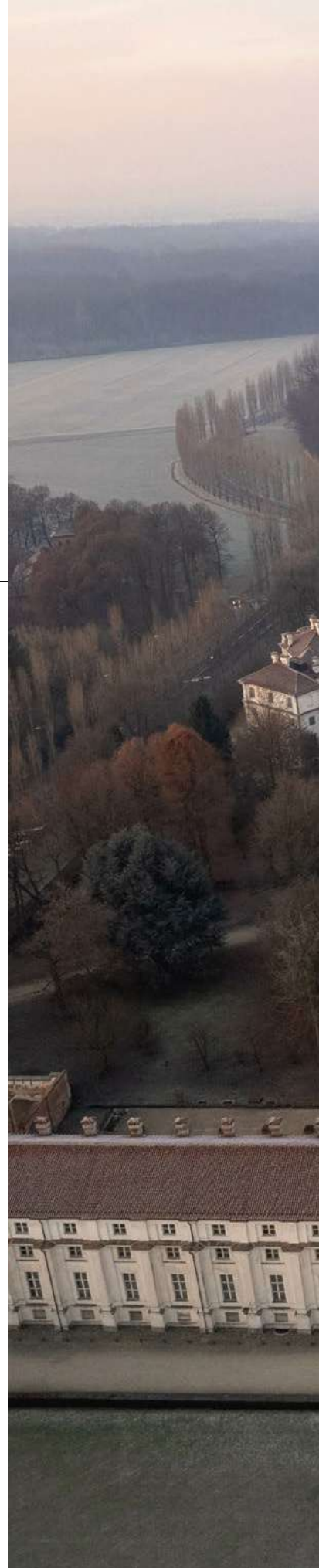
Nichelino, Piedmont

Focus on UtP

The UtP stock on the Italian banking books adds up to €29.3bn at YE- 2023, lower than YE-2022 (-11.2%).

Chart 28 shows that €25.8bn, out of €29.3bn of the current UtP stock, belong to the Top 10 Italian banks.

Such banks have reduced the average Gross UtP ratio from 2.2% as of YE-2022 to 1.9% in YE-2023. BPER and Credit Agricole are the Italian banks

showing the strongest decrease in UtP stock, with a reduction equal to 27.9% and 23.9% respectively.

The chart below shows the current UtP stock allocation through the Top 10 banks. Comparing Gross UtP exposures at YE-2023 to those of YE-2022, it can be noted that all the Top 10 Italian banks have decreased their stock in the mentioned period. Moreover, Intesa Sanpaolo and UniCredit hold almost half

of the outstanding UtP stock (46.8%).

The decrease of UtP stock has been possible also thank to the interest demonstrated by main NPE investors for that specific asset class.

In terms of UtP stock composition, **Chart 29** shows that as of YE-2023 the portion of exposures subject to forbearance measures equals 46.0%.

Chart 28: Top 10 Italian banks – UtP distribution (€bn and %) as of YE-2023

Source: PwC analysis of financial statements and analysts' presentations. The list of Top 10 Italian banks is based on the Total Asset as of YE-2023.
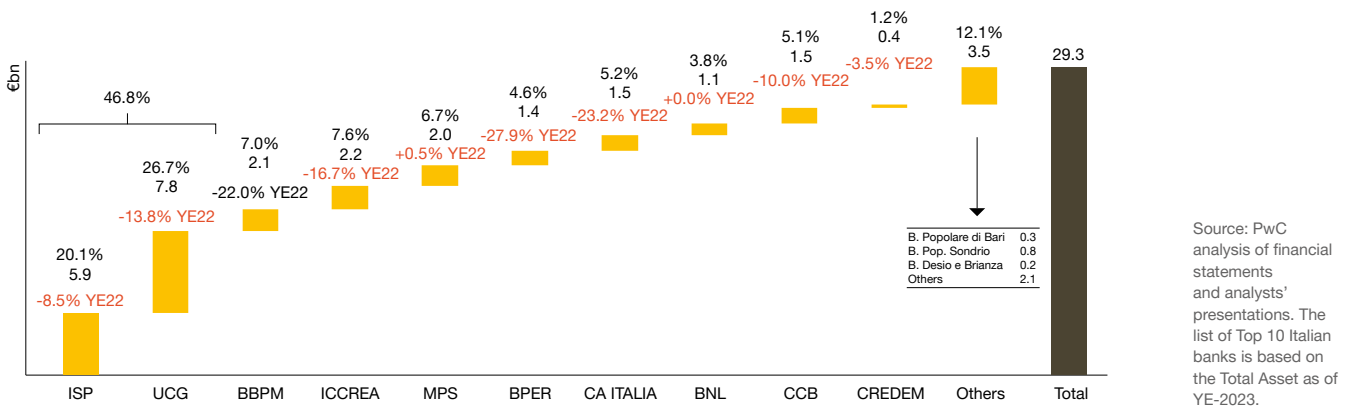
Chart 29: Italian banks' forborne UtP exposures (€bn and %)
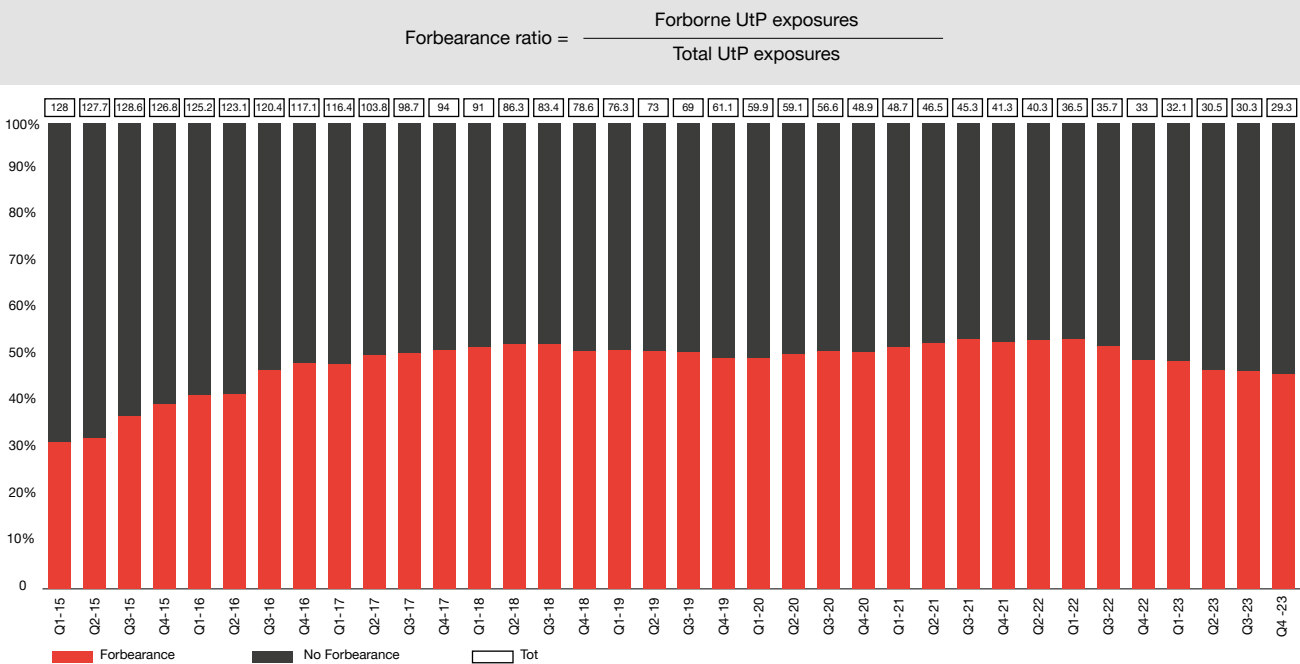
$$\text{Forbearance ratio} = \frac{\text{Forborne UtP exposures}}{\text{Total UtP exposures}}$$

Source: PwC analysis on Banca d'Italia «Banche e istituzioni finanziarie: condizioni e rischiosità del credito per settori e territori», June, 2024.

Compared to YE-2022, no substantial updates have been communicated in relation to the strategic plan of the Italian banks that are still committed to keep the incidence of NPE exposures in their banking books at the lowest level.

ICCREA and BCC have disclosed their new Industrial Plan, both setting the new Gross NPE ratio target at 3.3%

Chart 30 provides an overview of the targets disclosed by the Top 10 Italian banks in terms of Gross NPE ratio and their actual ratios as of YE-2023.

Intesa Sanpaolo target at 1.6% for 2025 continues to be the lowest among the Top 10 Italian banks. Unicredit and BPER have already reached their target.

Chart 30: Top 10 Italian banks – Target Gross NPE ratio vs current as of YE-2023
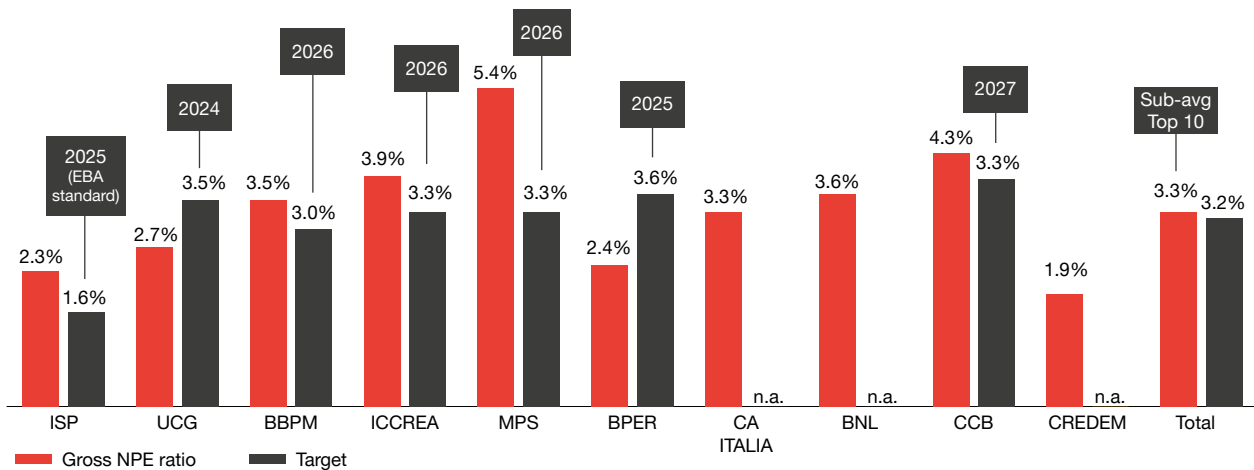
Sources: PwC analysis on financial statements and analysts' presentations.

Mantua, Lombardy

Inflows and outflows

In 2023, continued the decreasing trend of Gross UtP Exposures among the Top 10 Italian Banks.

The chart below shows UtP inflows and outflows during the past two years. UtP registered an increase in outflows to Bad Loans over the last 2-year period: 11% in 2023 vs 9% in 2022. Furthermore, UtP showed an increasing trend in inflows from performing exposures in the last 2-year period: 32% in 2023 vs 24% in 2022 (**Chart 31**).

Chart 31: Top 10 Italian Banks – UtP inflows and outflows (€bn and %) from 2021 to 2023
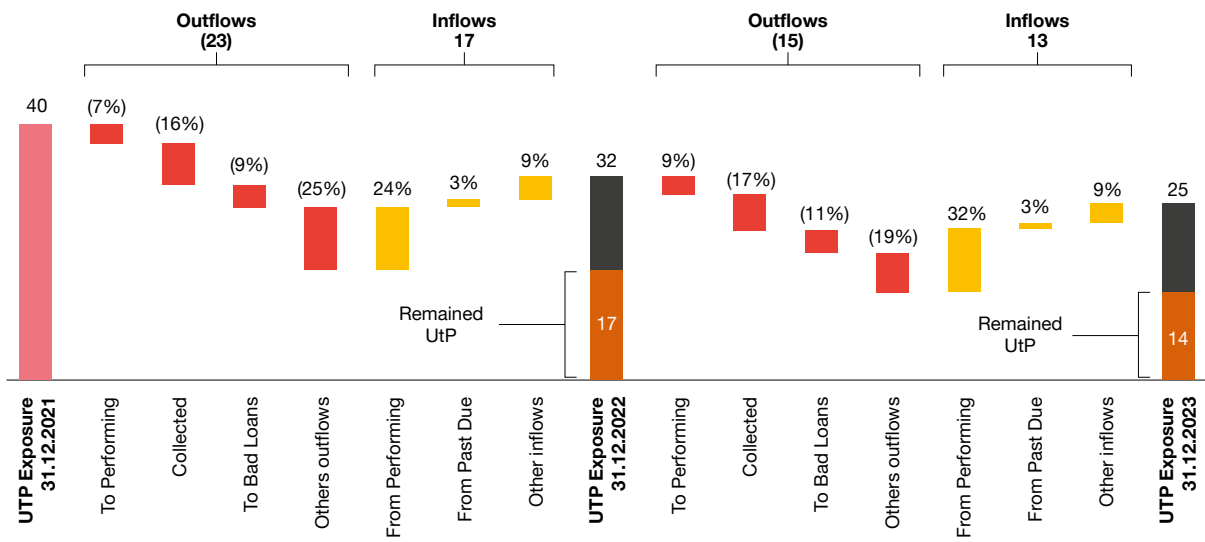
Sources: PwC analysis on financial statements and analysts' presentations

Palmanova, Friuli-Venezia Giulia

Table 5 provides an overview of the transition rate in NPL categories for the Top 10 Italian banks as of YE-2023.

Compared to YE-2022, the average Collection rate amounted to 16.6% (+2.6 bps over FY22), to be highlighted the increase of MPS rate at 17.7% (vs 12.5% in FY22). Unicredit confirm its primacy with the lower Danger rate for the second year in a row (6.5% vs an average of 12.7%), as well as the higher cure rate (10.1% vs an average of 6.0%). In general, however, both the average indicators present an increasing trend versus FY22, respectively +2.9 bps in Danger Rate and +1.3 bps in Cure rate.

Write-off rate had been positively affected (+2.6 bps) by BPER and ICCREA respectively at 15.4% and 13.2%.

Table 5: Top 10 Italian banks – Main KPI as of YE-2023

	Collection Rate[1]	Danger Rate[2]	Write-off Rate	Cure Rate[3]	Migration Rate[4]
Unicredit	20.6%	6.5%	5.8%	10.1%	1.0%
Intesa SanPaolo	12.1%	16.4%	4.0%	6.4%	0.7%
BBPM	13.9%	10.0%	6.2%	2.8%	0.9%
ICCREA	17.0%	13.6%	13.2%	7.8%	1.3%
MPS	17.7%	16.2%	2.7%	5.8%	1.5%
BPER	20.0%	12.4%	15.4%	7.3%	1.0%
CA Italia	12.9%	13.2%	4.9%	3.1%	1.7%
BNL	9.8%	13.6%	5.5%	4.2%	0.4%
CCB	19.4%	8.6%	8.6%	7.9%	1.1%
CREDEM	23.1%	16.6%	4.1%	5.0%	0.5%

1. % collection over NPE; 2. % of UtP and Past Due credit transitioned to Bad loans in 2023; 3. % of NPE transitioned to Bonis in 2023;
4. % rate of Bonis credit transitioned to NPE
Sources: PwC analysis on financial statements and analysts' presentations.

A look through the new ESG Reporting framework

Key Message

Further to the publication of the EBA Final Implementing Technical Standards on prudential disclosures on Environmental, Social and Governance risks (ESG) in accordance with the CRR2 Article 449a, emphasizing the urgency for financial intermediaries, major Italian banks are gathering - starting from December 2022 - quantitative tables detailing financial exposures to climate change risks. These risks are crucial to be addressed due to their significant impact on financial activities.

The contemporary banking industry is facing a transformative era where Environmental, Social, and Governance considerations are integrated within the banking strategy and risk management disclosure. The EBA is keeping the pace with the new ESG framework, and its roadmap includes well-defined steps to ensure alignment with evolving sustainability standards.

Over the years, Basel regulation has developed into three pillars addressing minimum capital requirements (Pillar I), supervisory review (Pillar II), and market discipline (Pillar III). The EBA, through the technical standards published in January 2023, has required banks to disclose qualitative and quantitative information on ESG risks through Pillar III Disclosure. The technical standards require the submission of 10 templates with quantitative information that will enable the calculation of comparable indicators (for e.g., the GAR[1], which become mandatory in 2024).

Data has been gathered for 7 of the Top 10 Italian banks and are as of YE2023 (last available data); special attention has been given to Template 1. Coherently with European Taxonomy, this template requires banks to disclose information about their exposure towards non-financial corporates in sectors contributing to climate change. The disclosure also covers the quality of these exposures, with critical information on non-performing exposures, stage 2, and associated impairments and provisions.

1. GAR stands for Green Asset Ratio, i.e. the proportion of credit assets financing activities aligned with the EU Taxonomy ("Aligned Assets") in relation to the total ("Eligible Assets").

Chart 32: Total Loans towards sectors that highly contribute to climate change

Legend: ■ Loans contr. to climate change ■ Other
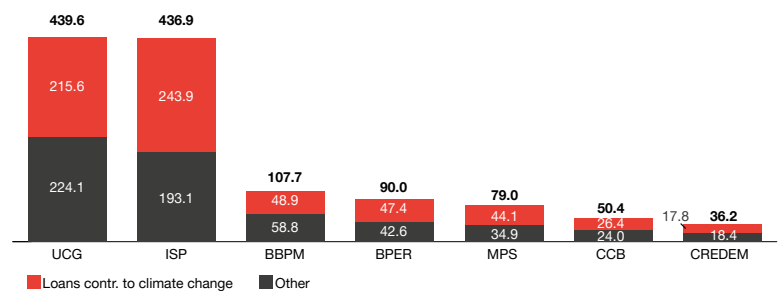
Chart 33: Gross NPE towards sectors that highly contribute to climate change

Legend: ■ Gross NPE contr. to climate change ■ Other
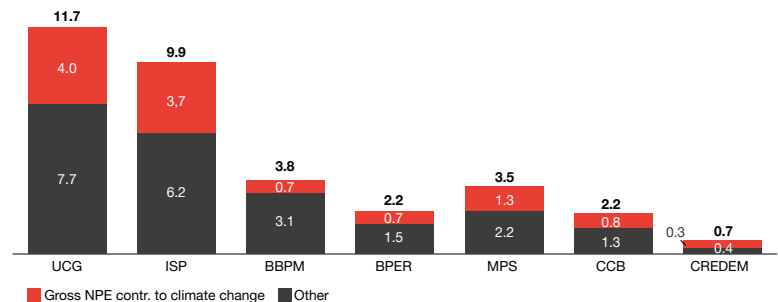
Chart 34: Gross NPE ratio vs Gross NPE ratio towards sectors that highly contribute to climate change

Legend: ■ Gross NPE ratio ■ Gross NPE ratio ESG non compl.
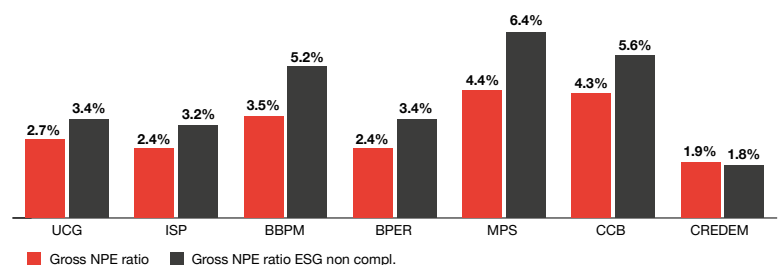
Sources: PwC analysis on financial statements and analysts' presentations.

Padua, Veneto

The Debt Servicing Market

Key Message

In recent years, there has been a significant wave of market consolidation, leading to the creation of more robust players prepared to tackle the challenges of the industry's transformation.

Servicing operators need to adjust their models to a changing market scenario, introducing new services and embracing a novel approach to capitalize on emerging business opportunities.

Pompei, Campania

An overview on debt servicing marginality

Table 6: Debt Servicing only business key figures (2023)

Company	Special Servicing			Profit Before Tax (€Mn)	AuM GBV Special Servicing (€Bn)[1]
	Revenues (€Mn)	Profit Before Tax margin (%)	Profit Before Tax on AuM (bps)		
doValue	416.9	n.a.	n.a.	n.a.	68.2
Prelios Credit Servicing[2]	221.3	56%	n.a.	123.3	n.a.
Cerved Credit Management	129.9	25%	8.3	32.9	39.7
iQera Italia	60.9	29%	10.7	17.8	16.7
Gardant	60.8	n.a.	n.a.	n.a.	19.8
Fire	57.1	8%	2.3	4.4	19.3
AMCO	40.3	31%	7.6	12.5	16.5
MB Credit Solutions	34.3	15%	3.2	5.0	15.6
Hoist Italia	31.4	1%	n.a.	0.4	9.7
Guber	28.8	31%	13.0	8.9	6.9
Crif	25.4	10%	1.7	2.6	15.3
Europa Factor	19.6	n.a.	n.a.	(2.1)	-
Fides	16.1	14%	11.4	2.3	2.0
Covisian Credit Management	13.0	20%	2.0	2.5	12.8
Axactor	10.9	n.a.	n.a.	n.a.	5.2
Finint Revalue	10.4	n.a.	n.a.	(0.1)	2.1
Aquileia Capital Services	9.8	n.a.	n.a.	n.a.	n.a.
Link Financial	7.6	21%	2.8	1.6	5.7
AXIS S.p.A.	6.5	29%	9.9	1.9	1.9
Officine CST	6.4	14%	14.3	0.9	0.6
Certa Credita	5.1	21%	13.9	1.1	0.8
BCMGlobal	4.1	n.a.	n.a.	n.a.	0.8
Fbs Next	2.6	54%	17.1	1.4	0.8
Advancing Trade	2.3	23%	0.8	0.5	6.9
Banca Finint – Divisione Securitisation Services	2.1	50%	1.7	1.0	6.3
Duepuntozero	1.4	n.a.	n.a.	n.a.	3.0
Blue Factor	0.7	50%	1.6	0.4	2.3

1. Figures refer to debt servicing only (i.e. for players active also in debt purchasing, debt purchasing figures are excluded).
"N.a." is reported when data are not provided by the servicers.
2. Figures include also master servicing business.

Source: PwC analysis on data provided by Servicers as of 31/12/2023; data have been directly provided by Servicers and have not been verified by PwC.

UtP Debt servicing

At YE-2023, AMCO continues to lead the ranking of debt servicers specialized in UtP management, with a valuable combination of both corporate and retail expertise. Similarly, ARECneprix confirms its position in the Large Corporate secured segment.

Looking at Corporate UtP, Prelios Credit Servicing remains first in the ranking, thanks to long-term agreements with Intesa Sanpaolo regarding UtP management.

Multiple players that are historically focused on retail positions and mainly work on small tickets occupy the rest of the positions in the ranking, namely Crif, Gardant, doValue, Advancing Trade, Cerved credit Management, Covisian Credit Management and Fire.

UtP is the most significant area for the future of the credit management player with a high growth potential. Specialized advisory and structuring services could represent the key areas to support the resolution of distressed situation.

Table 7: Top 10 Corporate UtP Debt Servicers by AuM at 31/12/2023

Company	Corporate UtP AuM (€Bn)	Corporate UtP AuM (% tot UtP)
Prelios Credit Servicing	9.6[1]	100%
AMCO	8.2	74%
ARECNeprix S.r.l.	2.7	99%
Crif	1.9	41%
Gardant	1.5	76%
doValue	1.2	72%
Advancing Trade	0.9	32%
Cerved Credit Management	0.9	62%
Covisian Credit Management	0.8	29%
Fire	0.8	25%

Table 8: Top 10 Retail UtP Debt Servicers by AuM at 31/12/2023

Company	Retail UtP AuM (€Bn)	Retail UtP AuM (% tot UtP)
AMCO	2.9	26%
Crif	2.7	59%
MB Credit Solutions	2.6	96%
Fire	2.3	75%
Covisian Credit Management	2.0	71%
Advancing Trade	2.0	68%
Fides	1.4	92%
PARR Credit	1.0	97%
iQera Italia	1.0	84%
AZ Info&collection	0.6	81%

Source: PwC analysis on data provided by Servicers as of 31/12/2023; data have been directly provided by Servicers and have not been verified by PwC.
1. Information captured from "market rumors" and not directly provided by Prelios Credit Servicing.

Barumini, Sardinia

Table 9: Main transactions in the servicing sector

2014

Hoist Finance
Acquisition of 100% of TRC from private shareholders. Specialized in consumer finance.

Banca Sistema
Acquisition of 2 servicing platform Candia & Sting from private shareh and merger (CS Union).

Cerved
Acquisition of 80% of Recus. Specialized in collection for telcos and utilities.

2015

Fortress
Acquisition of UniCredit captive servicing platform (UCCMB).

Lonestar
Acquisition of CAF a servicing platform with €7 bn AuM from private shareholders.

Cerved
Acquisition of 100% of Fin. San Giacomo part of Credito Valtellinese group.

2016

Cerved + BHW Bausparkasse
Long-term industrial partnership for the management of 230 €m of NPL originated by the Italian branch of BHV Bausparkassen AG.

Axactor
Acquisition of CS Union from Banca Sistema.

Lindorff
Acquisition of CrossFactor, a small factoring and credit servicing platform.

Arrow
Acquisition of 100% of Zenith Service, a master servicing platform.

Kruk
Acquisition of 100% of Credit Base.

doValue
Acquisition of 100% of Italfondiario.

Dea Capital
Acquisition of 66,3% of SPC Credit Management.

2017

Kkr
Acquisition of Sistemia.

Lindorff
Acquisition of Gextra, a small ticket player from doValue.

Bain Capital
Acquisition of 100% of HARIT, servicing platform specialized in secured loans.

Varde
Acquisition of 33% of Guber.

Cerved + BHW Bausparkasse
Long-term industrial partnership extension for the management of a portfolio of loans of 1.5 €bn originated by the Italian branch of BHV Bausparkassen AG.

Davidson Kempner
Acquisition of 44.9% of Prelios and launch of a mandatory tender offer.

Cerved + Quaestio
Acquisition of the credit servicing platform (a.k.a. "Juliet") of MPS.

Cerved
Acquisition of a NPL platform of Banca Popolare di Bari.

Intrum/ Lindorff
cquisition of 100% of CAF.

Credito Fondiario
Acquisition of NPL servicing platform of Carige.

2018

Lindorff / Intrum
Acquisition of 100% of PwC Mass of Credit Collection (MCC) department.

Arrow
Acquisition of 100% Parr Credit and Europa Investimenti.

IBL Banca + Europa Factor
Joint venture for the creation of the new Servicer Credit Factor (106 vehicle).

Anacap + Pimco
Acquisition of a majority stake in Phoenix Asset Management.

Intesa + Lindorff / Intrum
Joint venture for the NPL platform of Intesa Sanpaolo.

Kruk
Acquisition of 51% of Age-credit.

Banca IFIS
Acquisition of 90% of FBS.

Cerberus
Acquisition of 57% of Officine CST.

Cerved + Studio legale La Scala
Joint venture for the creation of a specialized NPL law firm.

Hoist Finance
Acquisition of 100% of Maran.

Link Financial Group
Acquisition of Generale Gestione Crediti and his controlled company Se.Tel. Servizi.

iQera (a BC Partners company)
Acquisition of 80% of Serfin.

2019

Credito Fondiario + Banco BPM
Creation of a Joint venture for the management and disposals of Banco BPM NPLs.

iQera (a BC Partners company)
Acquisition of Sistemia.

IBL Banca
Acquisition of 9.9% of Frontis NPL.

doValue + Aurora RE
Launch of a multi-originator platform to manage UTP portfolios secured by real estate.

2020

Cerved Credit Management
Acquisition of 100% of Quaestio Cerved Credit Management.

Bain Capital Credit
Acquisition of Hypo Alpe Adria rebranded as Julia Portfolio Solutions.

FBS + Tinexta
Creation and launch of FBS Next a new NPL Servicer which will leverage on innovative technologies.

2021

Hipoges
Acquisition of a majority stake in AXIS.

Axactor
Acquisition of 100% of Credit Recovery Service S.r.l.

Gardant Group
Spin-off from Credito Fondiario of the NPL investment and management business area.

Cherry Bank
Merger between Cherry 106 spa and Banco delle Tre Venezie.

Mediobanca
Acquisition of a majority stake in Bybrook Capital thought its London subsidiary Cairn Capital Group.

2022

Consultinvest Group
Acquisition of 50% of Borgosesia Gestioni SGR.

Zolva
Acquisition of 100% of Euro Service Spa.

Intrum Italy
Acquisition of a participation of i-law, a law firm specialized in NPL servicing.

Team Evolution (Gruppo Exacta)
Acquisition of 100% of Creden.

Illimity Bank S.p.A.
Acquisition of 100% of Aurora Recovery Capital S.p.A.

Collextion
Acquisition of Whitestar (former Parr Credit).

Gardant
Creation of a joint venture with the BPER Group for NPE management.

Prelios - UniCredit
Signing of a partnership for management of Unlikely-To Pay loans.

Cerved
Acquisition of 100% of REV Gestione Crediti.

Banca Finint
Acquisition of Deutsche Bank Mutui NPE servicing platform.

2023

iQera
Acquisition of the 33% of MFLaw (STA).

Sesa
Acquisition of the 51% of Centrotrenta Servicing spa.

Cherry Bank
Merger of Banca Popolare Valconca into Cherry Bank.

Banca Ifis
Acquisition of the 100% of Revalea spa (former NPL purchasing business unit of MBCredit Solutions).

Guber Banca
Acquisition of the 100% of Reperform.com (a fintech platform specializing in online auctions).

ION / Prelios
Acquisition of Prelios from Davidson Kempner

IPV Investing
Launch of a new player focused on NPL purchasing/ servicing owned by S. Inguscio, C. Palla and ViviBanca

A-Zeta
Acquisition of the legal division of Officine CST-

Covisian Credit Management
Purchase of 100% of Credires

Fire
Creation of Effe46, vehicle specialized in special situations

2024

doValue
Signing for the acquisition of 100% of Gardant

Cherry Bank
Acquisition of minority share in Banca Macerata

Source: Mergermarket, companies annual reports and websites.

Table 10: Overview of main servicers (data at 31/12/2023) – Ranking by AuM

Company	Bank of Italy Surveillance	Special Servicing			Performing AuM (€bn)	Master Servicing AuM[3] (€bn)
		Total NPE AuM[1] (€bn)	o/w Bad Loans AuM (€bn)	o/w Other NPLs AuM[2] (€bn)		
doValue	106/115	68.0	65.9	2.1	0.5	58.0
Intrum	115	38.2	36.2	2.0	1.4	-
Cerved Credit Management	106/115	35.6	34.1	1.5	4.1	7.0
AMCO	106	34.7	23.6	11.1	-	-
Prelios Credit Servicing	106/115	28.7[4]	18.9	9.8	-	25.0
IFIS Npl	106/115	22.2	22.1	0.1	-	2.0
Gardant	106/115	19.6	17.7	1.9	0.1	37.9
iQera Italia	115	16.2	14.9	1.3	0.6	-
MB Credit Solutions	106/115	13.1	7.4	5.8	2.5	-
Covisian Credit Management	115	12.8	8.9	3.9	-	-
Crif	115	12.0	3.3	8.7	3.3	-
Fire	115	11.1	7.2	3.9	8.1	-
Europa Factor	106/115	11.0	11.0	0.0	0.2	-
Guber	Bank	11.0	10.7	0.3	0.0	-
Centotrenta Servicing	106	10.5	8.9	1.6	1.4	11.9
AZ Info&collection	115	9.8	9.0	0.8	-	-
Hoist Italia	115	9.7	9.5	0.1	1.7	-
Advancing Trade	106/115	8.4	5.4	2.9	-	-
ARECNeprix S.r.l.	115/Bank	8.1	5.4	2.7	2.6	-
Credit Factor	106	6.3	6.2	0.0	-	-
Link Financial	115	5.6	5.6	-	0.0	-
Fides	115	5.3	1.0	4.3	2.0	-
Phoenix Asset Management	115	5.0	5.0	-	-	-
J-Invest	106/115	4.0	4.0	-	-	-
Duepuntozero	115	3.1	3.1	-	-	-
Blue Factor	106	3.1	3.1	-	-	0.3
Si Collection	115	2.4	2.4	-	-	-
Finint Revalue	115	2.1	1.7	0.5	0.0	-
AXIS S.p.A.	115	1.9	1.9	0.0	-	-
Bayview Italia	115	1.9	1.7	0.2	-	0.2
Fbs Next	115	1.8	1.6	0.2	0.0	-
Zenith Global Spa	106	1.7	1.5	0.1	3.8	46.1
Axactor	106/115	1.6	1.3	0.3	4.9	-
PARR Credit	115	1.1	0.1	1.1	-	-
Officine CST	115	1.1	0.6	0.5	0.2	-
Spinbridge	115	1.0	1.0	-	-	-
Banca Finint – Divisione Securitisation Services	106	1.0	0.7	0.3	5.3	72.4
BCMGlobal	115	0.8	0.6	0.2	-	-
Aquileia Capital Services	106/115	0.5	0.5	-	-	1.3
GMA S.r.l.	115	0.5	0.5	-	0.0	1.9
Certa Credita	115	0.5	0.4	0.1	0.3	-
WIBITA	115	0.3	0.3	-	2.1	-

Source: PwC analysis on data provided by Servicers as of 31/12/2023; data have been directly provided by Servicers and have not been verified by PwC. Servicers present highly heterogeneous organizational, industrial and operating structures. Comparing the information presented above requires a correct analysis and understanding of the competitive landscape and servicers' business model.

1. Includes both owned and third parties' portfolios.
2. Includes Unlikely to Pay + Past Due more than 90 days.
3. Please consider that Master and Special Servicing portfolios are in most cases overlapped.
4. Includes €9.6bn of Unlikely to Pay captured from "market rumors"; information not directly provided by Prelios Credit Servicing.

Note: Double counting may arise when adding NPL AuM as some servicers outsource part of their portfolios to others due to capacity and/ or specialization issues.

Table 11: Overview of main servicers (data at 31/12/2023) – Ranking by AuM

Company	Net Financial Margin (€m)	PBT (€m)	Main Activities				Operating Margin (%)	Owned Portfolio
			Debt servicing & collection	Debt purchasing	Master servicing	Rating		
doValue	485.7	175.3	✔		✔	✔	36%	0%
Intrum	n.a.	n.a.	✔			✔	n.a.	n.a.
Cerved Credit Management	132.7	33.1	✔		✔	✔	25%	-
AMCO	484.2	311.1	✔	✔		✔	64%	52%
Prelios Credit Servicing	221.3	123.3	✔		✔	✔	56%	-
IFIS Npl	39.3	8.4	✔	✔	✔	✔	21%	-
Gardant	84.5	10.6	✔	✔	✔	✔	13%	2%
iQera Italia	66.5	21.6	✔			✔	32%	1%
MB Credit Solutions	34.3	5.0	✔	✔		✔	15%	0%
Covisian Credit Management	13.0	2.5	✔				20%	-
Crif	25.4	2.6	✔			✔	10%	-
Fire	59.5	6.8	✔	✔		✔	12%	1%
Europa Factor	44.4	9.0	✔	✔			20%	25%
Guber	67.4	27.5	✔	✔	✔	✔	41%	37%
Centotrenta Servicing	15.2	1.7			✔	✔	11%	n.a.
AZ Info&collection	18.8	n.a.	✔				n.a.	17%
Hoist Italia	39.4	0.5	✔	✔		✔	1%	28%
Advancing Trade	31.1	6.1	✔	✔			20%	18%
ARECNeprix S.r.l.	42.9	14.9	✔	✔		✔	35%	-
Credit Factor	45.8	27.0		✔			59%	100%
Link Financial	8.9	1.9	✔				22%	n.a.
Fides	16.1	2.3	✔				14%	0%
Phoenix Asset Management	14.1	6.9	✔				49%	11%
J-Invest	9.3	n.a.	✔	✔			n.a.	3%
Duepuntozero	2.4	0.4	✔				15%	4%
Blue Factor	3.4	0.9	✔	✔	✔		27%	25%
Si Collection	7.3	0.0	✔				0%	-
Finint Revalue	11.5	0.1	✔				1%	-
AXIS S.p.A.	6.7	2.0	✔				30%	-
Bayview Italia	n.a.	n.a.	✔				n.a.	1%
Fbs Next	6.5	2.5	✔	✔	✔	✔	39%	8%
Zenith Global Spa	n.a.	n.a.	✔		✔	✔	n.a.	-
Axactor	48.5	-	✔	✔			-	21%
PARR Credit	n.a.	n.a.	✔				n.a.	0%
Officine CST	33.0	18.2	✔	✔			55%	54%
Spinbridge	10.9	(0.8)	✔	✔			(7%)	66%
Banca Finint – Divisione Securitisation Services	38.4	18.2			✔	✔	47%	-
BCMGlobal	4.1	n.a.	✔			✔	n.a.	-
Aquileia Capital Services	17.7	(8.7)	✔	✔			(49%)	8%
GMA S.r.l.	n.a.	n.a.	✔	✔	✔		n.a.	2%
Certa Credita	5.1	1.1	✔	✔	✔	✔	21%	n.a.
WIBITA	n.a.	n.a.	✔				n.a.	-

Source: PwC analysis on data provided by Servicers as of 31/12/2023; data have been directly provided by Servicers and have not been verified by PwC. Servicers present highly heterogeneous organizational, industrial and operating structures. Comparing the information presented above requires a correct analysis and understanding of the competitive landscape and servicers' business model.

Note: Double counting may arise when adding NPL AuM as some servicers outsource part of their portfolios to others due to capacity and/ or specialization issues.

Table 12: Breakdown of servicers' Total Special Servicing Bad Loans AuM1 (data at 31/12/2023) – Ranking by Total Special Servicing AuM

Company	Total AuM[1] (€bn)	Total Bad Loans AuM[1] (€bn)	Average Ticket (€k)	Secured	Unsecured	Owned	Banks	Investors	Others
doValue	68.0	65.9	204	33%	67%	0%	2%	98%	-
Intrum	38.2	36.2	56	34%	66%	n.a.	n.a.	n.a.	n.a.
Cerved Credit Management	35.6	34.1	58	48%	52%	-	28%	72%	-
AMCO	34.7	23.6	134	47%	53%	52%	-	-	48%
Prelios Credit Servicing	28.7[2]	18.9	226	60%	40%	-	0%	100%	-
IFIS Npl	22.2	22.1	12	5%	95%	-	-	100%	-
Gardant	19.6	17.7	72	56%	44%	2%	11%	87%	-
iQera Italia	16.2	14.9	8	52%	48%	1%	53%	39%	7%
MB Credit Solutions	13.1	7.4	6	12%	88%	0%	51%	47%	2%
Covisian Credit Management	12.8	8.9	9	11%	89%	-	29%	61%	10%
Crif	12.0	3.3	13	52%	48%	-	66%	9%	25%
Fire	11.1	7.2	6	28%	72%	1%	74%	21%	3%
Europa Factor	11.0	11.0	1	-	100%	25%	47%	12%	16%
Guber	11.0	10.7	100	28%	72%	37%	8%	55%	0%
Centotrenta Servicing	10.5	8.9	20	52%	48%	n.a.	n.a.	n.a.	n.a.
AZ Info&collection	9.8	9.0	7	17%	83%	17%	35%	38%	11%
Hoist Italia	9.7	9.5	12	13%	87%	28%	11%	60%	0%
Advancing Trade	8.4	5.4	3	-	100%	18%	16%	5%	61%
ARECNeprix S.r.l.	8.1	5.4	615	53%	47%	-	-	100%	-
Credit Factor	6.3	6.2	2	-	100%	100%	-	-	-
Link Financial	5.6	5.6	19	72%	28%	n.a.	n.a.	n.a.	n.a.
Fides	5.3	1.0	5	14%	86%	0%	86%	10%	4%
Phoenix Asset Management	5.0	5.0	213	65%	35%	11%	-	89%	-
J-Invest	4.0	4.0	501	-	100%	3%	-	97%	-
Duepuntozero	3.1	3.1	301	20%	80%	4%	-	96%	-
Blue Factor	3.1	3.1	10	2%	98%	25%	-	75%	-
Si Collection	2.4	2.4	3	3%	97%	-	57%	34%	9%
Finint Revalue	2.1	1.7	31	44%	56%	-	-	100%	-
AXIS S.p.A.	1.9	1.9	90	73%	27%	-	65%	35%	-
Bayview Italia	1.9	1.7	71	89%	11%	1%	-	99%	-
Fbs Next	1.8	1.6	98	31%	69%	8%	1%	91%	-
Zenith Global Spa	1.7	1.5	67	69%	31%	-	-	-	100%
Axactor	1.6	1.3	7	-	100%	21%	79%	-	-
PARR Credit	1.1	0.1	3	10%	90%	0%	65%	13%	22%
Officine CST	1.1	0.6	11	-	100%	54%	0%	15%	31%
Spinbridge	1.0	1.0	1	-	100%	66%	-	34%	-
Banca Finint – Divisione Securitisation Services	1.0	0.7	3.457	91%	9%	-	46%	54%	-
BCMGlobal	0.8	0.6	526	100%	-	-	-	100%	-
Aquileia Capital Services	0.5	0.5	794	91%	9%	8%	71%	11%	10%
GMA S.r.l.	0.5	0.5	867	45%	55%	2%	-	98%	-
Certa Credita	0.5	0.4	1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
WIBITA	0.3	0.3	503	91%	9%	-	99%	1%	-

Source: PwC analysis on data provided by Servicers as of 31/12/2023; data have been directly provided by Servicers and have not been verified by PwC. Servicers present highly heterogeneous organizational, industrial and operating structures. Comparing the information presented above requires a correct analysis and understanding of the competitive landscape and servicers' business model.

1. Includes both owned and third parties' portfolios.
2. Includes €9.6bn of Unlikely to Pay captured from "market rumors and not directly provided by Prelios Credit Management.

Note: Double counting may arise when adding NPL AuM as some servicers outsource part of their portfolios to others due to capacity and/ or specialization issues.

Syracuse, Sicily

Table 13: Geographical NPL breakdown (data at 31/12/2023) – Ranking by Total Special Servicing AuM

Company	Total AuM[1] (€bn)	Total Bad Loans AuM[1] (€bn)	Special + Master Servicing		
			North[2]	Centre[3]	South - Islands[4]
doValue	68.0	65.9	42%	27%	32%
Intrum	38.2	36.2	n.a.	n.a.	n.a.
Cerved Credit Management	35.6	34.1	33%	47%	20%
AMCO	34.7	23.6	n.a.	n.a.	n.a.
Prelios Credit Servicing	28.7[5]	18.9	50%	25%	25%
IFIS Npl	22.2	22.1	37%	24%	39%
Gardant	19.6	17.7	55%	24%	22%
iQera Italia	16.2	14.9	37%	35%	28%
MB Credit Solutions	13.1	7.4	34%	32%	34%
Covisian Credit Management	12.8	8.9	34%	29%	37%
Crif	12.0	3.3	32%	33%	35%
Fire	11.1	7.2	32%	18%	50%
Europa Factor	11.0	11.0	32%	29%	39%
Guber	11.0	10.7	52%	27%	21%
Centotrenta Servicing	10.5	8.9	43%	27%	30%
AZ Info&collection	9.8	9.0	33%	19%	48%
Hoist Italia	9.7	9.5	22%	48%	31%
Advancing Trade	8.4	5.4	35%	11%	55%
ARECNeprix S.r.l.	8.1	5.4	41%	42%	17%
Credit Factor	6.3	6.2	30%	35%	35%
Link Financial	5.6	5.6	30%	33%	37%
Fides	5.3	1.0	31%	15%	55%
Phoenix Asset Management	5.0	5.0	53%	30%	17%
J-Invest	4.0	4.0	52%	27%	18%
Duepuntozero	3.1	3.1	17%	24%	59%
Blue Factor	3.1	3.1	28%	22%	50%
Si Collection	2.4	2.4	24%	42%	34%
Finint Revalue	2.1	1.7	50%	20%	30%
AXIS S.p.A.	1.9	1.9	47%	24%	28%
Bayview Italia	1.9	1.7	43%	27%	30%
Fbs Next	1.8	1.6	45%	25%	30%
Zenith Global Spa	1.7	1.5	54%	25%	21%
Axactor	1.6	1.3	44%	20%	36%
PARR Credit	1.1	0.1	36%	33%	31%
Officine CST	1.1	0.6	16%	20%	64%
Spinbridge	1.0	1.0	33%	32%	35%
Banca Finint – Divisione Securitisation Services	1.0	0.7	43%	34%	22%
BCMGlobal	0.8	0.6	18%	67%	15%
Aquileia Capital Services	0.5	0.5	81%	14%	5%
GMA S.r.l.	0.5	0.5	50%	20%	30%
Certa Credita	0.5	0.4	31%	38%	31%
WIBITA	0.3	0.3	66%	12%	22%

Source: PwC analysis on data provided by Servicers as of 31/12/2023; data have been directly provided by Servicers and have not been verified by PwC. Servicers present highly heterogeneous organizational, industrial and operating structures. Comparing the information presented above requires a correct analysis and understanding of the competitive landscape and servicers' business model.

1. Includes both owned and third parties' portfolios.
2. Includes Piemonte, Valle d'Aosta, Lombardia, Veneto, Trentino Aldo Adige, Friuli Venezia Giulia, Liguria, Emilia Romagna.
3. Includes Toscana, Umbria, Marche, Lazio.
4. Includes Abruzzo, Molise, Campania, Puglia, Basilicata, Calabria, Sicilia, Sardegna.
5. Includes €9.6bn of Unlikely to Pay captured from "market rumors and not directly provided by Prelios Credit Management.

Note: Double counting may arise when adding NPL AuM as some servicers outsource part of their portfolios to others due to capacity and/ or specialization issues.

Table 14: Geographical NPL breakdown (data at 31/12/2023) – Ranking by Total Special Servicing AuM

| Company | Special + Master Servicing | | | | | |
| | Secured | | | Unsecured | | |
	Judicial	Extrajudicial	Loan Sale	Judicial	Extrajudicial	Loan Sale
doValue	15%	81%	4%	9%	91%	1%
Intrum	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cerved Credit Management	13%	47%	40%	7%	57%	36%
AMCO	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Prelios Credit Servicing	58%	32%	9%	51%	37%	11%
IFIS Npl	32%	55%	13%	18%	78%	4%
Gardant	21%	59%	20%	13%	45%	41%
iQera Italia	68%	32%	-	42%	58%	-
MB Credit Solutions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Covisian Credit Management	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crif	48%	52%	-	14%	86%	-
Fire	55%	45%	-	53%	47%	-
Europa Factor	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Guber	56%	20%	24%	15%	70%	15%
Centotrenta Servicing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
AZ Info&collection	-	-	-	26%	74%	-
Hoist Italia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Advancing Trade	-	-	-	12%	88%	-
ARECNeprix S.r.l.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Credit Factor	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Link Financial	87%	13%	-	8%	92%	-
Fides	-	100%	-	1%	99%	-
Phoenix Asset Management	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
J-Invest	-	-	-	50%	8%	42%
Duepuntozero	10%	5%	85%	16%	12%	72%
Blue Factor	-	-	-	55%	45%	-
Si Collection	-	-	-	20%	80%	-
Finint Revalue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
AXIS S.p.A.	74%	26%	-	17%	83%	-
Bayview Italia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Fbs Next	8%	80%	12%	0%	15%	84%
Zenith Global Spa	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Axactor	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
PARR Credit	-	100%	-	-	100%	-
Officine CST	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Spinbridge	-	-	-	20%	80%	-
Banca Finint – Divisione Securitisation Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
BCMGlobal	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Aquileia Capital Services	1%	99%	0%	31%	14%	55%
GMA S.r.l.	90%	10%	-	-	-	100%
Certa Credita	-	-	-	-	100%	-
WIBITA	-	100%	-	-	-	-

Regulatory framework update

Key Message

The latest version of the Capital Requirement Regulation ("CRR3") has been approved and published on the Official Journal in June 2024. The CRR3 introduces many novelties for banks in terms of capital requirements and some important regulatory interventions in the NPL area, too.

Moreover, one of the main regulatory priorities remains the NPL secondary market, with the national transposition of the Secondary Market Directive currently under assessment by the Italian Government and the supervisory powers attributed to the Bank of Italy.

Assisi, Umbria

Basel IV approval

On 19th June 2024 the final version of the Regulation (EU) 2024/1623 amending Regulation (EU) No 575/2013 (also called "CRR3") was published on the Official Journal of the European Union.

Most of the novelties apply from 1st January 2025.

Key aspects of **CRR3** include:

- **Credit Risk:** Revisions to the standardised and IRB approaches for calculating credit risk for some exposure categories (e.g. immovable property financing, off-balance sheet exposures, etc.);
- **Operational Risk:** Revision of the standardised approach for operational risk applicable by all banks;

- **Market Risk:** Revised trading book boundary and adoption of the FRTB (postponed by one year);
- **Output Floor:** Introduction of an output floor to the risk-weighted assets calculated by internal models.

On the same date also Capital Requirements Directive ("**CRD6**") was published. The main novelties refer to:
- **Enhancement** of **powers** for **supervisors** to impose sanctions and corrective measures;
- **Stricter requirements** for **third-country banks** wishing to operate within the EU;
- **Integration** of **ESG risks** into governance structures and risk management processes.

Main CRR3 novelties related to NPLs

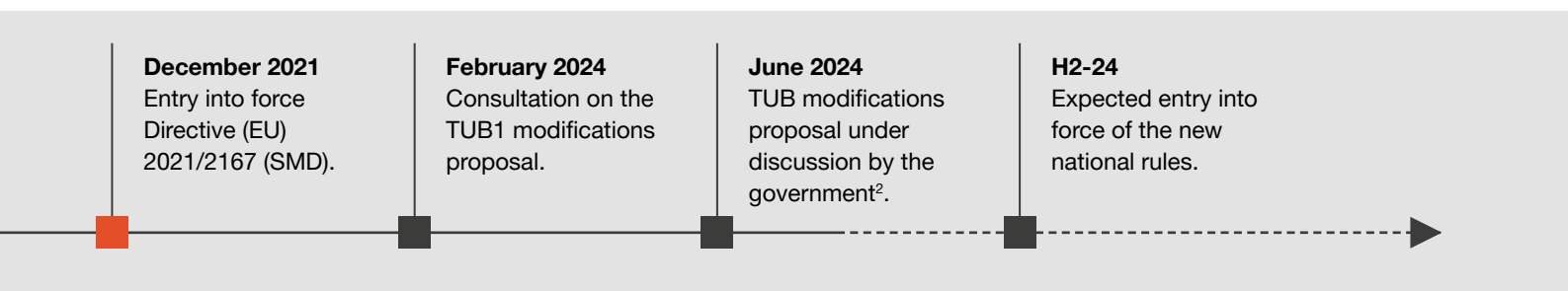|	
Specialized debt restructurers [art. 36]	• **Confirmed** the **derogation** to the **Prudential Backstop** for specialized debt restructurers, as anticipated in previous NPL reports. • Specialized debt restructurers that meet several requirements (e.g. in terms of type of assets, total balance sheet amount, restructuring activites, NSFR, etc.) can avoid applying Calendar Provisiong deductions.
Definition of default [art. 178]	• Mandate to EBA to issue, by 10 July 2025, **updated New Definition of Default guidelines**, in particular with the aim to grant a sufficient **flexibility** to institutions when specifying what constitutes a **diminished financial obligation**.
Massive disposals of NPLs [art. 500]	• **Extension** of the possibility to **offset** the **effect** on **LGD** of **massive disposals of NPLs** for disposals of defaulted exposures that will occur up to **31 December 2024**.
Securitization framework [art. 506d]	• Mandate to EBA and ESMA to report, by 31 December 2026, to the Commission on the **prudential treatment** of **securitisation** transactions with focus on the transitional arrangements and impacts of the **output floor**.

Secondary Market Directive ("SMD")

At European level, an Action Plan for the management of non-performing exposures ("NPEs") was defined.

Among several initiatives, the development of a more efficient secondary market is one of the key points. The Directive (EU) 2021/2167 (or SMD), aimed at fostering the NPL secondary market, has been approved at European level and it is now in process of the national transposition.

The European deadline was set in December 2023 but the approval process of the changes to the Italian law started in early 2024.

Regulatory Timeline

December 2021
Entry into force Directive (EU) 2021/2167 (SMD).

February 2024
Consultation on the TUB1 modifications proposal.

June 2024
TUB modifications proposal under discussion by the government[2].

H2-24
Expected entry into force of the new national rules.

Features of the national transposition currently under assessment

- **Perimeter limited** to **bad loans** (i.e. excluding Past Due and UTP) originated by banks and other entities qualified to grant loans (e.g. financial intermediaries ex art. 106 TUB).

- **Excluded** NPLs sold as part of **securitizations** and NPLs managed on behalf of banks, financial intermediaries or investment fund managers.

- **Purchasing** of **bad loans liberalized** for all individuals and legal entities that purchase them on a professional basis, but required that the **servicing** is provided by an **authorized entity**.

- **Authorization** and **supervision** of **credit servicer** provided by the **Bank of Italy**.

- **Credit servicer** (or bank / financial intermediary) also **responsible** for **the obligations of credit purchasers** (e.g. disclosure requirements, "Centrale Rischi" reporting).

- **Option** for the credit servicers to **hold funds** from **borrowers** in dedicated accounts that represent separate assets.

Attention and discussion points

Limited scope w.r.t. to the total amount of non-performing exposures (e.g. exclusion of past due and UTP and exclusion of non-banking credit positions like utilities).

Inclusion or exclusion of **positions underlying mono-tranche securitizations** still under analysis.

Players are required to **separate activities** related to **servicing** and **purchasing**, but detailed rules and limitations still to be defined.

1. Testo Unico Bancario (Decreto legislativo 1° settembre 1993, n. 385); 2) Consiglio dei Ministri n. 85 (10th June 2024).

Guidelines EBA on national lists or registers of credit servicer

The European Banking Authority (EBA) launched on 26th July 2023 a public consultation on its draft Guidelines on the establishment and maintenance of national lists or registers of credit servicers under Directive 2021/2167 (SMD). The consultation closed on 26th October 2023.

The final report published in March 2024 includes some minor changes based on comments received during the consultation phase.

Main novelties included in the final version of the EBA GL

The **general approach** and the **main information required** to set up and maintain the national list / register are the **same** proposed in the consultation phase. However, some **aspects** have been **further specified**, such as:

- The name of the credit servicer should always include the **legal form** (e.g. GmbH, Ltd, SARL) so that third parties can assess the liability position

- The date of authorization should be the **original date** when the credit servicer started its activities provided, not the date of the confirmation of the authorisation after the transposition of the SMD into national law

- For servicers that have **branches** in **host Member States** ("MS"), the competent authority must be notified with both contact details (i.e. the address of the credit servicer's head office or its registered office in the home MS as well as the address of the branch in the host MS)

- Competent authorities should make the **register available** for download, in the **national language** (and at least an official EU language customary in finance) and should include the **date** of the l**ast update**.

Illustrative not exhaustive

Summary of main contents of the Guidelines
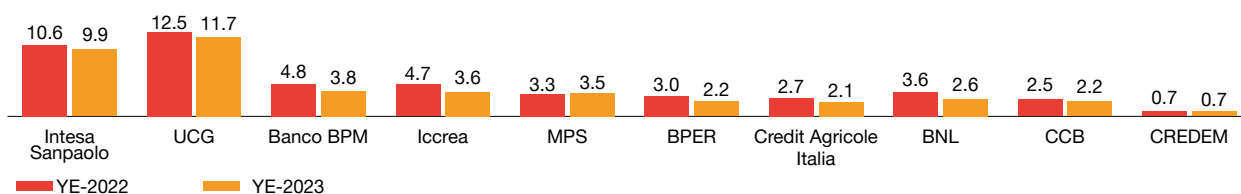
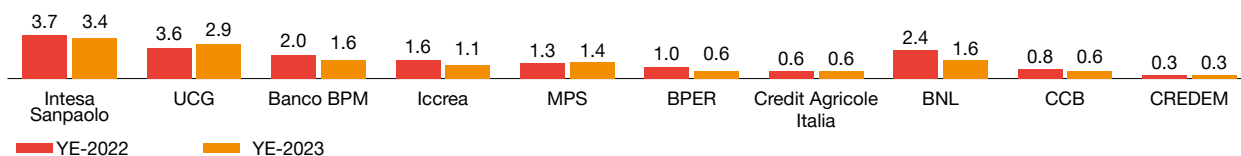| Features of the list / register	• Accessible on a continuous basis, free of charge and without registration needed • Updated at least once a week • Critical information updated within two working days
Most relevant information required	• Legal entity Identifier (LEI) • Legal name (including legal form of the company and commercial name if different) • National Unique Identification number assigned by the CA • Address of the head office • Contact details for submitting consumer complaints (At least one to be provided, multiple mentions possible: Email address, Web form, Post mailing address and Telephone number) • Authorization status to provide credit servicing activities and to receive and hold funds from borrowers • Home country where the servicer has been authorized • List of countries for which the servicer has notified the CA that it provides or intends to provide servicing activities • Date when the credit servicer is able to start providing services in the host Member State

Gross NPE (€bn)

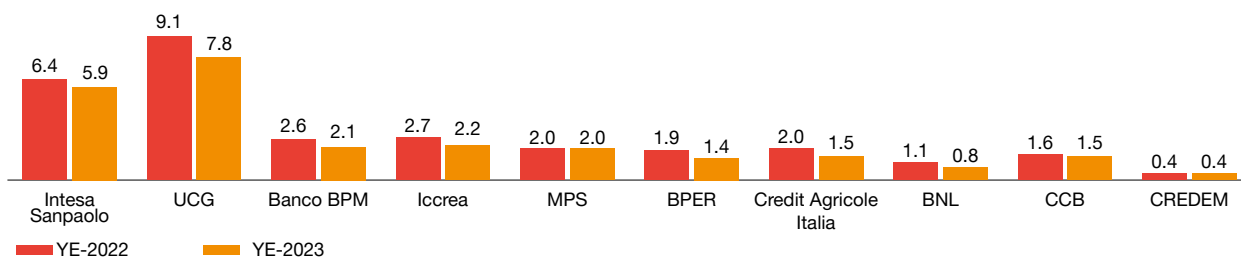|	Intesa Sanpaolo	UCG	Banco BPM	Iccrea	MPS	BPER	Credit Agricole Italia	BNL	CCB	CREDEM
YE-2022	10.6	12.5	4.8	4.7	3.3	3.0	2.7	3.6	2.5	0.7
YE-2023	9.9	11.7	3.8	3.6	3.5	2.2	2.1	2.6	2.2	0.7

Gross Bad Loans (€bn)

	Intesa Sanpaolo	UCG	Banco BPM	Iccrea	MPS	BPER	Credit Agricole Italia	BNL	CCB	CREDEM
YE-2022	3.7	3.6	2.0	1.6	1.3	1.0	0.6	2.4	0.8	0.3
YE-2023	3.4	2.9	1.6	1.1	1.4	0.6	0.6	1.6	0.6	0.3

Gross Unlikely to Pay (€bn)

	Intesa Sanpaolo	UCG	Banco BPM	Iccrea	MPS	BPER	Credit Agricole Italia	BNL	CCB	CREDEM
YE-2022	6.4	9.1	2.6	2.7	2.0	1.9	2.0	1.1	1.6	0.4
YE-2023	5.9	7.8	2.1	2.2	2.0	1.4	1.5	0.8	1.5	0.4

...

Net NPE (€bn)

Bank	YE-2022	YE-2023
Intesa Sanpaolo	5.5	5.0
UCG	6.5	6.2
Banco BPM	2.4	1.9
Iccrea	1.5	1.0
MPS	1.7	1.8
BPER	1.3	1.0
Credit Agricole Italia	1.2	1.1
BNL	1.9	0.9
CCB	0.5	0.3
CREDEM	0.3	0.3

■ YE-2022   ■ YE-2023

Net Bad Loans (€bn)

Bank	YE-2022	YE-2023
Intesa Sanpaolo	1.1	0.9
UCG	0.6	0.8
Banco BPM	0.7	0.6
Iccrea	0.3	0.1
MPS	0.5	0.4
BPER	0.2	0.2
Credit Agricole Italia	0.1	0.1
BNL	1.1	0.7
CCB	0.1	0.0
CREDEM	0.1	0.1

■ YE-2022   ■ YE-2023

Net Unlikely to Pay (€bn)

Bank	YE-2022	YE-2023
Intesa Sanpaolo	4.0	3.6
UCG	5.3	4.7
Banco BPM	1.6	1.2
Iccrea	1.0	0.7
MPS	1.2	1.2
BPER	1.0	0.7
Credit Agricole Italia	1.0	0.9
BNL	0.7	0.4
CCB	0.4	0.3
CREDEM	0.2	0.2

■ YE-2022   ■ YE-2023

...

Gross NPE ratio (%)

Bank	YE-2022	YE-2023
Intesa Sanpaolo	2.3	2.3
UCG	2.5	2.7
Banco BPM	4.2	3.5
Iccrea	4.9	3.9
MPS	3.6	5.4
BPER	3.2	2.4
Credit Agricole Italia	4.0	3.3
BNL	3.9	3.6
CCB	4.9	4.3
CREDEM	2.1	1.9

Gross Bad Loans ratio (%)

Bank	YE-2022	YE-2023
Intesa Sanpaolo	0.8	0.8
UCG	0.6	0.7
Banco BPM	1.8	1.5
Iccrea	1.7	1.1
MPS	1.7	1.7
BPER	1.0	0.7
Credit Agricole Italia	1.0	0.9
BNL	2.6	2.3
CCB	1.6	1.2
CREDEM	0.9	0.8

Gross Unlikely to Pay ratio (%)

Bank	YE-2022	YE-2023
Intesa Sanpaolo	1.4	1.3
UCG	1.9	1.8
Banco BPM	2.4	1.9
Iccrea	2.8	2.4
MPS	2.5	2.5
BPER	2.0	1.5
Credit Agricole Italia	3.0	2.3
BNL	1.2	1.1
CCB	3.2	2.9
CREDEM	1.1	1.0

...

Net NPE ratio (%)

	Intesa Sanpaolo	UCG	Banco BPM	Iccrea	MPS	BPER	Credit Agricole Italia	BNL	CCB	CREDEM
YE-2022	1.2	1.4	2.2	1.7	2.2	1.4	1.8	2.1	1.0	0.9
YE-2023	1.2	1.4	1.8	1.1	2.3	1.2	1.6	1.3	0.7	0.8

Net Bad Loans ratio (%)

	Intesa Sanpaolo	UCG	Banco BPM	Iccrea	MPS	BPER	Credit Agricole Italia	BNL	CCB	CREDEM
YE-2022	0.3	0.1	0.7	0.3	0.6	0.2	0.2	1.3	0.1	0.2
YE-2023	0.2	0.2	0.6	0.1	0.6	0.2	0.2	1.0	0.1	0.2

Net Unlikely to Pay ratio (%)

	Intesa Sanpaolo	UCG	Banco BPM	Iccrea	MPS	BPER	Credit Agricole Italia	BNL	CCB	CREDEM
YE-2022	0.9	1.2	1.4	1.1	1.6	1.0	1.6	0.7	0.7	0.6
YE-2023	0.8	1.1	1.1	0.8	1.6	0.8	1.4	0.6	0.5	0.5

...

NPE Coverage ratio (%)

Bank	YE-2022	YE-2023
Intesa Sanpaolo	48.4	49.8
UCG	48.2	47.3
Banco BPM	50.6	50.3
Iccrea	67.8	72.6
MPS	48.1	49.1
BPER	57.1	52.8
Credit Agricole Italia	56.5	50.8
BNL	47.3	64.5
CCB	81.8	84.8
CREDEM	56.0	59.8

Bad Loans Coverage ratio (%)

Bank	YE-2022	YE-2023
Intesa Sanpaolo	69.2	72.3
UCG	76.6	74.0
Banco BPM	64.8	60.9
Iccrea	82.3	90.7
MPS	65.1	68.1
BPER	77.0	73.0
Credit Agricole Italia	79.8	76.7
BNL	52.0	59.2
CCB	91.8	93.8
CREDEM	75.7	80.0

Unlikely to Pay Coverage ratio (%)

Bank	YE-2022	YE-2023
Intesa Sanpaolo	38.5	39.3
UCG	42.2	39.7
Banco BPM	40.3	43.2
Iccrea	64.4	68.8
MPS	37.5	37.6
BPER	49.0	47.4
Credit Agricole Italia	49.5	40.8
BNL	40.5	49.8
CCB	78.4	82.6
CREDEM	43.2	47.2

Urbino, Marche

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