

# NPL&REO in Brazil 2026

SPRING UPDATE

The Brazilian NPL sales market is expected to have accelerated in 2025, following challenging economic conditions, the sharp increase in defaulted credit and the diversification of issuers regarding portfolios for sale.

## Economy

The Brazilian economic growth cooled down from 3.4% in 2024 to 2.3% in 2025. This is the weakest GDP increase since 2020, mainly reflecting the negative impact of high interest rates (Selic at 15%) on household consumption.

3.4% (2024) ↓

**2.3%**

**GDP GROWTH 2025**  
SOURCE: IBGE

4.8% (2024) ↓

**4.3%**

**INFLATION RATE 2025 (IPCA)**  
SOURCE: IBGE

2.3% (2025) ↓

**1.8%**

**GDP GROWTH 2026 (FORECAST)**  
SOURCE: CENTRAL BANK OF BRAZIL

## Property Market

After surging by 23.0% in 2024, housing sales growth in Brazil slowed to 5.4% in 2025, totaling 426,260 dwellings. Price increases also eased, from 7.7% to 6.5%, a trend observed in São Paulo (from 6.6% to 4.6%), but not in Rio de Janeiro, where prices grew at a faster rate (from 3.1% to 5.2%). Despite economic challenges, prospects for 2026 are positive due to the expected interest rate cuts.

404,263 (2024) ↑

**426,260**

**DWELLINGS SOLD (2025)**  
SOURCE: CBIC

23.0% (2024) ↓

**5.4%**

**Y-O-Y VARIATION IN HOUSING SALES (2025)**  
SOURCE: CBIC

7.7% (2024) ↓

**6.5%**

**Y-O-Y HOUSING PRICE VARIATION (2025)**  
SOURCE: FIPEZAP

€1539/sqm (DEC. 2024) ↑

**€1,579/sqm**

**HOUSING AVERAGE SALES PRICE (DEC. 2025)**  
SOURCE: FIPEZAP

6.6% (2024) ↓

**4.6%**

**SÃO PAULO Y-O-Y HOUSING PRICE VARIATION (2025)**  
SOURCE: FIPEZAP

3.1% (2024) ↑

**5.2%**

**RIO DE JANEIRO Y-O-Y HOUSING PRICE VARIATION (2025)**  
SOURCE: FIPEZAP

## NPL Stock and Ratio

By the close of 2025, the Brazilian financial system recorded €47.2 billion in NPL, representing a sharp increase of 50.7% year-on-year. As expected, the majority of this stock — 77% — is concentrated in the household segment, where NPL expanded by 57.7% to approximately €36.4 billion. The remaining 23%, equivalent

€31.3bn (DEC. 2024) ↑

**€47.2bn**

**NPL STOCK IN NATIONAL FINANCIAL SYSTEM (DEC. 2025)**  
SOURCE: CENTRAL BANK OF BRAZIL

2.9% (DEC. 2024) ↑

**4.0%**

**NPL RATIO (DEC. 2025)**  
SOURCE: CENTRAL BANK OF BRAZIL

€66.4bn (DEC. 2024) ↑

**€85.1bn**

**VOLUME OF CONSUMER NPL (DEC. 2025)**  
SOURCE: SERASA

to €10.8 billion, corresponds to the corporate segment, in which NPL grew by 30.0%. Beyond the NPL registered within the financial system, consumer arrears in the non-financial sector also remain significant. As of December 2025, these reached €85.1 billion and impacted 81.2 million Brazilians. Both metrics increased compared to 2024, with the most pronounced rise occurring in the total outstanding debt value, which climbed by 28.2%. The overall NPL ratio closed 2025 at 4.0%, substantially higher than the 2.9% observed in December 2024 and marking the highest level since mid-2017. The ratio increased across both corporate and household portfolios, with a particularly strong deterioration in the latter.



74.0% (DEC. 2024) ↑

**77.0%**

**OF NPLS IN BRAZILIAN FINANCIAL SYSTEM**  
€36.4bn/+57.7% Y-O-Y  
SOURCE: CENTRAL BANK OF BRAZIL

3.5% (DEC. 2024) ↑

**5.0%**

**NPL RATIO IN THE HH**  
SOURCE: CENTRAL BANK OF BRAZIL



27.0% (DEC. 2024) ↓

**23.0%**

**OF NPLS IN BRAZILIAN FINANCIAL SYSTEM**  
€10.8bn/+30.0% Y-O-Y  
SOURCE: CENTRAL BANK OF BRAZIL

2.0% (DEC. 2024) ↑

**2.4%**

**NPL RATIO IN NFCS**  
SOURCE: CENTRAL BANK OF BRAZIL

## NPL Potential Deals

The volume of NPL in Brazil increased sharply in 2025, with the amount held in the national financial system rising by 51% compared to 2024, reaching €47.2 billion. This growth was largely driven by defaults in the household segment, which accounts for 77% of total NPLs and saw an annual increase of nearly 60%. A similar trend is observed in the non-financial sector, where the number of individuals in default rose by 10% in 2025, reaching a record 81.2 million Brazilians, while the total amount owed also increased sharply by 28%, standing at €85.1 billion as of December 2025.

These increases are substantially stronger than those recorded in 2023 and 2024, reflecting more challenging economic conditions, particularly rising interest rates. Based on these dynamics, it is reasonable to estimate that NPL transactions in Brazil could increase by around 10%, reaching a range between €6.0 billion and €6.6 billion in 2025, with the potential to accelerate further by 20%, up to €7.3 billion.

This growth in NPL sales naturally reflects the rising stock of defaults, especially in the household and consumer segments, but it also illustrates the ongoing diversification of the market. While the sale of distressed loan portfolios was previously concentrated among large banks, in recent years it has expanded to include mid-sized banks and non-bank institutions. This trend, which has already extended to retail, fintechs, digital banks, and cooperatives, is now gaining momentum in the education sector as well.

It is worth noting, however, that the initial expectation had been for an annual decline in transaction volume, following Central Bank Resolution 4,966, which changed the rules for provisioning of doubtful debts. Entering into effect in January 2025, this resolution aligns provisioning practices with international risk management standards. As a result, some banks temporarily held back portfolio sales while adjusting to the new rules. Nevertheless, the growing diversification of portfolio issuers has allowed NPL sales to continue growing, a trend expected to continue in 2026 amid high stock levels and the entrance of new market participants.

**€6-6.6bn**

**NPL SALES 2025**  
(ESTIMATED)  
SOURCE: PRIME YIELD