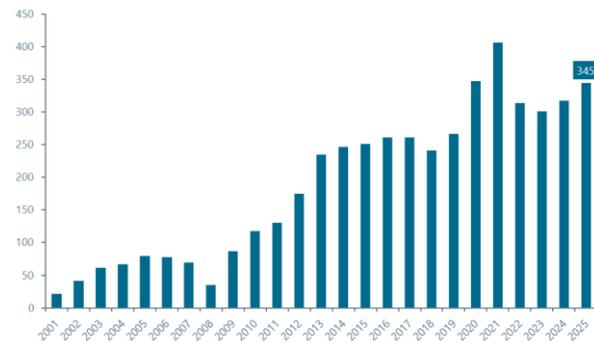


Record levels in the primary High Yield market

Primary market activity remained very strong in 2025, as issuances reached EUR125 billion, matching the record levels seen in 2021. The market was largely driven by refinancing, supported by favorable conditions that incentivized issuers to act proactively. BB-rated issuers led supply (55% of volumes), followed closely by B-rated borrowers (37% of volumes), confirming sustained investor demand across high yield market.

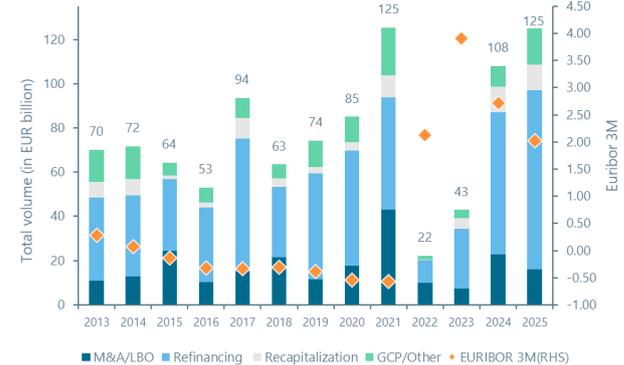
European High Yield - outstanding market size¹

In EUR billion



Evolution of High Yield issuances²

In EUR billion



Strong tailwind from technical factors

Technical dynamics were driven on the one hand by EUR 9.5 billion in inflows³, reflecting increased investor confidence in the market; and on the other hand, by limited net supply of EUR 14.5 billion, as most issuances were conducted as part of refinancing operations.

Market yields above historical average

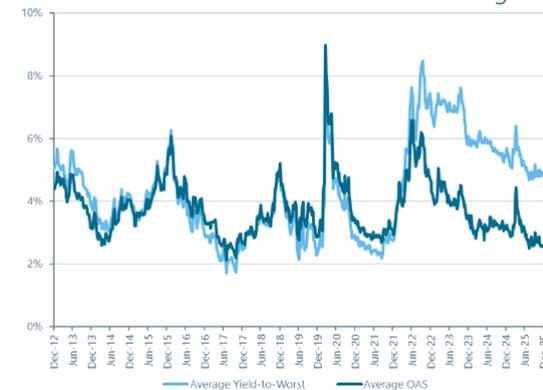
Yield conditions entering 2026 remain highly attractive.

The average yield to worst stood at 4.91% at the end of December 2025, still above long term averages despite tight spreads.

While spread spikes have been only temporary, overall credit fundamentals remain solid, supporting a constructive market backdrop.

Average YTW and OAS⁴

BBG Euro HY 3% Issuer Const. x Fin TR Unhedged EUR index



Contained default rates and higher recoveries

The default rate of the European High Yield market is expected to remain relatively stable, rising modestly from 3.2% at year end to 3.75% in 2026³.

Average European High Yield recovery rates have risen by 9 percentage points year on year, reaching approximately 62% due to a large proportion of restructured bonds being ranked senior secured and an increased use of distressed exchanges / amend-and-extend transactions.

Together these factors underpin a credit environment that appears still robust heading into 2026.

Sources : ¹⁾ Bloomberg, data based on Bloomberg Pan-European High Yield 2.5% as of 31.12.2025. ²⁾ PitchBook Data, Inc. data as of 31.12.2025. ³⁾ JP Morgan, data as at 31.12.2025. ⁴⁾ Bloomberg, data as of 26.12.2025.

2026 outlook

Issuance dynamic continues in 2026

The market continues to benefit from proactive refinancing ahead of the significant maturity wall expected in 2028-2029.

Issuers have strong incentives to refinance early, with early repayments providing an additional source of return for investors.

The constructive backdrop persists

Despite a slight erosion in results, financial indicators across the European high yield market remain solid. The European high yield market is relatively shielded from Trump's tariff policies, as many issuers have significant domestic operations (ex. the telecommunications sector accounting for 25% of the index). High-beta credits names continue to appeal investors to secure attractive carry.

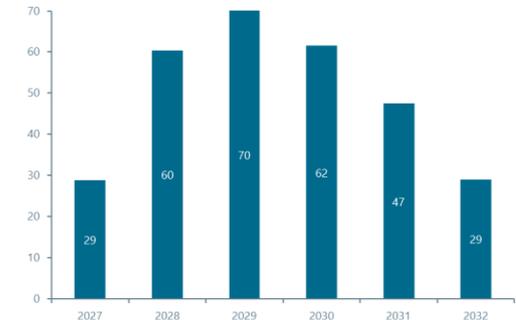
Opportunities remain on attractive coupon levels and on cash prices of distressed bonds

Selective opportunities continue to persist in distressed bonds. Cash prices on these instruments remain close to S&P recovery levels, helping limit downside risk in the event of default.

High coupons continue to increase carry returns.

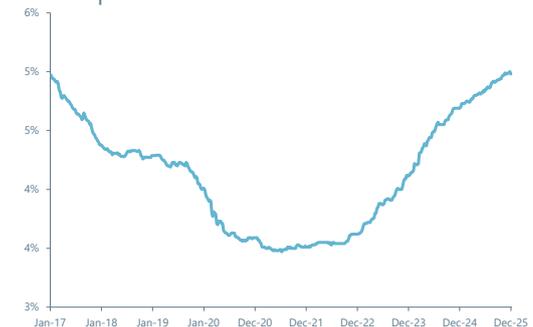
High Yield bond redemptions per maturity⁵

In EUR billion



High Yield weighted average coupon⁶

In % of par



Sources : ⁵ Bloomberg, data based on Bloomberg Euro HY 3% Issuer Constraint x Fin TR Unhedged EUR Index as of 31.12.2025.

⁶ PitchBook Data, Inc. data as at 25.12.2025.

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