

PRESS RELEASE

Credit: soundness of Italian households confirmed also in the face of the crisis

Low incidence of new doubtful loans pertaining to borrowers. Overview of the second edition of the "Report on the financial situation of Italian households"

Italian banks ever heedful of all the possible fronts of lending fragility and vulnerability of Italian households which however, despite the period of weakness in the economic cycle, confirm a positive ability to hold out on the financial front. This is the concise overview contained in the second edition of the *"Quarterly report – indicators of indebtedness, vulnerability and financial pathology of Italian households"*, drawn up by ABI in collaboration with the Department of Employment and Social Policies.

The Report represents a new quarterly monitoring instrument which, in light of the consequences of the 2008-2009 macro-economic shock, will make it possible to keep household borrowing under strict observation within an unfavourable economic context. The analysis reviewed an ample set of indicators capable of pointing out the state of the financial conditions of households such as: indebtedness indicators, vulnerability, financial pathology, credit supply and demand.

The July 2010 Report reveals how home loans continue to rise at fairly sustained rates since they are aided, on the one hand, by the effect of the fixing of the prices of properties following the crisis and, on the other hand, the low level of the interest rates. In March 2010, loans for purchasing homes rose by around 8% (+ 4.5% in March 2009).

Alongside this, the level of indebtedness of households remains contained, also with respect to the international comparison, thanks in part to the low profile of the interest rates which did not lead to additional financial charges, such that the ratio between the average rate on home mortgage loans and income remained more or less unchanged. In fact, in March 2010, according to the most recent figures available, all the rates absorbed 4.3% of income, an essentially stable incidence with respect to the experience of the last year but lower by more than 2.5 percentage points with respect to mid 2008. Furthermore, the incidence of the new doubtful loans of the "household creditor" was contained overall at 1.3-1.4% of the total disbursed.

Among the vulnerability indicators, the index of accessibility to homes was taken into consideration, which, established by the ABI research centre on the basis of international method practices and estimates on Area Agency, ISTAT and Bank of Italy figures, makes it possible to gauge the contribution of bank credit as well as the level of income and the performance of the property market, to the possibility of purchasing a house. With regard to this latter indicator, it is pointed out that in the last year and a half a progressive improvement has been underway, and therefore a greater possibility of being able to purchase a home exists: the affordability index in fact shows that in March the payment which the average household had to pay to purchase their home was just over 20% of their disposable income (21.4%), therefore this asset remains largely accessible for the average household thanks mainly to the low level of the rates.