

PRESS RELEASE

**Credit: ABI, despite the current difficult economic environment, Italian families have proven to be reliable and virtuous**

*Banks provide enhanced support to households, despite the current difficult economic environment (+4.1% but on the decline with respect to previous years). Non-performing loans are still under control, which confirms banks' prudent approach in granting loans.*

*There is an increasing number of projects aimed at facilitating access to credit with respect to families in need: 7 billion euros has already been raised through partnership agreements signed with the public administration.*

*Loan portability is running at full speed: 34,000 transactions and 190,000 mortgage renegotiations have been performed in a year.*

No problems have arisen with respect to the relationship between Italian households and credit, both in terms of excessive indebtedness and in terms of the risk associated with existing loans. Non-performing loans are still under control, and, despite the current difficult economic environment, banks continue to support households, by making significant funds available and by providing a wide range of products; however, banks carry out a strict assessment of the borrower's ability to repay the loan, in line with the ongoing economic downturn. This is the picture that was presented at the "2009 Retail Credit" Conference organized by ABI in collaboration with Assofin that was held today in Rome.

Despite a decreasing trend in loans to households, due to the current global economic environment, from March 2008 to April 2009 there has been a 4.1% increase in these loans, which currently amount to 375 billion euros. Therefore, the importance of the household segment, representing 30% of total loans granted by the banking sector, is confirmed. For what concerns the main types of loans granted, real estate mortgages, accounting for 49.9%, take the 'lion's share', followed by targeted loans, accounting for 9%, and personal loans, 7.3%. Loans backed by one fifth of the salary/pension (1.5%) and revolving credit cards (3.2%) are only marginal.

However, despite the significant funds made available by banks, the Italian credit market growth, with respect to loans to households, still lags behind the major EU countries. At the end of 2008, in Italy the overall household debt level was nearly 60% of available income, lower than the Euro Area average (93%), as well as that of Spain (130%), Germany (90%), France and Belgium (80%).

Nonetheless, as mentioned above, no problems have arisen, with respect to Italian households, in terms of excessive indebtedness. The figure pertaining to non-performing loans has actually halved over the past 7 years, falling from 5.3% to 2.47%.

In this sense, Italian banks – with respect to US banks – have adopted a prudent approach, by only granting loans to creditworthy customers, thereby helping to maintain a stable economy, which is key.

**2009 household credit**

**Loans to households in Italy**

2000	176,358
2001	190,138
2002	210,157
2003	232,920
2004	268,572
2005	305,570
2006	337,663
2007	366,898
2008	371,400
apr-09	374,900

50,000 – 100,000 – 150,000 – 200,000 – 250,000 – 300,000 – 350,000 – 400,000  
Million euros

Source: Bank of Italy data processed by ABI

## 2009 household credit

### Non-performing loans with respect to loans to households

#### Trend in the non-performing loan ratio with respect to loans to households

0% - 1% - 2% - 3% - 4% - 5% - 6%

II Sem 2001 5.30%

I Sem 2002 5.20%

II Sem 2002 5.10%

I Sem 2003 5%

II Sem 2003 4.70%

I Sem 2004 4.50%

II Sem 2004 4.30%

I Sem 2005 4%

II Sem 2005 3.20%

I Sem 2006 3.10%

II Sem 2006 3%

I Sem 2007 3%

II Sem 2007 2.96%

I Sem 2008 2.84%

II Sem 2008 2.47%

Source: Bank of Italy data processed by ABI

Over the past year, banks have been strongly committed to enhancing cooperation with the institutions and to implementing self-regulation initiatives aimed at supporting their customers in these difficult economic times. Their main goals are the following: facilitating access to credit, especially with respect to certain types of customers; enhancing transparency in the bank-customer relationship; supporting families in repaying their loans at times of crisis (market rate volatility, risk of losing one's job, etc.).

In detail:

- ABI's loan portability procedure, which was implemented a year ago, is now running at full speed, and 34,000 transactions have already been performed. In addition, in order to support families in need who have a mortgage, 190,000 mortgage renegotiation transactions, aimed at reviewing the original terms and conditions of mortgage contracts in order to meet families' needs, were performed (with respect to renegotiations agreed upon by banks and their customers on a voluntary basis as well as those performed in accordance with the agreements signed between ABI and the Italian Ministry of Economy and Finance).

- projects and initiatives in partnership with (national and regional) public administrations have been undertaken to facilitate access to credit with respect to specific customer categories. Specifically, at a regional and local level, over 7 billion euros of funding has been made available to families, of which more than two thirds by banks. The issue pertaining to setting up guarantee funds aimed at facilitating access to credit with respect to students and low-income young couples, also envisaging an interest rate ceiling, is currently under discussion with the Italian Minister of Youth. Lastly, a guarantee fund aimed at facilitating access to credit with respect to families with newborns, envisaging special terms, is in the process of being implemented together with Carlo Giovanardi, Vice Minister for Family Affairs, Presidency of the Italian Council of Ministers.

- the ABI-CEI agreement provides for loans being granted, by using a guarantee fund which will be set up by CEI, to large families or those in which there is a member with an illness or disability, having no income but wishing to find a job or start up a business. This 30 million euro guarantee fund, which may be further increased through contributions, will be managed by a leading national bank; guarantees will be granted on the basis of a multiplier equal to 3 - 10 times with respect the Fund's assets. The above-mentioned multiplier will be equal to 3 in the first three years after the Fund was set up. This guarantee covers up to 50% of the loan (in terms of principal and interests). In other words, up to 180 million euros of funding (with a 50% guarantee) may be granted in the first three years, and this amount may even increase in the future.

Rome, Palazzo Altieri, 23 June 2009