

PRESS RELEASE

Banks: ABI, an agreement on funding aimed at bolstering SMEs was signed

ABI and other members of the Bank-Enterprise Task Force signed a Joint Advice in Milan in the presence of Italian Minister Giulio Tremonti; the Advice aims to suspend mortgage payments

ABI and other members of the Bank-Enterprise Task Force signed a joint advice today in Milan. The parties agreed that measures must be taken in order to favor small and medium-sized businesses that temporarily find themselves in distress due to the recent financial crisis. Specifically, they agreed to: suspend the payment of the amount of principal due by SMEs to banks with which they have a mortgage; and take measures aimed at improving the capitalization of companies.

Specifically, the Joint Advice sets out the following measures:

- suspend for 12 months mortgage payments (with respect to the amount of principal due);
- suspend for 12 or 6 months “immovable” and “movable” property lease payments, respectively (with respect to the amount of principal due);
- extend short-term loan due dates by 270 days, to help companies meet their liquidity requirements with respect to advances on receivables;
- help small and medium-sized businesses increase their capital, by making specific funding available or by taking other measures aimed at supporting companies that increase their capital.

Specifically, the Advice sets out that:

- companies having medium and long-term bank loans (mortgages) and financial leases when the Advice was signed are eligible to apply for payment suspension. Installments must be due in, or not overdue by more than, 180 days after the day the application was submitted (and must have not yet or only partially been paid);
- the following companies are eligible to apply for payment suspension: companies only having “performing” loans as of September 30, 2008 and not having any “rescheduled” or “non-performing” loans or pending enforcement procedures when they submitted their application for payment suspension or extension with respect to advances on receivables;
- if a company is classified as “performing” and has no overdue payments when the application is submitted, its application is to be considered approved by banks participating in the Advice, unless they expressly reject it and provide a reason for rejecting it;
- if a company’s application for suspension of mortgage payments is approved, the loan repayment period will be extended by the same term. Interest on the amount of suspended principal shall be paid on the original due dates.
- applications must be submitted by June 30, 2010. The Advice shall apply to transactions having the terms and conditions illustrated above or providing those that are more favorable for bank customers.

No additional costs will be incurred by companies, apart from interest calculated on the basis of the original agreement, and no further guarantees will be required.

ABI is extremely pleased that an agreement was reached on the issue. This is one of the many agreements that have been signed between ABI, companies and institutions over the past few months; it aims to help the economy tackle and emerge from the crisis. ABI confirms the banking system's commitment to working together and addressing the economic recovery' challenges, in an environment in which the recession is likely to have significant repercussions on the banking sector. Moreover, ABI calls for action to be taken as soon as possible in order to improve the corporate tax regime and reduce Italian companies' competitive disadvantage with respect to their major European competitors.

Milan, 3 August 2009

MORTGAGE PAYMENT SUSPENSION – EXAMPLE

Companies eligible to apply for the suspension of payment of the amount of principal due for a year with respect to mortgages and leases (and for extending the duration of advances on receivables)

Companies

1. Falling within certain “business size parameters”

Companies having less than 250 employees and a turnover less than 50 million euros (or whose total assets are less than 43 million euros)

and

2. Having good business prospects and whose ability to continue as a going concern can be proved

3. Companies:

- classified as “performing” by their banks as of 30 September 2008, i.e. not having any non-performing, substandard and rescheduled loans, performing and/or non-performing overdrafts

and

- not having any rescheduled or non-performing loans or pending enforcement procedures when the application is submitted

and

4. Whose mortgage installments are due in, or overdue by (and have not yet or only partially been paid) no more than, 180 days after the day the application was submitted,

are eligible to submit their application to their banks.

If a company meets these criteria and its bank participates in the abovementioned Joint Advice,

- **the bank will initiate an assessment**, and is required to provide a response within 30 working days after the day the application was submitted, together with the requested information.

There are various options:

a) if a company is still classified as “performing” and has no overdue payments when the application is submitted, the application is to be considered approved by banks participating in the Advice, unless they expressly reject it and provide a reason for rejecting it.

or

b) if a company has no “rescheduled” or “non-performing” loans when the application is submitted, but its payments have lapsed by no more than 180 days, its application will

be carefully assessed by the bank in order to verify whether the conditions exist indicating that the business is a going concern.

Obviously, if a company has “substandard” loans, approving its application becomes extremely complicated, as it does not meet the requirements of “performing” loans.

ADVANCES ON RECEIVABLES

EXTENDED DURATION OF ADVANCES ON RECEIVABLES BY 270 DAYS

180 days (original duration) + 90 days (extended duration) = 270 days

t t+180 t+90

Rate: 5%

Duration: 10 years

Original repayment plan

| Installment (number) | Installment (euros) | Installment residual € 100,000 | debt interest (euros) | principal (euros) |
|-------------------------|------------------------|-----------------------------------|--------------------------|----------------------|
| 1 | 12,950 | 92,050 | 5,000 | 7,950 |
| 2 | 12,950 | 83,702 | 4,602 | 8,348 |
| 3 | 12,950 | 74,936 | 4,185 | 8,765 |
| 4 | 12,950 | 65,733 | 3,747 | 9,204 |
| 5 | 12,950 | 56,069 | 3,287 | 9,664 |
| 6 | 12,950 | 45,922 | 2,803 | 10,147 |
| 7 | 12,950 | 35,267 | 2,296 | 10,654 |
| 8 | 12,950 | 24,080 | 1,763 | 11,187 |
| 9 | 12,950 | 12,334 | 1,204 | 11,746 |
| 10 | 12,950 | - | 617 | 12,334 |