

PRESS RELEASE

**Banks: ABI, the covered bond market makes access to credit easier for households and businesses**

*Third international conference on covered bonds and securitisation: more opportunities to borrow money at favorable conditions. Mr. Sabatini stated that covered bonds and securitisation must be made more efficient in order to favor banks and customers.*

Italian banks aim to consolidate the covered bond market, so as to make access to credit easier for households and businesses. This is a key fund-raising tool, as it enables banks to raise medium-to-long term funds at low cost and, therefore, to grant a continuous flow of funds to the private sector at favorable conditions. These are the results of the “Covered bonds and securitisation” Conference, organized by ABI together with the European Securitisation Forum (ESF), which was held today in Rome.

Giovanni Sabatini, General Manager of ABI, highlighted the “need to strengthen this market segment and make it more efficient. This would enable Italian banks to diversify fund-raising tools and cut costs, in order to offer loans that increasingly meet customer expectations”.

Financial markets are starting to show some positive signs of recovery in this segment, mostly thanks to the effective regulations implemented in 2007. The leading banking groups launched covered bond issuance programs. According to initial estimates, the covered bond market, at full speed, could produce a transaction volume of 200 billion euros.

Banks’ fund-raising costs are expected to decrease, which would lead to growth in the mortgage segment, an increase in public works funding and enhanced competitiveness of Italian banks with respect to their European competitors, which have been operating in this sector for many years. This would also deliver benefits to consumers: specifically regarding long-term borrowing opportunities and more favorable conditions.

Securitisation, instead, is still having difficulty in recovering; this is why a joint commitment between the banking system and the different national and European supervisory authorities is needed. This fund-raising tool is key to banks and the economy in general. Results show that securitisation in the US has produced, over the years, an increase in the amount of lending available and a decrease in borrowing costs. Specifically, according to initial estimates, a 10% increase in securitisation would produce a 64 basis point decrease in interest rates, depending on the loans’ specific features.

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