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Vedi allegato.

PRESS RELEASE

ABI-Cerved Outlook: bad loans of Italian businesses dropped in 2016, and the South is the riskiest area

Fourth edition of the monitor on new non-performing loans of Italian businesses presented today

Rome, January 11th, 2017 – **Today, ABI and Cerved present the results of their Outlook devoted to the new bad loans of the Italian businesses. The Outlook estimates and forecasts the rates of new bad loans owed by non-financial companies, with breakdowns by company size. The Outlook illustrates how for the first year since the long recession, bad loans decreased across all sectors of the economy and all areas of the country in 2016. The only exception is Southern Italy, where bad loans remained at 2015 levels. For the next two years, widespread improvements are projected in all sectors and geographical areas, with narrowing gaps between the riskiest and least risky sectors and areas. By 2018, bad loans among SMEs will have returned to near the pre-crisis level.**

The figures analysed by ABI and Cerved show a sharp decline in new bad loans in the first half of 2016. Between January and June, banks reclassified €12 billion in loans as 'bad', 18% less than the €15 billion in the first half of 2015. The overall new bad loan rate in June 2016 was 3.9% (by loan amount), a sharp decrease from the 4.4% a year before and the 4.8% end-of-2013 peak. By number of bad loans, the rate was 3.8%, down one-tenth of a percentage point from a year ago.

This improvement is projected to have sped up in the second half of 2016, with the new bad loan rate by number of loans falling to 3.6% at the end of 2016. For the first year since the long economic crisis began, all economic sectors showed improvements, although the same cannot be said in terms of **geographical areas**: in **Southern Italy** the rate is estimated at 5.2%, the same as a year ago, while there were year-on-year decreases of two to three tenths of a percentage point in the other parts of the country – from 4.3% to 4.1% in the **Centre**, from 3.2% to 2.9% in **North-West**, and from 3% to 2.6% in **the North-East, the part of Italy where credit risk is lowest.**

By economic sector, the analyses carried out by ABI and Cerved show that in **manufacturing**, the positive trend that began in 2014 has continued: the rate is expected to have reached 2.8%, down three-tenths of a percentage point from 2015. Among **construction** companies, the new bad loan rate decreased more moderately, from 5.9% in 2014 to 5.8% in 2015 and to an estimated 5.7% at the end of 2016, three times the 1.8% figure recorded just prior to the crisis. In the **service** sector, the improving trend that started in 2014 is speeding up, with the estimated 2016 new bad loan rate at 3.3%, two-tenths of a point lower than a year before.

ABI-Cerved models, based on a **scenario** where Italy's GDP is expected to grow by 0.9% in 2017 and by 1.2% in 2018, estimate that the **new bad loan rate among non-financial company borrowers fell to 3.6% in 2016 and will continue to fall to 3% in 2017 and then to 2.5% in 2018**. Decreases will be more pronounced for riskier segments (micro-businesses, the construction sector and southern companies), to reduce the risk gap, although they will still have well above-average rates. ABI and Cerved estimate that **by the end of 2018, bad loans among medium and large industrial companies will be almost as low as before the crisis**.

Giovanni Sabatini, General Director of ABI, stated: "The current downward trend in the flow of new bad loans is on solid footing and, with the economy recovering, we can expect to see even faster improvements in credit quality over the next few years. Lower credit risk is closely connected with a recovery in the lending cycle. At this stage, those three elements – economic growth, risk reduction and lending recovery – all seem to be developing positively."

Marco Nespolo, CEO of Cerved, commented: "In the last few months, the flow of loans that banks have had to reclassify as past due or as likely defaults has been shrinking rapidly, returning to levels close to those seen before the crisis. This, along with a more solid financial situation among businesses on the whole, suggests that in the coming months there will be an even more marked improvement in new bad loans, a figure that reacts slowly to improving economic conditions. So we finally have some good news for our credit market, especially in light of recent NPL disposal deals, which indicate that the NPL market is finally taking off."

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