

Italian Corporates Are Turning To The Capital Markets Amid Weak Credit Conditions

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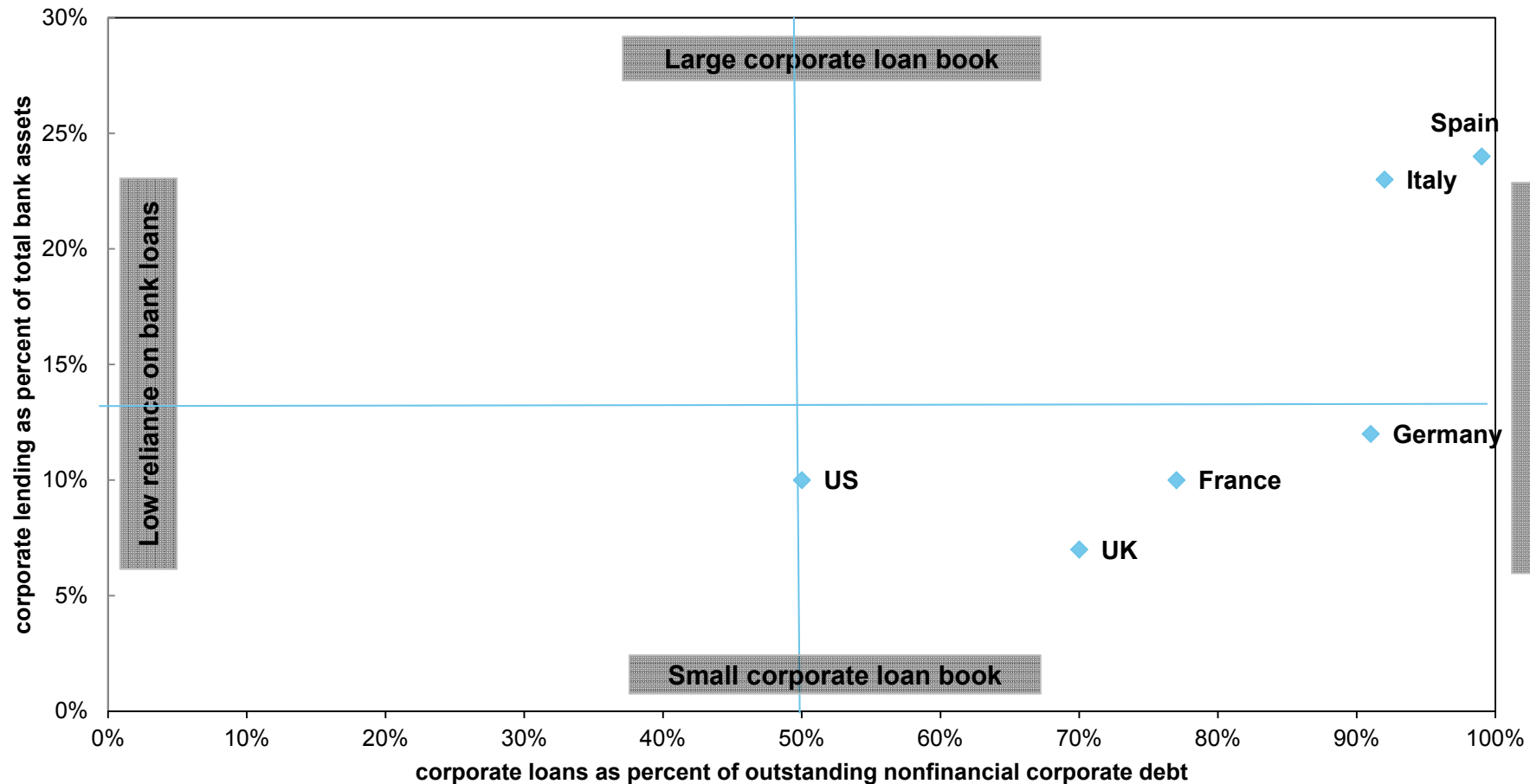


Agenda

- **Italian Corporate Funding: A Slow But Seismic Shift Toward The Capital Markets**
- **Italian Corporate Are Copying With Recession**
- **Questions & Answers**

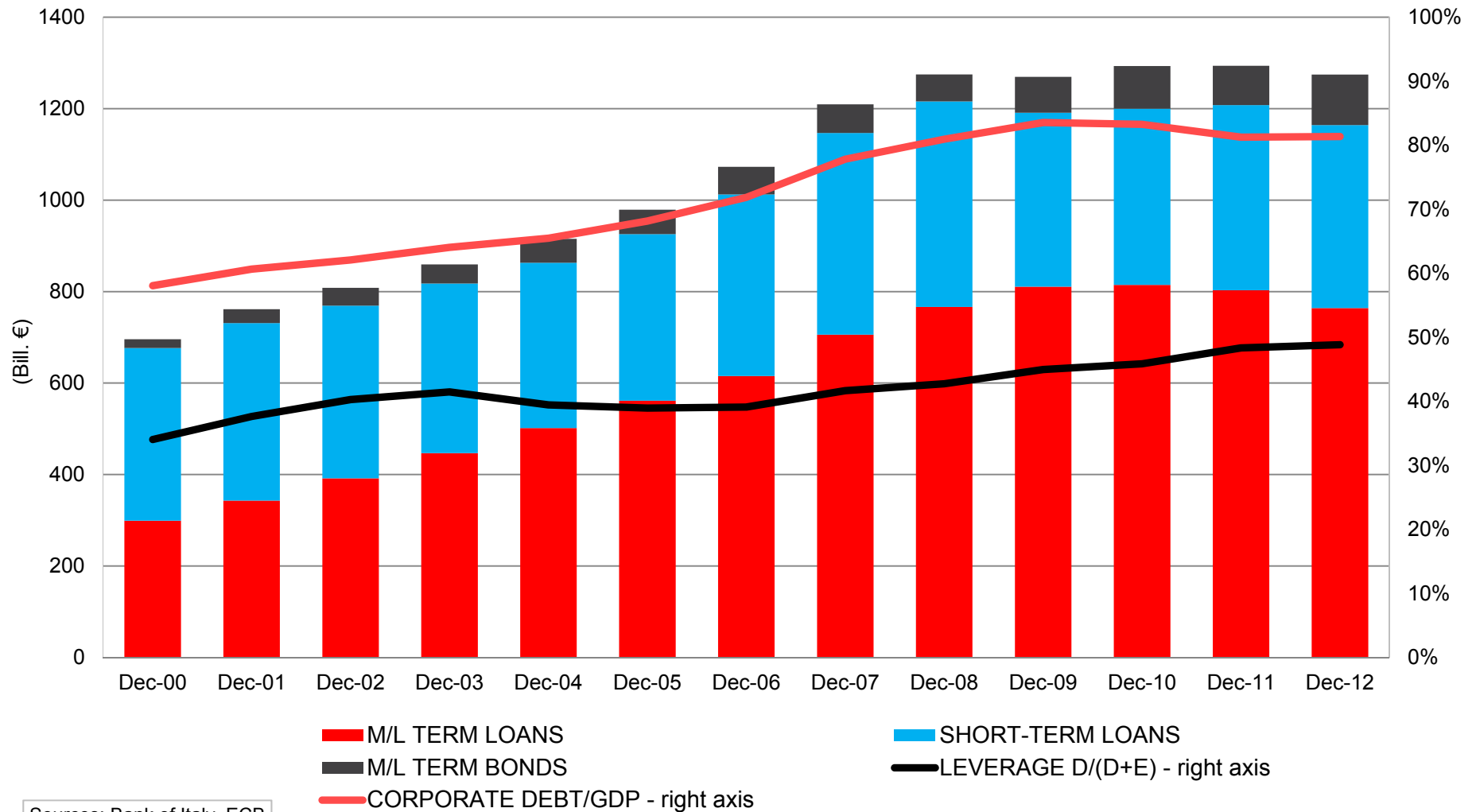
Italian Corporate Funding: A Slow But Seismic Shift Toward The Capital Markets

Italy: Banks Play A Pivotal Role In Providing Funding to Corporate



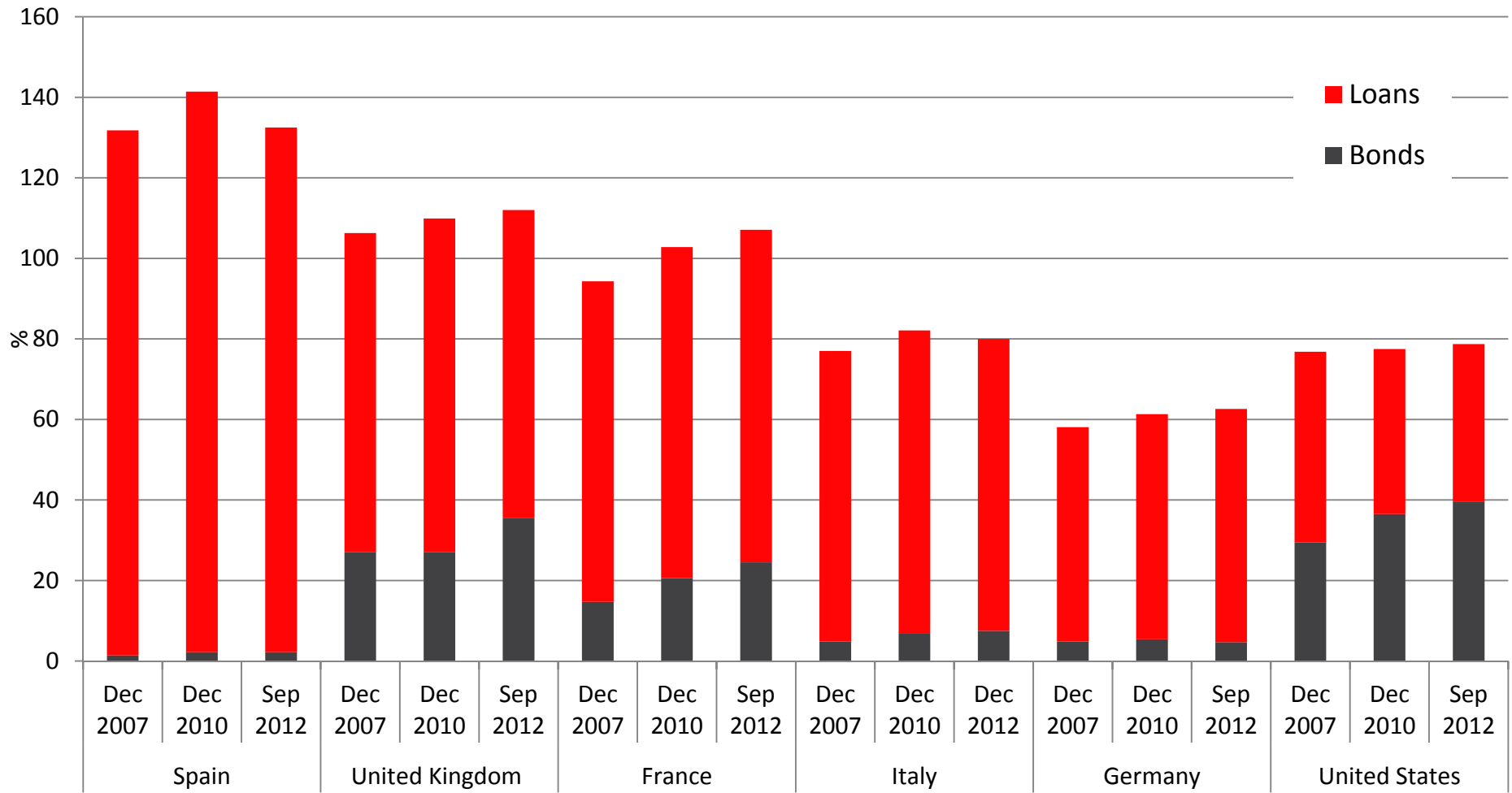
Sources: Federal Reserve; ECB; IMF

Italy: Corporate Funding Structure In 2000-2012



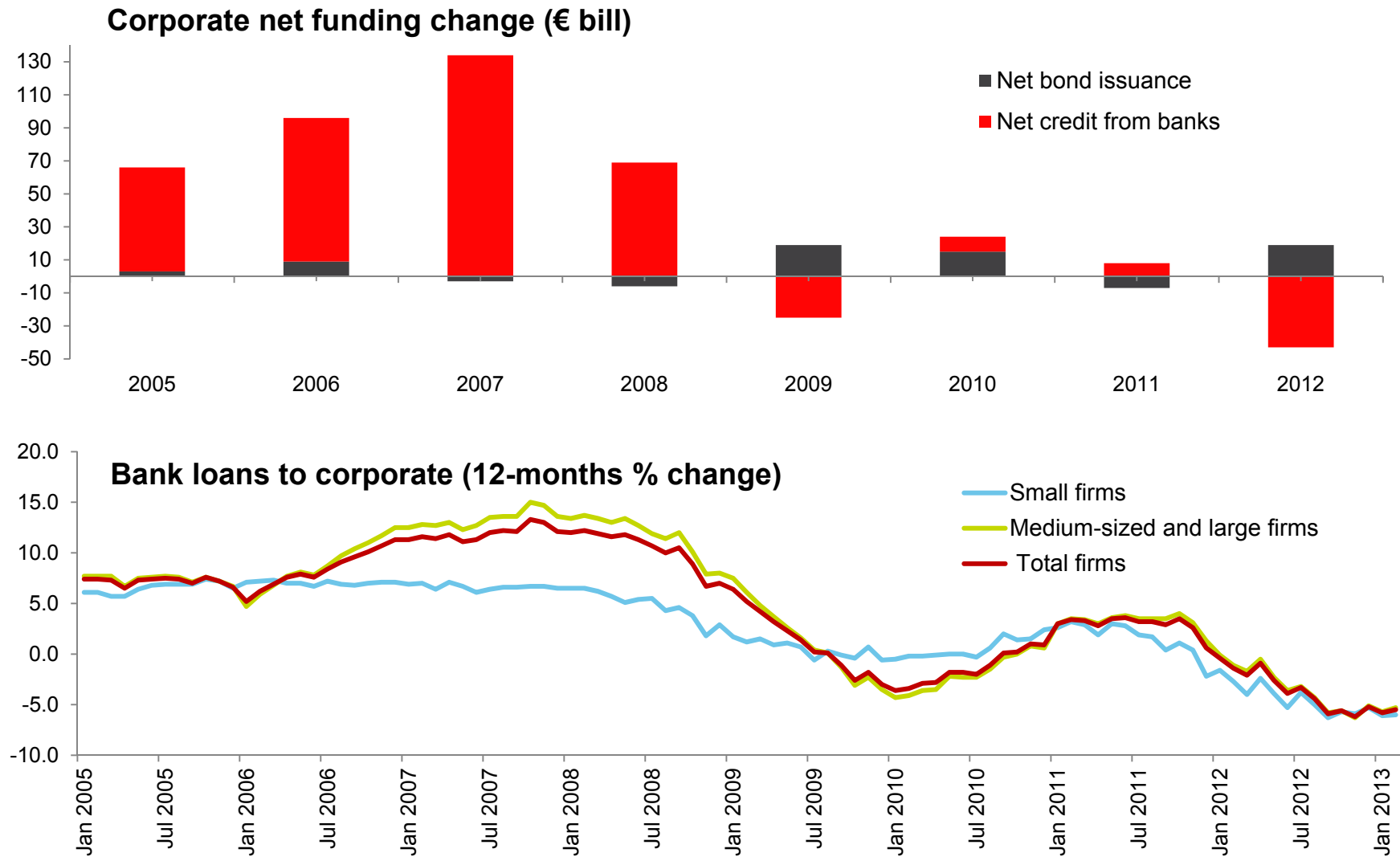
Sources: Bank of Italy, ECB

Corporate Debt As % Of GDP For Selected Countries (2007-2012)



Sources: ECB; Federal Reserve

Italian Corporate Net Funding Marks A Credit Crunch In 2012

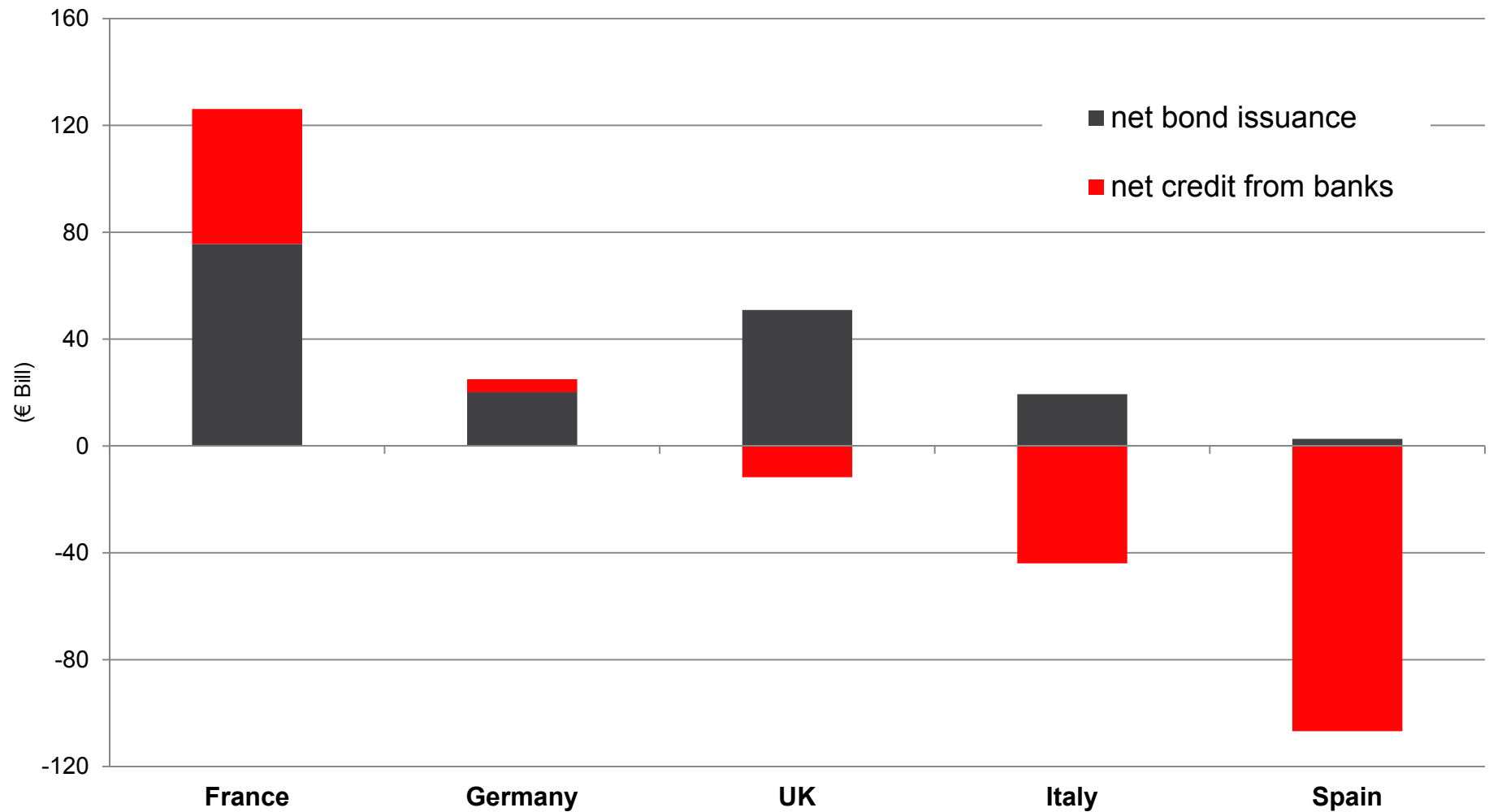


Source: Bank of Italy, ECB

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Corporate Net Funding In 2012 In Europe: A Mixed Picture



Source: ECB

Some Factors Could Foster a Long-Lasting Disintermediation Phase

Italian Banks Deleveraging

Historically low interest rates

Credit spread on loans repriced

Change in corporate and tax legislation

Some Snags Could Hinder Corporate Bond Market Development

Trend of domestic economy



Return of instability in financial markets



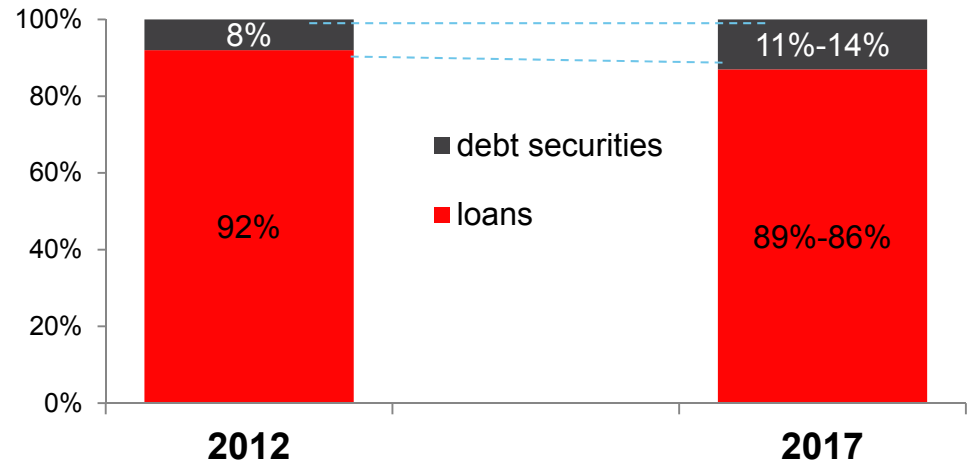
Stance of domestic investors



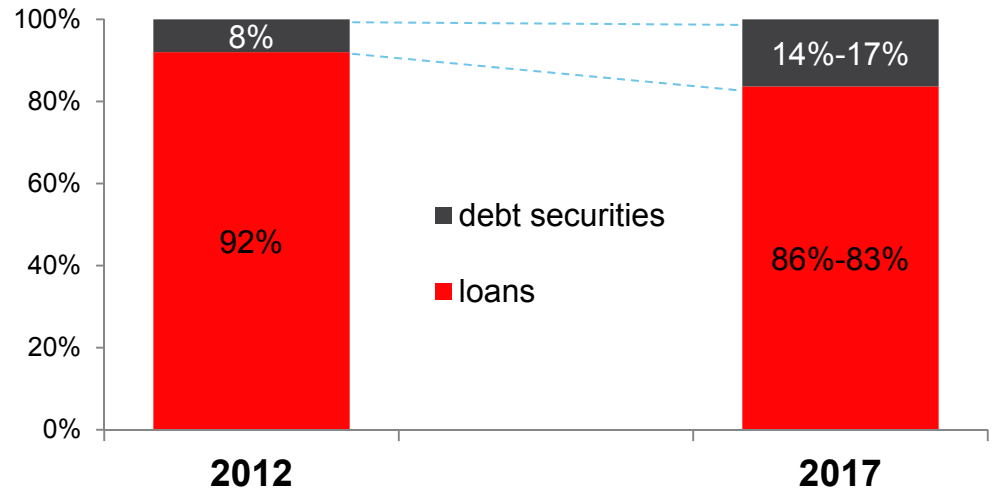
Public versus private placement market

Italian Corporate Bond Market Growth Rests On Economic Recovery

Scenario with 0-1% domestic economic growth

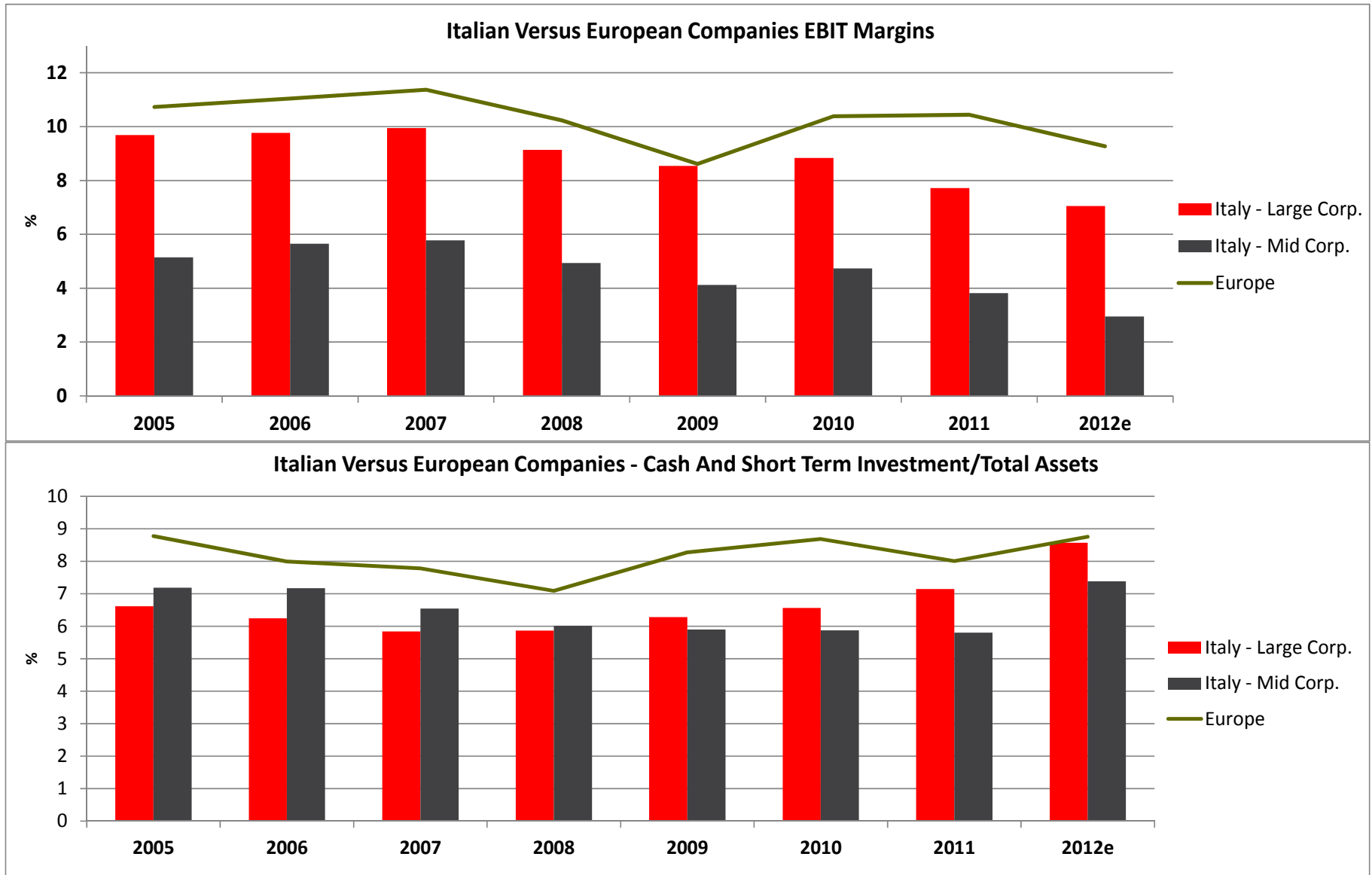


Scenario with 1-3% domestic economic growth



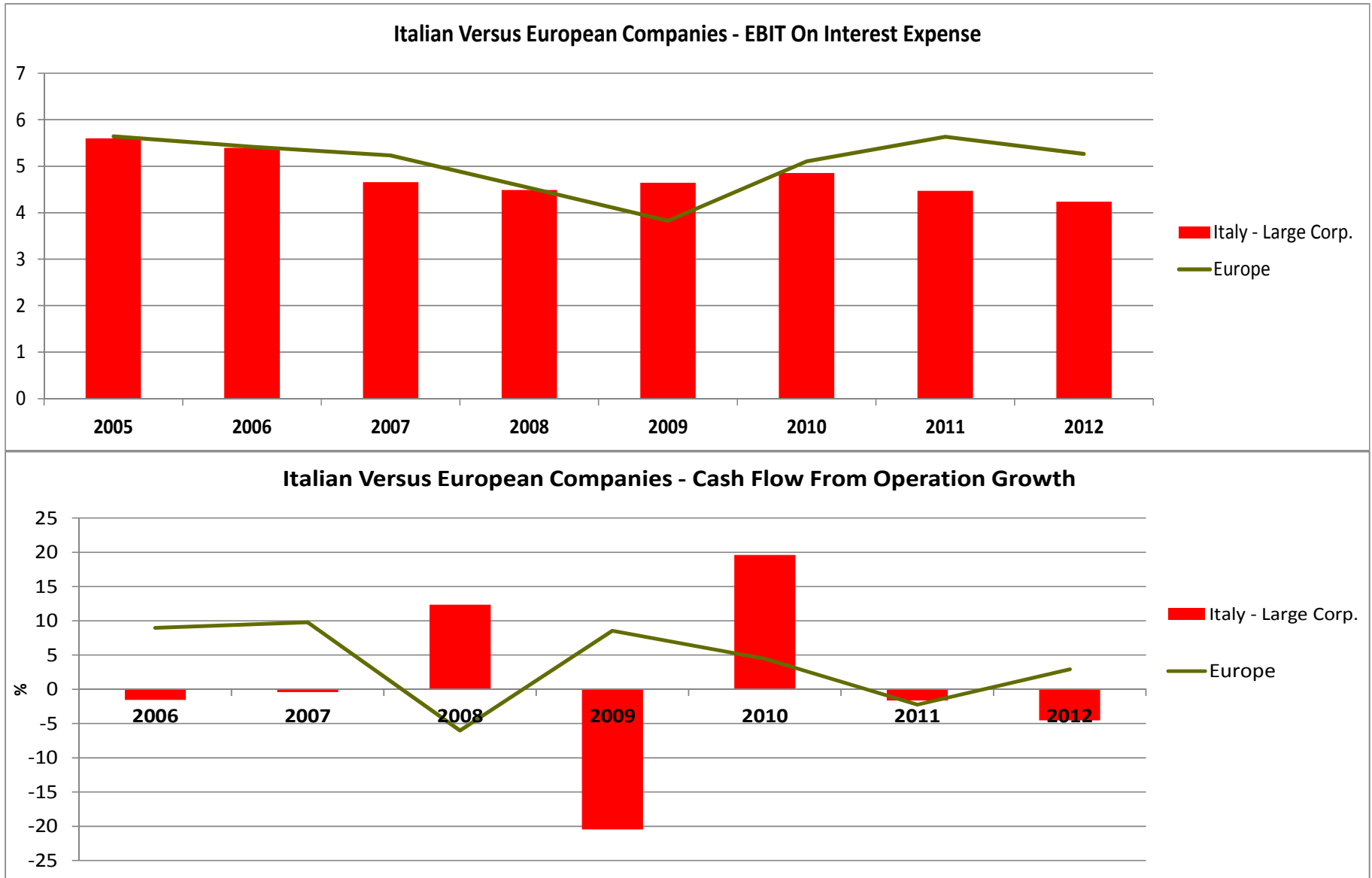
Italian Corporates Are Coping With Recession

Italian Corporate: Weakened Performance And Precautionary Stance



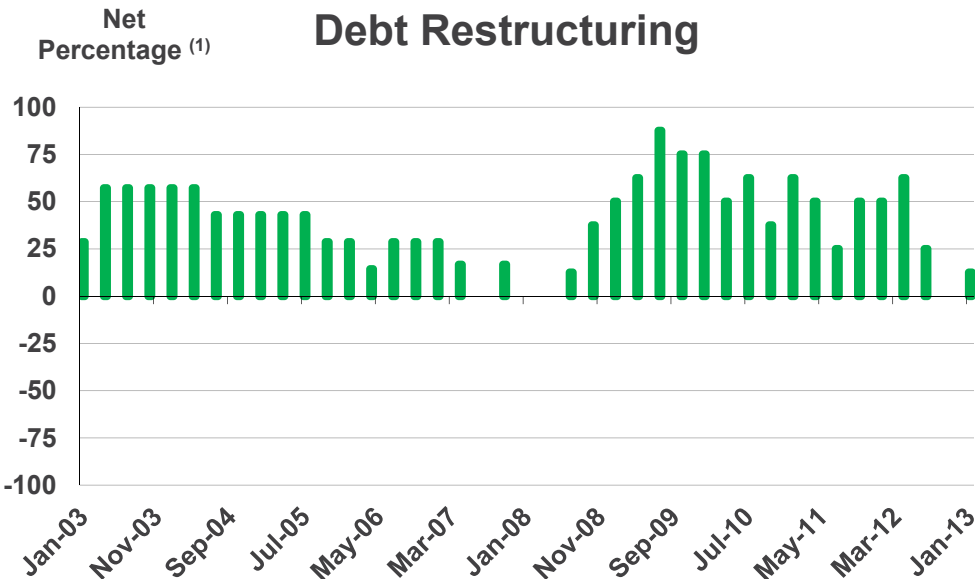
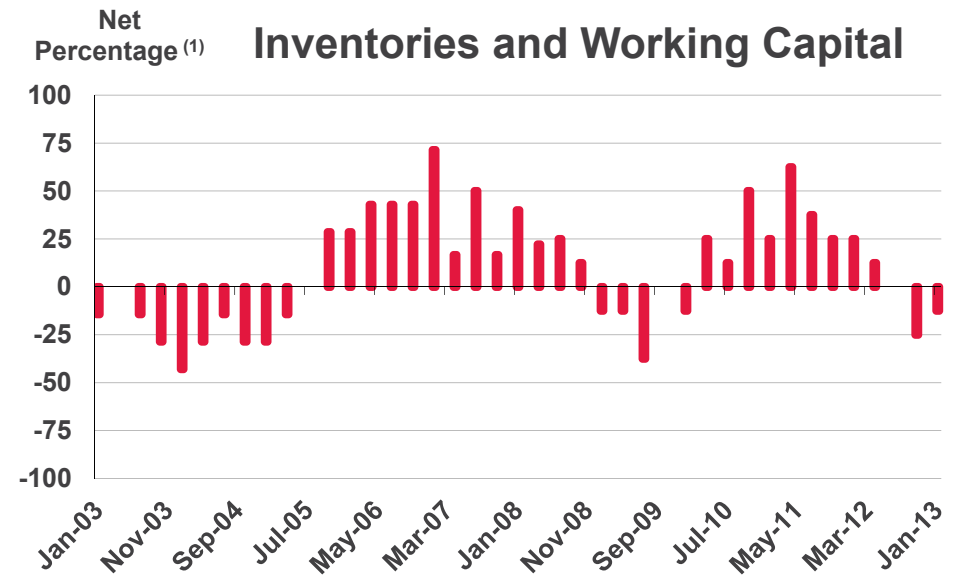
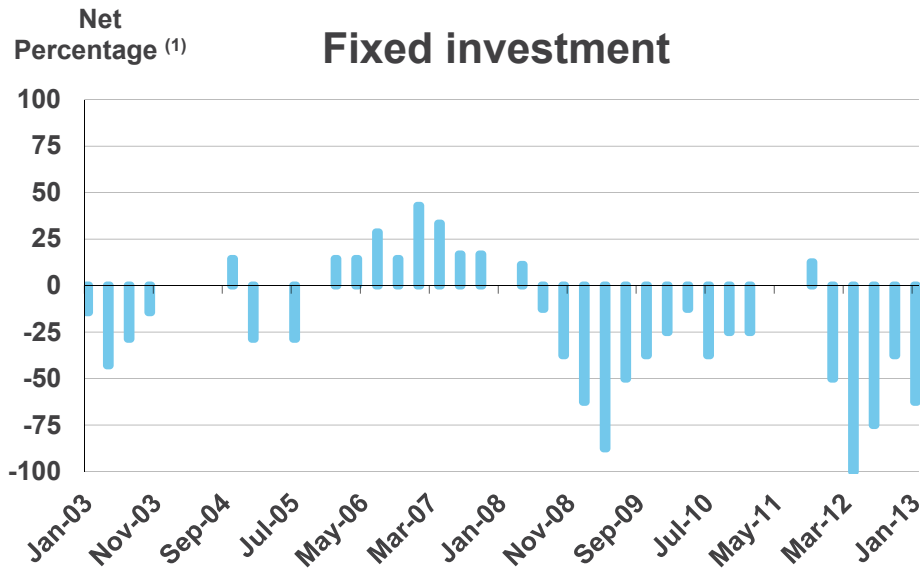
Source: S&P Capital IQ, S&P Ratings calculations.

Italian Corporate: Weakened Interest Coverage And Cash Flow



Source: S&P Capital IQ, S&P Ratings calculations.

Italian Corporate Credit Demand Still Weak



Source: Bank Lending Survey, Bank of Italy.

(1) The net percentage of the demand for loans or credit lines to enterprises is defined as the difference between the sum of the percentages for “increased considerably” and “increased somewhat” financing needs and the sum of the percentages for “decreased considerably” and “decreased somewhat” financing needs

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Q&A



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