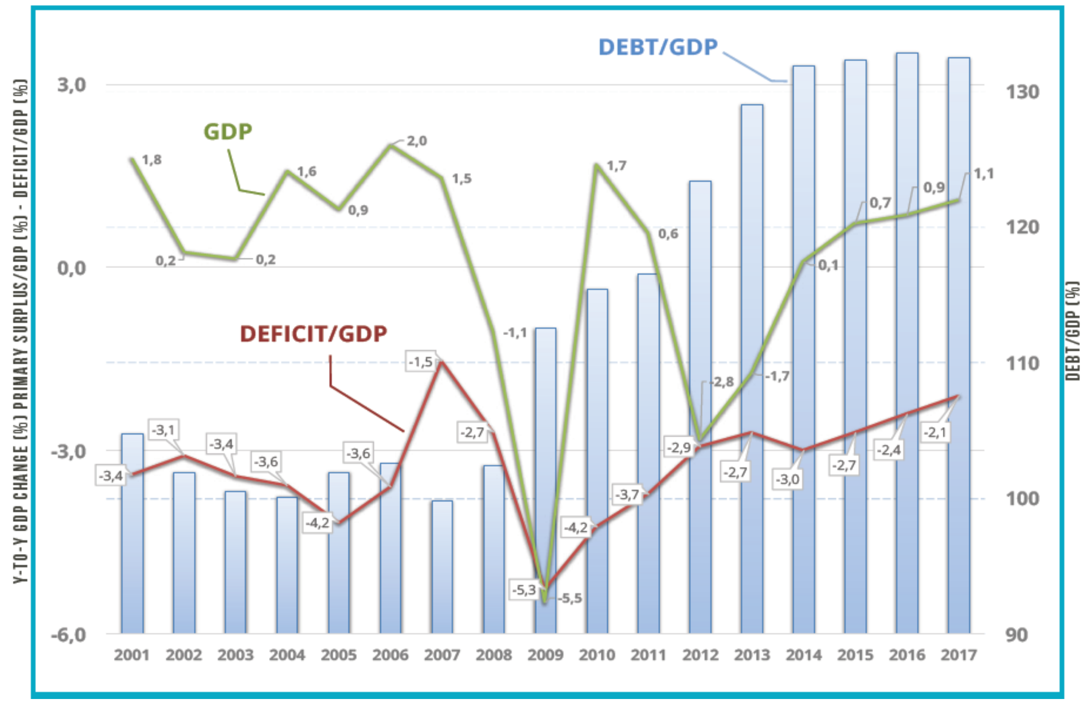
#Italyisback: ***snapshots of change***

Growth is speeding up..

Latest data on GDP show an acceleration in growth: over the second quarter of 2017 GDP increased by 1.5% year on year. This is the highest rate since 2011. In addition, the last figures show a consolidation of growth thanks to a strengthening of internal demand: with respect to the same quarter of 2016, final consumption expenditure increased by 1.2%, gross fixed capital formation by 2.6% and imports by 5.8%.

Furthermore, current trends confirm the positive momentum of Italian industry, whose added value has represented the main contribution to GDP (+2%).

The performance is particularly significant, because such growth is not the result of an expanding budget. On the contrary, it is based on a sound primary surplus and a constantly contracting deficit (which is decreasing from 3% of GDP in 2014 to the expected 2.1% in 2017), which will allow the debt-to-GDP ratio to stabilize despite a very low inflation.



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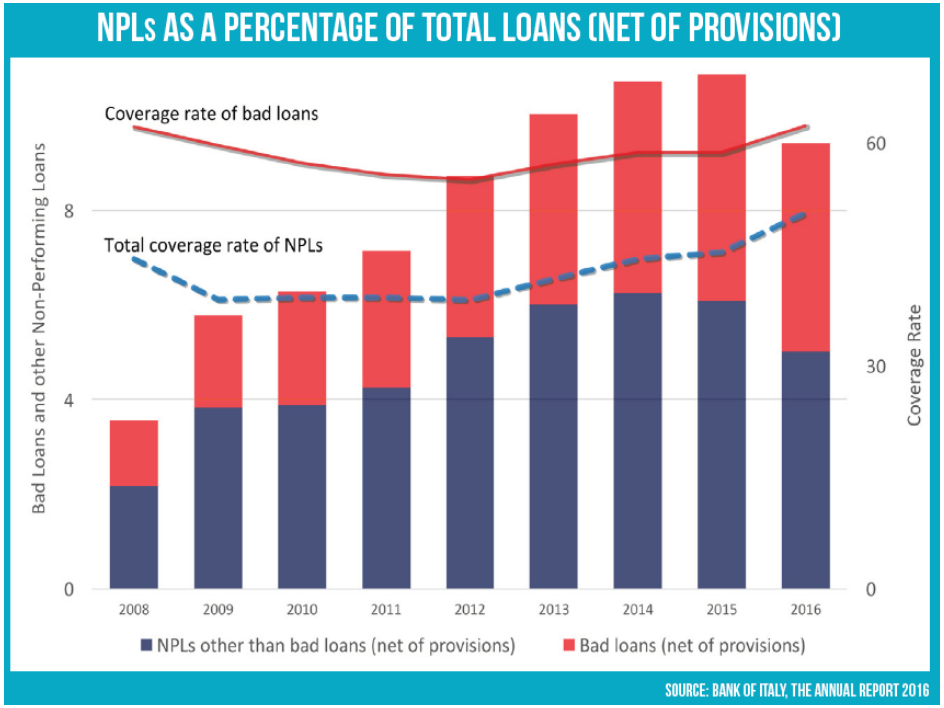

NPLs: an improving scenario

The overall outlook regarding Non-Performing Loans (NPLs) of Italian banking is improving: the net bad loans amount to € 78.5 billion, 10.3 billion lower than the value at the end of 2016.

The rate of new NPLs came back to pre-crisis level, while the coverage ratio for banking groups classified as significant is 52,8% (1Q 2017), about 8% higher than the average for the leading European Banks.

STOCK OF NET BAD LOANS

↓ **-12.4%**

RESPECT TO THE VALUE AT THE END OF 2016

The Bank of Italy, Italian Central bank, forecasts a reduction of NPLs to less than 8% by 2018, as the main sources of systemic risk have now been tackled.