Rome, 14 April 2015

THE EURO AREA BANK LENDING SURVEY

MAIN RESULTS FOR ITALIAN BANKS:[1]

Q1 2015 and outlook for Q2 2015

In the first quarter of 2015 **credit standards on loans to firms and households** eased further, benefiting mainly from the increasing pressure of competition among banks and the improvement in intermediaries' liquidity situation (Figure 1).

The improvement in lending policies translated above all into a further narrowing of margins on the average loan and, as regards lending to firms, into a slight expansion of the amount of credit granted.

For the current quarter banks expect a further slight easing of lending conditions for firms, while those for households should remain unchanged.

According to banks' assessments, **firms' demand for loans** has remained stable, while that of **households** has increased. Demand from households and firms is expected to strengthen significantly during the second quarter.

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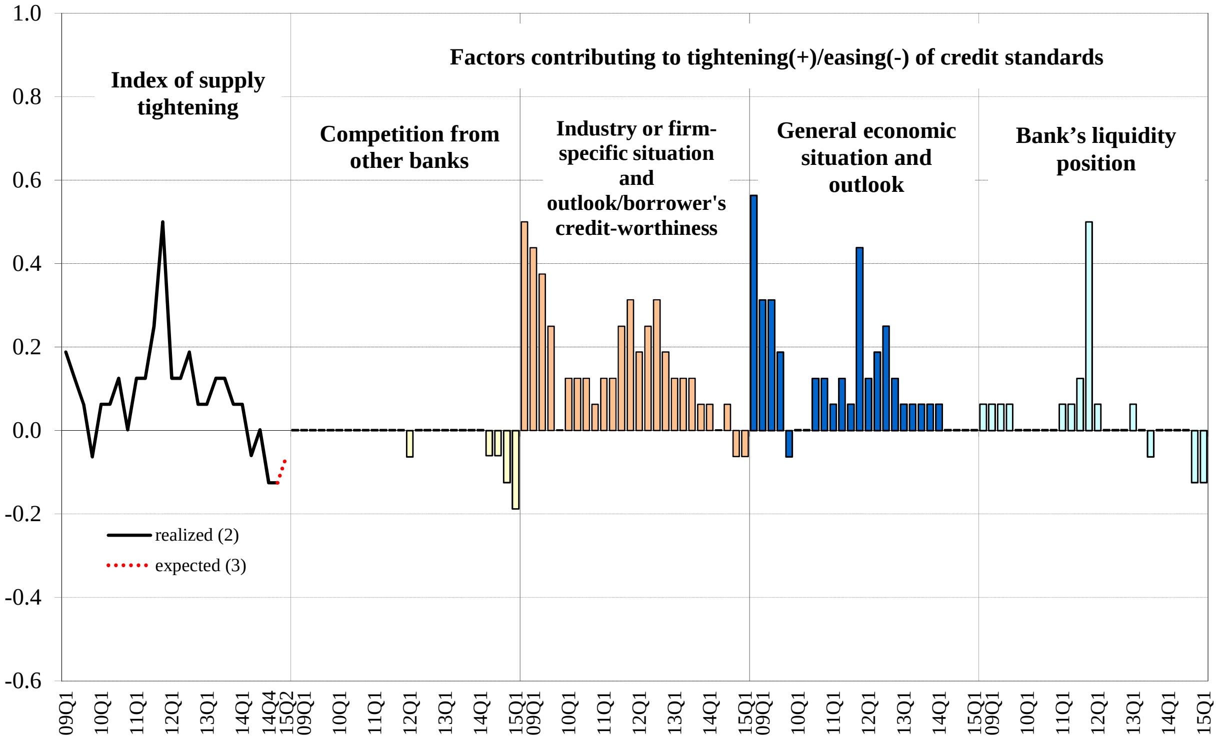
1 Eight leading Italian banking groups took part in the survey, which ended on 23 March 2015. The results for the euro area are available on the ECB's website at www.ecb.int. A more detailed comment on the results will be made in the Bank of Italy's *Economic Bulletin*, No. 2, 2015, to be published on 17 April.

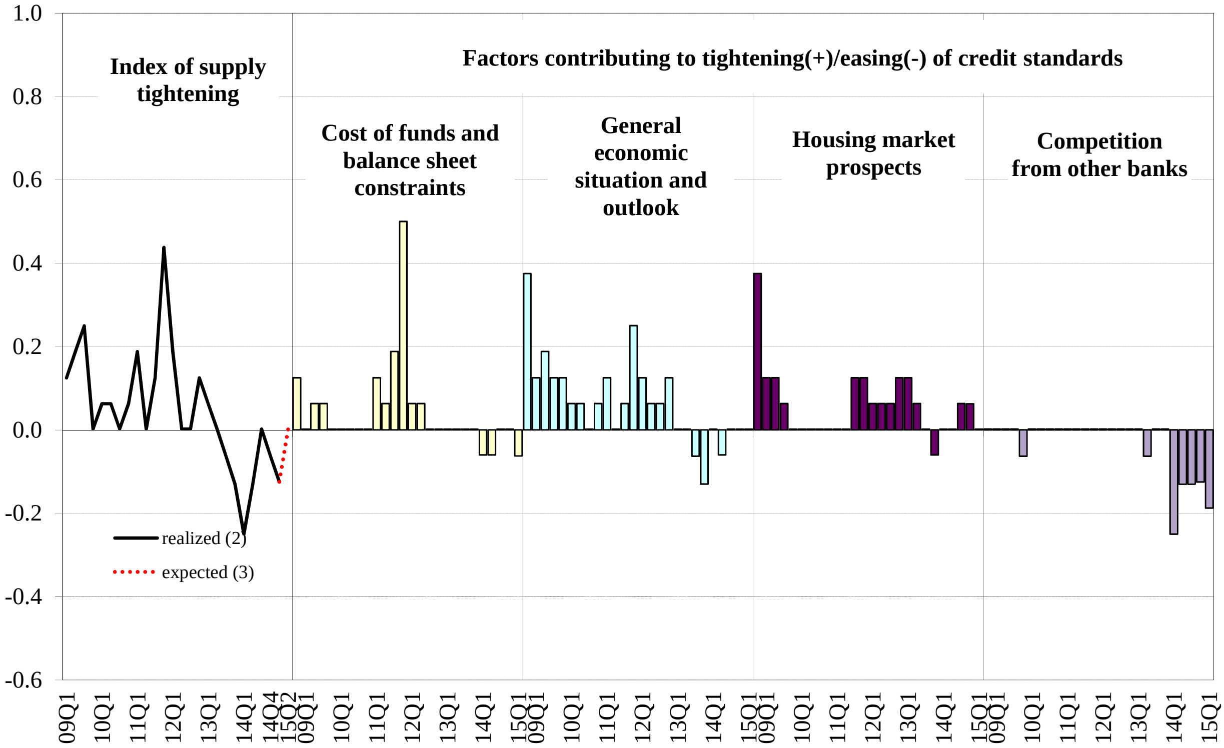
Figure 1

Supply conditions and main contributing factors (1)

Firms



Households

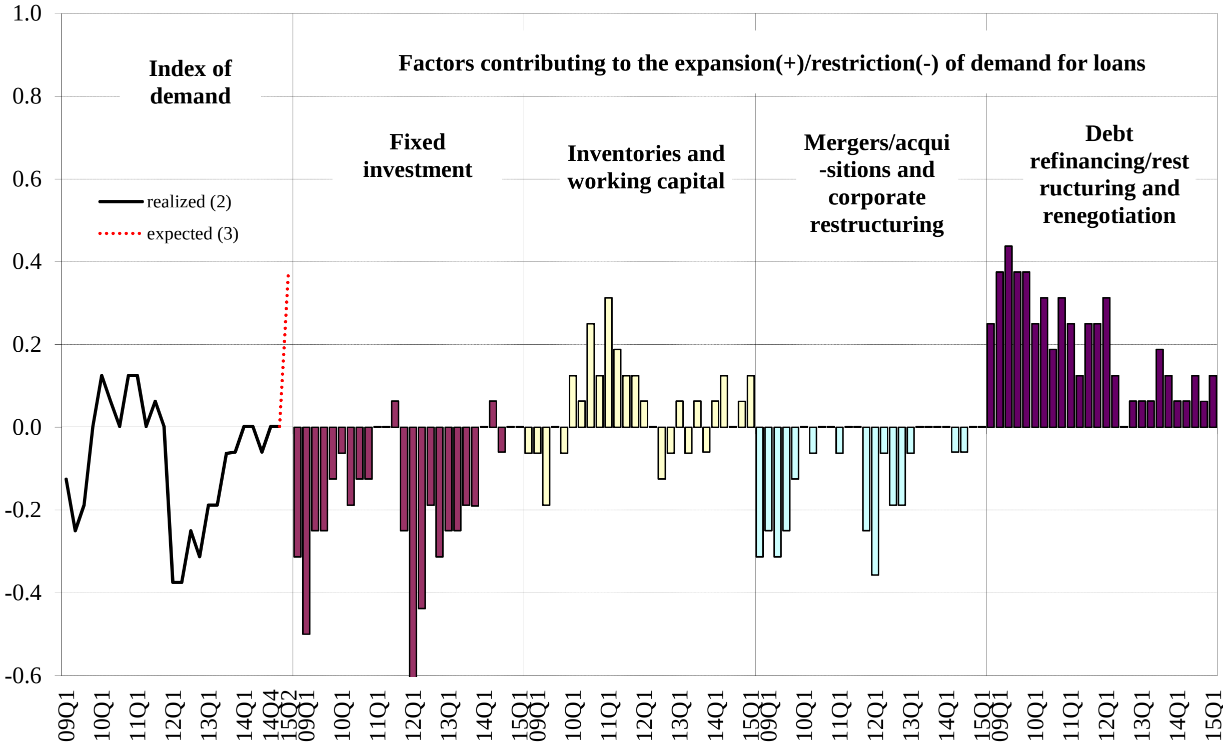


(1) Positive values indicate supply restriction compared with the previous quarter. Diffusion indices are constructed on the basis of the following weighting scheme: 1 = tightened considerably, 0.5 = tightened somewhat, 0 = basically unchanged, -0.5 = eased somewhat, -1 = eased considerably. The range of variation of the index is from -1 to 1. – (2) Refers to the quarter ending at the time of the survey. – (3) Forecasts made in the preceding quarter.

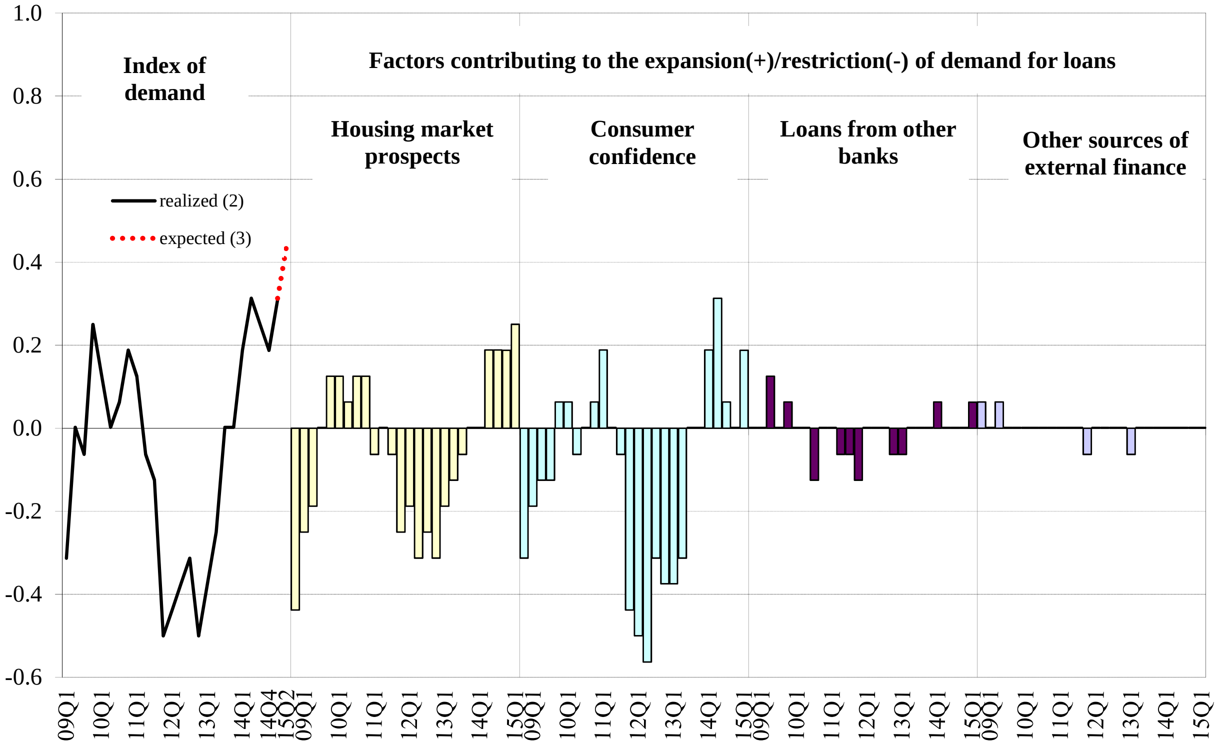
Figure 2

Trends in credit demand and main contributing factors (1)

Firms



Households



(1) Positive values indicate demand expansion compared with the previous quarter. Diffusion indices are constructed on the basis of the following weighting scheme: 1 = increased considerably, 0.5 = increased somewhat, 0 = basically unchanged, -0.5 = decreased somewhat, -1 = decreased considerably. The range of variation of the index is from -1 to 1. (2) Refers to the quarter ending at the time of the survey. – (3) Forecasts made in the preceding quarter.