

**The Euro Area Bank Lending Survey****MAIN RESULTS FOR ITALIAN BANKS<sup>1</sup>**

Q3 2022 and outlook for Q4 2022

**In the third quarter of 2022, the credit standards for loans to firms tightened**, attributable in particular to a greater perception of risk and a lower risk tolerance (Figure 1.a). **The terms and conditions also became stricter**, above all because of a decrease in the amount of loans and an increase in non-interest charges and loan covenants. **The credit standards for loans to households tightened slightly**; the terms and conditions became stricter, more so for consumer credit, reflecting higher market interest rates. For the current quarter, banks expect credit standards for loans to firms and households to become even stricter.

**The demand for bank loans on the part of firms increased slightly** (Figure 1.b): the rise in applications for loans to meet the need for working capital requirements was again only partly offset by the decline arising from the postponement of investment decisions. **Households' demand declined for both mortgage loans and consumer credit**. Banks expect loan applications from firms to remain unchanged in the current quarter, while those from households are expected to decrease further.

**The funding conditions for banks worsened significantly**, especially in the market for medium- to long-term debt securities. For the current quarter, banks expect a deterioration in access to deposit funding as well, especially long-term ones.

**In the six months ending in September, the recalibration of the asset purchase programmes was a contributory factor to banks' funding conditions and liquidity positions becoming less favourable**, although it continued to boost their profitability. However, in the following six months, banks expect this effect to fade. In the six months ending in March of next year, banks also expect the positive impact of TLTRO III to run out.

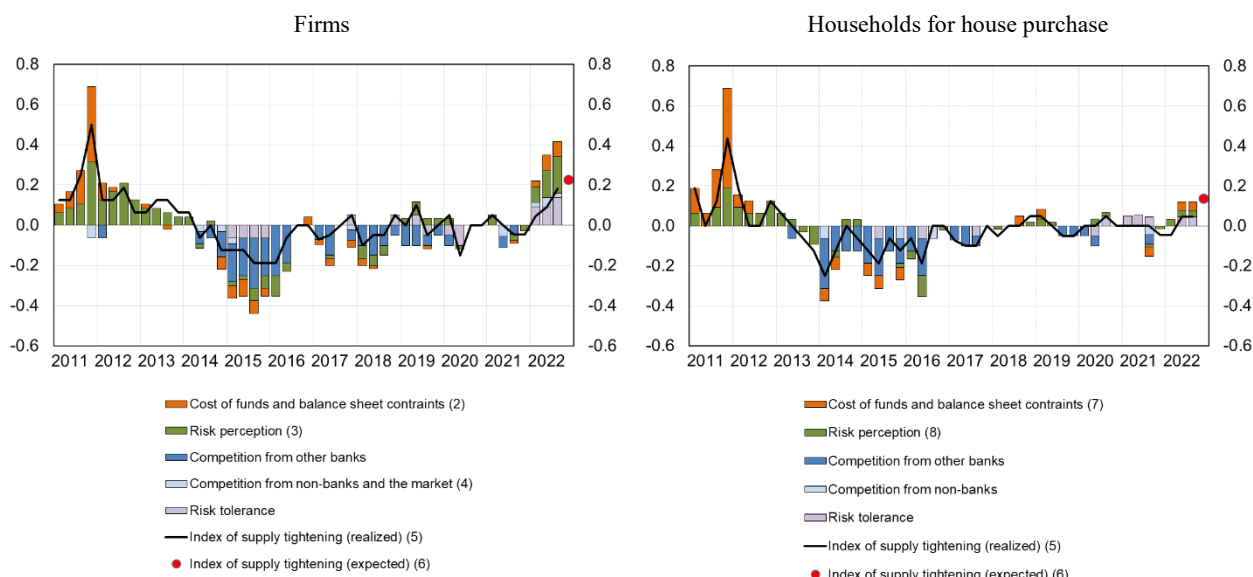
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<sup>1</sup> Thirteen of the main Italian banking groups took part in the survey, which ended on 4 October. For a detailed description of the various items, see the [questionnaire](#) administered to banks. The results for the euro area are available on the ECB's website ([www.ecb.europa.eu](http://www.ecb.europa.eu)).

# Supply conditions and trends in credit demand in Italy (1)

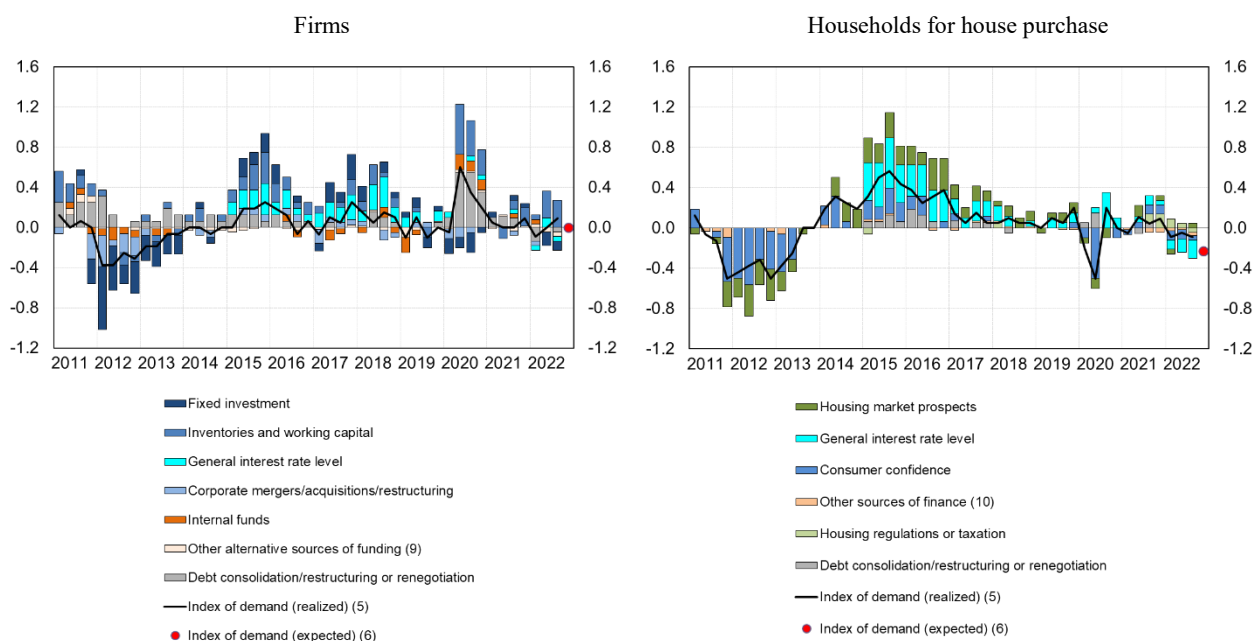
## (a) Credit supply

Tightening (+)/easing (-)



## (b) Credit demand

Expansion (+)/restriction (-)



Note: (1) For the general indices, positive values indicate supply restriction/demand expansion compared with the previous quarter; for the factors, positive values indicate a contribution to supply restriction/demand expansion compared with the previous quarter. The diffusion indices are constructed on the basis of the following weighting scheme: for supply conditions, 1=tightened considerably, 0.5=tightened somewhat, 0=basically unchanged, -0.5=decreased somewhat, -1=decreased considerably; for demand, 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) Average of the following factors: bank’s capital position; bank’s ability to access market financing; and bank’s liquidity position. – (3) Average of the following factors: general economic situation and outlook; industry- or firm-specific situation and outlook; and risks associated with collateral. – (4) Average of the following factors: competition from non-banks and competition from other financing sources. – (5) Refers to the quarter ending at the time of the survey. – (6) Forecasts prepared in the previous quarter. – (7) Since April 2022, average of the following factors: bank’s capital position; bank’s ability to access market financing; and bank’s liquidity position. – (8) Average of the following factors: general economic situation and outlook; housing market prospects; and borrowers’ creditworthiness. – (9) Average of the following factors: loans granted by other banks; loans granted by non-banks; issues/redemptions of debt securities; and issues/redemptions of equity. – (10) Average of the following factors: self-financing of house purchase with savings; loans granted by other banks; and other sources of external funding.