

Rome, 12 April 2022

## The Euro Area Bank Lending Survey

### MAIN RESULTS FOR ITALIAN BANKS<sup>1</sup>

Q1 2022 and outlook for Q2 2022

In the first quarter of 2022, the **credit standards for loans to firms** underwent a slight tightening associated with a greater perception of risk and a lower risk tolerance on the part of banks (Figure 1.a). The **terms and conditions** were also stricter, in particular through an increase in the margins for the riskiest loans. The lending conditions for **loans to households** – mortgage loans and consumer and other credit – eased slightly, while the terms and conditions were more stringent. In the current quarter, the credit standards applied to firms and households are likely to remain unchanged.

There was a **slight decrease in demand for bank loans on the part of firms** (Figure 1.b), owing especially to lower recourse to debt renegotiation and despite the greater need for inventory and working capital. Mortgage loan applications from **households** fell slightly, while those for consumer credit rose. Banks expect demand on the part of firms to remain unchanged in the quarter, and that on the part of households to increase moderately.

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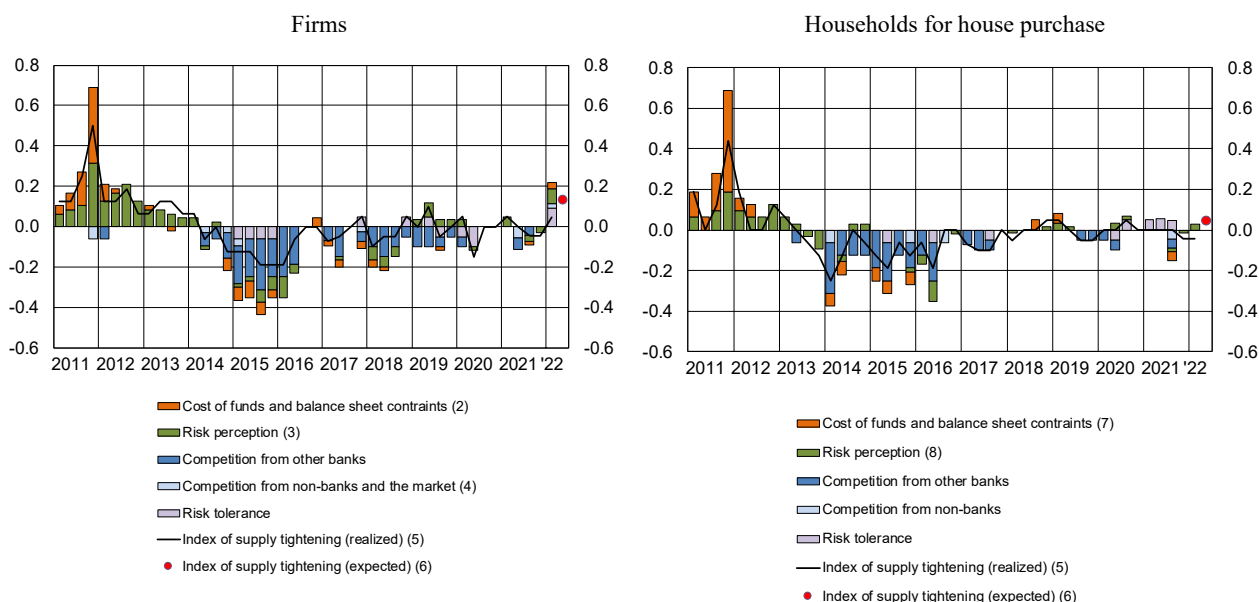
<sup>1</sup> Thirteen of the main Italian banking groups took part in the survey, which ended on 22 March. There will be a more detailed discussion of these results in the Bank of Italy's Economic Bulletin, 3, 2022, due to be published in July.

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)

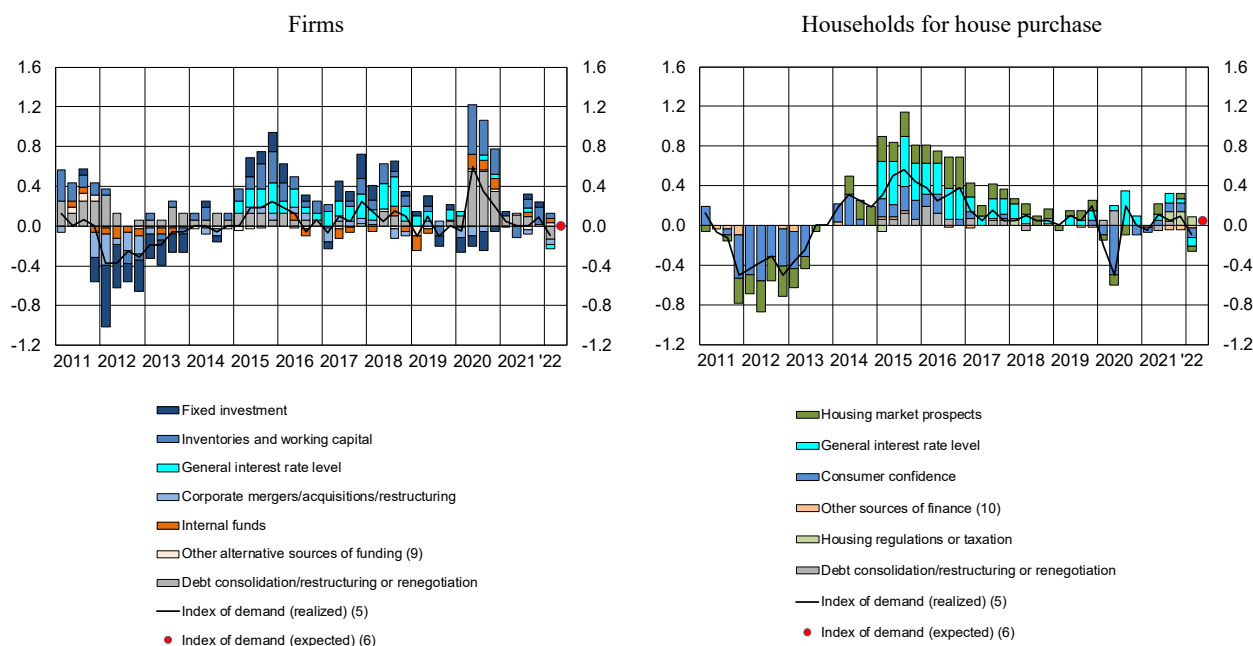
## (a) Credit supply

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.