Rome, 28 April 2026

The Euro Area Bank Lending Survey

MAIN RESULTS FOR ITALIAN BANKS[1]

Q1 2026 and outlook for Q2 2026

In the first quarter of 2026, credit standards for loans to firms remained unchanged. Terms and conditions were also stable overall. Credit standards for loans to households remained unchanged in the mortgage loan sector, while they were tightened slightly for consumer credit. **For the current quarter, banks expect credit standards to tighten considerably for loans to firms** and slightly for consumer credit. Banks reported that expectations of tightening for loans to non-financial corporations were largely due to the effects of recent geopolitical and energy developments, with a more pronounced impact for the most exposed sectors.

Firms' demand for loans declined, **mainly owing to lower borrowing needs for fixed investment**. Households' demand for mortgage loans remained broadly stable, while consumer credit demand edged up, driven by higher spending on durable goods and greater consumer confidence. **In the current quarter, demand for loans is expected to fall for both firms and households**. Following the recent geopolitical and energy developments, firms seem to have adopted a wait-and-see approach, contributing to the decline in demand for loans, especially long-term ones. In the current quarter, according to banks, this negative impact could be partly offset by higher short-term financing needs for working capital and precautionary liquidity purposes.

Banks reported a deterioration in money market conditions, while there was a slight improvement for short-term debt securities and deposits. In the current quarter, credit standards are expected to worsen for almost all the main sources of funding, and especially for medium-to-long-term debt securities.

In the first quarter of 2026, the share of non-performing loans (NPLs) and other credit quality indicators had a slightly restrictive impact on consumer credit supply policies; no further tightening is expected for the current quarter.

The ECB's decisions on its key interest rates negatively affected banks' profitability in the six months ending in March; for the following six months, banks expect positive effects, stemming from the increase in net interest income.

In a new question on securitization, banks reported carrying out mostly non-significant risk transfer (non-SRT) transactions and synthetic SRT transactions. These transactions are mainly used to improve access to funding sources, strengthen the liquidity position and free up capital, including to fund new lending. Over the last 12 months, securitization had a positive impact on credit standards and volumes; banks expect these effects to continue over the next twelve months.

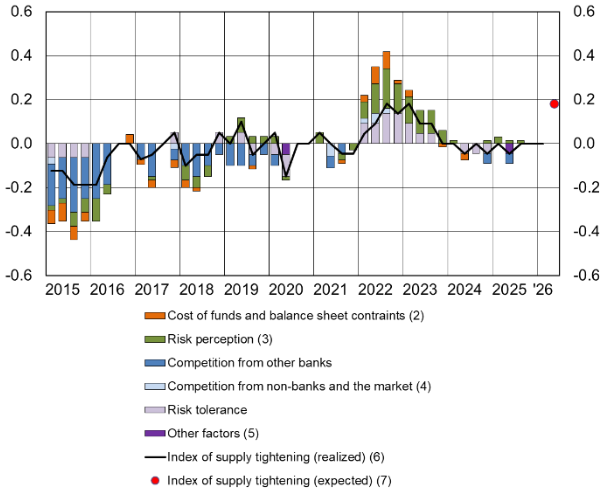
[1] Thirteen of the main Italian banking groups took part in the survey, which ended on 7 April. For a detailed description of the various items, see the questionnaire administered to banks.
The results for the euro area are available on the ECB's website (www.ecb.europa.eu).

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

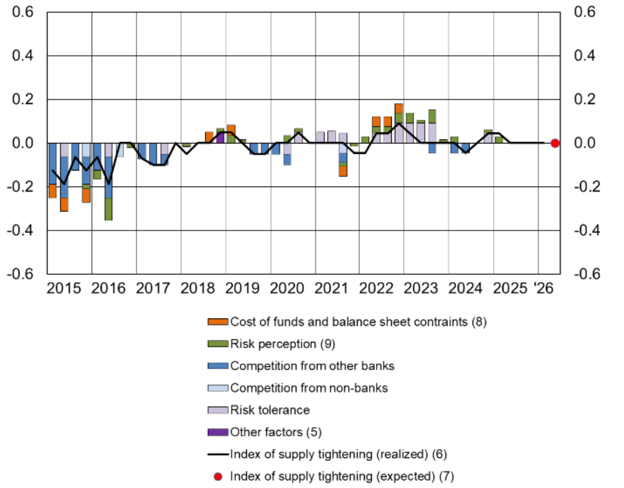
(a) Credit supply

Tightening (+)/easing (-)

Firms



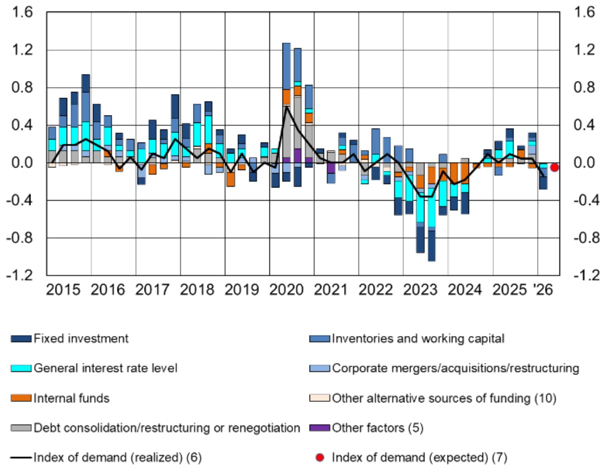
Households for house purchase



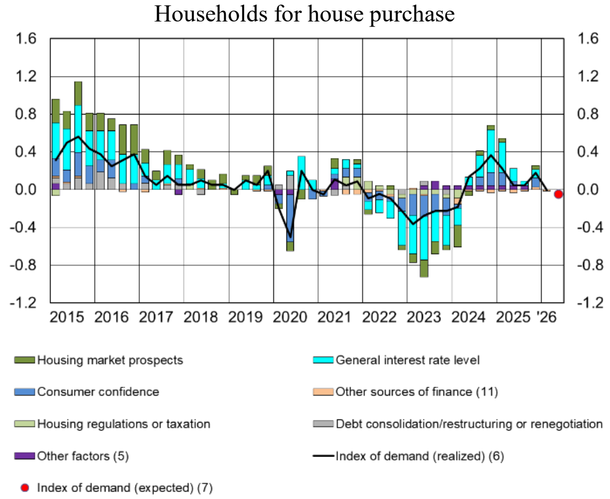
(b) Credit demand

Expansion (+)/restriction (-)

Firms



Households for house purchase



Notes (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) Average of additional factors contributing to changes in banks' credit standards or loan applications. – (6) Refers to the quarter ending at the time of the survey. – (7) Forecasts prepared in the previous quarter. – (8) Since April 2022, average of the following factors: bank's capital position; bank's ability to access market financing; and bank's liquidity position. – (9) Average of the following factors: general economic situation and outlook; housing market prospects; and borrowers' creditworthiness. – (10) 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. – (11) Average of the following factors: self-financing of house purchase with savings; loans granted by other banks; and other sources of external funding.