

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

Q2 2024 and outlook for Q3 2024

**In the second quarter of 2024, credit standards for loans to firms were eased slightly**, for the first time since December 2021, because of greater risk tolerance and lower funding costs. **The overall terms and conditions for these loans became slightly more favourable**, mainly in terms of lower lending rates. **The credit standards for households were eased moderately for house purchase**, owing to increased competitive pressure, **and tightened slightly for consumer credit**. For the current quarter, banks expect a further slight easing in credit standards for loans to non-financial corporations and for mortgages.

**Firms' demand for credit**, which has been falling since the beginning of 2023, **declined further**, still reflecting greater use of internal financing, lower borrowing for expenditure on fixed investment, and higher interest rates. **Households' demand for mortgages rose, while consumer credit demand remained unchanged**. In the current quarter, loan demand from firms and households is expected to increase.

**The conditions for banks to access funding improved**, especially for debt securities, long-term deposits, and the ability to transfer credit risk off their balance sheets. Banks expect a further slight improvement in the current quarter.

**In the first half of 2024, the share of non-performing loans (NPLs) and other indicators of credit quality had a slightly restrictive impact on supply policies** for lending to firms and to households for consumer credit; overall, this impact is expected to remain unchanged in the current half year.

**In the six months ending in June, credit standards were eased for low-energy manufacturing firms, but they were tightened in all other sectors of economic activity**; in the current half year, banks expect a further tightening of credit standards in construction and in energy-intensive manufacturing.

**Over the last 12 months, climate change prospects likely led to an increase in loan demand both from green and transitioning firms and from brown firms**; credit standards and terms and conditions were eased for loans to the former and tightened for those to the latter.

**Changes in banks' excess liquidity held with the Eurosystem likely did not affect credit supply policies and volumes in the first half of 2024**; these effects are expected to be restrictive but limited in the current half year.

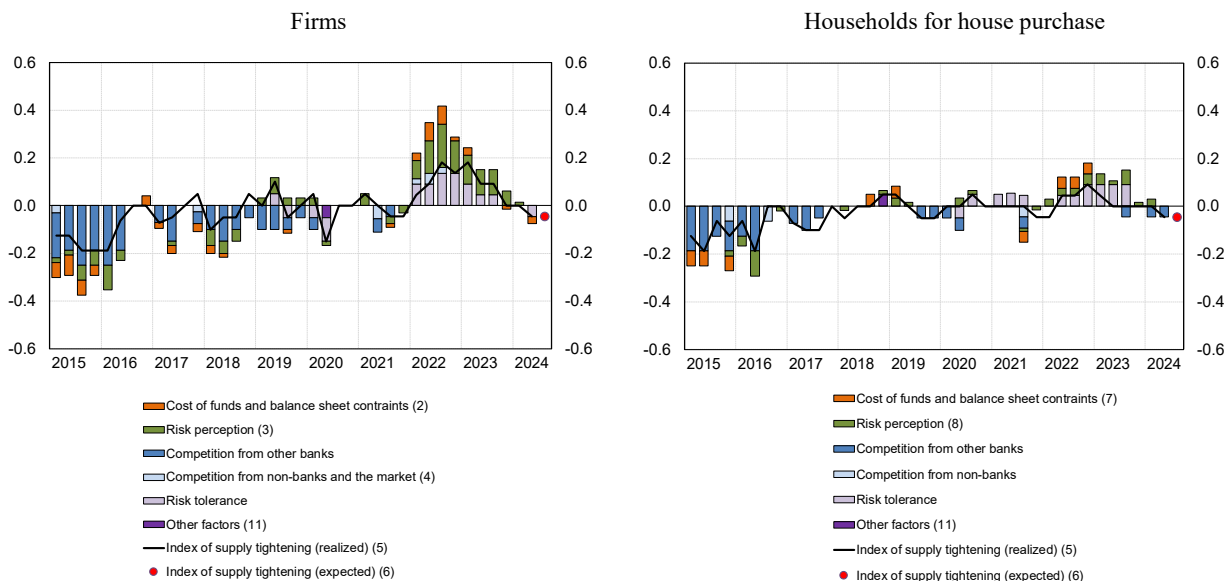
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<sup>1</sup> Thirteen of the main Italian banking groups took part in the survey, which ended on 25 June. For a detailed description of the various items, see the [questionnaire](#) administered to banks. The results for the euro area are available on the ECB's website ([www.ecb.europa.eu](http://www.ecb.europa.eu)).

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

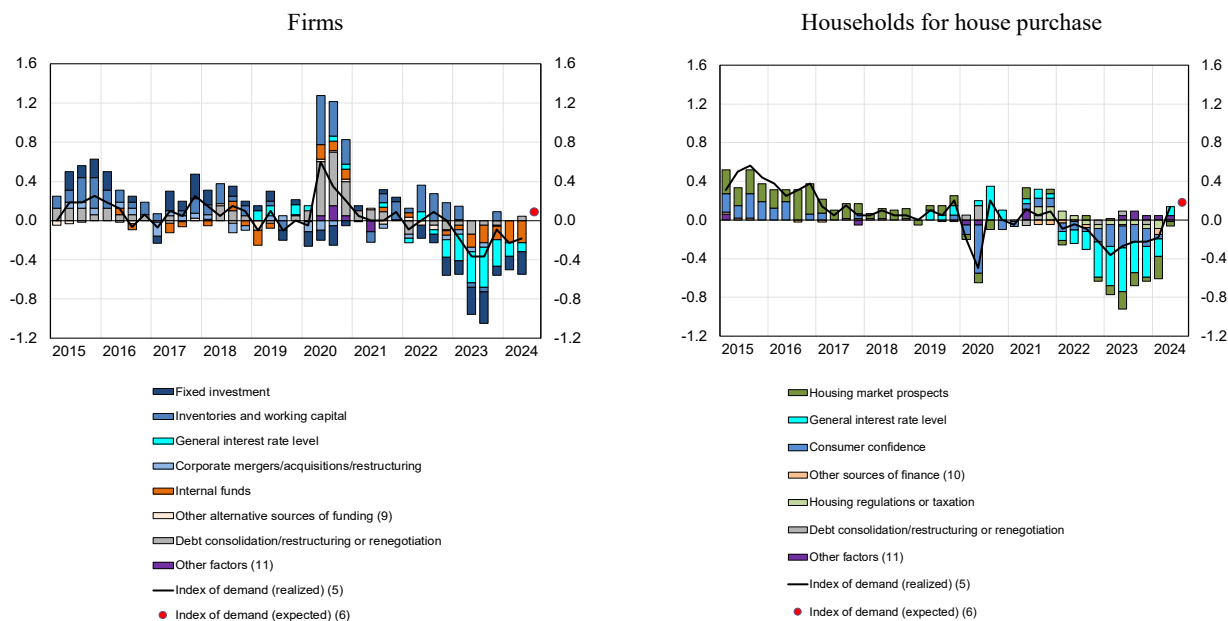
## (a) Credit supply

Tightening (+)/easing (-)



## (b) Credit demand

Expansion (+)/restriction (-)



Footnotes: (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. – (11) Average of additional factors contributing to changes in banks' credit standards or loan applications.