

The Euro Area Bank Lending Survey**MAIN RESULTS FOR ITALIAN BANKS¹**

Q3 2025 and outlook for Q4 2025

In the third quarter of 2025, credit standards for loans to firms remained unchanged. Overall terms and conditions for loans remained stable. According to banks, geopolitical uncertainty and trade tensions had no significant impact on supply policies for loans to firms. **Credit standards remained unchanged for loans to households for house purchase, while they tightened for consumer credit.** Overall terms and conditions became more favourable in both sectors. For the current quarter, credit standards are expected to remain unchanged for loans to both households and firms.

Firms' demand for loans edged up further. The uptick was driven by a lower use of internal financing and by higher borrowing needs for fixed investment and debt refinancing. **Demand edged up for loans to households for house purchase and declined for consumer credit.** Credit demand from households and firms is expected to pick up in the current quarter.

Banks reported a further overall improvement in their funding conditions, particularly with regard to medium-to-long-term debt securities. Funding conditions are expected to improve further on the debt securities market in the current quarter.

In the six months to September, the changes in the Eurosystem's monetary policy asset portfolio had no impact on banks (financial and capital position, supply policies and lending volumes). Similarly, banks expect virtually no impact for the following six months, except for larger holdings of euro-area sovereign bonds and slightly lower overall profitability.

The ECB's decisions on its key interest rates over the six months to September had a negative impact on bank's profitability, mainly due to the reduction in net interest margin, which more than offset the increase in other revenues. Banks expect similar developments over the next six months, with a further slight deterioration in profitability.

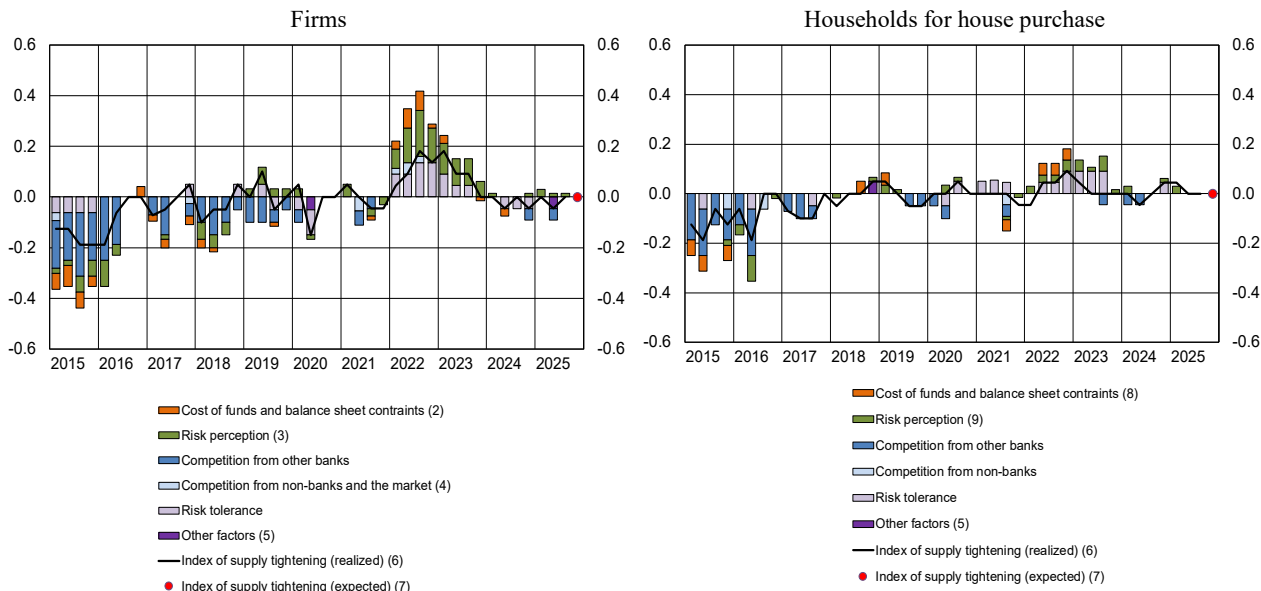
The share of non-performing loans (NPLs) and other credit quality indicators did not influence credit supply policies in the third quarter of 2025.

¹ Thirteen of the main Italian banking groups took part in the survey, which ended on 7 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).

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

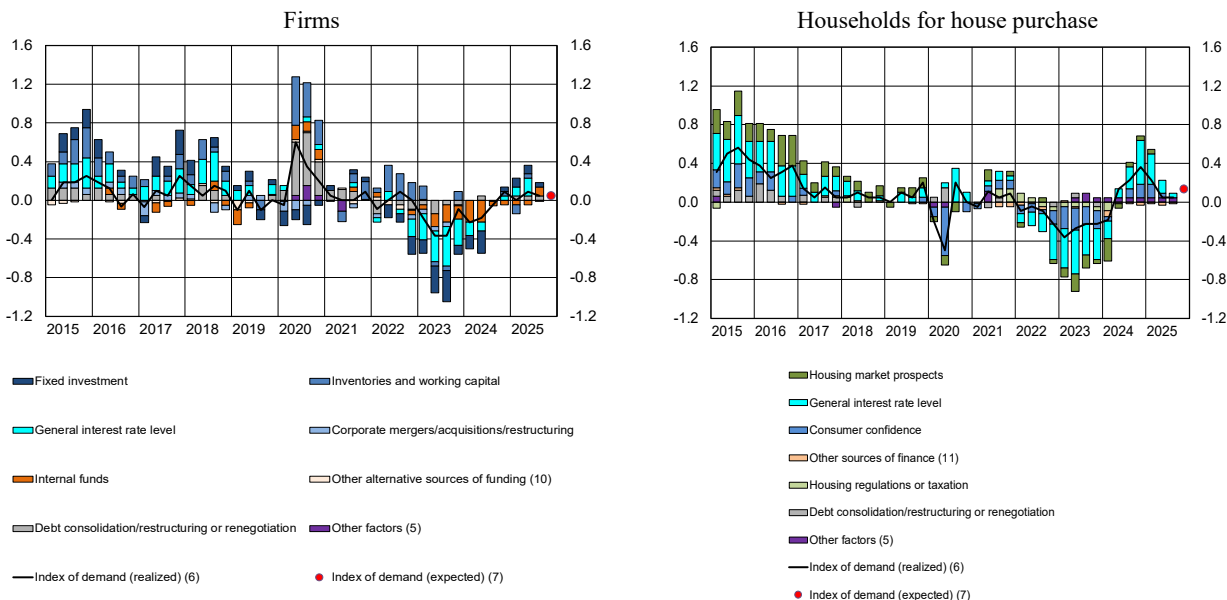
(a) Credit supply

Tightening (+)/easing (-)



(b) Credit demand

Expansion (+)/restriction (-)



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=basicly unchanged, -0.5=decreased somewhat, -1=decreased considerably; for demand, 1=increased considerably, 0.5=increased somewhat, 0=basicly 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.