

# ABI MONTHLY REPORT<sup>1</sup> – December 2022

## (Main evidence)

### BANK LENDING PERFORMANCE

1. In November 2022, **loans to households and non-financial corporations were up yoy by +3.1%** (+4.3% in October). This result is derived from estimates based on data published by the Bank of Italy relating to loans to households and non-financial corporations (calculated including loans that have been securitised and net of variations unrelated to transactions, e.g. changes due to fluctuations in exchange rates, value adjustments or reclassification) (*cf. Table 1*).
2. In October 2022, **loans to non-financial corporations** posted a **+3.1%** yoy increase. **Loans to households** were up yoy **by 4.0%**.

### LENDING INTEREST RATES

3. In November 2022, after the increase in ECB rates, **interest rates on loans** showed the following trends (*cf. Table 2*):
  - the **average rate on total loans** is **2.96%** (2.78% in the previous month and 6.18% prior to the onset of the crisis, at the end of 2007);
  - **the average rate on new business loans** is **3.11%** (2.54% in the previous month; 5.48% at the end of 2007);
  - **the average rate on new loans for house purchasing** is **3.02%** (2.75% in the previous month; 5.72% at the end of 2007).

### CREDIT QUALITY

4. **Net bad loans** (i.e. net of the write-downs and provisions already made by the banks with own resources) in October 2022 amounted at **16.4 billion euros** slightly increasing (200 million) compared to the previous month (+1,2%) but about 0.4 billion euros lower than in October 2021 (*cf. Table 3*). Compared to the highest level of net bad loans reached in November 2015 (88.8 billion), the decline is 72.5 billion euros.
5. **The ratio of net bad loans to total loans** is equal to **0.93%** in October 2022, compared to 0.97% in October 2021 (4.89% in November 2015).

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<sup>1</sup> The ABI monthly report makes available a series of quantitative information before any other survey regarding the same data. This is possible because the banks themselves have produced this information.

## CUSTOMER FUNDING TREND

6. In Italy, in November 2022, **total funding** (deposits from resident customers and bonds) slightly increased by **+0.2%** yoy. **Deposits** (current accounts, certificates of deposit, repurchase agreements) also slightly increased, in the same month, by **4,3 billion euros** compared to the previous year (an increase of **+0.2%** yoy), while **medium- and long-term funding**, i.e. through bonds, marginally **decreased by 1 billion** in absolute terms, over the last 12 months (equal to **-0.5%**) (*cf. Table 4*).

## INTEREST RATES ON DEPOSITS

7. In November 2022, the **average interest rate on total bank funding** from customers (the sum of deposits, bonds and repurchase agreements in euro from households and non-financial corporations) **in Italy is 0.58%** (0.52% in the previous month) as a result of:
- the **rate charged on deposits** (current accounts, savings deposits and certificates of deposit), equal to **0.42%** (0.37% in the previous month);
  - the **rate on repurchase agreements**, which stands at **1.69%** (1.88% in the previous month);
  - the **outstanding bond yield, equal to 2.06%** (1.97% in the previous month; *cf. Table 5*).

## SPREAD BETWEEN THE LENDING RATE AND DEPOSIT RATE

8. The **spread** between the average lending rate and the average rate on household and non-financial corporations funding **in Italy**, in November 2022, is **238 basis points**, (226 in the previous month) lower than the more than 300 basis points prior to the onset of the crisis (335 basis points at the end of 2007).

**Table 1**

<b>Lending of the banks in Italy (except interbank) *</b>						
	<b>Total lending</b>		<b>Private sector *</b>		<b>of which: to households and non-financial corporation</b>	
	<b>Private sector and PA *</b>					
	Billion €	yoy <sup>(1)</sup>	Billion €	yoy <sup>(1)</sup>	Billion €	yoy <sup>(1)</sup>
<b>Nov-17</b>	1.771,2	1,7	1.502,2	1,4	1.371,7	1,5
<b>Nov-18</b>	1.726,3	1,4	1.467,2	2,3	1.327,8	1,8
<b>Nov-19</b>	1.682,2	0,5	1.417,2	0,2	1.274,8	0,1
<b>Nov-20</b>	1.721,1	3,6	1.462,1	4,6	1.324,0	5,3
<b>Nov-21</b>	1.710,5	0,9	1.458,3	1,5	1.325,8	2,0
<b>Dec-21</b>	1.726,9	2,0	1.466,2	2,1	1.326,0	2,6
<b>Jan-22</b>	1.732,4	1,8	1.467,8	1,9	1.323,8	2,2
<b>Feb-22</b>	1.733,5	1,8	1.468,9	2,1	1.327,8	2,5
<b>Mar-22</b>	1.744,5	2,2	1.482,0	2,5	1.335,2	2,6
<b>Apr-22</b>	1.737,7	2,1	1.476,0	2,7	1.330,2	2,8
<b>May-22</b>	1.743,2	2,3	1.482,6	3,1	1.342,6	3,1
<b>Jun-22</b>	1.749,9	2,3	1.487,6	3,2	1.344,2	3,3
<b>Jul-22</b>	1.753,2	2,9	1.492,3	3,8	1.351,9	3,9
<b>Aug-22</b>	1.755,7	3,5	1.494,4	4,4	1.355,5	4,4
<b>Sep-22</b>	1.755,5	3,3	1.494,9	4,0	1.355,9	4,3
<b>Oct-22</b>	1.743,2	3,4	1.483,3	3,4	1.347,3	3,6
<b>Nov-22</b>	1.746,4	3,0	1.486,0	3,0	1.350,0	3,1

Notes: latest month of SI-ABI estimates.

\* Including gross bad loans and reverse repurchase agreements. Private sector: non-financial corporations, consumer and producer households, non-profit entities, other financial institutions, insurance companies and pension funds. The data are netted against central counterparties' operations.

(1) Variations calculated to include loans not recognised in the bank balance sheets in that they were securitised and are net of variations not related to the transactions (e.g. variations resulting from exchange rate fluctuations, value adjustments or reclassifications).

Source: Data processed by the Ufficio Analisi Economiche ABI on data of the Bank of Italy and SI-ABI.

**Table 2**

<b>Italy: bank interest rates on lending and benchmark yields (Monthly average - % figures)</b>									
	Bank interest rates on loans in euro to households and non-financial corporations in Italy			Benchmark rate ECB <sup>2</sup>	Interbank rates for the Eurozone		3-Month interbank rates		
	Total <sup>1</sup> (amounts)		Of which: to households for the purchase of houses (new business)		3-Month Euribor	10-year IRS	USA	Japan	UK
	Of which: to non-financial corporations (new business)								
<b>Nov-17</b>	2,73	1,49	1,97	0,00	-0,33	0,84	1,43	0,06	0,52
<b>Nov-18</b>	2,57	1,51	1,91	0,00	-0,32	0,94	2,65	0,05	0,87
<b>Nov-19</b>	2,50	1,29	1,43	0,00	-0,40	0,08	1,90	0,02	0,79
<b>Nov-20</b>	2,30	1,33	1,27	0,00	-0,52	-0,24	0,22	-0,06	0,05
<b>Nov-21</b>	2,17	1,09	1,44	0,00	-0,57	0,18	0,16	-0,07	0,13
<b>Dec-21</b>	2,13	1,18	1,40	0,00	-0,58	0,17	0,21	-0,05	0,16
<b>Jan-22</b>	2,15	1,12	1,45	0,00	-0,56	0,38	0,25	-0,05	0,53
<b>Feb-22</b>	2,14	1,09	1,49	0,00	-0,53	0,76	0,43	-0,05	0,82
<b>Mar-22</b>	2,14	1,23	1,66	0,00	-0,50	0,99	0,84	-0,05	0,99
<b>Apr-22</b>	2,16	1,23	1,81	0,00	-0,45	1,50	1,10	-0,05	1,13
<b>May-22</b>	2,16	1,19	1,92	0,00	-0,39	1,76	1,47	-0,05	1,31
<b>Jun-22</b>	2,21	1,44	2,04	0,00	-0,24	2,26	1,97	-0,01	1,57
<b>Jul-22</b>	2,25	1,31	2,15	0,50	0,04	1,96	2,61	0,00	1,84
<b>Aug-22</b>	2,32	1,45	2,07	0,50	0,40	1,96	2,95	-0,02	2,23
<b>Sep-22</b>	2,47	1,99	2,26	1,25	1,01	2,68	3,45	-0,01	2,91
<b>Oct-22</b>	2,78	2,54	2,75	1,25	1,43	3,13	4,14	-0,02	3,39
<b>Nov-22</b>	2,96	3,11	3,02	2,00	1,83	2,84	4,65	-0,02	3,53

Notes: for bank rates, latest month of SI-ABI estimates.

(1) Weighted average rate

(2) End of period data

Source: Data processed by the Ufficio Analisi Economiche ABI on data of the Bank of Italy and SI-ABI

**Table 3**

<b>Bad loans in the Italian banking sector</b>			
	<b>Net bad loans</b>	<b>Net bad loans on total lending<sup>1</sup></b>	<b>Net bad loans on capital and reserves</b>
	M €	% figures	% figures
<b>Oct-17</b>	65.868	3,78	15,01
<b>Oct-18</b>	38.244	2,26	9,58
<b>Oct-19</b>	31.249	1,79	8,29
<b>Oct-20</b>	24.525	1,41	6,76
<b>Oct-21</b>	16.703	0,97	4,79
<b>Nov-21</b>	17.563	1,02	5,05
<b>Dec-21</b>	15.152	0,87	4,45
<b>Jan-22</b>	18.159	1,04	5,33
<b>Feb-22</b>	17.904	1,03	5,24
<b>Mar-22</b>	17.925	1,02	5,19
<b>Apr-22</b>	16.647	0,95	4,93
<b>May-22</b>	16.255	0,92	4,78
<b>Jun-22</b>	15.973	0,91	4,67
<b>Jul-22</b>	15.899	0,90	4,70
<b>Aug-22</b>	16.295	0,92	4,81
<b>Sep-22</b>	16.154	0,91	4,70
<b>Oct-22</b>	16.352	0,93	4,75

(1) The figure for lending includes existing loans and net bad loans.

Source: Data processed by the Ufficio Analisi Economiche ABI on data of the Bank of Italy.

**Table 4**

<b>Deposits and bonds from bank customers in Italy</b>						
	<b>Funding (deposits and bonds)</b>		<b>Resident customers' deposits<sup>1</sup></b>		<b>Bonds<sup>2</sup></b>	
	Billion €	yoy	Billion €	yoy	Billion €	yoy
<b>Nov-17</b>	1.702,2	0,2	1.417,4	4,2	284,8	-16,0
<b>Nov-18</b>	1.700,0	-0,1	1.463,5	3,3	236,5	-17,0
<b>Nov-19</b>	1.824,0	7,3	1.582,7	8,1	241,4	2,1
<b>Nov-20</b>	1.929,1	5,8	1.711,1	8,1	217,9	-9,7
<b>Nov-21</b>	2.024,3	4,9	1.814,3	6,0	210,0	-3,7
<b>Dec-21</b>	2.068,4	5,6	1.859,5	6,9	208,9	-4,4
<b>Jan-22</b>	2.032,3	3,7	1.828,4	4,8	203,9	-5,4
<b>Feb-22</b>	2.030,6	3,2	1.827,2	4,3	203,4	-5,4
<b>Mar-22</b>	2.035,4	3,5	1.836,7	4,9	198,8	-7,7
<b>Apr-22</b>	2.062,0	4,2	1.863,9	5,5	198,1	-6,7
<b>May-22</b>	2.055,9	3,6	1.858,4	4,7	197,5	-5,8
<b>Jun-22</b>	2.041,8	2,5	1.840,7	3,3	201,2	-4,4
<b>Jul-22</b>	2.073,2	2,7	1.873,1	3,8	200,1	-5,8
<b>Aug-22</b>	2.053,7	2,1	1.853,1	3,0	200,6	-5,4
<b>Sep-22</b>	2.045,0	1,7	1.840,5	2,3	204,5	-3,9
<b>Oct-22</b>	2.042,0	-0,2	1.836,4	0,1	205,6	-3,1
<b>Nov-22</b>	2.027,6	0,2	1.818,6	0,2	209,0	-0,5

Notes: latest month of SI-ABI estimates.

(1) Deposits from ordinary private resident customers, excluding MFI and Central Public Authorities. It includes current accounts, preestablished term deposits, notice refundable deposits and repurchase agreements. The data are netted against operations with central counterparties, deposits with agreed maturity connected with receivables assignment transactions.

(2) Recorded at nominal value and expressed in euro, they include subordinated liabilities and do not include bonds purchased from banks. They refer to resident and non-resident customers.

Source: Data processed by the Ufficio Analisi Economiche ABI on data of the Bank of Italy and SI-ABI.

**Table 5**

Italy: interest rates for investors (Monthly average - % figures)												
	Bank interest rates: households and non-financial corporations (ESCB harmonised statistics)					Gross yield of Government bonds in the secondary market				Yield at issue of postal deposits		
	Deposits in euro (amounts)	Deposits in CA in euro (amounts)	Repurchase agreements (amounts)	Bonds (amounts)	Funding (deposits, repos and bonds) (amounts) <sup>1</sup>	BOT	CCT	CTZ	BTP	Ordinary savings books	Average annual yield on 5 <sup>th</sup> year	Average annual yield on 20 <sup>th</sup> year
<b>Nov-17</b>	0,39	0,06	1,30	2,64	0,75	-0,45	0,17	-0,30	1,65	0,05	0,40	2,50
<b>Nov-18</b>	0,38	0,05	1,07	2,40	0,64	0,20	2,12	0,76	3,06	0,25	0,65	2,85
<b>Nov-19</b>	0,37	0,04	1,49	2,19	0,59	-0,22	0,48	-0,05	1,30	0,05	0,05	0,90
<b>Nov-20</b>	0,33	0,03	0,94	1,93	0,50	-0,50	0,02	-0,40	0,75	0,05	0,10	0,30
<b>Nov-21</b>	0,31	0,02	1,23	1,76	0,45	-0,60	-0,27	-0,51	0,91	0,05	0,10	0,30
<b>Dec-21</b>	0,30	0,02	0,59	1,76	0,44	-0,63	-0,21	-0,51	0,93	0,05	0,10	0,29
<b>Jan-22</b>	0,31	0,02	0,88	1,71	0,44	-0,59	-0,15	-0,49	1,18	0,05	0,10	0,29
<b>Feb-22</b>	0,31	0,02	1,26	1,73	0,45	-0,47	-0,14	-0,47	1,52	0,05	0,10	0,30
<b>Mar-22</b>	0,32	0,02	1,59	1,72	0,45	-0,60	-0,22	-0,53	1,50	0,05	0,20	0,30
<b>Apr-22</b>	0,32	0,02	1,22	1,72	0,44	-0,48	-0,06	-0,48	1,96	0,05	0,20	0,30
<b>May-22</b>	0,31	0,02	0,94	1,72	0,44	-0,27	0,27	-0,34	2,43	0,05	0,20	0,30
<b>Jun-22</b>	0,31	0,02	0,93	1,77	0,45	0,10	0,35	-0,16	3,00	0,50	1,07	2,00
<b>Jul-22</b>	0,32	0,02	0,88	1,78	0,45	0,32	0,51	-0,11	2,78	0,50	1,07	2,00
<b>Aug-22</b>	0,32	0,02	0,84	1,81	0,46	0,57	0,56	0,23	2,74	0,50	1,07	2,00
<b>Sep-22</b>	0,34	0,05	1,28	1,91	0,49	1,46	0,77	0,89	3,52	0,50	1,07	2,00
<b>Oct-22</b>	0,37	0,07	1,88	1,97	0,52	1,80	1,90	0,00	3,89	1,20	1,26	2,50
<b>Nov-22</b>	0,42	0,11	1,69	2,06	0,58	n.d.	n.d.	n.d.	n.d.	1,20	1,26	2,50

Note: for banking rates latest available month for SI-ABI estimates.

(1) Weighted average rate

Source: Data processed by the Ufficio Analisi Economiche ABI on data of the Bank of Italy and SI-ABI