

ABI MONTHLY REPORT¹ – September 2024 (Main evidence)

Since October 2023, there have been signs of a decrease in market rates, anticipating the ECB's decision. In recent weeks, this downward trend has continued, in anticipation of the decisions that the Central Bank would have taken on September 12.

MARKET RATES

In the first 11 days of September:

1. **The 3-month Euribor rate** averaged **3.46%** (**3.55% in August**) **54 basis points lower** than the peak value recorded in October 2023.
2. **The six-month BOT rate** was on average **3.23%** (**3.27% in August**) **82 basis points lower** than the peak value recorded in October 2023.
3. **The 10-year IRS rate** (widely used in mortgages) averaged **2.45%** (**2.50% in August**) **107 basis points lower than the maximum** recorded in **October 2023**.
4. **The BTP rate** was on average **3.57%** (**3.63% in August**) **141 basis points lower** than the peak value recorded in **October 2023**.

LENDING INTEREST RATES

5. In August 2024:

¹ 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.

- **the average rate on new business loans decreased to 5.07%** compared to 5.27% in July 2024 and 5.45% in December 2023;
- **the average rate on new loans for house purchasing was to 3.44%**, the same value of July and lower compared to 4.42% in December 2023;
- **the average rate on total loans** (therefore agreed upon over the years) **decreased to 4.71%** from 4.74% in the previous month (cf. Table 1).

INTEREST RATES ON BANKING FUNDING

6. The **interest rate on new deposits with agreed maturity** (i.e. certificates of deposit and time deposits) in August 2024 **was 3.47%**. In July 2024 this interest rate was higher than the euro area average (3.47% in Italy; 3.31% in euro area). **Compared to June 2022**, when the interest rate was 0.29% (the last month before the start of the official interest rate hikes) **the increase is equal to 318 basis points**.
7. **The yield on new fixed-rate bond issues in August 2024 is 3.20%** with an increase of 189 basis points compared to 1.31% in June 2022.
8. In August 2024, **the interest rate on total amounts of deposits** (current accounts, savings deposits and certificates of deposit), **is 1.00%** (1.01% in the previous month; 0.32% in June 2022).
9. **The interest rate on current account deposits is 0.53%** (0.53% also in the previous month; 0.02% in June 2022), taking into account that the current account allows the use of a multitude of services and does not have the function of investment (cf. Table 2).

SPREAD BETWEEN THE LENDING RATE

10. The **spread on new business** (calculated as the difference between the rates on new loans and new funding) with household and non-financial corporations **in Italy**, in August 2024, is **193 basis points** (216 basis points in the previous month).

STOCK OF CUSTOMER FUNDING

11. **Indirect funding**, i.e. investments in securities held by banks (both under management and held directly by customers) shows an **increase of about 179 billion between July 2023 and July 2024** (104.3 billion attributable to households, 18.1 to non-financial corporations and the remaining to other sectors, financial companies, insurance companies, public administration).
12. In August 2024 **medium- and long-term funding**, i.e. through bonds, increased over the last 12 months by **12.2%** (+13.3% in the previous month).
13. **Deposits**, in their various forms, in August 2024 **increased by 2.0% yoy** (+1.3 % in July 2024).
14. In August 2024, **total funding** (deposits from resident customers and bonds) **increased by 3.2% yoy** continuing the positive trend observed since the beginning of the year (+2.7% in July 2024; cf. *Table 3*).

BANK LENDING

15. The decline in credit volumes is consistent with the slowdown in economic growth which contributes to depressing the demand for loans: in August 2024, **loans to households and non-financial corporations were down by 2.0%** compared to a year earlier, slowing down from the decline observed **in July 2024 (-2.2%)** when **loans to non-financial corporations were down yoy by 3.9% and those to households by 0.6%** (cf. *Table 4*).

CREDIT QUALITY

16. **In July 2024, net non-performing loans** (i.e., the total of bad loans, unlikely-to-pay exposures, and past due and/or overdrawn exposures, calculated net of write-downs and provisions already made by the banks) slightly decreased to **30.2 billion euros** from 30.6 billion in March 2024 (30.5 billion in December 2023). Compared to their peak level of 196.3 billion reached in 2015, they have decreased by 166 billion.
17. **In July 2024, net non-performing loans represented 1.43% of total loans.** In March 2024, this ratio was 1.45% (1.41 in December 2024; 9.8% in 2015; cf. *Table 5*).

Table 1

| Italy: bank interest rates on lending and benchmark yields (Monthly average - % figures) | | | | | | | | | | |
|---|--|---|------|---------------------------------|---|----------------------------------|-------------|-------------------------|-------|------|
| | Bank interest rates on loans in euro to households and non-financial corporations in Italy | | | ECB interest rates ² | | Interbank rates for the Eurozone | | 3-Month interbank rates | | |
| | Total ¹ (amounts) | | | deposit facility rate | interest rates on the main refinancing operations | 3-Month Euribor | 10-year IRS | USA | Japan | UK |
| | Of which: to non-financial corporations (new business) | Of which: to households for the purchase of houses (new business) | | | | | | | | |
| Aug-19 | 2,52 | 1,26 | 1,70 | -0,40 | 0,00 | -0,41 | -0,20 | 2,16 | 0,04 | 0,76 |
| Aug-20 | 2,31 | 1,15 | 1,32 | -0,50 | 0,00 | -0,48 | -0,19 | 0,25 | -0,07 | 0,07 |
| Aug-21 | 2,19 | 1,07 | 1,46 | -0,50 | 0,00 | -0,55 | -0,09 | 0,12 | -0,07 | 0,07 |
| Aug-22 | 2,32 | 1,45 | 2,07 | 0,00 | 0,50 | 0,40 | 1,96 | 2,95 | -0,02 | 2,23 |
| Aug-23 | 4,48 | 5,01 | 4,29 | 3,75 | 4,25 | 3,78 | 3,17 | 5,64 | 0,00 | 5,53 |
| Sep-23 | 4,61 | 5,35 | 4,21 | 4,00 | 4,50 | 3,88 | 3,24 | 5,66 | 0,00 | 5,52 |
| Oct-23 | 4,71 | 5,46 | 4,35 | 4,00 | 4,50 | 3,97 | 3,41 | 5,66 | 0,02 | 5,40 |
| Nov-23 | 4,76 | 5,59 | 4,50 | 4,00 | 4,50 | 3,97 | 3,10 | 5,64 | -0,01 | 5,36 |
| Dec-23 | 4,76 | 5,45 | 4,42 | 4,00 | 4,50 | 3,94 | 2,58 | 5,63 | 0,03 | 5,34 |
| Jan-24 | 4,78 | 5,48 | 3,98 | 4,00 | 4,50 | 3,93 | 2,63 | 5,58 | 0,05 | 5,32 |
| Feb-24 | 4,80 | 5,34 | 3,89 | 4,00 | 4,50 | 3,92 | 2,73 | 5,58 | 0,03 | 5,33 |
| Mar-24 | 4,80 | 5,26 | 3,79 | 4,00 | 4,50 | 3,92 | 2,64 | 5,58 | 0,08 | 5,32 |
| Apr-24 | 4,81 | 5,30 | 3,67 | 4,00 | 4,50 | 3,89 | 2,76 | 5,58 | 0,11 | 5,30 |
| May-24 | 4,80 | 5,38 | 3,61 | 4,00 | 4,50 | 3,81 | 2,80 | 5,59 | 0,12 | 5,30 |
| Jun-24 | 4,77 | 5,26 | 3,55 | 3,75 | 4,25 | 3,73 | 2,79 | 5,60 | 0,13 | 5,30 |
| Jul-24 | 4,74 | 5,27 | 3,44 | 3,75 | 4,25 | 3,69 | 2,74 | 5,55 | 0,15 | 5,30 |
| Aug-24 | 4,71 | 5,07 | 3,44 | 3,75 | 4,25 | 3,55 | 2,50 | 5,36 | 0,25 | 5,30 |

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 2

| Italy: interest rates on funding (Monthly average - % figures) | | | | | | | | | | | | | |
|--|--|------------------------|-------|--|-------------------------------|-------|----------------------|---|-------|------|----------------------------------|--|--|
| | Bank interest rates: households and non-financial corporations | | | | | | | Gross yield of Government bonds in the secondary market | | | Yield at issue of postal funding | | |
| | (ESCB harmonised statistics) | | | | | | | BOT | CCT | BTP | Deposits in euro | Average annual yield on 1 st year | Average annual yield on 5 th year |
| | Deposits in euro | Deposits in CA in euro | Bonds | Funding (deposits, repos and bonds) ¹ | Deposits with agreed maturity | Bonds | Funding ² | | | | | | |
| | (outstanding amounts) | | | | new business | | | | | | | | |
| Aug-19 | 0,37 | 0,05 | 2,35 | 0,62 | 0,79 | 1,49 | 0,82 | -0,20 | 0,95 | 1,47 | - | 0,05 | 0,05 |
| Aug-20 | 0,34 | 0,03 | 1,98 | 0,52 | 0,57 | 1,73 | 0,73 | -0,30 | 0,45 | 1,10 | - | 0,05 | 0,15 |
| Aug-21 | 0,31 | 0,02 | 1,79 | 0,45 | 0,55 | 0,95 | 0,36 | -0,60 | -0,26 | 0,68 | - | 0,05 | 0,10 |
| Aug-22 | 0,32 | 0,02 | 1,81 | 0,46 | 0,84 | 1,79 | 0,91 | 0,57 | 0,56 | 2,74 | - | 0,50 | 1,07 |
| Aug-23 | 0,79 | 0,41 | 2,65 | 1,00 | 3,39 | 4,64 | 3,67 | 3,75 | 4,23 | 3,87 | - | 0,50 | 1,15 |
| Sep-23 | 0,86 | 0,47 | 2,73 | 1,07 | 3,56 | 4,68 | 3,80 | 3,87 | 4,45 | 4,11 | 0,00 | 0,50 | 1,15 |
| Oct-23 | 0,92 | 0,50 | 2,72 | 1,12 | 3,75 | 4,49 | 3,89 | 3,92 | 5,00 | 4,43 | 0,00 | 0,50 | 1,15 |
| Nov-23 | 0,95 | 0,52 | 2,71 | 1,16 | 3,82 | 3,93 | 3,79 | 3,79 | 5,08 | 4,07 | 0,00 | 0,50 | 1,15 |
| Dec-23 | 0,96 | 0,54 | 2,73 | 1,17 | 3,78 | 3,09 | 3,54 | 3,54 | 4,98 | 3,55 | 0,00 | 0,50 | 1,00 |
| Jan-24 | 1,00 | 0,54 | 2,80 | 1,21 | 3,71 | 4,18 | 3,78 | 3,58 | 4,94 | 3,56 | 0,00 | 0,50 | 1,00 |
| Feb-24 | 1,02 | 0,55 | 2,78 | 1,23 | 3,65 | 4,28 | 3,76 | 3,64 | 4,94 | 3,63 | 0,00 | 0,50 | 1,00 |
| Mar-24 | 1,04 | 0,57 | 2,93 | 1,27 | 3,67 | 4,10 | 3,73 | 3,67 | 4,86 | 3,48 | 0,00 | 0,50 | 1,00 |
| Apr-24 | 1,04 | 0,57 | 2,86 | 1,26 | 3,59 | 3,72 | 3,59 | 3,64 | 4,70 | 3,59 | 0,00 | 0,50 | 1,00 |
| May-24 | 1,04 | 0,58 | 2,86 | 1,27 | 3,50 | 3,88 | 3,55 | 3,62 | 4,62 | 3,60 | 0,00 | 0,50 | 1,00 |
| Jun-24 | 1,03 | 0,57 | 2,92 | 1,26 | 3,49 | 3,56 | 3,46 | 3,56 | 4,73 | 3,70 | 0,00 | 0,50 | 1,00 |
| Jul-24 | 1,01 | 0,53 | 2,88 | 1,24 | 3,47 | 2,90 | 3,27 | 3,46 | 4,68 | 3,60 | 0,00 | 0,50 | 1,00 |
| Aug-24 | 1,00 | 0,53 | 2,88 | 1,23 | 3,47 | 3,20 | 3,34 | n.d. | n.d. | n.d. | 0,00 | 0,50 | 1,00 |

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

(1) Weighted average rate (2) are included: deposits in CA, Deposits with agreed maturity, Deposits redeemable at notice, Repos, bonds

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

Table 3

| Deposits and bonds from bank customers in Italy | | | | | | |
|--|-------------------------------------|------|---|------|--------------------------|------|
| | Funding (deposits and bonds) | | Resident customers' deposits¹ | | Bonds² | |
| | Billion € | yoy | Billion € | yoy | Billion € | yoy |
| Aug-19 | 1.804,7 | 5,3 | 1.562,6 | 6,8 | 242,1 | -3,4 |
| Aug-20 | 1.897,7 | 5,2 | 1.671,8 | 7,0 | 225,9 | -6,7 |
| Aug-21 | 2.011,7 | 6,0 | 1.799,7 | 7,6 | 212,0 | -6,1 |
| Aug-22 | 2.053,7 | 2,1 | 1.853,1 | 3,0 | 200,6 | -5,4 |
| Aug-23 | 1.985,1 | -3,3 | 1.751,6 | -5,5 | 233,4 | 16,4 |
| Sep-23 | 2.013,7 | -1,5 | 1.775,8 | -3,5 | 237,9 | 16,3 |
| Oct-23 | 1.984,6 | -2,8 | 1.744,9 | -4,9 | 239,6 | 16,5 |
| Nov-23 | 1.985,9 | -1,7 | 1.739,3 | -4,0 | 246,6 | 18,6 |
| Dec-23 | 2.041,2 | -0,9 | 1.794,0 | -3,0 | 247,2 | 18,3 |
| Jan-24 | 2.016,3 | 0,5 | 1.765,4 | -1,8 | 251,0 | 21,0 |
| Feb-24 | 2.019,8 | 0,9 | 1.768,1 | -1,1 | 251,7 | 17,9 |
| Mar-24 | 2.040,4 | 2,1 | 1.782,3 | 0,1 | 258,1 | 18,5 |
| Apr-24 | 2.039,8 | 1,1 | 1.777,0 | -1,4 | 262,9 | 21,7 |
| May-24 | 2.045,2 | 2,1 | 1.780,8 | 0,0 | 264,4 | 18,4 |
| Jun-24 | 2.067,0 | 3,7 | 1.801,0 | 2,2 | 266,0 | 14,9 |
| Jul-24 | 2.036,8 | 2,7 | 1.774,0 | 1,3 | 262,9 | 13,3 |
| Aug-24 | 2.048,9 | 3,2 | 1.786,9 | 2,0 | 262,0 | 12,2 |

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 4

| Lending of the banks in Italy (except interbank) * | | | | | | |
|---|--------------------------------|--------------------|-------------------------|--------------------|--|--------------------|
| | Total lending | | Private sector * | | of which: to households and non-financial corporation | |
| | Private sector and PA * | | | | | |
| | Billion € | yoy ⁽¹⁾ | Billion € | yoy ⁽¹⁾ | Billion € | yoy ⁽¹⁾ |
| Aug-19 | 1.690,0 | 0,8 | 1.422,0 | 0,6 | 1.281,0 | 0,8 |
| Aug-20 | 1.703,5 | 2,7 | 1.443,7 | 3,7 | 1.305,1 | 4,1 |
| Aug-21 | 1.711,3 | 2,0 | 1.444,0 | 1,8 | 1.312,6 | 2,4 |
| Aug-22 | 1.755,7 | 3,4 | 1.494,4 | 4,4 | 1.355,6 | 4,4 |
| Aug-23 | 1.675,5 | -3,8 | 1.431,0 | -3,3 | 1.297,8 | -3,3 |
| Sep-23 | 1.672,9 | -3,9 | 1.428,1 | -3,5 | 1.292,1 | -3,7 |
| Oct-23 | 1.664,9 | -3,7 | 1.423,6 | -3,1 | 1.291,9 | -3,1 |
| Nov-23 | 1.672,9 | -3,5 | 1.430,8 | -3,2 | 1.297,8 | -3,0 |
| Dec-23 | 1.676,8 | -3,3 | 1.429,7 | -2,8 | 1.288,2 | -2,5 |
| Jan-24 | 1.660,7 | -3,1 | 1.419,2 | -2,6 | 1.283,0 | -2,6 |
| Feb-24 | 1.652,6 | -3,0 | 1.414,8 | -2,5 | 1.281,1 | -2,6 |
| Mar-24 | 1.655,9 | -2,9 | 1.418,1 | -2,4 | 1.280,1 | -2,6 |
| Apr-24 | 1.647,3 | -2,5 | 1.411,2 | -2,2 | 1.277,4 | -2,3 |
| May-24 | 1.644,0 | -2,8 | 1.409,9 | -2,0 | 1.277,0 | -2,1 |
| Jun-24 | 1.647,6 | -2,1 | 1.417,9 | -1,6 | 1.274,4 | -2,2 |
| Jul-24 | 1.647,0 | -2,0 | 1.412,4 | -1,6 | 1.271,7 | -2,2 |
| Aug-24 | 1.634,8 | -1,7 | 1.402,0 | -1,2 | 1.261,0 | -2,0 |

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 5

| Net non-performing loans* | | |
|----------------------------------|----------------|----------------------------|
| | Amounts | As % of total loans |
| | (Billion €) | (% figures) |
| 2019 | 69,8 | 3,31 |
| 2020 | 50,5 | 2,20 |
| 2021 | 40,1 | 1,67 |
| 2022 | 33,1 | 1,46 |
| Jun-23 | 31,8 | 1,42 |
| Sep-23 | 31,2 | 1,42 |
| Dec-23 | 30,5 | 1,41 |
| Mar-24 | 30,6 | 1,45 |
| Jul-24 | 30,2 | 1,43 |

** include bad loans, unlikely-to-pay exposures, and past due and/or overdrawn exposures*

Source: Data processed by the Ufficio Analisi Economiche ABI on Bank of Italy quarterly data up to March 2024 and ABI estimates for Jul-24