EUROPEAN CENTRAL BANK
EUROSYSTEM

The euro area bank lending survey

Second quarter of 2019

July 2019

Contents

Introduction

The results reported in the July 2019 bank lending survey (BLS) relate to changes observed during the second quarter of 2019 and expectations for the third quarter of 2019. The survey was conducted between 17 June and 2 July 2019. The response rate was 99%. In addition to results for the euro area as a whole, this report also contains results for the five largest euro area countries.[1]

A number of ad hoc questions were included in the July 2019 survey. They address the impact of the situation in financial markets on banks' access to retail and wholesale funding, the impact of ongoing regulatory or supervisory changes on banks' lending policies and the impact of banks' non-performing loan (NPL) ratios on their lending policies.

1 The five largest euro area countries in terms of gross domestic product are Germany, France, Italy, Spain and the Netherlands.

1 Overview of results

According to the July 2019 bank lending survey, credit standards tightened in the second quarter of 2019 for loans to enterprises, marking the end of the net easing period started in 2014, as concerns about the economic outlook and increased risk aversion translated into tighter internal guidelines and loan approval criteria despite favourable funding conditions. Credit standards also tightened for consumer credit, in line with developments in the previous quarter, while they remained broadly unchanged for housing loans after a tightening during the previous quarter. Loan demand continued to increase across all loan categories.

Credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans to enterprises tightened in the second quarter of 2019 (net percentage of reporting banks at 5%, after -1% in the first quarter of 2019; see overview table), while banks had expected a slight net easing in the previous survey round. Credit standards on loans to households for house purchase remained broadly unchanged (net percentage of reporting banks at -1%, after 3% in the first quarter of 2019), in contrast to expectations of a net tightening. Credit standards on consumer credit and other lending to households continued to tighten further (4%, increasing from 2% in the previous quarter), substantially revising the net easing expected in the previous quarter (-9%). For the third quarter of 2019, banks expect credit standards to remain unchanged for loans to enterprises and housing loans, and to ease for consumer credit (-4%).

Banks' risk perceptions (related to a deterioration in the general economic and firm-specific situation) and risk tolerance, as well as cost of funds and balance sheet constraints (driven by costs related to banks' capital position), contributed to a tightening of credit standards on loans to enterprises, while competition (mainly from other banks) exerted pressure in the opposite direction. For loans to households for house purchase, a decrease in risk tolerance and an increase in banks' cost of funds and balance sheet constraints offset the easing pressure from competition and, to a lesser extent, lower risk perceptions. For consumer credit and other lending to households, risk aversion was the main driver of the net tightening, only partially compensated by the impact of competition and a reduction in risk perception.

Banks' overall credit terms and conditions (i.e. banks' actual terms and conditions agreed in the loan contract) for new loans to enterprises tightened for the second consecutive quarter, following an uninterrupted easing since the introduction of this summary indicator in 2015. The tightening affected margins on average NFC loans (defined as the spread over relevant market reference rates) and was especially prevalent among margins on riskier loans, potentially signalling the end of a favourable cycle that has endured since 2013. Collateral requirements also became stricter. For housing loans, banks' overall terms and conditions remained broadly unchanged, with the decrease in the margins on average loans compensating for the increase in the margins on risker loans. A similar development characterised consumer credit, although the more widespread reduction in average margins tilted the balance of contributions towards a slight easing of terms and conditions, despite stricter collateral standards required for this type of lending.

The net percentage share of rejected loan applications increased across all loan categories, in particular for loans to enterprises.

Net demand for loans to enterprises increased in the second quarter of 2019, in line with expectations and consistent with the buoyancy of corporate demand for credit since 2014 (net percentage of 6%, after 0% in the first quarter of 2019; see overview table). Banks expect demand to keep expanding in the next quarter (net percentage of 5%). The net increase in demand was similar for consumer credit (net percentage of 6%, after 2%) and substantially more pronounced for housing loans (net percentage of 26% after 14%), reaching one of the highest figures since the start of the survey in 2003. For the following quarter, banks expect an increase in net demand for housing loans (6%) and for consumer credit (11%).

Demand for loans to enterprises was supported by the low general level of interest rates and fixed investment, although to a lesser extent. M&A activity also contributed to the expansion of demand. The contribution coming from the accumulation of inventories and the recourse to working capital was marginally negative for the first time since 2013. Net demand for housing loans continued to be driven mainly by the low general level of interest rates, with increased contributions from positive housing market prospects, increased consumer confidence, new regulatory and fiscal regimes of housing markets in some jurisdictions and favourable debt renegotiations compared to previous quarters. For consumer credit and other lending to households, the low general level of interest rates and spending on durable goods contributed positively to demand, although to a decreasing degree. A rebound in consumer confidence, which had faltered only in the previous quarter since the second quarter of 2014, helped to prop up demand for consumer credit.

Among the largest euro area countries, credit standards on loans to enterprises tightened considerably in France, in Italy and, to a lesser extent, in Germany, while they remained unchanged in Spain and continued easing in the Netherlands in the second quarter of 2019 (see overview table). For housing loans, credit standards eased in the Netherlands, Germany and France, remained unchanged in Italy, and tightened in Spain. Net demand for loans to enterprises increased in France, Italy and Germany, while it declined in the Netherlands and Spain in the second quarter of 2019. For housing loans, net demand increased in most large euro area countries, except for Spain where it remained unchanged.

Overview table

Latest developments in BLS results in the largest euro area countries

(net percentages of banks reporting tightening credit standards or an increase in loan demand)

	Enterprises						House purchase						Consumer credit					
	Credit standards			Demand			Credit standards			Demand			Credit standards			Demand		
Country	Q1 19	Q2 19	Avg.	Q1 19	Q2 19	Avg.	Q1 19	Q2 19	Avg.	Q1 19	Q2 19	Avg.	Q1 19	Q2 19	Avg.	Q1 19	Q2 19	Avg.
Euro area	-1	5	9	0	6	-1	3	-1	6	14	26	4	2	4	4	2	5	1
Germany	3	3	3	16	9	5	7	-3	2	14	38	8	0	0	-1	6	10	9
Spain	0	0	9	-20	-10	-4	11	11	14	11	0	-8	10	20	6	-20	-10	-6
France	-4	15	6	0	20	-10	-2	-2	2	20	28	8	0	0	-1	-7	13	0
Italy	0	20	13	-20	20	5	10	0	1	0	20	15	0	0	6	0	-10	15
Netherlands	-24	-24	8	24	-51	0	-32	-34	11	49	50	1	0	0	12	34	0	-14

Notes: The "Avg." columns contain historical averages, which are calculated over the period since the beginning of the survey, excluding the most recent round. For France and the Netherlands, net percentages are weighted on the basis of outstanding loan amounts for individual banks in the respective national samples.

The July 2019 BLS also included a number of ad hoc questions. Banks reported in net terms that access to wholesale funding continued to improve in the second quarter of 2019 for debt securities and to a smaller extent also for money markets, while access to securitisation improved slightly. Banks also indicated an improvement in retail funding for the second quarter of 2019.

Euro area banks continued to strengthen their capital position against the backdrop of regulatory or supervisory actions in the first half of 2019. At the euro area level, banks reported a tightening impact on their credit standards across all loan categories, with further tightening expected for the next six months accompanied by a widening of credit margins across all loan categories.

Regarding the impact of non-performing loan (NPL) ratios on credit standards, banks reported a tightening for all loan categories in the first half 2019, although the impact was less pronounced than in the previous semester for loans to enterprises and housing loans. Over the next six months, they expect a tightening impact for loans to enterprises and consumer credit. Risk perceptions and risk aversion were the main drivers of the tightening impact of NPL ratios.

Box 1

General notes

The bank lending survey (BLS) is addressed to senior loan officers at a representative sample of euro area banks. In the current survey round, 144 banks participated in the survey, representing all euro area countries and reflecting the characteristics of their respective national banking structures. The main purpose of the BLS is to enhance the Eurosystem's knowledge of bank lending conditions in the euro area.[2]

[2] For more detailed information on the bank lending survey, see the article entitled "A bank lending survey for the euro area", *Monthly Bulletin*, ECB, April 2003; and Köhler-Ulbrich, P., Hempell, H. and Scopel, S., "The euro area bank lending survey", *Occasional Paper Series*, No 179, ECB, 2016.

BLS questionnaire

The BLS questionnaire contains 22 standard questions on past and expected future developments: 18 backward-looking questions and four forward-looking questions. In addition, it contains one open-ended question. Those questions focus on developments in loans to euro area residents (i.e. domestic and euro area cross-border loans) and distinguish between three loan categories: loans or credit lines to enterprises; loans to households for house purchase; and consumer credit and other lending to households. For all three categories, questions are asked about the credit standards applied to the approval of loans, the terms and conditions of new loans, loan demand, the factors affecting loan supply and demand conditions, and the percentage of loan applications that are rejected. Survey questions are generally phrased in terms of changes over the past three months or expected changes over the next three months. Survey participants are asked to indicate in a qualitative way the strength of any tightening or easing or the strength of any decrease or increase, reporting changes using the following five-point scale: (1) tightened/decreased considerably, (2) tightened/decreased somewhat, (3) basically no change, (4) eased/increased somewhat or (5) eased/increased considerably.

In addition to the standard questions, the BLS questionnaire may contain ad hoc questions on specific topics of interest. Whereas the standard questions cover a three-month time period, the ad hoc questions tend to refer to changes over a longer time period (e.g. over the past and next six months).

Aggregation of banks' replies to national and euro area BLS results

The responses of the individual banks participating in the BLS are aggregated in two steps. In the first step, the responses of individual banks are aggregated to form national results for euro area countries. And in the second step, those national BLS results are aggregated to form euro area BLS results.

In the first step, banks' replies can be aggregated to form national BLS results by applying equal weights to all banks in the sample[3] or, alternatively, by applying a weighting scheme based on outstanding loans to non-financial corporations and households for the individual banks in the respective national samples. Specifically, for France, Malta, the Netherlands and Slovakia, an explicit weighting scheme is applied.

In the second step, since the numbers of banks in the national samples differ considerably and do not always reflect those countries' respective shares of lending to euro area non-financial corporations and households, the national survey results are aggregated to form euro area BLS results by applying a weighting scheme based on national shares of outstanding loans to euro area non-financial corporations and households.

BLS indicators

Responses to questions related to credit standards are analysed in this report by looking at the difference (the "net percentage") between the percentage of banks reporting that credit standards applied in the approval of loans have been tightened and the percentage of banks reporting that they have been eased. For all questions, the net percentage is determined on the basis of all participating banks that have business in or exposure to the respective loan categories (i.e. they are

[3] In this case, the selected sample banks are generally of similar size or their lending behaviour is typical of a larger group of banks.

all included in the denominator when calculating the net percentage). This means that banks that specialise in certain loan categories (e.g. banks that only grant loans to enterprises) are only included in the aggregation for those categories. All other participating banks are included in the aggregation of all questions, even if a bank replies that a question is "not applicable" ("NA"). This harmonised aggregation method was introduced by the Eurosystem in the April 2018 BLS. It has been applied to all euro area and national BLS results in the current BLS questionnaire, including backdata.[4] The resulting revisions for the standard BLS questions have generally been small, but revisions for some ad hoc questions have been larger owing to a higher number of "not applicable" replies by banks.

A positive net percentage indicates that a larger proportion of banks have tightened credit standards ("net tightening"), whereas a negative net percentage indicates that a larger proportion of banks have eased credit standards ("net easing").

Likewise, the term "net demand" refers to the difference between the percentage of banks reporting an increase in loan demand (i.e. an increase in bank loan financing needs) and the percentage of banks reporting a decline. Net demand will therefore be positive if a larger proportion of banks have reported an increase in loan demand, whereas negative net demand indicates that a larger proportion of banks have reported a decline in loan demand.

In the assessment of survey balances for the euro area, net percentages between -1 and +1 are generally referred to as "broadly unchanged". For the country results, net percentage changes are reported in a factual manner, as differing sample sizes across countries mean that the answers of individual banks have differing impacts on the magnitude of net percentage changes.

In addition to the "net percentage" indicator, the ECB also publishes an alternative measure of banks' responses to questions related to changes in credit standards and net demand. This measure is the weighted difference ("diffusion index") between the percentage of banks reporting that credit standards have been tightened and the percentage of banks reporting that they have been eased. Likewise, as regards demand for loans, the diffusion index refers to the weighted difference between the percentage of banks reporting an increase in loan demand and the percentage of banks reporting a decline. The diffusion index is constructed in the following way: lenders who have answered "considerably" are given a weight (score of 1) twice as high as lenders having answered "somewhat" (score of 0.5). The interpretation of the diffusion indices follows the same logic as the interpretation of net percentages.

Detailed tables and charts based on the responses provided can be found in Annex 1 for the standard questions and Annex 2 for the ad hoc questions. In addition, BLS time series data are available on the ECB's website via the Statistical Data Warehouse.

A copy of the questionnaire, a glossary of BLS terms and a BLS user guide with information on the BLS series keys can all be found at:
https://www.ecb.europa.eu/stats/ecb_surveys/bank_lending_survey/html/index.en.html

[4] The non-harmonised historical data differ from the harmonised data mainly as a result of heterogeneous treatment of "NA" replies and specialised banks across questions and countries. Non-harmonised historical BLS data are published for discontinued BLS questions and ad hoc questions.

2 Developments in credit standards, terms and conditions, and net demand for loans in the euro area

2.1 Loans to enterprises

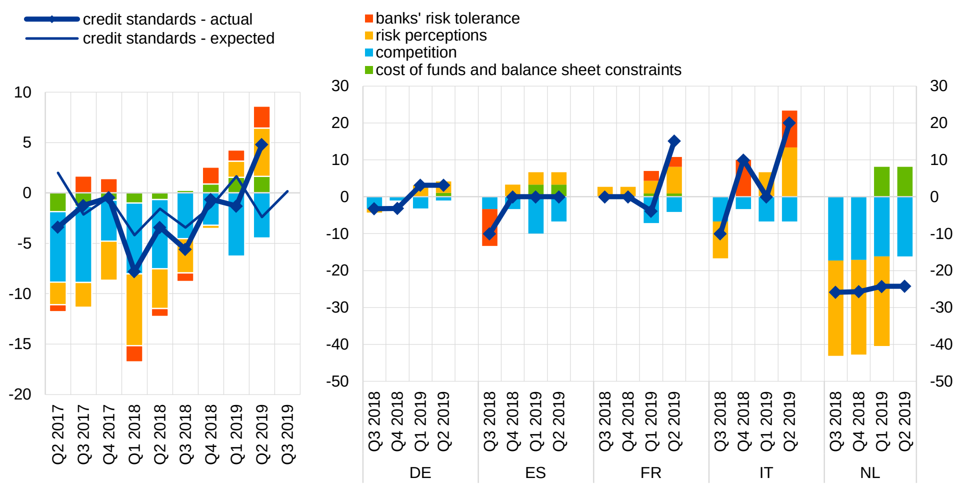
2.1.1 Credit standards tightened for loans to enterprises

Credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans to enterprises tightened in the second quarter of 2019 (net percentage of reporting banks at 5%, after -1% in the first quarter of 2019; see Chart 1 and overview table). By contrast, banks had expected a slight net easing in the previous round. Although the net percentage remained below the historical average since 2003, the tightening marked the end of the net easing period that began in 2014. Across firm size, credit standards tightened for loans to small and medium-sized enterprises (5%) and remained broadly unchanged for loans to large firms (1%).

Chart 1

Changes in credit standards applied to the approval of loans or credit lines to enterprises, and contributing factors

(net percentages of banks reporting tightening credit standards and contributing factors)



Notes: "Actual" values are changes that have occurred, while "expected" values are changes anticipated by banks. Net percentages are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages of banks responding "eased somewhat" and "eased considerably". The net percentages for responses to questions related to contributing factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage reporting that it contributed to an easing. "Cost of funds and balance sheet constraints" is the unweighted average of "costs related to capital position", "access to market financing" and "liquidity position"; "risk perceptions" is the unweighted average of "general economic situation and outlook", "industry or firm-specific situation and outlook/borrower's creditworthiness" and "risk related to the collateral demanded"; "competition" is the unweighted average of "competition from other banks", "competition from non-banks" and "competition from market financing".

Banks' risk perceptions (related to a deterioration in the general economic and firm-specific situation) and risk tolerance, as well as cost of funds and balance sheet constraints (driven by costs related to banks' capital position), contributed to a tightening of credit standards on loans to enterprises, while competition (mainly from other banks) exerted pressure in the opposite direction (see Chart 1 and Table 1).[5]

Among the large euro area countries, credit standards on loans to enterprises tightened considerably in France, in Italy and, to a lesser extent, in Germany, while they remained unchanged in Spain and continued easing in the Netherlands in the second quarter of 2019. Competitive pressure contributed to an easing of credit standards in all large countries. By contrast, risk perceptions related to the general economic and firm-specific situation contributed to a tightening in most large countries, except for the nil contribution in the Netherlands. A decrease in risk tolerance added tightening pressure in Italy and France. Banks in all jurisdictions except Italy referred to a tightening impact of the cost related to banks' capital position (included in "Cost of funds and balance sheet constraints").

Looking ahead to the third quarter of 2019, euro area banks foresee no change in credit standards for loans to enterprises.

Table 1

Factors contributing to the net tightening of credit standards for loans or credit lines to enterprises

(net percentages of banks)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	**Q1 2019**	**Q2 2019**	**Q1 2019**	**Q2 2019**	**Q1 2019**	**Q2 2019**	**Q1 2019**	**Q2 2019**
Euro area	2	2	-6	-4	2	5	1	2
Germany	0	1	-3	-1	3	3	0	0
Spain	3	3	-10	-7	3	3	0	0
France	1	1	-7	-4	4	7	3	3
Italy	0	0	-7	-7	7	13	0	10
Netherlands	8	8	-16	-16	-24	0	0	0

Note: See the notes to Chart 1.

2.1.2 Terms and conditions for loans to enterprises tightened

In the second quarter of 2019, overall terms and conditions that banks apply when granting new loans or credit lines (i.e. the actual terms and conditions agreed in the loan contract) to enterprises tightened for the second consecutive quarter (see Chart 2 and Table 2), following an uninterrupted easing since the introduction of this summary indicator in 2015. The tightening affected margins on average NFC loans (defined as the spread over relevant market reference rates) and was especially prevalent among margins on riskier loans, signalling the end of a favourable cycle that had endured since 2013. Collateral requirements also became stricter. Regarding other credit terms and conditions, loan size and loan covenants

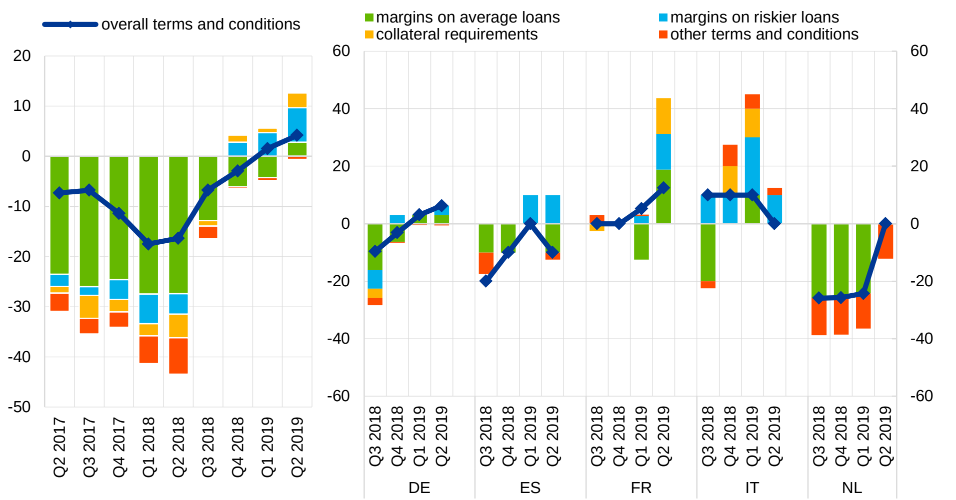
[5] The calculation of a simple average when combining factors in broader categories assumes that all factors have the same importance for the banks. This partly explains some inconsistencies in the respective charts between developments in credit standards and developments in the main underlying factor categories.

contributed to an easing, while non-interest rate charges had some tightening impact.

Chart 2

Changes in terms and conditions for loans or credit lines to enterprises

(net percentages of banks reporting tightening terms and conditions)



Notes: “Margins” are defined as the spread over a relevant market reference rate. “Other terms and conditions” is the unweighted average of “non-interest rate charges”, “size of the loan or credit line”, “loan covenants” and “maturity”.

Across the largest euro area countries, overall terms and conditions on new loans or credit lines to enterprises tightened in France and Germany, while they eased in Spain. The tightening was mostly related to a widening of margins on average and riskier loans. The latter have also increased in Spain and Italy, while there was no relevant change to any component in the Netherlands in the second quarter of 2019.

Table 2

Changes in terms and conditions for loans or credit lines to enterprises

(net percentages of banks)

	Overall terms and conditions		Banks’ margins on average loans		Banks’ margins on riskier loans	
Country	**Q1 2019**	**Q2 2019**	**Q1 2019**	**Q2 2019**	**Q1 2019**	**Q2 2019**
Euro area	2	4	-4	3	5	7
Germany	3	6	3	3	0	3
Spain	0	-10	0	-10	10	10
France	5	12	-12	19	3	12
Italy	10	0	10	0	20	10
Netherlands	-24	0	-24	0	0	0

Note: See the notes to Chart 2.

Regarding the factors contributing to changes in overall credit terms and conditions, risk perceptions were the main driver of the tightening, followed by banks’ cost of funds and balance sheet constraints, while competition continued to ease terms and conditions (see Table 3).

Across the largest euro area countries, competitive pressure contributed to easier credit terms and conditions in all countries. Risk perceptions were concentrated in

France and Italy, with the former experiencing also lower risk tolerance. Cost of funds and balance sheet constraints originated tighter terms and conditions in Germany and the Netherlands, while contributed to an easing in Spain.

Table 3

Factors contributing to the net tightening of overall terms and conditions for loans or credit lines to enterprises

(net percentages of banks)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019
Euro area	5	3	-12	-13	2	7	0	1
Germany	3	3	-9	-9	0	0	0	0
Spain	0	-10	0	-10	0	0	0	0
France	3	0	-16	-12	0	22	3	3
Italy	10	0	-10	-10	10	10	0	0
Netherlands	0	24	-24	-24	0	0	0	0

Note: The net percentages for these questions relating to contributing factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage reporting that it contributed to an easing.

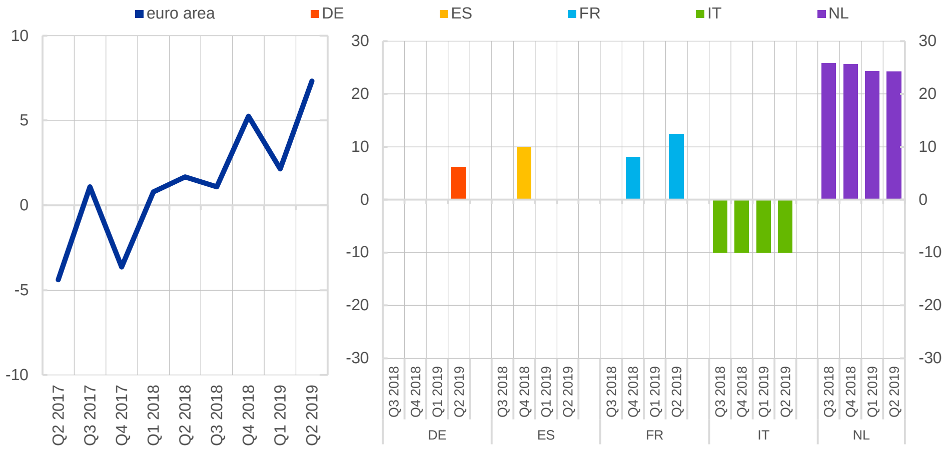
2.1.3 Rejection rate for loans to enterprises continued to increase

The net percentage share of rejected loan applications (i.e. the difference between the sum of the percentages of banks reporting an increase and that of banks reporting a decline in the share of loan rejections) continued to increase for loans to euro area enterprises in the second quarter of 2019, reaching the highest level (7%, after 2% in the previous quarter; see Chart 3) registered since the start of the series in 2015.

Chart 3

Change in the share of rejected applications for loans to enterprises

(net percentages of banks reporting an increase in the share of rejections)



Note: Share of loan rejections relative to the volume of all loan applications in that loan category.

Across the largest euro area countries, the net rejection rate increased in the Netherlands, France and Germany, while it remained unchanged in Spain and declined in Italy.

2.1.4 Net demand for loans to enterprises increased

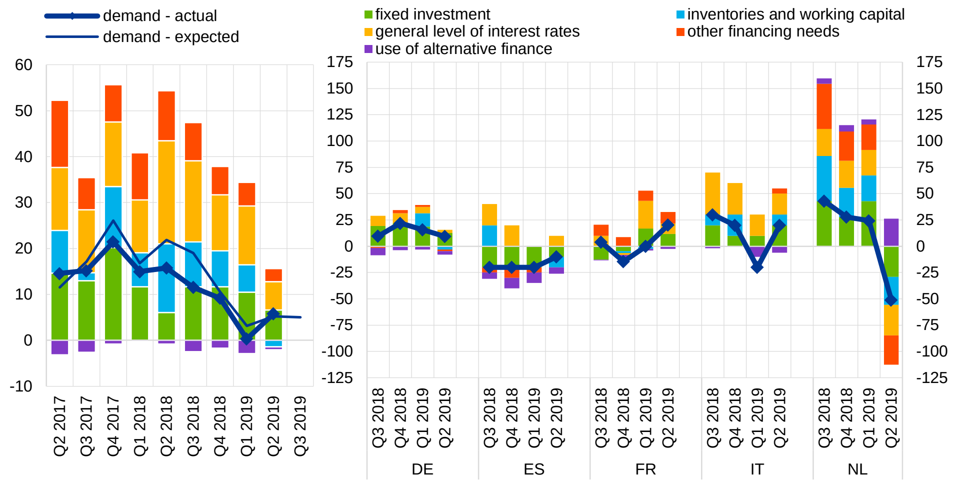
Net demand for loans to enterprises increased in the second quarter of 2019, in line with expectations and consistent with the buoyancy of corporate demand for credit since 2014 (net percentage of 6%, after 0% in the first quarter of 2019; see Chart 4 and overview table). Demand increased for loans to SMEs but decreased for loans to large firms.

Across the large euro area countries, net demand for loans to enterprises increased in Germany, France and Italy, while it declined in the Netherlands and in Spain.

Chart 4

Changes in demand for loans or credit lines to enterprises, and contributing factors

(net percentages of banks reporting an increase in demand and contributing factors)



Notes: "Actual" values are changes that have occurred, while "expected" values are changes anticipated by banks. Net percentages for the questions on demand for loans are defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat" and the sum of the percentages of banks responding "decreased somewhat" and "decreased considerably". The net percentages for responses to questions related to contributing factors are defined as the difference between the percentage of banks reporting that the given factor contributed to increasing demand and the percentage reporting that it contributed to decreasing demand. "Other financing needs" is the unweighted average of "mergers/acquisitions and corporate restructuring" and "debt refinancing/restructuring and renegotiation"; "use of alternative finance" is the unweighted average of "internal financing", "loans from other banks", "loans from non-banks", "issuance/redemption of debt securities" and "issuance/redemption of equity".

Demand for loans to enterprises was supported by the low general level of interest rates and fixed investment, albeit to a decreasing degree. M&A activity also contributed to the expansion in demand (the last two items are included in "Other financing needs"; see Chart 4 and Table 4). The contribution coming from the accumulation of inventories and the recourse to working capital was slightly negative for the first time since 2013.[6]

[6] The calculation of a simple average when combining factors in broader categories assumes that all factors have the same importance for the banks. This partly explains some inconsistencies between developments in demand for loans and developments in the main underlying factor categories.

Table 4

Factors contributing to net demand for loans or credit lines to enterprises

(net percentages of banks)

	Fixed investment		Inventories and working capital		Other financing needs		General level of interest rates		Use of alternative finance	
Country	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019
Euro area	11	7	6	-1	5	3	13	6	-3	-1
Germany	19	13	13	-3	2	-2	6	3	-3	-3
Spain	-20	-10	0	-10	-5	0	0	10	-10	-6
France	17	12	-3	0	10	11	26	10	-2	-2
Italy	10	20	0	10	0	5	20	20	-10	-6
Netherlands	43	-29	24	-27	24	-28	24	-29	5	26

Note: See the notes to Chart 4.

Across the largest euro area countries, the low general level of interest rates supported loan demand in most major countries, except for the Netherlands. Fixed investment propped up demand in Italy, Germany and France, and dragged it down in Spain and the Netherlands. Inventories and working capital followed fixed investment in these two countries, while they had a muted impact in Germany and France and a positive impact in Italy. France and Italy registered positive impacts from M&A activity, while the Netherlands experienced the opposite effect. The reduced use of alternative financing sources had a positive impact only in the Netherlands.

For the third quarter of 2019, banks expect a net increase in loan demand from enterprises (net percentage of 5%).

2.2 Loans to households for house purchase

2.2.1 Credit standards for loans to households for house purchase remain broadly unchanged

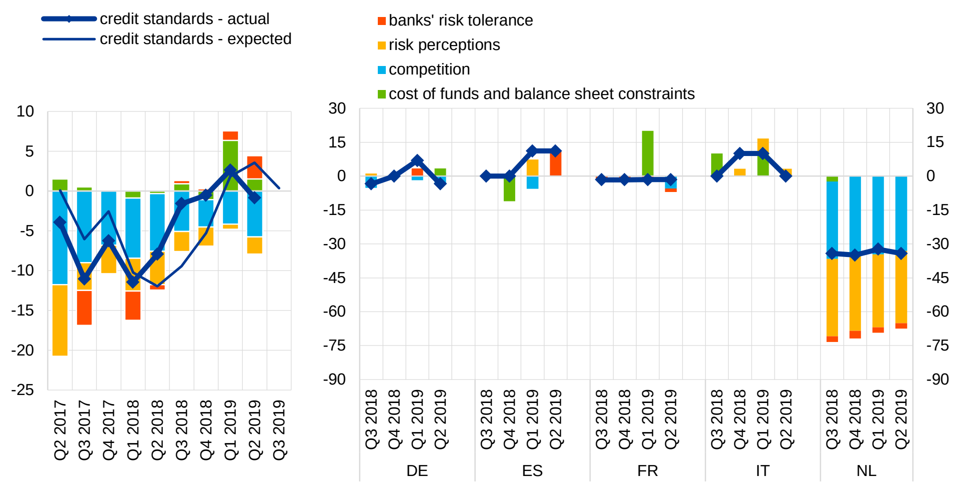
Credit standards on loans to households for house purchase remained broadly unchanged in the second quarter of 2019, following the tightening that occurred in the previous quarter (-1%, after 3% in the previous quarter; see Chart 5 and overview table). This was in contrast with expectations of a net tightening in the last quarter. The net percentage remains below the historical average since 2003.

Across the largest euro area countries, banks eased their credit standards in Germany, France and the Netherlands, while they left them unchanged in Italy and tightened them in Spain.

Chart 5

Changes in credit standards applied to the approval of loans to households for house purchase, and contributing factors

(net percentages of banks reporting tightening credit standards and contributing factors)



Notes: See the notes to Chart 1. “Risk perceptions” is the unweighted average of “general economic situation and outlook”, “housing market prospects, including expected house price developments” and “borrower’s creditworthiness”; “competition” is the unweighted average of “competition from other banks” and “competition from non-banks”.

Banks’ risk tolerance contributed to a tightening of credit standards together with cost of funds and balance sheet constraints, while competition continued to contribute to an easing together with reduced risk perceptions (see Chart 5 and Table 5).

Across the largest euro area countries, the reported tightening in Spain was mainly related to banks’ risk aversion. Banks in Germany referred to a tightening impact of their cost of funds and balance sheet constraints while competition contributed to an easing. In France, the reported easing was driven by pressure from competition and, to a smaller degree, by increased risk tolerance. Finally, in Italy there was a tightening contribution due to increased risk perceptions related to the general economic activity, although overall banks did not report a net further tightening after those registered in the previous two survey rounds, as the impact of cost of funds and balance sheet constraints subsided in the second quarter of 2019.

Looking ahead, euro area banks expect that credit standards for housing loans will remain broadly unchanged in the third quarter of 2019 as well.

Table 5

Factors contributing to the net tightening of credit standards for loans to households for house purchase

(net percentages of banks)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019
Euro area	6	2	-4	-6	-1	-2	1	3
Germany	0	3	-2	-3	0	0	3	0
Spain	0	0	-6	0	7	0	0	11
France	20	0	0	-6	0	0	-2	-2
Italy	10	0	0	0	7	3	0	0
Netherlands	0	0	-35	-33	-32	-32	-2	-2

Note: See the notes to Chart 5.

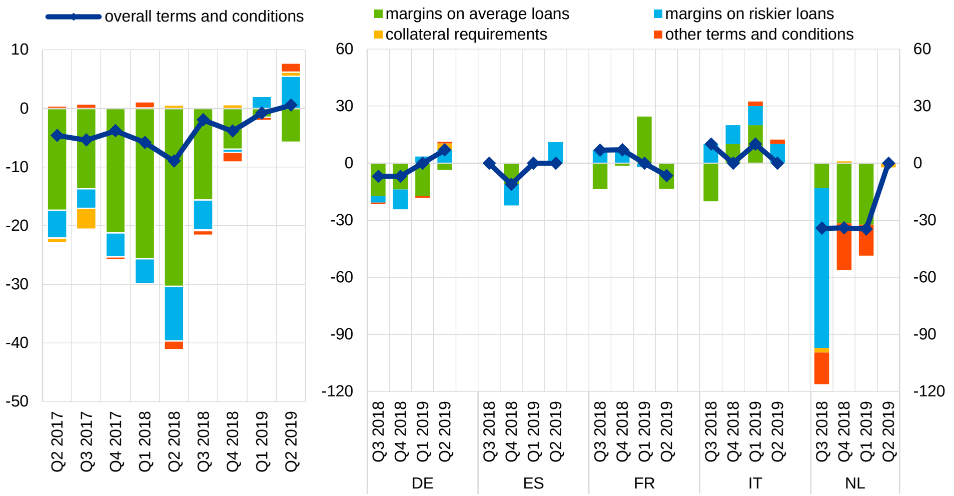
2.2.2 Terms and conditions for loans to households for house purchase remained broadly unchanged

Banks' overall terms and conditions for new loans to households for house purchase remained broadly unchanged in the second quarter of 2019 (see Chart 6 and Table 6), following an extended easing period that had already decelerated in the first quarter. The contribution to easing coming from the compression of margins on average loans since 2013 already came to a halt in the first quarter of 2019, and resumed in the last quarter with a historically low magnitude. The tightening contribution of margins on riskier loans increased to a level not registered for six years. Most other terms and conditions remained broadly unchanged.

Chart 6

Changes in terms and conditions for loans to households for house purchase

(net percentages of banks reporting tightening terms and conditions)



Notes: "Margins" are defined as the spread over a relevant market reference rate. "Other terms and conditions" is the unweighted average of "loan-to-value ratio", "other loan size limits", "non-interest rate charges" and "maturity".

Of the largest euro area countries, banks in Germany reported a tightening of terms and conditions on housing loans driven by the increase in margins on riskier loans, which was only partially compensated by lower average margins. Margins on riskier loans increased also in Spain and Italy, although overall terms and conditions did not change in these jurisdictions. Banks in France reported a net easing overall, with margins on average loans compressing after a large tightening in the previous quarter. The widespread compression in margins observed in the Netherlands across all loan categories in the last year was met by unchanged overall terms and conditions in the second quarter of 2019.

Table 6

Changes in terms and conditions for loans to households for house purchase

(net percentages of banks)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019
Euro area	-1	1	-1	-6	2	5
Germany	0	7	-17	-3	3	7
Spain	0	0	0	0	0	11
France	0	-7	25	-13	-2	0
Italy	10	0	20	0	10	10
Netherlands	-35	0	-32	0	0	0

Note: See the notes to Chart 6.

While competitive pressure remained the main contributor to an easing of overall terms and conditions on housing loans at the euro area level, banks' cost of funds and balance sheet constraints contributed to a tightening (see Table 7). Risk perceptions also had some easing impact, while banks' risk tolerance had a broadly neutral impact on terms and conditions on housing loans at the euro area level.

While the easing impact of competitive pressures applied across most large euro area countries with the exception of Italy, the tightening impact of banks' cost of funds and balance sheet situation was concentrated in France and Germany.

Table 7

Factors contributing to the net tightening of overall terms and conditions for loans to households for house purchase

(net percentages of banks)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019
Euro area	6	3	-11	-15	-2	-2	1	1
Germany	3	3	-14	-3	0	0	0	0
Spain	0	0	0	-11	0	0	0	0
France	9	7	-21	-28	0	0	0	0
Italy	10	0	20	0	0	0	0	0
Netherlands	0	0	-36	-35	-32	-32	-2	-2

Note: The net percentages for these questions relating to contributing factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage reporting that it contributed to an easing.

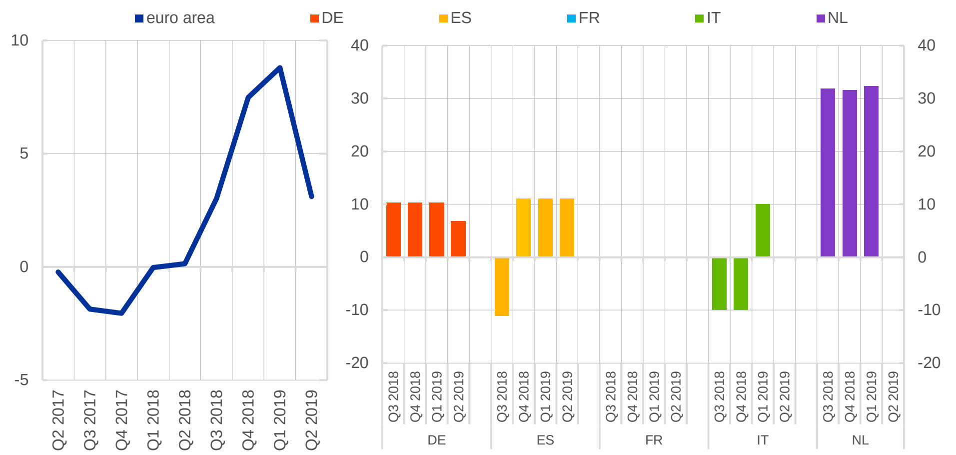
2.2.3 Rejection rate for housing loans increased

According to euro area banks, the net share of rejected applications for loans to households for house purchase increased again in the second quarter of 2019 (3%, after 9% in the previous survey round; see Chart 7).

Chart 7

Change in the share of rejected applications for loans to households for house purchase

(net percentages of banks reporting an increase in the share of rejections)



Note: Share of loan rejections relative to the volume of all loan applications in that loan category.

Across the largest euro area countries, the rejection rate for housing loans increased in Germany, Spain and the Netherlands, and remained unchanged in France and Italy.

2.2.4 Net demand for housing loans continued to increase

In the second quarter of 2019, banks reported a further net increase in demand for housing loans (26%, after 14% in the previous quarter; see Chart 8 and overview table), which was above the historical average for housing loan demand and substantially higher than expected by banks in the previous survey round.

Net demand increased in all large euro area countries, except for Spain where it remained unchanged.

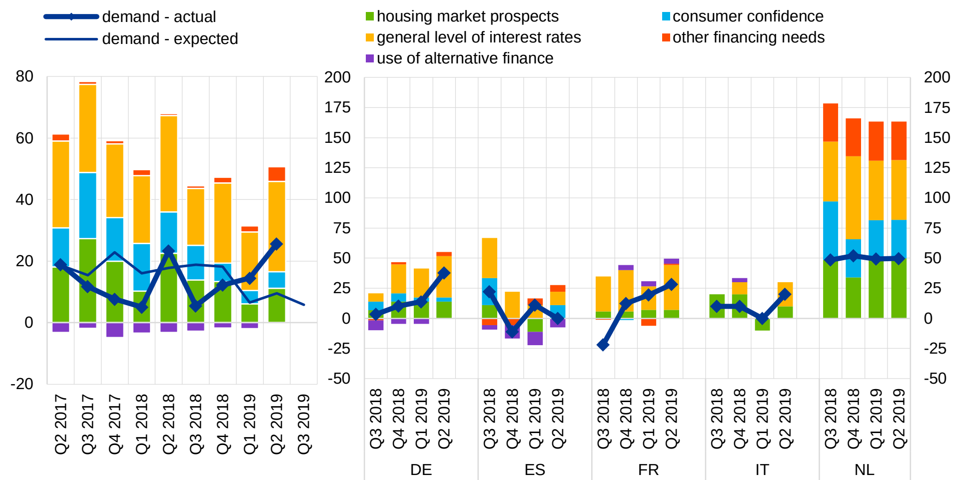
Net demand for housing loans continued to be driven mainly by the low general level of interest rates, while favourable housing market prospects, consumer confidence and other financing needs contributed more than in previous quarters. The use of alternative sources of finance had no effect on demand (see Chart 8 and Table 8).

Across the large euro area countries, the low general level of interest rates had a positive impact on housing loan demand in all large countries. In addition, favourable housing market prospects supported housing loan demand in most large countries with the exception of Spain, where there was no impact. Consumer confidence supported housing demand in the Netherlands, Spain and Germany. Favourable debt refinancing, restructuring or renegotiation supported demand in Germany, France and the Netherlands, while regulatory and fiscal regimes of housing markets impacted positively demand in the Netherlands and in Spain. Finally, the use of alternative finance dampened demand in Spain as a result of the larger role of loans from other banks and households' internal financing capacity. Lower loan volumes from other banks have instead contributed positively to net demand developments in France.

Chart 8

Changes in demand for loans to households for house purchase, and contributing factors

(net percentages of banks reporting an increase in demand and contributing factors)



Notes: See the notes to Chart 4. "Other financing needs" is the unweighted average of "debt refinancing/restructuring and renegotiation" and "regulatory and fiscal regime of housing markets"; "use of alternative finance" is the unweighted average of "internal finance of house purchase out of savings/down payment", "loans from other banks" and "other sources of external finance".

Table 8

Factors contributing to net demand for loans to households for house purchase

(net percentages of banks)

	Housing market prospects		Consumer confidence		Other financing needs		General level of interest rates		Use of alternative finance	
Country	**Q1 2019**	**Q2 2019**	**Q1 2019**	**Q2 2019**	**Q1 2019**	**Q2 2019**	**Q1 2019**	**Q2 2019**	**Q1 2019**	**Q2 2019**
Euro area	6	11	4	5	2	5	19	29	-2	0
Germany	14	14	3	3	0	3	24	34	-5	0
Spain	-11	0	0	11	6	6	11	11	-11	-7
France	7	7	0	0	-6	1	20	37	4	4
Italy	-10	10	0	0	0	0	0	20	0	0
Netherlands	49	50	32	32	32	32	49	50	0	0

Note: See the notes to Chart 8.

For the third quarter of 2019, euro area banks expect a continued increase in net demand for housing loans (6%).

2.3 Consumer credit and other lending to households

2.3.1 Credit standards for consumer credit and other lending to households tightened

In the second quarter of 2019, credit standards for consumer credit and other lending to households tightened further (4%, increasing from 2% in the previous quarter; see Chart 9 and overview table), in contrast with broad-based expectations of a net easing in the previous round. The net percentage was in line with the historical average since 2003 and higher than any level registered since early 2013.

Across the largest euro area countries, the tightening of credit standards for consumer lending was concentrated among Spanish banks, while in the rest of the countries a neutral impact was reported.

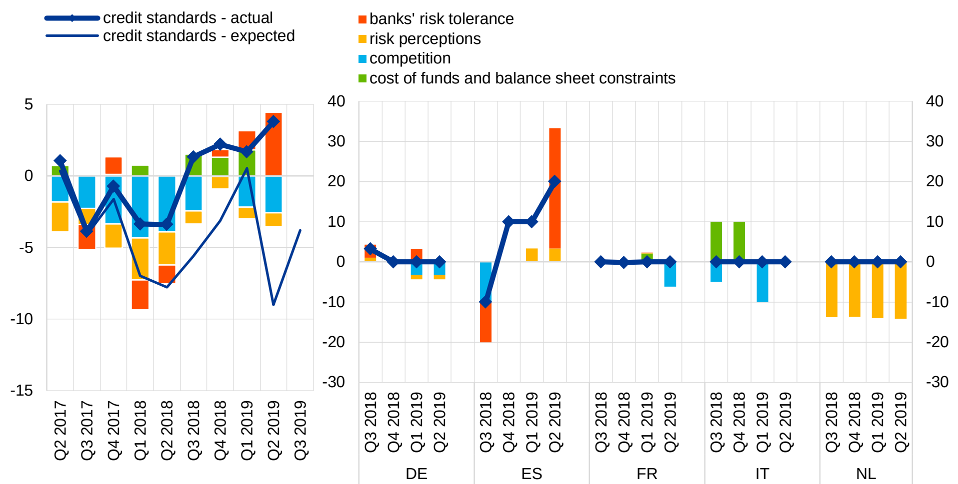
According to euro area banks, risk tolerance had a large tightening impact, partially offset by the net easing pressure exerted by competition in the second quarter of 2019. The tightening impact of banks' cost of funds and balance sheet constraints registered in the past three quarters has subsided and was nil in the past quarter (see Chart 9 and Table 9).

Across the largest euro area countries, the significant tightening in Spain was reported to be due mainly to a stricter attitude towards risk by banks, with a smaller role played by increased risk perceptions. Easing contributions came from competition in Germany and France, and lower risk perceptions in the Netherlands and Germany. Banks in Italy reported no change to any factor that may affect their credit standards for consumer credit and other lending.

Chart 9

Changes in credit standards applied to the approval of consumer credit and other lending to households, and contributing factors

(net percentages of banks reporting tightening credit standards and contributing factors)



Notes: See the notes to Chart 1. "Risk perceptions" is the unweighted average of "general economic situation and outlook", "creditworthiness of consumers" and "risk on the collateral demanded"; "competition" is the unweighted average of "competition from other banks" and "competition from non-banks".

Looking ahead to the third quarter of 2019, euro area banks expect an easing of credit standards on consumer credit and other lending to households (-4%).

Table 9
Factors contributing to the net tightening of credit standards for consumer credit and other lending to households

(net percentages of banks)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks’ risk tolerance	
Country	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019
Euro area	2	0	-2	-3	-1	-1	1	4
Germany	0	0	-3	-3	-1	-1	3	0
Spain	0	0	0	0	3	3	0	30
France	2	0	0	-6	0	0	0	0
Italy	0	0	-10	0	0	0	0	0
Netherlands	0	0	0	0	-14	-14	0	0

Note: See the notes to Chart 9.

2.3.2 Terms and conditions for consumer credit and other lending to households eased slightly

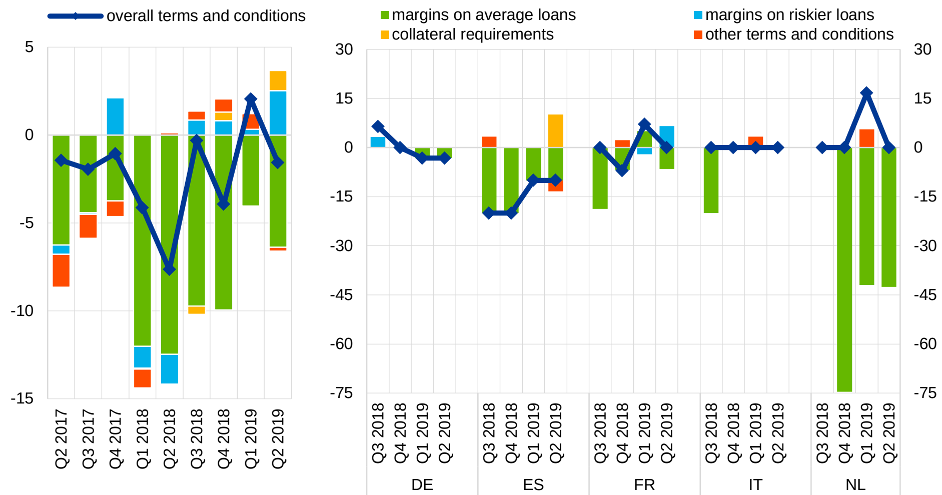
In the second quarter of 2019, banks’ overall terms and conditions applied when granting new consumer credit and other lending to households eased slightly, mainly due to the compression of margins on average loans. At the same time, margins on riskier loans widened together with collateral requirements, possibly reflecting changing attitudes towards risk. The other terms and conditions remained broadly unchanged (see Chart 10 and Table 10).

Across the large euro area countries, overall terms and conditions on consumer credit and other lending to households eased in Spain and Germany, while they remained unchanged in the rest of the countries. Margins on average loans compressed across most countries, with the exception of Italy where they remained unchanged. The easing of the average margins was partially compensated by higher collateral requirements in Spain and higher margins on riskier loans in France.

Chart 10

Changes in terms and conditions for consumer credit and other lending to households

(net percentages of banks reporting tightening terms and conditions)



Notes: "Margins" are defined as the spread over a relevant market reference rate. "Other terms and conditions" is the unweighted average of "size of the loan", "non-interest rate charges" and "maturity".

Table 10

Changes in terms and conditions for consumer credit and other lending to households

(net percentages of banks)

Country	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019
Euro area	2	-2	-4	-6	0	3
Germany	-3	-3	-3	-3	0	0
Spain	-10	-10	-10	-10	0	0
France	7	0	5	-7	-2	7
Italy	0	0	0	0	0	0
Netherlands	17	0	-42	-43	0	0

Note: See the notes to Chart 10.

The main factors underlying the tightening of terms and conditions were banks' cost of funds and balance sheet constraints and, to a lesser extent, banks' risk tolerance. Competitive pressures and risk perceptions continued to contribute to an easing (see Table 11).

Across the largest euro area countries, banks' cost of funds and balance sheet constraints had a tightening impact on terms and conditions in France and Germany, where banks were likely to grant more favourable terms on loan contracts in response to competition. Banks in Spain also face heightened competitive pressure, while the reduction in perceived risk was focused in the Netherlands. The tightening impact of banks' risk tolerance was related to developments in smaller countries.

Table 11

Factors contributing to the net tightening of overall terms and conditions for consumer credit and other lending to households

(net percentages of banks)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019
Euro area	5	3	-3	-5	-4	-3	2	1
Germany	3	3	-10	-6	0	0	0	0
Spain	0	0	-10	-10	0	0	0	0
France	7	7	-2	-7	0	0	0	0
Italy	10	0	10	0	0	0	0	0
Netherlands	0	0	0	0	-42	-43	17	0

Note: The net percentages for these questions relating to contributing factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage reporting that it contributed to an easing.

2.3.3 Rejection rate for consumer credit and other lending to households remained broadly unchanged

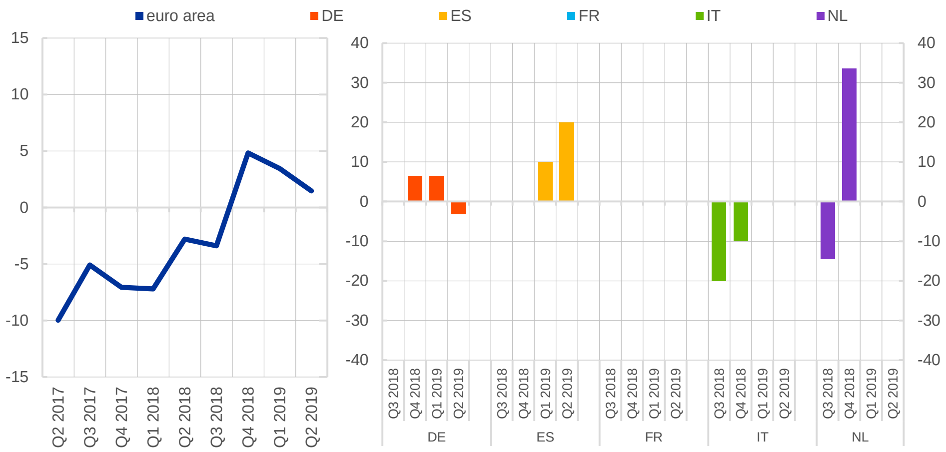
The net share of rejected applications for consumer credit and other lending to households remained broadly unchanged in the second quarter of 2019 according to reporting banks, after increasing in the previous six months (1%, after 3% in the previous survey round; see Chart 11).

Across the largest euro area countries, the rejection rate increased for banks in Spain, while it remained broadly unchanged for banks in France, Italy and the Netherlands. Banks in Germany reported a decrease in the rejection rate.

Chart 11

Change in the share of rejected applications for consumer credit and other lending to households

(net percentages of banks reporting an increase in the share of rejections)



Note: Share of loan rejections relative to the volume of all loan applications in that loan category.

2.3.4 Net demand for consumer credit and other lending to households increased

According to euro area banks, net demand for consumer credit and other lending to households increased in the second quarter of 2019 (net percentage of 5%, after 2% in the previous quarter; see Chart 12 and overview table). The increase in demand was substantially lower than expected in the previous survey round, even though it stood above its historical average.

Across the large euro area countries, net demand for consumer credit and other lending to households increased in Germany and France, while it declined in Spain and Italy. It remained unchanged in the Netherlands.

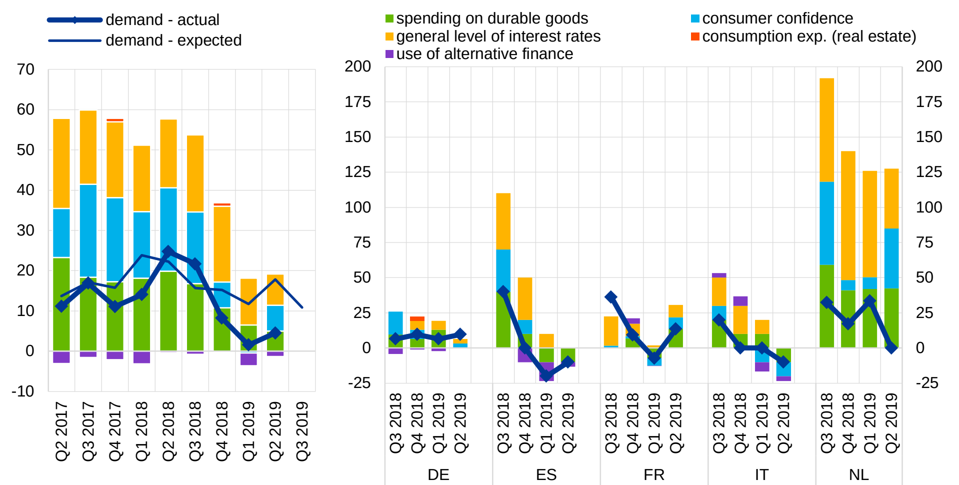
Among the factors driving the demand at the euro area level, the low general level of interest rates and financing needs for spending on durable consumer goods contributed positively to demand, while consumer confidence had a neutral impact (see Chart 12 and Table 12), following a positive impact since the second quarter of 2014. In addition, the use of other financing sources dampened demand at participating banks.

Across the largest euro area countries, banks in Germany, France and the Netherlands reported a positive contribution of the general level of interest rates to demand for consumer credit. Spending on durable goods provided a negative contribution only in Italy and Spain, where the use of alternative finance also contributed negatively. Consumer confidence was particularly relevant in supporting demand in the Netherlands and France, as well as in Germany to some degree. Consumers' assessments of economic and financial trends did not lead to an increase in demand in Spain, and even contributed to a decline in Italy.

Chart 12

Changes in demand for consumer credit and other lending to households, and contributing factors

(net percentages of banks reporting an increase in demand and contributing factors)



Notes: See the notes to Chart 4. "Use of alternative finance" is the unweighted average of "internal financing out of savings", "loans from other banks" and "other sources of external finance". "Consumption exp. (real estate)" denotes "consumption expenditure financed through real estate-guaranteed loans".

Table 12

Factors contributing to net demand for consumer credit and other lending to households

(net percentages of banks)

	Spending on durable goods		Consumer confidence		Consumption exp. (real estate)		General level of interest rates		Use of alternative finance	
Country	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019
Euro area	6	5	0	6	0	0	12	8	-3	-1
Germany	13	0	0	3	0	0	6	3	-2	0
Spain	-10	-10	0	0	0	0	10	0	-13	-3
France	-7	14	-6	8	0	0	2	9	0	0
Italy	10	-10	-10	-10	0	0	10	0	-7	-3
Netherlands	42	43	8	43	0	0	76	43	0	0

Note: See the notes to Chart 12.

For the third quarter of 2019, euro area banks expect net demand for consumer credit and other lending to households to bounce back to a level (11%) closer to that reported on average between 2014 and 2019.

3 Ad hoc questions

3.1 Banks' access to retail and wholesale funding

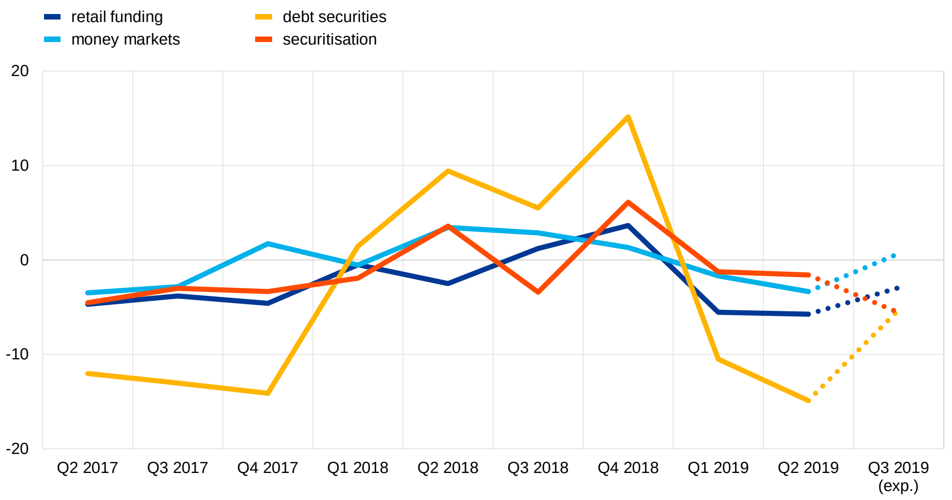
As in previous survey rounds, the July 2019 survey questionnaire included a question assessing the extent to which the situation in financial markets was affecting banks' access to retail and wholesale funding. Banks were asked whether their access to funding had deteriorated or eased over the past three months. Negative net percentages indicate an improvement, while positive figures indicate a deterioration in net terms.

For the second quarter of 2019, euro area banks reported in net terms that their access to wholesale funding continued to improve for debt securities issuance, especially in the medium to long-term end of the curve, in line with bank bond market developments. Access to the interbank unsecured money market was also reported to have improved, while access to securitisation improved marginally and within a scope limited to the corporate loan segment (see Chart 13 and Table 13).[7] As regards access to retail funding, for the second consecutive quarter banks indicated an improvement, which was generalised across maturities but especially pronounced for short-term deposits.

Chart 13

Banks' assessment of funding conditions and the ability to transfer credit risk off the balance sheet

(net percentages of banks reporting a deterioration in market access)



Note: The net percentages are defined as the difference between the sum of the percentages for "deteriorated considerably" and "deteriorated somewhat" and the sum of the percentages for "eased somewhat" and "eased considerably".

7 As regards the results for securitisation, a large number of banks (between 41% and 52%, depending on the type of securitisation) replied "not applicable" on the grounds that this source of funding is not relevant for them.

Looking ahead to the third quarter of 2019, euro area banks expect a further improvement in their access to debt securities markets, retail funding and securitisation, while access to money markets should remain unchanged.

Table 13
Banks' assessment of funding conditions and the ability to transfer credit risk off the balance sheet

(net percentages of banks reporting a deterioration in market access)

	Retail funding	Interbank unsecured money market	Wholesale debt securities	Securitisation
Q1 2019	-6	-2	-10	-1
Q2 2019	-6	-3	-15	-2

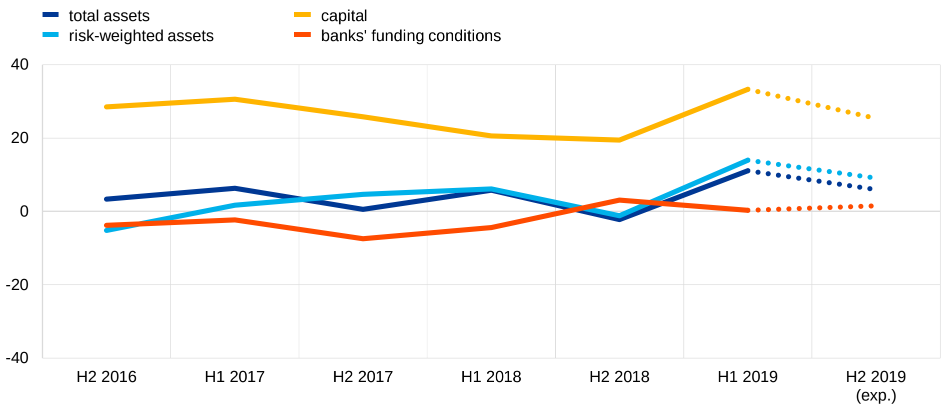
Note: See the notes to Chart 13.

3.2 Banks' adjustment to regulatory and supervisory action

The July 2019 BLS questionnaire included two biannual ad hoc questions to assess the extent to which new regulatory or supervisory requirements affected banks' lending policies via the potential impact on their capital, leverage, liquidity position or provisioning and the credit conditions that they apply to loans. These new requirements cover regulatory or supervisory action that has recently been implemented or that is expected to be implemented in the near future. Furthermore, banks were also asked to indicate the effect of these actions on their funding conditions.

Chart 14
Impact of regulatory or supervisory action on banks' risk-weighted assets, capital and funding conditions

(net percentages of banks)



Notes: For "total assets", "risk-weighted assets" and "capital", the net percentages are defined as the difference between the sum of the percentages for "increased considerably" and "increased somewhat" and the sum of the percentages for "decreased somewhat" and "decreased considerably". For "banks' funding conditions", the net percentages are defined as the difference between the sum of the percentages for "experienced a considerable tightening" and "experienced a moderate tightening" and the sum of the percentages for "experienced a moderate easing" and "experienced a considerable easing".

Table 14

Impact of regulatory or supervisory action on banks' risk-weighted assets, capital and funding conditions

(net percentages)

	Total assets		Risk-weighted assets			Capital			Impact on banks' funding conditions
	Total	Liquid assets	Total	Average loans	Riskier loans	Total	Retained earnings	Capital issuance	
H2 2018	-2	5	-1	3	-7	19	19	4	3
H1 2019	11	10	14	10	0	33	30	11	0

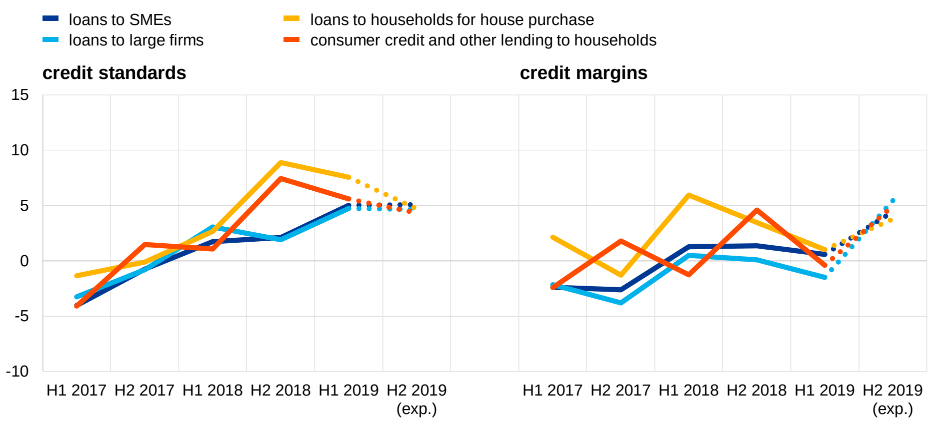
Note: See the notes to Chart 14.

In relation to regulatory or supervisory actions, euro area banks indicated a continued strengthening of their capital position in the first half of 2019 (see Chart 14 and Table 14), through both retained earnings and capital issuance. Euro area banks also replied that their total assets increased in the first half of 2019, with liquid assets continuing to increase under regulatory or supervisory pressure. Banks' risk-weighted assets also increased in the first half of 2019 owing to an increase in average loans while riskier loans remained unchanged. Banks did not indicate funding conditions moving in any direction on average as a result of regulatory or supervisory actions.

Chart 15

Contribution of regulatory or supervisory action to the tightening of banks' credit standards and margins

(net percentages of banks)



Notes: The net percentages are defined as the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat" and the sum of the percentages for "eased somewhat" and "eased considerably".

Banks continued to report a net tightening impact on their credit standards due to supervisory or regulatory actions in the first half of 2019 (see Chart 15 and Table 15). Differently from the second half of 2018 where the effect was more pronounced for housing loans and consumer credit, banks reported that they had tightened credit standards across all loan categories. This was not the case for credit margins, for which the impact was broadly neutral with the exception of a slight easing for loans to large enterprises.

Looking ahead to the second half of 2019, euro area banks expect regulatory or supervisory actions to lead to a further strengthening of their capital position and an increase in their assets both in total and risk-weighted terms. In addition, they expect regulatory or supervisory actions to have a tightening impact on credit standards and a widening impact on credit margins across all loan categories.

Table 15

Contribution of regulatory or supervisory action to the tightening of banks' credit standards and margins

(net percentages)

	Impact of regulatory or supervisory action on the tightening of:			
	credit standards		credit margins	
	H2 2018	H1 2019	H2 2018	H1 2019
Impact on loans and credit lines to SMEs	2	5	1	1
Impact on loans and credit lines to large enterprises	2	5	0	-1
Impact on loans to households for house purchase	9	8	3	1
Impact on consumer credit and other lending to households	7	6	5	0

Note: See the notes to Chart 15.

3.3 The impact of banks' NPL ratios on their lending policies

The July 2019 survey questionnaire included an ad hoc question on the impact of banks' NPL ratios on changes in their lending policy and the factors via which the NPL ratios contributed to changes of their lending policies. Banks were asked about the impact on loans to enterprises, on loans to households for house purchase and on consumer credit and other lending to households over the past six months and over the next six months.

Euro area banks indicated a net tightening impact of their NPL ratios on credit standards for all loan categories in the first half of 2019, although the impact was more contained than in the previous semester for loans to enterprises and housing loans (see Chart 18). With respect to changes in banks' credit terms and conditions, euro area banks reported a net tightening impact of NPL ratios on their terms and conditions only for consumer lending, while for the rest of the loan categories terms and conditions were broadly unaffected by NPL ratios in net terms over the past six months.

Over the next six months, euro area banks expect a net tightening impact of their NPL ratios on credit standards and on credit terms and conditions for loans to enterprises and consumer credit, while they expect broadly unchanged lending policies for housing loans.

With regard to the factors through which banks' NPL ratios affected banks' lending policies (changes in credit standards and terms and conditions), euro area banks reported that NPL ratios led to a tightening of their lending policies to enterprises and households in net terms mainly through risk perceptions and risk aversion over the past six months (see Chart 19). To a lesser extent, NPL ratios also affected their lending policies via banks' capital positions, pressure related to supervisory actions and, to a smaller degree, costs related to balance sheet clean-up operations. Access to market financing was an important factor in determining the tightening impact of NPL ratios on lending policies in the second half of 2018, while it had a neutral impact over the past six months.

Chart 18

Impact of banks' NPL ratio on changes in their credit standards and terms and conditions

(net percentages of banks, over the past and next six months)

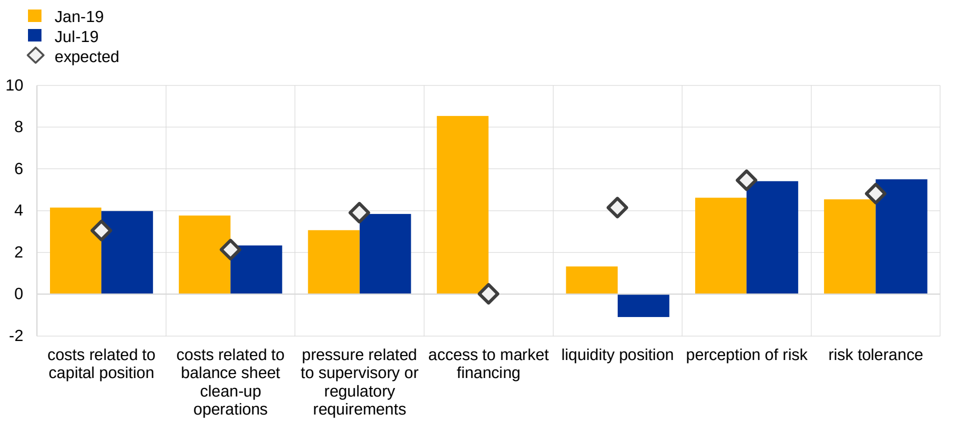
Notes: The NPL ratio is defined as the stock of gross NPLs on a bank's balance sheet as a percentage of the gross carrying amount of loans. Changes in credit standards and/or terms and conditions can be caused by changes in the NPL ratio or by changes in regulation or in the bank's assessment of the level of the NPL ratio, even if the NPL ratio has remained unchanged. Net percentages are defined as the difference between the sum of the percentages for "contributed considerably to tightening" and "contributed somewhat to tightening" and the sum of the percentages for "contributed somewhat to easing" and "contributed considerably to easing". The periods in the legend refer to the respective BLS rounds. "Expected" denotes expectations indicated by banks in the current round.

Looking ahead, the range of factors reported in this survey round by euro area banks are expected to remain broadly in place over the next six months as well, with the addition of a possible deterioration in liquidity positions.

Chart 19

Contribution of factors through which the NPL ratio affects banks' policies on lending to enterprises and households

(net percentages of banks, over the past and next six months)



Notes: See the notes to Chart 18.

Annex 1
Results for the standard questions*

Loans or credit lines to enterprises

Question 1

Over the past three months, how have your bank's credit standards[1] as applied to the approval of loans or credit lines to enterprises[2, 3, 4] changed? Please note that we are asking about the change in credit standards, rather than about their level.

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises[5]		Loans to large enterprises[5]		Short-term loans[6]		Long-term loans[6]	
	Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19
Tightened considerably	0	0	0	0	0	0	0	0	0	0
Tightened somewhat	2	7	3	9	1	4	1	3	2	6
Remained basically unchanged	95	91	93	85	92	92	95	92	95	91
Eased somewhat	3	2	2	4	6	3	3	4	2	3
Eased considerably	0	0	0	0	0	0	0	0	0	0
NA[7]	0	0	2	2	1	0	1	1	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**-1**	**5**	**1**	**5**	**-5**	**1**	**-3**	**0**	**0**	**3**
Diffusion index	-1	2	0	2	-2	0	-1	0	0	2
Mean	3.01	2.95	2.99	2.95	3.05	2.99	3.03	3.00	3.00	2.97
Number of banks responding	135	134	132	131	129	128	135	134	135	134

1) See Glossary for Credit standards.
2) See Glossary for Loans.
3) See Glossary for Credit line.
4) See Glossary for Enterprises.
5) See Glossary for Enterprise size.
6) See Glossary for Maturity.
7) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

Notes: The net percentage is defined as the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat", and the sum of the percentages for "eased somewhat" and "eased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

* Figures might not add up to 100 due to rounding

Question 2

Over the past three months, how have the following factors affected your bank’s credit standards as applied to the approval of loans or credit lines to enterprises?

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[7]	NetP Apr 19	NetP Jul 19	DI Apr 19	DI Jul 19	Mean Apr 19	Mean Jul 19
Overall												
A) Cost of funds and balance sheet constraints[1]												
Costs related to your bank's capital position[2]	0	6	93	0	0	1	5	6	3	3	2.94	2.94
Your bank's ability to access market financing[3]	0	0	96	0	0	4	0	0	0	0	3.00	3.00
Your bank's liquidity position	0	0	98	0	0	1	0	0	0	0	3.00	3.00
B) Pressure from competition												
Competition from other banks	0	0	88	10	0	2	-14	-10	-8	-5	3.16	3.10
Competition from non-banks[4]	0	0	96	2	0	2	-4	-2	-2	-1	3.04	3.02
Competition from market financing	0	0	97	1	0	2	-2	-1	-1	-1	3.02	3.01
C) Perception of risk[5]												
General economic situation and outlook	0	7	93	0	0	0	3	7	2	3	2.97	2.93
Industry or firm-specific situation and outlook/borrower's creditworthiness[6]	0	7	93	0	0	0	4	7	2	4	2.96	2.93
Risk related to the collateral demanded	0	0	100	0	0	0	-2	0	-1	0	3.02	3.00
D) Your bank's risk tolerance[5]												
Your bank's risk tolerance	0	2	98	0	0	0	1	2	1	1	2.99	2.98
Small and medium-sized enterprises												
A) Cost of funds and balance sheet constraints[1]												
Costs related to your bank's capital position[2]	0	3	94	0	0	2	3	3	2	2	2.96	2.97
Your bank's ability to access market financing[3]	0	0	94	0	0	5	-1	0	0	0	3.01	3.00
Your bank's liquidity position	0	0	97	0	0	2	0	0	0	0	3.00	3.00
B) Pressure from competition												
Competition from other banks	0	0	87	10	0	3	-6	-10	-3	-5	3.06	3.10
Competition from non-banks[4]	0	1	95	1	0	3	0	0	0	0	3.01	3.00
Competition from market financing	0	0	97	0	0	3	-1	0	-1	0	3.01	3.00
C) Perception of risk[5]												
General economic situation and outlook	0	6	93	0	0	2	2	5	1	3	2.98	2.94
Industry or firm-specific situation and outlook/borrower's creditworthiness[6]	0	8	91	0	0	2	3	8	2	4	2.97	2.92
Risk related to the collateral demanded	0	0	98	0	0	2	0	0	0	0	3.00	3.00
D) Your bank's risk tolerance[5]												
Your bank's risk tolerance	0	3	94	1	0	2	0	1	0	1	3.00	2.99

	--	-	°	+	++	NA[7]	NetP Apr 19	NetP Jul 19	DI Apr 19	DI Jul 19	Mean Apr 19	Mean Jul 19
Large enterprises												
A) Cost of funds and balance sheet constraints[1]												
Costs related to your bank's capital position[2]	0	4	94	0	0	2	3	4	2	2	2.97	2.96
Your bank's ability to access market financing[3]	0	0	95	0	0	5	0	0	0	0	3.00	3.00
Your bank's liquidity position	0	0	98	0	0	2	0	0	0	0	3.00	3.00
B) Pressure from competition												
Competition from other banks	0	0	90	7	0	2	-12	-7	-6	-4	3.13	3.07
Competition from non-banks[4]	0	0	95	2	0	2	-3	-2	-1	-1	3.03	3.02
Competition from market financing	0	0	96	1	0	2	-4	-1	-2	-1	3.05	3.01
C) Perception of risk[5]												
General economic situation and outlook	0	4	95	0	0	1	3	4	2	2	2.97	2.96
Industry or firm-specific situation and outlook/borrower's creditworthiness[6]	0	8	92	0	0	1	5	8	3	4	2.95	2.92
Risk related to the collateral demanded	0	0	99	0	0	1	0	0	0	0	3.00	3.00
D) Your bank's risk tolerance[5]												
Your bank's risk tolerance	0	2	98	0	0	1	1	2	0	1	2.99	2.98

1) See Glossary for Cost of funds and balance sheet constraints.
2) Can involve the use of credit derivatives, with the loans remaining on the bank's balance sheet.
3) Involves the sale of loans from the bank's balance sheet, i.e. off-balance sheet funding.
4) See Glossary for Non-banks.
5) See Glossary for Perception of risk and risk tolerance.
6) Risks related to non-performing loans may be reflected not only in the "industry or firm-specific situation and outlook/borrower's creditworthiness", but also in the bank's "cost of funds and balance sheet constraints".
7) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "++" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

Question 3

Over the past three months, how have your bank's terms and conditions[1] for new loans or credit lines to enterprises changed?

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[6]	NetP Apr 19	NetP Jul 19	DI Apr 19	DI Jul 19	Mean Apr 19	Mean Jul 19
Overall												
A) Overall terms and conditions[1]												
Overall terms and conditions	0	6	92	2	0	0	2	4	1	2	2.98	2.96
B) Margins												
Your bank's margin on average loans[2]	0	8	86	5	0	0	-4	3	-2	1	3.04	2.97
Your bank's margin on riskier loans	0	8	91	1	0	0	5	7	2	3	2.95	2.93
C) Other conditions and terms												
Non-interest rate charges[3]	0	1	99	0	0	0	2	1	1	0	2.98	2.99
Size of the loan or credit line	0	0	97	3	0	0	-2	-3	-1	-2	3.02	3.03
Collateral[4] requirements	0	3	97	0	0	0	1	3	0	1	2.99	2.97
Loan covenants[5]	0	2	94	3	0	0	-3	-1	-1	-1	3.03	3.01
Maturity	0	2	97	1	0	0	0	1	0	0	3.00	2.99
Small and medium-sized enterprises												
A) Overall terms and conditions[1]												
Overall terms and conditions	0	6	91	1	0	2	4	5	2	2	2.96	2.95
B) Margins												
Your bank's margin on average loans[2]	0	11	80	8	0	2	-5	3	-2	1	3.05	2.97
Your bank's margin on riskier loans	0	7	89	2	0	2	5	5	3	2	2.95	2.95
C) Other conditions and terms												
Non-interest rate charges[3]	0	1	97	0	0	2	2	1	1	0	2.98	2.99
Size of the loan or credit line	0	0	97	1	0	2	1	-1	1	0	2.99	3.01
Collateral[4] requirements	0	3	94	1	0	2	1	3	1	1	2.99	2.97
Loan covenants[5]	0	3	92	3	0	2	-2	-1	-1	0	3.02	3.01
Maturity	0	7	91	1	0	2	1	6	0	3	2.99	2.94
Large enterprises												
A) Overall terms and conditions[1]												
Overall terms and conditions	0	5	90	5	0	1	-1	0	0	0	3.01	3.00
B) Margins												
Your bank's margin on average loans[2]	0	7	84	8	0	1	-4	-1	-2	-1	3.04	3.01
Your bank's margin on riskier loans	0	8	90	2	0	1	6	6	3	3	2.94	2.94
C) Other conditions and terms												
Non-interest rate charges[3]	0	0	98	2	0	1	2	-1	1	-1	2.98	3.01
Size of the loan or credit line	0	1	95	3	0	1	-2	-2	-1	-1	3.02	3.02
Collateral[4] requirements	0	0	95	4	0	1	-1	-4	-1	-2	3.01	3.04
Loan covenants[5]	0	2	92	5	0	1	-3	-3	-1	-1	3.03	3.03
Maturity	0	3	91	5	0	1	0	-2	0	-1	3.00	3.02

1) See Glossary for Credit terms and conditions.
2) See Glossary for Loan margin/spread over a relevant market reference rate.
3) See Glossary for Non-interest rate charges.
4) See Glossary for Collateral.
5) See Glossary for Covenant.
6) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "++" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

Question 4

Over the past three months, how have the following factors[1] affected your bank's credit terms and conditions as applied to new loans or credit lines to enterprises?

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[2]	NetP		DI		Mean	
							Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19
Overall impact on your bank's credit terms and conditions												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	4	94	1	0	1	5	3	3	1	3	2.97
B) Pressure from competition												
Pressure from competition	0	0	85	13	0	1	-12	-13	-6	-6	3	3.13
C) Perception of risk												
Perception of risk	0	7	93	0	0	0	2	7	1	3	3	2.93
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	99	0	0	0	0	1	0	0	3	2.99
Impact on your bank's margins on average loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	4	94	2	0	1	4	3	2	1	3	2.97
B) Pressure from competition												
Pressure from competition	0	0	84	14	0	1	-15	-14	-7	-7	3	3.14
C) Perception of risk												
Perception of risk	0	5	95	0	0	0	0	5	0	2	3	2.95
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	99	0	0	0	-2	1	-1	0	3	2.99
Impact on your bank's margins on riskier loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	97	0	0	1	3	2	2	1	3	2.98
B) Pressure from competition												
Pressure from competition	0	0	94	6	0	1	-5	-5	-2	-3	3	3.06
C) Perception of risk												
Perception of risk	0	8	92	0	0	0	4	8	2	4	3	2.92
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	98	0	0	0	2	2	1	1	3	2.98

1) The factors refer to the same sub-factors as in question 2.
2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "++" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

Question 5

Over the past three months (apart from normal seasonal fluctuations), has the share of enterprise loan applications[1] that were completely rejected[2] by your bank increased, remained unchanged or decreased (loan volume, relative to the total volume of loan applications in that loan category)?

(in percentages, unless otherwise stated)

	Share of rejected applications	
	Apr 19	Jul 19
Decreased considerably	0	0
Decreased somewhat	2	3
Remained basically unchanged	92	86
Increased somewhat	5	10
Increased considerably	0	0
NA[3]	1	1
Total	100	100
Net percentage	**2**	**7**
Diffusion index	1	4
Mean	3.02	3.07
Number of banks responding	135	134

1) See Glossary for Loan application.
2) See Glossary for Loan rejection.
3) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding “--” (contributed considerably to tightening) and “-” (contributed somewhat to tightening), and the sum of banks responding “+” (contributed somewhat to easing) and “++” (contributed considerably to easing). “°” means “contributed to basically unchanged credit standards”. The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

Question 6

Over the past three months (apart from normal seasonal fluctuations), how has the demand for loans[1] or credit lines[2] to enterprises changed at your bank? Please refer to the financing need of enterprises independent of whether this need will result in a loan or not.

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19
Decreased considerably	0	0	0	0	0	0	0	0	0	0
Decreased somewhat	12	14	12	12	12	16	14	14	11	17
Remained basically unchanged	76	67	72	70	76	73	75	76	77	66
Increased somewhat	10	15	13	12	9	11	9	10	11	12
Increased considerably	2	4	2	4	2	0	2	0	1	4
NA[3]	0	0	2	2	1	1	1	1	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**0**	**6**	**3**	**4**	**0**	**-4**	**-4**	**-4**	**2**	**0**
Diffusion index	1	5	2	4	1	-2	-1	-2	2	2
Mean	3.02	3.10	3.05	3.09	3.02	2.96	2.98	2.96	3.03	3.04
Number of banks responding	135	134	132	131	129	128	135	134	135	134

1) See Glossary for Demand for loans.
2) See Glossary for Credit line.
3) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding “--” (contributed considerably to tightening) and “-” (contributed somewhat to tightening), and the sum of banks responding “+” (contributed somewhat to easing) and “++” (contributed considerably to easing). “°” means “contributed to basically unchanged credit standards”. The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

Question 7

Over the past three months, how have the following factors affected the overall demand for loans or credit lines to enterprises?

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[2]	NetP		DI		Mean	
							Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19
A) Financing needs/underlying drivers or purpose of loan demand												
Fixed investment	0	12	70	18	0	0	11	7	6	3	3.11	3.07
Inventories and working capital	0	10	80	9	0	1	6	-1	4	-1	3.08	2.99
Mergers/acquisitions and corporate restructuring	0	10	74	15	0	0	6	5	3	3	3.06	3.05
General level of interest rates	0	5	82	12	0	1	13	6	6	3	3.13	3.06
Debt refinancing/restructuring and renegotiation[1]	0	5	90	5	0	0	4	0	2	0	3.04	3.00
B) Use of alternative finance												
Internal financing	1	7	86	6	0	0	-2	-2	-2	-1	2.95	2.98
Loans from other banks	0	7	85	8	0	0	-2	2	-2	1	2.96	3.02
Loans from non-banks	0	1	98	1	0	0	-3	-1	-2	0	2.95	2.99
Issuance/redemption of debt securities	0	2	90	2	0	6	-3	0	-2	0	2.95	3.00
Issuance/redemption of equity	1	2	89	1	0	7	-3	-2	-2	-1	2.95	2.98

1) See Glossary for Debt refinancing/restructuring and renegotiation.

2) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding “--” (contributed considerably to tightening) and “-” (contributed somewhat to tightening), and the sum of banks responding “+” (contributed somewhat to easing) and “++” (contributed considerably to easing). “°” means “contributed to basically unchanged credit standards”. The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

Question 8

Please indicate how you expect your bank's credit standards as applied to the approval of loans or credit lines to enterprises to change over the next three months. Please note that we are asking about the change in credit standards, rather than about their level.

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19
Tighten considerably	0	0	0	0	0	0	0	0	0	0
Tighten somewhat	2	1	2	2	3	1	1	1	5	2
Remain basically unchanged	93	97	92	93	93	98	93	95	91	97
Ease somewhat	5	1	5	3	4	0	5	4	5	1
Ease considerably	0	0	0	0	0	0	0	0	0	0
NA[1]	0	0	2	2	1	1	1	1	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**-2**	**0**	**-3**	**-1**	**-2**	**1**	**-4**	**-4**	**0**	**1**
Diffusion index	-1	0	-1	0	-1	1	-2	-2	0	0
Mean	3.02	3.00	3.03	3.01	3.02	2.99	3.04	3.04	3.00	2.99
Number of banks responding	135	134	132	131	129	128	135	134	135	134

1) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

Notes: The net percentage is defined as the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat", and the sum of the percentages for "eased somewhat" and "eased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

Question 9

Please indicate how you expect demand for loans or credit lines to enterprises to change at your bank over the next three months (apart from normal seasonal fluctuations)? Please refer to the financing need of enterprises independent of whether this need will result in a loan or not.

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19
Decrease considerably	0	0	0	0	0	0	0	0	0	0
Decrease somewhat	7	6	11	6	5	6	4	4	8	7
Remain basically unchanged	81	84	74	81	85	85	87	89	79	83
Increase somewhat	12	11	14	11	9	8	7	6	13	10
Increase considerably	0	0	0	0	0	0	0	0	0	0
NA[1]	0	0	2	2	1	1	1	1	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**5**	**5**	**3**	**5**	**4**	**2**	**3**	**2**	**5**	**3**
Diffusion index	3	2	2	2	2	1	2	1	2	1
Mean	3.05	3.05	3.04	3.05	3.04	3.02	3.03	3.02	3.05	3.03
Number of banks responding	135	134	132	131	129	128	135	134	135	134

1) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

Notes: The net percentage is defined as the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat", and the sum of the percentages for "eased somewhat" and "eased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

Loans to households

Question 10

Over the past three months, how have your bank's credit standards[1] as applied to the approval of loans[2] to households[3] changed? Please note that we are asking about the change in credit standards, rather than about their level.

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending[4]	
	Apr 19	**Jul 19**	**Apr 19**	**Jul 19**
Tightened considerably	0	0	0	0
Tightened somewhat	6	4	3	3
Remained basically unchanged	91	91	95	96
Eased somewhat	3	5	1	0
Eased considerably	0	0	0	0
NA[5]	0	0	1	0
Total	100	100	100	100
Net percentage	**3**	**-1**	**2**	**4**
Diffusion index	1	0	1	2
Mean	2.97	3.01	2.98	2.96
Number of banks responding	131	130	136	135

1) See Glossary for Credit standards.
2) See Glossary for Loans.
3) See Glossary for Households.
4) See Glossary for Consumer credit and other lending.
5) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage is defined as the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat", and the sum of the percentages for "eased somewhat" and "eased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

Question 11

Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of loans to households for house purchase?

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[6]	NetP		DI		Mean	
							Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19
A) Cost of funds and balance sheet constraints[1]												
Cost of funds and balance sheet constraints	0	2	97	0	0	1	6	2	3	1	2.94	2.98
B) Pressure from competition												
Competition from other banks	0	0	91	8	0	1	-5	-8	-3	-4	3.05	3.08
Competition from non-banks[2]	0	0	94	1	3	3	-3	-4	-3	-3	3.06	3.07
C) Perception of risk[3]												
General economic situation and outlook	0	1	96	3	0	0	2	-1	1	-1	2.98	3.01
Housing market prospects, including expected house price developments[4]	0	0	97	3	0	0	-1	-3	0	-1	3.01	3.03
Borrower's creditworthiness[5]	0	0	97	3	0	0	-3	-2	-1	-1	3.03	3.02
D) Your bank's risk tolerance[3]												
Your bank's risk tolerance	0	3	96	1	0	0	1	3	1	1	2.99	2.97

1) See Glossary for Cost of funds and balance sheet constraints.
2) See Glossary for Non-banks.
3) See Glossary for Perception of risk and risk tolerance.
4) See Glossary for Housing market prospects, including expected house price developments.
5) Risks related to non-performing loans may be reflected not only in the "borrower's creditworthiness", but also in the bank's "cost of funds and balance sheet constraints".
6) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "++" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

Question 12

Over the past three months, how have your bank's terms and conditions[1] for new loans to households for house purchase changed?

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[6]	NetP		DI		Mean	
							Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19
A) Overall terms and conditions												
Overall terms and conditions	0	6	88	6	0	0	-1	1	0	0	3.01	2.99
B) Margins												
Your bank's loan margin on average loans[2]	0	9	76	15	0	0	-1	-6	-1	-3	3.01	3.06
Your bank's loan margin on riskier loans	1	6	90	2	0	2	2	5	1	3	2.97	2.94
C) Other terms and conditions												
Collateral(3) requirements	0	1	99	0	0	0	0	1	0	0	3.00	2.99
"Loan-to-value" ratio[4]	0	5	95	0	0	0	1	5	1	2	2.99	2.95
Other loan size limits	0	0	100	0	0	0	-2	0	-1	0	3.02	3.00
Maturity	0	1	98	1	0	0	-2	1	-1	0	3.02	2.99
Non-interest rate charges[5]	0	0	100	0	0	0	1	0	1	0	2.99	3.00

1) See Glossary for Credit terms and conditions.
2) See Glossary for Loan margin/spread over a relevant market reference rate.
3) See Glossary for Collateral.
4) See Glossary for Loan-to-value ratio.
5) See Glossary for Non-interest rate charges.
6) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "++" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

Question 13

Over the past three months, how have the following factors[1] affected your bank's credit terms and conditions as applied to new loans to households for house purchase?

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[2]	NetP		DI		Mean	
							Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19
Overall impact on your bank's credit terms and conditions												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	2	4	91	3	0	0	6	3	3	2	2.94	2.96
B) Pressure from competition												
Pressure from competition	1	1	81	17	0	1	-11	-15	-5	-7	3.11	3.14
C) Perception of risk												
Perception of risk	0	1	96	3	0	0	-2	-2	-1	-1	3.02	3.02
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	98	0	0	0	1	1	0	1	2.99	2.99
Impact on your bank's margins on average loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	2	4	91	3	0	0	12	3	6	2	2.88	2.96
B) Pressure from competition												
Pressure from competition	1	2	77	19	0	1	-21	-16	-11	-7	3.21	3.15
C) Perception of risk												
Perception of risk	0	0	97	3	0	0	-3	-3	-1	-1	3.03	3.03
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	99	0	0	0	1	1	1	0	2.99	2.99
Impact on your bank's margins on riskier loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	1	2	95	0	0	2	4	3	2	2	2.95	2.97
B) Pressure from competition												
Pressure from competition	0	2	93	2	0	3	-1	1	0	0	3.01	2.99
C) Perception of risk												
Perception of risk	0	1	97	0	0	2	-1	1	0	0	3.01	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	1	1	96	0	0	2	1	1	1	1	2.99	2.98

1) The factors refer to the same sub-factors as in question 11.

2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "++" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

Question 14

Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households?

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[2]	NetP		DI		Mean	
							Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	99	0	0	1	2	0	1	0	2.98	3.00
B) Pressure from competition												
Competition from other banks	0	0	95	4	0	1	-2	-4	-1	-2	3.02	3.04
Competition from non-banks	0	0	98	1	0	1	-2	-1	-1	0	3.02	3.01
C) Perception of risk												
General economic situation and outlook	0	0	100	0	0	0	2	0	1	0	2.98	3.00
Creditworthiness of consumers[1]	0	2	94	5	0	0	-4	-3	-2	-1	3.04	3.03
Risk on the collateral demanded	0	0	94	0	0	6	0	0	0	0	3.00	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	4	96	0	0	0	1	4	1	2	2.99	2.96

1) Risks related to non-performing loans may be reflected not only in the "creditworthiness of consumers", but also in the bank's "cost of funds and balance sheet constraints".
2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "++" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

Question 15

Over the past three months, how have your bank’s terms and conditions for new consumer credit and other lending to households changed?

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[1]	NetP		DI		Mean	
							Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19
A) Overall terms and conditions												
Overall terms and conditions	0	2	95	3	0	0	2	-2	1	-1	2.98	3.02
B) Margins												
Your bank’s loan margin on average loans	0	2	89	9	0	0	-4	-6	-2	-3	3.04	3.06
Your bank’s loan margin on riskier loans	0	4	95	1	0	0	0	3	0	1	3.00	2.97
C) Other terms and conditions												
Collateral requirements	0	1	92	0	0	6	0	1	0	1	3.00	2.99
Size of the loan	0	0	99	1	0	0	0	-1	0	-1	3.00	3.01
Maturity	0	0	100	0	0	0	1	0	1	0	2.99	3.00
Non-interest rate charges	0	1	99	0	0	0	1	1	1	0	2.99	2.99

1) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding “--” (contributed considerably to tightening) and “-” (contributed somewhat to tightening), and the sum of banks responding “+” (contributed somewhat to easing) and “++” (contributed considerably to easing). “°” means “contributed to basically unchanged credit standards”. The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

Question 16

Over the past three months, how have the following factors[1] affected your bank's credit terms and conditions as applied to new consumer credit and other lending to households?

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[2]	NetP Apr 19	NetP Jul 19	DI Apr 19	DI Jul 19	Mean Apr 19	Mean Jul 19
Overall impact on your bank's credit terms and conditions												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	3	97	0	0	0	5	3	2	2	2.95	2.97
B) Pressure from competition												
Pressure from competition	0	0	95	5	0	1	-3	-5	-1	-2	3.03	3.05
C) Perception of risk												
Perception of risk	0	0	96	4	0	0	-4	-3	-2	-2	3.04	3.03
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	99	0	0	0	2	1	1	0	2.98	2.99
Impact on your bank's margins on average loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	3	93	4	0	0	1	0	0	0	2.99	3.00
B) Pressure from competition												
Pressure from competition	0	1	88	11	0	1	-8	-10	-4	-5	3.09	3.10
C) Perception of risk												
Perception of risk	0	0	96	0	4	0	-4	-4	-4	-4	3.07	3.07
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	96	4	0	0	-4	-4	-2	-2	3.04	3.04
Impact on your bank's margins on riskier loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	98	0	0	0	5	2	2	1	2.95	2.98
B) Pressure from competition												
Pressure from competition	0	2	97	1	0	1	0	1	0	0	3.00	2.99
C) Perception of risk												
Perception of risk	0	1	99	0	0	0	0	1	0	0	3.00	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	100	0	0	0	0	0	0	0	3.00	3.00

1) The factors refer to the same sub-factors as in question 14.
2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "++" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

Question 17

Over the past three months (apart from normal seasonal fluctuations), has the share of household loan applications[1] that were completely rejected[2] by your bank increased, remained unchanged or decreased (loan volume, relative to the total volume of loan applications in that loan category)?

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Apr 19	Jul 19	Apr 19	Jul 19
Decreased considerably	0	0	0	0
Decreased somewhat	0	1	1	1
Remained basically unchanged	90	94	93	95
Increased somewhat	9	4	5	3
Increased considerably	0	0	0	0
NA[3]	1	1	1	1
Total	100	100	100	100
Net percentage	**9**	**3**	**3**	**1**
Diffusion index	4	2	2	1
Mean	3.09	3.03	3.04	3.01
Number of banks responding	131	130	136	135

1) See Glossary for Loan application.
2) See Glossary for Loan rejection.
3) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage is defined as the difference between the sum of the percentages for “tightened considerably” and “tightened somewhat”, and the sum of the percentages for “eased somewhat” and “eased considerably”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

Question 18

Over the past three months (apart from normal seasonal fluctuations), how has the demand for loans[1] to households changed at your bank? Please refer to the financing need of households independent of whether this need will result in a loan or not.

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Apr 19	Jul 19	Apr 19	Jul 19
Decreased considerably	0	0	0	0
Decreased somewhat	8	4	9	5
Remained basically unchanged	68	67	81	86
Increased somewhat	23	28	9	9
Increased considerably	0	1	1	0
NA[2]	0	0	0	0
Total	100	100	100	100
Net percentage	**14**	**26**	**2**	**5**
Diffusion index	7	14	1	2
Mean	3.15	3.27	3.03	3.05
Number of banks responding	131	130	136	135

1) See Glossary for Demand for loans.
2) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage is defined as the difference between the sum of the percentages for “tightened considerably” and “tightened somewhat”, and the sum of the percentages for “eased somewhat” and “eased considerably”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

Question 19

Over the past three months, how have the following factors affected the demand for loans to households for house purchase?

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[4]	NetP Apr 19	NetP Jul 19	DI Apr 19	DI Jul 19	Mean Apr 19	Mean Jul 19
A) Financing needs/underlying drivers or purpose of loan demand												
Housing market prospects, including expected house price developments	0	4	81	15	0	0	6	11	3	6	3.06	3.11
Consumer confidence[1]	0	3	89	8	0	0	4	5	2	3	3.04	3.05
General level of interest rates	0	0	71	26	3	0	19	29	11	16	3.22	3.32
Debt refinancing/restructuring and renegotiation[2]	0	0	94	6	0	0	0	6	0	3	3.00	3.06
Regulatory and fiscal regime of housing markets	0	0	96	4	0	0	4	4	2	2	3.04	3.04
B) Use of alternative sources for housing finance												
Internal finance of house purchase out of savings/down payment[3]	0	2	98	0	0	0	-3	-2	-2	-1	2.97	2.98
Loans from other banks	0	2	93	4	0	0	-1	2	-1	1	2.99	3.02
Other sources of external finance	0	0	99	0	0	0	-1	0	-1	0	2.99	3.00

1) See Glossary for Consumer confidence.
2) See Glossary for Debt refinancing/restructuring and renegotiation.
3) See Glossary for Down payment.
4) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding “--” (contributed considerably to tightening) and “-” (contributed somewhat to tightening), and the sum of banks responding “+” (contributed somewhat to easing) and “++” (contributed considerably to easing). “°” means “contributed to basically unchanged credit standards”. The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

Question 20

Over the past three months, how have the following factors affected the demand for consumer credit and other lending to households?

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[2]	NetP		DI		Mean	
							Apr 19	Jul 19	Apr 19	Jul 19	Apr 19	Jul 19
A) Financing needs/underlying drivers or purpose of loan demand												
Spending on durable consumer goods	0	5	86	10	0	0	6	5	4	3	3.07	3.05
Consumer confidence	0	2	89	9	0	0	0	6	0	3	3.00	3.06
General level of interest rates	0	0	92	8	0	0	12	8	6	4	3.13	3.08
Consumption expenditure financed through real-estate guaranteed loans[1]	0	0	92	0	0	8	0	0	0	0	3.00	3.00
B) Use of alternative finance												
Internal finance out of savings	0	2	98	0	0	0	-2	-2	-1	-1	2.98	2.98
Loans from other banks	0	2	97	1	0	0	-5	-1	-3	-1	2.95	2.99
Other sources of external finance	0	1	99	0	0	0	-2	-1	-1	0	2.98	2.99

1) Consumption expenditure financed through real-estate guaranteed loans

2) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding “--” (contributed considerably to tightening) and “-” (contributed somewhat to tightening), and the sum of banks responding “+” (contributed somewhat to easing) and “++” (contributed considerably to easing). “°” means “contributed to basically unchanged credit standards”. The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

Question 21

Please indicate how you expect your bank's credit standards as applied to the approval of loans to households to change over the next three months. Please note that we are asking about the change in credit standards, rather than about their level.

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Apr 19	**Jul 19**	**Apr 19**	**Jul 19**
Tighten considerably	0	0	0	1
Tighten somewhat	6	4	2	1
Remain basically unchanged	91	91	87	92
Ease somewhat	3	4	11	6
Ease considerably	0	0	0	0
NA[1]	0	0	0	0
Total	100	100	100	100
Net percentage	**4**	**0**	**-9**	**-4**
Diffusion index	2	0	-4	-1
Mean	2.96	3.00	3.09	3.03
Number of banks responding	131	130	136	135

1) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage is defined as the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat", and the sum of the percentages for "eased somewhat" and "eased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

Question 22

Please indicate how you expect demand for loans to households to change over the next three months at your bank (apart from normal seasonal fluctuations). Please refer to the financing need of households independent of whether this need will result in a loan or not.

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Apr 19	**Jul 19**	**Apr 19**	**Jul 19**
Decrease considerably	0	0	0	0
Decrease somewhat	6	9	0	3
Remain basically unchanged	78	76	81	84
Increase somewhat	16	15	18	14
Increase considerably	0	0	0	0
NA[1]	0	0	0	0
Total	100	100	100	100
Net percentage	**10**	**6**	**18**	**11**
Diffusion index	5	3	9	5
Mean	3	3	3	3.11
Number of banks responding	131	130	136	135

1) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage is defined as the difference between the sum of the percentages for “tightened considerably” and “tightened somewhat”, and the sum of the percentages for “eased somewhat” and “eased considerably”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

Annex 2
Results for ad hoc questions

Question 111

As a result of the situation in financial markets[1], has your market access changed when tapping your usual sources of wholesale and retail funding and/or has your ability to transfer risk changed over the past three months, or are you expecting this access/activity to change over the next three months?

(in percentages, unless otherwise stated)

	Over the past three months									Over the next three months								
	--	-	°	+	+ +	NA[2]	NetP	Mean	Std. dev.	--	-	°	+	+ +	NA[2]	NetP	Mean	Std. dev.
A) Retail funding																		
Short-term deposits (up to one year)	0	0	88	9	0	3	-9	3.09	0.30	0	0	91	6	0	3	-5	3.05	0.25
Long-term (more than one year) deposits and other retail funding instruments	0	1	92	4	0	3	-3	3.03	0.24	0	2	92	3	0	3	-1	3.01	0.25
B) Inter-bank unsecured money market																		
Very short-term money market (up to 1 week)	0	1	89	4	0	6	-3	3.03	0.25	0	1	93	0	0	6	1	2.99	0.11
Short-term money market (more than 1 week)	0	2	86	6	0	6	-4	3.04	0.31	0	1	91	1	0	6	0	3.00	0.18
C) Wholesale debt securities[3]																		
Short-term debt securities (e.g. certificates of deposit or commercial paper)	0	1	68	11	0	20	-10	3.12	0.39	0	1	74	5	0	20	-4	3.04	0.29
Medium to long term debt securities (incl. covered bonds)	0	1	70	21	0	8	-19	3.20	0.46	0	3	80	10	0	8	-7	3.07	0.37
D) Securitisation[4]																		
Securitisation of corporate loans	0	0	47	3	0	49	-3	3.07	0.28	0	0	49	2	0	49	-2	3.02	0.17
Securitisation of loans for house purchase	0	0	47	0	0	52	0	3.00	0.12	0	0	37	11	0	52	-11	3.30	0.54
E) Ability to transfer credit risk off balance sheet[5]																		
Ability to transfer credit risk off balance sheet	0	1	54	3	0	41	-2	3.02	0.22	0	0	54	4	0	42	-4	3.04	0.23

1) Please also take into account any effect of state guarantees vis-à-vis debt securities and recapitalisation support.
2) "NA" (not applicable) includes banks for which the source of funding is not relevant.
3) Usually involves on-balance sheet funding.
4) Usually involves the sale of loans from banks' balance sheets, i.e. off-balance sheet funding
5) Usually involves the use of credit derivatives, with the loans remaining on banks' balance sheets.
Notes: "--" = deteriorated considerably/will deteriorate considerably; "-" = deteriorated somewhat/will deteriorate somewhat; "o" = remained unchanged/will remain unchanged; "+" = eased somewhat/will ease somewhat; "++" = eased considerably/will ease considerably. The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. Std. dev. denotes standard deviation. Figures may not exactly add up due to rounding.

Question 120

In connection with the new regulatory or supervisory actions (*), has your bank: increased/decreased total assets; increased/decreased risk-weighted assets; increased/decreased its capital position; experienced an easing/tightening of its funding conditions over the past six months; and/or does it intend to do so over the next six months?

(in percentages, unless otherwise stated)

	--	-	°	+	+ +	NA[3]	NetP	Mean	Std. dev.	No of banks
Over the past six months										
Total assets of which:	**0**	**2**	**85**	**13**	**0**	**0**	**11**	**3.1**	**0.39**	**143**
Liquid assets[1]	0	1	85	11	0	2	10	3.1	0.38	143
Risk-weighted assets of which:	**1**	**3**	**77**	**17**	**1**	**1**	**14**	**3.1**	**0.53**	**143**
Average loans	1	2	77	11	1	8	10	3.1	0.47	143
Riskier loans	1	6	78	6	1	8	0	3.0	0.46	143
Capital of which:	**1**	**0**	**64**	**33**	**1**	**0**	**33**	**3.3**	**0.57**	**143**
Retained earnings	1	0	65	30	1	3	30	3.3	0.57	143
Capital issuance[2]	0	1	78	12	0	10	11	3.1	0.37	143
Impact on your bank's funding conditions	**0**	**4**	**90**	**4**	**0**	**1**	**0**	**3.0**	**0.32**	**143**
Over the next six months										
Total assets of which:	**0**	**3**	**85**	**9**	**0**	**2**	**6**	**3.1**	**0.37**	**143**
Liquid assets[1]	0	1	88	8	0	2	8	3.1	0.34	143
Risk-weighted assets of which:	**0**	**6**	**77**	**14**	**1**	**3**	**9**	**3.1**	**0.50**	**143**
Average loans	0	3	77	11	1	8	9	3.1	0.44	143
Riskier loans	0	7	80	3	2	8	-2	3.0	0.45	143
Capital of which:	**0**	**1**	**68**	**27**	**0**	**3**	**25**	**3.3**	**0.52**	**143**
Retained earnings	0	0	72	25	0	3	25	3.2	0.48	143
Capital issuance[2]	0	1	76	11	0	12	11	3.1	0.39	143
Impact on your bank's funding conditions	**0**	**5**	**89**	**3**	**0**	**3**	**2**	**3.0**	**0.33**	**143**

(*) Please consider regulatory or supervisory actions relating to capital, leverage, liquidity or provisioning that have recently been approved/implemented or that are expected to be approved/implemented in the near future.

1) Liquid assets should be defined as freely transferable assets that can be converted quickly into cash in private markets within a short time frame and without significant loss in value, in line with the European Commission Delegated Act of 10.10.2014 to supplement Regulation (EU) 575/2013 with regard to liquidity coverage requirement for Credit Institutions (C (2014) 7232 final).

2) Capital issuance includes the issuance of shares and hybrid instruments, as well as capital injections by, inter alia, national or supra-national public authorities.

3) "NA" (not applicable) includes banks which do not have any business in or exposure to this category.

Notes: "--" = deteriorated considerably/will deteriorate considerably; "-" = deteriorated somewhat/will deteriorate somewhat; "o" = remained unchanged/will remain unchanged; "+" = eased somewhat/will ease somewhat; "++" = eased considerably/will ease considerably. The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. Figures may not exactly add up due to rounding. The number of banks responding (No of banks) refers to all participating banks which have business in or exposure to the respective lending category. Std. dev. denotes standard deviation.

Question 121

Have any adjustments been made, or will any be made, to your bank's credit standards/margins for loans over the past/next six months, owing to the new regulatory or supervisory actions?(*)

(in percentages, unless otherwise stated)

	Loans and credit lines to enterprises		Loans to households	
	Small and medium-sized enterprises	Large enterprises	For house purchase	Consumer credit and other lending
(i) Credit standards				
Over the past six months				
--	0	0	0	0
-	5	5	8	6
o	93	94	92	94
+	0	0	0	0
+ +	0	0	0	0
NA[1]	2	1	0	0
Net Percentage	**5**	**5**	**8**	**6**
Mean	3	3	3	3
Standard deviation	0	0	0	0
Number of banks responding	131	128	130	135
Over the next six months				
--	1	0	0	1
-	4	4	6	4
o	93	94	93	95
+	0	0	1	0
+ +	0	0	0	0
NA[1]	2	1	0	0
Net Percentage	**5**	**5**	**5**	**4**
Mean	3	3	3	3
Standard deviation	0	0	0	0
Number of banks responding	131	128	130	135
(ii) Credit margins				
Over the past six months				
--	0	0	1	0
-	1	0	0	0
o	96	97	98	100
+	0	1	0	0
+ +	0	0	0	0
NA[1]	2	1	0	0
Net Percentage	**1**	**-1**	**1**	**0**
Mean	3	3	3	3
Standard deviation	0	0	0	0
Number of banks responding	131	128	130	135
Over the next six months				
--	0	0	0	0
-	5	6	5	6
o	92	91	94	94
+	1	1	1	1
+ +	0	0	0	0
NA[1]	2	1	0	0
Net Percentage	**4**	**5**	**4**	**5**
Mean	3	3	3	3
Standard deviation	0	0	0	0
Number of banks responding	131	128	130	135

1) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
(*) Please consider regulatory or supervisory actions relating to capital, leverage, liquidity or provisioning that have recently been approved/implemented or that are expected to be approved/implemented in the near future. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.
Notes: "- -" = credit standards / margins have been tightened/will be tightened considerably; "-" = credit standards / margins have been tightened/will be tightened somewhat; "o"= the requirements have basically not had/will not have any impact on credit standards / margins; "+" = credit standards / margins have been eased/will be eased somewhat; "++" = credit standards / margins have been eased/will be eased considerably. The mean and standard deviation are calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 135

Please indicate the impact of your bank's non-performing loan (NPL) ratio[1] on your lending policy. In addition, please indicate the contribution of each factor through which the NPL ratio has affected or will affect your bank's lending policy.

(in percentages, unless otherwise stated)

	--	-	°	+	+ +	NA[2]	NetP	Mean	Std. dev.	No of banks
Over the past six months										
A) Impact of NPL ratio on the change in your bank's credit standards										
Loans and credit lines to enterprises	0	4	94	0	0	2	4	3.0	0.21	134
Loans to households for house purchase	0	2	98	0	0	0	2	3.0	0.14	130
Consumer credit and other lending to households	0	3	97	0	0	0	3	3.0	0.17	135
B) Impact of NPL ratio on the change in your bank's credit terms and conditions										
Loans and credit lines to enterprises	0	2	96	0	0	2	1	3.0	0.15	134
Loans to households for house purchase	0	2	98	0	0	0	1	3.0	0.15	130
Consumer credit and other lending to households	0	3	97	0	0	0	2	3.0	0.19	135
C) Contribution of factors through which the NPL ratio affects your bank's policy on lending to enterprises and households (change in credit standards and credit terms and conditions)										
Contribution of your bank's cost of funds and balance sheet constraints to the NPL-related impact on your bank's lending policy										
Costs related to your bank's capital position	0	4	93	1	0	1	4	3.0	0.29	143
Costs related to your bank's balance sheet clean-up operations[3]	0	2	91	0	0	7	2	3.0	0.20	143
Pressure related to supervisory or regulatory requirements[4]	1	9	84	6	0	1	4	3.0	0.45	143
Your bank's access to market financing	0	0	98	0	0	2	0	3.0	0.15	143
Your bank's liquidity position	0	0	97	1	0	1	-1	3.0	0.15	143
Contribution of your bank's perception of risk and risk tolerance to the NPL-related impact on your bank's lending policy										
Your bank's perception of risk[5]	0	5	94	0	0	0	5	2.9	0.27	143
Your bank's risk tolerance	0	5	94	0	0	0	6	2.9	0.27	143
Over the next six months										
A) Impact of NPL ratio on the change in your bank's credit standards										
Loans and credit lines to enterprises	0	6	90	1	0	3	5	2.9	0.28	134
Loans to households for house purchase	0	2	96	2	0	0	0	3.0	0.21	130
Consumer credit and other lending to households	0	6	93	0	0	0	6	2.9	0.26	135
B) Impact of NPL ratio on the change in your bank's credit terms and conditions										
Loans and credit lines to enterprises	0	3	93	1	0	3	3	3.0	0.22	134
Loans to households for house purchase	0	2	95	2	0	0	-1	3.0	0.22	130
Consumer credit and other lending to households	0	3	96	1	0	0	2	3.0	0.19	135
C) Contribution of factors through which the NPL ratio affects your bank's policy on lending to enterprises and households (change in credit standards and credit terms and conditions)										
Contribution of your bank's cost of funds and balance sheet constraints to the NPL-related impact on your bank's lending policy										
Costs related to your bank's capital position	0	3	94	1	0	2	3	3.0	0.27	143
Costs related to your bank's balance sheet clean-up operations[3]	0	2	90	0	0	7	2	3.0	0.20	143
Pressure related to supervisory or regulatory requirements[4]	0	11	81	7	0	1	4	3.0	0.48	143
Your bank's access to market financing	0	0	97	0	0	2	0	3.0	0.15	143
Your bank's liquidity position	0	5	90	1	0	3	4	3.0	0.28	143
Contribution of your bank's perception of risk and risk tolerance to the NPL-related impact on your bank's lending policy										
Your bank's perception of risk[5]	0	5	93	0	0	1	5	2.9	0.28	143
Your bank's risk tolerance	0	6	91	1	0	1	5	2.9	0.31	143

1) The NPL ratio is defined as the stock of gross non-performing loans on your bank's balance sheet as a percentage of the gross carrying amount of loans. Changes in credit standards and/or terms and conditions can be caused by changes in the NPL ratio or by changes in regulation or in the bank's assessment of the level of the NPL ratio, even if the NPL ratio has remained unchanged.
2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category (as regards credit standards), have not granted any new loans in the respective lending category during the period specified (as regards credit terms and conditions), or do not have any non-performing loans.
3) This may include costs due to the need for additional provisions and/or write-offs exceeding the previous stock of provisions.
4) This may include expectations of or uncertainty about future supervisory or regulatory requirements.
5) Banks' perception of risk regarding the general economic situation and outlook, borrowers' creditworthiness and of the risk related to collateral demanded.
Notes: "--" = has contributed considerably/will contribute considerably to tightening; "-" = has contributed somewhat/will contribute somewhat to tightening; "o" =has not had/will not have an impact; "+" = has contributed somewhat/will contribute somewhat to easing; "++" = has contributed considerably/will contribute considerably to easing. The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. Figures may not exactly add up due to rounding. The number of banks responding (No of banks) refers to all participating banks which have business in or exposure to the respective lending category. Std. dev. denotes standard deviation.

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For specific terminology please refer to the ECB glossary.

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