EUROPEAN CENTRAL BANK

EUROSYSTEM

# The euro area bank lending survey

## Second quarter of 2018

July 2018

# Contents

**Introduction** **2**

**1 Overview of the results** **3**

**Box 1** General notes 5

**2 Developments in credit standards, terms and conditions, and net demand for loans in the euro area** **8**

2.1 Loans to enterprises 8

2.2 Loans to households for house purchase 13

2.3 Consumer credit and other lending to households 18

**3 Ad hoc questions** **24**

3.1 Banks' access to retail and wholesale funding 24

3.2 Banks' adjustment to regulatory and supervisory action 25

3.3 Factors determining the level of banks' lending margins 26

3.4 The impact of banks' non-performing loan ratios on their lending policies 27

**Annex 1 Results for the standard questions** **A1**

**Annex 2 Results for the ad hoc questions** **A24**

# Introduction

The results reported in the July 2018 bank lending survey (BLS) relate to changes during the second quarter of 2018 and expectations for the third quarter of 2018. The survey was conducted between 18 June and 3 July 2018. The response rate was 100%. In addition to the results for the euro area as a whole, the report contains the results for the five largest euro area countries.[1]

A number of ad hoc questions were included in the July 2018 survey round. 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, the significance of factors determining the level of banks' lending margins and the impact of banks' non-performing loan 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 the results

According to the July 2018 bank lending survey (BLS), credit standards continued to ease for loans to enterprises, loans to households for house purchase and consumer credit in the second quarter of 2018, while loan demand also increased across all loan categories, thereby continuing to support loan growth.

Credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans to enterprises eased in the second quarter of 2018 (net percentage of reporting banks at -3%, after -8% in the previous quarter; see overview table), broadly in line with expectations in the previous survey round. In addition, credit standards for loans to households for house purchase eased (-8%, after -11% in the previous quarter), but by less than was expected in the previous survey round. Credit standards for consumer credit and other lending to households also eased (-3%, unchanged from the previous quarter), but by less than expected in the previous round. For the third quarter of 2018, banks expect a net easing of credit standards in the three loan categories (loans to enterprises: -3%, housing loans: -9%, consumer credit: -6%).

For loans to enterprises, loans to households for house purchase and for consumer credit and other lending to households, competitive pressures and risk perceptions contributed to an easing in credit standards in the second quarter of 2018, while banks' risk tolerance and their cost of funds and balance sheet constraints had a broadly neutral impact.

Banks' overall terms and conditions (i.e. banks' actual terms and conditions agreed in the loan contract) on new loans continued to ease across all loan categories in the second quarter of 2018, driven mainly by a narrowing of margins on average loans (defined as the spread over relevant market reference rates).

The net percentage share of rejected loan applications increased slightly for loans to enterprises, remained unchanged for housing loans, and decreased slightly for consumer credit and other lending to households.

Net demand for loans to enterprises continued to increase in the second quarter of 2018 (16%, after 15% in the previous quarter; see overview table), below expectations in the previous survey round. Banks expect net demand to continue increasing in the third quarter of 2018 (19%). Net demand increased further for housing loans (23%, after 5%) and for consumer credit and other lending to households (25%, after 14%). For the third quarter of 2018, banks expect an ongoing increase in net demand for housing loans (19%) and consumer credit (16%).

The net increase in demand for loans to enterprises was mainly driven by the general level of interest rates, inventories and working capital, and mergers and acquisitions (M&A) activity. Net demand for housing loans continued to mainly be driven by the low general level of interest rates, favourable housing market prospects and consumer confidence. Finally, for consumer credit and other lending to households, consumer confidence, spending on durable goods and the low general level of interest rates continued to contribute positively to net demand in the second quarter of 2018.

Across the largest euro area countries, credit standards for loans to enterprises eased in Spain, Italy and Germany, while they remained unchanged in France and the Netherlands in the second quarter of 2018 (see overview table). For housing loans, banks eased their credit standards in all of these countries, with the exception of Italy where they were unchanged. Net demand for loans to enterprises increased in the Netherlands, Germany and Italy and remained unchanged in Spain in the second quarter of 2018, while decreasing slightly in France. For housing loans, net demand increased in all of the largest euro area countries.

## Overview table

### Latest developments in BLS results in the largest euro area countries

(net percentages of banks reporting tightening credit standards or positive loan demand)

| | Enterprises | | | | | | House purchase | | | | | | Consumer credit | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Credit standards | | | Demand | | | Credit standards | | | Demand | | | Credit standards | | | Demand | | |
| Country | 18Q1 | 18Q2 | Avg. | 18Q1 | 18Q2 | Avg. | 18Q1 | 18Q2 | Avg. | 18Q1 | 18Q2 | Avg. | 18Q1 | 18Q2 | Avg. | 18Q1 | 18Q2 | Avg. |
| Euro area | -8 | -3 | 9 | 15 | 16 | -2 | -11 | -8 | 6 | 5 | 23 | 4 | -3 | -3 | 5 | 14 | 25 | 1 |
| Germany | -3 | -3 | 4 | 9 | 25 | 4 | -7 | -7 | 2 | 14 | 21 | 8 | -9 | -3 | -1 | 9 | 38 | 9 |
| Spain | 0 | -10 | 10 | 0 | 0 | -3 | -11 | -11 | 15 | 22 | 22 | -9 | -10 | -20 | 7 | 20 | 60 | -8 |
| France | -18 | 0 | 7 | 0 | -3 | -10 | -14 | -2 | 2 | -40 | 17 | 8 | -2 | 0 | -1 | 9 | 14 | -1 |
| Italy | -20 | -10 | 14 | 30 | 10 | 4 | -10 | 0 | 1 | 10 | 20 | 15 | 0 | 0 | 7 | 40 | 30 | 15 |
| Netherlands | 0 | 0 | 10 | 28 | 45 | -2 | -51 | -50 | 14 | 33 | 51 | -2 | 0 | 0 | 13 | 0 | -18 | -16 |

Notes: Avg. stands for 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 based on the amounts outstanding of loans of the individual banks in the respective national samples.

The July 2018 BLS also included a number of ad hoc questions. Regarding euro area banks' access to funding, banks reported that access to retail funding improved slightly, in net terms, in the second quarter of 2018. As regards wholesale funding, according to reporting banks access to money markets, debt securities issuance and access to securitisation deteriorated in the second quarter of 2018.

Euro area banks continued to adjust to regulatory or supervisory actions in the first half of 2018 by strengthening their capital positions. At the euro area level, banks reported a slight tightening of credit standards due to regulatory or supervisory actions across all loan categories. Supervisory actions had a broadly neutral impact on credit margins on loans to firms and on consumer credit, but led to a widening of margins on housing loans.

With respect to the significance of the factors determining the level of banks' lending margins, euro area banks reported that competition and profitability targets were the most significant factors across all categories of loans over the past six months, and that these factors also increased most in significance between the beginning of 2014 and the end of 2017.

In terms of the impact of banks' non-performing loans (NPLs) on their lending policies, euro area banks reported that their NPLs contributed to a tightening in their credit standards and terms and conditions across all categories of loans over the past six months. However, this tightening impact has generally diminished relative to the impact between 2014 and 2017, and it is expected to decrease further in the next six months. Banks' NPL ratios affected their lending policies mainly through their impact on risk perceptions, risk tolerance and the cost of cleaning up the balance sheet.

## Box 1
General notes

The bank lending survey (BLS) is addressed to senior loan officers of a representative sample of euro area banks. In the current survey round, the sample group of banks participating in the survey comprises 149 banks, representing all the euro area countries, and takes into account 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]

### BLS questionnaire

The BLS contains 22 standard questions on past and expected developments: 18 backward-looking and four forward-looking questions. In addition, it contains one open-ended question. The 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 credit standards for approving loans, credit terms and conditions for new loans, loan demand, the factors affecting loan supply and demand conditions, and the share of loan rejections. The survey questions are generally phrased in terms of changes over the past three months or expectations of changes over the next three months. Survey participants are asked to indicate changes on a five-point scale, indicating in a qualitative way the strength of a tightening or easing or the strength of a decrease or increase: (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 results of the individual banks participating in the BLS sample are aggregated in two steps. In the first step, individual bank results are aggregated to national results for the euro area countries, and in the second step, the national BLS results are aggregated to euro area BLS results.

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

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.

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

In the second step, since the number of banks in the national samples differs considerably and does not always reflect the respective share in lending to euro area non-financial corporations and households, the national survey results are aggregated to euro area BLS results by applying a weighting scheme based on the national shares in the amounts outstanding of loans to euro area non-financial corporations and households.

**BLS indicators**

The responses to questions related to credit standards are analysed in this report by focusing on the difference ("net percentage") between the share of banks reporting that credit standards applied to the loan approval have been tightened and the share of banks reporting that they have been eased. For all questions, the net percentage is determined based on all participating banks that have business in or exposure to the respective loan categories (i.e. they are included in the denominator when calculating the net percentage). This means that banks that are specialised in certain loan categories (e.g. they only grant loans to enterprises) are only considered in the aggregation for these 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 back data.[4] For the standard BLS questions this has led to small revisions overall, while there have been larger revisions for some ad hoc questions 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 share of banks reporting an increase in loan demand (i.e. in bank loan financing needs) and the share 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 different sample sizes across countries imply that the answers of a single bank have a different impact on the magnitude of the 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 share of banks reporting that credit standards have been tightened and the share of banks reporting that they have been eased. Likewise, regarding the demand for loans, the diffusion index refers to the weighted difference between the share of banks reporting an increase in loan demand and the share of banks reporting a decline. The diffusion index is constructed in the following way: lenders who have answered "considerably" are given a weight twice as high (score of 1) 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.

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4 The non-harmonised historical data are different from the harmonised data mainly because of a heterogeneous treatment of "NA" replies and specialised banks across questions and countries. Historical non-harmonised BLS data are published for discontinued BLS questions and ad hoc questions.

Detailed tables and charts based on the responses are provided in Annex 1 for the standard questions and in Annex 2 for the ad hoc questions. In addition, BLS time series data are available on the ECB's website via the ECB's 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 be found at: http://www.ecb.europa.eu/stats/money/surveys/lend/html/index.en.html

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

## 2.1 Loans to enterprises

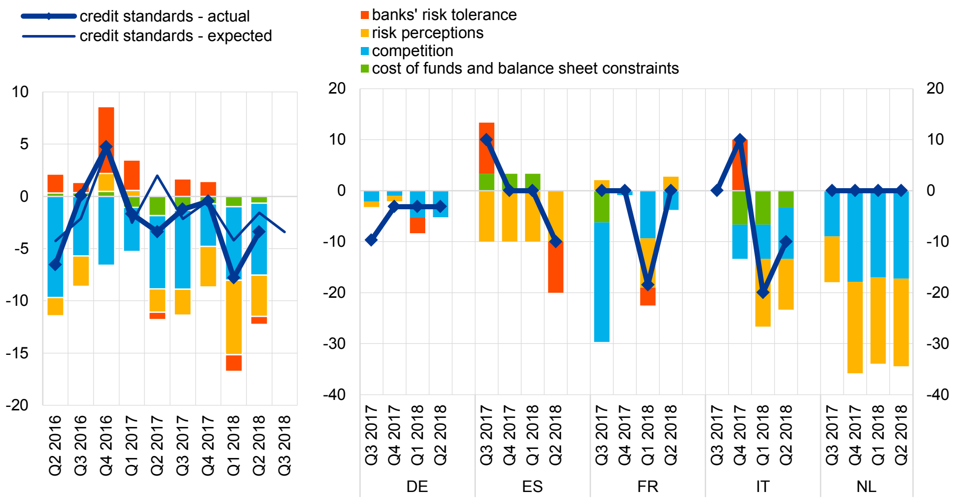
### 2.1.1 Credit standards for loans to enterprises eased

Credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans to enterprises eased in the second quarter of 2018 (at -3%, after -8% in the previous quarter; see Chart 1 and overview table). The net percentage remained below the historical average since 2003 and the net easing was broadly in line with expectations in the previous round. Across firm size, credit standards eased for loans to small and medium-sized enterprises (SMEs; -2%) and for loans to large firms (-3%).

**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 the 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 reported that competitive pressure from other banks and risk perceptions regarding the general economic and industry or firm-specific situation and outlook continued to be the main factors having an easing impact on credit standards in the second quarter of 2018, while banks' risk tolerance and their cost of funds and balance sheet constraints had a broadly neutral impact (see Chart 1 and Table 1).[5]

Across the largest euro area countries, credit standards for loans to enterprises eased in Spain, Italy and Germany, while they remained unchanged in France and the Netherlands in the second quarter of 2018. Competitive pressures contributed to an easing of credit standards in the Netherlands, Italy, Germany and France, while their contribution was neutral in Spain. Risk perceptions had an easing impact in the Netherlands, Spain and Italy, a neutral impact in Germany and a slight tightening impact in France. As regards banks' cost of funds and balance sheet constraints, banks in Italy reported a slight easing impact, while in the other large countries this factor had a neutral effect. Regarding banks' risk tolerance, banks in Spain reported an easing impact on credit standards, while banks in the other major euro area countries reported a neutral impact.

Looking ahead to the third quarter of 2018, euro area banks expect credit standards for loans to enterprises to continue to ease (-3%).

**Table 1**

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

(net percentages)

| | Cost of funds and balance sheet constraints | | Pressure from competition | | Perception of risk | | Banks' risk tolerance | |
|---|---|---|---|---|---|---|---|---|
| **Country** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** |
| **Euro area** | -1 | -1 | -7 | -7 | -7 | -4 | -2 | -1 |
| **Germany** | 0 | 0 | -5 | -5 | 0 | 0 | -3 | 0 |
| **Spain** | 3 | 0 | 0 | 0 | -10 | -10 | 0 | -10 |
| **France** | 0 | 0 | -9 | -4 | -10 | 3 | -4 | 0 |
| **Italy** | -7 | -3 | -7 | -10 | -13 | -10 | 0 | 0 |
| **Netherlands** | 0 | 0 | -17 | -17 | -17 | -17 | 0 | 0 |

Note: See the notes to Chart 1.

## 2.1.2 Terms and conditions for loans to enterprises continued to improve

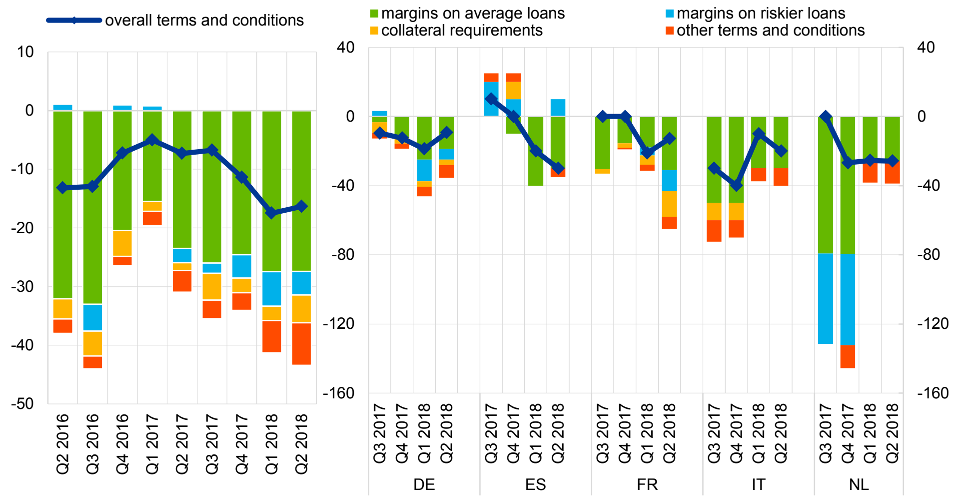
In the second quarter of 2018, overall terms and conditions that banks apply when granting new loans or credit lines (i.e. the actual terms and conditions agreed in the loan contract) to enterprises continued to ease (see Chart 2). The net easing was driven mainly by a narrowing of margins on average loans to enterprises. Margins on riskier loans and all other credit terms and conditions (like collateral requirements, non-interest charges, loan covenants, loan maturity and loan size) also contributed to the net easing of banks' credit terms and conditions for loans to enterprises, but to a lesser extent.

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

## 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 for new loans or credit lines to enterprises eased in all countries. This was mainly due to a further narrowing of margins on average loans. Margins on riskier loans narrowed in net terms in France and Germany, while they tightened in Spain and remained unchanged in the other large countries.

## Table 2

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

(net percentages)

| | Overall terms and conditions | | Banks’ margins on average loans | | Banks’ margins on riskier loans | |
|---|---|---|---|---|---|---|
| **Country** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** |
| **Euro area** | -17 | -16 | -27 | -27 | -6 | -4 |
| **Germany** | -19 | -9 | -25 | -19 | -13 | -6 |
| **Spain** | -20 | -30 | -40 | -30 | 0 | 10 |
| **France** | -21 | -13 | -18 | -31 | -5 | -12 |
| **Italy** | -10 | -20 | -30 | -30 | 0 | 0 |
| **Netherlands** | -25 | -26 | -25 | -26 | 0 | 0 |

Note: See the notes to Chart 2.

Regarding the factors contributing to changes in overall credit terms and conditions, competitive pressures continued to have a strong easing impact. Banks’ cost of funds and balance sheet constraints and their risk perceptions also had an easing impact, while their risk tolerance had a broadly neutral impact (see Table 3).

Across the largest euro area countries, competitive pressures continued to be the main factor driving easier terms and conditions in all countries, with the exception of the Netherlands where the impact was neutral. Banks’ cost of funds and balance sheet situation contributed to the easing in terms and conditions in Spain and Italy, and had a broadly neutral impact elsewhere. Banks’ risk perceptions had an easing impact in Italy and Spain, a tightening impact in the Netherlands and a neutral impact elsewhere, while their risk tolerance had a neutral impact in all of the largest euro area countries with the exception of Spain, where it had an easing effect.

**Table 3**

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

(net percentages of banks reporting tightening terms and conditions)

| | Cost of funds and balance sheet constraints | | Pressure from competition | | Perception of risk | | Banks' risk tolerance | |
|---|---|---|---|---|---|---|---|---|
| Country | Q1 2018 | Q2 2018 | Q1 2018 | Q2 2018 | Q1 2018 | Q2 2018 | Q1 2018 | Q2 2018 |
| **Euro area** | -5 | -3 | -27 | -26 | -4 | -2 | -1 | -1 |
| **Germany** | -9 | 0 | -22 | -22 | 0 | 0 | 0 | 0 |
| **Spain** | -10 | -10 | -30 | -20 | 0 | -10 | 0 | -10 |
| **France** | -2 | 0 | -22 | -28 | 0 | 0 | -4 | 0 |
| **Italy** | 10 | -10 | -50 | -50 | -20 | -20 | 0 | 0 |
| **Netherlands** | 0 | 0 | 0 | 0 | 0 | 26 | 0 | 0 |

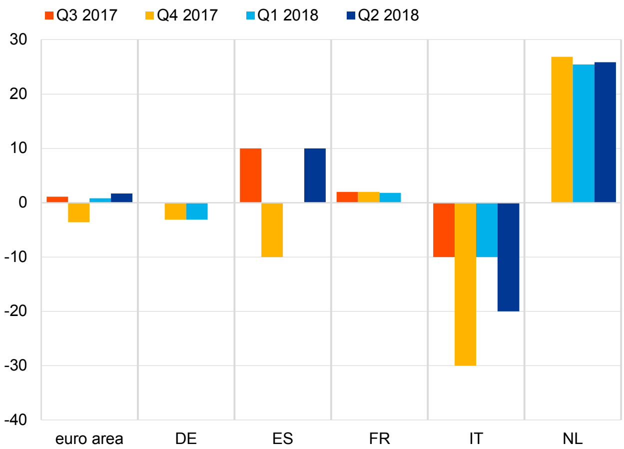
Note: The net percentages for responses to questions related to the factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage reporting that it contributed to an easing.

## 2.1.3 Rejection rate for loans to enterprises increased slightly

**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.

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) increased slightly for loans to euro area enterprises in the second quarter of 2018 (2%, after 1% in the previous quarter; see Chart 3).

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

## 2.1.4 Increase in net demand for loans to enterprises

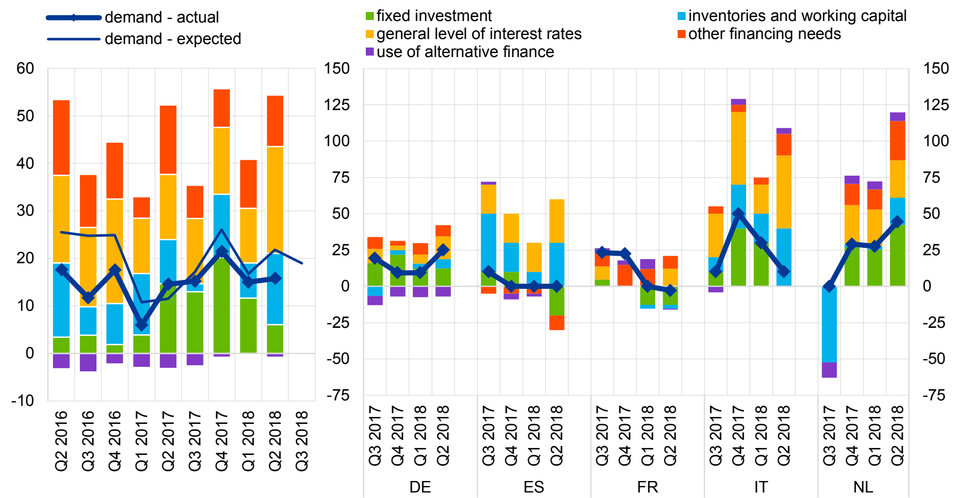
Net demand for loans to enterprises continued to increase in the second quarter of 2018 (net percentage of 16%, after 15% in the previous quarter; see Chart 4 and overview table). This was above the historical average, but slightly lower than banks' expectations reported in the previous round. Loan demand increased for loans to both SMEs and large firms.

Across the largest euro area countries, net demand for loans to enterprises increased in the Netherlands, Germany and Italy and remained unchanged in Spain, while decreasing slightly in France.

**Chart 4**

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

(net percentages of banks reporting positive 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 each factor 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 "M&A 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".

The net increase in demand for loans to enterprises was mainly driven by the general level of interest rates, inventories and working capital and M&A activity (included in "other financing needs"; see Chart 4). Fixed investment and debt refinancing/restructuring leading to an increase or prolongation of the amount borrowed (included in "other financing needs") also continued to have a positive, albeit smaller impact on demand. Firms' internal financing (included in "use of alternative finance") and loans from non-banks had a marginally negative impact on demand, according to reporting banks.[6]

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

**Table 4**

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

(net percentages)

| | Fixed investment | | Inventories and working capital | | Other financing needs | | General level of interest rates | | Use of alternative finance | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Country** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** |
| **Euro area** | 12 | 6 | 7 | 15 | 10 | 11 | 12 | 22 | 0 | -1 |
| **Germany** | 13 | 13 | 3 | 6 | 8 | 8 | 6 | 16 | -8 | -7 |
| **Spain** | 0 | -20 | 10 | 30 | -5 | -10 | 20 | 30 | -2 | 0 |
| **France** | -13 | -13 | -3 | -3 | 12 | 9 | 0 | 12 | 7 | -1 |
| **Italy** | 30 | 0 | 20 | 40 | 5 | 15 | 20 | 50 | 0 | 4 |
| **Netherlands** | 25 | 42 | 2 | 19 | 14 | 27 | 25 | 26 | 6 | 6 |

Note: See the notes to Chart 4.

Across the largest euro area countries, the low general level of interest rates supported loan demand in all major countries. Inventories and working capital also had a positive impact across all countries with the exception of France, where the impact was marginally negative. Banks reported that fixed investment made a positive contribution to loan demand in the Netherlands and Germany, had a dampening impact in Spain and France, and had a neutral impact in Italy. Finally, the use of alternative finance had a dampening impact on loan demand in Germany, a positive impact in the Netherlands and Italy, and a broadly neutral impact in Spain and France.

For the third quarter of 2018, banks expect a further increase in loan demand from enterprises (19%).

## 2.2 Loans to households for house purchase

### 2.2.1 Credit standards for loans to households for house purchase continued to ease

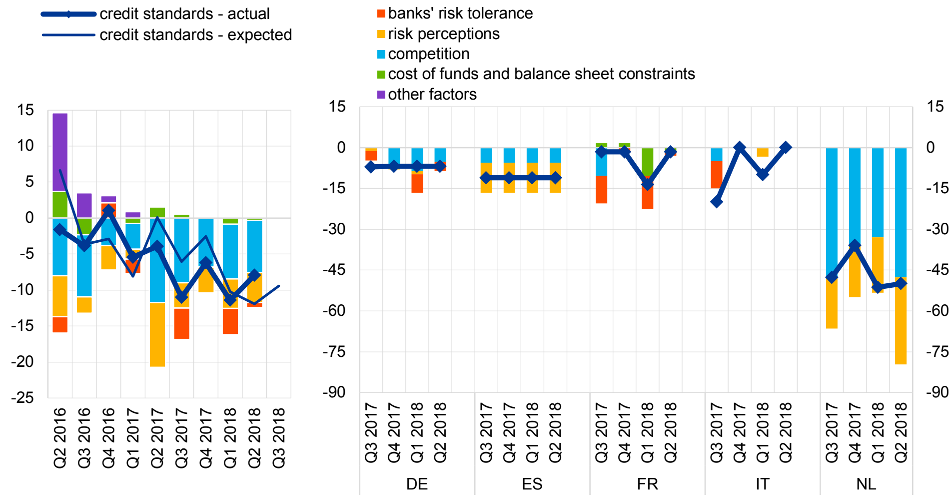
For loans to households for house purchase, credit standards eased in the second quarter of 2018 (-8%, after -11% in the previous quarter; see Chart 5 and overview table), but by less than expected in the previous survey round. The net percentage remains below the historical average since 2003.

Across the largest euro area countries, banks in all countries eased their credit standards for housing loans, with the exception of Italy where no change was reported.

**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".
"Other factors" are provided by banks when none of the above factors are applicable. They are shown as memo items and refer here, in particular, to changes in the regulation and legislation of housing markets.

Competitive pressure from other banks and non-banks and lower risk perceptions contributed to the net easing of credit standards for housing loans. Banks' risk tolerance and their cost of funds and balance sheet constraints had a broadly neutral impact (see Chart 5 and Table 5).

Across the largest euro area countries, banks reported an easing impact from competitive pressures in the Netherlands, Spain and Germany, while the impact was neutral in France and Italy. Risk perceptions had an easing impact in the Netherlands and Spain, and a neutral impact elsewhere, while banks' risk tolerance had only a slight easing impact in Germany and France and a neutral effect in the other large countries. Banks' cost of funds and balance sheet constraints had a broadly neutral impact on credit standards in all large countries.

Looking ahead, euro area banks expect credit standards for housing loans to continue to ease (-9%) in the third quarter of 2018.

**Table 5**

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

(net percentages)

| | Cost of funds and balance sheet constraints | | Pressure from competition | | Perception of risk | | Banks' risk tolerance | |
|---|---|---|---|---|---|---|---|---|
| **Country** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** |
| **Euro area** | -1 | 0 | -8 | -7 | -4 | -4 | -4 | -1 |
| **Germany** | 0 | 0 | -9 | -5 | -1 | 0 | -7 | -3 |
| **Spain** | 0 | 0 | -6 | -6 | -11 | -11 | 0 | 0 |
| **France** | -11 | -1 | 0 | 0 | 0 | 0 | -12 | -2 |
| **Italy** | 0 | 0 | 0 | 0 | -3 | 0 | 0 | 0 |
| **Netherlands** | 0 | 0 | -33 | -48 | -20 | -32 | 0 | 0 |

Note: See the notes to Chart 5.

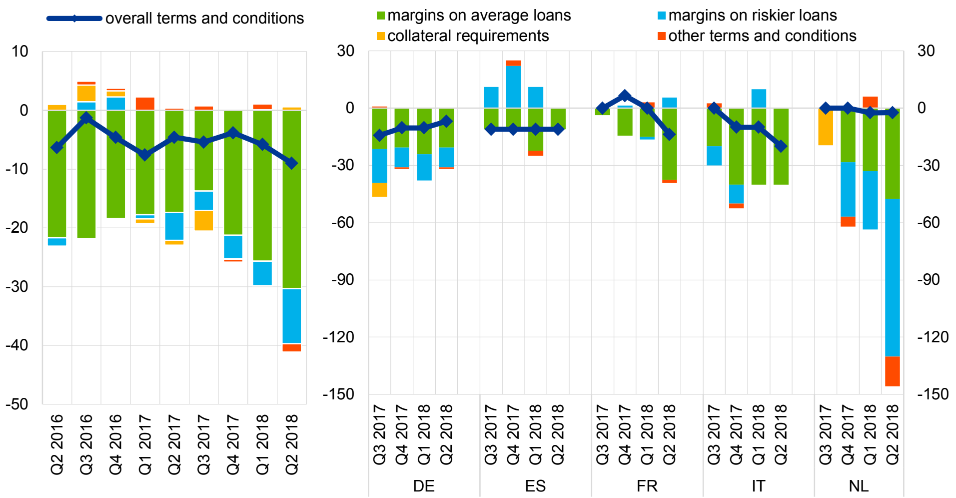
## 2.2.2 Terms and conditions for loans to households for house purchase continued to ease

Banks' overall terms and conditions for new loans to households for house purchase continued to ease in the second quarter of 2018 (see Chart 6). This development was driven by narrower margins on average loans and, to a lesser extent, narrower margins on riskier loans. Collateral requirements and other terms and conditions remained broadly unchanged at the euro area level in the second quarter of 2018.

**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".

Banks in all of the largest euro area countries reported a net easing of overall terms and conditions and a narrowing of margins on average loans. Margins on riskier loans narrowed in net terms in the Netherlands and Germany, widened in France and remained broadly unchanged in Spain and Italy.

## Table 6
Changes in terms and conditions for loans to households for house purchase

(net percentages)

| | Overall terms and conditions | | Banks' margins on average loans | | Banks' margins on riskier loans | |
|---|---|---|---|---|---|---|
| Country | Q1 2018 | Q2 2018 | Q1 2018 | Q2 2018 | Q1 2018 | Q2 2018 |
| **Euro area** | -6 | -9 | -26 | -30 | -4 | -9 |
| **Germany** | -10 | -7 | -24 | -21 | -14 | -10 |
| **Spain** | -11 | -11 | -22 | -11 | 11 | 0 |
| **France** | 0 | -14 | -15 | -38 | -1 | 6 |
| **Italy** | -10 | -20 | -40 | -40 | 10 | 0 |
| **Netherlands** | -2 | -2 | -33 | -48 | -31 | -83 |

Note: See the notes to Chart 6.

Competitive pressures and, to a lesser extent, risk perceptions contributed to the easing of overall terms and conditions of euro area banks (see Table 7).

Among the largest euro area countries, competitive pressures contributed to an easing of overall credit terms and conditions in all countries. In addition, risk perceptions contributed to an easing in the Netherlands and Spain, while banks' cost of funds and balance sheet constraints and their risk tolerance had a neutral impact in most countries.

## Table 7
Factors contributing to the net tightening of terms and conditions for loans to households for house purchase

(net percentages)

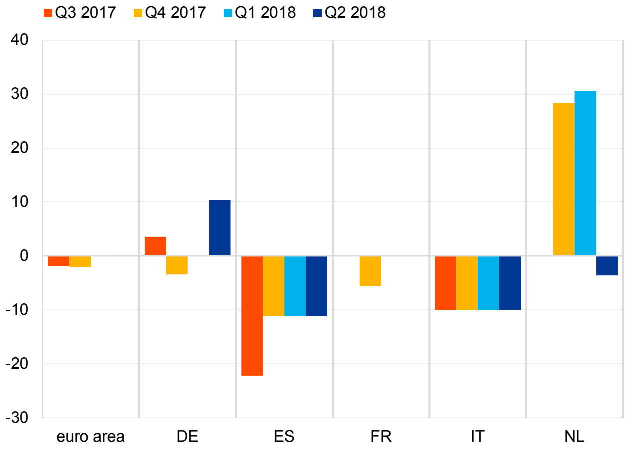
| | Cost of funds and balance sheet constraints | | Pressure from competition | | Perception of risk | | Banks' risk tolerance | |
|---|---|---|---|---|---|---|---|---|
| Country | Q1 2018 | Q2 2018 | Q1 2018 | Q2 2018 | Q1 2018 | Q2 2018 | Q1 2018 | Q2 2018 |
| **Euro area** | -5 | 0 | -22 | -19 | -3 | -5 | 0 | -1 |
| **Germany** | -3 | 0 | -14 | -17 | -3 | 0 | -3 | -3 |
| **Spain** | -22 | 0 | -11 | -11 | 0 | -11 | 0 | 0 |
| **France** | -1 | -1 | -14 | -15 | 0 | 0 | 0 | 0 |
| **Italy** | -10 | 0 | -50 | -20 | 0 | 0 | 0 | 0 |
| **Netherlands** | 0 | 0 | -33 | -48 | -31 | -34 | 0 | 0 |

Note: The net percentages for responses to questions related to the 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 remained unchanged

**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.

According to euro area banks, the net share of rejected applications for loans to households for house purchase remained unchanged in the second quarter of 2018 (0%, unchanged from the previous survey round; see Chart 7).

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

### 2.2.4 Net demand for housing loans increased further

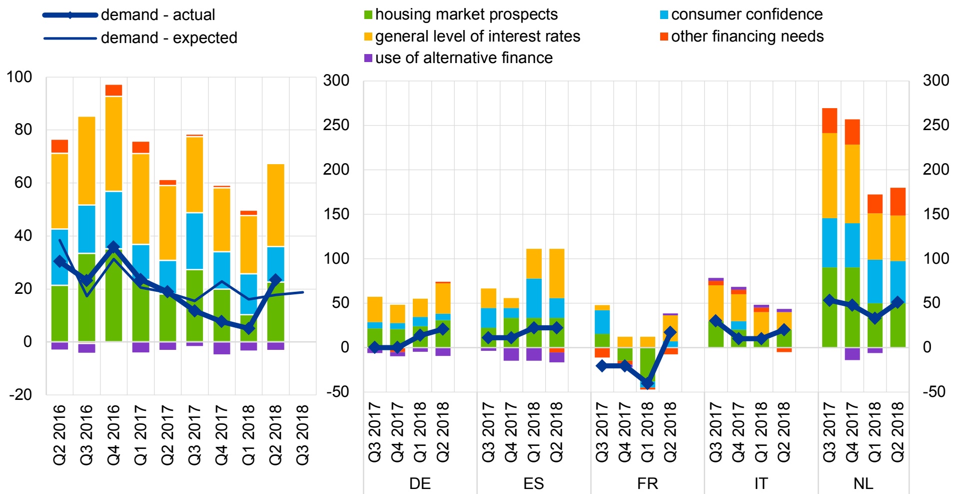
In the second quarter of 2018, banks reported a further net increase in demand for housing loans (23%, after 5% in the previous quarter; see Chart 8 and overview table), which was higher than expected by banks in the previous survey round and above the historical average for housing loan demand.

Net demand increased in all of the largest euro area countries and continued to mainly be driven by the low general level of interest rates, favourable housing market prospects and consumer confidence. The use of alternative sources of finance had a slight dampening effect on demand (see Chart 8 and Table 8).

Across all of the largest euro area countries, the general level of interest rates continued to have a substantially positive effect on demand for housing loans. Housing market prospects had a positive impact on demand in all large countries, with the exception of France, where the effect was neutral, and consumer confidence had a positive impact in all countries, except for Italy where there was no change reported in net terms. The contribution of other financing needs was positive in the Netherlands and, to a lesser extent, Germany, while it had a negative impact on demand in the remaining large countries. The use of alternative finance had a dampening effect on housing loan demand in Spain and Germany.

**Chart 8**
Changes in demand for loans to households for house purchase, and contributing factors

(net percentages of banks reporting positive demand, and contributing factors)




Notes: See the notes to Chart 4. "Other financial 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)

| | Housing market prospects | | Consumer confidence | | Other financing needs | | General level of interest rates | | Use of alternative finance | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Country** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** |
| **Euro area** | 10 | 23 | 15 | 13 | 2 | 1 | 22 | 31 | -3 | -3 |
| **Germany** | 24 | 31 | 10 | 7 | 0 | 2 | 21 | 34 | -5 | -9 |
| **Spain** | 33 | 33 | 44 | 22 | 0 | -6 | 33 | 56 | -15 | -11 |
| **France** | -38 | 0 | -7 | 7 | -2 | -8 | 12 | 29 | 0 | 2 |
| **Italy** | 10 | 20 | 0 | 0 | 5 | -5 | 30 | 20 | 3 | 3 |
| **Netherlands** | 50 | 50 | 49 | 48 | 21 | 31 | 52 | 51 | -6 | 0 |

Note: See the notes to Chart 8.

For the third quarter of 2018, euro area banks expect net demand for housing loans to continue increasing (19%).

## 2.3 Consumer credit and other lending to households

### 2.3.1 Credit standards for consumer credit and other lending to households eased

In the second quarter of 2018, credit standards for consumer credit and other lending to households eased (-3%, unchanged from the previous quarter; see Chart 9 and overview table). The net percentage was lower than the historical average, but the net easing was less than expected in the previous quarter.

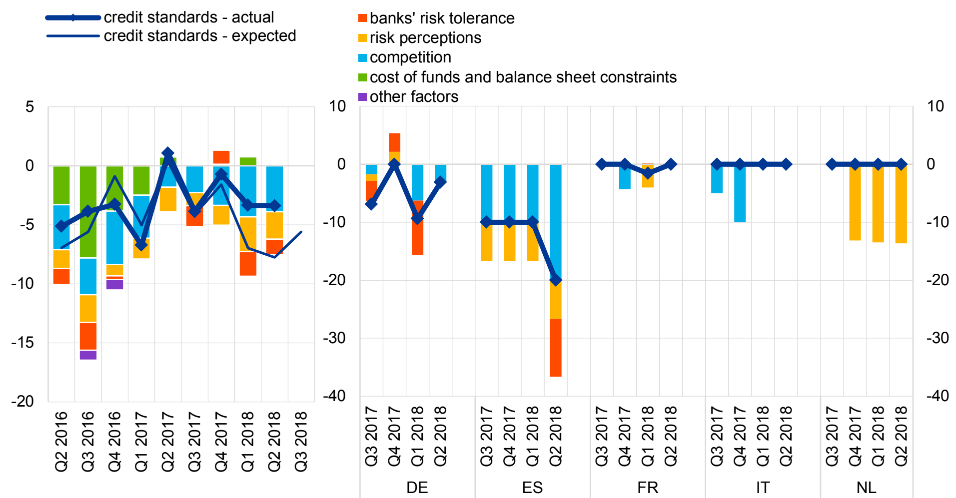
Among the largest euro area countries, credit standards for consumer credit and other lending to households eased in Spain and Germany and remained unchanged in the other large countries.

According to euro area banks, competitive pressure from other banks and non-banks, lower risk perceptions regarding the general economic situation and outlook and consumers' creditworthiness had an easing impact on credit standards, while banks' risk tolerance and their costs of funds and balance sheet constraints had a broadly neutral impact (see Chart 9 and Table 9).

### 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".
"Other factors" are provided by banks when none of the above factors are applicable. They are shown as memo items and refer here, in particular, to changes in regulation and legislation.

Across the largest euro area countries, risk perceptions contributed to an easing of credit standards in the Netherlands and Spain. In Spain and Germany, banks reported competition as a factor contributing to an easing of credit standards in net terms, while banks' higher risk tolerance had an easing impact in Spain only. Finally, there continues to be no reported impact of cost of funds and balance sheet constraints on credit standards across the largest euro area countries.

Looking ahead to the third quarter of 2018, euro area banks expect a further net easing of credit standards for consumer credit and other lending to households (-6%).

**Table 9**

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

(net percentages)

| Country | Cost of funds and balance sheet constraints | | Pressure from competition | | Perception of risk | | Banks' risk tolerance | |
|---|---|---|---|---|---|---|---|---|
| | Q1 2018 | Q2 2018 | Q1 2018 | Q2 2018 | Q1 2018 | Q2 2018 | Q1 2018 | Q2 2018 |
| **Euro area** | 1 | 0 | -4 | -4 | -3 | -2 | -2 | -1 |
| **Germany** | 0 | 0 | -6 | -3 | 0 | 0 | -9 | 0 |
| **Spain** | 0 | 0 | -10 | -20 | -7 | -7 | 0 | -10 |
| **France** | 0 | 0 | 0 | 0 | -4 | 0 | 0 | 0 |
| **Italy** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Netherlands** | 0 | 0 | 0 | 0 | -13 | -14 | 0 | 0 |

Note: See the notes to Chart 9.

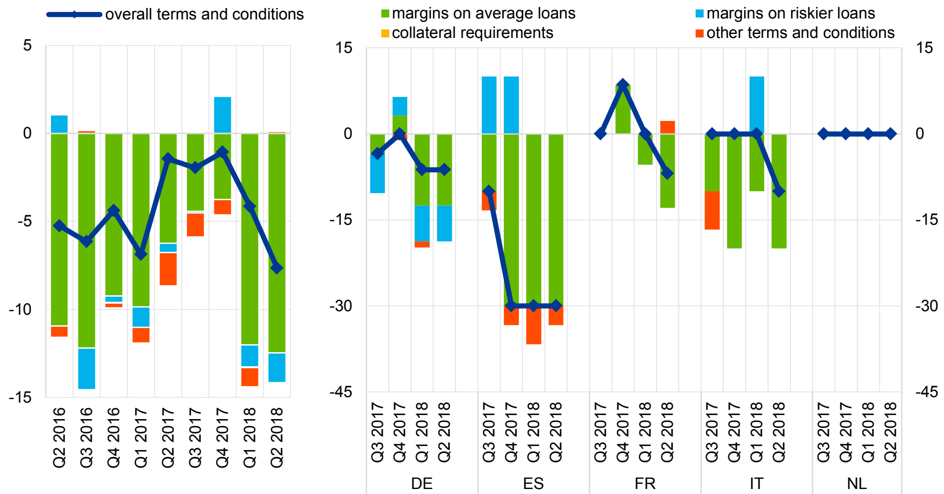
## 2.3.2 Terms and conditions for consumer credit and other lending to households eased further

Banks' overall terms and conditions applied when granting new consumer credit and other lending to households eased further in the second quarter of 2018 (see Chart 10 and Table 10). The narrowing of margins on average loans continued to be the main driver of the easing, while margins on riskier loans eased only slightly. Collateral requirements and other terms and conditions remained unchanged.

**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)

| | Overall terms and conditions | | Banks' margins on average loans | | Banks' margins on riskier loans | |
|---|---|---|---|---|---|---|
| **Country** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** |
| **Euro area** | -4 | -8 | -12 | -12 | -1 | -2 |
| **Germany** | -6 | -6 | -13 | -13 | -6 | -6 |
| **Spain** | -30 | -30 | -30 | -30 | 0 | 0 |
| **France** | 0 | -7 | -5 | -13 | 0 | 0 |
| **Italy** | 0 | -10 | -10 | -20 | 10 | 0 |
| **Netherlands** | 0 | 0 | 0 | 0 | 0 | 0 |

Note: See the notes to Chart 10.

Across the largest euro area countries, overall terms and conditions on consumer credit and other lending to households eased in all countries with the exception of the Netherlands, where they remained unchanged. Margins on average loans narrowed in most countries, except for the Netherlands, while margins on riskier loans narrowed only in Germany and remained unchanged elsewhere.

Competitive pressures remained the predominant factor contributing to the net easing of terms and conditions for new consumer credit and other lending to households (see Table 11). Risk perceptions also contributed to the easing, while the other factors had a broadly neutral impact.

**Table 11**

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

(net percentages)

| | Cost of funds and balance sheet constraints | | Pressure from competition | | Perception of risk | | Banks' risk tolerance | |
|---|---|---|---|---|---|---|---|---|
| **Country** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** | **Q1 2018** | **Q2 2018** |
| **Euro area** | -1 | 1 | -8 | -10 | -4 | -5 | -1 | -1 |
| **Germany** | -3 | 0 | -6 | -9 | -3 | 0 | -3 | 0 |
| **Spain** | -10 | 0 | -20 | -20 | 0 | -10 | 0 | 0 |
| **France** | 0 | 0 | 2 | -7 | 0 | 0 | 0 | 0 |
| **Italy** | 0 | 0 | -20 | -20 | 0 | 0 | 0 | 0 |
| **Netherlands** | 0 | 0 | 0 | 0 | -40 | -41 | 0 | 0 |

Note: The net percentages for responses to questions related to the 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.

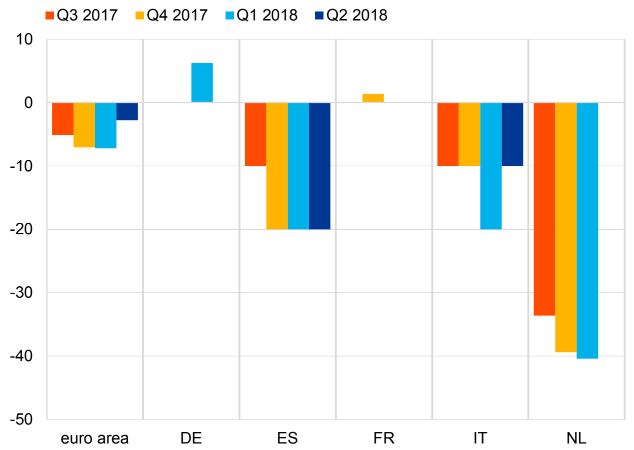
Across the largest euro area countries, competitive pressures contributed to the net easing of overall terms and conditions in all countries, with the exception of the Netherlands. Banks in the Netherlands and Spain reported an easing impact from risk perceptions, while the impact was neutral in the other large countries. Banks' cost of funds and balance sheet constraints and their risk tolerance had a neutral impact on consumer credit and other lending to households in all large countries.

### 2.3.3 Rejection rate for consumer credit and other lending to households continued to decrease

**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.

The net share of rejected applications for consumer credit and other lending to households decreased in the second quarter of 2018 according to reporting banks (-3%, from -7% in the previous survey round; see Chart 11).

Across the largest euro area countries, the rejection rate declined for banks in Spain and Italy, while it remained unchanged in the other large countries.

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

According to euro area banks, net demand for consumer credit and other lending to households increased further in the second quarter of 2018 (net percentage of 25%, after 14% in the previous quarter; see Chart 12 and overview table), remaining above its historical average and higher than expected in the previous survey round.

Across the largest euro area countries, net demand increased everywhere except the Netherlands, where it decreased.

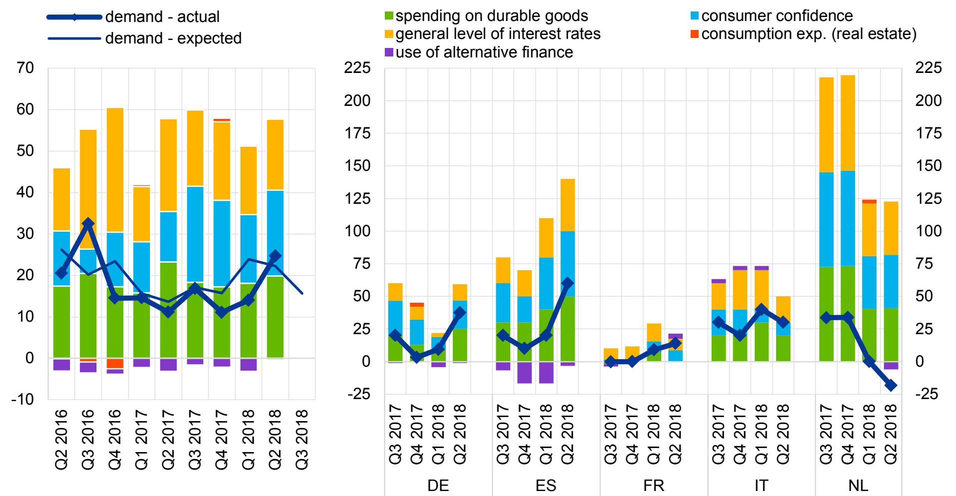
Among the factors driving demand for consumer credit and other lending to households at the euro area level, consumer confidence, financing needs for spending on durable consumer goods and the low general level of interest rates continued to contribute to the net increase in demand (see Chart 12). Other factors, such as the use of alternative finance (like internal finance out of savings, loans from other banks and other sources of external finance) and consumption expenditure financed through real-estate guaranteed loans had a neutral impact on demand.

Across the largest euro area countries, consumer confidence and the low general level of interest rates contributed to increased demand for consumer credit and other lending to households in all countries. Spending on durable goods had a positive impact in all countries, except in France, while the use of alternative finance dampened loan demand in the Netherlands and Spain, contributed to increased demand in France, and had a broadly neutral impact in Germany and Italy.

## Chart 12

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

(net percentages of banks reporting positive 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)

| | Spending on durable goods | | Consumer confidence | | Consumption exp. (real estate) | | General level of interest rates | | Use of alternative finance | |
|---|---|---|---|---|---|---|---|---|---|---|
| Country | Q1 2018 | Q2 2018 | Q1 2018 | Q2 2018 | Q1 2018 | Q2 2018 | Q1 2018 | Q2 2018 | Q1 2018 | Q2 2018 |
| Euro area | 18 | 20 | 17 | 21 | 0 | 0 | 17 | 17 | -3 | 0 |
| Germany | 9 | 25 | 9 | 22 | 0 | 0 | 3 | 13 | -4 | -1 |
| Spain | 40 | 50 | 40 | 50 | 0 | 0 | 30 | 40 | -17 | -3 |
| France | 7 | 0 | 8 | 9 | 0 | 0 | 14 | 9 | 0 | 4 |
| Italy | 30 | 20 | 10 | 10 | 0 | 0 | 30 | 20 | 3 | 0 |
| Netherlands | 40 | 41 | 40 | 41 | 3 | 0 | 40 | 41 | 0 | -6 |

Note: See the notes to Chart 12.

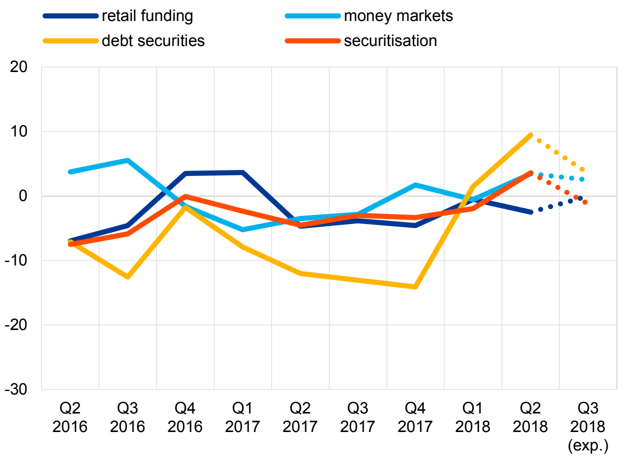
For the third quarter of 2018, euro area banks expect a continued increase in net demand for consumer credit and other lending to households (16%).

# 3 Ad hoc questions[7]

## 3.1 Banks' access to retail and wholesale funding

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

(net percentages of banks reporting deteriorated 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".

As in previous survey rounds, the July 2018 survey questionnaire included a question to assess the extent to which the situation in financial markets affected banks' access to retail and wholesale funding. Banks were asked to indicate 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 2018, euro area banks reported in net terms that access to retail funding improved. As regards wholesale funding, according to reporting banks, access to money markets, debt securities issuance and access to securitisation deteriorated (see Chart 13 and Table 13).[8]

Looking ahead to the third quarter of 2018, euro area banks expect access to retail funding to be broadly unchanged. With respect to wholesale funding, they expect continued deterioration in access to debt securities issuance and money markets and broadly no change in access to securitisation.

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

(net percentages of banks reporting deteriorated market access)

| | Retail funding | Interbank unsecured money market | Wholesale debt securities | Securitisation |
|---|---|---|---|---|
| Q1 2018 | -1 | -1 | 1 | -2 |
| Q2 2018 | -3 | 3 | 9 | 4 |

Note: See the note to Chart 13.

7 The harmonised BLS aggregation method introduced in the April 2018 survey has led to some revisions in the aggregate BLS results, in particular for some ad hoc questions (see Box 1).

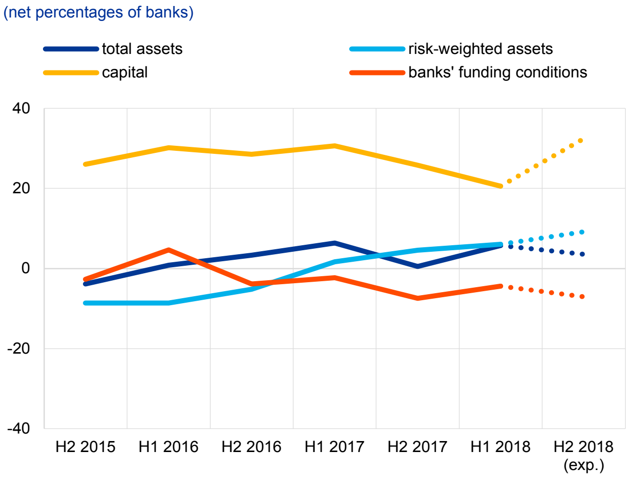
8 As regards the results on securitisation, there are a large number of banks that replied "not applicable", as this source of funding is not relevant for them (between 36% and 44%, depending on the type of securitisation, in the second quarter of 2018).

## 3.2 Banks' adjustment to regulatory and supervisory action[9]

The July 2018 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 questions cover regulatory or supervisory actions that have recently been implemented or that are 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




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".

Euro area banks replied that, in relation to regulatory or supervisory actions, their total assets and liquid assets increased in the first half of 2018 (see Chart 14 and Table 14). They also reported an increase in their risk-weighted assets, owing to an increase in average loans, while they continued to report a decrease in riskier loans. Euro area banks also reported that they were continuing to strengthen their capital positions, both through retained earnings and capital issuance. Moreover, they continued to indicate that regulatory or supervisory actions had had a net easing impact on their funding conditions.

The impact of supervisory or regulatory actions on banks' credit standards during the first half of 2018 had a slightly tightening effect across all loan categories (see Chart 15 and Table 15). Supervisory or regulatory actions had a broadly neutral impact on credit margins for SMEs and large enterprises and for consumer credit and other lending to households, while they had a tightening impact on housing loans.

**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 2017** | 1 | -1 | 5 | 9 | -8 | 26 | 21 | 15 | -7 |
| **H1 2018** | 6 | 9 | 6 | 12 | -8 | 21 | 18 | 17 | -4 |

Note: See the notes to Chart 14.

Looking ahead to the second half of 2018, euro area banks expect regulatory or supervisory actions to have a tightening impact on credit standards for loans to large

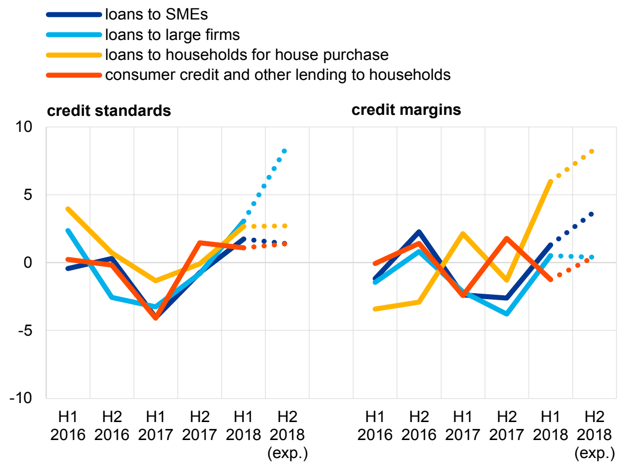
9 Some figures were revised due to changes in the weighting scheme for aggregating national results in the Netherlands.

enterprises and housing loans, while they expect the impact on loans to SMEs and on consumer credit to be broadly neutral.

**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". The results shown are calculated as a percentage of the number of banks which did not reply "not applicable".

**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 | | margins | |
| | H2 2017 | H1 2018 | H2 2017 | H1 2018 |
| Impact on loans and credit lines to SMEs | -1 | 2 | -3 | 1 |
| Impact on loans and credit lines to large enterprises | -1 | 3 | -4 | 1 |
| Impact on loans to households for house purchase | 0 | 3 | -1 | 6 |
| Impact on consumer credit and other lending to households | 1 | 1 | 2 | -1 |

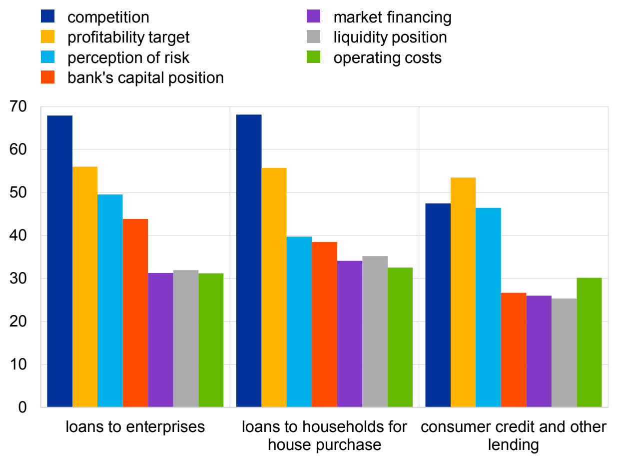
Note: See the notes to Chart 15.

## 3.3 Factors determining the level of banks' lending margins

**Chart 16**

Significance of the factors determining the level of banks' lending margins

(percentages of banks; over the past six months)




Notes: The percentages are defined as the sum of the percentages for "somewhat significant" and "very significant". Bank's lending margin is defined as the difference between the lending rate and the relevant market reference rate. The relevant market reference rate (e.g. EURIBOR, LIBOR or the interest rate swap of a corresponding maturity for fixed-rate loans) depends on the characteristics of the loan and can differ over time.

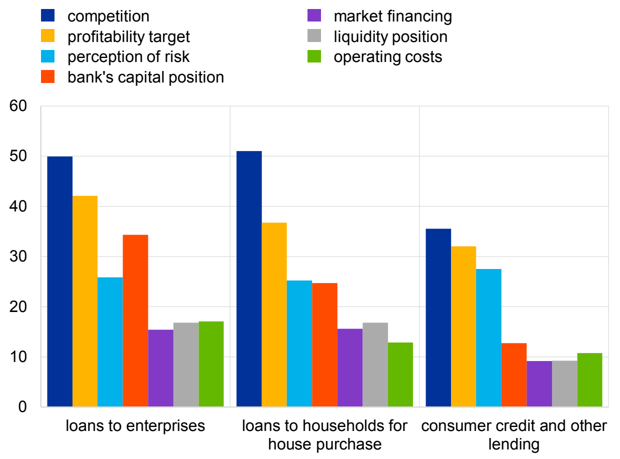
The July 2018 survey questionnaire included an ad hoc question on the significance of different factors in determining the level of banks' lending margins over the past six months. Banks were also asked to indicate how the significance of the factors changed from the beginning of 2014 to the end of 2017. For the responses referring to the past six months, the results presented show the percentages of banks that reported that the factor was somewhat or very significant in determining lending margins. For the results showing the change in significance between the beginning of 2014 and the end of 2017, net percentages are shown. Banks were asked about lending margins on loans to enterprises, loans to households for house purchase, and consumer credit and other lending to households.

With respect to the determinants of euro area banks' lending margins over the past six months, competition and profitability targets were reported to be the most significant factors for loans to enterprises (68% and 56%, respectively), loans to households for house purchase (68% and 56%, respectively) and consumer credit and other lending to households (47% and 54%, respectively) (see Chart 16). A substantial share of banks also reported that risk perceptions had been a significant factor over the past six months (loans to enterprises: 50%; loans to households for house purchase: 40%; consumer credit and other lending to households: 46%). Across the three categories of loans, risk perceptions were least relevant for housing loans, which tend to have the highest levels of collateral. The capital position of banks was, in general, a less significant determinant of margins for loans to households for house purchase (38%) and for consumer credit and other lending to households (27%) than it was for loans to enterprises (44%), which on average tend to be larger. In general, banks' market financing, liquidity position and operating costs tended to be less significant determinants of margins across the three loan categories.

**Chart 17**

Change in significance of the factors determining the level of banks' lending margins

(net percentages of banks; from 2014 to 2017)




Notes: Bank's lending margin is defined as the difference between the lending rate and the relevant market reference rate. The relevant market reference rate (e.g. EURIBOR, LIBOR or the interest rate swap of a corresponding maturity for fixed-rate loans) depends on the characteristics of the loan and can differ over time.

Regarding the determinants of euro area banks' lending margins between 2014 and 2017, the results are similar to the past six months. Specifically, the factors that increased most in significance in net percentage terms were also competition (loans to enterprises: 50%; housing loans: 51%; consumer credit: 36%) and profitability targets (loans to enterprises: 42%; housing loans: 37%; consumer credit: 32%) (see Chart 17). Banks' perception of risk and capital positions also substantially increased for loans to enterprises (26% and 34% respectively), loans to households for house purchase (25% for both factors) and consumer credit (28% and 13%, respectively). Banks' market financing, liquidity position and operating costs showed a smaller increase in significance across all loan categories.

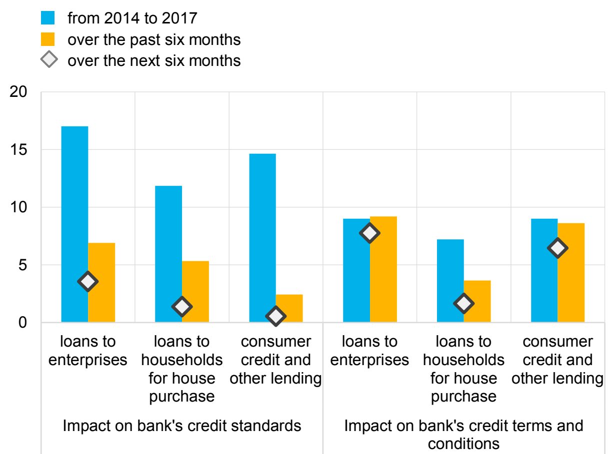
## 3.4 The impact of banks' non-performing loan ratios on their lending policies

The July 2018 survey questionnaire included an ad hoc question on the impact of banks' NPL ratios on their lending policy and the factors through which it contributed to changes. Banks were asked about the impact from 2014 to 2017, over the past six months and over the next six months. They were asked about the impact on loans to enterprises, loans to households for house purchase and consumer credit and other lending to households.

**Chart 18**

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

(net percentages of banks)




Note: 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.

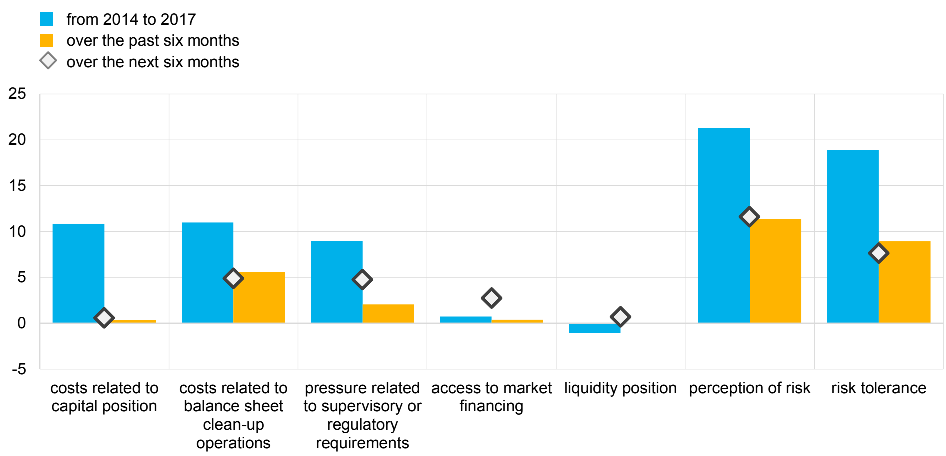
In relation to credit standards, a positive net percentage of euro area banks reported that their NPL ratios had led to a tightening across all categories of loans from 2014 to 2017 (loans to enterprises: 17%; housing loans: 12%; consumer credit: 15%) (see Chart 18). Over the past six months, the net percentage of banks reporting that their NPL ratios had led to a tightening in credit standards fell (loans to enterprises: 7%; housing loans: 5%; consumer credit: 2%). Moreover, a lower share of banks reported that they expected their NPL ratios to have a tightening impact on credit standards over the next six months (loans to enterprises: 4%; housing loans: 1%; consumer credit: 1%).

As regards terms and conditions, from 2014 to 2017 a positive net percentage of euro area banks reported that their NPL ratios had led to a tightening across all categories of loans (loans to enterprises: 9%; housing loans: 7%; consumer credit: 9%), albeit less than the impact on credit standards (see Chart 18). Over the past six months, the impact on loans to enterprises (9%) and consumer credit (9%) has been similar, but it has decreased for housing loans (4%). Over the next six months, the share of banks that expect their NPL ratios to have a tightening impact on terms and conditions will remain broadly the same for loans to enterprises (8%), but will decrease slightly for housing loans (2%) and for consumer credit (6%).

**Chart 19**

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

(net percentages of banks)




Notes: See the note to Chart 18.

With regard to the factors through which banks' NPL ratios impact their lending policies (credit standards and terms and conditions), banks reported that from 2014 to 2017 their risk perceptions and risk tolerance predominantly drove the tightening, while costs related to their capital positions, balance sheet clean-up costs and pressure related to supervisory or regulatory requirements were also relevant (see

Chart 19). Over the past six months, the impact of all factors through which NPLs affect lending policies has decreased, but perceptions of risk, risk tolerance and the costs related to cleaning up the balance sheet remain relevant. Notably, the impact of costs relating to banks’ capital positions has been broadly unchanged over the past six months, in contrast to the period from 2014 to 2017. Over the next six months, the impact of the different factors on banks’ lending policies is generally expected to be broadly similar to the past six months.

# 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 18 | Jul 18 | Apr 18 | Jul 18 | Apr 18 | Jul 18 | Apr 18 | Jul 18 | Apr 18 | Jul 18 |
| Tightened considerably | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tightened somewhat | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Remained basically unchanged | 92 | 96 | 90 | 96 | 95 | 95 | 89 | 92 | 93 | 96 |
| Eased somewhat | 8 | 4 | 8 | 2 | 5 | 4 | 10 | 7 | 7 | 4 |
| Eased considerably | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NA[7] | 0 | 0 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| **Net percentage** | **-8** | **-3** | **-8** | **-2** | **-5** | **-3** | **-10** | **-6** | **-7** | **-3** |
| Diffusion index | -4 | -2 | -4 | -1 | -2 | -2 | -5 | -3 | -3 | -2 |
| Mean | 3.08 | 3.03 | 3.08 | 3.02 | 3.05 | 3.03 | 3.10 | 3.06 | 3.07 | 3.03 |
| Number of banks responding | 138 | 139 | 135 | 136 | 133 | 133 | 138 | 139 | 138 | 139 |

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 | | DI | | Mean | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Apr 18 | Jul 18 | Apr 18 | Jul 18 | Apr 18 | Jul 18 |
| **Overall** | | | | | | | | | | | | |
| **A) Cost of funds and balance sheet constraints[1]** | | | | | | | | | | | | |
| Costs related to your bank's capital position[2] | 0 | 1 | 98 | 0 | 0 | 1 | 2 | 1 | 1 | 1 | 2.98 | 2.99 |
| Your bank's ability to access market financing[3] | 0 | 0 | 96 | 1 | 0 | 3 | -2 | -1 | -1 | -1 | 3.02 | 3.01 |
| Your bank's liquidity position | 0 | 0 | 97 | 2 | 0 | 1 | -3 | -2 | -2 | -1 | 3.03 | 3.02 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Competition from other banks | 0 | 0 | 82 | 16 | 0 | 2 | -15 | -16 | -8 | -8 | 3.15 | 3.16 |
| Competition from non-banks[4] | 0 | 0 | 94 | 4 | 0 | 2 | -4 | -4 | -2 | -2 | 3.04 | 3.04 |
| Competition from market financing | 0 | 1 | 97 | 1 | 0 | 2 | -2 | 0 | -1 | 0 | 3.02 | 3.00 |
| **C) Perception of risk[5]** | | | | | | | | | | | | |
| General economic situation and outlook | 0 | 1 | 91 | 7 | 0 | 0 | -10 | -6 | -5 | -3 | 3.10 | 3.06 |
| Industry or firm-specific situation and outlook/borrower's creditworthiness[6] | 0 | 1 | 93 | 7 | 0 | 0 | -10 | -6 | -5 | -3 | 3.10 | 3.06 |
| Risk related to the collateral demanded | 0 | 1 | 98 | 1 | 0 | 0 | -1 | 0 | 0 | 0 | 3.01 | 3.00 |
| **D) Your bank's risk tolerance[5]** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 0 | 97 | 1 | 0 | 1 | -2 | -1 | -1 | 0 | 3.02 | 3.01 |
| **Small and medium-sized enterprises** | | | | | | | | | | | | |
| **A) Cost of funds and balance sheet constraints[1]** | | | | | | | | | | | | |
| Costs related to your bank's capital position[2] | 0 | 1 | 97 | 0 | 0 | 2 | 1 | 1 | 0 | 1 | 2.99 | 2.99 |
| Your bank's ability to access market financing[3] | 0 | 0 | 95 | 1 | 0 | 4 | -2 | -1 | -1 | -1 | 3.02 | 3.01 |
| Your bank's liquidity position | 0 | 0 | 98 | 1 | 0 | 2 | -3 | -1 | -1 | 0 | 3.03 | 3.01 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Competition from other banks | 0 | 0 | 81 | 17 | 0 | 3 | -13 | -17 | -6 | -8 | 3.13 | 3.17 |
| Competition from non-banks[4] | 0 | 0 | 95 | 2 | 0 | 3 | -2 | -2 | -1 | -1 | 3.03 | 3.02 |
| Competition from market financing | 0 | 2 | 94 | 1 | 0 | 3 | 1 | 1 | 0 | 1 | 2.99 | 2.99 |
| **C) Perception of risk[5]** | | | | | | | | | | | | |
| General economic situation and outlook | 0 | 2 | 92 | 6 | 0 | 1 | -10 | -4 | -5 | -2 | 3.10 | 3.04 |
| Industry or firm-specific situation and outlook/borrower's creditworthiness[6] | 0 | 1 | 92 | 7 | 0 | 1 | -7 | -6 | -3 | -3 | 3.07 | 3.06 |
| Risk related to the collateral demanded | 0 | 3 | 95 | 1 | 0 | 1 | -1 | 2 | -1 | 1 | 3.01 | 2.98 |
| **D) Your bank's risk tolerance[5]** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 1 | 98 | 0 | 0 | 2 | -1 | 1 | -1 | 0 | 3.01 | 2.99 |

| | -- | - | ° | + | ++ | NA[7] | NetP Apr 18 | NetP Jul 18 | DI Apr 18 | DI Jul 18 | Mean Apr 18 | Mean Jul 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **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 | 1 | -1 | 3 | 0 | 2 | 3.01 | 2.97 |
| Your bank's ability to access market financing[3] | 0 | 0 | 95 | 2 | 0 | 3 | -5 | -2 | -2 | -1 | 3.05 | 3.02 |
| Your bank's liquidity position | 0 | 0 | 97 | 2 | 0 | 1 | -5 | -2 | -3 | -1 | 3.05 | 3.02 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Competition from other banks | 0 | 0 | 86 | 12 | 0 | 2 | -8 | -12 | -4 | -6 | 3.09 | 3.12 |
| Competition from non-banks[4] | 0 | 0 | 94 | 4 | 0 | 2 | -5 | -4 | -2 | -2 | 3.05 | 3.04 |
| Competition from market financing | 0 | 1 | 96 | 1 | 0 | 2 | -5 | 0 | -2 | 0 | 3.05 | 3.00 |
| **C) Perception of risk[5]** | | | | | | | | | | | | |
| General economic situation and outlook | 0 | 2 | 92 | 6 | 0 | 1 | -9 | -5 | -5 | -2 | 3.09 | 3.05 |
| Industry or firm-specific situation and outlook/borrower's creditworthiness[6] | 0 | 1 | 93 | 6 | 0 | 1 | -10 | -5 | -5 | -3 | 3.10 | 3.05 |
| Risk related to the collateral demanded | 0 | 1 | 97 | 1 | 0 | 1 | -4 | 0 | -2 | 0 | 3.04 | 3.00 |
| **D) Your bank's risk tolerance[5]** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 0 | 96 | 2 | 0 | 2 | -4 | -2 | -2 | -1 | 3.05 | 3.02 |

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 18 | NetP Jul 18 | DI Apr 18 | DI Jul 18 | Mean Apr 18 | Mean Jul 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Overall** | | | | | | | | | | | | |
| **A) Overall terms and conditions[1]** | | | | | | | | | | | | |
| Overall terms and conditions | 0 | 0 | 84 | 16 | 0 | 0 | -17 | -16 | -9 | -8 | 3.17 | 3.16 |
| **B) Margins** | | | | | | | | | | | | |
| Your bank's margin on average loans[2] | 0 | 2 | 69 | 29 | 0 | 0 | -27 | -27 | -14 | -14 | 3.28 | 3.27 |
| Your bank's margin on riskier loans | 0 | 1 | 92 | 5 | 0 | 1 | -6 | -4 | -3 | -2 | 3.06 | 3.04 |
| **C) Other conditions and terms** | | | | | | | | | | | | |
| Non-interest rate charges[3] | 0 | 2 | 91 | 7 | 0 | 0 | -3 | -5 | -2 | -3 | 3.03 | 3.05 |
| Size of the loan or credit line | 0 | 0 | 91 | 9 | 0 | 0 | -10 | -9 | -5 | -5 | 3.10 | 3.09 |
| Collateral[4] requirements | 0 | 0 | 95 | 5 | 0 | 0 | -2 | -5 | -1 | -2 | 3.02 | 3.05 |
| Loan covenants[5] | 0 | 0 | 91 | 9 | 0 | 0 | -5 | -8 | -2 | -4 | 3.05 | 3.08 |
| Maturity | 0 | 0 | 94 | 6 | 0 | 0 | -4 | -6 | -2 | -3 | 3.04 | 3.06 |
| **Small and medium-sized enterprises** | | | | | | | | | | | | |
| **A) Overall terms and conditions[1]** | | | | | | | | | | | | |
| Overall terms and conditions | 0 | 1 | 87 | 12 | 0 | 1 | -13 | -11 | -7 | -6 | 3.13 | 3.12 |
| **B) Margins** | | | | | | | | | | | | |
| Your bank's margin on average loans[2] | 0 | 2 | 74 | 23 | 0 | 1 | -18 | -21 | -10 | -10 | 3.20 | 3.21 |
| Your bank's margin on riskier loans | 0 | 2 | 94 | 2 | 0 | 2 | -3 | 0 | -2 | 0 | 3.04 | 3.01 |
| **C) Other conditions and terms** | | | | | | | | | | | | |
| Non-interest rate charges[3] | 0 | 2 | 92 | 5 | 0 | 1 | -3 | -4 | -1 | -2 | 3.03 | 3.04 |
| Size of the loan or credit line | 0 | 0 | 94 | 5 | 0 | 1 | -6 | -5 | -3 | -3 | 3.06 | 3.05 |
| Collateral[4] requirements | 0 | 0 | 94 | 5 | 0 | 1 | -2 | -5 | -1 | -2 | 3.02 | 3.05 |
| Loan covenants[5] | 0 | 0 | 92 | 7 | 0 | 1 | 2 | -7 | 1 | -3 | 2.98 | 3.07 |
| Maturity | 0 | 0 | 94 | 5 | 0 | 1 | -3 | -5 | -1 | -3 | 3.03 | 3.05 |
| **Large enterprises** | | | | | | | | | | | | |
| **A) Overall terms and conditions[1]** | | | | | | | | | | | | |
| Overall terms and conditions | 0 | 0 | 82 | 17 | 0 | 1 | -14 | -17 | -7 | -8 | 3.14 | 3.17 |
| **B) Margins** | | | | | | | | | | | | |
| Your bank's margin on average loans[2] | 0 | 2 | 69 | 28 | 0 | 1 | -27 | -26 | -15 | -13 | 3.29 | 3.27 |
| Your bank's margin on riskier loans | 0 | 2 | 92 | 5 | 0 | 1 | -7 | -4 | -3 | -2 | 3.07 | 3.04 |
| **C) Other conditions and terms** | | | | | | | | | | | | |
| Non-interest rate charges[3] | 0 | 2 | 91 | 7 | 0 | 1 | -3 | -5 | -2 | -3 | 3.03 | 3.06 |
| Size of the loan or credit line | 0 | 1 | 91 | 7 | 0 | 1 | -10 | -5 | -5 | -3 | 3.10 | 3.06 |
| Collateral[4] requirements | 0 | 0 | 92 | 7 | 0 | 1 | -4 | -7 | -2 | -4 | 3.04 | 3.07 |
| Loan covenants[5] | 0 | 1 | 89 | 9 | 0 | 1 | -5 | -8 | -2 | -4 | 3.05 | 3.08 |
| Maturity | 0 | 0 | 90 | 10 | 0 | 1 | -6 | -10 | -3 | -5 | 3.06 | 3.10 |

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

## 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 Apr 18 | NetP Jul 18 | DI Apr 18 | DI Jul 18 | Mean Apr 18 | Mean Jul 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **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 | 0 | 97 | 3 | 0 | 0 | -5 | -3 | -2 | -1 | 3 | 3.03 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Pressure from competition | 0 | 0 | 73 | 26 | 0 | 1 | -27 | -26 | -13 | -13 | 3 | 3.26 |
| **C) Perception of risk** | | | | | | | | | | | | |
| Perception of risk | 0 | 2 | 93 | 4 | 0 | 0 | -4 | -2 | -2 | -1 | 3 | 3.02 |
| **D) Your bank's risk tolerance** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 0 | 98 | 1 | 0 | 0 | -1 | -1 | 0 | 0 | 3 | 3.01 |
| **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 | 0 | 97 | 3 | 0 | 0 | -5 | -3 | -3 | -2 | 3 | 3.03 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Pressure from competition | 0 | 3 | 66 | 30 | 0 | 1 | -29 | -27 | -15 | -13 | 3 | 3.27 |
| **C) Perception of risk** | | | | | | | | | | | | |
| Perception of risk | 0 | 2 | 93 | 4 | 0 | 0 | -4 | -2 | -2 | -1 | 3 | 3.02 |
| **D) Your bank's risk tolerance** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 0 | 99 | 1 | 0 | 0 | 0 | -1 | 0 | 0 | 3 | 3.01 |
| **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 | 0 | 98 | 0 | 0 | 1 | -3 | 0 | -1 | 0 | 3 | 3.00 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Pressure from competition | 0 | 1 | 84 | 14 | 0 | 2 | -7 | -13 | -3 | -7 | 3 | 3.13 |
| **C) Perception of risk** | | | | | | | | | | | | |
| Perception of risk | 0 | 3 | 96 | 0 | 0 | 1 | -2 | 3 | -1 | 1 | 3 | 2.97 |
| **D) Your bank's risk tolerance** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 0 | 98 | 0 | 0 | 1 | -2 | 0 | -1 | 0 | 3 | 3.00 |

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 18** | **Jul 18** |
| Decreased considerably | 0 | 0 |
| Decreased somewhat | 4 | 3 |
| Remained basically unchanged | 91 | 91 |
| Increased somewhat | 4 | 5 |
| Increased considerably | 0 | 0 |
| NA[3] | 1 | 1 |
| Total | 100 | 100 |
| **Net percentage** | **1** | **2** |
| Diffusion index | 0 | 1 |
| Mean | 3.01 | 3.02 |
| Number of banks responding | 138 | 139 |

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 18 | Jul 18 | Apr 18 | Jul 18 | Apr 18 | Jul 18 | Apr 18 | Jul 18 | Apr 18 | Jul 18 |
| Decreased considerably | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Decreased somewhat | 7 | 10 | 9 | 9 | 7 | 13 | 6 | 7 | 5 | 11 |
| Remained basically unchanged | 72 | 64 | 68 | 64 | 74 | 62 | 78 | 77 | 71 | 58 |
| Increased somewhat | 22 | 26 | 21 | 25 | 18 | 23 | 15 | 16 | 23 | 30 |
| Increased considerably | 0 | 0 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| NA[3] | 0 | 0 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| **Net percentage** | **15** | **16** | **12** | **16** | **11** | **11** | **9** | **9** | **18** | **19** |
| Diffusion index | 7 | 8 | 7 | 9 | 6 | 6 | 5 | 4 | 9 | 10 |
| Mean | 3.15 | 3.16 | 3.13 | 3.17 | 3.12 | 3.12 | 3.09 | 3.09 | 3.18 | 3.19 |
| Number of banks responding | 138 | 139 | 135 | 136 | 133 | 133 | 138 | 139 | 138 | 139 |

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 Apr 18 | NetP Jul 18 | DI Apr 18 | DI Jul 18 | Mean Apr 18 | Mean Jul 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A) Financing needs/underlying drivers or purpose of loan demand** | | | | | | | | | | | | |
| Fixed investment | 0 | 11 | 73 | 17 | 0 | 0 | 12 | 6 | 6 | 3 | 3.12 | 3.06 |
| Inventories and working capital | 0 | 3 | 79 | 18 | 0 | 1 | 7 | 15 | 4 | 7 | 3.07 | 3.15 |
| Mergers/acquisitions and corporate restructuring | 0 | 2 | 82 | 15 | 0 | 0 | 15 | 13 | 8 | 6 | 3.15 | 3.13 |
| General level of interest rates | 0 | 0 | 77 | 22 | 0 | 0 | 12 | 22 | 6 | 11 | 3.12 | 3.22 |
| Debt refinancing/restructuring and renegotiation[1] | 0 | 6 | 77 | 14 | 1 | 2 | 5 | 9 | 3 | 5 | 3.05 | 3.10 |
| **B) Use of alternative finance** | | | | | | | | | | | | |
| Internal financing | 0 | 5 | 92 | 3 | 0 | 0 | -8 | -2 | -4 | -1 | 2.92 | 2.98 |
| Loans from other banks | 0 | 6 | 86 | 8 | 0 | 0 | 4 | 2 | 2 | 1 | 3.04 | 3.02 |
| Loans from non-banks | 0 | 5 | 94 | 1 | 0 | 0 | -2 | -3 | -1 | -2 | 2.98 | 2.97 |
| Issuance/redemption of debt securities | 0 | 3 | 91 | 2 | 0 | 4 | 4 | -1 | 2 | 0 | 3.04 | 2.99 |
| Issuance/redemption of equity | 0 | 0 | 93 | 1 | 0 | 5 | 1 | 1 | 0 | 0 | 3.01 | 3.01 |

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 18 | Jul 18 | Apr 18 | Jul 18 | Apr 18 | Jul 18 | Apr 18 | Jul 18 | Apr 18 | Jul 18 |
| Tighten considerably | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tighten somewhat | 5 | 2 | 3 | 2 | 5 | 2 | 3 | 1 | 5 | 2 |
| Remain basically unchanged | 88 | 93 | 91 | 92 | 85 | 92 | 89 | 93 | 89 | 93 |
| Ease somewhat | 7 | 5 | 5 | 4 | 10 | 6 | 7 | 5 | 6 | 5 |
| Ease considerably | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NA[1] | 0 | 0 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| **Net percentage** | **-2** | **-3** | **-1** | **-2** | **-5** | **-4** | **-4** | **-4** | **0** | **-3** |
| Diffusion index | -1 | -2 | -1 | -1 | -2 | -2 | -2 | -2 | 0 | -1 |
| Mean | 3.02 | 3.03 | 3.01 | 3.02 | 3.05 | 3.04 | 3.04 | 3.04 | 3.00 | 3.03 |
| Number of banks responding | 138 | 139 | 135 | 136 | 133 | 133 | 138 | 139 | 138 | 139 |

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 18 | Jul 18 | Apr 18 | Jul 18 | Apr 18 | Jul 18 | Apr 18 | Jul 18 | Apr 18 | Jul 18 |
| Decrease considerably | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Decrease somewhat | 3 | 1 | 2 | 1 | 4 | 1 | 2 | 3 | 3 | 1 |
| Remain basically unchanged | 72 | 80 | 71 | 80 | 78 | 81 | 85 | 82 | 71 | 77 |
| Increase somewhat | 25 | 20 | 26 | 18 | 18 | 17 | 13 | 14 | 26 | 22 |
| Increase considerably | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NA[1] | 0 | 0 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| **Net percentage** | **22** | **19** | **25** | **17** | **14** | **16** | **11** | **11** | **24** | **21** |
| Diffusion index | 11 | 9 | 12 | 8 | 7 | 8 | 6 | 5 | 12 | 10 |
| Mean | 3.22 | 3.19 | 3.25 | 3.17 | 3.14 | 3.16 | 3.11 | 3.11 | 3.24 | 3.21 |
| Number of banks responding | 138 | 139 | 135 | 136 | 133 | 133 | 138 | 139 | 138 | 139 |

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

(in percentages, unless otherwise stated)

| | Loans for house purchase | | Consumer credit and other lending[4] | |
|---|---|---|---|---|
| | Apr 18 | Jul 18 | Apr 18 | Jul 18 |
| Tightened considerably | 0 | 1 | 0 | 0 |
| Tightened somewhat | 1 | 0 | 3 | 1 |
| Remained basically unchanged | 86 | 90 | 91 | 95 |
| Eased somewhat | 12 | 9 | 6 | 4 |
| Eased considerably | 0 | 0 | 0 | 0 |
| NA[5] | 0 | 0 | 0 | 0 |
| Total | 100 | 100 | 100 | 100 |
| **Net percentage** | **-11** | **-8** | **-3** | **-3** |
| Diffusion index | -6 | -3 | -2 | -2 |
| Mean | 3.12 | 3.07 | 3.03 | 3.03 |
| Number of banks responding | 134 | 134 | 140 | 140 |

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 Apr 18 | NetP Jul 18 | DI Apr 18 | DI Jul 18 | Mean Apr 18 | Mean Jul 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A) Cost of funds and balance sheet constraints[1]** | | | | | | | | | | | | |
| Cost of funds and balance sheet constraints | 0 | 0 | 98 | 1 | 0 | 1 | -1 | 0 | 0 | 0 | 3.01 | 3.00 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Competition from other banks | 0 | 0 | 90 | 9 | 0 | 1 | -9 | -9 | -5 | -5 | 3.10 | 3.09 |
| Competition from non-banks[2] | 0 | 0 | 94 | 2 | 3 | 1 | -6 | -5 | -4 | -4 | 3.08 | 3.08 |
| **C) Perception of risk[3]** | | | | | | | | | | | | |
| General economic situation and outlook | 0 | 0 | 95 | 5 | 0 | 0 | -6 | -5 | -3 | -2 | 3.06 | 3.05 |
| Housing market prospects, including expected house price developments[4] | 0 | 0 | 96 | 4 | 0 | 0 | -3 | -4 | -1 | -2 | 3.03 | 3.04 |
| Borrower's creditworthiness[5] | 0 | 0 | 95 | 4 | 0 | 0 | -4 | -4 | -2 | -2 | 3.04 | 3.04 |
| **D) Your bank's risk tolerance[3]** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 1 | 97 | 2 | 0 | 0 | -4 | -1 | -2 | 0 | 3.04 | 3.01 |

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 Apr 18 | NetP Jul 18 | DI Apr 18 | DI Jul 18 | Mean Apr 18 | Mean Jul 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A) Overall terms and conditions** | | | | | | | | | | | | |
| Overall terms and conditions | 0 | 2 | 87 | 11 | 0 | 0 | -6 | -9 | -3 | -4 | 3.06 | 3.09 |
| **B) Margins** | | | | | | | | | | | | |
| Your bank's loan margin on average loans[2] | 0 | 2 | 66 | 31 | 1 | 0 | -26 | -30 | -13 | -16 | 3.26 | 3.31 |
| Your bank's loan margin on riskier loans | 0 | 2 | 84 | 12 | 0 | 2 | -4 | -9 | -2 | -5 | 3.04 | 3.10 |
| **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 | 1 | 97 | 2 | 0 | 0 | 7 | -1 | 3 | 0 | 2.93 | 3.01 |
| Other loan size limits | 0 | 0 | 97 | 3 | 0 | 0 | -4 | -2 | -2 | -1 | 3.04 | 3.02 |
| Maturity | 0 | 1 | 95 | 4 | 0 | 0 | 0 | -3 | 0 | -1 | 3.00 | 3.03 |
| 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 Apr 18 | NetP Jul 18 | DI Apr 18 | DI Jul 18 | Mean Apr 18 | Mean Jul 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **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 | 0 | 99 | 1 | 0 | 0 | -5 | 0 | -2 | 0 | 3.05 | 3.00 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Pressure from competition | 0 | 1 | 78 | 20 | 1 | 1 | -22 | -19 | -11 | -10 | 3.22 | 3.21 |
| **C) Perception of risk** | | | | | | | | | | | | |
| Perception of risk | 0 | 0 | 95 | 5 | 0 | 0 | -3 | -5 | -2 | -2 | 3.03 | 3.05 |
| **D) Your bank's risk tolerance** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 1 | 97 | 2 | 0 | 0 | 0 | -1 | 0 | 0 | 3.00 | 3.01 |
| **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 | 0 | 99 | 1 | 0 | 0 | -2 | 0 | -1 | 0 | 3.02 | 3.00 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Pressure from competition | 0 | 1 | 69 | 28 | 1 | 1 | -28 | -28 | -14 | -15 | 3.28 | 3.29 |
| **C) Perception of risk** | | | | | | | | | | | | |
| Perception of risk | 0 | 0 | 95 | 5 | 0 | 0 | -4 | -5 | -2 | -2 | 3.04 | 3.05 |
| **D) Your bank's risk tolerance** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 0 | 99 | 1 | 0 | 0 | 0 | -1 | 0 | -1 | 3.00 | 3.01 |
| **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 | 0 | 98 | 0 | 0 | 2 | 1 | 0 | 0 | 0 | 2.99 | 3.00 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Pressure from competition | 0 | 3 | 84 | 11 | 0 | 2 | -8 | -8 | -4 | -4 | 3.08 | 3.08 |
| **C) Perception of risk** | | | | | | | | | | | | |
| Perception of risk | 0 | 1 | 97 | 0 | 0 | 2 | 1 | 1 | 1 | 0 | 2.99 | 2.99 |
| **D) Your bank's risk tolerance** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 0 | 96 | 2 | 0 | 2 | 0 | -2 | 0 | -1 | 3.00 | 3.02 |

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 Apr 18 | NetP Jul 18 | DI Apr 18 | DI Jul 18 | Mean Apr 18 | Mean Jul 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A) Cost of funds and balance sheet constraints** | | | | | | | | | | | | |
| Cost of funds and balance sheet constraints | 0 | 0 | 99 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 2.99 | 3.00 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Competition from other banks | 0 | 0 | 95 | 4 | 0 | 1 | -4 | -4 | -2 | -2 | 3.05 | 3.04 |
| Competition from non-banks | 0 | 0 | 95 | 4 | 0 | 1 | -4 | -4 | -2 | -2 | 3.04 | 3.04 |
| **C) Perception of risk** | | | | | | | | | | | | |
| General economic situation and outlook | 0 | 0 | 98 | 2 | 0 | 0 | -3 | -2 | -1 | -1 | 3.03 | 3.02 |
| Creditworthiness of consumers[1] | 0 | 0 | 95 | 5 | 0 | 0 | -6 | -5 | -3 | -2 | 3.06 | 3.05 |
| 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 | 1 | 97 | 2 | 0 | 0 | -2 | -1 | -1 | -1 | 3.02 | 3.01 |

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 Apr 18 | NetP Jul 18 | DI Apr 18 | DI Jul 18 | Mean Apr 18 | Mean Jul 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A) Overall terms and conditions** | | | | | | | | | | | | |
| Overall terms and conditions | 0 | 1 | 90 | 9 | 0 | 0 | -4 | -8 | -2 | -4 | 3.04 | 3.08 |
| **B) Margins** | | | | | | | | | | | | |
| Your bank’s loan margin on average loans | 0 | 1 | 85 | 13 | 0 | 0 | -12 | -12 | -6 | -6 | 3.12 | 3.13 |
| Your bank’s loan margin on riskier loans | 0 | 0 | 97 | 2 | 0 | 1 | -1 | -2 | -1 | -1 | 3.01 | 3.02 |
| **C) Other terms and conditions** | | | | | | | | | | | | |
| Collateral requirements | 0 | 0 | 95 | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 3.00 | 3.00 |
| Size of the loan | 0 | 0 | 98 | 1 | 0 | 0 | -3 | -1 | -2 | -1 | 3.03 | 3.01 |
| Maturity | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3.00 | 3.00 |
| Non-interest rate charges | 0 | 2 | 98 | 0 | 0 | 0 | 0 | 2 | 0 | 1 | 3.00 | 2.98 |

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)

| | -- | - | ° | + | ++ | NA2 | NetP | | DI | | Mean | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Apr 18 | Jul 18 | Apr 18 | Jul 18 | Apr 18 | Jul 18 |
| **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 | 1 | 99 | 0 | 0 | 0 | -1 | 1 | -1 | 0 | 3.01 | 2.99 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Pressure from competition | 0 | 0 | 89 | 10 | 0 | 1 | -8 | -10 | -4 | -5 | 3.08 | 3.10 |
| **C) Perception of risk** | | | | | | | | | | | | |
| Perception of risk | 0 | 0 | 94 | 5 | 0 | 0 | -4 | -5 | -2 | -3 | 3.04 | 3.05 |
| **D) Your bank's risk tolerance** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 0 | 99 | 1 | 0 | 0 | -1 | -1 | 0 | 0 | 3.01 | 3.01 |
| **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 | 1 | 95 | 4 | 0 | 0 | -5 | -3 | -2 | -1 | 3.05 | 3.03 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Pressure from competition | 0 | 0 | 82 | 17 | 0 | 1 | -16 | -17 | -8 | -9 | 3.17 | 3.17 |
| **C) Perception of risk** | | | | | | | | | | | | |
| Perception of risk | 0 | 0 | 95 | 1 | 4 | 0 | -6 | -5 | -5 | -4 | 3.10 | 3.08 |
| **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 | 97 | 0 | 0 | 1 | 0 | 2 | 0 | 1 | 3.00 | 2.98 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Pressure from competition | 0 | 0 | 95 | 3 | 0 | 2 | -4 | -3 | -2 | -2 | 3.04 | 3.03 |
| **C) Perception of risk** | | | | | | | | | | | | |
| Perception of risk | 0 | 0 | 99 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 2.99 | 3.00 |
| **D) Your bank's risk tolerance** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 0 | 99 | 0 | 0 | 1 | -2 | 0 | -1 | 0 | 3.02 | 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 18 | Jul 18 | Apr 18 | Jul 18 |
| Decreased considerably | 0 | 0 | 0 | 0 |
| Decreased somewhat | 4 | 7 | 9 | 5 |
| Remained basically unchanged | 91 | 86 | 88 | 92 |
| Increased somewhat | 4 | 7 | 2 | 2 |
| Increased considerably | 0 | 0 | 0 | 0 |
| NA[3] | 1 | 1 | 1 | 1 |
| Total | 100 | 100 | 100 | 100 |
| **Net percentage** | **0** | **0** | **-7** | **-3** |
| Diffusion index | 0 | 0 | -4 | -1 |
| Mean | 3.00 | 3.00 | 2.93 | 2.97 |
| Number of banks responding | 134 | 134 | 140 | 140 |

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 18 | Jul 18 | Apr 18 | Jul 18 |
| Decreased considerably | 0 | 0 | 0 | 0 |
| Decreased somewhat | 16 | 5 | 4 | 2 |
| Remained basically unchanged | 63 | 66 | 78 | 72 |
| Increased somewhat | 20 | 27 | 16 | 24 |
| Increased considerably | 1 | 1 | 2 | 2 |
| NA[2] | 0 | 0 | 0 | 0 |
| Total | 100 | 100 | 100 | 100 |
| **Net percentage** | **5** | **23** | **14** | **25** |
| Diffusion index | 3 | 12 | 8 | 13 |
| Mean | 3.06 | 3.25 | 3.16 | 3.27 |
| Number of banks responding | 134 | 134 | 140 | 140 |

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 18 | NetP Jul 18 | DI Apr 18 | DI Jul 18 | Mean Apr 18 | Mean Jul 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A) Financing needs/underlying drivers or purpose of loan demand** | | | | | | | | | | | | |
| Housing market prospects, including expected house price developments | 0 | 3 | 72 | 25 | 0 | 0 | 10 | 23 | 5 | 11 | 3.10 | 3.23 |
| Consumer confidence[1] | 0 | 1 | 84 | 15 | 0 | 0 | 15 | 13 | 8 | 7 | 3.16 | 3.13 |
| General level of interest rates | 0 | 1 | 67 | 30 | 3 | 0 | 22 | 31 | 13 | 17 | 3.27 | 3.34 |
| Debt refinancing/restructuring and renegotiation[2] | 0 | 3 | 93 | 4 | 0 | 0 | 6 | 1 | 3 | 1 | 3.05 | 3.01 |
| Regulatory and fiscal regime of housing markets | 0 | 4 | 91 | 4 | 0 | 0 | -2 | 0 | -1 | 0 | 2.98 | 3.00 |
| **B) Use of alternative sources for housing finance** | | | | | | | | | | | | |
| Internal finance of house purchase out of savings/down payment[3] | 0 | 7 | 91 | 2 | 0 | 0 | -5 | -5 | -2 | -3 | 2.95 | 2.95 |
| Loans from other banks | 0 | 6 | 91 | 3 | 0 | 0 | -4 | -3 | -2 | -1 | 2.96 | 2.97 |
| Other sources of external finance | 0 | 1 | 98 | 0 | 0 | 0 | -1 | -1 | -1 | -1 | 2.99 | 2.99 |

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 18 | Jul 18 | Apr 18 | Jul 18 | Apr 18 | Jul 18 |
| **A) Financing needs/underlying drivers or purpose of loan demand** | | | | | | | | | | | | |
| Spending on durable consumer goods | 0 | 0 | 80 | 20 | 0 | 0 | 18 | 20 | 9 | 10 | 3.19 | 3.20 |
| Consumer confidence | 0 | 0 | 79 | 21 | 0 | 0 | 17 | 21 | 8 | 10 | 3.17 | 3.21 |
| General level of interest rates | 0 | 0 | 82 | 17 | 0 | 1 | 17 | 17 | 8 | 9 | 3.16 | 3.17 |
| Consumption expenditure financed through real-estate guaranteed loans[1] | 0 | 0 | 89 | 0 | 0 | 11 | 0 | 0 | 0 | 0 | 3.01 | 3.00 |
| **B) Use of alternative finance** | | | | | | | | | | | | |
| Internal finance out of savings | 0 | 2 | 98 | 0 | 0 | 0 | -3 | -2 | -2 | -1 | 2.97 | 2.98 |
| Loans from other banks | 0 | 2 | 93 | 5 | 0 | 0 | -4 | 3 | -2 | 1 | 2.96 | 3.03 |
| Other sources of external finance | 0 | 2 | 98 | 0 | 0 | 0 | -2 | -2 | -1 | -1 | 2.98 | 2.98 |

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 18** | **Jul 18** | **Apr 18** | **Jul 18** |
| Tighten considerably | 0 | 0 | 0 | 0 |
| Tighten somewhat | 1 | 2 | 1 | 2 |
| Remain basically unchanged | 85 | 86 | 91 | 91 |
| Ease somewhat | 13 | 12 | 9 | 7 |
| Ease considerably | 0 | 0 | 0 | 0 |
| NA[1] | 0 | 0 | 0 | 0 |
| Total | 100 | 100 | 100 | 100 |
| **Net percentage** | **-12** | **-9** | **-8** | **-6** |
| Diffusion index | -6 | -5 | -4 | -3 |
| Mean | 3.12 | 3.09 | 3.08 | 3.06 |
| Number of banks responding | 134 | 134 | 140 | 140 |

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 18** | **Jul 18** | **Apr 18** | **Jul 18** |
| Decrease considerably | 0 | 0 | 0 | 0 |
| Decrease somewhat | 11 | 1 | 1 | 1 |
| Remain basically unchanged | 61 | 79 | 76 | 83 |
| Increase somewhat | 29 | 19 | 23 | 16 |
| Increase considerably | 0 | 1 | 0 | 0 |
| NA[1] | 0 | 0 | 0 | 0 |
| Total | 100 | 100 | 100 | 100 |
| **Net percentage** | **18** | **19** | **22** | **16** |
| Diffusion index | 9 | 10 | 11 | 8 |
| Mean | 3 | 3 | 3 | 3.16 |
| Number of banks responding | 134 | 134 | 140 | 140 |

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 | 89 | 7 | 0 | 3 | -7 | 3.07 | 0.28 | 0 | 0 | 91 | 4 | 0 | 5 | -4 | 3.04 | 0.20 |
| Long-term (more than one year) deposits and other retail funding instruments | 0 | 7 | 87 | 4 | 0 | 3 | 2 | 2.97 | 0.35 | 0 | 6 | 88 | 2 | 0 | 5 | 4 | 2.96 | 0.30 |
| **B) Inter-bank unsecured money market** | | | | | | | | | | | | | | | | | | |
| Very short-term money market (up to 1 week) | 0 | 1 | 91 | 1 | 0 | 6 | 1 | 2.99 | 0.16 | 0 | 1 | 89 | 1 | 0 | 9 | 0 | 3.00 | 0.15 |
| Short-term money market (more than 1 week) | 0 | 8 | 85 | 2 | 0 | 6 | 6 | 2.93 | 0.33 | 0 | 6 | 85 | 1 | 0 | 9 | 5 | 2.93 | 0.28 |
| **C) Wholesale debt securities[3]** | | | | | | | | | | | | | | | | | | |
| Short-term debt securities (e.g. certificates of deposit or commercial paper) | 0 | 6 | 76 | 0 | 0 | 18 | 5 | 2.93 | 0.28 | 0 | 2 | 76 | 2 | 0 | 20 | 0 | 2.99 | 0.24 |
| Medium to long term debt securities (incl. covered bonds) | 3 | 11 | 79 | 0 | 0 | 7 | 13 | 2.83 | 0.47 | 0 | 14 | 71 | 6 | 0 | 9 | 7 | 2.91 | 0.47 |
| **D) Securitisation[4]** | | | | | | | | | | | | | | | | | | |
| Securitisation of corporate loans | 0 | 5 | 54 | 0 | 0 | 40 | 5 | 2.94 | 0.33 | 0 | 0 | 56 | 1 | 0 | 42 | -1 | 3.02 | 0.14 |
| Securitisation of loans for house purchase | 0 | 5 | 50 | 1 | 0 | 44 | 5 | 2.93 | 0.31 | 0 | 0 | 53 | 1 | 0 | 46 | -1 | 3.02 | 0.15 |
| **E) Ability to transfer credit risk off balance sheet[5]** | | | | | | | | | | | | | | | | | | |
| Ability to transfer credit risk off balance sheet | 0 | 3 | 59 | 0 | 1 | 36 | 2 | 3.00 | 0.38 | 0 | 2 | 58 | 3 | 0 | 38 | -1 | 3.00 | 0.26 |

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** | **8** | **76** | **14** | **0** | **2** | **6** | **3.1** | **0.51** | **149** |
| Liquid assets[1] | 0 | 4 | 84 | 12 | 0 | 1 | 9 | 3.1 | 0.43 | 149 |
| **Risk-weighted assets** of which: | **0** | **7** | **78** | **13** | **0** | **2** | **6** | **3.1** | **0.49** | **149** |
| Average loans | 0 | 3 | 82 | 14 | 0 | 1 | 12 | 3.1 | 0.44 | 149 |
| Riskier loans | 0 | 11 | 79 | 3 | 0 | 6 | -8 | 2.9 | 0.42 | 149 |
| **Capital** of which: | **0** | **8** | **61** | **27** | **2** | **1** | **21** | **3.2** | **0.67** | **149** |
| Retained earnings | 0 | 2 | 74 | 18 | 2 | 3 | 18 | 3.2 | 0.55 | 149 |
| Capital issuance[2] | 0 | 2 | 68 | 19 | 0 | 12 | 17 | 3.2 | 0.46 | 149 |
| **Impact on your bank's funding conditions** | **0** | **1** | **92** | **5** | **0** | **2** | **-4** | **3.0** | **0.26** | **149** |
| **Over the next six months** | | | | | | | | | | |
| **Total assets** of which: | **1** | **4** | **85** | **8** | **0** | **2** | **4** | **3.0** | **0.43** | **149** |
| Liquid assets[1] | 0 | 3 | 91 | 6 | 0 | 1 | 3 | 3.0 | 0.31 | 149 |
| **Risk-weighted assets** of which: | **1** | **5** | **76** | **16** | **0** | **2** | **9** | **3.1** | **0.53** | **149** |
| Average loans | 0 | 3 | 83 | 13 | 0 | 1 | 9 | 3.1 | 0.42 | 149 |
| Riskier loans | 1 | 9 | 83 | 5 | 0 | 2 | -5 | 2.9 | 0.46 | 149 |
| **Capital** of which: | **0** | **0** | **66** | **31** | **1** | **1** | **32** | **3.3** | **0.54** | **149** |
| Retained earnings | 0 | 0 | 73 | 24 | 0 | 3 | 24 | 3.2 | 0.47 | 149 |
| Capital issuance[2] | 0 | 1 | 72 | 15 | 1 | 11 | 15 | 3.2 | 0.46 | 149 |
| **Impact on your bank's funding conditions** | **0** | **1** | **88** | **8** | **0** | **2** | **-7** | **3.1** | **0.33** | **149** |

(*) 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 |
| - | 3 | 3 | 3 | 1 |
| ○ | 94 | 96 | 96 | 97 |
| + | 1 | 0 | 0 | 0 |
| + + | 0 | 0 | 0 | 0 |
| NA[1] | 1 | 1 | 2 | 2 |
| **Net Percentage** | **2** | **3** | **3** | **1** |
| Mean | 3 | 3 | 3 | 3 |
| Standard deviation | 0 | 0 | 0 | 0 |
| Number of banks responding | 136 | 133 | 134 | 140 |
| **Over the next six months** | | | | |
| -- | 0 | 0 | 0 | 0 |
| - | 2 | 10 | 3 | 1 |
| ○ | 95 | 88 | 95 | 97 |
| + | 1 | 1 | 0 | 0 |
| + + | 0 | 0 | 0 | 0 |
| NA[1] | 1 | 1 | 2 | 2 |
| **Net Percentage** | **1** | **9** | **3** | **1** |
| Mean | 3 | 3 | 3 | 3 |
| Standard deviation | 0 | 0 | 0 | 0 |
| Number of banks responding | 136 | 133 | 134 | 140 |
| **(ii) Credit margins** | | | | |
| **Over the past six months** | | | | |
| -- | 0 | 0 | 0 | 0 |
| - | 4 | 2 | 9 | 0 |
| ○ | 92 | 95 | 84 | 95 |
| + | 3 | 2 | 3 | 1 |
| + + | 0 | 0 | 0 | 0 |
| NA[1] | 1 | 1 | 3 | 3 |
| **Net Percentage** | **1** | **1** | **6** | **-1** |
| Mean | 3 | 3 | 3 | 3 |
| Standard deviation | 0 | 0 | 0 | 0 |
| Number of banks responding | 136 | 133 | 134 | 140 |
| **Over the next six months** | | | | |
| -- | 0 | 0 | 0 | 0 |
| - | 7 | 5 | 10 | 2 |
| ○ | 89 | 90 | 85 | 94 |
| + | 3 | 4 | 2 | 1 |
| + + | 0 | 0 | 0 | 0 |
| NA[1] | 1 | 1 | 3 | 3 |
| **Net Percentage** | **4** | **0** | **8** | **0** |
| Mean | 3 | 3 | 3 | 3 |
| Standard deviation | 0 | 0 | 0 | 0 |
| Number of banks responding | 136 | 133 | 134 | 140 |

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 134

Please indicate the significance of the factors determining the level of your bank's lending margins (i.e. the difference between the lending rate and the relevant market reference rate[1]) for new loans to enterprises and households. In addition, please indicate how the significance of these factors has changed for new loans over time.

(in percentages, unless otherwise stated)

| | Significance over the past six months | | | | | Change in significance between the beginning of 2014 and the end of 2017 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ° | + | + + | NA[2] | No of banks | -- | - | ° | + | + + | NA[2] | NetP | Mean | Std. dev. | No of banks |
| **Loans to enterprises** | | | | | | | | | | | | | | | |
| Costs related to your bank's capital position | 56 | 32 | 12 | 1 | 139 | 2 | 4 | 53 | 28 | 12 | 1 | 34 | 3.45 | 0.88 | 139 |
| Your bank's access to market financing | 66 | 27 | 4 | 3 | 139 | 3 | 9 | 56 | 21 | 7 | 3 | 15 | 3.20 | 0.88 | 139 |
| Your bank's liquidity position | 67 | 28 | 4 | 1 | 139 | 3 | 11 | 55 | 22 | 8 | 1 | 17 | 3.22 | 0.90 | 139 |
| Your bank's operating costs[3] | 68 | 30 | 1 | 1 | 139 | 1 | 4 | 71 | 21 | 2 | 1 | 17 | 3.18 | 0.63 | 139 |
| Your bank's perception of risk[4] | 50 | 35 | 15 | 1 | 139 | 1 | 2 | 67 | 22 | 8 | 1 | 26 | 3.33 | 0.73 | 139 |
| Competition[5] | 31 | 52 | 16 | 1 | 139 | 2 | 1 | 43 | 36 | 17 | 1 | 50 | 3.65 | 0.89 | 139 |
| Your bank's profitability target | 43 | 39 | 17 | 1 | 139 | 1 | 1 | 53 | 31 | 13 | 1 | 42 | 3.55 | 0.80 | 139 |
| **Loans to households for house purchase** | | | | | | | | | | | | | | | |
| Costs related to your bank's capital position | 60 | 30 | 8 | 2 | 134 | 3 | 4 | 60 | 25 | 6 | 2 | 25 | 3.28 | 0.80 | 134 |
| Your bank's access to market financing | 63 | 32 | 2 | 3 | 134 | 4 | 8 | 58 | 23 | 5 | 3 | 16 | 3.16 | 0.84 | 134 |
| Your bank's liquidity position | 64 | 32 | 3 | 0 | 134 | 4 | 8 | 58 | 23 | 6 | 0 | 17 | 3.19 | 0.88 | 134 |
| Your bank's operating costs[3] | 67 | 31 | 2 | 0 | 134 | 1 | 3 | 78 | 16 | 1 | 0 | 13 | 3.13 | 0.56 | 134 |
| Your bank's perception of risk[4] | 59 | 31 | 9 | 2 | 134 | 1 | 4 | 63 | 26 | 4 | 2 | 25 | 3.29 | 0.70 | 134 |
| Competition[5] | 29 | 41 | 27 | 3 | 134 | 1 | 3 | 38 | 34 | 21 | 3 | 51 | 3.73 | 0.92 | 134 |
| Your bank's profitability target | 43 | 38 | 18 | 2 | 134 | 1 | 2 | 55 | 32 | 8 | 2 | 37 | 3.44 | 0.75 | 134 |
| **Consumer credit and other lending to households** | | | | | | | | | | | | | | | |
| Costs related to your bank's capital position | 71 | 20 | 7 | 2 | 140 | 4 | 3 | 72 | 13 | 6 | 2 | 13 | 3.15 | 0.78 | 140 |
| Your bank's access to market financing | 70 | 24 | 2 | 4 | 140 | 5 | 7 | 63 | 18 | 3 | 4 | 9 | 3.07 | 0.81 | 140 |
| Your bank's liquidity position | 74 | 23 | 2 | 1 | 140 | 5 | 7 | 66 | 18 | 4 | 1 | 9 | 3.08 | 0.81 | 140 |
| Your bank's operating costs[3] | 69 | 29 | 1 | 1 | 140 | 4 | 3 | 75 | 17 | 0 | 1 | 11 | 3.07 | 0.64 | 140 |
| Your bank's perception of risk[4] | 51 | 34 | 13 | 2 | 140 | 3 | 3 | 58 | 30 | 3 | 2 | 28 | 3.29 | 0.77 | 140 |
| Competition[5] | 50 | 33 | 14 | 3 | 140 | 2 | 3 | 51 | 31 | 9 | 3 | 36 | 3.43 | 0.84 | 140 |
| Your bank's profitability target | 44 | 33 | 21 | 2 | 140 | 3 | 3 | 54 | 28 | 10 | 2 | 32 | 3.40 | 0.89 | 140 |

1) The relevant market reference rate (e.g. EURIBOR, LIBOR or the interest rate swap of a corresponding maturity for fixed rate loans) depends on the characteristics of the loan and can differ over time.
2) "NA" (not applicable) does not include banks which have not granted any new loans in the respective lending category during the period specified.
3) Operating costs refer to your bank's administrative and maintenance costs.
4) Banks' perception of risk regarding the general economic situation and outlook, borrowers' creditworthiness and the risk related to collateral demanded.
5) Competition from other banks and non-banks, as well as from market financing.
Notes: 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 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 your bank's credit standards** | | | | | | | | | | |
| Loans and credit lines to enterprises | 0 | 7 | 92 | 0 | 0 | 1 | 7 | 2.9 | 0.27 | 139 |
| Loans to households for house purchase | 0 | 5 | 93 | 0 | 0 | 2 | 5 | 2.9 | 0.24 | 134 |
| Consumer credit and other lending to households | 0 | 2 | 94 | 0 | 0 | 3 | 2 | 3.0 | 0.17 | 140 |
| **B) Impact of NPL ratio on your bank's credit terms and conditions** | | | | | | | | | | |
| Loans and credit lines to enterprises | 0 | 9 | 90 | 0 | 0 | 1 | 9 | 2.9 | 0.31 | 139 |
| Loans to households for house purchase | 0 | 4 | 95 | 0 | 0 | 2 | 4 | 3.0 | 0.20 | 134 |
| Consumer credit and other lending to households | 0 | 9 | 89 | 0 | 0 | 2 | 9 | 2.9 | 0.31 | 140 |
| **C) Contribution of factors through which the NPL ratio affects your bank's policy on lending to enterprises and households (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 | 2 | 4 | 81 | 6 | 0 | 7 | 0 | 3.0 | 0.46 | 149 |
| Costs related to your bank's balance sheet clean-up operations[3] | 1 | 4 | 81 | 0 | 0 | 14 | 6 | 2.9 | 0.32 | 149 |
| Pressure related to supervisory or regulatory requirements[4] | 2 | 6 | 79 | 6 | 0 | 7 | 2 | 3.0 | 0.49 | 149 |
| Your bank's access to market financing | 0 | 1 | 90 | 0 | 0 | 9 | 0 | 3.0 | 0.12 | 149 |
| Your bank's liquidity position | 0 | 1 | 92 | 1 | 0 | 7 | 0 | 3.0 | 0.12 | 149 |
| **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 | 14 | 81 | 3 | 0 | 1 | 11 | 2.9 | 0.43 | 149 |
| Your bank's risk tolerance | 0 | 10 | 88 | 1 | 0 | 1 | 9 | 2.9 | 0.32 | 149 |
| **Over the next six months** | | | | | | | | | | |
| **A) Impact of NPL ratio on your bank's credit standards** | | | | | | | | | | |
| Loans and credit lines to enterprises | 0 | 6 | 90 | 3 | 0 | 1 | 4 | 3.0 | 0.32 | 139 |
| Loans to households for house purchase | 0 | 4 | 91 | 3 | 0 | 2 | 1 | 3.0 | 0.29 | 134 |
| Consumer credit and other lending to households | 0 | 3 | 92 | 2 | 0 | 3 | 1 | 3.0 | 0.24 | 140 |
| **B) Impact of NPL ratio on your bank's credit terms and conditions** | | | | | | | | | | |
| Loans and credit lines to enterprises | 0 | 11 | 86 | 3 | 0 | 1 | 8 | 2.9 | 0.38 | 139 |
| Loans to households for house purchase | 0 | 4 | 93 | 2 | 0 | 2 | 2 | 3.0 | 0.26 | 134 |
| Consumer credit and other lending to households | 0 | 8 | 88 | 2 | 0 | 2 | 6 | 2.9 | 0.35 | 140 |
| **C) Contribution of factors through which the NPL ratio affects your bank's policy on lending to enterprises and households (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 | 6 | 81 | 6 | 0 | 7 | 1 | 3.0 | 0.39 | 149 |
| Costs related to your bank's balance sheet clean-up operations[3] | 0 | 5 | 81 | 0 | 0 | 14 | 5 | 3.0 | 0.23 | 149 |
| Pressure related to supervisory or regulatory requirements[4] | 1 | 11 | 74 | 2 | 5 | 7 | 5 | 3.0 | 0.69 | 149 |
| Your bank's access to market financing | 0 | 3 | 88 | 0 | 0 | 9 | 3 | 3.0 | 0.19 | 149 |
| Your bank's liquidity position | 0 | 2 | 91 | 1 | 0 | 7 | 1 | 3.0 | 0.17 | 149 |
| **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 | 14 | 83 | 2 | 0 | 1 | 12 | 2.9 | 0.40 | 149 |
| Your bank's risk tolerance | 0 | 8 | 89 | 1 | 0 | 1 | 8 | 2.9 | 0.31 | 149 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **From 2014 to 2017** | | | | | | | | | | |
| **A) Impact of NPL ratio on your bank's credit standards** | | | | | | | | | | |
| Loans and credit lines to enterprises | 8 | 18 | 63 | 6 | 3 | 2 | 17 | 2.8 | 0.84 | 139 |
| Loans to households for house purchase | 3 | 15 | 74 | 4 | 2 | 2 | 12 | 2.9 | 0.65 | 134 |
| Consumer credit and other lending to households | 2 | 20 | 67 | 5 | 2 | 3 | 15 | 2.8 | 0.68 | 140 |
| **B) Impact of NPL ratio on your bank's credit terms and conditions** | | | | | | | | | | |
| Loans and credit lines to enterprises | 6 | 14 | 67 | 8 | 3 | 1 | 9 | 2.9 | 0.79 | 139 |
| Loans to households for house purchase | 3 | 11 | 79 | 4 | 2 | 2 | 7 | 2.9 | 0.62 | 134 |
| Consumer credit and other lending to households | 2 | 15 | 74 | 5 | 2 | 2 | 9 | 2.9 | 0.64 | 140 |
| **C) Contribution of factors through which the NPL ratio affects your bank's policy on lending to enterprises and households (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 | 3 | 12 | 73 | 5 | 0 | 7 | 11 | 2.9 | 0.56 | 149 |
| Costs related to your bank's balance sheet clean-up operations[3] | 3 | 11 | 70 | 3 | 0 | 14 | 11 | 2.9 | 0.50 | 149 |
| Pressure related to supervisory or regulatory requirements[4] | 4 | 14 | 67 | 8 | 0 | 7 | 9 | 2.9 | 0.64 | 149 |
| Your bank's access to market financing | 1 | 6 | 79 | 6 | 0 | 9 | 1 | 3.0 | 0.41 | 149 |
| Your bank's liquidity position | 1 | 3 | 85 | 4 | 0 | 7 | -1 | 3.0 | 0.34 | 149 |
| **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] | 5 | 23 | 64 | 5 | 1 | 2 | 21 | 2.7 | 0.71 | 149 |
| Your bank's risk tolerance | 6 | 18 | 69 | 5 | 0 | 2 | 19 | 2.7 | 0.66 | 149 |

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.
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: 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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