EUROPEAN CENTRAL BANK

EUROSYSTEM

The euro area bank lending survey

First quarter of 2015

April 2015

Contents

Introduction

The results reported in the April 2015 bank lending survey (BLS) relate to changes during the first quarter of 2015 and expectations of changes in the second quarter of 2015. The survey was conducted between 6 and 23 March 2015. In the first quarter of 2015, the size of the sample of banks surveyed was increased to 142, reflecting mainly the enlargement of the euro area to include Lithuania on 1 January 2015. 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]

From the first quarter of 2015 onwards, the BLS is based on an enhanced questionnaire (with new and amended questions) and a compilation guide.[2] An overview of the questionnaire changes is presented in Annex 3 of this report. Two new questions have been added for each loan category. One new question asks for the change in the share of rejected loan applications, while the other one focuses on the factors affecting credit terms and conditions. In addition, the glossary at the end of this report reflects the enhanced definitions of the BLS terms.

A number of ad hoc questions were included in the April 2015 survey round. The first ad hoc question addressed the impact of the situation in financial markets on banks' access to retail and wholesale funding. The second question referred to the current level of credit standards relative to past levels. The third, fourth and fifth questions were aimed at gauging the impact of the ECB's expanded asset purchase programme (APP) that was announced on 22 January 2015.

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

2 In the interpretation of the survey results, it needs to be taken into account that the clarification of terms in the questionnaire and of definitions in the compilation guide may have affected banks' answering behaviour.

1 Overview of the results

According to the April 2015 bank lending survey (BLS), changes in lending conditions continue to support a further recovery in loan growth, in particular for enterprises. In this survey round, an enhanced questionnaire with new and amended questions has been introduced. It enables the identification, for example, of a decrease in the rejection rates for loans to enterprises and for housing loans as well as of the factors affecting credit terms and conditions, in particular competition. An overview of the changes in the questionnaire is presented in Annex 3 of this report.

Banks reported a further net easing of credit standards on loans to enterprises in the first quarter of 2015 (of -9%, after -5% in the previous quarter; see Table A) which was stronger than the previous survey round's expectations. By contrast with the developments for enterprises, there was a slight net tightening of credit standards on loans to households for house purchase (2%, after -4% in the previous quarter). Credit standards for consumer credit and other lending to households were eased further (-5%, after -3%). Across all loan categories, the net percentage change of credit standards in the first quarter of 2015 remained well below historical averages calculated over the period since the start of the survey in 2003. At the same time, it has to be kept in mind that the level of credit standards, while improving according to new evidence on the level of credit standards, is still tight in historical comparison. For the second quarter of 2015, banks expect a small net easing of credit standards on loans to enterprises (-1%) and for consumer credit (-2%), but a further net tightening of credit standards on housing loans (3%).

Among the factors affecting banks' credit standards, in particular banks' cost of funds and balance sheet constraints and competition were driving banks' further easing of credit standards for loans to enterprises. Banks' risk tolerance – a factor which has been introduced in this survey round – also contributed marginally to the net easing, whereas banks' risk perception had a neutral impact on credit standards on loans to enterprises. For loans to households, banks' risk tolerance contributed marginally to the net tightening of credit standards for housing loans, while competition contributed to an easing.

Banks continued to ease their terms and conditions on new loans across all categories, mainly driven by a further narrowing of margins on average loans. For the first time, banks were asked in this survey round also for the factors affecting terms and conditions. Similar to credit standards, competition as well as banks' improved funding conditions contributed most to the net easing of terms and conditions.

Banks also indicated for the first time in this survey round how they have changed their rejection rate for loan applications. While the share of rejected loan applications declined for loans to enterprises (-5%) and for housing loans (-4%), it increased slightly for consumer credit (2%).

Net loan demand (i.e. the difference between the sum of the percentages of banks reporting an increase and that of banks reporting a decline in demand) continued to be positive for loans to enterprises, but fell back from the high level reported in the fourth quarter of 2014 (to 6%, from 18%; see Table A). At the same time, banks expect in net terms a considerable increase in demand for loans to enterprises in the second quarter of 2015. Net demand for housing loans continued to increase at a fast pace (29%, up from 24% in the previous quarter), while it remained broadly stable for consumer credit (13%, after 14%). Financing needs related to inventories and working capital and in particular the low general level of interest rates, a factor that has been added in this survey round, contributed strongly to the demand for loans to enterprises. At the same time, some caution is warranted as banks may need some time to adjust to the new factor. By contrast, fixed investment contributed negatively to demand, being the main factor explaining the fallback in loan demand. For housing loans, the low general level of interest rates and housing market prospects were the main factors contributing to strong demand.

Table A

Latest developments in BLS results in the largest euro area countries

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

Country	ENTERPRISES						HOUSE PURCHASE						CONSUMER CREDIT					
	Credit standards			Demand			Credit standards			Demand			Credit standards			Demand		
	14Q4	15Q1	AVG	14Q4	15Q1	AVG	14Q4	15Q1	AVG	14Q4	15Q1	AVG	14Q4	15Q1	AVG	14Q4	15Q1	AVG
EURO AREA	-5	-9	13	18	6	-7	-4	2	9	24	29	-3	-3	-5	6	14	13	-4
Germany	0	-3	5	22	0	2	0	3	2	21	45	6	-10	0	0	23	13	7
Spain	0	0	12	40	30	-5	0	0	21	11	11	-14	0	0	11	30	20	-15
France	-7	-7	9	13	-3	-18	-14	7	4	0	-6	5	0	-14	-1	-5	20	-6
Italy	-25	-25	22	0	0	0	-13	-25	6	38	63	6	0	-13	11	25	25	8
Netherlands	14	-13	19	14	0	-15	0	17	21	67	50	-24	0	0	14	0	-17	-19

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, Malta and Slovakia net percentages are weighted based on the amounts outstanding of loans of the individual banks in the respective national samples.

Credit standards on loans to enterprises have improved in all large euro area countries, except for Spain. For housing loans, cross-country disparities in lending supply conditions have increased somewhat (see Table A).

This survey round also included some ad hoc questions. According to euro area banks, their access to wholesale funding improved further in net terms in the first quarter of 2015 for all main market instruments, as did their access to retail deposit funding.

Regarding the current level of credit standards, for both loans to enterprises and housing loans, there have been substantial improvements in the level of credit standards compared with banks' indications one year ago, but levels are still higher than the historical midpoint since 2003.

In addition, the BLS contained for the first time ad hoc questions aimed at gauging the impact of the ECB's expanded asset purchase programme (APP). Euro area BLS banks indicated that they have used the additional liquidity related to the APP over the past six months in particular for granting loans and intend to do so also in the coming months. In addition, banks indicated a net easing impact on credit standards and credit terms and conditions, in particular for loans to enterprises, which is expected to increase in the coming months. At the same time, euro area banks overall expect a negative impact of the APP on their profitability over the next six months.

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 142 banks, representing all of 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 understanding of bank lending behaviour in the euro area.[3]

The questions 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 on credit standards for approving loans, credit terms and conditions on new loans, credit 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 (in this case in the first quarter of 2015) or expectations of changes over the next three months (i.e. in the second quarter of 2015).

In April 2015, an enhanced questionnaire (with new and amended questions) and a compilation guide have been introduced to improve further the information content of the survey. Two new questions have been added for each loan category. One new question asks for the change in the share of rejected loan applications, while the other one focuses on the factors affecting credit terms and conditions. The enhanced definitions of BLS terms are available in the glossary at the end of this report.

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. A positive net percentage indicates that a larger proportion of banks has tightened credit standards ("net tightening"), whereas a negative net percentage indicates that a larger proportion of banks has 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 has reported an increase in loan demand, whereas negative net demand indicates that a larger proportion of banks has reported a decline in loan demand.

In order to describe the developments in survey replies over time, the report refers to changes in the "net tightening" or "net easing" of credit standards from one survey round to another. For example, a lower net percentage of banks tightening their credit standards between two survey waves would be referred to as a "decline in net tightening". Similarly, higher net percentages of

[3] 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 Berg J. et al., "The bank lending survey for the euro area", *Occasional Paper Series*, No 23, ECB, 2005.

banks indicating a decline in loan demand between two survey waves would be referred to as a "more pronounced net decline in demand".

In addition, an alternative measure of the responses to questions related to changes in credit standards and net demand is included. 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.

The results of the individual banks participating in the BLS sample are aggregated in two steps: in a first step, individual bank results are aggregated to national results for the euro area countries, and in a second step, the national BLS results are aggregated to euro area BLS results. In the first step, banks' replies can either be aggregated to national results by applying an implicit weighting through the sample selection or, alternatively, banks' replies can be aggregated by applying an explicit weighting scheme based on the amounts outstanding of loans to non-financial corporations and households of the individual banks in the respective national samples. 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 an explicit weighting scheme based on the national shares in the amounts outstanding of loans to euro area non-financial corporations and households.

The option to aggregate individual bank results to national BLS results based on an explicit weighting scheme was introduced in the April 2014 BLS survey round and led to some revisions (including backward revisions) of the BLS results for France, Malta and Slovakia (the three countries currently applying an explicit weighting scheme). As a consequence, this has led to overall small revisions (including backward revisions) of the euro area BLS results.

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.

A copy of the questionnaire 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 Enterprises

2.1.1 Credit standards for loans to enterprises were eased further in the first quarter of 2015

In the first quarter of 2015, credit standards on loans to enterprises were eased further, thereby supporting the recovery of loan growth.

Banks reported a further net easing of credit standards on loans to enterprises (of -9%, after -5% in the previous quarter; see Chart 1 and Table A), which was stronger than banks' expectations in the previous survey round.[4] As in the previous quarters, the change in banks' loan approval criteria was again considerably below the historical net tightening average since the start of the survey in 2003. Across firm size, credit standards were eased on loans to both large firms and small and medium-sized enterprises (SMEs). At the same time, despite considerable improvements (see Section 3), the overall level of credit standards remained tight in historical comparison. Credit standards on loans to enterprises have improved in all large euro area countries, except for Spain.[5] Credit standards on loans to enterprises were eased in net terms in particular in Italy and switched from a net tightening to a net easing in the Netherlands.

Looking ahead to the second quarter of 2015, euro area banks expect a small net easing of credit standards on loans to enterprises.

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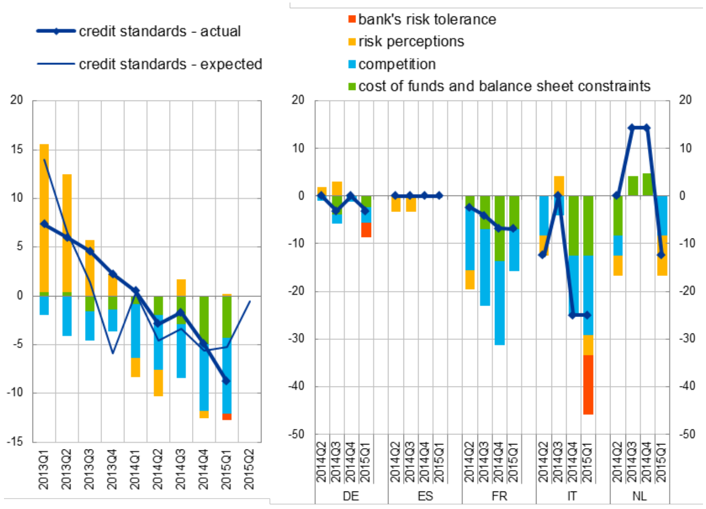
[4] Net percentages are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages of banks responding "eased somewhat" and "eased considerably". The net percentages for responses to questions related 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. In order to describe the developments in survey replies over time, the report refers to changes (i.e. decline or increase) in the "net tightening" or "net easing" of credit standards from one survey round to another. For example, a lower net percentage of banks tightening their credit standards between two survey waves would be referred to as a "decline in net tightening".

[5] While the BLS questionnaire asks banks to report on the changes of credit standards, it cannot be entirely ruled out that also the level of credit standards is considered by some banks in their replies. These effects limit in some cases the comparability of the results across countries. Evidence on the level of credit standards has been provided since the April 2014 BLS, based on an annual ad hoc question (see Section 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" are an unweighted average of "cost related to capital position", "access to market financing" and "liquidity position"; "risk perception" is an unweighted average of "general economic situation and outlook", "industry or firm-specific situation and outlook/borrower's creditworthiness" and "risk on collateral demanded"; "competition" is an unweighted average of "bank competition", "non-bank competition" and "competition from market financing". "Risk tolerance" was introduced in Q1 2015.

Table 1

Factors contributing to the net tightening of credit standards on 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	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
Euro area	-5	-4	-7	-8	-1	0		-1
DE	0	-2	-1	-3	0	0		-3
ES	0	0	0	0	0	0		0
FR	-14	-7	-17	-9	0	0		0
IT	-13	-13	-13	-17	0	-4		-13
NL	5	0	0	-8	0	-8		0

Note: See note to Chart 1.

In particular banks' cost of funds and balance sheet constraints, mainly related to banks' liquidity position, and competition were driving banks' further easing of credit standards on loans to enterprises (see Chart 1 and Table 1).[6] Banks' risk tolerance – a factor which has been introduced in this survey round and refers to banks' risk tolerance in their lending policy – also contributed marginally to the net easing, whereas banks' risk perception had a neutral impact.

Across the large euro area countries, banks' cost of funds and balance sheet constraints and competitive pressures contributed to a net easing of credit standards in particular in Italy, France and, with respect to the latter factor, the Netherlands. In addition, the firm-specific situation together with a higher risk tolerance of banks contributed to the considerable net easing of credit standards in Italy, whereas the latter factor was not of importance in most of the other large euro area countries.

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 in the respective charts between the development of credit standards and the development of the main underlying factor categories.

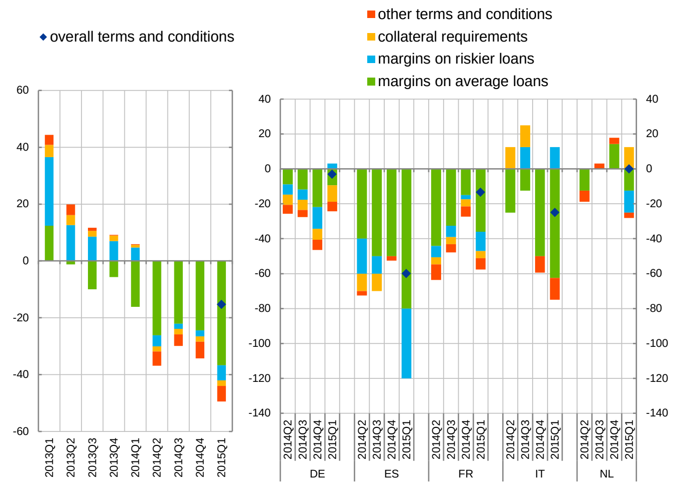
2.1.2 Terms and conditions for loans to enterprises improved further in the first quarter of 2015

The net easing of credit standards on loans or credit lines to enterprises in the first quarter of 2015 translated into substantially more favourable overall terms and conditions (see Chart 2 and Table 2) which banks apply when granting new loans to enterprises. These developments suggest a further improvement in financing conditions for loans to enterprises.

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" are an unweighted average of "non-interest rate charges", "size of the loan or credit line", "loan covenants" and "maturity". "Overall terms and conditions" were introduced in Q1 2015.

Table 2

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

(net percentage changes)

Country	Overall terms and conditions Jan 15	Overall terms and conditions Apr 15	Banks' margins on average loans Jan 15	Banks' margins on average loans Apr 15	Banks' margins on riskier loans Jan 15	Banks' margins on riskier loans Apr 15
Euro area		-15	-24	-37	-2	-5
DE		-3	-22	-9	-13	3
ES		-60	-50	-80	0	-40
FR		-13	-15	-36	-2	-11
IT		-25	-50	-63	0	13
NL		0	14	-13	0	-13

Note: See note to Chart 2.

Looking at the largest euro area countries, in particular Spain and, to a smaller extent, Italy reported a considerable net easing of banks' overall terms and conditions, whereas the improvements were more contained in the other large euro area countries.

The net percentage of euro area banks reporting a narrowing of their margins on average loans to enterprises increased considerably further. In addition, banks reported a further narrowing of their margins on riskier loans to enterprises. Moreover, euro area banks indicated, in net terms, that all components of the other terms and conditions, including among others non-interest rate charges, became more favourable in the first quarter of 2015.

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)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
Euro area		-9		-32		-2		-1
DE		3		-12		-3		-3
ES		-40		-60		0		-10
FR		-11		-27		0		4
IT		-13		-50		0		-13
NL		0		-25		-13		0

Note: The first data point is for April 2015.

In all large euro area economies, a considerable net percentage of banks reported a narrowing of the margins on average loans, in particular in Spain and Italy. At the same time, while banks in Spain narrowed their margins also for riskier loans, this was not the case for banks in Italy. Moreover, a slight widening of margins on riskier loans was reported by banks in Germany, following a narrowing of margins since the second quarter of 2014.

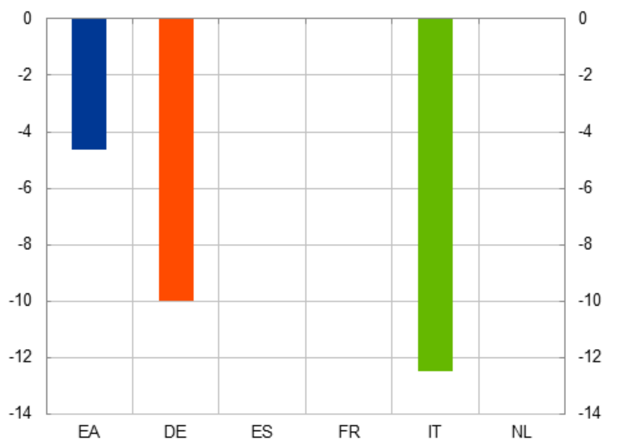
For the first time, banks were asked in this survey round also for the factors affecting credit terms and conditions in order to get insights into the underlying reasons for changes in credit terms and conditions, which may change more frequently than banks' loan approval criteria (see Table 3). Similar to credit standards, competition and banks' improved funding conditions contributed most to the net easing of terms and conditions. Across the large euro area countries, this was the case particularly in Spain and Italy.

2.1.3 Rejection rate for loans to enterprises has decreased

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)



Notes: Share of loan rejections relative to the volume of all loan applications in that loan category. The first data point is for Q1 2015.

For the first time in this survey round, banks also indicated how they have changed their rejection rate for loan applications. According to euro area banks, the net share of rejected 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) for loans to enterprises decreased in the first quarter of 2015 (-5%; see Chart 3).

Among the largest euro area countries, the rejection rate declined in Italy and Germany, whereas it remained unchanged in Spain, France and the Netherlands.

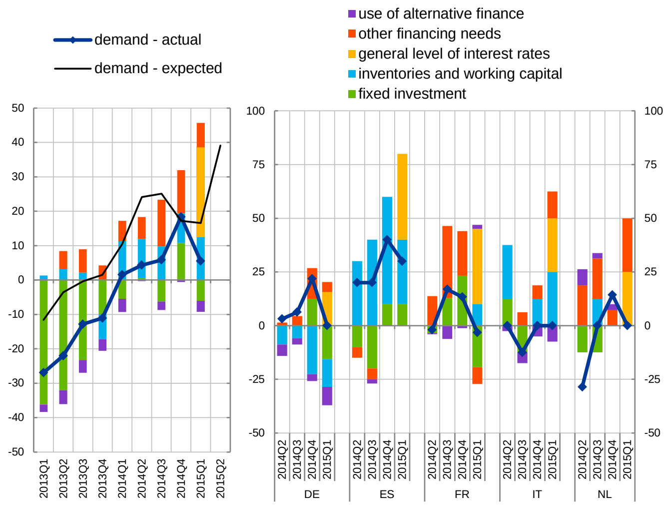
2.1.4 Rise in net demand for loans to enterprises

Net demand for loans (i.e. the difference between the sum of the percentages of banks reporting an increase and that of banks reporting a decline in demand) to enterprises continued to improve, but fell back from the high level reported in the fourth quarter of 2014 (see Chart 4 and Table A).[7] The net increase in demand for loans to enterprises stood at 6%, after 18% in the previous quarter, remaining above its historical average, but below banks' expectations for this quarter at the time of the previous survey round. At the same time, banks expect in net terms a considerable increase in demand for loans to enterprises in the second quarter of 2015.

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" are an unweighted average of "M&A and corporate restructuring" and "debt refinancing/restructuring and renegotiation"; "use of alternative finance" is an unweighted average of "internal financing", "loans from other banks", "loans from non-banks", "issuance/redemption of debt securities" and "issuance/redemption of equity". "General level of interest rates" was introduced in Q1 2015.

The heterogeneity across large euro area countries increased somewhat in the first quarter of 2015. Banks in Spain reported a net increase in demand for loans to enterprises, whereas banks in Germany, Italy and the Netherlands reported unchanged net demand, and banks in France a decline.

Financing needs related to inventories and working capital and in particular the low general level of interest rates, a factor that has been added in this survey round, contributed strongly to the demand for loans to enterprises (see Chart 4 and Table 4). At the same time, some caution is warranted as banks may need some time to adjust to the new factor. By contrast, fixed investment contributed negatively to demand, being the main factor explaining the fallback in loan demand. Other

[7] 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. In order to describe the developments in survey replies over time, the report refers to changes in the "net demand" for loans from one survey round to another. For instance, higher net percentages of banks indicating a decline in loan demand between two survey waves would be referred to as a "more pronounced net decline in demand".

financing needs likewise continued to contribute to the positive net loan demand.[8] These reflected the demand for debt refinancing and renegotiation and the financing needs for M&A activities. The use of alternative finance continued to have a dampening effect on net loan demand by euro area enterprises. In particular, firms' internal financing sources and the issuance of debt securities by enterprises contributed negatively to loan demand.

Table 4

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

(net percentages)

Country	Fixed investment		Inventories and working capital		Other financing needs		General level of interest rates		Use of alternative finance	
	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
Euro area	11	-6	9	13	13	7		26	-1	-3
DE	13	-16	-23	-13	14	5		16	-3	-9
ES	10	10	50	30	0	0		40	0	0
FR	23	-19	0	10	21	-8		35	-1	2
IT	0	0	13	25	6	13		25	-5	-8
NL	0	0	0	0	7	25		25	3	0

Note: See note to Chart 4.

The low general level of interest rates contributed significantly to loan demand in all large euro area countries. By contrast, fixed investment contributed negatively or neutrally to loan demand, with the exception of Spain. Financing needs for inventories and working capital contributed positively to loan demand in particular in Spain and Italy, whereas this factor affected loan demand negatively in Germany. The latter may be linked to high cash holdings of German firms as indicated by internal financing which had a negative impact on loan demand in Germany, but had a neutral impact in the other large euro area countries. In addition, the issuance of debt securities contributed negatively to loan demand, especially in Italy, Spain and Germany.

2.2 Households

2.2.1 Credit standards for loans to households for house purchase tightened slightly in net terms in the first quarter of 2015

For loans to households for house purchase, banks tightened slightly their credit standards in net terms (2%, compared with -4% in the previous quarter; see Chart 5 and Table A), remaining well below the historical average calculated over the period since the start of the survey in 2003. By contrast with the actual outcome, banks had expected a continued net easing of credit standards on housing loans at the time of the previous survey round.

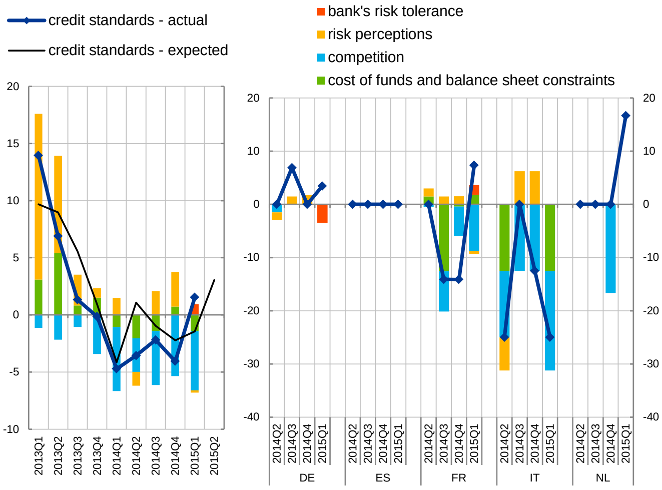
Cross-country heterogeneity in credit standards for loans to households increased in the first quarter of 2015. Among the larger countries, banks in Germany, France and the Netherlands reported a net tightening of credit standards. By contrast, banks in Italy continued to report a noticeable net easing. Looking ahead, euro area banks expect – in net terms – a further small net tightening of credit standards applied to housing loans in the second quarter of 2015.

8 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.

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” are an unweighted average of “general economic situation and outlook”, “housing market prospects including expected house price developments” and “borrower’s creditworthiness” (the latter from Q1 2015); “competition” is an unweighted average of “competition from other banks” and “competition from non-banks”. “Risk tolerance” was introduced in Q1 2015.

Table 5

Factors contributing to the net tightening of credit standards on 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	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
Euro area	1	-1	-5	-5	3	0		1
DE	0	0	0	0	2	0		-3
ES	0	0	0	0	0	0		0
FR	0	2	-6	-9	2	-1		2
IT	0	-13	-13	-19	6	0		0
NL	0	0	-17	0	0	0		0

Note: See note to Chart 5.

While competition continued to be the dominant factor contributing to an easing of credit standards on housing loans, banks’ risk tolerance contributed marginally to the overall net tightening of credit standards for housing loans (see Chart 5 and Table 5). Banks’ risk perceptions had an overall neutral impact on credit standards on housing loans, as the tightening impact of housing market prospects and the easing impact of the general economic situation offset each other.

Among the largest euro area countries, the factors covered overall provide limited evidence of banks’ net tightening of credit standards on housing loans. In France, banks’ cost of funds and balance sheet constraints and a lower risk tolerance of banks contributed to the net tightening. At the same time, a net easing impact of competition on credit standards on housing loans was reported by banks in France and Italy. Banks’ risk perceptions had a neutral impact on credit standards in most of the large countries.

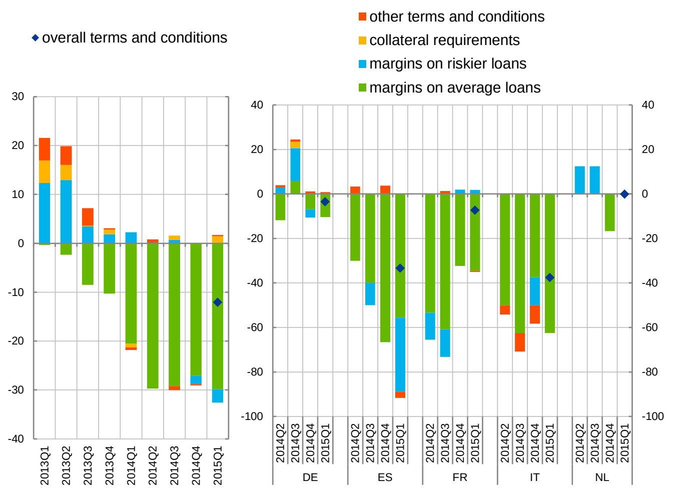
2.2.2 Terms and conditions for loans to households for house purchase continued to improve

Banks’ overall terms and conditions applied when granting new housing loans continued to improve considerably in the first quarter of 2015, while banks continued to report little change in the non-price terms and conditions (see Chart 6 and Table 6).

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 conditions and terms” are an unweighted average of “loan-to-value ratio”, “other loan size limits” (the latter from Q1 2015), “non-interest rate charges” and “maturity”. “Overall terms and conditions” were introduced in Q1 2015.

Table 6

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

(net percentage changes)

Country	Overall terms and conditions Jan 15	Overall terms and conditions Apr 15	Banks' margins on average loans Jan 15	Banks' margins on average loans Apr 15	Banks' margins on riskier loans Jan 15	Banks' margins on riskier loans Apr 15
Euro area		-12	-27	-30	-2	-3
DE		-3	-7	-10	-4	0
ES		-33	-67	-56	0	-33
FR		-7	-32	-35	2	2
IT		-38	-38	-63	-13	0
NL		0	-17	0	0	0

Note: See note to Chart 6.

A substantial net percentage of euro area banks reported again a narrowing of margins on average housing loans, thereby continuing the trend that had started in the second quarter of 2013. By contrast, banks reported only a slight further narrowing of margins on riskier loans, suggesting an ongoing intensification in banks’ risk differentiation. With regard to non-price terms and conditions, collateral requirements and the loan-to-value ratio had a small net tightening impact. By contrast, there was no evidence of an increase in non-interest charges for housing loans.

Across the large euro area countries, the improvement in price conditions applied to average loans was widespread and again particularly pronounced in Spain and Italy. Developments continued to be mixed regarding margins on riskier housing loans. Regarding non-price terms and conditions, banks in Germany reported a slight tightening impact of loan-to-value ratios, which may be a reaction to the strong increase in house prices in some regions in Germany.

Table 7

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

(net percentage changes)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
Euro area		-9		-15		-1		0
DE		3		-3		0		-3
ES		-30		-30		0		0
FR		-5		-7		0		2
IT		-25		-50		0		0
NL		0		0		0		0

Note: The first data point is for April 2015.

For the first time, banks were asked in this survey round also for the factors affecting terms and conditions in order to get insights into the underlying reasons for changes in credit terms and conditions, which may change more frequently than credit standards. Similar to credit standards, competition as well as banks' improved funding conditions contributed most to the net easing of terms and conditions (see Table 7).

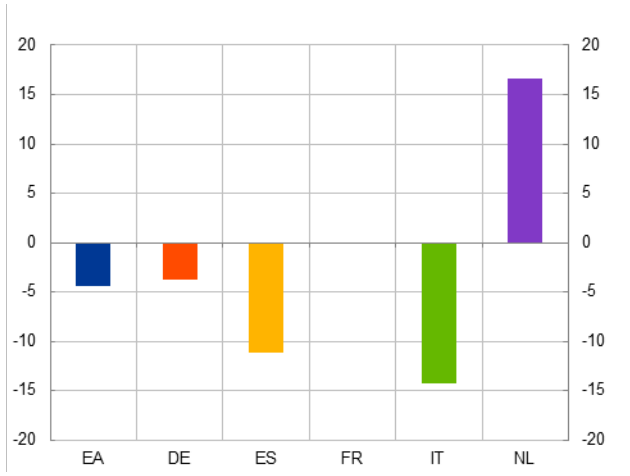
In all large euro area countries except for the Netherlands, competition contributed to an easing of credit terms and conditions, particularly strongly in Spain and Italy. Banks in Germany indicated a somewhat higher risk tolerance, in contrast to banks in France which reported the opposite attitude.

2.2.1 Rejection rate for loans to households for house purchase declined

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)



Notes: Share of loan rejections relative to the volume of all loan applications in that loan category. The first data point is for Q1 2015.

In the first quarter of 2015, according to euro area banks, the net share of rejected applications for loans to households for house purchase decreased (-4%; see Chart 7).

Looking at the largest euro area countries, the rejection rate for housing loans declined in particular in Italy and Spain, and to a smaller extent in Germany, while it increased in the Netherlands.

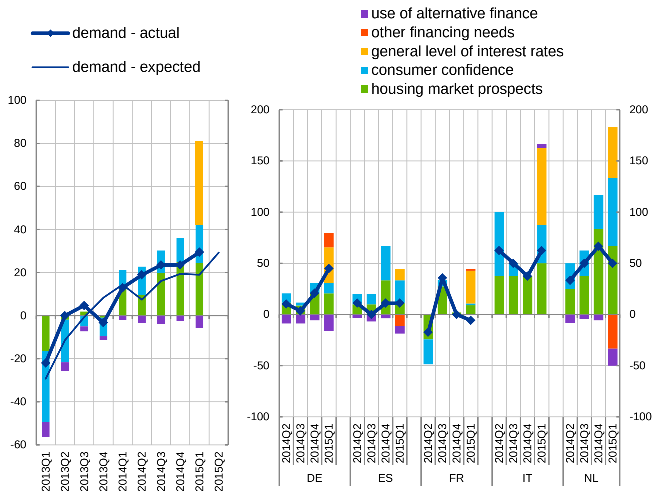
2.2.2 Increase in net demand for housing loans remained at elevated levels

In the first quarter of 2015, banks reported a further net increase in the demand for housing loans (29%, up from 24% in the previous quarter; see Chart 8 and Table A), again being markedly above its historical average. As in the previous quarters, this increase in demand was above banks' expectations for this quarter at the time of the previous survey round.

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 financing needs” are an unweighted average of “debt refinancing/restructuring and renegotiation” and “regulatory and fiscal regime of housing markets” (both from Q1 2015); “use of alternative finance” is an unweighted average of “internal financing out of savings/down payment” (from Q1 2015), “household savings” (until Q4 2014), “loans from other banks” and “other sources of external finance”. “General level of interest rates” was introduced in Q1 2015.

Among the large euro area countries, net demand for housing loans continued to increase particularly in Germany, Italy and the Netherlands. By contrast, net demand for housing loans declined in France and stood below its historical average.

Table 8

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

(net percentage changes)

	Housing market prospects		Consumer confidence		Other financing needs		General level of interest rates		Use of alternative finance	
Country	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
Euro area	25	24	11	18		1		37	-2	-6
DE	21	21	10	10		14		34	-6	-16
ES	33	11	33	22		-11		11	-4	-7
FR	2	9	0	2		2		32	0	0
IT	38	50	0	38		0		75	0	4
NL	83	67	33	67		-33		50	-6	-17

Note: See note to Chart 8.

Housing market prospects and the low general level of interest rates were the main factors contributing to demand for housing loans in the euro area. At the same time, caution is warranted as banks may need to adjust to the new factor. Consumer confidence was again also an important factor for the increased demand for housing loans (see Chart 8 and Table 8). Among the larger euro area countries, these three factors were particularly prominent in Italy and the Netherlands. Specifically in Germany, also debt refinancing contributed positively to loan demand, whereas in the Netherlands the regulatory and fiscal regime of housing markets had a dampening impact on loan demand. Both factors were introduced in this survey round.

Looking ahead, for the second quarter of 2015, euro area banks expect a stabilisation in the net increase in demand for housing loans at elevated levels.

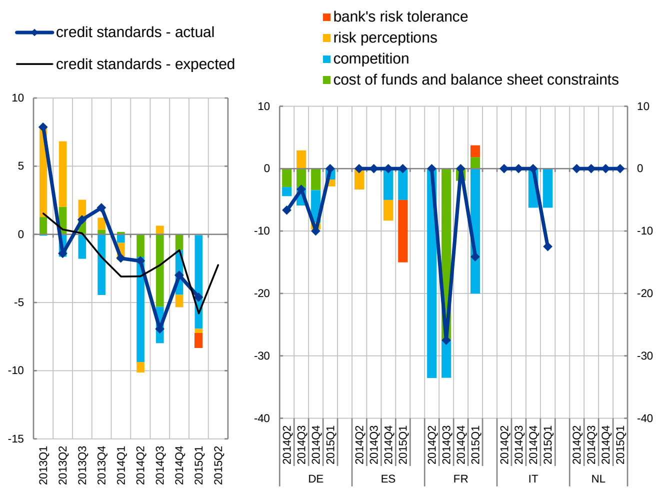
2.2.3 Further net easing of credit standards for consumer credit and other lending to households

In the first quarter of 2015, euro area banks eased further their credit standards for consumer credit and other lending to households (-5%, after -3% in the previous quarter; see Chart 9 and Table A), which remained at levels well below the historical average. The net easing was broadly in line with banks' expectations at the time of the previous survey round.

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" are an unweighted average of "general economic situation and outlook", "creditworthiness of consumers" and "risk on collateral demanded"; "competition" is an unweighted average of "competition from other banks" and "competition from non-banks". "Risk tolerance" was introduced in Q1 2015.

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	
	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
Euro area	-1	0	-3	-7	-1	0		-1
DE	-3	0	-5	-2	-1	-1		0
ES	0	0	-5	-5	-3	0		-10
FR	-2	2	0	-20	0	0		2
IT	0	0	-6	-6	0	0		0
NL	0	0	0	0	0	0		0

Note: See note to Chart 9.

Among the larger euro area countries, banks in France and Italy reported a net easing of credit standards for consumer credit and other lending to households, whereas credit standards remained stable in the other large countries.

Looking ahead, euro area banks expect a continued net easing of credit standards on consumer credit and other lending to households for the second quarter of 2015.

The further net easing of credit standards for consumer credit and other lending to euro area households reflected in particular ongoing competitive pressures (see Chart 9 and Table 9). A marginally higher risk tolerance by banks also contributed to the net easing.

Banks in all large euro area countries, except for the Netherlands, reported an easing impact of competition, in particular in France. In addition, banks increased their risk tolerance in Spain, but this was not transmitted into an easing of credit standards on consumer credit and other lending to households.

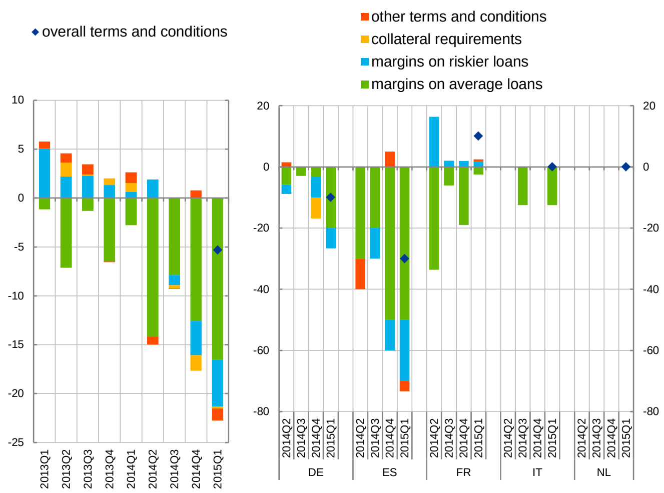
2.2.4 Terms and conditions for consumer credit and other lending to households improved further

Euro area banks reported in net terms an overall improvement of their terms and conditions on consumer credit and other lending to households in the first quarter of 2015. This was reflected in particular in a further narrowing of margins on average loans, and to a smaller extent also on riskier loans (see Chart 10).

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" are an unweighted average of "size of the loan" (from Q1 2015), "non-interest rate charges" and "maturity". "Overall terms and conditions" were introduced in Q1 2015.

Table 10

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

(net percentage changes)

Country	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
Euro area		-5	-13	-17	-3	-5
DE		-10	-3	-20	-7	-7
ES		-30	-50	-50	-10	-20
FR		10	-19	-3	2	2
IT		0	0	-13	0	0
NL		0	0	0	0	0

Note: See note to Chart 10.

As regards non-price terms and conditions, collateral requirements, loan size and maturity contributed slightly to the net easing, while non-interest rate charges had a neutral impact.

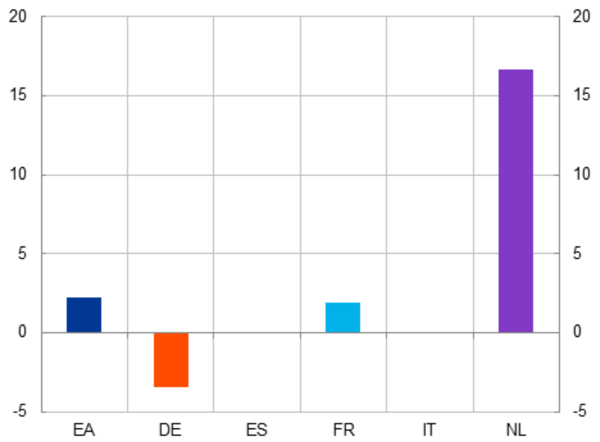
Among the larger euro area countries, margins on both average and riskier loans narrowed particularly in Spain and Germany. To a lesser extent, margins on average loans also narrowed in Italy and France.

Regarding banks' assessment of the impact of factors on the change in credit terms and conditions on new loans, according to participating banks, in particular competitive pressures and banks' cost of funds and balance sheet constraints contributed to an easing of banks' credit terms and conditions on consumer credit and other lending to households, while banks’ risk perceptions and risk tolerance contributed only marginally to the easing of terms and conditions (see Table 11).

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)



Notes: Share of loan rejections relative to the volume of all loan applications in that loan category. The first data point is for Q1 2015.

Table 11

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

(net percentage changes)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
Euro area		-4		-12		-1		-1
DE		3		-9		-3		0
ES		-30		-40		0		-10
FR		2		2		0		2
IT		0		-25		0		0
NL		0		0		0		0

Note: The first data point is for April 2015.

Among the largest euro area countries, banks in Spain indicated a considerable easing impact of most factors. In Italy and Germany, competitive pressures were the dominant factors having an easing impact. In addition, banks in Germany indicated an easing impact of banks’ risk perception, possibly related to the rather favourable employment situation in Germany.

2.2.5 Rejection rate for consumer credit and other lending to households increased slightly

According to euro area banks, the net share of rejected applications for consumer credit and other lending to households increased slightly in the first quarter of 2015 (2%; see Chart 11).

Among the largest euro area countries, the rejection rate increased in particular in the Netherlands and to a smaller extent in France. By contrast, it declined in Germany, in line with the overall favourable employment situation in Germany.

2.2.6 Further increase in net demand for consumer credit and other lending to households

According to euro area banks, the net demand for consumer credit and other lending to households continued to improve in the first quarter (13%, after 14%; see Chart 12 and Table A), standing at a level above its historical average.

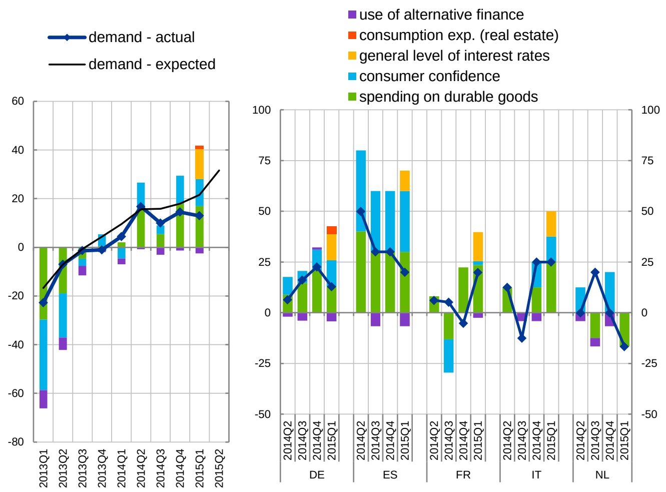
The net demand increased in all large euro area countries with the exception of the Netherlands.

Among the factors underlying the demand at the euro area level, in particular financing needs for spending on durable consumer goods contributed to the increase in demand (see Chart 12). In addition and possibly related to the demand for durable consumer goods, the low general level of interest rates as well as consumer confidence contributed to the increase in net demand.

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 an unweighted average of “internal financing out of savings” (from Q1 2015), “household savings” (until Q4 2014), “loans from other banks” and “other sources of external finance”. “Consumption exp. (real estate)” denotes “consumption expenditure financed through real estate-guaranteed loans”. “General level of interest rates” and “consumption expenditure financed through real estate-guaranteed loans” were introduced in Q1 2015.

Table 12

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

(net percentage changes)

	Spending on durable goods		Consumer confidence		Consumption exp. (real-estate)		General level of interest rates		Use of alternative finance	
Country	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
Euro area	18	17	11	11		1		12	-1	-3
DE	21	13	10	13		4		13	1	-4
ES	30	30	30	30		0		10	0	-7
FR	22	24	0	2		0		14	0	-2
IT	13	25	13	13		0		13	-4	0
NL	0	-17	20	0		0		0	-7	0

Note: See note to Chart 12.

Across the larger euro area countries, all three factors mentioned above were relevant in explaining the increase in demand for consumer credit and other lending to households. However, internal financing out of savings contributed negatively to demand in Germany and Spain, and in France loans from other banks contributed negatively. The decline in demand in the Netherlands was mainly attributed to a decrease in the financing need for spending on durable consumer goods.

For the second quarter of 2015, euro area banks expect a further net increase in the demand for consumer credit and other lending to households.

3 Ad hoc questions

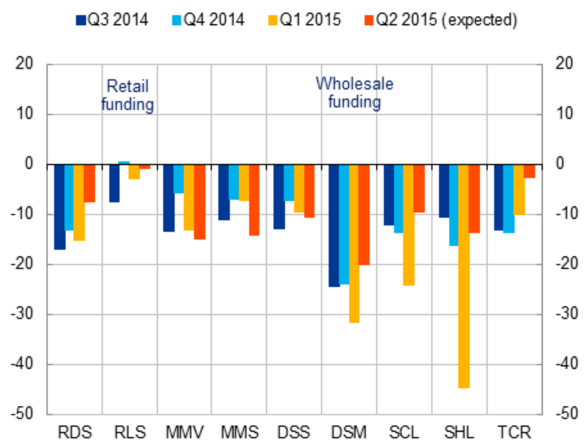
3.1 Banks' access to retail and wholesale funding

As in previous survey rounds, the April 2015 survey questionnaire included a question which aimed at assessing the extent to which the situation in financial markets affected banks' access to retail and wholesale funding.[9]

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)



Notes: 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". "RDS" denotes short-term deposits, "RLS" denotes long-term deposits and other retail funding instruments, "MMV" denotes very short-term money market, "MMS" denotes short-term money market, "DSS" denotes short-term debt securities, "DSM" denotes medium to long-term debt securities, "SCL" denotes securitisation of corporate loans, "SHL" denotes securitisation of loans for house purchase, and "TCR" denotes ability to transfer credit risk off the balance sheet.

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
Jan 15	-6	-6	-16	-15
Apr 15	-9	-10	-21	-26

Note: See note to Chart 13.

For the first quarter of 2015, euro area banks reported a further net easing of their access to funding for all main market instruments and for retail deposits (see Chart 13). Compared with the previous quarter, the improvements were more pronounced in all main categories, but in particular for banks' access to debt securities markets as well as to securitisation.[10]

Looking ahead, for the second quarter of 2015, euro area banks expect a further net improvement of their access to retail and wholesale funding.

3.2 Banks' current level of credit standards

For the second time, the April 2015 survey questionnaire included an annual ad hoc question on the current level of credit standards compared with the levels that have prevailed between the first quarter of 2003 and the current quarter, as well as between the second quarter of 2010 (i.e. when the sovereign debt crisis started to intensify) and the current quarter. Information on the level of credit standards is useful to put into perspective banks' replies on the changes in credit standards over the past three months. Specifically, as the initial level of credit standards when the

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

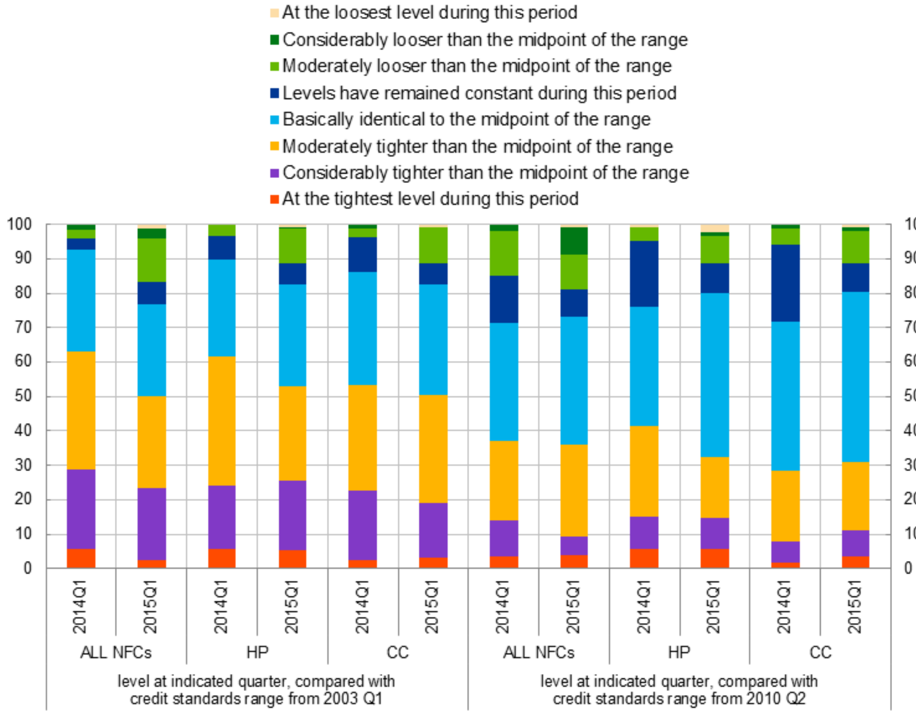
[10] However, for the results on securitisation, there are a large number of banks that replied "not applicable" as this source of funding is not relevant for them (around 55% in the first quarter of 2015).

BLS was introduced in the respective countries is unknown, and as the BLS is a qualitative survey, an accumulation of changes in order to derive the current level of credit standards may be misleading. In addition, the accumulation of changes in credit standards to derive their level is particularly difficult due to the fact that reported changes tend to exhibit a bias towards "tightening", implying that cumulated changes have an upward trend. At the same time, it needs to be acknowledged that an assessment of the current level, in particular compared with a long-term range since 2003, may be difficult for banks and needs therefore to be viewed with some caution.

Chart 14

Current level of credit standards for loans to enterprises and households, relative to the level of credit standards in the past

(percentages of banks)



Notes: The "midpoint of the range" of credit standards is defined as the midpoint between the maximum and the minimum level of credit standards during this time period. "All NFCs" indicates loans to all non-financial corporations, "HP" indicates loans to households for house purchase, and "CC" indicates consumer credit and other lending to households.

In the first quarter of 2015, in net terms 33% of the euro area banks assessed their current level of credit standards for loans to enterprises as being tighter compared with the midpoint of the range since 2003 (see Chart 14).[11] This was considerably lower than one year ago (59%) and reflects the net easing of credit standards on loans to euro area enterprises since the second quarter of 2014. The net decline was

11 "In net terms" is defined here as the difference between "tighter" (defined for this question as the sum of the percentages of banks reporting "moderately tighter than the midpoint of the range", "considerably tighter than the midpoint of the range" and "at the tightest level during this period") and "looser" (defined for this question as the sum of the percentages of banks reporting "moderately looser than the midpoint of the range", "considerably looser than the midpoint of the range" and "at the loosest level during this period").

driven by both a higher percentage of banks reporting looser credit standards compared with the midpoint of the historical range (17%, after 4%) and a lower percentage of banks reporting a tighter level than the midpoint of the historical range (50%, after 63%). At the same time, the level of credit standards for loans to euro area enterprises remained higher than the midpoint of historical levels.

When comparing the current level of credit standards with the midpoint of the shorter range between the second quarter of 2010 and now, euro area banks also reported in net terms an improvement in the level of credit standards on loans to enterprises compared with their indications one year ago (in net terms 17%, after 22%). The net decline was driven by a higher percentage of banks reporting looser credit standards compared with the range since 2010 (19%, after 15%), whereas the percentage of banks reporting a tighter level remained broadly unchanged (36%, after 37%).

With respect to loans to households for house purchase, in net terms 42% of the euro area banks (compared with 58% one year ago) assessed their current level of credit standards as tighter compared with the midpoint of the range since 2003 (see Chart 14). The net decline was driven by both a higher percentage of banks reporting looser credit standards compared with the historical range (11%, after 3%) and a lower percentage of banks reporting a tighter level than the historical range (53%, after 62%). At the same time, the level of credit standards for housing loans remained higher than historical levels.

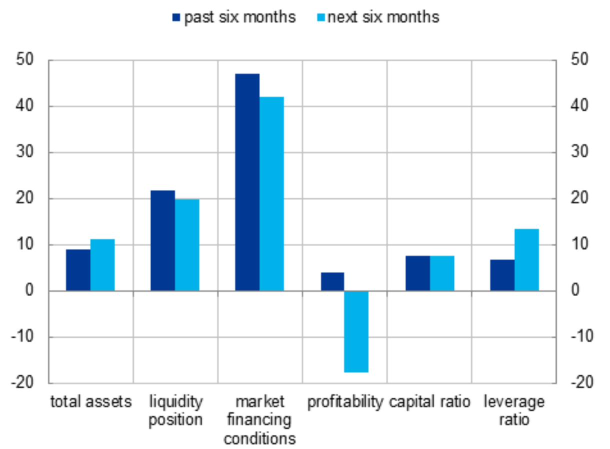
Regarding the shorter range (i.e. since the second quarter of 2010), euro area banks also reported in net terms an improvement in the level of credit standards compared with their indications one year ago (in net terms 21%, after 37%). Again, the decline was driven by a higher percentage of banks reporting looser credit standards compared with the midpoint of the range since 2010 (11%, after 5%), and a lower percentage of banks reporting a tighter level of credit standards (32%, after 41%).

3.3 The impact of the ECB's expanded asset purchase programme

Chart 15

Overview of the impact of the expanded APP on euro area banks' financial situation

(net percentage of respondents)



Notes: The net percentages are defined as the difference between the sum of the percentages for "increased/improved considerably" and "increased/improved somewhat" and the sum of the percentages for "decreased/deteriorated somewhat" and "decreased/deteriorated considerably". The results shown are calculated as a percentage of the number of banks which did not reply "not applicable".

The April 2015 survey questionnaire included three ad hoc questions aimed at gauging the impact of the ECB's expanded asset purchase programme (APP), which was announced on 22 January 2015. This programme encompasses the ongoing purchase programmes for asset-backed securities (ABSPP) and covered bonds (CBPP3), as well as secondary market purchases of euro-denominated bonds issued by euro area central governments, certain agencies established in the euro area and European institutions. Banks were asked to consider both direct and indirect effects of the APP, as there may be indirect effects on banks' financial situation and asset allocation even if the respective bank has not been involved in any direct asset sales to the Eurosystem. Banks reported the impact of the APP on their financial situation. In addition, banks were asked about the purposes for which they did or will use the additional liquidity arising from the APP, either owing to banks' sales of marketable assets or to an increase in customer deposits. Finally, banks provided an assessment of the impact of the APP on their lending conditions.

3.3.1 Impact of the ECB's expanded asset purchase programme on banks' financial situation

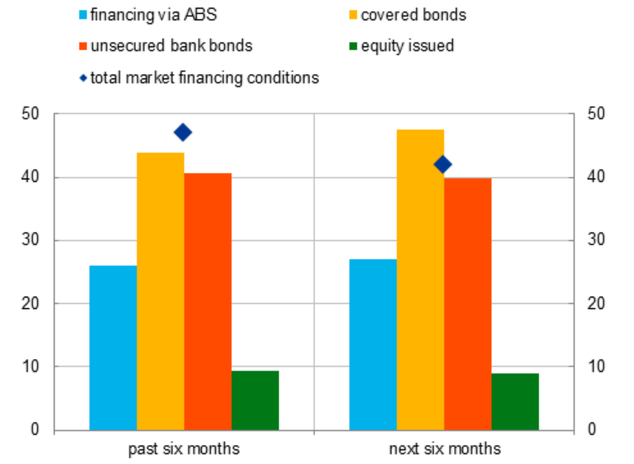
This section provides indications on the impact of the APP on banks' assets, their liquidity situation, market financing conditions, bank profitability and banks' capital and leverage ratio. Related to the APP, euro area banks have reported an overall improvement of their financial situation over the past six months and expect this improvement to continue over the next six months, except for the APP impact on banks' profitability (see Chart 15).

In detail, in net terms 9% of the euro area banks reported an increase in their total assets over the past six months, including an increase of their euro area sovereign bond holdings. At the same time, they expect a decline of their holdings of euro area sovereign bonds over the next six months as a consequence of the APP (net percentage of banks: -12%), but a continued increase in their total assets (net percentage of banks: 11%).

Chart 16

Impact of the expanded APP on euro area banks' market financing conditions

(net percentage of respondents)



Note: See note to Chart 15.

Regarding the impact of the APP on banks' liquidity situation, in net terms 21% of the euro area banks reported that their liquidity situation improved considerably over the past six months and expect this development to continue over the next six months (20% of the banks in net terms), on account of both their sales of marketable assets and an increase in deposits from enterprises and households, the latter source expected to become the dominant one over the next six months.

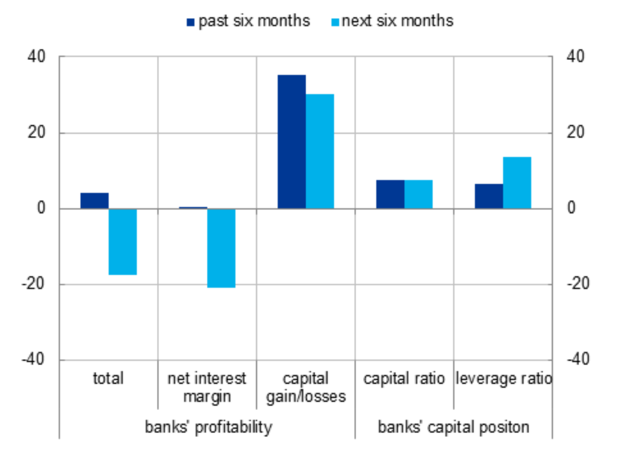
Nearly half of the euro area banks (net percentage of 47%) reported a positive impact of the APP on their market financing conditions, in particular for their financing via covered bonds and unsecured bank bonds (see Chart 16), in line with banks' considerably further improved access to debt securities financing (see Section 3.1). For the banks with asset-backed securities (ABS) business (about 50% of the euro area banks in the BLS sample), also this financing source improved considerably. Banks (in net terms 42%) expect an ongoing improvement of their market financing conditions related to the APP also for the next six months.

Related to a generally negative impact of the low level of interest rates and the flattening of the term structure of interest rates on bank profitability, in net terms 18% of the euro area banks expect the APP to have a negative impact on euro area banks' profitability over the next six months (see Chart 17), related to a decline in net interest margins, whereas capital gains are expected to have a positive impact on banks' profitability. Moreover, with regard to banks' capital and leverage ratio, euro area banks indicated a positive APP impact for the past and next six months.

Chart 17

Impact of the expanded APP on euro area banks' profitability and capital position

(net percentage of respondents)



Note: See note to Chart 15.

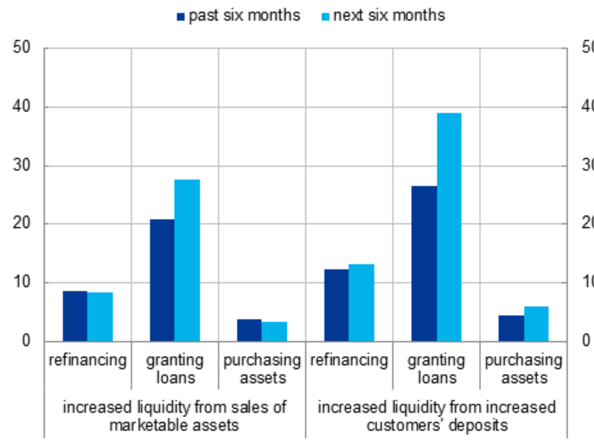
3.3.2 Purposes for which banks use the additional liquidity from the ECB's expanded asset purchase programme

The additional liquidity resulting from the APP may either stem from banks' sales of marketable assets or from an increase in customer deposits. Banks can use the additional liquidity stemming from either of the two sources for refinancing purposes, for granting loans or for purchasing assets. The first part of this section reports the purposes for which banks have used or intend to use the additional liquidity resulting from their sales of marketable assets, while the second part looks at the purposes for which banks have used or intend to use the additional liquidity resulting from an increase in

Chart 18

Purposes for which euro area banks use the additional liquidity from the expanded APP – overview

(average percentage of respondents per category)



Notes: The percentages are defined as the sum of the percentages for "has contributed (will contribute) considerably to this purpose" and "has contributed (will contribute) somewhat to this purpose". The results shown are calculated as a percentage of the number of banks which did not reply "not applicable".

customer deposits.

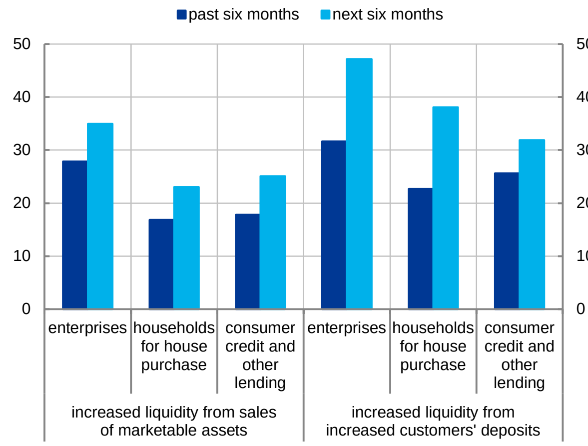
Euro area banks indicated that they have used the additional liquidity from their sales of marketable assets related to the APP over the past six months in particular for granting loans (see Chart 18). Specifically, 28% of the euro area banks indicated that they have used the funds for granting loans to enterprises, while 17% and 18% respectively indicated that they have used the funds for granting housing loans and consumer credit and other lending to households (see Chart 19). Over the coming six months, the percentage of banks that intend to use the APP liquidity from their sales of marketable assets for granting loans increases in all three loan categories (loans to enterprises: 35%; housing loans: 23%; consumer credit and other lending to households: 25%). This suggests that the APP seems to be effective in supporting lending to the euro area economy.

In addition, on average 9% of the euro area banks reported that they used the liquidity from the sales of marketable assets to some extent also for refinancing over the past six months (see Chart 18). This percentage is expected to remain broadly unchanged over the next six months (8%). In detail, euro area banks indicated that they used the additional liquidity from their APP-related sales of marketable assets mainly for substituting maturing debt (12% of the banks) and for substituting Eurosystem liquidity operations (14%). By contrast, the substitution of deposit shortfalls (2%) and of interbank lending (6%) has been of lower importance at the euro area level (see Chart 20). A similar importance is also allocated to these components over the next six months.

Chart 19

Purposes for which euro area banks use the additional liquidity from the expanded APP – granting loans

(percentage of respondents)



Note: See note to Chart 18.

On average, a limited 4% of the euro area banks used the liquidity from the sales of marketable assets for purchasing other marketable assets over the past six months (see Chart 18). This percentage is expected to remain broadly unchanged over the next six months (3%).

Euro area banks were also asked for which purposes they have used the additional liquidity related to the APP from an increase in deposits of households and enterprises.

In line with the evidence on the use of the liquidity from banks' sales of marketable assets, banks also indicated for the additional APP-related liquidity from an increase in customer deposits that they have mainly used it for granting loans, specifically for loans to enterprises (percentage of banks for loans to enterprises: 32%; housing loans: 23%; consumer credit: 26%), and intend to do so to an increasing extent also over the coming six months (loans to enterprises: 47%; housing loans: 38%; consumer credit: 32%; see Charts 18 and 19). The percentages of banks indicating the use of this liquidity for granting loans are somewhat higher compared with the use of the liquidity resulting from the sales of marketable assets.

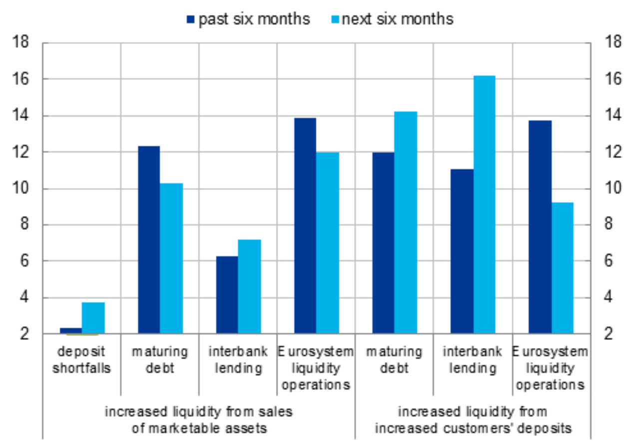
Moreover, with respect to refinancing purposes, euro area banks indicated a broadly equal distribution of the use of the APP-related liquidity from an increase in customer deposits across categories over the past six months, i.e. for substituting maturing debt (12%), interbank lending (11%) and Eurosystem liquidity operations (14%), with the latter being expected to become somewhat less important over the coming six months (see Chart 20).

Finally, with respect to purchasing euro area or non-euro area marketable assets with the additional APP liquidity from increased customer deposits, on average only 5% of the euro area banks indicated that they have done so over the past six months (see Chart 18), exclusively for purchases of euro area marketable assets (9%). The assessment by euro area banks remains broadly unchanged also for the next six months.

Chart 20

Purposes for which euro area banks use the additional liquidity from the expanded APP – refinancing

(percentage of respondents)

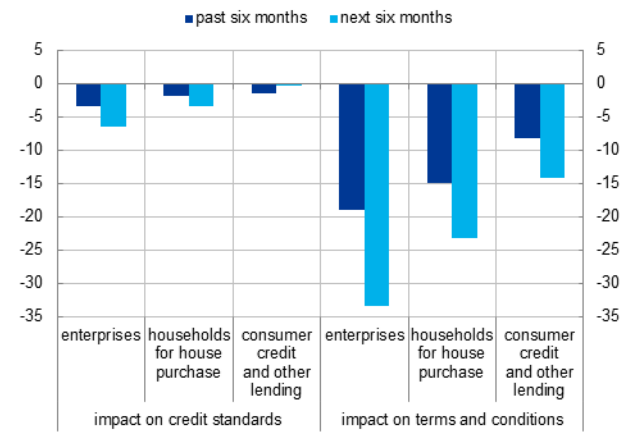


Note: See note to Chart 18.

Chart 21

Impact of the expanded APP on bank lending conditions

(net percentage of respondents)



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".

3.3.3 Impact of the ECB's expanded asset purchase programme on banks' lending conditions

Finally, euro area banks indicated a net easing impact of the APP on their credit standards over the past six months (loans to enterprises: -3%; housing loans: -2%;

consumer credit and other lending to households: -1%; see Chart 21). Over the next six months, banks expect this impact to become larger for loans to enterprises and housing loans (loans to enterprises: -6%; housing loans: -3%; consumer credit and other lending to households: 0%), probably resulting from the favourable APP impact on their market financing and liquidity situation. In line with banks' indication that they use the additional APP-related liquidity mainly for loans to enterprises, they also indicated the largest impact on credit standards for loans to enterprises.

A considerable percentage of euro area banks indicated a favourable APP impact on their credit terms and conditions (loans to enterprises: -19%; housing loans: -15%; consumer credit and other lending to households: -8%; see Chart 21). Similar to credit standards, this favourable impact is expected to increase over time (loans to enterprises: -33%; housing loans: -23%; consumer credit and other lending to households: -14%).

Annex 1
Results for the standard questions[12]

Loans or credit lines to enterprises

Question 1

Over the past three months, how have your bank's credit standards as applied to the approval of loans or credit lines to enterprises 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		Loans to large enterprises		Short-term loans		Long-term loans	
	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
Tightened considerably	0	0	0	0	1	0	0	0	1	0
Tightened somewhat	2	2	1	1	1	2	1	0	2	2
Remained basically unchanged	91	88	92	90	92	90	92	90	92	92
Eased somewhat	7	10	7	9	7	8	7	9	6	6
Eased considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**-5**	***-9***	***-7***	***-9***	**-5**	***-5***	**-6**	***-9***	**-4**	***-3***
Diffusion index	**-2**	***-4***	**-3**	***-4***	**-2**	***-2***	**-3**	***-4***	**-2**	***-1***
Mean	*3.05*	*3.09*	*3.07*	*3.09*	*3.04*	*3.05*	*3.06*	*3.09*	*3.03*	*3.03*
Number of banks responding	***131***	***137***	***127***	***132***	***127***	***133***	***131***	***137***	***131***	***137***

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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

[12] Figures in the tables in the annexes 1 and 2 may deviate slightly from those in the text 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)

OVERALL

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	1	95	3	0	0	-3	-2	-1	-1	3.03	3.02
Your bank's ability to access market financing	0	1	96	3	0	0	-3	-2	-2	-1	3.03	3.02
Your bank's liquidity position	0	1	89	9	0	0	-9	-8	-5	-4	3.09	3.09
B) Pressure from competition												
Competition from other banks	0	0	81	18	0	1	-12	-18	-6	-9	3.13	3.19
Competition from non-banks	0	0	97	0	0	3	-3	0	-2	0	3.04	3.00
Competition from market financing	0	0	93	4	0	3	-5	-4	-3	-2	3.06	3.04
C) Perception of risk												
General economic situation and outlook	0	3	95	2	0	0	-1	0	0	0	3.01	3.00
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	3	94	4	0	0	-3	-1	-2	-1	3.03	3.01
Risk related to the collateral demanded	0	2	98	0	0	0	2	2	1	1	2.98	2.98
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	3	93	3	0	1		-1		0		3.01

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	0	93	3	0	4	-4	-3	-2	-1	3.04	3.03
Your bank's ability to access market financing	0	1	93	3	0	4	-3	-3	-2	-1	3.04	3.03
Your bank's liquidity position	0	1	88	7	0	4	-8	-6	-4	-3	3.08	3.07
B) Pressure from competition												
Competition from other banks	0	0	82	17	0	1	-10	-17	-5	-9	3.10	3.17
Competition from non-banks	0	0	97	0	0	3	0	0	0	0	2.99	2.99
Competition from market financing	0	0	97	0	0	3	0	0	0	0	3.00	3.00
C) Perception of risk												
General economic situation and outlook	0	2	95	2	0	1	-1	0	-1	0	3.01	3.00
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	2	94	3	0	1	-2	-2	-1	-1	3.02	3.02
Risk related to the collateral demanded	0	2	97	0	0	1	2	2	1	1	2.98	2.98
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	91	4	0	4		-3		-1		3.03

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	2	94	2	0	1	-1	0	0	0	3.01	3.00
Your bank's ability to access market financing	0	1	97	1	0	1	-2	0	-1	0	3.02	3.00
Your bank's liquidity position	0	1	91	7	0	1	-9	-7	-4	-3	3.09	3.07
B) Pressure from competition												
Competition from other banks	0	0	83	14	1	2	-10	-15	-5	-8	3.11	3.16
Competition from non-banks	0	0	95	2	0	3	-2	-2	-1	-1	3.02	3.01
Competition from market financing	0	0	91	7	0	3	-6	-7	-4	-3	3.07	3.06
C) Perception of risk												
General economic situation and outlook	0	2	93	3	0	1	-3	-1	-1	-1	3.03	3.01
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	3	90	6	0	1	-4	-3	-2	-1	3.04	3.03
Risk related to the collateral demanded	0	1	97	1	0	1	2	1	1	0	2.98	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	4	91	3	0	2		0		0		3.00

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage 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 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 3

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

(in percentages, unless otherwise stated)

OVERALL

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Overall terms and conditions												
Overall terms and conditions	0	3	78	18	1	0		-15		-8		3.16
B) Margins												
Your bank's margin on average loans	0	4	56	39	2	0	-24	-37	-13	-19	3.26	3.38
Your bank's margin on riskier loans	0	7	80	11	2	0	-2	-5	-2	-3	3.03	3.07
C) Other conditions and terms												
Non-interest rate charges	0	1	92	5	1	0	-4	-5	-2	-3	3.05	3.06
Size of the loan or credit line	0	1	91	6	1	0	-8	-6	-4	-3	3.08	3.07
Collateral requirements	0	2	95	3	1	0	-2	-2	-1	-1	3.02	3.03
Loan covenants	0	0	95	4	1	0	-7	-5	-3	-3	3.07	3.06
Maturity	0	1	92	6	1	0	-5	-6	-3	-3	3.05	3.07

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Overall terms and conditions												
Overall terms and conditions	0	2	79	18	0	1		-16		-8		3.16
B) Margins												
Your bank's margin on average loans	0	3	63	33	1	1	-25	-31	-13	-16	3.25	3.32
Your bank's margin on riskier loans	0	7	82	10	1	1	-1	-4	-1	-2	3.01	3.05
C) Other conditions and terms												
Non-interest rate charges	0	1	93	5	0	1	-4	-4	-2	-2	3.04	3.04
Size of the loan or credit line	0	1	92	6	1	1	-9	-6	-5	-3	3.09	3.07
Collateral requirements	0	1	95	3	0	1	-2	-2	-1	-1	3.02	3.02
Loan covenants	0	0	97	2	1	1	-5	-2	-3	-1	3.05	3.03
Maturity	0	0	91	7	0	1	-4	-7	-2	-3	3.05	3.07

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Overall terms and conditions												
Overall terms and conditions	0	3	80	14	1	1		-11		-6		3.12
B) Margins												
Your bank's margin on average loans	0	4	58	35	1	1	-22	-32	-12	-17	3.24	3.34
Your bank's margin on riskier loans	0	8	81	10	1	1	0	-3	0	-2	3.01	3.04
C) Other conditions and terms												
Non-interest rate charges	0	1	88	9	1	1	-5	-8	-3	-4	3.06	3.09
Size of the loan or credit line	0	1	85	12	1	1	-8	-11	-4	-6	3.08	3.12
Collateral requirements	0	1	92	5	1	1	-3	-5	-1	-3	3.03	3.06
Loan covenants	0	0	89	7	2	1	-8	-9	-4	-6	3.09	3.11
Maturity	0	2	87	8	1	1	-5	-7	-2	-4	3.05	3.08

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding “- -” (tightened considerably) and “-” (tightened somewhat), and the sum of banks responding “+” (eased somewhat) and “+ +” (eased considerably). “°” means “basically unchanged credit standards”. 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 4

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

(in percentages, unless otherwise stated)

OVERALL IMPACT ON YOUR BANK'S CREDIT TERMS AND CONDITIONS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	84	12	0	2		-9		-5		3.09
B) Pressure from competition												
Pressure from competition	0	2	60	34	1	3		-32		-17		3.33
C) Perception of risk												
Perception of risk	0	0	95	2	0	2		-2		-1		3.02
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	3	91	4	0	2		-1		0		3.01

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	82	15	0	2		-14		-7		3.14
B) Pressure from competition												
Pressure from competition	0	2	55	38	2	3		-37		-20		3.40
C) Perception of risk												
Perception of risk	0	0	93	5	0	2		-4		-2		3.04
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	92	4	0	2		-2		-1		3.02

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	93	3	0	2		-1		0		3.01
B) Pressure from competition												
Pressure from competition	0	2	80	15	0	3		-13		-7		3.13
C) Perception of risk												
Perception of risk	0	2	96	1	0	2		1		0		2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	3	95	0	0	2		3		2		2.97

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage 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 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 5

Over the past three months (apart from normal seasonal fluctuations), has the share of enterprise loan applications that were completely rejected 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	
	Jan 15	Apr 15
Decreased considerably		1
Decreased somewhat		5
Remained basically unchanged		92
Increased somewhat		2
Increased considerably		0
Total		*100*
Net percentage		***-5***
Diffusion index		***-3***
Mean		*2.95*
Number of banks responding		***135***

Notes: The net percentage is 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". 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 6

Over the past three months (apart from normal seasonal fluctuations), how has the demand for loans or credit lines 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	
	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
Decreased considerably	1	0	0	0	1	0	1	1	1	0
Decreased somewhat	2	13	12	11	2	12	5	8	2	11
Remained basically unchanged	75	68	72	70	74	68	77	71	75	68
Increased somewhat	21	19	15	19	24	16	17	18	22	21
Increased considerably	0	0	1	0	0	3	0	3	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**18**	***6***	**3**	***8***	**21**	***7***	**11**	***12***	**19**	***10***
Diffusion index	**9**	***3***	**2**	***4***	**10**	***5***	**5**	***7***	**9**	***5***
Mean	*3.18*	*3.05*	*3.04*	*3.07*	*3.21*	*3.10*	*3.11*	*3.14*	*3.18*	*3.10*
Number of banks responding	***131***	***135***	***127***	***131***	***127***	***132***	***131***	***136***	***131***	***136***

Notes: The net percentage is 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". 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

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	NetP Jan 15	NetP Apr 15	DI Jan 15	DI Apr 15	Mean Jan 15	Mean Apr 15
A) Financing needs/underlying drivers or purpose of loan demand												
Fixed investment	1	14	77	8	0	0	11	-6	5	-3	3.10	2.93
Inventories and working capital	1	8	69	18	3	0	9	13	4	7	3.08	3.15
Mergers/acquisitions and corporate restructuring	0	6	84	9	1	0	11	4	5	2	3.11	3.04
General level of interest rates	0	0	74	25	1	0		26		13		3.27
Debt refinancing/restructuring and renegotiation	0	10	70	20	0	0	14	10	7	5	3.14	3.11
B) Use of alternative finance												
Internal financing	2	7	90	2	0	0	-4	-6	-2	-4	2.96	2.92
Loans from other banks	0	4	91	6	0	0	4	2	2	1	3.04	3.02
Loans from non-banks	0	2	95	1	0	2	-1	0	-1	0	2.99	2.99
Issuance/redemption of debt securities	0	10	87	2	0	2	-3	-8	-1	-4	2.97	2.91
Issuance/redemption of equity	0	3	96	0	0	2	1	-3	1	-1	3.01	2.97

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "+" (contributed somewhat to increasing demand) and "+ +" (contributed considerably to increasing demand) and the sum of banks responding "- " (contributed somewhat to lowering demand) and "--" (contributed considerably to lowering demand). "°" means "contributed to basically unchanged demand". 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

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 Jan 15	Overall Apr 15	Loans to small and medium-sized enterprises Jan 15	Loans to small and medium-sized enterprises Apr 15	Loans to large enterprises Jan 15	Loans to large enterprises Apr 15	Short-term loans Jan 15	Short-term loans Apr 15	Long-term loans Jan 15	Long-term loans Apr 15
Tighten considerably	0	0	0	0	0	0	0	0	0	0
Tighten somewhat	2	6	1	5	4	6	1	5	3	6
Remain basically unchanged	90	88	91	89	92	89	92	89	90	88
Ease somewhat	7	6	8	7	5	5	7	6	7	6
Ease considerably	0	0	0	0	0	1	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***-5***	***-1***	***-7***	***-2***	***-1***	***0***	***-6***	***-2***	***-4***	***0***
Diffusion index	***-3***	***0***	***-4***	***-1***	***-1***	***-1***	***-3***	***-1***	***-2***	***0***
Mean	*3.05*	*3.01*	*3.07*	*3.02*	*3.01*	*3.02*	*3.06*	*3.02*	*3.04*	*3.00*
Number of banks responding	***130***	***137***	***124***	***132***	***126***	***133***	***130***	***137***	***130***	***137***

Notes: The net percentage is defined as the difference between the sum of the percentages for "tighten considerably" and "tighten somewhat", and the sum of the percentages for "ease somewhat" and "ease 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

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	
	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
Decrease considerably	0	0	0	0	0	0	1	1	0	0
Decrease somewhat	5	2	4	2	4	3	2	2	4	2
Remain basically unchanged	73	56	75	55	78	65	78	61	74	60
Increase somewhat	22	41	20	42	17	32	20	36	21	38
Increase considerably	0	0	1	0	0	0	0	0	1	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***17***	***39***	***17***	***40***	***13***	***30***	***17***	***34***	***17***	***37***
Diffusion index	***8***	***20***	***9***	***20***	***7***	***15***	***8***	***17***	***9***	***18***
Mean	*3.17*	*3.39*	*3.17*	*3.40*	*3.13*	*3.30*	*3.17*	*3.33*	*3.18*	*3.37*
Number of banks responding	***130***	***137***	***127***	***132***	***127***	***133***	***131***	***137***	***130***	***137***

Notes: The net percentage is defined as the difference between the sum of the percentages for “increase considerably” and “increase somewhat”, and the sum of the percentages for “decrease somewhat” and “decrease 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Loans to households

Question 10

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jan 15	Apr 15	Jan 15	Apr 15
Tightened considerably	0	0	0	0
Tightened somewhat	1	7	0	2
Remained basically unchanged	94	88	96	90
Eased somewhat	5	5	3	7
Eased considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***-4***	***2***	***-3***	***-5***
Diffusion index	***-2***	***1***	***-2***	***-2***
Mean	*3.04*	*2.99*	*3.03*	*3.05*
Number of banks responding	***126***	***130***	***127***	***132***

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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

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	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	96	3	0	0	1	-1	0	-1	2.99	3.01
B) Pressure from competition												
Competition from other banks	0	1	86	11	0	2	-9	-11	-5	-5	3.09	3.11
Competition from non-banks	0	1	97	0	0	2	-1	0	-1	0	3.01	2.99
C) Perception of risk												
General economic situation and outlook	0	0	98	2	0	0	2	-2	1	-1	2.98	3.02
Housing market prospects, including expected house price developments	0	2	97	0	0	0	4	2	2	1	2.96	2.98
Borrower's creditworthiness	0	0	99	0	0	0		0		0		3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	96	1	0	0		1		0		2.99

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage 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 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 12

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Overall terms and conditions												
Overall terms and conditions	0	2	84	13	2	0		-12		-7		3.14
B) Margins												
Your bank's loan margin on average loans	0	5	60	33	2	0	-27	-30	-14	-16	3.27	3.31
Your bank's loan margin on riskier loans	0	5	86	8	0	0	-2	-3	-1	-1	3.02	3.02
C) Other terms and conditions												
Collateral requirements	0	1	98	0	0	0	0	1	0	1	3.00	2.99
"Loan-to-value" ratio	0	3	97	0	0	0	1	3	1	1	2.99	2.97
Other loan size limits	0	0	99	0	0	0		0		0		3.00
Maturity	0	0	98	2	0	0	-1	-2	-1	-1	3.01	3.02
Non-interest rate charges	0	0	100	0	0	0	0	0	0	0	3.00	2.99

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (tightened considerably) and "-" (tightened somewhat), and the sum of banks responding "+" (eased somewhat) and "+ +" (eased considerably). "°" means "basically unchanged credit standards". 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 13

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

(in percentages, unless otherwise stated)

OVERALL IMPACT ON YOUR BANK'S CREDIT TERMS AND CONDITIONS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	80	9	2	8		-9		-5		3.10
B) Pressure from competition												
Pressure from competition	0	1	73	16	0	10		-15		-8		3.16
C) Perception of risk												
Perception of risk	0	0	91	1	0	8		-1		0		3.01
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	91	1	0	8		0		0		3.00

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	75	12	2	10		-11		-6		3.12
B) Pressure from competition												
Pressure from competition	0	3	59	27	0	12		-24		-12		3.26
C) Perception of risk												
Perception of risk	0	1	84	6	0	9		-5		-3		3.06
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	84	5	0	9		-4		-2		3.04

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	84	3	0	10		0		0		2.99
B) Pressure from competition												
Pressure from competition	0	2	82	3	0	12		-2		-1		3.02
C) Perception of risk												
Perception of risk	0	1	89	0	0	10		1		0		2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	88	1	0	10		0		0		2.99

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage 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 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

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	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	99	0	0	0	-1	0	-1	0	3.01	3.00
B) Pressure from competition												
Competition from other banks	0	0	90	9	0	0	-6	-9	-3	-4	3.06	3.09
Competition from non-banks	0	0	94	5	0	0	-1	-5	0	-3	3.00	3.05
C) Perception of risk												
General economic situation and outlook	0	1	98	1	0	0	-2	0	-1	0	3.02	3.00
Creditworthiness of consumers(1)	0	0	98	2	0	0	-1	-2	-1	-1	3.01	3.02
Risk on the collateral demanded	0	1	99	0	0	0	0	1	0	1	3.00	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	97	2	0	0		-1		-1		3.01

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage 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 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

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	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Overall terms and conditions												
Overall terms and conditions	0	3	88	8	0	0		-5		-3		3.05
B) Margins												
Your bank's loan margin on average loans	0	4	76	20	0	0	-13	-17	-6	-8	3.13	3.16
Your bank's loan margin on riskier loans	0	2	91	6	0	0	-3	-5	-2	-2	3.03	3.05
C) Other terms and conditions												
Collateral requirements	0	1	98	1	0	0	-2	0	-1	0	3.02	3.00
Size of the loan	0	1	97	3	0	0		-2		-1		3.02
Maturity	0	0	98	1	0	0	2	-1	1	0	2.98	3.01
Non-interest rate charges	0	0	99	0	0	0	0	0	0	0	3.00	3.00

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (tightened considerably) and "-" (tightened somewhat), and the sum of banks responding "+" (eased somewhat) and "+ +" (eased considerably). "°" means "basically unchanged credit standards". 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 16

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

(in percentages, unless otherwise stated)

OVERALL IMPACT ON YOUR BANK'S CREDIT TERMS AND CONDITIONS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	88	5	0	6		-4		-2		3.03
B) Pressure from competition												
Pressure from competition	0	0	81	13	0	6		-12		-6		3.13
C) Perception of risk												
Perception of risk	0	0	93	1	0	6		-1		-1		3.01
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	91	2	0	6		-1		-1		3.01

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	86	5	0	7		-3		-2		3.03
B) Pressure from competition												
Pressure from competition	0	0	77	15	0	8		-15		-8		3.16
C) Perception of risk												
Perception of risk	0	0	90	2	0	7		-2		-1		3.02
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	91	1	0	7		-1		0		3.01

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	91	1	0	7		0		0		2.99
B) Pressure from competition												
Pressure from competition	0	0	89	3	0	8		-3		-2		3.04
C) Perception of risk												
Perception of risk	0	0	92	0	0	7		0		0		3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	90	1	0	7		0		0		3.00

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage 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 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 17

Over the past three months (apart from normal seasonal fluctuations), has the share of household loan applications that were completely rejected 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	
	Jan 15	Apr 15	Jan 15	Apr 15
Decreased considerably		0		0
Decreased somewhat		7		3
Remained basically unchanged		90		93
Increased somewhat		3		5
Increased considerably		0		0
Total		*100*		*100*
Net percentage		***-4***		***2***
Diffusion index		***-2***		***1***
Mean		*2.96*		*3.02*
Number of banks responding		***126***		***129***

Notes: The net percentage is 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". 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 18

Over the past three months (apart from normal seasonal fluctuations), how has the demand for loans 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	
	Jan 15	Apr 15	Jan 15	Apr 15
Decreased considerably	0	2	0	0
Decreased somewhat	3	11	3	8
Remained basically unchanged	70	44	80	71
Increased somewhat	25	40	15	20
Increased considerably	2	3	2	1
Total	*100*	*100*	*100*	*100*
Net percentage	***24***	***29***	***14***	***13***
Diffusion index	***13***	***15***	***8***	***7***
Mean	*3.25*	*3.30*	*3.17*	*3.14*
Number of banks responding	***126***	***130***	***128***	***133***

Notes: The net percentage is 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". 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

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	NetP		DI		Mean	
							Jan 15	Apr 15	Jan 15	Apr 15	Jan 15	Apr 15
A) Financing needs/underlying drivers or purpose of loan demand												
Housing market prospects, including expected house price developments	0	2	71	27	0	0	25	24	13	12	3.25	3.24
Consumer confidence	1	2	76	21	0	0	11	18	6	9	3.11	3.17
General level of interest rates	0	1	60	36	3	0		37		20		3.40
Debt refinancing/restructuring and renegotiation	0	2	88	10	0	0		8		4		3.08
Regulatory and fiscal regime of housing markets	1	9	84	3	2	1		-5		-2		2.96
B) Use of alternative sources for housing finance												
Internal finance of house purchase out of savings/down payment	0	12	86	2	0	0		-10		-5		2.90
Loans from other banks	2	7	88	3	1	0	-4	-5	-2	-3	2.96	2.94
Other sources of external finance	0	2	97	0	0	1	0	-2	0	-1	3.00	2.97

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "+" (contributed somewhat to increasing demand) and "+ +" (contributed considerably to increasing demand) and the sum of banks responding "- " (contributed somewhat to lowering demand) and "--" (contributed considerably to lowering demand). "°" means "contributed to basically unchanged demand". 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

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	NetP Jan 15	NetP Apr 15	DI Jan 15	DI Apr 15	Mean Jan 15	Mean Apr 15
A) Financing needs/underlying drivers or purpose of loan demand												
Spending on durable consumer goods	0	4	76	19	1	0	18	17	11	9	3.22	3.18
Consumer confidence	1	1	87	11	1	0	11	11	6	6	3.11	3.11
General level of interest rates	0	0	88	11	1	0		12		6		3.13
Consumption expenditure financed through real-estate guaranteed loans	0	0	98	1	0	0		1		1		3.01
B) Use of alternative finance												
Internal finance out of savings	0	5	94	0	0	0		-5		-2		2.95
Loans from other banks	0	2	97	0	1	0	-1	-1	0	0	2.99	2.99
Other sources of external finance	0	1	99	0	0	0	0	-1	0	-1	3.00	2.99

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "+" (contributed somewhat to increasing demand) and "+ +" (contributed considerably to increasing demand) and the sum of banks responding "- " (contributed somewhat to lowering demand) and "--" (contributed considerably to lowering demand). "°" means "contributed to basically unchanged demand". 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

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 Jan 15	Loans for house purchase Apr 15	Consumer credit and other lending Jan 15	Consumer credit and other lending Apr 15
Tighten considerably	0	0	0	0
Tighten somewhat	5	4	1	2
Remain basically unchanged	88	95	92	93
Ease somewhat	7	1	7	5
Ease considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***-1***	***3***	***-6***	***-2***
Diffusion index	***-1***	***2***	***-3***	***-1***
Mean	*3.01*	*2.97*	*3.06*	*3.02*
Number of banks responding	***125***	***129***	***126***	***131***

Notes: The net percentage is defined as the difference between the sum of the percentages for "tighten considerably" and "tighten somewhat", and the sum of the percentages for "ease somewhat" and "ease 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

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	
	Jan 15	Apr 15	Jan 15	Apr 15
Decrease considerably	1	0	0	0
Decrease somewhat	2	4	1	1
Remain basically unchanged	75	62	76	66
Increase somewhat	22	34	21	33
Increase considerably	0	0	1	0
Total	*100*	*100*	*100*	*100*
Net percentage	***19***	***29***	***22***	***32***
Diffusion index	***9***	***15***	***11***	***16***
Mean	*3.18*	*3.29*	*3.23*	*3.32*
Number of banks responding	***125***	***129***	***127***	***132***

Notes: The net percentage is defined as the difference between the sum of the percentages for “increase considerably” and “increase somewhat”, and the sum of the percentages for “decrease somewhat” and “decrease 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 is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Annex 2
Results for the ad hoc questions

Question A1

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?[1]

(in percentages unless otherwise stated)

	Over the past three months								Over the next three months								N/A[(2)]
	--	-	○	+	++	NetP	Mean	Standard deviation	--	-	○	+	++	NetP	Mean	Standard deviation	
A) Retail funding																	
Short-term deposits (up to one year)	2	1	78	15	3	-15	3.16	0.61	1	3	86	11	0	-8	3.07	0.41	12
Long-term (more than one year) deposits and other retail funding instruments	3	8	76	13	0	-3	3.00	0.58	1	4	89	6	0	-1	3.00	0.38	12
B) Inter-bank unsecured money market																	
Very short-term money market (up to 1 week)	1	1	83	15	0	-13	3.12	0.45	1	1	81	16	1	-15	3.15	0.51	7
Short-term money market (more than 1 week)	2	2	85	10	2	-7	3.07	0.52	1	1	82	15	1	-14	3.14	0.51	7
C) Wholesale debt securities[(3)]																	
Short-term debt securities (e.g. certificates of deposit or commercial paper)	2	4	78	16	0	-10	3.08	0.55	0	4	82	13	1	-11	3.12	0.48	20
Medium to long term debt securities (incl. covered bonds)	3	1	62	32	3	-32	3.32	0.69	1	5	69	24	1	-20	3.21	0.60	18
D) Securitisation[(4)]																	
Securitisation of corporate loans	2	1	70	25	2	-24	3.24	0.63	1	1	85	12	0	-9	3.08	0.47	55
Securitisation of loans for house purchase	2	2	49	32	16	-45	3.58	0.86	1	1	81	16	0	-14	3.12	0.52	56
E) Ability to transfer credit risk off balance sheet[(5)]																	
Ability to transfer credit risk off balance sheet	0	2	85	11	1	-10	3.11	0.46	0	2	93	5	0	-3	3.02	0.27	55

(1) Please also take into account any effect of state guarantees vis-à-vis debt securities and recapitalisation support.
(2) Please select "N/A" (not applicable) if and only if the source of funding is not relevant for your bank.
(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 and standard deviation are calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others. Figures may not exactly sum up due to rounding.

Question A2

How would you describe the current level of your bank's credit standards for each of the listed loan categories, relative to the range of your bank's credit standards in the time periods specified below?

(in percentages unless otherwise stated)

(i) Current level compared with the range of your bank's credit standards between the first quarter of 2003 and now:

	Loans to enterprises			Loans to households	
	Overall loans to enterprises	Loans to small and medium-sized	Loans to large enterprises	For house purchase	Consumer credit and other lending
Considerably tighter than the midpoint of the range	21	20	22	21	16
Moderately tighter than the midpoint of the range	27	29	25	27	31
Basically identical to the midpoint of the range	27	26	24	30	32
Moderately looser than the midpoint of the range	13	13	14	10	11
Considerably looser than the midpoint of the range	3	1	3	0	0
At the tightest level during this period	2	3	4	5	3
Levels have remained constant during this period	6	7	8	6	6
At the loosest level during this period	1	1	1	1	1

(ii) Current level compared with the range of your bank's credit standards between the second quarter of 2010 and now:

	Loans to enterprises			Loans to households	
	Overall loans to enterprises	Loans to small and medium-sized	Loans to large enterprises	For house purchase	Consumer credit and other lending
Considerably tighter than the midpoint of the range	5	4	5	9	8
Moderately tighter than the midpoint of the range	27	27	26	18	20
Basically identical to the midpoint of the range	37	39	31	48	49
Moderately looser than the midpoint of the range	10	10	12	8	9
Considerably looser than the midpoint of the range	8	8	11	1	1
At the tightest level during this period	4	3	4	6	4
Levels have remained constant during this period	8	8	9	9	8
At the loosest level during this period	1	1	1	2	1

Notes: The "midpoint of the range" of credit standards is defined as the midpoint between the maximum and the minimum level of credit standards during this time period.

Question A3

Over the past six months, has the ECB's expanded asset purchase programme led to a change in your bank's assets or affected (either directly or indirectly) your bank in any of the following areas? Is it likely to have an impact here over the next six months?

(in percentages unless otherwise stated)

	Over the past six months									Over the next six months								
	--	-	○	+	++	N/A (1)	NetP	Mean	Standard deviation	--	-	○	+	++	N/A (1)	NetP	Mean	Standard deviation
A) Your bank's total assets																		
Your bank's total assets (non-risk weighted volume)	0	3	85	12	0	12	9	3	0	0	8	72	19	0	14	11	3	1
of which:																		
euro area sovereign bond holdings	0	8	77	15	1	19	8	3	1	1	22	65	10	1	19	-12	3	1
B) Your bank's liquidity position																		
Your bank's overall liquidity position	1	2	74	23	1	15	22	3	1	0	0	80	17	3	15	20	3	1
owing to:																		
sales of marketable assets	0	1	88	10	0	27	9	3	0	0	1	92	7	0	26	6	3	0
an increase in deposits from enterprises(2) and households	1	4	80	16	0	19	11	3	0	0	0	86	14	0	20	13	3	0
C) Your bank's market financing conditions																		
Your bank's overall market financing conditions	1	2	48	45	4	15	47	4	1	0	1	56	35	8	15	42	3	1
of which financing via:																		
asset-backed securities	1	3	67	25	4	49	26	3		0	0	73	21	6	47	27	3	
covered bonds	1	4	47	44	5	26	44	3		0	1	50	41	8	26	47	4	
unsecured bank bonds	1	2	55	41	2	27	41	3	1	0	0	60	36	4	26	40	3	1
equity issued	0	3	85	12	0	55	9	3	0	0	1	90	10	0	55	9	3	0
D) Your bank's profitability																		
Your bank's overall profitability	1	20	54	23	2	16	4	3	1	4	28	55	14	0	15	-18	3	1
owing to:																		
net interest margin(3)	1	24	51	23	2	14	0	3	1	13	22	51	14	0	14	-21	3	1
capital gains/losses	0	2	61	24	13	19	35	3	1	0	2	65	33	0	19	30	3	1
of which: capital gains/losses out of sales of marketable assets	0	2	63	21	14	28	33	3	1	0	3	65	22	10	28	29	3	1
E) Your bank's capital position																		
Your bank's capital ratio(4)	0	2	89	9	0	16	7	3	0	0	3	87	10	0	15	8	3	0
owing to capital release(5)			95	5	0	34						90	10	0	34			
Your bank's leverage ratio(6)	0	2	90	8	0	15	7	3	0	0	1	85	14	0	15	14	3	0

(1) Please use "N/A" only if you do not have any business / exposure in this category.
(2) Enterprises are defined as non-financial corporations.
(3) Interest income minus interest paid, relative to the amount of interest-bearing assets.
(4) Defined in accordance with the regulatory requirements set out in the CRR/CRD IV, including both tier 1 capital and tier 2 capital.
(5) That is, on account of the ABSPP.
(6) Defined in accordance with the delegated act under the Capital Requirements Regulation adopted by the European Commission on 10 October 2014.

Notes: "- -" = has contributed/will contribute considerably to a decrease or deterioration; "-" = has contributed/will contribute somewhat to a decrease or deterioration; "o"= has had/will have basically no impact; "+" = has contributed/will contribute somewhat to an increase or improvement; "++" = has contributed/will contribute considerably to an increase or improvement. The mean and standard deviation are calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others. Figures may not exactly sum up due to rounding.

Question A4

Over the past six months, for what purposes has your bank used the additional liquidity arising from the ECB's expanded asset purchase programme? And for what purposes will such liquidity be used over the next six months?

(in percentages unless otherwise stated)

	Over the past six months						Over the next six months					
	Has contributed considerably to this purpose	Has contributed somewhat to this purpose	Has had basically no impact	N/A 1)	Mean	Standard deviation	Will contribute considerably to this purpose	Will contribute somewhat to this purpose	Will basically have no impact	N/A 1)	Mean	Standard deviation
A) Increased liquidity resulting from your bank's sales of marketable assets												
For refinancing:												
For substituting deposit shortfalls	0	2	98	44	3.02	0.23	0	4	96	45	3.03	0.26
For substituting maturing debt	0	12	88	42	3.12	0.40	0	10	90	44	3.10	0.37
For substituting interbank lending	0	6	94	42	3.06	0.30	0	7	93	44	3.06	0.32
For substituting Eurosystem liquidity operations	2	12	86	42	3.15	0.46	0	12	88	44	3.11	0.38
For granting loans:												
Loans to non-financial corporations	2	26	72	38	3.29	0.56	4	31	65	41	3.38	0.62
Loans to households for house purchase	0	16	83	43	3.17	0.43	0	23	77	44	3.23	0.48
Consumer credit and other lending to households	0	17	82	41	3.18	0.44	1	25	75	42	3.25	0.49
For purchasing assets:												
Euro area marketable assets, excluding sovereign bonds	0	4	96	43	3.03	0.27	0	4	96	45	3.03	0.28
Non-euro area marketable assets	0	4	96	44	3.03	0.27	0	3	97	46	3.02	0.25
B) Increased liquidity owing to an increase in customer deposits from enterprises(2) and households												
For refinancing:												
For substituting maturing debt	0	12	88	34	3.11	0.39	0	14	86	36	3.14	0.42
For substituting interbank lending	0	11	89	34	3.10	0.37	9	7	84	35	3.25	0.65
For substituting Eurosystem liquidity operations	0	14	86	37	3.13	0.39	0	9	91	39	3.09	0.36
For granting loans:												
Loans to non-financial corporations	3	29	68	32	3.34	0.60	3	44	53	35	3.49	0.62
Loans to households for house purchase	1	22	77	35	3.23	0.51	1	37	62	37	3.38	0.57
Consumer credit and other lending to households	1	25	74	34	3.26	0.52	1	31	68	36	3.32	0.55
For purchasing assets:												
Euro area marketable assets, excluding sovereign bonds	0	9	91	36	3.08	0.34	0	9	91	38	3.08	0.36
Non-euro area marketable assets	0	0	100	36	2.99	0.16	0	3	97	38	3.02	0.25

(1) Please use "N/A" only if you do not have any business / exposure in this category.
(2) Enterprises are defined as non-financial corporations.

Question A5

Over the past six months, how has the ECB's expanded asset purchase programme affected your bank's lending behaviour? And what will be its impact on lending behaviour over the next six months?

(in percentages unless otherwise stated)

	Over the past six months									Over the next six months								
	--	-	o	+	++	N/A (1)	NetP	Mean	Standard deviation	--	-	o	+	++	N/A (1)	NetP	Mean	Standard deviation
A) Credit standards																		
For loans to enterprises	0	1	95	4	0	8	-3	3	0	0	0	94	6	0	7	-6	3	0
For loans to households for house purchase	0	1	97	3	0	12	-2	3	0	0	0	97	3	0	9	-3	3	0
For consumer credit and other lending to households	0	1	97	2	0	13	-1	3	0	0	0	100	0	0	11	0	3	0
B) Terms and conditions																		
For loans to enterprises	0	1	80	20	0	8	-19	3	0	0	0	67	27	6	7	-33	3	1
For loans to households for house purchase	0	1	83	16	0	13	-15	3	0	0	0	77	17	6	11	-23	3	1
For consumer credit and other lending to households	0	1	90	9	0	13	-8	3	0	0	0	86	13	1	11	-14	3	0

(1) Please use "N/A" only if you do not have any business / exposure in this category.

Notes: "- -" = has contributed/will contribute considerably to tightening credit standards/terms and conditions; "-" = has contributed/will contribute somewhat to tightening credit standards/terms and conditions; "o"= has had/will have basically no impact on credit standards/terms and conditions; "+" = has contributed/will contribute somewhat to easing credit standards/terms and conditions; "++" = has contributed/will contribute considerably to easing credit standards/terms and conditions. The mean and standard deviation are calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others. Figures may not exactly sum up due to rounding.

Annex 3
Overview of changes in the bank lending survey questionnaire

New BLS questionnaire (from 2015 Q1)		Previous BLS questionnaire (until 2014 Q4)	
Question	**New item or definition**	**Question**	**Previous item or definition**
	I. Loans or credit lines to enterprises		
1	Revised definition of credit standards (see Glossary)	1	
2	Revised factors affecting credit standards on loans or credit lines to enterprises: * General economic situation and outlook * Industry or firm-specific situation and outlook/borrower's creditworthiness * Your bank's risk tolerance	2	 * Expectations regarding general economic activity * Industry or firm-specific outlook --
3	Revised definition of credit terms and conditions for new loans (see Glossary) * Overall terms and conditions * Your bank's loan margin (i.e. the spread over a relevant market reference rate)	3	 -- * Your bank's margin on loans
4	NEW question: Factors affecting banks' credit terms and conditions for new loans or credit lines to enterprises	--	--
5	NEW question: Share of rejected enterprise loan applications	--	--
6	Revised definition of loan demand (see Glossary)	4	
7	Revised factors affecting the demand for loans or credit lines to enterprises: * General level of interest rates * Debt refinancing/restructuring and renegotiation (when leading to an increase or prolongation of the amount borrowed) * Issuance/redemption of debt securities * Issuance/redemption of equity	5	 -- * Debt restructuring * Issuance of debt securities * Issuance of equity
8	Revised definition of credit standards (see Glossary)	6	
9	Revised definition of loan demand (see Glossary)	7	
	II. Loans to households		
10	Revised definition of credit standards (see Glossary)	8	

11	Revised factors affecting credit standards on loans to households for house purchase: * General economic situation and outlook * Housing market prospects, including expected house price developments * Borrower's creditworthiness * Your bank's risk tolerance	**9**	* Expectations regarding general economic activity * Housing market prospects -- --
12	Revised definition of credit terms and conditions for new loans (see Glossary) * Overall terms and conditions * Your bank's loan margin (i.e. the spread over a relevant market reference rate) * Other loan size limits	**10**	-- * Your bank's margin on loans --
13	NEW question: Factors affecting banks' credit terms and conditions for new loans to households for house purchase	**--**	--
14	Revised factors affecting credit standards on consumer credit and other lending to households: * General economic situation and outlook * Your bank's risk tolerance	**11**	* Expectations regarding general economic activity --
15	Revised definition of credit terms and conditions for new loans (see Glossary) * Overall terms and conditions * Your bank's loan margin (i.e. the spread over a relevant market reference rate) * Size of the loan	**12**	-- * Your bank's margin on loans --
16	NEW question: Factors affecting banks' credit terms and conditions for new consumer credit and other lending to households	**--**	**--**
17	NEW question: Share of rejected applications for loans to households for house purchase and consumer credit and other lending to households	**--**	**--**
18	Revised definition of loan demand (see Glossary)	**13**	
19	Revised factors affecting the demand for loans to households for house purchase: * Housing market prospects, including expected house price developments -- * General level of interest rates * Debt refinancing/restructuring and renegotiation (when leading to an increase or prolongation of the amount borrowed) * Regulatory and fiscal regime of housing markets * Internal finance of house purchase out of savings/down payment (i.e. share financed via the household's own funds) --	**14**	* Housing market prospects * Non-housing related consumption expenditure -- -- -- -- * Household savings

20	Revised factors affecting the demand for consumer credit and other lending to households: * General level of interest rates * Consumption expenditure financed through real-estate guaranteed loans (“mortgage equity withdrawal”) -- * Internal finance out of savings -- * Other sources of external finance	**15**	 -- -- * Securities purchases -- * Household savings * Other sources of finance
21	Revised definition of credit standards (see Glossary)	**16**	
22	Revised definition of loan demand (see Glossary)	**17**	

Glossary

To assist respondent banks in filling out the questionnaire, this glossary defines the most important terminology used in the bank lending survey. This glossary has been revised together with the introduction of the enhanced bank lending survey questionnaire in April 2015.

Capital

Defined in accordance with the regulatory requirements set out in the CRR/CRD IV, which transposes the global standards on bank capital (i.e. the Basel III agreement) into the EU legal framework and entered into force on 1 January 2014. It includes both tier 1 capital and tier 2 capital (supplementary capital).

Collateral

The security given by a borrower to a lender as a pledge for the repayment of a loan. This could include certain financial securities, such as equity or debt securities, real estate or compensating balances. A compensating balance is the minimum amount of a loan that the borrower is required to keep in an account at the bank.

Consumer confidence

Consumers' assessments of economic and financial trends in a particular country and/or in the euro area. They include assessments of the past and current financial situation of households and resulting (income) prospects for the future, assessments of the past and current general political and economic situation and resulting prospects for the future and assessments of the advisability of making residential investments (question 19), particularly in terms of affordability, and/or major purchases of durable consumer goods (question 20). In this sense, an increase in consumer confidence would tend to lead to an increase in the demand for loans.

Consumer credit and other lending

Consumer credit is defined as loans granted for mainly personal consumption of goods and services. Typical examples of loans in this category are loans granted for the financing of motor vehicles, furniture, domestic appliances and other consumer durables, holiday travel, etc. Overdrafts and credit card loans also typically belong in this category. "Consumer credit and other lending" to households also includes loans to sole proprietors and partnerships (see 16. Households). Loans included in this category may or may not be collateralised by various forms of security or guarantee.

Consumption expenditure financed through real-estate guaranteed loans

"Consumption expenditure financed through real-estate guaranteed loans" should be treated as consumer credit, even though such loans are guaranteed by real estate assets, as the purpose of these loans is consumption. Consumption expenditure financed through real-estate guaranteed loans represents mortgage equity withdrawal, leading to higher non-housing related consumption.

Cost of funds and balance sheet constraints

The bank's capital and the cost related to the bank's capital position can become a balance sheet constraint that may inhibit the expansion of its lending. For a given level of capital, the bank’s loan supply could be affected by its liquidity position and its access to money and debt markets. Similarly, a bank could abstain from granting a loan, or be less willing to lend, if it knows that it will not be able subsequently to transfer the risk (synthetic securitisation) or the entire asset (true-sale securitisation) off its balance sheet. Moreover, risks related to non-performing loans may be reflected not only in the bank's risk perceptions, but also in its cost of funds and balance sheet constraints.

Covenant

A covenant is an agreement or stipulation expressed in loan contracts, particularly contracts with enterprises, by which the borrower pledges to take certain action (an affirmative covenant) or refrain from taking certain action (a negative covenant), and is consequently part of the terms and conditions of a loan.

Credit line

A credit line is a facility with a stated maximum amount which an enterprise is entitled to borrow from a bank at any given time. In the survey, a broad definition of credit lines should be applied, in which the information on the demand for new credit lines, and also on the use of credit lines previously granted, but not yet used, would be taken into account in assessing developments of loan demand.

Credit standards

Credit standards are the internal guidelines or loan approval criteria of a bank. They are established prior to the actual loan negotiation on the terms and conditions and the actual loan approval/rejection decision. They define the types of loan a bank considers desirable and undesirable, the designated sectoral or geographic priorities, the collateral deemed acceptable and unacceptable, etc. Credit standards specify the required borrower characteristics (e.g. balance sheet conditions, income situation, age, employment status) under which a loan can be obtained. In the survey, both changes in written loan policies and their application should be considered. Credit standards may change owing to changes in the bank’s cost of funds and balance sheet situation, changes in competition, changes in the bank’s risk perception, changes in the bank’s risk tolerance or regulatory changes, for instance.

Credit terms and conditions

Credit terms and conditions refer to the conditions of a loan that a bank is willing to grant, i.e. to the terms and conditions of the loan actually approved as laid down in the loan contract which was agreed between the bank (the lender) and the borrower. They generally consist of the agreed spread over the relevant reference rate, the size of the loan, the access conditions and other terms and conditions in the form of non-interest rate charges (i.e. fees), collateral or guarantees which the respective borrower needs to provide (including compensating balances), loan covenants and the agreed loan maturity. Credit terms and conditions are conditional on the borrower’s characteristics and may change in parallel with credit standards or independently of them. For instance, an increase in the bank’s funding cost or a deterioration in the general economic outlook can lead to both a tightening in the approval criteria (credit standards) and a tightening of the terms and conditions on those loans that the bank is willing to approve and its customers are willing to accept.

Alternatively, the bank may only change its credit terms and conditions (e.g. increasing the required spread to compensate for the additional cost/risk) and leave credit standards unchanged.

Debt refinancing/restructuring and renegotiation

"Debt refinancing/restructuring and renegotiation" as a factor for loan demand refers to loan refinancing, loan restructuring and/or loan renegotiations that lead to an increase or prolongation of the amount borrowed. This includes the use of debt restructuring to avoid defaulting on existing debt (the avoidance of default being interpreted as an increase in demand), for instance via extending the maturity of the loan to avoid possible payment difficulties at maturity. At the same time, for assessing changes in loan demand, it should not include loan refinancing, restructuring and/or loan renegotiations which lead only to a change in the terms and conditions of the loan other than the loan size or the maturity of the loan.

Debt restructuring should not be interpreted as the switching between different types of debt (such as loans from monetary financial institutions (MFIs) and debt securities; this is already captured under the factor "Issuance/redemption of debt securities"), capital restructuring (substitution between debt and equity) or share buy-backs (already captured under the factor "Issuance/redemption of equity"). Meanwhile, debt restructuring in the form of inter-company loans is already covered by the factor "Loans from non-banks".

Demand for loans

Loan demand refers to gross demand for loans from enterprises or households, including loan rollovers, but apart from normal seasonal fluctuations. It refers to the bank loan financing need of enterprises and households, independent of whether this need will result in a loan or not. Banks should assess the evolution of the bank loan financing need of enterprises and households in nominal terms (i.e. independent of price-level developments) and with reference to the financing need prevailing in the previous quarter (i.e. banks should not assess the evolution of financing needs relative to historical averages or other reference values such as sales targets). Demand for loans can change either due to a shift of the demand curve (while the price remains constant) or due to a movement along the demand curve (i.e. because of a change in the price).

Down payment

The down payment captures the share of internal finance in a household's real estate investment, i.e. the share financed via the household's own funds, and is thus one factor determining the demand for loans to households for house purchase. The higher the household's internal finance out of its wealth, the higher the down payment and the smaller the household's demand for loans for house purchase.

Diffusion index

The diffusion index is defined as the difference between the weighted sum of the percentages of banks responding "tightened considerably" and "tightened somewhat", and the weighted sum of the percentages of banks responding "eased considerably" and "eased somewhat". Regarding demand for loans, the diffusion index is defined as the difference between the weighted sum of the percentages of banks responding “increased considerably” and “increased somewhat”, and the weighted sum of the percentages of banks responding “decreased considerably” and “decreased somewhat”. The diffusion index is 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).

Enterprises

In this context, enterprises are non-financial corporations, i.e., in line with the Eurostat definition, institutional units whose distributive and financial transactions are distinct from those of their owners and which are market producers, whose principal activity is the production of goods and non-financial services. These can be public and private corporations, as well as quasi-corporations. Quasi-corporations have no independent legal status, but keep a complete set of accounts and have an economic and financial behaviour that is different from that of their owners and similar to that of corporations. Sole proprietorships and partnerships are included in the household sector (see 16. Households).

Enterprise size

The distinction between large and small and medium-sized enterprises is based on annual net turnover. A firm is considered large if its annual net turnover is more than €50 million.

Households

In line with the Eurostat definition, households are individuals or groups of individuals acting as consumers and possibly also as entrepreneurs producing market goods and non-financial and financial services (market producers) provided that, in the latter case, the corresponding activities are not those of separate entities treated as quasi-corporations (i.e. sole proprietorships and partnerships). Non-profit institutions serving households are included in the household sector.

Housing market prospects, including expected house price developments

In question 11, “housing market prospects, including expected house price developments” refers to the risk related to the collateral demanded. In question 19, it refers to expected developments in the housing market, including an increase (decrease) in demand for housing loans owing to an expected increase (decrease) in the cost of buying a house and/or in the perceived returns from investing in property.

Loans

The loans covered by the bank lending survey are those granted to euro area residents by domestic branches, including loans or credit lines to enterprises, loans to households for house purchase, and consumer credit and other lending to households.

The definition of loans is that given in Regulation (EU) No 1071/2013 of the ECB of 24 September 2013 concerning the balance sheet of the monetary financial institutions sector (recast) (ECB/2013/33). However, interbank loans should be excluded. Following this definition, financial (but not operating) leases granted by an MFI are to be recorded as loans. For the purposes of the survey, factoring, if provided by an MFI, should also be treated as a loan. Financial leasing and factoring offered by institutions other than MFIs should not be included.

Loan application

Ideally, loan applications should cover formal loan applications as well as any informal loan requests which have not yet reached the stage of a formal loan application. If information on informal loan requests cannot be obtained, the bank's response should at least refer to all formal loan applications. It should be referred to the volume of loan applications. Loan applications can be from both new and existing bank clients. However, applications from existing clients should be included only if the volume of an ongoing loan increases or a new loan is granted.

Loan rejection

"Loan rejection" refers to the rejection (as opposed to the approval) of the volume of formal loan applications or of loan requests. If information on the latter is unavailable, the bank's response should at least refer to all formal loan applications which have been rejected. It should be referred to the volume of loan rejections relative to the volume of loan applications/requests. Loan rejections do not include cases in which the borrower withdraws a loan application/request because the bank's conditions are considered unfavourable.

Loan margin/spread over a relevant market reference rate

The loan margin of a bank should be understood as the spread over a relevant market reference rate (e.g. EURIBOR, LIBOR or the interest rate swap of a corresponding maturity for fixed rate loans), depending on the characteristics of the loan. Such a spread would capture changes in the bank's lending rates related to changes in the bank's funding cost as well as in borrower risk, i.e. changes in the bank's lending rates which are not related to variations of market rates (like EURIBOR or LIBOR). In detail, the spread would capture changes in the bank's risk premium in its own market-based funding cost (e.g. in bank bond yields), changes in the bank's deposit funding cost, changes in the bank's risk assessment of borrowers, as well as changes in any other add-on factor not related to variations of market rates.

Loan-to-value ratio

The ratio of the amount borrowed to the appraisal or market value of the underlying collateral, usually taken into consideration in relation to loans used for real estate financing.

Marketing campaigns

Marketing campaigns should be interpreted as a factor affecting loan supply only when credit standards or credit conditions change. If this is not the case, marketing campaigns may be understood as a factor with a possible impact on loan demand. In this instance, respondents should indicate the role of marketing campaigns under "Other factors" in questions 7, 19 and 20 on the factors affecting loan demand.

Maturity

The concept of maturity used in questions 1, 6, 8 and 9 of the bank lending survey is original maturity, and only two different types are used, i.e. short-term and long-term.

Short-term loans are loans with an original maturity of one year or less and, consequently, long-term loans are loans that have an original maturity of more than one year.

Net percentage (or balance)

In the context of credit standards, the net percentage is 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 considerably" and "eased somewhat". Regarding demand for loans, the net percentage is 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 considerably" and "decreased somewhat".

Non-banks

In general, these are non-monetary financial corporations. More specifically, they include insurance corporations and pension funds, financial auxiliaries and other financial intermediaries.

Non-interest rate charges

These are various kinds of fees which can be part of the pricing of a loan, such as commitment fees on revolving loans, administration fees (e.g. document preparation costs) and charges for enquiries, guarantees and credit insurance.

Perception of risk and risk tolerance

Perception of risk refers to the bank's perception of actual risk and its reaction to developments related to the general economic situation and outlook, the industry or firm-specific situation and outlook, the borrower's creditworthiness, as well as the collateral demanded (demand-side factors). By contrast, risk tolerance refers to the risk tolerance of the bank in its lending policy, which may alter due to changes in the bank's underlying business strategy (supply-side factors). Banks' perception of actual risk and their risk tolerance may either change in line with each other or move in different directions.

Postal address 60640 Frankfurt am Main, Germany
Telephone +49 69 1344 0
Internet www.ecb.europa.eu

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