EUROPEAN CENTRAL BANK

EUROSYSTEM

The euro area bank lending survey

Third quarter of 2016

October 2016

Contents

Introduction

The results reported in the October 2016 bank lending survey (BLS) relate to changes during the third quarter of 2016 and expectations of changes in the fourth quarter of 2016. The survey was conducted between 12 and 27 September 2016. The response rate was 100%. In addition to the results for the euro area as a whole, the report contains the results for the five largest euro area countries.[1]

A number of ad hoc questions were included in the October 2016 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, third and fourth ad hoc questions refer to the likely impact of the ECB's expanded asset purchase programme (APP). The fifth question refers to the impact of the ECB's negative deposit facility rate.

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

1 Overview of the results

According to the October 2016 bank lending survey (BLS), loan growth continued to be supported by increasing demand across all loan categories in the third quarter of 2016, while credit standards remained unchanged for enterprises and eased for households.

In the third quarter of 2016, credit standards for loans to enterprises were unchanged (a net percentage of reporting banks of 0%, compared with -7% in the previous quarter; see Table A). This was in line with expectations in the previous survey round. Credit standards on loans to households for house purchase eased (-4%), following a marginal net easing in the previous quarter (-2%) and in line with banks' expectations of a net easing in this quarter. Credit standards on consumer credit and other lending to households also eased (-4%, compared with -5%). For the fourth quarter of 2016, banks expect a net tightening of credit standards on loans to enterprises (4%), while they expect a marginal net easing for housing loans (-3%) and broadly unchanged credit standards for consumer credit (-1%).

Competitive pressures and, to a lesser extent, lower risk perceptions continued to have an easing impact on credit standards on loans to enterprises, while banks' cost of funds and their willingness to tolerate risk had a broadly neutral impact. For loans to households for house purchase, competitive pressures had an easing impact, as did cost of funds and balance sheet constraints and risk perceptions, albeit to a lesser extent. Banks' risk tolerance had a neutral impact, while "other factors" had a marginal tightening impact (driven by the implementation of the EU Mortgage Credit Directive, particularly in Germany).

The net easing of banks' overall terms and conditions on new loans continued for loans to enterprises and broadly speaking for households, mainly driven by margins (defined as the spread over relevant market reference rates) on average loans. For loans to enterprises, margins on average loans continued to narrow, and margins on riskier loans also narrowed marginally. For housing loans, margins also continued to narrow for average loans and were broadly unchanged for riskier loans.

The net percentage share of rejected applications decreased for all loan categories.

Net demand for loans to enterprises continued to increase (11%, after 17% in the second quarter of 2016; see Table A) and banks expect it to increase further in the fourth quarter of 2016. In addition, net demand for housing loans (23%, after 30%) as well as net demand for consumer credit (32%, after 21%) continued to increase in the third quarter. For the fourth quarter of 2016, banks expect a continued increase in net demand for housing loans and consumer credit. The main contributing factors for net demand for loans to enterprises in the third quarter of 2016 were the general level of interest rates and merger and acquisition activities, while the positive contribution from inventories and working capital declined and the positive contribution from fixed investment remained low. Net demand for housing loans continued to be driven by the low general level of interest rates, continued favourable housing market prospects and consumer confidence. Finally, the low general level of interest rates and spending on durable goods were the main positive contributors to net demand for consumer credit, while the positive impact of consumer confidence decreased.

Among the largest euro area countries, credit standards on loans to enterprises eased marginally in Germany, while they remained unchanged in France, Italy, Spain and the Netherlands (see Table A). For housing loans, banks in France and Spain reported a net easing of credit standards, banks in Italy and the Netherlands had unchanged standards, whereas banks in Germany continued to report a net tightening (related to the implementation of the EU Mortgage Credit Directive).

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		
	16Q2	16Q3	AVG	16Q2	16Q3	AVG	16Q2	16Q3	AVG	16Q2	16Q3	AVG	16Q2	16Q3	AVG	16Q2	16Q3	AVG
EURO AREA	-7	0	11	17	11	-4	-2	-4	8	30	23	2	-5	-4	5	21	32	-1
Germany	-3	-3	5	6	6	3	28	10	3	7	-10	9	0	-3	0	26	19	9
Spain	0	0	11	0	-20	-3	-11	-11	18	-11	-11	-11	-10	-10	9	0	0	-10
France	-14	0	8	26	54	-15	-15	-24	3	40	52	6	0	0	-2	30	58	-2
Italy	-13	0	16	25	-13	3	-38	0	2	50	63	13	-25	-13	8	25	63	12
Netherlands	0	0	11	21	19	-4	0	0	19	74	56	-8	0	0	14	0	31	-20

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

The October 2016 BLS also included some ad hoc questions. Regarding euro area banks' funding, access to retail funding improved in the third quarter of 2016. With regard to wholesale funding, banks' access to debt securities and to securitisation improved, while their access to money markets deteriorated.

With respect to the impact of the ECB's expanded asset purchase programme (APP), banks have used the additional liquidity related to the APP for granting loans, for refinancing purposes and to a lesser extent for purchasing assets. The net easing impact of the APP continued to be stronger for terms and conditions than for credit standards and the easing impact was greater for loans to enterprises than for loans to households. At the same time, euro area banks reported a negative impact from the APP on their profitability, owing to the effect on the net interest margin.

The ECB's negative deposit facility rate, while having a further positive impact on lending volumes and a negative impact on loan margins, is assessed by BLS reporting banks to have an overall negative impact on banks' net interest income.

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 141 banks, representing all the euro area countries, and takes into account the characteristics of their respective national banking structures. The main purpose of the BLS is to enhance the understanding of bank lending behaviour in the euro area.[2]

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 (the third quarter of 2016 in this case) or expectations of changes over the next three months (i.e. in the fourth quarter of 2016).

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

In 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 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 the first step, individual bank results are aggregated to national results for the euro area countries, and in the second step, the national BLS results are aggregated to euro area BLS results. In the first step, banks' replies can either be aggregated to national results by applying an implicit

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

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.

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

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 and a glossary of BLS terms can be found at:
http://www.ecb.europa.eu/stats/money/surveys/lend/html/index.en.html

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

2.1 Loans to enterprises

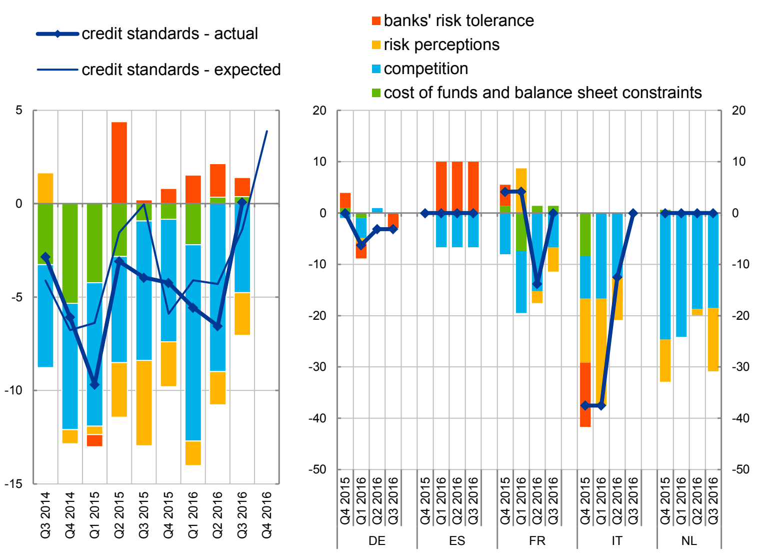
2.1.1 Credit standards for loans to enterprises were unchanged in the third quarter of 2016

Following nine consecutive quarters of easing, banks reported unchanged credit standards on loans to enterprises in the third quarter of 2016 (0%, after -7% in the previous quarter; see Chart 1 and Table A), in line with expectations in the previous survey round.

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 perceptions" are 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 the first quarter of 2015.

Across firm sizes, credit standards were eased marginally for loans to large firms and remained broadly unchanged for loans to small and medium-sized enterprises (SMEs).

For the large euro area countries, credit standards on loans to enterprises eased in Germany, while they remained unchanged in France, Italy, Spain and the Netherlands.

Looking ahead to the fourth quarter of 2016, euro area banks expect a tightening of credit standards on loans to enterprises (4%).

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	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016
Euro area	0	0	-9	-5	-2	-2	2	1
DE	0	0	1	0	0	0	0	-3
ES	0	0	-7	-7	0	0	10	10
FR	1	1	-15	-7	-2	-5	0	0
IT	0	0	-13	0	-8	0	0	0
NL	0	0	-19	-19	-1	-12	0	0

Note: See the notes to Chart 1.

During the third quarter, competitive pressure and, to a lesser extent, lower risk perceptions continued to have an easing impact on credit standards. Banks' cost of funds and their willingness to tolerate risk had a broadly neutral impact (see Chart 1 and Table 1).[3]

Across the large euro area countries, banks' competitive pressures had an easing impact on standards in the Netherlands, France and Spain, and had a neutral impact in Germany and Italy. Reduced risk perceptions contributed to an easing of standards in the Netherlands and France, and had a neutral impact in the other large countries. Cost of funds and balance sheet constraints had an overall neutral impact on credit standards in the third quarter across the large countries. Concerning the impact of risk tolerance, banks in Spain continued to report a tightening contribution and banks in Germany reported a marginal easing impact, while the impact was neutral in the other largest countries.

2.1.2 Terms and conditions for loans to enterprises continued to improve in the third quarter of 2016

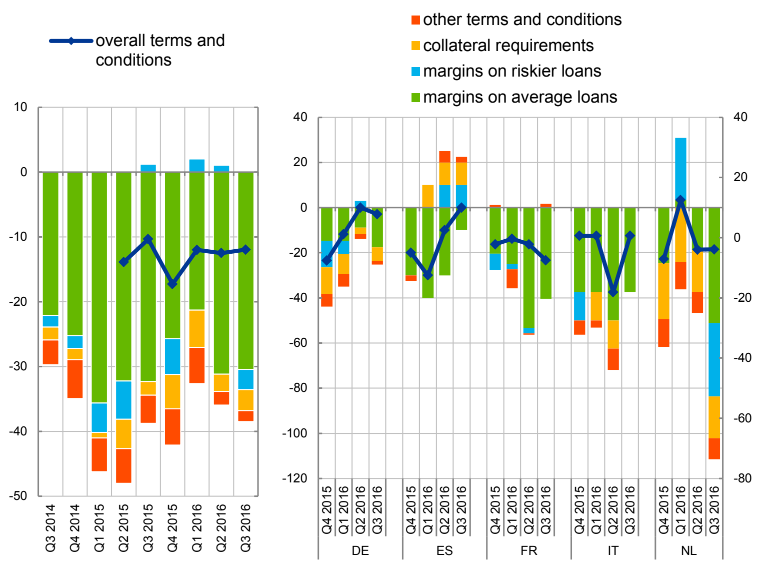
In the third quarter of 2016, overall terms and conditions that banks apply when granting new loans or credit lines to enterprises continued to ease (see Chart 2 and Table 2), which suggests a continued improvement in financing conditions for loans to enterprises.

Across the largest euro area countries, overall terms and conditions eased in all larger countries except for Spain where they were unchanged.

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

Chart 2
Changes in terms and conditions for loans or credit lines to enterprises

(net percentages of banks reporting tightening terms and conditions)



Notes: “Margins” are defined as the spread over a relevant market reference rate. “Other terms and conditions” 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 the first quarter of 2015.

A substantial net percentage of euro area banks continued to report a narrowing of margins on average loans to enterprises, while they also indicated a marginal narrowing of margins on riskier loans. Among the other terms and conditions, non-interest rate charges tightened marginally; this may signal a change in banks’ loan pricing strategy as interest margins contract. Loan collateral requirements and maturity continued to ease marginally during the third quarter of 2016, while loan size remained broadly unchanged.

Table 2
Changes in terms and conditions for loans or credit lines to enterprises

(net percentage changes)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016
Euro area	-12	-12	-31	-30	1	-3
DE	0	-3	-9	-18	3	0
ES	-10	0	-30	-10	10	10
FR	-16	-23	-53	-40	-2	0
IT	-38	-13	-50	-38	0	0
NL	-19	-19	-19	-51	0	-33

Note: See the notes to Chart 2.

Table 3
Factors contributing to the net tightening of terms and conditions for loans or credit lines to enterprises

(net percentages of banks reporting tightening terms and conditions)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016
Euro area	-3	-4	-28	-23	0	-5	2	1
DE	6	3	-12	-18	0	0	0	-3
ES	-10	0	-20	-10	10	-10	10	10
FR	0	-10	-38	-31	0	0	0	0
IT	-25	0	-50	-25	-13	0	0	0
NL	0	-33	0	-19	0	-51	0	0

In all of the large euro area countries, and in particular in the Netherlands, France and Italy, banks continued to report a narrowing of margins on average loans in net terms. Margins on riskier loans widened in net terms in Spain, narrowed in the Netherlands and remained unchanged in the other large countries.

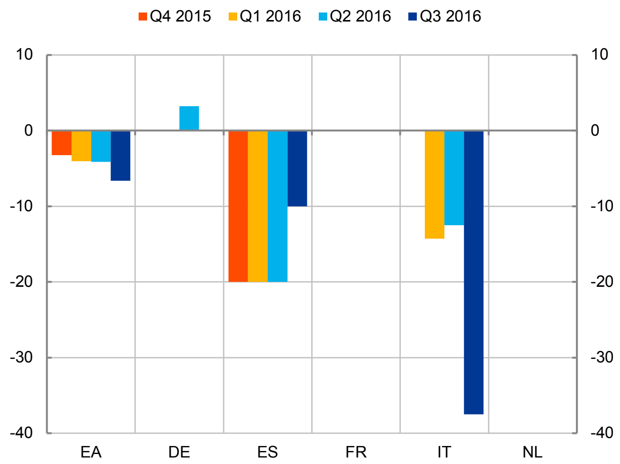
Regarding the factors contributing to changes in overall credit terms and conditions, competitive pressure contributed strongly to the easing in all large euro area countries (see Table 3). Banks in the Netherlands also reported considerable net easing from cost of funds and balance sheet constraints and from risk perceptions.

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)



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

Euro area banks continued to further reduce their rejection rate for loan applications from enterprises (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), in net terms, during the third quarter of 2016 (-7%, down from -4% in the previous quarter; see Chart 3).

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

2.1.4 Increase in net demand for loans to enterprises

Net demand for loans to enterprises continued to increase in the third quarter of 2016 (11%, after 17% in the previous quarter; see Chart 4 and Table A).[4] This increase was below banks' expectations reported in the previous round; however, banks expect a further increase in loan demand from enterprises in the fourth quarter of 2016 (23%).

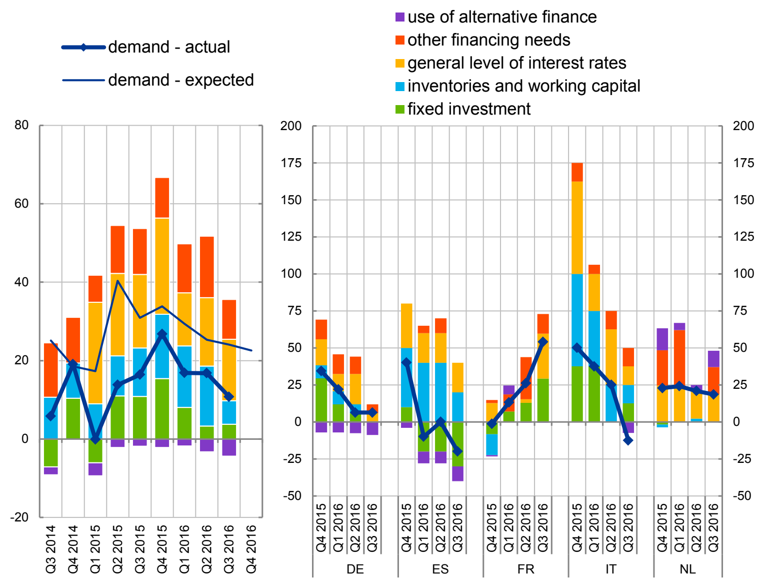
Across the large euro area countries, there were diverse developments, with net demand increasing in France, the Netherlands and Germany and decreasing in Spain and Italy in the third quarter of 2016.

4 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".

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 the first quarter of 2015.

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	
	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016
Euro area	3	4	15	6	16	10	17	16	-3	-4
DE	6	0	6	0	12	6	21	6	-8	-9
ES	-20	-30	40	20	10	0	20	20	-8	-10
FR	13	29	0	0	29	13	2	30	-1	-1
IT	0	13	25	13	13	13	38	13	0	-8
NL	0	0	2	0	0	19	19	19	4	11

Note: See the notes to Chart 4.

The main contributing factor to net demand for loans to enterprises in the third quarter of 2016 was the general level of interest rates, while M&A activities and debt refinancing (both included in other financing needs) also made positive contributions. The positive contribution from inventories and working capital declined in the third quarter and the positive contribution from fixed investment also remained low (see Chart 4 and Table 4).[5] The use of alternative finance continued to have a dampening effect on net loan demand by euro area firms. In particular, internal financing of firms and issuance of debt securities contributed negatively to loan demand.

Across all the large euro area countries, the general level of interest rates had a positive impact on demand in the third quarter of 2016, and other financing needs also contributed positively in all countries with the exception of Spain where the contribution was flat. The contribution of fixed investment was diverse across large countries, as banks in Spain reported a negative contribution, banks in France and

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

Italy reported a positive contribution, and banks in Germany and the Netherlands reported an unchanged contribution. There was a positive contribution to demand from inventories and working capital in Spain and Italy, and a neutral contribution in the other large countries. The use of alternative finance had a dampening impact in all large countries, with the exception of the Netherlands, where it had a positive impact.

2.2 Loans to households for house purchase

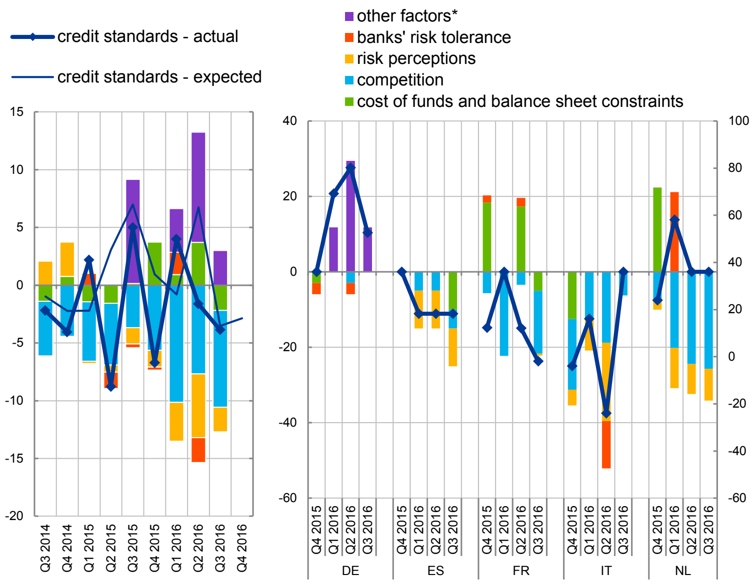
2.2.1 Credit standards for loans to households for house purchase eased in the third quarter of 2016

For loans to households for house purchase, credit standards eased (-4%, down from -2% in the previous quarter; see Chart 5 and Table A). This is below the historical average since 2003 and is line with banks' expectations from the previous round.

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 the first quarter of 2015 onwards); "competition" is an unweighted average of "competition from other banks" and "competition from non-banks". "Risk tolerance" was introduced in the first quarter of 2015.
*"Other factors" are provided by banks when none of the above factors are applicable. They are shown as memo items and refer here, in particular, to changes in the regulation and legislation of housing markets.

Among the large euro area countries, banks in France and Spain reported a net easing of credit standards, banks in Italy and the Netherlands reported unchanged credit standards, while banks in Germany reported a net tightening (in the context of the implementation of the EU Mortgage Credit Directive).

Looking ahead, euro area banks expect a net easing of credit standards for housing loans (-3%) in the fourth quarter of 2016.

Table 5

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

(net percentages)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016
Euro area	4	-2	-8	-8	-6	-2	-2	0
DE	0	0	-3	0	0	0	-3	0
ES	0	-10	-5	-5	-10	-10	0	0
FR	17	-5	-3	-17	0	-1	2	0
IT	0	0	-19	-6	-21	0	-13	0
NL	0	0	-24	-26	-8	-8	0	0

Note: See the notes to Chart 5.

With regard to the factors contributing to changes in credit standards, competitive pressures were the predominant factor contributing to the easing, though banks' cost of funds and balance sheet constraints and risk perceptions also had a marginal easing impact. "Other factors" (driven by the implementation of the EU Mortgage Credit Directive, particularly in Germany) had a net tightening impact, though the reported impact was weaker than in the previous round (see Chart 5 and Table 5).

In all the largest euro area countries, competitive pressure had an easing impact, with the exception of Germany where the effect was neutral. Banks' cost of funds and balance sheet constraints contributed to an easing in Spain and France and had a neutral impact elsewhere. Risk perceptions had an easing impact in Spain and the Netherlands, but had a broadly neutral effect elsewhere. Banks' risk tolerance had a neutral impact in all large countries.

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

Euro area banks reported that the overall terms and conditions on loans for house purchase were broadly unchanged in the third quarter of 2016 (see Chart 6 and Table 6).

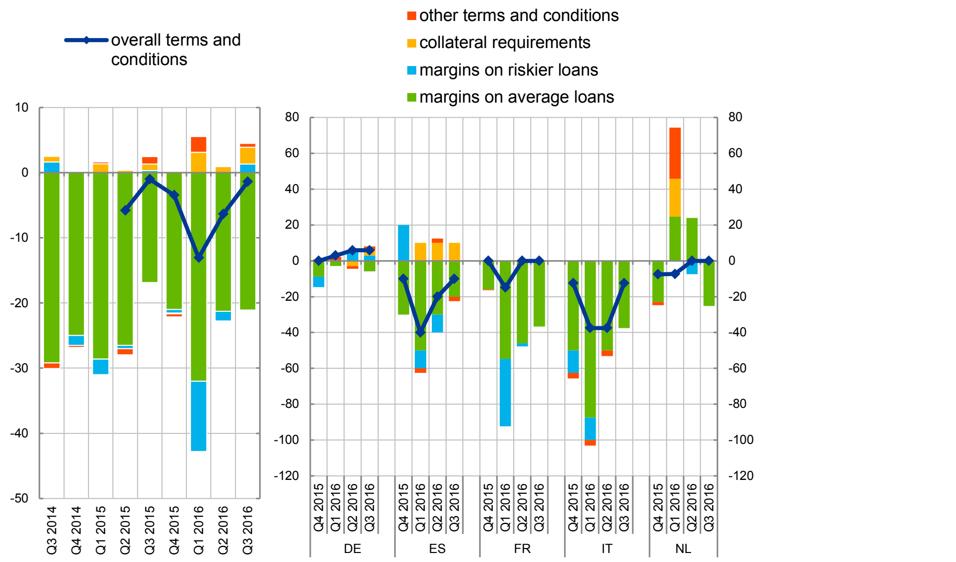
At the same time, banks continue to report a narrowing in margins on average loans, while margins on riskier loans remained broadly unchanged. There was a marginal tightening in collateral requirements and loan-to-value ratios, but other terms and conditions, such as the loan size, the maturity and non-interest rate charges, all remained broadly unchanged.

Of the larger euro area countries, banks in Italy and Spain reported a net easing of overall terms and conditions, mainly driven by margins on average loans. By contrast, overall terms and conditions tightened in Germany, related inter alia to margins on riskier loans and collateral requirements. In France and the Netherlands, banks reported unchanged overall terms and conditions.

Chart 6

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

(net percentages of banks reporting tightening terms and conditions)



Notes: “Margins” are defined as the spread over a relevant market reference rate. “Other terms and conditions” are an unweighted average of “loan-to-value ratio”, “other loan size limits” (the latter from the first quarter of 2015 onwards), “non-interest rate charges” and “maturity”. “Overall terms and conditions” were introduced in the first quarter of 2015.

Concerning the factors affecting the net easing of overall terms and conditions of euro area banks, competitive pressure remained the main factor, but cost of funds and balance sheet constraints also contributed to the net easing (see Table 7).

Table 6

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

(net percentage changes)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016
Euro area	-6	-1	-21	-21	-2	1
DE	6	6	0	-6	6	3
ES	-20	-10	-30	-20	-10	0
FR	0	0	-46	-37	-2	0
IT	-38	-13	-50	-38	0	0
NL	0	0	24	-25	-7	0

Note: See the notes to Chart 6.

Table 7

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

(net percentage changes)

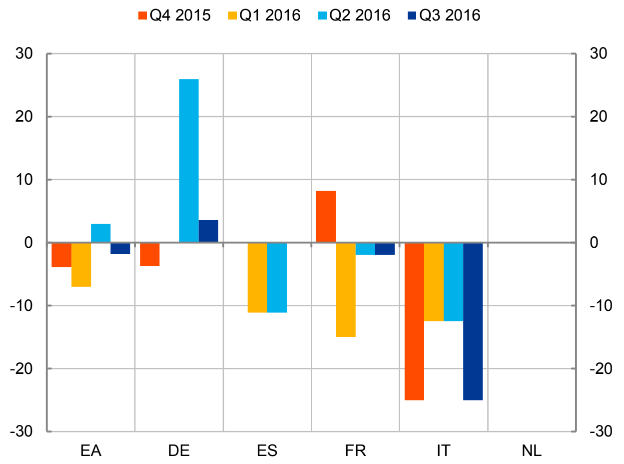
	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016
Euro area	0	-5	-14	-14	-4	-1	0	-1
DE	-3	3	-3	-9	-3	0	0	-3
ES	0	-10	-20	0	-10	0	0	0
FR	2	-22	-6	-9	0	0	2	0
IT	0	0	-50	-38	-13	-13	0	0
NL	0	0	0	-25	0	0	0	0

Among the large euro area countries, competitive pressure contributed to an easing of overall credit terms and conditions in all countries, except for Spain, where it remained neutral. Banks’ cost of funds and balance sheet constraints had an easing impact on terms and conditions in France and Spain, a marginal tightening impact in Germany and a neutral impact in Italy and the Netherlands. The contribution of risk perceptions was neutral in all of the largest countries, with the exception of Italy where they had an easing impact, and likewise banks’ risk tolerance had a neutral impact across all countries, with the exception of Germany where it had a marginal easing effect.

2.2.3 Rejection rate for loans to households for house purchase decreased

Chart 7
Change in the share of rejected applications for loans to households for house purchase

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



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

According to euro area banks, the net share of rejected applications for loans to households for house purchase decreased in the third quarter of 2016 (to -2%, from 3% in the previous survey round; see Chart 7).

Across the largest euro area countries, there were diverse developments. The rejection rate for housing loans decreased substantially in Italy and to a lesser extent in France. The rate remained unchanged in Spain and the Netherlands and increased in Germany in the third quarter of 2016.

2.2.4 Net demand for housing loans continued to increase

In the third quarter of 2016, banks reported a net increase in demand for housing loans (23%, after 30% in the previous quarter; see Chart 8 and Table A).

The increase in demand remains above the historical average and is slightly higher than banks' expectations from the previous survey round.

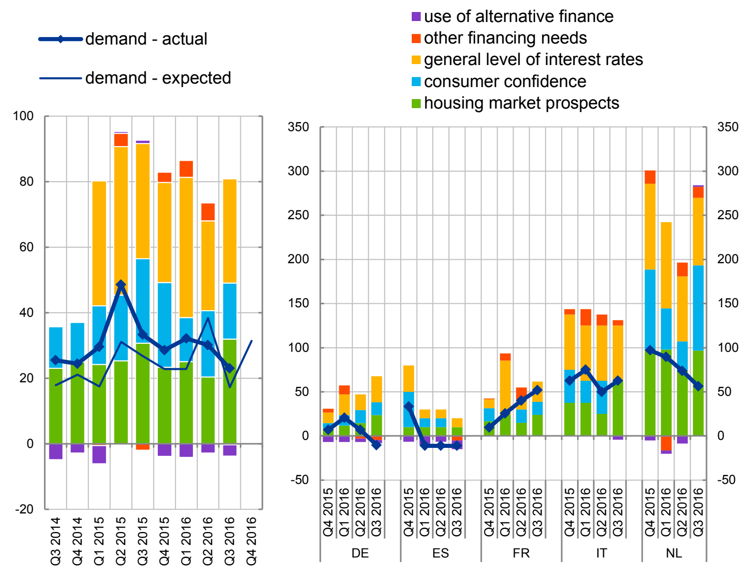
Of the large euro area countries, banks in Spain and Germany reported a net decrease in demand, while a substantial net percentage of banks in Italy, the Netherlands and France reported an increase in demand.

For the fourth quarter of 2016, euro area banks expect a further increase in net demand for housing loans (31%).

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 the first quarter of 2015 onwards); “use of alternative finance” is an unweighted average of “internal financing out of savings/down payment” (from the first quarter of 2015 onwards), “household savings” (until the fourth quarter of 2014), “loans from other banks” and “other sources of external finance”. “General level of interest rates” was introduced in the first quarter of 2015.

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	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016
Euro area	20	32	20	17	5	0	27	32	-3	-3
DE	15	24	15	15	-3	-4	18	29	-4	-4
ES	10	10	10	0	0	-5	10	10	-7	-10
FR	15	24	15	15	15	0	10	23	0	0
IT	25	63	38	0	13	6	63	63	0	-4
NL	75	97	32	97	16	13	74	76	-9	2

Note: See the notes to Chart 8.

Net demand for housing loans was driven by the low general level of interest rates, the continued favourable housing market prospects and consumer confidence (see Chart 8 and Table 8). Of the other factors, debt refinancing had a marginally net positive impact on demand, but this was offset by regulatory and fiscal factors, which had a marginally negative impact. The negative impact from the use of alternative financing is driven by loans from other banks.

Across all the large euro area countries, the general level of interest rates and housing market prospects were reported to have had a positive impact on loans for house purchase. Consumer confidence had a positive impact on demand in the Netherlands in particular as well as in Germany and France, while it had a neutral impact in Spain and Italy. The use of alternative finance dampened loan demand in Spain, Germany and Italy, had a marginally positive impact in the Netherlands and had an unchanged impact in France. Notably, in the Netherlands, all factors had a positive impact on demand for housing loans.

2.3 Consumer credit and other lending to households

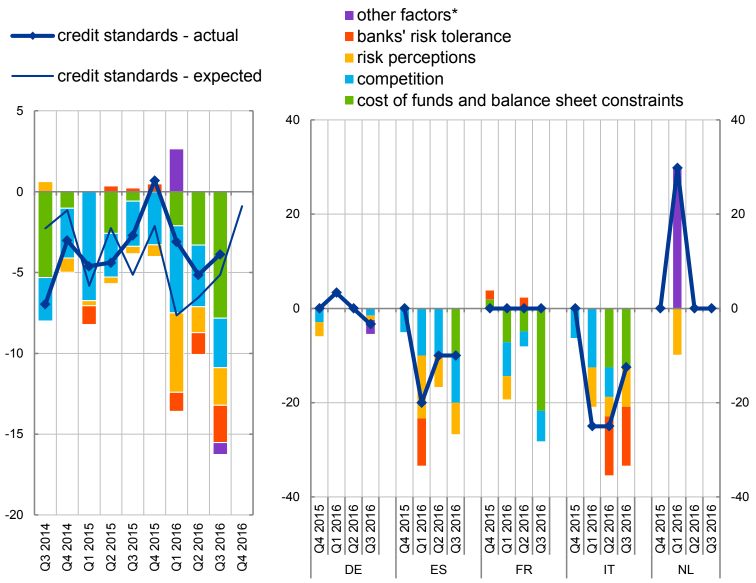
2.3.1 Continued net easing of credit standards for consumer credit and other lending to households

In the third quarter of 2016, credit standards for consumer credit and other lending to households continued to ease (-4%, after -5% in the previous quarter; see Chart 9 and Table A). This is a stronger net easing than the historical average. The net easing was broadly in line with what banks had expected in 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 the first quarter of 2015.
*"Other factors" are provided by banks when none of the above factors are applicable. They are shown as memo items and refer here, in particular, to changes in regulation and legislation.

In the large euro area countries, credit standards on consumer credit and other lending to households eased in Italy, Spain and Germany, while they were unchanged in France and the Netherlands.

Looking ahead, euro area banks expect broadly unchanged credit standards on consumer credit and other lending to households for the fourth quarter of 2016 (-1%).

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	
	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016
Euro area	-3	-8	-4	-3	-2	-2	-1	-2
DE	0	0	0	-1	0	-1	0	0
ES	0	-10	-10	-10	-7	-7	0	0
FR	-5	-22	-3	-6	0	0	2	0
IT	-13	-13	-6	0	-4	-8	-13	-13
NL	0	0	0	0	0	0	0	0

Note: See the notes to Chart 9.

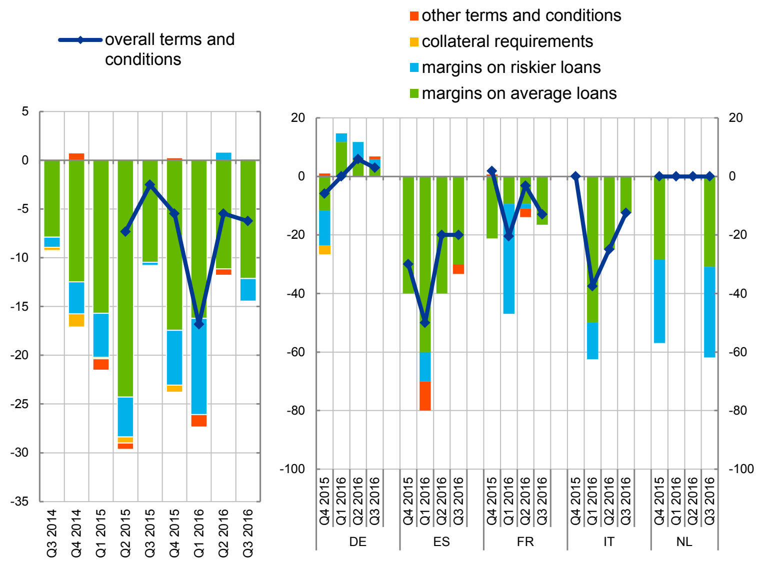
The main reported factor contributing to an easing in standards was banks' cost of funds and balance sheet constraints, though competitive pressures, risk perceptions and banks' risk tolerance also marginally contributed to an easing (see Chart 9 and Table 9).

Across the large euro area countries, banks in France, Italy and Spain reported that their reduced cost of funds and balance sheet constraints led to an easing, while this factor had a neutral impact in Germany and the Netherlands. Competitive pressures had an easing impact in Spain and France, while the effect was broadly neutral in other large countries. Declining risk perceptions had an easing impact in Italy and Spain and a neutral effect in the other large countries. Banks' risk tolerance had an easing impact in Italy and was neutral in all other large countries.

2.3.2 Terms and conditions for consumer credit and other lending to households improved

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 the first quarter of 2015 onwards), "non-interest rate charges" and "maturity". "Overall terms and conditions" were introduced in the first quarter of 2015.

The net easing of banks' overall terms and conditions applied when granting new consumer credit and other lending to households continued in the third quarter of 2016. The reduction in margins on average loans continued to be the main driver of the easing, but margins on riskier loans also narrowed marginally. Non-price terms and conditions, such as collateral requirements, loan size, maturity and non-interest rate charges, remained mostly unchanged (see Chart 10).

In the large euro area countries, margins on average loans narrowed in all large countries with the exception of Germany where they widened marginally. Margins on riskier loans narrowed only in the Netherlands, while they widened slightly in Germany and remained unchanged in the other large countries.

Table 10
Changes in terms and conditions for consumer credit and other lending to households

(net percentage changes)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016
Euro area	-5	-6	-11	-12	1	-2
DE	6	3	6	3	6	3
ES	-20	-20	-40	-30	0	0
FR	-3	-13	-9	-16	-2	0
IT	-25	-13	-25	-13	0	0
NL	0	0	0	-31	0	-31

Note: See the notes to Chart 10.

Table 11
Factors contributing to the net tightening of terms and conditions on consumer credit and other lending to households

(net percentage changes)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016
Euro area	-4	-8	-12	-12	-3	-3	-1	-2
DE	3	3	-3	-3	0	0	0	0
ES	-10	-10	-30	-20	-10	-10	-10	-10
FR	-7	-22	-5	-13	0	0	0	0
IT	-13	-13	-13	-13	-13	-13	0	0
NL	0	0	-35	-35	0	0	0	0

Note: See the notes to Chart 10.

There was a reported easing impact from all factors contributing to the changes in overall credit terms and conditions on new consumer credit, but competitive pressures and banks' cost of funds and balance sheet constraints contributed most to the net easing (see Table 11).

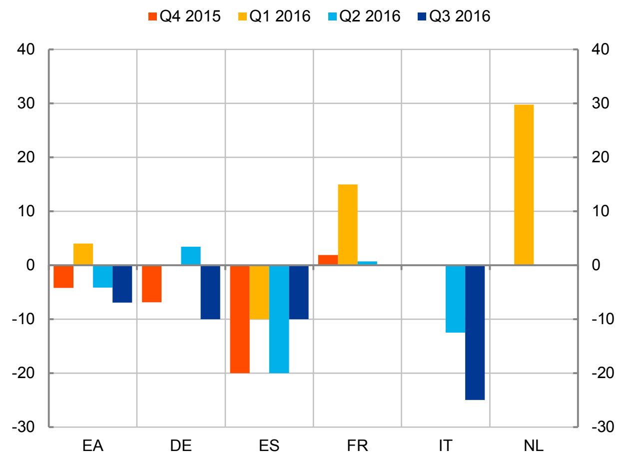
Across the largest euro area countries, competitive pressures contributed to the net easing of overall terms and conditions in all countries. Reduced banks' cost of funds and balance sheet constraints had an easing impact in France, Italy and Spain, no impact in the Netherlands and a marginal tightening impact in Germany. The net easing contribution of risk perceptions was due to developments in Italy and Spain.

2.3.3 Rejection rate for consumer credit and other lending to households decreased

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 the first quarter of 2015.

The net share of rejected applications for consumer credit and other lending to households decreased in the third quarter of 2016 according to reporting banks (to -7%, from -4% in the previous survey round; see Chart 11).

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

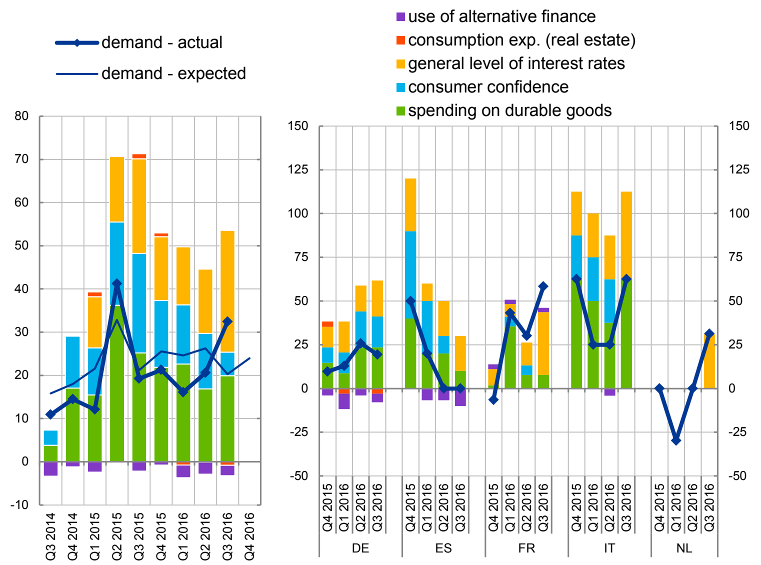
2.3.4 Further increase in net demand for consumer credit and other lending to households

According to euro area banks, net demand for consumer credit and other lending to households increased further in the third quarter of 2016 (32%, after 21%; see Chart 12 and Table A), remaining above its historical average and higher than expected in the previous survey round.

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 the first quarter of 2015 onwards), "household savings" (until the fourth quarter of 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 the first quarter of 2015.

Net demand increased across all large euro area countries, with the exception of Spain where it remained unchanged.

For the fourth quarter of 2016, euro area banks also expect a net increase in demand for consumer credit and other lending to households (24%).

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	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016	Q2 2016	Q3 2016
Euro area	17	20	13	5	0	-1	15	28	-3	-2
DE	24	24	21	18	0	-3	15	21	-4	-5
ES	20	10	10	0	0	0	20	20	-7	-10
FR	8	8	5	0	0	0	13	36	0	3
IT	38	63	25	0	0	0	25	50	-4	0
NL	0	0	0	0	0	0	0	31	0	0

Note: See the notes to Chart 12.

Among the factors driving demand at the euro area level, the low general level of interest rates, financing needs for spending on durable consumer goods and consumer confidence continued to contribute to increased demand (see Chart 12 and Table 12). The use of alternative finance continues to have a marginally dampening effect on demand.

In all large euro area countries, the low general level of interest rates contributed positively to demand, while financing needs for spending on durable consumer goods contributed positively in all countries except the Netherlands where the impact was neutral. Of the large countries, the positive impact from consumer confidence was driven by Germany.

3 Ad hoc questions

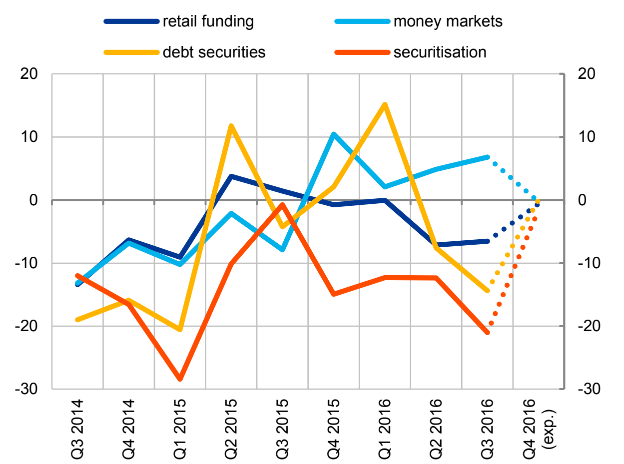
3.1 Banks' access to retail and wholesale funding

As in previous survey rounds, the October 2016 survey questionnaire included a question to assess the extent to which the situation in financial markets affected banks' access to retail and wholesale funding.[6]

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".

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
Q2 2016	-7	5	-8	-12
Q3 2016	-7	7	-14	-21

Note: See the notes to Chart 13.

For the third quarter of 2016, euro area banks reported improved access to retail funding. As regards banks' access to wholesale funding, access to debt securities and to securitisation improved further, while banks' access to money markets deteriorated in net terms (see Chart 13 and Table 13).[7]

Looking ahead, for the fourth quarter of 2016, euro area banks expect broadly unchanged access to retail funding, money markets and debt securities and a marginal improvement in access to securitisation.

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

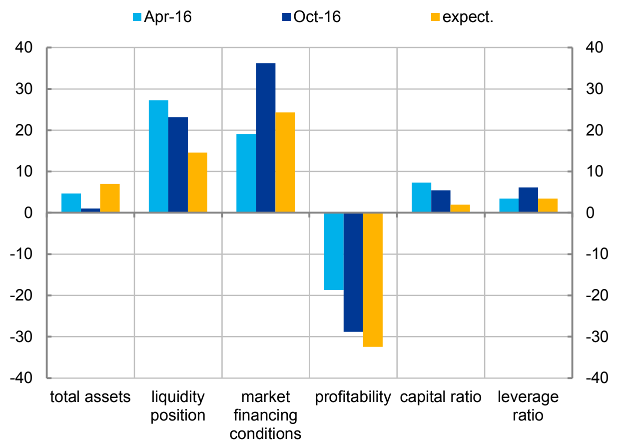
[7] However, for the results on securitisation, there are a large number of banks that replied "not applicable", as this source of funding is not relevant for them (around 46% in the third quarter of 2016).

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

Chart 14

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 periods in the legend refer to the respective BLS survey rounds. "expect." stands for expectations that banks provided in the current round.

The October 2016 survey questionnaire included for the fourth time (since the April 2015 round) three ad hoc questions gauging the impact of the ECB's expanded asset purchase programme (APP). 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 vis-à-vis 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 due to banks' sales of marketable assets or due to an increase in customer deposits. Finally, banks provided an assessment of the impact of the APP on their lending conditions.

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

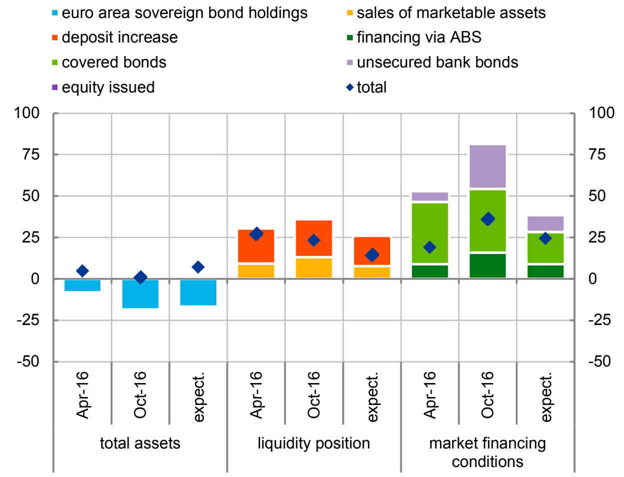
This section reports on banks' responses regarding the impact of the APP on their assets, their liquidity situation, their market financing conditions, their profitability and their capital and leverage ratios. In general, euro area banks reported that the APP contributed to an improvement in their liquidity position, market financing and capital position, but a deterioration in their profitability (see Chart 14). Broadly speaking, there was no reported effect on total assets from the APP in net terms over the past six months. Euro area banks also broadly expect their financial situation to improve in the next six months owing to the APP, except for profitability.

Banks reported that the APP impact on their total assets was broadly neutral over the past six months (1%, down from 5% in the April 2016 survey; see Chart 15), which was lower than expected in the April 2016 survey. Banks reported a decrease in their holdings of sovereign bonds in net terms over the past six months (-19%), which was stronger than their expectation reported in the April 2016 survey. Banks expect a continued decline in their holdings of euro area sovereign bonds over the next six months as a consequence of the APP (net percentage of banks: -17%) and an increase in their total assets (net percentage of banks: 7%).

Chart 15

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

(net percentage of respondents)

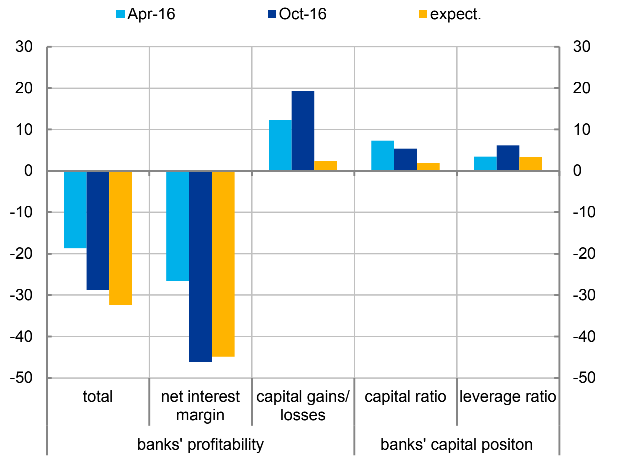


Note: See the notes to Chart 14.

Chart 16

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

(net percentage of respondents)



Note: See the notes to Chart 14.

Banks reported a positive impact of the APP on their liquidity situation in net terms over the past six months (23%, down from 27% in the April 2016 survey) and they expect this development to continue over the next six months, albeit to a somewhat lesser extent (see Chart 15). The improvement was due to both an increase in deposits from enterprises and households, and their sales of marketable assets.

Banks also reported a net improvement in their market financing conditions owing to the APP (net percentage of 36%, up from 19% in the previous survey), in particular for financing via covered bonds and unsecured bank bonds, but also financing via asset backed securities (ABS) (see Chart 15). Banks expect the improvement in their market financing conditions related to the APP to continue also for the next six months (24% in net terms).

A larger share of euro area banks reported an overall negative impact of the APP on their profitability over the past six months (-29%, after -19% in the April 2016 survey round) (see Chart 16). A larger share of euro area banks reported a negative impact on their net interest margins (-46%, after -27% in the previous round) than the net percentage of banks reporting an increase in capital gains (19%, up from 12% in the previous round). Over the next six months, a similar share of euro area banks expect profitability to continue to decrease as a result of the APP (-32% in net terms).

With regard to banks' capital and leverage ratios, a small positive net percentage of euro area banks indicated a positive APP impact over the past six months and expect a marginally positive impact over the coming six months (see Chart 16).

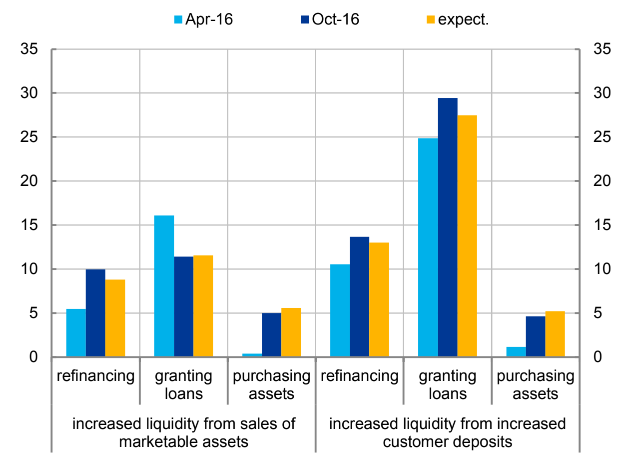
3.2.2 Purposes for which banks use the additional liquidity from the ECB's expanded asset purchase programme

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 these two sources for refinancing purposes, granting loans or purchasing assets. The first part of this section reports on banks' use of the additional liquidity resulting from their sales of marketable assets, while the second part deals with banks' use of the additional liquidity from an increase in customer deposits.

Chart 17

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

(average percentage of respondents per category; over the past and next six months)

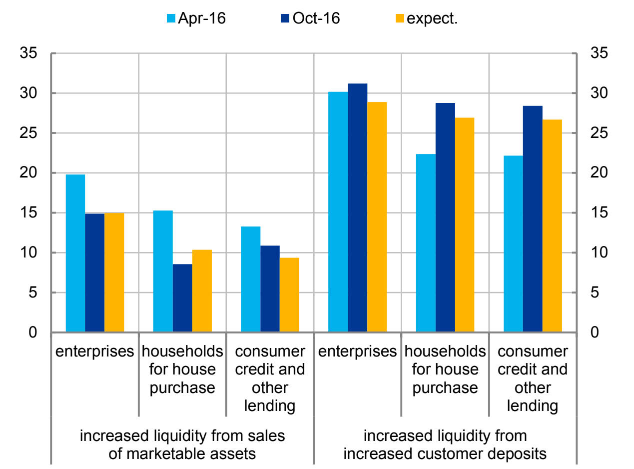


Notes: The percentages are defined as the sum of the percentages for "has contributed (will contribute) considerably to this purpose" and "has contributed (will contribute) somewhat to this purpose". The results shown are calculated as a percentage of the number of banks which did not reply "not applicable". The periods in the legend refer to the respective BLS survey rounds. "expect." stands for expectations that banks provided in the current round.

Chart 18

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

(percentage of respondents; over the past and next six months)



Note: See the notes to Chart 17.

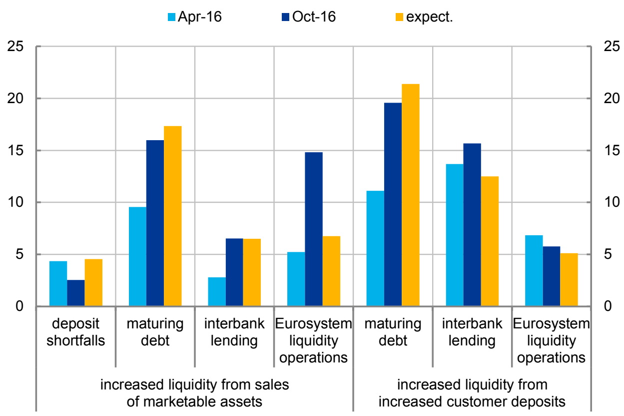
Euro area banks indicated that over the past six months they have used the additional liquidity from their sales of marketable assets related to the APP for granting loans (11% of the banks, down from 16%), for refinancing (10%, up from 5%) and for purchasing assets (5%, up from 0%) (see Chart 17, left-hand side). For the coming six months, euro area banks expect a similar impact as in the current survey round.

Specifically, 15% of the euro area banks indicated that they have used the funds for granting loans to enterprises (after 20% in the previous survey), while 9% and 11% respectively indicated that they have used the funds for granting housing loans and consumer credit and other lending to households (after 15% and 13% respectively in the April 2016 survey round) (see Chart 18, left-hand side). Over the coming six months, this pattern is expected to continue.

Chart 19

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

(percentage of respondents; over the past and next six months)



Note: See the notes to Chart 17.

With respect to the use of the liquidity from the sales of marketable assets for refinancing, euro area banks indicated that liquidity would mainly be used as a substitute for maturing debt (16% of the banks, up from 10%) and for Eurosystem liquidity operations (15% of the banks, up from 5%), but also, to a lesser extent, for interbank lending and deposit shortfalls (see Chart 19, left-hand side).

Over the past six months, a small net percentage of euro area banks (5%, up from 0%) reported using the liquidity from the sales of marketable assets related to the APP to purchase marketable assets (see Chart 17, left-hand side) and this included both euro area and non-euro area assets.

Euro area banks were also asked for which purposes they have used the additional liquidity related to the APP from an increase in the deposits of households and enterprises. Overall, similar to the findings in the April 2016 report, the impact from an APP-related increase in banks' customer deposits tends to be more pronounced compared with the impact from the APP-related sales of marketable assets, especially for granting loans, according to reporting banks.

Euro area banks indicated that they have used the additional liquidity from an increase in customer deposits related to the APP over the past six months in particular for granting loans (29%, up from 25%) and, to a lesser extent, for refinancing (14%, up from 11%) and for purchasing assets (5%, up from 1%) (see Chart 17, right-hand side). Overall, the reported APP impact increased somewhat compared with the April 2016 survey, as a higher net percentage of banks reported using the liquidity across all categories. For the coming six months, euro area banks expect a broadly similar impact as in the current survey round across all categories.

In detail, a similar percentage of banks reported that they used the additional APP-related liquidity from an increase in customer deposits mainly for granting loans to enterprises (31%, up from 30% in the April 2016 survey), to households for house purchase (29%, up from 22%) and for consumer credit (28%, up from 22%) (see Chart 18, right-hand side). Banks have broadly similar expectations for the coming six months.

With respect to the use of APP-related liquidity from an increase in customer deposits for refinancing purposes, euro area banks reported that they have used it mainly as a substitute for maturing debt (20%, up from 11%), for interbank lending (16% of the banks, up from 14%) and, to a lesser extent, for Eurosystem liquidity operations (6%, down from 7%) over the past six months (see Chart 19, right-hand side). A broadly similar impact is expected over the next six months.

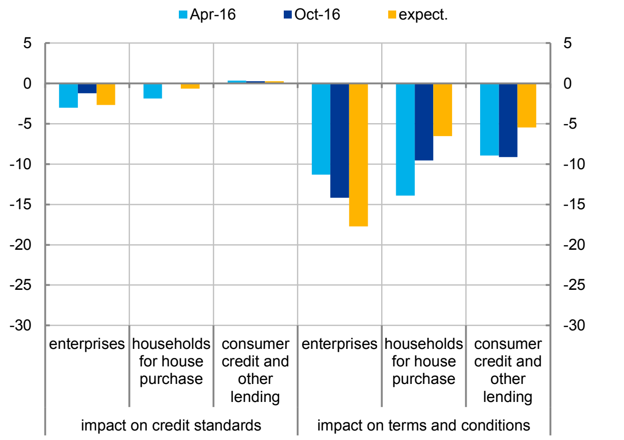
With respect to purchasing marketable assets with the additional APP liquidity from increased customer deposits, euro area banks reported a positive impact over the past six months (5%, up from 1%), and a similar impact is expected for the next six months (5%; see Chart 17, right-hand side).

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

Chart 20

Impact of the expanded APP on bank lending conditions

(net percentage of respondents; over the past and next six months)



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". The periods in the legend refer to the respective BLS survey rounds. "expect." stands for expectations that banks provided in the current round.

Euro area banks indicated a broadly unchanged effect of the APP on their credit standards for loans to enterprises (-1%, after -3% in the April survey round; see Chart 20, left-hand side), for housing loans (0%, after -2%) and for consumer credit (stable at 0%) over the past six months. Over the next six months, banks expect a small net easing impact on credit standards for loans to enterprises (-3%), while the effect on credit standards on housing loans and consumer credit is expected to be neutral.

As in the previous survey rounds, the impact of the APP continues to be stronger for credit terms and conditions, and the effect is broadly comparable with the April 2016 survey (loans to enterprises: -14%, after -11%, housing loans: -10%, after -14%, consumer credit and other lending to households: stable at -9%; see Chart 20, right-hand side). The favourable impact on terms and conditions is expected to continue over the next six months.

3.3 The impact of the ECB's negative deposit facility rate

The October 2016 survey questionnaire included for the second time an ad hoc question aimed at gauging the impact of the ECB's negative deposit facility rate (DFR) on banks' net interest income, lending conditions and lending volume. Banks were asked to consider both the direct and indirect effects of the negative DFR, as there may be indirect effects on banks' financial situation and lending conditions even if the respective bank has no excess liquidity.

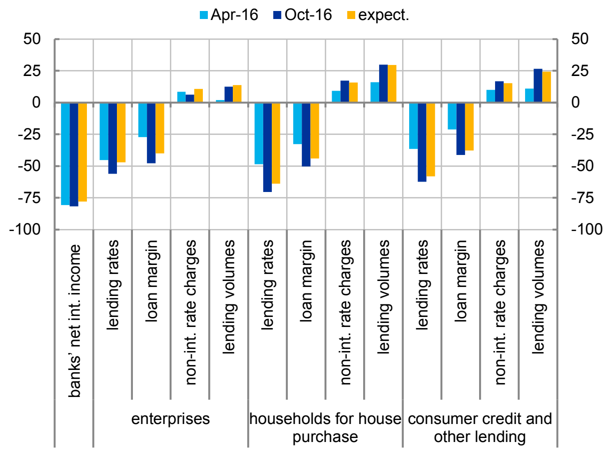
With respect to the effect of the ECB's negative DFR on banks' net interest income, euro area BLS banks continued to report a negative impact in net percentage terms over the past six months (-82%, after -81%; see Chart 21). A similar impact is expected over the coming six months (a net percentage of -78%).

Regarding the DFR impact on loans to enterprises, euro area banks continued to report a negative impact on their lending rates over the past six months (a net percentage of -56%, after -45%) (see Chart 21) and a negative impact on their loan margins (-48%, after -27% in the April 2016 survey round) (see Chart 21). A positive net percentage of euro area banks also indicated that the negative DFR has led to an increase in non-interest rate charges for loans to enterprises over the past six months (6%, down from 8%). This finding is in line with the marginal increase in non-interest rate charges on loans to enterprises reported by banks in response to the standard question on terms and conditions. In terms of lending volumes to enterprises, a positive impact from the negative DFR was reported for the past six months in contrast to the April 2016 survey where the reported effect was broadly neutral (net percentage of banks: 12%, up from 2%). Banks expect a similar ongoing positive effect on lending volumes in net terms over the next six months (14%). A higher net percentage of banks expects an increase in non-interest rate charges over the coming six months (11%) compared with the last six months, while a smaller share in net terms expects a decline in lending rates (-47%) and loan margins (-40%) on loans to enterprises over the coming six months.

Chart 21

Impact of the negative DFR on banks' net interest income and bank lending

(net percentage of respondents; over the past and next six months)



Notes: The net percentages are defined as the difference between the sum of the percentages for "increased considerably" and "increased somewhat" and the sum of the percentages for "decreased somewhat" and "decreased considerably". The results shown are calculated as a percentage of the number of banks which did not reply "not applicable". The periods in the legend refer to the respective BLS survey rounds. "expect." stands for expectations that banks provided in the current round.

Regarding the negative DFR impact on loans to households for house purchase, a substantial net percentage of euro area banks indicated a negative impact on their lending rates over the past six months (-71%, after -49%) and a negative impact on their loan margin (-50%, after -33%) (see Chart 21). Compared with the results for loans to enterprises, a higher net percentage of banks reported an increase in non-interest rate charges for housing loans over the past six months (17%, up from 9% in the previous survey round). This effect is as yet not evident in the non-interest rate charges on housing loans as reported in replies to the main question on terms and conditions. In terms of housing lending volumes, a higher net percentage of banks reported a positive effect in comparison to responses in the April 2016 survey (30%, up from 16%) and in comparison to responses regarding loans to enterprises in this survey round. For the next six months, the impact across all categories concerning household loans for house purchase is expected to remain similar.

Finally, looking at consumer credit and other lending to households, the impact of the negative DFR is broadly similar to that for housing loans for the four categories (see Chart 21).

Annex 1
Results for the standard questions[8]

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	
	Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
Tightened considerably	0	0	0	0	0	0	0	0	0	0
Tightened somewhat	1	1	1	1	1	1	1	1	2	2
Remained basically unchanged	92	98	93	99	91	97	92	97	89	97
Eased somewhat	7	1	7	0	8	3	7	2	9	1
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	**-7**	***0***	**-6**	***1***	**-8**	***-2***	**-7**	***-2***	**-6**	***1***
Diffusion index	**-3**	***0***	**-3**	***0***	**-4**	***-1***	**-3**	***-1***	**-3**	***1***
Mean	*3.03*	*2.97*	*3.03*	*2.96*	*3.04*	*2.98*	*3.03*	*2.98*	*3.03*	*2.95*
Number of banks responding	***136***	***136***	***131***	***132***	***131***	***130***	***136***	***136***	***136***	***136***

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

8 Figures in the tables in Annexes 1 and 2 may deviate slightly from those in the text owing 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	
							Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	3	94	0	0	3	3	3	2	2	2.94	2.94
Your bank's ability to access market financing	0	0	95	0	0	5	0	0	0	0	2.97	2.97
Your bank's liquidity position	0	0	95	2	0	3	-2	-2	-1	-1	2.99	2.99
B) Pressure from competition												
Competition from other banks	0	0	88	9	0	3	-21	-9	-10	-5	3.17	3.05
Competition from non-banks	0	0	93	2	0	5	-2	-2	-1	-1	2.97	2.98
Competition from market financing	0	0	89	4	0	8	-4	-4	-2	-2	3.00	3.00
C) Perception of risk												
General economic situation and outlook	0	1	94	4	0	2	-4	-3	-2	-2	3.00	3.00
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	1	92	6	0	2	-4	-5	-2	-3	3.02	3.01
Risk related to the collateral demanded	0	2	96	0	0	2	2	2	1	1	2.94	2.95
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	95	1	0	2	2	1	1	1	2.95	2.96

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	2	85	5	0	8	2	-2	1	-1	2.94	3.00
Your bank's ability to access market financing	0	0	85	5	0	11	-2	-5	-1	-2	2.98	3.02
Your bank's liquidity position	0	0	85	7	0	8	-2	-7	-1	-3	2.99	3.05
B) Pressure from competition												
Competition from other banks	0	0	82	11	1	6	-18	-11	-9	-6	3.15	3.09
Competition from non-banks	0	0	89	1	0	10	-1	-1	-1	-1	2.97	2.98
Competition from market financing	0	0	85	0	0	15	0	0	0	0	2.96	2.97
C) Perception of risk												
General economic situation and outlook	0	1	91	4	0	5	-3	-3	-2	-2	3.00	3.00
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	3	89	3	0	5	-2	0	-1	0	3.00	2.99
Risk related to the collateral demanded	0	2	94	0	0	5	3	2	1	1	2.94	2.95
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	90	1	0	8	-1	-1	0	0	2.97	2.98

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	3	89	0	0	8	3	3	2	2	2.93	2.93
Your bank's ability to access market financing	0	0	85	5	0	11	0	-5	0	-2	2.96	3.01
Your bank's liquidity position	0	0	90	1	0	8	-3	-1	-1	-1	2.99	2.98
B) Pressure from competition												
Competition from other banks	0	0	83	8	0	9	-16	-8	-8	-4	3.11	3.04
Competition from non-banks	0	0	88	2	0	10	-2	-2	-1	-1	2.97	2.97
Competition from market financing	0	0	85	4	0	12	-8	-4	-4	-2	3.04	3.00
C) Perception of risk												
General economic situation and outlook	0	1	89	3	0	8	-4	-2	-2	-1	2.99	2.98
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	1	88	4	0	8	-7	-4	-4	-2	3.03	3.00
Risk related to the collateral demanded	0	2	91	0	0	8	2	2	1	1	2.94	2.94
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	90	2	0	8	-2	-2	-1	-1	2.98	2.98

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 of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

Question 3

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

(in percentages, unless otherwise stated)

OVERALL

	--	-	°	+	++	NA	NetP Jul 16	NetP Oct 16	DI Jul 16	DI Oct 16	Mean Jul 16	Mean Oct 16
A) Overall terms and conditions												
Overall terms and conditions	0	4	79	15	0	2	-12	-12	-6	-6	3.09	3.08
B) Margins												
Your bank's margin on average loans	0	5	58	35	1	2	-31	-30	-16	-16	3.28	3.26
Your bank's margin on riskier loans	0	4	88	7	0	2	1	-3	1	-2	2.96	2.98
C) Other conditions and terms												
Non-interest rate charges	0	4	91	1	0	4	1	2	0	1	2.96	2.94
Size of the loan or credit line	0	0	97	1	0	2	-3	-1	-1	-1	2.99	2.98
Collateral requirements	0	1	92	4	1	2	-3	-3	-1	-2	2.99	3.00
Loan covenants	0	1	92	5	0	2	-2	-4	-1	-2	2.98	3.00
Maturity	0	2	91	5	0	2	-5	-4	-2	-2	3.01	3.00

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP Jul 16	NetP Oct 16	DI Jul 16	DI Oct 16	Mean Jul 16	Mean Oct 16
A) Overall terms and conditions												
Overall terms and conditions	0	4	79	13	0	5	-11	-10	-6	-5	3.07	3.06
B) Margins												
Your bank's margin on average loans	0	5	59	30	1	5	-29	-26	-18	-13	3.33	3.22
Your bank's margin on riskier loans	0	4	77	14	0	6	-3	-10	-1	-5	2.99	3.05
C) Other conditions and terms												
Non-interest rate charges	0	5	86	3	0	7	-2	2	-1	1	2.98	2.94
Size of the loan or credit line	0	0	93	3	0	5	-4	-3	-2	-1	3.00	2.99
Collateral requirements	0	1	90	3	1	5	0	-3	0	-2	2.96	3.00
Loan covenants	0	1	91	3	0	5	-2	-2	-1	-1	2.98	2.98
Maturity	0	2	89	5	0	5	-1	-3	-1	-2	2.97	2.99

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP Jul 16	NetP Oct 16	DI Jul 16	DI Oct 16	Mean Jul 16	Mean Oct 16
A) Overall terms and conditions												
Overall terms and conditions	0	3	73	17	0	8	-15	-14	-8	-7	3.14	3.11
B) Margins												
Your bank's margin on average loans	1	2	57	32	1	8	-38	-30	-19	-15	3.36	3.28
Your bank's margin on riskier loans	0	4	83	5	0	8	1	-1	0	-1	2.95	2.98
C) Other conditions and terms												
Non-interest rate charges	0	1	82	8	0	10	-7	-6	-4	-3	3.04	3.03
Size of the loan or credit line	0	1	87	4	0	8	-8	-4	-4	-2	3.04	3.00
Collateral requirements	0	1	85	7	0	8	-6	-6	-4	-3	3.04	3.02
Loan covenants	0	1	83	9	0	8	-5	-8	-3	-4	3.03	3.05
Maturity	0	2	81	9	0	8	-8	-7	-4	-3	3.04	3.03

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 of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

Question 4

Over the past three months, how have the following factors 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	
							Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	91	5	0	2	-3	-4	-2	-2	3	2.99
B) Pressure from competition												
Pressure from competition	0	0	74	23	0	3	-28	-23	-14	-12	3	3.20
C) Perception of risk												
Perception of risk	0	1	92	6	0	2	0	-5	0	-3	3	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	95	1	0	3	2	1	1	0	3	2.96

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	89	7	0	3	-4	-5	-2	-3	3	3.00
B) Pressure from competition												
Pressure from competition	0	0	69	27	0	3	-29	-27	-15	-14	3	3.24
C) Perception of risk												
Perception of risk	0	1	91	6	0	3	0	-5	0	-3	3	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	95	1	0	3	1	1	0	0	3	2.96

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	3	92	3	0	2	2	0	1	0	3	2.95
B) Pressure from competition												
Pressure from competition	0	2	85	10	0	3	-5	-9	-3	-4	3	3.06
C) Perception of risk												
Perception of risk	0	2	93	3	0	2	2	-1	1	-1	3	2.96
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	96	1	0	2	2	1	1	0	3	2.96

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 of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

Question 5

Over the past three months (apart from normal seasonal fluctuations), has the share of enterprise loan applications 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	
	Jul 16	Oct 16
Decreased considerably	0	0
Decreased somewhat	5	7
Remained basically unchanged	94	92
Increased somewhat	1	1
Increased considerably	0	0
Total	*100*	*100*
Net percentage	***-4***	***-7***
Diffusion index	***-2***	***-3***
Mean	*2.93*	*2.90*
Number of banks responding	***134***	***134***

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 of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

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	
	Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
Decreased considerably	1	0	1	0	1	0	1	1	1	1
Decreased somewhat	7	12	8	12	10	14	7	11	9	11
Remained basically unchanged	68	64	65	67	66	67	69	73	62	62
Increased somewhat	24	23	25	19	22	20	22	14	28	25
Increased considerably	1	0	2	1	1	0	1	0	1	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**17**	***11***	**18**	***8***	**12**	***6***	**15**	***1***	**18**	***13***
Diffusion index	**8**	***5***	**10**	***5***	**6**	***3***	**7**	***0***	**9**	***6***
Mean	*3.14*	*3.07*	*3.16*	*3.06*	*3.07*	*3.02*	*3.11*	*2.96*	*3.14*	*3.08*
Number of banks responding	***135***	***136***	***132***	***133***	***130***	***130***	***135***	***136***	***135***	***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 of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

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		DI		Mean	
							Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
A) Financing needs/underlying drivers or purpose of loan demand												
Fixed investment	0	11	73	14	1	2	3	4	2	2	3.00	3.01
Inventories and working capital	0	3	86	9	0	3	15	6	7	3	3.12	3.03
Mergers/acquisitions and corporate restructuring	0	2	82	14	0	3	22	11	11	6	3.21	3.08
General level of interest rates	0	2	79	17	0	2	17	16	9	8	3.14	3.12
Debt refinancing/restructuring and renegotiation	0	3	84	12	0	2	10	9	5	5	3.07	3.05
B) Use of alternative finance												
Internal financing	0	9	84	2	0	5	-5	-7	-3	-3	2.91	2.89
Loans from other banks	0	6	86	2	0	5	-5	-4	-2	-2	2.93	2.92
Loans from non-banks	1	2	90	0	0	6	-1	-3	-1	-2	2.95	2.93
Issuance/redemption of debt securities	0	7	80	2	0	10	-3	-6	-2	-3	2.92	2.90
Issuance/redemption of equity	0	2	86	0	0	12	-2	-2	-1	-1	2.94	2.94

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 of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

Question 8

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
Tighten considerably	0	0	0	0	0	0	0	0	0	0
Tighten somewhat	2	7	1	5	3	5	0	5	2	8
Remain basically unchanged	95	90	97	90	92	90	96	92	94	91
Ease somewhat	3	3	2	5	5	5	3	3	3	2
Ease considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***-1***	***4***	***-1***	***1***	***-2***	***0***	***-3***	***2***	***-1***	***6***
Diffusion index	***-1***	***2***	***-1***	***0***	***-1***	***0***	***-1***	***1***	***0***	***3***
Mean	*2.97*	*2.94*	*2.98*	*2.97*	*2.98*	*2.95*	*2.99*	*2.96*	*2.97*	*2.92*
Number of banks responding	***136***	***135***	***132***	***131***	***131***	***129***	***136***	***135***	***136***	***135***

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 of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

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	
	Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
Decrease considerably	0	0	0	0	0	0	0	0	0	0
Decrease somewhat	1	2	1	2	3	2	1	2	2	2
Remain basically unchanged	74	73	71	68	78	83	79	76	69	79
Increase somewhat	25	25	28	30	18	15	20	22	29	18
Increase considerably	0	0	0	0	0	0	0	0	0	1
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***24***	***23***	***27***	***27***	***15***	***13***	***20***	***19***	***28***	***17***
Diffusion index	***12***	***11***	***13***	***14***	***8***	***7***	***10***	***10***	***14***	***9***
Mean	*3.20*	*3.17*	*3.23*	*3.22*	*3.11*	*3.09*	*3.16*	*3.14*	*3.24*	*3.14*
Number of banks responding	***136***	***136***	***132***	***132***	***131***	***130***	***136***	***136***	***136***	***136***

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 of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

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	
	Jul 16	Oct 16	Jul 16	Oct 16
Tightened considerably	1	0	0	0
Tightened somewhat	9	5	1	1
Remained basically unchanged	78	87	93	95
Eased somewhat	11	8	6	4
Eased considerably	1	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***-2***	***-4***	***-5***	***-4***
Diffusion index	***-1***	***-2***	***-3***	***-2***
Mean	*2.98*	*3.00*	*3.01*	*3.00*
Number of banks responding	***130***	***130***	***132***	***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 of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

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	
							Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	4	83	6	0	6	4	-2	2	-1	2.92	2.99
B) Pressure from competition												
Competition from other banks	0	0	80	13	0	6	-13	-13	-7	-7	3.11	3.10
Competition from non-banks	0	0	88	4	0	8	-2	-4	-1	-2	2.97	2.99
C) Perception of risk												
General economic situation and outlook	0	0	93	2	0	6	-6	-1	-3	-1	3.03	2.98
Housing market prospects, including expected house price developments	0	0	90	4	0	6	-10	-4	-5	-2	3.05	3.00
Borrower's creditworthiness	0	1	93	1	0	6	-1	-1	0	0	2.97	2.97
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	92	1	0	6	-2	0	-1	0	2.98	2.96

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 of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

Question 12

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
A) Overall terms and conditions												
Overall terms and conditions	0	3	87	4	0	6	-6	-1	-3	-1	3.03	2.98
B) Margins												
Your bank’s loan margin on average loans	0	2	69	23	0	6	-21	-21	-11	-11	3.18	3.17
Your bank’s loan margin on riskier loans	0	2	90	1	0	6	-2	1	-1	1	2.98	2.95
C) Other terms and conditions												
Collateral requirements	0	3	90	1	0	6	1	3	0	1	2.96	2.93
"Loan-to-value" ratio	0	3	90	1	0	6	0	2	0	1	2.97	2.94
Other loan size limits	0	1	87	0	0	12	0	1	0	1	2.97	2.95
Maturity	0	1	92	1	0	6	1	-1	0	0	2.96	2.97
Non-interest rate charges	0	1	89	1	0	9	0	0	0	0	2.95	2.96

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 of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

Question 13

Over the past three months, how have the following factors 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	
							Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	86	6	0	6	0	-5	0	-3	3	3.01
B) Pressure from competition												
Pressure from competition	0	1	78	15	0	6	-14	-14	-8	-7	3	3.10
C) Perception of risk												
Perception of risk	0	1	92	2	0	6	-4	-1	-2	-1	3	2.98
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	94	1	0	6	0	-1	0	0	3	2.97

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	86	8	0	6	0	-7	0	-4	3	3.03
B) Pressure from competition												
Pressure from competition	0	1	74	18	0	6	-27	-18	-14	-9	3	3.14
C) Perception of risk												
Perception of risk	0	1	89	4	0	6	-1	-4	-1	-2	3	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	92	2	0	6	-2	-2	-1	-1	3	2.99

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	92	0	0	7	-1	1	0	1	3	2.94
B) Pressure from competition												
Pressure from competition	0	1	88	5	0	6	-4	-4	-2	-2	3	3.00
C) Perception of risk												
Perception of risk	0	2	91	0	0	6	1	2	1	1	3	2.93
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	91	1	0	6	0	1	0	0	3	2.95

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 of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

Question 14

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	88	8	0	4	-3	-8	-2	-4	2.99	3.04
B) Pressure from competition												
Competition from other banks	0	0	91	5	0	4	-5	-5	-2	-2	3.01	3.01
Competition from non-banks	0	0	91	1	0	8	-3	-1	-1	-1	2.98	2.97
C) Perception of risk												
General economic situation and outlook	0	0	92	4	0	4	-4	-4	-2	-2	2.99	3.00
Creditworthiness of consumers (1)	0	0	93	3	0	4	-1	-3	-1	-2	2.97	2.99
Risk on the collateral demanded	0	0	89	0	0	11	0	0	0	0	2.95	2.95
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	94	2	0	4	-1	-2	-1	-1	2.98	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 of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

Question 15

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
A) Overall terms and conditions												
Overall terms and conditions	0	1	88	7	0	4	-5	-6	-3	-3	3.01	3.02
B) Margins												
Your bank's loan margin on average loans	0	2	81	13	0	4	-11	-12	-6	-6	3.07	3.07
Your bank's loan margin on riskier loans	0	1	93	3	0	4	1	-2	0	-1	2.95	2.97
C) Other terms and conditions												
Collateral requirements	0	0	91	0	0	9	0	0	0	0	2.94	2.94
Size of the loan	0	1	95	1	0	4	-2	-1	-1	0	2.98	2.97
Maturity	0	0	96	0	0	4	0	0	0	0	2.96	2.96
Non-interest rate charges	0	1	92	0	0	7	0	1	0	1	2.95	2.95

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 of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

Question 16

Over the past three months, how have the following factors 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	
							Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	87	8	0	4	-4	-8	-2	-4	3	3.03
B) Pressure from competition												
Pressure from competition	0	0	84	12	0	4	-12	-12	-6	-6	3	3.07
C) Perception of risk												
Perception of risk	0	0	93	3	0	4	-3	-3	-2	-2	3	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	95	2	0	4	-1	-2	-1	-1	3	2.98

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	86	8	0	4	-2	-7	-1	-3	3	3.03
B) Pressure from competition												
Pressure from competition	0	0	80	13	3	4	-12	-16	-7	-10	3	3.10
C) Perception of risk												
Perception of risk	0	0	91	6	0	4	-3	-6	-2	-3	3	3.01
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	93	3	0	4	-1	-3	-1	-2	3	2.99

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	92	3	0	4	1	-1	0	0	3	2.96
B) Pressure from competition												
Pressure from competition	0	0	92	3	0	4	-1	-3	0	-2	3	2.98
C) Perception of risk												
Perception of risk	0	0	94	3	0	4	-1	-3	0	-1	3	2.97
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	96	0	0	4	-1	0	-1	0	3	2.96

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 of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

Question 17

Over the past three months (apart from normal seasonal fluctuations), has the share of household loan applications 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	
	Jul 16	Oct 16	Jul 16	Oct 16
Decreased considerably	0	0	0	0
Decreased somewhat	5	6	6	8
Remained basically unchanged	88	88	91	91
Increased somewhat	8	5	2	1
Increased considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***3***	***-2***	***-4***	***-7***
Diffusion index	***1***	***-1***	***-2***	***-3***
Mean	*2.99*	*2.94*	*2.92*	*2.89*
Number of banks responding	***126***	***127***	***129***	***130***

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 of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

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	
	Jul 16	Oct 16	Jul 16	Oct 16
Decreased considerably	0	1	0	0
Decreased somewhat	4	11	4	3
Remained basically unchanged	61	53	71	61
Increased somewhat	33	34	23	36
Increased considerably	1	1	2	0
Total	*100*	*100*	*100*	*100*
Net percentage	***30***	***23***	***21***	***32***
Diffusion index	***16***	***11***	***11***	***16***
Mean	*3.26*	*3.17*	*3.19*	*3.27*
Number of banks responding	***130***	***130***	***133***	***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 of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

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	
							Jul 16	Oct 16	Jul 16	Oct 16	Jul 16	Oct 16
A) Financing needs/underlying drivers or purpose of loan demand												
Housing market prospects, including expected house price developments	0	1	60	33	0	6	20	32	10	16	3.16	3.26
Consumer confidence	0	3	71	20	0	6	20	17	10	9	3.19	3.11
General level of interest rates	0	1	61	32	1	6	27	32	14	16	3.25	3.28
Debt refinancing/restructuring and renegotiation	0	3	85	6	0	6	14	3	7	2	3.11	2.98
Regulatory and fiscal regime of housing markets	0	4	90	0	0	6	-3	-4	-2	-2	2.91	2.91
B) Use of alternative sources for housing finance												
Internal finance of house purchase out of savings/down payment	0	5	86	3	0	6	-2	-2	-1	-1	2.93	2.93
Loans from other banks	0	9	84	1	0	7	-7	-8	-3	-4	2.91	2.88
Other sources of external finance	0	0	93	0	0	7	0	0	0	0	2.96	2.96

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 of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

Question 20

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP Jul 16	NetP Oct 16	DI Jul 16	DI Oct 16	Mean Jul 16	Mean Oct 16
A) Financing needs/underlying drivers or purpose of loan demand												
Spending on durable consumer goods	0	1	74	21	0	3	17	20	9	10	3.15	3.17
Consumer confidence	0	3	85	9	0	3	13	5	6	3	3.10	3.02
General level of interest rates	0	0	68	28	0	3	15	28	7	14	3.11	3.24
Consumption expenditure financed through real-estate guaranteed loans	0	1	86	0	0	13	0	-1	0	0	2.94	2.94
B) Use of alternative finance												
Internal finance out of savings	0	4	92	1	0	3	-4	-3	-2	-2	2.92	2.93
Loans from other banks	0	5	91	0	0	4	-4	-5	-2	-2	2.92	2.91
Other sources of external finance	0	1	93	2	0	4	0	1	0	0	2.96	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 of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

Question 21

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

(in percentages, unless otherwise stated)

	Loans for house purchase Jul 16	Loans for house purchase Oct 16	Consumer credit and other lending Jul 16	Consumer credit and other lending Oct 16
Tighten considerably	0	0	0	0
Tighten somewhat	2	2	0	1
Remain basically unchanged	93	94	94	97
Ease somewhat	5	4	5	2
Ease considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***-4***	***-3***	***-5***	***-1***
Diffusion index	***-2***	***-1***	***-3***	***0***
Mean	*2.99*	*3.00*	*2.99*	*2.97*
Number of banks responding	***129***	***129***	***131***	***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 of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

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	
	Jul 16	Oct 16	Jul 16	Oct 16
Decrease considerably	0	0	0	0
Decrease somewhat	1	1	0	2
Remain basically unchanged	80	67	80	72
Increase somewhat	18	32	20	26
Increase considerably	1	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***17***	***31***	***20***	***24***
Diffusion index	***9***	***16***	***10***	***12***
Mean	*3.15*	*3.26*	*3.16*	*3.19*
Number of banks responding	***129***	***128***	***132***	***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 of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

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?

(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	3	74	21	0	-16	3.11	0.60	0	2	89	9	0	-7	3.03	0.39	13
Long-term (more than one year) deposits and other retail funding instruments	2	11	78	9	0	3	2.92	0.56	0	9	87	4	0	5	2.91	0.40	12
B) Inter-bank unsecured money market																	
Very short-term money market (up to 1 week)	0	10	87	3	0	7	2.89	0.39	0	3	94	4	0	-1	2.97	0.31	7
Short-term money market (more than 1 week)	0	9	89	2	0	7	2.90	0.35	0	3	94	3	0	1	2.96	0.29	7
C) Wholesale debt securities[3]																	
Short-term debt securities (e.g. certificates of deposit or commercial paper)	2	8	74	15	0	-5	2.99	0.62	2	8	88	2	0	9	2.86	0.46	20
Medium to long term debt securities (incl. covered bonds)	0	7	62	31	0	-24	3.21	0.61	0	6	79	15	0	-8	3.05	0.50	11
D) Securitisation[4]																	
Securitisation of corporate loans	0	1	81	9	9	-18	3.23	0.57	0	1	95	4	0	-3	2.99	0.49	48
Securitisation of loans for house purchase	0	1	69	3	27	-29	3.51	0.66	0	1	76	2	0	-1	2.32	0.55	51
E) Ability to transfer credit risk off balance sheet[5]																	
Ability to transfer credit risk off balance sheet	0	1	81	14	3	-16	3.16	0.56	0	6	88	6	0	0	2.96	0.39	39

(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 of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. Figures may not exactly sum up due to rounding.

Question A2

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	8	84	9	0	8	1	3	0	1	4	84	11	0	8	7	3	0
of which:																		
euro area sovereign bond holdings	0	21	76	3	0	10	-19	3	1	0	19	79	2	0	10	-17	3	0
B) Your bank's liquidity position																		
Your bank's overall liquidity position	0	1	75	24	0	10	23	3	1	0	0	85	15	0	10	15	3	0
owing to:																		
sales of marketable assets	0	0	87	13	0	18	13	3	0	0	0	92	7	1	18	8	3	0
an increase in deposits from enterprises(2) and households	0	1	75	24	0	12	23	3	1	0	0	82	18	0	11	18	3	0
C) Your bank's market financing conditions																		
Your bank's overall market financing conditions	0	3	59	39	0	13	36	3	1	0	0	76	24	0	13	24	3	0
of which financing via:																		
asset-backed securities	0	0	84	16	0	33	16	3	0	0	0	91	9	0	32	9	3	0
covered bonds	0	1	59	35	5	18	39	3	1	0	1	79	17	3	18	19	3	1
unsecured bank bonds	0	3	68	30	0	20	27	3	1	0	1	87	11	0	20	10	3	0
equity issued	0	0	100	0	0	34	0	3	0	0	0	99	1	0	34	1	3	0
D) Your bank's profitability																		
Your bank's overall profitability	3	37	48	11	1	10	-29	3	1	5	35	53	7	1	10	-32	3	1
owing to:																		
net interest margin(3)	5	45	47	3	0	11	-46	2	1	4	44	48	3	0	11	-45	3	1
capital gains/losses	1	0	79	20	1	13	19	3	1	2	1	92	5	1	13	2	3	0
of which: capital gains/losses out of sales of marketable assets	1	0	79	20	1	19	19	3	1	2	1	90	6	1	19	3	3	0
E) Your bank's capital position																		
Your bank's capital ratio(4)	0	1	93	4	2	11	5	3	0	0	2	95	3	1	11	2	3	0
owing to capital release(5)			98	0	2	25						98	2	0	25			
Your bank's leverage ratio(6)	0	0	94	6	0	12	6	3	0	0	0	97	3	1	12	3	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 of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options. Figures may not exactly sum up due to rounding.

Question A3

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	1	2	97	41	2.98	0.32	0	5	95	42	3.00	0.32
For substituting maturing debt	0	16	84	40	3.11	0.46	0	17	83	40	3.13	0.48
For substituting interbank lending	0	7	93	41	3.02	0.35	0	6	94	41	3.02	0.35
For substituting Eurosystem liquidity operations	6	9	85	40	3.16	0.62	2	5	93	40	3.04	0.44
For granting loans:												
Loans to non-financial corporations	3	12	85	40	3.13	0.54	2	13	85	40	3.12	0.52
Loans to households for house purchase	3	6	91	47	3.06	0.47	2	8	90	48	3.07	0.47
Consumer credit and other lending to households	3	8	89	46	3.09	0.49	2	7	91	46	3.06	0.45
For purchasing assets:												
Euro area marketable assets, excluding sovereign bonds	0	6	94	40	3.01	0.34	0	6	93	40	3.02	0.37
Non-euro area marketable assets	0	4	96	40	2.99	0.30	0	5	95	40	3.00	0.31
B) Increased liquidity owing to an increase in customer deposits from enterprises(2) and households												
For refinancing:												
For substituting maturing debt	0	20	80	31	3.19	0.43	0	21	79	31	3.21	0.44
For substituting interbank lending	1	15	84	29	3.11	0.47	1	12	88	29	3.08	0.44
For substituting Eurosystem liquidity operations	0	6	94	33	3.01	0.34	1	4	95	33	3.01	0.36
For granting loans:												
Loans to non-financial corporations	3	28	69	28	3.29	0.62	4	25	71	28	3.28	0.62
Loans to households for house purchase	5	24	71	36	3.29	0.65	5	22	73	36	3.27	0.64
Consumer credit and other lending to households	4	24	72	35	3.28	0.63	4	23	73	35	3.26	0.63
For purchasing assets:												
Euro area marketable assets, excluding sovereign bonds	0	6	94	32	3.01	0.33	0	6	94	32	3.02	0.34
Non-euro area marketable assets	1	2	96	35	3.02	0.36	1	3	96	35	3.01	0.37

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

Question A4

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	0	98	2	0	10	-1	3	0	0	0	97	3	0	10	-3	3	0
For loans to households for house purchase	0	0	100	0	0	21	0	3	0	0	0	99	1	0	21	-1	3	0
For consumer credit and other lending to households	0	0	100	0	0	19	0	3	0	0	0	100	0	0	19	0	3	0
B) Terms and conditions																		
For loans to enterprises	0	0	85	14	0	10	-14	3	0	0	0	82	18	0	16	-18	3	0
For loans to households for house purchase	0	0	90	10	0	21	-10	3	0	0	0	93	7	0	21	-7	3	0
For consumer credit and other lending to households	0	0	90	9	0	19	-9	3	0	0	0	94	6	0	19	-5	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 of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. Figures may not exactly sum up due to rounding.

Question A5

Given the ECB’s negative deposit facility rate, did or will this measure, either directly or indirectly[1], contribute to:

- a decrease/increase of your bank’s net interest income
- a decrease/increase of your bank’s lending rates
- a decrease/increase of your bank’s loan margin (narrower spread = decrease; wider spread = increase)
- a decrease/increase of your bank’s non-interest rate charges
- a decrease/increase of your bank’s lending volume

over the past or next six months?

(in percentages, unless otherwise stated)

	Over the past six months									Over the next six months								
	--	-	°	+	++	N/A[2]	NetP	Mean	Standard deviation	--	-	°	+	++	N/A[2]	NetP	Mean	Standard deviation
Impact on your bank's net interest income																		
Impact on your bank's net interest income[3]	25	58	17	1	0		-82	2	1	24	55	20	1	0		-78	2	1
Loans to enterprises																		
Impact on your bank's lending rates	9	57	24	10	0	8	-56	2	1	8	50	31	11	0	9	-47	2	1
Impact on your bank's loan margin[4]	4	46	47	3	0	8	-48	2	1	3	40	52	4	0	8	-40	3	1
Impact on your bank's non-interest rate charges	1	5	82	12	0	10	6	3	1	1	3	81	15	0	10	11	3	1
Impact on your bank's lending volume	1	4	79	17	0	8	12	3	1	1	4	77	18	0	8	14	3	1
Loans to households for house purchase																		
Impact on your bank's lending rates	11	60	29	0	0	19	-71	2	1	10	55	35	0	0	19	-64	2	1
Impact on your bank's loan margin[4]	3	48	50	0	0	19	-50	2	1	2	42	56	0	0	19	-44	3	1
Impact on your bank's non-interest rate charges	0	3	78	20	0	21	17	3	0	0	3	79	18	0	21	16	3	0
Impact on your bank's lending volume	0	3	64	33	0	19	30	3	1	0	3	64	33	0	19	30	3	1
Consumer credit and other lending to households																		
Impact on your bank's lending rates	10	52	37	0	0	17	-62	2	1	9	49	41	0	0	17	-58	2	1
Impact on your bank's loan margin[4]	2	41	54	2	0	17	-41	3	1	2	37	59	1	0	17	-38	3	1
Impact on your bank's non-interest rate charges	0	2	78	19	0	20	17	3	1	0	2	80	18	0	20	15	3	0
Impact on your bank's lending volume	0	1	71	28	0	17	27	3	1	0	1	73	26	0	17	24	3	1

Notes: 1) Independent of whether your bank has excess liquidity.
2) Please use the category “N/A” only if you do not have any business in this category.
3) The net interest income is defined as the difference between the interest earned and interest paid on the outstanding amount of interest-bearing assets and liabilities by the bank.
4) The loan margin is defined as the spread of the bank’s lending rates on new loans over a relevant market reference rate.

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