EUROPEAN CENTRAL BANK

EUROSYSTEM

The euro area bank lending survey

Third quarter of 2018

October 2018

Contents

Introduction

The results reported in the October 2018 bank lending survey (BLS) relate to changes observed during the third quarter of 2018 and expectations for the fourth quarter of 2018. The survey was conducted between 14 September and 1 October 2018. The response rate was 100%. In addition to results for the euro area as a whole, this report also contains results for the five largest euro area countries.[1]

A number of ad hoc questions were included in the October 2018 survey. These looked at the impact that the situation in financial markets was having on banks' access to retail and wholesale funding, the impact of the ECB's asset purchase programme and 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 results

According to the October 2018 bank lending survey, credit standards eased further for loans to enterprises in the third quarter of 2018 and demand increased across all loan categories. This lent further support to loan growth, especially in the case of loans to enterprises.

Credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans to enterprises eased further in the third quarter of 2018 (with the net percentage of banks standing at -6%, compared with -3% in the second quarter; see overview table), with that net easing exceeding banks' expectations in the previous survey round. Meanwhile, credit standards on loans to households for house purchase eased slightly (with a net percentage of -2%, compared with -8% in the second quarter), following a considerable easing since the first quarter of 2017. However, that net easing was weaker than had been expected in the previous survey round. Credit standards on consumer credit and other lending to households remained broadly unchanged (with a net percentage of 1%, compared with -3% in the previous round), despite expectations of easing in the previous round. For the fourth quarter of 2018, banks expect broadly unchanged credit standards for loans to enterprises (-1%) and an easing of credit standards for housing loans (-5%) and consumer credit (-3%).

For loans to enterprises, competitive pressures and lower risk perceptions were the main factors contributing to an easing of credit standards. Those two factors also contributed to an easing of credit standards on housing loans, albeit less so than in the second quarter of 2018. Meanwhile, banks' cost of funds and balance sheet constraints had a broadly neutral impact on credit standards for loans to enterprises and housing loans. For consumer credit and other lending to households, competition had a slight easing impact, while banks' cost of funds and balance sheet constraints had a slight tightening impact on credit standards.

Banks' overall terms and conditions (i.e. the actual terms and conditions agreed in loan contracts) for new loans to enterprises continued to ease in the third quarter of 2018, driven by a narrowing of margins on average loans (defined as the spread over relevant market reference rates), while margins on riskier loans remained unchanged. For new housing loans, euro area banks' overall terms and conditions eased slightly, while for consumer credit and other lending to households, euro area banks' overall terms and conditions remained unchanged. For both categories of loans to households, margins on average loans narrowed in the third quarter of 2018. However, margins on riskier loans narrowed for housing loans, but remained broadly unchanged for consumer credit.

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

Net demand for loans to enterprises increased in the third quarter of 2018 (12%, compared with 16% in the second quarter; see overview table), but was weaker than had been expected in the previous survey round. Banks expect net demand to continue to increase in the fourth quarter of 2018 (11%). Net demand also continued to increase for housing loans (5%, compared with 23% in the second quarter) and consumer credit (22%, compared with 25% in the previous quarter). For the fourth quarter of 2018, banks expect to see continued increases in net demand for both housing loans (18%) and consumer credit (15%).

The net increase in demand for loans to enterprises was driven by the low general level of interest rates, fixed investment, inventories and working capital, and merger and acquisition (M&A) activity. Meanwhile, net demand for housing loans continued to be driven mainly by the low general level of interest rates, favourable housing market prospects and consumer confidence. For consumer credit and other lending to households, the low general level of interest rates and consumer confidence were also important contributing factors, as was spending on durable goods.

Credit standards on loans to enterprises eased in all of the largest euro area countries in the third quarter of 2018, with the exception of France, where they remained unchanged (see overview table). For housing loans, credit standards were eased in Germany, France and the Netherlands, but remained unchanged in Spain and Italy. Meanwhile, net demand for loans to enterprises increased in all of the largest euro area countries in the third quarter of 2018, with the exception of Spain, where it declined. For housing loans, net demand increased in all major countries except France.

Overview table

Latest developments in BLS results in the largest euro area countries

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

	Enterprises						House purchase						Consumer credit					
	Credit standards			Demand			Credit standards			Demand			Credit standards			Demand		
Country	18 Q2	18 Q3	Avg.	18 Q2	18 Q3	Avg.	18 Q2	18 Q3	Avg.	18 Q2	18 Q3	Avg.	18 Q2	18 Q3	Avg.	18 Q2	18 Q3	Avg.
Euro area	-3	-6	9	16	12	-2	-8	-2	6	23	5	4	-3	1	4	25	22	1
Germany	-3	-3	4	25	10	4	-7	-3	2	21	3	8	-3	3	-1	38	6	10
Spain	-10	-10	10	0	-20	-3	-11	0	15	22	22	-9	-20	-10	6	60	40	-7
France	0	0	6	-3	4	-10	-2	-2	2	17	-22	8	0	0	-1	14	36	0
Italy	-10	-10	14	10	30	4	0	0	1	20	10	15	0	0	7	30	20	15
Netherlands	0	-26	10	45	43	-1	-50	-34	13	51	49	-1	0	0	13	-18	32	-16

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

The October 2018 BLS also included a number of ad hoc questions. As regards euro area banks' access to wholesale funding, banks reported in net terms that access to money markets and debt securities issuance had deteriorated in the third quarter of 2018, while access to securitisation had improved. As regards retail funding, banks indicated broadly unchanged access.

As regards the impact of the ECB's asset purchase programme (APP), euro area BLS banks again reported a positive impact on their liquidity positions and market financing conditions over the past six months, as well as a negative impact on their profitability. The APP had an easing impact on terms and conditions and a neutral impact on credit standards over the past six months, as well as a positive impact on banks' lending volumes (albeit less so than in the previous reporting period).

Although it is having a negative impact on banks' net interest income, banks report that the ECB's negative deposit facility rate is having a positive impact on their lending volumes and has contributed to lower lending rates over the past six months.

Box 1
General notes

The bank lending survey (BLS) is addressed to senior loan officers at a representative sample of euro area banks. In the current survey round, 147 banks participated in the survey, representing all euro area countries and reflecting the characteristics of their respective national banking structures. The main purpose of the BLS is to enhance the Eurosystem's knowledge of bank lending conditions in the euro area.[2]

BLS questionnaire

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

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

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

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

[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.

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

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

BLS indicators

Responses to questions related to credit standards are analysed in this report by looking at the difference (the "net percentage") between the percentage of banks reporting that credit standards applied in the approval of loans have been tightened and the percentage of banks reporting that they have been eased. For all questions, the net percentage is determined on the basis of all participating banks that have business in or exposure to the respective loan categories (i.e. they are all included in the denominator when calculating the net percentage). This means that banks that specialise in certain loan categories (e.g. banks that only grant loans to enterprises) are only included in the aggregation for those categories. All other participating banks are included in the aggregation of all questions, even if a bank replies that a question is "not applicable" ("NA"). This harmonised aggregation method was introduced by the Eurosystem in the April 2018 BLS. It has been applied to all euro area and national BLS results in the current BLS questionnaire, including backdata.[4] The resulting revisions for the standard BLS questions have generally been small, but revisions for some ad hoc questions have been larger owing to a higher number of "not applicable" replies by banks.

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

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

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

In addition to the "net percentage" indicator, the ECB also publishes an alternative measure of banks' responses to questions related to changes in credit standards and net demand. This

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

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

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

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

A copy of the questionnaire, a glossary of BLS terms and a BLS user guide with information on the BLS series keys can all be found at:
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

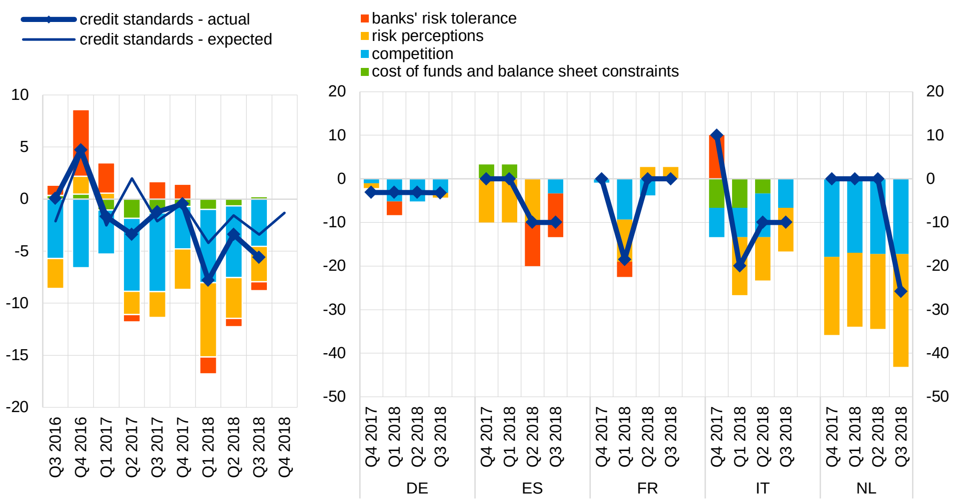
2.1.1 Credit standards for loans to enterprises ease further

Credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans to enterprises eased further in the third quarter of 2018 (with the net percentage of banks standing at -6%, compared with -3% in the previous quarter; see Chart 1 and overview table). That net easing was stronger than had been expected in the previous survey round, and the net percentage remained below the historical average since 2003. Credit standards eased for both loans to small and medium-sized enterprises (-4%) and loans to large firms (-7%).

Chart 1

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

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



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

Banks reported that competitive pressure (particularly from other banks) and lower risk perceptions relating to the general economic situation and borrowers' creditworthiness were the main factors contributing to an easing of credit standards.

In contrast, banks' cost of funds, balance sheet constraints and tolerance of risk had a broadly neutral impact on credit standards (see Chart 1 and Table 1).[5]

Credit standards on loans to enterprises eased in all of the largest euro area countries in the third quarter of 2018, with the exception of France, where they remained unchanged. In line with this development, competition contributed to an easing of credit standards in all countries except France. In addition, lower risk perceptions relating to the economic situation and borrowers' creditworthiness had an easing impact in Italy and the Netherlands, a broadly neutral impact in Germany and Spain, and a slight tightening impact in France. Banks in Spain also reported that their tolerance of risk had contributed to a net easing of credit standards on loans to enterprises in the third quarter. Finally, banks' cost of funds and balance sheet constraints had a neutral effect in all major euro area countries.

Looking ahead to the fourth quarter of 2018, euro area banks expect broadly unchanged credit standards for loans to enterprises (-1%).

Table 1

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

(net percentages)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018
Euro area	-1	0	-7	-5	-4	-3	-1	-1
Germany	0	0	-5	-3	0	-1	0	0
Spain	0	0	0	-3	-10	0	-10	-10
France	0	0	-4	0	3	3	0	0
Italy	-3	0	-10	-7	-10	-10	0	0
Netherlands	0	0	-17	-17	-17	-26	0	0

Note: See the notes accompanying Chart 1.

2.1.2 Terms and conditions for loans to enterprises continue to ease

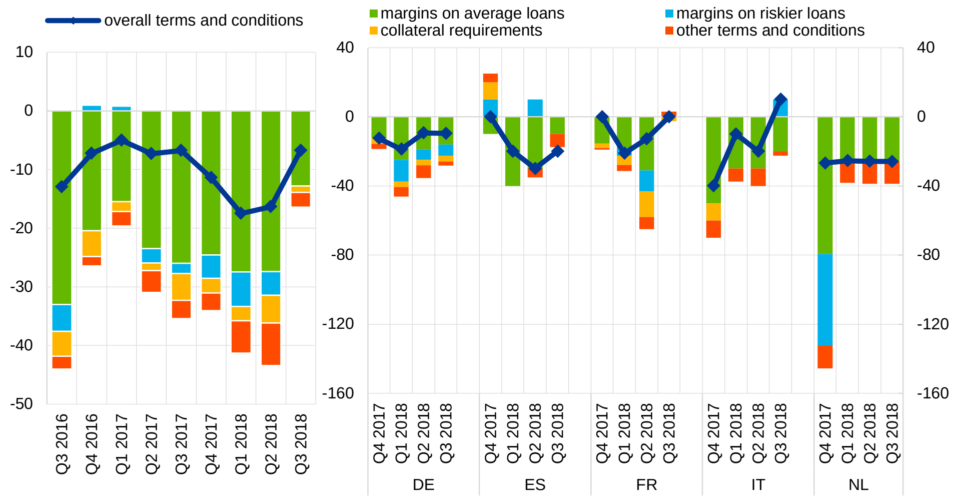
In the third quarter of 2018, the overall terms and conditions that banks apply when granting new loans or credit lines to enterprises (i.e. the actual terms and conditions agreed in loan contracts) continued to ease (see Chart 2 and Table 2). That net easing was driven mainly by a narrowing of margins on average loans to enterprises, whereas margins on riskier loans remained unchanged. As regards other terms and conditions, banks reported that the size of the loan or credit line and loan covenants both contributed to an easing, while collateral requirements, non-interest charges and loan maturities had a broadly neutral impact in the third quarter.

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

Chart 2

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

(net percentages of banks reporting tightening terms and conditions)



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

Looking at the largest euro area countries, overall terms and conditions on new loans or credit lines to enterprises eased in Germany, Spain and the Netherlands. This was mainly related to a further narrowing of margins on average loans. In contrast, overall terms and conditions remained unchanged in France, and they were tightened in Italy (mainly as a result of a widening of margins on riskier loans).

Table 2

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

(net percentages)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	**Q2 2018**	**Q3 2018**	**Q2 2018**	**Q3 2018**	**Q2 2018**	**Q3 2018**
Euro area	-16	-7	-27	-13	-4	0
Germany	-9	-10	-19	-16	-6	-6
Spain	-30	-20	-30	-10	10	0
France	-13	0	-31	0	-12	0
Italy	-20	10	-30	-20	0	10
Netherlands	-26	-26	-26	-26	0	0

Note: See the notes accompanying Chart 2.

As regards the factors contributing to changes in overall terms and conditions, competition continued to be the main factor contributing to an easing. Risk perceptions also had a slight easing impact, while banks' cost of funds and balance sheet constraints had a slight tightening impact (see Table 3).

Across the largest euro area countries, competitive pressures continued to be the main factor driving easing of terms and conditions (with the exception of the Netherlands, where the impact was neutral). In addition, banks in Italy reported that their cost of funds and balance sheet constraints were having a tightening impact and risk perceptions were having an easing impact.

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 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018
Euro area	-3	3	-26	-16	-2	-3	-1	-1
Germany	0	0	-22	-16	0	0	0	0
Spain	-10	0	-20	-10	-10	0	-10	-10
France	0	0	-28	-10	0	0	0	0
Italy	-10	10	-50	-40	-20	-20	0	0
Netherlands	0	0	0	0	26	0	0	0

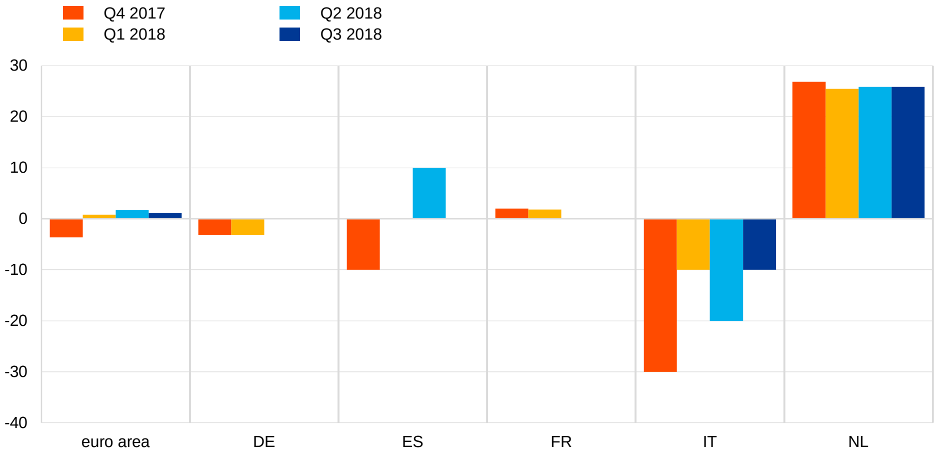
Note: The net percentages for these questions relating to contributing factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage reporting that it contributed to an easing.

2.1.3 Rejection rate for loans to enterprises remains broadly unchanged

The net percentage share of rejected loan applications (i.e. the difference between the percentage of banks reporting an increase in the share of loan rejections and the percentage of banks reporting a decline) remained broadly unchanged for loans to euro area enterprises in the third quarter of 2018 (standing at 1%, compared with 2% in the previous quarter; see Chart 3).

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.

Looking at the largest euro area countries, rejection rates declined in Italy, increased in the Netherlands, and remained unchanged in Germany, Spain and France.

2.1.4 Increase in net demand for loans to enterprises

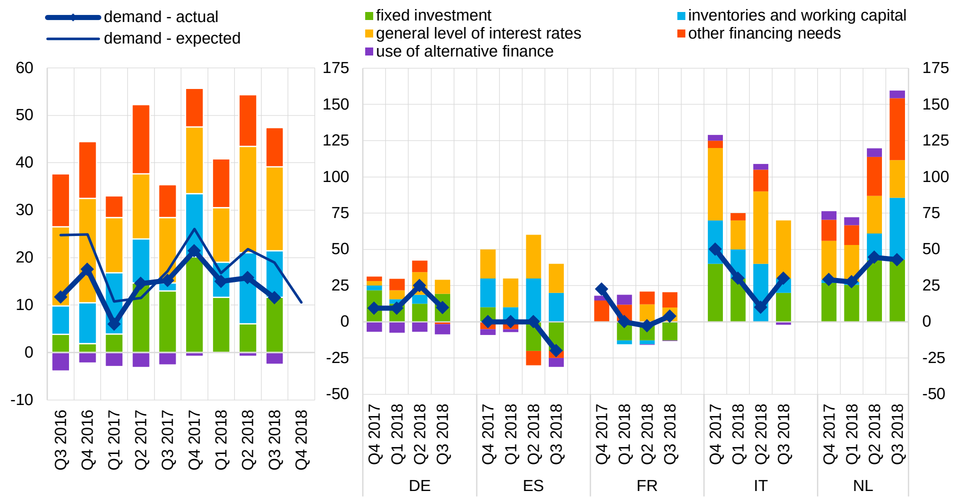
Net demand for loans to enterprises continued to increase in the third quarter of 2018 (with the net percentage of banks standing at 12%, compared with 16% in the previous quarter; see Chart 4 and overview table). This was above the historical average, but less than banks had expected in the previous round. Banks reported increased demand for loans to both small and medium-sized enterprises and large firms.

Looking at the largest euro area countries, net demand for loans to enterprises increased in Germany, France, Italy and the Netherlands, but it decreased in Spain.

Chart 4

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

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



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

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

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

Table 4

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

(net percentages)

Country	Fixed investment		Inventories and working capital		Other financing needs		General level of interest rates		Use of alternative finance	
	Q2 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018
Euro area	6	12	15	10	11	8	22	18	-1	-2
Germany	13	19	6	0	8	-2	16	10	-7	-7
Spain	-20	-20	30	20	-10	-5	30	20	0	-6
France	-13	-13	-3	0	9	11	12	10	-1	-1
Italy	0	20	40	10	15	0	50	40	4	-2
Netherlands	42	43	19	43	27	43	26	26	6	5

Note: See the notes accompanying Chart 4.

The low general level of interest rates supported loan demand in all of the largest euro area countries. Fixed investment supported loan demand in Germany, Italy and the Netherlands, while it dampened loan demand in Spain and France. At the same time, inventories and working capital had a positive impact in Spain, Italy and the Netherlands. A positive impact from M&A activity was reported by some banks (mainly in France and the Netherlands), while banks also reported (particularly in Germany and Spain) that the availability of internal funds had a dampening impact on loan demand in the third quarter of 2018.

For the fourth quarter of 2018, banks expect a continued increase in demand for loans to enterprises (net percentage of 11%).

2.2 Loans to households for house purchase

2.2.1 Credit standards for loans to households for house purchase ease slightly

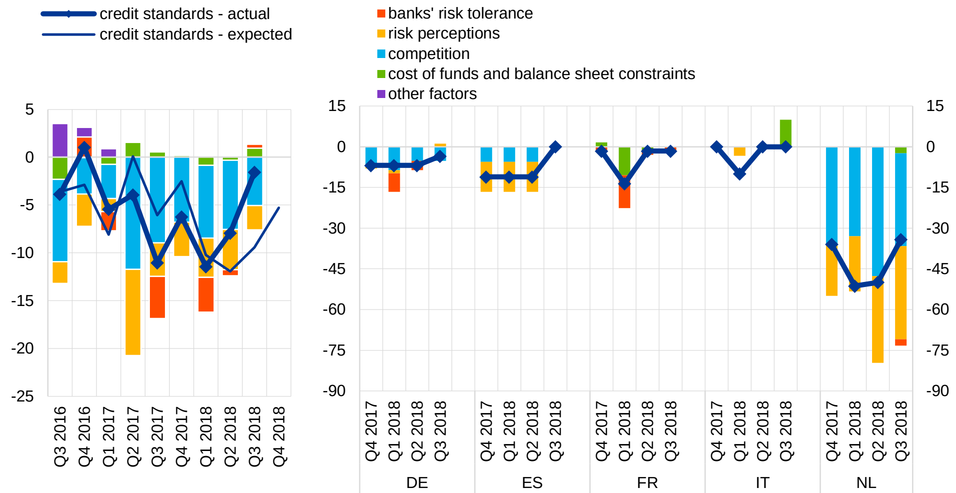
Credit standards on loans to households for house purchase eased slightly in the third quarter of 2018 (with the net percentage of banks standing at -2%, compared with -8% in the previous quarter; see Chart 5 and overview table), following a considerable easing since the first quarter of 2017. That net easing was weaker than had been expected in the previous survey round, but the net percentage remained below the historical average observed since 2003.

Looking at the largest euro area countries, banks in Germany, France and the Netherlands generally reported a slight easing of the credit standards applied to housing loans, while banks in Italy and Spain reported unchanged credit standards.

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 accompanying Chart 1. "Risk perceptions" is the unweighted average of "general economic situation and outlook", "housing market prospects, including expected house price developments" and "borrower's creditworthiness"; "competition" is the unweighted average of "competition from other banks" and "competition from non-banks". "Other factors" are provided by banks when none of the above factors are applicable. They are shown as memo items and refer here, in particular, to changes in the regulations and legislation governing housing markets.

Competitive pressure from other banks and non-banks and lower risk perceptions relating to the general economic situation and housing market prospects both contributed to the net easing of credit standards on housing loans. In contrast, banks' tolerance of risk, cost of funds and balance sheet constraints had a broadly neutral impact at the euro area level (see Chart 5 and Table 5).

Looking at the largest euro area countries, banks in Germany and the Netherlands reported that competitive pressures were having an easing impact, while the impact was neutral in the other three countries. Banks' cost of funds and balance sheet constraints had a tightening impact in Italy, but a broadly neutral impact in most other large countries. Risk perceptions contributed to an easing of credit standards in the Netherlands, and banks' tolerance of risk had a slight easing impact in the Netherlands and France.

Looking ahead, euro area banks expect that credit standards for housing loans will ease (-5%) in the fourth quarter of 2018.

Table 5

Factors contributing to the net tightening of credit standards for 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 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018
Euro area	0	1	-7	-5	-4	-3	-1	0
Germany	0	0	-5	-5	0	1	-3	0
Spain	0	0	-6	0	-11	0	0	0
France	-1	0	0	0	0	0	-2	-2
Italy	0	10	0	0	0	0	0	0
Netherlands	0	-2	-48	-34	-32	-34	0	-2

Note: See the notes accompanying Chart 5.

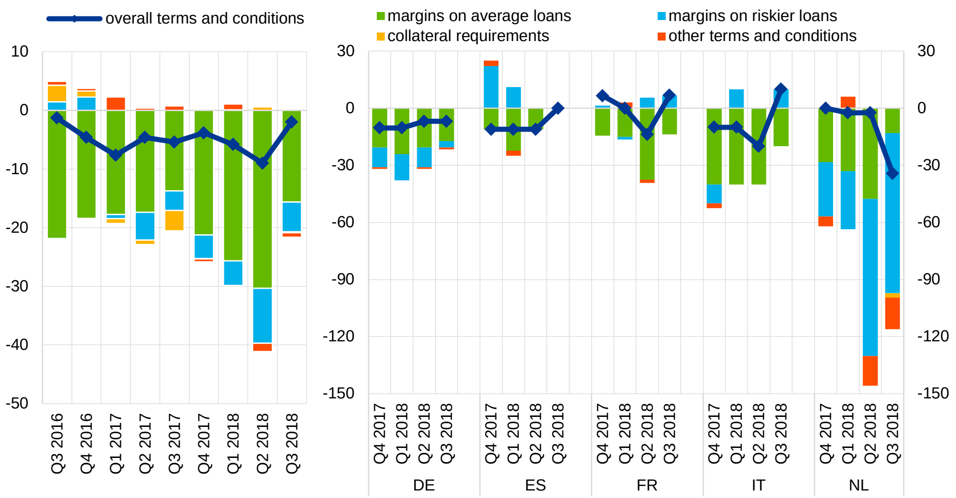
2.2.2 Terms and conditions for loans to households for house purchase ease slightly

Banks' overall terms and conditions for new loans to households for house purchase eased slightly in the third quarter of 2018 (see Chart 6 and Table 6), mainly owing to a further narrowing of margins on average and riskier loans (albeit less so than in the previous quarter). Most other terms and conditions, like collateral requirements, remained broadly unchanged at the euro area level.

Chart 6

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

(net percentages of banks reporting tightening terms and conditions)



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

Looking at the largest euro area countries, banks in Germany and the Netherlands reported a net easing of overall terms and conditions, while banks in France and Italy reported a net tightening. In addition, banks in all large countries except Spain reported a narrowing of margins on average loans. Margins on riskier loans narrowed in Germany and the Netherlands, but widened in France and Italy.

Table 6

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

(net percentages)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	Q2 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018
Euro area	-9	-2	-30	-16	-9	-5
Germany	-7	-7	-21	-17	-10	-3
Spain	-11	0	-11	0	0	0
France	-14	7	-38	-14	6	7
Italy	-20	10	-40	-20	0	10
Netherlands	-2	-34	-48	-13	-83	-84

Note: See the notes accompanying Chart 6.

Competitive pressure was the main contributor to the easing of overall terms and conditions on housing loans at the euro area level (see Table 7).

This was true in all of the largest euro area countries. In addition, risk perceptions had an easing impact in the Netherlands, while they had a tightening impact in France. Banks’ cost of funds and balance sheet constraints had an easing impact in Germany, but a tightening impact in Italy.

Table 7

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

(net percentages)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018
Euro area	0	0	-19	-18	-5	-2	-1	-1
Germany	0	-3	-17	-10	0	0	-3	0
Spain	0	0	-11	-11	-11	0	0	0
France	-1	0	-15	-16	0	7	0	0
Italy	0	10	-20	-10	0	0	0	0
Netherlands	0	0	-48	-51	-34	-34	0	-2

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

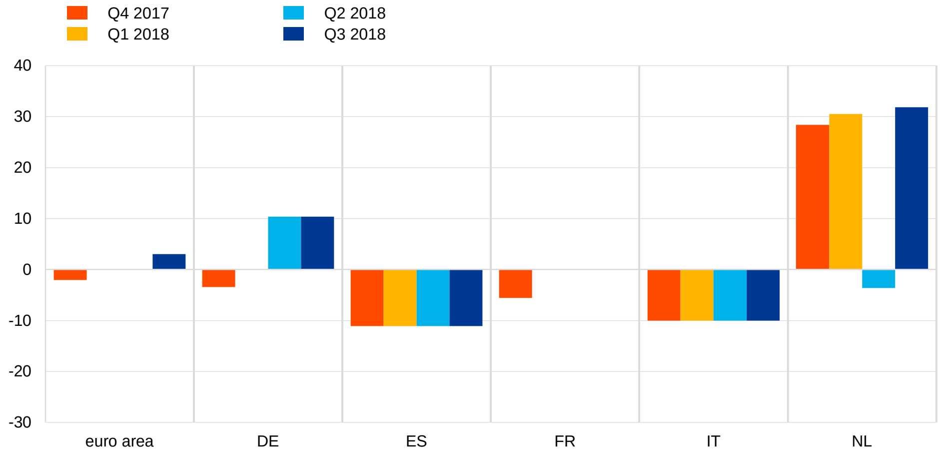
2.2.3 Rejection rate for housing loans increases

According to euro area banks, the net percentage share of rejected applications for loans to households for house purchase increased in the third quarter of 2018 (standing at 3%, up from 0% in the previous survey round; see Chart 7).

Chart 7

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

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



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

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

2.2.4 Net demand for housing loans increases

In the third quarter of 2018, banks reported an increase in net demand for housing loans (with the net percentage of banks standing at 5%, compared with 23% in the second quarter; see Chart 8 and overview table). Although this was weaker than banks had expected in the previous survey round, it was around the historical average for housing loan demand.

Looking at the largest euro area countries, net demand increased in all countries except France.

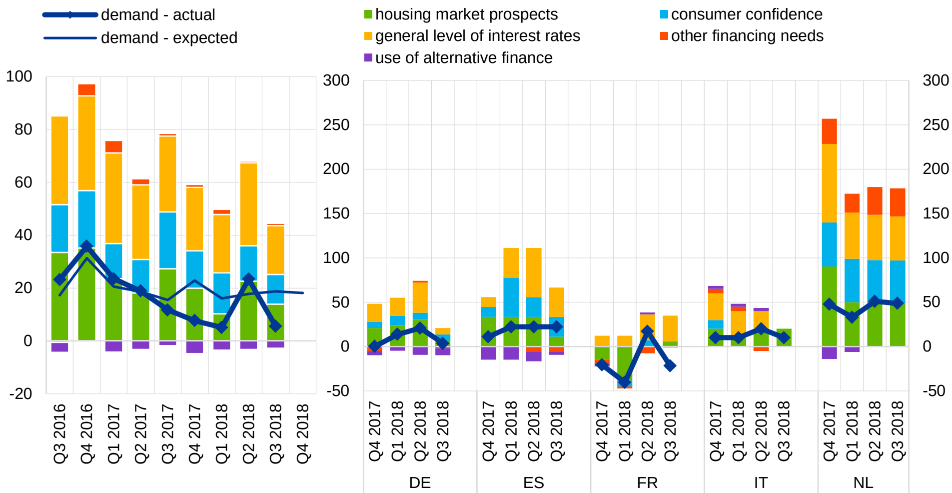
Net demand for housing loans continued to be driven by the low general level of interest rates, favourable housing market prospects and consumer confidence, while the use of alternative sources of finance (mainly loans from other banks) had a slight dampening effect on demand (see Chart 8 and Table 8).

Favourable housing market prospects had a positive impact on housing loan demand in all of the largest euro area countries. In addition, the low general level of interest rates had a positive effect in all countries except Italy. With the exception of France and Italy, where the effect was neutral, consumer confidence also had a positive impact on housing loan demand. Other financing needs and the use of alternative finance dampened demand in Germany and Spain, and debt refinancing/restructuring (included in “other financing needs”) also contributed to lower housing loan demand in France.

Chart 8

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

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



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

Table 8

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

(net percentages)

	Housing market prospects		Consumer confidence		Other financing needs		General level of interest rates		Use of alternative finance	
Country	**Q2 2018**	**Q3 2018**	**Q2 2018**	**Q3 2018**	**Q2 2018**	**Q3 2018**	**Q2 2018**	**Q3 2018**	**Q2 2018**	**Q3 2018**
Euro area	23	14	13	11	1	1	31	18	-3	-3
Germany	31	7	7	7	2	-2	34	7	-9	-8
Spain	33	11	22	22	-6	-6	56	33	-11	-4
France	0	6	7	0	-8	-1	29	29	2	0
Italy	20	20	0	0	-5	0	20	0	3	0
Netherlands	50	49	48	49	31	32	51	50	0	0

Note: See the notes accompanying Chart 8.

For the fourth quarter of 2018, euro area banks expect net demand for housing loans to increase (18%).

2.3 Consumer credit and other lending to households

2.3.1 Credit standards for consumer credit and other lending to households remain broadly unchanged

In the third quarter of 2018, credit standards for consumer credit and other lending to households remained broadly unchanged (with the net percentage of banks standing at 1%, compared with -3% in the previous quarter; see Chart 9 and overview table), despite banks having expected net easing in the previous survey round. At the same time, the net percentage remained below the historical average since 2003.

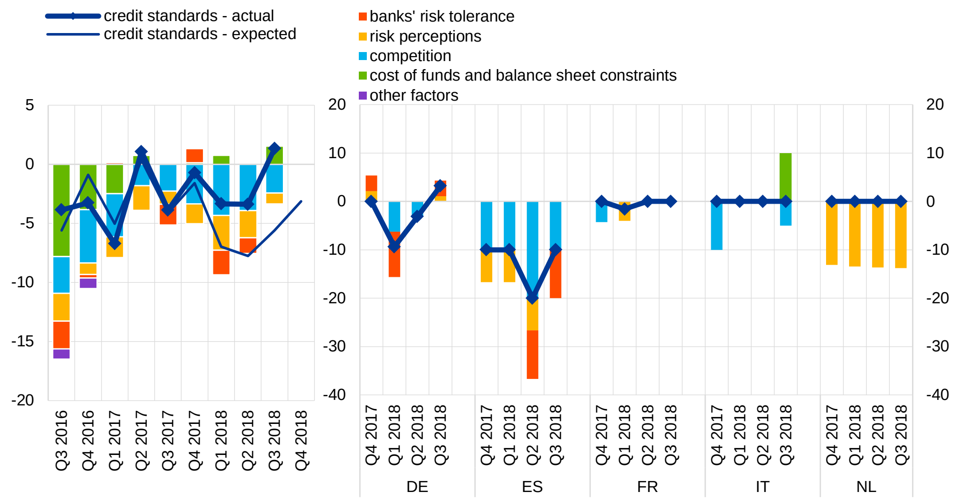
Looking at the largest euro area countries, credit standards on consumer credit and other lending to households eased in Spain, tightened in Germany and remained unchanged in the other three countries.

According to euro area banks, competitive pressure from other banks and non-banks had a slight easing impact on credit standards, while banks' cost of funds and balance sheet constraints had a slight tightening impact. Risk perceptions and banks' tolerance of risk had a broadly neutral impact (see Chart 9 and Table 9).

Chart 9

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

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



Notes: See the notes accompanying Chart 1. "Risk perceptions" is the unweighted average of "general economic situation and outlook", "creditworthiness of consumers" and "risk on the collateral demanded"; "competition" is the unweighted average of "competition from other banks" and "competition from non-banks". "Other factors" are provided by banks when none of the above factors are applicable. They are shown as memo items and refer here, in particular, to changes in regulations and legislation.

Looking at the largest euro area countries, banks' cost of funds and balance sheet constraints had a tightening impact on credit standards for consumer credit in Italy, in line with developments reported for credit standards on housing loans, while the impact was neutral in the other four countries. In addition, banks' tolerance of risk was mentioned as a tightening factor in Germany. In contrast, competition had an easing impact on credit standards in Italy and Spain, risk perceptions had an easing impact in the Netherlands and tolerance of risk had an easing impact in Spain.

Looking ahead to the fourth quarter of 2018, euro area banks expect a net easing of credit standards on consumer credit and other lending to households (-3%).

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 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018
Euro area	0	2	-4	-2	-2	-1	-1	0
Germany	0	0	-3	0	0	1	0	3
Spain	0	0	-20	-10	-7	0	-10	-10
France	0	0	0	0	0	0	0	0
Italy	0	10	0	-5	0	0	0	0
Netherlands	0	0	0	0	-14	-14	0	0

Note: See the notes accompanying Chart 9.

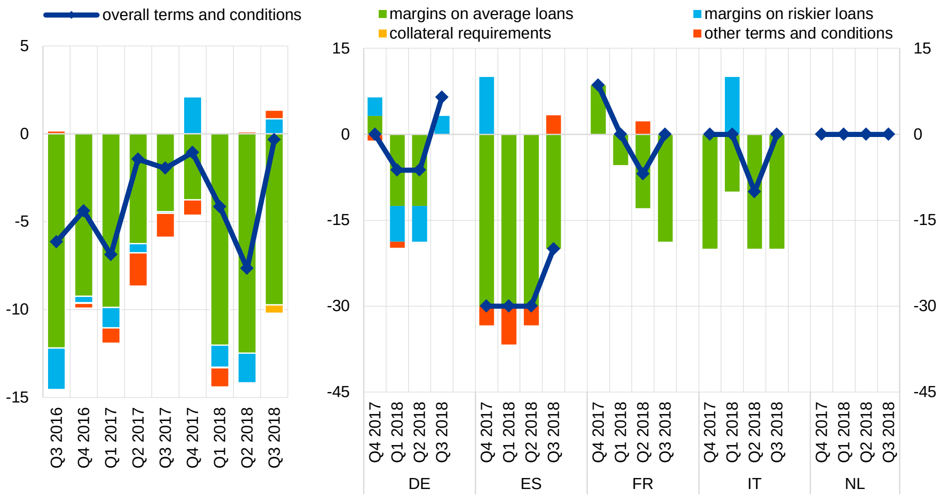
2.3.2 Terms and conditions for consumer credit and other lending to households remain unchanged

The overall terms and conditions applied by banks when granting new consumer credit and other lending to households remained unchanged in the third quarter of 2018 (see Chart 10 and Table 10). Margins on average loans continued to narrow, while margins on riskier loans remained broadly unchanged in the third quarter. Other terms and conditions, like collateral requirements and loan size, also remained broadly unchanged.

Chart 10

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

(net percentages of banks reporting tightening terms and conditions)



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

Table 10

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

(net percentages)

Country	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
	Q2 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018
Euro area	-8	0	-12	-10	-2	1
Germany	-6	6	-13	0	-6	3
Spain	-30	-20	-30	-20	0	0
France	-7	0	-13	-19	0	0
Italy	-10	0	-20	-20	0	0
Netherlands	0	0	0	0	0	0

Note: See the notes accompanying Chart 10.

Looking at the largest euro area countries, overall terms and conditions on consumer credit and other lending to households eased in Spain, tightened in Germany and remained unchanged in the other three countries. Banks in Spain, France and Italy reported a further narrowing of margins on average loans. Margins on riskier loans remained unchanged in all countries except Germany where they tightened.

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

Table 11

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

(net percentages)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	Q2 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018
Euro area	1	0	-10	-9	-5	-3	-1	-1
Germany	0	0	-9	-3	0	3	0	0
Spain	0	0	-20	-20	-10	0	0	-10
France	0	0	-7	-9	0	0	0	0
Italy	0	0	-20	-20	0	0	0	0
Netherlands	0	0	0	0	-41	-41	0	0

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

Competitive pressures had an easing impact on overall terms and conditions in all of the largest euro area countries, with the exception of the Netherlands. Banks in the Netherlands reported that risk perceptions were having an easing impact, while their impact was neutral in most other large countries. Moreover, risk perceptions were regarded as a tightening factor in Germany. Banks’ cost of funds, balance sheet constraints and tolerance of risk had a neutral impact in all large countries.

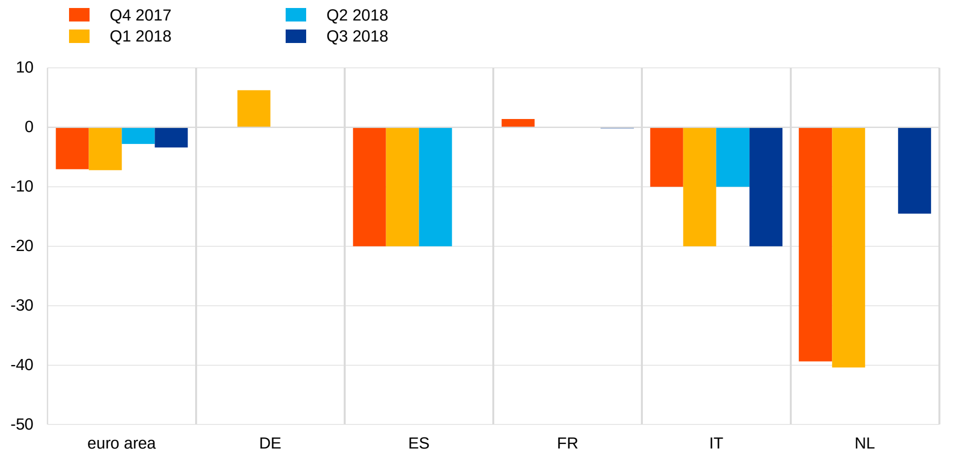
2.3.3 Rejection rates for consumer credit and other lending to households continue to decrease

The net share of rejected applications for consumer credit and other lending to households decreased in the third quarter of 2018 (with the net percentage standing at -3%, as it had in the previous survey round; see Chart 11).

Chart 11

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

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



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

Looking at the largest euro area countries, rejection rates declined in Italy and the Netherlands, and remained unchanged in the other three countries.

2.3.4 Net demand for consumer credit and other lending to households continues to increase

According to euro area banks, net demand for consumer credit and other lending to households continued to increase in the third quarter of 2018 (with the net percentage of banks standing at 22%, compared with 25% in the previous quarter; see Chart 12 and overview table). That net percentage was above the historical average and higher than had been expected in the previous survey round.

Net demand for consumer credit and other lending to households increased in all of the largest euro area countries.

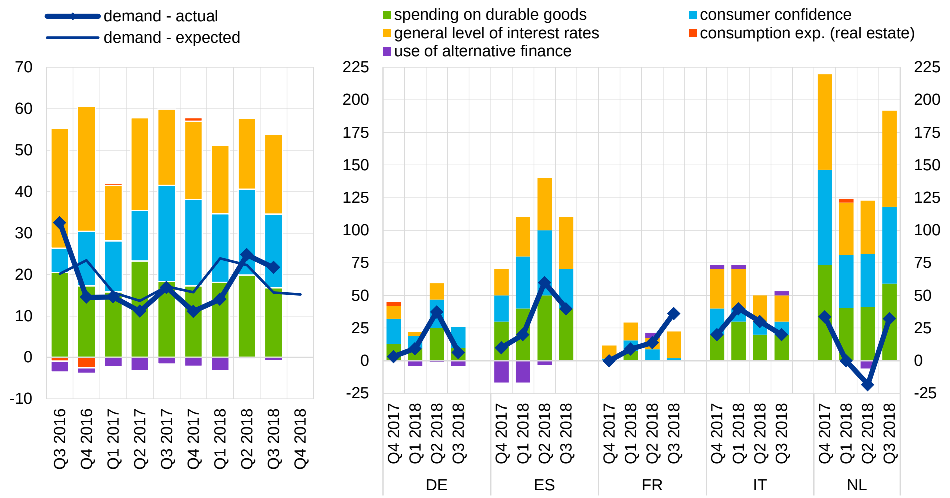
Looking at the factors driving demand at the euro area level, the low general level of interest rates, consumer confidence and financing needs for spending on durable consumer goods all continued to contribute to the net increase in demand (see Chart 12 and Table 12). Other factors, such as the use of alternative finance and consumption expenditure financed through real estate-guaranteed loans, had a broadly neutral impact on demand.

Looking at the largest euro area countries, the low general level of interest rates, consumer confidence and spending on durable goods all made positive contributions to demand in most countries.

Chart 12

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

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



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

Table 12

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

(net percentages)

	Spending on durable goods		Consumer confidence		Consumption exp. (real estate)		General level of interest rates		Use of alternative finance	
Country	Q2 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018	Q2 2018	Q3 2018
Euro area	20	17	21	18	0	0	17	19	0	-1
Germany	25	10	22	16	0	0	13	0	-1	-4
Spain	50	40	50	30	0	0	40	40	-3	0
France	0	0	9	2	0	0	9	21	4	0
Italy	20	20	10	10	0	0	20	20	0	3
Netherlands	41	59	41	59	0	0	41	74	-6	0

Note: See the notes accompanying Chart 12.

For the fourth quarter of 2018, euro area banks expect a continued increase in net demand for consumer credit and other lending to households (15%).

3 Ad hoc questions

3.1 Banks' access to retail and wholesale funding

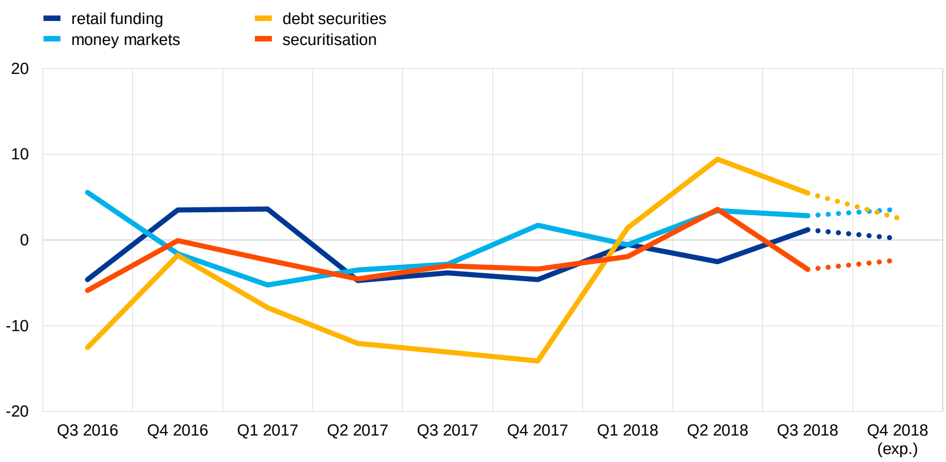
As in previous survey rounds, the October 2018 survey questionnaire included a question assessing the extent to which the situation in financial markets was affecting banks' access to retail and wholesale funding. Banks were asked whether their access to funding had deteriorated or eased over the past three months. Negative net percentages indicate an improvement, while positive figures indicate a deterioration in net terms.

For the third quarter of 2018, euro area banks reported, in net terms, that their access to wholesale funding had deteriorated for unsecured money markets and debt securities issuance, whereas their access to securitisation had improved (see Chart 13 and Table 13).[7] Banks' access to retail funding remained broadly unchanged according to reporting euro area banks.

Chart 13

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

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



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

Looking ahead to the fourth quarter of 2018, euro area banks do not expect any change in their access to retail funding. As regards wholesale funding, they expect a continued deterioration in their access to money markets and debt securities issuance and an improvement in their access to securitisation.

7 As regards the results for securitisation, a large number of banks (between 44% and 46%, depending on the type of securitisation) replied "not applicable" on the grounds that this source of funding is not relevant for them.

Table 13

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

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

	Retail funding	Interbank unsecured money market	Wholesale debt securities	Securitisation
Q2 2018	-3	3	9	4
Q3 2018	1	3	5	-3

Note: See the notes accompanying Chart 13.

3.2 The impact of the ECB's asset purchase programme

The October 2018 survey questionnaire included two biannual ad hoc questions gauging the impact of the ECB's asset purchase programme (APP). When answering questions on the impact of the APP over the past and next six months, banks were asked to take account of both the impact of the additional asset purchases in the context of the APP and the impact of the reinvestment of the principal payments from maturing securities purchased under the APP. Banks were also asked to consider both direct and indirect effects of the APP, as there may be an indirect impact on their financial situation and asset allocation even if the bank concerned has not been involved in any direct asset sales vis-à-vis the Eurosystem.

In this survey round, banks reported the APP's impact on their financial situation. In addition, banks also provided an assessment of the APP's impact on their lending conditions and loan volumes.

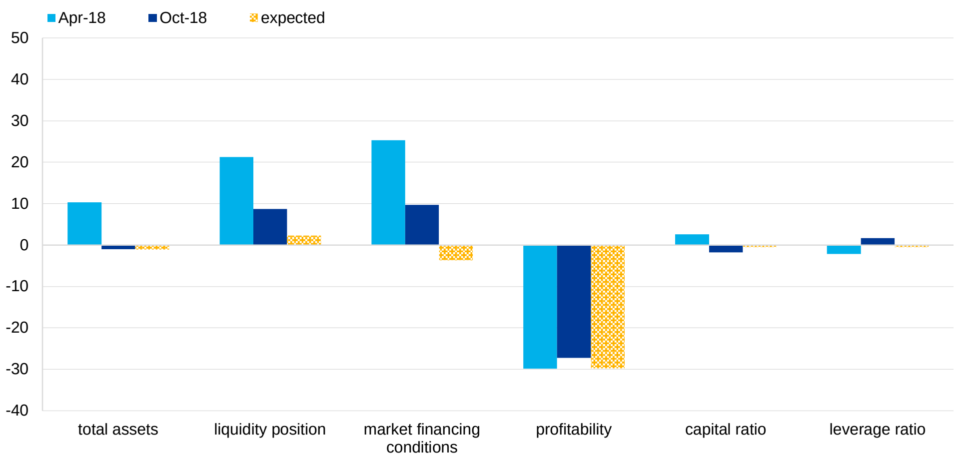
3.2.1 Impact of the ECB's asset purchase programme on banks' financial situation

This section reports on banks' responses regarding the APP's impact on their assets, liquidity situation, market financing conditions, profitability, and capital and leverage ratios. Overall, euro area banks reported that the APP had contributed, over the past six months, to improvements in their liquidity positions and market financing conditions, but a deterioration in their profitability (see Chart 14). Over the next six months, euro area banks expect the APP to continue to have a positive impact on their liquidity positions (albeit to a lesser extent than in the past), but they also expect it to contribute to a deterioration in their market financing conditions.

Chart 14

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

(net percentages of respondents)



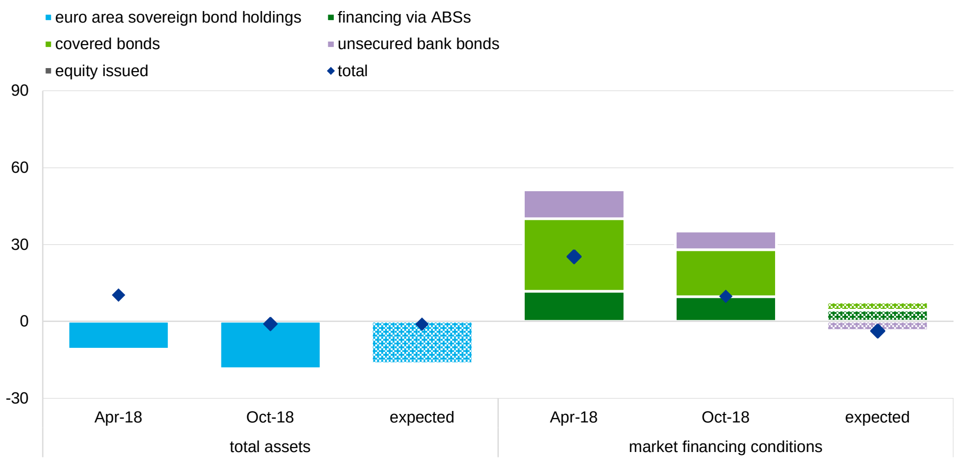
Notes: The net percentages are defined as the difference between the sum of the percentages for "increased/improved considerably" and "increased/improved somewhat" and the sum of the percentages for "decreased/deteriorated somewhat" and "decreased/deteriorated considerably". The periods in the legend refer to the respective BLS survey rounds. "Expected" denotes expectations indicated by banks in the current round.

Euro area banks reported that the APP had had a broadly neutral impact on their total assets over the past six months (with a net percentage of -1%, compared with 10% in the April 2018 survey). At the same time, they reported that the APP had contributed to a further decrease in their holdings of sovereign bonds (with a net percentage of -18%, compared with -11% in April 2018; see Chart 15). Over the next six months, euro area banks expect the impact on their total assets to remain neutral, and they expect the APP to result in a decline in their holdings of euro area sovereign bonds.

Chart 15

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

(net percentages of respondents)



Note: See the notes accompanying Chart 14.

Banks reported that the APP had had a positive impact on their liquidity situation over the past six months (with a net percentage of 9%, compared with 21% in the

April 2018 survey). Banks expect this impact to diminish over the next six months (net percentage of 2%; see Chart 14).

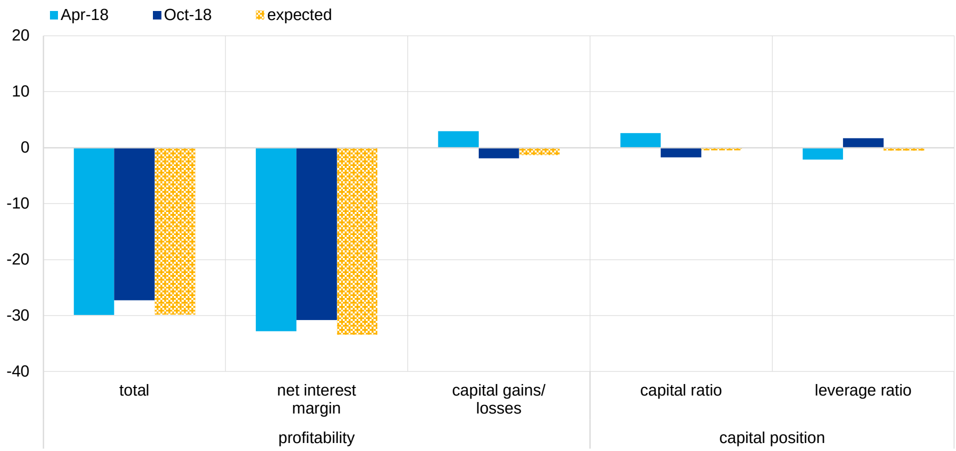
Euro area banks also reported that the APP had resulted in an improvement in their market financing conditions (with a net percentage of 10%, compared with 25% in the April 2018 survey; see Chart 15). That positive impact was mainly related to banks' financing via covered bonds and, to a lesser extent, unsecured bank bonds and asset-backed securities (ABSs). Banks expect the APP to result in a deterioration in their market financing conditions over the next six months (net percentage of -4%).

Euro area BLS banks reported that the APP had, overall, had a negative impact on their profitability over the past six months (net percentage of -27%, compared with -30% in the April 2018 survey round; see Chart 16). That negative impact on euro area banks' profitability was due to a negative impact on banks' net interest margins (net percentage of -31%, compared with -33% in April 2018), whereas a small net percentage of banks reported a negative impact on profitability resulting from capital gains/losses due to the APP (-2%, compared with 3% in April 2018). Over the next six months, a net percentage of -30% of participating euro area banks expect the APP to have a dampening impact on their profitability.

Chart 16

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

(net percentages of respondents)



Note: See the notes accompanying Chart 14.

With regard to banks' capital positions, a small net percentage of euro area banks indicated that the APP had contributed to declines in their capital ratios over the past six months (-2%, compared with 3% in April 2018), but banks expect a neutral impact over the coming six months (see Chart 14). In addition, euro area banks indicated a small positive impact on their leverage ratios over the past six months (net percentage of 2%, compared with -2% in April 2018) and expect a neutral impact over the next six months.

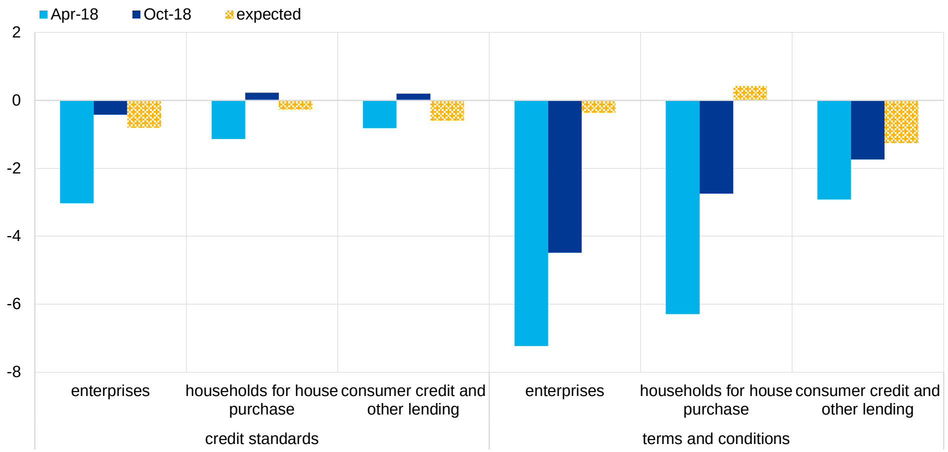
3.2.2 Impact of the ECB's asset purchase programme on banks' lending conditions and lending volumes

Euro area banks reported that the APP had had a neutral impact on their credit standards across all loan categories over the past six months (net percentage of 0% for loans to enterprises, compared with -3% in April 2018; net percentages of 0% for both housing loans and consumer credit, compared with -1% in April 2018; see Chart 17, left-hand side). Over the next six months, banks expect the impact of the APP on credit standards to remain broadly neutral across all loan categories.

Chart 17

Impact of the APP on bank lending conditions

(net percentages of respondents)



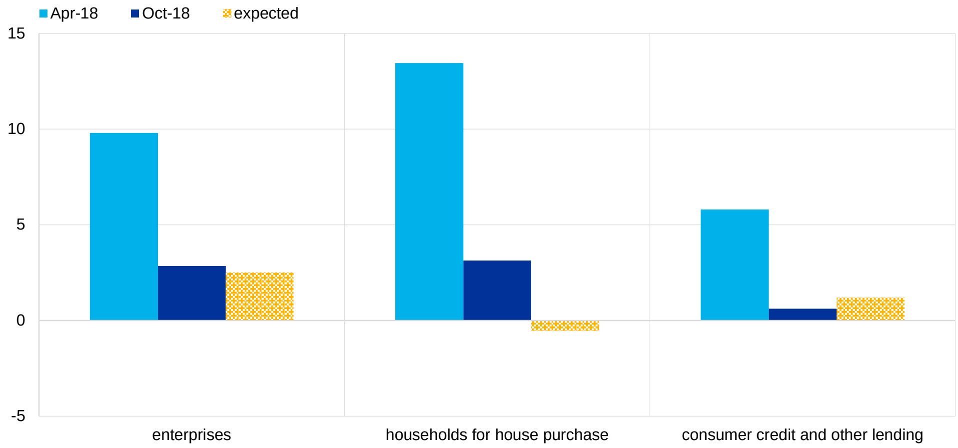
Notes: The net percentages are defined as the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat" and the sum of the percentages for "eased somewhat" and "eased considerably". The periods in the legend refer to the respective BLS survey rounds. "Expected" denotes expectations indicated by banks in the current round.

The APP continued to have a net easing impact on terms and conditions for new loans, according to reporting banks, although the effect diminished further relative to previous survey rounds (-4% for loans to enterprises, compared with -7% in April 2018; -3% for housing loans, compared with -6% in April 2018; -2% for consumer credit and other lending to households, compared with -3% in April 2018; see Chart 17, right-hand side). Over the next six months, the impact on terms and conditions is expected to be broadly neutral for all loan categories.

Chart 18

Impact of the APP on bank lending volumes

(net percentages of respondents)



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 periods in the legend refer to the respective BLS survey rounds. “Expected” denotes expectations indicated by banks in the current round.

Euro area banks were also asked to indicate the APP’s impact on their lending volumes.[8] Euro area banks reported a positive impact on lending volumes for loans to enterprises and housing loans over the past six months, but those net percentages were lower than in the April 2018 survey round (3% for loans to enterprises, down from 10%; and 3% for housing loans, down from 13%; see Chart 18). Banks reported a broadly neutral impact on lending volumes for consumer credit and other lending to households (1%, compared with 6% in April 2018). For the next six months, banks expect a small positive impact on lending volumes for loans to enterprises and a broadly neutral impact for housing loans and consumer credit.

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

The October 2018 survey questionnaire also included a biannual 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 volumes. Banks were asked to consider both direct and indirect effects of the negative DFR, as there may be an indirect impact on banks’ financial situation and lending conditions even if the bank concerned has no excess liquidity.

As regards the effect on banks’ net interest income,[9] euro area BLS banks again reported a negative impact over the past six months (with a net percentage of -68%, compared with -77% in the April 2018 BLS round; see Chart 19). A similar impact is expected over the coming six months (net percentage of -62%).

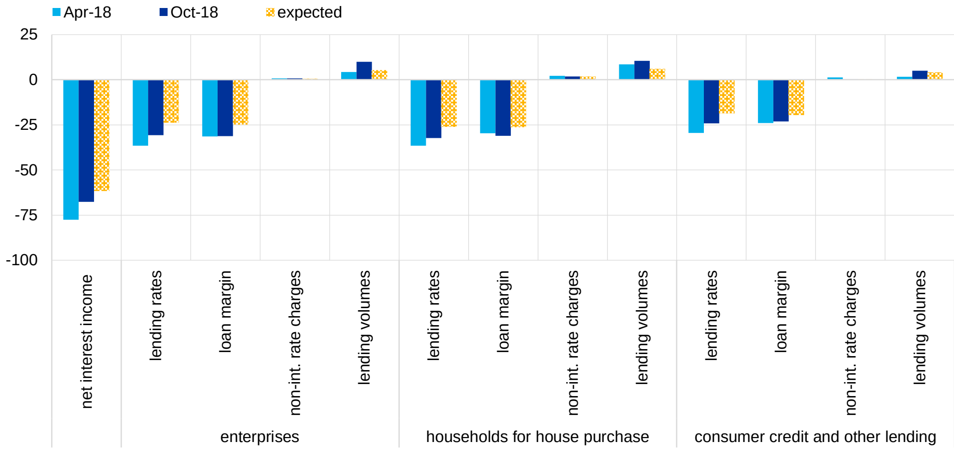
8 Since April 2018, this has replaced the question on the use of the additional liquidity related to the APP for granting loans.

9 Net interest income is defined as the difference between the interest earned and paid by the bank on outstanding amounts of interest-bearing assets and liabilities.

Chart 19

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

(net percentages of respondents)



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 periods in the legend refer to the respective BLS survey rounds. "Expected" denotes expectations indicated by banks in the current round.

As regards the impact on loans to enterprises, euro area banks again reported, in net terms, that the DFR had resulted in a decline in lending rates over the past six months (net percentage of -31%, compared with -36% in April 2018) and that it had had a negative impact on loan margins[10] (net percentage of -31%, unchanged from April 2018; see Chart 19). At the same time, banks indicated a broadly neutral impact on non-interest rate charges for loans to enterprises over the past six months (net percentage of 1%, unchanged from April 2018). In terms of lending volumes to enterprises, banks reported a positive impact over the past six months (net percentage of 10%, compared with 4% in April 2018). For the next six months, smaller net percentages of banks expect declines in lending rates (-24%) and loan margins (-25%) on account of the DFR. In addition, euro area banks expect a neutral impact on non-interest charges (1%) and an ongoing positive effect on lending volumes for loans to enterprises (5%).

As regards the DFR's impact on loans to households for house purchase, the effect reported by euro area banks was, overall, broadly in line with the impact reported for loans to enterprises. Again, euro area banks indicated a negative impact on both lending rates (net percentage of -32%, compared with -37% in April 2018) and loan margins (net percentage of -31%, compared with -30% in April 2018; see Chart 19) over the past six months. At the same time, the net percentage of euro area banks that indicated that the negative DFR had led to an increase in non-interest rate charges for housing loans over the past six months was very small (2%, unchanged from April 2018). In terms of lending volumes, euro area banks reported a continued positive effect (11%, compared with 9% in April 2018). For the next six months, smaller net percentages of banks expect a negative impact on lending rates (-26%) and loan margins (-26%), while a smaller net percentage expects a positive impact on lending volumes (6%).

---

10 The loan margin is defined as the spread of the bank's lending rates for new loans over a relevant market reference rate.

As regards consumer credit and other lending to households, euro area banks indicated that the DFR had had a negative impact on their lending rates over the past six months (net percentage of -24%, compared with -30% in April 2018), as well as a negative impact on loan margins (net percentage of -23%, compared with -24% in April 2018; see Chart 19). At the same time, euro area banks reported that the negative DFR had had almost no impact on non-interest rate charges for consumer credit over the past six months (net percentage of 0%, compared with 1% in April 2018). In terms of lending volumes, euro area banks reported a positive effect (net percentage of 5%, compared with 2% in April 2018). For the next six months, smaller net percentages of banks expect a negative impact on lending rates (-19%) and loan margins (-20%), while the impact on non-interest charges (0%) and lending volumes (4%) is expected to remain similar.

Annex 1
Results for the standard questions*

Loans or credit lines to enterprises

Question 1

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises[5]		Loans to large enterprises[5]		Short-term loans[6]		Long-term loans[6]	
	Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18
Tightened considerably	0	0	0	0	0	0	0	0	0	0
Tightened somewhat	0	0	1	0	0	0	0	0	0	0
Remained basically unchanged	96	94	96	94	95	92	92	95	96	96
Eased somewhat	4	6	2	5	4	7	7	4	4	4
Eased considerably	0	0	0	0	0	0	0	0	0	0
NA[7]	0	0	1	1	1	1	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**-3**	**-6**	**-2**	**-4**	**-3**	**-7**	**-6**	**-4**	**-3**	**-4**
Diffusion index	-2	-3	-1	-2	-2	-4	-3	-2	-2	-2
Mean	3.03	3.06	3.02	3.04	3.03	3.07	3.06	3.04	3.03	3.04
Number of banks responding	139	137	136	134	133	131	139	137	139	137

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

* Figures might not add up to 100 due to rounding

Question 2

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[7]	NetP Jul 18	NetP Oct 18	DI Jul 18	DI Oct 18	Mean Jul 18	Mean Oct 18
Overall												
A) Cost of funds and balance sheet constraints[1]												
Costs related to your bank's capital position[2]	0	1	98	0	0	1	1	1	1	0	2.99	2.99
Your bank's ability to access market financing[3]	0	0	97	0	0	3	-1	0	-1	0	3.01	3.00
Your bank's liquidity position	0	0	99	0	0	1	-2	0	-1	0	3.02	3.00
B) Pressure from competition												
Competition from other banks	0	0	88	10	0	2	-16	-9	-8	-5	3.16	3.09
Competition from non-banks[4]	0	0	95	3	0	2	-4	-3	-2	-2	3.04	3.03
Competition from market financing	0	0	97	1	0	2	0	-1	0	0	3.00	3.01
C) Perception of risk[5]												
General economic situation and outlook	0	2	92	6	0	0	-6	-5	-3	-2	3.06	3.05
Industry or firm-specific situation and outlook/borrower's creditworthiness[6]	0	1	94	5	0	0	-6	-4	-3	-2	3.06	3.04
Risk related to the collateral demanded	0	1	97	2	0	0	0	-2	0	-1	3.00	3.02
D) Your bank's risk tolerance[5]												
Your bank's risk tolerance	0	0	98	1	0	1	-1	-1	0	0	3.01	3.01
Small and medium-sized enterprises												
A) Cost of funds and balance sheet constraints[1]												
Costs related to your bank's capital position[2]	0	1	97	0	0	2	1	1	1	1	2.99	2.99
Your bank's ability to access market financing[3]	0	1	96	0	0	4	-1	1	-1	0	3.01	2.99
Your bank's liquidity position	0	1	97	0	0	2	-1	1	0	0	3.01	2.99
B) Pressure from competition												
Competition from other banks	0	0	87	11	0	3	-17	-10	-8	-5	3.17	3.10
Competition from non-banks[4]	0	0	96	1	0	3	-2	-1	-1	0	3.02	3.01
Competition from market financing	0	0	96	1	0	3	1	-1	1	0	2.99	3.01
C) Perception of risk[5]												
General economic situation and outlook	0	2	92	5	0	1	-4	-4	-2	-2	3.04	3.04
Industry or firm-specific situation and outlook/borrower's creditworthiness[6]	0	1	93	5	0	1	-6	-4	-3	-2	3.06	3.04
Risk related to the collateral demanded	0	1	98	0	0	1	2	1	1	1	2.98	2.99
D) Your bank's risk tolerance[5]												
Your bank's risk tolerance	0	1	98	0	0	1	1	1	0	0	2.99	2.99

	--	-	°	+	++	NA[7]	NetP Jul 18	NetP Oct 18	DI Jul 18	DI Oct 18	Mean Jul 18	Mean Oct 18
Large enterprises												
A) Cost of funds and balance sheet constraints[1]												
Costs related to your bank's capital position[2]	0	0	98	0	0	1	3	0	2	0	2.97	3.00
Your bank's ability to access market financing[3]	0	0	97	0	0	3	-2	0	-1	0	3.02	3.00
Your bank's liquidity position	0	0	98	0	0	1	-2	0	-1	0	3.02	3.00
B) Pressure from competition												
Competition from other banks	0	0	85	13	0	2	-12	-12	-6	-6	3.12	3.12
Competition from non-banks[4]	0	0	94	3	0	2	-4	-3	-2	-2	3.04	3.03
Competition from market financing	0	0	93	5	0	2	0	-5	0	-2	3.00	3.05
C) Perception of risk[5]												
General economic situation and outlook	0	2	93	5	0	1	-5	-3	-2	-2	3.05	3.03
Industry or firm-specific situation and outlook/borrower's creditworthiness[6]	0	1	93	5	0	1	-5	-4	-3	-2	3.05	3.04
Risk related to the collateral demanded	0	1	98	0	0	1	0	1	0	0	3.00	2.99
D) Your bank's risk tolerance[5]												
Your bank's risk tolerance	0	0	97	1	0	1	-2	-1	-1	0	3.02	3.01

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

Question 3

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[6]	NetP		DI		Mean	
							Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18
Overall												
A) Overall terms and conditions[1]												
Overall terms and conditions	0	2	89	9	0	0	-16	-7	-8	-3	3.16	3.07
B) Margins												
Your bank's margin on average loans[2]	0	4	78	17	0	0	-27	-13	-14	-6	3.27	3.13
Your bank's margin on riskier loans	0	3	92	3	0	1	-4	0	-2	0	3.04	3.00
C) Other conditions and terms												
Non-interest rate charges[3]	0	2	96	2	0	0	-5	0	-3	0	3.05	3.00
Size of the loan or credit line	0	0	95	5	0	0	-9	-5	-5	-2	3.09	3.05
Collateral[4] requirements	0	0	98	1	0	0	-5	-1	-2	-1	3.05	3.01
Loan covenants[5]	0	0	96	4	0	0	-8	-4	-4	-2	3.08	3.04
Maturity	0	4	92	5	0	0	-6	-1	-3	-1	3.06	3.01
Small and medium-sized enterprises												
A) Overall terms and conditions[1]												
Overall terms and conditions	0	1	91	7	0	1	-11	-5	-6	-3	3.12	3.05
B) Margins												
Your bank's margin on average loans[2]	0	4	79	15	0	1	-21	-11	-10	-5	3.21	3.11
Your bank's margin on riskier loans	0	4	87	6	0	2	0	-2	0	-1	3.01	3.02
C) Other conditions and terms												
Non-interest rate charges[3]	0	2	95	2	0	1	-4	0	-2	0	3.04	3.00
Size of the loan or credit line	0	0	97	2	0	1	-5	-2	-3	-1	3.05	3.02
Collateral[4] requirements	0	1	97	2	0	1	-5	-1	-2	0	3.05	3.01
Loan covenants[5]	0	0	94	5	0	1	-7	-5	-3	-3	3.07	3.05
Maturity	0	4	91	4	0	1	-5	-1	-3	0	3.05	3.00
Large enterprises												
A) Overall terms and conditions[1]												
Overall terms and conditions	0	2	86	11	0	1	-17	-9	-8	-4	3.17	3.09
B) Margins												
Your bank's margin on average loans[2]	0	4	74	20	0	1	-26	-16	-13	-8	3.27	3.16
Your bank's margin on riskier loans	0	3	90	6	0	1	-4	-3	-2	-1	3.04	3.03
C) Other conditions and terms												
Non-interest rate charges[3]	0	2	95	2	0	1	-5	0	-3	0	3.06	3.00
Size of the loan or credit line	0	1	92	6	0	1	-5	-5	-3	-2	3.06	3.05
Collateral[4] requirements	0	0	95	4	0	1	-7	-3	-4	-2	3.07	3.03
Loan covenants[5]	0	0	95	5	0	1	-8	-5	-4	-2	3.08	3.05
Maturity	0	4	90	6	0	1	-10	-2	-5	-1	3.10	3.02

1) See Glossary for Credit terms and conditions.
2) See Glossary for Loan margin/spread over a relevant market reference rate.
3) See Glossary for Non-interest rate charges.
4) See Glossary for Collateral.
5) See Glossary for Covenant.
6) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

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

Question 4

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[2]	NetP		DI		Mean	
							Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18
Overall impact on your bank's credit terms and conditions												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	1	2	97	0	0	0	-3	3	-1	2	3	2.96
B) Pressure from competition												
Pressure from competition	0	1	80	18	0	1	-26	-16	-13	-8	3	3.17
C) Perception of risk												
Perception of risk	0	0	97	3	0	0	-2	-3	-1	-1	3	3.03
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	98	1	0	0	-1	-1	0	0	3	3.01
Impact on your bank's margins on average loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	1	2	97	0	0	0	-3	2	-2	2	3	2.96
B) Pressure from competition												
Pressure from competition	0	1	76	22	0	1	-27	-20	-13	-10	3	3.21
C) Perception of risk												
Perception of risk	0	0	97	3	0	0	-2	-3	-1	-2	3	3.03
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	98	2	0	0	-1	-1	0	-1	3	3.01
Impact on your bank's margins on riskier loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	1	2	96	0	0	1	0	3	0	2	3	2.96
B) Pressure from competition												
Pressure from competition	0	2	90	6	0	2	-13	-4	-7	-2	3	3.04
C) Perception of risk												
Perception of risk	0	1	98	0	0	1	3	1	1	0	3	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	98	0	0	1	0	1	0	1	3	2.99

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

Question 5

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

(in percentages, unless otherwise stated)

	Share of rejected applications	
	Jul 18	**Oct 18**
Decreased considerably	0	0
Decreased somewhat	3	3
Remained basically unchanged	91	91
Increased somewhat	5	4
Increased considerably	0	0
NA[3]	1	1
Total	100	100
Net percentage	**2**	**1**
Diffusion index	1	1
Mean	3.02	3.01
Number of banks responding	139	137

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

Question 6

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18
Decreased considerably	0	1	0	1	0	1	0	1	0	0
Decreased somewhat	10	10	9	9	13	10	7	7	11	11
Remained basically unchanged	64	66	64	63	62	68	77	76	58	65
Increased somewhat	26	22	25	25	23	20	16	15	30	23
Increased considerably	0	1	1	1	1	0	0	1	0	1
NA[3]	0	0	1	1	1	1	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**16**	**12**	**16**	**15**	**11**	**10**	**9**	**8**	**19**	**12**
Diffusion index	8	6	9	8	6	4	4	4	10	6
Mean	3.16	3.11	3.17	3.15	3.12	3.09	3.09	3.08	3.19	3.13
Number of banks responding	139	137	136	134	133	131	139	137	139	137

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

Question 7

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[2]	NetP		DI		Mean	
							Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18
A) Financing needs/underlying drivers or purpose of loan demand												
Fixed investment	0	7	75	18	1	0	6	12	3	6	3.06	3.12
Inventories and working capital	1	4	80	14	1	1	15	10	7	5	3.15	3.10
Mergers/acquisitions and corporate restructuring	0	6	77	17	0	0	13	10	6	5	3.13	3.10
General level of interest rates	0	1	80	16	3	0	22	18	11	10	3.22	3.20
Debt refinancing/restructuring and renegotiation[1]	0	4	85	10	0	0	9	6	5	3	3.10	3.06
B) Use of alternative finance												
Internal financing	0	8	89	1	1	0	-2	-6	-1	-2	2.98	2.96
Loans from other banks	0	5	90	5	0	0	2	0	1	0	3.02	3.00
Loans from non-banks	0	2	98	0	0	0	-3	-2	-2	-1	2.97	2.98
Issuance/redemption of debt securities	0	4	91	1	0	4	-1	-3	0	-1	2.99	2.97
Issuance/redemption of equity	0	1	94	0	0	5	1	-1	0	-1	3.01	2.99

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

Question 8

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18
Tighten considerably	0	0	0	0	0	0	0	0	0	1
Tighten somewhat	2	4	2	2	2	4	1	3	2	3
Remain basically unchanged	93	92	92	92	92	87	93	92	93	90
Ease somewhat	5	5	4	5	6	9	5	5	5	6
Ease considerably	0	0	0	0	0	0	0	0	0	0
NA[1]	0	0	1	1	1	1	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**-3**	**-1**	**-2**	**-3**	**-4**	**-5**	**-4**	**-3**	**-3**	**-2**
Diffusion index	-2	-1	-1	-2	-2	-2	-2	-1	-1	-1
Mean	3.03	3.01	3.02	3.03	3.04	3.05	3.04	3.03	3.03	3.01
Number of banks responding	139	137	136	134	133	131	139	137	139	137

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

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

Question 9

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18
Decrease considerably	0	0	0	0	0	0	0	0	0	0
Decrease somewhat	1	3	1	3	1	3	3	2	1	2
Remain basically unchanged	80	83	80	80	81	84	82	84	77	81
Increase somewhat	20	12	18	14	17	11	14	12	22	16
Increase considerably	0	2	0	2	0	1	0	2	0	1
NA[1]	0	0	1	1	1	1	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**19**	**11**	**17**	**13**	**16**	**9**	**11**	**11**	**21**	**14**
Diffusion index	9	6	8	7	8	5	5	6	10	7
Mean	3.19	3.12	3.17	3.14	3.16	3.10	3.11	3.13	3.21	3.15
Number of banks responding	139	137	136	134	133	131	139	137	139	137

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

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

Loans to households

Question 10

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending[4]	
	Jul 18	Oct 18	Jul 18	Oct 18
Tightened considerably	1	0	0	0
Tightened somewhat	0	5	1	3
Remained basically unchanged	90	89	95	95
Eased somewhat	9	6	4	2
Eased considerably	0	0	0	0
NA[5]	0	0	0	0
Total	100	100	100	100
Net percentage	**-8**	**-2**	**-3**	**1**
Diffusion index	-3	-1	-2	1
Mean	3.07	3.02	3.03	2.99
Number of banks responding	134	133	140	138

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

Question 11

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[6]	NetP		DI		Mean	
							Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18
A) Cost of funds and balance sheet constraints[1]												
Cost of funds and balance sheet constraints	0	2	97	1	0	1	0	1	0	0	3.00	2.99
B) Pressure from competition												
Competition from other banks	0	0	93	6	0	1	-9	-6	-5	-3	3.09	3.06
Competition from non-banks[2]	0	0	95	1	3	1	-5	-4	-4	-3	3.08	3.07
C) Perception of risk[3]												
General economic situation and outlook	0	0	97	3	0	0	-5	-3	-2	-1	3.05	3.03
Housing market prospects, including expected house price developments[4]	0	0	97	3	0	0	-4	-3	-2	-1	3.04	3.03
Borrower's creditworthiness[5]	0	1	96	3	0	0	-4	-2	-2	-1	3.04	3.02
D) Your bank's risk tolerance[3]												
Your bank's risk tolerance	0	2	97	1	0	0	-1	0	0	0	3.01	3.00

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

Question 12

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[6]	NetP		DI		Mean	
							Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18
A) Overall terms and conditions												
Overall terms and conditions	0	4	89	7	0	0	-9	-2	-5	-1	3.09	3.02
B) Margins												
Your bank's loan margin on average loans[2]	0	6	73	21	1	0	-30	-16	-16	-8	3.31	3.17
Your bank's loan margin on riskier loans	0	4	85	9	1	1	-9	-5	-5	-3	3.10	3.06
C) Other terms and conditions												
Collateral(3) requirements	0	1	98	1	0	0	1	0	0	0	2.99	3.00
"Loan-to-value" ratio[4]	0	1	98	1	0	0	-1	0	0	0	3.01	2.99
Other loan size limits	0	1	96	3	0	0	-2	-2	-1	-1	3.02	3.01
Maturity	0	1	96	3	0	0	-3	-2	-1	-1	3.03	3.01
Non-interest rate charges[5]	0	0	100	0	0	0	0	0	0	0	3.00	3.00

1) See Glossary for Credit terms and conditions.
2) See Glossary for Loan margin/spread over a relevant market reference rate.
3) See Glossary for Collateral.
4) See Glossary for Loan-to-value ratio.
5) See Glossary for Non-interest rate charges.
6) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

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

Question 13

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[2]	NetP Jul 18	NetP Oct 18	DI Jul 18	DI Oct 18	Mean Jul 18	Mean Oct 18
Overall impact on your bank's credit terms and conditions												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	97	1	0	0	0	0	0	0	3.00	3.00
B) Pressure from competition												
Pressure from competition	0	1	79	19	0	1	-19	-18	-10	-9	3.21	3.18
C) Perception of risk												
Perception of risk	0	2	94	4	0	0	-5	-2	-2	-1	3.05	3.02
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	99	1	0	0	-1	-1	0	-1	3.01	3.01
Impact on your bank's margins on average loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	5	94	1	0	0	0	4	0	2	3.00	2.96
B) Pressure from competition												
Pressure from competition	0	4	71	25	0	1	-28	-21	-15	-10	3.29	3.21
C) Perception of risk												
Perception of risk	0	0	95	5	0	0	-5	-5	-2	-2	3.05	3.05
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	99	1	0	0	-1	-1	-1	0	3.01	3.01
Impact on your bank's margins on riskier loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	94	3	0	1	0	-1	0	-1	3.00	3.01
B) Pressure from competition												
Pressure from competition	0	2	90	8	0	1	-8	-6	-4	-3	3.08	3.06
C) Perception of risk												
Perception of risk	0	3	97	0	0	1	1	3	0	1	2.99	2.97
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	99	0	0	1	-2	0	-1	0	3.02	3.00

1) The factors refer to the same sub-factors as in question 11.
2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "++" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

Question 14

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[2]	NetP		DI		Mean	
							Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	97	0	0	1	0	2	0	1	3.00	2.98
B) Pressure from competition												
Competition from other banks	0	0	97	2	0	1	-4	-2	-2	-1	3.04	3.02
Competition from non-banks	0	0	96	3	0	1	-4	-3	-2	-2	3.04	3.03
C) Perception of risk												
General economic situation and outlook	0	0	100	0	0	0	-2	0	-1	0	3.02	3.00
Creditworthiness of consumers[1]	0	1	95	4	0	0	-5	-3	-2	-1	3.05	3.03
Risk on the collateral demanded	0	0	93	0	0	7	0	0	0	0	3.00	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	97	1	0	0	-1	0	-1	0	3.01	3.00

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

Question 15

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[1]	NetP Jul 18	NetP Oct 18	DI Jul 18	DI Oct 18	Mean Jul 18	Mean Oct 18
A) Overall terms and conditions												
Overall terms and conditions	0	2	95	2	0	0	-8	0	-4	0	3.08	3.00
B) Margins												
Your bank's loan margin on average loans	0	3	84	11	1	0	-12	-10	-6	-6	3.13	3.11
Your bank's loan margin on riskier loans	0	2	96	1	0	1	-2	1	-1	0	3.02	2.99
C) Other terms and conditions												
Collateral requirements	0	0	94	0	0	6	0	0	0	0	3.00	3.00
Size of the loan	0	0	99	0	0	0	-1	0	-1	0	3.01	3.00
Maturity	0	1	98	0	0	0	0	1	0	1	3.00	2.99
Non-interest rate charges	0	0	100	0	0	0	2	0	1	0	2.98	3.00

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

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

Question 16

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[2]	NetP		DI		Mean	
							Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18
Overall impact on your bank's credit terms and conditions												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	100	0	0	0	1	0	0	0	2.99	3.00
B) Pressure from competition												
Pressure from competition	0	1	88	9	1	1	-10	-9	-5	-5	3.10	3.10
C) Perception of risk												
Perception of risk	0	1	95	4	0	0	-5	-3	-3	-1	3.05	3.03
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	98	1	0	0	-1	-1	0	0	3.01	3.01
Impact on your bank's margins on average loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	96	4	0	0	-3	-4	-1	-2	3.03	3.04
B) Pressure from competition												
Pressure from competition	0	2	80	16	1	1	-17	-15	-9	-8	3.17	3.17
C) Perception of risk												
Perception of risk	0	1	95	0	4	0	-5	-3	-4	-3	3.08	3.06
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	95	5	0	0	-4	-5	-2	-2	3.04	3.05
Impact on your bank's margins on riskier loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	99	0	0	1	2	0	1	0	2.98	3.00
B) Pressure from competition												
Pressure from competition	0	2	95	2	0	2	-3	0	-2	0	3.03	3.00
C) Perception of risk												
Perception of risk	0	0	99	0	0	1	0	0	0	0	3.00	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	99	0	0	1	0	0	0	0	3.00	3.00

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

Question 17

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jul 18	Oct 18	Jul 18	Oct 18
Decreased considerably	0	0	0	0
Decreased somewhat	7	3	5	6
Remained basically unchanged	86	90	92	91
Increased somewhat	7	6	2	2
Increased considerably	0	0	0	0
NA[3]	1	1	1	1
Total	100	100	100	100
Net percentage	**0**	**3**	**-3**	**-3**
Diffusion index	0	2	-1	-2
Mean	3.00	3.03	2.97	2.97
Number of banks responding	134	133	140	138

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

Question 18

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jul 18	Oct 18	Jul 18	Oct 18
Decreased considerably	0	0	0	0
Decreased somewhat	5	14	2	3
Remained basically unchanged	66	66	72	72
Increased somewhat	27	19	24	23
Increased considerably	1	1	2	1
NA[2]	0	0	0	0
Total	100	100	100	100
Net percentage	**23**	**5**	**25**	**22**
Diffusion index	12	3	13	11
Mean	3.25	3.06	3.27	3.23
Number of banks responding	134	133	140	138

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

Question 19

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[4]	NetP		DI		Mean	
							Jul 18	Oct 18	Jul 18	Oct 18	Jul 18	Oct 18
A) Financing needs/underlying drivers or purpose of loan demand												
Housing market prospects, including expected house price developments	0	6	75	20	0	0	23	14	11	7	3.23	3.14
Consumer confidence[1]	0	0	89	11	0	0	13	11	7	6	3.13	3.11
General level of interest rates	0	2	77	18	3	0	31	18	17	11	3.34	3.21
Debt refinancing/restructuring and renegotiation[2]	0	2	95	3	0	0	1	1	1	1	3.01	3.01
Regulatory and fiscal regime of housing markets	0	2	94	3	0	1	0	0	0	0	3.00	3.00
B) Use of alternative sources for housing finance												
Internal finance of house purchase out of savings/down payment[3]	0	3	96	1	0	0	-5	-1	-3	-1	2.95	2.99
Loans from other banks	0	8	90	2	0	0	-3	-6	-1	-3	2.97	2.94
Other sources of external finance	0	1	99	0	0	0	-1	-1	-1	0	2.99	2.99

1) See Glossary for Consumer confidence.

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

3) See Glossary for Down payment.

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

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

Question 20

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[2]	NetP Jul 18	NetP Oct 18	DI Jul 18	DI Oct 18	Mean Jul 18	Mean Oct 18
A) Financing needs/underlying drivers or purpose of loan demand												
Spending on durable consumer goods	0	0	83	17	0	0	20	17	10	8	3.20	3.17
Consumer confidence	0	0	82	18	0	0	21	18	10	9	3.21	3.18
General level of interest rates	0	0	80	19	0	0	17	19	9	10	3.17	3.19
Consumption expenditure financed through real-estate guaranteed loans[1]	0	0	91	0	0	9	0	0	0	0	3.00	3.00
B) Use of alternative finance												
Internal finance out of savings	0	1	97	1	0	0	-2	1	-1	0	2.98	3.01
Loans from other banks	0	4	94	1	0	0	3	-3	1	-1	3.03	2.97
Other sources of external finance	0	0	100	0	0	0	-2	0	-1	0	2.98	3.00

1) Consumption expenditure financed through real-estate guaranteed loans

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

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

Question 21

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jul 18	Oct 18	Jul 18	Oct 18
Tighten considerably	0	0	0	0
Tighten somewhat	2	2	2	2
Remain basically unchanged	86	90	91	93
Ease somewhat	12	7	7	5
Ease considerably	0	0	0	0
NA[1]	0	0	0	0
Total	100	100	100	100
Net percentage	**-9**	**-5**	**-6**	**-3**
Diffusion index	-5	-2	-3	-1
Mean	3.09	3.05	3.06	3.03
Number of banks responding	134	133	140	138

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

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

Question 22

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jul 18	Oct 18	Jul 18	Oct 18
Decrease considerably	0	0	0	0
Decrease somewhat	1	1	1	2
Remain basically unchanged	79	77	83	80
Increase somewhat	19	20	16	18
Increase considerably	1	0	0	0
NA[1]	0	1	0	0
Total	100	100	100	100
Net percentage	**19**	**18**	**16**	**15**
Diffusion index	10	9	8	8
Mean	3	3	3	3.15
Number of banks responding	134	133	140	138

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

Annex 2
Results for ad hoc questions

Question 111

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

(in percentages, unless otherwise stated)

	Over the past three months									Over the next three months								
	--	-	°	+	+ +	NA[2]	NetP	Mean	Std. dev.	--	-	°	+	+ +	NA[2]	NetP	Mean	Std. dev.
A) Retail funding																		
Short-term deposits (up to one year)	0	3	87	3	0	7	-1	3.01	0.29	0	0	92	2	0	7	-2	3.02	0.13
Long-term (more than one year) deposits and other retail funding instruments	0	5	88	1	0	6	3	2.97	0.27	0	4	87	2	0	6	2	2.98	0.28
B) Inter-bank unsecured money market																		
Very short-term money market (up to 1 week)	0	2	89	2	0	8	0	3.00	0.20	0	1	91	0	0	8	1	2.99	0.11
Short-term money market (more than 1 week)	0	6	86	1	0	7	5	2.94	0.29	0	6	87	0	0	7	6	2.93	0.27
C) Wholesale debt securities[3]																		
Short-term debt securities (e.g. certificates of deposit or commercial paper)	0	5	74	0	0	21	5	2.93	0.27	0	2	76	1	0	21	0	2.99	0.21
Medium to long term debt securities (incl. covered bonds)	0	10	74	4	0	11	6	2.94	0.44	0	11	72	6	0	11	5	2.94	0.46
D) Securitisation[4]																		
Securitisation of corporate loans	0	1	50	5	0	44	-4	3.05	0.31	0	1	55	2	0	43	-1	2.99	0.24
Securitisation of loans for house purchase	0	1	47	5	0	46	-4	3.04	0.31	0	0	51	4	0	45	-4	3.05	0.25
E) Ability to transfer credit risk off balance sheet[5]																		
Ability to transfer credit risk off balance sheet	0	2	48	1	3	46	-2	3.06	0.48	0	1	55	3	0	41	-2	3.01	0.27

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

Question 130

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								
	--	-	°	+	+ +	NA[1]	NetP	Mean	Std. dev.	--	-	°	+	+ +	NA[1]	NetP	Mean	Std. dev.
A) Your bank's total assets																		
Your bank's total assets (non-risk weighted volume)	2	2	88	3	0	6	-1	2.98	0.37	2	1	90	1	0	7	-1	2.98	0.33
of which:																		
euro area sovereign bond holdings	1	21	69	2	1	7	-18	2.80	0.58	0	17	75	0	0	8	-16	2.81	0.43
B) Your bank's liquidity position																		
Your bank's overall liquidity position	0	2	82	10	0	6	9	3.09	0.36	0	3	85	5	0	7	2	3.02	0.30
C) Your bank's market financing conditions																		
Your bank's overall market financing conditions	0	3	77	12	0	8	10	3.11	0.42	0	7	82	3	0	9	-4	2.96	0.34
of which financing via:																		
asset-backed securities	0	2	52	11	0	35	10	3.13	0.47	0	4	52	8	0	36	4	3.06	0.48
covered bonds	0	3	59	18	4	16	18	3.27	0.66	0	11	58	14	0	17	3	3.02	0.58
unsecured bank bonds	0	3	71	6	4	17	7	3.13	0.58	0	10	68	6	0	17	-4	2.94	0.46
equity issued	0	0	55	0	0	45	0	3.00	0.00	0	1	54	0	0	45	-1	2.99	0.12
D) Your bank's profitability																		
Your bank's overall profitability	1	29	60	3	0	6	-27	2.68	0.58	3	26	63	0	0	7	-30	2.63	0.58
owing to:																		
net interest margin[2]	2	32	57	3	0	6	-31	2.64	0.60	3	30	60	0	0	7	-33	2.60	0.57
capital gains/losses	1	3	86	2	0	8	-2	2.97	0.32	0	3	86	2	0	9	-1	2.98	0.23
E) Your bank's capital position																		
Your bank's capital ratio[3]	0	3	83	1	0	14	-2	2.98	0.22	0	1	84	1	0	15	0	3.00	0.16
Your bank's leverage ratio[4]	0	1	83	2	0	14	2	3.02	0.21	0	1	84	0	0	15	0	2.99	0.11

1) “NA” (not applicable) includes banks which do not have any business in or exposure to this category.
2) Interest income minus interest paid, relative to the amount of interest-bearing assets.
3) Defined in accordance with the regulatory requirements set out in the CRR/CRD IV, including both tier 1 capital and tier 2 capital.
4) Defined in accordance with the delegated act under the Capital Requirements Regulation adopted by the European Commission on 10 October 2014.
Notes: The net percentage (NetP) is defined as the difference between the sum of the percentages of banks responding “--” (contributed considerably to a decrease or deterioration) and “-” (contributed somewhat to a decrease or deterioration), and the sum of the percentages of banks responding “+” (contributed somewhat to an increase or improvement) and “++” (contributed considerably to an increase or improvement). “°” means “had basically no impact”. The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. Std. dev. denotes standard deviation.

Question 132

Over the past six months, how has the ECB's expanded asset purchase programme affected your bank's lending policy and lending volume? 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									
	--	-	°	+	+ +	NA[1]	NetP	Mean	Std. dev.	No of banks	--	-	°	+	+ +	NA[1]	NetP	Mean	Std. dev.	No of banks
A) Your bank's credit standards																				
For loans to enterprises	0	0	93	0	0	7	0	3.00	0	137	0	0	91	1	0	8	-1	3.01	0.10	137
For loans to households for house purchase	0	0	94	0	0	5	0	3.00	0	133	0	1	92	1	0	6	0	3.00	0.13	133
For consumer credit and other lending to households	0	0	93	0	0	6	0	3.00	0.05	138	0	0	93	1	0	6	-1	3.01	0.11	138
B) Your bank's terms and conditions																				
For loans to enterprises	0	2	85	6	0	7	-4	3.05	0.30	137	0	2	87	3	0	8	0	3.00	0.23	137
For loans to households for house purchase	0	1	91	3	0	5	-3	3.03	0.21	133	0	2	90	2	0	6	0	3.00	0.20	133
For consumer credit and other lending to households	0	0	93	2	0	6	-2	3.02	0.14	138	0	0	92	1	0	6	-1	3.01	0.12	138
C) Your bank's lending volume																				
For loans to enterprises	0	1	88	4	0	7	3	3.03	0.25	137	0	0	90	3	0	8	2	3.02	0.17	137
For loans to households for house purchase	0	1	88	5	0	5	3	3.03	0.26	133	0	2	90	1	0	6	-1	2.99	0.19	133
For consumer credit and other lending to households	0	1	92	2	0	6	1	3.01	0.18	138	0	0	92	1	0	6	1	3.01	0.11	138

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

Notes: The net percentage (NetP) is defined as the difference between the sum of the percentages of banks responding “--” (contributed considerably to a tightening or decrease) and “-” (contributed somewhat to a tightening or decrease), and the sum of the percentages of banks responding “+” (contributed somewhat to an easing or increase) and “++” (contributed considerably to an easing or increase). “°” means “had basically no impact”. The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options. Std. dev. denotes standard deviation. The number of banks responding (No of banks) refers to all participating banks which have business in or exposure to the respective lending category.

Question 133

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

(in percentages, unless otherwise stated)

	Over the past six months										Over the next six months									
	--	-	°	+	+ +	NA[2]	NetP	Mean	Std. dev.	No of banks	--	-	°	+	+ +	NA[2]	NetP	Mean	Std. dev.	No of banks
Impact on your bank's net interest income																				
Impact on your bank's net interest income[3]	12	59	22	1	2	4	-68	2.17	0.77	147	14	51	29	1	2	4	-62	2.21	0.82	147
Loans to enterprises																				
Impact on your bank's lending rates	1	34	56	2	2	6	-31	2.69	0.67	137	1	27	62	2	2	6	-24	2.76	0.64	137
Impact on your bank's loan margin[4]	1	33	58	2	0	6	-31	2.65	0.58	137	1	26	64	2	0	6	-25	2.72	0.55	137
Impact on your bank's non-interest rate charges	0	3	87	3	0	7	1	3.01	0.27	137	0	3	87	3	0	7	1	3.01	0.27	137
Impact on your bank's lending volume	0	4	76	14	0	6	10	3.10	0.44	137	0	3	83	8	0	6	5	3.06	0.34	137
Loans to households for house purchase																				
Impact on your bank's lending rates	1	33	61	2	0	4	-32	2.66	0.57	133	1	27	66	2	0	4	-26	2.72	0.56	133
Impact on your bank's loan margin[4]	0	33	62	2	0	4	-31	2.67	0.54	133	0	28	66	2	0	4	-26	2.71	0.53	133
Impact on your bank's non-interest rate charges	0	1	92	2	0	5	2	3.02	0.20	133	0	1	92	2	0	5	2	3.02	0.20	133
Impact on your bank's lending volume	0	2	82	12	0	4	11	3.11	0.38	133	0	2	86	8	0	4	6	3.06	0.33	133
Consumer credit and other lending to households																				
Impact on your bank's lending rates	0	24	68	0	0	7	-24	2.74	0.47	138	0	19	73	1	0	7	-19	2.80	0.45	138
Impact on your bank's loan margin[4]	0	23	70	0	0	7	-23	2.74	0.46	138	0	20	72	0	0	7	-20	2.78	0.45	138
Impact on your bank's non-interest rate charges	0	1	91	1	0	8	0	3.00	0.13	138	0	1	91	1	0	8	0	3.00	0.13	138
Impact on your bank's lending volume	0	2	84	7	0	7	5	3.05	0.31	138	0	2	84	6	0	8	4	3.04	0.30	138

1) Independent of whether your bank has excess liquidity.

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

Notes: The net percentage (NetP) is defined as the difference between the sum of the percentages of banks responding “--” (contributed considerably to a decrease) and “-” (contributed somewhat to a decrease), and the sum of the percentages of banks responding “+” (contributed somewhat to an increase) and “++” (contributed considerably to an increase). “°” means “had basically no impact”. The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options. Std. dev. denotes standard deviation. The number of banks responding (No of banks) refers to all participating banks which have business in or exposure to the respective lending category.

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

For specific terminology please refer to the ECB glossary.

PDF ISSN 1830-5989, EU catalogue No: QB-BA-18-004-EN-N
HTML ISSN 1830-5989, EU catalogue No: QB-BA-18-004-EN-Q, doi: 10.2866/52058