EUROPEAN CENTRAL BANK

EUROSYSTEM

The euro area bank lending survey

Fourth quarter of 2015

January 2016

Contents

Introduction

The results reported in the January 2016 bank lending survey (BLS) relate to changes during the fourth quarter of 2015 and expectations of changes in the first quarter of 2016. The survey was conducted between 8 and 30 December 2015. The response rate was 100%. In addition to the results for the euro area as a whole, the report contains the results for the five largest euro area countries.[1]

A number of ad hoc questions were included in the January 2016 survey round. The first ad hoc question addressed the impact of the situation in financial markets on banks' access to retail and wholesale funding. The second and third questions referred to the likely impact of ongoing regulatory or supervisory changes on banks' lending policies. The fourth, fifth and sixth questions referred to the most recent targeted longer-term refinancing operations (TLTROs).

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

Overview of the results

According to the January 2016 bank lending survey (BLS), changes in credit standards and loan demand continue to support a recovery in loan growth, particularly for enterprises. During the fourth quarter of 2015, credit standards on loans to enterprises eased further and those on housing loans returned to a net easing. As regards the likely impact of ongoing regulatory or supervisory changes, banks reported a further strengthening of their capital positions and a reduction in risk-weighted assets predominantly related to riskier loans in the second half of 2015.

Banks reported a continued net easing of credit standards on loans to enterprises in the fourth quarter of 2015 (-4%, as in the previous quarter; see Table A), which was slightly less pronounced than expected in the previous survey round. Credit standards on loans to households for house purchase returned to a net easing (-7%, after a 5% net tightening in the previous quarter), while standards on consumer credit and other lending to households remained broadly unchanged (1%, after -3%). For both loans to enterprises and housing loans, the easing of standards in the fourth quarter of 2015 was stronger than historical averages calculated over the period since the start of the survey in 2003. For the first quarter of 2016, banks expect a further net easing in standards on loans to enterprises (-4%), broadly unchanged standards for housing loans (-1%) and a return to a net easing for consumer credit (-8%).

Competition remained the main factor driving the easing in banks' credit standards on loans to enterprises. Risk perceptions contributed only marginally to an easing. By contrast, cost of funds and balance sheet constraints and banks' risk tolerance remained broadly neutral. For housing loans, the easing of standards was also mainly driven by competition, while cost of funds and balance sheet constraints had a tightening impact.

Banks continued to ease terms and conditions for new loans across all loan categories, and again particularly for enterprises. The reduction in margins on average loans remains the main driver of the easing across all categories of lending. Similar to credit standards, competition continued to contribute the most to the net easing of terms and conditions.

As for the rejection rate for loan applications, banks reported, in net percentage terms, a decrease in the share of rejected applications for loans across all categories of loans.

Net loan demand by enterprises increased further considerably (to 27%, up from 16%; see Table A) and banks expect a similar rise in demand from enterprises in the first quarter of 2016. Net demand increased at a broadly stable pace for housing loans (29%, after 33% in the previous quarter) and for consumer credit (21%, after 19%). The low general level of interest rates remained a key contributing factor to increased demand across all loan categories. For loans to enterprises, financing needs for working capital and fixed investment were additional contributors to stronger demand. As for housing loans, stronger demand for loans was also underpinned by consumer confidence and housing market prospects.

Table A
Latest developments in BLS results in the largest euro area countries

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

Country	ENTERPRISES						HOUSE PURCHASE						CONSUMER CREDIT					
	Credit standards			Demand			Credit standards			Demand			Credit standards			Demand		
	15Q3	15Q4	AVG	15Q3	15Q4	AVG	15Q3	15Q4	AVG	15Q3	15Q4	AVG	15Q3	15Q4	AVG	15Q3	15Q4	AVG
EURO AREA	-4	-4	12	16	27	-6	5	-7	8	33	29	0	-3	1	6	19	21	-3
Germany	0	0	5	13	34	2	7	0	2	41	7	9	0	0	0	23	10	8
Spain	0	0	12	0	40	-4	-11	0	19	22	33	-12	0	0	10	30	50	-12
France	4	4	9	8	-1	-17	2	-15	3	-9	9	5	0	0	-2	0	-6	-4
Italy	-38	-38	19	38	50	1	-13	-25	4	75	63	10	-25	0	10	38	63	10
Netherlands	0	0	12	55	23	-5	62	-8	20	98	97	-14	0	0	14	31	0	-21

Notes: AVG stands for historical averages, which are calculated over the period since the beginning of the survey, excluding the most recent round. For France, Malta, Slovakia and the Netherlands, net percentages are weighted based on the amounts outstanding of loans of the individual banks in the respective national samples.

For the larger euro area countries, credit standards for enterprises continued to ease considerably in Italy and remained unchanged in the other countries, with the exception of France where they continued to tighten somewhat in net terms. For housing loans, banks in Italy, and to a lesser extent in France and the Netherlands, reported an easing in standards, while banks in Germany and Spain indicated no changes (see Table A).

This survey round also included some ad hoc questions. Regarding euro area banks' access to retail and wholesale funding, access to money markets deteriorated, as did access to debt securities financing but less so, while access to securitisation improved.

With respect to the likely impact of ongoing regulatory or supervisory changes, banks reported a further strengthening of their capital positions and a reduction in risk-weighted assets in the second half of 2015, predominantly related to riskier loans.

Regarding the targeted longer-term refinancing operations (TLTROs) conducted by the Eurosystem, banks reported a considerably lower participation in the recent TLTROs largely on account of the absence of funding constraints. Banks reported that participation continued to be mainly driven by profitability motives and that the TLTROs' main effect on credit supply continued to be reflected in changes in credit terms and conditions, rather than changes in credit standards.

Box 1
General notes

The bank lending survey (BLS) is addressed to senior loan officers of a representative sample of euro area banks. In the current survey round, the sample group of banks participating in the survey comprises 141 banks, representing all of the euro area countries, and takes into account the characteristics of their respective national banking structures. The main purpose of the BLS is to enhance the understanding of bank lending behaviour in the euro area.[2]

The questions distinguish between three loan categories: loans or credit lines to enterprises; loans to households for house purchase; and consumer credit and other lending to households. For all three categories, questions are asked on credit standards for approving loans, credit terms and conditions on new loans, credit demand, the factors affecting loan supply and demand conditions and the share of loan rejections.

The survey questions are generally phrased in terms of changes over the past three months (in this case in the fourth quarter of 2015) or expectations of changes over the next three months (i.e. in the first quarter of 2016).

The responses to questions related to credit standards are analysed in this report by focusing on the difference ("net percentage") between the share of banks reporting that credit standards applied to the loan approval have been tightened and the share of banks reporting that they have been eased. A positive net percentage indicates that a larger proportion of banks has tightened credit standards ("net tightening"), whereas a negative net percentage indicates that a larger proportion of banks has eased credit standards ("net easing"). Likewise, the term "net demand" refers to the difference between the share of banks reporting an increase in loan demand (i.e. in bank loan financing needs) and the share of banks reporting a decline. Net demand will therefore be positive if a larger proportion of banks has reported an increase in loan demand, whereas negative net demand indicates that a larger proportion of banks has reported a decline in loan demand.

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

In addition, an alternative measure of the responses to questions related to changes in credit standards and net demand is included. This measure is the weighted difference ("diffusion index") between the share of banks reporting that credit standards have been tightened and the share of banks reporting that they have been eased. Likewise, regarding the demand for loans, the diffusion index refers to the weighted difference between the share of banks reporting an increase in loan demand and the share of banks reporting a decline. The diffusion index is constructed in the following way: lenders who have answered "considerably" are given a weight twice as high (score of

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

1) as lenders having answered “somewhat” (score of 0.5). The interpretation of the diffusion indices follows the same logic as the interpretation of net percentages.

The results of the individual banks participating in the BLS sample are aggregated in two steps: in a first step, individual bank results are aggregated to national results for the euro area countries, and in a second step, the national BLS results are aggregated to euro area BLS results. In the first step, banks’ replies can either be aggregated to national results by applying an implicit weighting through the sample selection or, alternatively, banks’ replies can be aggregated by applying an explicit weighting scheme based on the amounts outstanding of loans to non-financial corporations and households of the individual banks in the respective national samples. In the second step, since the number of banks in the national samples differs considerably and does not always reflect the respective share in lending to euro area non-financial corporations and households, the national survey results are aggregated to euro area BLS results by applying an explicit weighting scheme based on the national shares in the amounts outstanding of loans to euro area non-financial corporations and households.

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

Detailed tables and charts based on the responses are provided in Annex 1 for the standard questions and in Annex 2 for the ad hoc questions.

A copy of the questionnaire can be found at
http://www.ecb.europa.eu/stats/money/surveys/lend/html/index.en.html

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

1 Enterprises

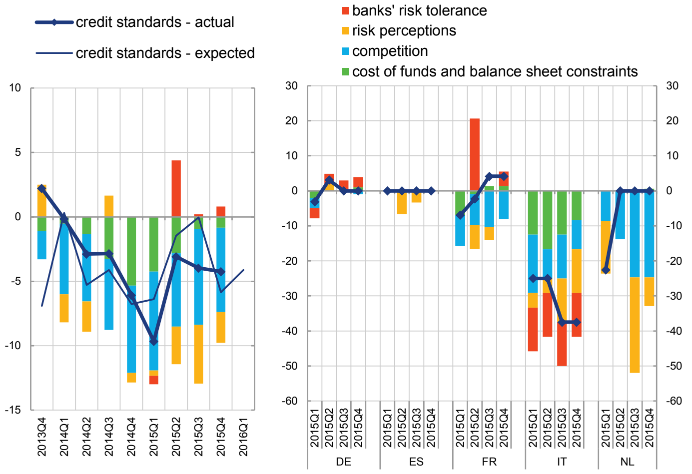
1.1 Credit standards for loans to enterprises continued to ease in the fourth quarter of 2015

In the fourth quarter of 2015, banks reported a further net easing in credit standards, thereby providing continued support to the ongoing recovery in loan growth.

Chart 1

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

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



Notes: “Actual” values are changes that have occurred, while “expected” values are changes anticipated by banks. Net percentages are defined as the difference between the sum of the percentages of banks responding “tightened considerably” and “tightened somewhat” and the sum of the percentages of banks responding “eased somewhat” and “eased considerably”. The net percentages for responses to questions related to the factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage reporting that it contributed to an easing. “Cost of funds and balance sheet constraints” are an unweighted average of “cost related to capital position”, “access to market financing” and “liquidity position”; “risk perceptions” are an unweighted average of “general economic situation and outlook”, “industry or firm-specific situation and outlook/borrower’s creditworthiness” and “risk on collateral demanded”; “competition” is an unweighted average of “bank competition”, “non-bank competition” and “competition from market financing”. “Risk tolerance” was introduced in the first quarter of 2015.

Banks reported a further net easing of credit standards on loans to enterprises in the fourth quarter of 2015 (-4%, as in the previous quarter; see Chart 1 and Table A), which was slightly less pronounced than expected in the previous survey round.[3] Across the different firm sizes, credit standards were again eased more strongly on loans to small and medium-sized enterprises (SMEs) than on loans to large firms. For the large euro area countries, credit standards on loans to enterprises continued to ease considerably in Italy and remained unchanged in the other countries, with the exception of France where they continued to tighten somewhat in net terms.

Looking ahead to the first quarter of 2016, euro area banks expect a further net easing of credit standards on loans to enterprises at current levels (-4%).

Table 1

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

(net percentages)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4
Euro area	-1	-1	-7	-7	-5	-2	0	1
DE	0	1	0	-1	0	0	3	3
ES	0	0	0	0	-3	0	0	0
FR	1	1	-10	-8	-4	0	0	4
IT	-13	-8	-13	-8	-13	-13	-13	-13
NL	0	1	-25	-25	-27	-8	0	0

Note: See note to Chart 1.

Competition remained the main factor driving the easing in banks' credit standards on loans to enterprises. Risk perceptions contributed only marginally to an easing, while cost of funds and balance sheet constraints and banks' risk tolerance had broadly no impact (see Chart 1 and Table 1).[4]

Across large euro area countries, banks' competitive pressures had an easing impact on standards in France, Italy and the Netherlands, while the impact was (broadly) unchanged in Germany and Spain. Reduced risk perceptions accounted for easing effects on standards in Italy and the Netherlands, while risk perceptions were unchanged for Germany, Spain and France. Cost of funds and balance sheet constraints only moderately contributed again to an easing in Italy, while this factor remained broadly unchanged for other large countries. Concerning the impact of risk tolerance, banks in Italy reported an ongoing moderate easing contribution, while French and German banks indicated some tightening impact; it was reported to be unchanged for banks in France and the Netherlands.

1.2 Terms and conditions for loans to enterprises further improved in the fourth quarter of 2015

In the fourth quarter of 2015, overall terms and conditions that banks apply when granting new loans to enterprises continued to ease (see Chart 2 and Table 2), which suggests a continued improvement in financing conditions for enterprises.

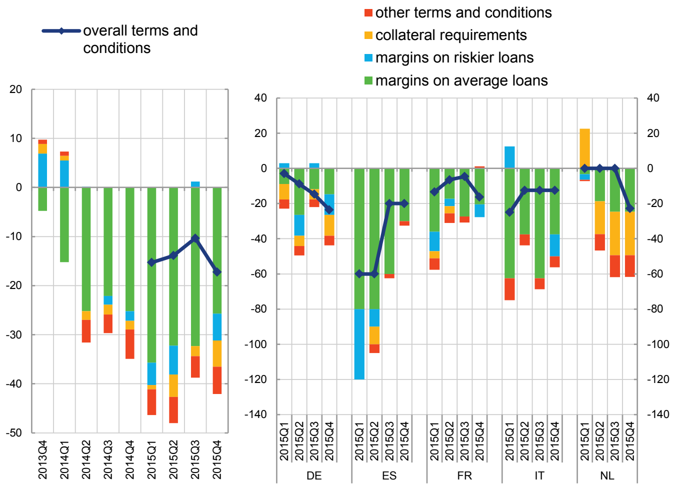
3 Net percentages are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages of banks responding "eased somewhat" and "eased considerably". The net percentages for responses to questions related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

4 The calculation of a simple average for aggregating some factors to main categories assumes that all factors have the same importance for the banks. This partly explains some inconsistencies in the respective charts between the developments in credit standards and the 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” are an unweighted average of “non-interest rate charges”, “size of the loan or credit line”, “loan covenants” and “maturity”. “Overall terms and conditions” were introduced in the first quarter of 2015.

Across the largest euro area countries, terms and conditions eased in all larger countries.

A considerable net percentage of euro area banks reported a further narrowing of margins on average loans to enterprises, while they indicated only some narrowing of margins on riskier loans. Other terms and conditions on loans or credit lines, such as non-interest rate charges, size, collateral and maturity, also continued to ease during the fourth quarter of 2015.

Table 2

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

(net percentage changes)

Country	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4
Euro area	-10	-17	-32	-26	1	-5
DE	-15	-24	-12	-15	3	-12
ES	-20	-20	-60	-30	0	0
FR	-5	-16	-27	-20	0	-7
IT	-13	-13	-63	-38	0	-13
NL	0	-23	-25	-25	0	0

Note: See note to Chart 2.

Table 3

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

(net percentages of banks reporting tightening terms and conditions)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4
Euro area	-2	-5	-36	-22	-4	-5	0	2
DE	0	-6	-21	-21	-9	-9	-6	3
ES	-10	0	-50	-20	-10	0	0	0
FR	4	4	-39	-13	0	0	0	4
IT	-13	-25	-50	-25	0	0	0	0
NL	0	2	-25	-25	-25	-25	0	0

In all large euro area countries, and in particular in Italy and Spain, banks continued to report a narrowing of margins on average loans in net terms. Across most of the larger countries, banks reported that margins on riskier loans narrowed in net terms, with the exception of Spain and the Netherlands where they remained unchanged.

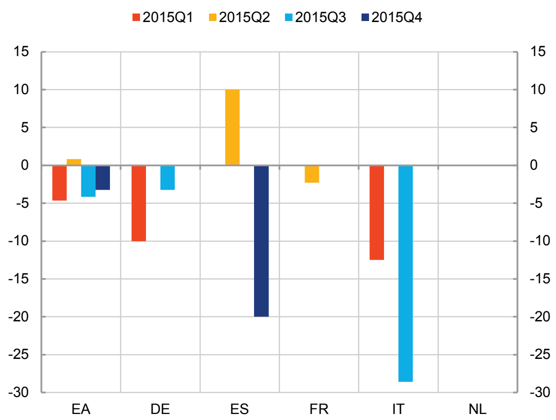
Regarding the factors contributing to changes in credit terms and conditions, competition contributed most strongly to the easing. All the large euro area countries reported a considerable easing impact from competitive pressures (see Table 3).

1.3 Rejection rate for loans to enterprises decreased slightly

Chart 3

Change in the share of rejected applications for loans to enterprises

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



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

In net terms, euro area banks' rejection rate for loan applications (i.e. the difference between the sum of the percentages of banks reporting an increase and that of banks reporting a decline in the share of loan rejections) continued to decrease slightly during the fourth quarter of 2015 (-3%, after -4% in the previous round; see Chart 3).

Across the largest euro area countries, the rejection rate only decreased in Spain and remained unchanged in the other countries.

1.4 Considerable increase in net demand for loans to enterprises

Net demand for loans to enterprises further increased in the fourth quarter of 2015 (to 27%, from 16% in the previous quarter; see Chart 4 and Table A).[5] While this increase was still somewhat below banks' expectations reported in the previous round, they expect a similar rise in demand from enterprises in the first quarter of 2016.

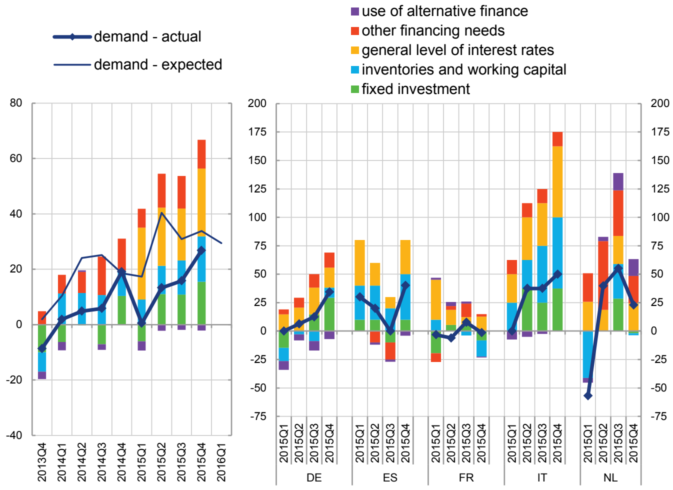
All large euro area countries reported an increase in demand in the fourth quarter of 2015, with the exception of France where banks reported unchanged demand.

5 Net percentages for the questions on demand for loans are defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat" and the sum of the percentages of banks responding "decreased somewhat" and "decreased considerably". The net percentages for responses to questions related to each factor are defined as the difference between the percentage of banks reporting that the given factor contributed to increasing demand and the percentage reporting that it contributed to decreasing demand. In order to describe the developments in survey replies over time, the report refers to changes in the "net demand" for loans from one survey round to another. For instance, higher net percentages of banks indicating a decline in loan demand between two survey waves would be referred to as a "more pronounced net decline in demand".

Chart 4

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

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



Notes: "Actual" values are changes that have occurred, while "expected" values are changes anticipated by banks. Net percentages for the questions on demand for loans are defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat" and the sum of the percentages of banks responding "decreased somewhat" and "decreased considerably". The net percentages for responses to questions related to each factor are defined as the difference between the percentage of banks reporting that the given factor contributed to increasing demand and the percentage reporting that it contributed to decreasing demand. "Other financing needs" are an unweighted average of "M&A and corporate restructuring" and "debt refinancing/restructuring and renegotiation"; "use of alternative finance" is an unweighted average of "internal financing", "loans from other banks", "loans from non-banks", "issuance/redemption of debt securities" and "issuance/redemption of equity". "General level of interest rates" was introduced in the first quarter of 2015.

The general level of interest rates continues to be the strongest contributing factor to the increase in demand for loans to enterprises. Financing needs related to working capital and fixed investment were additionally underpinning demand (see Chart 4 and Table 4).[6] Other financing needs complemented the positive demand for loans. The latter reflects the demand for debt refinancing and renegotiation and the financing needs for M&A activities. The use of alternative finance continued to have a slightly dampening effect on net loan demand by euro area firms. In particular, the issuance of debt securities by enterprises and internal financing contributed negatively to loan demand.

[6] The calculation of a simple average for aggregating some factors to main categories assumes that all factors have the same importance for the banks. This partly explains some inconsistencies between the developments in demand for loans and the 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	
	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4
Euro area	11	15	12	16	12	10	19	25	-2	-2
DE	15	29	-9	9	12	13	24	18	-8	-7
ES	-10	10	20	40	-15	0	10	30	-2	-4
FR	5	-8	-4	-14	12	2	7	13	2	-1
IT	25	38	50	63	13	13	38	63	-3	0
NL	29	-2	30	-2	40	24	25	25	15	15

Note: See note to Chart 4.

Across the large euro area countries, the low level of interest rates contributed significantly to increased loan demand in all countries but to varying degrees. Financing needs for inventories and working capital were of particular relevance for loan demand in Italy and Spain, but also contributed positively in Germany, while the effect was negative in France and – to a much lesser extent – in the Netherlands. Financing needs related to fixed investment increased in all countries, with the exception of France and the Netherlands, and constituted the most important driver of loan demand in Germany. Other financing needs also had a positive impact on banks in most large countries, with the exception of Spain. By contrast, the availability of alternative finance had a dampening impact on loan demand in Germany and Spain, while having a broadly neutral effect in Italy and France; only Dutch banks recorded a positive contribution from this factor to firms' loan demand.

2 Households

2.1 Credit standards for loans to households for house purchase returned to a net easing in the fourth quarter of 2015

For loans to households for house purchase, banks reported a return to an easing in their credit standards in net terms (-7%, after 5% in the previous survey round; see Chart 5 and Table A), while they had expected broadly unchanged standards in the previous survey.

Among the large countries, banks in Italy, and to a lesser extent in France and the Netherlands, reported an easing in standards on housing loans, while banks in Germany and Spain indicated no changes.

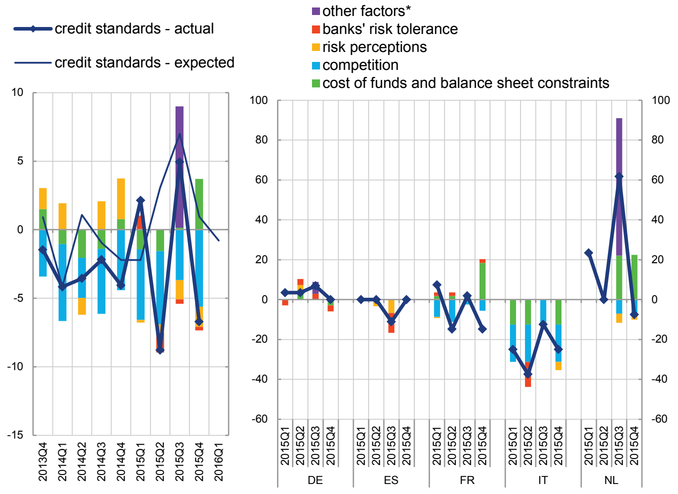
Looking ahead, euro area banks expect that credit standards applied will remain broadly unchanged in the first quarter of 2016.

The easing of standards for housing loans was again mainly driven by competition (see Chart 5 and Table 5). In addition, the absence of tightening from "other factors" related to national regulation exceptionally reported by some banks in the previous quarter contributed to the return to a net easing. Banks' risk perceptions and risk tolerance remained broadly neutral, while cost of funds and balance sheet constraints had a tightening impact.

Chart 5

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

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



Notes: See the notes to Chart 1. "Risk perceptions" are an unweighted average of "general economic situation and outlook", "housing market prospects including expected house price developments" and "borrower's creditworthiness" (the latter from the first quarter of 2015 onwards); "competition" is an unweighted average of "competition from other banks" and "competition from non-banks". "Risk tolerance" was introduced in the first quarter of 2015.
*"Other factors" are provided by banks when none of the above factors are applicable. They are shown as a memo item for the third quarter of 2015, where they include, in particular, changes in regulation and legislation at the national level.

Table 5

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

(net percentages)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4
Euro area	0	4	-4	-6	-1	-1	0	0
DE	0	-3	0	0	0	0	3	-3
ES	0	0	0	0	-7	0	-10	0
FR	2	18	-2	-6	1	0	0	2
IT	0	-13	-13	-19	0	-4	0	0
NL	22	22	-7	-8	-5	-3	0	0

Note: See note to Chart 5.

Among the largest euro area countries, competition continued to have an easing effect in Italy and to a lesser extent in the Netherlands and France, while there was again no change in the impact on standards recorded in Germany and Spain. In addition, the absence of tightening effects from other factors reported by Dutch and to a lesser extent by German banks in the previous quarter contributed (particularly in the Netherlands) to a return to a net easing of credit standards on housing loans. A slight easing effect on credit standards from banks' risk perceptions was recorded for Italy and the Netherlands, while the effect remained unchanged elsewhere. The impact of cost of funds and balance sheet constraints was more mixed across countries, with a considerable tightening impact in the Netherlands and France, an easing impact in Italy and to a much lesser extent in Germany, and an unchanged situation for Spain. Banks' risk tolerance had a slight easing impact in Germany and a slight tightening impact in France, while its impact remained unchanged elsewhere.

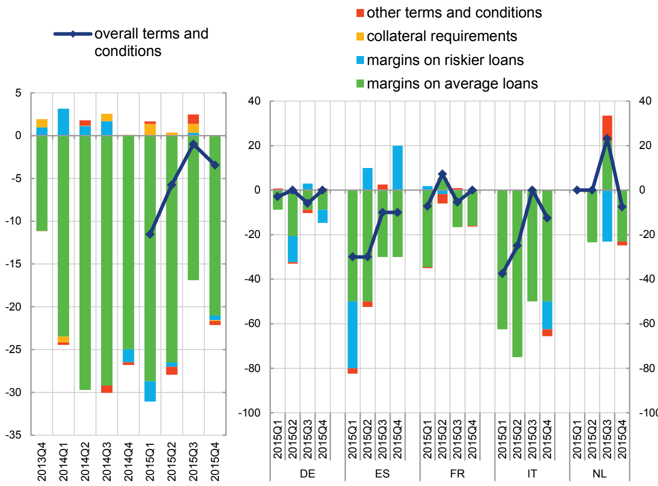
2.2 Terms and conditions for loans to households for house purchase continued to improve

Banks' overall terms and conditions applied when granting new housing loans continued to ease in the fourth quarter of 2015 (see Chart 6 and Table 6).

Chart 6

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

(net percentages of banks reporting tightening terms and conditions)



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

Table 6

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

(net percentage changes)

Country	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4
Euro area	-1	-3	-17	-21	0	-1
DE	-6	0	-9	-9	3	-6
ES	-10	-10	-30	-30	0	20
FR	-5	0	-17	-16	0	0
IT	0	-13	-50	-50	0	-13
NL	23	-8	22	-23	-23	0

Note: See note to Chart 6.

The reduction in margins on average loans remained the overwhelming driver of the easing, while margins on riskier loans and non-price terms and conditions remained largely unchanged.

Of the larger euro area countries, Spain, Italy and the Netherlands reported an easing of overall terms and conditions, while Germany and France indicated unchanged overall conditions. All large countries reported a decrease in the margins on average loans. By contrast, for riskier loans, only Italian and German banks reported a narrowing of margins. While French and Dutch banks kept margins on these loans unchanged, Spanish banks widened margins on riskier loans. Non-price terms and conditions were broadly unchanged, except for a slight net easing reported in Italy and the Netherlands.

Table 7

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

(net percentage changes)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4
Euro area	-2	-1	-17	-9	0	0	0	0
DE	0	-3	-9	3	0	3	0	-3
ES	-10	0	-20	-10	-10	0	0	0
FR	0	2	-17	0	2	-2	0	0
IT	-13	-13	-38	-38	0	0	0	0
NL	22	22	0	-8	0	-8	0	0

Concerning the factors affecting the net easing of terms and conditions, competition remained the main factor, albeit to a more limited extent than in the previous round. By contrast, banks' funding conditions, risk perceptions and risk tolerance overall had broadly no impact on changes in terms and conditions (see Table 7).

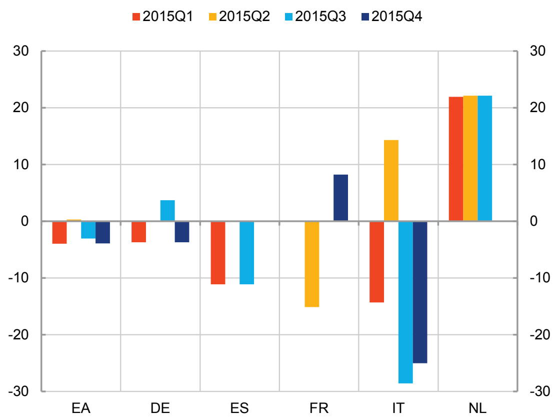
Among the large euro area countries, competition contributed to an easing of credit terms and conditions in Italy in particular and to a more limited extent in Spain and the Netherlands, while the impact of this factor remained unchanged for French banks and a slight tightening impact was reported by German banks. Banks' risk perceptions had an easing effect for the Netherlands and less so for France, while the effect remained unchanged in Spain and Italy and a slight tightening was reported in Germany. Banks' risk tolerance had no effect on terms and conditions in most countries, except for a slight easing indicated by German banks. The impact of cost of funds and balance sheet constraints was more mixed across the largest countries, with a considerable tightening in the Netherlands and a less marked tightening in France, which contrasted with a moderate easing in Italy and a slight easing in Germany. The impact of this factor remained unchanged in Spain.

2.3 Rejection rate for loans to households for house purchase declined further

Chart 7

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

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



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

According to euro area banks, the net share of rejected applications for loans to households for house purchase declined further in the fourth quarter of 2015 (to -4%, from -3% in the previous survey round; see Chart 7).

Across the largest euro area countries, there were again heterogeneous developments. The rejection rate for housing loans declined considerably again in Italy and decreased slightly in Germany, while remaining unchanged in Spain and the Netherlands and increasing somewhat in France.

2.4 Continued robust growth in net demand for housing loans

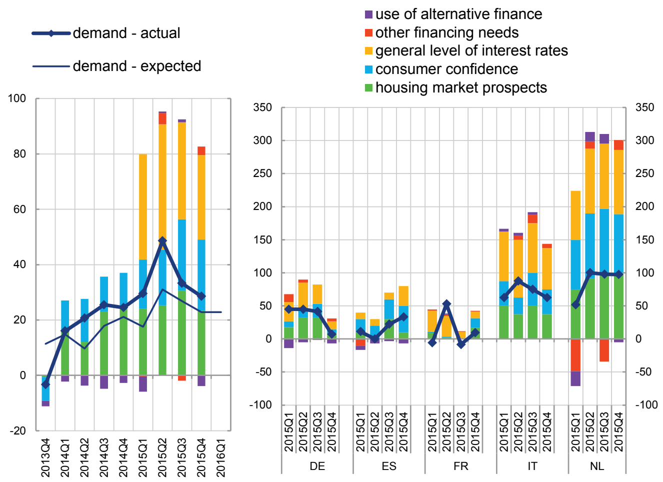
In the fourth quarter of 2015, banks continued to report a robust net increase in the demand for housing loans (29%, after 33% in the previous quarter; see Chart 8 and Table A). The increase in demand remains above the historical average change in demand and again exceeded banks' expectations in the previous survey round.

All of the large euro area countries reported an increase in net demand for housing loans, with more limited levels recorded for Germany and France. The net percentage increase in demand continues to be the highest in the Netherlands, followed by Italy and Spain.

Chart 8

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

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



Notes: See the notes to Chart 4. "Other financing needs" are an unweighted average of "debt refinancing/restructuring and renegotiation" and "regulatory and fiscal regime of housing markets" (both from the first quarter of 2015 onwards); "use of alternative finance" is an unweighted average of "internal financing out of savings/down payment" (from the first quarter of 2015 onwards), "household savings" (until the fourth quarter of 2014), "loans from other banks" and "other sources of external finance". "General level of interest rates" was introduced in the first quarter of 2015.

Table 8

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

(net percentage changes)

Country	Housing market prospects		Consumer confidence		Other financing needs		General level of interest rates		Use of alternative finance	
	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4
Euro area	31	23	26	26	-2	3	35	30	1	-4
DE	32	9	21	6	-1	4	29	12	0	-7
ES	30	10	30	40	0	0	10	30	-3	-7
FR	1	17	0	15	1	1	10	10	0	0
IT	50	38	50	38	13	6	75	63	4	0
NL	98	98	98	91	-34	15	98	97	15	-5

Note: See note to Chart 8.

The low level of interest rates, increased consumer confidence and improved housing market prospects were the main factors contributing to the further rise in demand for housing loans in the euro area (see Chart 8 and Table 8). By contrast, other financing needs only contributed slightly to the increase and the use of alternative finance remained broadly neutral.

Among the larger euro area countries, the main three factors continued to contribute to positive demand across all countries, with the contribution being particularly strong in the Netherlands, Italy and to a lesser extent in Spain.

Looking ahead, for the first quarter of 2016, euro area banks expect demand to continue increasing.

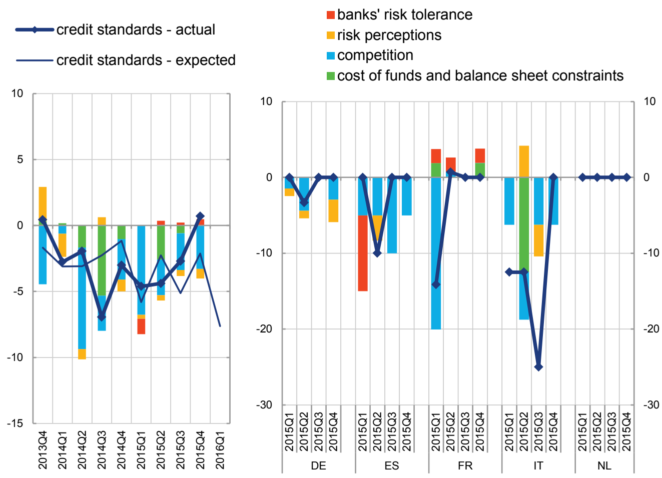
2.5 Credit standards for consumer credit and other lending to households remained broadly unchanged

In the fourth quarter of 2015, credit standards for consumer credit and other lending to households remained broadly unchanged (1%, after -3% in the previous quarter; see Chart 9 and Table A), largely in line with the historical average. In the previous survey round, banks had instead expected a further slight net easing for the fourth quarter of 2015.

Chart 9

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

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



Notes: See the notes to Chart 1. “Risk perceptions” are an unweighted average of “general economic situation and outlook”, “creditworthiness of consumers” and “risk on collateral demanded”; “competition” is an unweighted average of “competition from other banks” and “competition from non-banks”. “Risk tolerance” was introduced in the first quarter of 2015.

Table 9

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

(net percentages)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4
Euro area	-1	0	-3	-3	0	-1	0	0
DE	0	0	0	-3	0	-3	0	0
ES	0	0	-10	-5	0	0	0	0
FR	0	2	0	0	0	0	0	2
IT	0	0	-6	-6	-4	0	0	0
NL	0	0	0	0	0	0	0	0

Note: See note to Chart 9.

Credit standards for this lending category remained unchanged in all large countries.

Looking ahead, euro area banks expect a net easing in credit standards on consumer credit and other lending to households for the first quarter of 2016.

Competitive pressures continued to have an easing impact on credit standards for consumer credit and other lending to euro area households, while banks' cost of funds and balance sheet constraints as well as their risk perceptions and risk tolerance remained broadly unchanged (see Chart 9 and Table 9).

In the large euro area countries, some limited competitive pressures were reported in Italy and Spain and also in Germany where they were more limited. A marginal tightening impact was recorded in France with regard to cost of funds and balance sheet constraints and banks' risk tolerance.

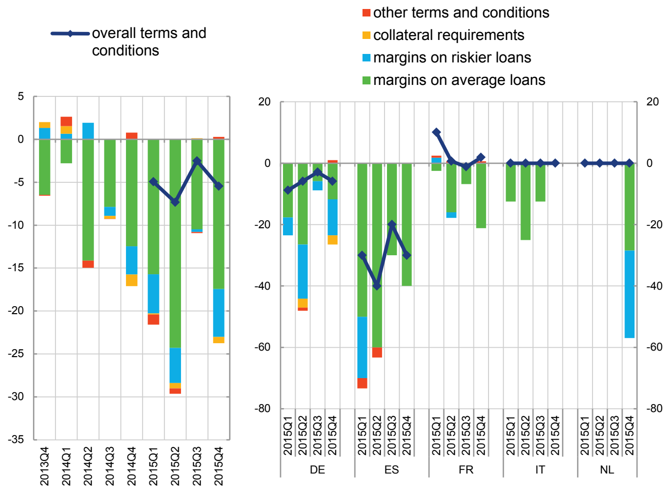
2.6 Terms and conditions for consumer credit and other lending to households continue to improve

Euro area banks reported some continued improvement in the net terms and conditions on consumer credit and other lending to households in the fourth quarter of 2015 (see Chart 10 and Table 10).

Chart 10

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

(net percentages of banks reporting tightening terms and conditions)



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

Table 10

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

(net percentage changes)

Country	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4
Euro area	-3	-5	-10	-17	0	-6
DE	-3	-6	-6	-12	-3	-12
ES	-20	-30	-30	-40	0	0
FR	-1	2	-7	-21	0	0
IT	0	0	-13	0	0	0
NL	0	0	0	-28	0	-28

Note: See note to Chart 10.

This was driven mainly by a narrowing of margins on average loans and to a lesser extent on riskier loans. Non-price terms and conditions, such as collateral requirements, loan size and non-interest charges, remained unchanged.

Across the larger euro area countries, margins on average loans narrowed, with the exception of Italy where they were unchanged. The margins on riskier loans narrowed only in the Netherlands and Germany and were unchanged in the other large countries.

Table 11

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

(net percentage changes)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4
Euro area	-2	-3	-9	-8	1	0	0	1
DE	0	-6	-3	-3	0	0	0	0
ES	-10	-10	-30	-30	0	0	0	0
FR	0	2	-6	-14	0	0	0	2
IT	0	0	-13	0	0	0	0	0
NL	0	0	0	0	0	0	0	0

Note: See note to Chart 10.

Regarding banks' assessment of the factors affecting the change in terms and conditions on new loans, competitive pressures and, to a lesser extent, banks' cost of funds and balance sheet constraints contributed most to an easing. Banks' risk perceptions and tolerance both remained broadly unchanged (see Table 11).

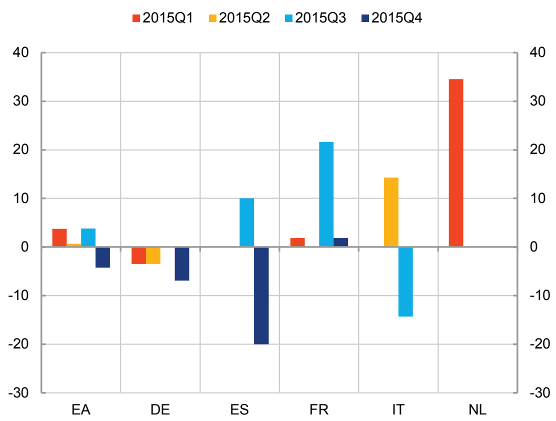
Across the largest euro area countries, competitive pressures contributed to the easing of terms and conditions in all countries, except for Italy and the Netherlands where they were unchanged. Banks in Spain and Germany reported that cost of funds and balance sheet constraints led to an easing of terms and conditions, while this factor remained unchanged in Italy and the Netherlands and contributed slightly to a tightening in France. No change was reported in any large country with respect to banks' perception of risk and only a slight tightening impact from risk tolerance was reported by French banks.

2.7 Rejection rate for consumer credit and other lending to households declined

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.

According to euro area banks, the net share of rejected applications for consumer credit and other lending to households declined in the fourth quarter of 2015 (to -4%, from 4% in the previous survey round; see Chart 11).

Across the largest euro area countries, there were divergent developments, with the rejection rate declining particularly in Spain and to a more limited extent in Germany, while remaining unchanged in Italy and the Netherlands and slightly increasing in France.

2.8 Continued increase in net demand for consumer credit and other lending to households

According to euro area banks, the net demand for consumer credit and other lending to households increased during the fourth quarter at a similar pace to that observed in the previous quarter (21%, after 19%; see Chart 12 and Table A), remaining above its historical average.

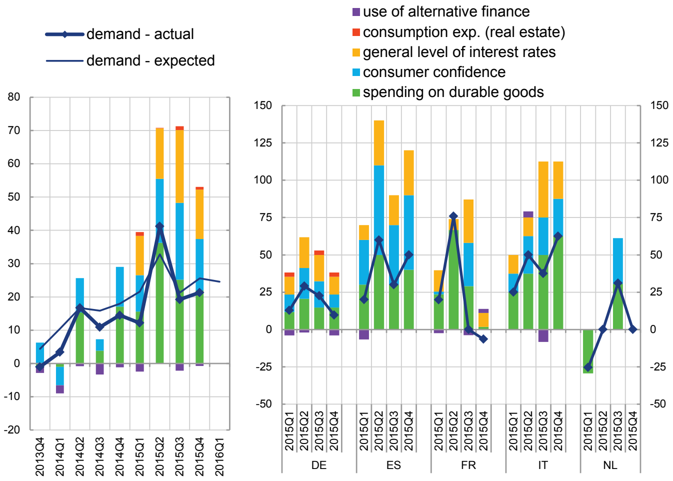
Across the large euro area countries, net demand increased particularly in Italy and Spain and to a more limited extent in Germany, while being unchanged in the Netherlands and declining somewhat in France.

Among the factors underlying the demand at the euro area level, financing needs for spending on durable consumer goods, consumer confidence and the low level of interest rates continued to contribute to increased demand (see Chart 12 and Table 12).

Chart 12

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

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



Notes: See the notes to Chart 4. “Use of alternative finance” is an unweighted average of “internal financing out of savings” (from the first quarter of 2015 onwards), “household savings” (until the fourth quarter of 2014), “loans from other banks” and “other sources of external finance”. “Consumption exp. (real estate)” denotes “consumption expenditure financed through real estate-guaranteed loans”. “General level of interest rates” and “consumption expenditure financed through real estate-guaranteed loans” were introduced in the first quarter of 2015.

Table 12

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

(net percentage changes)

	Spending on durable goods		Consumer confidence		Consumption exp. (real estate)		General level of interest rates		Use of alternative finance	
Country	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4	2015Q3	2015Q4
Euro area	25	22	23	15	1	1	22	15	-2	-1
DE	15	15	18	9	3	3	18	12	0	-4
ES	30	40	40	50	0	0	20	30	0	0
FR	29	2	29	0	0	0	29	9	-4	3
IT	50	63	25	25	0	0	38	25	-8	0
NL	31	0	31	0	0	0	0	0	0	0

Note: See note to Chart 12.

Across the larger euro area countries, spending on durable goods and consumer confidence contributed positively to demand particularly in Italy and Spain and to a lesser extent in Germany and slightly also in France. The general level of interest rates also had a positive impact on demand in all countries except the Netherlands. Consumer confidence contributed strongest in Spain and to a more limited degree in Italy and Germany to increased net demand for consumer credit.

For the first quarter of 2016, euro area banks expect a continued net increase in the demand for consumer credit and other lending to households.

Ad hoc questions

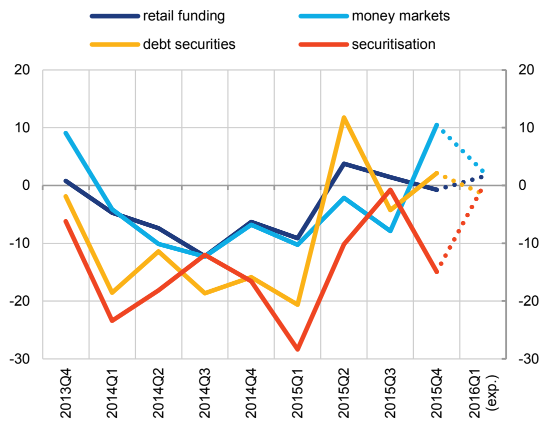
1 Banks' access to retail and wholesale funding

As in previous survey rounds, the January 2016 survey questionnaire included a question to assess the extent to which the situation in financial markets affected banks' access to retail and wholesale funding.[7]

Chart 13

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

(net percentages of banks reporting deteriorated market access)



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

Table 13

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

(net percentages of banks reporting deteriorated market access)

	Retail funding	Interbank unsecured money market	Wholesale debt securities	Securitisation
2015Q3	1	-8	-4	-1
2015Q4	-1	10	2	-15

Note: See note to Chart 13.

For the fourth quarter of 2015, euro area banks reported a net deterioration for money markets following a number of quarters of improving access (see Chart 13 and Table 13). A slight deterioration was also recorded for debt issuance, while access remained on average broadly unchanged for retail funding and improved notably for securitisation.[8]

Looking ahead, for the first quarter of 2016, euro area banks expect, on average, broadly unchanged access to the different funding segments.

2 Banks' adjustment to regulatory and supervisory action

The January 2016 survey questionnaire included two biannual ad hoc questions to assess the extent to which new regulatory requirements affected banks' lending policies via the potential impact on their capital position and the credit standards that they apply to loans. These new requirements include the regulation set out in the "CRR/CRD IV" package, additional measures of the European Banking Authority or any other specific national regulations concerning banks' capital ratios that have recently been approved or are expected to be approved in the near future. Furthermore, banks were also asked to indicate the effects on funding conditions.

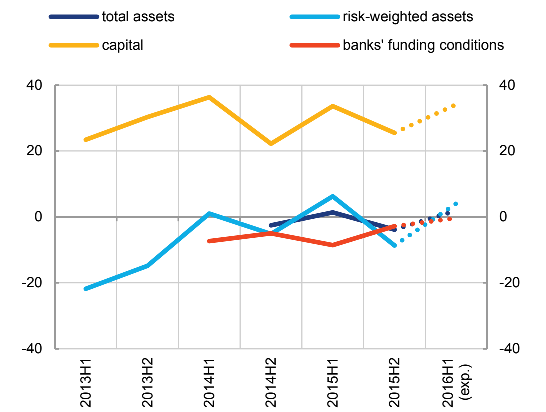
7 The results shown are calculated as a percentage of the number of banks which did not reply "not applicable".

8 However, for the results on securitisation, a large number of banks replied "not applicable" as this source of funding is not relevant for them (around 50% in the fourth quarter of 2015).

Chart 14

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

(net percentages of banks)



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

Table 14

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

(net percentages of banks)

	Total assets, of which		Risk-weighted assets, of which			Capital, of which			Impact on banks' funding conditions
	Total	Liquid assets	Total	Average loans	Riskier loans	Total	Retained earnings	Capital issuance	
2015H1	1	9	6	8	-8	34	30	26	-9
2015H2	-4	16	-9	-3	-17	26	24	18	-3

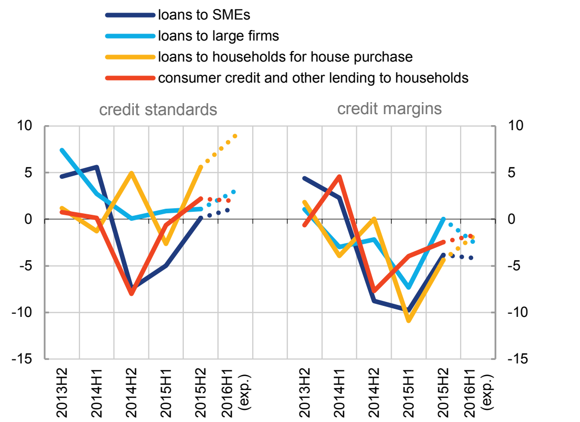
Note: See note to Chart 14.

Euro area banks replied that, in relation to regulatory and supervisory action, their total assets declined (-4%, down from 1% in the previous round; see Chart 14 and Table 14) in net terms, as did their risk-weighted assets (-9%, down from 6% in the previous round), during the second half of 2015. Of the total assets, however, liquid assets rose further. Among the risk-weighted assets, the decline was more concentrated on riskier loans. Euro area banks also recorded a further net strengthening of their capital position, both through retained earnings and capital issuance. They also indicated a slight easing in their funding conditions.

Chart 15

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

(net percentages of banks)



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

Table 15

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

(net percentages of banks)

	Impact of regulatory or supervisory actions on the tightening of credit standards		Impact of regulatory or supervisory actions on the tightening of credit margins	
	2015H1	2015H2	2015H1	2015H2
Impact on loans and credit lines to SMEs	-5	0	-10	-4
Impact on loans and credit lines to large enterprises	1	1	-7	0
Impact on loans to households for house purchase	-3	6	-11	-4
Impact on consumer credit and other lending to households	-1	2	-4	-2

Note: See note to Chart 15.

Regarding the impact of supervisory or regulatory action on banks' credit standards during the second half of 2015, euro area banks reported a broadly unchanged impact on loans to SMEs and to large enterprises (see Chart 15 and Table 15). For households, euro area banks reported some net tightening impact on loans for house purchase and a slight tightening for consumer credit and other lending.

As regards the impact on margins, supervisory or regulatory action had a narrowing impact on margins on all categories of loans, except for loans to large firms where there was no change (see Chart 15 and Table 15).

Looking ahead, with regard to the effect of regulatory and supervisory action in the first half of 2016, euro area banks expect a further tightening of credit standards particularly for housing loans and less so for loans to large firms, SMEs and consumer credit. By contrast, banks expect a slight narrowing of margins across the different loan categories.

3 Analysing the ECB's targeted longer-term refinancing operations

The January 2016 survey questionnaire included three main ad hoc questions aimed at gauging the impact of the targeted longer-term refinancing operations (TLTROs) conducted by the Eurosystem between September 2014 and June 2016. Banks reported on their participation in the sixth TLTRO conducted in December 2015 as well as on their intentions for participation in the additional TLTROs to be conducted until June 2016. In this context, they were also asked about their reasons for participating in the different TLTROs. In addition, banks were asked about their planned use of the funds obtained through the TLTROs. Finally, banks provided an assessment of the impact of the TLTROs on their own financial situation and their loan supply.

Chart 16

Participation in the most recent and future TLTROs

(percentage of respondents)

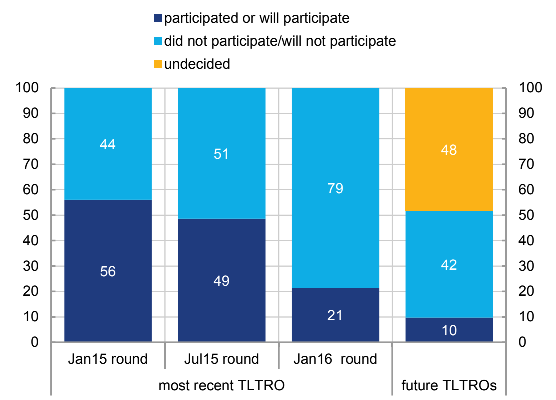
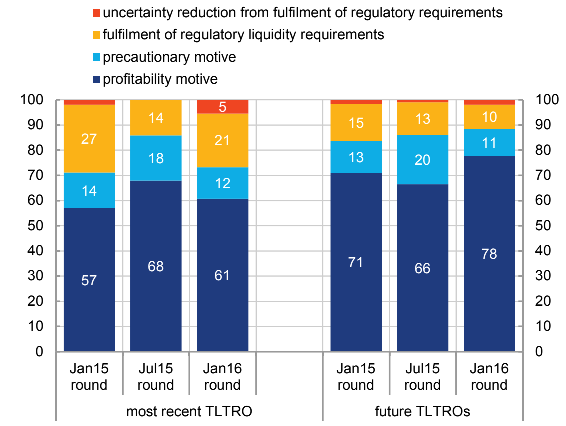


Chart 17

Reasons for participation and expected participation in the most recent and future TLTROs

(percentage of banks that said they participated or will participate)



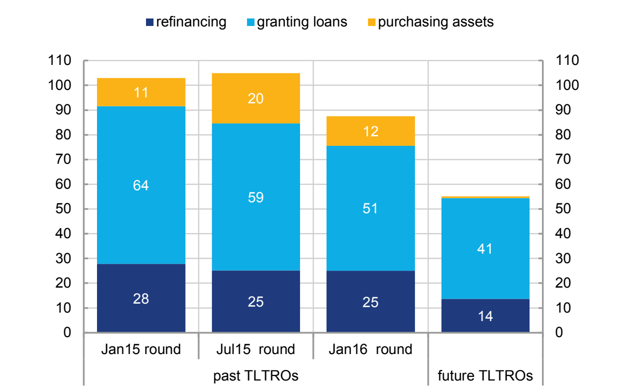
According to euro area BLS banks, their participation in the sixth TLTRO in December 2015 stood at 21%, substantially lower than the level indicated in the July 2015 survey round (49%; see Chart 16). According to banks participating in the sixth TLTRO, their participation was again largely driven by profitability motives (61% of respondents, after 68% in the July 2015 survey round; see Chart 17). In addition, the fulfilment of regulatory liquidity requirements (21%, after 14%) played an increasing role, as did precautionary motives but to a lesser extent (12%, down from 18%). The reason for the more broadly based non-participation was the absence of funding constraints.

Looking ahead to the upcoming additional TLTROs in March and June 2016, a high percentage of banks will not participate (42%; see Chart 16) or are still undecided on their participation (48%); only 10% have so far decided that they will participate. Again profitability motives continue to dominate the reasons for participation (78%; see Chart 17) and the absence of funding constraints continues to explain the non-participation (65%).

Chart 18

Use of funds from the past and future TLTROs

(percentage of respondents)

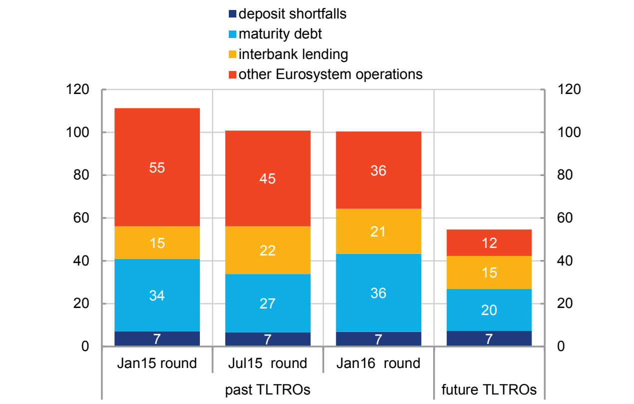


Notes: "Past TLTROs" refer to all TLTROs which took place up until the specified survey round; likewise, "future TLTROs" refer to operations beyond this point. Values displayed in the chart are the sum of the percentage of banks responding "has contributed or will contribute considerably" and "has contributed or will contribute somewhat".

Chart 19

Use of funds from the past and future TLTROs for refinancing by substitution of funding sources

(percentage of respondents)



Notes: see notes to Chart 18.

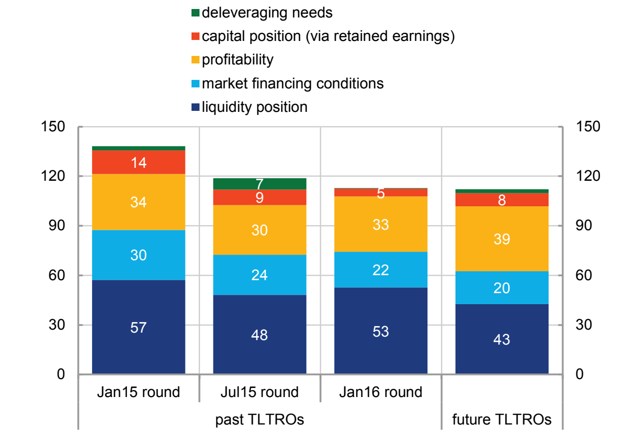
As regards the use of funds obtained from the initial and additional TLTROs, banks continued to report their intention to use them for granting loans (51%, after 59% in the July 2015 BLS; see Chart 18), in particular loans to enterprises and consumer credit. Again a lower percentage of banks reported that the funds would be used for refinancing purposes in terms of substituting other funding sources. The percentage of banks reporting that they would use the funds for purchasing assets was down in this round (to 12%, from 20% in the July 2015 BLS) and this related to purchases of domestic sovereign bonds and other financial assets.

Concerning the use of TLTRO funds for refinancing, banks once again reported that they intend to use these funds for replacing funds from other Eurosystem operations and for refinancing maturing debt, with the latter growing in importance (both 36%, after 45% and 27% in the July 2015 BLS, respectively; see Chart 19). Around 21% of the banks indicated the substitution of TLTRO funds for interbank funding, while the use of TLTRO funds to make up for deposit shortfalls was only cited by 7% of the respondent banks, in both cases remaining at similar levels to those in the July 2015 round.

Turning to banks' assessment of the impact of past and future TLTROs on their financial situation, the highest net percentage of banks continue to cite an improvement in their liquidity positions (53% for past TLTROs and 43% for future TLTROs – see Chart 20). This was followed by an improvement in profitability (33% for past TLTROs and 39% for future TLTROs) and market financing conditions (22% for past TLTROs and 20% for future TLTROs). The assessed impact on banks' capital position and deleveraging needs is considerably lower.

Chart 20
Contribution of the past and future TLTROs to the improvement in banks' financial situation

(percentage of respondents)



Notes: "Past TLTROs" refer to all TLTROs which took place up until the specified survey round; likewise, "future TLTROs" refer to operations beyond this point. Values displayed in the chart are the sum of the percentage of banks responding "has improved or will improve considerably" and "has improved or will improve somewhat".

Chart 21
Impact of the past and future TLTROs on credit standards on loans and on credit terms and conditions

(percentage of respondents)

Notes: "Past TLTROs" refer to all TLTROs which took place up until the specified survey round; likewise, "future TLTROs" refer to operations beyond this point. Values displayed in the chart are the sum of the percentage of banks responding "has contributed or will contribute considerably to easing credit standards/terms and conditions" and "has contributed or will contribute somewhat to easing credit standards/terms and conditions".

As regards the impact on loan supply to enterprises, euro area banks continued to indicate that the TLTROs translated predominantly into an easing of credit terms and conditions, rather than a change in credit standards (see Chart 21).

Annex 1
Results for the standard questions[9]

Loans or credit lines to enterprises

Question 1

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
Tightened considerably	0	1	0	0	0	1	0	0	0	1
Tightened somewhat	3	1	2	1	3	1	2	1	3	1
Remained basically unchanged	90	93	92	94	93	94	91	93	90	93
Eased somewhat	7	6	6	6	4	4	6	6	7	6
Eased considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**-4**	***-4***	**-5**	***-5***	**-1**	***-2***	**-4**	***-4***	**-4**	***-4***
Diffusion index	**-2**	***-2***	**-2**	***-3***	**0**	***-1***	**-2**	***-2***	**-2**	***-2***
Mean	*3.00*	*3.00*	*3.01*	*3.01*	*2.97*	*2.97*	*3.01*	*3.01*	*3.00*	*3.00*
Number of banks responding	***135***	***136***	***131***	***131***	***131***	***130***	***134***	***136***	***135***	***136***

Notes: The net percentage is defined as the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat", and the sum of the percentages for "eased somewhat" and "eased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

[9] Figures in the tables in Annexes 1 and 2 may deviate slightly from those in the text due to rounding.

Question 2

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

(in percentages, unless otherwise stated)

OVERALL

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	1	1	93	2	0	3	-1	0	0	1	2.97	2.96
Your bank's ability to access market financing	0	0	92	2	0	6	-1	-2	0	-1	2.97	2.99
Your bank's liquidity position	0	0	96	1	0	3	-1	-1	0	0	2.97	2.97
B) Pressure from competition												
Competition from other banks	0	0	83	12	2	3	-16	-14	-9	-8	3.13	3.12
Competition from non-banks	0	0	92	3	0	6	-3	-3	-2	-1	2.98	2.98
Competition from market financing	0	0	92	3	0	6	-3	-3	-2	-1	2.98	2.98
C) Perception of risk												
General economic situation and outlook	0	1	92	5	0	2	-6	-4	-3	-2	3.00	3.00
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	1	92	5	0	2	-9	-4	-5	-2	3.04	3.01
Risk related to the collateral demanded	0	1	97	0	0	2	2	1	1	1	2.94	2.96
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	3	94	2	0	2	0	1	0	0	2.96	2.96

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	1	88	2	0	9	-9	-1	-4	0	3.08	2.97
Your bank's ability to access market financing	0	0	85	2	0	13	-9	-2	-4	-1	3.08	2.98
Your bank's liquidity position	0	0	89	1	0	9	-10	-1	-5	0	3.09	2.96
B) Pressure from competition												
Competition from other banks	0	0	78	12	3	7	-17	-14	-10	-8	3.17	3.13
Competition from non-banks	0	0	88	1	0	11	-8	-1	-4	0	3.04	2.96
Competition from market financing	0	0	90	0	0	9	-8	0	-4	0	3.05	2.96
C) Perception of risk												
General economic situation and outlook	0	1	90	3	0	6	-12	-2	-6	-1	3.08	2.98
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	2	87	5	0	6	-16	-3	-8	-2	3.13	2.99
Risk related to the collateral demanded	0	4	90	0	0	6	-6	4	-3	2	3.04	2.92
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	87	3	0	9	-8	-1	-4	-1	3.08	2.98

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	1	1	86	2	0	10	-1	0	0	0	2.96	2.95
Your bank's ability to access market financing	0	0	85	2	0	13	-1	-2	0	-1	2.96	2.98
Your bank's liquidity position	0	0	89	1	0	10	-1	-1	0	-1	2.96	2.96
B) Pressure from competition												
Competition from other banks	0	0	80	9	0	10	-14	-9	-7	-5	3.09	3.05
Competition from non-banks	0	0	86	3	0	11	-3	-3	-2	-1	2.97	2.98
Competition from market financing	0	0	85	4	0	11	-4	-4	-2	-2	2.98	2.99
C) Perception of risk												
General economic situation and outlook	0	1	87	3	0	9	-3	-2	-1	-1	2.98	2.98
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	1	87	4	0	9	-4	-3	-2	-2	2.99	3.00
Risk related to the collateral demanded	0	1	90	0	0	9	1	1	1	0	2.94	2.95
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	3	88	0	0	9	2	3	1	1	2.93	2.93

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding “- -” (contributed considerably to tightening) and “-” (contributed somewhat to tightening), and the sum of banks responding “+” (contributed somewhat to easing) and “+ +” (contributed considerably to easing). “°” means “contributed to basically unchanged credit standards”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 3

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

(in percentages, unless otherwise stated)

OVERALL

	--	-	°	+	++	NA	NetP Oct 15	NetP Jan 16	DI Oct 15	DI Jan 16	Mean Oct 15	Mean Jan 16
A) Overall terms and conditions												
Overall terms and conditions	0	2	76	19	0	2	-10	-17	-5	-9	3.07	3.12
B) Margins												
Your bank's margin on average loans	0	3	67	26	2	2	-32	-26	-16	-14	3.28	3.23
Your bank's margin on riskier loans	0	4	84	9	0	3	1	-5	1	-3	2.95	3.02
C) Other conditions and terms												
Non-interest rate charges	0	3	86	9	0	2	-2	-7	-1	-3	2.99	3.03
Size of the loan or credit line	0	3	90	5	0	2	-4	-2	-2	-1	3.00	2.98
Collateral requirements	0	1	90	6	0	3	-2	-5	-1	-3	2.97	3.01
Loan covenants	0	1	90	7	0	2	-5	-6	-2	-3	3.00	3.01
Maturity	0	1	88	9	0	2	-6	-8	-3	-4	3.02	3.04

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP Oct 15	NetP Jan 16	DI Oct 15	DI Jan 16	Mean Oct 15	Mean Jan 16
A) Overall terms and conditions												
Overall terms and conditions	0	1	77	13	0	9	-7	-12	-3	-6	3.03	3.08
B) Margins												
Your bank's margin on average loans	0	2	65	18	5	9	-28	-22	-14	-14	3.25	3.22
Your bank's margin on riskier loans	0	3	80	8	0	9	0	-4	0	-2	2.96	2.99
C) Other conditions and terms												
Non-interest rate charges	0	2	80	9	0	9	-2	-7	-1	-4	2.98	3.03
Size of the loan or credit line	0	2	82	5	0	10	-3	-3	-2	-1	2.99	2.98
Collateral requirements	0	1	85	4	0	10	0	-3	0	-2	2.96	2.98
Loan covenants	0	1	85	4	0	10	0	-4	0	-2	2.96	2.99
Maturity	0	1	82	7	0	10	-5	-6	-2	-3	3.01	3.02

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP Oct 15	NetP Jan 16	DI Oct 15	DI Jan 16	Mean Oct 15	Mean Jan 16
A) Overall terms and conditions												
Overall terms and conditions	0	2	71	15	0	12	-7	-12	-3	-6	3.03	3.08
B) Margins												
Your bank's margin on average loans	0	4	59	25	0	12	-27	-21	-13	-11	3.23	3.19
Your bank's margin on riskier loans	0	2	82	4	0	12	3	-1	2	-1	2.93	2.98
C) Other conditions and terms												
Non-interest rate charges	0	1	78	9	0	12	-2	-8	-1	-4	2.97	3.04
Size of the loan or credit line	0	3	78	7	0	12	-5	-4	-2	-2	3.00	3.00
Collateral requirements	0	1	82	5	0	12	-2	-4	-1	-2	2.97	3.00
Loan covenants	0	2	80	6	0	12	-2	-5	-1	-2	2.98	3.00
Maturity	0	1	76	11	0	12	-4	-10	-2	-5	3.00	3.06

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (tightened considerably) and "-" (tightened somewhat), and the sum of banks responding "+" (eased somewhat) and "+ +" (eased considerably). "°" means "basically unchanged credit standards". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 4

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

(in percentages, unless otherwise stated)

OVERALL IMPACT ON YOUR BANK'S CREDIT TERMS AND CONDITIONS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	1	1	89	7	0	2	-2	-5	-1	-2	3	2.99
B) Pressure from competition												
Pressure from competition	0	0	75	22	0	3	-36	-22	-19	-11	3	3.19
C) Perception of risk												
Perception of risk	0	1	91	6	0	2	-4	-5	-2	-2	3	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	3	95	0	0	2	0	3	0	1	3	2.94

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	88	7	0	3	-5	-5	-2	-2	3	3.00
B) Pressure from competition												
Pressure from competition	0	0	67	28	1	4	-35	-29	-19	-15	3	3.23
C) Perception of risk												
Perception of risk	0	1	91	4	0	3	-3	-3	-2	-2	3	2.98
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	95	0	0	3	-2	2	-1	1	3	2.94

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	90	3	0	5	2	-1	1	-1	3	2.98
B) Pressure from competition												
Pressure from competition	0	0	86	8	0	5	-8	-8	-4	-4	3	3.05
C) Perception of risk												
Perception of risk	0	3	91	2	0	5	0	0	0	0	3	2.96
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	3	93	0	0	5	4	3	2	1	3	2.93

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "+ +" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 5

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

(in percentages, unless otherwise stated)

	Share of rejected applications	
	Oct 15	Jan 16
Decreased considerably	0	0
Decreased somewhat	7	6
Remained basically unchanged	90	91
Increased somewhat	3	3
Increased considerably	0	0
Total		*100*
Net percentage	***-4***	***-3***
Diffusion index	***-2***	***-2***
Mean	*2.92*	*2.93*
Number of banks responding	***133***	***133***

Notes: The net percentage is defined as the difference between the sum of the percentages for "increased considerably" and "increased somewhat", and the sum of the percentages for "decreased somewhat" and "decreased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 6

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
Decreased considerably	0	0	1	0	0	0	0	0	1	0
Decreased somewhat	10	6	8	7	10	7	12	8	7	7
Remained basically unchanged	64	61	64	58	72	72	69	66	60	52
Increased somewhat	26	33	26	35	18	21	19	26	32	41
Increased considerably	0	0	1	0	0	1	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**16**	***27***	**18**	***28***	**8**	***15***	**7**	***18***	**24**	***35***
Diffusion index	**8**	***13***	**9**	***14***	**4**	***8***	**3**	***9***	**12**	***17***
Mean	*3.11*	*3.21*	*3.11*	*3.23*	*3.03*	*3.10*	*3.02*	*3.13*	*3.18*	*3.29*
Number of banks responding	***133***	***134***	***129***	***130***	***129***	***131***	***133***	***134***	***133***	***134***

Notes: The net percentage is defined as the difference between the sum of the percentages for “increased considerably” and “increased somewhat”, and the sum of the percentages for “decreased somewhat” and “decreased considerably”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 7

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
A) Financing needs/underlying drivers or purpose of loan demand												
Fixed investment	0	8	67	23	0	2	11	15	5	8	3.07	3.11
Inventories and working capital	0	7	68	23	0	3	12	16	6	8	3.08	3.12
Mergers/acquisitions and corporate restructuring	0	2	83	13	1	2	12	11	6	6	3.09	3.07
General level of interest rates	0	0	74	25	0	2	19	25	10	12	3.16	3.20
Debt refinancing/restructuring and renegotiation	0	1	87	9	1	2	11	9	7	5	3.09	3.06
B) Use of alternative finance												
Internal financing	0	5	91	2	0	2	-1	-3	-1	-2	2.94	2.92
Loans from other banks	0	4	91	3	0	2	-3	-2	-2	-1	2.93	2.94
Loans from non-banks	0	3	89	3	0	5	1	-1	1	0	2.96	2.94
Issuance/redemption of debt securities	0	4	87	0	0	9	-4	-4	-2	-2	2.91	2.92
Issuance/redemption of equity	0	1	89	0	0	10	-2	-1	-1	-1	2.93	2.94

NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding “+” (contributed somewhat to increasing demand) and “+ +” (contributed considerably to increasing demand) and the sum of banks responding “- ” (contributed somewhat to lowering demand) and “--” (contributed considerably to lowering demand). “°” means “contributed to basically unchanged demand”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 8

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
Tighten considerably	0	1	0	0	0	1	0	1	0	1
Tighten somewhat	2	0	1	0	3	0	2	0	3	0
Remain basically unchanged	90	94	92	95	90	92	90	93	89	94
Ease somewhat	8	5	7	5	7	7	8	6	8	5
Ease considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***-6***	***-4***	***-7***	***-5***	***-4***	***-6***	***-6***	***-5***	***-5***	***-4***
Diffusion index	***-3***	***-2***	***-3***	***-2***	***-2***	***-2***	***-3***	***-2***	***-2***	***-1***
Mean	*3.02*	*2.99*	*3.03*	*3.01*	*3.00*	*3.00*	*3.02*	*3.00*	*3.01*	*2.99*
Number of banks responding	***135***	***135***	***131***	***131***	***130***	***132***	***135***	***135***	***135***	***135***

Notes: The net percentage is defined as the difference between the sum of the percentages for "tighten considerably" and "tighten somewhat", and the sum of the percentages for "ease somewhat" and "ease considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 9

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
Decrease considerably	0	0	0	0	0	0	0	0	1	0
Decrease somewhat	2	1	1	0	1	1	1	0	1	1
Remain basically unchanged	63	69	63	67	72	76	69	71	64	68
Increase somewhat	35	30	36	33	27	23	30	29	34	31
Increase considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***34***	***29***	***35***	***33***	***26***	***22***	***29***	***28***	***32***	***30***
Diffusion index	***17***	***15***	***17***	***17***	***13***	***11***	***14***	***14***	***16***	***15***
Mean	*3.26*	*3.25*	*3.26*	*3.28*	*3.21*	*3.17*	*3.21*	*3.24*	*3.24*	*3.25*
Number of banks responding	***134***	***135***	***131***	***131***	***130***	***131***	***135***	***135***	***135***	***135***

Notes: The net percentage is defined as the difference between the sum of the percentages for "increase considerably" and "increase somewhat", and the sum of the percentages for "decrease somewhat" and "decrease considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Loans to households

Question 10

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Oct 15	Jan 16	Oct 15	Jan 16
Tightened considerably	0	0	1	0
Tightened somewhat	11	1	1	1
Remained basically unchanged	84	91	95	99
Eased somewhat	6	5	4	0
Eased considerably	0	3	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***5***	***-7***	***-3***	***1***
Diffusion index	***2***	***-5***	***-1***	***0***
Mean	*2.95*	*3.07*	*2.98*	*2.96*
Number of banks responding	***130***	***130***	***132***	***132***

Notes: The net percentage is defined as the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat", and the sum of the percentages for "eased somewhat" and "eased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 11

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	6	85	3	0	6	0	4	0	2	2.97	2.93
B) Pressure from competition												
Competition from other banks	0	1	83	9	0	6	-7	-9	-4	-4	3.05	3.06
Competition from non-banks	0	1	89	3	0	7	0	-3	0	-1	2.97	2.99
C) Perception of risk												
General economic situation and outlook	0	0	91	4	0	6	-2	-4	-1	-2	2.99	3.00
Housing market prospects, including expected house price developments	0	0	94	1	0	6	0	-1	0	0	2.96	2.97
Borrower's creditworthiness	0	1	93	0	0	6	-2	0	-1	0	2.99	2.96
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	93	1	0	6	0	0	0	0	2.97	2.97

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "+ +" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 12

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP Oct 15	NetP Jan 16	DI Oct 15	DI Jan 16	Mean Oct 15	Mean Jan 16
A) Overall terms and conditions												
Overall terms and conditions	0	2	87	5	0	6	-1	-3	-1	-2	2.98	3.00
B) Margins												
Your bank's loan margin on average loans	0	6	61	27	0	6	-17	-21	-8	-11	3.15	3.16
Your bank's loan margin on riskier loans	0	4	84	5	0	6	0	-1	0	0	2.94	2.97
C) Other terms and conditions												
Collateral requirements	0	0	94	0	0	6	1	0	1	0	2.95	2.96
"Loan-to-value" ratio	0	0	92	2	0	6	-1	-2	0	-1	2.97	2.98
Other loan size limits	0	0	93	1	0	6	6	-1	3	0	2.93	2.98
Maturity	0	1	92	1	0	6	0	0	0	0	2.97	2.97
Non-interest rate charges	0	1	93	0	0	7	0	1	0	0	2.96	2.95

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (tightened considerably) and "-" (tightened somewhat), and the sum of banks responding "+" (eased somewhat) and "+ +" (eased considerably). "°" means "basically unchanged credit standards". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 13

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

(in percentages, unless otherwise stated)

OVERALL IMPACT ON YOUR BANK'S CREDIT TERMS AND CONDITIONS

	--	-	°	+	++	NA	NetP Oct 15	NetP Jan 16	DI Oct 15	DI Jan 16	Mean Oct 15	Mean Jan 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	3	87	4	0	6	-2	-1	-1	0	3	2.97
B) Pressure from competition												
Pressure from competition	0	2	81	11	0	6	-17	-9	-8	-4	3	3.06
C) Perception of risk												
Perception of risk	0	1	92	1	0	6	0	0	0	0	3	2.97
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	92	1	0	6	0	0	0	0	3	2.96

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP Oct 15	NetP Jan 16	DI Oct 15	DI Jan 16	Mean Oct 15	Mean Jan 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	3	83	5	0	9	-4	-2	-2	-1	3	2.99
B) Pressure from competition												
Pressure from competition	0	2	66	22	0	10	-21	-20	-11	-10	3	3.15
C) Perception of risk												
Perception of risk	0	1	88	2	0	9	-2	-1	-1	-1	3	2.98
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	90	0	0	9	0	0	0	0	3	2.96

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP Oct 15	NetP Jan 16	DI Oct 15	DI Jan 16	Mean Oct 15	Mean Jan 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	87	2	0	10	1	-2	1	-1	3	2.98
B) Pressure from competition												
Pressure from competition	0	1	85	4	0	10	-1	-2	0	-1	3	2.98
C) Perception of risk												
Perception of risk	0	3	87	0	0	10	1	3	1	2	3	2.92
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	90	0	0	10	0	0	0	0	3	2.96

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "+ +" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 14

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	95	0	0	4	-1	0	0	0	2.97	2.96
B) Pressure from competition												
Competition from other banks	0	0	90	5	0	4	-6	-5	-3	-2	3.02	3.01
Competition from non-banks	0	0	93	2	0	4	0	-2	0	-1	2.96	2.98
C) Perception of risk												
General economic situation and outlook	0	0	96	1	0	4	-2	-1	-1	0	2.97	2.97
Creditworthiness of consumers (1)	0	0	96	1	0	4	0	-1	0	0	2.96	2.97
Risk on the collateral demanded	0	0	92	1	0	7	0	-1	0	0	2.95	2.96
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	95	0	0	4	0	0	0	0	2.96	2.96

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "+ +" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 15

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
A) Overall terms and conditions												
Overall terms and conditions	0	1	87	6	0	5	-3	-5	-1	-3	2.98	3.02
B) Margins												
Your bank's loan margin on average loans	0	0	79	17	0	4	-10	-17	-6	-9	3.08	3.13
Your bank's loan margin on riskier loans	0	0	90	6	0	4	0	-6	-1	-3	2.97	3.01
C) Other terms and conditions												
Collateral requirements	0	0	93	1	0	7	0	-1	0	0	2.95	2.96
Size of the loan	0	0	96	0	0	4	0	0	0	0	2.96	2.96
Maturity	0	0	96	0	0	4	0	0	0	0	2.96	2.96
Non-interest rate charges	0	1	95	0	0	4	0	1	0	0	2.96	2.95

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (tightened considerably) and "-" (tightened somewhat), and the sum of banks responding "+" (eased somewhat) and "+ +" (eased considerably). "°" means "basically unchanged credit standards". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 16

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

(in percentages, unless otherwise stated)

OVERALL IMPACT ON YOUR BANK'S CREDIT TERMS AND CONDITIONS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	93	3	0	4	-2	-3	-1	-1	3	2.99
B) Pressure from competition												
Pressure from competition	0	0	85	9	0	6	-9	-8	-5	-4	3	3.05
C) Perception of risk												
Perception of risk	0	0	96	0	0	4	1	0	0	0	3	2.96
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	95	0	0	4	0	1	0	0	3	2.96

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	92	4	0	4	-2	-3	-1	-2	3	3.00
B) Pressure from competition												
Pressure from competition	0	0	82	13	0	5	-11	-13	-6	-6	3	3.08
C) Perception of risk												
Perception of risk	0	0	96	0	0	4	1	0	1	0	3	2.96
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	96	0	0	4	0	0	0	0	3	2.96

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	93	2	0	4	1	-2	1	-1	3	2.98
B) Pressure from competition												
Pressure from competition	0	0	91	5	0	5	-2	-5	-1	-2	3	3.00
C) Perception of risk												
Perception of risk	0	0	96	0	0	4	1	0	0	0	3	2.96
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	95	0	0	4	1	0	0	0	3	2.96

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "+ +" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 17

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Oct 15	Jan 16	Oct 15	Jan 16
Decreased considerably	0	0	0	0
Decreased somewhat	8	9	6	7
Remained basically unchanged	86	87	84	90
Increased somewhat	5	5	10	3
Increased considerably	0	0	0	0
Total		*100*		*100*
Net percentage	***-3***	***-4***	***4***	***-4***
Diffusion index	***-2***	***-2***	***2***	***-2***
Mean	*2.92*	*2.92*	*3.00*	*2.92*
Number of banks responding	***125***	***127***	***128***	***130***

Notes: The net percentage is defined as the difference between the sum of the percentages for "increased considerably" and "increased somewhat", and the sum of the percentages for "decreased somewhat" and "decreased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 18

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Oct 15	Jan 16	Oct 15	Jan 16
Decreased considerably	1	0	1	0
Decreased somewhat	6	10	5	5
Remained basically unchanged	53	52	70	68
Increased somewhat	33	34	23	25
Increased considerably	7	4	2	2
Total	*100*	*100*	*100*	*100*
Net percentage	***33***	***29***	***19***	***21***
Diffusion index	***20***	***16***	***10***	***12***
Mean	*3.33*	*3.26*	*3.15*	*3.19*
Number of banks responding	***129***	***130***	***133***	***133***

Notes: The net percentage is defined as the difference between the sum of the percentages for "increased considerably" and "increased somewhat", and the sum of the percentages for "decreased somewhat" and "decreased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 19

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
A) Financing needs/underlying drivers or purpose of loan demand												
Housing market prospects, including expected house price developments	0	2	67	25	0	6	31	23	16	12	3.28	3.18
Consumer confidence	1	1	65	28	0	6	26	26	13	13	3.21	3.19
General level of interest rates	0	0	64	29	2	6	35	30	20	16	3.37	3.26
Debt refinancing/restructuring and renegotiation	0	0	88	6	0	6	4	6	2	3	3.01	3.02
Regulatory and fiscal regime of housing markets	0	2	89	2	0	7	-8	0	-4	0	2.91	2.96
B) Use of alternative sources for housing finance												
Internal finance of house purchase out of savings/down payment	0	5	87	3	0	6	-2	-2	-1	-1	2.94	2.94
Loans from other banks	0	6	88	0	0	6	3	-6	2	-3	2.99	2.90
Other sources of external finance	0	4	89	0	0	7	2	-4	1	-2	2.97	2.95

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "+" (contributed somewhat to increasing demand) and "+ +" (contributed considerably to increasing demand) and the sum of banks responding "- " (contributed somewhat to lowering demand) and "--" (contributed considerably to lowering demand). "°" means "contributed to basically unchanged demand". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 20

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 15	Jan 16	Oct 15	Jan 16	Oct 15	Jan 16
A) Financing needs/underlying drivers or purpose of loan demand												
Spending on durable consumer goods	0	1	73	22	1	3	25	22	13	12	3.21	3.20
Consumer confidence	0	1	81	16	0	3	23	15	11	8	3.18	3.12
General level of interest rates	0	0	82	15	0	3	22	15	11	7	3.19	3.11
Consumption expenditure financed through real-estate guaranteed loans	0	0	88	1	0	12	1	1	1	0	2.96	2.95
B) Use of alternative finance												
Internal finance out of savings	0	1	96	0	0	3	-2	-1	-1	-1	2.95	2.95
Loans from other banks	0	3	92	2	0	3	-2	-1	-1	-1	2.94	2.95
Other sources of external finance	0	0	96	0	0	4	-3	0	-2	0	2.93	2.96

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "+" (contributed somewhat to increasing demand) and "+ +" (contributed considerably to increasing demand) and the sum of banks responding "- " (contributed somewhat to lowering demand) and "--" (contributed considerably to lowering demand). "°" means "contributed to basically unchanged demand". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 21

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Oct 15	Jan 16	Oct 15	Jan 16
Tighten considerably	0	2	0	0
Tighten somewhat	3	5	1	1
Remain basically unchanged	95	86	95	89
Ease somewhat	1	7	3	9
Ease considerably	1	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***1***	***-1***	***-2***	***-8***
Diffusion index	***0***	***0***	***-1***	***-4***
Mean	*2.96*	*2.95*	*2.98*	*3.02*
Number of banks responding	***129***	***129***	***131***	***131***

Notes: The net percentage is defined as the difference between the sum of the percentages for "tighten considerably" and "tighten somewhat", and the sum of the percentages for "ease somewhat" and "ease considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question 22

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Oct 15	Jan 16	Oct 15	Jan 16
Decrease considerably	0	0	0	0
Decrease somewhat	4	4	3	1
Remain basically unchanged	68	70	67	73
Increase somewhat	27	26	29	26
Increase considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***23***	***23***	***26***	***25***
Diffusion index	***12***	***11***	***13***	***12***
Mean	*3.19*	*3.18*	*3.19*	*3.20*
Number of banks responding	***129***	***129***	***131***	***132***

Notes: The net percentage is defined as the difference between the sum of the percentages for “increase considerably” and “increase somewhat”, and the sum of the percentages for “decrease somewhat” and “decrease considerably”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Annex 2
Results for the ad hoc questions

Question A1

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

(in percentages unless otherwise stated)

	Over the past three months								Over the next three months								N/A[(2)]
	--	-	○	+	++	NetP	Mean	Standard deviation	--	-	○	+	++	NetP	Mean	Standard deviation	
A) Retail funding																	
Short-term deposits (up to one year)	1	4	85	10	1	-6	3.03	0.48	1	4	89	7	0	-3	2.99	0.41	5
Long-term (more than one year) deposits and other retail funding instruments	1	9	85	5	0	5	2.91	0.45	1	11	83	6	0	6	2.90	0.47	5
B) Inter-bank unsecured money market																	
Very short-term money market (up to 1 week)	1	13	84	2	0	12	2.85	0.43	1	3	94	3	0	1	2.95	0.33	5
Short-term money market (more than 1 week)	1	11	87	2	0	9	2.87	0.40	1	5	92	2	0	4	2.93	0.35	5
C) Wholesale debt securities[(3)]																	
Short-term debt securities (e.g. certificates of deposit or commercial paper)	0	7	89	4	0	3	2.94	0.37	0	4	94	2	0	1	2.95	0.29	14
Medium to long term debt securities (incl. covered bonds)	1	16	67	13	2	1	2.97	0.70	0	5	86	9	1	-4	3.02	0.44	8
D) Securitisation[(4)]																	
Securitisation of corporate loans	1	1	82	9	8	-14	3.18	0.67	1	1	87	11	0	-10	3.05	0.44	41
Securitisation of loans for house purchase	1	4	70	17	9	-22	3.26	0.75	1	1	91	8	0	-6	3.02	0.40	43
E) Ability to transfer credit risk off balance sheet[(5)]																	
Ability to transfer credit risk off balance sheet	0	4	82	0	13	-9	3.18	0.75	0	16	84	0	0	16	2.81	0.37	47

(1) Please also take into account any effect of state guarantees vis-à-vis debt securities and recapitalisation support.
(2) Please select "N/A" (not applicable) if and only if the source of funding is not relevant for your bank.
(3) Usually involves on-balance sheet funding.
(4) Usually involves the sale of loans from banks' balance sheets, i.e. off-balance sheet funding.
(5) Usually involves the use of credit derivatives, with the loans remaining on banks' balance sheets.

Notes: "- -" = deteriorated considerably/will deteriorate considerably; "-" = deteriorated somewhat/will deteriorate somewhat; "o"= remained unchanged/will remain unchanged; "+" = eased somewhat/will ease somewhat; "++" = eased considerably/will ease considerably. The mean and standard deviation are calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others. Figures may not exactly sum up due to rounding.

Question A2

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

(in percentages unless otherwise stated)

	Over the past six months								
	--	-	°	+	++	NA	NetP	Mean	Standard deviation
Total assets	0	16	67	12	0	5	-4	2.9	0.60
Of which: Liquid assets[1)]	0	8	61	23	2	6	16	3.1	0.66
Risk-weighted assets	0	12	79	4	0	4	-9	2.9	0.47
Of which: Average loans	0	7	83	4	0	5	-3	2.9	0.40
Riskier loans	2	17	72	2	0	6	-17	2.8	0.54
Capital	1	1	62	24	3	10	26	3.3	0.63
Of which: Retained earnings	0	0	68	22	2	7	24	3.2	0.59
Capital issuance[2)]	0	1	67	19	0	13	18	3.2	0.52
Impact on your bank's funding conditions	0	3	87	6	0	3	-3	3.0	0.42

	Over the next six months								
	--	-	°	+	++	NA	NetP	Mean	Standard deviation
Total assets	0	12	70	13	1	5	2	3.0	0.58
Of which: Liquid assets[1)]	0	7	66	20	0	6	12	3.1	0.58
Risk-weighted assets	0	5	81	9	1	4	4	3.0	0.48
Of which: Average loans	0	5	79	10	1	6	6	3.0	0.47
Riskier loans	0	15	71	7	1	6	-8	2.9	0.56
Capital	0	1	53	35	0	10	34	3.4	0.59
Of which: Retained earnings	0	0	60	32	0	7	31	3.3	0.53
Capital issuance[1)]	0	1	68	17	2	13	18	3.2	0.54
Impact on your bank's funding conditions	0	3	88	4	0	4	0	3.0	0.37

(*) Please consider the regulatory requirements set out in the CRR/CRD IV, as adopted by the European Parliament in April 2013, which can be found at http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2013-0114+0+DOC+XML+V0//EN and http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2013-0115+0+DOC+XML+V0//EN&language=EN, as well as the requirements resulting from the comprehensive assessment by the ECB and the participating national competent authorities in accordance with the provisions of the Regulation on the single supervisory mechanism, or those resulting from any other specific regulatory or supervisory actions that have recently been approved/implemented or that are expected to be approved/implemented in the near future.

1) Liquid assets should be defined as freely transferable assets that can be converted quickly into cash in private markets within a short time frame and without significant loss in value, in line with the European Commission Delegated Act of 10.10.2014 to supplement Regulation (EU) 575/2013 with regard to liquidity coverage requirement for Credit Institutions (C (2014) 7232 final).
2) Capital issuance includes the issuance of shares and hybrid instruments, as well as capital injections by, inter alia, national or supra-national public authorities.

Notes: "- -" = decreased considerably/will decrease considerably; "-" = decreased somewhat/will decrease somewhat; "o"= remained unchanged/will remain unchanged; "+" = increased somewhat/will increase somewhat; "++" = increased considerably/will increase considerably. The mean and standard deviation are calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question A3

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

(in percentages unless otherwise stated)

(i) Credit standards

		Loans and credit lines to enterprises		Loans to households	
		Small and medium-sized enterprises	Large enterprises	For house purchase	Consumer credit and other lending
Over the past six months	--	0	0	0	0
	-	2	3	6	2
	=	96	95	94	98
	+	2	2	0	0
	+ +	0	0	0	0
	Net Percentage	0	1	6	2
	Mean	3	3	3	3
	Standard deviation	0	0	0	0
Over the next six months	--	0	1	1	0
	-	3	2	8	3
	=	96	96	91	97
	+	1	0	0	0
	+ +	0	0	0	0
	Net Percentage	1	3	9	2
	Mean	3	3	3	3
	Standard deviation	0	0	0	0

(ii) Credit margins

		Loans and credit lines to enterprises		Loans to households	
		Small and medium-sized enterprises	Large enterprises	For house purchase	Consumer credit and other lending
Over the past six months	--	0	0	0	0
	-	2	6	1	1
	=	93	89	94	96
	+	6	6	5	3
	+ +	0	0	0	0
	Net Percentage	-4	0	-4	-2
	Mean	3	3	3	3
	Standard deviation	0	0	0	0
Over the next six months	--	0	1	0	0
	-	1	1	4	2
	=	94	93	91	95
	+	5	5	5	3
	+ +	0	0	0	0
	Net Percentage	-4	-3	-1	-2
	Mean	3	3	3	3
	Standard deviation	0	0	0	0

(*) Please consider the regulatory requirements set out in the CRR/CRD IV, as adopted by the European Parliament in April 2013, which can be found at http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2013-0114+0+DOC+XML+V0//EN and http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2013-0115+0+DOC+XML+V0//EN&language=EN, as well as the requirements resulting from the comprehensive assessment by the ECB and the participating national competent authorities in accordance with the provisions of the Regulation on the single supervisory mechanism, or those resulting from any other specific regulatory or supervisory actions that have recently been approved/implemented or that are expected to be approved/implemented in the near future.

Notes: "- -" = credit standards / margins have been tightened/will be tightened considerably; "-" = credit standards / margins have been tightened/will be tightened somewhat; "o"= the requirements have basically not had/will not have any impact on credit standards / margins; "+" = credit standards / margins have been eased/will be eased somewhat; "++" = credit standards / margins have been eased/will be eased considerably. The mean and standard deviation are calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Question A4

Did your bank participate in the most recent TLTRO? And does your bank intend to participate in the future TLTROs?

(in percentages unless otherwise stated)

(i) Participation

	Yes	No	Currently undecided about participation
In the most recent TLTRO	21	79	
In the future TLTROs	10	42	48

(ii) Reasons
If your bank participated, intends to participate:

	Attractive TLTRO conditions (profitability motive)	Precautionary motive (to reduce current and/or prevent future funding difficulties)	To enhance the fulfilment of regulatory liquidity requirements 1)	Reduction of uncertainty regarding the fulfillment of regulatory requirements 2)
In the most recent TLTRO	61	12	21	5
In the future TLTROs	78	11	10	2

If your bank did not participate, does not intend to participate:

	No funding constraints	Concerns about insufficient loan demand 3)	Funding mix considerations	Collateral constraints	Concerns about market stigma	Cost of holding liquidity due to negative ECB deposit facility rate	Less attractive TLTRO conditions compared with market funding
In the most recent TLTRO	63	7	12	3	0	9	5
In the future TLTROs	65	6	14	3	0	5	7

(1) The long-term TLTRO funds may enhance the fulfilment of the net stable funding ratio.
(2) Following the comprehensive assessment.
(3) This includes concerns about the fulfilment of the required TLTRO net lending benchmark.
(4) Such as legal constraints related to state aid rules, the perception of TLTRO conditions as not being sufficiently attractive, etc.

Question A5

For which purposes did or will your bank use funds obtained from the past TLTROs? For which purposes does your bank intend to use funds obtained from the future TLTROs?

(in percentages unless otherwise stated)

	Past TLTROs				Future TLTROs			
	Has contributed or will contribute considerably to this purpose	Has contributed or will contribute somewhat to this purpose	Has had or will basically have no impact	N/A 1)	Will or would contribute considerably to this purpose	Will or would contribute somewhat to this purpose	Will or would basically have no impact	N/A 2)
For refinancing:								
For substituting deposit shortfalls	2	5	93	42	0	7	93	55
For substituting maturing debt	2	34	64	34	0	20	80	53
For substituting interbank lending	10	11	79	38	2	14	85	53
For substituting other Eurosystem liquidity operations 3)	26	10	64	42	7	5	79	57
For granting loans:								
Loans to non-financial corporations	23	58	20	41	12	42	47	55
Loans to households for house purchase	0	21	79	41	1	29	71	54
Consumer credit and other lending to households	11	39	50	38	5	34	60	52
For purchasing assets:								
Domestic sovereign bonds	2	10	88	35	1	1	98	55
Other financial assets 4)	0	12	88	39	0	0	100	54

(1) Please use the category "N/A" only if you did not participate in any of the past TLTROs or if you do not have any business/exposure in this category.
(2) Please use the category "N/A" only if you have decided not to participate in any of the future TLTROs or if you do not have any business/exposure in this category.
(3) This includes the replacement of the three-year LTRO funds.
(4) "Other financial assets" refer to euro-denominated assets other than domestic sovereign bonds and non-euro-denominated assets, including loans to other banks and other financial intermediaries.

Question A6

Did or will the past TLTROs improve your financial situation in the following areas and did or will this have an impact on your lending behaviour? Will the future TLTROs improve your financial situation in the following areas and, if so, will this have an impact on your lending behaviour?

(in percentages unless otherwise stated)

(i) Financial situation of your bank

	past TLTROs				future TLTROs			
	Has improved or will improve considerably	Has improved or will improve somewhat	Has had or will have basically no impact	N/A 1)	Will or would improve considerably	Will or would improve somewhat	Will or would basically have no impact	N/A 2)
Your liquidity position	7	46	47	32	1	41	57	52
Your market financing conditions	4	18	78	32	0	20	80	53
Your ability to improve your profitability	1	32	67	32	2	38	61	53
Your ability to improve your capital position (via retained earnings)	0	5	95	38	0	8	92	57
	Has decreased or will decrease considerably	Has decreased or will decrease somewhat	Has had or will have basically no impact	N/A 1)	Will or would decrease considerably	Will or would decrease somewhat	Will or would basically have no impact	N/A 2)
Your need to deleverage 3)	0	0	100	50	0	2	98	65

(ii) Impact on your bank's credit standards and terms and conditions

	past TLTROs				future TLTROs			
	Has contributed or will contribute considerably to easing credit standards / terms and conditions	Has contributed or will contribute somewhat to easing credit standards / terms and conditions	Has had or will have basically no impact on credit standards / terms and conditions	N/A 1)	Will or would contribute considerably to easing credit standards / terms and conditions	Will or would contribute somewhat to easing credit standards / terms and conditions	Will or would have basically no impact on credit standards / terms and conditions	N/A 2)
Credit standards:								
On loans to enterprises	0	9	91	35	0	1	90	58
On loans to households for house purchase	0	0	100	36	0	1	91	58
On consumer credit and other lending to households	0	0	100	34	0	1	91	56
Terms and conditions:								
On loans to enterprises	0	46	54	35	0	40	51	58
On loans to households for house purchase	0	2	98	36	0	3	88	58
On consumer credit and other lending to households	0	10	90	34	0	13	78	56

(1) Please use the category "N/A" only if you did not participate in any of the past TLTROs or if you do not have any business/exposure in this category.
(2) Please use the category "N/A" only if you have decided not to participate in any of the future TLTROs or if you do not have any business/exposure in this category.
(3) A decrease in your need to deleverage should be understood as a mitigation of pressures to reduce your asset side on account of funding or capital constraints.

Glossary

To assist respondent banks in filling out the questionnaire, this glossary defines the most important terminology used in the bank lending survey. This glossary was revised when the enhanced bank lending survey questionnaire was introduced in April 2015.

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

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

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

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

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

Cost of funds and balance sheet constraints

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

Covenant

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

Credit line

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

Credit standards

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

Credit terms and conditions

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

Debt refinancing/restructuring and renegotiation

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

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

Demand for loans

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

Down payment

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

Diffusion index

The diffusion index is defined as the difference between the weighted sum of the percentages of banks responding "tightened considerably" and "tightened somewhat", and the weighted sum of the percentages of banks responding "eased considerably" and "eased somewhat". Regarding demand for loans, the diffusion index is defined as the difference between the weighted sum of the percentages of banks responding "increased considerably" and "increased somewhat", and the weighted sum of the percentages of banks responding "decreased considerably" and "decreased somewhat". The diffusion index is weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5).

Enterprises

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

Enterprise size

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

Households

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

Housing market prospects, including expected house price developments

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

Loans

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

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

Loan application

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

Loan rejection

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

Loan margin/spread over a relevant market reference rate

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

Loan-to-value ratio

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

Marketing campaigns

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

Maturity

The concept of maturity used in questions 1, 6, 8 and 9 of the bank lending survey is original maturity, and only two different types are used, i.e. short-term and long-term. Short-term loans are loans with an original maturity of one year or less and, consequently, long-term loans are loans that have an original maturity of more than one year.

Net percentage (or balance)

In the context of credit standards, the net percentage is defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat", and the sum of the percentages of banks responding "eased considerably" and "eased somewhat". Regarding demand for loans, the net percentage is defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat", and the sum of the percentages of banks responding "decreased considerably" and "decreased somewhat".

Non-banks

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

Non-interest rate charges

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

Perception of risk and risk tolerance

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

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