



EUROPEAN CENTRAL BANK

EUROSYSTEM

# The euro area bank lending survey

Fourth quarter of 2018

January 2019



# Contents

<b>Introduction</b>	<b>2</b>
<b>1 Overview of results</b>	<b>3</b>
<b>Box 1</b> General notes	5
<b>2 Developments in credit standards, terms and conditions, and net demand for loans in the euro area</b>	<b>8</b>
2.1 Loans to enterprises	8
2.2 Loans to households for house purchase	13
2.3 Consumer credit and other lending to households	19
<b>3 Ad hoc questions</b>	<b>25</b>
3.1 Banks' access to retail and wholesale funding	25
3.2 Banks' adjustment to regulatory and supervisory action	26
3.3 The impact of banks' NPL ratios on their lending policies	28
<b>Annexes</b>	<b>A1</b>

# Introduction

The results reported in the January 2019 bank lending survey (BLS) relate to changes observed during the fourth quarter of 2018 and expectations for the first quarter of 2019. The survey was conducted between 7 and 28 December 2018. The response rate was 100%. In addition to results for the euro area as a whole, this report also contains results for the five largest euro area countries.<sup>1</sup>

A number of ad hoc questions were included in the January 2019 survey. They address the impact of the situation in financial markets on banks' access to retail and wholesale funding, the impact of ongoing regulatory or supervisory changes on banks' lending policies and the impact of banks' non-performing loan (NPL) ratios on their lending policies.

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

# 1 Overview of results

According to the January 2019 bank lending survey, credit standards remained broadly unchanged for loans to enterprises and housing loans. Given the extended period over which credit standards have been easing, bank lending conditions continue to support loan growth. Loan demand continued to increase across all loan categories.

Credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans to enterprises remained broadly unchanged in the fourth quarter of 2018 (with the net percentage of banks standing at -1%, compared with -6% in the third quarter; see overview table), in line with expectations in the previous survey round. Credit standards on loans to households for house purchase also remained broadly stable (with a net percentage of -1%, after -2% in the third quarter), compared with expectations of a continued easing in the previous quarter. These developments follow a considerable overall net easing of credit standards since 2014. Credit standards on consumer credit and other lending to households tightened slightly (with a net percentage of 2%, compared with 1% in the previous round), in contrast to an expected easing in the previous round. For the first quarter of 2019, banks expect a slight tightening of credit standards for loans to enterprises (2%) and housing loans (2%) and broadly unchanged credit standards for consumer credit and other lending to households (1%).

For loans to enterprises, competitive pressure (in particular from other banks) continued to contribute to an easing of credit standards. Risk perceptions and banks' cost of funds and balance sheet constraints had an overall broadly neutral impact on credit standards for loans to enterprises, while banks' risk tolerance exerted a small tightening impact. For loans to households for house purchase, both competition and risk perceptions continued to contribute to an easing of credit standards, while banks' cost of funds and balance sheet constraints and banks' risk tolerance had a broadly neutral impact. For consumer credit and other lending to households, all these factors had a broadly neutral impact on banks' credit standards.

While banks' overall terms and conditions (i.e. banks' actual terms and conditions agreed in the loan contract) continued to ease, margins on average loans generally narrowed less than in previous quarters. For new loans to enterprises, banks' overall terms and conditions continued to ease in the fourth quarter of 2018, but margins on average loans (defined as the spread over relevant market reference rates) narrowed less and margins on riskier loans widened according to the reporting banks. For new housing loans and consumer credit and other lending to households, euro area banks' overall terms and conditions continued to ease, mainly driven by a narrowing of margins on average loans. Margins on riskier loans remained broadly unchanged for housing loans and for consumer credit and other lending to households.

The net percentage share of rejected loan applications increased across all loan categories.

Net demand for loans continued to increase, but banks expect some moderation in demand over the next three months. Net demand for loans to enterprises continued to increase in the fourth quarter of 2018 (net percentage of 9%, after 12% in the third quarter; see overview table), roughly in line with banks' expectations in the previous survey round. Banks expect net demand to increase less in the first quarter of 2019 (net percentage of 3%). Net demand also continued to increase for housing loans (net percentage of 12%, after 5%) and for consumer credit and other lending to households (8%, after 22%). For the first quarter of 2019, banks expect a lower increase in net demand for housing loans (7%) and a continued increase for consumer credit and other lending to households (12%).

The net increase in demand for loans to enterprises was driven by the low general level of interest rates (though less than in previous quarters), fixed investment, inventories and working capital, merger and acquisition (M&A) activity and debt refinancing/restructuring. Net demand for housing loans continued to be driven mainly by the low general level of interest rates, favourable housing market prospects and consumer confidence (though less than in previous quarters). For consumer credit and other lending to households, the low general level of interest rates and spending on durable goods were important positive contributing factors to demand, while consumer confidence had a smaller positive impact.

Across the large euro area countries, credit standards on loans to enterprises eased in Germany and the Netherlands, remained unchanged in Spain and France, and tightened in Italy in the fourth quarter of 2018 (see overview table). For housing loans, banks eased their credit standards in France and the Netherlands, while they remained unchanged in Germany and Spain, and tightened in Italy. In addition, net demand for loans to enterprises increased in Germany, Italy and the Netherlands, while it declined in France and Spain. For housing loans, net demand increased in all large euro area countries, except for Spain where it declined.

## Overview table

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

(net percentages of banks reporting tightening credit standards or an increase in loan demand)

Country	Enterprises						House purchase						Consumer credit					
	Credit standards			Demand			Credit standards			Demand			Credit standards			Demand		
	Q3 18	Q4 18	Avg.	Q3 18	Q4 18	Avg.	Q3 18	Q4 18	Avg.	Q3 18	Q4 18	Avg.	Q3 18	Q4 18	Avg.	Q3 18	Q4 18	Avg.
<b>Euro area</b>	-6	-1	9	12	9	-2	-2	-1	6	5	12	4	1	2	4	22	8	1
<b>Germany</b>	-3	-3	3	10	22	4	-3	0	2	3	10	8	3	0	-1	6	10	10
<b>Spain</b>	-10	0	9	-20	-20	-3	0	0	15	22	-11	-8	-10	10	6	40	0	-6
<b>France</b>	0	0	6	4	-15	-10	-2	-2	2	-22	12	7	0	0	-1	36	9	0
<b>Italy</b>	-10	10	13	30	20	5	0	10	1	10	10	15	0	0	7	20	0	15
<b>Netherlands</b>	-26	-26	9	43	28	-1	-34	-35	12	49	52	0	0	0	13	32	17	-16

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

The January 2019 BLS also included a number of ad hoc questions. As regards euro area banks' access to wholesale funding, banks reported in net terms that access to debt securities issuance and securitisation deteriorated in the fourth quarter of 2018,

while access to money markets remained broadly unchanged. As regards retail funding, banks indicated some deterioration in the last quarter of 2018.

Euro area banks continued to adjust to regulatory or supervisory action in the second half of 2018 by strengthening their capital positions. At the euro area level, banks reported a tightening impact on their credit standards and a widening of loan margins for both housing loans and consumer credit. For loans to enterprises, the impact of supervisory or regulatory action was reportedly more muted, with a small net tightening impact on credit standards and a broadly neutral impact on loan margins.

With regard to the impact of banks' non-performing loans on changes in banks' lending policies, euro area banks reported that their NPL ratios had a tightening impact on their credit standards for loans to enterprises and housing loans over the past six months. Over the next six months, they expect a net tightening impact of their NPL ratio on credit standards across all loan categories. NPL ratios led to a tightening of euro area banks' lending policies over the past six months in net terms mainly through banks' access to market financing.

## Box 1

### General notes

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

### BLS questionnaire

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

In addition to the standard questions, the BLS questionnaire may contain ad hoc questions on specific topics of interest. Whereas the standard questions cover a three-month time period, the ad

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

hoc questions tend to refer to changes over a longer time period (e.g. over the past and next six months).

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

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

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

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

### **BLS indicators**

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

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

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

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

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

reported an increase in loan demand, whereas negative net demand indicates that a larger proportion of banks have reported a decline in loan demand.

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

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

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

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

[https://www.ecb.europa.eu/stats/ecb\\_surveys/bank\\_lending\\_survey/html/index.en.html](https://www.ecb.europa.eu/stats/ecb_surveys/bank_lending_survey/html/index.en.html)

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

### 2.1 Loans to enterprises

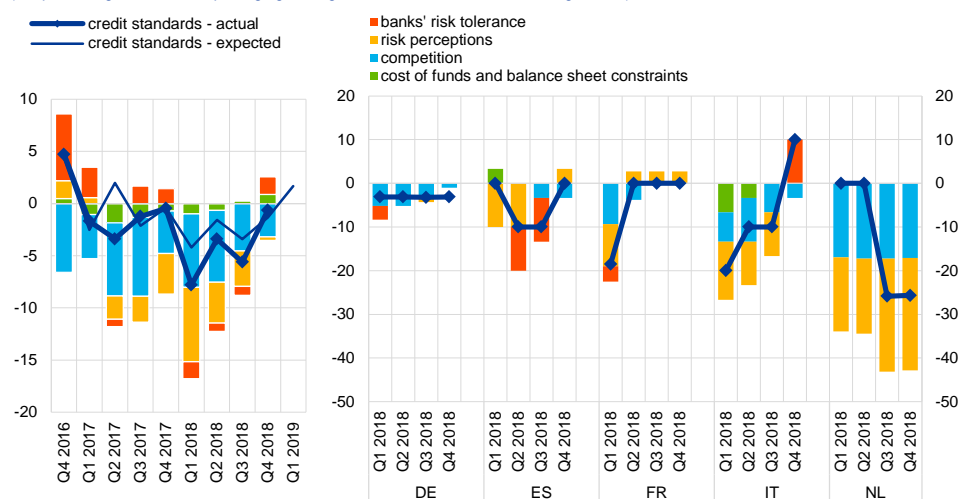
#### 2.1.1 Credit standards for loans to enterprises remained broadly unchanged

Credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans to enterprises remained broadly unchanged in the fourth quarter of 2018 (with the net percentage of banks standing at -1%, compared with -6% in the previous quarter; see Chart 1 and overview table). This was in line with expectations in the previous survey round. Given the extended period over which credit standards have been easing, bank lending conditions continue to support loan growth. The net percentage remained below the historical average since 2003. Credit standards remained broadly unchanged for loans to small and medium-sized enterprises (SMEs) (-1%) and continued to ease for loans to large firms (-5%).

**Chart 1**

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

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



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

Banks reported that competitive pressure (in particular from other banks) continued to contribute to an easing of credit standards. Risk perceptions and banks' cost of funds and balance sheet constraints had an overall broadly neutral impact on credit standards for loans to enterprises, while banks' risk tolerance exerted a small tightening impact (see Chart 1 and Table 1).<sup>5</sup>

Across the large euro area countries, credit standards on loans to enterprises eased in Germany and the Netherlands, remained unchanged in Spain and France, and tightened in Italy in the fourth quarter of 2018. Competitive pressure contributed to an easing of credit standards in most large countries. By contrast, there was a small tightening impact of risk perceptions in Spain and France. Banks in Italy reported a lower risk tolerance of banks which contributed to the tightening of credit standards. Finally, banks' cost of funds and balance sheet constraints had a neutral effect on credit standards in all major euro area countries.

Looking ahead to the first quarter of 2019, euro area banks expect a slight tightening of credit standards for loans to enterprises (2%).

**Table 1**  
Factors contributing to the net tightening of credit standards for 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	
	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018
<b>Euro area</b>	0	1	-5	-3	-3	0	-1	2
<b>Germany</b>	0	0	-3	-1	-1	0	0	0
<b>Spain</b>	0	0	-3	-3	0	3	-10	0
<b>France</b>	0	0	0	0	3	3	0	0
<b>Italy</b>	0	0	-7	-3	-10	0	0	10
<b>Netherlands</b>	0	0	-17	-17	-26	-26	0	0

Note: See the notes accompanying Chart 1.

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

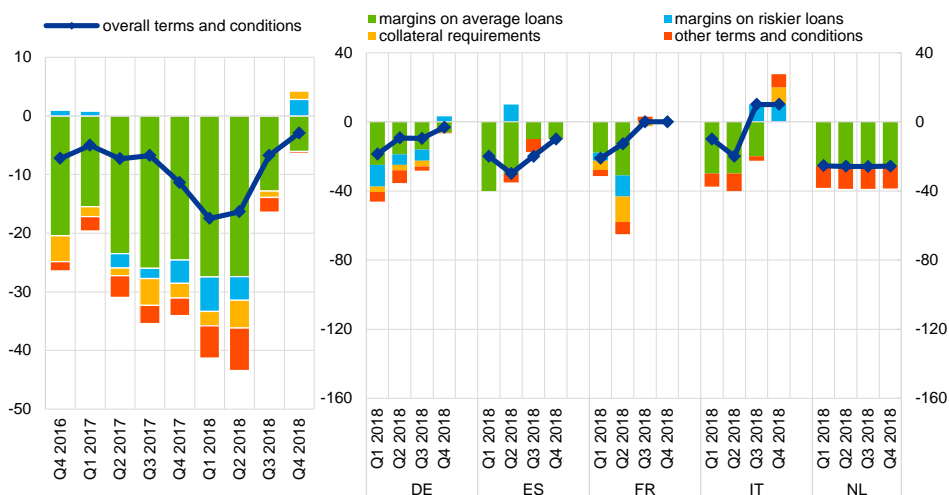
In the fourth quarter of 2018, overall terms and conditions that banks apply when granting new loans or credit lines (i.e. the actual terms and conditions agreed in the loan contract) to enterprises continued to ease (see Chart 2 and Table 2). At the same time, margins on average loans (defined as the spread over relevant market reference rates) narrowed less and margins on riskier loans widened according to the reporting banks. As regards other credit terms and conditions, most of them remained broadly unchanged (e.g. collateral requirements), while non-interest rate charges had some tightening impact according to reporting banks.

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

**Chart 2**

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

(net percentages of banks reporting tightening terms and conditions)



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

Looking at the largest euro area countries, overall terms and conditions on new loans or credit lines to enterprises eased in Germany, Spain and the Netherlands. This was mainly related to a further narrowing of margins on average loans. By contrast, overall terms and conditions remained unchanged in France and were tightened in Italy. The latter was mainly related to a widening of margins on riskier loans. In addition, collateral requirements, loan or credit line size and non-interest rate charges exerted some tightening impact according to banks in Italy.

**Table 2**

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

(net percentages)

Country	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018
<b>Euro area</b>	-7	-3	-13	-6	0	3
<b>Germany</b>	-10	-3	-16	-6	-6	3
<b>Spain</b>	-20	-10	-10	-10	0	0
<b>France</b>	0	0	0	0	0	0
<b>Italy</b>	10	10	-20	0	10	10
<b>Netherlands</b>	-26	-26	-26	-26	0	0

Note: See the notes accompanying Chart 2.

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

Across the largest euro area countries, competitive pressure contributed to easier credit terms and conditions in most countries. In addition, the neutral impact of risk

perceptions was widespread across the large countries. At the same time, banks in Spain and Italy reported a tightening impact of banks' cost of funds and balance sheet constraints, and banks in Germany and Italy indicated a tightening contribution of banks' risk tolerance.

**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)

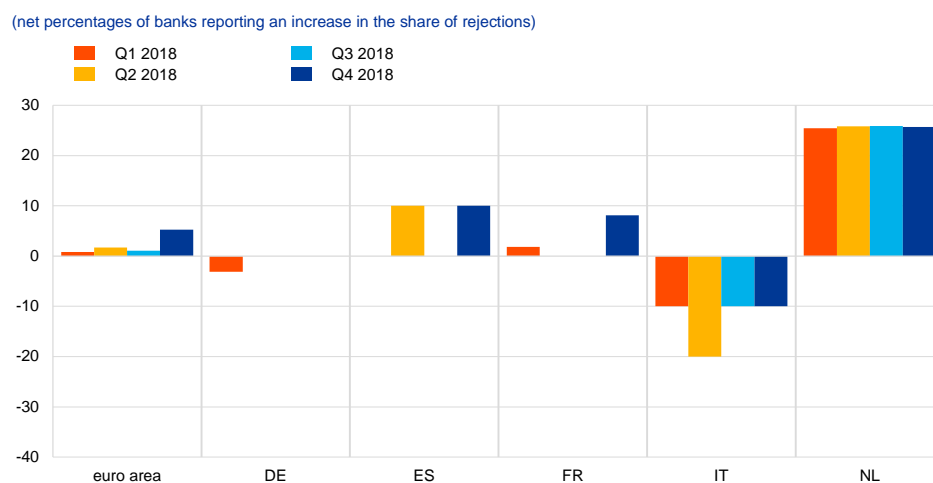
Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018
Euro area	3	5	-16	-14	-3	1	-1	3
Germany	0	0	-16	-19	0	3	0	6
Spain	0	10	-10	-20	0	0	-10	0
France	0	0	-10	0	0	0	0	0
Italy	10	20	-40	-20	-20	0	0	10
Netherlands	0	0	0	-26	0	0	0	0

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

### 2.1.3 Rejection rate for loans to enterprises increased

The net percentage share of rejected loan applications (i.e. the difference between the percentage of banks reporting an increase in the share of loan rejections and the percentage of banks reporting a decline) increased for loans to euro area enterprises in the fourth quarter of 2018 (standing at 5%, compared with 1% in the previous quarter; see Chart 3).

**Chart 3**  
Change in the share of rejected applications for loans to enterprises



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

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

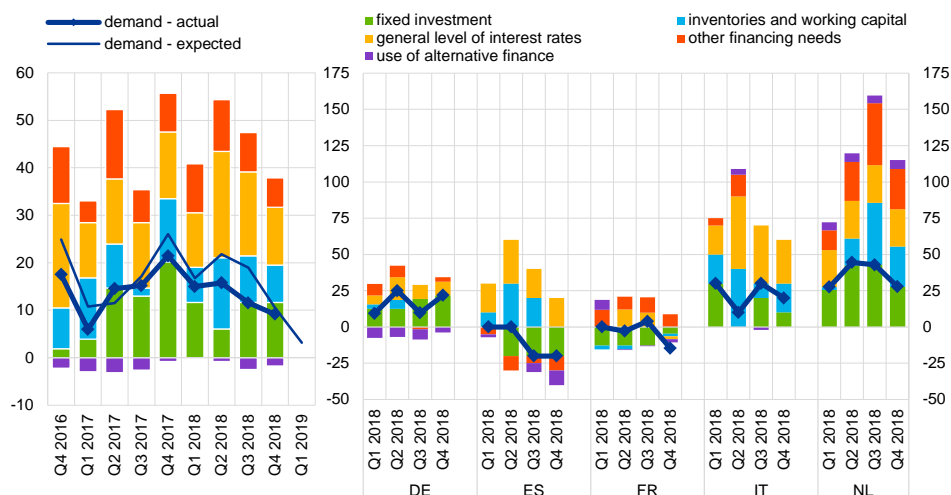
## 2.1.4 Continued increase in net demand for loans to enterprises

Net demand for loans to enterprises continued to increase in the fourth quarter of 2018 (net percentage of 9%, after 12% in the previous quarter; see Chart 4 and overview table). This was roughly in line with banks' expectations in the previous survey round and above the historical average. Loan demand increased for loans to both SMEs and to large firms.

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

**Chart 4**  
Changes in demand for loans or credit lines to enterprises, and contributing factors

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



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

The net increase in demand for loans to enterprises was driven by the low general level of interest rates (though less than in previous quarters), fixed investment, inventories and working capital, M&A activity and debt refinancing/restructuring leading to an increase or prolongation of the amount borrowed (the last two items are included in "other financing needs"; see Chart 4 and Table 4). Firms' internal financing, loans from non-banks and the issuance of debt securities and equity (all

included in “use of alternative finance”) had a small negative impact on firms’ loan demand according to reporting banks.<sup>6</sup>

**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	
	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018
<b>Euro area</b>	12	12	10	8	8	6	18	12	-2	-2
<b>Germany</b>	19	22	0	0	-2	3	10	9	-7	-4
<b>Spain</b>	-20	-20	20	0	-5	-10	20	20	-6	-10
<b>France</b>	-13	-5	0	-2	11	9	10	-2	-1	-2
<b>Italy</b>	20	10	10	20	0	0	40	30	-2	0
<b>Netherlands</b>	43	28	43	28	43	28	26	26	5	6

Note: See the notes accompanying Chart 4.

Across the largest euro area countries, the low general level of interest rates supported loan demand in most major countries. Fixed investment supported loan demand in Germany, Italy and the Netherlands, while it dampened loan demand in Spain and France. In addition, inventories and working capital had a positive impact in Italy and the Netherlands. A positive impact from M&A activity was reported mainly by banks in France and the Netherlands, while a positive contribution from debt refinancing/restructuring was indicated by banks in Germany, Italy and the Netherlands. Finally, in particular banks in Germany and Spain reported a dampening impact of their available internal funds on their loan demand in the fourth quarter of 2018.

For the first quarter of 2019, banks expect a moderation in the net increase in loan demand from enterprises (net percentage of 3%).

## 2.2 Loans to households for house purchase

### 2.2.1 Credit standards for loans to households for house purchase remained broadly stable

Credit standards on loans to households for house purchase remained broadly stable in the fourth quarter of 2018 (-1%, after -2% in the previous quarter; see Chart 5 and overview table), following an overall net easing since 2014 and compared with expectations of a continued easing in the previous quarter. The net percentage remains below the historical average since 2003.

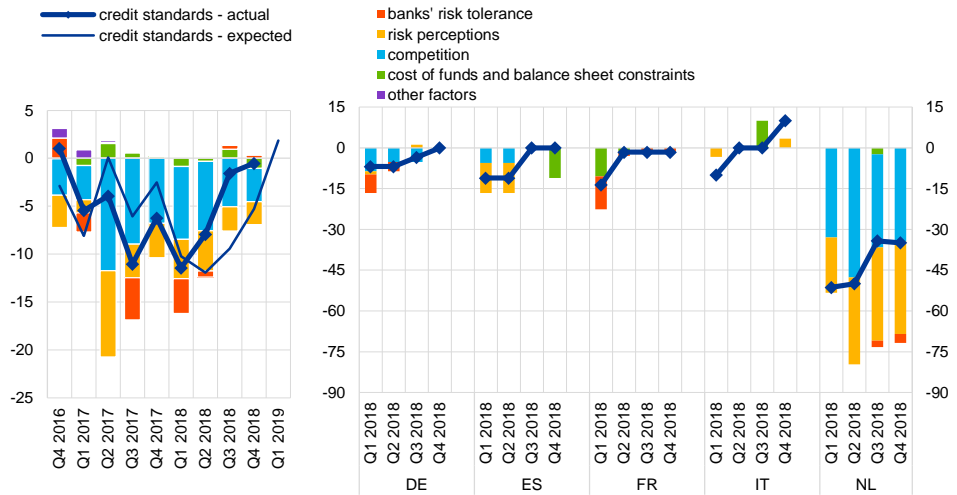
<sup>6</sup> The calculation of a simple average when combining factors in broader categories assumes that all factors have the same importance for the banks. This partly explains some inconsistencies between developments in demand for loans and developments in the main underlying factor categories.

Across the largest euro area countries, banks eased their credit standards in France and the Netherlands, while they remained unchanged in Germany and Spain, and tightened in Italy.

### Chart 5

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

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



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

Competitive pressure from other banks and non-banks and lower risk perceptions related to borrowers' creditworthiness and housing market prospects contributed to an easing of credit standards on housing loans. By contrast, banks' risk tolerance and their cost of funds and balance sheet constraints had a broadly neutral impact at the euro area level (see Chart 5 and Table 5).

Looking at the largest euro area countries, banks reported an easing impact from competitive pressures and risk perceptions only in the Netherlands, while the impact was neutral in most other major countries. Banks' cost of funds and balance sheet constraints and their risk tolerance also had a neutral impact on credit standards for housing loans in most large countries.

Looking ahead, euro area banks expect that credit standards for housing loans will tighten slightly (2%) in the first quarter of 2019.

**Table 5**

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

(net percentages)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018
<b>Euro area</b>	1	-1	-5	-3	-3	-2	0	0
<b>Germany</b>	0	0	-5	0	1	0	0	0
<b>Spain</b>	0	-11	0	0	0	0	0	0
<b>France</b>	0	0	0	0	0	0	-2	-2
<b>Italy</b>	10	0	0	0	0	3	0	0
<b>Netherlands</b>	-2	0	-34	-34	-34	-34	-2	-3

Note: See the notes accompanying Chart 5.

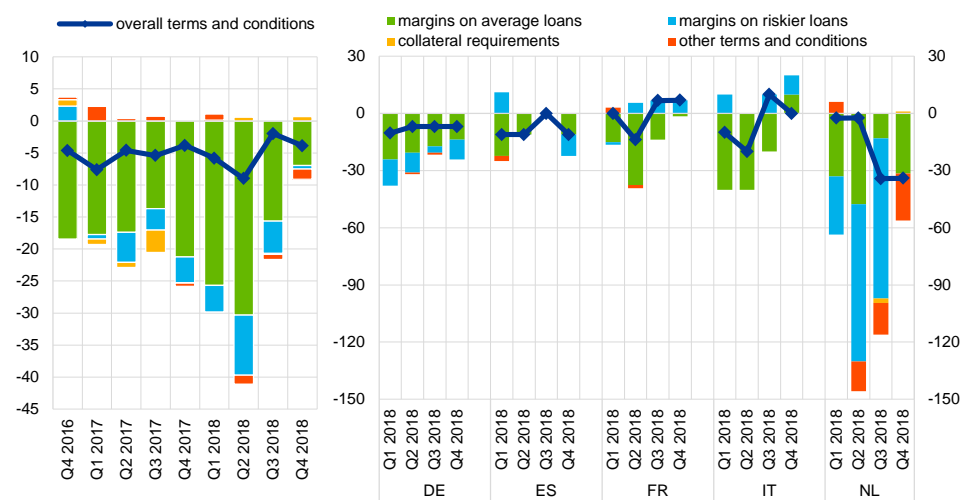
## 2.2.2 Terms and conditions for loans to households for house purchase eased

Banks' overall terms and conditions for new loans to households for house purchase eased in the fourth quarter of 2018 (see Chart 6 and Table 6). This development was mainly due to a further narrowing of margins on average loans, but less so than in the previous quarter. Margins on riskier loans and most other terms and conditions remained broadly unchanged. At the same time, the lengthening of loan maturities contributed to an easing of terms and conditions at the euro area level.

**Chart 6**

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

(net percentages of banks reporting tightening terms and conditions)



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

Looking at the largest euro area countries, banks in Germany, Spain and the Netherlands reported a net easing of overall terms and conditions, while banks in France reported a net tightening related to widening margins on riskier loans. Banks



in Italy indicated a widening of margins on average and riskier loans, while overall terms and conditions remained unchanged owing to stable other terms and conditions. Banks in most other large countries reported a narrowing of margins on average loans, while margins on riskier loans narrowed only in Germany and Spain. Other terms and conditions remained broadly unchanged in most major countries. At the same time, the lengthening of loan maturities and loan size limits contributed to an easing of terms and conditions in the Netherlands.

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

(net percentages)

Country	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018
<b>Euro area</b>	-2	-4	-16	-7	-5	-1
<b>Germany</b>	-7	-7	-17	-14	-3	-10
<b>Spain</b>	0	-11	0	-11	0	-11
<b>France</b>	7	7	-14	-1	7	7
<b>Italy</b>	10	0	-20	10	10	10
<b>Netherlands</b>	-34	-34	-13	-32	-84	0

Note: See the notes accompanying Chart 6.

Competitive pressure remained the main contributor to the easing of overall terms and conditions on housing loans at the euro area level, but less so than in the previous quarter (see Table 7). Risk perceptions also had some easing impact, while banks' cost of funds and balance sheet constraints contributed to a tightening of terms and conditions on housing loans at the euro area level.

The easing impact of competitive pressures applied across most large euro area countries. Banks' cost of funds and balance sheet situation contributed to a tightening of terms and conditions in France and in particular in Italy, while risk perceptions and banks' risk tolerance had a neutral impact in most major countries.

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

(net percentages)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018
<b>Euro area</b>	0	5	-18	-7	-2	-3	-1	0
<b>Germany</b>	-3	0	-10	-7	0	0	0	0
<b>Spain</b>	0	-11	-11	0	0	0	0	0
<b>France</b>	0	7	-16	-1	7	0	0	0
<b>Italy</b>	10	30	-10	-10	0	0	0	0
<b>Netherlands</b>	0	0	-51	-35	-34	-34	-2	-3

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

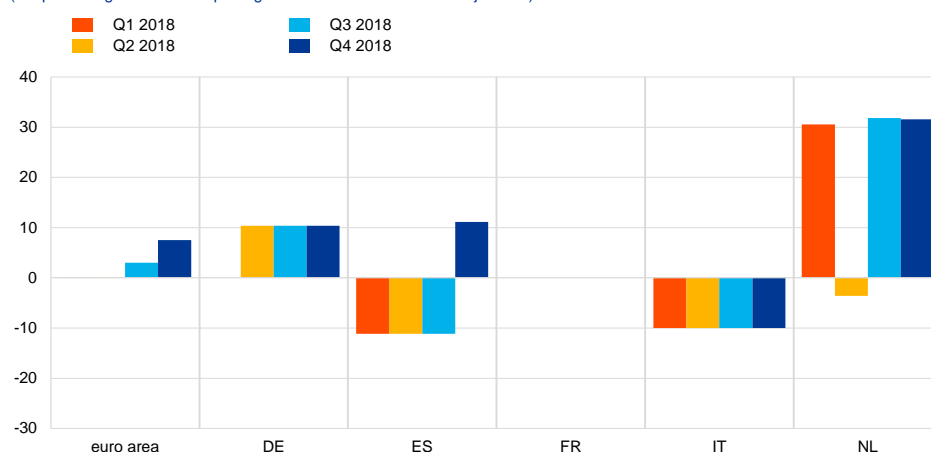
### 2.2.3 Rejection rate for housing loans increased

According to euro area banks, the net share of rejected applications for loans to households for house purchase increased in the fourth quarter of 2018 (7%, after 3% in the previous survey round; see Chart 7).

**Chart 7**

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

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



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

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

### 2.2.4 Net demand for housing loans increased

In the fourth quarter of 2018, banks reported a continued net increase in demand for housing loans (12%, after 5% in the previous quarter; see Chart 8 and overview table), which was above the historical average for housing loan demand, though lower than expected by banks in the previous survey round.

Across the largest euro area countries, net demand for housing loans increased in all large euro area countries, except for Spain where it declined.

Net demand for housing loans continued to be driven by the low general level of interest rates, favourable housing market prospects and consumer confidence (although less than in previous quarters). Debt refinancing/restructuring leading to an increase or prolongation of the amount borrowed (included in “other financing needs”) contributed to some increase in housing loan demand, while the use of alternative sources of finance had a slight dampening effect on demand (see Chart 8 and Table 8).

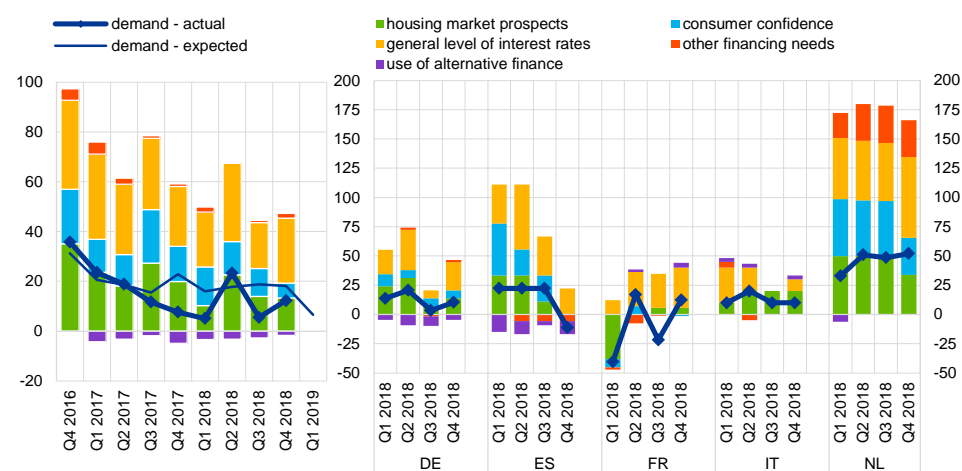
Across the large euro area countries, the low general level of interest rates and favourable housing market prospects had a positive impact on housing loan demand in most large countries, except for Spain in the latter case according to reporting

banks. Consumer confidence had a positive impact on housing loan demand in Germany and the Netherlands and a broadly neutral impact in the other major countries. Finally, debt refinancing/restructuring (included in “other financing needs”) had a positive impact on loan demand in the Netherlands, while the use of alternative finance dampened demand in Germany and Spain, mainly owing to households’ internal financing capacity and loans from other banks.

### Chart 8

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

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



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

### Table 8

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

(net percentages)

Country	Housing market prospects		Consumer confidence		Other financing needs		General level of interest rates		Use of alternative finance	
	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018
<b>Euro area</b>	14	13	11	6	1	2	18	26	-3	-2
<b>Germany</b>	7	14	7	7	-2	2	7	24	-8	-5
<b>Spain</b>	11	0	22	0	-6	-6	33	22	-4	-11
<b>France</b>	6	6	0	-1	-1	0	29	35	0	4
<b>Italy</b>	20	20	0	0	0	0	0	10	0	3
<b>Netherlands</b>	49	34	49	32	32	32	50	69	0	0

Note: See the notes accompanying Chart 8.

For the first quarter of 2019, euro area banks expect a lower increase in net demand for housing loans (7%).

## 2.3 Consumer credit and other lending to households

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

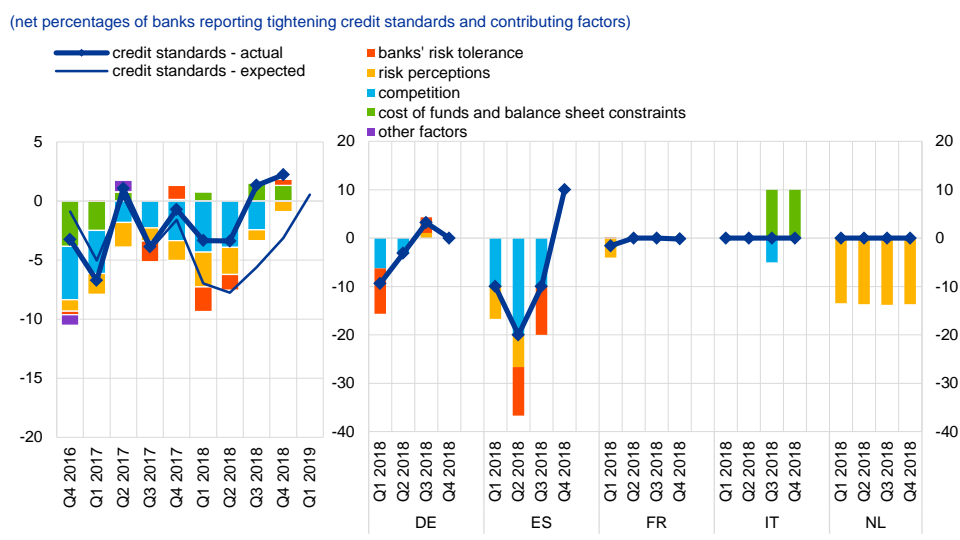
In the fourth quarter of 2018, credit standards for consumer credit and other lending to households tightened slightly (2%, after 1% in the previous quarter; see Chart 9 and overview table), in contrast to an expected easing in the previous round. The net percentage was somewhat lower than the historical average since 2003.

Looking at the largest euro area countries, credit standards on consumer credit and other lending to households remained unchanged in most of the major countries, except for Spain where they tightened.

According to euro area banks, all factors had a broadly neutral impact on credit standards in the fourth quarter of 2018 (see Chart 9 and Table 9).

#### Chart 9

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



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

Across the largest euro area countries, banks' cost of funds and balance sheet constraints contributed to a tightening of credit standards for consumer credit in Italy, while the impact was neutral for the other large countries. In addition, risk perceptions (related to consumers' creditworthiness) contributed to an easing in the Netherlands, while competition and banks' risk tolerance had a neutral impact in all major countries. The net tightening of credit standards on consumer credit in Spain is related to a tightening contribution of consumers' creditworthiness according to reporting banks.

Looking ahead to the first quarter of 2019, euro area banks expect broadly unchanged credit standards on consumer credit and other lending to households (1%).

**Table 9**

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

(net percentages)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018
<b>Euro area</b>	2	1	-2	0	-1	-1	0	1
<b>Germany</b>	0	0	0	0	1	0	3	0
<b>Spain</b>	0	0	-10	0	0	0	-10	0
<b>France</b>	0	0	0	0	0	0	0	0
<b>Italy</b>	10	10	-5	0	0	0	0	0
<b>Netherlands</b>	0	0	0	0	-14	-14	0	0

Note: See the notes accompanying Chart 9.

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

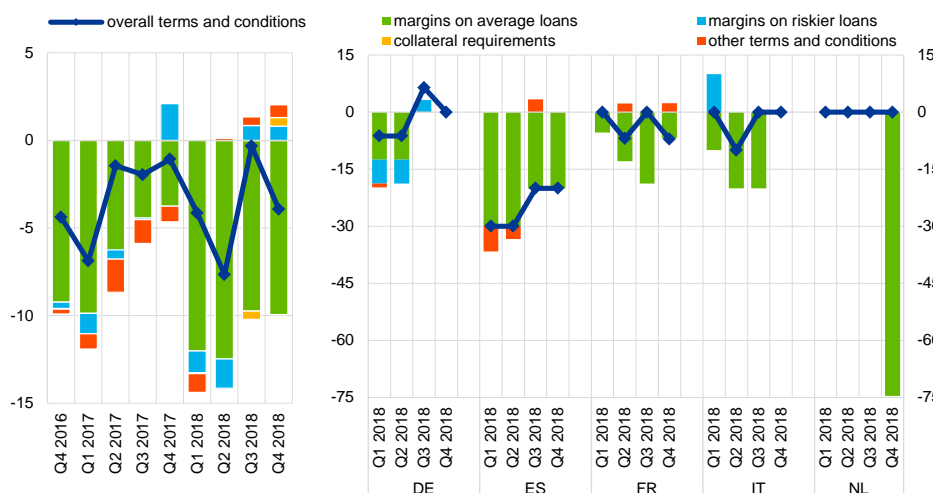
Banks' overall terms and conditions applied when granting new consumer credit and other lending to households eased in the fourth quarter of 2018. Margins on average loans continued to narrow, while margins on riskier loans remained broadly unchanged. The other terms and conditions also remained broadly unchanged, except for a small tightening of non-interest rate charges (see Chart 10 and Table 10).

Across the large euro area countries, overall terms and conditions on consumer credit and other lending to households eased in Spain and France, and remained unchanged in the other major countries. Banks reported a further narrowing of margins on average loans in Spain, France and the Netherlands, while margins on riskier loans remained unchanged across all large countries for consumer credit and other lending to households.

**Chart 10**

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

(net percentages of banks reporting tightening terms and conditions)



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

**Table 10**

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

(net percentages)

Country	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018
<b>Euro area</b>	0	-4	-10	-10	1	1
<b>Germany</b>	6	0	0	0	3	0
<b>Spain</b>	-20	-20	-20	-20	0	0
<b>France</b>	0	-7	-19	-7	0	0
<b>Italy</b>	0	0	-20	0	0	0
<b>Netherlands</b>	0	0	0	-75	0	0

Note: See the notes accompanying Chart 10.

Competitive pressures and risk perceptions were the main factors contributing to the net easing of terms and conditions on new consumer credit and other lending to households (see Table 11), while the other factors had a broadly neutral impact.

Across the largest euro area countries, competitive pressures had an easing impact on overall terms and conditions in Spain and France, while banks in the Netherlands reported an easing impact from risk perceptions. Otherwise, the impact of the factors for terms and conditions on new consumer credit and other lending to households was neutral across the large countries.

**Table 11**

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

(net percentages)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018
<b>Euro area</b>	0	1	-9	-4	-3	-3	-1	1
<b>Germany</b>	0	0	-3	0	3	0	0	0
<b>Spain</b>	0	0	-20	-20	0	0	-10	0
<b>France</b>	0	0	-9	-9	0	0	0	0
<b>Italy</b>	0	0	-20	0	0	0	0	0
<b>Netherlands</b>	0	0	0	0	-41	-41	0	0

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

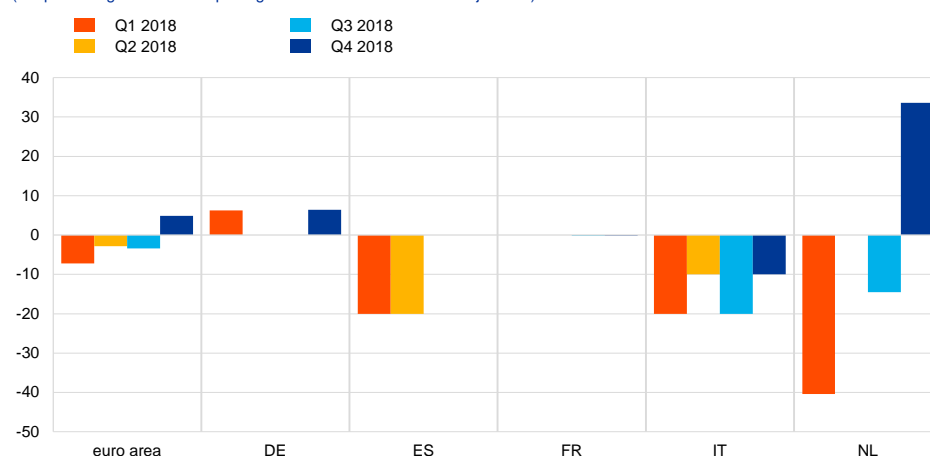
### 2.3.3 Rejection rate for consumer credit and other lending to households increased

The net share of rejected applications for consumer credit and other lending to households increased in the fourth quarter of 2018 according to reporting banks (5%, after -3% in the previous survey round; see Chart 11).

**Chart 11**

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

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



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

Across the largest euro area countries, the rejection rate increased for banks in Germany and the Netherlands, while it remained unchanged in Spain and France and declined in Italy in the fourth quarter of 2018.

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

According to euro area banks, net demand for consumer credit and other lending to households continued to increase in the fourth quarter of 2018 (net percentage of 8%, after 22% in the previous quarter; see Chart 12 and overview table). While this was lower than expected in the previous survey round, it remained above its historical average.

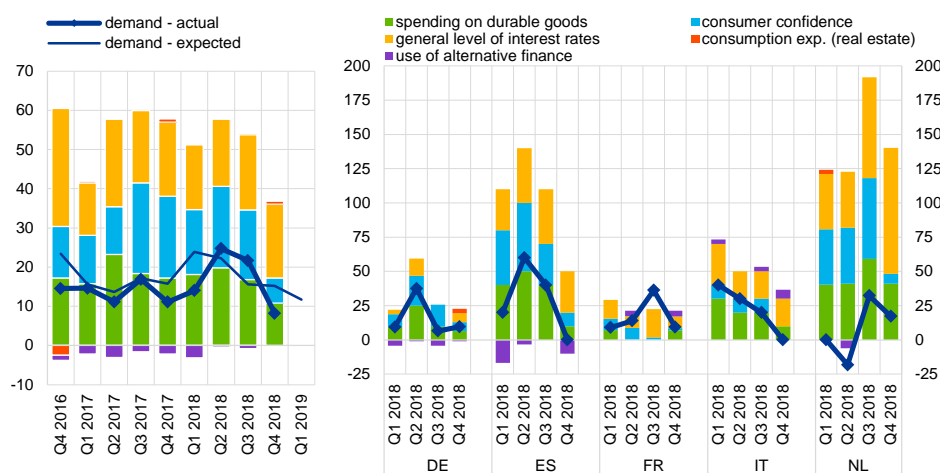
Across the large euro area countries, net demand for consumer credit and other lending to households increased in Germany, France and the Netherlands, and was unchanged in Spain and Italy.

Among the factors driving the demand at the euro area level, the low general level of interest rates and financing needs for spending on durable consumer goods were important positive contributing factors to demand, while consumer confidence had a smaller positive impact (see Chart 12 and Table 12). Other factors, such as the use of alternative finance and consumption expenditure financed through real estate-guaranteed loans, had a broadly neutral impact on demand.

Looking at the largest euro area countries, the low general level of interest rates and financing needs for spending on durable goods contributed to increased demand in all countries. Consumer confidence had a lower positive contribution in most major countries and a neutral contribution to demand for consumer credit and other lending to households in Italy.

**Chart 12**  
Changes in demand for consumer credit and other lending to households, and contributing factors

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



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



**Table 12**

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

(net percentages)

Country	Spending on durable goods		Consumer confidence		Consumption exp. (real estate)		General level of interest rates		Use of alternative finance	
	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018	Q3 2018	Q4 2018
<b>Euro area</b>	17	11	18	6	0	1	19	19	-1	0
<b>Germany</b>	10	6	16	6	0	3	0	6	-4	-1
<b>Spain</b>	40	10	30	10	0	0	40	30	0	-10
<b>France</b>	0	7	2	2	0	0	21	9	0	4
<b>Italy</b>	20	10	10	0	0	0	20	20	3	7
<b>Netherlands</b>	59	41	59	7	0	0	74	92	0	0

Note: See the notes accompanying Chart 12.

For the first quarter of 2019, euro area banks expect a continued increase in net demand for consumer credit and other lending to households (12%).

## 3 Ad hoc questions

### 3.1 Banks' access to retail and wholesale funding

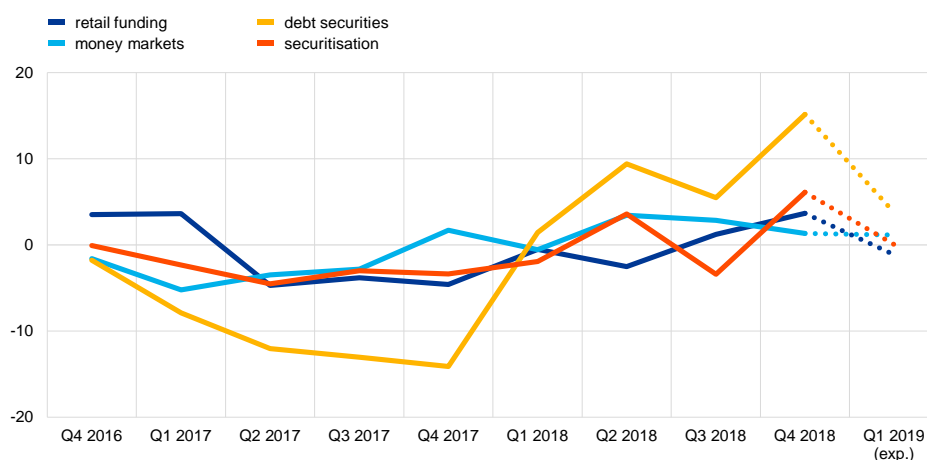
As in previous survey rounds, the January 2019 survey questionnaire included a question assessing the extent to which the situation in financial markets was affecting banks' access to retail and wholesale funding. Banks were asked whether their access to funding had deteriorated or eased over the past three months. Negative net percentages indicate an improvement, while positive figures indicate a deterioration in net terms.

For the fourth quarter of 2018, euro area banks reported in net terms that their access to wholesale funding deteriorated for debt securities issuance and for securitisation, whereas their access to money markets remained broadly unchanged (see Chart 13 and Table 13).<sup>7</sup> In addition, access to retail funding deteriorated somewhat according to reporting euro area banks.

**Chart 13**

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

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



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

Looking ahead to the first quarter of 2019, euro area banks expect broadly unchanged access to money markets and securitisation and some further deterioration in their access to debt securities issuance. For retail funding, they expect on average broadly unchanged access.

<sup>7</sup> As regards the results for securitisation, a large number of banks (between 40% and 49%, depending on the type of securitisation) replied "not applicable" on the grounds that this source of funding is not relevant for them.

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

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

	Retail funding	Interbank unsecured money market	Wholesale debt securities	Securitisation
Q3 2018	1	3	5	-3
Q4 2018	4	1	15	6

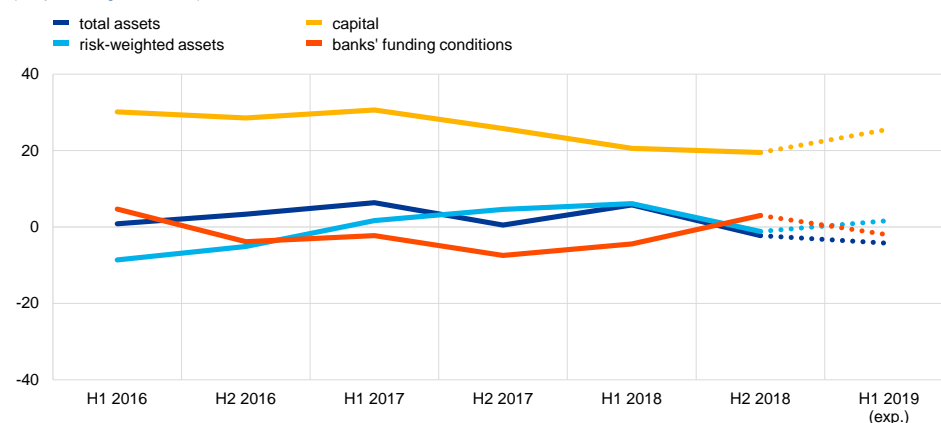
Note: See the notes accompanying Chart 13.

## 3.2 Banks' adjustment to regulatory and supervisory action

The January 2019 BLS questionnaire included two biannual ad hoc questions to assess the extent to which new regulatory or supervisory requirements affected banks' lending policies via the potential impact on their capital, leverage, liquidity position or provisioning and the credit conditions that they apply to loans. These new questions cover regulatory or supervisory action that has recently been implemented or that is expected to be implemented in the near future. Furthermore, banks were also asked to indicate the effect of these actions on their funding conditions.

**Chart 14****Impact of regulatory or supervisory action on banks' risk-weighted assets, capital and funding conditions**

(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)

	Total assets		Risk-weighted assets			Capital			Impact on banks' funding conditions
	Total	Liquid assets	Total	Average loans	Riskier loans	Total	Retained earnings	Capital issuance	
H1 2018	6	9	6	12	-8	21	18	17	-4
H2 2018	-2	5	-1	3	-7	19	19	4	3

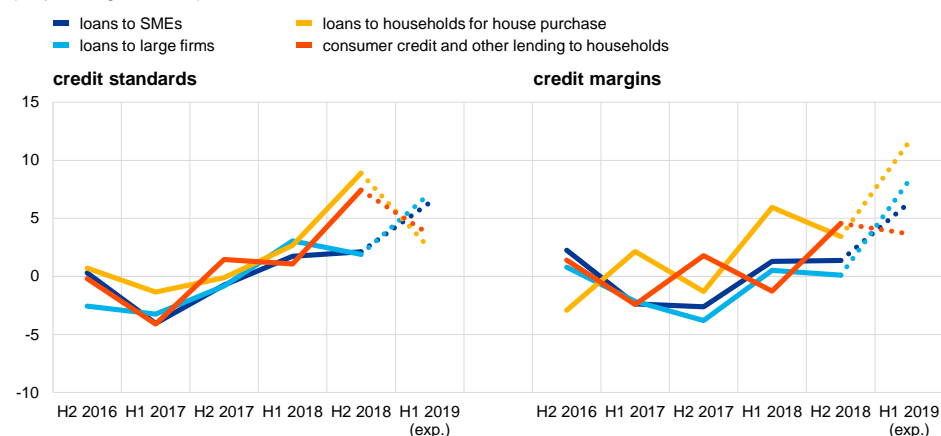
Note: See the notes to Chart 14.

Euro area banks replied that, in relation to regulatory or supervisory action, their total assets decreased slightly in the second half of 2018 (see Chart 14 and Table 14), while their liquid assets continued to increase in net terms. Banks' risk-weighted assets remained broadly unchanged in the second half of 2018 owing to an increase in average loans, while riskier loans continued to decline in net terms according to the banks. Euro area banks also indicated a continued strengthening of their capital position, mainly through retained earnings and to a small extent also through capital issuance. Moreover, banks indicated a small net tightening impact of regulatory or supervisory action on 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".

Supervisory or regulatory action had a net tightening impact on banks' credit standards in the second half of 2018, more for housing loans and consumer credit and other lending to households than for loans to enterprises (see Chart 15 and Table 15). In addition, supervisory or regulatory action had a broadly neutral impact on credit margins for loans to enterprises, while banks reported a tightening impact on credit margins for housing loans and consumer credit and other lending to households.

Looking ahead to the first half of 2019, euro area banks expect regulatory or supervisory action to lead to a further strengthening of their capital position and a

small increase in their risk-weighted assets. In addition, they expect regulatory or supervisory action to have a tightening impact both on credit standards and credit margins across all loan categories.

**Table 15**

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

(net percentages)

	Impact of regulatory or supervisory action on the tightening of:			
	credit standards		credit margins	
	H1 2018	H2 2018	H1 2018	H2 2018
Impact on loans and credit lines to SMEs	2	2	1	1
Impact on loans and credit lines to large enterprises	3	2	1	0
Impact on loans to households for house purchase	3	9	6	3
Impact on consumer credit and other lending to households	1	7	-1	5

Note: See the notes to Chart 15.

### 3.3 The impact of banks' NPL ratios on their lending policies

The January 2019 survey questionnaire included an ad hoc question on the impact of banks' NPL ratios on changes in their lending policy and the factors through which the NPL ratios contributed to changes of their lending policies. Banks were asked about the impact on loans to enterprises, on loans to households for house purchase and on consumer credit and other lending to households over the past six months and over the next six months.

Euro area banks indicated a net tightening impact of their NPL ratios on credit standards for loans to enterprises and housing loans, while the impact on consumer credit and other lending to households was broadly neutral over the past six months (see Chart 18). With respect to changes in banks' credit terms and conditions, euro area banks reported a net tightening impact of NPL ratios on their terms and conditions across all loan categories over the past six months.

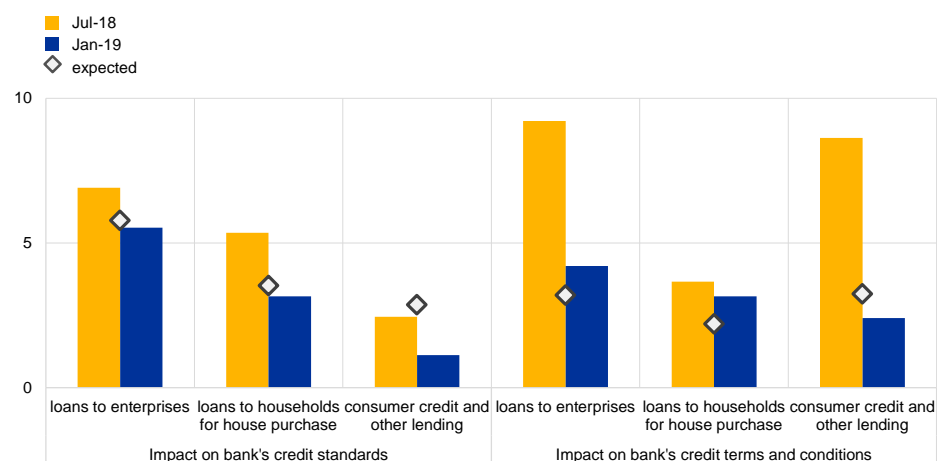
Over the next six months, euro area banks expect a net tightening impact of their NPL ratios on credit standards and on credit terms and conditions across all loan categories.

With regard to the factors through which banks' NPL ratios affected banks' lending policies (changes in credit standards and terms and conditions), euro area banks reported that NPL ratios led to a tightening of their lending policies for enterprises and households in net terms mainly through their access to market financing over the past six months (see Chart 19). To a smaller extent, NPL ratios also affected their lending policies via risk perceptions, banks' risk tolerance, banks' capital position, costs related to balance sheet clean-up operations and pressure related to supervisory or regulatory requirements.

### Chart 18

#### Impact of banks' NPL ratio on changes in their credit standards and terms and conditions

(net percentages of banks, over the past and next six months)



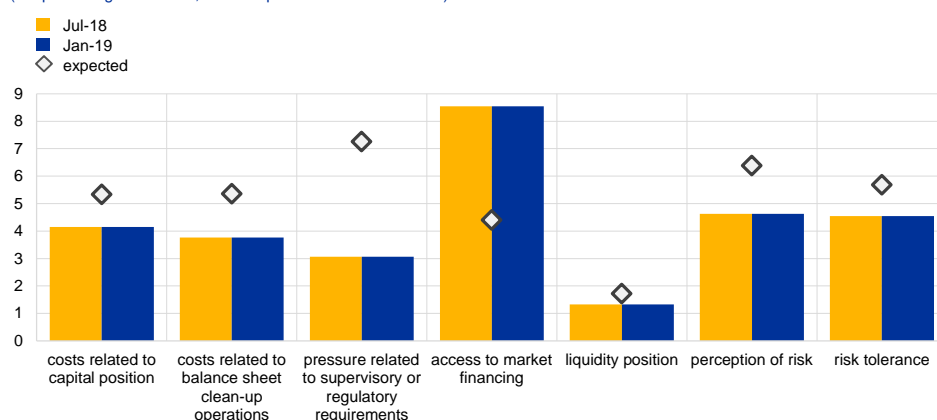
Notes: The NPL ratio is defined as the stock of gross NPLs on a bank's balance sheet as a percentage of the gross carrying amount of loans. Changes in credit standards and/or terms and conditions can be caused by changes in the NPL ratio or by changes in regulation or in the bank's assessment of the level of the NPL ratio, even if the NPL ratio has remained unchanged. Net percentages are defined as the difference between the sum of the percentages for "contributed considerably to tightening" and "contributed somewhat to tightening" and the sum of the percentages for "contributed somewhat to easing" and "contributed considerably to easing". The periods in the legend refer to the respective BLS rounds. "Expected" denotes expectations indicated by banks in the current round.

Looking ahead, over the next six months, euro area banks refer to a range of factors of similar relevance (i.e. pressure related to supervisory or regulatory requirements, risk perceptions, banks' risk tolerance, banks' capital position, costs related to balance sheet clean-up operations and banks' access to market financing) through which NPL ratios are expected to exert a net tightening impact on their lending policies.

### Chart 19

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

(net percentages of banks, over the past and next six months)



Notes: See the notes to Chart 18.

# Annex 1

## Results for the standard questions\*

### Loans or credit lines to enterprises

#### Question 1

Over the past three months, how have your bank's credit standards<sup>1</sup> as applied to the approval of loans or credit lines to enterprises<sup>2, 3, 4</sup> 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 <sup>5</sup>		Loans to large enterprises <sup>5</sup>		Short-term loans <sup>6</sup>		Long-term loans <sup>6</sup>	
	Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19
Tightened considerably	0	1	0	0	0	1	0	1	0	1
Tightened somewhat	0	2	0	2	0	2	0	0	0	2
Remained basically unchanged	94	94	94	93	92	89	95	94	96	94
Eased somewhat	6	3	5	4	7	8	4	4	4	3
Eased considerably	0	0	0	0	0	0	0	0	0	0
NA <sup>7</sup>	0	0	1	1	1	0	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
<b>Net percentage</b>	<b>-6</b>	<b>-1</b>	<b>-4</b>	<b>-1</b>	<b>-7</b>	<b>-5</b>	<b>-4</b>	<b>-3</b>	<b>-4</b>	<b>-1</b>
Diffusion index	-3	0	-2	-1	-4	-2	-2	-1	-2	0
Mean	3.06	3.00	3.04	3.01	3.07	3.04	3.04	3.03	3.04	3.00
Number of banks responding	137	138	134	135	131	132	137	138	137	138

1) See Glossary for Credit standards.

2) See Glossary for Loans.

3) See Glossary for Credit line.

4) See Glossary for Enterprises.

5) See Glossary for Enterprise size.

6) See Glossary for Maturity.

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

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

\* Figures might not add up to 100 due to rounding

## Question 2

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA <sup>7</sup>	NetP		DI		Mean	
							Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19
<b>Overall</b>												
<b>A) Cost of funds and balance sheet constraints<sup>1</sup></b>												
Costs related to your bank's capital position <sup>2</sup>	1	0	98	0	0	1	1	1	0	1	2.99	2.98
Your bank's ability to access market financing <sup>3</sup>	0	1	97	0	0	3	0	1	0	0	3.00	2.99
Your bank's liquidity position	0	1	98	0	0	1	0	1	0	0	3.00	2.99
<b>B) Pressure from competition</b>												
Competition from other banks	0	0	91	8	0	2	-9	-7	-5	-4	3.09	3.08
Competition from non-banks <sup>4</sup>	0	0	96	2	0	2	-3	-2	-2	-1	3.03	3.02
Competition from market financing	0	0	98	0	0	2	-1	0	0	0	3.01	3.00
<b>C) Perception of risk<sup>5</sup></b>												
General economic situation and outlook	0	5	91	4	0	0	-5	2	-2	1	3.05	2.99
Industry or firm-specific situation and outlook/borrower's creditworthiness <sup>6</sup>	0	1	96	2	0	0	-4	-1	-2	0	3.04	3.01
Risk related to the collateral demanded	0	1	97	2	0	0	-2	-2	-1	-1	3.02	3.02
<b>D) Your bank's risk tolerance<sup>5</sup></b>												
Your bank's risk tolerance	0	2	97	0	0	1	-1	2	0	1	3.01	2.98
<b>Small and medium-sized enterprises</b>												
<b>A) Cost of funds and balance sheet constraints<sup>1</sup></b>												
Costs related to your bank's capital position <sup>2</sup>	0	1	97	0	0	2	1	1	1	0	2.99	2.99
Your bank's ability to access market financing <sup>3</sup>	0	1	96	0	0	3	1	1	0	0	2.99	2.99
Your bank's liquidity position	0	1	97	0	0	2	1	1	0	0	2.99	2.99
<b>B) Pressure from competition</b>												
Competition from other banks	0	0	91	6	0	3	-10	-6	-5	-3	3.10	3.06
Competition from non-banks <sup>4</sup>	0	0	97	0	0	3	-1	0	0	0	3.01	3.00
Competition from market financing	0	0	97	0	0	3	-1	0	0	0	3.01	3.00
<b>C) Perception of risk<sup>5</sup></b>												
General economic situation and outlook	0	5	91	4	0	1	-4	1	-2	0	3.04	2.99
Industry or firm-specific situation and outlook/borrower's creditworthiness <sup>6</sup>	0	1	96	2	0	1	-4	-1	-2	0	3.04	3.01
Risk related to the collateral demanded	0	1	98	0	0	1	1	1	1	0	2.99	2.99
<b>D) Your bank's risk tolerance<sup>5</sup></b>												
Your bank's risk tolerance	0	2	95	1	0	2	1	0	0	0	2.99	3.00



	--	-	°	+	++	NA <sup>7</sup>	NetP		DI		Mean	
							Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19
<b>Large enterprises</b>												
<b>A) Cost of funds and balance sheet constraints<sup>1</sup></b>												
Costs related to your bank's capital position <sup>2</sup>	1	0	97	1	0	1	0	0	0	1	3.00	2.99
Your bank's ability to access market financing <sup>3</sup>	0	1	95	1	0	3	0	0	0	0	3.00	3.00
Your bank's liquidity position	0	1	97	1	0	1	0	0	0	0	3.00	3.00
<b>B) Pressure from competition</b>												
Competition from other banks	0	0	88	10	0	2	-12	-10	-6	-5	3.12	3.10
Competition from non-banks <sup>4</sup>	0	0	94	3	0	3	-3	-3	-2	-1	3.03	3.03
Competition from market financing	0	0	93	4	0	2	-5	-4	-2	-2	3.05	3.04
<b>C) Perception of risk<sup>5</sup></b>												
General economic situation and outlook	0	5	89	6	0	1	-3	-1	-2	0	3.03	3.01
Industry or firm-specific situation and outlook/borrower's creditworthiness <sup>6</sup>	0	3	91	6	0	1	-4	-3	-2	-1	3.04	3.03
Risk related to the collateral demanded	0	1	97	2	0	1	1	-1	0	-1	2.99	3.01
<b>D) Your bank's risk tolerance<sup>5</sup></b>												
Your bank's risk tolerance	0	1	97	1	0	2	-1	0	0	0	3.01	3.00

1) See Glossary for Cost of funds and balance sheet constraints.

2) Can involve the use of credit derivatives, with the loans remaining on the bank's balance sheet.

3) Involves the sale of loans from the bank's balance sheet, i.e. off-balance sheet funding.

4) See Glossary for Non-banks.

5) See Glossary for Perception of risk and risk tolerance.

6) Risks related to non-performing loans may be reflected not only in the "industry or firm-specific situation and outlook/borrower's creditworthiness", but also in the bank's "cost of funds and balance sheet constraints".

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

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

### Question 3

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA <sup>6</sup>	NetP		DI		Mean	
							Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19
<b>Overall</b>												
<b>A) Overall terms and conditions<sup>1</sup></b>												
Overall terms and conditions	0	4	89	7	0	0	-7	-3	-3	-1	3.07	3.03
<b>B) Margins</b>												
Your bank's margin on average loans <sup>2</sup>	1	5	82	12	0	0	-13	-6	-6	-3	3.13	3.05
Your bank's margin on riskier loans	1	4	92	2	0	1	0	3	0	2	3.00	2.96
<b>C) Other conditions and terms</b>												
Non-interest rate charges <sup>3</sup>	0	4	95	1	0	0	0	3	0	2	3.00	2.97
Size of the loan or credit line	0	2	94	4	0	0	-5	-1	-2	-1	3.05	3.01
Collateral <sup>4</sup> requirements	0	1	99	0	0	0	-1	1	-1	1	3.01	2.99
Loan covenants <sup>5</sup>	0	1	96	3	0	0	-4	-2	-2	-1	3.04	3.02
Maturity	0	1	98	1	0	0	-1	0	-1	0	3.01	3.00
<b>Small and medium-sized enterprises</b>												
<b>A) Overall terms and conditions<sup>1</sup></b>												
Overall terms and conditions	0	2	95	2	0	1	-5	0	-3	0	3.05	3.00
<b>B) Margins</b>												
Your bank's margin on average loans <sup>2</sup>	0	7	81	11	0	1	-11	-4	-5	-2	3.11	3.04
Your bank's margin on riskier loans	0	5	90	3	0	2	-2	3	-1	1	3.02	2.97
<b>C) Other conditions and terms</b>												
Non-interest rate charges <sup>3</sup>	0	4	94	1	0	1	0	3	0	1	3.00	2.97
Size of the loan or credit line	0	2	96	1	0	1	-2	2	-1	1	3.02	2.98
Collateral <sup>4</sup> requirements	0	1	98	0	0	1	-1	1	0	1	3.01	2.99
Loan covenants <sup>5</sup>	0	1	96	3	0	1	-5	-2	-3	-1	3.05	3.02
Maturity	0	1	97	1	0	1	-1	0	0	0	3.00	3.00
<b>Large enterprises</b>												
<b>A) Overall terms and conditions<sup>1</sup></b>												
Overall terms and conditions	0	4	87	8	0	1	-9	-4	-4	-2	3.09	3.04
<b>B) Margins</b>												
Your bank's margin on average loans <sup>2</sup>	1	5	78	16	0	1	-16	-10	-8	-5	3.16	3.09
Your bank's margin on riskier loans	1	4	93	1	0	1	-3	4	-1	2	3.03	2.95
<b>C) Other conditions and terms</b>												
Non-interest rate charges <sup>3</sup>	0	4	95	1	0	1	0	3	0	2	3.00	2.97
Size of the loan or credit line	0	0	94	5	0	1	-5	-5	-2	-3	3.05	3.05
Collateral <sup>4</sup> requirements	0	1	96	2	0	1	-3	-1	-2	0	3.03	3.01
Loan covenants <sup>5</sup>	0	0	96	3	0	1	-5	-3	-2	-2	3.05	3.03
Maturity	0	1	95	4	0	1	-2	-3	-1	-1	3.02	3.03

1) See Glossary for Credit terms and conditions.

2) See Glossary for Loan margin/spread over a relevant market reference rate.

3) See Glossary for Non-interest rate charges.

4) See Glossary for Collateral.

5) See Glossary for Covenant.

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

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

#### Question 4

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA <sup>2</sup>	NetP		DI		Mean	
							Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19
<b>Overall impact on your bank's credit terms and conditions</b>												
<b>A) Cost of funds and balance sheet constraints</b>												
Cost of funds and balance sheet constraints	1	4	95	0	0	0	3	5	2	3	3	2.94
<b>B) Pressure from competition</b>												
Pressure from competition	0	0	85	14	1	1	-16	-14	-8	-8	3	3.15
<b>C) Perception of risk</b>												
Perception of risk	0	1	99	0	0	0	-3	1	-1	1	3	2.99
<b>D) Your bank's risk tolerance</b>												
Your bank's risk tolerance	0	3	97	0	0	0	-1	3	0	1	3	2.97
<b>Impact on your bank's margins on average loans</b>												
<b>A) Cost of funds and balance sheet constraints</b>												
Cost of funds and balance sheet constraints	1	3	96	0	0	0	2	4	2	2	3	2.96
<b>B) Pressure from competition</b>												
Pressure from competition	0	0	82	16	1	1	-20	-16	-10	-9	3	3.17
<b>C) Perception of risk</b>												
Perception of risk	0	1	96	2	0	0	-3	-1	-2	0	3	3.01
<b>D) Your bank's risk tolerance</b>												
Your bank's risk tolerance	0	3	94	3	0	0	-1	0	-1	0	3	3.00
<b>Impact on your bank's margins on riskier loans</b>												
<b>A) Cost of funds and balance sheet constraints</b>												
Cost of funds and balance sheet constraints	1	2	96	0	0	1	3	3	2	2	3	2.96
<b>B) Pressure from competition</b>												
Pressure from competition	0	1	92	5	1	2	-4	-5	-2	-3	3	3.06
<b>C) Perception of risk</b>												
Perception of risk	0	2	97	0	0	1	1	2	0	1	3	2.98
<b>D) Your bank's risk tolerance</b>												
Your bank's risk tolerance	0	3	96	0	0	1	1	3	1	2	3	2.97

1) The factors refer to the same sub-factors as in question 2.

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

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

## Question 5

Over the past three months (apart from normal seasonal fluctuations), has the share of enterprise loan applications<sup>1</sup> that were completely rejected<sup>2</sup> 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 18	Jan 19
Decreased considerably	0	0
Decreased somewhat	3	2
Remained basically unchanged	91	89
Increased somewhat	4	8
Increased considerably	0	0
NA <sup>3</sup>	1	1
Total	100	100
<b>Net percentage</b>	<b>1</b>	<b>5</b>
Diffusion index	1	2
Mean	3.01	3.05
Number of banks responding	137	138

1) See Glossary for Loan application.

2) See Glossary for Loan rejection.

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

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

## Question 6

Over the past three months (apart from normal seasonal fluctuations), how has the demand for loans<sup>1</sup> or credit lines<sup>2</sup> 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 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19
	Decreased considerably	1	1	1	1	1	1	1	1	0
Decreased somewhat	10	7	9	5	10	4	7	8	11	7
Remained basically unchanged	66	74	63	73	68	77	76	77	65	69
Increased somewhat	22	18	25	20	20	16	15	14	23	23
Increased considerably	1	0	1	0	0	0	1	0	1	0
NA <sup>3</sup>	0	0	1	1	1	1	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
<b>Net percentage</b>	<b>12</b>	<b>9</b>	<b>15</b>	<b>14</b>	<b>10</b>	<b>11</b>	<b>8</b>	<b>5</b>	<b>12</b>	<b>16</b>
Diffusion index	6	4	8	7	4	5	4	2	6	8
Mean	3.11	3.08	3.15	3.13	3.09	3.11	3.08	3.04	3.13	3.15
Number of banks responding	137	138	134	135	131	132	137	138	137	138

1) See Glossary for Demand for loans.

2) See Glossary for Credit line.

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

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

## Question 7

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA <sup>2</sup>	NetP		DI		Mean	
							Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19
<b>A) Financing needs/underlying drivers or purpose of loan demand</b>												
Fixed investment	1	8	70	21	0	0	12	12	6	5	3.12	3.11
Inventories and working capital	0	4	82	12	0	1	10	8	5	4	3.10	3.07
Mergers/acquisitions and corporate restructuring	0	4	84	11	0	0	10	7	5	3	3.10	3.06
General level of interest rates	0	0	87	13	0	0	18	12	10	6	3.20	3.12
Debt refinancing/restructuring and renegotiation <sup>1</sup>	0	2	90	8	0	0	6	6	3	3	3.06	3.05
<b>B) Use of alternative finance</b>												
Internal financing	3	5	90	3	0	0	-6	-5	-2	-4	2.96	2.93
Loans from other banks	0	3	92	5	0	0	0	2	0	1	3.00	3.01
Loans from non-banks	0	3	95	2	0	0	-2	-2	-1	-1	2.98	2.98
Issuance/redemption of debt securities	0	5	87	3	0	5	-3	-2	-1	-1	2.97	2.97
Issuance/redemption of equity	0	2	90	1	0	6	-1	-2	-1	-1	2.99	2.98

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

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

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

### Question 8

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19
Tighten considerably	0	0	0	0	0	0	0	0	1	0
Tighten somewhat	4	6	2	3	4	5	3	2	3	8
Remain basically unchanged	92	89	92	91	87	89	92	93	90	89
Ease somewhat	5	4	5	4	9	4	5	4	6	3
Ease considerably	0	0	0	0	0	0	0	0	0	0
NA <sup>1</sup>	0	0	1	1	1	1	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
<b>Net percentage</b>	<b>-1</b>	<b>2</b>	<b>-3</b>	<b>-1</b>	<b>-5</b>	<b>1</b>	<b>-3</b>	<b>-2</b>	<b>-2</b>	<b>5</b>
Diffusion index	-1	1	-2	0	-2	0	-1	-1	-1	2
Mean	3.01	2.98	3.03	3.01	3.05	2.99	3.03	3.02	3.01	2.95
Number of banks responding	137	138	134	135	131	132	137	138	137	138

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

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

### Question 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 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19
Decrease considerably	0	0	0	0	0	0	0	0	0	0
Decrease somewhat	3	7	3	4	3	5	2	5	2	7
Remain basically unchanged	83	83	80	86	84	82	84	88	81	80
Increase somewhat	12	9	14	8	11	11	12	6	16	13
Increase considerably	2	1	2	1	1	1	2	1	1	0
NA <sup>1</sup>	0	0	1	1	1	1	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
<b>Net percentage</b>	<b>11</b>	<b>3</b>	<b>13</b>	<b>5</b>	<b>9</b>	<b>7</b>	<b>11</b>	<b>1</b>	<b>14</b>	<b>7</b>
Diffusion index	6	2	7	3	5	4	6	1	7	3
Mean	3.12	3.04	3.14	3.06	3.10	3.07	3.13	3.02	3.15	3.07
Number of banks responding	137	138	134	135	131	132	137	138	137	138

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

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



## Loans to households

### Question 10

Over the past three months, how have your bank's credit standards<sup>1</sup> as applied to the approval of loans<sup>2</sup> to households<sup>3</sup> 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 <sup>4</sup>	
	Oct 18	Jan 19	Oct 18	Jan 19
Tightened considerably	0	0	0	0
Tightened somewhat	5	3	3	2
Remained basically unchanged	89	94	95	96
Eased somewhat	6	3	2	0
Eased considerably	0	0	0	0
NA <sup>5</sup>	0	0	0	2
Total	100	100	100	100
<b>Net percentage</b>	<b>-2</b>	<b>-1</b>	<b>1</b>	<b>2</b>
Diffusion index	-1	0	1	1
Mean	3.02	3.00	2.99	2.97
Number of banks responding	133	133	138	138

1) See Glossary for Credit standards.

2) See Glossary for Loans.

3) See Glossary for Households.

4) See Glossary for Consumer credit and other lending.

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

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

## Question 11

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA <sup>6</sup>	NetP		DI		Mean	
							Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19
<b>A) Cost of funds and balance sheet constraints<sup>1</sup></b>												
Cost of funds and balance sheet constraints	0	0	98	1	0	1	1	-1	0	-1	2.99	3.01
<b>B) Pressure from competition</b>												
Competition from other banks	0	0	95	4	0	1	-6	-4	-3	-2	3.06	3.04
Competition from non-banks <sup>2</sup>	0	0	96	0	3	1	-4	-3	-3	-3	3.07	3.06
<b>C) Perception of risk<sup>3</sup></b>												
General economic situation and outlook	0	2	95	3	0	0	-3	-1	-1	-1	3.03	3.01
Housing market prospects, including expected house price developments <sup>4</sup>	0	0	97	3	0	0	-3	-3	-1	-1	3.03	3.03
Borrower's creditworthiness <sup>5</sup>	0	0	97	3	0	0	-2	-3	-1	-1	3.02	3.03
<b>D) Your bank's risk tolerance<sup>3</sup></b>												
Your bank's risk tolerance	0	1	98	1	0	0	0	0	0	0	3.00	3.00

1) See Glossary for Cost of funds and balance sheet constraints.

2) See Glossary for Non-banks.

3) See Glossary for Perception of risk and risk tolerance.

4) See Glossary for Housing market prospects, including expected house price developments.

5) Risks related to non-performing loans may be reflected not only in the "borrower's creditworthiness", but also in the bank's "cost of funds and balance sheet constraints".

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

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

## Question 12

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA <sup>6</sup>	NetP		DI		Mean	
							Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19
<b>A) Overall terms and conditions</b>												
Overall terms and conditions	0	2	92	6	0	0	-2	-4	-1	-2	3.02	3.04
<b>B) Margins</b>												
Your bank's loan margin on average loans <sup>2</sup>	0	8	78	15	0	0	-16	-7	-8	-3	3.17	3.07
Your bank's loan margin on riskier loans	0	4	89	5	0	2	-5	-1	-3	0	3.06	3.01
<b>C) Other terms and conditions</b>												
Collateral(3) requirements	0	1	99	0	0	0	0	1	0	0	3.00	2.99
"Loan-to-value" ratio <sup>4</sup>	0	1	99	0	0	0	0	1	0	0	2.99	2.99
Other loan size limits	0	1	96	3	0	0	-2	-2	-1	-1	3.01	3.02
Maturity	0	0	94	6	0	0	-2	-5	-1	-3	3.01	3.05
Non-interest rate charges <sup>5</sup>	0	1	97	1	0	0	0	0	0	0	3.00	3.00

1) See Glossary for Credit terms and conditions.

2) See Glossary for Loan margin/spread over a relevant market reference rate.

3) See Glossary for Collateral.

4) See Glossary for Loan-to-value ratio.

5) See Glossary for Non-interest rate charges.

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

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

### Question 13

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA <sup>2</sup>	NetP		DI		Mean	
							Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19
<b>Overall impact on your bank's credit terms and conditions</b>												
<b>A) Cost of funds and balance sheet constraints</b>												
Cost of funds and balance sheet constraints	0	7	92	1	0	0	0	5	0	3	3.00	2.95
<b>B) Pressure from competition</b>												
Pressure from competition	0	2	87	9	0	1	-18	-7	-9	-3	3.18	3.07
<b>C) Perception of risk</b>												
Perception of risk	0	0	97	3	0	0	-2	-3	-1	-1	3.02	3.03
<b>D) Your bank's risk tolerance</b>												
Your bank's risk tolerance	0	0	100	0	0	0	-1	0	-1	0	3.01	3.00
<b>Impact on your bank's margins on average loans</b>												
<b>A) Cost of funds and balance sheet constraints</b>												
Cost of funds and balance sheet constraints	0	7	92	1	0	0	4	5	2	3	2.96	2.95
<b>B) Pressure from competition</b>												
Pressure from competition	0	3	82	14	0	1	-20	-12	-10	-6	3.21	3.12
<b>C) Perception of risk</b>												
Perception of risk	0	0	97	3	0	0	-5	-3	-2	-1	3.05	3.03
<b>D) Your bank's risk tolerance</b>												
Your bank's risk tolerance	0	0	100	0	0	0	-1	0	0	0	3.01	3.00
<b>Impact on your bank's margins on riskier loans</b>												
<b>A) Cost of funds and balance sheet constraints</b>												
Cost of funds and balance sheet constraints	0	5	91	1	0	2	-1	4	-1	2	3.01	2.96
<b>B) Pressure from competition</b>												
Pressure from competition	0	0	95	3	0	2	-6	-3	-3	-1	3.06	3.03
<b>C) Perception of risk</b>												
Perception of risk	0	1	98	0	0	2	3	1	1	0	2.97	2.99
<b>D) Your bank's risk tolerance</b>												
Your bank's risk tolerance	0	0	98	0	0	2	0	0	0	0	3.00	3.00

1) The factors refer to the same sub-factors as in question 11.

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

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

## Question 14

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA <sup>2</sup>	NetP		DI		Mean	
							Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19
<b>A) Cost of funds and balance sheet constraints</b>												
Cost of funds and balance sheet constraints	0	1	96	0	0	2	2	1	1	1	2.98	2.99
<b>B) Pressure from competition</b>												
Competition from other banks	0	0	97	0	0	2	-2	0	-1	0	3.02	3.00
Competition from non-banks	0	0	98	0	0	2	-3	0	-2	0	3.03	3.00
<b>C) Perception of risk</b>												
General economic situation and outlook	0	1	97	1	0	2	0	-1	0	0	3.00	3.01
Creditworthiness of consumers <sup>1</sup>	0	2	93	4	0	2	-3	-2	-1	-1	3.03	3.02
Risk on the collateral demanded	0	0	92	0	0	8	0	0	0	0	3.00	3.00
<b>D) Your bank's risk tolerance</b>												
Your bank's risk tolerance	0	1	98	0	0	2	0	1	0	0	3.00	2.99

1) Risks related to non-performing loans may be reflected not only in the "creditworthiness of consumers", but also in the bank's "cost of funds and balance sheet constraints".

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

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

## Question 15

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA <sup>1</sup>	NetP		DI		Mean	
							Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19
<b>A) Overall terms and conditions</b>												
Overall terms and conditions	0	0	94	4	0	2	0	-4	0	-2	3.00	3.04
<b>B) Margins</b>												
Your bank's loan margin on average loans	0	1	86	11	0	2	-10	-10	-6	-5	3.11	3.10
Your bank's loan margin on riskier loans	0	1	98	0	0	2	1	1	0	0	2.99	2.99
<b>C) Other terms and conditions</b>												
Collateral requirements	0	1	92	0	0	7	0	0	0	0	3.00	3.00
Size of the loan	0	1	98	0	0	2	0	1	0	0	3.00	2.99
Maturity	0	0	98	0	0	2	1	0	1	0	2.99	3.00
Non-interest rate charges	0	2	97	0	0	2	0	2	0	1	3.00	2.98

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

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

## Question 16

Over the past three months, how have the following factors<sup>(1)</sup> affected your bank's credit terms and conditions as applied to new consumer credit and other lending to households?

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA <sup>2</sup>	NetP		DI		Mean	
							Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19
<b>Overall impact on your bank's credit terms and conditions</b>												
<b>A) Cost of funds and balance sheet constraints</b>												
Cost of funds and balance sheet constraints	0	1	98	0	0	2	0	1	0	0	3.00	2.99
<b>B) Pressure from competition</b>												
Pressure from competition	0	0	93	4	0	2	-9	-4	-5	-2	3.10	3.05
<b>C) Perception of risk</b>												
Perception of risk	0	1	94	4	0	2	-3	-3	-1	-2	3.03	3.03
<b>D) Your bank's risk tolerance</b>												
Your bank's risk tolerance	0	1	98	0	0	2	-1	1	0	0	3.01	2.99
<b>Impact on your bank's margins on average loans</b>												
<b>A) Cost of funds and balance sheet constraints</b>												
Cost of funds and balance sheet constraints	0	1	94	4	0	2	-4	-3	-2	-1	3.04	3.03
<b>B) Pressure from competition</b>												
Pressure from competition	0	0	85	12	0	2	-15	-12	-8	-6	3.17	3.13
<b>C) Perception of risk</b>												
Perception of risk	0	1	94	0	4	2	-3	-3	-3	-3	3.06	3.07
<b>D) Your bank's risk tolerance</b>												
Your bank's risk tolerance	0	0	95	4	0	2	-5	-4	-2	-2	3.05	3.04
<b>Impact on your bank's margins on riskier loans</b>												
<b>A) Cost of funds and balance sheet constraints</b>												
Cost of funds and balance sheet constraints	0	1	98	0	0	2	0	1	0	0	3.00	2.99
<b>B) Pressure from competition</b>												
Pressure from competition	0	0	97	0	0	2	0	0	0	0	3.00	3.00
<b>C) Perception of risk</b>												
Perception of risk	0	0	98	0	0	2	0	0	0	0	3.00	3.00
<b>D) Your bank's risk tolerance</b>												
Your bank's risk tolerance	0	0	98	0	0	2	0	0	0	0	3.00	3.00

1) The factors refer to the same sub-factors as in question 14.

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

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

### Question 17

Over the past three months (apart from normal seasonal fluctuations), has the share of household loan applications<sup>1</sup> that were completely rejected<sup>2</sup> 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 18	Jan 19	Oct 18	Jan 19
Decreased considerably	0	0	0	0
Decreased somewhat	3	1	6	1
Remained basically unchanged	90	89	91	90
Increased somewhat	6	9	2	6
Increased considerably	0	0	0	0
NA <sup>3</sup>	1	1	1	2
Total	100	100	100	100
<b>Net percentage</b>	<b>3</b>	<b>7</b>	<b>-3</b>	<b>5</b>
Diffusion index	2	4	-2	2
Mean	3.03	3.08	2.97	3.05
Number of banks responding	133	133	138	138

1) See Glossary for Loan application.

2) See Glossary for Loan rejection.

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

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



### Question 18

Over the past three months (apart from normal seasonal fluctuations), how has the demand for loans<sup>1</sup> 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 18	Jan 19	Oct 18	Jan 19
Decreased considerably	0	1	0	0
Decreased somewhat	14	11	3	4
Remained basically unchanged	66	63	72	83
Increased somewhat	19	23	23	11
Increased considerably	1	1	1	0
NA <sup>2</sup>	0	0	0	2
Total	100	100	100	100
<b>Net percentage</b>	<b>5</b>	<b>12</b>	<b>22</b>	<b>8</b>
Diffusion index	3	6	11	4
Mean	3.06	3.12	3.23	3.09
Number of banks responding	133	133	138	138

1) See Glossary for Demand for loans.

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

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

## Question 19

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA <sup>4</sup>	NetP		DI		Mean	
							Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19
<b>A) Financing needs/underlying drivers or purpose of loan demand</b>												
Housing market prospects, including expected house price developments	0	3	81	16	0	0	14	13	7	7	3.14	3.13
Consumer confidence <sup>1</sup>	0	2	90	8	0	0	11	6	6	3	3.11	3.06
General level of interest rates	0	1	71	25	3	0	18	26	11	14	3.21	3.29
Debt refinancing/restructuring and renegotiation <sup>2</sup>	0	0	97	3	0	0	1	3	1	1	3.01	3.03
Regulatory and fiscal regime of housing markets	0	3	93	4	0	0	0	1	0	0	3.00	3.01
<b>B) Use of alternative sources for housing finance</b>												
Internal finance of house purchase out of savings/down payment <sup>3</sup>	0	4	94	2	0	0	-1	-1	-1	-1	2.99	2.99
Loans from other banks	1	4	92	3	0	0	-6	-2	-3	-2	2.94	2.97
Other sources of external finance	0	2	98	0	0	0	-1	-2	0	-1	2.99	2.98

1) See Glossary for Consumer confidence.

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

3) See Glossary for Down payment.

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

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

## Question 20

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA <sup>2</sup>	NetP		DI		Mean	
							Oct 18	Jan 19	Oct 18	Jan 19	Oct 18	Jan 19
<b>A) Financing needs/underlying drivers or purpose of loan demand</b>												
Spending on durable consumer goods	0	1	85	12	0	2	17	11	8	5	3.17	3.11
Consumer confidence	0	3	86	9	0	2	18	6	9	3	3.18	3.06
General level of interest rates	0	0	80	19	0	2	19	19	10	9	3.19	3.19
Consumption expenditure financed through real-estate guaranteed loans <sup>1</sup>	0	0	89	1	0	10	0	1	0	0	3.00	3.01
<b>B) Use of alternative finance</b>												
Internal finance out of savings	0	1	95	3	0	2	1	1	0	1	3.01	3.01
Loans from other banks	0	2	93	3	0	2	-3	0	-1	0	2.97	3.01
Other sources of external finance	0	1	97	0	0	2	0	-1	0	-1	3.00	2.99

1) Consumption expenditure financed through real-estate guaranteed loans

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

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

## Question 21

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Oct 18	Jan 19	Oct 18	Jan 19
Tighten considerably	0	0	0	0
Tighten somewhat	2	6	2	4
Remain basically unchanged	90	90	93	90
Ease somewhat	7	4	5	4
Ease considerably	0	0	0	0
NA <sup>1</sup>	0	0	0	2
Total	100	100	100	100
<b>Net percentage</b>	<b>-5</b>	<b>2</b>	<b>-3</b>	<b>1</b>
Diffusion index	-2	1	-1	0
Mean	3.05	2.98	3.03	2.99
Number of banks responding	133	133	138	138

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

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

## Question 22

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Oct 18	Jan 19	Oct 18	Jan 19
Decrease considerably	0	0	0	0
Decrease somewhat	1	5	2	2
Remain basically unchanged	77	82	80	82
Increase somewhat	20	12	18	14
Increase considerably	0	0	0	0
NA <sup>1</sup>	1	0	0	2
Total	100	100	100	100
<b>Net percentage</b>	<b>18</b>	<b>7</b>	<b>15</b>	<b>12</b>
Diffusion index	9	3	8	6
Mean	3	3	3	3.12
Number of banks responding	133	133	138	138

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

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

# Annex 2

## Results for ad hoc questions

### Question 111

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

(in percentages, unless otherwise stated)

	Over the past three months									Over the next three months								
	--	-	°	+	++	NA <sup>2</sup>	NetP	Mean	Std. dev.	--	-	°	+	++	NA <sup>2</sup>	NetP	Mean	Std. dev.
<b>A) Retail funding</b>																		
Short-term deposits (up to one year)	0	2	87	5	1	5	-3	3.04	0.34	0	0	89	5	1	5	-5	3.06	0.30
Long-term (more than one year) deposits and other retail funding instruments	0	13	80	2	0	4	11	2.88	0.41	0	5	89	2	0	4	3	2.97	0.28
<b>B) Inter-bank unsecured money market</b>																		
Very short-term money market (up to 1 week)	0	1	91	1	0	7	0	3.00	0.15	0	1	92	0	0	7	1	2.99	0.11
Short-term money market (more than 1 week)	0	3	90	1	0	6	2	2.98	0.20	0	1	93	0	0	6	1	2.99	0.11
<b>C) Wholesale debt securities<sup>3</sup></b>																		
Short-term debt securities (e.g. certificates of deposit or commercial paper)	0	10	73	1	0	17	9	2.89	0.36	0	2	79	3	0	17	-1	3.00	0.25
Medium to long term debt securities (incl. covered bonds)	4	19	67	2	0	7	21	2.74	0.61	0	12	77	4	0	7	9	2.91	0.43
<b>D) Securitisation<sup>4</sup></b>																		
Securitisation of corporate loans	0	9	45	1	0	45	9	2.86	0.40	0	1	52	2	0	45	0	2.98	0.26
Securitisation of loans for house purchase	0	4	46	1	0	49	2	2.96	0.29	0	0	50	1	0	48	-1	3.01	0.16
<b>E) Ability to transfer credit risk off balance sheet<sup>5</sup></b>																		
Ability to transfer credit risk off balance sheet	1	8	49	2	0	40	7	2.87	0.49	0	1	59	0	0	40	1	2.99	0.13

<sup>1</sup>) Please also take into account any effect of state guarantees vis-à-vis debt securities and recapitalisation support.

<sup>2</sup>) "NA" (not applicable) includes banks for which the source of funding is not relevant.

<sup>3</sup>) Usually involves on-balance sheet funding.

<sup>4</sup>) Usually involves the sale of loans from banks' balance sheets, i.e. off-balance sheet funding

<sup>5</sup>) 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; "°" = remained unchanged/will remain unchanged; "+" = eased somewhat/will ease somewhat; "++" = eased considerably/will ease considerably. The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. Std. dev. denotes standard deviation. Figures may not exactly add up due to rounding.

## Question 120

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA <sup>3</sup>	NetP	Mean	Std. dev.	No of banks
<b>Over the past six months</b>										
<b>Total assets of which:</b>	1	6	85	5	0	3	-2	3.0	0.42	147
Liquid assets <sup>1</sup>	0	0	92	3	2	3	5	3.1	0.34	147
<b>Risk-weighted assets of which:</b>	1	10	76	10	0	3	-1	3.0	0.54	147
Average loans	0	5	84	8	0	3	3	3.0	0.38	147
Riskier loans	1	12	78	6	0	4	-7	2.9	0.51	147
<b>Capital of which:</b>	0	2	73	22	0	3	19	3.2	0.49	147
Retained earnings	0	1	72	20	0	7	19	3.2	0.46	147
Capital issuance <sup>2</sup>	0	6	68	10	0	15	4	3.0	0.48	147
<b>Impact on your bank's funding conditions</b>	0	8	79	5	0	8	3	3.0	0.44	147
<b>Over the next six months</b>										
<b>Total assets of which:</b>	2	9	80	6	0	3	-4	2.9	0.50	147
Liquid assets <sup>1</sup>	2	2	90	4	0	3	0	3.0	0.39	147
<b>Risk-weighted assets of which:</b>	0	10	76	11	0	3	2	3.0	0.50	147
Average loans	0	5	82	9	0	3	4	3.0	0.41	147
Riskier loans	0	12	78	6	1	4	-5	3.0	0.50	147
<b>Capital of which:</b>	0	1	69	26	0	3	26	3.3	0.50	147
Retained earnings	0	1	70	23	0	7	22	3.2	0.47	147
Capital issuance <sup>2</sup>	0	1	71	12	0	15	11	3.1	0.42	147
<b>Impact on your bank's funding conditions</b>	0	5	83	7	0	4	-2	3.0	0.42	147

(\*) Please consider regulatory or supervisory actions relating to capital, leverage, liquidity or provisioning that have recently been approved/implemented or that are expected to be approved/implemented in the near future.

1) Liquid assets should be defined as freely transferable assets that can be converted quickly into cash in private markets within a short time frame and without significant loss in value, in line with the European Commission Delegated Act of 10.10.2014 to supplement Regulation (EU) 575/2013 with regard to liquidity coverage requirement for Credit Institutions (C (2014) 7232 final).

2) Capital issuance includes the issuance of shares and hybrid instruments, as well as capital injections by, inter alia, national or supra-national public authorities.

3) "NA" (not applicable) includes banks which do not have any business in or exposure to this category.

Notes: "--" = deteriorated considerably/will deteriorate considerably; "-" = deteriorated somewhat/will deteriorate somewhat; "°" = remained unchanged/will remain unchanged; "+" = eased somewhat/will ease somewhat; "++" = eased considerably/will ease considerably. The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. Figures may not exactly add up due to rounding. The number of banks responding (No of banks) refers to all participating banks which have business in or exposure to the respective lending category. Std. dev. denotes standard deviation.

### Question 121

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

(in percentages, unless otherwise stated)

	Loans and credit lines to enterprises		Loans to households	
	Small and medium-sized enterprises	Large enterprises	For house purchase	Consumer credit and other lending
<b>(i) Credit standards</b>				
<b>Over the past six months</b>				
--	0	0	0	0
-	2	2	12	7
o	96	97	84	92
+	0	0	3	0
++	0	0	0	0
NA <sup>1</sup>	1	1	2	1
<b>Net Percentage</b>	<b>2</b>	<b>2</b>	<b>9</b>	<b>7</b>
Mean	3	3	3	3
Standard deviation	0	0	0	0
Number of banks responding	135	132	133	138
<b>Over the next six months</b>				
--	0	0	0	0
-	7	8	5	4
o	90	89	90	96
+	1	1	3	0
++	0	0	0	0
NA <sup>1</sup>	2	2	2	1
<b>Net Percentage</b>	<b>6</b>	<b>7</b>	<b>2</b>	<b>4</b>
Mean	3	3	3	3
Standard deviation	0	0	0	0
Number of banks responding	135	132	133	138
<b>(ii) Credit margins</b>				
<b>Over the past six months</b>				
--	0	0	0	0
-	3	2	6	6
o	95	94	90	91
+	1	2	2	2
++	0	0	0	0
NA <sup>1</sup>	1	1	2	1
<b>Net Percentage</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>5</b>
Mean	3	3	3	3
Standard deviation	0	0	0	0
Number of banks responding	135	132	133	138
<b>Over the next six months</b>				
--	0	0	0	0
-	7	9	11	4
o	91	89	86	96
+	0	0	0	0
++	0	0	0	0
NA <sup>1</sup>	2	2	2	1
<b>Net Percentage</b>	<b>6</b>	<b>8</b>	<b>12</b>	<b>4</b>
Mean	3	3	3	3
Standard deviation	0	0	0	0
Number of banks responding	135	132	133	138

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

(\*) Please consider regulatory or supervisory actions relating to capital, leverage, liquidity or provisioning that have recently been approved/implemented or that are expected to be approved/implemented in the near future. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

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



### Question 135

Please indicate the impact of your bank's non-performing loan (NPL) ratio<sup>1</sup> on your lending policy. In addition, please indicate the contribution of each factor through which the NPL ratio has affected or will affect your bank's lending policy.

(in percentages, unless otherwise stated)

	--	-	o	+	++	NA <sup>2</sup>	NetP	Mean	Std. dev.	No of banks
<b>Over the past six months</b>										
<b>A) Impact of NPL ratio on the change in your bank's credit standards</b>										
Loans and credit lines to enterprises	0	6	92	0	0	2	6	2.9	0.26	138
Loans to households for house purchase	0	4	95	0	0	1	3	3.0	0.21	133
Consumer credit and other lending to households	0	1	95	0	0	3	1	3.0	0.15	138
<b>B) Impact of NPL ratio on the change in your bank's credit terms and conditions</b>										
Loans and credit lines to enterprises	0	5	93	0	0	2	4	3.0	0.23	138
Loans to households for house purchase	0	4	95	0	0	1	3	3.0	0.21	133
Consumer credit and other lending to households	0	3	95	0	0	2	2	3.0	0.19	138
<b>C) Contribution of factors through which the NPL ratio affects your bank's policy on lending to enterprises and households (change in credit standards and credit terms and conditions)</b>										
<b>Contribution of your bank's cost of funds and balance sheet constraints to the NPL-related impact on your bank's lending policy</b>										
Costs related to your bank's capital position	0	4	92	0	0	4	4	3.0	0.25	147
Costs related to your bank's balance sheet clean-up operations <sup>3</sup>	0	4	86	0	0	9	4	3.0	0.26	147
Pressure related to supervisory or regulatory requirements <sup>4</sup>	1	7	84	5	0	3	3	3.0	0.41	147
Your bank's access to market financing	1	8	87	0	0	4	9	2.9	0.35	147
Your bank's liquidity position	0	1	95	0	0	3	1	3.0	0.12	147
<b>Contribution of your bank's perception of risk and risk tolerance to the NPL-related impact on your bank's lending policy</b>										
Your bank's perception of risk <sup>5</sup>	0	5	92	1	0	2	5	2.9	0.28	147
Your bank's risk tolerance	1	4	92	1	0	2	5	2.9	0.30	147
<b>Over the next six months</b>										
<b>A) Impact of NPL ratio on the change in your bank's credit standards</b>										
Loans and credit lines to enterprises	0	6	89	0	0	6	6	2.9	0.25	138
Loans to households for house purchase	0	4	93	0	0	3	4	3.0	0.22	133
Consumer credit and other lending to households	0	3	93	0	0	3	3	3.0	0.20	138
<b>B) Impact of NPL ratio on the change in your bank's credit terms and conditions</b>										
Loans and credit lines to enterprises	0	3	91	0	0	6	3	3.0	0.19	138
Loans to households for house purchase	0	3	94	0	0	3	2	3.0	0.19	133
Consumer credit and other lending to households	0	4	93	0	0	3	3	3.0	0.21	138
<b>C) Contribution of factors through which the NPL ratio affects your bank's policy on lending to enterprises and households (change in credit standards and credit terms and conditions)</b>										
<b>Contribution of your bank's cost of funds and balance sheet constraints to the NPL-related impact on your bank's lending policy</b>										
Costs related to your bank's capital position	0	5	89	0	0	6	5	2.9	0.27	147
Costs related to your bank's balance sheet clean-up operations <sup>3</sup>	0	5	82	0	0	12	5	2.9	0.28	147
Pressure related to supervisory or regulatory requirements <sup>4</sup>	0	12	77	5	0	6	7	2.9	0.47	147
Your bank's access to market financing	1	4	89	0	0	6	4	2.9	0.27	147
Your bank's liquidity position	0	2	93	0	0	6	2	3.0	0.14	147
<b>Contribution of your bank's perception of risk and risk tolerance to the NPL-related impact on your bank's lending policy</b>										
Your bank's perception of risk <sup>5</sup>	0	7	88	1	0	4	6	2.9	0.32	147
Your bank's risk tolerance	0	6	89	1	0	4	6	2.9	0.30	147

1) The NPL ratio is defined as the stock of gross non-performing loans on your bank's balance sheet as a percentage of the gross carrying amount of loans. Changes in credit standards and/or terms and conditions can be caused by changes in the NPL ratio or by changes in regulation or in the bank's assessment of the level of the NPL ratio, even if the NPL ratio has remained unchanged.

2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category (as regards credit standards), have not granted any new loans in the respective lending category during the period specified (as regards credit terms and conditions), or do not have any non-performing loans.

3) This may include costs due to the need for additional provisions and/or write-offs exceeding the previous stock of provisions.

4) This may include expectations of or uncertainty about future supervisory or regulatory requirements.

5) Banks' perception of risk regarding the general economic situation and outlook, borrowers' creditworthiness and of the risk related to collateral demanded.

Notes: "--" = has contributed considerably/will contribute considerably to tightening; "-" = has contributed somewhat/will contribute somewhat to tightening; "o" = has not had/will not have an impact; "+" = has contributed somewhat/will contribute somewhat to easing; "++" = has contributed considerably/will contribute considerably to easing. The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. Figures may not exactly add up due to rounding. The number of banks responding (No of banks) refers to all participating banks which have business in or exposure to the respective lending category. Std. dev. denotes standard deviation.

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