EUROPEAN CENTRAL BANK

EUROSYSTEM

The euro area bank lending survey

Third quarter of 2017

October 2017

Contents

Introduction

The results reported in the October 2017 bank lending survey (BLS) relate to changes during the third quarter of 2017 and expectations for the fourth quarter. The survey was conducted between 15 September and 2 October 2017. The response rate was 99%. In addition to the results for the euro area as a whole, the report contains the results for the five largest euro area countries.[1]

A number of ad hoc questions were included in the October 2017 survey round. They address the impact of the situation in financial markets on banks' access to retail and wholesale funding, the impact of the ECB's expanded asset purchase programme (APP) and the impact of the ECB's negative deposit facility rate.

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

1 Overview of the results

According to the October 2017 bank lending survey (BLS), loan growth has continued to be supported by increasing demand across all categories and by easing credit standards on loans to households in the third quarter of 2017.

Credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans to enterprises were broadly unchanged in the third quarter of 2017 (net percentage of reporting banks at -1%, after -3% in the previous quarter; see Table A), despite expectations in the previous survey round that they would continue to ease. By contrast, credit standards on loans to households for house purchase eased further (net percentage of reporting banks at -11%, after -4% in the previous quarter), which was stronger than expected in the previous survey round. Credit standards on consumer credit and other lending to households also eased (-4%, after 1%), in line with expectations. For the fourth quarter of 2017, banks expect credit standards on loans to enterprises to remain unchanged, while they anticipate a net easing for housing loans (-3%) and consumer credit (-2%).

Competitive pressure, banks' risk perceptions, and cost of funds and balance sheet constraints had an easing impact on credit standards on loans to enterprises in the third quarter of 2017, while banks' risk tolerance had a tightening impact. For loans to households for house purchase, all factors except banks' cost of funds and balance sheet constraints contributed to an easing. For consumer credit and other lending to households, the net easing of credit standards was mostly driven by increased competition and banks' higher risk tolerance.

The net easing of banks' overall terms and conditions (i.e. banks' actual terms and conditions agreed in the loan contract) on new loans continued for all loan categories in the third quarter of 2017, driven by a narrowing of margins on average loans (defined as spread over relevant market reference rates).

The net percentage share of rejected loan applications remained broadly unchanged for loans to enterprises and decreased for house purchase loans and consumer credit.

Net demand for loans to enterprises continued to increase (15%, after 14% in the previous quarter; see Table A), in line with expectations. Banks expect net demand to increase further in the fourth quarter of 2017 (26%). Net demand continued to increase for both housing loans (12%, after 19%) and consumer credit (17%, after 11%). For the fourth quarter of 2017, banks expect an ongoing increase in net demand for housing loans (23%) and consumer credit (16%).

The increase in demand for loans to enterprises was driven mainly by the general level of interest rates (14%, after 13% in the previous quarter) and the increase in fixed investment (13%, after 15%). M&A activity (11%, after 16%) and inventories and working capital (2%, after 9%) continued to have a positive, albeit smaller impact on demand, while the contribution from the use of alternative finance remained negative (-2%, after -3%). Net demand for housing loans continued to be driven mainly by the low general level of interest rates (unchanged at 27%) and favourable housing market prospects (26%, after 17%), as well as consumer confidence (21%, after 12%). Finally, spending on durable goods, the low general level of interest rates and consumer confidence continued to contribute positively to net demand for consumer credit.

Among the largest euro area countries, credit standards on loans to enterprises eased in Germany, tightened in Spain and remained unchanged in France, Italy and the Netherlands in the third quarter of 2017 (see Table A). For housing loans, banks eased their credit standards in all major countries in the third quarter of 2017. In addition, net demand for loans to enterprises increased in all the large countries except the Netherlands, where it remained unchanged in the third quarter of 2017. For households, net demand for house purchase loans increased in the third quarter of 2017 in Spain, Italy and the Netherlands, remained unchanged in Germany and decreased in France.

Table A

Latest developments in BLS results in the largest euro area countries

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

	ENTERPRISES						HOUSE PURCHASE						CONSUMER CREDIT					
	Credit standards			Demand			Credit standards			Demand			Credit standards			Demand		
Country	17Q2	17Q3	AVG	17Q2	17Q3	AVG	17Q2	17Q3	AVG	17Q2	17Q3	AVG	17Q2	17Q3	AVG	17Q2	17Q3	AVG
Euro area	-3	-1	10	14	15	-3	-4	-11	7	19	12	3	1	-4	5	11	17	0
Germany	-3	-10	4	10	19	4	0	-7	3	-7	0	8	3	-7	0	10	20	9
Spain	0	10	10	0	10	-3	0	-11	17	11	11	-11	0	-10	8	10	20	-9
France	0	0	7	10	23	-12	0	-2	2	29	-21	9	0	0	-1	0	0	-1
Italy	-10	0	15	20	10	3	-20	-20	2	10	30	15	0	0	7	30	30	14
Netherlands	0	0	10	26	0	-3	-30	-48	17	72	53	-4	0	0	14	0	34	-18

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

The October 2017 BLS also included some ad hoc questions. Regarding euro area banks' access to funding, banks reported in net terms that access to both wholesale funding (as regards money markets, debt securities issuance and securitisation) and retail funding improved in the third quarter of 2017.

In terms of the impact of the ECB's expanded asset purchase programme (APP), euro area BLS banks continued to report a positive impact on their liquidity position and market financing conditions over the past six months, but a negative impact on their profitability due to lower net interest margins. Responding banks, indicated that they had mainly used the additional liquidity related to the APP to grant loans. The net easing impact of the APP continued to be stronger for terms and conditions than for credit standards.

Finally, banks assessed the ECB's negative deposit facility rate to have had a positive impact on their lending volumes while having a negative impact on their net interest income.

Box 1
General notes

The bank lending survey (BLS) is addressed to senior loan officers of a representative sample of euro area banks. In the current survey round, the sample group of banks participating in the survey comprises 141 banks (out of 142 sample banks), representing all the euro area countries, and takes into account the characteristics of their respective national banking structures. The main purpose of the BLS is to enhance the understanding of bank lending behaviour in the euro area.[2]

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

The survey questions are generally phrased in terms of changes over the past three months (the third quarter of 2017 in this case) or expectations of changes over the next three months (i.e. in the fourth quarter of 2017).

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

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

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

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

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

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

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

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

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

2.1 Loans to enterprises

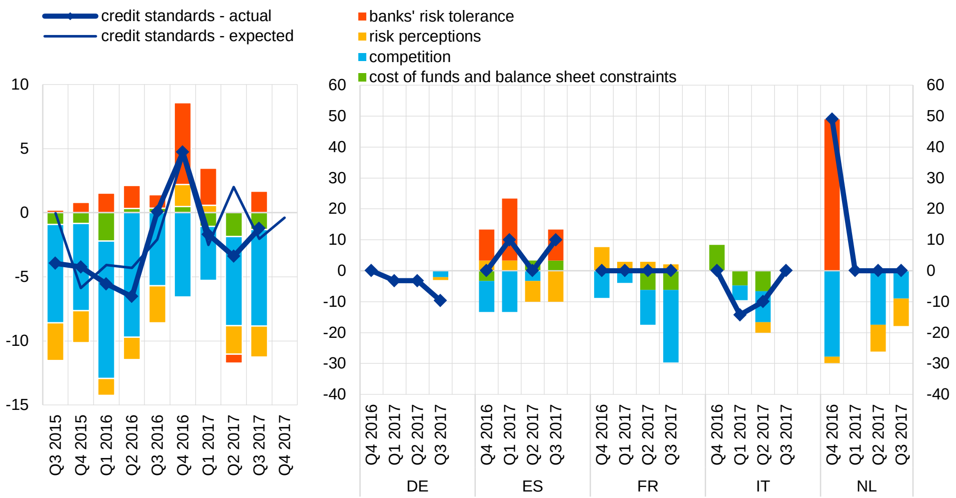
2.1.1 Credit standards for loans to enterprises were broadly unchanged

Credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans to enterprises were broadly unchanged in the third quarter of 2017 (at -1%, after -3% in the previous quarter; see Chart 1 and Table A). The net percentage remained considerably below the historical average since 2003 but was above the expectation in the previous round, where banks reported that they expected a slight easing. Across firm size, credit standards were broadly unchanged on loans to small and medium-sized enterprises (SMEs; -1%) and eased on loans to large firms (-4%).

Chart 1

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

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



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

Banks reported that competitive pressure and banks' risk perceptions had an easing impact on credit standards on loans to enterprises in the third quarter of 2017, while the effect of cost of funds and balance sheet constraints was broadly neutral, and banks' risk tolerance had a tightening impact.[3]

Across the large euro area countries, credit standards eased in Germany, tightened in Spain and remained unchanged in France, Italy and the Netherlands in the third quarter of 2017. Competitive pressures had an easing impact on credit standards in Germany, France and the Netherlands, while the effect in Spain and Italy was neutral. Risk perceptions had an easing impact in Spain and the Netherlands, a broadly neutral effect in Germany and Italy and a slight tightening impact in France. Banks in France reported an easing influence from cost of funds and balance sheet constraints, while this factor had a tightening impact in Spain and a neutral effect in the rest of large countries. Regarding banks' risk tolerance, all countries reported a neutral impact, except Spain where this factor had a tightening impact.

Looking ahead to the fourth quarter of 2017, euro area banks expect credit standards on loans to enterprises to remain unchanged.

Table 1

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

(net percentages)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017
Euro area	-2	-1	-7	-8	-2	-2	-1	2
DE	0	0	0	-2	0	-1	0	0
ES	3	3	-3	0	-7	-10	0	10
FR	-6	-6	-11	-23	3	2	0	0
IT	-7	0	-10	0	-3	0	0	0
NL	0	0	-17	-9	-9	-9	0	0

Note: See the notes to Chart 1.

2.1.2 Terms and conditions for loans to enterprises continued to improve

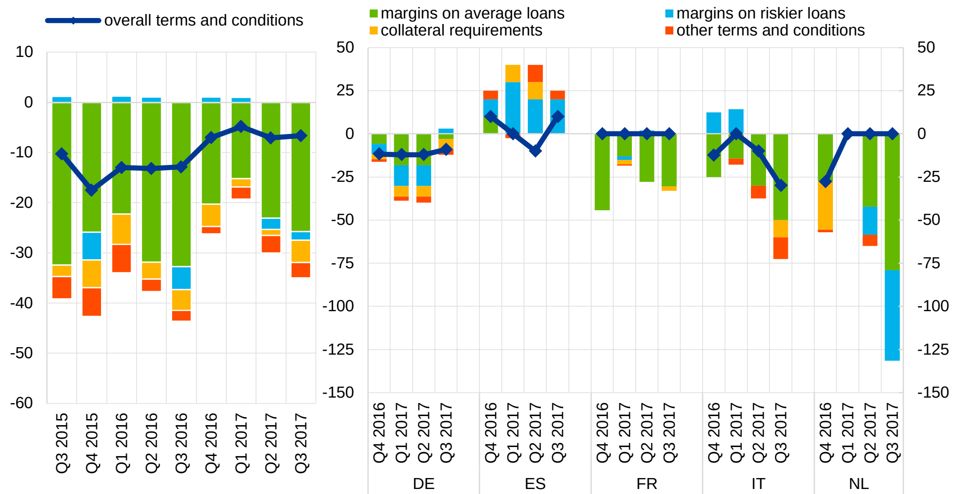
In the third quarter of 2017, overall terms and conditions that banks apply when granting new loans or credit lines (i.e. the actual terms and conditions agreed in the loan contract) to enterprises continued to ease (see Chart 2 and Table 2). The net easing was driven by a further narrowing of margins on average loans to enterprises, while margins on riskier loans eased only slightly. Collateral requirements and other terms and conditions (like non-interest charges, loan covenants, loan maturity and loan size) also continued to ease in the third quarter of 2017.

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

Chart 2

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

(net percentages of banks reporting tightening terms and conditions)



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

Table 2

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

(net percentage changes)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017
Euro area	-7	-7	-23	-26	-2	-2
DE	-12	-9	-18	-3	-12	3
ES	-10	10	0	0	20	20
FR	0	0	-28	-30	2	0
IT	-10	-30	-30	-50	0	0
NL	0	0	-42	-79	-16	-52

Note: See the notes to Chart 2.

Across the largest euro area countries, overall terms and conditions eased in Germany and Italy, tightened in Spain and remained unchanged in France and the Netherlands. As regards loan margins, banks in all large countries reported a further narrowing of margins on average loans in net terms, with the exception of Spain where they were unchanged. Margins on riskier loans widened in net terms in Spain and to a lesser extent in Germany, but narrowed in the Netherlands and remained unchanged in France and Italy.

Regarding the factors contributing to changes in overall credit terms and conditions, competitive pressure had a further strong easing impact. Banks' risk perceptions and cost of funds and balance sheet constraints also had an easing impact, while the effect of banks' risk tolerance was broadly neutral (see Table 3). Across the largest euro area countries, the easing impact of competition on overall credit terms and conditions continued to be broad-based, while the contribution of risk perceptions was driven by banks in Italy and the Netherlands. The easing impact of banks' cost of funds and balance sheet constraints was driven by banks in Germany and Spain, whereas the effect was neutral in the other large countries. Finally, the contribution of banks' risk tolerance was neutral in all the large countries except Spain, where a tightening effect was reported.

Table 3

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

(net percentages of banks reporting tightening terms and conditions)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	**Q2 2017**	**Q3 2017**	**Q2 2017**	**Q3 2017**	**Q2 2017**	**Q3 2017**	**Q2 2017**	**Q3 2017**
Euro area	-3	-3	-24	-27	-6	-6	-2	1
DE	0	-3	-21	-15	0	0	-3	0
ES	10	-10	-30	-20	0	0	0	10
FR	-19	0	-19	-19	0	0	0	0
IT	0	0	-40	-70	-20	-20	0	0
NL	0	0	-26	-27	-26	-27	0	0

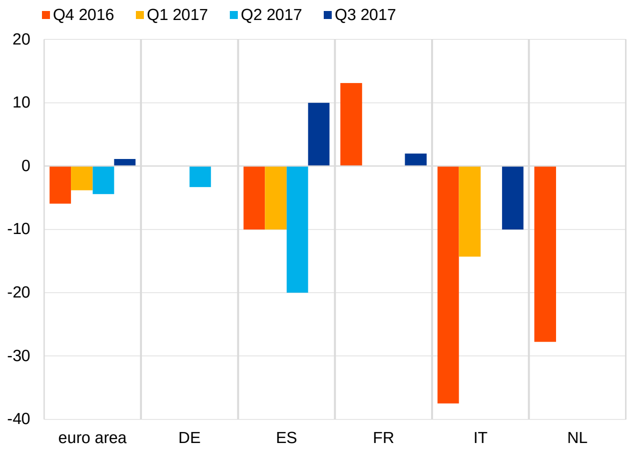
Note: The net percentages for responses to questions related to the factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage reporting that it contributed to an easing.

2.1.3 Rejection rate for loans to enterprises remained broadly unchanged

Chart 3

Change in the share of rejected applications for loans to enterprises

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



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

The net percentage share of rejected loan applications (i.e. the difference between the sum of the percentages of banks reporting an increase and that of banks reporting a decline in the share of loan rejections) remained broadly unchanged for loans to enterprises during the third quarter of 2017 (1%, after -4% in the previous quarter; see Chart 3).

Across the largest euro area countries, the rejection rate increased in Spain and to a lesser extent in France, decreased in Italy and remained unchanged in Germany and the Netherlands.

2.1.4 Net demand for loans to enterprises increased

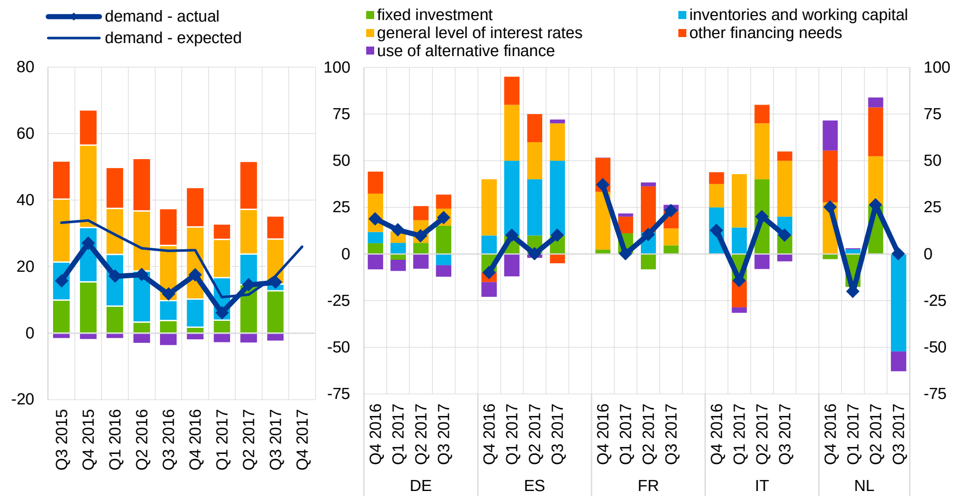
Net demand for loans to enterprises continued to increase in the third quarter of 2017 (net percentage of 15%, after 14% in the previous quarter; see Chart 4 and Table A), broadly in line with banks' expectations reported in the previous round. Loan demand increased for loans to both SMEs and large firms.

Across the large euro area countries, net demand for loans to enterprises increased in Germany, Spain, France and Italy and remained unchanged in the Netherlands.

Chart 4

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

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



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

The increase in demand for loans to enterprises was driven mainly by the low general level of interest rates and the increase in fixed investment. M&A activity (included in other financing needs; see Chart 4)[4] and inventories and working capital continued to have a positive, albeit smaller impact on demand, while the contribution from the use of alternative finance, driven mainly by firms' internal funds and loans from non-banks, remained negative.

Both the general level of interest rates and fixed investment had a positive impact on net demand across all large euro area countries with the exception of the Netherlands, where the effects were neutral. Other financing needs (including M&A activity and debt restructuring) had a positive impact on net demand for loans to enterprises in Germany, France and Italy, while it had a neutral effect in the Netherlands and a dampening effect in Spain. Inventories and working capital had a positive contribution in Spain and Italy, a negative effect in Germany and the Netherlands and a neutral one in France. Finally, the use of alternative finance had a dampening impact on demand in Germany, Italy and the Netherlands and a positive impact in Spain and France.

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

Table 4

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

(net percentages)

	Fixed investment		Inventories and working capital		Other financing needs		General level of interest rates		Use of alternative finance	
Country	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017
Euro area	15	13	9	2	14	7	13	14	-3	-2
DE	6	15	0	-6	8	8	12	9	-8	-6
ES	10	10	30	40	15	-5	20	20	-2	2
FR	-8	5	12	0	25	9	0	9	2	3
IT	40	10	0	10	10	5	30	30	-8	-4
NL	26	0	0	-52	26	0	26	0	5	-10

Note: See the notes to Chart 4.

For the fourth quarter of 2017, banks expect a further increase in loan demand from enterprises (26%).

2.2 Loans to households for house purchase

2.2.1 Credit standards for loans to households for house purchase eased further

Credit standards for loans to households for house purchase eased further (-11%, after -4% in the previous quarter; see Chart 5 and Table A), with the change proving stronger than expected in the previous survey round. The net percentage is below the historical average since 2003.

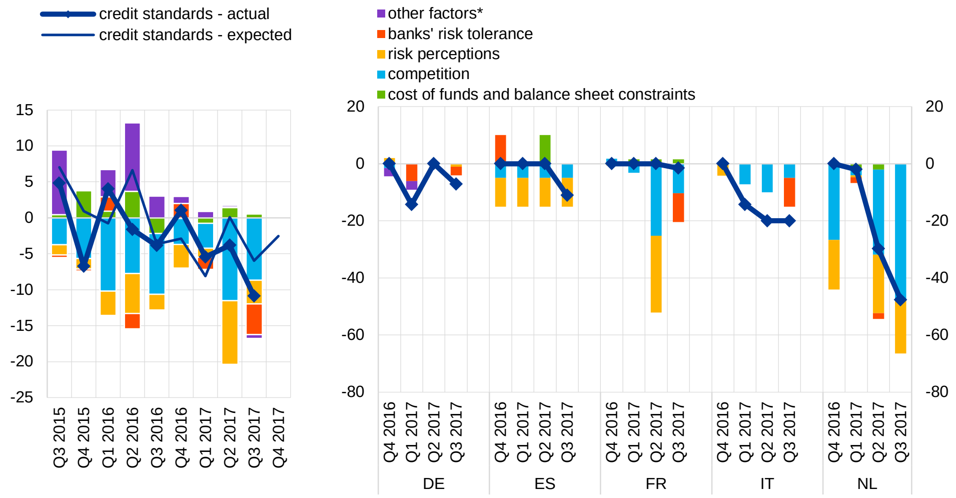
Banks eased their credit standards on housing loans across all the large euro area countries.

Competitive pressure, banks’ higher risk tolerance and lower risk perceptions contributed to the net easing of credit standards on housing loans, while the impact of cost of funds and balance sheet constraints was broadly neutral.

Chart 5

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

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



Notes: See the notes to Chart 1. “Risk perceptions” are an unweighted average of “general economic situation and outlook”, “housing market prospects including expected house price developments” and “borrower’s creditworthiness”; “competition” is an 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 regulation and legislation of housing markets.

Across the large euro area countries, the easing impact of competitive pressure was widespread, with the exception of Germany where the contribution was neutral. Banks’ risk tolerance had an easing influence in Germany, France and Italy and a neutral impact in Spain and the Netherlands. Risk perceptions also had an easing contribution in the Netherlands and Spain and a broadly neutral effect in Germany, France and Italy. Cost of funds and balance sheet constraints had a slightly tightening contribution in France and a neutral impact in the rest of the large countries.

Table 5

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

(net percentages)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017
Euro area	1	1	-12	-9	-9	-3	0	-4
DE	0	0	0	0	0	-1	0	-3
ES	10	0	-5	-5	-10	-10	0	0
FR	2	2	-25	-10	-27	0	0	-10
IT	0	0	-10	-5	0	0	0	-10
NL	-2	0	-30	-48	-21	-19	-2	0

Note: See the notes to Chart 5.

Looking ahead, euro area banks expect credit standards for housing loans to continue easing (-3%) in the fourth quarter of 2017.

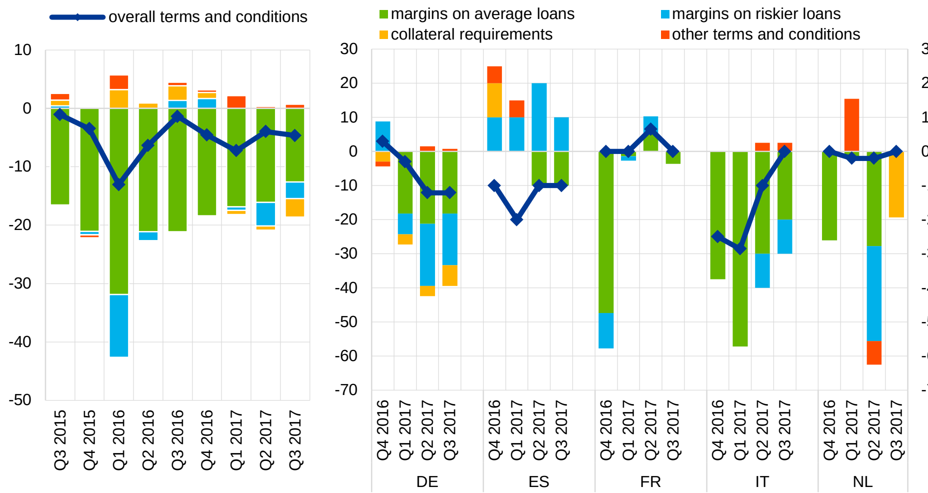
2.2.2 Terms and conditions for loans to households for house purchase continued to ease

Overall terms and conditions on loans to households for house purchase continued to ease in the third quarter of 2017 (see Chart 6 and Table 6), driven mainly by narrowing margins on average loans. Margins on riskier loans and collateral requirements also eased, and the contribution of the other terms and conditions remained broadly unchanged in the third quarter of 2017.

Chart 6

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

(net percentages of banks reporting tightening terms and conditions)



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

Table 6

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

(net percentage changes)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	**Q2 2017**	**Q3 2017**	**Q2 2017**	**Q3 2017**	**Q2 2017**	**Q3 2017**
Euro area	-4	-5	-16	-13	-4	-3
DE	-12	-12	-21	-18	-18	-15
ES	-10	-10	-10	-10	20	10
FR	7	0	5	-4	5	0
IT	-10	0	-30	-20	-10	-10
NL	-2	0	-28	0	-28	0

Note: See the notes to Chart 6.

Across the large euro area countries, banks in Germany and Spain reported a net easing of overall terms and conditions, while those in France, Italy and the Netherlands did not indicate any change. Likewise, all the large countries reported a narrowing of margins on average loans, with the exception of the Netherlands where there were no changes. Margins on riskier loans widened in net terms in Spain, narrowed in Germany and Italy and remained unchanged in France and the Netherlands.

Competitive pressure and to a lesser extent the remaining factors contributed to the easing of overall terms and conditions of euro area banks (see Table 7).

Competitive pressure contributed to an easing of overall credit terms and conditions in all the large euro area countries. Changes in risk perceptions contributed to an easing in the Netherlands and a tightening in Spain and had a neutral impact in Germany, France and Italy. Cost of funds and balance sheet constraints had an easing impact in Spain and the Netherlands, a tightening impact in France and no impact in Germany and Italy. The effect of banks' risk tolerance was neutral in all the major countries except the Netherlands, where it contributed to an easing of terms and conditions

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

(net percentage changes)

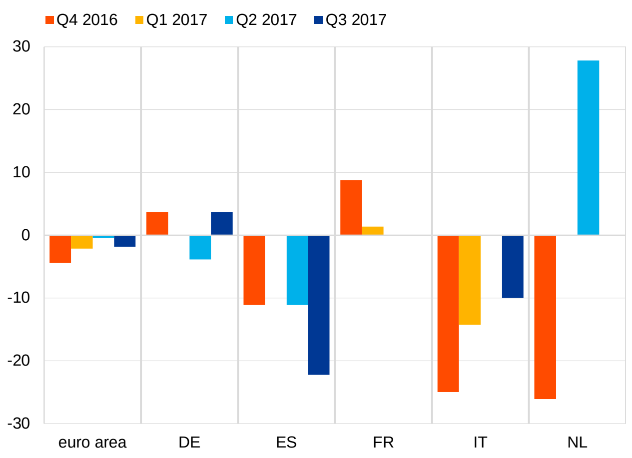
	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017
Euro area	0	-3	-14	-13	-4	-3	1	-2
DE	0	0	-12	-18	-3	0	3	0
ES	-10	-20	-20	-10	0	10	0	0
FR	7	7	-2	-2	0	0	0	0
IT	0	0	-20	-20	-10	0	0	0
NL	0	-19	-30	-19	-28	-48	0	-19

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

2.2.3 Rejection rate for housing loans decreased slightly

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

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



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

According to euro area banks, the net share of rejected applications for loans to households for house purchase decreased slightly in the third quarter of 2017 (-2%, after 0% in the previous survey round; see Chart 7).

Across the largest euro area countries, there were heterogeneous developments in the rejection rate for housing loans, as it decreased in Spain and to a lesser extent Italy, increased in Germany and remained unchanged in France and the Netherlands.

2.2.4 Net demand for housing loans continued to increase

In the third quarter of 2017, a positive net percentage of banks continued to report an increase in demand for housing loans (12%, after 19% in the previous quarter; see Chart 8 and Table A), in line with banks' expectations from the previous survey round and above the historical average.

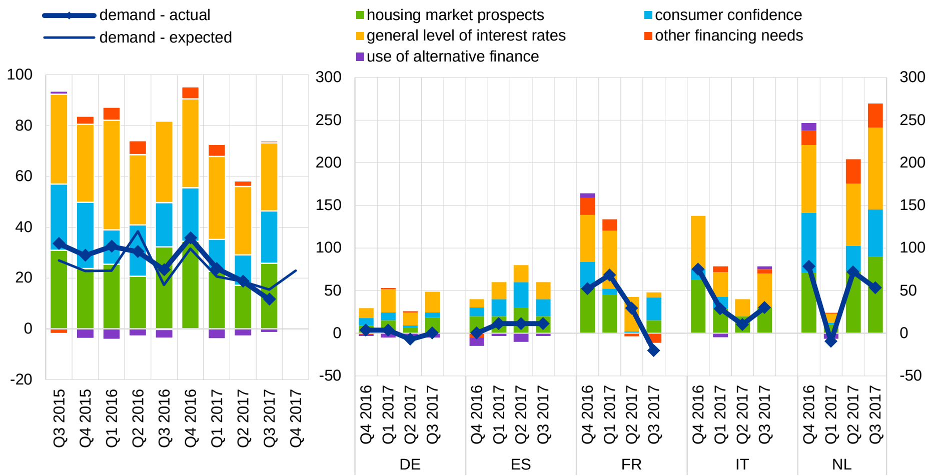
Among the large euro area countries, net demand for loans for house purchase increased in Spain, Italy and Netherlands, decreased in France and remained unchanged in Germany.

Net demand for housing loans was driven predominantly by the low general level of interest rates, favourable housing market prospects and improved consumer confidence (see Chart 8 and Table 8). The use of alternative finance had a slightly dampening effect on demand.

Chart 8

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

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



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

Across all the large euro area countries, the general level of interest rates and housing market prospects continued to have a substantially positive effect on demand. Consumer confidence had a positive impact on demand in all the large countries except Italy, where it had a neutral effect. The contribution of other financing needs was positive in the Netherlands and to a lesser extent Italy, while it was negative in France and neutral in Germany and Spain. The use of alternative finance had a dampening effect in Germany and Spain and a positive impact in Italy, while remaining neutral in France and the Netherlands.

Table 8

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

(net percentage changes)

	Housing market prospects		Consumer confidence		Other financing needs		General level of interest rates		Use of alternative finance	
Country	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017
Euro area	17	26	12	21	2	1	27	27	-3	-2
DE	6	18	3	6	2	0	15	24	-6	-5
ES	30	20	30	20	0	0	20	20	-10	-3
FR	0	15	2	27	-3	-11	40	6	0	0
IT	20	30	0	0	0	5	20	40	0	3
NL	73	90	30	55	29	28	73	96	0	0

Note: See the notes to Chart 8.

For the fourth quarter of 2017, euro area banks expect an ongoing increase in net demand for housing loans (23%).

2.3 Consumer credit and other lending to households

2.3.1 Credit standards for consumer credit and other lending to households eased

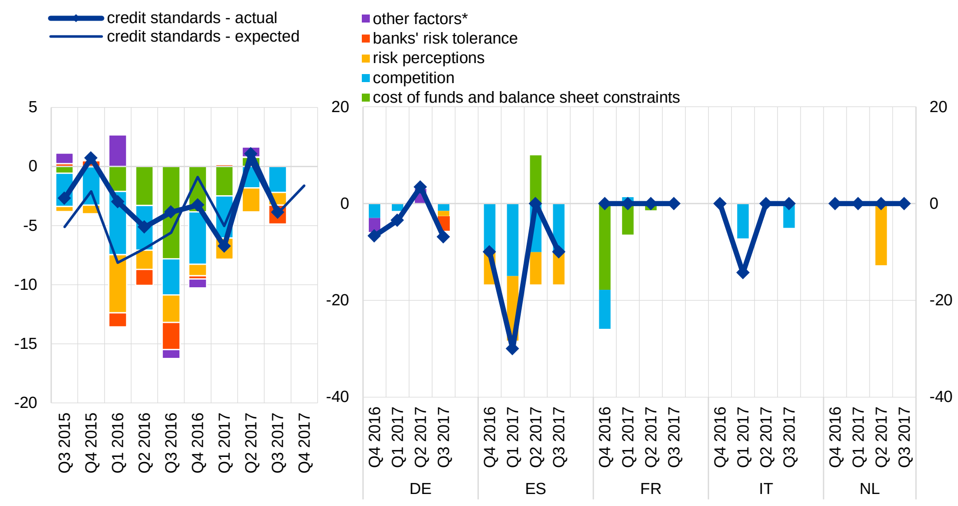
In the third quarter of 2017, credit standards for consumer credit and other lending to households eased (-4%, after 1% in the previous quarter; see Chart 9 and Table A), in line with expectations in the previous quarter and below the historical average.

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

Chart 9

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

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



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

According to euro area banks, competitive pressure and banks' higher risk tolerance had an easing impact on credit standards, while risk perceptions and costs of funds and balance sheet constraints had a broadly neutral influence (see Chart 9 and Table 9).

Across the large euro area countries, competitive pressure contributed to an easing of credit standards in Germany, Spain and Italy, while its impact was neutral in France and the Netherlands. Banks' perception of risk had an easing effect on standards in Spain, but a broadly neutral impact everywhere else. Banks' risk tolerance had an easing effect in Germany and no effect in the other countries. Finally, there was no reported impact of cost of funds and balance sheet constraints on credit standards across those countries.

Looking ahead to the fourth quarter of 2017, euro area banks expect a slight easing of credit standards on consumer credit and other lending to households (-2%).

Table 9

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

(net percentages)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017
Euro area	1	0	-2	-2	-2	-1	0	-2
DE	0	0	0	-2	0	-1	0	-3
ES	10	0	-10	-10	-7	-7	0	0
FR	-1	0	0	0	0	0	0	0
IT	0	0	0	-5	0	0	0	0
NL	0	0	0	0	-13	0	0	0

Note: See the notes to Chart 9.

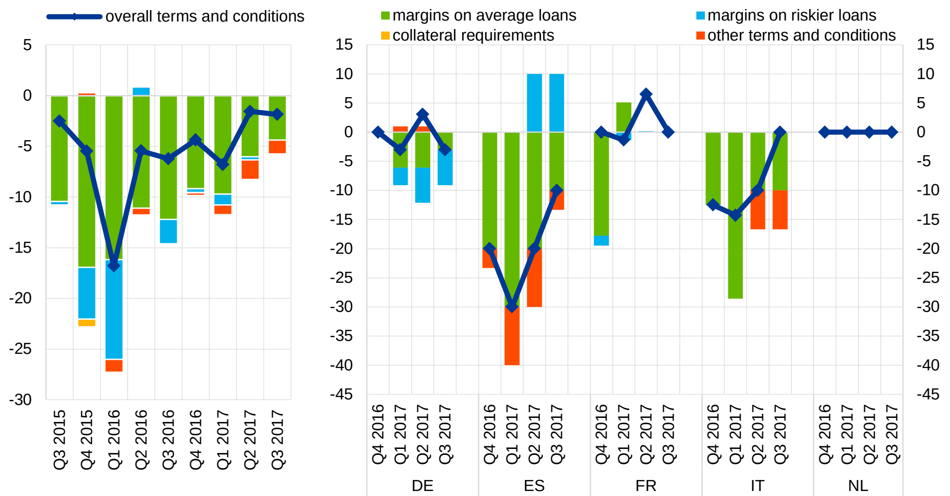
2.3.2 Terms and conditions for consumer credit and other lending to households eased slightly

Banks' overall terms and conditions applied when granting new consumer credit and other lending to households eased slightly in the third quarter of 2017. The narrowing of margins on average loans continued to be the main driver of the easing, while margins on riskier loans remained unchanged. Non-price terms and conditions also eased slightly, mainly due to the size and maturity of the loans (see Chart 10).

Chart 10

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

(net percentages of banks reporting tightening terms and conditions)



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

Table 10

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

(net percentage changes)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017
Euro area	-2	-2	-6	-4	0	0
DE	3	-3	-6	-3	-6	-6
ES	-20	-10	-20	-10	10	10
FR	7	0	0	0	0	0
IT	-10	0	-10	-10	0	0
NL	0	0	0	0	0	0

Note: See the notes to Chart 10.

Across the large euro area countries, overall terms and conditions on consumer credit eased in Germany and Spain, mainly due to the narrowing of average margins in both cases. In France, Italy and the Netherlands, overall terms and conditions remained unchanged.

Competitive pressure remained the predominant factor contributing to the net easing of terms and conditions on new consumer credit (see Table 11). The rest of factors had a broadly neutral impact.

Competitive pressure contributed to the net easing of overall terms and conditions in all the largest euro area countries except the Netherlands, where there was no impact. No changes to terms and conditions due to risk tolerance or cost of funds and balance sheet constraints were reported by banks across the largest countries with the exception of Germany, where those factors contributed to easing them. A tightening due to an increase in risk perceptions was observed only in Spain.

Table 11

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

(net percentage changes)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017
Euro area	-1	-1	-6	-8	-3	1	0	-1
DE	-3	-3	-6	-3	0	0	0	-3
ES	0	0	-30	-20	0	10	0	0
FR	0	0	7	-9	0	0	0	0
IT	0	0	-10	-10	0	0	0	0
NL	0	0	0	0	-38	0	0	0

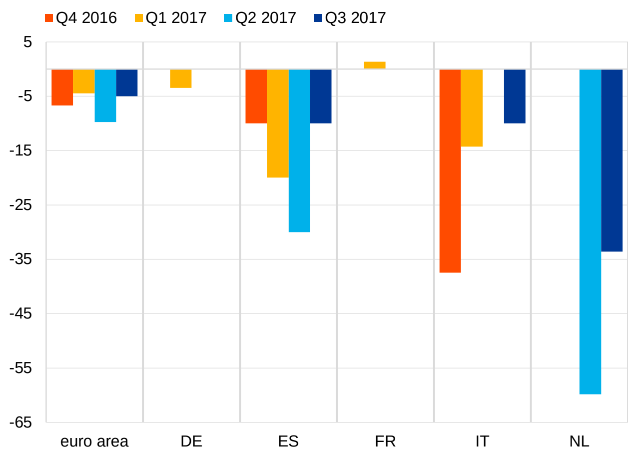
Note: The net percentages for responses to questions related to the factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage reporting that it contributed to an easing.

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

Chart 11

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

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



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

The net share of rejected applications for consumer credit and other lending to households decreased in the third quarter of 2017 according to reporting banks (-5%, after -10% in the previous survey round; see Chart 11).

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

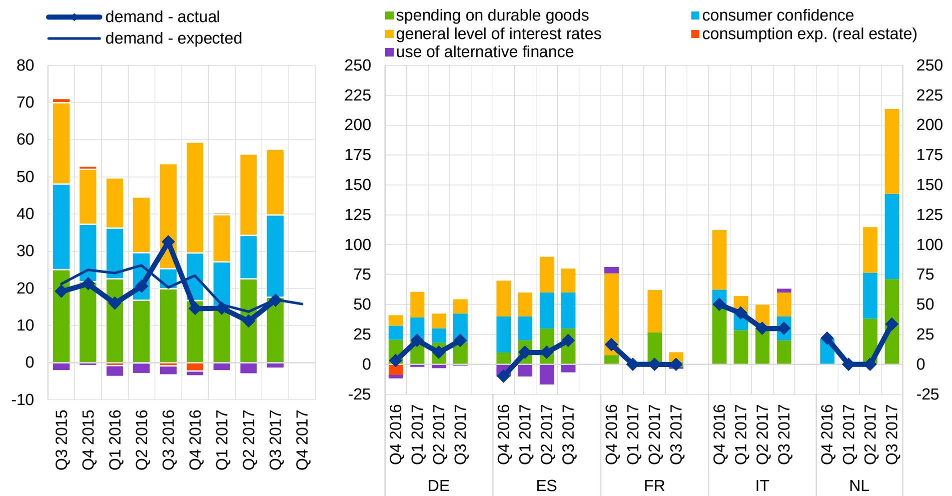
2.3.4 Net demand for consumer credit and other lending to households increased further

According to euro area banks, net demand for consumer credit and other lending to households increased further in the third quarter of 2017 (net percentage of 17%, from 11% in the previous quarter; see Chart 12 and Table A), remaining above its historical average and broadly in line with expectations in the previous survey round.

Chart 12

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

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



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

Net demand increased in all the large euro area countries except France, where it remained unchanged.

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

Table 12

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

(net percentage changes)

	Spending on durable goods		Consumer confidence		Consumption exp. (real estate)		General level of interest rates		Use of alternative finance	
Country	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017	Q2 2017	Q3 2017
Euro area	23	18	12	22	0	0	22	18	-3	-1
DE	18	18	12	24	0	0	12	12	-3	-1
ES	30	30	30	30	0	0	30	20	-17	-7
FR	27	-2	0	2	0	0	35	9	0	-2
IT	30	20	0	20	0	0	20	20	0	3
NL	38	71	38	71	0	0	38	71	0	0

Note: See the notes to Chart 12.

Across the large euro area countries, consumer confidence and the low general level of interest rates contributed to increased demand in all countries. Spending on durable goods contributed to the net increase in demand for consumer credit in all the countries except France, where it had a small negative effect. The use of alternative finance increased demand in Italy, dampened it in Spain and France and had no significant impact in Germany and the Netherlands.

For the fourth quarter of 2017, euro area banks expect a further increase in net demand for consumer credit and other lending to households (16%).

3 Ad hoc questions

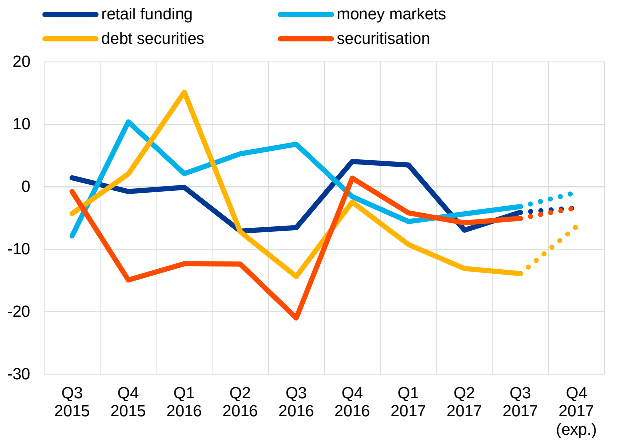
3.1 Banks’ access to retail and wholesale funding

As in previous survey rounds, the October 2017 survey questionnaire included a question to assess the extent to which the situation in financial markets affected banks’ access to retail and wholesale funding.[5]

Chart 13

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

(net percentages of banks reporting deteriorated market access)



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

Table 13

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

(net percentages of banks reporting deteriorated market access)

	Retail funding	Interbank unsecured money market	Wholesale debt securities	Securitisation
Q2 2017	-7	-4	-13	-6
Q3 2017	-4	-3	-14	-5

Note: See the notes to Chart 13.

For the third quarter of 2017, euro area banks reported improved access to retail funding and wholesale funding. With regard to wholesale funding, access to debt securities improved the most, but banks also reported improved access to securitisation and money markets (see Chart 13 and Table 13).[6]

Looking ahead to the fourth quarter of 2017, euro area banks expect broadly improved access to retail and wholesale funding sources.

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

The October 2017 survey questionnaire included three ad hoc questions gauging the impact of the ECB’s expanded asset purchase programme (APP). Banks were asked to consider both direct and indirect effects of the APP, as there may be indirect effects on banks’ financial situation and asset allocation even if the bank concerned has not been involved in any direct asset sales vis-à-vis the Eurosystem. Banks reported the impact of the APP on their financial situation. In addition, banks were queried on the purposes for which they did or will use the additional liquidity arising from the expanded APP, due to either their sales of marketable assets or an increase

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

[6] However, for the results on securitisation, there are a large number of banks that replied “not applicable” as this source of funding is not relevant for them (between 43% and 46% depending on the type of securitisation, in the third quarter of 2017).

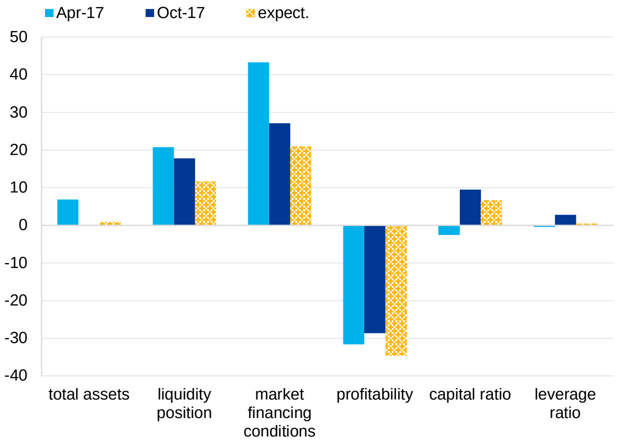
in customer deposits. Finally, banks provided an assessment of the impact of the APP on their lending conditions.[7]

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

Chart 14

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

(net percentage of respondents)



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

This section reports on banks' responses regarding the impact of the APP on their assets, liquidity situation, market financing conditions, profitability, and capital and leverage ratios. Overall, euro area banks reported that the APP had contributed to an improvement of their liquidity position and their market financing conditions, but to a deterioration of their profitability (see Chart 14). Euro area banks expect similar developments owing to the APP in the next six months.

In detail, euro area BLS banks reported that the APP had had a neutral impact on their total assets over the past six months (net percentage of banks: 0%, after 7% in the April 2017 survey; see Chart 15) but had contributed to a decrease in their holdings of sovereign bonds (net percentage of -27%, after -18%). Euro area banks expect their holdings of euro area sovereign bonds to continue to decline over the next six months as a consequence of the APP (net percentage of -22%) and their total assets to remain broadly unchanged (net percentage of banks: 1%).

Banks indicated that the APP had had a positive impact on their liquidity situation in net terms over the past six months (net percentage of banks: 18%, from 21% in the April 2017 survey), mostly owing to an increase in deposits from enterprises and households. Banks expect this development to continue over the next six months, albeit to a somewhat lesser extent (net percentage of 12%; see Chart 15).

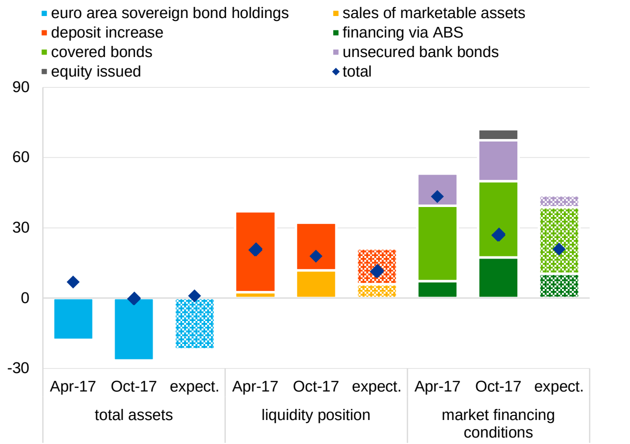
Euro area banks also reported an improvement in their market financing conditions owing to the APP (net percentage of 27%, after 43% in the April 2017 survey), in particular for financing via covered bonds and unsecured bank bonds. Banks expect the improvement in their market financing conditions related to the APP to continue over the next six months (net percentage of 21%).

[7] The results shown in this section are calculated as a percentage of the number of banks which did not reply "not applicable" to the respective question. In some cases, in particular as regards the use of additional liquidity resulting from the APP, results are based on a considerably reduced sample size.

Chart 15

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

(net percentage of respondents)

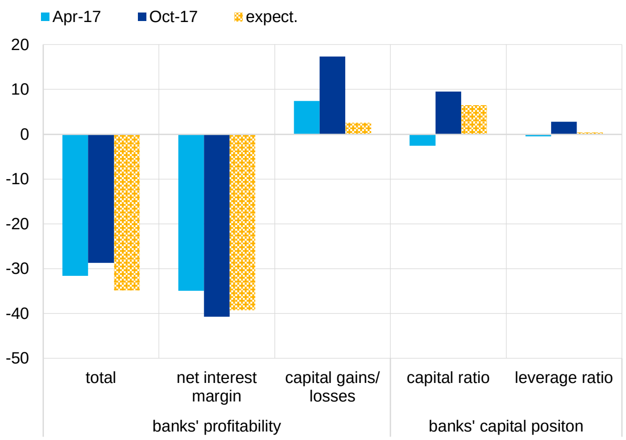


Note: See the notes to Chart 14.

Chart 16

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

(net percentage of respondents)



Note: See the notes to Chart 14.

Around one-third of the euro area BLS banks reported that the APP had had a negative impact on their profitability overall over the past six months (net percentage of banks: -29%, after -32% in the April 2017 survey round; see Chart 16). The negative impact on profitability was mainly attributable to a negative impact on banks' net interest margins (net percentage of -41%, after -35% in the previous round), whereas the net percentage of banks reporting an increase in capital gains owing to the APP was somewhat larger (17%, after 7% in the April 2017 survey round). Over the next six months, a similar share of euro area banks expects the dampening impact of the APP on their profitability to continue (net percentage of -35%).

With regard to banks' capital position, a positive net percentage (10%, after -3%) of euro area banks indicated that the APP had helped to increase their capital ratio over the past six months and a similar proportion expects a positive impact over the coming six months (7%, see Chart 14). In addition, euro area banks indicated that the APP had had a small positive impact on their leverage ratio over the past six months (3%, after 0%) and expect a broadly neutral effect over the next six months.

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

The additional liquidity resulting from the APP may stem from either banks' sales of marketable assets or an increase in customer deposits. Banks can use the additional liquidity attributable to either of the two sources for refinancing purposes, to grant loans or to purchase assets. The first part of this section reports on banks' use of the additional liquidity resulting from their sales of marketable assets, while the second part deals with banks' use of the additional liquidity from an increase in customer deposits.

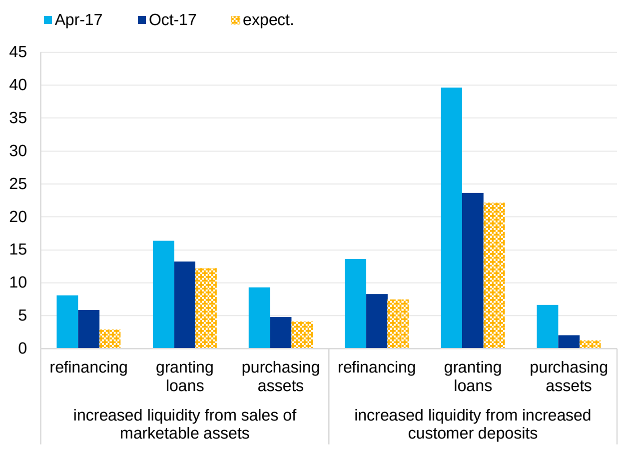
Overall, for this question, it needs to be taken into account that around 40% (as regards the additional APP-related liquidity resulting from the bank's sales of marketable assets) and around 35% (as regards the additional APP-related liquidity resulting from an increase in customer deposits) respectively of the banks replied "not applicable". This is because they either did not have any exposure in this category or did not have any additional liquidity from the APP according to their assessment.

Responding euro area banks indicated that, over the past six months, they had used the additional liquidity from their sales of marketable assets related to the APP to grant loans (13% of the banks, after 16% in the April 2017 survey round), for refinancing (6%, after 8%) or to purchase assets (5%, after 9%) (see Chart 17, left-hand side). For the coming six months, BLS banks expect a broadly similar impact as in the current survey round.

Chart 17

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

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

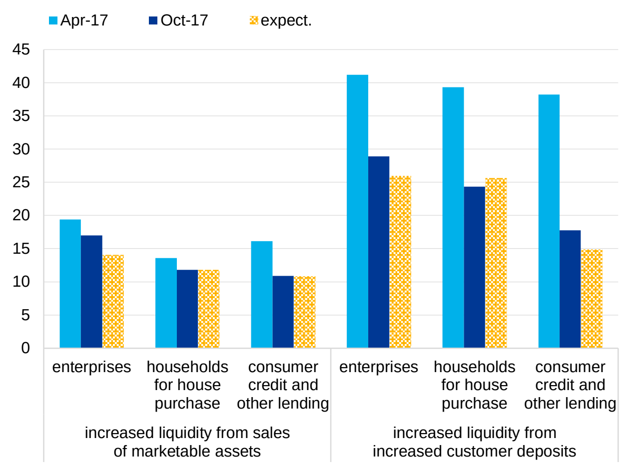


Notes: The percentages are defined as the sum of the percentages for "has contributed (will contribute) considerably to this purpose" and "has contributed (will contribute) somewhat to this purpose". The results shown are calculated as a percentage of the number of banks which did not reply "not applicable".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

Chart 18

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

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



Note: See the notes to Chart 17.

Specifically, 17% of the responding euro area banks indicated that they had used the funds to grant loans to enterprises (after 19% in the April 2017 survey round), while 12% and 11% respectively indicated that they had used the funds to grant housing loans and consumer credit and other lending to households (after 13% and 16% respectively) (see Chart 18, left-hand side). Expectations are similar for the coming six months.

Regarding the use of the APP liquidity from the sales of marketable assets for refinancing, responding euro area banks indicated that the liquidity would mainly be used to substitute maturing debt (10% of the banks, after 16% in the April 2017 round), replace interbank lending (8% of banks, after 12%) and to a lesser extent also substitute Eurosystem liquidity operations (3% of banks, after 5%), whereas deposit shortfalls played a minor role (2%; see Chart 19, left-hand side).

Moreover, 8% and 2% of the responding euro area banks (after 9% and 10%) reported having used the liquidity from the sales of marketable assets related to the APP to purchasing euro area marketable assets (excluding sovereign bonds) and non-euro area marketable assets, respectively, over the past six months (see Chart 20, left-hand side).

Euro area banks were also asked the purposes for which they had used the additional liquidity related to the APP out of an increase in deposits of households and enterprises. Overall, the impact from an APP-related increase in banks' customer deposits has been more pronounced compared with the impact from the APP-related sales of marketable assets, especially for granting loans, according to reporting banks (see Chart 17, right-hand side). This is similar to the findings in the April 2017 BLS survey.

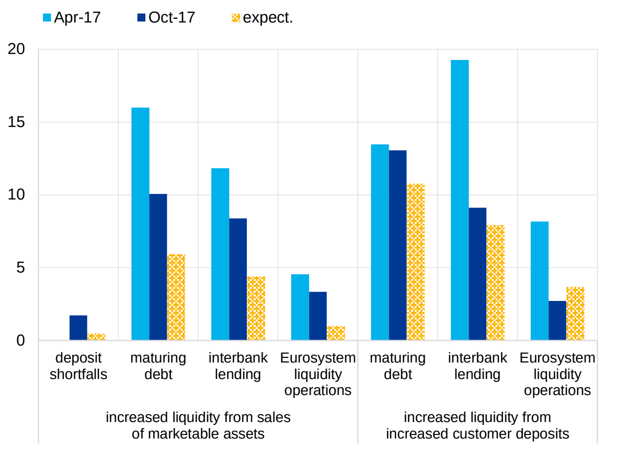
Responding euro area banks indicated that they had used the additional liquidity from an increase in customer deposits related to the APP over the past six months in particular to granting loans (24%, after 40% in the April 2017 round) and to a lesser extent for refinancing (8%, after 14%), while its use to purchase assets has been very limited (2%, after 7%) (see Chart 17, right-hand side). For the coming six months, euro area banks expect a broadly similar impact as in the current survey round across all categories.

In detail, similar percentages of banks reported that they had used the additional APP-related liquidity from an increase in customer deposits to grant loans to enterprises (29%, after 41% in the April 2017 survey) and to households for house purchase (24%, after 39%), and for consumer credit (18%, after 38%) (see Chart 18, right-hand side). Banks have broadly similar expectations for the coming six months.

Chart 19

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

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

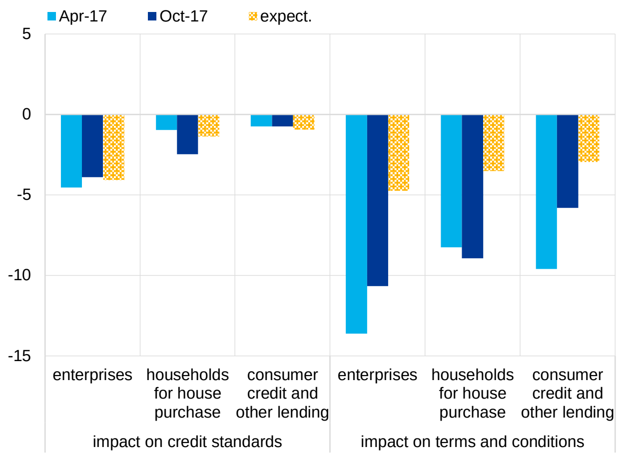


Note: See the notes to Chart 17.

Chart 20

Impact of the expanded APP on bank lending conditions

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



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

With respect to the use of APP-related liquidity from an increase in customer deposits for refinancing purposes, responding euro area banks reported that they had used it mainly to substitute maturing debt (13%, after 13%), replace interbank lending (9% of the banks, after 19%) and to a lesser extent substitute Eurosystem liquidity operations (3%, after 8%) over the past six months (see Chart 19, right-hand side). A similar, albeit somewhat smaller impact is expected over the next six months.

With respect to purchasing marketable assets out of the additional APP liquidity from increased customer deposits, a low proportion of participating banks answered that they used the liquidity for that purpose. In particular, 3% (after 9%) of the responding euro area banks indicated that they had purchased euro area marketable assets (excluding sovereign bonds) over the past six months, while most banks did not indicate that they had purchased non-euro area marketable assets (1%, from 4% in the April 2017 survey; see Chart 20, right-hand side).

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

Euro area banks indicated that the APP had had a slightly easing impact on their credit standards over the past six months for loans to enterprises (-4%, from -5% in the April 2017 survey round; see Chart 20, left-hand side) and housing loans (-2%, from -1%), while its effect on consumer credit was broadly neutral (unchanged at -1%). Over the next six months, banks expect the APP to have a broadly neutral impact on credit standards for loans to households and a slightly easing impact for loans to enterprises.

The impact of the APP continued to be stronger on credit terms and conditions, although the effect was generally smaller than in the April 2017 survey (loans to enterprises: -11%, from -14%, housing loans: -9%, from -8%, consumer credit and other lending to households: -6%, from -10%; see Chart 20, right-hand side). The favourable impact on terms and conditions is expected by BLS banks to continue over the next six months, albeit with less intensity.

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

For the fourth time, the October 2017 survey questionnaire included an ad hoc question aimed at gauging the impact of the ECB's negative deposit facility rate (DFR) on banks' net interest income, lending conditions and lending volumes. Banks were asked to consider both direct and indirect effects of the negative DFR, as there may be indirect effects on banks' financial situation and lending conditions even if the bank concerned has no excess liquidity.[8]

8 The results shown in this section are calculated as a percentage of the number of banks which did not reply "not applicable" to the respective question. The percentages of "NA" responses were low overall.

With respect to the effect of the ECB's negative DFR on banks' net interest income,[9] euro area BLS banks continued to report a negative impact on their net interest income in net percentage terms over the past six months (-81%, after -85% in the April 2017 BLS round; see Chart 21). A similar impact is expected over the coming six months (net percentage of -79%).

Regarding the impact of the negative DFR on loans to enterprises, euro area banks continued to report a negative impact on their lending rates over the past six months (net percentage of -38%, after -45%) and a negative impact on their loan margins10 (-31%, after -27%; see Chart 21). At the same time, the net percentage of euro area banks that indicated that the negative DFR had led to an increase in non-interest rate charges for loans to enterprises over the past six months was close to zero (from 4% in the April 2017 round). This may be related to the competitive pressure reported by banks in the standard questions. In terms of lending volumes to enterprises, the negative DFR was reported to have had a positive impact over the past six months, although this was smaller than in the previous round (net percentage of banks: 7%, after 16%). A decreasing net percentage of banks expects of their lending rates (-31%) and loan margins (-27%) to decline over the next six months owing to the negative DFR. In addition, euro area banks expect a small positive impact on non-interest charges (2%) and an ongoing positive effect on lending volumes to enterprises in net terms (8%).

Regarding the negative DFR impact on loans to households for house purchase, a smaller net percentage of euro area banks than in the April 2017 BLS round indicated a negative impact on their lending rates (-32%, after -39%) and their loan margins (-19%, after -28%; see Chart 21) over the past six months. At the same time, the net percentage of euro area banks indicating that the negative DFR had led to an increase in non-interest rate charges for housing loans over the past six months was close to zero (1%, after 4% in the April 2017 round). In terms of lending volumes, euro area banks reported a continued positive effect from the negative DFR (10%, after 23%). For the next six months, a further declining net percentage of banks expects a negative DFR impact on lending rates (-26%) and loan margins (-17%), while the impact on lending volumes (12%) is predicted to remain similar. A small net percentage of banks expect an increase in non-interest charges (3%) as consequence of the negative DFR.

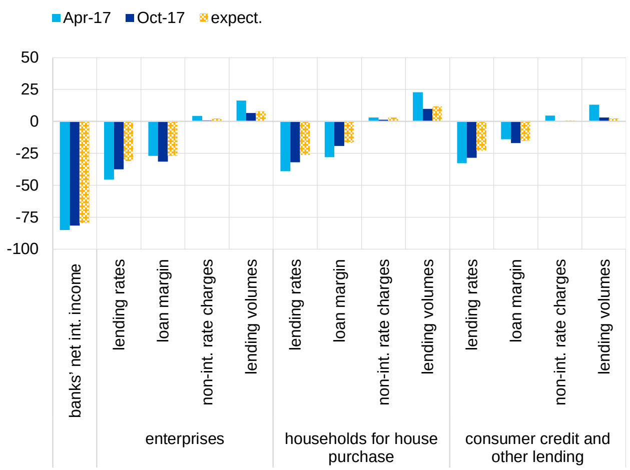
9 Net interest income is defined as the difference between the interest earned and the interest paid by the bank on the outstanding amount of interest-bearing assets and liabilities.

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

Chart 21

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

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



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

In terms of consumer credit and other lending to households, a smaller net percentage of euro area banks indicated that the negative DFR had had a negative impact on their lending rates over the past six months (-29%, after -33%) and a negative impact on their loan margins (-17%, after -14%; see Chart 21). At the same time, the net percentage of euro area banks that indicated that the negative DFR had led to an increase in non-interest rate charges for consumer credit over the past six months was close to zero (after 5% in the April 2017 round). In terms of lending volumes, euro area banks reported a small positive effect from the negative DFR (net percentage of banks: 3%, after 13%). For the next six months, a smaller net percentage of banks foresees a negative DFR impact on lending rates (-23%) and loan margins (-15%), while the impact on non-interest charges is expected to be broadly neutral (1%) and the effect on lending volumes to be small (2%).

Annex 1
Results for the standard questions[11]

Loans or credit lines to enterprises

Question 1

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
Tightened considerably	0	0	0	0	0	0	0	0	0	0
Tightened somewhat	0	2	2	3	1	2	0	2	0	2
Remained basically unchanged	97	95	94	92	90	92	94	95	95	95
Eased somewhat	3	3	5	5	9	6	6	4	5	3
Eased considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**-3**	***-1***	**-3**	***-1***	**-8**	***-4***	**-6**	***-2***	**-5**	***-2***
Diffusion index	**-2**	***-1***	**-2**	***-1***	**-4**	***-2***	**-3**	***-1***	**-2**	***-1***
Mean	*3.03*	*3.01*	*3.03*	*3.01*	*3.08*	*3.04*	*3.06*	*3.02*	*3.05*	*3.02*
Number of banks responding	***135***	***134***	***131***	***130***	***130***	***129***	***135***	***134***	***135***	***134***

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.

[11] 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)

OVERALL

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	1	96	0	0	3	0	1	0	1	3.00	2.99
Your bank's ability to access market financing	0	0	95	1	0	5	-1	-1	-1	0	3.01	3.01
Your bank's liquidity position	0	0	92	5	0	3	-4	-5	-2	-2	3.04	3.05
B) Pressure from competition												
Competition from other banks	0	0	83	14	0	3	-19	-14	-9	-7	3.19	3.14
Competition from non-banks	0	0	90	4	0	5	-2	-4	-1	-2	3.02	3.05
Competition from market financing	0	0	90	4	0	5	0	-4	0	-2	3.00	3.05
C) Perception of risk												
General economic situation and outlook	0	1	92	5	0	2	-6	-5	-3	-2	3.06	3.05
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	1	95	2	0	2	-2	-2	-1	-1	3.02	3.02
Risk related to the collateral demanded	0	1	96	1	0	2	1	-1	0	0	2.99	3.01
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	93	0	0	5	-1	2	0	1	3.01	2.98

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	2	90	2	0	6	0	0	0	0	3.00	3.00
Your bank's ability to access market financing	0	0	90	2	0	7	0	-2	0	-1	3.00	3.02
Your bank's liquidity position	0	0	87	7	0	6	0	-7	0	-3	3.00	3.07
B) Pressure from competition												
Competition from other banks	0	0	83	11	0	6	-10	-11	-5	-6	3.10	3.12
Competition from non-banks	0	0	90	2	0	8	-2	-2	-1	-1	3.02	3.02
Competition from market financing	0	0	90	2	0	8	0	-2	0	-1	3.00	3.02
C) Perception of risk												
General economic situation and outlook	0	0	90	5	0	5	-2	-5	-1	-3	3.02	3.05
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	0	91	4	0	5	0	-4	0	-2	3.00	3.04
Risk related to the collateral demanded	0	0	92	3	0	5	2	-3	1	-1	2.98	3.03
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	3	87	2	0	8	1	1	1	1	2.99	2.99

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	1	91	0	0	7	0	1	0	0	3.00	2.99
Your bank's ability to access market financing	0	0	89	2	0	9	-1	-2	-1	-1	3.01	3.02
Your bank's liquidity position	0	0	88	5	0	7	-4	-5	-2	-3	3.04	3.05
B) Pressure from competition												
Competition from other banks	0	0	75	18	0	7	-18	-18	-10	-9	3.21	3.18
Competition from non-banks	0	0	85	5	0	10	-4	-5	-2	-3	3.04	3.06
Competition from market financing	0	0	86	4	0	10	-5	-4	-3	-2	3.06	3.05
C) Perception of risk												
General economic situation and outlook	0	1	87	6	0	6	-10	-6	-5	-3	3.10	3.06
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	1	91	3	0	6	-6	-2	-3	-1	3.06	3.02
Risk related to the collateral demanded	0	1	91	2	0	7	-5	-1	-2	-1	3.05	3.01
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	89	0	0	9	-6	1	-3	1	3.07	2.99

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

Question 3

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

(in percentages, unless otherwise stated)

OVERALL

	--	-	°	+	++	NA	NetP Jul 17	NetP Oct 17	DI Jul 17	DI Oct 17	Mean Jul 17	Mean Oct 17
A) Overall terms and conditions												
Overall terms and conditions	0	3	86	10	0	2	-7	-7	-4	-3	3.07	3.07
B) Margins												
Your bank's margin on average loans	0	3	66	29	0	2	-23	-26	-12	-13	3.23	3.26
Your bank's margin on riskier loans	0	4	88	5	0	3	-2	-2	-1	-1	3.02	3.02
C) Other conditions and terms												
Non-interest rate charges	0	2	96	0	0	2	2	2	1	1	2.98	2.98
Size of the loan or credit line	0	0	93	5	0	2	-4	-5	-2	-2	3.04	3.05
Collateral requirements	0	0	93	4	0	2	-1	-4	-1	-2	3.01	3.05
Loan covenants	0	0	90	6	0	3	-5	-6	-3	-3	3.06	3.06
Maturity	0	2	91	5	0	2	-6	-4	-3	-2	3.06	3.04

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP Jul 17	NetP Oct 17	DI Jul 17	DI Oct 17	Mean Jul 17	Mean Oct 17
A) Overall terms and conditions												
Overall terms and conditions	0	3	84	8	0	5	-4	-5	-2	-3	3.05	3.05
B) Margins												
Your bank's margin on average loans	0	3	73	19	0	5	-15	-15	-7	-8	3.15	3.16
Your bank's margin on riskier loans	0	4	90	1	0	6	0	3	0	1	3.00	2.97
C) Other conditions and terms												
Non-interest rate charges	0	2	93	0	0	5	3	2	1	1	2.97	2.98
Size of the loan or credit line	0	0	93	2	0	5	-1	-2	-1	-1	3.01	3.02
Collateral requirements	0	0	90	4	0	5	0	-4	0	-2	3.01	3.04
Loan covenants	0	0	90	5	0	5	-3	-5	-2	-3	3.03	3.06
Maturity	0	2	89	4	0	5	-2	-3	-1	-1	3.02	3.03

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP Jul 17	NetP Oct 17	DI Jul 17	DI Oct 17	Mean Jul 17	Mean Oct 17
A) Overall terms and conditions												
Overall terms and conditions	0	2	82	10	0	6	-7	-8	-4	-4	3.08	3.09
B) Margins												
Your bank's margin on average loans	0	2	61	31	0	6	-25	-29	-12	-15	3.26	3.30
Your bank's margin on riskier loans	0	2	85	6	0	6	-3	-4	-1	-2	3.03	3.04
C) Other conditions and terms												
Non-interest rate charges	0	2	91	1	0	6	1	1	1	1	2.99	2.99
Size of the loan or credit line	0	0	89	5	0	6	-5	-5	-2	-3	3.05	3.05
Collateral requirements	0	0	89	4	0	6	1	-4	1	-2	2.99	3.05
Loan covenants	0	0	85	8	0	6	-6	-8	-3	-4	3.07	3.08
Maturity	0	2	86	7	0	6	-7	-5	-3	-2	3.07	3.05

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

Question 4

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

(in percentages, unless otherwise stated)

OVERALL IMPACT ON YOUR BANK'S CREDIT TERMS AND CONDITIONS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	94	4	0	2	-3	-3	-2	-2	3	3.03
B) Pressure from competition												
Pressure from competition	0	0	71	27	0	2	-24	-27	-12	-14	3	3.28
C) Perception of risk												
Perception of risk	0	0	92	6	0	2	-6	-6	-3	-3	3	3.06
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	96	1	0	2	-2	1	-1	0	3	2.99

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	95	3	0	2	-4	-3	-2	-1	3	3.03
B) Pressure from competition												
Pressure from competition	0	0	74	23	1	2	-24	-23	-12	-12	3	3.24
C) Perception of risk												
Perception of risk	0	0	92	6	0	2	-5	-6	-3	-3	3	3.06
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	94	2	0	2	-1	-1	-1	0	3	3.01

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	3	93	1	0	3	-2	2	-1	1	3	2.98
B) Pressure from competition												
Pressure from competition	0	3	84	10	0	3	-9	-7	-4	-3	3	3.07
C) Perception of risk												
Perception of risk	0	2	95	0	0	3	1	2	0	1	3	2.98
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	5	91	1	0	3	-1	4	0	2	3	2.96

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

Question 5

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

(in percentages, unless otherwise stated)

	Share of rejected applications	
	Jul 17	Oct 17
Decreased considerably	0	0
Decreased somewhat	6	3
Remained basically unchanged	93	93
Increased somewhat	1	4
Increased considerably	0	0
Total	*100*	*100*
Net percentage	***-4***	***1***
Diffusion index	***-2***	***1***
Mean	*2.96*	*3.01*
Number of banks responding	***134***	***133***

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

Question 6

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
Decreased considerably	0	1	0	1	1	0	0	1	0	0
Decreased somewhat	10	7	10	7	11	11	14	9	9	10
Remained basically unchanged	66	69	68	69	69	72	70	81	63	65
Increased somewhat	24	23	22	22	19	17	16	9	28	26
Increased considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**14**	***15***	**12**	***14***	**7**	***7***	**2**	***-1***	**19**	***16***
Diffusion index	**7**	***7***	**6**	***6***	**3**	***3***	**1**	***-1***	**9**	***8***
Mean	*3.14*	*3.14*	*3.12*	*3.12*	*3.05*	*3.07*	*3.02*	*2.98*	*3.19*	*3.16*
Number of banks responding	***135***	***134***	***131***	***130***	***130***	***129***	***135***	***133***	***135***	***134***

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

Question 7

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Financing needs/underlying drivers or purpose of loan demand												
Fixed investment	0	4	77	15	1	2	15	13	7	7	3.15	3.14
Inventories and working capital	0	8	78	10	0	3	9	2	5	1	3.09	3.02
Mergers/acquisitions and corporate restructuring	0	2	83	12	0	3	16	11	10	5	3.20	3.11
General level of interest rates	0	1	83	13	1	2	13	14	9	7	3.17	3.15
Debt refinancing/restructuring and renegotiation	0	2	91	5	0	2	13	3	6	1	3.13	3.03
B) Use of alternative finance												
Internal financing	0	9	85	2	0	4	-11	-7	-5	-3	2.89	2.93
Loans from other banks	1	6	82	7	0	4	-1	0	-1	-1	2.99	2.99
Loans from non-banks	0	7	88	1	0	4	-2	-5	-1	-3	2.98	2.95
Issuance/redemption of debt securities	0	2	86	3	0	8	0	1	0	1	3.00	3.01
Issuance/redemption of equity	0	2	87	1	0	9	-1	-1	-1	-1	2.98	2.99

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

Question 8

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
Tighten considerably	0	0	0	0	0	0	0	0	0	0
Tighten somewhat	1	1	0	1	1	1	1	0	0	1
Remain basically unchanged	95	97	99	96	95	97	93	96	95	97
Ease somewhat	4	2	1	3	4	2	5	4	5	2
Ease considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***-2***	***0***	***-1***	***-2***	***-2***	***-1***	***-4***	***-4***	***-5***	***0***
Diffusion index	***-1***	***0***	***-1***	***-1***	***-1***	***-1***	***-2***	***-2***	***-2***	***0***
Mean	*3.02*	*3.00*	*3.01*	*3.02*	*3.02*	*3.01*	*3.04*	*3.04*	*3.05*	*3.00*
Number of banks responding	***134***	***133***	***130***	***129***	***129***	***128***	***134***	***133***	***134***	***133***

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

Question 9

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
Decrease considerably	0	0	0	0	0	0	0	0	0	0
Decrease somewhat	1	1	2	1	3	2	3	1	2	1
Remain basically unchanged	80	72	80	70	78	74	84	74	77	73
Increase somewhat	18	27	18	29	18	24	12	24	20	26
Increase considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***17***	***26***	***17***	***28***	***16***	***21***	***10***	***23***	***19***	***24***
Diffusion index	***9***	***13***	***9***	***14***	***8***	***11***	***5***	***12***	***10***	***12***
Mean	*3.18*	*3.26*	*3.17*	*3.28*	*3.16*	*3.21*	*3.10*	*3.23*	*3.19*	*3.24*
Number of banks responding	***135***	***134***	***131***	***130***	***130***	***129***	***135***	***134***	***135***	***134***

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

Loans to households

Question 10

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jul 17	Oct 17	Jul 17	Oct 17
Tightened considerably	0	0	0	0
Tightened somewhat	3	0	3	0
Remained basically unchanged	89	88	96	96
Eased somewhat	7	10	2	4
Eased considerably	0	1	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***-4***	***-11***	***1***	***-4***
Diffusion index	***-2***	***-6***	***1***	***-2***
Mean	*3.04*	*3.12*	*2.99*	*3.04*
Number of banks responding	***131***	***130***	***132***	***131***

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

Question 11

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	92	0	0	8	1	1	1	0	2.98	2.99
B) Pressure from competition												
Competition from other banks	0	0	80	13	0	7	-15	-13	-7	-7	3.15	3.14
Competition from non-banks	0	0	89	4	0	7	-8	-4	-5	-2	3.11	3.04
C) Perception of risk												
General economic situation and outlook	0	0	89	4	0	7	-10	-4	-5	-2	3.10	3.05
Housing market prospects, including expected house price developments	0	0	92	2	0	7	-7	-2	-3	-1	3.07	3.02
Borrower's creditworthiness	0	0	89	4	0	7	-10	-4	-5	-2	3.10	3.04
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	88	4	0	7	0	-4	0	-2	3.00	3.05

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

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

Question 12

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Overall terms and conditions												
Overall terms and conditions	0	0	88	5	0	7	-4	-5	-2	-2	3.05	3.05
B) Margins												
Your bank's loan margin on average loans	0	2	77	15	0	7	-16	-13	-8	-6	3.17	3.14
Your bank's loan margin on riskier loans	0	3	83	5	0	9	-4	-3	-2	-1	3.04	3.03
C) Other terms and conditions												
Collateral requirements	0	0	90	3	0	7	-1	-3	0	-2	3.01	3.03
"Loan-to-value" ratio	0	3	88	0	0	9	4	3	2	1	2.95	2.97
Other loan size limits	0	0	93	0	0	7	-2	0	-1	0	3.01	3.00
Maturity	0	1	92	0	0	7	0	1	0	0	3.00	2.99
Non-interest rate charges	0	0	92	1	0	7	-1	-1	-1	-1	3.02	3.01

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

Question 13

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

(in percentages, unless otherwise stated)

OVERALL IMPACT ON YOUR BANK'S CREDIT TERMS AND CONDITIONS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	87	4	0	7	0	-3	0	-1	3	3.03
B) Pressure from competition												
Pressure from competition	0	0	80	10	3	7	-14	-13	-7	-8	3	3.17
C) Perception of risk												
Perception of risk	0	2	86	5	0	7	-4	-3	-2	-1	3	3.03
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	91	2	0	7	1	-2	0	-1	3	3.02

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	88	3	0	7	0	-2	0	-1	3	3.02
B) Pressure from competition												
Pressure from competition	0	0	77	15	2	7	-20	-16	-11	-9	3	3.19
C) Perception of risk												
Perception of risk	0	1	92	0	0	7	-5	1	-2	1	3	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	91	2	0	7	0	-2	0	-1	3	3.02

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	5	85	0	0	9	3	5	2	2	3	2.94
B) Pressure from competition												
Pressure from competition	0	3	82	5	1	9	-9	-4	-4	-3	3	3.06
C) Perception of risk												
Perception of risk	0	4	87	0	0	9	1	4	0	2	3	2.95
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	5	86	0	0	9	2	5	1	2	3	2.95

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

Question 14

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	95	0	0	5	1	0	0	0	2.99	3.00
B) Pressure from competition												
Competition from other banks	0	1	91	4	0	4	-2	-4	-1	-2	3.02	3.04
Competition from non-banks	0	1	94	2	0	4	-2	-1	-1	0	3.02	3.01
C) Perception of risk												
General economic situation and outlook	0	0	94	2	0	4	-1	-2	-1	-1	3.01	3.02
Creditworthiness of consumers(1)	0	0	95	1	0	4	-5	-1	-2	-1	3.05	3.01
Risk on the collateral demanded	0	0	89	0	0	11	0	0	0	0	3.00	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	94	2	0	4	0	-2	0	-1	3.00	3.02

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

Question 15

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Overall terms and conditions												
Overall terms and conditions	0	1	91	3	0	4	-2	-2	-1	-1	3.01	3.02
B) Margins												
Your bank's loan margin on average loans	0	2	88	6	0	4	-6	-4	-3	-2	3.06	3.04
Your bank's loan margin on riskier loans	0	2	92	2	0	5	0	0	0	0	3.01	3.00
C) Other terms and conditions												
Collateral requirements	0	0	91	0	0	9	0	0	0	0	3.00	3.00
Size of the loan	0	0	93	3	0	4	-4	-3	-2	-1	3.04	3.03
Maturity	0	0	94	1	0	4	-3	-1	-1	-1	3.03	3.01
Non-interest rate charges	0	0	96	0	0	4	1	0	0	0	2.99	3.00

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

Question 16

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

(in percentages, unless otherwise stated)

OVERALL IMPACT ON YOUR BANK'S CREDIT TERMS AND CONDITIONS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	95	1	0	4	-1	-1	0	0	3.01	3.01
B) Pressure from competition												
Pressure from competition	0	0	88	8	0	4	-6	-8	-3	-4	3.06	3.08
C) Perception of risk												
Perception of risk	0	1	95	0	0	4	-3	1	-2	1	3.03	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	95	1	0	4	0	-1	0	-1	3.00	3.01

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	95	1	0	4	-1	-1	-1	-1	3.01	3.01
B) Pressure from competition												
Pressure from competition	0	0	86	10	0	4	-11	-10	-6	-5	3.12	3.10
C) Perception of risk												
Perception of risk	0	1	95	0	0	4	-3	1	-2	1	3.03	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	95	0	0	4	0	0	0	0	3.00	3.00

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	93	1	0	5	1	0	1	0	2.99	3.00
B) Pressure from competition												
Pressure from competition	0	0	93	2	0	5	-1	-1	-1	-1	3.02	3.01
C) Perception of risk												
Perception of risk	0	1	94	0	0	5	0	1	0	1	3.00	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	95	0	0	5	0	0	0	0	3.00	3.00

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

Question 17

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jul 17	Oct 17	Jul 17	Oct 17
Decreased considerably	0	0	0	0
Decreased somewhat	4	6	11	8
Remained basically unchanged	92	90	87	88
Increased somewhat	4	4	2	3
Increased considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***0***	***-2***	***-10***	***-5***
Diffusion index	***0***	***-1***	***-5***	***-2***
Mean	*3.00*	*2.98*	*2.90*	*2.95*
Number of banks responding	***129***	***129***	***131***	***131***

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

Question 18

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jul 17	Oct 17	Jul 17	Oct 17
Decreased considerably	0	0	0	0
Decreased somewhat	12	9	3	2
Remained basically unchanged	57	70	82	79
Increased somewhat	28	20	13	19
Increased considerably	3	1	2	0
Total	*100*	*100*	*100*	*100*
Net percentage	***19***	***12***	***11***	***17***
Diffusion index	***11***	***6***	***6***	***8***
Mean	*3.22*	*3.12*	*3.13*	*3.17*
Number of banks responding	***131***	***130***	***133***	***132***

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

Question 19

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Financing needs/underlying drivers or purpose of loan demand												
Housing market prospects, including expected house price developments	0	3	63	28	0	6	17	26	9	13	3.18	3.27
Consumer confidence	0	0	73	21	0	7	12	21	6	10	3.13	3.22
General level of interest rates	0	2	62	27	3	7	27	27	15	15	3.30	3.31
Debt refinancing/restructuring and renegotiation	0	3	83	7	0	7	3	4	1	2	3.03	3.04
Regulatory and fiscal regime of housing markets	0	5	85	2	0	7	2	-3	1	-1	3.02	2.97
B) Use of alternative sources for housing finance												
Internal finance of house purchase out of savings/down payment	0	3	87	0	0	10	-4	-3	-2	-1	2.95	2.97
Loans from other banks	0	4	84	2	0	11	-4	-2	-2	-1	2.95	2.98
Other sources of external finance	0	0	89	0	0	11	0	0	0	0	3.00	3.00

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding “+” (contributed somewhat to increasing demand) and “++” (contributed considerably to increasing demand) and the sum of banks responding “-” (contributed somewhat to lowering demand) and “--” (contributed considerably to lowering demand). “°” means “contributed to basically unchanged demand”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

Question 20

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 17	Oct 17	Jul 17	Oct 17	Jul 17	Oct 17
A) Financing needs/underlying drivers or purpose of loan demand												
Spending on durable consumer goods	0	1	78	18	0	3	23	18	12	9	3.24	3.18
Consumer confidence	0	0	75	22	0	3	12	22	6	11	3.13	3.23
General level of interest rates	0	0	79	18	0	3	22	18	13	9	3.26	3.18
Consumption expenditure financed through real-estate guaranteed loans	0	0	85	0	0	15	0	0	0	0	3.00	3.00
B) Use of alternative finance												
Internal finance out of savings	0	2	91	0	0	7	-3	-2	-2	-1	2.96	2.97
Loans from other banks	0	3	90	1	0	6	-4	-2	-2	-1	2.96	2.98
Other sources of external finance	0	0	94	0	0	6	-2	0	-1	0	2.98	3.00

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding “+” (contributed somewhat to increasing demand) and “++” (contributed considerably to increasing demand) and the sum of banks responding “-” (contributed somewhat to lowering demand) and “--” (contributed considerably to lowering demand). “°” means “contributed to basically unchanged demand”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

Question 21

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jul 17	Oct 17	Jul 17	Oct 17
Tighten considerably	0	0	0	0
Tighten somewhat	3	2	1	0
Remain basically unchanged	88	94	93	98
Ease somewhat	8	4	5	2
Ease considerably	1	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***-6***	***-3***	***-4***	***-2***
Diffusion index	***-3***	***-1***	***-2***	***-1***
Mean	*3.07*	*3.03*	*3.04*	*3.02*
Number of banks responding	***131***	***130***	***132***	***131***

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

Question 22

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jul 17	Oct 17	Jul 17	Oct 17
Decrease considerably	0	0	0	0
Decrease somewhat	5	4	1	1
Remain basically unchanged	76	69	82	83
Increase somewhat	20	27	18	16
Increase considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***15***	***23***	***17***	***16***
Diffusion index	***8***	***11***	***9***	***8***
Mean	*3.15*	*3.23*	*3.17*	*3.16*
Number of banks responding	***131***	***130***	***133***	***132***

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

Annex 2
Results for the ad hoc questions

Question A1

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

(in percentages, unless otherwise stated)

	Over the past three months								Over the next three months								N/A[(2)]
	--	-	°	+	++	NetP	Mean	Standard deviation	--	-	°	+	++	NetP	Mean	Standard deviation	
A) Retail funding																	
Short-term deposits (up to one year)	0	1	89	10	0	-9	3.09	0.35	0	0	93	7	0	-7	3.07	0.27	4
Long-term (more than one year) deposits and other retail funding instruments	0	5	91	3	1	0	3.01	0.39	0	4	93	2	1	0	3.01	0.36	3
B) Inter-bank unsecured money market																	
Very short-term money market (up to 1 week)	0	0	97	3	0	-3	3.03	0.20	0	0	99	1	0	-1	3.01	0.13	6
Short-term money market (more than 1 week)	0	0	97	3	0	-3	3.03	0.18	0	0	99	1	0	0	3.00	0.10	6
C) Wholesale debt securities[(3)]																	
Short-term debt securities (e.g. certificates of deposit or commercial paper)	0	0	94	5	2	-6	3.08	0.34	0	0	96	2	2	-4	3.06	0.31	17
Medium to long term debt securities (incl. covered bonds)	0	0	79	19	3	-21	3.24	0.51	0	2	87	11	0	-9	3.09	0.36	8
D) Securitisation[(4)]																	
Securitisation of corporate loans	0	0	95	3	2	-5	3.07	0.35	0	0	94	1	4	-6	3.10	0.44	43
Securitisation of loans for house purchase	0	0	97	1	2	-3	3.05	0.33	0	0	97	1	2	-3	3.05	0.33	46
E) Ability to transfer credit risk off balance sheet[(5)]																	
Ability to transfer credit risk off balance sheet	0	0	93	4	3	-7	3.10	0.43	0	3	92	2	3	-1	3.04	0.45	42

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

Notes: "--" = deteriorated considerably/will deteriorate considerably; "-" = deteriorated somewhat/will deteriorate somewhat; "o" = remained unchanged/will remain unchanged; "+" = eased somewhat/will ease somewhat; "++" = eased considerably/will ease considerably. The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. Figures may not exactly add up due to rounding.

Question A2

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

(in percentages, unless otherwise stated)

	Over the past six months									Over the next six months								
	--	-	°	+	++	N/A [1]	NetP	Mean	Standard deviation	--	-	°	+	++	N/A [1]	NetP	Mean	Standard deviation
A) Your bank's total assets																		
Your bank's total assets (non-risk weighted volume)	0	8	84	8	0	6	0	3	0	0	5	89	6	0	6	1	3	0
of which:																		
euro area sovereign bond holdings	13	16	70	1	0	6	-27	3	1	14	11	72	3	0	7	-22	3	1
B) Your bank's liquidity position																		
Your bank's overall liquidity position	0	0	82	17	1	5	18	3	0	0	0	88	12	0	5	12	3	0
owing to:																		
sales of marketable assets	0	0	88	12	0	20	12	3	0	0	0	94	6	0	20	6	3	0
an increase in deposits from enterprises[2] and households	0	0	80	20	0	6	20	3	0	0	0	85	15	0	8	15	3	0
C) Your bank's market financing conditions																		
Your bank's overall market financing conditions	0	0	73	27	0	6	27	3	0	0	0	79	21	0	11	21	3	0
of which financing via:																		
asset-backed securities	0	0	83	17	0	33	17	3	0	0	0	90	10	0	32	10	3	0
covered bonds	0	0	67	30	3	14	33	3	1	0	0	72	27	2	14	28	3	1
unsecured bank bonds	0	0	83	16	1	14	17	3	0	0	2	90	7	0	16	5	3	0
equity issued	0	0	95	4	1	45	5	3	0	0	0	99	1	0	45	1	3	0
D) Your bank's profitability																		
Your bank's overall profitability	0	35	59	6	0	5	-29	3	1	4	33	62	1	0	5	-35	3	1
owing to:																		
net interest margin[3]	1	44	50	5	0	6	-41	3	1	4	37	57	2	0	6	-39	3	1
capital gains/losses	1	0	80	19	0	9	17	3	0	0	1	96	4	0	9	3	3	0
of which: capital gains/losses out of sales of marketable assets	1	0	81	18	0	18	16	3	0	0	1	94	5	0	18	4	3	0
E) Your bank's capital position																		
Your bank's capital ratio[4]	0	1	88	11	0	10	10	3	0	0	2	90	8	0	10	7	3	0
owing to capital release[5]			99	1	0	29						100	0	0	29			
Your bank's leverage ratio[6]	0	1	94	4	0	5	3	3	0	0	1	97	2	0	5	0	3	0

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

Notes: "--" = has contributed/will contribute considerably to a decrease or deterioration; "-" = has contributed/will contribute somewhat to a decrease or deterioration; "o" = has had/will have basically no impact; "+" = has contributed/will contribute somewhat to an increase or improvement; "++" = has contributed/will contribute considerably to an increase or improvement. The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. Figures may not exactly sum up due to rounding.

Question A3

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

(in percentages, unless otherwise stated)

	Over the past six months						Over the next six months					
	Has contributed considerably to this purpose	Has contributed somewhat to this purpose	Has had basically no impact	N/A 1)	Mean	Standard deviation	Will contribute considerably to this purpose	Will contribute somewhat to this purpose	Will basically have no impact	N/A 1)	Mean	Standard deviation
A) Increased liquidity resulting from your bank's sales of marketable assets												
For refinancing:												
For substituting deposit shortfalls	1	0	98	40	3.03	0.24	0	0	100	40	3.00	0.07
For substituting maturing debt	0	10	90	40	3.10	0.32	0	6	94	40	3.06	0.25
For substituting interbank lending	0	8	92	40	3.08	0.29	0	4	96	40	3.04	0.22
For substituting Eurosystem liquidity operations	1	2	97	40	3.05	0.32	0	1	99	41	3.01	0.12
For granting loans:												
Loans to non-financial corporations	2	15	83	35	3.19	0.46	2	13	86	35	3.16	0.44
Loans to households for house purchase	1	11	88	38	3.13	0.40	1	11	88	38	3.13	0.40
Consumer credit and other lending to households	2	9	89	36	3.13	0.42	1	10	89	36	3.12	0.37
For purchasing assets:												
Euro area marketable assets, excluding sovereign bonds	0	8	92	42	3.08	0.29	0	6	94	42	3.07	0.29
Non-euro area marketable assets	0	2	98	42	3.02	0.14	0	2	98	42	3.02	0.14
B) Increased liquidity owing to an increase in customer deposits from enterprises(2) and households												
For refinancing:												
For substituting maturing debt	0	13	87	33	3.13	0.36	0	11	89	32	3.11	0.33
For substituting interbank lending	0	9	91	34	3.09	0.31	0	8	92	32	3.08	0.29
For substituting Eurosystem liquidity operations	1	2	97	34	3.03	0.24	0	4	96	33	3.04	0.20
For granting loans:												
Loans to non-financial corporations	1	27	71	34	3.30	0.52	1	25	74	32	3.27	0.50
Loans to households for house purchase	1	24	76	36	3.25	0.49	1	25	74	35	3.26	0.49
Consumer credit and other lending to households	1	17	82	34	3.19	0.44	1	14	85	32	3.16	0.42
For purchasing assets:												
Euro area marketable assets, excluding sovereign bonds	0	3	97	42	3.03	0.21	0	2	98	41	3.03	0.21
Non-euro area marketable assets	0	1	99	46	3.01	0.09	0	0	100	45	3.00	0.04

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

Question A4

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

(in percentages, unless otherwise stated)

	Over the past six months									Over the next six months								
	--	-	o	+	++	N/A (1)	NetP	Mean	Standard deviation	--	-	o	+	++	N/A (1)	NetP	Mean	Standard deviation
A) Credit standards																		
For loans to enterprises	0	0	95	4	0	8	-4	3	0	0	0	96	4	0	8	-4	3	0
For loans to households for house purchase	0	0	97	3	0	13	-2	3	0	0	0	99	1	0	13	-1	3	0
For consumer credit and other lending to households	0	1	98	1	0	11	-1	3	0	0	0	98	1	0	11	-1	3	0
B) Terms and conditions																		
For loans to enterprises	0	1	88	9	2	8	-11	3	0	0	2	92	6	0	8	-5	3	0
For loans to households for house purchase	0	0	91	9	0	13	-9	3	0	0	0	96	4	0	13	-4	3	0
For consumer credit and other lending to households	0	0	94	6	0	11	-6	3	0	0	0	96	3	0	11	-3	3	0

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

Notes: "--" = has contributed/will contribute considerably to tightening credit standards/terms and conditions; "-" = has contributed/will contribute somewhat to tightening credit standards/terms and conditions; "o" = has had/will have basically no impact on credit standards/terms and conditions; "+" = has contributed/will contribute somewhat to easing credit standards/terms and conditions; "++" = has contributed/will contribute considerably to easing credit standards/terms and conditions. The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. Figures may not exactly sum up due to rounding.

Question A5

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

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

over the past or next six months?

(in percentages, unless otherwise stated)

	Over the past six months									Over the next six months								
	--	-	°	+	++	N/A[2]	NetP	Mean	Standard deviation	--	-	°	+	++	N/A[2]	NetP	Mean	Standard deviation
Impact on your bank's net interest income																		
Impact on your bank's net interest income[3]	20	62	17	1	0		-81	2	1	20	60	19	1	0		-79	2	1
Loans to enterprises																		
Impact on your bank's lending rates	4	37	57	3	0	7	-38	3	1	4	29	65	2	0	7	-31	3	1
Impact on your bank's loan margin[4]	3	30	66	1	0	7	-31	3	1	3	25	71	1	0	7	-27	3	1
Impact on your bank's non-interest rate charges	0	3	93	4	0	8	1	3	0	0	2	94	4	0	8	2	3	0
Impact on your bank's lending volume	0	3	86	10	0	7	7	3	0	0	4	85	12	0	7	8	3	0
Loans to households for house purchase																		
Impact on your bank's lending rates	3	30	67	1	0	11	-32	3	1	3	23	74	0	0	11	-26	3	1
Impact on your bank's loan margin[4]	1	19	77	2	0	10	-19	3	1	1	16	81	1	0	11	-17	3	0
Impact on your bank's non-interest rate charges	0	3	93	4	0	11	1	3	0	0	1	94	4	1	11	3	3	0
Impact on your bank's lending volume	0	3	84	13	0	10	10	3	0	0	3	83	15	0	11	12	3	0
Consumer credit and other lending to households																		
Impact on your bank's lending rates	2	27	70	1	0	9	-29	3	1	2	21	76	1	0	9	-23	3	1
Impact on your bank's loan margin[4]	1	16	82	1	0	9	-17	3	0	1	14	84	1	0	9	-15	3	0
Impact on your bank's non-interest rate charges	0	1	97	1	0	10	0	3	0	0	1	97	2	0	10	1	3	0
Impact on your bank's lending volume	0	3	91	6	0	9	3	3	0	0	3	92	5	0	9	2	3	0

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

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