EUROPEAN CENTRAL BANK

EUROSYSTEM

# The euro area bank lending survey

## Second quarter of 2025

July 2025

# Contents

# 1 Overview of results

In the July 2025 bank lending survey (BLS), euro area banks reported that credit standards for loans or credit lines to euro area firms remained broadly unchanged in the second quarter of 2025 (net percentage of banks of -1%; see Overview table).[1] Perceived risks related to the economic outlook continued to contribute to a tightening of credit standards, whereas competition had an easing impact. Euro area banks mostly reported no specific additional tightening impact on their credit standards from geopolitical uncertainty and trade tensions, although they intensified their monitoring of the most exposed sectors and firms. Among the four largest euro area countries, banks in Germany reported a net tightening of credit standards for firms, banks in Italy reported a net easing and banks in Spain and France reported unchanged credit standards. The net percentage of credit standards for firms was lower than banks had expected in the previous survey (net tightening of 5%) and follows a small net tightening in credit standards in the first quarter (3%). For the third quarter of 2025, banks expect unchanged credit standards for firms (0%).

Banks reported a small net tightening of credit standards for housing loans and a more pronounced net tightening for consumer credit (net percentages of 2% and 11% respectively). Changes in risk perceptions and the risk tolerance of banks were the main drivers of the tightening for both household loan segments. Across the largest euro area countries, credit standards for housing loans remained unchanged in Spain, France and Italy, while banks in Germany reported a net tightening. Credit standards for consumer credit tightened in all of the four largest euro area countries. The overall net tightening was less than anticipated by euro area banks in the first quarter for housing loans and larger for consumer credit (7% in both segments). For the third quarter of 2025, banks expect credit standards to ease slightly for housing loans (-3%) and to tighten further for consumer credit (4%).

Firms’ demand for loans increased slightly, in net terms, in the second quarter of 2025 (net percentage of 2%). It remained weak overall, supported by declining lending rates but dampened by global uncertainty and trade tensions. This followed a small net decrease in loan demand in the previous quarter (-3%). Firms’ loan demand was supported in the second quarter by declining lending rates, while the impact of fixed investment and inventories and working capital was neutral. Several banks referred to a dampening impact on loan demand from global uncertainty and the related trade tensions. Banks in Germany and Italy reported a net increase of firms’ loan demand, while banks in France reported a net decrease and banks in Spain zero change in loan demand in net terms. For the third quarter of 2025, banks expect a net increase in loan demand (7%).

---

[1] The results reported in the July 2025 survey relate to changes observed during the second quarter of 2025 and expectations for the third quarter of 2025. The survey was conducted between 13 June and 1 July 2025. A total of 155 banks were surveyed in this round, with a response rate of 100%. In addition to results for the euro area as a whole, this report contains results for the four largest euro area countries in terms of GDP (i.e. Germany, Spain, France and Italy).

Banks reported a further substantial net increase in demand for housing loans, while consumer credit demand increased only slightly (net percentages of 37% and 2%). Declining interest rates, improved housing market prospects and, to a lesser extent, consumer confidence, were the primary drivers of the continued increase in housing loan demand. The net increase was observed across a wide range of euro area countries – it was only slightly lower than in the previous quarter (41%) and was above banks' expectations (20%). Consumer credit demand was also supported by declining interest rates, together with "other factors", offsetting the negative contributions from lower consumer confidence and spending on durable goods. The net increase in demand for consumer credit was lower than in the previous quarter (10%) and banks' expectations (6%). For the third quarter of 2025, banks expect demand for housing loans to increase further (21%), while remaining broadly unchanged for consumer credit (1%).

Euro area banks' overall credit terms and conditions eased for loans to firms, remained unchanged for housing loans and tightened for consumer credit. For firms, lower lending rates and narrower margins on average loans contributed to an easing of terms and conditions, while margins on riskier loans led to tighter lending conditions. For housing loans, lending rates and margins, including margins on riskier loans, contributed to an easing of terms and conditions, although less than in the previous quarter. For consumer credit, margins on both riskier and average loans contributed the most to the tightened terms and conditions, followed by lending rates and collateral requirements.

Banks reported a small net increase in the share of rejected loan applications for firms, a more pronounced net increase for consumer credit and a broadly unchanged share for housing loans.

The July 2025 BLS contained the following ad hoc questions:

- Euro area banks' access to retail funding improved slightly in the second quarter of 2025, driven by short-term retail funding, eased moderately for money markets and debt securities, and remained broadly unchanged for securitisations. Access to debt securities eased more strongly for medium to long-term securities. Over the next three months, banks expect access to these funding sources to remain broadly unchanged.

- Euro area banks reported a net tightening impact of NPL ratios and other credit quality indicators on their credit standards across loan categories, and a net tightening impact on terms and conditions for loans to firms and consumer credit. Banks expect these trends to continue in the third quarter for firm loans and consumer credit, driven mostly by pressures related to supervisory or regulatory requirements.

- Changes in credit standards and loan demand were heterogeneous across the main economic sectors in the first half of 2025. Credit standards tightened in commercial real estate (CRE), manufacturing, wholesale and retail trade and, to a lesser extent, construction, while they eased slightly across most services (excluding financial services and real estate) and in residential real estate

(RRE). Banks reported a net decrease in demand for loans in the construction, manufacturing, and wholesale and retail sectors, consistent with the overall weakness in loan demand and the dampening impact of global uncertainty, as well as in CRE. They reported net increases in demand in RRE and in transport, accommodation and food services. For the second half of 2025, banks expect either broadly unchanged or easier credit standards in most main economic sectors and overall small changes in loan demand. The exception is RRE, for which banks expect a further moderate increase.

- Banks continue to consider firms' climate performance in their lending policies. They reported an easing impact on credit standards and terms and conditions for green firms and firms in transition and a tightening impact for high-emitting firms over the past 12 months. Both physical risk and firms' transition risk had a moderate net tightening impact on banks' lending policies, while climate-related fiscal support continued to have an easing impact. Banks also reported a net increase in demand for loans to green firms and firms in transition owing to climate change, while uncertainty over future climate regulation was perceived as an obstacle. Banks expect an overall similar impact over the next 12 months.

- Based on a new question on the impact of climate change on housing loans, banks reported an easing impact of climate change on credit standards for buildings with high energy performance and a tightening impact for buildings with low energy performance over the past 12 months. They expect a broadly corresponding impact over the next 12 months. As the easing impact for new buildings mostly offsets the tightening impact for old buildings, the net impact of energy performance was low. The physical risk of real estate was, however, an important driver of further net tightening in lending conditions overall, and an even higher net percentage of banks indicated that it will be a driver over the next year. Banks also reported a positive impact on loan demand for buildings with high and medium energy performance but a negative impact for those with low energy performance. Investment in energy performance was the key factor for climate-related loan demand, supported by preferential lending rates for increasing sustainability, whereas uncertainty about future climate regulation was reported as a dampening factor for loan demand.

- Banks reported that changes in excess liquidity held with the Eurosystem in the first half of 2025 had a neutral impact on bank lending conditions. Banks expect similar impacts during the second half of 2025.

## Overview table

Latest BLS results for the largest euro area countries

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

| | Enterprises | | | | | | House purchase | | | | | | Consumer credit | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Credit standards | | | Demand | | | Credit standards | | | Demand | | | Credit standards | | | Demand | | |
| **Country** | **Q1 25** | **Q2 25** | **Avg** | **Q1 25** | **Q2 25** | **Avg** | **Q1 25** | **Q2 25** | **Avg** | **Q1 25** | **Q2 25** | **Avg** | **Q1 25** | **Q2 25** | **Avg** | **Q1 25** | **Q2 25** | **Avg** |
| **Euro area** | 3 | -1 | 9 | -3 | 2 | -1 | -7 | 2 | 6 | 41 | 37 | 2 | 3 | 11 | 5 | 10 | 2 | 0 |
| **Germany** | 3 | 3 | 4 | 3 | 23 | 5 | -7 | 11 | 4 | 59 | 52 | 7 | 0 | 11 | 2 | 11 | 18 | 7 |
| **Spain** | 0 | 0 | 9 | 8 | 0 | -6 | 0 | 0 | 13 | 60 | 40 | -9 | 0 | 8 | 11 | 33 | 0 | -6 |
| **France** | 0 | 0 | 6 | -9 | -27 | -5 | -25 | 0 | 2 | 25 | 25 | 3 | 8 | 17 | 0 | 0 | -25 | -2 |
| **Italy** | 0 | -9 | 11 | 0 | 18 | 3 | 9 | 0 | 1 | 45 | 9 | 9 | 8 | 23 | 5 | 31 | 0 | 10 |

Notes: “Avg” refers to historical averages, which are calculated over the period since the beginning of the survey, excluding the most recent round. Owing to the different sample sizes across countries, which broadly reflect the differences in the national shares in lending to the euro area non-financial private sector, the size and volatility of the net percentages cannot be directly compared across countries.

## Box 1
General notes

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

Detailed tables and charts based on the responses provided can be found in Annex 1 for the standard questions and Annex 2 for the ad hoc questions. In addition, BLS time series data are available on the ECB’s website through the ECB Data Portal – see also the notes to charts throughout this report.

Detailed explanations on the BLS questionnaire, the aggregation of banks’ replies to national and euro area BLS results, the BLS indicators and information on the BLS series keys are available on the ECB’s website in the BLS user guide. A copy of the BLS questionnaire with the standard questions and a glossary of BLS terms can also be found on the ECB BLS webpage.

2 For more detailed information on the bank lending survey, see Köhler-Ulbrich, P., Dimou, M., Ferrante, L. and Parle, C., “Happy anniversary, BLS – 20 years of the euro area bank lending survey”, *Economic Bulletin*, Issue 7, ECB, 2023, also Huennekes, F. and Köhler-Ulbrich, P., “What information does the euro area bank lending survey provide on future loan developments?”, *Economic Bulletin*, Issue 8, ECB, 2022.

# 2 Loans to enterprises

## 2.1 Credit standards remained broadly unchanged

Credit standards for loans or credit lines to euro area firms remained broadly unchanged in the second quarter of 2025 (net percentage of banks of -1%; see Chart 1 and Overview table).[3] The net percentage follows a small net tightening in credit standards for loans to firms in the first quarter of 2025 (3%) and was smaller than banks had expected in the previous survey round (net tightening of 5%). Across the four largest euro area countries, banks in Germany reported a net tightening of credit standards on loans to firms, banks in Italy reported a net easing and banks in Spain and France reported unchanged credit standards. The net percentage was broadly equal to the net percentage in the second quarter of 2021 and was lower than the historical average (9%).[4] Credit standards remained broadly unchanged for loans to small and medium-sized enterprises (SMEs), while they eased for loans to large firms (net percentages of 1% and -3% respectively; see Chart 2). Across maturities, banks reported broadly unchanged credit standards for both short-term loans (1%) and long-term loans (0%).

Perceived risks related to the general economic and the industry and firm-specific outlook contributed to tighter credit standards, as reported by banks in all four large euro area countries (see Chart 1 and Table 1). The tightening impact from perceived credit risks is also consistent with the net tightening impact of non-performing loan (NPL) ratios and other indicators of asset quality on banks' credit standards for loans to enterprises (see Section 5.2). Based on a dedicated open-ended question which was included in this survey round, euro area banks mostly reported no specific additional tightening impact on their credit standards related to geopolitical uncertainty and trade tensions over the past three months. However, they reported intensified monitoring of the credit risks of their potentially most affected corporate customers (especially exporters with high levels of US exposure). Competition from banks and, to a lesser extent, from non-banks, had a net easing impact on credit standards for loans to firms. Among the four large euro area countries, the easing impact of competition was concentrated in Italy. Euro area banks' risk tolerance and banks' cost of funds and balance sheet situations had a broadly neutral impact on credit standards for loans to firms.

---

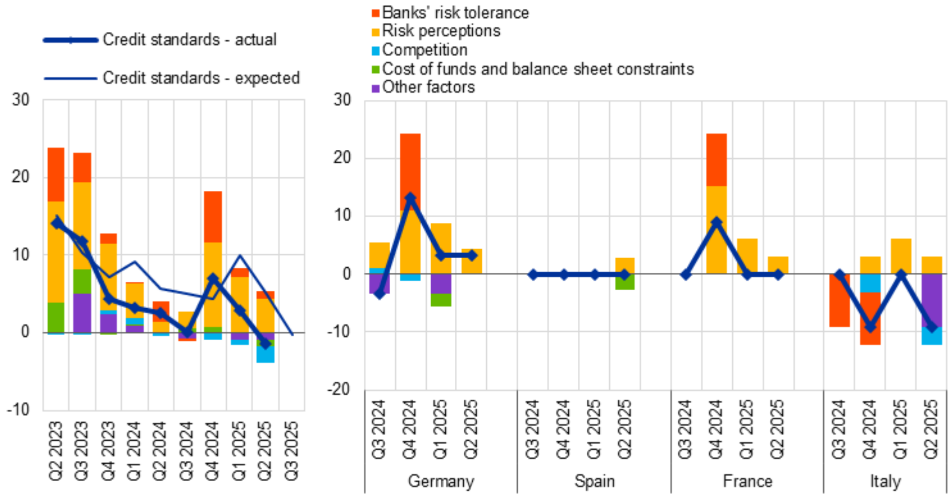
3 Credit standards are the internal guidelines or loan approval criteria of a bank. Net percentages for credit standards refer to changes over the previous three months and are defined as the difference between the percentages of banks reporting a tightening and the percentages of banks reporting an easing. Owing to different sample sizes across countries, which broadly reflect the differences in the national shares in lending to the euro area non-financial private sector, the size and volatility of the net percentages cannot be directly compared across countries.

4 Historical averages over different time periods can be taken as rough proxies for the long-term equilibrium change in credit standards, terms and conditions and loan demand over the business cycle. For credit standards, although the figure is imperfect given that the euro area has been through several exceptional tightening periods since the BLS was launched in 2003 (such as, in particular, the global financial crisis and the sovereign debt crisis), the historical net percentage average tightening of credit standards for loans to firms since 2003 is 9%. The average net tightening of credit standards since 2014 is 3%.

## 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 a tightening of credit standards and contributing factors)

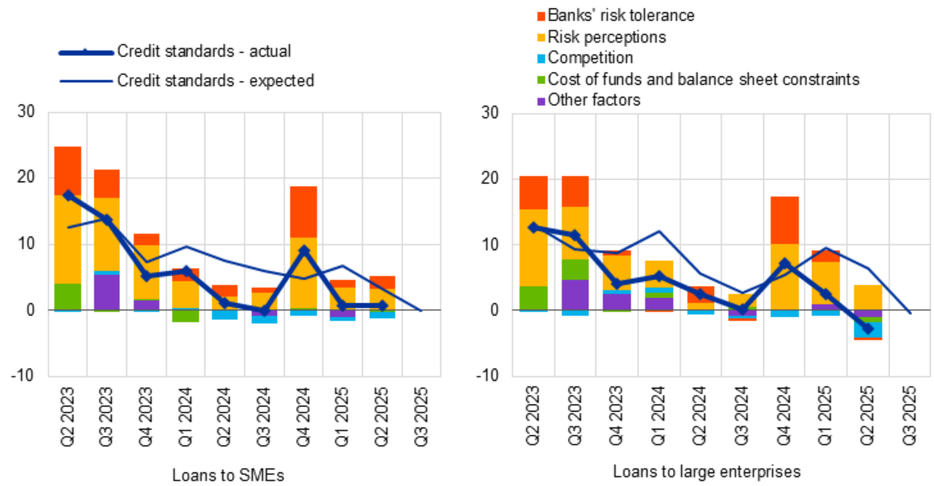



Notes: "Credit standards - actual" are changes that have occurred, while "Credit standards - expected" are changes anticipated by banks. Net percentages are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages of banks responding "eased somewhat" and "eased considerably". "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital position", "access to market financing" and "liquidity position"; "Risk perceptions" is the simple average of "general economic situation and outlook", "industry or firm-specific situation and outlook/borrower's creditworthiness" and "risk related to the collateral demanded". "Competition" is the simple average of "competition from other banks", "competition from non-banks" and "competition from market financing". The net percentages for "Other factors" refer to an average of the further factors which were mentioned by banks as having contributed to changes in credit standards. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and largest four euro area countries.

## Chart 2

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

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




Notes: See the notes to Chart 1. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: loans to SMEs and loans to large enterprises.

For the third quarter of 2025, euro area banks expect credit standards for loans to firms to remain unchanged (net percentage of 0%). Banks expect unchanged credit standards for loans to SMEs and large firms (both at 0%), and broadly unchanged credit standards for short-term loans (-1%) and long-term loans (1%).

**Table 1**

Factors contributing to changes in credit standards for loans or credit lines to enterprises

(net percentages of banks)

| | Cost of funds and balance sheet constraints | | Pressure from competition | | Perception of risk | | Banks' risk tolerance | |
|---|---|---|---|---|---|---|---|---|
| Country | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 |
| Euro area | 0 | -1 | -1 | -2 | 7 | 4 | 1 | 1 |
| Germany | -2 | 0 | 0 | 0 | 9 | 4 | 0 | 0 |
| Spain | 0 | -3 | 0 | 0 | 0 | 3 | 0 | 0 |
| France | 0 | 0 | 0 | 0 | 6 | 3 | 0 | 0 |
| Italy | 0 | 0 | 0 | -3 | 6 | 3 | 0 | 0 |

Note: See the notes to Chart 1.

## 2.2 Terms and conditions eased further

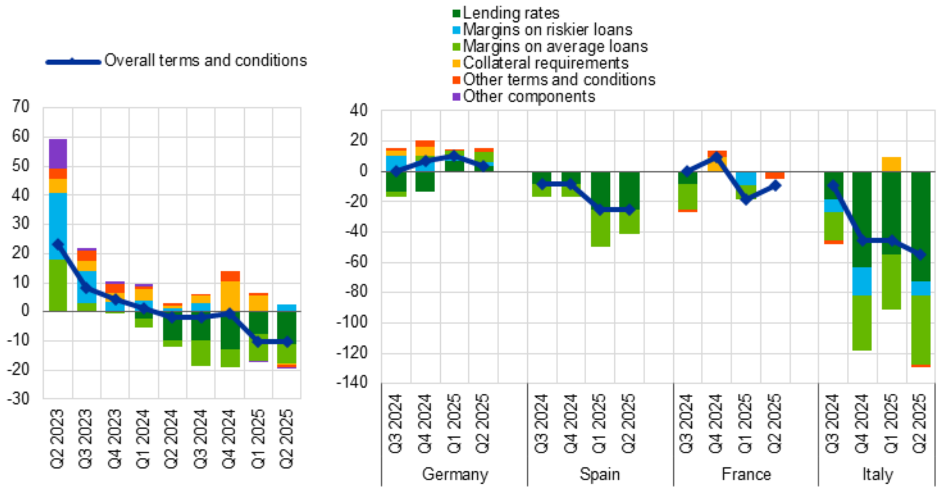
Overall terms and conditions for new loans to enterprises eased further (net percentage of -10%; see Chart 3 and Table 2).[5] According to the banks, the net easing was mainly driven by lower lending rates and narrower margins on average loans. This is in line with the further decline in bank lending rates for firms in April and May, based on MFI interest rate statistics. Banks also reported that margins on riskier loans tightened slightly. Banks in Spain, France and Italy reported a net easing of terms and conditions on loans to firms. In the case of Spain and Italy this was driven mostly by declining lending rates, whereas banks in France reported a net easing of non-interest rate charges and loan size (within “other terms and conditions”). By contrast, banks in Germany reported a slight net tightening of their terms and conditions for loans to firms, driven mainly by lending rates and loan margins, and to a lesser extent by loan size, maturity and loan covenants. Some banks reported that global uncertainty and US tariff policy have led to actual changes in their lending conditions over the past three months, indicating tighter lending conditions via interest rates, loan sizes and maturity. Across segments, euro area banks reported a net easing in overall terms and conditions for loans to large firms and SMEs (net percentages of -12% and -7% respectively; see Chart 4). In both cases, lending rates and narrower margins on average loans were the main drivers of the net easing, while wider margins on riskier loans had a limited net tightening impact.

5 Terms and conditions are the actual terms and conditions agreed in the loan contract. The historical net percentage average of overall terms and conditions for loans to firms since 2015, when the series was introduced, is 0%.

### Chart 3

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

(net percentages of banks reporting a tightening of terms and conditions)




Notes: "Overall terms and conditions" are the actual terms and conditions agreed in the loan contract. "Lending rates" was introduced in April 2024. "Margins" are defined as the spread over relevant market reference rates. "Other terms and conditions" is the simple average of "non-interest rate charges", "size of the loan or credit line", "loan covenants" and "maturity". The net percentages for "Other components" refer to an average of the further terms and conditions components which were mentioned by banks as having contributed to changes in overall terms and conditions. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and largest four euro area countries.

### Table 2

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

(net percentages of banks)

| | Overall terms and conditions | | Banks' lending rates | | Banks' margins on average loans | | Banks' margins on riskier loans | |
|---|---|---|---|---|---|---|---|---|
| **Country** | **Q1 2025** | **Q2 2025** | **Q1 2025** | **Q2 2025** | **Q1 2025** | **Q2 2025** | **Q1 2025** | **Q2 2025** |
| **Euro area** | -10 | -10 | -8 | -11 | -9 | -7 | 0 | 2 |
| **Germany** | 10 | 3 | 7 | 3 | 3 | 6 | 3 | 3 |
| **Spain** | -25 | -25 | -25 | -25 | -25 | -17 | 0 | 0 |
| **France** | -18 | -9 | 0 | 0 | -9 | 0 | -9 | 0 |
| **Italy** | -45 | -55 | -55 | -73 | -36 | -45 | 0 | -9 |

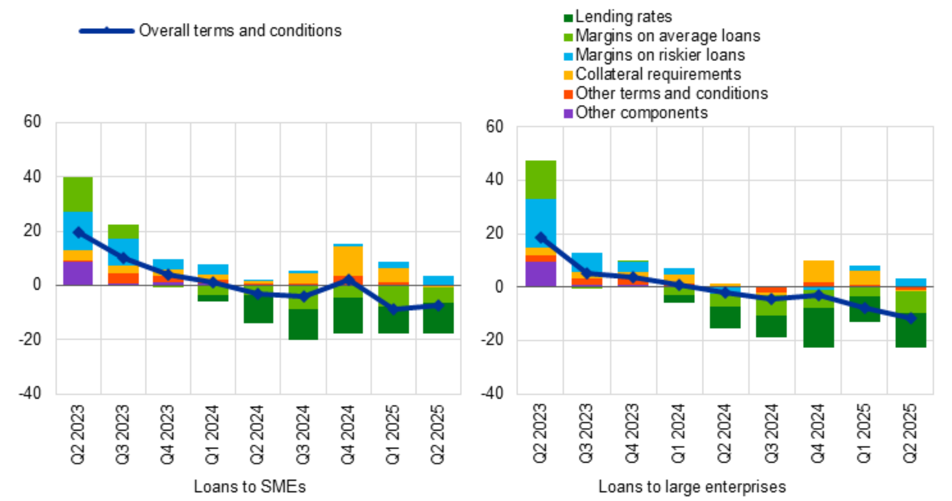
Note: See the notes to Chart 3.

The main factor contributing to the net easing of terms and conditions for loans to euro area firms was competition, and especially competition from other banks (see Table 3). Competition with non-banks also had a small easing impact. Banks also reported a small net easing impact of their cost of funds and balance sheet situation, on account of access to market financing, banks' liquidity position and capital costs. This is in line with the moderation in bank funding costs in the second quarter, as the temporary increase in bank bond spreads in April in the context of the US tariff announcements was fully compensated by a repricing of the risk-free curve. Perceived risks contributed to a small net tightening of credit conditions, while banks' risk tolerance had a broadly neutral impact.

**Chart 4**

Changes in terms and conditions on loans or credit lines to SMEs and large enterprises

(net percentages of banks reporting a tightening of terms and conditions)




Notes: See the notes to Chart 3. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: loans to SMEs and loans to large enterprises.

**Table 3**

Factors contributing to changes in overall terms and conditions for loans or credit lines to enterprises

(net percentages of banks)

| | Cost of funds and balance sheet constraints | | Pressure from competition | | Perception of risk | | Banks' risk tolerance | |
|---|---|---|---|---|---|---|---|---|
| Country | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 |
| **Euro area** | 1 | -2 | -6 | -5 | 6 | 2 | 1 | 1 |
| **Germany** | 6 | 0 | -1 | 0 | 3 | 5 | 0 | 3 |
| **Spain** | -8 | -8 | -3 | -6 | -3 | 0 | 0 | 0 |
| **France** | 0 | -3 | -9 | 0 | 15 | 0 | 0 | 0 |
| **Italy** | -3 | -6 | -12 | -15 | 3 | 3 | 0 | 0 |

Notes: The net percentages for these questions relating to contributing factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage of banks reporting that it contributed to an easing. "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital positions", "access to market financing" and "liquidity position". "Perception of risk" is the simple average of "general economic situation and outlook", "industry-or-firm-specific situation and outlook/borrower's creditworthiness" and "risk related to the collateral demanded". "Pressure from competition" is the simple average of "competition from other banks", "competition from non-banks" and "competition from market financing". Aggregate series for "cost of funds and balance sheet constraints", "perception of risk" and "pressure from competition" were discontinued from the first quarter of 2022, when detailed sub-factors were introduced. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and largest four euro area countries.

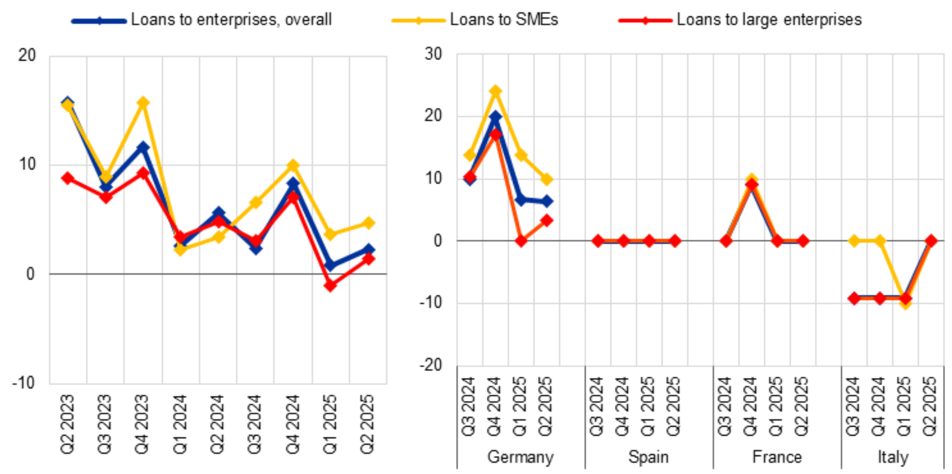
## 2.3 Rejection rates increased slightly

Banks reported a small net increase in the share of rejected loan applications for firms (net percentage of 2%, see Chart 5). The net increase in the share of loan rejections was driven by loan rejections to SMEs (net percentage of 5%), while the share remained broadly unchanged for loans to large firms (1%), pointing to either somewhat higher credit risks on average for SMEs or changes in banks' lending policies for this segment. The share of rejected loan applications increased further in net terms in Germany - more so for SMEs than for large firms – whereas the share of corporate loan rejections remained unchanged, according to banks in Spain, France and Italy.

**Chart 5**

Changes in the share of rejected loan applications for enterprises

(net percentages of banks reporting an increase)




Notes: Share of rejected loan applications relative to the volume of all loan applications in that loan category. The breakdown by firm size was introduced in the first quarter of 2022. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and largest four euro area countries.

## 2.4 Demand for loans increased slightly

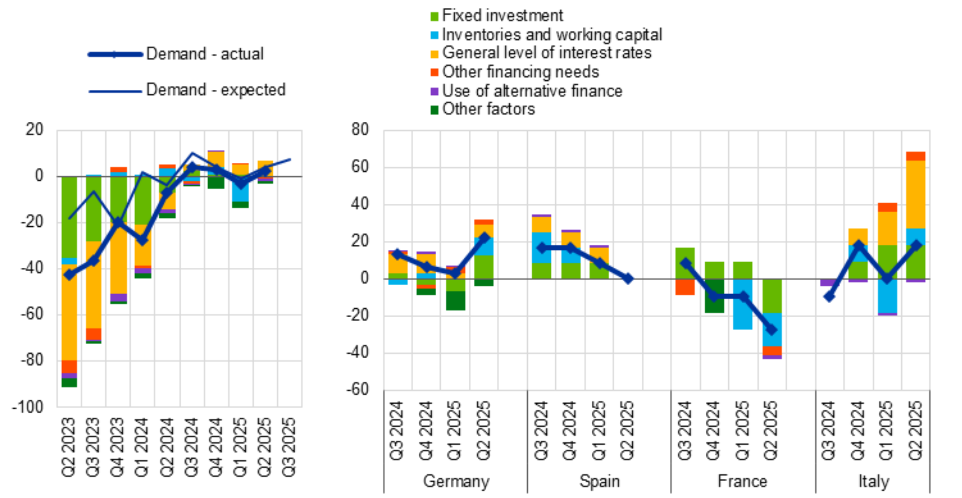
Euro area banks reported a slight net increase in loan demand from firms in the second quarter of 2025, remaining weak overall (net percentage of 2%; see Chart 6).[6] This followed a small net decrease in loan demand in the previous quarter (-3%) and was broadly in line with what banks had expected in the previous quarter (4%). The continued weakness in loan demand to euro area firms is consistent with the subdued developments in actual lending to firms in April and May, according to monetary statistics. Banks in Germany and Italy reported that demand for loans to firms increased in the second quarter in net terms, while banks in Spain referred to unchanged demand and banks in France reported a net decrease. Across loan segments, banks reported a net increase in loan demand from SMEs and broadly unchanged loan demand for large firms (net percentages of 4% and 0% respectively, see Chart 7). Loan demand remained broadly unchanged for short-term loans and increased slightly for long-term loans (net percentages of 1% and 2% respectively).

[6] Loan demand refers to the bank loan financing needs of enterprises and households. Net percentages for loan demand refer to changes over the previous three months and are defined as the difference between the percentages of banks reporting an increase and the percentages of banks reporting a decrease. The historical net percentage average of demand for loans to firms since 2003 is -1%. The average net increase of loan demand for firms since 2014 is 5%.

## Chart 6

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

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

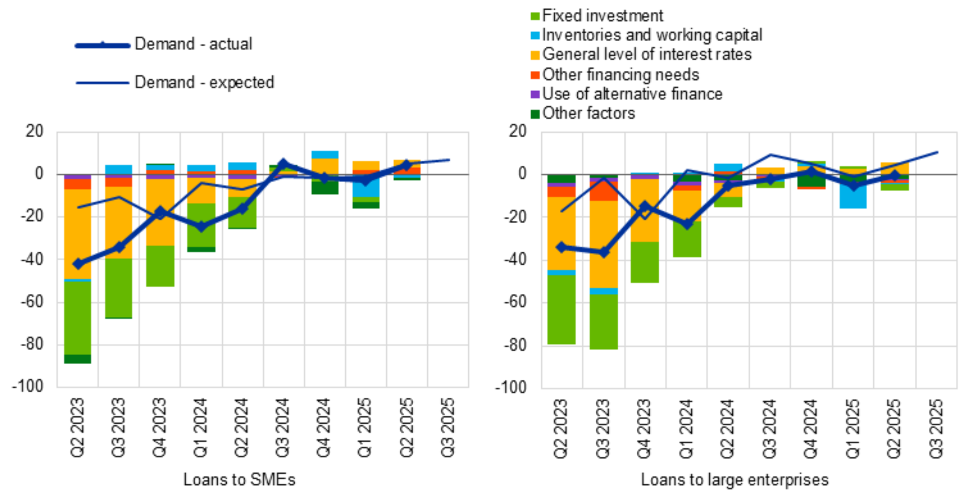



Notes: "Demand - actual" represents changes that have occurred, while "Demand - expected" represents changes anticipated by banks. Net percentages for the questions on demand for loans are defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat" and the sum of the percentages of banks responding "decreased somewhat" and "decreased considerably". "Other financing needs" is the simple average of "mergers/acquisitions and corporate restructuring" and "debt refinancing/restructuring and renegotiation". "Use of alternative finance" is the simple average of "internal financing", "loans from other banks", "loans from non-banks", "issuance/redemption of debt securities" and "issuance/redemption of equity". The net percentages for "Other factors" refer to an average of the further factors which were mentioned by banks as having contributed to changes in loan demand. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and largest four euro area countries.

## Chart 7

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

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




Notes: See the notes to Chart 6. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: loans to SMEs and loans to large enterprises.

Loan demand was supported by declining interest rates, while the impact of fixed investment and inventories and working capital was neutral, with a reported dampening impact from global uncertainty and trade tensions (see Chart 6 and Table 3). Debt restructuring had a positive impact on loan demand, whereas mergers and acquisitions dampened firms' loan demand (net percentages of 5% and -7% respectively, both within "other financing needs"). Several banks referred to a dampening impact of global uncertainty and the related trade tensions on loan demand, possibly leading to a postponement of investment decisions. Across the four largest euro area countries, banks in Germany and Italy reported declining interest rates as a factor contributing to net increases in loan demand, while banks in France and Spain reported zero contributions from changes in interest rates. Banks in Germany and Italy also reported a positive impact on loan demand from fixed investment, despite high uncertainty putting a strain on corporate investment, as well as from inventories and working capital. By contrast, banks in France reported a negative impact on loan demand, mainly from fixed investment, inventories and working capital, and mergers and acquisitions.

**Table 4**

Factors contributing to changes in demand for loans or credit lines to enterprises

(net percentages of banks)

| | Fixed investment | | Inventories and working capital | | Other financing needs | | General level of interest rates | | Use of alternative finance | |
|---|---|---|---|---|---|---|---|---|---|---|
| Country | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 |
| Euro area | 0 | 0 | -11 | 0 | 1 | -1 | 5 | 7 | 0 | -1 |
| Germany | -7 | 13 | 0 | 10 | 3 | 3 | 3 | 6 | 1 | -1 |
| Spain | 8 | 0 | 0 | 0 | 0 | 0 | 8 | 0 | 2 | 0 |
| France | 9 | -18 | -27 | -18 | 0 | -5 | 0 | 0 | 0 | -2 |
| Italy | 18 | 18 | -18 | 9 | 5 | 5 | 18 | 36 | -2 | -2 |

Note: See the notes to Chart 6.

For the third quarter of 2025, banks expect a moderate net increase in firms' loan demand (net percentage of 7%). They expect a larger net increase in demand for loans to large firms than to SMEs (net percentages of 11% and 7% respectively), and a larger net increase for short-term than long-term loans to euro area firms (net percentages of 7% and 4% respectively).

# 3 Loans to households for house purchase

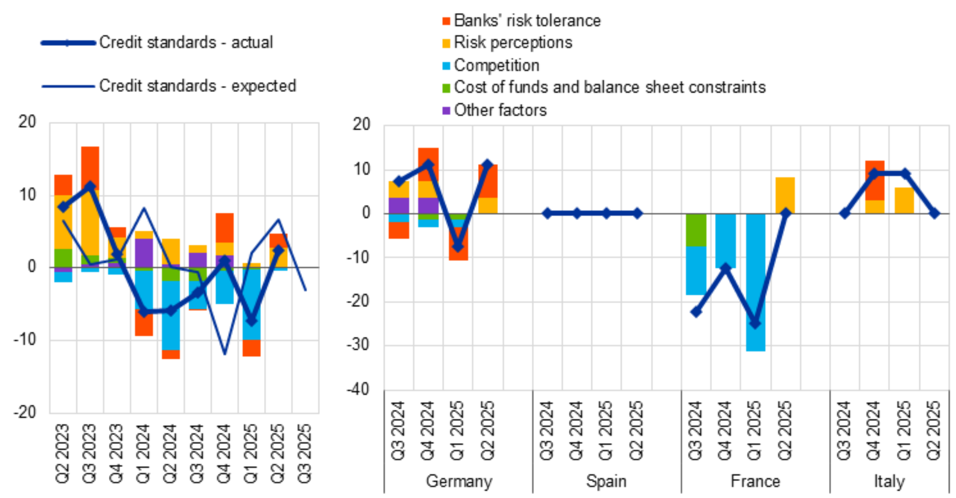
## 3.1 Small tightening of credit standards

Banks reported a small net tightening of credit standards for housing loans in the second quarter of 2025 (net percentage of banks at 2%, see Chart 8 and Overview table).[7] The slight net tightening followed an easing of credit standards in the first quarter (-7%) and was the highest since the hiking cycle ended in the third quarter of 2023. It was, however, lower than banks anticipated (7%). Across the four largest euro area countries, banks in Germany reported a net tightening while credit standards remained unchanged in Spain, France and Italy.

**Chart 8**

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

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




Notes: "Credit standards - actual" are changes that have occurred, while "Credit standards - expected" 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". "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital positions", "access to market financing" and "liquidity position" (the aggregate series was discontinued from the first quarter of 2022, when detailed sub-factors were introduced). "Risk perceptions" is the simple average of "general economic situation and outlook", "housing market prospects, including expected house price developments" and "borrower's creditworthiness". "Competition" is the simple average of "competition from other banks" and "competition from non-banks". The net percentages for "Other factors" refer to an average of the further factors which were mentioned by banks as having contributed to changes in credit standards. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and largest four euro area countries.

Higher perceived risks and lower risk tolerance were the main drivers of the net tightening in credit standards, while the easing impact from competition experienced

[7] The historical net percentage average of credit standards for housing loans since 2003 is 6%. Since 2014, it has been 2%.

since the end of 2023 has stalled (see Chart 8 and Table 5).[8] The net tightening impact of risk perceptions was driven by concerns about the general economic situation and borrowers' creditworthiness. This factor was reported mostly by banks in Germany and France. The main factor contributing to a net tightening of credit standards in Germany was risk tolerance. In contrast to the trend observed in the last surveys among banks in France and, to a lesser extent, in Germany, competition did not have an easing impact.

In the third quarter of 2025, euro area banks expect to ease credit standards on housing loans (net percentage of -3%). Across the four largest euro area economies, the expected easing is driven by French banks. By contrast, German banks expect to tighten credit standards again and Spanish and Italian banks expect credit standards to remain unchanged.

**Table 5**

Factors contributing to changes in credit standards for loans to households for house purchase

(net percentages of banks)

| | Cost of funds and balance sheet constraints | | Pressure from competition | | Perception of risk | | Banks' risk tolerance | |
|---|---|---|---|---|---|---|---|---|
| Country | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 |
| Euro area | 0 | 0 | -10 | 0 | 1 | 3 | -2 | 2 |
| Germany | -1 | 0 | -2 | 0 | 0 | 4 | -7 | 7 |
| Spain | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| France | 0 | 0 | -31 | 0 | 0 | 8 | 0 | 0 |
| Italy | 0 | 0 | 0 | 0 | 6 | 0 | 0 | 0 |

Note: See the notes to Chart 8.

## 3.2 Terms and conditions remained unchanged

Euro area banks' overall credit terms and conditions remained unchanged for housing loans in the second quarter of 2025 (net percentage of 0%; see Chart 9 and Table 6). This follows six quarters in which banks had indicated continued net easing. Lending rates and margins, including margins on riskier loans, contributed to an easing of terms and conditions, although less than in the previous quarters. This is aligned with the moderation of interest rate declines in certain mortgage segments, and with the evolution of long-term rates. Among the largest euro area countries, only banks in Italy reported a net easing of terms and conditions, driven by lending rates and margins on average loans, which more than offset the higher margins in riskier loans. By contrast, banks in France reported a net tightening of overall terms

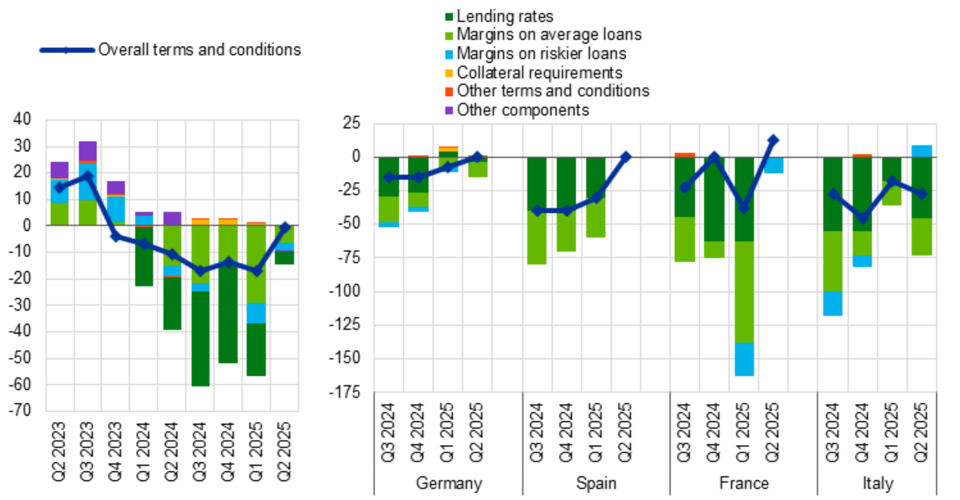
8 "Cost of funds and balance sheet constraints" are defined as the simple average of "bank's capital and the costs related to bank's capital position", "access to market financing" and "liquidity position"; "Risk perceptions" as the simple average of "general economic situation and outlook", "housing market prospects including expected house price developments" and "borrower's creditworthiness"; and "Competition" as the simple average of "competition from other banks" and "competition from non-banks".

and conditions, despite the narrower margins on riskier loans. Banks in Germany and Spain reported no changes in overall terms and conditions.

### Chart 9

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

(net percentages of banks reporting a tightening of terms and conditions)




Notes: "Overall terms and conditions" are the actual terms and conditions agreed in the loan contract. "Lending rates" was introduced in April 2024. "Margins" are defined as the spread over relevant market reference rates. "Other terms and conditions" is the simple average of "loan-to-value ratio", "other loan size limits", "non-interest rate charges" and "maturity". The net percentages for "Other components" refer to an average of the further terms and conditions components which were mentioned by banks as having contributed to changes in overall terms and conditions. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and largest four euro area countries.

### Table 6

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

(net percentages of banks)

| | Overall terms and conditions | | Banks' lending rates | | Banks' margins on average loans | | Banks' margins on riskier loans | |
|---|---|---|---|---|---|---|---|---|
| **Country** | **Q1 2025** | **Q2 2025** | **Q1 2025** | **Q2 2025** | **Q1 2025** | **Q2 2025** | **Q1 2025** | **Q2 2025** |
| **Euro area** | -17 | 0 | -20 | -5 | -29 | -6 | -8 | -3 |
| **Germany** | -7 | 0 | 4 | -4 | -7 | -11 | -4 | 0 |
| **Spain** | -30 | 0 | -30 | 0 | -30 | 0 | 0 | 0 |
| **France** | -38 | 13 | -63 | 0 | -75 | 0 | -25 | -13 |
| **Italy** | -18 | -27 | -18 | -45 | -18 | -27 | 0 | 9 |

Note: See the notes to Chart 9.

In the second quarter of 2025, competition had a net easing impact on overall terms and conditions, albeit lower than in the previous quarter (net percentage of -13%, see Table 7).[9] Competition had a net easing impact for French and Italian banks, while it had no effect on credit terms and conditions for German and Spanish banks. Banks' cost of funds had an easing impact in Italy, as banks' ability to access market financing improved, while risk perceptions and banks' risk tolerance contributed to tighten terms and conditions in Germany.

9 The historical net percentage average of overall terms and conditions for housing loans since 2015, when the series was introduced, is 0%.

**Table 7**

Factors contributing to changes in overall terms and conditions on loans to households for house purchase

(net percentages of banks)

| | Cost of funds and balance sheet constraints | | Pressure from competition | | Perception of risk | | Banks' risk tolerance | |
|---|---|---|---|---|---|---|---|---|
| **Country** | **Q1 2025** | **Q2 2025** | **Q1 2025** | **Q2 2025** | **Q1 2025** | **Q2 2025** | **Q1 2025** | **Q2 2025** |
| **Euro area** | -1 | -1 | -24 | -13 | 0 | 1 | 1 | 0 |
| **Germany** | -1 | -1 | -4 | 0 | 0 | 4 | 4 | 4 |
| **Spain** | 0 | 0 | -30 | 0 | 0 | 0 | 0 | 0 |
| **France** | 0 | 0 | -63 | -25 | 0 | 0 | 0 | 0 |
| **Italy** | 0 | -9 | -18 | -27 | 0 | 0 | 0 | 0 |

Notes: The net percentages for these questions relating to contributing factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage of banks reporting that it contributed to an easing. "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital positions", "access to market financing" and "liquidity position" (the aggregate series was discontinued from the first quarter 2024, when detailed sub-factors were introduced). The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and largest four euro area countries.

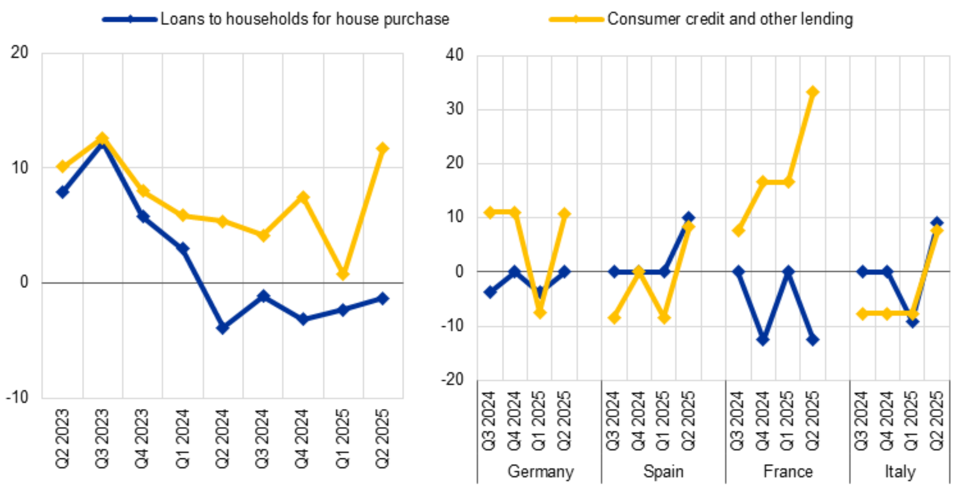
## 3.3 Rejection rates remained broadly unchanged

The share of rejected applications for housing loans remained broadly unchanged (net percentage of -1%; see Chart 10). This stability contrasts with the declining share in the preceding quarter and with the small tightening of credit standards in the current period. The aggregate change masks heterogeneous country dynamics. Across the four largest euro area countries, the share of rejections increased in Spain and Italy, fell in France and remained unchanged in Germany.

**Chart 10**

Changes in the share of rejected loan applications for households

(net percentages of banks reporting an increase)




Notes: Share of rejected loan applications relative to the volume of all loan applications in that loan category. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and largest four euro area countries.

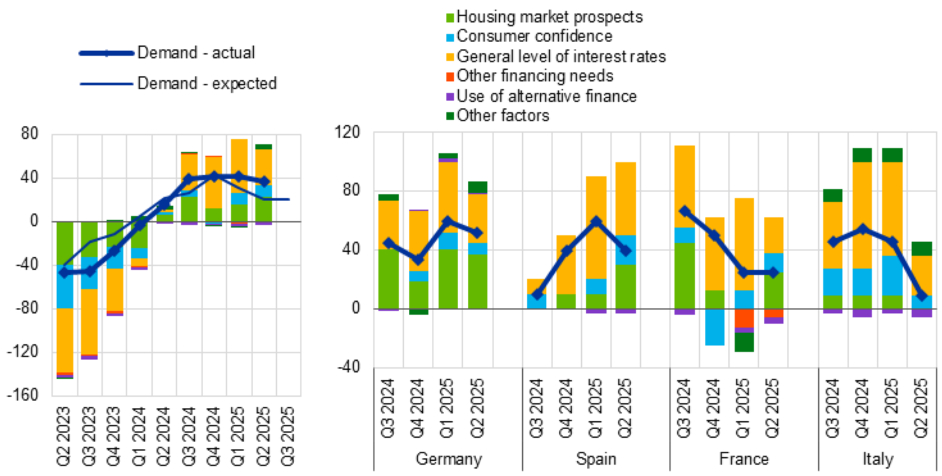
## 3.4 Demand for loans increased substantially

Banks reported a further substantial net increase in demand for housing loans (net percentage of 37%, see Chart 11 and Overview table).[10] A net increase was reported in Germany (52%), Spain (40%), France (25%) and Italy (9%, in line with its historical average). The net increase was somewhat lower than in the previous quarter (41%) but constitutes the fifth consecutive quarter reporting strong expansion in net terms. It is also the second quarterly reading that is above banks' expectations (20%), especially in Germany and Spain and, to a lesser extent, in Italy. The reported net increase in demand appears to be at odds with the moderation of the lending flows in this type of credit seen in April and May 2025. This suggests that either the volumes of new business for each bank registering an increase in loan demand is still contained, or the slight tightening of credit standards reported by banks during the second quarter (see Section 3.1) may already be in play, affecting actual lending volumes.

**Chart 11**

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

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




Notes: "Demand - actual" represents changes that have occurred, while "Demand - expected" represents 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". "Other financing needs" is the simple average of "debt refinancing/restructuring and renegotiation" and "regulatory and fiscal regime of housing markets". "Use of alternative finance" is the simple average of "internal finance of house purchase out of savings/down payment", "loans from other banks" and "other sources of external finance". The net percentages for "Other factors" refer to an average of the further factors which were mentioned by banks as having contributed to changes in loan demand. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and largest four euro area countries.

Declining interest rates, improved housing market prospects and, to a lesser extent, consumer confidence, were the primary drivers of the continued increase in housing loan demand (see Chart 11 and Table 8). These factors were relevant across the

---

10 "Other financing needs" is the simple average of "debt refinancing/restructuring and renegotiation" and "regulatory and fiscal regime of housing markets"; "Use of alternative finance" is the simple average of "internal financing out of savings/down payment", "loans from other banks" and "other sources of external finance". The historical net percentage average of demand for housing loans since 2003 is 2%. The average net increase of housing loan demand since 2014 is 8%.

four largest countries, except for housing market prospects in Italy which had a neutral impact on demand. The reported contribution of declining interest rates was lower than in the previous quarter across all the largest countries in the euro area.

In the third quarter of 2025, banks expect housing loan demand to continue growing, albeit more moderately (net percentage of 21%). German, French and Italian banks expect demand to improve, while Spanish banks expect demand to remain unchanged.

### Table 8
Factors contributing to changes in demand for loans to households for house purchase

(net percentages of banks)

| | Housing market prospects | | Consumer confidence | | Other financing needs | | General level of interest rates | | Use of alternative finance | |
|---|---|---|---|---|---|---|---|---|---|---|
| Country | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 |
| Euro area | 15 | 23 | 12 | 10 | -2 | 0 | 48 | 33 | -2 | -2 |
| Germany | 41 | 37 | 11 | 7 | 0 | 0 | 48 | 33 | 2 | 1 |
| Spain | 10 | 30 | 10 | 20 | 0 | 0 | 70 | 50 | -3 | -3 |
| France | 0 | 25 | 13 | 13 | -13 | -6 | 63 | 25 | -4 | -4 |
| Italy | 9 | 0 | 27 | 9 | 0 | 0 | 64 | 27 | -3 | -6 |

Note: See the notes to Chart 11.

# 4 Consumer credit and other lending to households

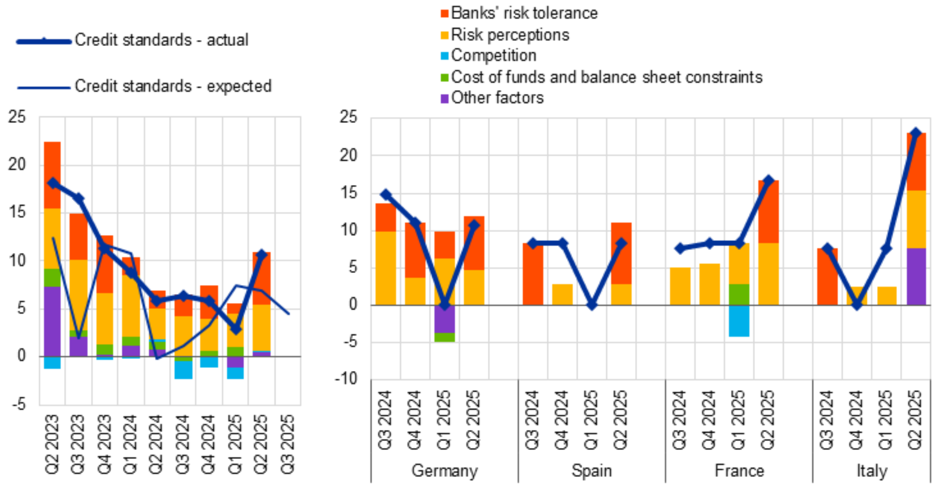
## 4.1 Pronounced tightening of credit standards

Banks reported a pronounced net tightening of credit standards on consumer credit and other lending to households in the second quarter of 2025 (net percentage of 11%; see Chart 12 and Overview table). Credit standards on consumer credit have tightened since the second quarter of 2022, with further tightening in this quarter at a higher pace than in the previous five quarters. The net percentage exceeded what euro area banks had expected in the previous quarter (7%) and was also above the historical average since 2003 (5%).[11] In all four largest euro area countries, banks reported a net tightening. Higher net percentages were recorded in France and Italy, with values exceeding historical averages in those countries. In Germany and Spain, the net tightening followed a quarter of unchanged credit standards and was comparable in magnitude to the tightening reported throughout 2024.

**Chart 12**

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

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




Notes: "Credit standards - actual" are changes that have occurred, while "Credit standards - expected" 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". "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital position", "access to market financing" and "liquidity position" (the aggregate series was discontinued from the first quarter of 2022, when detailed sub-factors were introduced). "Risk perceptions" is the simple average of "general economic situation and outlook", "creditworthiness of consumers" and "risk on the collateral demanded". "Competition" is the simple average of "competition from other banks" and "competition from non-banks". The net percentages for "Other factors" refer to an average of the further factors which were mentioned by banks as having contributed to changes in credit standards. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and largest four euro area countries.

11 The historical net percentage average of credit standards for consumer credit and other lending to households since 2003 is 5%. The average net tightening of credit standards since 2014 is 3%.

Lower risk tolerance and higher risk perceptions were the main drivers of the net tightening of credit standards for consumer credit (see Chart 12 and Table 9). These two factors were mentioned by banks in all four largest euro area countries. Lower risk tolerance was reported more frequently than in the previous quarter across all countries. The higher impact of risk perceptions related to concerns about borrowers' creditworthiness (8%) but also the general economic outlook (4%) and the collateral demanded (3%). Competition and banks' balance sheet situation had a broadly neutral impact.

In the third quarter of 2025, euro area banks expect credit standards for consumer credit and other lending to households to tighten further (net percentage of 4%). Across the four largest euro area economies, banks in Germany and France expect a net tightening, while banks in Spain and Italy expect unchanged credit standards.

**Table 9**

Factors contributing to changes in credit standards for consumer credit and other lending to households

(net percentages of banks)

| | Cost of funds and balance sheet constraints | | Pressure from competition | | Perception of risk | | Banks' risk tolerance | |
|---|---|---|---|---|---|---|---|---|
| Country | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 |
| Euro area | 1 | 0 | -1 | 0 | 3 | 5 | 1 | 6 |
| Germany | -1 | 0 | 0 | 0 | 6 | 5 | 4 | 7 |
| Spain | 0 | 0 | 0 | 0 | 0 | 3 | 0 | 8 |
| France | 3 | 0 | -4 | 0 | 6 | 8 | 0 | 8 |
| Italy | 0 | 0 | 0 | 0 | 3 | 8 | 0 | 8 |

Note: See the notes to Chart 12.

## 4.2 Terms and conditions tightened further

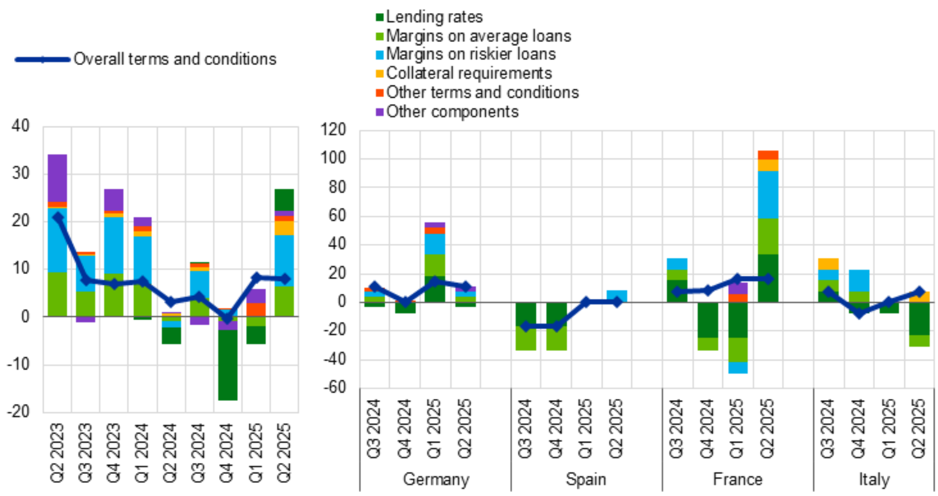
Banks' overall terms and conditions applied when granting consumer credit and other lending to households tightened further in the second quarter of 2025 (net percentage of 8%; see Chart 13 and Table 10). The net percentage of euro area banks reporting a tightening was in line with the previous quarter and above the historical average since 2015 (2%). Higher margins on both riskier and average loans contributed the most to the tightened terms and conditions, followed by lending rates and collateral requirements. Loan size and maturity had a marginal additional tightening effect. Across the four largest euro area economies, overall terms and conditions tightened in Germany, France and Italy and remained unchanged in Spain. Banks in Germany and Italy reported an easing contribution from lower lending rates, while banks in France reported an increased contribution. Lending margins widened in Germany and France (for both average and riskier loans) and in Spain (for riskier loans), while they narrowed in Italy for average loans. Tightened collateral requirements were reported in France and Italy.

Higher perceived risks and a lower risk tolerance of banks contributed the most to the net tightening of banks' overall terms and conditions (see Table 11). Banks' higher risk perceptions and lower risk tolerance contributed to the tightening in Germany, France and Italy. Lower competition pressures in this segment also had a small additional net tightening impact at the euro area level, driven by French banks.

### Chart 13

### Changes in terms and conditions on consumer credit and other lending to households

(net percentages of banks reporting a tightening of terms and conditions)




Notes: "Overall terms and conditions" are the actual terms and conditions agreed in the loan contract. "Lending rates" was introduced in April 2024. "Margins" are defined as the spread over a relevant market reference rate. "Other terms and conditions" is the simple average of "size of the loan", "non-interest rate charges" and "maturity". The net percentages for "Other components" refer to an average of the further terms and conditions components which were mentioned by banks as having contributed to changes in overall terms and conditions. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and largest four euro area countries.

### Table 10

### Changes in terms and conditions on consumer credit and other lending to households

(net percentages of banks)

| | Overall terms and conditions | | Banks' lending rates | | Banks' margins on average loans | | Banks' margins on riskier loans | |
|---|---|---|---|---|---|---|---|---|
| **Country** | **Q1 2025** | **Q2 2025** | **Q1 2025** | **Q2 2025** | **Q1 2025** | **Q2 2025** | **Q1 2025** | **Q2 2025** |
| **Euro area** | 8 | 8 | -4 | 5 | -2 | 7 | 0 | 11 |
| **Germany** | 15 | 11 | 19 | -4 | 15 | 4 | 15 | 4 |
| **Spain** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 |
| **France** | 17 | 17 | -25 | 33 | -17 | 25 | -8 | 33 |
| **Italy** | 0 | 8 | -8 | -23 | 0 | -8 | 0 | 0 |

Note: See the notes to Chart 13.

**Table 11**

Factors contributing to changes in overall terms and conditions on consumer credit and other lending to households

(net percentages of banks)

| | Cost of funds and balance sheet constraints | | Pressure from competition | | Perception of risk | | Banks' risk tolerance | |
|---|---|---|---|---|---|---|---|---|
| Country | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 |
| Euro area | 1 | 0 | -3 | 3 | 4 | 7 | 4 | 5 |
| Germany | 1 | 1 | 4 | 0 | 7 | 7 | 15 | 7 |
| Spain | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| France | 3 | 0 | -8 | 17 | 8 | 17 | 0 | 8 |
| Italy | 0 | -3 | 0 | -8 | 0 | 8 | 0 | 8 |

Notes: The net percentages for these questions relating to contributing factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage of banks reporting that it contributed to an easing. "Cost of funds and balance sheet constraints" is the simple average of "banks' capital and the costs related to banks' capital positions", "access to market financing" and "liquidity position" (the aggregate series was discontinued from the first quarter of 2024, when detailed sub-factors were introduced). The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and largest four euro area countries.

## 4.3 Rejection rates increased markedly

Euro area banks reported a marked increase in the share of rejected loan applications for consumer credit (net percentage of banks of 12%; see Chart 10 above). The reported increase followed one quarter of unchanged share of rejections on aggregate and resumed the trend of increasing shares of rejected applications that has been recorded since the second quarter of 2022. It was the largest increase in rejections since the third quarter of 2023. Banks in all four largest euro area countries reported an increase in the share of rejections, notably in France where a third of the respondents mentioned an increase in net terms, the largest net percentage recorded in France since the introduction of the question in the first quarter of 2015.

## 4.4 Demand for consumer credit increased slightly

Banks reported a slight net increase in demand for consumer credit and other lending to households (net percentage of 2%; see Chart 14 and Overview table).[12] The net increase in loan demand was smaller than in the previous quarter (10%) and lower than banks' expectations in the previous quarter (6%). Across the four largest euro area economies, a net increase in loan demand was observed only in Germany, broadly offsetting the net decrease recorded in France. In Spain and Italy, loan demand remained unchanged in net terms.

The slight increase in loan demand was primarily supported by declining interest rates and other factors, while developments in consumer confidence and spending

12 The historical net percentage average of demand for consumer credit since 2003 is 0%. The average net increase of loan demand for firms since 2014 is 5%.

on durable goods put downward pressure on demand for consumer credit (see Chart 14 and Table 12). The lower level of interest rates was reported as factor supporting loan demand in France and Italy, while having a neutral effect in Germany and Spain. “Other factors” with a positive effect on loan demand were mentioned in Germany and France. On the other hand, consumer confidence dampened loan demand on aggregate, mostly driven by negative developments in France, which were partially compensated by positive developments in Germany. These reported developments were consistent with the observed changes in the consumer confidence index from April to June relative to first quarter of the year. Finally, lower spending on durable goods had a small negative effect on loan demand at the euro area level, driven by France and offset to some extent by higher spending recorded in Germany and Italy.

### Chart 14

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

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


Notes: “Demand - actual” represents changes that have occurred, while “Demand - expected” 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”. “Use of alternative finance” is the simple average of “internal financing out of savings”, “loans from other banks” and “other sources of external finance”. “Consumption exp. (real estate)” denotes “consumption expenditure financed through real estate-guaranteed loans”. The net percentages for “Other factors” refer to an average of the further factors which were mentioned by banks as having contributed to changes in loan demand. The full set of data underlying this chart can be downloaded via the following ECB Data Portal links: euro area and largest four euro area countries.

For the third quarter of 2025, banks expect broadly unchanged loan demand for consumer credit and other lending to households (net percentage of 1%). Demand for consumer credit is expected to increase in Germany and Italy, decrease in France and remain unchanged in Spain.

**Table 12**

Factors contributing to changes in demand for consumer credit and other lending to households

(net percentages of banks)

| Country | Spending on durable goods | | Consumer confidence | | Consumption exp. (real estate) | | General level of interest rates | | Use of alternative finance | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 | Q1 2025 | Q2 2025 |
| Euro area | 2 | -3 | 3 | -6 | 0 | 0 | 8 | 5 | 1 | 0 |
| Germany | 7 | 7 | 0 | 11 | 0 | 0 | 0 | 0 | 0 | 0 |
| Spain | 8 | 0 | 8 | 0 | 0 | 0 | 25 | 0 | 6 | 0 |
| France | -8 | -25 | 0 | -42 | 0 | 0 | 8 | 8 | 0 | 0 |
| Italy | 15 | 8 | 23 | 0 | 0 | 0 | 15 | 8 | 0 | 0 |

Note: See the notes to Chart 14.

# 5 Ad hoc questions

## 5.1 Banks reported an improvement in access to funding[13]

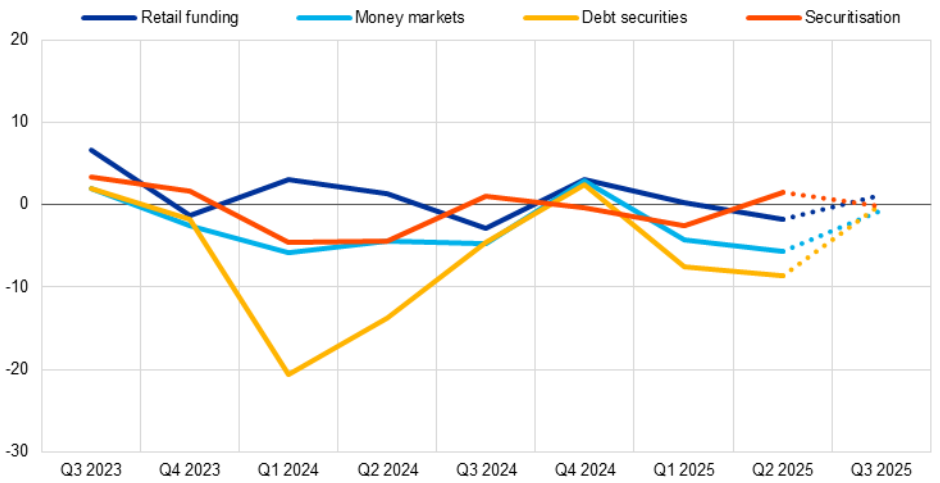
Euro area banks' access to retail funding improved slightly in the second quarter of 2025, driven by short-term retail funding, while their access to funding eased moderately for money markets and debt securities, and remained broadly unchanged for securitisations (Chart 15 and Table 13). Access to debt securities funding eased in net terms, especially for medium to long-term securities, against the backdrop of the narrowing of bank bond spreads that followed the trade tensions of early April. Banks reported no changes in access to the securitisation market.

Banks expect small changes in their access to funding sources in the third quarter of 2025. They anticipate slightly better access to medium to long-term debt securities. By contrast, they expect a slight deterioration in accessing short-term debt funding and in the short-term retail funding segment.

**Chart 15**

Changes in banks' access to retail and wholesale funding

(net percentages of banks reporting a deterioration in access)




Notes: Net percentages are defined as the difference between the sum of the percentages of banks responding "deteriorated considerably" and "deteriorated somewhat" and the sum of the percentages of banks responding "eased somewhat" and "eased considerably". "Retail funding" is the simple average of "short-term deposits (up to one year)" and "long-term deposits (more than one year)" and other retail funding instruments; "Money markets" refers to the interbank unsecured money market and is the simple average of "very short-term money market (up to one week)" and "short-term money market (more than one week)"; "Debt securities" is the simple average of "short-term debt securities (e.g. certificates of deposit or commercial paper)" and "medium to long-term debt securities (incl. covered bonds)". "Securitisation" is the simple average of "securitisation of corporate loans", "securitisation of loans for house purchase" and "ability to transfer credit risk off balance sheet". The last period shows expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: changes in banks' access to retail and wholesale funding.

13 Banks were asked to assess the extent to which the situation in financial markets has affected their access to retail and wholesale funding.

**Table 13**

Changes in bank access to retail and wholesale funding

(net percentages of banks reporting a deterioration in access)

| | Retail funding | | | Money markets | Debt securities | | | Securiti-sation |
|---|---|---|---|---|---|---|---|---|
| | Total | Short-term | Long-term | | Total | Short-term | Medium to long-term | |
| Q1 2025 | 0 | 0 | 1 | -4 | -7 | -3 | -11 | -3 |
| Q2 2025 | -2 | -3 | -1 | -6 | -9 | -6 | -11 | 1 |
| Q3 2025 | 1 | 2 | 0 | -1 | 0 | 2 | -2 | 0 |

Notes: See the notes to Chart 15. The last period shows expectations indicated by banks in the current round.

## 5.2 Perceived risks to credit quality had a tightening impact on credit standards[14]

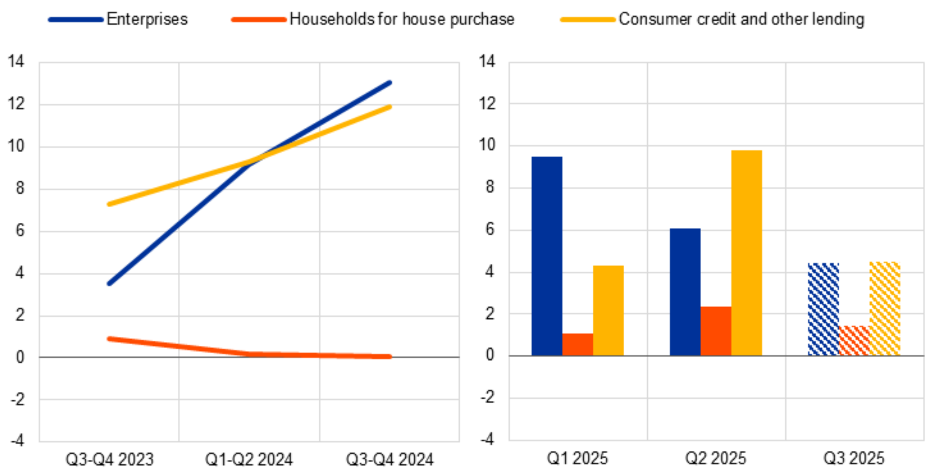
Euro area banks reported a net tightening impact of NPL ratios and other credit quality indicators on their credit standards for loans to firms (net percentage of 6%), housing loans (2%) and consumer credit (10%) in the second quarter of 2025 (see Chart 16 and Table 14). A tightening impact of credit quality was also observed for terms and conditions, although concentrated in loans to firms and consumer credit (7% and 6% respectively; see Chart 17). The net tightening of credit standards was lower than in the previous quarter for loans to firms, but the net tightening of terms and conditions was higher, suggesting that past changes in lending criteria of banks are finding their way into actual terms and conditions for firms. This was not the case for consumer credit, for which both credit standards and terms and conditions tightened more than in the previous quarter and which, paired with the overall tightening of credit standards in this sector, points to ongoing revisions of credit policies for consumers.

[14] Banks were asked to assess the impact of NPL ratios and other credit quality indicators on changes to their lending policies. The question also asked banks about the factors through which NPL ratios and other credit quality indicators contributed to changes to their lending policies. Since the April 2025 survey, this question has referred to changes over the past and next three months, while previously (until the January 2025 survey) it referred to changes over the past and next six months. Until the July 2023 survey, this question referred only to the impact of banks' NPL ratios. Banks were asked about the impact on loans to enterprises, loans to households for house purchase and consumer credit, and other lending to households over the past and next six months. The NPL ratio is defined as the stock of gross NPLs on a bank's balance sheet as a percentage of the gross carrying amount of loans. "Other indicators of credit quality" include, for example, Stage 2 loans (underperforming loans that have seen a significant increase in credit risk since initial recognition) and loans in early arrears (loans for which payment is overdue by more than 30 and up to 90 days). Changes in credit standards and/or terms and conditions may be caused by changes in banks' credit quality, changes in regulation or changes in a bank's assessment of credit quality, even where indicators have remained unchanged. When the question was introduced in the July 2018 BLS, it also asked about the impact of banks' NPL ratios from 2014 to 2017, in addition to the impact over the past/next six months.

## Chart 16

Impact of banks' NPL ratios and other credit quality indicators on credit standards

(net percentages of banks reporting a tightening impact)

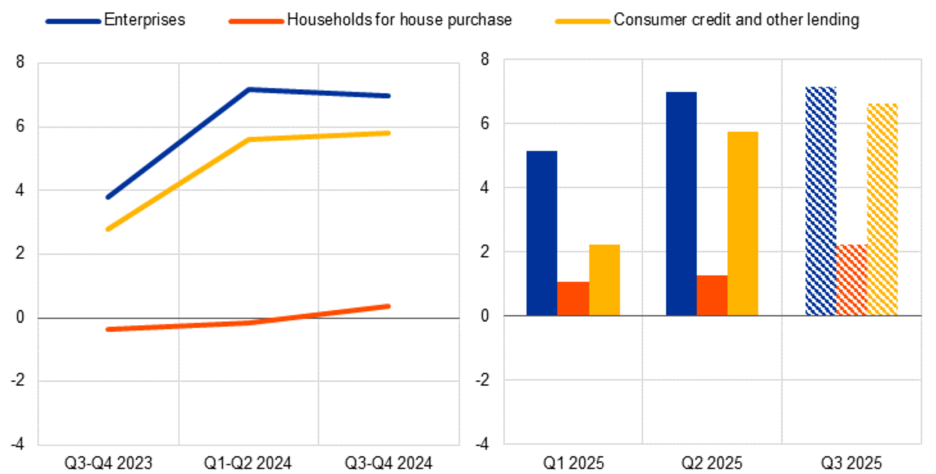



Notes: Net percentages are defined as the difference between the sum of the percentages of banks responding "contributed considerably to tightening" and "contributed somewhat to tightening" and the sum of the percentages of banks responding "contributed somewhat to easing" and "contributed considerably to easing". The frequency of the question was increased to quarterly (from biannual) from the first quarter of 2025. Until the second quarter of 2023, this question referred solely to the impact of banks' NPL ratios. The last period shows expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: impact of banks' NPL ratios and other indicators of credit quality on credit standards.

## Chart 17

Impact of banks' NPL ratios and other credit quality indicators on terms and conditions

(net percentages of banks reporting a tightening impact)




Notes: Net percentages are defined as the difference between the sum of the percentages of banks responding "contributed considerably to tightening" and "contributed somewhat to tightening" and the sum of the percentages of banks responding "contributed somewhat to easing" and "contributed considerably to easing". The frequency of the question was increased to quarterly (from biannual) from the first quarter of 2025. Until the second quarter of 2023, this question referred solely to the impact of banks' NPL ratios. The last period shows expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: impact of banks' NPL ratios and other indicators of credit quality on terms and conditions.

## Table 14

### Impact of bank NPL ratios and other credit quality indicators on credit standards and terms and conditions

(net percentages of banks reporting a tightening impact)

| | Credit standards | | | Terms and conditions | | |
|---|---|---|---|---|---|---|
| | Q1 2025 | Q2 2025 | Q3 2025 | Q1 2025 | Q2 2025 | Q3 2025 |
| **Loans to enterprises** | 9 | 6 | 4 | 5 | 7 | 7 |
| **Loans to households for house purchase** | 1 | 2 | 1 | 1 | 1 | 2 |
| **Consumer credit and other lending to households** | 4 | 10 | 5 | 2 | 6 | 7 |

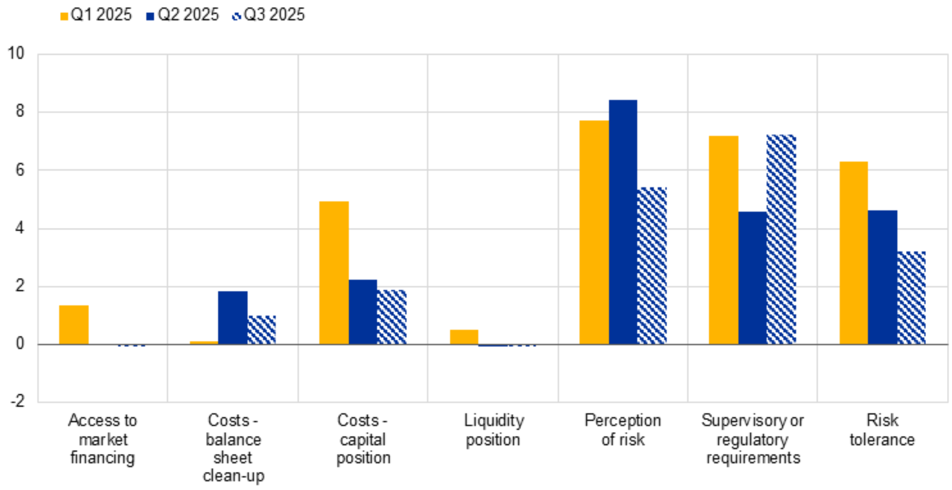
Notes: See the notes to Charts 16 and 17. The last period shows expectations indicated by banks in the current round.

Similarly to the previous quarter, higher perceived risks, pressures related to supervisory or regulatory requirements and lower risk tolerance were the main factors explaining the tightening impact of credit quality on lending conditions (see Chart 18 and Table 15). Costs related to the capital position of banks and costs related to balance sheet clean-up also had a slight tightening impact, with other factors being broadly neutral.

## Chart 18

### Impact of factors through which NPL ratios and other credit quality indicators affect banks' policies on lending to enterprises and households

(net percentages of banks reporting a tightening impact)




Notes: See the notes to Charts 16 and 17. The last period shows expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: impact of factors through which NPL ratios and other indicators of asset quality affect banks' policies on lending to enterprises and households.

**Table 15**

Impact of factors through which NPL ratios and other credit quality indicators affect banks' policies on lending to enterprises and households

(net percentages of banks reporting a tightening impact)

| | Q1 2025 | Q2 2025 | Q3 2025 |
|---|---|---|---|
| Costs related to banks' capital positions | 5 | 2 | 2 |
| Costs related to balance sheet clean-up operations | 0 | 2 | 1 |
| Supervisory or regulatory requirements | 7 | 5 | 7 |
| Access to market financing | 1 | 0 | 0 |
| Liquidity position | 1 | 0 | 0 |
| Perception of risk | 8 | 8 | 5 |
| Banks' risk tolerance | 6 | 5 | 3 |

Notes: See the notes to Chart 18. The last period shows expectations indicated by banks in the current round.

Looking ahead, euro area banks expect a further tightening impact of credit quality on their lending conditions. For loans to firms, both credit standards and terms and conditions are expected to be affected. For loans to households, terms and conditions are expected to be affected but the impact on credit standards is expected to be neutral for housing loans. The factors that had a tightening impact in the current quarter are expected to continue to exert tightening pressure in the near future, with supervisory or regulatory requirements leading the impacts.

## 5.3 Heterogeneous developments in credit standards and loan demand across main economic sectors[15]

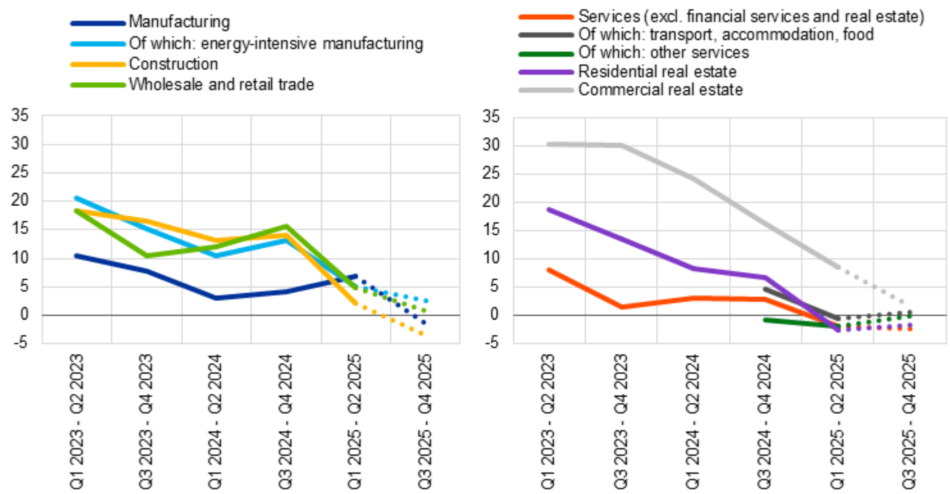
Credit standards tightened in CRE, manufacturing, wholesale and retail trade and, to a lesser extent, in construction in the first half of 2025, while easing slightly in various segments of services (excluding financial services and real estate) and in RRE (see Chart 19 and Table 16). The net tightening of credit standards in CRE and in wholesale and retail trade was lower than in previous quarters, while the net tightening in the manufacturing sector was higher, potentially reflecting perceived risks in the context of global uncertainty, despite some upward movement of the euro area manufacturing Purchasing Managers' Index (PMI).

[15] The July 2025 survey questionnaire included a biannual ad hoc question aimed at collecting information on changes in banks' credit standards, overall terms and conditions and loan demand across the main economic sectors over the past/next six months. Banks were asked to report information covering five sectors: manufacturing (with a breakdown for energy-intensive manufacturing); construction (excluding real estate); services (excluding financial services and real estate, broken down into transport, accommodation and food as well as into other services); wholesale and retail trade; and real estate (including both real estate construction and real estate services). "Other services" include mainly administration, scientific, technical, information and social services. Since the January 2023 BLS and the January 2025 BLS respectively, breakdowns have been included for the manufacturing sector and the services sector.

**Chart 19**

Changes in credit standards for new loans to enterprises across main economic sectors

(net percentages of banks reporting a tightening)




Notes: Net percentages refer to 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 last period shows expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: changes in credit standards for new loans to enterprises across main economic sectors.

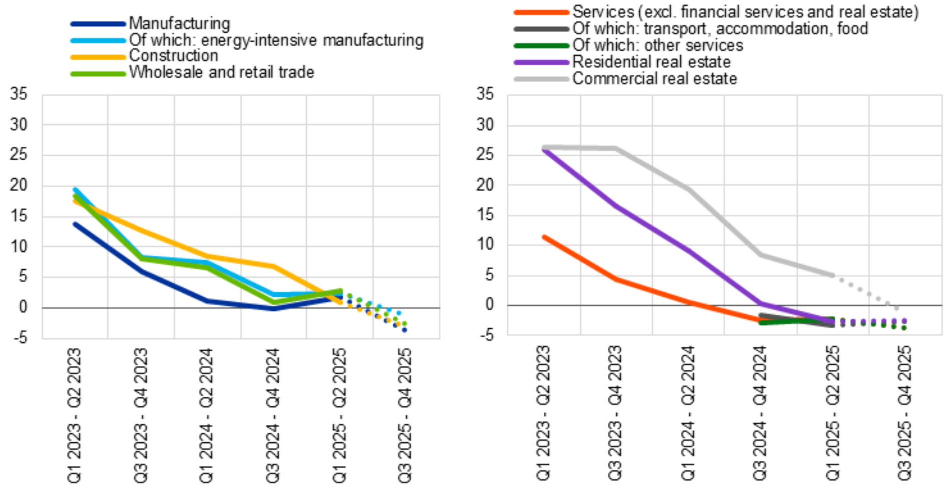
Terms and conditions followed a similar pattern to credit standards in the first half of 2025, tightening slightly for manufacturing and easing slightly for services (excluding financial services and real estate), except for a further limited net tightening in the CRE sector (see Chart 20 and Table 16). Compared with credit standards, the net tightening of credit terms and conditions was mostly more limited, while the net easing was overall similar across the respective sectors. Overall, the heterogeneity across the main economic sectors as regards the net tightening and easing of credit standards in the first half of 2025 is consistent with the small net tightening of overall credit standards for loans to firms in the first quarter of 2025 and broadly unchanged credit standards in the second quarter.

For the second half of 2025, euro area banks expect either broadly unchanged or easier credit standards for most main economic sectors. Exceptions are the energy-intensive manufacturing sector and CRE sector, for which banks expect a small further net tightening in the second half of 2025. For credit terms and conditions, banks expect a net easing for most main economic sectors in second half of 2025, except for CRE and energy-intensive manufacturing, for which banks expect terms and conditions to remain broadly unchanged.

**Chart 20**

Changes in terms and conditions for new loans to enterprises across main economic sectors

(net percentages of banks reporting a tightening)




Notes: Net percentages refer to 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 last period shows expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: changes in terms and conditions for new loans to enterprises across main economic sectors.

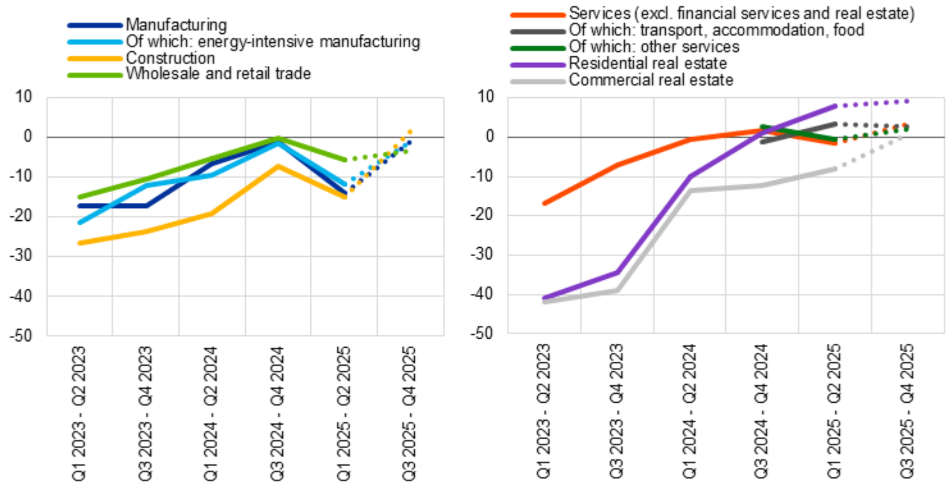
Banks reported a net decrease in demand for loans in the construction, manufacturing, CRE and wholesale and retail sectors in the first half of 2025, and a net increase in RRE and some services sectors (excluding financial services and real estate) (see Chart 21 and Table 16). The net decrease in loan demand was also pronounced in energy-intensive manufacturing. These developments are broadly consistent with the overall weakness in loan demand and the dampening impact of global uncertainty. Loan demand increased in RRE together with a limited net increase in the transport, accommodation and food sector. Loan demand in the rest of the services sectors (excluding financial services and real estate) remained broadly unchanged.

For the second half of 2025, euro area banks expect small changes overall in loan demand across the main economic sectors, except for RRE where demand is expected to increase moderately. Loan demand is expected by banks to remain broadly unchanged in the second half of 2025 in manufacturing (including in energy-intensive manufacturing), construction and CRE. A small net increase is expected for both segments of the services sector, while a limited net decrease is expected for wholesale and retail trade.

## Chart 21

Changes in demand for loans or credit lines to enterprises across main economic sectors

(net percentages of banks reporting an increase)




Notes: Net percentages refer to 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 last period shows expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: changes in demand for loans or credit lines to enterprises across main economic sectors.

## Table 16

Changes in credit standards, terms and conditions and demand for new loans to enterprises across main economic sectors

(net percentages of banks reporting a tightening/increase)

| | Credit standards | | | Terms and conditions | | | Loan demand | | |
|---|---|---|---|---|---|---|---|---|---|
| | Q3– Q4 2024 | Q1– Q2 2025 | Q3– Q4 2025 | Q3– Q4 2024 | Q1– Q2 2025 | Q3– Q4 2025 | Q3– Q4 2024 | Q1– Q2 2025 | Q3– Q4 2025 |
| **Manufacturing** | 4 | 7 | -2 | 0 | 2 | -4 | -1 | -14 | -1 |
| **Of which: energy-intensive manufacturing** | 13 | 5 | 3 | 2 | 2 | -1 | -2 | -12 | -1 |
| **Construction** | 14 | 2 | -3 | 7 | 1 | -3 | -7 | -15 | 1 |
| **Services (excluding financial services and real estate)** | 3 | -2 | 0 | -2 | -2 | -4 | 2 | -2 | 3 |
| **Of which: transport, accommodation and food** | 5 | -1 | -3 | -2 | -3 | -3 | -1 | 3 | 3 |
| **Of which: other services** | -1 | 0 | 0 | -3 | -2 | -4 | 3 | -1 | 2 |
| **Wholesale and retail trade** | 16 | 5 | 1 | 1 | 3 | -3 | 0 | -6 | -3 |
| **Commercial real estate** | 16 | 9 | 2 | 8 | 5 | -1 | -12 | -8 | 1 |
| **Residential real estate** | 7 | -3 | -2 | 0 | -3 | -3 | 1 | 8 | 9 |

Notes: See the notes to Charts 19, 20 and 21. The last period shows expectations indicated by banks in the current round.

## 5.4 Easing impact of better climate performance on firms' credit standards but uncertainty regarding future climate regulation seen as an obstacle to loan demand[16]

Banks continue to take the climate performance of firms into account in their lending policy, reporting an easing impact on credit standards and terms and conditions for firms with better climate performance and a tightening impact for high carbon emitting firms which have not yet started their transition (see Chart 22 and Table 17).[17] Over the past 12 months, euro area banks have reported a substantial net easing impact of climate risks and measures to cope with climate change on their credit standards and terms and conditions (net percentages of -20% and -31% respectively) for loans to green firms, i.e. firms that do not contribute or contribute little to climate change, which was somewhat smaller than expected by banks one year ago (-29% and -37%). A net easing impact was also reported by banks for loans to firms in transition, i.e. firms which have implemented a climate plan to reduce their carbon emissions (net percentages of -13% and -20% respectively), and was somewhat more than expected one year ago, especially for terms and conditions (-12% and -14%). By contrast, climate risks had a substantial net tightening impact for loans to high-emitting firms (net percentages of 35% and 22% respectively), although this is smaller than expected by banks one year ago (50% and 40%).

16 The July 2025 survey questionnaire included an annual ad hoc question aimed at gauging the impact of climate change on bank lending to firms. This impact relates to climate-related risks and measures to cope with climate change implemented by governments, monetary policy as well as supervisory and regulatory authorities. It can also relate to banks' further measures related to climate change. Firms may be affected by climate change in their firm-specific situation and outlook, with respect to their creditworthiness and the value of their assets. Climate risks can be grouped into two categories: transition risk and physical risk. Transition risk refers to the risk related to an institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy. Physical risk refers to the risk related to the financial impact from banks' exposure to a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, which can affect the value of collateral and borrower repayment capacity.

17 "Green firms" are defined as firms that contribute little or nothing to climate change; "firms in transition" are firms that contribute to climate change but are making relevant progress in the transition; "brown/high-emitting firms" are firms that contribute significantly to climate change and have not yet started the transition or made little progress.

## Chart 22

Impact of climate change on banks' credit standards and terms and conditions for loans to firms

(net percentages of banks; over the past 12 months and the next 12 months)


Notes: For definitions of "green firms", "firms in transition" and "brown firms", see the footnote at the beginning of this section. Net percentages are defined as the difference between the sum of the percentages of banks responding "contributed considerably to tightening" and "contributed somewhat to tightening" and the sum of the percentages of banks responding "contributed somewhat to easing" and "contributed considerably to easing". The striped bars denote expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: impact of climate change on banks' credit standards and terms and conditions for loans to firms.

## Table 17

Impact of climate change on banks' credit standards, terms and conditions and demand for loans to firms

(net percentages of banks reporting a tightening impact or an increase)

| | Credit standards | | | Terms and conditions | | | Demand | | |
|---|---|---|---|---|---|---|---|---|---|
| | Q3 2023 - Q2 2024 | Q3 2024 - Q2 2025 | Q3 2025 - Q2 2026 | Q3 2023 - Q2 2024 | Q3 2024 - Q2 2025 | Q3 2025 - Q2 2026 | Q3 2023 - Q2 2024 | Q3 2024 - Q2 2025 | Q3 2025 - Q2 2026 |
| **Green firms** | -25 | -20 | -22 | -31 | -31 | -28 | 24 | 22 | 21 |
| **Firms in transition** | -10 | -13 | -17 | -14 | -20 | -17 | 24 | 24 | 24 |
| **Brown firms** | 44 | 35 | 33 | 31 | 22 | 26 | -3 | -3 | -6 |

Notes: See the notes to Chart 22. The last period shows expectations indicated by banks in the current round.

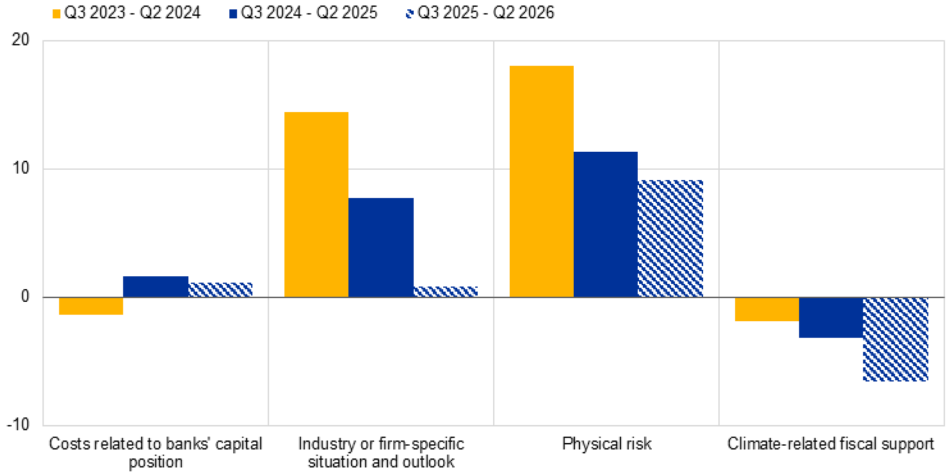
Both physical risk and firms' transition risk had a moderate net tightening impact on banks' lending policy for euro area firms over the past 12 months, while climate-related fiscal support continued to have an easing impact (net percentages of 11%, 8% and -3% respectively; see Chart 23 and Table 18).[18] Banks' capital costs related to their exposure to climate risk had only a small tightening impact on banks' lending policy (net percentage of 2%). The net easing impact of climate-related fiscal support on banks' lending conditions was in line with their expectations one year ago.

[18] Banks' lending policy covers changes in both credit standards and terms and conditions.

**Chart 23**

Impact of climate-related factors on banks' lending policy to firms

(net percentages of banks; over the past 12 months and the next 12 months)




Notes: Net percentages are defined as the difference between the sum of the percentages of banks responding "contributed considerably to tightening" and "contributed somewhat to tightening" and the sum of the percentages of banks responding "contributed somewhat to easing" and "contributed considerably to easing". The striped bars denote expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: impact of climate-related factors on banks' lending policy to firms.

**Table 18**

Impact of climate-related factors on banks' lending policy and loan demand for firms

(net percentages of banks reporting a tightening impact or an increase)

| | Q3 2023 - Q2 2024 | Q3 2024 - Q2 2025 | Q3 2025 - Q2 2026 |
|---|---|---|---|
| **Impact on banks' lending policy through:** | | | |
| **Costs related to banks' capital position** | -1 | 2 | 1 |
| **Industry or firm-specific situation and outlook (transition risk)** | 14 | 8 | 1 |
| **Physical risk** | 18 | 11 | 9 |
| **Climate-related fiscal support** | -2 | -3 | -7 |
| **Impact on loan demand through:** | | | |
| **Climate-related fixed investment and corporate restructuring** | 22 | 17 | 25 |
| **Prevailing climate-related regulation** | - | 2 | 1 |
| **Uncertainty about future climate-related regulation** | - | -11 | -13 |
| **Bank lending rates for green projects or technologies** | - | 21 | 22 |
| **Use of alternative financing sources other than fiscal support** | 10 | 1 | 2 |
| **Climate-related fiscal support** | 0 | 2 | 8 |

Notes: See the notes to Charts 23 and 24. The factors related to climate-related regulation and bank lending rates were introduced in this survey round. "Use of alternative financing other than fiscal support" includes, among other things, the issuance of green corporate bonds. The last period shows expectations indicated by banks in the current round.

Over the next 12 months, euro area banks expect a broadly similar impact from climate change on their lending conditions, driven by a further net tightening impact from physical risk and a broadly unchanged impact from transition risk, while the relevance of climate-related fiscal support to ease lending conditions is expected to increase (net percentages of 9%, 1% and -7% respectively). Banks' capital costs related to their climate exposure are expected to have a broadly neutral impact (1%).

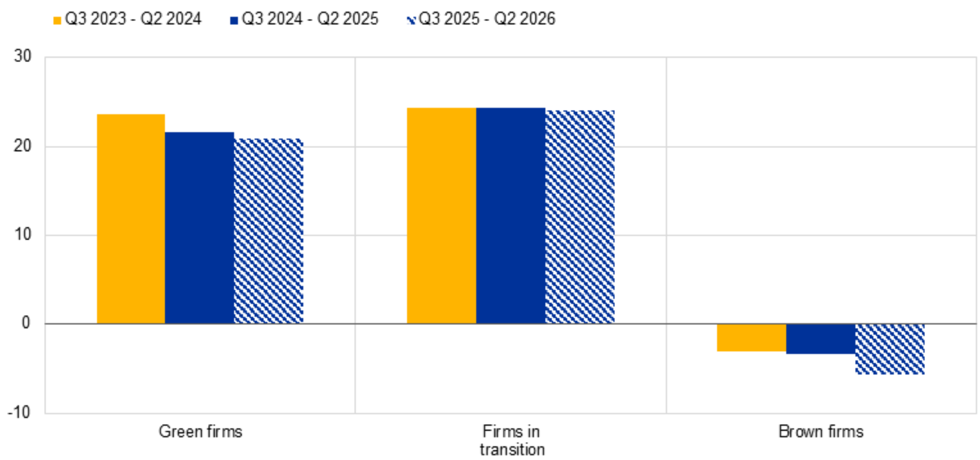
Euro area banks reported a net increase in demand for loans to firms in transition and green firms owing to climate change over the past 12 months (net percentages of 24% and 22% respectively), and a net decrease in loan demand for high-emitting firms (net percentage of -3%; see Chart 24 and Table 17). Fixed investment and corporate restructuring in combination with bank lending rates for green projects or technologies were reported by banks as the main drivers of climate-related loan demand (net percentages of 17% and 21% respectively; see Chart 25 and Table 18). Climate-related fiscal support had also a small supportive impact over the past 12 months. By contrast, the uncertainty about future climate regulation was perceived by banks as an important obstacle to loan demand (net percentage of -11%). According to the banks, the impact of the current climate regulation on loan demand was on average slightly positive over the past 12 months (2%).

Over the next 12 months, loan demand is expected to increase owing to climate risks for firms in transition and green firms (net percentages of 24% and 21% respectively), while it is expected to decrease for high-emitting firms (net percentage of -6%). Fixed investment and corporate restructuring, bank lending rates for green projects or technologies, and, to a small extent, climate-related fiscal support are expected to have a positive impact on climate-related loan demand, while the uncertainty regarding future climate regulation is expected to remain an important obstacle over the next 12 months.

**Chart 24**

Impact of climate change on demand for loans to firms

(net percentages of banks; over the past 12 months and the next 12 months)

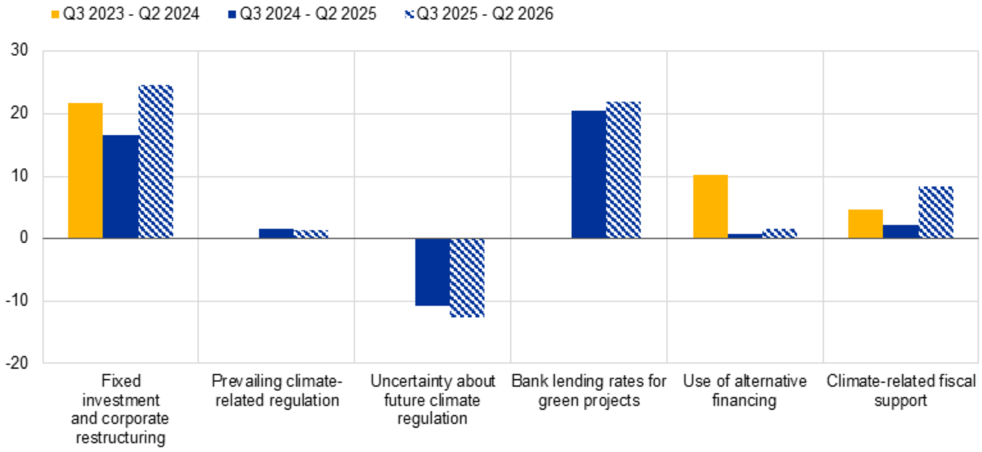



Notes: For definitions of “green firms”, “firms in transition” and “brown firms”, see footnote at the beginning of this section. Net percentages are defined as the difference between the sum of the percentages of banks responding “contributed considerably to an increase” and “contributed somewhat to an increase” and the sum of the percentages of banks responding “contributed somewhat to a decrease” and “contributed considerably to a decrease”. The striped bars denote expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: impact of climate change on demand for loans to firms, and climate-related contributing factors.

**Chart 25**

Impact of climate-related factors on demand for loans to firms

(net percentages of banks; over the past 12 months and the next 12 months)




Notes: For definitions of "green firms", "firms in transition" and "brown firms", see footnote at the beginning of this section. Net percentages are defined as the difference between the sum of the percentages of banks responding "contributed considerably to an increase" and "contributed somewhat to an increase" and the sum of the percentages of banks responding "contributed somewhat to a decrease" and "contributed considerably to a decrease". The factors related to climate-related regulation and bank lending rates were introduced in this survey round. "Use of alternative financing" excludes fiscal support and includes, among others, the issuance of green corporate bonds. The striped bars denote expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: impact of climate change on demand for loans to firms, and climate-related contributing factors.

## 5.5 Bank lending conditions eased for buildings with high energy performance and tightened for buildings with low energy performance[19]

Banks reported an easing impact of climate change on credit standards for buildings with high energy performance, while tighter credit standards were applied to buildings with low energy performance (net percentages of -14% and 25% respectively; see Chart 26 and Table 19). A new ad hoc question on the impact of climate change on loans to households for house purchase shows that the energy performance of buildings is a relevant criterion for banks when granting housing loans. Similar to the impact on credit standards, banks also reported a net easing impact on their credit terms and conditions for housing loans for buildings with high

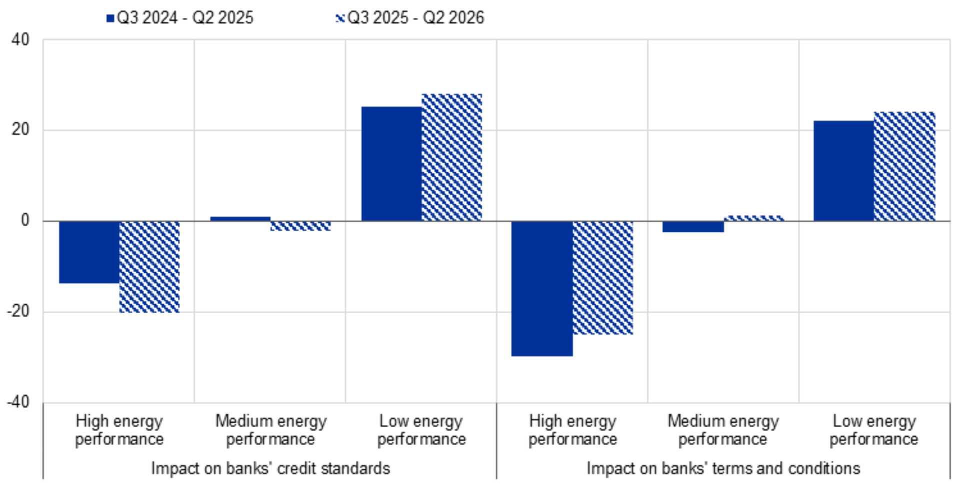
19 The July 2025 survey questionnaire included a new annual ad hoc question aimed at gauging the impact of climate change on bank lending to households for house purchase. Housing loans to households may be affected by climate change, for instance in respect of the energy efficiency of the real estate or physical risks, often related to the geographical location of the real estate. Buildings with "High energy performance" are defined as new buildings or equivalent to new in their energy performance (Energy Performance Certificate A-B). Buildings with "Medium energy performance" are defined buildings with reasonably good energy performance, i.e., modern buildings/existing buildings with major energetic modernisation other than equivalent to new (Energy Performance Certificate C-E). Buildings with "Low energy performance" are defined as buildings with poor energy performance, i.e., old buildings without major energetic modernisation (Energy Performance Certificate F-G). If no Energy Performance Certificate (EPC) is available, the bank may use the age of the building and whether a major energetic modernisation has taken place or the actual energy consumption of the building (i.e., the amount of energy consumed, typically measured in kWh) as a proxy. Existing buildings built since 2000 or buildings with a major energetic modernisation other than equivalent to new may be classified as EPC C-E. Buildings built before 2000 without a major energetic modernisation may be classified as EPC F-G. See also the EU Energy Performance of Buildings Directive (EU/2024/1275). For further explanation, see the footnotes in Section 5.4 on the impact of climate change on bank lending to firms.

energy performance and, to a small extent, for buildings with medium energy performance over the past 12 months, whereas climate change had a tightening impact for buildings with low energy performance (net percentages of -30%, -2% and 22% respectively).

### Chart 26

Impact of climate change on banks' credit standards and terms and conditions for loans to households for house purchase

(net percentages of banks; over the past 12 months and the next 12 months)




Notes: For definitions of "high energy performance", "medium energy performance" and "low energy performance", see the footnote at the beginning of this section. Net percentages are defined as the difference between the sum of the percentages of banks responding "contributed considerably to tightening" and "contributed somewhat to tightening" and the sum of the percentages of banks responding "contributed somewhat to easing" and "contributed considerably to easing". The striped bars denote expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: impact of climate change on banks' credit standards and terms and conditions for loans to households for house purchase.

### Table 19

Impact of climate change on banks' credit standards, terms and conditions and demand for loans to households for house purchase

(net percentages of banks reporting a tightening impact or an increase)

| | Credit standards | | Terms and conditions | | Demand | |
|---|---|---|---|---|---|---|
| | Q3 2024 - Q2 2025 | Q3 2025 - Q2 2026 | Q3 2024 - Q2 2025 | Q3 2025 - Q2 2026 | Q3 2024 - Q2 2025 | Q3 2025 - Q2 2026 |
| **High energy performance** | -14 | -20 | -30 | -25 | 24 | 28 |
| **Medium energy performance** | 1 | -2 | -2 | 1 | 7 | 8 |
| **Low energy performance** | 25 | 28 | 22 | 24 | -12 | -19 |

Notes: See the notes to Chart 26. The last period shows expectations indicated by banks in the current round.

Physical risk of real estate was, in net terms, the main climate-related factor for housing loans with a tightening impact on banks' lending policy (net percentage of 11%; see Chart 27 and Table 20).[20] Euro area banks also reported a small net tightening impact of the transition risk stemming from the energy performance of buildings and a small net easing impact of banks' capital costs due to their climate

[20] Banks' lending policy covers changes in both credit standards and terms and conditions.

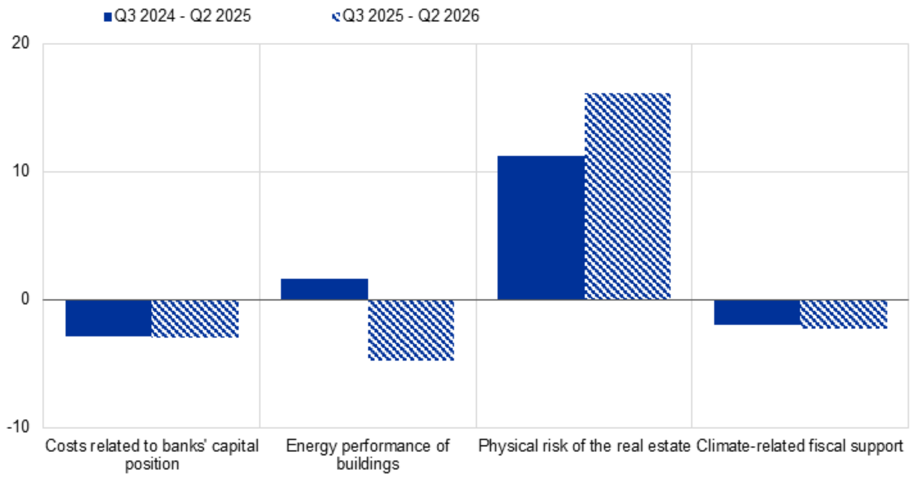
exposure and of climate-related fiscal support (net percentages of 2%, -3% and -2% respectively). The low net impact of energy performance of buildings could be partly related to the shares of housing loans granted over the past 12 months for new buildings (easing impact for buildings with high energy performance) and the renovation of old buildings (tightening impact for buildings with low energy performance).

Over the next 12 months, euro area banks expect a continued easing impact on their credit standards and terms and conditions for housing loans for buildings with high energy performance and a tightening impact for buildings with low energy performance (net percentages of -20% and 28% respectively for credit standards; net percentages of -25% and 24% respectively for terms and conditions). Physical risk of real estate is expected to remain the main climate-related tightening factor in net terms, with a limited net easing impact from the energy performance of the buildings, banks' capital costs due to their climate exposure and climate-related fiscal support.

**Chart 27**

Impact of climate-related factors on banks' lending policy to households for house purchase

(net percentages of banks; over the past 12 months and the next 12 months)




Notes: Net percentages are defined as the difference between the sum of the percentages of banks responding "contributed considerably to tightening" and "contributed somewhat to tightening" and the sum of the percentages of banks responding "contributed somewhat to easing" and "contributed considerably to easing". The striped bars denote expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: impact of climate-related factors on banks' lending policy to households for house purchase.

**Table 20**

Impact of climate-related factors on banks' lending policy and loan demand for households for house purchase

(net percentages of banks reporting a tightening impact or an increase)

| | Q3 2024 - Q2 2025 | Q3 2025 - Q2 2026 |
|---|---|---|
| **Impact on banks' lending policy through:** | | |
| **Costs related to banks' capital position** | -3 | -3 |
| **Energy performance of buildings (transition risk)** | 2 | -5 |
| **Physical risk of the real estate** | 11 | 16 |
| **Climate-related fiscal support** | -2 | -2 |
| **Impact on loan demand through:** | | |
| **Investment in the energy performance of buildings** | 36 | 39 |
| **Investment in the reduction of physical risk** | 2 | 7 |
| **Prevailing climate-related regulation** | -1 | 1 |
| **Uncertainty about future climate-related regulation** | -9 | -2 |
| **Bank lending rates for increasing the sustainability of real estate** | 24 | 20 |
| **Climate-related fiscal support** | 6 | 7 |

Notes: See the notes to Charts 26 and 27. The last period shows expectations indicated by banks in the current round.

Euro area banks reported a positive impact of climate change on housing loan demand for buildings with high and medium energy performance and a negative impact for buildings with low energy performance over the past 12 months (net percentages of 24%, 7% and -12% respectively; see Chart 28 and Table 19). While 75% of the stock of buildings in the EU have a poor energy performance according to the European Commission[21] and would require energy modernisation, the evidence from the banks points rather to increasing housing loan demand for new buildings with high energy standards and to the modernisation of existing buildings with medium energy performance. By contrast, the evidence from the banks points to subdued demand for housing loans for buildings with low energy performance.

Investment in the energy performance of buildings was the key factor for climate-related loan demand over the past 12 months (net percentage of 36%; see Chart 29 and Table 20). Preferential lending rates for increasing the sustainability of real estate and, to a smaller extent, fiscal support also had a positive impact on climate-related housing loan demand (net percentages of 24% and 6% respectively). Investment in the reduction of physical risk had only a small positive impact (net percentage of 2%), pointing to a focus of households on the energy performance of buildings. By contrast, uncertainty about future climate regulation was reported by banks to have a dampening impact on housing loan demand.

Over the next 12 months, climate-related housing loan demand is expected, in net terms, to increase for buildings with high and medium energy performance (net percentages of 28% and 8% respectively). By contrast, a net decrease in climate-related housing loan demand is expected for buildings with low energy performance (net percentage of -19%). While investment in energy performance and lending rates

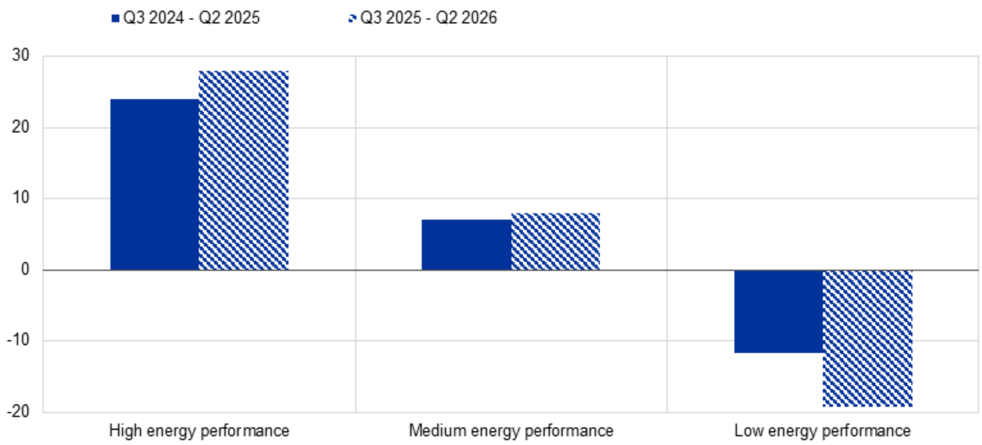
21 See information from the European Commission in the context of the Energy Performance of Buildings Directive.

for increasing the sustainability of real estate are expected to remain the main drivers, flanked by climate-related fiscal support, banks expect demand to be mainly for new or relatively modern buildings while they are sceptical about the modernisation progress for old buildings with low energy performance over the next 12 months.

### Chart 28

Impact of climate change on demand for loans to households for house purchase

(net percentages of banks; over the past 12 months and the next 12 months)

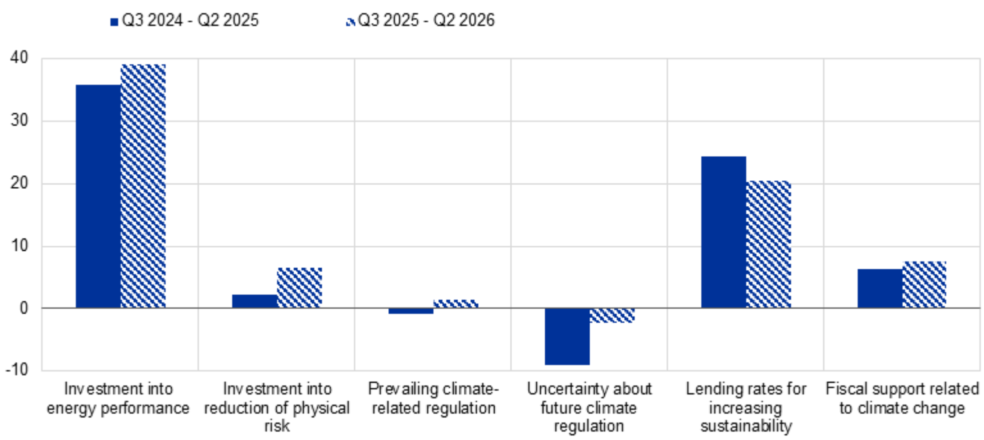



Notes: For definitions of "high energy performance", "medium energy performance" and "low energy performance", see footnote at the beginning of this section. Net percentages are defined as the difference between the sum of the percentages of banks responding "contributed considerably to an increase" and "contributed somewhat to an increase" and the sum of the percentages of banks responding "contributed somewhat to a decrease" and "contributed considerably to a decrease". The striped bars denote expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: impact of climate change on demand for loans to households for house purchase.

### Chart 29

Impact of climate-related factors on demand for loans to households for house purchase

(net percentages of banks; over the past 12 months and the next 12 months)




Notes: For definitions of "high energy performance", "medium energy performance" and "low energy performance", see footnote at the beginning of this section. Net percentages are defined as the difference between the sum of the percentages of banks responding "contributed considerably to an increase" and "contributed somewhat to an increase" and the sum of the percentages of banks responding "contributed somewhat to a decrease" and "contributed considerably to a decrease". The striped bars denote expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: impact of climate-related factors on demand for loans to households for house purchase.

## 5.6 Changes in excess liquidity had a neutral impact on bank lending conditions[22]

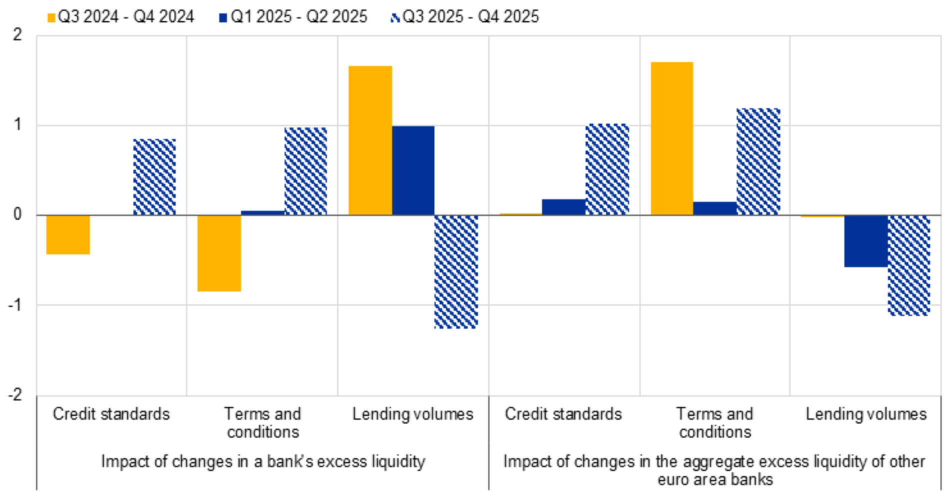
Banks indicated that changes in excess liquidity held with the Eurosystem in the first half of 2025 had a neutral impact on bank lending conditions (see Chart 30 and Table 21). Changes in excess liquidity held at the bank level also did not materially impact lending volumes. As regards the change in aggregate excess liquidity held by other euro area banks, banks reported no impact on lending volumes, on their terms and conditions, and on credit standards.

During the second half of 2025 banks expect broadly neutral impacts from changes in excess liquidity. Both changes in excess liquidity at the bank level and changes in the excess liquidity held by other banks are expected to have a broadly neutral impact on bank lending conditions.

**Chart 30**

Impact of changes in banks' excess liquidity with the Eurosystem on bank lending

(net percentages of banks reporting a tightening impact or an increase)




Notes: Net percentages refer to the difference between the percentages of banks reporting a tightening impact or a decrease and the percentages of banks reporting an easing impact or an increase. Results until the second quarter of 2024 refer to banks' excess liquidity held with the Eurosystem without specifying whether it refers to one bank's excess liquidity or to the aggregate excess liquidity of other euro area banks. The last period shows expectations indicated by banks in the current round. The full set of data underlying this chart can be downloaded via the following ECB Data Portal link: impact of changes in banks' excess liquidity with the Eurosystem on bank lending.

22 The July 2025 survey questionnaire included an ad hoc question aimed at collecting information on the impact of changes in banks' excess liquidity held with the Eurosystem on bank lending over the past/next six months. Banks' excess liquidity with the Eurosystem is the reserves that banks hold in the ECB's current account or deposit facility, excluding the minimum reserve requirement. Changes in banks' excess liquidity can occur as a result of changes in banks' liquidity holdings within the ECB's current account or deposit facility or a change in minimum reserve requirements. Until the first half of 2024, this ad hoc question referred to excess liquidity held with the Eurosystem without specifying whether it referred to an individual bank's excess liquidity or to the aggregate excess liquidity of other euro area banks. Since the second half of 2024, the reported impacts distinguish between these two aspects.

**Table 21**

Impact of changes in banks’ excess liquidity with the Eurosystem on bank lending

(net percentages of banks reporting a tightening impact or an increase)

| | Impact of changes in a bank's excess liquidity | | | Impact of changes in the aggregate excess liquidity of other euro area banks | | |
|---|---|---|---|---|---|---|
| | Credit standards | Terms and conditions | Lending volumes | Credit standards | Terms and conditions | Lending volumes |
| **Q3-Q4 2024** | 0 | -1 | 2 | 0 | 2 | 0 |
| **Q1-Q2 2025** | 0 | 0 | 1 | 0 | 0 | -1 |
| **Q3-Q4 2025** | 1 | 1 | -1 | 1 | 1 | -1 |

Notes: See the notes to Chart 30. The last period shows expectations indicated by banks in the current round.

# Annexes

See more.

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



For specific terminology please refer to the ECB glossary (available in English only).

PDF ISSN 1830-5989, QB-01-25-135-EN-N
HTML ISSN 1830-5989, QB-01-25-135-EN-Q