EUROPEAN CENTRAL BANK

EUROSYSTEM

The euro area bank lending survey

First quarter of 2016

April 2016

Contents

Introduction

The results reported in the April 2016 bank lending survey (BLS) relate to changes during the first quarter of 2016 and expectations of changes in the second quarter of 2016. The survey was conducted between 11 and 30 March 2016. The response rate was 100%. In addition to the results for the euro area as a whole, the report contains the results for the five largest euro area countries.[1]

A number of ad hoc questions were included in the April 2016 survey round. The first ad hoc question addressed the impact of the situation in financial markets on banks' access to retail and wholesale funding. The second, third and fourth questions were aimed at gauging the impact of the ECB's expanded asset purchase programme (APP).The fifth question refers to the impact of the ECB's negative deposit facility rate, and the last ad hoc question refers to the level of credit standards compared with a historical range.

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

1 Overview of the results

According to the April 2016 bank lending survey (BLS), improving loan supply conditions for enterprises and the continued increase in loan demand across all loan categories are supporting the ongoing recovery in loan growth.

In the first quarter of 2016, euro area banks reported a further net easing of credit standards for loans to enterprises (net percentage of reporting banks at -6%, compared with -4% in the previous quarter; see Table A), which was stronger than the historical average calculated over the period since the start of the survey in 2003. The net easing was slightly more pronounced than expected in the previous survey round. By contrast, credit standards on loans to households for house purchase tightened (4%, up from -7%), while remaining below the historical average since 2003. Banks had expected them to remain broadly unchanged. Credit standards on consumer credit and other lending to households returned to a net easing (-3%, down from 1%). For the second quarter of 2016, banks expect a continued net easing of credit standards on loans to enterprises (-4%) and for consumer credit (-7%). By contrast, they expect a continued net tightening of credit standards on housing loans (7%).

Competition remained the main factor behind the net easing of credit standards on loans to enterprises during the first quarter of 2016. Both risk perceptions and banks' reduced cost of funds and balance sheet constraints continued to contribute marginally to the net easing, while banks' risk tolerance had a marginal tightening impact. The net tightening of credit standards on loans to households for house purchase was largely driven by the implementation of the EU mortgage credit directive, particularly in Germany, and by a net tightening impact of banks' risk tolerance. By contrast, competition continued to have a considerable easing impact.

The net easing of banks' overall terms and conditions on new loans continued for loans to enterprises and intensified for housing loans and consumer credit, mainly driven by loan margins (defined as spread over relevant market reference rates). As with credit standards, competition continued to contribute the most to the net easing of terms and conditions.

The share of rejected applications for loans to enterprises and housing loans decreased in net terms, whereas it increased for consumer credit.

Net loan demand continued to increase for loans to enterprises, but was less pronounced (17%, down from 27%; see Table A). Net demand for housing loans increased further (32%, up from 29% in the previous quarter), driven mainly by the low general level of interest rates, but also continued favourable housing market prospects. Moreover, net demand for consumer credit continued to increase (16%, down from 21%), mainly driven by spending for durable goods.

For the largest euro area countries, credit standards for loans to enterprises eased in Italy and Germany, while remaining unchanged in Spain and the Netherlands and continuing to tighten in France in net terms. For housing loans, banks in Italy and Spain reported a net easing of credit standards, whereas banks in Germany and the Netherlands reported a net tightening. Credit standards on housing loans remained unchanged in France (see Table A).

Table A

Latest developments in BLS results in the largest euro area countries

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

Country	ENTERPRISES						HOUSE PURCHASE						CONSUMER CREDIT					
	Credit standards			Demand			Credit standards			Demand			Credit standards			Demand		
	15Q4	16Q1	AVG	15Q4	16Q1	AVG	15Q4	16Q1	AVG	15Q4	16Q1	AVG	15Q4	16Q1	AVG	15Q4	16Q1	AVG
EURO AREA	-4	-6	11	27	17	-5	-7	4	8	29	32	1	1	-3	6	21	16	-2
Germany	0	-6	5	34	22	3	0	21	2	7	21	9	0	3	0	10	13	8
Spain	0	0	11	40	-10	-3	0	-11	19	33	-11	-12	0	-20	10	50	20	-10
France	4	4	8	-1	13	-16	-15	0	3	9	26	5	0	0	-2	-6	43	-4
Italy	-38	-38	18	50	38	2	-25	-13	3	63	75	11	0	-25	9	63	25	11
Netherlands	0	0	11	23	24	-5	-8	14	19	97	89	-11	0	30	14	0	-30	-21

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

The April 2016 BLS also included some ad hoc questions. Regarding euro area banks' access to funding, access to retail funding remained unchanged in the first quarter. As regards wholesale funding, access to debt securities deteriorated, while banks' access to securitisation improved.

With respect to the impact of the ECB's expanded asset purchase programme (APP), banks have mainly used the additional liquidity related to the APP to grant loans. At the same time, euro area banks reported that the APP had a negative impact on their profitability. The net easing impact of the APP appears to be stronger for terms and conditions than for the credit standards of euro area banks, although the impact on the former has declined compared with the October 2015 survey.

The ECB's negative deposit facility rate has had a positive impact on lending volumes, in particular for loans to households, while having a negative impact on banks' net interest income and loan margins.

Finally, with regard to the current level of credit standards for both loans to enterprises and housing loans, euro area banks assessed their current level of credit standards as tighter than the historical range since 2003, despite the overall net easing that has occurred during the past year. At the same time, euro area banks assessed their current level of credit standards on loans to enterprises as broadly comparable with the shorter range since the second quarter of 2010.

Box 1
General notes

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

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

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

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

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

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

The results of the individual banks participating in the BLS sample are aggregated in two steps: in the first step, individual bank results are aggregated to national results for the euro area countries, and in the second step, the national BLS results are aggregated to euro area BLS results. In the first step, banks' replies can either be aggregated to national results by applying an implicit

[2] For more detailed information on the bank lending survey, see the article entitled "A bank lending survey for the euro area", *Monthly Bulletin*, ECB, April 2003, and Berg J. et al., "The bank lending survey for the euro area", *Occasional Paper Series*, No 23, ECB, 2005.

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

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

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

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

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

2.1 Loans to enterprises

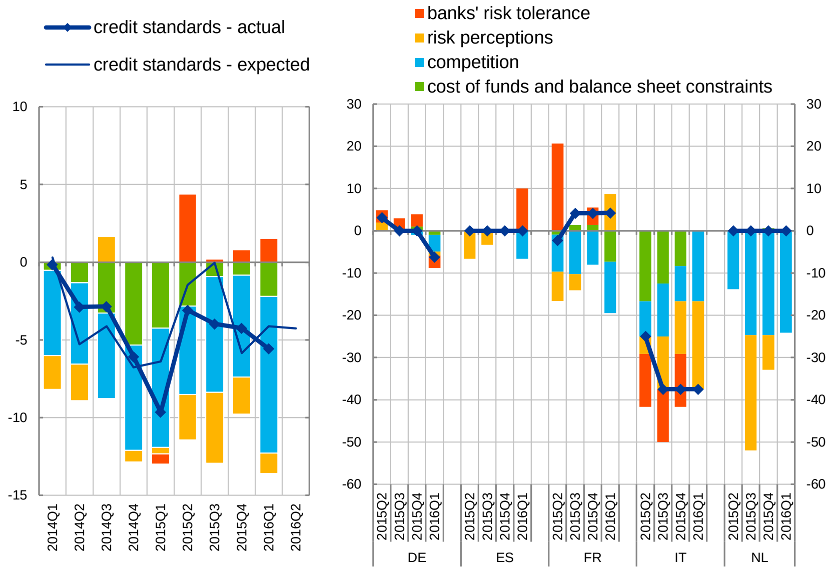
2.1.1 Credit standards for loans to enterprises eased further in the first quarter of 2016

In the first quarter of 2016, banks reported a further net easing in credit standards, thereby continuing to support the recovery of loan growth.

Chart 1

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

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



Notes: "Actual" values are changes that have occurred, while "expected" values are changes anticipated by banks. Net percentages are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages of banks responding "eased somewhat" and "eased considerably". The net percentages for responses to questions related to the factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage reporting that it contributed to an easing. "Cost of funds and balance sheet constraints" are an unweighted average of "cost related to capital position", "access to market financing" and "liquidity position"; "risk perceptions" are an unweighted average of "general economic situation and outlook", "industry or firm-specific situation and outlook/borrower's creditworthiness" and "risk on collateral demanded"; "competition" is an unweighted average of "bank competition", "non-bank competition" and "competition from market financing". "Risk tolerance" was introduced in Q1 2015.

Banks reported a further net easing of credit standards on loans to enterprises in the first quarter of 2016 (-6%, down from -4% in the previous quarter; see Chart 1 and Table A), which was slightly more pronounced than expected in the previous survey round.[3] Across firm size, credit standards were eased more strongly for loans to large firms than to small and medium-sized enterprises (SMEs). For the large euro area countries, credit standards on loans to enterprises eased in Italy and Germany, while remaining unchanged in Spain and the Netherlands and continuing to tighten in France in net terms.

Looking ahead to the second quarter of 2016, euro area banks expect a continued net easing of credit standards on loans to enterprises (-4%).

Table 1
Factors contributing to the net tightening of credit standards on loans or credit lines to enterprises

(net percentages)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1
Euro area	-1	-2	-7	-10	-2	-1	1	2
DE	1	-1	-1	-4	0	-1	3	-3
ES	0	0	0	-7	0	0	0	10
FR	1	-7	-8	-12	0	9	4	0
IT	-8	0	-8	-17	-13	-21	-13	0
NL	1	0	-25	-24	-8	0	0	0

Note: See the note for Chart 1.

During the first quarter, competition remained the main factor behind the net easing of credit standards. In addition, both risk perceptions and banks' cost of funds and balance sheet constraints continued to contribute marginally to the net easing, while banks' risk tolerance had a marginal tightening impact (see Chart 1 and Table 1).[4]

Across the large euro area countries, banks' competitive pressures had an easing impact on standards in all countries, but especially in the Netherlands. Reduced risk perceptions accounted for easing effects on standards in Italy, while they had a tightening impact in France. Cost of funds and balance sheet constraints contributed to an easing in France, while this factor remained broadly unchanged for other large countries. Concerning the impact of risk tolerance, banks in Germany reported a marginal easing contribution, while banks in France indicated a tightening impact.

2.1.2 Terms and conditions for loans to enterprises continued to improve in the first quarter of 2016

In the first quarter of 2016, overall terms and conditions that banks apply when granting new loans to enterprises continued to ease (see Chart 2 and Table 2), which suggests a continued improvement in financing conditions for loans to enterprises.

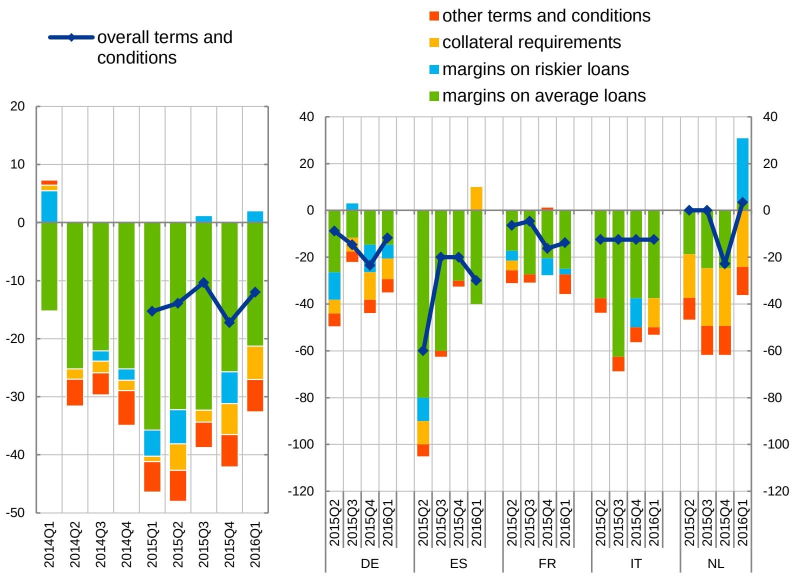
3 Net percentages are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages of banks responding "eased somewhat" and "eased considerably". The net percentages for responses to questions related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

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

Chart 2

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

(net percentages of banks reporting tightening terms and conditions)



Notes: "Margins" are defined as the spread over a relevant market reference rate. "Other terms and conditions" are an unweighted average of "non-interest rate charges", "size of the loan or credit line", "loan covenants" and "maturity". "Overall terms and conditions" were introduced in Q1 2015.

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

A considerable net percentage of euro area banks reported a further narrowing of margins on average loans to enterprises, while they indicated broadly unchanged margins on riskier loans. Other terms and conditions on new loans or credit lines, such as non-interest rate charges, loan size, collateral and maturity, also continued to ease during the first quarter of 2016.

Table 2

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

(net percentage changes)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1
Euro area	-17	-12	-26	-21	-5	2
DE	-24	-12	-15	-15	-12	-6
ES	-20	-30	-30	-40	0	0
FR	-16	-14	-20	-25	-7	-2
IT	-13	-13	-38	-38	-13	0
NL	-23	3	-25	3	0	28

Note: See note for Chart 2.

Table 3

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

(net percentages of banks reporting tightening terms and conditions)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1
Euro area	-5	1	-22	-28	-5	-1	3	2
DE	-6	0	-21	-12	-9	0	3	-3
ES	0	-20	-20	-40	0	-10	0	10
FR	4	2	-13	-34	0	3	4	0
IT	-25	0	-25	-50	0	-13	0	0
NL	2	28	-25	-24	-25	0	0	0

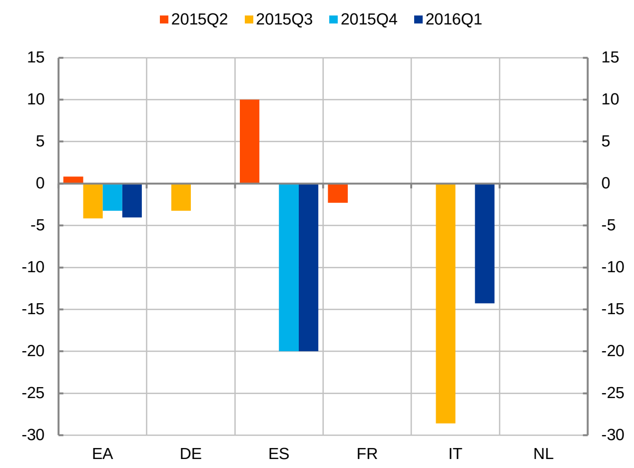
In most of the large euro area countries, particularly Italy and Spain, banks continued to report a narrowing of margins on average loans in net terms. Margins on riskier loans widened considerably in the Netherlands. In the other large countries, margins on riskier loans either remained unchanged or narrowed further. Banks in Spain reported a net tightening of collateral requirements, whereas no tightening of the other terms and conditions was recorded in the other large countries.

Regarding the factors contributing to changes in credit terms and conditions, competition contributed strongly to the easing in all large euro area countries (see Table 3). In addition, the considerable net easing of overall credit terms and conditions in Spain was driven by a reduction in banks' cost of funds and balance sheet constraints. By contrast, the same factor contributed strongly to the net tightening of terms and conditions in the Netherlands.

Chart 3

Change in the share of rejected applications for loans to enterprises

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



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

2.1.3 Rejection rate for loans to enterprises has decreased

Euro area banks continued to reduce their rejection rate for loan applications from enterprises (i.e. the difference between the sum of the percentages of banks reporting an increase and that of banks reporting a decline in the share of loan rejections), in net terms, during the first quarter of 2016 (-4%, compared with -3% in the previous quarter; see Chart 3).

Across the largest euro area countries, the rejection rate decreased in Italy and Spain, while remaining unchanged in the other countries.

2.1.4 Increase in net demand for loans to enterprises

Net demand for loans to enterprises continued to increase in the first quarter of 2016 (17%, down from 27% in the previous quarter; see Chart 4 and Table A).[5] While this rise was below banks' expectations reported in the previous round, banks expect an increase in loan demand from enterprises in the second quarter of 2016.

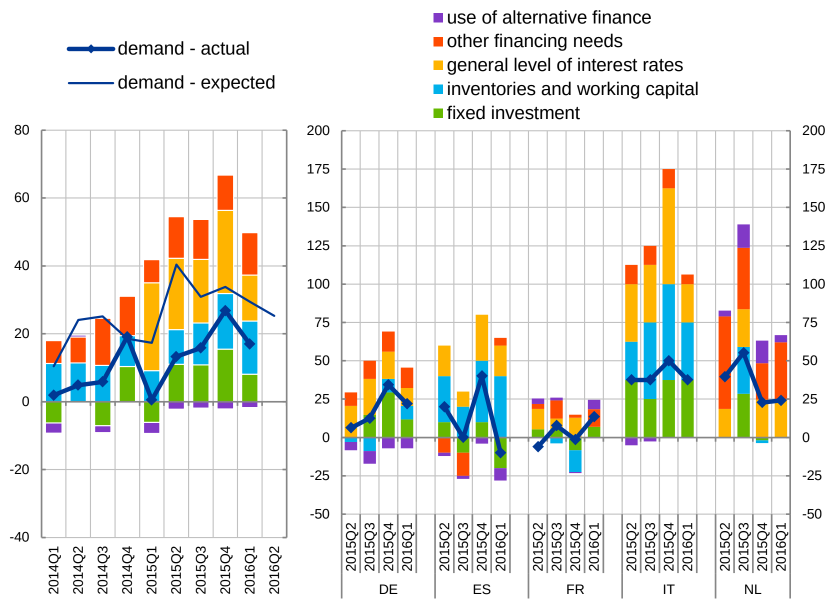
[5] Net percentages for the questions on demand for loans are defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat" and the sum of the percentages of banks responding "decreased somewhat" and "decreased considerably". The net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

All large euro area countries with the exception of Spain reported an increase in loan demand in the first quarter of 2016.

Chart 4

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

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



Notes: “Actual” values are changes that have occurred, while “expected” values are changes anticipated by banks. Net percentages for the questions on demand for loans are defined as the difference between the sum of the percentages of banks responding “increased considerably” and “increased somewhat” and the sum of the percentages of banks responding “decreased somewhat” and “decreased considerably”. The net percentages for responses to questions related to each factor are defined as the difference between the percentage of banks reporting that the given factor contributed to increasing demand and the percentage reporting that it contributed to decreasing demand. “Other financing needs” are an unweighted average of “M&A and corporate restructuring” and “debt refinancing/restructuring and renegotiation”; “use of alternative finance” is an unweighted average of “internal financing”, “loans from other banks”, “loans from non-banks”, “issuance/redemption of debt securities” and “issuance/redemption of equity”. “General level of interest rates” was introduced in Q1 2015.

Table 4

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

(net percentages)

	Fixed investment		Inventories and working capital		Other financing needs		General level of interest rates		Use of alternative finance	
Country	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1
Euro area	15	8	16	16	10	12	25	14	-2	-2
DE	29	12	9	9	13	13	18	12	-7	-7
ES	10	-20	40	40	0	5	30	20	-4	-8
FR	-8	7	-14	0	2	11	13	0	-1	6
IT	38	38	63	38	13	6	63	25	0	0
NL	-2	0	-2	0	24	38	25	24	15	5

Note: See note for Chart 4.

The main contributing factors for loan demand were inventories and working capital, the general level of interest rates, M&A activity (included in other financing needs) and fixed investment (see Chart 4 and Table 4).[6] The less pronounced increase in loan demand was on account of a smaller contribution from fixed investment and the general level of interest rates. The use of alternative finance continued to have a slightly dampening effect on net loan demand by euro area firms. In particular, the internal financing of firms and, to a smaller extent, the issuance of debt securities by enterprises contributed negatively to loan demand.

Across the large euro area countries, the solid contribution to loan demand from inventories and working capital was a result of developments in Germany, Italy and

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

Spain. The low level of interest rates continued to contribute to increased loan demand in all large countries with the exception of France. The positive contribution from M&A activity was related to developments in all large euro area countries except for Italy. Moreover, the smaller positive contribution from fixed investment compared with the previous quarter was due to developments in Germany and Spain, the contribution from the latter turning negative. In the Netherlands, other financing needs contributed strongly to loan demand, which was mainly related to debt refinancing and renegotiation, which may in turn be related to the prolongation of loans at more attractive conditions. By contrast, the use of alternative finance had a dampening impact on loan demand in Germany and Spain, related to both available internal funds and other external financing.

2.2 Loans to households for house purchase

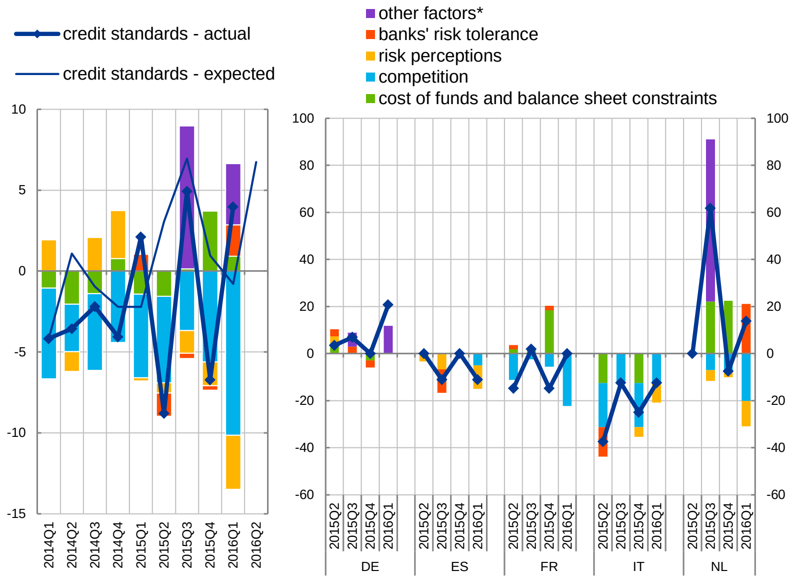
2.2.1 Credit standards for loans to households for house purchase tightened in net terms in the first quarter of 2016

For loans to households for house purchase, banks reported a net tightening of their credit standards (4%, up from -7%; see Chart 5 and Table A) which was below the historical average since 2003. By contrast, banks had expected broadly unchanged credit standards in the previous survey.

Chart 5

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

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



Notes: See the notes for Chart 1. “Risk perceptions” are an unweighted average of “general economic situation and outlook”, “housing market prospects including expected house price developments” and “borrower’s creditworthiness” (the latter from Q1 2015 onwards); “competition” is an unweighted average of “competition from other banks” and “competition from non-banks”. “Risk tolerance” was introduced in Q1 2015.
“*Other factors” are provided by banks when none of the above factors are applicable. They are shown as memo item and refer here, in particular, to changes in the regulation and legislation of housing markets.

Among the large euro area countries, banks in Italy and Spain reported a net easing of credit standards, whereas banks in Germany and the Netherlands reported a net tightening. Credit standards on housing loans remained unchanged in France.

Looking ahead, euro area banks expect a continued net tightening of credit standards in the second quarter of 2016.

Table 5

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

(net percentages)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1
Euro area	4	1	-6	-10	-1	-3	0	2
DE	-3	0	0	0	0	0	-3	0
ES	0	0	0	-5	0	-10	0	0
FR	18	0	-6	-22	0	0	2	0
IT	-13	0	-19	-13	-4	-8	0	0
NL	22	0	-8	-20	-3	-11	0	21

Note: See the note for Chart 5.

The net tightening of credit standards on housing loans was mainly related to the implementation of the EU mortgage credit directive (included in "other factors"), which requires an in-depth creditworthiness assessment of borrowers, as well as to the small net tightening impact of banks' risk tolerance (see Chart 5 and Table 5). By contrast, competition continued to have a considerable easing impact.

Among the largest euro area countries, the net tightening impact of the EU mortgage credit directive was driven by banks in Germany and follows the corresponding impact that banks in the Netherlands had reported in the third quarter of 2015. In addition, banks in the Netherlands indicated a net tightening impact of banks' risk tolerance. Competition had an easing impact in all large euro area countries with the exception of Germany, where it had a neutral impact. Banks' risk perceptions had an easing impact on credit standards for housing loans, according to banks in Italy, Spain and the Netherlands, while the impact was neutral elsewhere. Finally, the impact of cost of funds and balance sheet constraints was neutral across the large countries.

2.2.2 Terms and conditions for loans to households for house purchase improved further

The net easing of banks' overall terms and conditions applied when granting new housing loans intensified in the first quarter of 2016 (see Chart 6 and Table 6).

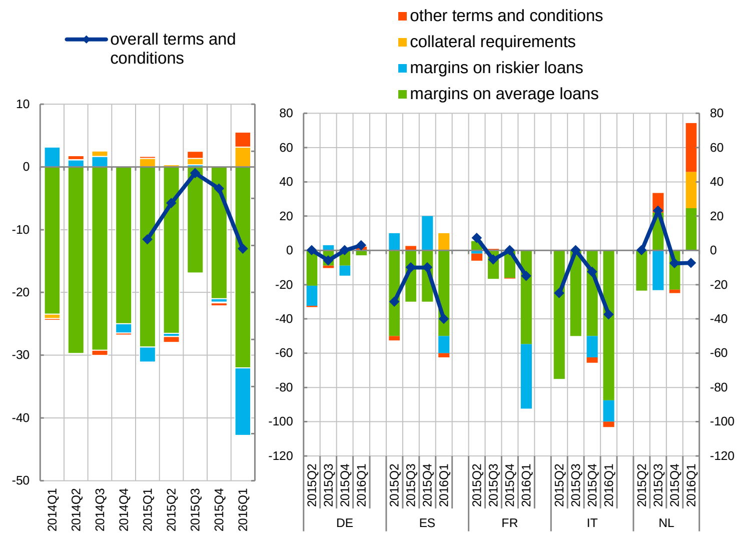
The reduction in margins on average loans remained the main driver behind the easing, but margins on riskier loans were also considerably reduced in the first quarter. By contrast, collateral requirements and other terms and conditions, especially loan-to-value ratios, were tightened.

Of the larger euro area countries, banks in Spain, Italy and France reported a considerable net easing of overall terms and conditions, mainly driven by margins on average loans and, to a smaller extent, by margins on riskier loans. By contrast, overall terms and conditions tightened marginally in Germany. This was due to a net tightening of housing loan maturities, whereas loan margins eased marginally in net terms for average loans and remained unchanged for riskier loans. In the Netherlands, banks reported a net increase in margins on average loans, collateral requirements and other terms and conditions, mainly owing to a considerable tightening of loan-to-value ratios.

Chart 6

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

(net percentages of banks reporting tightening terms and conditions)



Notes: "Margins" are defined as the spread over a relevant market reference rate. "Other terms and conditions" are an unweighted average of "loan-to-value ratio", "other loan size limits" (the latter from Q1 2015 onwards), "non-interest rate charges" and "maturity". "Overall terms and conditions" were introduced in Q1 2015.

Concerning the factors affecting the net easing of the terms and conditions of euro area banks, competition remained the main factor, but the other factors also contributed to the net easing (see Table 7).

Table 6

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

(net percentage changes)

Country	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1
Euro area	-3	-13	-21	-32	-1	-11
DE	0	3	-9	-3	-6	0
ES	-10	-40	-30	-50	20	-10
FR	0	-15	-16	-55	0	-38
IT	-13	-38	-50	-88	-13	-13
NL	-8	-7	-23	25	0	0

Note: See note for Chart 6.

Table 7

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

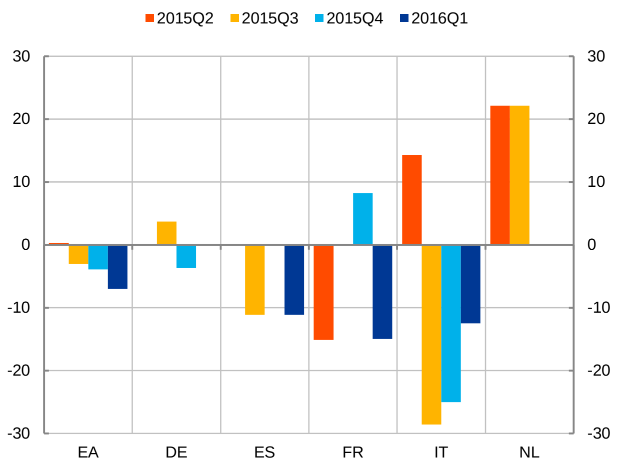
(net percentage changes)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1
Euro area	-1	-5	-9	-31	0	-9	0	-3
DE	-3	0	3	-3	3	0	-3	3
ES	0	-10	-10	-30	0	-10	0	0
FR	2	-17	0	-52	-2	-28	0	-28
IT	-13	0	-38	-88	0	-13	0	0
NL	22	0	-8	-7	-8	0	0	21

Among the large euro area countries, competition contributed to an easing of credit terms and conditions in all countries, particularly France, Italy and Spain. For banks' cost of funds and balance sheet constraints and risk perceptions, banks in France and Spain reported an easing impact of terms and conditions for housing loans.

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

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



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

Banks in Italy also indicated an easing impact for banks' risk perceptions, while the impact was neutral for the other countries. Banks' risk tolerance had an easing impact for banks in France, while it had a tightening impact for banks in the Netherlands.

2.2.3 Rejection rate for loans to households for house purchase declined

According to euro area banks, the net share of rejected applications for loans to households for house purchase declined further in the first quarter of 2016 (to -7%, down from -4% in the previous survey round; see Chart 7).

Across the largest euro area countries, there were again mixed developments: The rejection rate for housing loans declined in France, Italy and Spain, whereas it remained unchanged for banks in Germany and the Netherlands.

2.2.4 Net demand for housing loans increased further

In the first quarter of 2016, banks reported a further net increase in demand for housing loans (32%, compared with 29% in the previous quarter; see Chart 8 and Table A).

The increase in demand remains above the historical average change in demand and exceeded banks' expectations from the previous survey round.

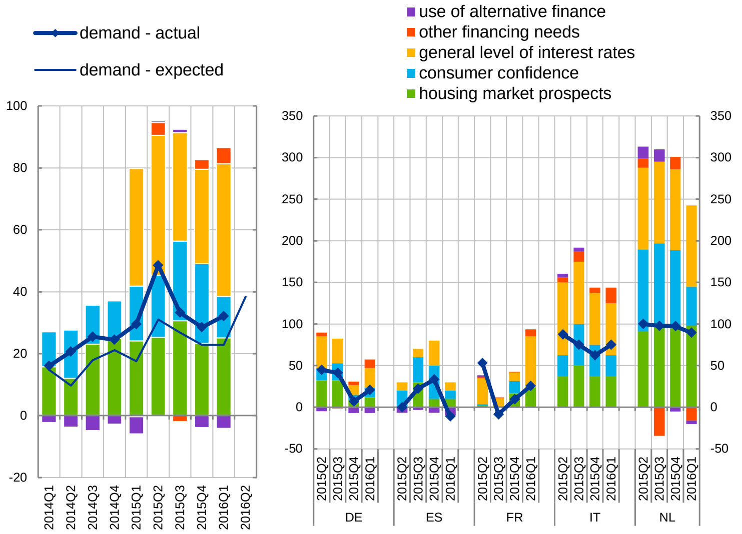
All the large euro area countries reported an increase in net demand for housing loans, with the exception of Spain, where it turned negative.

For the second quarter of 2016, euro area banks expect demand to increase further.

Chart 8

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

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



Notes: See the notes for Chart 4. “Other financing needs” are an unweighted average of “debt refinancing/restructuring and renegotiation” and “regulatory and fiscal regime of housing markets” (both from Q1 2015 onwards); “use of alternative finance” is an unweighted average of “internal financing out of savings/down payment” (from Q1 2015 onwards), “household savings” (until Q4 2014), “loans from other banks” and “other sources of external finance”. “General level of interest rates” was introduced in Q1 2015.

Table 8

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

(net percentage changes)

	Housing market prospects		Consumer confidence		Other financing needs		General level of interest rates		Use of alternative finance	
Country	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1
Euro area	23	25	26	13	3	5	30	43	-4	-4
DE	9	12	6	12	4	10	12	24	-7	-7
ES	10	10	40	10	0	0	30	10	-7	-10
FR	17	24	15	0	1	8	10	61	0	0
IT	38	38	38	25	6	19	63	63	0	0
NL	98	98	91	47	15	-16	97	98	-5	-4

Note: See note for Chart 8.

The low level of interest rates, as well as improved housing market prospects, were the main factors contributing to the further rise in demand for housing loans in the euro area (see Chart 8 and Table 8). By contrast, the favourable impact of consumer confidence became smaller in the first quarter.

Among the large euro area countries, housing market prospects and the general level of interest rates continued to contribute positively to loan demand in all countries, the impact being particularly strong in the Netherlands, Italy and France. Changes in the regulatory or fiscal regime of housing markets (included in “other financing needs”) have dampened loan demand, especially in the Netherlands, partly related to changes in the tax deduction of interest paid on mortgage loans.

2.3 Consumer credit and other lending to households

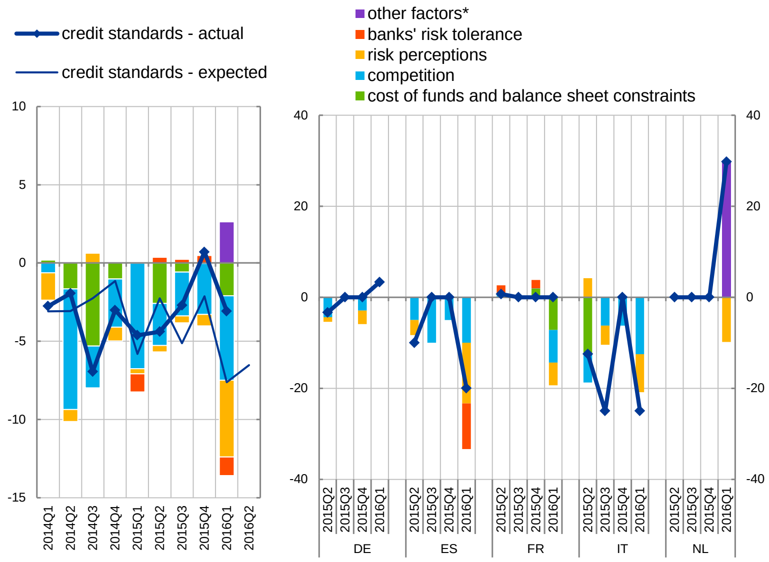
2.3.1 Net easing of credit standards for consumer credit and other lending to households

In the first quarter of 2016, credit standards for consumer credit and other lending to households returned to a net easing (-3%, down from 1% in the previous quarter and below the historical average; see Chart 9 and Table A). The net easing was slightly below banks' expectations for this quarter from the previous survey round.

Chart 9

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

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



Notes: See the notes for Chart 1. "Risk perceptions" are an unweighted average of "general economic situation and outlook", "creditworthiness of consumers" and "risk on collateral demanded"; "competition" is an unweighted average of "competition from other banks" and "competition from non-banks". "Risk tolerance" was introduced in Q1 2015. "Risk tolerance" introduced in 2015Q1. "*Other factors" are provided by banks when none of the above factors are applicable. They are shown as memo item and refer here, in particular, to changes in regulation and legislation.

In the large euro area countries, credit standards on consumer credit and other lending to households eased in Italy and Spain, while they were tightened in the Netherlands and in Germany.

Table 9

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

(net percentages)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1
Euro area	0	-2	-3	-5	-1	-5	0	-1
DE	0	0	-3	0	-3	0	0	0
ES	0	0	-5	-10	0	-13	0	-10
FR	2	-7	0	-7	0	-5	2	0
IT	0	0	-6	-13	0	-8	0	0
NL	0	0	0	0	0	-10	0	0

Note: See note for Chart 9.

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

Competitive pressures and reduced risk perceptions on the part of banks were the main factors contributing to the net easing of credit standards (see Chart 9 and Table 9).

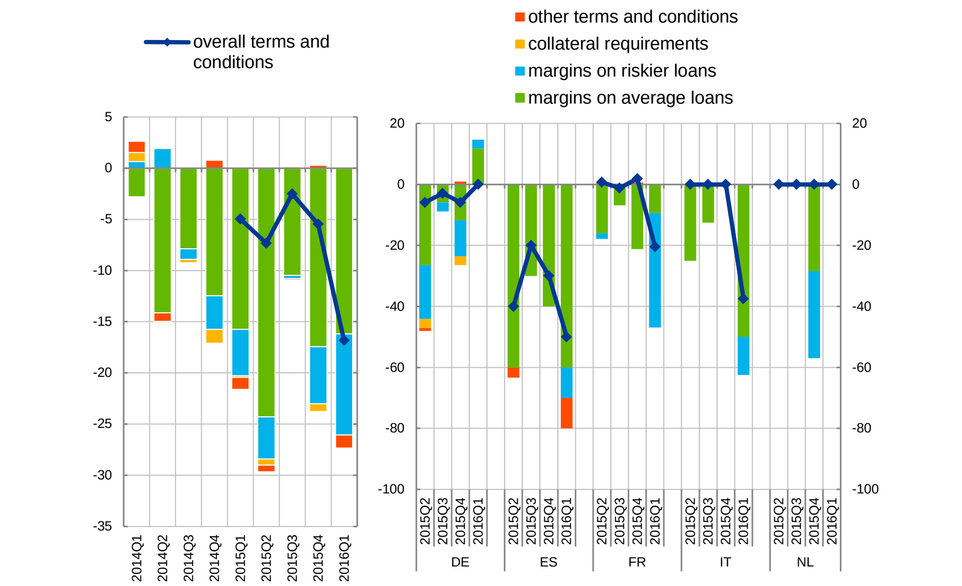
In the large euro area countries, the net easing of credit standards in Italy and Spain was driven mainly by competition and banks' risk perceptions, as well as banks having a higher risk tolerance in the case of Spain. The net tightening of terms and conditions in the Netherlands was driven by "other factors" related to the regular update of the minimum cost of living of households.

2.3.2 Terms and conditions for consumer credit and other lending to households improved considerably

Chart 10

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

(net percentages of banks reporting tightening terms and conditions)



Notes: "Margins" are defined as the spread over a relevant market reference rate. "Other terms and conditions" are an unweighted average of "size of the loan" (from Q1 2015 onwards), "non-interest rate charges" and "maturity". "Overall terms and conditions" were introduced in Q1 2015.

Euro area banks reported a considerable improvement in their terms and conditions on consumer credit and other lending to households in the first quarter of 2016. This was mainly driven by a narrowing of margins on average loans and, to a lesser extent, on riskier loans (see Chart 10). Non-price terms and conditions, such as loan size and maturity, also contributed to an easing of terms and conditions.

In the large euro area countries, loan margins narrowed in France (especially on riskier loans), Italy and Spain (especially on average loans in both cases). By contrast, loan margins, particularly on average loans, tightened in Germany.

Regarding banks' assessment of the factors contributing to the changes in credit terms and conditions on new loans, competitive pressures and, to a lesser extent, banks' cost of funds and reduced balance sheet constraints contributed most to the net easing (see Table 11).

Across the largest euro area countries, competition contributed to the net easing of terms and conditions in all countries. In addition, banks' cost of funds and balance sheet constraints had an easing contribution in France, Spain and Italy.

Table 10

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

(net percentage changes)

Country	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1
Euro area	-5	-17	-17	-16	-6	-10
DE	-6	0	-12	12	-12	3
ES	-30	-50	-40	-60	0	-10
FR	2	-20	-21	-9	0	-38
IT	0	-38	0	-50	0	-13
NL	0	0	-28	0	-28	0

Note: See note for Chart 10.

Table 11

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

(net percentage changes)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1
Euro area	-3	-10	-8	-16	0	-1	1	-2
DE	-6	0	-3	-3	0	0	0	0
ES	-10	-20	-30	-40	0	-10	0	0
FR	2	-22	-14	-5	0	0	2	0
IT	0	-13	0	-38	0	0	0	-13
NL	0	0	0	-35	0	0	0	0

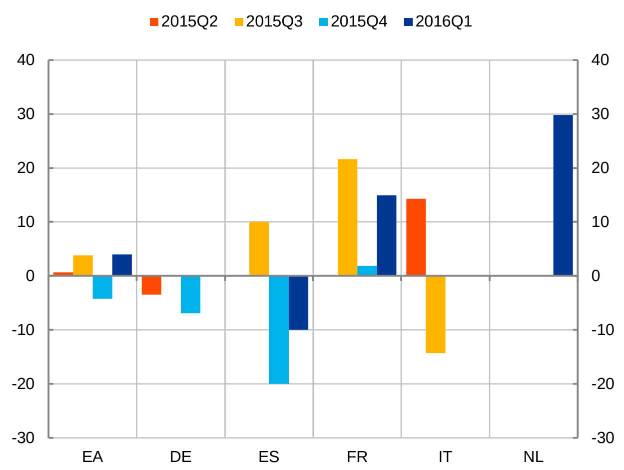
Note: See note for Chart 10.

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

Chart 11

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

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



Notes: Share of loan rejections relative to the volume of all loan applications in that loan category. The first data point is for Q1 2015.

The net share of rejected applications for consumer credit and other lending to households increased in the first quarter of 2016 according to the banks (to 4%, up from -4% in the previous survey round; see Chart 11).

Across the largest euro area countries, there were divergent developments, with the rejection rate increasing in France and the Netherlands, and declining in Spain.

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

According to euro area banks, net demand for consumer credit and other lending to households continued to increase in the first quarter of 2016 at a similar pace to that in the previous quarter (16%, compared with 21%; see Chart 12 and Table A), remaining above its historical average.

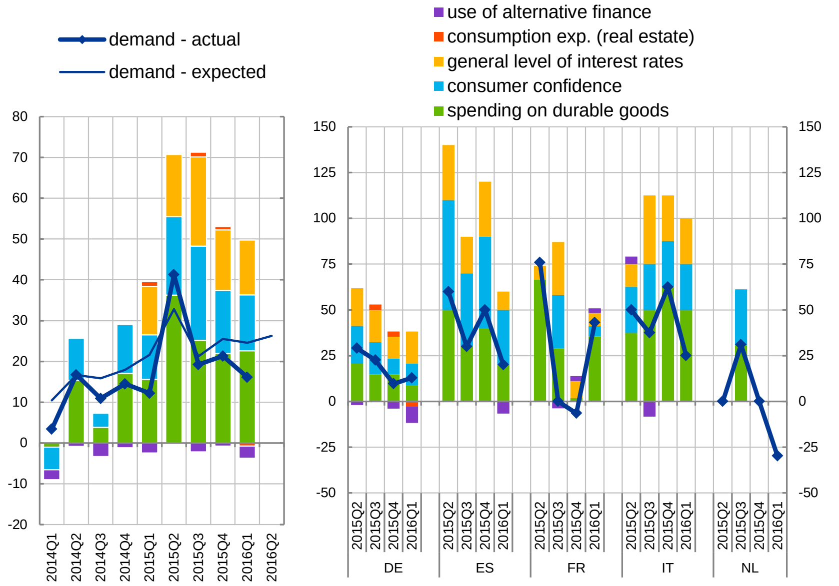
Across the large euro area countries, net demand increased, particularly in France, and to a more limited extent in Germany, Italy and Spain. By contrast, it declined in the Netherlands.

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

Chart 12

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

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



Notes: See the notes for Chart 4. "Use of alternative finance" is an unweighted average of "internal financing out of savings" (from Q1 2015 onwards), "household savings" (until Q4 2014), "loans from other banks" and "other sources of external finance". "Consumption exp. (real estate)" denotes "consumption expenditure financed through real estate-guaranteed loans". "General level of interest rates" and "consumption expenditure financed through real estate-guaranteed loans" were introduced in Q1 2015.

Table 12

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

(net percentage changes)

	Spending on durable goods		Consumer confidence		Consumption exp. (real estate)		General level of interest rates		Use of alternative finance	
Country	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1	2015Q4	2016Q1
Euro area	22	23	15	14	1	-1	15	13	-1	-3
DE	15	9	9	12	3	-3	12	18	-4	-9
ES	40	20	50	30	0	0	30	10	0	-7
FR	2	36	0	5	0	0	9	7	3	3
IT	63	50	25	25	0	0	25	25	0	0
NL	0	0	0	0	0	0	0	0	0	0

Note: See note for Chart 12.

Among the factors driving demand at euro area level, financing needs for spending on durable consumer goods and, to a lesser extent, consumer confidence and the low level of interest rates continued to contribute to increased demand (see Chart 12 and Table 12). By contrast, the use of alternative finance, in particular internal finance out of savings, contributed negatively to demand for consumer credit.

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

3 Ad hoc questions

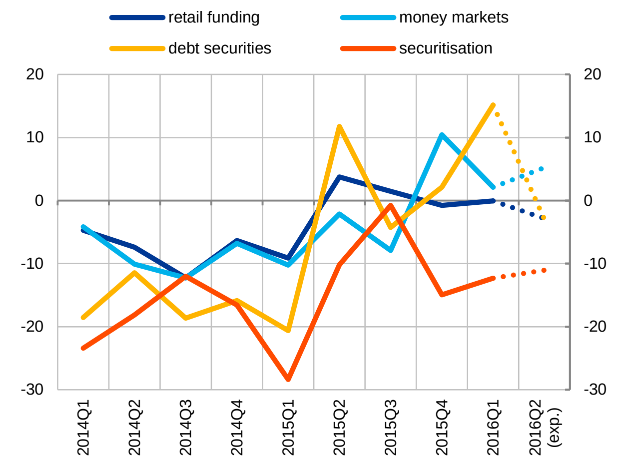
3.1 Banks' access to retail and wholesale funding

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

Chart 13

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

(net percentages of banks reporting deteriorated market access)



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

Table 13

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

(net percentages of banks reporting deteriorated market access)

	Retail funding	Interbank unsecured money market	Wholesale debt securities	Securitisation
2015Q4	-1	10	2	-15
2016Q1	0	2	15	-12

Note: See the note for Chart 13.

For the first quarter of 2016, euro area banks reported unchanged access to retail funding. As regards banks' access to wholesale funding, access to debt securities deteriorated, while banks' access to securitisation improved in net terms (see Chart 13 and Table 13).[8] For money markets, access remained broadly unchanged according to the banks.

Looking ahead, for the second quarter of 2016, euro area banks expect an improvement in their access to debt securities markets and a continued improvement in their access to retail funding and securitisation.

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

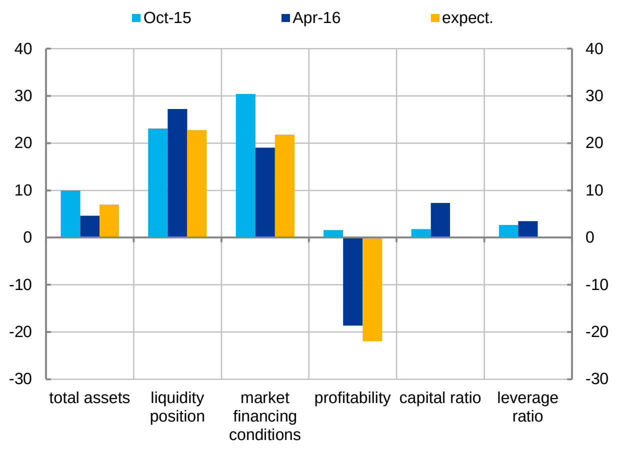
[8] However, for the results on securitisation, there are a large number of banks that replied "not applicable", as this source of funding is not relevant for them (around 45% in the first quarter of 2016).

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

Chart 14

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

(net percentage of respondents)



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

The April 2016 survey questionnaire included for the third time some bi-annual ad hoc questions gauging the impact of the ECB's expanded asset purchase programme (APP). Banks were asked to consider both direct and indirect effects of the APP, as there may be indirect effects on banks' financial situation and asset allocation even if the respective bank has not been involved in any direct asset sales vis-à-vis the Eurosystem. Banks reported the impact of the APP on their financial situation. In addition, banks were asked about the purposes for which they did, or will, use the additional liquidity arising from the expanded APP, either due to banks' sales of marketable assets or due to an increase in customer deposits. Finally, banks provided an assessment of the impact of the APP on their lending conditions.

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

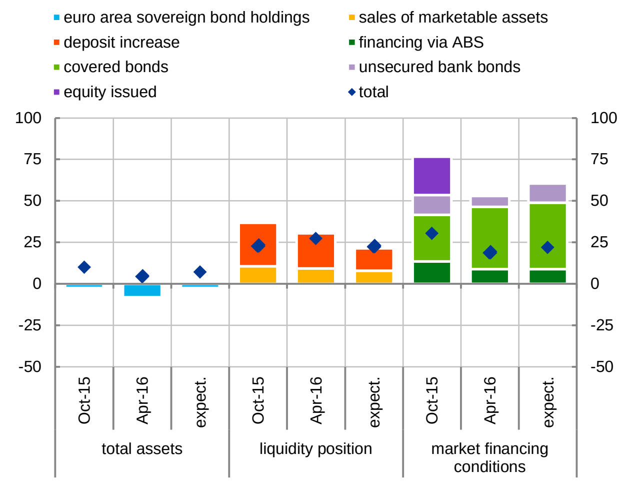
This section reports on banks' responses regarding the impact of the APP on banks' assets, their liquidity situation, market financing conditions, bank profitability and banks' capital and leverage ratio. In general, euro area banks reported an overall improvement in their financial situation over the past six months as a result of the APP, with the exception of the impact on bank profitability (see Chart 14). Euro area banks also broadly expect their financial situation to improve in the next six months owing to the APP, except for profitability.

With regard to the impact of the APP on banks' total assets, in net terms 5% of the euro area BLS banks (down from 10% in the October 2015 survey) reported an increase in their total assets over the past six months (see Chart 15), which is lower than expected in the October 2015 survey. At the same time, a net percentage of banks (-8%) reported that they decreased their holdings of euro area sovereign bonds over the past six months, broadly in line with the expectations reported in the October 2015 survey. Banks expect a continued but smaller decline in their holdings of euro area sovereign bonds over the next six months as a consequence of the APP (the net percentage of banks is -3%), and a continued increase in their total assets (the net percentage of banks is 7%).

Chart 15

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

(net percentage of respondents)

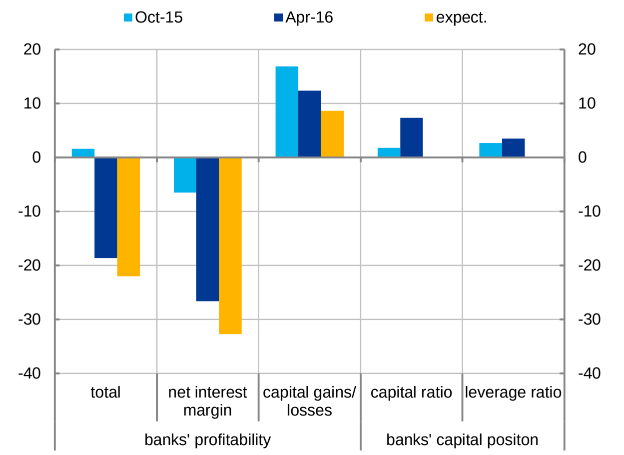


Note: See note for Chart 14.

Chart 16

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

(net percentage of respondents)



Notes: See note for Chart 14.

Regarding the impact of the APP on banks' liquidity situation, in net terms, 27% of euro area banks indicated that their liquidity situation had improved over the past six months (up from 23% in the October 2015 survey) and expect this to continue over the next six months (see Chart 15). The improvement was mainly a result of an increase in deposits from enterprises and households and, to a lesser extent, their sales of marketable assets.

Euro area banks also reported an improvement in their market financing conditions owing to the APP (a net percentage of 19%, down from 30% in the previous survey), in particular for their financing via covered bonds (see Chart 15). Banks expect the improvement in their market financing conditions related to the APP to continue for the next six months (22% in net terms).

In contrast to the broadly neutral impact of the APP on bank profitability reported in the October 2015 survey round, euro area banks have indicated that, overall, the APP has had a negative impact on their profitability over the past six months (-19%, down from 2% in the October 2015 survey round) (see Chart 16). Specifically, over the past six months, the net percentage of euro area banks reporting a decline in their net interest margins (-27%, down from -7% in the previous round) was larger than the net percentage of banks reporting an increase in capital gains (12%, down from 17% in the previous round). Over the next six months, euro area banks (-22% in net terms) expect profitability to continue to decrease as a result of the APP.

With regard to banks' capital and leverage ratio, a slightly positive net percentage of euro area banks indicated that the APP had a positive impact over the past six months and would have a neutral impact over the coming six months (see Chart 16).

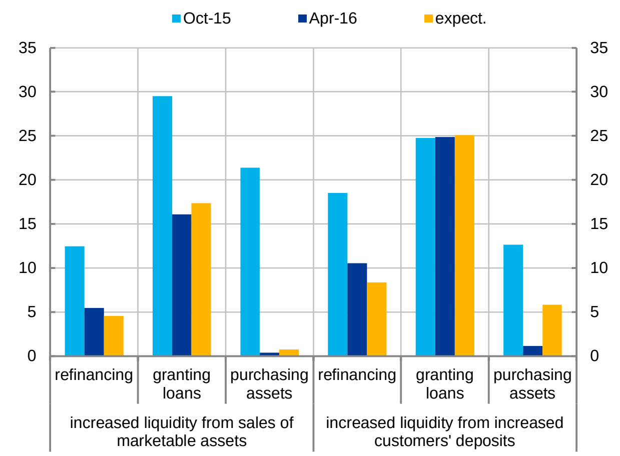
3.2.2 Purposes for which banks use the additional liquidity from the ECB's expanded asset purchase programme

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

Chart 17

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

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

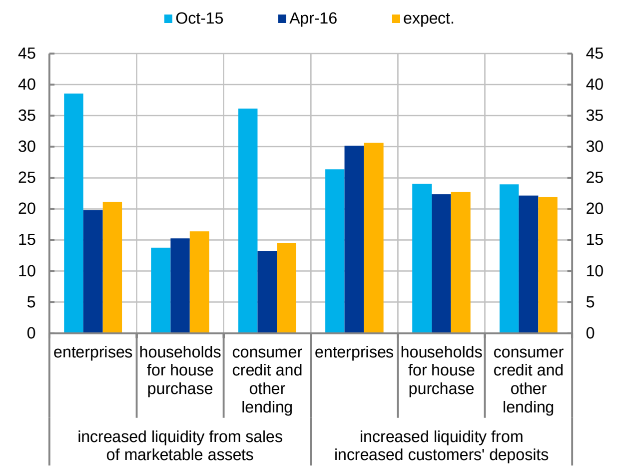


Notes: The percentages are defined as the sum of the percentages for "has contributed (will contribute) considerably to this purpose" and "has contributed (will contribute) somewhat to this purpose". The results shown are calculated as a percentage of the number of banks which did not reply "not applicable".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

Chart 18

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

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



Notes: See note for Chart 17.

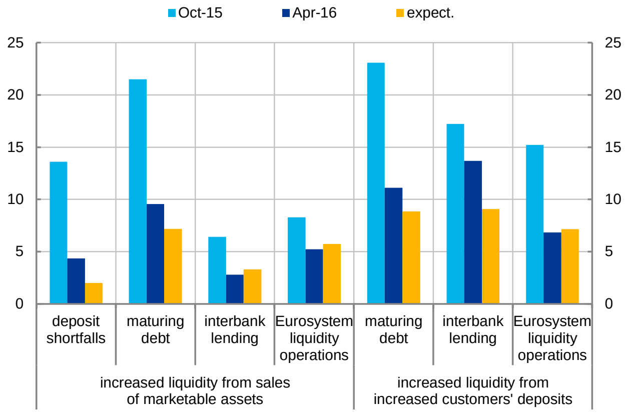
Euro area banks indicated that they have used the additional liquidity from their sales of marketable assets related to the APP over the past six months, in particular for granting loans (16% of the banks, from 29%), as well as for refinancing, albeit to a small extent (5%, down from 12%) (see Chart 17, LHS). Compared with the October 2015 survey, the impact from the sales of marketable assets is more limited and banks reported in net terms that they did not use these funds for purchasing marketable assets (0%, down from 21%). For the coming six months, euro area banks expect a similar impact to that in the current survey round.

Specifically, 20% of euro area banks indicated that they have used the funds for granting loans to enterprises (compared with 39% in the previous survey), while 15% and 13% respectively indicated that they have used the funds for granting housing loans and consumer credit and other lending to households (compared with 14% and 36% respectively in the October 2015 survey round) (see Chart 18, LHS). This pattern is expected to continue over the coming six months.

Chart 19

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

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



Note: See note for Chart 17.

With respect to the use of the liquidity from the sales of marketable assets for refinancing, euro area banks indicated that they mainly used the additional liquidity from their APP-related sales of marketable assets for substituting maturing debt (10% of the banks, down from 21%) (see Chart 19, LHS).

With regard to the use of the liquidity from the sales of marketable assets for purchasing marketable assets over the past six months (see Chart 17, LHS), no impact was reported by euro area banks.

Euro area banks were also asked for which purposes they have used the additional liquidity related to the APP from an increase in the deposits of households and enterprises. Overall, compared with the impact from the APP-related sales of marketable assets, the impact from an APP-related increase in banks' customer deposits has been more pronounced according to the banks.

Euro area banks indicated that they have used the additional liquidity from an increase in customer deposits related to the APP over the past six months mainly for granting loans (stable at 25% of the banks) and, to a lesser extent, for refinancing (11%, down from 19%) (see Chart 17, RHS). At the same time, the impact of the APP was weaker than in the October 2015 survey owing to a the APP liquidity being used less for refinancing purposes and to the fact that euro area banks reported on average that these funds were essentially not used at all to purchase marketable assets (1%, down from 13%). For the coming six months, euro area banks expect a broadly similar impact to that in the current survey round, except for a small additional impact from purchasing marketable assets.

Specifically, banks reported that they mainly used the additional APP-related liquidity from an increase in customer deposits to grant loans to enterprises (30%, up from 26% in the October 2015 survey) as well as to households for house purchase and for consumer credit (both 22%, down from 24%) (see Chart 18, RHS). Banks have broadly similar expectations for the coming six months.

With respect to the use of APP-related liquidity from an increase in customer deposits for refinancing purposes, euro area banks reported that they have mainly used it for substituting interbank lending (14% of the banks, down from 17%) and maturing debt (11%, down from 23%), as well as – to a small extent – for substituting Eurosystem liquidity operations (7%, down from 15%) over the past six months (see Chart 19, RHS). A broadly similar impact is expected over the next six months.

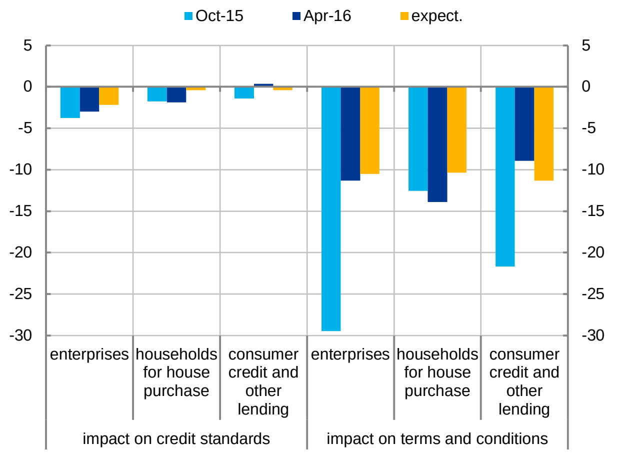
With respect to purchasing marketable assets out of the additional APP liquidity from increased customer deposits, euro area banks basically reported no impact over the past six months (1%), but some impact is expected for the next six months (6%; see Chart 17, RHS).

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

Chart 20

Impact of the expanded APP on bank lending conditions

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



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

Finally, euro area banks indicated that the APP had a net easing impact on their credit standards over the past six months for loans to enterprises (-3%, down from -4% in the October 2015 survey round; see Chart 20, LHS) and for housing loans (stable at -2%), while there was no impact on consumer credit and other lending to households (0%, up from -1%). Over the next six months, banks expect a continued small net easing impact on credit standards for loans to enterprises (-2%), while the effect on credit standards on housing loans and consumer credit is expected to be neutral.

The impact of the APP appears to be stronger for credit terms and conditions, although the impact has weakened compared with the October 2015 survey (loans to enterprises: -11%, up from -29%; housing loans: broadly stable at -14%; consumer credit and other lending to households: -9%; up from -22%; see Chart 20, RHS). This favourable impact is expected to remain similar overall over the next six months.

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

The April 2016 survey questionnaire included, for the first time, an ad hoc question on the impact of the ECB's negative deposit facility rate (DFR) on their net interest income, lending conditions and lending volume. Banks were asked to consider both the direct and indirect effects of the negative DFR, as there may be indirect effects on banks' financial situation and lending conditions even if the respective bank has no excess liquidity.

With respect to the impact of the ECB's negative deposit facility rate on banks' net interest income[9], a net percentage of 81% of euro area BLS banks reported a decline in their net interest income over the past six months (see Chart 21). This impact is expected to increase to a net percentage of 85% over the coming six months.

Regarding the impact of the DFR on loans to enterprises, a net percentage of 45% of euro area banks indicated a decline in their lending rates over the past six months (see Chart 21). At the same time, a somewhat lower net percentage (27%) of euro area banks indicated a decline in their loan margin[10] for these loans. A net

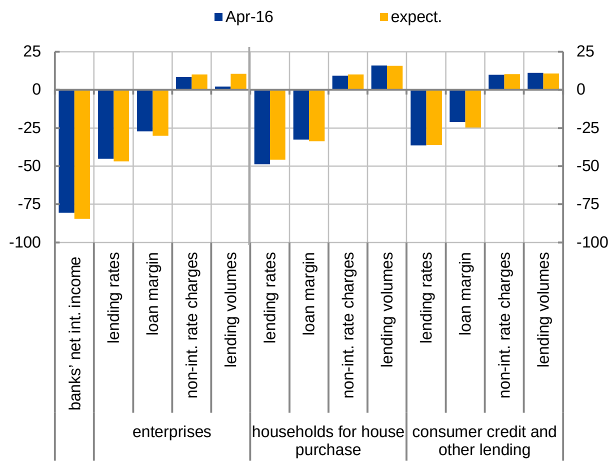
9 The net interest income is defined as the difference between the interest earned and interest paid on the outstanding amount of interest-bearing assets and liabilities by the bank.

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

Chart 21

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

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



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

percentage of 8% of euro area banks also indicated that the DFR has led to an increase in non-interest rate charges for loans to enterprises over the past six months. With a view to lending volumes to enterprises, banks essentially reported that the DFR had no impact for the past six months (the net percentage of banks was 2%), but some impact is expected for the coming six months (11%). In addition, looking ahead, the net percentage of banks expecting a decline in their loan margins for loans to enterprises increases slightly (30%). For the other components, the impact is expected to remain similar over the coming six months.

Regarding the impact of the DFR on loans to households for house purchase, a net percentage of 49% of euro area banks indicated a decline in their lending rates over the past six months, while a net percentage of 33% indicated a decline in their loan margin (see Chart 21). As with loans to enterprises, a net percentage of 9% of euro area banks indicated that the DFR has led to an increase in non-interest rate charges for housing loans over the past six months. With a view to housing lending volumes, in contrast to loans to enterprises, a net percentage of 16% of euro area banks reported a positive impact over the past six months. For the next six months, the impact of the components is expected to remain similar.

Finally, with a view to consumer credit and other lending to households, the impact of the DFR points to broadly similar evidence as for housing loans as regards the decline in lending rates and loan margins for the impact on non-interest charges and for the impact on lending volumes (see Chart 21 for details).

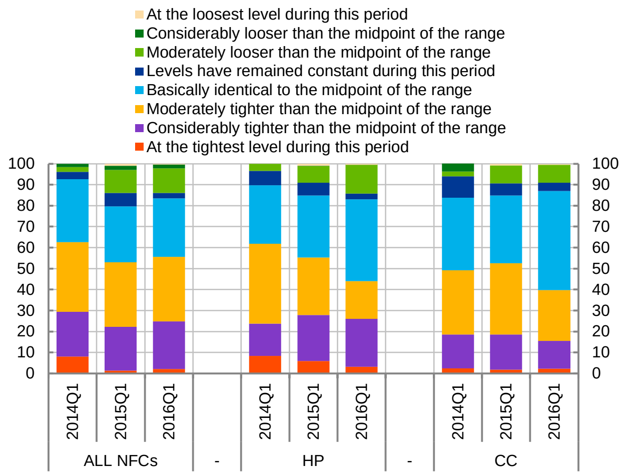
3.4 Banks' current level of credit standards

For the third time, the April 2016 survey questionnaire included an annual ad hoc question on the current level of credit standards compared with two historical ranges of credit standards, i.e. the levels that have prevailed (i) between the first quarter of 2003 and the current quarter and (ii) between the second quarter of 2010 (i.e. when the sovereign debt crisis started to intensify) and the current quarter. Information on the level of credit standards is useful to put into perspective banks' replies in the standard questions on the changes in credit standards over the past three months. At the same time, it needs to be acknowledged that an assessment of the current level, in particular compared with a long-term range since 2003, may be difficult for banks and therefore needs to be viewed with some caution.

Chart 22

Level of credit standards for loans to enterprises and households relative to levels since 2003

(percentages of banks)

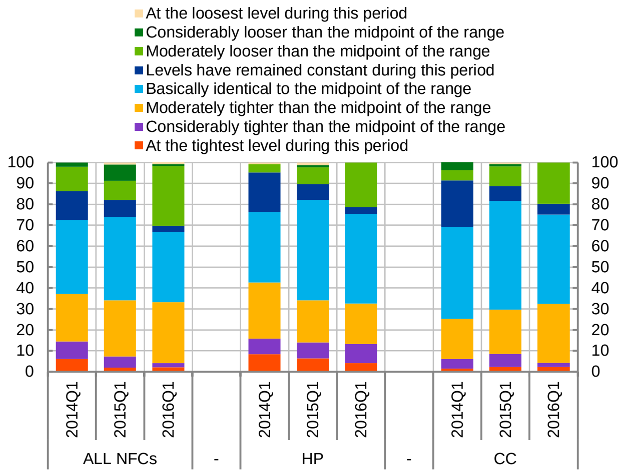


Notes: The "midpoint of the range" of credit standards is defined as the midpoint between the maximum and the minimum level of credit standards during this time period. "All NFCs" indicates loans to all non-financial corporations, "HP" indicates loans to households for house purchase, and "CC" indicates consumer credit and other lending to households.

Chart 23

Level of credit standards for loans enterprises and households, relative to levels since Q2 2010

(percentages of banks)



Notes: The "midpoint of the range" of credit standards is defined as the midpoint between the maximum and the minimum level of credit standards during this time period. "All NFCs" indicates loans to all non-financial corporations, "HP" indicates loans to households for house purchase, and "CC" indicates consumer credit and other lending to households.

In the first quarter of 2016, in net terms, 42% of euro area banks continued to assess their current level of credit standards for loans to enterprises as tighter compared with the midpoint of the historical range since 2003 (see Chart 22).[11] This was similar to banks' assessment one year ago (39%). The development was driven by 56% (up from 53% one year ago) of the banks reporting a tighter level than the historical range and 14% (unchanged from one year ago) of the banks reporting looser credit standards compared with the historical range. Hence, despite the net easing of credit standards on loans to enterprises since the second quarter of 2014, as reported in the standard BLS questions, the level of credit standards for loans to euro area enterprises has so far remained higher than historical levels.

When comparing the current level of credit standards on loans to enterprises with the midpoint of the shorter range between the second quarter of 2010 and now, euro area banks assessed their current level of credit standards for loans to enterprises in net terms as broadly similar to the benchmark (3%, down from 16%) (see Chart 23). This resulted from 33% of the banks (broadly unchanged from one year ago) reporting a tighter level and 30% of the banks (up from 18% one year ago) reporting looser credit standards compared with the range since 2010.

With respect to loans to households for house purchase, in net terms, 30% of euro area banks (compared with 46% one year ago) continued to assess their current

[11] "In net terms" is defined here as the difference between "tighter" (defined for this question as the sum of the percentages of banks reporting "moderately tighter than the midpoint of the range", "considerably tighter than the midpoint of the range" and "at the tightest level during this period") and "looser" (defined for this question as the sum of the percentages of banks reporting "moderately looser than the midpoint of the range", "considerably looser than the midpoint of the range", and "at the loosest level during this period").

level of credit standards as tighter compared with the historical range since 2003 (see Chart 22). This resulted from 44% of the banks (down from 55% one year ago) reporting tighter credit standards compared with the historical range and 14% of the banks (up from 9% one year ago) reporting a looser level than the historical range since 2003. The lower net percentage compared with one year ago reflects the overall net easing of credit standards on housing loans over the past year.

Regarding the shorter-term range, i.e. since the second quarter of 2010, euro area banks continued to report in net terms that the current level of their credit standards on housing loans was tighter than the benchmark (11% in net terms, down from 24%) (see Chart 23). At the same time, the net percentage of banks is lower than one year ago. This was driven by 33% of banks (broadly unchanged from one year ago) reporting a tighter level and 21% of the banks (up from 10% one year ago) reporting looser credit standards compared with the range since 2010.

Annex 1
Results for the standard questions[12]

Loans or credit lines to enterprises

Question 1

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16
Tightened considerably	1	0	0	0	1	0	0	0	1	0
Tightened somewhat	1	2	1	1	1	2	1	1	1	3
Remained basically unchanged	93	91	94	91	94	88	93	88	93	88
Eased somewhat	6	7	6	7	4	10	6	11	6	9
Eased considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**-4**	***-6***	**-5**	***-6***	**-2**	***-8***	**-4**	***-10***	**-4**	***-5***
Diffusion index	**-2**	***-3***	**-3**	***-3***	**-1**	***-4***	**-2**	***-5***	**-2**	***-3***
Mean	*3.00*	*3.02*	*3.01*	*3.03*	*2.97*	*3.05*	*3.01*	*3.07*	*3.00*	*3.02*
Number of banks responding	***136***	***136***	***131***	***131***	***130***	***132***	***136***	***136***	***136***	***136***

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

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

Question 2

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

(in percentages, unless otherwise stated)

OVERALL

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	3	89	1	0	7	0	2	1	1	2.96	2.94
Your bank's ability to access market financing	0	0	92	3	0	5	-2	-3	-1	-1	2.99	3.00
Your bank's liquidity position	0	0	87	6	0	7	-1	-6	0	-3	2.97	3.03
B) Pressure from competition												
Competition from other banks	0	0	73	24	0	3	-14	-23	-8	-11	3.12	3.19
Competition from non-banks	0	0	93	3	0	4	-3	-2	-1	-1	2.98	2.97
Competition from market financing	0	0	86	5	0	9	-3	-4	-1	-2	2.98	2.99
C) Perception of risk												
General economic situation and outlook	0	3	91	5	0	2	-4	-2	-2	-1	3.00	2.99
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	5	84	9	0	2	-4	-4	-2	-2	3.01	3.00
Risk related to the collateral demanded	0	2	96	0	0	2	1	2	1	1	2.96	2.95
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	94	1	0	3	1	2	0	1	2.96	2.95

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	2	81	1	0	16	-1	1	0	0	2.97	2.96
Your bank's ability to access market financing	0	0	82	4	0	14	-2	-4	-1	-2	2.98	3.02
Your bank's liquidity position	0	0	78	6	0	16	-1	-6	0	-3	2.96	3.06
B) Pressure from competition												
Competition from other banks	0	0	69	19	2	9	-14	-21	-8	-11	3.13	3.20
Competition from non-banks	0	0	85	3	0	12	-1	-2	0	-1	2.96	2.98
Competition from market financing	0	0	84	1	0	14	0	0	0	0	2.96	2.96
C) Perception of risk												
General economic situation and outlook	0	3	83	7	0	8	-2	-4	-1	-2	2.98	3.01
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	2	81	9	0	8	-3	-7	-2	-3	2.99	3.03
Risk related to the collateral demanded	0	2	89	1	0	8	4	1	2	1	2.92	2.95
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	86	3	0	11	-1	-2	-1	-1	2.98	2.99

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	3	80	1	0	16	0	2	0	1	2.95	2.94
Your bank's ability to access market financing	0	0	84	3	0	13	-2	-3	-1	-1	2.98	3.00
Your bank's liquidity position	0	0	78	6	0	16	-1	-6	-1	-3	2.96	3.05
B) Pressure from competition												
Competition from other banks	0	0	68	20	0	12	-9	-20	-5	-10	3.05	3.16
Competition from non-banks	0	0	84	3	0	12	-3	-3	-1	-1	2.98	2.98
Competition from market financing	0	0	77	6	0	17	-4	-6	-2	-3	2.99	3.01
C) Perception of risk												
General economic situation and outlook	0	2	81	7	0	10	-2	-5	-1	-2	2.98	3.01
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	5	74	11	0	10	-3	-7	-2	-3	3.00	3.02
Risk related to the collateral demanded	0	2	88	0	0	10	1	2	0	1	2.95	2.94
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	86	2	0	11	3	-1	1	-1	2.93	2.98

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

Question 3

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

(in percentages, unless otherwise stated)

OVERALL

	--	-	°	+	++	NA	NetP Jan 16	NetP Apr 16	DI Jan 16	DI Apr 16	Mean Jan 16	Mean Apr 16
A) Overall terms and conditions												
Overall terms and conditions	0	6	74	18	0	2	-17	-12	-9	-6	3.12	3.09
B) Margins												
Your bank's margin on average loans	0	7	62	27	1	2	-26	-21	-14	-11	3.23	3.20
Your bank's margin on riskier loans	0	7	86	5	0	3	-5	2	-3	1	3.02	2.96
C) Other conditions and terms												
Non-interest rate charges	0	3	88	7	0	2	-7	-4	-3	-2	3.03	3.01
Size of the loan or credit line	0	1	89	9	0	2	-2	-8	-1	-4	2.98	3.05
Collateral requirements	0	2	89	8	0	2	-5	-6	-3	-3	3.01	3.02
Loan covenants	0	2	87	9	0	2	-6	-7	-3	-4	3.01	3.03
Maturity	0	2	92	5	0	2	-8	-3	-4	-1	3.04	2.99

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP Jan 16	NetP Apr 16	DI Jan 16	DI Apr 16	Mean Jan 16	Mean Apr 16
A) Overall terms and conditions												
Overall terms and conditions	0	5	76	12	0	8	-12	-6	-6	-3	3.08	3.03
B) Margins												
Your bank's margin on average loans	0	7	59	21	6	8	-22	-20	-14	-13	3.22	3.24
Your bank's margin on riskier loans	0	7	79	6	0	8	-4	1	-2	1	2.99	2.96
C) Other conditions and terms												
Non-interest rate charges	0	3	76	12	1	8	-7	-11	-4	-6	3.03	3.09
Size of the loan or credit line	0	1	81	11	0	8	-3	-11	-1	-5	2.98	3.08
Collateral requirements	0	2	84	6	0	8	-3	-4	-2	-2	2.98	3.00
Loan covenants	0	2	84	6	0	8	-4	-4	-2	-2	2.99	3.00
Maturity	0	2	85	6	0	8	-6	-4	-3	-2	3.02	3.00

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP Jan 16	NetP Apr 16	DI Jan 16	DI Apr 16	Mean Jan 16	Mean Apr 16
A) Overall terms and conditions												
Overall terms and conditions	0	2	74	15	0	9	-12	-12	-6	-6	3.08	3.09
B) Margins												
Your bank's margin on average loans	0	4	58	28	1	9	-21	-25	-11	-13	3.19	3.24
Your bank's margin on riskier loans	0	4	82	5	0	9	-1	-1	-1	0	2.98	2.97
C) Other conditions and terms												
Non-interest rate charges	0	2	75	14	0	9	-8	-13	-4	-6	3.04	3.10
Size of the loan or credit line	0	1	77	13	0	9	-4	-13	-2	-6	3.00	3.09
Collateral requirements	0	1	82	9	0	9	-4	-8	-2	-4	3.00	3.04
Loan covenants	0	1	81	9	0	9	-5	-9	-2	-4	3.00	3.05
Maturity	0	2	82	7	0	9	-10	-6	-5	-3	3.06	3.02

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

Question 4

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

(in percentages, unless otherwise stated)

OVERALL IMPACT ON YOUR BANK'S CREDIT TERMS AND CONDITIONS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	5	88	3	1	2	-5	1	-2	0	3	2.99
B) Pressure from competition												
Pressure from competition	0	3	63	31	0	3	-22	-28	-11	-14	3	3.24
C) Perception of risk												
Perception of risk	0	2	93	3	0	2	-5	-1	-2	-1	3	2.98
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	3	94	1	0	3	3	2	1	1	3	2.95

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	6	88	3	1	2	-5	1	-2	0	3	2.98
B) Pressure from competition												
Pressure from competition	0	3	61	32	1	3	-29	-30	-15	-15	3	3.27
C) Perception of risk												
Perception of risk	0	1	94	3	0	2	-3	-2	-2	-1	3	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	3	93	2	0	2	2	1	1	1	3	2.95

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	4	89	4	0	3	-1	1	-1	0	3	2.96
B) Pressure from competition												
Pressure from competition	0	0	84	13	0	3	-8	-12	-4	-6	3	3.09
C) Perception of risk												
Perception of risk	0	2	94	2	0	3	0	0	0	0	3	2.97
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	93	2	0	3	3	0	1	0	3	2.97

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

Question 5

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

(in percentages, unless otherwise stated)

	Share of rejected applications	
	Jan 16	Apr 16
Decreased considerably	0	0
Decreased somewhat	6	8
Remained basically unchanged	91	87
Increased somewhat	3	4
Increased considerably	0	0
Total	*100*	*100*
Net percentage	***-3***	***-4***
Diffusion index	***-2***	***-2***
Mean	*2.93*	*2.93*
Number of banks responding	***133***	***134***

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

Question 6

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16
Decreased considerably	0	0	0	0	0	0	0	0	0	0
Decreased somewhat	6	6	7	8	7	9	8	6	7	6
Remained basically unchanged	61	71	58	63	72	68	66	76	52	69
Increased somewhat	33	23	35	28	21	23	26	19	41	25
Increased considerably	0	0	0	1	1	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**27**	***17***	**28**	***22***	**15**	***15***	**18**	***13***	**35**	***19***
Diffusion index	**13**	***8***	**14**	***12***	**8**	***7***	**9**	***7***	**17**	***9***
Mean	*3.21*	*3.13*	*3.23*	*3.19*	*3.10*	*3.09*	*3.13*	*3.09*	*3.29*	*3.15*
Number of banks responding	***134***	***135***	***130***	***131***	***131***	***130***	***134***	***135***	***134***	***135***

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

Question 7

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16
A) Financing needs/underlying drivers or purpose of loan demand												
Fixed investment	0	6	77	15	0	2	15	8	8	4	3.11	3.05
Inventories and working capital	0	1	79	17	0	3	16	16	8	8	3.12	3.13
Mergers/acquisitions and corporate restructuring	0	0	86	12	0	2	11	12	6	6	3.07	3.08
General level of interest rates	0	0	85	14	0	2	25	14	12	7	3.20	3.09
Debt refinancing/restructuring and renegotiation	0	3	78	14	2	3	9	13	5	8	3.06	3.10
B) Use of alternative finance												
Internal financing	0	6	92	0	0	2	-3	-6	-2	-3	2.92	2.90
Loans from other banks	0	5	87	7	0	2	-2	2	-1	1	2.94	2.98
Loans from non-banks	0	1	94	2	0	3	-1	1	0	0	2.94	2.96
Issuance/redemption of debt securities	0	4	88	1	0	7	-4	-3	-2	-2	2.92	2.93
Issuance/redemption of equity	0	2	89	0	0	9	-1	-2	-1	-1	2.94	2.94

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

Question 8

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16
Tighten considerably	1	0	0	0	1	0	1	0	1	0
Tighten somewhat	0	2	0	5	0	2	0	1	0	2
Remain basically unchanged	94	92	95	87	92	89	93	91	94	92
Ease somewhat	5	6	5	8	7	10	6	8	5	6
Ease considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***-4***	***-4***	***-5***	***-3***	***-6***	***-8***	***-5***	***-8***	***-4***	***-4***
Diffusion index	***-2***	***-2***	***-2***	***-2***	***-2***	***-4***	***-2***	***-4***	***-1***	***-2***
Mean	*2.99*	*3.01*	*3.01*	*3.02*	*3.00*	*3.03*	*3.00*	*3.03*	*2.99*	*3.00*
Number of banks responding	***135***	***135***	***131***	***131***	***132***	***130***	***135***	***135***	***135***	***135***

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

Question 9

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16
Decrease considerably	0	0	0	0	0	0	0	0	0	0
Decrease somewhat	1	2	0	0	1	4	0	1	1	0
Remain basically unchanged	69	71	67	64	76	69	71	69	68	70
Increase somewhat	30	27	33	35	23	27	29	30	31	30
Increase considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***29***	***25***	***33***	***35***	***22***	***23***	***28***	***29***	***30***	***29***
Diffusion index	***15***	***13***	***17***	***17***	***11***	***11***	***14***	***14***	***15***	***15***
Mean	*3.25*	*3.21*	*3.28*	*3.30*	*3.17*	*3.18*	*3.24*	*3.24*	*3.25*	*3.26*
Number of banks responding	***135***	***135***	***131***	***131***	***131***	***130***	***135***	***135***	***135***	***135***

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

Loans to households

Question 10

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jan 16	Apr 16	Jan 16	Apr 16
Tightened considerably	0	4	0	0
Tightened somewhat	1	4	1	4
Remained basically unchanged	91	88	99	90
Eased somewhat	5	4	0	7
Eased considerably	3	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***-7***	***4***	***1***	***-3***
Diffusion index	***-5***	***4***	***0***	***-2***
Mean	*3.07*	*2.90*	*2.96*	*3.01*
Number of banks responding	***130***	***130***	***132***	***132***

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

Question 11

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	92	1	0	6	4	1	2	0	2.93	2.95
B) Pressure from competition												
Competition from other banks	0	0	76	17	0	6	-9	-17	-4	-8	3.06	3.15
Competition from non-banks	0	0	88	4	0	8	-3	-3	-1	-2	2.99	2.99
C) Perception of risk												
General economic situation and outlook	0	1	89	5	0	6	-4	-5	-2	-2	3.00	3.01
Housing market prospects, including expected house price developments	0	0	90	4	0	6	-1	-4	0	-2	2.97	3.00
Borrower's creditworthiness	0	0	93	1	0	6	0	-1	0	-1	2.96	2.98
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	92	0	0	6	0	2	0	1	2.97	2.95

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

Question 12

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP Jan 16	NetP Apr 16	DI Jan 16	DI Apr 16	Mean Jan 16	Mean Apr 16
A) Overall terms and conditions												
Overall terms and conditions	0	2	78	15	0	6	-3	-13	-2	-7	3.00	3.10
B) Margins												
Your bank's loan margin on average loans	0	4	54	35	1	6	-21	-32	-11	-17	3.16	3.32
Your bank's loan margin on riskier loans	0	1	80	12	0	6	-1	-11	0	-5	2.97	3.07
C) Other terms and conditions												
Collateral requirements	0	3	91	0	0	6	0	3	0	2	2.96	2.94
"Loan-to-value" ratio	0	9	84	2	0	6	-2	7	-1	3	2.98	2.92
Other loan size limits	0	2	92	0	0	6	-1	2	0	1	2.98	2.95
Maturity	0	4	89	1	0	6	0	3	0	1	2.97	2.94
Non-interest rate charges	0	0	92	2	0	6	1	-2	0	-1	2.95	2.98

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

Question 13

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

(in percentages, unless otherwise stated)

OVERALL IMPACT ON YOUR BANK'S CREDIT TERMS AND CONDITIONS

	--	-	°	+	++	NA	NetP Jan 16	NetP Apr 16	DI Jan 16	DI Apr 16	Mean Jan 16	Mean Apr 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	89	4	1	6	-1	-5	0	-3	3	3.03
B) Pressure from competition												
Pressure from competition	0	1	61	31	0	6	-9	-31	-4	-15	3	3.28
C) Perception of risk												
Perception of risk	0	0	85	9	0	6	0	-9	0	-5	3	3.06
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	3	85	6	0	6	0	-3	0	-2	3	3.00

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP Jan 16	NetP Apr 16	DI Jan 16	DI Apr 16	Mean Jan 16	Mean Apr 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	88	4	1	6	-2	-5	-1	-3	3	3.02
B) Pressure from competition												
Pressure from competition	0	2	60	29	2	6	-20	-29	-10	-16	3	3.27
C) Perception of risk												
Perception of risk	0	0	89	2	0	9	-1	-2	-1	-1	3	2.98
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	93	1	0	6	0	-1	0	-1	3	2.98

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP Jan 16	NetP Apr 16	DI Jan 16	DI Apr 16	Mean Jan 16	Mean Apr 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	91	2	0	7	-2	-1	-1	-1	3	2.97
B) Pressure from competition												
Pressure from competition	0	1	84	9	0	6	-2	-8	-1	-4	3	3.04
C) Perception of risk												
Perception of risk	0	1	92	0	0	6	3	1	2	1	3	2.95
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	92	0	0	6	0	1	0	1	3	2.95

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

Question 14

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP Jan 16	NetP Apr 16	DI Jan 16	DI Apr 16	Mean Jan 16	Mean Apr 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	94	2	0	4	0	-2	0	-1	2.96	2.98
B) Pressure from competition												
Competition from other banks	0	0	88	8	0	4	-5	-8	-2	-4	3.01	3.04
Competition from non-banks	0	0	90	3	0	7	-2	-3	-1	-2	2.98	2.99
C) Perception of risk												
General economic situation and outlook	0	0	86	11	0	4	-1	-11	0	-5	2.97	3.07
Creditworthiness of consumers[(1)]	0	0	92	4	0	4	-1	-4	0	-2	2.97	2.99
Risk on the collateral demanded	0	0	90	0	0	10	-1	0	0	0	2.96	2.95
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	93	2	0	4	0	-1	0	-1	2.96	2.97

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

Question 15

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP Jan 16	NetP Apr 16	DI Jan 16	DI Apr 16	Mean Jan 16	Mean Apr 16
A) Overall terms and conditions												
Overall terms and conditions	0	0	79	17	0	4	-5	-17	-3	-8	3.02	3.13
B) Margins												
Your bank's loan margin on average loans	0	4	73	18	1	4	-17	-16	-9	-9	3.13	3.13
Your bank's loan margin on riskier loans	0	2	82	12	0	4	-6	-10	-3	-5	3.01	3.06
C) Other terms and conditions												
Collateral requirements	0	0	91	0	0	9	-1	0	0	0	2.96	2.94
Size of the loan	0	0	94	3	0	4	0	-3	0	-1	2.96	2.99
Maturity	0	0	95	1	0	4	0	-1	0	-1	2.96	2.97
Non-interest rate charges	0	0	96	0	0	4	1	0	0	0	2.95	2.96

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

Question 16

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

(in percentages, unless otherwise stated)

OVERALL IMPACT ON YOUR BANK'S CREDIT TERMS AND CONDITIONS

	--	-	°	+	++	NA	NetP Jan 16	NetP Apr 16	DI Jan 16	DI Apr 16	Mean Jan 16	Mean Apr 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	86	8	1	4	-3	-10	-1	-5	3	3.07
B) Pressure from competition												
Pressure from competition	0	0	79	16	0	4	-8	-16	-4	-8	3	3.11
C) Perception of risk												
Perception of risk	0	2	91	3	0	4	0	-1	0	-1	3	2.97
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	94	2	0	4	1	-2	0	-1	3	2.98

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP Jan 16	NetP Apr 16	DI Jan 16	DI Apr 16	Mean Jan 16	Mean Apr 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	86	6	1	4	-3	-6	-2	-3	3	3.03
B) Pressure from competition												
Pressure from competition	0	1	76	15	3	4	-13	-17	-6	-10	3	3.13
C) Perception of risk												
Perception of risk	0	1	94	2	0	4	0	-1	0	-1	3	2.97
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	96	0	0	4	0	1	0	0	3	2.95

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP Jan 16	NetP Apr 16	DI Jan 16	DI Apr 16	Mean Jan 16	Mean Apr 16
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	3	83	9	0	4	-2	-6	-1	-3	3	3.02
B) Pressure from competition												
Pressure from competition	0	0	88	7	0	4	-5	-7	-2	-4	3	3.04
C) Perception of risk												
Perception of risk	0	0	94	2	0	4	0	-2	0	-1	3	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	94	3	0	4	0	-3	0	-1	3	2.99

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

Question 17

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jan 16	Apr 16	Jan 16	Apr 16
Decreased considerably	0	0	0	0
Decreased somewhat	9	7	7	4
Remained basically unchanged	87	93	90	88
Increased somewhat	5	0	3	8
Increased considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***-4***	***-7***	***-4***	***4***
Diffusion index	***-2***	***-4***	***-2***	***2***
Mean	*2.92*	*2.89*	*2.92*	*2.99*
Number of banks responding	***127***	***127***	***130***	***130***

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

Question 18

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jan 16	Apr 16	Jan 16	Apr 16
Decreased considerably	0	1	0	0
Decreased somewhat	10	6	5	9
Remained basically unchanged	52	55	68	65
Increased somewhat	34	38	25	20
Increased considerably	4	0	2	6
Total	*100*	*100*	*100*	*100*
Net percentage	***29***	***32***	***21***	***16***
Diffusion index	***16***	***16***	***12***	***11***
Mean	*3.26*	*3.24*	*3.19*	*3.19*
Number of banks responding	***130***	***130***	***133***	***133***

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

Question 19

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16
A) Financing needs/underlying drivers or purpose of loan demand												
Housing market prospects, including expected house price developments	0	3	64	27	1	6	23	25	12	13	3.18	3.21
Consumer confidence	1	0	80	14	0	6	26	13	13	6	3.19	3.10
General level of interest rates	0	0	51	42	1	6	30	43	16	22	3.26	3.39
Debt refinancing/restructuring and renegotiation	0	0	76	17	0	6	6	17	3	9	3.02	3.14
Regulatory and fiscal regime of housing markets	0	9	81	3	0	7	0	-7	0	-3	2.96	2.92
B) Use of alternative sources for housing finance												
Internal finance of house purchase out of savings/down payment	0	6	85	3	0	6	-2	-3	-1	-2	2.94	2.92
Loans from other banks	0	5	88	0	0	7	-6	-5	-3	-2	2.90	2.91
Other sources of external finance	0	5	88	0	0	8	-4	-5	-2	-2	2.95	2.94

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

Question 20

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 16	Apr 16	Jan 16	Apr 16	Jan 16	Apr 16
A) Financing needs/underlying drivers or purpose of loan demand												
Spending on durable consumer goods	0	2	70	23	2	3	22	23	12	12	3.20	3.21
Consumer confidence	0	0	83	13	1	3	15	14	8	7	3.12	3.11
General level of interest rates	0	1	82	13	1	3	15	13	7	7	3.11	3.11
Consumption expenditure financed through real-estate guaranteed loans	0	1	85	0	0	15	1	-1	0	0	2.95	2.93
B) Use of alternative finance												
Internal finance out of savings	1	5	91	0	0	3	-1	-6	-1	-3	2.95	2.89
Loans from other banks	0	4	91	2	0	3	-1	-2	-1	-1	2.95	2.94
Other sources of external finance	0	1	94	0	0	4	0	-1	0	0	2.96	2.95

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

Question 21

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jan 16	Apr 16	Jan 16	Apr 16
Tighten considerably	2	3	0	0
Tighten somewhat	5	9	1	2
Remain basically unchanged	86	84	89	90
Ease somewhat	7	5	9	8
Ease considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***-1***	***7***	***-8***	***-7***
Diffusion index	***0***	***5***	***-4***	***-3***
Mean	*2.95*	*2.86*	*3.02*	*3.01*
Number of banks responding	***129***	***128***	***131***	***131***

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

Question 22

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jan 16	Apr 16	Jan 16	Apr 16
Decrease considerably	0	0	0	0
Decrease somewhat	4	1	1	0
Remain basically unchanged	70	60	73	73
Increase somewhat	26	35	26	23
Increase considerably	0	5	0	3
Total	*100*	*100*	*100*	*100*
Net percentage	***23***	***38***	***25***	***26***
Diffusion index	***11***	***22***	***12***	***15***
Mean	*3.18*	*3.39*	*3.20*	*3.26*
Number of banks responding	***129***	***129***	***132***	***132***

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

Annex 2
Results for the ad hoc questions

Question A1

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

(in percentages unless otherwise stated)

	Over the past three months								Over the next three months								N/A[2]
	--	-	○	+	++	NetP	Mean	Standard deviation	--	-	○	+	++	NetP	Mean	Standard deviation	
A) Retail funding																	
Short-term deposits (up to one year)	1	4	81	14	0	-10	3.06	0.50	1	0	89	11	0	-10	3.06	0.41	6
Long-term (more than one year) deposits and other retail funding instruments	3	9	87	2	0	10	2.84	0.51	2	3	93	1	0	4	2.90	0.43	5
B) Inter-bank unsecured money market																	
Very short-term money market (up to 1 week)	1	7	82	11	0	-4	3.00	0.48	1	11	84	5	0	7	2.89	0.44	5
Short-term money market (more than 1 week)	1	13	81	6	0	8	2.88	0.47	1	7	88	4	0	3	2.93	0.41	5
C) Wholesale debt securities[3]																	
Short-term debt securities (e.g. certificates of deposit or commercial paper)	2	18	73	7	0	13	2.82	0.58	2	11	83	4	0	9	2.85	0.51	17
Medium to long term debt securities (incl. covered bonds)	0	26	65	9	0	17	2.79	0.59	2	5	71	22	0	-15	3.09	0.63	9
D) Securitisation[4]																	
Securitisation of corporate loans	1	2	76	20	2	-20	3.18	0.57	1	2	83	15	0	-12	3.07	0.49	44
Securitisation of loans for house purchase	1	7	69	21	3	-16	3.15	0.66	1	4	75	20	0	-14	3.10	0.55	44
E) Ability to transfer credit risk off balance sheet[5]																	
Ability to transfer credit risk off balance sheet	0	7	86	7	1	-1	2.98	0.44	0	2	90	8	0	-7	3.03	0.38	42

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

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

Question A2

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

(in percentages unless otherwise stated)

	Over the past six months									Over the next six months								
	--	-	°	+	++	N/A [1]	NetP	Mean	Standard deviation	--	-	°	+	++	N/A [1]	NetP	Mean	Standard deviation
A) Your bank's total assets																		
Your bank's total assets (non-risk weighted volume)	0	3	89	8	0	6	5	3	0	0	3	87	10	0	6	7	3	0
of which:																		
euro area sovereign bond holdings	0	12	83	4	0	16	-8	3	0	0	10	83	7	0	16	-3	3	0
B) Your bank's liquidity position																		
Your bank's overall liquidity position	0	0	72	26	2	6	27	3	1	0	0	76	23	0	7	23	3	0
owing to:																		
sales of marketable assets	0	1	89	9	1	26	9	3	0	0	1	91	9	0	26	8	3	0
an increase in deposits from enterprises[2] and households	0	0	79	19	2	12	21	3	1	0	1	84	15	0	12	13	3	0
C) Your bank's market financing conditions																		
Your bank's overall market financing conditions	0	2	76	21	1	11	19	3	1	0	2	74	24	0	11	22	3	1
of which financing via:																		
asset-backed securities	0	0	91	8	1	36	9	3		0	0	91	8	1	42	9	3	
covered bonds	0	2	58	36	4	25	37	3		0	0	60	37	3	25	40	3	
unsecured bank bonds	0	1	91	8	0	26	7	3	0	0	0	87	12	0	26	12	3	0
equity issued	0	0	100	0	0	48	0	3	0	0	0	100	0	0	48	0	3	0
D) Your bank's profitability																		
Your bank's overall profitability	2	26	63	9	0	6	-19	3	1	2	26	66	6	0	6	-22	3	1
owing to:																		
net interest margin[3]	2	32	59	7	0	8	-27	3	1	2	35	59	4	0	8	-33	3	1
capital gains/losses	1	1	83	13	2	19	12	3	1	0	3	86	11	0	19	9	3	0
of which: capital gains/losses out of sales of marketable assets	1	1	85	11	2	23	10	3	1	0	3	86	11	0	23	8	3	0
E) Your bank's capital position																		
Your bank's capital ratio[4]	0	1	91	8	0	6	7	3	0	0	1	98	1	0	6	0	3	0
owing to capital release[5]			95	5	0	25						100	0	0	25			
Your bank's leverage ratio[6]	0	1	95	4	0	6	3	3	0	0	1	98	1	0	6	0	3	0

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

Notes: “- -“ = has contributed/will contribute considerably to a decrease or deterioration; “-“ = has contributed/will contribute somewhat to a decrease or deterioration; “o”= has had/will have basically no impact; “+” = has contributed/will contribute somewhat to an increase or improvement; “++” = has contributed/will contribute considerably to an increase or improvement. The mean and standard deviation are calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others. Figures may not exactly sum up due to rounding.

Question A3

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

(in percentages unless otherwise stated)

	Over the past six months						Over the next six months					
	Has contributed considerably to this purpose	Has contributed somewhat to this purpose	Has had basically no impact	N/A 1)	Mean	Standard deviation	Will contribute considerably to this purpose	Will contribute somewhat to this purpose	Will basically have no impact	N/A 1)	Mean	Standard deviation
A) Increased liquidity resulting from your bank's sales of marketable assets												
For refinancing:												
For substituting deposit shortfalls	0	4	96	56	2.99	0.34	0	2	98	56	2.96	0.30
For substituting maturing debt	1	8	90	49	3.05	0.44	1	6	93	49	3.03	0.41
For substituting interbank lending	0	3	97	49	2.97	0.31	0	3	97	49	2.98	0.32
For substituting Eurosystem liquidity operations	3	3	95	49	3.02	0.44	2	4	94	49	3.02	0.45
For granting loans:												
Loans to non-financial corporations	0	20	80	49	3.14	0.51	2	19	79	49	3.18	0.57
Loans to households for house purchase	0	15	85	51	3.10	0.46	0	16	84	50	3.11	0.47
Consumer credit and other lending to households	1	12	87	49	3.09	0.50	1	13	85	49	3.10	0.51
For purchasing assets:												
Euro area marketable assets, excluding sovereign bonds	0	1	99	51	2.95	0.27	1	0	99	50	2.97	0.36
Non-euro area marketable assets	0	0	100	50	2.94	0.26	0	0	100	50	2.94	0.25
B) Increased liquidity owing to an increase in customer deposits from enterprises(2) and households												
For refinancing:												
For substituting maturing debt	0	11	89	31	3.11	0.35	0	9	91	30	3.08	0.31
For substituting interbank lending	0	14	86	29	3.09	0.44	0	9	91	29	3.04	0.38
For substituting Eurosystem liquidity operations	2	5	93	33	3.04	0.43	2	5	93	32	3.04	0.43
For granting loans:												
Loans to non-financial corporations	0	30	70	29	3.26	0.55	0	30	69	29	3.26	0.55
Loans to households for house purchase	0	22	78	30	3.18	0.50	0	22	77	29	3.18	0.50
Consumer credit and other lending to households	0	22	78	29	3.18	0.50	0	22	78	29	3.17	0.49
For purchasing assets:												
Euro area marketable assets, excluding sovereign bonds	0	1	98	32	2.97	0.28	0	7	93	32	3.03	0.37
Non-euro area marketable assets	0	0	99	36	2.97	0.26	0	4	95	35	3.01	0.34

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

Question A4

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

(in percentages unless otherwise stated)

	Over the past six months									Over the next six months								
	--	-	o	+	++	N/A (1)	NetP	Mean	Standard deviation	--	-	o	+	++	N/A (1)	NetP	Mean	Standard deviation
A) Credit standards																		
For loans to enterprises	0	0	96	4	0	11	-3	3	0	0	0	97	3	0	11	-2	3	0
For loans to households for house purchase	0	0	98	2	0	16	-2	3	0	0	0	100	0	0	16	0	3	0
For consumer credit and other lending to households	0	0	100	0	0	14	0	3	0	0	0	100	0	0	15	0	3	0
B) Terms and conditions																		
For loans to enterprises	0	0	89	10	1	11	-11	3	0	0	1	88	10	1	11	-11	3	0
For loans to households for house purchase	0	0	86	12	1	16	-14	3	0	0	1	88	10	1	16	-10	3	0
For consumer credit and other lending to households	0	0	91	8	1	14	-9	3	0	0	1	87	11	1	14	-11	3	0

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

Notes: "- -" = has contributed/will contribute considerably to tightening credit standards/terms and conditions; "-" = has contributed/will contribute somewhat to tightening credit standards/terms and conditions; "o"= has had/will have basically no impact on credit standards/terms and conditions; "+" = has contributed/will contribute somewhat to easing credit standards/terms and conditions; "++" = has contributed/will contribute considerably to easing credit standards/terms and conditions. The mean and standard deviation are calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others. Figures may not exactly sum up due to rounding.

Question A5

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

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

over the past or next six months?

(in percentages unless otherwise stated)

	Over the past six months									Over the next six months								
	--	-	°	+	++	N/A[(2)]	NetP	Mean	Standard deviation	--	-	°	+	++	N/A[(2)]	NetP	Mean	Standard deviation
Impact on your bank's net interest income																		
Impact on your bank's net interest income[(3)]	18	63	19	0	0		-81	2	1	22	63	15	0	0		-85	2	1
Loans to enterprises																		
Impact on your bank's lending rates	8	40	50	2	0	8	-45	2	1	9	41	47	3	0	8	-47	2	1
Impact on your bank's loan margin[(4)]	3	29	64	4	0	8	-27	3	1	3	31	61	4	0	8	-30	3	1
Impact on your bank's non-interest rate charges	1	3	84	12	0	13	8	3	0	1	5	79	16	0	13	10	3	1
Impact on your bank's lending volume	1	4	89	7	0	8	2	3	0	1	3	82	14	0	8	11	3	1
Loans to households for house purchase																		
Impact on your bank's lending rates	7	43	48	2	0	11	-49	2	1	7	41	50	2	0	12	-46	2	1
Impact on your bank's loan margin[(4)]	2	34	60	4	0	11	-33	3	1	2	34	61	3	0	12	-34	3	1
Impact on your bank's non-interest rate charges	0	2	87	11	0	18	9	3	0	0	2	86	12	0	19	10	3	0
Impact on your bank's lending volume	0	3	78	19	0	11	16	3	1	0	3	78	19	0	12	16	3	1
Consumer credit and other lending to households																		
Impact on your bank's lending rates	6	32	61	2	0	10	-36	3	1	6	32	60	2	0	10	-36	3	1
Impact on your bank's loan margin[(4)]	2	23	71	4	0	10	-21	3	1	2	26	69	3	0	10	-25	3	1
Impact on your bank's non-interest rate charges	0	1	87	11	0	17	10	3	0	0	1	87	12	0	17	10	3	0
Impact on your bank's lending volume	0	3	83	14	0	10	11	3	0	0	2	86	12	0	10	11	3	0

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

Question A6

How would you describe the current level of your bank’s credit standards for each of the listed loan categories, relative to the range of your bank’s credit standards in the time periods specified below?

(in percentages unless otherwise stated)

(i) Current level compared with the range of your bank’s credit standards between the first quarter of 2003 and now:

	Loans to enterprises			Loans to households	
	Overall loans to enterprises	Loans to small and medium-sized	Loans to large enterprises	For house purchase	Consumer credit and other lending
Considerably tighter than the midpoint of the range	23	18	19	23	13
Moderately tighter than the midpoint of the range	31	31	36	18	24
Basically identical to the midpoint of the range	28	24	27	39	47
Moderately looser than the midpoint of the range	12	19	11	14	9
Considerably looser than the midpoint of the range	2	1	2	0	0
At the tightest level during this period	2	3	2	3	2
Levels have remained constant during this period	3	3	2	3	4
At the loosest level during this period	0	0	0	0	0

(ii) Current level compared with the range of your bank's credit standards between the second quarter of 2010 and now:

	Loans to enterprises			Loans to households	
	Overall loans to enterprises	Loans to small and medium-sized	Loans to large enterprises	For house purchase	Consumer credit and other lending
Considerably tighter than the midpoint of the range	2	2	2	9	2
Moderately tighter than the midpoint of the range	29	22	29	19	28
Basically identical to the midpoint of the range	33	36	32	43	43
Moderately looser than the midpoint of the range	29	31	31	21	20
Considerably looser than the midpoint of the range	1	3	0	0	0
At the tightest level during this period	2	3	2	4	2
Levels have remained constant during this period	3	4	3	3	5
At the loosest level during this period	1	0	1	0	0

Notes: The "midpoint of the range" of credit standards is defined as the midpoint between the maximum and the minimum level of credit standards during this time period.

Glossary

To assist respondent banks in filling out the questionnaire, this glossary defines the most important terminology used in the bank lending survey. This glossary has been revised together with the introduction of the enhanced bank lending survey questionnaire in April 2015.

Capital

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

Collateral

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

Consumer confidence

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

Consumer credit and other lending

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

Consumption expenditure financed through real-estate guaranteed loans

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

Cost of funds and balance sheet constraints

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

Covenant

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

Credit line

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

Credit standards

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

Credit terms and conditions

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

Debt refinancing/restructuring and renegotiation

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

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

Demand for loans

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

Down payment

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

Diffusion index

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

Enterprises

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

Enterprise size

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

Households

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

Housing market prospects, including expected house price developments

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

Loans

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

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

Loan application

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

Loan rejection

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

Loan margin/spread over a relevant market reference rate

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

Loan-to-value ratio

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

Marketing campaigns

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

Maturity

The concept of maturity used in questions 1, 6, 8 and 9 of the bank lending survey is original maturity, and only two different types are used, i.e. short-term and long-term.

Short-term loans are loans with an original maturity of one year or less and, consequently, long-term loans are loans that have an original maturity of more than one year.

Net percentage (or balance)

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

Non-banks

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

Non-interest rate charges

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

Perception of risk and risk tolerance

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

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ISSN 1830-5989 (online)
EU catalogue No QB-BA-16-002-EN-N (online)