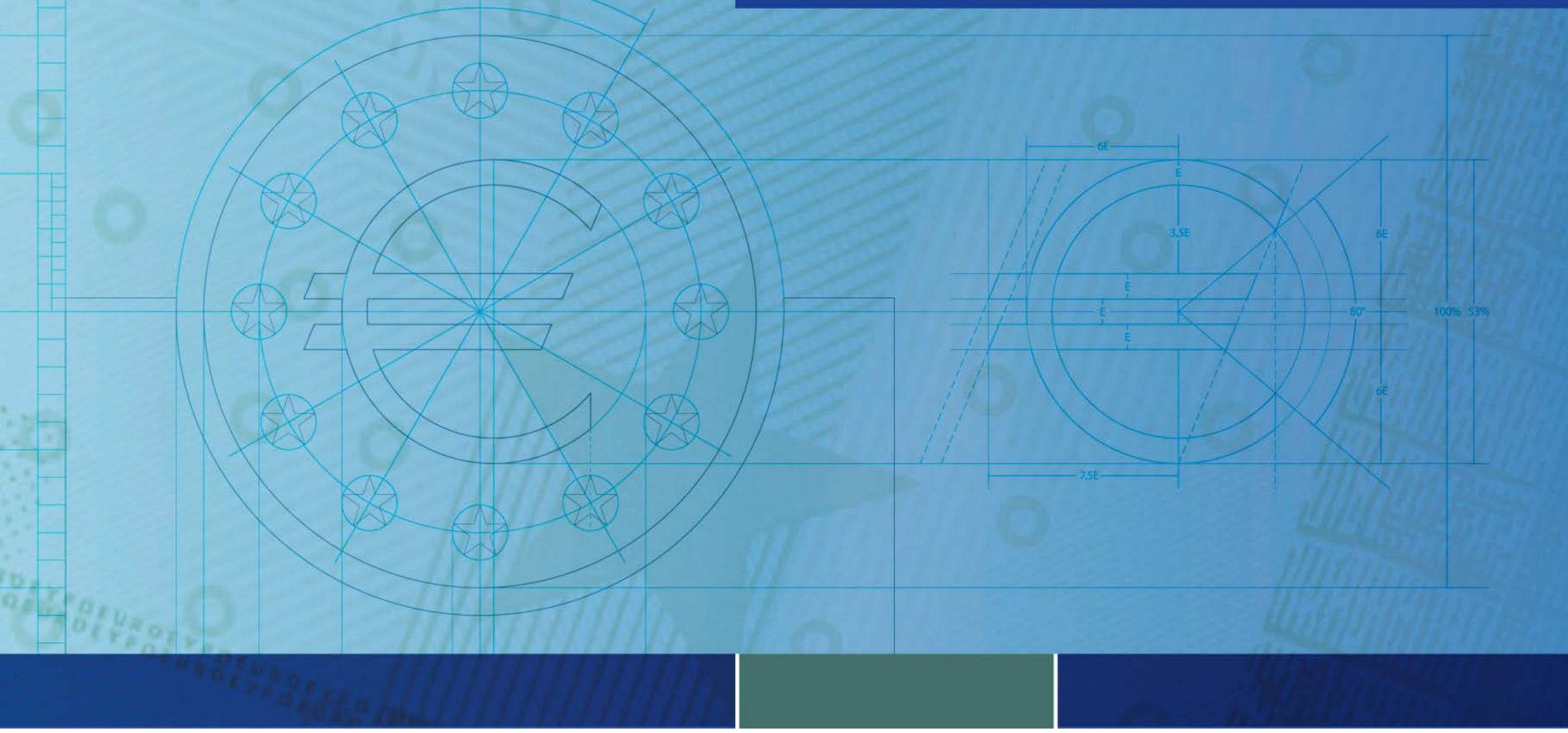
EUROPEAN CENTRAL BANK

EUROSYSTEM

The euro area bank lending survey

Second quarter of 2015

July 2015



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Introduction

The results reported in the July 2015 bank lending survey (BLS) relate to changes during the second quarter of 2015 and expectations of changes in the third quarter of 2015. The survey was conducted between 9 and 24 June 2015. The response rate was 100%. In addition to the results for the euro area as a whole, the report contains the results for the five largest euro area countries.[1] Moreover, from this round onwards, a weighting scheme for the aggregation of national BLS results has been introduced for the Netherlands. This has also led to small changes (including backward revisions) of the euro area results.

A number of ad hoc questions were included in the July 2015 survey round. The first ad hoc question addressed the impact of the situation in financial markets on banks' access to retail and wholesale funding. The second and third questions referred to the likely impact of ongoing regulatory or supervisory changes on banks' lending policies. The fourth, fifth and sixth questions referred to the most recent targeted longer-term refinancing operations (TLTROs).

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

1 Overview of the results

According to the July 2015 bank lending survey (BLS), changes in lending conditions and increased loan demand continue to support a further recovery in bank credit in the euro area. During the second quarter of 2015, credit standards on loans to enterprises continued to ease, although at a slowing pace, and credit standards on loans to households for house purchase eased considerably. Banks reported deteriorated access to retail deposit and debt securities financing, but improved access to the money market and securitisation in net terms, albeit to a lesser extent than in the previous round.

Banks reported a continued net easing of credit standards on loans to enterprises in the second quarter of 2015 (-3%, after -10% in the previous quarter; see Table A), which was stronger than the previous survey round's expectations. Credit standards on loans to households for house purchase eased considerably (-9%, from 2% in the previous quarter) and standards on consumer credit and other lending to households likewise continued to ease (-4%, from -5%). Across all loan categories, the net percentage change in credit standards in the second quarter of 2015 remained well below historical averages calculated over the period since the start of the survey in 2003. For the third quarter of 2015, banks expect no change in standards on loans to enterprises (0%), an easing of standards for consumer credit (-5%), and a net tightening of credit standards on housing loans (7%).

Of the factors affecting banks' credit standards on loans to enterprises, competition was the main one driving a continued easing. Banks' risk tolerance was the only factor contributing a tightening impact, whereas banks' risk perceptions and banks' cost of funds and balance sheet constraints had an easing impact on credit standards on loans to enterprises.

Banks continued to ease their terms and conditions on new loans across all categories, mainly driven by a further narrowing of margins on average loans. As with credit standards, the main factor contributing to an easing in terms and conditions was competition.

In terms of the rejection rate for loan applications, banks reported a slightly higher share of rejected applications for loans to enterprises and consumer credit, while for house purchase loans the share of rejections remained unchanged.

Net demand for loans to enterprises (i.e. the difference between the sum of the percentages of banks reporting an increase and that of banks reporting a decline in demand) increased further (13%, from 1%; see Table A). Net demand for housing loans continued to increase substantially (49%, from 30% in the previous quarter), and demand also increased strongly for consumer credit (41%, after 12%). For enterprises, financing needs related to inventories and working capital and to fixed investment increased. In particular, the low level of interest rates contributed strongly to demand for loans to enterprises. For housing loans, the low level of interest rates and housing market prospects were the main factors contributing to strong demand.

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		
	15Q1	15Q2	AVG	15Q1	15Q2	AVG	15Q1	15Q2	AVG	15Q1	15Q2	AVG	15Q1	15Q2	AVG	15Q1	15Q2	AVG
EURO AREA	-10	-3	12	1	13	-7	2	-9	9	30	49	-2	-5	-4	6	12	41	-4
Germany	-3	3	5	0	6	2	3	3	2	45	45	7	0	-3	0	13	29	8
Spain	0	0	12	30	20	-4	0	0	20	11	0	-13	0	-10	11	20	60	-14
France	-7	-2	9	-3	-6	-17	7	-15	4	-6	53	5	-14	1	-2	20	76	-5
Italy	-25	-25	21	0	38	0	-25	-38	5	63	88	7	-13	-13	11	25	50	9
Netherlands	-23	0	13	-57	40	-8	23	0	20	51	100	-19	0	0	15	-25	0	-22

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

Credit standards on loans to enterprises have continued to ease in France and, more particularly, in Italy. They were unchanged in net terms in the Netherlands and Spain, while banks in Germany reported a marginal net tightening in standards. For housing loans the picture is similar (see Table A).

This survey round also included some ad hoc questions. In terms of euro area banks' access to retail and wholesale funding, access to retail deposit and debt securities funding deteriorated, while access to the money market and securitisation improved, albeit to a lesser extent than in the previous quarter.

With respect to the likely impact of ongoing regulatory or supervisory changes, banks report a further strengthening of capital positions and an increase in risk-weighted assets in the first half of 2015.

Regarding the impact of the targeted longer-term refinancing operations (TLTROs) conducted by the Eurosystem, banks continue to report that participation is mainly driven by profitability motives and the main effect of the TLTROs on credit supply continues to result from changes in terms and conditions, rather than from changes in credit standards.

Box 1

General notes

The bank lending survey (BLS) is addressed to senior loan officers of a representative sample of euro area banks. In the current survey round, the sample group of banks participating in the survey comprises 142 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 second quarter of 2015) or expectations of changes over the next three months (i.e. in the third quarter of 2015).

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

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

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

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

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

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

The option to aggregate individual bank results to national BLS results based on an explicit weighting scheme was introduced in the April 2014 BLS survey round for France, Malta and Slovakia and in the July 2015 survey round for the Netherlands. As a consequence, this has led to overall small revisions (including backward revisions) of the euro area BLS results.

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 Enterprises

2.1.1 Credit standards for loans to enterprises continued to ease in the second quarter of 2015

In the second quarter of 2015, credit standards on loans to enterprises continued to ease, albeit at a lower rate, thereby supporting the recovery of loan growth.

Banks reported a continued net easing of credit standards on loans to enterprises in the second quarter of 2015 (-3%, after -10% in the previous quarter; see Chart 1 and Table A), which was stronger than expected in the previous survey round.[3] Across firm size, credit standards were eased on loans to both large firms and small and medium-sized enterprises (SMEs). Credit standards on loans to enterprises continued to ease in France and, more particularly, Italy. They were unchanged in net terms in Spain and in the Netherlands, while banks in Germany reported a marginal net tightening in standards.

Looking ahead to the third quarter of 2015, euro area banks expect no further net easing of credit standards on loans to enterprises.

In particular, competition was driving banks' continued easing of credit standards on loans to enterprises, while banks' cost of funds and balance sheet constraints and banks' risk perceptions also contributed to the easing. The only factor contributing to a tightening in standards was banks' risk tolerance (see Chart 1).[4]

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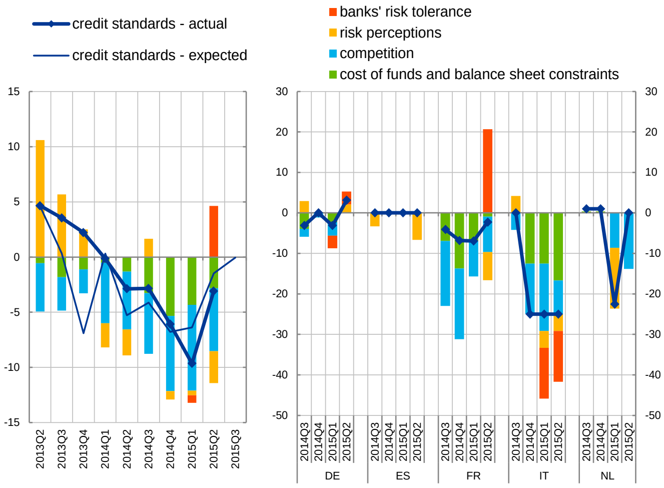
[3] Net percentages are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages of banks responding "eased somewhat" and "eased considerably". The net percentages for responses to questions related 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 of survey replies over time, the report refers to changes (i.e. decline or increase) in the "net tightening" or "net easing" of credit standards from one survey round to another.

[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 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.

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	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2
Euro area	-4	-3	-8	-6	0	-3	-1	5
DE	-2	0	-3	0	0	2	-3	3
ES	0	0	0	0	0	-7	0	0
FR	-7	-1	-9	-9	0	-7	0	21
IT	-13	-17	-17	-8	-4	-4	-13	-13
NL	0	0	-9	-14	-15	0	0	0

Note: See note to Chart 1.

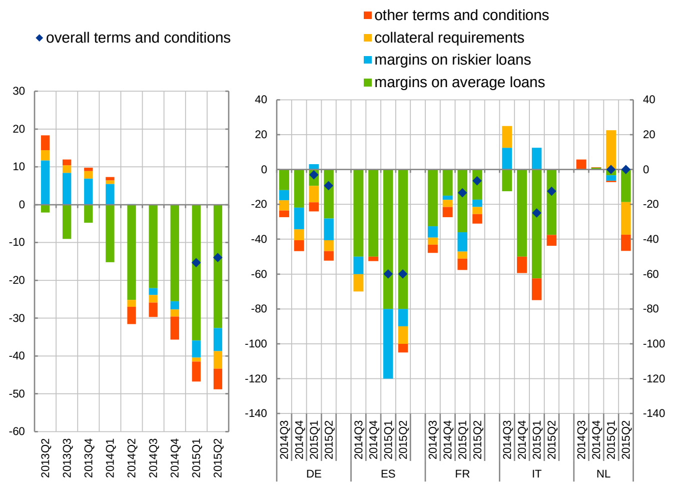
Across the five largest euro area countries, banks' competitive pressures contributed to an easing in standards in the Netherlands, France and Italy, and had a flat impact in Germany and Spain (see Table 1). Cost of funds and balance sheet constraints contributed to an easing in Italy and only marginally so in France, while there was no change in the impact of this factor for the other largest countries. The effect of risk perceptions contributed to an easing of standards in Spain, France and Italy, while in contrast it contributed to a tightening in Germany. In addition, banks' risk tolerance contributed to a tightening in standards in Germany, and even more so in France, while it contributed to an easing in Italy and had no effect in the Netherlands and Spain. Notably, all factors contributed to a continued considerable net easing of credit standards in Italy.

2.1.2 Terms and conditions for loans to enterprises improved further in the second quarter of 2015

In line with the net easing of credit standards on loans to enterprises in the second quarter of 2015, overall terms and conditions that banks apply when granting new loans to enterprises eased considerably (see Chart 2). These developments suggest a continued improvement in financing conditions for loans to enterprises.

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 considerably in Spain, and also eased, to a lesser extent, in Italy, Germany and France. Banks in the Netherlands reported no change.

Table 2
Changes in terms and conditions for loans or credit lines to enterprises

(net percentage changes)

Country	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2
Euro area	-15	-14	-36	-33	-5	-6
DE	-3	-9	-9	-28	3	-13
ES	-60	-60	-80	-80	-40	-10
FR	-13	-6	-36	-17	-11	-4
IT	-25	-13	-63	-38	13	0
NL	0	0	-3	-19	-3	0

Note: See note to Chart 2.

The net percentage of euro area banks reporting a narrowing of their margins on average loans to enterprises continued to increase considerably. Banks additionally reported a further narrowing of their margins on riskier loans to enterprises. All other terms and conditions on loans or credit lines, such as non-interest rate charges, size, collateral and maturity, continued to ease during the second quarter of 2015.

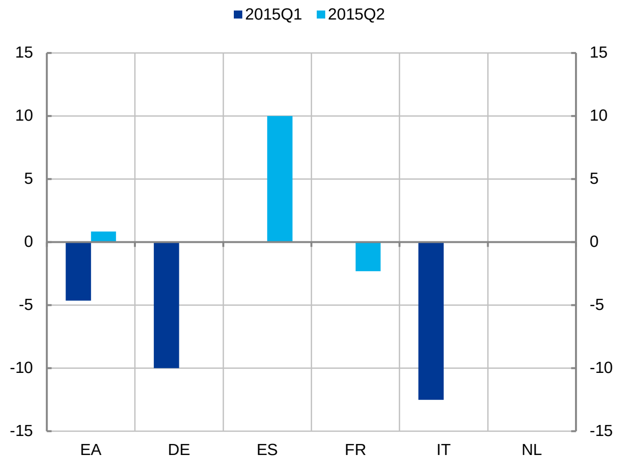
In all of the largest euro area countries, and in particular in Italy and Spain, banks reported a narrowing of the margins on average loans in net terms (see Table 2). At the same time, banks in Germany, Spain and France also narrowed their margins for riskier loans in net terms, while there was no change in Italy and the Netherlands.

In terms of the factors affecting credit terms and conditions, the results are similar to those affecting credit standards. While all factors contributed to an easing, competition contributed most, followed by banks’ improved funding conditions. All of the largest euro area countries reported an easing impact from competitive pressures, whereas the net easing from cost of funds was mainly in Spain and Italy (see Table 3).

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.

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	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2
Euro area	-9	-8	-32	-24	-3	-4	-1	-1
DE	3	-3	-12	-15	-3	0	-3	0
ES	-40	-40	-60	-60	0	-20	-10	0
FR	-11	2	-27	-6	0	-9	4	0
IT	-13	-25	-50	-25	0	0	-13	-13
NL	0	0	-26	-23	-23	0	0	0

2.1.3 Rejection rate for loans to enterprises has increased slightly

In terms of the change in euro area banks' rejection rates for loan applications (i.e. the difference between the sum of the percentages of banks reporting an increase and that of banks reporting a decline in the share of loan rejections), the net share of rejected applications for loans to enterprises increased in the second quarter of 2015 (1%, from -5%; see Chart 3).

Across the largest euro area countries, the rejection rate only increased in Spain, while the share of rejected loans decreased in France and remained unchanged in Germany, Italy and the Netherlands.

2.1.4 Increase in net demand for loans to enterprises

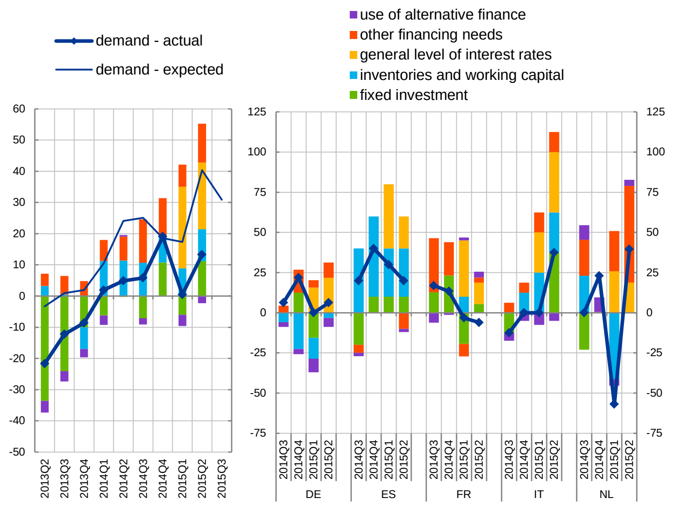
Net demand for loans to enterprises (i.e. the difference between the sum of the percentages of banks reporting an increase and that of banks reporting a decline in demand) improved considerably (see Chart 4 and Table A). The net percentage of banks reporting an increase in demand was 13%, up from 1% in the previous quarter. While this was below banks' expectations, they expect a further considerable increase in demand for loans to enterprises in the third quarter of 2015.

With the exception of France, all of the largest euro area countries reported an increase in demand in the second quarter of 2015, with reported demand highest in the Netherlands and Italy.

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.

Most factors contributed to the increased demand for loans to enterprises (see Chart 4). The general level of interest rates contributed most, while fixed investment also contributed to an increase in the second quarter, after a negative contribution in the first quarter. Inventories and working capital and other financing needs also supported demand. The latter reflect the demand for debt refinancing and renegotiation and the financing needs for M&A activities. The use of alternative finance continued to have a dampening effect on the net demand for loans to euro area enterprises. In particular, firms’ internal financing sources and the issuance of debt securities by enterprises contributed negatively to loan demand.

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	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2
Euro area	-6	11	9	10	7	12	26	21	-4	-2
DE	-16	0	-13	-3	5	9	16	22	-9	-6
ES	10	10	30	30	0	-10	40	20	0	-2
FR	-19	5	10	0	-8	3	35	13	2	4
IT	0	38	25	25	13	13	25	38	-8	-5
NL	0	0	-41	0	25	60	26	19	-4	4

Note: See note to Chart 4.

Across the largest euro area countries, the low level of interest rates contributed significantly to loan demand in all countries (see Table 4). Financing needs related to fixed investment increased in Italy, Spain and France. In Germany and the Netherlands, banks reported no change in demand for credit related to fixed investment in net terms. Financing needs for inventories and working capital contributed positively to loan demand in Spain and Italy; in France and the Netherlands there was no reported change in demand for inventories and working capital in net terms, while in Germany the effect on loan demand was slightly negative. Banks in Germany continue to report a negative impact on loan demand from firms’ availability of internal finance, which is likely to be also related to reduced demand for inventories and working capital.

2.2 Households

2.2.1 Credit standards for loans to households for house purchase eased considerably in net terms in the second quarter of 2015

For loans to households for house purchase, banks reported an easing in their credit standards in net terms after a tightening in the previous quarter (-9%, from 2%; see Chart 5 and Table A), well below the historical average calculated over the period since the start of the survey in 2003. The net percentage easing reported in the second quarter is in contrast to banks' expectations in the previous survey round of a tightening in credit standards.

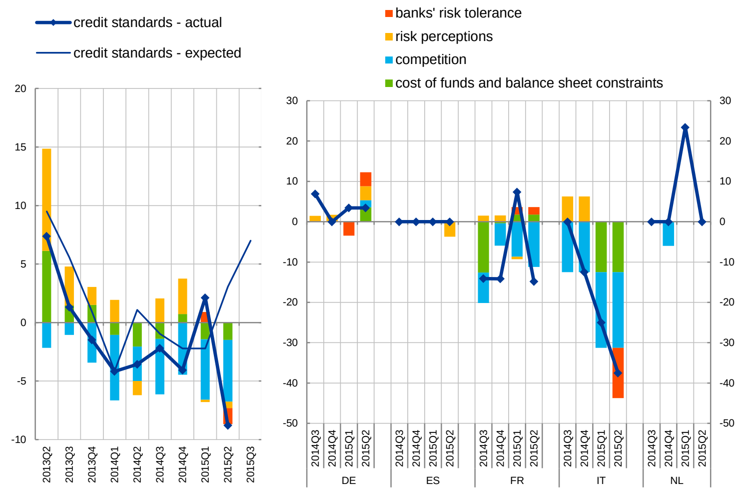
Of the largest five countries, the net easing in credit standards on loans for house purchase is driven by France and, more particularly, Italy. Credit standards remain unchanged in net terms in the Netherlands and Spain, while German banks report a slight net tightening.

Looking ahead, euro area banks expect a considerable net tightening of credit standards applied to housing loans in net terms in the third quarter of 2015.

Chart 5

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

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



Notes: See the notes to Chart 1. "Risk perceptions" are an unweighted average of "general economic situation and outlook", "housing market prospects including expected house price developments" and "borrower's creditworthiness" (the latter from 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.

While competition continued to be the dominant factor contributing to an easing of credit standards on housing loans, banks' risk tolerance, risk perceptions and cost of funds all contributed slightly (see Chart 5 and Table 5).

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	
	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2
Euro area	-1	-1	-5	-5	0	-1	1	-1
DE	0	4	0	2	0	3	-3	3
ES	0	0	0	0	0	-4	0	0
FR	2	2	-9	-11	-1	0	2	2
IT	-13	-13	-19	-19	0	0	0	-13
NL	0	0	0	0	0	0	0	0

Note: See note to Chart 5.

Among the largest euro area countries, the impact from competition was driven by Italy and France, as there was no change in the impact on standards in Spain and the Netherlands, while it contributed slightly to a tightening in standards in Germany. Banks' cost of funds and balance sheet constraints and their risk tolerance contributed to the net easing in Italy, while conversely in France and Germany they contributed slightly to a tightening; both these factors had no reported effect in net terms in Spain and the Netherlands. Banks' risk perceptions contributed to an easing of standards in Spain, a tightening of standards in Germany and had no effect on the change in standards in France, Italy or the Netherlands. Overall, the easing in standards due to a broad range of factors is particularly notable in Italy.

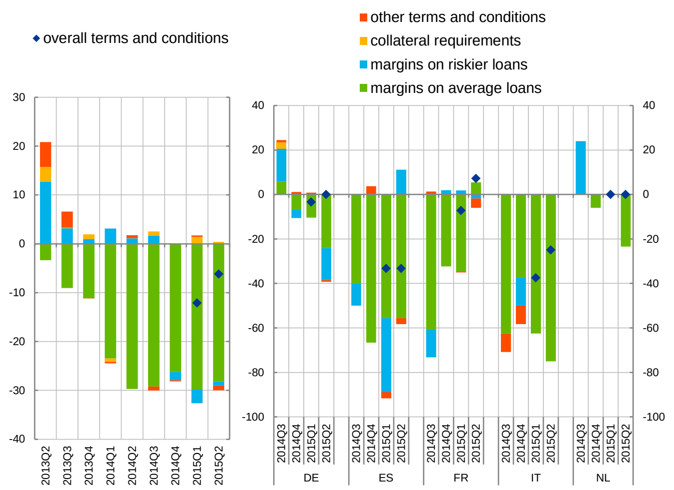
2.2.2 Terms and conditions for loans to households for house purchase continued to improve

Banks' overall terms and conditions applied when granting new housing loans continued to improve in the second quarter of 2015, while banks continued to report little change in the non-price terms and conditions (see Chart 6). A substantial net percentage of euro area banks reported a decrease in the margins on average housing loans, thereby continuing the trend that had started in the second quarter of 2013. Margins on riskier loans were also eased, but only very slightly. Of the non-price terms and conditions, the loan-to-value ratio, maturity and non-interest charges on new loans were eased slightly, while there was no change related to collateral or size of the new loans.

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 conditions and terms” 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.

All of the largest euro area countries reported an easing of margins applied to average loans, with the exception of France, where a tightening in net terms was reported (see Table 6). In terms of the margins on riskier loans, banks in France and, more particularly, Germany, reported an easing; banks in Spain reported a tightening; and banks in Italy and the Netherlands reported no change in net terms. Regarding non-price terms and conditions, none of the largest countries reported a change in collateral requirements, while other terms and conditions were eased only slightly in Germany, Spain and France and showed no change in Italy and the Netherlands.

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	
	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2
Euro area	-12	-6	-30	-28	-3	-1
DE	-3	0	-10	-24	0	-14
ES	-33	-33	-56	-56	-33	11
FR	-7	7	-35	5	2	-2
IT	-38	-25	-63	-75	0	0
NL	0	0	0	-23	0	0

Note: See note to 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	
	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2
Euro area	-9	-7	-15	-23	-1	-5	0	0
DE	3	-3	-3	-3	0	0	-3	0
ES	-30	-20	-30	-30	0	-20	0	0
FR	-5	7	-7	-42	0	0	2	2
IT	-25	-25	-50	-50	0	-13	0	-13
NL	0	0	0	0	0	0	0	0

With regard to the factors affecting terms and conditions, competition was the main factor behind the easing, similar to the findings for credit standards on loans for house purchase. Euro area banks' funding conditions and balance sheet constraints and their risk perceptions also contributed to an easing in terms and conditions, while banks' risk tolerance continued to have no impact on changes in terms and conditions (see Table 7).

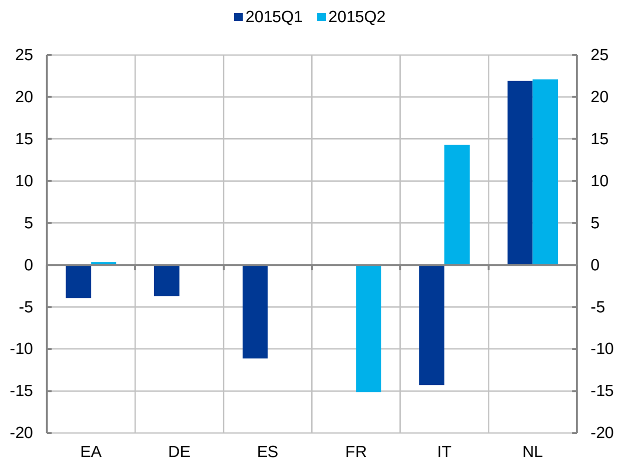
In all of the largest euro area countries except for the Netherlands, competition contributed to an easing of credit terms and conditions, particularly in Italy and France. Banks' cost of funds and balance sheet constraints contributed substantially to an easing in Italy and Spain and, to a lesser extent, in Germany, whereas it contributed somewhat to a tightening in France and had no effect in the Netherlands. Banks' risk tolerance contributed to an easing in terms and conditions in Italy and to a slight tightening in France. Banks' risk perceptions led to an easing of terms and conditions in Spain and Italy, while they had no effect in Germany, France and the Netherlands.

2.2.1 Rejection rate for loans to households for house purchase remained unchanged

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)



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

In the second quarter of 2015, euro area banks reported no change in the net share of rejected applications for loans to households for house purchase (0%, from -4% in the first quarter of 2015; see Chart 7).

Across the largest euro area countries, there were heterogeneous developments. The rejection rate for housing loans declined in France, increased in Italy and the Netherlands, and remained unchanged in Germany and Spain.

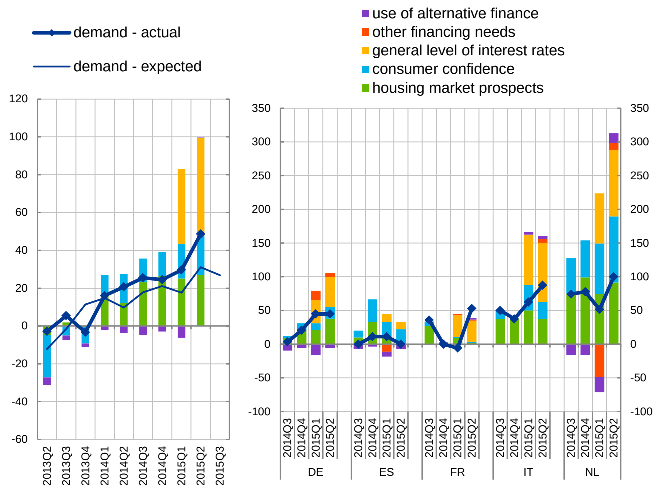
2.2.2 Net demand for housing loans continues to increase considerably

In the second quarter of 2015, banks reported a further strong net increase in the demand for housing loans (49%, from 30% in the previous quarter; see Chart 8 and Table A). The increase in demand is well above the historical average change in demand and again exceeded banks' expectations from the previous survey round.

Chart 8

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

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



Notes: See the notes to Chart 4. "Other financing needs" are an unweighted average of "debt refinancing/restructuring and renegotiation" and "regulatory and fiscal regime of housing markets" (both from 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.

All of the largest euro area countries reported an increase in net demand for housing loans, with the exception of Spain where no change was reported. Increases in net demand were highest in the Netherlands, where all banks reported an increase in demand, and in Italy.

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	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2
Euro area	25	27	18	21	0	4	40	47	-6	0
DE	21	38	10	17	14	5	34	45	-16	-6
ES	11	0	22	22	-11	0	11	11	-7	-7
FR	9	2	2	2	2	2	32	31	0	2
IT	50	38	38	25	0	6	75	88	4	4
NL	75	91	75	98	-49	11	74	98	-22	14

Note: See note to Chart 8.

Housing market prospects and the low level of interest rates were the main factors contributing to increased demand for housing loans in the euro area. Consumer confidence also continued to be an important factor (see Chart 8 and Table 8). Among the largest euro area countries, these three factors contributed to positive demand across all countries and were particularly prominent in the Netherlands and Italy.

Looking ahead, for the third quarter of 2015 euro area banks expect demand to continue increasing substantially.

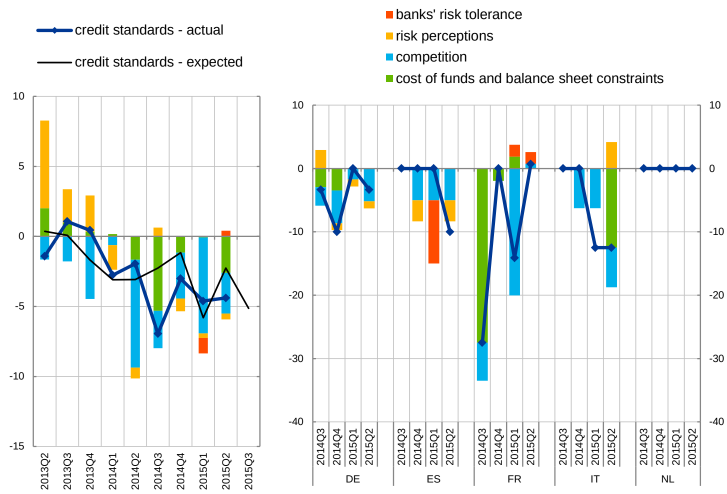
2.2.3 Continued net easing of credit standards for consumer credit and other lending to households

In the second quarter of 2015, euro area banks continued to ease their credit standards for consumer credit and other lending to households (-4%, after -5% in the previous quarter; see Chart 9 and Table A). The net easing was slightly greater than banks expected in 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 to Chart 1. "Risk perceptions" are an unweighted average of "general economic situation and outlook", "creditworthiness of consumers" and "risk on collateral demanded"; "competition" is an unweighted average of "competition from other banks" and "competition from non-banks". "Risk tolerance" was introduced in Q1 2015.

Among the largest euro area countries, France is the only country where standards tightened, following a considerable reported easing in the previous quarter, while the Netherlands reported unchanged standards. Italy and Spain had the highest reported net easing in standards.

Table 9

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

(net percentages)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2
Euro area	0	-3	-7	-3	0	0	-1	0
DE	0	0	-2	-5	-1	-1	0	0
ES	0	0	-5	-5	0	-3	-10	0
FR	2	0	-20	1	0	0	2	2
IT	0	-13	-6	-6	0	4	0	0
NL	0	0	0	0	0	0	0	0

Note: See note to Chart 9.

Looking ahead, euro area banks expect the net easing in credit standards on consumer credit and other lending to households to continue at a similar pace for the third quarter of 2015.

Banks' cost of funds and balance sheet constraints as well as competitive pressures were the factors behind the easing in credit standards for consumer credit and other lending to euro area households (see Chart 9 and Table 9).

In the largest euro area countries, competitive pressures contributed to an easing in standards, with the exception of the Netherlands where it had no impact and France, where it marginally contributed to a tightening, following a strong easing impact in the previous quarter. Among the largest countries, only in Italy did banks report that cost of funds and balance sheet constraints contributed to an easing in standards.

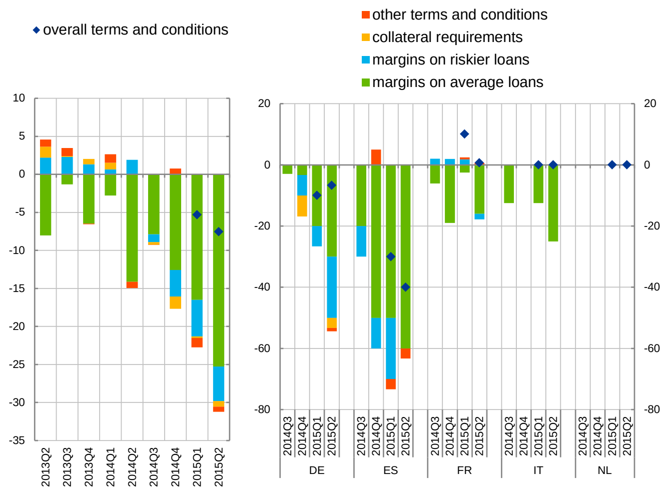
2.2.4 Terms and conditions for consumer credit and other lending to households improved further

Euro area banks reported a further net improvement in the terms and conditions on consumer credit and other lending to households in the second quarter of 2015. This was reflected mainly in a further narrowing of margins on average loans and, to a lesser extent, on riskier loans (see Chart 10). As regards non-price terms and conditions, collateral requirements, loan size and non-interest charges contributed slightly to the net easing, while maturity had a neutral impact.

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.

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	
	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2
Euro area	-5	-8	-17	-25	-5	-5
DE	-10	-7	-20	-30	-7	-20
ES	-30	-40	-50	-60	-20	0
FR	10	1	-3	-16	2	-2
IT	0	0	-13	-25	0	0
NL	0	0	0	0	0	0

Note: See note to Chart 10.

Across all of the largest euro area countries, margins on average loans narrowed considerably, with the exception of the Netherlands, where they were unchanged. The margins on riskier loans also narrowed in Germany and, to a lesser extent, France, and were unchanged in the other largest countries (see Table 10).

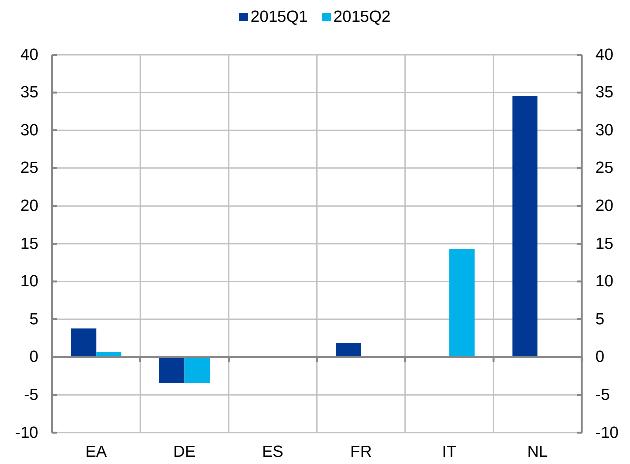
Regarding banks' assessment of the factors impacting the change in credit terms and conditions on new loans, competitive pressures and banks' cost of funds and balance sheet constraints contributed most to an easing. Banks' risk perceptions also contributed slightly to an easing, whereas banks' risk tolerance contributed marginally to a tightening of terms and conditions (see Table 11).

Across the largest euro area countries, competitive pressures and cost of funds and balance sheet constraints contributed to the easing in Spain, Germany and Italy, while they had no reported effect in net terms in France and the Netherlands.

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.

Table 11

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

(net percentage changes)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2	2015Q1	2015Q2
Euro area	-4	-7	-12	-10	-1	-3	-1	1
DE	3	-6	-9	-9	-3	-3	0	0
ES	-30	-20	-40	-30	0	-10	-10	0
FR	2	0	2	0	0	0	2	2
IT	0	-13	-25	-13	0	0	0	0
NL	0	0	0	0	0	0	0	0

Note: The first data point is for April 2015.

2.2.5 Rejection rate for consumer credit and other lending to households increased slightly

According to euro area banks, the net share of rejected applications for consumer credit and other lending to households increased marginally in the second quarter of 2015 (1%, from 4% in the previous survey round; see Chart 11).

Across the largest euro area countries there were divergent developments, with the rejection rate decreasing slightly in Germany, increasing in Italy and remaining unchanged in the other largest countries.

2.2.6 Further 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 increased substantially in the second quarter (41%, from 12%; see Chart 12 and Table A), standing well above its historical average.

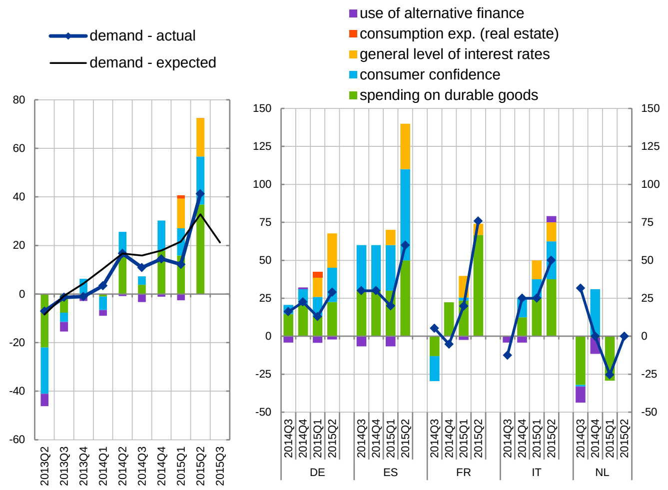
Across the largest euro area countries, net demand increased in all countries with the exception of the Netherlands.

Among the factors underlying demand at the euro area level, financing needs for spending on durable consumer goods further contributed to the increase in demand (see Chart 12). Increasingly, consumer confidence is also driving demand, as well as the low level of interest rates.

Chart 12

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

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



Notes: See the notes to Chart 4. “Use of alternative finance” is an unweighted average of “internal financing out of savings” (from 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)

Country	Spending on durable goods 2015Q1	Spending on durable goods 2015Q2	Consumer confidence 2015Q1	Consumer confidence 2015Q2	Consumption exp. (real estate) 2015Q1	Consumption exp. (real estate) 2015Q2	General level of interest rates 2015Q1	General level of interest rates 2015Q2	Use of alternative finance 2015Q1	Use of alternative finance 2015Q2
Euro area	16	37	11	20	1	0	12	16	-3	0
DE	13	23	13	23	4	0	13	23	-4	-2
ES	30	50	30	60	0	0	10	30	-7	0
FR	24	67	2	0	0	0	14	7	-2	0
IT	25	38	13	25	0	0	13	13	0	4
NL	-29	0	0	0	0	0	0	0	0	0

Note: See note to Chart 12.

In general across the largest euro area countries, all three factors mentioned above played a relevant role in the increase in demand for consumer credit and other lending to households, with the exception of the Netherlands (see Table 12).

For the third quarter of 2015, euro area banks expect a further net increase in demand for consumer credit and other lending to households, albeit at a lower rate.

3 Ad hoc questions

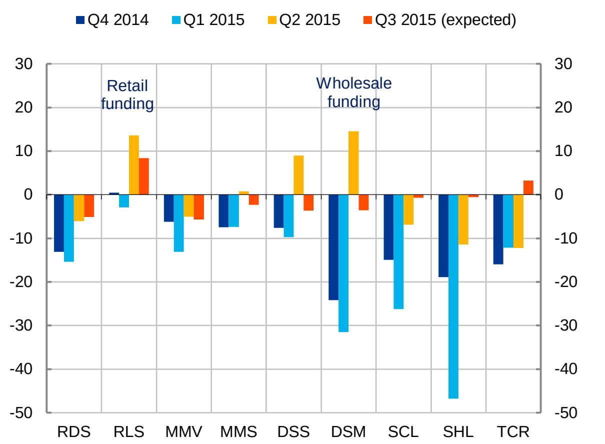
3.1 Banks' access to retail and wholesale funding

As in previous survey rounds, the July 2015 survey questionnaire included a question to assess the extent to which the situation in financial markets affected banks' access to retail and wholesale funding.[5]

Chart 13

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

(net percentages of banks reporting deteriorated market access)



Notes: The net percentages are defined as the difference between the sum of the percentages for "deteriorated considerably" and "deteriorated somewhat" and the sum of the percentages for "eased somewhat" and "eased considerably". "RDS" denotes short-term deposits, "RLS" denotes long-term deposits and other retail funding instruments, "MMV" denotes very short-term money market, "MMS" denotes short-term money market, "DSS" denotes short-term debt securities, "DSM" denotes medium to long-term debt securities, "SCL" denotes securitisation of corporate loans, "SHL" denotes securitisation of loans for house purchase, and "TCR" denotes ability to transfer credit risk off the balance sheet.

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
2015Q1	-9	-10	-21	-28
2015Q2	4	-2	12	-10

Note: See note to Chart 13.

For the second quarter of 2015, euro area banks reported a net deterioration in retail funding and debt issuance (see Chart 13 and Table 13). While access to money markets and securitisation improved in the second quarter, the net improvement was lower than reported in the previous survey round.[6]

Looking ahead, for the third quarter of 2015 euro area banks expect a slight tightening with regard to access to retail funds (driven by long-term deposits) and securitisation, while securities issuance and access to money markets is expected to improve slightly.

3.2 Banks' adjustment to regulatory and supervisory actions

The July 2015 survey questionnaire included two biannual ad hoc questions to assess the extent to which new regulatory requirements affected banks' lending policies via the potential impact on their capital position and the credit standards that they apply to loans. These new requirements cover the regulation set out in the "CRR/CRD IV" agreement, additional measures of the European Banking Authority or

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

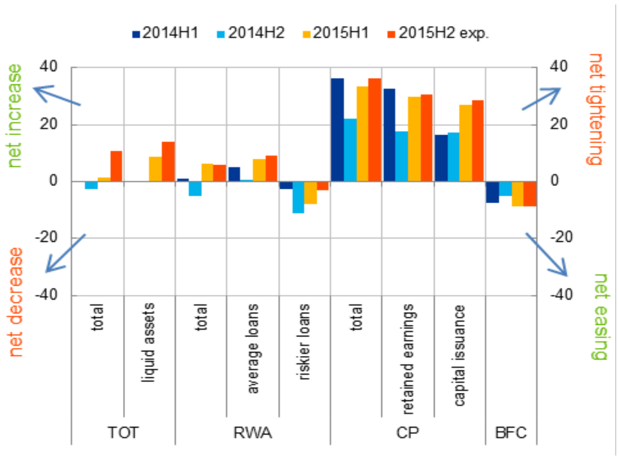
6 However, for the results on securitisation, there are a large number of banks that replied "not applicable" as this source of funding is not relevant for them (around 50% in the second quarter of 2015).

any other specific national regulations concerning banks' capital ratios that have recently been approved or are expected to be approved in the near future. Furthermore, banks were also asked to indicate the effects on funding conditions.

Chart 14

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

(net percentages of banks)



Notes: "TOT" stands for total assets, "RWA" for risk-weighted assets, "CP" for capital position and "BFC" for banks' funding conditions. For the questions on RWA and CP, the net percentages are defined as the difference between the sum of the percentages for "increased considerably" and "increased somewhat" and the sum of the percentages for "decreased somewhat" and "decreased considerably". For the question on BFC, the net percentages are defined as the difference between the sum of the percentages for "experienced a considerable tightening" and "experienced a moderate tightening" and the sum of the percentages for "experienced a moderate easing" and "experienced a considerable easing". Figures for H2 2015 are expectations.

Table 14

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

(net percentages of banks)

	Total assets, of which		Risk-weighted assets, of which			Capital, of which			Impact on banks' funding conditions
	Total	Liquid assets	Total	Average loans	Riskier loans	Total	Retained earnings	Capital issuance	
2014H2	-3	1	-5	0	-11	22	18	17	-5
2015H1	1	9	6	8	-8	34	30	27	-9

Note: See note to Chart 14.

Euro area banks reported that, in relation to regulatory and supervisory actions, their total assets increased slightly in net terms (1%, from -3% in the previous round; see Chart 14 and Table 14). Their risk-weighted assets also increased in net terms during the first half of 2015 (6%, from -5% in the previous round). The increase in risk-weighted assets was due to average loans, while riskier loans continued to decrease. Euro area banks also reported a further net strengthening of their capital position, both through retained earnings and capital issuance. In addition they reported an increased easing in their funding conditions.

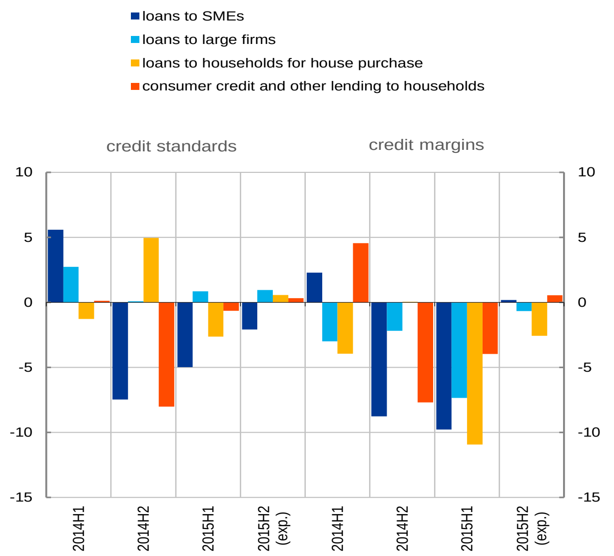
Regarding the impact of supervisory or regulatory actions on banks' credit standards during the first half of 2015, euro area banks reported a net easing impact on loans to SMEs and a marginal net tightening impact on loans to large enterprises (see Chart 15). For households, euro area banks reported a net easing impact on loans for house purchase and on consumer credit and other lending.

As regards the impact on margins, supervisory or regulatory actions had a narrowing (i.e. easing) impact on margins on all categories of loan (see Chart 15 and Table 15). Across enterprises, the easing in margins was stronger for SMEs than for larger enterprises, and across households the easing was greater for loans for house purchase, rather than consumer credit.

Chart 15

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

(net percentages of banks)



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

Table 15

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

(net percentages of banks)

	Impact of regulatory or supervisory actions on the tightening of credit standards		Impact of regulatory or supervisory actions on the tightening of credit margins	
	2014H2	2015H1	2014H2	2015H1
Impact on loans and credit lines to SMEs	-7	-5	-9	-10
Impact on loans and credit lines to large enterprises	0	1	-2	-7
Impact on loans to households for house purchase	5	-3	0	-11
Impact on consumer credit and other lending to households	-8	-1	-8	-4

Note: See note to Chart 15.

With regard to the effect of regulatory and supervisory actions in the second half of 2015, euro area banks expect a further easing of credit standards for SMEs, but no change in the margins for this sector. For loans to large firms and to households for house purchase, banks expect a marginal tightening of credit standards and a marginal easing of margins. For consumer credit, banks expect a slight increase in margins but no change in credit standards.

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

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

Among euro area BLS banks, participation in the third TLTRO in March 2015 was at 49%, somewhat lower than the 56% of banks who participated in the second TLTRO conducted in December 2014 (see Chart 16). According to banks participating in the third TLTRO, their participation was again largely driven by profitability motives (66% of respondents, after 57% for the second TLTRO in December; see Chart 17), and to a lesser extent by precautionary motives, which remain similar to the share reported in previous surveys (19%, from 14% in the previous survey). The percentage of banks reporting they participated to enhance the fulfilment of regulatory liquidity requirements fell in this round (15%, from 27%).

Chart 16

Participation and expected participation in the most recent and future TLTROs

(percentage of respondents)

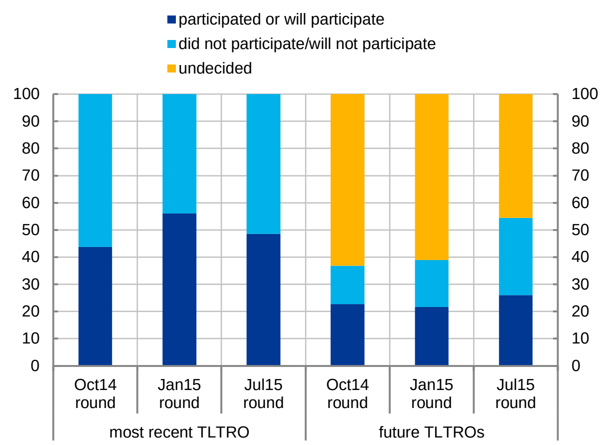
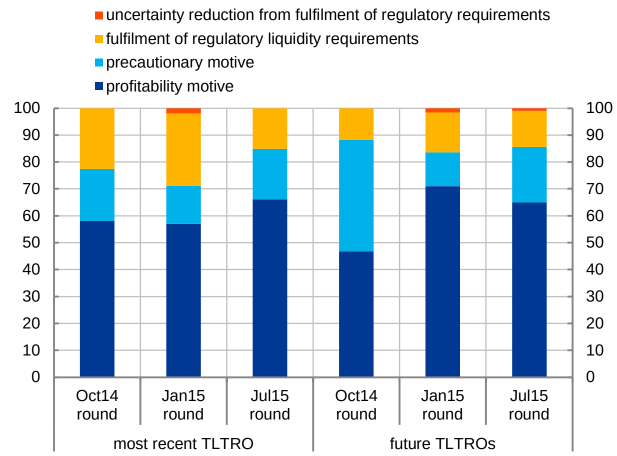


Chart 17

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

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



Looking ahead to the future TLTROs, a high percentage of banks are undecided on their participation, though the percentage of undecided banks has fallen relative to the previous survey (46% of banks in aggregate terms; see Chart 16, as compared with 61% in the January 2015 BLS). The decrease in undecided banks in the most recent survey was due to an increase in banks reporting that they will not participate in future TLTROs (28% of banks in aggregate terms, as compared with 17% in the January 2015 BLS; see Chart 16). Concerning motives for potential participation, profitability motives continue to dominate banks' responses (65%, from 71% in the January survey). Regulatory motives (13%, from 15%) and precautionary motives (21%, from 13%) were cited less frequently (see Chart 17), though there was an increase in the percentage of banks reporting precautionary motives in the most recent survey.

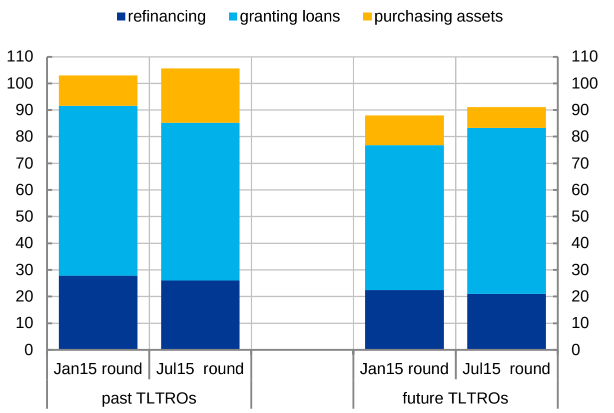
As regards the use of funds obtained from the past and future TLTROs, banks once again reported their intention to use them for granting loans (59% for past TLTROs and 62% for future; see Chart 18), in particular loans to enterprises and consumer credit. A lower percentage of banks reported that the funds would be used for refinancing purposes in terms of substituting other funding sources – predominantly other Eurosystem liquidity operations. The percentage of firms reporting that they would use the past TLTRO funds to purchase assets increased in this round (20%, from 11% in the January 2015 BLS) and this increase was observed in responses regarding both domestic sovereign bonds and other financial assets.

Concerning the use of funds for refinancing, banks again reported, both for the past and the future TLTROs, that they intend to use these funds for substituting funds from other Eurosystem operations (including very long-term refinancing operations VLTROs) and for refinancing maturing debt (for past TLTROs 45% and 30%

respectively, and for future TLTROs around 27% and 25% respectively; see Chart 19). Around 22% of the banks indicated the substitution of interbank funding with funds from past TLTROs, while the substitution of deposit shortfalls was only cited by 7% of banks.

Chart 18
Use of funds from the past and future TLTROs

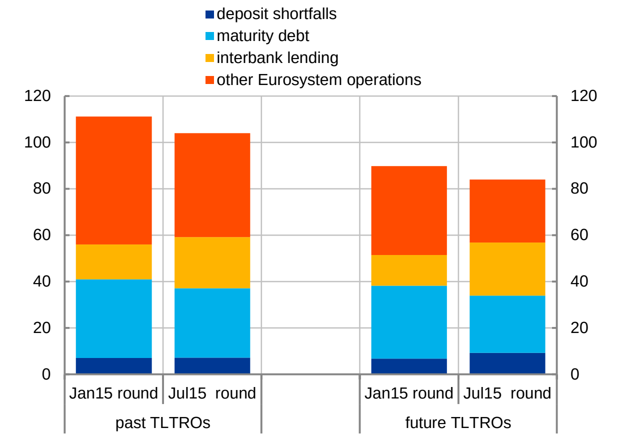
(percentage of respondents)



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

Chart 19
Use of funds from the past and future TLTROs for refinancing by substitution of funding sources

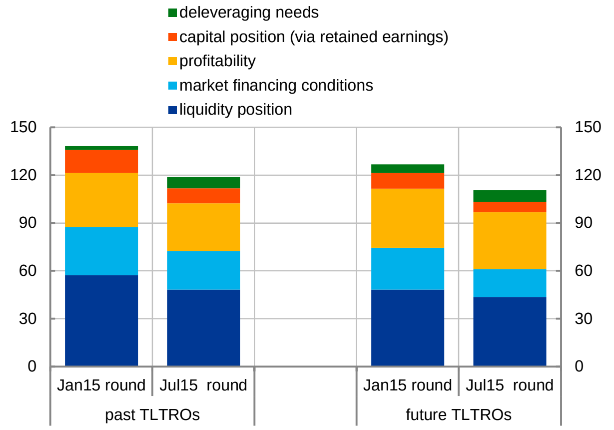
(percentage of respondents)



Notes: see notes to Chart 18.

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

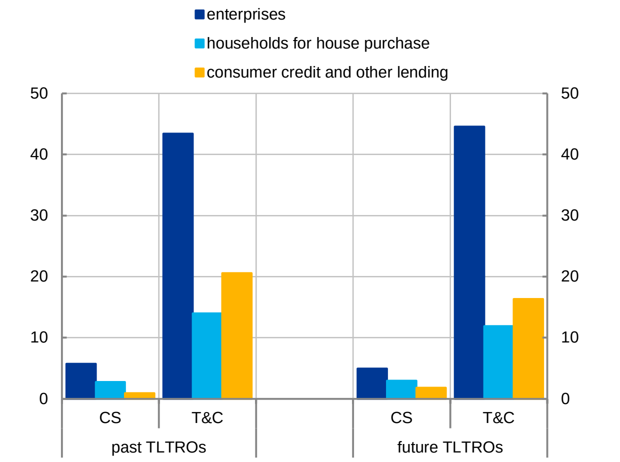
(percentage of respondents)



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

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

(percentage of respondents)



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

With regard to how banks believe the past and future TLTROs have affected or will affect their financial situations, the highest net percentage of banks reported an improvement in their liquidity positions (48% for past TLTROs and 44% for future; see Chart 20), followed by an improvement in profitability (30% for past TLTROs and 36% for future) and market financing conditions (24% for past TLTROs and 18% for future). The reported impact on banks' capital position and deleveraging needs is lower.

Turning to the impact on loan supply, euro area banks expect the TLTROs to translate predominantly into an easing of credit terms and conditions, rather than a change in credit standards (see Chart 21).

Annex 1
Results for the standard questions[7]

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	
	Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
Tightened considerably	0	0	0	0	0	0	0	0	0	0
Tightened somewhat	2	3	1	2	2	3	0	3	2	3
Remained basically unchanged	87	91	90	92	89	90	89	91	91	91
Eased somewhat	11	6	9	6	9	7	10	6	6	6
Eased considerably	0	1	0	0	0	0	0	0	0	1
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**-10**	***-3***	**-9**	***-4***	**-6**	***-3***	**-10**	***-4***	**-4**	***-3***
Diffusion index	**-5**	***-2***	**-4**	***-2***	**-3**	***-2***	**-5**	***-2***	**-2**	***-2***
Mean	*3.09*	*3.04*	*3.09*	*3.04*	*3.05*	*3.03*	*3.09*	*3.04*	*3.03*	*3.04*
Number of banks responding	***137***	***136***	***132***	***131***	***133***	***132***	***137***	***136***	***137***	***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.

[7] 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	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	1	96	3	0	0	-2	-2	-1	-1	3.02	3.02
Your bank's ability to access market financing	1	1	96	3	0	0	-2	-2	-1	-1	3.02	3.01
Your bank's liquidity position	1	1	93	6	0	0	-8	-5	-4	-2	3.09	3.04
B) Pressure from competition												
Competition from other banks	0	0	90	7	3	0	-18	-10	-9	-7	3.19	3.14
Competition from non-banks	0	0	95	3	0	2	0	-3	0	-2	3.00	3.02
Competition from market financing	0	0	95	4	0	2	-4	-4	-2	-2	3.04	3.03
C) Perception of risk												
General economic situation and outlook	0	2	93	6	0	0	-1	-4	0	-2	3.00	3.04
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	2	91	7	0	0	-2	-5	-1	-3	3.01	3.05
Risk related to the collateral demanded	0	1	99	1	0	0	2	0	1	0	2.98	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	8	89	3	0	0	-1	5	0	2	3.01	2.95

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	0	93	3	0	4	-3	-3	-1	-1	3.03	3.03
Your bank's ability to access market financing	1	0	93	3	0	4	-3	-2	-1	-1	3.03	3.02
Your bank's liquidity position	1	0	90	6	0	4	-6	-5	-3	-2	3.07	3.05
B) Pressure from competition												
Competition from other banks	0	0	90	5	3	1	-17	-8	-9	-6	3.17	3.12
Competition from non-banks	0	0	95	0	1	3	0	-2	0	-2	2.99	3.03
Competition from market financing	0	0	96	1	1	1	0	-3	0	-2	3.00	3.04
C) Perception of risk												
General economic situation and outlook	0	1	93	5	0	1	-1	-4	0	-2	3.00	3.04
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	1	91	7	0	1	-2	-6	-1	-3	3.02	3.06
Risk related to the collateral demanded	0	1	97	1	0	1	2	1	1	0	2.98	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	6	87	3	0	4	-3	3	-1	1	3.03	2.96

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	1	95	3	0	1	0	-2	0	-1	3.00	3.02
Your bank's ability to access market financing	1	1	95	3	0	2	0	-1	0	0	3.00	3.01
Your bank's liquidity position	1	1	91	6	0	1	-7	-5	-3	-3	3.07	3.05
B) Pressure from competition												
Competition from other banks	0	0	86	9	3	1	-15	-12	-8	-8	3.16	3.16
Competition from non-banks	0	0	95	3	0	2	-2	-3	-1	-2	3.01	3.02
Competition from market financing	0	0	94	4	0	2	-7	-4	-3	-2	3.06	3.04
C) Perception of risk												
General economic situation and outlook	0	1	93	5	0	1	-2	-4	-1	-2	3.01	3.04
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	1	93	4	0	1	-4	-3	-2	-1	3.03	3.03
Risk related to the collateral demanded	0	1	97	1	0	1	1	0	0	0	2.99	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	3	92	3	0	1	0	0	0	0	3.00	3.00

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "+ +" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean 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		DI		Mean	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Overall terms and conditions												
Overall terms and conditions	0	2	82	16	0	0	-15	-14	-8	-7	3.16	3.14
B) Margins												
Your bank's margin on average loans	0	2	64	31	3	0	-36	-33	-19	-18	3.38	3.35
Your bank's margin on riskier loans	0	2	90	7	2	0	-5	-6	-3	-4	3.07	3.08
C) Other conditions and terms												
Non-interest rate charges	0	3	90	8	0	0	-5	-5	-3	-3	3.06	3.05
Size of the loan or credit line	0	4	90	6	0	0	-6	-3	-3	-1	3.07	3.03
Collateral requirements	0	2	91	7	0	0	-1	-5	-1	-2	3.03	3.04
Loan covenants	0	1	92	5	2	0	-4	-6	-3	-4	3.06	3.08
Maturity	0	2	89	9	0	0	-6	-8	-3	-4	3.07	3.07

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Overall terms and conditions												
Overall terms and conditions	0	1	84	14	0	1	-16	-12	-8	-6	3.16	3.12
B) Margins												
Your bank's margin on average loans	0	1	66	30	2	1	-31	-31	-16	-16	3.32	3.33
Your bank's margin on riskier loans	0	2	89	6	1	1	-4	-5	-2	-3	3.05	3.06
C) Other conditions and terms												
Non-interest rate charges	0	1	90	6	1	1	-4	-6	-2	-4	3.04	3.07
Size of the loan or credit line	0	2	90	6	0	1	-6	-4	-3	-2	3.07	3.04
Collateral requirements	0	1	94	3	0	1	-2	-2	-1	-1	3.02	3.02
Loan covenants	0	1	93	4	1	1	-2	-4	-1	-3	3.03	3.05
Maturity	0	1	89	9	0	1	-7	-7	-3	-4	3.07	3.08

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Overall terms and conditions												
Overall terms and conditions	0	2	83	14	0	2	-11	-12	-6	-6	3.12	3.12
B) Margins												
Your bank's margin on average loans	0	2	65	31	2	2	-32	-31	-17	-16	3.34	3.32
Your bank's margin on riskier loans	0	3	87	8	1	2	-1	-6	-1	-3	3.04	3.07
C) Other conditions and terms												
Non-interest rate charges	0	3	87	8	0	2	-4	-2	-5	-3	3.09	3.05
Size of the loan or credit line	0	4	88	7	0	2	-7	1	-6	-1	3.12	3.03
Collateral requirements	0	2	90	6	0	2	-4	0	-3	-2	3.06	3.04
Loan covenants	0	2	89	6	1	2	-5	-1	-5	-3	3.11	3.05
Maturity	0	2	87	9	0	2	-3	-4	-4	-3	3.08	3.07

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	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	3	83	12	0	2	-9	-8	-5	-4	3	3.08
B) Pressure from competition												
Pressure from competition	0	1	72	22	3	3	-32	-24	-17	-13	3	3.28
C) Perception of risk												
Perception of risk	0	1	91	5	0	2	-3	-4	-2	-2	3	3.04
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	94	3	0	2	-1	-1	0	0	3	3.01

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	3	82	13	0	3	-14	-10	-7	-5	3	3.10
B) Pressure from competition												
Pressure from competition	0	1	70	22	4	3	-37	-26	-20	-15	3	3.31
C) Perception of risk												
Perception of risk	0	1	90	6	0	3	-5	-5	-3	-2	3	3.05
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	92	3	0	3	-2	-2	-1	-1	3	3.02

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	3	88	4	0	5	-1	-2	0	-1	3	3.02
B) Pressure from competition												
Pressure from competition	0	1	82	13	0	5	-12	-12	-6	-6	3	3.13
C) Perception of risk												
Perception of risk	0	1	93	1	0	5	1	0	0	0	3	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	92	1	0	5	3	2	2	1	3	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 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	
	Apr 15	Jul 15
Decreased considerably	1	1
Decreased somewhat	5	5
Remained basically unchanged	92	88
Increased somewhat	2	6
Increased considerably	0	0
Total		*100*
Net percentage	***-5***	***1***
Diffusion index	***-3***	***0***
Mean	*2.95*	*3.00*
Number of banks responding	***135***	***133***

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

Question 6

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
Decreased considerably	0	0	0	0	0	0	1	0	0	0
Decreased somewhat	17	10	14	8	12	12	11	7	11	6
Remained basically unchanged	65	66	68	70	68	64	68	72	67	65
Increased somewhat	18	23	18	21	16	23	17	19	22	27
Increased considerably	0	1	0	1	3	0	3	1	0	1
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**1**	***13***	**4**	***14***	**7**	***11***	**9**	***13***	**11**	***23***
Diffusion index	**0**	***7***	**2**	***7***	**5**	***6***	**6**	***7***	**6**	***12***
Mean	*3.05*	*3.12*	*3.07*	*3.15*	*3.10*	*3.09*	*3.14*	*3.12*	*3.10*	*3.22*
Number of banks responding	***135***	***135***	***131***	***130***	***132***	***129***	***136***	***135***	***136***	***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	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Financing needs/underlying drivers or purpose of loan demand												
Fixed investment	0	9	71	19	1	0	-6	11	-3	6	2.93	3.12
Inventories and working capital	0	7	74	18	0	0	9	10	6	5	3.15	3.10
Mergers/acquisitions and corporate restructuring	0	3	81	15	0	0	5	12	3	6	3.04	3.09
General level of interest rates	0	1	76	20	3	0	26	21	13	12	3.27	3.23
Debt refinancing/restructuring and renegotiation	0	2	82	14	2	0	10	13	5	8	3.11	3.14
B) Use of alternative finance												
Internal financing	0	6	93	1	0	0	-6	-6	-4	-3	2.92	2.94
Loans from other banks	0	7	89	4	0	0	1	-3	0	-1	3.02	2.97
Loans from non-banks	0	2	92	4	0	2	0	2	0	1	2.99	3.01
Issuance/redemption of debt securities	0	7	89	2	0	2	-8	-5	-4	-2	2.91	2.95
Issuance/redemption of equity	0	2	94	2	0	2	-4	0	-2	0	2.97	3.00

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding “+” (contributed somewhat to increasing demand) and “+ +” (contributed considerably to increasing demand) and the sum of banks responding “- ” (contributed somewhat to lowering demand) and “--” (contributed considerably to lowering demand). “°” means “contributed to basically unchanged demand”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean 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	
	Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
Tighten considerably	0	0	0	0	0	0	0	0	0	0
Tighten somewhat	6	2	5	2	6	2	5	2	6	2
Remain basically unchanged	87	96	89	95	88	96	88	95	87	95
Ease somewhat	7	2	7	3	5	2	7	3	7	3
Ease considerably	0	0	0	0	2	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***-1***	***0***	***-2***	***-1***	***-1***	***0***	***-3***	***-1***	***-1***	***0***
Diffusion index	***-1***	***0***	***-1***	***-1***	***-2***	***0***	***-1***	***0***	***-1***	***0***
Mean	*3.01*	*3.00*	*3.02*	*3.01*	*3.02*	*3.00*	*3.02*	*3.01*	*3.00*	*3.00*
Number of banks responding	***137***	***136***	***132***	***131***	***133***	***130***	***137***	***136***	***137***	***136***

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	
	Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
Decrease considerably	0	0	0	0	0	0	1	0	0	0
Decrease somewhat	2	3	2	3	3	3	2	3	2	3
Remain basically unchanged	55	63	55	53	64	70	60	66	59	62
Increase somewhat	43	34	43	44	33	28	38	32	40	35
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	***40***	***31***	***40***	***41***	***31***	***25***	***35***	***29***	***38***	***32***
Diffusion index	***20***	***15***	***20***	***21***	***15***	***13***	***17***	***15***	***19***	***16***
Mean	*3.39*	*3.30*	*3.40*	*3.40*	*3.30*	*3.25*	*3.33*	*3.28*	*3.37*	*3.34*
Number of banks responding	***137***	***136***	***132***	***131***	***133***	***130***	***137***	***136***	***137***	***136***

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	
	Apr 15	Jul 15	Apr 15	Jul 15
Tightened considerably	0	0	0	0
Tightened somewhat	7	2	2	1
Remained basically unchanged	87	88	90	94
Eased somewhat	5	11	7	5
Eased considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***2***	***-9***	***-5***	***-4***
Diffusion index	***1***	***-4***	***-2***	***-2***
Mean	*2.99*	*3.09*	*3.05*	*3.04*
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	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	94	4	0	0	-1	-1	-1	-1	3.01	3.01
B) Pressure from competition												
Competition from other banks	0	2	88	11	0	0	-11	-9	-5	-5	3.11	3.09
Competition from non-banks	0	2	95	3	0	0	0	-1	0	-1	2.99	3.01
C) Perception of risk												
General economic situation and outlook	0	1	96	3	0	0	-2	-3	-1	-1	3.02	3.03
Housing market prospects, including expected house price developments	0	2	98	1	0	0	2	1	1	0	2.98	2.99
Borrower's creditworthiness	0	1	98	1	0	0	0	0	0	0	3.00	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	95	3	0	0	1	-1	0	-1	2.99	3.01

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (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		DI		Mean	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Overall terms and conditions												
Overall terms and conditions	0	3	88	9	0	0	-12	-6	-7	-3	3.14	3.06
B) Margins												
Your bank's loan margin on average loans	0	5	62	33	0	0	-30	-28	-16	-14	3.31	3.28
Your bank's loan margin on riskier loans	0	5	88	6	0	0	-3	-1	-1	0	3.02	3.00
C) Other terms and conditions												
Collateral requirements	0	1	99	0	0	0	1	0	1	0	2.99	3.00
"Loan-to-value" ratio	0	2	94	4	0	0	3	-2	1	-1	2.97	3.02
Other loan size limits	0	0	100	0	0	0	0	0	0	0	3.00	3.00
Maturity	0	0	99	1	0	0	-2	-1	-1	-1	3.02	3.01
Non-interest rate charges	0	0	98	2	0	0	0	-2	0	-1	2.99	3.01

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (tightened considerably) and "-" (tightened somewhat), and the sum of banks responding "+" (eased somewhat) and "+ +" (eased considerably). "°" means "basically unchanged credit standards". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean 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		DI		Mean	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	83	9	0	6	-9	-7	-5	-3	3	3.07
B) Pressure from competition												
Pressure from competition	0	1	70	23	0	6	-15	-23	-8	-11	3	3.23
C) Perception of risk												
Perception of risk	0	0	89	5	0	6	-1	-5	0	-2	3	3.05
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	90	2	0	6	0	0	0	0	3	3.00

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	4	75	12	0	9	-11	-8	-6	-4	3	3.08
B) Pressure from competition												
Pressure from competition	0	1	65	24	1	10	-24	-24	-12	-12	3	3.26
C) Perception of risk												
Perception of risk	0	0	85	6	0	9	-5	-6	-3	-3	3	3.07
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	85	4	0	9	-4	-3	-2	-1	3	3.02

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	3	83	4	0	10	0	-1	0	0	3	3.00
B) Pressure from competition												
Pressure from competition	0	0	84	6	0	10	-2	-6	-1	-3	3	3.07
C) Perception of risk												
Perception of risk	0	1	88	1	0	10	1	1	0	0	3	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	89	0	0	10	0	1	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 14

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	96	3	0	0	0	-3	0	-1	3.00	3.03
B) Pressure from competition												
Competition from other banks	0	0	94	6	0	0	-9	-5	-4	-3	3.09	3.05
Competition from non-banks	0	0	96	1	0	3	-5	-1	-3	0	3.05	3.01
C) Perception of risk												
General economic situation and outlook	0	0	97	3	0	0	0	-3	0	-2	3.00	3.03
Creditworthiness of consumers (1)	0	2	98	0	0	0	-2	1	-1	1	3.02	2.99
Risk on the collateral demanded	0	1	97	0	0	3	1	1	1	0	2.99	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	98	1	0	0	-1	0	-1	0	3.01	3.00

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

Question 15

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Overall terms and conditions												
Overall terms and conditions	0	1	91	8	0	0	-5	-8	-3	-4	3.05	3.08
B) Margins												
Your bank's loan margin on average loans	0	0	74	25	0	1	-17	-25	-8	-13	3.16	3.25
Your bank's loan margin on riskier loans	0	1	93	5	0	1	-5	-5	-2	-2	3.05	3.05
C) Other terms and conditions												
Collateral requirements	0	0	96	1	0	3	0	-1	0	0	3.00	3.00
Size of the loan	0	1	98	1	0	0	-2	-1	-1	0	3.02	3.01
Maturity	0	0	100	0	0	0	-1	0	0	0	3.01	3.00
Non-interest rate charges	0	0	98	2	0	0	0	-1	0	-1	3.00	3.01

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

Question 16

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

(in percentages, unless otherwise stated)

OVERALL IMPACT ON YOUR BANK'S CREDIT TERMS AND CONDITIONS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	89	7	0	4	-4	-7	-2	-3	3	3.07
B) Pressure from competition												
Pressure from competition	0	0	85	10	0	4	-12	-10	-6	-5	3	3.10
C) Perception of risk												
Perception of risk	0	0	93	3	0	4	-1	-3	-1	-1	3	3.03
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	95	0	0	4	-1	1	-1	1	3	2.99

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	84	8	0	7	-3	-6	-2	-3	3	3.06
B) Pressure from competition												
Pressure from competition	0	2	74	16	1	8	-15	-15	-8	-8	3	3.17
C) Perception of risk												
Perception of risk	0	0	88	4	0	7	-2	-4	-1	-2	3	3.04
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	92	0	0	7	-1	1	0	0	3	2.99

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	87	4	0	7	0	-1	0	-1	3	3.01
B) Pressure from competition												
Pressure from competition	0	0	86	6	0	8	-3	-6	-2	-3	3	3.07
C) Perception of risk												
Perception of risk	0	0	91	2	0	7	0	-1	0	-1	3	3.02
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	92	0	0	7	0	1	0	0	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	
	Apr 15	Jul 15	Apr 15	Jul 15
Decreased considerably	0	0	0	0
Decreased somewhat	7	5	3	3
Remained basically unchanged	89	89	91	93
Increased somewhat	3	6	6	4
Increased considerably	0	0	0	0
Total		*100*		*100*
Net percentage	***-4***	***0***	***4***	***1***
Diffusion index	***-2***	***0***	***2***	***0***
Mean	*2.96*	*3.00*	*3.02*	*3.01*
Number of banks responding	***126***	***124***	***129***	***127***

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	
	Apr 15	Jul 15	Apr 15	Jul 15
Decreased considerably	2	0	0	0
Decreased somewhat	12	5	10	1
Remained basically unchanged	42	42	67	57
Increased somewhat	41	49	22	40
Increased considerably	3	4	1	2
Total	*100*	*100*	*100*	*100*
Net percentage	***30***	***49***	***12***	***41***
Diffusion index	***15***	***26***	***6***	***22***
Mean	*3.30*	*3.53*	*3.14*	*3.43*
Number of banks responding	***130***	***129***	***133***	***131***

Notes: The net percentage is defined as the difference between the sum of the percentages for "increased considerably" and "increased somewhat", and the sum of the percentages for "decreased somewhat" and "decreased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean 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	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Financing needs/underlying drivers or purpose of loan demand												
Housing market prospects, including expected house price developments	0	2	70	27	1	0	25	27	13	14	3.24	3.25
Consumer confidence	1	2	75	23	0	0	18	21	9	10	3.17	3.19
General level of interest rates	0	0	52	44	4	0	40	47	21	26	3.40	3.50
Debt refinancing/restructuring and renegotiation	0	0	94	5	0	0	8	5	4	2	3.08	3.05
Regulatory and fiscal regime of housing markets	0	0	95	4	0	1	-8	4	-3	2	2.96	3.03
B) Use of alternative sources for housing finance												
Internal finance of house purchase out of savings/down payment	0	4	95	1	0	0	-11	-3	-5	-2	2.90	2.97
Loans from other banks	0	5	89	6	0	0	-5	1	-3	1	2.94	3.01
Other sources of external finance	0	0	97	2	0	1	-3	2	-1	1	2.97	3.01

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "+" (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	
							Apr 15	Jul 15	Apr 15	Jul 15	Apr 15	Jul 15
A) Financing needs/underlying drivers or purpose of loan demand												
Spending on durable consumer goods	0	0	63	36	1	0	16	37	9	19	3.18	3.38
Consumer confidence	1	1	78	21	0	0	11	20	6	10	3.11	3.19
General level of interest rates	0	0	84	16	0	0	12	16	7	8	3.13	3.16
Consumption expenditure financed through real-estate guaranteed loans	0	0	97	0	0	3	1	0	1	0	3.01	3.00
B) Use of alternative finance												
Internal finance out of savings	0	3	96	1	0	0	-5	-1	-2	-1	2.95	2.99
Loans from other banks	0	1	97	2	0	0	-1	1	0	0	2.99	3.01
Other sources of external finance	0	0	100	0	0	0	-1	0	-1	0	2.99	3.00

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding “+” (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	
	Apr 15	Jul 15	Apr 15	Jul 15
Tighten considerably	0	0	0	0
Tighten somewhat	4	9	2	2
Remain basically unchanged	95	88	93	91
Ease somewhat	1	2	5	7
Ease considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***3***	***7***	***-2***	***-5***
Diffusion index	***2***	***3***	***-1***	***-3***
Mean	*2.97*	*2.96*	*3.02*	*3.05*
Number of banks responding	***129***	***129***	***131***	***131***

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

Question 22

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Apr 15	Jul 15	Apr 15	Jul 15
Decrease considerably	0	0	0	0
Decrease somewhat	4	5	1	3
Remain basically unchanged	60	62	64	72
Increase somewhat	35	32	34	25
Increase considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***31***	***27***	***33***	***21***
Diffusion index	***16***	***13***	***16***	***11***
Mean	*3.29*	*3.26*	*3.32*	*3.21*
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?[1]

(in percentages unless otherwise stated)

	Over the past three months								Over the next three months								N/A[(2)]
	--	-	o	+	++	NetP	Mean	Standard deviation	--	-	o	+	++	NetP	Mean	Standard deviation	
A) Retail funding																	
Short-term deposits (up to one year)	2	9	71	15	3	-6	3.07	0.68	1	3	88	8	1	-5	3.05	0.43	5
Long-term (more than one year) deposits and other retail funding instruments	2	16	77	5	0	14	2.85	0.52	1	12	83	4	0	8	2.91	0.45	5
B) Inter-bank unsecured money market																	
Very short-term money market (up to 1 week)	2	5	81	12	0	-5	3.03	0.50	1	1	92	7	0	-6	3.05	0.33	5
Short-term money market (more than 1 week)	2	6	86	7	0	1	2.98	0.45	1	1	95	4	0	-2	3.02	0.28	6
C) Wholesale debt securities[(3)]																	
Short-term debt securities (e.g. certificates of deposit or commercial paper)	2	12	81	4	1	9	2.91	0.55	0	3	91	6	0	-4	3.04	0.32	23
Medium to long term debt securities (incl. covered bonds)	1	26	61	11	1	15	2.88	0.68	0	7	82	11	0	-4	3.04	0.44	19
D) Securitisation[(4)]																	
Securitisation of corporate loans	1	9	73	3	13	-7	3.21	0.63	1	5	88	6	0	-1	3.00	0.47	48
Securitisation of loans for house purchase	1	9	68	4	18	-11	3.30	0.86	1	6	87	7	0	-1	3.00	0.52	50
E) Ability to transfer credit risk off balance sheet[(5)]																	
Ability to transfer credit risk off balance sheet	0	1	85	3	10	-12	3.22	0.65	0	5	93	2	0	3	2.96	0.30	49

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

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

Question A2

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

(in percentages unless otherwise stated)

	Over the past six months								
	--	-	°	+	++	NA	NetP	Mean	Standard deviation
Total assets	0	11	71	13	0	5	1	3.0	0.55
Of which: Liquid assets[1)]	2	8	68	16	1	5	9	3.1	0.62
Risk-weighted assets	1	6	76	12	0	5	6	3.1	0.51
Of which: Average loans	0	4	78	12	0	6	8	3.1	0.44
Riskier loans	1	8	83	2	0	6	-8	2.9	0.46
Capital	0	5	51	29	10	5	34	3.5	0.80
Of which: Retained earnings	0	4	57	26	8	5	30	3.4	0.72
Capital issuance[2)]	0	3	62	18	11	5	27	3.4	0.77
Impact on your bank's funding conditions	1	3	76	13	0	6	-9	3.1	0.51

	Over the next six months								
	--	-	°	+	++	NA	NetP	Mean	Standard deviation
Total assets	0	6	71	17	0	5	11	3.1	0.52
Of which: Liquid assets[1)]	2	3	71	19	0	5	14	3.1	0.57
Risk-weighted assets	0	7	73	14	0	5	6	3.1	0.52
Of which: Average loans	0	4	77	14	0	5	9	3.1	0.47
Riskier loans	2	8	78	7	0	5	-3	2.9	0.55
Capital	0	1	56	32	6	5	36	3.4	0.66
Of which: Retained earnings	0	0	63	26	6	5	31	3.4	0.64
Capital issuance[1)]	0	1	64	21	8	5	28	3.4	0.68
Impact on your bank's funding conditions	0	4	78	13	0	6	-9	3.1	0.45

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

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

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

Question A3

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

(in percentages unless otherwise stated)

(i) Credit standards

		Loans and credit lines to enterprises		Loans to households	
		Small and medium-sized enterprises	Large enterprises	For house purchase	Consumer credit and other lending
Over the past six months	--	0	0	0	0
	-	1	3	1	2
	=	93	95	95	97
	+	6	2	4	2
	+ +	0	0	0	0
	Net Percentage	-5	1	-3	-1
	Mean	3	3	3	3
	Standard deviation	0	0	0	0
Over the next six months	--	0	0	0	0
	-	1	3	3	2
	=	96	95	95	96
	+	3	2	2	2
	+ +	0	0	0	0
	Net Percentage	-2	1	1	0
	Mean	3	3	3	3
	Standard deviation	0	0	0	0

(ii) Credit margins

		Loans and credit lines to enterprises		Loans to households	
		Small and medium-sized enterprises	Large enterprises	For house purchase	Consumer credit and other lending
Over the past six months	--	0	0	0	0
	-	3	3	1	2
	=	85	86	86	92
	+	13	9	12	6
	+ +	0	2	0	0
	Net Percentage	-10	-7	-11	-4
	Mean	3	3	3	3
	Standard deviation	0	0	0	0
Over the next six months	--	0	0	0	0
	-	3	3	1	2
	=	95	93	95	97
	+	2	4	4	1
	+ +	0	0	0	0
	Net Percentage	0	-1	-3	1
	Mean	3	3	3	3
	Standard deviation	0	0	0	0

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

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

Question A4

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

(in percentages unless otherwise stated)

(i) Participation

	Yes	No	Currently undecided about participation
In the most recent TLTRO	49	51	
In the future TLTROs	26	28	46

(ii) Reasons

If your bank participated, intends to participate:

	Attractive TLTRO conditions (profitability motive)	Precautionary motive (to reduce current and/or prevent future funding difficulties)	To enhance the fulfilment of regulatory liquidity requirements 1)	Reduction of uncertainty regarding the fulfillment of regulatory requirements 2)
In the most recent TLTRO	66	19	15	0
In the future TLTROs	65	21	13	1

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

	No funding constraints	Concerns about insufficient loan demand 3)	Capital constraints	Collateral constraints	Concerns about market stigma	Cost of holding liquidity due to negative ECB deposit facility rate	Funding sought via ABSPP and/or CBPP3
In the most recent TLTRO	61	12	0	1	6	20	0
In the future TLTROs	62	19	0	2	9	8	0

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

Question A5

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

(in percentages unless otherwise stated)

	Past TLTROs				Future TLTROs			
	Has contributed or will contribute considerably to this purpose	Has contributed or will contribute somewhat to this purpose	Has had or will basically have no impact	N/A 1)	Will or would contribute considerably to this purpose	Will or would contribute somewhat to this purpose	Will or would basically have no impact	N/A 2)
For refinancing:								
For substituting deposit shortfalls	3	4	92	39	1	8	90	45
For substituting maturing debt	5	25	70	38	6	19	75	45
For substituting interbank lending	2	20	78	35	1	22	77	45
For substituting other Eurosystem liquidity operations 3)	14	31	55	39	9	18	73	45
For granting loans:								
Loans to non-financial corporations	28	52	20	36	41	44	15	45
Loans to households for house purchase	5	38	57	42	5	34	61	46
Consumer credit and other lending to households	17	39	44	35	29	34	37	41
For purchasing assets:								
Domestic sovereign bonds	0	22	78	37	0	4	96	47
Other financial assets 4)	0	19	81	37	0	11	88	47

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

Question A6

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

(in percentages unless otherwise stated)

(i) Financial situation of your bank

	past TLTROs				future TLTROs			
	Has improved or will improve considerably	Has improved or will improve somewhat	Has had or will have basically no impact	N/A 1)	Will or would improve considerably	Will or would improve somewhat	Will or would basically have no impact	N/A 2)
Your liquidity position	9	39	52	35	0	44	56	45
Your market financing conditions	3	21	75	38	1	17	82	45
Your ability to improve your profitability	4	26	70	38	4	32	64	45
Your ability to improve your capital position (via retained earnings)	0	9	90	38	0	7	93	45
	Has decreased or will decrease considerably	Has decreased or will decrease somewhat	Has had or will have basically no impact	N/A 1)	Will or would decrease considerably	Will or would decrease somewhat	Will or would basically have no impact	N/A 2)
Your need to deleverage 3)	0	7	93	38	0	7	93	45

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

	past TLTROs				future TLTROs			
	Has contributed or will contribute considerably to easing credit standards / terms and conditions	Has contributed or will contribute somewhat to easing credit standards / terms and conditions	Has had or will have basically no impact on credit standards / terms and conditions	N/A 1)	Will or would contribute considerably to easing credit standards / terms and conditions	Will or would contribute somewhat to easing credit standards / terms and conditions	Will or would have basically no impact on credit standards / terms and conditions	N/A 2)
Credit standards:								
On loans to enterprises	0	6	94	40	0	5	95	41
On loans to households for house purchase	0	3	97	39	0	3	97	42
On consumer credit and other lending to households	0	1	99	39	0	2	98	39
Terms and conditions:								
On loans to enterprises	3	40	56	35	4	40	55	41
On loans to households for house purchase	0	14	86	38	0	12	88	42
On consumer credit and other lending to households	0	21	79	34	0	16	83	39

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

Glossary

To assist respondent banks in filling out the questionnaire, this glossary defines the most important terminology used in the bank lending survey. This glossary 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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