EUROPEAN CENTRAL BANK

EUROSYSTEM

The euro area bank lending survey

First quarter of 2017

April 2017

Contents

Introduction

The results reported in the April 2017 bank lending survey (BLS) relate to changes during the first quarter of 2017 and expectations for the second quarter. The survey was conducted between 16 and 31 March 2017. The response rate was 99%. In addition to the results for the euro area as a whole, the report contains the results for the five largest euro area countries.[1]

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

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

1 Overview of the results

According to the April 2017 bank lending survey (BLS), loan growth has been supported by eased lending conditions and increasing demand across all loan categories in the first quarter of 2017.

In the first quarter of 2017, credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans to enterprises eased slightly in net terms (net percentage of reporting banks at -2%, after 5% in the previous quarter; see Table A). The net easing was broadly in line with expectations in the previous survey round. Credit standards on loans to households for house purchase also eased (net percentage of reporting banks at -5%, after 1% in the previous quarter), broadly in line with banks' expectation of a further net easing. Credit standards on consumer credit and other lending to households continued to ease (-7%, after -3%). For the second quarter of 2017, banks expect a slight net tightening of credit standards for loans to enterprises (2%) and unchanged credit standards for housing loans (0%) and for consumer credit (0%).

Competitive pressure was the main factor contributing to the net easing of credit standards on loans to enterprises in the first quarter of 2017. By contrast, banks' risk tolerance had a tightening impact. For loans to households for house purchase and for consumer credit and other lending to households, the net easing of credit standards was also mostly driven by competitive pressure.

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

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

Net demand for loans to enterprises continued to increase (6%, after 18% in the previous quarter; see Table A), but the net increase was weaker than in the previous quarter. Banks expect net demand to increase further in the second quarter of 2017 (12%). Net demand continued to increase considerably for housing loans (24%, after 36%) and also for consumer credit (15%, unchanged compared with the previous quarter). For the second quarter of 2017, banks expect an ongoing increase in net demand for housing loans (19%) and consumer credit (14%).

Inventories and working capital and the general level of interest rates were important positive contributors to demand for loans to enterprises. At the same time, the smaller net increase in demand for loans to enterprises was mainly due to a lower positive impact of the general level of interest rates and of merger and acquisition (M&A) activity. The positive contribution of fixed investment to loan demand by enterprises increased somewhat. Net demand for housing loans continued to be mainly driven by the low general level of interest rates and favourable housing market prospects. Finally, the low general level of interest rates, spending on durable goods and consumer confidence contributed positively to net demand for consumer credit.

Among the largest euro area countries, credit standards on loans to enterprises eased in Germany and Italy, remained unchanged in France and the Netherlands, and tightened in Spain in the first quarter of 2017 (see Table A). For housing loans, banks eased their credit standards in Germany, Italy and the Netherlands, while credit standards remained unchanged in France and Spain in the first quarter of 2017.

Table A

Latest developments in BLS results in the largest euro area countries

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

	ENTERPRISES						HOUSE PURCHASE						CONSUMER CREDIT					
	Credit standards			Demand			Credit standards			Demand			Credit standards			Demand		
Country	16Q4	17Q1	AVG	16Q4	17Q1	AVG	16Q4	17Q1	AVG	16Q4	17Q1	AVG	16Q4	17Q1	AVG	16Q4	17Q1	AVG
Euro area	5	-2	10	18	6	-4	1	-5	7	36	24	3	-3	-7	5	15	15	-1
Germany	0	-3	4	19	13	3	0	-14	3	3	4	8	-7	-3	0	3	20	9
Spain	0	10	11	-10	10	-4	0	0	17	0	11	-11	-10	-30	9	-10	10	-10
France	0	0	8	37	0	-13	0	0	2	52	68	8	0	0	-1	16	0	-1
Italy	0	-14	16	13	-14	3	0	-14	2	75	29	15	0	-14	8	50	43	13
Netherlands	49	0	11	25	-20	-3	0	-2	18	78	-10	-5	0	0	14	22	0	-19

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

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

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

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

Finally, regarding the current level of credit standards, for both loans to enterprises and housing loans, euro area banks still assessed their current level of credit standards to be tighter compared with the historical range since 2003. At the same time, euro area banks assessed their current level of credit standards on loans to enterprises to be broadly comparable to the shorter range since the second quarter of 2010.

Box 1
General notes

The bank lending survey (BLS) is addressed to senior loan officers of a representative sample of euro area banks. In the current survey round, the sample group of banks participating in the survey comprises 139 banks (out of 140 sample banks), representing all the euro area countries, and takes into account the characteristics of their respective national banking structures. The main purpose of the BLS is to enhance the understanding of bank lending behaviour in the euro area.[2]

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

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

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

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

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

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

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

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

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

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

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

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

2.1 Loans to enterprises

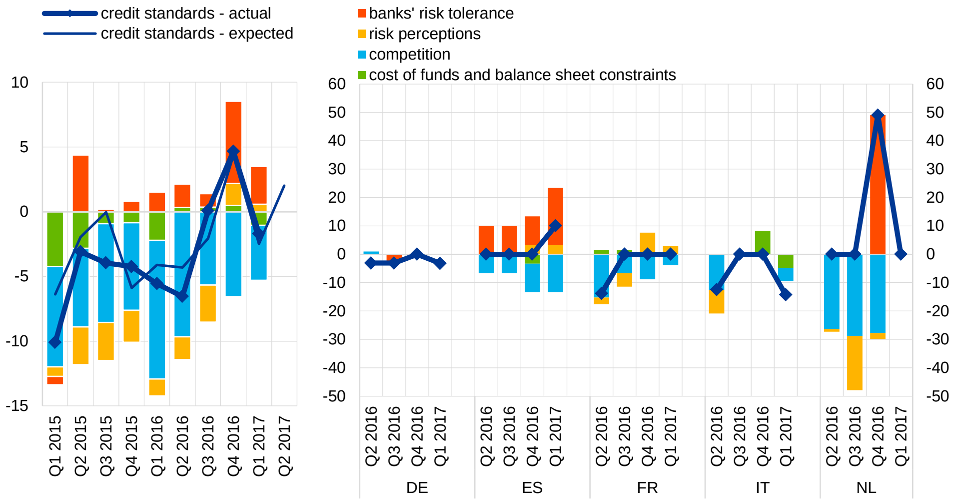
2.1.1 Credit standards for loans to enterprises eased slightly

Credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans to enterprises eased slightly in net terms in the first quarter of 2017 (net percentage of −2%, after 5%[3] in the previous quarter; see Chart 1 and Table A). The net percentage remained considerably below the historical average since 2003 and was broadly in line with expectations in the previous survey round. Across firm sizes, credit standards remained broadly unchanged for both loans to small and medium-sized enterprises (SMEs; -1%) and loans to large firms (-1%).

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 the first quarter of 2015.

3 The figure for the fourth quarter of 2016 was revised upwards from 3% to 5% due to revisions in the Netherlands. Revisions were related mainly to changes to the weighting scheme for aggregating national results.

Banks' referred to competitive pressure as the main factor contributing to the net easing of credit standards on loans to enterprises in the first quarter of 2017. Banks' cost of funds and balance sheet situation and risk perceptions had a broadly neutral impact, whereas banks' risk tolerance had a tightening impact.[4]

Across the large euro area countries, developments in credit standards on loans to enterprises were heterogeneous. They eased in Germany and Italy, remained unchanged in France and the Netherlands, and tightened in Spain in the first quarter of 2017. Competitive pressure had an easing impact on credit standards in Spain, France and Italy. By contrast, banks in Spain reported a tightening impact of banks' risk tolerance.

Looking ahead to the second quarter of 2017, euro area banks expect a slight net tightening of credit standards on loans to enterprises (net percentage of 2%).

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	Q4 2016	Q1 2017	Q4 2016	Q1 2017	Q4 2016	Q1 2017	Q4 2016	Q1 2017
Euro area	0	-1	-7	-4	2	1	6	3
DE	0	0	0	0	0	0	0	0
ES	-3	0	-10	-13	3	3	10	20
FR	0	0	-9	-4	8	3	0	0
IT	8	-5	0	-5	0	0	0	0
NL	0	0	-28	0	-2	0	49	0

Note: See the notes to Chart 1.

2.1.2 Terms and conditions for loans to enterprises continued to improve

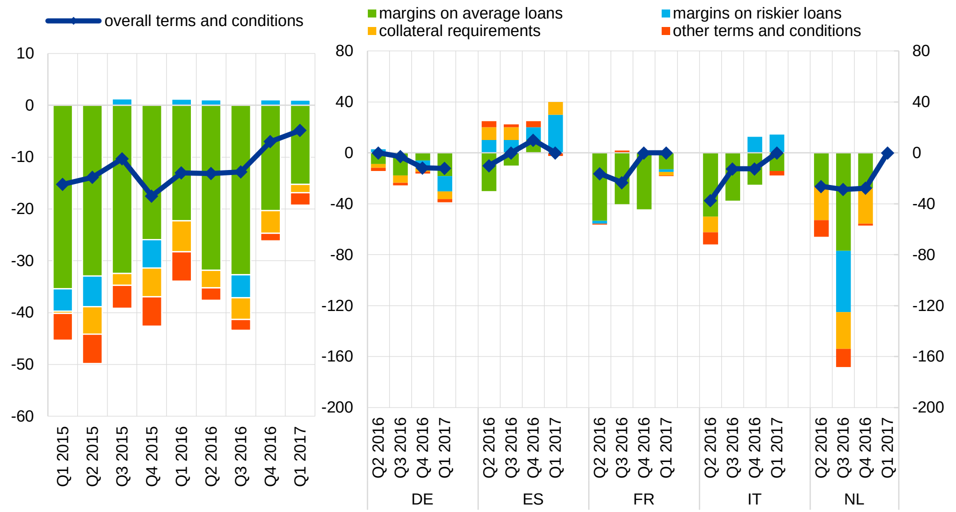
In the first quarter of 2017, overall terms and conditions that banks apply when granting new loans or credit lines (i.e. the actual terms and conditions agreed in the loan contract) to enterprises continued to ease (see Chart 2 and Table 2). The net easing was driven by a further narrowing of margins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

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

Chart 2

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

(net percentages of banks reporting tightening terms and conditions)



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

Table 2

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

(net percentage changes)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	**Q4 2016**	**Q1 2017**	**Q4 2016**	**Q1 2017**	**Q4 2016**	**Q1 2017**
Euro area	-7	-5	-20	-15	1	1
DE	-12	-12	-6	-18	-6	-12
ES	10	0	10	0	10	30
FR	0	0	-44	-13	0	-2
IT	-13	0	-25	-14	13	14
NL	-28	0	-28	0	0	0

Note: See the notes to Chart 2.

Across the largest euro area countries, overall terms and conditions eased further in Germany and remained unchanged in the other countries. As regards loan margins, banks in Germany, France and Italy continued to report a narrowing of margins on average loans in net terms. Margins on riskier loans widened in net terms in Spain and Italy.

Regarding the factors contributing to changes in overall credit terms and conditions, competitive pressure continued to have a strong easing impact. To a small extent, risk perceptions as well as banks’ cost of funds and balance sheet situation also had an easing impact (see Table 3). Across the largest euro area countries, the easing impact of competition on overall credit terms and conditions was broad-based, while the contribution of banks’ cost of funds and balance sheet situation was more mixed. Banks’ risk tolerance had a tightening impact on overall terms and conditions in Spain.

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	Q4 2016	Q1 2017	Q4 2016	Q1 2017	Q4 2016	Q1 2017	Q4 2016	Q1 2017
Euro area	-6	-3	-20	-20	-3	-2	6	1
DE	-3	0	-9	-9	3	-3	0	-3
ES	10	-10	-10	-40	-10	-10	10	20
FR	-24	-2	-26	-14	0	0	0	0
IT	0	0	-25	-29	0	0	0	0
NL	0	0	-28	0	-28	0	49	0

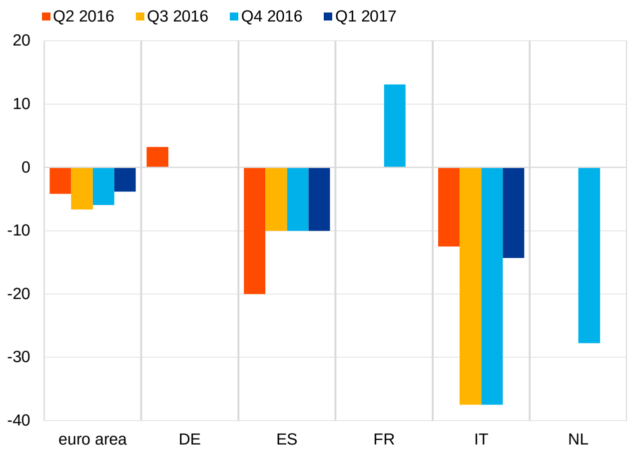
Note: The net percentages for responses to questions related to the factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage reporting that it contributed to an easing.

2.1.3 Rejection rate for loans to enterprises decreased further

Chart 3

Change in the share of rejected applications for loans to enterprises

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



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

Euro area banks continued to reduce their rejection rate for loan applications from enterprises (i.e. the difference between the sum of the percentages of banks reporting an increase and that of banks reporting a decline in the share of loan rejections), in net terms, during the first quarter of 2017 (-4%, after -6% in the previous quarter; see Chart 3).

Across the largest euro area countries, the rejection rate decreased in Italy and Spain, while it was unchanged in Germany, France and the Netherlands.

2.1.4 Increase in net demand for loans to enterprises

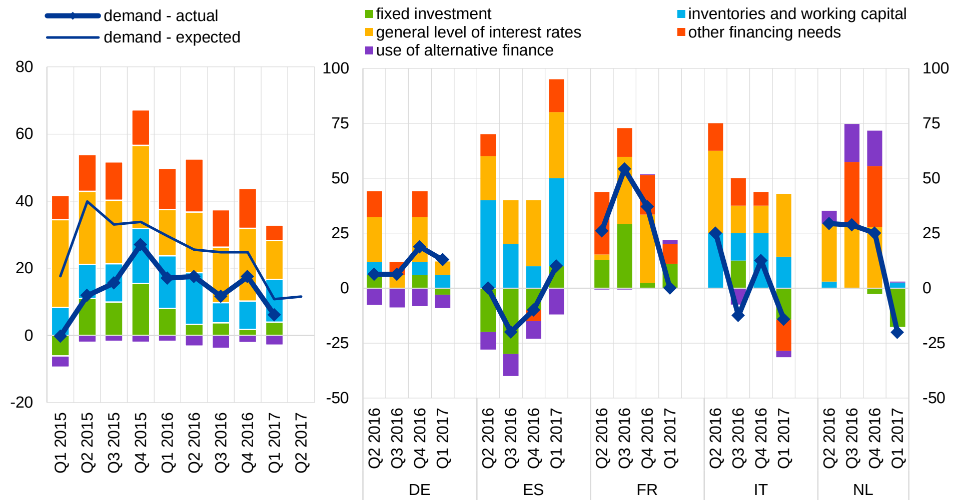
Net demand for loans to enterprises continued to increase in the first quarter of 2017 (a net percentage of 6%, after 18% in the previous quarter; see Chart 4 and Table A), but the net increase was weaker than in the previous quarter and somewhat below banks' expectations reported in the previous round. Loan demand increased for both loans to SMEs and loans to large firms.

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

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 the first quarter of 2015.

Inventories and working capital and the general level of interest rates were important positive contributors to loan demand. At the same time, the smaller net increase in demand for loans to enterprises was mainly due to a lower positive impact of the general level of interest rates and of M&A activity (included in other financing needs; see Chart 4 and Table 4).[5] The positive contribution of fixed investment to loan demand by enterprises increased somewhat. The use of alternative finance continued to have a slight dampening effect on net loan demand by euro area firms. This was mainly due to a dampening impact of the issuance of debt securities, possibly related to the corporate bond purchases of the Eurosystem (under the corporate sector purchase programme or CSPP), and of firms' internal financing.

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

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	Q4 2016	Q1 2017	Q4 2016	Q1 2017	Q4 2016	Q1 2017	Q4 2016	Q1 2017	Q4 2016	Q1 2017
Euro area	2	4	9	13	12	5	22	12	-2	-3
DE	6	-3	6	6	12	0	21	6	-8	-6
ES	-10	10	10	40	-5	15	30	30	-8	-12
FR	2	11	0	0	18	9	31	0	0	2
IT	0	-14	25	14	6	-14	13	29	0	-3
NL	-3	-18	0	3	28	0	28	0	16	1

Note: See the notes to Chart 4.

Across the large euro area countries, inventories and working capital and the general level of interest rates continued to have a positive impact on net demand for loans to enterprises in most countries in the first quarter of 2017. At the same time, financing needs for fixed investment were diverse across the large countries, remaining weak in Italy and the Netherlands, but making a positive contribution in France and Spain. Other financing needs, related to M&A activity and debt refinancing, contributed positively to loan demand in France and Spain. Finally, the use of alternative finance had a dampening impact in Germany, Spain and Italy, which was mainly related to firms' internal funds, corporate debt securities issuance, and loans that firms took out from other banks.

For the second quarter of 2017, banks expect a further increase in loan demand from enterprises (12%).

2.2 Loans to households for house purchase

2.2.1 Credit standards for loans to households for house purchase eased in the first quarter of 2017

For loans to households for house purchase, credit standards eased in the first quarter of 2017 (-5%, after 1% in the previous quarter; see Chart 5 and Table A), broadly in line with banks' expectation of a further net easing. The net percentage is below the historical average since 2003.

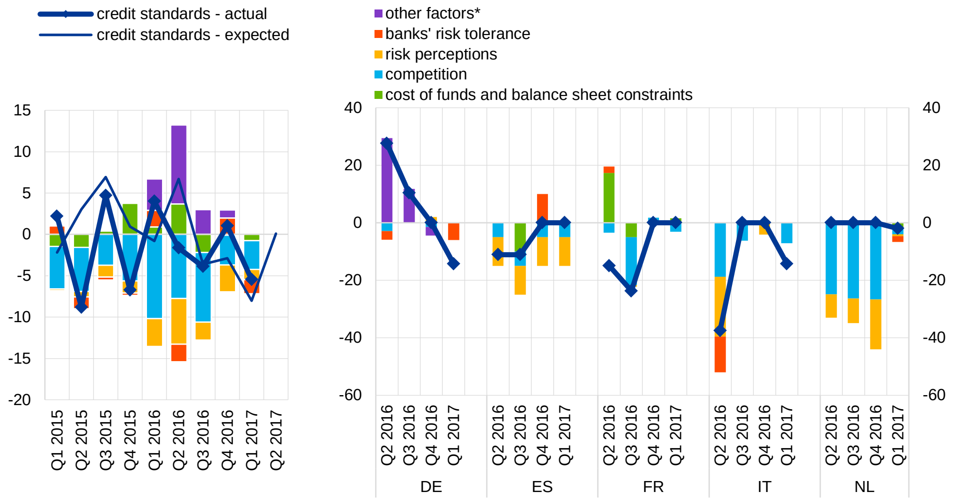
Across the large euro area countries, banks eased their credit standards on housing loans in Germany, Italy and the Netherlands, while credit standards remained unchanged in France and Spain.

Competitive pressure in particular contributed to the net easing of credit standards on housing loans (see Chart 5 and Table 5).

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 the first quarter of 2015 onwards); "competition" is an unweighted average of "competition from other banks" and "competition from non-banks". "Risk tolerance" was introduced in the first quarter of 2015.
*"Other factors" are provided by banks when none of the above factors are applicable. They are shown as memo items and refer here, in particular, to changes in the regulation and legislation of housing markets.

Across the large euro area countries, the easing impact of competitive pressure was widespread, with the exception of Germany. The easing contributions of the other factors were less widely distributed across countries. Risk perceptions contributed to an easing in Spain, but had a broadly neutral impact in the other countries. In addition, banks' higher risk tolerance had an easing impact mainly for banks in Germany.

Table 5

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

(net percentages)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	**Q4 2016**	**Q1 2017**	**Q4 2016**	**Q1 2017**	**Q4 2016**	**Q1 2017**	**Q4 2016**	**Q1 2017**
Euro area	0	-1	-4	-3	-3	-1	2	-2
DE	0	0	-1	0	2	0	0	-6
ES	0	0	-5	-5	-10	-10	10	0
FR	0	2	2	-3	-1	0	0	0
IT	0	0	0	-7	-4	0	0	0
NL	0	-2	-27	-2	-17	-1	0	-2

Note: See the notes to Chart 5.

Looking ahead, euro area banks expect unchanged credit standards for housing loans (0%) in the second quarter of 2017.

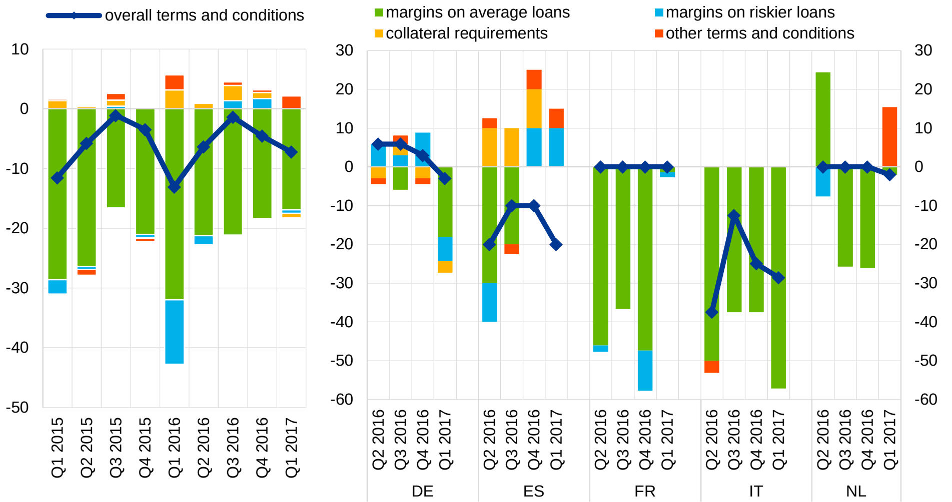
2.2.2 Terms and conditions for loans to households for house purchase eased

Overall terms and conditions on loans to households for house purchase continued to ease in the first quarter of 2017 (see Chart 6 and Table 6). This was mainly driven by a further narrowing of margins on average loans, while margins on riskier loans remained broadly unchanged. In addition, collateral requirements remained broadly unchanged. By contrast, other terms and conditions, driven mainly by the loan-to-value ratio, tightened in the first quarter of 2017.

Chart 6

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

(net percentages of banks reporting tightening terms and conditions)



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

Table 6

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

(net percentage changes)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	**Q4 2016**	**Q1 2017**	**Q4 2016**	**Q1 2017**	**Q4 2016**	**Q1 2017**
Euro area	-5	-7	-18	-17	2	-1
DE	3	-3	0	-18	9	-6
ES	-10	-20	0	0	10	10
FR	0	0	-47	-1	-10	-1
IT	-25	-29	-38	-57	0	0
NL	0	-2	-26	-2	0	0

Note: See the notes to Chart 6.

Banks in most of the large euro area countries reported a net easing of overall terms and conditions, except for France where they remained stable. While a further narrowing of margins on average loans was also widespread across countries, developments were mixed for margins on riskier loans. Specifically, margins on riskier loans widened in net terms in Spain, whereas they narrowed in Germany.

Competitive pressure and banks' cost of funds and balance sheet situation contributed to the easing of overall terms and conditions of euro area banks (see Table 7).

Among the large euro area countries, competitive pressure contributed to an easing of overall credit terms and conditions in all countries, whereas the easing impact of banks' cost of funds and balance sheet situation was mainly reported by banks in Spain and Italy.

Table 7

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

(net percentage changes)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q4 2016	Q1 2017	Q4 2016	Q1 2017	Q4 2016	Q1 2017	Q4 2016	Q1 2017
Euro area	-2	-8	-10	-14	-1	-1	0	-1
DE	0	0	6	-9	0	-3	-3	-3
ES	-10	-20	0	-10	10	10	10	0
FR	0	-1	-9	-9	0	0	0	0
IT	0	-29	-38	-43	-13	-14	0	0
NL	0	0	-26	-2	0	0	0	0

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

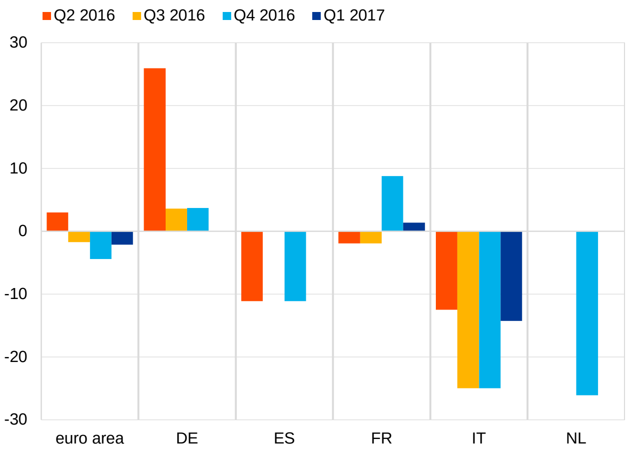
2.2.3 Rejection rate for housing loans decreased

According to euro area banks, the net share of rejected applications for loans to households for house purchase decreased slightly in the first quarter of 2017 (-2%, after -4% in the previous survey round; see Chart 7).

Chart 7

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

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



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

Across the largest euro area countries, the rejection rate for housing loans decreased in Italy and remained broadly unchanged in the other countries in the first quarter of 2017.

2.2.4 Net demand for housing loans continued to increase

In the first quarter of 2017, a considerable net percentage of banks continued to report an increase in demand for housing loans (24%, after 36% in the previous quarter; see Chart 8 and Table A). This is broadly in line with banks' expectations from the previous survey round and markedly above the historical average.

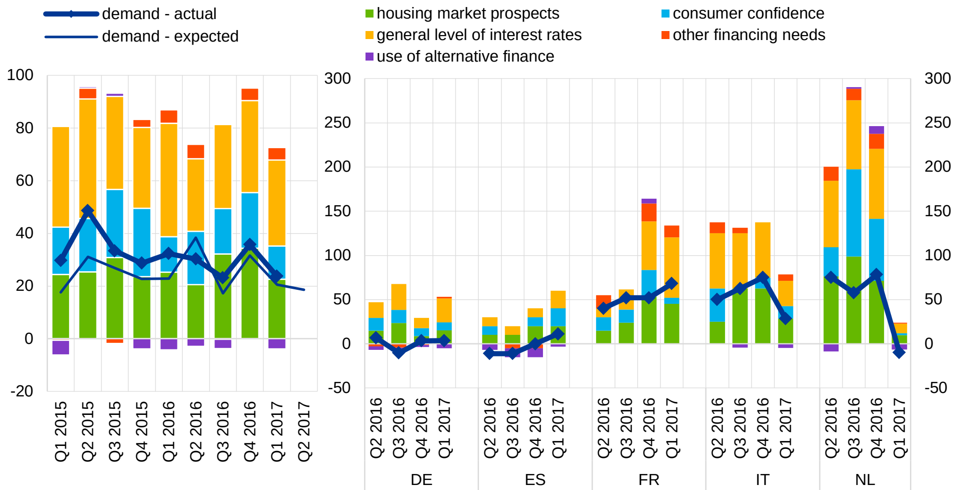
Net demand for loans for house purchase increased in all of the large euro area countries except for the Netherlands.

Net demand for housing loans was driven mainly by the low general level of interest rates and favourable housing market prospects (see Chart 8 and Table 8). In addition, banks reported a positive impact of consumer confidence and of debt refinancing (included in “other financing needs”) on demand. By contrast, the use of alternative finance had a dampening impact on housing loan demand, related to loans from other banks and the internal financing capacity of households.

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 the first quarter of 2015 onwards); “use of alternative finance” is an unweighted average of “internal financing out of savings/down payment” (from the first quarter of 2015 onwards), “household savings” (until the fourth quarter of 2014), “loans from other banks” and “other sources of external finance”. “General level of interest rates” was introduced in the first quarter of 2015.

Across all the large euro area countries, the general level of interest rates, favourable housing market prospects and, to a smaller extent, consumer confidence and debt refinancing had a positive impact on housing loan demand according to reporting banks. By contrast, housing loan demand was dampened in most countries, except France, owing to the use of alternative finance.

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	Q4 2016	Q1 2017	Q4 2016	Q1 2017	Q4 2016	Q1 2017	Q4 2016	Q1 2017	Q4 2016	Q1 2017
Euro area	34	23	21	13	5	5	35	33	0	-4
DE	9	15	9	9	-1	2	12	27	-2	-5
ES	20	20	10	20	-5	0	10	20	-10	-3
FR	54	45	30	7	20	13	55	68	5	0
IT	63	29	13	14	0	7	63	29	0	-5
NL	71	10	70	2	17	1	79	11	9	-7

Note: See the notes to Chart 8.

For the second quarter of 2017, euro area banks expect an ongoing increase in net demand for housing loans (19%).

2.3 Consumer credit and other lending to households

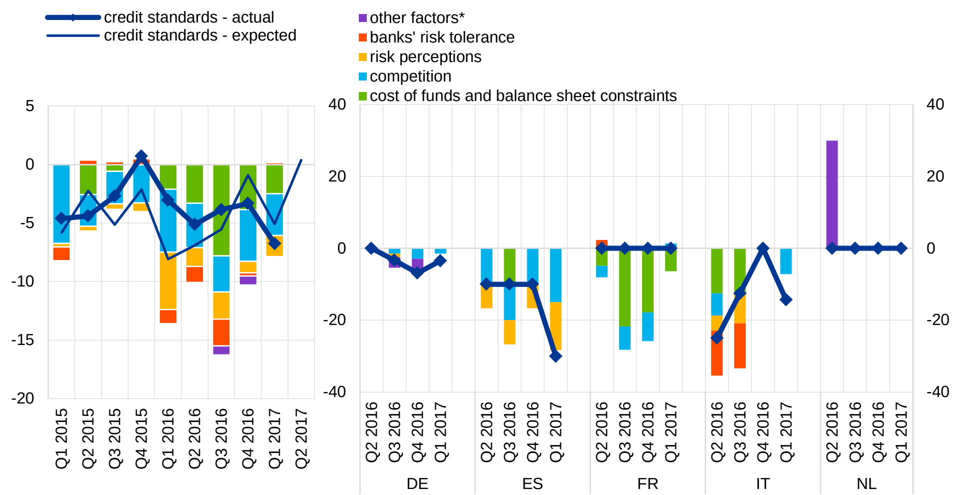
2.3.1 Continued net easing of credit standards for consumer credit and other lending to households

In the first quarter of 2017, credit standards for consumer credit and other lending to households continued to ease, with a net percentage of -7%, after -3% in the previous quarter (see Chart 9 and Table A), which is more favourable than the historical average. The net easing was broadly in line with what banks had 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 the first quarter of 2015.
*"Other factors" are provided by banks when none of the above factors are applicable. They are shown as memo items and refer here, in particular, to changes in regulation and legislation.

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

Competitive pressure and, to a smaller extent, banks' cost of funds and balance sheet situation as well as risk perceptions contributed to the net easing of credit standards on consumer credit, while the impact of banks' risk tolerance was neutral according to euro area banks (see Chart 9 and Table 9).

Banks in most of the large euro area countries reported a moderate easing impact of competitive pressure. By contrast, the easing impact of banks' reduced cost of funds and their balance sheet situation was reported only by banks in France, and the easing impact of risk perceptions was reported by banks in Spain.

Looking ahead to the second quarter of 2017, euro area banks expect unchanged credit standards on consumer credit and other lending to households (0%).

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	Q4 2016	Q1 2017	Q4 2016	Q1 2017	Q4 2016	Q1 2017	Q4 2016	Q1 2017
Euro area	-4	-2	-4	-4	-1	-2	0	0
DE	0	0	-3	-2	0	0	0	0
ES	0	0	-10	-15	-7	-13	0	0
FR	-18	-6	-8	1	0	0	0	0
IT	0	0	0	-7	0	0	0	0
NL	0	0	0	0	0	0	0	0

Note: See the notes to Chart 9.

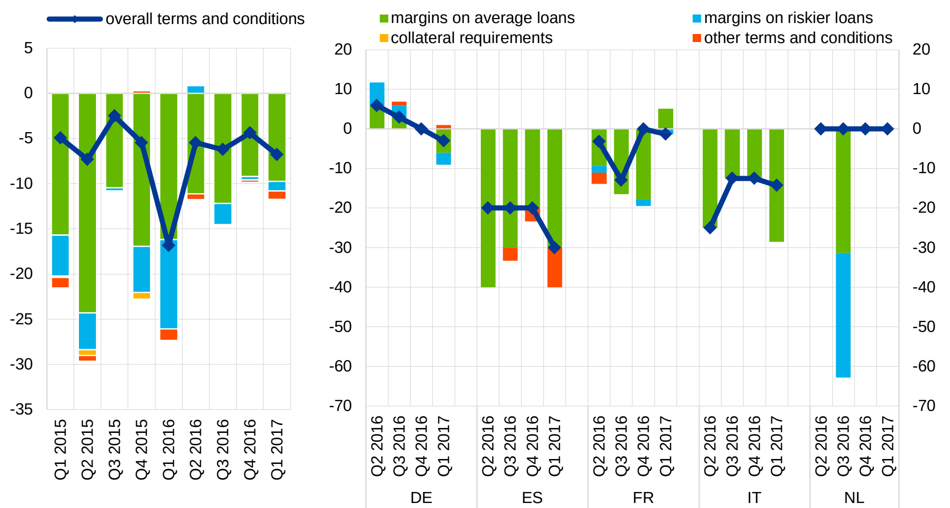
2.3.2 Terms and conditions for consumer credit and other lending to households continued to ease

Banks' overall terms and conditions applied when granting new consumer credit and other lending to households continued to ease in the first quarter of 2017.

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 the first quarter of 2015 onwards), "non-interest rate charges" and "maturity". "Overall terms and conditions" were introduced in the first quarter of 2015.

Table 10

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

(net percentage changes)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	Q4 2016	Q1 2017	Q4 2016	Q1 2017	Q4 2016	Q1 2017
Euro area	-4	-7	-9	-10	0	-1
DE	0	-3	0	-6	0	-3
ES	-20	-30	-20	-30	0	0
FR	0	-1	-18	5	-2	-1
IT	-13	-14	-13	-29	0	0
NL	0	0	0	0	0	0

Note: See the notes to Chart 10.

The narrowing of margins on average loans continued to be the main driver of the easing, while margins on riskier loans remained broadly unchanged. Non-price terms and conditions, such as collateral requirements, loan maturity and non-interest rate charges, remained broadly unchanged (see Chart 10).

Overall terms and conditions eased in net terms in most of the large euro area countries. Specifically, margins on average loans narrowed in Germany, Spain and Italy, while they remained unchanged in the Netherlands and widened in France. Margins on riskier loans remained broadly unchanged in most countries.

Competitive pressure was the dominant factor contributing to the net easing of terms and conditions on new consumer credit. In addition, banks' reduced cost of funds and their balance sheet situation had an easing impact (see Table 11).

Competitive pressure contributed to the net easing of overall terms and conditions in most of the largest euro area countries. By contrast, the net easing impact of banks' reduced cost of funds and balance sheet constraints was reported mainly by banks in Spain.

Table 11

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

(net percentage changes)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q4 2016	Q1 2017	Q4 2016	Q1 2017	Q4 2016	Q1 2017	Q4 2016	Q1 2017
Euro area	-2	-3	-12	-12	-2	-1	0	-1
DE	0	0	3	-3	0	-3	0	-3
ES	-10	-20	-20	-30	0	0	0	0
FR	0	-1	-16	0	0	0	0	0
IT	0	0	-13	-43	-13	0	0	0
NL	0	0	-38	0	0	0	0	0

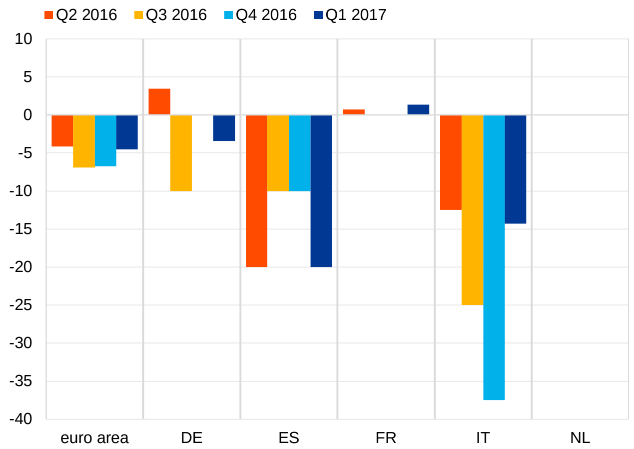
Note: The net percentages for responses to questions related to the factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage reporting that it contributed to an easing.

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

Chart 11

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

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



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

The net share of rejected applications for consumer credit and other lending to households decreased in the first quarter of 2017 according to reporting banks (-5%, after -7% in the previous survey round; see Chart 11).

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

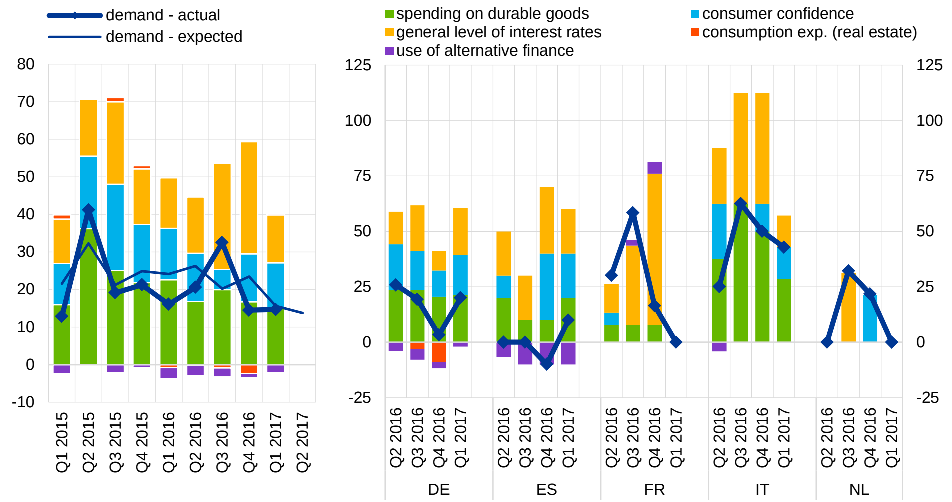
2.3.4 Further increase in net demand for consumer credit and other lending to households

According to euro area banks, net demand for consumer credit and other lending to households continued to increase in the first quarter of 2017 (net percentage of 15%, unchanged from the previous quarter; see Chart 12 and Table A), remaining above its historical average, and broadly in line with expectations in the previous survey round.

Chart 12

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

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



Notes: See the notes to Chart 4. "Use of alternative finance" is an unweighted average of "internal financing out of savings" (from the first quarter of 2015 onwards), "household savings" (until the fourth quarter of 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 the first quarter of 2015.

Across the large euro area countries, net demand increased in Germany, Spain and Italy, whereas it remained unchanged in France and the Netherlands.

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

Table 12

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

(net percentage changes)

	Spending on durable goods		Consumer confidence		Consumption exp. (real estate)		General level of interest rates		Use of alternative finance	
Country	**Q4 2016**	**Q1 2017**	**Q4 2016**	**Q1 2017**	**Q4 2016**	**Q1 2017**	**Q4 2016**	**Q1 2017**	**Q4 2016**	**Q1 2017**
Euro area	17	15	13	12	-2	0	30	13	-1	-2
DE	21	21	12	18	-9	0	9	21	-3	-2
ES	10	20	30	20	0	0	30	20	-10	-10
FR	8	0	0	0	0	0	68	0	5	0
IT	50	29	13	14	0	0	50	14	0	0
NL	0	0	21	0	0	0	0	0	0	0

Note: See the notes to Chart 12.

Across the large euro area countries, spending on durable consumer goods, the low general level of interest rates and consumer confidence contributed to the net increase in demand for consumer credit in Germany, Spain and Italy. With regard to the use of alternative finance, banks in Germany and Spain reported a dampening impact of internal financing and, in the case of Spain, also of loans from other banks.

For the second quarter of 2017, euro area banks expect an ongoing increase in net demand for consumer credit and other lending to households (14%).

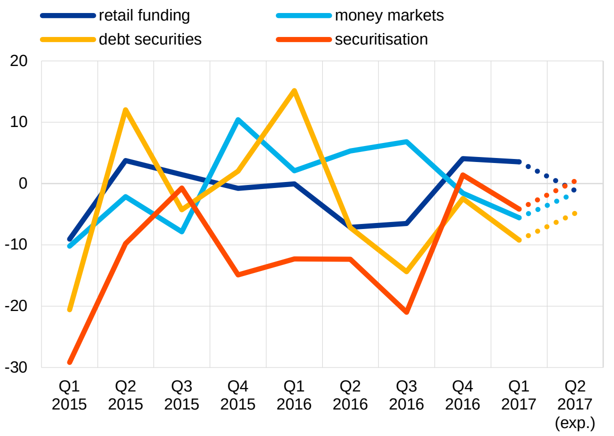
3 Ad hoc questions

3.1 Banks’ access to retail and wholesale funding

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”.

As in previous survey rounds, the April 2017 survey questionnaire included a question to assess the extent to which the situation in financial markets affected banks’ access to retail and wholesale funding.[6]

For the first quarter of 2017, euro area banks reported deteriorated access to retail funding. By contrast, banks indicated improved access to wholesale funding in all market segments, i.e. money markets, debt securities issuance and securitisation, in net terms (see Chart 13 and Table 13).[7]

Looking ahead to the second quarter of 2017, euro area banks expect improved access to wholesale funding via debt securities issuance and money markets, and broadly unchanged access to securitisation and retail funding.

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
Q4 2016	4	-2	-2	1
Q1 2017	4	-6	-9	-4

Note: See the notes to Chart 13.

6 The results shown are calculated as a percentage of the number of banks which did not reply “not applicable”. Except for the results on securitisation, the percentages of “NA” responses were overall limited.

7 However, for the results on securitisation, there are a large number of banks that replied “not applicable”, as this source of funding is not relevant for them (between 41% and 43%, depending on the type of securitisation, in the first quarter of 2017).

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

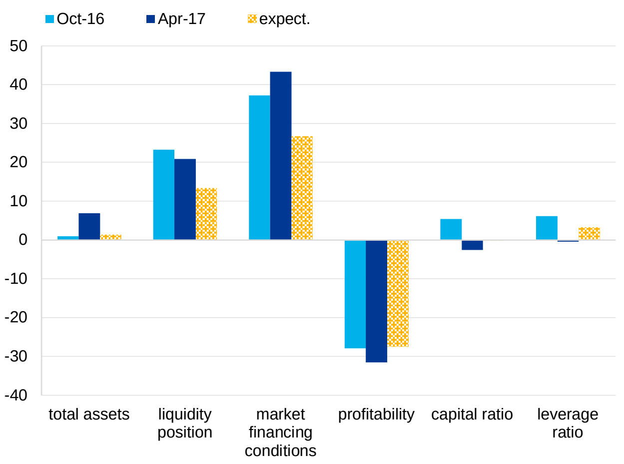
The April 2017 survey questionnaire included for the fourth time (since the April 2015 round) three ad hoc questions gauging the impact of the ECB's expanded asset purchase programme (APP). Banks were asked to consider both the direct and indirect effects of the APP, as there may be indirect effects on banks' financial situation and asset allocation even if the respective bank has not been involved in any direct asset sales vis-à-vis the Eurosystem. Banks reported the impact of the APP on their financial situation. In addition, banks were asked about the purposes for which they did, or will, use the additional liquidity arising from the APP, either due to banks' sales of marketable assets or due to an increase in customer deposits. Finally, banks provided an assessment of the impact of the APP on their lending conditions.[8]

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

Chart 14

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

(net percentage of respondents)



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

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

In more detail, euro area BLS banks reported that the APP has contributed to an increase of their total assets over the past six months (net percentage of banks: 7%, after 1% in the October 2016 survey; see Chart 15), and an overall decrease in their holdings of sovereign bonds (net percentage of -18%, after -19%). Euro area banks expect a continued decline in their holdings of euro area sovereign bonds over the next six months as a consequence of the APP (net percentage of -17%), and broadly unchanged total assets (net percentage of banks: 1%).

Banks indicated a positive impact of the APP on their liquidity situation in net terms over the past six months (net percentage of banks: 21%, after 23% in the October 2016 survey), mostly owing to an increase in deposits

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

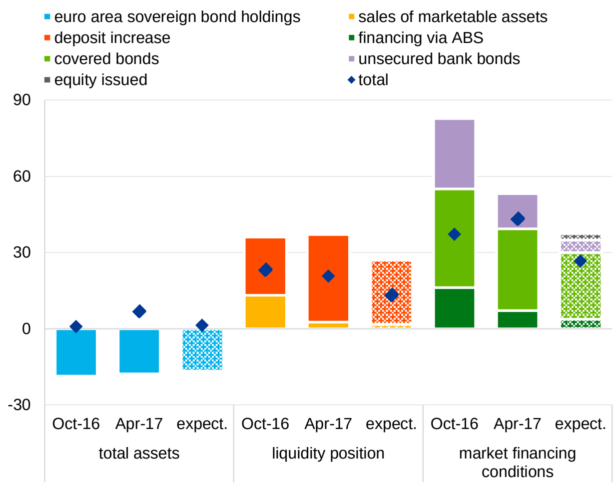
from enterprises and households. Banks expect this development to continue over the next six months, albeit to a somewhat lesser extent (net percentage of 13%; see Chart 15).

Euro area banks also reported an improvement in their market financing conditions owing to the APP (net percentage of 43%, up from 37% in the October 2016 survey), in particular for financing via covered bonds and unsecured bank bonds. Banks expect the improvement in their market financing conditions related to the APP to continue over the next six months (net percentage of 27%). In all the large euro area countries, banks indicated a positive impact from the APP on their market financing conditions and they expect the positive impact to last over the coming six months.

Chart 15

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

(net percentage of respondents)

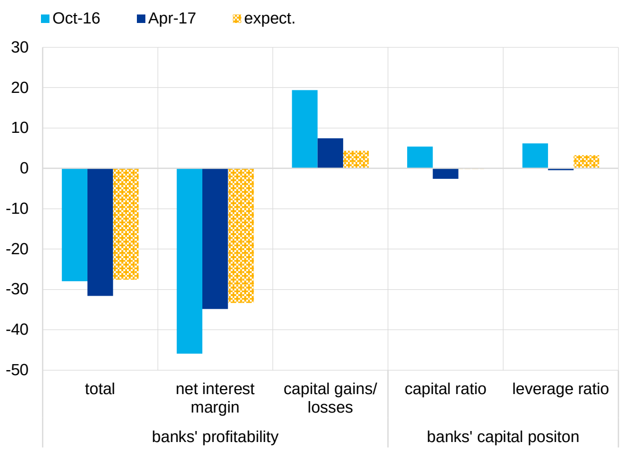


Notes: See the notes to Chart 14. ABS stands for asset-backed securities.

Chart 16

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

(net percentage of respondents)



Note: See the notes to Chart 14.

Around one-third of the euro area BLS banks reported an overall negative impact of the APP on their profitability over the past six months (net percentage of banks: -32%, after -28% in the October 2016 survey round; see Chart 16). The negative impact on profitability was mainly due to a negative impact on banks' net interest margins (net percentage of -35%, after -46% in the previous round), whereas the net percentage of banks reporting an increase in capital gains owing to the APP was considerably smaller (7%, after 19% in the October 2016 survey round). Over the next six months, a similar share of euro area banks expects the dampening impact of the APP on their profitability to continue (net percentage of -28%).

With regard to banks' capital position, a small net percentage (-3%, after 5%) of euro area banks indicated a negative APP impact on their capital ratio over the past six months and expects an unchanged impact over the coming six months (see Chart 14). In addition, euro area banks indicated a neutral APP impact on their leverage ratio over the past six months and expect this impact to turn slightly positive over the next six months (3%) (see Chart 16).

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

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

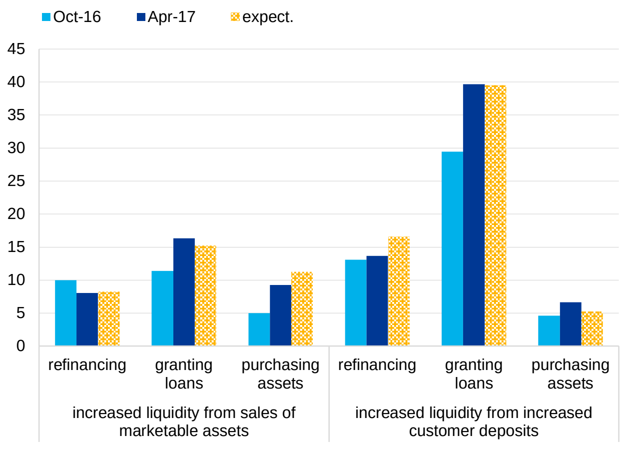
Overall, for this question, it needs to be taken into account that around 50% (as regards the additional liquidity resulting from the bank's sales of marketable assets) and around 40% (as regards the additional liquidity resulting from an increase in customer deposits) respectively of the banks replied "NA" as they either did not have any exposure in this category or did not have any additional liquidity from the APP according to their assessment.

Responding euro area banks indicated that over the past six months they have used the additional liquidity from their sales of marketable assets related to the APP for granting loans (16% of the banks, after 11% in the October 2016 survey round), for refinancing (8%, after 10%) and for purchasing assets (9%, after 5%) (see Chart 17, left-hand side). For the coming six months, the banks expect a broadly similar impact to that in the current survey round.

Chart 17

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

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

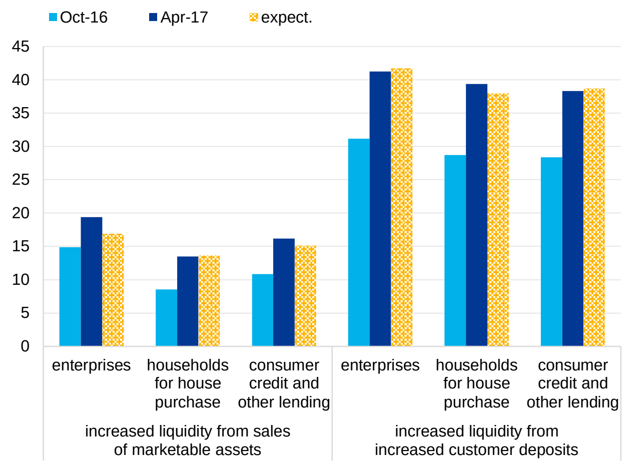


Notes: The percentages are defined as the sum of the percentages for "has contributed (will contribute) considerably to this purpose" and "has contributed (will contribute) somewhat to this purpose". The results shown are calculated as a percentage of the number of banks which did not reply "not applicable".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

Chart 18

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

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



Note: See the notes to Chart 17.

Specifically, 19% of the responding euro area banks indicated that they have used the funds for granting loans to enterprises (after 15% in the October 2016 survey round), while 13% and 16% respectively indicated that they have used the funds for granting housing loans and consumer credit and other lending to households (after 9% and 11% respectively) (see Chart 18, left-hand side). For the coming six months, expectations are similar.

With respect to the use of the APP liquidity from the sales of marketable assets for refinancing, responding euro area banks indicated that liquidity would mainly be used as a substitute for maturing debt (16% of the banks, unchanged from the October 2016 round), interbank lending (12% of the banks, after 7%) and, to a lesser extent, also Eurosystem liquidity operations (5% of the banks, after 15%), whereas deposit shortfalls did not play a role (see Chart 19, left-hand side).

Moreover, 9% (after 5%) of the responding euro area banks reported that they have used the liquidity from the sales of marketable assets related to the APP for purchasing euro area marketable assets (excluding sovereign bonds) and non-euro area marketable assets over the past six months (see Chart 17, left-hand side).

Euro area banks were also asked for which purposes they have used the additional liquidity related to the APP stemming from an increase in deposits of households and enterprises. Overall, similar to the findings in the October 2016 BLS survey, the impact from an APP-related increase in banks' customer deposits has been more pronounced than the impact from the APP-related sales of marketable assets, especially for granting loans, according to reporting banks.

Responding euro area banks indicated that they have used the additional liquidity from an increase in customer deposits related to the APP over the past six months in particular for granting loans (40%, after 29% in the October 2016 round) and, to a lesser extent, for refinancing (14%, after 13%) and for purchasing assets (7%, after 5%) (see Chart 17, right-hand side). For the coming six months, euro area banks expect a broadly similar impact to that in the current survey round across all categories.

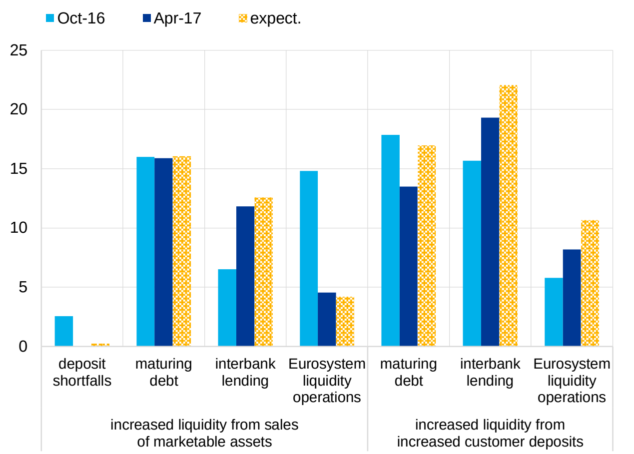
In more detail, similar percentages of responding euro area banks reported that they used the additional APP-related liquidity from an increase in customer deposits for granting loans to enterprises (41%, after 31% in the October 2016 survey) and to households for house purchase (39%, after 29%) and for consumer credit (38%, after 28%) (see Chart 18, right-hand side). Banks have broadly similar expectations for the coming six months.

With respect to the use of APP-related liquidity from an increase in customer deposits for refinancing purposes, responding euro area banks reported that they have used it mainly as a substitute for interbank lending (19% of the banks, after 16%), maturing debt (13%, after 18%) and, to a lesser extent, Eurosystem liquidity operations (8%, after 6%) over the past six months (see Chart 19, right-hand side). A broadly similar impact is expected over the next six months.

Chart 19

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

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

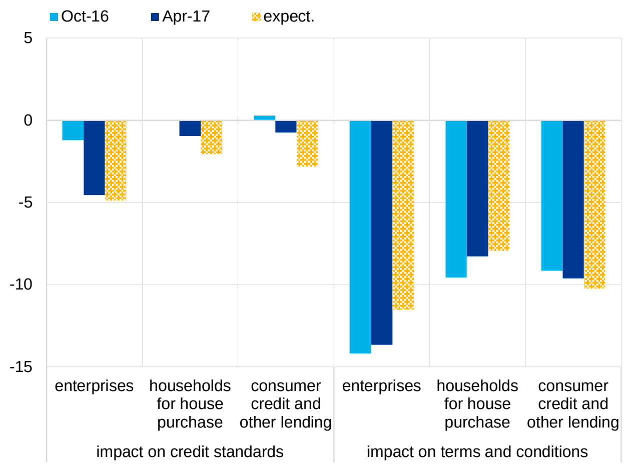


Note: See the notes to Chart 17.

Chart 20

Impact of the expanded APP on bank lending conditions

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



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

With respect to purchasing marketable assets with the additional APP liquidity from increased customer deposits, 7% (after 5%) of the responding euro area banks indicated the purchase of euro area marketable assets (excluding sovereign bonds) and non-euro area marketable assets over the past six months (see Chart 20, right-hand side).

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

Euro area banks indicated an easing impact of the APP on their credit standards over the past six months for loans to enterprises (-5%, after -1% in the October 2016 survey round; see Chart 20, left-hand side), while the APP impact on credit standards for housing loans (-1%, after 0%) and for consumer credit (-1%, after 0%) was broadly neutral. Over the next six months, banks expect a continued net easing impact on credit standards for loans to enterprises (-5%), and a small net easing impact of the APP on credit standards for housing loans (-2%) and consumer credit (-3%).

The impact of the APP continues to be stronger for credit terms and conditions, and the effect is broadly comparable to that reported in the October 2016 survey (loans to enterprises: stable at -14%; housing loans: -8%, after -10%, consumer credit and other lending to households: -10%, after -9%; see Chart 20, right-hand side). The favourable impact on terms and conditions is expected by BLS banks to remain similar over the next six months.

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

The April 2017 survey questionnaire included for the third time an ad hoc question aimed at gauging the impact of the ECB's negative deposit facility rate (DFR) on banks' net interest income, lending conditions and lending volume. Banks were asked to consider both the direct and indirect effects of the negative DFR, as there may be indirect effects on banks' financial situation and lending conditions even if the respective bank has no excess liquidity.[9]

With respect to the effect of the ECB's negative deposit facility rate on banks' net interest income, euro area BLS banks continued to report a negative impact in net percentage terms on their net interest income over the past six months (-85%, after -82% in the October 2016 BLS round; see Chart 21). A similar impact is expected over the coming six months (net percentage of -83%).

Regarding the DFR impact on loans to enterprises, euro area banks continued to report a negative impact on their lending rates over the past six months (net percentage of -45%, after -56%) and a negative impact on their loan margins (-27%, after -47%; see Chart 21), but the net percentages became somewhat smaller. At the same time, only a low net percentage of euro area banks indicated that the DFR has led to an increase in non-interest rate charges for loans to enterprises over the past six months (4%, down from 6%), which may be related to competitive pressure reported by banks in their replies to the standard questions. In terms of lending volumes to enterprises, a further positive impact of the DFR was reported for the past six months (net percentage of banks: 16%, after 12%). For the next six months, a decreasing net percentage of banks expects a decline of their lending rates (-28%) and loan margins (-17%) owing to the DFR. In addition, euro area banks expect a small positive impact on non-interest rate charges (7%) and an ongoing positive effect on volumes of lending to enterprises in net terms (17%).

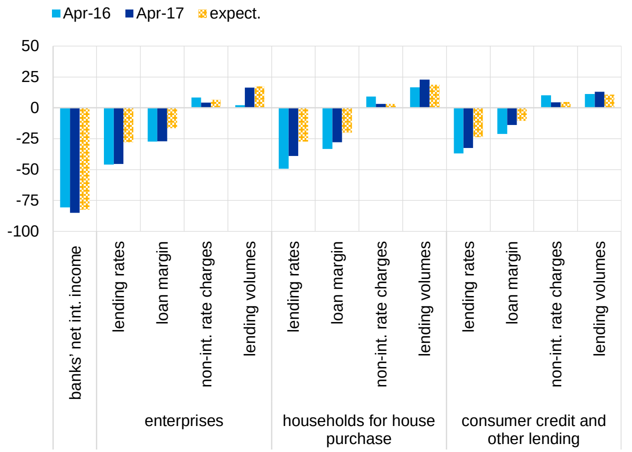
Regarding the DFR impact on loans to households for house purchase, a smaller net percentage of euro area banks indicated a negative impact on their lending rates (-39%, after -70%) and their loan margins (-28%, after -49%; see Chart 21) over the past six months, compared with the October 2016 BLS round. In addition, euro area banks reported in net terms a slight increase in non-interest rate charges for housing loans as a result of the DFR over the past six months (net percentage of banks: 3%, after 17%). In terms of housing lending volumes, euro area banks reported a continued positive effect of the DFR (net percentage of banks: 23%, after 31%). For the next six months, a further declining net percentage of banks expects a negative DFR impact on lending rates (-27%) and loan margins (-20%), while the impact on non-interest rate charges (3%) and lending volumes (19%) is expected to remain similar.

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

Chart 21

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

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



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

With regard to consumer credit and other lending to households, a smaller net percentage of euro area banks indicated a negative impact on their lending rates over the past six months (-33%, after -62%) and a negative impact on their loan margins (-14%, after -40%; see Chart 21). In addition, euro area banks reported a slight increase in non-interest rate charges for consumer credit as a result of the DFR over the past six months (5%, after 17%). In terms of lending volumes, euro area banks reported a continued positive effect of the DFR (net percentage of banks: 13%, after 27%). For the next six months, a smaller net percentage of banks expects a negative DFR impact on lending rates (-24%) and loan margins (-11%), while the impact on non-interest rate charges (5%) and lending volumes (11%) is expected to remain similar.

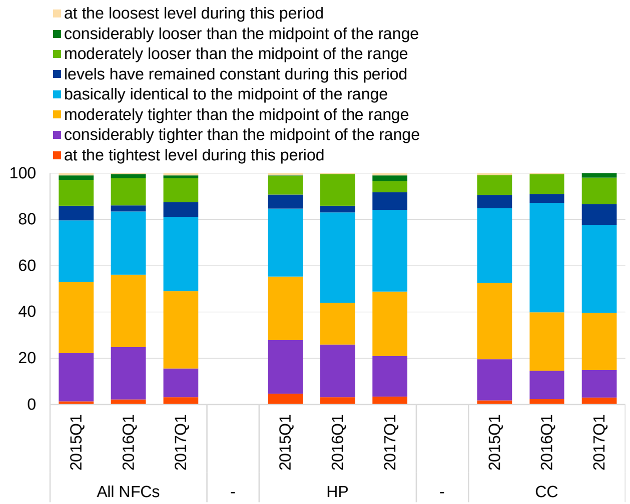
3.4 Banks' current level of credit standards

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

Chart 22

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

(percentage of banks)

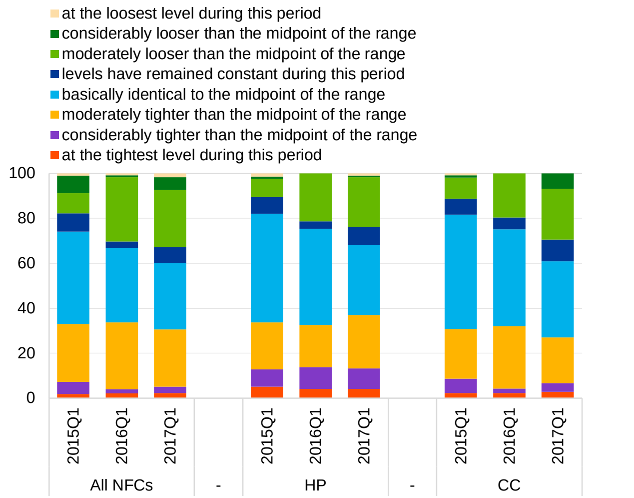


Notes: The "midpoint of the range" of credit standards is defined as the midpoint between the maximum and the minimum level of credit standards during this time period. "All NFCs" indicates loans to all non-financial corporations, "HP" indicates loans to households for house purchase, and "CC" indicates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

Chart 23

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

(percentage of banks)



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

In the first quarter of 2017, in net terms 36% of the euro area banks continued to assess their current level of credit standards for loans to enterprises as tighter compared with the midpoint of the historical range since 2003 (see Chart 22).[10] This was somewhat lower compared with banks' assessment one year ago (42%), reflecting the cumulated net easing of credit standards on loans to enterprises over the past year. The development was driven by 49% (after 56% one year ago) of the banks reporting a tighter level than the historical range and 13% (broadly unchanged from one year ago) of the banks reporting looser credit standards compared with the historical range. Hence, despite the overall net easing of credit standards on loans to enterprises since the first quarter of 2014, as reported in the replies to the standard BLS questions, the level of credit standards for loans to euro area enterprises is currently still tighter than historical levels according to reporting banks.

When comparing the current level of credit standards on loans to enterprises with the midpoint of the shorter range between the second quarter of 2010 and now, euro area banks continued to assess in net terms their current level of credit standards for loans to enterprises as broadly similar to the benchmark (-2%, after 3%; see Chart 23). This development resulted from 31% (after 34% one year ago) of the banks reporting a tighter level compared with the range of credit standards since

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

2010 and 33% (after 30% one year ago) of the banks reporting looser credit standards.

With respect to loans to households for house purchase, in net terms 40% of the euro area banks (compared with 30% one year ago) continued to assess their current level of credit standards as tighter compared with the historical range since 2003 (see Chart 22). This development resulted from 49% (after 44% one year ago) of the banks reporting tighter credit standards compared with the historical range and 8% (after 14% one year ago) of the banks reporting a looser level than the historical range since 2003.

Regarding the shorter-term range, i.e. since the second quarter of 2010, euro area banks continued to report in net terms that the current level of their credit standards on housing loans is somewhat tighter than the benchmark (in net terms 13%, after 11%; see Chart 23). The development was driven by 37% (after 33% one year ago) of the banks reporting tighter credit standards compared with the range since 2010 and 24% (after 21% one year ago) of the banks reporting a looser level.

Annex 1
Results for the standard questions[11]

Loans or credit lines to enterprises

Question 1

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
Tightened considerably	0	0	0	0	0	0	0	0	0	0
Tightened somewhat	5	1	5	3	1	3	0	1	4	3
Remained basically unchanged	95	96	95	94	97	93	98	95	96	95
Eased somewhat	0	3	0	4	2	4	2	4	0	3
Eased considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**5**	***-2***	**5**	***-1***	**-2**	***-1***	**-2**	***-3***	**4**	***0***
Diffusion index	**2**	***-1***	**2**	***-1***	**-1**	***-1***	**-1**	***-1***	**2**	***0***
Mean	*2.95*	*3.02*	*2.95*	*3.01*	*3.02*	*3.01*	*3.02*	*3.03*	*2.96*	*3.00*
Number of banks responding	***135***	***132***	***130***	***128***	***131***	***127***	***135***	***132***	***135***	***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 of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

[11] Figures in the tables in Annexes 1 and 2 may deviate slightly from those in the text owing to rounding.

Question 2

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

(in percentages, unless otherwise stated)

OVERALL

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	1	94	2	0	3	2	-1	1	0	2.98	3.01
Your bank's ability to access market financing	0	0	95	1	0	5	0	-1	0	0	3.00	3.01
Your bank's liquidity position	0	0	95	2	0	3	-1	-2	0	-1	3.01	3.02
B) Pressure from competition												
Competition from other banks	0	0	86	11	0	3	-14	-11	-7	-6	3.14	3.11
Competition from non-banks	0	0	96	0	0	4	-2	0	-1	0	3.02	3.00
Competition from market financing	0	0	95	1	0	3	-4	-1	-2	-1	3.04	3.01
C) Perception of risk												
General economic situation and outlook	0	1	97	1	0	2	0	0	0	0	3.00	3.00
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	1	95	2	0	2	4	-1	2	-1	2.96	3.01
Risk related to the collateral demanded	0	3	95	0	0	2	2	3	1	2	2.98	2.97
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	3	95	0	0	2	6	3	3	1	2.94	2.97

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	1	89	2	0	8	3	-1	2	0	2.97	3.01
Your bank's ability to access market financing	0	0	90	1	0	10	0	-1	0	0	3.00	3.01
Your bank's liquidity position	0	0	90	2	0	8	0	-2	0	-1	3.00	3.02
B) Pressure from competition												
Competition from other banks	0	0	84	9	1	6	-10	-10	-5	-5	3.10	3.11
Competition from non-banks	0	0	90	1	0	9	-1	-1	-1	-1	3.01	3.01
Competition from market financing	0	0	94	0	0	6	0	0	0	0	3.00	3.00
C) Perception of risk												
General economic situation and outlook	0	1	92	2	0	5	-1	-1	-1	0	3.01	3.01
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	1	93	2	0	5	6	-1	3	-1	2.94	3.01
Risk related to the collateral demanded	0	4	91	0	0	5	2	4	1	2	2.98	2.96
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	90	1	0	7	4	0	2	0	2.96	3.00

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	2	89	2	0	7	2	0	1	0	2.98	3.00
Your bank's ability to access market financing	0	0	91	0	0	9	-1	0	-1	0	3.01	3.00
Your bank's liquidity position	0	0	92	1	0	7	-1	-1	0	-1	3.01	3.01
B) Pressure from competition												
Competition from other banks	0	0	84	9	0	7	-13	-9	-7	-4	3.13	3.09
Competition from non-banks	0	0	92	0	0	8	-4	0	-2	0	3.04	3.00
Competition from market financing	0	0	91	1	0	7	-5	-1	-3	-1	3.06	3.01
C) Perception of risk												
General economic situation and outlook	0	1	91	2	0	6	-5	-1	-2	-1	3.05	3.01
Industry or firm-specific situation and outlook/borrower's creditworthiness	0	1	91	2	0	6	-5	-1	-3	-1	3.06	3.01
Risk related to the collateral demanded	0	2	92	0	0	6	0	2	0	1	3.00	2.98
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	90	2	0	6	-2	0	-1	0	3.02	3.01

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

Question 3

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

(in percentages, unless otherwise stated)

OVERALL

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Overall terms and conditions												
Overall terms and conditions	0	5	84	9	0	2	-7	-5	-4	-2	3.07	3.05
B) Margins												
Your bank's margin on average loans	0	7	68	21	2	2	-20	-15	-11	-8	3.21	3.17
Your bank's margin on riskier loans	0	6	86	5	0	3	1	1	1	1	2.98	2.99
C) Other conditions and terms												
Non-interest rate charges	0	2	95	1	0	2	0	1	0	0	3.00	2.99
Size of the loan or credit line	0	0	96	2	0	2	2	-2	1	-1	2.98	3.02
Collateral requirements	0	1	94	3	0	2	-4	-2	-2	-1	3.04	3.02
Loan covenants	0	1	91	5	0	2	-4	-4	-2	-2	3.04	3.04
Maturity	0	1	92	6	0	2	-4	-5	-2	-2	3.04	3.05

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Overall terms and conditions												
Overall terms and conditions	0	5	82	8	0	5	-6	-4	-3	-2	3.06	3.04
B) Margins												
Your bank's margin on average loans	0	7	70	15	2	5	-16	-11	-8	-6	3.17	3.13
Your bank's margin on riskier loans	0	7	84	3	1	6	-1	3	0	1	3.00	2.98
C) Other conditions and terms												
Non-interest rate charges	0	2	92	1	0	5	-3	1	-1	1	3.03	2.99
Size of the loan or credit line	0	0	92	4	0	5	-1	-4	0	-2	3.01	3.04
Collateral requirements	0	1	89	5	0	5	-4	-4	-2	-2	3.04	3.04
Loan covenants	0	1	88	5	0	5	-5	-4	-2	-2	3.05	3.05
Maturity	0	1	88	7	0	5	-4	-6	-2	-3	3.05	3.06

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Overall terms and conditions												
Overall terms and conditions	0	0	86	8	0	6	-10	-8	-5	-4	3.11	3.08
B) Margins												
Your bank's margin on average loans	0	0	74	18	1	6	-21	-19	-10	-10	3.21	3.21
Your bank's margin on riskier loans	0	2	88	4	0	6	-1	-2	0	-1	3.00	3.03
C) Other conditions and terms												
Non-interest rate charges	0	2	90	2	0	6	-5	0	-3	0	3.06	3.00
Size of the loan or credit line	0	0	90	4	0	6	-7	-4	-4	-2	3.07	3.04
Collateral requirements	0	0	91	3	0	6	-4	-3	-2	-1	3.04	3.03
Loan covenants	0	0	88	5	0	6	-6	-5	-3	-3	3.07	3.06
Maturity	0	1	87	6	0	6	-4	-5	-2	-2	3.05	3.05

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

Question 4

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

(in percentages, unless otherwise stated)

OVERALL IMPACT ON YOUR BANK'S CREDIT TERMS AND CONDITIONS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	3	89	6	0	2	-6	-3	-3	-2	3	3.03
B) Pressure from competition												
Pressure from competition	0	2	74	22	0	2	-20	-20	-10	-10	3	3.20
C) Perception of risk												
Perception of risk	0	1	93	3	0	3	-3	-2	-1	-1	3	3.02
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	3	94	2	0	2	6	1	3	0	3	2.99

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	3	89	6	0	2	-6	-3	-3	-2	3	3.03
B) Pressure from competition												
Pressure from competition	0	2	70	25	1	2	-20	-24	-10	-12	3	3.25
C) Perception of risk												
Perception of risk	0	1	93	3	0	2	-4	-2	-2	-1	3	3.02
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	3	94	2	0	2	6	1	3	0	3	2.99

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	93	2	0	3	-5	-1	-2	0	3	3.01
B) Pressure from competition												
Pressure from competition	0	1	92	4	0	3	-6	-4	-3	-2	3	3.04
C) Perception of risk												
Perception of risk	0	3	94	0	0	3	3	3	1	1	3	2.97
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	3	94	0	0	3	6	3	3	1	3	2.97

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

Question 5

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

(in percentages, unless otherwise stated)

	Share of rejected applications	
	Jan 17	Apr 17
Decreased considerably	0	0
Decreased somewhat	10	6
Remained basically unchanged	86	92
Increased somewhat	4	2
Increased considerably	0	0
Total	*100*	*100*
Net percentage	***-6***	***-4***
Diffusion index	***-3***	***-2***
Mean	*2.94*	*2.96*
Number of banks responding	***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 of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

Question 6

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
Decreased considerably	0	0	0	0	0	2	1	0	0	0
Decreased somewhat	6	12	4	7	7	11	5	7	8	8
Remained basically unchanged	70	70	75	72	76	72	78	77	70	75
Increased somewhat	24	18	20	20	17	15	16	16	22	17
Increased considerably	0	0	1	1	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**18**	***6***	**17**	***15***	**10**	***2***	**10**	***8***	**14**	***9***
Diffusion index	**9**	***3***	**9**	***8***	**5**	***0***	**5**	***4***	**7**	***5***
Mean	*3.17*	*3.06*	*3.19*	*3.16*	*3.10*	*3.00*	*3.10*	*3.08*	*3.14*	*3.09*
Number of banks responding	***135***	***132***	***131***	***128***	***131***	***127***	***135***	***132***	***135***	***132***

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

Question 7

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Financing needs/underlying drivers or purpose of loan demand												
Fixed investment	0	13	67	17	0	2	2	4	1	2	3.03	3.04
Inventories and working capital	0	0	84	13	0	3	9	13	4	6	3.09	3.13
Mergers/acquisitions and corporate restructuring	0	6	84	7	0	3	10	1	5	1	3.11	3.01
General level of interest rates	0	2	83	13	0	2	22	12	11	6	3.23	3.12
Debt refinancing/restructuring and renegotiation	0	1	83	9	0	7	13	8	7	4	3.13	3.08
B) Use of alternative finance												
Internal financing	0	4	94	0	0	2	-8	-4	-4	-2	2.91	2.96
Loans from other banks	0	6	89	3	0	2	-3	-2	-1	-1	2.97	2.98
Loans from non-banks	0	1	96	0	0	3	0	-1	0	-1	3.00	2.99
Issuance/redemption of debt securities	0	7	86	1	0	6	2	-6	1	-3	3.02	2.94
Issuance/redemption of equity	0	2	90	0	0	8	-2	-2	-1	-1	2.98	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 somewhat to increasing demand) and “++” (contributed considerably to increasing demand) and the sum of banks responding “-” (contributed somewhat to lowering demand) and “--” (contributed considerably to lowering demand). “°” means “contributed to basically unchanged demand”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

Question 8

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
Tighten considerably	0	0	0	0	1	0	0	0	0	0
Tighten somewhat	3	3	1	4	3	2	0	3	3	1
Remain basically unchanged	91	95	88	92	87	95	92	96	94	97
Ease somewhat	6	1	11	4	9	3	8	1	3	1
Ease considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***-2***	***2***	***-10***	***1***	***-6***	***0***	***-8***	***1***	***0***	***0***
Diffusion index	***-1***	***1***	***-5***	***0***	***-2***	***0***	***-4***	***1***	***0***	***0***
Mean	*3.02*	*2.98*	*3.10*	*2.99*	*3.05*	*3.00*	*3.08*	*2.99*	*3.00*	*2.99*
Number of banks responding	***134***	***131***	***130***	***127***	***129***	***126***	***134***	***131***	***134***	***131***

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

Question 9

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

(in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
Decrease considerably	0	0	0	0	0	0	0	0	0	0
Decrease somewhat	2	3	2	4	4	4	3	5	3	3
Remain basically unchanged	84	81	79	81	86	83	82	83	87	78
Increase somewhat	13	15	19	15	10	12	14	12	10	19
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	***11***	***12***	***17***	***12***	***7***	***8***	***11***	***8***	***7***	***17***
Diffusion index	***5***	***6***	***9***	***6***	***3***	***4***	***5***	***4***	***3***	***8***
Mean	*3.11*	*3.12*	*3.17*	*3.12*	*3.07*	*3.08*	*3.11*	*3.08*	*3.07*	*3.17*
Number of banks responding	***134***	***132***	***130***	***128***	***129***	***127***	***134***	***132***	***134***	***132***

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

Loans to households

Question 10

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jan 17	Apr 17	Jan 17	Apr 17
Tightened considerably	1	0	0	0
Tightened somewhat	3	2	0	0
Remained basically unchanged	93	90	97	93
Eased somewhat	3	8	3	7
Eased considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***1***	***-5***	***-3***	***-7***
Diffusion index	***1***	***-3***	***-2***	***-3***
Mean	*2.98*	*3.05*	*3.03*	*3.07*
Number of banks responding	***129***	***127***	***130***	***129***

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

Question 11

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	92	1	0	7	0	-1	0	0	3.00	3.01
B) Pressure from competition												
Competition from other banks	0	1	86	8	0	6	-5	-7	-3	-4	3.06	3.08
Competition from non-banks	0	1	93	0	0	6	-2	0	-1	0	3.02	3.00
C) Perception of risk												
General economic situation and outlook	0	0	93	1	0	6	-4	-1	-2	-1	3.04	3.01
Housing market prospects, including expected house price developments	0	0	92	2	0	6	-6	-1	-3	-1	3.06	3.01
Borrower's creditworthiness	0	0	93	1	0	6	-1	-1	0	-1	3.01	3.01
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	92	2	0	6	2	-2	2	-1	2.96	3.02

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

Question 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	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Overall terms and conditions												
Overall terms and conditions	0	1	84	9	0	6	-5	-7	-2	-4	3.05	3.08
B) Margins												
Your bank’s loan margin on average loans	0	2	73	19	0	6	-18	-17	-9	-8	3.18	3.18
Your bank’s loan margin on riskier loans	0	2	88	3	0	7	2	-1	1	0	2.98	3.01
C) Other terms and conditions												
Collateral requirements	0	0	93	1	0	6	1	-1	1	0	2.99	3.01
"Loan-to-value" ratio	0	8	85	1	0	6	2	7	1	4	2.98	2.92
Other loan size limits	0	1	93	0	0	6	1	2	0	1	2.99	2.98
Maturity	0	0	94	0	0	6	-1	0	0	0	3.01	3.00
Non-interest rate charges	0	1	92	1	0	6	-1	-1	0	0	3.01	3.01

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

Question 13

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

(in percentages, unless otherwise stated)

OVERALL IMPACT ON YOUR BANK'S CREDIT TERMS AND CONDITIONS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	86	8	0	6	-2	-8	-1	-4	3	3.08
B) Pressure from competition												
Pressure from competition	0	0	80	14	0	6	-10	-14	-6	-7	3	3.15
C) Perception of risk												
Perception of risk	1	0	90	3	0	6	-1	-1	0	0	3	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	93	1	0	6	0	-1	1	0	3	3.01

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	86	8	0	6	-5	-8	-3	-4	3	3.09
B) Pressure from competition												
Pressure from competition	0	0	76	18	0	6	-20	-18	-11	-9	3	3.19
C) Perception of risk												
Perception of risk	0	1	90	3	0	6	-1	-1	0	-1	3	3.01
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	92	2	0	6	-1	-2	0	-1	3	3.02

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	89	1	0	8	1	0	1	0	3	3.00
B) Pressure from competition												
Pressure from competition	0	0	87	5	0	8	-4	-5	-2	-2	3	3.05
C) Perception of risk												
Perception of risk	0	2	89	1	0	8	2	2	1	1	3	2.98
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	89	1	0	8	1	1	1	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 of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

Question 14

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	93	2	0	5	-4	-2	-2	-1	3.04	3.03
B) Pressure from competition												
Competition from other banks	1	0	88	8	0	4	-6	-7	-3	-3	3.07	3.06
Competition from non-banks	1	0	91	2	0	7	-2	-1	-1	0	3.03	3.00
C) Perception of risk												
General economic situation and outlook	0	0	92	4	0	4	-2	-4	-1	-2	3.02	3.04
Creditworthiness of consumers(1)	0	0	95	1	0	4	-1	-1	-1	-1	3.01	3.01
Risk on the collateral demanded	0	0	90	0	0	10	0	0	0	0	3.00	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	96	0	0	4	0	0	0	0	3.00	3.00

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

Question 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	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Overall terms and conditions												
Overall terms and conditions	0	0	89	7	0	4	-4	-7	-2	-3	3.04	3.07
B) Margins												
Your bank's loan margin on average loans	0	2	83	11	0	4	-9	-10	-5	-5	3.09	3.10
Your bank's loan margin on riskier loans	0	0	94	1	0	5	0	-1	0	-1	3.00	3.01
C) Other terms and conditions												
Collateral requirements	0	0	91	0	0	9	0	0	0	0	3.00	3.00
Size of the loan	0	0	94	3	0	4	-1	-2	-1	-1	3.01	3.02
Maturity	0	0	95	1	0	4	0	-1	0	-1	3.00	3.01
Non-interest rate charges	0	1	95	0	0	4	0	1	0	0	3.00	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 "--" (tightened considerably) and "-" (tightened somewhat), and the sum of banks responding "+" (eased somewhat) and "++" (eased considerably). "°" means "basically unchanged credit standards". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

Question 16

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

(in percentages, unless otherwise stated)

OVERALL IMPACT ON YOUR BANK'S CREDIT TERMS AND CONDITIONS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	93	3	0	4	-2	-3	-1	-1	3.02	3.03
B) Pressure from competition												
Pressure from competition	0	0	84	12	0	4	-12	-12	-6	-6	3.11	3.12
C) Perception of risk												
Perception of risk	0	0	95	1	0	4	-2	-1	-1	0	3.02	3.01
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	95	1	0	4	0	-1	0	0	3.00	3.01

IMPACT ON YOUR BANK'S MARGINS ON AVERAGE LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	1	0	92	3	0	4	-4	-2	-2	-1	3.04	3.02
B) Pressure from competition												
Pressure from competition	1	1	80	14	0	4	-12	-12	-8	-6	3.16	3.12
C) Perception of risk												
Perception of risk	0	0	96	0	0	4	-2	0	-1	0	3.02	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	96	0	0	4	0	0	0	0	3.00	3.00

IMPACT ON YOUR BANK'S MARGINS ON RISKIER LOANS

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	92	1	0	5	1	0	0	0	2.99	3.00
B) Pressure from competition												
Pressure from competition	0	0	94	1	0	5	0	-1	0	0	2.99	3.01
C) Perception of risk												
Perception of risk	0	0	95	0	0	5	0	0	0	0	3.00	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	95	0	0	5	0	0	0	0	3.00	3.00

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

Question 17

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jan 17	Apr 17	Jan 17	Apr 17
Decreased considerably	0	0	0	0
Decreased somewhat	11	4	8	5
Remained basically unchanged	82	93	91	94
Increased somewhat	7	2	1	1
Increased considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***-4***	***-2***	***-7***	***-5***
Diffusion index	***-2***	***-1***	***-3***	***-2***
Mean	*2.96*	*2.98*	*2.93*	*2.95*
Number of banks responding	***126***	***127***	***129***	***129***

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

Question 18

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jan 17	Apr 17	Jan 17	Apr 17
Decreased considerably	0	1	0	0
Decreased somewhat	5	10	4	4
Remained basically unchanged	53	55	77	77
Increased somewhat	39	33	19	18
Increased considerably	2	1	0	1
Total	*100*	*100*	*100*	*100*
Net percentage	***36***	***24***	***15***	***15***
Diffusion index	***19***	***12***	***7***	***8***
Mean	*3.37*	*3.24*	*3.15*	*3.16*
Number of banks responding	***129***	***128***	***132***	***130***

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

Question 19

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 17	Apr 17	Jan 17	Apr 17	Jan 17	Apr 17
A) Financing needs/underlying drivers or purpose of loan demand												
Housing market prospects, including expected house price developments	0	2	68	24	0	6	34	23	17	11	3.35	3.24
Consumer confidence	0	0	82	12	0	6	21	13	11	6	3.22	3.14
General level of interest rates	0	0	62	31	1	6	35	33	22	17	3.44	3.36
Debt refinancing/restructuring and renegotiation	0	0	83	11	0	6	12	10	6	5	3.12	3.10
Regulatory and fiscal regime of housing markets	0	1	92	1	0	6	-3	-1	-1	0	2.97	2.99
B) Use of alternative sources for housing finance												
Internal finance of house purchase out of savings/down payment	0	4	88	1	0	7	2	-3	1	-2	3.02	2.96
Loans from other banks	0	8	84	0	0	8	-3	-8	-1	-4	2.97	2.91
Other sources of external finance	0	0	92	0	0	8	0	0	0	0	3.00	3.00

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

Question 20

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP Jan 17	NetP Apr 17	DI Jan 17	DI Apr 17	Mean Jan 17	Mean Apr 17
A) Financing needs/underlying drivers or purpose of loan demand												
Spending on durable consumer goods	0	1	79	16	1	3	17	15	8	8	3.17	3.17
Consumer confidence	0	0	85	12	0	3	13	12	6	6	3.13	3.12
General level of interest rates	0	0	84	13	0	3	30	13	15	6	3.30	3.13
Consumption expenditure financed through real-estate guaranteed loans	0	0	85	0	0	14	-2	0	-1	0	2.97	3.00
B) Use of alternative finance												
Internal finance out of savings	0	4	91	1	0	4	0	-3	0	-2	3.00	2.97
Loans from other banks	1	3	92	0	0	4	-3	-3	-2	-2	2.96	2.96
Other sources of external finance	0	0	95	0	0	5	-1	0	0	0	2.99	3.00

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

Question 21

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

(in percentages, unless otherwise stated)

	Loans for house purchase Jan 17	Loans for house purchase Apr 17	Consumer credit and other lending Jan 17	Consumer credit and other lending Apr 17
Tighten considerably	0	0	0	0
Tighten somewhat	2	3	1	0
Remain basically unchanged	88	95	93	100
Ease somewhat	10	3	6	0
Ease considerably	1	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***-8***	***0***	***-5***	***0***
Diffusion index	***-4***	***0***	***-3***	***0***
Mean	*3.09*	*3.00*	*3.05*	*3.00*
Number of banks responding	***128***	***128***	***129***	***129***

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

Question 22

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jan 17	Apr 17	Jan 17	Apr 17
Decrease considerably	0	0	0	0
Decrease somewhat	1	4	0	1
Remain basically unchanged	77	73	84	85
Increase somewhat	22	23	16	14
Increase considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***21***	***19***	***16***	***14***
Diffusion index	***10***	***9***	***8***	***7***
Mean	*3.21*	*3.19*	*3.16*	*3.14*
Number of banks responding	***128***	***128***	***131***	***130***

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

Annex 2
Results for the ad hoc questions

Question A1

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

(in percentages, unless otherwise stated)

	Over the past three months								Over the next three months								N/A[2]
	--	-	○	+	++	NetP	Mean	Standard deviation	--	-	○	+	++	NetP	Mean	Standard deviation	
A) Retail funding																	
Short-term deposits (up to one year)	0	8	78	14	0	-6	3.06	0.50	0	4	87	10	0	-6	3.06	0.39	5
Long-term (more than one year) deposits and other retail funding instruments	2	13	82	2	0	13	2.85	0.49	0	8	88	4	0	3	2.97	0.37	4
B) Inter-bank unsecured money market																	
Very short-term money market (up to 1 week)	0	0	95	5	0	-5	3.05	0.23	0	0	98	2	0	-2	3.02	0.14	4
Short-term money market (more than 1 week)	0	0	93	7	0	-6	3.06	0.27	0	0	98	2	0	-2	3.02	0.14	3
C) Wholesale debt securities[3]																	
Short-term debt securities (e.g. certificates of deposit or commercial paper)	0	5	86	9	0	-4	3.04	0.40	0	0	95	5	0	-5	3.05	0.22	19
Medium to long term debt securities (incl. covered bonds)	0	4	78	16	2	-14	3.16	0.53	0	3	89	8	0	-5	3.05	0.35	8
D) Securitisation[4]																	
Securitisation of corporate loans	0	1	94	5	0	-5	3.06	0.26	0	0	99	0	0	0	3.00	0.10	41
Securitisation of loans for house purchase	0	1	86	2	12	-13	3.24	0.71	0	0	99	1	0	-1	3.01	0.10	43
E) Ability to transfer credit risk off balance sheet[5]																	
Ability to transfer credit risk off balance sheet	0	7	92	1	0	5	2.95	0.33	0	3	95	1	0	2	2.98	0.24	41

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

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

Question A2

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

(in percentages, unless otherwise stated)

	Over the past six months									Over the next six months								
	--	-	○	+	++	N/A (1)	NetP	Mean	Standard deviation	--	-	○	+	++	N/A (1)	NetP	Mean	Standard deviation
A) Your bank's total assets																		
Your bank's total assets (non-risk weighted volume)	0	10	74	16	0	6	7	3	1	0	9	80	10	0	6	1	3	0
of which:																		
euro area sovereign bond holdings	7	15	72	5	0	11	-18	3	1	7	14	74	5	0	11	-17	3	1
B) Your bank's liquidity position																		
Your bank's overall liquidity position	0	0	79	20	0	7	21	3	0	0	0	87	11	2	7	13	3	0
owing to:																		
sales of marketable assets	0	3	91	5	1	24	3	3	0	0	2	94	3	1	24	2	3	0
an increase in deposits from enterprises(2) and households	0	0	66	34	1	18	34	3	1	0	0	75	25	0	18	25	3	0
C) Your bank's market financing conditions																		
Your bank's overall market financing conditions	0	0	57	43	0	13	43	3	1	0	0	73	25	2	14	27	3	1
of which financing via:																		
asset-backed securities	0	0	93	7	0	41	7	3	0	0	0	96	4	0	41	4	3	0
covered bonds	0	3	61	25	10	24	32	3	1	0	1	72	18	9	22	26	3	1
unsecured bank bonds	0	0	86	14	0	25	14	3	0	0	0	95	5	0	30	5	3	0
equity issued	0	0	99	1	0	48	1	3	0	0	0	98	2	0	47	2	3	0
D) Your bank's profitability																		
Your bank's overall profitability	2	37	54	7	0	12	-32	3	1	2	32	58	7	0	12	-28	3	1
owing to:																		
net interest margin(3)	6	34	53	6	0	13	-35	3	1	6	33	56	5	0	13	-33	3	1
capital gains/losses	1	1	88	10	0	16	7	3	0	0	2	91	7	0	16	4	3	0
of which: capital gains/losses out of sales of marketable assets	1	0	88	11	0	23	9	3	0	0	1	92	7	0	23	5	3	0
E) Your bank's capital position																		
Your bank's capital ratio(4)	0	5	93	2	0	12	-3	3	0	0	3	94	3	0	12	0	3	0
owing to capital release(5)			100	0	0	34						99	1	0	34			
Your bank's leverage ratio(6)	0	2	95	2	0	13	0	3	0	0	0	97	3	0	13	3	3	0

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

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

Question A3

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

(in percentages, unless otherwise stated)

	Over the past six months						Over the next six months					
	Has contributed considerably to this purpose	Has contributed somewhat to this purpose	Has had basically no impact	N/A 1)	Mean	Standard deviation	Will contribute considerably to this purpose	Will contribute somewhat to this purpose	Will basically have no impact	N/A 1)	Mean	Standard deviation
A) Increased liquidity resulting from your bank’s sales of marketable assets												
For refinancing:												
For substituting deposit shortfalls	0	0	91	52	3.00	0.10	0	0	91	51	3.00	0.12
For substituting maturing debt	0	16	75	50	3.16	0.42	1	15	75	50	3.17	0.45
For substituting interbank lending	0	12	79	50	3.11	0.40	0	13	79	50	3.12	0.41
For substituting Eurosystem liquidity operations	1	4	87	50	3.05	0.31	0	4	87	50	3.04	0.28
For granting loans:												
Loans to non-financial corporations	2	17	72	49	3.21	0.54	2	14	74	49	3.19	0.53
Loans to households for house purchase	2	11	78	52	3.16	0.49	2	11	78	51	3.16	0.49
Consumer credit and other lending to households	2	14	75	51	3.18	0.52	2	13	76	50	3.17	0.51
For purchasing assets:												
Euro area marketable assets, excluding sovereign bonds	2	7	82	50	3.11	0.46	2	9	80	50	3.13	0.48
Non-euro area marketable assets	0	10	82	50	3.09	0.37	0	11	80	50	3.11	0.40
B) Increased liquidity owing to an increase in customer deposits from enterprises(2) and households												
For refinancing:												
For substituting maturing debt	0	13	78	40	3.13	0.39	1	16	74	41	3.17	0.44
For substituting interbank lending	0	19	72	41	3.19	0.47	0	22	69	42	3.21	0.48
For substituting Eurosystem liquidity operations	0	8	83	44	3.08	0.35	0	11	81	44	3.10	0.37
For granting loans:												
Loans to non-financial corporations	12	30	50	41	3.52	0.78	13	29	50	42	3.54	0.79
Loans to households for house purchase	12	28	52	41	3.51	0.78	12	26	53	42	3.50	0.78
Consumer credit and other lending to households	12	26	53	40	3.50	0.79	12	27	53	41	3.50	0.79
For purchasing assets:												
Euro area marketable assets, excluding sovereign bonds	1	8	82	42	3.09	0.39	1	7	83	43	3.08	0.37
Non-euro area marketable assets	0	4	87	46	3.04	0.27	0	2	89	47	3.02	0.21

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

Question A4

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

(in percentages, unless otherwise stated)

	Over the past six months									Over the next six months								
	--	-	o	+	++	N/A (1)	NetP	Mean	Standard deviation	--	-	o	+	++	N/A (1)	NetP	Mean	Standard deviation
A) Credit standards																		
For loans to enterprises	0	0	95	5	0	13	-5	3	0	0	0	95	5	0	13	-5	3	0
For loans to households for house purchase	0	0	99	1	0	17	-1	3	0	0	0	98	2	0	17	-2	3	0
For consumer credit and other lending to households	0	0	99	1	0	15	-1	3	0	0	0	97	3	0	15	-3	3	0
B) Terms and conditions																		
For loans to enterprises	0	1	84	15	0	13	-14	3	0	0	1	86	11	1	13	-12	3	0
For loans to households for house purchase	0	1	90	9	0	17	-8	3	0	0	0	91	8	0	17	-8	3	0
For consumer credit and other lending to households	0	0	90	10	0	15	-10	3	0	0	0	90	9	1	15	-10	3	0

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

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

Question A5

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

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

over the past or next six months?

(in percentages, unless otherwise stated)

	Over the past six months									Over the next six months								
	--	-	°	+	++	N/A[(2)]	NetP	Mean	Standard deviation	--	-	°	+	++	N/A[(2)]	NetP	Mean	Standard deviation
Impact on your bank's net interest income																		
Impact on your bank's net interest income[(3)]	30	55	14	0	0		-85	2	1	29	54	17	0	0		-83	2	1
Loans to enterprises																		
Impact on your bank's lending rates	9	43	42	6	0	7	-45	2	1	5	30	58	7	0	7	-28	3	1
Impact on your bank's loan margin[(4)]	4	31	58	8	0	7	-27	3	1	4	20	69	7	0	7	-17	3	1
Impact on your bank's non-interest rate charges	1	2	90	7	0	8	4	3	0	1	0	92	7	0	8	7	3	0
Impact on your bank's lending volume	1	0	81	18	0	7	16	3	0	1	1	80	19	0	7	17	3	0
Loans to households for house purchase																		
Impact on your bank's lending rates	8	35	52	4	0	12	-39	3	1	6	26	64	4	0	12	-27	3	1
Impact on your bank's loan margin[(4)]	2	31	61	6	0	12	-28	3	1	2	24	68	6	0	12	-20	3	1
Impact on your bank's non-interest rate charges	0	1	94	3	1	14	3	3	0	0	1	94	4	1	14	3	3	0
Impact on your bank's lending volume	0	3	72	25	0	12	23	3	1	0	3	76	19	2	12	19	3	1
Consumer credit and other lending to households																		
Impact on your bank's lending rates	9	26	62	3	0	10	-33	3	1	5	21	71	3	0	10	-24	3	1
Impact on your bank's loan margin[(4)]	2	17	74	6	0	10	-14	3	1	2	14	77	6	0	10	-11	3	1
Impact on your bank's non-interest rate charges	0	1	93	6	0	12	5	3	0	0	1	93	6	0	12	5	3	0
Impact on your bank's lending volume	0	1	84	14	0	10	13	3	0	0	1	87	10	2	10	11	3	0

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

Question A6

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

(in percentages unless otherwise stated)

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

	Loans to enterprises			Loans to households	
	Overall loans to enterprises	Loans to small and medium-sized	Loans to large enterprises	For house purchase	Consumer credit and other lending
Considerably tighter than the midpoint of the range	12	12	14	17	12
Moderately tighter than the midpoint of the range	33	35	30	28	25
Basically identical to the midpoint of the range	32	33	38	35	38
Moderately looser than the midpoint of the range	10	10	6	5	12
Considerably looser than the midpoint of the range	1	0	2	2	2
At the tightest level during this period	3	3	4	3	3
Levels have remained constant during this period	6	6	5	8	9
At the loosest level during this period	1	1	2	1	0

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

	Loans to enterprises			Loans to households	
	Overall loans to enterprises	Loans to small and medium-sized	Loans to large enterprises	For house purchase	Consumer credit and other lending
Considerably tighter than the midpoint of the range	3	3	4	9	4
Moderately tighter than the midpoint of the range	26	24	24	24	20
Basically identical to the midpoint of the range	29	32	30	31	34
Moderately looser than the midpoint of the range	26	25	26	22	23
Considerably looser than the midpoint of the range	6	6	6	1	7
At the tightest level during this period	2	2	3	4	3
Levels have remained constant during this period	7	7	6	8	10
At the loosest level during this period	2	1	2	1	0

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

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