EUROPEAN CENTRAL BANK

EUROSYSTEM

The euro area bank lending survey

First quarter of 2018

April 2018

Contents

Introduction

The results reported in the April 2018 bank lending survey (BLS) relate to changes during the first quarter of 2018 and expectations for the second quarter of 2018. The survey was conducted between 15 March and 3 April 2018. In this round, the sample size of the survey was expanded from 143 to 149 banks, reflecting increases in a number of euro area countries with a view to making the sample even more representative. The response rate was 100%. In addition to the results for the euro area as a whole, the report contains the results for the five largest euro area countries.[1]

With the publication of the April 2018 BLS results, the aggregation of the BLS data across countries and questions has been improved and harmonised further (see Box 1). The enhanced aggregation method has been applied to all euro area and national BLS results in the current BLS questionnaire, including back data. This has led to small revisions overall for the standard BLS questions, while there have been larger revisions for some ad hoc questions.[2]

A number of ad hoc questions were included in the April 2018 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 asset purchase programme, 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.

2 For all questions, the net percentage is determined on the basis of all participating banks that have business in or exposure to the respective loan categories (i.e. they are included in the denominator when calculating the net percentage). This means that banks that specialise in certain loan categories (e.g. they only grant loans to enterprises) are only incorporated in the aggregation for these categories. All other participating banks are included in the aggregation of all questions, even if a bank replies that a question is "not applicable" ("NA").

1 Overview of the results

According to the April 2018 bank lending survey (BLS), credit standards eased considerably for loans to enterprises and housing loans in the first quarter of 2018, and demand increased across all loan categories, thereby continuing to support lending growth.

Credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans to enterprises eased considerably in the first quarter of 2018 (net percentage of reporting banks at -8%, after 0% in the previous quarter; see Table A), exceeding expectations reported in the previous survey round. In addition, credit standards on loans to households for house purchase eased further (net percentage of reporting banks at -11%, after -6% in the previous quarter), broadly in line with expectations in the previous survey round. Credit standards on consumer credit and other lending to households eased somewhat (-3%, after -1%), recording a decline that was less than had been anticipated in the previous round. For the second quarter of 2018, banks expect a net easing of credit standards in the three loan categories (loans to enterprises: -2%, housing loans: -12%, consumer credit: -8%).

For loans to enterprises, competitive pressure and risk perceptions were the main factors having an easing impact on credit standards in the first quarter of 2018, while banks' risk tolerance contributed slightly to the net easing. In addition, banks' cost of funds and balance sheet constraints had a broadly neutral impact. For loans to households for house purchase and for consumer credit and other lending to households, increased competition, lower risk perceptions and banks' risk tolerance contributed to an easing, while banks' cost of funds and balance sheet constraints had a broadly neutral impact.

Banks' overall terms and conditions (i.e. banks' actual terms and conditions agreed in the loan contract) on new loans continued to ease across all loan categories in the first quarter of 2018, driven mainly by a narrowing of margins on average loans (defined as spread over relevant market reference rates).

The net percentage share of rejected loan applications remained broadly unchanged for loans to enterprises and housing loans, while decreasing further for consumer credit and other lending to households.

Net demand for loans to enterprises continued to increase in the first quarter of 2018 (15%, after 21% in the previous quarter; see Table A), broadly in line with expectations in the previous survey round. Banks expect net demand to increase further in the second quarter of 2018 (22%). Net demand continued to increase for both housing loans (5%, after 8%) and consumer credit and other lending to households (14%, after 11%). For the second quarter of 2018, banks expect an ongoing increase in net demand for housing loans (18%) and consumer credit (22%).

The net increase in demand for loans to enterprises was mainly driven by fixed investment, M&A activity and the general level of interest rates. Net demand for housing loans continued to be driven mainly by the low general level of interest rates, consumer confidence and favourable housing market prospects, although the positive contribution of housing market prospects declined. Finally, spending on durable goods, consumer confidence and the low general level of interest rates continued to contribute positively to net demand for consumer credit and other lending to households in the first quarter of 2018.

Across the large euro area countries, credit standards on loans to enterprises eased in Germany, France and Italy in the first quarter of 2018, while remaining unchanged in Spain and the Netherlands (see Table A).Banks eased their credit standards for housing loans in all the major countries. In addition, net demand for loans to enterprises increased in Germany, Italy and the Netherlands in the first quarter of 2018, while remaining unchanged in Spain and France. Net demand for housing loans increased in all the major countries except for France, where it declined.

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	17Q4	18Q1	AVG	17Q4	18Q1	AVG	17Q4	18Q1	AVG	17Q4	18Q1	AVG	17Q4	18Q1	AVG	17Q4	18Q1	AVG
Euro area	0	-8	10	21	15	-2	-6	-11	6	8	5	4	-1	-3	5	11	14	0
Germany	-3	-3	4	9	9	4	-7	-7	2	0	14	8	0	-9	0	3	9	9
Spain	0	0	10	0	0	-3	-11	-11	16	11	22	-10	-10	-10	7	10	20	-8
France	0	-18	7	22	0	-11	-2	-14	2	-21	-40	9	0	-2	-1	0	9	-1
Italy	10	-20	15	50	30	4	0	-10	1	10	10	15	0	0	7	20	40	14
Netherlands	0	0	10	29	28	-2	-36	-51	15	47	33	-2	0	0	13	34	0	-17

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 2018 BLS also included a number of ad hoc questions. Regarding access to funding, euro area banks reported in net terms that access to retail funding remained broadly unchanged in the first quarter of 2018. In terms of wholesale funding, access to money markets and debt securities issuance also remained broadly unchanged, according to the banks, while access to securitisation improved slightly in the first quarter of 2018.

With respect to the impact of the ECB's asset purchase programme (APP), euro area BLS banks reported a positive impact on their assets, liquidity position and market financing conditions over the past six months, and a negative impact on their profitability due to lower net interest margins. The APP continued to have a net easing impact on terms and conditions, which was stronger than for credit standards, and had a positive impact on lending volumes across loan categories.

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

Finally, regarding the current level of credit standards, euro area banks continued to consider their current level of credit standards to be tighter across all loan categories compared with the historical range of credit standards since 2003. At the same time, euro area banks assessed their current level of credit standards on loans to enterprises and on consumer credit and other lending to households to be broadly comparable with the shorter range of credit standards since the second quarter of 2010, while the level of credit standards for housing loans continued to be viewed as somewhat tighter compared with the range since 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 149 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 Eurosystem's knowledge of bank lending conditions in the euro area.[3]

BLS questionnaire

The BLS contains 22 standard questions on past and expected developments: 18 backward-looking and four forward-looking questions. In addition, it contains one open-ended question. The questions focus on developments in loans to euro area residents (i.e. domestic and euro area cross-border loans) and 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, loan 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 or expectations of changes over the next three months. Survey participants are asked to indicate changes on a five-point scale, indicating in a qualitative way the strength of a tightening or easing or the strength of a decrease or increase: (1) tightened/decreased considerably, (2) tightened/decreased somewhat, (3) basically unchanged, (4) eased/increased somewhat, or (5) eased/increased considerably.

In addition to the standard questions, the BLS questionnaire may contain ad hoc questions on specific topics of interest. Compared with the standard questions, the ad hoc questions tend to refer to changes over a longer period of time (e.g. over the past and next six months).

Aggregation of banks' replies to national and euro area BLS results

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 be aggregated to national BLS results either by applying an equal weight to the sample banks[4] or, alternatively, by applying a weighting scheme based on the amounts outstanding of loans to non-financial corporations and households of the individual banks

[3] 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.

[4] In this case, the selected sample banks are generally of similar size or their lending behaviour is typical for a larger group of banks.

in the respective national samples. Specifically, for France, Malta, the Netherlands and Slovakia, an explicit weighting scheme is applied.

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 a weighting scheme based on the national shares in the amounts outstanding of loans to euro area non-financial corporations and households.

BLS indicators

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. For all questions, the net percentage is determined based on all participating banks that have business in or exposure to the respective loan categories (i.e. they are included in the denominator when calculating the net percentage). This means that banks that are specialised in certain loan categories (e.g. they only grant loans to enterprises) are only considered in the aggregation for these categories. All other participating banks are included in the aggregation of all questions, even if a bank replies that a question is "not applicable" ("NA"). This harmonised aggregation method has been introduced by the Eurosystem in the April 2018 BLS. It has been applied to all euro area and national BLS results in the current BLS questionnaire, including back data.[5] For the standard BLS questions this has led to small revisions overall, whereas there have been larger revisions for some ad hoc questions, owing to a higher number of "not applicable" replies by banks.

A positive net percentage indicates that a larger proportion of banks has tightened credit standards ("net tightening"), whereas a negative net percentage indicates that a larger proportion of banks has eased credit standards ("net easing"). Likewise, the term "net demand" refers to the difference between the share of banks reporting an increase in loan demand (i.e. in bank loan financing needs) and the share of banks reporting a decline. Net demand will therefore be positive if a larger proportion of banks have reported an increase in loan demand, whereas negative net demand indicates that a larger proportion of banks have reported a decline in loan demand.

In the assessment of survey balances for the euro area, net percentages between -1 and +1 are generally referred to as "broadly unchanged". For the country results, net percentage changes are reported in a factual manner, as different sample sizes across countries imply that answers of a single bank have a different impact on the magnitude of the net percentage changes.

In addition to the "net percentage" indicator, the ECB also publishes an alternative measure of banks' responses to questions related to changes in credit standards and net demand. 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

[5] The non-harmonised historical data are different from the harmonised data mainly because of a heterogeneous treatment of "NA" replies and of specialised banks across questions and countries. Historical non-harmonised BLS data are published for discontinued BLS questions and ad hoc questions.

“considerably” are given a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The interpretation of the diffusion indices follows the same logic as the interpretation of net percentages.

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. In addition, BLS time series data are available on the ECB’s website via the ECB’s Statistical Data Warehouse (SDW).

A copy of the questionnaire, a glossary of BLS terms and a BLS user guide with information on the BLS series keys 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

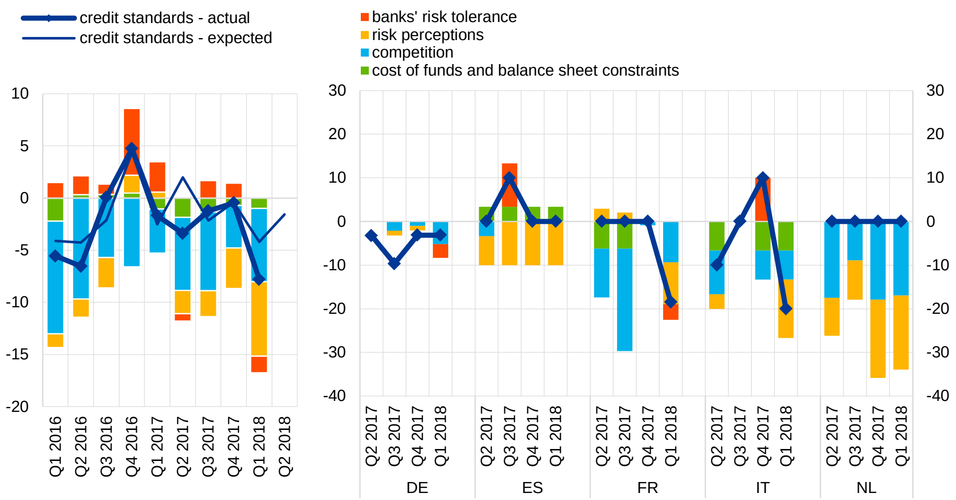
2.1.1 Credit standards for loans to enterprises eased considerably

Credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans to enterprises eased considerably in the first quarter of 2018 (at -8%, after 0% in the previous quarter; see Chart 1 and Table A). The net percentage remained considerably below the historical average since 2003, and the net easing was stronger than expected in the previous round. Across firm size, credit standards eased for loans to both small and medium-sized enterprises (SMEs; -8%) and large enterprises (-5%).

Chart 1

Changes in credit standards for 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" is the unweighted average of "costs related to capital position", "access to market financing" and "liquidity position"; "risk perceptions" is the 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 the unweighted average of "competition from other banks", "competition from non-banks" and "competition from market financing".

Banks reported that competitive pressure from other banks and risk perceptions regarding the general economic and industry or firm-specific situation and outlook were the main factors having an easing impact on credit standards in the first quarter of 2018, while banks' risk tolerance contributed only slightly to the net easing. The impact of banks' cost of funds and balance sheet constraints was broadly neutral (see Chart 1 and Table 1).[6]

Across the large euro area countries, credit standards on loans to enterprises eased in Germany, France and Italy in the first quarter of 2018, while remaining unchanged in Spain and the Netherlands. Competitive pressure contributed to an easing of credit standards in Germany, France, Italy and the Netherlands, while the contribution was neutral in Spain. Risk perceptions had an easing impact in Spain, France, Italy and the Netherlands and a neutral impact in Germany. As regards banks' cost of funds and balance sheet constraints, banks in Spain reported a tightening influence, while this factor contributed to an easing in Italy and had a neutral effect in the other large countries. Regarding banks' risk tolerance, banks in Germany and France reported some easing impact on credit standards, while banks in the other major euro area countries reported a neutral impact.

Looking ahead to the second quarter of 2018, euro area banks expect that credit standards on loans to enterprises will continue to ease (-2%).

Table 1

Factors contributing to the net tightening of credit standards for 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 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018
Euro area	-1	-1	-4	-7	-4	-7	1	-2
DE	0	0	-1	-5	-1	0	0	-3
ES	3	3	0	0	-10	-10	0	0
FR	0	0	-1	-9	0	-10	0	-4
IT	-7	-7	-7	-7	0	-13	10	0
NL	0	0	-18	-17	-18	-17	0	0

Note: See the notes to Chart 1.

2.1.2 Terms and conditions for loans to enterprises continued to improve

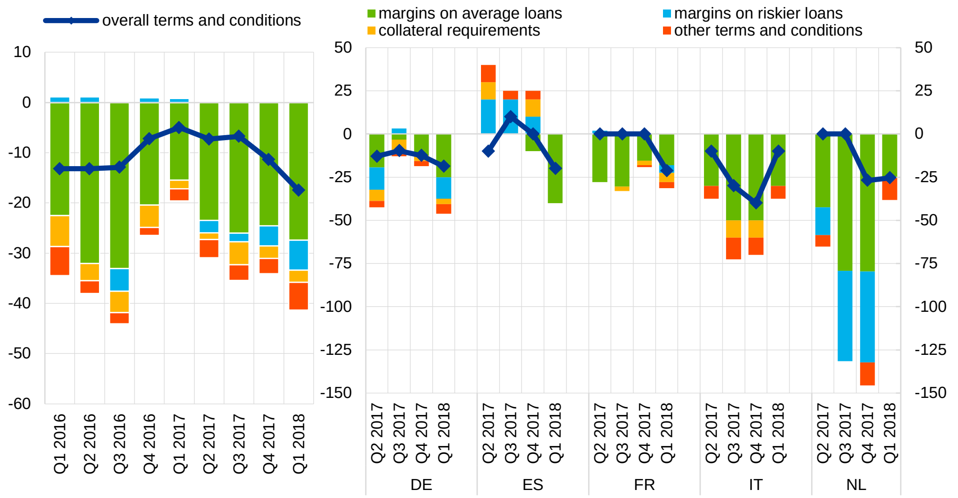
In the first quarter of 2018, overall terms and conditions that banks apply when granting new loans or credit lines (i.e. the actual terms and conditions agreed in the loan contract) to enterprises continued to ease (see Chart 2 and Table 2). The net easing was driven mainly by a further narrowing of margins on average loans to enterprises. Margins on riskier loans, as well as all other credit terms and conditions (like collateral requirements, non-interest charges, loan covenants, loan maturity and loan size), also contributed to the net easing of banks' credit terms and conditions for loans to enterprises, but to a lesser extent.

[6] The calculation of a simple average for aggregating some factors to main categories assumes that all factors have the same importance for the banks. This partly explains some inconsistencies 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” is the unweighted average of “non-interest rate charges”, “size of the loan or credit line”, “loan covenants” and “maturity”.

Across the largest euro area countries, overall terms and conditions on new loans or credit lines to enterprises eased in all countries. This was mainly owing to a further narrowing of margins on average loans. Margins on riskier loans narrowed in net terms in Germany and France, while remaining unchanged in the other large countries.

Table 2

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

(net percentages)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	**Q4 2017**	**Q1 2018**	**Q4 2017**	**Q1 2018**	**Q4 2017**	**Q1 2018**
Euro area	-11	-17	-25	-27	-4	-6
DE	-13	-19	-13	-25	0	-13
ES	0	-20	-10	-40	10	0
FR	0	-21	-16	-18	0	-5
IT	-40	-10	-50	-30	0	0
NL	-27	-25	-80	-25	-53	0

Note: See the notes to Chart 2.

Regarding the factors contributing to changes in overall credit terms and conditions, competitive pressure had a further strong easing impact. Banks’ risk perceptions and cost of funds and balance sheet constraints also had an easing impact, while banks’ risk tolerance had a broadly neutral impact (see Table 3).

Across the largest euro area countries, competitive pressure continued to be the dominant factor for easier terms and conditions in all countries except for the Netherlands. In addition, banks’ cost of funds and balance sheet situation contributed to easier terms and conditions in Germany, Spain and France, but had a tightening impact in Italy. By contrast, the impact of risk perceptions and banks' risk tolerance was neutral in most of the large euro area countries.

Table 3
Factors contributing to the net tightening of terms and conditions for loans or credit lines to enterprises

(net percentages)

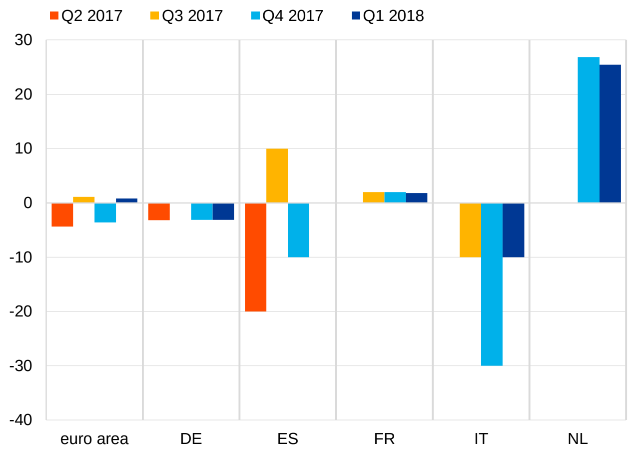
	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	**Q4 2017**	**Q1 2018**	**Q4 2017**	**Q1 2018**	**Q4 2017**	**Q1 2018**	**Q4 2017**	**Q1 2018**
Euro area	-2	-5	-28	-27	-3	-4	0	-1
DE	0	-9	-19	-22	0	0	0	0
ES	0	-10	-10	-30	0	0	0	0
FR	0	-2	-16	-22	0	0	0	-4
IT	-10	10	-70	-50	-20	-20	0	0
NL	0	0	-53	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.

2.1.3 Rejection rate for loans to enterprises remained broadly unchanged

Chart 3
Change in the share of rejected applications for loans to enterprises

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



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

The net percentage share of rejected loan applications (i.e. the difference between the sum of the percentages of banks reporting an increase and that of banks reporting a decline in the share of loan rejections) remained broadly unchanged for loans to euro area enterprises in the first quarter of 2018 (1%, after -4% in the previous quarter; see Chart 3).

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

2.1.4 Increase in net demand for loans to enterprises

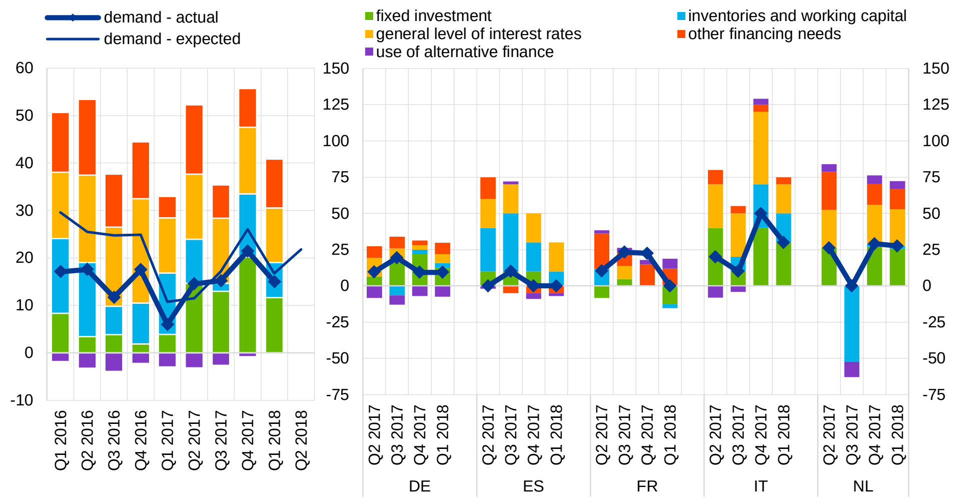
Net demand for loans to enterprises continued to increase in the first quarter of 2018 (net percentage of 15%, after 21% in the previous quarter; see Chart 4 and Table A). This was above the historical average and broadly in line with banks' expectations reported in the previous round. Demand increased for loans to both SMEs and large enterprises.

Across the large euro area countries, net demand for loans to enterprises increased in Germany, Italy and the Netherlands, while remaining unchanged in Spain and 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" is the unweighted average of "M&A and corporate restructuring" and "debt refinancing/restructuring and renegotiation"; "use of alternative finance" is the unweighted average of "internal financing", "loans from other banks", "loans from non-banks", "issuance/redemption of debt securities" and "issuance/redemption of equity".

The net increase in demand for loans to enterprises was mainly driven by fixed investment, M&A activity (included in "other financing needs"; see Chart 4) and the general level of interest rates. Inventories and working capital, and debt refinancing/restructuring leading to an increase or prolongation of the amount borrowed (included in "other financing needs") also continued to have a positive, albeit smaller impact on demand. While enterprises' internal financing (included in "use of alternative finance") dampened loan demand, their issuance/redemption of debt securities and loans from other banks made a positive contribution to demand, according to reporting banks.[7]

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

Table 4

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

(net percentages)

	Fixed investment		Inventories and working capital		Other financing needs		General level of interest rates		Use of alternative finance	
Country	Q4 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018
Euro area	20	12	13	7	8	10	14	12	-1	0
DE	22	13	3	3	3	8	3	6	-7	-8
ES	10	0	20	10	-5	-5	20	20	-4	-2
FR	0	-13	0	-3	15	12	0	0	3	7
IT	40	30	30	20	5	5	50	20	4	0
NL	27	25	2	2	15	14	27	25	6	6

Note: See the notes to Chart 4.

Across the large euro area countries, banks in Germany, Italy and the Netherlands reported fixed investment making a positive contribution to loan demand. In addition, M&A activity, inventories and working capital, and the low general level of interest rates supported loan demand in most major euro area countries. Finally, the use of alternative finance had a dampening impact on loan demand in Germany and Spain, while France and the Netherlands reported a positive impact.

For the second quarter of 2018, banks expect a further increase in loan demand from enterprises (22%).

2.2 Loans to households for house purchase

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

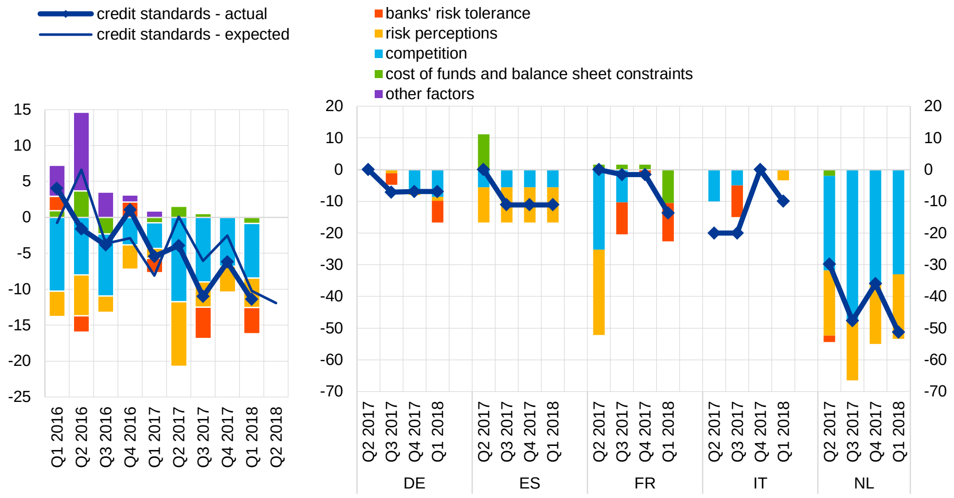
Credit standards for loans to households for house purchase eased further in the first quarter of 2018 (-11%, after -6% in the previous quarter; see Chart 5 and Table A), broadly in line with expectations in the previous survey round. The net percentage is considerably below the historical average since 2003.

Across the large euro area countries, banks in all countries eased their credit standards on housing loans.

Chart 5

Changes in credit standards for 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” is the unweighted average of “general economic situation and outlook”, “housing market prospects including expected house price developments” and “borrower’s creditworthiness”; “competition” is the unweighted average of “competition from other banks” and “competition from non-banks”.
“Other factors” are provided by banks when none of the above factors are applicable. They are shown as memo items and refer here, in particular, to changes in the regulation and legislation of housing markets.

Competitive pressure from other banks and non-banks, lower risk perceptions mainly related to the economic situation and outlook, and borrower’s creditworthiness, as well as banks’ risk tolerance contributed to the net easing of credit standards on housing loans. By contrast, the impact of banks’ cost of funds and balance sheet constraints was broadly neutral (see Chart 5 and Table 5).

Across the large euro area countries, the easing impact of competitive pressure and risk perceptions was widespread, whereas banks’ risk tolerance only had an easing impact on credit standards in Germany and France. Banks’ cost of funds and balance sheet constraints had mostly a neutral impact on credit standards, except for France where they contributed to an easing.

Table 5

Factors contributing to the net tightening of credit standards for 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 2017**	**Q1 2018**	**Q4 2017**	**Q1 2018**	**Q4 2017**	**Q1 2018**	**Q4 2017**	**Q1 2018**
Euro area	0	-1	-7	-8	-4	-4	0	-4
DE	0	0	-7	-9	-1	-1	0	-7
ES	0	0	-6	-6	-11	-11	0	0
FR	2	-11	0	0	0	0	-2	-12
IT	0	0	0	0	0	-3	0	0
NL	0	0	-36	-33	-19	-20	0	0

Note: See the notes to Chart 5.

Looking ahead, euro area banks expect that credit standards for housing loans will continue to ease (-12%) in the second quarter of 2018.

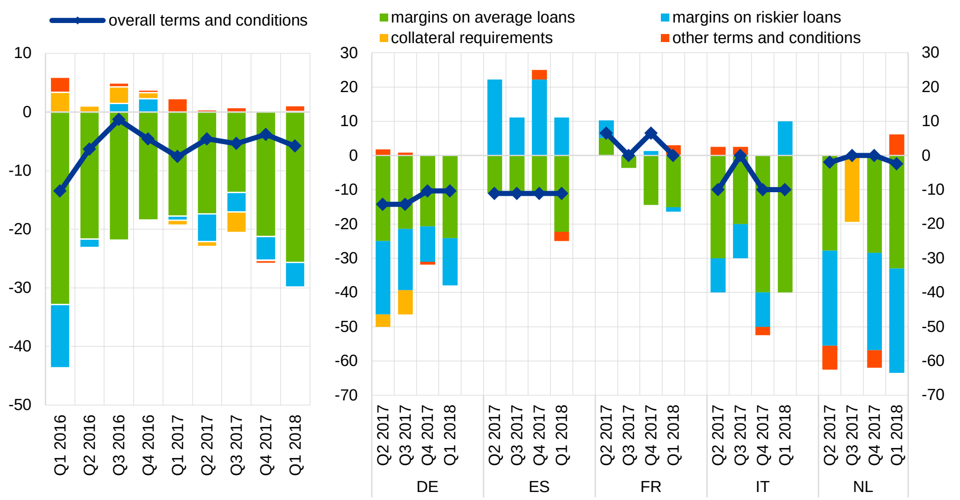
2.2.2 Terms and conditions for loans to households for house purchase continued to ease

Banks' overall terms and conditions for new loans to households for house purchase continued to ease in the first quarter of 2018 (see Chart 6 and Table 6). This development was driven by narrower margins on average loans and, to a lesser extent, narrower margins on riskier loans. By contrast, loan-to-value ratios (included in "other terms and conditions", see Chart 6 and Table 6) contributed to a tightening of banks' credit terms and conditions. Most other terms and conditions (like collateral requirements, loan maturity and non-interest rate charges) remained broadly unchanged at the euro area level in the first quarter of 2018.

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" is the unweighted average of "loan-to-value ratio", "other loan size limits", "non-interest rate charges" and "maturity".

Banks in the large euro area countries, except for France, reported a net easing of overall terms and conditions. In addition, banks in all the large countries reported a narrowing of margins on average loans. Margins on riskier loans narrowed in net terms in Germany and the Netherlands, widened in Spain and Italy and remained broadly unchanged in France.

Table 6

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

(net percentages)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	Q4 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018
Euro area	-4	-6	-21	-26	-4	-4
DE	-10	-10	-21	-24	-10	-14
ES	-11	-11	-11	-22	22	11
FR	7	0	-14	-15	1	-1
IT	-10	-10	-40	-40	-10	10
NL	0	-2	-28	-33	-28	-31

Note: See the notes to Chart 6.

Competitive pressure and, to a lesser extent, banks' cost of funds and balance sheet constraints, and risk perceptions 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. In addition, banks' cost of funds and balance sheet constraints contributed to an easing in most countries, whereas risk perceptions and banks' risk tolerance had mostly a neutral impact.

Table 7

Factors contributing to the net tightening of terms and conditions for 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 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018
Euro area	1	-5	-17	-22	-3	-3	1	0
DE	3	-3	-17	-14	0	-3	0	-3
ES	-11	-22	-11	-11	0	0	0	0
FR	7	-1	-2	-14	0	0	0	0
IT	0	-10	-40	-50	0	0	0	0
NL	0	0	-28	-33	-28	-31	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 remained unchanged

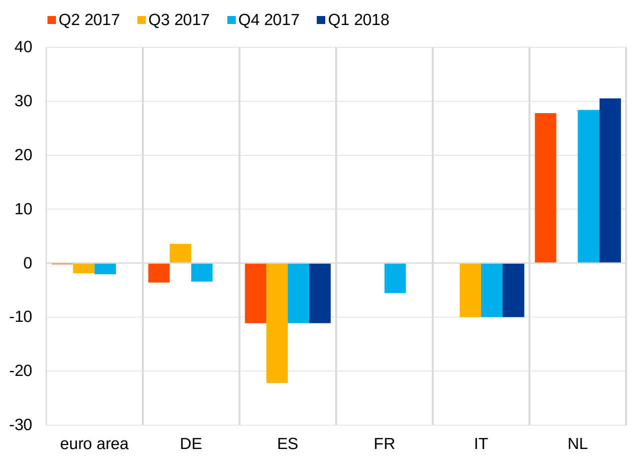
According to euro area banks, the net share of rejected applications for loans to households for house purchase remained unchanged in the first quarter of 2018 (0%, after -2% in the previous survey round; see Chart 7).

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

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.

2.2.4 Net demand for housing loans continued to increase

In the first quarter of 2018, banks continued to report a net increase in demand for housing loans (5%, after 8% in the previous quarter; see Chart 8 and Table A), which was lower than expected by banks in the previous survey round and around the historical average for housing loan demand.

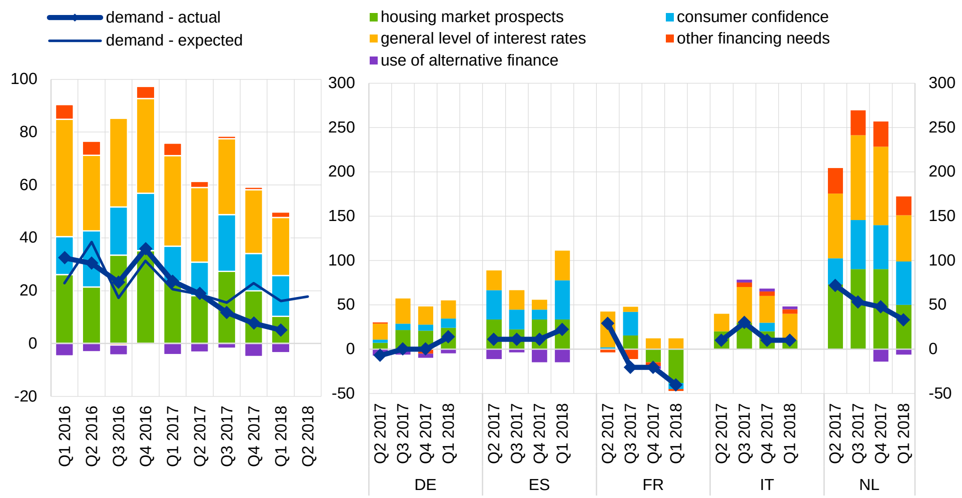
Of the large euro area countries, net demand increased in all the countries except for France, where it declined.

Net demand for housing loans continued to be driven mainly by the low general level of interest rates, consumer confidence and favourable housing market prospects, although the positive contribution of housing market prospects declined (see Chart 8 and Table 8). The use of alternative sources of finance had a slightly dampening effect on demand, driven by households' internal funds and loans from other banks.

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" is the unweighted average of "debt refinancing/restructuring and renegotiation" and "regulatory and fiscal regime of housing markets"; "use of alternative finance" is the unweighted average of "internal financing out of savings/down payment", "loans from other banks" and "other sources of external finance".

Across all the large euro area countries, the general level of interest rates continued to have a substantially positive effect on demand for housing loans. Housing market prospects had a positive impact on demand in all the large countries except for France as did consumer confidence except in France and Italy. The contribution of other financing needs was positive in the Netherlands and, to a lesser extent, Italy, owing to a favourable regulatory and fiscal regime for housing loans. In the Netherlands, banks also indicated that debt refinancing/restructuring had a positive impact on demand. The use of alternative finance had a dampening contribution to housing loan demand in Germany, Spain and the Netherlands.

Table 8

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

(net percentages)

	Housing market prospects		Consumer confidence		Other financing needs		General level of interest rates		Use of alternative finance	
Country	Q4 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018
Euro area	20	10	14	15	1	2	24	22	-5	-3
DE	21	24	7	10	-5	0	21	21	-5	-5
ES	33	33	11	44	0	0	11	33	-15	-15
FR	-15	-38	0	-7	-4	-2	12	12	-3	0
IT	20	10	10	0	5	5	30	30	3	3
NL	90	50	50	49	28	21	88	52	-14	-6

Note: See the notes to Chart 8.

For the second quarter of 2018, euro area banks expect an ongoing increase in net demand for housing loans (18%).

2.3 Consumer credit and other lending to households

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

Credit standards for consumer credit and other lending to households eased somewhat in the first quarter of 2018 (-3%, after -1% in the previous quarter; see Chart 9 and Table A). The net percentage was lower than the historical average, but the net easing was smaller than had been anticipated in the previous quarter.

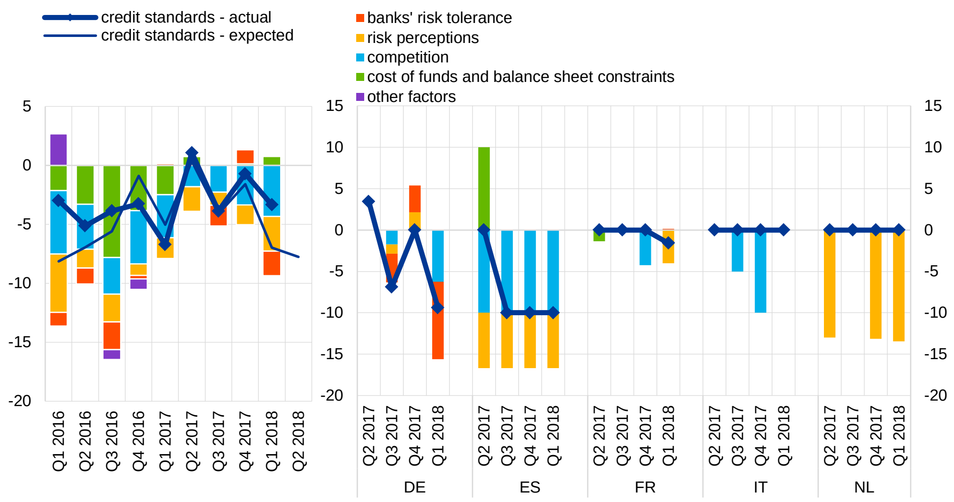
Among the large euro area countries, credit standards on consumer credit and other lending to households eased in Germany, Spain and France, whereas they remained unchanged in Italy and the Netherlands.

According to euro area banks, competitive pressure from other banks and non-banks, lower risk perceptions regarding the general economic situation and outlook, and borrower’s creditworthiness, as well as banks’ risk tolerance had an easing impact on credit standards, while banks’ costs of funds and balance sheet constraints had a broadly neutral impact (see Chart 9 and Table 9).

Chart 9

Changes in credit standards for 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" is the unweighted average of "general economic situation and outlook", "creditworthiness of consumers" and "risk on collateral demanded"; "competition" is the unweighted average of "competition from other banks" and "competition from non-banks".
"Other factors" are provided by banks when none of the above factors are applicable. They are shown as memo items and refer here, in particular, to changes in regulation and legislation.

Across the large euro area countries, risk perceptions contributed to an easing of credit standards in Spain, France and the Netherlands. In Germany and Spain, banks mentioned competition as a factor contributing to an easing of credit standards, while banks' risk tolerance had an easing impact in Germany only. Finally, there was no reported impact of cost of funds and balance sheet constraints on credit standards across the major euro area countries.

Looking ahead to the second quarter of 2018, euro area banks expect a further net easing of credit standards on consumer credit and other lending to households (-8%).

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 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018
Euro area	0	1	-3	-4	-2	-3	1	-2
DE	0	0	0	-6	2	0	3	-9
ES	0	0	-10	-10	-7	-7	0	0
FR	0	0	-4	0	0	-4	0	0
IT	0	0	-10	0	0	0	0	0
NL	0	0	0	0	-13	-13	0	0

Note: See the notes to Chart 9.

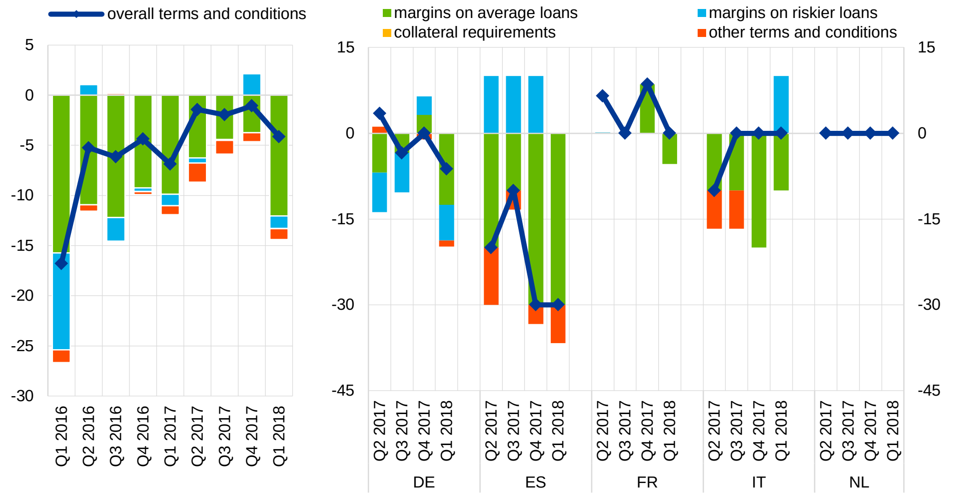
2.3.2 Terms and conditions for consumer credit and other lending to households eased

Banks' overall terms and conditions applied when granting new consumer credit and other lending to households eased in the first quarter of 2018 (see Chart 10 and Table 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. Other terms and conditions (like collateral requirements, loan maturity and non-interest rate charges) also remained broadly unchanged, except for loan size, which contributed to an easing of credit terms and conditions.

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" is the unweighted average of "size of the loan", "non-interest rate charges" and "maturity".

Table 10

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

(net percentages)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	Q4 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018
Euro area	-1	-4	-4	-12	2	-1
DE	0	-6	3	-13	3	-6
ES	-30	-30	-30	-30	10	0
FR	9	0	9	-5	0	0
IT	0	0	-20	-10	0	10
NL	0	0	0	0	0	0

Note: See the notes to Chart 10.

Across the large euro area countries, overall terms and conditions on consumer credit and other lending to households eased in Germany and Spain, while remaining unchanged in the other countries. At the same time, margins on average loans narrowed everywhere except for the Netherlands, where they remained unchanged. Margins on riskier loans narrowed only in Germany and widened in Italy.

Competitive pressure remained the predominant factor contributing to the net easing of terms and conditions on new consumer credit and other lending to households (see Table 11). Risk perceptions also contributed to the easing, while the other factors had a broadly neutral impact.

Across the largest euro area countries, competitive pressure contributed to the net easing of overall terms and conditions in Germany, Spain and Italy. In addition, banks in Germany and the Netherlands reported an easing impact for risk perceptions, while the impact was neutral in the other large countries. In Germany and Spain, banks' cost of funds and balance sheet constraints also contributed to some easing of credit terms and conditions on consumer credit and other lending to households.

Table 11

Factors contributing to the net tightening of terms and conditions 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 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018
Euro area	2	-1	-5	-8	-4	-4	1	-1
DE	3	-3	-3	-6	3	-3	3	-3
ES	0	-10	-20	-20	-10	0	0	0
FR	7	0	2	2	0	0	0	0
IT	0	0	-10	-20	0	0	0	0
NL	0	0	0	0	-39	-40	0	0

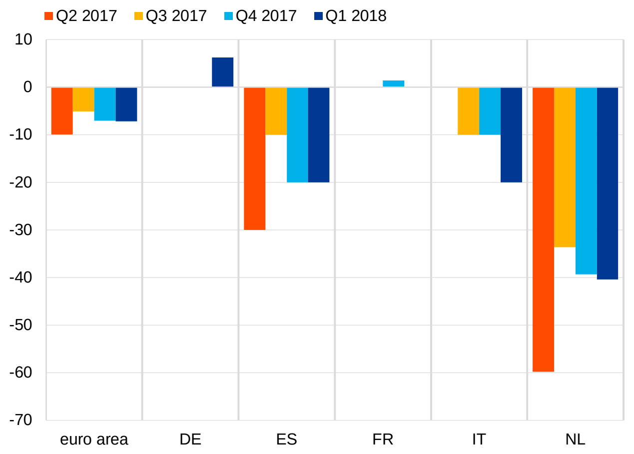
Note: The net percentages for responses to questions related to the factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage reporting that it contributed to an easing.

2.3.3 Rejection rate for consumer credit and other lending to households continued to decrease

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 continued to decrease in the first quarter of 2018 according to reporting banks (-7%, unchanged from the previous survey round; see Chart 11).

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

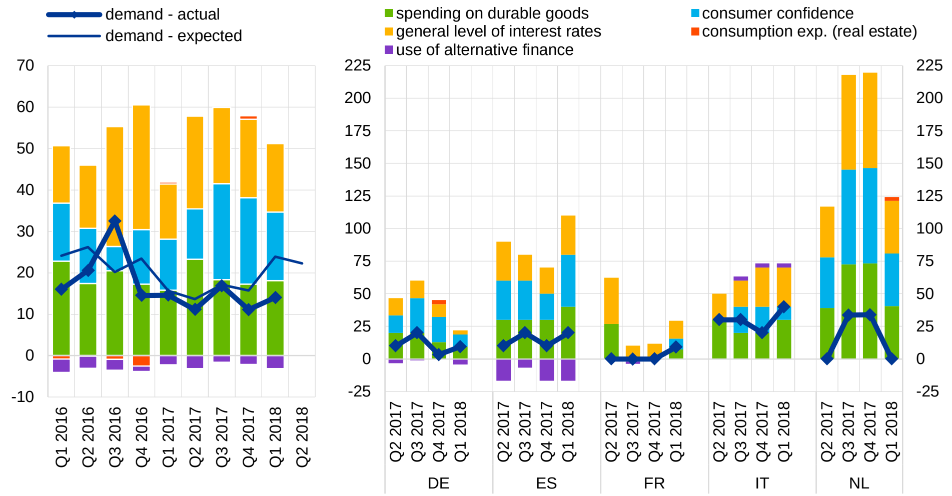
2.3.4 Net demand for consumer credit and other lending to households increased further

According to euro area banks, net demand for consumer credit and other lending to households increased further in the first quarter of 2018 (net percentage of 14%, after 11% in the previous quarter; see Chart 12 and Table A), remaining above its historical average, although lower than expected 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 the unweighted average of "internal financing out of savings", "loans from other banks" and "other sources of external finance". "Consumption exp. (real estate)" denotes "consumption expenditure financed through real estate-guaranteed loans".

Across the large euro area countries, net demand increased everywhere except for the Netherlands, where it remained unchanged.

Among the factors driving demand for consumer credit and other lending to households at the euro area level, financing needs for spending on durable consumer goods, consumer confidence and the low general level of interest rates continued to contribute to the net increase in demand (see Chart 12). By contrast, the use of alternative finance (like internal finance out of savings, loans from other banks and other sources of external finance) had a dampening impact on demand.

Table 12

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

(net percentages)

	Spending on durable goods		Consumer confidence		Consumption exp. (real estate)		General level of interest rates		Use of alternative finance	
Country	Q4 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018	Q4 2017	Q1 2018
Euro area	17	18	21	17	1	0	19	17	-2	-3
DE	13	9	19	9	3	0	10	3	0	-4
ES	30	40	20	40	0	0	20	30	-17	-17
FR	0	7	2	8	0	0	10	14	0	0
IT	20	30	20	10	0	0	30	30	3	3
NL	73	40	73	40	0	3	73	40	0	0

Note: See the notes to Chart 12.

Across the large euro area countries, spending on durable goods, consumer confidence and the low general level of interest rates contributed to increased demand for consumer credit and other lending to households in all countries. By contrast, the use of alternative finance dampened loan demand in Germany and Spain.

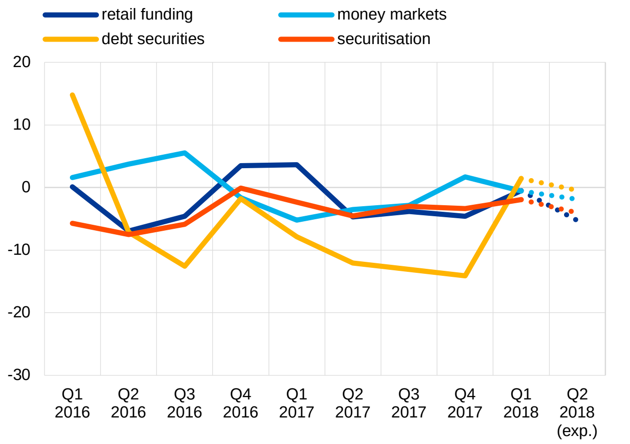
For the second quarter of 2018, euro area banks expect a further increase in net demand for consumer credit and other lending to households (22%).

3 Ad hoc questions[8]

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 2018 survey questionnaire included a question to assess the extent to which the situation in financial markets affected banks' access to retail and wholesale funding. Banks were asked to indicate whether their access to funding had deteriorated or eased over the past three months. Negative net percentages indicate an improvement, while positive figures indicate a deterioration in net terms.

For the first quarter of 2018, euro area banks reported in net terms that access to retail funding remained broadly unchanged. As regards wholesale funding, according to reporting banks, access to money markets and debt securities issuance remained broadly unchanged, while access to securitisation improved slightly (see Chart 13 and Table 13).[9] The overall broadly unchanged access to debt securities issuance was on account of an improved access to medium and long-term debt securities issuance (including covered bonds) and deteriorated access to short-term debt securities issuance according to reporting banks.

Looking ahead to the second quarter of 2018, euro area banks expect access to improve for retail funding and, on the wholesale side, to improve for unsecured money markets and securitisation. Access is expected to remain broadly unchanged for debt securities issuance.

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 2017	-5	2	-14	-3
Q1 2018	-1	-1	1	-2

Note: See the notes to Chart 13.

8 The harmonised BLS aggregation method introduced in the April 2018 survey has led to some revisions in the aggregate BLS results for some ad hoc questions in particular (see Box 1).

9 As regards 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 40% and 44%, depending on the type of securitisation, in the first quarter of 2018).

3.2 The impact of the ECB's asset purchase programme

The April 2018 survey questionnaire included two biannual ad hoc questions gauging the impact of the ECB's asset purchase programme (APP) announced by the ECB on 22 January 2015 and amended in December 2015, March 2016 and October 2017. When answering the questions on the APP impact over the past and next six months, banks were asked to take into account both the impact of the additional asset purchases in the context of the APP and the impact of the reinvestment of the principal payments from maturing securities purchased under the APP. Banks were also asked to consider both direct and indirect effects of the APP, as there may be indirect effects on their financial situation and asset allocation even if the bank concerned has not been involved in any direct asset sales vis-à-vis the Eurosystem.

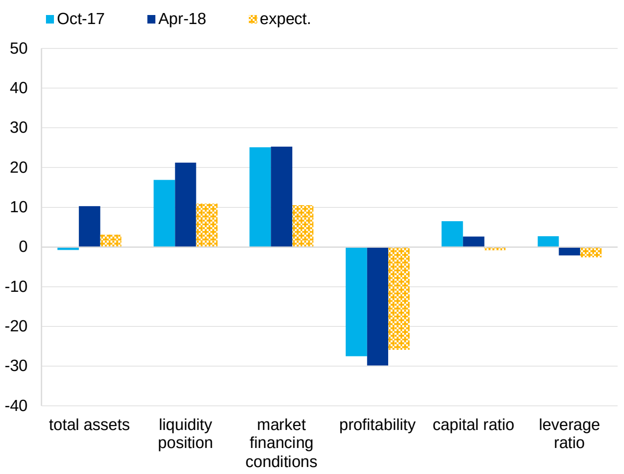
In this survey round, banks reported the impact of the APP on their financial situation. In addition, banks provided an assessment of the impact of the APP on their lending conditions and loan volumes.[10]

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

Chart 14

Overview of the impact of the 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 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 increase in their assets and an improvement in their liquidity position and market financing conditions over the past six months, but also to a deterioration in their profitability (see Chart 14). Euro area banks expect similar developments attributable to the APP to occur in the next six months.

In detail, euro area BLS banks reported that the APP contributed to an increase in their total assets over the past six months (net percentage of banks: 10%, after -1% in the October 2017 survey). At the same time, the APP contributed to a decrease in banks' holdings of sovereign bonds (net percentage of -11%, after -24%; see Chart 15). Euro area banks expect to see a continued increase in their total assets and a decline in their holdings of euro area sovereign bonds over the next six months as a consequence of the APP (net percentage of banks: 3% and -9% respectively).

[10] Compared with the October 2017 BLS, the APP questions were streamlined and the question on the use of the APP-related liquidity omitted. In this context, the question on the use of the additional liquidity related to the APP for granting loans has been integrated in the ad hoc question on the impact of the APP on bank lending (i.e. APP impact on bank lending volumes).

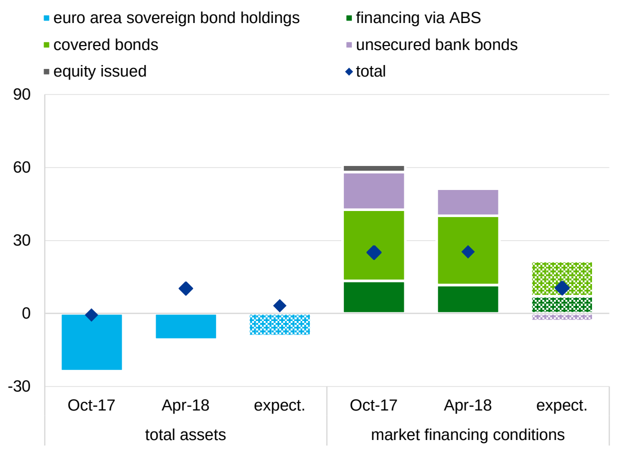
Banks indicated that the APP had a positive impact on their liquidity situation in net terms over the past six months (net percentage of banks: 21%, after 17% in the October 2017 survey). Banks expect this development to continue over the next six months, albeit to a somewhat lesser extent (net percentage of 11%; see Chart 14).

Euro area banks also reported an improvement in their market financing conditions owing to the APP (net percentage of banks: 25%, unchanged from the October 2017 survey; see Chart 15). The positive impact was mainly related to banks' financing via covered bonds and to a lesser extent via unsecured bank bonds and asset-backed securities (ABS). Banks expect the improvement in their market financing conditions related to the APP to continue over the next six months (net percentage of banks: 10%).

Chart 15

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

(net percentage of respondents)

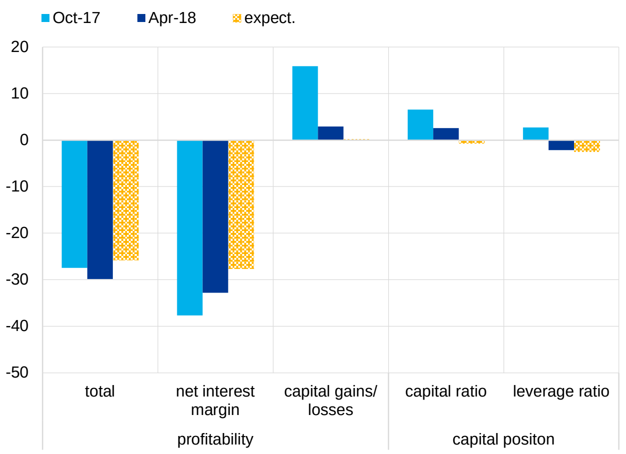


Note: See the notes to Chart 14.

Chart 16

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

(net percentage of respondents)



Note: See the notes to Chart 14.

A net percentage of 30% of the euro area BLS banks reported that the APP had a negative impact on their profitability overall over the past six months (after -27% in the October 2017 survey round; see Chart 16). The negative impact on euro area banks' profitability was attributable to a negative impact on banks' net interest margins (net percentage of banks: -33%, after -38% in the previous round), whereas banks reported a small positive impact on their profitability from capital gains owing to the APP (3%, after 16% in the October 2017 survey round). Over the next six months, in net terms 26% of the participating euro area banks expect the dampening impact of the APP on their profitability to continue.

With regard to banks' capital position, a small positive net percentage (3%, after 7%) of euro area banks indicated that the APP helped to increase their capital ratio over the past six months, but banks expect a broadly neutral impact over the coming six months (net percentage of banks: -1%, see Chart 14). In addition, euro area banks indicated a small negative impact of the APP on their leverage ratio over the past six months (net percentage of banks: -2%, after 3%) and expect this impact to continue over the next six months (-3%).

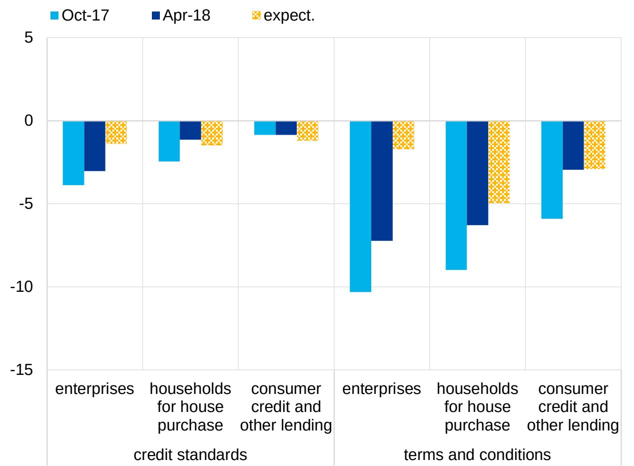
3.2.2 Impact of the ECB's asset purchase programme on banks' lending conditions and lending volumes

Euro area banks indicated that the APP had a small net easing impact on their credit standards for loans to enterprises over the past six months (-3%, after -4% in the October 2017 survey round; see Chart 17, left-hand side), while the impact on credit standards for housing loans (-1%, from -2%) and for consumer credit (unchanged at -1%) was broadly neutral. Over the next six months, banks expect the APP to have a broadly neutral impact on credit standards across all loan categories.

Chart 17

Impact of the APP on bank lending conditions

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

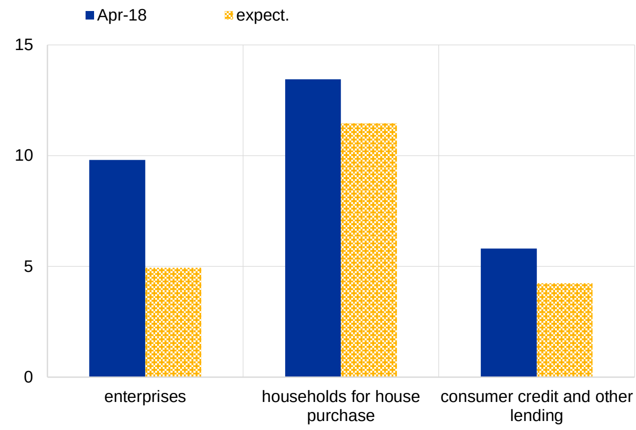


Notes: The net percentages are defined as the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat" and the sum of the percentages for "eased somewhat" and "eased considerably". The periods in the legend refer to the respective BLS survey rounds. "Expect." stands for expectations that banks provided in the current round.

Chart 18

Impact of the APP on bank lending volumes

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



Note: See the notes to Chart 17.

The impact of the APP continued to be stronger for credit terms and conditions on new loans, although the effect was generally smaller than in the October 2017 survey (loans to enterprises: -7%, after -10%, housing loans: -6%, after -9%, consumer credit and other lending to households: -3%, after -6%; see Chart 17, right-hand side). Banks expect the favourable impact on terms and conditions to continue over the next six months, but to a lesser extent for loans to enterprises.

In the April 2018 round, euro area banks were also asked to indicate the impact of the APP on their lending volumes.[11] Euro area banks reported that the APP had a positive impact on their lending volumes for all loan categories over the past six months (net percentage of banks: 10% for loans to enterprises, 13% for housing loans, 6% for consumer credit and other lending to households; see Chart 18). For the next six months, banks expect the APP to continue having positive impact on their lending volumes.

[11] This question replaces the question on the use of the additional liquidity related to the APP for granting loans.

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

The April 2018 survey questionnaire included a biannual ad hoc question aimed at gauging the impact of the ECB's negative deposit facility rate (DFR) on banks' net interest income, lending conditions and lending volumes. Banks were asked to consider both direct and indirect effects of the negative DFR, as there may be indirect effects on banks' financial situation and lending conditions even if the bank concerned has no excess liquidity.

With respect to the effect of the ECB's negative DFR on banks' net interest income, [12] euro area BLS banks continued to report a negative impact in net percentage terms on their net interest income over the past six months (-77%, after -79% in the October 2017 BLS round; see Chart 19). A similar impact is expected over the coming six months (net percentage of -74%).

Regarding the impact of the negative DFR on loans to enterprises, euro area banks continued to report a negative impact on their lending rates over the past six months (net percentage of -36%, after -37%) and a negative impact on their loan margins[13] (-31%, after -30%; see Chart 19). At the same time, banks indicated that the negative DFR had a broadly neutral impact on non-interest rate charges for loans to enterprises over the past six months (1%, unchanged from the October 2017 round). In terms of lending volumes to enterprises, banks reported a positive impact of the DFR for the past six months, albeit smaller than before (net percentage of banks: 4%, after 7% in the October 2017 round). For the next six months, a decreasing net percentage of banks expect their lending rates (-28%) and loan margins (-26%) to decline owing to the negative DFR. In addition, euro area banks expect to see a small positive impact on non-interest charges (3%) and an ongoing positive effect on lending volumes to enterprises in net terms (4%).

Regarding the DFR impact on loans to households for house purchase, euro area banks indicated a negative impact on their lending rates (net percentage of banks: -37%, after -32% in the October 2017 round) and their loan margins (-30%, after -19%; see Chart 19) over the past six months. At the same time, the net percentage of euro area banks that indicated that the negative DFR has led to an increase in non-interest rate charges for housing loans over the past six months was very small (2%, from 1% in the October 2017 round). In terms of lending volumes, euro area banks reported a continued positive effect of the negative DFR (9%, after 10%). For the next six months, a smaller net percentage of banks expect a negative DFR impact on lending rates (-30%), loan margins (-24%) and lending volumes (5%), while the impact on non-interest charges (3%) as consequence of the negative DFR is expected to remain similar.

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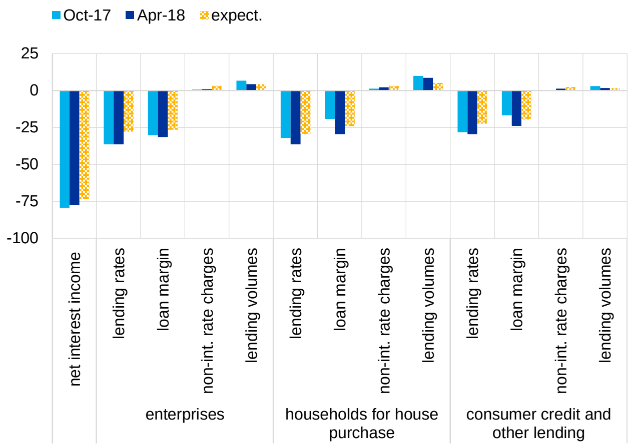
12 Net interest income is defined as the difference between the interest earned and the interest paid by the bank on the outstanding amount of interest-bearing assets and liabilities.

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

Chart 19

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 periods in the legend refer to the respective BLS survey rounds. "Expect." stands for expectations that banks provided in the current round.

Turning to consumer credit and other lending to households, in net terms 30% of the euro area banks indicated that the negative DFR had an impact on their lending rates over the past six months (after -28%) and 24% indicated a negative impact on their loan margins (after -17%; see Chart 19). At the same time, euro area banks basically did not see any impact of the negative DFR on non-interest rate charges for consumer credit over the past six months (1%, after 0% in the October 2017 round). In terms of lending volumes, euro area banks reported that the DFR had a small positive effect (net percentage of banks: 2%, after 3%). For the next six months, a smaller net percentage of banks expects a negative DFR impact on lending rates (-23%) and loan margins (-20%), while the impact on non-interest charges (2%) and lending volumes (2%) is expected to be small.

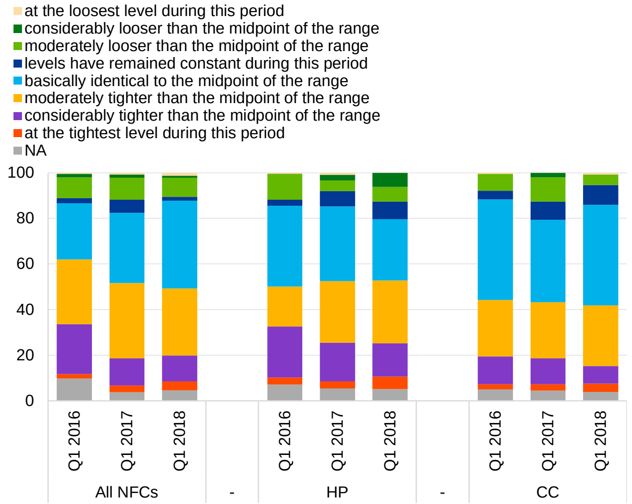
3.4 Banks' current level of credit standards

For the fifth 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 20

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

(percentage of banks)

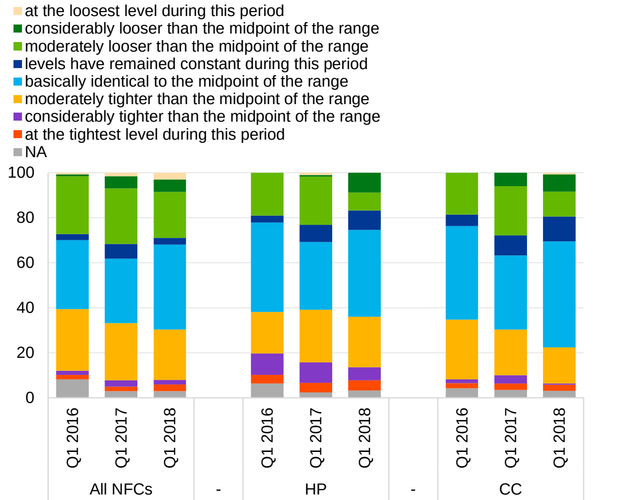


Notes: The "midpoint of the range" of credit standards is defined as the midpoint between the maximum and the minimum level of credit standards during this time period. "All NFCs" indicates loans to all non-financial corporations, "HP" indicates loans to households for house purchase, and "CC" indicates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

Chart 21

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

(percentage of banks)



Notes: See the notes to Chart 20.

In the first quarter of 2018, in net terms 34% of the euro area banks (compared with 36% one year ago) assessed their current level of credit standards for loans to enterprises as tighter compared with the historical range since 2003 (see Chart 20).[14] The development was driven by 45% (after 48% one year ago) of the banks reporting a tighter level than the historical range and 11% (after 12% one year ago) reporting looser credit standards compared with the historical range. In addition, a somewhat larger percentage of banks assessed the level of credit standards as basically identical to the historical range since 2003 (40%, after 37% one year ago). This development reflects the overall net easing of credit standards on loans to enterprises over the previous year, as reported in the standard BLS questions. At the same time, a substantial percentage of banks still assess the current level of credit standards for loans to enterprises as tighter than historical levels since 2003.

When comparing the current level of credit standards on loans to enterprises with the shorter range of credit standards between the second quarter of 2010 and today, in net terms euro area banks assessed their current level of credit standards for loans to enterprises as broadly similar to the range since 2010 (-2%, after -1%; see Chart 21). This development resulted from 27% (after 30% one year ago) of the banks reporting a tighter level compared with the range since 2010 and 29% (after 32% one year ago) reporting looser credit standards. In addition, the percentage of banks indicating a broadly identical level of credit standards compared with the range since 2010 increased to 41% (from 35% one year ago).

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[14] "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").

With respect to loans to households for house purchase, in net terms 35% of the euro area banks (compared with 39% one year ago) assessed their current level of credit standards as tighter compared with the historical range since 2003 (see Chart 20). This development resulted from 48% (after 47% one year ago) of the banks reporting tighter credit standards compared with the historical range and 13% (after 8% one year ago) reporting a looser level than the range since 2003. In addition, 35% of the banks (after 39%) assessed the level of credit standards as broadly identical to the historical range.

Regarding the shorter 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 range since 2010 (16%, after 14%; see Chart 21). The development was driven by 33% (after 37% one year ago) of the banks reporting tighter credit standards compared with the range since 2010 and 17% (after 23% one year ago) reporting a looser level. In addition, 47% of the banks (after 38%) reported that the current level is broadly identical to the range of credit standards since 2010.

With respect to consumer credit and other lending to households, in net terms 32% of the euro area banks (compared with 26% one year ago) assessed their current level of credit standards as tighter compared with the historical range since 2003 (see Chart 20). This development resulted from 38% (after 39% one year ago) of the banks reporting tighter credit standards compared with the historical range and 5% (after 13% one year ago) reporting a looser level than the range since 2003. In addition, 53% of the banks (after 44%) assessed the level of credit standards as broadly identical to the historical range.

For the shorter range, i.e. since the second quarter of 2010, euro area banks reported in net terms that the current level of their credit standards on consumer credit and other lending to households is identical to the range since 2010 (0%, after -1% one year ago; see Chart 21). The development was driven by 19% (after 27% one year ago) of the banks reporting tighter credit standards compared with the range since 2010 and 20% (after 28% one year ago) reporting a looser level. In addition, 58% of the banks (after 42%) reported that the current level is broadly identical to the range of credit standards since 2010.

Annex 1
Results for the standard questions*

Loans or credit lines to enterprises

Question 1

Over the past three months, how have your bank's credit standards[1] as applied to the approval of loans or credit lines to enterprises[2, 3, 4] 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[5]		Loans to large enterprises[5]		Short-term loans[6]		Long-term loans[6]	
	Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18
Tightened considerably	0	0	0	0	0	0	0	0	0	0
Tightened somewhat	2	0	1	0	1	0	1	0	2	0
Remained basically unchanged	96	92	96	90	91	95	92	89	96	93
Eased somewhat	2	8	2	8	7	5	6	10	2	7
Eased considerably	0	0	0	0	0	0	0	0	0	0
NA[7]	0	0	0	1	1	0	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**0**	**-8**	**-1**	**-8**	**-6**	**-5**	**-5**	**-10**	**-1**	**-7**
Diffusion index	0	-4	0	-4	-3	-2	-2	-5	0	-3
Mean	3.00	3.08	3.01	3.08	3.06	3.05	3.05	3.10	3.01	3.07
Number of banks responding	136	138	133	135	131	133	136	138	136	138

1) See Glossary for Credit standards.
2) See Glossary for Loans.
3) See Glossary for Credit line.
4) See Glossary for Enterprises.
5) See Glossary for Enterprise size.
6) See Glossary for Maturity.
7) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
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. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

* Figures might not add up to 100 due to rounding

Question 2

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[7]	NetP		DI		Mean	
							Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18
Overall												
A) Cost of funds and balance sheet constraints[1]												
Costs related to your bank's capital position[2]	0	2	97	0	0	1	1	2	1	1	2.99	2.98
Your bank's ability to access market financing[3]	0	0	96	2	0	3	-2	-2	-1	-1	3.02	3.02
Your bank's liquidity position	0	0	96	3	0	1	-1	-3	-1	-2	3.01	3.03
B) Pressure from competition												
Competition from other banks	0	0	83	15	0	2	-8	-15	-4	-8	3.08	3.15
Competition from non-banks[4]	0	0	94	4	0	2	-4	-4	-2	-2	3.04	3.04
Competition from market financing	0	0	96	2	0	2	0	-2	0	-1	3.00	3.02
C) Perception of risk[5]												
General economic situation and outlook	0	1	88	11	0	0	-6	-10	-3	-5	3.06	3.10
Industry or firm-specific situation and outlook/borrower's creditworthiness[6]	0	1	88	11	0	0	-5	-10	-2	-5	3.05	3.10
Risk related to the collateral demanded	0	1	97	1	0	1	-1	-1	-1	0	3.01	3.01
D) Your bank's risk tolerance[5]												
Your bank's risk tolerance	0	0	97	2	0	1	1	-2	1	-1	2.99	3.02
Small and medium-sized enterprises												
A) Cost of funds and balance sheet constraints[1]												
Costs related to your bank's capital position[2]	0	1	96	1	0	2	1	1	1	0	2.99	2.99
Your bank's ability to access market financing[3]	0	0	95	2	0	3	-1	-2	-1	-1	3.01	3.02
Your bank's liquidity position	0	0	96	3	0	2	-1	-3	-1	-1	3.01	3.03
B) Pressure from competition												
Competition from other banks	0	3	79	16	0	3	-8	-13	-4	-6	3.08	3.13
Competition from non-banks[4]	0	2	90	5	0	3	-4	-2	-2	-1	3.04	3.03
Competition from market financing	0	2	93	2	0	3	0	1	0	0	3.00	2.99
C) Perception of risk[5]												
General economic situation and outlook	0	0	89	10	0	1	-3	-10	-2	-5	3.03	3.10
Industry or firm-specific situation and outlook/borrower's creditworthiness[6]	0	0	92	7	0	1	-4	-7	-2	-3	3.04	3.07
Risk related to the collateral demanded	0	0	97	1	0	2	-2	-1	-1	-1	3.02	3.01
D) Your bank's risk tolerance[5]												
Your bank's risk tolerance	0	0	97	1	0	2	1	-1	0	-1	2.99	3.01

	--	-	°	+	++	NA[7]	NetP Jan 18	NetP Apr 18	DI Jan 18	DI Apr 18	Mean Jan 18	Mean Apr 18
Large enterprises												
A) Cost of funds and balance sheet constraints[1]												
Costs related to your bank's capital position[2]	0	2	94	3	0	1	1	-1	1	0	2.99	3.01
Your bank's ability to access market financing[3]	0	0	92	5	0	3	-2	-5	-1	-2	3.02	3.05
Your bank's liquidity position	0	0	93	5	0	1	-1	-5	-1	-3	3.01	3.05
B) Pressure from competition												
Competition from other banks	0	0	89	8	0	2	-10	-8	-5	-4	3.10	3.09
Competition from non-banks[4]	0	0	92	5	0	3	-1	-5	-1	-2	3.01	3.05
Competition from market financing	0	0	93	5	0	3	-1	-5	-1	-2	3.01	3.05
C) Perception of risk[5]												
General economic situation and outlook	0	1	89	10	0	1	-3	-9	-2	-5	3.03	3.09
Industry or firm-specific situation and outlook/borrower's creditworthiness[6]	0	1	89	10	0	1	-1	-10	-1	-5	3.01	3.10
Risk related to the collateral demanded	0	1	93	4	0	2	-1	-4	-1	-2	3.01	3.04
D) Your bank's risk tolerance[5]												
Your bank's risk tolerance	0	0	94	5	0	2	1	-4	0	-2	2.99	3.05

1) See Glossary for Cost of funds and balance sheet constraints.
2) Can involve the use of credit derivatives, with the loans remaining on the bank's balance sheet.
3) Involves the sale of loans from the bank's balance sheet, i.e. off-balance sheet funding.
4) See Glossary for Non-banks.
5) See Glossary for Perception of risk and risk tolerance.
6) Risks related to non-performing loans may be reflected not only in the "industry or firm-specific situation and outlook/borrower's creditworthiness", but also in the bank's "cost of funds and balance sheet constraints".
7) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) 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 (DI) 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[1] for new loans or credit lines to enterprises changed?

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[6]	NetP Jan 18	NetP Apr 18	DI Jan 18	DI Apr 18	Mean Jan 18	Mean Apr 18
Overall												
A) Overall terms and conditions[1]												
Overall terms and conditions	0	0	82	18	0	0	-11	-17	-6	-9	3.11	3.17
B) Margins												
Your bank's margin on average loans[2]	0	0	72	27	1	0	-25	-27	-12	-14	3.25	3.28
Your bank's margin on riskier loans	0	1	92	6	0	1	-4	-6	-2	-3	3.04	3.06
C) Other conditions and terms												
Non-interest rate charges[3]	0	2	92	5	0	0	-2	-3	-1	-2	3.02	3.03
Size of the loan or credit line	0	0	90	10	0	0	-5	-10	-2	-5	3.05	3.10
Collateral[4] requirements	0	1	96	3	0	0	-3	-2	-1	-1	3.03	3.02
Loan covenants[5]	0	0	94	5	0	0	-4	-5	-2	-2	3.04	3.05
Maturity	0	0	95	4	0	0	-1	-4	-1	-2	3.01	3.04
Small and medium-sized enterprises												
A) Overall terms and conditions[1]												
Overall terms and conditions	0	0	86	13	0	1	-8	-13	-4	-7	3.08	3.13
B) Margins												
Your bank's margin on average loans[2]	0	3	75	20	2	1	-18	-18	-9	-10	3.18	3.20
Your bank's margin on riskier loans	0	1	94	3	1	2	-3	-3	-2	-2	3.03	3.04
C) Other conditions and terms												
Non-interest rate charges[3]	0	2	93	4	0	1	-1	-3	0	-1	3.01	3.03
Size of the loan or credit line	0	0	93	6	0	1	-1	-6	0	-3	3.01	3.06
Collateral[4] requirements	0	0	97	2	0	1	-2	-2	-1	-1	3.02	3.02
Loan covenants[5]	0	5	91	3	0	1	-4	2	-2	1	3.04	2.98
Maturity	0	0	96	3	0	1	-1	-3	-1	-1	3.01	3.03
Large enterprises												
A) Overall terms and conditions[1]												
Overall terms and conditions	0	0	86	14	0	1	-13	-14	-7	-7	3.14	3.14
B) Margins												
Your bank's margin on average loans[2]	0	0	72	25	2	1	-27	-27	-13	-15	3.27	3.29
Your bank's margin on riskier loans	0	1	91	8	0	1	-5	-7	-3	-3	3.05	3.07
C) Other conditions and terms												
Non-interest rate charges[3]	0	2	92	6	0	1	-3	-3	-2	-2	3.03	3.03
Size of the loan or credit line	0	0	90	10	0	1	-6	-10	-3	-5	3.06	3.10
Collateral[4] requirements	0	1	95	4	0	1	-4	-4	-2	-2	3.04	3.04
Loan covenants[5]	0	0	94	5	0	1	-7	-5	-3	-2	3.07	3.05
Maturity	0	2	90	7	0	1	-6	-6	-3	-3	3.06	3.06

1) See Glossary for Credit terms and conditions.
2) See Glossary for Loan margin/spread over a relevant market reference rate.
3) See Glossary for Non-interest rate charges.
4) See Glossary for Collateral.
5) See Glossary for Covenant.
6) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

Notes: The net percentage (NetP) 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 (DI) 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

Question 4

Over the past three months, how have the following factors[1] affected your bank's credit terms and conditions as applied to new loans or credit lines to enterprises?

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[2]	NetP		DI		Mean	
							Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18
Overall impact on your bank's credit terms and conditions												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	93	6	0	0	-2	-5	-1	-2	3	3.05
B) Pressure from competition												
Pressure from competition	0	0	72	27	0	1	-28	-27	-14	-13	3	3.27
C) Perception of risk												
Perception of risk	0	0	96	4	0	0	-3	-4	-1	-2	3	3.04
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	99	1	0	0	0	-1	0	0	3	3.01
Impact on your bank's margins on average loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	95	5	0	0	-2	-5	-1	-3	3	3.05
B) Pressure from competition												
Pressure from competition	0	0	70	29	1	1	-33	-29	-16	-15	3	3.31
C) Perception of risk												
Perception of risk	0	0	96	4	0	0	-3	-4	-2	-2	3	3.04
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	100	0	0	0	0	0	0	0	3	3.00
Impact on your bank's margins on riskier loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	95	3	0	1	2	-3	1	-1	3	3.03
B) Pressure from competition												
Pressure from competition	0	0	91	7	0	2	-12	-7	-6	-3	3	3.07
C) Perception of risk												
Perception of risk	0	1	96	3	0	1	0	-2	0	-1	3	3.02
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	96	2	0	1	1	-2	0	-1	3	3.02

1) The factors refer to the same sub-factors as in question 2.
2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) 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 (DI) 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[1] that were completely rejected[2] 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 18	Apr 18
Decreased considerably	0	0
Decreased somewhat	8	4
Remained basically unchanged	86	91
Increased somewhat	5	4
Increased considerably	0	0
NA[3]	1	1
Total	100	100
Net percentage	**-4**	**1**
Diffusion index	-2	0
Mean	2.96	3.01
Number of banks responding	136	138

1) See Glossary for Loan application.
2) See Glossary for Loan rejection.
3) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) 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 (DI) 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. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

Question 6

Over the past three months (apart from normal seasonal fluctuations), how has the demand for loans[1] or credit lines[2] 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 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18
Decreased considerably	0	0	0	0	0	0	0	0	0	0
Decreased somewhat	6	7	8	9	6	7	7	6	6	5
Remained basically unchanged	66	72	65	68	70	74	76	78	67	71
Increased somewhat	28	22	26	21	24	18	17	15	28	23
Increased considerably	0	0	0	1	0	0	0	0	0	0
NA[3]	0	0	1	1	0	0	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**21**	**15**	**18**	**12**	**19**	**11**	**10**	**9**	**22**	**18**
Diffusion index	11	7	9	7	9	6	5	5	11	9
Mean	3.21	3.15	3.19	3.13	3.19	3.12	3.10	3.09	3.22	3.18
Number of banks responding	136	138	133	135	131	133	136	138	136	138

1) See Glossary for Demand for loans.
2) See Glossary for Credit line.
3) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) 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 (DI) 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. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

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[2]	NetP		DI		Mean	
							Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18
A) Financing needs/underlying drivers or purpose of loan demand												
Fixed investment	0	6	76	18	0	0	20	12	11	6	3.22	3.12
Inventories and working capital	0	5	81	13	0	1	13	7	7	4	3.13	3.07
Mergers/acquisitions and corporate restructuring	0	2	81	17	0	0	12	15	7	8	3.13	3.15
General level of interest rates	0	1	86	12	0	0	14	12	7	6	3.14	3.12
Debt refinancing/restructuring and renegotiation[1]	0	3	88	8	0	0	4	5	2	3	3.05	3.05
B) Use of alternative finance												
Internal financing	0	9	90	0	0	1	-6	-8	-3	-4	2.94	2.92
Loans from other banks	0	6	84	10	0	1	4	4	2	2	3.04	3.04
Loans from non-banks	0	3	95	1	0	1	-1	-2	0	-1	2.99	2.98
Issuance/redemption of debt securities	0	2	86	7	0	5	-1	4	-1	2	2.98	3.04
Issuance/redemption of equity	0	0	94	1	0	5	0	1	0	0	3.00	3.01

1) See Glossary for Debt refinancing/restructuring and renegotiation.

2) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

Notes: The net percentage (NetP) 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 (DI) 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 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18
Tighten considerably	0	0	0	0	0	0	0	0	0	0
Tighten somewhat	0	5	0	3	0	5	0	3	0	5
Remain basically unchanged	94	88	93	91	94	85	94	89	94	89
Ease somewhat	5	7	5	5	6	10	5	7	5	6
Ease considerably	0	0	0	0	0	0	0	0	0	0
NA[1]	0	0	1	1	0	0	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**-4**	**-2**	**-4**	**-1**	**-6**	**-5**	**-5**	**-4**	**-5**	**0**
Diffusion index	-2	-1	-2	-1	-3	-2	-2	-2	-2	0
Mean	3.04	3.02	3.04	3.01	3.06	3.05	3.05	3.04	3.04	3.00
Number of banks responding	136	138	133	135	131	133	136	138	136	138

1) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

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. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

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 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18
Decrease considerably	0	0	0	0	0	0	0	0	0	0
Decrease somewhat	2	3	2	2	3	4	3	2	1	3
Remain basically unchanged	78	72	74	71	77	78	83	85	79	71
Increase somewhat	19	25	24	26	19	18	14	13	20	26
Increase considerably	0	0	0	0	0	0	0	0	0	0
NA[1]	0	0	1	1	0	0	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**17**	**22**	**22**	**25**	**16**	**14**	**11**	**11**	**18**	**24**
Diffusion index	8	11	11	12	8	7	5	6	9	12
Mean	3.17	3.22	3.22	3.25	3.16	3.14	3.11	3.11	3.18	3.24
Number of banks responding	136	138	133	135	131	133	136	138	136	138

1) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

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. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

Loans to households

Question 10

Over the past three months, how have your bank's credit standards[1] as applied to the approval of loans[2] to households[3] changed? Please note that we are asking about the change in credit standards, rather than about

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending[4]	
	Jan 18	Apr 18	Jan 18	Apr 18
Tightened considerably	0	0	0	0
Tightened somewhat	1	1	2	3
Remained basically unchanged	92	86	96	91
Eased somewhat	7	12	2	6
Eased considerably	0	0	0	0
NA[5]	0	0	0	0
Total	100	100	100	100
Net percentage	**-6**	**-11**	**-1**	**-3**
Diffusion index	-3	-6	0	-2
Mean	3.06	3.12	3.01	3.03
Number of banks responding	132	134	134	140

1) See Glossary for Credit standards.
2) See Glossary for Loans.
3) See Glossary for Households.
4) See Glossary for Consumer credit and other lending.
5) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
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. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

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[6]	NetP		DI		Mean	
							Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18
A) Cost of funds and balance sheet constraints[1]												
Cost of funds and balance sheet constraints	0	2	94	3	0	1	0	-1	0	0	3.00	3.01
B) Pressure from competition												
Competition from other banks	0	0	90	9	0	1	-9	-9	-5	-5	3.09	3.10
Competition from non-banks[2]	0	0	93	3	3	1	-4	-6	-4	-4	3.07	3.08
C) Perception of risk[3]												
General economic situation and outlook	0	0	94	6	0	0	-4	-6	-2	-3	3.04	3.06
Housing market prospects, including expected house price developments[4]	0	0	97	3	0	0	-3	-3	-1	-1	3.03	3.03
Borrower's creditworthiness[5]	0	0	95	4	0	0	-4	-4	-2	-2	3.04	3.04
D) Your bank's risk tolerance[3]												
Your bank's risk tolerance	0	1	94	5	0	0	0	-4	0	-2	3.00	3.04

1) See Glossary for Cost of funds and balance sheet constraints.
2) See Glossary for Non-banks.
3) See Glossary for Perception of risk and risk tolerance.
4) See Glossary for Housing market prospects, including expected house price developments.
5) Risks related to non-performing loans may be reflected not only in the "borrower's creditworthiness", but also in the bank's "cost of funds and balance sheet constraints".
6) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

Notes: The net percentage (NetP) 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 (DI) 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[1] for new loans to households for house purchase changed?

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[6]	NetP		DI		Mean	
							Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18
A) Overall terms and conditions												
Overall terms and conditions	0	1	92	7	0	0	-4	-6	-2	-3	3.04	3.06
B) Margins												
Your bank's loan margin on average loans[2]	0	1	72	27	0	0	-21	-26	-11	-13	3.21	3.26
Your bank's loan margin on riskier loans	0	3	87	7	0	2	-4	-4	-2	-2	3.04	3.04
C) Other terms and conditions												
Collateral(3) requirements	0	0	100	0	0	0	0	0	0	0	3.00	3.00
"Loan-to-value" ratio[4]	0	7	92	1	0	0	2	7	1	3	2.98	2.93
Other loan size limits	0	0	96	4	0	0	-2	-4	-1	-2	3.02	3.04
Maturity	0	0	100	0	0	0	-1	0	0	0	3.01	3.00
Non-interest rate charges[5]	0	3	96	2	0	0	-1	1	0	1	3.01	2.99

1) See Glossary for Credit terms and conditions.
2) See Glossary for Loan margin/spread over a relevant market reference rate.
3) See Glossary for Collateral.
4) See Glossary for Loan-to-value ratio.
5) See Glossary for Non-interest rate charges.
6) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

Notes: The net percentage (NetP) 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 (DI) 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[1] affected your bank's credit terms and conditions as applied to new loans to households for house purchase?

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[2]	NetP		DI		Mean	
							Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18
Overall impact on your bank's credit terms and conditions												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	92	7	0	0	1	-5	1	-2	2.99	3.05
B) Pressure from competition												
Pressure from competition	0	0	78	22	0	1	-17	-22	-8	-11	3.17	3.22
C) Perception of risk												
Perception of risk	0	0	96	4	0	0	-3	-3	-1	-2	3.03	3.03
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	98	1	0	0	1	0	0	0	2.99	3.00
Impact on your bank's margins on average loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	94	4	0	0	1	-2	1	-1	2.99	3.02
B) Pressure from competition												
Pressure from competition	0	0	71	28	0	1	-24	-28	-12	-14	3.24	3.28
C) Perception of risk												
Perception of risk	0	0	96	4	0	0	-3	-4	-1	-2	3.03	3.04
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	98	1	0	0	0	0	0	0	3.00	3.00
Impact on your bank's margins on riskier loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	94	2	0	2	3	1	1	0	2.97	2.99
B) Pressure from competition												
Pressure from competition	0	0	90	8	0	2	-7	-8	-3	-4	3.07	3.08
C) Perception of risk												
Perception of risk	0	3	94	1	0	2	0	1	0	1	2.99	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	95	1	0	2	0	0	0	0	3.00	3.00

1) The factors refer to the same sub-factors as in question 11.
2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) 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 (DI) 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[2]	NetP		DI		Mean	
							Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	98	0	0	1	0	1	0	0	3.00	2.99
B) Pressure from competition												
Competition from other banks	0	0	94	4	0	1	-2	-4	-1	-2	3.02	3.05
Competition from non-banks	0	0	95	4	0	1	-4	-4	-2	-2	3.04	3.04
C) Perception of risk												
General economic situation and outlook	0	0	96	3	0	0	-2	-3	-1	-1	3.02	3.03
Creditworthiness of consumers[1]	0	2	91	8	0	0	-4	-6	-2	-3	3.04	3.06
Risk on the collateral demanded	0	0	94	0	0	6	1	0	0	0	2.99	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	96	3	0	0	1	-2	1	-1	2.99	3.02

1) Risks related to non-performing loans may be reflected not only in the "creditworthiness of consumers", but also in the bank's "cost of funds and balance sheet constraints".
2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) 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 (DI) 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[1]	NetP		DI		Mean	
							Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18
A) Overall terms and conditions												
Overall terms and conditions	0	1	93	5	0	0	-1	-4	-1	-2	3.01	3.04
B) Margins												
Your bank’s loan margin on average loans	0	2	84	14	0	0	-4	-12	-2	-6	3.04	3.12
Your bank’s loan margin on riskier loans	0	2	93	3	0	1	2	-1	1	-1	2.98	3.01
C) Other terms and conditions												
Collateral requirements	0	0	94	0	0	6	0	0	0	0	3.00	3.00
Size of the loan	0	0	96	3	0	0	-3	-3	-1	-2	3.03	3.03
Maturity	0	0	100	0	0	0	0	0	0	0	3.00	3.00
Non-interest rate charges	0	0	100	0	0	0	0	0	0	0	3.00	3.00

1) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

Notes: The net percentage (NetP) 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 (DI) 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[1] affected your bank's credit terms and conditions as applied to new consumer credit and other lending to households?

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[2]	NetP		DI		Mean	
							Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18
Overall impact on your bank's credit terms and conditions												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	97	2	0	0	2	-1	1	-1	2.98	3.01
B) Pressure from competition												
Pressure from competition	0	0	90	8	0	1	-5	-8	-3	-4	3.05	3.08
C) Perception of risk												
Perception of risk	0	0	95	4	0	0	-4	-4	-2	-2	3.04	3.04
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	97	1	0	2	1	-1	0	0	2.99	3.01
Impact on your bank's margins on average loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	93	6	0	0	2	-5	1	-2	2.98	3.05
B) Pressure from competition												
Pressure from competition	0	0	82	17	0	1	-8	-16	-4	-8	3.08	3.17
C) Perception of risk												
Perception of risk	0	0	93	3	4	0	-4	-6	-2	-5	3.04	3.10
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	94	4	0	2	0	-4	0	-2	3.00	3.04
Impact on your bank's margins on riskier loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	2	95	2	0	1	4	0	2	0	2.96	3.00
B) Pressure from competition												
Pressure from competition	0	0	94	4	0	2	-1	-4	0	-2	3.01	3.04
C) Perception of risk												
Perception of risk	0	2	95	1	0	1	2	1	1	0	2.98	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	95	2	0	2	1	-2	0	-1	2.99	3.02

1) The factors refer to the same sub-factors as in question 14.
2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) 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 (DI) 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[1] that were completely rejected[2] 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 18	Apr 18	Jan 18	Apr 18
Decreased considerably	0	0	0	0
Decreased somewhat	5	4	10	9
Remained basically unchanged	91	91	87	88
Increased somewhat	3	4	3	2
Increased considerably	0	0	0	0
NA[3]	1	1	1	1
Total	100	100	100	100
Net percentage	**-2**	**0**	**-7**	**-7**
Diffusion index	-1	0	-4	-4
Mean	2.98	3.00	2.93	2.93
Number of banks responding	132	134	134	140

1) See Glossary for Loan application.
2) See Glossary for Loan rejection.
3) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
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. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

Question 18

Over the past three months (apart from normal seasonal fluctuations), how has the demand for loans[1] 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 18	Apr 18	Jan 18	Apr 18
Decreased considerably	0	0	0	0
Decreased somewhat	12	16	4	4
Remained basically unchanged	68	63	81	78
Increased somewhat	19	20	14	16
Increased considerably	1	1	1	2
NA[2]	0	0	0	0
Total	100	100	100	100
Net percentage	**8**	**5**	**11**	**14**
Diffusion index	4	3	6	8
Mean	3.09	3.06	3.12	3.16
Number of banks responding	132	134	134	140

1) See Glossary for Demand for loans.
2) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
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. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

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[4]	NetP Jan 18	NetP Apr 18	DI Jan 18	DI Apr 18	Mean Jan 18	Mean Apr 18
A) Financing needs/underlying drivers or purpose of loan demand												
Housing market prospects, including expected house price developments	0	11	67	22	0	0	20	10	10	5	3.20	3.10
Consumer confidence[1]	0	2	81	17	0	0	14	15	7	8	3.14	3.16
General level of interest rates	1	1	75	18	5	0	24	22	13	13	3.27	3.27
Debt refinancing/restructuring and renegotiation[2]	1	2	89	9	0	0	3	6	2	3	3.03	3.05
Regulatory and fiscal regime of housing markets	0	6	89	5	0	0	-1	-2	-1	-1	2.99	2.98
B) Use of alternative sources for housing finance												
Internal finance of house purchase out of savings/down payment[3]	0	5	95	0	0	0	-8	-5	-4	-2	2.92	2.95
Loans from other banks	0	6	92	2	0	1	-4	-4	-1	-2	2.97	2.96
Other sources of external finance	0	1	98	0	0	1	-2	-1	-1	-1	2.98	2.99

1) See Glossary for Consumer confidence.
2) See Glossary for Debt refinancing/restructuring and renegotiation.
3) See Glossary for Down payment.
4) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) 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 (DI) 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[2]	NetP		DI		Mean	
							Jan 18	Apr 18	Jan 18	Apr 18	Jan 18	Apr 18
A) Financing needs/underlying drivers or purpose of loan demand												
Spending on durable consumer goods	0	1	79	19	1	0	17	18	9	9	3.17	3.19
Consumer confidence	0	1	81	17	0	0	21	17	10	8	3.21	3.17
General level of interest rates	1	0	82	17	0	0	19	17	9	8	3.19	3.16
Consumption expenditure financed through real-estate guaranteed loans[1]	0	0	87	0	0	13	1	0	0	0	3.01	3.01
B) Use of alternative finance												
Internal finance out of savings	0	3	96	0	0	0	-3	-3	-1	-2	2.97	2.97
Loans from other banks	0	5	93	1	0	1	-2	-4	0	-2	2.99	2.96
Other sources of external finance	0	2	97	0	0	1	-2	-2	-1	-1	2.98	2.98

1) Consumption expenditure financed through real-estate guaranteed loans

2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

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

Question 21

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jan 18	Apr 18	Jan 18	Apr 18
Tighten considerably	1	0	0	0
Tighten somewhat	4	1	2	1
Remain basically unchanged	81	85	90	91
Ease somewhat	15	13	9	9
Ease considerably	0	0	0	0
NA[1]	0	0	0	0
Total	100	100	100	100
Net percentage	**-10**	**-12**	**-7**	**-8**
Diffusion index	-5	-6	-3	-4
Mean	3.09	3.12	3.07	3.08
Number of banks responding	132	134	134	140

1) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

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. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

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 18	Apr 18	Jan 18	Apr 18
Decrease considerably	0	0	0	0
Decrease somewhat	4	11	0	1
Remain basically unchanged	76	61	76	76
Increase somewhat	20	29	24	23
Increase considerably	0	0	0	0
NA[1]	0	0	0	0
Total	100	100	100	100
Net percentage	**16**	**18**	**24**	**22**
Diffusion index	8	9	12	11
Mean	3	3	3	3.22
Number of banks responding	132	134	134	140

1) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

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. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

Annex 2
Results for ad hoc questions

Question 111

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								
	--	-	°	+	+ +	NA[2]	NetP	Mean	Std. dev.	--	-	°	+	+ +	NA[2]	NetP	Mean	Std. dev.
A) Retail funding																		
Short-term deposits (up to one year)	0	4	84	8	0	5	-4	3.04	0.36	0	0	83	8	0	9	-8	3.08	0.30
Long-term (more than one year) deposits and other retail funding instruments	0	6	86	3	0	4	3	2.97	0.33	0	3	83	5	0	8	-2	3.02	0.31
B) Inter-bank unsecured money market																		
Very short-term money market (up to 1 week)	0	2	89	2	0	7	0	3.00	0.22	0	0	84	4	0	12	-4	3.05	0.23
Short-term money market (more than 1 week)	0	2	88	3	0	7	-1	3.01	0.24	0	5	80	4	0	12	1	2.97	0.35
C) Wholesale debt securities[3]																		
Short-term debt securities (e.g. certificates of deposit or commercial paper)	0	7	76	0	0	17	6	2.94	0.28	0	1	75	3	0	21	-2	3.01	0.25
Medium to long term debt securities (incl. covered bonds)	0	7	75	10	1	7	-3	3.04	0.48	0	8	73	7	0	11	1	2.98	0.44
D) Securitisation[4]																		
Securitisation of corporate loans	0	2	54	4	0	40	-2	3.03	0.34	0	0	51	4	0	45	-4	3.04	0.25
Securitisation of loans for house purchase	0	2	51	3	0	44	-1	3.00	0.29	0	0	47	5	0	49	-4	3.04	0.26
E) Ability to transfer credit risk off balance sheet[5]																		
Ability to transfer credit risk off balance sheet	0	0	56	2	1	41	-3	3.08	0.38	0	0	52	5	0	43	-4	3.04	0.25

1) Please also take into account any effect of state guarantees vis-à-vis debt securities and recapitalisation support.
2) "NA" (not applicable) includes banks for which the source of funding is not relevant.
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. Std. dev. denotes standard deviation. Figures may not exactly add up due to rounding.

Question 126

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)

	Loans to enterprises			Loans to households	
	Overall loans to enterprises	Loans to small and medium-sized enterprises	Loans to large enterprises	For house purchase	Consumer credit and other lending
(i) Current level compared with the range of your bank's credit standards between the first quarter of 2003 and now					
Considerably tighter than the midpoint of the range	11	11	10	15	8
Moderately tighter than the midpoint of the range	29	33	29	28	27
Basically identical to the midpoint of the range	39	32	37	27	44
Moderately looser than the midpoint of the range	8	12	9	6	5
Considerably looser than the midpoint of the range	1	1	1	6	0
At the tightest level during this period	4	4	4	5	4
Levels have remained constant during this period	2	2	2	8	9
At the loosest level during this period	1	0	2	0	1
NA[1]	5	4	5	5	4
Number of banks responding	138	135	133	134	140
(ii) Current level compared with the range of your bank's credit standards between the second quarter of 2010 and now					
Considerably tighter than the midpoint of the range	2	5	2	6	1
Moderately tighter than the midpoint of the range	23	19	23	22	16
Basically identical to the midpoint of the range	38	39	38	39	47
Moderately looser than the midpoint of the range	20	19	16	8	11
Considerably looser than the midpoint of the range	6	8	10	9	8
At the tightest level during this period	3	3	3	5	3
Levels have remained constant during this period	3	3	3	9	11
At the loosest level during this period	3	1	3	0	1
NA[1]	3	3	3	3	3
Number of banks responding	138	135	133	134	140

1) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Note: 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. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

Question 130

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								
	--	-	°	+	+ +	NA[1]	NetP	Mean	Std. dev.	--	-	°	+	+ +	NA[1]	NetP	Mean	Std. dev.
A) Your bank's total assets																		
Your bank's total assets (non-risk weighted volume)	0	1	77	12	0	10	10	3.11	0.40	0	1	85	4	0	10	3	3.04	0.26
of which:																		
euro area sovereign bond holdings	5	10	69	4	0	11	-11	2.79	0.71	5	7	76	2	0	11	-9	2.81	0.64
B) Your bank's liquidity position																		
Your bank's overall liquidity position	0	0	70	21	1	9	21	3.24	0.48	0	0	80	11	0	9	11	3.12	0.35
C) Your bank's market financing conditions																		
Your bank's overall market financing conditions	0	0	59	24	2	15	25	3.38	0.58	0	1	72	12	0	15	10	3.16	0.43
of which financing via:																		
asset-backed securities	0	0	52	12	0	36	12	3.19	0.42	0	0	56	7	0	36	7	3.12	0.35
covered bonds	0	0	50	22	6	22	28	3.46	0.67	0	4	59	18	0	19	14	3.20	0.54
unsecured bank bonds	0	0	67	9	2	22	11	3.17	0.49	0	5	68	1	0	26	-3	2.94	0.36
equity issued	0	0	47	1	0	52	1	3.02	0.18	0	0	48	0	0	52	0	3.00	0.00
D) Your bank's profitability																		
Your bank's overall profitability	1	32	55	3	0	10	-30	2.66	0.57	4	24	59	2	0	11	-26	2.66	0.63
owing to:																		
net interest margin[2]	1	35	53	3	0	9	-33	2.64	0.58	4	25	60	1	0	9	-28	2.66	0.61
capital gains/losses	0	2	79	5	0	13	3	3.03	0.29	0	2	82	2	0	13	0	3.00	0.24
E) Your bank's capital position																		
Your bank's capital ratio[3]	0	1	84	4	0	10	3	3.04	0.28	0	3	84	0	2	10	-1	3.03	0.44
Your bank's leverage ratio[4]	0	3	86	1	0	10	-2	2.98	0.21	0	3	86	0	0	10	-3	2.97	0.19

1) “NA” (not applicable) includes banks which do not have any business in or exposure to this category.
2) Interest income minus interest paid, relative to the amount of interest-bearing assets.
3) Defined in accordance with the regulatory requirements set out in the CRR/CRD IV, including both tier 1 capital and tier 2 capital.
4) Defined in accordance with the delegated act under the Capital Requirements Regulation adopted by the European Commission on 10 October 2014.
Note: Std. dev. denotes standard deviation.

Question 132

Over the past six months, how has the ECB's expanded asset purchase programme affected your bank's lending policy and lending volume? 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									
	--	-	°	+	+ +	NA[1]	NetP	Mean	Std. dev.	No of banks	--	-	°	+	+ +	NA[1]	NetP	Mean	Std. dev.	No of banks
A) Your bank's credit standards																				
For loans to enterprises	0	0	90	3	0	7	-3	3.03	0	138	0	0	89	1	0	10	-1	3.01	0.13	138
For loans to households for house purchase	0	0	92	1	0	7	-1	3.01	0	134	0	0	89	1	0	10	-1	3.01	0.13	134
For consumer credit and other lending to households	0	0	91	1	0	8	-1	3.01	0.10	140	0	0	89	1	0	9	-1	3.01	0.11	140
B) Your bank's terms and conditions																				
For loans to enterprises	0	1	84	8	0	7	-7	3.07	0.31	138	0	3	83	5	0	10	-2	3.02	0.30	138
For loans to households for house purchase	0	0	87	6	0	7	-6	3.07	0.26	134	0	0	85	5	0	10	-5	3.05	0.23	134
For consumer credit and other lending to households	0	0	89	3	0	8	-3	3.03	0.18	140	0	0	88	3	0	9	-3	3.03	0.18	140
C) Your bank's lending volume																				
For loans to enterprises	0	1	81	11	0	7	10	3.10	0.36	138	0	3	78	8	0	10	5	3.05	0.37	138
For loans to households for house purchase	0	0	80	14	0	6	13	3.14	0.37	134	0	0	79	12	0	9	11	3.12	0.35	134
For consumer credit and other lending to households	0	0	86	6	0	8	6	3.06	0.25	140	0	0	87	4	0	9	4	3.04	0.22	140

1) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.

Notes: The number of banks responding (No of banks) refers to all participating banks which have business in or exposure to the respective lending category. Std. dev. denotes standard deviation.

Question 133

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

(in percentages, unless otherwise stated)

	Over the past six months										Over the next six months									
	--	-	°	+	+ +	NA[2]	NetP	Mean	Std. dev.	No of banks	--	-	°	+	+ +	NA[2]	NetP	Mean	Std. dev.	No of banks
Impact on your bank's net interest income																				
Impact on your bank's net interest income[3]	15	63	17	1	0	4	-77	2.02	0.63	149	15	58	22	0	0	4	-74	2.06	0.64	149
Loans to enterprises																				
Impact on your bank's lending rates	3	36	57	2	0	3	-36	2.60	0.60	138	1	31	59	4	0	5	-28	2.70	0.61	138
Impact on your bank's loan margin[4]	3	30	63	1	0	3	-31	2.64	0.59	138	2	28	62	3	0	5	-26	2.71	0.60	138
Impact on your bank's non-interest rate charges	0	1	93	2	0	4	1	3.01	0.20	138	0	1	89	4	0	5	3	3.04	0.27	138
Impact on your bank's lending volume	0	6	81	10	0	3	4	3.05	0.42	138	0	4	82	9	0	5	4	3.05	0.39	138
Loans to households for house purchase																				
Impact on your bank's lending rates	1	36	60	0	0	4	-37	2.61	0.55	134	1	30	61	1	0	7	-30	2.67	0.58	134
Impact on your bank's loan margin[4]	0	30	66	1	0	4	-30	2.69	0.52	134	0	26	66	1	0	7	-24	2.73	0.53	134
Impact on your bank's non-interest rate charges	0	0	93	2	0	4	2	3.02	0.19	134	0	0	89	3	0	7	3	3.04	0.23	134
Impact on your bank's lending volume	0	3	83	11	0	4	9	3.09	0.38	134	0	3	83	8	0	7	5	3.06	0.36	134
Consumer credit and other lending to households																				
Impact on your bank's lending rates	0	29	64	0	0	6	-30	2.67	0.52	140	0	23	66	1	0	9	-23	2.73	0.55	140
Impact on your bank's loan margin[4]	0	24	70	0	0	6	-24	2.73	0.48	140	0	21	69	1	0	9	-20	2.76	0.52	140
Impact on your bank's non-interest rate charges	0	0	91	2	0	7	1	3.01	0.15	140	0	0	87	3	0	10	2	3.03	0.21	140
Impact on your bank's lending volume	0	2	87	4	0	6	2	3.02	0.27	140	0	2	84	4	0	9	2	3.03	0.30	140

1) Independent of whether your bank has excess liquidity.
2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
3) The net interest income is defined as the difference between the interest earned and interest paid on the outstanding amount of interest-bearing assets and liabilities by the bank.
4) The loan margin is defined as the spread of the bank's lending rates on new loans over a relevant market reference rate.

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