EUROPEAN CENTRAL BANK

EUROSYSTEM

The euro area bank lending survey

Third quarter of 2022

October 2022

Contents

Introduction

The results reported in the October 2022 bank lending survey (BLS) relate to changes observed during the third quarter of 2022 and expectations for the fourth quarter of 2022. The survey was conducted between 16 September and 4 October 2022. A total of 153 banks were surveyed in this round, with a response rate of 100%. In addition to results for the euro area as a whole, this report also contains results for the four largest euro area countries.[1]

A number of ad hoc questions were included in the October 2022 survey. 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 programmes, the impact of the ECB's negative deposit facility rate and of the ECB's two-tier system, and the impact of TLTRO III on banks and their lending policies.

[1] The four largest euro area countries in terms of GDP are Germany, France, Italy and Spain. From the April 2022 BLS onwards, banks are asked about additional factors having an impact on the terms and conditions for loans to firms and on credit standards for loans to households, as well as about the developments – across firm sizes – in the factors having an impact on loan demand and the share of rejected loan applications. In addition, since the January 2022 BLS onwards, the aggregation of banks' replies to the euro area results has been based on unweighted national results for all countries.

1 Overview of results

In the October 2022 BLS, euro area banks indicated that they have further tightened their credit standards for loans or credit lines to enterprises in the third quarter of 2022, i.e. the percentage of banks reporting a tightening of credit standards was considerably larger than the percentage of banks reporting an easing. In the context of economic slowdown and intensifying recession fears, risks related to the economic outlook, industry or firm-specific situation and banks' declining risk tolerance had a considerable tightening impact on credit standards. Banks' cost of funds and balance sheet situation also had a tightening impact on credit standards for loans to euro area firms, which was larger than in the previous survey round. In the fourth quarter of 2022 euro area banks expect a significantly stronger net tightening for credit standards on loans to firms compared with the current quarter.

Firms' net demand for loans continued to increase in the third quarter of 2022, despite banks' expectations of a moderate net decline in the previous quarter. Loan demand continued to be driven by firms' financing needs for working capital and inventories, in the context of inflated production costs, growing inventories due to the slowdown in demand and possible precautionary behaviour against the background of supply bottlenecks. For the second consecutive quarter, fixed investment had a dampening impact on firms' net demand for loans, in line with the expected slowdown in investment. In the context of monetary policy normalisation, banks have started to indicate a negative contribution from the general level of interest rates to loan demand. In the fourth quarter of 2022 banks expect a moderate net decline in demand for loans to firms.

Banks reported a strong net tightening of credit standards for housing loans and a lesser, but still pronounced, net tightening for consumer credit in the third quarter of 2022. The net tightening of credit standards for housing loans was the largest since the fourth quarter of 2008. The primary drivers were higher risk perceptions and lower risk tolerance. Banks' cost of funds and balance sheet constraints also contributed to the net tightening. For consumer credit, higher risk perceptions also primarily contributed to the net tightening of credit standards, with a slight impact from lower risk tolerance and the cost of funds and balance sheet conditions. Loan demand by households decreased substantially in net terms for house purchase loans and decreased moderately in net terms for consumer credit. The general level of interest rates, lower consumer confidence and housing market prospects all contributed negatively to demand for house purchase loans. The general level of interest rates and lower consumer confidence also contributed to a net decrease in consumer credit demand alongside a moderate negative contribution from lower demand for durables. In the fourth quarter of 2022 banks expect a net tightening of credit standards for all lending to households. In addition, banks expect a continued strong net decrease in housing loan demand and a lesser, but still relatively strong, decrease in consumer credit demand.

In more detail, euro area banks have further tightened their credit standards (i.e. banks’ internal guidelines or loan approval criteria) for loans or credit lines to enterprises in the third quarter of 2022 (net percentage of banks of 19%, after 16% in the second quarter of 2022; see Section 2.1). This was in line with banks’ expectations from the previous quarter. Looking at developments from a historical perspective, the net tightening of credit standards in the third quarter of 2022 was slightly stronger than at the peak observed following the outbreak of the coronavirus (COVID-19) crisis, but below the peaks observed during the sovereign debt crisis and global financial crisis (net percentage of 14% in the third quarter of 2020, 35% in the fourth quarter of 2011 and 65% in the third quarter of 2008). In the context of economic slowdown and intensifying recession fears, risks related to the economic outlook, industry or firm-specific situation and banks’ declining risk tolerance had a considerable tightening impact on credit standards. Banks’ cost of funds and balance sheet situation had a tightening impact on credit standards for loans to euro area firms, which was stronger in particular for costs related to market financing. The contribution from the cost of funds and balance sheet situation to the tightening of credit standards is stronger compared with the previous quarter and the strongest since 2012 (excluding the pandemic period). In the fourth quarter of 2022 euro area banks expect a significantly stronger net tightening (29%) for credit standards on loans to firms compared with the current quarter.

In the third quarter of 2022 euro area banks reported a strong net tightening of credit standards for housing loans (net percentage of banks of 32%, after 24% in the second quarter of 2022; see Section 2.2), and a lesser but still pronounced net tightening for consumer credit and other lending to households (21%, after 9%; see Section 2.3). Both figures are stronger than anticipated in the previous quarter (24% and 13% respectively). In the case of housing loans, this is the largest recorded net tightening since the fourth quarter of 2008. The net tightening for housing loans was driven mainly by higher risk perceptions and lower risk tolerance. Banks’ cost of funds and balance sheet constraints also had a tightening impact, while competition had a neutral impact. For consumer credit, increased risk perceptions mainly contributed to the net tightening, while the contribution from decreased risk tolerance and the cost of funds and balance sheet constraints was less strong. Banks expect credit standards to continue to tighten for both housing loans (32%) and for consumer credit (20%) in the fourth quarter of 2022.

Banks’ overall terms and conditions (i.e., actual terms and conditions agreed in the loan contract) for new loans to enterprises have tightened considerably further in the third quarter of 2022 (net percentage of 19%, after 11%). Other terms and conditions related to collateral requirements and loan characteristics had a considerable tightening effect, while the widening of margins on average loans (net percentage of 6%; margins defined as the spread over relevant market reference rates) and the widening of margins on riskier loans (net percentage of 4%) had a more moderate contribution. Banks also reported a substantial further net tightening of overall terms and conditions for both housing loans (net percentage of 24%, after 21%), and consumer credit and other lending to households (22%, after 11%). Despite the net tightening of terms and conditions, loan margins narrowed for both house purchase loans and consumer credit, reflecting in part that market reference rates are increasing at a faster rate than interest rates on these loans.

In the third quarter of 2022 banks reported on balance an increase in the share of rejected applications for loans to firms (net percentage of 8%, after 1%). For housing loans, euro area banks reported a significant net increase in the share of rejected applications (31%, after 28%). This is the largest figure recorded since the series began in the first quarter of 2015. The share of rejected applications increased moderately in net terms for consumer credit (13%, after 5%).

Credit standards for loans to enterprises and loans to households for house purchase tightened across all four largest euro area countries in the third quarter of 2022 (see Overview table). Credit standards for consumer credit and other lending to households were unchanged in France and tightened in Germany, Spain and Italy.

Firms' net demand for loans continued to increase in the third quarter of 2022 (net percentage of 13%, compared with 12% in Q2 2022; see Section 2.1), despite banks' expectations in the previous quarter for a moderate net decline. Loan demand continued to be driven by firms' financing needs for working capital and inventories (net percentage of 32%), as firms face inflated energy and production costs, growing inventories related to the slowdown in demand and precautionary behaviour against the background of supply bottlenecks. For the second consecutive quarter, fixed investment had a dampening impact (net percentage of -11%) on firms' net demand for loans, in line with the expected slowdown in investment. Sentiment indicators such as the Purchasing Managers' Index (PMI) also point to falling private sector business activity for the third quarter of 2022. In the context of monetary policy normalisation, banks have started to indicate a negative contribution from the general level of interest rates to loan demand. Loan demand has strongly increased in net terms for short-term maturities, reflecting firms' increased financing needs for working capital and inventories. At the same time, net demand for long-term loans was broadly unchanged in the third quarter of 2022. While available monetary data show strong long-term loan flows for July and August, given the leading indicator properties of BLS loan demand for growth in loans to firms, a potential slowdown in actual long-term loan flows would be expected in the coming months. In the fourth quarter of 2022, banks expect a moderate net decline in demand for loans to firms (net percentage of -4%), due to expectations for a significant decrease in long-term loans, while the demand for short-term loans is expected to remain strong.

In the third quarter of 2022, net demand for loans to households for house purchase decreased substantially (net percentage of -42%, after -10% in the second quarter of 2022; see Section 2.2). This is the largest decrease since the first quarter of 2012 (excluding the pandemic period). Demand for consumer credit decreased moderately in net terms after five consecutive quarters of increases in demand (net percentage of -11%, after 11%; see Section 2.3). The net decrease in housing loan demand was mainly driven by the general level of interest rates (net percentage of -55%), consumer confidence (-36%) and housing market prospects (-22%). Together, these factors reflect the decrease in consumer sentiment reported by the European Commission related to the impact of high inflation and energy prices on households' cost of living and of the recently observed increases in mortgage interest rates on the housing market. The net decrease in demand for consumer credit was also mainly driven by the general level of interest rates (net percentage of -17%) and lower consumer confidence (-15%). Consumption of durables made a moderate negative contribution to overall demand. For the fourth quarter of 2022 banks expect a further strong net decrease in the demand for housing loans (net percentage of -64%), comparable to the expected (although not realised) decline during the pandemic, and a lesser but still relatively strong fall in demand for consumer credit (net percentage of -17%). If realised, this decline in demand for housing loans would be similar in magnitude to the low of -63% recorded in the second half of 2008.

In the third quarter of 2022 banks reported on balance a net increase in demand for loans to enterprises in Germany, France and Italy, while loan demand decreased according to banks in Spain. Net demand for housing loans decreased in all four largest euro area countries. For consumer credit, it increased in France but fell in Germany, Spain and Italy.

Overview table

Latest BLS results for the largest euro area countries

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

	Enterprises						House purchase						Consumer credit					
	Credit standards			Demand			Credit standards			Demand			Credit standards			Demand		
Country	Q2 22	Q3 22	Avg.	Q2 22	Q3 22	Avg.	Q2 22	Q3 22	Avg.	Q2 22	Q3 22	Avg.	Q2 22	Q3 22	Avg.	Q2 22	Q3 22	Avg.
Euro area	16	19	8	12	13	0	24	32	6	-10	-42	4	9	21	4	11	-11	1
Germany	3	19	4	23	3	7	32	39	3	-4	-71	9	20	37	0	23	-23	8
Spain	8	25	9	-8	-8	-5	30	40	14	10	-30	-8	17	33	9	-8	-8	-7
France	25	8	5	8	50	-4	17	42	3	-25	-17	7	0	0	-2	7	7	-1
Italy	18	36	11	0	9	6	9	9	1	-9	-18	12	8	8	4	8	-31	12

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

The October 2022 BLS also contained a number of ad hoc questions. Euro area banks reported that their access to retail funding, securitisation and particularly medium-to-long term debt securities deteriorated in net terms in the third quarter of 2022, reflecting the tightening of financial market conditions for banks. In the fourth quarter of 2022 banks expect a deterioration in access to all funding sources.

Banks reported that, in the context of the monetary policy normalisation and the ending of net asset purchases, the ECB's asset purchase programmes had a negative impact on their liquidity position, market financing conditions and profitability over the past six months. Banks also reported that the ECB's asset purchase programmes had a smaller net easing impact on their terms and conditions for loans to firms and housing loans, which is expected to change to a limited net tightening over the next six months. Similarly, the impact of the ECB's asset purchases on lending volumes to firms and households for house purchase is expected to turn negative for housing loan volumes and become neutral for lending to firms over the next six months. The impact on credit standards was broadly neutral and is expected to remain so across all categories of lending over the next six months.

Over the past six months, which partly covered the period in which the ECB's deposit facility rate (DFR) was still negative, euro area banks reported, in net terms, that the ECB's DFR continued to have a positive, albeit small, impact on lending volumes for loans to firms and households. In addition, the negative DFR, on balance, continued to contribute negatively to bank profitability according to the banks and reduced lending rates. The DFR had also a negative, albeit lower, impact on the rates on deposits held by enterprises and households. Over the past six months, prior to the decision of the ECB's Governing Council to raise the DFR out of negative territory, banks reported that the two-tier system (formally suspended in September 2022) mitigated the negative impact of the DFR on bank profitability, compared with the counterfactual situation in which no such system existed. Banks also indicated that the two-tier system contributed to a small extent to the increase in lending rates for firms and rates for deposits held by firms and households.

Banks in the euro area indicated a smaller positive impact from the Eurosystem's third targeted longer-term refinancing operation (TLTRO III) on their financial situation and lending volumes, as well as a lower net easing impact on terms and conditions for loans to firms and households compared with the previous survey round. With the reduction in outstanding TLTRO III liquidity, banks expect an even more limited positive impact on their financial situation and lending volumes, as well as a more limited net easing impact on terms and conditions over the next six months.

Box 1
General notes

The bank lending survey (BLS) is addressed to senior loan officers at a representative sample of euro area banks. In the current round, 153 banks were surveyed, representing all euro area countries and reflecting the characteristics of their respective national banking structures. The main purpose of the BLS is to enhance the Eurosystem's knowledge of bank lending conditions in the euro area.[2]

BLS questionnaire

The BLS questionnaire contains 22 standard questions on past and expected future developments: 18 backward-looking questions and four forward-looking questions. In addition, it contains one open-ended question. Those 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 about the credit standards applied to the approval of loans, the terms and conditions of new loans, loan demand,

[2] For more detailed information on the bank lending survey, see the article entitled "A bank lending survey for the euro area", *Monthly Bulletin*, ECB, April 2003; Köhler-Ulbrich, P., Hempell, H. and Scopel, S., "The euro area bank lending survey", *Occasional Paper Series*, No 179, ECB, 2016; and Burlon, L., Dimou, M., Drahonsky, A. and Köhler-Ulbrich, P., "What does the bank lending survey tell us about credit conditions for euro area firms?", *Economic Bulletin*, Issue 8, ECB, December 2019.

the factors affecting loan supply and demand conditions, and the percentage of loan applications that are rejected. Survey questions are generally phrased in terms of changes over the past three months or expected changes over the next three months. Survey participants are asked to indicate in a qualitative way the strength of any tightening or easing or the strength of any decrease or increase, reporting changes using the following five-point scale: (1) tightened/decreased considerably, (2) tightened/decreased somewhat, (3) basically no change, (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. Whereas the standard questions cover a three-month time period, the ad hoc questions tend to refer to changes over a longer time period (e.g. over the past and next six months).

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

The responses of the individual banks participating in the BLS are aggregated in two steps to form the euro area results. In the first step, the responses of individual banks are aggregated to national results for the euro area countries. In the second step, the national BLS results are aggregated to euro area BLS results.

In the first step, banks' replies are aggregated to national BLS results for all countries by applying equal weights to all banks in the sample.[3] For two countries (Malta and Slovakia), national results are additionally aggregated by applying a weighting scheme based on the amounts outstanding of loans to non-financial corporations and households of the individual banks in the respective national samples.

In the second step, since the numbers of banks in the national samples differ considerably and do not always reflect those countries' respective shares in lending to euro area non-financial corporations and households, the unweighted national survey results of all countries are aggregated to euro area BLS results by applying a weighting scheme based on the national shares of outstanding loans to euro area non-financial corporations and households.

BLS indicators

Responses to questions relating to credit standards are analysed in this report by looking at the difference (the "net percentage") between the percentage of banks reporting that credit standards applied in the approval of loans have been tightened and the percentage of banks reporting that they have been eased. 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 all included in the denominator when calculating the net percentage). This means that banks that specialise in certain loan categories (e.g. banks that only grant loans to enterprises) are only included in the aggregation for those 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 was 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

[3] To ensure a good representation of national bank lending markets, the selected sample banks are generally of a similar size or have lending behaviour that is typical of a larger group of banks.

backdata.[4] The resulting revisions for the standard BLS questions have generally been small, but revisions for some ad hoc questions have been larger owing to a higher number of “not applicable” replies by banks.

A positive net percentage indicates that a larger proportion of banks have tightened credit standards (“net tightening”), whereas a negative net percentage indicates that a larger proportion of banks have eased credit standards (“net easing”).

Likewise, the term “net demand” refers to the difference between the percentage of banks reporting an increase in loan demand (i.e. an increase in bank loan financing needs) and the percentage 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 country results, net percentage changes are reported in a factual manner, as differing sample sizes across countries mean that the answers of individual banks have differing impacts on the magnitude of net percentage changes.

In addition to the “net percentage” indicator, the ECB also publishes an alternative measure of banks’ responses to questions relating to changes in credit standards and net demand. This measure is the weighted difference (“diffusion index”) between the percentage of banks reporting that credit standards have been tightened and the percentage of banks reporting that they have been eased. Likewise, as regards demand for loans, the diffusion index refers to the weighted difference between the percentage of banks reporting an increase in loan demand and the percentage of banks reporting a decline. The diffusion index is constructed in the following way: lenders who have answered “considerably” are given a weight (score of 1) which is twice as large as that given to lenders who have 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 provided can be found in Annex 1 for the standard questions and Annex 2 for the ad hoc questions. In addition, BLS time series data are available on the ECB’s website via the Statistical Data Warehouse.

A copy of the questionnaire, a glossary of BLS terms and a BLS user guide with information on the BLS series keys can all be found on the ECB's website.

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[4] The non-harmonised historical data differ from the harmonised data mainly as a result of heterogeneous treatment of “NA” (Not Applicable) replies and specialised banks across questions and countries. Non-harmonised historical BLS data are published for discontinued BLS questions and ad hoc questions.

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 tightened

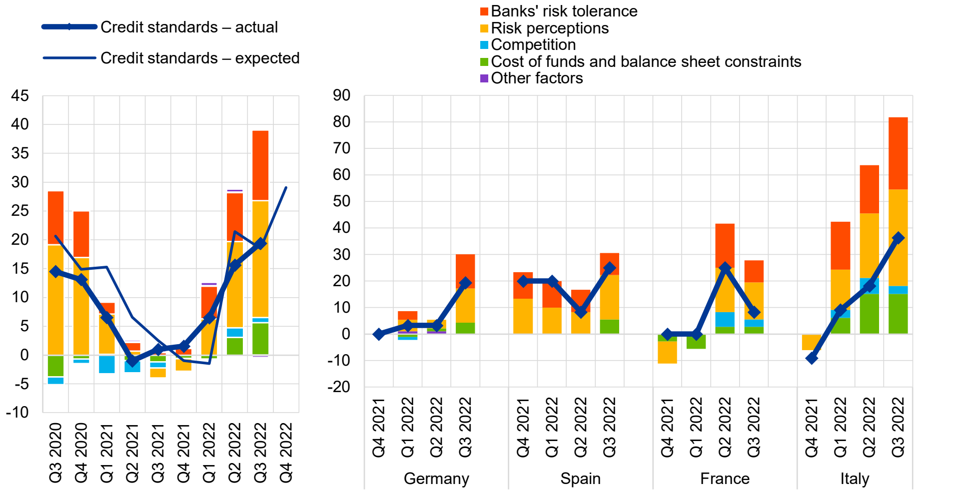
Euro area banks have further tightened their credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans or credit lines to enterprises in the third quarter of 2022, i.e., the percentage of banks reporting a tightening of credit standards was considerably larger than the percentage of banks reporting an easing (net percentage of banks of 19%, after 16% in the second quarter of 2022; see Chart 1 and Overview table). The net tightening of credit standards was in line with banks' expectations from the previous quarter. Looking at developments from a historical perspective, the net tightening of credit standards in the third quarter of 2022 is slightly above the peak observed after the outbreak of the COVID-19 crisis and below the peaks observed during the sovereign debt crisis and global financial crisis (net percentage of 14% in the third quarter of 2020, 35% in the fourth quarter of 2011 and 65% in the third quarter of 2008). In the third quarter of 2022, the reported tightening in credit standards was somewhat stronger for loans to small and medium-sized enterprises (SMEs) (19%, after 10%) compared to loans to large firms (17%, after 16%) and stronger for long-term loans (20%, after 16%) than for short-term loans (15%, after 9%; see Chart 2).

Banks indicated a considerable further net tightening impact of their risk perceptions and risk tolerance in the third quarter of 2022 (see Chart 1 and Table 1). In the context of economic slowdown and intensifying fears of recession, risks related to the economic outlook, industry or firm-specific situation and banks' declining risk tolerance had a considerable tightening impact on credit standards in the third quarter of 2022. In addition, risks related to the collateral demanded also had a moderate tightening impact on credit standards for loans to enterprises. With the ongoing monetary policy normalisation, banks' cost of funds and balance sheet situation had a tightening impact on credit standards for loans to euro area firms, which was larger than in the previous quarter and similar in magnitude to that reported after the outbreak of the COVID-19 pandemic (7% in the second quarter of 2022). From a historical perspective, aside from the pandemic, this is the highest tightening impact of this factor since the second quarter of 2012. Banks indicated that the current tightening in funding costs was equally related to their capital positions (6%), ability to access market financing (6%) and liquidity position (5%). Competition related to market financing had a small net tightening impact on credit standards for loans to firms. Banks also indicated that the main factors explaining the development in credit standards across firm sizes were higher risk perceptions related to the economic outlook, creditworthiness of borrowers, collateral demanded and decreased risk tolerance (see Chart 2). The net tightening of banks' cost of funds and balance sheet constraints increased for loans to SMEs and large firms.

Chart 1

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

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

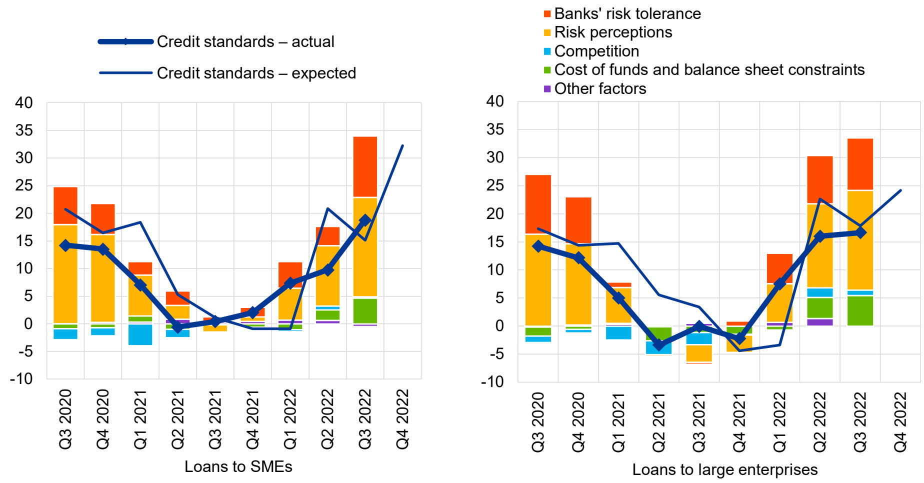


Notes: "Actual" values are changes that have occurred, while "expected" values are changes anticipated by banks. Net percentages are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages of banks responding "eased somewhat" and "eased considerably". The net percentages for responses to questions related to contributing 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 "banks' capital and the costs related to banks' 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 related to the collateral demanded"; "competition" is the unweighted average of "competition from other banks", "competition from non-banks" and "competition from market financing". The net percentages for "other factors" refer to further factors which were mentioned by banks as having contributed to changes in credit standards.

Chart 2

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

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



Note: See the notes to Chart 1.

Credit standards for loans to enterprises tightened across all four largest euro area countries in the third quarter of 2022. Banks' higher perceived risks and lower risk tolerance were the main driving factors in all four countries. In addition, a tightening impact from cost of funds and balance sheet constraints, driven mostly by higher capital costs and banks' access to market financing was reported by banks in Italy, Germany and Spain. For banks in France, the tightening impact of banks' cost of funds and balance sheet constraints on credit standards for loans to enterprises was explained by banks' liquidity position, while this effect was also a partial driver of the tightening in Italy.

In the fourth quarter of 2022 euro area banks expect a stronger net tightening (29%) for credit standards on loans to firms, compared with the current quarter, both for loans to SMEs (net percentage of 32%) and large enterprises (net percentage of 24%).

Table 1

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

(net percentages of banks)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022
Euro area	3	6	2	1	15	20	9	12
Germany	1	4	0	0	3	13	0	13
Spain	0	6	0	0	8	17	8	8
France	3	3	6	3	17	14	17	8
Italy	15	15	6	3	24	36	18	27

Note: See the notes to Chart 1.

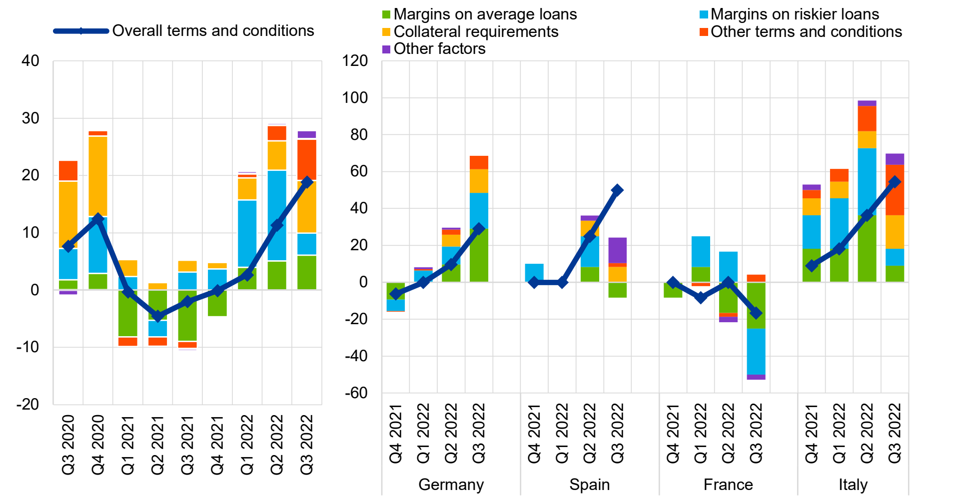
2.1.2 Terms and conditions on loans to enterprises tightened considerably

Banks' overall terms and conditions (i.e. the actual terms and conditions agreed in the loan contract) for new loans to enterprises have considerably tightened further in the third quarter of 2022 (net percentage of 19%, after 11%; see Chart 3 and Table 2). This was mainly on account of tightening related to collateral requirements and other terms and conditions such as loan size, covenants, maturity limits and non-interest charges. The tightening in all these terms and conditions was stronger than in the previous quarter. Margins (defined as the spread over relevant market reference rates) on both average loans (net percentage of 6%) and riskier loans (net percentage of 4%) have continued to make a moderate contribution to the tightening of firms' overall terms and conditions. Tighter terms and conditions are confirmed by data on the actual aggregate cost of borrowing for firms, which increased in August 2022 (the latest available month). Banks reported a similar net tightening of overall terms and conditions for loans to SMEs and large firms, with collateral and loan characteristics summarised in other terms and conditions having a significant tightening impact on overall terms and conditions (see Chart 4). The widening of margins on average loans had a tightening impact on loans for both SMEs and large firms, whereas margins were widening on riskier loans for large firms and narrowing for SMEs.

Chart 3

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

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

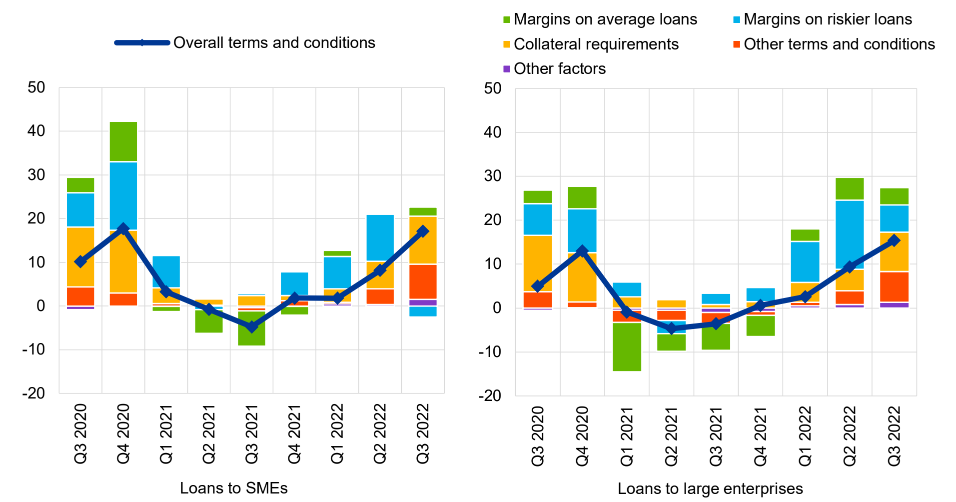


Notes: “Margins” are defined as the spread over relevant market reference rates. “Other terms and conditions” is the unweighted average of “non-interest rate charges”, “size of the loan or credit line”, “loan covenants” and “maturity”. The net percentages for “other factors” refer to further factors which were mentioned by banks as having contributed to changes in terms and conditions.

Chart 4

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

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



Note: See the notes to Chart 3.

Banks’ higher risk perceptions, decreased risk tolerance and increasing funding costs and balance sheet constraints were the main drivers of the net tightening in overall terms and conditions for loans to firms in the third quarter of 2022 (see

Table 3). Risk perceptions related to the economic outlook and the creditworthiness of firms had a large tightening impact on terms and conditions, whereas the impact of the collateral demanded was more moderate. With the ongoing monetary policy normalisation, banks have indicated a further tightening effect of cost of funds and balance sheet constraints related to access to market financing, their capital costs and their liquidity positions. While competition had an easing impact on overall terms and conditions, competition from market financing had a small tightening impact.

Table 2

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

(net percentages of banks)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022
Euro area	11	19	5	6	16	4
Germany	10	29	10	29	10	19
Spain	25	50	8	-8	17	0
France	0	-17	-17	-25	17	-25
Italy	36	55	36	9	36	9

Note: See the notes to Chart 3.

Table 3

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

(net percentages of banks)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022
Euro area	7	11	3	-2	17	22	7	12
Germany	9	8	0	0	14	22	6	16
Spain	3	14	0	-6	14	19	8	8
France	3	6	8	-6	19	11	0	8
Italy	21	24	9	0	30	39	27	18

Notes: The net percentages for these questions relating to contributing factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage reporting that it contributed to an easing. See the notes to Chart 1.

In the largest euro area countries, overall terms and conditions on loans or credit lines to enterprises tightened on balance in Germany, Spain and Italy and eased in France in the third quarter of 2022. Across the four largest economies, banks mentioned higher risk perceptions, decreased risk tolerance and the cost of funds and balance sheet constraints as factors contributing to the tightening. Banks in France have indicated a narrowing of margins on both average and riskier loans. Margins narrowed on average loans in Spain but were unchanged on riskier loans, while margins widened on both average and riskier loans in Germany and Italy.

2.1.3 Rejection rate for loans to enterprises increased

In the third quarter of 2022 euro area banks reported on balance an increase in the share of rejected applications for loans to firms (net percentage of 8%, after 1% in the previous quarter). This development is consistent with tightening credit standards, which make banks more likely to reject loan applications. The net increase in the share of rejected loan applications was similar for loans to SMEs (net percentage of 8%, after 4%) and for loans to large firms (net percentage of 9%, after 2%).

Across the largest euro area countries, banks reported that in net terms the share of rejected loan applications increased in Germany and Spain, driven by an increase in the share of rejected applications both for SMEs and large firms. At the same time, banks in France and Italy reported no change in the share of rejected applications in the third quarter of 2022.

2.1.4 Net demand for loans to enterprises continued to increase

According to euro area banks, firms' net demand for loans continued to increase in the third quarter of 2022 (net percentage of 13%, after 12% in the second quarter of 2022; see Chart 5 and Overview table), despite banks' expectations of a moderate net decline in the previous quarter. Demand strongly increased in net terms for loans with short-term maturities (net percentage of 18%) for the second consecutive quarter, reflecting firms' increased need for liquidity to cover inflated energy and input costs. At the same time, net demand for long-term loans was broadly unchanged (net percentage of -1%) in the third quarter of 2022. While available monetary data shows strong long-term loan flows for July and August, given the leading indicator properties of BLS loan demand for growth in loans to firms, a potential slowdown in actual long-term loan flows would be expected in the coming months.[5] In addition, BLS banks indicated that loan demand increased in net terms for SMEs (net percentage of 12%) and for large firms (net percentage of 14%; see Chart 6).

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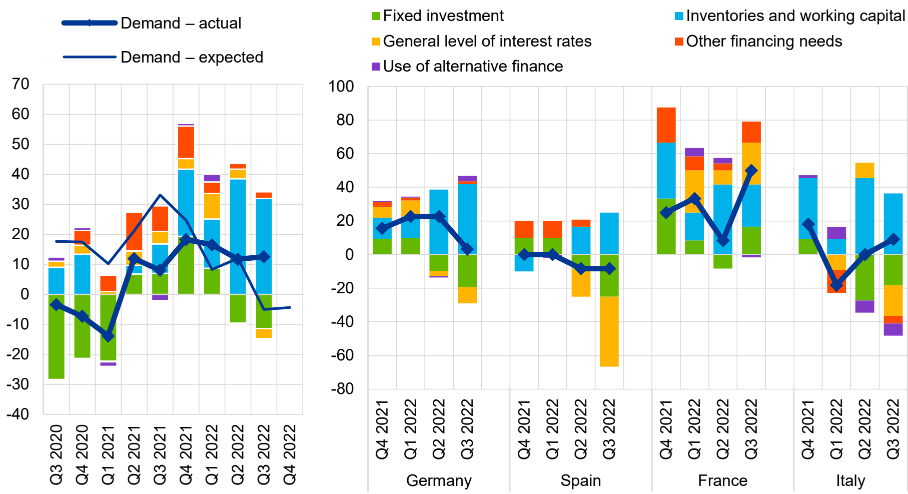
5 See also Falagiarda, M., Köhler-Ulbrich, P. and Maqui, E., "Drivers of firms' loan demand in the euro area –what has changed during the COVID-19 pandemic?", *Economic Bulletin*, Issue 5, ECB, 2020.

Chart 5

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

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

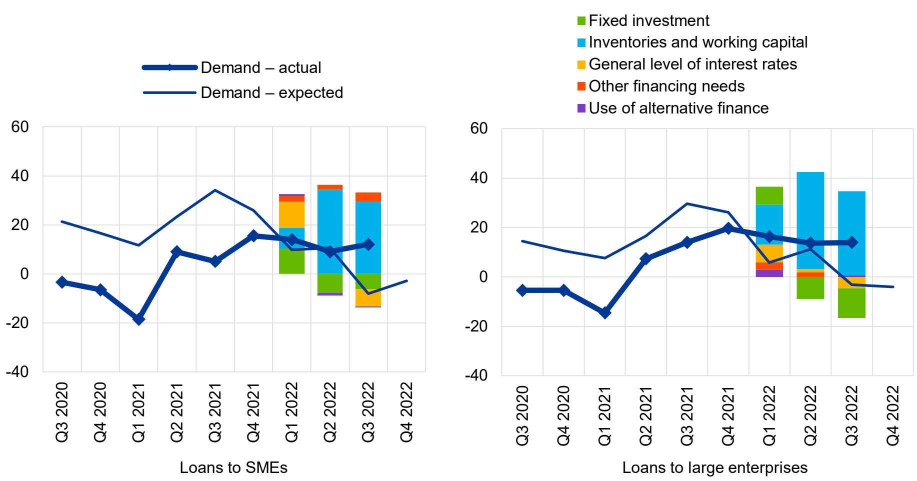


Notes: "Actual" values are changes that have occurred, while "expected" values are changes anticipated by banks. Net percentages for the questions on demand for loans are defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat" and the sum of the percentages of banks responding "decreased somewhat" and "decreased considerably". The net percentages for responses to questions relating to contributing factors 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 "mergers/acquisitions 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".

Chart 6

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

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



Note: See the notes to Chart 5. Developments in the factors having an impact on loan demand across firm sizes were added in the April 2022 survey round.

Loan demand continued to be driven by firms' financing needs for working capital and inventories, as firms face higher liquidity needs (net percentage of 32%; see Chart 5 and Table 4). Inflated energy and production costs and growing inventories related to the slowdown in demand and bullwhip effects in supply chains are likely leading to a higher need for loans. In addition, against the background of continuing supply chain bottlenecks, precautionary behaviour of firms may lead to higher financing needs for inventories and working capital. For the second consecutive quarter, fixed investment had a dampening impact (net percentage of -11%) on firms' net demand for loans, in line with the expected slowdown in investment.[6] Sentiment indicators such as the Purchasing Managers' Index (PMI) also point to falling private sector business activity for the third quarter of 2022. In the context of monetary policy normalisation, banks have started to indicate a dampening effect (net percentage of -3%) of the general level of interest rates on loan demand. Debt security issuance, as a source of alternative finance, had a positive impact on loan demand, indicating that with the increase in market rates, banks substitute away from alternative sources of financing towards bank loans. In addition, other financing needs related to mergers and acquisitions and debt restructuring have supported loan demand to a small extent. In the current economic environment, firms might have an incentive to restructure their activities and might still have incentives to frontload their demand for loans or renegotiate loan amounts or maturities against the background of expected further interest rate increases. For both SMEs and large firms, financing needs for inventories and working capital had a positive impact on loan demand, while fixed investment (more for large firms than for SMEs) and the increase in the general level of interest rates had a dampening impact in the third quarter of 2022 (see Chart 6). In addition, loan demand has been supported by other financing needs related to mergers and acquisitions and corporate restructuring for SMEs, and by substitution effects from debt securities for large firms.

Table 4

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

(net percentages of banks)

	Fixed investment		Inventories and working capital		Other financing needs		General level of interest rates		Use of alternative finance	
Country	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022
Euro area	-10	-11	39	32	2	2	3	-3	0	0
Germany	-10	-19	39	42	0	2	-3	-10	-1	3
Spain	-8	-25	17	25	4	0	-17	-42	0	0
France	-8	17	42	25	4	13	8	25	3	-2
Italy	-27	-18	45	36	0	-5	9	-18	-7	-7

Note: See the notes to Chart 5.

In the largest euro area countries, banks reported a net increase in the demand for loans to firms in Germany, France and Italy, while loan demand decreased according to banks in Spain in the third quarter of 2022. Financing needs related to inventories and working capital had a strong positive impact on loan demand in all four largest euro area countries, while fixed investment had a positive impact in France and a dampening effect in Germany, Spain and Italy. The general level of interest rates had a negative effect on loan demand in Germany, Spain and Italy, while it contributed positively to loan demand in France. Banks in France indicated that other financing needs related to mergers and acquisitions and corporate restructuring had a positive

6 See ECB staff macroeconomic projections for the euro area, September 2022.

effect on loan demand, whereas banks in Germany indicated that other financing needs related to debt refinancing and restructuring had a positive impact on loan demand. Other financing needs related to debt refinancing and restructuring had a negative impact on loan demand for firms in Italy. Regarding the alternative sources of financing, substitution away from bank loans to equity issuance had a dampening impact on loan demand in France, whereas in Italy loans from other banks and non-banks had a dampening impact on loan demand for firms. In Germany, the positive impact of the use of alternative financing on loan demand was mainly driven by debt security issuance.

In the fourth quarter of 2022 banks expect a net decline in demand for loans to firms (net percentage of -4%), for both SMEs (net percentage of -3%) and large enterprises (net percentage of -4%). In net terms, demand for long-term loans is expected to decrease considerably (net percentage of -27%), while the demand for short-term loans is expected to remain strong (net percentage of 20%).

2.2 Loans to households for house purchase

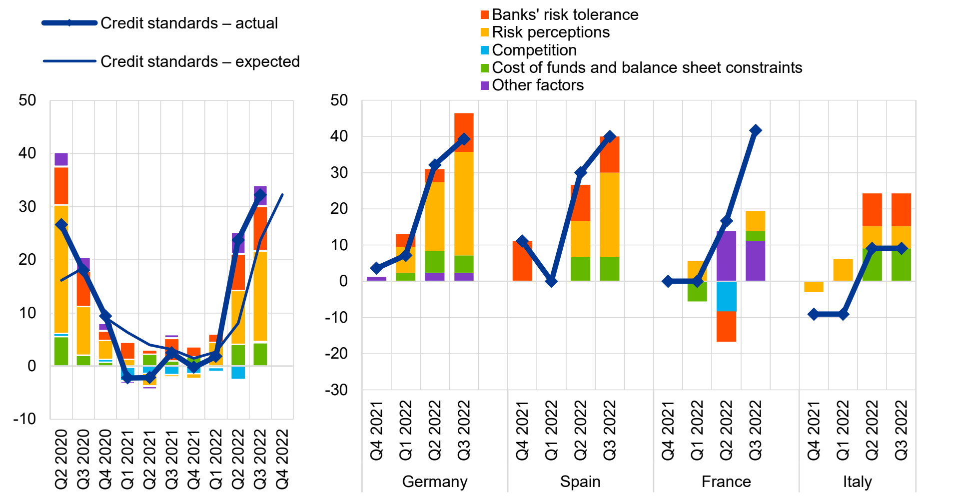
2.2.1 Credit standards for loans to households for house purchase tightened strongly

In the third quarter of 2022 euro area banks reported a strong net tightening of credit standards for loans to households for house purchase (net percentage of banks at 32%, after 24% in the second quarter of 2022; see Chart 7 and Overview table). This was stronger than expected in the previous quarter (24%) and the largest recorded net tightening since the fourth quarter of 2008.

Chart 7

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

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



Notes: See the notes to Chart 1. "Cost of funds and balance sheet constraints" is the unweighted average of "banks' capital and the costs related to banks' capital position", "access to market financing" and "liquidity position"; "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". The net percentages for "other factors" refer to further factors which were mentioned by banks as having contributed to changes in credit standards.

Banks' increased risk perceptions, lower risk tolerance and higher cost of funds and balance sheet constraints contributed to the net tightening, while country-specific factors also had a tightening impact (see Chart 7 and Table 5). Banks reported a more pronounced tightening impact from increased risk perceptions than in the previous quarter, stemming from concerns regarding the general economic outlook, borrower creditworthiness and housing market prospects. This marks the third consecutive quarter of risk perceptions having a tightening impact, which excluding the pandemic period, had not been recorded since 2013. Other country-specific factors also contributed considerably to the net tightening, in particular in France.[7] Furthermore, there was also a tightening impact from banks' cost of funds and balance sheet constraints. At the same time, pressure as a result of competition from other banks had a broadly neutral impact.

Across all four of the largest euro area countries, credit standards tightened in net terms. Some banks in France noted that the usury rate (a maximum interest rate on loans) had contributed to a tightening impact.[8] Across all four largest euro area countries, increased risk perceptions and banks' cost of funds and balance sheet constraints had a tightening impact, while competition had a neutral impact. Decreased risk tolerance had a tightening impact in Germany, Spain and Italy, but a neutral effect in France.

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[7] In France, one particularly significant factor was the impact of the usury rate (*taux d'usure*) on credit standards. This is set quarterly by the Banque de France and is effective from the first day of a given quarter. It sets a legal limit on the level of interest that can be charged on a list of different categories of loans to protect borrowers from being charged excessive rates. See the current list of usury rates.

[8] See footnote 7 above.

In the fourth quarter of 2022 euro area banks expect a continued pronounced net tightening of credit standards on loans to households for house purchase at the same pace as the third quarter (net percentage of 32%).

Table 5

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

(net percentages of banks)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022
Euro area	4	4	-3	0	10	17	7	8
Germany	6	5	0	0	19	29	4	11
Spain	7	7	0	0	10	23	10	10
France	0	3	-8	0	0	6	-8	0
Italy	9	9	0	0	6	6	9	9

Note: See the notes to Chart 7.

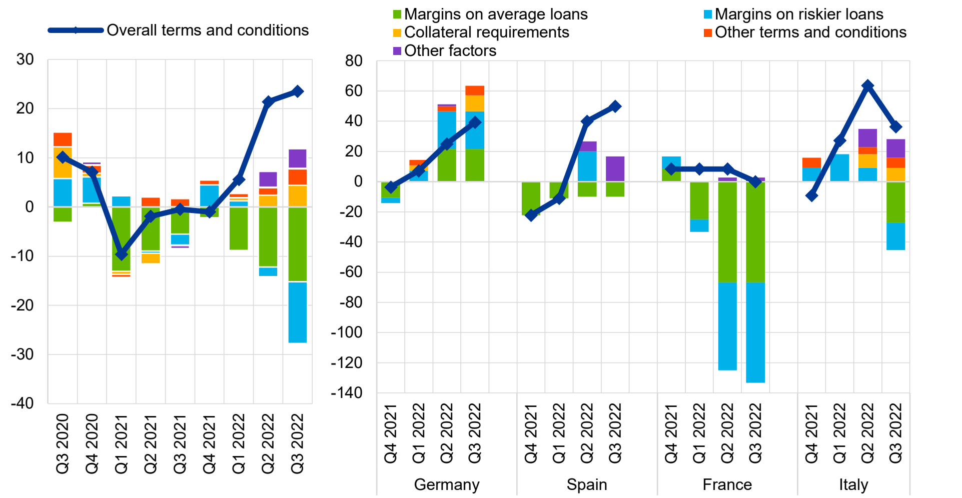
2.2.2 Terms and conditions on loans to households for house purchase tightened strongly

Banks reported a strong net tightening of overall terms and conditions for housing loans in the third quarter of 2022 (net percentage of banks of 24%, compared with 21% in the previous quarter; see Chart 8 and Table 6). The net tightening for the third consecutive quarter reflects increases in the level of interest rates (recorded under other factors in Chart 8), in line with the substantial increase in euro area mortgage interest rates since the beginning of 2022. At the same time, there was a net narrowing of banks' margins on both average and riskier loans due to relevant market reference rates rising faster than interest rates charged on housing loans. In addition, there was a moderate net tightening of loan-to-value ratios and other loan size limits (part of other terms and conditions in Chart 8) alongside an additional moderate tightening contribution from increased collateral requirements. Conditions for non-interest rate charges tightened slightly, while maturity limits were broadly unchanged.

Chart 8

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

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



Notes: "Margins" are defined as the spread over relevant market reference rates. "Other terms and conditions" is the unweighted average of "loan-to-value ratio", "other loan size limits", "non-interest rate charges" and "maturity". The net percentages for "other factors" refer to further factors which were mentioned by banks as having contributed to changes in terms and conditions.

Table 6

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

(net percentages of banks)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	**Q2 2022**	**Q3 2022**	**Q2 2022**	**Q3 2022**	**Q2 2022**	**Q3 2022**
Euro area	21	24	-12	-15	-2	-13
Germany	25	39	21	21	25	25
Spain	40	50	-10	-10	20	0
France	8	0	-67	-67	-58	-67
Italy	64	36	0	-27	9	-18

Note: See the notes to Chart 8.

Banks' increased risk perceptions, lower risk tolerance and higher cost of funds and balance sheet constraints all contributed to a net tightening of overall terms and conditions (see Table 7). Higher market interest rates in the context of monetary policy normalisation are feeding into banks' cost of funds, while increased risk perceptions and lower risk tolerance reflect broader economic risks. Competition is the only factor which contributed slightly to an easing in terms and conditions.

In Germany, Spain and Italy, in net terms, overall terms and conditions for housing loans tightened while terms and conditions were unchanged in France. It should be noted, however, that loan margins narrowed markedly in France on both average and riskier loans because the interest rate on loans has not risen as quickly as market reference rates. Loan margins also narrowed on both average and riskier loans in Italy and on average loans in Spain. By contrast, loan margins in Germany widened. Additionally, German and Italian banks reported a tightening of both loan-to-value ratios and other size limits alongside increased collateral requirements.

German banks also reported increased non-interest rate charges, while Italian banks recorded a tightening with respect to maturities. Regarding the factors, banks' cost of funds and balance sheet constraints had a tightening effect on overall terms and conditions across all four countries. Higher risk perceptions had a tightening effect in Germany, Spain and Italy, while decreasing risk tolerance had a tightening effect for German and Italian banks, but a neutral impact for Spanish and French banks. Competition had a tightening impact in Germany and an easing impact in Spain, France and Italy.

Table 7
Factors contributing to changes in overall terms and conditions on loans to households for house purchase

(net percentages of banks)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022
Euro area	14	18	-1	-3	13	16	5	8
Germany	7	11	7	4	21	32	4	14
Spain	30	40	-20	-10	20	10	10	0
France	17	17	0	-8	0	0	0	0
Italy	45	36	9	-9	27	27	9	18

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

2.2.3 Rejection rate for housing loans increased strongly

In the third quarter of 2022 euro area banks reported, on balance, a strong increase in the share of rejected formal and informal applications for housing loans (31%, compared with 28% in the previous quarter). This was the largest net increase since the series began in the first quarter of 2015, reflecting the tightening of credit standards and potential concerns regarding households' debt servicing capacity from the higher cost of living and rising interest rates. The share of loan applications that were rejected increased in all four of the largest euro area countries.

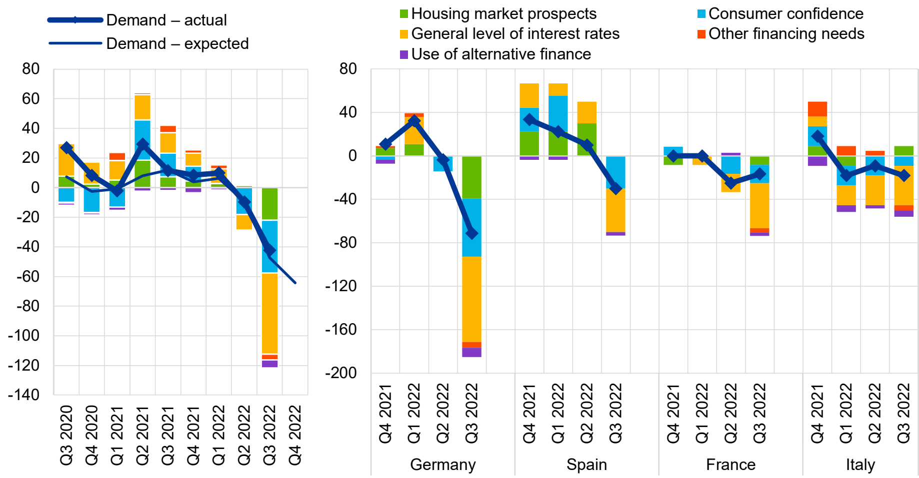
2.2.4 Net demand for housing loans decreased substantially

Banks reported a substantial decrease in net demand for housing loans in the third quarter of 2022 (net percentage of banks of -42%, compared with -10% in the second quarter of 2022; see Chart 9 and Overview table). This is the largest recorded decrease since the first quarter of 2012, excluding the pandemic period.

Chart 9

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

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



Notes: See the notes to Chart 5. "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 finance of house purchase out of savings/down payment", "loans from other banks" and "other sources of external finance".

The current interest rate environment, lower consumer confidence and housing market prospects all contributed to this substantial fall in demand (see Chart 9 and Table 8). Together, these factors reflect the economic slowdown alongside increases in mortgage interest rates. The euro area composite cost of borrowing for households has increased substantially since the start of 2022, and rates are at their highest level since 2015 in August 2022 (the latest available data). BLS developments are also in line with the sharp fall in the European Commission's consumer confidence indicator in the third quarter of 2022. Additionally, this marks the first time since 2013 that housing market prospects have contributed negatively to demand, excluding the pandemic period, during which the negative impact was more contained. Other financing needs and the use of alternative finance made a small downward contribution to demand.

Banks in all four largest euro area countries reported a net decrease in demand for housing loans in the third quarter of 2022, with a particularly pronounced fall in Germany. Declining consumer confidence and the general level of interest rates had a strong downward impact across all four countries, while housing market prospects had a negative impact in Germany and France, a positive impact in Italy and a neutral impact in Spain. The use of alternative finance had a small dampening effect on demand in all four of the largest euro area countries. Other financing needs made a small negative contribution in Germany, France and Italy.

In the fourth quarter of 2022 banks expect a further strong net decline in the demand for housing loans (net percentage of banks of -64%). This is comparable to the expected (although not realised) decline during the pandemic and is similar in magnitude to the series low of -63% recorded in the second half of 2008.

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

(net percentages of banks)

Country	Housing market prospects		Consumer confidence		Other financing needs		General level of interest rates		Use of alternative finance	
	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022
Euro area	1	-22	-18	-36	1	-4	-11	-55	-1	-5
Germany	0	-39	-14	-54	0	-5	0	-79	0	-8
Spain	30	0	0	-30	0	0	20	-40	0	-3
France	0	-8	-17	-17	0	-4	-17	-42	3	-3
Italy	0	9	-18	-9	5	-5	-27	-36	-3	-6

Note: See the notes to Chart 9.

2.3 Consumer credit and other lending to households

2.3.1 Credit standards for consumer credit and other lending to households tightened

Banks reported a net tightening of credit standards on consumer credit and other lending to households in the third quarter of 2022 (net percentage of 21%, compared with 9% in the second quarter of 2022; see Chart 10 and Overview table). This is the strongest net tightening since the second quarter of 2009 (excluding the pandemic period) and is larger than was expected in the previous round (13%).

Increased risk perceptions of banks mainly contributed to the net tightening of credit standards (see Chart 10 and Table 9), which was mostly related to perceptions regarding the economic outlook and the creditworthiness of consumers. Increased risk tolerance and banks’ cost of funds and balance sheet conditions had a smaller tightening effect. Competition had a neutral effect.

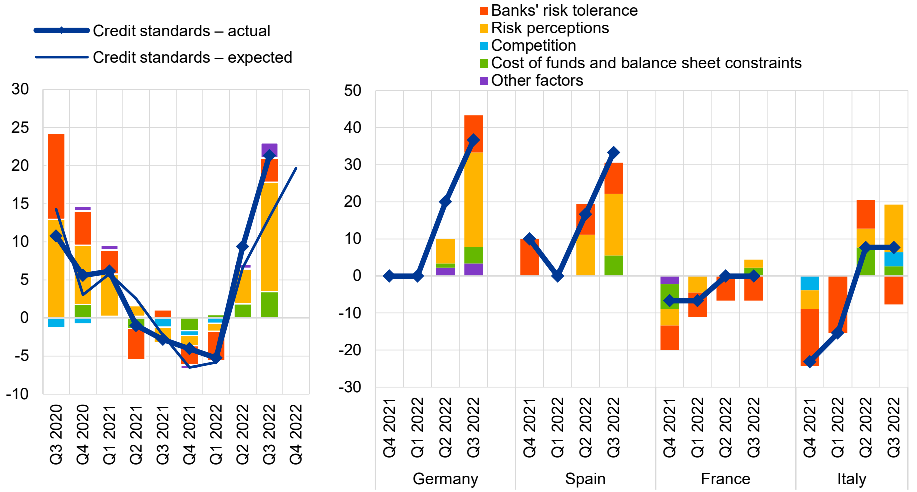
Across the largest euro area countries, credit standards for consumer credit and other lending to households tightened in net terms in Germany, Spain and Italy, and were unchanged on balance in France. Increased risk perceptions and the cost of funds and balance sheet constraints contributed to the net tightening in all the largest countries. Changes in risk tolerance contributed to the tightening observed in Germany and Spain, but had an easing impact for French and Italian banks. Italian banks also reported tightening pressure owing to competition from non-banks.

In the fourth quarter of 2022 euro area banks expect a continued similar net tightening of credit standards for consumer credit and other lending to households (net percentage of 20%).

Chart 10

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

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



Notes: See the notes to Chart 1. "Cost of funds and balance sheet constraints" is the unweighted average of "banks' capital and the costs related to banks' capital position", "access to market financing" and "liquidity position"; "Risk perceptions" is the unweighted average of "general economic situation and outlook", "creditworthiness of consumers" and "risk on the collateral demanded"; "competition" is the unweighted average of "competition from other banks" and "competition from non-banks". The net percentages for "other factors" refer to further factors which were mentioned by banks as having contributed to changes in credit standards.

Table 9

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

(net percentages of banks)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022
Euro area	2	3	0	0	5	14	0	3
Germany	1	4	0	0	7	26	0	10
Spain	0	6	0	0	11	17	8	8
France	0	2	0	0	0	2	-7	-7
Italy	8	3	0	4	5	13	8	-8

Note: See the notes to Chart 10.

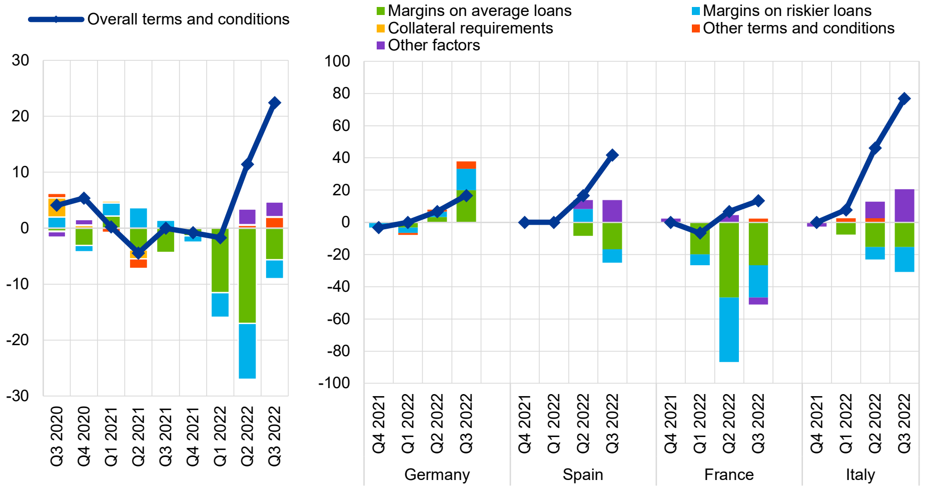
2.3.2 Terms and conditions on consumer credit and other lending to households tightened

In the third quarter of 2022 the overall terms and conditions applied by banks when granting consumer credit and other lending to households tightened in net terms (net percentage of 22%, compared with 11% in the previous quarter; see Chart 11 and Table 10). While interest rates have increased (specified under "other factors" in Chart 11), there was a continued, although less pronounced, net narrowing of margins on average loans (net percentage of -6%) and of margins on riskier loans (-3%), as market reference rates increased faster than rates on consumer credit.

Chart 11

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

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



Notes: "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". The net percentages for "other factors" refer to further factors which were mentioned by banks as having contributed to changes in terms and conditions.

Reflecting this, banks' cost of funds and balance sheet conditions contributed to a strong net tightening of terms and conditions (net percentage 29%; see Table 11). Increased risk perceptions and declining risk tolerance also had a tightening impact on overall terms and conditions, while competition had a slight easing impact.

Across all four of the largest euro area countries, overall terms and conditions for consumer credit and other lending to households tightened in net terms. Despite the tightening of overall terms and conditions, loan margins narrowed on both average and riskier loans in Spain, France and Italy, but widened in Germany. Across all four countries, cost of funds and balance sheet conditions had a tightening impact, while increased risk perceptions had a tightening impact in Germany, Italy and France, but a neutral impact in Spain. Pressure from competition had an easing impact in Spain and a tightening impact in Italy. Banks' risk tolerance had a tightening impact in Germany and an easing impact in France.

Table 10
Changes in terms and conditions on consumer credit and other lending to households

(net percentages of banks)

Country	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022
Euro area	11	22	-17	-6	-10	-3
Germany	7	17	3	20	3	13
Spain	17	42	-8	-17	8	-8
France	7	13	-47	-27	-40	-20
Italy	46	77	-15	-15	-8	-15

Note: See the notes to Chart 11.

Table 11
Factors contributing to changes in overall terms and conditions on consumer credit and other lending to households

(net percentages of banks)

Country	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022
Euro area	10	29	0	-2	4	11	-1	2
Germany	3	10	0	0	10	17	0	10
Spain	17	42	-17	-25	0	0	0	0
France	0	33	7	0	0	13	-7	-7
Italy	31	69	8	8	0	8	0	0

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

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

In the third quarter of 2022 euro area banks reported a net increase in the share of rejected formal and informal applications for consumer credit and other lending to households (13%, compared with 5% in the previous survey round). Excluding the pandemic period, this is the largest increase in rejections since the series began in the first quarter of 2015.

Across the largest euro area countries, the rejection rate increased on balance in Germany, Spain and Italy, but decreased in France. This broadly reflects developments in credit standards in these countries.

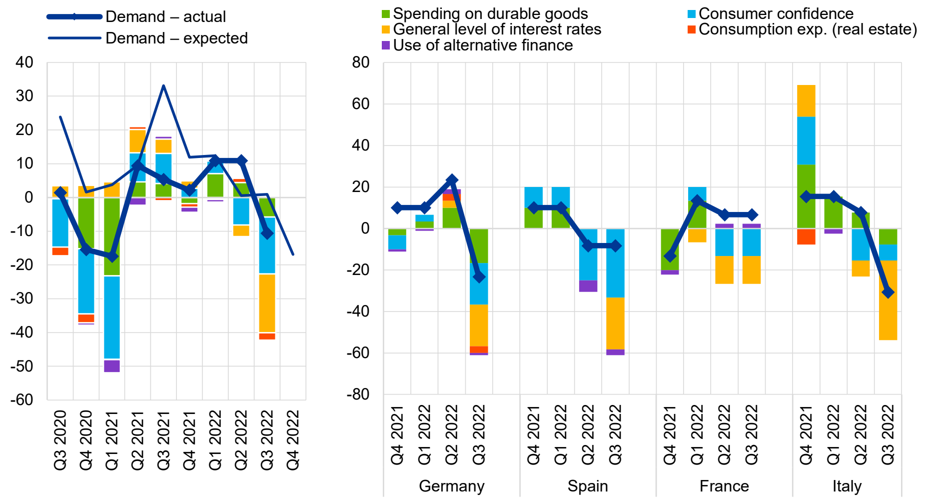
2.3.4 Net demand for consumer credit and other lending to households decreased moderately

In the third quarter of 2022 banks reported a moderate net decrease in demand for consumer credit and other lending to households (net percentage of banks at -11%, compared with 11% in the previous quarter; see Chart 12 and Overview table).

Chart 12

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

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



Notes: See the notes to Chart 5. "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".

The general level of interest rates and declining consumer confidence primarily contributed to this net fall in demand (see Chart 12 and Table 12). Consumption of durables also made a negative, albeit smaller, contribution to demand. These factors reflect the impact of the economic slowdown, increased cost of living and rising interest rates on loan demand.

Across the four largest euro area countries, banks in Germany, Italy and Spain reported a net decrease in demand for consumer credit, while banks in France reported a net increase. Across all four countries, the general level of interest rates and consumer confidence weighed negatively on demand. Decreased spending on durables dampened loan demand in Germany and Italy.

In the fourth quarter of 2022 banks expect demand for consumer credit and other lending to households to continue to decrease further (net percentage of -17%).

Table 12

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

(net percentages of banks)

Country	Spending on durable goods		Consumer confidence		Consumption exp. (real estate)		General level of interest rates		Use of alternative finance	
	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022
Euro area	4	-6	-8	-17	1	-2	-3	-17	0	0
Germany	10	-17	0	-20	3	-3	3	-20	2	-1
Spain	0	0	-25	-33	0	0	0	-25	-6	-3
France	0	0	-13	-13	0	0	-13	-13	2	2
Italy	8	-8	-15	-8	0	0	-8	-38	0	0

Note: See the notes to Chart 12.

3 Ad hoc questions

3.1 Banks’ access to retail and wholesale funding

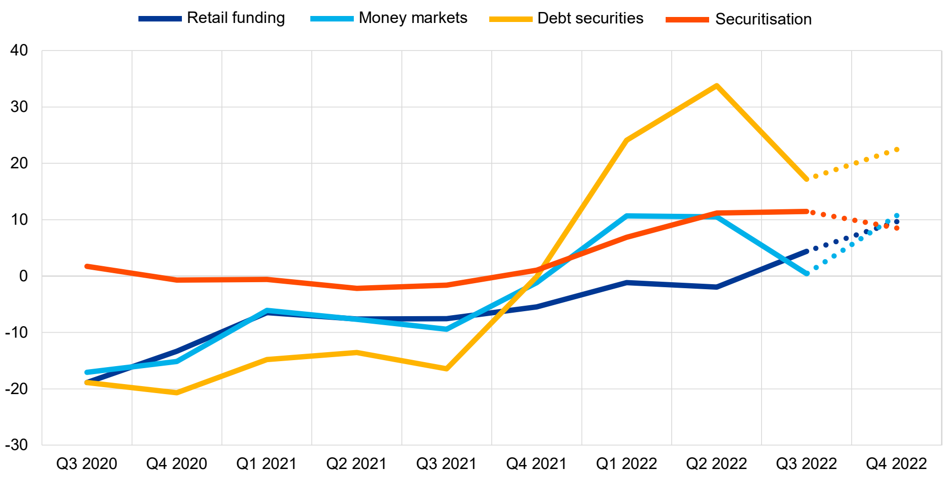
The October 2022 survey included a question on the extent to which the situation in financial markets has affected banks’ access to retail and wholesale funding.

In the third quarter of 2022, banks reported that their access to securitisation and particularly debt securities deteriorated in net terms, while there was a moderate deterioration in access to retail funding (see Chart 13 and Table 13). For retail funding, this is the first deterioration in access to deposits since the first quarter of 2020. The deterioration in access to retail funding is in line with the increase in euro area composite interest rate on deposits up to August (the last available data point). For debt securities, the deterioration was driven by a large worsening in access to medium-to-long term securities, while short-term debt securities remained unchanged in terms of availability. Access to money markets remained unchanged.

Chart 13

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

(net percentages of banks reporting a deterioration in market access)



Note: The net percentages are defined as the difference between the sum of the percentages of banks responding “deteriorated considerably” and “deteriorated somewhat” and the sum of the percentages of banks responding “eased somewhat” and “eased considerably”. The last period denotes expectations indicated by banks in the current round.

Table 13

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

(net percentages of banks reporting a deterioration in market access)

	Retail funding	Interbank unsecured money market	Wholesale debt securities	Securitisation
Q2 2021	-2	10	34	11
Q3 2022	4	0	17	11

Note: See the notes to Chart 13.

In the fourth quarter of 2022 euro area banks expect, on balance, a deterioration of their access to both retail and market funding, reflecting expectations of further monetary policy normalisation. Access to debt securities (net percentage of 22%), money markets (net percentage of 11%) and to securitisation (net percentage of 9%) are all expected to deteriorate. In addition, banks expect their access to retail funds to deteriorate driven by an expected deterioration in both long-term deposits (net percentage of 13%) and short-term deposits (net percentage of 6%).

3.2 The impact of the ECB's asset purchase programmes

The October 2022 survey questionnaire included two biannual ad hoc questions gauging the impact of the ECB's asset purchase programmes. The questions take into account the impact of the ECB's net asset purchases and the reinvestment of the principal payments from maturing securities. Banks were asked to consider both direct and indirect effects of the ECB's asset purchase programmes.

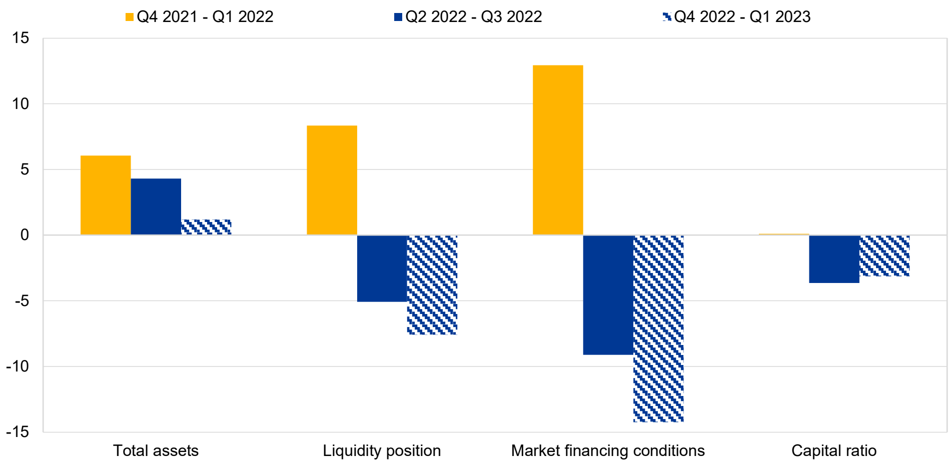
3.2.1 Impact of the ECB's asset purchase programmes on banks' financial situation

Euro area banks reported, in net terms, that the ECB's asset purchase programmes had a negative impact on their financial situation over the last six months in the context of the recent end of net asset purchases and monetary policy normalisation (see Charts 14 and 15). Banks reported that there had been a negative impact from the ending of the ECB's net asset purchases on their market financing conditions (net percentage of -9%, after 13%), liquidity position (net percentage of -5%, after 8%) and a slight negative impact on their profitability (-2%, after -7%). By contrast, banks indicated a continued positive impact on their total assets (net percentage of 4%, after 6%), in line with the reported positive impact on lending volumes (see below).

Chart 14

Overview of the impact of the ECB's asset purchase programmes on euro area banks' financial situation

(net percentages of banks reporting an increase/improvement)

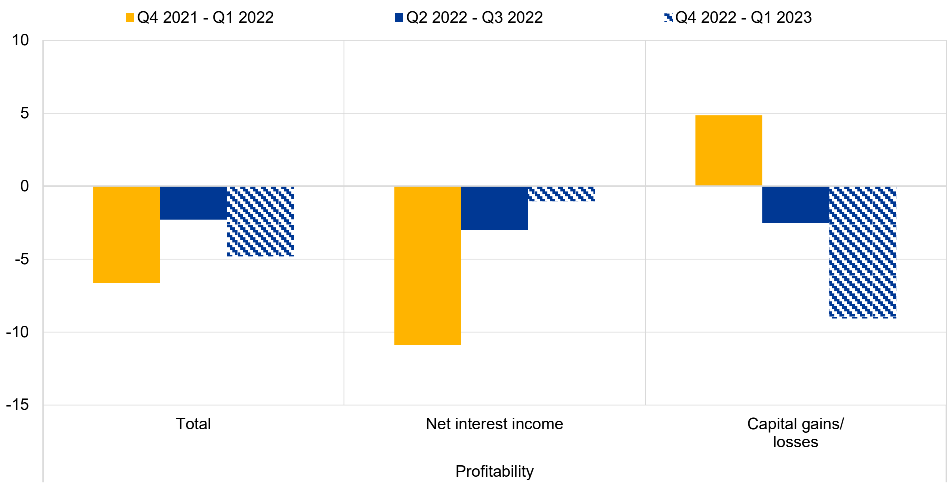


Notes: The net percentages are defined as the difference between the sum of the percentages for "increased/improved considerably" and "increased/improved somewhat" and the sum of the percentages for "decreased/deteriorated somewhat" and "decreased/deteriorated considerably". The last period denotes expectations indicated by banks in the current round.

Chart 15

Impact of the ECB's asset purchase programmes on bank profitability

(net percentages of banks reporting an increase/improvement)



Notes: See the notes to Chart 14. The last period denotes expectations indicated by banks in the current round.

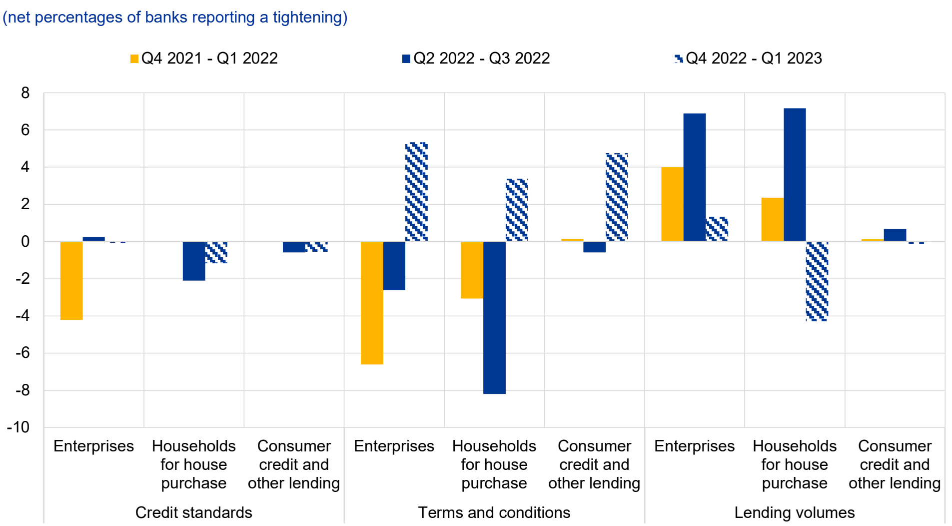
Over the next six months euro area banks expect, on balance, that the impact of theECB's asset purchase programmes on their liquidity position, market financing conditions and profitability will continue to be negative (net percentages of banks of -8%, -14% and -5% respectively). This is in line with monetary policy normalisation. The negative impact on profitability is expected to be mainly driven by lower capital gains (-9%), with the impact on net interest income being broadly neutral (-1%).

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

Over the past six months euro area banks reported a net easing impact from the ECB's asset purchase programmes on their terms and conditions for loans to enterprises and housing loans (net percentages of banks of -3% and -8% respectively), while the impact was broadly neutral for consumer credit (-1%; see Chart 16). With regard to credit standards, banks reported a slight net easing impact for housing loans (net percentage of -2%), while the impact on loans for consumer credit and loans to firms was broadly neutral.

Chart 16

Impact of the ECB's asset purchase programmes on bank lending



Notes: The net percentages are defined as the difference between the sum of the percentages for "tightened/increased considerably" and "tightened/increased somewhat" and the sum of the percentages for "eased/decreased somewhat" and "eased/decreased considerably". The last period denotes expectations indicated by banks in the current round.

With regard to lending volumes, euro area banks reported, in net terms, a positive impact of the ECB's asset purchases on loan volumes to firms and households for house purchase over the past six months (see Chart 16). The impact was similar in magnitude for loans to firms (net percentage of 7%, after 4%) and for housing loans (net percentage of 7%, after 2%). The effect was broadly neutral for consumer credit over the past six months (net percentage of 1%, after 0%).

Over the next six months, banks expect, in net terms, a tightening impact after the end of the ECB's net asset purchases on their terms and conditions for loans to enterprises (net percentage of 5%), housing loans and consumer credit (net percentages of 3% and 5%, respectively). In line with the last six months, banks expect the ECB's asset purchases to have broadly no impact on their credit standards over the next six months (net percentages of 0%, -1% and -1% for loans to firms, house purchase and consumer credit respectively).

After the end of the ECB's net asset purchases, in net terms euro area banks expect the ECB's asset purchase programmes to have a broadly neutral impact on their lending volumes for loans to enterprises (net percentage of 1%), and a limited negative impact for loans to households for house purchase (net percentage of -4%) over the next six months. The impact on loans for consumer credit is expected to be neutral (net percentage of 0%).

3.3 The impact of the ECB’s negative deposit facility rate and the ECB’s two-tier system

The October 2022 survey questionnaire included a biannual ad hoc question to gauge the direct and indirect effects of the ECB’s negative deposit facility rate (DFR) and two-tier system over the past six months. Given the survey period, banks’ replies still partly cover the period before the increase in the DFR out of negative territory decided on 21 July and the formal suspension of the two-tier system at the monetary policy meeting of 8 September 2022. In the first part of the question, banks were asked to indicate the overall impact of the DFR, including the impact of the ECB’s two-tier system. In the second part of the question, banks were asked to single out the impact of the ECB’s two-tier system, i.e. compared with a situation in which no two-tier system existed.

3.3.1 Impact of the ECB’s negative deposit facility rate

Euro area banks reported, in net terms, that the ECB’s negative DFR (including the impact of the ECB’s two-tier system) had a negative impact on bank profitability over the past six months (net percentage of banks of -41%, after -48%; see Chart 17). This continued to be driven by a negative net impact on banks’ net interest income[9] (net percentage of -40%, after -47%), while loan-to-deposit margins based on actual interest rates started to increase after the first quarter of 2022, albeit from a low level.

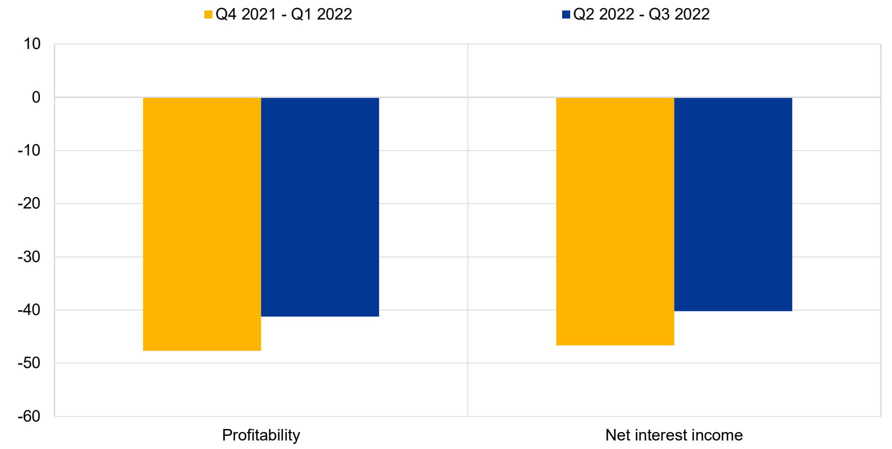
The negative DFR reportedly contributed in net terms to lower lending rates for loans to enterprises and households (see Chart 18). The impact was somewhat more pronounced than in the previous period for loans to firms (-15%, after -14%), housing loans (-17%, after -14%) and for consumer credit and other lending (-11%, after -9%).

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

Chart 17

Impact of the negative DFR on bank profitability

(net percentages of banks reporting an increase)

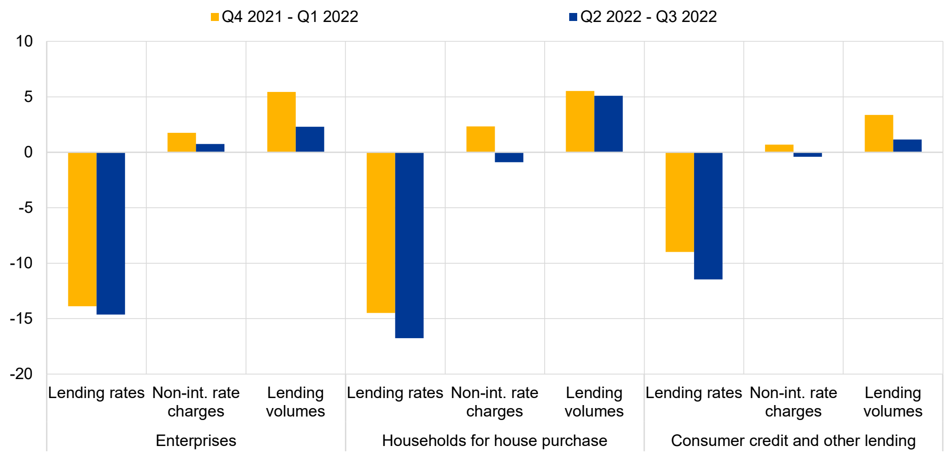


Notes: Includes the impact of the ECB's two-tier system for remunerating excess liquidity holdings. The net percentages are defined as the difference between the sum of the percentages for "increased considerably" and "increased somewhat" and the sum of the percentages for "decreased somewhat" and "decreased considerably".

Chart 18

Impact of the negative DFR on bank lending

(net percentages of banks reporting an increase)



Notes: Includes the impact of the ECB's two-tier system for remunerating excess liquidity holdings. 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".

Euro area banks reported, in net terms, that the negative DFR had a smaller positive impact on lending volumes to enterprises and to households (see Chart 18). The DFR had broadly no impact on consumer credit volumes. Compared with the previous six months, the impact was smaller for loans to firms (net percentage of 2%, after 5%), housing loans (5%, after 6%) and consumer credit (1%, after 3%), which is consistent with the ECB's increase of the DFR into non-negative territory in July 2022.

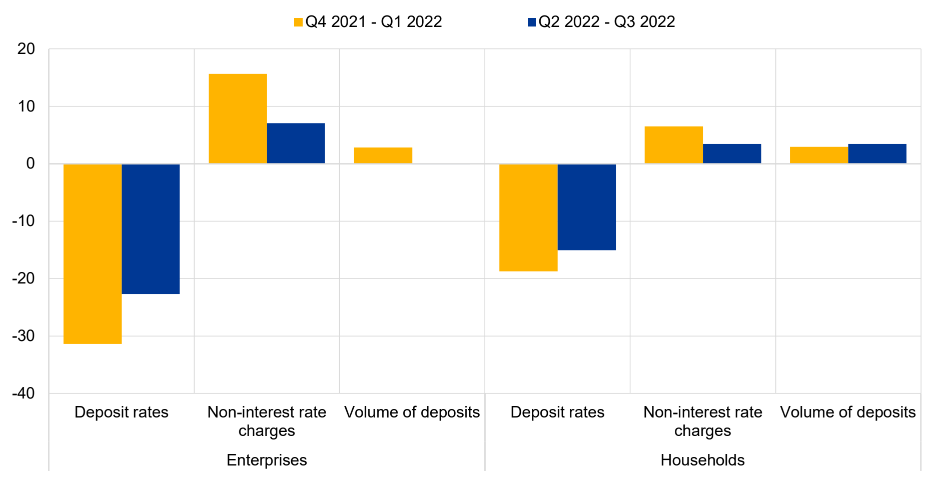
For rates on deposits held by firms and households, euro area banks continued to report a negative, albeit smaller, net impact from the DFR over the past six months (see Chart 19). The negative impact of the DFR on deposit rates was less pronounced compared with the previous period and was stronger for firms than for household deposits (net percentages of -23%, after -31% and -15%, after -19%, respectively). In addition to the pass-through to deposit rates, banks also continued to report that the negative DFR had a positive net impact on non-interest charges for deposits by firms and households (net percentages of 7% and 3% respectively; see Chart 19).

Over the past six months the negative DFR had a small positive net impact on deposit volumes for households (net percentages of 3%) and no impact on volumes of deposits held by enterprises (see Chart 19).

Chart 19

Impact of the negative DFR on bank deposits

(net percentages of banks reporting an increase)



Notes: Includes the impact of the ECB's two-tier system for remunerating excess liquidity holdings. 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".

3.3.2 Impact of the ECB's two-tier system for remunerating excess liquidity holdings

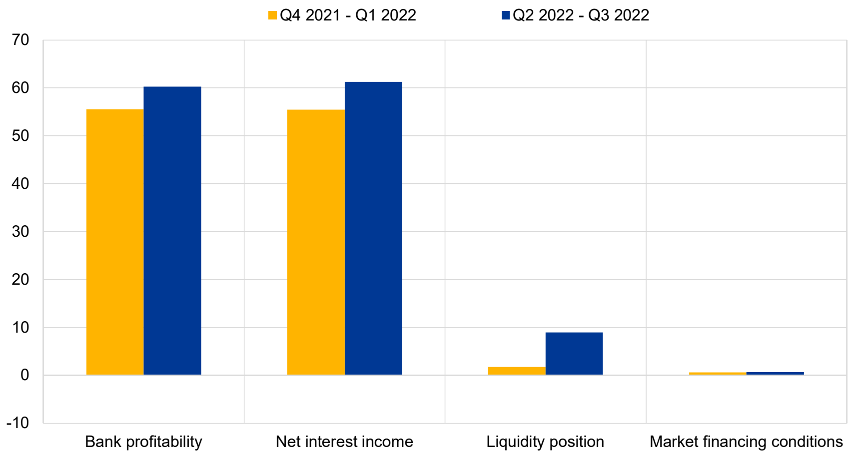
With regard to the impact of the ECB's two-tier system, compared with a situation in which no two-tier system existed, a large net percentage of euro area banks continued to report a positive impact on their profitability (net percentage of 60%, after 55%; see Chart 20), driven by the positive impact on net interest income (61%, after 55%). Banks also reported that the two-tier system had a positive impact on their liquidity position (9%, after 2%) and a broadly unchanged impact on their market financing conditions (1%, after 1%) over the past six months.

Euro area banks further reported that, on balance, the two-tier system had a small positive impact on lending rates for enterprises and deposit rates for enterprises and households, compared with a situation with no such system (see Chart 21). At the same time, the impact on lending rates for housing loans and consumer credit was broadly unchanged.

Chart 20

Impact of the ECB's two-tier system on banks' financial situation

(net percentages of banks reporting an increase/improvement)

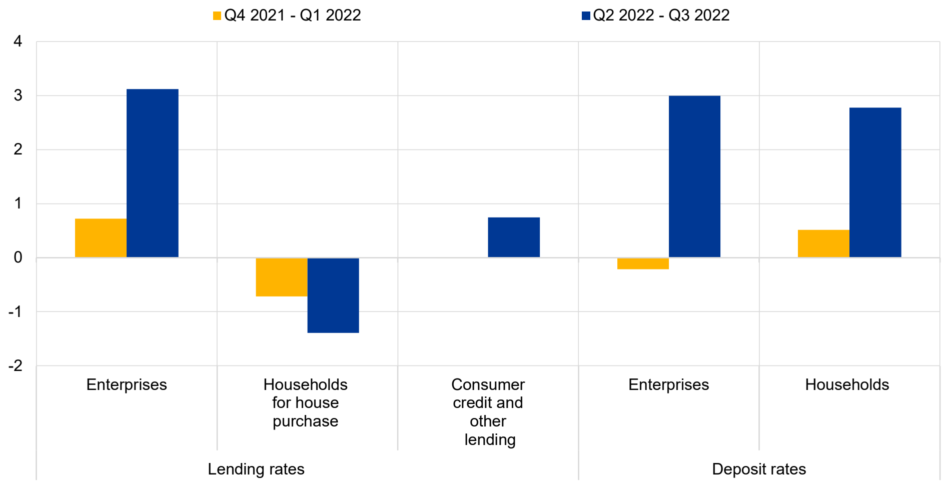


Notes: The net percentages are defined as the difference between the sum of the percentages for "increased/improved considerably" and "increased/improved somewhat" and the sum of the percentages for "decreased/deteriorated somewhat" and "decreased/deteriorated considerably".

Chart 21

Impact of the ECB's two-tier system on bank lending rates and bank deposit rates

(net percentages of banks reporting an increase)



Note: The net percentages are defined as the difference between the sum of the percentages for "increased considerably" and "increased somewhat" and the sum of the percentages for "decreased somewhat" and "decreased considerably".

3.4 The impact of TLTRO III on banks and their lending policies

The October 2022 survey questionnaire included an ad hoc question on the impact of the Eurosystem's third targeted longer-term refinancing operation (TLTRO III), for which the last operation took place in December 2021, on banks' financial situation, lending conditions and lending volumes over the past six months and the next six months.

Banks indicated that TLTRO III had an overall positive impact on their financial situation over the past six months, albeit a smaller impact than in the previous survey round (see Chart 22). Banks reported that TLTRO III had a continued positive impact mainly via their profitability and liquidity, whereas the impact on market financing conditions and their ability to fulfil regulatory and supervisory requirements was more limited.

Over the next six months, in line with the prospective reduction in outstanding TLTRO III liquidity, euro area banks expect a diminishing positive impact from TLTRO III on their financial situation, compared with their replies in the current survey round.

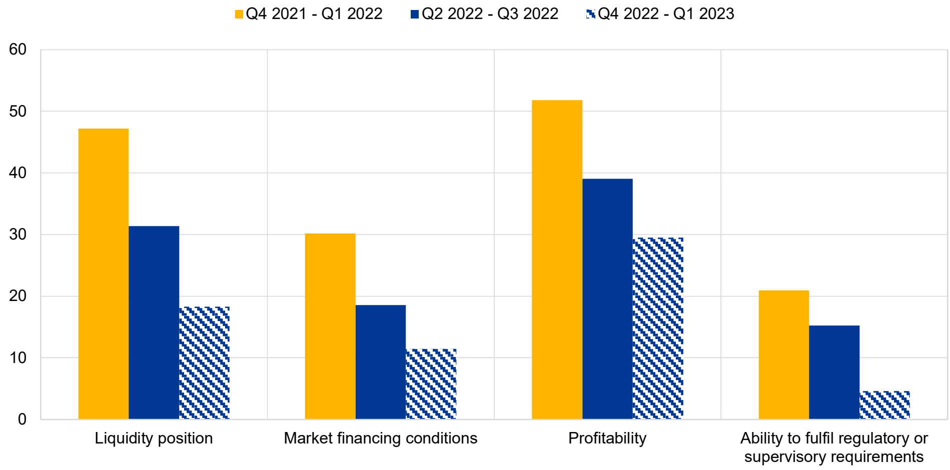
Regarding their terms and conditions, banks reported that TLTRO III had a lower net easing impact across all loan categories over the past six months compared with the previous survey round (see Chart 23). The net percentage of banks reporting an easing impact on terms and conditions was larger for loans to enterprises (net percentage of -10%, after -20%), than for housing loans (-4%, after -7%) and consumer credit (-4%, after -6%). The impact of TLTRO III on credit standards was also more limited across all loan categories compared to the previous survey round.

A smaller net percentage of euro area banks reported a positive impact from TLTRO III on their lending volumes to enterprises over the past six months compared with the previous round (net percentage of 19%, after 27%; see Chart 23). Banks also reported a smaller positive impact from TLTRO III on lending volumes to households for house purchase (net percentage of 6%, after 12%) and for consumer credit (8%, after 12%).

Chart 22

Impact of TLTRO III on banks' financial situation

(net percentages of banks reporting an improvement)

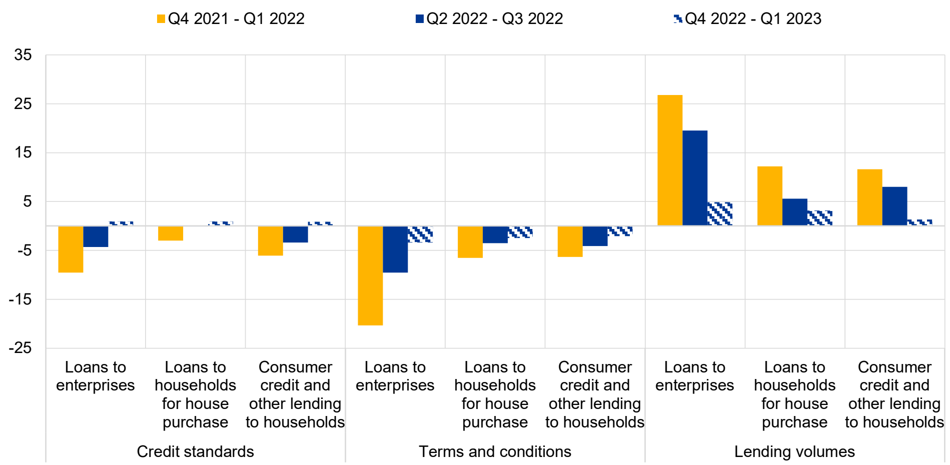


Notes: The signs for these net percentages have been inverted to show net improvements. The net percentages are defined as the difference between the sum of the percentages for "contributed considerably to an improvement" and "contributed somewhat to an improvement" and the sum of the percentages for "contributed somewhat to a deterioration" and "contributed considerably to a deterioration". The last period denotes expectations indicated by banks in the current round.

Chart 23

Impact of TLTRO III on bank lending conditions and lending volumes

(net percentages of banks reporting a tightening or increase)



Notes: Net percentages are defined as the difference between the sum of the percentages for "contributed considerably to a tightening or increase" and "contributed somewhat to a tightening or increase" and the sum of the percentages for "contributed somewhat to an easing or decrease" and "contributed considerably to an easing or decrease". The last period denotes expectations indicated by banks in the current round.

Over the next six months banks expect an even more limited net easing impact from TLTRO III on terms and conditions, and a more limited positive net impact on lending volumes across all loan categories compared with the past six months, which would be consistent with the ongoing maturing of TLTRO funds. In addition, banks expect broadly no impact on credit standards for all loan categories.

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]	
	Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22
Tightened considerably	0	1	0	1	0	1	0	1	0	1
Tightened somewhat	16	19	11	18	16	16	9	14	16	20
Remained basically unchanged	84	80	84	77	84	83	86	80	84	80
Eased somewhat	0	0	1	0	0	0	0	0	0	0
Eased considerably	0	0	0	0	0	0	0	0	0	0
NA[7]	0	0	4	4	0	0	5	5	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**16**	**19**	**10**	**19**	**16**	**17**	**9**	**15**	**16**	**20**
Diffusion index	8	10	5	10	8	9	4	8	8	11
Mean	2.84	2.80	2.90	2.80	2.84	2.82	2.91	2.83	2.84	2.79
Number of banks responding	142	142	139	139	136	136	142	142	142	142

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	
							Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22
Overall												
A) Cost of funds and balance sheet constraints[1]												
Your bank's capital and the costs related to your bank's capital position[2]	0	6	93	0	0	1	5	6	2	3	2.95	2.94
Your bank's ability to access market financing[3]	0	6	91	0	0	3	3	6	2	3	2.97	2.94
Your bank's liquidity position	0	5	95	0	0	1	1	5	1	2	2.99	2.95
B) Pressure from competition												
Competition from other banks	0	0	98	0	0	2	-1	0	-1	0	3.01	3.00
Competition from non-banks[4]	0	0	98	0	0	2	2	0	1	0	2.98	3.00
Competition from market financing	0	3	95	0	0	2	4	3	2	2	2.96	2.97
C) Perception of risk[5]												
General economic situation and outlook	1	29	70	0	0	0	24	30	12	16	2.76	2.69
Industry or firm-specific situation and outlook/borrower's creditworthiness[6]	1	24	76	0	0	0	17	24	9	13	2.82	2.75
Risk related to the collateral demanded	0	6	94	0	0	0	4	6	2	3	2.96	2.94
D) Your bank's risk tolerance[5]												
Your bank's risk tolerance	0	12	88	0	0	0	9	12	4	6	2.91	2.88
Small and medium-sized enterprises												
A) Cost of funds and balance sheet constraints[1]												
Your bank's capital and the costs related to your bank's capital position[2]	0	5	90	0	0	5	2	5	1	2	2.98	2.95
Your bank's ability to access market financing[3]	0	5	88	0	0	7	2	5	1	3	2.98	2.95
Your bank's liquidity position	0	4	91	0	0	5	1	4	1	2	2.99	2.95
B) Pressure from competition												
Competition from other banks	0	0	93	0	0	6	1	0	0	0	2.99	3.00
Competition from non-banks[4]	0	0	94	0	0	6	0	0	0	0	3.00	3.00
Competition from market financing	0	1	93	0	0	6	1	1	1	1	2.99	2.99
C) Perception of risk[5]												
General economic situation and outlook	1	28	66	0	0	4	16	29	8	15	2.83	2.68
Industry or firm-specific situation and outlook/borrower's creditworthiness[6]	1	18	76	0	0	4	15	19	8	10	2.84	2.79
Risk related to the collateral demanded	0	5	91	0	0	4	2	5	1	3	2.98	2.95
D) Your bank's risk tolerance[5]												
Your bank's risk tolerance	0	11	85	0	0	4	3	11	2	6	2.97	2.88

	--	-	°	+	++	NA[7]	NetP Jul 22	NetP Oct 22	DI Jul 22	DI Oct 22	Mean Jul 22	Mean Oct 22
Large enterprises												
A) Cost of funds and balance sheet constraints[1]												
Your bank's capital and the costs related to your bank's capital position[2]	0	6	93	0	0	1	7	6	3	3	2.93	2.94
Your bank's ability to access market financing[3]	0	6	91	0	0	3	3	6	2	3	2.97	2.94
Your bank's liquidity position	1	4	94	0	0	1	1	5	1	3	2.99	2.94
B) Pressure from competition												
Competition from other banks	0	0	98	0	0	2	-1	0	-1	0	3.01	3.00
Competition from non-banks[4]	0	0	98	0	0	2	2	0	1	0	2.98	3.00
Competition from market financing	0	3	95	0	0	2	4	3	2	2	2.96	2.97
C) Perception of risk[5]												
General economic situation and outlook	1	26	73	0	0	0	24	27	12	14	2.76	2.71
Industry or firm-specific situation and outlook/borrower's creditworthiness[6]	1	20	79	0	0	0	18	21	10	11	2.81	2.78
Risk related to the collateral demanded	0	6	94	0	0	0	3	6	2	3	2.97	2.94
D) Your bank's risk tolerance[5]												
Your bank's risk tolerance	0	9	91	0	0	0	9	9	4	5	2.91	2.91

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		DI		Mean	
							Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22
Overall												
A) Overall terms and conditions[1]												
Overall terms and conditions	0	25	69	6	0	0	11	19	6	9	2.89	2.81
B) Margins												
Your bank's margin on average loans[2]	0	23	61	16	0	0	5	6	3	3	2.95	2.94
Your bank's margin on riskier loans	1	16	68	13	0	1	16	4	10	2	2.80	2.95
C) Other conditions and terms												
Non-interest rate charges[3]	0	6	94	0	0	0	2	6	1	3	2.98	2.94
Size of the loan or credit line	0	11	87	2	0	0	1	9	0	4	2.99	2.91
Collateral[4] requirements	0	9	91	0	0	0	5	9	3	5	2.95	2.91
Loan covenants[5]	0	8	92	0	0	0	4	8	2	4	2.96	2.92
Maturity	0	7	93	0	0	0	4	7	2	4	2.96	2.93
Small and medium-sized enterprises												
A) Overall terms and conditions[1]												
Overall terms and conditions	0	26	61	9	0	4	8	17	4	9	2.92	2.84
B) Margins												
Your bank's margin on average loans[2]	0	20	58	18	0	4	0	2	0	1	3.03	3.00
Your bank's margin on riskier loans	1	13	63	17	0	5	11	-2	6	-1	2.87	3.03
C) Other conditions and terms												
Non-interest rate charges[3]	0	6	90	0	0	4	2	5	1	3	2.98	2.95
Size of the loan or credit line	0	10	86	0	0	4	2	10	1	5	2.98	2.90
Collateral[4] requirements	0	11	84	0	0	4	6	11	3	5	2.94	2.89
Loan covenants[5]	0	8	87	0	0	4	5	8	3	4	2.95	2.91
Maturity	0	9	86	0	0	4	5	9	2	5	2.95	2.90
Large enterprises												
A) Overall terms and conditions[1]												
Overall terms and conditions	1	21	72	6	0	0	9	15	5	8	2.91	2.84
B) Margins												
Your bank's margin on average loans[2]	1	20	63	17	0	0	5	4	3	2	2.95	2.95
Your bank's margin on riskier loans	2	17	69	13	0	0	16	6	10	4	2.80	2.92
C) Other conditions and terms												
Non-interest rate charges[3]	0	5	94	0	0	0	2	5	1	3	2.98	2.95
Size of the loan or credit line	0	11	87	2	0	0	1	9	0	4	2.99	2.91
Collateral[4] requirements	0	9	91	0	0	0	5	9	2	4	2.95	2.91
Loan covenants[5]	0	8	92	0	0	0	5	8	3	4	2.95	2.92
Maturity	0	7	93	0	0	0	5	6	2	3	2.95	2.94

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 keeping credit terms and conditions basically unchanged". 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 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	
							Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22
Overall impact on your bank's credit terms and conditions												
A) Cost of funds and balance sheet constraints												
Your bank's capital and the costs related to your bank's capital position	0	10	90	0	0	0	9	10	4	5	3	2.90
Your bank's ability to access market financing	0	12	87	0	0	1	11	12	5	6	3	2.88
Your bank's liquidity position	1	8	91	0	0	0	2	9	1	5	3	2.90
B) Pressure from competition												
Competition from other banks	0	0	89	10	0	1	0	-10	0	-5	3	3.10
Competition from non-banks	0	0	99	0	0	1	2	0	1	0	3	3.00
Competition from market financing	0	3	95	1	0	1	6	3	3	1	3	2.97
C) Perception of risk												
General economic situation and outlook	1	28	69	1	0	0	25	28	13	15	3	2.70
Industry or firm-specific situation and outlook/borrower's creditworthiness	1	27	72	0	0	0	22	28	11	15	3	2.71
Risk related to the collateral demanded	0	9	91	0	0	0	4	9	2	4	3	2.91
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	12	88	0	0	0	7	12	4	6	3	2.88
Impact on your bank's margins on average loans												
A) Cost of funds and balance sheet constraints												
Your bank's capital and the costs related to your bank's capital position	0	8	88	4	0	0	6	4	3	2	3	2.96
Your bank's ability to access market financing	0	11	88	0	0	1	9	11	4	5	3	2.89
Your bank's liquidity position	1	7	92	0	0	0	2	8	1	5	3	2.91
B) Pressure from competition												
Competition from other banks	0	0	87	12	0	1	-1	-12	0	-6	3	3.12
Competition from non-banks	0	0	99	0	0	1	0	0	0	0	3	3.00
Competition from market financing	0	2	96	1	0	1	4	2	2	1	3	2.98
C) Perception of risk												
General economic situation and outlook	1	22	76	1	0	0	19	22	10	11	3	2.77
Industry or firm-specific situation and outlook/borrower's creditworthiness	1	26	73	0	0	0	18	27	10	14	3	2.72
Risk related to the collateral demanded	0	5	95	0	0	0	3	5	2	3	3	2.95
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	10	90	0	0	0	5	10	2	5	3	2.90

Impact on your bank's margins on riskier loans												
A) Cost of funds and balance sheet constraints												
Your bank's capital and the costs related to your bank's capital position	0	6	89	4	0	1	4	2	2	1	3	2.98
Your bank's ability to access market financing	0	10	88	0	0	2	10	10	5	5	3	2.90
Your bank's liquidity position	1	7	91	0	0	1	2	8	2	5	3	2.91
B) Pressure from competition												
Competition from other banks	0	0	91	7	0	2	0	-7	0	-3	3	3.07
Competition from non-banks	0	2	96	0	0	2	1	2	1	1	3	2.98
Competition from market financing	0	2	96	1	0	2	5	2	4	1	3	2.98
C) Perception of risk												
General economic situation and outlook	1	21	75	1	0	1	22	21	12	11	3	2.77
Industry or firm-specific situation and outlook/borrower's creditworthiness	1	24	74	0	0	1	22	25	12	13	3	2.73
Risk related to the collateral demanded	0	5	94	0	0	1	4	5	3	3	3	2.95
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	10	89	0	0	1	11	10	6	5	3	2.90

1) The factors refer to the same sub-factors as in question 2. Detailed sub-factors were introduced in April 2022.
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 keeping credit terms and conditions basically unchanged". 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 formal and informal 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					
	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises	
	Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22
Decreased considerably	0	0	0	0	0	0
Decreased somewhat	1	3	1	4	1	2
Remained basically unchanged	95	85	89	78	94	86
Increased somewhat	3	11	5	12	3	11
Increased considerably	0	0	0	0	0	0
NA[3]	1	1	5	5	1	1
Total	100	100	100	100	100	100
Net percentage	**1**	**8**	**4**	**8**	**2**	**9**
Diffusion index	1	4	2	4	1	4
Mean	3.02	3.08	3	3	3	3
Number of banks responding	142	142	139	139	136	136

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: Additional breakdowns were introduced in April 2022. The net percentage is defined as the difference between the sum of banks responding “increased considerably” and “increased somewhat”, and the sum of banks responding “decreased somewhat” and “decreased considerably”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options. 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	
	Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22
Decreased considerably	0	0	0	1	0	1	0	0	0	2
Decreased somewhat	12	16	10	16	11	15	6	9	15	23
Remained basically unchanged	64	54	66	50	64	54	60	58	68	51
Increased somewhat	22	24	18	25	22	26	26	24	15	20
Increased considerably	2	5	2	4	3	5	3	4	1	3
NA[3]	0	0	4	4	0	0	5	5	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**12**	**13**	**9**	**12**	**14**	**14**	**23**	**18**	**1**	**-1**
Diffusion index	7	9	5	8	8	9	13	11	1	0
Mean	3.13	3.17	3.11	3.19	3.16	3.17	3.27	3.23	3.02	3.01
Number of banks responding	142	142	139	139	136	136	142	142	142	142

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

Overall

	--	-	°	+	++	NA[2]	NetP		DI		Mean	
							Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22
A) Financing needs/underlying drivers or purpose of loan demand												
Fixed investment	1	20	68	10	0	0	-10	-11	-5	-6	2.90	2.87
Inventories and working capital	0	4	59	32	4	1	39	32	22	18	3.44	3.36
Mergers/acquisitions and corporate restructuring	0	6	84	8	0	1	-2	2	-1	1	2.98	3.02
General level of interest rates	0	16	70	12	1	0	3	-3	2	-1	3.04	2.98
Debt refinancing/restructuring and renegotiation[1]	0	4	90	6	0	0	6	2	3	1	3.06	3.02
B) Use of alternative finance												
Internal financing	0	4	93	2	1	0	-3	-1	-1	0	2.99	3.00
Loans from other banks	1	2	94	2	0	0	-2	-1	-2	-1	2.97	2.98
Loans from non-banks	0	2	97	1	0	0	0	-1	0	-1	3.00	2.99
Issuance/redemption of debt securities	0	2	85	6	0	7	4	4	2	2	3.03	3.05
Issuance/redemption of equity	0	2	89	1	0	9	-1	-2	0	-1	2.99	2.98

Small and medium-sized enterprises

	--	-	°	+	++	NA[2]	NetP		DI		Mean	
							Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22
A) Financing needs/underlying drivers or purpose of loan demand												
Fixed investment	1	16	67	11	0	4	-8	-6	-4	-4	2.92	2.94
Inventories and working capital	0	4	57	29	4	5	34	30	19	17	3.40	3.36
Mergers/acquisitions and corporate restructuring	0	3	80	11	0	6	3	8	2	4	3.04	3.10
General level of interest rates	0	17	69	10	0	4	0	-7	0	-4	3.00	2.94
Debt refinancing/restructuring and renegotiation[1]	0	4	88	3	0	4	0	-1	0	0	3.00	3.00
B) Use of alternative finance												
Internal financing	0	4	89	2	1	4	-2	0	0	1	2.99	3.01
Loans from other banks	1	3	88	3	0	4	-1	-1	-1	-1	2.98	2.97
Loans from non-banks	0	2	91	2	0	4	-2	0	-1	0	2.98	3.00
Issuance/redemption of debt securities	0	0	88	0	0	12	0	0	0	0	2.99	3.00
Issuance/redemption of equity	0	0	86	0	0	14	-1	0	0	0	2.99	3.00

Large enterprises

	--	-	°	+	++	NA[2]	NetP		DI		Mean	
							Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22
A) Financing needs/underlying drivers or purpose of loan demand												
Fixed investment	0	22	68	9	1	0	-9	-12	-4	-6	2.91	2.89
Inventories and working capital	0	3	58	34	3	1	39	34	22	19	3.45	3.38
Mergers/acquisitions and corporate restructuring	0	5	89	6	0	1	-2	1	-1	0	2.98	3.01
General level of interest rates	1	14	74	10	1	0	1	-5	1	-2	3.02	2.96
Debt refinancing/restructuring and renegotiation[1]	1	3	92	2	1	0	6	-1	3	0	3.06	2.99
B) Use of alternative finance												
Internal financing	0	4	93	2	1	0	-2	-1	-1	0	2.99	3.00
Loans from other banks	1	1	96	2	0	0	-2	-1	-2	-1	2.97	2.98
Loans from non-banks	0	2	97	1	0	0	0	-1	0	-1	3.00	2.99
Issuance/redemption of debt securities	0	2	83	8	1	6	5	7	2	4	3.04	3.09
Issuance/redemption of equity	0	2	90	1	0	7	-1	-2	0	-1	2.99	2.98

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: Additional breakdowns were introduced in April 2022. The net percentage (NetP) is defined as the difference between the sum of banks responding “++” (contributed considerably to higher demand) and “+” (contributed somewhat to higher demand), and the sum of banks responding “-” (contributed somewhat to lower demand) and “--” (contributed considerably to lower demand). “°” means “contributed to keeping demand basically unchanged”. 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	
	Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22
Tighten considerably	0	1	0	2	0	1	0	1	1	1
Tighten somewhat	20	28	18	31	19	24	11	22	19	26
Remain basically unchanged	79	71	74	64	80	74	83	73	79	73
Ease somewhat	1	0	3	0	1	1	1	0	1	0
Ease considerably	0	0	0	0	0	0	0	0	0	0
NA[1]	0	0	4	4	0	0	5	5	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**18**	**29**	**15**	**32**	**18**	**24**	**10**	**23**	**19**	**27**
Diffusion index	9	15	8	17	9	13	5	12	10	14
Mean	2.82	2.70	2.84	2.65	2.82	2.75	2.89	2.75	2.80	2.72
Number of banks responding	142	142	139	139	136	136	142	142	142	142

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 "tighten considerably" and "tighten somewhat", and the sum of the percentages for "ease somewhat" and "ease considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. 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	
	Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22
Decrease considerably	1	1	1	1	1	1	1	1	2	3
Decrease somewhat	20	24	19	27	15	20	9	13	24	31
Remain basically unchanged	63	54	63	43	70	63	64	47	63	60
Increase somewhat	16	20	12	25	13	16	21	34	11	6
Increase considerably	0	0	0	0	0	0	1	0	0	0
NA[1]	0	0	4	4	0	0	5	5	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**-5**	**-4**	**-8**	**-3**	**-3**	**-4**	**12**	**20**	**-14**	**-27**
Diffusion index	-3	-2	-5	-2	-2	-2	6	10	-8	-14
Mean	2.94	2.95	2.90	2.98	2.96	2.95	3.12	3.21	2.85	2.71
Number of banks responding	142	142	139	139	136	136	142	142	142	142

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

(in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending[4]	
	Jul 22	Oct 22	Jul 22	Oct 22
Tightened considerably	1	5	0	3
Tightened somewhat	23	28	10	22
Remained basically unchanged	75	68	90	72
Eased somewhat	1	0	1	4
Eased considerably	0	0	0	0
NA[5]	0	0	0	0
Total	100	100	100	100
Net percentage	**24**	**32**	**9**	**21**
Diffusion index	12	18	5	12
Mean	2.75	2.63	2.90	2.76
Number of banks responding	137	137	145	145

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[8]	NetP Jul 22	NetP Oct 22	DI Jul 22	DI Oct 22	Mean Jul 22	Mean Oct 22
A) Cost of funds and balance sheet constraints[1]												
Your bank's capital and the costs related to your bank's capital position[2]	0	5	95	0	0	0	7	5	3	3	2.93	2.95
Your bank's ability to access market financing[3]	0	4	95	0	0	1	3	4	2	2	2.97	2.96
Your bank's liquidity position	0	4	95	0	0	1	2	4	1	2	2.97	2.96
B) Pressure from competition												
Competition from other banks	0	1	98	0	0	1	-5	1	-2	0	3.05	2.99
Competition from non-banks[4]	0	0	99	0	0	1	0	0	0	0	3.00	3.00
C) Perception of risk[5]												
General economic situation and outlook	1	23	76	0	0	0	12	23	7	12	2.87	2.76
Housing market prospects, including expected house price developments[6]	1	13	86	0	0	0	6	13	4	7	2.93	2.86
Borrower's creditworthiness[7]	0	16	82	2	0	0	12	14	6	7	2.87	2.86
D) Your bank's risk tolerance[5]												
Your bank's risk tolerance	1	8	92	0	0	0	7	8	4	4	2.93	2.91

1) See Glossary for Cost of funds and balance sheet constraints. Detailed sub-factors were introduced in April 2022.
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) See Glossary for Housing market prospects, including expected house price developments.
7) 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".
8) "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	
							Jul 22	Oct 22	Jul 22	Oct 22	Jul 22	Oct 22
A) Overall terms and conditions												
Overall terms and conditions	3	27	64	6	0	0	21	24	11	13	2.79	2.74
B) Margins												
Your bank's loan margin on average loans[2]	2	10	61	23	4	0	-12	-15	-9	-9	3.17	3.17
Your bank's loan margin on riskier loans	0	11	62	22	2	3	-2	-13	-3	-7	3.05	3.14
C) Other terms and conditions												
Collateral[3] requirements	1	5	93	1	0	0	2	4	1	2	2.98	2.95
"Loan-to-value" ratio[4]	1	5	94	0	0	0	3	6	2	3	2.97	2.94
Other loan size limits	0	4	96	0	0	0	2	4	1	2	2.98	2.96
Maturity	0	2	98	1	0	0	1	1	0	1	2.99	2.99
Non-interest rate charges[5]	0	2	98	0	0	0	0	2	0	1	3.00	2.98

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 "--" (tightened considerably) and "-" (tightened somewhat), and the sum of banks responding "+" (eased somewhat) and "++" (eased considerably). "°" means "remained basically unchanged". 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 Jul 22	NetP Oct 22	DI Jul 22	DI Oct 22	Mean Jul 22	Mean Oct 22
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	3	19	74	0	4	0	14	18	8	8	2.84	2.83
B) Pressure from competition												
Pressure from competition	0	2	93	5	0	1	-1	-3	0	-2	3.01	3.03
C) Perception of risk												
Perception of risk	0	16	84	0	0	0	13	16	6	8	2.87	2.84
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	8	92	0	0	0	5	8	3	4	2.95	2.92
Impact on your bank's margins on average loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	1	10	73	6	10	0	-14	-5	-11	-7	3.22	3.15
B) Pressure from competition												
Pressure from competition	1	2	90	6	0	1	-3	-3	-2	-1	3.05	3.03
C) Perception of risk												
Perception of risk	0	14	85	0	0	0	5	14	3	7	2.95	2.85
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	7	93	0	0	0	1	7	0	3	2.99	2.93
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	7	76	6	8	3	-8	-8	-7	-8	3.15	3.16
B) Pressure from competition												
Pressure from competition	0	1	89	6	0	4	3	-4	2	-2	2.96	3.04
C) Perception of risk												
Perception of risk	0	14	83	0	0	3	11	14	6	7	2.87	2.85
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	6	91	0	0	3	4	6	2	3	2.95	2.93

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 keeping credit terms and conditions basically unchanged". 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 Jul 22	NetP Oct 22	DI Jul 22	DI Oct 22	Mean Jul 22	Mean Oct 22
A) Cost of funds and balance sheet constraints												
Your bank's capital and the costs related to your bank's capital position	0	4	96	0	0	0	2	4	1	2	2.98	2.96
Your bank's ability to access market financing	0	4	95	0	0	1	2	4	1	2	2.98	2.96
Your bank's liquidity position	0	3	96	0	0	1	1	3	1	1	2.99	2.97
B) Pressure from competition												
Competition from other banks	0	1	96	2	0	1	0	-1	0	0	3.00	3.01
Competition from non-banks	0	1	98	0	0	1	0	1	0	0	3.00	2.99
C) Perception of risk												
General economic situation and outlook	1	21	78	0	0	0	6	22	3	11	2.94	2.78
Creditworthiness of consumers[1]	1	18	81	0	0	0	6	19	3	10	2.94	2.80
Risk on the collateral demanded	0	3	89	0	0	9	2	3	1	1	2.98	2.97
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	6	92	3	0	0	0	3	0	2	3.00	2.97

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: For A), detailed sub-factors were introduced in April 2022. 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 Jul 22	NetP Oct 22	DI Jul 22	DI Oct 22	Mean Jul 22	Mean Oct 22
A) Overall terms and conditions												
Overall terms and conditions	2	23	72	3	0	0	11	22	6	12	2.89	2.76
B) Margins												
Your bank's loan margin on average loans	0	16	62	18	3	0	-17	-6	-10	-4	3.20	3.09
Your bank's loan margin on riskier loans	0	14	66	14	3	3	-10	-3	-6	-3	3.12	3.06
C) Other terms and conditions												
Collateral requirements	0	0	91	0	0	9	0	0	0	0	3.00	3.00
Size of the loan	1	3	96	0	0	0	1	4	0	3	2.99	2.95
Maturity	0	0	100	0	0	0	0	0	0	0	3.00	3.00
Non-interest rate charges	0	2	97	0	0	2	1	2	0	1	2.99	2.98

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 "--" (tightened considerably) and "-" (tightened somewhat), and the sum of banks responding "+" (eased somewhat) and "++" (eased considerably). "°" means "remained basically unchanged". 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 Jul 22	NetP Oct 22	DI Jul 22	DI Oct 22	Mean Jul 22	Mean Oct 22
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	2	28	70	1	0	0	10	29	5	15	2.90	2.70
B) Pressure from competition												
Pressure from competition	0	1	96	3	0	1	0	-2	0	-1	3.00	3.02
C) Perception of risk												
Perception of risk	0	11	89	0	0	0	4	11	2	6	2.96	2.89
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	4	94	2	0	0	-1	2	0	1	3.01	2.98
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	18	64	14	3	0	-16	1	-9	-1	3.18	3.02
B) Pressure from competition												
Pressure from competition	0	1	93	4	0	1	-2	-3	-2	-2	3.04	3.03
C) Perception of risk												
Perception of risk	0	11	89	0	0	0	2	11	1	6	2.98	2.89
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	3	95	2	0	0	-2	1	-1	1	3.02	2.99
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	16	65	13	3	3	-13	-1	-7	-2	3.15	3.04
B) Pressure from competition												
Pressure from competition	0	1	92	3	0	4	-1	-2	-1	-1	3.03	3.02
C) Perception of risk												
Perception of risk	0	10	87	0	0	3	3	10	1	5	2.97	2.90
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	4	91	2	0	3	-1	2	-1	1	3.01	2.97

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 keeping credit terms and conditions basically unchanged". 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 formal and informal 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	
	Jul 22	Oct 22	Jul 22	Oct 22
Decreased considerably	0	0	0	0
Decreased somewhat	0	0	0	4
Remained basically unchanged	71	68	94	78
Increased somewhat	27	26	5	17
Increased considerably	0	5	0	0
NA[3]	1	1	1	1
Total	100	100	100	100
Net percentage	**28**	**31**	**5**	**13**
Diffusion index	14	18	3	7
Mean	3.28	3.37	3.06	3.13
Number of banks responding	137	137	145	145

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 banks responding “increased considerably” and “increased somewhat”, and the sum of banks responding “decreased somewhat” and “decreased considerably”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options. 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	
	Jul 22	Oct 22	Jul 22	Oct 22
Decreased considerably	1	11	0	2
Decreased somewhat	28	38	3	16
Remained basically unchanged	53	43	82	75
Increased somewhat	15	6	12	7
Increased considerably	4	1	3	0
NA[2]	0	0	0	0
Total	100	100	100	100
Net percentage	**-10**	**-42**	**11**	**-11**
Diffusion index	-3	-26	7	-6
Mean	2.94	2.48	3.14	2.88
Number of banks responding	137	137	145	145

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 banks responding “increased considerably” and “increased somewhat”, and the sum of banks responding “decreased somewhat” and “decreased considerably”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options. 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 Jul 22	NetP Oct 22	DI Jul 22	DI Oct 22	Mean Jul 22	Mean Oct 22
A) Financing needs/underlying drivers or purpose of loan demand												
Housing market prospects, including expected house price developments	1	27	65	6	0	0	1	-22	1	-12	3.02	2.77
Consumer confidence[1]	7	29	64	0	0	0	-18	-36	-10	-21	2.81	2.57
General level of interest rates	10	50	35	3	1	0	-11	-55	-4	-32	2.91	2.37
Debt refinancing/restructuring and renegotiation[2]	1	4	93	1	0	0	0	-5	0	-3	3.00	2.94
Regulatory and fiscal regime of housing markets	0	3	97	0	0	0	2	-3	1	-2	3.01	2.97
B) Use of alternative sources for housing finance												
Internal finance of house purchase out of savings/down payment[3]	0	9	91	0	0	0	-1	-9	-1	-4	2.99	2.91
Loans from other banks	0	6	94	0	0	0	0	-6	0	-3	3.01	2.94
Other sources of external finance	0	2	98	0	0	0	-1	-2	-1	-1	2.99	2.98

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 higher demand) and “+” (contributed somewhat to higher demand), and the sum of banks responding “-” (contributed somewhat to lower demand) and “--” (contributed considerably to lower demand). “°” means “contributed to keeping demand basically unchanged”. 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 Jul 22	NetP Oct 22	DI Jul 22	DI Oct 22	Mean Jul 22	Mean Oct 22
A) Financing needs/underlying drivers or purpose of loan demand												
Spending on durable consumer goods	1	10	82	4	2	1	4	-6	3	-3	3.05	2.95
Consumer confidence	1	17	79	1	0	1	-8	-17	-4	-9	2.91	2.81
General level of interest rates	1	18	79	1	0	1	-3	-17	-2	-9	2.96	2.81
Consumption expenditure financed through real-estate guaranteed loans[1]	0	2	78	0	0	20	1	-2	1	-1	3.01	2.98
B) Use of alternative finance												
Internal finance out of savings	0	3	94	3	0	0	1	0	1	0	3.01	3.00
Loans from other banks	0	0	100	0	0	0	0	0	0	0	3.00	3.00
Other sources of external finance	0	0	100	0	0	0	0	0	0	0	3.00	3.00

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 higher demand) and “+” (contributed somewhat to higher demand), and the sum of banks responding “-” (contributed somewhat to lower demand) and “--” (contributed considerably to lower demand). “°” means “contributed to keeping demand basically unchanged”. 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	
	Jul 22	Oct 22	Jul 22	Oct 22
Tighten considerably	2	2	2	2
Tighten somewhat	22	30	16	19
Remain basically unchanged	76	68	78	79
Ease somewhat	0	0	5	1
Ease considerably	0	0	0	0
NA[1]	0	0	0	0
Total	100	100	100	100
Net percentage	**24**	**32**	**13**	**20**
Diffusion index	13	17	7	11
Mean	2.75	2.66	2.85	2.78
Number of banks responding	137	137	145	145

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	
	Jul 22	Oct 22	Jul 22	Oct 22
Decrease considerably	2	8	0	1
Decrease somewhat	51	57	13	23
Remain basically unchanged	42	34	72	68
Increase somewhat	5	1	15	7
Increase considerably	0	0	0	0
NA[1]	0	0	0	0
Total	100	100	100	100
Net percentage	**-47**	**-64**	**1**	**-17**
Diffusion index	-25	-36	0	-9
Mean	3	2	3	2.82
Number of banks responding	137	137	145	145

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 "increase considerably" and "increase somewhat", and the sum of the percentages for "decrease somewhat" and "decrease considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. 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	8	75	4	1	13	4	2.96	0.44	0	11	70	4	1	14	6	2.94	0.48
Long-term (more than one year) deposits and other retail funding instruments	0	10	70	4	0	16	5	2.92	0.44	0	18	59	5	0	17	13	2.84	0.55
B) Inter-bank unsecured money market																		
Very short-term money market (up to 1 week)	0	7	69	7	1	15	-1	3.06	0.53	0	11	71	1	1	17	8	2.93	0.50
Short-term money market (more than 1 week)	0	9	70	7	0	14	2	2.99	0.46	0	15	68	1	1	15	13	2.88	0.53
C) Wholesale debt securities[3]																		
Short-term debt securities (e.g. certificates of deposit or commercial paper)	1	8	54	8	0	30	0	2.98	0.52	1	17	47	4	0	31	14	2.81	0.55
Medium to long term debt securities (incl. covered bonds)	3	31	49	0	0	17	34	2.57	0.58	2	31	46	2	0	19	31	2.60	0.59
D) Securitisation[4]																		
Securitisation of corporate loans	0	12	25	0	0	63	12	2.72	0.50	0	7	28	0	0	65	7	2.85	0.40
Securitisation of loans for house purchase	0	12	24	0	0	64	13	2.62	0.55	0	9	26	0	0	65	9	2.70	0.56
E) Ability to transfer credit risk off balance sheet[5]																		
Ability to transfer credit risk off balance sheet	2	8	38	0	0	52	10	2.76	0.58	1	9	36	0	0	53	10	2.76	0.64

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: The net percentage (NetP) is defined as the difference between the sum of the percentages of banks responding "--" (deteriorated considerably/will deteriorate considerably) and "-" (deteriorated somewhat/will deteriorate somewhat), and the sum of banks responding "+" (eased somewhat/will ease somewhat) and "++" (eased considerably/will ease considerably). "°" means "remained unchanged/will remain unchanged". 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 130

Over the past six months, have the ECB's asset purchase programmes led to a change in your bank's assets or affected (either directly or indirectly) your bank in any of the following areas? Are they 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	0	87	5	0	8	4	3.04	0.24	0	1	87	2	0	9	1	3.01	0.21
of which:																		
euro area sovereign bond holdings	0	6	81	3	0	10	-4	2.94	0.37	0	0	86	3	0	11	3	3.03	0.19
B) Your bank's cost of funds and balance sheet situation																		
Your bank's overall liquidity position	0	7	87	2	0	5	-5	2.94	0.31	0	8	86	0	0	6	-8	2.92	0.28
Your bank's overall market financing conditions	0	15	75	6	0	5	-9	2.90	0.49	0	16	77	1	0	6	-14	2.85	0.41
D) Your bank's profitability																		
Your bank's overall profitability	0	8	79	5	1	6	-2	2.98	0.44	0	11	76	5	1	8	-5	2.95	0.46
owing to:																		
net interest income[2]	0	10	77	6	1	6	-3	2.97	0.46	0	8	76	7	1	8	-1	2.99	0.46
capital gains/losses	1	3	85	2	0	8	-3	2.95	0.38	0	9	81	0	0	10	-9	2.89	0.33
E) Your bank's capital position																		
Your bank's capital ratio[3]	0	5	87	1	0	8	-4	2.96	0.26	0	3	88	0	0	9	-3	2.97	0.19

1) "NA" (not applicable) includes banks which do not have any business in or exposure to this category.
2) 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.
3) Defined in accordance with the regulatory requirements set out in the CRR/CRD IV, including both tier 1 capital and tier 2 capital.
Notes: The net percentage (NetP) is defined as the difference between the sum of the percentages of banks responding "--" (contributed/will contribute considerably to a decrease or deterioration) and "-" (contributed/will contribute somewhat to a decrease or deterioration), and the sum of banks responding "+" (contributed/will contribute somewhat to an increase or improvement) and "++" (contributed/will contribute considerably to an increase or improvement). "°" means "has had/will have basically no impact". 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.

Question 132

Over the past six months, have the ECB's asset purchase programmes led to a change in your bank's lending policy and lending volume? And what will be the 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	2	93	2	0	2	0	3.00	0.23	140	0	1	93	1	0	4	0	3.00	0.17	140
For loans to households for house purchase	0	0	93	2	0	4	-2	3.03	0.18	136	0	0	92	1	0	6	-1	3.01	0.13	136
For consumer credit and other lending to households	0	1	90	2	0	7	-1	3.01	0.19	143	0	1	88	2	0	9	-1	3.01	0.18	143
B) Your bank's terms and conditions																				
For loans to enterprises	0	4	87	7	0	2	-3	3.03	0.35	140	0	7	88	1	0	4	5	2.94	0.31	140
For loans to households for house purchase	0	0	85	8	0	6	-8	3.10	0.33	136	0	6	85	3	0	6	3	2.95	0.33	136
For consumer credit and other lending to households	0	1	90	2	0	7	-1	3.01	0.19	143	0	6	83	2	0	9	5	2.94	0.32	143
C) Your bank's lending volume																				
For loans to enterprises	0	2	88	9	0	2	7	3.07	0.34	140	0	2	91	3	0	4	1	3.01	0.22	140
For loans to households for house purchase	0	0	89	7	0	4	7	3.09	0.30	136	0	6	84	1	0	8	-4	2.94	0.32	136
For consumer credit and other lending to households	0	1	90	2	0	7	1	3.01	0.19	143	0	2	88	2	0	9	0	3.00	0.20	143

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 the percentages of banks responding “--” (contributed/will contribute considerably to a tightening or decrease) and “-” (contributed/will contribute somewhat to a tightening or decrease), and the sum of the percentages of banks responding “+” (contributed/will contribute somewhat to an easing or increase) and “++” (contributed/will contribute considerably to an easing or increase). “°” means “have had/will have basically no impact”. 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. The number of banks responding (No of banks) refers to all participating banks which have business in or exposure to the respective lending category.

Question 133

(i) Over the past six months, has the ECB's negative deposit facility rate, either directly or indirectly[1], led to a change for your bank in the following areas?

(in percentages, unless otherwise stated)

	Over the past six months									
	--	-	°	+	+ +	NA[2]	NetP	Mean	Std. dev.	No of banks
Impact on your bank's profitability										
Impact on your bank's overall profitability	6	43	37	8	0	6	-41	2.50	0.77	147
owing to:										
Impact on your bank's net interest income[3]	7	42	38	8	0	6	-40	2.51	0.79	151
Loans to enterprises										
Impact on your bank's lending rates	1	16	77	2	0	3	-15	2.83	0.49	140
Impact on your bank's non-interest rate charges	0	1	93	2	0	3	1	3.01	0.19	140
Impact on your bank's lending volume	0	1	92	3	0	3	2	3.02	0.22	140
Loans to households for house purchase										
Impact on your bank's lending rates	0	18	76	1	0	4	-17	2.82	0.45	136
Impact on your bank's non-interest rate charges	0	3	91	2	0	4	-1	2.99	0.23	136
Impact on your bank's lending volume	0	1	89	6	0	4	5	3.05	0.29	136
Consumer credit and other lending to households										
Impact on your bank's lending rates	0	12	80	1	0	7	-11	2.87	0.39	143
Impact on your bank's non-interest rate charges	0	2	89	2	0	7	0	3.00	0.21	143
Impact on your bank's lending volume	0	1	90	2	0	7	1	3.01	0.20	143
Deposits held by enterprises										
Impact on your bank's deposit rates[4]	3	25	62	5	0	4	-23	2.72	0.65	137
Impact on your bank's non-interest rate charges on deposits[4]	0	4	81	10	1	5	7	3.08	0.44	136
Impact on your bank's volume of deposits	0	3	90	1	2	4	0	3.02	0.36	137
Deposits held by households										
Impact on your bank's deposit rates[4]	3	12	71	0	0	13	-15	2.80	0.51	140
Impact on your bank's non-interest rate charges on deposits[4]	0	3	78	6	0	13	3	3.03	0.33	139
Impact on your bank's volume of deposits	0	2	79	4	2	13	3	3.06	0.40	140

(ii) Over the past six months, has the ECB's two-tier system for remunerating excess liquidity holdings led to a change for your bank in the following areas, compared with the situation in which no two-tier system would exist?

(in percentages, unless otherwise stated)

	Over the past six months									
	--	-	°	+	+ +	NA[2]	NetP	Mean	Std. dev.	No of banks
Your bank's financial situation										
Impact on your bank's overall profitability	0	2	31	60	2	6	60	3.66	0.58	147
owing to:										
Impact on your bank's net interest income[3]	0	1	32	59	3	6	61	3.68	0.56	147
Impact on your bank's liquidity position	0	0	86	9	0	4	9	3.09	0.31	148
Impact on your bank's market financing conditions	0	1	92	1	1	4	1	3.02	0.26	148
Your bank's lending rates										
Impact on your bank's lending rates for enterprises	0	1	91	4	0	3	3	3.03	0.25	138
Impact on your bank's lending rates to households for house purchase	0	2	92	1	0	4	-1	2.99	0.20	133
Impact on your bank's lending rates for consumer credit and other lending to households	0	0	92	1	0	7	1	3.01	0.11	139
Your bank's deposit rates										
Impact on your bank's interest rates on deposits held by enterprises[4]	0	0	92	3	0	4	3	3.03	0.22	137
Impact on your bank's interest rates on deposits held by households[4]	0	0	85	3	0	12	3	3.03	0.20	141

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 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) Deposit rates can include both positive and negative interest rates on deposits. By contrast, non-interest rate charges are various kinds of fees which can be part of the pricing of a deposit, such as administration fees.
Notes: The net percentage (NetP) is defined as the difference between the sum of the percentages of banks responding "--" (contributed considerably to a decrease or deterioration) and "-" (contributed somewhat to a decrease or deterioration), and the sum of the percentages of banks responding "+" (contributed somewhat to an increase or improvement) and "++" (contributed considerably to an increase or improvement). "°" means "did not have an impact". 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. The number of banks responding (No of banks) refers to all participating banks which have business in or exposure to the respective category.

Question 138

Over the past six months, have the Eurosystem's TLTRO III operations led to a change in (either directly or indirectly) your bank's financial situation, lending policy and lending volumes? And what will be the impact over the next six months?

(in percentages, unless otherwise stated)

	--	-	°	+	+ +	NA[1]	NetP	Mean	Std. dev.	No of banks
Over the past six months										
Impact on your bank's financial situation										
Your bank's overall liquidity position	0	0	60	22	9	9	-31	3.44	0.70	151
Your bank's overall market financing conditions	0	0	71	17	2	10	-19	3.22	0.49	151
Your bank's overall profitability	0	2	47	39	2	10	-39	3.46	0.60	151
Your bank's ability to fulfil regulatory or supervisory requirements	0	1	70	15	2	12	-15	3.19	0.53	151
Impact on your bank's credit standards										
For loans to enterprises	0	0	85	4	0	11	-4	3.06	0.26	140
For loans to households for house purchase	0	0	90	0	0	9	0	3.00	0.04	136
For consumer credit and other lending to households	0	0	87	3	0	10	-3	3.05	0.23	143
Impact on your bank's terms and conditions										
For loans to enterprises	0	0	79	10	0	11	-10	3.12	0.36	140
For loans to households for house purchase	0	1	86	4	0	10	-4	3.05	0.25	136
For consumer credit and other lending to households	0	1	85	5	0	10	-4	3.06	0.27	143
Impact on your bank's lending volumes										
For loans to enterprises	0	0	69	18	2	11	19	3.27	0.52	140
For loans to households for house purchase	0	0	84	5	0	10	6	3.07	0.29	136
For consumer credit and other lending to households	0	0	82	8	0	10	8	3.12	0.35	143
Over the next six months										
Impact on your bank's financial situation										
Your bank's overall liquidity position	0	5	62	19	5	10	-18	3.24	0.66	151
Your bank's overall market financing conditions	0	3	71	14	1	11	-11	3.13	0.46	151
Your bank's overall profitability	1	2	53	31	2	11	-29	3.34	0.62	151
Your bank's ability to fulfil regulatory or supervisory requirements	0	5	72	9	0	13	-5	3.03	0.45	151
Impact on your bank's credit standards										
For loans to enterprises	0	1	87	0	0	12	1	2.99	0.12	140
For loans to households for house purchase	0	1	88	0	0	11	1	2.99	0.12	136
For consumer credit and other lending to households	0	1	88	0	0	11	1	2.99	0.10	143
Impact on your bank's terms and conditions										
For loans to enterprises	0	2	80	5	0	12	-3	3.05	0.32	140
For loans to households for house purchase	0	1	84	4	0	11	-2	3.04	0.25	136
For consumer credit and other lending to households	0	1	85	3	0	11	-2	3.03	0.23	143
Impact on your bank's lending volumes										
For loans to enterprises	0	3	78	6	1	12	5	3.09	0.45	140
For loans to households for house purchase	0	1	82	5	0	12	3	3.04	0.28	136
For consumer credit and other lending to households	0	1	85	3	0	11	1	3.02	0.23	143

1) Please select “N/A” (not applicable) only if you do not have any business in or exposure to the respective category.

Notes: The net percentage (NetP) is defined as the difference between the sum of the percentages of banks responding “--” (has contributed considerably/will contribute considerably to a deterioration, tightening or decrease) and “-” (has contributed somewhat/will contribute somewhat to a deterioration, tightening or decrease), and the sum of the percentages of banks responding “+” (has contributed somewhat/will contribute somewhat to an improvement, easing or increase) and “++” (has contributed considerably/will contribute considerably to an improvement, easing or increase). “°” means “has had/will have basically no impact”. The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options. Figures may not exactly add up due to rounding. 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.

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

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