BANCO DE PORTUGAL
EUROSYSTEM

Bank Lending Survey

Results for Portugal | July 2018

1 Overall assessment

According to the results of the July 2018 survey to the five banks included in the Portuguese sample, credit standards applied on loans to the non-financial private sector remained broadly stable in the second quarter of 2018, as compared with the first quarter. Also, terms and conditions applied on loans to firms and households remained broadly stable in the same period. The competitive pressures from other banks and a more favourable assessment of risks related to the economic situation and outlook were signalled as contributing to the developments in credit supply, namely to reduce the spreads applied on average risk loans.

With respect to credit demand by firms and households, most banks did not report any relevant changes. Even so, one bank reported a slight increase in demand, both by SME and large firms and for short-term and long-term loans. Another bank reported a similar development but only for large firms and long-term loans. In the households segment, two banks reported a slight increase in the demand for house purchase loans, while another bank reported a similar development in credit for consumption and other purposes. The general level of interest rates was considered the main factor underlying the developments in the demand for credit in the second quarter of 2018. In the households segment, the improvement in consumer confidence was also signalled as contributing to increase the demand for loans.

For the third quarter of 2018, the reporting institutions, in general, do not anticipate adjustments in credit standards applied on loans to firms. However, most institutions foresee a tightening of credit standards applied on loans to households in both segments of credit. For the same period, three institutions foresee that the demand for loans or credit lines by firms will remain basically unchanged, whereas two institutions foresee a slight increase. In the households segment, most banks foresee that credit demand will remain unchanged.

2 Presentation of the results

2.1 Supply

In the second quarter of 2018, credit standards applied on loans or credit lines to firms remained broadly similar to those observed in the first three months of 2018. The majority of the surveyed banks did not identify changes in the main factors with potential impact on the standards. Nevertheless, one institution considered that the competitive pressures from other banks, as well as a more favourable assessment of risks related to the general economic outlook and to industry or firm-specific situation, slightly contributed to an easing of credit standards, both in the case of SME and large firms.

In this quarter, all institutions considered that the overall terms and conditions for new loans or credit lines to firms remained practically unchanged. Nonetheless, one bank reported slightly lower spreads on average risk loans and less tight terms and conditions regarding maturity and non-interest rate charges, particularly in the SME segment. On the other hand, one bank indicated a slight increase in non-interest rate charges in both firm dimensions, and another bank indicated a slight increase in the spreads on average risk loans only for large firms. One bank reported that competitive pressures contributed to less tight terms and conditions, in particular to slightly lower spreads applied on average risk loans. Another bank mentioned, on the contrary, that pressures from competition led to a slight increase in the spreads applied on average risk loans.

In the households sector, all participating institutions reported, broadly, unchanged credit standards applied on loans, as compared to the previous quarter. Nevertheless, one bank reported that pressures from competition from other banks contributed somewhat to the easing of credit standards in the case of loans for house purchase. In the case of loans for consumption and other purposes, one institution indicated less tight credit standards due to pressures from competition from other banks and from non-banks, as well as to a more favourable general economic situation and outlook.

Most banks reported broadly unchanged terms and conditions applied on loans to households, as compared to the first quarter of 2018. However, on loans for house purchase, one bank reported slightly lower credit spreads applied on average and riskier loans. For both household segments, one institution indicated that the competitive pressures contributed to a slight easing on its terms and conditions, namely to a decline in the spreads applied on average risk loans. Another institution pointed out that the pressure exerted by competition and risk tolerance contributed to lessen the tightness of terms and conditions applied on new loans for house purchase, both on average and riskier loans.

Most banks indicated that the share of loan applications that were completely rejected remained unchanged, both for firms and households. Only one bank reported a slight increase in the ratio in the firms segment.

For the third quarter of 2018, the reporting institutions, overall, do not anticipate adjustments in credit standards applied on loans to firms. Only one bank foresees a slight easing of credit standards applied on loans to SME. In the households segment, most institutions foresee, on the contrary, slightly tighter credit standards. This evolution was mentioned by two banks in both household segments, by one bank only in the housing credit segment, and by another bank only in the consumption and other purposes credit segment. The latter bank foresees that credit standards applied on loans for house purchase will become considerably tighter.

2.2 Demand

In the second quarter of 2018, most of the participating institutions reported that demand for loans or credit lines to firms remained basically unchanged, compared to the previous quarter. Nonetheless, one institution reported a slight increase in demand in both firm dimensions and in short and long-term loans. Similar developments were mentioned by another institution, only for large firms and for long-term loans. In this quarter, two banks indicated that less use of alternative finance, particularly of loans from other banks, contributed to a slight increase in their demand. One of the banks also indicated that investment financing needs and the general level of interest rates slightly contributed to increase the demand for loans by firms. The same bank reported that the decrease in financing needs related to refinancing / restructuring and debt renegotiation slightly contributed to reduce demand.

In the case of households, most institutions also reported a relatively stable demand for loans. However, two banks reported a slight increase in the demand for loans for house purchase, with one of the banks reporting similar developments in demand for credit for consumption and other purposes. One bank reported that improved consumer confidence, as well as more favourable prospects in the housing market and the general level of interest rates, have slightly contributed to the increase in the demand for loans for house purchase. In the case of loans for consumption and other purposes, two banks indicated that improving consumer confidence slightly contributed to an increase in their demand, with one of the banks also indicating an impact of the general level of interest rates.

For the third quarter of 2018, three institutions expect that demand for loans or credit lines by firms remain relatively stable, and two institutions anticipate a slight increase. In the case of households, most banks expect that demand for credit will remain virtually unchanged. Only one bank expects a slight decrease in demand for loans for house purchase and for consumption and other purposes.

2.3 *Ad hoc* questions

The *ad hoc* questions aim at assessing the development of banks' financing conditions and lending policies following specific or time-based events. The current survey includes a question on banks' retail and wholesale funding, two questions on the impact of new regulatory or supervisory measures on banks' lending policies, a question on the significance of the factors determining the level of banks' lending margins and a last question on the impact of banks' non-performing loan ratios (NPL) on their lending policy.

As regards the first *ad hoc* question, in the second quarter of 2018, the participating institutions, in overall terms, reported stable market funding conditions. However, one bank reported a slight improvement in its short-term and long-term retail funding conditions. On the contrary, another bank signalled a slight deterioration in the access to the market for medium to long-term debt securities. For the third quarter of 2018, in overall terms, participating banks expect similar conditions as those of the second quarter. Nevertheless, one bank expects a slight improvement in the access to the market for medium to long-term debt securities and another bank anticipates a slight improvement in the ability to transfer credit risk off the balance sheet.

The second and third *ad hoc* questions address the extent to which the new regulatory or supervisory measures have impacted, or will impact, on the lending policies of the institutions. Regarding the first half of 2018, the majority of banks reported that their assets, equity and financing conditions remained broadly stable in face of the new measures. Nevertheless, two institutions indicated a slight decrease in their total assets. One of the institutions, however, indicated a slight increase in its liquid assets, while the other pointed to a considerable increase of these assets. Additionally, this latter institution reported a slight reduction in its risk-weighted assets and own funds, and a slight improvement of its funding conditions. The other bank, on the other hand, indicated a considerable increase in its risk-weighted assets, as well as a slight increase in its own funds related both to an increase of undistributed profits and issuance of capital. For the second semester of 2018, in overall terms, banks expectations are in line with the impacts recorded in the last six months. However, one bank foresees a lessened impact of the new regulatory or supervisory measures on its risk-weighted assets and a slight deterioration in the funding conditions.

In the same topic, most banks reported that, in the last six months, the loan approval criteria did not change significantly due the new regulatory or supervisory measures and remained relatively stable. Nevertheless, one institution indicated that lending criteria will be slightly tighter, both to firms and households. For the second semester of 2018, the five participating banks do not foresee changes in the lending criteria to firms, due to the new measures. On the contrary, in the households sector, on loans for house purchase, one institution anticipates a considerable tightening of the lending criteria, two institutions expect just a slight tightening and the remaining institutions do not foresee changes. In credit for consumption and other purposes, two banks anticipate a slight tightening of the lending criteria, while for the remaining banks, lending criteria are expected to remain stable. Spreads applied to firm and household loans in the first semester of 2018, also remained stable, with one institution reporting a slight increase in spreads on loans for house purchase in response to the new regulatory and supervisory measures. For the second semester of 2018, the five reporting banks do not anticipate significant changes in spreads applied on loans to firms and households, due to the new regulatory or supervisory measures.

The fourth *ad hoc* question assesses the significance of the factors determining the level of banks' lending margins for new loans to firms and households, in the first semester of 2018. Also, it indicates how the significance of these factors has changed between the beginning of 2014 and the end 2017. Most institutions reported that, in the first six months of 2018, the perception of risks, the level of competition and the bank's profitability target were somewhat significant factors in determining the level of banks' lending margins for new loans. Two banks considered the level of competition as a very significant factor, both for firm and household loans. Most banks indicated that the costs related to bank's capital position, the bank's access to market financing, the liquidity position and the operating costs are not relevant in determining spreads. The majority of institutions reported that, between 2014 and 2017, the perception of risks, the level of competition and the bank's profitability target have become more significant in determining the level of banks' lending margins for new loans to firms and households.

The last *ad hoc* question assesses the impact of the non-performing loans ratio (NPL) on the criteria, terms and conditions applied on new loans to firms and households, as well as the contribution of a number of factors through which the NPL ratio affects the institutions' lending policy. Different periods of time are considered: the last six months, the next six months and the period between 2014 and 2017. In the last six months, three banks considered that the NPL ratio had no impact on the criteria, terms and conditions applied on new loans to the non-financial private sector, and two banks considered that they contributed slightly to make them tighter. As regards the factors by which the NPL ratio affects the institutions' lending policy, most banks indicated that in the first half of 2018 costs related to the bank's capital position, the pressure of regulatory or prudential requirements and the perception and tolerance of risks contributed to a tightening of the respective lending policy. For the second half of 2018, participating banks generally anticipate similar impacts and contributions as those reported in the previous half year. For the period from 2014 to 2017, most institutions considered that the impact of the NPL ratio translated into tighter criteria and tighter terms and conditions, particularly in credit to firms. In this period, the costs related to the bank's capital position and to balance sheet clean-up operations, the pressures related to regulatory or prudential requirements and the risk perception and tolerance were the factors through which the NPL ratio affected the lending policy of the reporting institutions.

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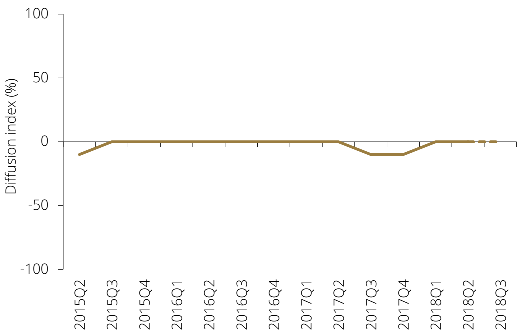
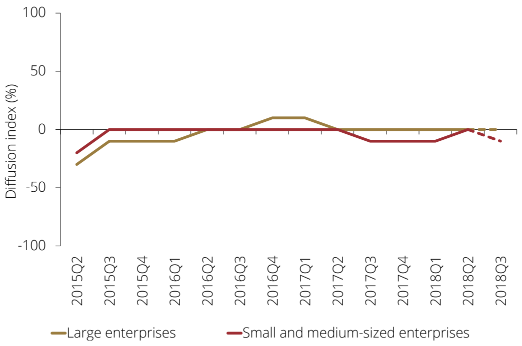
2.4 Main results

Chart 2.1 • Credit supply

a) Enterprises (overall)



b) Enterprises



c) Households

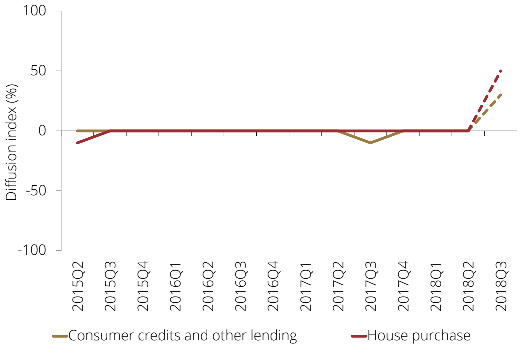
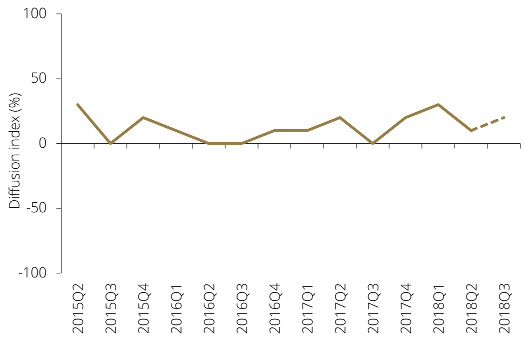
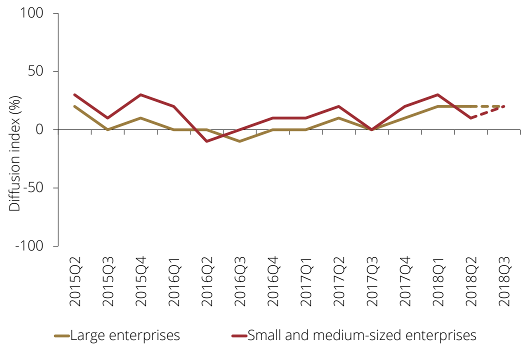


Chart 2.2 • Credit demand

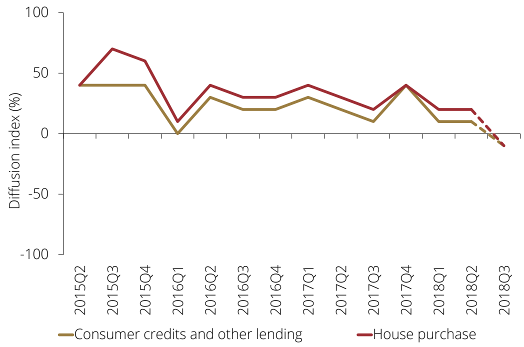
a) Enterprises (overall)



b) Enterprises



c) Households



Notes: The diffusion index varies between -100 and 100. Values of less (more) than zero means a loosening (tightening) of the criteria in the case of the credit supply and a decrease (increase) in the case of credit demand. Figures for the last quarter are banks' expectations.

Annex[(a)]

The following tables include the results for Portugal of the Bank Lending Survey for this quarter. Two sets of tables are included in the survey: the first set is about loans and credit lines to non financial enterprises while the second one is on loans to households. In the case of enterprises two sorts of segmentations have been undertaken: small and medium sized (SME) versus large enterprises, and short-term versus long-term loans. For households, a distinction between loans for house purchase and consumer credit and other lending has been made.

For each sector – enterprises and households – the questions are focused on: i) the current and the prospective assessment of credit standards, conditions and terms for lending approval, on the one hand, and on demand trends, on the other; and ii) the appraisal of factors affecting credit standards, conditions and terms, and those underlying developments in demand.

Tables on the first set of questions have six possible options – including NA (not applicable) –, for each segment, according to the trend and rate of the changes reported (either occurred or foreseen); replies are shown along columns. Answers to tables on factors' appraisal are along the rows; six options are available – including NA (not applicable) – according to their contribution to either supply or demand conditions. The results of the survey are as follows:

- The number of banks choosing each option;
- The diffusion index of the options chosen by the banks, calculated using a scale (from -100 to 100) to aggregate individual replies, according to which zero corresponds to "remained basically unchanged". For questions concerning supply, values of less than zero mean a loosening of the criteria or the impact of factors in the sense of lower restrictiveness. The -50 figure corresponds to a "slight" change (the closer the diffusion index is to zero, the slighter it will be the change) while -100 stands for a considerable change in the sense of lower restrictiveness. In turn, values exceeding zero indicates an increase in restrictiveness or in the impact of factors supporting it. The 50 figure corresponds to a "slight" change while 100 stands for a considerable increase in restrictiveness. In the questions about demand, the same scale applies, with negative figures standing for decreases in demand and positive figures signaling the opposite evolution (or the impact of factors affecting it).

Note: (a) For clarification of terms and definitions used in the survey, see the document "General guidelines for the completion of the bank lending survey questionnaire".

I • Loans or credit lines to enterprises

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

		Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Tightened considerably						
Tightened somewhat						
Remained basically unchanged		5	5	5	5	5
Eased somewhat						
Eased considerably						
N/A*						
Diffusion Index %	Jul.18	0	0	0	0	0
	Apr.18	0	-10	0	0	-10

*N/A = not applicable

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**? Please rate the contribution of the following factors to the tightening or easing of credit standards using the following scale:

– – = contributed considerably to tightening of credit standards
– = contributed somewhat to tightening of credit standards
º = contributed to keeping credit standards basically unchanged
\+ = contributed somewhat to easing of credit standards
\+ + = contributed considerably to easing of credit standards
N/A = not applicable

	Overall impact on your bank's credit standards						Diffusion index %	
	– –	–	º	+	+ +	N/A	Jul.18	Apr.18
a) Cost of funds and balance sheet constraints								
Costs related to your bank's capital position			5				0	0
Your bank's ability to access market financing (*e.g.* money or bond market financing, incl. true-sale securitisation)			5				0	0
Your bank's liquidity position			5				0	0
b) Pressure from competition								
Competition from other banks			4	1			-10	-20
Competition from non-banks			5				0	0
Competition from market financing			5				0	0
c) Perception of risk								
General economic situation and outlook			4	1			-10	-10
Industry or firm-specific situation and outlook/borrower's creditworthiness			4	1			-10	-10
Risk related to the collateral demanded			5				0	0
d) Your bank's risk tolerance								
Your bank's risk tolerance			5				0	0

	Impact on your bank's credit standards for loans to small and medium-sized enterprises						Diffusion index %	
	– –	–	°	+	+ +	N/A	Jul.18	Apr.18
a) Cost of funds and balance sheet constraints								
Costs related to your bank's capital position			5				0	0
Your bank's ability to access market financing (*e.g.* money or bond market financing, incl. true-sale securitisation)			5				0	0
Your bank's liquidity position			5				0	0
b) Pressure from competition								
Competition from other banks			4	1			-10	-20
Competition from non-banks			5				0	0
Competition from market financing			5				0	0
c) Perception of risk								
General economic situation and outlook			4	1			-10	-10
Industry or firm-specific situation and outlook/borrower's creditworthiness			4	1			-10	-10
Risk related to the collateral demanded			5				0	0
d) Your bank's risk tolerance								
Your bank's risk tolerance			5				0	0

	Impact on your bank's credit standards for loans to large enterprises						Diffusion index %	
	– –	–	°	+	+ +	N/A	Jul.18	Apr.18
a) Cost of funds and balance sheet constraints								
Costs related to your bank's capital position			5				0	0
Your bank's ability to access market financing (*e.g.* money or bond market financing, incl. true-sale securitisation)			5				0	0
Your bank's liquidity position			5				0	0
b) Pressure from competition								
Competition from other banks			4	1			-10	0
Competition from non-banks			5				0	0
Competition from market financing			5				0	0
c) Perception of risk								
General economic situation and outlook			4	1			-10	0
Industry or firm-specific situation and outlook/borrower's creditworthiness			4	1			-10	0
Risk related to the collateral demanded			5				0	0
d) Your bank's risk tolerance								
Your bank's risk tolerance			5				0	0

3 Over the past three months, how have your bank's **terms and conditions for new loans or credit lines to enterprises** changed? Please rate the overall terms and conditions for this loan category and each factor using the following scale:

– – = tightened considerably
– = tightened somewhat
º = remained basically unchanged
\+ = eased somewhat
\+ + = eased considerably
N/A = not applicable

	Overall						Diffusion index %	
	– –	–	º	+	+ +	N/A	Jul.18	Apr.18
a) Overall terms and conditions								
Overall terms and conditions			5				0	-10
b) Margins (*i.e.* the spread over a relevant market reference rate) (wider spread = tightened, narrower spread = eased)								
Your bank's loan margin on average loans			4	1			-10	-20
Your bank's loan margin on riskier loans			5				0	-10
c) Other conditions and terms								
Non-interest rate charges		1	3	1			0	0
Size of the loan or credit line			5				0	-10
Collateral requirements			5				0	0
Loan covenants			5				0	0
Maturity			4	1			-10	-10

	Loans to small and medium-sized enterprises						Diffusion index %	
	– –	–	º	+	+ +	N/A	Jul.18	Apr.18
a) Overall terms and conditions								
Overall terms and conditions			5				0	-10
b) Margins (*i.e.* the spread over a relevant market reference rate) (wider spread = tightened, narrower spread = eased)								
Your bank's loan margin on average loans			4	1			-10	-20
Your bank's loan margin on riskier loans			5				0	0
c) Other conditions and terms								
Non-interest rate charges		1	3	1			0	0
Size of the loan or credit line			5				0	-10
Collateral requirements			5				0	0
Loan covenants			5				0	0
Maturity			4	1			-10	-10

	Loans to large enterprises						Diffusion index %	
	– –	–	o	+	+ +	N/A	Jul.18	Apr.18
a) Overall terms and conditions								
Overall terms and conditions			5				0	0
b) Margins (*i.e.* the spread over a relevant market reference rate) (wider spread = tightened, narrower spread = eased)								
Your bank's loan margin on average loans		1	4				10	-20
Your bank's loan margin on riskier loans			5				0	0
c) Other conditions and terms								
Non-interest rate charges		1	4				10	0
Size of the loan or credit line			5				0	-10
Collateral requirements			5				0	0
Loan covenants			5				0	0
Maturity			5				0	0

4 Over the past three months, how have the following **factors** affected your bank's **credit terms and conditions as applied to new loans or credit lines to enterprises**? Please rate the contribution of the following factors to the tightening or easing of credit terms and conditions using the following scale:

– – = contributed considerably to tightening of credit terms and conditions/contributed considerably to widening of margins
– = contributed somewhat to tightening of credit terms and conditions/contributed somewhat to widening of margins
o = contributed to keeping credit terms and conditions basically unchanged/contributed to keeping margins basically unchanged
+ = contributed somewhat to easing of credit terms and conditions/contributed somewhat to narrowing of margins
+ + = contributed considerably to easing of credit terms and conditions/contributed considerably to narrowing of margins
N/A = not applicable

	Overall impact on your bank's credit terms and conditions						Diffusion index %	
	– –	–	o	+	+ +	N/A	Jul.18	Apr.18
a) Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints			5				0	0
b) Pressure from competition								
Pressure from competition			4	1			-10	-20
c) Perception of risk								
Perception of risk			5				0	-10
d) Your bank's risk tolerance								
Your bank's risk tolerance			5				0	0

	Impact on your bank's margin on average loans						Diffusion index %	
	– –	–	o	+	+ +	N/A	Jul.18	Apr.18
a) Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints			5				0	0
b) Pressure from competition								
Pressure from competition		1	3	1			0	-20
c) Perception of risk								
Perception of risk			5				0	-10
d) Your bank's risk tolerance								
Your bank's risk tolerance			5				0	0

	Impact on your bank's margin on riskier loans						Diffusion index %	
	– –	–	o	+	+ +	N/A	Jul.18	Apr.18
a) Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints			5				0	0
b) Pressure from competition								
Pressure from competition			5				0	-10
c) Perception of risk								
Perception of risk			5				0	-10
d) Your bank's risk tolerance								
Your bank's risk tolerance			5				0	0

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

		Share of rejected applications
Decrease considerably		
Decrease somewhat		
Remain basically unchanged		4
Increase somewhat		1
Increase considerably		
N/A*		
Diffusion Index %	Jul.18	10
	Apr.18	10

*N/A = not applicable

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

		Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Decreased considerably						
Decreased somewhat						
Remain basically unchanged		4	4	3	4	3
Increased somewhat		1	1	2	1	2
Increased considerably						
N/A*						
Diffusion Index %	Jul.18	10	10	20	10	20
	Apr.18	30	30	20	20	20

*N/A = not applicable

7 Over the past three months, how have the following **factors affected the overall demand for loans or credit lines to enterprises**? Please rate each possible factor using the following scale:

– – = contributed considerably to lower demand
– = contributed somewhat to lower demand
º = contributed to keeping demand basically unchanged
\+ = contributed somewhat to higher demand
\+ + = contributed considerably to higher demand
N/A = not applicable

	– –	–	º	+	+ +	NA	Diffusion index % Jul.18	Diffusion index % Apr.18
a) Financing needs/underlying drivers on purpose of loan demands								
Fixed investment			4	1			10	20
Inventories and working capital			5				0	0
Mergers/acquisitions and corporate restructuring			5				0	10
General level of interest rates			4	1			10	0
Debt refinancing/restructuring and renegotiation (when leading to an increase or prolongation of the amount borrowed)		1	4				-10	0
b) Use of alternative finance								
Internal financing			5				0	0
Loans from other banks			3	2			20	20
Loans from non-banks			5				0	0
Issuance/redemption of debt securities			5				0	0
Issuance/redemption of equity			5				0	0

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.

		Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Tightened considerably						
Tightened somewhat						
Remained basically unchanged		5	4	5	5	5
Eased somewhat			1			
Eased considerably						
N/A*						
Diffusion Index %	Jul.18	0	-10	0	0	0
	Apr.18	0	-10	0	0	0

*N/A = not applicable

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.

		Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Decrease considerably						
Decrease somewhat						
Remain basically unchanged		3	3	3	3	3
Increase somewhat		2	2	2	2	2
Increase considerably						
N/A*						
Diffusion Index %	Jul.18	20	20	20	20	20
	Apr.18	30	30	20	20	30

*N/A = not applicable

II • Loans to households

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

		Loans for house purchase	Consumer credit and other lending
Tightened considerably			
Tightened somewhat			
Remained basically unchanged		5	5
Eased somewhat			
Eased considerably			
N/A*			
Diffusion Index %	Jul.18	0	0
	Apr.18	0	0

*N/A = not applicable

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**? Please rate the contribution of the following factors to the tightening or easing of credit standards using the following scale:

– – = contributed considerably to tightening of credit standards
– = contributed somewhat to tightening of credit standards
º = contributed to keeping credit standards basically unchanged
\+ = contributed somewhat to easing of credit standards
\+ + = contributed considerably to easing of credit standards
N/A = not applicable

	– –	–	º	+	+ +	N/A	Diffusion index % Jul.18	Diffusion index % Apr.18
a) Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints			5				0	0
b) Pressure from competition								
Competition from other banks			4	1			-10	-10
Competition from non-banks			5				0	0
c) Perception of risk								
General economic situation and outlook			5				0	0
Housing market prospects, including expected house price developments			5				0	-10
Borrower's creditworthiness			5				0	0
d) Your bank's risk tolerance								
Your bank's risk tolerance			5				0	0

12 Over the past three months, how have your **bank's terms and conditions for new loans to households for house purchase** changed? Please rate the overall terms and conditions for this loan category and each factor using the following scale:

– – = tightened considerably
– = tightened somewhat
º = remained basically unchanged
\+ = eased somewhat
\+ + = eased considerably
N/A = not applicable

	– –	–	º	+	+ +	N/A	Diffusion index % Jul.18	Apr.18
a) Overall terms and conditions								
Overall terms and conditions			5				0	0
b) Margins (*i.e.* the spread over a relevant market reference rate) (wider spread = tightened, narrower spread = eased)								
Your bank's loan margin on average loans			4	1			-10	0
Your bank's loan margin on riskier loans			4	1			-10	0
c) Other terms and conditions								
Collateral requirements			5				0	0
"Loan-to-value" ratio			5				0	-10
Other loan size limits			5				0	0
Maturity			5				0	0
Non-interest rate charges			5				0	0

13 Over the past three months, how have the following **factors affected your bank's credit terms and conditions as applied to new loans to households for house purchase**? Please rate the contribution of the following factors to the tightening or easing of credit terms and conditions using the following scale:

– – = contributed considerably to tightening of credit terms and conditions/contributed considerably to widening of margins
– = contributed somewhat to tightening of credit terms and conditions/contributed somewhat to widening of margins
º = contributed to keeping credit terms and conditions basically unchanged/contributed to keeping margins basically unchanged
\+ = contributed somewhat to easing of credit terms and conditions/contributed somewhat to narrowing of margins
\+ + = contributed considerably to easing of credit terms and conditions/contributed considerably to narrowing of margins
N/A = not applicable

	Overall impact on your bank's credit terms and conditions						Diffusion index %	
	– –	–	º	+	+ +	N/A	Jul.18	Apr.18
a) Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints			5				0	0
b) Pressure from competition								
Pressure from competition			3	2			-20	-10
c) Perception of risk								
Perception of risk			5				0	0
d) Your bank's risk tolerance								
Your bank's risk tolerance			4	1			-10	0

	Impact on your bank's margin on average loans						Diffusion index %	
	– –	–	º	+	+ +	N/A	Jul.18	Apr.18
a) Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints			5				0	0
b) Pressure from competition								
Pressure from competition			3	2			-20	-10
c) Perception of risk								
Perception of risk			5				0	0
d) Your bank's risk tolerance								
Your bank's risk tolerance			4	1			-10	0

	Impact on your bank's margin on riskier loans						Diffusion index %	
	– –	–	º	+	+ +	N/A	Jul.18	Apr.18
a) Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints			5				0	0
b) Pressure from competition								
Pressure from competition			4	1			-10	0
c) Perception of risk								
Perception of risk			5				0	0
d) Your bank's risk tolerance								
Your bank's risk tolerance			4	1			-10	0

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**? Please rate the contribution of the following factors to the tightening or easing of credit standards using the following scale:

– – = contributed considerably to tightening of credit standards
– = contributed somewhat to tightening of credit standards
º = contributed to keeping credit standards basically unchanged
\+ = contributed somewhat to easing of credit standards
\+ + = contributed considerably to easing of credit standards
N/A = not applicable

							Diffusion index %	
	– –	–	º	+	+ +	N/A	Jul.18	Apr.18
a) Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints			5				0	0
b) Pressure from competition								
Competition from other banks			4	1			-10	-10
Competition from non-banks			4	1			-10	-10
c) Perception of risk								
General economic situation and outlook			4	1			-10	-10
Creditworthiness of consumers			5				0	0
Risk on the collateral demanded			5				0	0
d) Your bank's risk tolerance								
Your bank's risk tolerance			5				0	0

15 Over the past three months, how have your **bank's terms and conditions for new consumer credit and other lending to households** changed? Please rate the overall terms and conditions for this loan category and each factor using the following scale:

– – = tightened considerably
– = tightened somewhat
º = remained basically unchanged
+ = eased somewhat
+ + = eased considerably
N/A = not applicable

							Diffusion index %	
	– –	–	º	+	+ +	N/A	Jul.18	Apr.18
a) Overall terms and conditions								
Overall terms and conditions			5				0	0
b) Margins (*i.e.* the spread over a relevant market reference rate) (wider spread = tightened, narrower spread = eased)								
Your bank's loan margin on average loans			5				0	0
Your bank's loan margin on riskier loans			5				0	0
c) Other terms and conditions								
Collateral requirements			5				0	0
Size of the loan			5				0	0
Maturity			5				0	0
Non-interest rate charges			5				0	0

16 Over the past three months, how have the following **factors** affected your **bank's credit terms and conditions as applied to new consumer credit and other lending to households**? Please rate the contribution of the following factors to the tightening or easing of credit terms and conditions using the following scale:

– – = contributed considerably to tightening of credit terms and conditions/contributed considerably to widening of margins
– = contributed somewhat to tightening of credit terms and conditions/contributed somewhat to widening of margins
º = contributed to keeping credit terms and conditions basically unchanged/contributed to keeping margins basically unchanged
+ = contributed somewhat to easing of credit terms and conditions/contributed somewhat to narrowing of margins
+ + = contributed considerably to easing of credit terms and conditions/contributed considerably to narrowing of margins
N/A = not applicable

	Overall impact on your bank's credit terms and conditions						Diffusion index %	
	– –	–	º	+	+ +	N/A	Jul.18	Apr.18
a) Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints			5				0	0
b) Pressure from competition								
Pressure from competition			4	1			-10	-10
c) Perception of risk								
Perception of risk			5				0	0
d) Your bank's risk tolerance								
Your bank's risk tolerance			5				0	0

	Impact on your bank's margin on average loans						Diffusion index %	
	– –	–	°	+	+ +	N/A	Jul.18	Apr.18
a) Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints			5				0	0
b) Pressure from competition								
Pressure from competition			4	1			-10	-10
c) Perception of risk								
Perception of risk			5				0	0
d) Your bank's risk tolerance								
Your bank's risk tolerance			5				0	0

	Impact on your bank's margin on riskier loans						Diffusion index %	
	– –	–	°	+	+ +	N/A	Jul.18	Apr.18
a) Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints			5				0	0
b) Pressure from competition								
Pressure from competition			5				0	0
c) Perception of risk								
Perception of risk			5				0	0
d) Your bank's risk tolerance								
Your bank's risk tolerance			5				0	0

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

		Share of rejected applications	
		Loans for house purchase	Consumer credit and other lending
Decreased considerably			
Decreased somewhat			
Remained basically unchanged		5	5
Increased somewhat			
Increased considerably			
N/A*			
Diffusion Index %	Jul.18	0	0
	Apr.18	0	0

*N/A = not applicable

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

		Loans for house purchase	Consumer credit and other lending
Decreased considerably			
Decreased somewhat			
Remained basically unchanged		3	4
Increased somewhat		2	1
Increased considerably			
N/A*			
Diffusion Index %	Jul.18	20	10
	Apr.18	20	10

*N/A = not applicable

19 Over the past three months, how have the following **factors affected the demand for loans to households for house purchase**? Please rate each factor using the following scale:

– – = contributed considerably to lower demand
– = contributed somewhat to lower demand
º = contributed to keeping demand basically unchanged
\+ = contributed somewhat to higher demand
\+ + = contributed considerably to higher demand
N/A = not applicable

	– –	–	°	+	+ +	N/A	Diffusion index % Jul.18	Diffusion index % Apr.18
a) Financing needs/underlying drivers or purpose of loan demand								
Housing market prospects, including expected house price developments			4	1			10	10
Consumer confidence			4	1			10	20
General level of interest rates			4	1			10	10
Debt refinancing/restructuring and renegotiation (when leading to an increase or prolongation of the amount borrowed)			5				0	0
Regulatory and fiscal regime of housing markets			5				0	0
b) Use of alternative sources for housing finance (substitution effects)								
Internal finance of house purchase out of savings/down payment (*i.e.* share financed via the household's own funds)			5				0	0
Loans from other banks			5				0	0
Other sources of external finance			5				0	0

.

20 Over the past three months, how have the following **factors affected the demand for consumer credit and other lending to households**? Please rate each factor using the following scale:

– – = contributed considerably to lower demand
– = contributed somewhat to lower demand
º = contributed to keeping demand basically unchanged
\+ = contributed somewhat to higher demand
\+ + = contributed considerably to higher demand
N/A = not applicable

	– –	–	º	+	+ +	N/A	Diffusion index % Jul.18	Diffusion index % Apr.18
a) Financing needs/underlying drivers or purpose of loan demand								
Spending on durable consumer goods, such as cars, furniture, etc.			5				0	0
Consumer confidence			3	2			20	20
General level of interest rates			4	1			10	0
Consumption expenditure financed through real-estate guaranteed loans ("mortgage equity withdrawal")			5				0	0
b) Use of alternative finance								
Internal finance out of savings			5				0	0
Loans from other banks			5				0	0
Other sources of external finance			5				0	0

.

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.

		Loans for house purchase	Consumer credit and other lending
Tighten considerably		1	
Tighten somewhat		3	3
Remain basically unchanged		1	2
Ease somewhat			
Ease considerably			
N/A*			
Diffusion Index %	Jul.18	50	30
	Apr.18	0	0

*N/A = not applicable

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.

		Loans for house purchase	Consumer credit and other lending
Decrease considerably			
Decrease somewhat		1	1
Remain basically unchanged		4	4
Increase somewhat			
Increase considerably			
N/A*			
Diffusion Index %	Jul.18	-10	-10
	Apr.18	40	30

*N/A = not applicable

Ad hoc question on retail and wholesale funding[1]

1 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? Please rate each factor using the following scale:

– – = deteriorated considerably/will deteriorate considerably
– = deteriorated somewhat/will deteriorate somewhat
º = remained unchanged/will remain unchanged
+ = eased somewhat/will ease somewhat
+ + = eased considerably/will ease considerably
N/A = not applicable

	Over the past three months						Over the next three months					
	– –	–	º	+	+ +	N/A[2]	– –	–	º	+	+ +	N/A[2]
a) Retail funding												
Short-term deposits (up to one year)			4	1					4	1		
Long-term (more than one year) deposits and other retail funding instruments			4	1					4	1		
b) Inter-bank unsecured money market												
Very short term money market (up to 1 week)			5						5			
Short-term money market (more than 1 week)			5						5			
c) Wholesale debt securities[3]												
Short-term debt securities (*e.g.* certificates of deposit or commercial paper)			4			1			4			1
Medium to long term debt securities (incl. covered bonds)		1	4						4	1		
d) Securitisation[4]												
Securitisation of corporate loans			5						5			
Securitisation of loans for house purchase			5						5			
e) Ability to transfer credit risk off balance sheet[5]												
Ability to transfer credit risk off balance sheet			4			1			3	1		1

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

Ad hoc questions on the impact of new regulatory or supervisory requirements relating to capital, leverage, liquidity or provisioning

These questions address the extent to which new regulatory or supervisory requirements relating to capital, leverage, liquidity or provisioning* have impacted, or will impact, on your lending policies (via the measures taken to adjust your bank's capital, leverage, liquidity position or provisioning and the potential impact on funding conditions).

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

– – = decreased/will decrease considerably; experienced/will experience a considerable tightening of funding conditions
– = decreased/will decrease somewhat; experienced/will experience a moderate tightening of funding conditions
° = remained/will remain basically unchanged
\+ = increased/will increase somewhat; experienced/will experience a moderate easing of funding conditions
\+ + = increased/will increase considerably; experienced/will experience a considerable easing of funding conditions
N/A = not applicable

	Over the past six months						Over the past six months					
	– –	–	°	+	+ +	N/A[3]	– –	–	°	+	+ +	N/A[3]
Total assets		2	3					2	3			
Of which: Liquid assets[1]			3	1	1				4	1		
Risk-weighted assets		1	3		1			1	3	1		
Of which: Average loans		1	3		1			1	3	1		
Riskier loans		1	3		1			1	3	1		
Capital		1	3	1				1	3	1		
Of which: Retained earnings			3	1		1			3	1		1
Capital issuance[2]			3	1		1		1	3	1		
Impact on your bank's funding conditions			4	1				1	3	1		

* Please consider regulatory or supervisory actions that have recently been approved/implemented or that are expected to be approved/implemented in the near future.
(1) Liquid assets should be defined as freely transferable assets that can be converted quickly into cash in private markets within a short time frame and without significant loss in value, in line with the European Commission Delegated Act of 10.10.2014 to supplement Regulation (EU) 575/2013 with regard to liquidity coverage requirement for Credit Institutions (C (2014) 7232 final)
(2) Capital issuance includes the issuance of shares and hybrid instruments, as well as capital injections by, *inter alia*, national or supra-national public authorities.
(3) Please select "N/A" (not applicable) only if you do not have any business in or exposure to this category.

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

– – = credit standards/margins have been tightened/will be tightened considerably
– = credit standards/margins have been tightened/will be tightened somewhat
o = the requirements have basically not had/will not have any impact on credit standards/margins
+ = credit standards/margins have been eased/will be eased somewhat
++ = credit standards/margins have been eased/will be eased considerably

a) Credit standards

		Loans and credit lines to enterprises		Loans to households	
		Small and medium-sized enterprises	Large enterprises	For house purchase	Consumer credit and other lending
Over the past six months	--				
	-	1	1	1	1
	o	4	4	4	4
	+				
	++				
	N/A(1)				
Over the next six months	--			1	
	-			2	2
	o	5	5	2	3
	+				
	++				
	N/A(1)				

b) Credit margins

		Loans and credit lines to enterprises		Loans to households	
		Small and medium-sized enterprises	Large enterprises	For house purchase	Consumer credit and other lending
Over the past six months	--				
	-			1	
	o	5	5	4	5
	+				
	++				
	NA(1)				
Over the next six months	--				
	-				
	o	5	5	5	5
	+				
	++				
	NA(1)				

* Please consider regulatory or supervisory actions that have recently been approved/implemented or that are expected to be approved/implemented in the near future.
(1) Please select "N/A" (not applicable) only if you do not have any business in or exposure to the respective lending category.

Ad hoc question on the significance of factors determining the level of your bank's lending margins

4 Please indicate the significance of the factors determining the level of your bank's lending margins (*i.e.* the difference between the lending rate and the relevant market reference rate(1)) for new loans to enterprises and households. In addition, please indicate how the significance of these factors has changed for new loans over time.

– – = considerably less significant
– = somewhat less significant
º = not significant/no change
\+ = somewhat significant/somewhat more significant
\+ + = very significant/considerably more significant
N/A = not applicable

	Significance over the past six months				Change in significance between the beginning of 2014 and the end of 2017					
	º	+	+ +	NA(2)	– –	–	º	+	+ +	NA(2)
Loans to enterprises										
Costs related to your bank's capital position	4	1			1	2	2			
Your bank's access to market financing	4	1			1	2	2			
Your bank's liquidity position	4	1				3	2			
Your bank's operating costs(3)	3	1	1				5			
Your bank's perception of risks(4)		4	1		1		3	1		
Competition(5)		3	2					3	2	
Your bank's profitability target		4	1				2	3		
Loans to households for house purchase										
Costs related to your bank's capital position	3	2				2	2	1		
Your bank's access to market financing	3	2				2	2	1		
Your bank's liquidity position	4	1				3	1	1		
Your bank's operating costs(3)	3	2					5			
Your bank's perception of risks(4)	1	4					2	3		
Competition(5)		3	2				1	3	1	
Your bank's profitability target	1	4					2	3		
Consumer credit and other lending to households										
Costs related to your bank's capital position	3	2				2	3			
Your bank's access to market financing	3	2				2	2	1		
Your bank's liquidity position	4	1				3	1	1		
Your bank's operating costs(3)	3	2					5			
Your bank's perception of risks(4)	1	4					2	3		
Competition(5)	1	2	2				1	3	1	
Your bank's profitability target	1	4					2	3		

(1) The relevant market reference rate (*e.g.* EURIBOR, LIBOR or the interest rate swap of a corresponding maturity for fixed rate loans) depends on the characteristics of the loan and can differ over time.
(2) Please select "N/A" (not applicable) only if you have not granted any new loans in the respective lending category during the period specified.
(3) Operating costs refer to your bank's administrative and maintenance costs.
(4) Your bank's perception of risk regarding the general economic situation and outlook, borrowers' creditworthiness and the risk related to collateral demanded.
(5) Competition from other banks and non-banks, as well as from market financing.

Ad hoc question on the impact of banks' non-performing loan ratios

Given the importance of sound bank balance sheets for the transmission of monetary policy, this *ad hoc* question addresses the impact of banks' non-performing loans (NPLs) on banks' lending policies. Specifically, it aims at gauging the impact of your bank's NPL ratio on your bank's lending policy and the contribution of each factor through which the NPL ratio affects your bank's lending policy.

5 Please indicate the impact of your bank's non-performing loan (NPL) ratio[1] on your lending policy. In addition, please indicate the contribution of each factor through which the NPL ratio has affected or will affect your bank's lending policy.

– – = has contributed considerably or will contribute considerably to tightening
– = has contributed somewhat or will contribute somewhat to tightening
º = has not had/will not have an impact
\+ = has contributed somewhat or will contribute somewhat to easing
\+ + = has contributed considerably or will contribute considerably to easing
N/A = not applicable

	Over the past six months					
	– –	–	°	+	+ +	N/A[2]
Impact of NPL ratio on your bank's credit standards						
Loans and credit lines to enterprises		2	3			
Loans to households for house purchase		2	3			
Consumer credit and other lending to households		2	3			
Impact of NPL ratio on your bank's credit terms and conditions						
Loans and credit lines to enterprises		2	3			
Loans to households for house purchase		2	3			
Consumer credit and other lending to households		2	3			
Contribution of factors through which the NPL ratio affects your bank's policy on lending to enterprises and households (credit standards and credit terms and conditions)						
Contribution of your bank's cost of funds and balance sheet constraints to the NPL-related impact on your bank's lending policy						
Costs related to your bank's capital position	1	2	2			
Costs related to your bank's balance sheet clean-up operations[3]		2	3			
Pressure related to supervisory or regulatory requirements[4]	1	2	2			
Your bank's access to market financing		1	4			
Your bank's liquidity position			5			
Contribution of your bank's perception of risk and risk tolerance to the NPL-related impact on your bank's lending policy						
Your bank's perception of risk[5]		4	1			
Your bank's risk tolerance		4	1			

	Over the next six months					
	– –	–	°	+	+ +	N/A[2]
Impact of NPL ratio on your bank's credit standards						
Loans and credit lines to enterprises		2	3			
Loans to households for house purchase		2	3			
Consumer credit and other lending to households		2	3			
Impact of NPL ratio on your bank's credit terms and conditions						
Loans and credit lines to enterprises		2	3			
Loans to households for house purchase		2	3			
Consumer credit and other lending to households		2	3			
Contribution of factors through which the NPL ratio affects your bank's policy on lending to enterprises and households (credit standards and credit terms and conditions)						
Contribution of your bank's cost of funds and balance sheet constraints to the NPL-related impact on your bank's lending policy						
Costs related to your bank's capital position		3	2			
Costs related to your bank's balance sheet clean-up operations[3]		3	2			
Pressure related to supervisory or regulatory requirements[4]	2	1	2			
Your bank's access to market financing		2	3			
Your bank's liquidity position		1	4			
Contribution of your bank's perception of risk and risk tolerance to the NPL-related impact on your bank's lending policy						
Your bank's perception of risk[5]		4	1			
Your bank's risk tolerance		4	1			

	From 2014 to 2017					
	– –	–	°	+	+ +	N/A[(2)]
Impact of NPL ratio on your bank's credit standards						
Loans and credit lines to enterprises	2	2	1			
Loans to households for house purchase	1	2	2			
Consumer credit and other lending to households	1	2	2			
Impact of NPL ratio on your bank's credit terms and conditions						
Loans and credit lines to enterprises	2	2	1			
Loans to households for house purchase	1	2	2			
Consumer credit and other lending to households	1	2	2			
Contribution of factors through which the NPL ratio affects your bank's policy on lending to enterprises and households (credit standards and credit terms and conditions)						
Contribution of your bank's cost of funds and balance sheet constraints to the NPL-related impact on your bank's lending policy						
Costs related to your bank's capital position	2	2	1			
Costs related to your bank's balance sheet clean-up operations[(3)]	2	2	1			
Pressure related to supervisory or regulatory requirements[(4)]	3	1	1			
Your bank's access to market financing	1	1	3			
Your bank's liquidity position			5			
Contribution of your bank's perception of risk and risk tolerance to the NPL-related impact on your bank's lending policy						
Your bank's perception of risk[(5)]	2	2	1			
Your bank's risk tolerance	2	2	1			

(1) The NPL ratio is defined as the stock of gross non-performing loans on your bank's balance sheet as a percentage of the gross carrying amount of loans.
(2) Please select "N/A" (not applicable) only if you do not have any business in or exposure to the respective lending category (as regards credit standards), if you have not granted any new loans in the respective lending category during the period specified (as regards credit terms and conditions), or if you do not have any non-performing loans.
(3) This may include costs due to the need for additional provisions and/or write-offs exceeding the previous stock of provisions.
(4) This may include expectations of or uncertainty about future supervisory or regulatory requirements.
(5) Your bank's perception of risk regarding the general economic situation and outlook, borrowers' creditworthiness and of the risk related to collateral demanded.