

Bank lending survey

Results for Portugal

October 2019



BANCO DE
PORTUGAL
EUROSYSTEM

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Presentation of the results

The Portuguese banks that participate in the survey indicated that their lending policy remained broadly unchanged in the third quarter of 2019 compared to the previous quarter. At the same time, demand for housing loans slightly increased and remained broadly unchanged for firm and consumer loans.

Supply

In the third quarter of 2019, credit supply to firms and households remained broadly unchanged compared to the previous quarter, even though participating banks reported that pressure from competition contributed to narrowing their margin on average risk loans granted to firms. The participating banks do not anticipate major changes in their credit standards for the next quarter (Chart 1). This credit supply stabilization was common to all credit segments: loans to SMEs and large firms as well as loans for house purchase and consumer credit and other lending. In this quarter, the share of rejected loan applications remained unchanged, both in the firms and households segments.

Demand

In the third quarter of 2019, demand for loans to firms remained broadly unchanged compared to the previous quarter (Chart 2). In the households segment, loan demand for house purchase slightly increased and remained broadly unchanged for consumer credit and other lending. The increase in housing loan demand was motivated by the general level of interest rates. For the next quarter of the year, banks do not anticipate major changes in the demand for loans to firms and housing loans, but anticipate a slight increase in the demand for consumer credit and other lending to households.

Ad hoc questions

This section presents the results for a set of additional questions of non-permanent nature.

On retail and wholesale funding (Question 23 in the annex)

Banks' access to the usual sources of wholesale and retail funding remained unchanged in the third quarter of 2019 compared with the previous quarter. Nevertheless, participating banks reported a positive impact on their access to medium and long term debt securities as well as in their ability to transfer credit risk off balance sheet. The surveyed banks anticipate similar impacts for the next quarter.

On the ECB's asset purchase programme (Questions 24 and 25 in the annex)

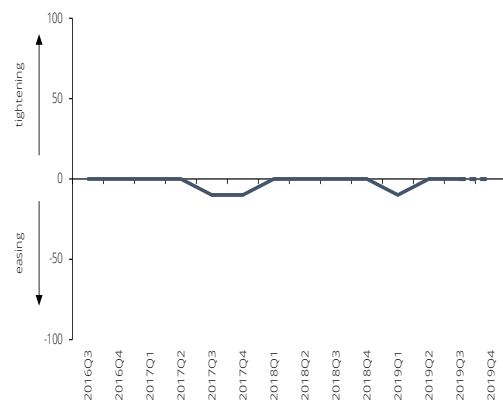
Participating banks in the survey reported that the ECB's asset purchase programme has had basically no impact in their balance sheet or profitability over the past six months. Nevertheless, the banks reported a slight improvement in their overall market financing conditions. For the next six months, banks anticipate a stronger improvement of their overall market financing conditions following the programme and give heterogeneous answers regarding the impact of the programme on their profitability. Banks also reported that the programme has had basically no impact on credit standards and terms and conditions applied to loans as well as on lending volumes granted to enterprises and households. Banks do not anticipate major changes for the next six months.

On the impact of the ECB's negative deposit facility rate (Question 26 in the annex)

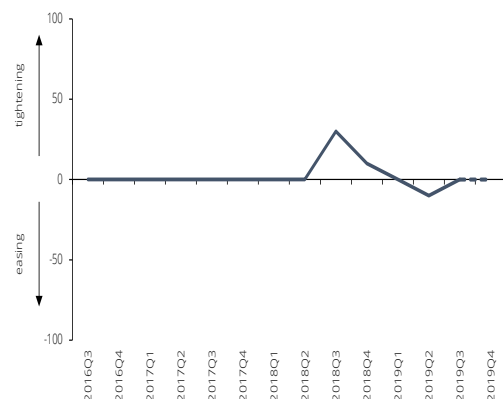
Surveyed banks reported that the negative deposit facility rate significantly contributed negatively to their net interest income over the past six months. Simultaneously, the level of the interest rate on this facility contributed to lowering banks' lending rates applied both on loans to enterprises and households. In the segments of loans to enterprises and housing loans, participating banks reported an increase in their non-interest rate charges. Banks did not report significant impacts on their loan margins and lending volumes to enterprises and households (see Box 1 for a more detailed analysis of the answers of Portuguese and euro area banks to this *ad hoc* question). For the next six months, participating banks anticipate similar impacts on their net interest income and a slightly more pronounced decrease in their lending rates compared to the previous six months. Moreover, banks do not anticipate major impacts on their non-interest rate charges for the next six months.

Chart 1 • Credit supply | Diffusion index

Enterprises (overall)



Households - House purchase



Households - Consumer credit and other lending

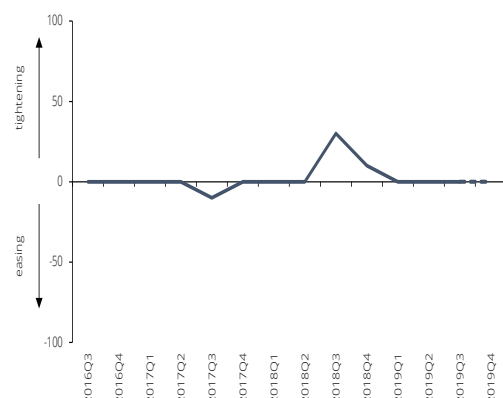
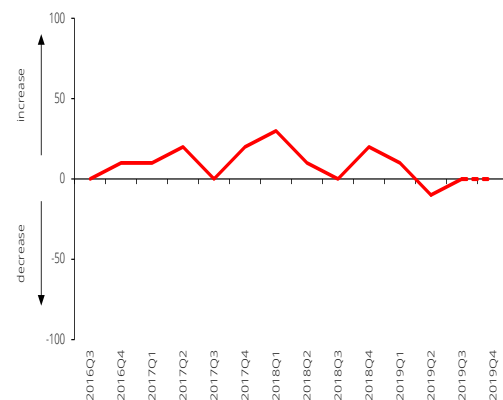
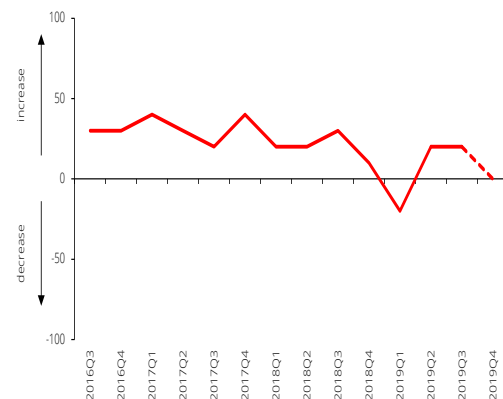


Chart 2 • Credit demand | Diffusion index

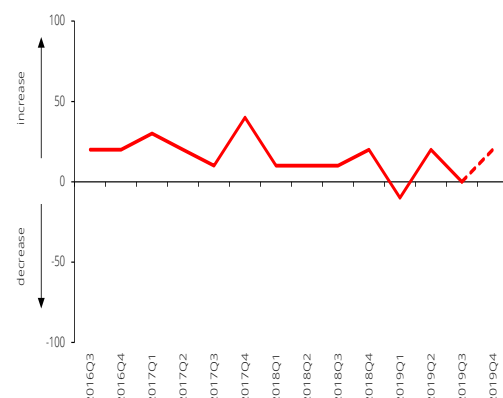
Enterprises (overall)



Households - House purchase



Households - Consumer credit and other lending



Notes: The credit supply corresponds to the lending standards replied by the banks. 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.

Box • Banks' self-assessment of the impact of the ECB's negative deposit facility rate on their lending policies

In June 2014, the Governing Council of the European Central Bank (ECB) lowered its deposit facility rate (DFR) to -0.10%.¹ Shortly after, in September 2014, the DFR was lowered to -0.20%. Since then, the ECB has lowered the DFR three more times: in December 2015 to -0.30%, in March 2016 to -0.40%, and in September 2019 to -0.50%.

A central question is whether and how negative interest rates affect the supply of credit. The answer to this question is not straightforward as the transmission of monetary policy may be different under negative policy rates. In conventional times, lower policy rates transmit to lower rates on both deposits and market-based debt. The pass-through of negative policy rates may differ from that of conventional interest rate cuts because negative policy rates may not fully transmit to lower retail deposit rates. Banks are reluctant to charge negative interest rates to their depositors due to competition in the retail deposit market, the switching costs associated to a different funding model, and the fear of withdrawal due to the existence of paper currency that offers a zero nominal return. Moreover, in some countries as in Portugal banks may be forbidden by law from charging negative rates on deposits.²

In this context, the results of the Bank Lending Survey (BLS) may be particularly useful as they provide self-reported information by banks. The answers of the Portuguese and euro area banks to the BLS biannual ad hoc question on the impact of the negative DFR on banks' net interest income and banks' lending policy are examined in this box.³ In particular, banks report whether their net interest income, lending rates, loan margin, non-interest rate charges, and lending volumes were affected by the negative interest rate policy. Charts C.1 and C.2 show the impact over the past six months as reported in the 2018Q1, 2018Q3, 2019Q1, and 2019Q3 BLS rounds for Portugal and the euro area average respectively.

Chart C.1 shows the results reported by Portuguese banks on the impact of the negative DFR on banks' net interest income and on loans granted to enterprises and households. The Portuguese banks participating in the survey reported that the negative interest rate policy negatively affected their net interest income. Also, Portuguese banks have been reporting a decrease in their lending rates in all credit segments and globally a neutral impact on lending volumes and loan margins. Moreover, in contrast to the previous BLS rounds, Portuguese banks reported an increase in their non-interest rate charges, especially in the segments of credit to enterprises and to households for house purchase. In general, the magnitude of the reported impacts on loans to enterprises and loans to households for house purchase is larger than that reported for consumer credit and other loans to households.

Chart C.2 replicates the analysis considering the sample of euro area banks participating in the survey. The results for euro area banks are broadly in line with those reported by Portuguese banks, even though of smaller magnitude. Also, in the current BLS round, euro area banks continue reporting a negative impact on loan margins in both loans to enterprises and households following the negative policy rate. Euro area banks participating in the survey

1. The DFR is the rate on the deposit facility, which banks may use to make overnight deposits with the Eurosystem.

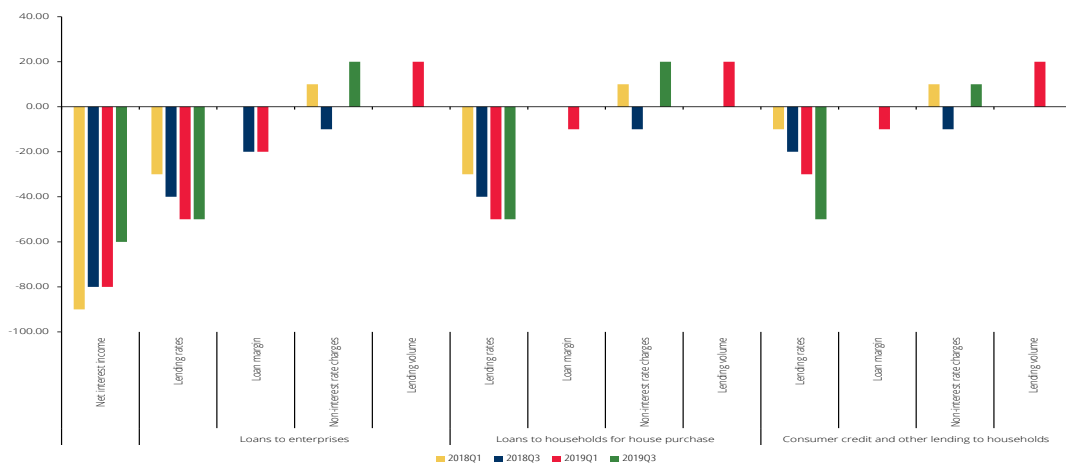
2. Bank of Portugal Circular Letter No. 33/2009/DSB, issued on March 23, 2009.

3. More specifically, the ad hoc question is "Given the ECB's negative deposit facility rate, did or will this measure, directly or indirectly, contribute to: (...) over the past or next six months?". Banks were asked to assess both the direct and indirect effects of the negative DFR as the financial situation and lending conditions of banks may be indirectly affected, regardless of holding or not excess liquidity.

report a slight positive impact on lending volumes and a virtually neutral impact on their non-interest rate charges in the last four BLS rounds.

Overall, Portuguese banks participating in the survey reported a stronger negative impact of the negative DFR policy on their net interest income compared to the surveyed euro area banks. Also, the decrease in lending rates following the negative DFR policy is particularly significant for Portuguese banks. Importantly, in the more recent round of the BLS, Portuguese banks reported an increase in their non-interest charges, stronger than the one reported by euro area banks.

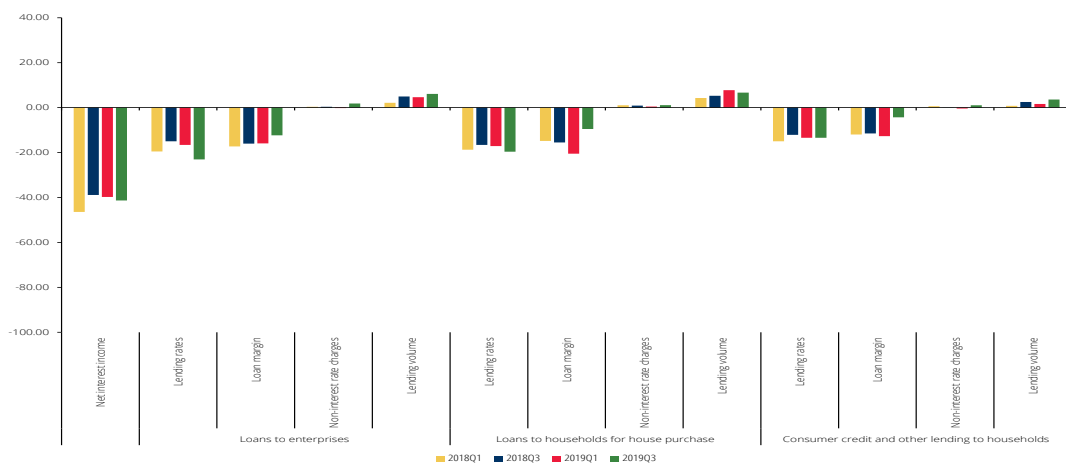
Chart C.1 • Impact of the ECB's negative DFR on Portuguese banks' net interest income, loans to enterprises, and loans to households



Sources: European Central Bank (Banco de Portugal calculations).

Notes: 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 of the bank. The loan margin is defined as the spread of the bank's lending rates on new loans over a relevant market reference rate. The diffusion index ranges between -100 and 100 and zero corresponds to "no change". Positive values indicate that the factor is more significant and negative values indicate that the factor is less significant.

Chart C.2 • Impact of the ECB's negative DFR on euro area banks' net interest income, loans to enterprises, and loans to households



Sources: European Central Bank (Banco de Portugal calculations).

Notes: See Chart C.1 notes. The diffusion index for the euro area is weighted by the share of each country in the total loan outstanding amounts of the euro area aggregate.

Annex¹

The following tables include the results for Portugal of the Bank Lending Survey for the current exercise.

Questions 1 to 9 relate to loans or credit lines to non-financial enterprises and questions 10 to 22 to loans to households. In the case of enterprises a distinction is made between small and medium sized enterprises (SME) and large enterprises and between short-term loans and long-term loans. For households, a distinction between loans for house purchase and consumer credit and other lending is made.

In the survey, questions are asked about the developments on credit standards for approving loans, terms and conditions on new loans and loan demand, as well as the factors that may explain the changes that have occurred in each of these aspects. A question on the share of loan rejections to enterprises and households is also asked. Questions about past developments are expressed in terms of changes between the quarter of the survey and the immediately preceding quarter. Questions on expectations are expressed in terms of changes between the quarter of the survey and the immediately following quarter.

For each sector – enterprises and households – there are two types of tables. In the first type (questions 1, 5, 6, 8 to 10, 17, 18, 21 and 22), responses are shown along the columns and, in the second type (remaining questions), answers are presented along the rows. For all questions there are six possible answers. Five are related to the sign and intensity of the changes reported (either occurred or foreseen) and one covers the option of being not applicable (NA).

Each table presents the number of banks choosing each option and the diffusion index. This index is measured using a scale to aggregate individual responses, according to the sign and intensity of the responses. It varies from -100 to 100, where zero corresponds to “remained basically unchanged”. For questions concerning the supply, values of less (higher) than zero mean less (more) restrictive credit standards, terms and conditions or a contribution of the factors leading to a lower (higher) restrictiveness. In questions on demand, the same scale applies, where positive (negative) values of the diffusion index represent an increase (decrease) in demand for credit or a contribution of factors in the same direction.

Besides the standard questions, the survey may also include ad hoc questions which focus on situations of particular interest.

1. For clarification of terms and definitions used in the survey, see document “[BLS presentation and glossary](#)”.

I • Loans or credit lines to enterprises

1 • Enterprises - Credit standards

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 %	Oct.19	0	0	0	0	0
	Jul.19	0	0	0	0	0

*N/A = not applicable

2 • Enterprises - Credit standards - Factors

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
- ° = 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 %	
	--	-	°	+	++	N/A	Oct.19	Jul.19
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			5				0	0
Competition from non-banks			5				0	0
Competition from market financing			5				0	0
c) Perception of risk								
General economic situation and outlook			5				0	0
Industry or firm-specific situation and outlook/borrower's creditworthiness			5				0	0
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 %	
	--	-	o	+	++	N/A	Oct.19	Jul.19
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			4	1			-10	0
b) Pressure from competition								
Competition from other banks			5				0	0
Competition from non-banks			5				0	0
Competition from market financing			5				0	0
c) Perception of risk								
General economic situation and outlook			5				0	0
Industry or firm-specific situation and outlook/borrower's creditworthiness			5				0	0
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 %	
	--	-	o	+	++	N/A	Oct.19	Jul.19
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			5				0	0
Competition from non-banks			5				0	0
Competition from market financing			5				0	0
c) Perception of risk								
General economic situation and outlook			5				0	0
Industry or firm-specific situation and outlook/borrower's creditworthiness			5				0	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 • Enterprises - Terms and conditions

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
- ° = remained basically unchanged
- + = eased somewhat
- ++ = eased considerably
- N/A = not applicable

	Overall						Diffusion index %	
	--	-	°	+	++	N/A	Oct.19	Jul.19
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	0
Your bank's loan margin on riskier loans			5				0	0
c) Other conditions and terms								
Non-interest rate charges			4	1			-10	10
Size of the loan or credit line			5				0	0
Collateral requirements			5				0	0
Loan covenants			5				0	0
Maturity			5				0	0

	Loans to small and medium-sized enterprises						Diffusion index %	
	--	-	°	+	++	N/A	Oct.19	Jul.19
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	0
Your bank's loan margin on riskier loans			5				0	0
c) Other conditions and terms								
Non-interest rate charges			4	1			-10	10
Size of the loan or credit line			5				0	0
Collateral requirements			5				0	0
Loan covenants			5				0	0
Maturity			5				0	0

	Loans to large enterprises						Diffusion index %	
	--	-	°	+	++	N/A	Oct.19	Jul.19
a) Overall terms and conditions								
Overall terms and conditions			5				0	0
b) Margins (<i>i.e.</i> 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			5				0	0
c) Other conditions and terms								
Non-interest rate charges			4	1			-10	10
Size of the loan or credit line			5				0	0
Collateral requirements			5				0	0
Loan covenants			5				0	0
Maturity			5				0	0

4 • Enterprises - Terms and conditions - Factors

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
- ° = 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 %	
	--	-	°	+	++	N/A	Oct.19	Jul.19
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			5				0	0

	Impact on your bank's margin on average loans						Diffusion index %	
	--	-	°	+	++	N/A	Oct.19	Jul.19
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	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

	Impact on your bank's margin on riskier loans						Diffusion index %	
	--	-	°	+	++	N/A	Oct.19	Jul.19
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			5				0	0

5 • Enterprises - Rejected applications

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		5
Increase somewhat		
Increase considerably		
N/A*		
Diffusion Index %	Oct.19	0
	Jul.19	10

*N/A = not applicable

6 • Enterprises - Demand

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			1			1
Remain basically unchanged		5	4	5	5	4
Increased somewhat						
Increased considerably						
N/A*						
Diffusion Index %	Oct.19	0	-10	0	0	-10
	Jul.19	-10	-10	-10	0	-10

*N/A = not applicable

7 Enterprises - Demand - Factors

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
- ° = contributed to keeping demand basically unchanged
- + = contributed somewhat to higher demand
- ++ = contributed considerably to higher demand
- N/A = not applicable

	--	-	°	+	++	NA	Diffusion index %	
							Oct.19	Jul.19
a) Financing needs/underlying drivers on purpose of loan demands								
Fixed investment			5				0	0
Inventories and working capital			5				0	0
Mergers/acquisitions and corporate restructuring			5				0	0
General level of interest rates			5				0	0
Debt refinancing/restructuring and renegotiation (when leading to an increase or prolongation of the amount borrowed)			5				0	-10
b) Use of alternative finance								
Internal financing			5				0	0
Loans from other banks			5				0	0
Loans from non-banks			5				0	0
Issuance/redemption of debt securities			5				0	0
Issuance/redemption of equity			5				0	0
c) Other factors*								
			1					

*A bank may choose the option "Other factors" when it considers that there is a relevant factor in addition to the ones that are specified in the question. In this case the diffusion index cannot be calculated.

8 • Enterprises - Credit standards - Outlook

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	5	5	5	5
Eased somewhat						
Eased considerably						
N/A*						
Diffusion Index %	Oct.19	0	0	0	0	0
	Jul.19	0	0	0	0	0

*N/A = not applicable

9 • Enterprises - Demand - Outlook

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		5	5	5	5	5
Increase somewhat						
Increase considerably						
N/A*						
Diffusion Index %	Oct.19	0	0	0	0	0
	Jul.19	-10	-30	-10	-10	-20

*N/A = not applicable

II • Loans to households

10 • Households - Credit standards

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 %	Oct.19	0	0
	Jul.19	-10	0

*N/A = not applicable

11 • Loans for house purchase - Credit standards - Factors

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
- ° = 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

	--	-	°	+	++	N/A	Diffusion index %	
							Oct.19	Jul.19
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			5				0	-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	0
Borrower's creditworthiness			5				0	0
d) Your bank's risk tolerance								
Your bank's risk tolerance			5				0	0
e) Other factors*			1					

*A bank may choose the option "Other factors" when it considers that there is a relevant factor in addition to the ones that are specified in the question. In this case the diffusion index cannot be calculated.

12 • Loans for house purchase - Terms and conditions

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
- ° = remained basically unchanged
- + = eased somewhat
- ++ = eased considerably
- N/A = not applicable

	--	-	°	+	++	N/A	Diffusion index %	
							Oct.19	Jul.19
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			5				0	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 • Loans for house purchase - Terms and conditions - Factors

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
- ° = 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 %	
	--	-	°	+	++	N/A	Oct.19	Jul.19
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
e) Other factors*								
			1					

	Impact on your bank's margin on average loans						Diffusion index %	
	--	-	o	+	++	N/A	Oct.19	Jul.19
a) Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints								
b) Pressure from competition			5				0	0
Pressure from competition								
c) Perception of risk			4	1			-10	0
Perception of risk								
d) Your bank's risk tolerance			5				0	0
Your bank's risk tolerance								
e) Other factors*			5				0	0

	Impact on your bank's margin on riskier loans						Diffusion index %	
	--	-	o	+	++	N/A	Oct.19	Jul.19
a) Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints								
b) Pressure from competition			5				0	0
Pressure from competition								
c) Perception of risk			5				0	0
Perception of risk								
d) Your bank's risk tolerance			5				0	0
Your bank's risk tolerance								
e) Other factors*			5				0	0

*A bank may choose the option "Other factors" when it considers that there is a relevant factor in addition to the ones that are specified in the question. In this case the diffusion index cannot be calculated.

14 • Consumer credit and other lending - Credit standards - Factors

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	Oct.19	Jul.19
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			5				0	0
Competition from non-banks			5				0	0
c) Perception of risk								
General economic situation and outlook			5				0	0
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 • Consumer credit and other lending - Terms and conditions

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
- ° = remained basically unchanged
- + = eased somewhat
- ++ = eased considerably
- N/A = not applicable

	--	-	°	+	++	N/A	Diffusion index %	
							Oct.19	Jul.19
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
d) Other factors*								
			1					

*A bank may choose the option "Other factors" when it considers that there is a relevant factor in addition to the ones that are specified in the question. In this case the diffusion index cannot be calculated.

16 • Consumer credit and other lending - Terms and conditions - Factors

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
- ° = 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 %	
	--	-	°	+	++	N/A	Oct.19	Jul.19
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
e) Other factors*			1					

	Impact on your bank's margin on average loans						Diffusion index %	
	--	-	°	+	++	N/A	Oct.19	Jul.19
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
e) Other factors*			1					

	Impact on your bank's margin on riskier loans						Diffusion index %	
	--	-	°	+	++	N/A	Oct.19	Jul.19
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
e) Other factors*			1					

*A bank may choose the option "Other factors" when it considers that there is a relevant factor in addition to the ones that are specified in the question. In this case the diffusion index cannot be calculated.

17 • Households - Rejected applications

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	1	
Remained basically unchanged	4	5
Increased somewhat		
Increased considerably		
N/A*		
Diffusion Index %	Oct.19	-10
	Jul.19	-10

*N/A = not applicable

18 • Households - Demand

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		1
Remained basically unchanged	3	3
Increased somewhat	2	1
Increased considerably		
N/A*		
Diffusion Index %	Oct.19	20
	Jul.19	20

*N/A = not applicable

19 • Loans for house purchase - Demand - Factors

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
- ° = contributed to keeping demand basically unchanged
- + = contributed somewhat to higher demand
- ++ = contributed considerably to higher demand
- N/A = not applicable

	--	-	°	+	++	N/A	Diffusion index %	
							Oct.19	Jul.19
a) Financing needs/underlying drivers or purpose of loan demand								
Housing market prospects, including expected house price developments			4	1			10	10
Consumer confidence			5				0	10
General level of interest rates			3	2			20	20
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 • Consumer credit and other lending - Demand - Factors

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
- ° = contributed to keeping demand basically unchanged
- + = contributed somewhat to higher demand
- ++ = contributed considerably to higher demand
- N/A = not applicable

N/A = not applicable

	--	-	o	+	++	N/A	Diffusion index % Oct.19	Jul.19
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			4	1			10	20
General level of interest rates			4	1			10	10
Consumption expenditure financed through real-estate guaran- teed 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 • Households - Credit standards - Outlook

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			
Tighten somewhat			
Remain basically unchanged		5	5
Ease somewhat			
Ease considerably			
N/A*			
Diffusion Index %	Oct.19	0	0
	Jul.19	0	0

*N/A = not applicable

22 • Households - Demand - Outlook

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	
Remain basically unchanged		3	3
Increase somewhat		1	2
Increase considerably			
N/A*			
Diffusion Index %	Oct.19	0	20
	Jul.19	20	10

*N/A = not applicable

23 • *Ad hoc* question on retail and wholesale funding

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
- ° = 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					
	--	-	°	+	++	N/A ⁽²⁾	--	-	°	+	++	N/A ⁽²⁾
a) Retail funding												
Short-term deposits (up to one year)			1	4					1	4		
Long-term (more than one year) deposits and other retail funding instruments			1	4						5		
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)				3	2					3	2	
d) Securitisation⁽⁴⁾												
Securitisation of corporate loans				4	1					5		
Securitisation of loans for house purchase				4	1					5		
e) Ability to transfer credit risk off balance sheet⁽⁵⁾												
Ability to transfer credit risk off balance sheet				2	2	1			2	2		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.

24 • Ad hoc question on the ECB's asset purchase programme - Impact on the bank's financial position

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

-- = has contributed considerably to a decrease or deterioration / will contribute considerably to a decrease or deterioration

- = has contributed somewhat to a decrease or deterioration / will contribute somewhat to a decrease or deterioration

o = has had basically no impact / will have basically no impact

+ = has contributed somewhat to an increase or improvement / will contribute somewhat to an increase or improvement

++ = has contributed considerably to an increase or improvement / will contribute considerably to an increase or improvement

N/A = not applicable

	Over the past six months						Over the next six months					
	--	-	o	+	++	N/A ⁽¹⁾	--	-	o	+	++	N/A ⁽¹⁾
a) Your bank's total assets												
Your bank's total assets (non-risk weighted volume)		1	4					1	3	1		
of which: euro area sovereign bond holdings			4	1					4	1		
c) Your bank's cost of funds and balance sheet constraints												
Your bank's overall liquidity position			5						4	1		
Your bank's overall market financing conditions			3	2					1	4		
d) Your bank's profitability												
Your bank's overall profitability		1	4				1	1	1	2		
owing to:												
net interest margin ⁽²⁾		1	4				1	1	1	2		
capital gains / losses			5						4	1		
e) Your bank's capital position												
Your bank's capital ratio ⁽³⁾			5						4	1		

(1) Please select "N/A" (not applicable) only if you do not have any business in or exposure to this category.

(2) Interest income minus interest paid, relative to the amount of interest-bearing assets.

(3) Defined in accordance with the regulatory requirements set out in the CRR/CRD IV, including both tier 1 capital and tier 2 capital.

25 • *Ad hoc* question on the ECB's asset purchase programme - Impact on the bank's lending policy and lending volumes

Over the past six months, how has the ECB's asset purchase programme affected your bank's lending policy and lending volumes? And what will be the impact over the next six months?

-- = has contributed considerably to tightening credit standards/tightening terms and conditions/decreasing lending volumes / will contribute considerably to tightening credit standards/tightening terms and conditions/decreasing lending volumes

- = has contributed somewhat to tightening credit standards/tightening terms and conditions/decreasing lending volumes / will contribute somewhat to tightening credit standards/tightening terms and conditions/decreasing lending volumes

° = has had basically no impact on credit standards/terms and conditions/lending volumes / will have basically no impact on credit standards/terms and conditions/lending volumes

+ = has contributed somewhat to easing credit standards/easing terms and conditions/increasing lending volumes / will contribute somewhat to easing credit standards/easing terms and conditions/increasing lending volumes

++ = has contributed considerably to easing credit standards/easing terms and conditions/increasing lending volumes / will contribute considerably to easing credit standards/easing terms and conditions/increasing lending volumes

N/A = not applicable

	Over the past six months						Over the next six months					
	--	-	°	+	++	N/A ⁽¹⁾	--	-	°	+	++	N/A ⁽¹⁾
a) Credit standards												
For loans to enterprises			5						5			
For loans to households for house purchase			5						5			
For consumer credit and other lending to households			5						5			
b) Terms and conditions												
For loans to enterprises		1	4					1	4			
For loans to households for house purchase		1	4					1	4			
For consumer credit and other lending to households		1	4					1	4			
c) Lending volumes												
For loans to enterprises		1	4					1	4			
For loans to households for house purchase		1	4					1	4			
For consumer credit and other lending to households		1	4					1	4			

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

26 • Ad hoc question on the impact of the ECB's negative deposit facility rate

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

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

over the past or next six months?

-- = contributed/will contribute considerably to a decrease

- = contributed/will contribute somewhat to a decrease

o = did not/will not have an impact

+ = contributed/will contribute somewhat to an increase

++ = contributed/will contribute considerably to an increase

N/A = not applicable

	Over the past six months						Over the next six months					
	--	-	o	+	++	N/A ⁽²⁾	--	-	o	+	++	N/A ⁽²⁾
Impact on your bank's net interest income												
Impact on your bank's net interest income ⁽³⁾	1	4					2	2		1		
Loans to enterprises												
Impact on your bank's lending rates	1	3	1				2	2	1			
Impact on your bank's loan margin ⁽⁴⁾				5					5			
Impact on your bank's non-interest rate charges				3	2				4	1		
Impact on your bank's lending volume				5					5			
Loans to households for house purchase												
Impact on your bank's lending rates	1	3	1				2	3				
Impact on your bank's loan margin ⁽⁴⁾				5					5			
Impact on your bank's non-interest rate charges				3	2				5			
Impact on your bank's lending volume				5					5			
Consumer credit and other lending to households												
Impact on your bank's lending rates	1	3	1				2	2	1			
Impact on your bank's loan margin ⁽⁴⁾				5					5			
Impact on your bank's non-interest rate charges				4	1				5			
Impact on your bank's lending volume				5					5			

(1) Independent of whether your bank has excess liquidity.

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

(3) The net interest income is defined as the difference between the interest earned and interest paid on the outstanding amount of interest-bearing assets and liabilities by the bank.

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

