

BANK LENDING SURVEY

RESULTS FOR PORTUGAL

OCT. 2023



BANCO DE
PORTUGAL
EUROSYSTEM

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Contents

1 Presentation of the results | **5**

1.1 Supply | **5**

1.2 Demand | **6**

1.3 *Ad hoc* questions | **7**

Box · Credit supply and demand in Portugal and in the euro area, since the beginning of the interest rate hike cycle | **8**

2 Annex | **10**

2.1 Loans or credit lines to enterprises | **11**

2.2 Loans to households | **21**

2.3 *Ad hoc* questions | **32**

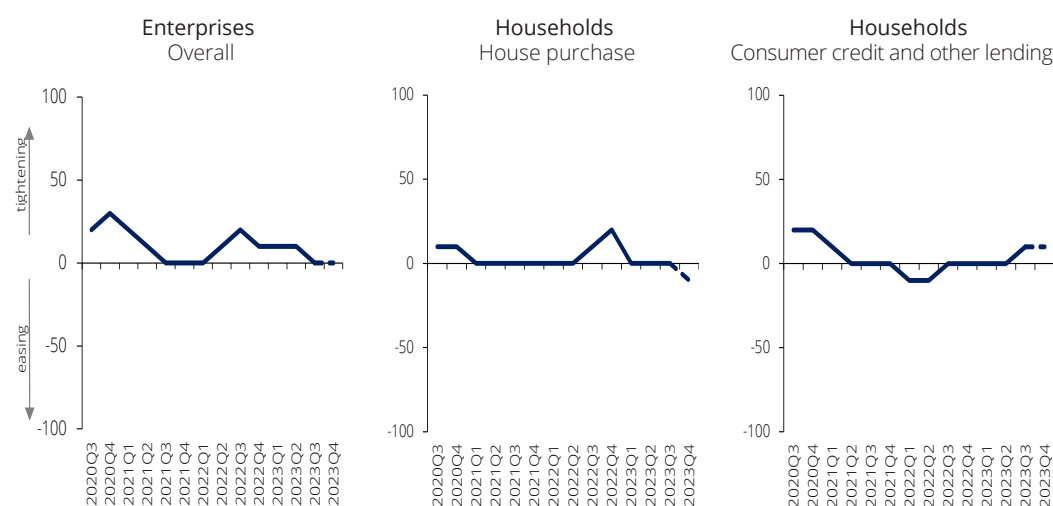
1 Presentation of the results

The questionnaire for this round of the survey was sent to the banks on September 15, 2023 and the responses were received by September 29. The assessment of supply and demand refers to the 3rd quarter of 2023 in comparison with the previous quarter. Expectations refer to the 4th quarter of 2023.

1.1 Supply

- **Credit standards for loans:** unchanged in loans to firms, despite a slight tightening in long term loans, and in loans for house purchase; consumer credit and other lending slightly tighter.
 - **Factors:** perception of risks, mainly related to the general economic situation and outlook contributed to tighter credit standards to firms and households.
- **Terms and conditions:** in loans to firms there was a decrease in maturities, especially in SMEs; in loans to households there were no significant changes.
 - **Factors:** in loans to firms, the perception of risks associated with the general economic situation and outlook and, to a lesser extent, with industry or firm-specific situations contributed to tighter terms and conditions.
- **Share of rejected loan applications:** no changes in loans to firms and loans for house purchase and a slight increase in consumer credit and other lending.
- **Expectations:** credit standards in loans to firms unchanged, despite being slightly tighter in long term loans; for households, slightly easing criteria for house purchase and slightly tighter for consumer credit and other lending.

Chart 1.1 • Credit supply | Diffusion index

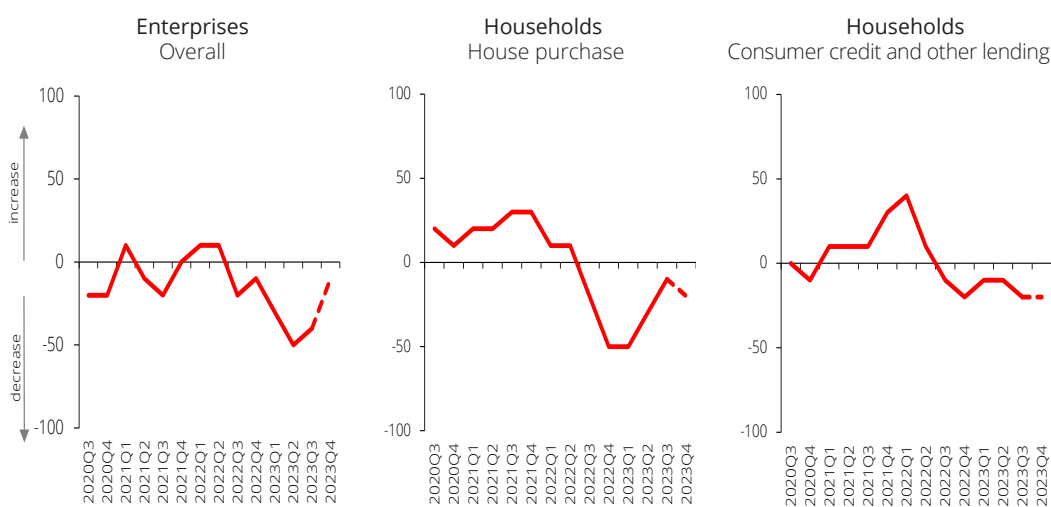


Notes: Credit supply corresponds to credit standards. The diffusion index varies between -100 and 100. Values below (above) zero correspond to an easing (a tightening) of credit standards. The zero value corresponds to basically unchanged. Figures for the last quarter are banks' expectations.

1.2 Demand

- **Demand for loans by firms:** decrease across the different firm sizes and maturities, especially in loans to large firms and with longer maturities.
 - **Factors:** the general level of interest rates and the lower financing needs for fixed investment contributed strongly to the decrease in demand for loans by firms. To a lesser extent, also contributed the decrease in financing needs for mergers/acquisitions and corporate restructuring and an improvement in the internal financing, especially in the case of large firms. Conversely, in the case of SMEs, the needs for debt refinancing/restructuring and renegotiation contributed slightly to an increase in demand.
- **Demand for loans by households:** slight decrease in the demand for loans for house purchase and consumer credit and other lending.
 - **Factors:** the decline in consumer confidence contributed to a decrease in the demand for consumer credit and other lending and, to a lesser extent, in loans for house purchase. The general level of interest rates also contributed to a slightly decrease in demand in both segments.
- **Expectations:** slight decrease in the demand for loans by firms, more pronounced in long term loans, and by households both for house purchase and consumer credit and other lending.

Chart 1.2 • Credit demand | Diffusion index



Notes: The diffusion index varies between -100 and 100. Values below (above) zero correspond to a decrease (an increase) in credit demand. The zero value corresponds to basically unchanged. Figures for the last quarter are banks' expectations.

1.3 *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)

- **Past three months:** slight improvement in securitization of corporate loans and in the ability to transfer credit risk off balance sheet.
- **Next three months:** slight deterioration in the short-term money market.

On the impact of changes of the ECB's monetary policy asset portfolio (Questions 24 and 25 in the annex)

- **On the balance sheet and financial position – past six months:** contributed somewhat to an increase in bank's overall profitability, owing to an increase in net interest income.
- **On the lending policy and lending volumes – past six months:** no impact.
- **Next six months:** similar impacts to those of the past six months on the banks' financial position, to which is added a slight deterioration in banks' overall market financing conditions; no impact on the lending policy or lending volumes.

On the Eurosystem's third targeted longer-term refinancing operations (TLTRO III) (Question 26 in the annex)

- **Impact of the operations – past six months:**
 - **On the financial position:** slight contribution to a deterioration of banks' liquidity position, profitability, and its ability to fulfil regulatory or supervisory requirements.
 - **On the lending policy and lending volumes:** no impact.
- **Next six months:** similar impacts to those of the past six months on the banks' financial position, to which is added a slight deterioration in banks' overall market financing conditions; slight decrease in banks' lending volumes across the different credit segments.

On the impact of ECB key interest rates decisions on bank profitability (Question 27 in the annex)

- **Past six months:** increase in banks' overall profitability and particularly a strong increase in the net interest income, owing to a positive margin effect which more than compensated a negative volume effect. Additionally, a slight contribution to the increase in the banks' need for provisioning and impairments.
- **Next six months:** smaller contribution to an increase in banks' overall profitability than in the past six months owing to a less pronounced positive margin effect and a more pronounced negative volume effect on the net interest income.

The complete set of the survey results is presented in the annex.

Box • Credit supply and demand in Portugal and in the euro area, since the beginning of the interest rate hike cycle

Between July 2022 and September 2023, the European Central Bank (ECB) increased its key interest rates by 450 basis points, the highest rate of increase in the history of the euro area. The Bank Lending Survey (BLS) collects qualitative measurements from banks on the evolution of credit supply and demand, which are very useful for evaluating the transmission of monetary policy.

Chart C.1 presents the average quarterly change of supply and demand, measured by diffusion indices, in Portugal and in the euro area, in the period from 2022Q3 to 2023Q3, that is, since the beginning of the ECB interest rate hike cycle. In the case of supply, credit standards were tighter for firms and households in Portugal and in the euro area. In Portugal, the tightening of credit standards was more pronounced for firms and less pronounced for consumer credit and other lending. In the euro area, the increase in restrictiveness was identical in the three credit segments. On the demand side, all credit segments saw significant declines. Both in Portugal and in the euro area, the loans for house purchase registered a decrease in demand that was much higher than that for consumer credit and other lending. In Portugal, demand for loans from firms registered a decrease close to the one in loans for house purchase, while in the euro area the decrease in demand from firms was more moderate.

It is also interesting to analyze how this recent evolution compares with past changes in supply and demand in the two regions. With this objective, the diffusion indices were standardized, using the following transformation:

$$z_i = \frac{x_i - \bar{x}_i}{\sigma_i}$$

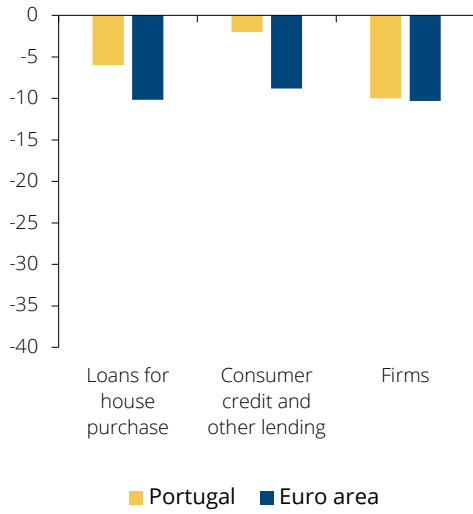
Where \bar{x}_i corresponds to the average of the diffusion indices and σ_i to the respective standard deviation, calculated based on the entire BLS period (since 2003Q1). The values of the transformed variable z_i correspond to the deviation from the mean measured in standard deviations. This transformation allows for a better comparison between Portugal and the euro area as it eliminates differences in magnitude and variability in diffusion indices resulting from the existence of a smaller sample in Portugal and the fact that changes in the euro area are mitigated by the existence of countries in different phases of the economic cycle.

The standardized values show that, in the recent period, the supply of credit has been tighter than the historical mean in the euro area, but less tight in Portugal (chart C.2). This result is due to the fact that in Portugal the historical mean is greatly influenced by the large decrease in the supply of credit during the period of the sovereign debt crisis. Even so, the restrictiveness in the euro area is greater than in Portugal in the current period of interest rate rises, regardless of the time frame chosen for standardization.

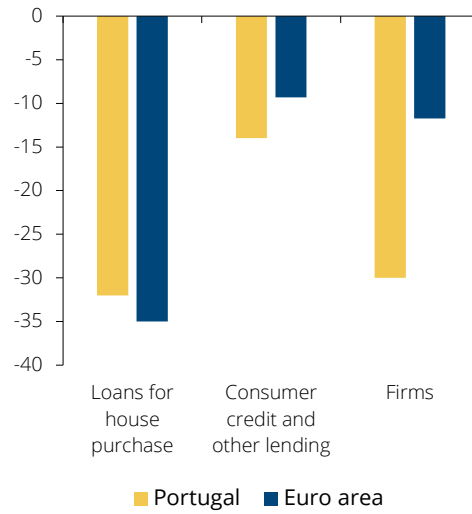
On the demand side, standardized values show sharper decreases than the historical average in Portugal and in the euro area. In the euro area, current changes are more pronounced for loans for house purchase. In Portugal, the current changes are more in line with the historical mean in the case of credit to households than in the case of firms, largely reflecting the sharper decrease in demand from households during the sovereign debt crisis. Excluding this period, the differences to the historical mean are comparable in the three segments.

Chart C.1 • Change in the demand and supply of credit in the period 2022Q3-2023Q3

Panel A) Supply



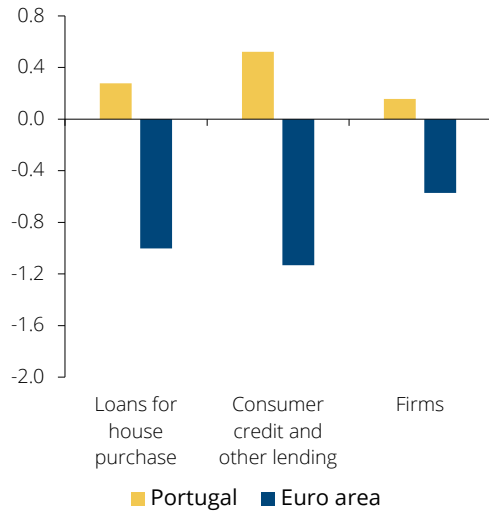
Panel B) Demand



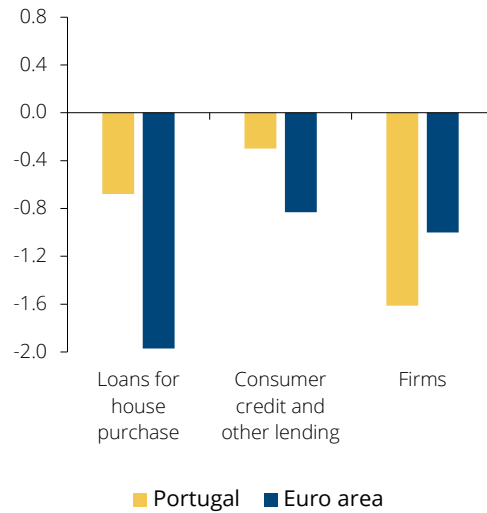
Source: Banco de Portugal and ECB. | Notes: Changes in the demand and supply of credit are the average of the diffusion indices. The diffusion index varies between -100 and 100. The scale of supply was inverted, so values of less (more) than zero mean a tightening (easing) of credit standards and in the case of demand mean a decrease (increase) in comparison to the previous quarter. The value of zero corresponds to no change.

Chart C.2 • Standardized change in the demand and supply of credit in the period 2022Q3-2023Q3

Panel A) Supply



Panel B) Demand



Source: Banco de Portugal and ECB. | Notes: The standardized change is the average of the standardized diffusion indices. In order to standardize the diffusion indices, it is subtracted the mean and divided by the standard deviation, computed based on the entire BLS period (2003Q1 – 2023Q3).

2 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 (N/A).

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”.

2.1 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
No of banks that selected the option					
Tightened considerably					
Tightened somewhat					1
Remained basically unchanged	5	5	5	5	4
Eased somewhat					
Eased considerably					
N/A ^(a)					
Diffusion index %					
Oct. 23	0	0	0	0	10
Jul. 23	10	10	10	10	10

Note: (a) 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 the tightening of credit standards
- contributed somewhat to the tightening of credit standards
- o contributed to keeping credit standards basically unchanged
- + contributed somewhat to the easing of credit standards
- ++ contributed considerably to the easing of credit standards
- N/A not applicable

	No of banks that selected the option						Diffusion index %	
	--	-	o	+	++	N/A	Oct. 23	Jul. 23
Overall impact on your bank's credit standards								
Cost of funds and balance sheet constraints								
Your bank's capital and the 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
Pressure from competition								
Competition from other banks			5				0	0
Competition from non-banks			5				0	0
Competition from market financing			5				0	0
Perception of risk								
General economic situation and outlook		3	2				30	20
Industry or firm-specific situation and outlook/borrower's creditworthiness		1	4				10	10
Risk related to the collateral demanded			5				0	10
Your bank's risk tolerance								
Your bank's risk tolerance		1	4				10	10

	No of banks that selected the option						Diffusion index %	
	--	-	o	+	++	N/A	Oct. 23	Jul. 23
Impact on your bank's credit standards for loans to small and medium-sized enterprises								
Cost of funds and balance sheet constraints								
Your bank's capital and the 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
Pressure from competition								
Competition from other banks			5				0	0
Competition from non-banks			5				0	0
Competition from market financing			5				0	0
Perception of risk								
General economic situation and outlook		3	2				30	20
Industry or firm-specific situation and outlook/borrower's creditworthiness		1	4				10	20
Risk related to the collateral demanded			5				0	10
Your bank's risk tolerance								
Your bank's risk tolerance		1	4				10	20

Impact on your bank's credit standards for loans to large enterprises

Cost of funds and balance sheet constraints								
Your bank's capital and the 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
Pressure from competition								
Competition from other banks			5				0	0
Competition from non-banks			5				0	0
Competition from market financing			5				0	0
Perception of risk								
General economic situation and outlook		2	3				20	20
Industry or firm-specific situation and outlook/borrower's creditworthiness			5				0	10
Risk related to the collateral demanded			5				0	10
Your bank's risk tolerance								
Your bank's risk tolerance			5				0	10

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

	No of banks that selected the option						Diffusion index %	
	--	-	o	+	++	N/A	Oct. 23	Jul. 23
Overall								
Overall terms and conditions								
Overall terms and conditions			5				0	10
Margins (i.e. the spread over a relevant market reference rate)								
Your bank's loan margin on average loans			5				0	10
Your bank's loan margin on riskier loans		1	4				10	20
Other conditions and terms								
Non-interest rate charges			5				0	10
Size of the loan or credit line			5				0	10
Collateral requirements		1	4				10	10
Loan covenants			5				0	10
Maturity		3	2				30	10

Loans to small and medium-sized enterprises

Overall terms and conditions								
Overall terms and conditions			5				0	10
Margins (i.e. the spread over a relevant market reference rate)								
Your bank's loan margin on average loans			5				0	10
Your bank's loan margin on riskier loans		1	4				10	20
Other conditions and terms								
Non-interest rate charges			5				0	10
Size of the loan or credit line			5				0	10
Collateral requirements		1	4				10	10
Loan covenants			5				0	10
Maturity		3	2				30	10

	No of banks that selected the option						Diffusion index %	
	--	-	o	+	++	N/A	Oct. 23	Jul. 23
Loans to large enterprises								
Overall terms and conditions								
Overall terms and conditions			5				0	0
Margins (i.e. the spread over a relevant market reference rate)								
Your bank's loan margin on average loans			5				0	0
Your bank's loan margin on riskier loans		1	4				10	20
Other conditions and terms								
Non-interest rate charges			5				0	0
Size of the loan or credit line			5				0	0
Collateral requirements			5				0	0
Loan covenants			5				0	0
Maturity		1	4				10	10

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 the tightening of credit terms and conditions/contributed considerably to the widening of margins
- contributed somewhat to the tightening of credit terms and conditions/contributed somewhat to the widening of margins
- ° contributed to keeping credit terms and conditions basically unchanged/contributed to keeping margins basically unchanged
- + contributed somewhat to the easing of credit terms and conditions/contributed somewhat to the narrowing of margins
- ++ contributed considerably to the easing of credit terms and conditions/contributed considerably to the narrowing of margins
- N/A not applicable

	No of banks that selected the option					N/A	Diffusion index %	
	--	-	°	+	++		Oct. 23	Jul. 23
Overall impact on your bank's credit terms and conditions								
Cost of funds and balance sheet constraints								
Your bank's capital and the 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	10
Your bank's liquidity position			5				0	0
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
Perception of risk								
General economic situation and outlook			4	1			40	20
Industry or firm-specific situation and outlook/borrower's creditworthiness			2	3			20	10
Risk related to the collateral demanded			1	4			10	10
Your bank's risk tolerance								
Your bank's risk tolerance			1	4			10	10

	No of banks that selected the option					N/A	Diffusion index %	
	--	-	o	+	++		Oct. 23	Jul. 23
Impact on your bank's margin on average loans								
Cost of funds and balance sheet constraints								
Your bank's capital and the 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	10
Your bank's liquidity position			5				0	0
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
Perception of risk								
General economic situation and outlook			3	2			30	20
Industry or firm-specific situation and outlook/borrower's creditworthiness			1	4			10	10
Risk related to the collateral demanded			5				0	10
Your bank's risk tolerance								
Your bank's risk tolerance			1	4			10	10
Impact on your bank's margin on riskier loans								
Cost of funds and balance sheet constraints								
Your bank's capital and the 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	10
Your bank's liquidity position			5				0	0
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
Perception of risk								
General economic situation and outlook			4	1			40	20
Industry or firm-specific situation and outlook/borrower's creditworthiness			2	3			20	20
Risk related to the collateral demanded			1	4			10	20
Your bank's risk tolerance								
Your bank's risk tolerance			5				0	20

5 • Enterprises – Rejected applications

Over the past three months (apart from normal seasonal fluctuations), has the share of formal and informal 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		
	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises
No of banks that selected the option			
Decreased considerably			
Decreased somewhat			
Remained basically unchanged	5	5	5
Increased somewhat			
Increased considerably			
N/A ^(a)			
Diffusion index %			
Oct. 23	0	0	0
Jul. 23	0	10	0

Note: (a) 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			Long-term loans
		Loans to large enterprises	Short-term loans		
No of banks that selected the option					
Decreased considerably	1	1	1		1
Decreased somewhat	2	2	3	3	3
Remained basically unchanged	2	2	1	2	1
Increased somewhat					
Increased considerably					
N/A ^(a)					
Diffusion index %					
Oct. 23	-40	-40	-50	-30	-50
Jul. 23	-50	-40	-50	-30	-50

Note: (a) 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
- o contributed to keeping demand basically unchanged
- + contributed somewhat to higher demand
- ++ contributed considerably to higher demand
- N/A not applicable

	No of banks that selected the option					N/A	Diffusion index %	
	--	-	o	+	++		Oct. 23	Jul. 23
Overall								
Financing needs/underlying drivers on purpose of loan demands								
Fixed investment	1	4					-60	-60
Inventories and working capital		1	3	1			0	10
Mergers/acquisitions and corporate restructuring		2	3				-20	0
General level of interest rates	1	4					-60	-60
Debt refinancing/restructuring and renegotiation (when leading to an increase or prolongation of the amount borrowed)			3	2			20	20
Use of alternative finance								
Internal financing		2	3				-20	-20
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

Loans to small and medium-sized enterprises

Financing needs/underlying drivers on purpose of loan demands								
Fixed investment	1	4					-60	-60
Inventories and working capital			4	1			10	10
Mergers/acquisitions and corporate restructuring		1	4				-10	0
General level of interest rates	1	4					-60	-60
Debt refinancing/restructuring and renegotiation (when leading to an increase or prolongation of the amount borrowed)			3	2			20	20
Use of alternative finance								
Internal financing	1	4					-20	-20
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

	No of banks that selected the option						Diffusion index %	
	--	-	o	+	++	N/A	Oct. 23	Jul. 23
Loans to large enterprises								
Financing needs/underlying drivers on purpose of loan demands								
Fixed investment		5					-50	-60
Inventories and working capital		1	3	1			0	10
Mergers/acquisitions and corporate restructuring		2	3				-20	0
General level of interest rates	1	4					-60	-60
Debt refinancing/restructuring and renegotiation (when leading to an increase or prolongation of the amount borrowed)			5				0	0
Use of alternative finance								
Internal financing		3	2				-30	-30
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

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
No of banks that selected the option					
Tighten considerably					
Tighten somewhat					1
Remain basically unchanged	5	5	5	5	4
Ease somewhat					
Ease considerably					
N/A ^(a)					
Diffusion index %					
Oct. 23	0	0	0	0	10
Jul. 23	20	20	0	20	20

Note: (a) 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
No of banks that selected the option					
Decrease considerably					
Decrease somewhat	1	1			3
Remain basically unchanged	4	4	5	4	2
Increase somewhat				1	
Increase considerably					
N/A ^(a)					
Diffusion index %					
Oct. 23	-10	-10	0	10	-30
Jul. 23	-30	-20	-10	10	-20

Note: (a) N/A = not applicable.

2.2 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
No of banks that selected the option		
Tightened considerably		
Tightened somewhat		1
Remained basically unchanged	5	4
Eased somewhat		
Eased considerably		
N/A ^(a)		
Diffusion index %		
Oct. 23	0	10
Jul. 23	0	0

Note: (a) 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 the tightening of credit standards
- contributed somewhat to the tightening of credit standards
- o contributed to keeping credit standards basically unchanged
- + contributed somewhat to the easing of credit standards
- ++ contributed considerably to the easing of credit standards
- N/A not applicable

	No of banks that selected the option						Diffusion index %	
	--	-	o	+	++	N/A	Oct. 23	Jul. 23
Cost of funds and balance sheet constraints								
Your bank's capital and the 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
Pressure from competition								
Competition from other banks			5				0	-10
Competition from non-banks			5				0	0
Perception of risk								
General economic situation and outlook		2	3				20	10
Housing market prospects, including expected house price developments			5				0	0
Borrower's creditworthiness			5				0	10
Your bank's risk tolerance								
Your bank's risk tolerance			5				0	0

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

	No of banks that selected the option						Diffusion index %	
	--	-	o	+	++	N/A	Oct. 23	Jul. 23
Overall terms and conditions								
Overall terms and conditions			5				0	0
Margins (i.e. the spread over a relevant market reference rate)								
Your bank's loan margin on average loans			5				0	-30
Your bank's loan margin on riskier loans			5				0	10
Other terms and conditions								
Collateral requirements			5				0	0
"Loan-to-value" ratio			5				0	0
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 the tightening of credit terms and conditions/contributed considerably to the widening of margins
- contributed somewhat to the tightening of credit terms and conditions/contributed somewhat to the widening of margins
- ° contributed to keeping credit terms and conditions basically unchanged/contributed to keeping margins basically unchanged
- + contributed somewhat to the easing of credit terms and conditions/contributed somewhat to the narrowing of margins
- ++ contributed considerably to the easing of credit terms and conditions/contributed considerably to the narrowing of margins
- N/A not applicable

	No of banks that selected the option						Diffusion index %	
	--	-	°	+	++	N/A	Oct. 23	Jul. 23
Overall impact on your bank's credit terms and conditions								
Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints			5				0	0
Pressure from competition								
Pressure from competition			5				0	-10
Perception of risk								
Perception of risk			5				0	0
Your bank's risk tolerance								
Your bank's risk tolerance			5				0	0
Impact on your bank's margin on average loans								
Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints			5				0	0
Pressure from competition								
Pressure from competition			5				0	-20
Perception of risk								
Perception of risk			5				0	0
Your bank's risk tolerance								
Your bank's risk tolerance			5				0	0
Impact on your bank's margin on riskier loans								
Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints			5				0	0
Pressure from competition								
Pressure from competition			5				0	0
Perception of risk								
Perception of risk			5				0	10
Your bank's risk tolerance								
Your bank's risk tolerance			5				0	0

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 the tightening of credit standards
- contributed somewhat to the tightening of credit standards
- ° contributed to keeping credit standards basically unchanged
- + contributed somewhat to the easing of credit standards
- ++ contributed considerably to the easing of credit standards
- N/A not applicable

	No of banks that selected the option						Diffusion index %	
	--	-	°	+	++	N/A	Oct. 23	Jul. 23
Cost of funds and balance sheet constraints								
Your bank's capital and the 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
Pressure from competition								
Competition from other banks			5				0	0
Competition from non-banks			5				0	0
Perception of risk								
General economic situation and outlook		1	4				10	10
Creditworthiness of consumers			5				0	0
Risk on the collateral demanded			5				0	0
Your bank's risk tolerance								
Your bank's risk tolerance		1	4				10	10

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

	No of banks that selected the option						Diffusion index %	
	--	-	o	+	++	N/A	Oct. 23	Jul. 23
Overall terms and conditions								
Overall terms and conditions			5				0	0
Margins (i.e. the spread over a relevant market reference rate)								
Your bank's loan margin on average loans			4	1			-10	0
Your bank's loan margin on riskier loans			5				0	0
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 • 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 the tightening of credit terms and conditions/contributed considerably to the widening of margins
- contributed somewhat to the tightening of credit terms and conditions/contributed somewhat to the widening of margins
- ° contributed to keeping credit terms and conditions basically unchanged/contributed to keeping margins basically unchanged
- + contributed somewhat to the easing of credit terms and conditions/contributed somewhat to the narrowing of margins
- ++ contributed considerably to the easing of credit terms and conditions/contributed considerably to the narrowing of margins
- N/A not applicable

	No of banks that selected the option					N/A	Diffusion index %	
	--	-	°	+	++		Oct. 23	Jul. 23
Overall impact on your bank's credit terms and conditions								
Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints			5				0	0
Pressure from competition								
Pressure from competition			5				0	0
Perception of risk								
Perception of risk	1		4				20	0
Your bank's risk tolerance								
Your bank's risk tolerance	1		4				20	0
Impact on your bank's margin on average loans								
Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints			5				0	0
Pressure from competition								
Pressure from competition			5				0	0
Perception of risk								
Perception of risk			5				0	0
Your bank's risk tolerance								
Your bank's risk tolerance			5				0	0
Impact on your bank's margin on riskier loans								
Cost of funds and balance sheet constraints								
Cost of funds and balance sheet constraints			5				0	0
Pressure from competition								
Pressure from competition			5				0	0
Perception of risk								
Perception of risk			5				0	0
Your bank's risk tolerance								
Your bank's risk tolerance			5				0	0

17 • Households – Rejected applications

Over the past three months (apart from normal seasonal fluctuations), has the share of formal and informal 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
No of banks that selected the option		
Decreased considerably		
Decreased somewhat		
Remained basically unchanged	5	4
Increased somewhat		1
Increased considerably		
N/A ^(a)		
Diffusion index %		
Oct. 23	0	10
Jul. 23	0	20

Note: (a) 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
	No of banks that selected the option	
Decreased considerably		
Decreased somewhat	1	2
Remained basically unchanged	4	3
Increased somewhat		
Increased considerably		
N/A ^(a)		
Diffusion Index %		
Oct. 23	-10	-20
Jul. 23	-30	-10

Note: (a) 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

	No of banks that selected the option					N/A	Diffusion index %	
	--	-	°	+	++		Oct. 23	Jul. 23
Financing needs/underlying drivers or purpose of loan demand								
Housing market prospects, including expected house price developments			5				0	-40
Consumer confidence		2	3				-20	-40
General level of interest rates		1	4				-10	-40
Debt refinancing/restructuring and renegotiation (when leading to an increase or prolongation of the amount borrowed)			5				0	10
Regulatory and fiscal regime of housing markets			5				0	0
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,
- o contributed to keeping demand basically unchanged
- + contributed somewhat to higher demand
- ++ contributed considerably to higher demand
- N/A not applicable

	No of banks that selected the option						Diffusion index %	
	--	-	o	+	++	N/A	Oct. 23	Jul. 23
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				-30	-20
General level of interest rates		1	4				-10	-10
Consumption expenditure financed through real-estate guaranteed loans ("mortgage equity withdrawal")			5				0	0
Use of alternative finance								
Internal finance out of savings		1	4				-10	-10
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
No of banks that selected the option		
Tighten considerably		
Tighten somewhat		1
Remain basically unchanged	4	4
Ease somewhat	1	
Ease considerably		
N/A ^(a)		
Diffusion index %		
Oct. 23	-10	10
Jul. 23	0	10

Note: (a) 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
No of banks that selected the option		
Decrease considerably		
Decrease somewhat	2	2
Remain basically unchanged	3	3
Increase somewhat		
Increase considerably		
N/A ^(a)		
Diffusion index %		
Oct. 23	-20	-20
Jul. 23	-10	-20

Note: (a) N/A = not applicable.

2.3 Ad hoc questions

23 • Ad hoc question on retail and wholesale funding

As a result of the situation in financial markets^(a), 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

	No of banks that selected the option											
	Over the past three months						Over the next three months					
	--	-	o	+	++	N/A ^(b)	--	-	o	+	++	N/A ^(b)
Retail funding												
Short-term deposits (up to one year)			5						5			
Long-term (more than one year) deposits and other retail funding instruments			5						5			
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				1	4				
Wholesale debt securities^(c)												
Short-term debt securities (e.g. certificates of deposit or commercial paper)			1			4			1			4
Medium to long term debt securities (incl. covered bonds)		1	3	1			1	3	1			
Securitisation^(d)												
Securitisation of corporate loans			2	1		2			3			2
Securitisation of loans for house purchase			3			2			3			2
Ability to transfer credit risk off balance sheet^(e)												
Ability to transfer credit risk off balance sheet			2	1		2			3			2

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

24 • Ad hoc question on the ECB's monetary policy asset portfolio - Impact on the bank's financial position

Over the past six months, have changes in the ECB's monetary policy asset portfolio^(a) led to a change in your bank's assets or affected (either directly or indirectly) your bank in any of the following areas? Are they likely to have an impact here over the next six months?

- have contributed considerably to a decrease or deterioration / will contribute considerably to a decrease or deterioration
 - have contributed somewhat to a decrease or deterioration / will contribute somewhat to a decrease or deterioration
 - o have had basically no impact / will have basically no impact
 - + have contributed somewhat to an increase or improvement / will contribute somewhat to an increase or improvement
 - ++ have contributed considerably to an increase or improvement / will contribute considerably to an increase or improvement
- N/A not applicable

	No of banks that selected the option											
	Over the past six months						Over the next six months					
	--	-	o	+	++	N/A ^(b)	--	-	o	+	++	N/A ^(b)
Your bank's total assets												
Your bank's total assets (non-risk weighted volume)			5				1	4				
of which:												
euro area sovereign bond holdings		1	4				1	4				
Your bank's cost of funds and balance sheet constraints												
Your bank's overall liquidity position		1	4				1	4				
Your bank's overall market financing conditions		1	4				2	3				
Your bank's profitability												
Your bank's overall profitability			3	2				3	2			
owing to:												
net interest income ^(c)			3	2				3	2			
capital gains / losses			5				1	4				
Your bank's capital position												
Your bank's capital ratio ^(d)			4	1				4	1			

Notes: (a) Changes in the ECB's monetary policy asset portfolio can arise as a result of net purchases or any other transactions, including reinvestments, related to the following (potential) monetary policy tools: corporate sector purchase programme (CSPP); public sector purchase programme (PSPP); asset-backed securities purchase programme (ABSPP); covered bond purchase programme (CBPP); pandemic emergency purchase programme (PEPP); Outright Monetary Transactions (OMT); Transmission Protection Instrument (TPI). (b) Please select "N/A" (not applicable) only if you do not have any business in or exposure to this category. (c) 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. (d) 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 monetary policy asset portfolio - Impact on the bank's lending policy and lending volumes

Over the past six months, have changes in the ECB's monetary policy asset portfolio^(a) led to a change in your bank's lending policy and lending volumes? And what will be the impact over the next six months?

- have contributed considerably to the tightening of credit standards/tightening of terms and conditions/decreasing lending volumes / will contribute considerably to the tightening of credit standards/tightening terms and conditions/decreasing lending volumes
 - have contributed somewhat to the tightening of credit standards/tightening of terms and conditions/decreasing lending volumes / will contribute somewhat to the tightening of credit standards/tightening terms and conditions/decreasing lending volumes
 - ° have 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
 - + have contributed somewhat to the easing of credit standards/easing of terms and conditions/increasing lending volumes / will contribute somewhat to the easing of credit standards/easing terms and conditions/increasing lending volumes
 - ++ have contributed considerably to the easing of credit standards/easing of terms and conditions/increasing lending volumes / will contribute considerably to the easing of credit standards/easing terms and conditions/increasing lending volumes
- N/A not applicable

	No of banks that selected the option											
	Over the past six months						Over the next six months					
	--	-	°	+	++	N/A ^(b)	--	-	°	+	++	N/A ^(b)
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			
Terms and conditions												
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			
Lending volumes												
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			

Notes: (a) Changes in the ECB's monetary policy asset portfolio can arise as a result of net purchases or any other transactions, including reinvestments, related to the following (potential) monetary policy tools: corporate sector purchase programme (CSPP); public sector purchase programme (PSPP); asset-backed securities purchase programme (ABSPP); covered bond purchase programme (CBPP); pandemic emergency purchase programme (PEPP); Outright Monetary Transactions (OMT); Transmission Protection Instrument (TPI). (b) 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 Eurosystem's third targeted longer-term refinancing operations (TLTRO III) - Impact on the bank's financial situation and on the respective lending policy and lending volumes

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

- has contributed considerably to a deterioration, tightening or decrease / will contribute considerably to a deterioration, tightening or decrease
- has contributed somewhat to a deterioration, tightening or decrease / will contribute somewhat to a deterioration, tightening or decrease
- ° has had basically no impact / will have basically no impact
- + has contributed somewhat to an improvement, easing or increase / will contribute somewhat to an improvement, easing or increase
- ++ has contributed considerably to an improvement, easing or increase / will contribute considerably to an improvement, easing or increase
- N/A not applicable

	No of banks that selected the option											
	Over the past six months						Over the next six months					
	--	-	°	+	++	N/A ^(b)	--	-	°	+	++	N/A ^(b)
Impact on your bank's financial situation												
Your bank's overall liquidity position		1	4				1	4				
Your bank's overall funding conditions			5					5				
of which:												
Your bank's overall market financing conditions			5				1	4				
Your bank's overall profitability		1	4				1	4				
Your bank's ability to fulfil regulatory or supervisory requirements		1	4				1	4				
Impact on your bank's 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				
Impact on your bank's terms and conditions												
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				
Impact on your bank's lending volumes												
For loans to enterprises			5				1	4				
For loans to households for house purchase			5				1	4				
For consumer credit and other lending to households			5				1	4				

Notes: (a) The Eurosystem's TLTRO III already took place and will be fully matured by December 2024. Changes in the ECB key interest rates and/or the TLTRO III recalibration may have changed/may change the relative funding advantage of banks' outstanding TLTRO III funds, as well as banks' overall funding conditions due to the maturity or early repayment of TLTRO III funds. (b) Please select "N/A" (not applicable) only if you do not have any business in or exposure to the respective category.

27 • Ad hoc question on the impact of ECB key interest rates decisions on bank profitability

Over the past six months, have the ECB key interest rates decisions taken in the past and/or expected by your bank led to a change in your bank's profitability? And what will be the impact over the 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

	No of banks that selected the option											
	Over the past six months						Over the next six months					
	--	-	o	+	++	N/A ^(a)	--	-	o	+	++	N/A ^(a)
Impact on your bank's profitability, overall			1	3	1				2	3		
Your bank's net interest income, overall ^(b)				4	1				2	3		
owing to:												
Margin effect				4	1		1	1	3			
Volume effect		3	1	1			3	2				
Your bank's non-interest income, overall		1	4				1	4				
owing to:												
Your bank's capital gains/losses		1	3	1				4	1			
Your bank's net fee and commission income		1	4				1	4				
Your bank's need for provisioning and impairments ^(c)		2	3				2	2	1			

Notes: (a) Please select "N/A" (not applicable) only if you do not have any business in or exposure to the respective category. (b) The net interest income is defined as the difference between the interest income earned and interest expenses paid on the outstanding amount of interest-bearing assets and liabilities by the bank. Margin effects relate to changes in the interest rates of these assets and liabilities, while volume effects relate to changes in the volumes. (c) Please select "-" / "--" in case of higher need for provisioning and impairments; please select "+" / "++" in case of lower need for provisioning and impairments.