EUROPEAN CENTRAL BANK

EUROSYSTEM

# The euro area bank lending survey

## Third quarter of 2020

October 2020

# Contents

# Introduction

The results reported in the October 2020 bank lending survey (BLS) relate to changes observed during the third quarter of 2020 and expectations for the fourth quarter of 2020. The survey was conducted between 21 September and 6 October 2020. A total of 143 banks were surveyed in this round, with a response rate of 100%. In addition to results for the euro area as a whole, this report also contains results for the four largest euro area countries.[1]

A number of ad hoc questions were included in the October 2020 survey. They look at the impact that the situation in financial markets has had on banks' access to retail and wholesale funding, the impact of the ECB's asset purchase programmes (APP and PEPP), the impact of the ECB's negative deposit facility rate and the ECB's two-tier system, and the impact of the TLTRO III on banks and their lending policy.

[1] The four largest euro area countries in terms of GDP are Germany, France, Italy and Spain.

# 1 Overview of results

The October BLS results show a tightening of credit standards on loans to firms in the third quarter of 2020 indicating credit risk considerations due to the coronavirus (COVID-19) pandemic. This tightening was in line with banks' expectations from the previous round and was mainly driven by banks' risk perceptions, while banks' cost of funds and balance sheet situation did not contribute to the tightening. In the fourth quarter, banks expect credit standards for enterprises to tighten further, reflecting concerns around the recovery as some sectors remain vulnerable as well as uncertainties around the prolongation of fiscal support measures.

Firms' demand for loans or drawing of credit lines declined in the third quarter of 2020, reflecting a decline in emergency liquidity needs relative to the previous quarter. The continued negative contribution of demand for fixed investment continued to weigh on loan demand. In the fourth quarter, banks expect a net increase in firms' loan demand, in particular for SMEs.

Credit standards for housing loans and for consumer credit continued to tighten significantly in the third quarter, related mostly to the deterioration of the economic outlook and worsened creditworthiness of consumers affected by the pandemic. Net demand for housing loans and for consumer credit increased in the third quarter, after a considerable decline in the previous quarter, reflecting favourable borrowing conditions and a significant softening in the negative contribution from consumer sentiment following the lifting of the severe lockdown measures in the second quarter. While demand was significantly above expectations for housing loans it was below expectations for consumer credit. A continued net tightening of credit standards for loans to households for house purchase and a fall in housing loan demand are expected by banks in the fourth quarter of 2020.

In more detail, credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans or credit lines to enterprises tightened significantly in the third quarter of 2020 (a net percentage of reporting banks at 19%, after 1% in the second quarter of 2020; see Overview table), consistent with expectations of a considerable net tightening of credit standards in the previous survey round. Banks reported a net tightening of credit standards for both loans to SMEs (18%) and large enterprises (16%). In the fourth quarter banks expect an ongoing net tightening of credit standards on loans to firms (net percentage of 19%).

Banks continued to refer to risk perceptions (related to the deterioration in the general economic and firm-specific situation) as the main factor contributing to the tightening of credit standards. They also indicated a lower risk tolerance as relevant factor contributing to the tightening, but less so than in the previous round.

Credit standards on loans to households for house purchase (a net percentage of 20%, after 22% in the previous quarter) and for consumer credit and other lending to households (9%, after 26%) continued to tighten in the third quarter of 2020. Banks continued to mention the deterioration of the economic outlook as well as a lower risk tolerance as main factors contributing to the tightening, but less so than in the previous round. Banks' cost of funds and balance sheet situation had a neutral impact. In the fourth quarter, banks expect a continued net tightening of credit standards both for  housing loans (12%), and a slight net easing for consumer credit (-2%).

Banks' overall terms and conditions (i.e. banks' actual terms and conditions agreed in the loan contract) for new loans to enterprises tightened in the third quarter of 2020 (a net percentage of 8%, after 2%). Margins on average loans to firms (defined as the spread over relevant market reference rates) tightened slightly, while margins on riskier loans continued to tighten more strongly. Banks' collateral requirements for loans to firms increased significantly, reflecting concerns about firms' business outlook. Banks' overall terms and conditions continued to tighten for housing loans (net percentage of 9%, after 13%), while they remained broadly unchanged for consumer credit and other lending to households (1%, after 8%).

The rejection rate for loan applications increased across loan categories. Euro area banks reported that the net share of rejected applications for loans to firms increased (3%, after -12%), as well as for housing loans (8%, after 4%) and for consumer credit and other lending to households (16%, after 15%).

Firms' demand for loans or drawing of credit lines moderately declined in the third quarter of 2020, after reaching the highest net balance since the start of the survey in 2003 in the previous quarter (net percentage of -4%, after 62% in the second quarter of 2020; see Overview table). Nonetheless, banks expect that net demand for loans to enterprises will increase in the fourth quarter (net percentage of 17%). Banks reported a significant weakening in demand for financing needs for inventories and working capital. However the contribution of this factor remained positive and continues to be one of the main factors supporting firms' loan demand. In contrast, the negative contribution of financing needs for fixed investment and for mergers and acquisitions dampened loan demand, but less than in the previous quarter.

By contrast, net demand for housing loans increased significantly in the third quarter (net percentage of banks at 31%, after -61% in the previous quarter). The increase in housing loan demand was largely supported by the general level of interest rates, in particular for the largest euro area countries. After significant negative contributions from consumer confidence and housing market prospects in the previous quarter, these factors diminished in third quarter, potentially reflecting that housing loan demand was catching up after the lockdown period during the second quarter.

Among the largest euro area countries, credit standards on loans to enterprises tightened in Germany, Spain and France, while they remained unchanged in Italy in the third quarter of 2020 (see Overview table). For housing loans credit standards tightened in Germany, Spain, France and Italy. For consumer credit loans, credit standards tightened in Germany, Spain and Italy, while they remained unchanged in France.

Net demand for loans to enterprises remained robust in Germany and Italy, while there was a significant decline in France and Spain in the third quarter of 2020. There was a broad-based rebound in demand for housing loans in almost all euro area countries, including the four largest, while demand for consumer credit increased in France and Italy, while declining in Germany and Spain.

## Overview table

### Latest BLS results for the largest euro area countries

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

| | Enterprises | | | | | | House purchase | | | | | | Consumer credit | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Credit standards | | | Demand | | | Credit standards | | | Demand | | | Credit standards | | | Demand | | |
| Country | Q2 20 | Q3 20 | Avg. | Q2 20 | Q3 20 | Avg. | Q2 20 | Q3 20 | Avg. | Q2 20 | Q3 20 | Avg. | Q2 20 | Q3 20 | Avg. | Q2 20 | Q3 20 | Avg. |
| Euro area | 1 | 19 | 8 | 62 | -4 | 0 | 22 | 20 | 6 | -61 | 31 | 4 | 26 | 9 | 5 | -76 | 3 | 0 |
| Germany | 9 | 6 | 4 | 56 | 28 | 6 | 21 | 7 | 2 | -29 | 36 | 8 | 20 | 7 | 0 | -43 | -3 | 9 |
| Spain | -40 | 40 | 8 | 80 | -60 | -4 | 33 | 11 | 14 | -100 | 22 | -10 | 90 | 40 | 9 | -100 | -10 | -8 |
| France | -12 | 10 | 6 | 97 | -58 | -7 | 10 | 58 | 2 | -91 | 46 | 8 | 6 | 0 | -1 | -91 | 18 | 0 |
| Italy | -30 | 0 | 12 | 90 | 70 | 6 | 0 | 10 | 1 | -70 | 30 | 13 | 0 | 10 | 6 | -90 | 10 | 12 |

Notes: The “Avg.” columns contain historical averages, which are calculated over the period since the beginning of the survey, excluding the most recent round. For France, net percentages are weighted on the basis of outstanding loan amounts for individual banks in the respective national samples. Owing to different sample sizes across countries, which broadly reflect the differences in the national shares in lending to the euro area non-financial private sector, the size and volatility of the net percentages cannot be directly compared across countries.

The October 2020 BLS also included a number of ad hoc questions. Regarding euro area banks’ access to retail and wholesale funding, banks reported in net terms that access to retail funding continued to improve in the third quarter of 2020. There was also an improvement for debt securities, securitisation and money market access after a deterioration in the previous quarter.

With respect to the impact of the ECB’s asset purchase programme (APP) and the pandemic emergency purchase programme (PEPP), euro area banks reported a positive impact on their liquidity position and market financing conditions and a negative impact on their profitability over the past six months. The overall impact was seen as more favourable compared with banks’ responses in the April BLS, which may be ascribed in particular to the large volume of the ECB’s asset purchases via the PEPP. In addition, banks signalled a net easing impact of the APP and PEPP on their terms and conditions and a positive impact on their lending volumes across all loan categories, which are expected to continue mainly for loans to enterprises.

Euro area banks reported that the ECB’s negative deposit facility rate (DFR) continued to contribute to an increase in lending volumes and a decrease in lending rates across all loan categories. Banks also indicated that the DFR has a downward impact on their profitability, while a large percentage of banks reported that the two-tier system supports bank profitability. In addition, euro area banks indicated, in net terms, a stronger negative impact of the DFR on deposit rates for enterprises than on deposit rates for households over the past six months. To a limited extent, banks also tried to pass on negative rates via higher non-interest rate charges on deposits.

On the impact of the TLTRO III operations, and following banks’ exceptionally high participation in the June 2020 TLTRO III, a more limited percentage of banks firmly expects to participate in the future TLTROs with a considerable fraction still undecided. The profitability motive remained the most important reason for banks to participate in the TLTRO III operations, while the precautionary motive also played a relevant role in the light of possibly ongoing high liquidity demand of firms. A considerably higher percentage of the BLS banks indicated that they have used the TLTRO III liquidity for granting loans to the non-financial private sector over the past six months or reported to hold TLTRO liquidity with the Eurosystem. Banks may use this liquidity for granting loans in the coming months. Banks also indicated an overall positive impact of the TLTRO III on their financial situation, in particular on their liquidity position and on their profitability. With respect to their lending policy, banks have indicated a net easing impact of the TLTRO III on their terms and conditions for loans to enterprises, more than for credit standards, and a positive net impact on their lending volumes and expect this positive impact to continue over the coming six months.

## Box 1
### General notes

The bank lending survey (BLS) is addressed to senior loan officers at a representative sample of euro area banks. In the current round, 143 banks were surveyed, representing all euro area countries and reflecting the characteristics of their respective national banking structures. The main purpose of the BLS is to enhance the Eurosystem's knowledge of bank lending conditions in the euro area.[2]

**BLS questionnaire**

The BLS questionnaire contains 22 standard questions on past and expected future developments: 18 backward-looking questions and four forward-looking questions. In addition, it contains one open-ended question. Those questions focus on developments in loans to euro area residents (i.e. domestic and euro area cross-border loans) and distinguish between three loan categories: loans or credit lines to enterprises; loans to households for house purchase; and consumer credit and other lending to households. For all three categories, questions are asked about the credit standards applied to the approval of loans, the terms and conditions of new loans, loan demand, the factors affecting loan supply and demand conditions, and the percentage of loan applications that are rejected. Survey questions are generally phrased in terms of changes over the past three months or expected changes over the next three months. Survey participants are asked to indicate in a qualitative way the strength of any tightening or easing or the strength of any decrease or increase, reporting changes using the following five-point scale: (1) tightened/decreased considerably, (2) tightened/decreased somewhat, (3) basically no change, (4) eased/increased somewhat or (5) eased/increased considerably.

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

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

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

In the first step, banks' replies can be aggregated to form national BLS results by applying equal weights to all banks in the sample[3] or, alternatively, by applying a weighting scheme based on outstanding loans to non-financial corporations and households for the individual banks in the respective national samples. Specifically, for France, Malta, the Netherlands and Slovakia, an explicit weighting scheme is applied.

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

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

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

**BLS indicators**

Responses to questions relating to credit standards are analysed in this report by looking at the difference (the "net percentage") between the percentage of banks reporting that credit standards applied in the approval of loans have been tightened and the percentage of banks reporting that they have been eased. For all questions, the net percentage is determined on the basis of all participating banks that have business in or exposure to the respective loan categories (i.e. they are all included in the denominator when calculating the net percentage). This means that banks that specialise in certain loan categories (e.g. banks that only grant loans to enterprises) are only included in the aggregation for those categories. All other participating banks are included in the aggregation of all questions, even if a bank replies that a question is "not applicable" ("NA"). This harmonised aggregation method was introduced by the Eurosystem in the April 2018 BLS. It has been applied to all euro area and national BLS results in the current BLS questionnaire, including backdata.[4] The resulting revisions for the standard BLS questions have generally been small, but revisions for some ad hoc questions have been larger owing to a higher number of "not applicable" replies by banks.

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

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

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

In addition to the "net percentage" indicator, the ECB also publishes an alternative measure of banks' responses to questions relating to changes in credit standards and net demand. This measure is the weighted difference ("diffusion index") between the percentage of banks reporting that credit standards have been tightened and the percentage of banks reporting that they have been eased. Likewise, as regards demand for loans, the diffusion index refers to the weighted difference between the percentage of banks reporting an increase in loan demand and the percentage of banks reporting a decline. The diffusion index is constructed in the following way: lenders who have answered "considerably" are given a weight (score of 1) which is twice as large

[4] The non-harmonised historical data differ from the harmonised data mainly as a result of heterogeneous treatment of "NA" replies and specialised banks across questions and countries. Non-harmonised historical BLS data are published for discontinued BLS questions and ad hoc questions.

as that given to lenders who have answered “somewhat” (score of 0.5). The interpretation of the diffusion indices follows the same logic as the interpretation of net percentages.

Detailed tables and charts based on the responses provided can be found in Annex 1 for the standard questions and Annex 2 for the ad hoc questions. In addition, BLS time series data are available on the ECB’s website via the Statistical Data Warehouse.

A copy of the questionnaire, a glossary of BLS terms and a BLS user guide with information on the BLS series keys can all be found at:
https://www.ecb.europa.eu/stats/ecb_surveys/bank_lending_survey/html/index.en.html

# 2 Developments in credit standards, terms and conditions, and net demand for loans in the euro area

## 2.1 Loans to enterprises

### 2.1.1 Credit standards for loans to enterprises tightened

Credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans to enterprises tightened in the third quarter of 2020 (a net percentage at 19%, after 1% in the second quarter of 2020; see Chart 1 and Overview table). This was consistent with banks' expectations of a considerable net tightening of credit standards in the previous quarter. The net percentage was above the historical average since 2003 (8%). Banks reported a net tightening of credit standards for both loans to SMEs (18%) and large enterprises (16%). Banks also indicated that their credit standards tightened for both short-term loans (18%) and long-term loans (20%). From a historical perspective, the tightening in credit standards for euro area firms is still considerably below the peaks during the great financial crisis (average tightening of 52% from the fourth quarter of 2007 to the first quarter of 2009) and still below the peak tightening of 30% in the fourth quarter of 2011 during the sovereign debt crisis.

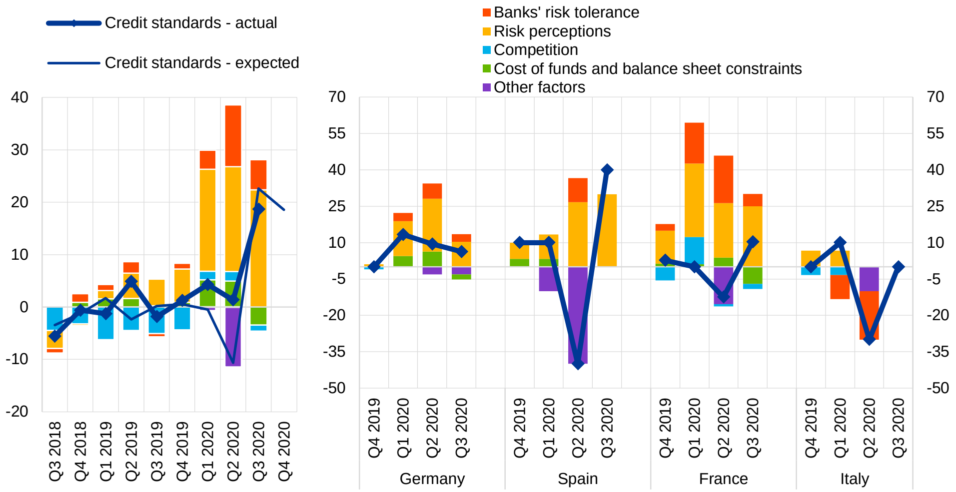
Banks continued to indicate risk perceptions (related to the deterioration in the general economic and firm-specific situation) as the main factor contributing to the tightening of credit standards (see Chart 1 and Table 1). Moreover, banks continued to report a tightening contribution from risk tolerance, but less so than in the previous round, while market financing conditions and balance sheet conditions had an easing impact, after a tightening impact in the previous quarter, related to the favourable impact of the ECB's monetary policy measures (see Section 3).

Across the largest euro area countries, credit standards on loans to enterprises tightened in Germany, Spain and France, while they remained unchanged in Italy in the third quarter of 2020. Banks in Germany and France both referred to risk perceptions and risk tolerance as tightening factors, while there was an easing contribution from cost of funds and balance sheet constraints. Risk perceptions continued to have a tightening contribution for banks also in Spain, while banks' risk tolerance was unchanged after having a tightening impact in the previous round. In France and Spain, where the tightening was most pronounced, the tightening comes after a similar easing of credit standards in the previous quarter, suggesting that in net terms credit standards in these countries returned to around their pre-pandemic levels.

## Chart 1

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

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




Notes: "Actual" values are changes that have occurred, while "expected" values are changes anticipated by banks. Net percentages are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages of banks responding "eased somewhat" and "eased considerably". The net percentages for responses to questions related to contributing factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage reporting that it contributed to an easing. "Cost of funds and balance sheet constraints" is the unweighted average of "costs related to capital position", "access to market financing" and "liquidity position"; "risk perceptions" is the unweighted average of "general economic situation and outlook", "industry or firm-specific situation and outlook/borrower's creditworthiness" and "risk related to the collateral demanded"; "competition" is the unweighted average of "competition from other banks", "competition from non-banks" and "competition from market financing". The net percentages for the "other factors" refer to further factors which were mentioned by banks as having contributed to changes in credit standards, currently mainly related to the policy interventions in response to the COVID-19 pandemic.

Euro area banks expect a considerable net tightening of credit standards on loans to firms (a net percentage of 19%) in the fourth quarter of 2020, reflecting concerns around the economic recovery as some sectors remain vulnerable related to uncertainties around the further development of the pandemic and the prolongation of fiscal support measures. While the dispersion in banks' replies declined compared with the second quarter, banks' expectations should be interpreted with some caution as the uncertainty of the impact of the coronavirus pandemic remains high.

## Table 1

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

(net percentages of banks)

| | Cost of funds and balance sheet constraints | | Pressure from competition | | Perception of risk | | Banks' risk tolerance | |
|---|---|---|---|---|---|---|---|---|
| **Country** | **Q2 2020** | **Q3 2020** | **Q2 2020** | **Q3 2020** | **Q2 2020** | **Q3 2020** | **Q2 2020** | **Q3 2020** |
| **Euro area** | 5 | -3 | 2 | -1 | 20 | 22 | 12 | 6 |
| **Germany** | 6 | -2 | 0 | 0 | 22 | 10 | 6 | 3 |
| **Spain** | 0 | 0 | 0 | 0 | 27 | 30 | 10 | 0 |
| **France** | 4 | -7 | -1 | -2 | 22 | 25 | 20 | 5 |
| **Italy** | 0 | 0 | 0 | 0 | 0 | 0 | -20 | 0 |

Note: See the notes to Chart 1.

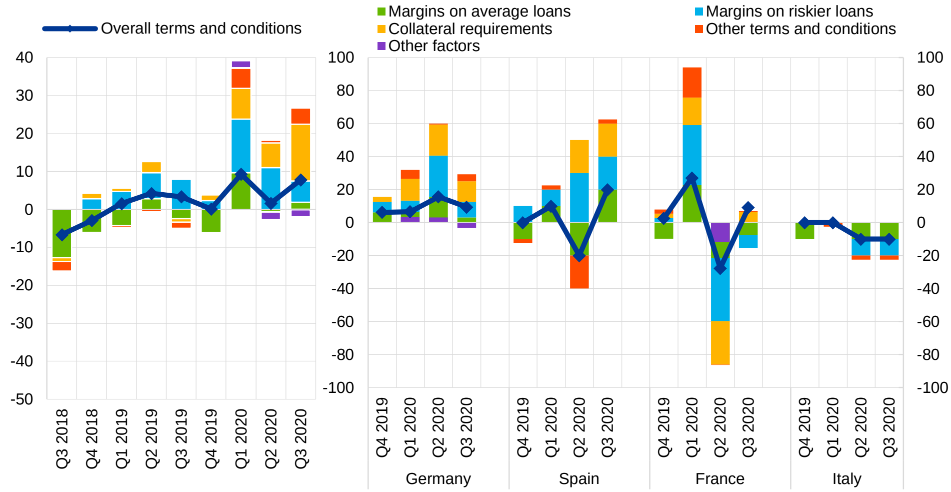
## 2.1.2 Terms and conditions on loans to enterprises tightened

Banks' overall terms and conditions (i.e. banks' actual terms and conditions agreed in the loan contract) for new loans to enterprises tightened in the third quarter of 2020 (a net percentage of 8%, after 2% in the previous quarter). Margins on average loans to firms (defined as the spread over relevant market reference rates) tightened slightly, while margins on riskier loans continued to tighten more strongly. Banks' collateral requirements for loans to firms increased significantly, possibly reflecting concerns about firms' business outlook. Most other terms and conditions, covenants and loan size tightened, while non-interest rate charges remained unchanged in the third quarter according to reporting banks (see Chart 2 and Table 2).

**Chart 2**

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

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




Notes: "Margins" are defined as the spread over a relevant market reference rate. "Other terms and conditions" is the unweighted average of "non-interest rate charges", "size of the loan or credit line", "loan covenants" and "maturity". The net percentages for the "other factors" refer to further factors which were mentioned by banks as having contributed to changes in credit standards, currently mainly related to the policy interventions in response to the COVID-19 pandemic.

Risk perceptions continued to be the main contributor to the net tightening of overall terms and conditions (see Table 3), while banks' lower risk tolerance continued to be important but less so than in the previous quarter. On the other hand, banks' cost of funds and balance sheet constraints contributed to an easing after a tightening impact in the previous round.

Across the largest euro area countries, overall terms and conditions on new loans or credit lines to enterprises tightened in Germany, France and Spain, while they eased in Italy. This was broadly in line with the developments of banks' credit standards for loans to firms. The tightening in Germany and Spain was related to wider loan margins, in particular for riskier loans, and higher collateral requirements. In contrast, banks in France and Italy reported a continued easing of margins for both average and riskier loans. In all large euro area countries, risk perceptions contributed to a tightening of terms and conditions, which was counterbalanced, especially in France and Italy, with an easing impact from competition and banks' cost of funds and balance sheet situation.

**Table 2**

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

(net percentages of banks)

| Country | Overall terms and conditions | | Banks' margins on average loans | | Banks' margins on riskier loans | |
|---|---|---|---|---|---|---|
| | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 |
| **Euro area** | 2 | 8 | -1 | 2 | 11 | 6 |
| **Germany** | 16 | 9 | 16 | 3 | 25 | 9 |
| **Spain** | -20 | 20 | -20 | 20 | 30 | 20 |
| **France** | -28 | 9 | -21 | -8 | -38 | -8 |
| **Italy** | -10 | -10 | -10 | -10 | -10 | -10 |

Note: See the notes to Chart 2.

**Table 3**

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

(net percentages of banks)

| Country | Cost of funds and balance sheet constraints | | Pressure from competition | | Perception of risk | | Banks' risk tolerance | |
|---|---|---|---|---|---|---|---|---|
| | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 |
| **Euro area** | 7 | -6 | 0 | -9 | 45 | 32 | 11 | 8 |
| **Germany** | 0 | -3 | 0 | 0 | 41 | 13 | 19 | 9 |
| **Spain** | -10 | 0 | -10 | 0 | 50 | 20 | 0 | 0 |
| **France** | 16 | -11 | -3 | -27 | 58 | 53 | -2 | 3 |
| **Italy** | 0 | -10 | 0 | -10 | 0 | 10 | -10 | 0 |

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

## 2.1.3 Rejection rate for loans to enterprises increased

The rejection rate for loans to euro area enterprises increased slightly in the third quarter of 2020 (3%, after -12% in the previous survey round; see Chart 3).

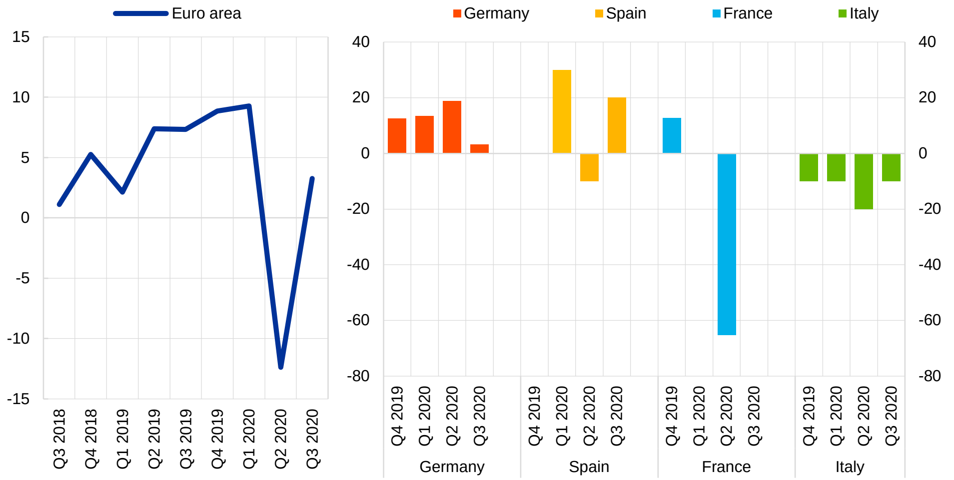
However, this follows a considerable reduction in the previous quarter and is still well below levels in the quarters prior to the coronavirus pandemic.

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

**Chart 3**

Changes in the rejection rate for loans to enterprises

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




Notes: The net percentages of rejected loan applications are defined as the difference between the percentages of banks reporting an increase in the share of loan rejections and the percentages of banks reporting a decline. Banks' responses refer to the share of rejected loan applications relative to the total volume of applications in that loan category.

## 2.1.4 Net demand for loans to enterprises moderately declined

Firms' demand for loans or drawing of credit lines moderately declined in the third quarter of 2020 (a net percentage of banks reporting an increase in loan demand at -4%, after 62% in the second quarter of 2020; see Chart 4 and Overview table).[5] Banks reported a significant weakening in demand for financing needs for inventories and working capital, however the contribution of this factor remained positive and continued to be one of the main factors supporting firms' loan demand. In addition, firms' loan demand was supported by debt refinancing and restructuring. In contrast, the negative contribution of financing needs for fixed investment and for mergers and acquisitions dampened loan demand, but less than in the previous quarter.

The decline in loan demand was similar for both SMEs (a net percentage of -4%) and large firms (-3%). Regarding the maturity of the loans there was a significant decline in demand for short-term loans (net percentage of -10%), while demand for long-term loans remained broadly unchanged (-1%). The decline in demand for short-term loans reflects lower emergency liquidity needs of firms, following high previous demand partly resulting from precautionary motives. In addition, as many of the government guaranteed loans had medium- to longer-term maturities, new lending focused less on shorter maturities. Notwithstanding the decline in demand

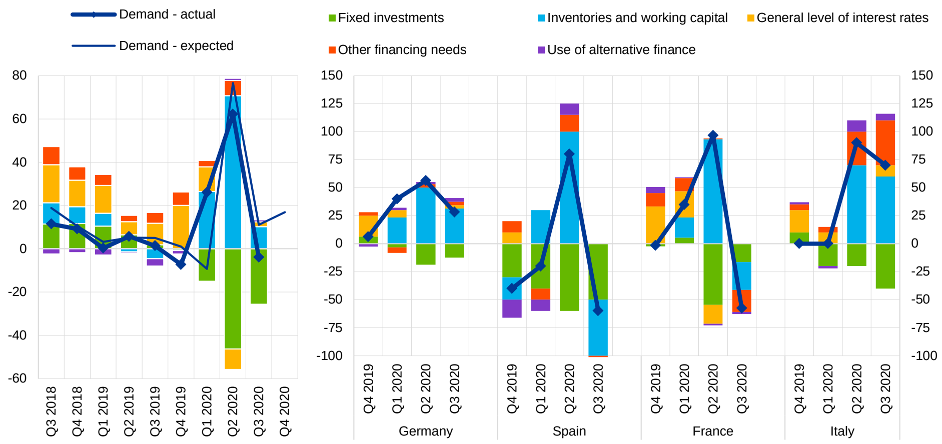
5 Net percentages refer to changes over the previous three months (unless otherwise noted) and are defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat" and the sum of the percentages of banks responding "decreased somewhat" and "decreased considerably". The net percentages for responses to questions related to the factors are defined as the difference between the percentage of banks reporting that the given factor contributed to an increase and the percentage reporting that it contributed to a decrease in loan demand. Owing to different sample sizes across countries, which broadly reflect the differences in the national shares in lending to the euro area non-financial private sector, the size and volatility of the net percentages cannot be directly compared across countries.

for short-term loans, banks continued to report that financing needs for inventories and working capital was the main factor underlying firms' loan demand, but this was not enough to offset the negative contribution from fixed investment for loan demand in the third quarter. In addition, the general level of interest rates supported firms' loan demand (see Chart 4 and Table 4).[6]

### Chart 4

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

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




Notes: "Actual" values are changes that have occurred, while "expected" values are changes anticipated by banks. Net percentages for the questions on demand for loans are defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat" and the sum of the percentages of banks responding "decreased somewhat" and "decreased considerably". The net percentages for responses to questions relating to contributing factors are defined as the difference between the percentage of banks reporting that the given factor contributed to increasing demand and the percentage reporting that it contributed to decreasing demand. "Other financing needs" is the unweighted average of "mergers/acquisitions and corporate restructuring" and "debt refinancing/restructuring and renegotiation"; "use of alternative finance" is the unweighted average of "internal financing", "loans from other banks", "loans from non-banks", "issuance/redemption of debt securities" and "issuance/redemption of equity".

### Table 4

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

(net percentages of banks)

| | Fixed investment | | Inventories and working capital | | Other financing needs | | General level of interest rates | | Use of alternative finance | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Country** | **Q2 2020** | **Q3 2020** | **Q2 2020** | **Q3 2020** | **Q2 2020** | **Q3 2020** | **Q2 2020** | **Q3 2020** | **Q2 2020** | **Q3 2020** |
| **Euro area** | -46 | -26 | 71 | 10 | 7 | 0 | -9 | 2 | 1 | 1 |
| **Germany** | -19 | -13 | 50 | 31 | 3 | 3 | 0 | 3 | 2 | 3 |
| **Spain** | -60 | -50 | 100 | -50 | 15 | -15 | 0 | 0 | 10 | -2 |
| **France** | -55 | -16 | 93 | -25 | 1 | -19 | -17 | 0 | -2 | -2 |
| **Italy** | -20 | -40 | 70 | 60 | 30 | 40 | 0 | 10 | 10 | 6 |

Note: See the notes to Chart 4.

Among the largest euro area countries, net demand for loans to enterprises continued to remain robust in Germany and Italy, while there was a significant decline in France and Spain in the third quarter of 2020. The decline in demand in France and Spain was mainly related to a negative contribution of liquidity needs for

6 The calculation of a simple average when combining factors in broader categories assumes that all factors have the same importance for banks. This helps to explain some inconsistencies between developments in demand for loans and developments in the main underlying factor categories.

inventories and working capital, while this factor remained robust in Germany and, in particular, Italy. For France and Spain, the decline may reflect a countermovement after the extraordinarily high demand in the previous quarter, partly resulting from precautionary motives. Banks in all the largest euro area countries continued to report a negative contribution for financing needs for fixed investment, however, this was mostly less pronounced than in the previous quarter. The general level of interest rates also supported firms' loan demand, in particular in Italy.

Banks expect that net demand for loans to firms will increase less in the fourth quarter of 2020 (net percentage of 17%). This is expected to be stronger for (more bank-dependent) SMEs (a net percentage of 17%) than large firms (a net percentage of 9%).

## 2.2 Loans to households for house purchase

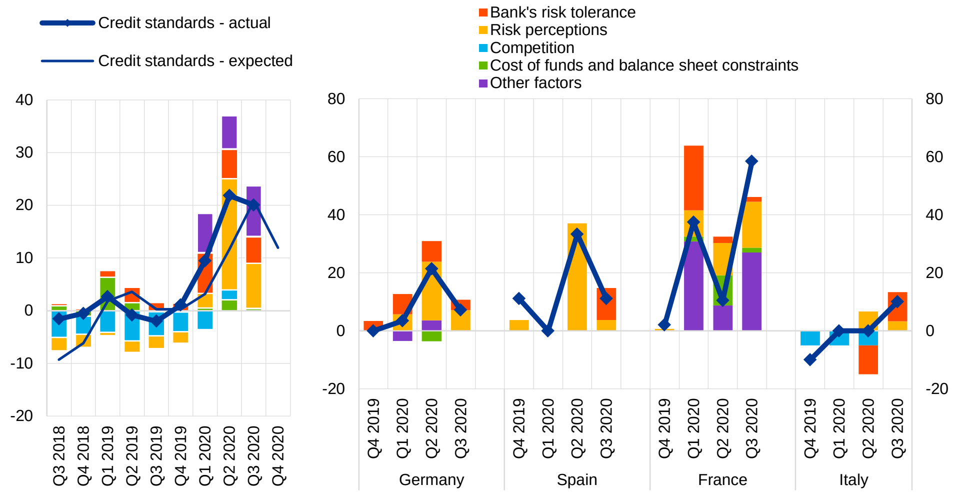
### 2.2.1 Credit standards for loans to households for house purchase tightened further

Credit standards for loans to households for house purchase tightened further in the third quarter of 2020 (20%, after 22% in the previous quarter; see Chart 5 and Overview table). The net tightening remained around the degree of net tightening in the second half of 2011, i.e. at the time of the sovereign debt crisis. It remained well above the historical average since 2003 (6%).

**Chart 5**

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

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




Notes: See the notes to Chart 1. "Risk perceptions" is the unweighted average of "general economic situation and outlook", "housing market prospects, including expected house price developments" and "borrower's creditworthiness"; "competition" is the unweighted average of "competition from other banks" and "competition from non-banks". The net percentages for the "other factors" refer to further factors which were mentioned by banks as having contributed to changes in credit standards. For France, this mainly relates to macroprudential policy recommendations.

Banks referred to risk perceptions related to the general economic outlook as the most important factor for the tightening. Banks have also indicated lower risk tolerance as a relevant factor contributing to the tightening. In addition, there was also a significant contribution from other factors, notably macroprudential policies targeting housing credit in France (see Chart 5 and Table 5).

Across the largest euro area countries, credit standards tightened in all countries. All large countries referred to higher risk perceptions related to the general economic outlook as relevant factor contributing to the tightening of credit standards and to banks' risk tolerance. Banks in France also continued to refer to the macroprudential recommendations by the French High Council for Financial Stability in December 2019, according to which banks were asked to tighten their lending conditions for mortgage credit, as a relevant tightening factor.

**Table 5**

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

(net percentages of banks)

| Country | Cost of funds and balance sheet constraints | | Pressure from competition | | Perception of risk | | Banks' risk tolerance | |
|---|---|---|---|---|---|---|---|---|
| | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 |
| Euro area | 2 | 0 | 2 | 0 | 21 | 9 | 6 | 5 |
| Germany | -4 | 0 | 0 | 0 | 20 | 7 | 7 | 4 |
| Spain | 0 | 0 | 0 | 0 | 37 | 4 | 0 | 11 |
| France | 10 | 2 | 0 | 0 | 11 | 16 | 2 | 2 |
| Italy | 0 | 0 | -5 | 0 | 7 | 3 | -10 | 10 |

Note: See the notes to Chart 5.

Looking ahead, euro area banks expect a continued net tightening of credit standards for housing loans (a net percentage of 12%) in the fourth quarter of 2020.

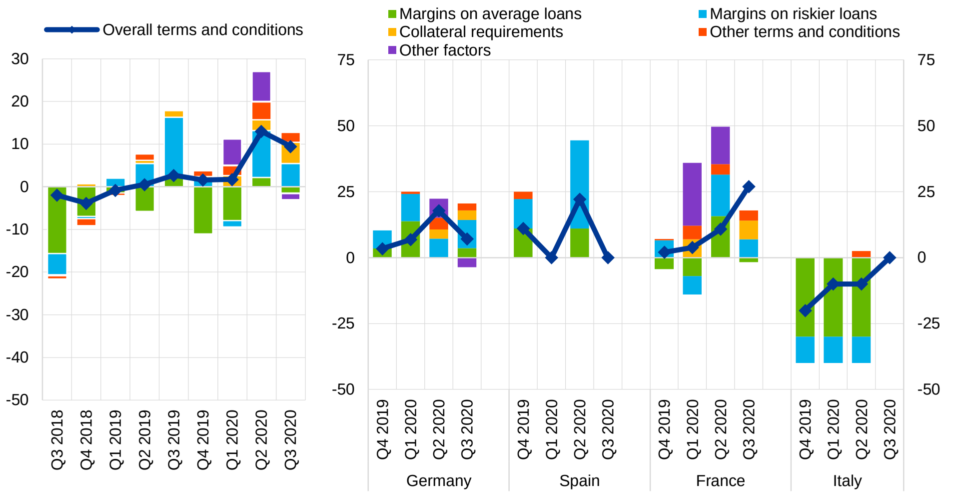
### 2.2.2 Terms and conditions on loans to households for house purchase tightened

The net tightening was mainly related to a widening of margins on riskier loans and collateral requirements. Banks also referred to a tightening impact of loan-to-value ratios and other loan size limits. In contrast, there was a slight easing for margins on average loans (see Chart 6 and Table 6).

**Chart 6**

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

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




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

Higher risk perceptions and lower risk tolerance had a main tightening impact on overall terms and conditions on housing loans at the euro area level. Banks' cost of funds and balance sheet situation and competitive pressures had a slight easing impact (see Table 7).

Across the largest euro area countries, banks in Germany and France reported a net tightening of overall terms and conditions on housing loans, while banks in Spain and Italy reported no change. Banks in Germany indicated wider margins on both average and riskier loans and collateral requirements as main factors contributing to the tightening, while banks in France referred to wider margins on riskier loans and stricter collateral requirements as reasons for the tightening.

**Table 6**

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

(net percentages of banks)

| | Overall terms and conditions | | Banks' margins on average loans | | Banks' margins on riskier loans | |
|---|---|---|---|---|---|---|
| **Country** | **Q2 2020** | **Q3 2020** | **Q2 2020** | **Q3 2020** | **Q2 2020** | **Q3 2020** |
| **Euro area** | 13 | 9 | 2 | -2 | 11 | 5 |
| **Germany** | 18 | 7 | 0 | 4 | 7 | 11 |
| **Spain** | 22 | 0 | 11 | 0 | 33 | 0 |
| **France** | 11 | 27 | 16 | -2 | 16 | 7 |
| **Italy** | -10 | 0 | -30 | 0 | -10 | 0 |

Note: See the notes to Chart 6.

**Table 7**

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

(net percentages of banks)

| Country | Cost of funds and balance sheet constraints | | Pressure from competition | | Perception of risk | | Banks’ risk tolerance | |
|---|---|---|---|---|---|---|---|---|
| | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 |
| Euro area | 2 | -2 | -6 | -2 | 22 | 18 | 11 | 5 |
| Germany | 0 | 0 | 0 | 0 | 14 | 4 | 18 | 4 |
| Spain | 0 | 0 | 0 | 0 | 33 | 0 | 0 | 0 |
| France | 3 | -11 | 0 | 0 | 9 | 51 | 2 | 2 |
| Italy | 0 | 0 | -20 | 0 | 10 | 0 | 0 | 0 |

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

## 2.2.3 Rejection rate for housing loans increased

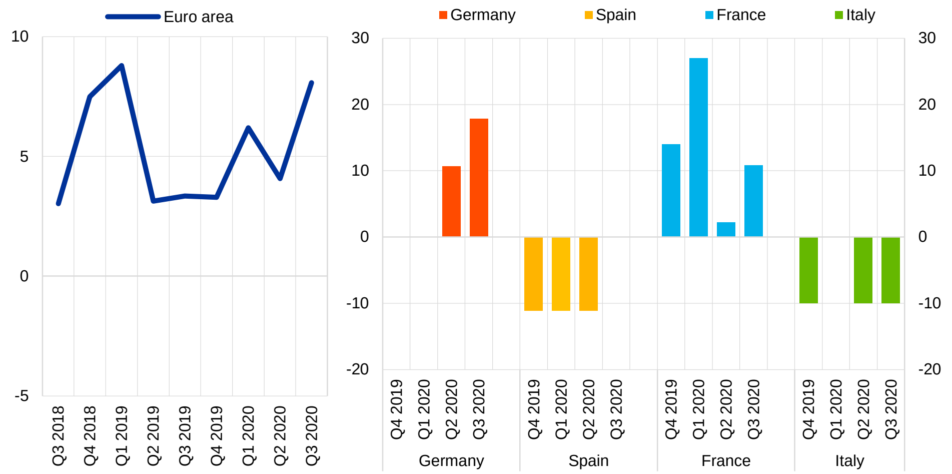
In the third quarter of 2020, a net percentage of 8% of banks reported an increase in the share of rejected loan applications for housing loans (after 4% in the previous survey round; see Chart 7).

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

**Chart 7**

Changes in the rejection rate for loans to households for house purchase

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




Notes: Net percentages of rejected loan applications are defined as the difference between the percentages of banks reporting an increase in the share of loan rejections and the percentages of banks reporting a decline. Banks’ answers refer to the share of rejected loan applications relative to the total volume of applications in that loan category.

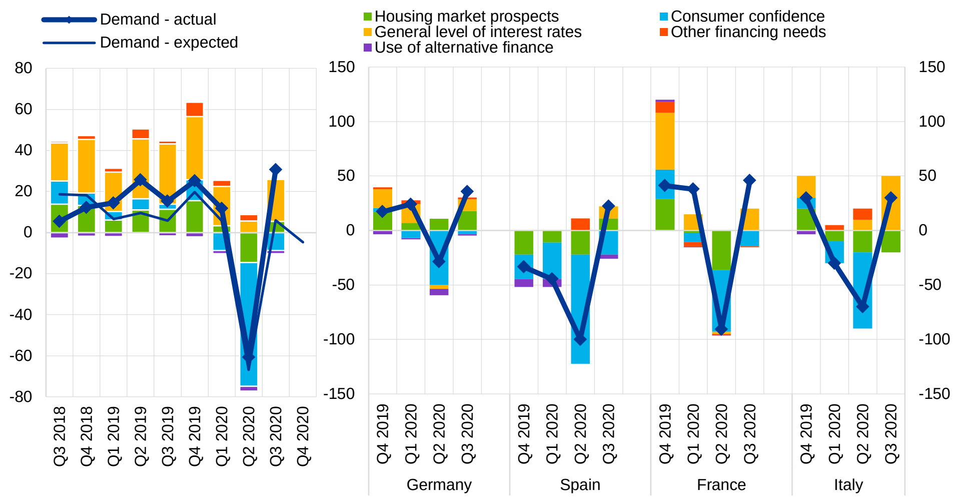
## 2.2.4 Net demand for housing loans increased significantly

Net demand for housing loans increased significantly in the third quarter, after a considerable decline in the previous quarter (31%, after -61% in the previous quarter; see Chart 8 and Overview table), i.e. the share of banks indicating an increase in loan demand compared to the share of banks reporting a decrease in loan demand was much higher.

**Chart 8**

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

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




Notes: See the notes to Chart 4. "Other financing needs" is the unweighted average of "debt refinancing/restructuring and renegotiation" and "regulatory and fiscal regime of housing markets"; "use of alternative finance" is the unweighted average of "internal finance of house purchase out of savings/down payment", "loans from other banks" and "other sources of external finance".

The strong rebound in housing loan demand was driven mainly by the general level of interest rates and, to a lesser extent, improved housing market prospects and may reflect that housing loan demand was catching up after the severe lockdown period in the second quarter. By contrast, consumer confidence continued to dampen loan demand, although its negative contribution softened significantly. The use of alternative sources of finance continued to have a slightly negative effect on demand, on account of loans from other banks and internal financing from household savings (see Chart 8 and Table 8).

Banks in all the largest euro area countries reported an increase in demand for housing loans. The favourable contribution of the general level of interest rates was broad-based across countries. The impact of housing market prospects was positive in Germany and Spain, while it was negative in Italy and unchanged in France. The negative contribution from consumer confidence was most pronounced for banks in Spain and France, albeit much lower than in the previous quarter, but was also a factor in Germany while it played no role in Italy. The use of alternative finance had a slight dampening impact in Germany and Spain.

Banks expect a decrease in net demand for housing loans in the fourth quarter (net percentage of -5%). There was also a reduction in the dispersion in banks' expectations, back to pre-COVID levels, following extraordinarily high levels in the second and third quarters, reflecting a reduction in uncertainty since the previous quarter.

**Table 8**

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

(net percentages of banks)

| Country | Housing market prospects | | Consumer confidence | | Other financing needs | | General level of interest rates | | Use of alternative finance | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 |
| Euro area | -15 | 5 | -60 | -9 | 3 | 1 | 6 | 20 | -2 | -2 |
| Germany | 11 | 18 | -50 | -4 | 0 | 2 | -4 | 11 | -6 | -1 |
| Spain | -22 | 11 | -100 | -22 | 11 | 0 | 0 | 11 | 0 | -4 |
| France | -36 | 0 | -57 | -15 | -1 | -1 | -2 | 20 | -1 | 0 |
| Italy | -20 | -20 | -70 | 0 | 10 | 0 | 10 | 50 | 0 | 0 |

Note: See the notes to Chart 8.

## 2.3 Consumer credit and other lending to households

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

Credit standards for consumer credit and other lending to households continued to tighten in the third quarter of 2020 (9%, after 26% in the previous quarter; see Chart 9 and Overview table). While the net tightening was lower than in the previous quarter, it continued to be above the historical average since 2003 (5%).

Higher risk perceptions related to the general economic outlook and creditworthiness of households affected by the pandemic, as well as lower risk tolerance of banks were the main factors contributing to the tightening of credit standards on consumer credit in the third quarter of 2020 (see Chart 9 and Table 9). While the tightening impact of risk perceptions declined compared to the previous quarter, it remained at levels last observed in 2012.

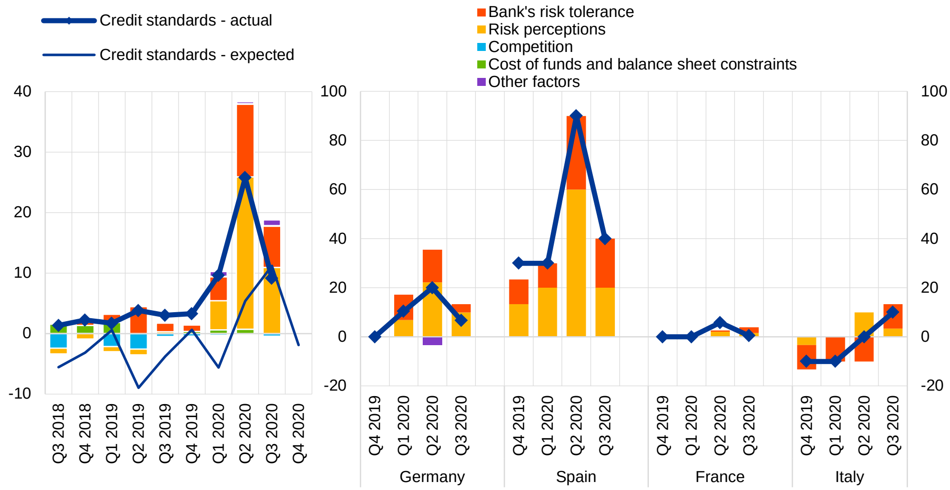
Across the largest euro area countries, credit standards for consumer credit and other lending to households tightened further in Germany, Italy and especially in Spain, while they remained unchanged in France. The reported tightening in Spain was equally related to higher risk perceptions and lower risk tolerance of banks. In Germany, risk perceptions dominated, while in Italy risk tolerance contributed more strongly to the net tightening.

Looking ahead to the fourth quarter of 2020, euro area banks expect a slight net easing of credit standards on consumer credit and other lending to households (-2%).

## Chart 9

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

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




Notes: See the notes to Chart 1. "Risk perceptions" is the unweighted average of "general economic situation and outlook", "creditworthiness of consumers" and "risk on the collateral demanded"; "competition" is the unweighted average of "competition from other banks" and "competition from non-banks". The net percentages for the "other factors" refer to further factors which were mentioned by banks as having contributed to changes in credit standards.

## Table 9

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

(net percentages of banks)

| Country | Cost of funds and balance sheet constraints | | Pressure from competition | | Perception of risk | | Banks' risk tolerance | |
|---|---|---|---|---|---|---|---|---|
| | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 |
| **Euro area** | 1 | 0 | 0 | 0 | 25 | 11 | 12 | 7 |
| **Germany** | 0 | 0 | 0 | 0 | 22 | 10 | 13 | 3 |
| **Spain** | 0 | 0 | 0 | 0 | 60 | 20 | 30 | 20 |
| **France** | 0 | 0 | 0 | 0 | 2 | 2 | 0 | 2 |
| **Italy** | 0 | 0 | 0 | 0 | 10 | 3 | -10 | 10 |

Note: See the notes to Chart 9.

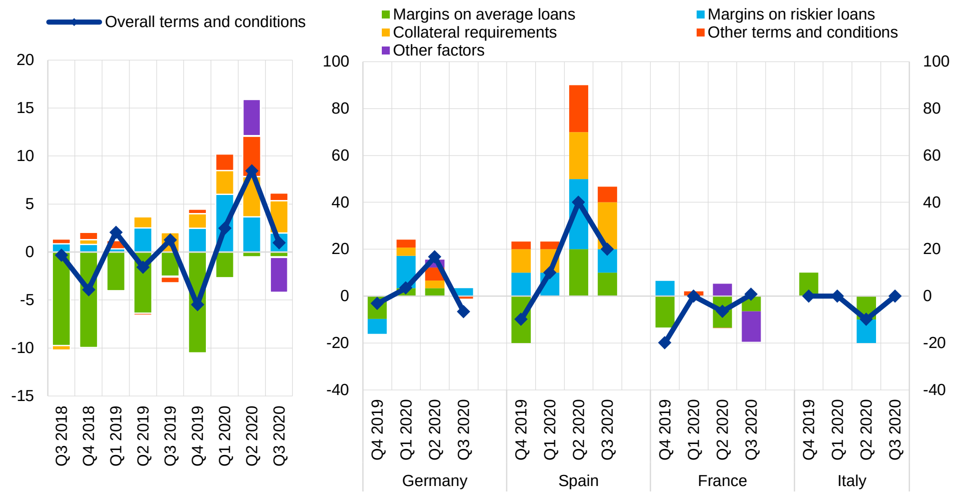
## 2.3.2 Terms and conditions on consumer credit and other lending to households remained broadly unchanged

Banks' overall terms and conditions applied when granting consumer credit and other lending to households remained broadly unchanged in the third quarter of 2020 (net percentage of 1%, after 8% in the previous quarter). Wider margins on riskier loans and collateral requirements continued to contribute to tighter conditions, while margins on average loans remained broadly unchanged. In addition, banks mentioned other factors, mainly COVID-19 related state-guaranteed loans, as contributing to an easing (see Chart 10 and Table 10).

## Chart 10

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

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




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

## Table 10

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

(net percentages of banks)

| Country | Overall terms and conditions | | Banks' margins on average loans | | Banks' margins on riskier loans | |
|---|---|---|---|---|---|---|
| | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 |
| **Euro area** | 8 | 1 | -1 | -1 | 4 | 2 |
| **Germany** | 17 | -7 | 3 | 0 | 0 | 3 |
| **Spain** | 40 | 20 | 20 | 10 | 30 | 10 |
| **France** | -7 | 1 | -13 | -7 | 0 | 0 |
| **Italy** | -10 | 0 | -10 | 0 | -10 | 0 |

Note: See the notes to Chart 10.

Increased risk perceptions and lower risk tolerance continued to contribute to a net tightening of overall terms and conditions, while pressure from competition had a small easing impact (see Table 11).

Across the largest euro area countries, overall terms and conditions on consumer credit and other lending to households continued to tighten considerably in Spain, while they eased in Germany and remained unchanged in France and Italy. The sharp tightening in Spain comes after a significant easing in terms and conditions between 2015 and 2019 and is likely related to concerns regarding consumers' creditworthiness. Wider loan margins and higher collateral requirements contributed to the tightening in Spain, while margins on average loans and COVID-19 factors, likely related to the favourable conditions of support measures, had an easing effect in France.

**Table 11**

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

(net percentages of banks)

| Country | Cost of funds and balance sheet constraints | | Pressure from competition | | Perception of risk | | Banks' risk tolerance | |
|---|---|---|---|---|---|---|---|---|
| | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 |
| Euro area | -1 | 0 | -2 | -2 | 20 | 6 | 10 | 2 |
| Germany | 0 | -3 | 0 | 0 | 20 | 3 | 13 | 0 |
| Spain | 0 | 0 | -10 | 0 | 50 | 20 | 10 | 10 |
| France | -7 | 0 | 0 | -7 | 0 | 1 | 0 | 0 |
| Italy | 0 | 0 | -10 | 0 | 10 | 0 | 0 | 0 |

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

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

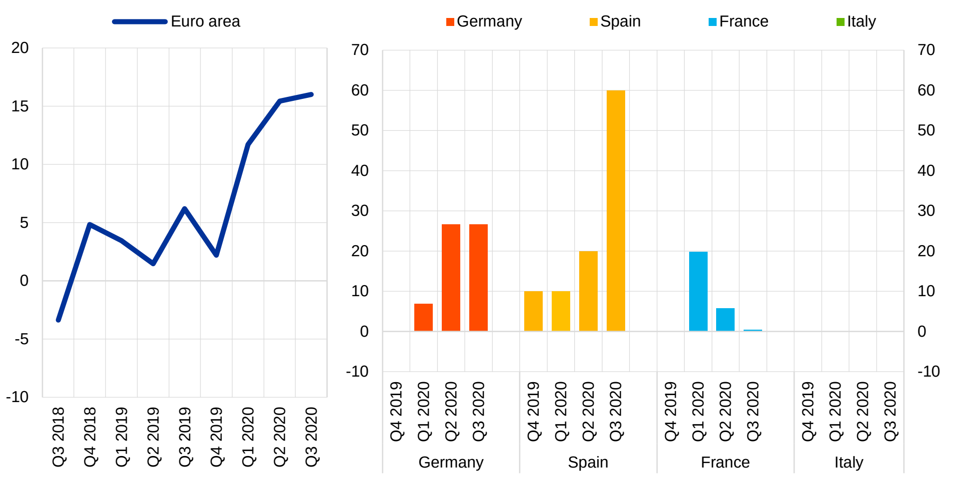
Banks indicated an increase in the share of rejected loan applications for consumer credit and other lending to households in the third quarter of 2020 (16%, after 15% in the previous survey round; see Chart 11). This may indicate an increased credit risk of borrowers in the context of the coronavirus pandemic, mainly because of an overall deteriorated income and employment situation.

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

**Chart 11**

Changes in the rejection rate for consumer credit and other lending to households

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




Notes: Net percentages of rejected loan applications are defined as the difference between the percentage of banks reporting an increase in the share of loan rejections and the percentage of banks reporting a decline. Banks' responses refer to the share of rejected loan applications relative to the total volume of applications in that loan category.

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

In the third quarter of 2020, net demand for consumer credit and other lending to households increased slightly after reaching the lowest value on record since the start of the survey in 2003 in the second quarter of 2020 (net percentage of 3%, after -76% in the previous quarter; see Chart 12 and Overview table). The increase in net loan demand was much lower than expected by the banks in the previous round (30%), but around the historical average since 2003 (0%).

Consumer confidence continued to dampen demand, but to a lesser extent than in the previous quarter (see Chart 12 and Table 12). The general level of interest rates and the use of household savings had a small positive effect, while spending on durables had a broadly neutral impact. In combination with the still low confidence, this confirms subdued demand for consumer credit.

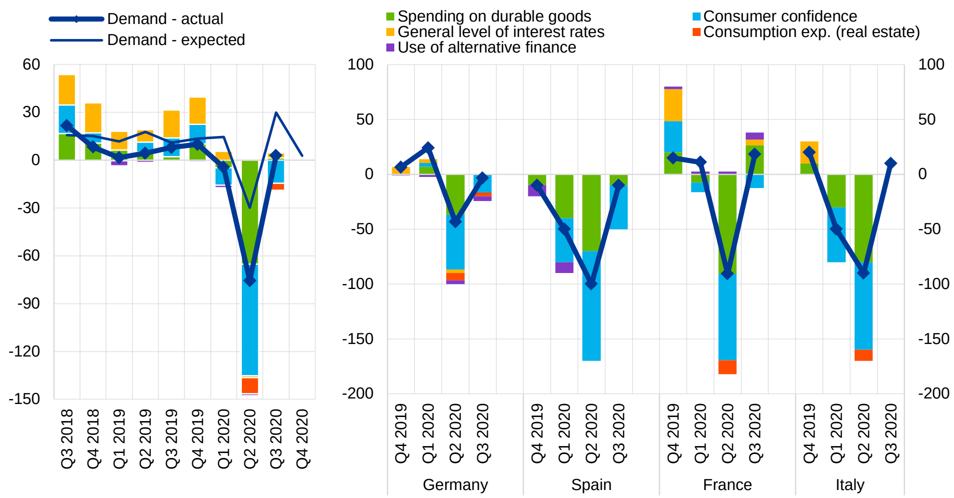
Across the largest euro area countries, demand continued to decline in Spain and marginally in Germany, while it increased in France and Italy. The decline in Germany and Spain was mainly driven by still low consumer confidence, while spending on durables and the level of interest rates contributed to the increase in loan demand in France.

In the fourth quarter of 2020, banks expect that net demand for consumer credit and other lending to households will continue to increase (a net percentage of banks at 3%). In line with the results for loans for house purchase, the dispersion of banks' demand expectations declined to the pre-crisis level.

**Chart 12**

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

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




Notes: See the notes to Chart 4. "Use of alternative finance" is the unweighted average of "internal financing out of savings", "loans from other banks" and "other sources of external finance". "Consumption exp. (real estate)" denotes "consumption expenditure financed through real estate-guaranteed loans".

## Table 12

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

(net percentages of banks)

| Country | Spending on durable goods | | Consumer confidence | | Consumption exp. (real estate) | | General level of interest rates | | Use of alternative finance | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 | Q2 2020 | Q3 2020 |
| Euro area | -65 | 1 | -70 | -14 | -10 | -4 | -1 | 3 | -1 | 0 |
| Germany | -37 | 0 | -50 | -17 | -7 | -3 | -3 | 0 | -3 | -4 |
| Spain | -70 | -10 | -100 | -40 | 0 | 0 | 0 | 0 | 0 | 0 |
| France | -91 | 26 | -79 | -12 | -13 | 0 | 0 | 5 | 2 | 6 |
| Italy | -80 | 0 | -80 | 0 | -10 | 0 | 0 | 0 | 0 | 0 |

Note: See the notes to Chart 12.

# 3 Ad hoc questions

## 3.1 Banks' access to retail and wholesale funding

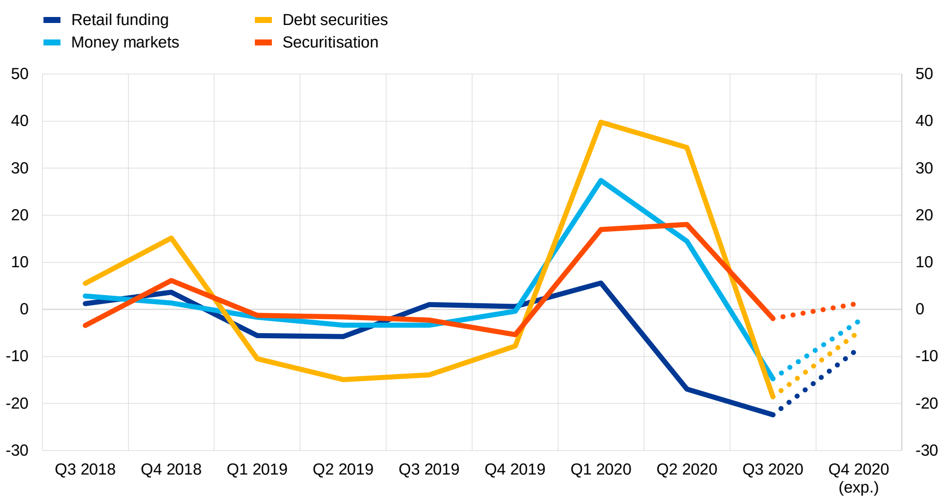
The October 2020 survey included a question assessing the extent to which the situation in financial markets had affected banks' access to retail and wholesale funding. Banks were asked whether their access to funding had deteriorated or eased over the past three months, as well as about their expectations for the next three months. Here, negative net percentages indicate an improvement, while positive figures indicate a deterioration in net terms.

In particular, after reporting a deterioration for several quarters, banks reported an improvement in access to funding via short-term and long-term debt securities and to money markets, while access to securitisation only slightly improved.[7] This comes after the stress in bank bond and money markets in the second quarter of 2020, and reflects the improved risk sentiment on account of the reopening of economic activities and a favourable impact of monetary policy measures on banks' funding costs. As regards retail funding, access improved significantly for long-term funding, but was still mainly driven by short-term deposit funding, which likely reflects the increase in overnight deposits of firms and households in the context of the coronavirus pandemic.

**Chart 13**

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

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




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

[7] For the results on securitisation, there are a large number of banks that replied "Not Applicable" as this source of funding is not relevant for them (between 45% and 56% depending on the type of securitisation, in the third quarter of 2020).

Looking ahead to the fourth quarter of 2020, euro area banks expect that their access to retail and wholesale funding, except for securitisation, will continue to improve, but to a lesser degree than in the third quarter.

**Table 13**

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

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

| | Retail funding | Interbank unsecured money market | Wholesale debt securities | Securitisation |
|---|---|---|---|---|
| **Q2 2020** | -17 | 14 | 34 | 18 |
| **Q3 2020** | -22 | -15 | -19 | -2 |

Note: See the notes to Chart 13.

## 3.2 The impact of the ECB's asset purchase programmes

The October 2020 survey questionnaire included two biannual ad hoc questions gauging the impact of the ECB's asset purchase programme (APP) and the pandemic emergency purchase programme (PEPP). When answering the questions on the impact over the past and next six months, banks were asked to take into account the impact of the ECB's net asset purchases and the reinvestment of the principal payments from maturing securities purchased. Banks were also asked to consider both direct and indirect effects of the APP and PEPP, as there may be indirect effects on banks' financial situation and asset allocation.

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

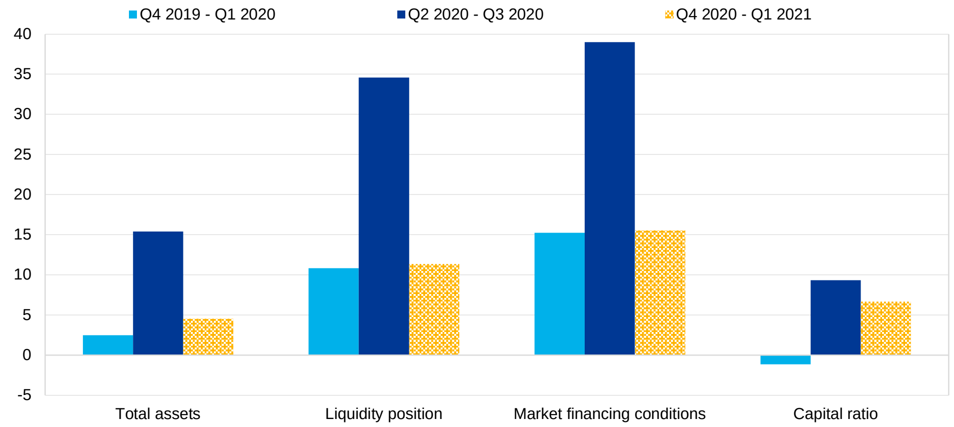
Euro area banks reported that the APP and the PEPP have contributed over the past six months to an improvement of their liquidity position and their market financing conditions, but to a deterioration in their profitability (see Chart 14). In net terms, 35% (after 11% in the April 2020 survey round) of the euro area banks reported a positive impact on their liquidity positions and 39% (after 15%) a positive impact on their market financing conditions. In addition, banks reported a positive impact on their total assets (a net percentage of 15%, after 3%). At the same time, a net percentage of -18% (after -19%) of the euro area banks indicated a negative impact of the APP and the PEPP on their profitability, mainly owing to a dampening impact on net interest income (see Chart 15).

Over the next six months, euro area banks expect a positive, albeit weaker, impact on their liquidity position and their market financing conditions (net percentage of banks: 11% and 16% respectively) owing to the APP and the PEPP. In addition, the net percentage of euro area banks expecting a negative impact of the APP and the PEPP on their profitability increased for the next six months.

**Chart 14**

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

(net percentages of banks, over the past and next six months)

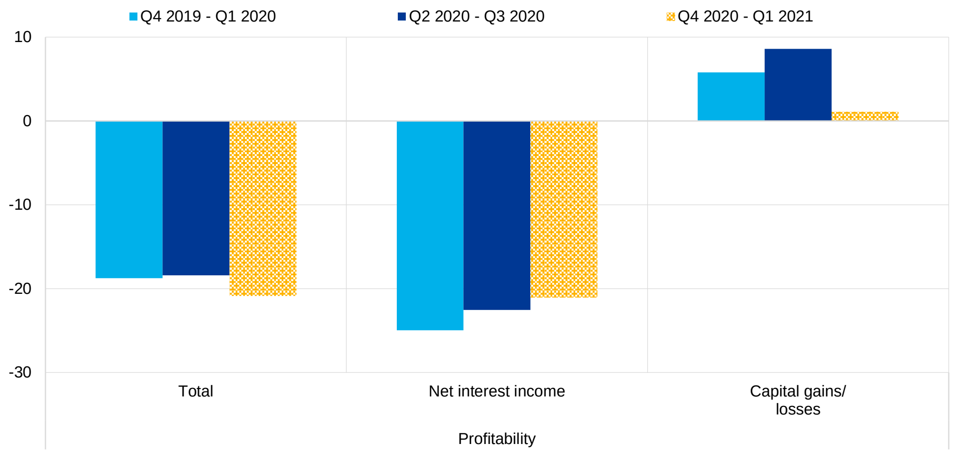



Notes: The net percentages are defined as the difference between the sum of the percentages for "increased/improved considerably" and "increased/improved somewhat" and the sum of the percentages for "decreased/deteriorated somewhat" and "decreased/deteriorated considerably". The last period denotes expectations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

**Chart 15**

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

(net percentages of banks, over the past and next six months)




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

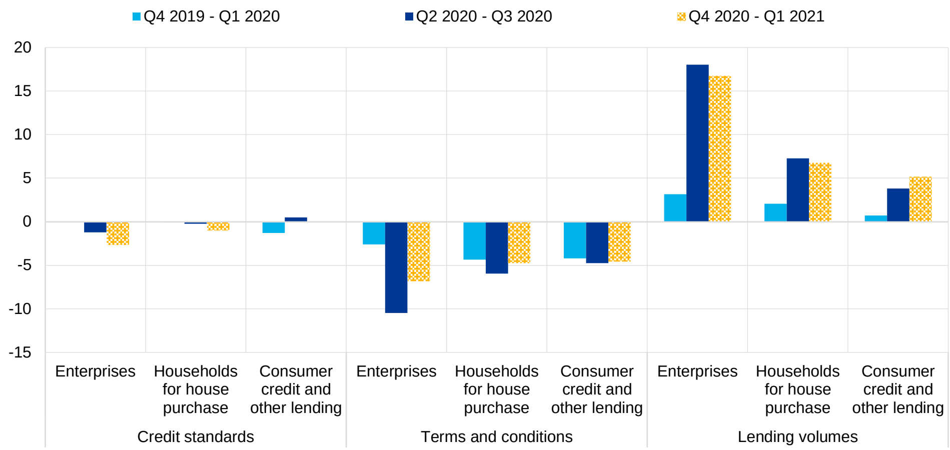
## 3.2.2 Impact of the ECB's asset purchase programmes on banks' lending conditions and lending volumes

Euro area banks indicated an easing impact of the APP and the PEPP on their terms and conditions and a broadly neutral impact on their credit standards across all loan categories over the past six months (see Chart 16). In detail, the ECB's asset purchases had a net easing impact on banks' terms and conditions for new loans to enterprises (net percentage of -10%, after -3%), housing loans (-6%, after -4%) and consumer credit and other lending to households (-5%, after -4%) according to euro area banks. By contrast, the impact on credit standards was broadly neutral across all loan categories according to euro area banks.

**Chart 16**

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

(net percentages of banks, over the past and next six months)




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

Over the next six months, banks expect a continued, albeit weaker, easing impact of the APP and the PEPP on their terms and conditions for loans to enterprises (net percentage at -7%). A net easing impact for terms and conditions is also expected by euro area banks on loans to households for house purchase and for consumer credit (both a -5%). For credit standards, banks expect a moderate impact of the APP and the PEPP for loans to enterprises over the next six months (-3%), and a broadly neutral impact for households.

Euro area banks reported a positive impact of the APP and the PEPP on their lending volumes across all loan categories over the past six months (see Chart 16). In particular, a net percentage of 18% (after 3%) of the euro area banks indicated a positive impact on lending to enterprises. The net percentages were somewhat lower, but have also increased, for housing loans (7%, after 2%) and for consumer credit (4%, after 1%).

For the next six months, euro area banks expect a positive impact on their lending volumes across all loan categories but especially for loans to enterprises (a net percentage of 17% for loans to enterprises, 7% for housing loans and 5% for consumer credit).

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

The October 2020 survey questionnaire included a biannual ad hoc question aimed at gauging the direct and indirect effects of the ECB's negative deposit facility rate (DFR) and the ECB's two-tier system over the past and next six months. In the first part of the question, banks were asked to indicate the overall impact of the DFR, including the impact of the ECB’s two-tier system. In the second part of the question, banks were asked to single out the impact of the ECB’s two-tier system compared with the situation in which no two-tier system would exist. For both parts of the question, banks were asked to consider both direct and indirect effects over the past and next six months.

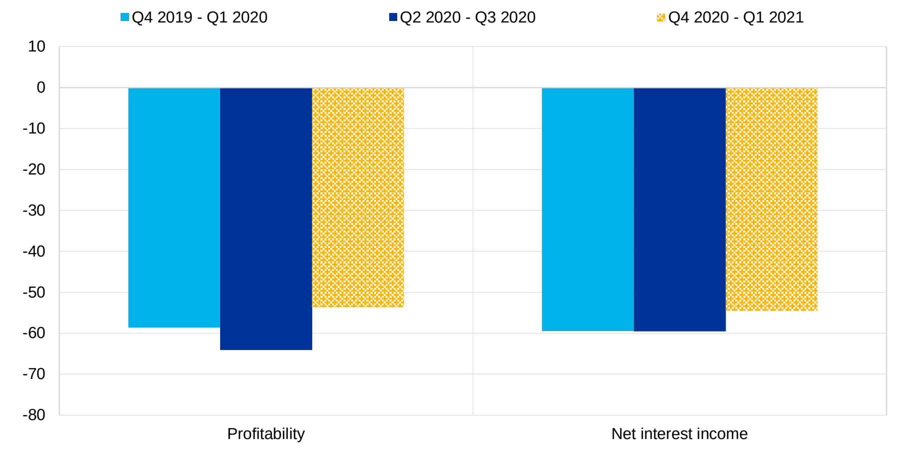
### 3.3.1 Impact of the ECB’s negative deposit facility rate

Euro area banks reported a negative impact of the ECB’s negative deposit facility rate (including the impact of the ECB’s two-tier system) on bank profitability over the past six months (net percentage of banks at -64%), mainly via the impact on banks’ net interest income[8] (net percentage of -60%, after -59%; see Chart 17). A somewhat smaller negative impact is expected over the coming six months.

**Chart 17**

Impact of the negative DFR on bank profitability

(net percentages of banks, over the past and next six months)




Notes: Including the impact of the ECB’s two-tier system for remunerating excess liquidity holdings. The net percentages are defined as the difference between the sum of the percentages for “increased considerably” and “increased somewhat” and the sum of the percentages for “decreased somewhat” and “decreased considerably”. The last period denotes expectations indicated by banks in the current round.

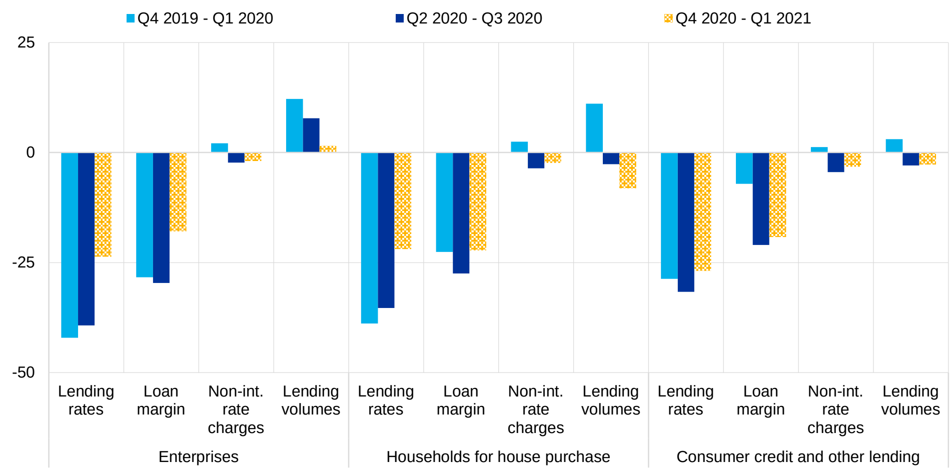
Regarding the DFR impact on lending, euro area banks continued to report a negative impact on bank lending rates across loan categories. In detail, in net terms, 39% of the banks reported a decline in lending rates for loans to firms, 35% for housing loans, and 32% for consumer credit over the past six months (see Chart 18). In addition, in net terms, euro area banks also reported a decline in loan margins and a slight decline in non-interest rate charges. Banks expect these developments to continue over the next six months.

[8] 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.

**Chart 18**

Impact of the negative DFR on bank lending

(net percentages of banks, over the past and next six months)




Notes: Including the impact of the ECB's two-tier system for remunerating excess liquidity holdings. The net percentages are defined as the difference between the sum of the percentages for "increased considerably" and "increased somewhat" and the sum of the percentages for "decreased somewhat" and "decreased considerably". The last period denotes expectations indicated by banks in the current round.

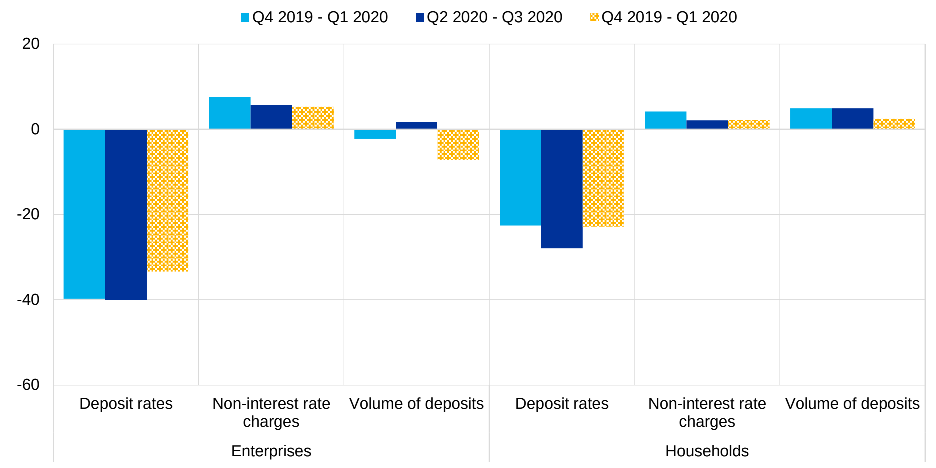
Euro area banks reported a positive DFR impact on lending volumes for loans to enterprises (see Chart 18). A net percentage of 8% of the euro area banks indicated such a positive impact for lending to enterprises (after 12%), while banks reported a small negative impact for housing loans (-3%, after 11%) and for consumer credit (-3%, after 3%) over the past six months. For the coming six months, banks expect a smaller positive impact of the DFR for loans to enterprises and a continued negative DFR impact on lending volumes to households.

In addition to the impact on lending, euro area banks were asked for the second time in the October 2020 BLS to indicate the DFR impact on deposits (see Chart 19). Euro area banks indicated, in net terms, a stronger negative impact of the DFR on deposit rates for enterprises than on deposit rates for households over the past six months. In detail, a net percentage of -40% of the euro area banks reported a negative impact on interest rates for deposits held by firms over the past six months, while the corresponding net percentage was lower for household deposits (-28%). This corresponds with the actual interest rate developments, according to which banks tend to pass through negative rates more often to corporate deposits than to household deposits. In the coming six months, a somewhat smaller net percentage of banks expects a negative impact on firms' deposit rates (-33%) but still higher than for household deposit rates (-23%).

**Chart 19**

Impact of the negative DFR on bank deposits

(net percentages of banks, over the past and next six months)




Notes: Including the impact of the ECB's two-tier system for remunerating excess liquidity holdings. The net percentages are defined as the difference between the sum of the percentages for "increased considerably" and "increased somewhat" and the sum of the percentages for "decreased somewhat" and "decreased considerably". The last period denotes expectations indicated by banks in the current round.

To a limited extent, banks tried to pass through negative rates via higher non-interest rate charges on deposits (net percentage of banks at 6% for firms' deposits and 2% for household deposits) and plan to continue to do so in the coming six months. In addition, a small net percentage of banks perceives a positive impact of the DFR on firms' deposit volumes (net percentage of 2%), and household deposits (net percentage of 5%).

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

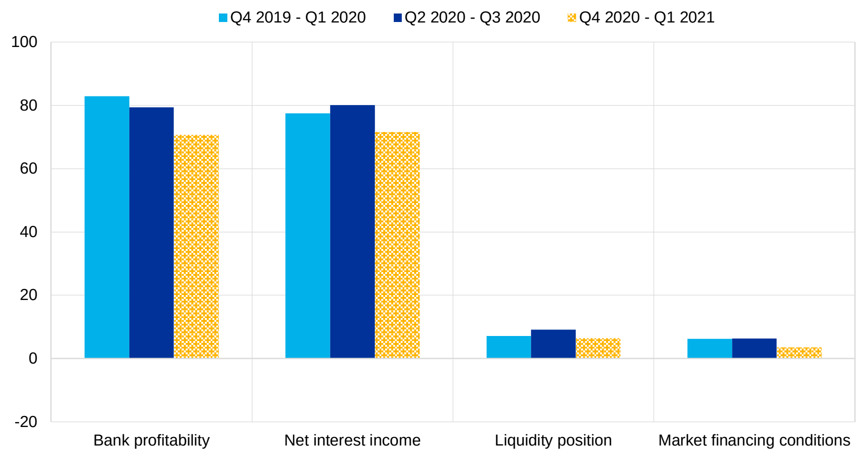
Euro area banks were asked for the second time in the October 2020 BLS to assess the impact of the ECB's two-tier system on their financial situation, lending and deposits, compared with the situation in which no two-tier system would exist.

Compared with the non-existence of the ECB's two-tier system, a net percentage of 79% of the euro area banks agrees on its supporting impact on their profitability, as it exempts banks from remunerating at the negative deposit facility rate part of their excess reserve holdings (see Chart 20). In addition, a limited net percentage of banks reported a positive impact of the two-tier system on their liquidity position and market financing conditions (net percentage of 9% and 6% respectively).

## Chart 20

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

(net percentages of banks, over the past and next six months)




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

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

The October 2020 survey questionnaire included some ad hoc questions on the impact of the Eurosystem's third series of targeted longer-term refinancing operations.[9] Banks were asked about their participation in that series of operations and their reasons for doing so, as well as about their use of TLTRO III liquidity. In addition, they were asked about the impact of the TLTRO III operations on their financial situation, as well as on their lending conditions and lending volumes over the past six months and the next six months.

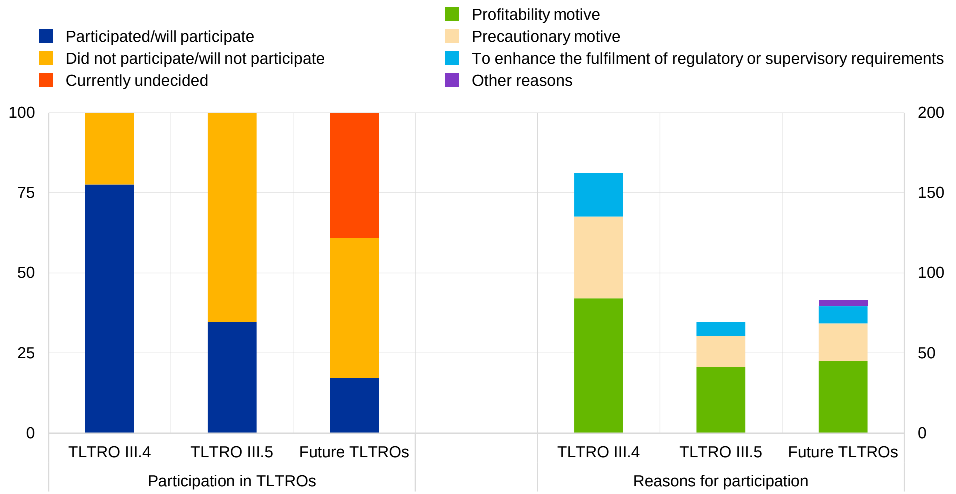
Following banks' exceptionally high participation in the June 2020 TLTRO III.4 operation (78% of the BLS banks) and a moderate participation in the September 2020 TLTRO III.5 operation (35% of the BLS banks), 17% of the banks have indicated in the October survey that they intend to participate in future TLTROs (see Chart 21). A considerable fraction of banks are still undecided (39%), while 44% of the banks do not intend to participate in the future TLTRO III operations.

[9] The additional longer-term refinancing operations (LTROs) that were announced by the ECB on 12 March 2020, whose operations matured on 24 June 2020, are not part of the TLTRO ad hoc questions. These LTROs were introduced to bridge the period until the TLTRO III operation in June 2020.

**Chart 21**

Banks' participation in TLTRO III operations and their reasons for participation

(percentages of banks)



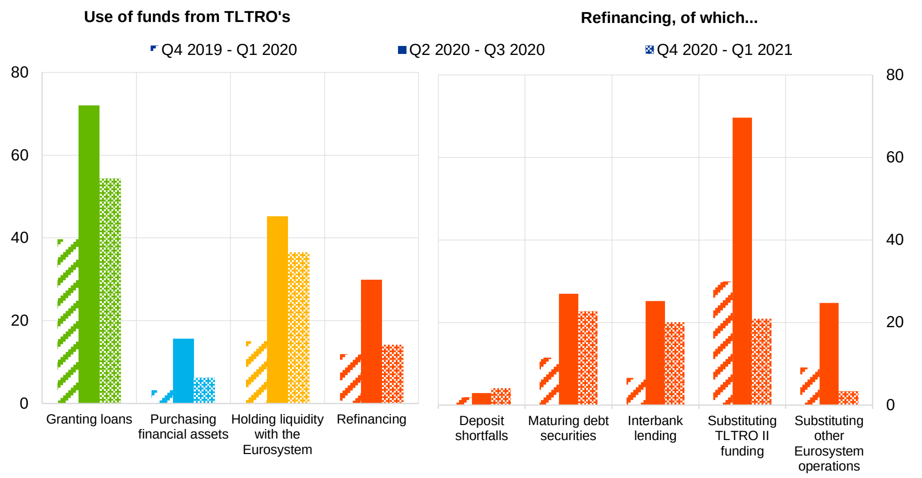

Notes: The participation rate excludes missing observations. Banks were asked to rate all reasons in terms of the extent to which they have contributed to their participation in TLTRO III operations. "Other reasons" are specific reasons cited by banks that were not included in the questionnaire.

The attractiveness of the TLTRO III conditions (profitability motive) remained the most important reason for banks to participate in the TLTRO III operations (percentages of banks mentioning that this reason contributed to participation: 84% for the June TLTRO III.4 and 41% of the banks for the September TLTRO III.5) (see Chart 22). The precautionary motive, i.e. the avoidance or reduction of funding difficulties, also played a relevant role (51% in the June TLTRO and 19% in the September TLTRO), also in the light of high liquidity demand of firms during the first months of the pandemic, while the fulfilment of regulatory or supervisory requirements played a smaller role (27% in the June TLTRO and 9% in the September TLTRO).

Also for the future participation in TLTRO III operations, the majority of the banks referred either to profitability or to precautionary motives (45% and 24% respectively). The precautionary reason mentioned by the banks may reflect banks' expectations of potentially strong loan demand during the COVID-19 crisis, especially in case of a deterioration of the economic situation. The fulfilment of regulatory or supervisory requirements is expected to continue to play a limited role as reason for participation (11% of the banks).

**Chart 22**
Use of TLTRO III liquidity by banks

(percentages of banks, over the past and next six months)




Notes: Banks were asked to indicate the relevance of all purposes. "Purchasing financial assets" is the sum of “purchasing domestic sovereign bonds” and “purchasing other financial assets”. “Granting loans” refers to loans to the non-financial private sector. The last period denotes expectations indicated by banks in the current round.

72% of the BLS banks indicated that they used the TLTRO III liquidity for granting loans to the non-financial private sector over the past six months (see Chart 22; see below for the information across loan categories). This is a substantial increase compared with 40% of the banks indicating this use in the April BLS round, which reflects the high participation rate in the June 2020 TLTRO operation. In addition, 45% of the banks (compared with 15% in the April survey) have reported to also hold their TLTRO liquidity with the Eurosystem. Banks may use this liquidity for granting loans in the coming months. The use of the TLTRO liquidity by banks for refinancing purposes (percentage of banks at 30%, after 12%) and for purchasing assets was somewhat more limited (percentage of banks at 16%, after 3%).

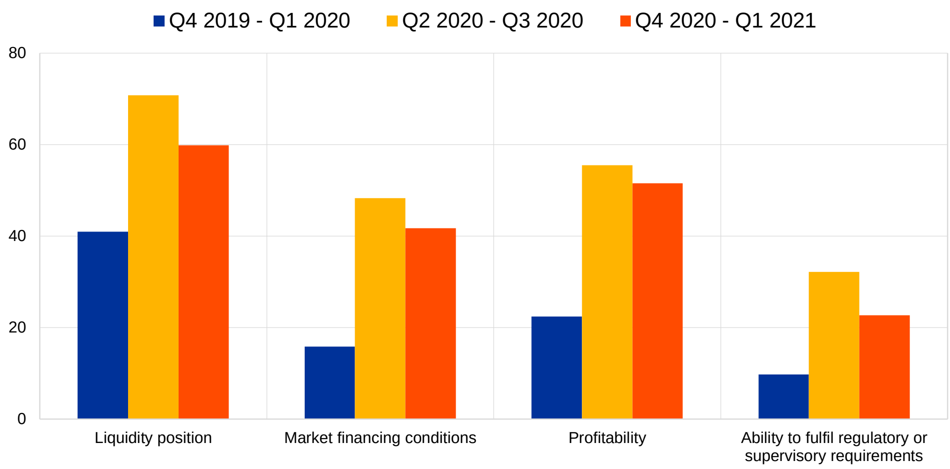
The main refinancing purpose over the past six months was the substitution of TLTRO II funding (70% of the banks; see Chart 22). The substitution of maturing debt (27%), of interbank lending (25%) and of other Eurosystem liquidity operations (25%) played a more limited role. There was practically no need to cover any deposit shortfalls (percentage of banks at 3%) given the overall solid growth of bank deposits held by the non-financial private sector.

Over the next six months, the purpose of granting loans remains the most important, quoted by 54% of the euro area banks, while 37% referred to the purpose of holding liquidity with the Eurosystem. The refinancing purpose is expected by banks to play a smaller role (mentioned by 14% of the banks). Within this category, the relative importance of substituting TLTRO II funding (21%), interbank lending (20%) and maturing debt securities (23%) is expected by banks to become more balanced.

## Chart 23

Impact of the TLTRO III operations on banks' financial situation

(net improvement reported by banks, over the past and next six months)




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

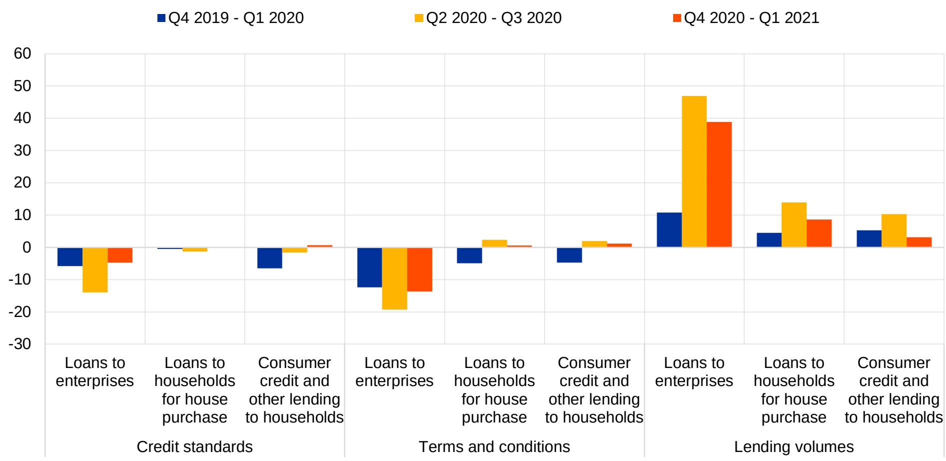
Banks indicated an overall positive impact of TLTRO III on their financial situation, in particular their liquidity position (see Chart 23). A net percentage of 71% (after 41% in the previous survey round) of the euro area banks mentioned a positive TLTRO III impact on their liquidity position over the past six months. In addition, in net terms, 55% (after 22% in the previous round) indicated a positive impact on their profitability. The considerably more positive impact reflects the further easing of the TLTRO III conditions in April 2020, which were applied first in the June TLTRO operation. In addition, banks reported a positive impact on their market financing conditions over the past six months (net improvement of 48%, after 16%). The positive TLTRO III impact is expected to recede somewhat over the next six months.

Banks indicated a net easing impact of the TLTRO III on their terms and conditions, more than for credit standards (see Chart 24). Euro area banks pointed to a net easing impact of the TLTRO III on their terms and conditions for loans to enterprises over the past six months (net percentage of -19%), but not for loans to households (net percentage of 2% for both housing loans and consumer credit). Similarly the net easing impact of the TLTROs on credit standards over the past six months was larger for enterprises (net percentage of -14%) than for households (-1% for housing loans and -2% for consumer credit). This is consistent with the overall reported stronger net tightening of bank lending conditions for households over the past two quarters.

## Chart 24

Impact of the TLTRO III series on bank lending conditions and lending volumes

(net percentages of banks, over the past and next six months)




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

A substantial net percentage (47%) of the euro area banks indicated a positive impact of the TLTRO on their lending volumes to enterprises over the past six months (after 11% in the April survey). The reported positive impact also increased for housing loans (net percentage of 14%, after 4%) and for consumer credit (10%, after 5%). This reflects the high take-up of the June TLTRO operation and banks’ intention to use the additional liquidity for granting loans.

Over the coming six months, banks expect an ongoing strong positive impact of the TLTRO III on lending volumes and a continued easing impact on bank lending conditions for loans to enterprises. Euro area banks expect an easing impact on terms and conditions (net percentage of -14%) and on credit standards (net percentage of -5%) to enterprises, and a broadly neutral impact on household loans. The impact on lending volumes to enterprises is expected to remain firmly positive (net percentage of euro area banks at 39%) over the next six months. The net percentages of banks are smaller for housing loans (9%) and consumer credit (3%).

# Annex 1
# Results for the standard questions*

## Loans or credit lines to enterprises

### Question 1

Over the past three months, how have your bank's credit standards[1] as applied to the approval of loans or credit lines to enterprises[2, 3, 4] changed? Please note that we are asking about the change in credit standards, rather than about their level.

(in percentages, unless otherwise stated)

| | Overall | | Loans to small and medium-sized enterprises[5] | | Loans to large enterprises[5] | | Short-term loans[6] | | Long-term loans[6] | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 |
| Tightened considerably | 5 | 0 | 5 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| Tightened somewhat | 23 | 20 | 22 | 19 | 28 | 16 | 22 | 18 | 25 | 22 |
| Remained basically unchanged | 45 | 78 | 46 | 77 | 43 | 83 | 48 | 80 | 60 | 77 |
| Eased somewhat | 25 | 1 | 22 | 1 | 24 | 0 | 21 | 1 | 14 | 1 |
| Eased considerably | 2 | 0 | 2 | 1 | 4 | 0 | 8 | 0 | 1 | 1 |
| NA[7] | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| **Net percentage** | **1** | **19** | **3** | **18** | **1** | **16** | **-6** | **18** | **11** | **20** |
| Diffusion index | 2 | 9 | 3 | 9 | -1 | 8 | -7 | 9 | 6 | 10 |
| Mean | 2.95 | 2.81 | 2.94 | 2.81 | 3.02 | 2.84 | 3.14 | 2.82 | 2.88 | 2.80 |
| Number of banks responding | 135 | 134 | 132 | 131 | 129 | 128 | 135 | 134 | 135 | 134 |

1) See Glossary for Credit standards.
2) See Glossary for Loans.
3) See Glossary for Credit line.
4) See Glossary for Enterprises.
5) See Glossary for Enterprise size.
6) See Glossary for Maturity.
7) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage is defined as the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat", and the sum of the percentages for "eased somewhat" and "eased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

* Figures might not add up to 100 due to rounding

## Question 2

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

(in percentages, unless otherwise stated)

| | -- | - | ° | + | ++ | NA[7] | NetP | | DI | | Mean | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 |
| **Overall** | | | | | | | | | | | | |
| **A) Cost of funds and balance sheet constraints[1]** | | | | | | | | | | | | |
| Costs related to your bank's capital position[2] | 1 | 0 | 96 | 2 | 0 | 1 | 8 | -1 | 4 | 0 | 2.91 | 3.00 |
| Your bank's ability to access market financing[3] | 0 | 0 | 93 | 3 | 0 | 3 | 5 | -3 | 2 | -1 | 2.95 | 3.03 |
| Your bank's liquidity position | 0 | 0 | 92 | 6 | 1 | 1 | 2 | -7 | 1 | -4 | 2.98 | 3.08 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Competition from other banks | 0 | 0 | 95 | 4 | 0 | 2 | 1 | -4 | 2 | -2 | 2.97 | 3.04 |
| Competition from non-banks[4] | 0 | 0 | 98 | 0 | 0 | 2 | 2 | 0 | 2 | 0 | 2.96 | 3.00 |
| Competition from market financing | 0 | 0 | 98 | 0 | 0 | 2 | 2 | 0 | 2 | 0 | 2.96 | 3.00 |
| **C) Perception of risk[5]** | | | | | | | | | | | | |
| General economic situation and outlook | 3 | 34 | 60 | 2 | 1 | 0 | 33 | 34 | 19 | 18 | 2.62 | 2.64 |
| Industry or firm-specific situation and outlook/borrower's creditworthiness[6] | 4 | 28 | 67 | 1 | 0 | 0 | 35 | 30 | 19 | 17 | 2.61 | 2.66 |
| Risk related to the collateral demanded | 2 | 3 | 93 | 2 | 0 | 0 | -8 | 3 | -9 | 2 | 3.17 | 2.95 |
| **D) Your bank's risk tolerance[5]** | | | | | | | | | | | | |
| Your bank's risk tolerance | 1 | 7 | 91 | 2 | 0 | 0 | 12 | 6 | 7 | 3 | 2.87 | 2.93 |
| **Small and medium-sized enterprises** | | | | | | | | | | | | |
| **A) Cost of funds and balance sheet constraints[1]** | | | | | | | | | | | | |
| Costs related to your bank's capital position[2] | 1 | 3 | 93 | 1 | 0 | 2 | 8 | 3 | 4 | 2 | 2.91 | 2.95 |
| Your bank's ability to access market financing[3] | 0 | 0 | 94 | 2 | 0 | 4 | 5 | -2 | 3 | -1 | 2.95 | 3.02 |
| Your bank's liquidity position | 0 | 0 | 93 | 4 | 1 | 2 | 3 | -5 | 1 | -3 | 2.97 | 3.06 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Competition from other banks | 0 | 0 | 93 | 4 | 0 | 3 | 1 | -4 | 1 | -2 | 2.98 | 3.04 |
| Competition from non-banks[4] | 0 | 0 | 97 | 0 | 0 | 3 | 2 | 0 | 2 | 0 | 2.96 | 3.00 |
| Competition from market financing | 0 | 0 | 97 | 0 | 0 | 3 | 2 | 0 | 2 | 0 | 2.96 | 3.00 |
| **C) Perception of risk[5]** | | | | | | | | | | | | |
| General economic situation and outlook | 4 | 33 | 60 | 1 | 1 | 1 | 32 | 35 | 19 | 19 | 2.61 | 2.62 |
| Industry or firm-specific situation and outlook/borrower's creditworthiness[6] | 6 | 25 | 67 | 1 | 0 | 1 | 34 | 29 | 20 | 18 | 2.58 | 2.64 |
| Risk related to the collateral demanded | 2 | 3 | 91 | 2 | 0 | 1 | -6 | 3 | -7 | 3 | 3.14 | 2.95 |
| **D) Your bank's risk tolerance[5]** | | | | | | | | | | | | |
| Your bank's risk tolerance | 1 | 7 | 89 | 2 | 0 | 1 | 13 | 6 | 7 | 3 | 2.86 | 2.93 |

| | -- | - | ° | + | ++ | NA[7] | NetP | | DI | | Mean | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 |
| **Large enterprises** | | | | | | | | | | | | |
| **A) Cost of funds and balance sheet constraints[1]** | | | | | | | | | | | | |
| Costs related to your bank's capital position[2] | 0 | 1 | 97 | 1 | 0 | 1 | 8 | 0 | 4 | 0 | 2.92 | 2.99 |
| Your bank's ability to access market financing[3] | 0 | 0 | 94 | 2 | 0 | 3 | 5 | -2 | 2 | -1 | 2.95 | 3.02 |
| Your bank's liquidity position | 0 | 0 | 97 | 2 | 0 | 1 | 2 | -2 | 1 | -1 | 2.97 | 3.02 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Competition from other banks | 0 | 0 | 95 | 3 | 0 | 2 | 1 | -3 | 2 | -1 | 2.97 | 3.03 |
| Competition from non-banks[4] | 0 | 0 | 98 | 0 | 0 | 2 | 2 | 0 | 2 | 0 | 2.96 | 3.00 |
| Competition from market financing | 0 | 0 | 98 | 0 | 0 | 2 | 2 | 0 | 2 | 0 | 2.96 | 3.00 |
| **C) Perception of risk[5]** | | | | | | | | | | | | |
| General economic situation and outlook | 1 | 24 | 74 | 1 | 0 | 0 | 32 | 24 | 21 | 12 | 2.57 | 2.75 |
| Industry or firm-specific situation and outlook/borrower's creditworthiness[6] | 2 | 26 | 72 | 0 | 0 | 0 | 38 | 27 | 20 | 15 | 2.61 | 2.71 |
| Risk related to the collateral demanded | 0 | 4 | 94 | 2 | 0 | 0 | -6 | 2 | -7 | 1 | 3.13 | 2.98 |
| **D) Your bank's risk tolerance[5]** | | | | | | | | | | | | |
| Your bank's risk tolerance | 3 | 4 | 93 | 0 | 0 | 0 | 10 | 7 | 6 | 5 | 2.88 | 2.90 |

1) See Glossary for Cost of funds and balance sheet constraints.
2) Can involve the use of credit derivatives, with the loans remaining on the bank's balance sheet.
3) Involves the sale of loans from the bank's balance sheet, i.e. off-balance sheet funding.
4) See Glossary for Non-banks.
5) See Glossary for Perception of risk and risk tolerance.
6) Risks related to non-performing loans may be reflected not only in the "industry or firm-specific situation and outlook/borrower's creditworthiness", but also in the bank's "cost of funds and balance sheet constraints".
7) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "++" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

## Question 3

Over the past three months, how have your bank's terms and conditions[1] for new loans or credit lines to enterprises changed?

(in percentages, unless otherwise stated)

| | -- | - | ° | + | ++ | NA[6] | NetP | | DI | | Mean | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 |
| **Overall** | | | | | | | | | | | | |
| **A) Overall terms and conditions[1]** | | | | | | | | | | | | |
| Overall terms and conditions | 0 | 12 | 84 | 4 | 0 | 0 | 2 | 8 | 0 | 4 | 3.00 | 2.92 |
| **B) Margins** | | | | | | | | | | | | |
| Your bank's margin on average loans[2] | 0 | 11 | 79 | 10 | 0 | 0 | -1 | 2 | -1 | 1 | 3.01 | 2.98 |
| Your bank's margin on riskier loans | 1 | 12 | 79 | 7 | 0 | 1 | 11 | 6 | 6 | 3 | 2.88 | 2.94 |
| **C) Other conditions and terms** | | | | | | | | | | | | |
| Non-interest rate charges[3] | 0 | 2 | 96 | 2 | 0 | 0 | 4 | 0 | 2 | 0 | 2.96 | 3.00 |
| Size of the loan or credit line | 0 | 10 | 89 | 1 | 0 | 0 | -4 | 9 | -2 | 5 | 3.04 | 2.91 |
| Collateral[4] requirements | 0 | 15 | 84 | 0 | 0 | 0 | 7 | 15 | 3 | 8 | 2.93 | 2.85 |
| Loan covenants[5] | 0 | 6 | 92 | 0 | 0 | 1 | 4 | 6 | 2 | 3 | 2.96 | 2.94 |
| Maturity | 0 | 5 | 92 | 3 | 0 | 0 | -1 | 2 | -1 | 1 | 3.02 | 2.98 |
| **Small and medium-sized enterprises** | | | | | | | | | | | | |
| **A) Overall terms and conditions[1]** | | | | | | | | | | | | |
| Overall terms and conditions | 0 | 12 | 85 | 2 | 0 | 1 | -3 | 9 | -3 | 5 | 3.06 | 2.90 |
| **B) Margins** | | | | | | | | | | | | |
| Your bank's margin on average loans[2] | 0 | 11 | 79 | 8 | 0 | 1 | -4 | 4 | -5 | 2 | 3.10 | 2.96 |
| Your bank's margin on riskier loans | 1 | 13 | 77 | 7 | 0 | 2 | 7 | 7 | 2 | 4 | 2.96 | 2.92 |
| **C) Other conditions and terms** | | | | | | | | | | | | |
| Non-interest rate charges[3] | 0 | 3 | 95 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 2.99 | 2.99 |
| Size of the loan or credit line | 0 | 10 | 88 | 1 | 0 | 1 | 0 | 8 | 0 | 4 | 3.00 | 2.92 |
| Collateral[4] requirements | 0 | 17 | 81 | 0 | 0 | 1 | 6 | 17 | 3 | 9 | 2.95 | 2.83 |
| Loan covenants[5] | 0 | 8 | 89 | 0 | 0 | 2 | 2 | 8 | 1 | 4 | 2.98 | 2.92 |
| Maturity | 0 | 4 | 92 | 2 | 0 | 1 | -3 | 2 | -2 | 1 | 3.04 | 2.98 |
| **Large enterprises** | | | | | | | | | | | | |
| **A) Overall terms and conditions[1]** | | | | | | | | | | | | |
| Overall terms and conditions | 0 | 9 | 87 | 4 | 0 | 0 | 11 | 5 | 4 | 2 | 2.91 | 2.95 |
| **B) Margins** | | | | | | | | | | | | |
| Your bank's margin on average loans[2] | 0 | 7 | 88 | 5 | 0 | 0 | 8 | 3 | 4 | 2 | 2.93 | 2.97 |
| Your bank's margin on riskier loans | 1 | 10 | 86 | 4 | 0 | 0 | 16 | 7 | 9 | 4 | 2.82 | 2.92 |
| **C) Other conditions and terms** | | | | | | | | | | | | |
| Non-interest rate charges[3] | 0 | 2 | 96 | 2 | 0 | 0 | 6 | 0 | 3 | 0 | 2.94 | 3.00 |
| Size of the loan or credit line | 0 | 11 | 88 | 1 | 0 | 0 | -2 | 9 | -2 | 5 | 3.05 | 2.91 |
| Collateral[4] requirements | 0 | 16 | 84 | 0 | 0 | 0 | 7 | 15 | 4 | 8 | 2.93 | 2.84 |
| Loan covenants[5] | 0 | 7 | 92 | 0 | 0 | 1 | 6 | 6 | 3 | 3 | 2.94 | 2.94 |
| Maturity | 0 | 5 | 93 | 2 | 0 | 0 | 4 | 2 | 2 | 1 | 2.96 | 2.98 |

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

Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "++" (contributed considerably to easing). "°" means "contributed to keeping credit terms and conditions basically unchanged". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

## Question 4

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

(in percentages, unless otherwise stated)

| | -- | - | ° | + | ++ | NA[2] | NetP Jul 20 | NetP Oct 20 | DI Jul 20 | DI Oct 20 | Mean Jul 20 | Mean Oct 20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Overall impact on your bank's credit terms and conditions** | | | | | | | | | | | | |
| **A) Cost of funds and balance sheet constraints** | | | | | | | | | | | | |
| Cost of funds and balance sheet constraints | 0 | 1 | 91 | 7 | 0 | 0 | 7 | -6 | 4 | -3 | 3 | 3.06 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Pressure from competition | 0 | 1 | 88 | 10 | 0 | 1 | 0 | -9 | 1 | -5 | 3 | 3.09 |
| **C) Perception of risk** | | | | | | | | | | | | |
| Perception of risk | 0 | 32 | 66 | 1 | 0 | 0 | 45 | 32 | 26 | 16 | 2 | 2.68 |
| **D) Your bank's risk tolerance** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 7 | 92 | 0 | 0 | 0 | 11 | 8 | 6 | 4 | 3 | 2.92 |
| **Impact on your bank's margins on average loans** | | | | | | | | | | | | |
| **A) Cost of funds and balance sheet constraints** | | | | | | | | | | | | |
| Cost of funds and balance sheet constraints | 0 | 1 | 94 | 5 | 0 | 0 | 7 | -3 | 4 | -1 | 3 | 3.02 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Pressure from competition | 0 | 1 | 87 | 11 | 0 | 1 | -2 | -10 | 0 | -5 | 3 | 3.10 |
| **C) Perception of risk** | | | | | | | | | | | | |
| Perception of risk | 0 | 27 | 72 | 1 | 0 | 0 | 37 | 26 | 23 | 13 | 3 | 2.73 |
| **D) Your bank's risk tolerance** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 6 | 94 | 0 | 0 | 0 | 8 | 6 | 4 | 3 | 3 | 2.93 |
| **Impact on your bank's margins on riskier loans** | | | | | | | | | | | | |
| **A) Cost of funds and balance sheet constraints** | | | | | | | | | | | | |
| Cost of funds and balance sheet constraints | 0 | 1 | 95 | 2 | 0 | 1 | 13 | 0 | 7 | 0 | 3 | 3.00 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Pressure from competition | 0 | 1 | 90 | 7 | 0 | 2 | -3 | -6 | -1 | -3 | 3 | 3.06 |
| **C) Perception of risk** | | | | | | | | | | | | |
| Perception of risk | 1 | 33 | 64 | 1 | 0 | 1 | 38 | 33 | 23 | 17 | 3 | 2.66 |
| **D) Your bank's risk tolerance** | | | | | | | | | | | | |
| Your bank's risk tolerance | 3 | 5 | 91 | 0 | 0 | 1 | 14 | 8 | 8 | 5 | 3 | 2.89 |

1) The factors refer to the same sub-factors as in question 2.
2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "++" (contributed considerably to easing). "°" means "contributed to keeping credit terms and conditions basically unchanged". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

## Question 5

Over the past three months (apart from normal seasonal fluctuations), has the share of enterprise loan applications[1] that were completely rejected[2] by your bank increased, remained unchanged or decreased (loan volume, relative to the total volume of loan applications in that loan category)?

(in percentages, unless otherwise stated)

| | Share of rejected applications | |
|---|---|---|
| | Jul 20 | Oct 20 |
| Decreased considerably | 12 | 0 |
| Decreased somewhat | 15 | 7 |
| Remained basically unchanged | 57 | 81 |
| Increased somewhat | 14 | 11 |
| Increased considerably | 1 | 0 |
| NA[3] | 1 | 1 |
| Total | 100 | 100 |
| **Net percentage** | **-12** | **3** |
| Diffusion index | -12 | 2 |
| Mean | 2.76 | 3.03 |
| Number of banks responding | 135 | 134 |

1) See Glossary for Loan application.
2) See Glossary for Loan rejection.
3) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage is defined as the difference between the sum of banks responding "increased considerably" and "increased somewhat", and the sum of banks responding "decreased somewhat" and "decreased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

## Question 6

Over the past three months (apart from normal seasonal fluctuations), how has the demand for loans[1] or credit lines[2] to enterprises changed at your bank? Please refer to the financing need of enterprises independent of whether this need will result in a loan or not.

(in percentages, unless otherwise stated)

| | Overall | | Loans to small and medium-sized enterprises | | Loans to large enterprises | | Short-term loans | | Long-term loans | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 |
| Decreased considerably | 5 | 2 | 7 | 6 | 14 | 2 | 5 | 10 | 17 | 4 |
| Decreased somewhat | 7 | 35 | 6 | 31 | 8 | 27 | 8 | 24 | 17 | 29 |
| Remained basically unchanged | 15 | 29 | 12 | 28 | 8 | 44 | 14 | 42 | 22 | 34 |
| Increased somewhat | 27 | 32 | 30 | 28 | 41 | 25 | 35 | 22 | 22 | 30 |
| Increased considerably | 46 | 2 | 44 | 5 | 29 | 1 | 38 | 2 | 23 | 2 |
| NA[3] | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| **Net percentage** | **62** | **-4** | **61** | **-4** | **47** | **-3** | **60** | **-10** | **11** | **-1** |
| Diffusion index | 52 | -2 | 49 | -2 | 31 | -2 | 46 | -9 | 9 | -1 |
| Mean | 4.04 | 2.95 | 4.01 | 2.94 | 3.62 | 2.96 | 3.94 | 2.82 | 3.17 | 2.97 |
| Number of banks responding | 135 | 134 | 132 | 131 | 129 | 128 | 135 | 134 | 135 | 134 |

1) See Glossary for Demand for loans.
2) See Glossary for Credit line.
3) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage is defined as the difference between the sum of banks responding “increased considerably” and “increased somewhat” , and the sum of banks responding “decreased somewhat” and “decreased considerably”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

## Question 7

Over the past three months, how have the following factors affected the overall demand for loans or credit lines to enterprises?

(in percentages, unless otherwise stated)

| | -- | - | ° | + | ++ | NA[2] | NetP | | DI | | Mean | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 |
| **A) Financing needs/underlying drivers or purpose of loan demand** | | | | | | | | | | | | |
| Fixed investment | 5 | 28 | 60 | 7 | 0 | 0 | -46 | -26 | -30 | -15 | 2.40 | 2.69 |
| Inventories and working capital | 11 | 12 | 43 | 30 | 4 | 1 | 71 | 10 | 57 | 2 | 4.14 | 3.04 |
| Mergers/acquisitions and corporate restructuring | 1 | 21 | 74 | 1 | 0 | 2 | -33 | -21 | -18 | -11 | 2.63 | 2.78 |
| General level of interest rates | 0 | 0 | 98 | 2 | 0 | 0 | -9 | 2 | -5 | 1 | 2.91 | 3.02 |
| Debt refinancing/restructuring and renegotiation[1] | 0 | 3 | 73 | 21 | 3 | 0 | 47 | 21 | 32 | 12 | 3.64 | 3.24 |
| **B) Use of alternative finance** | | | | | | | | | | | | |
| Internal financing | 0 | 1 | 91 | 8 | 0 | 0 | 9 | 6 | 6 | 3 | 3.13 | 3.06 |
| Loans from other banks | 0 | 4 | 93 | 4 | 0 | 0 | 0 | 0 | 1 | 0 | 3.01 | 3.00 |
| Loans from non-banks | 0 | 0 | 98 | 2 | 0 | 0 | -4 | 2 | -2 | 1 | 2.96 | 3.02 |
| Issuance/redemption of debt securities | 0 | 3 | 92 | 0 | 0 | 5 | 4 | -3 | 2 | -2 | 3.03 | 2.97 |
| Issuance/redemption of equity | 0 | 0 | 93 | 0 | 0 | 6 | -5 | 0 | -3 | 0 | 2.94 | 3.00 |

1) See Glossary for Debt refinancing/restructuring and renegotiation.
2) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding “++” (contributed considerably to higher demand) and “+” (contributed somewhat to higher demand), and the sum of banks responding “-” (contributed somewhat to lower demand) and “--” (contributed considerably to lower demand). “°” means “contributed to keeping demand basically unchanged”. The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

## Question 8

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

(in percentages, unless otherwise stated)

| | Overall | | Loans to small and medium-sized enterprises | | Loans to large enterprises | | Short-term loans | | Long-term loans | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 |
| Tighten considerably | 1 | 1 | 2 | 1 | 0 | 0 | 1 | 0 | 3 | 1 |
| Tighten somewhat | 25 | 19 | 25 | 20 | 20 | 18 | 20 | 19 | 19 | 19 |
| Remain basically unchanged | 69 | 78 | 68 | 76 | 77 | 81 | 76 | 78 | 74 | 78 |
| Ease somewhat | 4 | 2 | 4 | 1 | 3 | 1 | 2 | 2 | 4 | 2 |
| Ease considerably | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NA[1] | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| **Net percentage** | **23** | **19** | **23** | **20** | **17** | **17** | **19** | **18** | **18** | **19** |
| Diffusion index | 12 | 10 | 12 | 11 | 9 | 9 | 10 | 9 | 10 | 10 |
| Mean | 2.76 | 2.81 | 2.75 | 2.78 | 2.82 | 2.83 | 2.80 | 2.82 | 2.79 | 2.81 |
| Number of banks responding | 135 | 134 | 132 | 131 | 129 | 128 | 135 | 134 | 135 | 134 |

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

Notes: The net percentage is defined as the difference between the sum of the percentages for "tighten considerably" and "tighten somewhat", and the sum of the percentages for "ease somewhat" and "ease considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

## Question 9

Please indicate how you expect demand for loans or credit lines to enterprises to change at your bank over the next three months (apart from normal seasonal fluctuations)? Please refer to the financing need of enterprises independent of whether this need will result in a loan or not.

(in percentages, unless otherwise stated)

| | Overall | | Loans to small and medium-sized enterprises | | Loans to large enterprises | | Short-term loans | | Long-term loans | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 |
| Decrease considerably | 3 | 2 | 1 | 0 | 3 | 2 | 1 | 0 | 4 | 2 |
| Decrease somewhat | 23 | 12 | 19 | 16 | 24 | 16 | 22 | 16 | 26 | 18 |
| Remain basically unchanged | 37 | 56 | 35 | 48 | 40 | 55 | 33 | 53 | 41 | 52 |
| Increase somewhat | 32 | 28 | 37 | 31 | 31 | 25 | 37 | 28 | 26 | 26 |
| Increase considerably | 5 | 3 | 6 | 3 | 2 | 3 | 7 | 3 | 3 | 2 |
| NA[1] | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| **Net percentage** | **11** | **17** | **23** | **17** | **6** | **9** | **22** | **14** | **-1** | **8** |
| Diffusion index | 7 | 9 | 14 | 10 | 3 | 5 | 14 | 8 | -1 | 4 |
| Mean | 3.13 | 3.18 | 3.28 | 3.19 | 3.06 | 3.10 | 3.27 | 3.17 | 2.98 | 3.08 |
| Number of banks responding | 135 | 134 | 132 | 131 | 129 | 128 | 135 | 134 | 135 | 134 |

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

Notes: The net percentage is defined as the difference between the sum of the percentages for “increase considerably” and “increase somewhat”, and the sum of the percentages for “decrease somewhat” and “decrease considerably”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

# Loans to households

## Question 10

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

(in percentages, unless otherwise stated)

| | Loans for house purchase | | Consumer credit and other lending[4] | |
|---|---|---|---|---|
| | Jul 20 | Oct 20 | Jul 20 | Oct 20 |
| Tightened considerably | 2 | 0 | 3 | 0 |
| Tightened somewhat | 22 | 20 | 26 | 11 |
| Remained basically unchanged | 74 | 79 | 67 | 88 |
| Eased somewhat | 2 | 0 | 3 | 1 |
| Eased considerably | 0 | 0 | 0 | 0 |
| NA[5] | 0 | 0 | 0 | 0 |
| Total | 100 | 100 | 100 | 100 |
| **Net percentage** | **22** | **20** | **26** | **9** |
| Diffusion index | 12 | 10 | 14 | 4 |
| Mean | 2.76 | 2.80 | 2.71 | 2.91 |
| Number of banks responding | 130 | 129 | 135 | 134 |

1) See Glossary for Credit standards.
2) See Glossary for Loans.
3) See Glossary for Households.
4) See Glossary for Consumer credit and other lending.
5) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage is defined as the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat", and the sum of the percentages for "eased somewhat" and "eased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

## Question 11

Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of loans to households for house purchase?

(in percentages, unless otherwise stated)

| | -- | - | ° | + | ++ | NA[6] | NetP | | DI | | Mean | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 |
| **A) Cost of funds and balance sheet constraints[1]** | | | | | | | | | | | | |
| Cost of funds and balance sheet constraints | 1 | 0 | 98 | 0 | 0 | 1 | 2 | 0 | 1 | 1 | 2.98 | 2.99 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Competition from other banks | 0 | 0 | 99 | 0 | 0 | 1 | 1 | 0 | 1 | 0 | 2.99 | 3.00 |
| Competition from non-banks[2] | 0 | 0 | 99 | 0 | 0 | 1 | 3 | 0 | 1 | 0 | 2.97 | 3.00 |
| **C) Perception of risk[3]** | | | | | | | | | | | | |
| General economic situation and outlook | 0 | 19 | 80 | 1 | 0 | 0 | 30 | 18 | 16 | 9 | 2.68 | 2.81 |
| Housing market prospects, including expected house price developments[4] | 0 | 4 | 96 | 0 | 0 | 0 | 13 | 3 | 7 | 2 | 2.87 | 2.97 |
| Borrower's creditworthiness[5] | 0 | 4 | 96 | 0 | 0 | 0 | 20 | 4 | 11 | 2 | 2.79 | 2.96 |
| **D) Your bank's risk tolerance[3]** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 5 | 95 | 0 | 0 | 0 | 6 | 5 | 3 | 2 | 2.94 | 2.95 |

1) See Glossary for Cost of funds and balance sheet constraints.
2) See Glossary for Non-banks.
3) See Glossary for Perception of risk and risk tolerance.
4) See Glossary for Housing market prospects, including expected house price developments.
5) Risks related to non-performing loans may be reflected not only in the "borrower's creditworthiness", but also in the bank's "cost of funds and balance sheet constraints".
6) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "++" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

## Question 12

Over the past three months, how have your bank's terms and conditions[1] for new loans to households for house purchase changed?

(in percentages, unless otherwise stated)

| | -- | - | ° | + | ++ | NA[6] | NetP Jul 20 | NetP Oct 20 | DI Jul 20 | DI Oct 20 | Mean Jul 20 | Mean Oct 20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A) Overall terms and conditions** | | | | | | | | | | | | |
| Overall terms and conditions | 0 | 10 | 89 | 1 | 0 | 0 | 13 | 9 | 7 | 5 | 2.87 | 2.91 |
| **B) Margins** | | | | | | | | | | | | |
| Your bank's loan margin on average loans[2] | 0 | 3 | 93 | 4 | 0 | 0 | 2 | -2 | 1 | -1 | 2.98 | 3.02 |
| Your bank's loan margin on riskier loans | 0 | 7 | 91 | 1 | 0 | 1 | 11 | 5 | 6 | 3 | 2.89 | 2.94 |
| **C) Other terms and conditions** | | | | | | | | | | | | |
| Collateral[3] requirements | 0 | 5 | 95 | 0 | 0 | 0 | 3 | 5 | 1 | 2 | 2.97 | 2.95 |
| "Loan-to-value" ratio[4] | 0 | 7 | 92 | 0 | 0 | 0 | 11 | 7 | 5 | 3 | 2.89 | 2.93 |
| Other loan size limits | 0 | 2 | 98 | 0 | 0 | 0 | 4 | 2 | 2 | 1 | 2.96 | 2.98 |
| Maturity | 0 | 2 | 97 | 1 | 0 | 0 | 0 | 1 | 0 | 1 | 3.00 | 2.99 |
| Non-interest rate charges[5] | 0 | 0 | 100 | 0 | 0 | 0 | 2 | 0 | 1 | 0 | 2.98 | 3.00 |

1) See Glossary for Credit terms and conditions.
2) See Glossary for Loan margin/spread over a relevant market reference rate.
3) See Glossary for Collateral.
4) See Glossary for Loan-to-value ratio.
5) See Glossary for Non-interest rate charges.
6) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "--" (tightened considerably) and "-" (tightened somewhat), and the sum of banks responding "+" (eased somewhat) and "++" (eased considerably). "°" means "remained basically unchanged". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

## Question 13

### Over the past three months, how have the following factors[1] affected your bank's credit terms and conditions as applied to new loans to households for house purchase?

(in percentages, unless otherwise stated)

| | -- | - | ° | + | ++ | NA[2] | NetP Jul 20 | NetP Oct 20 | DI Jul 20 | DI Oct 20 | Mean Jul 20 | Mean Oct 20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Overall impact on your bank's credit terms and conditions** | | | | | | | | | | | | |
| **A) Cost of funds and balance sheet constraints** | | | | | | | | | | | | |
| Cost of funds and balance sheet constraints | 0 | 1 | 96 | 3 | 0 | 0 | 2 | -2 | 1 | -1 | 2.98 | 3.02 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Pressure from competition | 0 | 2 | 93 | 4 | 0 | 1 | -6 | -2 | -3 | -1 | 3.06 | 3.02 |
| **C) Perception of risk** | | | | | | | | | | | | |
| Perception of risk | 0 | 19 | 81 | 0 | 0 | 0 | 22 | 18 | 11 | 9 | 2.78 | 2.82 |
| **D) Your bank's risk tolerance** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 5 | 95 | 0 | 0 | 0 | 11 | 5 | 5 | 2 | 2.89 | 2.96 |
| **Impact on your bank's margins on average loans** | | | | | | | | | | | | |
| **A) Cost of funds and balance sheet constraints** | | | | | | | | | | | | |
| Cost of funds and balance sheet constraints | 0 | 0 | 99 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3.00 | 3.00 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Pressure from competition | 0 | 2 | 93 | 4 | 0 | 1 | -12 | -2 | -6 | -1 | 3.12 | 3.02 |
| **C) Perception of risk** | | | | | | | | | | | | |
| Perception of risk | 0 | 11 | 89 | 0 | 0 | 0 | 12 | 11 | 6 | 5 | 2.88 | 2.89 |
| **D) Your bank's risk tolerance** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 3 | 97 | 0 | 0 | 0 | 5 | 3 | 2 | 1 | 2.95 | 2.97 |
| **Impact on your bank's margins on riskier loans** | | | | | | | | | | | | |
| **A) Cost of funds and balance sheet constraints** | | | | | | | | | | | | |
| Cost of funds and balance sheet constraints | 0 | 3 | 96 | 0 | 0 | 1 | 4 | 3 | 2 | 1 | 2.96 | 2.97 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Pressure from competition | 0 | 3 | 94 | 1 | 0 | 2 | -1 | 2 | -1 | 1 | 3.01 | 2.98 |
| **C) Perception of risk** | | | | | | | | | | | | |
| Perception of risk | 0 | 10 | 88 | 0 | 0 | 1 | 16 | 10 | 8 | 5 | 2.84 | 2.89 |
| **D) Your bank's risk tolerance** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 6 | 92 | 0 | 0 | 1 | 6 | 7 | 3 | 4 | 2.93 | 2.93 |

1) The factors refer to the same sub-factors as in question 11.
2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "++" (contributed considerably to easing). "°" means "contributed to keeping credit terms and conditions basically unchanged". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

## Question 14

Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households?

(in percentages, unless otherwise stated)

| | -- | - | ° | + | ++ | NA[2] | NetP | | DI | | Mean | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 |
| **A) Cost of funds and balance sheet constraints** | | | | | | | | | | | | |
| Cost of funds and balance sheet constraints | 0 | 0 | 99 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 2.99 | 3.00 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Competition from other banks | 0 | 0 | 98 | 1 | 0 | 1 | 0 | -1 | 0 | 0 | 3.00 | 3.01 |
| Competition from non-banks | 0 | 0 | 99 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 3.00 | 3.00 |
| **C) Perception of risk** | | | | | | | | | | | | |
| General economic situation and outlook | 0 | 17 | 82 | 1 | 0 | 0 | 40 | 16 | 20 | 8 | 2.59 | 2.84 |
| Creditworthiness of consumers[1] | 0 | 13 | 86 | 1 | 0 | 0 | 29 | 12 | 15 | 6 | 2.69 | 2.88 |
| Risk on the collateral demanded | 0 | 5 | 89 | 0 | 0 | 6 | 7 | 4 | 4 | 2 | 2.89 | 2.92 |
| **D) Your bank's risk tolerance** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 7 | 93 | 0 | 0 | 0 | 12 | 7 | 6 | 3 | 2.88 | 2.93 |

1) Risks related to non-performing loans may be reflected not only in the "creditworthiness of consumers", but also in the bank's "cost of funds and balance sheet constraints".
2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "++" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

## Question 15

Over the past three months, how have your bank's terms and conditions for new consumer credit and other lending to households changed?

(in percentages, unless otherwise stated)

| | -- | - | ° | + | ++ | NA[1] | NetP | | DI | | Mean | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 |
| **A) Overall terms and conditions** | | | | | | | | | | | | |
| Overall terms and conditions | 0 | 3 | 95 | 2 | 0 | 0 | 8 | 1 | 4 | 0 | 2.91 | 2.99 |
| **B) Margins** | | | | | | | | | | | | |
| Your bank's loan margin on average loans | 1 | 3 | 93 | 4 | 0 | 0 | -1 | -1 | -1 | 0 | 3.01 | 3.00 |
| Your bank's loan margin on riskier loans | 1 | 3 | 95 | 1 | 0 | 0 | 4 | 2 | 2 | 1 | 2.96 | 2.97 |
| **C) Other terms and conditions** | | | | | | | | | | | | |
| Collateral requirements | 0 | 4 | 90 | 0 | 0 | 6 | 4 | 3 | 3 | 2 | 2.95 | 2.97 |
| Size of the loan | 0 | 2 | 98 | 0 | 0 | 0 | 8 | 2 | 5 | 1 | 2.90 | 2.98 |
| Maturity | 0 | 0 | 99 | 1 | 0 | 0 | 5 | -1 | 2 | 0 | 2.95 | 3.01 |
| Non-interest rate charges | 0 | 1 | 99 | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 3.00 | 2.99 |

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

Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "--" (tightened considerably) and "-" (tightened somewhat), and the sum of banks responding "+" (eased somewhat) and "++" (eased considerably). "°" means "remained basically unchanged". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

## Question 16

Over the past three months, how have the following factors[1] affected your bank's credit terms and conditions as applied to new consumer credit and other lending to households?

(in percentages, unless otherwise stated)

| | -- | - | ° | + | ++ | NA[2] | NetP Jul 20 | NetP Oct 20 | DI Jul 20 | DI Oct 20 | Mean Jul 20 | Mean Oct 20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Overall impact on your bank's credit terms and conditions** | | | | | | | | | | | | |
| **A) Cost of funds and balance sheet constraints** | | | | | | | | | | | | |
| Cost of funds and balance sheet constraints | 0 | 1 | 98 | 1 | 0 | 0 | -1 | 0 | -1 | 0 | 3.01 | 3.00 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Pressure from competition | 0 | 0 | 97 | 2 | 0 | 1 | -2 | -2 | -1 | -1 | 3.02 | 3.02 |
| **C) Perception of risk** | | | | | | | | | | | | |
| Perception of risk | 0 | 7 | 92 | 1 | 0 | 0 | 20 | 6 | 11 | 3 | 2.78 | 2.95 |
| **D) Your bank's risk tolerance** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 2 | 98 | 0 | 0 | 0 | 10 | 2 | 5 | 1 | 2.90 | 2.98 |
| **Impact on your bank's margins on average loans** | | | | | | | | | | | | |
| **A) Cost of funds and balance sheet constraints** | | | | | | | | | | | | |
| Cost of funds and balance sheet constraints | 0 | 0 | 98 | 2 | 0 | 0 | 0 | -1 | 0 | -1 | 3.00 | 3.01 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Pressure from competition | 0 | 0 | 97 | 2 | 0 | 1 | -1 | -2 | -1 | -1 | 3.01 | 3.02 |
| **C) Perception of risk** | | | | | | | | | | | | |
| Perception of risk | 0 | 3 | 97 | 0 | 0 | 0 | 7 | 3 | 4 | 1 | 2.92 | 2.97 |
| **D) Your bank's risk tolerance** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 1 | 99 | 0 | 0 | 0 | 4 | 1 | 2 | 0 | 2.96 | 2.99 |
| **Impact on your bank's margins on riskier loans** | | | | | | | | | | | | |
| **A) Cost of funds and balance sheet constraints** | | | | | | | | | | | | |
| Cost of funds and balance sheet constraints | 0 | 1 | 97 | 1 | 0 | 1 | 2 | 0 | 1 | 0 | 2.98 | 3.00 |
| **B) Pressure from competition** | | | | | | | | | | | | |
| Pressure from competition | 0 | 0 | 97 | 1 | 0 | 2 | 0 | -1 | 0 | 0 | 3.00 | 3.01 |
| **C) Perception of risk** | | | | | | | | | | | | |
| Perception of risk | 0 | 5 | 94 | 0 | 0 | 1 | 12 | 5 | 6 | 2 | 2.87 | 2.95 |
| **D) Your bank's risk tolerance** | | | | | | | | | | | | |
| Your bank's risk tolerance | 0 | 1 | 98 | 0 | 0 | 1 | 7 | 1 | 4 | 0 | 2.93 | 2.99 |

1) The factors refer to the same sub-factors as in question 14.
2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "++" (contributed considerably to easing). "°" means "contributed to keeping credit terms and conditions basically unchanged". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

## Question 17

Over the past three months (apart from normal seasonal fluctuations), has the share of household loan applications[1] that were completely rejected[2] by your bank increased, remained unchanged or decreased (loan volume, relative to the total volume of loan applications in that loan category)?

(in percentages, unless otherwise stated)

| | Loans for house purchase | | Consumer credit and other lending | |
|---|---|---|---|---|
| | Jul 20 | Oct 20 | Jul 20 | Oct 20 |
| Decreased considerably | 0 | 0 | 0 | 0 |
| Decreased somewhat | 4 | 3 | 2 | 1 |
| Remained basically unchanged | 87 | 84 | 78 | 80 |
| Increased somewhat | 8 | 11 | 17 | 18 |
| Increased considerably | 0 | 0 | 1 | 0 |
| NA[3] | 1 | 1 | 1 | 1 |
| Total | 100 | 100 | 100 | 100 |
| **Net percentage** | **4** | **8** | **15** | **16** |
| Diffusion index | 2 | 4 | 8 | 8 |
| Mean | 3.04 | 3.09 | 3.17 | 3.16 |
| Number of banks responding | 130 | 129 | 135 | 134 |

1) See Glossary for Loan application.
2) See Glossary for Loan rejection.
3) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes:The net percentage is defined as the difference between the sum of banks responding "increased considerably" and "increased somewhat", and the sum of banks responding "decreased somewhat" and "decreased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

## Question 18

Over the past three months (apart from normal seasonal fluctuations), how has the demand for loans[1] to households changed at your bank? Please refer to the financing need of households independent of whether this need will result in a loan or not.

(in percentages, unless otherwise stated)

| | Loans for house purchase | | Consumer credit and other lending | |
|---|---|---|---|---|
| | **Jul 20** | **Oct 20** | **Jul 20** | **Oct 20** |
| Decreased considerably | 26 | 0 | 43 | 2 |
| Decreased somewhat | 45 | 13 | 38 | 21 |
| Remained basically unchanged | 19 | 43 | 14 | 52 |
| Increased somewhat | 10 | 40 | 4 | 22 |
| Increased considerably | 0 | 3 | 1 | 3 |
| NA[2] | 0 | 0 | 0 | 0 |
| Total | 100 | 100 | 100 | 100 |
| **Net percentage** | **-61** | **31** | **-76** | **3** |
| Diffusion index | -43 | 17 | -59 | 2 |
| Mean | 2.13 | 3.34 | 1.83 | 3.04 |
| Number of banks responding | 130 | 129 | 135 | 134 |

1) See Glossary for Demand for loans.
2) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage is defined as the difference between the sum of banks responding “increased considerably” and “increased somewhat”, and the sum of banks responding “decreased somewhat” and “decreased considerably”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

## Question 19

Over the past three months, how have the following factors affected the demand for loans to households for house purchase?

(in percentages, unless otherwise stated)

| | -- | - | ° | + | ++ | NA[4] | NetP Jul 20 | NetP Oct 20 | DI Jul 20 | DI Oct 20 | Mean Jul 20 | Mean Oct 20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A) Financing needs/underlying drivers or purpose of loan demand** | | | | | | | | | | | | |
| Housing market prospects, including expected house price developments | 0 | 7 | 81 | 12 | 0 | 0 | -15 | 5 | -7 | 3 | 2.85 | 3.05 |
| Consumer confidence[1] | 0 | 15 | 78 | 7 | 0 | 0 | -60 | -9 | -38 | -4 | 2.24 | 2.91 |
| General level of interest rates | 0 | 0 | 80 | 17 | 3 | 0 | 6 | 20 | 3 | 12 | 3.06 | 3.24 |
| Debt refinancing/restructuring and renegotiation[2] | 0 | 2 | 95 | 3 | 0 | 0 | 8 | 1 | 5 | 1 | 3.09 | 3.02 |
| Regulatory and fiscal regime of housing markets | 0 | 0 | 100 | 0 | 0 | 0 | -1 | 0 | -1 | 0 | 2.99 | 3.00 |
| **B) Use of alternative sources for housing finance** | | | | | | | | | | | | |
| Internal finance of house purchase out of savings/down payment[3] | 0 | 2 | 98 | 0 | 0 | 0 | -3 | -2 | -2 | -1 | 2.97 | 2.98 |
| Loans from other banks | 0 | 3 | 97 | 0 | 0 | 0 | -3 | -3 | -2 | -1 | 2.96 | 2.97 |
| Other sources of external finance | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3.00 | 3.00 |

1) See Glossary for Consumer confidence.
2) See Glossary for Debt refinancing/restructuring and renegotiation.
3) See Glossary for Down payment.
4) “NA” (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding “++” (contributed considerably to higher demand) and “+” (contributed somewhat to higher demand), and the sum of banks responding “-” (contributed somewhat to lower demand) and “--” (contributed considerably to lower demand). “°” means “contributed to keeping demand basically unchanged”. The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options.

## Question 20

Over the past three months, how have the following factors affected the demand for consumer credit and other lending to households?

(in percentages, unless otherwise stated)

| | -- | - | ° | + | ++ | NA[2] | NetP | | DI | | Mean | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Jul 20 | Oct 20 | Jul 20 | Oct 20 | Jul 20 | Oct 20 |
| **A) Financing needs/underlying drivers or purpose of loan demand** | | | | | | | | | | | | |
| Spending on durable consumer goods | 0 | 16 | 65 | 18 | 0 | 1 | -65 | 1 | -51 | 1 | 1.98 | 3.01 |
| Consumer confidence | 0 | 21 | 71 | 7 | 0 | 1 | -70 | -14 | -49 | -7 | 2.01 | 2.85 |
| General level of interest rates | 0 | 1 | 94 | 4 | 0 | 1 | -1 | 3 | -1 | 2 | 2.99 | 3.03 |
| Consumption expenditure financed through real-estate guaranteed loans[1] | 0 | 4 | 83 | 0 | 0 | 13 | -10 | -4 | -5 | -2 | 2.85 | 2.92 |
| **B) Use of alternative finance** | | | | | | | | | | | | |
| Internal finance out of savings | 0 | 4 | 88 | 7 | 0 | 1 | -1 | 2 | -1 | 1 | 2.99 | 3.02 |
| Loans from other banks | 0 | 1 | 98 | 0 | 0 | 1 | -1 | -1 | -1 | 0 | 2.99 | 2.99 |
| Other sources of external finance | 0 | 1 | 97 | 0 | 0 | 2 | -1 | -1 | 0 | 0 | 2.99 | 2.99 |

1) Consumption expenditure financed through real-estate guaranteed loans
2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
Notes: The net percentage (NetP) is defined as the difference between the sum of banks responding "++" (contributed considerably to higher demand) and "+" (contributed somewhat to higher demand), and the sum of banks responding "-" (contributed somewhat to lower demand) and "--" (contributed considerably to lower demand). "°" means "contributed to keeping demand basically unchanged". The diffusion index (DI) is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options.

## Question 21

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

(in percentages, unless otherwise stated)

| | Loans for house purchase | | Consumer credit and other lending | |
|---|---|---|---|---|
| | Jul 20 | Oct 20 | Jul 20 | Oct 20 |
| Tighten considerably | 0 | 0 | 0 | 1 |
| Tighten somewhat | 22 | 14 | 14 | 5 |
| Remain basically unchanged | 76 | 83 | 84 | 86 |
| Ease somewhat | 1 | 2 | 2 | 8 |
| Ease considerably | 0 | 0 | 0 | 0 |
| NA[1] | 0 | 0 | 0 | 0 |
| Total | 100 | 100 | 100 | 100 |
| **Net percentage** | **21** | **12** | **11** | **-2** |
| Diffusion index | 11 | 6 | 6 | 0 |
| Mean | 2.79 | 2.88 | 2.89 | 3.01 |
| Number of banks responding | 130 | 129 | 135 | 134 |

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

Notes: The net percentage is defined as the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat", and the sum of the percentages for "eased somewhat" and "eased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

## Question 22

Please indicate how you expect demand for loans to households to change over the next three months at your bank (apart from normal seasonal fluctuations). Please refer to the financing need of households independent of whether this need will result in a loan or not.

(in percentages, unless otherwise stated)

| | Loans for house purchase | | Consumer credit and other lending | |
|---|---|---|---|---|
| | Jul 20 | Oct 20 | Jul 20 | Oct 20 |
| Decrease considerably | 5 | 1 | 2 | 0 |
| Decrease somewhat | 20 | 13 | 16 | 12 |
| Remain basically unchanged | 45 | 77 | 34 | 74 |
| Increase somewhat | 28 | 9 | 44 | 14 |
| Increase considerably | 2 | 0 | 4 | 0 |
| NA[1] | 0 | 0 | 0 | 0 |
| Total | 100 | 100 | 100 | 100 |
| **Net percentage** | **6** | **-5** | **30** | **3** |
| Diffusion index | 2 | -3 | 16 | 1 |
| Mean | 3 | 3 | 3 | 3.03 |
| Number of banks responding | 130 | 129 | 135 | 134 |

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

Notes: The net percentage is defined as the difference between the sum of the percentages for “increase considerably” and “increase somewhat”, and the sum of the percentages for “decrease somewhat” and “decrease considerably”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5). The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options. The number of banks responding refers to all participating banks which have business in or exposure to the respective lending category.

# Annex 2
# Results for ad hoc questions

### Question 111

As a result of the situation in financial markets[1], has your market access changed when tapping your usual sources of wholesale and retail funding and/or has your ability to transfer risk changed over the past three months, or are you expecting this access/activity to change over the next three months?

(in percentages, unless otherwise stated)

| | Over the past three months | | | | | | | | | Over the next three months | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | -- | - | ° | + | + + | NA[2] | NetP | Mean | Std. dev. | -- | - | ° | + | + + | NA[2] | NetP | Mean | Std. dev. |
| **A) Retail funding** | | | | | | | | | | | | | | | | | | |
| Short-term deposits (up to one year) | 0 | 1 | 65 | 25 | 6 | 2 | -31 | 3.37 | 0.66 | 0 | 1 | 89 | 6 | 2 | 2 | -7 | 3.09 | 0.41 |
| Long-term (more than one year) deposits and other retail funding instruments | 0 | 2 | 80 | 13 | 3 | 2 | -14 | 3.17 | 0.54 | 0 | 1 | 86 | 6 | 5 | 2 | -10 | 3.15 | 0.54 |
| **B) Inter-bank unsecured money market** | | | | | | | | | | | | | | | | | | |
| Very short-term money market (up to 1 week) | 0 | 0 | 73 | 17 | 3 | 6 | -20 | 3.25 | 0.55 | 0 | 0 | 88 | 4 | 2 | 5 | -6 | 3.08 | 0.41 |
| Short-term money market (more than 1 week) | 1 | 13 | 59 | 18 | 4 | 5 | -9 | 3.13 | 0.76 | 0 | 7 | 80 | 5 | 2 | 5 | 1 | 3.01 | 0.52 |
| **C) Wholesale debt securities[3]** | | | | | | | | | | | | | | | | | | |
| Short-term debt securities (e.g. certificates of deposit or commercial paper) | 0 | 14 | 43 | 18 | 4 | 21 | -8 | 3.17 | 0.77 | 0 | 6 | 64 | 7 | 3 | 21 | -3 | 3.09 | 0.57 |
| Medium to long term debt securities (incl. covered bonds) | 0 | 10 | 44 | 36 | 3 | 7 | -29 | 3.34 | 0.76 | 0 | 4 | 78 | 10 | 1 | 7 | -6 | 3.08 | 0.48 |
| **D) Securitisation[4]** | | | | | | | | | | | | | | | | | | |
| Securitisation of corporate loans | 0 | 3 | 29 | 4 | 0 | 63 | -1 | 2.93 | 0.53 | 0 | 3 | 33 | 1 | 0 | 63 | 2 | 2.90 | 0.48 |
| Securitisation of loans for house purchase | 0 | 2 | 33 | 7 | 0 | 58 | -5 | 3.09 | 0.54 | 0 | 3 | 38 | 2 | 0 | 58 | 1 | 2.92 | 0.45 |
| **E) Ability to transfer credit risk off balance sheet[5]** | | | | | | | | | | | | | | | | | | |
| Ability to transfer credit risk off balance sheet | 0 | 7 | 40 | 7 | 0 | 46 | 0 | 2.99 | 0.56 | 0 | 4 | 46 | 3 | 0 | 46 | 1 | 2.97 | 0.49 |

1) Please also take into account any effect of state guarantees vis-à-vis debt securities and recapitalisation support.
2) "NA" (not applicable) includes banks for which the source of funding is not relevant.
3) Usually involves on-balance sheet funding.
4) Usually involves the sale of loans from banks' balance sheets, i.e. off-balance sheet funding
5) Usually involves the use of credit derivatives, with the loans remaining on banks' balance sheets.
Notes: The net percentage (NetP) is defined as the difference between the sum of the percentages of banks responding "--" (deteriorated considerably/will deteriorate considerably) and "-" (deteriorated somewhat/will deteriorate somewhat), and the sum of banks responding "+" (eased somewhat/will ease somewhat) and "++" (eased considerably/will ease considerably). "°" means "remained unchanged/will remain unchanged". The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. Std. dev. denotes standard deviation. Figures may not exactly add up due to rounding.

## Question 130

Over the past six months, have the ECB's asset purchase programmes (APP and PEPP)* led to a change in your bank's assets or affected (either directly or indirectly) your bank in any of the following areas? Are they likely to have an impact here over the next six months?

(in percentages, unless otherwise stated)

| | Over the past six months | | | | | | | | | Over the next six months | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | -- | - | ° | + | + + | NA[1] | NetP | Mean | Std. dev. | -- | - | ° | + | + + | NA[1] | NetP | Mean | Std. dev. |
| **A) Your bank's total assets** | | | | | | | | | | | | | | | | | | |
| Your bank's total assets (non-risk weighted volume) | 0 | 2 | 77 | 16 | 2 | 3 | 15 | 3.18 | 0.52 | 0 | 2 | 87 | 6 | 1 | 5 | 5 | 3.05 | 0.34 |
| of which: | | | | | | | | | | | | | | | | | | |
| euro area sovereign bond holdings | 0 | 10 | 73 | 8 | 2 | 7 | 1 | 3.03 | 0.55 | 0 | 9 | 81 | 3 | 1 | 6 | -5 | 2.96 | 0.42 |
| **B) Your bank's cost of funds and balance sheet situation** | | | | | | | | | | | | | | | | | | |
| Your bank's overall liquidity position | 0 | 0 | 63 | 32 | 3 | 2 | 35 | 3.39 | 0.60 | 0 | 0 | 85 | 11 | 0 | 3 | 11 | 3.12 | 0.36 |
| Your bank's overall market financing conditions | 0 | 1 | 57 | 39 | 1 | 2 | 39 | 3.41 | 0.58 | 0 | 0 | 81 | 16 | 0 | 3 | 16 | 3.16 | 0.39 |
| **D) Your bank's profitability** | | | | | | | | | | | | | | | | | | |
| Your bank's overall profitability | 0 | 29 | 60 | 10 | 0 | 2 | -18 | 2.81 | 0.63 | 0 | 24 | 70 | 3 | 0 | 3 | -21 | 2.79 | 0.51 |
| owing to: | | | | | | | | | | | | | | | | | | |
| net interest income[2] | 1 | 28 | 63 | 6 | 0 | 2 | -23 | 2.76 | 0.61 | 0 | 24 | 69 | 3 | 0 | 3 | -21 | 2.78 | 0.52 |
| capital gains/losses | 0 | 1 | 85 | 9 | 0 | 4 | 9 | 3.09 | 0.34 | 0 | 1 | 91 | 2 | 0 | 6 | 1 | 3.01 | 0.21 |
| **E) Your bank's capital position** | | | | | | | | | | | | | | | | | | |
| Your bank's capital ratio[3] | 0 | 4 | 78 | 13 | 0 | 5 | 9 | 3.10 | 0.44 | 0 | 4 | 81 | 11 | 0 | 4 | 7 | 3.08 | 0.42 |

*) Asset purchase programme (APP) and Pandemic Emergency Purchase Programme (PEPP).
1) "NA" (not applicable) includes banks which do not have any business in or exposure to this category.
2) The net interest income is defined as the difference between the interest earned and interest paid on the outstanding amount of interest-bearing assets and liabilities by the bank.
3) Defined in accordance with the regulatory requirements set out in the CRR/CRD IV, including both tier 1 capital and tier 2 capital.
Notes: The net percentage (NetP) is defined as the difference between the sum of the percentages of banks responding "--" (contributed/will contribute considerably to a decrease or deterioration) and "-" (contributed/will contribute somewhat to a decrease or deterioration), and the sum of banks responding "+" (contributed/will contribute somewhat to an increase or improvement) and "++" (contributed/will contribute considerably to an increase or improvement). "°" means "has had/will have basically no impact". The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. Std. dev. denotes standard deviation.

## Question 132

Over the past six months, how have the ECB's asset purchase programmes (APP and PEPP)* affected your bank's lending policy and lending volume? And what will be the impact on lending behaviour over the next six months?

(in percentages, unless otherwise stated)

| | Over the past six months | | | | | | | | | | Over the next six months | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | -- | - | ° | + | + + | NA[1] | NetP | Mean | Std. dev. | No of banks | -- | - | ° | + | + + | NA[1] | NetP | Mean | Std. dev. | No of banks |
| **A) Your bank's credit standards** | | | | | | | | | | | | | | | | | | | | |
| For loans to enterprises | 0 | 0 | 98 | 1 | 0 | 1 | -1 | 3.01 | 0.12 | 134 | 0 | 0 | 94 | 3 | 0 | 4 | -3 | 3.03 | 0.19 | 134 |
| For loans to households for house purchase | 0 | 0 | 99 | 0 | 0 | 1 | 0 | 3.00 | 0.09 | 129 | 0 | 0 | 97 | 1 | 0 | 2 | -1 | 3.01 | 0.11 | 129 |
| For consumer credit and other lending to households | 0 | 0 | 99 | 0 | 0 | 1 | 0 | 3.00 | 0.08 | 134 | 0 | 0 | 96 | 1 | 0 | 2 | 0 | 3.00 | 0.11 | 134 |
| **B) Your bank's terms and conditions** | | | | | | | | | | | | | | | | | | | | |
| For loans to enterprises | 0 | 1 | 86 | 12 | 0 | 1 | -10 | 3.11 | 0.37 | 134 | 0 | 1 | 87 | 8 | 0 | 4 | -7 | 3.08 | 0.33 | 134 |
| For loans to households for house purchase | 0 | 2 | 90 | 8 | 0 | 1 | -6 | 3.06 | 0.32 | 129 | 0 | 2 | 90 | 6 | 0 | 2 | -5 | 3.05 | 0.31 | 129 |
| For consumer credit and other lending to households | 0 | 2 | 91 | 7 | 0 | 1 | -5 | 3.05 | 0.30 | 134 | 0 | 2 | 89 | 7 | 0 | 2 | -5 | 3.05 | 0.32 | 134 |
| **C) Your bank's lending volume** | | | | | | | | | | | | | | | | | | | | |
| For loans to enterprises | 0 | 1 | 79 | 19 | 0 | 1 | 18 | 3.19 | 0.45 | 134 | 0 | 1 | 78 | 15 | 3 | 4 | 17 | 3.22 | 0.54 | 134 |
| For loans to households for house purchase | 0 | 1 | 90 | 8 | 0 | 1 | 7 | 3.08 | 0.32 | 129 | 0 | 1 | 89 | 8 | 0 | 2 | 7 | 3.07 | 0.32 | 129 |
| For consumer credit and other lending to households | 0 | 1 | 92 | 5 | 0 | 1 | 4 | 3.04 | 0.28 | 134 | 0 | 1 | 90 | 7 | 0 | 2 | 5 | 3.06 | 0.31 | 134 |

*) Asset purchase programme (APP) and Pandemic Emergency Purchase Programme (PEPP).

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

Notes: The net percentage (NetP) is defined as the difference between the sum of the percentages of banks responding “--” (contributed considerably to a tightening or decrease) and “-” (contributed somewhat to a tightening or decrease), and the sum of the percentages of banks responding “+” (contributed somewhat to an easing or increase) and “++” (contributed considerably to an easing or increase). “°” means “had basically no impact”. The mean of the banks’ responses is calculated using weights from 1 to 5 for the five possible response options. Std. dev. denotes standard deviation. The number of banks responding (No of banks) refers to all participating banks which have business in or exposure to the respective lending category.

## Question 133

(i) Over the past six months, how has the ECB's negative deposit facility rate (including the impact of the ECB's two-tier system), either directly or indirectly[1], affected your bank in the following areas? And what will be the impact over the next six months?

(in percentages, unless otherwise stated)

| | Over the past six months | | | | | | | | | | Over the next six months | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | -- | - | ° | + | + + | NA[2] | NetP | Mean | Std. dev. | No of banks | -- | - | ° | + | + + | NA[2] | NetP | Mean | Std. dev. | No of banks |
| **Impact on your bank's profitability** | | | | | | | | | | | | | | | | | | | | |
| Impact on your bank's overall profitability | 6 | 66 | 20 | 7 | 1 | 0 | -64 | 2.30 | 0.75 | 140 | 6 | 54 | 26 | 6 | 0 | 8 | -54 | 2.34 | 0.73 | 137 |
| owing to: | | | | | | | | | | | | | | | | | | | | |
| Impact on your bank's net interest income[3] | 9 | 59 | 17 | 7 | 0 | 7 | -60 | 2.24 | 0.77 | 143 | 9 | 52 | 24 | 6 | 0 | 10 | -55 | 2.27 | 0.76 | 143 |
| **Loans to enterprises** | | | | | | | | | | | | | | | | | | | | |
| Impact on your bank's lending rates | 0 | 41 | 55 | 2 | 0 | 1 | -39 | 2.61 | 0.59 | 134 | 0 | 26 | 62 | 2 | 0 | 10 | -24 | 2.71 | 0.56 | 134 |
| Impact on your bank's loan margin[4] | 0 | 33 | 63 | 3 | 0 | 1 | -30 | 2.71 | 0.55 | 134 | 0 | 20 | 68 | 2 | 0 | 10 | -18 | 2.77 | 0.50 | 134 |
| Impact on your bank's non-interest rate charges | 0 | 5 | 92 | 3 | 0 | 1 | -2 | 2.97 | 0.30 | 134 | 0 | 5 | 83 | 3 | 0 | 10 | -2 | 2.96 | 0.35 | 134 |
| Impact on your bank's lending volume | 0 | 5 | 80 | 13 | 0 | 1 | 8 | 3.08 | 0.47 | 134 | 0 | 5 | 78 | 7 | 0 | 10 | 2 | 3.00 | 0.41 | 134 |
| **Loans to households for house purchase** | | | | | | | | | | | | | | | | | | | | |
| Impact on your bank's lending rates | 0 | 37 | 61 | 1 | 0 | 0 | -35 | 2.65 | 0.57 | 129 | 0 | 23 | 68 | 2 | 0 | 7 | -22 | 2.75 | 0.52 | 129 |
| Impact on your bank's loan margin[4] | 1 | 31 | 64 | 4 | 0 | 0 | -27 | 2.72 | 0.58 | 129 | 1 | 24 | 66 | 2 | 0 | 7 | -22 | 2.72 | 0.54 | 129 |
| Impact on your bank's non-interest rate charges | 0 | 5 | 92 | 2 | 0 | 0 | -4 | 2.96 | 0.29 | 129 | 0 | 5 | 84 | 3 | 0 | 7 | -2 | 2.96 | 0.35 | 129 |
| Impact on your bank's lending volume | 0 | 7 | 89 | 4 | 0 | 0 | -3 | 2.97 | 0.36 | 129 | 0 | 13 | 75 | 5 | 0 | 7 | -8 | 2.87 | 0.48 | 129 |
| **Consumer credit and other lending to households** | | | | | | | | | | | | | | | | | | | | |
| Impact on your bank's lending rates | 0 | 32 | 66 | 1 | 0 | 0 | -32 | 2.68 | 0.51 | 134 | 0 | 27 | 64 | 1 | 0 | 7 | -27 | 2.67 | 0.52 | 134 |
| Impact on your bank's loan margin[4] | 0 | 23 | 75 | 2 | 0 | 0 | -21 | 2.79 | 0.47 | 134 | 0 | 20 | 72 | 1 | 0 | 7 | -19 | 2.76 | 0.47 | 134 |
| Impact on your bank's non-interest rate charges | 0 | 5 | 93 | 1 | 0 | 0 | -4 | 2.95 | 0.26 | 134 | 0 | 5 | 85 | 2 | 0 | 7 | -3 | 2.95 | 0.33 | 134 |
| Impact on your bank's lending volume | 0 | 7 | 89 | 4 | 0 | 0 | -3 | 2.97 | 0.35 | 134 | 0 | 6 | 82 | 4 | 0 | 7 | -3 | 2.95 | 0.38 | 134 |
| **Deposits held by enterprises** | | | | | | | | | | | | | | | | | | | | |
| Impact on your bank's deposit rates | 1 | 41 | 54 | 2 | 0 | 3 | -40 | 2.58 | 0.57 | 131 | 1 | 35 | 51 | 2 | 0 | 11 | -33 | 2.60 | 0.60 | 128 |
| mpact on your bank's non-interest rate charges on deposits | 0 | 7 | 78 | 12 | 0 | 3 | 6 | 3.06 | 0.46 | 130 | 0 | 6 | 71 | 12 | 0 | 12 | 5 | 3.05 | 0.50 | 127 |
| Impact on your bank's volume of deposits | 0 | 14 | 68 | 14 | 1 | 3 | 2 | 3.03 | 0.61 | 131 | 1 | 15 | 63 | 8 | 1 | 11 | -7 | 2.91 | 0.65 | 128 |
| **Deposits held by households** | | | | | | | | | | | | | | | | | | | | |
| Impact on your bank's deposit rates | 0 | 29 | 66 | 1 | 0 | 5 | -28 | 2.71 | 0.49 | 132 | 0 | 23 | 65 | 0 | 0 | 12 | -23 | 2.73 | 0.46 | 129 |
| mpact on your bank's non-interest rate charges on deposits | 0 | 6 | 79 | 8 | 0 | 8 | 2 | 3.02 | 0.40 | 128 | 0 | 5 | 73 | 7 | 0 | 15 | 2 | 2.99 | 0.42 | 125 |
| Impact on your bank's volume of deposits | 0 | 10 | 70 | 12 | 3 | 5 | 5 | 3.09 | 0.63 | 132 | 0 | 9 | 67 | 9 | 2 | 12 | 2 | 3.04 | 0.62 | 129 |

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

(in percentages, unless otherwise stated)

| | Over the past six months | | | | | | | | | | Over the next six months | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | -- | - | ° | + | + + | NA[2] | NetP | Mean | Std. dev. | No of banks | -- | - | ° | + | + + | NA[2] | NetP | Mean | Std. dev. | No of banks |
| **Your bank's financial situation** | | | | | | | | | | | | | | | | | | | | |
| Impact on your bank's overall profitability | 1 | 2 | 16 | 79 | 2 | 0 | 79 | 3.81 | 0.55 | 140 | 1 | 2 | 22 | 71 | 2 | 2 | 71 | 3.74 | 0.58 | 139 |
| owing to: | | | | | | | | | | | | | | | | | | | | |
| Impact on your bank's net interest income[3] | 1 | 2 | 14 | 80 | 2 | 0 | 80 | 3.82 | 0.55 | 140 | 1 | 2 | 21 | 72 | 2 | 2 | 72 | 3.75 | 0.58 | 139 |
| Impact on your bank's liquidity position | 1 | 1 | 86 | 11 | 0 | 0 | 9 | 3.09 | 0.42 | 140 | 1 | 1 | 87 | 8 | 0 | 2 | 6 | 3.06 | 0.37 | 139 |
| Impact on your bank's market financing conditions | 0 | 1 | 91 | 7 | 0 | 0 | 6 | 3.06 | 0.29 | 138 | 0 | 1 | 92 | 4 | 0 | 3 | 3 | 3.03 | 0.23 | 137 |
| **Your bank's lending rates** | | | | | | | | | | | | | | | | | | | | |
| Impact on your bank's lending rates for enterprises | 0 | 2 | 94 | 2 | 0 | 1 | 0 | 3.00 | 0.23 | 133 | 0 | 1 | 94 | 1 | 0 | 4 | 0 | 3.00 | 0.15 | 132 |
| Impact on your bank's lending rates to households for house purchase | 0 | 1 | 97 | 1 | 0 | 0 | 0 | 3.00 | 0.17 | 128 | 0 | 1 | 95 | 2 | 0 | 2 | 1 | 3.01 | 0.20 | 127 |
| Impact on your bank's lending rates for consumer credit and other lending to households | 0 | 1 | 97 | 1 | 0 | 0 | 0 | 3.00 | 0.15 | 131 | 0 | 1 | 95 | 2 | 0 | 2 | 1 | 3.02 | 0.20 | 130 |
| **Your bank's deposit rates** | | | | | | | | | | | | | | | | | | | | |
| Impact on your bank's interest rates on deposits held by enterprises | 0 | 7 | 84 | 7 | 0 | 2 | 0 | 3.01 | 0.41 | 132 | 0 | 5 | 87 | 2 | 0 | 5 | -3 | 2.96 | 0.34 | 131 |
| Impact on your bank's interest rates on deposits held by households | 0 | 3 | 87 | 6 | 0 | 5 | 3 | 3.03 | 0.33 | 132 | 0 | 3 | 88 | 2 | 0 | 7 | 0 | 3.00 | 0.26 | 131 |

1) Independent of whether your bank has excess liquidity.
2) "NA" (not applicable) does not include banks which do not have any business in or exposure to the respective lending category.
3) The net interest income is defined as the difference between the interest earned and interest paid on the outstanding amount of interest-bearing assets and liabilities by the bank.
4) The loan margin is defined as the spread of the bank's lending rates on new loans over a relevant market reference rate.
Notes: The net percentage (NetP) is defined as the difference between the sum of the percentages of banks responding "--" (contributed considerably to a decrease) and "-" (contributed somewhat to a decrease), and the sum of the percentages of banks responding "+" (contributed somewhat to an increase) and "++" (contributed considerably to an increase). "°" means "had basically no impact". The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. Std. dev. denotes standard deviation. The number of banks (No of banks) responding (No of banks) refers to all participating banks which have business in or exposure to the respective lending category.

## Question 136

(i) Did your bank participate in the most recent and next to last TLTRO III operations? And does your bank intend to participate in future TLTRO III operations?

(in percentages, unless otherwise stated)

| | Yes | No | Currently undecided |
|---|---|---|---|
| In the most recent TLTRO III operation | 34 | 64 | |
| In the next to last TLTRO III operation | 76 | 22 | |
| In future TLTRO III operations | 17 | 43 | 39 |

(ii) Please rate the reasons for your bank's participation in each operation. And what will be the reasons in the future?

(in percentages, unless otherwise stated)

| | ° | + | + + | NA[1] |
|---|---|---|---|---|
| **In the most recent TLTRO III operation** | | | | |
| **Your bank's reasons for participation** | | | | |
| Attractive TLTRO conditions (profitability motive) | 1 | 17 | 24 | 58 |
| To reduce current and/or prevent future funding difficulties (precautionary motive) | 23 | 16 | 3 | 58 |
| To enhance the fulfilment of regulatory or supervisory requirements | 38 | 5 | 4 | 54 |
| **In the next to last TLTRO III operation** | | | | |
| **Your bank's reasons for participation** | | | | |
| Attractive TLTRO conditions (profitability motive) | 1 | 50 | 34 | 15 |
| To reduce current and/or prevent future funding difficulties (precautionary motive) | 34 | 41 | 10 | 15 |
| To enhance the fulfilment of regulatory or supervisory requirements | 58 | 18 | 9 | 15 |
| **In future TLTRO III operations** | | | | |
| **Your bank's reasons for participation** | | | | |
| Attractive TLTRO conditions (profitability motive) | 6 | 31 | 14 | 49 |
| To reduce current and/or prevent future funding difficulties (precautionary motive) | 27 | 21 | 2 | 49 |
| To enhance the fulfilment of regulatory or supervisory requirements | 45 | 8 | 3 | 45 |

1) “NA” (not applicable) includes banks which did not participate in any of the past TLTRO III operations or which have decided not to participate in any of the future TLTRO III operations.
Notes: “o” = has had basically no impact / will have basically no impact; “+” = has contributed somewhat to participation / will contribute somewhat to participation; “++” = has contributed considerably to participation / will contribute considerably to participation.

## Question 137

Please indicate for which purposes your bank has used the TLTRO III liquidity over the past six months. And what will be the likely purposes over the next six months?

(in percentages, unless otherwise stated)

| | Over the past six months | | | | Over the next six months | | | |
|---|---|---|---|---|---|---|---|---|
| | ° | + | + + | NA[1] | ° | + | + + | NA[1] |
| **For refinancing** | | | | | | | | |
| As a substitute for deposit shortfalls | 81 | 3 | 0 | 16 | 65 | 4 | 0 | 31 |
| As a substitute for maturing debt securities | 52 | 26 | 1 | 21 | 46 | 22 | 0 | 31 |
| As a substitute for interbank lending | 58 | 25 | 0 | 17 | 48 | 20 | 0 | 32 |
| As a substitute for TLTRO II funding | 13 | 47 | 23 | 17 | 39 | 17 | 4 | 40 |
| As a substitute for other Eurosystem liquidity operations[2] | 58 | 24 | 1 | 18 | 63 | 3 | 0 | 34 |
| **For granting loans, purchasing financial assets or holding liquidity** | | | | | | | | |
| For granting loans to the non-financial private sector | 15 | 57 | 15 | 13 | 19 | 48 | 7 | 27 |
| For purchasing domestic sovereign bonds | 70 | 13 | 2 | 15 | 66 | 6 | 0 | 29 |
| For purchasing other financial assets[3] | 67 | 15 | 1 | 16 | 63 | 7 | 0 | 31 |
| For holding liquidity with the Eurosystem | 40 | 30 | 15 | 15 | 34 | 27 | 10 | 29 |

1) “NA” (not applicable) includes banks which did not participate in any of the past TLTRO III operations, which have decided not to participate in any of the future TLTRO III operations or which do not have any business in or exposure to this category.
2) The category "As a substitute for other Eurosystem liquidity operations" excludes the replacement of the TLTRO II funds.
3) "Other financial assets" refer to euro-denominated assets (other than domestic sovereign bonds) and non-euro denominated assets, including loans to other banks and other financial intermediaries.
Notes: “o” = has had basically no impact / will have basically no impact; “+” = has contributed somewhat to this purpose / will contribute somewhat to this purpose; “++” = has contributed considerably to this purpose / will contribute considerably to this purpose.

## Question 138

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

(in percentages, unless otherwise stated)

| | -- | - | ° | + | + + | NA[1] | NetP | Mean | Std. dev. | No of banks |
|---|---|---|---|---|---|---|---|---|---|---|
| **Over the past six months** | | | | | | | | | | |
| **Impact on your bank's financial situation** | | | | | | | | | | |
| Your bank's overall liquidity position | 0 | 0 | 26 | 49 | 22 | 3 | -71 | 3.96 | 0.73 | 143 |
| Your bank's overall market financing conditions | 0 | 0 | 41 | 33 | 15 | 10 | -48 | 3.73 | 0.79 | 143 |
| Your bank's overall profitability | 0 | 0 | 41 | 48 | 8 | 3 | -55 | 3.65 | 0.66 | 143 |
| Your bank's ability to fulfil regulatory or supervisory requirements | 0 | 0 | 57 | 29 | 4 | 10 | -32 | 3.41 | 0.61 | 143 |
| **Impact on your bank's credit standards** | | | | | | | | | | |
| For loans to enterprises | 0 | 0 | 82 | 14 | 0 | 4 | -14 | 3.15 | 0.38 | 134 |
| For loans to households for house purchase | 0 | 0 | 93 | 1 | 0 | 6 | -1 | 3.01 | 0.14 | 129 |
| For consumer credit and other lending to households | 0 | 0 | 93 | 2 | 0 | 4 | -2 | 3.02 | 0.18 | 134 |
| **Impact on your bank's terms and conditions** | | | | | | | | | | |
| For loans to enterprises | 0 | 5 | 66 | 24 | 0 | 4 | -19 | 3.20 | 0.55 | 134 |
| For loans to households for house purchase | 0 | 6 | 85 | 3 | 0 | 6 | 2 | 2.97 | 0.34 | 129 |
| For consumer credit and other lending to households | 0 | 6 | 85 | 4 | 0 | 4 | 2 | 2.98 | 0.36 | 134 |
| **Impact on your bank's lending volumes** | | | | | | | | | | |
| For loans to enterprises | 0 | 0 | 49 | 47 | 0 | 4 | 47 | 3.50 | 0.54 | 134 |
| For loans to households for house purchase | 0 | 0 | 80 | 14 | 0 | 6 | 14 | 3.16 | 0.39 | 129 |
| For consumer credit and other lending to households | 0 | 0 | 85 | 11 | 0 | 4 | 10 | 3.11 | 0.35 | 134 |
| **Over the next six months** | | | | | | | | | | |
| **Impact on your bank's financial situation** | | | | | | | | | | |
| Your bank's overall liquidity position | 0 | 0 | 36 | 48 | 12 | 4 | -60 | 3.75 | 0.67 | 143 |
| Your bank's overall market financing conditions | 0 | 0 | 47 | 35 | 7 | 11 | -42 | 3.57 | 0.64 | 143 |
| Your bank's overall profitability | 0 | 2 | 41 | 51 | 2 | 4 | -52 | 3.55 | 0.61 | 143 |
| Your bank's ability to fulfil regulatory or supervisory requirements | 0 | 0 | 66 | 18 | 5 | 11 | -23 | 3.29 | 0.61 | 143 |
| **Impact on your bank's credit standards** | | | | | | | | | | |
| For loans to enterprises | 0 | 1 | 87 | 6 | 0 | 6 | -5 | 3.05 | 0.27 | 134 |
| For loans to households for house purchase | 0 | 1 | 91 | 1 | 0 | 7 | 0 | 3.00 | 0.16 | 129 |
| For consumer credit and other lending to households | 0 | 1 | 93 | 1 | 0 | 5 | 1 | 2.99 | 0.16 | 134 |
| **Impact on your bank's terms and conditions** | | | | | | | | | | |
| For loans to enterprises | 0 | 6 | 68 | 19 | 0 | 6 | -14 | 3.14 | 0.55 | 134 |
| For loans to households for house purchase | 0 | 7 | 80 | 6 | 0 | 7 | 1 | 2.98 | 0.41 | 129 |
| For consumer credit and other lending to households | 0 | 7 | 82 | 6 | 0 | 5 | 1 | 2.98 | 0.42 | 134 |
| **Impact on your bank's lending volumes** | | | | | | | | | | |
| For loans to enterprises | 0 | 1 | 53 | 37 | 3 | 6 | 39 | 3.47 | 0.61 | 134 |
| For loans to households for house purchase | 0 | 1 | 83 | 10 | 0 | 7 | 9 | 3.10 | 0.36 | 129 |
| For consumer credit and other lending to households | 0 | 1 | 89 | 4 | 0 | 5 | 3 | 3.03 | 0.27 | 134 |

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

Notes: The net percentage (NetP) is defined as the difference between the sum of the percentages of banks responding "--" = has contributed considerably/will contribute considerably to a deterioration, tightening or decrease; "-" = has contributed somewhat/will contribute somewhat to a deterioration, tightening or decrease; "o" =has had/will have basically no impact; "+" = has contributed somewhat/will contribute somewhat to an improvement, easing or increase; "++" = has contributed considerably/will contribute considerably to an improvement, easing or increase. The mean of the banks' responses is calculated using weights from 1 to 5 for the five possible response options. Figures may not exactly add up due to rounding. The number of banks responding (No of banks) refers to all participating banks which have business in or exposure to the respective lending category. Std. dev. denotes standard deviation.

Postal address 60640 Frankfurt am Main, Germany
Telephone +49 69 1344 0
Website www.ecb.europa.eu



For specific terminology please refer to the ECB glossary.

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