EUROPEAN CENTRAL BANK
EUROSYSTEM

The euro area bank lending survey

Third quarter of 2021

October 2021

Contents

Introduction

The results reported in the October 2021 bank lending survey (BLS) relate to changes observed during the third quarter of 2021 and expectations for the fourth quarter of 2021. The survey was conducted between 20 September and 5 October 2021. A total of 146 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 2021 survey. They address the impact of the situation in financial markets on banks' access to retail and wholesale funding, the impact of the ECB's asset purchase programmes (APP and PEPP), the impact of the ECB's negative deposit facility rate and the ECB's two-tier system, and the impact of TLTRO III on banks and their lending policies.

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

1 Overview of results

In the October BLS round, euro area banks indicated broadly unchanged credit standards on loans to enterprises in the third quarter of 2021, i.e. the percentage share of banks reporting a tightening and the share of banks reporting an easing of credit standards were broadly identical. Banks kept credit standards broadly unchanged for the second consecutive quarter, after the stronger tightening earlier in the pandemic crisis. This suggests that despite supply bottlenecks banks maintain a balanced view of their credit risks, in line with the economic recovery in the last two quarters and the continued support from monetary, fiscal and supervisory authorities. In addition, banks reported that risk perceptions and competition from other banks had a slight net easing impact, while banks' risk tolerance and cost of funds and balance sheet constraints had a broadly neutral impact. In the fourth quarter of 2021, banks expect a moderate net tightening of credit standards for loans to firms.

Demand for loans to firms increased slightly in the third quarter of 2021, according to banks, in line with muted developments in actual loan growth to non-financial corporations (NFCs) in the euro area. Loan demand continued to be supported by firms' financing needs for fixed investment, the low general level of interest rates, mergers and acquisitions (M&A) and debt refinancing and restructuring. Financing needs for inventories and working capital also contributed positively to loan demand. At the same time, internal financing and alternative external financing sources dampened loan demand. In the fourth quarter of 2021, banks expect a net increase in demand for loans to firms.

Banks adopted a more cautious attitude towards housing loans, reporting a net tightening of credit standards for such loans, while credit standards remained broadly unchanged for consumer credit in the third quarter of 2021. For housing loans, the net tightening was related to banks' risk tolerance and their cost of funds and balance sheet constraints, whereas these factors had a broadly neutral impact for consumer credit. Banks reported, on balance, a further increase in demand for loans to households for house purchase and consumer credit in the third quarter of 2021. Developments in consumer confidence, the low general level of interest rates and housing market prospects contributed positively to loan demand by households. In the fourth quarter of 2021, banks expect a further net tightening of credit standards and, on balance, no change in demand for loans to households for house purchase.

In more detail, credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans or credit lines to enterprises remained broadly unchanged in the third quarter of 2021 (net percentage of banks of 1%, after -1% in Q2 2021; see Section 2.1). This was in line with expectations from the last round and applied to both small and medium-sized enterprises (SMEs) and large enterprises (net percentages for both stood at 0% in Q3 2021). Following the stronger tightening in the second half of 2020 and in the first quarter of 2021, banks kept credit standards broadly unchanged in the last two rounds. This suggests that despite supply bottlenecks banks maintain a balanced view of their credit risks, in line with the economic recovery in the last two quarters and the continued support from monetary, fiscal and supervisory authorities. In the fourth quarter of 2021, euro area banks expect a moderate net tightening of credit standards for loans to firms (3%).

Risk perceptions and competition from other banks had a slight easing impact on credit standards for loans to firms in the third quarter of 2021, while banks' risk tolerance and their cost of funds and balance sheet constraints had a broadly neutral impact. The general economic situation continued to have a net easing impact on credit standards, which is reflected in the first slight net easing of overall risk perceptions since the third quarter of 2018. Banks' risk tolerance had no further tightening impact on credit standards for loans to firms for the first time since the pandemic crisis started. In line with previous quarters, banks' cost of funds and balance sheet constraints had a broadly neutral impact on credit standards, which was supported by an easing impact of their liquidity situation. Finally, overall competition had a broadly neutral impact on credit standards, while competition from other banks had a net easing impact.

In the third quarter of 2021, euro area banks reported a net tightening of credit standards for housing loans (net percentage of banks of 8%, after -1% in Q2 2021; see Section 2.2), while credit standards remained broadly unchanged for consumer credit and other lending to households (-1%, after 0%; see Section 2.3). For housing loans, banks' lower risk tolerance as well as their cost of funds and balance sheet constraints had a tightening impact, while these factors had a broadly neutral impact for consumer credit. In addition, risk perceptions and competition had a broadly neutral impact on credit standards for all lending to households. Banks expect credit standards to tighten further for housing loans (6%) and to ease slightly for consumer credit (-2%) in the fourth quarter of 2021.

Banks' overall terms and conditions (i.e. banks' actual terms and conditions agreed in the loan contract) for new loans to enterprises continued to ease slightly in the third quarter of 2021 (net percentage of -2%, after -5%). Margins on average loans (defined as the spread over relevant market reference rates) narrowed in net terms, while margins on riskier loans increased moderately. The developments in margins reflect the broadly stable lending rates for firms in recent months. Changes in overall terms and conditions as well as margins on average loans were mainly driven by an easing impact of competition. Banks reported on balance a moderate net tightening of overall terms and conditions for housing loans (net percentage of 5%, after -3%) and broadly unchanged terms and conditions for consumer credit and other lending to households (-1%, after -6%) in the third quarter of 2021.

In the third quarter of 2021, the share of rejected applications for loans to firms remained broadly unchanged (net percentage of 1%, after 0%). For housing loans, euro area banks reported on balance a slight increase in the share of rejected applications (2%, after 11%), while the share of rejected applications decreased slightly in net terms for consumer credit (-2%, after 1%).

Among the largest euro area countries, credit standards for loans to enterprises tightened in Germany, remained unchanged in Spain and France, and eased in Italy in the third quarter of 2021 (see Overview table). Credit standards for housing loans tightened in Germany, Spain and France, and remained unchanged in Italy. Credit standards for consumer credit and other lending to households eased in Germany and Italy, remained unchanged in France and tightened in Spain.

Firms' demand for loans in the third quarter of 2021 increased slightly in net terms according to the banks (net percentage of 2%, after 8% in Q2 2021; see Section 2.1) following the moderate increase in the previous quarter. This is in line with muted developments in actual loan growth to NFCs in the euro area. Loan demand continued to be supported by firms' financing needs for fixed investment for the second consecutive quarter, providing a positive sign for the economic recovery. In addition, banks continued to report a positive net impact on loan demand from the low general level of interest rates and other financing needs, which include M&A activity and debt refinancing and restructuring. Financing needs for inventories and working capital also contributed positively to firms' loan demand. At the same time, alternative financing sources, in particular internal financing and loans from other banks and from non-banks lowered loan demand. In the fourth quarter of 2021, banks expect a net increase in demand for loans to firms (net percentage of 23%).

Banks reported on balance a continued increase in demand for housing loans, which was more contained after the strong increase in the previous quarter (net percentage of 11%, after 36% in Q2 2021; see Section 2.2). For consumer credit, banks indicated a more moderate net increase in demand in the third quarter of 2021 (net percentage of 7%, after 11%; see Section 2.3). Improved consumer confidence and the low general level of interest rates continued to have a positive impact on demand for all loans to households. Financing needs related to debt refinancing had a positive impact on the demand for housing loans. In addition, housing market prospects contributed positively to demand for housing loans, while increased spending on durables contributed positively to demand for consumer credit, likely reflecting the improved economic outlook. Banks expect broadly unchanged net demand for housing loans (-1%) and a net increase in demand for consumer credit (12%) in the fourth quarter of 2021.

Demand for loans to enterprises in Germany and Spain increased on balance, while it remained unchanged in Italy and declined in France in the third quarter of 2021. Net demand for housing loans increased in all four largest euro area countries. For consumer credit, demand increased on balance in Germany, Spain and Italy, while it remained unchanged in France.

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 21	Q3 21	Avg.	Q2 21	Q3 21	Avg.	Q2 21	Q3 21	Avg.	Q2 21	Q3 21	Avg.	Q2 21	Q3 21	Avg.	Q2 21	Q3 21	Avg.
Euro area	-1	1	8	8	2	0	-1	8	6	36	11	5	0	-1	5	11	7	0
Germany	-3	3	4	0	9	6	-7	4	2	11	18	9	-17	-3	0	10	13	8
Spain	0	0	9	10	10	-5	0	11	14	44	33	-9	0	10	9	30	10	-8
France	0	0	6	19	-3	-8	5	30	3	54	7	9	0	0	-1	-8	0	0
Italy	0	-9	11	0	0	7	0	0	1	22	9	13	0	-8	5	44	15	11

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 the different sample sizes across countries, which broadly reflect the differences in the national shares in lending to the euro area non-financial private sector, the size and volatility of the net percentages cannot be directly compared across countries.

The October 2021 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 continued to improve in the third quarter of 2021, especially for retail funding, debt securities and money markets, while the net improvement was smaller for securitisation.

The ECB's asset purchase programme (APP) and the pandemic emergency purchase programme (PEPP) had a positive net impact on banks' liquidity position and market financing conditions as well as their lending volumes, and a negative impact on their profitability over the past six months. Banks expect the purchase programmes to have a similar impact on their financial situation over the next six months. Regarding the impact on terms and conditions and credit standards, banks reported that the APP and PEPP had a net easing impact for loans to firms. Over the next six months, banks expect a net easing impact on terms and conditions for loans to firms and housing loans, and a positive impact on lending volumes to firms and households.

With respect to the ECB's negative deposit facility rate (DFR), euro area banks reported, in net terms, that the DFR lowered lending rates across all loan categories, while it had a positive impact on lending volumes to firms and for housing loans. In addition, the DFR had a negative impact on deposit rates and a positive impact on non-interest rate charges on deposits by firms and households, indicating a continued pass-through of negative rates. According to banks, the DFR had, on balance, a continued negative impact on bank profitability over the past six months. This was however contained by the two-tier system, which had a positive impact on bank profitability compared to the counterfactual situation without such a system, mainly via a positive impact on net interest income. In addition, the two-tier system mitigated the decline in deposit rates for firms and households.

Banks continued to report a positive net impact of TLTRO III funding on their financial situation and their lending volumes as well as a net easing impact on their terms and conditions across all loan categories over the past six months. Participation of BLS banks in the June and September 2021 TLTRO III was more limited compared with previous operations, which is in line with lower overall take-up of TLTRO III funds in the last two operations and in part reflects reduced remaining borrowing allowances of banks due to high previous take-up. Profitability remained the most important reason for banks to participate in TLTRO III, and granting loans remained the most common use of funds. Regarding participation in future TLTRO III, a large share of banks remains undecided. At the same time, banks continued to expect TLTRO III to have a positive impact on their financial situation and their lending volumes, and a net easing impact on terms and conditions.

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, 146 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

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.

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. For France, Malta, the Netherlands and Slovakia, an explicit weighting scheme is applied.

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.

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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.

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

In addition to the “net percentage” indicator, the ECB also publishes an alternative measure of banks’ responses to questions relating to changes in credit standards and net demand. This measure is the weighted difference (“diffusion index”) between the percentage of banks reporting that credit standards have been tightened and the percentage of banks reporting that they have been eased. Likewise, as regards demand for loans, the diffusion index refers to the weighted difference between the percentage of banks reporting an increase in loan demand and the percentage of banks reporting a decline. The diffusion index is constructed in the following way: lenders who have answered “considerably” are given a weight (score of 1) which is twice as large as that given to lenders who have answered “somewhat” (score of 0.5). The interpretation of the diffusion indices follows the same logic as the interpretation of net percentages.

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

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

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 remained broadly unchanged

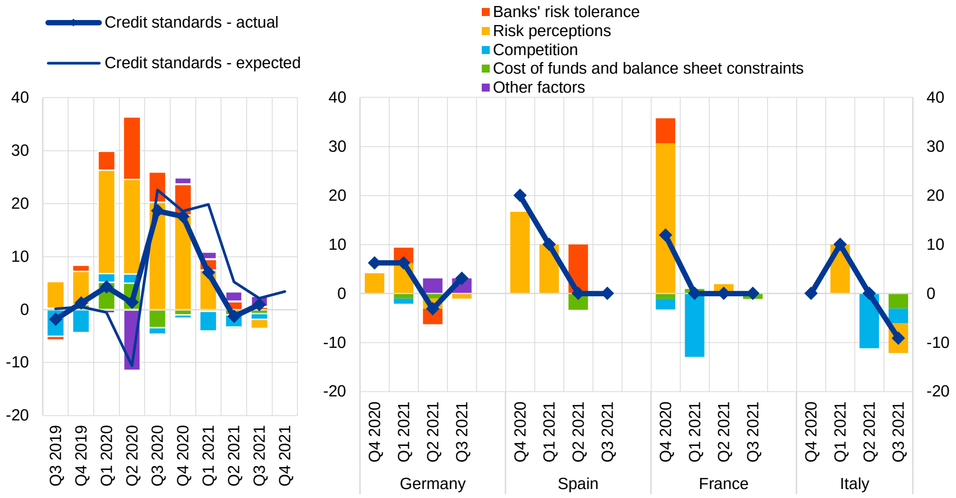
Euro area banks reported broadly unchanged credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans or credit lines to enterprises in the third quarter of 2021, i.e. the percentage share of banks reporting a tightening of credit standards and the share of banks reporting an easing were broadly identical (net percentage of banks of 1%, after -1% in the second quarter of 2021; see Chart 1 and Overview table). This was in line with banks' expectations in the previous quarter (2%). For two consecutive BLS rounds now, banks have reported broadly unchanged credit standards, following a net tightening of credit standards for loans to firms in the second half of 2020 and the first quarter of 2021. Broadly unchanged credit standards confirm banks' balanced view of credit risk. This is in line with the economic recovery seen in the second and third quarters of 2021, mirrored also by recent manufacturing Purchasing Managers' Index (PMI) survey results, and despite the severity of supply chain disruptions. In addition, the support by monetary, fiscal and supervisory authorities continues to help the recovery and to limit credit risks for banks. Credit standards remained unchanged for both SMEs (0%, after -1%) and large firms (0%, after -3%). The similar development in credit standards across firm sizes, despite SMEs' typically higher credit risk due to their potentially opaque balance sheets, shows the beneficial impact of public support measures, especially for SMEs. Credit standards remained broadly unchanged also for short-term loans (1%, after -2%) and for long-term loans (1%, after 0%).

Banks reported a small net easing impact of risk perceptions in the third quarter of 2021, for the first time since the start of the pandemic (see Chart 1 and Table 1). These developments can be related to the favourable economic outlook and the related likely recovery in firms' revenues. Competition from banks also had a small net easing impact, whereas banks' risk tolerance had a broadly neutral impact on credit standards for loans to firms. In addition, banks' cost of funds and balance sheet constraints continued to have a broadly neutral impact. This is explained by a small net easing impact of banks' liquidity position, partly related to their TLTRO III take-up, as well as a neutral impact of banks' capital position and market financing conditions, reflecting banks' solid capital ratios and favourable funding costs. Finally, some banks mentioned other factors related to regulatory requirements, the application of lending standards following the European Banking Authority's guidelines on loan origination and the COVID-19 pandemic as having a small net tightening effect on credit standards for loans to enterprises.

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 "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.

Table 1

Factors contributing to changes in credit standards for 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 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021
Euro area	-1	-1	-2	-1	0	-2	2	0
Germany	-1	0	0	0	-2	-1	-3	0
Spain	-3	0	0	0	0	0	10	0
France	0	-1	0	0	2	0	0	0
Italy	0	-3	-11	-3	0	-6	0	0

Note: See the notes on Chart 1.

In the largest euro area countries, credit standards for loans to enterprises eased in net terms in Italy, remained unchanged in Spain and France and tightened slightly in Germany. In Italy, risk perceptions related to the economic outlook and borrowers' creditworthiness, competition from other banks as well as banks' cost of funds and balance sheet constraints contributed to the net easing of credit standards.

In the fourth quarter of 2021, euro area banks expect a small net tightening of credit standards for loans to firms (net percentage of 3%), confirming their overall balanced view of credit risk looking ahead.

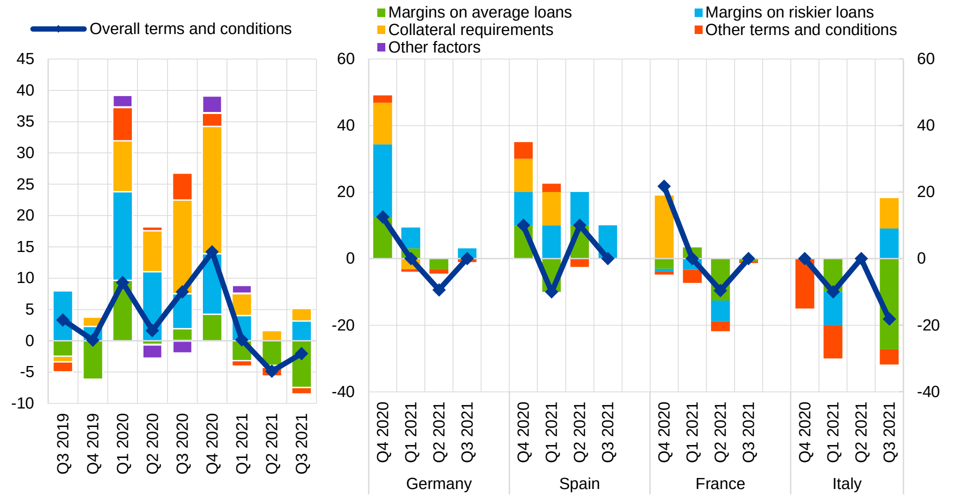
2.1.2 Terms and conditions on loans to enterprises eased slightly

Banks' overall terms and conditions (i.e. banks' actual terms and conditions agreed in the loan contract) for new loans to enterprises eased slightly in the third quarter of 2021 (net percentage of -2%, after -5%; see Chart 2 and Table 2). According to the banks, margins on average loans (defined as the spread over relevant market reference rates) narrowed in net terms, whereas margins on riskier loans widened moderately. Margin developments are overall consistent with the recent favourable development in firms' aggregate cost of borrowing. The net tightening of collateral requirements continued to be small, whereas larger loan sizes contributed to a net easing of overall terms and conditions for loans to firms (included in "other terms and conditions").

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 "other factors" refer to further factors which were mentioned by banks as having contributed to changes in terms and conditions.

Banks indicated competition as the main factor driving the overall slight easing in terms and conditions in the third quarter of 2021 (see Table 3). This could be explained by banks passing on the attractive funding conditions of TLTRO III, creating more competition among banks aiming to keep their market shares. Banks' cost of funds and balance sheet constraints and risk perceptions did not contribute to changes in overall terms and conditions in the third quarter, whereas risk tolerance had a small net tightening impact.

In the largest euro area countries, overall terms and conditions on loans or credit lines to enterprises eased, on balance, in Italy and remained unchanged in Germany, Spain and France. Developments in Italy were explained by narrowing margins on average loans and other terms and conditions related to loan size. In Germany, Italy and Spain banks reported, on balance, wider margins on riskier loans. On top of this, banks reported a net tightening for the collateral demanded in Italy. The net easing of overall terms and conditions and the narrowing of margins on average loans in Italy was supported by pressures from competition. Lower risk tolerance contributed to the net tightening of margins on riskier loans in Spain and Italy, while risk perceptions and banks' costs of funds also mattered in Italy.

Table 2

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

(net percentages of banks)

	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
Country	**Q2 2021**	**Q3 2021**	**Q2 2021**	**Q3 2021**	**Q2 2021**	**Q3 2021**
Euro area	-5	-2	-4	-7	0	3
Germany	-9	0	-3	0	0	3
Spain	10	0	10	0	10	10
France	-10	0	-13	-1	-6	0
Italy	0	-18	0	-27	0	9

Note: See the notes on Chart 2.

Table 3

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

(net percentages of banks)

	Cost of funds and balance sheet constraints		Pressure from competition		Perception of risk		Banks' risk tolerance	
Country	**Q2 2021**	**Q3 2021**	**Q2 2021**	**Q3 2021**	**Q2 2021**	**Q3 2021**	**Q2 2021**	**Q3 2021**
Euro area	-3	0	-8	-11	-2	-1	3	2
Germany	-6	0	0	0	3	0	0	0
Spain	0	0	0	-10	0	-10	10	10
France	-3	0	-7	-1	-12	0	0	0
Italy	0	9	-22	-36	-11	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.

2.1.3 Rejection rate for loans to enterprises remained unchanged

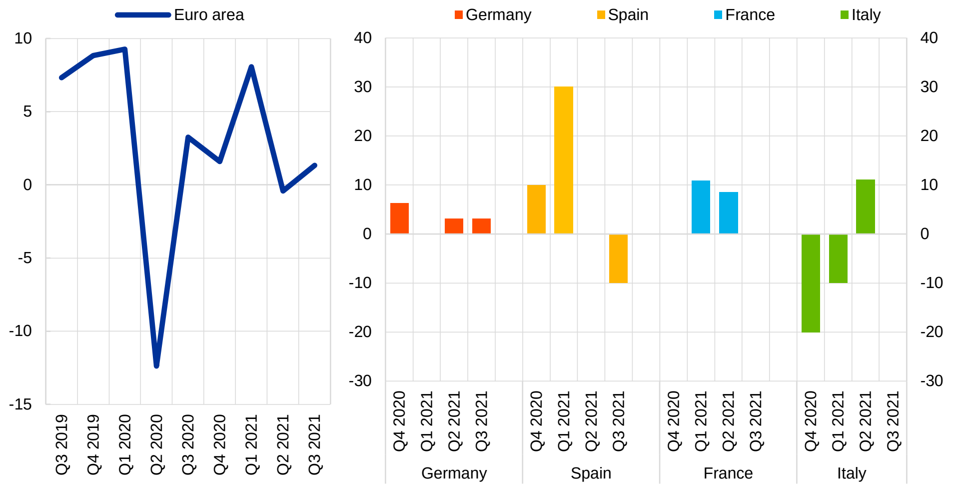
In the third quarter of 2021, euro area banks continued to report on balance broadly no change in the share of rejected applications for loans to firms (net percentage of 1%, after 0% in the previous quarter; see Chart 3). This development is in line with banks' broadly unchanged credit standards.

Across the largest euro area countries, banks in Germany reported a small net increase in the share of rejected applications, whereas banks in Spain reported a net decrease. Banks in France and Italy reported on balance no change in the share of rejected applications.

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 for 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.

2.1.4 Net demand for loans to enterprises increased slightly

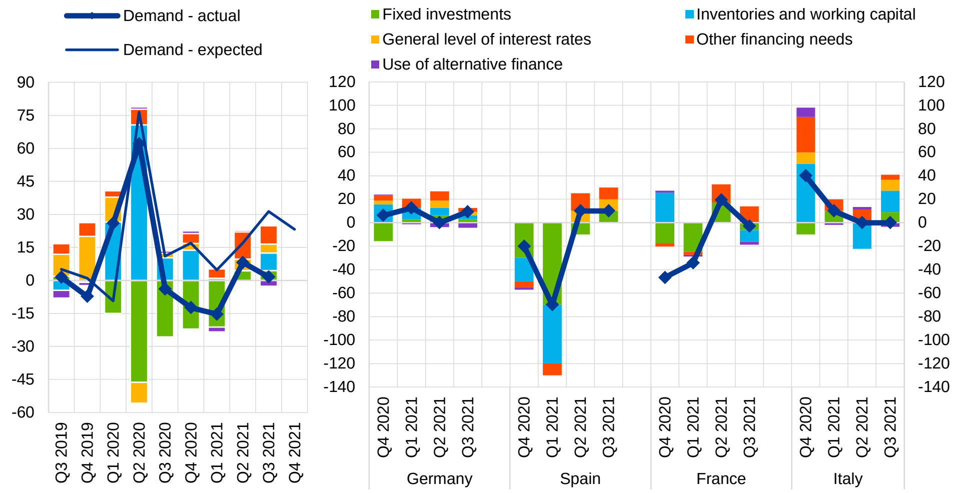
Banks reported on balance a slight increase in firms' demand for loans or credit lines in the third quarter of 2021 (net percentage of banks of 2%, after 8% in the second quarter of 2021; see Chart 4 and Overview table). This is the second consecutive increase since the extraordinarily high loan demand in the second quarter of 2020. Although smaller than the net increase in the previous quarter, this development is in line with the observed moderate growth in loans for July and August. Banks reported in net terms, broadly unchanged loan demand by SMEs (net percentage of 1%) and a stronger net increase for large firms (11%). While loan demand decreased on balance for short-term loans (-9%), it increased moderately for long-term loans (5%), confirming the observed recent shift towards longer loan maturities in firms' borrowing from banks.

Loan demand continued to be supported by firms' financing needs for fixed investment (see Chart 4 and Table 4), which is a positive sign for the economic recovery. In addition, banks continued to report a positive impact on loan demand from the low general level of interest rates and other financing needs related to M&A activity and debt refinancing and restructuring. Banks also reported a positive contribution from financing needs for inventories and working capital. By contrast, internal financing and alternative external financing sources (included in "use of alternative finance") such as loans from other banks and non-banks and corporate bond issuance had a small negative impact on firms' demand for bank loans. Finally, some banks mentioned a negative impact from supply bottlenecks, which dampened loan demand.

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 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021
Euro area	4	5	0	8	12	8	5	4	1	-3
Germany	6	3	6	3	8	3	6	3	-4	-4
Spain	-10	10	0	0	15	10	10	10	0	0
France	17	-7	0	-10	16	14	0	0	0	-2
Italy	0	9	-22	18	11	5	0	9	2	-4

Note: See the notes on Chart 4.

In the largest euro area countries, banks reported a net increase in demand for loans to firms in Germany and Spain, unchanged net demand in Italy and a small net decrease in France. Financing needs related to fixed investment and the low general level of interest rates had a positive impact in Germany, Spain and Italy. In addition, M&A financing needs contributed positively to loan demand in Spain and France, while debt restructuring had a positive net impact on loan demand in all four countries. In Germany, France and Italy, the use of alternative finance had a negative net impact.

In the fourth quarter of 2021, euro area banks expect a stronger net increase in demand for loans by firms (net percentage of banks at 23%), with a somewhat larger increase by SMEs (net percentage of banks of 26%, compared with 23% for loans to large firms).

2.2 Loans to households for house purchase

2.2.1 Credit standards for loans to households for house purchase tightened

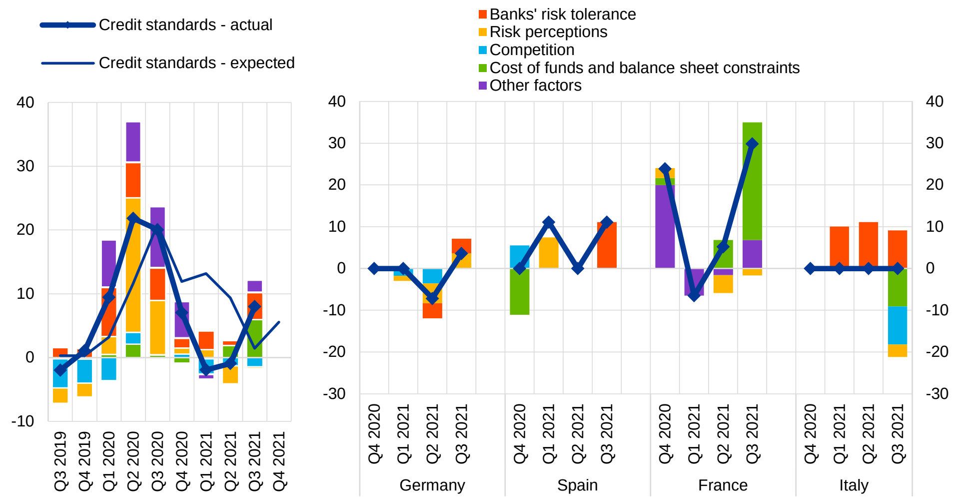
In the third quarter of 2021, euro area banks reported a net tightening of credit standards for loans to households for house purchase (net percentage of banks at 8%, after -1% in the previous quarter; see Chart 5 and Overview table), following a slight net easing in the first, and broadly unchanged credit standards in the second quarter of 2021. This suggests that euro area banks have adopted a somewhat more cautious attitude in their loan approvals for housing loans, as also visible in some terms and conditions related to loan-to-value ratio and maturity (see below).

Banks' lower risk tolerance had a net tightening impact on credit standards (see Chart 5 and Table 5). In addition, their cost of funds and balance sheet constraints contributed to the net tightening of credit standards, while risk perceptions related to housing market prospects, the economic outlook and household creditworthiness had a broadly neutral impact on average. Finally, some banks have mentioned a net tightening impact of other factors related to macroprudential policy recommendations.

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 on 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 "other factors" refer to further factors which were mentioned by banks as having contributed to changes in credit standards, currently mainly related to macroprudential policy recommendations.

Regarding the largest euro area countries, credit standards tightened in Germany, Spain and France, whereas they remained unchanged in Italy. The tightening impact of banks' lower risk tolerance was broad-based across the large countries and indicated by banks in Germany, Spain and Italy. Banks' cost of funds and balance sheet situation had a neutral or easing impact in most of the large countries, except for France. In Italy, the net tightening impact of risk tolerance was counterbalanced by a net easing impact of risk perceptions, competitive pressures and cost of funds and balance sheet constraints. German banks also indicated a net tightening impact of risk perceptions, related to the economic outlook, housing market prospects and the creditworthiness of borrowers.

In the fourth quarter of 2021, euro area banks expect a further moderate net tightening of credit standards on loans to households for house purchase (net percentage of banks of 6%).

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 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021
Euro area	2	6	-1	-1	-3	0	1	4
Germany	0	0	-4	0	-5	4	-4	4
Spain	0	0	0	0	0	0	0	11
France	7	28	0	0	-4	-2	0	0
Italy	0	-9	0	-9	0	-3	11	9

Note: See the notes on Chart 5.

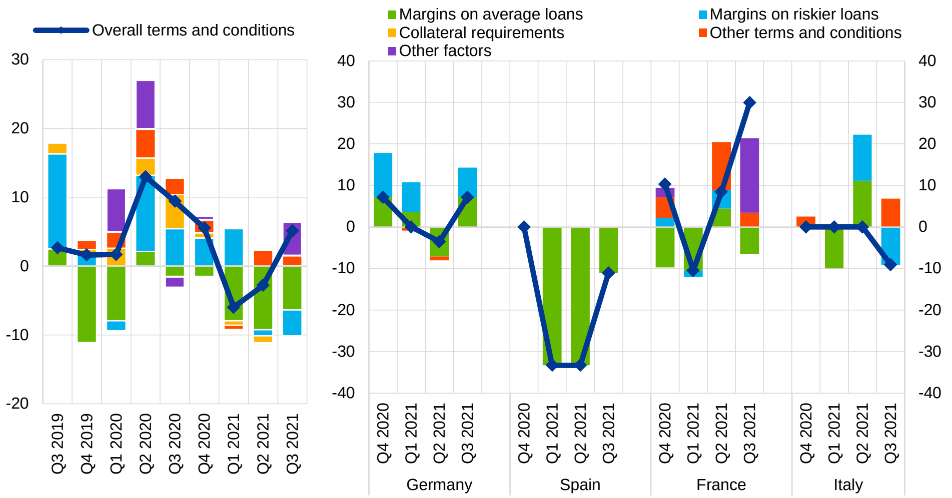
2.2.2 Terms and conditions on loans to households for house purchase tightened

Banks reported on balance a moderate tightening of overall terms and conditions for housing loans (net percentage of banks of 5%, after -3% in the previous quarter; see Chart 6 and Table 6). This follows two quarters of moderate net easing in overall terms and conditions. Mirroring the historical low lending rates for housing loans, banks continued to report a narrowing of margins for both average and riskier loans, in net terms. At the same time, banks reported a slight net tightening of loan-to-value ratios, maturity and non-interest rate charges, in line with the more cautious attitude also visible in credit standards.

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 "other factors" refer to further factors which were mentioned by banks as having contributed to changes in terms and conditions.

Table 6

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

(net percentages of banks)

Country	Overall terms and conditions		Banks' margins on average loans		Banks' margins on riskier loans	
	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021
Euro area	-3	5	-9	-6	-1	-4
Germany	-4	7	-7	7	0	7
Spain	-33	-11	-33	-11	0	0
France	8	30	4	-7	4	0
Italy	0	-9	11	0	11	-9

Note: See the notes on Chart 6.

Cost of funds and balance sheet constraints contributed moderately to the net tightening of terms and conditions, whereas risk perceptions and risk tolerance had a broadly neutral impact (see Table 7). By contrast, banks indicated a net easing impact from competitive pressures.

In the largest euro area countries, overall terms and conditions for housing loans tightened in Germany and in France, whereas they eased in Spain and Italy. The narrowing of margins in the euro area was driven by Spain and France for average loans and by Italy for riskier loans, while German banks reported a widening of all margins.

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 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021
Euro area	2	3	-7	-7	3	1	1	1
Germany	0	4	-11	4	0	0	-4	0
Spain	-11	-11	-33	-11	0	0	0	0
France	13	7	0	-7	0	0	7	0
Italy	0	9	11	-18	11	9	0	9

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.

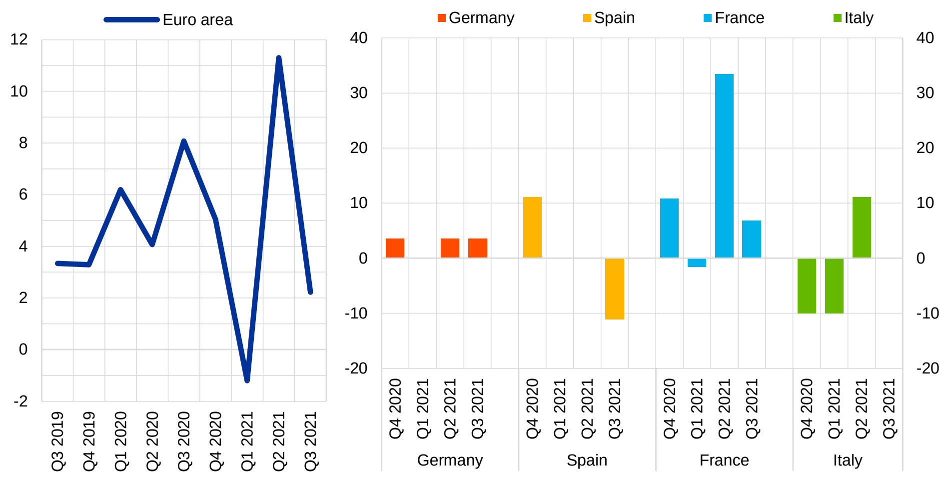
2.2.3 Rejection rate for housing loans increased slightly

In the third quarter of 2021, euro area banks reported a small net increase in the share of rejected applications for housing loans following a stronger net increase in the previous quarter (2%, after 11% in the previous quarter; see Chart 7). This is broadly in line with the net tightening of credit standards for loans to households for house purchase.

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 for 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' answers refer to the share of rejected loan applications relative to the total volume of applications in that loan category.

Across the largest euro area countries, the rejection rate for housing loans increased in Germany and France, remained unchanged in Italy and decreased in net terms in Spain. As Germany and France are among the countries with the strongest growth in lending for house purchase, high loan demand may have contributed to the increase in the rejection rate.

2.2.4 Net demand for housing loans increased

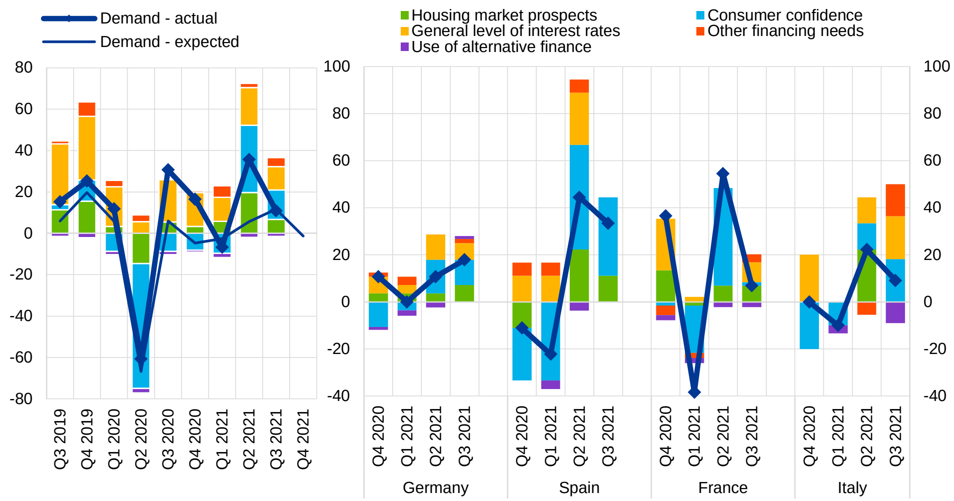
Banks reported, in net terms, a continued increase in demand for housing loans in the third quarter of 2021, which was more contained after the strong increase in the previous quarter (net percentage of banks of 11%, after 36% in the second quarter of 2021; see Chart 8 and Overview table). This development is in line with the strong actual growth of loans to households for house purchase over the previous months.

Improving consumer confidence, the low general level of interest rates and favourable housing market prospects all continued to have a positive impact on demand for loans for house purchase (see Chart 8 and Table 8). Overall, this is consistent with recent evidence from the European Commission's consumer sentiment survey on improving consumer confidence in the euro area in the third quarter, when compared with the previous quarter. In addition, other financing needs related to debt refinancing or restructuring of housing loans and housing market regulatory and fiscal regimes had a small positive impact on euro area housing loan demand. By contrast, households' internal financing out of savings, as a source of alternative finance, had a small dampening impact on housing loan demand in the third quarter of 2021.

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 on 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".

In all the largest euro area countries, banks reported a net increase in housing loan demand in the third quarter of 2021. In Germany, Spain and Italy, and to a smaller extent in France, consumer confidence contributed to the net increase in demand for loans for house purchase. Housing market prospects had a positive impact in

Germany, Spain and France, whereas the low general level of interest rates contributed positively in Germany, France and Italy. Other financing needs played a positive role for net demand developments in Italy, owing to the regulatory and fiscal regime and debt refinancing, and to a smaller extent in France and Germany. The use of alternative finance had a dampening effect in Italy and France.

In the fourth quarter of 2021, banks expect on balance broadly unchanged demand for housing loans (net percentage of banks of -1%).

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 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021
Euro area	20	7	33	14	2	4	18	11	-2	-1
Germany	4	7	14	11	0	2	11	7	-2	1
Spain	22	11	44	33	6	0	22	0	-4	0
France	7	7	42	2	0	3	0	8	-2	-2
Italy	22	0	11	18	-6	14	11	18	0	-9

Note: See the notes on Chart 8.

2.3 Consumer credit and other lending to households

2.3.1 Credit standards for consumer credit and other lending to households remained broadly unchanged

In the third quarter of 2021, credit standards for consumer credit and other lending to households remained broadly unchanged (net percentage of -1% after 0% in the previous quarter; see Chart 9 and Overview table). Following moderate to strong net tightening in previous pandemic quarters, banks reported broadly unchanged credit standards in the last two rounds.

Risk perceptions had a broadly neutral impact on credit standards for the first time since the start of the pandemic crisis (see Chart 9 and Table 9). In addition, banks' risk tolerance, cost of funds and balance sheet constraints as well as competitive pressure from other banks and non-banks had a broadly neutral impact on credit standards.

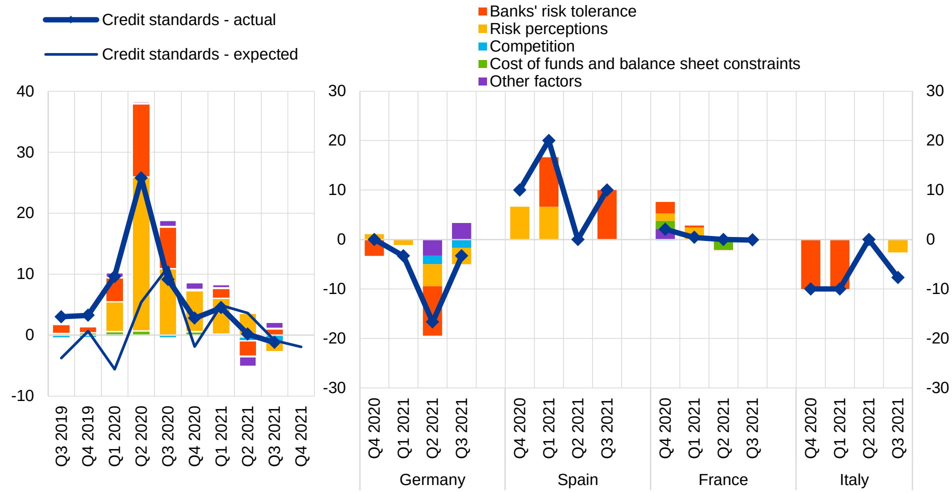
Across the largest euro area countries, credit standards for consumer credit and other lending to households eased in Italy and Germany, supported by improved risk perceptions. At the same time, banks in Spain reported a net tightening, on account of lower risk tolerance. Banks in France reported unchanged credit standards.

In the fourth quarter of 2021, euro area banks expect credit standards for consumer credit and other lending to households to ease slightly (net percentage of -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 on 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 “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 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021
Euro area	0	0	-1	-1	4	-1	-3	1
Germany	0	0	-2	-2	-4	-3	-10	0
Spain	0	0	0	0	0	0	0	10
France	-2	0	0	0	0	0	0	0
Italy	0	0	0	0	0	-3	0	0

Note: See the notes on Chart 9.

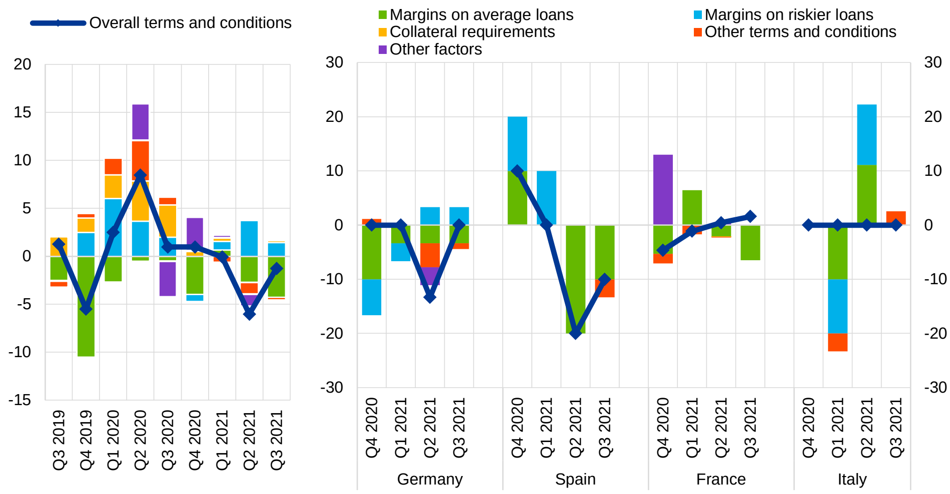
2.3.2 Terms and conditions on consumer credit and other lending to households remained broadly unchanged

In the third quarter of 2021, banks’ overall terms and conditions applied when granting consumer credit and other lending to households remained broadly unchanged (net percentage of -1%, after -6% in the previous quarter; see Chart 10 and Table 10), supported by narrower margins on average loans and to a smaller extent by other terms and conditions, related to loan maturity.

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 "other factors" refer to further factors which were mentioned by banks as having contributed to changes in terms and conditions.

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 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021
Euro area	-6	-1	-3	-4	4	1
Germany	-13	0	-3	-3	3	3
Spain	-20	-10	-20	-10	0	0
France	0	2	-2	-6	0	0
Italy	0	0	11	0	11	0

Note: See the notes on Chart 10.

Pressure from competition had, on balance, an easing impact on banks' overall terms and conditions for consumer credit (see Table 11). By contrast, banks' risk tolerance had a small net tightening effect. Banks' cost of funds and balance sheet constraints as well as risk perceptions had a broadly neutral impact on terms and conditions.

Across the largest euro area countries, overall terms and conditions on consumer credit and other lending to households eased in Spain, due to the easing impact of competition and risk perceptions. In Germany and Italy, overall terms and conditions on consumer credit were unchanged, whereas they tightened slightly in France, on account of higher cost of funds and balance sheet constraints.

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 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021
Euro area	-1	1	-4	-5	0	1	-1	2
Germany	0	0	-7	-3	-7	0	-3	0
Spain	-10	0	-20	-10	0	-10	0	0
France	0	2	0	-6	0	0	0	0
Italy	0	8	11	-8	11	8	0	8

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.

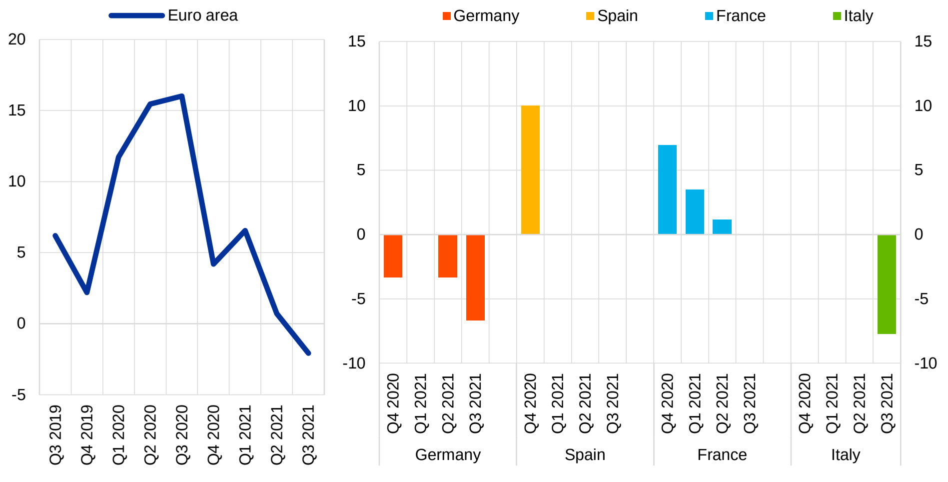
2.3.3 Rejection rate for consumer credit and other lending to households decreased slightly

In the third quarter of 2021, euro area banks reported a small net decrease in the share of rejected applications for consumer credit and other lending to households (-2%, after 1% in the previous survey round; see Chart 11). This is consistent with unchanged credit standards for consumer credit and other lending to households.

In the largest euro area countries, the rejection rate on balance decreased in Germany and Italy, whereas it was broadly unchanged in Spain and France.

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 for 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

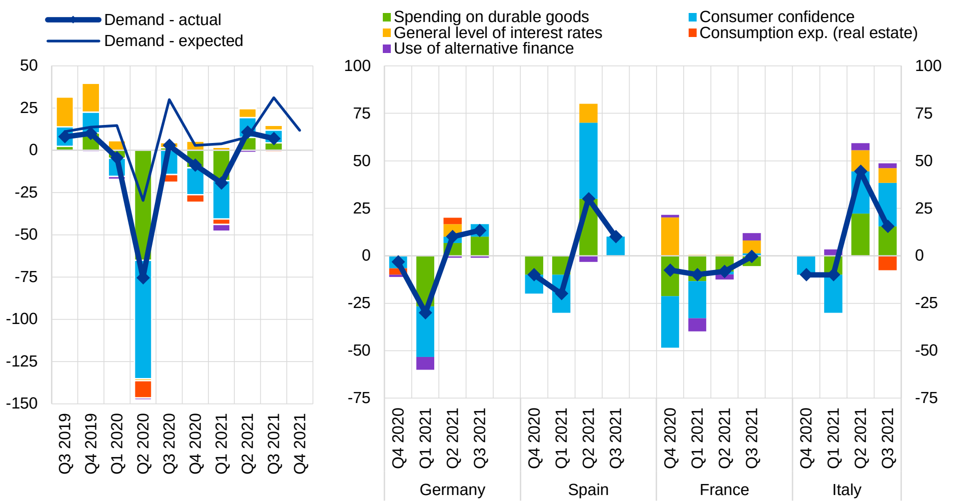
In the third quarter of 2021, banks reported, on balance, a moderate increase in demand for consumer credit and other lending to households (net percentage of banks at 7%, after 11% in the previous quarter; see Chart 12 and Overview table), following similar developments in the previous quarter. The net increase in demand was much lower than expected in the previous round and broadly reflects the observed subdued consumer credit growth.

Improved consumer confidence and spending on durables continued to have a positive impact on demand for consumer credit (see Chart 12 and Table 12). Overall, these developments are in line with recent survey evidence on improving consumer confidence in the euro area in the third quarter of 2021, in comparison with its level in the second quarter, as well as its pre-pandemic level, and with continued moderate consumption dynamics in the third quarter. In addition, the low general level of interest rates had a positive effect on demand for consumer credit while the use of alternative financing sources had a neutral impact.

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 on 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”.

Across the largest euro area countries, banks in Germany, Spain and Italy reported a net increase in demand for consumer credit. In all these countries, higher consumer confidence explained the net increase in demand. In addition, in Germany and Italy, demand for consumer credit was also driven by spending on durables. In Italy, the low general level of interest rates and the use of alternative sources of financing contributed positively to net demand, whereas consumption expenditure financed through real-estate guaranteed loans had a negative impact.

In the fourth quarter of 2021, banks expect a moderate net increase in demand for consumer credit and other lending to households (net percentage of 12%).

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 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021
Euro area	8	4	12	8	1	-1	5	3	-1	0
Germany	7	10	3	7	3	0	7	0	-1	-1
Spain	30	0	40	10	0	0	10	0	-3	0
France	-8	-5	-2	1	0	0	0	7	-3	4
Italy	22	15	22	23	0	-8	11	8	4	3

Note: See the notes on Chart 12.

3 Ad hoc questions

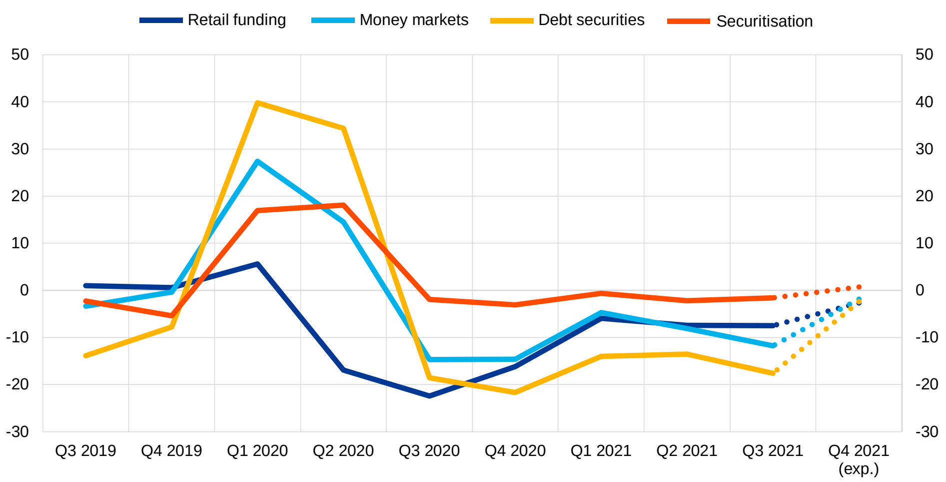
3.1 Banks' access to retail and wholesale funding

The October 2021 survey included a question on 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 what their expectations were for the next three months. Here, negative net percentages indicate an improvement, while positive figures indicate a deterioration in net terms.

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".

Table 13

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

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

	Retail funding	Interbank unsecured money market	Wholesale debt securities	Securitisation
Q2 2021	-7	-8	-14	-2
Q3 2021	-8	-12	-18	-2

Note: See the notes on Chart 13.

In the third quarter of 2021, euro area banks reported in net terms that their access to retail and wholesale funding continued to improve (see Chart 13 and Table 13). Access to money markets (net percentage of -12%, after -8% in Q2 2021) and to funding via debt securities (net percentage of -18%, after -14%) continued to improve in the third quarter of 2021. According to the banks, access to both short-term and medium- to long-term securities improved despite the increase in bank bond yields since the second half of August, indicating that monetary and supervisory policy continues to support banks' access to funding. Access to securitisation continued to improve slightly in the third quarter of 2021 (-2%, after -2%).[5] Banks also reported, on balance, improved access to retail funding (-8%, after -7%). The improvement was again driven by short-term deposit funding as rates remain at historically low levels. This is also in line with deposit volumes remaining at elevated levels since the pandemic crisis started.

Looking ahead, in the fourth quarter of 2021, euro area banks expect their access to funding via money markets, debt securities and deposits to slightly improve further, while they expect access to securitisation to remain broadly unchanged.

3.2 The impact of the ECB's asset purchase programmes

The October 2021 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 of those programmes 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 the 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, in net terms, that the APP and PEPP contributed to a further improvement of their liquidity position and their market financing conditions, but to a deterioration of their profitability over the past six months (see Chart 14 and Chart 15). The reported net impact remained similar to the April BLS round (reporting on Q4 2020 to Q1 2021) for the liquidity position (net percentage of 33%, after 30% reporting an improvement) and market financing conditions (32%, after 32%). Banks also reported a more limited positive net impact on their total assets (net percentage of 11%). This was in part linked to a moderate positive net impact on sovereign bond holdings (4%). For profitability, banks reported a continued negative impact in net terms (net percentage of -18%, after -19%), while capital gains had a positive net impact.

Over the next six months, euro area banks expect, on balance, the APP and PEPP to have a continued positive impact on their liquidity position and their market financing conditions (net percentages of banks of 20% and 19%, respectively). In addition,

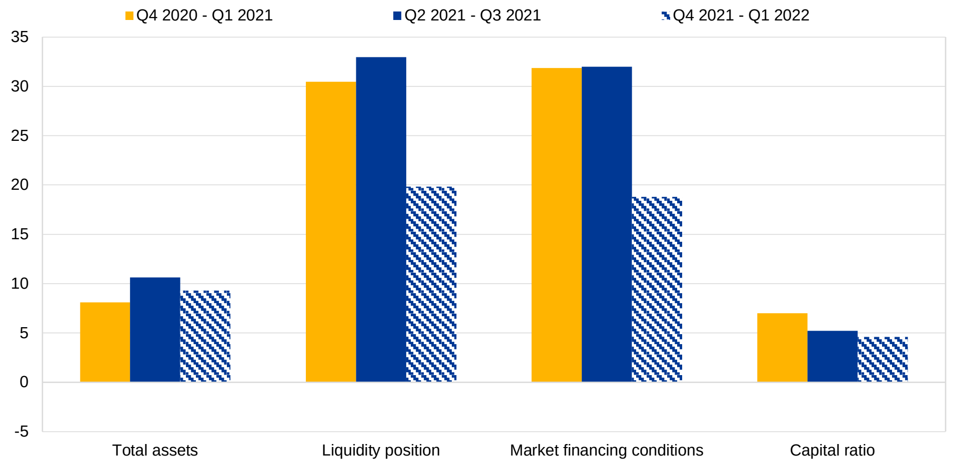
[5] For the results on securitisation, there are a large number of banks that replied "Not Applicable" as this source of funding is not relevant for them (between 47% and 61% depending on the type of securitisation in the third quarter of 2021).

banks expect the APP and PEPP to have a continued negative impact on their profitability (net percentage of -21%) over 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)

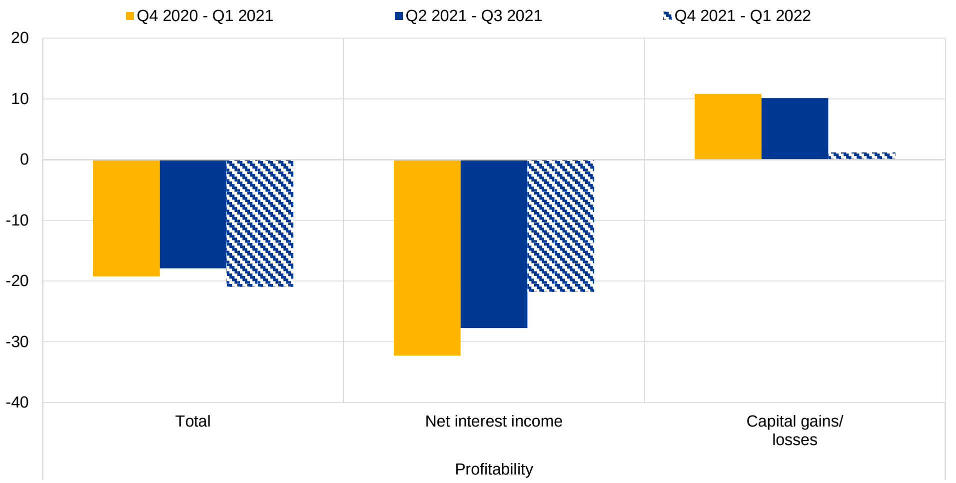


Notes: The net percentages are defined as the difference between the sum of the percentages for "increased/improved considerably" and "increased/improved somewhat" and the sum of the percentages for "decreased/deteriorated somewhat" and "decreased/deteriorated considerably". The last period denotes expectations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

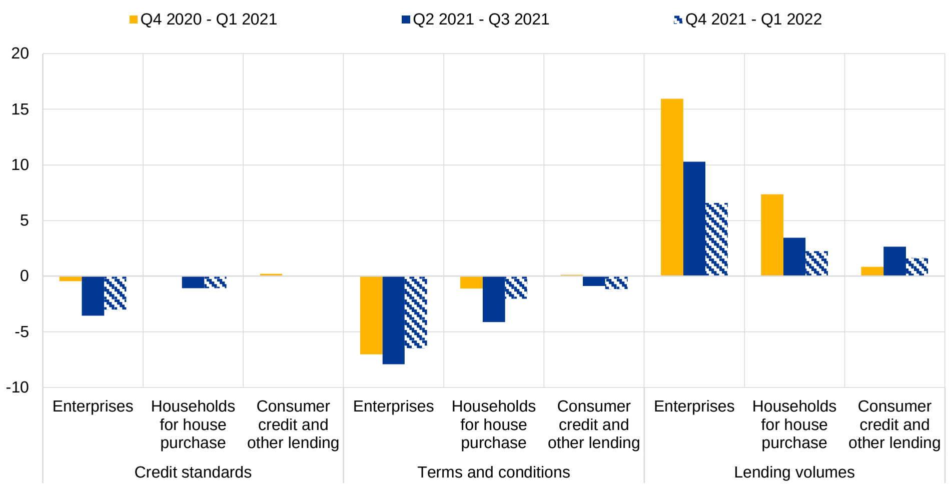
3.2.2 Impact of the ECB's asset purchase programmes on banks' lending conditions and lending volumes

Over the past six months, euro area banks reported, on balance, an easing impact of the APP and PEPP on their terms and conditions for loans to enterprises and housing loans (net percentages of banks of -8% and -4%, respectively), while the impact was again broadly neutral for consumer credit (-1%; see Chart 16). Regarding credit standards, banks only reported a moderate net easing impact on credit standards for loans to firms (net percentage of -4%, after 0%), while they reported a broadly neutral effect for loans to households.

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, in net terms, the APP and PEPP to have a further easing impact on their terms and conditions for loans to enterprises and housing loans (net percentages of -6% and -2% respectively), while the expected impact remains broadly neutral for consumer credit and other lending to households (net percentage of -1%). In addition, banks expect a further moderate net easing impact on credit standards for loans to firms (-3%) over the next six months.

Euro area banks reported, in net terms, a positive impact of the APP and PEPP on lending volumes to firms and households over the past six months (see Chart 16). The impact was more pronounced for loans to firms (net percentage of 10%) than for housing loans and consumer credit (3% for each category).

Over the next six months, euro area banks expect a positive net impact on their lending volumes across all loan categories, albeit more muted for loans to households (net percentages of 7% for loans to enterprises, 2% for housing loans and 2% for consumer credit).

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

The October 2021 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. 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 the direct and indirect effects over the past and next six months.

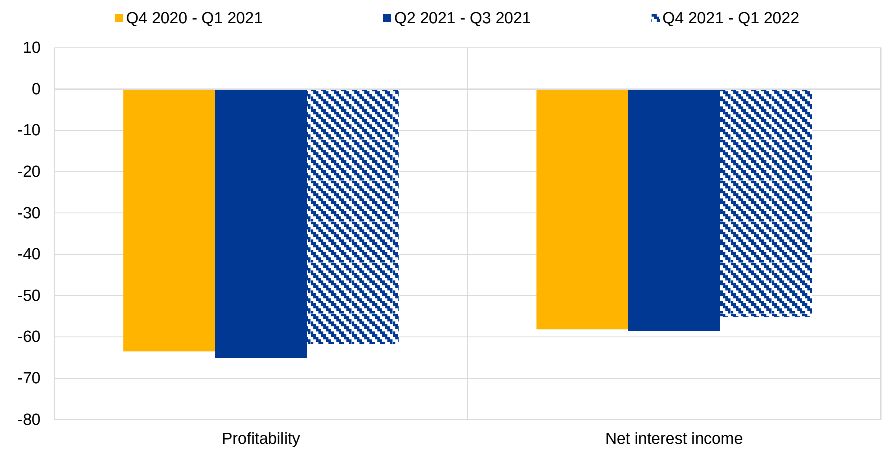
3.3.1 Impact of the ECB's negative deposit facility rate

Euro area banks reported, in net terms, that the ECB's negative deposit facility rate (including the impact of the ECB's two-tier system) had a negative impact on bank profitability over the past six months (net percentage of banks of -65%, after -63%; see Chart 17). This was again driven by a negative net impact on banks' net interest income[6] (net percentage of -59%, after -58%) and is in line with low loan-to-deposit margins despite further progress in the pass-through of negative rates also to household deposits. Over the next six months, euro area banks expect the impact on their profitability and net interest income to be similar to the past six months.

Chart 17

Impact of the negative DFR on bank profitability

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



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

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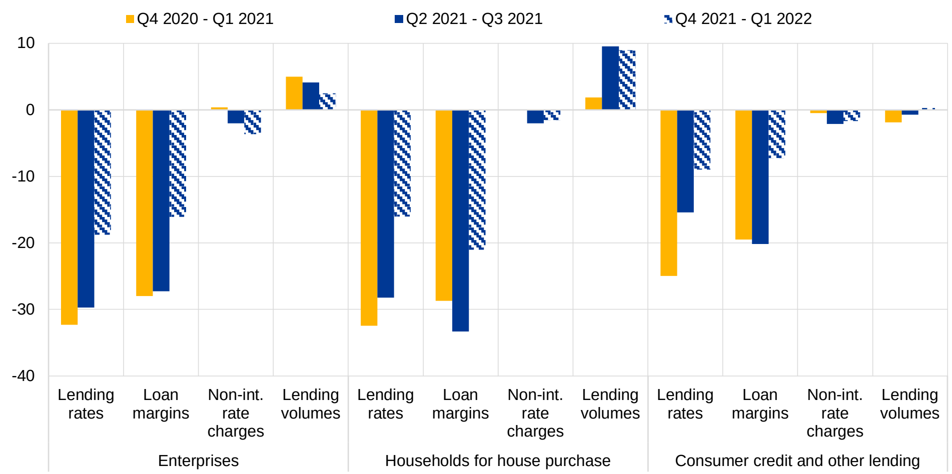
[6] Net interest income is defined as the difference between the interest earned and interest paid on the outstanding amount of interest-bearing assets and liabilities by the bank.

Euro area banks continued to report, in net terms, that the negative DFR lowered lending rates across all loan categories (see Chart 18). The impact was more pronounced for loans to firms (-30%, after -32%) and housing loans (-28%, after -32%) than for consumer credit and other lending (-15%, after -25%). In line with the negative impact on net interest income, banks also reported a negative net impact on loan margins across loan categories.[7] Banks expect a similar net impact on lending rates over the next six months.

Chart 18

Impact of the negative DFR on bank lending

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



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

Euro area banks reported, in net terms, a positive impact of the DFR on lending volumes for loans to enterprises and for housing loans (net percentages of 4% and 10%, respectively; see Chart 18), while the net impact was broadly neutral for consumer credit (net percentage of -1%). Over the next six months, banks expect a positive net impact on lending volumes to firms and to households for house purchase, while they expect no further change for consumer credit.

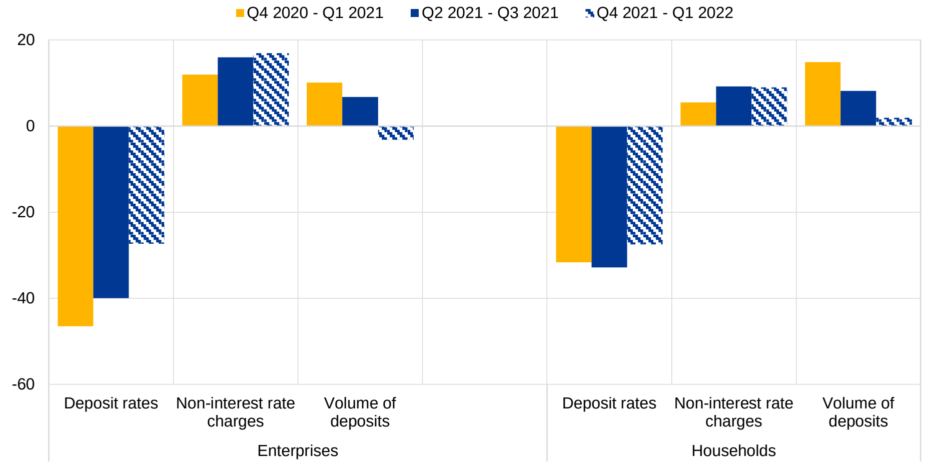
Euro area banks reported, in net terms, a continued negative impact of the DFR on deposit rates for enterprises and households over the past six months (net percentages of -40% and -33%, respectively; see Chart 19), in line with the continued decline in deposit rates over the past six months. Banks also reported a continued positive net impact on non-interest charges on deposits by firms and households (net percentages of 16% and 9%, respectively; see Chart 19), indicating an increased pass-through of negative rates also via this channel. Over the next six months, banks expect, on balance, the DFR to have a continued negative impact on deposit rates for firms and households.

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

Chart 19

Impact of the negative DFR on bank deposits

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



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

Over the past six months, banks reported, in net terms, that the DFR had a moderate positive impact on deposit volumes both for firms and households (net percentages of 7% and 8%, respectively; see Chart 19). This reflects the fact that lower deposit rates due to the DFR have reduced the costs of this funding source for banks, while deposit inflows have remained solid due to there being few substitutes in the current low interest rate environment, as well as precautionary liquidity buffers held by firms and households. Over the next six months, banks expect the DFR to have a moderately negative net impact on deposit volumes by firms and a slightly positive net impact on deposit volumes by households.

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

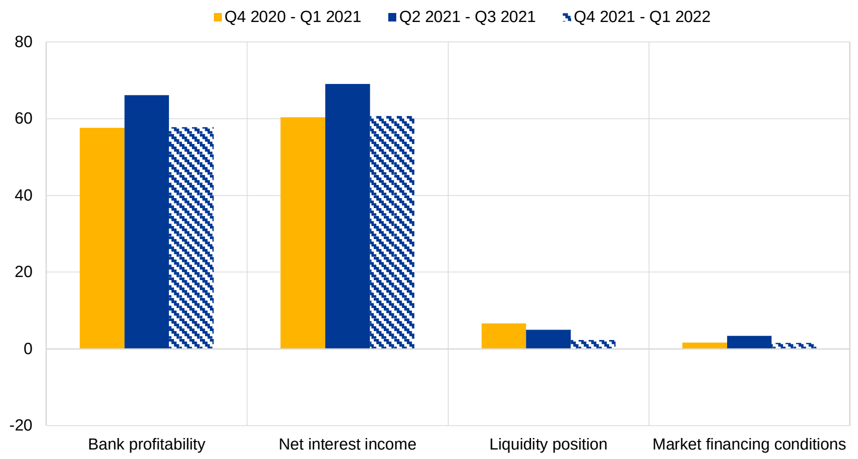
Regarding the impact of the ECB's two-tier system, compared with the situation in which no two-tier system would exist, a large net percentage of euro area banks reported a continued positive impact on their profitability (net percentage of 66%, after 58%; see Chart 20), mainly related to a positive impact on net interest income (69%, after 60%). In addition, a moderate net percentage of banks indicated a positive impact of the two-tier system on their liquidity position and market financing conditions (net percentages of 5% and 3%, respectively). Over the next six months, banks expect similar patterns to persist.

Euro area banks further reported that, on balance, the two-tier system led to higher deposit rates over the past six months compared with a situation with no such system (see Chart 21). By contrast, banks reported a broadly neutral impact on lending rates. The broadly neutral impact on lending rates for loans to firms (net percentage of 1%, after -8%), housing loans (0%, after -9%) and consumer credit (-1%, after -9%) followed a moderate negative impact reported in the April 2021 BLS round. Regarding deposit rates, a moderate net percentage of banks reported a positive impact for deposits held by firms (7%, after 5%) and by households (8%, after 3%). This reflects the fact that the funding-cost relief provided by the two-tier system allows banks to maintain margins with constant or lower lending rates and higher retail deposit rates, as also indicated by the positive impact of the two-tier system on net interest income (see above).

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)

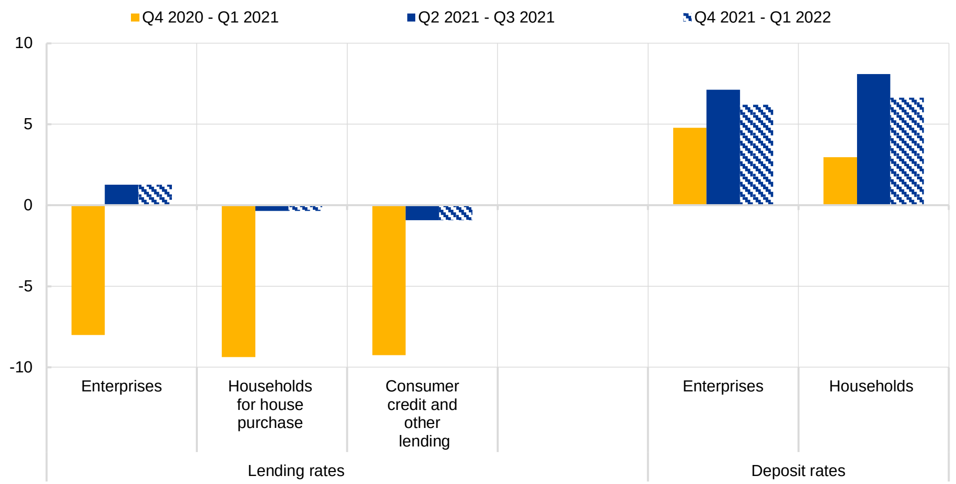


Notes: The net percentages are defined as the difference between the sum of the percentages for "improved considerably" and "improved somewhat" and the sum of the percentages for "deteriorated somewhat" and "deteriorated considerably". The last period denotes expectations indicated by banks in the current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

Chart 21

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

(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 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.

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

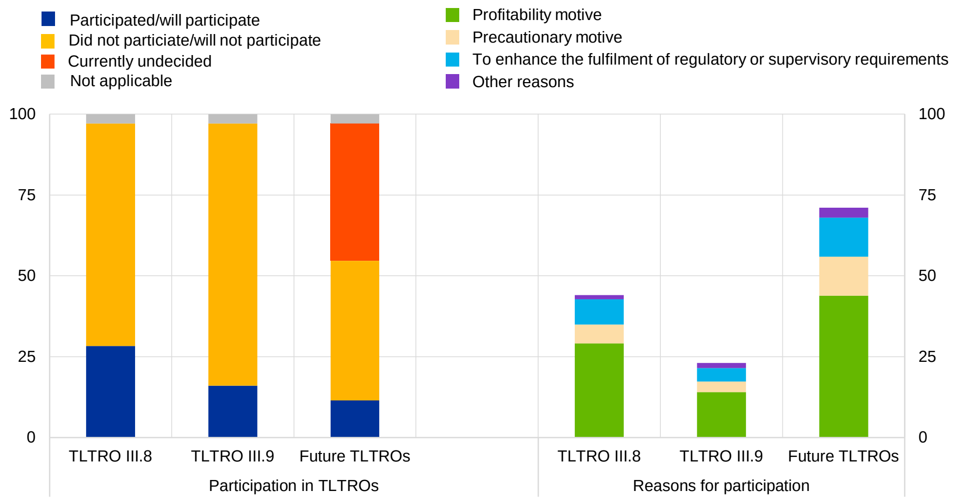
The October 2021 survey questionnaire included some ad hoc questions on the impact of the Eurosystem's third series of targeted longer-term refinancing operations (TLTRO III). Banks were asked about their participation in that series of operations and their reasons for doing so, as well as about their use of TLTRO III liquidity. In addition, they were asked about the impact of TLTRO III on their financial situation, as well as on their lending conditions and lending volumes over the past six months and the next six months.

In the most recent two TLTRO III operations conducted in June and September 2021, 28% and 16% of BLS banks participated, respectively (see Chart 22). Participation was thus similar to the December 2020 operation and below the very large participation in the two operations in June 2020 and March 2021. This is in line with the lower overall take-up of TLTRO III funds in the recent two operations and in part reflects the reduced remaining borrowing allowances of banks due to high take-up in previous operations. Regarding future TLTRO III operations (the last one is scheduled for December 2021), 12% of banks report that they will participate, while 42% are undecided and 43% are not planning to participate.

Chart 22

Banks' participation in TLTRO III and their reasons for participating

(percentages of banks)



Notes: TLTRO III.8 in June 2021 corresponds to the "next to last TLTRO" in the questionnaire. TLTRO III.9 in September 2021 corresponds to the "most recent TLTRO". Unweighted percentages of banks at national level for participation. Banks were asked to rate all reasons in terms of the extent to which they have contributed to their participation in TLTRO III. "Other reasons" are specific reasons cited by banks that were not included in the questionnaire.

The profitability motive (attractiveness of TLTRO III conditions) remained the most important reason for banks to participate in TLTRO III (29% of all BLS banks for the June 2021 operation, and 14% for the September 2021 operation; see Chart 22)[8], with

[8] Banks which participated in the respective TLTRO III operation or may participate in future operations are asked about their reasons for participating and can indicate more than one reason. The lower share of this reason for the September 2021 operation is thus due to the lower participation rate and the fact that the percentage share refers to all banks.

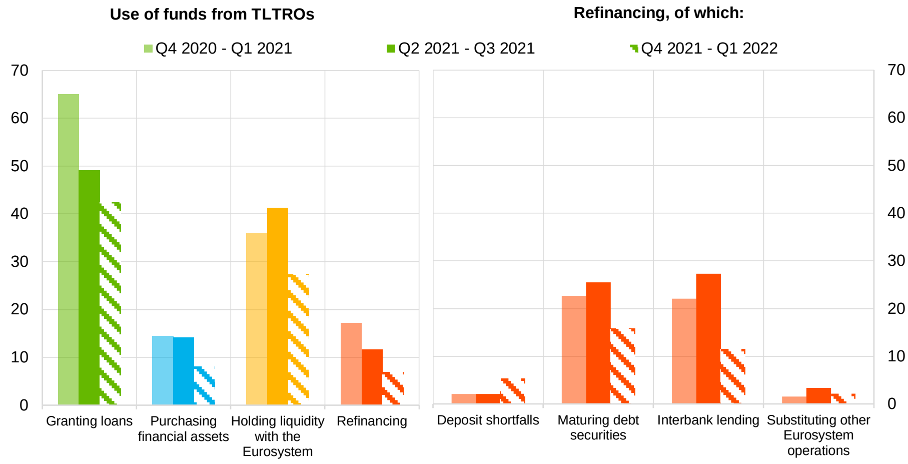
the vast majority of participating banks mentioning this reason.[9] The precautionary motive, i.e. the avoidance or reduction of funding difficulties (6% in June and 3% in September) and the fulfilment of regulatory or supervisory requirements (8% in June and 4% in September) were less relevant for banks in the most recent two TLTRO III operations, and reported by around one quarter of participating banks.

For banks considering participation in future TLTRO III operations, the profitability motive remains the main reason for participating (44% of all banks). In addition, the fulfilment of regulatory or supervisory requirements and the precautionary motive are expected to be equally important reasons for participating in future TLTRO III operations (12% of banks for each reason).

Chart 23

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 average 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.

Granting loans to the non-financial private sector remained the most common use of TLTRO III liquidity over the past six months (49% of BLS banks reported this use of funds, after 65% in the April round; see Chart 23). In addition, 41% (after 36%) of banks indicated holding TLTRO III liquidity with the Eurosystem as a further use of funds. Banks may use this liquidity for granting loans in the coming months. The use of TLTRO III liquidity by banks for refinancing purposes (percentage of banks at 12%, after 17%) and for purchasing assets (percentage of banks at 14%, after 15%) was more limited.[10]

Over the next six months, the purpose of granting loans remains the most important one, cited by 42% of euro area banks, while 27% referred to the purpose of holding

9 This results from comparing the net percentages to the respective participation rates based on weighted net percentages.

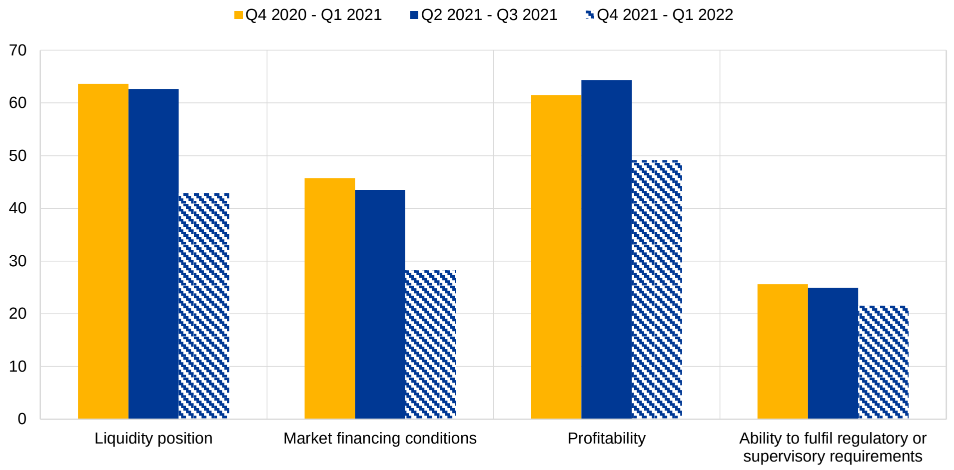
10 Banks may have also used the additional take-up of TLTRO III funding over the past six months to roll over existing TLTRO III funds for which early repayment became available in September 2021. However, this purpose was not reflected in the questionnaire.

liquidity with the Eurosystem. Banks expect the refinancing purpose to play a smaller role (mentioned by 7% of banks).

Banks indicated an overall positive impact of TLTRO III on their financial situation, mainly regarding their liquidity position, their market financing conditions and their profitability (see Chart 24). For all three categories banks reported a continued positive impact similar to the April 2021 BLS round. This implies that despite the lower take-up and participation, the large outstanding amounts of TLTRO III liquidity continue to support banks' financial situation. Over the next six months, banks expect the positive impact to remain broadly similar.

Chart 24
Impact of TLTRO III 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 reported, on balance, an easing impact of TLTRO III on their terms and conditions across all loan categories over the past six months (see Chart 25). The net percentage of banks reporting an easing impact on terms and conditions was larger for loans to enterprises (net percentages of -29%, after -27%), than for housing loans (-10%, after -4%) and consumer credit (-12%, after -4%). Regarding credit standards, TLTRO III had a moderate net easing impact for loans to firms (net percentage of -9%, after -8%), while there was a slight net easing impact for housing loans (-2%, after 0%) and a broadly neutral impact for consumer credit (-1%, after 0%).

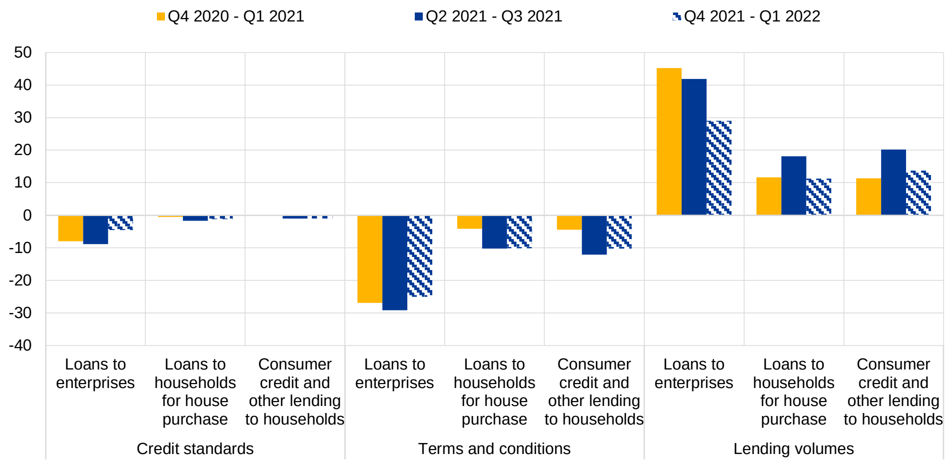
A large net percentage of euro area banks continued to report a positive impact of TLTRO III on their lending volumes to enterprises over the past six months (net percentage of 42%, after 45%; see Chart 25). For lending to households, a larger net percentage of banks reported a positive impact of TLTRO III on lending volumes than in the April 2021 BLS round (net percentages of 18%, after 12% for housing loans and 20%, after 11% for consumer credit).

Over the coming six months, banks expect on balance a further net easing impact of TLTRO III on terms and conditions and a further positive net impact on lending volumes across all loan categories. The net percentages for the expected impact are close to the net percentages reported for the past six months.

Chart 25

Impact of TLTRO III 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.

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 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21
Tightened considerably	0	1	0	1	0	0	0	0	0	1
Tightened somewhat	1	1	1	1	0	2	0	2	2	1
Remained basically unchanged	96	97	96	95	96	95	96	95	95	97
Eased somewhat	3	1	2	1	4	2	3	1	3	1
Eased considerably	0	0	0	0	0	0	0	0	0	0
NA[7]	0	0	1	1	0	0	1	2	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**-1**	**1**	**-1**	**0**	**-3**	**0**	**-2**	**1**	**0**	**1**
Diffusion index	-1	1	0	1	-2	0	-1	0	0	1
Mean	3.01	2.98	3.01	2.99	3.03	3.00	3.02	3.00	3.00	2.98
Number of banks responding	133	135	131	132	127	129	133	135	133	135

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 Jul 21	NetP Oct 21	DI Jul 21	DI Oct 21	Mean Jul 21	Mean Oct 21
Overall												
A) Cost of funds and balance sheet constraints[1]												
Costs related to your bank's capital position[2]	0	0	99	0	0	1	0	0	0	0	3.00	3.00
Your bank's ability to access market financing[3]	0	0	97	0	0	3	-1	0	-1	0	3.01	3.00
Your bank's liquidity position	0	0	97	2	0	1	-2	-2	-1	-1	3.02	3.02
B) Pressure from competition												
Competition from other banks	0	0	96	3	0	2	-3	-3	-1	-1	3.03	3.03
Competition from non-banks[4]	0	0	98	0	0	2	-1	0	-1	0	3.01	3.00
Competition from market financing	0	0	98	0	0	2	-3	0	-2	0	3.03	3.00
C) Perception of risk[5]												
General economic situation and outlook	0	0	92	7	0	0	-3	-7	-1	-4	3.03	3.07
Industry or firm-specific situation and outlook/borrower's creditworthiness[6]	0	5	93	2	0	0	2	3	1	1	2.98	2.97
Risk related to the collateral demanded	0	0	100	0	0	0	0	0	0	0	3.00	3.00
D) Your bank's risk tolerance[5]												
Your bank's risk tolerance	1	0	99	0	0	0	2	0	1	1	2.98	2.99
Small and medium-sized enterprises												
A) Cost of funds and balance sheet constraints[1]												
Costs related to your bank's capital position[2]	0	0	98	0	0	2	0	0	0	0	3.00	3.00
Your bank's ability to access market financing[3]	0	0	96	0	0	4	-1	0	-1	0	3.01	3.00
Your bank's liquidity position	0	0	97	0	0	2	-2	0	-1	0	3.02	3.00
B) Pressure from competition												
Competition from other banks	0	0	97	0	0	3	-2	0	-1	0	3.02	3.00
Competition from non-banks[4]	0	0	97	0	0	3	-1	0	-1	0	3.01	3.00
Competition from market financing	0	0	97	0	0	3	-1	0	-1	0	3.01	3.00
C) Perception of risk[5]												
General economic situation and outlook	0	0	92	6	0	1	3	-6	1	-3	2.97	3.06
Industry or firm-specific situation and outlook/borrower's creditworthiness[6]	0	5	92	2	0	1	3	3	1	1	2.97	2.97
Risk related to the collateral demanded	0	0	98	0	0	1	0	0	0	0	3.00	3.00
D) Your bank's risk tolerance[5]												
Your bank's risk tolerance	1	0	98	0	0	1	3	1	1	1	2.97	2.98

	--	-	°	+	++	NA[7]	NetP		DI		Mean	
							Jul 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21
Large enterprises												
A) Cost of funds and balance sheet constraints[1]												
Costs related to your bank's capital position[2]	0	0	99	0	0	1	0	0	0	0	3.00	3.00
Your bank's ability to access market financing[3]	0	0	97	0	0	3	-3	0	-2	0	3.03	3.00
Your bank's liquidity position	0	0	97	2	0	1	-5	-2	-2	-1	3.05	3.02
B) Pressure from competition												
Competition from other banks	0	0	94	4	0	2	-3	-4	-1	-2	3.03	3.04
Competition from non-banks[4]	0	0	97	2	0	2	-1	-2	-1	-1	3.01	3.02
Competition from market financing	0	0	97	1	0	2	-3	-1	-2	-1	3.03	3.01
C) Perception of risk[5]												
General economic situation and outlook	0	0	91	9	0	0	-3	-9	-2	-4	3.03	3.09
Industry or firm-specific situation and outlook/borrower's creditworthiness[6]	0	0	97	3	0	0	-1	-3	0	-2	3.01	3.03
Risk related to the collateral demanded	0	0	100	0	0	0	0	0	0	0	3.00	3.00
D) Your bank's risk tolerance[5]												
Your bank's risk tolerance	0	0	99	0	0	0	0	0	0	0	3.00	3.00

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 Jul 21	NetP Oct 21	DI Jul 21	DI Oct 21	Mean Jul 21	Mean Oct 21
Overall												
A) Overall terms and conditions[1]												
Overall terms and conditions	1	2	92	5	0	0	-5	-2	-2	-1	3.05	3.01
B) Margins												
Your bank's margin on average loans[2]	0	6	81	13	0	0	-4	-7	-2	-4	3.04	3.07
Your bank's margin on riskier loans	0	3	96	0	0	1	0	3	0	2	3.00	2.97
C) Other conditions and terms												
Non-interest rate charges[3]	0	1	99	0	0	0	0	1	0	0	3.00	2.99
Size of the loan or credit line	0	0	94	6	0	0	-3	-6	-1	-3	3.03	3.06
Collateral[4] requirements	0	2	97	0	0	0	2	2	1	1	2.98	2.98
Loan covenants[5]	0	1	99	0	0	0	1	1	0	0	2.99	2.99
Maturity	1	1	96	2	0	0	-4	1	-2	1	3.04	2.99
Small and medium-sized enterprises												
A) Overall terms and conditions[1]												
Overall terms and conditions	1	3	88	8	0	1	-1	-5	0	-2	3.01	3.04
B) Margins												
Your bank's margin on average loans[2]	0	7	77	16	0	1	-4	-8	-2	-4	3.04	3.08
Your bank's margin on riskier loans	0	5	89	4	0	1	0	0	0	0	3.00	3.00
C) Other conditions and terms												
Non-interest rate charges[3]	0	1	99	0	0	1	0	1	0	0	3.00	2.99
Size of the loan or credit line	0	0	97	2	0	1	-1	-2	-1	-1	3.01	3.02
Collateral[4] requirements	0	3	97	0	0	1	2	2	1	1	2.98	2.98
Loan covenants[5]	0	0	99	0	0	1	2	0	1	0	2.98	3.00
Maturity	1	1	93	4	0	1	0	-1	0	0	3.00	3.01
Large enterprises												
A) Overall terms and conditions[1]												
Overall terms and conditions	0	3	91	6	0	0	-5	-4	-3	-2	3.05	3.04
B) Margins												
Your bank's margin on average loans[2]	0	6	85	9	0	0	-3	-3	-1	-2	3.03	3.03
Your bank's margin on riskier loans	0	3	96	1	0	0	0	3	0	1	3.00	2.97
C) Other conditions and terms												
Non-interest rate charges[3]	0	2	98	1	0	0	1	1	0	0	2.99	2.99
Size of the loan or credit line	0	0	93	7	0	0	-2	-6	-1	-3	3.02	3.06
Collateral[4] requirements	0	2	98	1	0	0	2	1	1	0	2.98	2.99
Loan covenants[5]	0	1	96	3	0	0	-2	-2	-1	-1	3.02	3.02
Maturity	0	1	96	2	0	0	-4	-1	-2	-1	3.04	3.01

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

Question 4

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[2]	NetP		DI		Mean	
							Jul 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21
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	-3	0	-2	0	3	3.00
B) Pressure from competition												
Pressure from competition	0	4	79	14	1	1	-8	-11	-4	-6	3	3.12
C) Perception of risk												
Perception of risk	0	2	95	3	0	0	-2	-1	-1	-1	3	3.01
D) Your bank's risk tolerance												
Your bank's risk tolerance	1	3	95	1	0	0	3	2	1	2	3	2.97
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	98	1	0	0	-3	0	-1	0	3	3.00
B) Pressure from competition												
Pressure from competition	0	4	80	14	1	1	-11	-11	-5	-6	3	3.12
C) Perception of risk												
Perception of risk	0	1	97	3	0	0	1	-2	0	-1	3	3.02
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	95	3	0	0	1	-1	1	0	3	3.01
Impact on your bank's margins on riskier loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	1	0	97	0	0	1	-1	1	0	1	3	2.98
B) Pressure from competition												
Pressure from competition	0	2	94	3	0	2	-6	-1	-3	0	3	3.01
C) Perception of risk												
Perception of risk	0	4	95	0	0	1	5	4	3	2	3	2.96
D) Your bank's risk tolerance												
Your bank's risk tolerance	1	3	96	0	0	1	3	3	1	2	3	2.96

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 21	**Oct 21**
Decreased considerably	2	0
Decreased somewhat	5	1
Remained basically unchanged	86	95
Increased somewhat	6	2
Increased considerably	0	1
NA[3]	1	1
Total	100	100
Net percentage	**0**	**1**
Diffusion index	-1	1
Mean	2.98	3.02
Number of banks responding	133	135

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 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21
Decreased considerably	1	1	0	0	1	2	1	1	0	0
Decreased somewhat	13	18	15	16	12	9	20	17	14	16
Remained basically unchanged	64	61	63	66	68	68	64	71	61	63
Increased somewhat	22	20	21	17	19	21	14	8	24	21
Increased considerably	0	0	0	0	0	0	1	1	0	0
NA[3]	0	0	1	1	0	0	1	2	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**8**	**2**	**6**	**1**	**6**	**11**	**-6**	**-9**	**10**	**5**
Diffusion index	4	0	3	0	3	4	-3	-5	5	2
Mean	3.07	3.00	3.07	3.01	3.05	3.09	2.94	2.90	3.10	3.04
Number of banks responding	133	135	131	132	127	129	133	135	133	135

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 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21
A) Financing needs/underlying drivers or purpose of loan demand												
Fixed investment	1	8	77	14	0	0	4	5	1	2	3.03	3.04
Inventories and working capital	1	7	75	16	0	1	0	8	-1	3	2.98	3.07
Mergers/acquisitions and corporate restructuring	1	4	82	12	0	1	11	8	5	3	3.11	3.07
General level of interest rates	0	0	96	4	0	0	5	4	3	2	3.05	3.04
Debt refinancing/restructuring and renegotiation[1]	0	1	89	10	0	0	14	9	7	4	3.14	3.09
B) Use of alternative finance												
Internal financing	0	6	91	3	0	0	-2	-3	-1	-1	2.98	2.97
Loans from other banks	0	5	94	1	0	0	0	-4	0	-2	3.00	2.96
Loans from non-banks	0	6	92	2	0	0	2	-5	1	-2	3.02	2.95
Issuance/redemption of debt securities	0	2	92	0	0	6	1	-2	1	-1	3.01	2.98
Issuance/redemption of equity	0	1	91	1	0	7	2	0	1	0	3.02	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 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21
Tighten considerably	0	0	0	0	0	0	0	0	1	0
Tighten somewhat	5	6	4	6	5	1	3	6	3	6
Remain basically unchanged	93	91	91	90	92	94	94	91	92	91
Ease somewhat	3	3	3	3	3	4	3	1	3	3
Ease considerably	0	0	0	0	0	0	0	0	0	0
NA[1]	0	0	1	1	0	0	1	2	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**2**	**3**	**1**	**4**	**3**	**-3**	**1**	**4**	**1**	**3**
Diffusion index	1	2	0	2	2	-2	0	2	1	2
Mean	2.98	2.97	2.99	2.97	2.96	3.03	2.99	2.96	2.97	2.97
Number of banks responding	133	135	131	132	127	129	133	135	133	135

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 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21
Decrease considerably	0	0	0	0	0	0	0	0	0	0
Decrease somewhat	1	4	1	1	2	2	4	2	2	4
Remain basically unchanged	66	68	61	70	67	74	64	75	67	73
Increase somewhat	33	28	36	27	30	25	31	22	30	23
Increase considerably	0	0	0	0	0	0	0	0	0	0
NA[1]	0	0	1	1	0	0	1	2	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	**31**	**23**	**35**	**26**	**27**	**23**	**27**	**20**	**29**	**19**
Diffusion index	16	12	18	13	13	12	14	10	14	10
Mean	3.31	3.23	3.36	3.27	3.27	3.23	3.27	3.20	3.29	3.19
Number of banks responding	133	135	131	132	127	129	133	135	133	135

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 21	**Oct 21**	**Jul 21**	**Oct 21**
Tightened considerably	0	0	1	0
Tightened somewhat	2	12	4	2
Remained basically unchanged	94	84	90	95
Eased somewhat	4	4	5	3
Eased considerably	0	0	0	0
NA[5]	0	0	0	0
Total	100	100	100	100
Net percentage	**-1**	**8**	**0**	**-1**
Diffusion index	0	4	1	-1
Mean	3.01	2.92	2.99	3.01
Number of banks responding	128	130	133	137

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 Jul 21	NetP Oct 21	DI Jul 21	DI Oct 21	Mean Jul 21	Mean Oct 21
A) Cost of funds and balance sheet constraints[1]												
Cost of funds and balance sheet constraints	0	7	91	1	0	1	2	6	1	3	2.98	2.94
B) Pressure from competition												
Competition from other banks	0	1	95	3	0	1	-2	-2	-1	-1	3.02	3.02
Competition from non-banks[2]	0	0	98	1	0	1	-1	-1	-1	-1	3.01	3.01
C) Perception of risk[3]												
General economic situation and outlook	0	1	96	3	0	0	-6	-2	-3	-1	3.06	3.02
Housing market prospects, including expected house price developments[4]	0	1	98	1	0	0	-1	0	-1	0	3.01	3.00
Borrower's creditworthiness[5]	0	1	99	0	0	0	-1	1	-1	0	3.01	2.99
D) Your bank's risk tolerance[3]												
Your bank's risk tolerance	0	4	96	0	0	0	1	4	0	2	2.99	2.96

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		DI		Mean	
							Jul 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21
A) Overall terms and conditions												
Overall terms and conditions	0	11	84	6	0	0	-3	5	-1	3	3.03	2.95
B) Margins												
Your bank's loan margin on average loans[2]	0	3	87	10	0	0	-9	-6	-5	-3	3.09	3.06
Your bank's loan margin on riskier loans	0	3	89	6	0	2	-1	-4	0	-2	3.01	3.04
C) Other terms and conditions												
Collateral[3] requirements	0	1	98	1	0	0	-1	0	0	0	3.01	3.00
"Loan-to-value" ratio[4]	0	4	94	2	0	0	4	2	2	1	2.96	2.98
Other loan size limits	0	1	98	1	0	0	-2	0	-1	0	3.02	3.00
Maturity	0	2	98	0	0	0	7	2	3	1	2.93	2.98
Non-interest rate charges[5]	0	2	98	0	0	0	1	2	0	1	2.99	2.98

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

Question 13

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

(in percentages, unless otherwise stated)

	--	-	°	+	++	NA[2]	NetP Jul 21	NetP Oct 21	DI Jul 21	DI Oct 21	Mean Jul 21	Mean Oct 21
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	4	95	1	0	0	2	3	1	1	2.98	2.97
B) Pressure from competition												
Pressure from competition	0	1	90	8	0	1	-7	-7	-3	-4	3.07	3.07
C) Perception of risk												
Perception of risk	0	2	97	1	0	0	3	1	2	0	2.97	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	98	0	0	0	1	1	0	1	2.99	2.99
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	4	91	5	0	0	-3	-1	-2	-1	3.04	3.01
B) Pressure from competition												
Pressure from competition	0	2	87	10	0	1	-9	-8	-5	-4	3.09	3.08
C) Perception of risk												
Perception of risk	0	0	100	0	0	0	4	0	2	0	2.96	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	100	0	0	0	5	0	2	0	2.95	3.00
Impact on your bank's margins on riskier loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	1	1	93	3	0	2	-1	-1	-1	0	3.01	2.99
B) Pressure from competition												
Pressure from competition	1	2	88	5	0	3	-1	-2	-1	0	3.01	3.01
C) Perception of risk												
Perception of risk	1	1	96	0	0	2	3	2	1	1	2.97	2.97
D) Your bank's risk tolerance												
Your bank's risk tolerance	1	1	96	0	0	2	2	2	1	1	2.98	2.97

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 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	0	100	0	0	0	0	0	0	0	3.00	3.00
B) Pressure from competition												
Competition from other banks	0	0	97	2	0	1	-1	-2	-1	-1	3.01	3.02
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	0	96	4	0	0	2	-4	1	-2	2.98	3.04
Creditworthiness of consumers[1]	0	0	99	1	0	0	6	-1	3	0	2.94	3.01
Risk on the collateral demanded	0	0	91	0	0	9	3	0	2	0	2.92	3.00
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	1	99	0	0	0	-3	1	-1	1	3.03	2.99

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 Jul 21	NetP Oct 21	DI Jul 21	DI Oct 21	Mean Jul 21	Mean Oct 21
A) Overall terms and conditions												
Overall terms and conditions	0	1	96	3	0	0	-6	-1	-3	-1	3.06	3.01
B) Margins												
Your bank's loan margin on average loans	0	0	96	4	0	0	-3	-4	-1	-2	3.03	3.04
Your bank's loan margin on riskier loans	0	2	96	1	0	1	4	1	2	1	2.96	2.99
C) Other terms and conditions												
Collateral requirements	0	0	91	0	0	9	0	0	0	0	3.00	3.00
Size of the loan	0	1	99	0	0	0	-3	1	-1	0	3.03	2.99
Maturity	0	0	98	2	0	0	-1	-2	-1	-1	3.01	3.02
Non-interest rate charges	0	1	96	0	0	3	1	1	0	0	2.99	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 21	NetP Oct 21	DI Jul 21	DI Oct 21	Mean Jul 21	Mean Oct 21
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	99	0	0	0	-1	1	0	1	3.01	2.99
B) Pressure from competition												
Pressure from competition	0	0	94	5	0	1	-4	-5	-2	-3	3.04	3.05
C) Perception of risk												
Perception of risk	0	3	95	2	0	0	0	1	0	0	3.00	2.99
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	2	98	0	0	0	-1	2	0	1	3.01	2.98
Impact on your bank's margins on average loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	0	1	99	0	0	0	-2	1	-1	0	3.02	2.99
B) Pressure from competition												
Pressure from competition	0	0	93	6	0	1	-3	-6	-1	-3	3.03	3.06
C) Perception of risk												
Perception of risk	0	0	98	2	0	0	2	-2	1	-1	2.98	3.02
D) Your bank's risk tolerance												
Your bank's risk tolerance	0	0	100	0	0	0	0	0	0	0	3.00	3.00
Impact on your bank's margins on riskier loans												
A) Cost of funds and balance sheet constraints												
Cost of funds and balance sheet constraints	1	0	98	0	0	1	0	1	0	1	3.00	2.98
B) Pressure from competition												
Pressure from competition	1	0	96	1	0	2	2	0	1	0	2.98	2.99
C) Perception of risk												
Perception of risk	1	2	96	0	0	1	3	3	1	2	2.97	2.96
D) Your bank's risk tolerance												
Your bank's risk tolerance	1	1	97	1	0	1	1	0	1	1	2.99	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 21	Oct 21	Jul 21	Oct 21
Decreased considerably	0	0	0	0
Decreased somewhat	2	1	4	3
Remained basically unchanged	84	94	91	94
Increased somewhat	13	3	4	1
Increased considerably	0	0	0	0
NA[3]	1	1	1	1
Total	100	100	100	100
Net percentage	**11**	**2**	**1**	**-2**
Diffusion index	6	1	0	-1
Mean	3.11	3.02	3.01	2.98
Number of banks responding	128	130	133	137

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 21	Oct 21	Jul 21	Oct 21
Decreased considerably	0	0	1	0
Decreased somewhat	5	7	8	7
Remained basically unchanged	53	74	71	79
Increased somewhat	39	18	19	13
Increased considerably	2	0	1	1
NA[2]	0	0	0	0
Total	100	100	100	100
Net percentage	**36**	**11**	**11**	**7**
Diffusion index	19	5	5	4
Mean	3.37	3.11	3.11	3.08
Number of banks responding	128	130	133	137

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		DI		Mean	
							Jul 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21
A) Financing needs/underlying drivers or purpose of loan demand												
Housing market prospects, including expected house price developments	0	6	82	11	1	0	20	7	10	4	3.21	3.08
Consumer confidence[1]	0	1	83	15	0	0	33	14	17	7	3.34	3.14
General level of interest rates	0	0	89	11	0	0	18	11	10	6	3.20	3.11
Debt refinancing/restructuring and renegotiation[2]	0	0	94	6	0	0	5	6	2	3	3.05	3.06
Regulatory and fiscal regime of housing markets	0	0	98	2	0	0	-1	2	0	1	2.99	3.02
B) Use of alternative sources for housing finance												
Internal finance of house purchase out of savings/down payment[3]	0	4	95	1	0	0	-3	-2	-1	-1	2.97	2.98
Loans from other banks	0	2	97	1	0	0	-3	-1	-2	0	2.96	2.99
Other sources of external finance	0	1	99	0	0	0	0	-1	0	-1	3.00	2.99

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 21	Oct 21	Jul 21	Oct 21	Jul 21	Oct 21
A) Financing needs/underlying drivers or purpose of loan demand												
Spending on durable consumer goods	0	3	89	8	0	0	8	4	3	2	3.07	3.04
Consumer confidence	0	3	86	9	2	0	12	8	6	5	3.12	3.09
General level of interest rates	0	0	97	3	0	0	5	3	3	1	3.05	3.03
Consumption expenditure financed through real-estate guaranteed loans[1]	0	1	86	0	0	13	1	-1	0	0	3.01	2.99
B) Use of alternative finance												
Internal finance out of savings	0	4	92	4	0	0	-3	0	-1	0	2.97	3.00
Loans from other banks	0	1	99	0	0	0	-1	-1	-1	-1	2.99	2.99
Other sources of external finance	0	0	99	1	0	0	0	1	0	1	3.00	3.01

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 21	Oct 21	Jul 21	Oct 21
Tighten considerably	0	0	0	0
Tighten somewhat	5	9	3	0
Remain basically unchanged	92	87	94	98
Ease somewhat	3	4	3	2
Ease considerably	0	0	0	0
NA[1]	0	0	0	0
Total	100	100	100	100
Net percentage	**1**	**6**	**-1**	**-2**
Diffusion index	1	3	0	-1
Mean	2.99	2.94	3.01	3.02
Number of banks responding	128	130	133	137

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 21	Oct 21	Jul 21	Oct 21
Decrease considerably	0	0	0	0
Decrease somewhat	3	13	1	2
Remain basically unchanged	82	76	68	85
Increase somewhat	15	11	31	14
Increase considerably	0	1	1	0
NA[1]	0	0	0	0
Total	100	100	100	100
Net percentage	**12**	**-1**	**31**	**12**
Diffusion index	6	0	16	6
Mean	3	3	3	3.11
Number of banks responding	128	130	133	137

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	0	86	11	1	3	-11	3.13	0.38	0	2	90	5	0	3	-4	3.04	0.28
Long-term (more than one year) deposits and other retail funding instruments	0	0	90	4	0	7	-4	3.04	0.20	0	2	88	3	0	7	-1	3.02	0.25
B) Inter-bank unsecured money market																		
Very short-term money market (up to 1 week)	0	0	82	12	0	7	-12	3.13	0.35	0	0	91	2	0	7	-2	3.02	0.16
Short-term money market (more than 1 week)	0	0	81	12	0	7	-12	3.13	0.36	0	0	91	2	0	7	-2	3.02	0.17
C) Wholesale debt securities[3]																		
Short-term debt securities (e.g. certificates of deposit or commercial paper)	0	0	63	12	0	24	-13	3.16	0.40	0	0	74	2	0	24	-2	3.03	0.18
Medium to long term debt securities (incl. covered bonds)	0	0	66	23	0	10	-23	3.25	0.47	0	1	84	4	0	10	-3	3.04	0.25
D) Securitisation[4]																		
Securitisation of corporate loans	0	0	41	1	0	57	-1	3.01	0.18	0	0	43	0	0	56	0	2.99	0.09
Securitisation of loans for house purchase	0	0	37	2	0	61	-1	3.02	0.20	0	0	40	0	0	60	0	3.00	0.00
E) Ability to transfer credit risk off balance sheet[5]																		
Ability to transfer credit risk off balance sheet	0	2	47	4	0	47	-3	3.03	0.29	0	3	50	1	0	46	2	2.95	0.35

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	83	13	0	2	11	3.11	0.39	0	0	88	10	0	2	9	3.10	0.33
of which:																		
euro area sovereign bond holdings	0	8	72	11	1	8	4	3.07	0.53	0	4	79	10	0	7	6	3.07	0.40
B) Your bank's cost of funds and balance sheet situation																		
Your bank's overall liquidity position	0	0	67	33	0	0	33	3.34	0.50	0	1	77	21	0	0	20	3.20	0.46
Your bank's overall market financing conditions	0	0	68	32	0	0	32	3.33	0.50	0	0	81	19	0	0	19	3.19	0.41
D) Your bank's profitability																		
Your bank's overall profitability	0	28	62	10	0	0	-18	2.82	0.62	0	26	66	5	0	2	-21	2.78	0.55
owing to:																		
net interest income[2]	0	33	61	6	0	0	-28	2.72	0.60	0	27	66	6	0	0	-22	2.78	0.57
capital gains/losses	0	1	84	11	0	4	10	3.10	0.35	0	2	92	3	0	3	1	3.01	0.23
E) Your bank's capital position																		
Your bank's capital ratio[3]	0	4	84	9	0	3	5	3.06	0.39	0	4	84	9	0	3	5	3.05	0.39

*) 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	96	4	0	0	-4	3.04	0.20	135	0	0	97	3	0	0	-3	3.03	0.18	135
For loans to households for house purchase	0	0	98	1	0	1	-1	3.01	0.11	130	0	0	98	1	0	1	-1	3.01	0.11	130
For consumer credit and other lending to households	0	0	99	0	0	1	0	3.00	0.00	137	0	0	98	0	0	2	0	3.00	0.00	137
B) Your bank's terms and conditions																				
For loans to enterprises	0	0	91	8	0	0	-8	3.08	0.31	135	0	0	93	7	0	0	-6	3.06	0.28	135
For loans to households for house purchase	0	0	94	4	0	1	-4	3.04	0.23	130	0	0	96	2	0	1	-2	3.02	0.17	130
For consumer credit and other lending to households	0	0	98	1	0	1	-1	3.01	0.13	137	0	0	97	2	0	1	-1	3.01	0.15	137
C) Your bank's lending volume																				
For loans to enterprises	0	0	89	10	0	0	10	3.10	0.33	135	0	0	93	7	0	0	7	3.07	0.28	135
For loans to households for house purchase	0	0	96	3	0	1	3	3.03	0.19	130	0	0	97	2	0	1	2	3.02	0.16	130
For consumer credit and other lending to households	0	0	96	3	0	1	3	3.03	0.18	137	0	0	97	2	0	1	2	3.02	0.14	137

*) 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	15	54	25	4	0	1	-65	2.18	0.75	141	17	49	29	4	0	1	-62	2.20	0.78	141
owing to:																				
Impact on your bank's net interest income[3]	17	46	26	4	0	7	-59	2.15	0.81	146	19	40	30	4	0	7	-55	2.17	0.84	146
Loans to enterprises																				
Impact on your bank's lending rates	7	24	66	1	0	2	-30	2.62	0.67	135	1	20	75	2	0	2	-19	2.80	0.50	135
Impact on your bank's loan margin[4]	7	21	70	0	0	2	-27	2.65	0.65	135	1	17	79	1	0	2	-16	2.83	0.46	135
Impact on your bank's non-interest rate charges	0	4	92	2	0	3	-2	2.98	0.26	135	0	5	92	1	0	2	-4	2.96	0.25	135
Impact on your bank's lending volume	1	0	92	5	0	2	4	3.03	0.30	135	1	1	92	4	0	2	2	3.02	0.30	135
Loans to households for house purchase																				
Impact on your bank's lending rates	1	27	70	0	0	1	-28	2.70	0.53	130	1	15	82	0	0	1	-16	2.83	0.45	130
Impact on your bank's loan margin[4]	1	32	66	0	0	1	-33	2.65	0.51	130	1	20	78	0	0	1	-21	2.78	0.47	130
Impact on your bank's non-interest rate charges	0	4	93	2	0	2	-2	2.98	0.25	130	0	3	95	1	0	1	-2	2.98	0.21	130
Impact on your bank's lending volume	1	1	86	11	0	1	10	3.09	0.42	130	1	0	88	10	0	1	9	3.08	0.38	130
Consumer credit and other lending to households																				
Impact on your bank's lending rates	1	16	81	1	0	1	-15	2.83	0.47	137	1	9	87	2	0	1	-9	2.90	0.41	137
Impact on your bank's loan margin[4]	1	20	77	1	0	1	-20	2.78	0.47	137	1	7	90	1	0	1	-7	2.92	0.36	137
Impact on your bank's non-interest rate charges	0	4	93	1	0	2	-2	2.98	0.24	137	0	3	96	1	0	1	-2	2.98	0.21	137
Impact on your bank's lending volume	1	1	96	1	0	1	-1	2.98	0.25	137	1	0	97	1	0	1	0	2.99	0.23	137
Deposits held by enterprises																				
Impact on your bank's deposit rates	3	38	54	1	1	3	-40	2.56	0.64	131	3	26	68	0	1	3	-27	2.70	0.59	131
Impact on your bank's non-interest rate charges on deposits	0	3	75	18	1	3	16	3.17	0.50	130	0	1	78	16	2	3	17	3.19	0.48	130
Impact on your bank's volume of deposits	0	7	76	13	1	3	7	3.08	0.50	131	0	9	83	4	1	3	-3	2.98	0.43	131
Deposits held by households																				
Impact on your bank's deposit rates	2	31	61	0	0	6	-33	2.64	0.52	133	2	26	66	0	0	6	-27	2.69	0.51	133
Impact on your bank's non-interest rate charges on deposits	0	2	81	11	0	6	9	3.10	0.38	131	0	2	81	11	0	6	9	3.10	0.38	131
Impact on your bank's volume of deposits	0	4	78	11	2	6	8	3.11	0.49	133	0	5	82	6	1	6	2	3.03	0.41	133

(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	2	2	25	68	2	1	66	3.67	0.65	141	2	2	34	60	2	1	58	3.59	0.67	141
owing to:																				
Impact on your bank's net interest income[3]	2	1	25	70	2	1	69	3.70	0.61	141	2	1	33	61	2	1	61	3.62	0.64	141
Impact on your bank's liquidity position	0	1	92	6	0	1	5	3.05	0.30	141	0	2	93	4	0	1	2	3.03	0.30	141
Impact on your bank's market financing conditions	0	0	96	2	1	1	3	3.04	0.26	141	0	1	96	2	1	1	2	3.03	0.26	141
Your bank's lending rates																				
Impact on your bank's lending rates for enterprises	0	2	92	4	0	2	1	3.01	0.26	132	0	2	92	4	0	2	1	3.01	0.26	132
Impact on your bank's lending rates to households for house purchase	0	1	97	1	0	1	0	3.00	0.17	128	0	1	97	1	0	1	0	3.00	0.17	128
Impact on your bank's lending rates for consumer credit and other lending to households	0	2	96	1	0	1	-1	2.99	0.17	133	0	2	96	1	0	1	-1	2.99	0.17	133
Your bank's deposit rates																				
Impact on your bank's interest rates on deposits held by enterprises	0	2	86	9	0	3	7	3.08	0.34	131	0	1	88	8	0	3	6	3.07	0.32	131
Impact on your bank's interest rates on deposits held by households	0	0	85	8	0	6	8	3.08	0.30	133	0	1	86	7	0	6	7	3.07	0.29	133

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)[1]

	Yes	No	Currently undecided
In the most recent TLTRO III operation	16	81	
In the next to last TLTRO III operation	28	69	
In future TLTRO III operations	12	43	42

(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[2]
In the most recent TLTRO III operation				
Your bank's reasons for participation				
Attractive TLTRO conditions (profitability motive)	1	9	5	85
To reduce current and/or prevent future funding difficulties (precautionary motive)	12	2	1	85
To enhance the fulfilment of regulatory or supervisory requirements	11	4	0	85
In the next to last TLTRO III operation				
Your bank's reasons for participation				
Attractive TLTRO conditions (profitability motive)	0	16	13	71
To reduce current and/or prevent future funding difficulties (precautionary motive)	23	6	0	71
To enhance the fulfilment of regulatory or supervisory requirements	21	8	0	71
In future TLTRO III operations				
Your bank's reasons for participation				
Attractive TLTRO conditions (profitability motive)	3	29	15	54
To reduce current and/or prevent future funding difficulties (precautionary motive)	37	12	0	51
To enhance the fulfilment of regulatory or supervisory requirements	37	12	0	51

1) Percentages based on unweighted percentages of banks at the national level.
2) "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	77	2	0	21	55	5	0	40
As a substitute for maturing debt securities	53	26	0	22	43	15	0	41
As a substitute for interbank lending	51	27	0	22	48	12	0	41
As a substitute for other Eurosystem liquidity operations[2]	74	2	1	22	56	1	1	42
For granting loans, purchasing financial assets or holding liquidity								
For granting loans to the non-financial private sector	29	41	8	22	17	37	5	40
For purchasing domestic sovereign bonds	58	20	0	22	50	8	0	41
For purchasing other financial assets[3]	67	8	0	24	51	7	0	42
For holding liquidity with the Eurosystem	37	30	12	22	32	23	4	40

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 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	35	42	21	3	-63	3.86	0.76	146
Your bank's overall market financing conditions	0	0	52	37	6	4	-44	3.53	0.66	146
Your bank's overall profitability	0	1	31	61	4	3	-64	3.70	0.60	146
Your bank's ability to fulfil regulatory or supervisory requirements	0	1	69	21	5	4	-25	3.32	0.63	146
Impact on your bank's credit standards										
For loans to enterprises	0	0	86	9	0	5	-9	3.10	0.32	135
For loans to households for house purchase	0	0	94	2	0	4	-2	3.02	0.14	130
For consumer credit and other lending to households	0	0	96	1	0	3	-1	3.01	0.11	137
Impact on your bank's terms and conditions										
For loans to enterprises	0	0	66	29	0	5	-29	3.31	0.48	135
For loans to households for house purchase	0	0	86	10	0	4	-10	3.12	0.34	130
For consumer credit and other lending to households	0	0	85	12	0	3	-12	3.13	0.36	137
Impact on your bank's lending volumes										
For loans to enterprises	0	0	53	42	0	5	42	3.45	0.52	135
For loans to households for house purchase	0	0	78	18	0	4	18	3.21	0.42	130
For consumer credit and other lending to households	0	0	76	20	0	3	20	3.22	0.43	137
Over the next six months										
Impact on your bank's financial situation										
Your bank's overall liquidity position	0	0	48	27	16	10	-43	3.68	0.81	146
Your bank's overall market financing conditions	0	0	60	24	5	11	-28	3.39	0.66	146
Your bank's overall profitability	0	1	39	47	3	10	-49	3.58	0.61	146
Your bank's ability to fulfil regulatory or supervisory requirements	0	1	66	18	4	11	-22	3.31	0.65	146
Impact on your bank's credit standards										
For loans to enterprises	0	0	83	5	0	12	-5	3.05	0.23	135
For loans to households for house purchase	0	0	88	1	0	11	-1	3.01	0.11	130
For consumer credit and other lending to households	0	0	90	1	0	9	-1	3.01	0.11	137
Impact on your bank's terms and conditions										
For loans to enterprises	0	0	62	25	0	12	-25	3.32	0.48	135
For loans to households for house purchase	0	0	79	10	0	11	-10	3.12	0.35	130
For consumer credit and other lending to households	0	0	80	10	0	9	-10	3.12	0.34	137
Impact on your bank's lending volumes										
For loans to enterprises	0	0	58	29	0	12	29	3.36	0.51	135
For loans to households for house purchase	0	0	77	11	0	11	11	3.13	0.37	130
For consumer credit and other lending to households	0	0	76	14	0	10	14	3.15	0.39	137

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

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

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

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