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JANUARY 2020 BANK LENDING SURVEY IN SPAIN

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ABSTRACT

According to the Bank Lending Survey, during 2019 Q4, credit standards tightened slightly for all categories of lending in Spain, whereas this only affected consumer credit and other lending to households in the euro area. In this segment, the general terms and conditions on new lending eased, both in Spain and in the euro area as a whole. Furthermore, in Spain, the terms and conditions on loans to households for house purchase tightened slightly. Demand for all types of credit in Spain decreased, whereas in the euro area as a whole loan applications from enterprises declined and those from households increased. According to the responding banks, regulatory and supervisory actions on capital, leverage and liquidity had a negligible impact on credit supply in Spain in the second half of 2019, whereas they prompted a slight tightening in the euro area. The NPL ratio contributed to a tightening of credit standards (in consumer credit in Spain and in the other two segments in the euro area). Lastly, as for the ECB's TLTRO III (the third series of targeted longer-term refinancing operations), the banks' participation in the September operation was limited and increased significantly in the December operation, as they were essentially attracted by the favourable conditions of this funding.

Keywords: funding, credit, loan supply, loan demand, credit standards, terms and conditions for loans, financial markets.

JEL classification: E51, E52, G21.

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Main results

This article presents the results of the January 2020 Bank Lending Survey (BLS), which provides information on credit supply and demand conditions in 2019 Q4, and on the outlook for the first three months of the current year. This round includes the ad hoc questions on the conditions of access to wholesale and retail funding markets, the impact of regulatory and supervisory actions, the influence of the NPL ratio on banks' lending policies and the impact of the ECB's third series of targeted longer-term refinancing operations (TLTRO III).[1] This section discusses the main results obtained from the replies by the ten Spanish banks participating in the survey, comparing them with the results for the euro area as a whole, while the following sections review the results for Spain in more detail.[2]

The results of the survey show that, in 2019 Q4, credit standards tightened slightly in all segments in Spain, whereas in the euro area they also tightened somewhat in consumer credit and other lending to households and changes in other types of lending remained negligible (see Table 1 and Chart 1). The general terms and conditions on new lending eased in the consumer credit and other lending segment in the two areas, insofar as in Spain, the terms and conditions applied to loans for house purchase also tightened slightly.

Loan demand fell across all categories in Spain between October and December last year (see Chart 1). In the euro area applications for loans to enterprises decreased, for the first time since 2013, although they continued to rise in the two household segments.

For the current quarter, Spanish banks anticipated that lending standards would remain stable in lending to enterprises and loans to households for house purchase and would

1 The Banco de España has published these results on its website (http://www.bde.es/webbde/en/estadis/infoest/epb.html), in tandem with the publication of this article and with the ECB's publication of the results for the euro area. Also available at this address are the time series of the aggregate indicators by bank, relating to the standard questionnaire, along with additional information about the BLS. A more detailed analysis of the results for the euro area as a whole can be found in the ECB's regular notes on its website (http://www.ecb.int/stats/money/lend/html/index.en.html).

2 The analysis of the results conducted in this article is based on so-called "diffusion indices" which are calculated with a weighting based on the degree of improvement/worsening or of easing/tightening reported by each bank in its replies, unlike indicators calculated in terms of net percentages, which do not apply a weighting in this way.

Table 1
BANK LENDING SURVEY
Main results. January 2019

	Credit standards	Overall conditions on new loans	Loan demand
Spain			
Past three months			
Non-financial corporations	Tightening	Unchanged	Decrease
Households for house purchase	Tightening	Tightening	Decrease
Households for consumer credit and other lending	Tightening	Easing	Decrease
Forecast for next three months			
Non-financial corporations	Unchanged	(a)	Decrease
Households for house purchase	Unchanged	(a)	Unchanged
Households for consumer credit and other lending	Tightening	(a)	Unchanged
Euro area			
Past three months			
Non-financial corporations	Unchanged	Unchanged	Decrease
Households for house purchase	Unchanged	Unchanged	Increase
Households for consumer credit and other lending	Tightening	Easing	Increase
Forecast for next three months			
Non-financial corporations	Unchanged	(a)	Decrease
Households for house purchase	Tightening	(a)	Increase
Households for consumer credit and other lending	Easing	(a)	Increase

SOURCES: Banco de España and ECB.

a The survey does not include questions on expected changes in loan terms and conditions.

tighten slightly in consumer credit and other lending extended to households. In the euro area significant changes were not envisaged in the credit standards applied to enterprises but a slight tightening in loans to households for house purchase and a slight easing in consumer credit and other credit extended to households were anticipated. As for demand, a further decline in loan applications from enterprises was expected in both areas. The euro area banks envisaged slight increases in applications for lending to households (both for house purchase and consumer credit and other lending) and significant changes were not anticipated in Spain.

In response to the first of the ad hoc questions included in the survey, the banks reported that in 2019 Q4 they perceived a slight worsening in conditions of access to retail markets in Spain, whereas they remained stable in the euro area. As for wholesale markets, funding conditions remained unchanged or improved in almost all cases both in Spain and in the euro area, except for in money markets which deteriorated slightly in Spain, and in short-term debt securities markets, which worsened in both areas, albeit more sharply in Spain (see Chart A.1).

When asked about the effect, during the second half of 2019, of regulatory and supervisory actions relating to capital, leverage and liquidity, the banks in the two

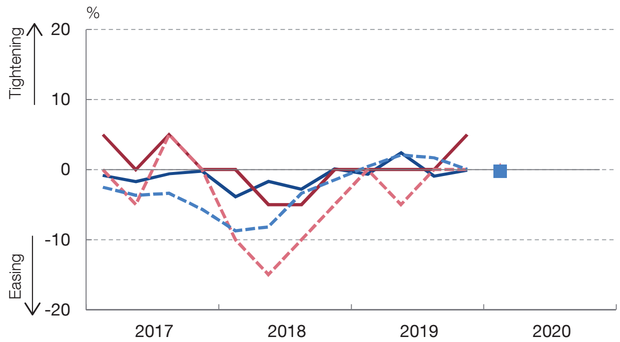
Chart 1

IN SPAIN THE CREDIT SUPPLY TIGHTENED SLIGHTLY AND DEMAND DECLINED. HOWEVER, IN THE EURO AREA DEMAND INCREASED IN THE HOUSEHOLD SEGMENT AND DECREASED IN THE ENTERPRISE SEGMENT

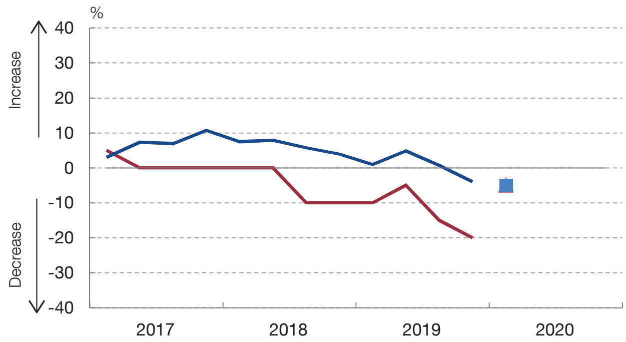
In 2019 Q4, credit standards tightened slightly in all segments in Spain, although in the euro area they tightened in the consumer credit segment and remained unchanged in the other segments. Demand fell across the board in Spain, whereas in the euro area loan applications grew in the two household segments and fell in the enterprise segment.

1 LENDING TO NON-FINANCIAL CORPORATIONS

1.1 CHANGE IN CREDIT STANDARDS AND IN CONDITIONS APPLIED TO LOANS (a)

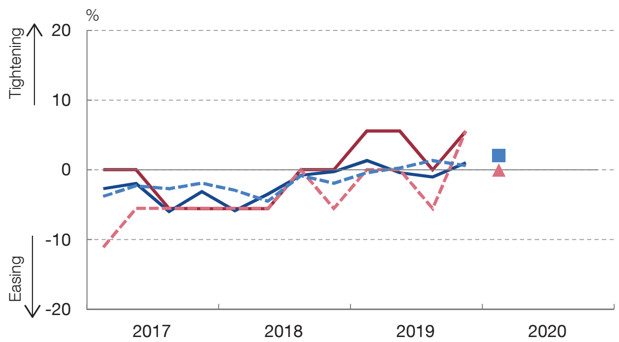


1.2 CHANGE IN DEMAND (b)

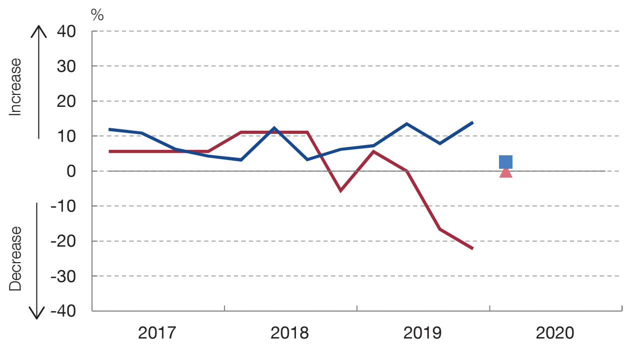


2 LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE

2.1 CHANGE IN CREDIT STANDARDS AND IN CONDITIONS APPLIED TO LOANS (a)

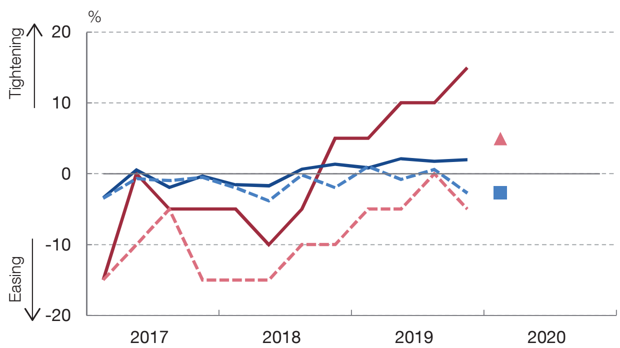


2.2 CHANGE IN DEMAND (b)

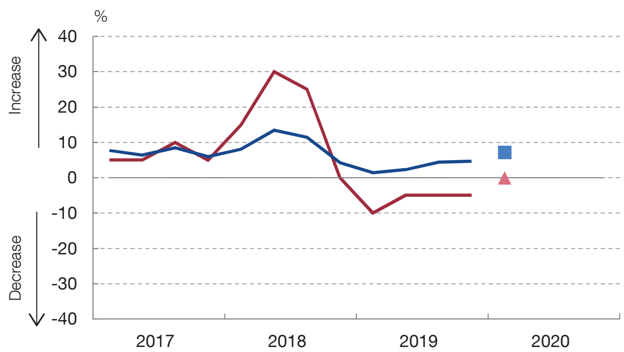


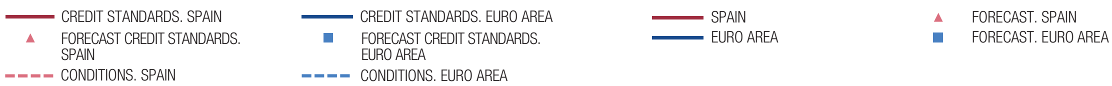
3 CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS

3.1 CHANGE IN CREDIT STANDARDS AND IN CONDITIONS APPLIED TO LOANS (a)



3.2 CHANGE IN DEMAND (b)





SOURCES: European Central Bank and Banco de España.

a Indicator = percentage of banks that have tightened their credit standards or conditions considerably × 1 + percentage of banks that have tightened their credit standards or conditions somewhat × 1/2 – percentage of banks that have eased their credit standards or conditions somewhat × 1/2 – percentage of banks that have eased their credit standards or conditions considerably × 1.

b Indicator = percentage of banks reporting a considerable increase × 1 + percentage of banks reporting some increase × 1/2 – percentage of banks reporting some decrease × 1/2 – percentage of banks reporting a considerable decrease × 1.

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areas indicated that these actions contributed to an increase in risk-weighted assets (and, in the euro area, also in total assets) and in capital levels, and to a slight easing of their funding conditions. Furthermore, these actions did not have a significant impact on standards and margins applied to loans in Spain, however, in the euro area, they contributed to a slight tightening of the credit supply in almost all cases (see Chart A.2). In the ad hoc question on the impact of the NPL ratio on lending policy, the national banks indicated that in the second half of 2019, NPLs contributed to a slight tightening of standards in the consumer credit and other lending segment, without any repercussions on the other categories, whereas in the euro area this ratio was conducive to a slight tightening of supply in the segment of loans to enterprises and consumer credit and other lending to households (see Chart A.3).

Lastly, the replies to the questions on the ECB’s TLTRO III (see Charts A.4, A.5 and A.6) infer that there was limited participation in the first operation (no Spanish bank in the sample and 5% of euro area banks overall), whereas participation in the December operation increased significantly (70% in Spain and 35% in the euro area). In both areas, profitability (favourable conditions) was the main reason for participating; caution, the second most significant reason, is also worth noting. Given the limited participation of the euro area banks in the September operation (no bank in Spain participated), the use of the funds obtained in the closing months of 2019 was very restricted, they were mainly used to replace TLTRO II funding and to grant loans to the private sector. The impact of these operations on the financial situation of banks in both areas contributed to an improvement in liquidity, funding conditions and profitability, as well as to fulfilment of regulatory requirements. Furthermore, in the euro area they prompted a slight easing of the terms and conditions applied and a minor rise in lending volumes both in terms of loans to enterprises and consumer credit and other lending to households, whereas in Spain the impact was limited to a modest easing of the terms and conditions applied to loans to households for house purchase.

Supply and demand conditions in Spain

Lending to non-financial corporations

A detailed analysis of the Spanish banks’ replies to the standard questionnaire reveals that credit standards for loans in the non-financial corporations segment tightened slightly in 2019 Q4, in the case of both lending to large firms and to SMEs. Likewise, the breakdown by maturity shows the same trend in long-term loans, whereas those extended at a shorter term remain unchanged. Regarding the factors behind these developments, the higher costs relating to capital levels and higher risk perception, prompted a tightening of standards and the other factors did not exert a significant influence (see Chart 2).

The general terms and conditions of new loans remained quite stable on the whole in 2019 Q4 since the effect of heightened competitive pressure was offset by the

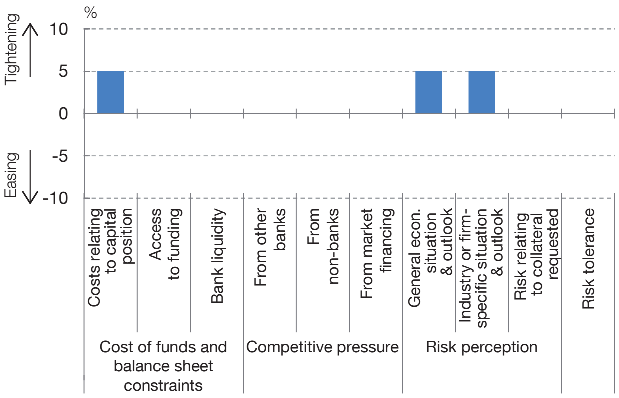
Chart 2

GREATER RISK PERCEPTION CONTRIBUTED TO THE TIGHTENING OF CREDIT STANDARDS. TERMS AND CONDITIONS DIFFERED ACROSS LOAN CATEGORIES

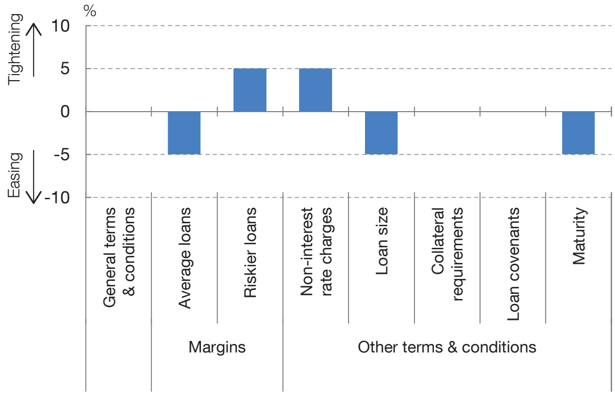
Lending standards tightened slightly in the three segments, mainly as a result of increased risk perception and banks' lower risk tolerance. By contrast, the terms and conditions applied eased in consumer credit and other lending to households and tightened slightly in loans to households for house purchase. The easing of certain terms and conditions in lending to enterprises (margins on average loans, maturity and loan size) was offset by the tightening of others (margins on riskier loans and other non-interest rate charges).

1 LOANS TO NON-FINANCIAL CORPORATIONS

1.1 CONTRIBUTION OF FACTORS TO CHANGE IN CREDIT STANDARDS (a)

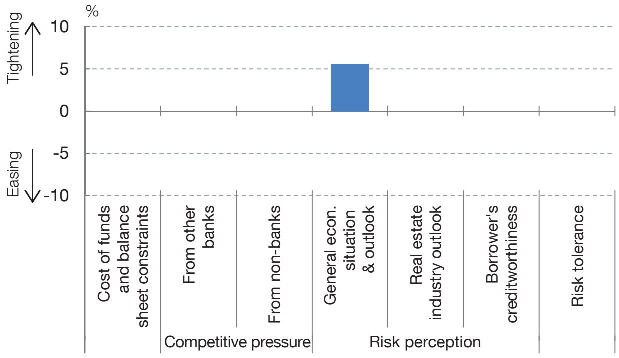


1.2 CHANGES IN TERMS AND CONDITIONS OF LOANS (b)

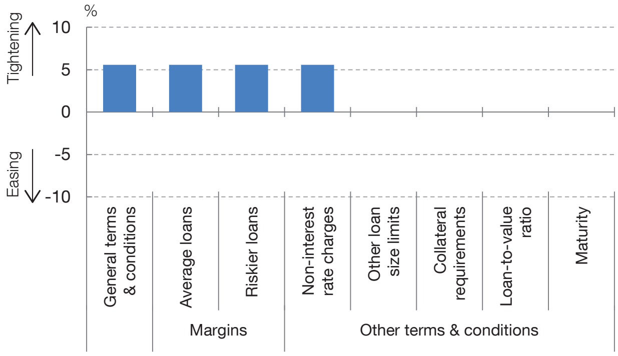


2 LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE

2.1 CONTRIBUTION OF FACTORS TO CHANGE IN CREDIT STANDARDS (a)

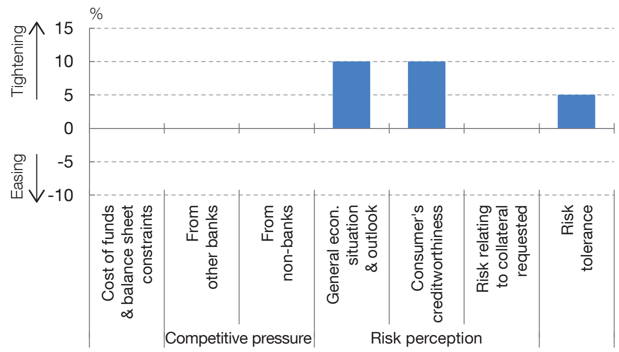


2.2 CHANGES IN TERMS AND CONDITIONS OF LOANS (b)

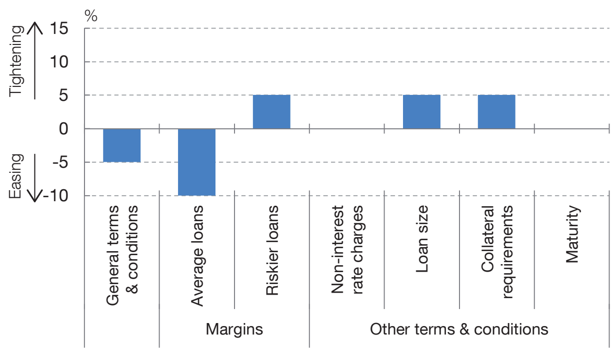


3 CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS

3.1 CONTRIBUTION OF FACTORS TO CHANGE IN CREDIT STANDARDS (a)



3.2 CHANGES IN TERMS AND CONDITIONS OF LOANS (b)



SOURCES: Banco de España and European Central Bank.

a Indicator = percentage of banks reporting that the factor has contributed considerably to the tightening of credit standards × 1 + percentage of banks reporting that it has contributed somewhat to the tightening of credit standards × 1/2 – percentage of banks reporting that it has contributed somewhat to the easing of credit standards × 1/2 – percentage of banks reporting that it has contributed considerably to the easing of credit standards.

b Indicator = percentage of banks that have tightened their terms and conditions considerably × 1 + percentage of banks that have tightened their conditions somewhat × 1/2 – percentage of banks that have eased their conditions somewhat × 1/2 – percentage of banks that have eased their conditions considerably.

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banks' greater risk perception. A more detailed analysis shows a modest decline in the margins applied to average loans and a slight increase in lending volumes and maturities, while, conversely, the margins applied to riskier loans tightened somewhat and non-interest rate charges increased (see Chart 2). The breakdown by size of enterprise shows that the overall terms and conditions on new loans to SMEs did not change, while those on loans granted to large firms eased minimally. The percentage of rejected loan applications remained unchanged in 2019 Q4.

According to the replies received, loan demand in 2019 Q4 continued to decline for the sixth consecutive period and on this occasion affected both short and longer-term loans. Similarly, the breakdown by size shows a decrease in applications in the two segments (SMEs and large enterprises). Declining demand was mainly a result of lower investment in fixed capital, inventories and working capital, and of banks increasingly tapping other sources of internal and external funding (debt securities, loans from other institutions and share issues) (see Chart 3). Conversely, the low general level of interest rates, the increase in mergers, acquisitions and corporate restructuring and in debt restructuring were conducive to a slight rise in applications.

Loans to households for house purchase

According to the replies received, credit standards for loans to households for house purchase tightened slightly in Spain in 2019 Q4, essentially as a result of worsening expectations about the general economic situation (see Chart 2). Other factors did not have any impact on the supply of funds. The general terms and conditions on these loans also tightened moderately, mainly owing to the banks' greater risk perception and lower risk tolerance, although competitive pressure exerted some influence in the opposite direction. A more detailed analysis reveals a slight increase in the margins on average and riskier loans and a moderate rise in non-interest rate charges, while other conditions remained stable. Lastly, the percentage of rejected loan applications decreased slightly.

The demand for loans for house purchase fell sharply between October and December 2019, posting the highest decline since 2013. According to the banks, these developments were mainly due to the worsening outlook for the housing market and lower consumer confidence and, to a lesser degree, to regulatory and fiscal changes affecting the market, the increase in financing with own funds and greater recourse to other sources of external finance (see Chart 3).

Consumer credit and other lending to households

Credit standards for consumer credit and other lending tightened slightly in 2019 Q4, continuing the trend which has been recorded since 2018 Q4. Changes in

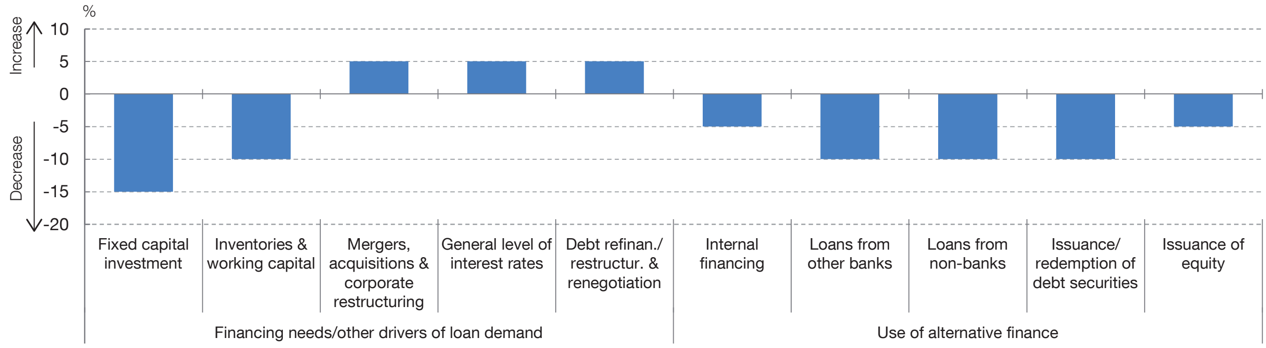
Chart 3

GREATER RECOURSE TO OTHER TYPES OF FINANCING AND LOWER FINANCING NEEDS GAVE RISE TO A CONTRACTION IN DEMAND FOR CREDIT (a)

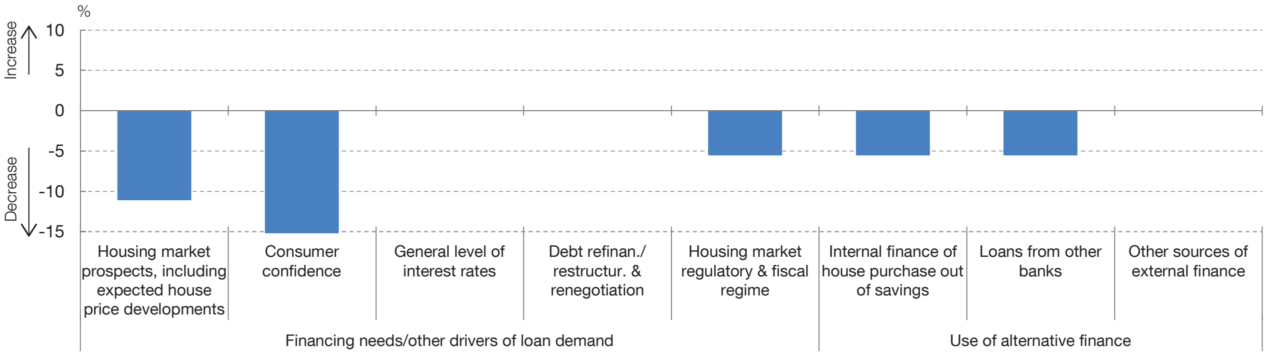
Lower financing needs, in conjunction with a decline in consumer confidence and recourse to other sources of financing, exerted a negative impact on credit demand, triggering a decrease in applications for all loan categories.

1 FACTORS AFFECTING DEMAND FOR LOANS

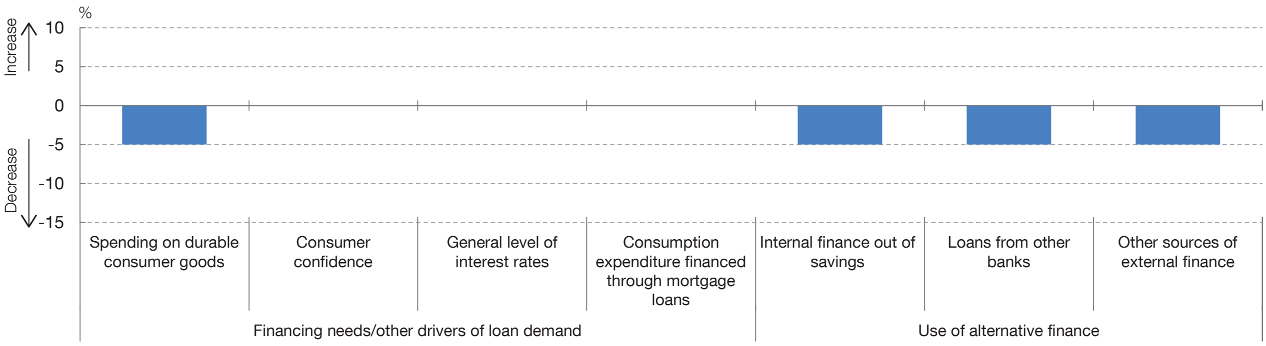
1.1 LOANS TO NON-FINANCIAL CORPORATIONS



1.2 LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE



1.3 CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS



SOURCES: Banco de España and ECB.

a Indicator = percentage of banks reporting that the factor has contributed considerably to increasing demand × 1 + percentage of banks reporting that it has contributed somewhat to increasing demand × 1/2 – percentage of banks reporting that it has contributed somewhat to reducing demand × 1/2 – percentage of banks reporting that it has contributed considerably to reducing demand.

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supply in this segment mainly occurred due to the worsening general economic outlook and a decline perceived in borrowers' creditworthiness and, to a lesser degree, due to banks' lower risk tolerance (see Chart 2). Conversely, the overall terms and conditions on this type of credit eased somewhat as a result of greater competition, which resulted in a narrowing of the margins applied to average loans. However, participating banks tightened other terms and conditions on these loans, by moderately increasing the margins on riskier loans, granting lower volumes and requesting higher collateral. The percentage of rejected loan applications once again grew moderately in 2019 Q4.

Demand for loans in the consumer credit and other lending segment fell slightly in 2019 Q4. Based on the responses received, this decline was attributable to the result of lower spending on consumer durables, higher internal financing out of savings, greater recourse to loans from other banks and other external finance (see Chart 3).

Ad hoc questions

As for changes in the conditions of access to funding markets (see Chart A.1), the banks perceived a slight deterioration in retail markets in 2019 Q4. Within wholesale markets, the conditions improved slightly in the corporate securitisation and long-term debt securities markets and in the ability to transfer credit risk off the balance sheet, while the conditions in short-term debt securities and money markets worsened slightly.

As for questions on the effect of regulatory and supervisory actions relating to capital, leverage and liquidity, banks responded that in the second half of 2019, these actions had not affected total asset levels but they had prompted a rise in risk-weighted assets, both common and riskier loans increased (see Chart A.2). They also reported that these actions triggered an increase in their capital levels, both through share issuance and retained earnings. Finally, these actions were also conducive to easing banks' funding conditions but they did not affect their credit standards on loans or margins in any segment.

In response to the ad hoc question about the influence of the NPL ratio on banks' lending policy, banks underlined that the main impact in the second half of 2019 was that the NPL level prompted a tightening of lending standards in the consumer credit and other lending segment. That occurred as a result of an increase in risk perception and banks' lower risk tolerance (see Chart A.3).

Lastly, according to the responses to ad hoc questions on the ECB's TLTRO III (see Chart A.4), none of the ten Spanish banks surveyed participated in the first operation held in September 2019, whereas seven of them did participate in the second operation held in December last year. The main reason for participating was profitability (they consider its conditions attractive). Since the funds obtained were received at end-December, the banks had not yet begun to use them in 2019. In the first half of this year the main purpose for which this liquidity has been used will be revealed (see Chart A.5). As for the direct and indirect repercussions of these operations, the banks considered that they contributed to improving their financial situation in terms of profitability, liquidity and market funding conditions, and that they have also enhanced compliance with regulatory requirements (see Chart A.6). By contrast, they had no impact on the banks' lending policies.

Outlook

Looking to the current quarter, the banks surveyed anticipated that credit standards would remain stable in the segments of lending to enterprises and to households for house purchase, and that they would tighten slightly once again in that of consumer credit and other lending to households (see Table 1 and Chart 1). On the demand side, if their projections are fulfilled, loan applications will continue to decrease slightly in the enterprises segment and will remain unchanged in the household segments.

In the retail and wholesale funding markets, the banks' outlook for 2020 Q1 was for a slight improvement in conditions of access to debt securities and securitisation markets, and in the ability to transfer credit risk off the balance sheet, and they anticipated that the other wholesale markets and the retail markets would be stable (see Chart A.1).

As a result of the regulatory and supervisory actions on capital, leverage and liquidity, the reporting banks expected, in the first half of 2020, that risk-weighted assets would continue to increase, along with a fresh rise in capital levels, mainly through share issuance and growth in retained earnings (see Chart A.2). The banks did not expect these actions to affect their funding conditions or to prompt changes in credit standards and in the margins applied to loans.

As for the impact of the NPL ratio, the banks envisaged that, in the first half of 2020, the level of this ratio could trigger a tightening of standards and of the terms and conditions applied to loans in all segments, albeit more sharply in consumer credit and other lending to households (see Chart A.3). Turning to the factors whereby the NPL ratio has an impact, the banks indicated that the tightening envisaged would occur especially due to the high pressure of regulatory requirements, banks' higher risk perception and lower risk tolerance and, to a lesser degree, due to higher costs relating to capital levels, balance sheet restructuring and a slight worsening in market access.

Finally, as for the ECB's TLTRO III, six of the ten Spanish banks intend to participate in future operations, essentially because they consider that the attendant conditions are attractive (see Chart A.4). The banks anticipate that the liquidity obtained will be used mainly to replace TLTRO II financing and to grant loans to the non-financial private sector (see Chart A.5). As for the repercussions, the participating banks envisage that these operations will continue to influence positively their liquidity situation, profitability and financing conditions, and will enhance compliance with regulatory requirements (see Chart A.6). As for credit, they estimate that the TLTROs will contribute to an easing of the terms and conditions applied and to an increase in lending volumes, especially in the segment of lending to enterprises and in consumer credit and other lending to households.

21.1.2020.

Chart A.1

ACCESS TO RETAIL MARKETS WORSENED SLIGHTLY IN SPAIN AND REMAINED STABLE IN THE EURO AREA. IN ALMOST ALL CASES, WHOLESALE MARKETS WERE PERCEIVED TO BE STABLE OR IMPROVING (a) (b)

The conditions of access to retail markets worsened slightly in Spain and remained stable in the euro area. Access to wholesale markets deteriorated slightly in the money markets in Spain and in the short-term debt securities market in both areas (albeit more sharply in Spain), and it remained stable or improved in the other cases.

SOURCES: Banco de España and ECB.

a Indicator = percentage of banks that perceived a considerable deterioration in market access × 1 + percentage of banks that perceived some deterioration in market access × 1/2 – percentage of banks that perceived some improvement × 1/2 – percentage of banks that perceived a considerable improvement × 1.

b ◆, ■ = Forecast.

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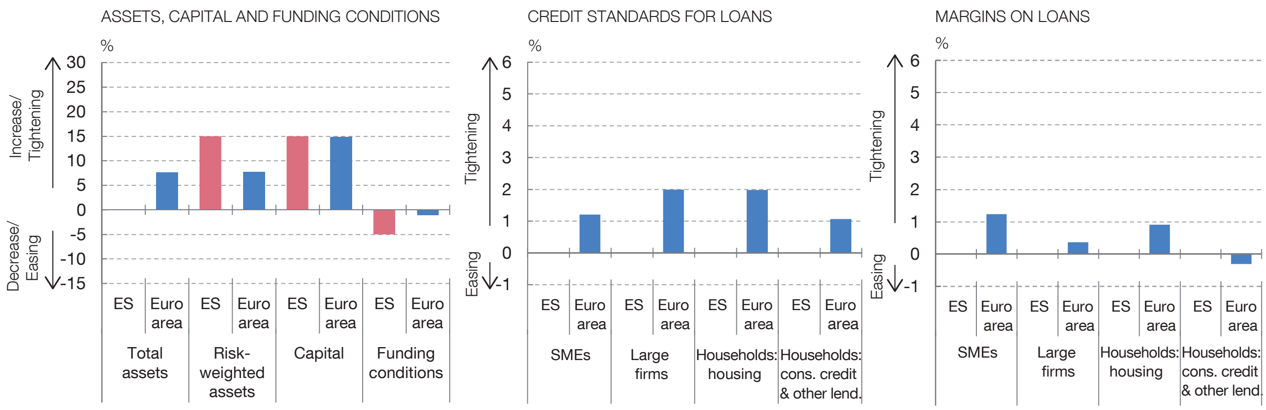
Chart A.2

REGULATORY ACTION WAS CONDUCIVE TO STRENGTHENING BANKS' CAPITAL POSITIONS IN BOTH AREAS AND CONTRIBUTED TO TIGHTENING THE CREDIT SUPPLY IN THE EURO AREA (a)

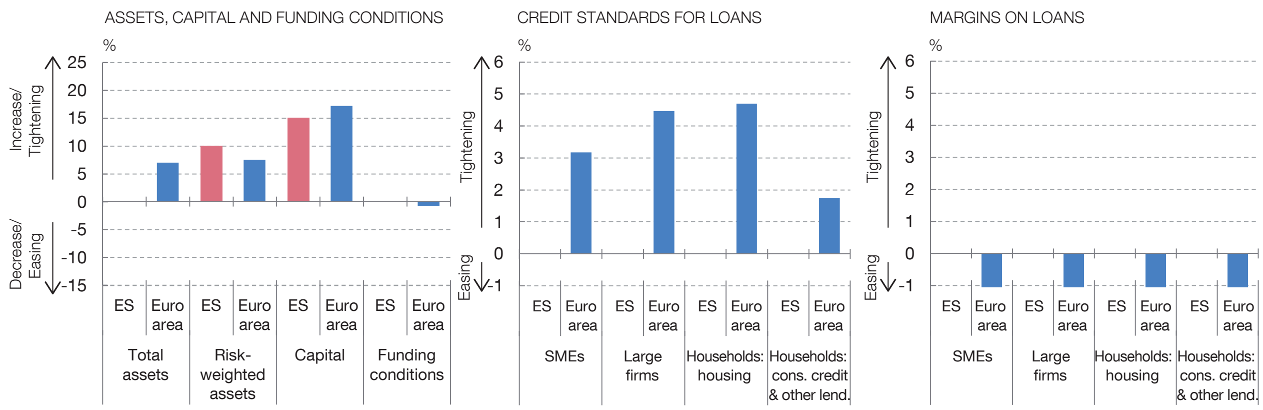
Banks in both areas reported that this action contributed to an increase in risk-weighted assets and capital levels, as well as to a slight easing of their funding conditions. Furthermore, this action did not exert an impact on lending policy in Spain, but it did contribute to a slight tightening of supply in the euro area, affecting both credit standards and terms and conditions in most of the segments analysed.

1 IMPACT OF NEW REGULATORY AND SUPERVISORY ACTION

1.1 PAST SIX MONTHS



1.2 NEXT SIX MONTHS



SOURCES: ECB and Banco de España.

a Indicator = percentage of banks reporting an increase or tightening (as appropriate), less the percentage of banks reporting a decrease or easing (as appropriate), with considerable changes weighted by 1 and minor changes weighted by 1/2.

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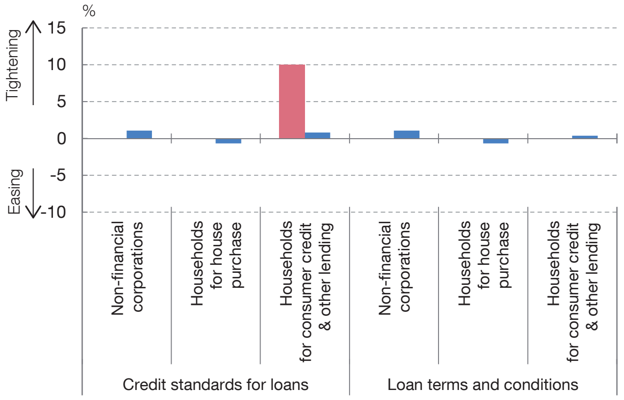
Chart A.3

THE NPL RATIO PROMPTED A SLIGHT TIGHENING OF BANKS' LENDING POLICIES (a)

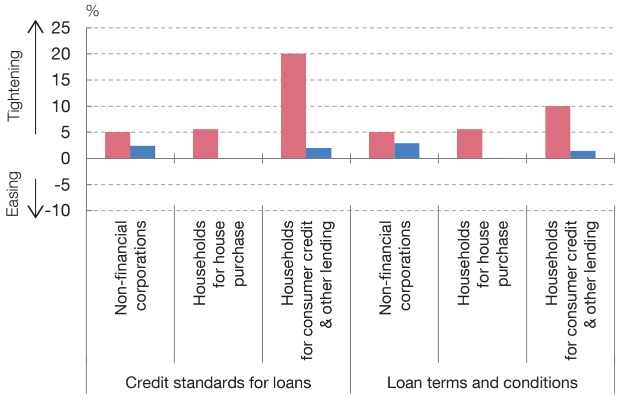
In the second half of 2019, the NPL ratio prompted a slight tightening of credit standards and the terms and conditions applied in the enterprise and consumer credit segments in the euro area. In Spain the impact was centred on the consumer credit segment where standards tightened. Expectations for the first half of 2020 indicate that these effects will continue and become more widespread and accentuated.

1 IMPACT OF THE NPL RATIO ON LENDING POLICY

1.1 PAST SIX MONTHS

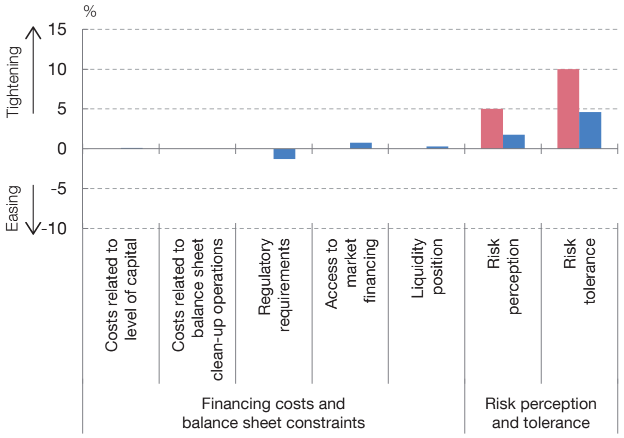


1.2 NEXT SIX MONTHS

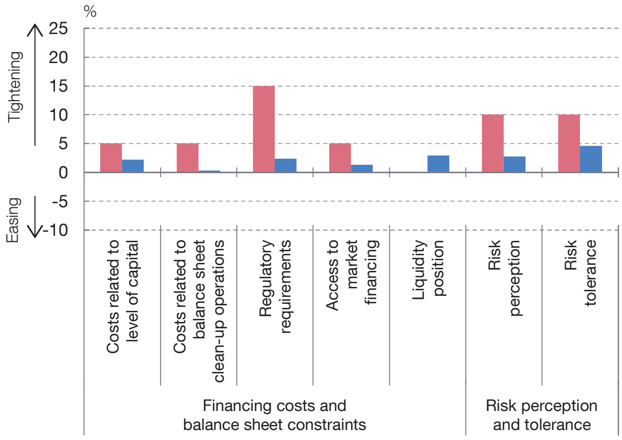


2 CONTRIBUTION OF THE FACTORS

2.1 PAST SIX MONTHS



2.2 NEXT SIX MONTHS



SPAIN EURO AREA

SOURCES: ECB and Banco de España.

a Indicator = percentage of banks reporting that the factor has contributed considerably to the tightening of credit standards × 1 + percentage of banks reporting that it has contributed somewhat to the tightening × 1/2 – percentage of banks reporting that it has contributed somewhat to the easing of credit standards × 1/2 – percentage of banks reporting that it has contributed considerably to the easing × 1.

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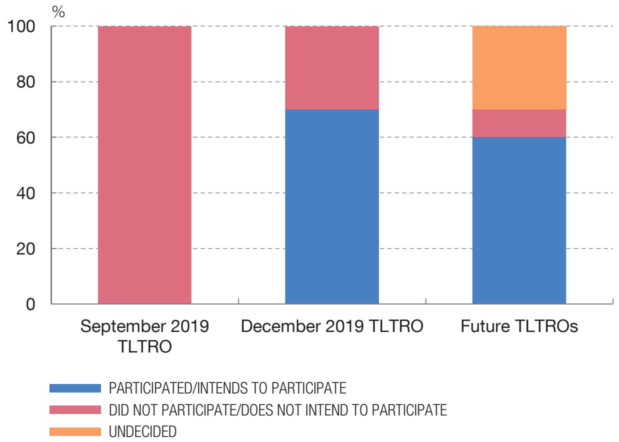
Chart A.4

BANKS' PARTICIPATION IN SEPTEMBER TLTRO III WAS LIMITED BUT IN DECEMBER TLTRO III IT WAS SIGNIFICANT DUE TO THE ATTENDANT FAVOURABLE CONDITIONS

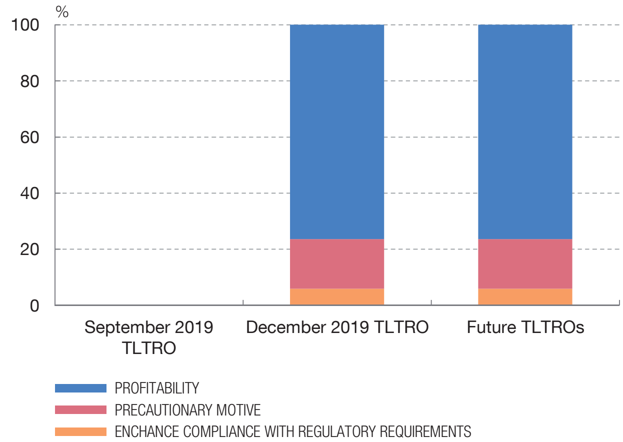
No banks in Spain and few banks in the euro area participated in the first TLTRO III held in September 2019. Banks' interest in the December TLTRO III grew significantly as did their intention to participate in future. The main reason for participation was profitability (attractive conditions), followed by the precautionary motive and enhancement of fulfilment of regulatory requirements.

1 SPAIN

PARTICIPATION IN TLTRO III (a)

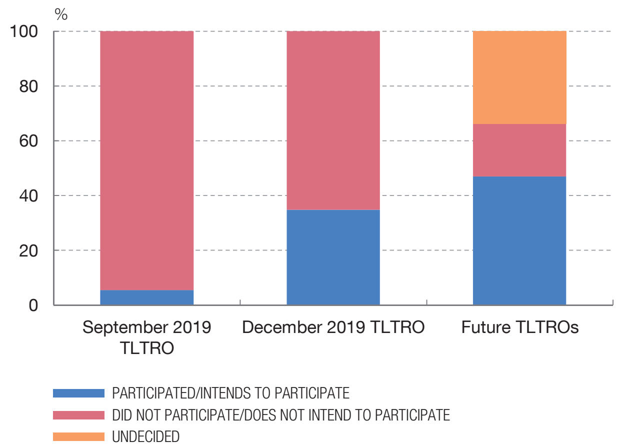


MAIN REASON FOR PARTICIPATION (b)

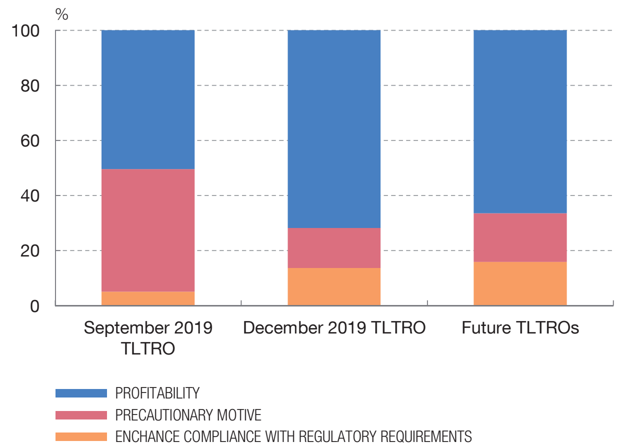


2 EURO AREA

PARTICIPATION IN TLTRO III (a)



MAIN REASON FOR PARTICIPATION (b)



SOURCES: ECB and Banco de España.

a Percentage of banks.
b Indicator = percentage of banks indicating that the motive influenced or will influence considerably the decision to participate × 1 + percentage of banks indicating that it influenced or will influence somewhat the decision to participate × 1/2. The results were rescaled to 100.

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Chart A.5

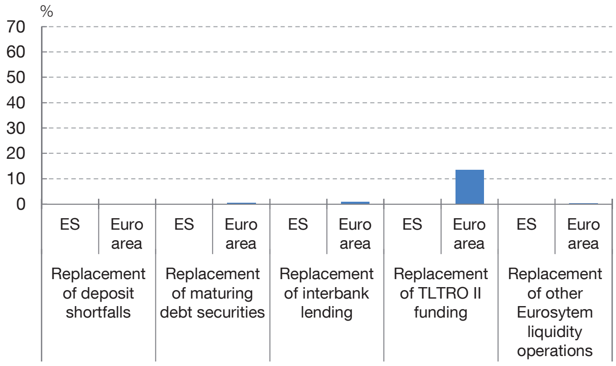
LIMITED USE OF FUNDS FROM TLTRO III in 2019. OVER THE COMING MONTHS, THIS LIQUIDITY WILL BE USED MAINLY FOR REFINANCING AND GRANTING LOANS (a)

Since very few banks in the euro area (none in Spain) participated in the September operation, the use of funds received in 2019 was very limited and they were mainly earmarked for replacing financing obtained from TLTRO II and granting loans to the private sector. In the first half of 2020, in addition to the above-mentioned purposes, the funds will also be used for holding liquidity with the Eurosystem.

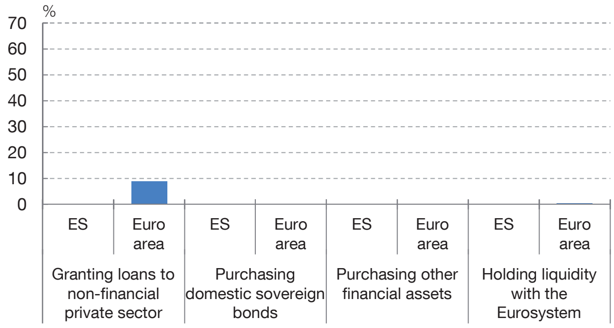
1 USE OF LIQUIDITY OBTAINED IN TLTRO III

1.1 OVER THE PAST SIX MONTHS

FINANCING

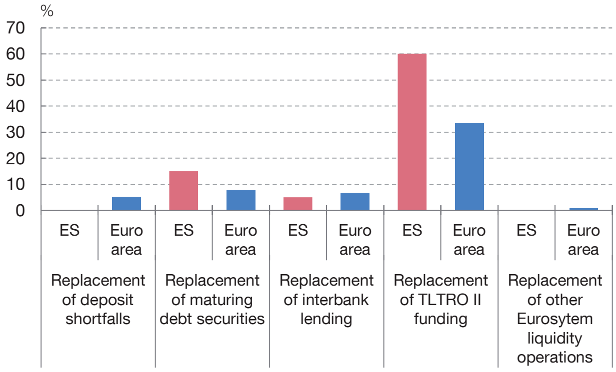


GRANTING LOANS, PURCHASING ASSETS AND HOLDING LIQUIDITY

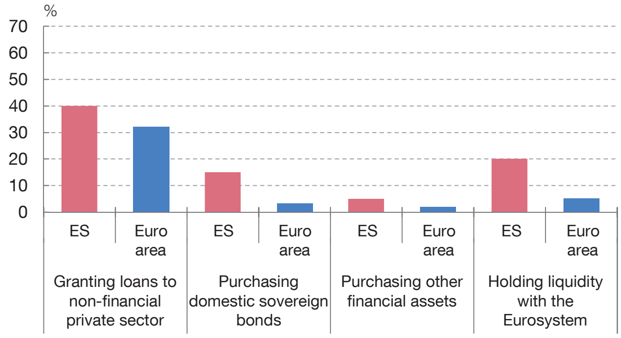


1.2 OVER THE NEXT SIX MONTHS

FINANCING



GRANTING LOANS, PURCHASING ASSETS AND HOLDING LIQUIDITY



SOURCES: ECB and Banco de España.

a Indicator = percentage of banks reporting that the funds obtained and/or envisaged contributed or will contribute considerably to this purpose × 1 + percentage of banks reporting that they contributed somewhat × 1/2.

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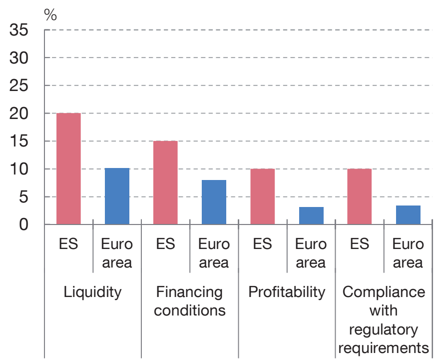
Chart A.6
TLTRO III CONTRIBUTED TO IMPROVING THE BANKS' FINANCIAL SITUATION AND TO EASING SLIGHTLY THE SUPPLY OF CREDIT

In the second half of 2019, TLTRO III prompted an improvement in the banks' financial position and enhanced compliance with regulatory requirements. Furthermore, in the euro area it contributed to a slight easing of the terms and conditions and to a moderate increase in lending volumes in the segments of enterprises and households, for consumer credit and other lending. In Spain the impact was limited to a slight easing of the terms and conditions applied to loans to households for house purchase.

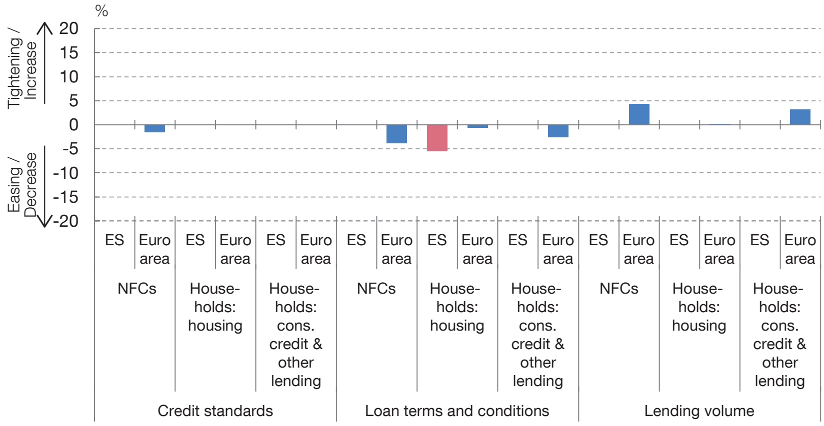
1 DIRECT AND INDIRECT IMPACT OF TLTRO III

1.1 OVER THE LAST SIX MONTHS

ON THE BANK'S FINANCIAL SITUATION (a)

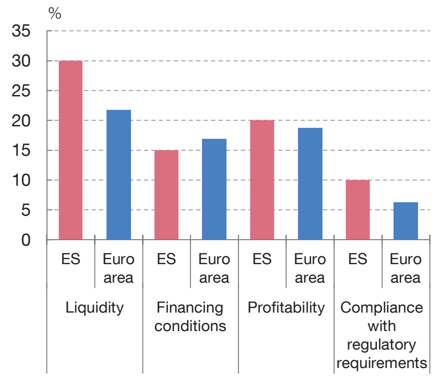


ON BANK LOANS (b)

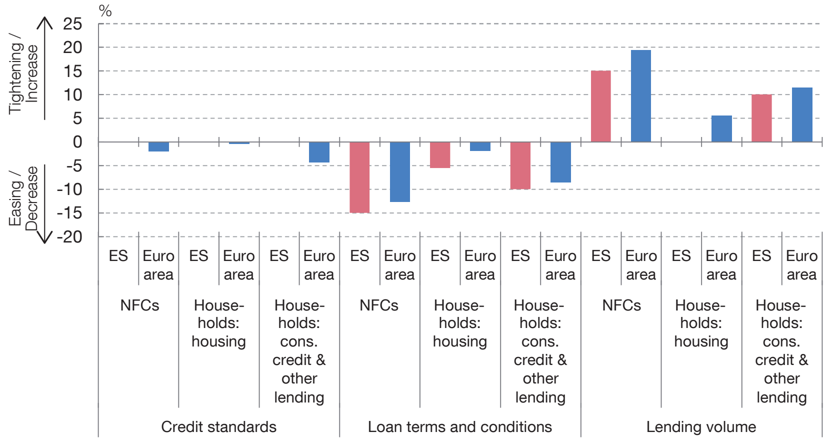


1.2 OVER THE NEXT SIX MONTHS

ON THE BANK'S FINANCIAL SITUATION (a)



ON BANK LOANS (b)



SOURCES: ECB and Banco de España.

a Indicator = percentage of banks reporting a considerable improvement or increase × 1 + percentage of banks reporting a slight improvement or increase × 1/2 – percentage of banks reporting a slight deterioration or decrease × 1/2 – percentage of banks reporting a considerable deterioration or decrease × 1.
b Indicator = percentage of banks reporting a considerable tightening or increase × 1 + percentage of banks reporting a slight tightening or increase × 1/2 – percentage of banks reporting a slight easing or decrease × 1/2 + percentage of banks reporting a considerable easing or increase × 1.

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