



EUROPEAN CENTRAL BANK

EUROSYSTEM

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PRESS RELEASE

RESULTS OF THE OCTOBER 2014 EURO AREA BANK LENDING SURVEY

- Net easing of credit standards continued for all loan categories in Q3 2014, although risk concerns re-emerged.
- Demand for loans increased across all loan categories but the contribution of firms' financing needs related to fixed investment returned to negative territory.
- TLTRO uptake mainly driven by profitability motives; impact on loan supply primarily expected to ease terms and conditions.

According to the October bank lending survey (BLS), credit standards for all loan categories eased in the third quarter of 2014. For the second time in a row, a small net percentage of euro area banks (3%, after 2% in the previous quarter) reported an easing of credit standards on loans to enterprises, as compared with an overall tightening in the period from mid-2007 to early 2014. Banks also continued to slightly ease credit standards in net terms for loans to households. At the same time, banks reported that re-emerging risk concerns were affecting credit standards. Concerning terms and conditions, banks indicated a further narrowing of margins on average loans and for the second time since the start of the survey in 2003 also a marginal narrowing of margins on riskier loans. Net demand continued to increase across all loan categories, but the contribution of financing needs related to fixed investment returned to negative territory. In addition, respondents indicated a further improvement in euro area banks' access to funding for all main funding instruments. With respect to additional ad hoc questions related to the targeted longer-term refinancing operations (TLTROs) conducted by the Eurosystem, banks indicated that their participation is mainly driven by profitability motives and that they expect the impact on their loan supply to largely translate into an easing of terms and conditions.

The BLS, which is conducted four times a year, was developed by the Eurosystem in order to enhance the understanding of bank lending behaviour in the euro area. The results reported in the October 2014 survey relate to changes in the third quarter of 2014 and to expectations of changes in the fourth quarter of 2014. The October 2014 BLS was conducted between 24 September and 9 October 2014. With 137 banks participating in the survey, the response rate for the October BLS was 100%.

The national and euro area data series are available on the ECB's website via the ECB's Statistical Data Warehouse. The survey report is available at <http://www.ecb.europa.eu/stats/money/surveys/lend/html/index.en.html>.

Detailed data series for the aggregate euro area results are available on the ECB's website via the ECB's Statistical Data Warehouse (<http://sdw.ecb.europa.eu/browse.do?node=9484572>).

National results as published by the respective national central banks can be obtained via <http://www.ecb.europa.eu/stats/money/surveys/lend/html/index.en.html#country>.

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