



EUROPEAN CENTRAL BANK

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Results of the April 2015 euro area bank lending survey

- Further net easing of credit standards on loans to enterprises and visible improvements in the level of credit standards compared with one year ago, but still tight by historical comparison
- Further improvement in net demand for loans to enterprises
- Slight net tightening of credit standards on loans to households for house purchase
- Additional liquidity from the expanded asset purchase programme (APP) used for granting loans
- Enhanced questionnaire with new and amended questions introduced in this survey round

The April 2015 bank lending survey (BLS), published today, showed that euro area banks reported a further net easing of credit standards on loans to enterprises in the first quarter of 2015 (a net percentage of -9%, after -5% in the previous quarter), which was stronger than banks' expectations in the previous survey round. Banks' cost of funds and balance sheet constraints as well as competition were driving banks' further net easing of credit standards for loans to enterprises. By contrast with the development for enterprises, there was a slight net tightening of credit standards on loans to households for house purchase (2%, from -4% in the previous quarter). According to new evidence, there have been substantial improvements in the level of credit standards compared with banks' indications one year ago. At the same time, according to euro area banks, the level is still tight in historical comparison.

Concerning terms and conditions, banks indicated a further narrowing of margins on average loans and, to a smaller extent, of margins on riskier loans. In addition, according to new evidence, rejection rates for loans to enterprises and housing loans decreased in the first quarter of 2015.

Net demand for loans to enterprises continued to improve, mainly related to inventories and working capital and the low general level of interest rates, a factor that has been added in this survey round. Different from the previous survey round, fixed investment contributed negatively to the demand for such

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loans. Net demand for housing loans continued to increase at a fast pace, driven in particular by the low general level of interest rates and housing market prospects.

In addition, euro area banks' access to wholesale funding improved further in net terms in the first quarter of 2015 for all main market instruments, as did their access to retail deposit funding.

In response to the additional ad hoc questions on the impact of the ECB's expanded asset purchase programme (APP), euro area BLS banks indicated that they have used the additional liquidity related to the APP in particular for granting loans and intend to continue doing so in the coming months. In addition, banks indicated a net easing impact of the APP on credit standards and credit terms and conditions, in particular for loans to enterprises, which is expected to increase in the coming months.

The BLS, which is conducted four times a year, was developed by the Eurosystem in order to enhance the understanding of banks' lending behaviour in the euro area. The results reported in the April 2015 survey relate to changes in the first quarter of 2015 and to expectations of changes in the second quarter of 2015. In this survey round, an enhanced questionnaire with new and amended questions has been introduced. The April 2015 BLS was conducted between 6 and 23 March 2015. With 142 banks participating in the survey, the response rate for the April 2015 BLS was 100%. The increase in the sample of banks surveyed to 142 mainly reflected the enlargement of the euro area with Lithuania.

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Notes:

- 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>.