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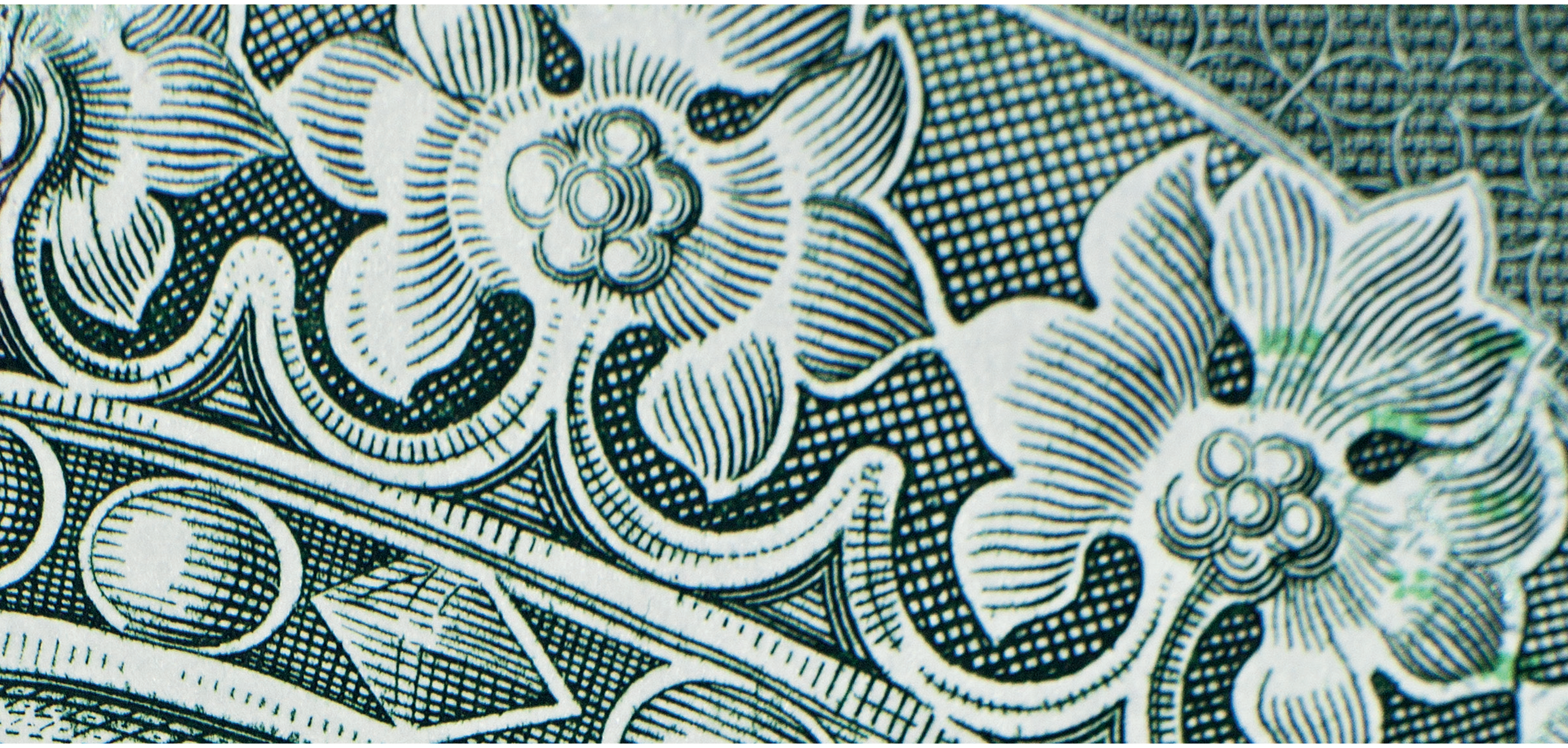
Senior loan officer opinion survey

on bank lending practices and credit conditions

2nd quarter 2025



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2nd quarter 2025

Financial Stability Department
Warsaw, April 2025

Summary of the survey results

The scale of changes in the lending policy in the first quarter of 2025 was small. The banks eased the standards on consumer loans and loans to small and medium-sized enterprises (SMEs), a move they explained mainly by increased competitive pressure. The standards did not change substantially with regard to housing loans and loans to large enterprises. The banks experienced growing demand for consumer loans and corporate loans, but a decrease in demand for housing loans.

In the second quarter of 2025, the banks intend to continue easing the standards on loans to households and to SMEs, but tighten them in the case of short-term loans to large enterprises. The banks expect a rise in demand for all types of loans, especially consumer loans.

<u>Corporate loans</u>

Lending policy: no change in the standards on loans to large enterprises, but easing in the case of loans to SMEs, and the easing of the lending policy, i.e. reducing credit margins and non-interest loan costs; the changes are justified by a rise in competitive pressure from other banks.

Demand for loans: a pick-up in demand for all types of loans, especially from large enterprises, as they scaled down the use of their own funds and issues of debt securities.

Expectations for the second quarter of 2025: the lending policy for SMEs is to be eased to a significantly higher extent than in the first quarter of 2025; the lending policy to be tightened for short-term loans to large enterprises; demand to grow for all types of loans.

<u>Housing loans</u>

Lending policy: no major changes in the lending standards, while the majority of the current terms on housing loans are eased (including a decrease in the credit margin) due to the rising competitive pressure from other banks, improved capital position of the banks and housing market prospects.

Demand for loans: a drop in demand caused mainly by housing market prospects and the lower use of alternative financing sources, including household savings.

Expectations for the second quarter of 2025: the easing of the lending policy and a rise in demand for housing loans.

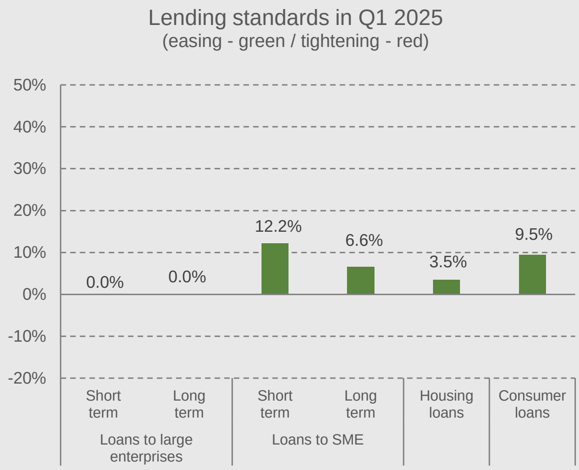
<u>Consumer loans</u>

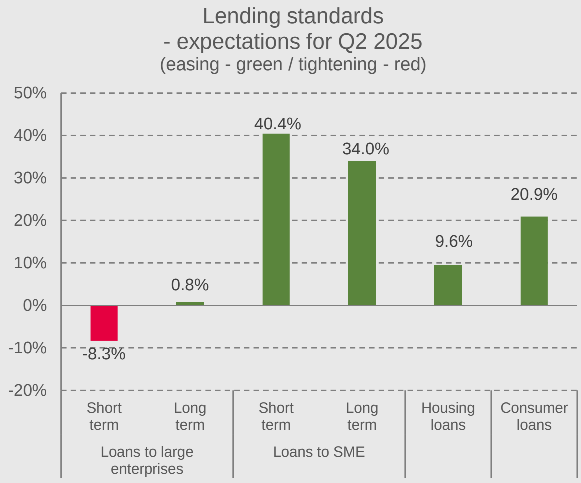
Lending policy: further easing of the lending standards and most of the loan terms (increase in the maximum loan size and a decrease in the credit margin, among other things), mainly due to competitive pressure from other banks.

Demand for loans: a renewed increase in demand driven, among other things, by growing financing needs for the purchase of durable goods.

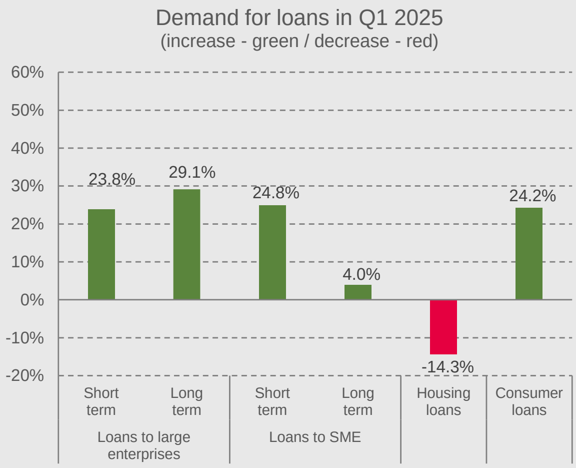
Expectations for the second quarter of 2025: further easing of the lending policy and further growth in demand for consumer loans expected by most banks.

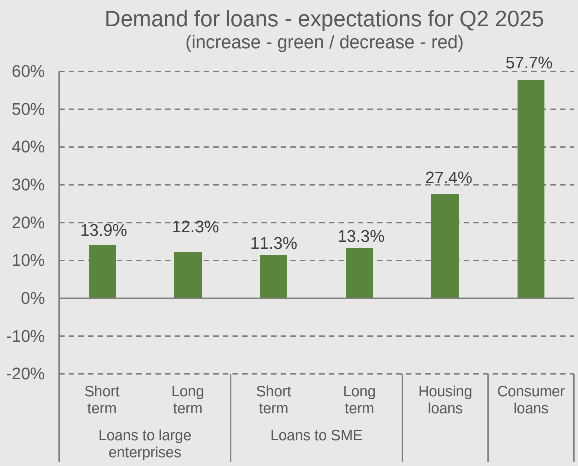
Lending standards





Demand for loans





Introduction

The objective of the survey is to define the direction of changes in lending policy, i.e. standards and terms on loans as well as changes in demand for loans in the Polish banking system. Lending standards are understood as minimum standards of creditworthiness, set by banks, that the borrower is required to meet to obtain a loan. Terms on loans are the features of the loan agreement between the bank and the borrower, including margin, non-interest loan costs, maximum loan size, collateral requirements and maximum loan maturity.

This edition of the *Senior loan officer opinion survey* presents trends in banks' lending policy and in demand developments in the first quarter of 2025 as well as their expectations for the second quarter of 2025.

The survey was conducted in early April 2025 among 23 banks with a total share of around 89% in loans to enterprises and households in the banking sector's portfolio. The survey is addressed to the chairpersons of banks' credit committees. Banks' responses may not take account of the opinions of banks' divisions other than the credit divisions.

The survey results are presented in the form of structures, i.e. the percentage of the banks which chose a given option in response to particular questions. The banks' responses to all questions are weighted with the share of the given bank in the market segment to which a given question relates.

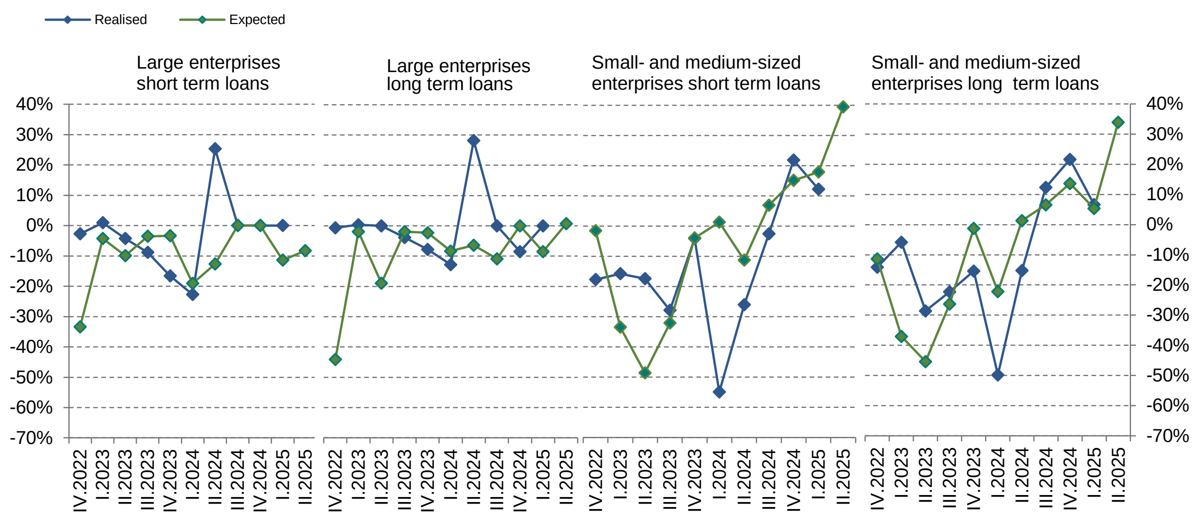
The aggregation of data behind the results consisted in the calculation of weighted percentages of responses and the net percentage, i.e. the difference between the structures presenting opposite trends. In addition, an alternative measure of banks' responses in the form of diffusion index is published. The diffusion index is defined as the net percentage weighted according to the response intensity, i.e. by the weight of "100%" for responses marked as "significantly/significant" and by the weight of "50%" for responses marked as "insignificantly/insignificant". Unless otherwise indicated, the number of the banks cited in the text reporting a given change in their lending policies or in demand for loans means the net percentage of the banks. In line with the adopted methodology, words describing quantities (majority, half, significant percentage of the banks, etc.) refer to weighted percentages and not to the number of banks. Thus, the phrase "the majority of the banks" should be understood as "the market share-weighted majority of the banks". Details of the calculation methodology are presented in Appendix 1.

The values of the measures of net percentage and the diffusion index for specific questions are available in separate downloadable files on the NBP website.

Corporate loans

In the first quarter of 2025, the banks did not change the standards on loans to large enterprises (net percentage of 0% for both short-term and long-term loans, see Figure 1), **and at the same time eased them slightly for loans to the SME sector** (net percentage of 12% for short-term loans and 7% for long-term loans).

Figure 1. Credit standards on corporate loans



Figures in this study present net percentage. A positive value of net percentage should be interpreted as an easing of lending policy or a rise in loan demand, while a negative value of net percentage should be interpreted as a tightening of lending policy or a drop in loan demand. Details of the calculation methodology are presented in Appendix 1.

The survey-responding banks eased some of the terms on corporate loans, most often the credit margin and non-interest loan costs (net percentages of 13% and 14%, respectively, see Figure 2).

The banks considered a rise in competitive pressure (net percentage of 14%, see Figure 3)**, mostly from other banks, to be the factor motivating them to ease their lending policy**. They also indicated other factors influencing changes in lending policy, not included in the survey, such as the automation and simplification of lending processes (net percentage of 13%).

Figure 2. Terms on corporate loans

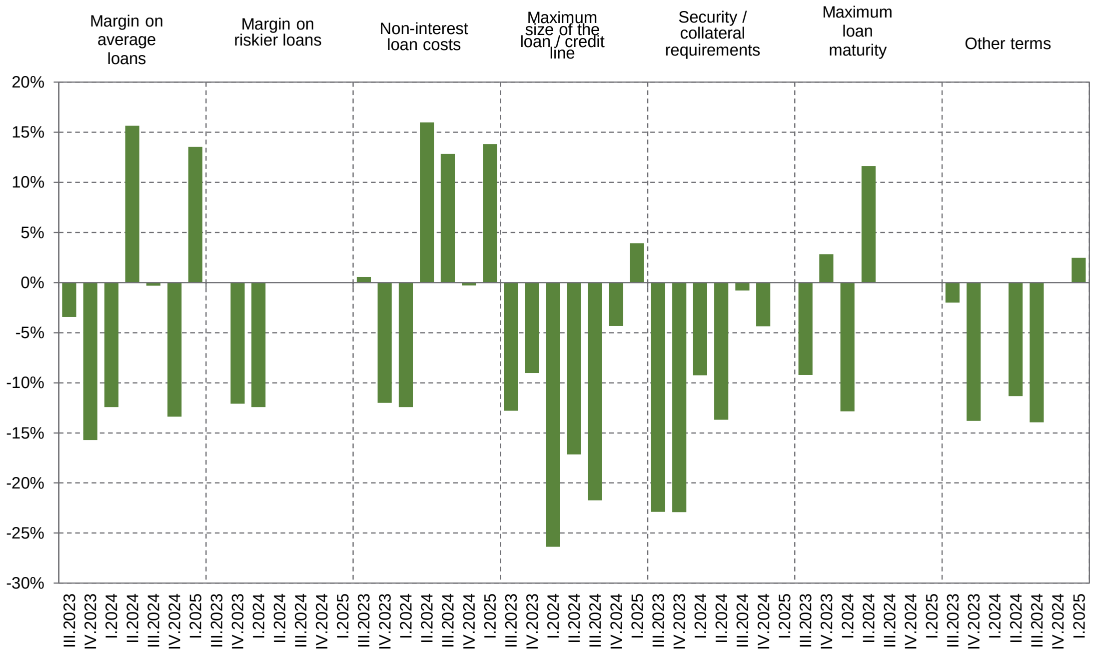
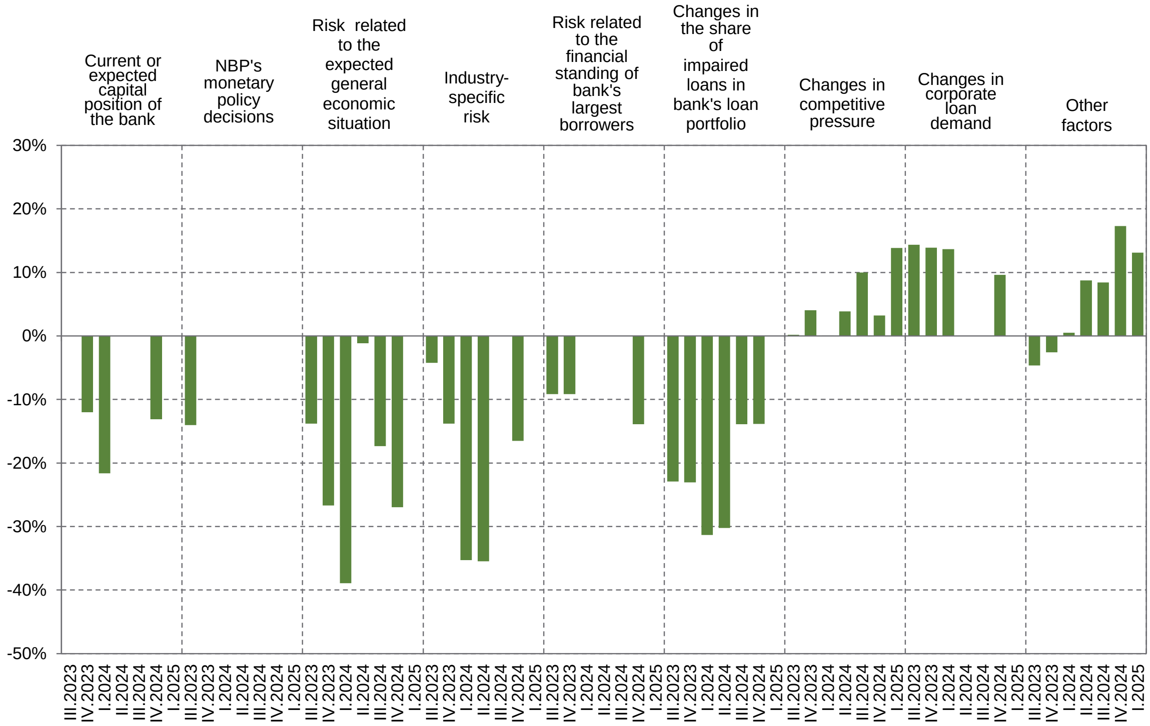


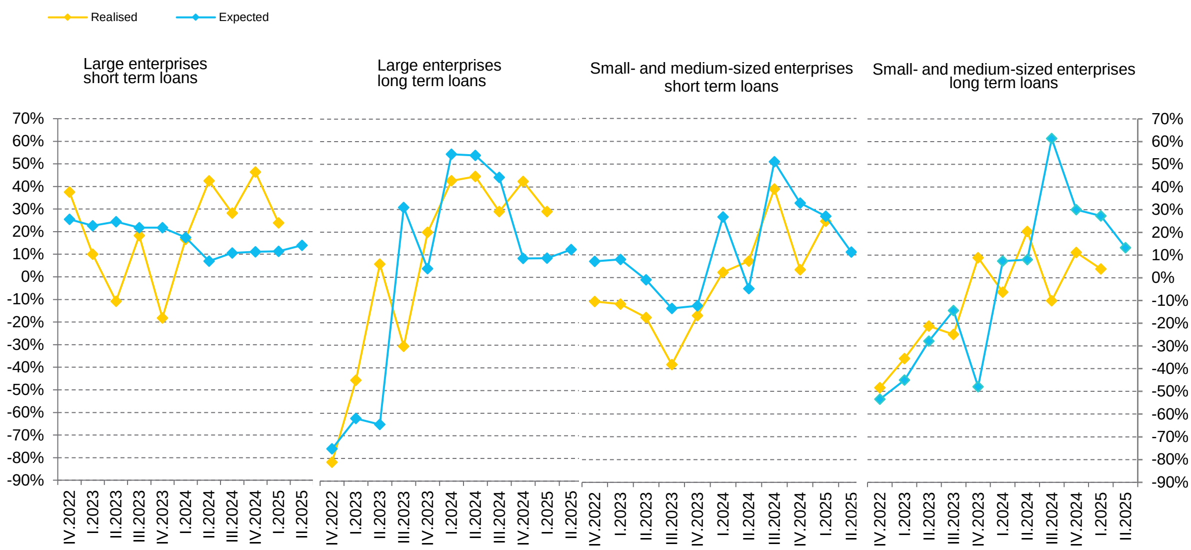
Figure 3. Factors influencing changes in lending policy



* Banks assess changes in competitive pressure from other banks, non-bank financial institutions and financial markets. The figure presents an assessment of the institutions exerting the strongest pressure.

In the first quarter of 2025, the survey-responding banks once again saw an increase in loan demand from large enterprises (net percentages concerning short-term and long-term loans of 24% and 29%, respectively, see Figure 4) and **the SME sector** (net percentages concerning short-term and long-term loans of 25% and 4%, respectively), although their responses varied – an increase in demand for short-term and long-term loans was reported by 33% and 49%, respectively, of the banks (large enterprises) and 46% and 27% of the banks (SMEs), while the percentages of those reporting a decrease were 9% and 20% (large enterprises) 21% and 23% (SMEs), respectively.

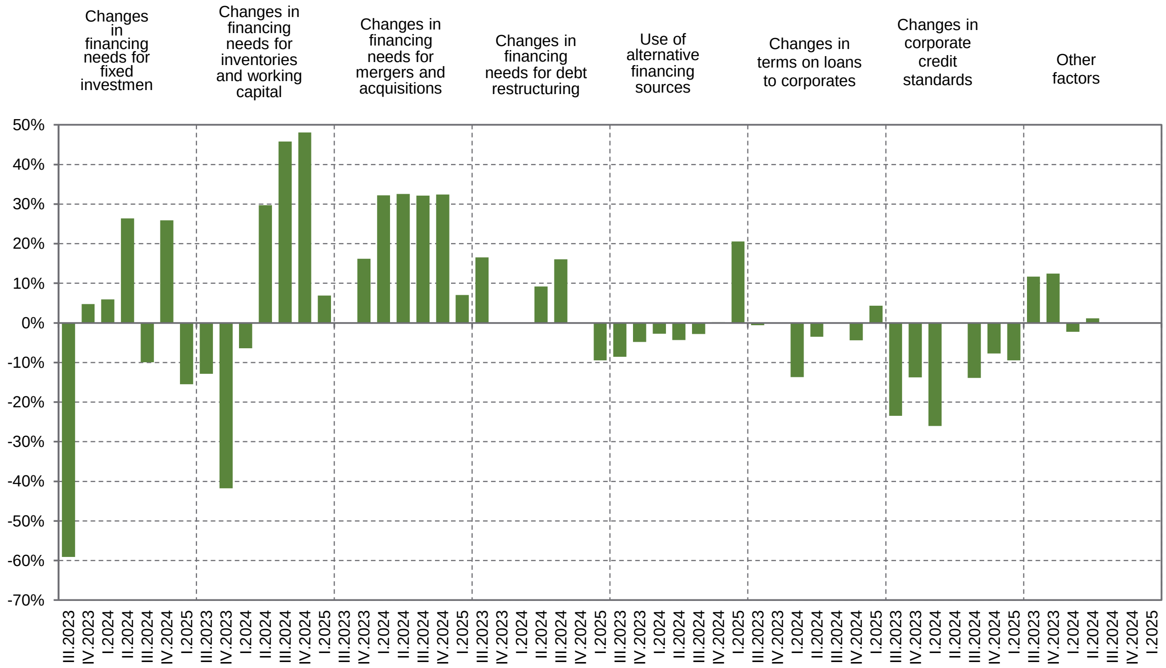
Figure 4. Corporate loan demand



The banks attributed growing corporate loan demand primarily to decreased use of alternative financing sources (net percentage of 21%, see Figure 5), **including own funds and debt securities issued** (net percentage of 21% and 16%, respectively), and also higher financing needs for inventories and working capital as well as higher financing needs for mergers and acquisitions (net percentage of 7% in both categories). **The banks considered lower financing needs for fixed investment** (net percentage of -16%), shrinking financing needs for debt restructuring and the tightening of lending standards for enterprises (net percentage of -10% in both categories) to be factors dampening loan demand.

In the second quarter of 2025, the banks intend to tighten the standards on short-term loans to large enterprises but keep them unchanged with regard to long-term loans (net percentages of -8% and 0%, respectively). The banks also intend **to ease the lending standards for the SME sector** (net percentages of 40% and 34%, respectively, see Figure 1). **At the same time, they expect demand for all types of corporate loans to grow** (see Figure 4).

Figure 5. Factors influencing changes in corporate loan demand



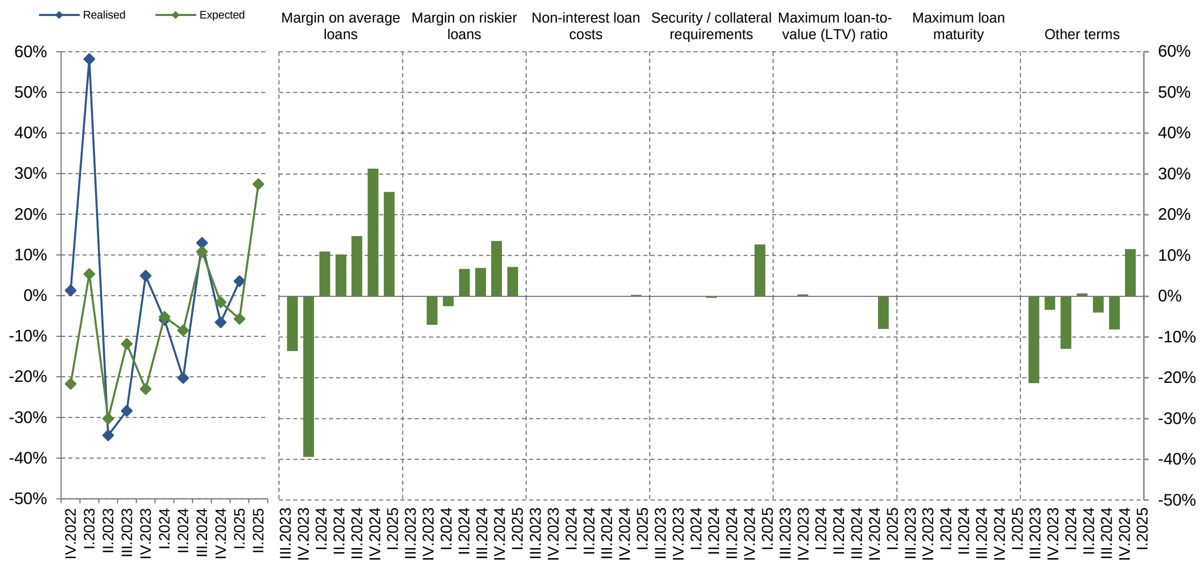
* Banks assess changes in the use of alternative sources of funding: own funds, loans from non-bank financial institutions, issues of debt securities and equities. This figure shows the assessment concerning the financing source the use of which has changed the most.

Loans to households

Housing loans

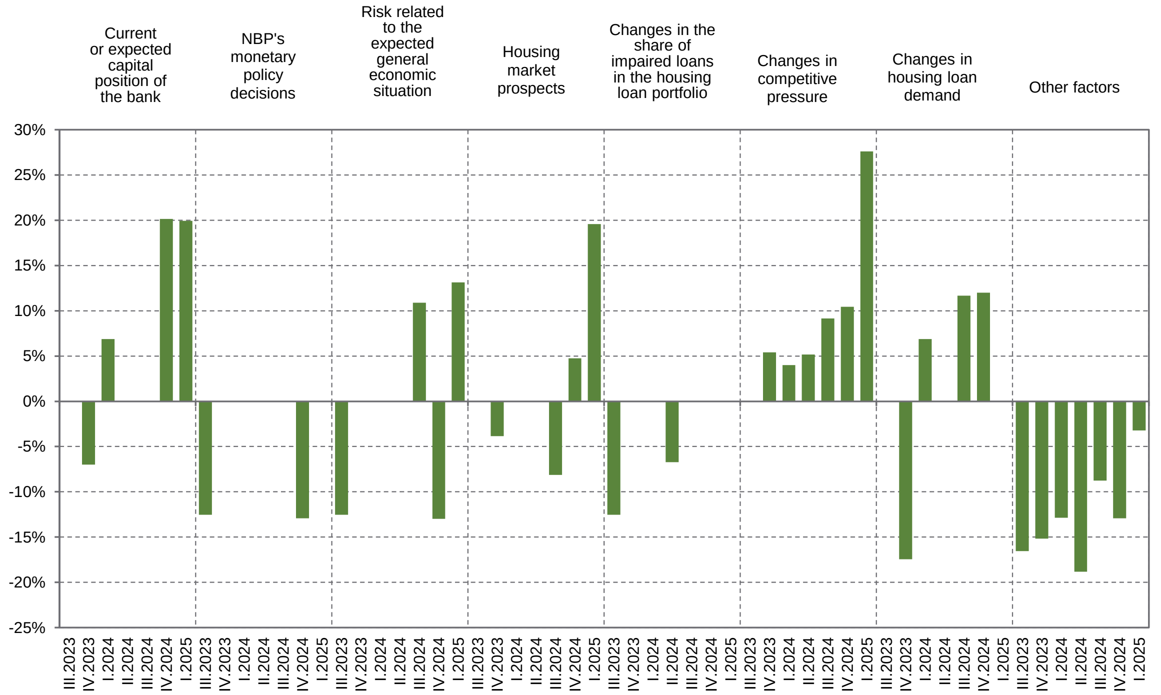
In the first quarter of 2025, the banks did not substantially change their standards on housing loans (net percentage of 4%, see Figure 6), though at the same time **they eased most of their existing terms**, including a decrease in the credit margin on average and riskier loans (net percentages of 26% and 7%, respectively), and lowered the loan collateral requirements (net percentage of 13%). On the other hand, the banks decreased the loan-to-value ratio (net percentage of -8%). Among other changes in the terms on housing loans, not included in the survey, the banks mentioned (net percentage of 12%) the extension of the range of loans for new professional groups and the easing of terms for obtaining the maximum loan size.

Figure 6. Standards and terms on housing loans



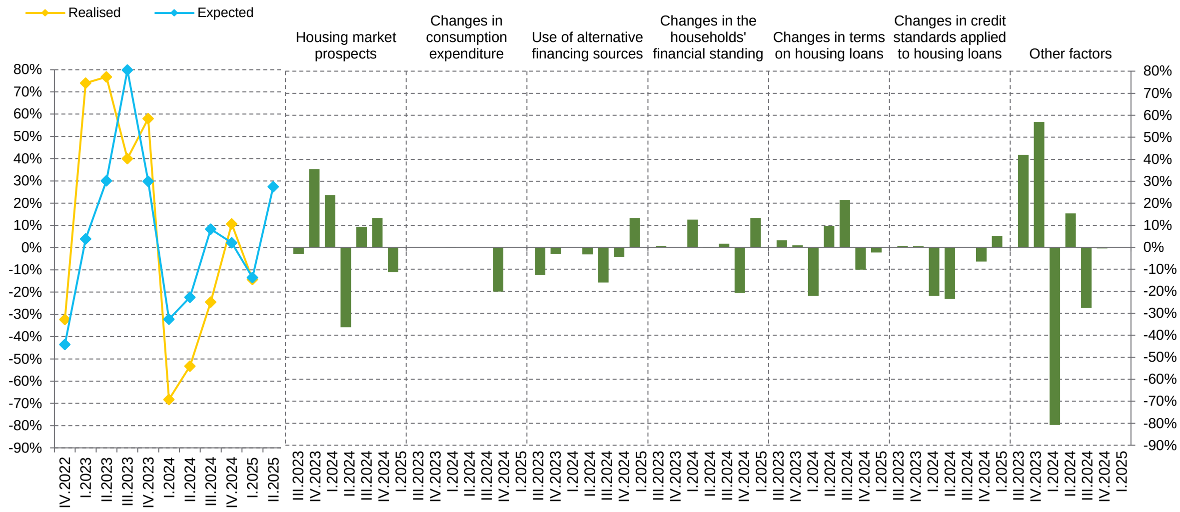
Among the factors that the responding banks mentioned as a stimulus to ease their lending policies were the increase in competitive pressure (net percentage of 28%, see Figure 7)**, mainly from other universal banks,** an improvement in the current or expected capital position of the bank, the housing market prospects (net percentage of 20% in both categories), and in Poland's expected general economic situation (net percentage of 13%).

Figure 7. Factors influencing changes in lending policy – housing loans



* Banks assess changes in competitive pressure from other banks, non-bank financial institutions and financial markets. The figure presents an assessment of the institutions exerting the strongest pressure.

Figure 8. Demand for housing loans and factors influencing its changes



* Banks assess changes in the use of alternative financing sources: loans from other banks, household savings and other financing sources. This figure shows the assessment concerning the financing source the use of which has changed the most.

In the first quarter of 2025, the survey-responding banks recorded a decrease in demand for housing loans (net percentage of -14%, see Figure 8), specifically 33% of the banks recorded a decrease, but 19% – an increase. According to the survey-responding institutions, the decrease in demand for housing loans was mainly associated with housing market prospects (net percentage of -11%). The banks considered the improvement in the economic standing of households and the decrease in the use of alternative financing sources (net percentage of 13% in both categories), including household savings, as well as the easing of standards on housing loans (net percentage of 5%) to be factors which could have boosted demand.

In the second quarter of 2025, the banks intend to ease their standards on housing loans (net percentage of 10%, see Figure 6) **and they expect an increase in demand for such loans** (net percentage of 27%, see Figure 8).

Consumer loans

In the first quarter of 2025, **the banks eased the standards on consumer loans again** (net percentage of 10%, see Figure 9) and **at the same time they eased most of the terms on the loans, including the increasing of the maximum loan size and reducing the credit margin** (net percentages of 16% and 15%, respectively), as well as reducing the non-interest loan costs, lowering the collateral requirements and extending the maximum loan maturity (net percentages of 13%, 11% and 5%, respectively). On the other hand, the banks raised the credit margin on riskier loans (net percentage of -11%). Among other changes in the terms on consumer loans, not included in the survey, the banks mentioned (net percentage of 10%) a wider availability of loans to customers applying for instalment loans and credit cards.

According to the survey-responding banks, the main reasons why lending policy was eased were a rise in competitive pressure (net percentage of 28%, see Figure 10), **primarily from other banks**, improved economic outlook, and a decrease in the risk on the collateral demanded (net percentage of 11% in both categories).

Figure 9. Standards and terms on consumer loans

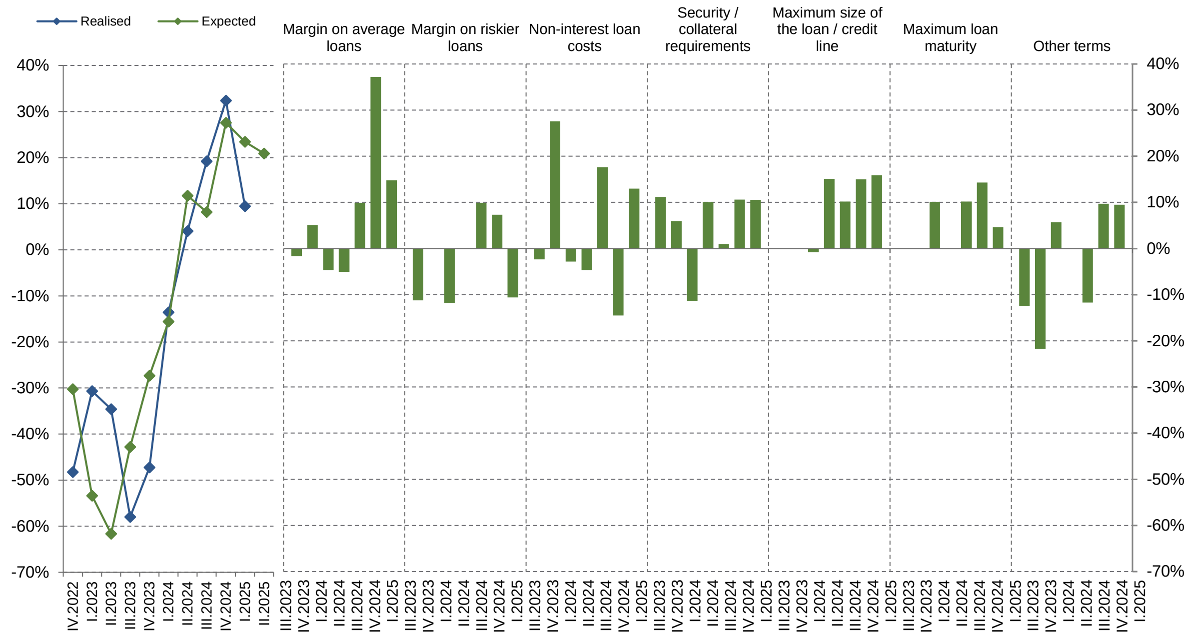
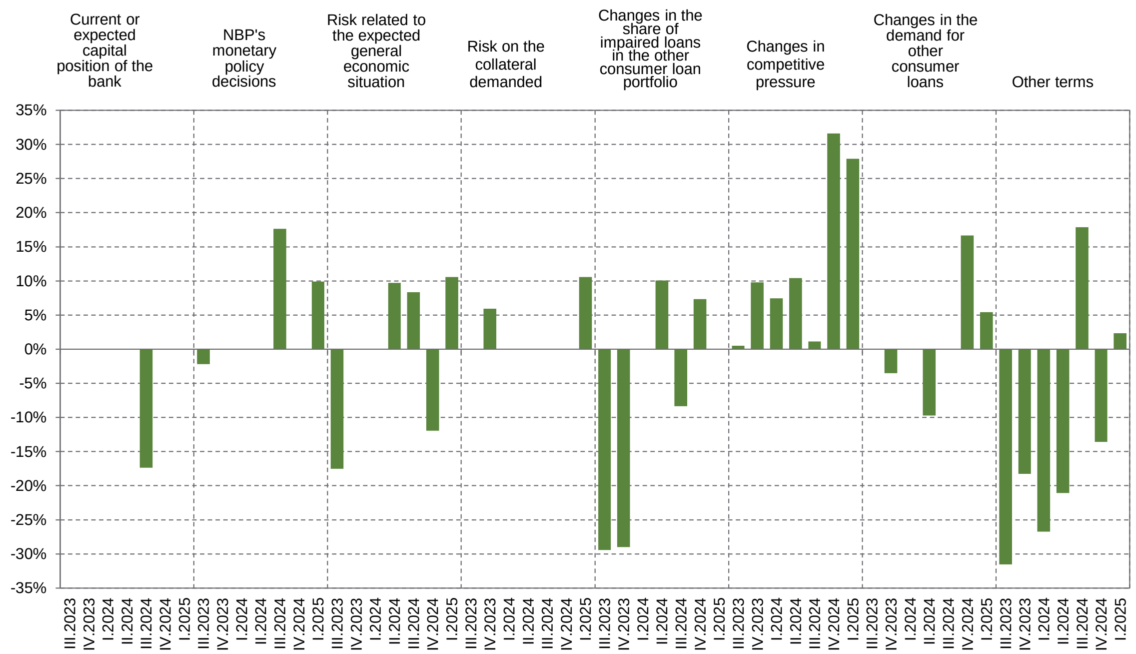


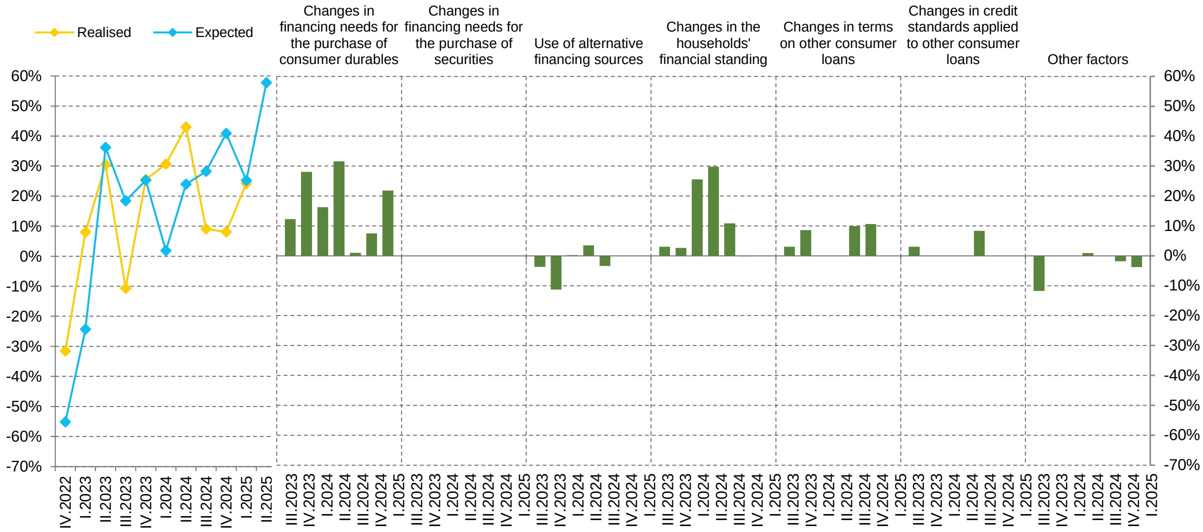
Figure 10. Factors influencing changes in lending policy – consumer loans



** Banks assess changes in competitive pressure from other banks and non-bank financial institutions. The figure presents an assessment of the institutions exerting the strongest pressure.

In the first quarter of 2025, the banks once again saw increased demand for consumer loans (net percentage of 24%, see Figure 11). **The survey-responding institutions were of the opinion that the increased demand for consumer loans stemmed mainly from higher financing needs for the purchase of durable goods** (net percentage of 22%).

Figure 11. Demand for consumer loans and factors influencing its changes



* Banks assess changes in the use of alternative financing sources: own funds, loans from non-bank financial institutions, issues of debt securities and equities. This figure shows the assessment concerning the financing source the use of which has changed the most.

In the second quarter of 2025, the banks intend to ease the standards on consumer loans (net percentage of 21%, see Figure 9) **and expect a continued marked increase in demand** (net percentage of 58%, see Figure 11).

Appendix 1

Methodology

The survey results are presented in the form of structures, i.e. the percentages of banks which chose a given option in response to particular questions. The responses are weighted with the share of the given bank in the market segment to which a given question relates.[1]

The importance of particular banks in each market segment is represented by the share of loans outstanding of a given bank in the loan portfolio of all the 23 survey-responding banks, broken down by particular types of loans. The table below presents the market segment to which particular questions refer and the type of loans outstanding which was used to calculate the shares of particular banks in a given market segment.

Table 1. Market segment and the respective type of loans taken into account in calculation of the weights

Question no.	Market segment	Type of loans
1, 4, 6, 7	Short-term loans to small and medium-sized enterprises	Loans outstanding from small and medium-sized enterprises with the basic term to maturity of up to one year, together with an overdraft on the current account
1, 4, 6, 7	Short-term loans to large enterprises	Loans outstanding from large enterprises with the basic term to maturity of up to one year, together with an overdraft on the current account
1, 4, 6, 7	Long-term loans to small and medium-sized enterprises	Loans outstanding from small and medium-sized enterprises with the basic term to maturity above one year
1, 4, 6, 7	Long-term loans to large enterprises	Loans outstanding from large enterprises with the basic term to maturity above one year
2, 3, 5	Total corporate loans	Total amount of loans outstanding from enterprises
8, 9, 10, 13, 14, 16, 17	Housing loans to households	Housing loans to individuals
8, 11, 12, 13, 15, 16, 17	Consumer loans and other loans to households	Total loans outstanding from individuals less housing loans to individuals

Note: All types of claims apply to residents only.
Source: NBP.

[1] Weighing of responses of particular entities is a solution frequently applied in the preparation of results of qualitative surveys. See M. Bieć, "Business survey. Methods, techniques, experience", Papers and Materials of the Research Institute for Economic Development, No. 48, SGH Warsaw School of Economics, 1996, pp. 71-114 (in Polish only).

Thus, individual responses to *all questions* are assigned a weight corresponding to a given bank's share in a given market segment. When calculating the weights, the average amount of claims of a given type in the first two months covered by the survey was taken into account.[2]

In addition to structures, the so-called net percentage was calculated for each response, i.e. the difference between the percentages of responses that show the opposite direction of change, and the diffusion index defined as the net percentage weighted according to the response intensity, i.e. by the weight of "100%" for responses marked as "significantly/significant" and by the weight of "50%" for responses marked as "insignificantly/insignificant". This magnitude indicates a general tendency in the specific market segment. The method of calculating the net percentage for particular questions is presented in Table 2.

Table 2. Method of calculating the net percentage

Question no.	Definition of net percentage
1, 8	The difference between the percentage of responses "Eased considerably" and "Eased somewhat" and the percentage of responses "Tightened considerably" and "Tightened somewhat". A negative index indicates a tendency of tightening the credit standards.
2, 9, 11	The difference between the percentage of responses "Eased considerably" and "Eased somewhat" and the percentage of responses "Tightened considerably" and "Tightened somewhat". A negative index indicates a tendency of tightening the terms of loans.
3, 10, 12	The difference between the percentage of responses "Contributed considerably to the easing of lending policies" and "Contributed somewhat to the easing of lending policies" and the percentage of responses "Contributed to the tightening of lending policies" and "Contributed somewhat to the tightening of lending policies". A negative index indicates a given factor's greater contribution to the tightening than to the easing of lending policies.
4, 13	The difference between the percentage of responses "Increased considerably" and "Increased somewhat" and the percentage of responses "Decreased considerably" and "Decreased somewhat". A positive index indicates an increase in demand.
5, 14, 15	The difference between the percentage of responses "Contributed considerably to higher demand" and "Contributed somewhat to higher demand" and the percentage of responses "Contributed considerably to lower demand" and "Contributed somewhat to lower demand". A positive index means that a given factor contributed to an increase in demand, and a negative one, to a decrease in demand.
6, 16	The difference between the percentage of responses "Ease considerably" and "Ease somewhat" and the percentage of responses "Tighten considerably" and "Tighten somewhat". A positive index indicates an expected easing of lending policy.
7, 17	The difference between the percentage of responses "Increase considerably" and "Increase somewhat" and the percentage of responses "Decrease considerably" and "Decrease somewhat". A positive index indicates an expected increase in demand.

Source: NBP.

[2] Due to a delay in reporting of around three weeks, no data on loans of particular banks in the third month of the period are available at the time of analysing the results of the survey.

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