Bank Lending Survey

II/2025

Czech National Bank —— Bank Lending Survey —— II/2025

CZECH NATIONAL BANK

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Introduction

The Bank Lending Survey captures banks' opinions regarding the change in supply and demand for loans to non-financial corporations and households. This publication summarises the results of the current round of the survey, i.e. banks' views on the evolution of the standards and conditions in 2025 Q1 and their expectations in these areas for 2025 Q2. Nineteen banks, accounting for a major share of the bank credit market, took part in the survey, which was conducted between 3 and 15 March 2025.[1] The CNB's Bank Lending Survey is performed by a team made up of representatives of the Monetary Department and the Financial Stability Department.

[1] The survey contained 22 questions that related to banks' credit standards, terms and conditions for approving loans and demand for loans perceived by banks, including the relevant factors. In the text and charts, the responses to the questions are expressed in the form of net percentages (NP) on the aggregate level. Net percentages are calculated as the difference between the market share of loans provided in the given segment by banks reporting that standards/conditions have been tightened (or demand increased) and the market share of loans provided in the given segment by banks reporting that standards/conditions have been eased (or demand decreased). A positive (negative) net percentage indicates an overall tightening (easing) of standards/conditions or an overall increase (decrease) in demand. Data in Excel files, along with the questionnaire, a glossary and methodological guidelines, is available on the CNB website:
https://www.cnb.cz/en/statistics/bank-lending-survey/

I. SUMMARY

The results of the current Bank Lending Survey show that credit standards for loans to non-financial corporations remained unchanged in 2025 Q1. Corporations' demand for loans increased in part of the banking market. However, according to banks, corporations remain cautious about investing, mainly due to increased global uncertainties. Falling domestic interest rates have contributed to increased loan demand in a smaller section of the banking market. Credit standards for loans to households for house purchase also remained largely unchanged, while those for consumer credit eased. Demand for housing loans and consumer credit increased further, and to a greater extent than banks had expected in the previous round of the survey. The increase in demand for housing loans was affected mainly by expectations of continued growth in residential property prices and a slight reduction in mortgage interest rates. The increase in demand for consumer credit reflected higher consumer spending and a slight improvement in household sentiment. In 2025 Q2, banks expect demand for loans to continue to grow in all the above credit market segments. In Q2, banks do not expect any major changes in credit standards for housing loans, while they expect credit standards to ease for corporate loans. Only a smaller section of the banking market expects an increase in the rate of credit losses in the following period for corporate loans.

II. CREDIT STANDARDS AND DEMAND FOR LOANS

II.1 NON-FINANCIAL CORPORATIONS

Credit standards (representing banks' internal lending policy criteria) were unchanged overall for loans to non-financial corporations in 2025 Q1. This trend was evident for both large and smaller corporations and across all loan maturities. However, as regards factors affecting credit standards, perceptions of risks associated with developments in some sectors increased (an NP of 16%). This includes the automotive industry, where manufacturers supplying components for the production of electric cars are facing a significant decline in orders, along with the production and sale of building materials, which is characterised by an overall market downturn, and the financing of commercial property. Although credit standards have not been tightened across the board, some banks are paying increased attention to these segments, which may also include a tightening of their lending policies. On the other hand, an easing of standards was fostered by a continued increase in competitive pressure in the banking market, especially in the financing of small and medium-sized enterprises (an NP of 10%). In 2025 Q2, the market expects credit standards for all types of corporate loans to ease for the first time since mid-2021 (an NP of 25%).

The terms and conditions for approving corporate loans were also unchanged overall. However, within their structure, average interest margins continued to fall and loan maturity conditions continued to ease (NPs of 12% and 28% respectively). Conversely, banks tightened conditions relating in particular to the size of the loan (an NP of 18%). A smaller section of the banking market increased the LTV requirements for industrial/warehouse property in the SME segment.

Corporate demand for loans rose in line with banks' expectations in 2025 Q1 (an NP of 38%). Increased demand was recorded by both small and large corporations, across all loan types by maturity. The rise in demand was driven mainly by a greater need to finance fixed investment, working capital and mergers and acquisitions of corporations, including their restructuring (NPs of 20%, 16% and 28% respectively). Demand grew especially for property financing and technology renewal in connection with energy savings in this part of the banking market. A decline in interest rates also contributed to higher demand for loans (an NP of 15%). Nevertheless, according to banks, corporations remain cautious about investing mainly due to persisting elevated uncertainty. Order levels are generally below average, and in some sectors – such as the automotive industry, construction and the production of building materials – even well below the levels of previous periods. Export-oriented firms are facing lower demand from abroad, especially from Germany, but also from other EU countries. Another source of uncertainty is the introduction of tariffs by the USA and their impact on Czech companies. Conversely, the use of alternative financing by some large corporations in the form of bond issuance (an NP of 16%) has decreased demand for loans. In the March survey, banks expected continued growth in demand for loans (an NP of 58%) in 2025 Q2.

II.2 HOUSEHOLDS

Credit standards for loans to households for house purchase remained largely unchanged for the third consecutive quarter. Lending conditions did not change either. The dominant part of the banking market does not expect any change in credit standards in 2025 Q2. Household demand for housing loans continued to rise (an NP of 32%). Demand for housing loans increased more significantly than banks had expected in the previous round of the survey, indicating continued growth in the mortgage market. The increase in demand was fostered mainly by expected further growth in residential property prices and a slight drop in mortgage interest rates (NPs of 28% and 22% respectively). According to the survey, demand for housing loans is expected to continue growing in 2025 Q2 (an NP of 31%).

Credit standards applied to consumer credit eased in Q1 (an NP of 17%). This reflected increased competition in the banking market and improved clients' creditworthiness. By contrast, a tightening of credit standards is expected by a relatively small segment of the banking market in 2025 Q2 (an NP of 7%). Demand for consumer credit rose further in 2025 Q1 (an NP of 42%). This mainly reflected increased financing of consumer spending and a slight improvement in consumer confidence (an NP of 17%). A section of the banking market (41%) expects households' demand for consumer credit to increase further in 2025 Q2.

Credit standards for loans to sole proprietors were unchanged and demand for loans continued to rise (an NP of 27%). Banks expect credit standards to ease slightly and demand for loans to continue increasing in 2025 Q2 (an NP of 44%).

Additional questions on expected credit losses suggest that a smaller section of the banking market is expecting an overall increase in the credit loss rate for corporate loans in the period ahead, while anticipating a decline for household loans for house purchase and for consumption.

III. GRAPHICAL PRESENTATION OF SUPPLY AND DEMAND CONDITIONS IN SEGMENTS

Chart 1 Changes in credit standards applied to loans to non-financial corporations (questions 1, 2 and 6)

(net percentages, positive value = tightening, negative value = easing)

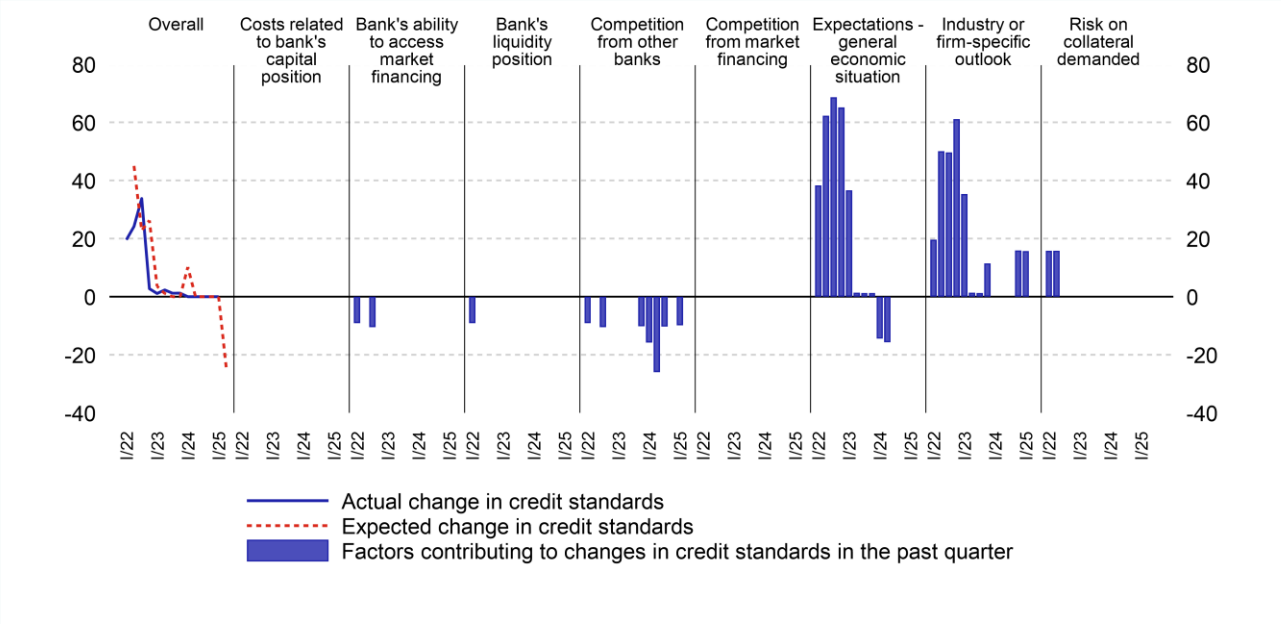


Chart 2 Changes in terms and conditions for approving loans to non-financial corporations (question 3)

(net percentages, positive value = tightening, negative value = easing)

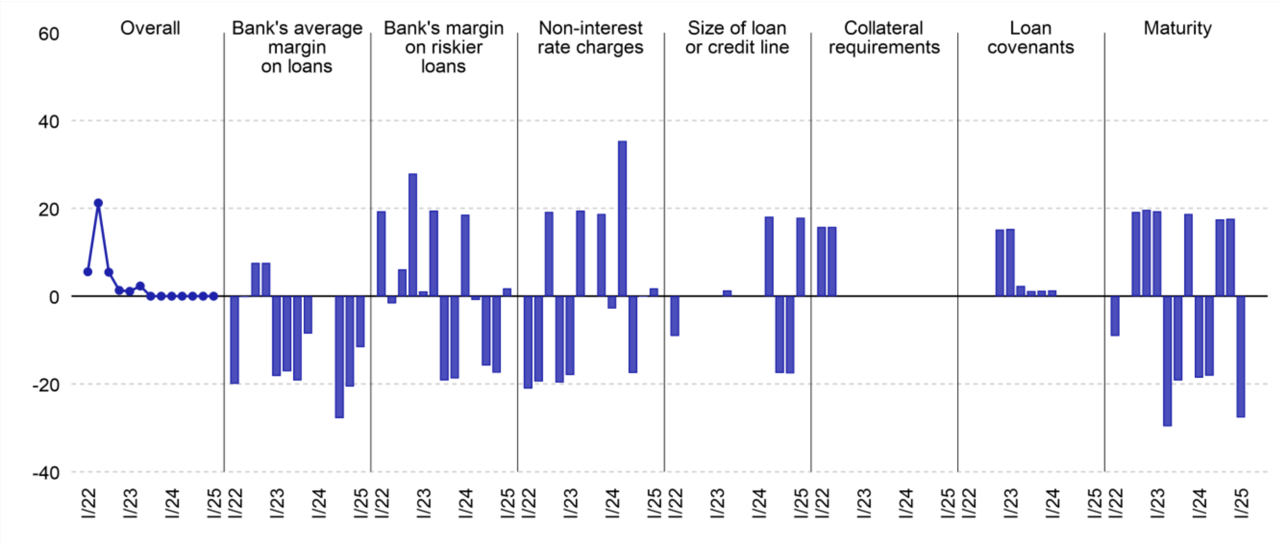


Chart 3 Changes in non-financial corporations' demand for loans (questions 4, 5 and 7)

(net percentages, positive value = demand growth, negative value = demand decrease)

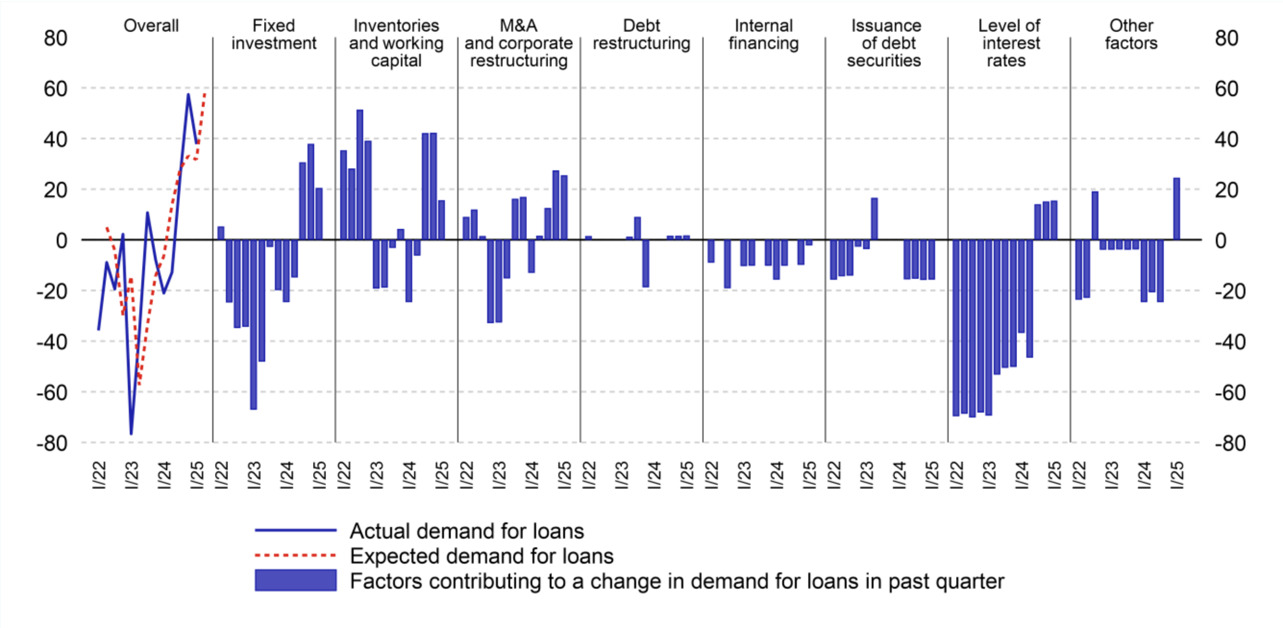


Chart 4 Changes in credit standards applied to loans for house purchase (questions 8, 9 and 16)

(net percentages, positive value = tightening, negative value = easing)

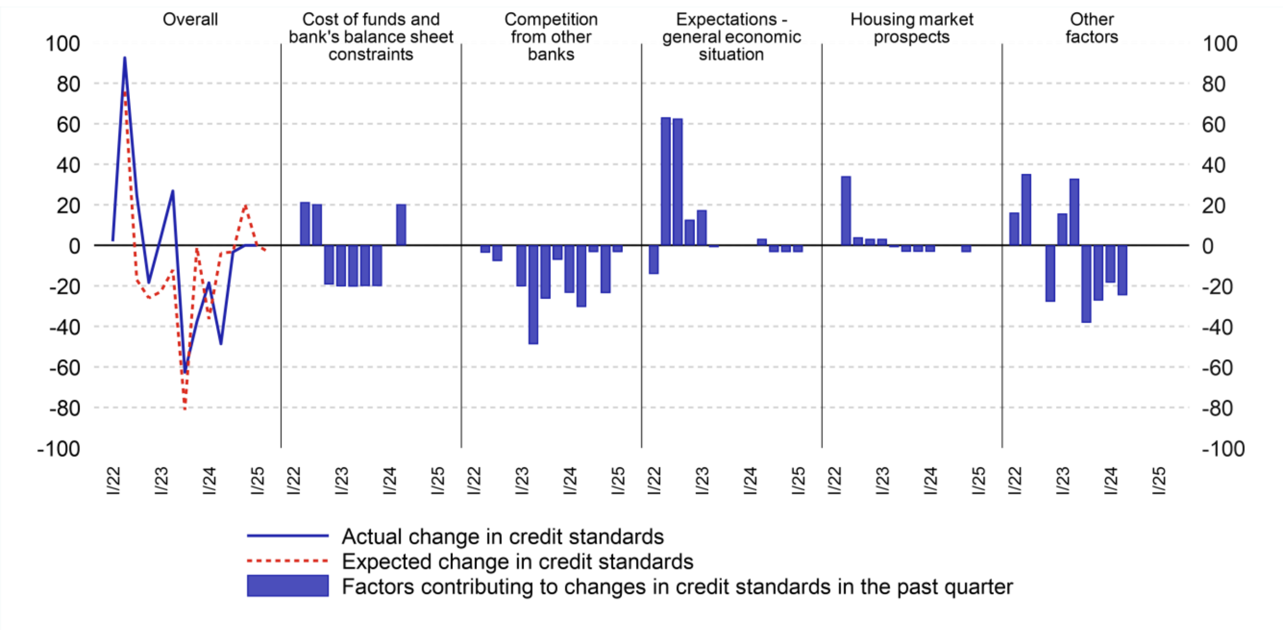


Chart 5 Changes in terms and conditions for approving loans for house purchase (question 10)

(net percentages, positive value = tightening, negative value = easing)

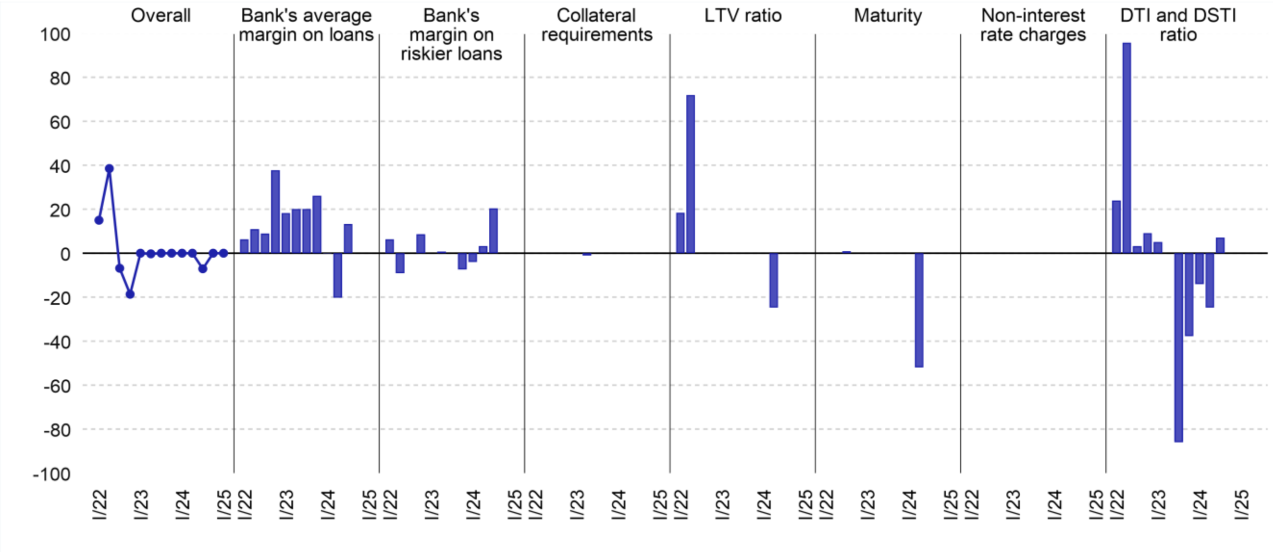


Chart 6 Changes in households' demand for loans for house purchase (questions 13, 14 and 17)

(net percentages, positive value = demand growth, negative value = demand decrease)

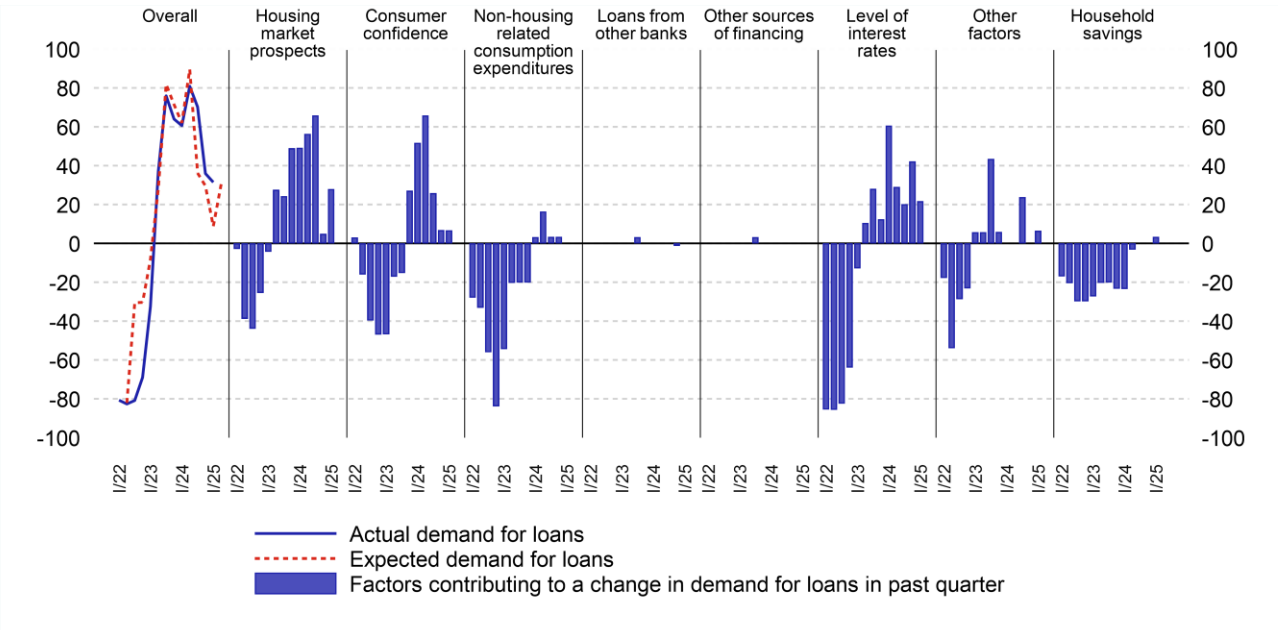


Chart 7 Changes in credit standards applied to consumer credit (questions 8, 11 and 16)

(net percentages, positive value = tightening, negative value = easing)

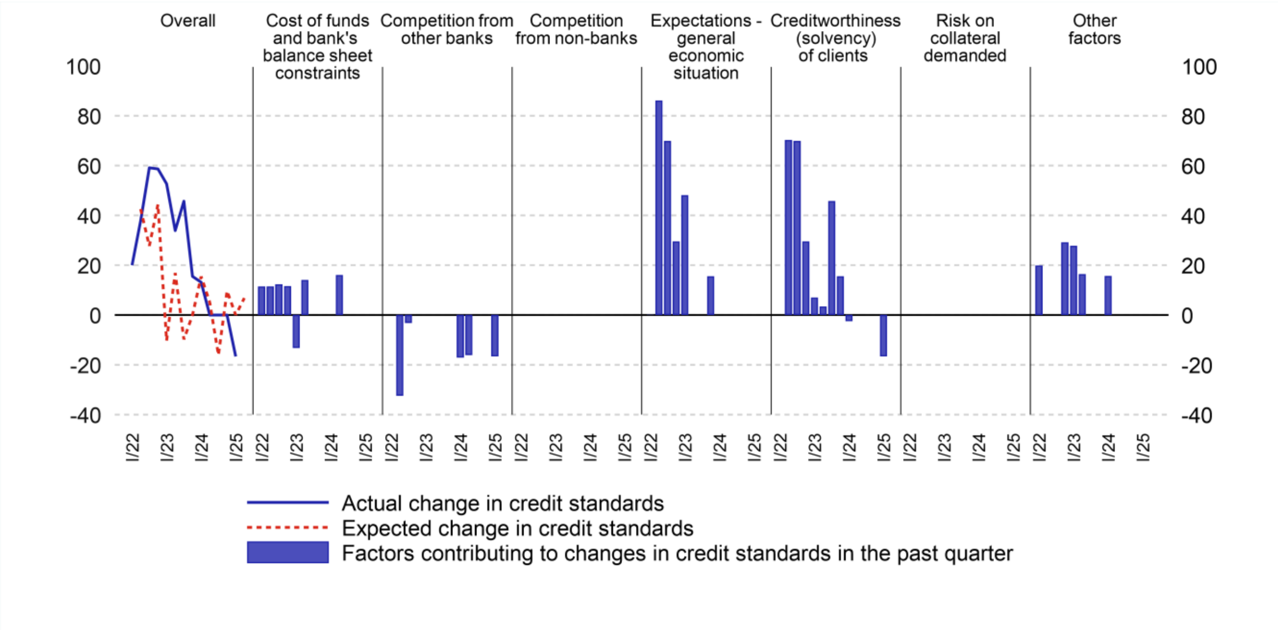


Chart 8 Changes in terms and conditions for approving consumer credit (question 12)

(net percentages, positive value = tightening, negative value = easing)

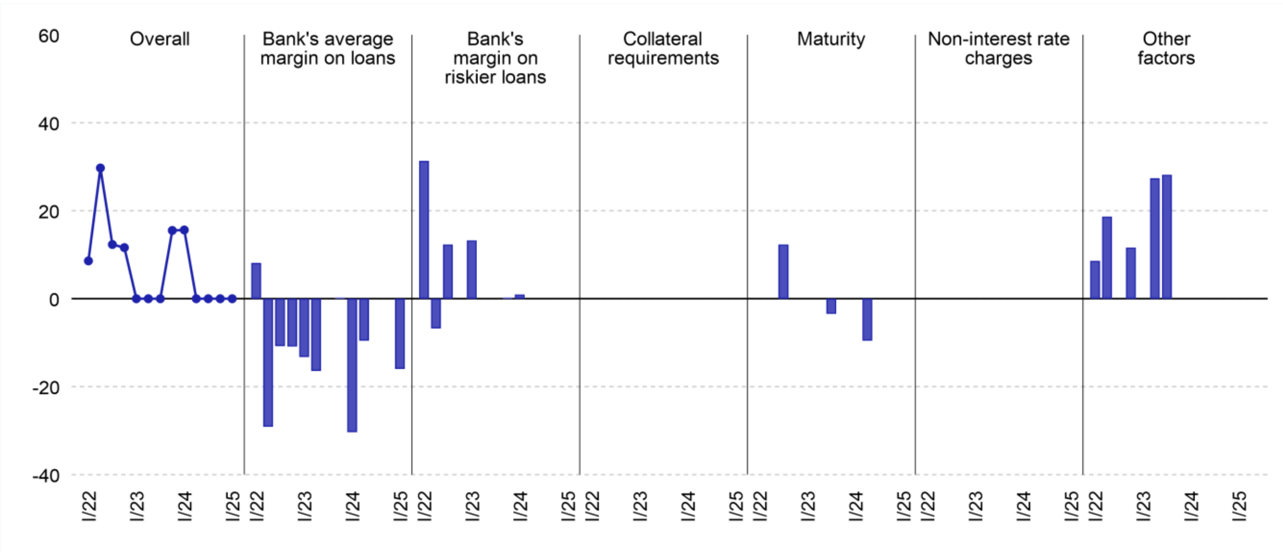
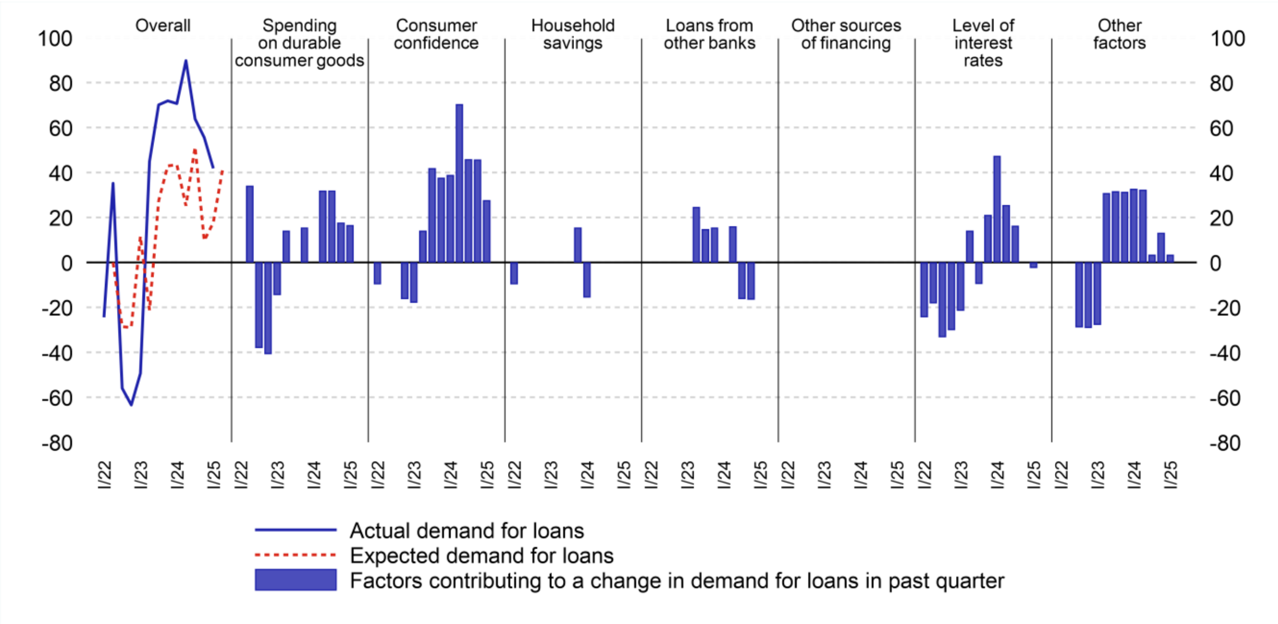


Chart 9 Changes in households' demand for consumer credit (questions 13, 15 and 17)

(net percentages, positive value = demand growth, negative value = demand decrease)



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