



CENTRAL BANK OF CYPRUS

EUROSYSTEM

April 2026
BANK LENDING SURVEY
Results for Cyprus

Nicosia - Cyprus

CONTENTS

| | |
|---|-----------|
| 1. Overview | 3 |
| 2. Loan Supply..... | 5 |
| 2.1. Credit standards for loans | 5 |
| 2.1.1. Credit standards for loans or credit lines to enterprises | 5 |
| 2.1.2. Credit standards for loans to households for house purchase..... | 6 |
| 2.1.3. Credit standards for consumer credit and other lending to households..... | 7 |
| 2.1.4. Expectations for the next quarter | 7 |
| 2.2. Overall terms and conditions on loans | 8 |
| 2.2.1. Overall terms and conditions on loans or credit lines to enterprises | 8 |
| 2.2.2. Overall terms and conditions on loans to households for house purchase..... | 9 |
| 2.2.3. Overall terms and conditions on consumer credit and other lending to households..... | 10 |
| 2.3. Rejected applications | 11 |
| 3. Loan demand | 12 |
| 3.1. Demand for loans or credit lines to enterprises | 12 |
| 3.2. Demand for loans to households for house purchase | 13 |
| 3.3. Demand for consumer credit and other lending to households..... | 14 |
| 3.4. Expectations for the next quarter..... | 14 |
| 4. Notes..... | 15 |

1. Overview

The April 2026 Bank Lending Survey (BLS)¹ records, among other things, the changes in credit standards and loan demand that occurred in 2026Q1 compared with 2025Q4 in Cyprus, as well as the changes that are expected to occur in 2026Q2 compared with 2026Q1. It should be emphasised that the results of the Survey reflect the perceptions and expectations of the participating banks and do not necessarily reflect expectations or evaluations of the Central Bank of Cyprus (CBC) (see Notes).

| Summary of BLS results - April 2026 | Cyprus | |
|---|------------|--------------------------|
| | 2026Q1 | 2026Q2 (expectations) |
| Supply of loans | | |
| Credit standards for loans | | |
| Enterprises | Unchanged | Tightening |
| Households | | |
| - Housing loans | Unchanged | Tightening |
| - Consumer credit and other lending | Unchanged | Tightening |
| Overall terms and conditions for loans | | |
| Enterprises | Tightening | * |
| Households | | |
| - Housing loans | Unchanged | * |
| - Consumer credit and other lending | Unchanged | * |
| Demand for loans | | |
| Enterprises | Increase | Unchanged |
| Households | | |
| - Housing loans | Increase | Unchanged |
| - Consumer credit and other lending | Increase | Unchanged |

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

Source: CBC

¹ - The April 2026 BLS was conducted in the period 19 March - 7 April 2026. The statistical analysis for Cyprus uses the diffusion index. More information on the methodology of the Survey can be found [here](#).
 - In those cases where no line or bar is evident in the charts of this report, the diffusion index is zero for the respective quarter. Either this implies that there was no change compared with the previous quarter or that the answers of the participating banks offset one another.
 - The BLS results for the euro area are available [here](#).

On the *loan supply* side, **credit standards² for loans to enterprises and for loans to households (housing loans as well as consumer credit and other lending) remained unchanged** in 2026Q1, compared with the previous quarter. According to the Survey, all factors related to credit standards across all loan categories had a neutral impact in the quarter under review.

Overall terms and conditions on new loans or credit lines³ to enterprises tightened in 2026Q1, on account of reduced risk tolerance. In particular, a widening in banks' margins, defined as the spread over a relevant market reference rate, for riskier loans was reported. As regards the **overall terms and conditions on new loans to households, housing loans as well as consumer credit and other lending, they remained unchanged** in the quarter under review, a development that appears to be associated with the continued positive momentum in economic activity.

On the *loan demand* side, **net demand for loans increased in 2026Q1 by both enterprises and households**, for both loan categories. Based on the Survey results, net demand for business loans increased to meet financing needs for fixed investment. For households, the net increase in demand for housing loans was attributed to an improvement in consumer confidence, while the increase in demand for consumer credit and other lending was attributed to both an increase in spending on durable consumer goods and higher consumer confidence.

The observed increase in loan demand - from enterprises for fixed investment purposes and from households for consumption and housing - may be associated with the continued resilience and adaptability of the Cypriot economy in an environment of ongoing external uncertainty, as well as with the sustained strength of the labour market. As regards housing loans, the continued credit expansion in 2026Q1 is noted, supported by the resilience of the housing market and the positive trends in household intentions to invest in residential property.

According to banks' **expectations for 2026Q2, credit standards** for loans to both enterprises and households, for both categories of loans, **are expected to tighten**. At the same time, **net demand for loans** by both enterprises and households, for housing loans as well as for consumer credit and other lending, **is expected to remain stable**.

² Credit standards refer to the internal guidelines or loan approval criteria of a bank. Both new loans and loan refinancing, i.e. a prolongation of a loan or a higher loan amount, are considered. Credit standards are established prior to the actual loan negotiation on the terms and conditions and the actual loan approval/rejection decision. They define the types of loan a bank considers desirable and undesirable, the designated sectoral or geographic priorities, the collateral deemed acceptable or unacceptable, etc. Credit standards specify the required borrower characteristics under which a loan can be obtained.

³ Credit terms and conditions refer to the conditions of a loan that a bank is willing to grant, i.e. to the terms and conditions of the (new or refinanced) loan actually approved, as laid down in the loan contract agreed between the bank (the lender) and the borrower. Credit terms and conditions depend on the borrower's characteristics and may change in parallel with credit standards or independently of them.

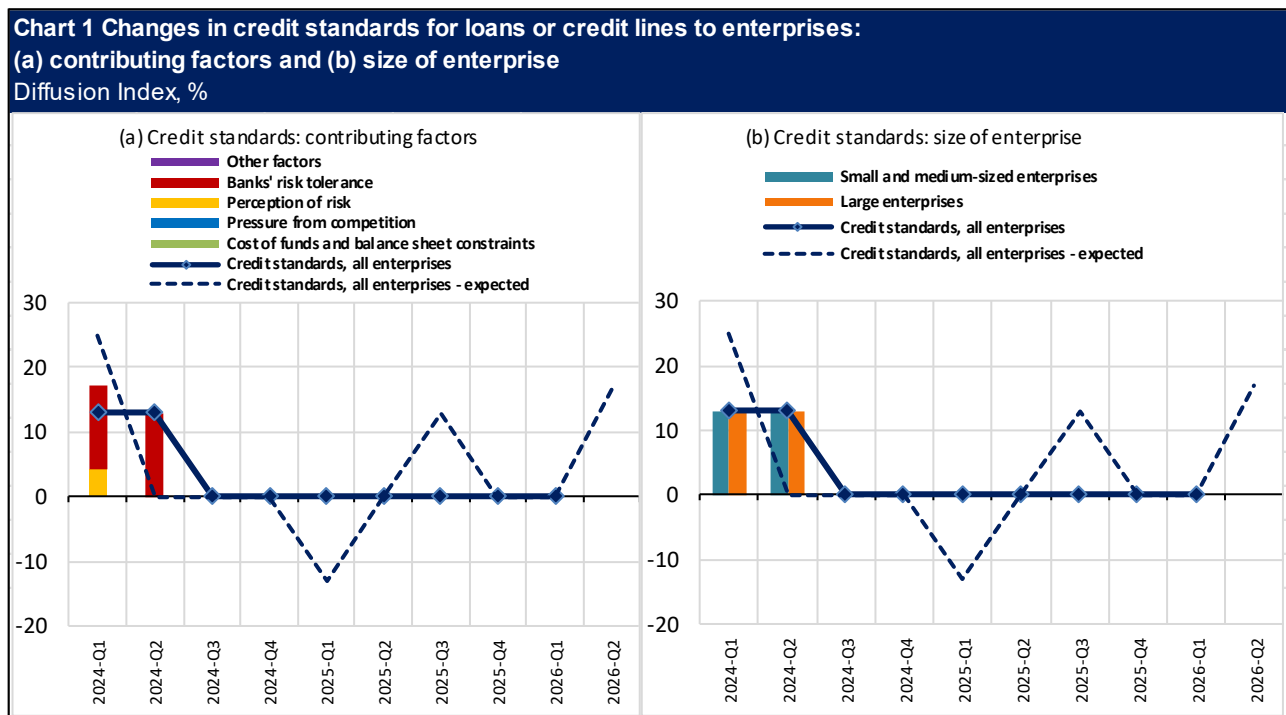
2. Loan Supply

2.1. Credit standards for loans

2.1.1. Credit standards for loans or credit lines to enterprises⁴

In 2026Q1, **credit standards for loans or credit lines to enterprises** in Cyprus **remained unchanged** compared with the previous quarter, continuing the trend observed since 2024Q3 and in line with expectations reported in the previous Survey round. All underlying factors continued to have a neutral impact on credit standards for business loans in the quarter under review (**Chart 1(a)**).

It is noted that credit standards in 2026Q1 remained unchanged both for loans to small and medium-sized enterprises (SMEs) and for loans to large enterprises (**Chart 1(b)**).



Notes:

Concerning the direction of changes in the credit standards, a **positive value** indicates a tightening of credit standards and a contribution by the factors to this direction, while a **negative value** indicates an easing of credit standards and a contribution by the factors to this direction.

"Cost of funds and balance sheet constraints" as unweighted average of banks' "Capital and cost related to capital position", "Access to market financing" and "Liquidity position".

"Pressure from competition" as unweighted average of "Competition from other banks", "Competition from non-banks" and "Competition from market financing".

"Perception of risk" as unweighted average of "General economic situation and outlook", "Industry or firm-specific situation and outlook/borrower's creditworthiness" and "Risk on collateral demanded".

"Other factors" refer to further factors which were mentioned by participating banks as having contributed to changes in credit standards.

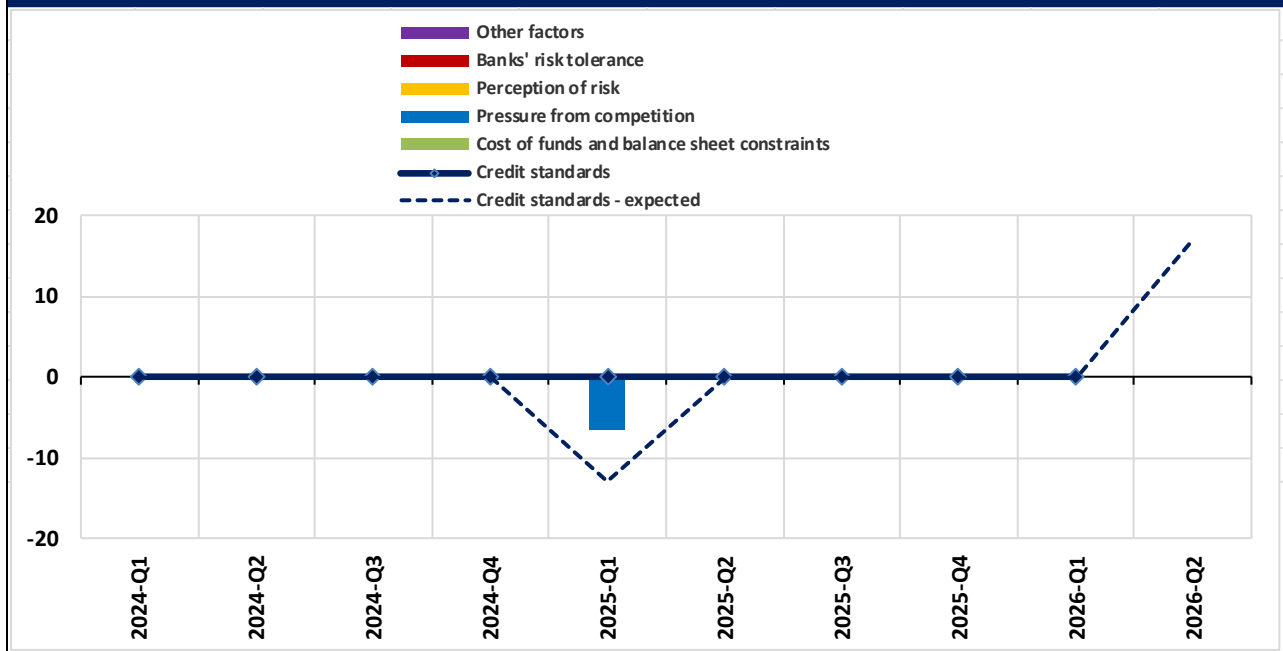
⁴ The term "enterprises" refers to non-financial corporations.

2.1.2. Credit standards for loans to households for house purchase

Credit standards for loans to households for house purchase remained unchanged in 2026Q1, for a ninth consecutive quarter, a development in line with the expectations reported in the January 2026 Survey. Participating banks did not report a change in any of the factors related to the credit standards for housing loans in the quarter under review (**Chart 2**).

Chart 2 Changes in credit standards for loans to households for house purchase and contributing factors

Diffusion Index, %



Notes:

Concerning the direction of changes in the credit standards, a **positive value** indicates a tightening of credit standards and a contribution by the factors to this direction, while a **negative value** indicates an easing of credit standards and a contribution by the factors to this direction.

"**Cost of funds and balance sheet constraints**" as unweighted average of banks' "Capital and cost related to capital position", "Access to market financing" and "Liquidity position" (detailed sub-factors were introduced in April 2022).

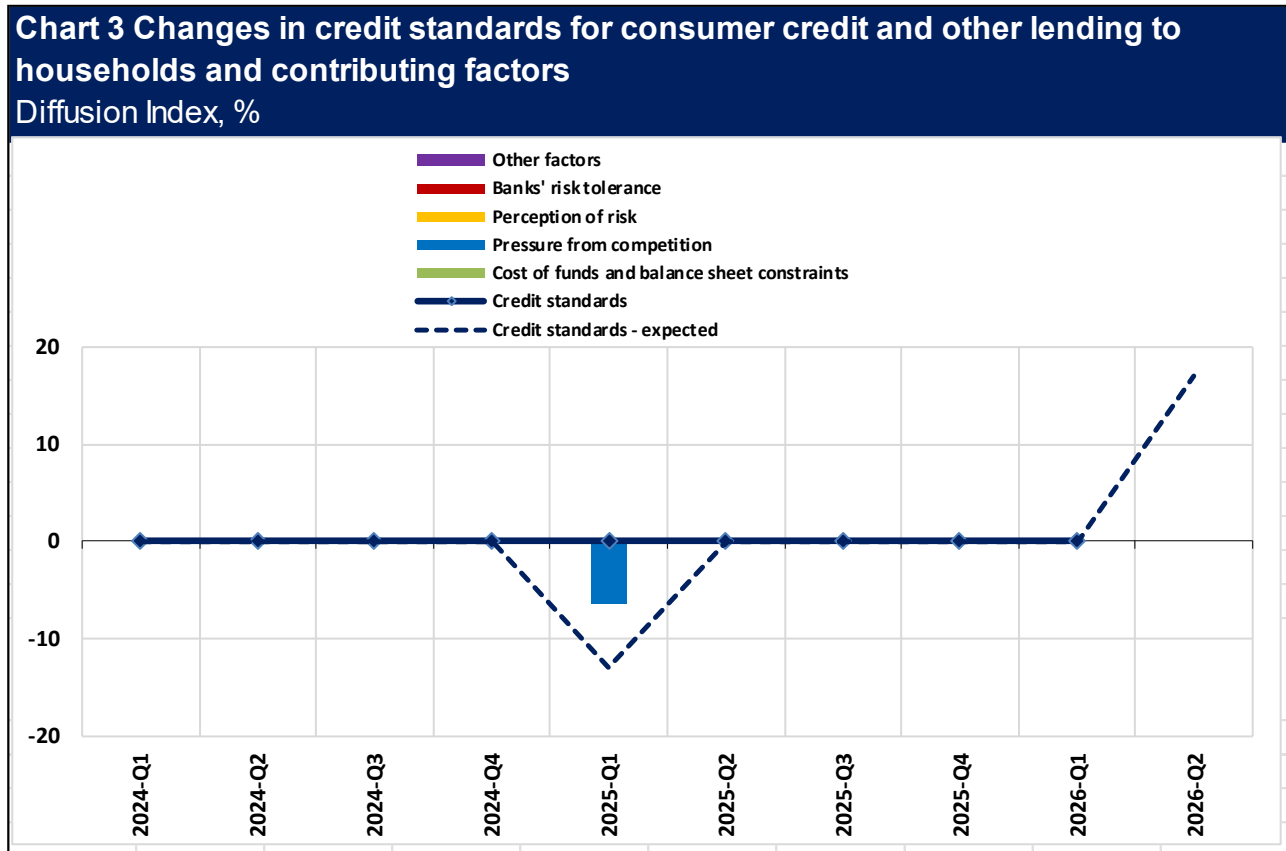
"**Pressure from competition**" as unweighted average of "Competition from other banks" and "Competition from non-banks".

"**Perception of risk**" as unweighted average of "General economic situation and outlook", "Housing market prospects, including expected house price developments" and "Borrower's creditworthiness".

"**Other factors**" refer to further factors which were mentioned by participating banks as having contributed to changes in credit standards.

2.1.3. Credit standards for consumer credit and other lending to households

Credit standards for consumer credit and other lending to households also **remained unchanged** in 2026Q1, for a ninth consecutive quarter and in line with banks' expectations reported in the previous Survey round. As was the case with housing loans, banks did not report a change in any of the factors related to the credit standards for consumer credit and other lending to households in 2026Q1 (**Chart 3**).



Notes:

Concerning the direction of changes in the credit standards, a **positive value** indicates a tightening of credit standards and a contribution by the factors to this direction, while a **negative value** indicates an easing of credit standards and a contribution by the factors to this direction.

"**Cost of funds and balance sheet constraints**" as unweighted average of banks' "Capital and cost related to capital position", "Access to market financing" and "Liquidity position" (detailed sub-factors were introduced in April 2022).

"**Pressure from competition**" as unweighted average of "Competition from other banks" and "Competition from non-banks".

"**Perception of risk**" as unweighted average of "General economic situation and outlook", "Creditworthiness of consumers" and "Risk on the collateral demanded".

"**Other factors**" refer to further factors which were mentioned by participating banks as having contributed to changes in credit standards.

2.1.4. Expectations for the next quarter

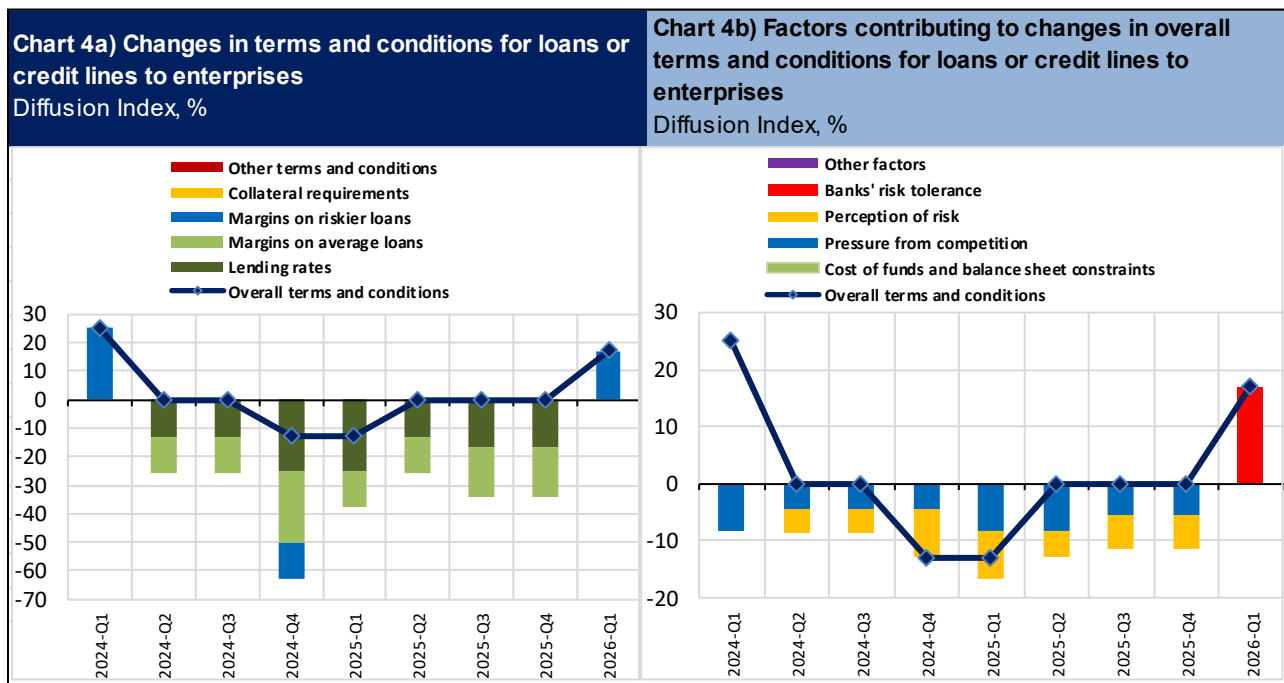
According to banks' expectations for 2026Q2, credit standards are expected to tighten for loans to enterprises, as well as for both categories of loans to households, compared with 2026Q1 (**Charts 1-3**).

2.2. Overall terms and conditions on loans

2.2.1. Overall terms and conditions on loans or credit lines to enterprises

Overall terms and conditions on new business loans (i.e. banks' actual terms and conditions agreed upon in the loan contract) **tightened** in 2026Q1. Specifically, this tightening followed a period of easing in 2024Q4 and 2025Q1. The tightening in 2026Q1 related to a widening in banks' margins (the spread over a relevant market reference rate) on riskier loans, while all other terms and conditions remained unchanged (**Chart 4(a)**).

According to the Survey results, the tightening of the overall terms and conditions on new loans to enterprises in 2026Q1 reflects lower risk tolerance (**Chart 4(b)**).



Notes:

Concerning the direction of changes in terms and conditions on loans or credit lines, a **positive value** indicates a tightening of terms and conditions and a contribution by the factors to this direction, while a **negative value** indicates an easing of terms and conditions and a contribution by the factors to this direction.

4a) «**Margins**» are defined as the spread over a relevant market reference rate (wider spread = tightened, narrower spread = eased).

«**Other terms and conditions**» as unweighted average of "Non-interest rate charges", "Size of the loan or credit line", "Loan covenants" and "Maturity".

"Lending rates" was introduced in April 2024.

4b) «**Cost of funds and balance sheet constraints**» as unweighted average of "Capital and cost related to capital position", "Access to market financing" and "Liquidity position".

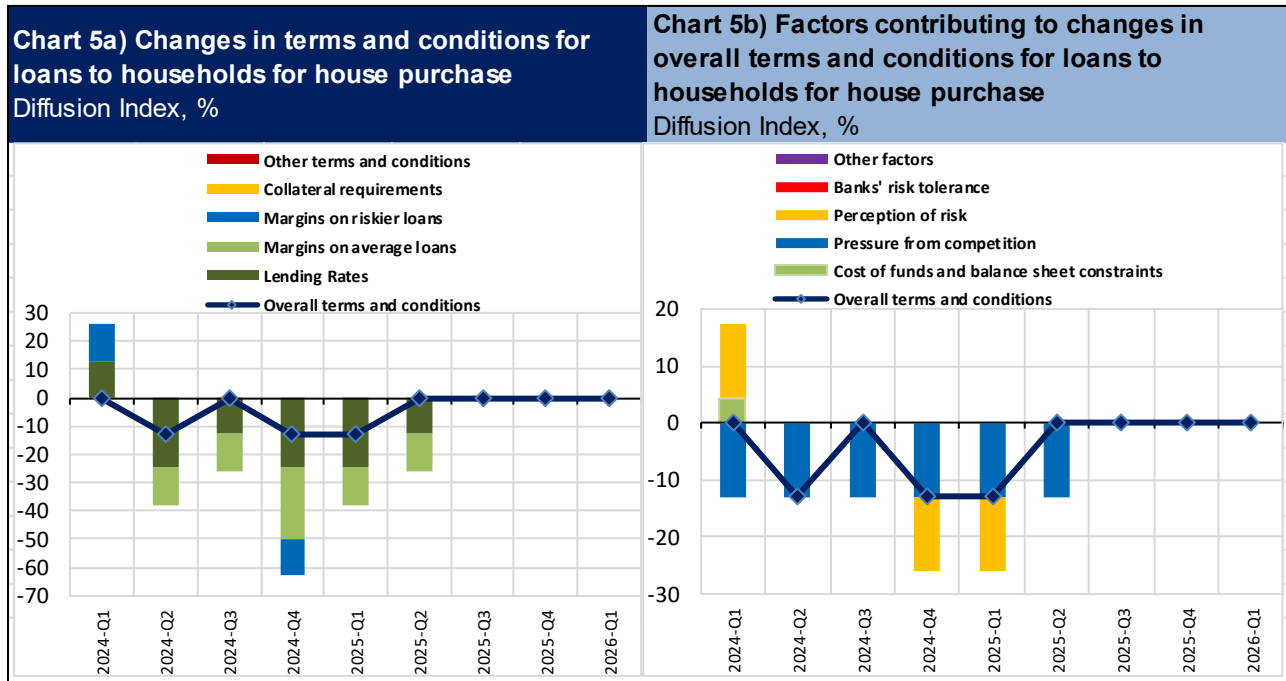
«**Pressure from competition**» as unweighted average of "Competition from other banks", "Competition from non-banks" and "Competition from market financing".

«**Perception of risk**» as unweighted average of "General economic situation and outlook", "Industry or firm-specific situation and outlook/borrower's creditworthiness" and "Risk on collateral demanded".

«**Other factors**» refer to further factors which were mentioned by participating banks as having contributed to changes in terms and conditions.

2.2.2. Overall terms and conditions on loans to households for house purchase

The overall terms and conditions on new loans to households for house purchase continued to remain unchanged in 2026Q1 (Chart 5(a)). According to the Survey, all contributing factors had a neutral impact, consistent with developments observed in the preceding two quarters (Chart 5(b)).



Notes:

Concerning the direction of changes in terms and conditions on loans, a **positive value** indicates a tightening of terms and conditions and a contribution by the factors to this direction, while a **negative value** indicates an easing of terms and conditions and a contribution by the factors to this direction.

5a) «**Margins**» are defined as the spread over a relevant market reference rate (wider spread = tightened, narrower spread = eased).

"**Other terms and conditions**" as unweighted average of "Loan-to-value ratio", "Other loan size limits", "Maturity" and "Non-interest rate charges".

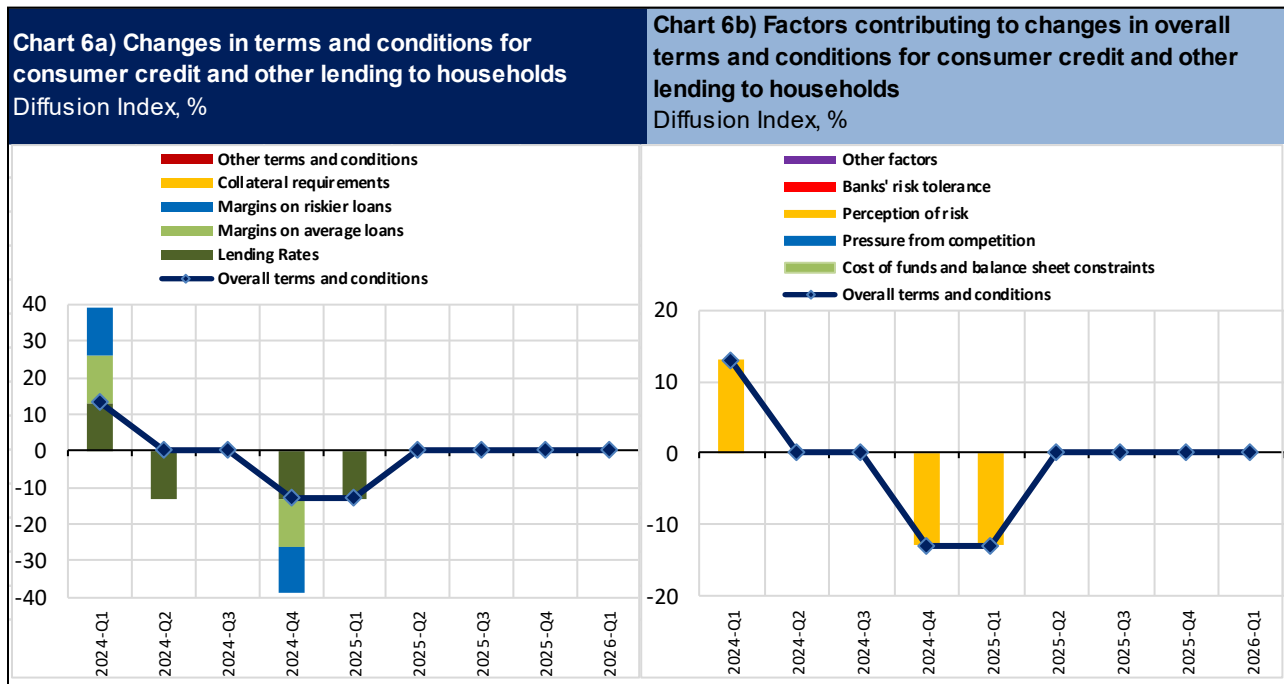
"Lending rates" was introduced in April 2024.

5b) "**Cost of funds and balance sheet constraints**" as unweighted average of "Capital and cost related to capital position", "Access to market financing" and "Liquidity position". Detailed sub-factors were introduced in April 2024.

"**Other factors**" refer to further factors which were reported by participating banks as having contributed to changes in the terms and conditions for these loans.

2.2.3. Overall terms and conditions on consumer credit and other lending to households

Similarly, the **overall terms and conditions on new consumer credit and other lending to households remained unchanged** for a fourth consecutive quarter (**Chart 6(a)**). This development reflects the continued positive trend in private consumption. As with housing loans, all factors related to the overall terms and conditions for this category of loans to households continued to have a neutral impact in the quarter under review (**Chart 6(b)**).



Notes:

Concerning the direction of changes in terms and conditions on loans, a **positive value** indicates a tightening of terms and conditions and a contribution by the factors to this direction, while a **negative value** indicates an easing of terms and conditions and a contribution by the factors to this direction.

6a) «**Margins**» are defined as the spread over a relevant market reference rate (wider spread = tightened, narrower spread = eased).

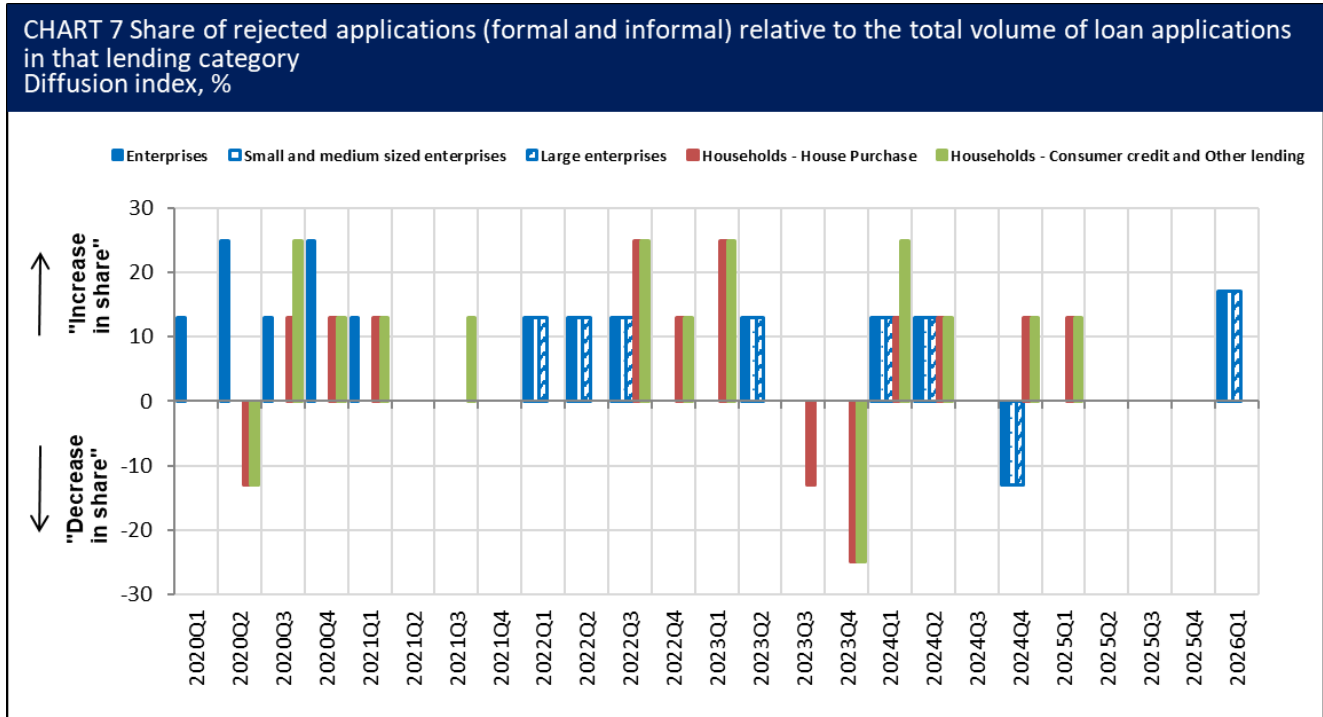
"**Other terms and conditions**" as unweighted average of "Size of loan", "Maturity", and "Non-interest rate charges". "Lending rates" was introduced in April 2024.

6b) "**Cost of funds and balance sheet constraints**" as unweighted average of "Capital and cost related to capital position", "Access to market financing" and "Liquidity position". Detailed sub-factors were introduced in April 2024.

"**Other factors**" refer to further factors which were reported by participating banks as having contributed to changes in the terms and conditions for these loans.

2.3. Rejected applications

The share of rejected loan applications (formal and informal) relative to the total volume of loan applications from enterprises increased in 2026Q1, both for SMEs and for large enterprises. This development is consistent with the tightening in the overall terms and conditions for loans to non-financial corporations. By contrast, the share of rejected applications for housing loans as well as for consumer credit and other lending from households remained unchanged (**Chart 7**). This appears to be associated with the continued resilience of the residential property market and the positive trajectory of private consumption.



Notes:

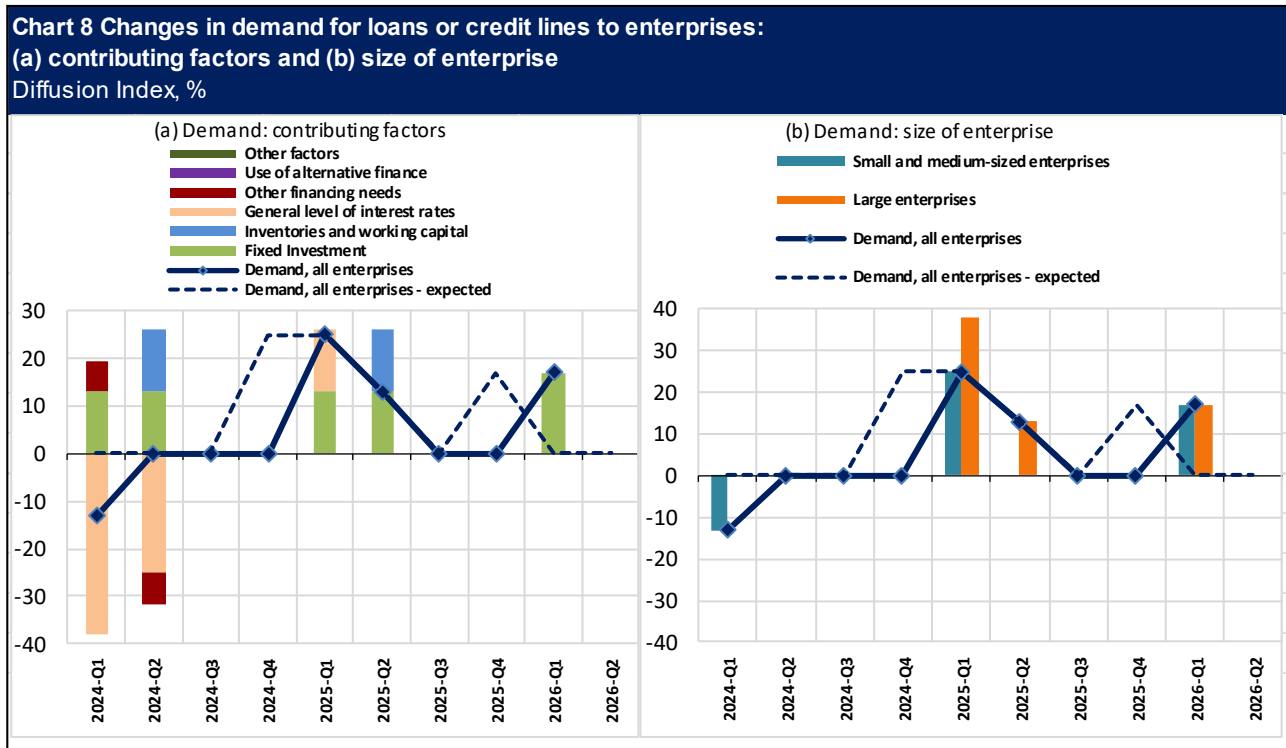
Share of rejected loan applications relative to the volume of all loan applications in that loan category. The breakdown by firm size was introduced in April 2022.

3. Loan demand

3.1. Demand for loans or credit lines to enterprises

In 2026Q1, **net demand for loans by enterprises increased**, contrary to banks' expectations for unchanged demand expressed in the previous Survey round. According to the Survey, this increase is attributed to enterprises' higher financing needs for fixed investment, possibly reflecting the ongoing resilience and adaptability of the Cypriot economy in an environment of persistent external uncertainty (**Chart 8(a)**).

In terms of enterprise size, the net increase in demand for business loans in 2026Q1 was observed across both SMEs and large enterprises (**Chart 8(b)**).



Notes:

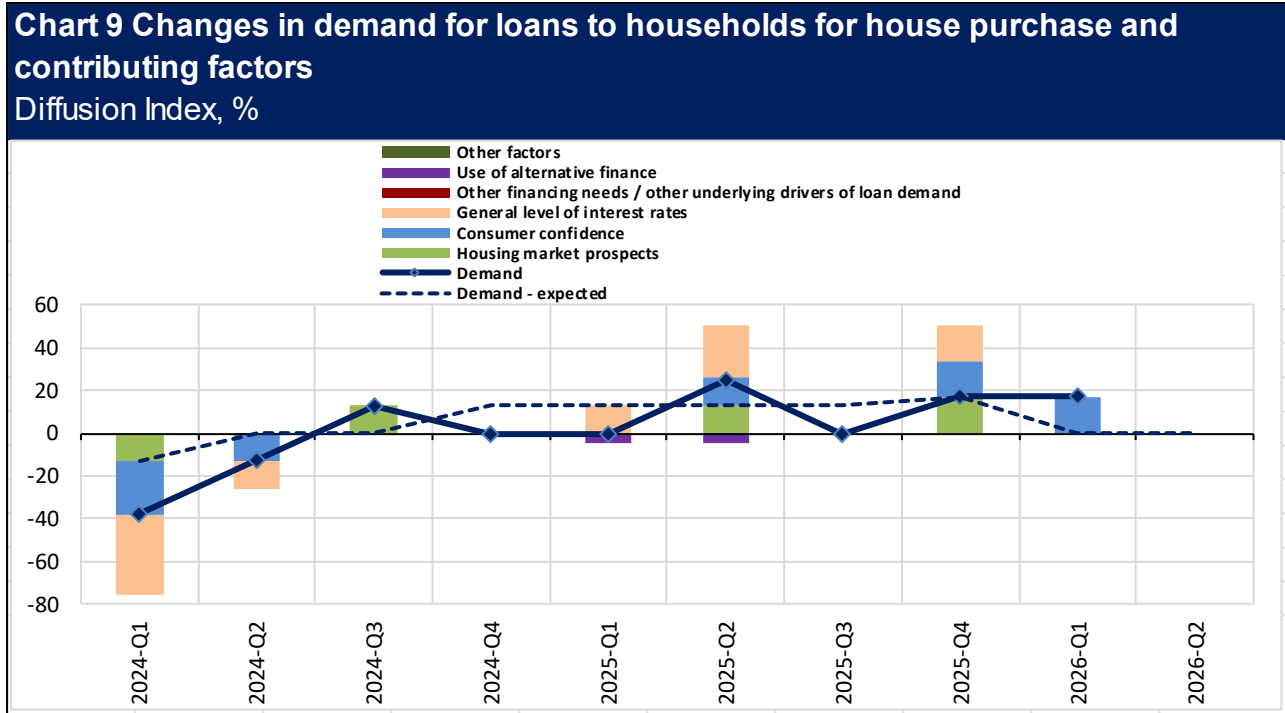
Concerning the direction of changes in loan demand, a **positive value** indicates an increase in demand and a contribution by the factors to this direction, while a **negative value** indicates a decrease in demand and a contribution by the factors to this direction.

"Other financing needs" as unweighted average of "Mergers/acquisitions and corporate restructuring" and "Debt refinancing/restructuring and renegotiation".

"Use of alternative finance" as unweighted average of "Internal financing", "Loans from other banks", "Loans from non-banks", "Issuance/redemption of debt securities" and "Issuance/redemption of equity".

3.2. Demand for loans to households for house purchase

Net demand for housing loans by households continued to increase in 2026Q1, contrary to banks' expectations of unchanged demand reported in the previous Survey round. This increase was attributed to improved consumer confidence (Chart 9). This development is consistent with continued momentum in the housing market, with incentives related to both owner-occupied housing and residential property for rental purposes.



Notes:

Concerning the direction of changes in loan demand, a **positive value** indicates an increase in demand and a contribution by the factors to this direction, while a **negative value** indicates a decrease in demand and a contribution by the factors to this direction.

"**Other financing needs / other underlying drivers of loan demand**" as unweighted average of "Debt refinancing/restructuring and renegotiation" and "Regulatory and fiscal regime of housing markets".

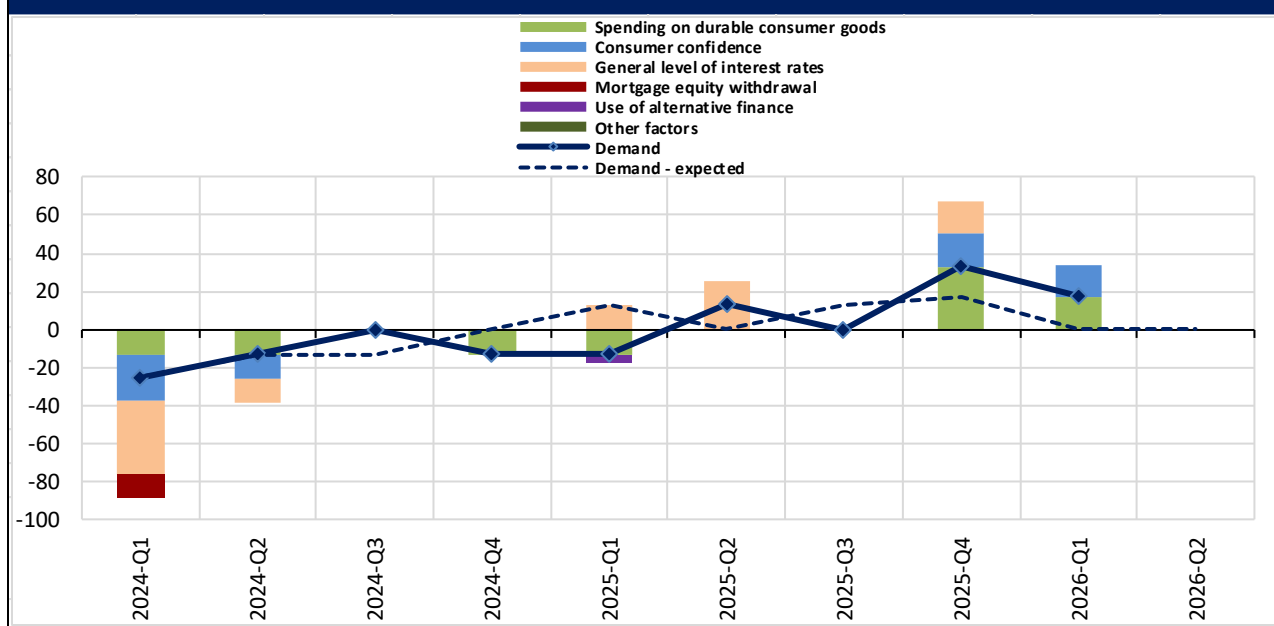
"**Use of alternative finance**" as unweighted average of "Internal financing out of savings/down payment", "Loans from other banks" and "Other sources of external finance".

3.3. Demand for consumer credit and other lending to households

Net demand for consumer credit and other lending by households also **continued to increase** in 2026Q1. Similarly to housing loans, this development contrasted with banks' expectations of unchanged demand, outlined in the previous quarter's Survey. The Survey indicated that the increase in the net demand for this category of loans was supported by households' higher spending on durable consumer goods and by improved consumer confidence. The observed increase in the demand for household loans for consumption may be linked to the resilience of the labour market and the positive trends in household disposable income. It is noted that, in contrast to previous quarters where demand increased, the general level of interest rates had a neutral impact on demand in the quarter under review (**Chart 10**).

Chart 10 Changes in demand for consumer credit and other lending to households and contributing factors

Diffusion Index, %



Notes:

Concerning the direction of changes in loan demand, a **positive value** indicates an increase in demand and a contribution by the factors to this direction, while a **negative value** indicates a decrease in demand and a contribution by the factors to this direction.

"**Use of alternative finance**" as unweighted average of "Internal finance out of savings", "Loans from other banks" and "Other sources of external finance".

"**Mortgage equity withdrawal**" denotes "Consumption expenditure financed through real-estate guaranteed loans".

3.4. Expectations for the next quarter

According to banks' expectations for 2026Q2, net demand for loans by enterprises as well as by households, for both categories of loans, is expected to remain unchanged relative to 2026Q1 (**Charts 8–10**).

4. Notes

The Bank Lending Survey is a qualitative survey for the assessment of credit conditions in the euro area and its main objective is to enhance the understanding of bank lending behaviour. The Survey questionnaire is addressed to senior loan officers in a representative sample of euro area banks and covers a broad area of relevant subjects regarding credit to enterprises and households. For example, it includes questions concerning credit standards as applied to the approval of loans, the terms and conditions of new loans, as well as questions concerning the evaluation by banks of factors affecting demand. More information on the methodology of the Survey can be found [here](#).

In order to enhance the information content of the Survey, a revised BLS questionnaire and compilation guide were introduced in April 2015. Since then, the questionnaire continues to be enriched at times, to include all relevant information to aid the monetary policy decision-making process of the Governing Council of the European Central Bank. In this context, specific questions of special interest may be added in order to investigate current economic issues. However, to ensure the anonymity of participating banks, these results are not published in this report.

The results of the January 2026 Bank Lending Survey relate to changes in 2025Q4 compared with the previous quarter and to changes expected in 2026Q1 compared with 2025Q4 regarding credit standards, terms and conditions, and demand for loans to/by enterprises and households. The results of the Survey for Cyprus are not weighted by the market share of each participating bank, thus the answers of all participants are given the same weight. The Survey covers around 85% of the total market for outstanding loans in Cyprus granted to euro area enterprises and households. The diffusion index is used in the analysis. It should be noted that a diffusion index value equal to zero may imply that either there was no change compared with the previous quarter or that the answers of the participating banks offset one another.

The results of the Survey relate to answers provided by the participating banks and represent their own assessment of the domestic financing market. The results do not necessarily reflect expectations or evaluations of the Central Bank of Cyprus.