



**CENTRAL BANK OF CYPRUS**

EUROSYSTEM

April 2025  
**BANK LENDING SURVEY**  
Results for Cyprus

Nicosia - Cyprus

# CONTENTS

<b>1. Overview .....</b>	<b>3</b>
<b>2. Loan Supply .....</b>	<b>5</b>
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
<b>3. Loan demand .....</b>	<b>12</b>
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
<b>4. Notes .....</b>	<b>15</b>

## 1. Overview

The April 2025 Bank Lending Survey (BLS)<sup>1</sup> records, among other things, the changes in credit standards and loan demand that occurred in 2025Q1 compared with 2024Q4 in Cyprus, as well as the changes that are expected to occur in 2025Q2 compared with 2025Q1. It should be emphasised that the results of the Survey reflect the perceptions and expectations of the participating banks and do not, in any way, reflect the views or expectations of the Central Bank of Cyprus (CBC) (see Notes).

Summary of BLS results - April 2025	Cyprus	
	2025Q1	2025Q2 (expectations)
<b>Supply of loans</b>		
<b>Credit standards for loans</b>		
<b>Enterprises</b>	Unchanged	Unchanged
<b>Households</b>		
- Housing loans	Unchanged	Unchanged
- Consumer credit and other lending	Unchanged	Unchanged
<b>Overall terms and conditions for loans</b>		
<b>Enterprises</b>	Easing	*
<b>Households</b>		
- Housing loans	Easing	*
- Consumer credit and other lending	Easing	*
<b>Demand for loans</b>		
<b>Enterprises</b>	Increase	Increase
<b>Households</b>		
- Housing loans	Unchanged	Increase
- Consumer credit and other lending	Decrease	Unchanged

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

Source: CBC

<sup>1</sup> - The April 2025 BLS was conducted in the period 10 – 25 March 2025. 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 standards<sup>2</sup> for loans to enterprises and households, for housing loans as well as consumer credit and other lending, remained unchanged** at tight levels in 2025Q1, compared with the previous quarter. According to the Survey, all factors related to credit standards for loans to enterprises had a neutral impact during the reference quarter. Credit standards for loans to households remained unchanged in 2025Q1, although increased competition for both housing loans as well as consumer credit and other lending was reported as exerting easing pressure.

**The overall terms and conditions on new loans or credit lines<sup>3</sup> to enterprises, and on new housing loans, consumer credit and other lending to households, eased** further in 2025Q1. According to the Survey, lending rates declined for both enterprises and households, while margins also narrowed for average loans to enterprises and average housing loans to households. The easing of the overall terms and conditions reflects banks' lower risk perceptions. In the case of new loans to enterprises and new housing loans to households, easing pressure from competition was also reported.

On the *loan demand* side, **net demand for loans by enterprises increased in 2025Q1**, for the first time since 2021Q4, supported by the general level of interest rates and increased demand for financing fixed investments. **Net demand for housing loans by households remained unchanged** compared with the previous quarter. In contrast, **net demand for consumer credit and other lending by households continued to decline**, attributed, according to the Survey, to lower spending on durable consumer goods and to the use of alternative finance, specifically loans from other banks.

According to *banks' expectations for 2025Q2*, **credit standards for loans to both enterprises and households are expected to remain unchanged**. At the same time, **net demand for loans by enterprises and for housing loans by households is expected to increase** further, while **net demand for consumer credit and other lending by households is expected to remain unchanged** compared with the previous quarter.

---

<sup>2</sup> 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.

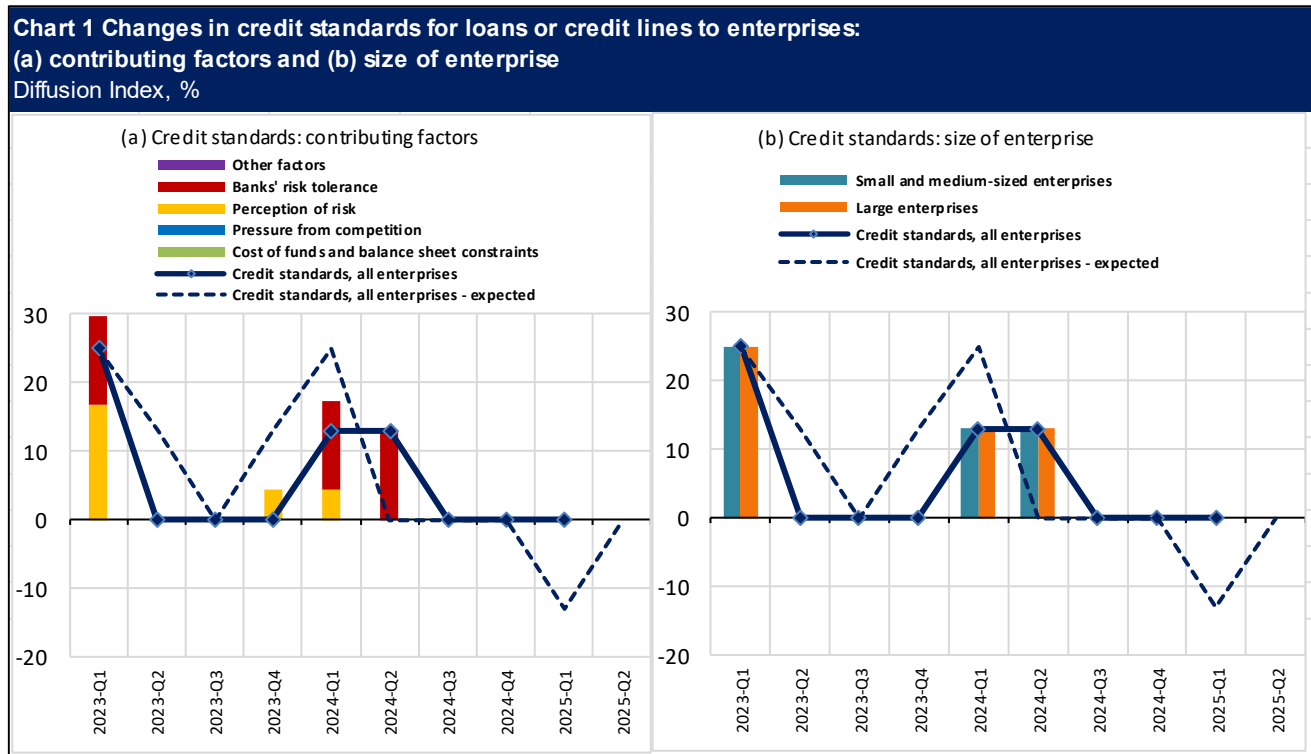
<sup>3</sup> Credit terms and conditions refer to the conditions of a loan that a bank is willing to grant, i.e. to the terms and conditions of the (new or refinanced) loan actually approved, as laid down in the loan contract agreed between the bank (the lender) and the borrower. Credit terms and conditions 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 enterprises<sup>4</sup>

According to the Survey, **credit standards for loans to enterprises in Cyprus remained unchanged** at tight levels in 2025Q1, for a third consecutive quarter. This development was contrary to expectations for easing as reported in the January 2025 Survey. All factors affecting credit standards for loans to enterprises continued to have a neutral impact (**Chart 1(a)**). It is noted that credit standards remained unchanged in 2025Q1 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.

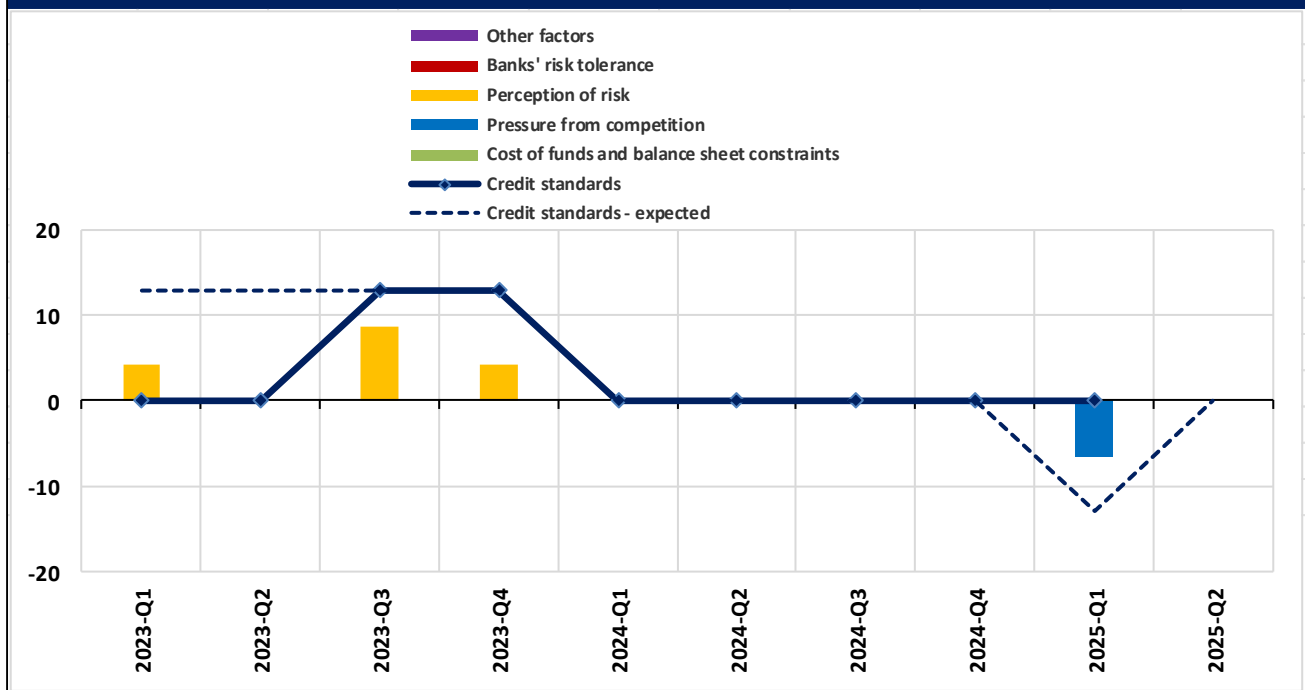
<sup>4</sup> The term "enterprises" refers to non-financial corporations.

### 2.1.2. Credit standards for loans to households for house purchase

In 2025Q1, **credit standards for loans to households for house purchase remained unchanged**, for a fifth consecutive quarter, despite expectations for easing expressed in the previous Survey round and the reported easing pressure from increased competition from other banks (**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".

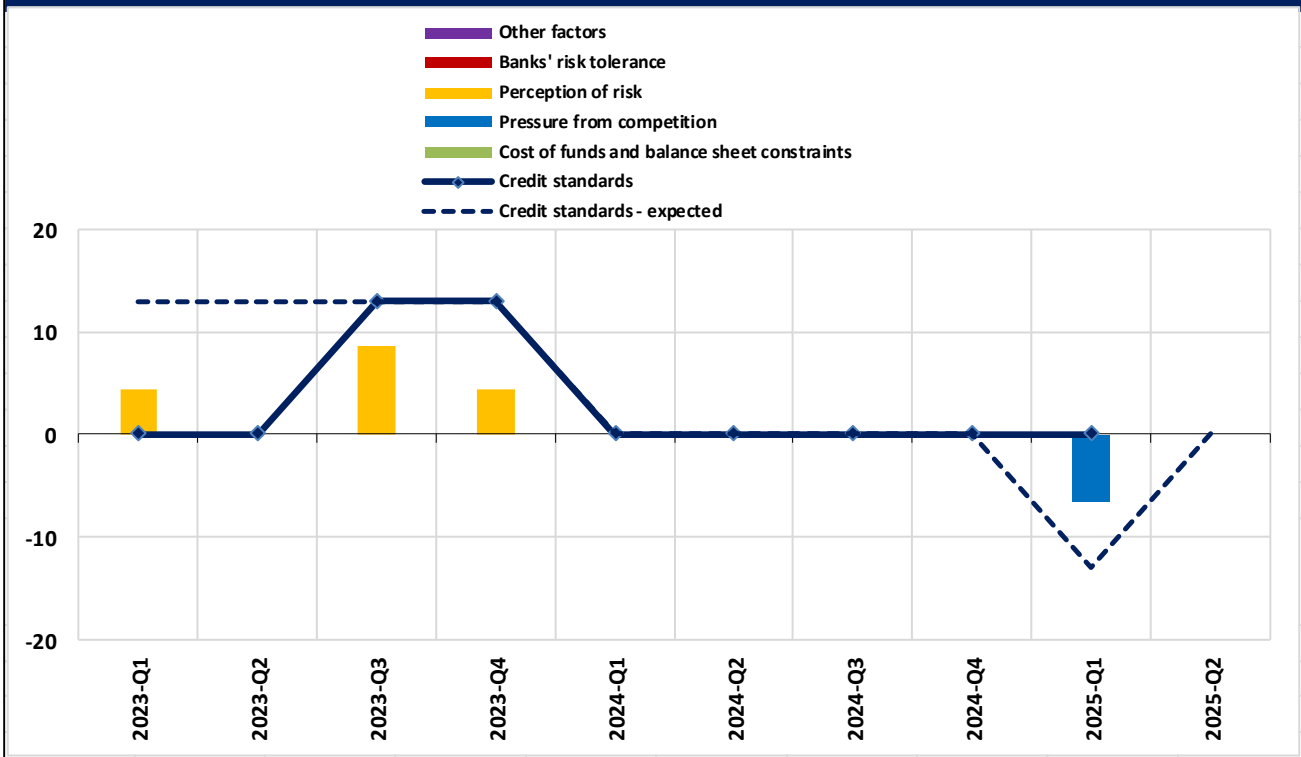
"**Other factors**" refer to further factors which were mentioned by participating banks as having contributed to changes in credit standards.

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

In 2025Q1, **credit standards for consumer credit and other lending to households also remained unchanged** for a fifth consecutive quarter, despite easing pressure from competition, specifically from other banks. As with the other loan categories, this development was contrary to expectations for easing expressed in the January 2025 Survey (**Chart 3**).

**Chart 3 Changes in credit standards for consumer credit and other lending to households 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", "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

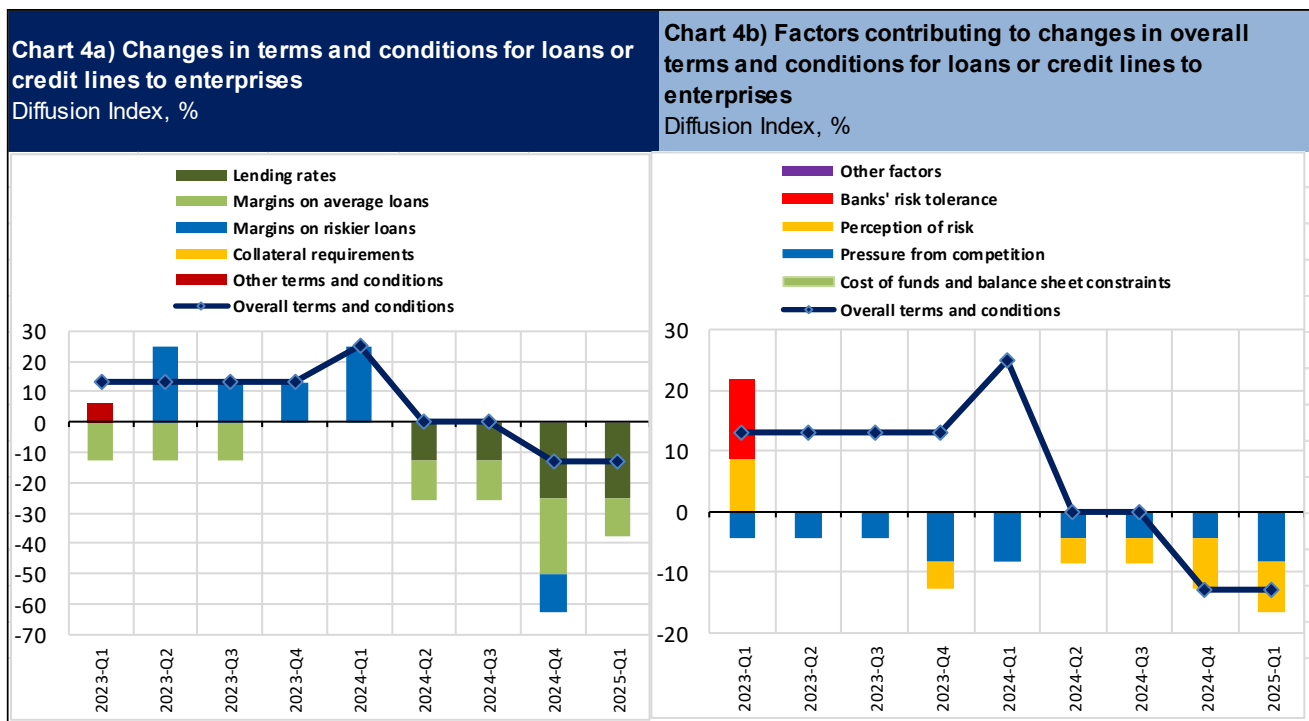
Banks participating in the Survey expect that credit standards for loans to enterprises, as well as for both categories of loans to households, will remain unchanged during 2025Q2 (**Charts 1-3**).

## 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) **eased** further in 2025Q1. Specifically, a further decline was reported in interest rates for new loans to enterprises, as well as a narrowing of margins on average new business loans. In contrast to the previous quarter, no further narrowing of margins on riskier business loans was reported (**Chart 4(a)**).

According to the Survey, this further easing in overall terms and conditions of new business loans reflects banks' lower risk perceptions regarding the general economic situation and outlook. At the same time, increased competition from other banks was also reported as exerting easing pressure (**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".

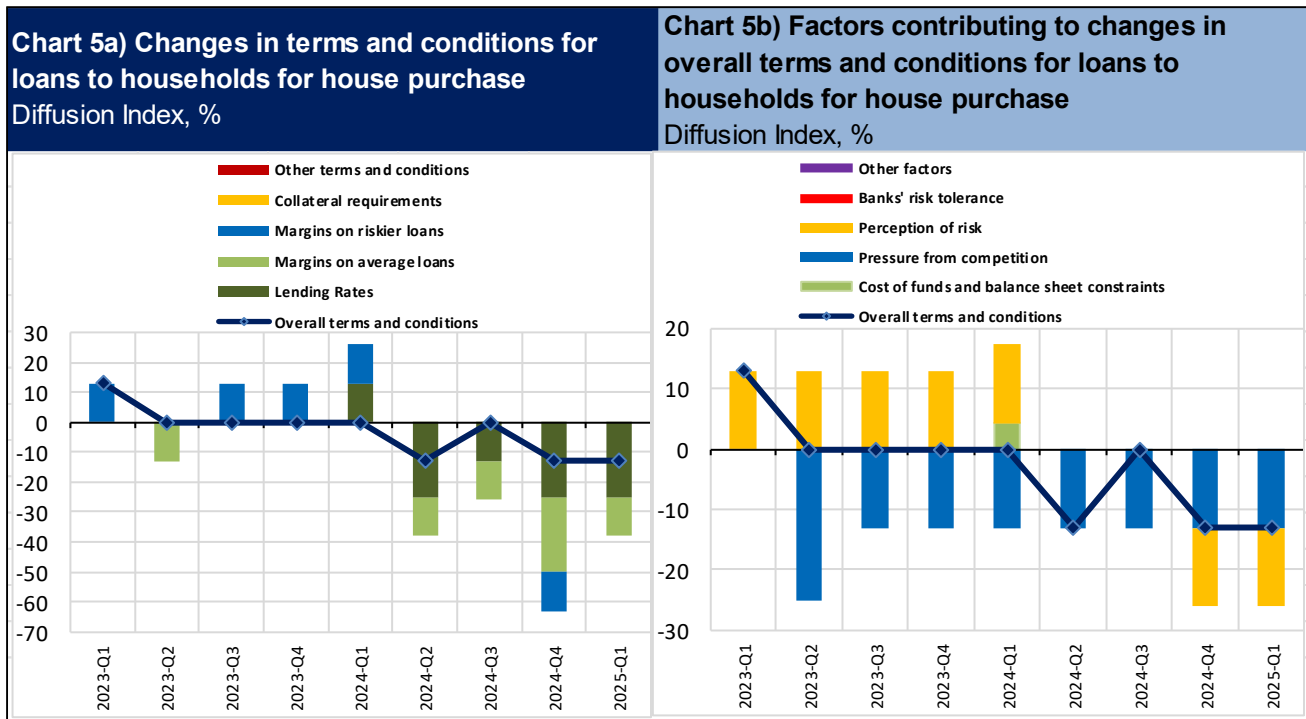
**"Perception of risk"** as unweighted average of "General economic situation and outlook", "Industry or firm-specific situation and outlook/borrower's creditworthiness" and "Risk on collateral demanded".

**"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

In 2025Q1, the **overall terms and conditions on new loans to households for house purchase** also **eased**, continuing the trend that began in 2024Q2. Specifically, as with new business loans, lower interest rates on new housing loans and a narrowing of margins on average new housing loans were reported. No further narrowing of margins on riskier housing loans was recorded (**Chart 5(a)**).

As is the case with loans to enterprises, the further easing of the overall terms and conditions reported in this loan category reflects banks' lower risk perceptions. Easing pressure from competition was also cited (**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.

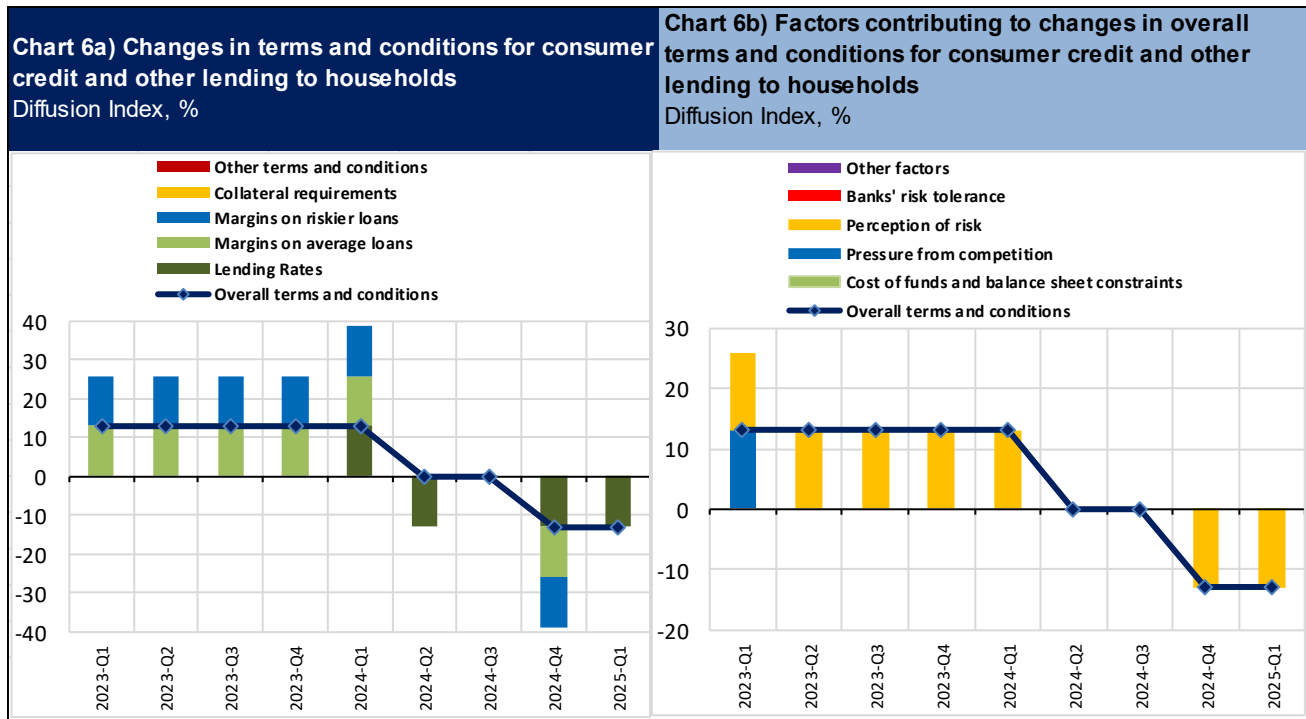
5b) **"Cost of funds and balance sheet constraints"** as unweighted average of "Capital and cost related to capital position", "Access to market financing" and "Liquidity position". Detailed sub-factors were introduced in April 2024.

**"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

In 2025Q1, **overall terms and conditions on new consumer credit and other lending to households** also **eased**, for a second consecutive quarter. According to the Survey, a further decline in lending rates for these loans was recorded (**Chart 6(a)**). In contrast to the previous quarter, a narrowing of margins on average loans or on riskier loans was not reported to have contributed to the further easing of the overall terms and conditions for the said loans in 2025Q1.

According to the Survey, the easing of the overall terms and conditions on new consumer credit and other lending to households continues to be attributed to banks' lower risk perceptions (**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.

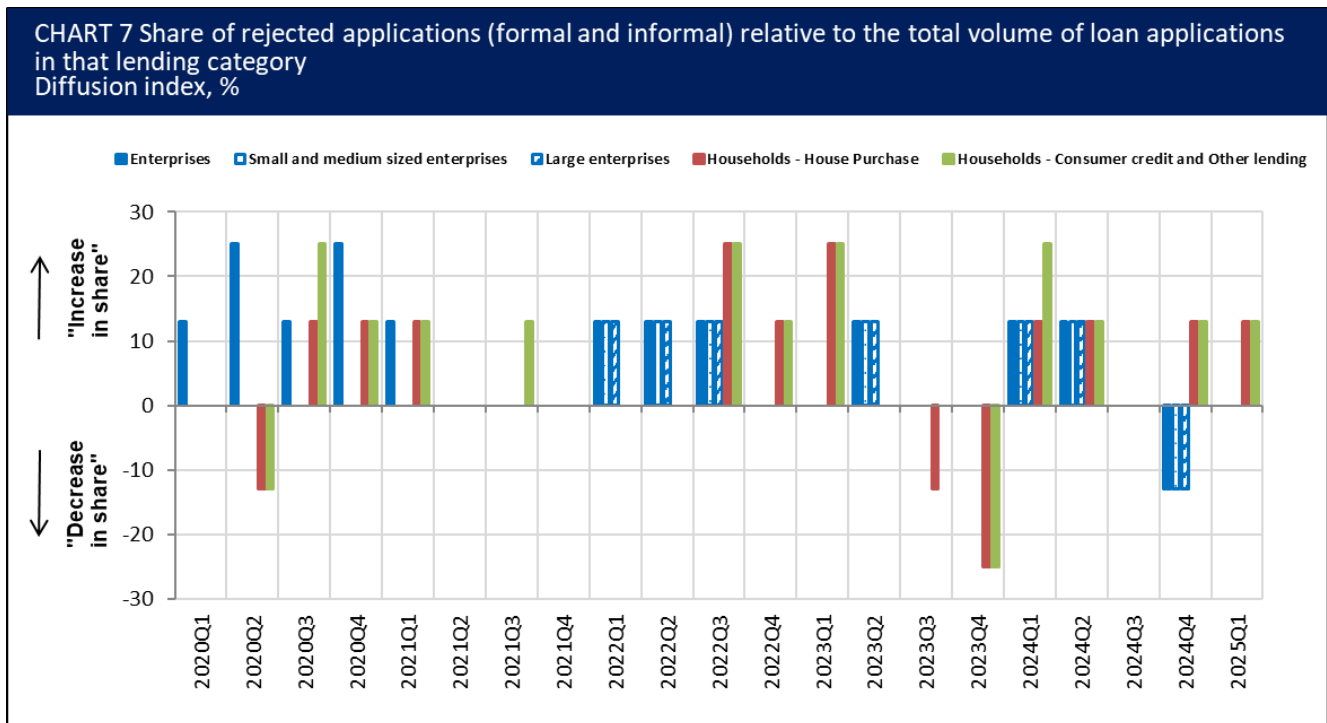
6b) **“Cost of funds and balance sheet constraints”** as unweighted average of “Capital and cost related to capital position”, “Access to market financing” and “Liquidity position”. Detailed sub-factors were introduced in April 2024.

**“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 applications (both formal and informal) relative to the total volume of loan applications from enterprises remained unchanged in 2025Q1, both for SMEs and for large enterprises (Chart 7).

In contrast, in the quarter under review, the share of rejected applications for new loans to households increased for a second consecutive quarter, in both loan categories (Chart 7).



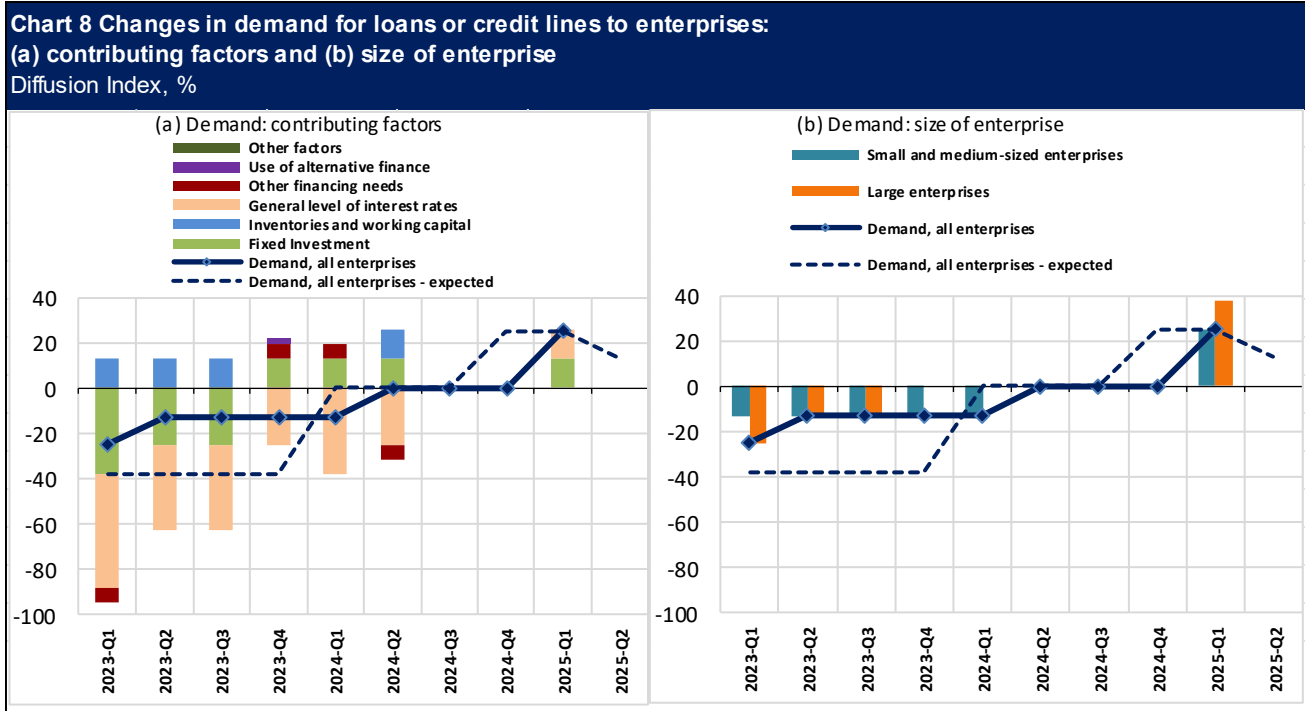
**Notes:**

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 2025Q1, **net demand for loans by enterprises increased**, for the first time since 2021Q4. This development was in line with expectations reported in the previous Survey round. According to the Survey, the increase in net demand for business loans was driven by the general level of interest rates and demand for financing fixed investments (**Chart 8(a)**). In terms of firm size, an increase in net demand was recorded both for loans to SMEs and, to a greater extent, for loans to 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".

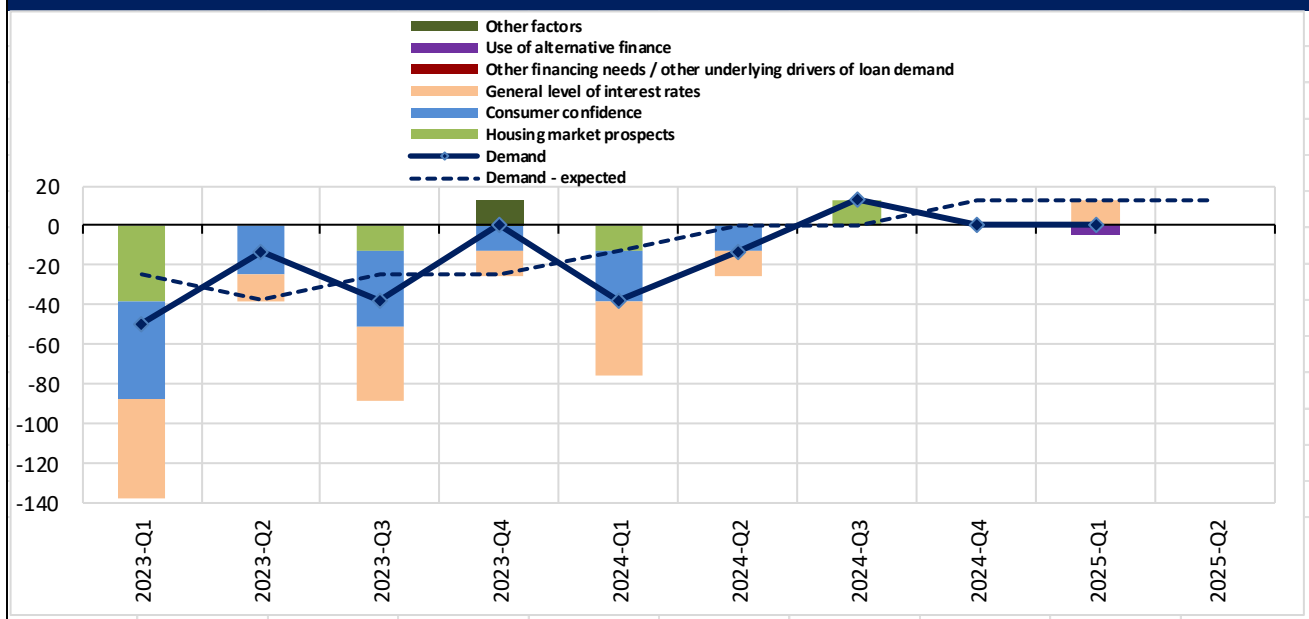
**"Use of alternative finance"** as unweighted average of "Internal financing", "Loans from other banks", "Loans from non-banks", "Issuance/redemption of debt securities" and "Issuance/redemption of equity".

### 3.2. Demand for loans to households for house purchase

As in the previous quarter, **net demand for loans to households for house purchase remained unchanged** in 2025Q1, despite expectations for a continued increase. This outcome reflects the offsetting effect of the underlying factors. Specifically, the positive impact from the general level of interest rates was counterbalanced by a negative impact from the use of loans from other banks (included under the factor "use of alternative finance") (**Chart 9**).

**Chart 9 Changes in demand for loans to households for house purchase 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.

**"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".

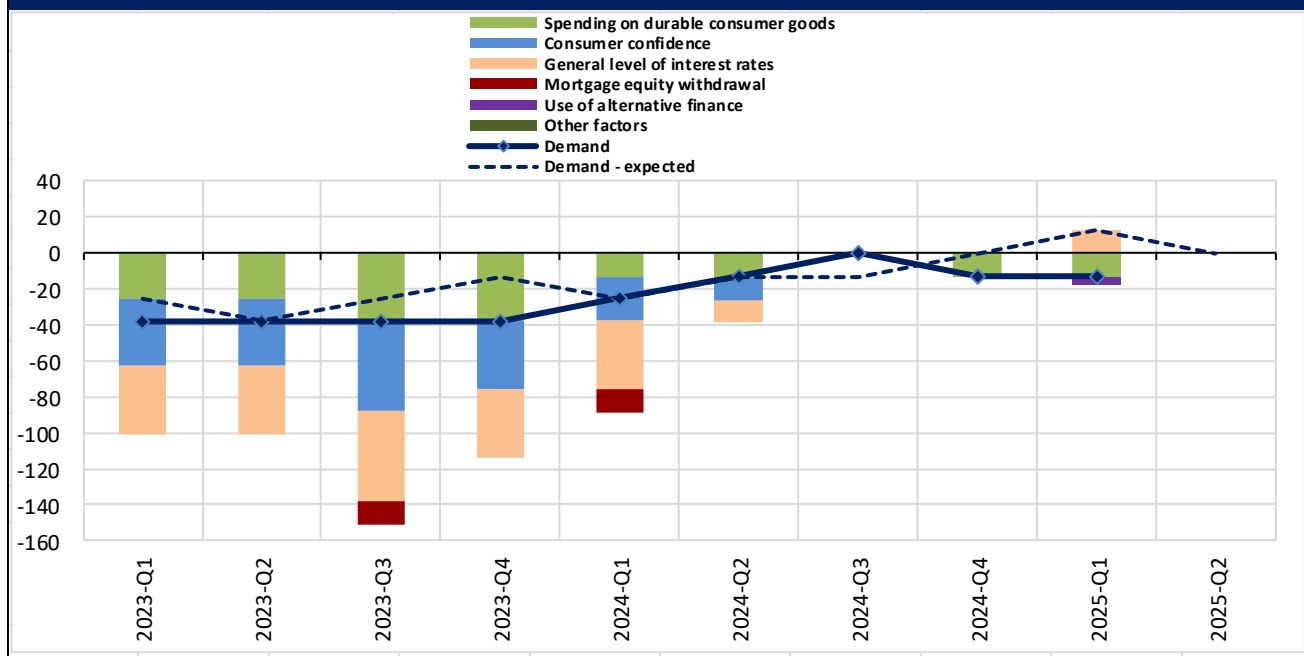
**"Use of alternative finance"** as unweighted average of "Internal financing out of savings/down payment", "Loans from other banks" and "Other sources of external finance".

### 3.3. Demand for consumer credit and other lending to households

Net demand for consumer credit and other lending by households continued to decline in 2025Q1, contrary to banks' expectations, as expressed in the January 2025 Survey which pointed to an increase. According to the Survey, the decline is attributed to reduced spending on durable consumer goods and to borrowing from other banks (included under the factor "use of alternative finance"). In contrast, the general level of interest rates had a positive impact on demand for these loans during the reference quarter (**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 participating banks' expectations for 2025Q2, net demand for loans by enterprises and for housing loans by households, is expected to increase. Conversely, net demand for consumer credit and other lending by households is expected to remain unchanged compared with the previous quarter (**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 April 2025 Bank Lending Survey relate to changes in 2025Q1 compared with the previous quarter and to changes expected in 2025Q2 compared with 2025Q1 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 in any way reflect the perceptions, expectations or evaluations of the Central Bank of Cyprus.