



BANK LENDING SURVEY

2025 Q4

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January 2026

MONETARY POLICY DEPARTMENT

General Notes

The Bank Lending Survey (BLS) questionnaire aims to collect commercial banks' opinions related to developments in the past three months of credit supply and demand, and their expectations for the next three months. The BLS provides a summary of commercial banks' perceptions of changes in credit supply conditions, - illustrated by credit standards, terms and conditions and approved loans -, and on changes in loan demand by both enterprises and households. This analysis is based on the aggregate responses from all surveyed banks in the banking system.

The BLS questionnaire, in principle, follows the practice implemented by the European Central Bank, but it is modified allowing for some changes which reflect the specifications and features of Albanian credit market for the private sector. The time series of BLS indicators are tested for seasonality and, where this effect emerges, the series are adjusted accordingly. For more detailed information on the BLS questionnaire, a glossary of terms, a short description on the importance of this survey, some methodological aspects and the time series for analysis purposes, please follow the link:

https://www.bankofalbania.org/Monetary_Policy/Surveys_11282/Bank_Lending_Survey/

OVERVIEW OF RESULTS

In the fourth quarter of 2025, banks reported a further net easing of credit standards for loans to enterprises. Both credit standards and overall terms and conditions were eased across all categories of new lending, indicating a continued strengthening in banks' risk tolerance and a greater willingness to accommodate firms' short-term liquidity needs and investment financing requirements. This development was primarily driven by a more favourable assessment of the general economic outlook. Consequently, the net share of rejected loan applications declined compared with the previous quarter, implying an increase in approval rates for loans to enterprises.

By contrast, credit standards for loans to households remained tight, broadly in line with expectations from the previous survey round. Net percentages for credit standards and overall terms and conditions on loans for house purchases remained negative, although the net tightening was less pronounced than in the preceding quarter. The tightening of standards, in the quarter under review, was mainly attributed to banks' assessment of housing market prospects and to adjustments to internal lending criteria in response to regulatory limits on new loans for real estate¹. Despite these factors, banks reported a higher approval rate for household loan applications, supported by their assessment of improved borrower creditworthiness.

Loan demand developments in the last quarter of the year were broadly in line with banks' expectations expressed in the previous survey, albeit displaying divergent trends across sectors. Demand from enterprises increased, while that from households declined. According to banks, the rise in loan demand from enterprises was primarily driven by greater needs to finance planned investments and to meet short-term liquidity needs, alongside the supportive effect of favourable interest rates. In contrast, the contraction in household demand reflected lower needs for financing consumption and house purchases, as well as the impact of regulatory measures introduced after the first half of the year.

For the first quarter of 2026, banks expect their lending approach to remain broadly unchanged compared with the last quarter of 2025. Credit standards are projected to remain stable for loans to large enterprises, both for liquidity purposes and investment financing, as well as for loans for house purchase. At the same time, banks anticipate a more accommodative stance towards small and medium-sized enterprises and towards consumer lending. Enterprises loan demand is expected to remain robust for investment financing, while moderating for liquidity needs. Conversely, household loan demand is expected to increase, both for house purchase and for consumer loans.

¹ In July 2025, the new regulatory limits on new loans in real estate loans entered into force, introducing caps on (i) the loan-to-value (LTV) ratio at origination and (ii) the debt service-to-income (DSTI) ratio, pursuant to Decision No. 25, dated 7 May 2025, of the Supervisory Council of the Bank of Albania.

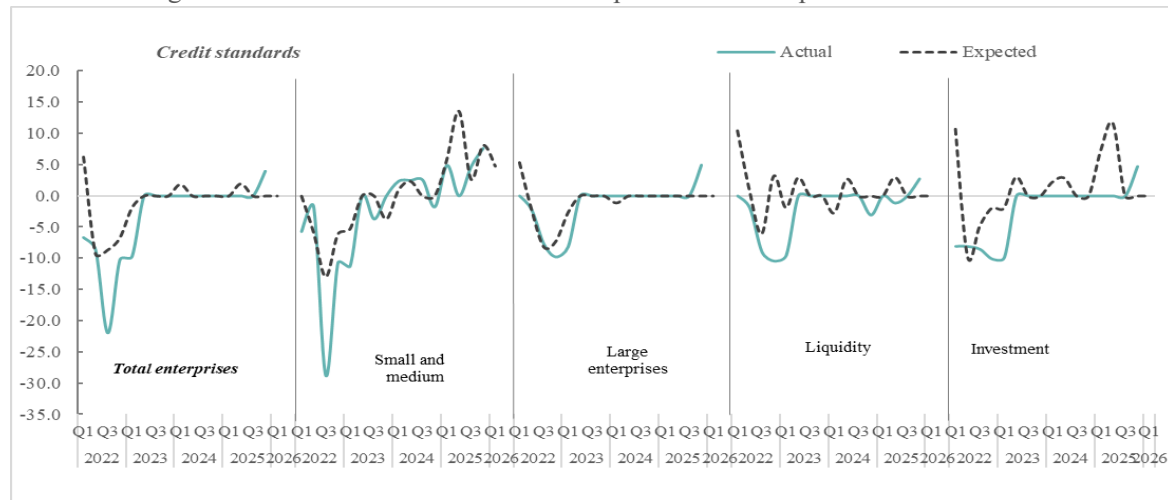
CREDIT SUPPLY CONDITIONS AND DEMAND FOR LOANS

1. LOANS TO ENTERPRISES

1.1. Credit standards

Credit standards for loans to enterprises eased in 2025 Q2. Eased credit standards were reported across both categories, SMEs and large enterprises, as well as for loans used to meet short-term liquidity needs and loans for financing investments.

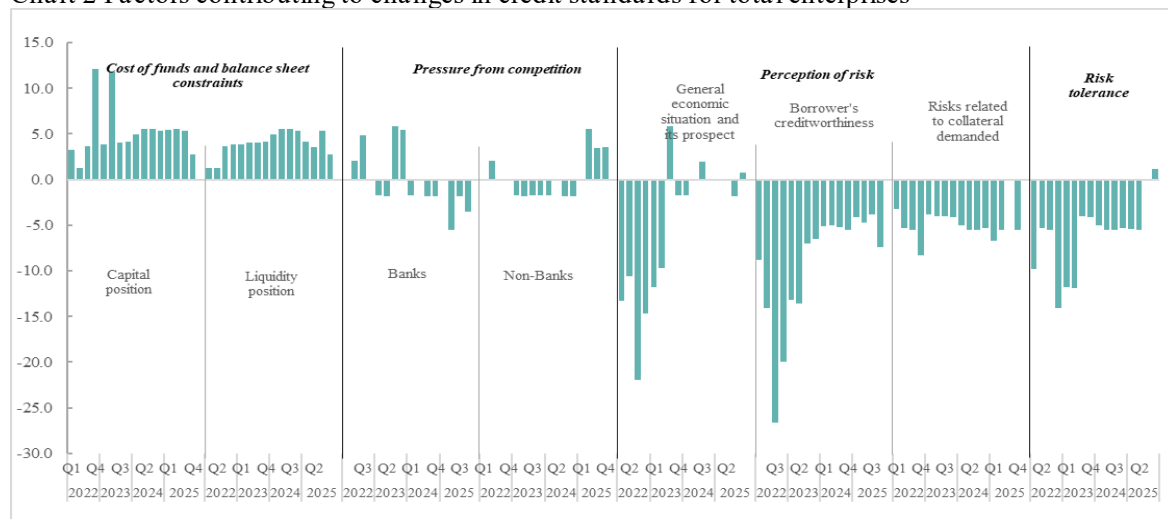
Chart 1 Change in credit standards for loans to enterprises and anticipation for the next three months¹



¹: Calculated as net percentages. Positive values indicate eased of credit standards, whereas negative ones indicate tightened credit standards. Source: Bank of Albania.

The factors that led to eased credit standards to enterprises in the quarter under review were mostly related to lower costs and reduced balance-sheet constraints, enhanced competitive pressure, positive perceptions of the economic situation and its prospect, as well as higher tolerance of banks toward risk. The tightened side of credit standards was affected by factors related to risk perception on borrowers' creditworthiness and on the collateral demanded.

Chart 2 Factors contributing to changes in credit standards for total enterprises²



²: Calculated as net percentages. Positive values indicate that the factor contributed to an easing of credit standards, whereas negative values indicate a tightening.

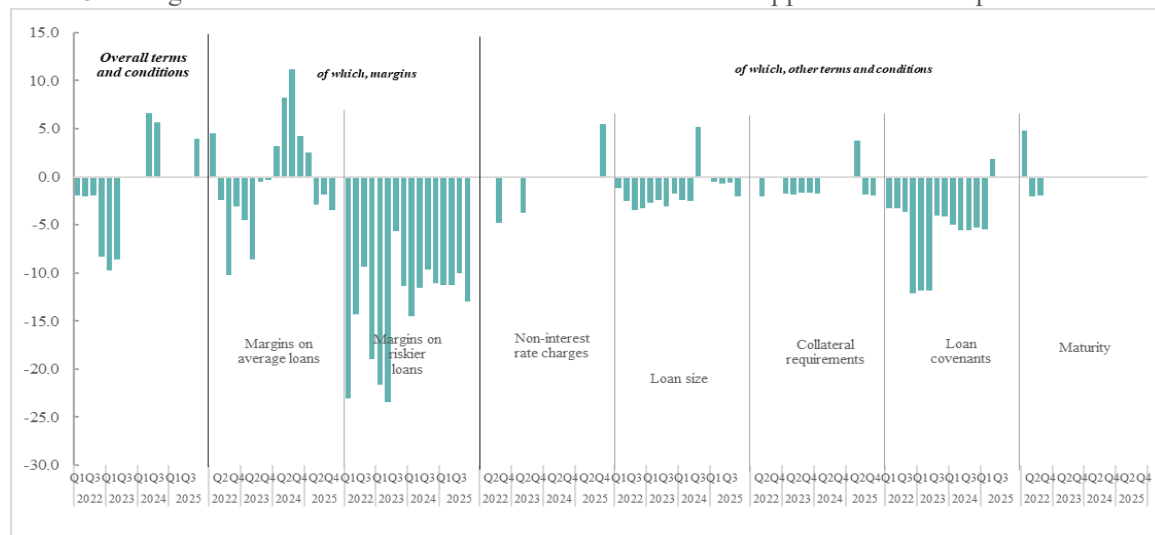
Source: Bank of Albania.

In 2026 Q1, banks anticipate unchanged credit standards on loans to large enterprises as well as both for loans in financing investments and for loans in meeting liquidity needs. On the other hand, banks expect to continue easing lending standards for loans to small and medium-sized enterprises ([Chart 1](#)).

1.2. Terms and conditions

Overall terms and conditions on new loans to enterprises eased in the last quarter. The easing of overall terms and conditions on loans was achieved due to lower fees, mainly in the large enterprise segment. On the other hand, banks continued to report higher margins on average loans. Other price and non-price terms and conditions displayed minimal changes.

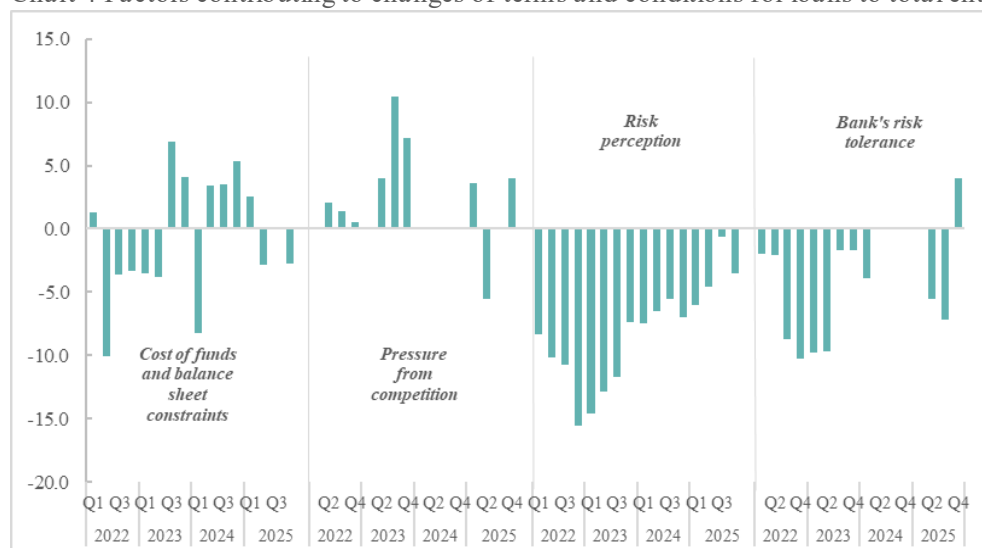
Chart 3 Changes in the overall terms and conditions of new loan approvals for enterprises³



³: Calculated as net percentages. Positive values indicate an easing of conditions and terms, whereas negative values indicate a tightening. Source: Bank of Albania.

Following the banks' opinion the rising competition in the banking system and their higher tolerance towards risk, backed the easing side of terms and conditions on loans to enterprises.

Chart 4 Factors contributing to changes of terms and conditions for loans to total enterprises⁴

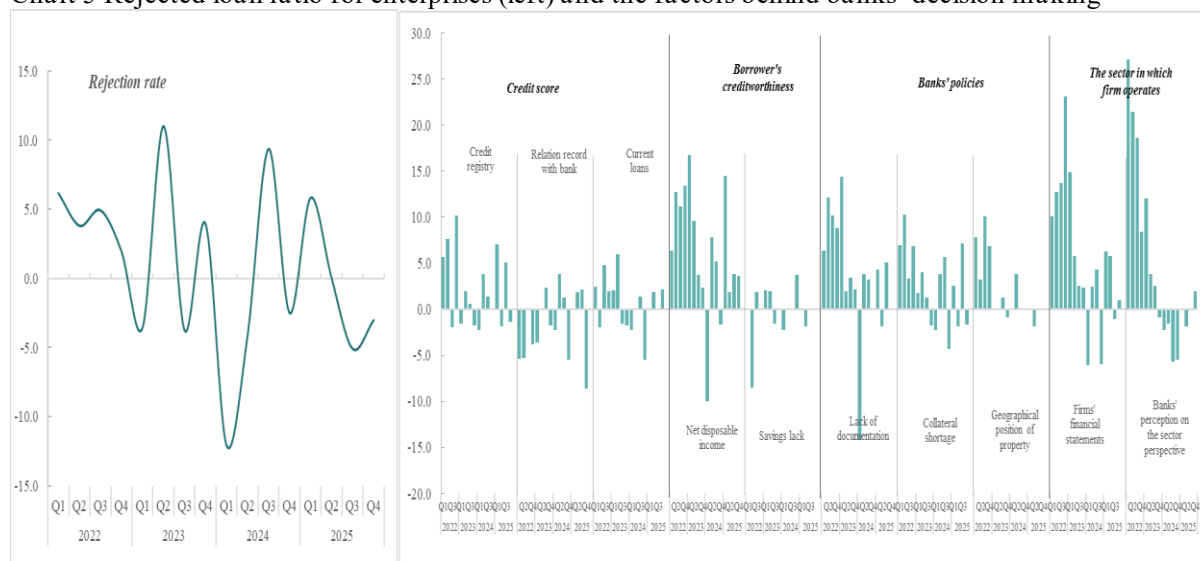


⁴: Positive values indicate that the factor contributed to the easing of terms and conditions, whereas negative ones to their tightening. Source: Bank of Albania.

1.3. Loan approval rates

Banks reported higher loan approval rate for enterprises in the last quarter. The factors behind the lower rejection rate on loans to enterprises were factors related to credit history, such as the history of the relationship with the bank and the track record in the credit registry. Other factors displayed minimal changes.

Chart 5 Rejected loan ratio for enterprises (left) and the factors behind banks' decision making⁵

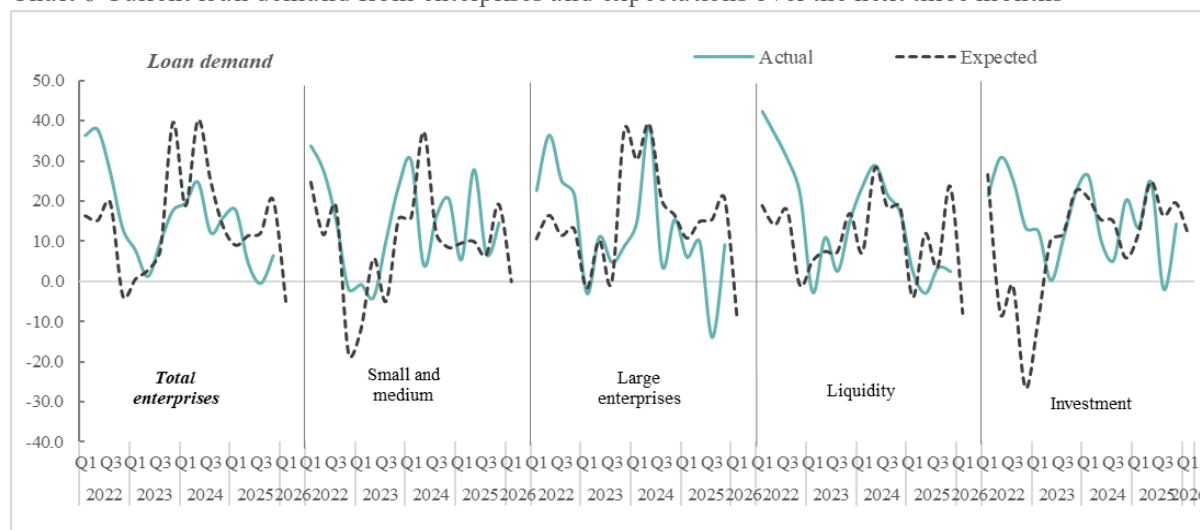


⁵: Positive values show an increase in the rejection rate relative to total loan applications (left chart) Similarly, positive values indicate that the factor contributed to a higher rejection rate (right chart), while negative values indicate a reduction.
Source: Bank of Albania.

1.4. Demand for loans

Loan demand from enterprises was reported upward in the last quarter. Loan demand was reported as high, across loans' purpose of use and enterprise size: for meeting short-term liquidity needs and for financing investments.

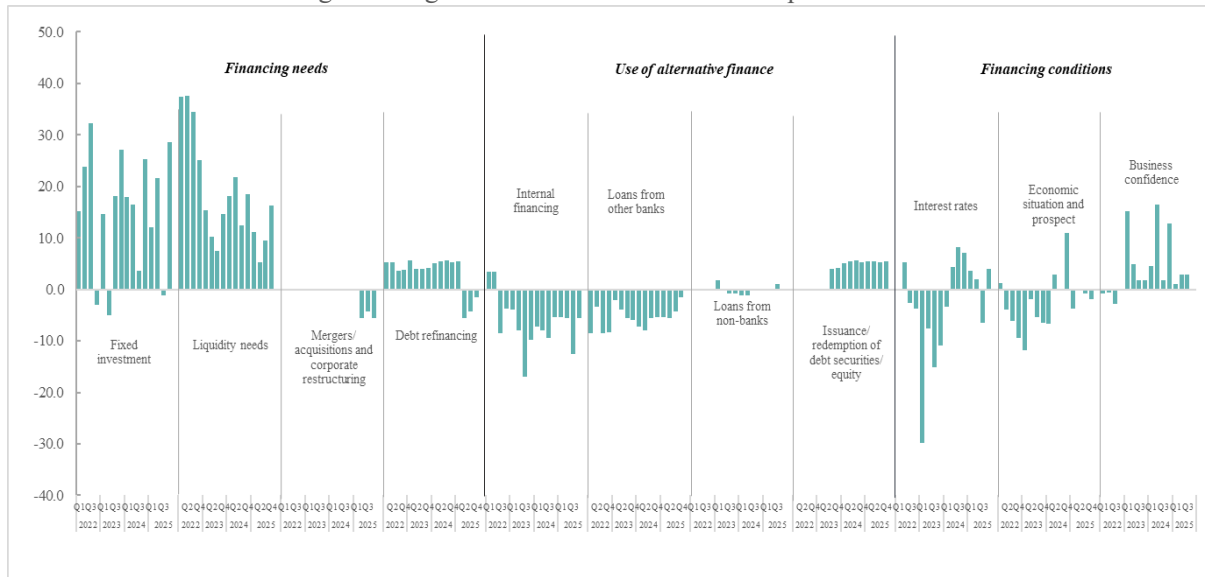
Chart 6 Current loan demand from enterprises and expectations over the next three months⁶



⁶: Calculated as net percentages. Positive values indicate an increase in loan demand, while negative values indicate a decrease.
Source: Bank of Albania.

From the perspective of banks, the higher financing needs for investments, working capital and inventories as well as the overall level of interest rates contributed to the higher loan demand from firms. On the other hand, internal financing deployment was reported as a factor driving downward the loan demand from enterprises.

Chart 7 Factors contributing to changes in the loan demand of enterprises⁷



⁷: Calculated as net percentages. Positive values indicate that the factor has contributed to an increase in loan demand, while negative ones to a decrease.

Source: Bank of Albania.

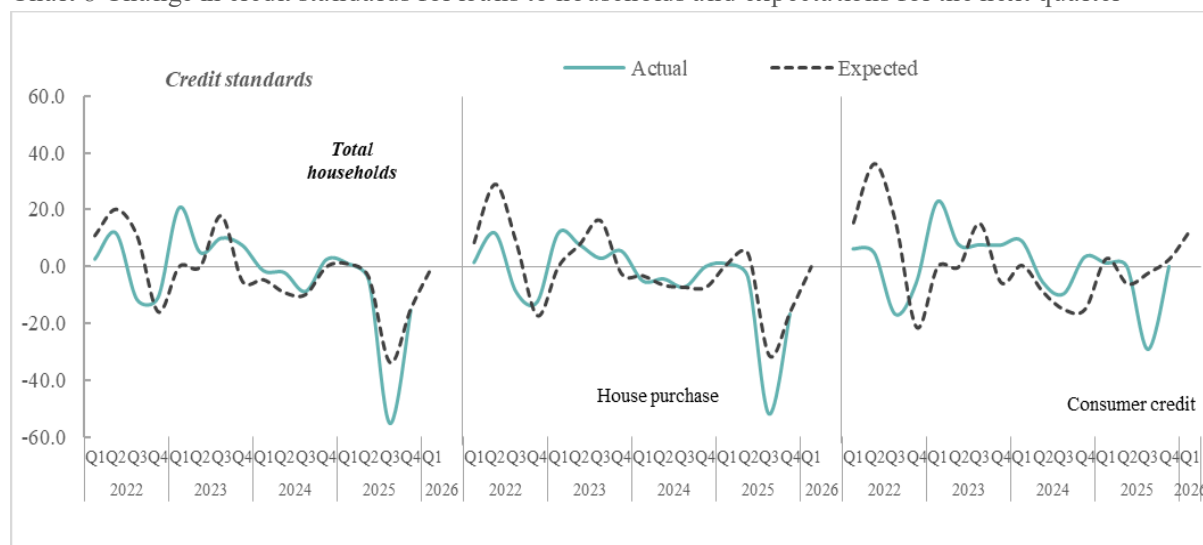
In the first quarter of 2026, banks anticipate higher loan demand for investment financing and lower loan demand for meeting short-term liquidity needs. In terms of enterprise size, loan demand is expected to be lower for large enterprises and unchanged for small and medium-sized enterprises ([Chart 6](#)).

2. LOANS TO HOUSEHOLDS

2.1. Credit standards

Credit standards on loans to households tightened in the third quarter, primarily on house purchase loans. Credit standards for consumer loans remained unchanged.

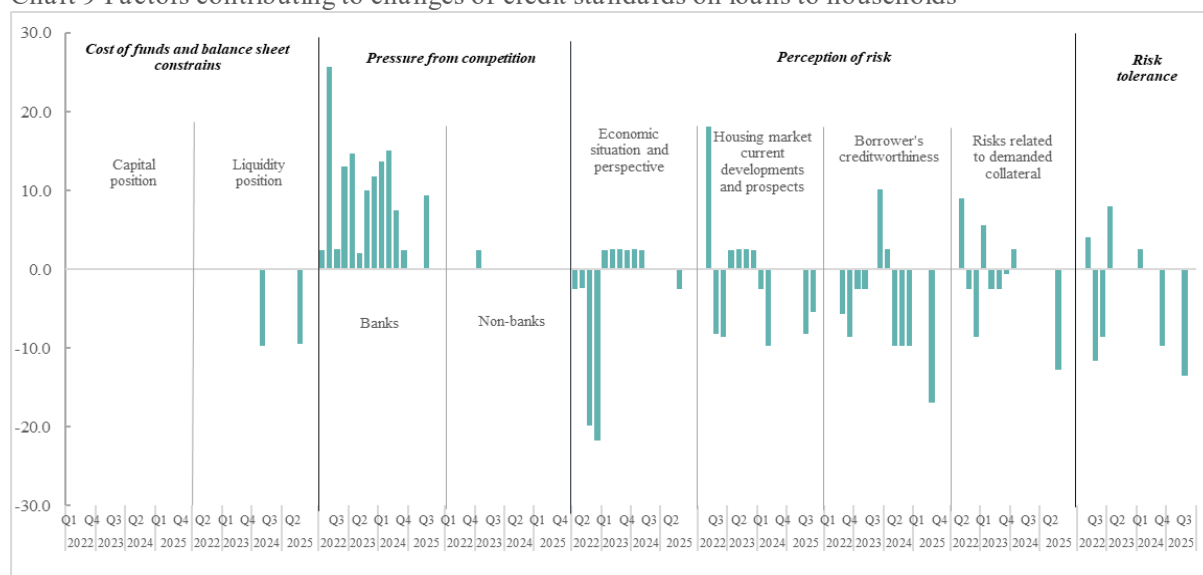
Chart 8 Change in credit standards for loans to households and expectations for the next quarter⁸



⁸: Calculated as net percentages. Positive values indicate an easing of credit standards, while negative values indicate tightening. Source: Bank of Albania.

The main driver of the tightening of credit standards for households was the risk perception of banks on housing market current developments and prospects. Banks also reported that the macroprudential measures introduced in July 2025 by the Bank of Albania — setting uniform limits on the loan-to-value (LTV) ratio and the debt service-to-income (DSTI) ratio for new real estate loans — contributed to the tightening of credit standards during the quarter under review. Other factors affecting credit standards to households were reported as unchanged.

Chart 9 Factors contributing to changes of credit standards on loans to households⁹



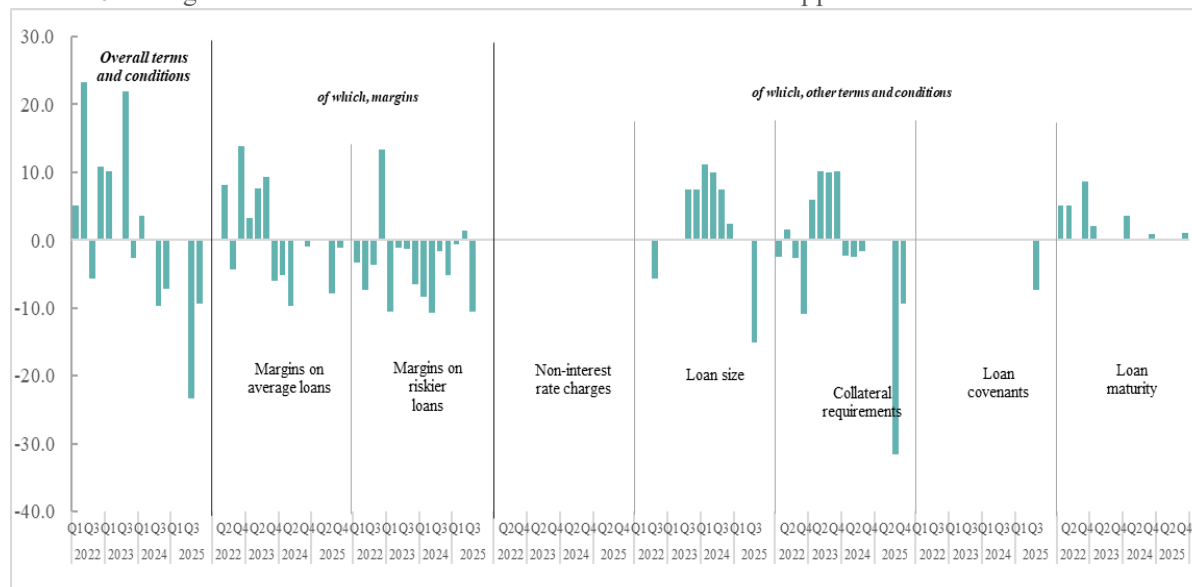
⁹: Calculated as net percentages. Positive values indicate that the factor contributed to an easing of credit standards, whereas negative values indicate a tightening. Source: Bank of Albania.

In the first quarter of 2026, credit standards are expected to remain unchanged on loans for house purchase and to ease for consumer loans (*Chart 8*).

2.2. Terms and conditions

Overall terms and conditions on loans to households tightened in the third quarter. The higher collateral requirements - in house purchase loans – had a tightening impact on the overall terms and conditions on loans to households. All other price and non-price components were reported as unchanged.

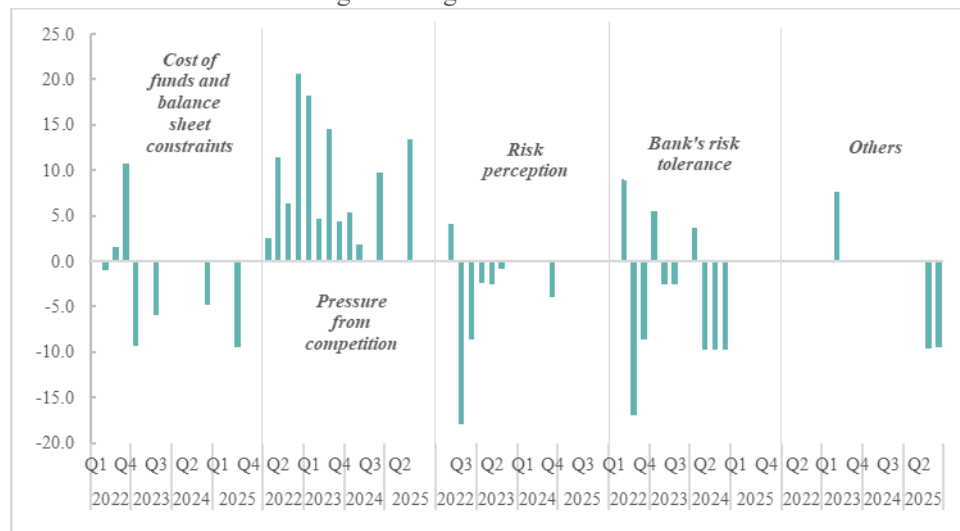
Chart 10 Changes in the overall terms and conditions on new loans approved to households¹⁰



¹⁰: Calculated as net percentages. Positive values indicate an easing of conditions and terms, while negative values indicate tightening. Source: Bank of Albania.

The tightening of credit terms and conditions followed the caps imposed by the Bank of Albania on new loans for real estate. The other factors affecting the terms and conditions on loans to households remained unchanged.

Chart 11 Factors contributing to changes of terms and conditions for loans to the total of households¹¹

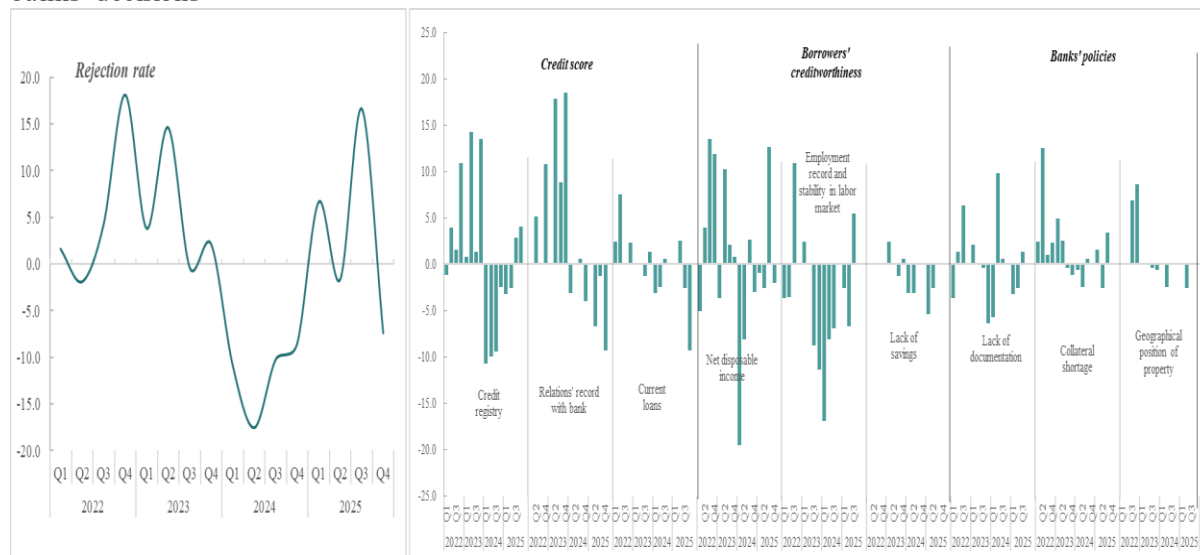


¹¹: Positive values indicate that the factor contributed to the easing of terms and conditions, whereas negative ones to their tightening. Source: Bank of Albania.

2.3. Loan approval rate

Banks reported higher loan approval rate for households in the last quarter. The lower rejected loan rate was fuelled by the status of existing loans and the borrower’s credit history with the bank. Other factors were reported as broadly unchanged.

Chart 12 The ratio of rejected applications to total loan applications by households (left) and the factors behind banks’ decisions¹²



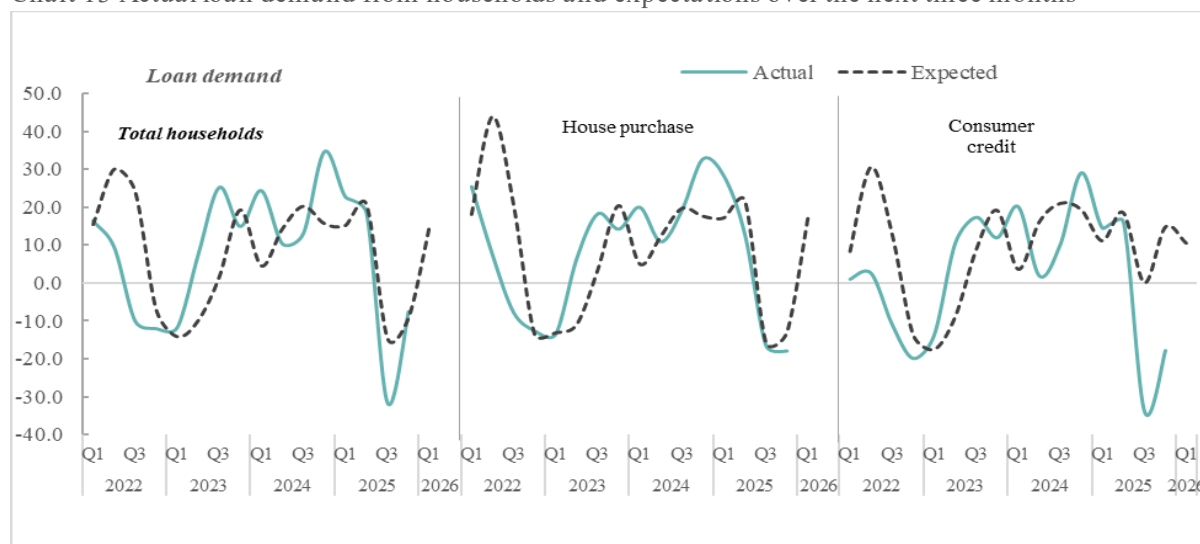
¹²: Positive values show an increase in rejection rates to the total loan applications (left chart). Also, positive values indicate that the factor has contributed to an increase of rejection rate (right chart), while the negative ones to their reduction.

Source: Bank of Albania.

2.4. Demand for loans

Loan demand from households was perceived lower in the last quarter, for both house purchase and consumer loans.

Chart 13 Actual loan demand from households and expectations over the next three months¹³

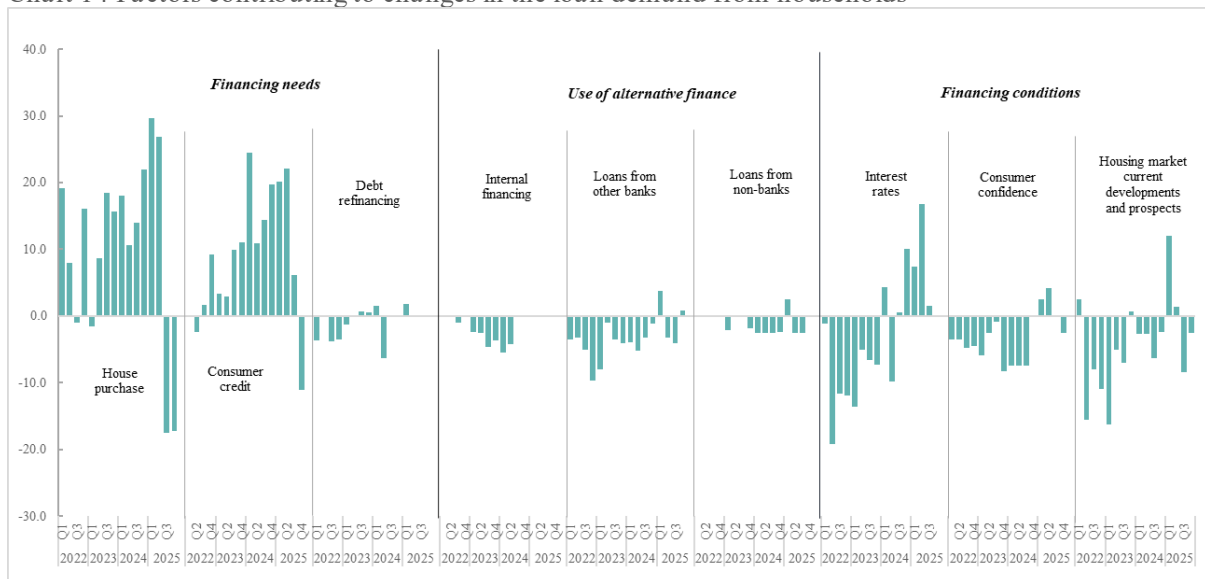


¹³: Calculated as net percentages. Positive values indicate an increase in loan demand, while negative value a decrease in loan demand.

Source: Bank of Albania.

On banks' view, lower needs in financing house purchase and consumption, current and expected developments in the housing market, and the regulatory limits that came into effect in July 2025, were the main factors contributing to a lower loan demand from households.

Chart 14 Factors contributing to changes in the loan demand from households¹⁴



¹⁴: Calculated as net percentages. Positive values indicate that the factor has contributed to an increase in loan demand, while negative ones to a decrease.

Source: Bank of Albania.

In 2026 Q1, banks anticipate a higher loan demand, for both house purchase loans and consumption financing ([Chart 13](#)).

Dictionary of the Bank Lending Survey

The dictionary of the Bank Lending Survey is compiled to assist the designated banking experts when filling out the survey. It consists of the basic terminology used in the Bank Lending Activity of the Bank of Albania, as revised in May 2018. This revision aims to further approximate the Survey with the international practices particularly those of the European Central Bank. Consequently, in cases when an explicit explanation has not been laid out in the Albanian legislation, the terminology of the BLS has been adopted with that of the ECB.

Consumer confidence. This indicator is based on individuals' perception on the current situation and their expectations on main economic and financial indicators. Consumer confidence is a combination of past, present and future assessments on the financial standing of individuals, based on their outlook regarding the political and economic situation. These assessments guide their decision-making for investing on residential properties and long-term consumer goods. In theory, the improvement of consumer confidence is accompanied by an increase in the demand for loans.

Enterprises. According to the provisions laid down in the Law No. 8957, dated 17.10.2002, as amended, "On small and medium-sized enterprises", the term business or enterprises refers to all entities that are involved in an economic activity (i.e., production, sale of goods and services), despite their legal form. In this context, businesses represent small and medium-sized enterprises. This category also includes self-employed people, family businesses who are involved in craftsmanship and other activities, as well as companies and association regularly engaged in economic activities. State enterprises and non-residential businesses are excluded from the Survey.

Marketing campaigns. This indicator is one of the factors that affects both credit demand and supply. Marketing campaigns should be considered a factor with an impact on credit supply only in cases when there are changes to the loans' terms and conditions. In other cases (when the loans' terms and conditions do not undergo changes through marketing campaigns) this indicator is grouped under the factors with an impact on credit demand. In such cases, the interviewed should put the marketing campaign undertaken by them under the category of "Other factors", respectively when answering Questions 6 and 12, which identify the factors with an impact on credit demand from households and enterprises.

Households/consumers. In compliance with Law No. 9902, dated 17.04.2008, as amended, "On consumer protection", consumer means any person who purchases and uses goods and services to meet individual needs, unrelated to commercial activity or exercising his/her profession. This law categorizes non-profit organisations as consumers as well.

Non-bank institutions. Generally, non-bank institutions are non-monetary financial corporations. They include insurance companies and pension funds, financial aids and other financial intermediaries

Capital. Pursuant to Law No. 9662, dated 18.12.2006 "On banks in the Republic of Albania", and Regulation No. 69 of the Bank of Albania, dated 18.12.2014, for the approval of Regulation "On the regulatory capital of the Bank of Albania," this terms refers to the regulatory capital³ required for covering credit risk, market risk and operational risk 9662, dated 18.12.2006 "On banks in the Republic of Albania", and Decision No. 69 of Boa's Supervisory Council, dated 18.12.2014 on the approval of

the Regulation “On the regulatory capital of the Bank” this term refers to the regulatory capital² required for covering credit risk, market risk and operational risk.

Credit demand³. Credit demand refers to the gross demand for loans by households and enterprises, including requests to extend the maturity of existing loans. This term reflects households’ and enterprises’ needs for financing using bank loans, whether this need will translate in an actual loan. When filling out the Survey, each bank should assess the developments in credit demand (for both households and enterprises), compared to the previous quarter and independent from price performance.

Collateral. According to the provisions laid down in the Law No. 9662, dated 18.12.2006 “On banks in the Republic of Albania”, and Regulation No. 62, dated 14.09.2011 of the Bank of Albania, this concept means the tools utilised by banks that ensure that the borrower’s obligation is carried out accordingly. Real estate, securities and the compensating balance may be used as collateral. Where the latter consists of the minimal amount that the borrower is obligated to hold in its own bank account.

Non-interest commissions. These are various payments that could be part of the loan price, such as commissions on circulating credit, taxes on credit administration (i.e., the costs of preparing documentation) and payments on credit investigation, guarantee and insurance.

Cost of funds and balance sheet constraints the level of bank capital and the cost related to providing the capital required by regulators, may hinder growth in the lending activity. For a specific capital level, supply of credit may be affected by both the liquidity position of banks, as well as its ability to raise capital in the market. A bank may forgo or be less willing in granting a loan, when it perceives that it will be unable to expand the capital required for this purpose. Furthermore, risk related to non-performing loans may be reflected not only on bank’s risk perception, but also on the increase in the cost of funds and balance sheet constraints.

Loans. This term shall mean as it is referred to in Law No. 9662, dated 18.12. 2006 “On banks in the Republic of Albania”. For this Survey, credit includes all loans or credit lines of enterprises; loans granted to households for house purchases; consumer loans; as well as other types of loans granted to households. It must be emphasized that this term refers to loans granted to Albanian residents, excluding interbank and non-resident loans.

Consumer credit and other loans. Consumer credit includes any type of loan disbursed by banks to households with the purpose of purchasing goods and services for their own consumption, in accordance with the definitions laid out in Decision No. 48, dated 01.07.2015 of BoA’s Supervisory Council for the approval of Regulation “On consumer credit and mortgages” and Law No. 9902, dated 17.04.2008, “On consumer protection”, as amended. Examples that illustrate this credit category are loans granted for purchasing cars, house furniture and other consumer goods, vacation travels etc. Overdraft and credit card loans are usually included under this category as well. Loans of this category may have a collateral or not.

Loans for house purchases This term refers to the loans granted to households by banks for purchasing, constructing or reconstructing a residential real estate pursuant to Decision No. 48, dated 01.07.2015 of BoA’s Supervisory Council for the approval of Regulation “On consumer credit and mortgages”. This

² The capital calculated for banking supervisory purposes, including various categories of capital and reserves, as well as other elements, which are stipulated by the sub-legal acts of the Bank of Albania.

³ For this Survey, the term used for credit is equivalent to the term used for loan.

type of real estate includes houses, buildings, apartments or the land on which the house will be constructed.

Credit terms and conditions. The credit terms and conditions refer to the terms and maturity of the approved loan, as determined in the credit contract, on which the bank and borrower have reached an agreement. They generally consist of the margin over the reference interest rate, the size of loan, the conditions over bank's approach and other terms and conditions in the form of fees, commission, non-interest costs, collateral or guarantees, loan covenants and maturity of approved loan. The credit terms and conditions depend on the borrower's report, and they might change in a parallel or independent way, depending on credit standards. For example, the higher financing costs or the deterioration of economic perspective may bring about a tightening of the credit standards, as well as a tightening of conditions on those loans that the bank and its clients are willing to approve. Alternatively, banks may adjust only the contract terms/conditions laid out in the credit contract (such as the increase of margins against the reference rates) requested to compensate for additional costs/risk and to keep credit standards unchanged.

Loan covenants. The covenants of a credit contract consist of an agreement or legal specification, according to which the borrower (typically an enterprise) pledges to undertake or stops undertaking additional measures, to meet the entirety of conditions when granting a loan. As such, covenants in the credit agreement are part of the credit terms and conditions.

Enterprise size. The size of enterprise is laid down in Law No. 8957 "On small and medium-sized enterprises", dated 17.10.2002, as amended. The provisions laid down in this law stipulate two criteria when determining the enterprise size: the number of employees and annual revenue. The category of large enterprises includes those enterprises with over 250 employees and over ALL 250 million annual revenue. The rest of enterprises are categorised in the group of small and medium enterprises.

Margin above the market reference rate. This indicator specifies the difference between the loan's interest rate as applied by the bank and the reference rate (which could be the yield on T-bills, Repo, Euribor, Libor, etc). The margin is determined based on loan's characteristics. It reflects the differences between the loan's interest rate applied by the bank, which depends on the cost of the bank's financing, and the borrower's risk, as well as bank's perception on the political and economic situation domestically. Simply put, the margin reflects changes in the bank's interest rate independently from changes in market rates.

Maturity Loan maturity refers to initial maturity - the lifespan of a loan as agreed upon between the two parties i.e., the borrower and the bank.

Risk perception and risk tolerance. Risk perception refers to the bank's judgements about the current and expected developments on the key economic indicators, the present situation of the enterprise or industry and its perspective, the borrower's solvency, and the required collateral (demand factors). Contrarily, risk tolerance refers to bank's tolerance regarding its lending policy, which could vary depending on changes in the strategy adopted by the bank (supply factors). Banks' perception on current risk and their tolerance towards risk may change in the same direction or in opposite directions.

Collateral coverage ratio. The ratio of the sum lent against the market value of the collateral placed for this loan. This indicator refers mainly to loans used to finance real estate.

Refinancing/restructuring and debt renegotiation. This concept is included in the survey as a factor which affects credit demand. It refers to the term on credit refinancing, restructuring and renegotiation, as laid down in the Regulation of the Bank of Albania No. 62, dated 62, dated 14.09.2011 “On credit risk management from banks and branches of foreign banks”, which consists of the alleviations that the bank provides to borrowers experiencing financial difficulties. These includes facilitations to the contract’s conditions related to the maturity, principal payment and interest rate; the use of collateral to partially settle the loan; or the substitution of the primary borrower with a secondary borrower. This factor will impact credit demand only when changes to the contract do occur, followed by the extension of initial maturity or increase of the loaned sum.

Credit restructuring does not include cases when the method of borrower's financing switches from a bank loan to instruments of credit securities in the capital market. Meanwhile, credit restructuring in the form of loans obtained from another institution is to be classified as a factor under “loans from non-banks”.

Credit standards. Credit standards are the internal guidelines or loan approval criteria of a bank. Both requests for new loans and loan refinancing, i.e. leading to a prolongation of a loan or a higher loan amount, should be 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 and unacceptable, etc. Credit standards specify the required borrower characteristics (e.g. balance sheet conditions, income situation, age, employment status) under which a loan can be obtained. Credit standards may change owing to changes in the bank’s cost of funds and balance sheet situation, changes in competition, changes in the bank’s risk perception, changes in the bank’s risk tolerance or regulatory changes.

Loan application status. In theory, loan applications should cover formal loan applications as well as any informal loan requests which have not yet reached the stage of a formal loan application. If information on informal loan requests cannot be obtained, the bank's response should at least refer to all formal loan applications. Loan applications are reported as changed not only from new clients, but also from existing clients. However, applications from existing clients should be included only if the volume of an ongoing loan increases or a new loan is granted.

Loan rejection refers to the rejection of loan applications. This indicator is calculated as the ratio of loan rejections relative to the volume of loan applications for that quarter. Loan rejections do not include cases in which the borrower withdraws a loan application/request because the bank's conditions are considered unfavourable.

Current and expected developments in the housing market. This term is one of the factors that affects both credit demand and supply. It includes banks or individuals’ perception on the expected developments in housing prices. In Question 8, 3b this factor refers to the risk related to the requested collateral. In Question 12, 3.c it refers to expected developments in the housing market, including an increase (decrease) of demand for house loans, due to an expected increase (decrease) of the purchasing costs of a house and/or perceived return from a real estate investment.