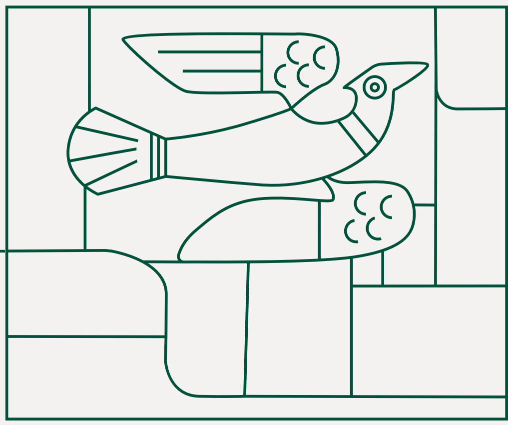
BULGARIAN
NATIONAL BANK
EUROSYSTEM

Bank Lending Survey for Bulgaria

FIRST QUARTER

2026



The Bank Lending Survey for Bulgaria is conducted on a quarterly basis by the Economic Research, Forecasting and Monetary Policy Directorate. It provides information for the purposes of ongoing monitoring and analysis of the credit terms and conditions in Bulgaria, including questions concerning changes during the respective quarter in the demand for loans by enterprises and households, changes in banks' lending policies as well as their expectations for the following quarter. The Survey has been conducted since the fourth quarter of 2003, involving the majority of commercial banks in Bulgaria. Results are aggregated using weights based on banks' market share in the relevant lending segment. In its initial form, the Survey included only questions related to demand and lending standards for short-term and long-term corporate loans. From the first quarter of 2010, questions concerning household loans and overall corporate lending, as well as factors affecting credit demand and supply were also included. From the beginning of 2016, the scope of the questionnaire was expanded in order to deepen the analysis of trends in bank lending and to achieve greater alignment with the ECB's Bank Lending Survey for euro area countries.[1] Until the end of 2025, a summary of the weighted survey results was published in the BNB publication 'Economic Review'. In relation to Bulgaria's accession to the euro area, from the fourth quarter of 2025, Bulgaria has participated in The Euro Area Bank Lending Survey. Participation during this period was on a trial basis, and from the first quarter of 2026, the results for Bulgaria have been included in the aggregate results for the euro area. The current questionnaire is standardised for all Member States.[2] The number of participating banks from each country is determined based on the respective country's share in total euro area lending, with priority given to the largest banks with significant market shares and a broad range of lending products. Due to changes in the structure and content of the questionnaire, as well as in the number of participating banks, data from the fourth quarter of 2025 onwards are not fully comparable with those for previous periods.

[1] Data on changes in credit standards and loan demand across the three segments (corporate, housing, and consumer loans) for the period since the first quarter of 2010 can be found on the BNB's web site.
[2] For more information on the questionnaire and the methodology for carrying out The Euro Area Bank Lending Survey, see: Euro area bank lending survey.

Contents

1. Overview of Results of the Bank Lending Survey

Weighted results of the Bank Lending Survey for Bulgaria, which are included in The Euro Area Bank Lending Survey, show that in the first quarter of 2026, credit standards for granting corporate, housing, consumer and other loans to households remained unchanged compared with the October–December 2025 period. Banks' liquidity position contributed to an easing of credit standards for enterprises, while risk perceptions were a tightening factor. In the large enterprises segment, competition from other banks and non-bank institutions contributed to an easing of standards, while the general economic situation and outlook and the risk related to the collateral demanded added to a tightening. In the second quarter of 2026, banks expect credit standards for both enterprises and households to remain unchanged.

In January–March 2026, overall terms and conditions on loans to firms were also broadly unchanged from the previous quarter, with some easing observed in lending rates and margins (including on riskier loans), driven by competition from other banks. Terms and conditions on loans for house purchase remained unchanged, while those on consumer and other household loans recorded some tightening in terms of credit size and lending rates.

In the first quarter of 2026, credit demand decreased in all key segments – corporate, housing and consumer, with more pronounced decrease being observed for loans to large enterprises. Weaker demand for corporate loans was mainly driven by reduced financing needs for investment purposes and the level of interest rates. At the same time, more limited possibilities to use alternative finance and, to a lesser extent, the need for bank resources for working capital and inventories contributed to the increased demand. In housing, consumer credit and other lending to households, the main factors behind weaker demand were related to consumer confidence, interest rate levels, reduced needs for purchase of durable goods and other factors, including the completion of Bulgaria's accession to the euro area. At the same time, the assessment of retained favourable housing market prospects continued to support demand for housing loans. Banks expect the downward trend in demand for loans to be sustained in the second quarter of 2026 for both enterprises and households.

In the first quarter of 2026, banks reported no change in the share of rejected applications for corporate and housing loans, but this share decreased in consumer credit and other lending to households compared to the last quarter of 2025.

Ad Hoc Questions[1]

The weighted results of the Bank Lending Survey for the first quarter of 2026 show improved access of banks to funding and greater possibilities to transfer credit risk off their balance sheets. Banks expect further improving access to funding in the second quarter of 2026, especially with regard to attracted short-term deposits.

In the January–March 2026 period, the share of non-performing loans and other credit quality indicators contributed to a tightening of credit standards for enterprises, an easing of standards for housing loans, and had a neutral effect on lending standards for consumer credit and other lending to households. In the second quarter of 2026, banks expect credit quality indicators to lead to an easing in standards for housing loans, while for corporate and consumer loans, the impact is projected to be neutral.

The ECB Governing Council's interest rate decisions over the past six months had a broadly neutral effect on banks' overall profitability. A positive influence was reported on net interest income, a neutral effect on non-interest income and an increasing need for provisioning and impairments. The neutral effect on non-interest income is due to the mutually offsetting impact from the positive effect on fee and commission income and the negative effect on capital gains. Banks expect ECB's monetary policy decisions for the euro area to have a positive effect on their overall profitability over the next two quarters.

[1] So-called ad hoc questions in The Euro Area Bank Lending Survey are specific or thematic questions that are included in the Survey in addition to regular questions, in order to analyse topical or new issues on bank lending, financing or euro area monetary policy.

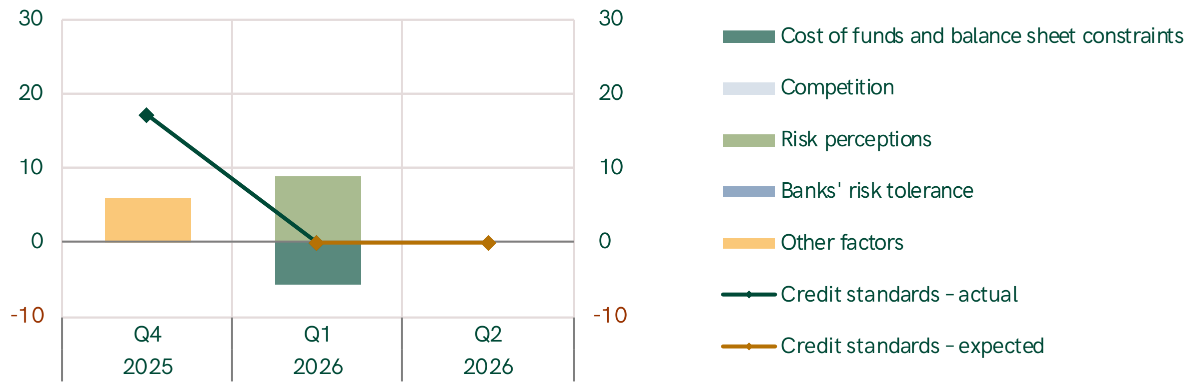
2. Loans to Enterprises

According to the weighted results of the Bank Lending Survey for Bulgaria, included in The Euro Area Bank Lending Survey, in the first quarter of 2026, standards for extending loans and credit lines to enterprises remained broadly unchanged from October–December 2025. Banks' liquidity position contributed to an easing in lending standards for firms. At the same time, risk perceptions, in particular performance and prospects for individual firms, were a tightening factor. In addition, in the large enterprises segment, competition from other banks and non-bank institutions contributed to an easing of standards, while the general economic situation and outlook and risk related to collateral demanded had a tightening effect. In the second quarter of 2026, banks expect credit standards for enterprises to remain unchanged (Chart 1).

CHART 1

Changes in Credit Standards Applied to the Approval of Loans or Credit Lines to Enterprises, and Contributing Factors

(net balance of opinions and contributing factors)



Notes: As regards credit standards and terms and conditions on loans or credit lines, the net balance of opinions is defined as the difference in percentage points between the share of banks reporting that they had 'tightened' ('considerably' and 'somewhat'), and the share of banks reporting that they had 'eased' ('considerably' and 'somewhat'). All banks' replies are weighted by the market share of the banks in the relevant lending segment. The data presented in the chart show the change in credit standards compared to the previous quarter. Expectations are shown in the charts by shifting the data a quarter forward. The net balance of opinions in replying to the questions on factors that have contributed to the change in credit standards is defined as the difference between the share of banks reporting that it had 'contributed to tightening' ('considerably' and 'moderately') and the share of banks reporting that it had 'contributed to easing ('considerably' and 'moderately'). 'Cost of funds and balance sheet constraints' is the simple average of 'banks' capital and the costs related to bank's capital position', 'access to market financing' and 'liquidity position'; 'Competition' is the simple average of 'competition from other banks', 'competition from non-banks' and 'competition from market financing'; 'Risk perceptions' is the simple average of 'general economic situation and outlook', 'industry or firm-specific situation and outlook/borrower's creditworthiness' and 'risk related to the collateral demanded'; 'Banks' risk tolerance' is banks' risk appetite; 'Other factors' is the simple average of the further factors which were mentioned by banks as having contributed to changes in credit standards.

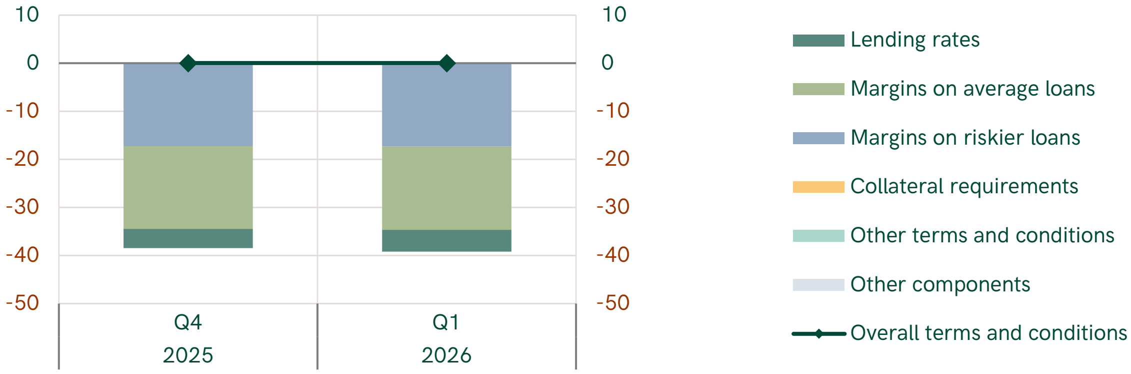
Source: BNB.

According to the weighted balance of opinions, overall terms and conditions for loans to firms in both segments – small and medium-sized enterprises (SMEs) and large corporate customers, remained broadly unchanged compared to the fourth quarter of 2025 (Chart 2). As in the previous quarter, easing of terms and conditions was observed in lending rates and margins (including for riskier loans), driven mainly by competition from other banks.

CHART 2

Changes in terms and conditions on loans or credit lines to enterprises

(net balance of opinions)



Notes: See the notes to Chart 1. The data presented in the chart show the changes in terms and conditions on loans or credit lines to enterprises compared to the previous quarter. 'Margins on average loans' are defined as 'the spread over relevant market reference rates'; 'Other terms and conditions' is the simple average of 'non-interest rate charges', 'size of the loan or credit line', 'loan covenants' and 'maturity'; 'Other components' refer to a simple average of the further terms and conditions components which were mentioned by banks as having contributed to changes in overall terms and conditions on loans or credit lines.

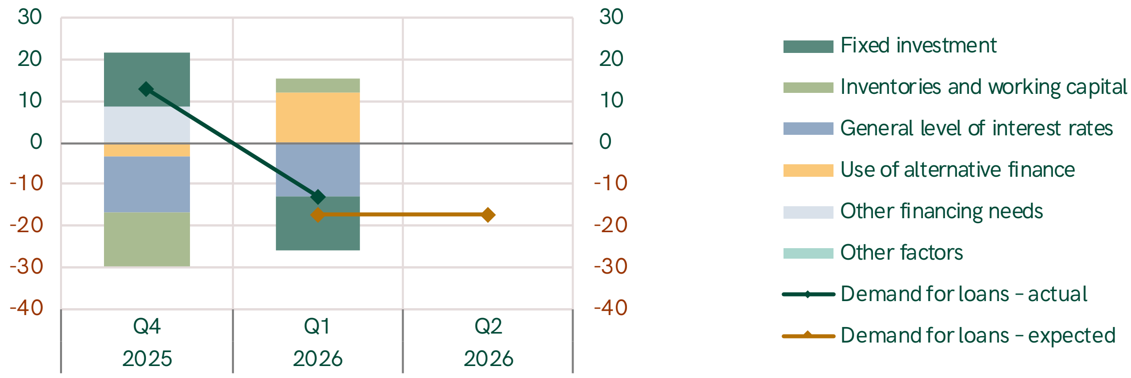
Source: BNB.

In the first quarter of 2026, demand for corporate loans or credit lines decreased from October-December 2025, with a more significant decline observed in the large enterprises segment. The main factors behind the lower demand are related to firms' decreased financing needs for investment and to the level of interest rates. At the same time, more limited possibilities to use alternative finance (loans from other banks and non-banks, issuance of shares and debt securities, as well as internal financing) contributed to stronger demand for loans to firms. Increased demand was also driven, to a lesser extent, by the need for bank resources for working capital and accumulation of inventories. In the second quarter of 2026, banks expect a further decline in demand for corporate loans by SMEs and large enterprises (Chart 3).

CHART 3

Changes in demand for loans or lines of credit to enterprises, and contributing factors

(net balance of opinions and contributing factors)



Notes: In the context of the demand for credit or credit lines, the net balance of opinions is defined in percentage points as a difference between the share of banks reporting that demand had 'increased' ('considerably' and 'moderately') and the share of banks reporting that it had 'decreased' ('considerably' and 'moderately'). All banks' replies are weighted by the market share of the banks in the relevant lending segment. The data presented in the chart show the change in demand compared to the previous quarter. Expectations are shown in the charts by shifting the data a quarter forward. The net balance of opinions in replying to the questions on the factors behind the changes in the demand for loans or credit lines is defined as the difference between the share of banks reporting that it had 'contributed to the increase' ('considerably' and 'moderately') and the share of banks reporting that it had 'contributed to the decrease' ('considerably' and 'moderately'). 'Other financing needs' is the simple average of 'mergers/acquisitions and corporate restructuring' and 'debt refinancing/restructuring and renegotiation'; 'Use of alternative finance' is the simple average of 'internal financing', 'loans from other banks' and 'loans from non-banks', 'issuance/redemption of debt securities' and 'issuance/redemption of equity'; 'Other factors' refer to a simple average of the further factors which were mentioned by banks as having contributed to changes in demand for loans or credit lines.

Source: BNB.

According to the weighted banks' replies, the share of rejected applications for loans or credit lines for firms in the first quarter of 2026 remained unchanged compared to October-December 2025.

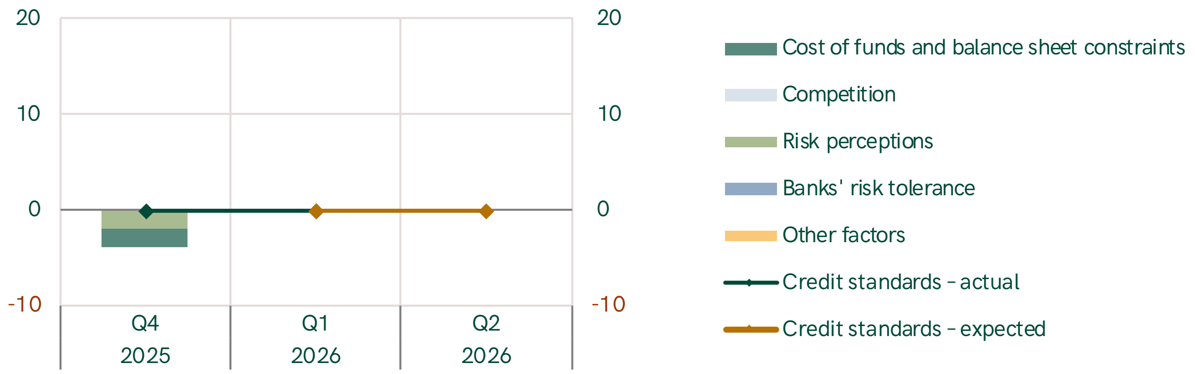
3. Loans to Households for House Purchase

According to the weighted results of the survey, credit standards for housing loans in the first quarter of 2026 remained unchanged compared to the previous quarter. Standards are also expected to remain unchanged between April and June 2026 (Chart 4).

CHART 4

Changes in credit standards applied to the approval of loans to households for house purchase, and contributing factors

(net balance of opinions, and contributing factors)



Notes: See the notes to Chart 1. Data presented in the chart show the change in credit standards compared to the previous quarter. 'Cost of funds and balance sheet constraints' is the simple average of 'banks' capital and the costs related to banks' capital positions', 'access to market financing' and 'liquidity position'; 'Competition' is the simple average of 'competition from other banks' and 'competition from non-banks; 'Risk perceptions' is the simple average of 'general economic situation and outlook', 'housing market prospects, including expected house price developments' and borrower's creditworthiness';'Banks' risk tolerance' is banks' risk appetite; 'Other factors' refer to a simple average of the further factors which were mentioned by banks as having contributed to changes in credit standards.

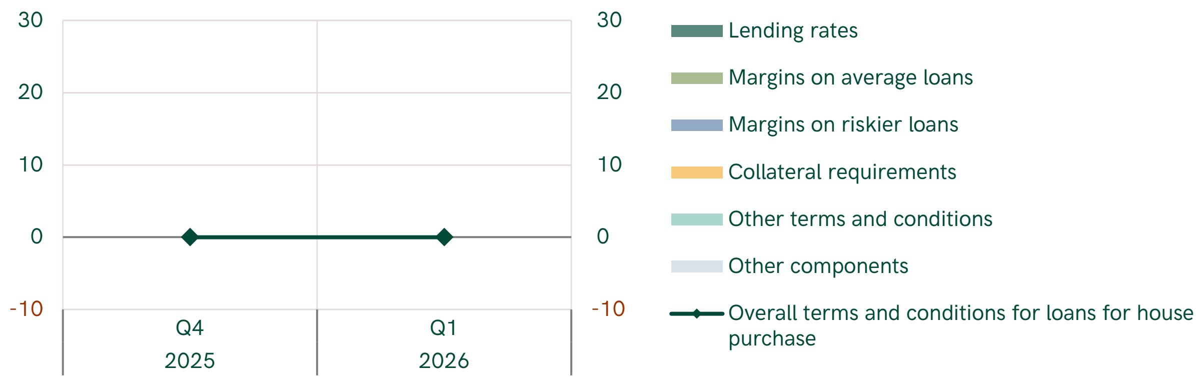
Source: BNB.

In the first quarter of 2026, banks reported no changes in the terms and conditions on loans to households for house purchase compared with the last quarter of 2025 (Chart 5).

CHART 5

Changes in terms and conditions on loans to households for house purchase

(net balance of opinions)



Notes: See the notes to Chart 1. The data presented in the chart show the changes in terms and conditions on loans to households for house purchase compared to the previous quarter. 'Margins on average loans' are defined as 'the spread over relevant market reference rates'; 'Other terms and conditions' is the simple average of 'loan-to-value ratio', 'other loan size limits', 'non-interest rate charges', and 'maturity'; 'Other components' refer to a simple average of the further terms and conditions components which were mentioned by banks as having contributed to changes in overall terms and conditions on loans.

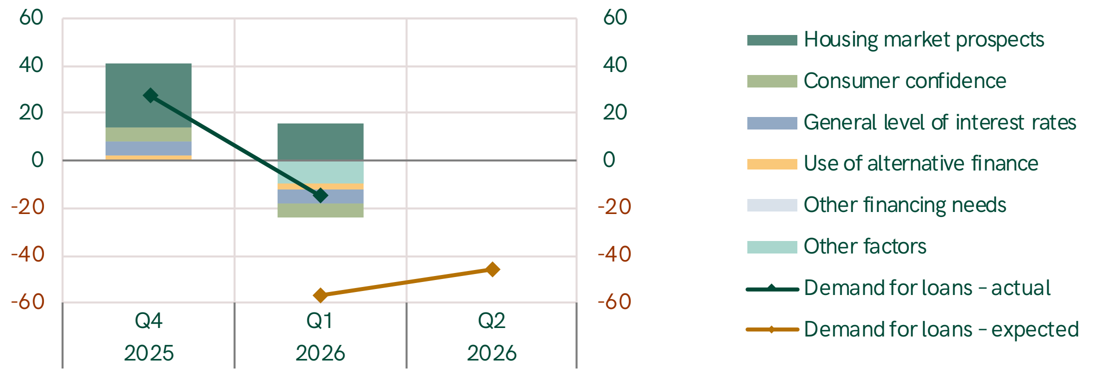
Source: BNB.

According to the weighted balance of opinions, demand for housing loans declined in the first quarter of 2026 compared with October-December 2025. The main factors behind the weaker demand as indicated by banks are consumer confidence, the level of interest rates and other factors, including the completion of Bulgaria's accession to the euro area. The assessment of the retained favourable housing market prospects continued to support demand for housing loans. In the second quarter of 2026, banks expect a further decline in demand for housing loans compared with January-March 2026 (Chart 6).

CHART 6

Changes in demand for loans to households for house purchase, and contributing factors

(net balance of opinions, and contributing factors)



Notes: See the notes to Chart 3. The data presented in the chart show the change in demand compared to the previous quarter. 'Other financing needs' is the simple average of 'debt refinancing/restructuring and renegotiation' and 'regulatory and fiscal regime of housing markets'; 'Use of alternative finance' is the simple average of 'internal finance of house purchase out of savings/down payments', 'loans from other banks' and 'other sources of external finance'; 'Other factors' refer to a simple average of the further factors which were mentioned by banks as having contributed to changes in loan demand.

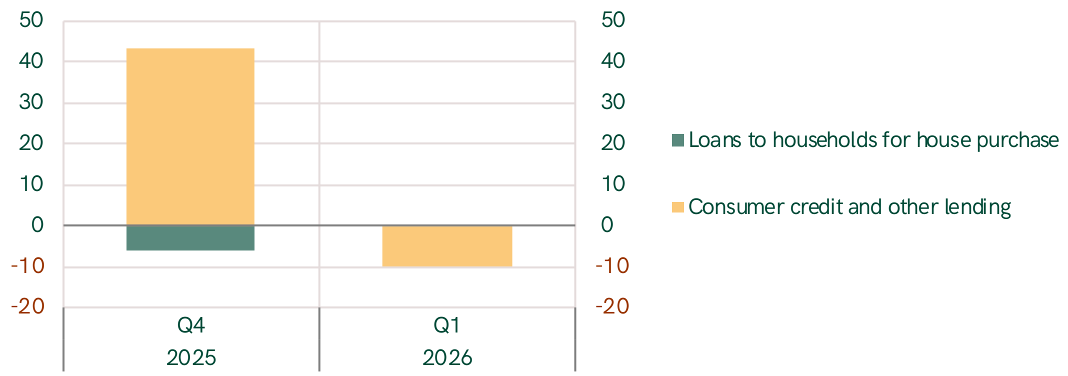
Source: BNB.

In the first quarter of 2026, banks reported no changes in the share of rejected loan applications for housing loans, while the share of rejected applications in consumer credit and other lending to households declined compared with the last quarter of 2025 (Chart 7).

CHART 7

Changes in the Share of Rejected Loan Applications for Households

(net balance of opinions)



Notes: Share of rejected loan applications relative to the volume of all loan applications in that loan category. Data presented in the chart show the change in the share of rejected loan applications for housing loans, consumer credit and other lending, compared with the previous quarter.

Source: BNB.

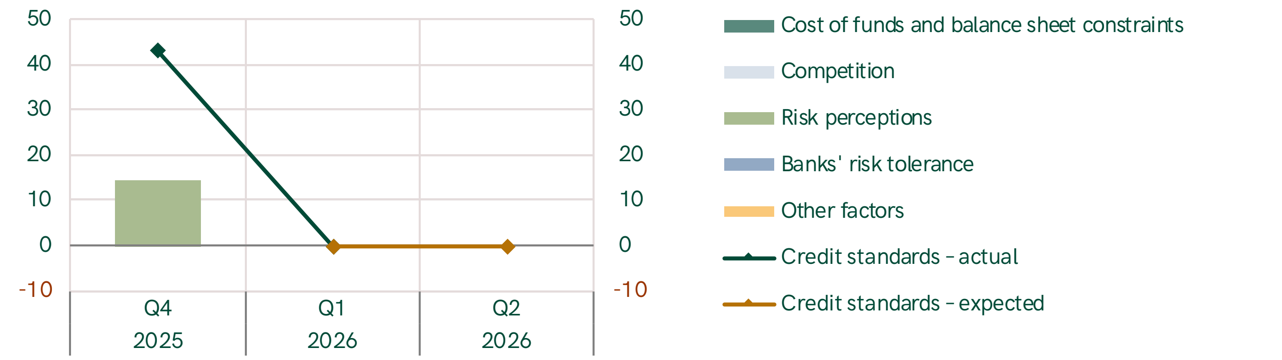
4. Consumer Credit and Other Lending to Households

The weighted results of the Survey for the first quarter of 2026 show that credit standards for consumer credit and other lending to households remained unchanged compared with October–December 2025. Credit standards for consumer credit and other lending for the second quarter of 2026 are also expected to remain unchanged (Chart 8).

CHART 8

Changes in Credit Standards Applied to the Approval of Consumer Credit and Other Lending to Households, and Contributing Factors

(net balance of opinions and contributing factors)



Notes: See the notes to Chart 1. The data presented in the chart show the change in credit standards compared to the previous quarter. 'Cost of funds and balance sheet constraints' is the simple average of 'banks' capital and the costs related to bank's capital position', 'access to market financing' and 'liquidity position'; 'Competition' is the simple average of 'competition from other banks', and 'competition from non-banks'; 'Risk perceptions' is the simple average of 'general economic situation and outlook', 'borrower's creditworthiness' and 'risk related to the collateral demanded'; 'Banks' risk tolerance' is 'banks' risk appetite'; 'Other factors' is the simple average of the further factors which were mentioned by banks as having contributed to changes in credit standards.

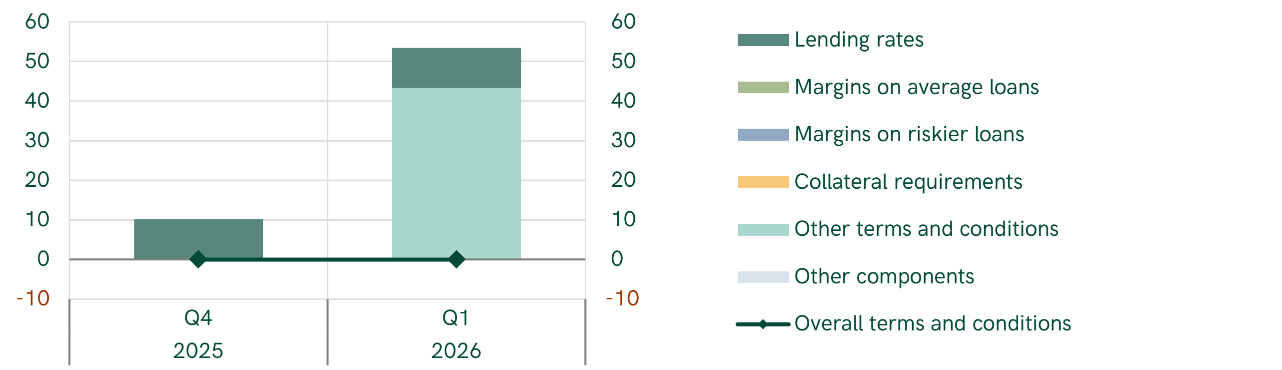
Source: BNB.

Between January and March 2026, banks reported a tightening of the terms and conditions on consumer credit and other lending to households regarding size of the loan (included in the 'other terms and conditions' category), as well as lending rates (Chart 9). Higher risk perceptions of banks contributed to the tightening of the terms and conditions on these loans.

CHART 9

Changes in Terms and Conditions on Consumer Credit and Other Lending to Households

(net balance of opinions)



Notes: See the notes to Chart 1. The data presented in the chart show the changes in terms and conditions on consumer credit and other lending to households compared with the previous quarter. 'Margins' are defined as 'the spread over relevant market reference rates'; 'Other terms and conditions' is the simple average of 'size of the loan', 'non-interest rate charges' and 'maturity'; 'Other components' refers to a simple average of the further terms and conditions components which were mentioned by banks as having contributed to changes in overall terms and conditions on loans.

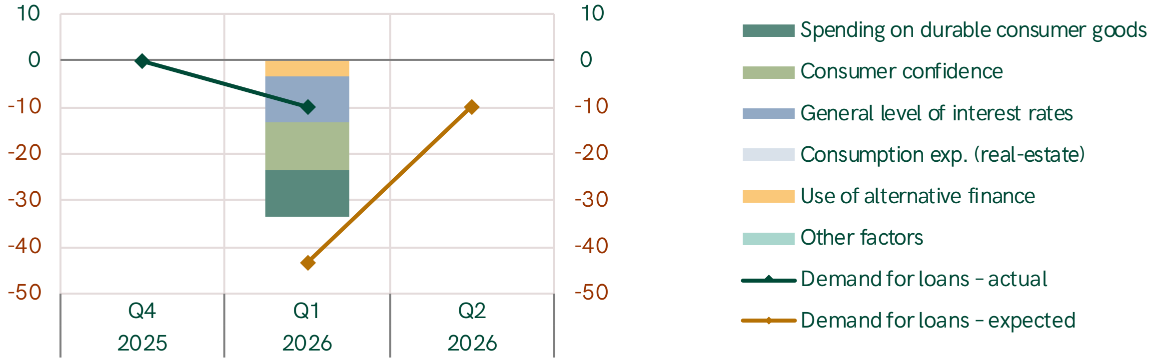
Source: BNB.

According to the weighted balance of opinions, demand for consumer credit and other lending declined compared to the fourth quarter of 2025. The main factors behind this were consumer confidence, the general levels of interest rates, lower need for funds for spending on durable consumer goods, and financing opportunities from other banks. Banks' expectations for April–June 2026 point to a further decline in the demand for consumer credit and other lending (Chart 10).

CHART 10

Changes in Demand for Consumer Credit and Other Lending to Households, and Contributing Factors

(net balance of opinions and contributing factors)



Notes: See the notes to Chart 3. The data presented in the chart show the change in demand from the previous quarter. 'Use of alternative finance' is the simple average of 'internal finance of house purchase out of savings/down payments', 'loans from other banks' and 'other sources of external finance'; 'Consumption exp. (real estate)' denotes 'consumption expenditure financed through real estate-guaranteed loans' 'Other factors' refers to a simple average of the further factors which were mentioned by banks as having contributed to changes in loan demand.

Source: BNB.

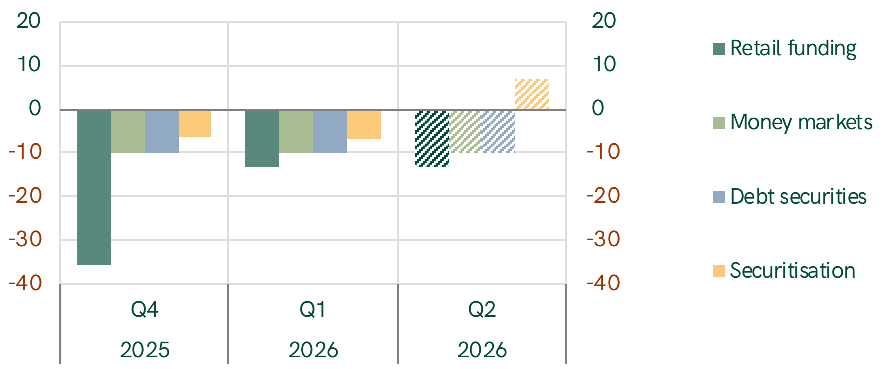
5. *Ad Hoc* Questions

The weighted results of the Bank Lending Survey for the first quarter of 2026 show improvements in banks' access to funding (with short-term deposits of up to one year, in the money market and through debt securities). Banks also reported greater ability to transfer credit risk off balance sheets. Access to funding is expected to improve further in the second quarter of 2026, most notably with respect to short-term deposits (Chart 11).

CHART 11

Changes in Banks' Access to Retail and Wholesale Funding

(net balance of opinions, actual and expected)



Notes: The chart shows the change in banks' access to funding compared with the previous quarter. Banks' net balance of opinions is defined as a difference in percentage points between the percentage of banks responding 'deteriorated' ('considerably' and 'somewhat'), and the percentage of banks responding 'eased' ('considerably' and 'somewhat'). All banks' replies are weighted by the market share of the banks in the relevant lending segment. 'Retail funding' is the simple average of 'short-term deposits (up to one year)' and 'long-term deposits (more than one year)' and other retail funding instruments; 'Money markets' refers to the interbank unsecured money market and is the simple average of 'very short-term money market (up to one week)' and 'short-term money market (more than one week)'; 'Debt securities' is the simple average of 'short-term debt securities (e.g. certificates of deposit or commercial paper)' and 'medium to long-term debt securities (incl. covered bonds)'. 'Securitisation' is the simple average of 'securitisation of corporate loans', 'securitisation of loans for house purchase' and 'ability to transfer credit risk off balance sheet'. The last period shows expectations indicated by banks in the current round.

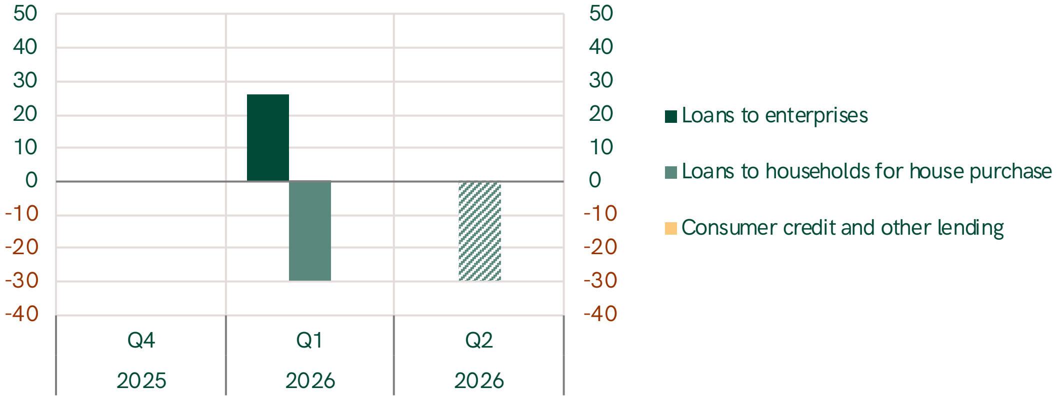
Source: BNB.

According to the weighted balance of opinions, between January and March 2026, the share of non-performing loans in banks' credit portfolios and other indicators of credit quality contributed to a tightening of credit standards for enterprises, an easing of credit standards for housing loans, and had a neutral effect on credit standards for consumer credit and other lending. Banks expect credit quality indicators in the second quarter of 2026 to be a factor for an easing of credit standards for housing loans, while their effect on loans to enterprises and consumer credit is expected to be neutral (Chart 12).

CHART 12

Impact of Banks' NPL Ratios and Other Credit Quality Indicators on Credit Standards

(net balance of opinions, actual and expected)



Notes: The net balance of opinions is defined as the difference between the share of banks reporting that credit standards had 'tightened' ('considerably' and 'somewhat') and the share of banks reporting that they had 'eased' ('considerably' and 'somewhat'). All bank responses are weighted by the banks' market share in the respective lending segment. The last period shows expectations indicated by banks in the current round.

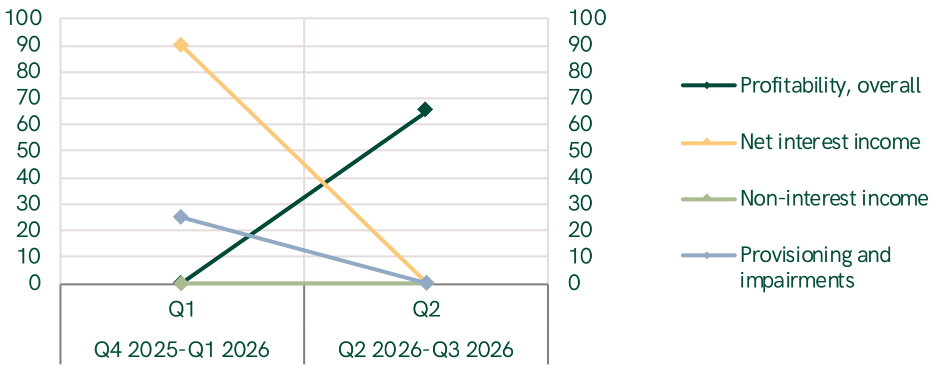
Source: BNB.

According to the weighted banks' responses, the ECB Governing Council's interest rate decisions over the past six months had a neutral effect on their total profitability in the fourth quarter of 2025 and the first quarter of 2026. Banks report a positive effect of these decisions on their net interest income, a neutral overall effect on non-interest income, and, at the same time, a greater need for provisioning and impairments. The neutral effect on non-interest income results from the mutually offsetting impact of a positive effect on fee and commission income and a negative effect on capital gains. Banks expect that the ECB's euro area monetary policy decisions for the second and third quarters of 2026 will have a positive impact on their overall profitability.

CHART 13

Impact of the ECB's Interest Rate Decisions on Euro Area Bank Profitability

(net balance of opinions, actual and expected)



Notes: The net balance of opinions is defined as the difference between the share of banks reporting that credit standards had 'increased' ('considerably' and 'somewhat') and the share of banks reporting that they had 'decreased' ('considerably' and 'somewhat'). All bank responses are weighted by the banks' market share in the respective lending segment. The last period shows expectations indicated by banks in the current round.

Source: BNB.

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ISSN 3134-2124 (online)