OeNB Report 2026/21: Bank lending remains resilient despite the Middle East war

Austrian results of the euro area bank lending survey, second quarter of 2026

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Abstract

Demand for corporate loans remained broadly unchanged in the second quarter of 2026 compared with the first quarter of 2026. Banks reported that no significant changes in loan demand are anticipated for the third quarter of 2026. Thus, the war in the Middle East has so far had a smaller impact on lending activity than banks had expected in the previous survey.

Nevertheless, the war is exacerbating existing economic challenges, including the effects of climate change. These developments require companies to make adjustments. Consequently, large companies have been needing more financing for corporate restructuring.

Sectoral developments were mixed, with increased loan demand in the residential real estate sector contrasting with a declined demand in the motor vehicle manufacturing sector (including the supplier industry).

Bank's credit standards for corporate loans have hardly changed over recent quarters and remain tight. No significant changes are expected for the third quarter of 2026.

With regard to climate change and its consequences, banks have progressively tightened their lending policies in recent years, particularly for companies with high CO2 emissions.

Households' demand for housing loans increased again in the second quarter of 2026, continuing an upward trend that has been evident since early 2024. However, the banks surveyed do not expect a further increase in demand for housing loans for the third quarter of 2026.

The survey results do not yet indicate that the ECB's June 2026 interest rate decision had any material effect on the financing conditions of companies and households.

The current survey was conducted in the second half of June 2026. Accordingly, the survey results reflect the memorandum of understanding negotiated in mid-June 2026 to end the war in the Middle East, but do not capture developments that occurred after the end of June.

Note: The full report in German can be found at OeNB Reports.

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