

THE EURO AREA BANK LENDING SURVEY

– JULY 2011 –

1 Overview of the results

The results reported in the July 2011 Bank Lending Survey (BLS) relate to changes during the second quarter of 2011 and to expectations of changes in the third quarter of the same year. The survey was conducted on a sample of 124 euro area banks between 17 June and 1 July 2011. The response rate was 100%. As in previous survey rounds, an ad hoc question dealing specifically with the implications of the situation in the financial markets was included. This survey round also included two additional ad hoc questions on the impact of the implementation of the new Basel III requirements and other changes in bank regulation.

In the July 2011 BLS, euro area banks generally reported a slight decline in net tightening of credit standards in comparison with the first quarter of 2011. This held true for both loans to enterprises (2% net tightening, after 4% in the first quarter) and loans to households for house purchase (9% from 13% in the first quarter). In the case of consumer credit, banks generally reported an unchanged degree of net tightening, namely 7%.

Looking ahead to the third quarter of 2011, euro area banks expect a slight increase in the net tightening of credit standards for enterprises, to 6%. For housing loans, they expect unchanged levels of net tightening (9%), while a marginal decline in net tightening (to 6%) is expected in the case of consumer credit.

Turning to loans to enterprises in greater detail, the assessment of the overall economic situation and the perception of risks worked in the direction of higher net tightening of credit standards than in the previous survey round. The same applies to factors related to banks' cost of funds and their balance sheet constraints. By contrast, competitive pressures by other banks were reported to have contributed more significantly to an easing of credit standards.

For credit to households, the slight decrease in the net tightening of credit standards on loans to households for house purchase was mainly related to less negative perceptions of the overall economic outlook.

Looking at demand for bank loans, euro area banks reported a smaller net increase in demand for loans from enterprises than in the previous quarter (4% in the second quarter of 2011, compared with 19% in the first quarter), mainly driven by less pronounced financing needs for both fixed investment and inventories/working capital. Households' demand for consumer credit was reported to have declined slightly more strongly than in the previous survey (-8%, after -4%). In the case of demand for housing loans, by contrast, the pace of decline was lower than that reported for the first quarter (-3%, after

-10%). Looking ahead, prospects for loan demand remain generally subdued: While 8% of the participating banks expect a net increase in demand for loans to enterprises, they anticipate a decrease in demand for housing loans (-12% in net terms), and a slightly less negative net demand for consumer credit (-4% in net terms) in the third quarter of the year.

General notes

The bank lending survey is addressed to senior loan officers of a representative sample of euro area banks.¹ Its main purpose is to enhance the understanding of bank lending behaviour in the euro area.²

The questions distinguish between three categories of loans: loans or credit lines to enterprises; loans to households for house purchase; and consumer credit and other lending to households. For all three categories, questions are posed on credit standards for approving loans; credit terms and conditions; and credit demand and the factors affecting it.

The responses to questions related to credit standards are analysed in this report by focusing on the difference (“net percentage”) between the share of banks reporting that credit standards have been tightened and the share of banks reporting that they have been eased. A positive net percentage indicates that a larger proportion of banks have tightened credit standards (“net tightening”), whereas a negative net percentage indicates that a larger proportion of banks have eased credit standards (“net easing”). Likewise, the term “net demand” refers to the difference between the share of banks reporting an increase in loan demand and the share of banks reporting a decline. Net demand will therefore be positive if a larger proportion of banks have reported an increase in loan demand, whereas negative net demand indicates that a larger proportion of banks have reported a decline in loan demand.

In addition, an alternative measure of the responses to questions related to changes in credit standards and net demand is included. This measure is the weighted difference (“diffusion index”) between the share of banks reporting that credit standards have been tightened and the share of banks reporting that they have been eased. Likewise, regarding the demand for loans, the diffusion index refers to the weighted difference between the share of banks reporting an increase in loan demand and the share of banks reporting a decline. The diffusion index is constructed in the following way: lenders who have answered “considerably” are given a weight twice as high (score of 1) as lenders who have answered “somewhat” (score of 0.5). The interpretation of the diffusion indices follows the same logic as the interpretation of net percentages.

The survey questions are phrased in terms of changes over the past three months (in this case in the first quarter of 2011) or expectations of changes over the next three months (i.e. in the second quarter of 2011). Detailed tables and charts on the responses are provided in Annex 1 on the individual questions and in Annex 2 on the ad hoc question. A copy of the questionnaire can be found at: <http://www.ecb.europa.eu/stats/money/surveys/lend/html/index.en.html>.

¹ The sample group of banks participating in the survey comprises 124 banks, representing all of the euro area countries, and takes into account the characteristics of their respective national banking structures. Since the banks in the sample group differ considerably in size, the survey results are weighted according to the national shares in total outstanding euro area lending to euro area residents.

² For further information on the bank lending survey, see: “Bank lending survey for the euro area”, *Press release*, ECB, 21 November 2002; “A bank lending survey for the euro area”, *Monthly Bulletin*, April 2003; and Berg, J. et al., “The bank lending survey for the euro area”, *Occasional Paper Series*, No 23, ECB, 2005.

2 Developments in credit standards and net demand for loans in the euro area

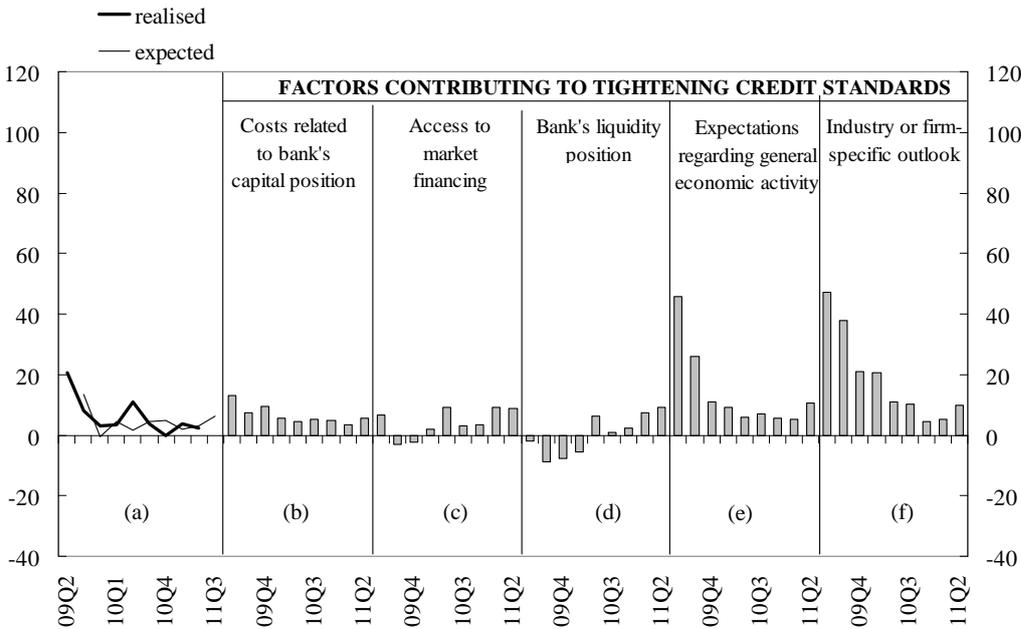
2.1 Enterprises

Slight decline – to marginal levels – in the net tightening of credit standards on loans to enterprises

Euro area banks reported a decline in the net tightening of their credit standards for loans to enterprises in the second quarter of 2011 (see **Chart 1**). On balance, the net percentage of banks reporting a tightening of their credit standards was down to 2% in the second quarter of 2011, compared with 4% in the first quarter.

The observed decline in the degree of tightening in credit standards in the second quarter, as compared with the previous quarter, applied mainly to loans to large firms (with a reported net tightening of 3% in the second quarter of 2011, down from 6% in the first quarter), while the reported tightening of credit standards on loans to small and medium-sized firms remained broadly unchanged at marginal levels (3% in net terms in the second quarter of 2011, compared with 2% in the first quarter). In terms of the maturity of the loans, credit standards on short-term loans continued to be eased very slightly (-3% in net terms in the second quarter of 2011, after -2% in the previous round), whereas long-term loans were reported to be subject to somewhat tighter credit standards (8% in net terms in the second quarter of 2011, compared with 4% in the previous round).

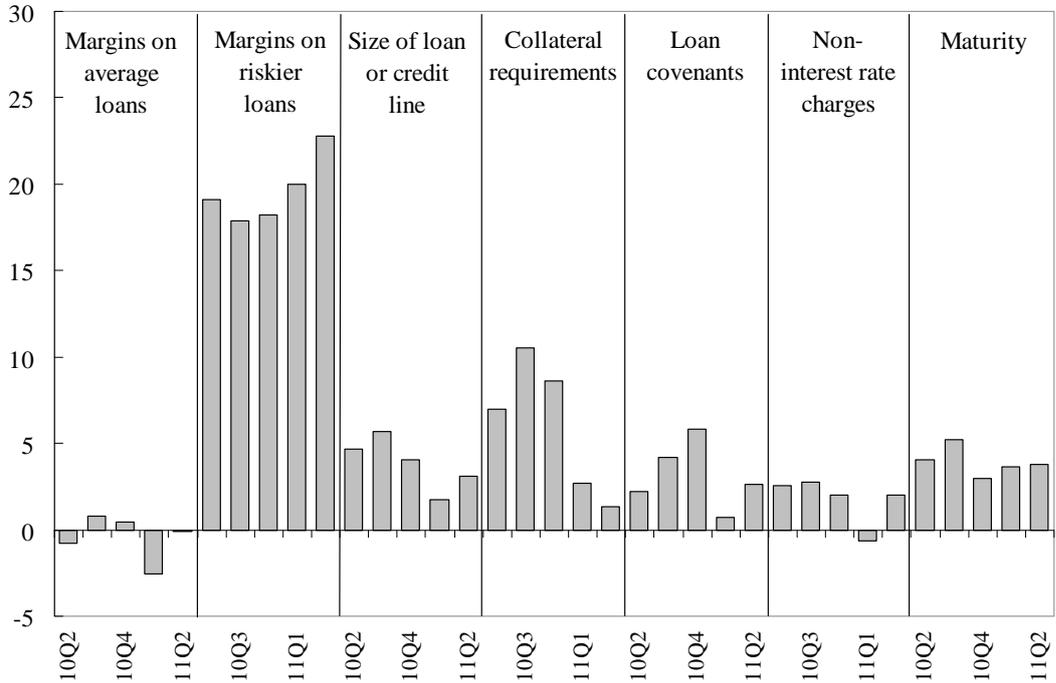
Chart 1: Changes in credit standards applied to the approval of loans or credit lines to enterprises (net percentage of banks contributing to tightening standards)



Notes: “Realised” values refer to changes that have occurred, while “expected” values are changes anticipated by banks. Net percentages are defined as the difference between the sum of the percentages of banks responding “tightened considerably” and “tightened somewhat” and the sum of the percentages of banks responding “eased somewhat” and “eased considerably”. The net percentages for responses to questions related to the factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage reporting that it contributed to an easing.

Compared with the previous survey round, particularly the contribution of factors linked to expectations regarding general economic activity (11%, from 5% in the first quarter of 2011) and industry or firm-specific risk (10%, from 5% in the first quarter) became more important. At the same time, the contributions related to banks' cost of funds and balance sheet constraints generally remained broadly at unchanged levels (see **Chart 1**), with costs of capital (6%, from 3% in the first quarter) and banks' liquidity position (9%, from 7% in the first quarter) gaining somewhat in importance. By contrast, as counterbalancing factors, competitive pressures by other banks were reported to increasingly contribute to a slight dampening of the tightening of credit standards (to -9%, from -7% in the first quarter).

Chart 2: Changes in terms and conditions for approving loans or credit lines to enterprises
(net percentage of banks reporting tightening terms and conditions)



Note: See the notes to Chart 1.

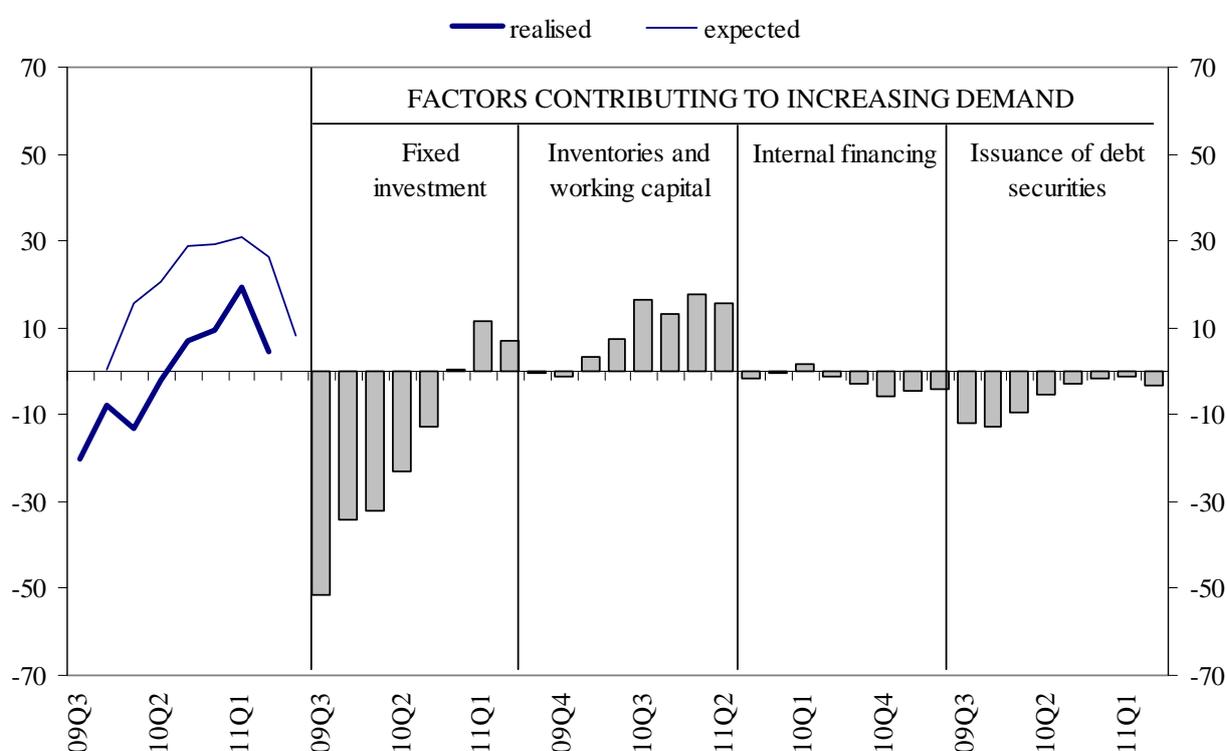
At the same time, developments in the terms and conditions reported by euro area banks in the second quarter of 2011 did not change perceptibly in comparison with the previous quarter (see **Chart 2**). The widening of margins on riskier loans appears to have continued (23%, from 20% in the first quarter of 2011), while margins on average loans remained unchanged after the slight narrowing reported in the previous quarter (0%, compared with -3% in the first quarter). Other terms and conditions (e.g. non-interest charges, size and maturity, collateral requirements) only changed slightly at generally marginal levels.

On balance looking forward, euro area banks expect a slight increase in the net tightening of credit standards for loans to enterprises in the third quarter of 2011 (to 6%). This is seen to affect primarily large firms, as well as long-term loans.

Weaker increase in demand for loans to enterprises

Euro area banks reported a significantly weaker increase in demand for corporate loans (see **Chart 3**). The net percentage of banks reporting an increase in demand for loans stood at 4% in the second quarter of 2011, well below the 19% recorded in the previous quarter. This weaker increase in net demand appeared to be mainly driven by less pronounced financing needs for both fixed investment and inventories/working capital, albeit to an only very limited extent in the case of the latter. In addition, the issuance of debt securities was reported to have slightly dampened demand for loans. Looking forward, banks expect the demand of both small and medium-sized enterprises (SMEs) and large firms for corporate loans to rise more moderately than in previous quarters, but at a higher pace than in the second quarter of 2011 (8%, in net terms), and to be focused somewhat more on short maturities.

Chart 3: Changes in demand for loans or credit lines to enterprises
(net percentage of banks reporting a positive contribution to demand)



Notes: "Realised" values refer to changes that have occurred, while "expected" values are changes anticipated by banks. Net percentages for the questions on demand for loans are defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat" and the sum of the percentages of banks responding "decreased somewhat" and "decreased considerably". The net percentages for responses to questions related to the factors are defined as the difference between the percentage of banks reporting that the given factor contributed to increasing demand and the percentage reporting that it contributed to decreasing demand.

2.2 Households

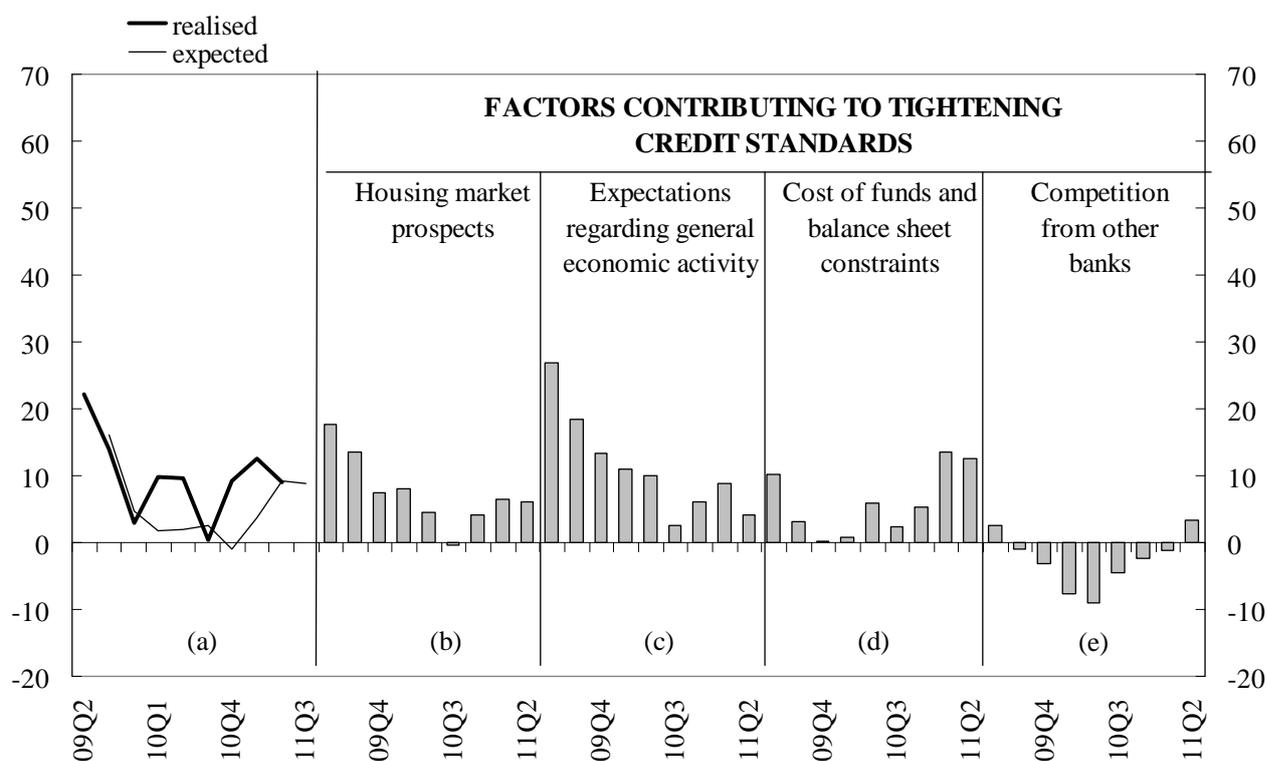
Slight decline in the net tightening of credit standards for housing loans

In net terms, euro area banks reported a slight decline in the net tightening of credit standards for loans to households for house purchase in comparison with the previous quarter. The net percentage of banks reporting a tightening of credit standards on mortgage loans stood at 9% in the second quarter of 2011, down from 13% in the first quarter.

The decline in the degree of net tightening in the second quarter was mainly related to less negative expectations regarding general economic activity. By contrast, cost-of-funding and balance-sheet constraints continued to contribute most to the overall level of net tightening remaining at 13% (see **Chart 4**).

Chart 4: Changes in credit standards applied to the approval of loans to households for house purchase

(net percentage of banks reporting a contribution to tightening credit standards)



Note: See the notes to Chart 1.

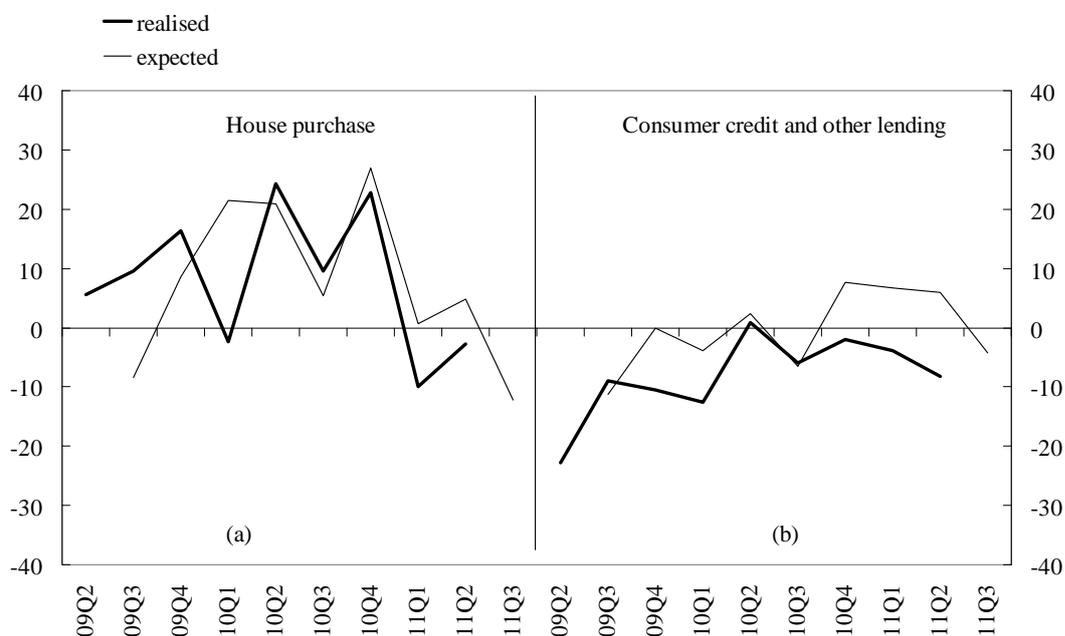
In line with the less negative expectations regarding general economic activity, banks reported, in net terms, an — albeit only marginal — decrease in the tightening of risk related terms and conditions (such as margins on riskier loans, collateral required, maturity, “loan-to-value” ratios) in comparison with the previous round, while indicating a slight rise in the widening of margins on average loans as well as in the increase in non-interest rate charges.

Looking ahead, banks expect the degree of net tightening of credit standards to remain unchanged at 9% in the third quarter of 2011.

Slower pace of decline in demand for housing loans

After the contraction in housing loan demand recorded in the previous quarter, euro area banks reported a slower pace of decline in demand for mortgage loans in the second quarter of 2011 (-3% in net terms, after -10% in the first quarter) (see **Chart 5**). This appears to have been related mainly to substantially less negative housing market prospects. Looking forward, however, banks expect a further decrease in demand for housing loans (-12% in net terms) in the third quarter of the year. It is noteworthy, however, that over recent quarters, both realised and expected figures on the demand for mortgage loans have been particularly volatile from one quarter to the next, possibly pointing to a large degree of uncertainty with respect to this category of loans.

Chart 5: Changes in demand for loans to households
(net percentage of banks reporting a positive contribution to demand)



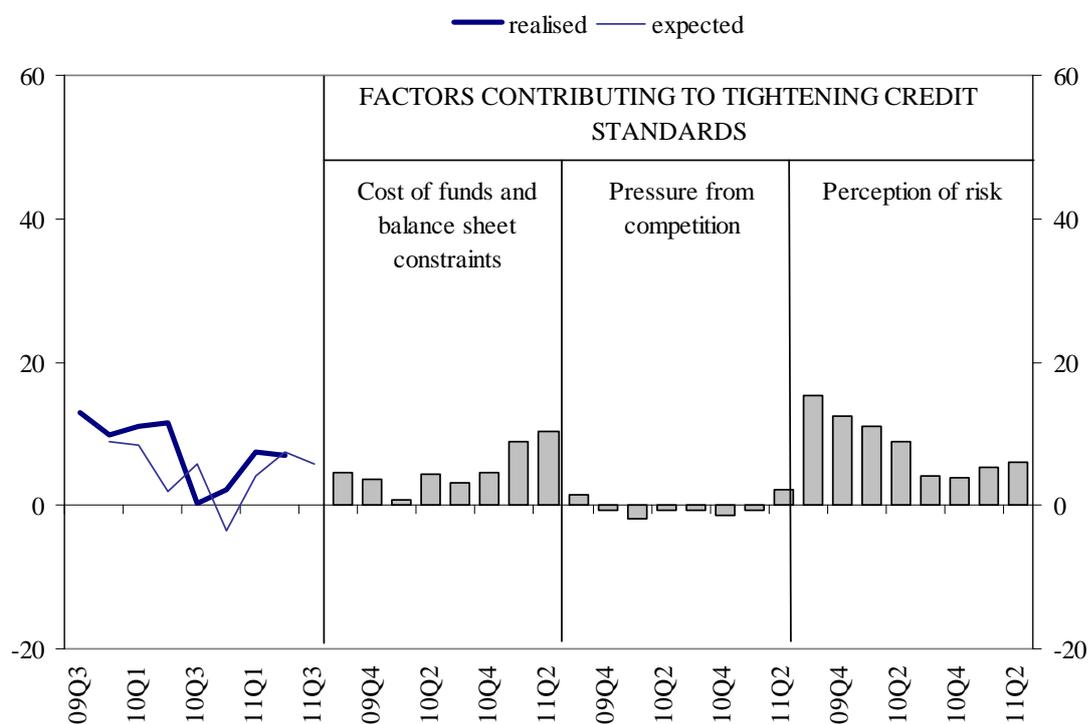
Note: See the notes to Chart 3.

Slight further tightening of credit standards for consumer loans at unchanged levels

Broadly in line with expectations, euro area banks reported an unchanged degree of slight tightening of credit standards for consumer credit (7% in the second quarter of 2011) (see **Chart 6**). The factors contributing to this net tightening were again a combination of both supply-side factors and risk perceptions. Price-related terms and conditions on consumer credit (notably margins on both average and riskier loans) were raised further, while other non-price terms and conditions tended to remain broadly unchanged.

Chart 6: Changes in credit standards applied to the approval of consumer credit and other lending to households

(net percentage of banks contributing to tightening credit standards)



Notes: See the notes to Chart 1. "Pressure from competition" includes the impact of competition from both other banks and non-banks; "Perception of risk" covers the impact of expectations regarding general economic activity, the assessment of the creditworthiness of consumers and risk assessments on the collateral demanded.

Looking forward, a 6%, net, of banks expect a further tightening of credit standards for consumer credit and other lending to households in the third quarter of 2011.

Slightly stronger decline in net demand for consumer credit

The decline in demand for consumer credit was reported to have accelerated in the second quarter of 2011 (-8% in net terms, from -4% in the first quarter) (see **Chart 5**), mainly on account of lower spending on durable consumer goods.

Looking forward, in the third quarter of 2011, euro area banks expect the decline in net demand for consumer credit to decelerate (to -4% in net terms).

3 Ad hoc questions

3.1 Ad hoc question on the impact of the financial turmoil

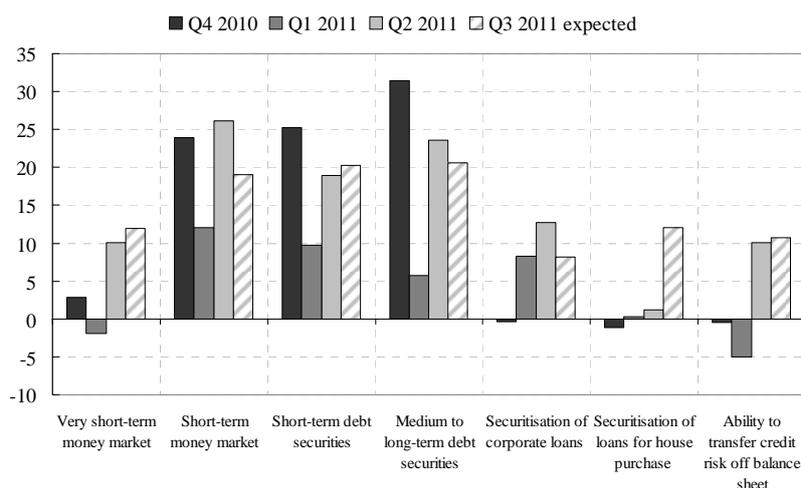
As in previous survey rounds, the questionnaire for the July 2011 survey included a question that was aimed at assessing the extent to which financial market tensions affected banks' credit standards for loans and credit lines to enterprises and households in the second quarter of 2011 and the extent to which the former were expected to affect banks in the next three months. The question specifically assessed access to wholesale funding.¹

Some further deterioration in access to wholesale funding in the second quarter, broadly in line with that observed in the first quarter

On balance, euro area banks reported a deterioration in their access to money markets, both for very short maturities² and for maturities of more than one week, as well as in their issuance of debt securities (see **Chart 7**). At the same time, euro area banks continued to report, in net terms, an overall deterioration in their ability to access debt securities markets, which was more pronounced than in the previous survey. Finally, still in net terms, conditions of access to securitisation remained broadly unchanged for loans to households, but deteriorated further for loans to enterprises. Likewise, the ability to transfer risks off their balance sheets was judged to have deteriorated after the improvement reported for the previous quarter.

Looking forward, euro area banks expect their access to the money market to deteriorate slightly less markedly in the third quarter of the year. By contrast, the issuance of debt securities, as well as the securitisation of loans, is expected to remain problematic.

Chart 7: Change in access to wholesale funding over the past three months
(net percentage of banks reporting deteriorated market access)



Note: The percentages were calculated by adding together the shares of banks that reported either a "considerable impact" or "some impact" on their market access.

¹ The results shown are calculated as a percentage of the number of banks that did not reply "not applicable".

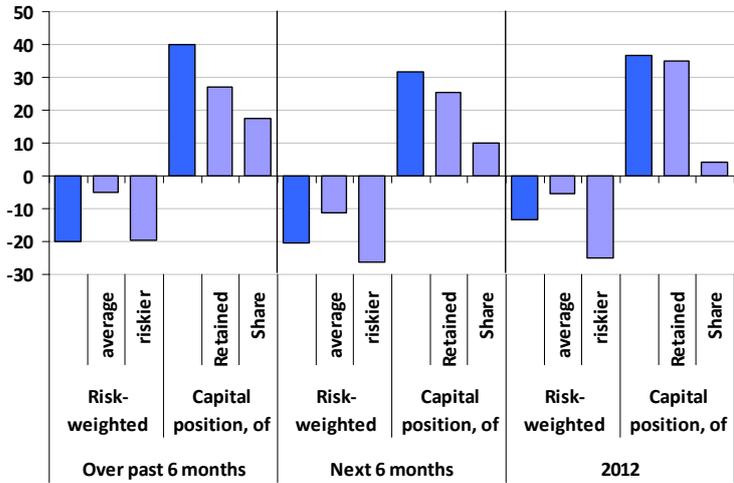
² Maturities of less than one week.

3.2 Ad hoc questions on the impact of Basel III and other changes in bank regulation

The questionnaire for the July 2011 survey also included two new ad hoc questions that aimed at assessing the extent to which the new regulatory capital requirements set out in “Basel III”³ (or any other specific national regulations concerning banks’ capital that have recently been approved, or are expected to be approved in the near future) affect banks’ lending policies via the potential impact on their capital position and the credit standards that they apply to loans.

Chart 8: Implementation of Basel III requirements and other regulation – the impact on banks’ risk-weighted assets and capital position

(net percentage of responses)



Note: The net percentages are defined as the difference between the sum of the percentages of banks that reported “increased considerably” and “increased somewhat” and the sum of the percentages of those that reported “decreased somewhat” and “decreased considerably”.

According to banks’ replies, in net terms,⁴ 20% of the banks reported a decline in their risk-weighted assets over the past six months and expected a further decline in the next 6 months as a result of compliance with the capital requirements set out in “Basel III” (or any other specific national regulations concerning banks’ capital that have recently been approved or are expected to be approved in the near future) (see **Chart 8**). This decline was and is expected remain focused on riskier, as opposed to average, loans. For 2012, a net percentage of 13% currently expects a further decline in risk-weighted assets, with an even stronger focus on riskier loans. As regards the effect on their capital position, on balance, 40% of the banks noted an increase in their capital position for the past six months, 32% for the next six months and 37% for 2012. In the last six months, the rise in banks’ capital positions was achieved mainly through retained earnings and, albeit to a lesser degree, through the issuance of new shares. This focus on retained

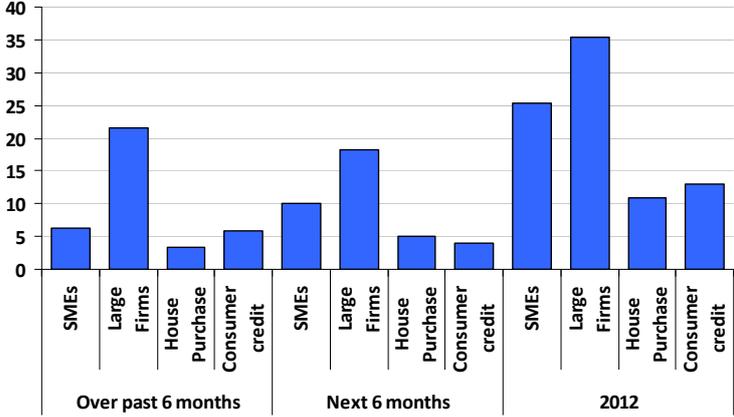
³ See Basel Committee on Banking Supervision, *Basel III: A global regulatory framework for more resilient banks and banking systems*, Bank for International Settlements, 16 December 2010 (available at: <http://www.bis.org/publ/bcbs189.pdf>).

⁴ The results shown are calculated as a percentage of the number of banks that did not reply “not applicable”.

earnings in building up their capital is expected to strengthen further in the next six months, as well as in 2012.

Participating banks indicated that, in particular, their credit standards for loans to large enterprises were tightened as a result of adjustments implemented in view of the new capital requirements set out in “Basel III” (or any other specific national regulations concerning banks’ capital that have recently been approved or are expected to be approved in the near future) over the past six months (22% in net terms) (see **Chart 9**). By contrast, credit standards for loans to SMEs and for housing or consumer loans have been affected only slightly. In the next six months, as well as in 2012 as a whole, banks expect the effects to continue to be strongest for loans to large enterprises (18% and 35% respectively in net terms), but also expect other loan categories — in particular loans to SMEs — to be increasingly affected.

Chart 9: Implementation of Basel III requirements and other regulation – the impact on banks’ lending policies
(net percentage of responses)



Note: The net percentages are defined as the difference between the sum of the percentages of the banks that reported contributed “considerably” or “somewhat” to tightening credit standards and the sum of the percentages of those that reported contributed “somewhat” and “considerably” to an easing of credit standards.

ANNEX 1: RESULTS FOR THE INDIVIDUAL QUESTIONS

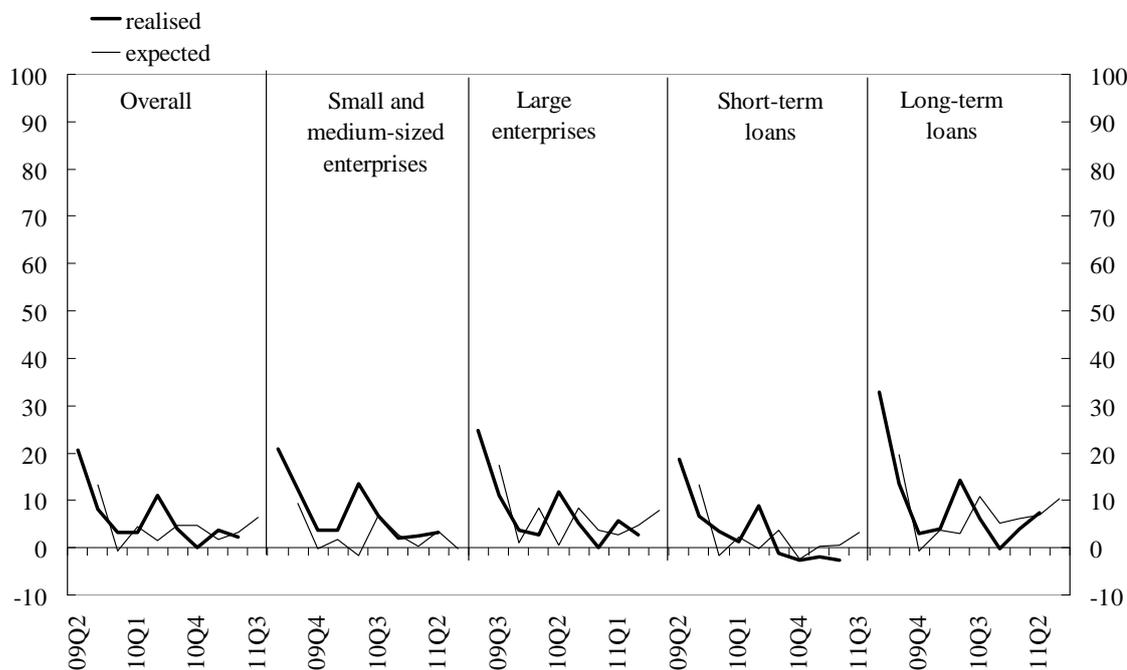
I. Loans or credit lines to enterprises

- Over the past three months, how have your bank's credit standards as applied to the approval of loans or credit lines to enterprises changed?

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	April 2011	July 2011	April 2011	July 2011	April 2011	July 2011	April 2011	July 2011	April 2011	July 2011
Tightened considerably	1	1	1	1	2	4	1	1	2	3
Tightened somewhat	7	7	5	6	9	6	3	5	8	9
Remained basically unchanged	89	87	92	90	84	84	90	86	85	84
Eased somewhat	4	6	3	3	5	7	6	8	6	4
Eased considerably	0	0	0	0	0	0	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	4	2	3	3	6	3	-2	-3	4	8
Diffusion index	2	2	2	2	4	3	-1	-1	3	5
<i>Mean</i>	<i>2.95</i>	<i>2.97</i>	<i>2.97</i>	<i>2.96</i>	<i>2.93</i>	<i>2.94</i>	<i>3.01</i>	<i>3.02</i>	<i>2.94</i>	<i>2.89</i>
Number of banks responding	117	117	115	115	112	112	117	117	115	116

Notes: The net percentage is defined as the difference between the sum of the percentages of the banks that reported "tightened considerably" and "tightened somewhat", and the sum of the percentages of those that reported "eased somewhat" and "eased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5).

Chart 1: Changes in credit standards applied to the approval of loans or credit lines to enterprises
(net percentage of banks reporting tightening credit standards)



2. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of loans or credit lines to enterprises?

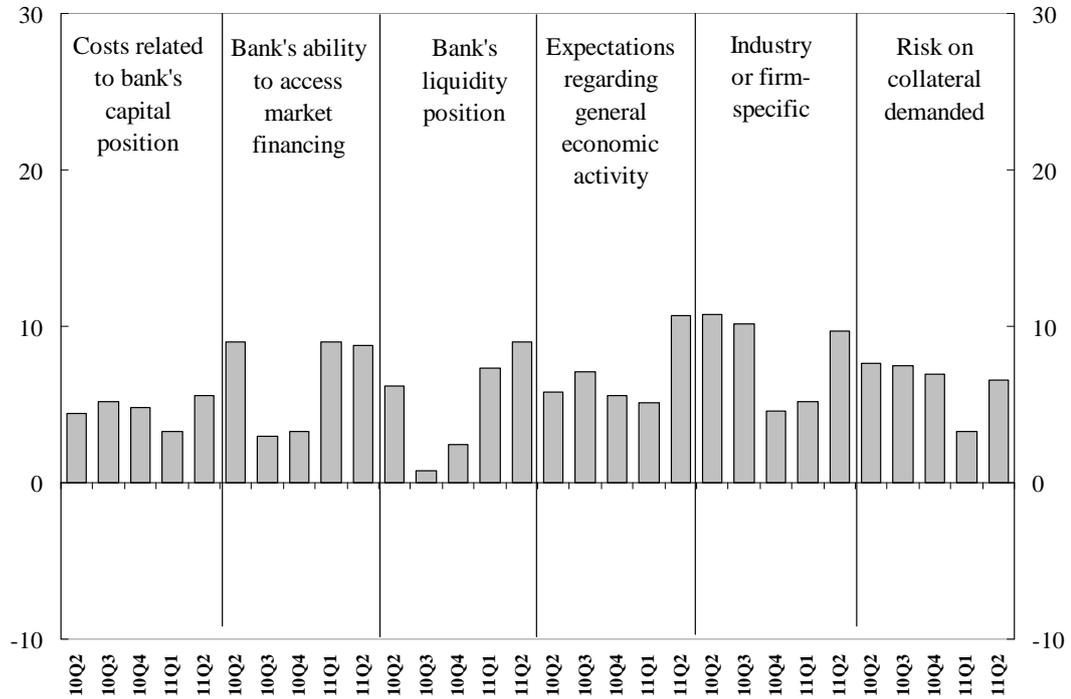
OVERALL												
	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2011	July 2011	April 2011	July 2011	April 2011	July 2011
							A) Cost of funds and balance sheet constraints					
Costs related to your bank's capital position	1	5	87	0	0	8	3	6	2	3	2.96	2.93
Your bank's ability to access market financing	2	7	82	0	0	9	9	9	5	5	2.89	2.89
Your bank's liquidity position	1	9	83	1	0	7	7	9	4	5	2.91	2.89
B) Pressure from competition												
Competition from other banks	0	1	82	10	0	8	-7	-9	-3	-5	3.07	3.10
Competition from non-banks	0	0	89	1	0	10	1	-1	1	-1	2.99	3.01
Competition from market financing	0	0	89	2	0	9	-4	-2	-2	-1	3.04	3.02
C) Perception of risk												
Expectations regarding general economic activity	2	13	76	4	0	6	5	11	3	6	2.94	2.88
Industry or firm-specific outlook	1	15	73	5	0	6	5	10	3	5	2.95	2.90
Risk on collateral demanded	0	7	87	0	0	6	3	7	2	3	2.97	2.93
SMALL AND MEDIUM-SIZED ENTERPRISES												
	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2011	July 2011	April 2011	July 2011	April 2011	July 2011
							A) Cost of funds and balance sheet constraints					
Costs related to your bank's capital position	1	3	84	1	0	12	3	3	2	2	2.97	2.95
Your bank's ability to access market financing	2	4	81	0	0	14	7	5	4	3	2.91	2.93
Your bank's liquidity position	1	4	82	1	0	12	5	5	3	3	2.94	2.93
B) Pressure from competition												
Competition from other banks	0	1	81	6	0	12	-5	-5	-3	-3	3.06	3.07
Competition from non-banks	0	0	84	1	0	15	0	-1	0	-1	2.99	3.02
Competition from market financing	0	0	84	2	0	15	-1	-2	0	-1	3.01	3.02
C) Perception of risk												
Expectations regarding general economic activity	2	9	76	2	0	11	9	9	5	5	2.90	2.89
Industry or firm-specific outlook	1	10	74	4	0	11	6	7	3	4	2.94	2.92
Risk on collateral demanded	1	4	85	0	0	11	3	5	2	3	2.97	2.94
LARGE ENTERPRISES												
	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2011	July 2011	April 2011	July 2011	April 2011	July 2011
							A) Cost of funds and balance sheet constraints					
Costs related to your bank's capital position	2	5	78	0	0	14	6	7	4	5	2.92	2.90
Your bank's ability to access market financing	5	4	75	0	0	16	10	9	7	7	2.85	2.85
Your bank's liquidity position	3	9	74	0	0	14	9	12	5	8	2.88	2.83
B) Pressure from competition												
Competition from other banks	0	1	77	8	0	14	-6	-7	-4	-4	3.09	3.08
Competition from non-banks	0	0	83	1	0	16	0	-1	0	-1	3.00	3.02
Competition from market financing	0	1	81	3	0	16	-3	-3	-2	-1	3.05	3.03
C) Perception of risk												
Expectations regarding general economic activity	2	11	72	3	0	13	5	10	3	6	2.95	2.88
Industry or firm-specific outlook	3	11	69	3	0	13	5	11	3	7	2.95	2.86
Risk on collateral demanded	0	5	82	0	0	13	4	5	2	2	2.96	2.95

NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding “-” (contributed considerably to tightening) and “-” (contributed somewhat to tightening), and the sum of banks responding “+” (contributed somewhat to easing) and “+ +” (contributed considerably to easing). “°” means “contributed to basically unchanged credit standards”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5).

Chart 2a: Factors affecting credit standards applied to the approval of loans or credit lines to enterprises
(net percentage of banks reporting a contribution to tightening standards)

OVERALL



BREAKDOWN BY FIRM SIZE

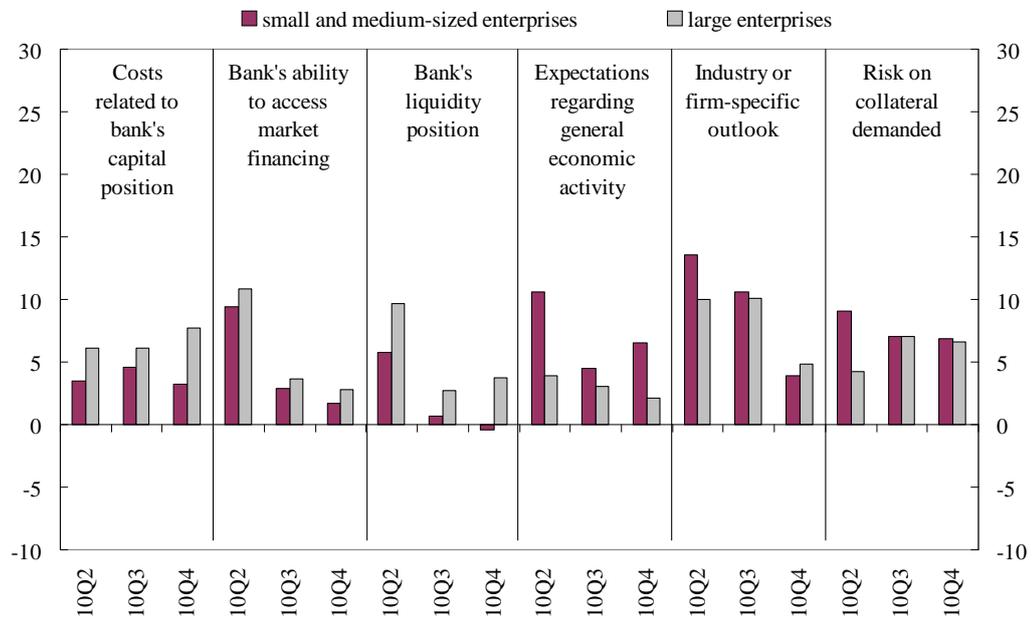
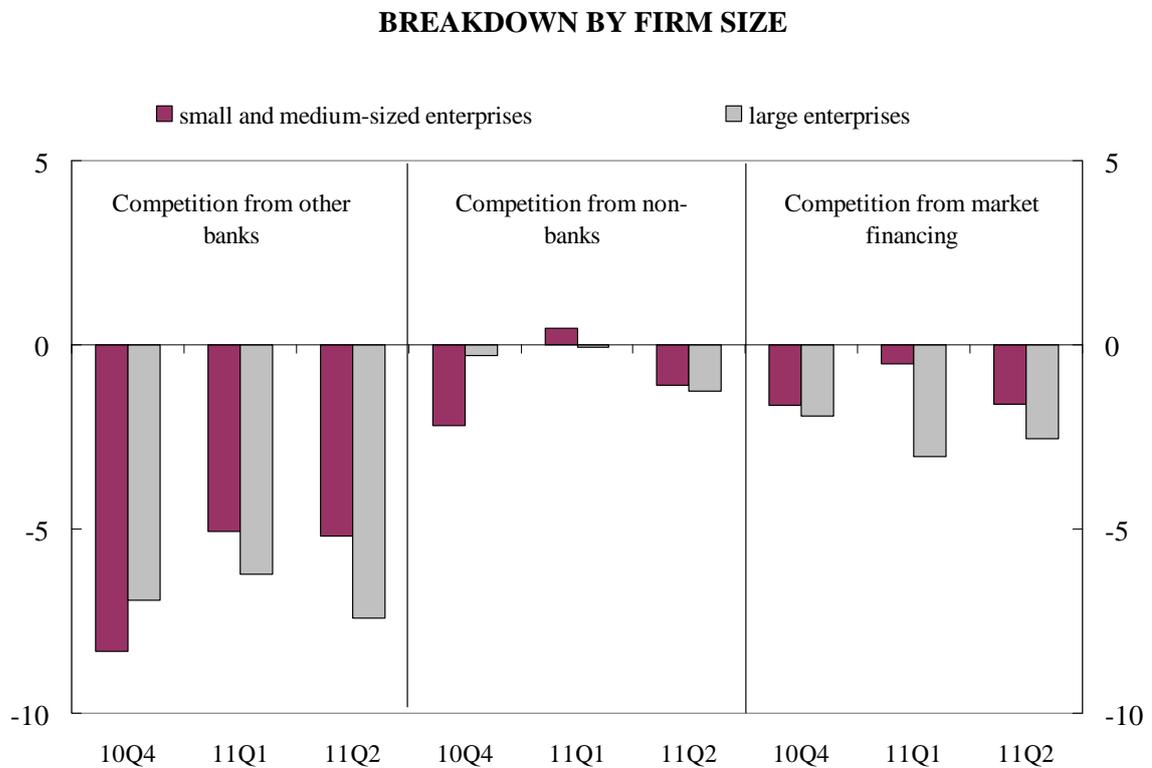
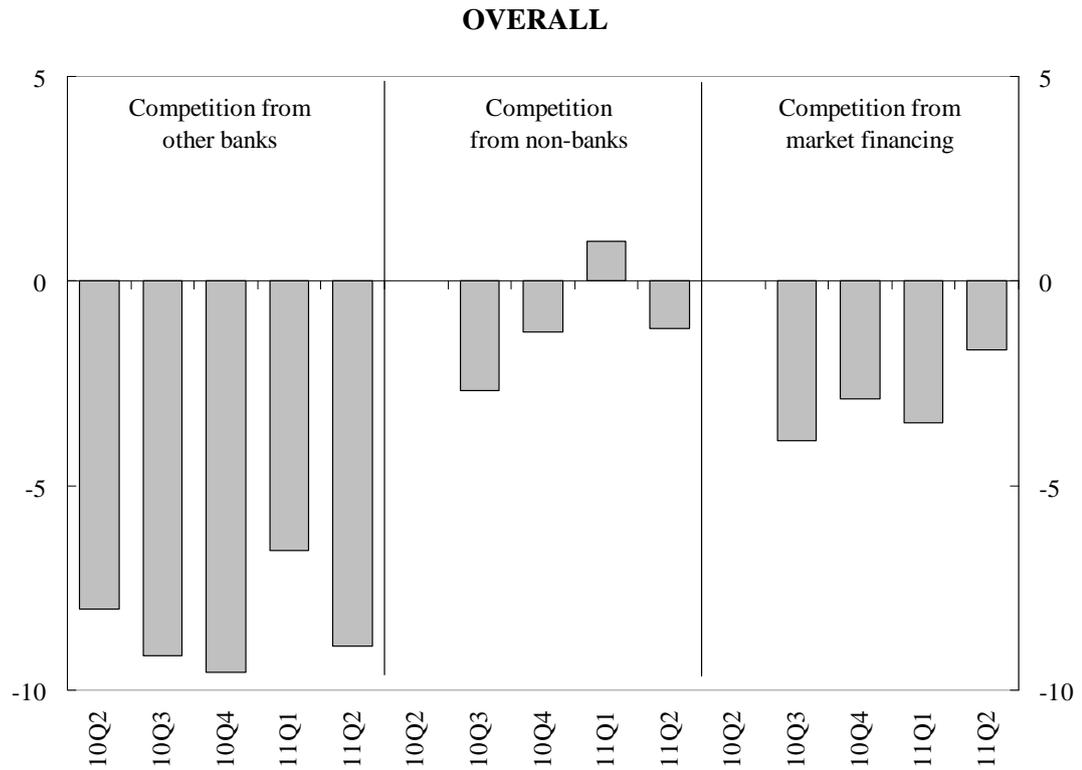


Chart 2b: Factors affecting credit standards applied to the approval of loans or credit lines to enterprises
(net percentage of banks reporting a contribution to tightening standards)



3. Over the past three months, how have your bank's terms and conditions for approving loans or credit lines to enterprises changed?

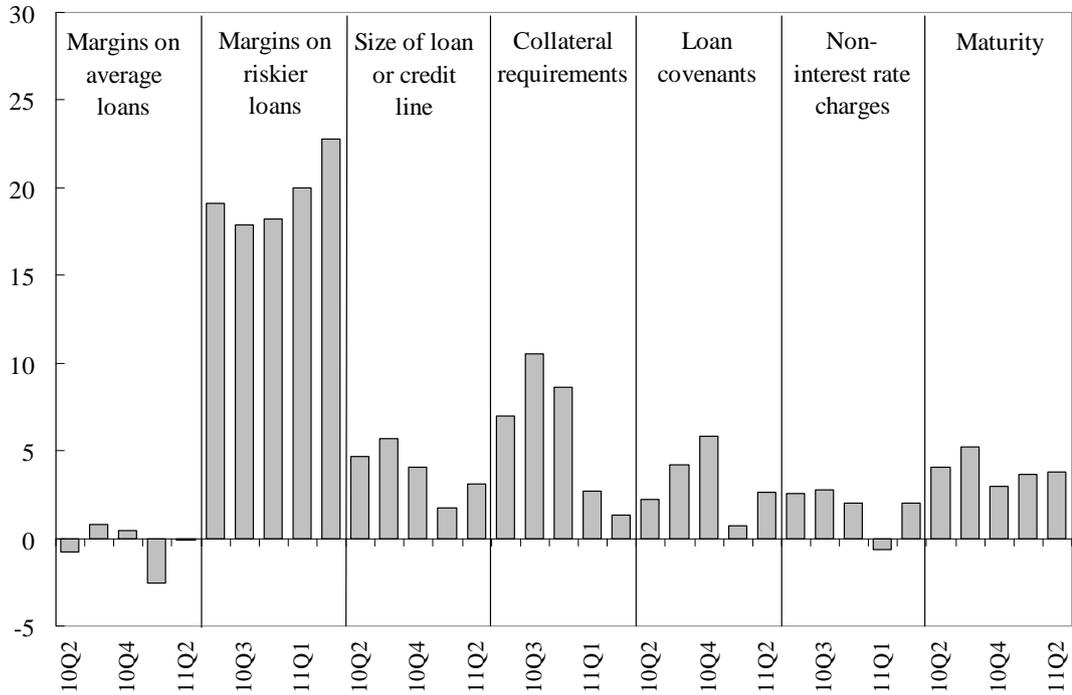
OVERALL	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2011	July 2011	April 2011	July 2011	April 2011	July 2011
							A) Price					
Your bank's margin on average loans	2	17	57	18	0	6	-3	0	-1	1	3.04	3.00
Your bank's margin on riskier loans	3	26	57	6	0	9	20	23	11	13	2.78	2.74
B) Other conditions and terms												
Non-interest rate charges	1	5	84	4	0	7	-1	2	0	1	3.01	2.98
Size of the loan or credit line	1	6	84	3	0	6	2	3	1	2	2.99	2.97
Collateral requirements	2	4	83	5	0	6	3	1	1	2	2.98	2.97
Loan covenants	1	8	78	6	0	8	1	3	0	2	3.00	2.97
Maturity	2	6	81	4	0	6	4	4	2	3	2.96	2.95
SMALL AND MEDIUM-SIZED ENTERPRISES												
	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2011	July 2011	April 2011	July 2011	April 2011	July 2011
							A) Price					
Your bank's margin on average loans	2	17	61	10	0	11	-1	8	-1	5	3.04	2.91
Your bank's margin on riskier loans	2	25	58	3	0	12	21	25	11	13	2.78	2.73
B) Other conditions and terms												
Non-interest rate charges	1	4	82	2	0	11	1	2	1	1	2.99	2.98
Size of the loan or credit line	1	3	83	2	0	11	1	2	0	2	3.00	2.97
Collateral requirements	1	4	81	3	0	11	3	2	1	2	2.97	2.98
Loan covenants	1	4	80	4	0	12	0	1	0	1	3.01	2.99
Maturity	2	4	81	4	0	11	4	2	2	2	2.96	2.97
LARGE ENTERPRISES												
	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2011	July 2011	April 2011	July 2011	April 2011	July 2011
							A) Price					
Your bank's margin on average loans	2	17	50	17	0	14	-2	2	-1	2	3.05	2.98
Your bank's margin on riskier loans	5	25	49	6	0	15	19	24	11	15	2.78	2.70
B) Other conditions and terms												
Non-interest rate charges	1	5	75	4	0	15	-1	1	-1	1	3.02	2.99
Size of the loan or credit line	1	8	73	3	0	14	2	6	0	3	2.99	2.93
Collateral requirements	2	7	72	4	0	14	2	5	1	4	2.98	2.93
Loan covenants	2	6	71	5	0	15	-2	3	-1	3	3.04	2.95
Maturity	3	8	70	5	0	14	4	6	2	4	2.96	2.92

NA = not available; NetP = net percentage; DI = diffusion index.

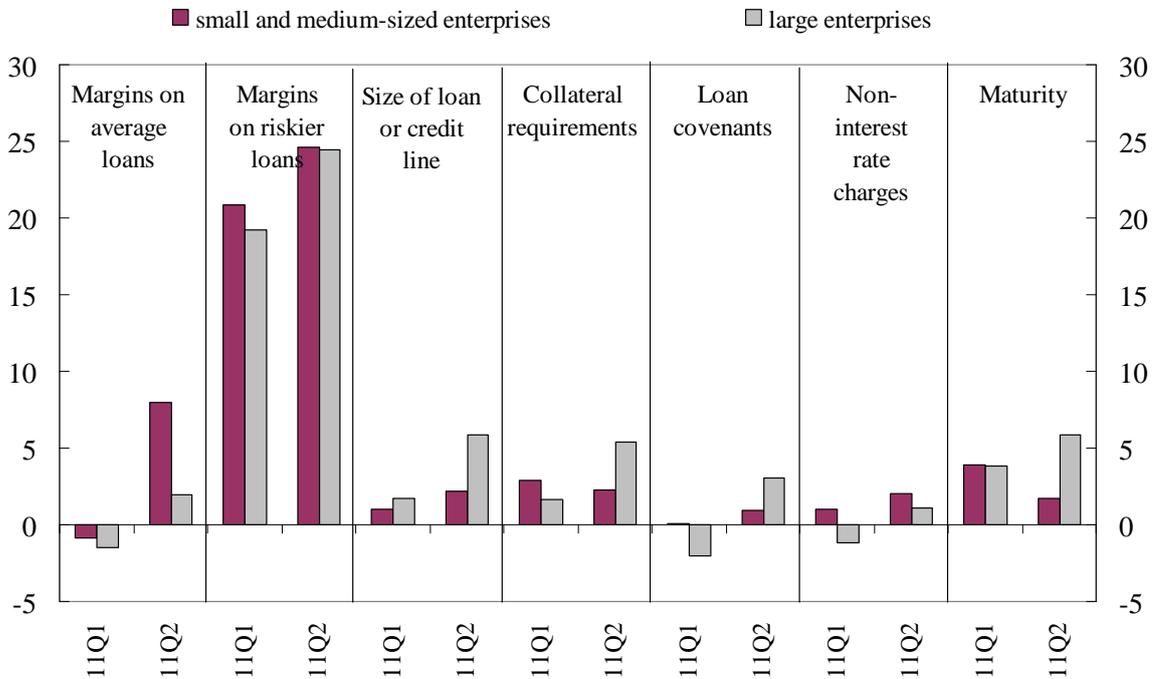
Notes: The net percentage is defined as the difference between the sum of banks responding “-” (tightened considerably) and “-” (tightened somewhat), and the sum of banks responding “+” (eased somewhat) and “+ +” (eased considerably). “°” means “remained basically unchanged”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5).

Chart 3: Changes in terms and conditions for approving loans or credit lines to enterprises
(net percentage of banks reporting tightening terms and conditions)

OVERALL



BREAKDOWN BY FIRM SIZE



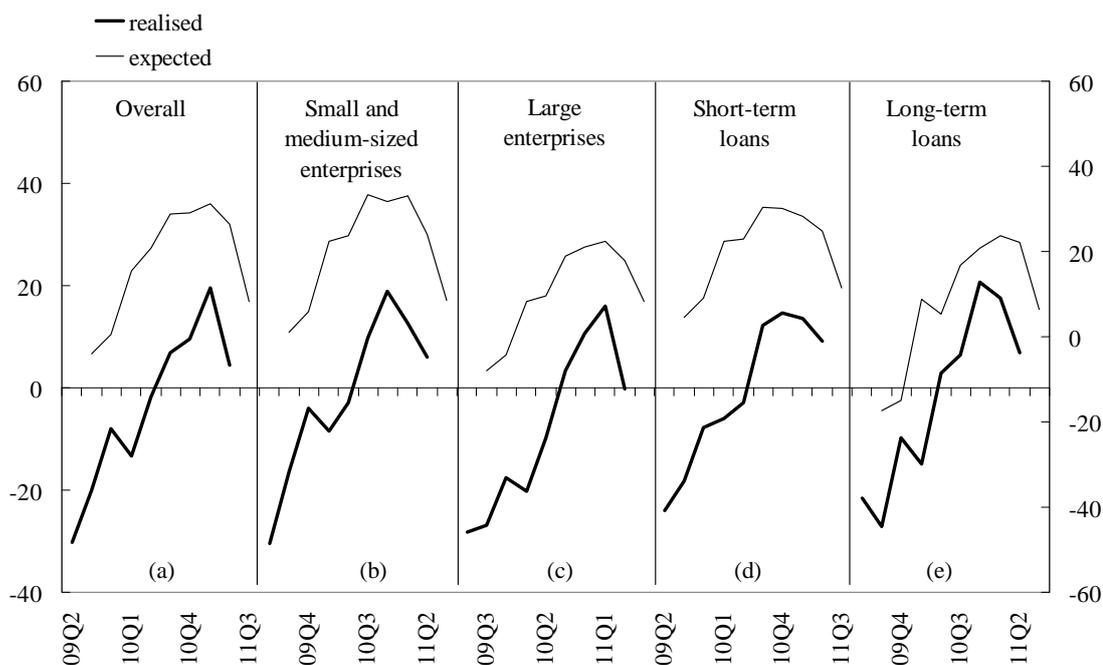
4. Over the past three months, how has the demand for loans or credit lines to enterprises changed at your bank, apart from normal seasonal fluctuations?

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	April 2011	July 2011	April 2011	July 2011	April 2011	July 2011	April 2011	July 2011	April 2011	July 2011
Decreased considerably	1	1	1	1	2	2	0	1	2	3
Decreased somewhat	7	14	11	11	6	12	8	11	6	11
Remained basically unchanged	65	66	63	70	70	73	70	66	66	66
Increased somewhat	27	19	24	18	22	12	21	20	25	21
Increased considerably	1	0	1	0	1	1	1	1	1	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	19	4	13	6	16	0	14	9	18	7
Diffusion index	10	2	6	2	8	0	7	5	9	2
<i>Mean</i>	3.19	3.03	3.12	3.05	3.16	3.00	3.15	3.09	3.17	3.04
Number of banks responding	117	117	115	115	112	112	117	116	115	115

Notes: The net percentage is defined as the difference between the sum of banks responding “increased considerably” and “increased somewhat”, and the sum of banks responding “decreased somewhat” and “decreased considerably”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5).

Chart 4: Changes in demand for loans and credit lines to enterprises

(net percentage of banks reporting positive loan demand)



5. Over the past three months, how have the following factors affected the demand for loans or credit lines to enterprises?

	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2011	July 2011	April 2011	July 2011	April 2011	July 2011
A) Financing needs												
Fixed investment	1	10	61	18	0	9	12	7	5	3	3.12	3.06
Inventories and working capital	0	5	64	21	0	9	18	16	9	8	3.19	3.16
Mergers/acquisitions and corporate restructuring	1	6	70	12	0	12	2	5	0	2	3.00	3.05
Debt restructuring	0	3	70	16	1	10	17	14	9	8	3.18	3.17
B) Use of alternative finance												
Internal financing	1	8	75	5	0	12	-5	-4	-3	-2	2.94	2.94
Loans from other banks	0	4	79	6	1	9	5	3	3	2	3.07	3.04
Loans from non-banks	0	1	85	2	0	12	-1	1	0	0	2.99	3.00
Issuance of debt securities	0	6	74	3	0	17	-1	-3	-1	-2	2.98	2.94
Issuance of equity	0	0	78	3	0	19	2	3	1	1	3.02	3.03

NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding “+ +” (contributed considerably to higher demand) and “+” (contributed somewhat to higher demand), and the sum of banks responding “-” (contributed somewhat to lower demand) and “- -” (contributed considerably to lower demand). “°” means “contributed to basically unchanged demand”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5).

Chart 5a: Factors affecting demand for loans and credit lines to enterprises

(net percentage of banks reporting a positive contribution to demand)

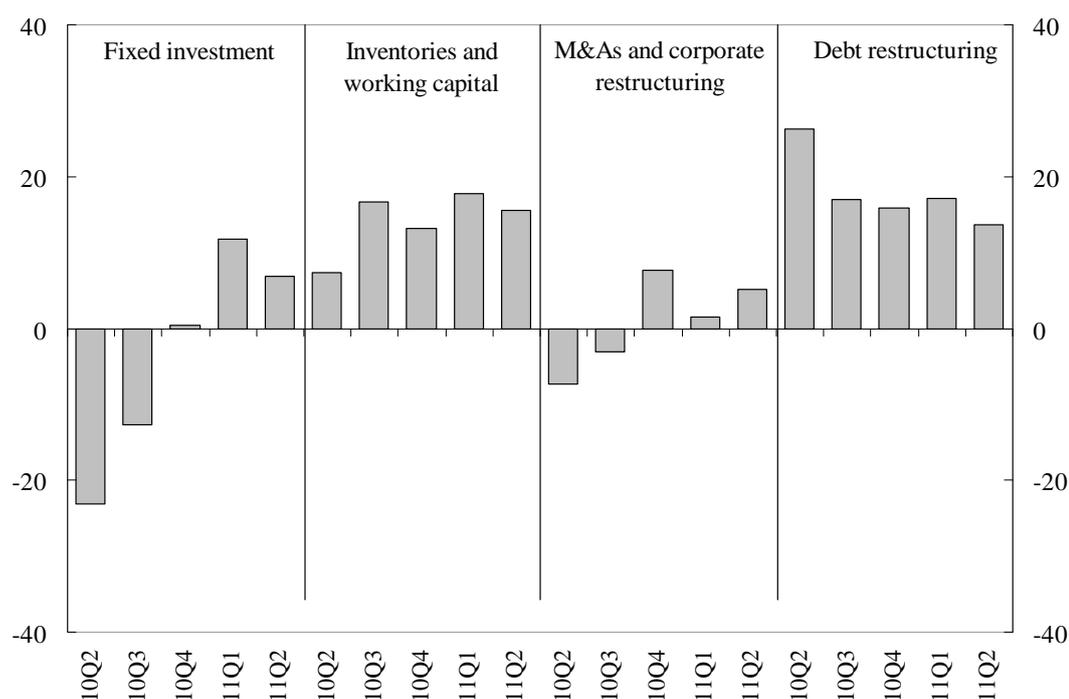
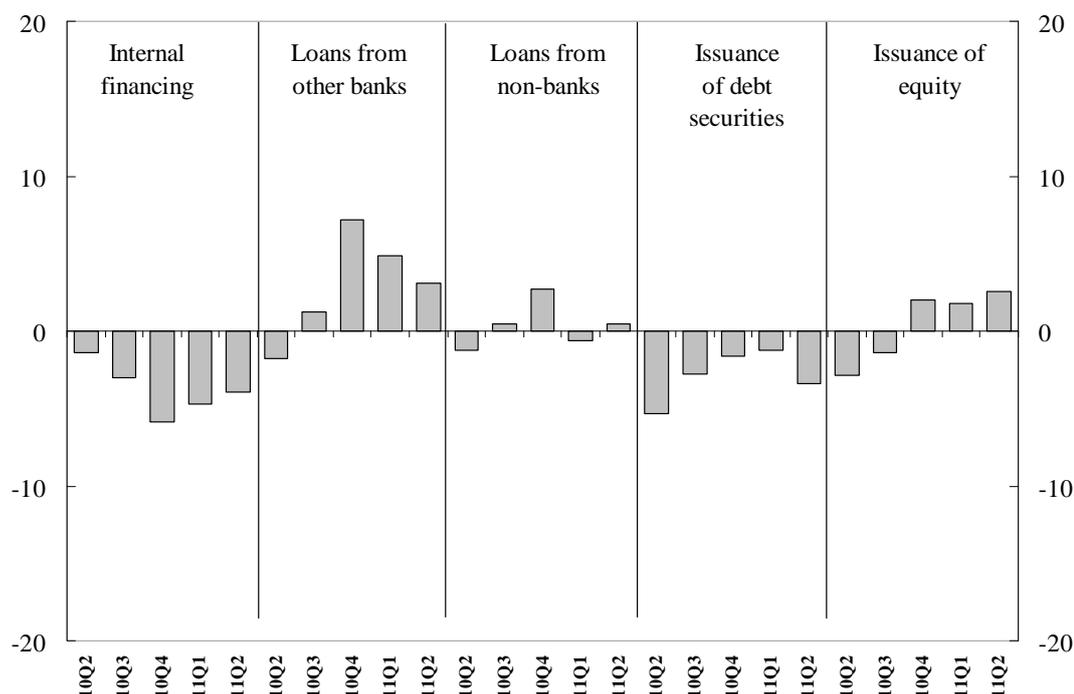


Chart 5b: Factors affecting demand for loans and credit lines to enterprises
(net percentage of banks reporting a positive contribution to demand)

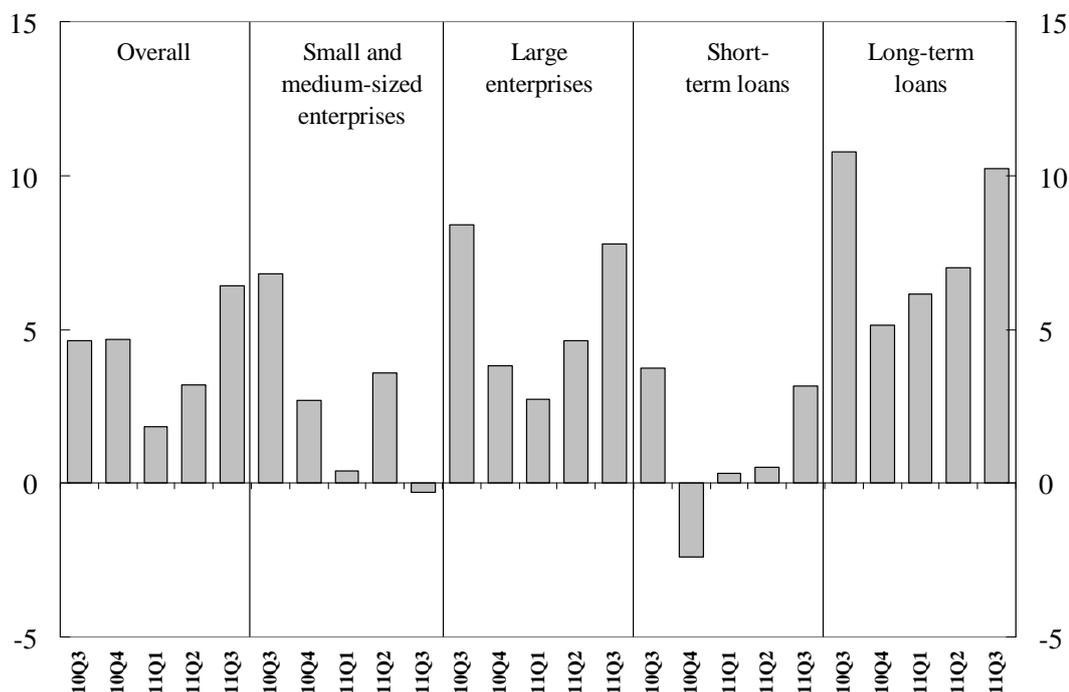


6. Please indicate how you expect your bank's credit standards as applied to the approval of loans or credit lines to enterprises to change over the next three months.

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	April 2011	July 2011	April 2011	July 2011	April 2011	July 2011	April 2011	July 2011	April 2011	July 2011
Tighten considerably	1	1	1	1	1	6	1	1	1	3
Tighten somewhat	7	8	7	5	9	4	6	5	11	10
Remain basically unchanged	87	89	88	88	85	87	87	92	83	85
Ease somewhat	5	2	4	6	5	3	6	2	5	3
Ease considerably	0	0	0	0	0	0	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	3	6	4	0	5	8	1	3	7	10
Diffusion index	2	4	2	0	3	7	1	2	4	6
Mean	2.96	2.93	2.96	3.00	2.94	2.86	2.99	2.96	2.92	2.87
Number of banks responding	116	117	114	116	112	112	116	117	114	116

Notes: The net percentage is defined as the difference between the sum of the percentages of banks responding "tighten considerably" and "tighten somewhat", and the sum of the percentages of banks responding "ease somewhat" and "ease considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5).

Chart 6: Expected changes in credit standards for the approval of loans or credit lines to enterprises
(net percentage of banks expecting tightening credit standards)

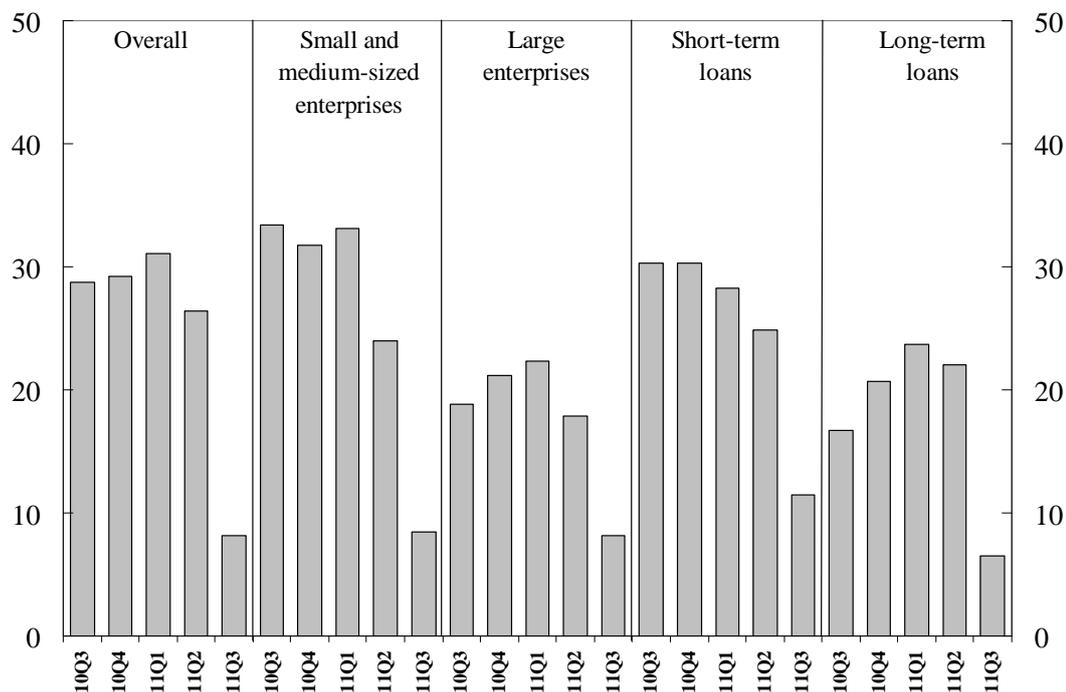


7. Please indicate how you expect demand for loans or credit lines to enterprises to change at your bank over the next three months (apart from normal seasonal fluctuations).

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	April 2011	July 2011	April 2011	July 2011	April 2011	July 2011	April 2011	July 2011	April 2011	July 2011
Decrease considerably	0	0	0	0	0	0	0	0	1	0
Decrease somewhat	2	5	3	5	6	6	4	3	2	7
Remain basically unchanged	69	82	71	81	71	79	68	82	73	80
Increase somewhat	28	12	26	13	23	14	29	15	24	13
Increase considerably	1	1	1	1	0	0	0	0	1	1
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	26	8	24	9	18	8	25	11	22	7
Diffusion index	14	5	12	5	9	4	12	6	11	4
Mean	3.27	3.09	3.25	3.09	3.18	3.08	3.25	3.11	3.22	3.07
Number of banks responding	116	117	114	115	112	112	116	117	114	116

Notes: The net percentage is defined as the difference between the sum of the percentages of banks responding "increase considerably" and "increase somewhat", and the sum of the percentages of banks responding "decrease somewhat" and "decrease considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5).

Chart 7: Expected demand for loans and credit lines to enterprises
(net percentage of banks expecting a positive loan demand)



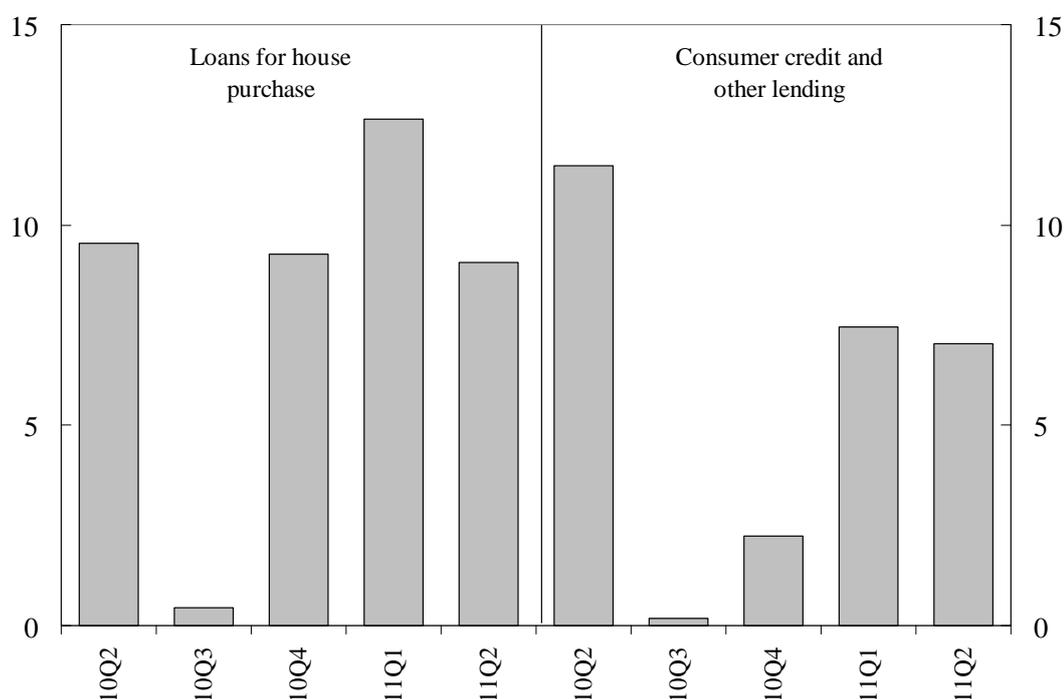
II. Loans to households

8. Over the past three months, how have your bank's credit standards as applied to the approval of loans to households changed?

	Loans for house purchase		Consumer credit and other lending	
	April 2011	July 2011	April 2011	July 2011
Tightened considerably	1	1	1	2
Tightened somewhat	14	8	10	7
Remained basically unchanged	83	91	85	91
Eased somewhat	2	0	4	1
Eased considerably	0	0	0	0
Total	100	100	100	100
Net percentage	13	9	8	7
Diffusion index	7	5	4	4
Mean	2.87	2.90	2.92	2.91
Number of banks responding	112	111	114	113

Notes: The net percentage is defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat", and the sum of the percentages of banks responding "eased somewhat" and "eased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5).

Chart 8: Credit standards applied to the approval of loans to households
(net percentage of banks reporting tightening credit standards)



9. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of loans to households for house purchase?

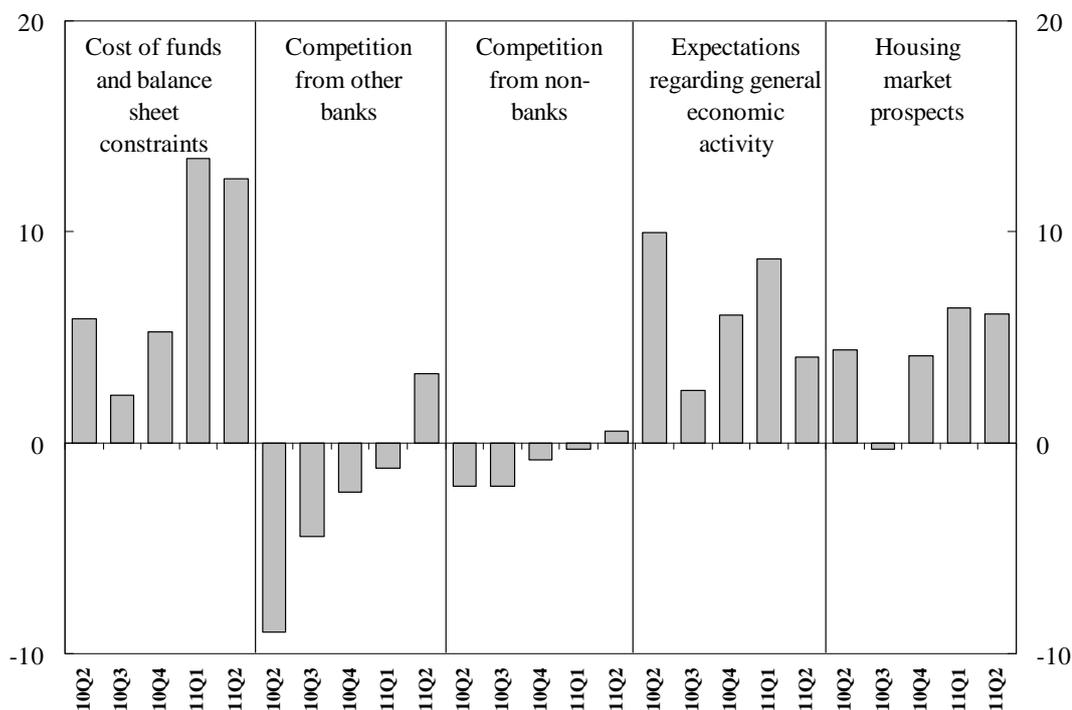
	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2011	July 2011	April 2011	July 2011	April 2011	July 2011
A) Cost of funds and balance sheet constraints	2	11	74	0	0	13	14	13	8	7	2.83	2.84
B) Pressure from competition												
Competition from other banks	0	3	84	0	0	13	-1	3	-1	2	3.01	2.97
Competition from non-banks	0	1	86	0	0	14	0	1	0	0	3.01	2.99
C) Perception of risk												
Expectations regarding general economic activity	3	2	82	1	0	12	9	4	6	3	2.89	2.93
Housing market prospects	1	7	79	1	0	12	6	6	4	4	2.91	2.92

NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding “- -” (contributed considerably to tightening) and “-” (contributed somewhat to tightening), and the sum of banks responding “+” (contributed somewhat to easing) and “+ +” (contributed considerably to easing). “°” means “contributed to basically unchanged credit standards”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5).

Chart 9: Factors affecting credit standards applied to the approval of loans to households for house purchase

(net percentage of banks reporting tightening standards)



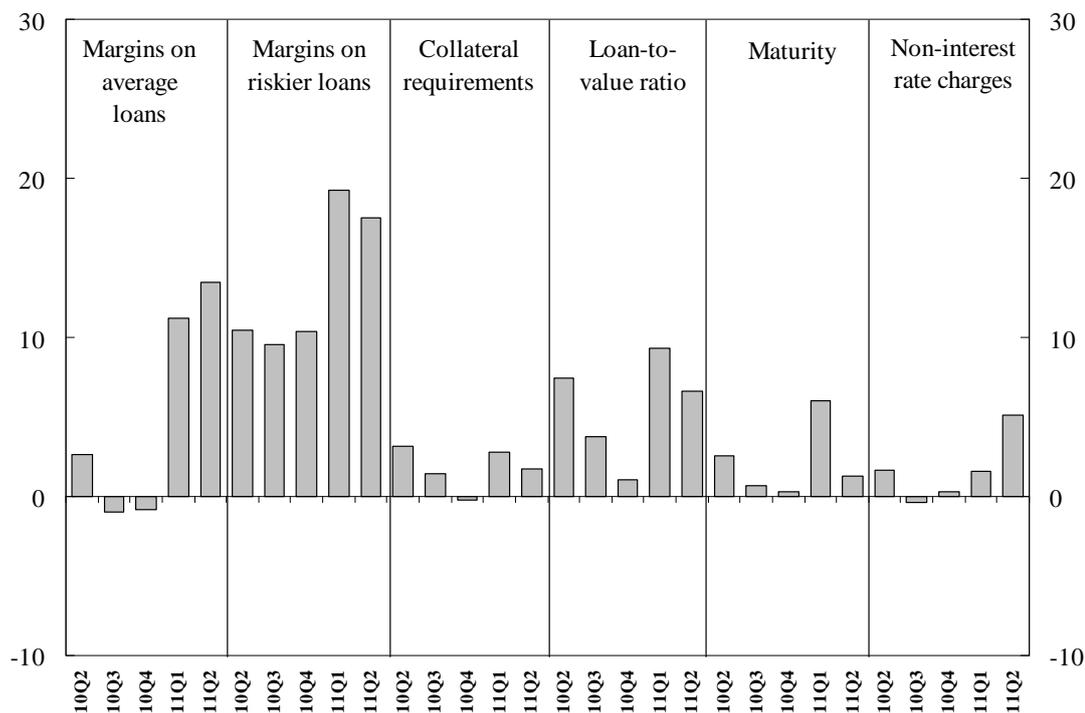
10. Over the past three months, how have your bank's terms and conditions for approving loans to households for house purchase changed?

	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2011	July 2011	April 2011	July 2011	April 2011	July 2011
A) Price												
Your bank's margin on average loans	1	16	67	4	0	12	11	14	6	7	2.88	2.85
Your bank's margin on riskier loans	2	16	69	1	0	12	19	18	11	10	2.76	2.79
B) Other conditions and terms												
Collateral requirements	1	2	85	1	0	12	3	2	1	1	2.97	2.98
Loan-to-value ratio	0	7	80	1	0	12	9	7	5	3	2.89	2.93
Maturity	0	2	85	1	0	12	6	1	3	1	2.94	2.99
Non-interest rate charges	0	7	78	2	0	12	2	5	1	3	2.98	2.95

NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding “- -” (tightened considerably) and “-” (tightened somewhat), and the sum of banks responding “+” (eased somewhat) and “+ +” (eased considerably). “°” means “remained basically unchanged”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5).

Chart 10: Changes in terms and conditions for approving loans to households for house purchase
(net percentage of banks reporting tightening terms and conditions)



11. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households (as described in question 8)?

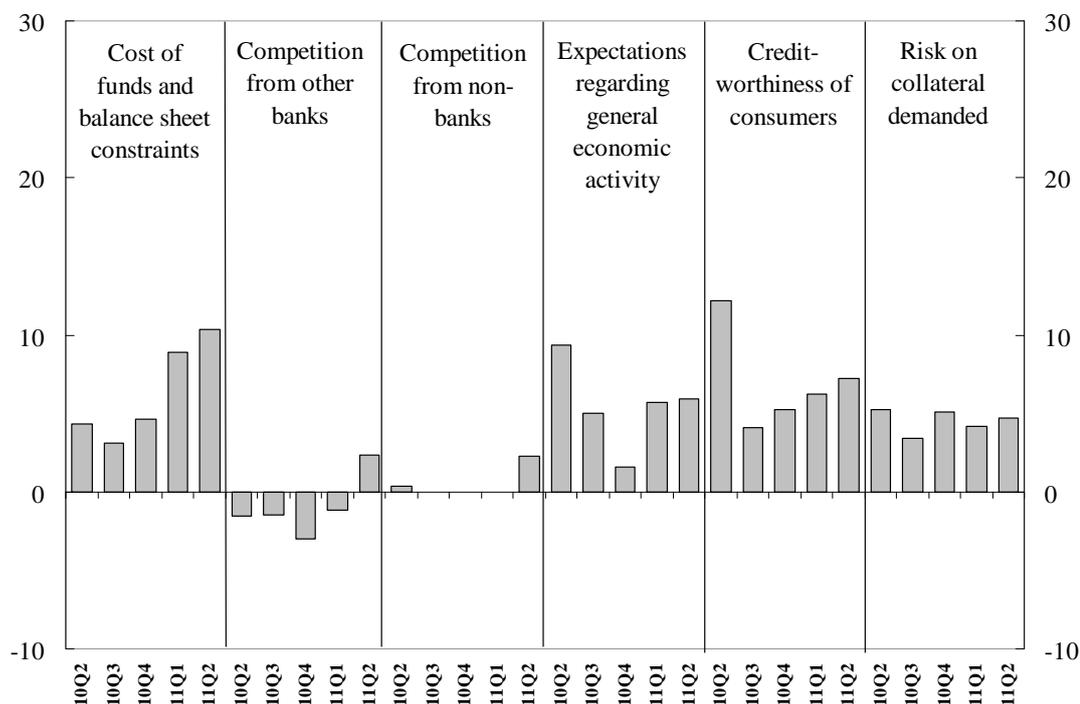
	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2011	July 2011	April 2011	July 2011	April 2011	July 2011
A) Cost of funds and balance sheet constraints	2	9	76	0	0	13	9	10	6	6	2.89	2.87
B) Pressure from competition	0	0	0	0	0	0	0	0	0	0		
Competition from other banks	0	3	83	1	0	13	-1	2	-1	1	3.02	2.97
Competition from non-banks	0	2	83	0	0	15	0	2	0	1	3.00	2.97
C) Perception of risk												
Expectations regarding general economic activity	3	4	79	1	0	13	6	6	4	4	2.92	2.91
Creditworthiness of consumers	2	6	79	1	0	13	6	7	4	5	2.93	2.90
Risk on collateral demanded	1	4	80	0	0	15	4	5	2	3	2.95	2.94

NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding “-” (contributed considerably to tightening) and “-” (contributed somewhat to tightening), and the sum of banks responding “+” (contributed somewhat to easing) and “+ +” (contributed considerably to easing). “°” means “contributed to basically unchanged credit standards”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5).

Chart 11: Factors affecting credit standards applied to the approval of consumer credit and other lending to households

(net percentage of banks reporting a contribution to tightening standards)



12. Over the past three months, how have your bank's terms and conditions for approving consumer credit and other lending to households changed?

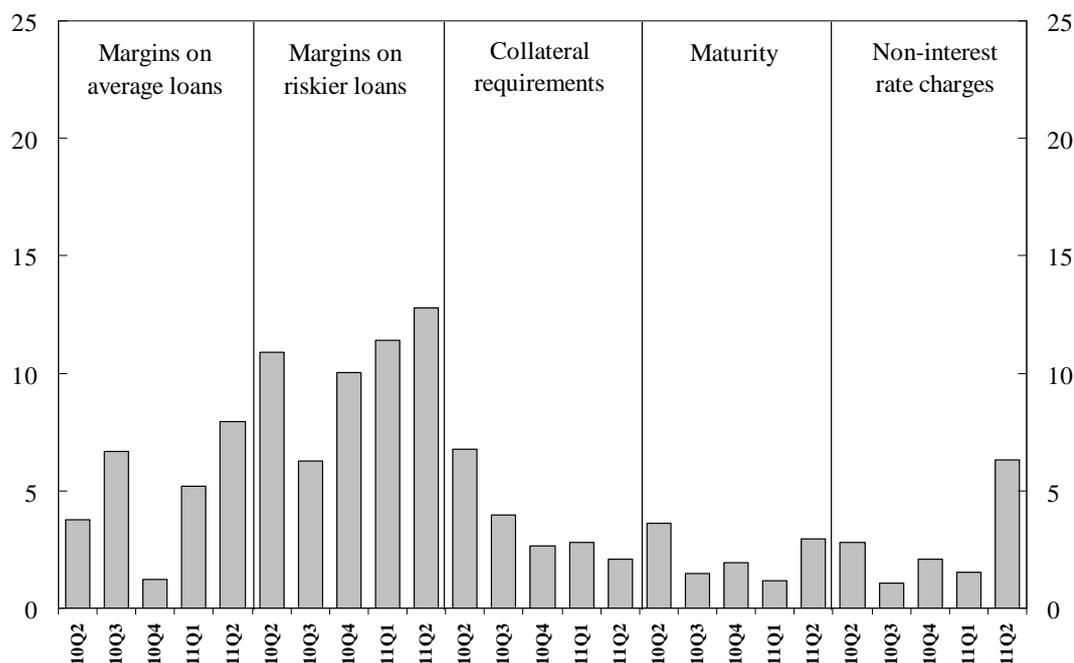
	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2011	July 2011	April 2011	July 2011	April 2011	July 2011
A) Price												
Your bank's margin on average loans	1	10	75	3	0	11	5	8	3	5	2.95	2.91
Your bank's margin on riskier loans	2	12	75	1	0	11	11	13	6	7	2.88	2.85
B) Other conditions and terms												
Collateral requirements	1	2	86	0	0	12	3	2	1	1	2.97	2.97
Maturity	0	3	86	0	0	11	1	3	1	2	2.99	2.97
Non-interest rate charges	1	6	82	0	0	12	2	6	1	3	2.99	2.93

NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding “- -” (tightened considerably) and “-” (tightened somewhat), and the sum of banks responding “+” (eased somewhat) and “+ +” (eased considerably). “°” means “remained basically unchanged”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5).

Chart 12: Changes in terms and conditions for approving consumer credit and other lending to households

(net percentage of banks reporting tightening terms and conditions)

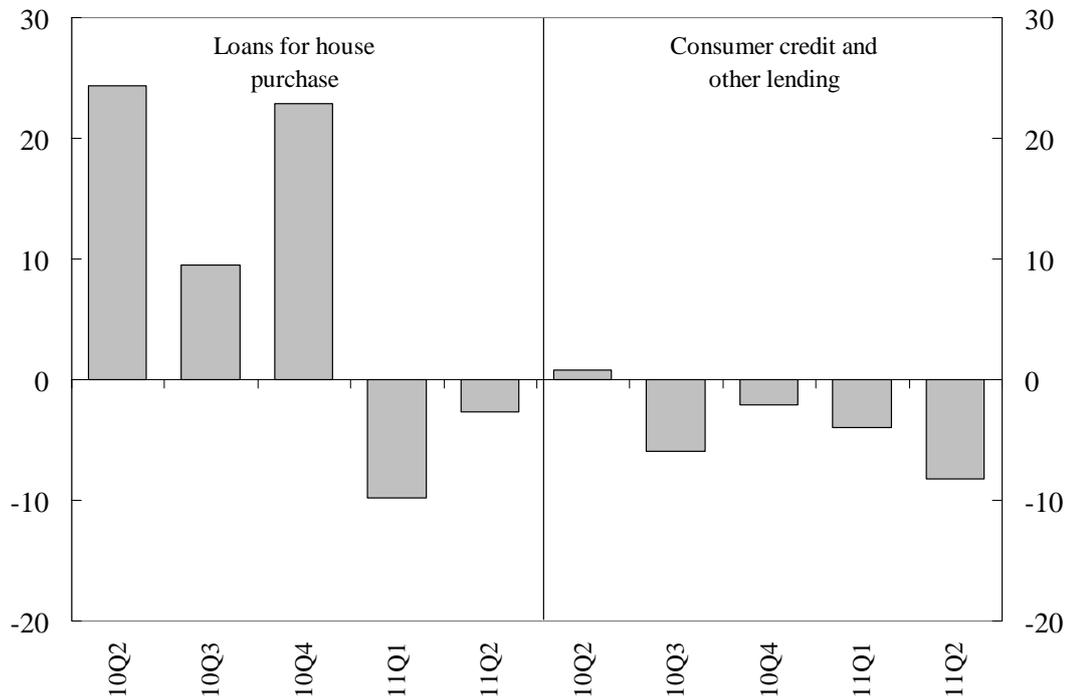


13. Over the past three months, how has the demand for loans to households changed at your bank, apart from normal seasonal fluctuations?

	Loans for house purchase		Consumer credit and other lending	
	April 2011	July 2011	April 2011	July 2011
Decreased considerably	9	5	2	2
Decreased somewhat	23	21	15	20
Remained basically unchanged	45	52	71	65
Increased somewhat	23	22	10	13
Increased considerably	0	1	3	1
Total	100	100	100	100
Net percentage	-10	-3	-4	-8
Diffusion index	-10	-3	-2	-5
<i>Mean</i>	2.81	2.93	2.96	2.91
Number of banks responding	112	112	114	113

Notes: The net percentage is defined as the difference between the sum of the percentages of banks responding “increased considerably” and “increased somewhat”, and the sum of the percentages of banks responding “decreased somewhat” and “decreased considerably”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5).

Chart 13: Demand for loans to households
(net percentage of banks reporting positive loan demand)



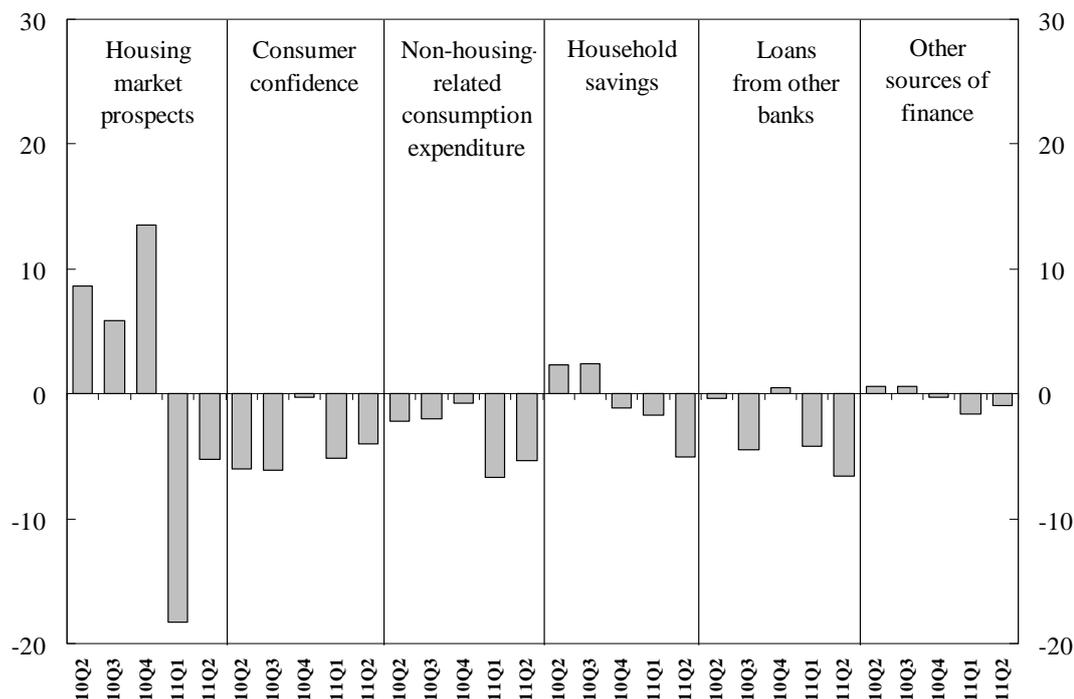
14. Over the past three months, how have the following factors affected the demand for loans to households for house purchase (as described in question 13)?

	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2011	July 2011	April 2011	July 2011	April 2011	July 2011
A) Financing needs												
Housing market prospects	2	16	57	13	0	12	-18	-5	-10	-4	2.77	2.93
Consumer confidence	3	11	65	10	0	12	-5	-4	-4	-3	2.92	2.94
Non-housing-related consumption expenditure	1	7	78	2	0	12	-7	-5	-3	-3	2.93	2.94
B) Use of alternative finance												
Household savings	0	9	75	3	0	13	-2	-5	-1	-3	2.98	2.95
Loans from other banks	0	8	77	1	0	13	-4	-7	-2	-3	2.95	2.93
Other sources of finance	0	1	83	1	0	15	-2	-1	-1	-1	2.98	2.99

NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding “+ +” (contributed considerably to higher demand) and “+” (contributed somewhat to higher demand), and the sum of banks responding “-” (contributed somewhat to lower demand) and “- -” (contributed considerably to lower demand). “°” means “contributed to basically unchanged demand”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5).

Chart 14: Factors affecting demand for loans to households for house purchase
(net percentage of banks reporting a positive contribution to demand)



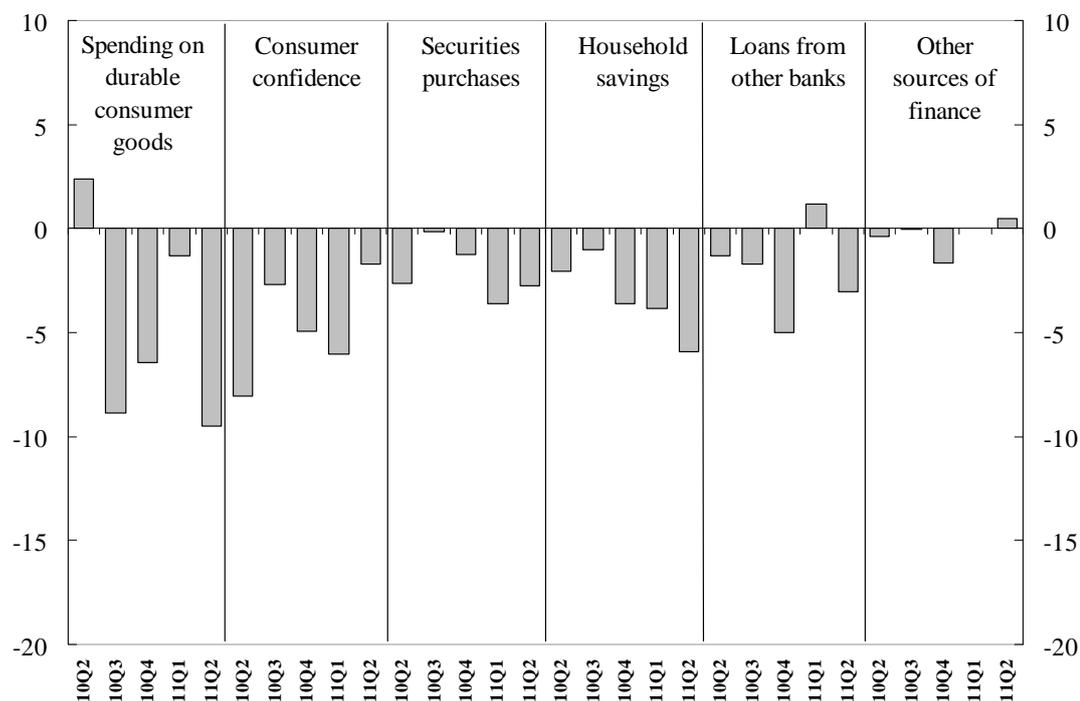
15. Over the past three months, how have the following factors affected the demand for consumer credit and other lending to households (as described in question 13)?

	--	-	°	+	++	NA	NetP		NetP		Mean	
							April 2011	July 2011	April 2011	July 2011	April 2011	July 2011
A) Financing needs												
Spending on durable consumer goods	1	15	65	7	0	12	-1	-10	-1	-5	2.99	2.88
Consumer confidence	3	6	73	7	0	11	-6	-2	-3	-3	2.94	2.95
Securities purchases	1	3	79	1	0	16	-4	-3	-2	-2	2.96	2.97
B) Use of alternative finance												
Household savings	1	6	80	1	0	12	-4	-6	-2	-3	2.96	2.93
Loans from other banks	0	6	80	2	1	12	1	-3	1	-1	3.01	2.98
Other sources of finance	0	0	87	1	0	13	0	1	0	0	3.00	3.01

NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding “+ +” (contributed considerably to higher demand) and “+” (contributed somewhat to higher demand), and the sum of banks responding “-” (contributed somewhat to lower demand) and “- -” (contributed considerably to lower demand). “°” means “contributed to basically unchanged demand”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5).

Chart 15: Factors affecting demand for consumer credit and other lending to households
(net percentage of banks reporting a positive contribution to demand)

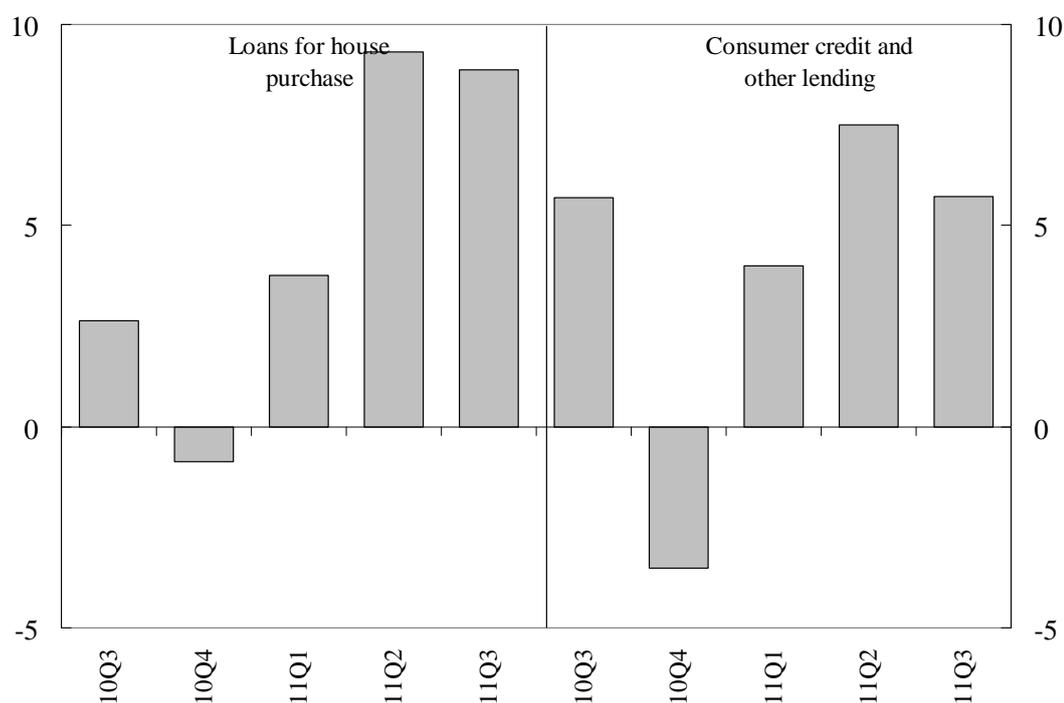


16. Please indicate how you expect your bank's credit standards as applied to the approval of loans to households to change over the next three months.

	Loans for house purchase		Consumer credit and other lending	
	April 2011	July 2011	April 2011	July 2011
Tighten considerably	2	4	2	1
Tighten somewhat	9	8	7	6
Remain basically unchanged	87	85	89	91
Ease somewhat	2	3	2	2
Ease considerably	0	0	0	0
Total	100	100	100	100
Net percentage	9	9	8	6
Diffusion index	6	6	5	3
<i>Mean</i>	2.89	2.87	2.90	2.93
Number of banks responding	112	111	112	113

Notes: The net percentage is defined as the difference between the sum of the percentages of banks responding "tighten considerably" and "tighten somewhat", and the sum of the percentages of banks responding "ease somewhat" and "ease considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5).

Chart 16: Expected credit standards for loans to households
(net percentage of banks expecting tightening standards)

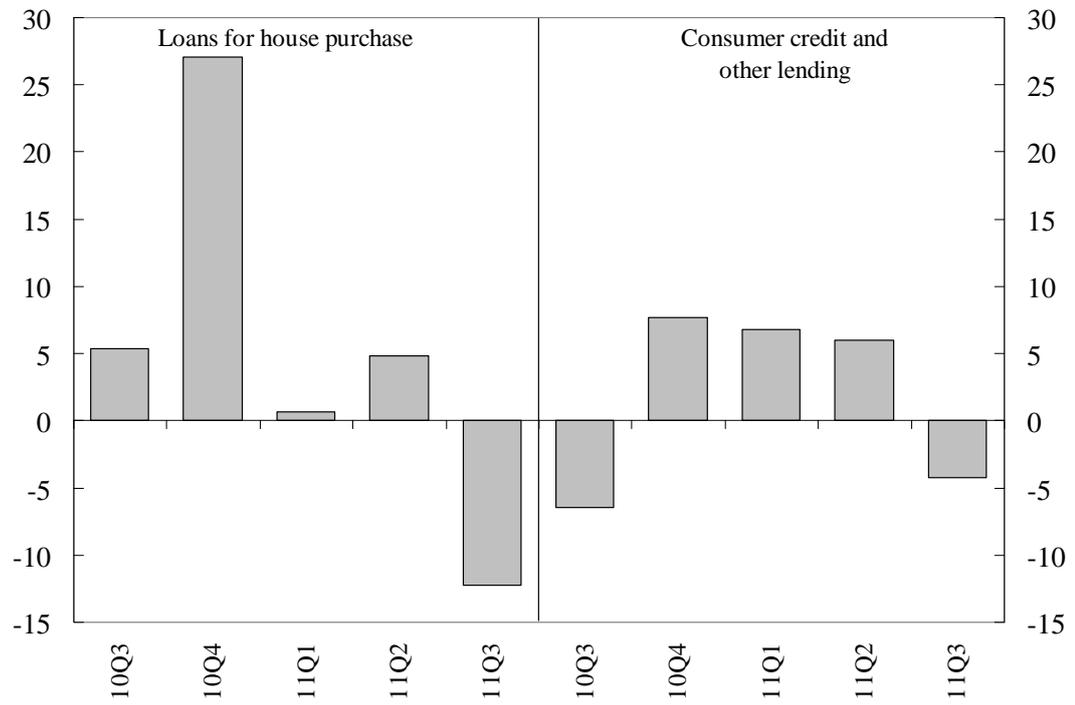


17. Please indicate how you expect demand for loans to households to change over the next three months at your bank (apart from normal seasonal fluctuations).

	Loans for house purchase		Consumer credit and other lending	
	April 2011	July 2011	April 2011	July 2011
Decrease considerably	2	4	1	2
Decrease somewhat	14	19	7	10
Remain basically unchanged	64	68	78	80
Increase somewhat	21	10	12	8
Increase considerably	0	0	3	0
Total	100	100	100	100
Net percentage	5	-12	6	-4
Diffusion index	1	-8	4	-3
<i>Mean</i>	3.03	2.84	3.07	2.94
Number of banks responding	112	111	114	112

Notes: The net percentage is defined as the difference between the sum of the percentages of banks responding “increase considerably” and “increase somewhat”, and the sum of the percentages of banks responding “decrease somewhat” and “decrease considerably”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5).

Chart 17: Expected demand for loans to households
(net percentage of banks expecting positive loan demand)



ANNEX 2: RESULTS FOR THE AD HOC QUESTIONS

- i. As a result of the situation in financial markets, has your market access changed when tapping your usual sources of wholesale funding and/or has your ability to transfer risk changed over the past three months, or are you expecting this access/activity to change over the next three months?⁵

	Over the past three months							Over the next three months							N/A ⁽²⁾
	--	-	o	+	++	Mean	Standard deviation	--	-	o	+	++	Mean	Standard deviation	
A) Interbank unsecured money market															
Very short-term money market (up to one week)	3%	14%	75%	7%	0%	2.87	0.60	2%	14%	79%	4%	0%	2.86	0.55	13%
Short-term money market (more than one week)	5%	23%	69%	2%	0%	2.69	0.65	5%	17%	76%	2%	0%	2.76	0.61	14%
B) Debt securities ⁽³⁾															
Short-term debt securities (e.g. certificates of deposit or commercial paper)	3%	19%	75%	3%	0%	2.78	0.57	2%	18%	79%	0%	0%	2.77	0.51	21%
Medium to long-term debt securities (incl. covered bonds)	9%	21%	63%	5%	1%	2.69	0.79	7%	17%	72%	4%	0%	2.72	0.68	16%
C) Securitisation ⁽⁴⁾															
Securitisation of corporate loans	9%	11%	73%	7%	0%	2.78	0.84	8%	8%	76%	8%	0%	2.84	0.82	57%
Securitisation of loans for house purchase	7%	3%	81%	9%	0%	2.92	0.72	6%	15%	70%	9%	0%	2.82	0.77	53%
D) Ability to transfer credit risk off balance sheet ⁽⁵⁾	5%	11%	77%	4%	3%	2.87	0.75	5%	7%	87%	1%	0%	2.84	0.59	53%

⁽¹⁾ Please also take into account any effect of state guarantees for debt securities and recapitalisation support.

⁽²⁾ Please select “N/A” (not applicable) only if the source of funding is not relevant for your bank.

⁽³⁾ Usually involves on-balance sheet funding.

⁽⁴⁾ Usually involves the sale of loans from banks’ balance sheets, i.e. off-balance sheet funding.

⁽⁵⁾ Usually involves the use of credit derivatives, with the loans remaining on banks’ balance sheets.

- ii. How have your risk-weighted assets and your capital position changed over the past six months in order to comply with the capital requirements set out in “Basel III” (or any other specific national regulations concerning banks’ capital that have recently been approved or are expected to be approved in the near future), and how do you expect these to change over the next six months and in 2012?

(Please do not take into account the “mechanical” effects that the implementation of Basel III will have on risk weights and the definition of capital.)

	Over the past six months								Over the next six months							
	--	-	o	+	++	Not applicable	Mean	SD	--	-	o	+	++	Not applicable	Mean	SD
Risk-weighted assets	1%	26%	56%	5%	2%	10%	2.8	0.73	1%	27%	53%	7%	1%	10%	2.8	0.72
Of which: Average loans	1%	13%	66%	6%	2%	12%	2.9	0.66	0%	20%	58%	8%	1%	13%	2.9	0.68
Riskier loans	1%	24%	54%	5%	1%	14%	2.8	0.70	2%	29%	48%	4%	1%	15%	2.7	0.75
Capital position	0%	2%	40%	33%	9%	16%	3.5	0.77	0%	0%	52%	25%	7%	17%	3.4	0.67
Of which: Retained earnings	0%	4%	48%	27%	4%	17%	3.4	0.71	0%	2%	52%	26%	2%	19%	3.4	0.58
Share issuance	0%	1%	52%	6%	12%	29%	3.4	0.78	0%	0%	59%	3%	7%	31%	3.2	0.64

⁵ See Basel Committee on Banking Supervision, *Basel III: A global regulatory framework for more resilient banks and banking systems*, Bank for International Settlements, 16 December 2010 (available at: <http://www.bis.org/publ/bcbs189.pdf>).

	2012							
	--	-	o	+	++	Not applicable	Mean	SD
Risk-weighted assets	2%	21%	55%	8%	1%	13%	2.9	0.73
Of which: Average loans	1%	17%	55%	11%	1%	15%	2.9	0.71
Riskier loans	3%	27%	48%	4%	1%	17%	2.7	0.74
Capital position	0%	1%	42%	34%	4%	19%	3.5	0.64
Of which: Retained earnings	0%	1%	42%	32%	4%	20%	3.5	0.65
Share issuance	0%	0%	63%	3%	2%	32%	3.1	0.38

- iii. How have your bank's credit standards for loans changed over the past six months as a result of adjustments implemented and/or planned owing to the new capital requirements set out in "Basel III" (or any other specific national regulations concerning banks' capital that have recently been approved or are expected to be approved in the near future), and how do you expect these to change over the next six months and in 2012?

	Loans and credit lines to enterprises		Loans to households		
	Small and medium-sized enterprises	Large enterprises	For house purchase	Consumer credit and other lending	
Over the past six months	--	1%	2%	1%	2%
	-	6%	20%	4%	4%
	=	94%	78%	93%	94%
	+	0%	0%	2%	0%
	++	0%	0%	0%	0%
	Mean	2.93	2.77	2.96	2.92
	Standard deviation	0.29	0.48	0.34	0.34
	Number of banks responding	110	108	108	111
	Net percentage	6	22	3	6
Over the next six months	--	1%	2%	2%	2%
	-	9%	17%	3%	4%
	=	90%	82%	95%	92%
	+	0%	0%	0%	2%
	++	0%	0%	0%	0%
	Mean	2.89	2.80	2.93	2.94
	Standard deviation	0.37	0.46	0.33	0.39
	Number of banks responding	110	108	108	111
	Net percentage	10	18	5	4
2012	--	2%	3%	2%	3%
	-	23%	33%	12%	12%
	=	75%	65%	83%	83%
	+	0%	0%	3%	0%
	++	0%	0%	0%	2%
	Mean	2.72	2.62	2.87	2.86
	Standard deviation	0.53	0.57	0.49	0.57
	Number of banks responding	107	106	106	109
	Net percentage	25	35	11	13

ANNEX 3: GLOSSARY

To assist respondent banks in filling out the questionnaire, this glossary defines the most important terminology used in the bank lending survey:

Capital

In accordance with the Basel capital adequacy requirements, the definition of capital includes both tier 1 capital (core capital) and tier 2 capital (supplementary capital). In the context of the EU Capital Requirements Directive, Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions defines capital as own funds and makes a distinction between original own funds and additional own funds.

Collateral

The security given by a borrower to a lender as a pledge for the repayment of a loan. This could include certain financial securities, such as equity or debt securities, real estate or compensating balances (a compensating balance is the minimum amount of a loan that the borrower is required to keep in an account at the bank).

Consumer confidence

Consumers' assessments of economic and financial trends in a particular country and/or in the euro area. They include assessments of the past and current financial situations of households and resulting prospects for the future, assessments of the past and current general economic situation and resulting prospects for the future, as well as assessments of the advisability of making residential investments (question 14), particularly in terms of affordability, and/or major purchases of durable consumer goods (question 15).

Cost of funds and balance sheet constraints

A bank's capital and the costs related to its capital position can become a balance sheet constraint that may inhibit the expansion of its lending. For a given level of capital, the bank's loan supply could be affected by its liquidity position and its access to money and debt markets. Similarly, a bank could abstain from granting a loan, or be less willing to lend, if it knows that it will not be able subsequently to transfer the risk (synthetic securitisation) or the entire asset (true-sale securitisation) off its balance sheet.

Covenant

An agreement or stipulation laid down in loan contracts, particularly contracts with enterprises, under which the borrower pledges either to take certain action (an affirmative covenant), or to refrain from taking certain action (a negative covenant); this is consequently part of the terms and conditions of the loan.

Credit line

A facility with a stated maximum amount that an enterprise is entitled to borrow from a bank at any given time. For the purposes of the survey, developments regarding credit lines should be interpreted as changes in the net amount that can be drawn down under either an existing or a new credit line.

Credit standards

The internal guidelines or criteria that reflect a bank's lending policy. They are the written and unwritten criteria, or other practices related to this policy, which define the types of loan a bank considers desirable and undesirable, its designated geographical priorities, collateral deemed acceptable or unacceptable, etc. For the purposes of the survey, changes in written loan policies, together with changes in their application, should be reported.

Credit terms and conditions

These refer to the specific obligations agreed upon by the lender and the borrower. In the context of the bank lending survey, they consist of the direct price or interest rate, the maximum size of the loan and the access conditions, and other terms and conditions in the form of non-interest rate charges (i.e. fees), collateral requirements (including compensating balances), loan covenants and maturities (short-term versus long-term).

Debt restructuring

Debt restructuring is a relevant factor in the context of the bank lending survey only to the extent that it gives rise to an actual increase or decrease in demand for loans following the decision of corporations with outstanding debt obligations to alter the terms and conditions of these loans. Generally, companies use debt restructuring to avoid defaulting on existing debt or to take advantage of lower interest rates or lower interest rate expectations. In the context of this survey, debt restructuring should not be interpreted as the switching between different types of debt (such as MFI loans and debt securities; this is already captured under the item "Issuance of debt securities"), capital restructuring (substitution between debt and equity) or share buybacks (already captured under the item "Issuance of equity"). Debt restructuring in the form of inter-company loans is already covered by the item "Loans from non-banks". Moreover, debt

restructuring in the form of a substitution between short-term and long-term loans does not give rise to a change in overall loan demand.

Diffusion index

The diffusion index is defined as the difference between the weighted sum of the percentages of banks responding “tightened considerably” and “tightened somewhat”, and the weighted sum of the percentages of banks responding “eased considerably” and “eased somewhat”. Regarding demand for loans, the diffusion index is defined as the difference between the weighted sum of the percentages of banks responding “increased considerably” and “increased somewhat”, and the weighted sum of the percentages of banks responding “decreased considerably” and “decreased somewhat”. The diffusion index is weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5).

Enterprises

The term “enterprises” denotes non-financial corporations, i.e. all private and public institutional units, irrespective of their size and legal form, which are not principally engaged in financial intermediation but rather in the production of goods and non-financial services.

Enterprise size

The distinction between large enterprises and small and medium-sized enterprises is based on annual sales. An enterprise is considered large if its annual net turnover is more than €50 million.

Households

Individuals or groups of individuals acting as consumers or as producers of goods and non-financial services exclusively intended for their own final consumption, as well as small-scale market producers.

Housing market prospects

In question 9, (besides interest rate developments) “housing market prospects” refers to the risk on the collateral demanded; in question 14, it includes households’ expectations regarding changes in house prices.

Loans

The loans covered by the bank lending survey are those granted to euro area residents by domestic bank branches, and include loans or credit lines to enterprises, loans to households for house purchase, and consumer credit and other lending to households.

Loan-to-value ratio

The ratio of the amount borrowed to the appraisal or market value of the underlying collateral, usually employed in relation to loans used for real estate financing.

Maturity

Maturity as used in the bank lending survey is original maturity, and only two types are used: short-term and long-term. Short-term loans are loans with an original maturity of one year or less; long-term loans have an original maturity of more than one year.

Net percentage (or balance)

In the context of credit standards, the net percentage is defined as the difference between the sum of the percentages of banks responding “tightened considerably” and “tightened somewhat”, and the sum of the percentages of banks responding “eased considerably” and “eased somewhat”. Regarding demand for loans, the net percentage is defined as the difference between the sum of the percentages of banks responding “increased considerably” and “increased somewhat”, and the sum of the percentages of banks responding “decreased considerably” and “decreased somewhat”.

Non-banks

In general, these consist of non-monetary financial corporations, in particular insurance corporations and pension funds, financial auxiliaries and other financial intermediaries.

Non-interest rate charges

Various kinds of fees that can form part of the pricing of a loan, such as commitment fees on revolving loans, administration fees (e.g. document preparation costs), and charges for enquiries, guarantees and credit insurance.