

THE EURO AREA BANK LENDING SURVEY

– OCTOBER 2011 –

1 Overview of the results

The results reported in the October 2011 bank lending survey relate to changes during the third quarter of 2011 and to expectations of changes in the last quarter of 2011. The survey was conducted on a sample of 124 euro area banks between 5 and 27 September 2011. The response rate was 100%. As in previous survey rounds, a question dealing specifically with the implications of the situation in the financial markets was included.

According to the October 2011 Bank Lending Survey (BLS), the net tightening of credit standards by euro area banks picked up significantly in the third quarter of 2011, both in the case of loans to non-financial corporations (NFCs) – 16%, compared with 2% in the second quarter – and in that of loans to households for house purchase – 18%, after 9% in the preceding quarter. The degree of net tightening of credit standards on consumer credit also increased, albeit only marginally, to 10%, from 7% in the previous quarter.

Looking ahead to the fourth quarter of 2011, euro area banks expect a further increase in the net tightening of credit standards on loans to NFCs in comparison with the results for the third quarter, to 22%. They also expect a small decline in the net tightening of credit standards on loans for house purchase (to 11%), as well as only insignificant changes for consumer credit (12%).

The increase in the net tightening of credit standards reported for the third quarter of 2011 should be seen against the background of a re-intensification of the sovereign debt crisis that undermined the perceived soundness of euro area banks. Survey results indicate that constraints on banks' liquidity management and the deterioration of funding conditions were key factors behind the rebound in the net tightening of credit standards. It was also partly due to a deterioration in both the general and the industry-specific economic outlook, in line with the weaker economic conditions expected for the euro area in the second half of 2011.

In their survey responses on demand for loans in the third quarter of 2011, euro area banks for the first time in more than one year reported a net decline in the demand for loans to NFCs (-8%, compared with 4% in the second quarter). This decline points to a significant contraction of loan demand from the

corporate sector over the summer period, possibly driven by increasing overall uncertainty and a moderation in the pace of economic activity, notably investment. With respect to loans to households, the reported net decline in demand for loans to households marked a substantial deterioration (-24% in the case of loans for house purchase, compared with -3% in the second quarter, and -15% in the case of consumer credit, after -8% in second quarter) that was driven mainly by declining housing market prospects and falling consumer confidence.

Euro area banks continue to expect a negative development of net demand for loans in the last quarter of 2011. Compared with the figures for the third quarter of 2011, the net demand for loans to NFCs is expected to worsen further in the final quarter of the year, to -19%, while the change in households' net demand for loans in the fourth quarter is likely to be broadly in the same range (-22% in the case of loans for house purchase and -11% in that of consumer credit).

Replies to the ad hoc question on the funding conditions of euro area banks point to a substantial deterioration in access to wholesale funding in the third quarter of 2011. This held true for access to money markets, for debt securities issuance and for conditions of access to securitisation. Looking forward, euro area banks expect these conditions to continue to deteriorate in the fourth quarter of 2011, albeit to a somewhat slower pace.

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 having 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 third quarter of 2011) or expectations of changes over the next three months (i.e. in the last 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 more detailed 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*, ECB, 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

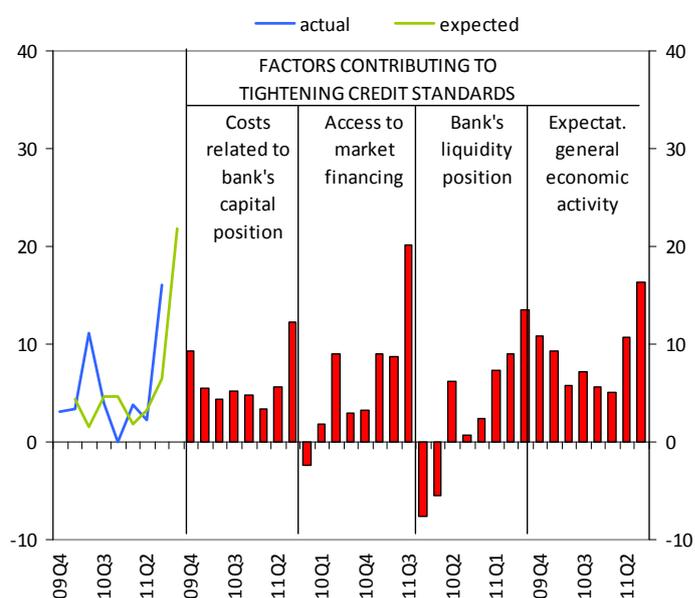
2.1 Enterprises

Substantial rebound in the net tightening of credit standards on loans to enterprises

According to the October 2011 bank lending survey (BLS), the net tightening of banks' credit standards on loans to non-financial corporations (NFCs) picked up significantly in the third quarter of 2011, by 16%, from 2% in the previous quarter (see **Chart 1**). This was significantly higher than anticipated by survey participants in the previous survey round (6%).

The net tightening of credit standards was applied, to a broadly similar extent, both to small and medium-sized enterprises (SMEs) and to large firms. The net tightening of credit standards on loans to SMEs rose from 3% in the second quarter of 2011 to 14% in the third quarter, and that on loans to large firms increased from 3% to 19%. Compared with the previous survey round, the net tightening of credit standards increased to a similar extent across all loan maturities. However, there was still a higher net percentage of banks reporting a net tightening of credit conditions on long-term loans (20%, compared with 8% in the second quarter) than on short-term ones (11%, after -3% in the second quarter).

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



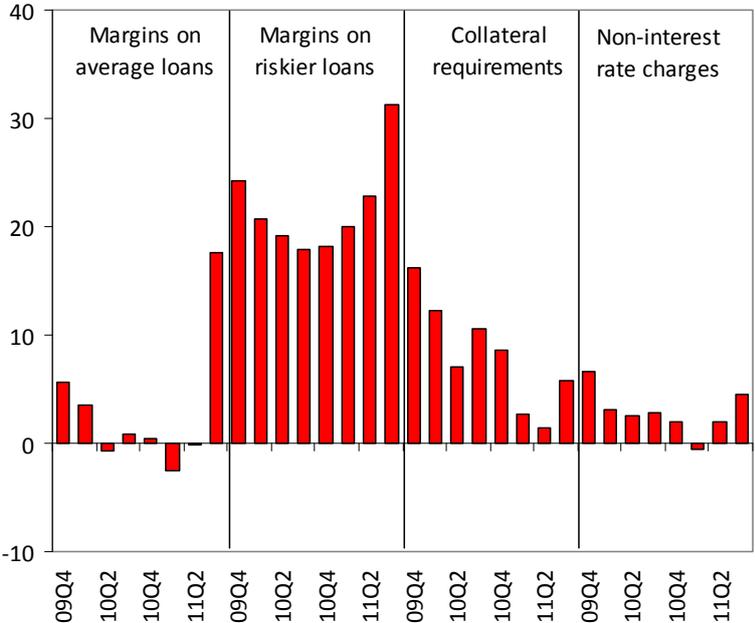
Notes: "Actual" values refer to changes that have occurred, while "expected" values are changes anticipated by banks. Net percentages are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages of 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.

The tightening of credit standards reflects both factors related to banks' supply of credit and a deterioration in the overall economic environment or, expressed differently, the risk perceptions of the responding banks. Against the background of a re-intensification of the sovereign debt crisis and increased market concerns about the soundness of euro area banks, market funding came under increasing

pressure in the third quarter of 2011. The net percentage of banks reporting a tightening of market financing conditions rose from 9% in the second quarter of 2011 to 20% in the third. In a context of re-intensified financial strains and worsened liquidity in funding markets, banks reported a significant increase in the contribution of their capital and liquidity positions to the tightening of their lending policies. At the same time, the net percentage of euro area banks reporting a worsening of the economic outlook as a factor contributing to tighter credit standards rose as well, from 11% in the second quarter to 16% in the third. The contribution of the worsening of the industry-specific outlook appears to have been even larger (rising from 10% in the second quarter to 22% in the third), while banks reported only a modest increase in the contribution of collateral risk (8%, after 7% in the second quarter). Finally, counterbalancing factors such as competitive pressure, which generally work in the direction of an easing of credit standards, were reported to have stayed broadly neutral in the third quarter of 2011.

In line with the general sentiment of tightening credit standards, all terms and conditions reported by euro area banks were effectively tightened in the third quarter of 2011 (see **Chart 2**). In particular, 18% of euro area banks – in net terms – revised their margins on average loans upwards in the third quarter (compared with 0% in the second quarter of the year) and 31% did so with respect to their margins on riskier loans (compared with 23% in the pervious quarter). However, the increase in the net tightening of other terms and conditions (i.e. non-interest charges, collateral requirements, size and maturity) was significantly smaller than that for margins, possibly indicating that quantitative credit restrictions may not yet be at play in current lending practices.

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

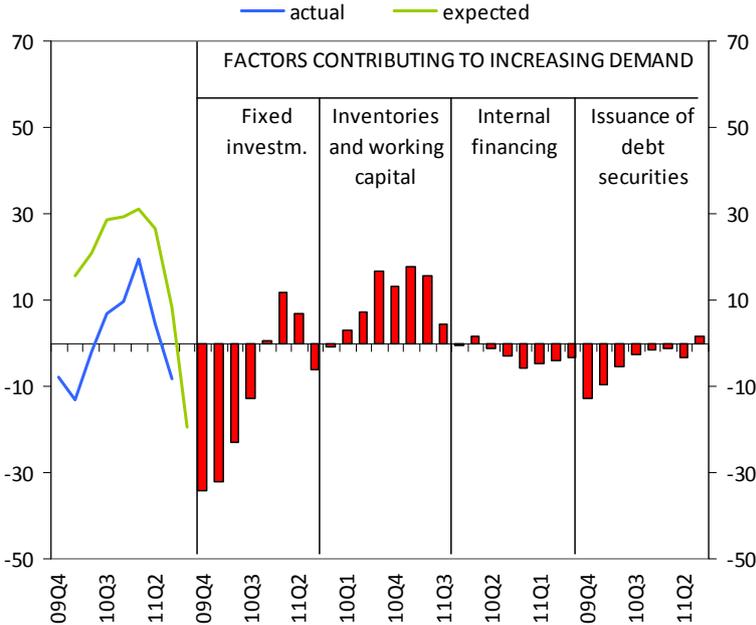


tightening is seen to affect large firms more (22%) than SMEs (14%), and to apply to primarily long-term loans.

Noticeable decrease in the demand for loans to non-financial corporations

According to survey respondents, net demand for loans to NFCs declined in the third quarter of 2011, for the first time since the second quarter of 2010 (standing at -8% in net terms, compared with 4% in the previous survey round). This confirms a noticeable contraction of loan demand from the corporate sector during the summer (see **Chart 3**), driven by a moderation in the pace of economic activity. This is illustrated by a clear decline in the need to finance fixed investment and the lower contribution of financing needs linked to inventories and working capital. The decline in net demand for loans was reported to have been broad-based, i.e. about the same for SMEs and large firms, as well as similar across short and long-term maturities. Looking ahead, euro area banks do not expect loan demand to recover in the last quarter of 2011: indeed, the net percentage of banks expecting a further decline in the demand for loans to NFCs currently stands at -19%.

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



Notes: "Actual" 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

Further net tightening of credit standards on loans to households for house purchase

Euro area banks also reported a significant increase in the net tightening of credit standards on loans to households for house purchase. The net percentage of banks reporting a tightening of credit standards on

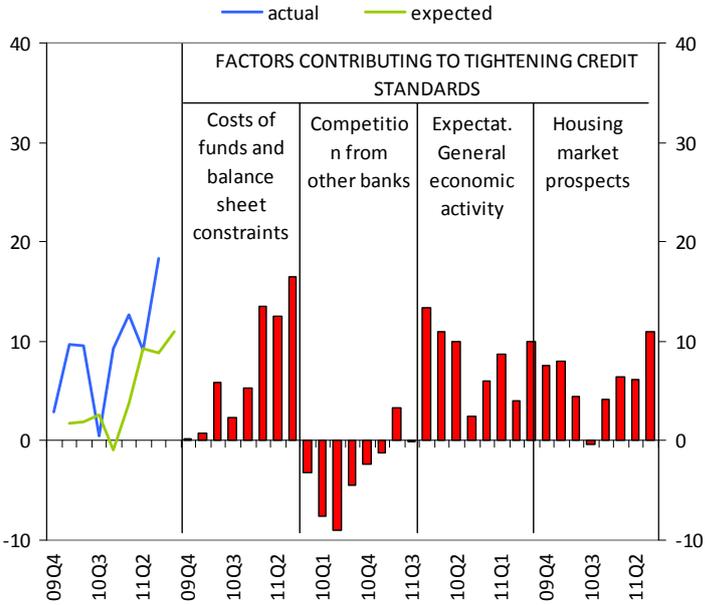
mortgage loans stood at 18% in the third quarter of 2011, up from 9% in the second quarter, a higher percentage than expected three months ago. As in the case of corporate loans, an increased cost of market funding and balance sheet constraints were put forward as important driving factors behind these developments (see **Chart 4**). In addition, the deterioration of the housing market and, more generally, the economic outlook was reported to have contributed significantly to the increase in the net tightening of credit standards on mortgage loans. Competitive pressures, either from banks or from alternative sources of finance, were reported to have been broadly neutral.

At the same time, the reported increase in the tightening of overall credit standards on loans to households for house purchase did not translate into a substantial further tightening of price terms and conditions. The net percentage of euro area banks reporting an increase in margins on average loans actually decreased from 14% in the second quarter of 2011 to 10% in the third. Similarly, the net percentage of euro area banks reporting that they had raised their margins on riskier loans in the third quarter of 2011 stood at 14%, down from 18% in the second quarter of the current year. By contrast, non-price terms and conditions (notably loan-to-value ratio and the maturity of granted loans) were generally reported to have been tightened further.

Looking ahead, 11% of the euro area banks – in net terms – expect a tightening of credit standards on loans to households for house purchase in the last quarter of 2011, a somewhat lower percentage than that currently reported for the third quarter of the year.

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

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



Note: See the notes to Chart 1.

Substantial contraction of housing loan demand

Euro area banks also reported a strong contraction in the demand for mortgage loans (-24% in net terms in the third quarter of 2011, from -3% in the second quarter; see **Chart 5**). This was said to be due mainly

to a clear deterioration of housing market prospects (-23%, compared with -5% in the previous survey round) and failing consumer confidence (-24%, after -4% in the second quarter). Financing needs for non-housing consumption, households' savings and competitive pressures were also reported to have contributed negatively to the demand for mortgage loans, although on a similar scale as in the previous survey round. Looking forward, 22% of euro area banks – in net terms – expect demand for loans for house purchase to decline further in the last quarter of 2011.

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



Note: See the notes to Chart 3.

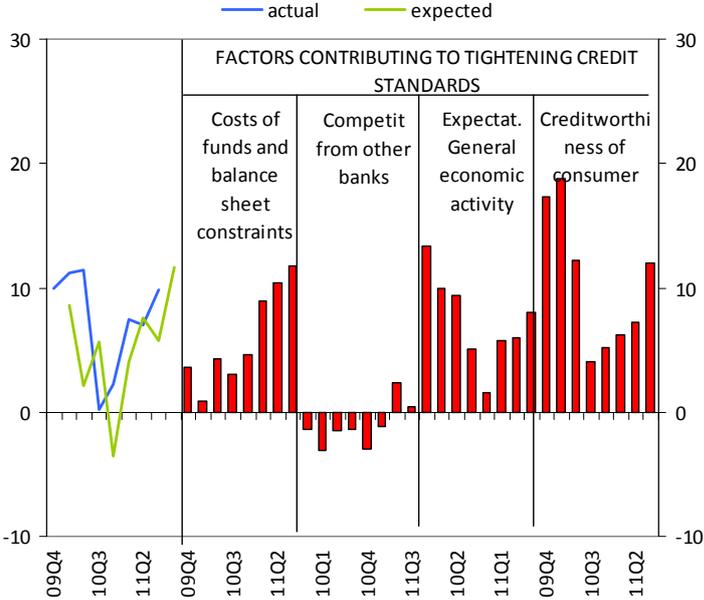
Tightening of credit standards also applied to consumer loans

The net tightening of credit standards for consumer credit reported by euro area banks increased as well, to 10% in the third quarter of 2011, compared with 7% in the second quarter, and thus slightly more than expected in the last survey round (see **Chart 6**). As in the case of other categories of loans, the reasons behind the tightening in credit standards were a combination of supply-side concerns (i.e. cost of funding and balance sheet constraints) and a reappraisal of the risk environment, given a worsening of the creditworthiness of loan applicants and, more generally, a less favourable economic outlook. The renewed tightening of credit standards on consumer credit, as in the case of housing loans, did not translate into an increase in price terms and conditions of loans. The net percentage of banks reporting an increase in their margins actually decreased slightly between the second and third quarters of 2011, while the contribution of non-price terms and conditions hardly changed in comparison with the previous survey round. This apparent contradiction may in fact suggest that euro area banks have simply rejected more consumer credit applications in the third quarter of 2011 than they did in the previous quarter, or that they implemented their actual lending policy only gradually.

Looking ahead, 12% of the euro area banks – in net terms – expect a tightening of credit standards on consumer credit in the last quarter of 2011, a slightly higher percentage than that currently reported for the third quarter of the year.

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

(net percentages of banks contributing to tightening credit standards)



Note: See the notes to Chart 1.

Net demand for consumer credit still declining

Net demand for consumer credit in the third quarter of 2011 was lower than expected, standing at -15% according to euro area banks, compared with -8% in the previous survey round. This decline was deemed to be due mainly to households’ spending less on durables goods (-14% in the third quarter, compared with -10% in the second) and to a sharp decrease in consumer’s confidence (to -18%, from -2% in the previous quarter).

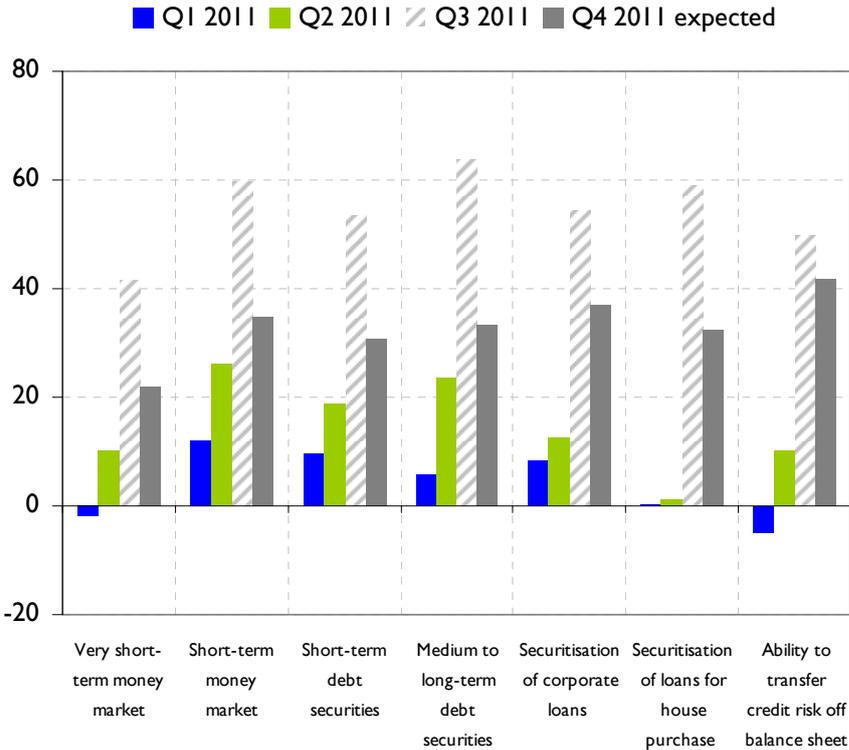
Looking forward, for the last quarter of the year, euro area banks continue to expect a negative development in demand for consumer credit (-11% in net terms).

3 Ad hoc question

As in previous survey rounds, the questionnaire for the October 2011 survey included a question aimed at assessing both the extent to which financial market tensions affected banks’ credit standards for loans and credit lines to enterprises and households and the extent to which they were expected to affect such standards in the next three months. The question specifically assessed access to wholesale funding.¹

Replies to the ad-hoc question on the funding conditions of euro area banks confirm a substantial deterioration of access to wholesale funding in the third quarter of 2011, in terms of both access to money markets and debt securities issuance (see Chart 7). In net terms, conditions of access to securitisation were also reported to have deteriorated substantially in the third quarter. Looking forward, euro area banks expect these conditions to remain tight in the fourth quarter of 2011, but to deteriorate less strongly than in the previous quarter.

Chart 7: Change in the access to wholesale funding over the past three months
(net percentages 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 which did not reply “not applicable”.

ANNEX 1: RESULTS FOR THE INDIVIDUAL QUESTIONS

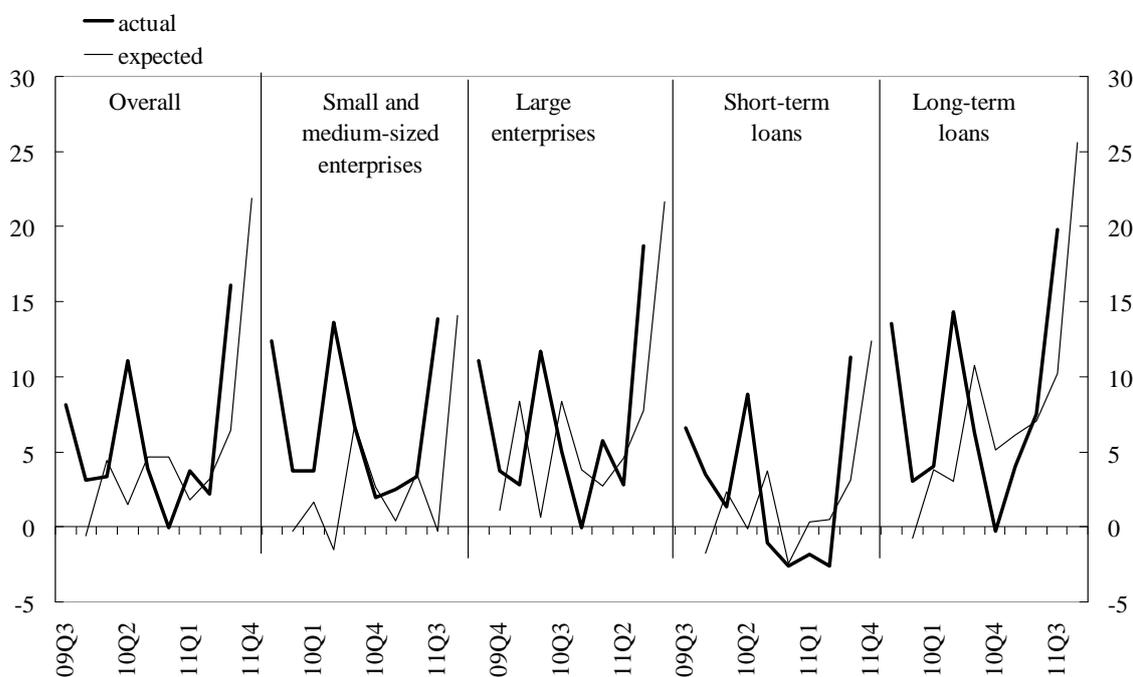
I. Loans or credit lines to enterprises

- 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	
	July 2011	October 2011	July 2011	October 2011	July 2011	October 2011	July 2011	October 2011	July 2011	October 2011
Tightened considerably	1	5	1	4	4	6	1	4	3	5
Tightened somewhat	7	12	6	10	6	13	5	7	9	15
Remained basically unchanged	87	84	90	86	84	81	86	89	84	80
Eased somewhat	6	0	3	0	7	0	8	0	4	0
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	2	16	3	14	3	19	-3	11	8	20
Diffusion index	2	10	2	9	3	12	-1	8	5	12
Mean	2.97	2.79	2.96	2.82	2.94	2.75	3.02	2.85	2.89	2.75
Number of banks responding	117	117	115	115	112	112	117	117	116	116

Notes: The net percentage is defined as the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat", and the sum of the percentages for "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 percentages 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?

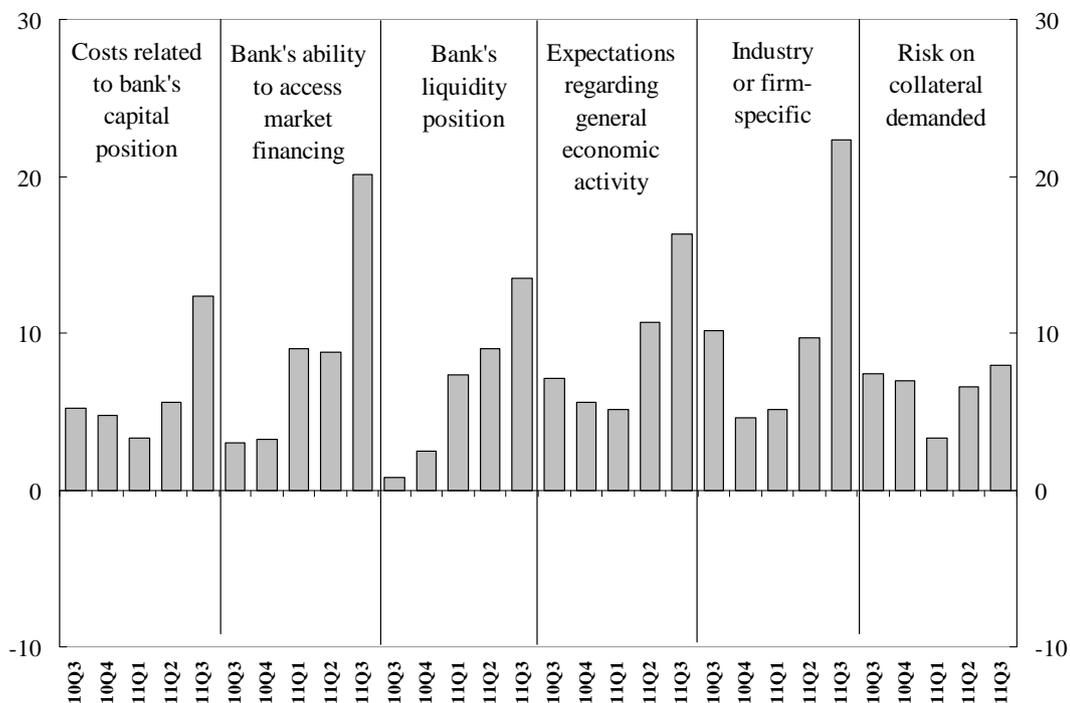
OVERALL												
	--	-	°	+	++	NA	NetP		DI		Mean	
							July 2011	October 2011	July 2011	October 2011	July 2011	October 2011
							A) Cost of funds and balance sheet constraints					
Costs related to your bank's capital position	2	11	80	0	0	8	6	12	3	7	2.93	2.85
Your bank's ability to access market financing	3	17	71	0	0	9	9	20	5	12	2.89	2.75
Your bank's liquidity position	2	12	76	1	0	9	9	14	5	8	2.89	2.83
B) Pressure from competition												
Competition from other banks	0	1	87	3	1	8	-9	-3	-5	-2	3.10	3.04
Competition from non-banks	0	1	90	0	0	9	-1	1	-1	1	3.01	2.99
Competition from market financing	0	1	89	0	0	10	-2	1	-1	0	3.02	2.99
C) Perception of risk												
Expectations regarding general economic activity	2	16	75	1	0	6	11	16	6	9	2.88	2.81
Industry or firm-specific outlook	2	23	67	2	0	6	10	22	5	12	2.90	2.74
Risk on collateral demanded	1	8	86	0	0	6	7	8	3	4	2.93	2.91
SMALL AND MEDIUM-SIZED ENTERPRISES												
	--	-	°	+	++	NA	NetP		DI		Mean	
							July 2011	October 2011	July 2011	October 2011	July 2011	October 2011
							A) Cost of funds and balance sheet constraints					
Costs related to your bank's capital position	2	4	82	1	0	11	3	5	2	3	2.95	2.93
Your bank's ability to access market financing	2	9	76	1	0	12	5	9	3	6	2.93	2.88
Your bank's liquidity position	1	6	80	1	0	12	5	7	3	4	2.93	2.92
B) Pressure from competition												
Competition from other banks	0	1	83	3	0	12	-5	-2	-3	-1	3.07	3.03
Competition from non-banks	0	0	84	1	0	15	-1	-1	-1	-1	3.02	3.02
Competition from market financing	0	1	84	1	0	15	-2	-1	-1	0	3.02	3.01
C) Perception of risk												
Expectations regarding general economic activity	2	11	76	1	0	10	9	12	5	7	2.89	2.86
Industry or firm-specific outlook	2	17	71	1	0	10	7	17	4	9	2.92	2.80
Risk on collateral demanded	1	7	82	1	0	10	5	6	3	3	2.94	2.92
LARGE ENTERPRISES												
	--	-	°	+	++	NA	NetP		DI		Mean	
							July 2011	October 2011	July 2011	October 2011	July 2011	October 2011
							A) Cost of funds and balance sheet constraints					
Costs related to your bank's capital position	3	10	70	1	0	15	7	12	5	8	2.90	2.83
Your bank's ability to access market financing	5	13	65	1	0	16	9	16	7	11	2.85	2.77
Your bank's liquidity position	6	9	69	2	0	14	12	13	8	9	2.83	2.79
B) Pressure from competition												
Competition from other banks	0	0	82	3	0	15	-7	-3	-4	-1	3.08	3.03
Competition from non-banks	0	0	83	1	0	16	-1	-1	-1	-1	3.02	3.02
Competition from market financing	0	1	82	1	0	16	-3	-1	-1	0	3.03	3.01
C) Perception of risk												
Expectations regarding general economic activity	3	11	70	2	0	14	10	12	6	8	2.88	2.83
Industry or firm-specific outlook	4	20	61	2	0	14	11	21	7	12	2.86	2.73
Risk on collateral demanded	2	6	78	0	0	14	5	8	2	5	2.95	2.89

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 percentages of banks reporting a contribution to tightening standards)

OVERALL



BREAKDOWN BY FIRM SIZE

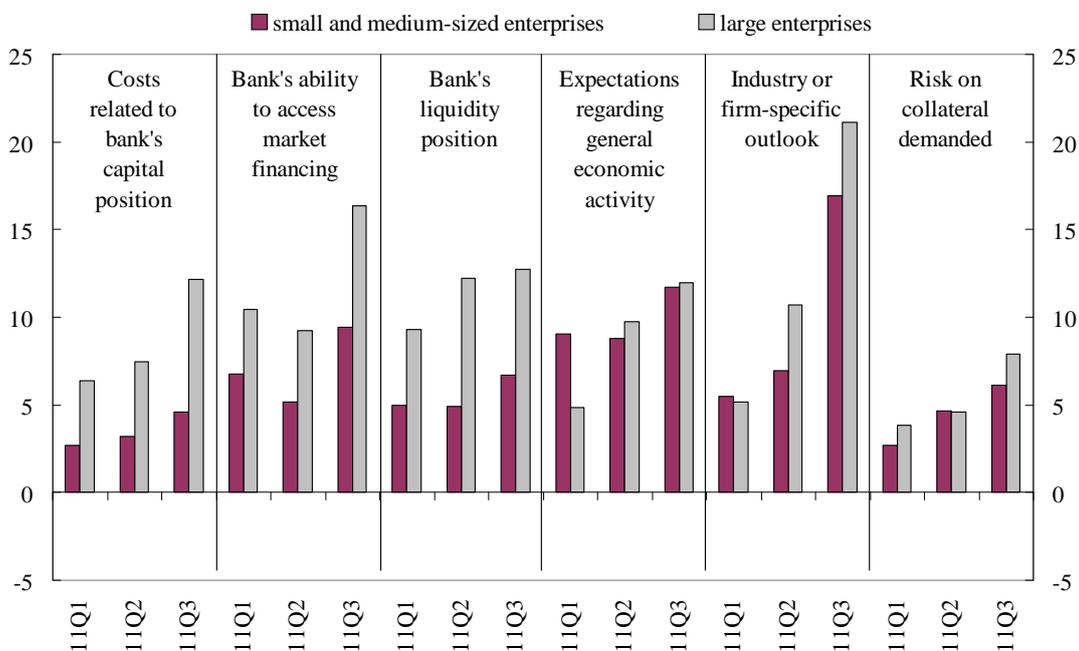
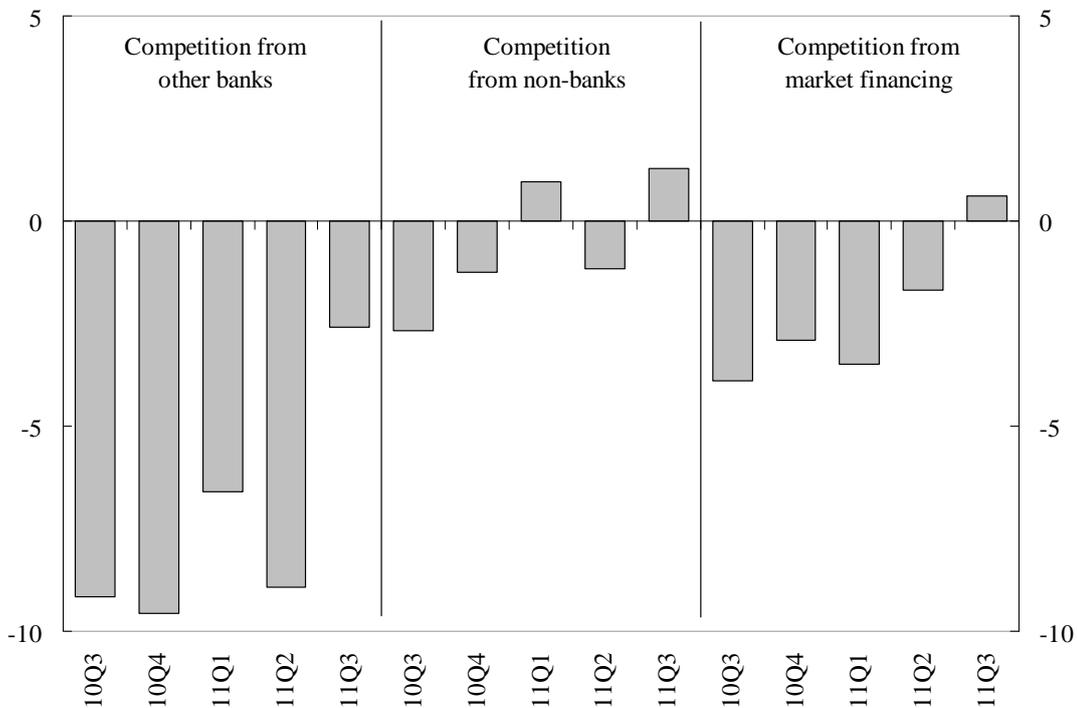
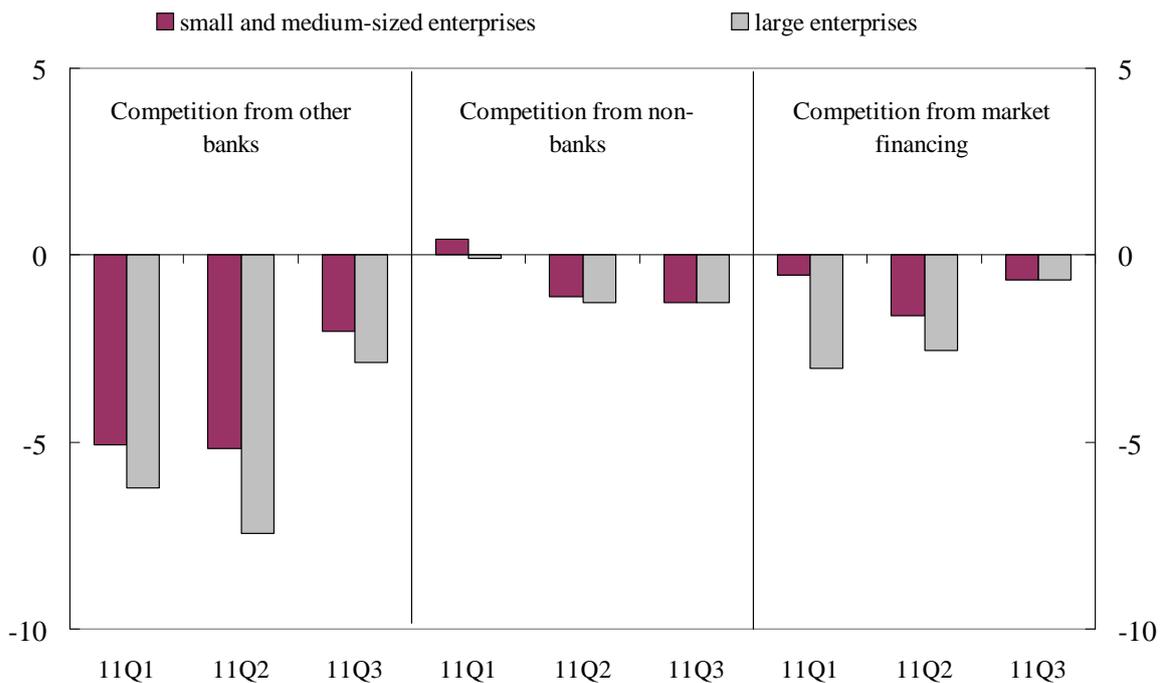


Chart 2b. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises
(net percentages of banks reporting a contribution to tightening standards)

OVERALL



BREAKDOWN BY FIRM SIZE



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

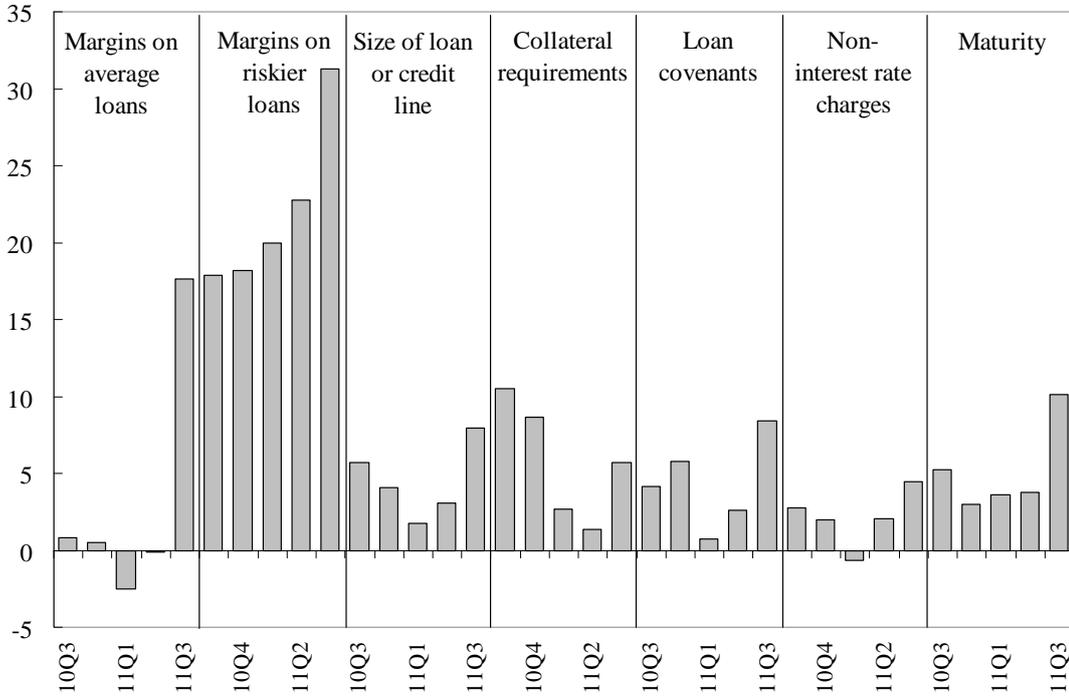
OVERALL	--	-	°	+	++	NA	NetP		DI		Mean	
							July 2011	October 2011	July 2011	October 2011	July 2011	October 2011
							A) Price					
Your bank's margin on average loans	2	22	63	5	1	6	0	18	1	9	3.00	2.81
Your bank's margin on riskier loans	4	31	54	2	1	7	23	31	13	17	2.74	2.64
B) Other conditions and terms												
Non-interest rate charges	0	7	85	2	0	7	2	5	1	2	2.98	2.96
Size of the loan or credit line	2	10	79	4	0	6	3	8	2	5	2.97	2.90
Collateral requirements	2	6	84	2	0	6	1	6	2	4	2.97	2.92
Loan covenants	2	9	81	2	0	7	3	8	2	5	2.97	2.89
Maturity	2	9	83	0	0	6	4	10	3	6	2.95	2.88
SMALL AND MEDIUM-SIZED ENTERPRISES												
	--	-	°	+	++	NA	NetP		DI		Mean	
							July 2011	October 2011	July 2011	October 2011	July 2011	October 2011
							A) Price					
Your bank's margin on average loans	2	17	66	5	1	10	8	12	5	6	2.91	2.89
Your bank's margin on riskier loans	3	24	59	2	1	10	25	23	13	12	2.73	2.75
B) Other conditions and terms												
Non-interest rate charges	0	7	81	3	0	10	2	4	1	2	2.98	2.96
Size of the loan or credit line	1	4	83	3	0	10	2	1	2	1	2.97	2.98
Collateral requirements	1	4	82	3	0	10	2	2	2	2	2.98	2.98
Loan covenants	1	5	82	2	0	10	1	3	1	2	2.99	2.97
Maturity	2	4	82	1	0	11	2	5	2	3	2.97	2.94
LARGE ENTERPRISES												
	--	-	°	+	++	NA	NetP		DI		Mean	
							July 2011	October 2011	July 2011	October 2011	July 2011	October 2011
							A) Price					
Your bank's margin on average loans	6	19	57	4	1	14	2	20	2	12	2.98	2.74
Your bank's margin on riskier loans	8	30	44	2	1	14	24	34	15	20	2.70	2.55
B) Other conditions and terms												
Non-interest rate charges	0	6	75	4	0	14	1	2	1	1	2.99	2.97
Size of the loan or credit line	3	10	68	5	0	14	6	9	3	6	2.93	2.87
Collateral requirements	2	10	73	3	0	14	5	8	4	5	2.93	2.90
Loan covenants	2	9	72	3	0	14	3	8	3	5	2.95	2.89
Maturity	2	13	71	1	0	14	6	14	4	8	2.92	2.83

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

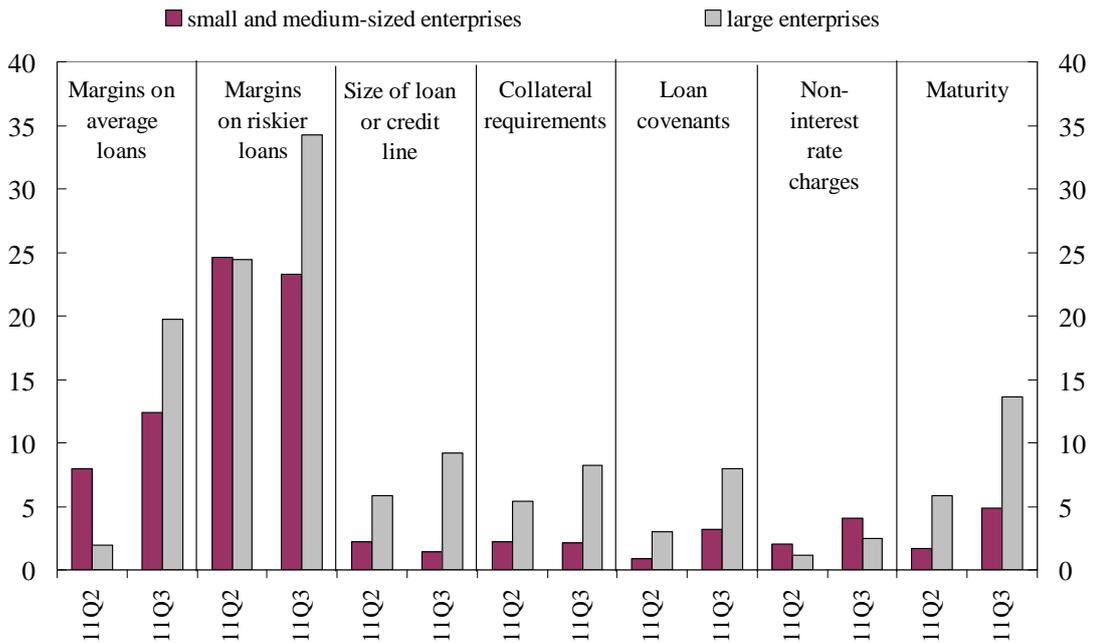
Notes: The net percentage is defined as the difference between the sum of banks responding “- -” (tightened considerably) and “-” (tightened somewhat), and the sum of banks responding “+” (eased somewhat) and “+ +” (eased considerably). “°” means “remained basically unchanged”. The diffusion index is 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 percentages of banks reporting tightening terms and conditions)

OVERALL



BREAKDOWN BY FIRM SIZE

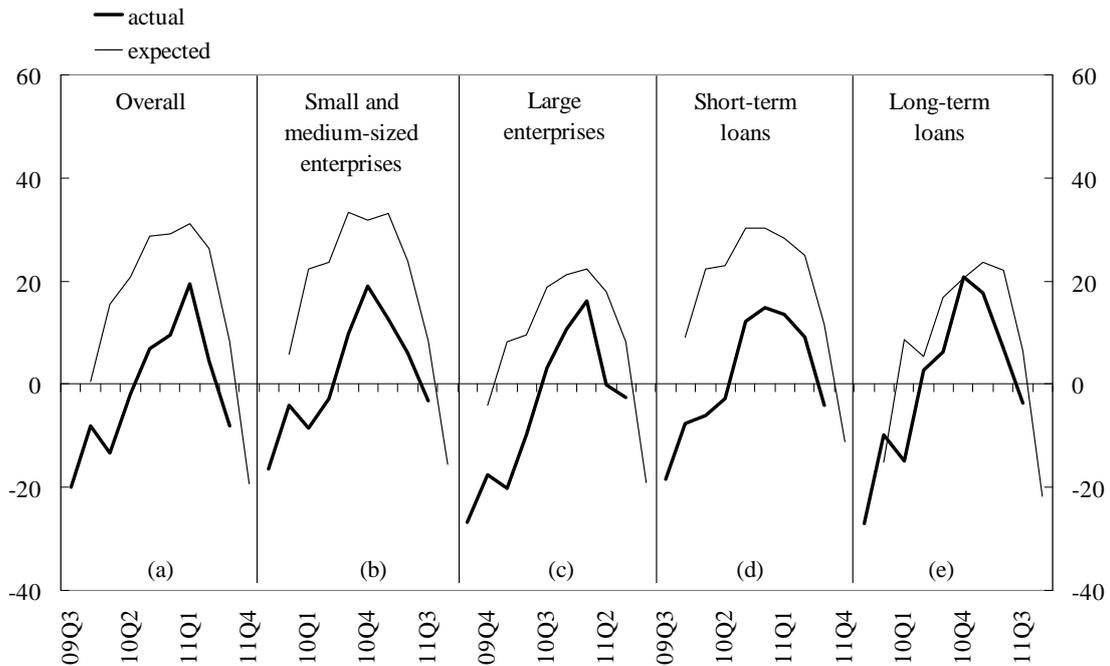


4. Over the past three months, how has the demand for loans or credit lines to enterprises changed at your bank, apart from normal seasonal fluctuations?

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	July 2011	October 2011	July 2011	October 2011	July 2011	October 2011	July 2011	October 2011	July 2011	October 2011
Decreased considerably	1	1	1	0	2	1	1	0	3	1
Decreased somewhat	14	18	11	17	12	14	11	17	11	17
Remained basically unchanged	66	72	70	69	73	73	66	71	66	68
Increased somewhat	19	9	18	14	12	10	20	11	21	13
Increased considerably	0	1	0	0	1	2	1	1	0	1
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	4	-8	6	-3	0	-3	9	-4	7	-4
Diffusion index	2	-4	2	-2	0	-1	5	-2	2	-2
Mean	3.03	2.92	3.05	2.97	3.00	2.99	3.09	2.97	3.04	2.96
Number of banks responding	117	117	115	115	112	112	116	117	115	116

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 percentages 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	
							July 2011	October 2011	July 2011	October 2011	July 2011	October 2011
							A) Financing needs					
Fixed investment	3	17	59	13	0	8	7	-6	3	-4	3.06	2.90
Inventories and working capital	0	10	66	15	0	10	16	4	8	2	3.16	3.04
Mergers/acquisitions and corporate restructuring	3	7	73	6	0	12	5	-4	2	-3	3.05	2.92
Debt restructuring	0	2	71	18	1	8	14	17	8	8	3.17	3.18
B) Use of alternative finance												
Internal financing	0	9	76	6	0	10	-4	-3	-2	-2	2.94	2.96
Loans from other banks	0	5	73	11	1	10	3	7	2	4	3.04	3.09
Loans from non-banks	0	2	83	2	0	14	1	0	0	0	3.00	3.00
Issuance of debt securities	0	4	74	4	1	17	-3	2	-2	1	2.94	3.03
Issuance of equity	0	1	78	3	0	19	3	1	1	1	3.03	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 5a. Factors affecting demand for loans and credit lines to enterprises

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

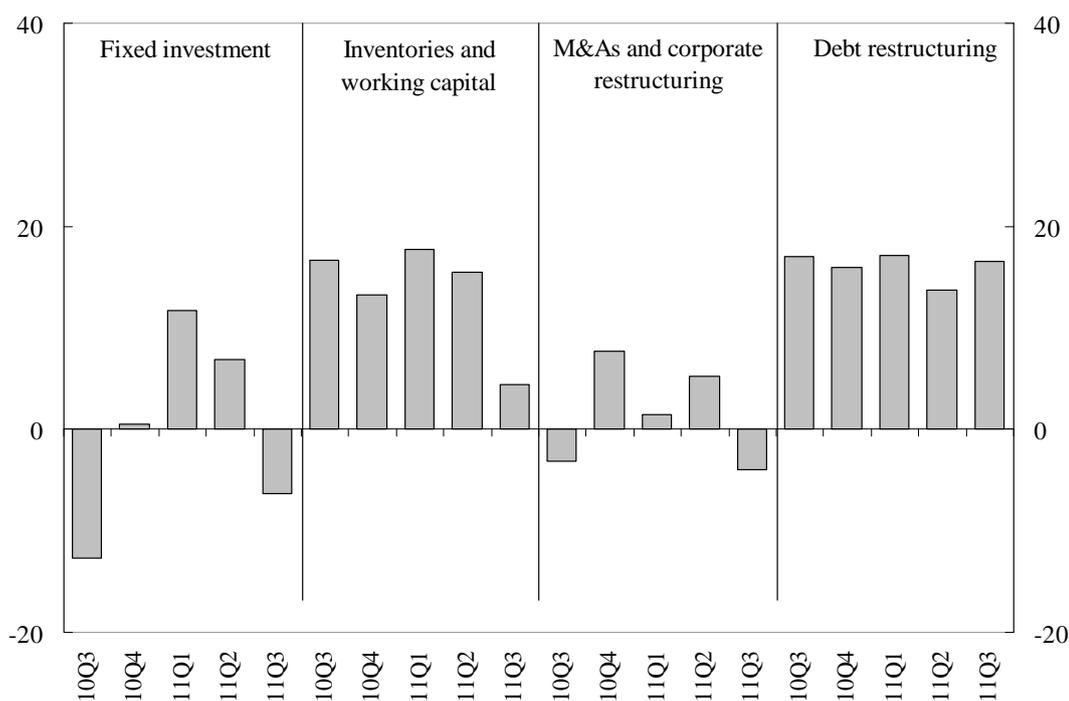
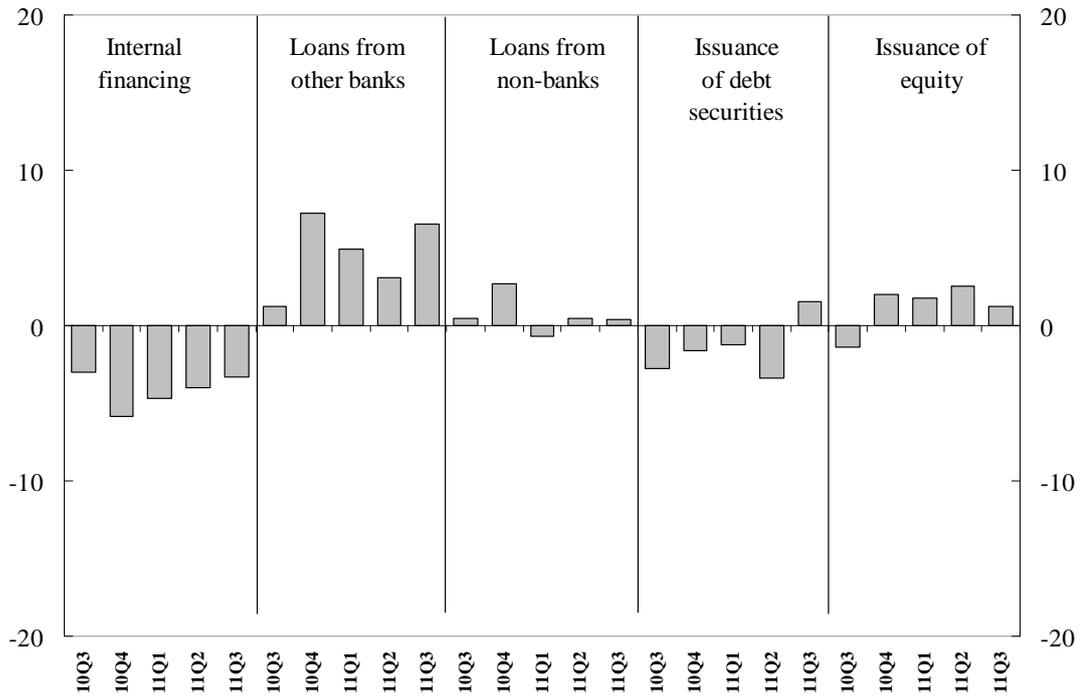


Chart 5b. Factors affecting demand for loans and credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)

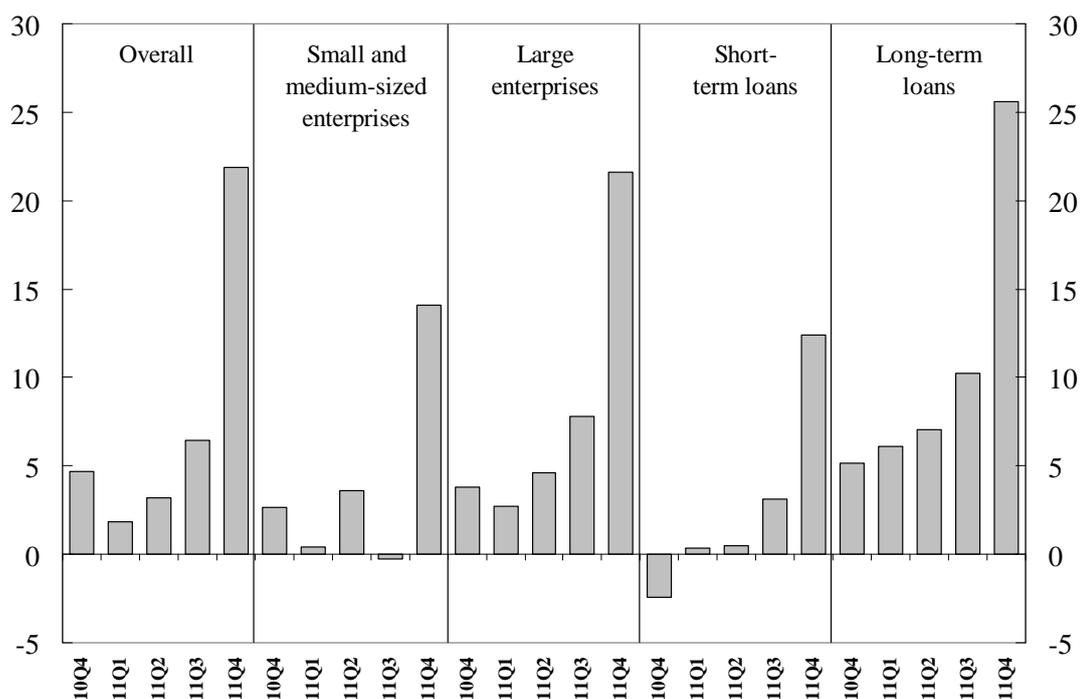


6. Please indicate how you expect your bank's credit standards as applied to the approval of loans or credit lines to enterprises to change over the next three months.

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	July 2011	October 2011	July 2011	October 2011	July 2011	October 2011	July 2011	October 2011	July 2011	October 2011
Tighten considerably	1	2	1	2	6	7	1	2	3	3
Tighten somewhat	8	21	5	15	4	16	5	11	10	24
Remain basically unchanged	89	76	88	80	87	76	92	86	85	73
Ease somewhat	2	1	6	3	3	1	2	1	3	1
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	6	22	0	14	8	22	3	12	10	26
Diffusion index	4	12	0	8	7	14	2	7	6	14
<i>Mean</i>	<i>2.93</i>	<i>2.76</i>	<i>3.00</i>	<i>2.84</i>	<i>2.86</i>	<i>2.71</i>	<i>2.96</i>	<i>2.86</i>	<i>2.87</i>	<i>2.71</i>
Number of banks responding	117	117	116	115	112	112	117	117	116	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 percentages of banks expecting tightening credit standards)

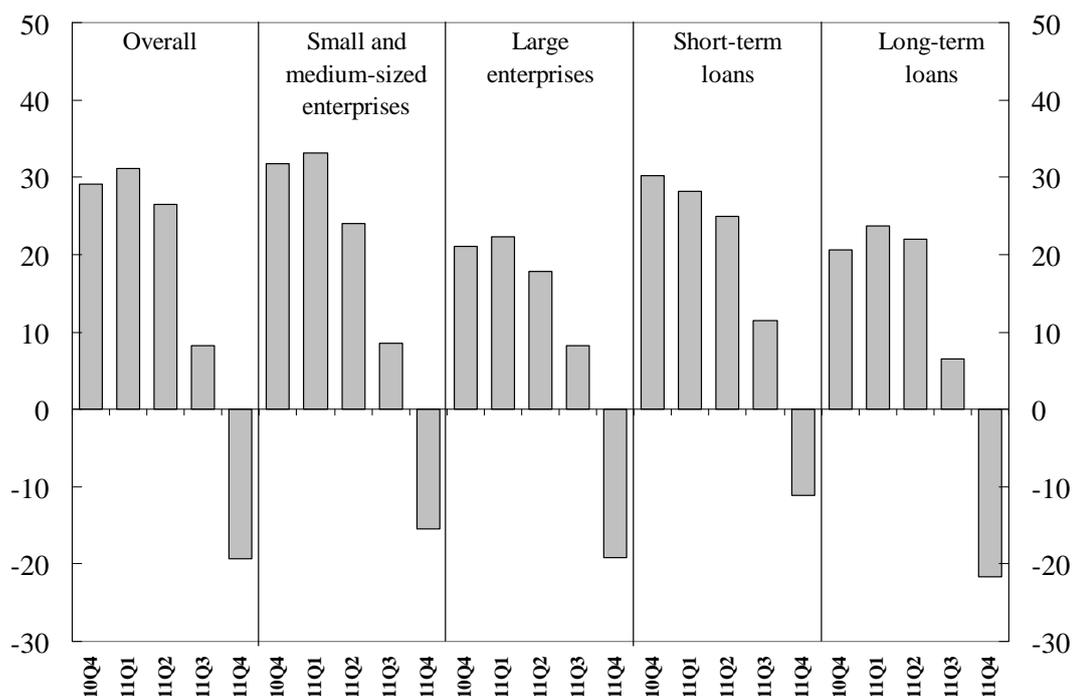


7. Please indicate how you expect demand for loans or credit lines to enterprises to change at your bank over the next three months (apart from normal seasonal fluctuations).

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	July 2011	October 2011	July 2011	October 2011	July 2011	October 2011	July 2011	October 2011	July 2011	October 2011
Decrease considerably	0	2	0	2	0	2	0	2	0	2
Decrease somewhat	5	23	5	21	6	22	3	15	7	27
Remain basically unchanged	82	69	81	71	79	71	82	78	80	63
Increase somewhat	12	5	13	6	14	5	15	6	13	7
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	8	-19	9	-16	8	-19	11	-11	7	-22
Diffusion index	5	-10	5	-8	4	-11	6	-6	4	-11
<i>Mean</i>	3.09	2.79	3.09	2.84	3.08	2.79	3.11	2.87	3.07	2.77
Number of banks responding	117	116	115	115	112	112	117	117	116	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 percentages of banks expecting a positive loan demand)



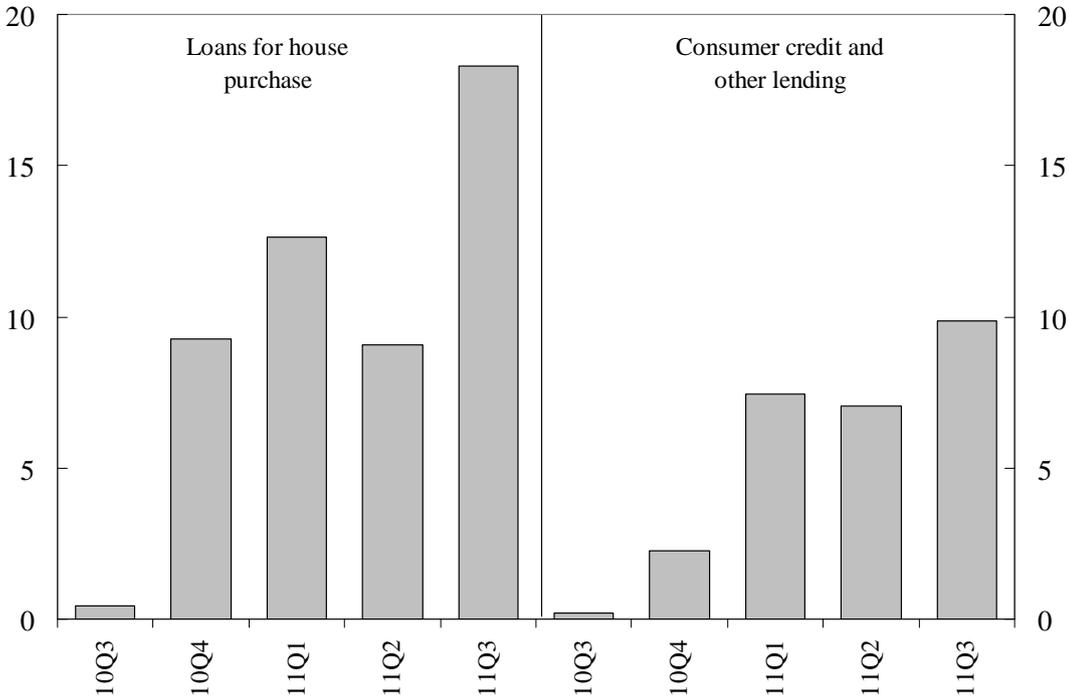
II. Loans to households

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	
	July 2011	October 2011	July 2011	October 2011
Tightened considerably	1	2	2	2
Tightened somewhat	8	16	7	9
Remained basically unchanged	91	82	91	89
Eased somewhat	0	0	1	1
Eased considerably	0	0	0	0
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Net percentage	9	18	7	10
Diffusion index	5	10	4	6
<i>Mean</i>	<i>2.90</i>	<i>2.79</i>	<i>2.91</i>	<i>2.89</i>
Number of banks responding	111	111	113	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 percentages of banks reporting tightening credit standards)



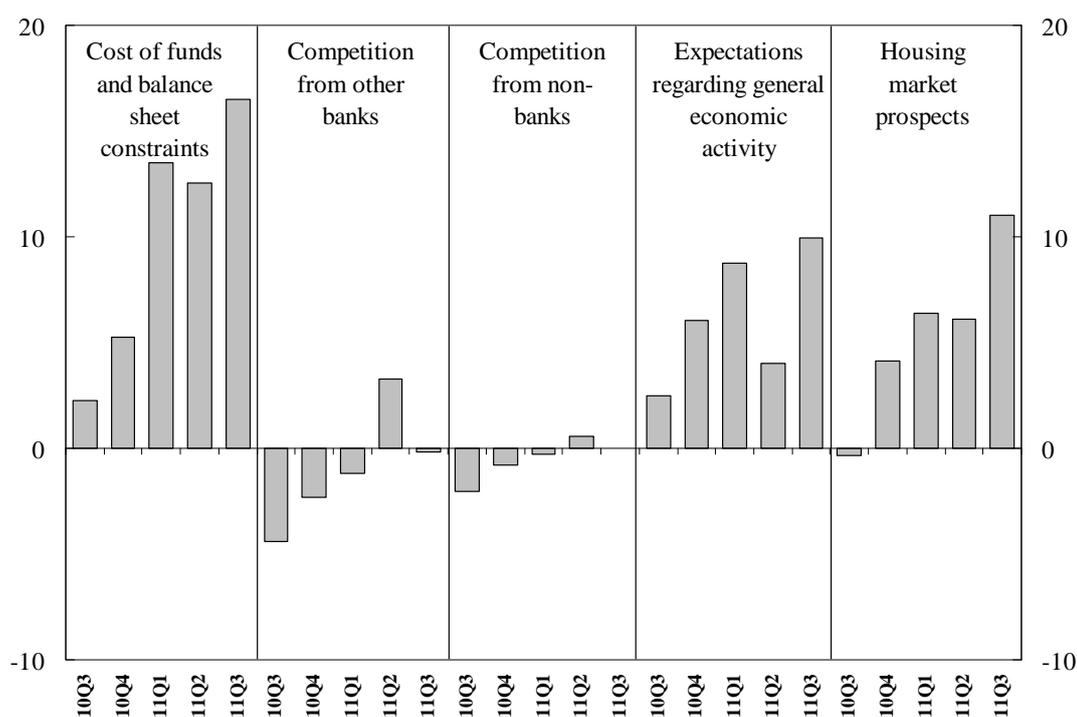
9. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of loans to households for house purchase?

	--	-	°	+	++	NA	NetP		DI		Mean	
							July 2011	October 2011	July 2011	October 2011	July 2011	October 2011
							A) Cost of funds and balance sheet constraints	2	14	69	0	0
B) Pressure from competition												
Competition from other banks	0	1	85	1	0	13	3	0	2	0	2.97	3.00
Competition from non-banks	0	0	85	0	0	15	1	0	0	0	2.99	3.00
C) Perception of risk												
Expectations regarding general economic activity	2	8	78	0	0	12	4	10	3	6	2.93	2.87
Housing market prospects	2	11	74	2	0	12	6	11	4	7	2.92	2.86

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 percentages of banks reporting tightening standards)



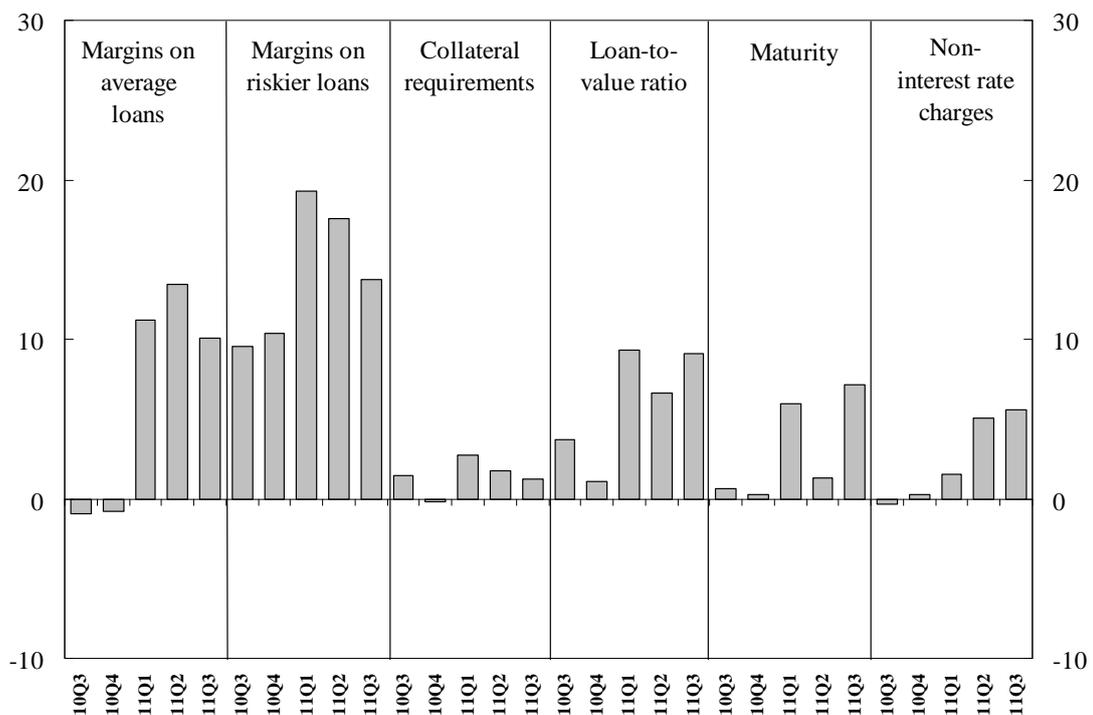
10. Over the past three months, how have your bank's terms and conditions for approving loans to households for house purchase changed?

	--	-	°	+	++	NA	NetP		DI		Mean	
							July 2011	October 2011	July 2011	October 2011	July 2011	October 2011
							A) Price					
Your bank's margin on average loans	1	16	63	7	0	12	14	10	7	6	2.85	2.89
Your bank's margin on riskier loans	1	15	70	2	0	12	18	14	10	7	2.79	2.84
B) Other conditions and terms												
Collateral requirements	0	1	87	0	0	12	2	1	1	1	2.98	2.99
Loan-to-value ratio	1	9	78	1	0	12	7	9	3	5	2.93	2.89
Maturity	1	7	81	0	0	12	1	7	1	4	2.99	2.92
Non-interest rate charges	0	6	81	1	0	12	5	6	3	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 “- -” (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 percentages of banks reporting tightening terms and conditions)



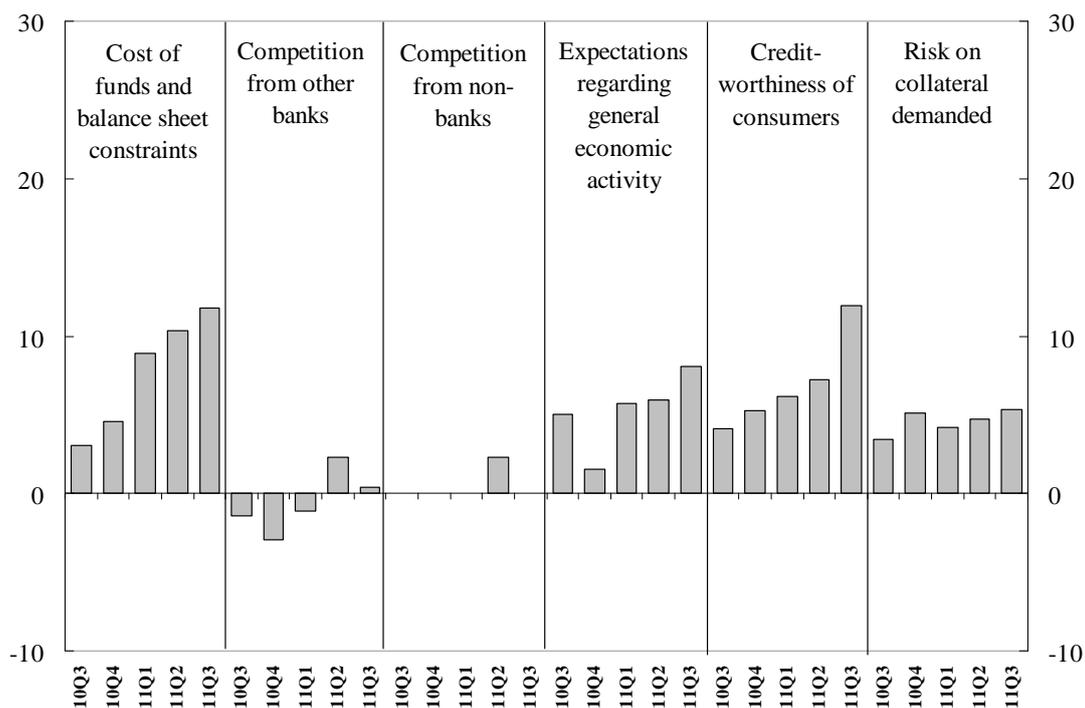
11. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households (as described in question 8)?

	--	-	°	+	++	NA	NetP		DI		Mean	
							July 2011	October 2011	July 2011	October 2011	July 2011	October 2011
							A) Cost of funds and balance sheet constraints	2	10	76	0	0
B) Pressure from competition												
Competition from other banks	0	1	87	0	0	12	2	0	1	0	2.97	3.00
Competition from non-banks	0	0	87	0	0	13	2	0	1	0	2.97	3.00
C) Perception of risk												
Expectations regarding general economic activity	3	6	81	0	0	11	6	8	4	5	2.91	2.89
Creditworthiness of consumers	3	10	77	0	0	11	7	12	5	7	2.90	2.85
Risk on collateral demanded	1	4	80	0	0	15	5	5	3	3	2.94	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 “-” (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 percentages of banks reporting a contribution to tightening standards)



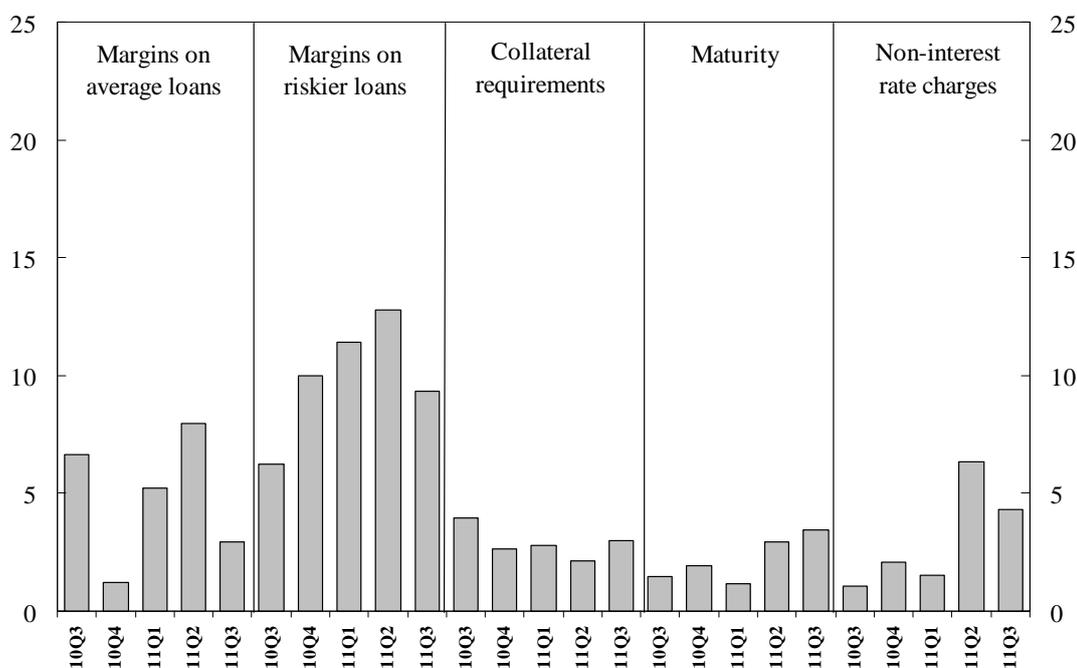
12. Over the past three months, how have your bank's terms and conditions for approving consumer credit and other lending to households changed?

	--	-	°	+	++	NA	NetP		DI		Mean	
							July 2011	October 2011	July 2011	October 2011	July 2011	October 2011
							A) Price					
Your bank's margin on average loans	1	9	73	7	0	11	8	3	5	2	2.91	2.96
Your bank's margin on riskier loans	2	10	74	3	0	11	13	9	7	6	2.85	2.88
B) Other conditions and terms												
Collateral requirements	1	3	85	0	0	12	2	3	1	2	2.97	2.96
Maturity	1	5	83	2	0	11	3	3	2	2	2.97	2.96
Non-interest rate charges	0	4	84	0	0	11	6	4	3	2	2.93	2.96

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 percentages of banks reporting tightening terms and conditions)

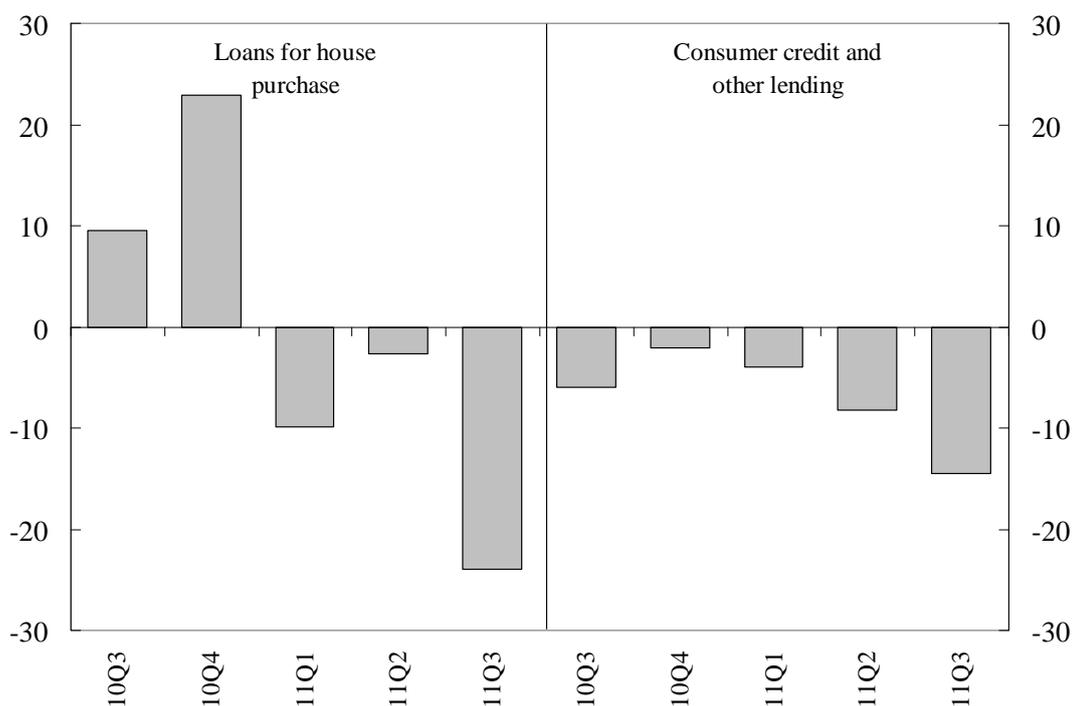


13. Over the past three months, how has the demand for loans to households changed at your bank, apart from normal seasonal fluctuations?

	Loans for house purchase		Consumer credit and other lending	
	July 2011	October 2011	July 2011	October 2011
Decreased considerably	5	10	2	3
Decreased somewhat	21	24	20	20
Remained basically unchanged	52	55	65	68
Increased somewhat	22	11	13	7
Increased considerably	1	0	1	2
Total	100	100	100	100
Net percentage	-3	-24	-8	-15
Diffusion index	-3	-17	-5	-8
<i>Mean</i>	2.93	2.66	2.91	2.84
Number of banks responding	112	111	113	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 percentages of banks reporting positive loan demand)



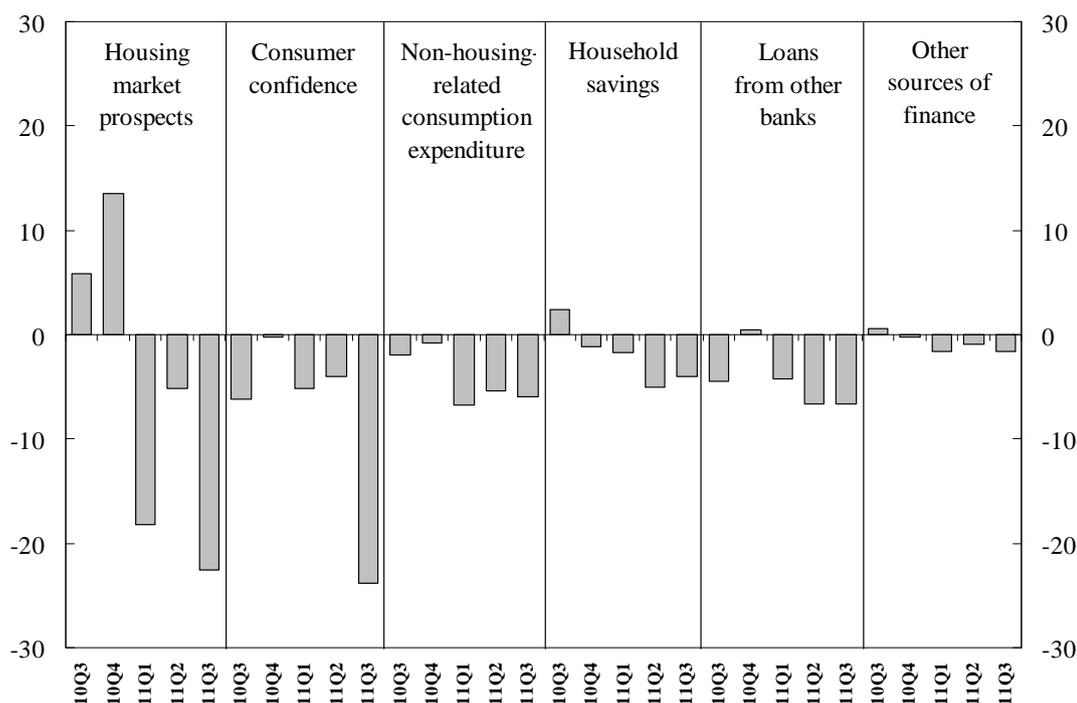
14. Over the past three months, how have the following factors affected the demand for loans to households for house purchase (as described in question 13)?

	--	-	°	+	++	NA	NetP		DI		Mean	
							July 2011	October 2011	July 2011	October 2011	July 2011	October 2011
							A) Financing needs					
Housing market prospects	5	24	51	7	0	13	-5	-23	-4	-14	2.93	2.68
Consumer confidence	3	26	56	4	0	12	-4	-24	-3	-13	2.94	2.71
Non-housing-related consumption expenditure	2	5	76	2	0	15	-5	-6	-3	-4	2.94	2.91
B) Use of alternative finance												
Household savings	1	5	80	1	0	13	-5	-4	-3	-2	2.95	2.95
Loans from other banks	1	7	77	1	0	13	-7	-7	-3	-4	2.93	2.92
Other sources of finance	0	2	84	0	0	14	-1	-2	-1	-1	2.99	2.98

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 percentages of banks reporting a positive contribution to demand)



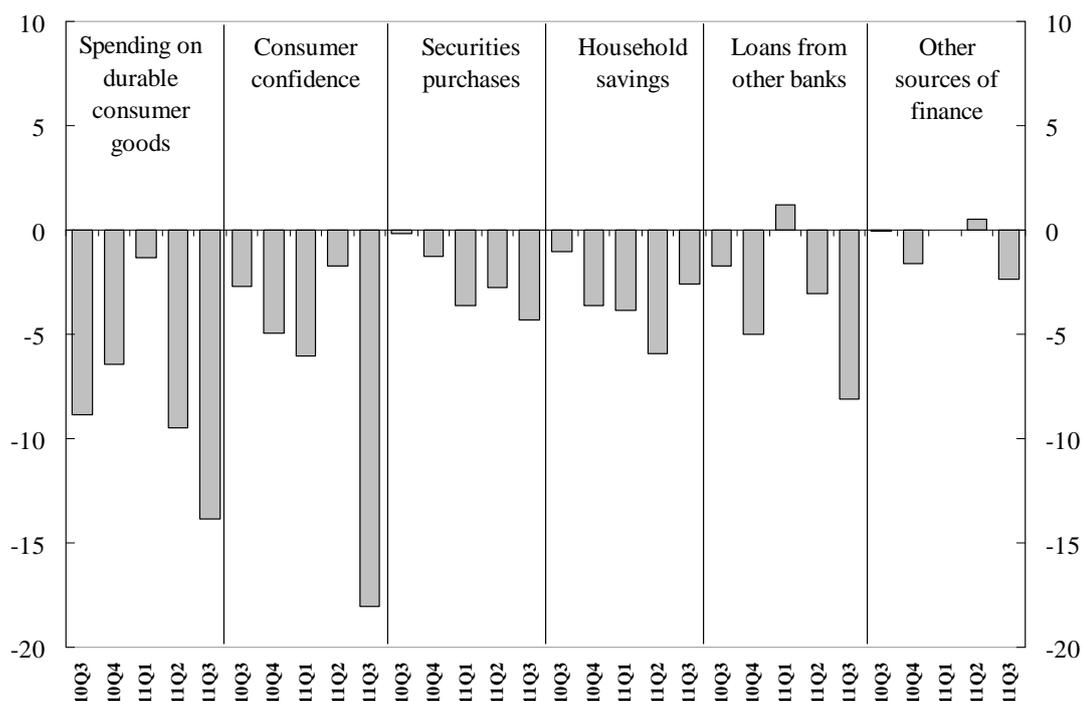
15. Over the past three months, how have the following factors affected the demand for consumer credit and other lending to households (as described in question 13)?

	--	-	°	+	++	NA	NetP		NetP		Mean	
							July 2011	October 2011	July 2011	October 2011	July 2011	October 2011
A) Financing needs												
Spending on durable consumer goods	1	18	66	5	0	11	-10	-14	-5	-7	2.88	2.84
Consumer confidence	3	17	66	2	0	11	-2	-18	-3	-11	2.95	2.76
Securities purchases	1	5	78	1	0	16	-3	-4	-2	-2	2.97	2.95
B) Use of alternative finance												
Household savings	1	4	84	1	1	10	-6	-3	-3	-1	2.93	2.98
Loans from other banks	0	10	78	2	0	10	-3	-8	-1	-4	2.98	2.91
Other sources of finance	0	2	87	0	0	11	1	-2	0	-1	3.01	2.97

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 percentages of banks reporting a positive contribution to demand)

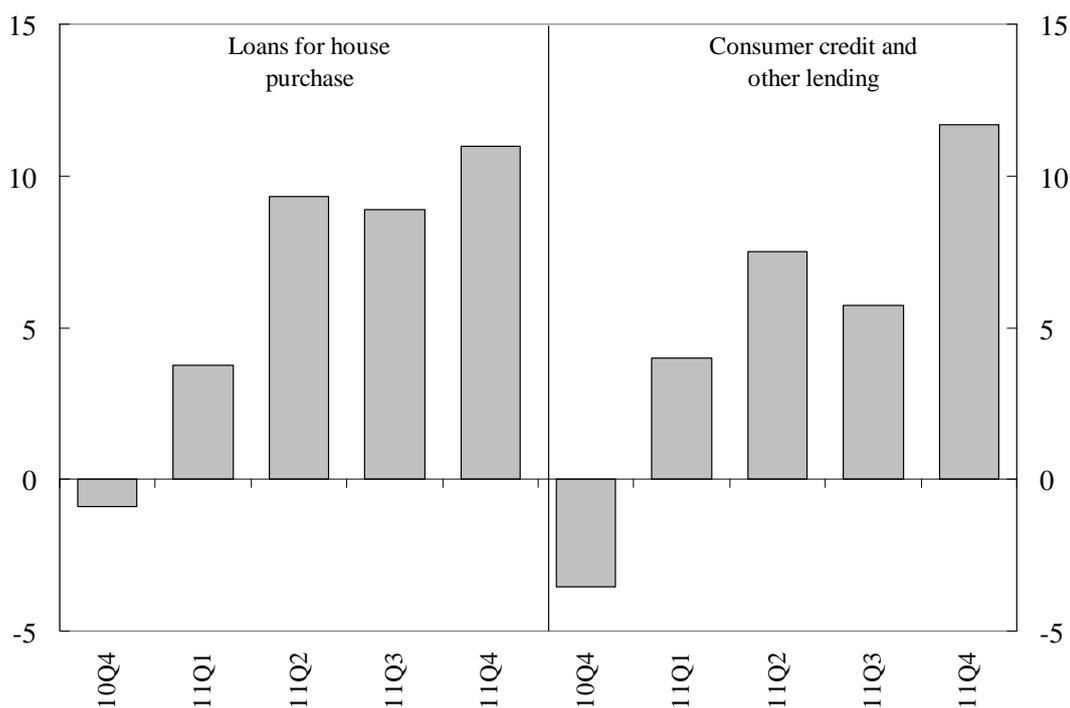


16. Please indicate how you expect your bank's credit standards as applied to the approval of loans to households to change over the next three months.

	Loans for house purchase		Consumer credit and other lending	
	July 2011	October 2011	July 2011	October 2011
Tighten considerably	4	1	1	2
Tighten somewhat	8	12	6	10
Remain basically unchanged	85	87	91	88
Ease somewhat	3	1	2	0
Ease considerably	0	0	0	0
Total	100	100	100	100
Net percentage	9	11	6	12
Diffusion index	6	6	3	7
<i>Mean</i>	2.87	2.88	2.93	2.87
Number of banks responding	111	111	113	111

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 percentages of banks expecting tightening standards)

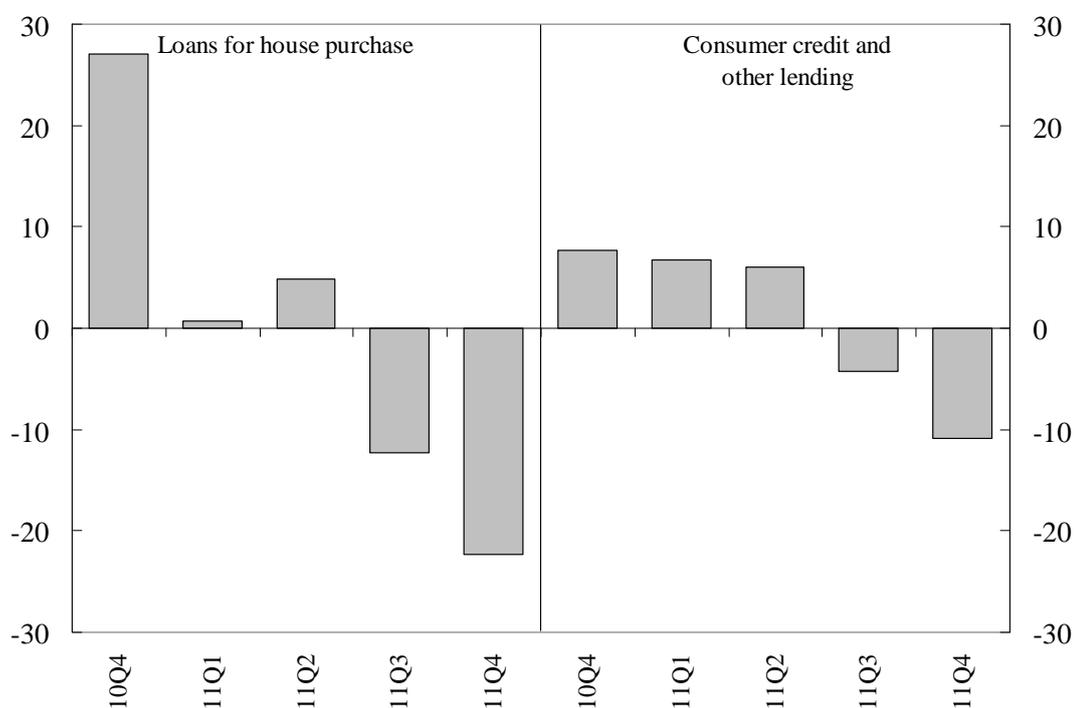


17. Please indicate how you expect demand for loans to households to change over the next three months at your bank (apart from normal seasonal fluctuations).

	Loans for house purchase		Consumer credit and other lending	
	July 2011	October 2011	July 2011	October 2011
Decrease considerably	4	4	2	2
Decrease somewhat	19	26	10	15
Remain basically unchanged	68	62	80	76
Increase somewhat	10	8	8	5
Increase considerably	0	0	0	2
Total	100	100	100	100
Net percentage	-12	-22	-4	-11
Diffusion index	-8	-13	-3	-6
Mean	2.84	2.74	2.94	2.89
Number of banks responding	111	111	112	113

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 percentages of banks expecting positive loan demand)



ANNEX 2: RESULTS FOR THE AD HOC QUESTION

- 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?¹

	Over the past three months							Over the next three months							N/A ⁽²⁾
	--	-	0	+	++	Mean	Standard deviation	--	-	0	+	++	Mean	Standard deviation	
A) Interbank unsecured money market															
Very short-term money market (up to one week)	10%	35%	52%	3%	0%	2.49	0.75	7%	17%	74%	2%	0%	2.71	0.65	13%
Short-term money market (more than one week)	27%	33%	39%	1%	0%	2.13	0.86	15%	21%	64%	1%	0%	2.51	0.78	14%
B) Debt securities ⁽³⁾															
Short-term debt securities (e.g. certificates of deposit or commercial paper)	26%	28%	45%	1%	0%	2.20	0.87	10%	21%	68%	1%	0%	2.59	0.71	19%
Medium to long-term debt securities (incl. covered bonds)	26%	38%	36%	0%	0%	2.10	0.82	15%	20%	64%	1%	0%	2.52	0.78	17%
C) Securitisation ⁽⁴⁾															
Securitisation of corporate loans	17%	37%	46%	0%	0%	2.29	0.82	13%	24%	63%	0%	0%	2.50	0.79	57%
Securitisation of loans for house purchase	14%	45%	40%	1%	0%	2.26	0.79	11%	23%	66%	1%	0%	2.57	0.75	53%
D) Ability to transfer credit risk off balance sheet ⁽⁵⁾	5%	45%	50%	0%	0%	2.45	0.65	12%	30%	58%	0%	0%	2.46	0.76	59%

- (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.

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 buy-backs (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.