EUROPEAN CENTRAL BANK

EUROSYSTEM

In 2013 all ECB publications feature a motif taken from the €5 banknote.

THE EURO AREA BANK LENDING SURVEY

4TH QUARTER OF 2012

JANUARY 2013

Address
Kaiserstrasse 29, 60311 Frankfurt am Main, Germany

Postal address
Postfach 16 03 19, 60066 Frankfurt am Main, Germany

Telephone
+49 69 1344 0

Internet
http://www.ecb.europa.eu

Fax
+49 69 1344 6000

ISSN 1830-5989 (online)
EU catalogue number QB-BA-13-001-EN-N (online)

The results reported in the January 2013 bank lending survey (BLS) relate to changes during the fourth quarter of 2012 and expectations of changes in the first quarter of 2013. The survey was conducted between 14 December 2012 and 10 January 2013. With 131 banks participating in the survey, the response rate reached 100%.

Four ad hoc questions were included in the questionnaire for the January 2013 survey round. The first ad hoc question addresses the impact of the financial crisis on the access to retail and wholesale funding. The second ad hoc question refers to the impact of the sovereign debt crisis on banks' funding conditions, credit standards and credit margins, while the third and fourth questions refer to the likely impact of ongoing regulatory changes on banks' lending policies (via the potential impact on capital positions, credit standards and credit margins).

1 OVERVIEW OF THE RESULTS

According to the January 2013 BLS, the net tightening of credit standards by euro area banks for loans to enterprises was broadly stable in the fourth quarter of 2012 (at 13%, compared with 15% in the third quarter of 2012). The net tightening in the fourth quarter of 2012 increased for loans to households for house purchase (to 18%, from 13% in the third quarter of 2012) and for consumer credit (to 9%, from 3% in the third quarter of 2012). The impact of banks' cost of funds and balance sheet constraints on the net tightening of credit standards remained broadly unchanged, both in the case of loans to enterprises and loans to households. At the same time, risk perceptions contributed to the increase in the net tightening of credit standards on loans to households in the fourth quarter of 2012, while in the case of loans to enterprises the impact of the general economic outlook and of industry-specific risks remained at an elevated level.

The broadly stable net tightening of credit standards on loans to enterprises in the fourth quarter of 2012 was also reflected in a broadly stable widening of margins on average loans (23%) and in unchanged collateral requirements (8%). By contrast, the widening of margins on riskier loans moderated (to 31% in the fourth quarter of 2012, from 44% in the previous survey round). Regarding housing loans, the net percentage of banks reporting a widening of margins declined in the case of average loans (8% in net terms, down from 14% in the third quarter of 2012), while it increased in the case of margins on riskier loans (24% in net terms, up from 19% in the third quarter of 2012). The increase in the net percentage of banks reporting a widening of margins on riskier loans contrasts with the decline observed in the case of loans to enterprises.

Looking ahead to the first quarter of 2013, euro area banks expect a similar degree of net tightening in credit standards for loans to enterprises (15% in the first quarter of 2013), while they expect a decrease for loans to households (9% for housing loans and 2% for consumer credit in the first quarter of 2013).

Turning to loan demand developments, euro area banks continued to report a pronounced net decline in demand for loans to enterprises in the fourth quarter of 2012 (-26%, compared with -28% in the third quarter of 2012). As in the previous quarter, according to reporting banks, the net decline in the fourth quarter of 2012 was driven mainly by a substantial negative impact from fixed investment on the financing needs of firms (-31%, compared with -33% in the third quarter of 2012). Mergers and acquisitions (-15%, after -17% in the third quarter of 2012) and inventories and working capital (-4%, after -11% in the third quarter of 2012) contributed less to the net decline in demand for loans to enterprises. The ongoing net decline in demand for loans to households for house purchase and for consumer credit abated in the fourth quarter of 2012 (-11%, compared with -25% in the third quarter of 2012 for housing loans, and -14%, compared with -22% in the third quarter of 2012 for consumer credit).

Looking ahead to the first quarter of 2013, banks expect a less pronounced net decline in demand for loans to enterprises (-11%), while they expect a more pronounced net decline in demand for loans for house purchase (-25%).

The January 2013 BLS round included four ad hoc questions. Regarding the first ad hoc question on banks' access to retail and wholesale funding, banks reported a further improvement in access across all funding categories in the fourth quarter of 2012, but particularly regarding securitisation. For the first quarter of 2013, banks expect funding conditions to keep on improving.

According to the second ad hoc question on the impact of the sovereign debt crisis, banks indicated that the impact on banks' funding conditions abated significantly in the fourth quarter of 2012. Compared with the previous quarter, the impact of the sovereign debt crisis on banks' credit standards also receded strongly in the fourth quarter of 2012.

Regarding the third ad hoc question on the likely impact of ongoing regulatory changes, banks reported that they had continued shedding risk-weighted assets and increasing capital positions in the second half of 2012, so as to adjust to the new regulatory requirements. Finally, according to the replies to the fourth ad hoc question, banks continued to report a pronounced tightening of credit standards on loans to enterprises and households as a result of adjustment to new regulation and capital requirements.

Box 1
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 loan: 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 asked 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 has reported an increase in loan demand, whereas negative net demand indicates that a larger proportion of banks has 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 fourth quarter of 2012) or expectations of changes over the next three months (i.e. in the first quarter of 2013).

Detailed tables and charts on the responses are provided in Annex 1 for the individual questions and in Annex 2 for the ad hoc questions.

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 131 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 the ECB press release of 21 November 2002 entitled "Bank lending survey for the euro area", the article entitled "A bank lending survey for the euro area" in the April 2003 issue of the ECB's Monthly Bulletin and J. Berg et al. (2005), "The bank lending survey for the euro area", ECB Occasional Paper No 23.

2 DEVELOPMENTS IN CREDIT STANDARDS AND NET DEMAND FOR LOANS IN THE EURO AREA

2.1 ENTERPRISES

2.1.1 NET TIGHTENING OF CREDIT STANDARDS FOR LOANS TO ENTERPRISES REMAINED BROADLY STABLE IN THE FOURTH QUARTER OF 2012

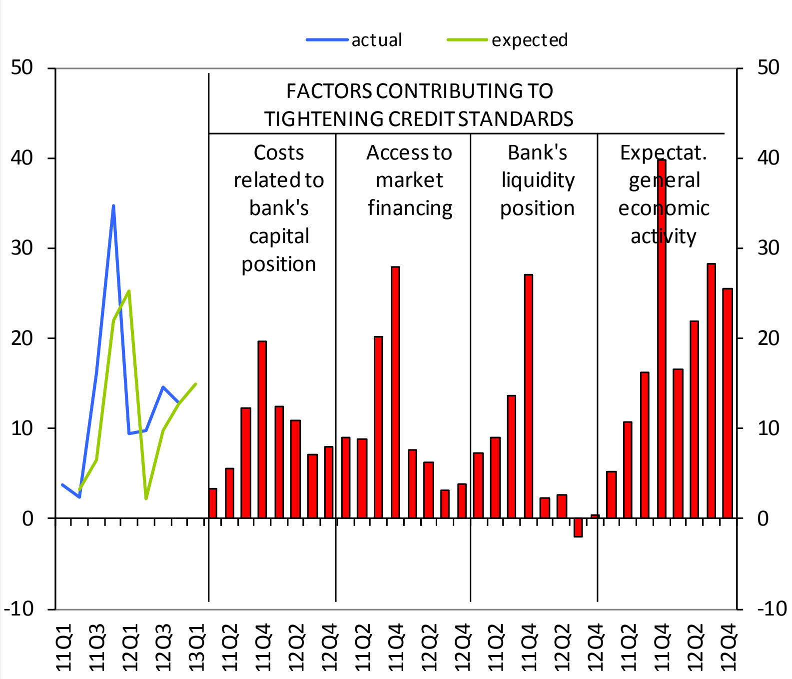
According to the January 2013 BLS, the net tightening of credit standards by euro area banks on loans to enterprises remained broadly stable in the fourth quarter of 2012 (at 13% in net terms, after 15% in the third quarter of 2012). At the time of the previous survey round, banks participating in the survey expected the same degree of net tightening in credit standards for the fourth quarter of 2012 (13%).

In net terms, the overall tightening of credit standards appears to have been applied more to large firms than to small and medium-sized enterprises (SMEs). The net tightening of credit standards on loans to SMEs remained broadly unchanged at 12% in the fourth quarter of 2012 (compared with 11% in the previous survey round), while that of credit standards on loans to large firms stood at 15% (compared with 17% in the third quarter of 2012). Compared with the previous survey round, the net tightening of credit standards remained broadly unchanged for both short-term loans (10%, after 11% in the third quarter of 2012) and long-term loans (15%, after 14%).

Chart 1

CHANGES IN CREDIT STANDARDS APPLIED TO THE APPROVAL OF LOANS OR CREDIT LINES TO ENTERPRISES

(net percentages of banks contributing to tightening credit 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.

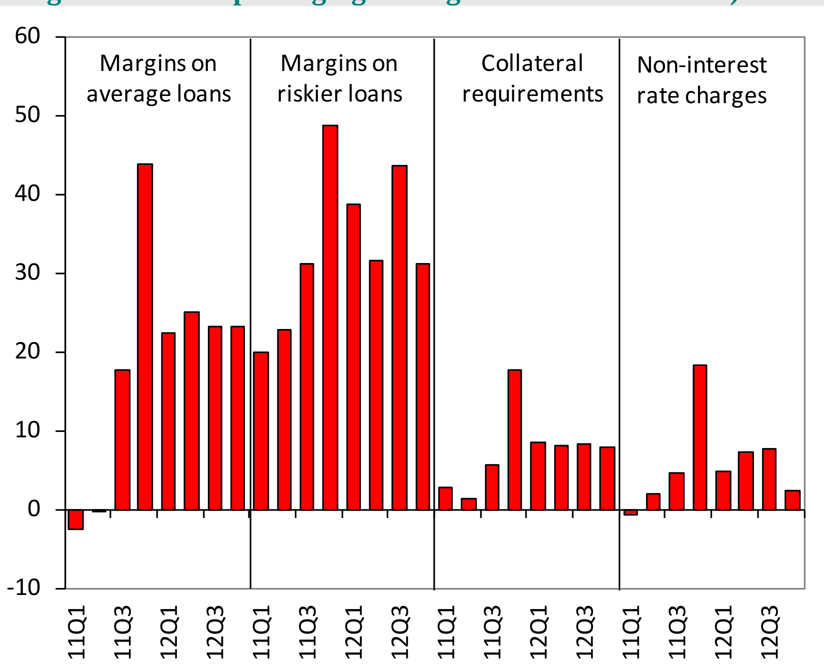
Turning to factors explaining the developments in credit standards, the net percentage of euro area banks reporting that cost of funds and balance sheet constraints contributed to a tightening of credit standards on loans to enterprises remained broadly unchanged in the fourth quarter of 2012 (see Chart 1). In more detail, there was on balance little change in the contributions to the net tightening of credit standards coming from banks' capital positions (8%, compared with 7% in the third quarter of 2012) and banks' access to market funding (4%, compared with 3% in the third quarter of 2012). The contribution of banks' liquidity position became neutral (0%, after -2% in the third quarter of 2012). At the same time, the tightening impact from banks' capital positions continued to be larger than the impact of the other two factors, indicating banks' ongoing need for balance sheet adjustment. The moderation in the contribution of supply-side factors to the net tightening of credit standards on loans to enterprises observed in the third quarter of 2012 stabilised in the fourth quarter of 2012, not fully reflecting the further improvement in financing conditions observed in that quarter.

The impact of risk perceptions on the net tightening of credit standards also remained broadly stable in the fourth quarter of 2012 compared with the previous quarter, though at an elevated level. This was related mainly to a broadly unchanged impact of expectations regarding general economic activity (26%, compared with 28% in the third quarter of 2012) and industry-specific risks (28%, compared with 30% in the third quarter of 2012). By contrast, the net tightening impact of collateral risk increased somewhat in the fourth quarter of 2012 (to 9%, from 5% in the previous quarter). The still high impact of risk perceptions is likely to be related to weak economic activity and an uncertain economic outlook. Finally, competitive pressures from other banks worked in the direction of a slight tightening of credit standards in the fourth quarter of 2012 (1%, following -3% in the third quarter of 2012).

Chart 2

CHANGES IN TERMS AND CONDITIONS FOR APPROVING LOANS OR CREDIT LINES TO ENTERPRISES

(net percentages of banks reporting tightening terms and conditions)



Note: See the notes to Chart 1.

The broadly stable net tightening of credit standards on loans to enterprises in the fourth quarter of 2012 was also reflected in overall limited changes in the widening of margins on average loans and collateral requirements. By contrast, the widening of margins on riskier loans moderated, as did the tightening contribution of non-interest rate charges. Specifically, the widening of margins on average loans remained unchanged at 23% in the fourth quarter of 2012, while the tightening impact of collateral requirements remained stable at 8%. By contrast, the widening of margins on riskier loans decreased to 31% in the fourth quarter of 2012, from 44% in the previous survey round, while the tightening contribution of non-interest rate charges decreased to 2%, from 8% in the third quarter of 2012.

Looking ahead to the first quarter of 2013, on balance, euro area banks expect a similar degree of net tightening in credit standards for loans to enterprises (15%) as in the fourth quarter of 2012 (see Chart 1). The net tightening of credit standards is expected to remain broadly unchanged in the case of loans to SMEs (10%, compared with 12% in the fourth quarter of 2012) and large firms (13%, compared with 15% in the fourth quarter of 2012). In the case of short-term loans, the net tightening of credit standards is expected to moderate in the first quarter of 2013 (to 3%, from 10% in the fourth quarter of 2012), while it is expected to increase somewhat for long-term loans (to 18%, from 15% in the fourth quarter of 2012).

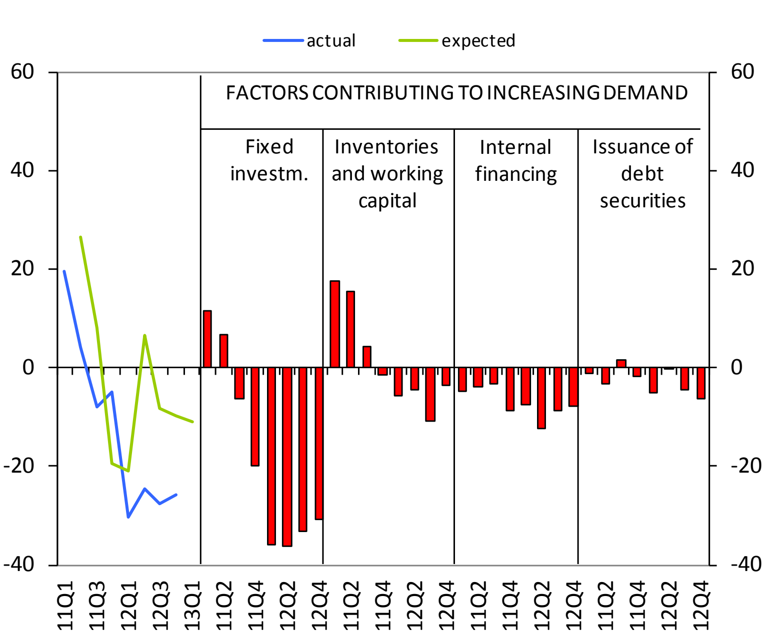
2.1.2 BROADLY STABLE NET DECLINE IN DEMAND FOR LOANS TO ENTERPRISES

As in the previous quarter, euro area banks continued to report in the fourth quarter of 2012 a pronounced net decline in the demand for loans to enterprises (-26%, after -28% in the third quarter of 2012; see Chart 3). For the first quarter of 2013, euro area banks expect a less pronounced net decline in the demand for loans to enterprises (on balance -11%). As in previous survey rounds, according to reporting banks, the fall in net demand for loans was driven mainly by a substantial negative impact from fixed investment on firms' financing needs (-31% in the fourth quarter of 2012, after -33% in the third quarter of 2012). Mergers and acquisitions (-15%, after -17% in the third quarter of 2012) and inventories and working capital (-4%, after -11% in the third quarter of 2012) contributed less to the net decline in demand for loans to enterprises. The use of other external sources of finance had a mixed impact on the net decline in demand for corporate loans. On balance, euro area banks reported a broadly unchanged contribution to the net decline in demand stemming from issuance of debt securities (-6%, after -5% in the third quarter of 2012) and loans from non-banks (-3%, after -2% in the third quarter of 2012). By contrast, issuance of equity contributed positively to the net demand for loans (1%, after -2% in the third quarter of 2012). As in the previous survey round, the use of internal sources of financing contributed negatively to the demand for loans (-8%, after -9% in the third quarter of 2012).

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

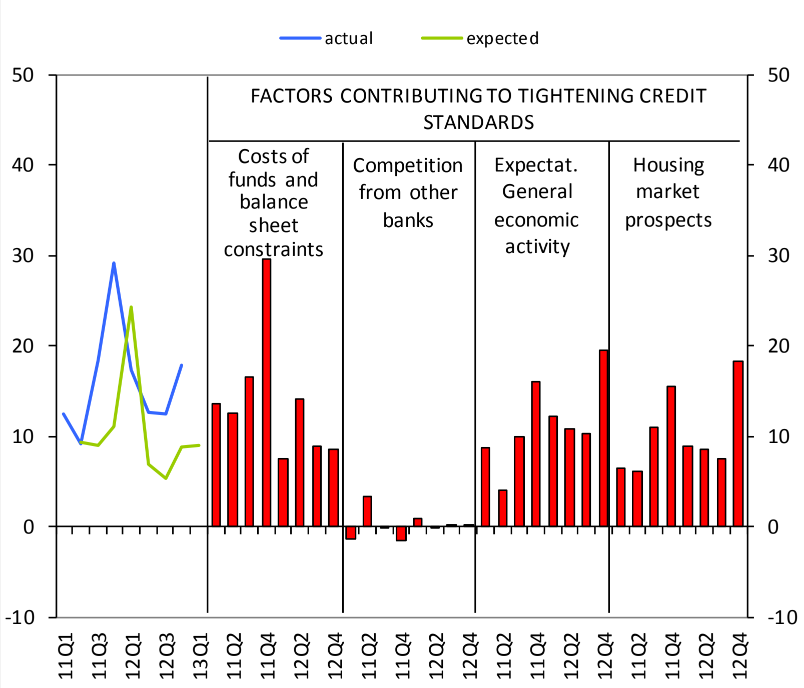
2.2.1 NET TIGHTENING OF CREDIT STANDARDS ON HOUSING LOANS INCREASED IN THE FOURTH QUARTER OF 2012

In the fourth quarter of 2012, euro area banks reported an increase in the net tightening of credit standards on loans to households for house purchase (to 18%, from 13% in the third quarter of 2012; see Chart 4). The net tightening of credit standards on loans to households for house purchase was higher than expected by the reporting banks at the time of the previous survey round (9%). As with loans to enterprises, pressures from cost of funds and balance sheet constraints also remained unchanged in the case of credit standards on housing loans (at 9%). At the same time, the impact on credit standards of the general economic outlook (20%, up from 10% in the third quarter of 2012) and of housing market prospects (18%, up from 8% in the third quarter of 2012) increased in the fourth quarter of 2012. Competitive pressures were reported to have remained broadly neutral.

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.

Terms and conditions on housing loans continued to exhibit mixed behaviour across price and non-price categories in the fourth quarter of 2012. The net percentage of banks reporting a widening of margins on loans declined in the case of average loans (8% in net terms, down from 14% in the third quarter of 2012), while it increased in the case of margins on riskier loans (24% in net terms, up from 19% in the third quarter of 2012). The increase in the net percentage of banks reporting a widening of margins on riskier loans contrasts with the decrease observed in the case of loans to enterprises. Responses regarding non-price categories were also mixed, pointing to an increase in the net tightening of collateral requirements (to 8%, from 2% in the third quarter of 2012) and the maturity of loans (to 9%, from 3% in the third quarter of 2012), and a moderation in the case of loan-to-value ratios (to 4%, from 8% in the third quarter of 2012).

Looking ahead, 9% of euro area banks – in net terms – expect a further tightening of credit standards on loans to households for house purchase in the first quarter of 2013.

2.2.2 LESS PRONOUNCED CONTRACTION IN NET DEMAND FOR HOUSING LOANS

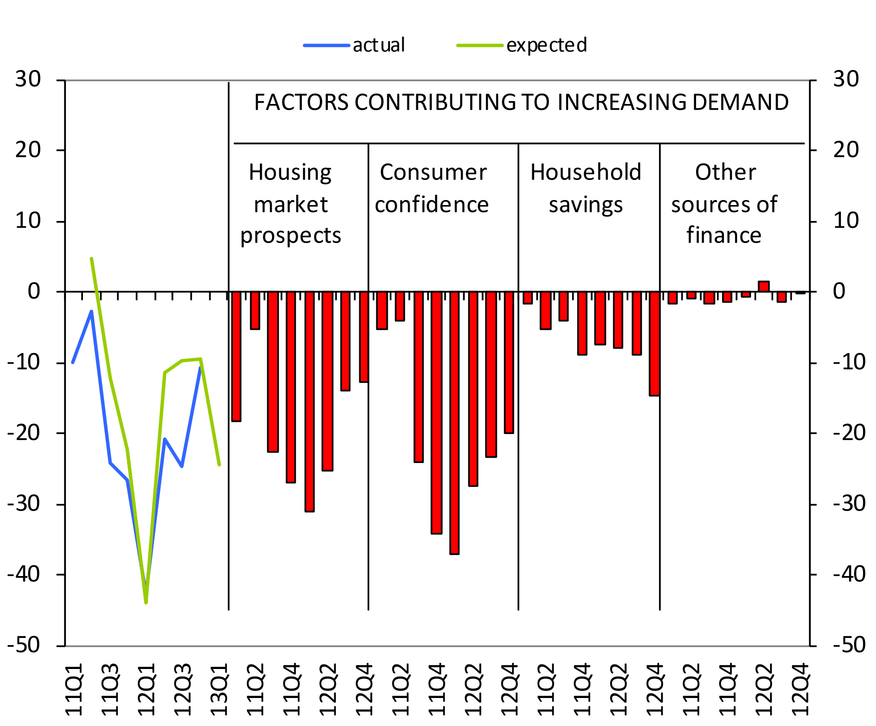
Similar to corporate loan demand, euro area banks reported on balance a further contraction in the demand for housing loans in the fourth quarter of 2012, although at a slower pace than in the previous survey round (-11%, compared with -25% in the third quarter of 2012; see Chart 5). Regarding the factors affecting the net decline in demand, the contribution of housing market prospects remained broadly unchanged (at -13%, compared with -14% in the third quarter of 2012), while the contribution of consumer confidence moderated somewhat (to -20%, from -23% in the third quarter of 2012). By contrast, the use of household savings as an alternative source of finance contributed somewhat more strongly to the net decline in demand for housing loans (-15%, compared with -9% in the third quarter of 2012).

Looking ahead, 25% of euro area banks – in net terms – expect demand for loans for house purchase to decline further in the first quarter of 2013, hinting at an acceleration in demand contraction.

Chart 5

CHANGES IN DEMAND FOR LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE

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



Note: See the notes to Chart 3.

2.2.3 INCREASE IN THE NET TIGHTENING OF CREDIT STANDARDS FOR CONSUMER LOANS

The net tightening of credit standards for consumer credit reported by euro area banks increased in the fourth quarter of 2012, to 9% from 3% in the third quarter of 2012 (see Chart 6). Similar to loans to enterprises and housing loans, pressures emanating from cost of funds and balance sheet constraints on credit standards remained broadly unchanged in the fourth quarter of 2012 (at 3%, after 1% in the third quarter of 2012). At the same time, banks assessed the impact from the risk environment to have tightened in the fourth quarter of 2012, both in the case of expectations regarding the general economic outlook (13%, up from 8% in the third quarter of 2012) and the creditworthiness of loan applicants (12%, up from 4% in the third quarter of 2012).

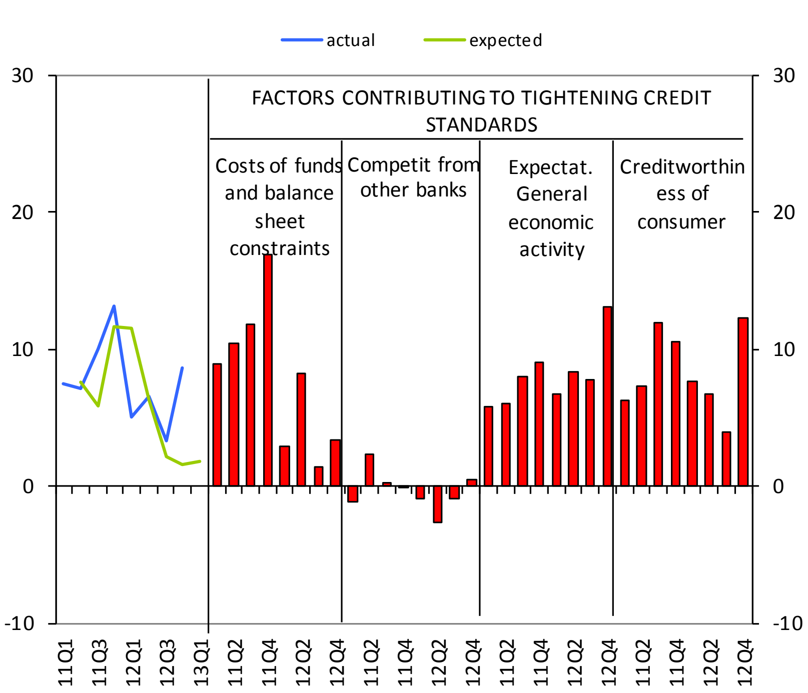
With regard to the terms and conditions on consumer credit, banks reported on balance a broadly stable widening of margins on average consumer loans (12%, compared with 13% in the third quarter of 2012), while they noted an increase in the case of riskier consumer loans (to 17%, from 14% in the third quarter of 2012). In addition, the net tightening of non-price terms and conditions on consumer credit remained broadly unchanged.

Looking ahead, a modest fraction of euro area banks – 2% in net terms – expect a further tightening of credit standards on consumer credit in the first quarter of 2013.

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.

2.2.4 CONTINUED DECLINE IN NET DEMAND FOR CONSUMER CREDIT

Net demand for consumer credit continued to decline in the fourth quarter of 2012, although at a slower pace than in the previous survey round (-14%, compared with -22% in the third quarter of 2012). According to the responding banks, the protracted decline was driven mainly by lower household spending on durable goods (-17%, after -18% in the third quarter of 2012) and a decrease in consumer confidence (-22%, unchanged from the third quarter of 2012).

Looking ahead, for the first quarter of 2013, euro area banks expect the net decline in demand for consumer credit to be similar to that reported in the fourth quarter of 2012 (-14%).

3 AD HOC QUESTIONS

3.1.1 IMPROVEMENT IN ACCESSING RETAIL AND WHOLESALE FUNDING IN THE FOURTH QUARTER OF 2012

As in previous survey rounds, the January 2013 survey questionnaire included a question aimed at assessing the extent to which financial market tensions affected banks' access to retail and wholesale funding.[3]

In the fourth quarter of 2012, euro area banks reported a further improvement in their access to retail and wholesale funding across all funding categories (see Chart 7). In particular, euro area banks reported a net easing in banks' access to retail funding, money markets and debt securities. In the case of securitisation of corporate loans and the ability to transfer credit risk off balance sheet, banks also reported a net easing in the fourth quarter of 2012, after having reported a net tightening in the previous quarter. The overall improvement in banks' access to retail and wholesale markets was stronger than expected at the time of the previous survey round.

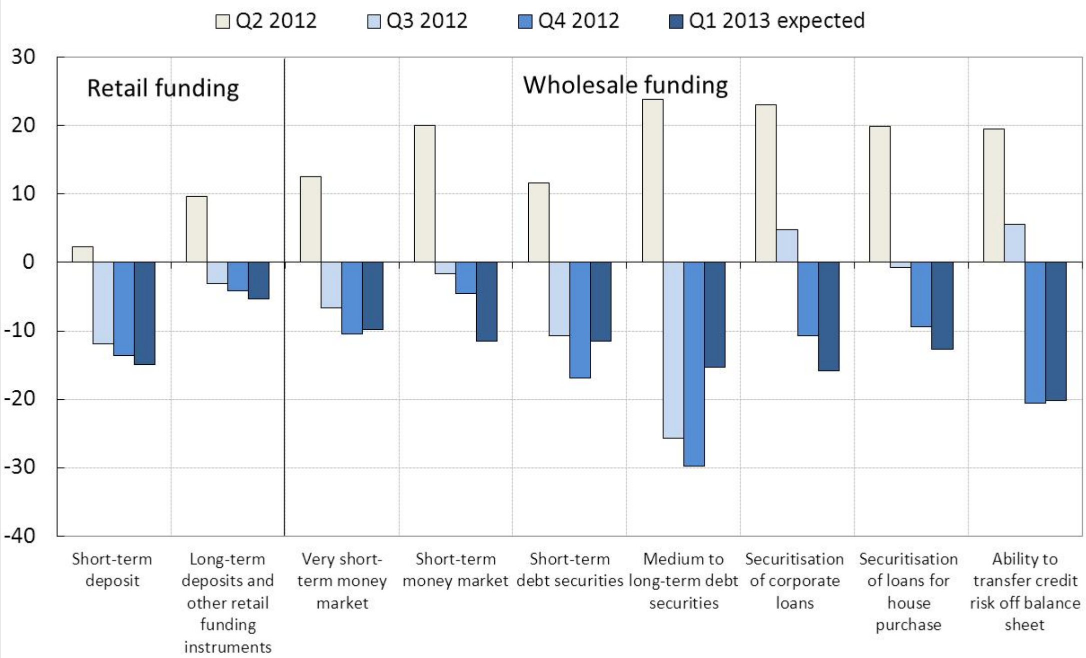
Looking ahead, for the first quarter of 2013, a further improvement is expected by euro area banks for both retail and wholesale funding.

[3] The results shown are calculated as a percentage of the number of banks which did not reply "not applicable".

Chart 7

BANKS' ASSESSMENT OF FUNDING CONDITIONS AND THE ABILITY TO TRANSFER CREDIT RISK OFF BALANCE SHEET

(net percentages of banks reporting deteriorated market access)



Note: The net percentages are defined as the difference between the sum of the percentages for "deteriorated considerably" and "deteriorated somewhat" and the sum of the percentages for "eased somewhat" and "eased considerably".

3.1.2 THE IMPACT OF SOVEREIGN DEBT TENSIONS ON BANKS' FUNDING CONDITIONS AND CREDIT STANDARDS CONTINUED TO ABATE IN THE FOURTH QUARTER OF 2012

As in the previous survey round, the January 2013 survey questionnaire included a question which addressed the specific impact of the sovereign debt crisis on banks' funding conditions and lending policies over the past three months. In principle, bank funding conditions can be primarily affected through two direct channels. First, the *direct exposure to sovereign debt* may weaken bank balance sheets, increase their riskiness as counterparties and, in turn, make funding more costly and more difficult to obtain. Second, higher sovereign debt risk reduces the *value of sovereign collateral* that banks can use to raise wholesale funding. Beyond this, *other effects* may relate sovereign market tensions to bank funding conditions. Notably, the weaker financial positions of governments have lowered the funding benefits that banks derive from implicit or explicit government guarantees. Financial contagion from sovereign to sovereign or from sovereign to banks may also be at play.

Moreover, aiming to obtain a more encompassing picture of the impact of the sovereign debt crisis on banks' lending conditions, the January 2013 BLS also included a new ad hoc question regarding the impact of the sovereign debt crisis on banks' credit margins.

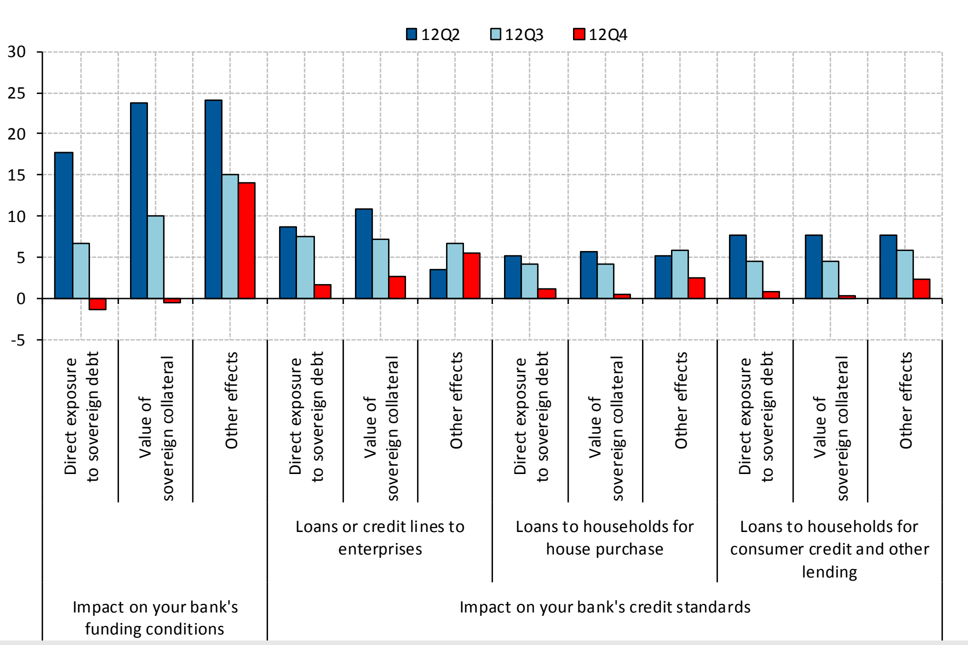
In the context of subsiding financial tensions in most market segments, replies to the January 2013 survey indicated that the impact of sovereign debt tensions on banks' funding conditions abated significantly in the fourth quarter of 2012 (see Chart 8, upper panel). On balance, about 1% of euro area banks reported that their direct exposure to sovereign debt and the value of sovereign collateral contributed to an easing in funding conditions (compared with a net tightening impact of 7% and 10%, respectively, in the previous quarter). In addition, "other effects", which may include financial contagion, showed a slight moderation in the impact of sovereign tensions on banks' funding conditions (on balance 14%, down from 15% in the third quarter of 2012). These results suggest that the negative impact of the sovereign debt crisis on banks' funding conditions receded substantially in the course of the fourth quarter of 2012 and represent a substantial improvement with respect to the crisis situation observed in the second quarter of 2012.

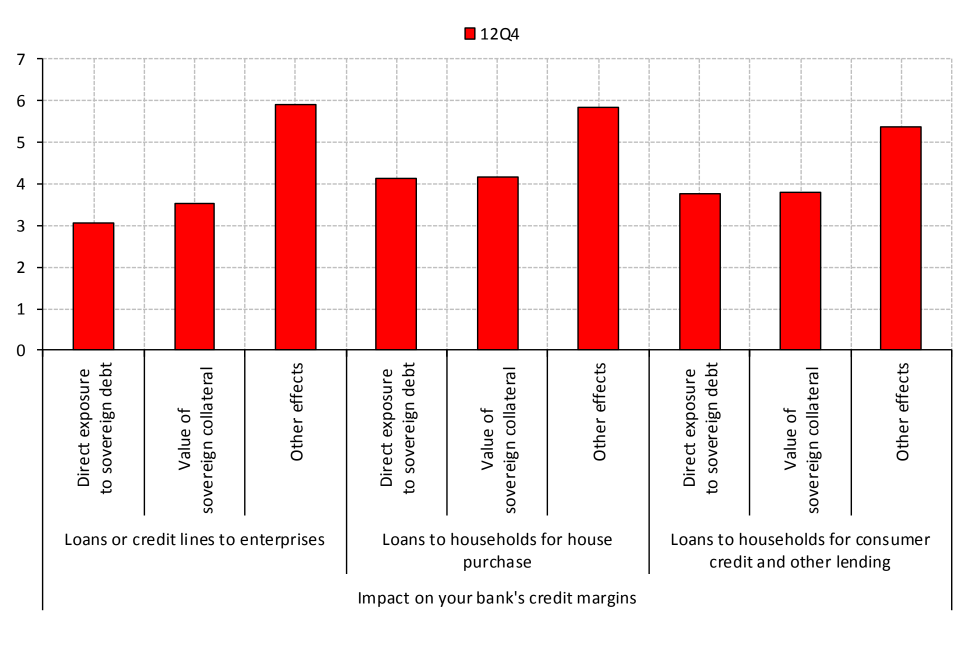
Compared with the previous quarter, the impact of the sovereign debt crisis on banks' credit standards also receded strongly at the euro area level in the fourth quarter of 2012. The moderation was pronounced and widespread across lending categories and channels of transmission. At the same time, banks reported that the impact of the sovereign debt crisis on banks' credit margins was somewhat stronger than that on their credit standards (see Chart 8, lower panel).

Chart 8

IMPACT OF THE SOVEREIGN DEBT CRISIS ON BANKS' FUNDING CONDITIONS, CREDIT STANDARDS AND LENDING MARGINS

(net percentages of banks reporting an impact on funding conditions or on the tightening of credit standards or widening lending margins)





Note: The net percentages are defined as the difference between the sum of the percentages for "contributed to a deterioration of funding conditions/tightening of credit standards/widening of credit margins considerably" and "somewhat" and the sum of the percentages for "contributed to an easing of funding conditions/easing of credit standards/narrowing of lending margins somewhat" and "considerably".

3.1.3 CONTINUING ADJUSTMENT TO NEW REGULATORY REQUIREMENTS BY SHEDDING RISK-WEIGHTED ASSETS AND BY INCREASING CAPITAL POSITIONS

Finally, the January 2013 survey questionnaire included two bi-annual ad hoc questions aimed at assessing the extent to which new regulatory requirements affected banks' lending policies via the potential impact on their capital positions and the credit standards that they apply to loans. These new requirements cover the regulation set out in the "CRD IV" proposal[4], additional measures of the European Banking Authority[5] or any other specific national regulations concerning banks' capital ratios that have recently been approved or are expected to be approved in the near future. As with the impact of the sovereign debt crisis, the January 2013 BLS also included a new ad hoc question on the impact of the new regulatory requirements on banks' credit margins.

According to banks' replies,[6] on balance 32% of the participating euro area banks reported a decline in their risk-weighted assets during the second half of 2012 in order to comply with new regulatory requirements, compared with 40% in the first half of 2012 (see Chart 9). This adjustment process concerned riskier loans more than average loans (38% for riskier loans versus 26% for average loans, broadly unchanged from the first half of 2012). As regards the effect of regulation on banks' capital positions, on balance 24% of euro area banks noted an increase in their capital position during the past six months, compared with 36% in the July 2012 BLS. In the last six months, the rise in banks' capital positions was achieved somewhat more by share issuance than by retained earnings, whereas the opposite was the case in the first half of 2012.

Looking ahead, a lower net percentage of euro area banks plan to reduce their risk-weighted assets in the first half of 2013 (20%, down from 32% in the second half of 2012). At the same time, on balance, the percentage share of banks intending to increase their capital position increased by more than in the second half of 2012 (39%, up from 24% in the second half of 2012). In addition, banks expect a more important role for retained earnings, compared with share issuance, in increasing their capital position.

[4] See the European Commission's website (http://ec.europa.eu/internal_market/bank/regcapital/index_en.htm).

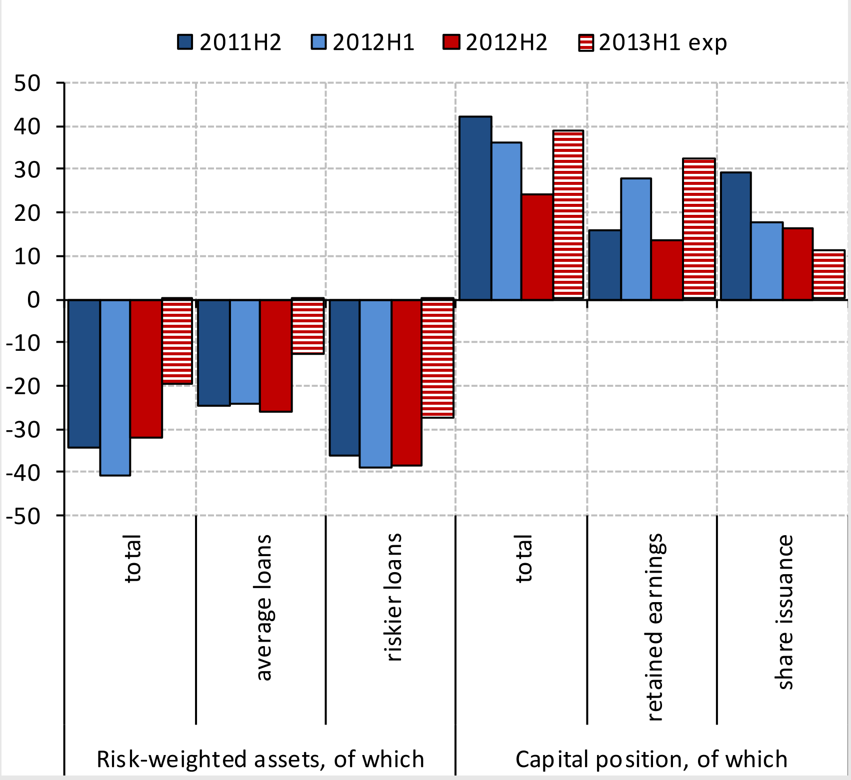
[5] The European Banking Authority set capital targets for 70 European banks, consisting of two parts to be implemented by June 2012. The first part is a temporary capital buffer against sovereign exposures at market prices as of September 2011. The second part consists in raising core Tier 1 capital ratios to 9%, while avoiding excessive deleveraging.

[6] The results shown are calculated as a percentage of the number of banks which did not reply "not applicable".

Chart 9

IMPACT OF CRD IV AND OTHER REGULATORY REQUIREMENTS ON BANKS' RISK-WEIGHTED ASSETS AND CAPITAL POSITION

(net percentages of banks)



Note: The net percentages are defined as the difference between the sum of the percentages for "increase considerably" and "increase somewhat" and the sum of the percentages for "decreased somewhat" and "decreased considerably".

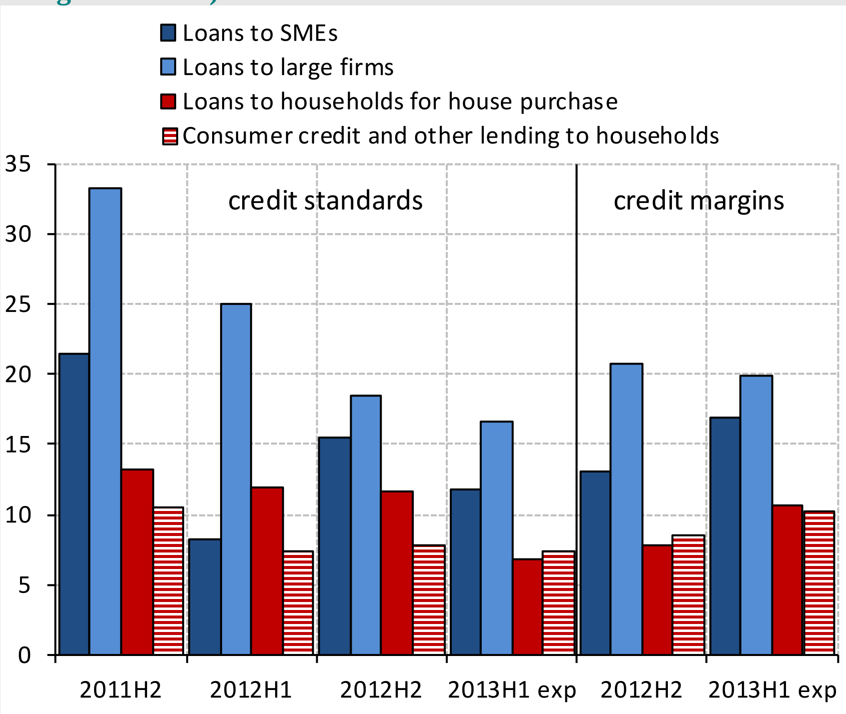
Chart 10 shows the contribution of CRD IV and other new regulatory requirements to the tightening of banks' credit standards. In net terms, 19% of the reporting banks acknowledged that they have tightened their credit standards on loans to large enterprises as a result of adjustment to new regulatory requirements, while 15% of the banks reported the same for loans to SMEs. For loans to households, owing to the new regulatory requirements, 11% of the banks in net terms reported a tightening of credit standards on housing loans, and 8% reported a tightening for consumer credit. The impact of regulatory requirements on credit margins was about the same as that on credit standards for each lending category, with the exception of housing loans, where the impact on credit margins was somewhat lower.

For the first half of 2013, banks expect some moderation in the net tightening of credit standards on loans to enterprises and to households due to regulatory pressures. At the same time, banks also expect to continue tightening credit margins in the first half of 2013, particularly in the case of corporate loans.

Chart 10

IMPACT OF CRD IV AND OTHER REGULATORY REQUIREMENTS ON THE TIGHTENING OF CREDIT STANDARDS/CREDIT MARGINS

(net percentages of banks)



Note: The net percentages are 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”.

ANNEX 1: RESULTS FOR THE INDIVIDUAL QUESTIONS

I. LOANS OR CREDIT LINES TO ENTERPRISES

1. 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? *(in percentages, unless otherwise stated)*

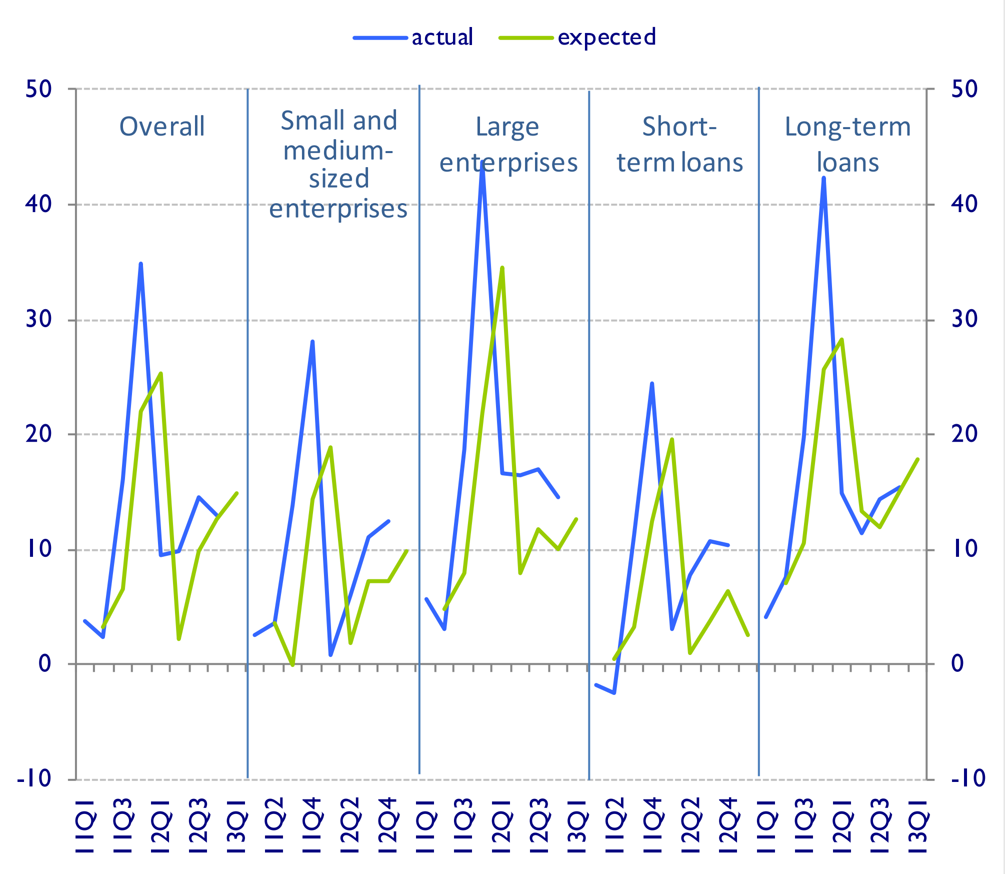
	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13
Tightened considerably	0	0	1	2	0	0	0	0	0	0
Tightened somewhat	15	14	10	12	17	15	11	11	15	16
Remained basically unchanged	84	86	87	85	83	84	88	89	84	83
Eased somewhat	1	1	1	1	0	1	1	1	1	1
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	***15***	***13***	***11***	***12***	***17***	***15***	***11***	***10***	***14***	***15***
Diffusion index	***7***	***7***	***6***	***7***	***9***	***7***	***5***	***5***	***7***	***8***
Mean	*2.85*	*2.87*	*2.88*	*2.86*	*2.83*	*2.85*	*2.89*	*2.90*	*2.86*	*2.85*
Number of banks responding	***125***	***125***	***122***	***122***	***119***	***121***	***125***	***125***	***124***	***124***

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). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

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)



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? *(in percentages, unless otherwise stated)*

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	3	5	85	0	0	7	7	8	4	6	2.91	2.88
Your bank's ability to access market financing	0	6	81	3	0	10	3	4	2	2	2.97	2.96
Your bank's liquidity position	1	6	81	6	0	6	-2	0	-1	1	3.03	2.99
B) Pressure from competition												
Competition from other banks	0	2	90	1	0	7	-3	1	-2	0	3.03	2.99
Competition from non-banks	0	0	88	0	0	12	-1	0	-1	0	3.02	3.00
Competition from market financing	0	0	87	0	0	13	0	0	0	0	3.00	3.00
C) Perception of risk												
Expectations regarding general economic activity	0	25	69	0	0	6	28	26	15	13	2.69	2.73
Industry or firm-specific outlook	0	28	67	0	0	6	30	28	15	14	2.68	2.70
Risk on collateral demanded	0	9	86	0	0	6	5	9	3	4	2.94	2.91

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	1	4	84	0	0	12	5	4	3	3	2.94	2.94
Your bank's ability to access market financing	0	3	79	2	1	15	1	0	1	0	2.99	3.00
Your bank's liquidity position	0	3	82	2	1	13	-2	1	-1	0	3.03	2.99
B) Pressure from competition												
Competition from other banks	0	1	85	1	0	12	-2	-1	-1	0	3.02	3.01
Competition from non-banks	0	0	84	0	0	16	0	0	0	0	3.00	3.00
Competition from market financing	0	0	84	0	0	16	1	0	1	0	2.98	3.00
C) Perception of risk												
Expectations regarding general economic activity	0	21	68	0	0	11	27	21	14	11	2.69	2.76
Industry or firm-specific outlook	0	23	66	0	0	11	27	23	14	12	2.70	2.74
Risk on collateral demanded	0	8	80	0	0	12	5	7	3	4	2.94	2.92

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	2	10	76	0	0	12	11	12	6	7	2.87	2.84
Your bank's ability to access market financing	0	5	77	3	0	16	3	2	2	1	2.96	2.97
Your bank's liquidity position	1	4	77	7	0	12	-2	-2	-1	-1	3.03	3.02
B) Pressure from competition												
Competition from other banks	0	0	86	0	0	14	-2	0	-1	0	3.02	3.00
Competition from non-banks	0	0	83	0	0	17	-2	0	-1	0	3.02	3.00
Competition from market financing	0	0	82	1	0	17	-1	-1	0	0	3.01	3.01
C) Perception of risk												
Expectations regarding general economic activity	1	18	69	0	0	12	26	19	13	10	2.71	2.78
Industry or firm-specific outlook	1	26	61	0	0	12	26	26	13	14	2.72	2.69
Risk on collateral demanded	1	8	79	0	0	12	7	9	4	5	2.92	2.90

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). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Chart 2a

FACTORS AFFECTING CREDIT STANDARDS APPLIED TO THE APPROVAL OF LOANS OR CREDIT LINES TO ENTERPRISES

(net percentages of banks contributing to tightening standards)

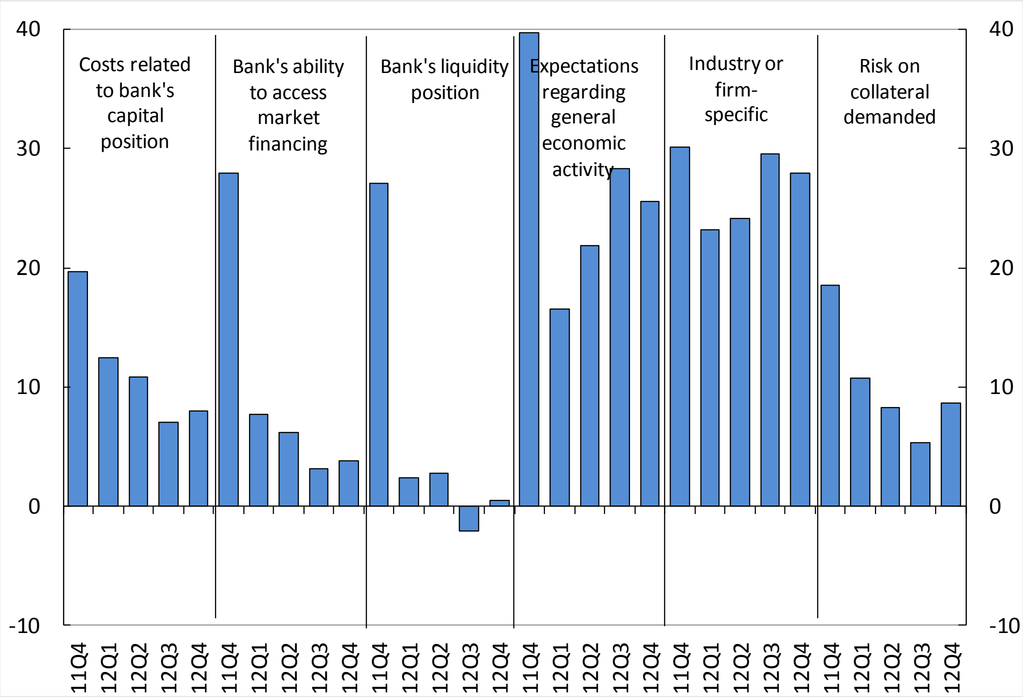
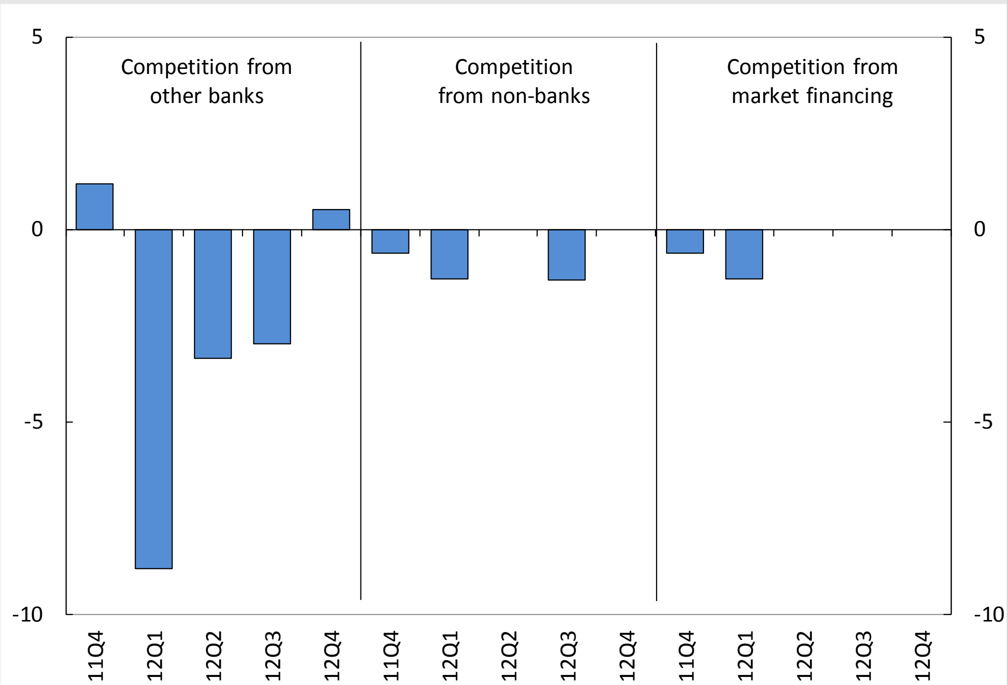


Chart 2b



3. Over the past three months, how have your bank's conditions and terms for approving loans or credit lines to enterprises changed? *(in percentages, unless otherwise stated)*

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13
A) Price												
Your bank's margin on average	0	25	66	2	0	7	23	23	12	12	2.75	2.76
Your bank's margin on riskier loans	4	28	59	1	0	7	44	31	22	18	2.54	2.63
B) Other conditions and terms												
Non-interest rate charges	0	5	86	2	1	7	8	2	4	1	2.92	2.99
Size of the loan or credit line	0	13	78	2	0	7	7	11	4	6	2.92	2.88
Collateral requirements	1	9	82	2	0	7	8	8	4	4	2.91	2.91
Loan covenants	0	6	85	2	0	7	5	4	3	2	2.94	2.96
Maturity	1	9	83	1	0	7	12	8	6	4	2.87	2.91

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13
A) Price												
Your bank's margin on average	0	21	66	2	0	11	19	19	10	10	2.80	2.79
Your bank's margin on riskier loans	2	31	56	1	0	11	36	32	19	17	2.61	2.63
B) Other conditions and terms												
Non-interest rate charges	0	4	84	1	1	11	7	2	4	1	2.93	2.99
Size of the loan or credit line	0	10	78	1	0	11	5	9	3	4	2.95	2.91
Collateral requirements	0	11	77	1	0	11	11	9	6	5	2.88	2.90
Loan covenants	0	5	83	1	0	11	4	4	2	2	2.95	2.96
Maturity	0	9	79	1	0	11	11	9	6	4	2.89	2.90

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13
A) Price												
Your bank's margin on average	4	16	65	3	0	12	22	17	12	10	2.74	2.78
Your bank's margin on riskier loans	8	20	58	3	0	12	39	25	22	16	2.52	2.64
B) Other conditions and terms												
Non-interest rate charges	2	3	81	1	1	12	9	3	4	2	2.91	2.96
Size of the loan or credit line	2	13	71	1	0	12	12	14	6	8	2.87	2.83
Collateral requirements	1	11	75	1	0	13	11	10	6	5	2.87	2.89
Loan covenants	0	6	79	2	0	13	8	4	4	2	2.91	2.95
Maturity	1	12	74	1	0	12	16	12	9	6	2.81	2.86

N

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

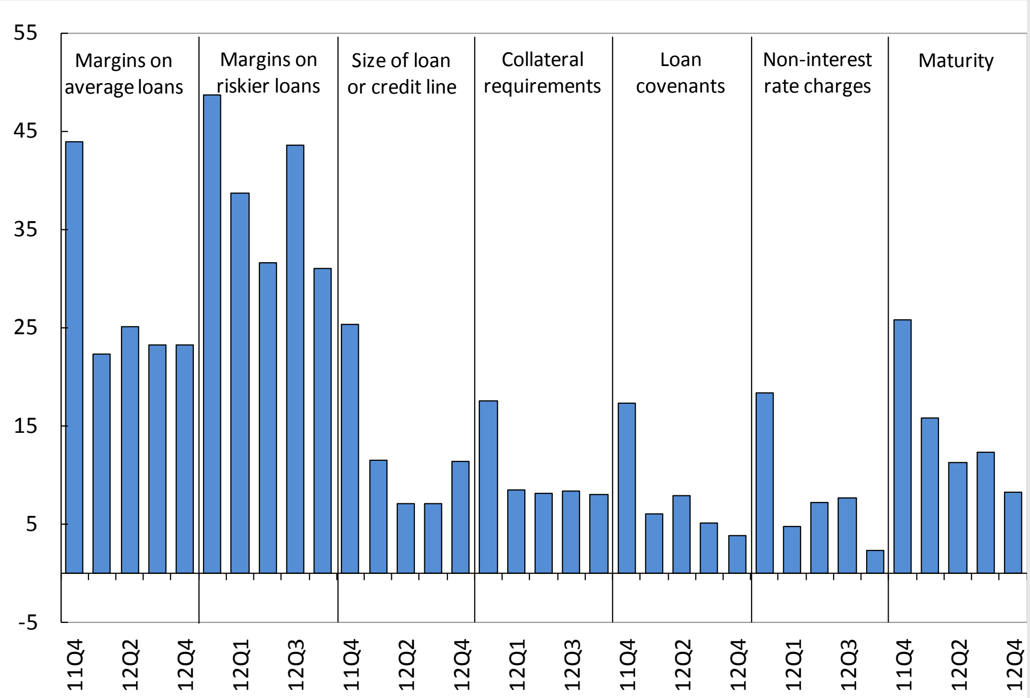
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "+ +" (contributed considerably to easing). "°" 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). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

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



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? *(in percentages, unless otherwise stated)*

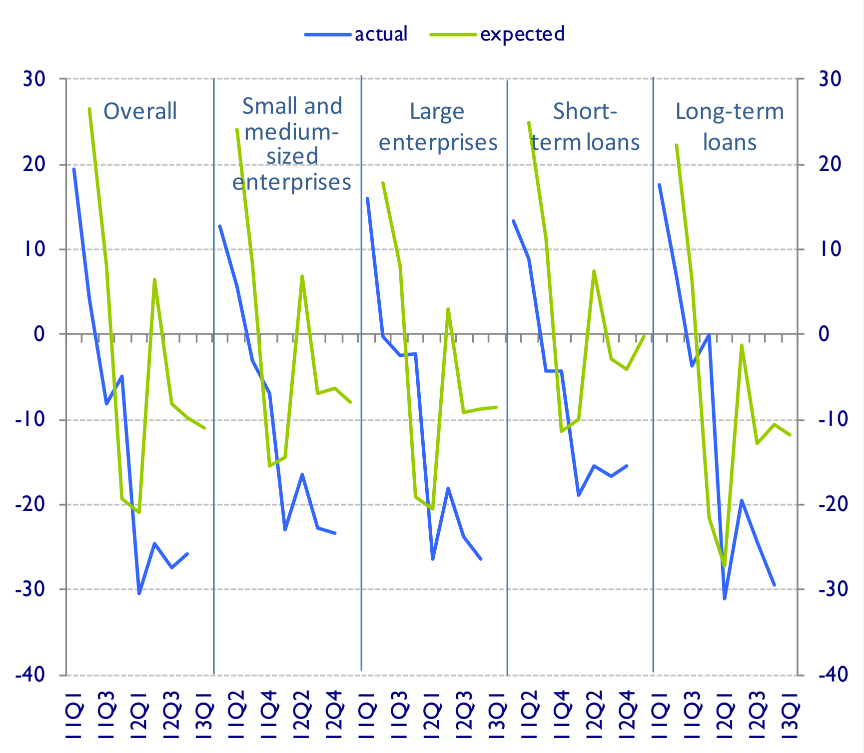
	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13
Decreased considerably	1	0	1	0	2	4	1	0	2	1
Decreased somewhat	32	31	33	30	28	27	22	23	30	34
Remained basically unchanged	62	63	56	64	64	64	70	69	62	60
Increased somewhat	5	5	11	6	6	5	7	8	7	5
Increased considerably	0	1	0	1	0	0	0	0	0	1
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***-28***	***-26***	***-23***	***-23***	***-24***	***-27***	***-17***	***-16***	***-24***	***-30***
Diffusion index	***-14***	***-13***	***-12***	***-11***	***-13***	***-15***	***-9***	***-8***	***-13***	***-15***
Mean	*2.72*	*2.75*	*2.76*	*2.77*	*2.75*	*2.70*	*2.83*	*2.84*	*2.74*	*2.70*
Number of banks responding	***125***	***124***	***121***	***121***	***120***	***120***	***125***	***124***	***124***	***123***

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). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Chart 4

CHANGES IN DEMAND FOR LOANS OR CREDIT LINES TO ENTERPRISES

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



5. Over the past three months, how have the following factors affected the demand for <u>loans or credit lines to enterprises</u>? *(in percentages, unless otherwise stated)*

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13
A) Financing needs												
Fixed investment	2	34	51	4	1	8	-33	-31	-18	-16	2.62	2.66
Inventories and working capital	0	14	67	10	0	9	-11	-4	-5	-2	2.89	2.96
Mergers/acquisitions and corporate restructuring	0	16	73	1	0	10	-17	-15	-9	-8	2.80	2.84
Debt restructuring	0	0	78	15	1	7	15	15	8	8	3.16	3.16
B) Use of alternative finance												
Internal financing	1	9	82	2	0	7	-9	-8	-5	-4	2.90	2.92
Loans from other banks	0	5	86	2	0	7	-4	-3	-2	-2	2.96	2.97
Loans from non-banks	0	3	86	0	0	11	-2	-3	-1	-1	2.98	2.97
Issuance of debt securities	0	8	77	2	0	13	-5	-6	-2	-3	2.96	2.92
Issuance of equity	0	0	83	1	0	16	-2	1	-1	1	2.99	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 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). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Chart 5a

FACTORS AFFECTING DEMAND FOR LOANS AND CREDIT LINES TO ENTERPRISES

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

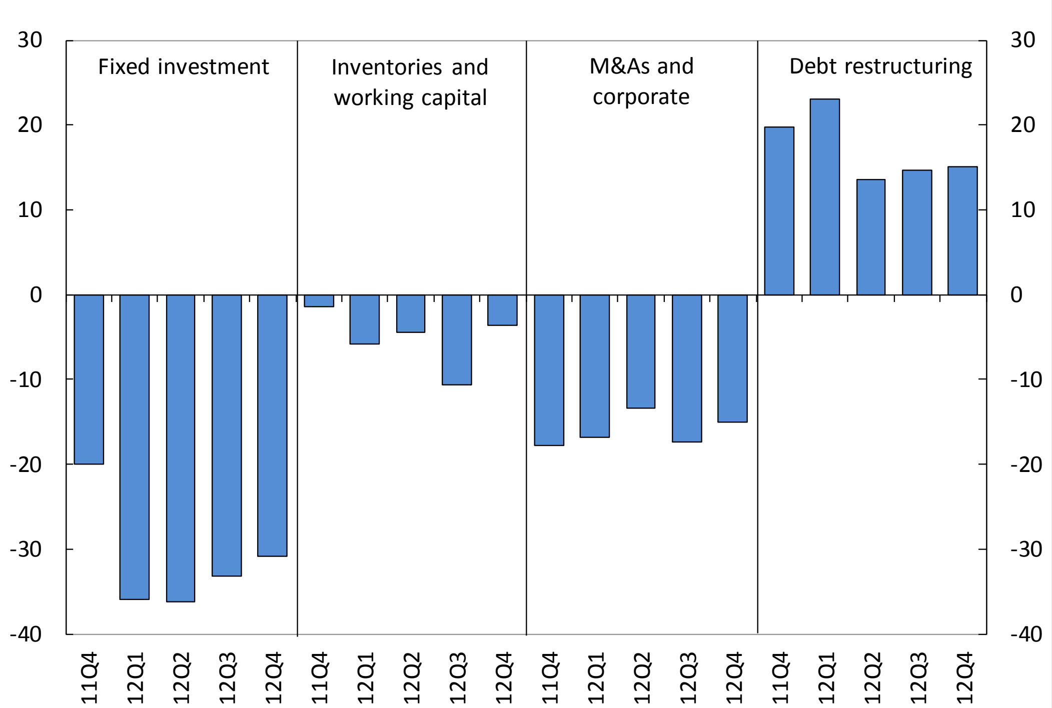
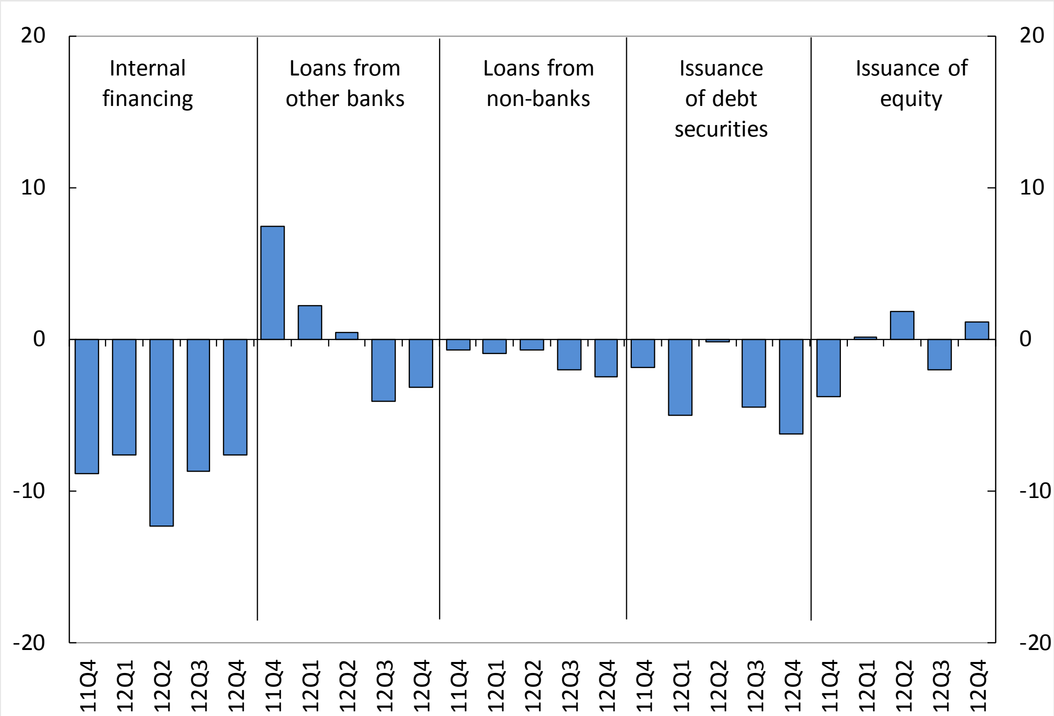


Chart 5b

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 <u>bank's credit standards as applied to the approval of loans or credit lines to enterprises</u> to change over the next three months. *(in percentages, unless otherwise stated)*

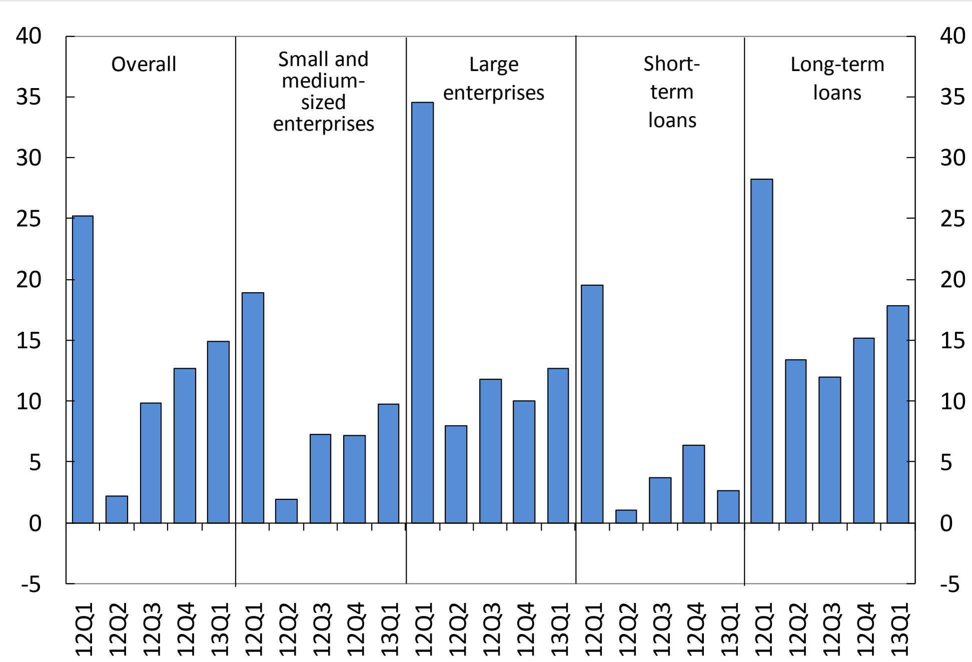
	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13
Tighten considerably	0	1	0	2	0	0	0	0	0	0
Tighten somewhat	13	15	8	11	10	14	8	5	15	19
Remain basically unchanged	87	82	92	85	90	84	91	92	85	79
Ease somewhat	0	2	1	3	0	2	1	3	0	2
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	***13***	***15***	***7***	***10***	***10***	***13***	***6***	***3***	***15***	***18***
Diffusion index	***6***	***8***	***4***	***6***	***5***	***6***	***3***	***1***	***8***	***9***
Mean	*2.87*	*2.84*	*2.93*	*2.89*	*2.90*	*2.87*	*2.94*	*2.97*	*2.85*	*2.82*
Number of banks responding	***125***	***124***	***121***	***120***	***120***	***121***	***125***	***124***	***124***	***123***

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). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Chart 6

EXPECTED CREDIT STANDARDS FOR THE APPROVAL OF LOANS OR CREDIT LINES TO ENTERPRISES

(net percentages of banks contributing to tightening standards)



7. Please indicate how you expect <u>demand for loans or credit lines to enterprises</u> to change at your bank over the next three months (apart from normal seasonal fluctuations). *(in percentages, unless otherwise stated)*

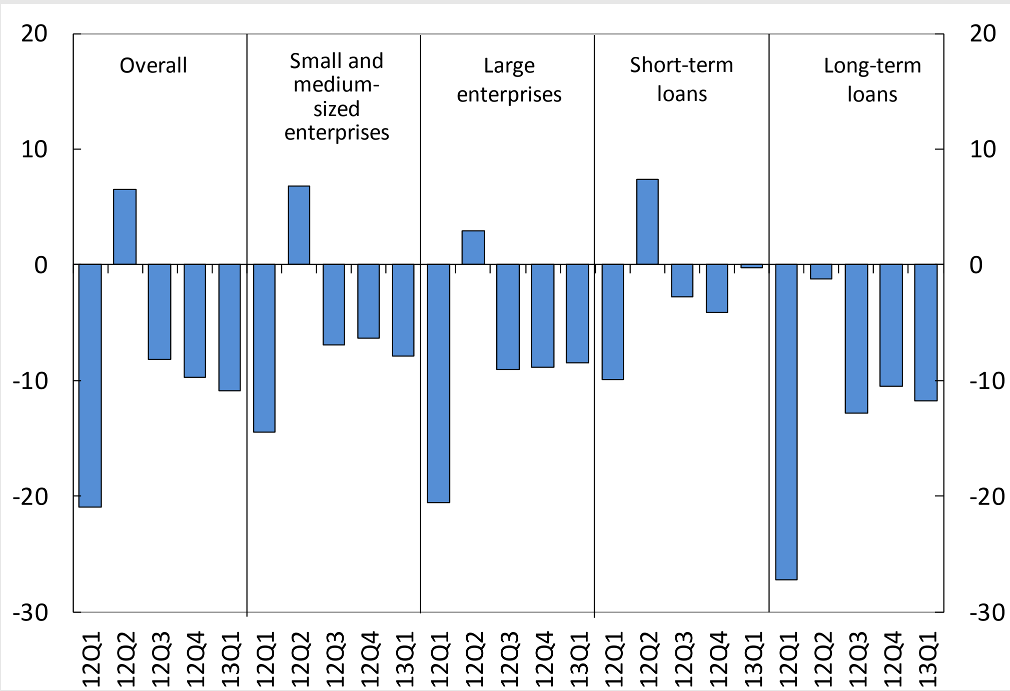
	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13
Decrease considerably	0	0	0	0	1	2	1	0	1	1
Decrease somewhat	18	17	18	15	14	11	13	13	15	19
Remain basically unchanged	74	78	70	78	79	83	76	75	79	72
Increase somewhat	8	6	12	6	6	4	10	13	5	6
Increase considerably	0	0	0	1	0	0	0	0	0	2
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***-10***	***-11***	***-6***	***-8***	***-9***	***-9***	***-4***	***0***	***-11***	***-12***
Diffusion index	***-5***	***-6***	***-3***	***-4***	***-5***	***-5***	***-2***	***0***	***-6***	***-5***
Mean	*2.90*	*2.89*	*2.94*	*2.93*	*2.91*	*2.90*	*2.95*	*3.00*	*2.89*	*2.90*
Number of banks responding	***125***	***124***	***121***	***120***	***119***	***120***	***125***	***124***	***124***	***123***

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). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Chart 7

EXPECTED DEMAND FOR LOANS AND CREDIT LINES TO ENTERPRISES

(net percentages of banks reporting a positive contribution to 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? *(in percentages, unless otherwise stated)*

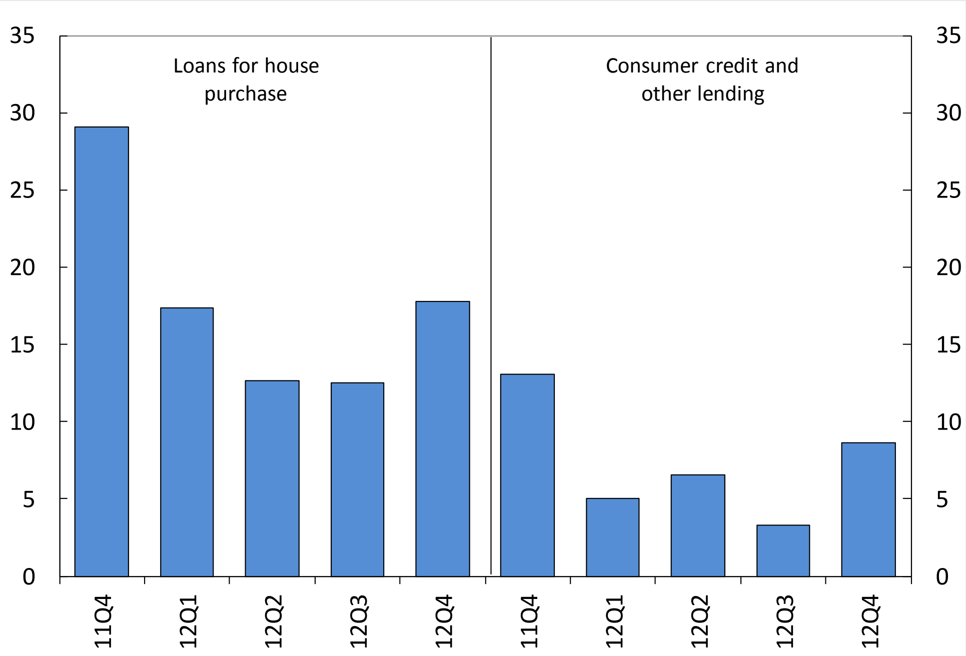
	Loans for house purchase		Consumer credit and other lending	
	Oct 12	Jan 13	Oct 12	Jan 13
Tightened considerably	0	0	0	0
Tightened somewhat	13	18	4	11
Remained basically unchanged	88	81	95	86
Eased somewhat	0	1	1	3
Eased considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***13***	***18***	***3***	***9***
Diffusion index	***6***	***9***	***2***	***4***
Mean	*2.88*	*2.82*	*2.97*	*2.91*
Number of banks responding	***118***	***119***	***119***	***121***

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). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

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? *(in percentages, unless otherwise stated)*

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13
A) Cost of funds and balance sheet constraints	1	8	79	0	0	13	9	9	4	5	2.92	2.90
B) Pressure from competition												
Competition from other banks	0	2	85	1	0	12	0	0	0	0	3.00	3.00
Competition from non-banks	0	2	84	0	0	14	0	2	0	1	3.00	2.97
C) Perception of risk												
Expectations regarding general economic activity	0	19	69	0	0	11	10	20	6	10	2.88	2.78
Housing market prospects	1	19	68	1	0	11	8	18	5	10	2.90	2.78

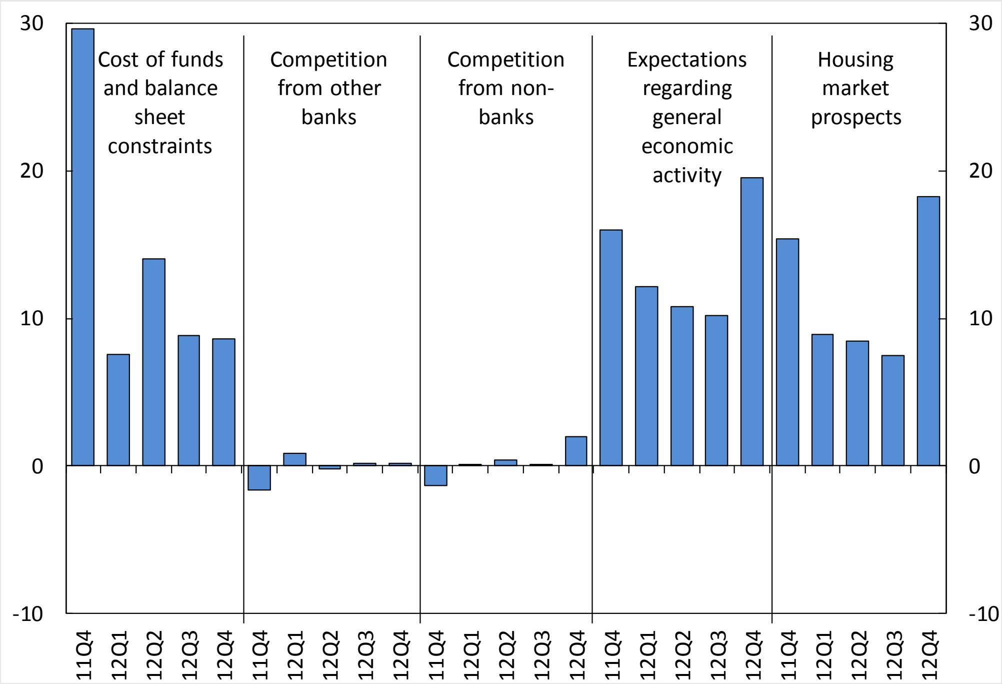
NA = not available; NetP = net percentage; DI = diffusion index.

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). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Chart 9

FACTORS AFFECTING CREDIT STANDARDS APPLIED TO THE APPROVAL OF LOANS TO HOUSEHOLDS

(net percentages of banks contributing to tightening credit standards)



10. Over the past three months, how have your bank's conditions and terms for approving loans to households for house purchase changed? *(in percentages, unless otherwise stated)*

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13
A) Price												
Your bank's margin on average	0	17	62	10	0	11	14	8	7	4	2.85	2.92
Your bank's margin on riskier loans	2	24	59	2	0	13	19	24	11	13	2.77	2.72
B) Other conditions and terms												
Collateral requirements	0	10	77	2	0	11	2	8	1	4	2.98	2.91
Loan-to-value ratio	0	9	76	4	0	11	8	4	4	2	2.91	2.95
Maturity	0	9	80	0	0	11	3	9	2	4	2.96	2.90
Non-interest rate charges	0	4	84	1	0	11	3	3	2	1	2.97	2.97

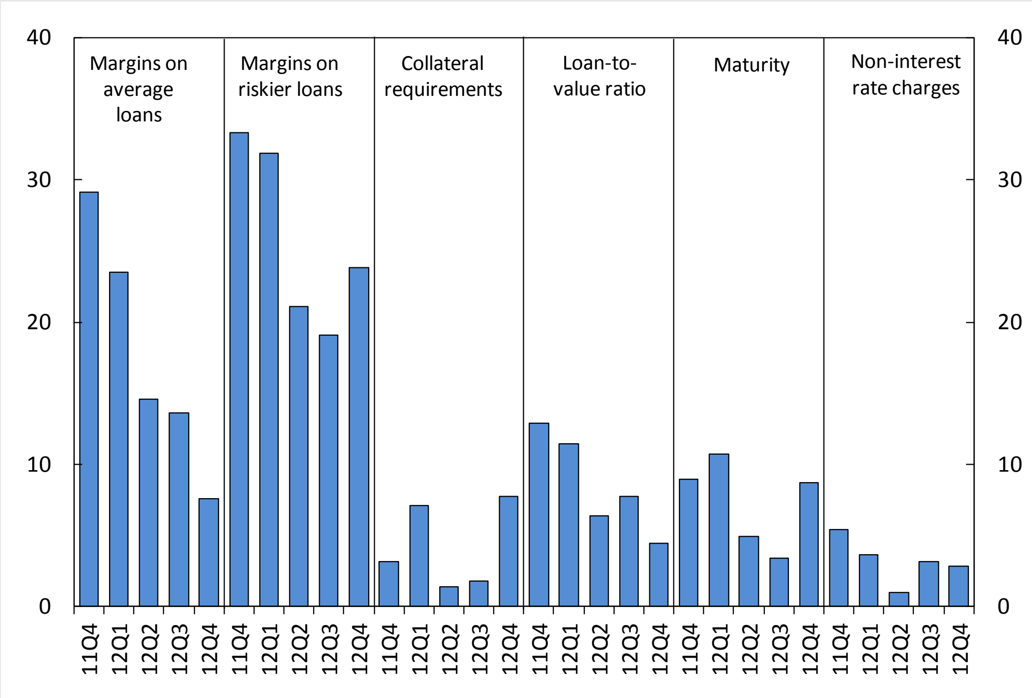
NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (contributed considerably to 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). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

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)? *(in percentages, unless otherwise stated)*

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13
A) Cost of funds and balance sheet constraints	0	4	86	1	0	9	1	3	0	2	3.00	2.97
B) Pressure from competition												
Competition from other banks	0	1	89	1	0	9	-1	0	-1	0	3.01	2.99
Competition from non-banks	0	0	90	0	0	10	-2	0	-1	0	3.02	3.00
C) Perception of risk												
Expectations regarding general economic activity	0	13	79	0	0	8	8	13	5	7	2.91	2.86
Creditworthiness of consumers	0	12	78	0	0	9	4	12	3	6	2.95	2.87
Risk on collateral demanded	0	5	85	0	0	10	2	5	1	2	2.98	2.95

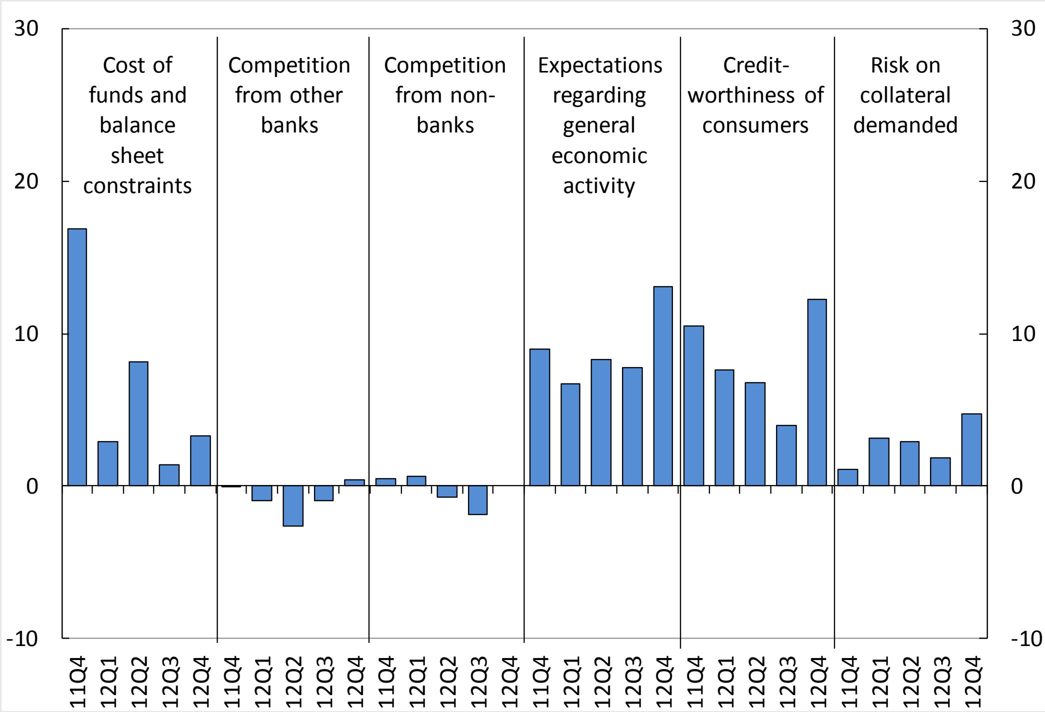
NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (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). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Chart 11

FACTORS AFFECTING CREDIT STANDARDS APPLIED TO THE APPROVAL OF CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS

(net percentages of banks contributing to tightening credit standards)



12. Over the past three months, how have your bank's conditions and terms for approving consumer credit and other lending to households changed? *(in percentages, unless otherwise stated)*

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13
A) Price												
Your bank's margin on average	0	13	77	1	0	8	13	12	7	6	2.85	2.87
Your bank's margin on riskier loans	2	15	74	1	0	8	14	17	8	9	2.82	2.80
B) Other conditions and terms												
Collateral requirements	0	4	86	1	0	9	2	4	1	2	2.98	2.96
Maturity	0	1	91	1	0	7	0	0	0	0	3.00	2.99
Non-interest rate charges	0	3	89	1	0	7	3	2	1	1	2.97	2.98

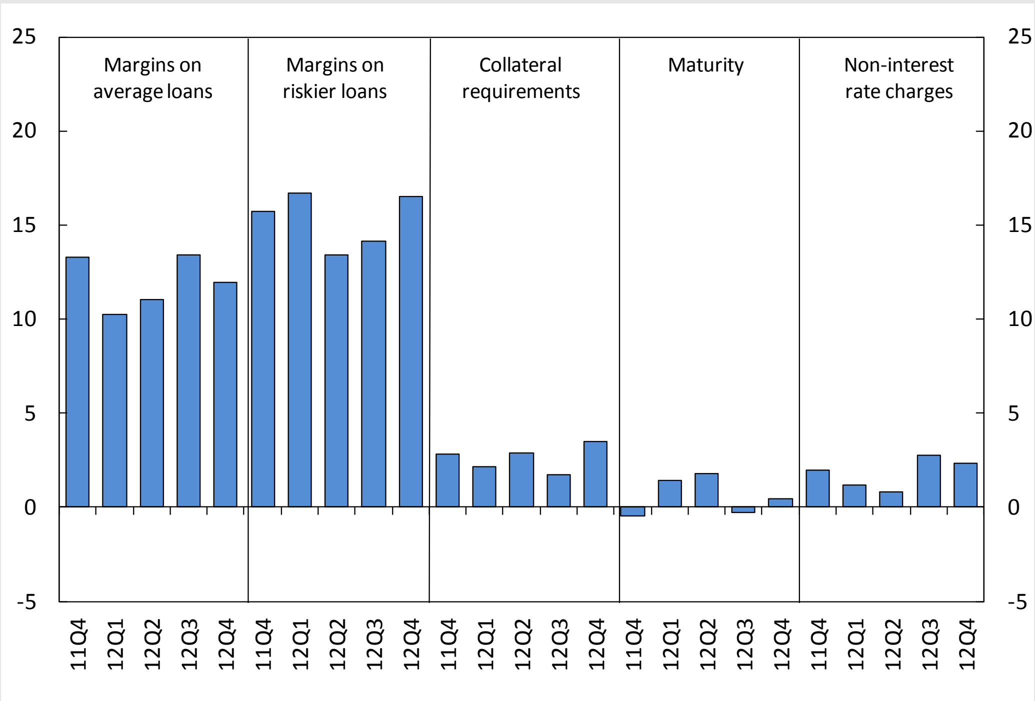
NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (contributed considerably to 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). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Chart 12

CHANGES IN TERMS AND CONDITIONS FOR APPROVING CONSUMER CREDIT AND OTHER LOANS 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? *(in percentages, unless otherwise stated)*

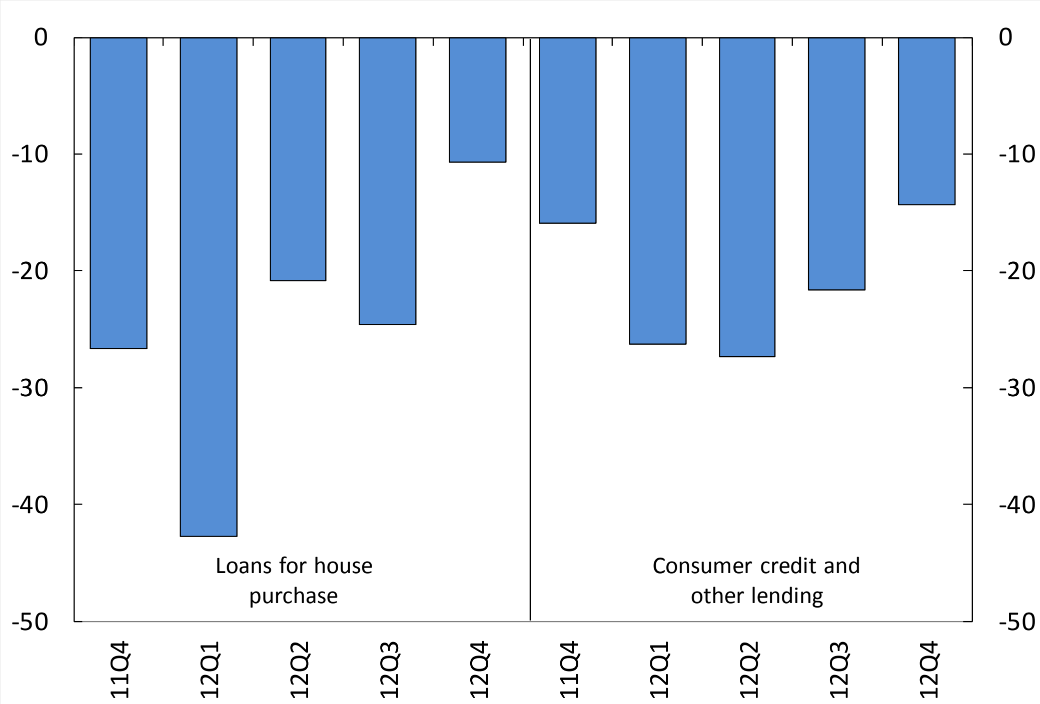
	Loans for house purchase		Consumer credit and other lending	
	Oct 12	Jan 13	Oct 12	Jan 13
Decreased considerably	3	11	2	4
Decreased somewhat	34	19	25	21
Remained basically unchanged	51	51	67	65
Increased somewhat	10	16	4	9
Increased considerably	3	3	2	1
Total	*100*	*100*	*100*	*100*
Net percentage	***-25***	***-11***	***-22***	***-14***
Diffusion index	***-13***	***-10***	***-11***	***-9***
Mean	*2.75*	*2.81*	*2.78*	*2.83*
Number of banks responding	***118***	***119***	***120***	***122***

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). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

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)? *(in percentages, unless otherwise stated)*

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13
A) Financing needs												
Housing market prospects	2	25	49	12	2	10	-14	-13	-8	-6	2.82	2.87
Consumer confidence	6	19	60	5	0	10	-23	-20	-13	-13	2.72	2.72
Non-housing-related consumption expenditure	2	11	75	3	0	10	-12	-10	-6	-6	2.87	2.88
B) Use of alternative finance												
Household savings	0	17	71	2	0	10	-9	-15	-5	-7	2.89	2.84
Loans from other banks	0	5	82	3	0	10	-3	-2	-2	-1	2.96	2.97
Other sources of finance	0	1	88	1	0	11	-2	0	-1	0	2.98	3.00

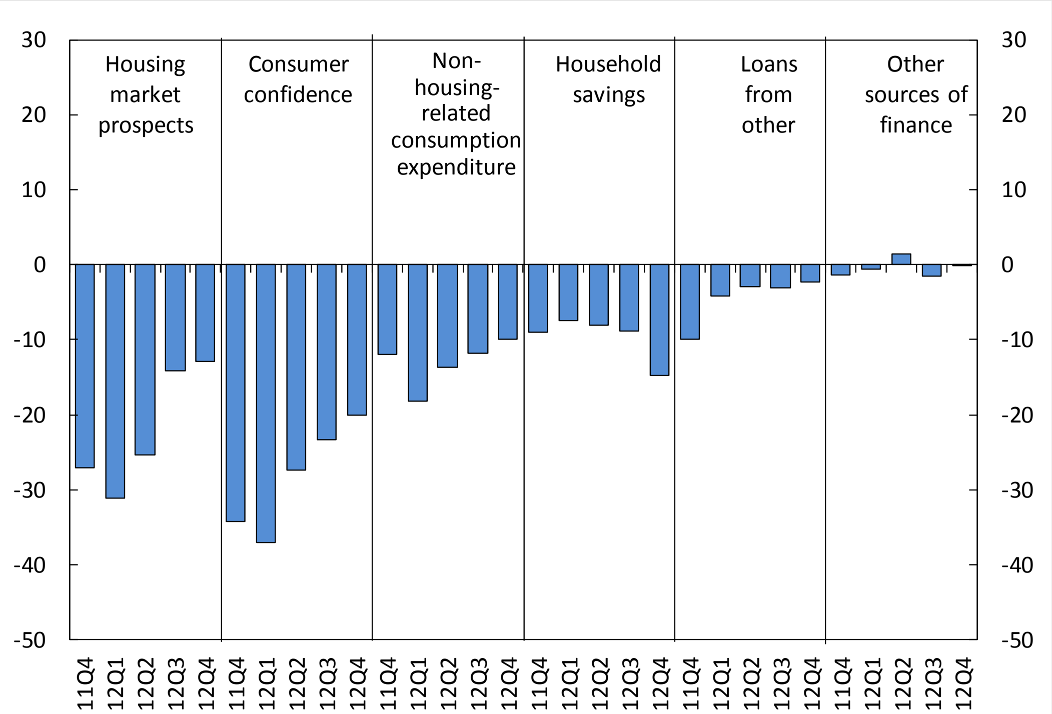
NA = not available; NetP = net percentage; DI = diffusion index.

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). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

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)? *(in percentages, unless otherwise stated)*

	--	-	°	+	++	NA	NetP		DI		Mean	
							Oct 12	Jan 13	Oct 12	Jan 13	Oct 12	Jan 13
A) Financing needs												
Spending on durable consumer goods	2	22	61	6	1	10	-18	-17	-10	-9	2.79	2.81
Consumer confidence	2	23	64	4	0	8	-22	-22	-12	-12	2.73	2.75
Securities purchases	0	5	79	0	0	17	-1	-5	0	-2	2.99	2.95
B) Use of alternative finance												
Household savings	0	12	78	2	0	8	-6	-10	-3	-5	2.94	2.89
Loans from other banks	0	6	82	3	0	9	-3	-3	-2	-2	2.97	2.96
Other sources of finance	2	1	88	0	0	10	-3	-2	-1	-2	2.97	2.96

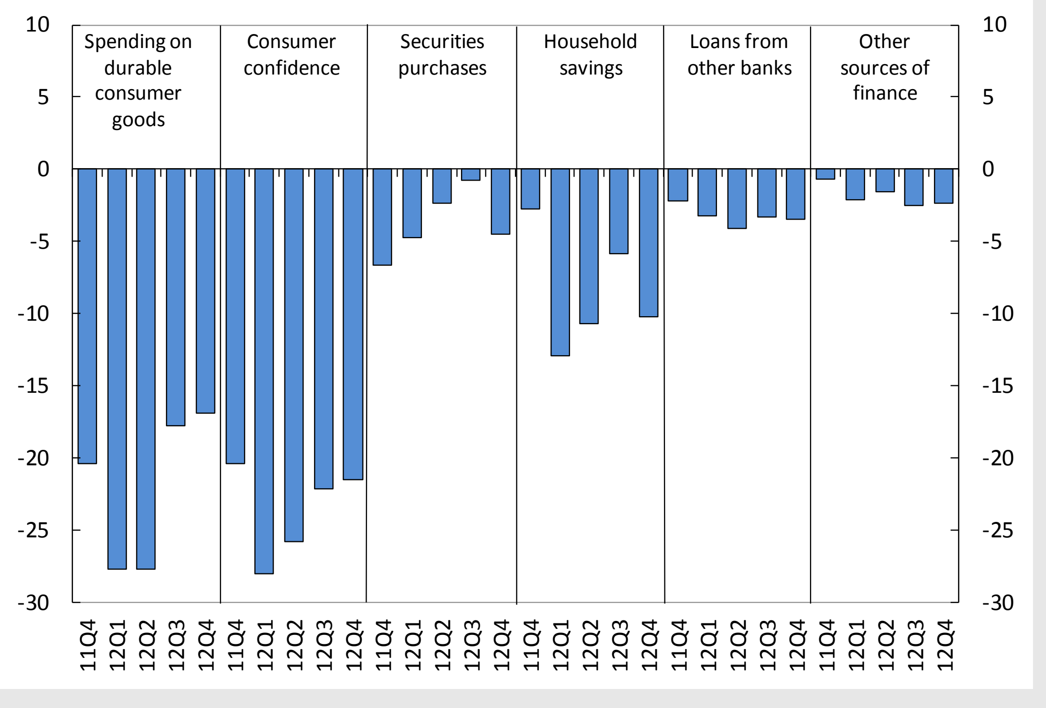
NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (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). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

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. *(in percentages, unless otherwise stated)*

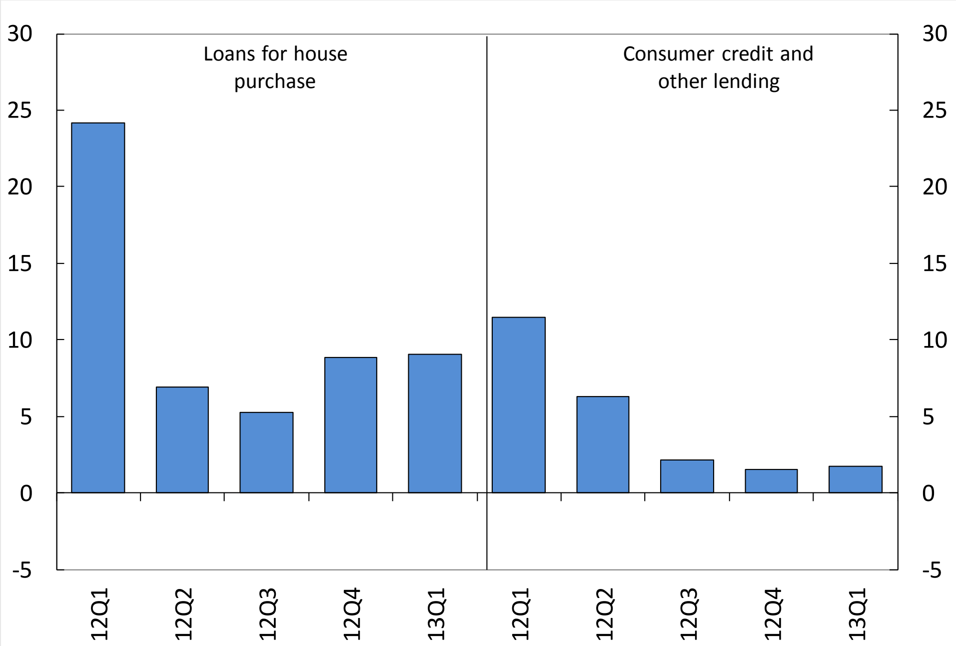
	Loans for house purchase		Consumer credit and other lending	
	Oct 12	Jan 13	Oct 12	Jan 13
Tighten considerably	0	1	0	0
Tighten somewhat	9	11	2	5
Remain basically unchanged	90	85	97	92
Ease somewhat	0	3	1	3
Ease considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***9***	***9***	***2***	***2***
Diffusion index	***4***	***5***	***1***	***1***
Mean	*2.91*	*2.90*	*2.98*	*2.98*
Number of banks responding	***118***	***119***	***118***	***121***

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). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Chart 16

EXPECTED CREDIT STANDARDS FOR LOANS TO HOUSEHOLDS

(net percentages of banks expecting tightening credit 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). *(in percentages, unless otherwise stated)*

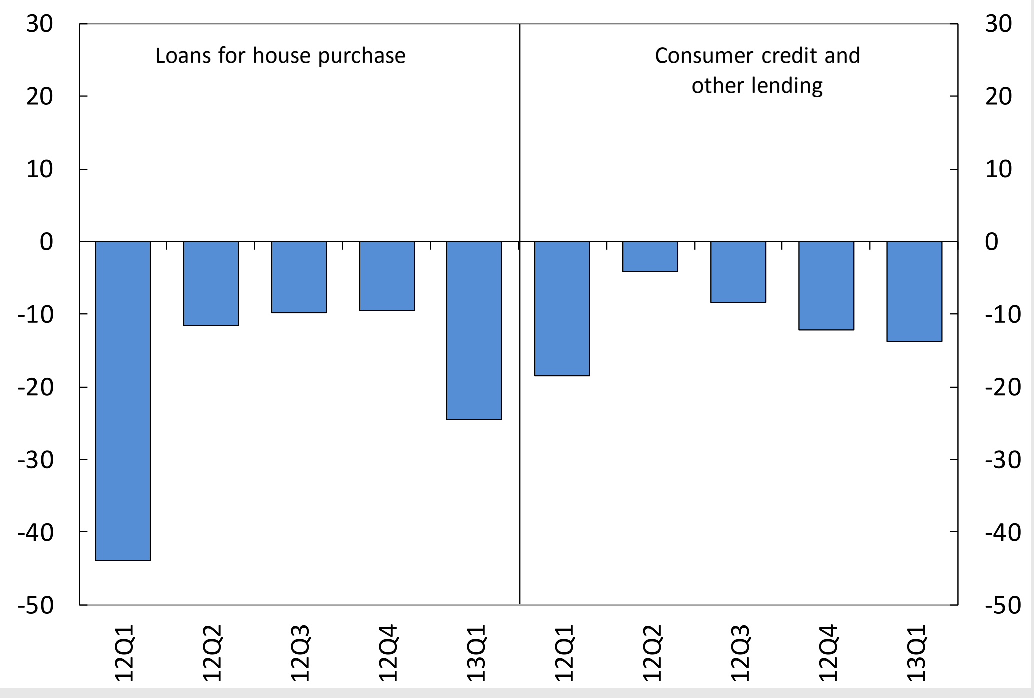
	Loans for house purchase		Consumer credit and other lending	
	Oct 12	Jan 13	Oct 12	Jan 13
Decrease considerably	0	3	0	0
Decrease somewhat	20	29	16	20
Remain basically unchanged	69	61	80	75
Increase somewhat	11	7	4	6
Increase considerably	0	1	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***-10***	***-25***	***-12***	***-14***
Diffusion index	***-5***	***-13***	***-6***	***-7***
Mean	*2.91*	*2.73*	*2.88*	*2.86*
Number of banks responding	***118***	***119***	***119***	***122***

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). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Chart 17

EXPECTED DEMAND FOR LOANS TO HOUSEHOLDS

(net percentages of banks expecting positive loan demand)



ANNEX 2: RESULTS FOR THE AD HOC QUESTIONS

i. As a result of the situation in financial markets[(1)], has your market access changed when tapping your usual sources of wholesale and retail 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] *(in percentages unless otherwise stated)*

	Over the past three months							Over the next three months							NA[(2)]
	--	-	o	+	+ +	Mean	Standard deviation	--	-	o	+	+ +	Mean	Standard deviation	
A) Retail funding															
Short-term deposits (up to one year)	0	3	81	16	0	3.13	0.44	0	1	82	13	4	3.19	0.52	9
Long-term (more than one year) deposits and other retail funding instruments	0	6	85	10	0	3.04	0.42	0	8	80	13	0	3.05	0.48	9
B) Inter-bank unsecured money market															
Very short-term money market (up to one week)	0	0	88	8	3	3.14	0.48	0	0	89	10	0	3.10	0.35	12
Short-term money market (more than one week)	1	5	85	8	2	3.06	0.50	1	0	87	9	4	3.15	0.53	11
C) Wholesale debt securities[(3)]															
Short-term debt securities (e.g. certificates of deposit or commercial paper)	0	5	72	20	2	3.19	0.60	0	4	81	15	0	3.11	0.46	21
Medium to long-term debt securities (incl. covered bonds)	3	4	57	32	5	3.32	0.78	2	3	74	21	0	3.13	0.59	14
D) Securitisation[(4)]															
Securitisation of corporate loans	0	6	78	9	8	3.18	0.74	0	5	74	21	0	3.16	0.56	58
Securitisation of loans for house purchase	0	7	77	16	1	3.10	0.58	0	5	77	18	0	3.13	0.55	56
E) Ability to transfer credit risk off balance sheet[(5)]	5	2	65	28	0	3.15	0.80	5	0	70	25	0	3.15	0.77	63

(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.

Notes: "- -" = deteriorated considerably/will deteriorate considerably; "-" = deteriorated somewhat/will deteriorate somewhat; "o"= remained unchanged/will remain unchanged; "+" = eased somewhat/will ease somewhat; "++" = eased considerably/will ease considerably. The mean and standard deviation are calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

ii. In order to comply with the new regulatory requirements (*), has your bank: increased/decreased risk-weighted assets; increased/decreased its capital position over the past six months, and/or does it intend to do so over the next 6 months?

	Over the past six months							
	--	-	o	+	+ +	NA	Mean	Standard deviation
Risk-weighted assets	7	29	46	4	1	13	2.6	0.78
Of which: Average loans	5	26	56	5	0	8	2.7	0.68
Riskier loans	11	30	48	2	1	10	2.5	0.80
Capital position	2	4	49	24	6	16	3.3	0.79
Of which: Retained earnings	3	2	66	17	0	13	3.1	0.60
Share issuance	0	1	57	10	7	25	3.3	0.66

	Over the next six months							
	--	-	o	+	+ +	NA	Mean	Standard deviation
Risk-weighted assets	7	21	50	7	0	15	2.7	0.77
Of which: Average loans	5	16	61	9	0	10	2.8	0.72
Riskier loans	7	26	51	4	1	11	2.6	0.80
Capital position	1	3	37	40	3	16	3.5	0.68
Of which: Retained earnings	1	4	43	35	2	14	3.3	0.71
Share issuance	0	1	59	10	2	27	3.2	0.52

(*) Please consider the regulatory requirements set out in CRD IV (July 2011), which can be found on the European Commission's website at, http://ec.europa.eu/internal_market/bank/regcapital/index_en.htm, as well as those resulting from the EBA and any other specific national regulations concerning banks' capital requirements that have recently been approved or are expected to be approved in the near future.

Notes: "- -" = decreased considerably/will decrease considerably; "-" = decreased somewhat/will decrease somewhat; "o"= remained unchanged/will remain unchanged; "+" = increased somewhat/will increase somewhat; "++" = increased considerably/will increase considerably. The mean and standard deviation are calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

iii. Have any adjustments been, or will any be, made to your bank's credit standards/margins for loans over the past/next six months, owing to the new regulatory capital requirements (*)?

(in percentages unless otherwise stated)

		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	--	0	2	0	0
	-	15	17	12	8
	=	85	81	87	92
	+	0	0	1	0
	+ +	0	0	0	0
	Mean	2.84	2.80	2.88	2.92
	Standard deviation	0.40	0.47	0.37	0.29
Over the next six months	--	1	0	0	0
	-	11	17	8	8
	=	88	83	90	91
	+	0	0	1	1
	+ +	0	0	0	0
	Mean	2.87	2.83	2.93	2.93
	Standard deviation	0.39	0.39	0.32	0.31

b) Credit margins

		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	--	2	2	2	2
	-	15	20	10	9
	=	80	76	84	88
	+	4	2	4	2
	+ +	0	0	0	0
	Mean	2.85	2.77	2.91	2.90
	Standard deviation	0.52	0.53	0.47	0.43
Over the next six months	--	3	1	0	0
	-	15	20	11	10
	=	81	78	89	89
	+	1	1	0	0
	+ +	0	0	0	0
	Mean	2.80	2.79	2.89	2.90
	Standard deviation	0.53	0.48	0.33	0.33

(*) Please consider the regulatory requirements set out in CRD IV (July 2011), which can be found on the European Commission's website at, http://ec.europa.eu/internal_market/bank/regcapital/index_en.htm, as well as those resulting from the EBA and any other specific national regulations concerning banks' capital requirements that have recently been approved or are expected to be approved in the near future.

Notes: "- -" = credit standards / margins have been tightened/will be tightened considerably; "-" = credit standards / margins have been tightened/will be tightened somewhat; "o"= the requirements have basically not had/will not have any impact on credit standards / margins; "+" = credit standards / margins have been eased/will be eased somewhat; "++" = credit standards / margins have been eased/will be eased considerably. The mean and standard deviation are calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

iv. Given the tensions in the European sovereign debt market 1), how have the following factors affected your bank's funding conditions/credit standards/margins over the past three months? *(in percentages unless otherwise stated)*

	Impact on your bank's funding conditions						
	--	-	=	+	+ +	Mean	SD
A) Direct exposure to sovereign debt	1	8	82	10	0	3.01	0.47
B) Value of sovereign collateral available for wholesale market transactions[2)]	0	10	79	10	1	3.01	0.50
C) Other effects[3)]	2	13	85	1	0	2.84	0.45

	Impact on your bank's credit standards																				
	Loans or credit lines to enterprises							Loans to households for house purchase							Loans to households for consumer credit and other lending						
	--	-	=	+	+ +	Mean	SD	--	-	=	+	+ +	Mean	SD	--	-	=	+	+ +	Mean	SD
A) Direct exposure to sovereign debt	1	1	98	0	0	2.98	0.20	1	1	98	0	0	2.98	0.21	1	0	98	1	0	2.98	0.25
B) Value of sovereign collateral available for wholesale market transactions[2)]	0	2	97	0	0	2.97	0.21	0	0	99	0	0	2.99	0.18	1	0	98	1	0	2.99	0.23
C) Other effects[3)]	1	5	93	1	0	2.94	0.32	0	2	98	0	0	2.97	0.17	2	1	97	0	0	2.96	0.28

	Impact on your bank's lending margins																				
	Loans or credit lines to enterprises							Loans to households for house purchase							Loans to households for consumer credit and other lending						
	--	-	=	+	+ +	Mean	SD	--	-	=	+	+ +	Mean	SD	--	-	=	+	+ +	Mean	SD
A) Direct exposure to sovereign debt	0	5	93	2	0	2.97	0.29	0	4	96	0	0	2.96	0.23	1	3	96	0	0	2.96	0.25
B) Value of sovereign collateral available for wholesale market transactions[2)]	0	5	93	2	0	2.96	0.28	0	4	96	0	0	2.96	0.21	0	3	96	0	0	2.96	0.24
C) Other effects[3)]	0	8	89	2	0	2.94	0.35	0	6	93	1	0	2.94	0.28	1	5	94	1	0	2.94	0.32

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

(2) For example, repos or secured transactions in derivatives.

(3) For instance, any automatic rating downgrade affecting your bank following a sovereign downgrade or changes in the value of the domestic government's implicit guarantee, as well as spillover effects on other assets, including the loan book.

Notes: "- -" = contributed considerably to a deterioration in my bank's funding conditions/contributed considerably to a tightening of credit standards / contributed considerably to a widening of lending margins; "-" = contributed somewhat to a deterioration in my bank's funding conditions/contributed somewhat to a tightening of credit standards / contributed somewhat to a widening of lending margins; "o"= had no effect on my bank's funding conditions/had no effect on my bank's credit standards / had no effect on my bank's lending margins; "+" = contributed somewhat to an easing in my bank's funding conditions/contributed somewhat to an easing of credit standards / contributed somewhat to a narrowing of lending margins; "++" = contributed considerably to an easing in my bank's funding conditions/contributed considerably to an easing of credit standards / contributed considerably to a narrowing of lending margins. The mean and standard deviation are calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

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.