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EUROSYSTEM

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THE EURO AREA BANK LENDING SURVEY

2ND QUARTER OF 2014

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The results reported in the July 2014 bank lending survey (BLS) relate to changes during the second quarter of 2014 and expectations of changes in the third quarter of 2014. The survey was conducted between 26 June and 11 July 2014. With 137 banks participating in the survey, the response rate was 100%. In addition to the results for the euro area as a whole, the report contains the results for the five largest euro area countries.[1]

Four ad hoc questions were included in the July 2014 survey round. The first ad hoc question addressed the impact of the financial crisis on the access to retail and wholesale funding. The second ad hoc question referred to the impact of the sovereign debt crisis on banks' funding conditions, on credit standards and on credit margins. The third and fourth questions referred to the impact of ongoing regulatory or supervisory changes on bank funding and lending policies.

1 OVERVIEW OF THE RESULTS

According to the July 2014 bank lending survey (BLS), credit standards for all loan categories eased in net terms in the second quarter of 2014. For the first time since the second quarter of 2007, euro area banks reported a net easing of credit standards on loans to enterprises in the second quarter of 2014 (i.e. a negative net tightening of -3%, from 1% in the previous quarter). For loans to households, banks continued to ease credit standards in net terms: for housing loans the net percentage was -4%, after -5% in the previous quarter, and for consumer credit and other lending to households the net percentage was stable at -2%. Across all loan categories, the net percentage change in credit standards in the second quarter of 2014 remained well below euro area historical averages calculated over the period since the start of the survey in 2003 (see Table A). At the same time, it has to be kept in mind that the level of credit standards is still relatively tight. Banks' risk perceptions in terms of firms' business outlook and macroeconomic uncertainty had a slight net easing impact on credit standards for loans to enterprises for the second quarter in a row (-3%, from -2%), in line with the moderate economic recovery in the euro area. In addition, for the first time since the fourth quarter of 2006, banks' risk perceptions had a marginal net easing impact on credit standards for loans to households for house purchase (-1%, from 1% in the previous quarter). Improvements in banks' cost of funds and balance sheet constraints continued to contribute slightly to an easing of credit standards for loans to

[1] The five largest euro area countries in terms of gross domestic product are Germany, France, Italy, Spain and the Netherlands.

enterprises (-2%, from -1% in the previous quarter) and for loans to households for house purchase (-2%, from -1% in the previous quarter). For the third quarter of 2014, euro area banks expect a further net easing of credit standards for loans to enterprises (-3%), a marginal net easing for housing loans (-1%) and a slight net easing for consumer credit and other lending to households (-2%).

Net loan demand (i.e. the difference between the sum of the percentages of banks reporting an increase and that of banks reporting a decline in demand) continued to be positive for all loan categories, in particular for loans to households, and recovered further across all loan categories. The net demand for loans to enterprises increased to 4%, from 2% in the previous quarter. For the first time since the second quarter of 2011, financing needs related to fixed investment contributed marginally positively to the demand for loans to enterprises (1%, from -5%). In addition, other financing needs, mainly driven by inventories and working capital, contributed positively to loan demand (8%, unchanged from the previous quarter). For housing loans, banks indicated a further net increase in demand (19%, from 13% in the previous quarter). The net demand for consumer credit also increased substantially (17%, from 4% in the previous quarter). Looking ahead, banks expect a continued net increase in demand across all loan categories for the third quarter of 2014.

Table A

LATEST DEVELOPMENTS IN BLS RESULTS IN THE MAIN EURO AREA COUNTRIES

(net percentages of banks reporting tightening credit standards or positive loan demand)

	ENTERPRISES						HOUSE PURCHASE						CONSUMER CREDIT					
	CS			DEM			CS			DEM			CS			DEM		
	14Q1	*14Q2*	*AVG*	*14Q1*	*14Q2*	*AVG*	*14Q1*	*14Q2*	*AVG*	*14Q1*	*14Q2*	*AVG*	*14Q1*	*14Q2*	*AVG*	*14Q1*	*14Q2*	*AVG*
EURO AREA	1	-3	14	2	4	-8	-5	-4	10	13	19	-4	-2	-2	7	4	17	-5
Germany	0	0	6	0	3	1	7	0	2	24	10	6	3	-7	0	13	6	7
Spain	0	0	13	20	20	-7	0	0	22	0	11	-15	-10	0	12	20	50	-18
France	0	-2	10	4	-2	-19	0	0	5	-1	-17	5	2	0	-1	13	6	-6
Italy	13	-13	24	0	0	0	-50	-25	7	38	63	3	0	0	12	-25	13	8
Netherlands	-14	0	20	-29	-29	-17	17	0	23	17	33	-28	-20	0	16	-20	0	-21

Notes: CS stands for credit standards and DEM for demand. AVG stands for historical averages, which are calculated over the period since the beginning of the survey, excluding the most recent round. For France, Malta and Slovakia net percentages are weighted based on the amounts outstanding of loans of the individual banks in the respective national samples. As a consequence, results for these three countries and euro area results might differ somewhat from previously reported results.

Cross-country disparities in lending supply conditions decreased overall in the second quarter of 2014, more for loans to households than for loans to enterprises, thus pointing to a further decrease in financial market fragmentation (see Table A). With reference to the largest euro area countries, credit standards on loans to enterprises were eased in net terms in France and Italy, while they remained unchanged in Germany, Spain and the Netherlands. For housing loans to households, banks reported unchanged credit standards in Germany, France, Spain and the Netherlands, and a net easing of credit standards in Italy. Turning to loan demand, the heterogeneity across countries remained considerable. Banks in Germany and Spain reported a net increase in demand for loans to enterprises, whereas banks in France and in the Netherlands reported a net decline. Net loan demand remained unchanged in Italy according to reporting banks. For housing loans, net loan demand was positive in Germany, Spain, Italy and the Netherlands, while it was negative in France.

According to euro area banks, their access to retail and wholesale funding improved further for all main market instruments, but heterogeneously across the largest euro area countries. For the third quarter of 2014 banks expect a continued net easing of their access to wholesale funding, but unchanged access to retail funding. Moreover, banks' replies indicated that declining sovereign debt tensions had contributed to an easing of banks' funding conditions, to keeping credit standards on loans to enterprises and households unchanged and to a small narrowing of lending margins for loans to enterprises and households in the second quarter of 2014.

This survey round also included two biannual ad hoc questions on banks' adjustment to regulatory and supervisory actions (including the comprehensive assessment) and the impact of these actions on banks' funding conditions and lending. For the first half of 2014, banks reported a net increase in their risk-weighted assets, a further increase in their capital position and eased funding conditions in net terms. With respect to the impact on banks' credit standards, banks reported a net tightening impact on loans to firms and a net easing impact on housing loans to households.

Box 1

GENERAL NOTES

The bank lending survey (BLS) is addressed to senior loan officers of a representative sample of euro area banks. In the current survey round, the sample group of banks participating in the survey comprises 137 banks, representing all of the euro area countries, and takes into account the characteristics of their respective national banking structures. The main purpose of the BLS 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.

[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 *Monthly Bulletin*, ECB, April 2003, and J. Berg et al., "The bank lending survey for the euro area", *Occasional Paper Series*, No 23, ECB, 2005.

The survey questions are generally phrased in terms of changes over the past three months (in this case in the second quarter of 2014) or expectations of changes over the next three months (i.e. in the third quarter of 2014).

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 has tightened credit standards ("net tightening"), whereas a negative net percentage indicates that a larger proportion of banks has 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 order to describe the developments of survey replies over time, the report refers to changes in the "net tightening" or "net easing" of credit standards from one survey round to another. For example, a lower net percentage of banks tightening their credit standards between two survey waves would be referred to as a "decline in net tightening". Similarly, higher net percentages of banks indicating a decline in loan demand between two survey waves would be referred to as a "more pronounced net decline in 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 results of the individual banks participating in the BLS sample are aggregated in two steps: in a first step, individual bank results are aggregated to national results for the euro area countries, and in a second step, the national BLS results are aggregated to euro area BLS results. In the first step, banks' replies can either be aggregated to national results by applying an implicit weighting through the sample selection or, alternatively, banks' replies can be aggregated by applying an explicit weighting scheme based on the amounts outstanding of loans to non-financial corporations and households of the individual banks in the respective national samples. In the second step, since the number of banks in the national samples differs considerably and does not always reflect the respective share in lending to euro area non-financial corporations and households, the national survey results are aggregated to euro area BLS results by applying an explicit weighting scheme based on the national shares in the amounts outstanding of loans to euro area non-financial corporations and households.

The option to aggregate individual bank results to national BLS results based on an explicit weighting scheme was introduced in the April 2014 BLS survey round and led to some revisions (including backward revisions) of the BLS results for France, Malta and Slovakia (the three countries currently applying an explicit weighting scheme) and, in consequence, to overall small revisions (including backward revisions) of the euro area BLS results.

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.

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

2.1 ENTERPRISES

2.1.1 CREDIT STANDARDS FOR LOANS TO ENTERPRISES WERE EASED IN THE SECOND QUARTER OF 2014

For the first time since the second quarter of 2007, banks reported a net easing of credit standards on loans to enterprises in the second quarter of 2014 (i.e. a negative net tightening of -3%, from 1% in the previous quarter; see Chart 1 and Table A).[3] This is considerably below the historical net tightening average since the start of the survey in 2003. The reported net easing is in line with banks' net easing expectations for the second quarter of 2014 at the time of the April BLS round. Across firm size, credit standards were eased both for loans to large firms and for loans to small and medium-sized enterprises (SMEs). Regarding loan maturity, credit standards for both short-term and long-term loans were eased. Developments across countries became, overall, less diverse.[4] Among the largest euro area countries, credit standards on loans to enterprises were eased in net terms in France and Italy, while they remained unchanged in Germany, Spain and the Netherlands.

Looking ahead to the third quarter of 2014, euro area banks expect in net terms that credit standards on loans to enterprises will continue to be eased (see Chart 1).

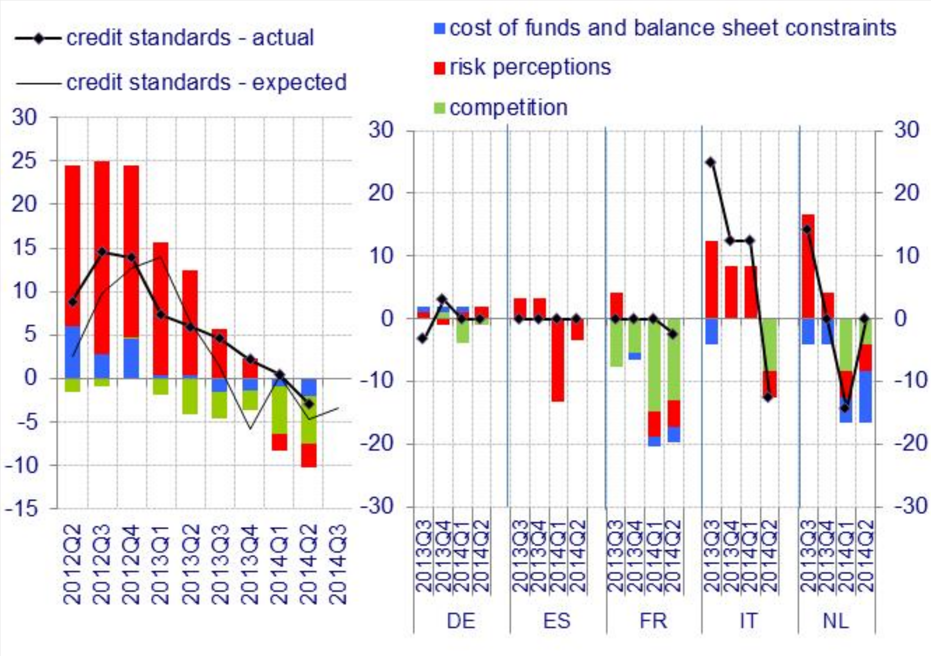
[3] While the BLS questionnaire asks banks to report on the changes in credit standards, it cannot be entirely ruled out that the level of credit standards is also considered by some banks in their replies. These effects limit in some cases the comparability of the results across countries. Evidence on the level of credit standards was provided in the April 2014 BLS, based on an ad hoc question.

[4] National results as published by the respective national central banks can be obtained via http://www.ecb.europa.eu/stats/money/surveys/lend/html/index.en.html#country. In the April 2014 survey round, a weighting scheme for the aggregation of national BLS results was introduced for France, Malta and Slovakia. This also led to small changes (including backward revisions) of the euro area results. When reporting on country developments, the analysis in the text refers mainly to net percentage developments in the countries themselves (such as the net tightening of credit standards or the impact of factors on the net tightening) and only in a few instances to the contributions to the euro area net percentages.

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 and contributing factors)



Notes: "Actual" values are 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. "Cost of funds and balance sheet constraints" is calculated as the unweighted average of "capital position", "access to market financing" and liquidity position"; "risk perception" is calculated as the unweighted average of "expectations regarding general economic activity", "industry-specific risk" and "risk on collateral demanded"; "competition" is calculated as the unweighted average of "bank competition", "non-bank competition" and "competition by market financing".

Turning to the factors explaining developments in lending policies, euro area banks reported that the improvements in their cost of funds and balance sheet constraints continued to contribute slightly to an easing of credit standards for loans to enterprises in the second quarter of 2014 (see Chart 1 and Table 1).[5] More specifically, this was mainly driven by the liquidity position of euro area banks, but the capital position of banks also contributed to a marginal net easing. Banks' access to market funding had a neutral impact on credit standards on loans to enterprises. The impact of banks' cost of funds and balance sheet constraints on the change in credit standards has become, overall, less diverse across countries, when comparing it with the

[5] The calculation of a simple average for aggregating some factors to main categories assumes that all factors have the same importance for the banks. This partly explains some inconsistencies in the respective charts between the development of credit standards and the development of the main underlying factor categories.

heterogeneity prevailing in 2012. Looking at the largest euro area countries, banks' cost of funds and balance sheet constraints contributed to an easing of credit standards in France and the Netherlands. By contrast, the impact of banks' cost of funds and balance sheet constraints was neutral in Germany, Italy and Spain, mostly unchanged from the previous quarter.

Table 1

FACTORS CONTRIBUTING TO THE NET TIGHTENING OF CREDIT STANDARDS ON LOANS OR CREDIT LINES TO ENTERPRISES (net percentages)

	Cost of funds and balance sheet constraints		Perception of risk		Pressure from competition	
Country	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
Euro area	-1	-2	-2	-3	-6	-6
DE	1	0	1	2	-4	-1
ES	0	0	-13	-3	0	0
FR	-1	-2	-4	-4	-15	-13
IT	0	0	8	-4	0	-8
NL	-4	-8	-4	-4	-8	-4

Notes: "Cost of funds and balance sheet constraints" is calculated as the unweighted average of "capital position", "access to market financing" and "liquidity position"; "perception of risk" is calculated as the unweighted average of "expected economic activity", "industry-specific risk" and "risk on collateral demanded"; "pressure from competition" is calculated as the unweighted average of "bank competition", "non-bank competition" and "competition by market financing".

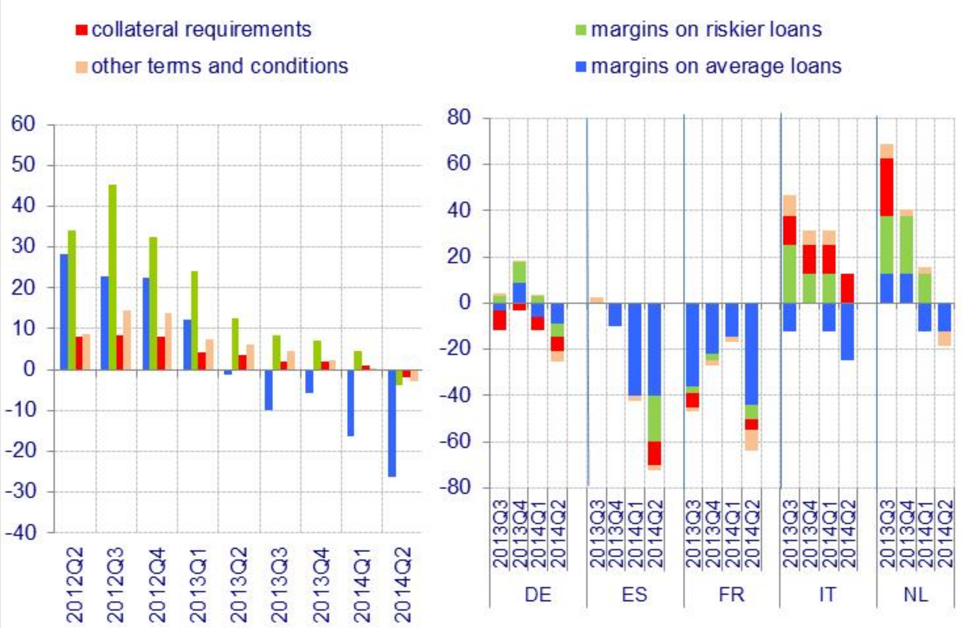
Euro area banks' risk perceptions in terms of firms' business outlook and macroeconomic uncertainty had a slight net easing impact on credit standards for loans to enterprises for the second quarter in a row, in line with the moderate economic recovery in the euro area. This was mainly related to banks' improved expectations regarding the macroeconomic and firm-specific outlook. By contrast, banks' assessment of the risk on collateral demanded had a marginal tightening impact on credit standards. With regard to the largest euro area countries, banks' risk perceptions had an easing impact on credit standards in Spain, France, Italy and the Netherlands, while on average this factor had a small net tightening impact in Germany.

Finally, competitive pressures were reported by euro area banks to have had an easing impact on credit standards for loans to enterprises, driven by developments in the largest euro area countries, with the exception of Spain.

Overall, banks increasingly seem to be indicating an easing of credit standards, broadly in line with the development of the factors that have an impact on credit standards. At the same time, it has to be kept in mind that the level of credit standards is still relatively tight.[6]

Chart 2

CHANGES IN TERMS AND CONDITIONS FOR LOANS OR CREDIT LINES TO ENTERPRISES (net percentages of banks reporting tightening terms and conditions)



Note: "Other terms and conditions" are calculated as the unweighted average of "non-interest rate charges", "size of the loan or credit line", "loan covenants" and "maturity".

The net easing of credit standards on loans or credit lines to enterprises translated into more favourable terms and conditions, which banks apply when granting new loans to enterprises. Terms and conditions exhibited substantial further improvement in the second quarter of 2014. The net percentage of euro area banks reporting a further narrowing of their margins on average loans to enterprises increased further. A similar net percentage was last seen in the first quarter of 2007. In addition, for the first time since the start of the survey, banks reported a narrowing of their margins on riskier loans to enterprises (see Chart 2 and Table 2). Moreover, euro area banks reported, in net terms, that all components of other terms and conditions became more favourable in the second quarter of 2014. Specifically, for collateral requirements and for loan maturity, less stringent conditions were granted by banks for new loans for the first time since the second quarter of 2007. A considerable net percentage of banks in the largest euro area economies reported a narrowing of margins on average loans, in particular in Spain and France.

[6] Evidence on the level of credit standards was provided in the April 2014 BLS, based on an ad hoc question.

For riskier loans, a narrowing of margins was reported by banks in Germany, Spain and France, whereas banks in Italy and the Netherlands reported unchanged margins on riskier loans.

Table 2

MARGINS ON LOANS TO ENTERPRISES

(net percentage changes)

	Banks' margin on average loans		Banks' margin on riskier loans	
Country	Apr 14	Jul 14	Apr 14	Jul 14
Euro area	-16	-26	5	-4
DE	-6	-9	3	-6
ES	-40	-40	0	-20
FR	-15	-44	0	-7
IT	-13	-25	13	0
NL	-13	-13	13	0

Overall, the developments described above suggest a substantial further improvement in financing conditions for loans to enterprises. While the improvement has been stronger for average loans, banks also narrowed their margins on riskier loans, in particular in some of the largest euro area countries.

2.1.2 NET DEMAND FOR LOANS TO ENTERPRISES CONTINUED TO BE POSITIVE

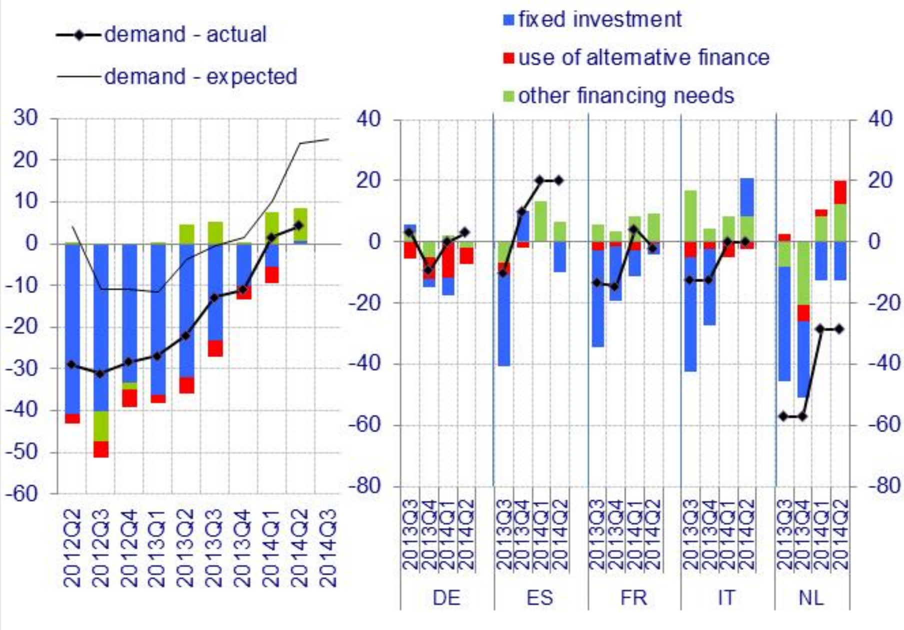
Net demand for loans to enterprises (i.e. the difference between the sum of the percentages of banks reporting an increase and that of banks reporting a decline in demand) continued to be positive and recovered further in the second quarter of 2014 (see Chart 3 and Table A). It increased to 4%, from 2% in the previous quarter, standing above its historical average. At the same time, this increase in demand was below banks' expectations for this quarter at the time of the previous survey round. Heterogeneity in net demand for loans to enterprises remained considerable across countries. Banks in Germany and Spain reported a net increase in demand for loans to enterprises, whereas banks in France and in the Netherlands reported a net decline. Net loan demand remained unchanged in Italy according to reporting banks.

For the third quarter of 2014, euro area banks expect a further net increase in demand for loans to enterprises (see Chart 3).

Chart 3

CHANGES IN DEMAND FOR LOANS OR CREDIT LINES TO ENTERPRISES

(net percentages of banks reporting positive demand and contributing factors)



Notes: "Actual" values are 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 each factor 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. "Other financing needs" are calculated as the unweighted average of "inventories and working capital", "mergers/acquisitions and corporate restructuring" and "debt restructuring"; "use of alternative finance" is calculated as the unweighted average of "internal financing", "loans from other banks", "loans from non-banks", "issuance of debt securities" and "issuance of equity".

For the first time since the second quarter of 2011, financing needs related to fixed investment contributed marginally positively to the demand for loans to enterprises. In addition, other financing needs, mainly driven by inventories and working capital, continued to contribute positively to loan demand (see Chart 3 and Table 3).[7] Across the largest euro area countries, the marginally positive contribution of fixed investment to the demand for loans to euro area enterprises was driven by developments in Italy, whereas banks in Spain, France and the Netherlands reported a negative impact of fixed investment on loan demand. In Germany, fixed investment had a neutral impact on loan demand. The positive contribution of other financing needs to the demand for loans to euro area enterprises was related to developments in most of

[7] The calculation of a simple average for aggregating some factors to main categories assumes that all factors have the same importance for the banks. This partly explains some inconsistencies between the development of demand for loans and the development of the main underlying factor categories.

the largest euro area countries, with the exception of Germany, where the financing needs related to inventories and working capital (included in "other financing needs") contributed negatively to loan demand. In Spain, the increased net demand for loans was driven exclusively by a net increase in inventories and working capital.

Table 3

FACTORS CONTRIBUTING TO NET DEMAND FOR LOANS OR CREDIT LINES TO ENTERPRISES (net percentages)

	Fixed investment		Other financing needs		Use of alternative finance	
Country	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
Euro area	-5	1	8	8	-4	0
DE	-6	0	2	-2	-12	-5
ES	0	-10	13	7	0	0
FR	-9	-4	8	9	-3	-1
IT	0	13	8	8	-5	-3
NL	-13	-13	8	13	3	8

Notes: "Other financing needs" are calculated as the unweighted average of "inventories and working capital", "mergers/acquisitions and corporate restructuring" and "debt restructuring"; "use of alternative finance" is calculated as the unweighted average of "internal financing", "loans from other banks", "loans from non-banks", "issuance of debt securities" and "issuance of equity".

The use of alternative finance contributed neutrally to the demand for loans to euro area enterprises in the second quarter of 2014. In detail, firms' internal financing capacity and the issuance of debt securities by non-financial corporations contributed negatively to loan demand. Looking at the largest euro area countries, alternative financing continued to contribute negatively to corporate loan demand in Germany, France and Italy. For Germany, this was mainly related to firms' internal financing capacity, while for France and Italy the issuance of debt securities played the dominant role. By contrast, the impact of the use of alternative financing was positive for the Netherlands and neutral for Spain.

2.2 HOUSEHOLDS

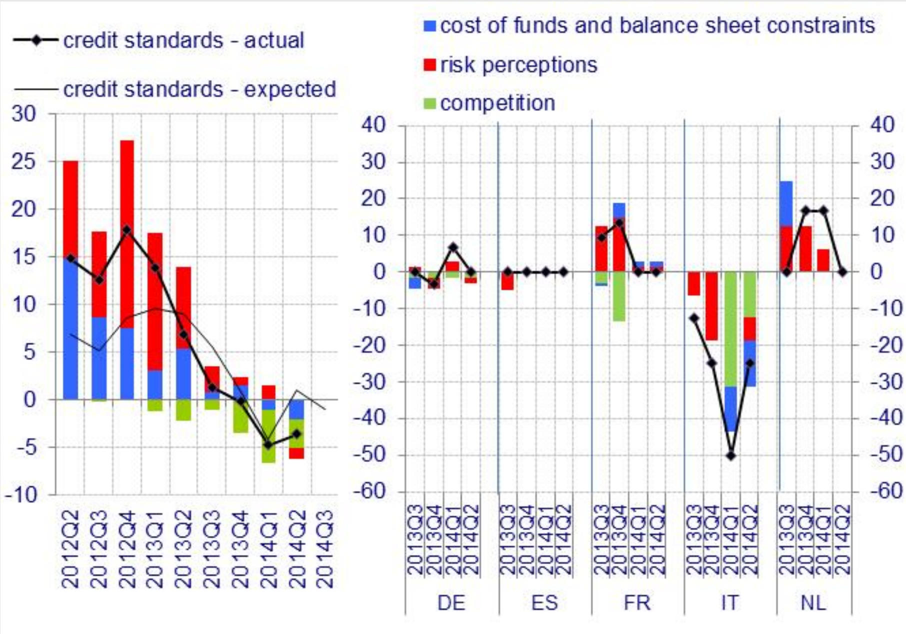
2.2.1 CREDIT STANDARDS FOR LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE CONTINUED TO EASE IN NET TERMS IN THE SECOND QUARTER OF 2014

For loans to households for house purchase, banks continued to ease credit standards in net terms, with a net percentage of -4%, after -5% in the previous quarter (see Chart 4 and Table A), remaining well below the historical average calculated over the period since the start of the survey in 2003. By contrast, banks had expected a marginal net tightening of credit standards on housing loans at the time of the previous survey round. Cross-country disparities in lending supply conditions decreased overall in the second quarter of 2014, more for loans to households than for loans to enterprises, thus pointing to a further decrease in financial market fragmentation.

Chart 4

CHANGES IN CREDIT STANDARDS APPLIED TO THE APPROVAL OF LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE

(net percentages of banks reporting tightening credit standards and contributing factors)



Note: See the notes to Chart 1.

Looking at the largest euro area countries, a considerable share of banks in Italy reported a net easing of credit standards for housing loans, while credit standards remained unchanged in the other four countries.

Looking ahead, euro area banks expect – in net terms – a marginal net easing of credit standards applied to housing loans in the third quarter of 2014 (see Chart 4).

In the second quarter of 2014, factors related to banks' cost of funds and balance sheet constraints continued to contribute slightly to an easing of credit standards for loans to households for house purchase (see Chart 4 and Table 4). Among the largest euro area countries, a net easing impact of this factor was only reported by banks in Italy, whereas banks in Germany, Spain and the Netherlands reported a neutral impact on credit standards for housing loans. By contrast, banks in France reported a small net tightening impact of banks' cost of funds and balance sheet constraints.

Euro area banks' risk perceptions had a marginal net easing impact on credit standards for loans to households for house purchase, for the first time since the fourth quarter of 2006. In detail, this was related to a net easing impact of the general economic outlook, whereas housing market prospects had a neutral impact. Among the largest euro area countries, banks reported an easing impact of perceived risks regarding the general economic outlook in Italy and housing market prospects in Germany, whereas banks in Spain and the Netherlands reported a neutral impact and banks in France a small net tightening impact.

Moreover, competitive pressures exerted an easing impact on credit standards for housing loans of euro area banks, mainly driven by developments in Italy.

Table 4

FACTORS CONTRIBUTING TO THE NET TIGHTENING OF CREDIT STANDARDS ON LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE

(net percentages)

	Cost of funds and balance sheet constraints		Perception of risk		Pressure from competition	
Country	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
Euro area	-1	-2	1	-1	-6	-3
DE	0	0	3	-1	-1	-1
ES	0	0	0	0	0	0
FR	2	2	2	2	-1	-1
IT	-13	-13	0	-6	-31	-13
NL	0	0	6	0	0	0

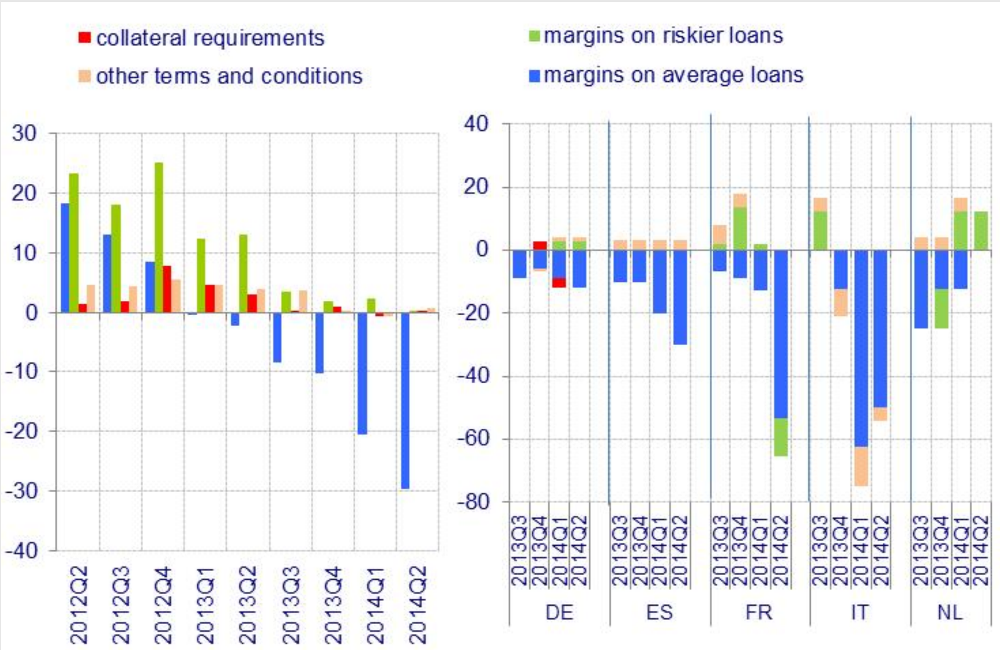
Notes: "Perception of risk" is calculated as the unweighted average of "expected economic activity" and "housing market prospects"; "pressure from competition" is calculated as the unweighted average of "competition from other banks" and "competition from non-banks".

Banks' price conditions applied when granting new housing loans showed a continued and considerable improvement in the second quarter of 2014, while there continued to be little change in the non-price terms and conditions (see Chart 5 and Table 5). Specifically, a substantial net percentage of euro area banks reported a narrowing of margins on average housing loans, thereby continuing the narrowing trend that had started in the second quarter of 2013. In addition, euro area banks reported in net terms unchanged margins on riskier loans, for the first time following the net widening of margins on riskier loans throughout the financial crisis. Responses regarding non-price terms and conditions pointed overall to little changes, including a small net tightening impact related to loan maturity and a marginal net easing impact related to non-interest rate charges.

Chart 5

CHANGES IN TERMS AND CONDITIONS FOR LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE

(net percentages of banks reporting tightening terms and conditions)



Note: “Other terms and conditions” are calculated as the unweighted average of “non-interest rate charges”, “loan-to-value ratio” and “maturity”.

The improvement of the price conditions applied to average loans to households for house purchase was common to most of the largest euro area economies, and was particularly significant in France and Italy. The picture was more mixed regarding the development of margins on riskier loans, for which banks in France reported a narrowing of margins, whereas banks in Germany and the Netherlands continued to report a widening of margins. Banks in Spain and Italy kept margins on riskier housing loans unchanged, in net terms.

Table 5

MARGINS ON LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE

(net percentage changes)

	Banks' margin on average loans		Banks' margin on riskier loans	
Country	Apr 14	Jul 14	Apr 14	Jul 14
Euro area	-21	-30	2	0
DE	-9	-12	3	3
ES	-20	-30	0	0
FR	-13	-53	2	-12
IT	-63	-50	0	0
NL	-13	0	13	13

2.2.2 FURTHER NET INCREASE IN DEMAND FOR HOUSING LOANS

In the second quarter of 2014 banks indicated a further net increase in demand for housing loans (19%, from 13% in the previous quarter; see Chart 6 and Table A), with the figure markedly above its historical average. This increase in demand was above banks’ expectations for this quarter at the time of the previous survey round. The increased net demand for housing loans was broadly based across the largest euro area countries. Net demand for housing loans increased in Germany, Spain, and especially in Italy and the Netherlands. By contrast, net demand for housing loans decreased in France.

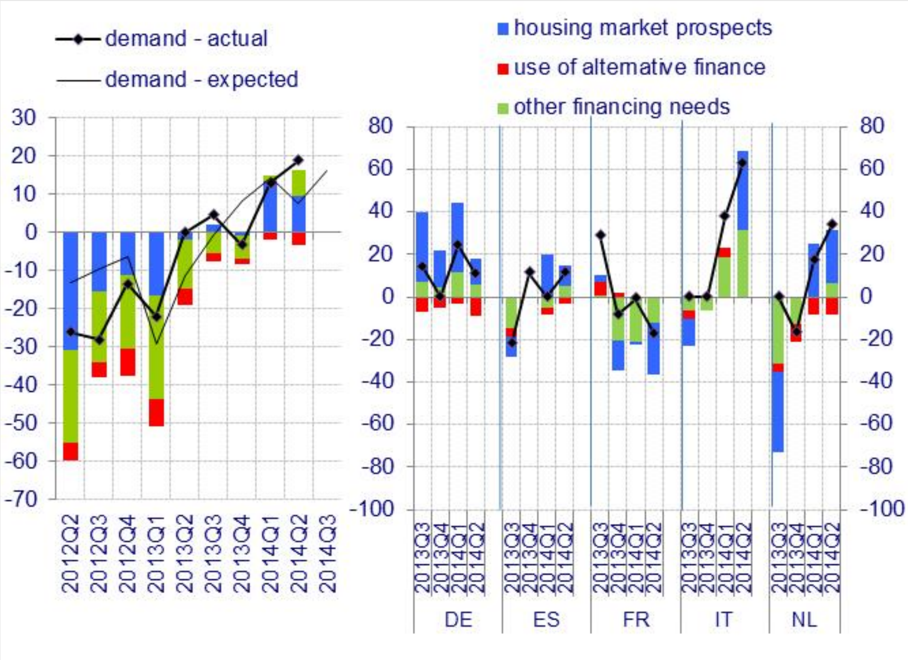
Housing market prospects and consumer confidence (the latter being included in “other financing needs”) were the most important factors driving the increased demand for housing loans from euro area banks (see Chart 6 and Table 6). By contrast, the contribution related to the use of alternative financing remained slightly negative. Looking at the largest euro area countries, housing market prospects and other financing needs contributed positively to loan demand in all countries except for France.

Looking forward, for the third quarter of 2014 euro area banks expect a continued net increase in demand for housing loans (see Chart 6).

Chart 6

CHANGES IN DEMAND FOR LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE

(net percentages of banks reporting positive demand and contributing factors)



Notes: See the notes to Chart 3. "Other financing needs" are calculated as the unweighted average of "consumer confidence" and "non-housing-related consumption expenditure"; "use of alternative finance" is calculated as the unweighted average of "household savings", "loans from other banks" and "other sources of finance".

Table 6

FACTORS CONTRIBUTING TO NET DEMAND FOR LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE

(net percentages)

	Housing market prospects		Other financing needs		Use of alternative finance	
Country	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
Euro area	13	10	2	7	-2	-3
DE	32	12	12	6	-3	-9
ES	20	10	-5	5	-3	-3
FR	-1	-24	-21	-12	0	0
IT	0	38	19	31	4	0
NL	25	25	0	6	-8	-8

Notes: "Other financing needs" are calculated as the unweighted average of "consumer confidence" and "non-housing-related consumption expenditure"; "use of alternative finance" is calculated as the unweighted average of "household savings", "loans from other banks" and "other sources of finance".

2.2.3 CONTINUED NET EASING OF CREDIT STANDARDS FOR CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS

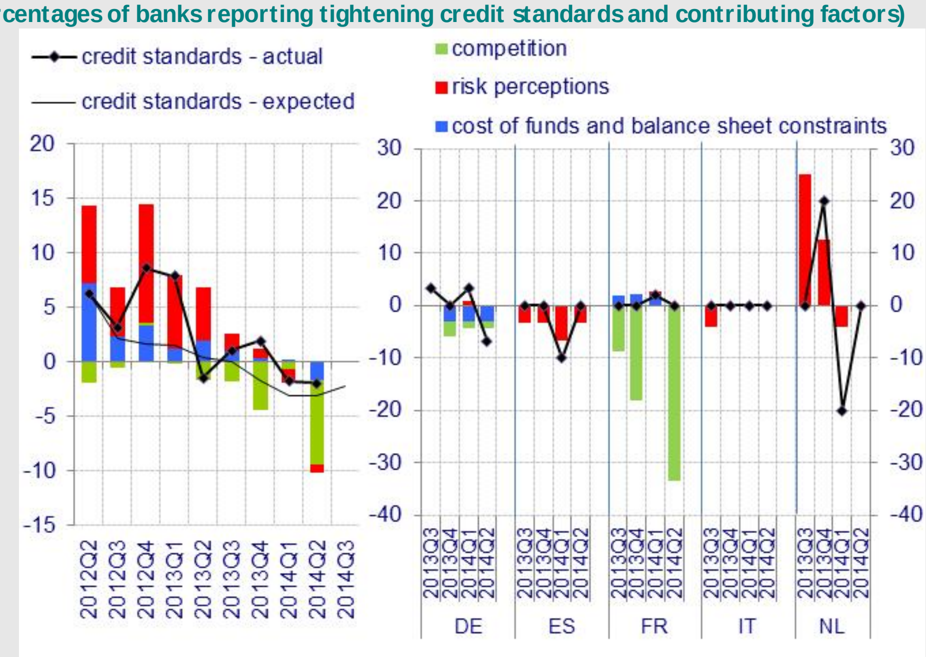
In the second quarter of 2014, euro area banks continued to ease credit standards in net terms for consumer credit and other lending to households (stable at -2%; see Chart 7 and Table A), with the figure standing below its historical average. The net easing reported in the second quarter of 2014 is close to what banks had expected at the time of the previous survey round. Among the largest euro area countries, banks in Germany reported in net terms an easing of credit standards for consumer credit and other lending to households, whereas credit standards remained unchanged for this loan category in the other four countries.

The net easing at the euro area level was related to a marginal net easing impact of banks' risk perceptions (see Chart 7 and Table 7) and a small net easing impact of banks' cost of funds and balance sheet constraints, reported by banks for the first time since the first quarter of 2007, i.e. before the outbreak of the financial crisis. In addition, there was a continued net easing impact from competition.

Chart 7

CHANGES IN CREDIT STANDARDS APPLIED TO THE APPROVAL OF CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS

(net percentages of banks reporting tightening credit standards and contributing factors)



Notes: See the notes to Chart 1. "Risk perceptions" are calculated as the unweighted average of "expectations regarding general economic activity", "creditworthiness of consumers" and "risk on collateral demanded"; "competition" is calculated as the unweighted average of "competition from other banks" and "competition from non-banks".

Table 7

FACTORS CONTRIBUTING TO THE NET TIGHTENING OF CREDIT STANDARDS ON CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS (net percentages)

	Cost of funds and balance sheet constraints		Perception of risk		Pressure from competition	
Country	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
Euro area	0	-2	-1	-1	-1	-8
DE	-3	-3	1	0	-1	-1
ES	0	0	-7	-3	0	0
FR	2	0	1	0	0	-34
IT	0	0	0	0	0	0
NL	0	0	-4	0	0	0

Notes: “Perception of risk” is calculated as the unweighted average of “expected economic activity”, “creditworthiness of consumers” and “risk on collateral demanded”; “pressure from competition” is calculated as the unweighted average of “competition from other banks” and “competition from non-banks”.

Looking at the largest euro area countries, banks in Spain reported an easing impact of risk perceptions on credit standards, whereas banks in the other four countries reported a neutral impact. At the same time, cost of funds and balance sheet constraints contributed to an easing of credit standards in Germany, whereas in the other four countries banks reported a neutral impact of this factor on credit standards. Finally, banks in France reported a considerable net easing impact of competition.

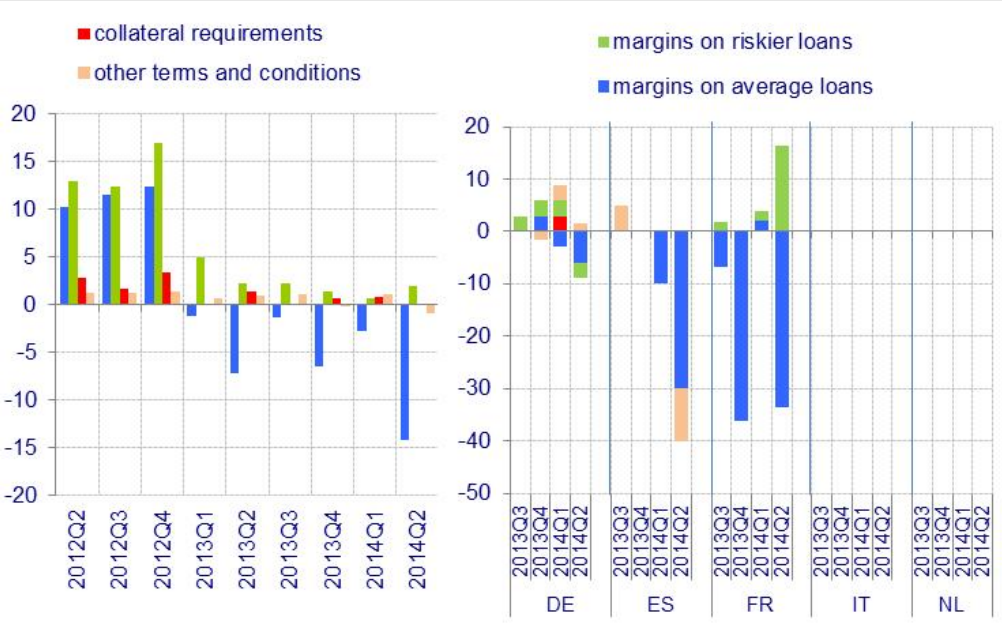
With respect to terms and conditions, euro area banks reported in net terms a further narrowing of margins on average loans (see Chart 8 and Table 8), while those on riskier loans continued to be widened slightly. Concerning non-price terms and conditions, euro area banks reported a neutral impact of collateral requirements and a marginal net easing impact of other terms and conditions – related to loan maturity – on consumer credit and other lending to households. In the largest euro area countries, margins on average loans were narrowed in Germany, Spain and France, while they remained constant in Italy and the Netherlands. In the case of riskier loans, banks in Germany reported a narrowing of margins, whereas banks in France reported a widening of margins. Margins on riskier loans remained stable in Italy, Spain and the Netherlands.

Looking ahead, euro area banks expect a small further net easing of credit standards on consumer credit and other lending to households in the third quarter of 2014 (see Chart 7).

Chart 8

CHANGES IN TERMS AND CONDITIONS FOR CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS

(net percentages of banks reporting tightening terms and conditions)



Note: "Other terms and conditions" are calculated as the unweighted average of "non-interest rate charges" and "maturity".

Table 8

MARGINS ON CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS (net percentage changes)

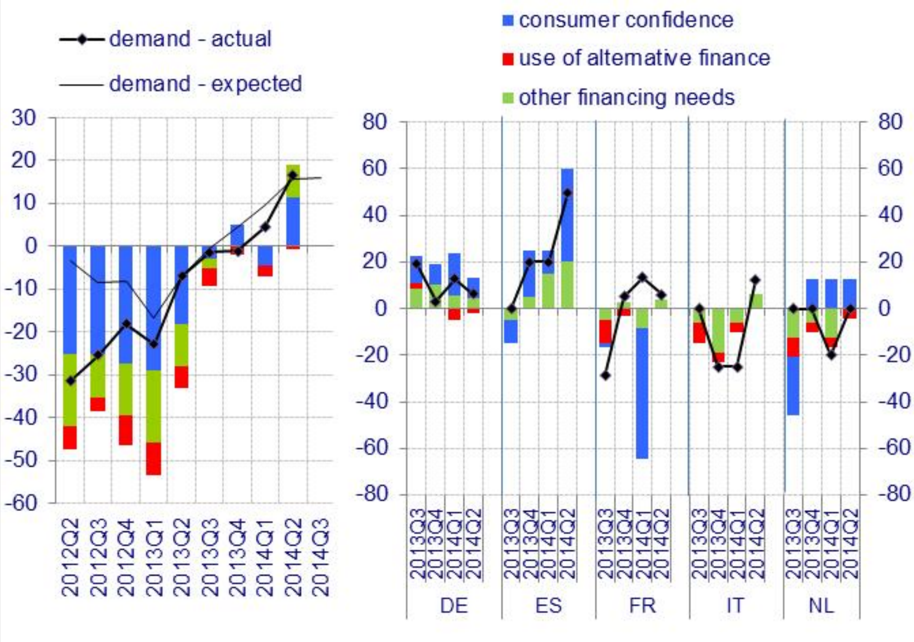
	Banks' margin on average loans		Banks' margin on riskier loans	
Country	Apr 14	Jul 14	Apr 14	Jul 14
Euro area	-3	-14	1	2
DE	-3	-6	3	-3
ES	-10	-30	0	0
FR	2	-34	2	16
IT	0	0	0	0
NL	0	0	0	0

According to euro area banks, net demand for consumer credit and other lending to households increased further (to 17%, from 4%; see Chart 9 and Table A) in the second quarter of 2014, standing above its historical average. Among the largest euro area countries, net demand increased in Germany, Spain, France and Italy, and remained unchanged in the Netherlands.

Chart 9

CHANGES IN DEMAND FOR CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS

(net percentages of banks reporting positive demand and contributing factors)



Notes: See the notes to Chart 3. “Other financing needs” are calculated as the unweighted average of “spending on durable goods” and “securities purchases”; “use of alternative finance” is calculated as the unweighted average of “household savings”, “loans from other banks” and “other sources of finance”.

Among the factors underlying demand at the euro area level, consumer confidence and spending on durable consumer goods (the latter being included in “other financing needs”) contributed to the increase in demand (see Chart 9 and Table 9). Among the largest euro area countries, consumer confidence contributed positively to loan demand in Germany, Spain and the Netherlands, and had a neutral impact in France and Italy. At the same time, spending on durable consumer goods had a positive impact on demand in most of the largest euro area countries, with the exception of the Netherlands.

For the third quarter of 2014, euro area banks expect a continued net increase in demand for consumer credit and other lending to households.

Table 9

FACTORS CONTRIBUTING TO DEMAND FOR CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS

(net percentages)

	Consumer confidence		Other financing needs		Use of alternative finance	
Country	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
Euro area	-5	11	0	8	-2	-1
DE	18	9	6	4	-5	-2
ES	10	40	15	20	0	0
FR	-56	0	-9	4	0	0
IT	0	0	-6	6	-4	0
NL	13	13	-13	0	-4	-4

Notes: "Other financing needs" are calculated as the unweighted average of "spending on durable goods" and "securities purchases"; "use of alternative finance" is calculated as the unweighted average of "household savings", "loans from other banks" and "other sources of finance".

3 AD HOC QUESTIONS

3.1.1 EURO AREA BANKS' ACCESS TO FUNDING IMPROVED FURTHER IN NET TERMS FOR ALL MAIN MARKET INSTRUMENTS

As in previous survey rounds, the July 2014 survey included a question aimed at assessing the extent to which financial market tensions affected banks' access to retail and wholesale funding.

For the second quarter of 2014, euro area banks reported a net easing of their access to funding for all main market instruments (see Chart 10 and Table 10). The access to funding improved further compared with the previous quarter for money market instruments and for retail funding. At the same time, funding conditions continued to be eased considerably for the issuance of bank debt securities and for securitisation.[8]

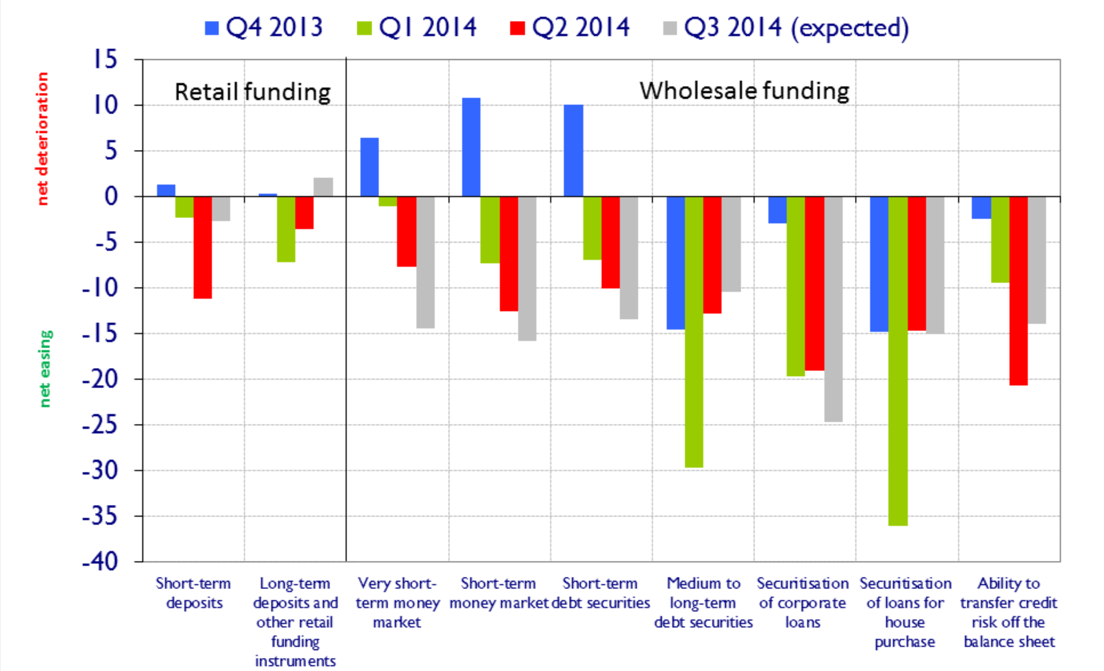
Looking forward, for the third quarter of 2014 euro area banks expect a continued net easing of their access to all wholesale market instruments, but overall unchanged access to retail funding.

[8] Net percentages are calculated for this ad hoc question as a percentage of the number of banks which did not reply "Not applicable". For securitisation, a large number of banks replied "Not applicable" as this source of funding is not relevant for them (around 50% in the second quarter of 2014).

Chart 10

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

(net percentages of banks reporting deteriorated market access)



Notes: 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". The results shown are calculated as a percentage of the number of banks which did not reply "not applicable".

Table 10

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

(net percentages of banks reporting deteriorated market access)

	Retail funding	Interbank unsecured money market	Wholesale debt securities	Securitisation
Apr 14	-5	-4	-18	-22
Jul 14	-7	-10	-11	-18

Note: See the note to Chart 10.

3.1.2 DECLINING SOVEREIGN DEBT TENSIONS CONTRIBUTED TO AN EASING OF BANKS' FUNDING CONDITIONS AND A NARROWING OF LENDING MARGINS

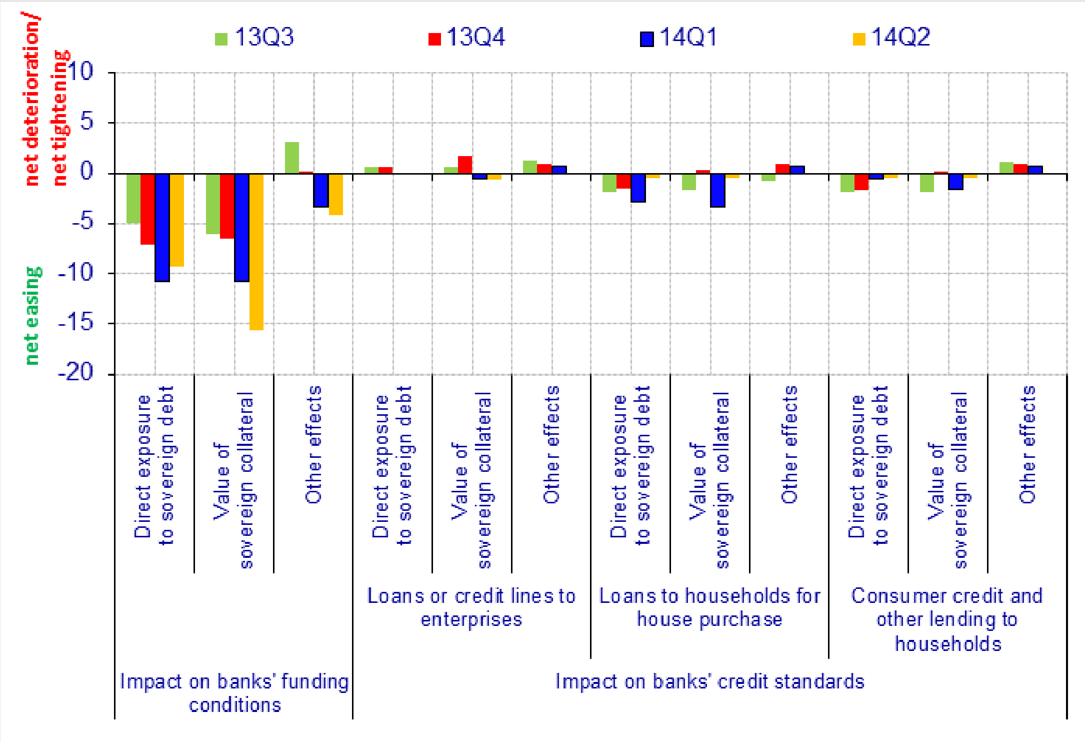
As in previous survey rounds, the July 2014 survey included a question which addressed the specific impact of the sovereign debt crisis on banks' funding conditions, lending policies and credit margins over the past three months. In principle, bank funding conditions can be primarily affected through two direct channels. First, *direct exposure to sovereign debt* may affect banks' balance sheets, change their riskiness as counterparties and, in turn, affect funding costs and funding conditions. Second, higher sovereign debt risk reduces the *value of sovereign collateral* that banks can use to raise wholesale funding. Beyond this, *other effects* may link 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 in play.

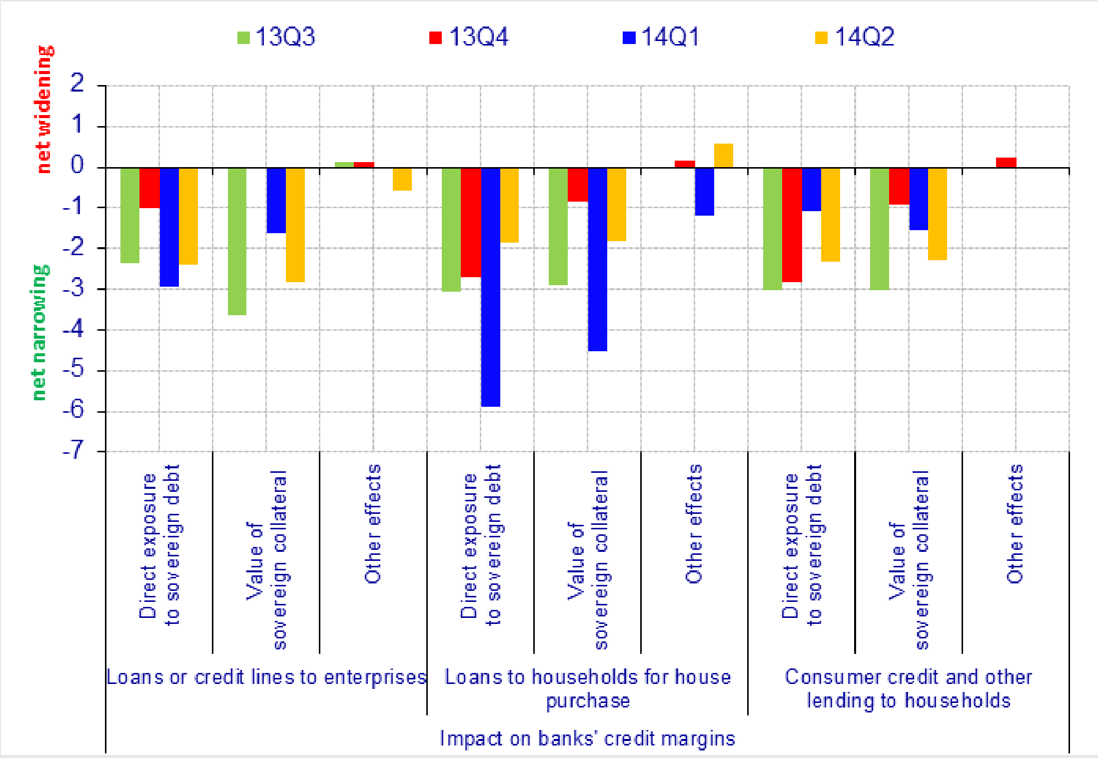
The replies to the July 2014 survey indicated that reduced sovereign debt tensions contributed on average to a further and considerable easing of banks' funding conditions in the second quarter of 2014 (see Chart 11 and Table 11). Euro area banks reported that in particular their direct exposure to sovereign debt and the value of their sovereign collateral contributed to a net easing of their funding conditions.

Chart 11

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

(net percentages of banks reporting a deterioration of funding conditions, a tightening of credit standards or a widening of 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".

Table 11

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

(net percentages of banks reporting a deterioration of funding conditions, a tightening of credit standards or a widening of lending margins)

	Impact on banks' funding conditions		Impact on banks' credit standards		Impact on banks' credit margins	
	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
Overall	-8	-10				
Loans or credit lines to enterprises			0	0	-2	-2
Loans to households for house purchase			-2	0	-4	-1
Loans to households for consumer credit and other lending			0	0	-1	-2

Note: See the note to Chart 11.

For the second quarter of 2014, banks in the euro area reported that the reduced sovereign debt tensions had no impact on the change in their credit standards for all loan categories (see Chart 11 and Table 11). At the same time, banks reported that the reduced sovereign tensions contributed to a small further narrowing of margins for all loan categories.

3.1.3 CONTINUING ADJUSTMENT TO REGULATORY AND SUPERVISORY ACTIONS BY INCREASING CAPITAL POSITIONS

The July 2014 survey included two biannual ad hoc questions aimed at assessing the extent to which new regulatory requirements affected banks' lending policies, via the potential impact on their capital position and the credit standards that they apply to loans. The new requirements referred to are those resulting from the regulation of the Capital Requirements Regulation and Directive ("CRR/CRD IV"), additional measures of the European Banking Authority, and any other specific national regulations concerning banks' capital ratios that have recently been approved or are expected to be approved in the near future. The wording of the question was amended from the January 2014 round onwards so that banks, in their reply, would also take into account any new supervisory action, such as the comprehensive assessment, with possible implications for lending supply. In addition, banks were also asked to indicate the effects on funding conditions.

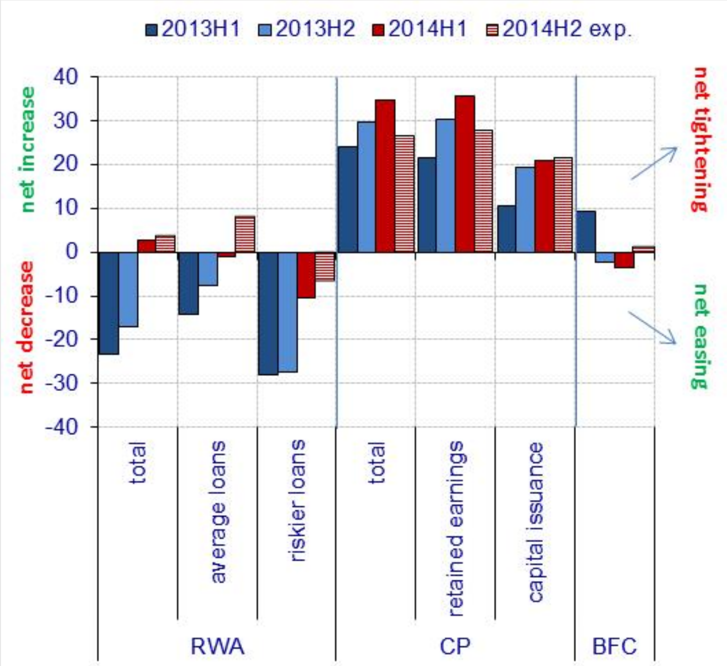
Euro area banks replied that, in relation to regulatory and supervisory actions, their risk-weighted assets slightly increased in net terms during the first half of 2014 (see Chart 12 and Table 12), for the first time since the first half of 2011, when this ad hoc question was introduced. At the same time, banks' riskier loans and, marginally, average loans, decreased further, although to a lesser extent than in the second half of 2013. Euro area banks also reported a further net strengthening of their capital position both through retained earnings and capital issuance, as well as eased funding conditions in net terms.

For the second half of 2014, banks expect in net terms a continued small net increase in risk-weighted assets, driven by an increase in average loans, whereas riskier loans are expected to decline further in net terms. In addition, euro area banks expect a continued net increase in their capital position, driven by both retained earnings and capital issuance.

Chart 12

IMPACT OF REGULATORY AND SUPERVISORY ACTIONS ON BANKS' RISK-WEIGHTED ASSETS, CAPITAL POSITION AND FUNDING CONDITIONS

(net percentages of banks)



Notes: "RWA" stands for risk-weighted assets, "CP" for capital position and "BFC" for banks' funding conditions. For the questions on RWA and CP, the net percentages are defined as the difference between the sum of the percentages for "increased considerably" and "increased somewhat" and the sum of the percentages for "decreased somewhat" and "decreased considerably". For the question on BFC, the net percentages are defined as the difference between the sum of the percentages for "experienced a considerable tightening" and "experienced a moderate tightening" and the sum of the percentages for "experienced a moderate easing" and "experienced a considerable easing". Figures for H2 2014 are expectations.

Table 12

IMPACT OF REGULATORY AND SUPERVISORY ACTIONS ON BANKS' RISK-WEIGHTED ASSETS, CAPITAL POSITION AND FUNDING CONDITIONS

(net percentages of banks)

	Risk-weighted assets, of which			Capital, of which			Impact on banks' funding conditions
	Total	*Average loans*	*Riskier loans*	*Total*	*Retained earnings*	*Capital issuance*	
Jan 14	-17	-8	-28	30	30	19	-2
Jul 14	3	-1	-11	35	36	21	-4

Note: See the note to Chart 12.

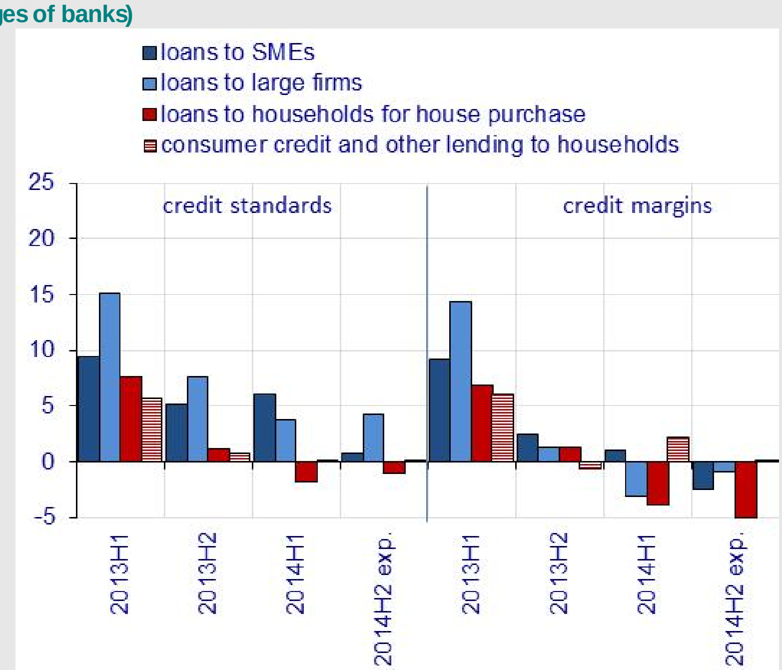
With respect to the impact of supervisory and regulatory actions on banks' credit standards, euro area banks reported for the first half of 2014 a net tightening impact on loans to SMEs that was of a similar magnitude to that in the second half of 2013, and a net tightening impact on loans to large firms that was of a smaller magnitude than that in the second half of 2013 (see Chart 13 and Table 13). In addition, euro area banks reported a net easing impact on loans to households for house purchase and a neutral impact on consumer credit and other lending to households, compared with a tightening impact since the first half of 2011, when this question was introduced.

In the first half of 2014, at the euro area level supervisory and regulatory actions had a narrowing (i.e. easing) impact on margins on loans to large enterprises and on margins on loans to households for house purchase, for the first time since the first half of 2011 and the second half of 2011 respectively. By contrast, there was a small net widening (i.e. tightening) impact on credit margins for loans to SMEs and consumer credit and other lending to households (see Chart 13 and Table 13).

Chart 13

IMPACT OF REGULATORY AND SUPERVISORY ACTIONS 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".

Table 13

IMPACT OF REGULATORY AND SUPERVISORY ACTIONS ON THE TIGHTENING OF CREDIT STANDARDS/CREDIT MARGINS

(net percentages of banks)

	Impact of regulatory or supervisory actions on the tightening of credit standards		Impact of regulatory or supervisory actions on the tightening of credit margins	
	Jan 14	Jul 14	Jan 14	Jul 14
Impact on loans and credit lines to SMEs	5	6	2	1
Impact on loans and credit lines to large enterprises	8	4	1	-3
Impact on loans to households for house purchase	1	-2	1	-4
Impact on consumer credit and other lending to households	1	0	-1	2

Note: See the note to Chart 13.

For the second half of 2014, euro area banks expect a broad continuation of the developments seen in the first half of 2014 for credit standards, with the exception of loans to SMEs where they expect a smaller net tightening impact. For credit margins, due to regulatory and supervisory pressures euro area banks expect an easing impact for loans to enterprises across firm size (i.e. also for loans to SMEs) as well as for housing loans. Unchanged margins are expected for consumer credit and other lending to households.

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)*

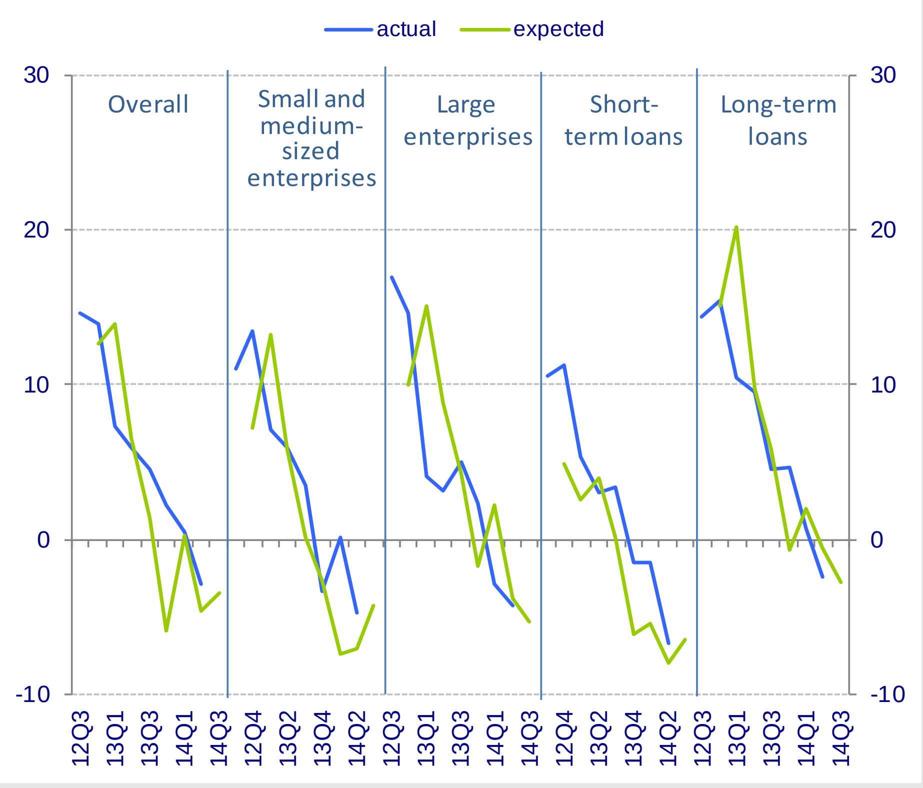
	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
Tightened considerably	0	0	0	0	0	0	0	0	0	0
Tightened somewhat	4	1	4	1	3	1	4	1	4	1
Remained basically unchanged	93	95	92	94	90	93	91	92	92	95
Eased somewhat	3	4	4	6	6	5	5	7	4	4
Eased considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***1***	***-3***	***0***	***-5***	***-3***	***-4***	***-1***	***-7***	***1***	***-2***
Diffusion index	***0***	***-1***	***0***	***-2***	***-1***	***-2***	***-1***	***-3***	***0***	***-1***
Mean	*2.99*	*3.03*	*3.00*	*3.05*	*3.03*	*3.04*	*3.01*	*3.07*	*2.99*	*3.02*
Number of banks responding	***131***	***131***	***127***	***127***	***127***	***127***	***131***	***131***	***131***	***131***

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 <u>loans or credit lines to enterprises</u>? *(in percentages, unless otherwise stated)*

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	0	95	1	0	4	1	-1	0	-1	2.99	3.01
Your bank's ability to access market financing	0	0	93	0	0	6	-1	0	-1	0	3.01	3.00
Your bank's liquidity position	0	0	91	5	0	4	-3	-4	-2	-2	3.03	3.05
B) Pressure from competition												
Competition from other banks	0	1	85	10	0	4	-12	-9	-6	-4	3.13	3.09
Competition from non-banks	0	0	91	3	0	6	-3	-3	-2	-1	2.99	3.03
Competition from market financing	0	0	88	5	0	7	-3	-5	-2	-2	3.00	3.05
C) Perception of risk												
Expectations regarding general economic activity	0	0	90	7	0	3	-6	-7	-3	-4	3.06	3.07
Industry or firm-specific outlook	0	3	89	5	0	3	0	-2	0	-1	3.00	3.02
Risk on collateral demanded	0	1	96	0	0	3	0	1	0	0	3.00	2.99

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	0	90	1	0	9	1	-1	0	-1	2.91	3.01
Your bank's ability to access market financing	0	0	87	1	0	12	-1	-1	0	-1	2.92	3.01
Your bank's liquidity position	0	0	87	3	0	9	0	-2	0	-1	2.92	3.02
B) Pressure from competition												
Competition from other banks	0	1	83	9	0	7	-7	-9	-4	-4	3.08	3.09
Competition from non-banks	0	0	88	3	0	9	-2	-3	-2	-1	2.99	3.03
Competition from market financing	0	0	88	2	0	10	-3	-2	-1	-1	2.98	3.02
C) Perception of risk												
Expectations regarding general economic activity	0	0	86	8	0	5	-7	-8	-3	-4	3.07	3.08
Industry or firm-specific outlook	0	2	86	6	0	5	-1	-4	-1	-2	3.01	3.04
Risk on collateral demanded	0	0	94	1	0	5	-1	0	0	0	3.01	3.00

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	0	91	1	0	8	1	-1	0	-1	2.99	3.01
Your bank's ability to access market financing	0	0	88	1	0	10	-1	-1	-1	-1	3.02	3.01
Your bank's liquidity position	0	0	87	5	0	8	-4	-5	-2	-3	3.04	3.06
B) Pressure from competition												
Competition from other banks	0	0	81	10	1	9	-14	-11	-7	-6	3.16	3.12
Competition from non-banks	0	0	86	3	0	11	-3	-3	-2	-1	3.00	3.03
Competition from market financing	0	0	82	7	0	11	-6	-7	-3	-3	3.03	3.07
C) Perception of risk												
Expectations regarding general economic activity	0	0	84	9	0	7	-8	-8	-4	-4	3.08	3.09
Industry or firm-specific outlook	0	3	82	8	0	7	-4	-5	-2	-2	3.04	3.05
Risk on collateral demanded	0	1	91	1	0	7	0	1	0	0	3.00	2.99

NA = not available; NetP = net percentage; DI = diffusion index.
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (contributed considerably to 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)

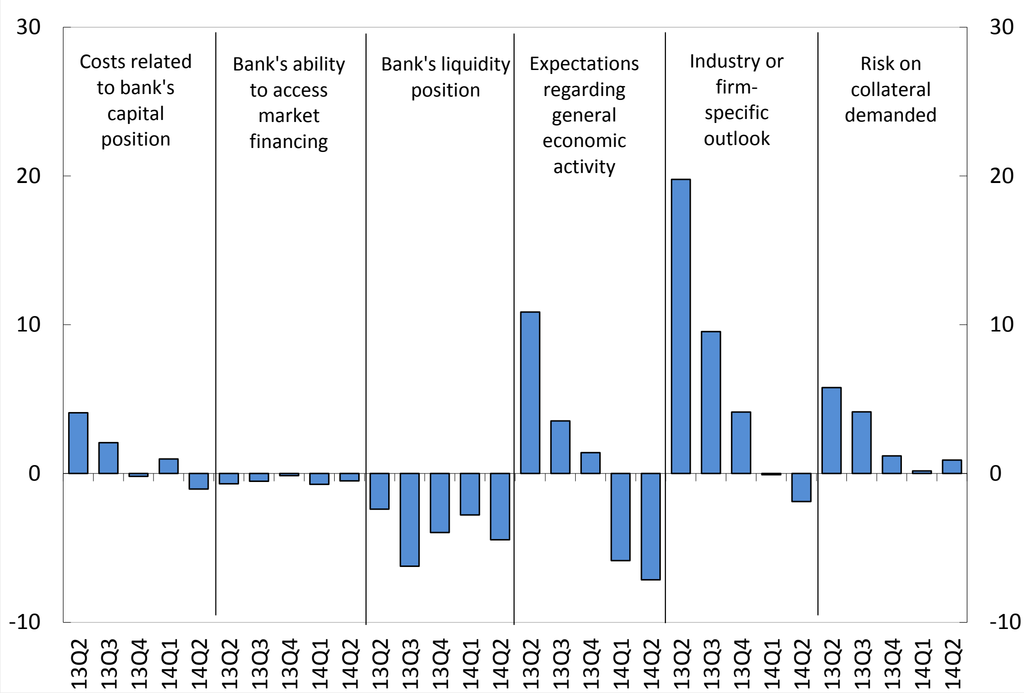
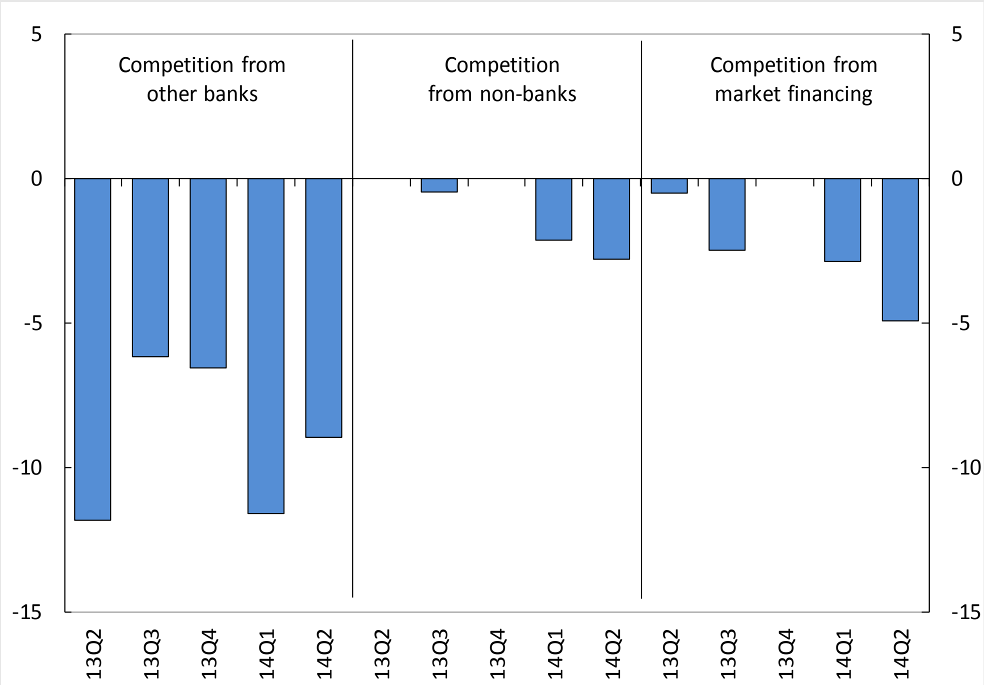


Chart 2b



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	
							Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
A) Price												
Your bank's margin on average loans	0	2	67	27	1	3	-16	-26	-8	-14	3.17	3.27
Your bank's margin on riskier loans	0	4	85	7	1	3	5	-4	3	-2	2.94	3.05
B) Other conditions and terms												
Non-interest rate charges	0	3	89	4	1	3	2	-2	1	-2	2.98	3.03
Size of the loan or credit line	0	1	91	4	1	3	-2	-4	-1	-2	3.02	3.05
Collateral requirements	0	3	89	4	1	3	1	-2	0	-1	3.00	3.03
Loan covenants	0	0	90	5	1	3	-1	-6	-1	-3	3.02	3.07
Maturity	0	2	86	9	1	3	1	-8	1	-4	2.98	3.09

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
A) Price												
Your bank's margin on average loans	0	3	75	16	0	5	-10	-14	-5	-7	3.09	3.14
Your bank's margin on riskier loans	0	5	85	4	0	5	3	0	2	0	2.96	2.99
B) Other conditions and terms												
Non-interest rate charges	1	2	89	3	0	5	5	0	3	1	2.93	2.98
Size of the loan or credit line	0	1	92	2	0	5	-3	-1	-1	-1	3.03	3.02
Collateral requirements	0	3	89	3	0	5	3	-1	2	-1	2.97	3.01
Loan covenants	0	0	93	1	0	5	0	-1	0	-1	3.00	3.01
Maturity	0	2	89	4	0	5	3	-2	1	-1	2.98	3.03

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
A) Price												
Your bank's margin on average loans	0	4	58	28	1	9	-15	-25	-8	-13	3.13	3.28
Your bank's margin on riskier loans	0	2	80	8	1	9	2	-6	1	-4	2.93	3.08
B) Other conditions and terms												
Non-interest rate charges	0	1	83	5	2	9	-1	-6	-1	-4	2.97	3.09
Size of the loan or credit line	0	3	80	8	1	9	-4	-6	-2	-4	3.01	3.08
Collateral requirements	0	3	82	6	1	9	3	-4	1	-3	2.94	3.06
Loan covenants	0	2	80	8	1	9	-4	-6	-3	-4	3.01	3.08
Maturity	0	1	78	12	1	9	2	-12	1	-6	2.94	3.14

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

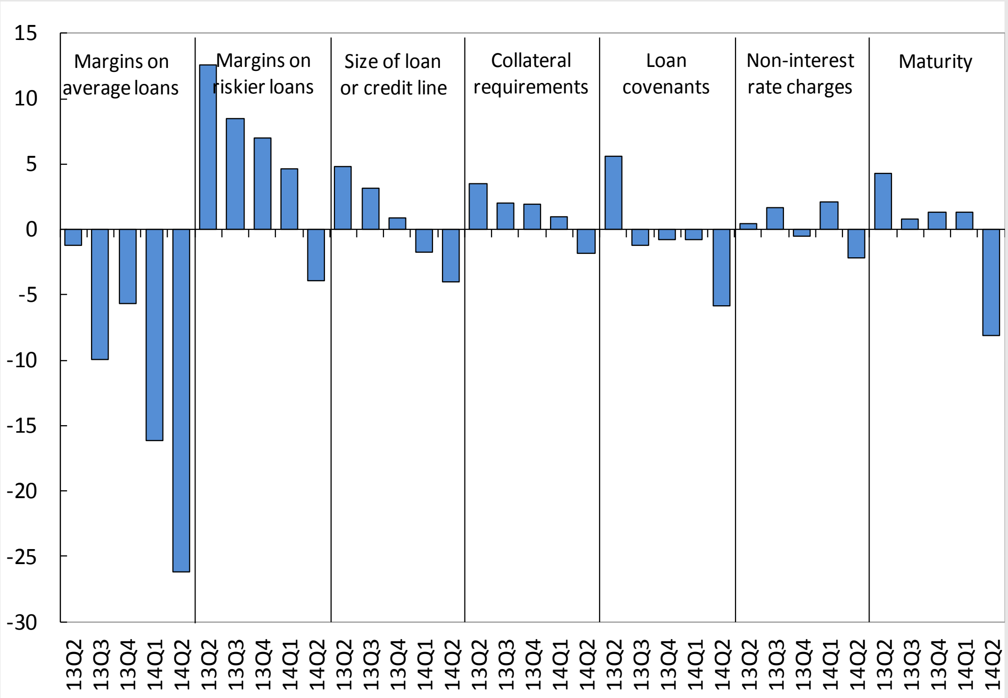
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "+ +" (contributed considerably to easing). "°" 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 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)*

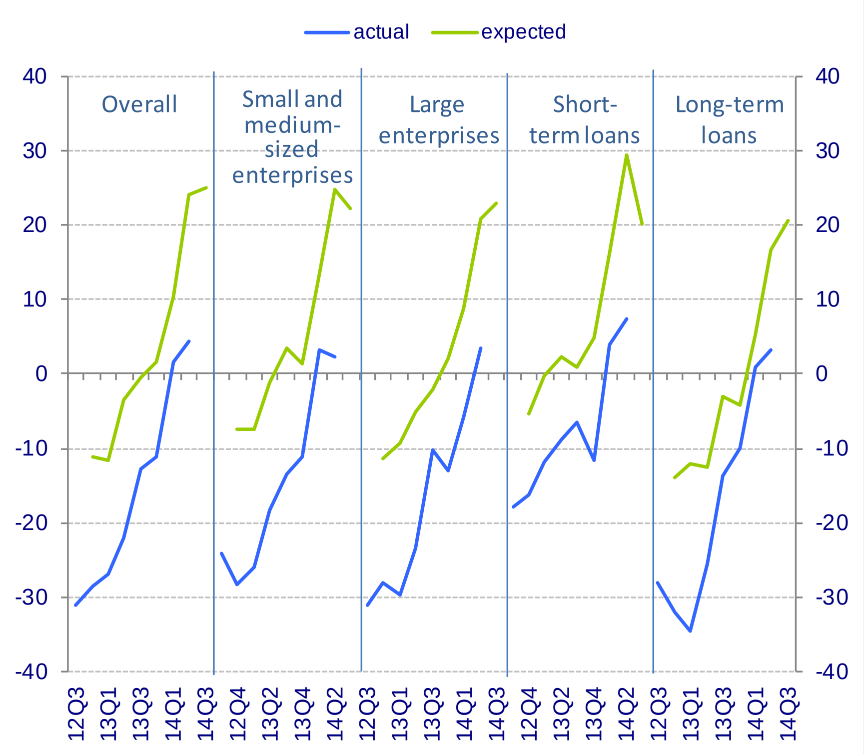
	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
Decreased considerably	1	0	1	0	1	0	1	0	1	0
Decreased somewhat	14	13	16	16	15	12	11	9	14	12
Remained basically unchanged	67	69	61	66	72	73	71	76	68	73
Increased somewhat	18	17	21	17	11	14	17	15	17	15
Increased considerably	0	1	0	1	0	1	0	1	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***2***	***4***	***4***	***2***	***-5***	***3***	***4***	***7***	***1***	***3***
Diffusion index	***0***	***3***	***1***	***1***	***-3***	***2***	***2***	***4***	***0***	***2***
Mean	*3.01*	*3.05*	*3.02*	*3.03*	*2.94*	*3.04*	*3.03*	*3.08*	*3.00*	*3.03*
Number of banks responding	***131***	***131***	***127***	***126***	***127***	***128***	***131***	***131***	***131***	***131***

Notes: The net percentage is defined as the difference between the sum of the percentages for "increased considerably" and "increased somewhat", and the sum of the percentages for "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). 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	
							Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
A) Financing needs												
Fixed investment	0	14	68	15	0	3	-5	1	-2	0	2.95	3.01
Inventories and working capital	0	5	74	16	1	3	11	11	6	6	3.11	3.12
Mergers/acquisitions and corporate restructuring	0	4	83	8	0	4	2	5	1	2	3.02	3.05
Debt restructuring	0	3	82	11	0	4	11	8	5	4	3.11	3.09
B) Use of alternative finance												
Internal financing	1	6	87	3	0	3	-8	-4	-4	-2	2.92	2.95
Loans from other banks	0	4	89	4	0	3	-2	1	-1	0	2.97	3.01
Loans from non-banks	0	1	91	2	0	6	-2	2	0	1	2.95	3.02
Issuance of debt securities	0	5	81	4	0	9	-6	-1	-3	0	2.89	2.99
Issuance of equity	0	0	88	2	0	11	0	2	0	1	2.94	3.02

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 somewhat to increasing demand) and "+ +" (contributed considerably to increasing demand) and the sum of banks responding "- " (contributed somewhat to lowering demand) and "--" (contributed considerably to lowering 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). 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)

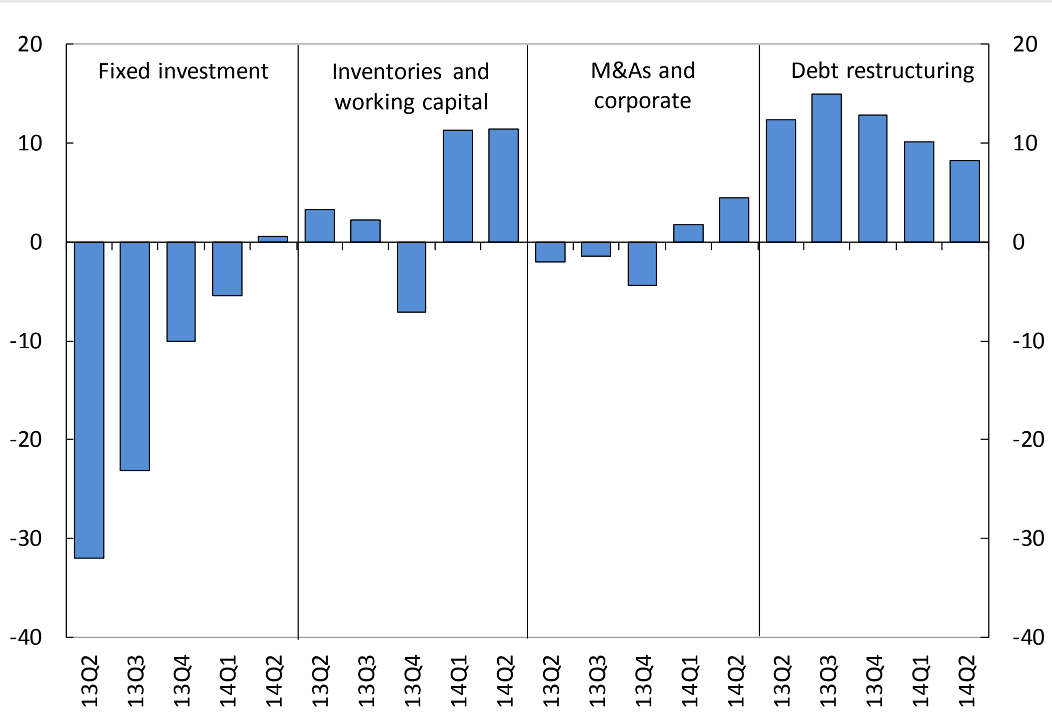
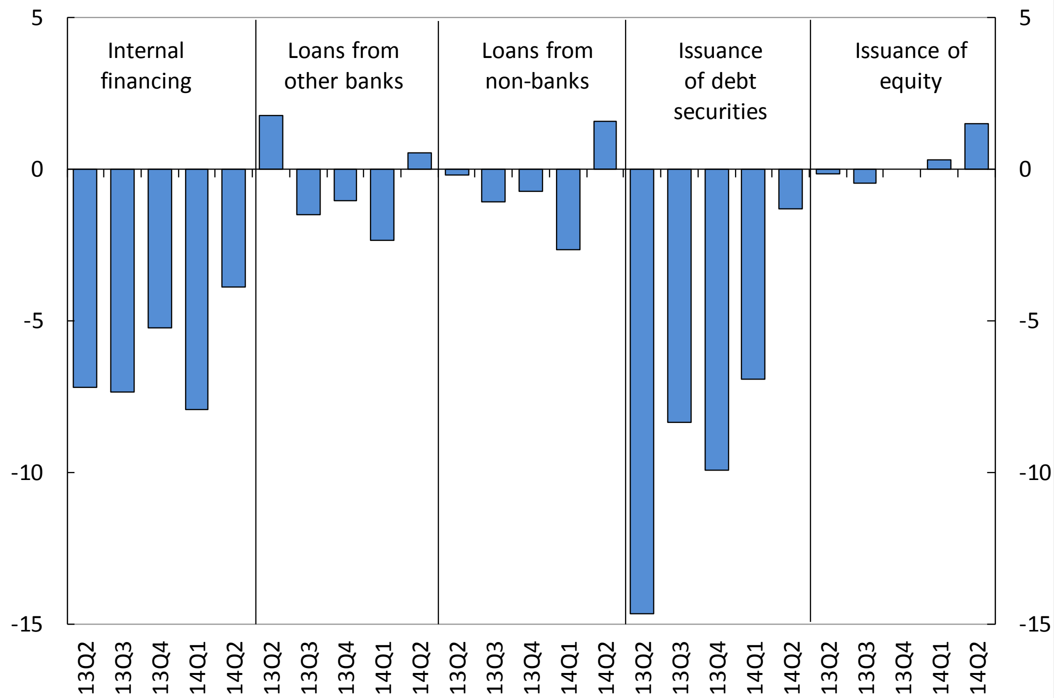


Chart 5b

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

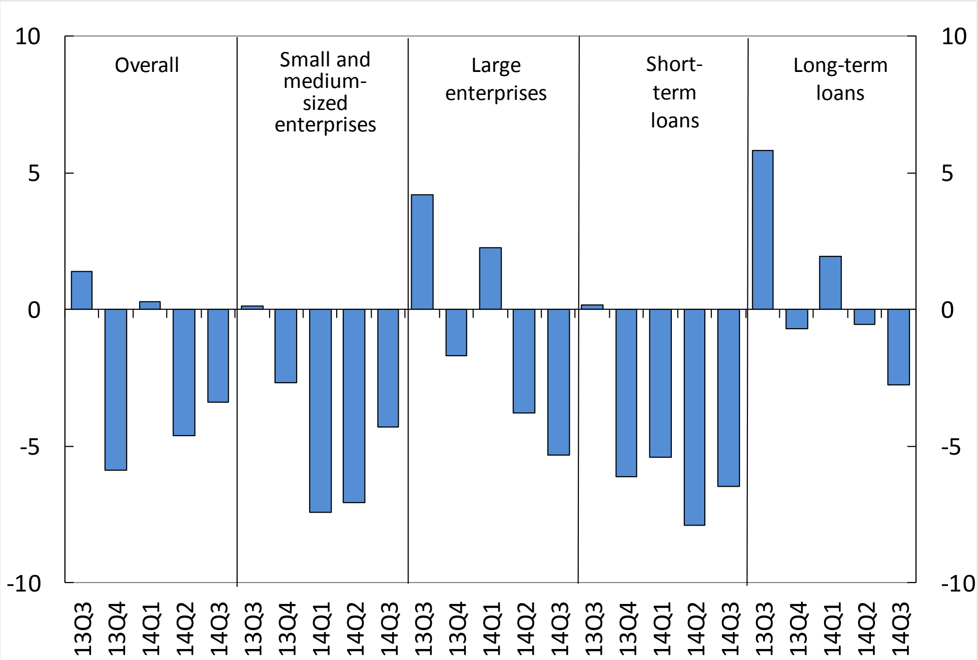
	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
Tighten considerably	0	0	0	0	0	0	0	0	0	0
Tighten somewhat	1	1	0	0	2	1	1	0	2	1
Remain basically unchanged	93	94	92	95	92	92	90	93	96	94
Ease somewhat	6	5	7	4	6	7	9	7	2	4
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	***-5***	***-3***	***-7***	***-4***	***-4***	***-5***	***-8***	***-6***	***-1***	***-3***
Diffusion index	***-2***	***-2***	***-4***	***-2***	***-2***	***-3***	***-4***	***-3***	***0***	***-1***
Mean	*3.05*	*3.04*	*3.07*	*3.05*	*3.04*	*3.06*	*3.08*	*3.07*	*3.01*	*3.03*
Number of banks responding	***131***	***131***	***127***	***126***	***127***	***128***	***131***	***131***	***131***	***131***

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)

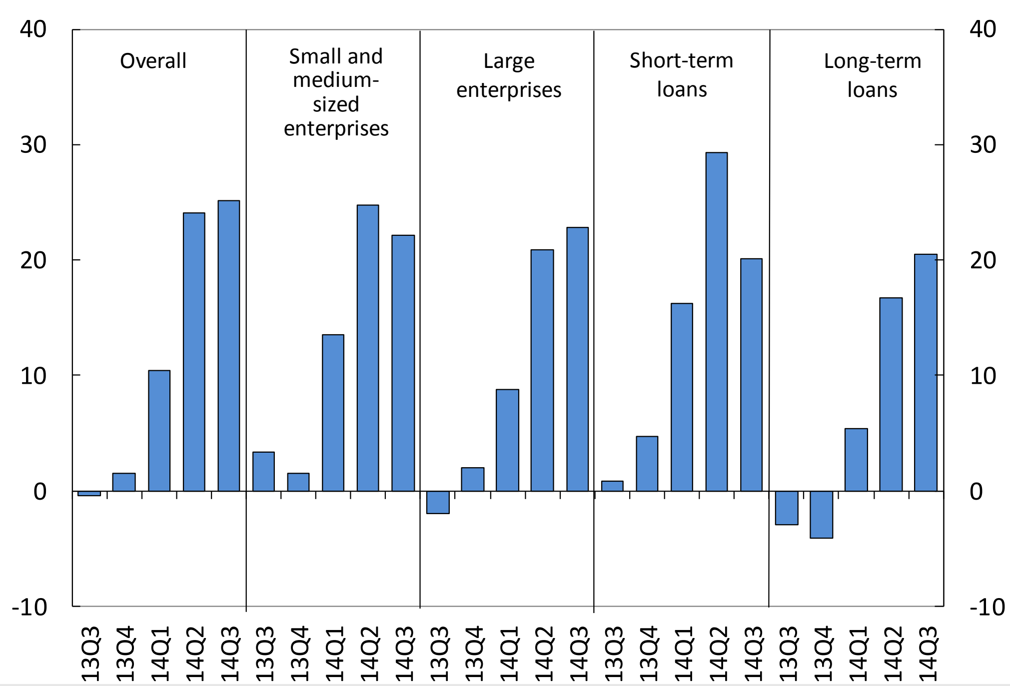


7. Please indicate how you expect <u>demand for loans or credit lines to enterprises</u> to change at your bank over the next three months (apart from normal seasonal fluctuations) *(in percentages, unless otherwise stated)*

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
Decrease considerably	0	0	0	0	0	0	0	0	0	0
Decrease somewhat	5	4	6	6	3	3	2	4	8	5
Remain basically unchanged	66	67	62	65	72	71	67	71	66	70
Increase somewhat	29	29	31	29	25	26	31	24	25	25
Increase considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***25***	***25***	***25***	***22***	***21***	***23***	***30***	***20***	***17***	***21***
Diffusion index	***12***	***13***	***13***	***11***	***11***	***11***	***15***	***10***	***9***	***10***
Mean	*3.25*	*3.25*	*3.25*	*3.22*	*3.21*	*3.23*	*3.30*	*3.20*	*3.17*	*3.21*
Number of banks responding	***130***	***130***	***127***	***125***	***127***	***127***	***131***	***130***	***131***	***130***

Notes: The net percentage is defined as the difference between the sum of the percentages for "increased considerably" and "increased somewhat", and the sum of the percentages for "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). 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)*

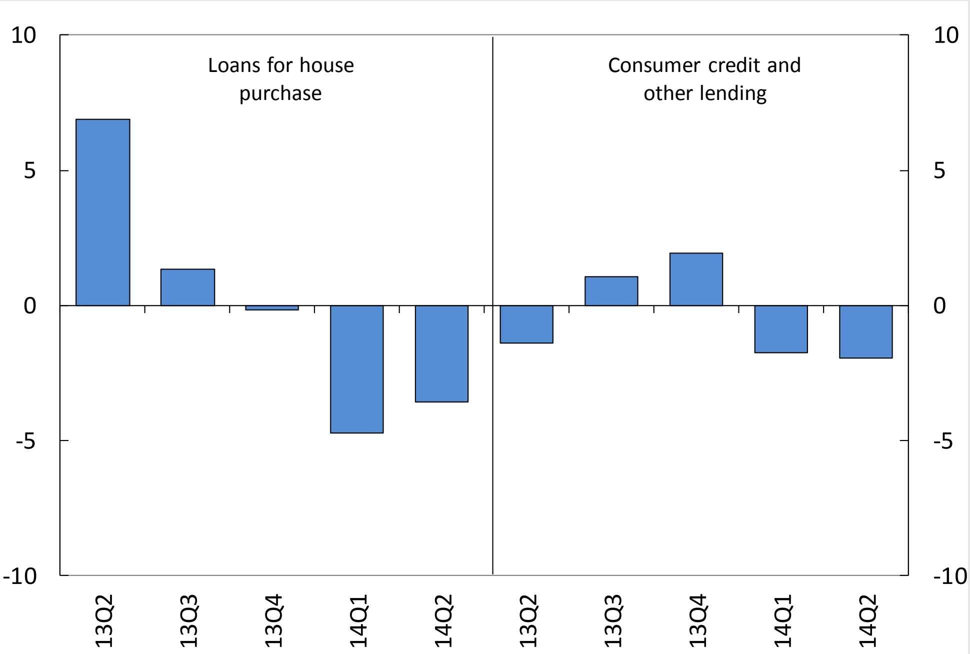
	Loans for house purchase		Consumer credit and other lending	
	Apr 14	Jul 14	Apr 14	Jul 14
Tightened considerably	0	0	0	0
Tightened somewhat	4	1	1	0
Remained basically unchanged	87	94	95	97
Eased somewhat	9	5	3	2
Eased considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***-5***	***-4***	***-2***	***-2***
Diffusion index	***-2***	***-2***	***-1***	***-1***
Mean	*3.05*	*3.04*	*3.02*	*3.02*
Number of banks responding	***126***	***126***	***126***	***127***

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	
							Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
A) Cost of funds and balance sheet constraints	0	0	88	2	0	9	-1	-2	-1	-1	3.01	3.02
B) Pressure from competition												
Competition from other banks	0	0	86	6	0	8	-9	-6	-5	-3	3.10	3.06
Competition from non-banks	0	0	91	0	0	8	-2	0	-1	0	3.01	3.00
C) Perception of risk												
Expectations regarding general economic activity	0	1	88	3	0	7	0	-2	0	-1	3.00	3.02
Housing market prospects	0	1	90	1	0	7	3	0	2	0	2.96	3.00

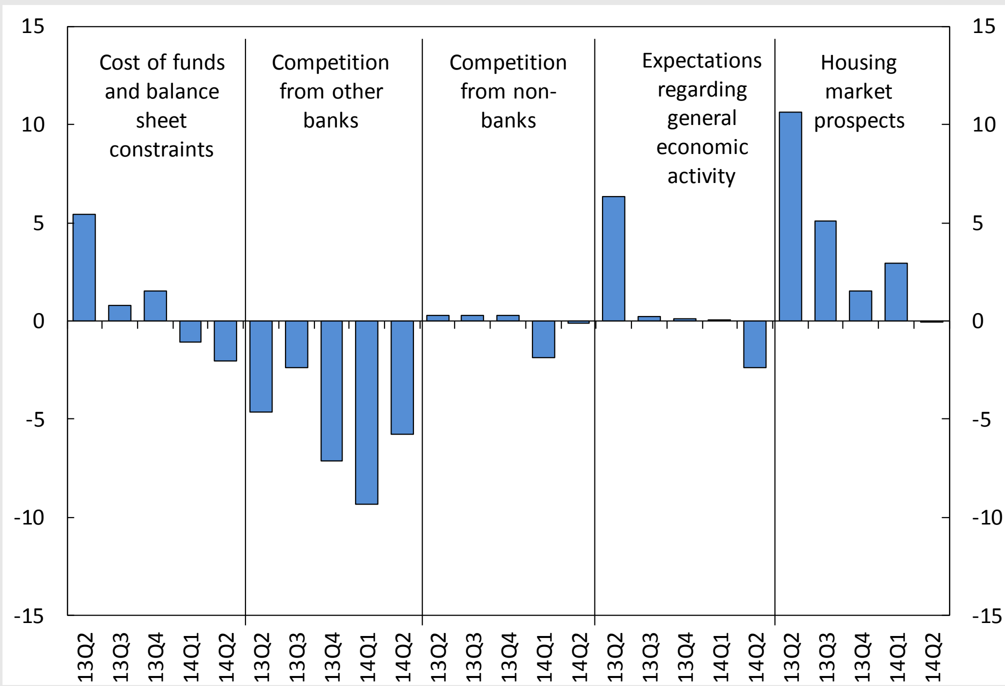
NA = not available; NetP = net percentage; DI = diffusion index.

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 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 <u>loans to households for house purchase</u> changed? *(in percentages, unless otherwise stated)*

	--	-	°	+	++	NA	NetP		DI		Mean	
							Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
A) Price												
Your bank's margin on average loans	0	2	58	32	0	7	-21	-30	-10	-15	3.22	3.31
Your bank's margin on riskier loans	0	4	84	4	0	8	2	0	1	0	2.97	2.99
B) Other conditions and terms												
Collateral requirements	0	0	93	0	0	7	-1	0	0	0	3.01	3.00
Loan-to-value ratio	0	2	90	1	0	7	1	1	1	0	2.98	2.99
Maturity	0	2	91	0	0	7	-4	2	-2	1	3.04	2.98
Non-interest rate charges	0	1	89	2	0	7	1	-1	0	0	2.99	3.00

N

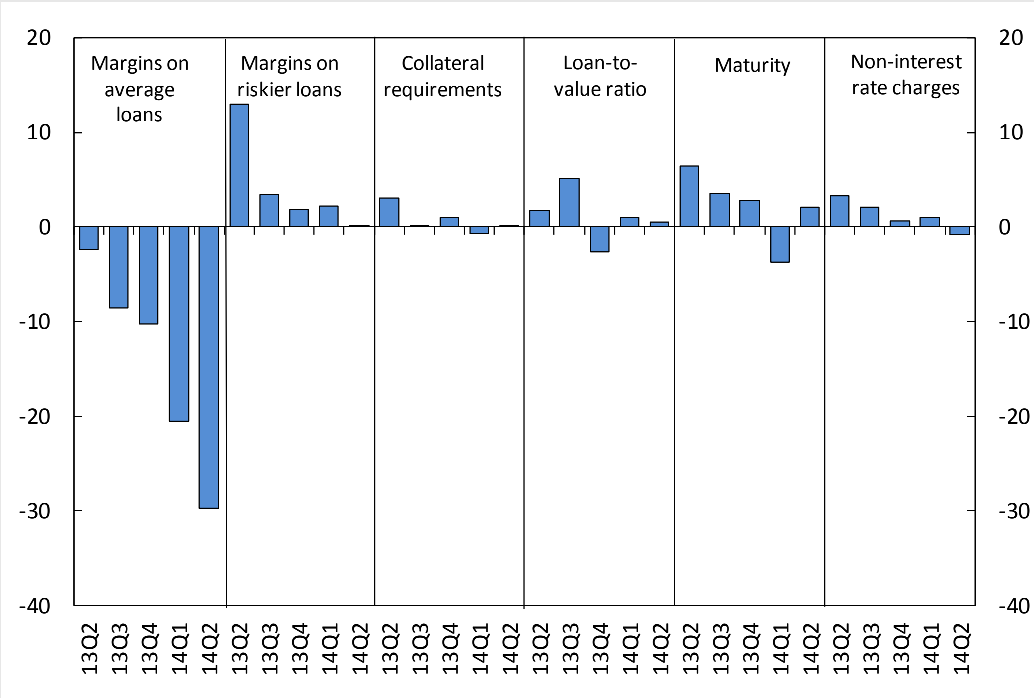
A = not available; NetP = net percentage; DI = diffusion index.

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 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	
							Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
A) Cost of funds and balance sheet constraints	0	0	92	2	0	6	0	-2	0	-1	3.00	3.02
B) Pressure from competition												
Competition from other banks	0	0	85	9	0	6	-1	-9	-1	-5	3.02	3.09
Competition from non-banks	0	0	87	6	0	7	0	-6	0	-3	3.00	3.06
C) Perception of risk												
Expectations regarding general economic activity	0	0	92	2	0	6	-2	-2	-1	-1	3.02	3.02
Creditworthiness of consumers	0	0	93	1	0	6	-2	0	-1	0	3.02	3.00
Risk on collateral demanded	0	0	93	0	0	7	0	0	0	0	2.99	2.99

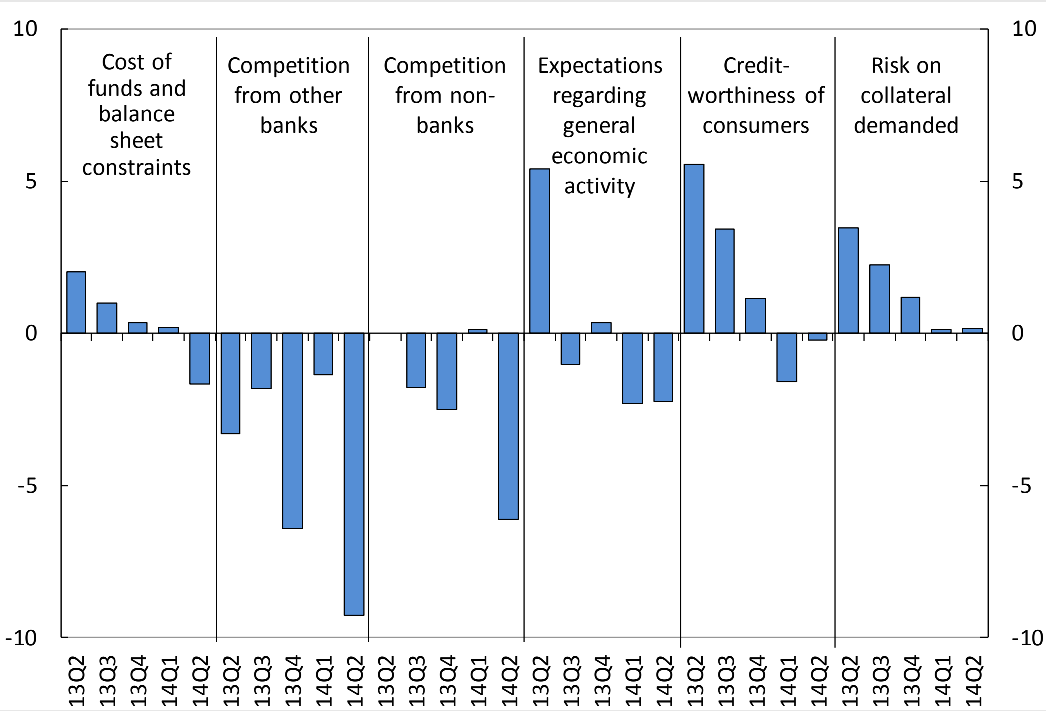
NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (contributed considerably to 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	
							Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
A) Price												
Your bank's margin on average loans	0	2	76	16	0	6	-3	-14	-1	-7	3.03	3.14
Your bank's margin on riskier loans	0	4	87	2	0	6	1	2	0	1	2.99	2.98
B) Other conditions and terms												
Collateral requirements	0	0	93	0	0	7	1	0	0	0	2.99	3.00
Maturity	0	0	91	3	0	6	1	-3	0	-1	2.99	3.03
Non-interest rate charges	0	2	91	0	0	6	1	1	1	1	2.98	2.98

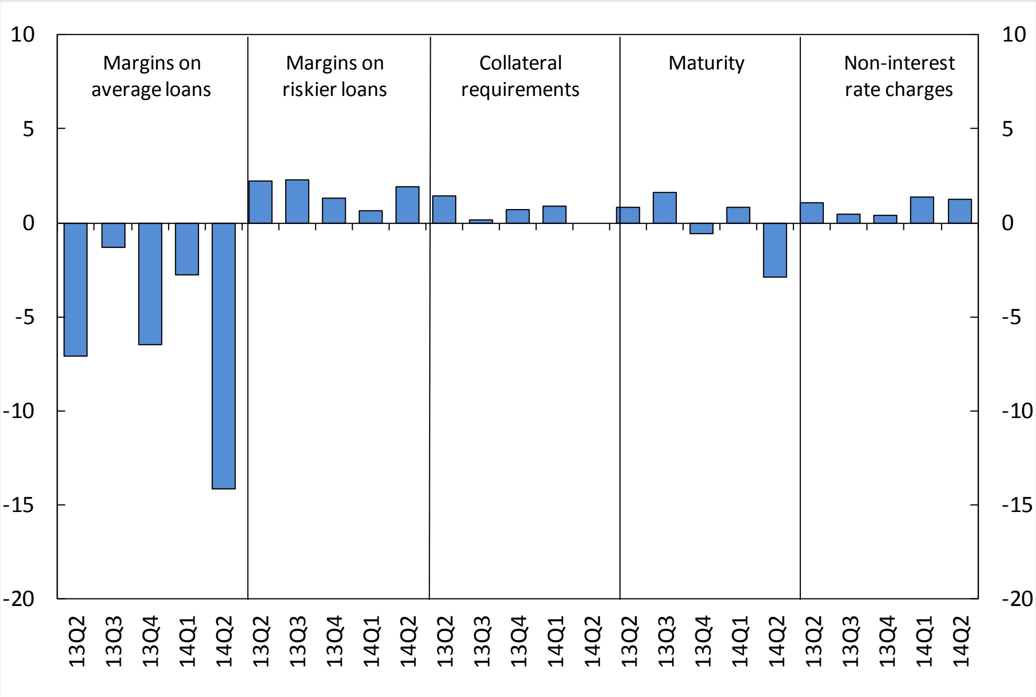
NA = not available; NetP = net percentage; DI = diffusion index.

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)*

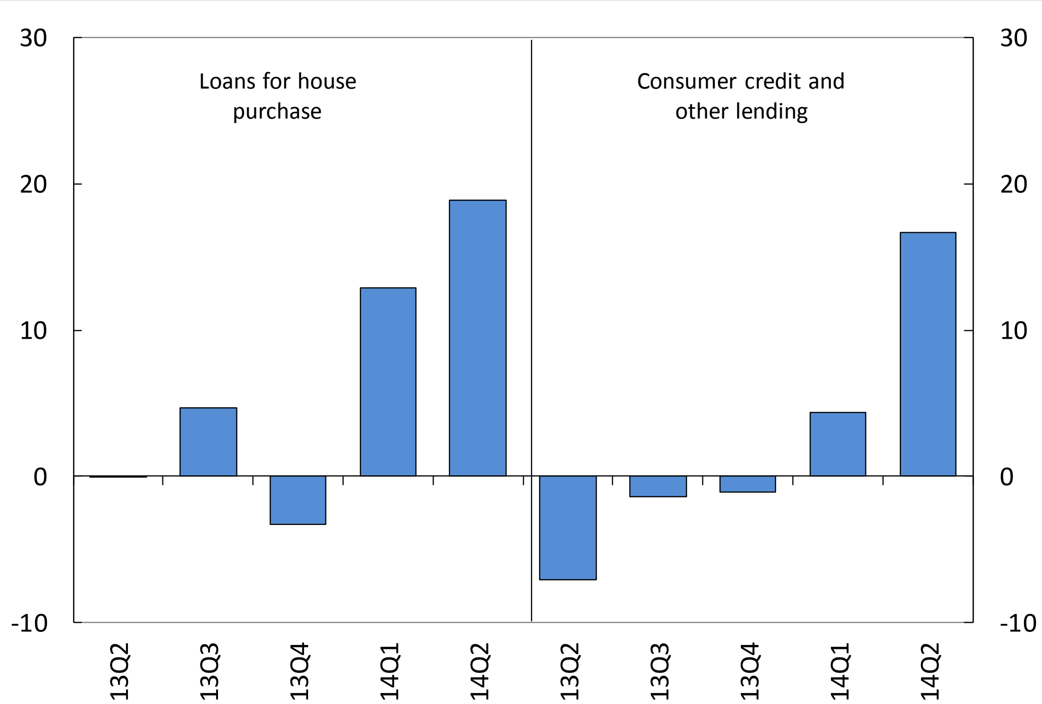
	Loans for house purchase		Consumer credit and other lending	
	Apr 14	Jul 14	Apr 14	Jul 14
Decreased considerably	1	2	0	0
Decreased somewhat	15	13	10	4
Remained basically unchanged	55	50	75	76
Increased somewhat	27	33	15	20
Increased considerably	2	1	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***13***	***19***	***4***	***17***
Diffusion index	***7***	***9***	***2***	***8***
Mean	*3.13*	*3.18*	*3.05*	*3.17*
Number of banks responding	***126***	***126***	***127***	***128***

Notes: The net percentage is defined as the difference between the sum of the percentages for "increased considerably" and "increased somewhat", and the sum of the percentages for "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). 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	
							Apr 14	Jul 14	Apr 14	Jul 14	Apr 14	Jul 14
A) Financing needs												
Housing market prospects	0	9	66	18	0	7	13	10	7	5	3.16	3.11
Consumer confidence	0	8	64	21	0	7	8	13	4	7	3.09	3.14
Non-housing-related consumption expenditure	0	3	87	3	0	7	-5	0	-2	0	2.95	3.00
B) Use of alternative finance												
Household savings	0	6	86	1	0	7	-3	-5	-1	-3	2.97	2.94
Loans from other banks	0	5	87	1	0	7	-2	-3	-1	-2	2.98	2.96
Other sources of finance	0	2	90	0	0	8	-1	-2	-1	-1	2.99	2.97

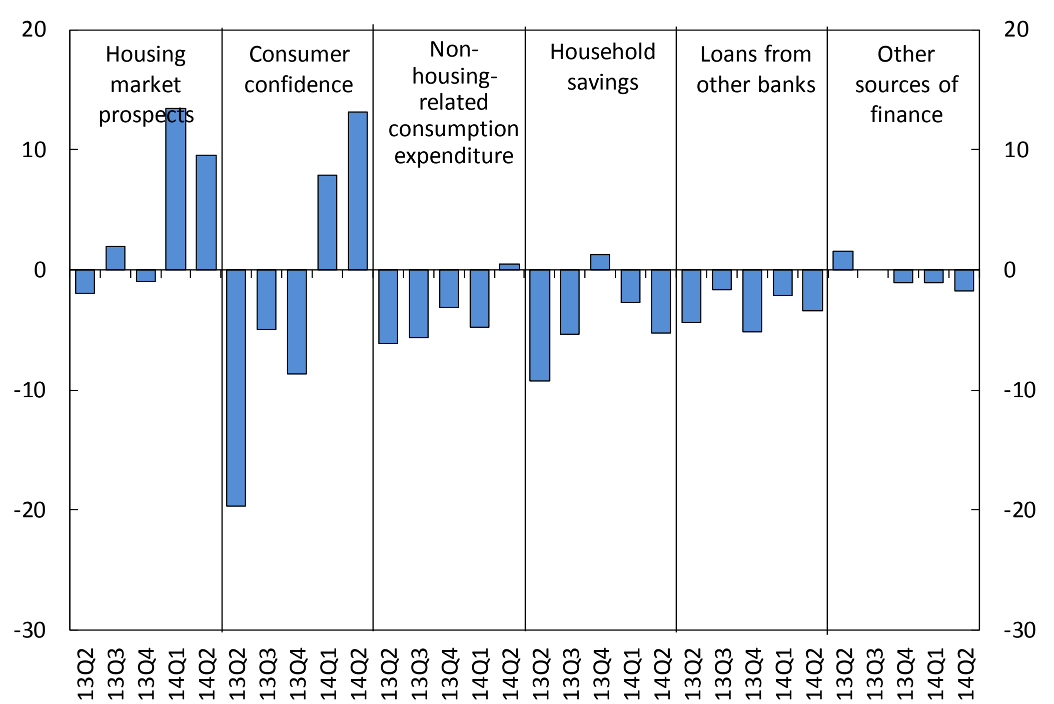
NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding "+" (contributed somewhat to increasing demand) and "+ +" (contributed considerably to increasing demand) and the sum of banks responding "- " (contributed somewhat to lowering demand) and "--" (contributed considerably to lowering 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). 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 Apr 14	NetP Jul 14	DI Apr 14	DI Jul 14	Mean Apr 14	Mean Jul 14
A) Financing needs												
Spending on durable consumer goods	0	2	74	16	1	6	2	15	1	8	3.00	3.17
Consumer confidence	0	1	81	12	0	5	-5	11	-2	6	2.97	3.12
Securities purchases	0	0	88	0	0	12	-1	0	-1	0	2.97	3.00
B) Use of alternative finance												
Household savings	0	4	90	1	0	4	-3	-3	-1	-1	2.96	2.97
Loans from other banks	0	2	92	1	0	5	-4	-1	-2	0	2.95	2.99
Other sources of finance	0	0	92	1	0	7	-1	1	0	1	2.98	3.01

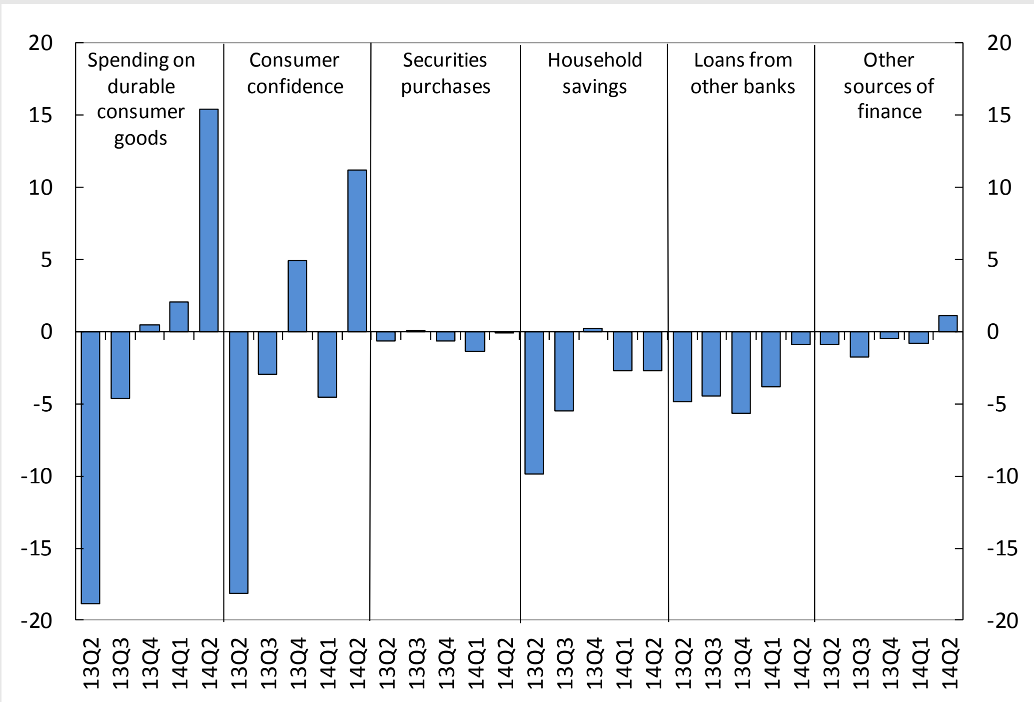
NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding "+" (contributed somewhat to increasing demand) and "+ +" (contributed considerably to increasing demand) and the sum of banks responding "- " (contributed somewhat to lowering demand) and "--" (contributed considerably to lowering 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). 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)*

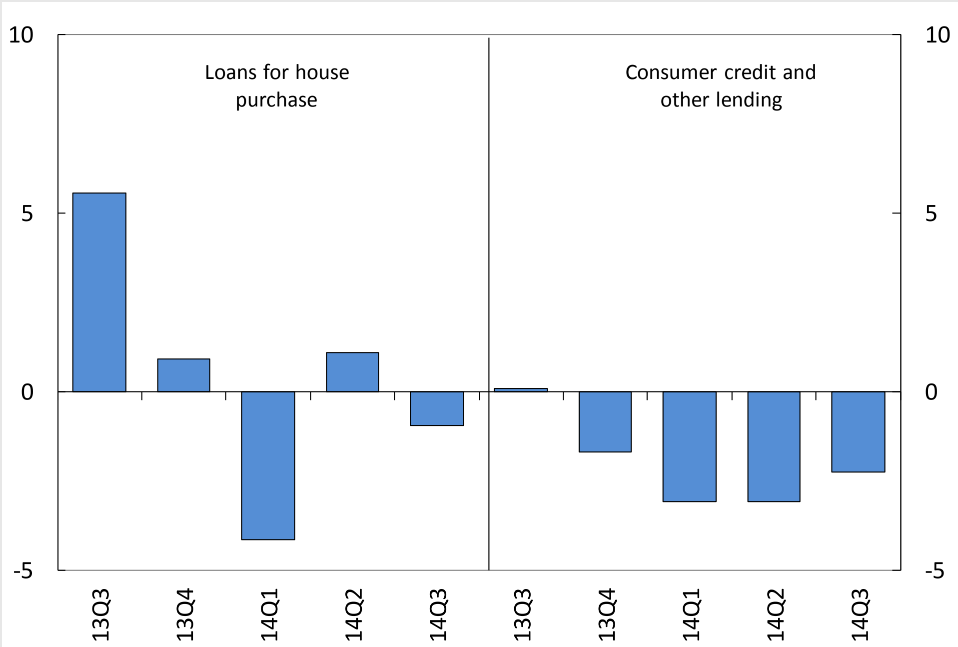
	Loans for house purchase		Consumer credit and other lending	
	Apr 14	Jul 14	Apr 14	Jul 14
Tighten considerably	0	0	0	0
Tighten somewhat	3	2	2	0
Remain basically unchanged	96	96	94	97
Ease somewhat	1	2	5	2
Ease considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***1***	***-1***	***-3***	***-2***
Diffusion index	***0***	***0***	***-2***	***-1***
Mean	*2.99*	*3.01*	*3.03*	*3.03*
Number of banks responding	***126***	***126***	***126***	***127***

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 <u>demand for loans to households</u> to change over the next three months at your bank (apart from normal seasonal fluctuations). *(in percentages, unless otherwise stated)*

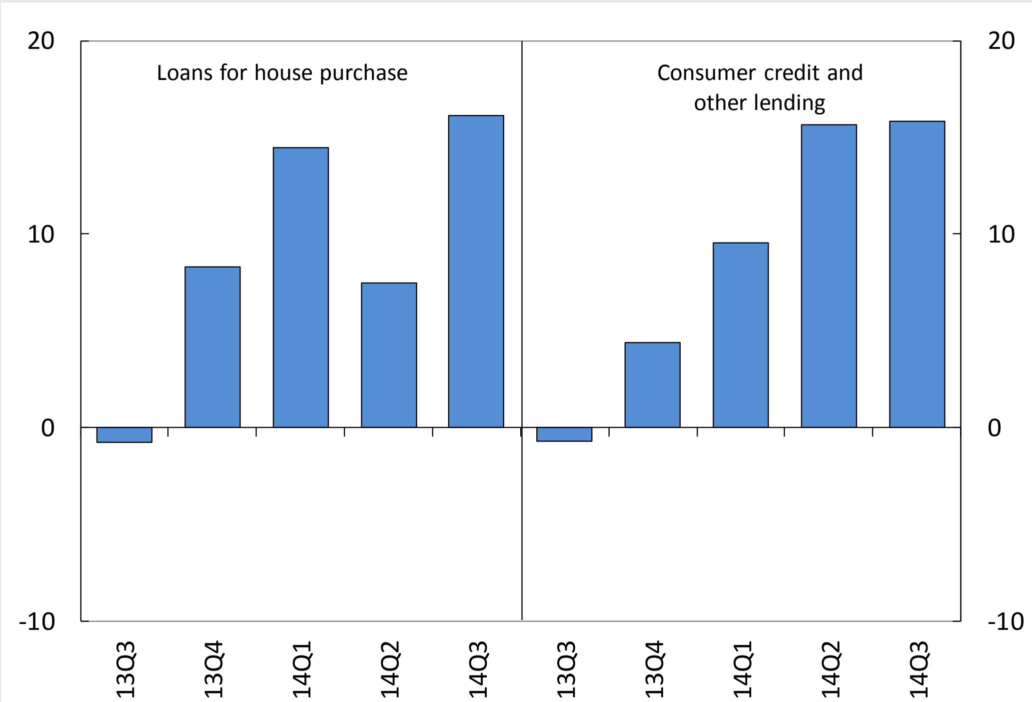
	Loans for house purchase		Consumer credit and other lending	
	Apr 14	Jul 14	Apr 14	Jul 14
Decrease considerably	0	0	0	0
Decrease somewhat	18	6	1	0
Remain basically unchanged	57	71	82	84
Increase somewhat	24	23	17	14
Increase considerably	1	0	0	1
Total	*100*	*100*	*100*	*100*
Net percentage	***7***	***16***	***16***	***16***
Diffusion index	***4***	***8***	***8***	***9***
Mean	*3.09*	*3.16*	*3.16*	*3.17*
Number of banks responding	***126***	***126***	***126***	***128***

Notes: The net percentage is defined as the difference between the sum of the percentages for "increased considerably" and "increased somewhat", and the sum of the percentages for "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). 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								N/A[(2)]
	--	-	o	+	+ +	NetP	Mean	Standard deviation	--	-	o	+	+ +	NetP	Mean	Standard deviation	
A) Retail funding																	
Short-term deposits (up to one year)	0	5	78	16	0	-11	3.11	0.47	0	7	84	7	2	-3	3.05	0.50	10
Long-term (more than one year) deposits and other retail funding instruments	0	10	76	14	0	-4	3.04	0.52	0	9	82	7	0	2	2.98	0.48	9
B) Inter-bank unsecured money market																	
Very short-term money market (up to one week)	0	4	85	11	0	-8	3.08	0.40	0	3	78	18	0	-14	3.15	0.50	8
Short-term money market (more than one week)	0	0	87	13	0	-13	3.13	0.37	0	1	82	16	0	-16	3.16	0.43	9
C) Wholesale debt securities[(3)]																	
Short-term debt securities (e.g. certificates of deposit or commercial paper)	0	3	83	14	0	-10	3.11	0.41	0	0	86	13	1	-13	3.15	0.42	23
Medium to long-term debt securities (incl. covered bonds)	0	6	75	17	2	-13	3.14	0.55	0	4	81	14	1	-10	3.11	0.48	15
D) Securitisation[(4)]																	
Securitisation of corporate loans	0	0	80	15	4	-19	3.21	0.99	0	0	75	25	0	-25	3.23	0.98	49
Securitisation of loans for house purchase	0	0	85	11	4	-15	3.18	1.05	0	0	85	15	0	-15	3.15	1.07	50
E) Ability to transfer credit risk off balance sheet[(5)]	0	0	79	12	9	-21	3.28	0.68	0	0	86	14	0	-14	3.13	0.42	52

(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. Figures may not exactly sum up due to rounding.

ii. In connection with the new regulatory or supervisory actions (*), has your bank: increased/decreased risk-weighted assets; increased/decreased its capital position, experienced an easing/tightening of its funding conditions 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	NetP	Mean	Standard deviation
Risk-weighted assets	1	12	64	13	3	8	3	3.0	0.66
Of which: Average loans	0	10	72	9	0	9	-1	3.0	0.49
Riskier loans	2	14	69	6	0	9	-11	2.9	0.57
Capital	1	3	47	31	8	10	35	3.4	0.78
Of which: Retained earnings	0	2	48	34	3	12	36	3.4	0.63
Capital issuance 1)	0	3	55	16	8	16	21	3.3	0.75
Impact on your bank's funding conditions	0	1	88	4	0	7	-4	3.1	0.28

	Over the next six months								
	--	-	o	+	+ +	NA	NetP	Mean	Standard deviation
Risk-weighted assets	0	9	71	12	0	8	4	3.0	0.48
Of which: Average loans	0	6	71	14	0	9	8	3.0	0.48
Riskier loans	1	12	72	6	0	9	-7	3.0	0.56
Capital	0	2	59	25	4	10	27	3.3	0.63
Of which: Retained earnings	0	1	60	28	1	10	28	3.3	0.57
Capital issuance 1)	0	1	59	17	6	17	22	3.2	0.59
Impact on your bank's funding conditions	3	3	84	4	0	6	1	2.9	0.48

(*) Please consider the regulatory requirements set out in the CRR/CRD IV, as adopted by the European Parliament in April 2013, which can be found at http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2013-0114+0+DOC+XML+V0//EN and http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2013-0115+0+DOC+XML+V0//EN&language=EN, as well as the requirements that will result from the comprehensive assessment to be conducted by the ECB and the participating national competent authorities in accordance with the provisions of the Regulation on the single supervisory mechanism, or those resulting from any other specific regulatory or supervisory actions that have recently been approved/implemented or that are expected to be approved/implemented in the near future.

1) Includes the issuance of shares and hybrid instruments, as well as capital injections by, inter alia, national or supra-national public authorities.

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 made, 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 or supervisory actions (*)? *(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	0	0	0
	-	7	5	2	0
	=	93	93	94	100
	+	0	1	4	0
	+ +	0	0	0	0
	Net Percentage	6	4	-2	0
	Mean	2.94	2.96	3.02	3.00
	Standard deviation	0.27	0.27	0.25	0.04
Over the next six months	--	0	0	0	0
	-	5	5	1	0
	=	90	94	97	100
	+	4	1	2	0
	+ +	0	0	0	0
	Net Percentage	1	4	-1	0
	Mean	2.99	2.96	3.01	3.00
	Standard deviation	0.33	0.25	0.17	0.01

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	--	0	0	0	0
	-	4	3	2	3
	=	92	92	93	97
	+	3	6	6	0
	+ +	0	0	0	0
	Net Percentage	1	-3	-4	2
	Mean	2.99	3.03	3.04	2.98
	Standard deviation	0.29	0.30	0.28	0.19
Over the next six months	--	0	0	0	0
	-	4	3	0	2
	=	89	93	94	97
	+	7	4	5	2
	+ +	0	0	0	0
	Net Percentage	-2	-1	-5	0
	Mean	3.02	3.01	3.05	3.00
	Standard deviation	0.36	0.29	0.25	0.19

(*) Please consider the regulatory requirements set out in the CRR/CRD IV, as adopted by the European Parliament in April 2013, which can be found at http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2013-0114+0+DOC+XML+V0//EN and http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2013-0115+0+DOC+XML+V0//EN&language=EN, as well as the requirements that will result from the comprehensive assessment to be conducted by the ECB and the participating national competent authorities in accordance with the provisions of the Regulation on the single supervisory mechanism, or those resulting from any other specific regulatory or supervisory actions that have recently been approved/implemented or that are expected to be approved/implemented 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 developments observed in the European sovereign debt market1), how have the following factors contributed to changes in 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							
	--	-	=	+	+ +	NetP	Mean	SD
A) Direct exposure to sovereign debt	0	1	88	9	2	-9	3.11	0.42
B) Value of sovereign collateral available for wholesale market transactions[2)]	0	0	84	16	0	-16	3.16	0.38
C) Other effects[3)]	0	0	95	4	1	-4	3.05	0.28

	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							
	--	-	=	+	+ +	NetP	Mean	SD	--	-	=	+	+ +	NetP	Mean	SD	--	-	=	+	+ +	NetP	Mean	SD
A) Direct exposure to sovereign debt	0	0	100	0	0	0	3.00	0.02	0	0	100	0	0	0	3.00	0.07	0	0	100	0	0	0	3.00	0.07
B) Value of sovereign collateral available for wholesale market transactions[2)]	0	0	99	1	0	-1	3.01	0.08	0	0	100	0	0	0	3.00	0.07	0	0	100	0	0	0	3.00	0.07
C) Other effects[3)]	0	0	100	0	0	0	3.00	0.00	0	0	100	0	0	0	3.00	0.00	0	0	100	0	0	0	3.00	0.00

	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							
	--	-	=	+	+ +	NetP	Mean	SD	--	-	=	+	+ +	NetP	Mean	SD	--	-	=	+	+ +	NetP	Mean	SD
A) Direct exposure to sovereign debt	0	0	98	2	0	-2	3.02	0.16	0	0	97	2	0	-2	3.02	0.18	0	0	98	2	0	-2	3.02	0.16
B) Value of sovereign collateral available for wholesale market transactions[2)]	0	0	97	3	0	-3	3.03	0.18	0	0	97	2	0	-2	3.02	0.18	0	0	98	2	0	-2	3.02	0.16
C) Other effects[3)]	0	0	99	0	1	-1	3.01	0.17	0	1	99	0	0	1	2.99	0.09	0	0	100	0	0	0	3.00	0.00

(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. Figures may not exactly sum up due to rounding.

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.