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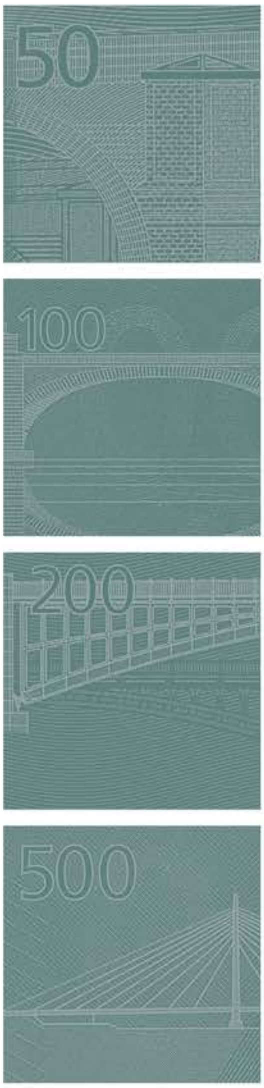

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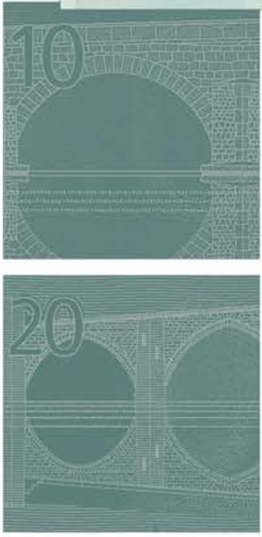

THE EURO AREA BANK LENDING SURVEY

3RD QUARTER OF 2013

OCTOBER 2013

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The results reported in the October 2013 bank lending survey (BLS) relate to changes during the third quarter of 2013 and expectations of changes in the fourth quarter of 2013. The survey was conducted between 25 September and 10 October 2013. With 133 banks participating in the survey, the response rate reached 100%.

Two ad hoc questions were included in the questionnaire for the October 2013 survey round. The first ad hoc question addresses the impact of the financial crisis on the access to retail and wholesale funding. The second ad hoc question refers to the impact of the sovereign debt crisis on banks' funding conditions, credit standards and credit margins.

1 OVERVIEW OF THE RESULTS

The October 2013 BLS confirmed the ongoing stabilisation in credit conditions for firms and households in the context of still weak loan demand.

The net percentage of banks reporting a tightening of credit standards (henceforth "net tightening") on loans to non-financial corporations stood at 5% in the third quarter of 2013, after 7% in the second quarter. For housing loans to households, the degree of net tightening declined somewhat further (to 3%, from 7%), while for consumer credit, credit standards were tightened marginally from the moderate easing recorded previously (to 1%, from -2%). Across all loan categories, the net tightening of credit standards in the third quarter of 2013 stands below historical averages calculated over the period since the start of the survey in 2003.

Borrowers' risk related to their business outlook and macroeconomic uncertainty remained the main factor explaining bank lending policies, but their contribution decreased further in the third quarter of 2013 compared with the previous quarter. In addition, factors related to banks' cost of funds and balance sheet constraints had on average an easing impact on bank lending conditions for enterprises and only a marginal tightening effect on lending to households for house purchase.

The developments in the net tightening of credit standards for loans to enterprises in the third quarter of 2013 translated into a further narrowing of margins on average loans and a smaller widening of margins on riskier loans, as well as a reduced net tightening for most of the non-price terms and conditions at the euro area level. Looking ahead to the fourth quarter of 2013, euro area banks expected in net terms an easing of credit standards on loans to enterprises (-5%), which is the first such expectation on record since the fourth quarter of 2009, as well as on consumer credit and marginally also on housing loans to households (-2% and -1% respectively, in both cases for the first time since the fourth quarter of 2010).

Turning to loan demand, euro area banks continued to report a net decline in the demand for loans to enterprises in the third quarter of 2013, although to a lower degree than in the previous quarter (-12%, after -18%), thereby approaching the historical average for this indicator. The further net decline in demand continued to be mainly driven by a still substantial, though declining, negative impact of fixed investment on the financing needs of firms, while inventories and working capital contributed positively to firms' loan demand. For housing loans, banks indicated a net increase in demand (to 5%, from -2% in the second quarter of 2013) for the first time since the fourth quarter of 2010, to a level well above its historical average. The net demand for consumer credit turned marginally positive in the third quarter of 2013 (1%, after -7%), to a level which is now above its historical average. Looking ahead to the fourth quarter of 2013, banks expect in net terms an increase in demand across all loan categories.

The October 2013 BLS round included two ad hoc questions. In response to the first question on banks' access to retail and wholesale funding in the third quarter of 2013, banks continued to report in net terms an improvement across all funding categories. In response to the second, in an environment of declining sovereign debt market tensions, banks indicated that these tensions contributed on average to an easing of banks' funding conditions and had an easing impact on credit margins, while the impact of the tensions on credit standards receded further in the third quarter of 2013.

Box 1

GENERAL NOTES

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

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

[1] The sample group of banks participating in the survey comprises 133 banks, representing all of the euro area countries, and takes into account the characteristics of their respective national banking structures. Since the banks in the sample group differ considerably in size, the survey results are weighted according to the national shares in total outstanding euro area lending to euro area residents.

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

The survey questions are phrased in terms of changes over the past three months (in this case in the third quarter of 2013) or expectations of changes over the next three months (i.e. in the fourth quarter of 2013).

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

In 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.

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

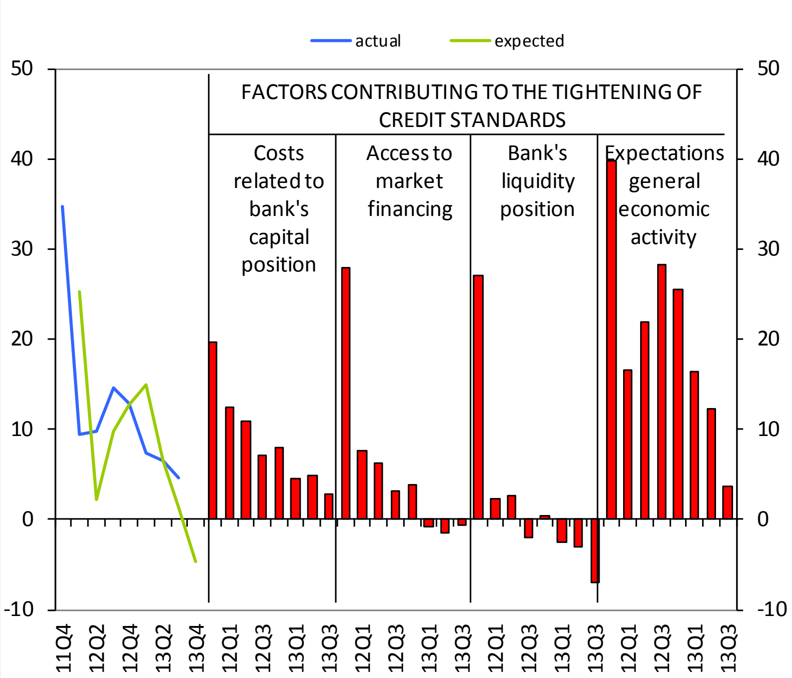
2.1.1 NET TIGHTENING OF CREDIT STANDARDS FOR LOANS TO ENTERPRISES DECREASED SLIGHTLY IN THE THIRD QUARTER OF 2013

According to the October 2013 BLS, the net tightening of banks' credit standards on loans to enterprises stood at 5% in the third quarter of 2013, after 7% in the previous quarter (see Chart 1). This is below its historical average since the start of the survey in 2003 (15%). The reported level of net tightening was somewhat higher compared with banks' expectations expressed three months earlier (1%).

Chart 1

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

(net percentages of banks contributing to tightening credit standards)



Notes: "Actual" values 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.

Concerning developments by firm size, in the third quarter of 2013 the overall net tightening of credit standards appears to have been broadly unchanged for both loans to large firms (5%, after 3% in the second quarter of 2013) and loans to small and medium-sized enterprises (SMEs) (4%, after 5%). Regarding loan maturity, the net tightening of credit standards remained broadly unchanged for short-term loans (3%, after 4% in the second quarter of 2013), but declined considerably for long-term loans (to 5%, from 10%).

Turning to the factors explaining developments in credit standards, for the first time since the third quarter of 2009, euro area banks reported that their cost of funds and balance sheet constraints contributed on average to a slight net easing of credit standards for loans to enterprises in the third quarter of 2013 (-2%, down from 0% in the second quarter of 2013; see Chart 1). This easing impact on credit standards for loans to enterprises reflects the further improvement in funding conditions for euro area banks, as also indicated in the replies to the respective ad hoc question (for further details see Section 3).

In more detail, banks signalled a slightly smaller net tightening impact of banks' capital positions (3%, down from 5% in the second quarter of 2013) on credit standards for loans to enterprises. At the same time, banks' access to market funding (-1%, unchanged from the second quarter) and especially banks' liquidity positions (-7%, after -3%) continued to have an easing impact on credit standards for this category of loans.

The impact of risk perceptions on the net tightening of credit standards for loans to euro area enterprises declined considerably on average in the third quarter of 2013, but remained the main factor behind net tightening (6%, down from 13% in the second quarter of 2013; see Chart 1). In more detail, the decline in the impact of risk perceptions was mainly caused by banks' less pessimistic expectations regarding general economic activity (a net percentage of 4%, down from 12%) and regarding the industry or firm-specific outlook (10%, down from 22%). For the risk on collateral demanded, banks reported a small decrease in the tightening impact on credit standards (to 4%, from 6%).

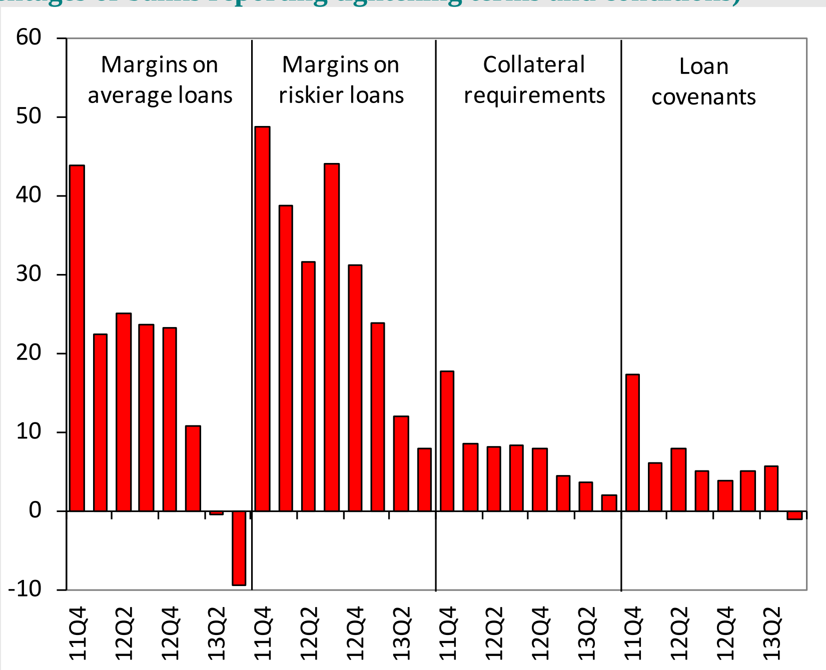
Finally, competitive pressures worked on average in the direction of a slight net easing of credit standards in the third quarter of 2013 at the euro area level (-4%, after -3%).

The developments in the net tightening of credit standards on loans to enterprises in the third quarter of 2013 translated into a further narrowing of margins on average-risk loans and a smaller widening of margins on riskier loans (see Chart 2). For most of the non-price credit terms and conditions, euro area banks reported a reduced net tightening, whereas for loan covenants they reported a marginal net easing for the first time since the second quarter of 2007. Specifically, in the third quarter, banks reported a further net easing of the margins on average loans (-9%, after -1% in the second quarter of 2013) as well as a smaller widening of the margins on riskier loans (8%, down from 12% in the second quarter of 2013). Banks also reported a slightly lower net tightening of collateral requirements (2%, down from 4%) and of restrictions on the size of loans (3%, down from 5%), as well as a broadly unchanged impact from non-interest rate charges (1%, after 0%).

Chart 2

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

(net percentages of banks reporting tightening terms and conditions)



Note: See the notes to Chart 1.

Looking ahead to the fourth quarter of 2013, euro area banks expected in net terms an easing of credit standards on loans to enterprises (-5%; see Chart 1), which is the first such expectation on record since the fourth quarter of 2009. While for the third quarter of 2013 the realised net tightening had been somewhat higher than the expected value for that quarter expressed in the previous survey (1%), on average since the start of the survey the realised developments in credit standards on loans to euro area enterprises have been broadly in line with the expectations expressed in the previous quarter.

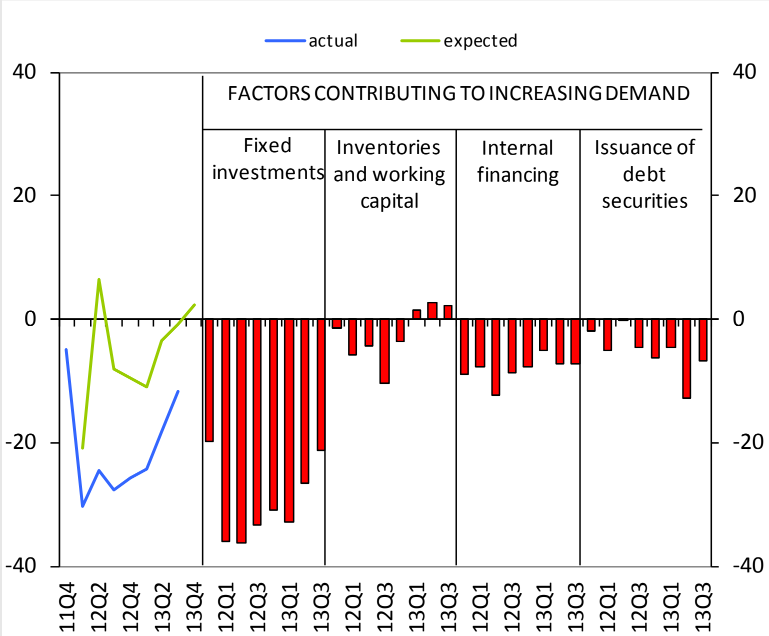
Looking at firm size, euro area banks expect a slight net easing of credit standards for loans to SMEs (-3%) and a marginal net easing for loans to large firms (-1%). Looking at loan maturity, banks expect a net easing of credit standards for short-term loans (-6%) and unchanged credit standards for long-term loans (0%).

2.1.2 THE NET DECLINE IN DEMAND FOR LOANS TO ENTERPRISES MODERATED FURTHER

Euro area banks continued to report a net decline in the demand for loans to enterprises in the third quarter of 2013, although to a lower degree than in the previous quarter (-12%, compared with -18% in the second quarter of 2013; see Chart 3), thereby approaching the historical average of this indicator since the start of the survey (-8%). For the fourth quarter of 2013, euro area banks expect a net increase in demand for loans to enterprises (2% on balance).

The net decline in demand for loans to enterprises continued to be mainly driven, according to reporting banks, by a still substantial, though declining, negative impact of fixed investment on the financing needs of firms (-21%, compared with -27% in the second quarter of 2013). By contrast, inventories and working capital contributed positively to firms' loan demand in the third quarter of 2013 (a net percentage of 2%, down from 3%), for the third consecutive quarter. Regarding the use of alternative sources of finance (including internal financing and external financing other than bank loans), euro area banks reported a smaller negative impact on the net demand for loans associated with issuance of debt securities (-7%, after -13%). By contrast, the impact from firms' internal sources of financing remained unchanged (at -7%).

Chart 3
CHANGES IN DEMAND FOR LOANS OR CREDIT LINES TO ENTERPRISES
(net percentages of banks reporting a positive contribution to demand)



Notes: "Actual" values 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.

2.2 HOUSEHOLDS

2.2.1 FURTHER DECLINE IN NET TIGHTENING OF CREDIT STANDARDS ON HOUSING LOANS IN THE THIRD QUARTER OF 2013

The net tightening of credit standards on loans to households for house purchase declined somewhat further in the third quarter of 2013 (to 3%, from 7% in the second quarter of 2013; see Chart 4), to a level below its historical average (10%).

In contrast to loans to enterprises, banks' cost of funds and balance sheet constraints had a marginal net tightening effect on credit standards for loans to households for house purchase in the third quarter of 2013, but less than in the previous quarter (1%, down from 5% in the second quarter of 2013). The net tightening impact of the general economic outlook (2%, down from

6%) and housing market prospects (8%, down from 11%) on credit standards for housing loans decreased further in the third quarter of 2013.

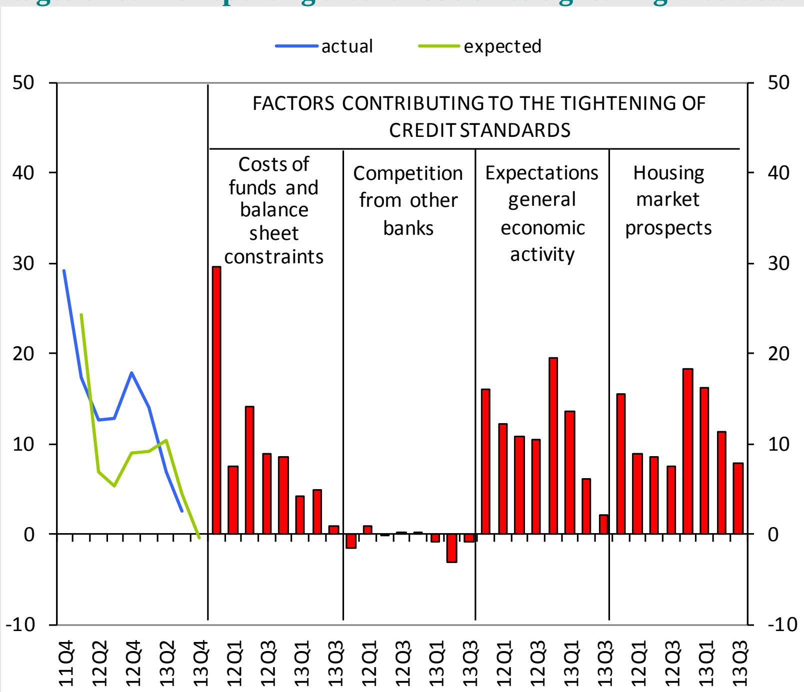
Most price and non-price terms and conditions were tightened less or even eased in the third quarter of 2013. Euro area banks reported in net terms an easing of margins on average loans (-7%, compared with 1% in the second quarter of 2013), while margins on riskier loans were still tightened in net terms, but to a considerably lower degree than in the second quarter (4%, down from 13%). Responses regarding non-price terms and conditions pointed to a moderation in the net tightening for collateral requirements, loan maturity and non-interest rate charges, whereas banks reported a small net increase in tightening for loan-to-value ratios.

Looking ahead, euro area banks expect – in net terms – broadly unchanged credit standards on loans to households for house purchase in the fourth quarter of 2013 (-1%; see Chart 4). For the third quarter of 2013, the reported net tightening had been around the value expected by the reporting banks at the time of the previous survey round (4%). This is in line with evidence that the realised developments in credit standards on loans to euro area households for house purchase have, on average, been broadly in line with expectations in the previous quarter since the start of the survey.

Chart 4

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

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



Note: See the notes to Chart 1.

2.2.2 MODERATE NET INCREASE IN DEMAND FOR HOUSING LOANS

Banks indicated in the third quarter of 2013 a net increase in demand for loans to households for house purchase (to 5%, from -2% in the second quarter of 2013; see Chart 5), for the first time since the fourth quarter of 2010, to a level well above its historical average (-5%).

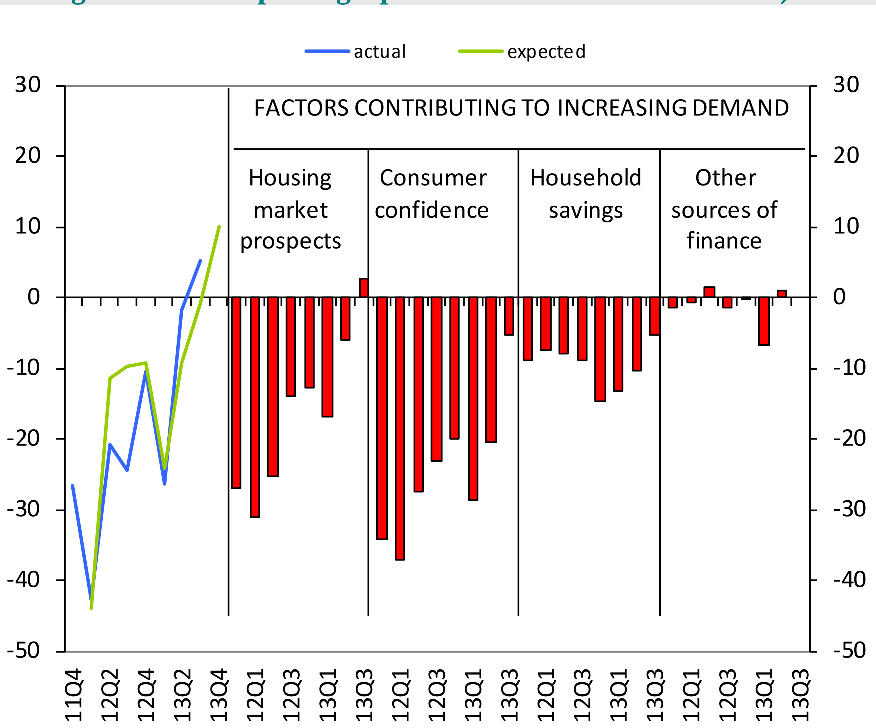
Regarding the factors affecting demand in the third quarter of 2013, the contribution to the net increase in demand turned positive for housing market prospects (to 3%, from -6% in the second quarter of 2013), but remained negative for all other factors, such as consumer confidence (-5%, after -21%), non-housing-related consumption (-6%, after -7%) and the use of household savings as an alternative source of finance (-5%, after -10%). At the same time, these negative contributions decelerated.

Looking forward, for the fourth quarter of 2013, euro area banks expect a further net increase in demand for housing loans (10%; see Chart 5).

Chart 5

CHANGES IN DEMAND FOR LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE

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



Note: See the notes to Chart 3.

2.2.3 MARGINAL NET TIGHTENING OF CREDIT STANDARDS FOR CONSUMER CREDIT

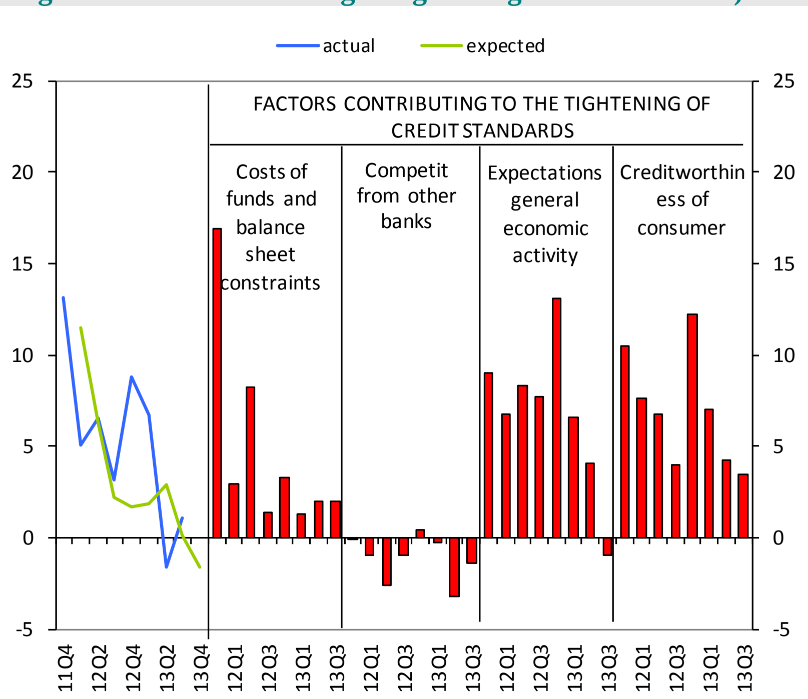
Credit standards for consumer credit were tightened marginally by euro area banks in the third quarter of 2013, following a slight net easing in the previous quarter (1%, after -2%; see Chart 6), to a level well below the historical average (7%).

Pressures emerging from cost of funds and balance sheet constraints on credit standards remained unchanged in the third quarter (at 2%). Regarding risk perceptions for consumer credit, euro area banks reported on average a decline (to 2%, from 4% in the second quarter of 2013). Specifically, they reported a marginal net easing of expectations regarding the economic outlook (-1%, down from 4%), while banks reported a broadly unchanged net tightening impact of the creditworthiness of loan applicants (3%, down from 4%) and of the risk on collateral demanded (2%, down from 4%).

Chart 6

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

(net percentages of banks contributing to tightening credit standards)



Note: See the notes to Chart 1.

With respect to terms and conditions for consumer credit, euro area banks reported unchanged margins on average loans, following a narrowing of margins in the second quarter (0%, up from

-3% in the second quarter of 2013), and a continued small net widening of margins on riskier loans (3%, after 2%). In addition, the net tightening of non-price terms and conditions on consumer credit remained mostly unchanged.

Looking ahead, euro area banks expect a small net easing of credit standards on consumer credit in the fourth quarter of 2013 (-2%; see Chart 6).

2.2.4 MARGINAL INCREASE IN NET DEMAND FOR CONSUMER CREDIT

For the first time since the second quarter of 2010, the net demand for consumer credit increased marginally in the third quarter of 2013 according to surveyed banks (to 1%, from -7% in the second quarter of 2013), to a level which is now above its historical average (-5%).

According to euro area banks, the developments in demand for consumer credit were driven mainly by a smaller negative impact of household spending on durable goods, of consumer confidence and of household saving. Looking forward to the fourth quarter of 2013, euro area banks expect a net increase in demand for consumer credit to 5%.

3 AD HOC QUESTIONS

3.1.1 STRONGER IMPROVEMENT IN ACCESS TO RETAIL FUNDING AND MOST WHOLESALE FUNDING CATEGORIES

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

Regarding banks' access to funding in the third quarter of 2013, banks continued to report in net terms an improvement across all funding categories, which was somewhat stronger in most categories than in the previous quarter (see Chart 7). In particular, euro area banks reported in the third quarter a net easing in banks' access to retail funding (-3%, after -2% in the second quarter of 2013), money markets (-3%, after -1%), debt securities (-6%, after -12%) and

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

securitisation (-8%, after -3%). With the exception of debt securities funding, the net easing was more pronounced in the third than in the second quarter.

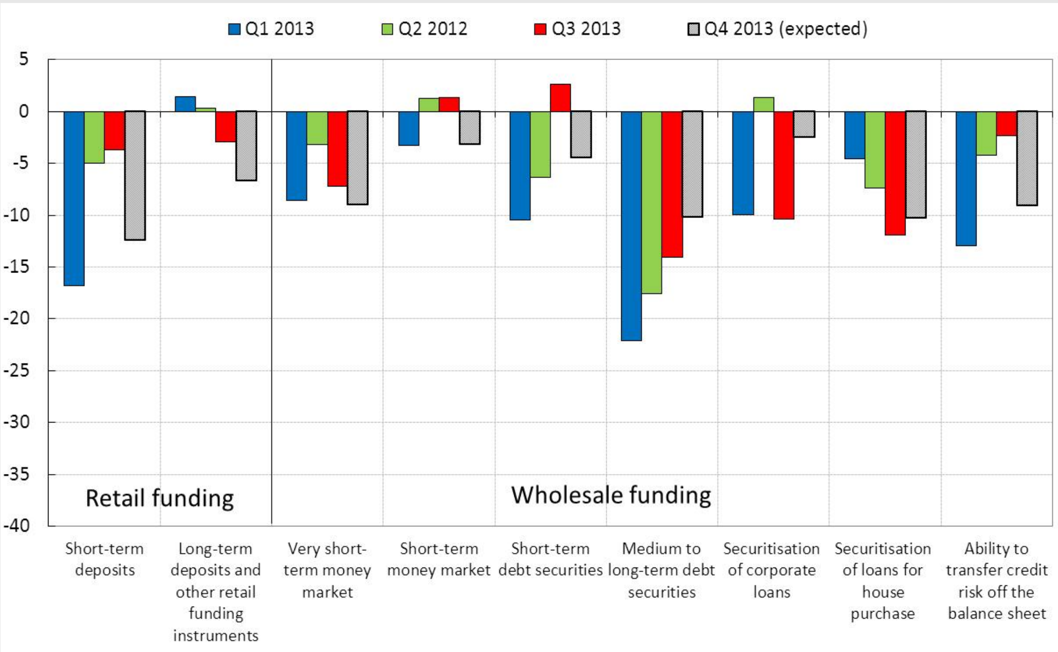
The further improvement in banks' access to wholesale funding markets was – particularly for debt securities and securitisation – stronger than expected at the time of the previous survey round. For retail funding, the improvement was overall broadly in line with expectations.

Looking ahead to the fourth quarter of 2013, euro area banks expect a stronger easing in their access for most categories, with the exception of securitisation.

Chart 7

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

(net percentages of banks reporting deteriorated market access)



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

3.1.2 DECLINING SOVEREIGN DEBT TENSIONS CONTRIBUTED TO AN EASING OF BANKS' FUNDING CONDITIONS AND OF CREDIT STANDARDS FOR LOANS TO HOUSEHOLDS

As in the previous survey round, the October 2013 survey questionnaire 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 affected by the changing appreciation of sovereign credit risk primarily through two direct channels. First, *direct exposure to sovereign debt* may weaken banks' balance sheets, increase their riskiness as counterparties and, in turn, make funding more costly and more difficult to obtain. Second, higher sovereign debt risk reduces the *value of sovereign collateral* that banks can use to raise wholesale funding. Beyond these direct channels, *other effects* may link sovereign market tensions to bank funding conditions. Notably, in the past the weaker financial positions of governments have lowered the funding benefits that banks derive from implicit or explicit government guarantees.

In an environment of declining sovereign debt market tensions, replies to the October 2013 survey indicated that sovereign debt tensions contributed on average to an easing of banks' funding conditions in the third quarter of 2013 (-3%, after -1% in the second quarter of 2013; see Chart 8, upper panel). In more detail, on balance, 5% and 6% respectively of euro area banks reported that their direct exposure to sovereign debt and the value of their sovereign collateral contributed to an easing in funding conditions (after a net easing of 2% and 3% respectively in the second quarter of 2013), whereas 3% of the banks signalled that "Other effects" contributed to a net tightening impact (after 2% in the previous quarter).

The impact of the sovereign debt crisis on banks' credit standards receded further at the euro area level in the third quarter of 2013 (see Chart 8, upper panel). While there continued to be a marginal net tightening impact on credit standards for loans to enterprises (on average 1%, after 2% in the second quarter of 2013), there has been a marginal net easing impact for loans to households for house purchase and for consumer credit (both on average -1%, down from 1%) for the first time since the introduction of this ad hoc question in the fourth quarter of 2011.

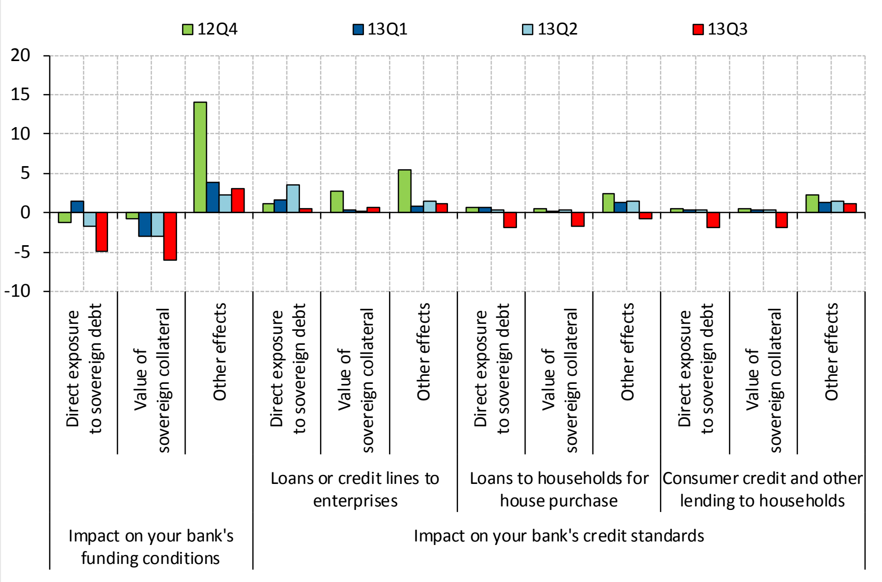
In addition, euro area banks reported that the sovereign debt crisis had an easing impact on their loan margins across all loan categories, for the first time since the introduction of the sub-question in the fourth quarter of 2012 (see Chart 8, lower panel).

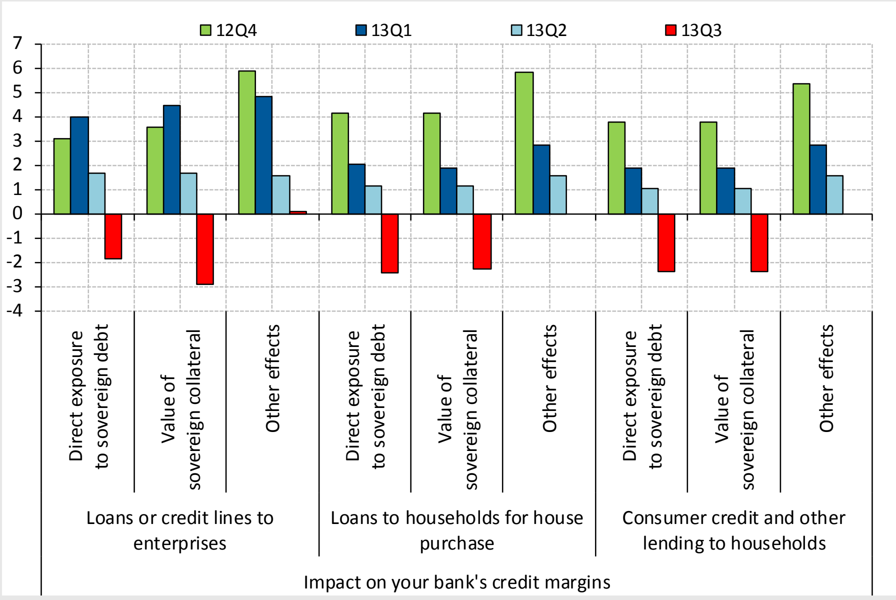
All in all, the moderation in the impact of the crisis on credit standards is broadly consistent with the impact of the cost of funds and balance sheet constraints on banks' credit standards for loans to enterprises and households.

Chart 8

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

(net percentages of banks reporting an impact on funding conditions, the tightening of credit standards or 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".

ANNEX 1: RESULTS FOR THE INDIVIDUAL QUESTIONS

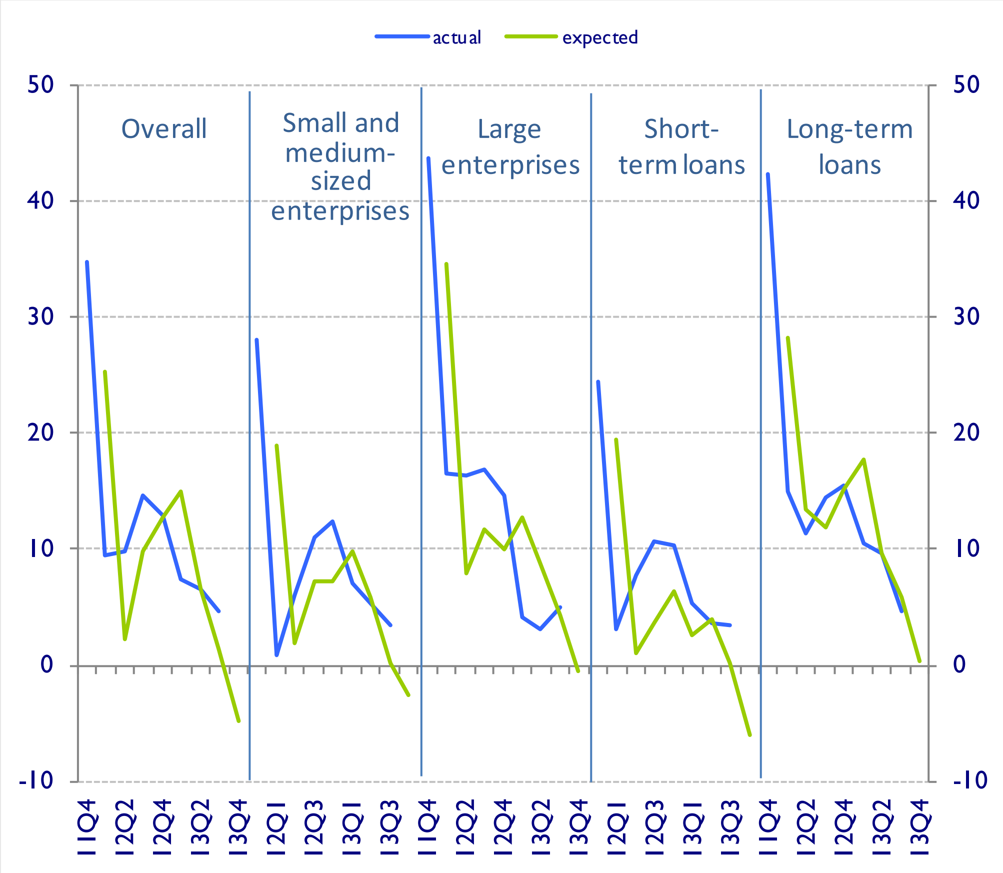
I. LOANS OR CREDIT LINES TO ENTERPRISES

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	
	Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13
Tightened considerably	3	0	3	0	1	0	3	0	3	0
Tightened somewhat	8	5	7	5	4	5	4	5	9	5
Remained basically unchanged	86	94	86	92	92	95	91	94	86	94
Eased somewhat	4	1	4	2	2	0	3	1	2	1
Eased considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***7***	***5***	***5***	***4***	***3***	***5***	***4***	***3***	***10***	***5***
Diffusion index	***5***	***2***	***4***	***2***	***2***	***3***	***3***	***2***	***6***	***2***
Mean	*2.91*	*2.95*	*2.92*	*2.96*	*2.95*	*2.95*	*2.94*	*2.96*	*2.88*	*2.95*
Number of banks responding	***127***	***127***	***123***	***123***	***123***	***123***	***127***	***127***	***127***	***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 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	
							Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	3	90	1	0	6	5	3	3	2	2.95	2.97
Your bank's ability to access market financing	0	0	91	1	0	9	-1	-1	-1	0	3.01	3.01
Your bank's liquidity position	0	1	85	6	1	6	-3	-7	-2	-4	3.03	3.09
B) Pressure from competition												
Competition from other banks	0	0	85	8	0	7	-9	-8	-4	-4	3.10	3.08
Competition from non-banks	0	0	90	1	0	10	0	-1	0	0	3.00	3.00
Competition from market financing	0	0	86	3	0	11	-1	-3	0	-2	3.00	3.04
C) Perception of risk												
Expectations regarding general economic activity	0	5	89	1	0	6	12	4	7	2	2.85	2.96
Industry or firm-specific outlook	0	11	82	2	0	6	22	10	11	5	2.75	2.90
Risk on collateral demanded	0	4	90	0	0	6	6	4	3	2	2.94	2.95

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	2	86	1	0	12	3	2	2	1	2.96	2.98
Your bank's ability to access market financing	0	0	85	1	0	14	1	-1	1	0	2.98	3.00
Your bank's liquidity position	0	1	84	3	0	12	0	-2	0	-1	2.99	3.02
B) Pressure from competition												
Competition from other banks	0	0	83	5	1	11	-6	-6	-3	-3	3.08	3.07
Competition from non-banks	0	0	86	0	0	13	0	0	0	0	3.00	3.00
Competition from market financing	0	0	86	0	0	13	-1	0	0	0	3.00	3.00
C) Perception of risk												
Expectations regarding general economic activity	0	5	86	0	0	10	9	5	5	2	2.87	2.94
Industry or firm-specific outlook	0	11	79	1	0	10	17	11	9	5	2.79	2.88
Risk on collateral demanded	0	3	87	0	0	10	6	4	3	2	2.93	2.95

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	2	86	0	0	11	6	2	3	1	2.93	2.98
Your bank's ability to access market financing	0	0	85	1	0	15	-1	0	-1	0	3.02	3.00
Your bank's liquidity position	0	1	81	7	1	11	-4	-8	-2	-4	3.04	3.10
B) Pressure from competition												
Competition from other banks	0	0	81	7	0	12	-9	-7	-4	-3	3.10	3.08
Competition from non-banks	0	0	85	1	0	14	0	-1	0	0	3.01	3.01
Competition from market financing	0	0	84	2	0	14	-1	-2	0	-1	3.01	3.03
C) Perception of risk												
Expectations regarding general economic activity	0	5	83	2	0	10	12	3	6	2	2.87	2.97
Industry or firm-specific outlook	0	10	79	2	0	10	15	9	8	5	2.83	2.91
Risk on collateral demanded	0	1	88	1	0	10	4	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 2a

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

(net percentages of banks contributing to tightening standards)

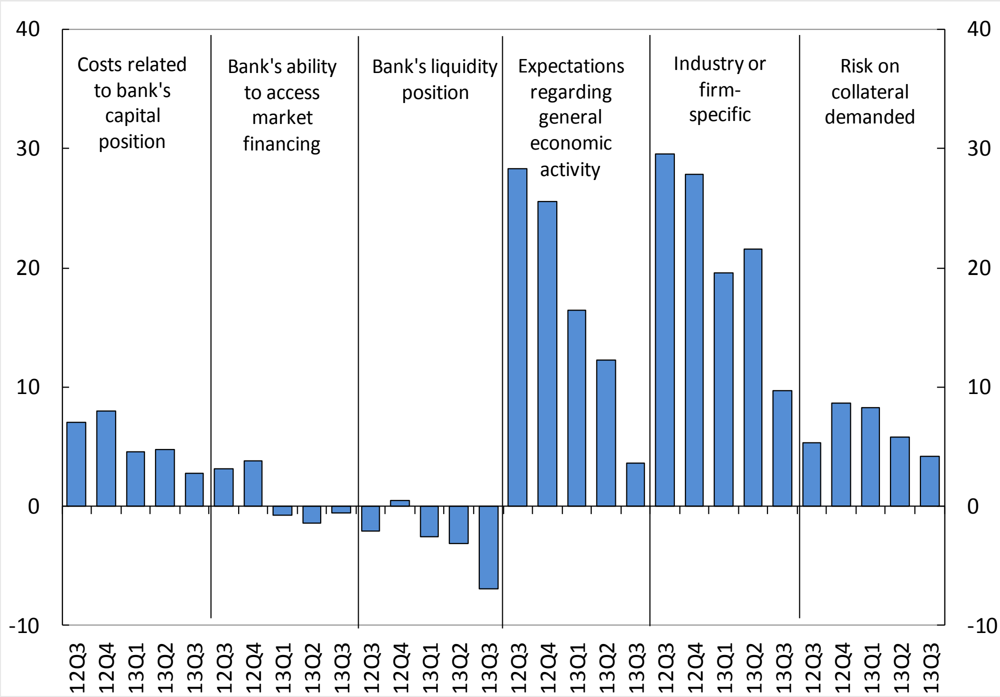
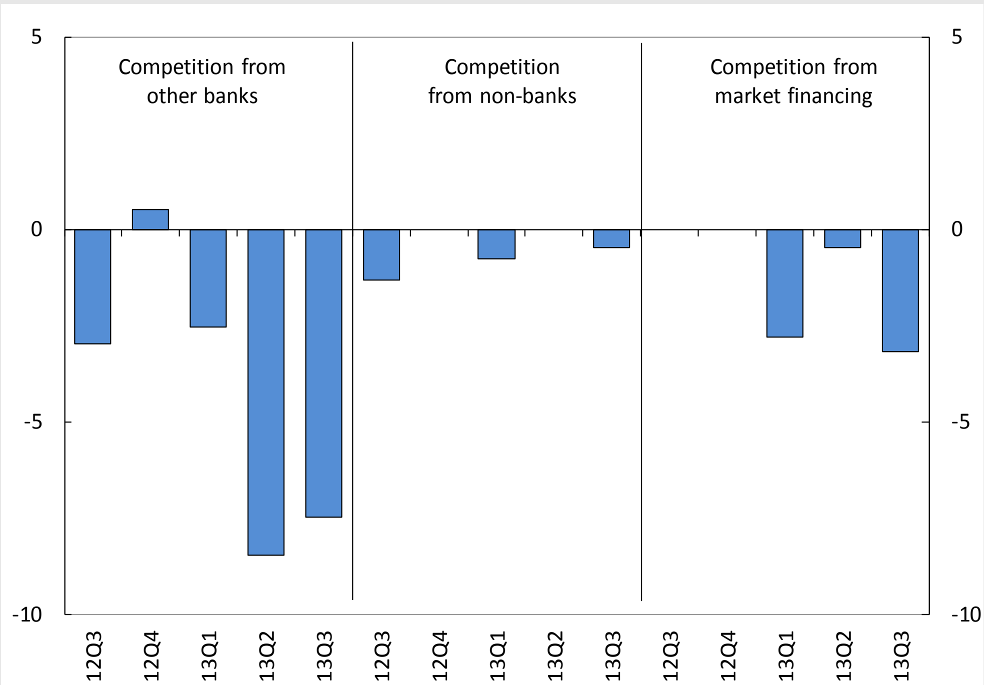


Chart 2b



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	
							Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13
A) Price												
Your bank's margin on average loans	0	6	73	14	1	6	-1	-9	-1	-5	3.02	3.12
Your bank's margin on riskier loans	1	9	80	3	0	6	12	8	7	5	2.86	2.91
B) Other conditions and terms												
Non-interest rate charges	1	3	88	2	1	6	0	1	-1	0	3.02	3.00
Size of the loan or credit line	0	4	90	1	0	6	5	3	3	2	2.95	2.97
Collateral requirements	0	5	85	4	0	6	4	2	2	1	2.96	2.98
Loan covenants	0	1	90	3	0	6	6	-1	3	-1	2.94	3.01
Maturity	0	5	85	5	0	6	4	0	2	0	2.96	3.00

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13
A) Price												
Your bank's margin on average loans	0	7	74	9	0	11	3	-2	1	-1	2.97	3.02
Your bank's margin on riskier loans	1	11	76	1	0	12	14	11	8	6	2.81	2.86
B) Other conditions and terms												
Non-interest rate charges	0	4	86	1	0	10	2	3	1	2	2.98	2.96
Size of the loan or credit line	0	4	86	1	0	10	6	3	3	2	2.93	2.96
Collateral requirements	0	5	83	2	0	10	7	3	4	2	2.91	2.96
Loan covenants	0	1	89	0	0	10	6	1	4	1	2.91	2.99
Maturity	0	4	83	3	0	10	4	2	2	1	2.96	2.98

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13
A) Price												
Your bank's margin on average loans	0	3	71	13	1	11	-1	-12	-1	-6	3.03	3.15
Your bank's margin on riskier loans	0	9	76	3	0	12	12	6	7	3	2.86	2.94
B) Other conditions and terms												
Non-interest rate charges	0	4	83	1	1	11	1	2	0	0	3.01	3.00
Size of the loan or credit line	0	2	86	1	0	11	4	1	2	1	2.96	2.99
Collateral requirements	0	3	82	3	0	12	1	1	1	0	2.99	2.99
Loan covenants	0	2	84	3	0	12	3	-1	2	0	2.96	3.01
Maturity	0	5	80	5	0	11	2	0	1	0	2.99	3.00

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

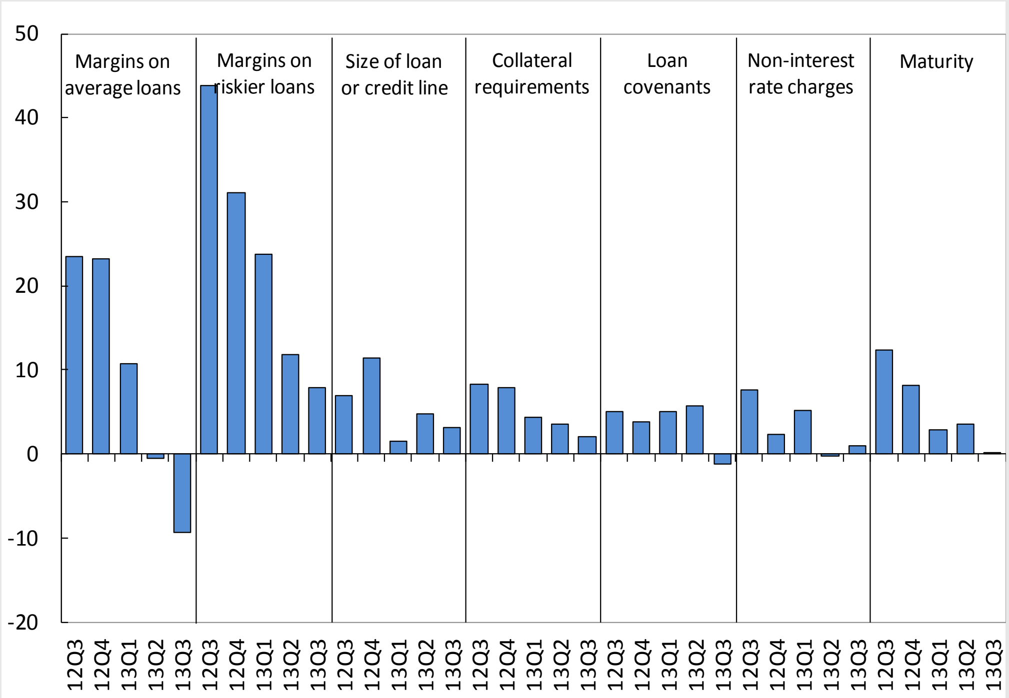
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "+ +" (contributed considerably to easing).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

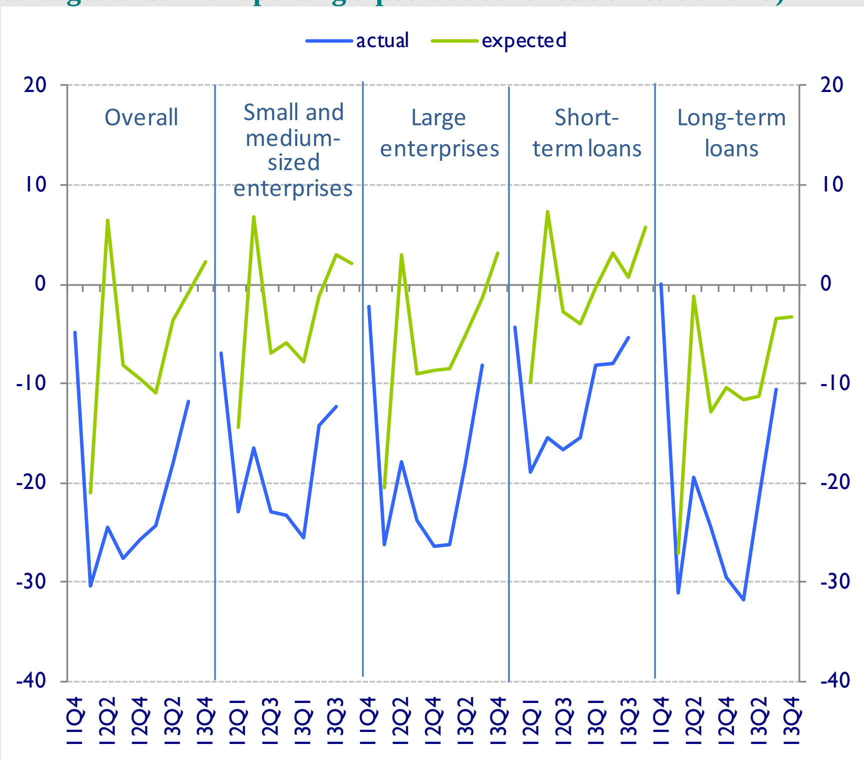
	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13
Decreased considerably	2	2	4	4	1	1	2	2	2	2
Decreased somewhat	24	16	19	15	24	15	16	12	27	15
Remained basically unchanged	66	76	69	76	68	77	72	78	64	77
Increased somewhat	8	6	8	6	7	8	10	8	7	6
Increased considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***-18***	***-12***	***-14***	***-12***	***-18***	***-8***	***-8***	***-5***	***-22***	***-11***
Diffusion index	***-10***	***-7***	***-9***	***-8***	***-10***	***-5***	***-5***	***-4***	***-12***	***-6***
Mean	*2.80*	*2.86*	*2.82*	*2.84*	*2.81*	*2.91*	*2.90*	*2.93*	*2.76*	*2.87*
Number of banks responding	***127***	***127***	***123***	***123***	***123***	***122***	***127***	***127***	***127***	***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 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 loans or credit lines to enterprises? *(in percentages, unless otherwise stated)*

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13
A) Financing needs												
Fixed investment	2	24	64	5	0	6	-27	-21	-15	-12	2.69	2.75
Inventories and working capital	0	9	74	10	1	6	3	2	1	1	3.03	3.03
Mergers/acquisitions and corporate restructuring	1	7	78	7	0	7	-2	-1	-1	-1	2.97	2.98
Debt restructuring	0	4	70	19	1	6	15	16	8	9	3.16	3.18
B) Use of alternative finance												
Internal financing	1	7	86	1	0	6	-7	-7	-4	-4	2.93	2.92
Loans from other banks	0	3	87	5	0	6	3	2	1	1	3.03	3.02
Loans from non-banks	0	1	90	0	0	9	1	-1	1	-1	3.02	2.99
Issuance of debt securities	1	11	73	5	0	11	-13	-7	-6	-4	2.86	2.92
Issuance of equity	0	2	84	1	0	14	0	-1	0	0	3.00	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 5a

FACTORS AFFECTING DEMAND FOR LOANS AND CREDIT LINES TO ENTERPRISES

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

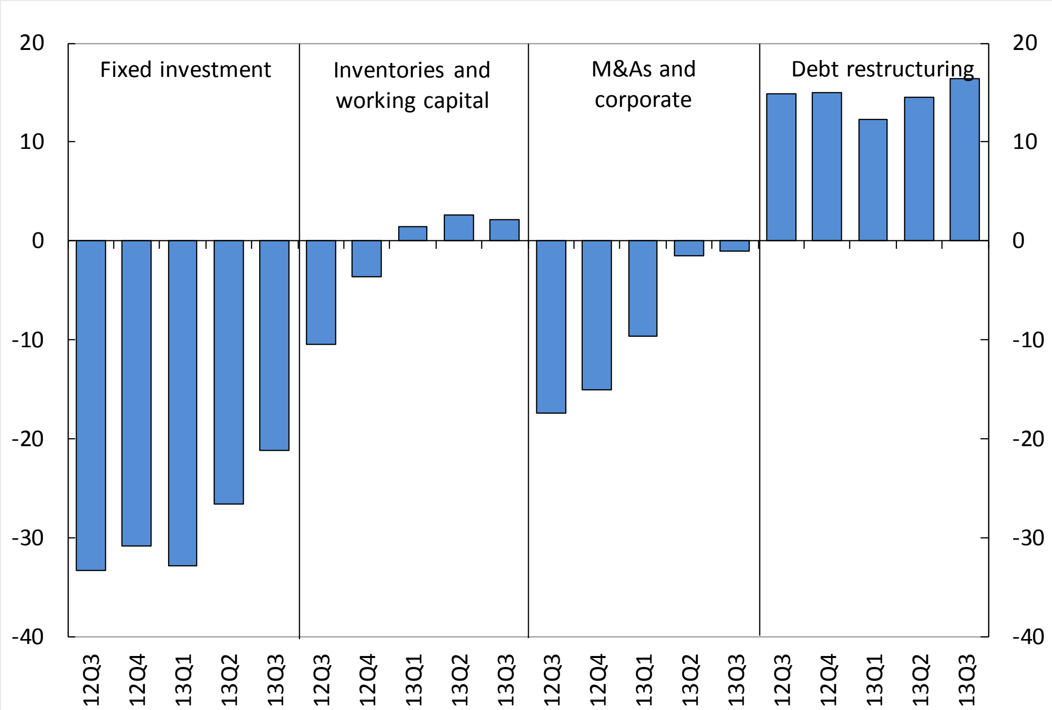
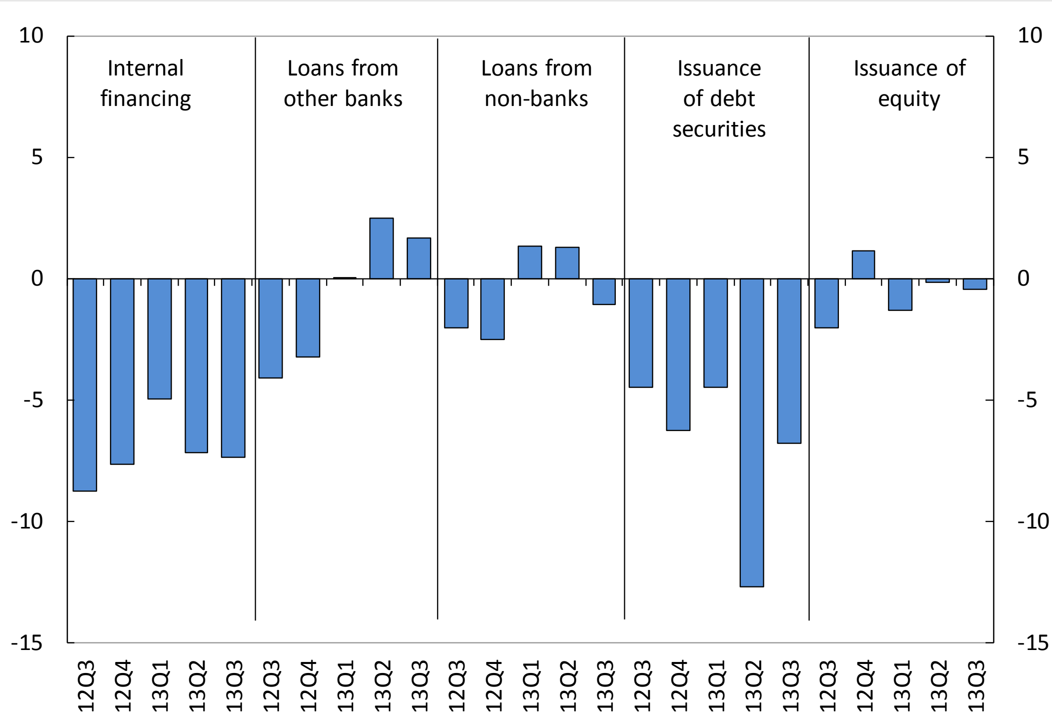


Chart 5b

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)*

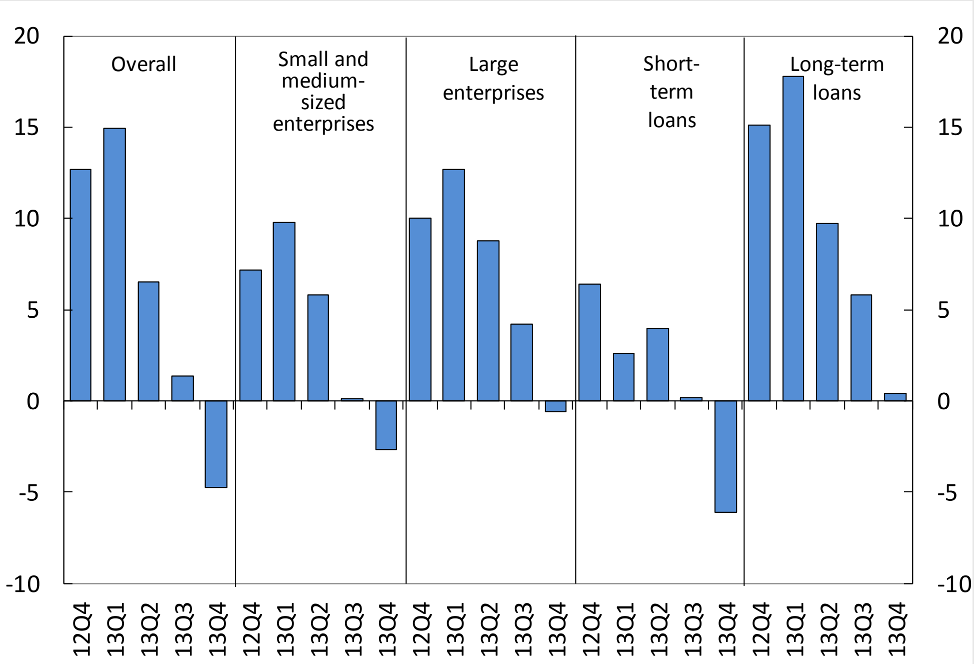
	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13
Tighten considerably	1	0	2	0	1	0	0	0	1	0
Tighten somewhat	4	2	3	3	6	3	4	2	7	4
Remain basically unchanged	92	92	91	91	90	93	93	91	90	93
Ease somewhat	4	6	4	6	3	4	4	8	2	3
Ease considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***1***	***-5***	***0***	***-3***	***4***	***-1***	***0***	***-6***	***6***	***0***
Diffusion index	***1***	***-2***	***1***	***-1***	***3***	***0***	***0***	***-3***	***4***	***0***
Mean	*2.97*	*3.05*	*2.98*	*3.03*	*2.94*	*3.00*	*3.00*	*3.06*	*2.93*	*2.99*
Number of banks responding	***127***	***127***	***123***	***123***	***123***	***123***	***127***	***127***	***127***	***126***

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)*

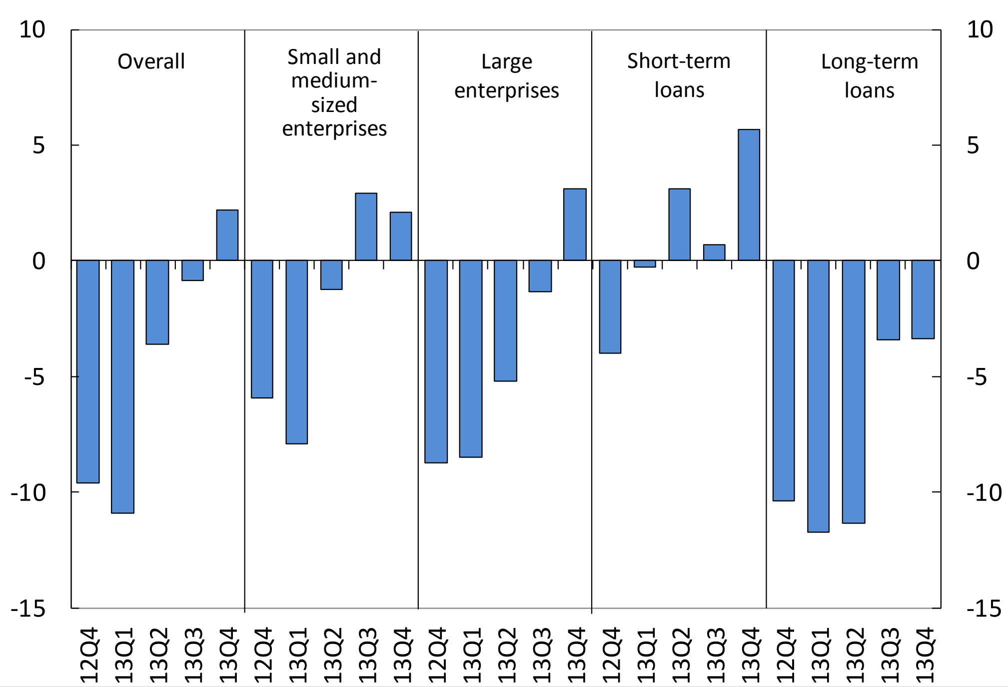
	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13
Decrease considerably	2	1	2	2	0	0	1	1	1	1
Decrease somewhat	12	10	12	11	10	6	9	7	12	10
Remain basically unchanged	74	76	70	73	82	85	80	78	78	80
Increase somewhat	13	13	17	15	8	9	11	14	10	8
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	***-1***	***2***	***3***	***2***	***-1***	***3***	***1***	***6***	***-3***	***-3***
Diffusion index	***-1***	***0***	***1***	***0***	***-1***	***2***	***0***	***2***	***-2***	***-2***
Mean	*2.97*	*3.01*	*3.01*	*3.01*	*2.99*	*3.03*	*3.00*	*3.04*	*2.96*	*2.95*
Number of banks responding	***127***	***127***	***123***	***123***	***124***	***123***	***127***	***127***	***127***	***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 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)*

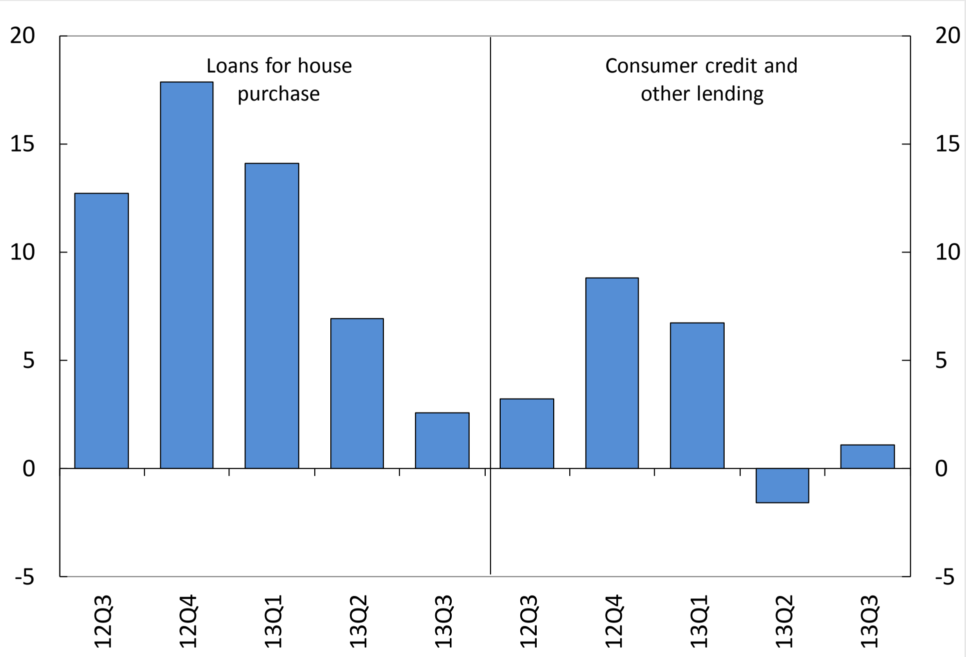
	Loans for house purchase		Consumer credit and other lending	
	Jul 13	Oct 13	Jul 13	Oct 13
Tightened considerably	0	0	0	0
Tightened somewhat	10	4	2	1
Remained basically unchanged	87	93	94	98
Eased somewhat	3	2	4	1
Eased considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***7***	***3***	***-2***	***1***
Diffusion index	***4***	***1***	***-1***	***1***
Mean	*2.93*	*2.97*	*3.01*	*2.99*
Number of banks responding	***121***	***122***	***122***	***122***

Notes: The net percentage is defined as the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat", and the sum of the percentages for "eased somewhat" and "eased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Chart 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	
							Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13
A) Cost of funds and balance sheet constraints	0	3	84	1	1	11	5	1	3	0	2.94	3.00
B) Pressure from competition												
Competition from other banks	0	1	86	2	0	11	-3	-1	-2	-1	3.03	3.01
Competition from non-banks	0	1	87	0	0	11	1	1	1	1	2.98	2.98
C) Perception of risk												
Expectations regarding general economic activity	0	5	80	3	0	11	6	2	3	1	2.93	2.97
Housing market prospects	0	8	81	0	0	11	11	8	6	4	2.86	2.90

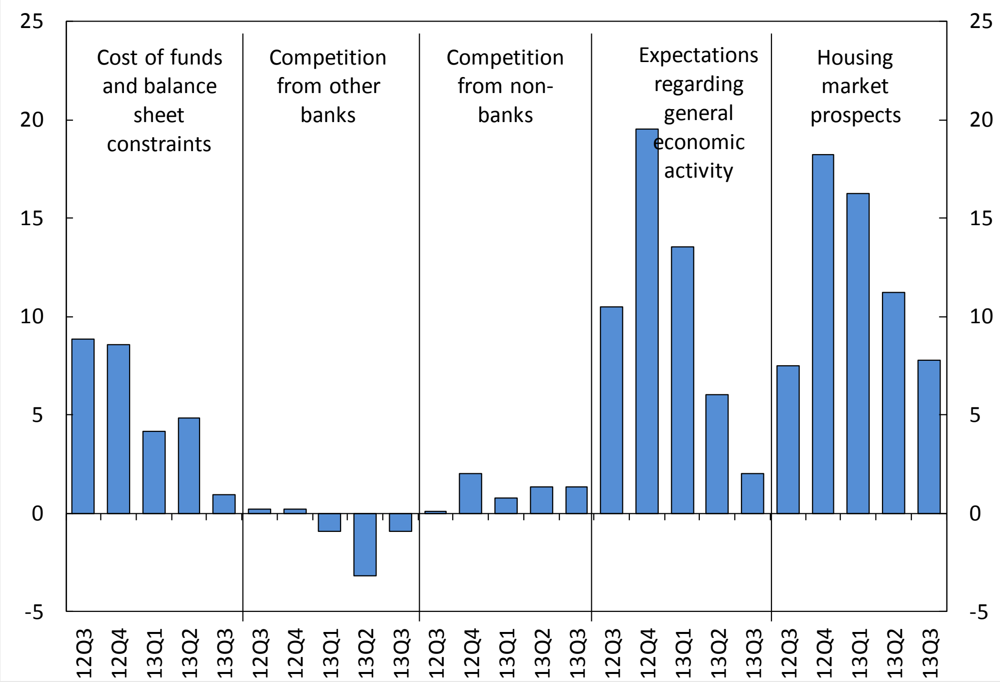
NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "+ +" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Chart 9

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

(net percentages of banks contributing to tightening credit standards)



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

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13
A) Price												
Your bank's margin on average loans	0	4	74	11	0	10	1	-7	1	-4	2.99	3.08
Your bank's margin on riskier loans	0	5	82	1	0	12	13	4	6	2	2.86	2.95
B) Other conditions and terms												
Collateral requirements	0	0	90	0	0	10	3	0	2	0	2.96	3.00
Loan-to-value ratio	0	6	84	0	0	10	3	6	1	3	2.96	2.93
Maturity	0	5	84	1	0	10	6	4	3	2	2.93	2.95
Non-interest rate charges	0	3	86	0	1	10	3	2	2	1	2.96	2.99

N

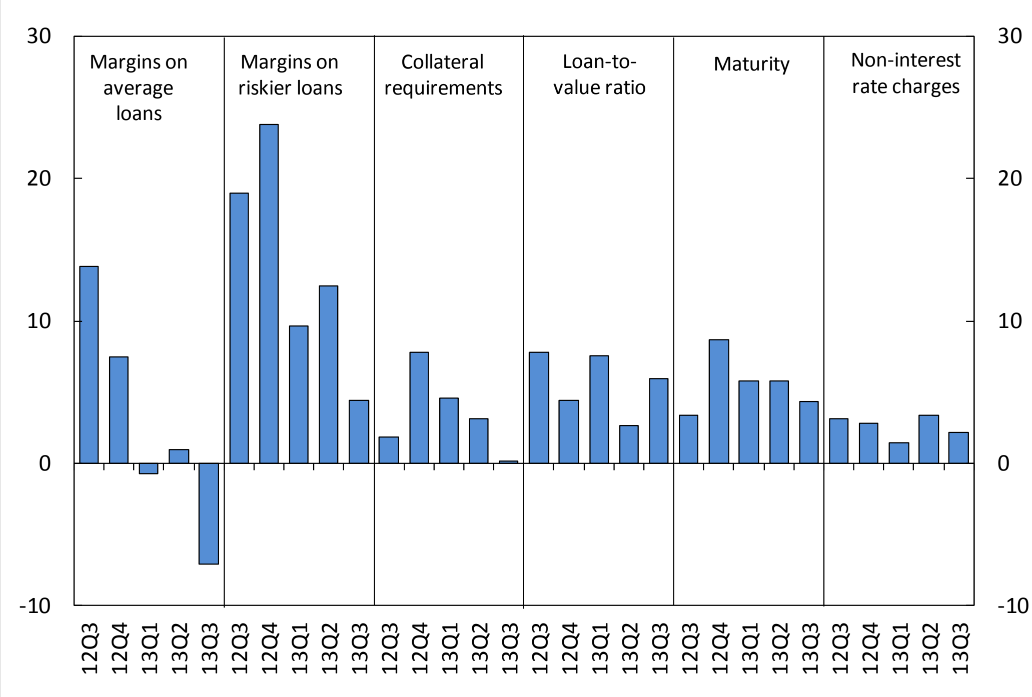
A = not available; NetP = net percentage; DI = diffusion index.

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	
							Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13
A) Cost of funds and balance sheet constraints	2	1	87	0	0	11	2	2	1	2	2.98	2.96
B) Pressure from competition												
Competition from other banks	0	0	89	1	0	10	-3	-1	-2	-1	3.04	3.02
Competition from non-banks	0	0	88	1	0	11	0	-1	0	-1	3.00	3.02
C) Perception of risk												
Expectations regarding general economic activity	0	2	85	3	0	9	4	-1	2	0	2.95	3.00
Creditworthiness of consumers	0	3	87	0	0	9	4	3	2	2	2.95	2.95
Risk on collateral demanded	0	2	87	0	0	10	4	2	2	1	2.94	2.95

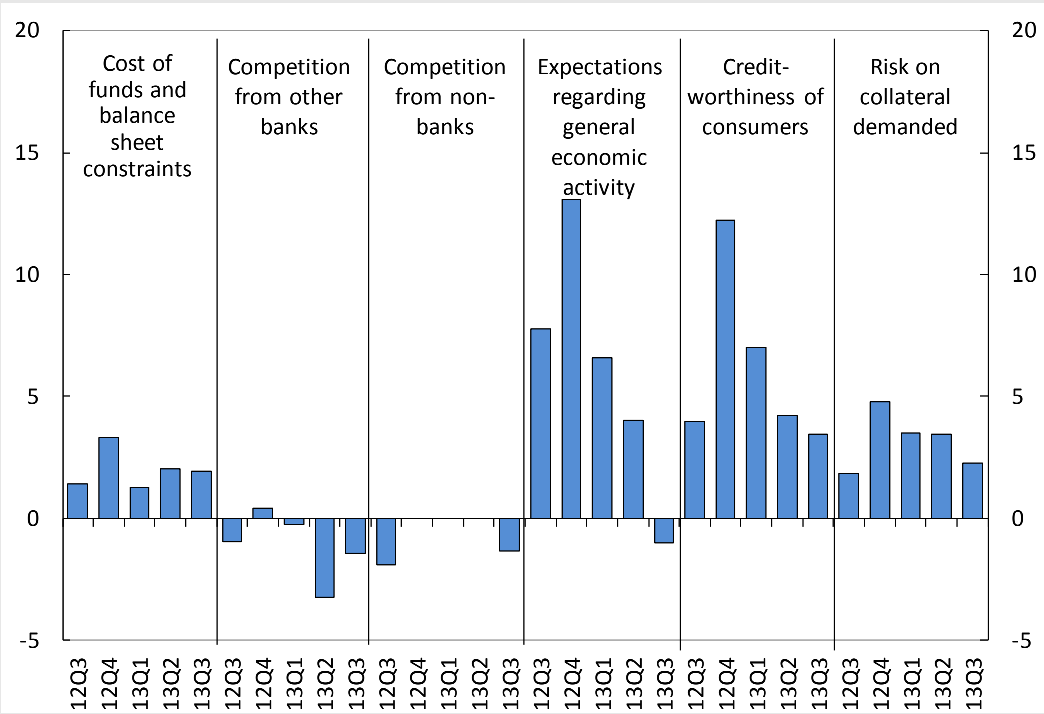
NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "+ +" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Chart 11

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

(net percentages of banks contributing to tightening credit standards)



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

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13
A) Price												
Your bank's margin on average loans	0	4	83	3	1	9	-3	0	-2	0	3.04	3.01
Your bank's margin on riskier loans	0	3	87	0	0	9	2	3	1	2	2.98	2.96
B) Other conditions and terms												
Collateral requirements	0	0	90	0	0	10	1	0	1	0	2.98	3.00
Maturity	0	2	89	0	0	9	1	2	0	1	2.99	2.98
Non-interest rate charges	0	1	90	0	0	9	1	1	1	0	2.99	3.00

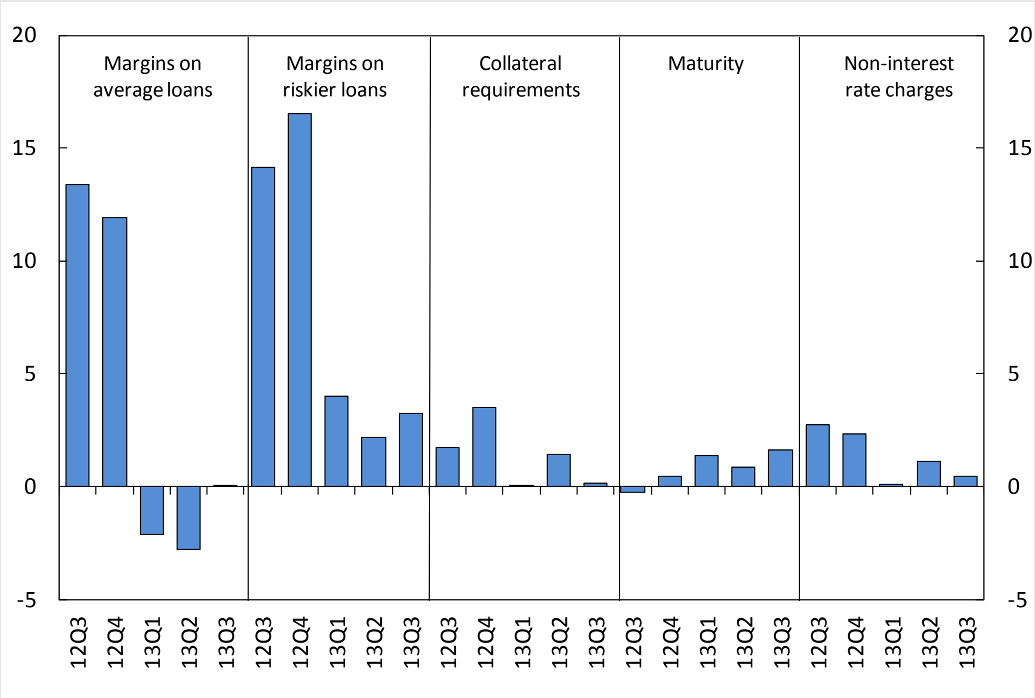
NA = not available; NetP = net percentage; DI = diffusion index.

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 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)*

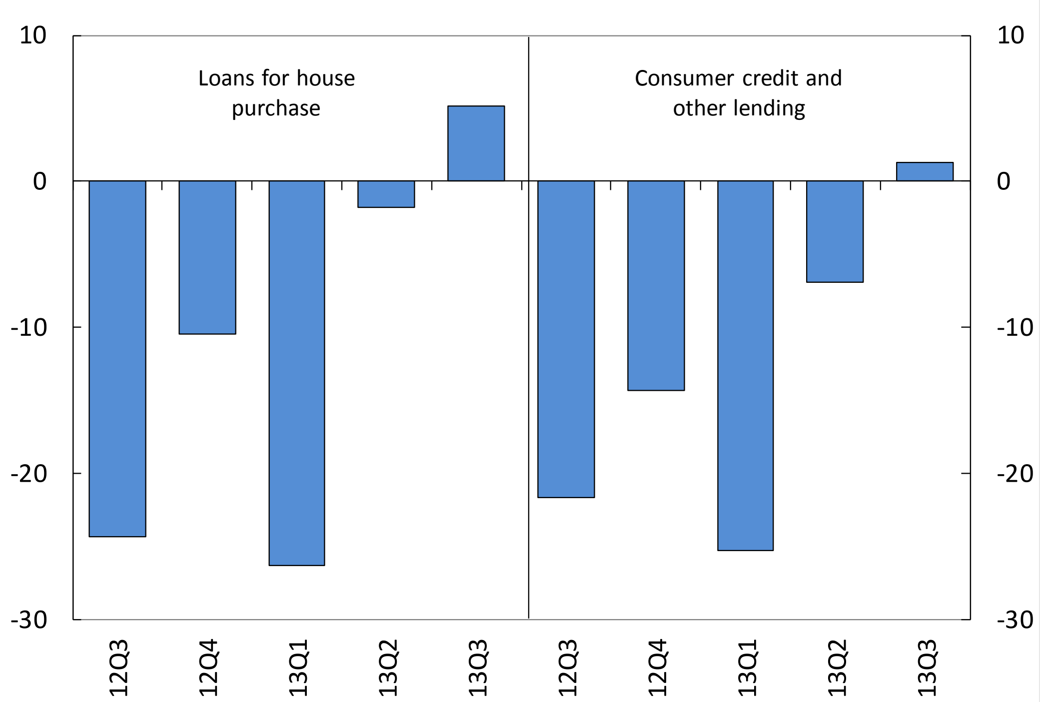
	Loans for house purchase		Consumer credit and other lending	
	Jul 13	Oct 13	Jul 13	Oct 13
Decreased considerably	7	3	2	0
Decreased somewhat	20	13	13	14
Remained basically unchanged	49	63	76	71
Increased somewhat	24	21	8	14
Increased considerably	0	0	1	1
Total	*100*	*100*	*100*	*100*
Net percentage	***-2***	***5***	***-7***	***1***
Diffusion index	***-4***	***1***	***-4***	***1***
Mean	*2.92*	*3.02*	*2.92*	*3.02*
Number of banks responding	***121***	***122***	***123***	***123***

Notes: The net percentage is defined as the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat", and the sum of the percentages for "eased somewhat" and "eased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Chart 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	
							Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13
A) Financing needs												
Housing market prospects	1	11	63	15	0	10	-6	3	-4	1	2.90	3.01
Consumer confidence	1	12	69	8	0	10	-21	-5	-11	-3	2.75	2.92
Non-housing-related consumption expenditure	0	7	82	1	0	10	-7	-6	-4	-3	2.92	2.94
B) Use of alternative finance												
Household savings	0	8	79	2	0	11	-10	-5	-5	-3	2.89	2.94
Loans from other banks	0	6	78	3	0	13	-4	-3	-2	-1	2.95	2.97
Other sources of finance	0	0	88	0	0	12	1	0	1	0	3.01	3.00

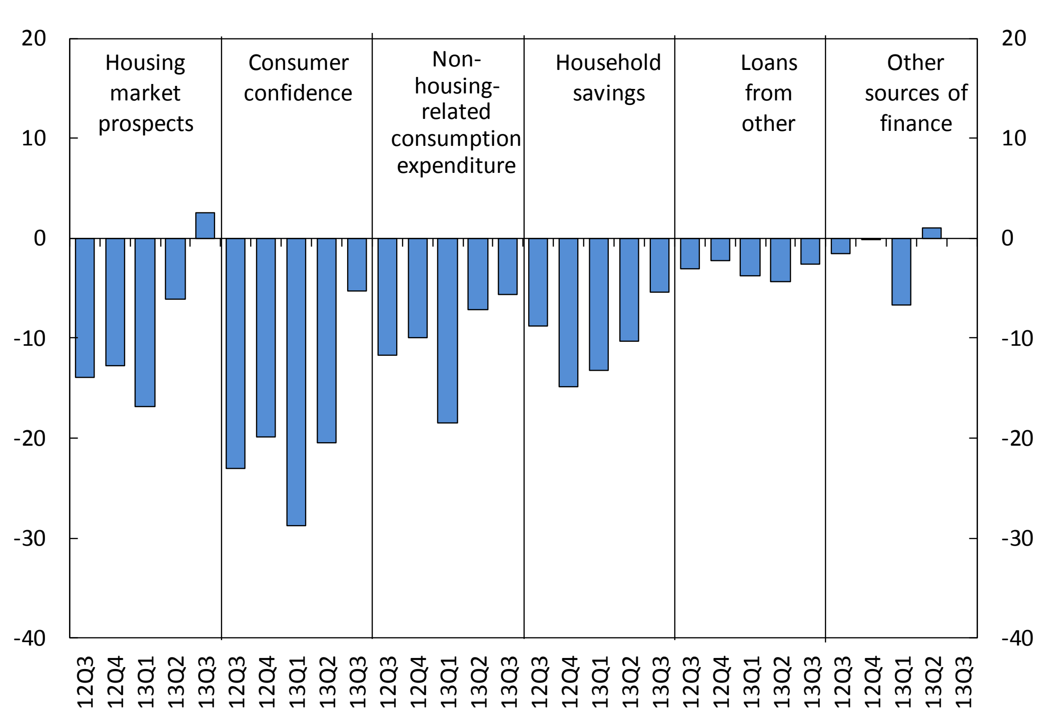
NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "+ +" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Chart 14

FACTORS AFFECTING DEMAND FOR LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE

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



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

	--	-	°	+	++	NA	NetP		NetP		Mean	
							Jul 13	Oct 13	Jul 13	Oct 13	Jul 13	Oct 13
A) Financing needs												
Spending on durable consumer goods	0	12	72	6	1	10	-14	-6	-8	-3	2.82	2.93
Consumer confidence	0	9	77	5	0	9	-19	-4	-9	-2	2.79	2.95
Securities purchases	0	1	81	1	0	18	-1	0	0	0	2.99	3.00
B) Use of alternative finance												
Household savings	0	7	81	3	0	9	-10	-4	-5	-2	2.89	2.95
Loans from other banks	0	5	84	2	0	9	-5	-3	-3	-2	2.93	2.97
Other sources of finance	0	2	86	1	0	11	-1	-1	0	-1	2.99	2.98

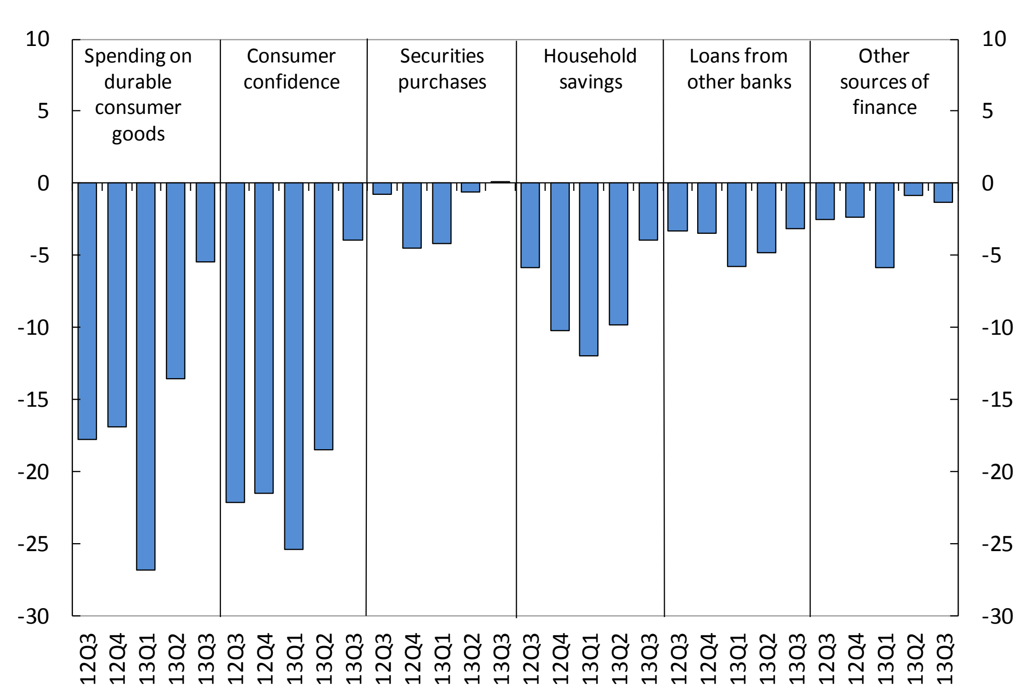
NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed somewhat to easing) and "+ +" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Chart 15

FACTORS AFFECTING DEMAND FOR CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS

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



16. Please indicate how you expect your bank's credit standards as applied to the approval of loans to households to change over the next three months. *(in percentages, unless otherwise stated)*

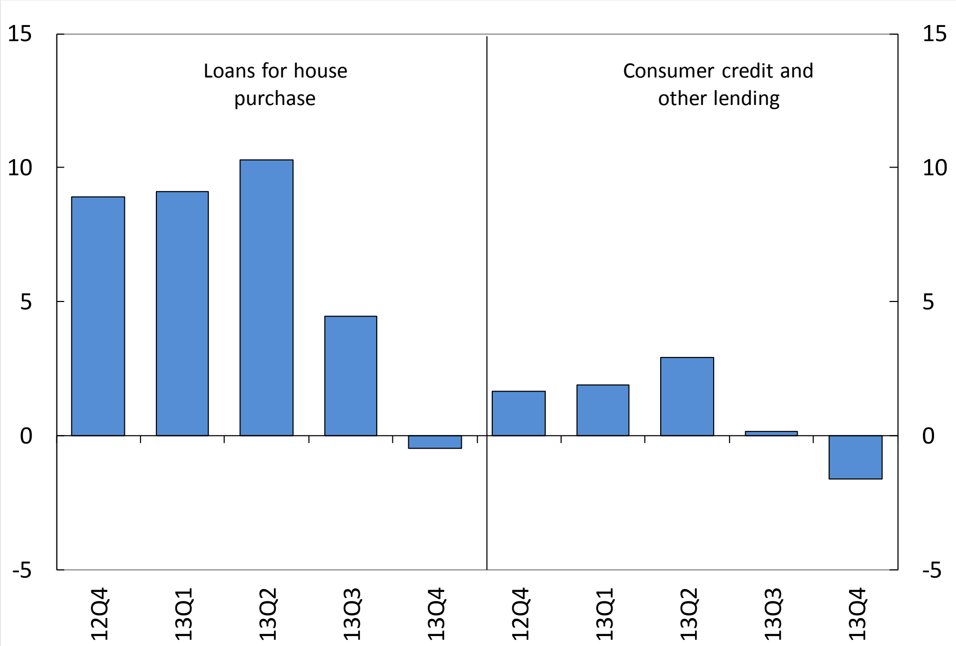
	Loans for house purchase		Consumer credit and other lending	
	Jul 13	Oct 13	Jul 13	Oct 13
Tighten considerably	0	0	0	0
Tighten somewhat	7	5	3	0
Remain basically unchanged	90	90	94	98
Ease somewhat	3	5	3	2
Ease considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***4***	***-1***	***0***	***-2***
Diffusion index	***2***	***0***	***0***	***-1***
Mean	*2.95*	*3.00*	*3.00*	*3.02*
Number of banks responding	***121***	***122***	***122***	***122***

Notes: The net percentage is defined as the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat", and the sum of the percentages for "eased somewhat" and "eased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Chart 16

EXPECTED CREDIT STANDARDS FOR LOANS TO HOUSEHOLDS

(net percentages of banks expecting tightening credit standards)



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

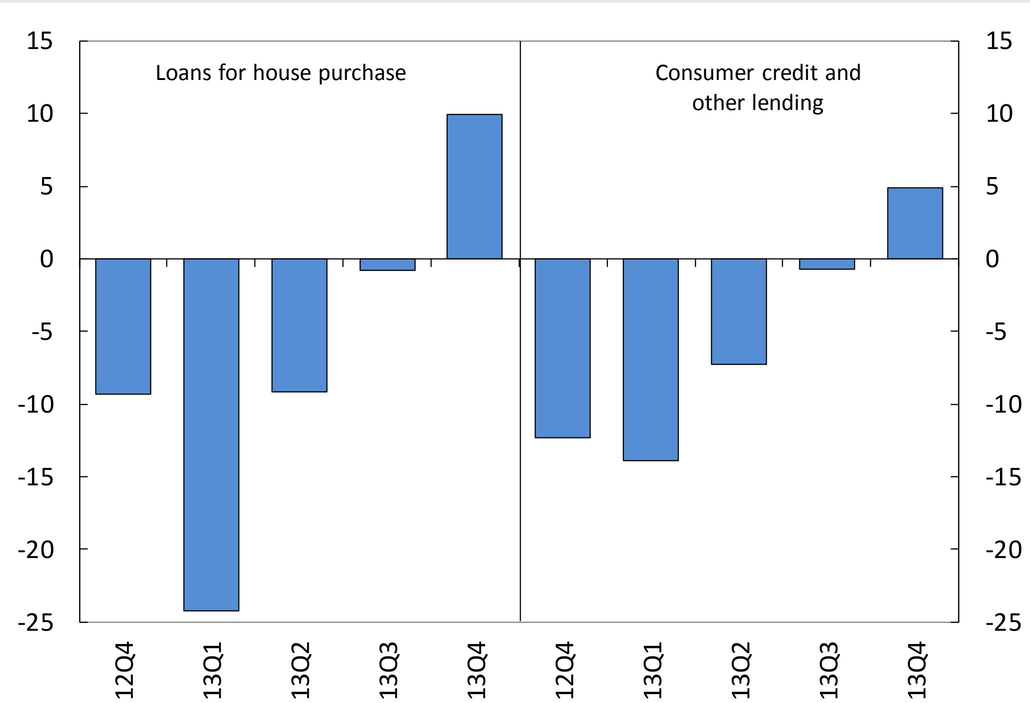
	Loans for house purchase		Consumer credit and other lending	
	Jul 13	Oct 13	Jul 13	Oct 13
Decrease considerably	0	0	0	0
Decrease somewhat	10	8	9	5
Remain basically unchanged	80	74	83	86
Increase somewhat	10	18	8	10
Increase considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***-1***	***10***	***-1***	***5***
Diffusion index	***-1***	***5***	***0***	***2***
Mean	*2.99*	*3.10*	*2.99*	*3.05*
Number of banks responding	***121***	***122***	***123***	***123***

Notes: The net percentage is defined as the difference between the sum of the percentages for "tightened considerably" and "tightened somewhat", and the sum of the percentages for "eased somewhat" and "eased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5). The mean is calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others.

Chart 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	86	9	0	-4	3.04	0.39	0	1	86	13	0	-12	3.12	0.38	11
Long-term (more than one year) deposits and other retail funding instruments	0	5	87	8	0	-3	3.03	0.38	0	5	83	12	0	-7	3.06	0.44	12
B) Inter-bank unsecured money market																	
Very short-term money market (up to one week)	0	1	91	8	0	-7	3.07	0.32	0	1	89	10	0	-9	3.09	0.33	11
Short-term money market (more than one week)	0	3	95	2	0	1	2.99	0.24	0	5	87	8	0	-3	3.03	0.38	11
C) Wholesale debt securities[(3)]																	
Short-term debt securities (e.g. certificates of deposit or commercial paper)	0	8	86	6	0	3	2.97	0.40	0	5	85	10	0	-4	3.04	0.41	24
Medium to long-term debt securities (incl. covered bonds)	0	4	78	18	0	-14	3.14	0.47	0	10	69	21	0	-10	3.10	0.58	15
D) Securitisation[(4)]																	
Securitisation of corporate loans	0	6	77	17	0	-10	3.10	0.52	0	8	82	10	0	-2	3.02	0.47	60
Securitisation of loans for house purchase	0	2	84	14	0	-12	3.12	0.44	0	2	86	12	0	-10	3.10	0.41	58
E) Ability to transfer credit risk off balance sheet[(5)]	0	0	98	2	0	-2	3.02	0.17	0	0	91	9	0	-9	3.09	0.32	65

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

	Impact on your bank's funding conditions							
	--	-	=	+	+ +	NetP	Mean	SD
A) Direct exposure to sovereign debt	0	1	93	6	0	-5	3.05	0.27
B) Value of sovereign collateral available for wholesale market transactions[2)]	0	1	92	7	0	-6	3.06	0.29
C) Other effects[3)]	0	3	97	0	0	3	2.97	0.20

	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	1	99	0	0	1	2.99	0.08	0	1	97	2	0	-2	3.02	0.19	1	0	97	2	0	-2	3.01	0.24
B) Value of sovereign collateral available for wholesale market transactions[2)]	0	1	99	0	0	1	2.99	0.09	0	1	97	2	0	-2	3.02	0.18	1	0	97	2	0	-2	3.01	0.24
C) Other effects[3)]	0	1	99	0	0	1	2.99	0.13	0	1	97	2	0	-1	3.01	0.19	1	0	99	0	0	1	2.98	0.26

	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	0.14	0	0	98	2	0	-2	3.02	0.17	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	98	2	0	-2	3.02	0.16	0	0	98	2	0	-2	3.02	0.16
C) Other effects[3)]	0	0	100	0	0	0	3.00	0.04	0	0	100	0	0	0	3.00	0.00	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.