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EUROSYSTEM



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THE EURO AREA BANK LENDING SURVEY

1ST QUARTER OF 2014

APRIL 2014

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The results reported in the April 2014 bank lending survey (BLS) relate to changes during the first quarter of 2014 and expectations of changes in the second quarter of 2014. The survey was conducted between 24 March and 8 April 2014. In the first quarter of 2014 the size of the sample of banks surveyed was increased to 137 in order to include replies from Latvian banks. The response rate for the April BLS was 100%. For the first time, the report contains the results for the five largest euro area countries in addition to the results for the euro area as a whole. Moreover, in the April 2014 survey round, a weighting scheme for the aggregation of national BLS results has been introduced for France, Malta and Slovakia. This has also led to small changes (including backward revisions) of the euro area results.

Three ad hoc questions were included in the questionnaire for the April 2014 survey round. The first ad hoc question addresses the impact of the financial crisis on the access to retail and wholesale funding. The second refers to the impact of the sovereign debt crisis on banks' funding conditions, on credit standards and on credit margins, while the third refers to the current level of credit standards compared with the levels that have prevailed in the past.

I OVERVIEW OF THE RESULTS

The April 2014 bank lending survey (BLS) confirmed the stabilisation in bank credit conditions for euro area enterprises and households. Credit standards on loans to enterprises remained broadly unchanged in the first quarter of 2014, at 1% (from 2% in the previous quarter). For loans to households, credit standards were eased in net terms: for housing loans the net percentage reporting a tightening declined to -5%, from 0% in the previous quarter, and for consumer credit and other lending to households to -2%, from 2%. Across all loan categories, the net tightening of credit standards in the first quarter of 2014 remained well below historical averages calculated over the period since the start of the survey in 2003 (see Table A). The risk perception of banks related to firms' business outlook and macroeconomic uncertainty had a slight net easing impact on credit standards for loans to enterprises (-2%, from 2%) for the first time since the second quarter of 2007, in line with indications of a moderate economic recovery in the euro area. At the same time, for loans to households for house purchase, the risk perception of banks had a marginal tightening impact on credit standards (1%, unchanged from the previous quarter). Factors related to banks' cost of funds and balance sheet constraints continued to contribute marginally to an easing of credit standards for loans to enterprises (-1%, unchanged from the previous quarter) and for loans to households for house purchase (-1%,

from 2% in the previous quarter). For the second quarter of 2014, euro area banks expect a net easing of credit standards for loans to enterprises (-5%), a marginal net tightening for housing loans (1%) and a net easing for consumer credit and other lending to households (-3%).

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) turned positive, for all loan categories. The net demand for loans to enterprises increased to 2% in the first quarter of 2014, from -11% in the previous quarter, making it positive for the first time since the second quarter of 2011, and reaching a level above its historical average. This reflects both the decline in the contractionary impact of financing needs related to fixed investment (-5%, from -10%) and the positive impact of other financing needs (8%, from 0%), mainly driven by inventories and working capital. For housing loans, banks indicated a considerable net increase in demand (13%, from -3% in the previous quarter), bringing it markedly above its historical average. The net demand for consumer credit also increased (4%, from -1% in the previous quarter), standing above its historical average. Looking ahead, banks expect in net terms an increase in demand across all loan categories for the second quarter of 2014.

Cross-country disparities in lending supply conditions remained substantial (see Table A). With reference to the large euro area countries, for loans to enterprises, credit standards continued to be tightened in net terms in Italy, while they were eased in the Netherlands. In Germany, France and Spain, banks reported unchanged credit standards for loans to enterprises. For loans to households for house purchase, a significant percentage of banks in Italy reported a net easing of their credit standards, while banks tightened them on balance in the Netherlands and Germany. In France and Spain, banks reported unchanged credit standards for housing loans. Turning to loan demand, banks in the Netherlands continued to report a net decline in demand for corporate loans, whereas net loan demand was positive in Spain and France and remained unchanged in Germany and Italy according to reporting banks. For housing loans, net loan demand turned positive in Germany, Italy and the Netherlands, while it was unchanged in Spain and marginally negative in France.

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		
	13Q4	14Q1	AVG	13Q4	14Q1	AVG	13Q4	14Q1	AVG	13Q4	14Q1	AVG	13Q4	14Q1	AVG	13Q4	14Q1	AVG
EURO AREA	2	1	15	-11	2	-9	0	-5	10	-3	13	-4	2	-2	7	-1	4	-5
Germany	3	0	6	-9	0	1	-3	7	2	0	24	6	0	3	0	3	13	7
Spain	0	0	13	10	20	-8	0	0	23	11	0	-16	0	-10	12	20	20	-19
France	0	0	10	-15	7	-20	14	0	5	-9	-1	5	0	2	-1	5	13	-7
Italy	13	13	24	-13	0	0	-25	-50	8	0	38	2	0	0	12	-25	-25	9
Netherlands	0	-14	21	-57	-29	-16	17	17	23	-17	17	-29	20	-20	16	0	-20	-21

Box I

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.¹

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

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

¹ 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 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

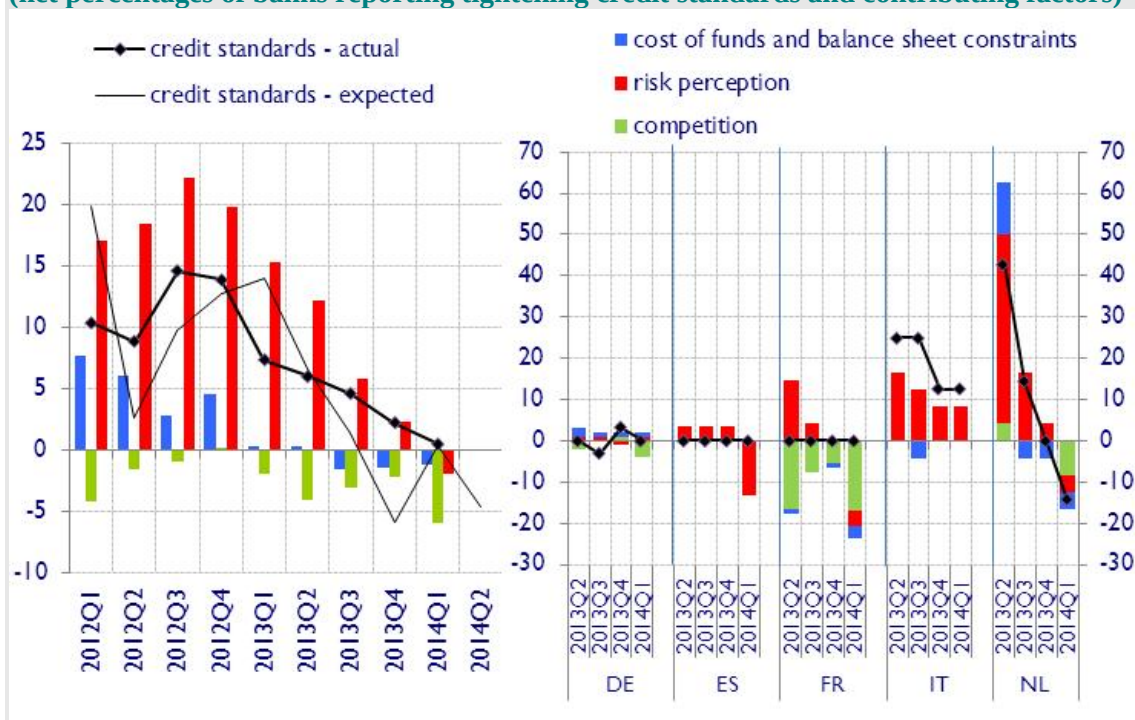
2.1.1 CREDIT STANDARDS FOR LOANS TO ENTERPRISES REMAINED BROADLY UNCHANGED IN THE FIRST QUARTER OF 2014

In the first quarter of 2014, banks' credit standards on loans to enterprises remained broadly unchanged (1% net tightening, from 2% in the previous quarter; see Chart 1). This is considerably below the 0.3-0.4H(1)2-4H(2)4H(3)2013 T19(46)123(6)3(6)2T11(1)7(1)2(28)2112(3(50)387 T19]2014

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 factors related to their cost of funds and balance sheet constraints contributed on average to a marginal net easing of credit standards on loans to enterprises in the first quarter of 2014 (-1%; see Chart 1), unchanged from the previous quarter.⁴ More specifically, the capital position of euro area banks contributed to a marginal tightening of credit standards (1%, from 0% in the previous quarter), while their liquidity position (-3%, from -4%) and access to market

⁴ 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 credit standards and the development of the main underlying factor categories.

funding (1%, from 0%) contributed to a easing. As in the previous quarter, the net easing impact of cost of funds and balance sheet constraints at the euro area level was the outcome of heterogeneous country developments (see Chart 1). Looking at the large euro area countries, banks' cost of funds and balance sheets constraints contributed to an easing of credit standards in France (-3%, from 1%) and the Netherlands (4%, unchanged), mainly driven by the liquidity situation of banks. By contrast, the impact of banks' cost of funds and balance sheets constraints was broadly neutral in Germany (1%), Italy (0%) and Spain (0%), all unchanged from the previous quarter.

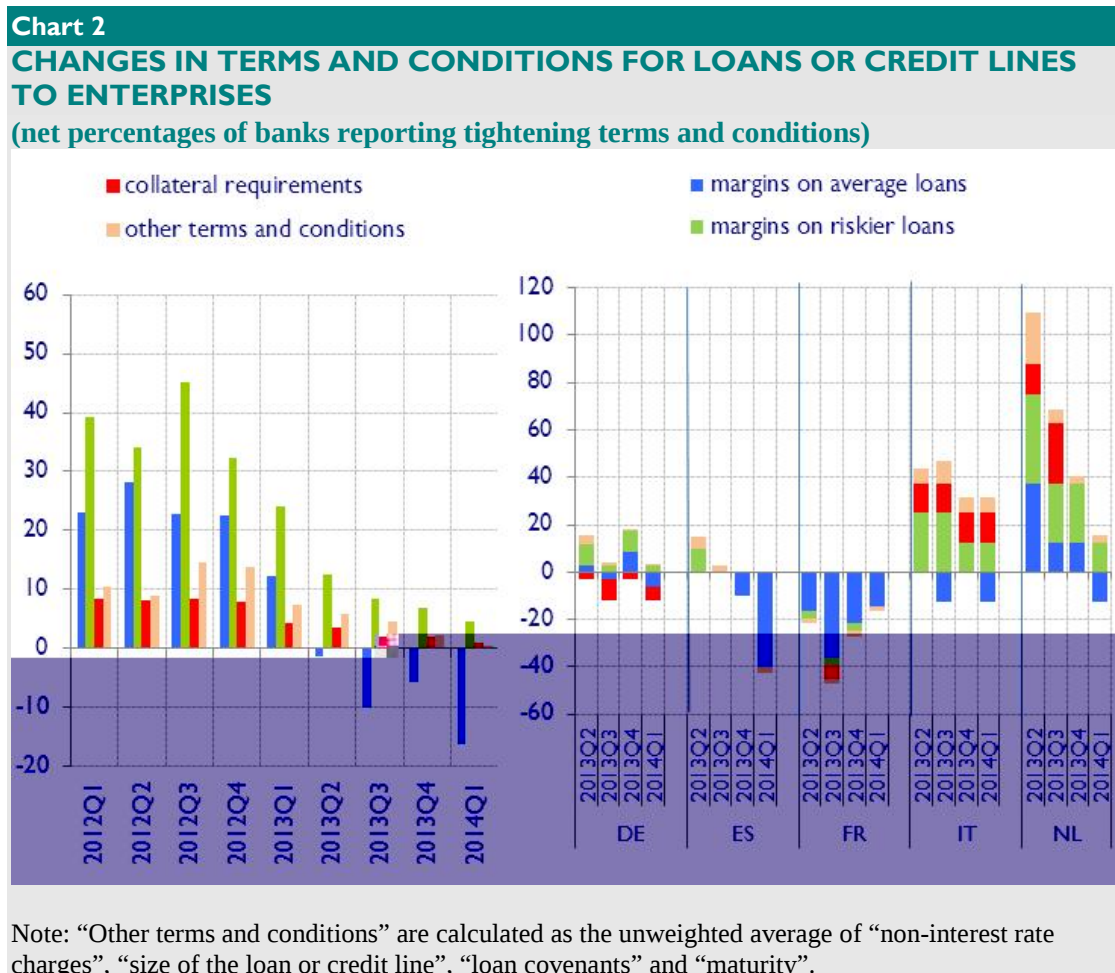
The risk perception of euro area banks in terms of firms' business outlook and macroeconomic uncertainty had a slight net easing impact on credit standards for loans to enterprises (2%, from 2%) for the first time since the second quarter of 2007, in line with indications of a moderate economic recovery in the euro area (see Chart 1). In detail, this was related to banks' expectations regarding the macroeconomic outlook, which had an easing impact on credit standards for loans to enterprises (3%, from 1% in the previous quarter) for the first time since the second quarter of 2007. By contrast, banks' assessment of the industry or firm specific outlook (0%, from 4%) and of the risk on collateral demand (0%, from 1% in the previous quarter) had a neutral impact on credit standards. With regard to the large euro area countries, the risk perception of banks had an easing impact on credit standards in France (4%, from 0%), Spain (-13%, from 3%), and the Netherlands (4%, from 4%), while on average this factor had a marginal net tightening impact in Germany (1%, from -1%) and a tightening impact in Italy (8%, unchanged from the previous quarter).

Finally, euro area banks reported an easing impact of competitive pressures on credit standards for loans to enterprises (6%, from -2%), driven by developments in Germany (-4%, from 1%), France (-17%, from -6%) and the Netherlands (3%, from 0%).

Banks' terms and conditions which they apply when granting new loans to enterprises improved further overall in the first quarter of 2014 (see Chart 2). The net percentage of euro area banks reporting a narrowing of their margins on average loans to enterprises increased further (16%, from -6% in the previous quarter). In addition, a smaller net percentage of euro area banks reported a widening of margins on riskier loans to enterprises (5%, from 7%). Moreover, euro area banks reported, in net terms, that the size of the loan contributed to an easing of credit terms and conditions (2%, from 1%), for the first time since the second quarter of 2007.



net percentage change in other terms and conditions, such as collateral requirements, loan covenants and maturity, remained close to zero.



A considerable net percentage of banks in all large euro area economies reported a narrowing of the margins on average loans. The net percentage was high in Spain (-40%, from -10%), compared with -6% (from 9%) in Germany, -14% (from -22%) in France, -13% (from 0%) in Italy and -13% (from 13%) in the Netherlands. For riskier loans, a lower net percentage of banks in Germany (3%, from 9%) and the Netherlands (13%, from 25%) reported a widening of their margins, whereas the net percentage of banks remained unchanged in Italy (at 13%) and Spain (at 0%). In France, banks reported on balance unchanged margins on riskier loans, following a narrowing in the previous quarter (0%, from -3%).

Overall, the developments described above suggest improved financing conditions for loans to enterprises. At the same time, banks remained cautious in pricing riskier loans, probably owing to a high share of non-performing loans in some countries.

2.1.2 THE NET DEMAND FOR LOANS TO ENTERPRISES TURNED POSITIVE

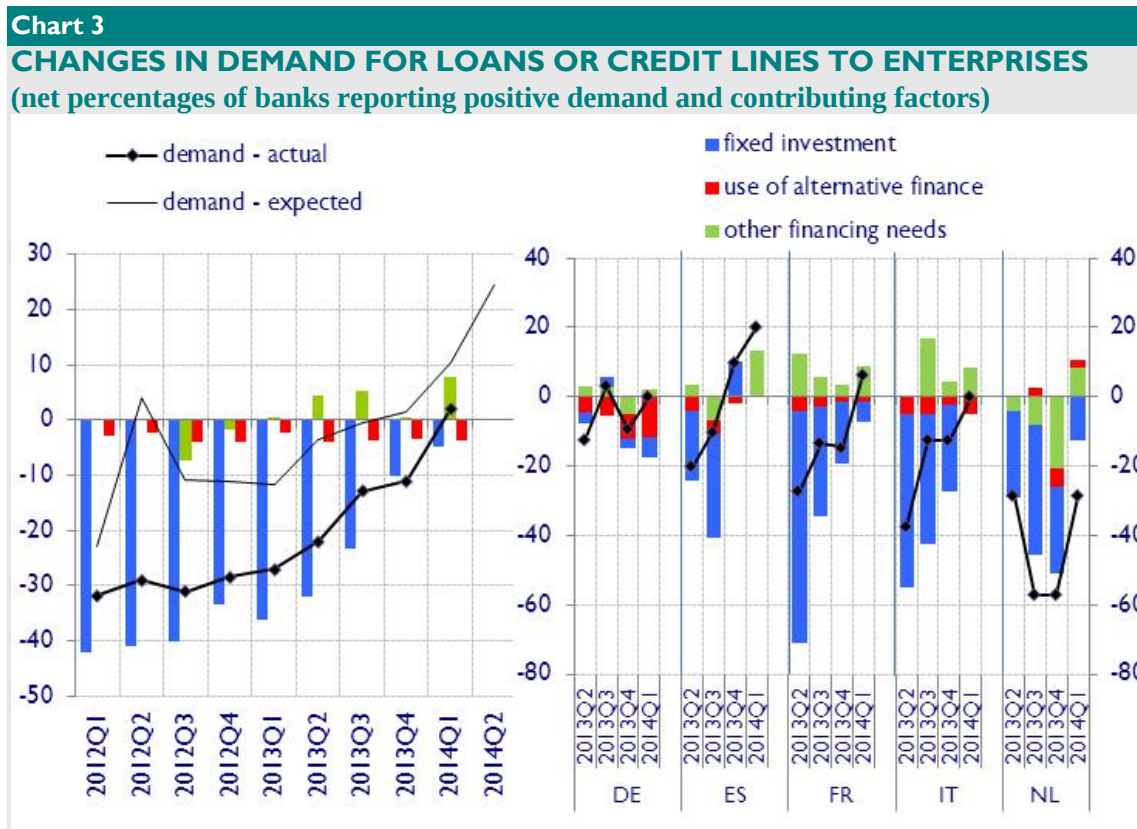
For the first time since the second quarter of 2011, net corporate loan demand (i.e. the difference between the sum of the percentages of banks reporting an increase and that of banks reporting a decline in demand) turned positive in the first quarter of 2014 (to 2%, from -11% in the previous quarter; see Chart 3), thus reaching a level above its historical average (-9%). The net demand for corporate loans increased in France and Spain (7%, from -15%, and 20%, from 10%, respectively). By contrast, it remained negative in the Netherlands (-29%, from -57%). In Germany and Italy, banks reported unchanged demand for loans, compared with a net decline in the previous quarter (0% from -9%, and 0% from -13% respectively).

For the second quarter of 2014, euro area banks expect a net increase in the demand for loans to enterprises (25% on balance).

According to participating banks, the net increase in corporate loan demand was related to a further decline in the contractionary impact of financing needs related to fixed investment in the first quarter of 2014 (-5%, from -10%) and to the positive impact of other financing needs (8%, from 0%), mainly driven by inventories and working capital (11%, from -7%; see Chart 3).⁵ Across the large euro area countries, the decline of the negative impact of fixed investment on the demand for loans to euro area enterprises was due to developments in France (-6%, from -18%), Italy (0%, from -25%) and the Netherlands (-13%, from -25%). In Germany, the contribution turned more negative (-6%, from -3%), and in Spain banks indicated unchanged demand (0%, from 10%). The more positive contribution of other financing needs to the demand for loans to euro area enterprises was related to developments in all large euro area countries. In Germany (2%, from -5%) and the Netherlands (8%, from -21%), the contribution turned positive, while for France (9%, from 4%) and Italy (8%, from 4%) the positive contribution became stronger. For Spain, the contribution increased to 13%, from 0%. Regarding the use of alternative finance, a somewhat higher net percentage of euro area banks reported a negative contribution of internal financing to loan demand (-8%, from -5% in the previous quarter), while the negative impact stemming from corporate debt securities issuance became smaller (-6%, from -10%). Looking at the large euro area countries, the net negative contribution of internal financing to corporate loan demand became stronger in France (-14%, from 0%), while it remained unchanged for the other large euro area countries (at -21% in Germany, at 0% in both Spain and Italy, and at -13% in the Netherlands). The issuance of debt

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 between the development of demand for loans and the development of the main underlying factor categories.

securities contributed positively to the net demand for corporate loans in France (2%, from -13%), neutrally in Spain (0%, from -10%) and the Netherlands (stable at 0%), while the impact remained negative in Germany (stable at -9%) and became more negative in Italy (-25%, from -13%).



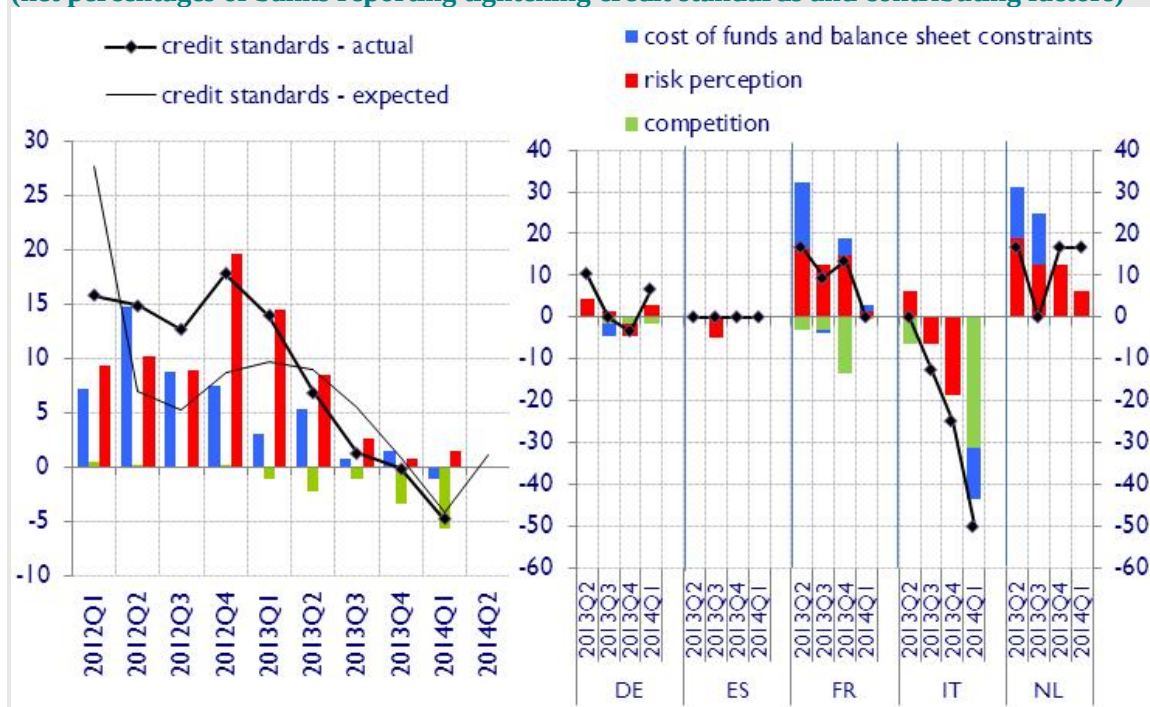
Notes: “Actual” values are changes that have occurred, while “expected” values are changes anticipated by banks. Net percentages for the questions on demand for loans are defined as the difference between the sum of the percentages of banks responding “increased considerably” and “increased somewhat” 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” is 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”.

2.2 HOUSEHOLDS

2.2.1 CREDIT STANDARDS FOR LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE EASED IN NET TERMS IN THE FIRST QUARTER OF 2014

In the first quarter of 2014, credit standards eased in net terms on loans to households for house purchase, to -5%, from 0% in the previous quarter (see Chart 4), remaining well below the historical average (10%) calculated over the period since the start of the survey in 2003. The net easing reported in the first quarter of 2014 is close to what banks had expected at the time of the previous survey round. Among the largest euro area countries, a significant share of banks in Italy reported a net easing of credit standards for housing loans (-50%, from -25%), while credit standards remained unchanged in France (0%, from 14%) and Spain (stable at 0%) and were tightened in Germany (7%, from -3%) and the Netherlands (stable at 17%).

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 ahead, euro area banks expect a marginal net tightening of the credit standards applied to housing loans in the second quarter of 2014 (1%, see Chart 4).

In the first quarter of 2014, euro area banks' cost of funds and balance sheet constraints had a marginal net easing impact on loans to households for house purchase (-1%, from 2% in the previous quarter; see Chart 4), similar to what was reported for corporate loans. Among the largest euro area countries, a net easing impact of this factor was reported only by banks in Italy (-13%, from 0%), whereas banks in Germany, Spain and the Netherlands reported a neutral impact on credit standards for housing loans (0%, unchanged from the previous quarter). By contrast, banks in France reported a small tightening impact from their cost of funds and balance sheet constraints (2%, from 4%).

Euro area banks' risk perceptions had a marginal tightening impact on credit standards for loans to households for house purchase (1%, unchanged from the previous quarter). The net tightening impact was related to the impact of housing market prospects on credit standards for housing loans (3%, from 2%), whereas the general economic outlook had a neutral impact (0%, unchanged from the previous quarter). Among the large euro area countries, banks reported a slight tightening impact of perceived risks regarding the general economic outlook and housing market prospects in Germany (3%, from -3%), France (2%, from 15%) and the Netherlands (6%, from 13%), whereas banks in Italy (0%, from -19%) and Spain (stable at 0%) reported a neutral impact.

Moreover, competitive pressures exerted an easing impact on euro area banks' credit standards for housing loans (-6%, from -3%), mainly driven by developments in Italy (-31%, from 0%).

The price conditions applied by banks when granting new housing loans improved further in the first quarter of 2014, while there was less change in the non-price terms and conditions (see Chart 5). Specifically, a considerably larger net percentage of euro area banks reported a narrowing of margins on average housing loans (-21%, from -10% in the previous quarter), whereas a small net percentage of banks continued to report a tightening of margins on riskier loans (stable at 2%).

Responses regarding non-price terms and conditions pointed to a marginal net easing in the collateral requirements of euro area banks (-1%, from 1%) and in other terms and conditions (-1%, from 0%), mainly related to loan maturity (-4%, from 3%). For the loan-to-value ratio, banks reported a marginal net tightening contribution (1%, from -3%).

The improvement in the cost conditions applied to average loans was common to all large euro area economies, and was particularly sizeable in Italy (-63%, from -13%). The widening of the margins applied to riskier loans reflected developments in Germany (3%, from 0%), France (2%, from 14%) and the Netherlands (13%, from -13%).

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".

2.2.2 CONSIDERABLE NET INCREASE IN DEMAND FOR HOUSING LOANS

In the first quarter of 2014 banks indicated a considerable net increase in demand for housing loans (to 13%, from -3% in the previous quarter; see Chart 6), bringing it markedly above its historical average (-4%). This increased demand was broadly in line with banks' expectations for this quarter, as reported in the previous survey round. The increased net demand for housing loans was broadly based across the large euro area countries. Net demand for housing loans increased considerably in Germany (24%, from 0%), in Italy (38%, from 0%) and in the Netherlands (17%, from -17%). By contrast, net demand for housing loans remained unchanged in Spain (0%, from 11%) and decreased marginally in France (-1%, from -9%).

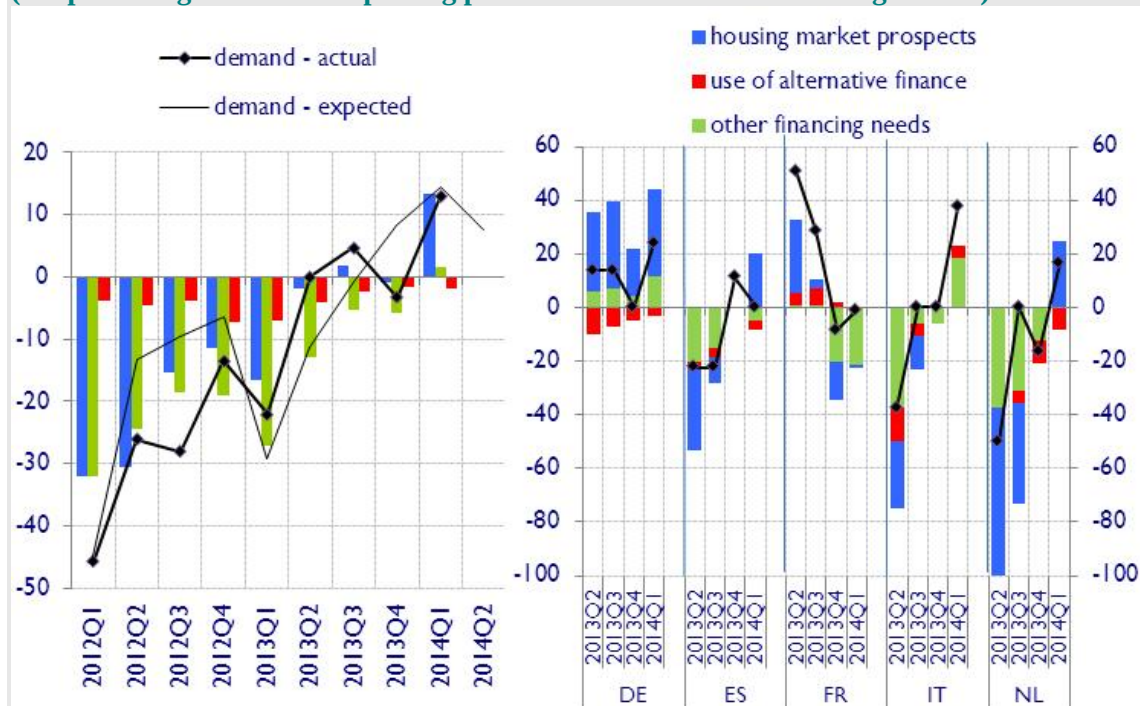
Housing market prospects were the most important factor driving the increased demand for housing loans (13%, from -1%; see Chart 6). Other financing needs also contributed positively to housing loan demand (2%, from -6%), owing to the improved contribution of consumer

confidence (8%, from -9%). By contrast, the contribution related to the use of alternative financing remained slightly negative (stable at -2%).

Chart 6

CHANGES IN DEMAND FOR LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE

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



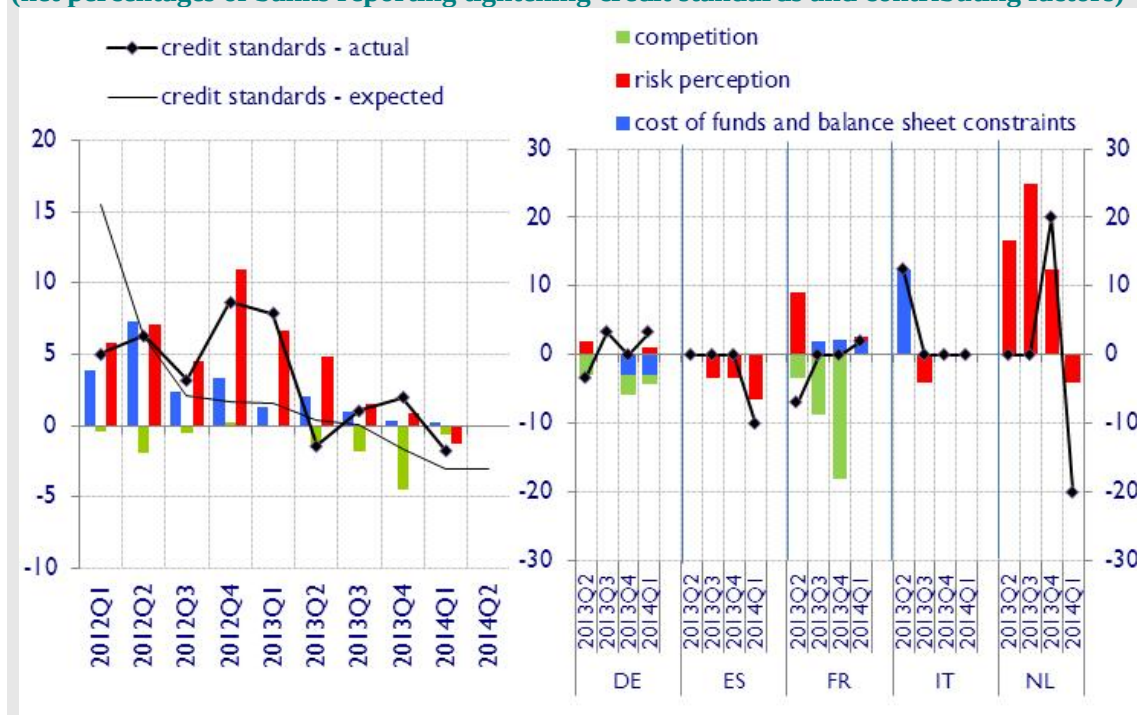
Notes: See the notes to Chart 3. “Other financing needs” are calculated as the unweighted average of “consumer confidence” and “non-housing-related consumption expenditure”; “use of alternative finance” is calculated as the unweighted average of “household savings”, “loans from other banks” and “other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

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

In the first quarter of 2014 credit standards eased slightly in net terms for consumer credit and other lending to households (-2%, from a net tightening of 2%; see Chart 7), to a level well below the historical average (7%). The net easing reported in the first quarter of 2014 is close to what banks had expected at the time of the previous survey round. With regard to the large euro area countries, banks in Spain (-10%, from 0%) and the Netherlands (-20%, from 20%) reported in net terms an easing of credit standards for consumer credit and other lending to households, whereas banks in Germany (3%, from 0%) and France (2%, from 0%) reported a slight net

tightening of standards. In Italy, banks reported that credit standards remained unchanged for this lending category.

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)

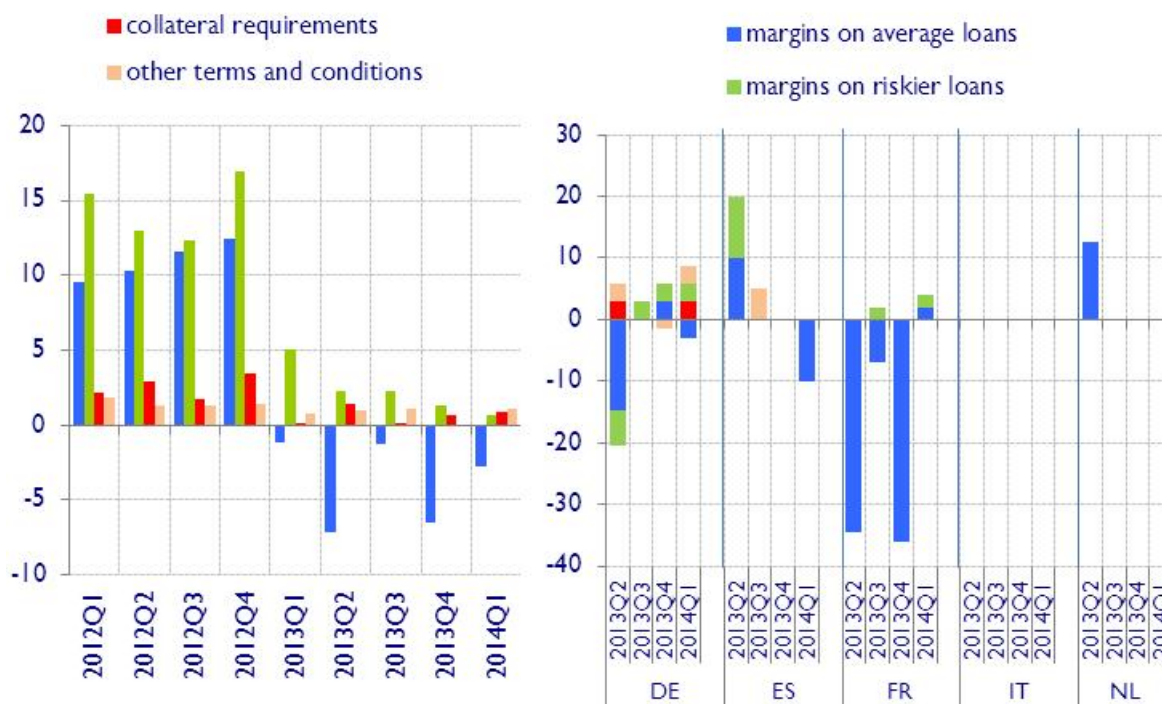


Notes: See the notes to Chart 1. “Risk perception” is calculated as the unweighted average of “expectations regarding general economic activity”, “creditworthiness of consumers” and “risk on collateral demanded”; “competition” is calculated as the unweighted average of “competition from other banks”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

The net easing at the euro area level was related to a marginal net easing impact of banks’ risk perceptions (-1%, from 1%), as 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 easing impact from competition, but to a lesser extent than in the previous quarter (-1%, from -4%). By contrast, banks’ cost of funds and balance sheet constraints exerted a stable neutral impact on credit standards for consumer credit and other lending to households (0%, unchanged from the previous quarter). Across the large euro area countries, banks in Spain (-7%, from -3%) and the Netherlands (-4%, from 13%) reported an easing impact of risk perceptions on credit standards, whereas banks in Germany (1%, from 0%), France (1%, from 0%) and Italy (stable at 0%) reported a marginal net tightening or neutral impact. At the same time, cost of funds and balance sheet constraints contributed to an easing of credit standards in Germany (stable at -3%), which was broadly compensated for by a tightening impact of this factor in France (stable at 2%). In

the other large euro area countries, banks reported a neutral impact (stable at 0% for Italy, Spain and the Netherlands) of this factor on credit standards.

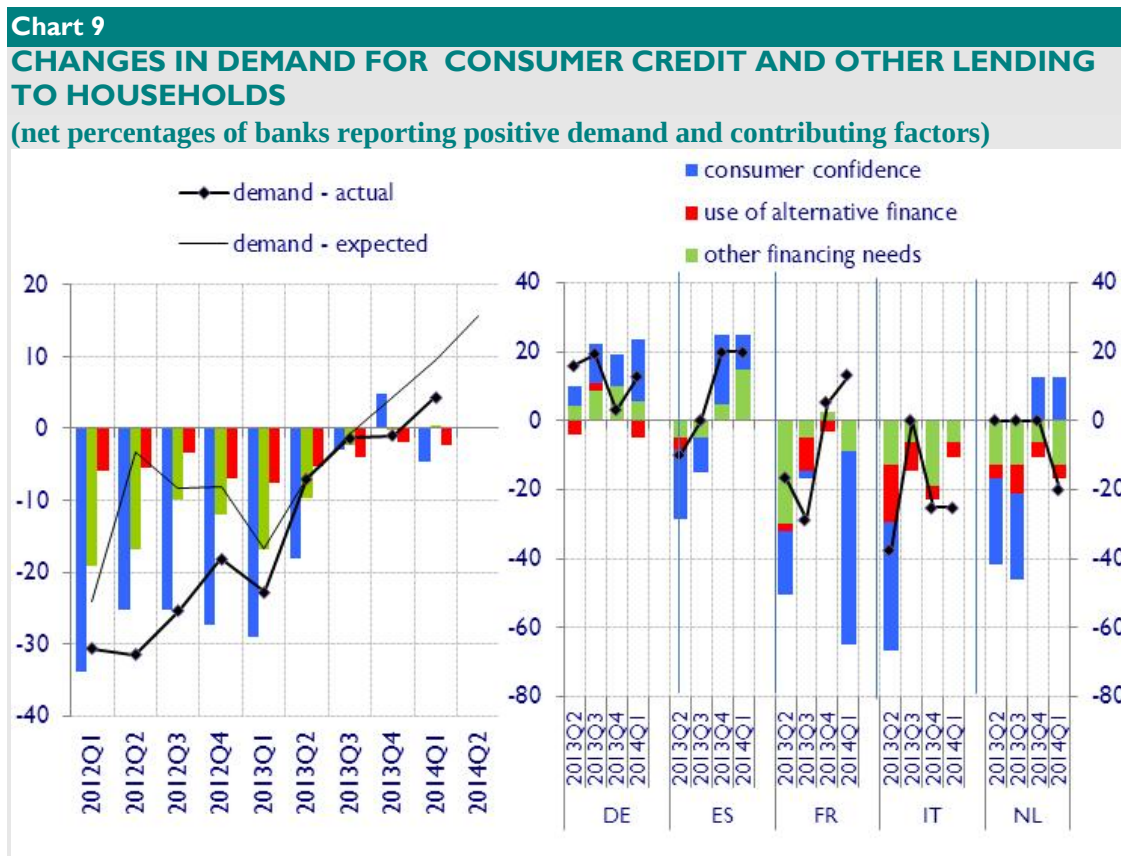
Chart 8
CHANGES IN TERMS AND CONDITIONS FOR CONSUMER CREDIT AND OTHER LENDING TO HOUSEHOLDS
 (net percentages of banks reporting tightening terms and conditions)



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

With respect to terms and conditions, a somewhat smaller net percentage of euro area banks reported a narrowing of margins on average loans (-3%, from -6% in the previous quarter; see Chart 8), while banks reported in net terms a marginal widening of margins on riskier loans (stable at 1%). Concerning non-price conditions, euro area banks reported a marginal net tightening for collateral requirements (stable at 1%) and other terms and conditions (1%, from 0%) on consumer credit and other lending to households. In the largest euro area countries, margins on average loans were narrowed in Germany (-3%, from 3%) and Spain (-10%, from 0%), and widened slightly in France (2%, from -36%), while they remained constant in Italy and the Netherlands (both stable at 0%). In the case of riskier loans, banks in Germany (unchanged at 3%) and France (2%, from 0%) reported a slight widening of margins, while they were stable in Italy, Spain and the Netherlands (at 0%).

Looking ahead, euro area banks expect a small net easing of credit standards on consumer credit and other lending to households in the second quarter of 2014 (-3%; see Chart 7).



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”.

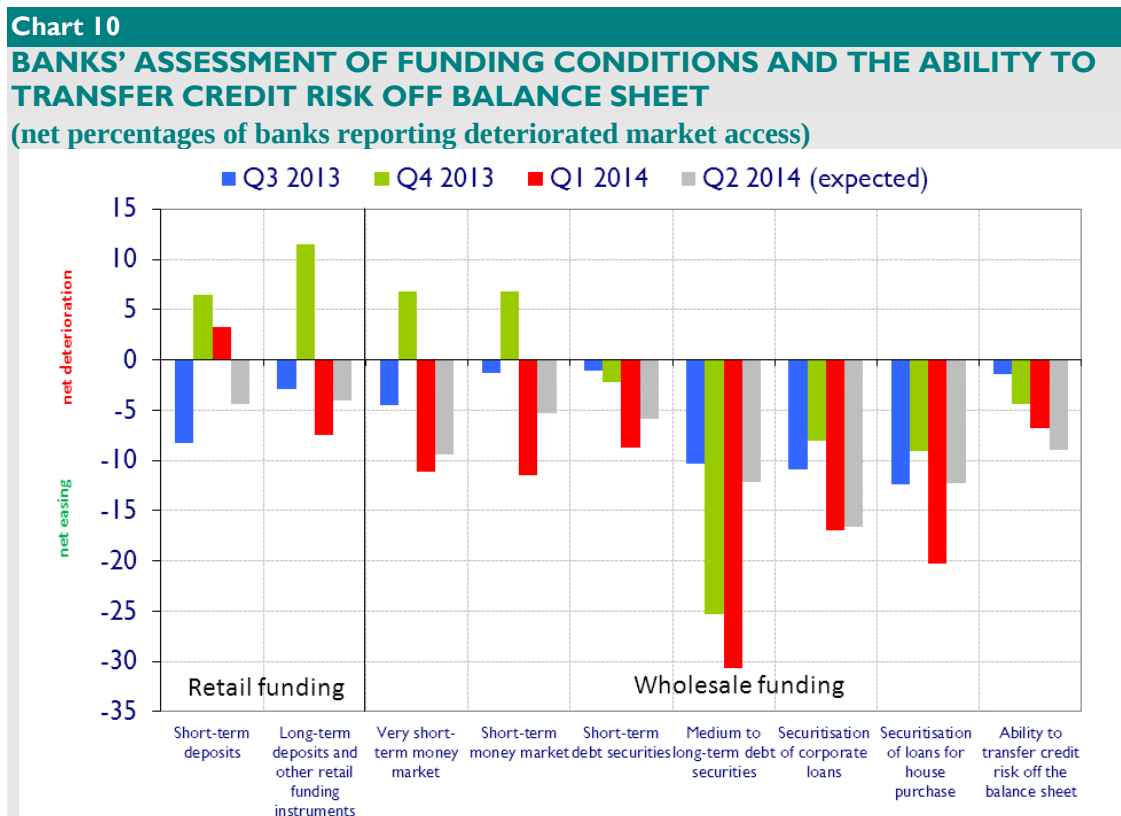
According to euro area banks, the net demand for consumer credit and other lending to households turned positive (to 4%, from -1%; see Chart 9) for the first time since the second quarter of 2010, thus standing at a level above its historical average (-5%). Across the large euro area countries, net demand increased in Germany (13%, from 3%), France (13%, from 5%) and Spain (stable at 20%), but declined in Italy (stable at -25%) and the Netherlands (-20%, from 0%). Among the factors underlying demand at the euro area level, spending on durable consumer goods made a positive contribution, while consumer confidence exerted a negative impact. Among the large euro area countries, consumer confidence had a strong negative impact in France (-56%, from 0%), but a positive impact in most of the other large euro area countries, i.e. in Germany (18%, from 9%), Spain (10%, from 20%) and the Netherlands (unchanged at 13%). Banks in Italy reported a neutral impact of consumer confidence on consumer credit (stable at 0%).

For the second quarter of 2014, euro area banks expect a net increase in the demand for consumer credit and other lending to households (16% on balance).

3 AD HOC QUESTIONS

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

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



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”.

For the first quarter of 2014, euro area banks reported a net easing in their access to funding for all main market instruments (see Chart 10). The reported improved access to retail funding (-2%, from 9%) and money market instruments (-11%, from 7%) meant that the net easing

observed in the third quarter of 2013 – which had been interrupted in the fourth quarter of 2013 – resumed. In addition, conditions for the issuance of bank debt securities (-20%, from -14%) and for securitisation (-15%, from -7%) improved further.

Looking ahead, for the second quarter of 2014 euro area banks expect a net easing in their access to all market instruments.

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 April 2014 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 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.

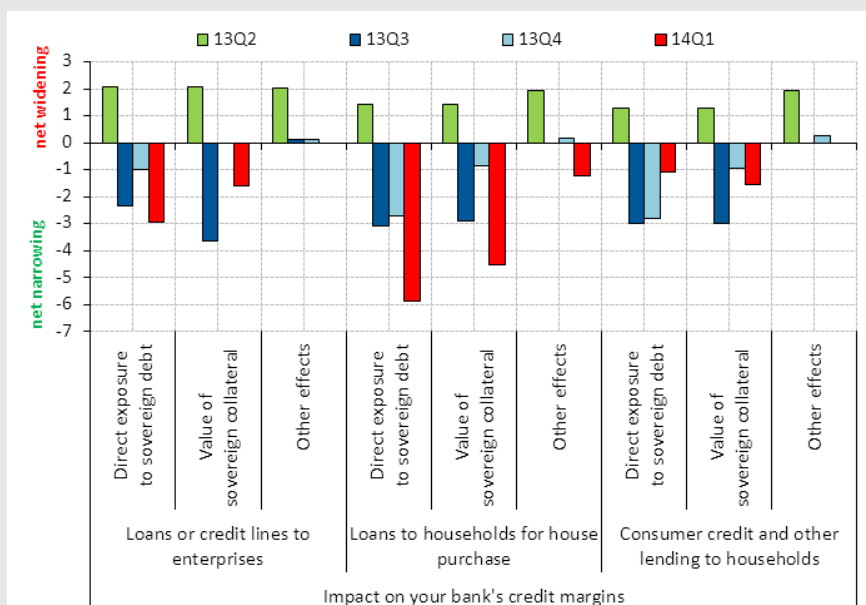
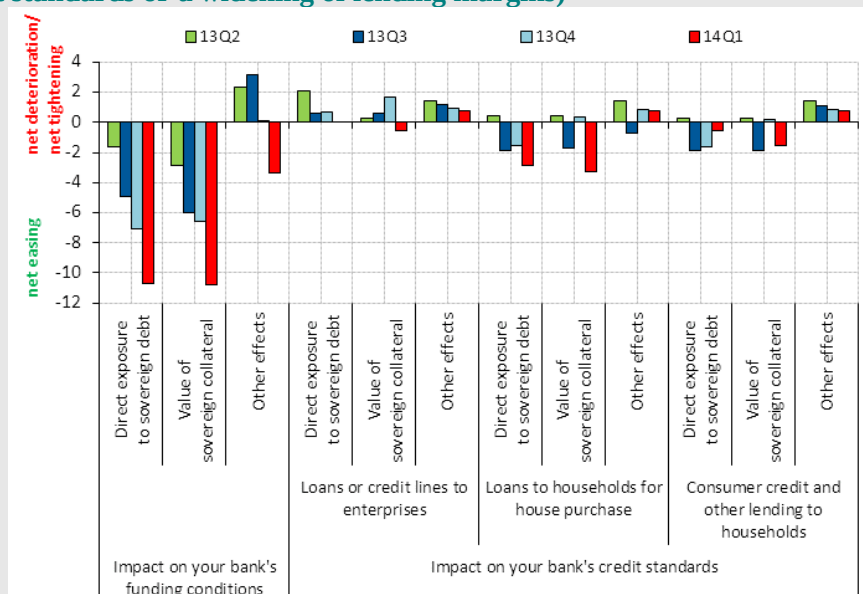
The replies to the April 2014 survey indicated that reduced sovereign debt tensions contributed on average to an easing of banks' funding conditions in the first quarter of 2014 (-8%, from -5% in the previous quarter; see Chart 11). In more detail, euro area banks reported that their direct exposure to sovereign debt (-11%, from -7%), the value of their sovereign collateral (also -11%, from -7%), and "other effects" (see the explanation above; -3%, from 0%) contributed to a net easing in their funding conditions in the first quarter of 2014.

The impact of sovereign debt tensions on the change in euro area banks' credit standards remained muted. At the euro area level, changes in the value of sovereign collateral contributed to a marginal net easing of lending criteria for loans to enterprises (-1%, from 2%) and to a slightly stronger net easing impact with regard to housing loans (-3%, from 0%) and consumer credit and other lending to households (-2%, from 0%). Direct exposure to government bonds contributed to a net easing of credit standards in particular for loans to households for house purchase (-3%, from -2%).

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”.

In addition, euro area banks reported that the reduced sovereign tensions had contributed to a narrowing of margins for all loan categories in the first quarter of 2014 (see Chart 11). The net percentage of banks reporting such an easing impact was stronger for housing loans (-4%, from -1%) than for loans to enterprises (-2%, from 0%) and for consumer credit and other lending to households (stable at -1%). This effect was mainly related to the impact of changes in government bond market prices on banks' direct exposure to sovereign debt and on the value of sovereign collateral.

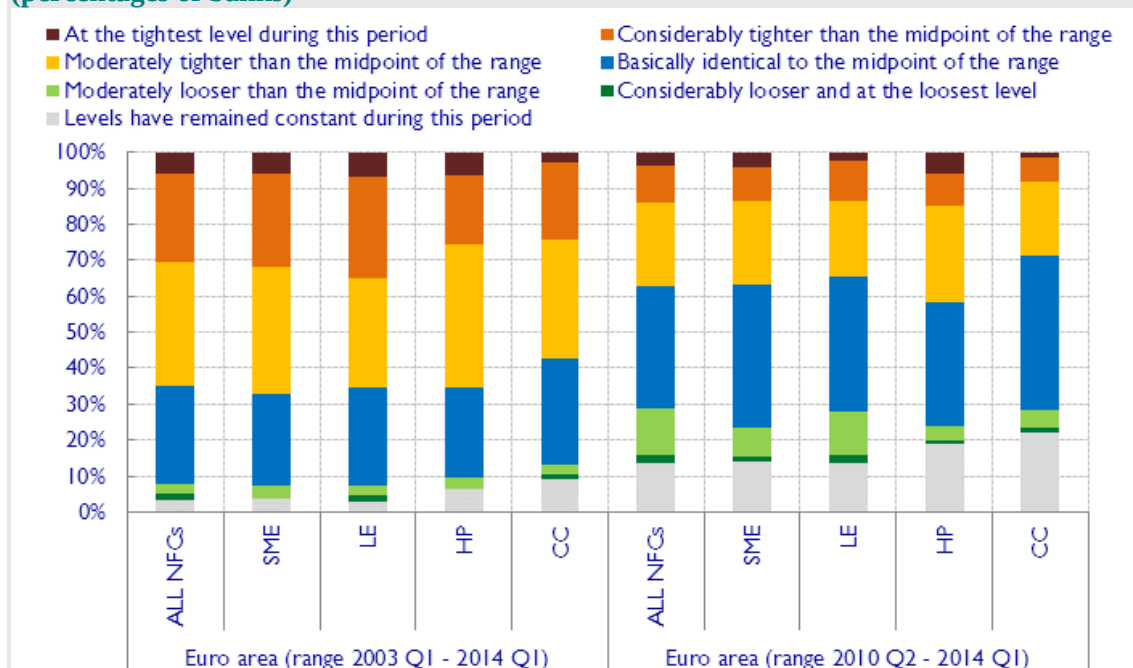
3.1.3 BANKS' CURRENT LEVEL OF CREDIT STANDARDS TIGHTER THAN MIDPOINT OF THE RANGE OF CREDIT STANDARDS SINCE 2003

The April 2014 survey questionnaire included, for the first time, a question on the current level of credit standards as compared with the levels that have prevailed between the first quarter of 2003 and now, as well as between the second quarter of 2010 (i.e. when the sovereign debt crisis started to intensify) and now. Information on the level of credit standards is useful to put into perspective banks' replies on the changes in credit standards over the past three months. Given that the initial level of credit standards when the BLS was launched is unknown, and that the BLS is a qualitative survey, an accumulation of changes in order to derive the current level of credit standards may be misleading. In addition, the accumulation of changes in credit standards to derive their level is particularly difficult owing to the fact that reported changes tend to exhibit a bias towards "tightening", implying that cumulated changes have an upward trend. At the same time, it needs to be acknowledged that an assessment of the current level, in particular as compared with a long-term range since 2003, may be difficult for banks and needs therefore to be treated with some caution.

In the first quarter of 2014, around 60% of banks assessed their current level of credit standards for loans to enterprises and for loans to households for house purchase as being tighter than the midpoint of the range of credit standards since 2003 (62% and 61% respectively; see Chart 12). For consumer credit and other lending to households, the percentage was somewhat lower (53%). Around one-quarter of euro area banks assessed the current level of credit standards for loans to enterprises and for housing loans to be basically identical to the midpoint of the range of credit standards over this period (26% and 24% respectively); for consumer credit and other lending to households the percentage was somewhat higher, at 28%. With regard to firm size, the percentage of euro area banks assessing the current level of credit standards to be tighter

than the midpoint of the range of credit standards since 2003 was the same (at 62%) for both loans to small and medium-sized enterprises (SMEs) and for loans to large firms.

Chart 12
CURRENT LEVEL OF CREDIT STANDARDS FOR LOANS TO ENTERPRISES AND HOUSEHOLDS, RELATIVE TO THE LEVEL OF CREDIT STANDARDS IN THE PAST
 (percentages of banks)



Notes: The “midpoint of the range” of credit standards is defined as the midpoint between the maximum and the minimum level of credit standards during this time period. “Considerably looser and at the loosest level” is calculated for the purposes of this chart as the sum of the percentages of banks responding “considerably looser than the midpoint of the range” and “at the loosest level during this period”. “All NFCs” indicates loans to all non-financial corporations, “SME” indicates loans to small and medium-sized enterprises, “LE” indicates loans to large enterprises, “HP” indicates loans to households for house purchase, and “CC” indicates consumer credit and other lending to households.

When comparing the current level of credit standards with the midpoint of the shorter range of credit standards, i.e. between the second quarter of 2010 and now, a smaller percentage of banks than for the range since 2003 assessed their current level of credit standards for loans to enterprises and for loans to households for house purchase to be tighter than the midpoint of the range (37% and 41% respectively; see Chart 12). For consumer credit and other lending to households, the percentage was even lower (28%). In addition, around 50% of euro area banks reported that the current level of their credit standards for loans to enterprises and for loans to households for house purchase was basically identical to the midpoint of this range of credit standards or had remained constant over this period (48% and 54% respectively). For consumer

credit and other lending to households, the percentage was somewhat higher (65%). Across firm size, broadly the same percentage of euro area banks assessed the current level of credit standards for loans to SMEs and for loans to large firms to be tighter than the midpoint of the range since the second quarter of 2010 (36% and 35% respectively).

ANNEX I: RESULTS FOR THE INDIVIDUAL QUESTIONS

I. LOANS OR CREDIT LINES TO ENTERPRISES

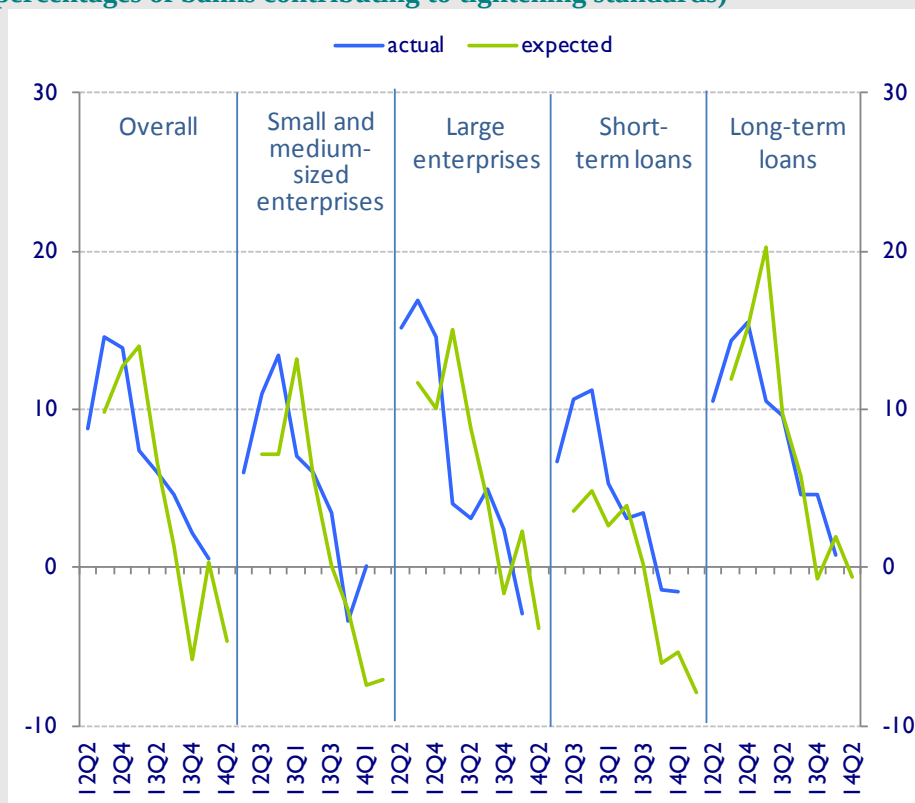
1. Over the past three months, how have your bank's credit standards as applied to the approval of loans or credit lines to enterprises changed? (in percentages, unless otherwise stated)

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14
Tightened considerably	0	0	0	0	0	0	0	0	0	0
Tightened somewhat	3	4	3	4	5	3	3	4	5	4
Remained basically unchanged	96	93	91	92	93	90	93	91	94	92
Eased somewhat	1	3	6	4	2	6	4	5	1	4
Eased considerably	0	0	1	0	0	0	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	2	1	-3	0	2	-3	-1	-1	5	1
Diffusion index	1	0	-2	0	1	-1	-1	-1	2	0
Mean	2.98	2.99	3.04	3.00	2.98	3.03	3.01	3.01	2.95	2.99
Number of banks responding	127	131	123	127	123	127	127	131	127	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 loans or credit lines to enterprises? (in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	2	94	1	0	4	0	1	0	0	3.00	2.99
Your bank's ability to access market financing	0	0	93	1	0	6	0	-1	0	-1	3.00	3.01
Your bank's liquidity position	0	0	92	4	0	4	-4	-3	-2	-2	3.05	3.03
B) Pressure from competition												
Competition from other banks	0	0	84	11	1	4	-7	-12	-4	-6	3.10	3.13
Competition from non-banks	0	0	92	1	1	6	0	-3	0	-2	3.00	2.99
Competition from market financing	0	0	90	3	1	7	0	-3	0	-2	3.00	3.00
C) Perception of risk												
Expectations regarding general economic activity	0	2	86	8	0	3	1	-6	1	-3	2.99	3.06
Industry or firm-specific outlook	0	3	90	4	0	3	4	0	2	0	2.96	3.00
Risk on collateral demanded	0	1	95	1	0	3	1	0	1	0	2.99	3.00
SMALL AND MEDIUM-SIZED ENTERPRISES												
	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	1	90	0	0	9	1	1	1	0	2.99	2.91
Your bank's ability to access market financing	0	0	88	1	0	12	0	-1	0	0	3.00	2.92
Your bank's liquidity position	0	0	89	1	0	9	-1	0	0	0	3.00	2.92
B) Pressure from competition												
Competition from other banks	0	0	86	7	0	7	-6	-7	-3	-4	3.09	3.08
Competition from non-banks	0	0	89	1	1	10	0	-2	0	-2	3.00	2.99
Competition from market financing	0	0	88	3	0	10	0	-3	0	-1	3.00	2.98
C) Perception of risk												
Expectations regarding general economic activity	0	2	82	10	0	5	1	-7	1	-3	2.99	3.07
Industry or firm-specific outlook	0	3	86	5	0	5	1	-1	1	-1	2.98	3.01
Risk on collateral demanded	0	0	94	1	0	5	1	-1	0	0	2.99	3.01
LARGE ENTERPRISES												
	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	2	90	1	0	8	0	1	0	0	3.00	2.99
Your bank's ability to access market financing	0	0	89	1	0	10	0	-1	0	-1	3.00	3.02
Your bank's liquidity position	0	0	88	4	0	8	-3	-4	-2	-2	3.03	3.04
B) Pressure from competition												
Competition from other banks	0	0	77	13	1	9	-7	-14	-4	-7	3.11	3.16
Competition from non-banks	0	0	86	2	1	11	0	-3	0	-2	3.00	3.00
Competition from market financing	0	0	83	5	1	11	0	-6	0	-3	3.00	3.03
C) Perception of risk												
Expectations regarding general economic activity	0	2	80	10	0	7	1	-8	1	-4	2.99	3.08
Industry or firm-specific outlook	0	3	82	7	0	7	6	-4	3	-2	2.94	3.04
Risk on collateral demanded	0	1	91	1	0	7	0	0	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 2a

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

(net percentages of banks contributing to tightening standards)

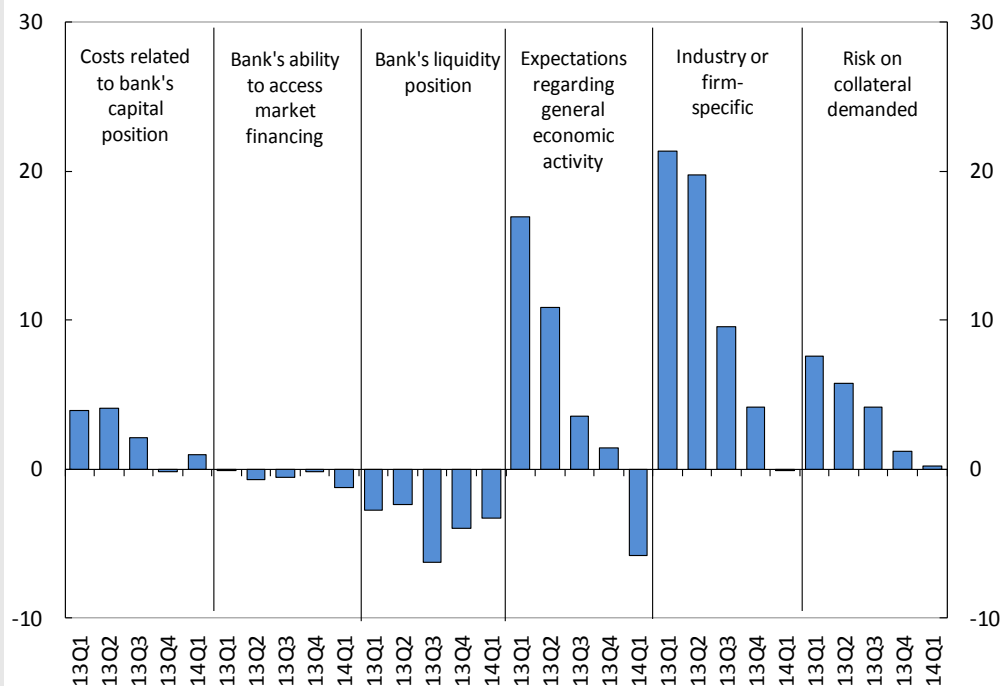
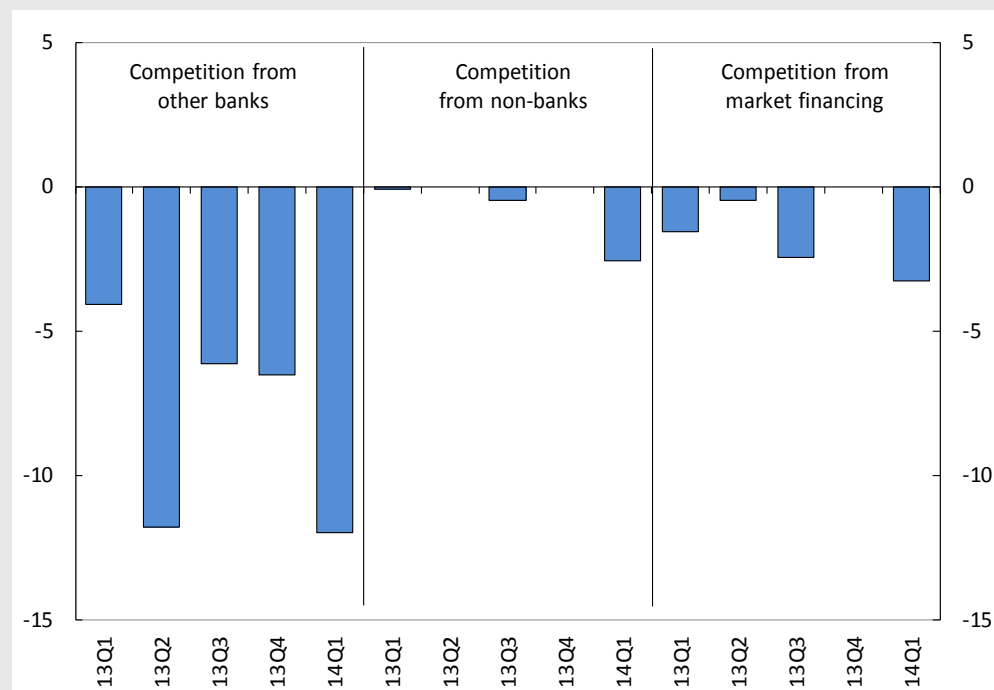


Chart 2b



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	
							Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14
A) Price												
Your bank's margin on average loans	0	5	71	20	1	3	-6	-16	-3	-8	3.09	3.17
Your bank's margin on riskier loans	1	6	87	2	0	4	7	5	3	3	2.95	2.94
B) Other conditions and terms												
Non-interest rate charges	0	5	90	3	0	3	0	2	0	1	3.01	2.98
Size of the loan or credit line	0	3	90	4	1	3	1	-2	1	-1	3.00	3.02
Collateral requirements	0	3	93	1	1	3	2	1	1	0	2.98	3.00
Loan covenants	0	1	95	1	1	3	-1	-1	0	-1	3.01	3.02
Maturity	0	3	92	2	0	3	1	1	1	1	3.00	2.98
SMALL AND MEDIUM-SIZED ENTERPRISES												
	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14
A) Price												
Your bank's margin on average loans	0	5	75	15	0	5	1	-10	0	-5	3.01	3.09
Your bank's margin on riskier loans	1	3	89	1	0	6	11	3	5	2	2.88	2.96
B) Other conditions and terms												
Non-interest rate charges	1	5	88	1	0	5	2	5	2	3	2.96	2.93
Size of the loan or credit line	0	2	88	5	0	5	0	-3	0	-1	3.00	3.03
Collateral requirements	0	5	88	2	0	5	2	3	1	2	2.98	2.97
Loan covenants	0	1	93	1	0	5	0	0	0	0	3.00	3.00
Maturity	0	5	88	2	0	5	-1	3	-1	1	3.02	2.98
LARGE ENTERPRISES												
	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14
A) Price												
Your bank's margin on average loans	0	3	70	18	1	8	-6	-15	-3	-8	3.09	3.13
Your bank's margin on riskier loans	1	5	81	4	0	9	6	2	3	1	2.96	2.93
B) Other conditions and terms												
Non-interest rate charges	0	3	84	4	0	8	-3	-1	-1	-1	3.04	2.97
Size of the loan or credit line	0	3	82	6	1	8	3	-4	1	-2	2.98	3.01
Collateral requirements	1	5	82	3	1	8	2	3	2	1	2.97	2.94
Loan covenants	0	0	87	4	1	8	-2	-4	-1	-3	3.02	3.01
Maturity	0	5	83	3	0	8	2	2	1	1	2.98	2.94

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

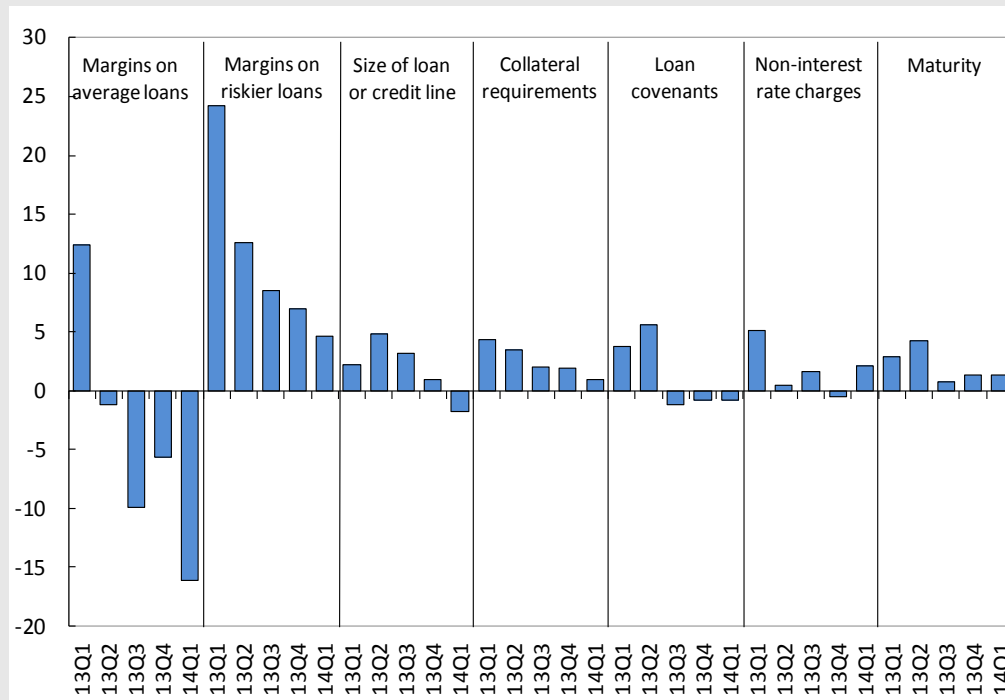
Notes: The net percentage is defined as the difference between the sum of banks responding “-” (contributed considerably to tightening) and “°” (contributed somewhat to tightening), and the sum of banks responding “+” (contributed somewhat to easing) and “++” (contributed considerably to easing). “°”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

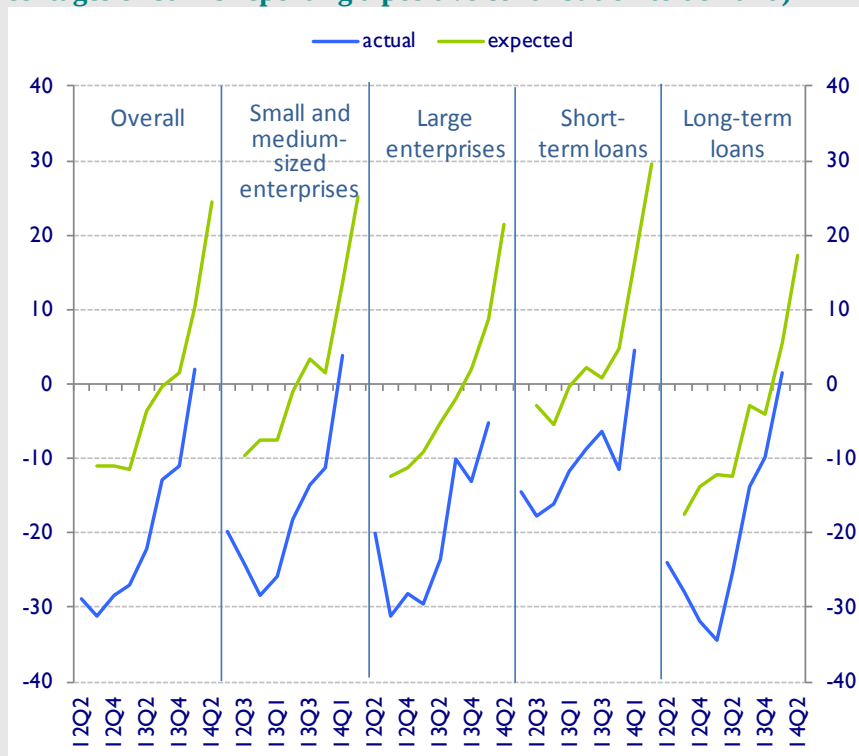
	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14
Decreased considerably	2	1	4	1	2	1	2	1	2	1
Decreased somewhat	17	14	15	16	17	15	14	11	16	14
Remained basically unchanged	74	67	74	61	74	72	80	71	74	68
Increased somewhat	8	18	7	21	6	11	4	17	8	17
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	-11	2	-11	4	-13	-5	-12	4	-10	1
Diffusion index	-7	0	-7	1	-8	-3	-7	2	-6	0
Mean	2.88	3.01	2.86	3.02	2.86	2.94	2.88	3.03	2.90	3.00
Number of banks responding	127	131	123	127	123	127	127	131	127	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 loans or credit lines to enterprises? (in percentages, unless otherwise stated)

	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14
A) Financing needs												
Fixed investment	0	16	70	11	0	3	-10	-5	-6	-2	2.87	2.95
Inventories and working capital	0	5	76	16	0	4	-7	11	-4	6	2.92	3.11
Mergers/acquisitions and corporate restructuring	0	4	87	5	1	4	-4	2	-2	1	2.96	3.02
Debt restructuring	0	3	80	13	0	4	13	11	7	5	3.15	3.11
B) Use of alternative finance												
Internal financing	0	11	83	3	0	3	-5	-8	-3	-4	2.94	2.92
Loans from other banks	1	4	89	3	0	3	-1	-2	-1	-1	3.00	2.97
Loans from non-banks	0	5	87	2	1	6	-1	-2	0	0	3.00	2.95
Issuance of debt securities	0	9	79	3	0	9	-10	-6	-5	-3	2.90	2.89
Issuance of equity	0	1	86	1	0	12	0	0	0	0	3.00	2.94

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

Notes: The net percentage is defined as the difference between the sum of banks responding “+” (contributed 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)

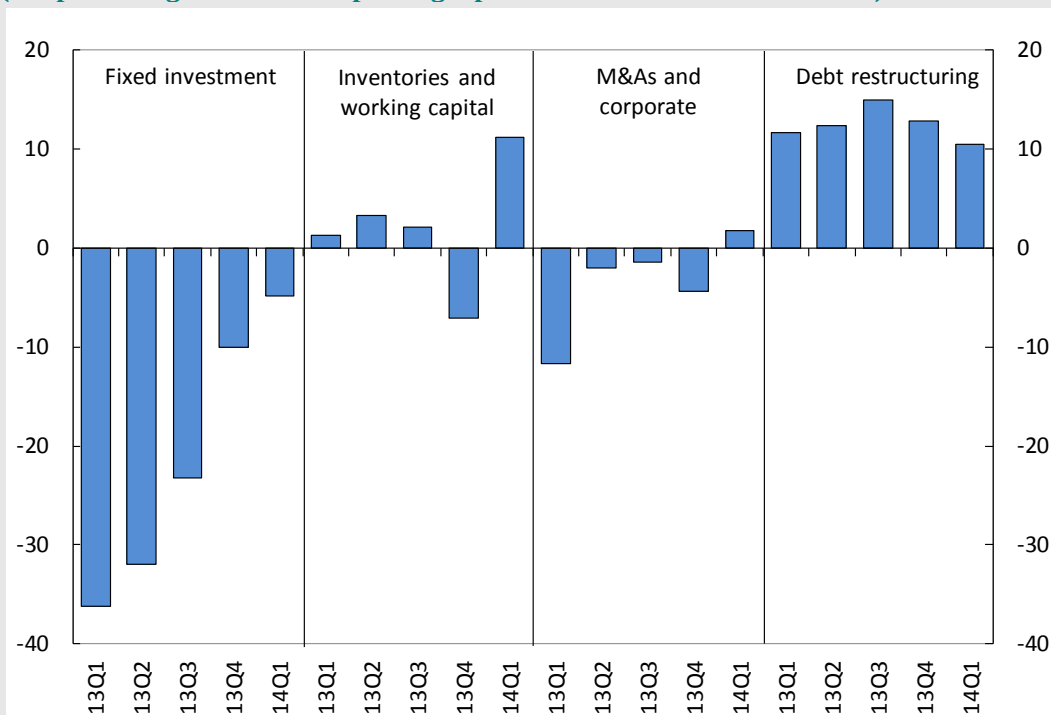
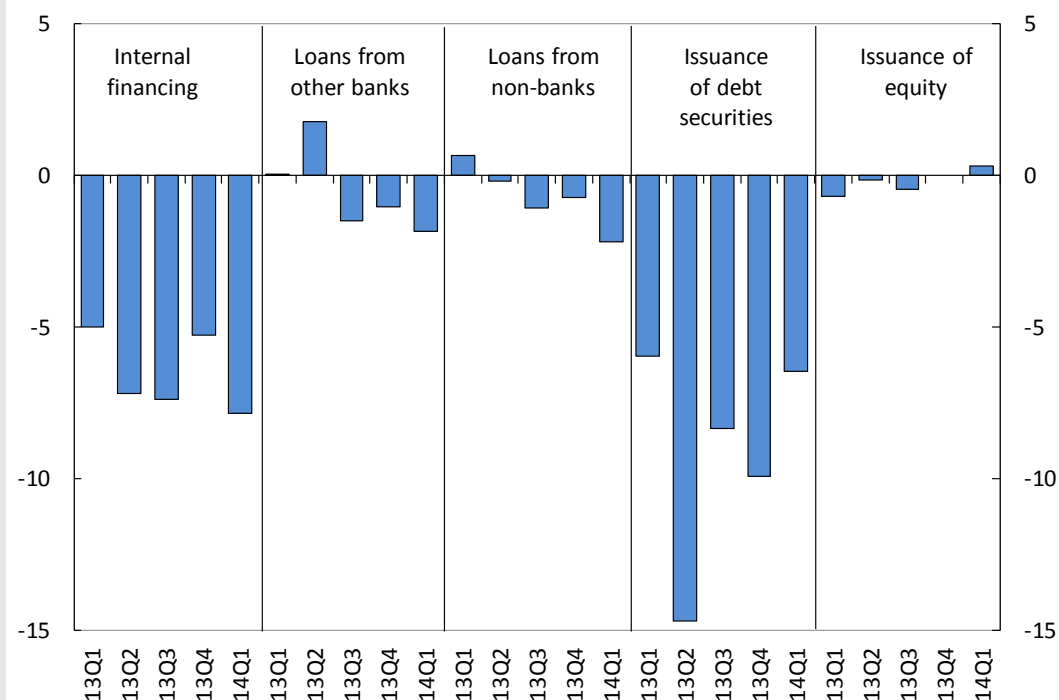


Chart 5b

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)

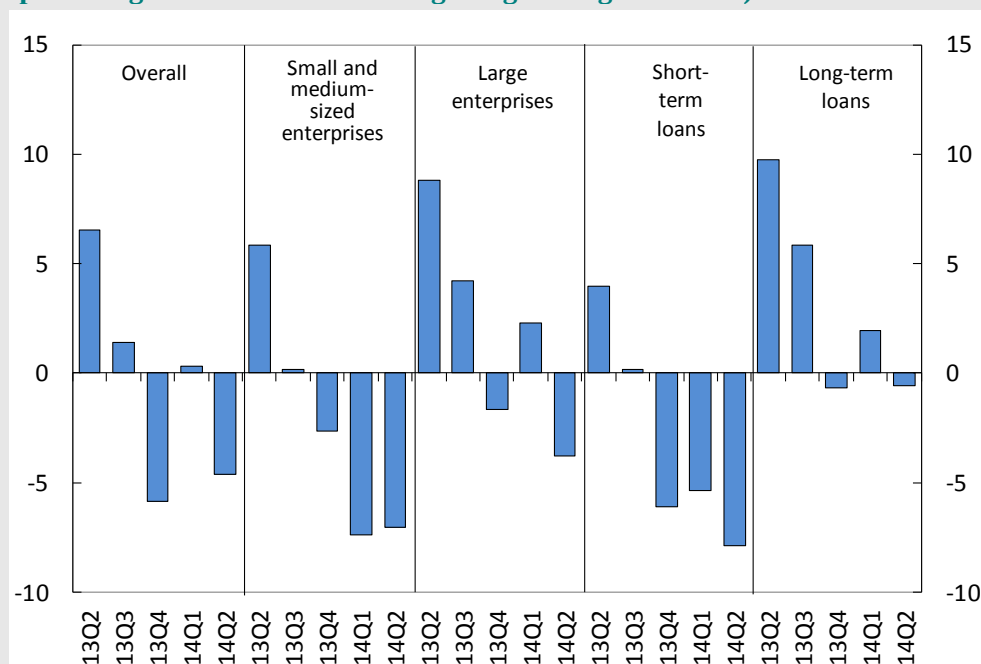
	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14
Tighten considerably	0	0	0	0	0	0	0	0	0	0
Tighten somewhat	5	1	3	0	9	2	2	1	6	2
Remain basically unchanged	91	93	87	92	84	92	91	90	89	96
Ease somewhat	5	6	9	7	7	6	7	9	5	2
Ease considerably	0	0	1	0	0	0	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	0	-5	-7	-7	2	-4	-5	-8	2	-1
Diffusion index	0	-2	-4	-4	1	-2	-3	-4	1	0
Mean	3.00	3.05	3.09	3.07	2.98	3.04	3.05	3.08	2.98	3.01
Number of banks responding	127	131	123	127	123	127	127	131	127	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 demand for loans or credit lines to enterprises to change at your bank over the next three months (apart from normal seasonal fluctuations) (in percentages, unless otherwise stated)

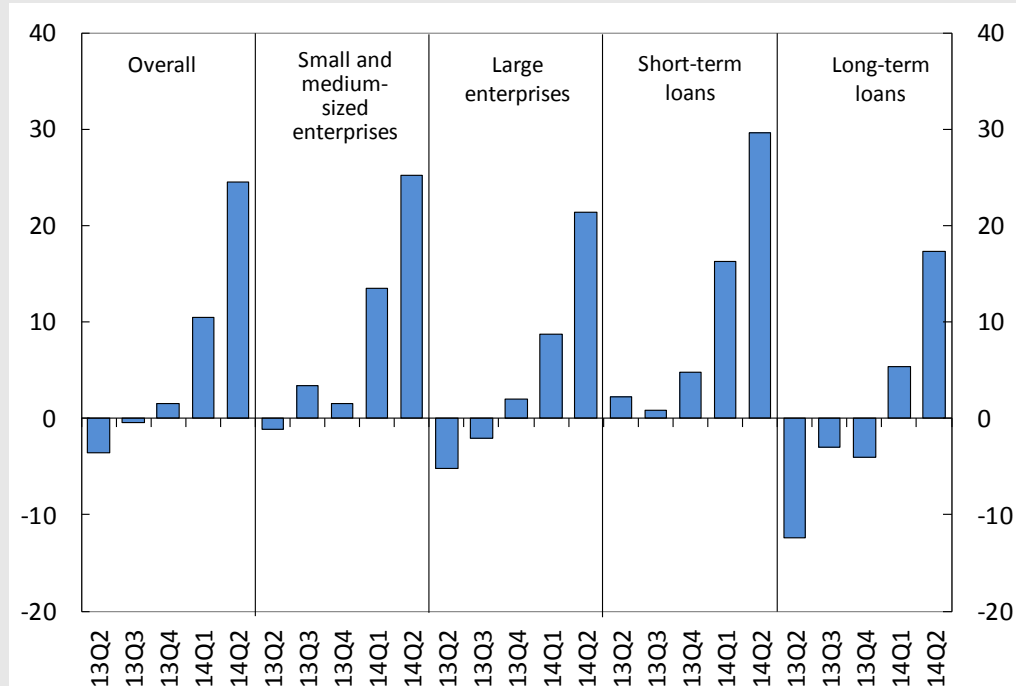
	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14
Decrease considerably	0	0	0	0	0	0	0	0	0	0
Decrease somewhat	2	5	6	6	2	3	2	2	4	8
Remain basically unchanged	85	66	74	62	86	72	80	67	87	66
Increase somewhat	13	29	20	31	11	25	18	31	9	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	10	25	14	25	9	21	16	30	5	17
Diffusion index	5	12	7	13	4	11	8	15	3	9
Mean	3.10	3.25	3.13	3.25	3.09	3.21	3.16	3.30	3.05	3.17
Number of banks responding	126	130	122	127	122	127	126	131	125	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 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)

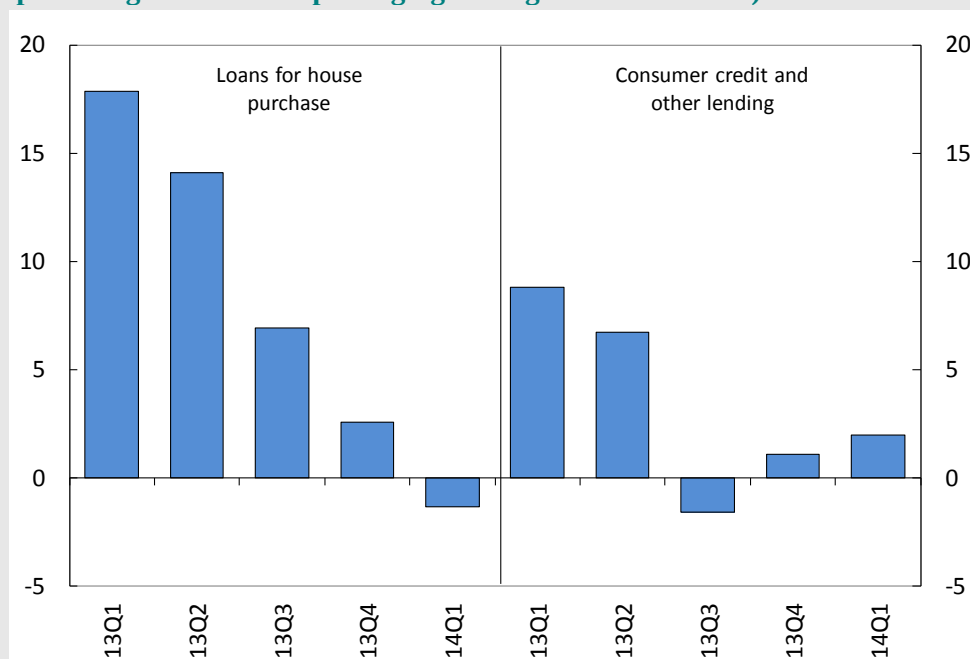
	Loans for house purchase		Consumer credit and other lending	
	Jan 14	Apr 14	Jan 14	Apr 14
Tightened considerably	0	0	0	0
Tightened somewhat	5	4	2	1
Remained basically unchanged	89	87	97	95
Eased somewhat	6	9	0	3
Eased considerably	0	0	0	0
Total	100	100	100	100
Net percentage	0	-5	2	-2
Diffusion index	0	-2	1	-1
Mean	3.01	3.05	2.98	3.02
Number of banks responding	123	126	122	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 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	
							Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14
A) Cost of funds and balance sheet constraints	0	1	89	2	0	8	2	-1	1	-1	2.96	3.01
B) Pressure from competition												
Competition from other banks	0	0	82	10	0	8	-7	-9	-4	-5	3.03	3.10
Competition from non-banks	0	0	89	2	0	9	0	-2	0	-1	2.98	3.01
C) Perception of risk												
Expectations regarding general economic activity	0	0	92	1	0	7	0	0	0	0	2.99	3.00
Housing market prospects	0	4	88	1	0	7	2	3	1	2	2.98	2.96

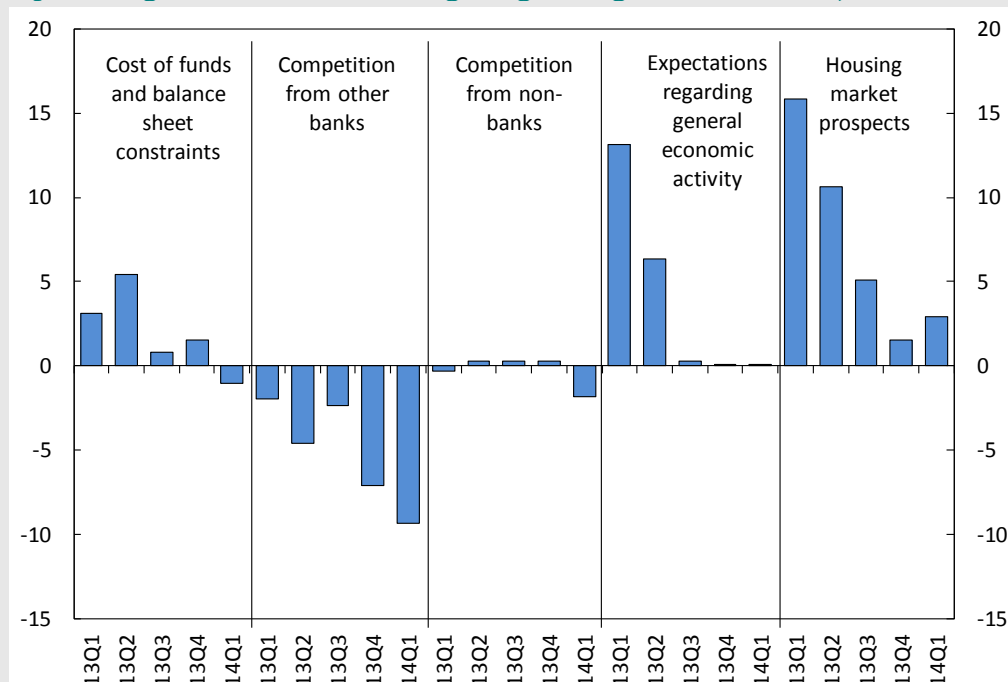
NA = not available; NetP = net percentage; DI = diffusion index.

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

Chart 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)

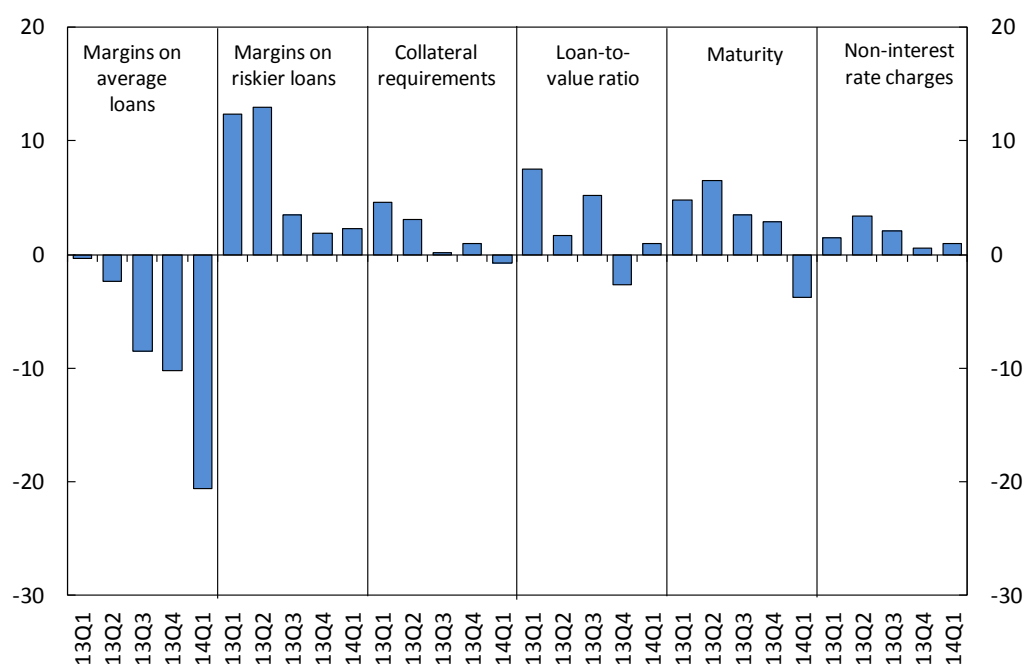
	--	-	°	+	++	NA	NetP		DI		Mean	
							Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14
A) Price												
Your bank's margin on average loans	0	3	67	23	0	7	-10	-21	-5	-10	3.11	3.22
Your bank's margin on riskier loans	0	3	87	1	0	9	2	2	1	1	3.00	2.97
B) Other conditions and terms												
Collateral requirements	0	0	92	1	0	7	1	-1	1	0	2.99	3.01
Loan-to-value ratio	0	4	85	3	0	7	-3	1	-1	1	3.02	2.98
Maturity	0	0	89	4	0	7	3	-4	1	-2	2.98	3.04
Non-interest rate charges	0	1	91	0	0	7	1	1	0	0	2.99	2.99

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	
							Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14
A) Cost of funds and balance sheet constraints	0	1	92	1	0	6	0	0	0	0	2.99	3.00
B) Pressure from competition												
Competition from other banks	0	0	92	1	0	6	-6	-1	-3	-1	3.02	3.02
Competition from non-banks	0	0	92	0	0	7	-3	0	-1	0	3.02	3.00
C) Perception of risk												
Expectations regarding general economic activity	0	0	92	2	0	6	0	-2	0	-1	2.99	3.02
Creditworthiness of consumers	0	1	90	3	0	6	1	-2	1	-1	2.98	3.02
Risk on collateral demanded	0	0	93	0	0	7	1	0	1	0	2.98	2.99

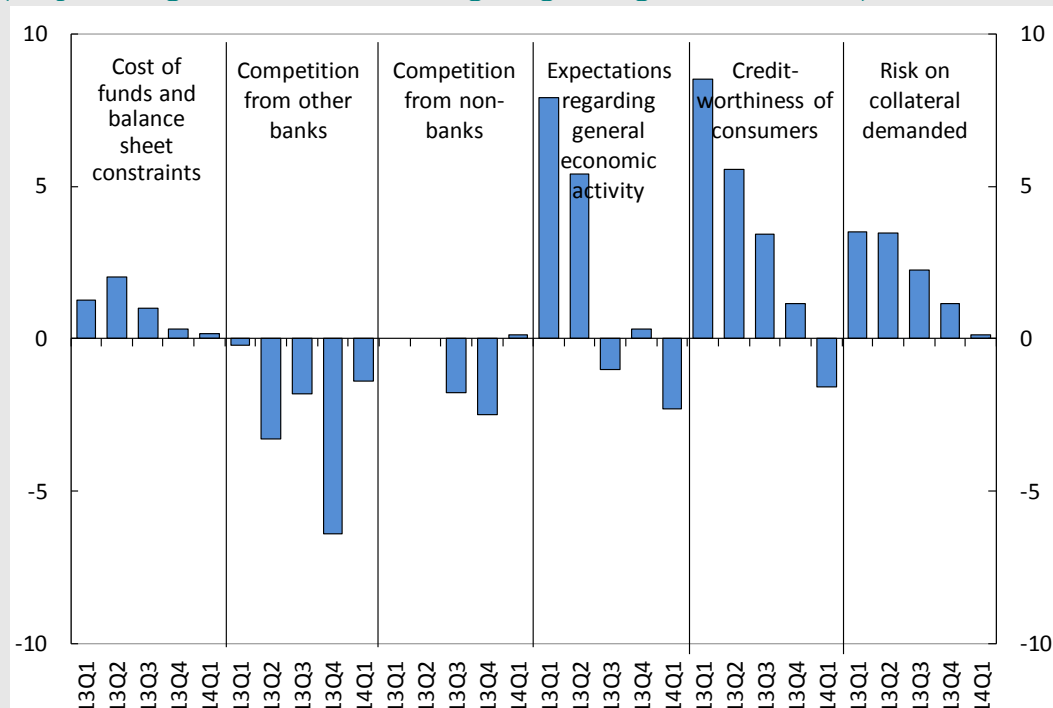
NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding “-” (contributed considerably to 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	
	Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14		
A) Price												
Your bank's margin on average loans	0	3	87	5	0	6	-6	-3	-4	-1	3.03	3.03
Your bank's margin on riskier loans	0	2	90	1	0	6	1	1	0	0	2.99	2.99
B) Other conditions and terms												
Collateral requirements	0	1	92	0	0	7	1	1	0	0	2.99	2.99
Maturity	0	1	94	0	0	6	-1	1	0	0	3.01	2.99
Non-interest rate charges	0	2	92	0	0	6	0	1	0	1	2.99	2.98

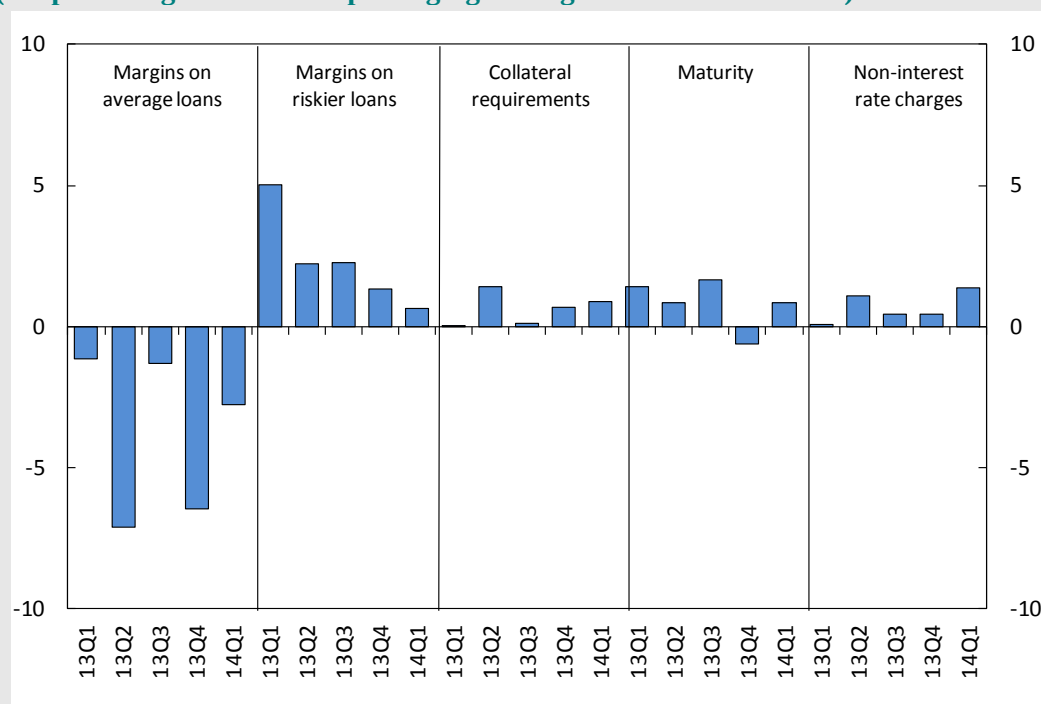
NA = not available; NetP = net percentage; DI = diffusion index.

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 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)

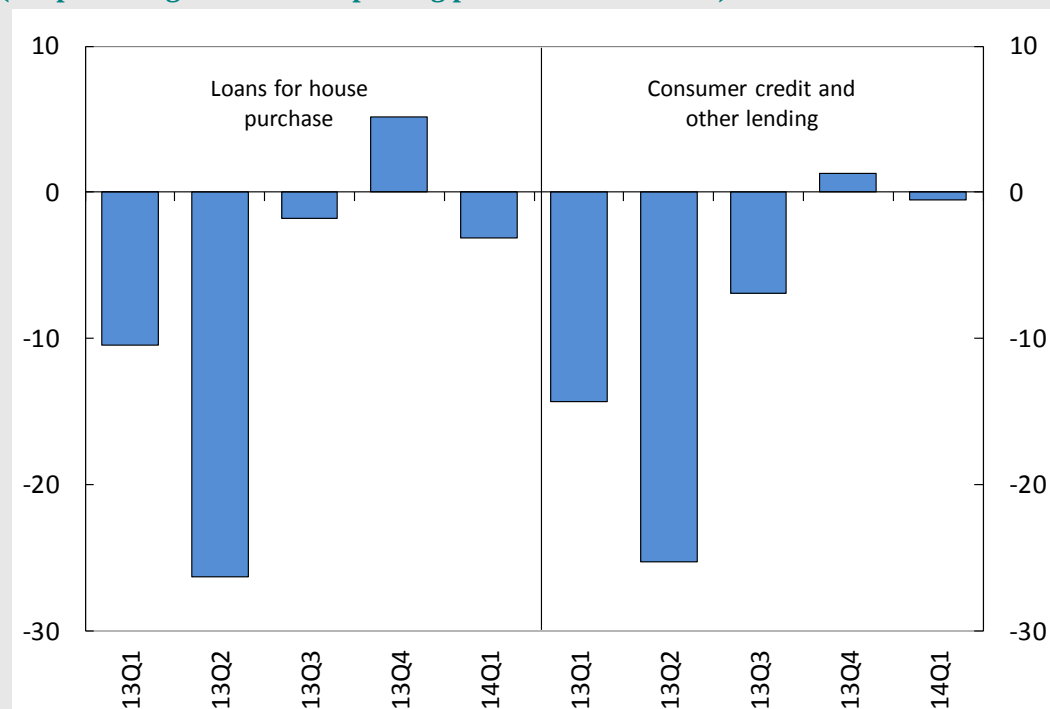
	Loans for house purchase		Consumer credit and other lending	
	Jan 14	Apr 14	Jan 14	Apr 14
Decreased considerably	2	1	2	0
Decreased somewhat	17	15	8	10
Remained basically unchanged	66	55	80	75
Increased somewhat	15	27	9	15
Increased considerably	0	2	0	0
Total	100	100	100	100
Net percentage	-3	13	-1	4
Diffusion index	-3	7	-2	2
Mean	2.94	3.13	2.97	3.05
Number of banks responding	122	126	123	127

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	
							Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14
A) Financing needs												
Housing market prospects	0	9	62	22	0	7	-1	13	-1	7	3.01	3.16
Consumer confidence	0	10	64	18	0	7	-9	8	-4	4	2.96	3.09
Non-housing-related consumption expenditure	0	6	86	1	0	7	-3	-5	-2	-2	2.97	2.95
B) Use of alternative finance												
Household savings	0	4	87	1	0	7	1	-3	0	-1	2.99	2.97
Loans from other banks	0	6	83	3	1	7	-5	-2	-3	-1	2.94	2.98
Other sources of finance	0	1	91	0	0	8	-1	-1	-1	-1	2.99	2.99

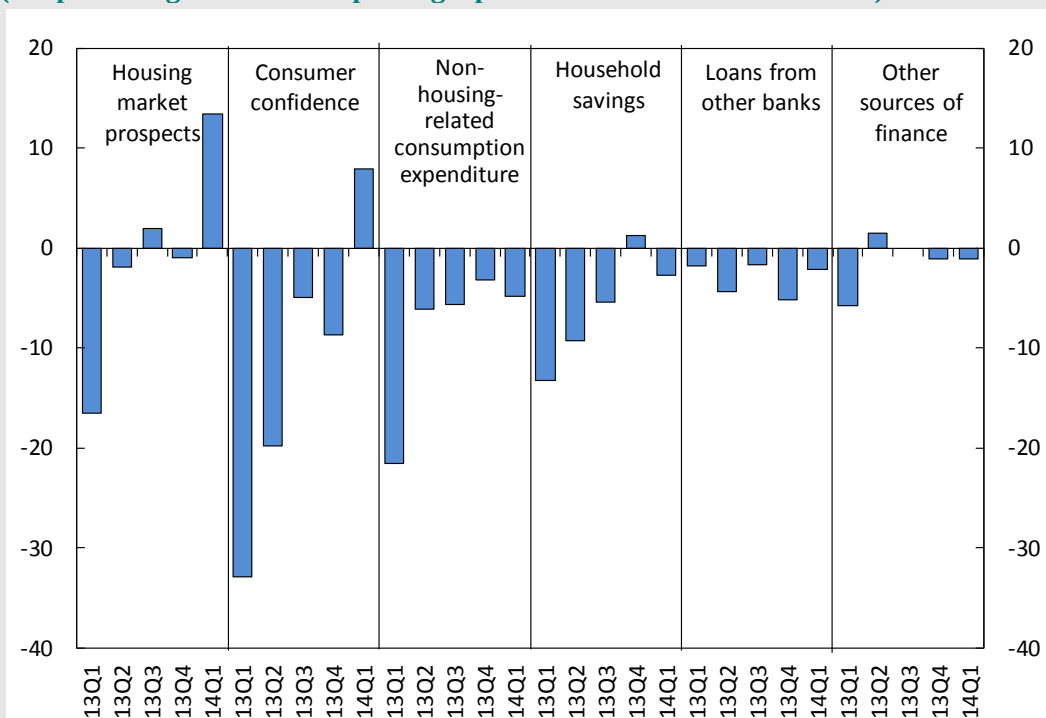
NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding “+” (contributed 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		DI		Mean	
							Jan 14	Apr 14	Jan 14	Apr 14	Jan 14	Apr 14
A) Financing needs												
Spending on durable consumer goods	1	11	68	14	0	7	0	2	-1	1	2.97	3.00
Consumer confidence	0	15	68	11	0	6	5	-5	2	-2	3.06	2.97
Securities purchases	0	1	85	0	0	14	-1	-1	0	-1	2.99	2.97
B) Use of alternative finance												
Household savings	0	3	92	0	0	5	0	-3	0	-1	3.00	2.96
Loans from other banks	0	5	89	1	0	5	-6	-4	-3	-2	2.94	2.95
Other sources of finance	0	1	91	0	0	8	0	-1	0	0	3.00	2.98

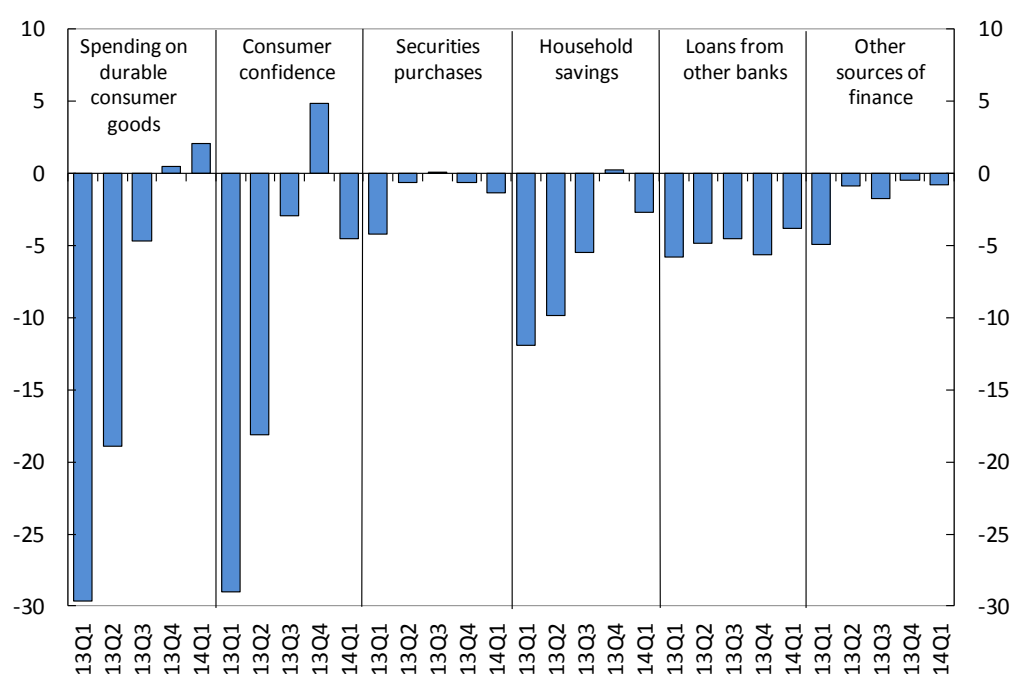
NA = not available; NetP = net percentage; DI = diffusion index.

Notes: The net percentage is defined as the difference between the sum of banks responding “+” (contributed 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)



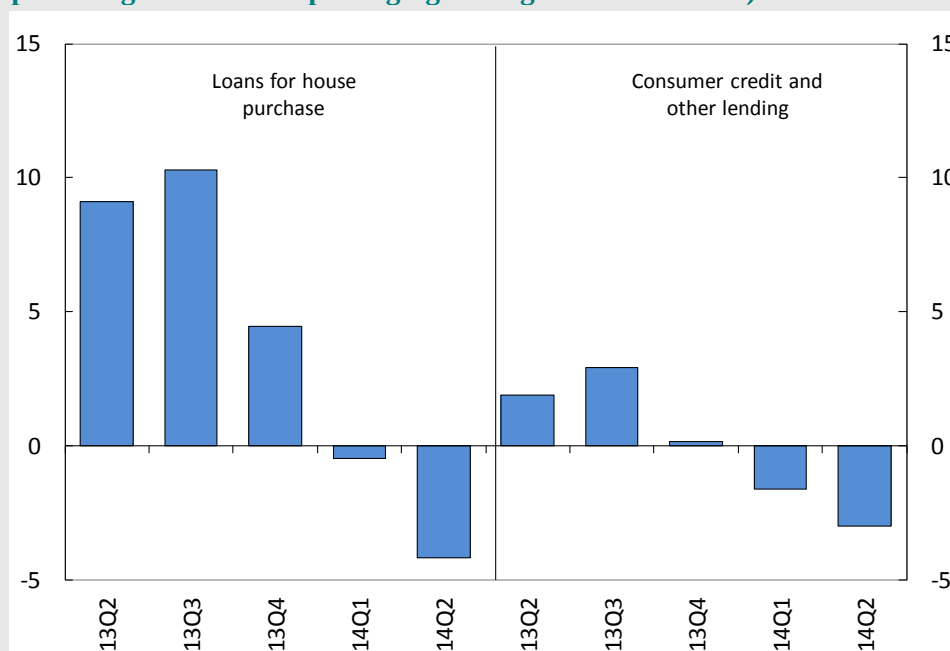
16. Please indicate how you expect your bank's credit standards as applied to the approval of loans to households to change over the next three months. (in percentages, unless otherwise stated)

	Loans for house purchase		Consumer credit and other lending	
	Jan 14	Apr 14	Jan 14	Apr 14
Tighten considerably	0	0	0	0
Tighten somewhat	3	3	1	2
Remain basically unchanged	90	96	94	94
Ease somewhat	7	1	4	5
Ease considerably	0	0	0	0
Total	100	100	100	100
Net percentage	-4	1	-3	-3
Diffusion index	-2	0	-1	-2
Mean	3.04	2.99	3.03	3.03
Number of banks responding	122	126	122	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 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)

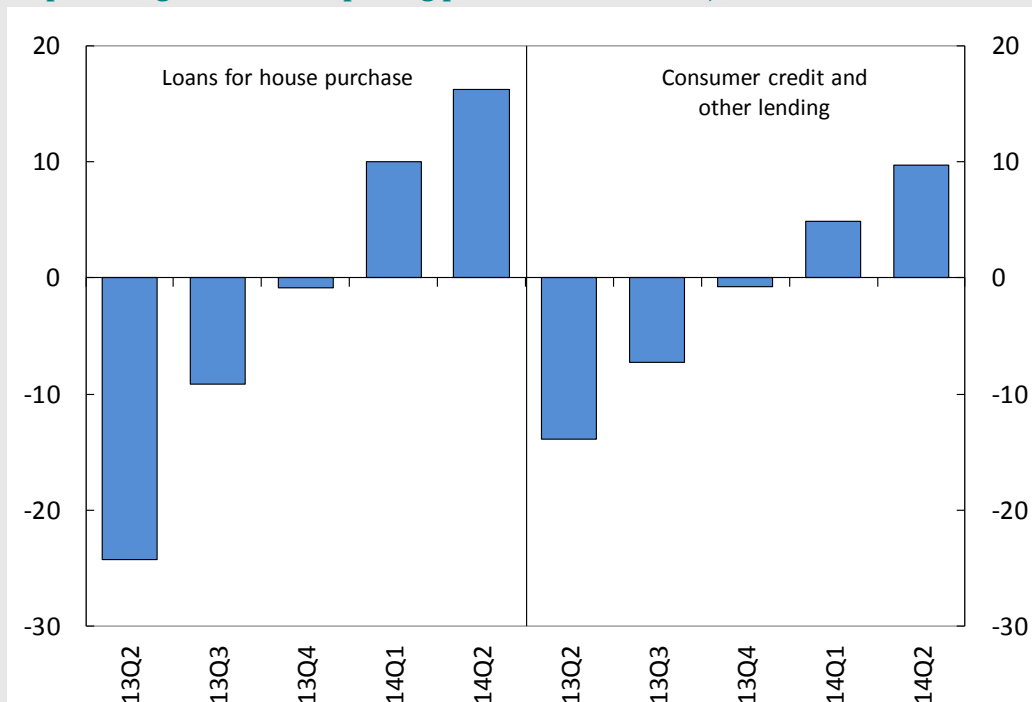
	Loans for house purchase		Consumer credit and other lending	
	Jan 14	Apr 14	Jan 14	Apr 14
Decrease considerably	0	0	0	0
Decrease somewhat	7	18	2	1
Remain basically unchanged	71	57	86	82
Increase somewhat	22	24	12	17
Increase considerably	0	1	0	0
Total	100	100	100	100
Net percentage	14	7	10	16
Diffusion index	7	4	5	8
Mean	3.16	3.09	3.10	3.16
Number of banks responding	122	126	123	126

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	15	72	11	0	3	2.91	0.64	0	4	79	9	0	-4	2.82	0.86	11
Long-term (more than one year) deposits and other retail funding instruments	0	9	72	17	0	-7	3.02	0.66	0	4	74	8	0	-4	2.60	1.07	12
B) Inter-bank unsecured money market																	
Very short-term money market (up to one week)	0	1	79	13	0	-11	2.93	0.82	0	1	75	10	0	-9	2.66	1.07	10
Short-term money market (more than one week)	0	2	83	14	0	-11	3.10	0.45	0	1	77	7	0	-5	2.59	1.06	11
C) Wholesale debt securities ⁽³⁾																	
Short-term debt securities (e.g. certificates of deposit or commercial paper)	0	1	74	10	0	-9	2.64	1.08	0	0	79	5	1	-6	2.61	1.06	27
Medium to long-term debt securities (incl. covered bonds)	0	1	54	30	2	-31	2.94	1.20	0	7	72	18	1	-12	3.06	0.69	15
D) Securitisation ⁽⁴⁾																	
Securitisation of corporate loans	0	3	69	16	4	-17	2.95	0.64	0	2	76	19	0	-17	3.09	0.67	60
Securitisation of loans for house purchase	0	3	66	19	4	-20	2.99	0.66	0	0	85	12	0	-12	3.04	0.72	56
E) Ability to transfer credit risk off balance sheet ⁽⁵⁾	0	3	81	5	5	-7	2.91	0.41	0	9	71	18	0	-9	3.00	0.71	63

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

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

(3) Usually involves on-balance sheet funding.

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

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

Notes: "--" = deteriorated considerably/will deteriorate considerably; "-" = deteriorated somewhat/will deteriorate somewhat; "o" = remained unchanged/will remain unchanged; "+" = eased somewhat/will ease somewhat; "++" = eased considerably/will ease considerably. The mean and standard deviation are calculated by attributing the values 1 to 5 to the first possible answer and consequently for the others. Figures may not exactly sum up due to rounding.

d in the European sovereign debt market¹), how have the
 changes in your bank's funding conditions / credit standards /
 (in percentages unless otherwise stated)

Lending conditions																		
NetP	Mean	SD																
11	3.13	0.40																
11	3.13	0.40																
3	3.03	0.19																
			Impact on your bank's credit standards															
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
0	3.00	0.12	0	0	97	3	0	-3	3.03	0.18	0	1	98	1	0	-1	3.01	0.15
1	3.01	0.08	0	0	97	3	0	-3	3.03	0.19	0	0	98	2	0	-2	3.02	0.14
1	2.99	0.10	0	1	99	0	0	1	2.99	0.10	0	1	99	0	0	1	2.99	0.10
			Impact on your bank's lending margins															
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
3	3.03	0.18	0	0	94	6	0	-6	3.06	0.25	0	0	99	1	0	-1	3.01	0.12
2	3.02	0.14	0	0	95	5	0	-5	3.05	0.22	0	0	98	2	0	-2	3.02	0.14
0	3.00	0.00	0	0	99	1	0	-1	3.01	0.12	0	0	100	0	0	0	3.00	0.00

iii. How would you describe the current level of your bank's credit standards for each of the listed loan categories, relative to the range of your bank's credit standards in the time periods specified below?

(a) Current level compared with the range of your bank's credit standards between the first quarter of 2003 and now:

	Loans to enterprises			Loans to households	
	Overall loans to enterprises	Loans to small and medium-sized enterprises	Loans to large enterprises	For house purchase	Consumer credit and other lending
Considerably tighter than the midpoint of the range	23	24	27	18	20
Moderately tighter than the midpoint of the range	33	33	29	37	31
Basically identical to the midpoint of the range	26	24	26	24	28
Moderately looser than the midpoint of the range	2	3	2	3	2
Considerably looser than the midpoint of the range	2	0	2	0	1
At the tightest level during this period	6	5	6	6	2
Levels have remained constant during this period	3	3	3	6	9
At the loosest level during this period	0	0	0	0	0

Note: The "midpoint of the range" of credit standards is defined as the midpoint between the maximum and the minimum level of credit standards during this time period.

(b) Current level compared with the range of your bank's credit standards between the second quarter of 2010 and now:

	Loans to enterprises			Loans to households	
	Overall loans to enterprises	Loans to small and medium-sized enterprises	Loans to large enterprises	For house purchase	Consumer credit and other lending
Considerably tighter than the midpoint of the range	10	10	11	9	6
Moderately tighter than the midpoint of the range	23	23	21	26	20
Basically identical to the midpoint of the range	34	40	38	35	43
Moderately looser than the midpoint of the range	13	8	12	4	5
Considerably looser than the midpoint of the range	2	1	2	0	1
At the tightest level during this period	4	4	2	6	2
Levels have remained constant during this period	14	14	14	19	22
At the loosest level during this period	0	0	0	1	0

Note: The "midpoint of the range" of credit standards is defined as the midpoint between the maximum and the minimum level of credit standards during this time period.

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.