

BANK LENDING SURVEY

April 2013

Results for Portugal**I. Overall assessment**

The monetary and financing conditions of the Portuguese economy remained considerably constrained in the first quarter of 2013, but did not worsen *vis-à-vis* the previous quarter. In general, credit standards and conditions and terms applied to loans to enterprises and households remained unchanged, existing, however, signs of a slight decrease in restrictiveness regarding loans or credit lines to small and medium enterprises (SMEs). The survey results point to a relative stabilization in the demand for loans by enterprises and by households for consumption and others purposes, but also to a slight decrease in demand as regards loans for house purchase.

II. Presentation of the results**Supply**

According to the results of the survey made to the five Portuguese banking groups included in the sample, credit standards remained virtually unchanged in the first quarter of 2013, in line with the results of the two previous rounds. This stabilization was widespread across the several credit segments analysed and confirms the expectations presented by the surveyed banks in January. Nevertheless, it should be noted that a number of banks reported a slight easing of credit standards in some of loans or credit lines to enterprises. This evidence is relatively more robust in the case of loans to SMEs. The expectation for the current quarter, however, is that the credit standards remain virtually unchanged, both for the approval of loans or credit lines to enterprises and for the approval of loans to households for house purchase and for consumption and other purposes.

The surveyed banks continue to identify the factors contributing to a slight increase in restrictiveness. Reference should be made to the less favourable expectations regarding general economic activity, the deteriorating outlook for specific sectors and enterprises (in the case of loans to enterprises), the worsening outlook for the housing market (in the case of loans to households for house purchase) and the decline of consumers' creditworthiness (in the case of loans to households for consumption and other purposes). In the opposite direction, it should be noted the positive effect of banks' improved liquidity position, although some institutions continue to report the existence of balance sheet constraints related to the granting of loans for house purchase.

Against this background, the majority of conditions and terms applied to loans remained virtually unchanged, both in the case of loans to enterprises and loans to households (house purchase and consumption and other purposes). It should be mentioned, however, a slight decrease in the restrictiveness reported with regard to spreads applied to average loans, in the case of loans or credit lines to SMEs. In turn, although to a lesser extent than in previous quarters, a number of banks continue to report an increase in spreads applied to riskier loans in all credit segments analyzed.

Demand

The survey results point to a stabilization in the demand for loans by enterprises during the first quarter of the year, despite the slight decline in the demand for long-term loans, in line with banks' expectations in the January survey. The reduction in financing needs related to fixed investment occurred alongside the increase in financing needs related to inventories and working capital and the increased financing needs for debt restructuring. For the second quarter of 2013, the surveyed banks do not foresee significant changes in the demand for loans by enterprises.

Regarding households, results point to a decline in the demand for loans for house purchase and to a relative stabilization in the case of loans for consumption and other purposes. Among the factors that mostly contributed to the reduction in credit demand by households, it is worth mentioning the decline in consumer confidence, the deteriorating outlook for the housing market and the downturn in spending on durable consumer goods. For the current quarter, some surveyed banks continue to anticipate a slight decline in the demand for loans for house purchase, alongside a relative stabilization in the demand for loans for consumption and other purposes.

III. Ad hoc questions

This survey includes two *ad hoc* questions. The first question seeks to evaluate the impact of the situation in financial markets on banks' access to funding and on their ability to transfer risk. The second question is intended to assess the impact of the sovereign debt crisis on banks' funding conditions, credit standards and spreads applied to the approval of loans.

Banks' market access through the usual sources of retail and wholesale funding remained, in general, unchanged throughout the first quarter of 2013, and there are no expectations that the situation will change in the course of this quarter. In any case, a slight improvement with respect to long-term deposits and other retail funding instruments was reported, as well as an improvement in what regards the issuance of medium to long-term debt securities (including covered bonds).

Regarding the impact of tensions in the European sovereign debt market, the majority of the surveyed banks indicated the absence of significant changes on their funding conditions, credit standards or spreads applied to loans in the course of the first quarter of 2013.

METHODOLOGICAL NOTE

The following tables include the results for Portugal of the Bank Lending Surveys (BLS) conducted in April 2013.

Two sets of tables are included in the survey: the first set is about loans and credit lines to non financial enterprises while the second one is on loans to households. In the case of enterprises two sorts of segmentations have been undertaken: small and medium sized (SME) versus large enterprises, and short-term versus long-term loans. For households, a distinction between loans for house purchase and consumer credit and other lending has been made.

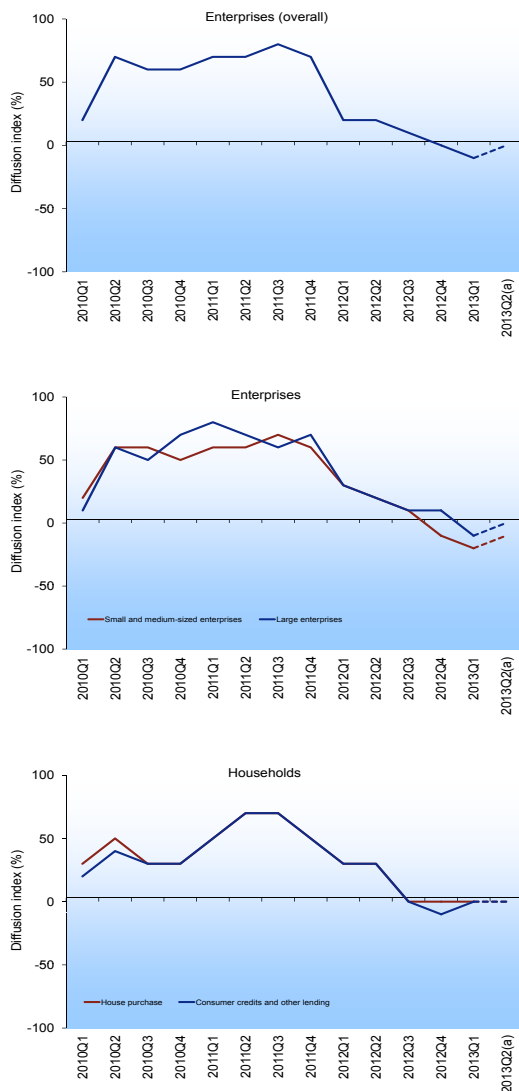
For each sector - enterprises and households - the questions are focused on: i) the current and the prospective assessment of credit standards, conditions and terms for lending approval, on the one hand, and on demand trends, on the other (tables 1, 4, 6, 7, 8, 13, 16 and 17); and ii) the appraisal of factors affecting credit standards, conditions and terms (tables 2, 3, 9, 10, 11 e 12), and those underlying developments in demand (tables 5, 14 e 15).

Tables on the first set of questions have five possible options, for each segment, according to the trend and rate of the changes reported (either occurred or foreseen); replies are shown along columns. Answers to tables on factors' appraisal are along the rows; six options are available - including NA (not applicable) - according to their contribution to either supply or demand conditions.

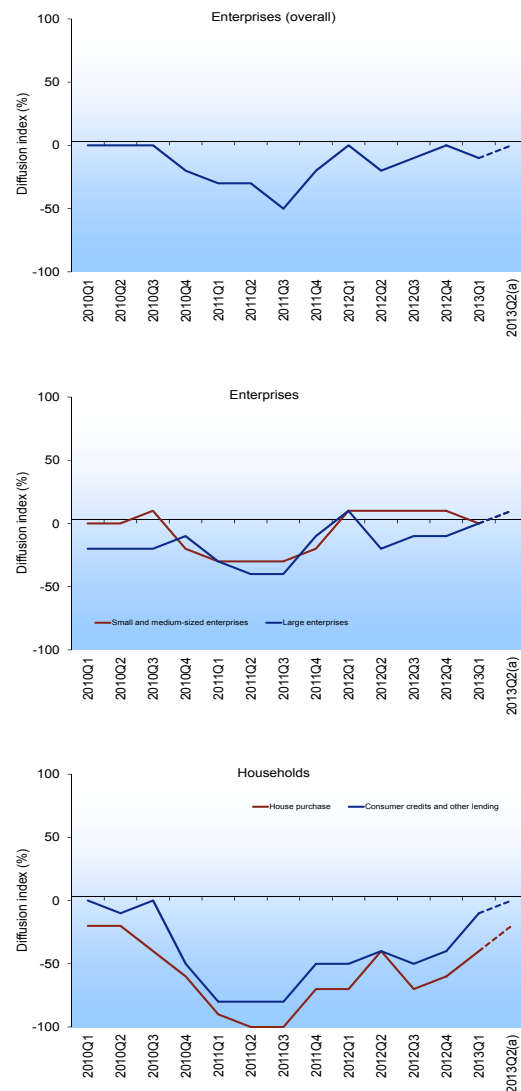
The results of the survey are as follows:

- The number of banks choosing each option;
- The diffusion index of the options chosen by the banks, calculated using a scale (from -1 to 1) to aggregate individual replies, according to which 0 corresponds to "remained basically unchanged". For questions concerning supply, values of less than 0 mean a loosening of the criteria or the impact of factors in the sense of lower restrictiveness. The -0.5 figure corresponds to a "slight" change (the closer the diffusion index is to 0, the slighter it will be the change) while -1 stands for a considerable change in the sense of lower restrictiveness. In turn, values exceeding 0 indicates an increase in restrictiveness or in the impact of factors supporting it. The 0.5 figure corresponds to a "slight" change while 1 stands for a considerable increase in restrictiveness. In the questions about demand, the same scale applies, with negative figures standing for decreases in demand and positive figures signaling the opposite evolution (or the impact of factors affecting it).

CREDIT SUPPLY



CREDIT DEMAND



Note: (a) Banks' expectations.

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?

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Tightened considerably					
Tightened somewhat					
Remained basically unchanged	4	3	4	4	5
Eased somewhat	1	2	1	1	
Eased considerably					

	Diffusion index % Apr.13	Jan.13			
	-10	-20	-10	-10	0
	0	-10	10	-10	0

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** (as described in question 1 in the column headed "Overall")? Please rate the contribution of the following factors to the tightening or easing of credit standards using the following scale:

- = contributed considerably to tightening of credit standards
- = contributed somewhat to tightening of credit standards
- ° = contributed to basically unchanged credit standards
- + = contributed somewhat to easing of credit standards
- ++ = contributed considerably to easing of credit standards
- NA = not applicable

Overall

	--	-	°	+	++	NA	Diffusion index %	
							Apr.13	Jan.13
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position ⁽¹⁾			5				0	10
• Your bank's ability to access market financing (e.g. money or bond market financing, including true-sale securitisation) ⁽²⁾			5				0	-10
• Your bank's liquidity position			2	3			-30	-10
B) Pressure from competition								
• Competition from other banks			5				0	0
• Competition from non-banks			5				0	0
• Competition from market financing			5				0	0
C) Perception of risk								
• Expectations regarding general economic activity		2	3				20	30
• Industry or firm-specific outlook		3	2				30	20
• Risk on the collateral demanded		1	4				10	10

(1) Can involve the use of credit derivatives, with the loans remaining on the bank's balance sheet.

(2) Involves the sale of loans from the bank's balance sheet, i.e. off-balance sheet funding.

(To be continued)

(Continued)

Loans to small and medium-sized enterprises	--	-	°	+	++	NA	Diffusion index %	
							Apr.13	Jan.13
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position ⁽¹⁾			5				0	10
• Your bank's ability to access market financing (e.g. money or bond market financing, including true-sale securitisation) ⁽²⁾			5				0	-20
• Your bank's liquidity position			2	3			-30	-30
B) Pressure from competition								
• Competition from other banks			5				0	0
• Competition from non-banks			5				0	0
• Competition from market financing			5				0	0
C) Perception of risk								
• Expectations regarding general economic activity		3	2				30	20
• Industry or firm-specific outlook		3	2				30	30
• Risk on the collateral demanded		1	4				10	10

(1) Can involve the use of credit derivatives, with the loans remaining on the bank's balance sheet.

(2) Involves the sale of loans from the bank's balance sheet, i.e. off-balance sheet funding.

Loans to large enterprises	--	-	°	+	++	NA	Diffusion index %	
							Apr.13	Jan.13
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position ⁽¹⁾			5				0	10
• Your bank's ability to access market financing (e.g. money or bond market financing, including true-sale securitisation) ⁽²⁾			5				0	-10
• Your bank's liquidity position			2	3			-30	-20
B) Pressure from competition								
• Competition from other banks			5				0	0
• Competition from non-banks			5				0	0
• Competition from market financing			5				0	0
C) Perception of risk								
• Expectations regarding general economic activity		2	3				20	20
• Industry or firm-specific outlook		3	2				30	20
• Risk on the collateral demanded		1	4				10	10

(1) Can involve the use of credit derivatives, with the loans remaining on the bank's balance sheet.

(2) Involves the sale of loans from the bank's balance sheet, i.e. off-balance sheet funding.

3. Over the past three months, how have your bank's **conditions** and terms for approving **loans or credit lines to enterprises** changed?
Please rate each factor using the following scale:

- = tightened considerably
- = tightened somewhat
- ° = remained basically unchanged
- + = eased somewhat
- ++ = eased considerably
- NA = not applicable

Overall	--	-	°	+	++	NA	Diffusion index %	
							Apr.13	Jan.13
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)			4	1			-10	0
• Your bank's margin on riskier loans		2	3				20	30
B) Other conditions and terms								
• Non-interest rate charges			5				0	10
• Size of the loan or credit line			5				0	10
• Collateral requirements			5				0	20
• Loan covenants			5				0	10
• Maturity			5				0	20

Loans to small and medium-sized enterprises	--	-	°	+	++	NA	Diffusion index %	
							Apr.13	Jan.13
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)			2	3			-30	-10
• Your bank's margin on riskier loans		1	4				10	40
B) Other conditions and terms								
• Non-interest rate charges			5				0	10
• Size of the loan or credit line			4	1			-10	10
• Collateral requirements			5				0	20
• Loan covenants			5				0	10
• Maturity			5				0	10

Loans to large enterprises	--	-	°	+	++	NA	Diffusion index %	
							Apr.13	Jan.13
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)			5				0	0
• Your bank's margin on riskier loans		2	3				20	20
B) Other conditions and terms								
• Non-interest rate charges			5				0	10
• Size of the loan or credit line			4	1			-10	20
• Collateral requirements			5				0	20
• Loan covenants			5				0	10
• Maturity			4	1			-10	20

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

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Decreased considerably					
Decreased somewhat	1	1	1	1	2
Remained basically unchanged	4	3	3	3	3
Increased somewhat		1	1	1	
Increased considerably					

Diffusion index %	Apr.13				
	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Apr.13	-10	0	0	0	-20
Jan.13	0	10	-10	10	-10

5. Over the past three months, how have the following **factors** affected the **demand for loans or credit lines to enterprises** (as described in question 4 in the column headed "Overall")? Please rate each possible factor using the following scale:

- = contributed considerably to lower demand
- = contributed somewhat to lower demand
- ° = contributed to basically unchanged demand
- + = contributed somewhat to higher demand
- ++ = contributed considerably to higher demand
- NA = not applicable

	--	-	°	+	++	NA	Diffusion index %	
							Apr.13	Jan.13
A) Financing needs								
• Fixed investment		3	2				-30	-40
• Inventories and working capital			2	3			30	40
• Mergers/acquisitions and corporate restructuring		1	3	1			0	0
• Debt restructuring			1	3	1		50	60
B) Use of alternative finance								
• Internal financing		1	4				-10	0
• Loans from other banks			5				0	-20
• Loans from non-banks			5				0	0
• Issuance of debt securities			5				0	0
• Issuance of equity			5				0	10

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

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Tighten considerably					
Tighten somewhat					
Remain basically unchanged	5	4	5	4	5
Ease somewhat		1		1	
Ease considerably					

Diffusion index %	Apr.13				
	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Apr.13	0	-10	0	-10	0
Jan.13	0	-20	0	-10	0

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

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Decrease considerably					
Decrease somewhat					
Remain basically unchanged	5	4	4	4	5
Increase somewhat		1	1	1	
Increase considerably					

Diffusion index %	Apr.13		Jan.13		
	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
	0	10	10	10	0
	0	10	0	0	-10

II. Loans to households

8. Over the past three months, how have your bank's **credit standards** as applied to the approval of **loans to households** changed?

	Loans for house purchase	Consumer credit and other lending
Tightened considerably		
Tightened somewhat		
Remained basically unchanged	5	5
Eased somewhat		
Eased considerably		

Diffusion index %	Apr.13		Jan.13	
	Loans for house purchase	Consumer credit and other lending	Loans for house purchase	Consumer credit and other lending
	0	0	0	0
	0		0	-10

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** (as described in question 8)? Please rate the contribution of the following factors to the tightening or easing of credit standards using the following scale:

- = contributed considerably to tightening of credit standards
- = contributed somewhat to tightening of credit standards
- ° = contributed to basically unchanged credit standards
- + = contributed somewhat to easing of credit standards
- ++ = contributed considerably to easing of credit standards
- NA = not applicable

	--	-	°	+	++	NA	Diffusion index %	
							Apr.13	Jan.13
A) Cost of funds and balance sheet constraints		2	3				20	20
B) Pressure from competition								
• Competition from other banks			5				0	0
• Competition from non-banks			4			1	0	0
C) Perception of risk								
• Expectations regarding general economic activity		3	2				30	40
• Housing market prospects	2	1	2				50	60

10. Over the past three months, how have your bank's **conditions** and terms for approving **loans to households** for house purchase changed? Please rate each factor using the following scale:

- = tightened considerably
- = tightened somewhat
- ° = remained basically unchanged
- + = eased somewhat
- ++ = eased considerably
- NA = not applicable

	--	-	°	+	++	NA	Diffusion index %	
							Apr.13	Jan.13
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)			5				0	10
• Your bank's margin on riskier loans		2	3				20	30
B) Other conditions and terms								
• Collateral requirements			5				0	10
• "Loan-to-value" ratio			5				0	0
• Maturity			5				0	0
• Non-interest rate charges			5				0	0

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)? Please rate the contribution of the following factors to the tightening or easing of credit standards using the following scale:

- = contributed considerably to tightening of credit standards
- = contributed somewhat to tightening of credit standards
- ° = contributed to basically unchanged credit standards
- + = contributed somewhat to easing of credit standards
- ++ = contributed considerably to easing of credit standards
- NA = not applicable

	--	-	°	+	++	NA	Diffusion index %	
							Apr.13	Jan.13
A) Cost of funds and balance sheet constraints		1	4				10	10
B) Pressure from competition								
• Competition from other banks			5				0	0
• Competition from non-banks			5				0	0
C) Perception of risk								
• Expectations regarding general economic activity		2	3				20	40
• Creditworthiness of consumers		4	1				40	40
• Risk on the collateral demanded		1	4				10	20

12. Over the past three months, how have your bank's **conditions** and terms for approving **consumer credit and other lending to households** changed? Please rate each factor using the following scale:

- = tightened considerably
- = tightened somewhat
- ° = remained basically unchanged
- + = eased somewhat
- ++ = eased considerably
- NA = not applicable

	--	-	°	+	++	NA	Diffusion index %	
							Apr.13	Jan.13
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)			5				0	10
• Your bank's margin on riskier loans		1	4				10	40
B) Other conditions and terms								
• Collateral requirements			5				0	10
• Maturity			5				0	0
• Non-interest rate charges		1	4				10	0

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

	Loans for house purchase	Consumer credit and other lending
Decreased considerably		
Decreased somewhat	4	2
Remained basically unchanged	1	2
Increased somewhat		1
Increased considerably		

	Diffusion index % Apr.13		
	Jan.13	-40	-10

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)? Please rate each factor using the following scale:

- = contributed considerably to lower demand
- = contributed somewhat to lower demand
- ° = contributed to basically unchanged demand
- + = contributed somewhat to higher demand
- ++ = contributed considerably to higher demand
- NA = not applicable

	--	-	°	+	++	NA	Diffusion index %	
							Apr.13	Jan.13
A) Financing needs								
• Housing market prospects	1	3	1				-50	-60
• Consumer confidence	2	2	1				-60	-70
• Non-housing related consumption expenditure		2	3				-20	-30
B) Use of alternative finance								
• Household savings		1	3	1			0	0
• Loans from other banks			4	1			10	0
• Other sources of finance			5				0	0

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)? Please rate each factor using the following scale:

- = responsible for considerable decrease
- = responsible for decrease
- ° = responsible for neither decrease nor increase
- + = responsible for increase
- ++ = responsible for considerable increase
- NA = not applicable

	--	-	°	+	++	NA	Diffusion index %	
							Apr.13	Jan.13
A) Financing needs								
• Spending on durable consumer goods (such as cars, furniture, etc.)	1	2	2				-40	-40
• Consumer confidence	1	3	1				-50	-50
• Securities purchases			5				0	0
B) Use of alternative finance								
• Household saving		2	3				-20	0
• Loans from other banks			4	1			10	10
• Other sources of finance			5				0	0

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

	Loans for house purchase	Consumer credit and other lending
Tighten considerably		
Tighten somewhat		1
Remain basically unchanged	5	3
Ease somewhat		1
Ease considerably		
Diffusion index % Apr.13	0	0
Jan.13	0	0

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

	Loans for house purchase	Consumer credit and other lending
Decrease considerably		
Decrease somewhat	2	1
Remain basically unchanged	3	3
Increase somewhat		1
Increase considerably		
Diffusion index % Apr.13	-20	0
Jan.13	-50	-10

Ad-hoc questions

The questions in this section address the impact on bank lending to enterprises and households of specific and/or isolated events.

The crisis in US sub-prime mortgage-related bonds and its spill-over into other financial markets and the real economy led to a considerably more cautious valuation of credit risk worldwide. From the perspective of monetary policy, it is important to monitor how these events have affected bank credit conditions for enterprises and households. The next question gauges the extent to which the financial and economic crisis has affected banks' access to funding and banks' ability to transfer risk.

1. 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? Please rate each factor using the following scale:

- = deteriorated considerably/will deteriorate considerably
- = deteriorated somewhat/will deteriorate somewhat
- ° = remained unchanged/will remain unchanged
- + = eased somewhat/will ease somewhat
- ++ = eased considerably/will ease considerably
- NA = not applicable

	Over the past three months					Over the next three months					NA ⁽²⁾
	--	-	°	+	++	--	-	°	+	++	
A) Retail funding											
• Short-term deposits (up to one year)		1	3	1			1	3	1		
• Long-term (more than one year) deposits and other retail funding instruments			3	2			1	3	1		
B) Inter-bank unsecured money market											
• Very short-term money market (up to 1 week)			5					5			
• Short-term money market (more than 1 week)			5					5			
C) Wholesale debt securities⁽³⁾											
• Short-term debt securities (e.g. certificates of deposit or commercial paper)			4	1				5			
• Medium to long-term debt securities (incl. covered bonds)			3	2				4	1		
D) Securitisation⁽⁴⁾											
• Securitisation of corporate loans			5					5			
• Securitisation of loans for house purchase			5					5			
E) Ability to transfer credit risk off balance sheet⁽⁵⁾			2	1				2	1		2
F) Other markets (please specify)											
• Repo market				1				1			

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

(2) Please select "N/A" (not applicable) if and 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.

Ad-hoc question on impact of sovereign debt crisis

2. Given the tensions in the European sovereign debt market⁽¹⁾, how have the following factors contributed to changes in your bank's funding conditions / credit standards / margins over the past three months? Please rate each factor using the following scale:

- = contributed considerably to a deterioration in my bank's funding conditions/contributed considerably to a tightening of credit standards / contributed considerably to a widening of lending margins
- = contributed somewhat to a deterioration in my bank's funding conditions/contributed somewhat to a tightening of credit standards / contributed somewhat to a widening of lending margins
- o = had no effect on my bank's funding conditions/had no effect on my bank's credit standards / had no effect on my bank's lending margins
- + = contributed somewhat to an easing in my bank's funding conditions/contributed somewhat to an easing of credit standards / contributed somewhat to a narrowing of lending margins
- ++ = contributed considerably to an easing in my bank's funding conditions/contributed considerably to an easing of credit standards / contributed considerably to a narrowing of lending margins

	Impact on your bank's funding conditions					Impact on your bank's credit standards														
						Loans or credit lines to enterprises					Loans to households for house purchase					Loans to households for consumer credit and other lending				
	--	-	o	+	++	--	-	o	+	++	--	-	o	+	++	--	-	o	+	++
A) Direct exposure to sovereign debt			4	1				4	1				5					5		
B) Value of sovereign collateral available for wholesale market transactions ⁽²⁾			3	2				4	1				5					5		
C) Other effects ⁽³⁾			3	1				3	1				4					4		

	Impact on your bank's lending margins														
	Loans or credit lines to enterprises					Loans to households for house purchase					Loans to households for consumer credit and other lending				
	--	-	o	+	++	--	-	o	+	++	--	-	o	+	++
A) Direct exposure to sovereign debt			4	1				5					5		
B) Value of sovereign collateral available for wholesale market transactions ⁽²⁾			4	1				5					5		
C) Other effects ⁽³⁾			3	1				4					4		

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

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

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