BANK LENDING SURVEY

January 2012

Results for Portugal

I. Overall assessment

According to the results of the survey made to the five Portuguese banking groups included in the sample, credit standards applied to the approval of loans to the non-financial private sector became stricter in the last quarter of 2011. The tightening of credit standards was more severe in the case of loans or credit lines to enterprises, as compared to the case of loans to households for house purchase or for consumption and other purposes.

The main factors reported as leading to the tightening of credit policy were a more negative assessment of risks, as well as the increase in banks' cost of funds and balance sheet constraints. The changes in credit standards translated into an increase in spreads, especially on riskier loans, but also into a tightening of other conditions and terms applied on loan contracts. Particularly, in the case of non financial enterprises, reference should be made to the reduction of loan amounts and the increase in collateral requirements.

The inquired banks reported a decrease in the demand for loans during the fourth quarter of the year. This reduction continued to be sharper in the case of households, and especially in loans for house purchase, than in the case of enterprises. The decrease in demand for loans and credit lines by enterprises was mainly concentrated in long-term loans which, according to the results of the survey are being subject to stricter credit standards than short-term loans. The main factors contributing to the decline in enterprises' loan demand were the decreases in financing needs associated with fixed investment and with mergers/acquisitions and corporate restructuring. On the other hand, the demand for loans and credit lines by enterprises was sustained by an increase in financing needs related with debt restructuring. In the household segment, the decrease in demand seems to have been mainly influenced by the drop in consumer confidence, the deterioration of housing market prospects and the retrenchment of consumption expenditure on durable goods.

For the first quarter of 2012, the surveyed banks anticipate, on average, a tightening of credit standards applied to the approval of loans both to enterprises and households. For the same period, the demand for loans by enterprises is expected to remain stable whereas in the case of households, most of the surveyed banks anticipate a decrease in the demand of loans for house purchase and the steadiness of the demand of loans for consumption and other purposes.

Finally, it should be noted that this survey includes three sets of ad hoc questions. Firstly, the survey seeks to evaluate the impact of the situation in financial markets on banks' access to funding and on their ability to transfer risk. Secondly, there are two questions aimed at gauging the impact of the new capital regulation, in the context of Basel III or any other specific national regulation change, on credit policies of euro area banks. Lastly, the survey includes a new question that addresses the impact of the sovereign debt crisis on banks' funding conditions and credit standards applied to the approval of loans.

The replies obtained suggest that banks' market access through the usual sources of retail funding did not change in the last quarter of 2011, while access to wholesale funding continued to deteriorate. Some institutions also reported a further deterioration of their capacity to securitize corporate loans and loans for house purchase. The replies obtained indicate that the institutions' ability to transfer credit risk off balance sheet did not change significantly, in comparison with the previous quarter.

Regarding the questions about the impact of Basel III or any other specific national regulation change, banks reported, on average and for the last six months, a decrease in risk weighted assets and an increase in own funds. The new capital regulation contributed, on average, to the tightening of credit standards applied on loans to the non-financial private sector.

According to the surveyed banks, during the last quarter of 2011, the tensions in the European sovereign debt market contributed to deteriorate banks' funding conditions and to tighten credit standards applied on loans to the non-financial private sector.

II. Presentation of the results

Loans or credit lines to enterprises

According to the surveyed banks, credit standards applied to the approval of loans and credit lines to enterprises have become significantly more restrictive in the fourth quarter of 2011, as compared to the previous quarter, mainly in what concerns longer term loans.

The main factors reported by banks as leading to this tightening of credit standards were linked to a more negative assessment of risks perceived by institutions, as well as an increase in banks' cost of funds and balance sheet constraints. Hence, on the one hand, the institutions reported weakened expectations regarding general economic activity, less favourable industry or firm-specific outlooks and increased risks on the collateral demanded. On the other hand, the replies indicate a deterioration of banks' ability to access market financing, an increase in banks' cost of capital and increased restrictions associated with their liquidity position. The tightening of credit standards have been translated into higher spreads, chiefly in riskier loans, smaller amounts of granted loans and into stricter collateral requirements. Some institutions have also reported shorter contractual maturities, an increase in non-interest rate charges and stricter loan covenants applied.

In the last quarter of the year, two banks reported a slight decrease in enterprises' loan demand *vis-à-vis* the previous quarter, while the remaining considered that there were no significant changes. The decrease in demand was more relevant in the case of smaller enterprises and it was associated with longer term loans. The main factors identified as underlying this decrease in demand were the reduction in financing needs associated with fixed investment and, to a lesser extent, mergers/acquisitions and corporate restructuring. Conversely, *i.e.*, contributing to an increase in demand, reference should be made to an increase in enterprises' financing needs associated with debt restructuring. According to three inquired banks, the increase in enterprises' financing needs related to inventories and working capital also contributed to the rise in demand.

Regarding the first quarter of 2012, the surveyed institutions anticipate, on average, an additional tightening of credit standards applied on loans to non financial enterprises, mainly in long-term loans and loans granted to large enterprises. For the same period, most banks do not foresee sizeable changes in credit demand by enterprises, regardless the firm size and the maturity of loans.

Loans to households

For house purchase

Regarding loans to households for house purchase, most banks included in the sample reported the adoption of tighter credit standards during the last quarter of 2011, in comparison with the previous one. According to all inquired banks, the deterioration of expectations regarding both general economic activity and the housing market contributed to this more demanding credit policy. Similarly, most banks pointed out the increase in cost of funds and balance sheet constraints as an additional factor contributing towards the tightening of credit policy.

The reporting banks indicated that the adoption of stricter credit standards translated mainly into higher spreads, especially on riskier loans. Some banks also reported a tightening of other contractual conditions, such as the loan-to-value ratio, the maturity of loans, collateral requirements and non-interest rate charges.

All surveyed institutions reported a decrease in the demand of loans for house purchase during the fourth quarter of the year, as compared to the previous quarter. This decrease was particularly severe for two banks. The decline in demand was mainly driven by the weakening of the housing market prospects and consumer confidence, and by the increase in non-housing related consumption expenditures. Furthermore, though to a lesser extent, the banks included in the sample also linked the decrease in demand with an increase in the use of household savings, loans from other banks and other sources of finance.

For the first quarter of 2012, three of the surveyed banks anticipate a further tightening of credit standards applied to loans for house purchase, while the remaining do not expect significant changes to occur. For the same period, all the institutions in the sample, except one, anticipate a new decrease in the demand of loans for house purchase.

For consumption and other purposes

The results of the survey indicate that the credit standards applied to the approval of loans to households for consumption and other purposes tightened during the fourth quarter of 2011, as compared to the previous quarter.

All banks associated the application of stricter credit standards in this segment to declining expectations regarding general economic activity and consumers' creditworthiness. Most banks included in the sample also pointed out additional factors contributing towards the tightening of credit policy, such as the increased funding costs and balance sheet constraints, as well as the perceived risk on the collateral demanded. Regarding banks' conditions and terms for approving consumer credit and other lending to households, most banks reported an increase in spreads, most notably in riskier loans. Some banks have also reported the tightening of other contractual conditions, such as an increase in collateral requirements and non-interest rates charges, and a decrease in the maturity of loans.

According to the results of the survey, the demand for loans in this segment declined during the last quarter of the year, in comparison with the previous one. The main factors pointed out as underlying this development were the declining consumer confidence and the decreasing spending on durable consumer goods. Some banks also pointed out a decline in financing needs resulting from the purchase of securities and the use of alternative sources of financing (for instance, household savings and loans from other banks).

Similarly to loans for house purchase, three of the surveyed banks foresee a further tightening of credit standards applied to loans in this segment, in the first quarter of 2012, while the remaining do not expect significant changes to occur. For the same period, most banks anticipate the demand in this segment to remain fairly stable.

III. *Ad hoc* questions

The bank lending survey includes some ad hoc questions addressing the impact on bank lending to enterprises and households of specific and/or isolated events. The survey conducted in January 2012 includes three sets of this type of questions. Firstly, in line with the observed since October 2007, the survey seeks to evaluate the impact of the situation in financial markets on banks' access to funding and on their ability to transfer risk. The former question has, from this survey onwards, a broader scope since banks are not only inquired about their access to wholesale funding markets, but also about their access to retail funding. Secondly, likewise the July 2011 survey, this survey includes two ad hoc questions regarding the impact of Basel III Accord or other changes in capital regulation specific to each country. In particular, these questions address the extent to which the new regulatory capital requirements affect the lending credit policy in the euro area banks, through their impact on own funds and on credit standards applied to loans. In the Portuguese case, it should be mentioned the relevance of the national regulation, in line with new rules for Core Tier I ratio, initially defined by Banco de Portugal and subsequently adjusted in the context of the international finance assistance programme. Lastly, this survey includes a new question that addresses the impact of the sovereign debt crisis on banks' funding conditions and credit standards applied to the approval of loans and credit lines to enterprises and households.

According to the replies obtained on aggregate terms, banks' market access through the usual sources of retail funding did not change in the last quarter of 2011, while access to the wholesale funding markets continued to worsen. In comparison with the previous quarter, three of the surveyed banks reported no significant changes of access to retail funding while the other two reported either a slight deterioration or a slight improvement. All banks made no distinction between their access to retail funding through short or long term deposits. Regarding wholesale funding, two of the surveyed institutions reported a considerable deterioration of access to the inter-bank unsecured money market. The remaining banks included in the sample did not identify changes in their access to the very short term money market (up to one week) but one of them pointed out a slight improvement in the access to the short-term money market (more than one week). This institution also pointed out a slight improvement of the access to short-term debt securities. However, on average, the results of the survey point to a deterioration of access to both short term and medium to long term debt securities. It was also reported, on aggregate terms, a new decline in banks' ability to securitize corporate loans and loans for house purchase, with two institutions reporting a considerable deterioration and the remaining recording no significant changes. The results of the survey suggest that no significant changes occurred in banks' ability to transfer credit risk, in comparison with the previous quarter.

For the first quarter of 2012, aggregate results suggest that banks anticipate a slight improvement of access to retail funding. There is some heterogeneity in banks' replies regarding this source of funding, with two institutions foreseeing no changes and another one anticipating a slight deterioration. Regarding access to wholesale funding markets, most of the inquired banks expect no significant changes to occur. Still, one institution anticipates a further deterioration of its access to short-term debt securities market. Similarly, for the first quarter of 2012, banks expect their capacity to securitize loans and their ability to transfer credit risk off balance sheet to remain broadly unchanged.

Regarding the questions about the impact of Basel III Accord, or other changes in capital regulation specific to each country, three institutions reported a considerable decrease in risk-weighted assets in the last six months, while the remaining institutions pointed to a relative stability. In the same period, own funds should have increased, reflecting among other factors, retained earnings and share issuances.

For the following six months, three of the inquired institutions expect a decrease in risk weighted assets while the remaining point to a relative stability. All institutions but one anticipate that the new regulation should contribute for a reduction of riskier loans during the following six months. For the same period, three institutions reported the intention to increase own funds, namely through capital emissions, in order to comply with new regulatory requirements.

Regarding banks' credit standards applied to the approval of loans to the non-financial private sector, the new regulatory capital requirements contributed, in general terms, to the tightening of credit standards. For the next six months, the institutions consider that the new capital regulatory framework should continue to contribute for the adoption of tighter credit standards on loans granted to enterprises and households.

Lastly, most institutions reported that, during the last quarter of 2011, the tensions in the European sovereign debt market contributed to deteriorate banks' funding conditions and to give rise to tighter credit standards applied on loans to the non-financial private sector. These effects reflected the direct exposure to sovereign debt, the decrease in value of sovereign collateral available for wholesale market transactions, as well as other effects, such as rating downgrades, changes in the value of the domestic government's implicit guarantee and spillover effects on other assets, including the loan book.

METHODOLOGICAL NOTE

The following tables include the results for Portugal of the Bank Lending Surveys (BLS) conducted in January 2012. Two sets of tables are included in the survey: the first set is about loans and credit lines to non financial corporations while the second one is on loans to households. In the case of corporations two sort 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.

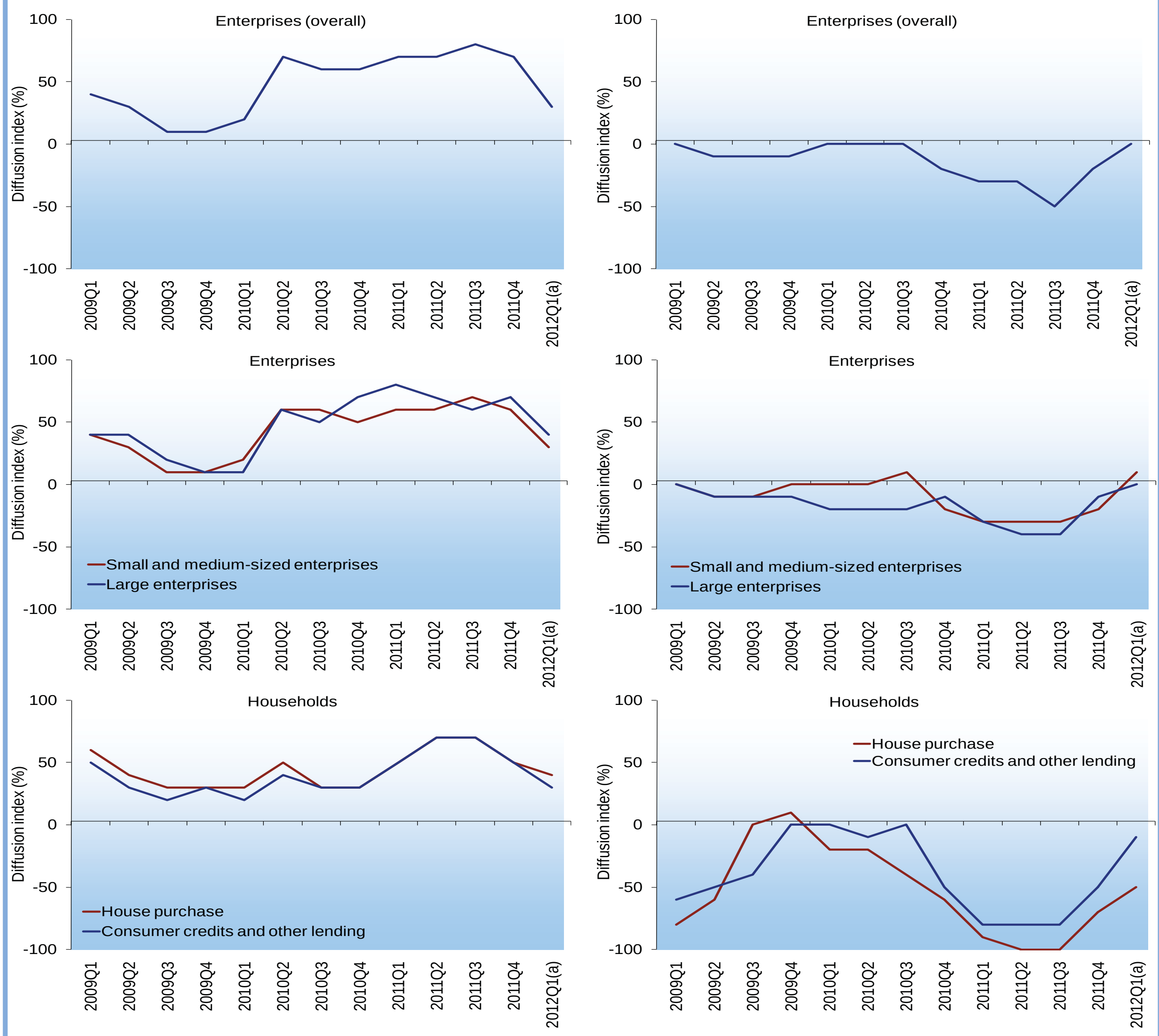
For each sector - enterprises and households - the questions are focused on: i) the current and the prospective assessments on standards, conditions and terms for lending approval, on one hand, and on demand trends, on the other (tables 1, 4, 6, 7, 8, 13, 16 and 17); and ii) the appraisal of factors affecting standards, conditions and terms (tables 2, 3, 9, 10, 11 e 12), and those behind demand developments (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 answering for each option;
- The diffusion index of the options chosen by the banks, calculated using a scale (from -1 to 1) to aggregate individual replies, whereas 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 point to 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 pointing to the opposite evolution (or the impact of factors for 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	3	2	3	2	3
Tightened somewhat	1	2	1	1	2
Remained basically unchanged	1	1	1	2	
Eased somewhat					
Eased considerably					

Diffusion index % Jan.12	70	60	70	50	80
Oct.11	80	70	60	70	90

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 % Jan.12	Diffusion index % Oct.11
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position (1)	2	2	1				60	70
• Your bank's ability to access market financing (e.g. money or bond market financing) (2)	3	1	1				70	70
• Your bank's liquidity position	2	1	2				50	60
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					70	80
• Industry or firm-specific outlook	2	3					70	80
• Risk on the collateral demanded	2	2	1				60	40

(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 % Jan.12	Diffusion index % Oct.11
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position [1]	2	2	1				60	70
• Your bank's ability to access market financing (e.g. money or bond market financing) [2]	3	1	1				70	70
• Your bank's liquidity position	2	1	2				50	60
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					70	80
• Industry or firm-specific outlook	2	3					70	80
• Risk on the collateral demanded	2	2	1				60	40

(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 % Jan.12	Diffusion index % Oct.11
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position [1]	2	3					70	70
• Your bank's ability to access market financing (e.g. money or bond market financing) [2]	3	1	1				70	70
• Your bank's liquidity position	2	2	1				60	60
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					70	80
• Industry or firm-specific outlook	2	3					70	80
• Risk on the collateral demanded	2	2	1				60	40

(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 % Jan.12	Diffusion index % Oct.11
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	1	3	1				50	80
• Your bank's margin on riskier loans	3	1	1				70	80
B) Other conditions and terms								
• Non-interest rate charges		2	3				20	50
• Size of the loan or credit line	3	1	1				70	70
• Collateral requirements	2	2	1				60	70
• Loan covenants	1		4				20	60
• Maturity	1	2	2				40	80

Loans to small and medium-sized enterprises	– –	–	°	+	+ +	NA	Diffusion index % Jan.12	Diffusion index % Oct.11
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	1	3	1				50	80
• Your bank's margin on riskier loans	3	1	1				70	80
B) Other conditions and terms								
• Non-interest rate charges		2	3				20	50
• Size of the loan or credit line	3	1	1				70	70
• Collateral requirements	2	2	1				60	70
• *Loan covenants*	1		4				20	60
• Maturity	1	2	2				40	80

Loans to large enterprises	– –	–	°	+	+ +	NA	Diffusion index % Jan.12	Diffusion index % Oct.11
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	1	3	1				50	80
• Your bank's margin on riskier loans	4		1				80	80
B) Other conditions and terms								
• Non-interest rate charges		2	3				20	50
• Size of the loan or credit line	3	1	1				70	70
• Collateral requirements	2	2	1				60	60
• Loan covenants	1	1	3				30	60
• Maturity	1	3	1				50	80

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	2	2	1		3
Remained basically unchanged	3	3	4	5	2
Increased somewhat					
Increased considerably					
Diffusion index % Jan.12	-20	-20	-10	0	-30
Oct.11	-50	-30	-40	-30	-50

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 % Jan.12	Oct.11
A) Financing needs								
• Fixed investment	1	4					-60	-90
• Inventories and working capital			2	3			30	-10
• Mergers/acquisitions and corporate restructuring	1	2	2				-40	-60
• Debt restructuring				4	1		60	30
B) Use of alternative finance								
• Internal financing			4	1			10	0
• Loans from other banks		1	3	1			0	10
• Loans from non-banks			5				0	-10
• Issuance of debt securities			5				0	-10
• 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	1	1	1	1	2
Tighten somewhat	2	2	2	2	2
Remain basically unchanged	1	1	2	2	
Ease somewhat	1	1			**1**
Ease considerably					
Diffusion index % Jan.12	30	30	40	40	50
Oct.11	50	50	40	50	80

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					1
Remain basically unchanged	5	4	5	4	4
Increase somewhat		1		1	
Increase considerably					

Diffusion index % Jan.12	0	10	0	10	-10
Oct.11	-10	0	0	0	-20

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	1	1
Tightened somewhat	3	3
Remained basically unchanged	1	1
Eased somewhat		
Eased considerably		

Diffusion index % Jan.12	50	50
Oct.11	70	70

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 % Jan.12	Diffusion index % Oct.11
A) Cost of funds and balance sheet constraints	1	3	1				50	90
B) Pressure from competition								
• Competition from other banks		1	4				10	10
• Competition from non-banks			4			1	0	0
C) Perception of risk								
• Expectations regarding general economic activity	2	3					70	90
• Housing market prospects	2	3					70	90

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 % Jan.12	Diffusion index % Oct.11
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	2	1	2				50	60
• Your bank's margin on riskier loans	2	3					70	60
B) Other conditions and terms								
• Collateral requirements		2	3				20	20
• "Loan-to-value" ratio		3	2				30	50
• Maturity		2	3				20	50
• Non-interest rate charges		1	4				10	50

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 % Jan.12	Diffusion index % Oct.11
A) Cost of funds and balance sheet constraints	2	2	1				60	80
B) Pressure from competition								
• Competition from other banks			5				0	10
• Competition from non-banks			5				0	0
C) Perception of risk								
• Expectations regarding general economic activity	2	3					70	90
• Creditworthiness of consumers	2	3					70	90
• Risk on the collateral demanded	1	3	1				50	60

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 % Jan.12	Diffusion index % Oct.11
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	1	2	2				40	70
• Your bank's margin on riskier loans	1	3	1				50	80
B) Other conditions and terms								
• Collateral requirements	1	1	3				30	50
• Maturity		2	3				20	40
• Non-interest rate charges		2	3				20	50

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	2	1
Decreased somewhat	3	3
Remained basically unchanged		1
Increased somewhat		
Increased considerably		

Diffusion index % Jan.12	-70	-50
Oct.11	-100	-80

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 % Jan.12	Oct.11
A) Financing needs								
• Housing market prospects	4	1					-90	-100
• Consumer confidence	3	2					-80	-100
• Non-housing related consumption expenditure	2	2	1				-60	-90
B) Use of alternative finance								
• Household savings		2	3				-20	-20
• Loans from other banks		2	3				-20	-30
• Other sources of finance		1	4				-10	-20

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 12)? 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 % Jan.12	Oct.11
A) Financing needs								
• Spending on durable consumer goods (such as cars, furniture, etc.)	2	2	1				-60	-60
• Consumer confidence	2	2	1				-60	-100
• Securities purchases		2	2	1			-10	-30
B) Use of alternative finance								
• Household saving	1	1	2	1			-20	-40
• Loans from other banks		2	2	1			-10	-10
• Other sources of finance		2	3				-20	-20

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	1	
Tighten somewhat	2	3
Remain basically unchanged	2	2
Ease somewhat		
Ease considerably		

Diffusion index % Jan.12	40	30
Oct.11	50	60

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	1	
Decrease somewhat	3	1
Remain basically unchanged	1	4
Increase somewhat		
Increase considerably		

Diffusion index % Jan.12	-50	-10
Oct.11	-100	-90

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

The next two questions address the extent to which the new regulatory capital requirements set out in "Basel III"and other specific capital regulations (*) have impacted, or will impact, on your lending policies (via the potential impact on your bank's capital position and the credit standards that your bank applies to loans)

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

-- = decreased / will decrease considerably
- = decreased/will decrease somewhat
○ = remained/will remain basically unchanged
+ = increased/will increase somewhat
++ = increased/will increase considerably
N/A = not applicable

	Over the past six months						Over the next six months					
	--	-	○	+	+ +	N/A	--	-	○	+	+ +	N/A
Risk-weighted assets	3		2				2	1	2			
Of which: Average loans	2		3				2	1	2			
Riskier loans	2	1	2				2	2	1			
Capital position			1	1	3				2		3	
Of which: Retained earnings			3	2					4	1		
Share issuance			2		2	1			2		2	1

(*) Please consider the regulatory requirements set out in Basel III (see Basel Committee on Banking Supervision, Bank for International Settlements, "Basel III: A global regulatory framework for more resilient banks and banking systems", available at http://www.bis.org/publ/bcbs189.pdf, 16 December 2010), as well as those resulting from the EBA (to be complied with by the end of June 2012) and any other specific national regulations concerning banks' capital requirements that have recently been approved or are expected to be approved in the near future.

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

-- = credit standards have been tightened/will be tightened considerably
- = credit standards have been tightened/will be tightened somewhat
○ = the requirements have basically not had/will not have any impact on credit standards
+ = credit standards have been eased/will be eased somewhat
++ = credit standards have been eased/will be eased considerably

		Loans and credit lines to enterprises		Loans to households	
		Small and medium-sized enterprises	Large enterprises	For house purchase	Consumer credit and other lending
Over the past six months	--	2	2	2	2
	-	1	2	2	2
	○	2	1	1	1
	+				
	+ +				
Over the next six months	--	2	2	2	2
	-	1	2	2	2
	○	2	1	1	1
	+				
	+ +				

(*) Please consider the regulatory requirements set out in Basel III (see Basel Committee on Banking Supervision, Bank for International Settlements, "Basel III: A global regulatory framework for more resilient banks and banking systems", available at http://www.bis.org/publ/bcbs189.pdf, 16 December 2010), as well as those resulting from the EBA (to be complied with by the end of June 2012) and any other specific national regulations concerning banks' capital requirements that have recently been approved or are expected to be approved in the near future.

The next question address the impact of the sovereign debt crisis on the bank's funding conditions and credit standards applied to the approval of loans and credit lines to enterprises and households.

4. Given the tensions in the European sovereign debt market (1), how have the following factors affected your bank's funding conditions/credit standards 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 somewhat to a deterioration in my bank's funding conditions/contributed somewhat to a tightening of credit standards
○ = had no effect on my bank's funding conditions/had no effect on my bank's credit standards
+ = contributed somewhat to an easing in my bank's funding conditions/contributed somewhat to an easing of credit standards
++ = contributed considerably to an easing in my bank's funding conditions/contributed considerably to an easing of credit standards

	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				
	--	-	○	+	+ +	--	-	○	+	+ +	--	-	○	+	+ +	--	-	○	+	+ +
A) Direct exposure to sovereign debt	1	2	2			2	1	2			2	2	1			2	2	1		
B) Value of sovereign collateral available for wholesale market transactions (2)	2	2	1			2	1	2			2	1	2			2	1	2		
C) Other effects (3)	3	1	1			2	1	2			2	1	2			2	1	2		

(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.