

BANK LENDING SURVEY

October 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 as applied to the approval of loans to the non-financial private sector remained broadly unchanged in the third quarter of 2012.

Even though credit standards remained broadly unchanged, the inquired banks identified some factors which have exerted some negative influence in their definition. In particular, reference should be made to the deterioration of expectations regarding general economic activity, as well as an increase in the cost of funds and balance sheet constraints. Additionally, banks' conditions and terms for approving loans became slightly more restrictive, which translated into an increase in spreads (most notably in the case of riskier loans), but also into a slight tightening of other conditions and terms. Particularly, in the case of enterprises, changes included shorter loan maturities, more restrictive loan covenants and tighter collateral requirements.

The survey results show a decrease in the demand for loans during the third quarter of the year in the case of households, affecting the house purchase segment more severely. The main factors identified as underlying this decrease were the decline in consumer confidence, the deteriorating outlook for the housing market, the evolution of non-housing related consumption expenditure and the downturn in spending on durable consumer goods. According to the reporting banks, the demand for loans or credit lines to enterprises was negatively affected by a decline in financing needs envisaging mainly fixed investment. Nonetheless, an offsetting effect originated by the soaring need to finance inventories and working capital or debt restructuring contributed to basically unchanged demand within this segment.

For the fourth quarter of 2012, the majority of the banks surveyed do not anticipate significant changes in credit standards applied to both the approval of loans or credit lines to enterprises and of loans to households. For the same period, the demand for loans to enterprises is expected to remain stable, in general terms. With respect to loans to households, most banks expect a decline in the demand for loans for house purchase, as well as a milder decrease in the demand for loans for consumption and other purposes.

Finally, it should be noted that this survey includes two 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, the survey includes one question that addresses the impact of the sovereign debt crisis on banks' funding conditions and credit standards applied to the approval of loans.

According to the responses to the survey, banks' market access through the usual sources of retail and wholesale funding remained steady for most institutions throughout the third quarter of 2012. Regarding their ability to transfer credit risk off balance sheet, banks did not realize any further developments as compared to the status quo in the previous quarter. For the last quarter of the year, most banks in the sample do not anticipate significant changes to the aforementioned situation.

Regarding the impact of the tensions in the European sovereign debt market, the majority of the banks surveyed indicated the absence of significant changes regarding both banks' credit standards applied on loans to the non-financial private sector and banks' funding conditions.

II. Presentation of the results**Loans or credit lines to enterprises**

According to the surveyed banks as a whole, credit standards applied to the approval of loans and credit lines to enterprises remained broadly unchanged in the third quarter of 2012, even though two banks reported a slight tightening in credit standards of long-term loans. Still, the reporting institutions identified some factors influencing negatively these standards. To this extent, reference should be made, on the one hand, to the deterioration of expectations regarding general economic activity and the performance of specific industries or firms, the risks associated with the collateral demanded and, on the other hand, the increase in costs related to banks' capital position and their ability to access market financing.

As for the conditions applied on loans during the third quarter of the year, reference should be made to the increase in spreads, which was more pronounced in the case of riskier loans, but also the implementation of other slightly more restrictive contractual conditions. In particular, these changes included a decrease in contractual maturity and loan size, as well as more restrictive loan covenants and collateral requirements.

In the third quarter of the year, one bank 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 associated with larger enterprises and longer term loans. Also worth mentioning is the fact that just one bank in the sample reported a slight increase in loan demand, related with small and medium-sized enterprises (SME) and associated with shorter 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, with 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. Additionally, according to three

inquired banks, the increase in enterprises' financing needs related to inventories and working capital also contributed to the rise in demand.

For the fourth quarter of 2012, most reporting banks do not anticipate, in global terms, considerable changes to the credit standards as applied to the approval of loans or credit lines to enterprises. However, according to three institutions, credit standards are expected to slightly tighten for long-term loans. For the same period, most banks do not anticipate significant changes in demand for loans or credit lines to enterprises. Nevertheless, the survey results envisage a slight decrease in the demand for long-term loans.

Loans to households

For house purchase

In the third quarter of 2012, banks kept unchanged the credit standards applied in loans to households for house purchase. Still, the reporting institutions identified some factors influencing negatively these standards. To this extent, reference should be made to a less favourable perception of risks regarding both general economic activity and the performance of the housing market and, to a lesser extent, the worsening of the cost of funds for banks and balance sheet constraints.

The survey results indicate that banks' conditions and terms for approving loans to households for house purchase did not change significantly. However, three institutions reported an increase in spreads regarding higher risk loans.

According to all surveyed banks, loan demand for house purchase decreased in the third quarter of 2012 (two banks reported a considerable decrease). Underlying this evolution was the deteriorating outlook for the housing market and consumer confidence and, to a lesser extent, an increase in non-housing related consumption expenditure.

For the last quarter of 2012, most institutions do not anticipate a further tightening of credit standards as applied to lending to households for house purchase. For the same period, all the institutions in the sample, except one, anticipate a decrease in the demand in this segment.

For consumption and other purposes

In the third quarter of 2012, banks also kept unchanged the credit standards applied in loans to households for consumption and other purposes. Nevertheless, the reporting institutions also identified some factors influencing negatively these standards. In particular, reference should be made to a less favourable outlook on general economic activity, the worsening of consumers' creditworthiness and an increase in the perceived risk on collateral requirements. Additionally, one bank also reported an increase in funding costs and balance sheet constraints.

The survey results indicate that banks' conditions and terms for approving loans to households for consumption and other purposes tightened somewhat throughout the same period. In turn, this translated into an increase in spreads, most notably in the case of riskier loans, as well as an increase in collateral requirements.

The results of the survey indicate that, in aggregate terms, the demand for loans to households for consumption and other purposes decreased slightly throughout the third quarter of 2012. The main factors identified as underlying this decrease in demand were the downturn in spending on durable consumer goods and the decline in consumer confidence.

For the last quarter of 2012, most banks do not foresee significant changes affecting credit standards applied to loans within this segment. For the same period, three of the reporting banks anticipate a slight decrease in the demand for loans to households for consumption and other purposes, which is expected to be less pronounced than the one occurring in the segment of loans to households for house purchase.

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 October 2012 includes two 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, since the survey conducted in January 2012, 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, in line with the survey conducted in January 2012, this survey includes a 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 responses to the survey, in aggregate terms, banks' market access when tapping the usual sources of wholesale and retail funding remained broadly unchanged over the third quarter of 2012. In comparison with the previous quarter, just one bank reported a slight improvement of access to retail funding via short-term deposits (up to one year). As far as wholesale funding is concerned, all banks surveyed indicated the absence of changes in their access to the short (more than one week) and to the very short-term (up to one week) inter-bank unsecured money market. Similarly, most institutions considered that access to financing via wholesale debt securities remained virtually unchanged. However, according to one bank, access to short-term debt securities eased somewhat, while access to funding via medium to long-term debt securities became slightly more restrictive. For the same period, the results of the survey suggest that no significant changes occurred in banks' ability to securitize both corporate loans and loans for house purchase, and in their ability to transfer credit risk off balance sheet.

For the fourth quarter of 2012, as regards retail funding, banks' responses coincided with those previously described concerning the third quarter of the year. Therefore, exception made to one institution, the banks surveyed expect access to funding via deposits to remain unchanged throughout the next quarter. In turn, as far as the sources of wholesale funding are concerned, just one institution anticipates a slight improvement in accessing the very short-term inter-bank unsecured money market. For longer maturities, all banks anticipate conditions to remain broadly unchanged. Similarly, most banks expect access conditions to remain unchanged over the next quarter in the case of either funding through short-term or medium to long-term debt securities (only one bank within the sample anticipated a slightly unfavourable evolution in the access to this form of financing in the short-term). Likewise, banks' ability to use securitisation of loans of both types and to transfer credit risk off balance sheet is expected to remain stable over the fourth quarter of 2012.

Finally, in aggregate terms, the tensions in the European sovereign debt market had virtually no effects both on credit standards as applied to the approval of loans to the non-financial private sector and on banks' funding conditions. However, reference should be made to the fact that two institutions indicated that the value of sovereign collateral available for wholesale market transactions contributed somewhat to an easing in their funding conditions.

METHODOLOGICAL NOTE

The following tables include the results for Portugal of the Bank Lending Surveys (BLS) conducted in October 2012. 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.

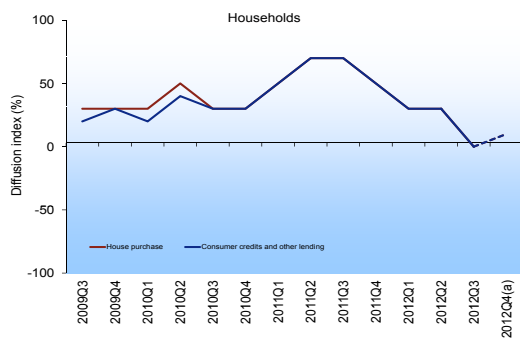
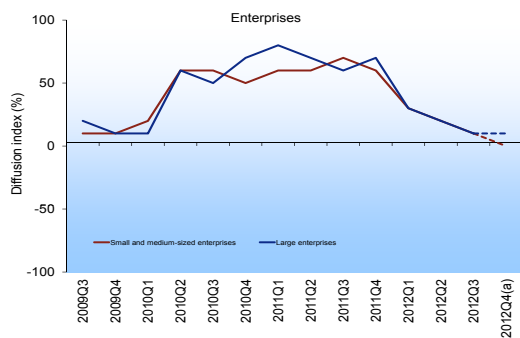
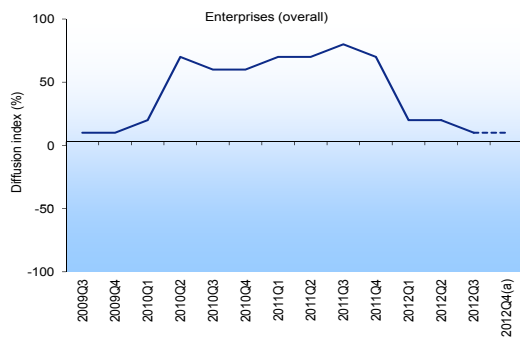
For each sector - enterprises and households - the questions are focused on: i) the current and the prospective assessment of credit standards, conditions and terms for lending approval, on the one hand, and on demand trends, on the other (tables 1, 4, 6, 7, 8, 13, 16 and 17); and ii) the appraisal of 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.

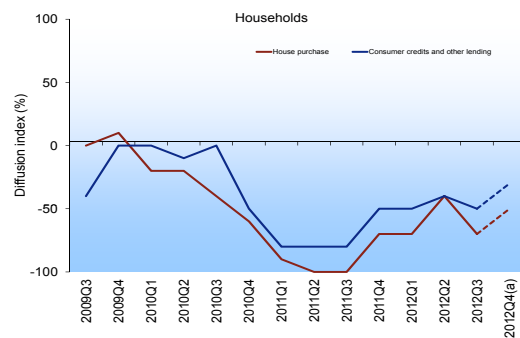
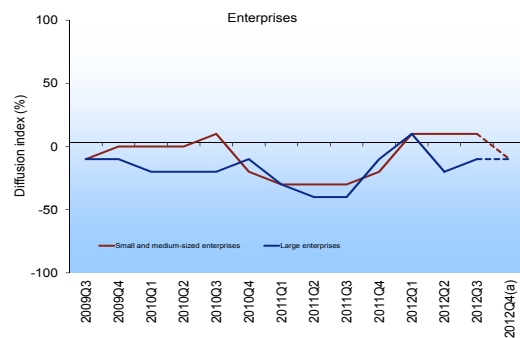
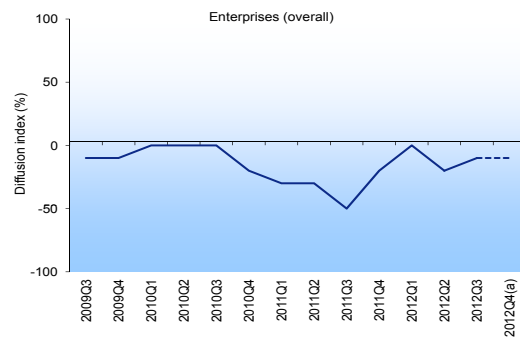
The results of the survey are as follows:

- 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	1	1	1	1	2
Remained basically unchanged	4	4	4	4	3
Eased somewhat					
Eased considerably					

Diffusion index %	Oct.12	10	10	10	10	20
	Jul.12	20	20	20	20	30

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 %	
							Oct.12	Jul.12
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position ⁽¹⁾	1	2	2				40	40
• Your bank's ability to access market financing (e.g. money or bond market financing, including true-sale securitisation) ⁽²⁾		2	3				20	20
• Your bank's liquidity position		1	3	1			0	0
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	40
• Industry or firm-specific outlook	1	4					60	40
• Risk on the collateral demanded	1	1	3				30	30

(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 %	
							Oct.12	Jul.12
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position ⁽¹⁾	1	2	2				40	40
• Your bank's ability to access market financing (e.g. money or bond market financing, including true-sale securitisation) ⁽²⁾		2	3				20	20
• Your bank's liquidity position		1	3	1			0	0
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					80	40
• Industry or firm-specific outlook	2	3					70	40
• Risk on the collateral demanded	2		3				40	30

(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 %	
							Oct.12	Jul.12
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position ⁽¹⁾	1	2	2				40	40
• Your bank's ability to access market financing (e.g. money or bond market financing, including true-sale securitisation) ⁽²⁾		2	3				20	20
• Your bank's liquidity position		1	3	1			0	0
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	40
• Industry or firm-specific outlook	1	4					60	40
• Risk on the collateral demanded	1	1	3				30	30

(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 %	
							Oct.12	Jul.12
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	1	1	3				30	20
• Your bank's margin on riskier loans	1	3	1				50	40
B) Other conditions and terms								
• Non-interest rate charges		1	4				10	20
• Size of the loan or credit line	1	1	3				30	30
• Collateral requirements	1	1	3				30	40
• Loan covenants	1	1	3				30	40
• Maturity	1	2	2				40	40

Loans to small and medium-sized enterprises	--	-	°	+	++	NA	Diffusion index %	
							Oct.12	Jul.12
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	1	1	3				30	20
• Your bank's margin on riskier loans	1	2	2				40	40
B) Other conditions and terms								
• Non-interest rate charges			5				0	20
• Size of the loan or credit line	1	1	3				30	30
• Collateral requirements	1	1	3				30	40
• Loan covenants	1	1	3				30	40
• Maturity	1	2	2				40	40

Loans to large enterprises	--	-	°	+	++	NA	Diffusion index %	
							Oct.12	Jul.12
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	1	2	2				40	20
• Your bank's margin on riskier loans	2	2	1				60	40
B) Other conditions and terms								
• Non-interest rate charges		1	4				10	20
• Size of the loan or credit line	1	1	3				30	30
• Collateral requirements	1	1	3				30	40
• Loan covenants	1	1	3				30	40
• Maturity	1	2	2				40	40

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		2
Remained basically unchanged	4	4	4	4	3
Increased somewhat		1		1	
Increased considerably					

Diffusion index %	Oct.12				
	Jul.12	-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 %	
							Oct.12	Jul.12
A) Financing needs								
• Fixed investment	3	1	1				-70	-60
• Inventories and working capital		1	1	2	1		30	40
• Mergers/acquisitions and corporate restructuring		1	4				-10	-20
• Debt restructuring				3	2		70	60
B) Use of alternative finance								
• Internal financing	1	1	1	2			-10	0
• Loans from other banks			5				0	0
• Loans from non-banks			5				0	0
• Issuance of debt securities			4	1			10	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	1	1	1	1	3
Remain basically unchanged	4	3	4	3	2
Ease somewhat		1		1	
Ease considerably					

Diffusion index %	Oct.12				
	Jul.12	10	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	1	1	1	1	2
Remain basically unchanged	4	4	4	4	3
Increase somewhat					
Increase considerably					

Diffusion index %	Oct.12	-10	-10	-10	-10	-20
	Jul.12	0	10	-20	10	-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		
Tightened somewhat		
Remained basically unchanged	5	5
Eased somewhat		
Eased considerably		

Diffusion index %	Oct.12	0	0
	Jul.12	30	30

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 %	
							Oct.12	Jul.12
A) Cost of funds and balance sheet constraints	1	1	3				30	40
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	2	3					70	50
• Housing market prospects	3	2					80	50

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 %	
							Oct.12	Jul.12
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)		1	4				10	10
• Your bank's margin on riskier loans	1	2	2				40	50
B) Other conditions and terms								
• Collateral requirements		1	4				10	10
• "Loan-to-value" ratio		1	4				10	20
• Maturity			5				0	0
• Non-interest rate charges			5				0	10

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 %	
							Oct.12	Jul.12
A) Cost of funds and balance sheet constraints	1		4				20	30
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					70	40
• Creditworthiness of consumers	1	4					60	60
• Risk on the collateral demanded	1	3	1				50	40

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 %	
							Oct.12	Jul.12
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)		1	4				10	20
• Your bank's margin on riskier loans	2	1	2				50	40
B) Other conditions and terms								
• Collateral requirements		2	3				20	30
• Maturity			5				0	0
• Non-interest rate charges			5				0	10

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 %	Oct.12	Jul.12
		-70
	Jul.12	-40

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 %	
							Oct.12	Jul.12
A) Financing needs								
• Housing market prospects	3	2					-80	-70
• Consumer confidence	4	1					-90	-60
• Non-housing related consumption expenditure	2	2	1				-60	-40
B) Use of alternative finance								
• Household savings		1	4				-10	0
• Loans from other banks			5				0	0
• Other sources of finance			5				0	-10

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 %	
							Oct.12	Jul.12
A) Financing needs								
• Spending on durable consumer goods (such as cars, furniture, etc.)	2	3					-70	-70
• Consumer confidence	2	2	1				-60	-70
• Securities purchases		1	4				-10	-10
B) Use of alternative finance								
• Household saving		1	4				-10	-40
• Loans from other banks			4	1			10	-10
• Other sources of finance			5				0	-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		
Tighten somewhat	1	1
Remain basically unchanged	4	4
Ease somewhat		
Ease considerably		
Diffusion index % Oct.12	10	10
Jul.12	10	10

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	5	3
Remain basically unchanged		2
Increase somewhat		
Increase considerably		
Diffusion index % Oct.12	-50	-30
Jul.12	-50	-30

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)			4	1				4	1		
• Long-term (more than one year) deposits and other retail funding instruments			5					5			
B) Inter-bank unsecured money market											
• Very short-term money market (up to 1 week)			5					4	1		
• 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			1	4			
• Medium to long-term debt securities (incl. covered bonds)		1	4					5			
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⁾			4					4			1
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.

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

2. 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
- o = 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				
	--	-	o	+	++	--	-	o	+	++	--	-	o	+	++	--	-	o	+	++
A) Direct exposure to sovereign debt		1	4				1	4				1	4				1	4		
B) Value of sovereign collateral available for wholesale market transactions ⁽²⁾		1	2	2			1	4				1	4				1	4		
C) Other effects ⁽³⁾		1	4				1	4				1	4				1	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.