EUROPEAN CENTRAL BANK

EUROSYSTEM

27 January 2011

THE EURO AREA BANK LENDING SURVEY

– JANUARY 2011 –

1 Overview of the results

The results reported in the January 2011 bank lending survey relate to changes during the last quarter of 2010 and to expectations of changes in the first quarter of 2011. The survey was conducted on a sample of 120 euro area banks between 6 December 2010 and 10 January 2011. The response rate was 100%. As in previous survey rounds, a set of ad hoc questions dealing specifically with the implications of the situation in financial markets were included.

Overall, credit standards on both loans to non-financial corporations (NFCs) and consumer credit remained broadly unchanged in the last quarter of 2010, while those on loans to households for house purchase tended to tighten further.

Credit standards on loans to NFCs have, on balance, been left broadly unchanged in the euro area. The net percentage of banks reporting a tightening of credit standards stood at 0%. The main driver of the decline in the net tightening of credit standards in comparison with the previous quarter was a decrease in the impact of banks' risk perceptions. In the last quarter of 2010, credit standards on loans to small and medium-sized enterprises (SMEs) were tightened further, albeit only slightly, while those on loans to larger firms remained stable. Moreover, slightly looser credit standards applied predominantly to short-term loans, while credit standards on long-term loans remained unchanged.

In the last quarter of 2010, the credit standards applied to households tended to tighten further. Credit standards on loans for house purchase appear to be tied closely to country-specific developments in housing markets. In the last quarter of the 2010, the net percentage of banks reporting a further tightening of standards for this category of loans bounced back to 11%, mainly driven by increased risk perceptions. This translated into an increase in, above all, margins on riskier loans. The net percentage of banks reporting a tightening of *credit standards on loans to households for consumption purposes also rose slightly (standing at 2%) on account of a more cautious assessment of individual borrowers' risk profiles.*

Looking forward, euro area banks expect a very slight further tightening, in net terms, of credit standards for all categories of loans in the first quarter of 2011.

In the last quarter of 2010, euro area banks reported that, in net terms, demand for corporate loans and households' demand for mortgage loans continued to increase, while demand for consumer credit contracted, albeit at a slower pace than in the previous survey round.

In net terms, **demand for corporate loans** *increased in the case of both SMEs and larger firms, and across all types of maturities (albeit more dynamically for long-term loans). In the last quarter of 2010, net corporate demand for loans increased to 10%, compared with 7% in the previous survey. Interestingly, for the first time in more than two years, financing needs for fixed investment purposes stopped dragging down demand for corporate loans. In addition, euro area banks also noted some pick-up in merger and acquisition (M&A) activities. At the same time, and in line with the impact of recent debt restructuring forces in the corporate sector, the increase in demand for loans was partly mitigated by the availability of internal funds.*

Turning to households, **net demand for loans for house purchase** *was reported to have increased noticeably. In the last quarter of 2010, 23% of all the banks – expressed in net terms – reported an increase in demand, compared with 10% in the previous survey round. This increase in demand was largely supported by a positive contribution of housing market prospects and a significantly less negative contribution of consumers' confidence.*

In the same period, **net demand for consumer credit** *remained in negative territory, but drew closer to positive values (standing at -2%, compared with -6% in the third quarter of 2010).*

Looking forward, in the first quarter of 2011, euro area banks expect positive developments to continue in net demand across all types of loans.

General notes

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

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[1] The sample group of banks participating in the survey comprises 120 banks, representing all of the euro area countries, and takes into account the characteristics of their respective national banking structures. Since the banks in the sample group differ considerably in size, the survey results are weighted according to the national shares in total outstanding euro area lending to euro area residents.

[2] For further information on the bank lending survey, see "Bank lending survey for the euro area", press release, ECB, 21 November 2002, "A bank lending survey for the euro area", *Monthly Bulletin*, ECB, April 2003, and Berg, J. et al., "The bank lending survey for the euro area", *Occasional Paper Series*, No 23, ECB, 2005.

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

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

In addition, an alternative measure of the responses to questions related to changes in credit standards and net demand is included. This measure is the weighted difference ("diffusion index") between the share of banks reporting that credit standards have been tightened and the share of banks reporting that they have been eased. Likewise, regarding the demand for loans, the diffusion index refers to the weighted difference between the share of banks reporting an increase in loan demand and the share of banks reporting a decline. The diffusion index is constructed in the following way: lenders who have answered "considerably" are given a weight twice as high (score of 1) as lenders who have answered "somewhat" (score of 0.5). The interpretation of the diffusion indices follows the same logic as the interpretation of net percentages.

The survey questions are phrased in terms of changes over the past three months (in this case, in the last quarter of 2010) or expectations of changes over the next three months (i.e. in the first quarter of 2011).

Detailed tables and charts on the responses are provided in Annex 1 on the individual questions and in Annex 2 on the ad hoc questions.

A copy of the questionnaire can be found at
http://www.ecb.europa.eu/stats/money/surveys/lend/html/index.en.html.

2 Developments in credit standards and net demand for loans in the euro area

2.1 Enterprises

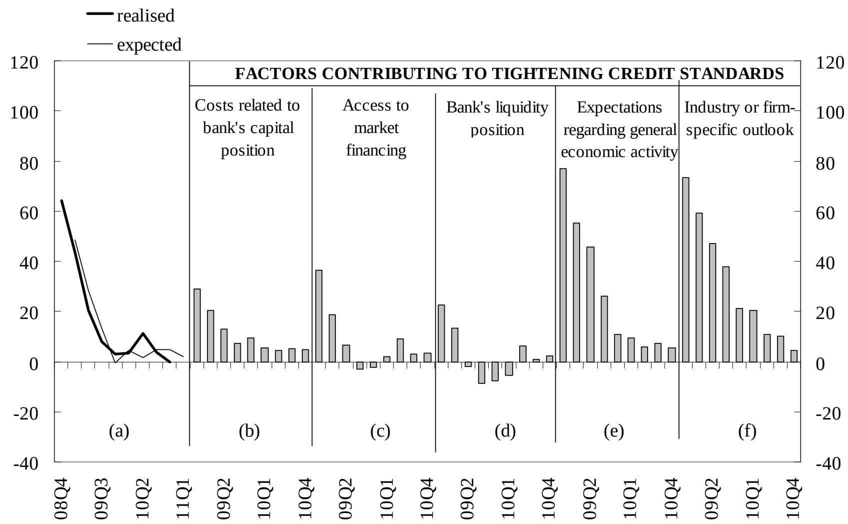
No further tightening of credit standards on loans to non-financial corporations

In the last quarter of 2010, the net percentage of banks reporting a tightening of credit standards on loans and credit lines for enterprises dropped to 0% (Chart 1). This result contrasts with an increase in net tightening in the previous quarter (4%) and constitutes a slight positive surprise as regards survey participants' expectations three months ago (5%).

These developments reflect a further slight net tightening for loans to SMEs (2%, after 7% in the previous survey round), as well as a standstill for loans to large firms (0%, after 5% in the previous survey round). According to banks' replies, the improvement in credit standards applied predominantly to short-term loans represented a net loosening of -3%, compared with -1% in the previous survey round. For long-term loans, banks reported broadly unchanged credit standards (0%, after 6% in the previous survey round).

Chart 1. Changes in credit standards applied to the approval of loans or credit lines to enterprises

(net percentage of banks contributing to tightening standards)

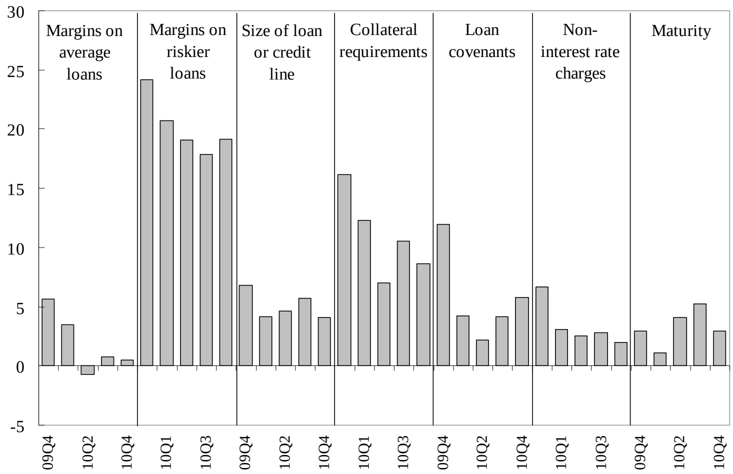


Notes: "Realised" values refer to changes that have occurred, while "expected" values are changes anticipated by banks. Net percentages are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages of banks responding "eased somewhat" and "eased considerably". The net percentages for responses to questions related to the factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage reporting that it contributed to an easing.

With regard to the factors contributing to the move towards broadly unchanged credit standards in the last quarter of 2010, banks' risk perceptions contributed less to a net tightening of banks' credit standards than in the previous quarter, with the industry and firm-specific outlook, in particular (down to 5% from 10% in the previous survey round). At the same time, competitive pressures in loan markets had an ongoing easing impact. By contrast, banks' balance sheet constraints, namely banks' cost of capital (5%, as in the previous survey round), their ability to access financing (3%, as in the previous survey round) and their liquidity position (2%, up from 1% in the previous survey round), continued to contribute to a net tightening of credit standards at broadly unchanged levels.

Chart 2. Changes in the terms and conditions for approving loans or credit lines to enterprises

(net percentage of banks reporting tightening terms and conditions)



Note: See the notes to Chart 1.

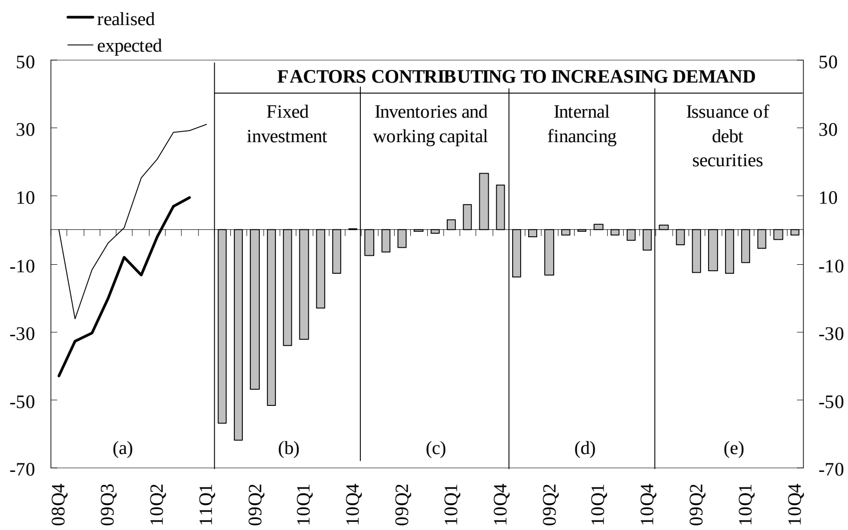
Where price and non-price terms and conditions are concerned, the slight overall decline observed in the net tightening of credit standards in the last quarter of 2010 contrasted with a slight increase in both margins on riskier loans (20%, from 18% in the previous survey round) and loan covenants. (6%, from 4% in the previous survey round). Viewed across firm sizes, margins on average loans to large firms remained broadly unchanged in the fourth quarter of 2010 (1%, after -2% in the previous survey round), whereas those on loans to SMEs continued to widen by a net percentage of 3%. In the case of riskier loans, the substantial widening of margins was spread more or less evenly across the firm sizes.

On balance looking forward, euro area banks expect a slight net tightening of credit standards on loans to enterprises in the first quarter of 2011 (at 2%), without any specific differences across firm sizes. This tightening is expected to affect primarily longer-term loans, while no broad changes are envisaged for short-term loans.

Further increase in net demand for loans to enterprises confirms turnaround

In the last quarter of 2010, net demand for loans[3] from enterprises increased further (standing at 10%, up from 7% in the third quarter of 2010 and -2% in the second quarter), thereby confirming the turnaround recorded in the previous quarter (see Chart 3). Viewed across firm sizes, net demand for loans rose for both loans to SMEs (19%, from 10% in the previous survey round) and loans to large firms (11%, from 3% in the previous survey round). As regards maturities, net demand developed particularly dynamically for long-term loans (21%, up from 7% in the previous survey round), but also increased further for short-term loans (15%, from 12% in the previous survey round).

Chart 3. Changes in demand for loans or credit lines to enterprises
(net percentage of banks reporting a positive contribution to demand)



Notes: "Realised" values refer to changes that have occurred, while "expected" values are changes anticipated by banks. Net percentages for the questions on demand for loans are defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat" and the sum of the percentages of banks responding "decreased somewhat" and "decreased considerably". The net percentages for responses to questions related to the factors are defined as the difference between the percentage of banks reporting that the given factor contributed to increasing demand and the percentage reporting that it contributed to decreasing demand.

As illustrated in Chart 3, the improvement in net overall demand was mainly driven by the fact that the decrease in the financing needs for fixed investments came to a halt (0% after -13% in the previous survey round). In addition, a pick-up in the financing of M&A activities (8%, after -3% in the previous survey round) had a positive impact on overall demand for loans, while the contributions of financing needs for inventories and working capital (13%, after 17% in the previous survey round) declined. As regards alternative funding, internal funds dampened firms' external financing needs further (-6%, after -3% in the previous survey round). At the same time, a rising positive contribution from the limited availability of loans from other banks and non-banks was recorded.[4] In addition, the issuance of equity became less of an alternative source of financing for banks' customers, while the slightly dampening impact of debt issuance declined only marginally.

On balance looking ahead, euro area banks expect net demand for loan to enterprises to increase further in the first quarter of 2011 (31%, up from 29% in the previous survey round). This rise is expected to be due to a larger extent to SMEs (33% in the last quarter of 2010) than to large firms (22% in the last quarter of 2010). Furthermore, banks expect an ongoing alignment in dynamics across maturities, with the difference in the expected increase for short and long-term loans decreasing further.

2.2 Households

Tightening of credit standards on loans to households for house purchase bounces back

In the last quarter of 2010, the net percentage of banks reporting a tightening of credit standards bounced back to 11%, from 0% in the previous quarter (see Chart 4). This is at odds with expectations in the previous survey expectations that euro area banks would, on average, maintain broadly unchanged credit standards in the last quarter of 2010.

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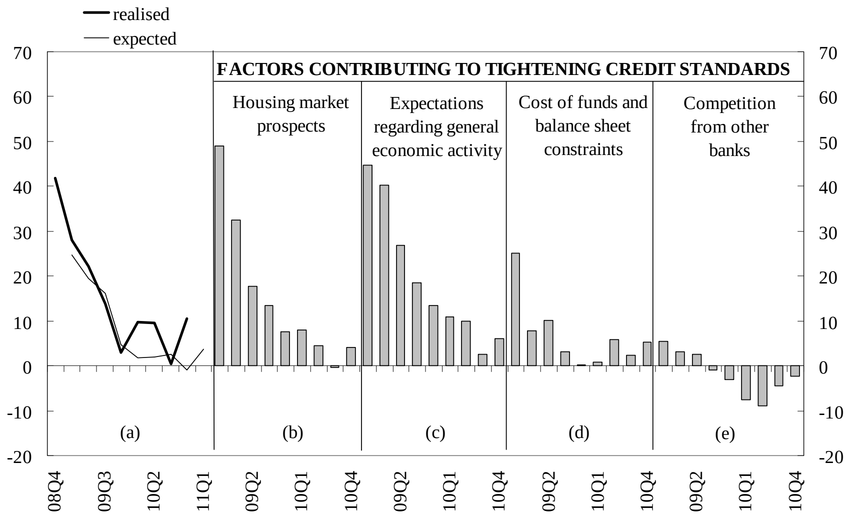
[3] The net demand for loans is calculated as the percentage difference between banks reporting that demand for loans has increased and that of banks reporting that demand for loans has decreased.

[4] This would imply a decrease in competition on loan markets, which contrasts somewhat with the increasing competitive pressures put forward as a contributing factor in the context of credit standards.

Chart 4. Changes in credit standards applied to the approval of loans to households for house purchase

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



Note: See the notes to Chart 1.

The increase in the tightening of credit standards on housing loans appears to be explained mainly by increased risk perceptions linked to both the housing market and developments in general economic activity. Slightly higher costs of funding and balance sheet constraints also played a role in the reported rebound in tightening. Finally, competition among banks, which usually has a dampening effect on the tightening of credit standards, tended to have a lesser impact than in previous survey rounds.

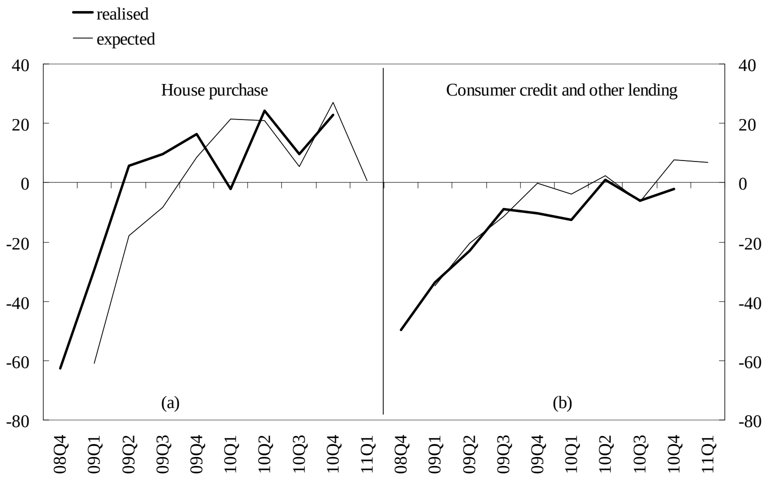
The tightening of credit standards translated mainly into a tendency to increase margins on riskier loans. In fact, most other non-price terms and conditions (such as the collateral required, the maturity and the "loan-to-value" ratios) were either left broadly unchanged or were made slightly less stringent.

Looking forward, euro area banks assume this rebound in the tightening of credit standards to weaken somewhat, with 4% of all euro area banks expecting a further tightening in the first quarter of 2011.

Strong rebound in demand for loans for house purchase

Broadly in line with expectations, net demand for housing loans increased in the last quarter of 2010 as the net percentage of banks reporting an increase in demand for housing loans rose from 10% in the third quarter of 2010 to 23% in the last quarter of the year (see Chart 5). Demand for housing loans remained very much in line with housing market developments at the country level.

Chart 5. Changes in demand for loans to households
(net percentage of banks reporting a positive contribution to demand)



Note: See the notes to Chart 3.

On balance, the overall positive net demand for housing loans was largely supported by a more positive contribution of housing market prospects and a significantly less negative contribution of consumer confidence. In countries where demand for loans was reported to be sluggish, one of the main dampening factors was deemed to be households' savings.

Looking forward, euro area banks expected demand for loans to remain broadly unchanged in the first quarter of 2011. Over recent quarters, both actual and expected figures on the demand for housing loans have been particularly volatile, possibly pointing to a large degree of uncertainty for this category of loans.

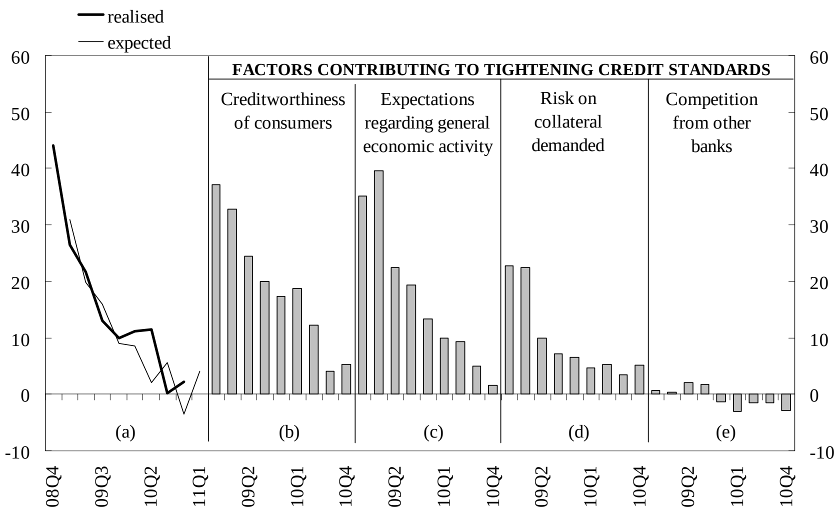
Slight increase in the tightening of credit standards on consumer credit and other lending to households

The net tightening of credit standards for consumer loans also rebounded, albeit only slightly, to 2% in the last quarter of 2010, compared with 0% in the previous quarter (see Chart 6). As for housing loans, the tightening observed in the last quarter of the year was stronger than that anticipated by banks in the previous quarter, and factors related to the perception of risk seem to have played a role in determining the slight rebound in tightening. More precisely, banks indicated a slightly stronger contribution from both the creditworthiness of consumers (5%, compared with 4% in the previous survey round) and risks on collateral demanded (5%, compared with 3% in the previous survey round). Interestingly, the contribution of expectations with respect to the general economic outlook decreased further, confirming that the individual profiles of potential borrowers were key determinants in explaining the reported further tightening of credit standards on consumer credit.

Looking forward, euro area banks expect, on average, a further tightening of credit standards on consumer credit and other lending to households (4%) in the first quarter of 2011.

Chart 6. Changes in credit standards applied to the approval of consumer credit and other lending to households

(net percentage of banks contributing to tightening credit standards)



Note: See the notes to Chart 1.

Unlike what was expected, net demand for consumer credit did not turn positive in the last quarter of 2010, but it drew closer to positive values (-2%, compared with -6% in the third quarter of 2010). Net demand for consumer credit appears to have remained sluggish, dampened by consumer confidence and developments in households' savings. Looking forward, however, euro area banks expect net demand for consumer credit to be positive (7%) in the first quarter of 2011.

3 Ad hoc questions

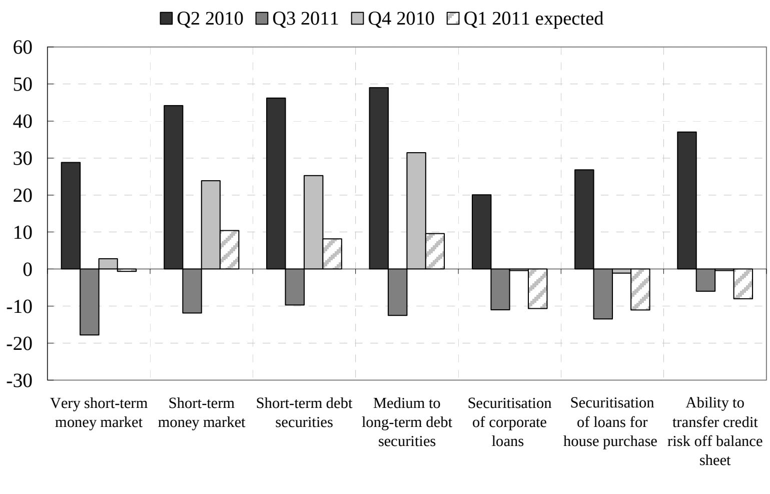
Following-up on the ad hoc questions included in the previous survey rounds, the January 2011 survey round also contained questions that were aimed at assessing the extent to which the financial market tensions have affected banks' credit standards for loans and credit lines to enterprises and households in the euro area in the last quarter of 2010 and the extent to which they were expected to affect them in the subsequent three months. The questions refer to the access to wholesale funding and the impact of capital constraints on bank lending.[5]

Deterioration in access to money markets and debt securities markets

In the last quarter of 2010, possibly reflecting the renewed financial market tensions following concerns about sovereign risk, banks generally reported a deterioration in their access to short-term money markets and the markets for debt securities issuance (see Chart 7), while they generally noted unchanged conditions for their access to true-sale securitisation of corporate and housing loans as well as synthetic securitization, i.e. the ability to transfer credit risk off the balance sheet. More specifically, in the last quarter of 2010, 24% of the banks (excluding banks replying "not applicable") reported a deteriorated access to short-term money markets with maturities exceeding one week, whereas access to very short-term money markets was deemed to have been more hampered for only 3%. For debt securities markets, around 25-30% of the banks reported a deteriorated access.

Over the next three months, banks expect similar, albeit mitigated, patterns of difficulties in accessing wholesale funding. On a net basis, around 10% of the banks continue to expect a further deterioration as regards their access to short-term money markets and debt securities markets, while around 10% also expect a further improvement in access to securitisation.

Chart 7: Change in the access to wholesale funding over the past three months
(net percentage of banks reporting deteriorated market access)

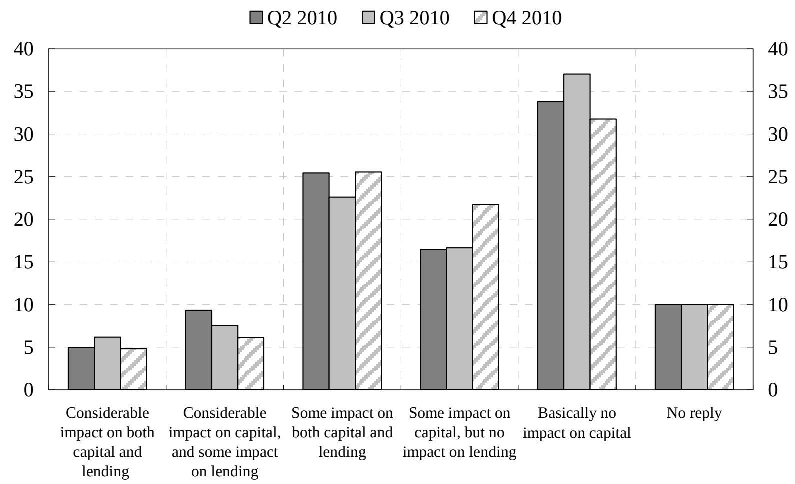


Note: The percentages were calculated by adding together the shares of banks that reported either a "considerable impact" or "some impact" on their market access.

5 The results shown are calculated as a percentage of the number of banks that did not reply "not applicable".

Regarding the impact of the financial turmoil on banks' costs related to their capital position and on their lending policy (Chart 8), the last quarter of 2010 saw an only slight improvement against the third quarter. About 37% of the reporting banks indicated "some" or a "considerable" impact on both capital and lending (compared with 40% in the previous survey). At the same time, in the fourth quarter of 2010, 32% of the banks (compared with 34% in the previous survey) reported that there was basically no impact on their capital as a result of the financial turmoil.

Chart 8: Effect on the costs related to the bank's capital position and on lending
(percentage of banks reporting an impact)



ANNEX 1: RESULTS FOR THE INDIVIDUAL QUESTIONS

I. Loans or credit lines to enterprises

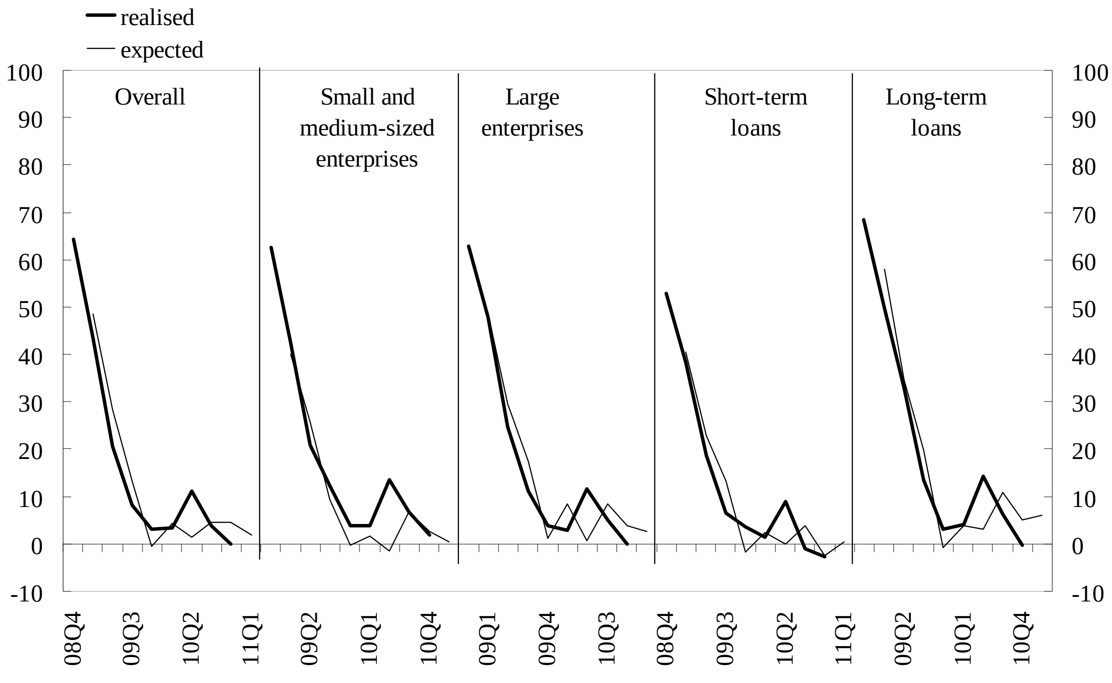
1. Over the past three months, how have your bank's credit standards as applied to the approval of loans or credit lines to enterprises changed?

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	October 2010	January 2011	October 2010	January 2011	October 2010	January 2011	October 2010	January 2011	October 2010	January 2011
Tightened considerably	1	1	1	0	2	1	1	0	2	2
Tightened somewhat	7	4	10	6	8	6	5	4	9	5
Remained basically unchanged	88	91	85	91	86	86	89	89	85	88
Eased somewhat	4	5	4	4	5	7	6	7	4	6
Eased considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***4***	***0***	***7***	***2***	***5***	***0***	***-1***	***-3***	***6***	***0***
Diffusion index	***3***	***0***	***4***	***1***	***3***	***1***	***0***	***-1***	***4***	***1***
Mean	*2.95*	*2.99*	*2.92*	*2.98*	*2.93*	*2.99*	*3.01*	*3.03*	*2.92*	*2.99*
Number of banks responding	***113***	***113***	***110***	***110***	***109***	***109***	***113***	***113***	***111***	***111***

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

Chart 1. Changes in credit standards applied to the approval of loans or credit lines to enterprises

(net percentages of banks reporting tightening credit standards)



2. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of <u>loans or credit lines to enterprises</u>?

OVERALL	--	-	°	+	++	NA	NetP October 2010	NetP January 2011	DI October 2010	DI January 2011	Mean October 2010	Mean January 2011
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	5	85	0	0	10	5	5	3	2	2.93	2.95
Your bank's ability to access market financing	1	3	82	1	0	13	3	3	2	2	2.96	2.96
Your bank's liquidity position	1	5	81	3	0	10	1	2	1	2	2.98	2.96
B) Pressure from competition												
Competition from other banks	0	0	82	10	0	9	-9	-10	-4	-5	3.10	3.11
Competition from non-banks	0	0	87	1	0	11	-3	-1	-1	-1	3.03	3.02
Competition from market financing	0	1	85	4	0	10	-4	-3	-2	-1	3.05	3.04
C) Perception of risk												
Expectations regarding general economic activity	2	11	73	7	0	8	7	6	4	4	2.92	2.93
Industry or firm-specific outlook	0	12	74	6	1	8	10	5	5	2	2.89	2.97
Risk on collateral demanded	0	8	83	1	0	9	8	7	4	4	2.91	2.92

SMALL AND MEDIUM-SIZED ENTERPRISES	--	-	°	+	++	NA	NetP October 2010	NetP January 2011	DI October 2010	DI January 2011	Mean October 2010	Mean January 2011
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	4	81	1	0	13	5	3	3	2	2.93	2.97
Your bank's ability to access market financing	1	2	80	1	0	16	3	2	2	1	2.96	2.98
Your bank's liquidity position	0	4	79	4	0	13	1	0	1	0	2.98	3.01
B) Pressure from competition												
Competition from other banks	0	0	81	8	0	11	-6	-8	-3	-4	3.07	3.10
Competition from non-banks	0	0	85	2	0	13	-1	-2	-1	-1	3.02	3.03
Competition from market financing	0	1	84	2	0	13	-1	-2	-1	-1	3.02	3.02
C) Perception of risk												
Expectations regarding general economic activity	1	12	71	7	0	10	5	7	3	4	2.94	2.93
Industry or firm-specific outlook	0	11	73	6	1	10	11	4	5	2	2.89	2.98
Risk on collateral demanded	0	8	82	1	0	10	7	7	4	4	2.90	2.92

LARGE ENTERPRISES	--	-	°	+	++	NA	NetP October 2010	NetP January 2011	DI October 2010	DI January 2011	Mean October 2010	Mean January 2011
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	1	7	76	0	0	17	6	8	4	4	2.90	2.90
Your bank's ability to access market financing	1	3	76	1	0	19	4	3	3	2	2.93	2.97
Your bank's liquidity position	1	6	73	3	0	17	3	4	2	2	2.95	2.95
B) Pressure from competition												
Competition from other banks	0	1	76	7	1	15	-8	-7	-4	-4	3.09	3.09
Competition from non-banks	0	1	81	1	0	17	-1	0	-1	0	3.02	3.01
Competition from market financing	0	2	79	4	0	16	-3	-2	-1	-1	3.03	3.03
C) Perception of risk												
Expectations regarding general economic activity	2	9	68	8	0	14	3	2	2	2	2.97	2.97
Industry or firm-specific outlook	1	11	67	7	1	14	10	5	5	3	2.91	2.96
Risk on collateral demanded	0	7	78	1	0	14	7	7	4	3	2.91	2.93

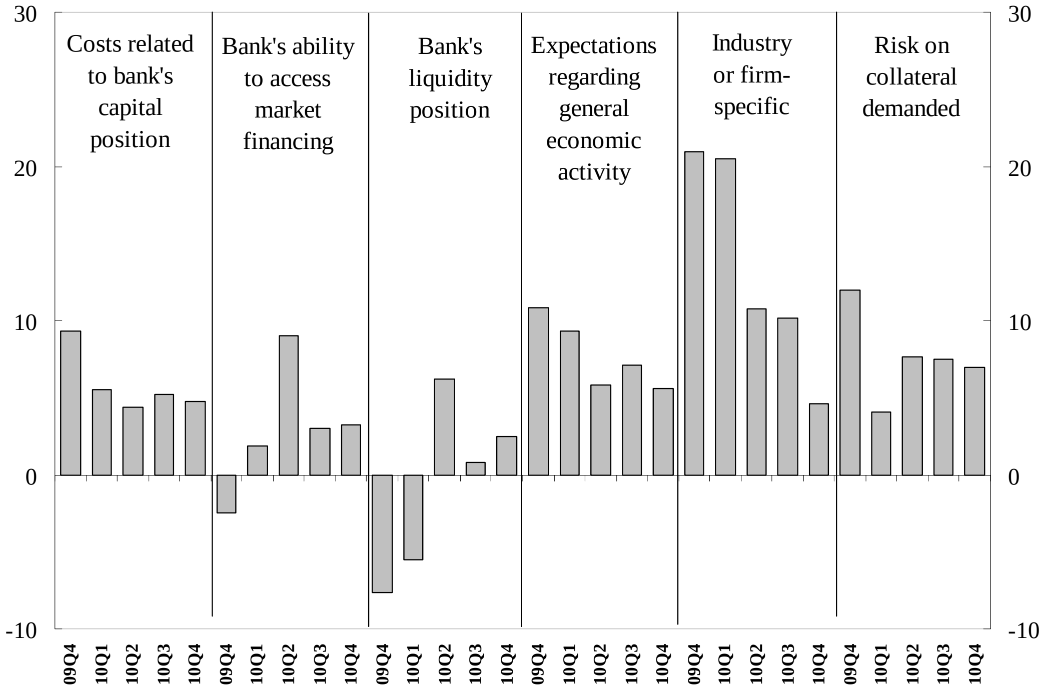
NA = not available; NetP = net percentage; DI = diffusion index.

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

Chart 2a. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises

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

OVERALL



BREAKDOWN BY FIRM SIZE

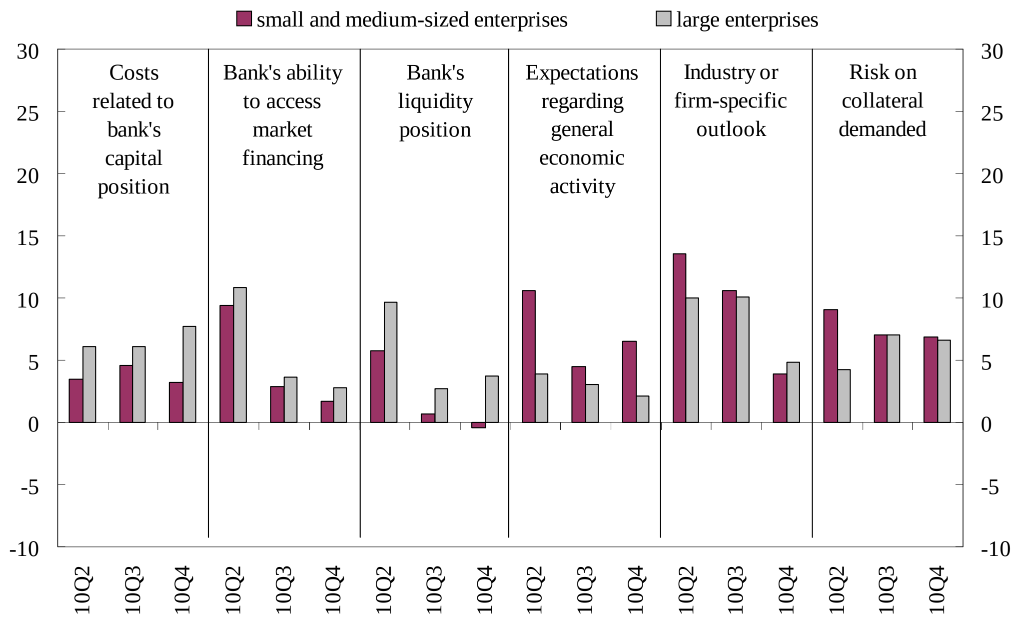
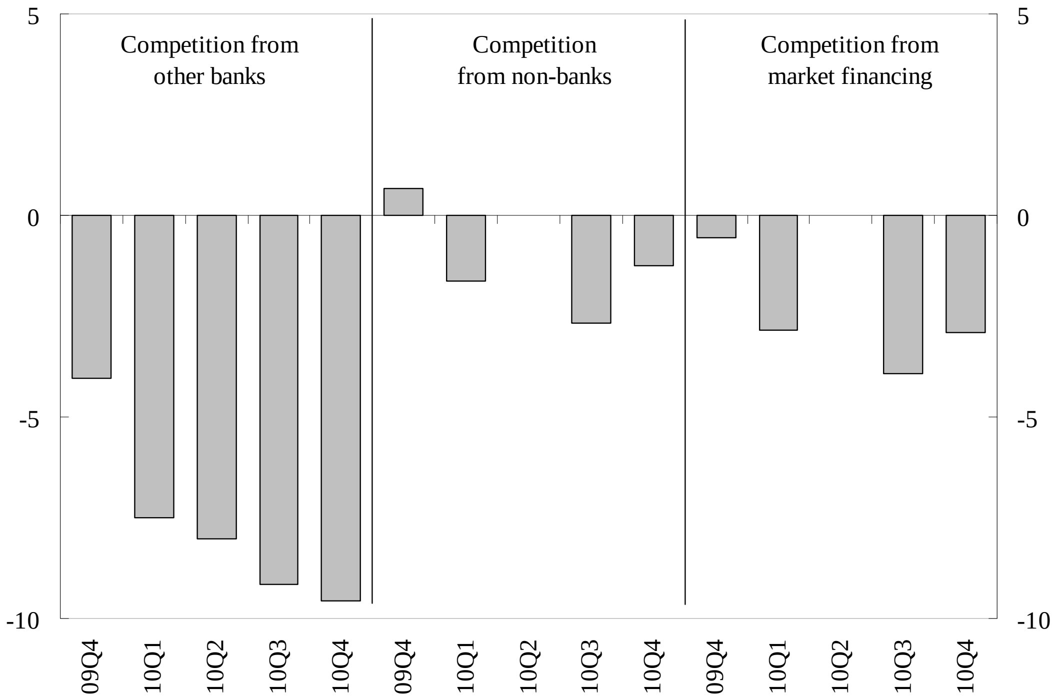


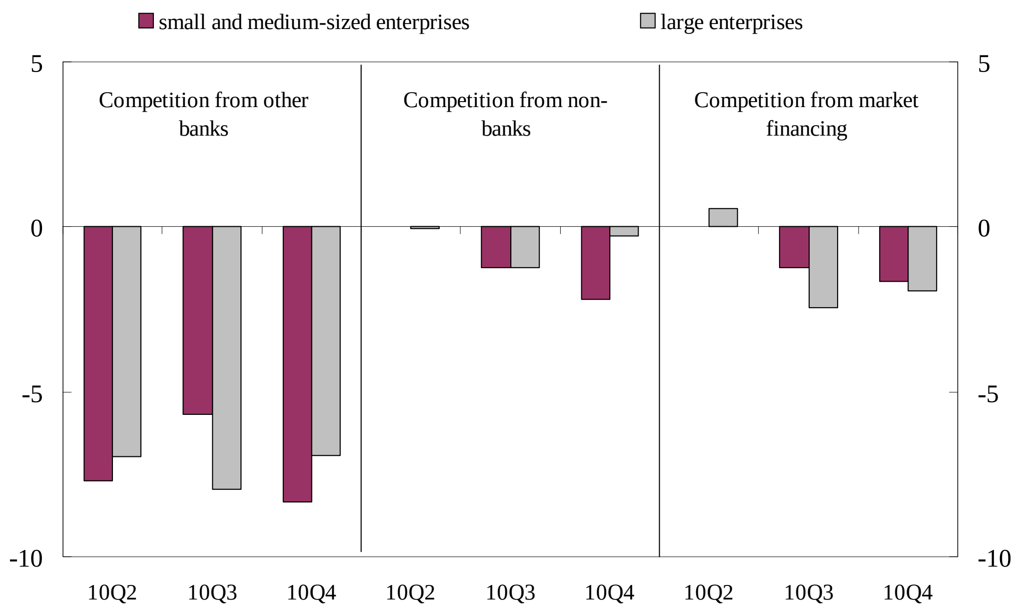
Chart 2b. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises

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

OVERALL



BREAKDOWN BY FIRM SIZE



3. Over the past three months, how have your bank's terms and conditions for approving loans or credit lines to enterprises changed?

OVERALL	--	-	°	+	++	NA	NetP October 2010	NetP January 2011	DI October 2010	DI January 2011	Mean October 2010	Mean January 2011
A) Price												
Your bank's margin on average loans	2	13	64	14	0	8	1	1	1	1	2.98	3.00
Your bank's margin on riskier loans	3	20	65	3	0	9	18	19	10	11	2.79	2.78
B) Other conditions and terms												
Non-interest rate charges	0	4	88	2	0	7	3	2	1	1	2.97	2.98
Size of the loan or credit line	0	6	85	2	0	6	6	4	3	2	2.94	2.96
Collateral requirements	0	9	85	0	0	6	11	9	6	4	2.88	2.91
Loan covenants	0	6	87	0	0	8	4	6	2	3	2.95	2.93
Maturity	1	7	82	4	0	7	5	3	3	2	2.94	2.97

SMALL AND MEDIUM-SIZED ENTERPRISES	--	-	°	+	++	NA	NetP October 2010	NetP January 2011	DI October 2010	DI January 2011	Mean October 2010	Mean January 2011
A) Price												
Your bank's margin on average loans	1	12	66	10	0	11	3	3	2	2	2.95	2.98
Your bank's margin on riskier loans	2	22	61	3	0	12	19	21	11	11	2.76	2.77
B) Other conditions and terms												
Non-interest rate charges	0	2	87	0	0	11	2	1	1	1	2.98	2.99
Size of the loan or credit line	0	4	86	0	0	10	4	4	2	2	2.96	2.96
Collateral requirements	0	9	81	0	0	10	8	9	4	5	2.91	2.90
Loan covenants	0	3	86	0	0	11	3	3	2	1	2.95	2.96
Maturity	1	5	83	2	0	10	8	3	4	2	2.91	2.96

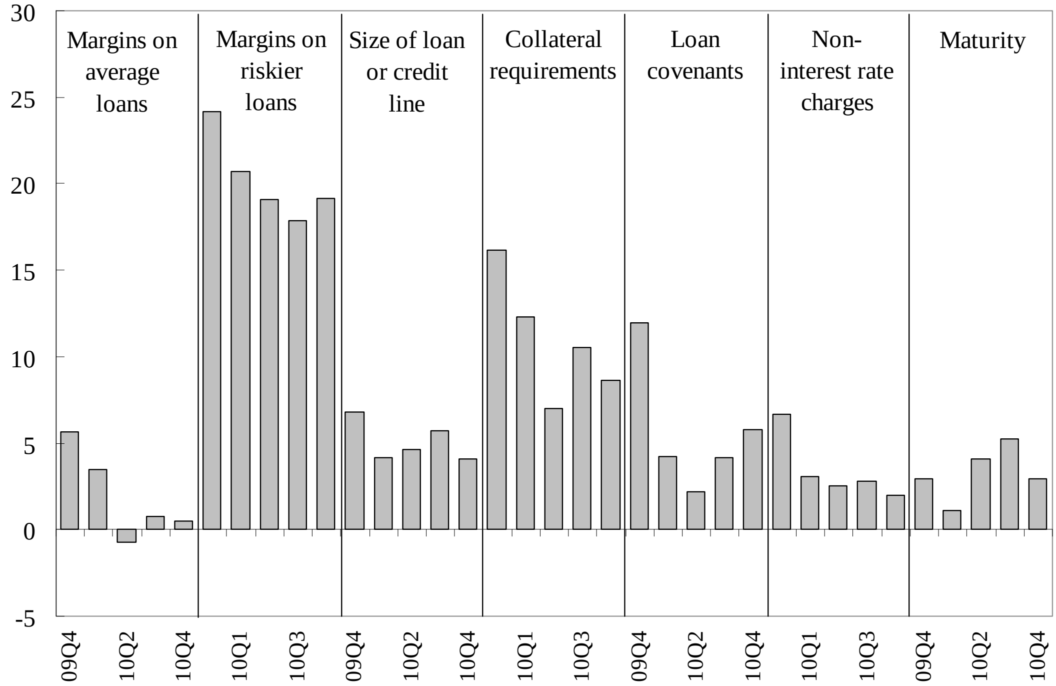
LARGE ENTERPRISES	--	-	°	+	++	NA	NetP October 2010	NetP January 2011	DI October 2010	DI January 2011	Mean October 2010	Mean January 2011
A) Price												
Your bank's margin on average loans	1	16	54	15	0	14	-2	1	0	1	3.02	3.00
Your bank's margin on riskier loans	3	25	53	5	0	15	22	22	12	13	2.72	2.74
B) Other conditions and terms												
Non-interest rate charges	0	5	79	3	0	13	2	2	1	1	2.98	2.98
Size of the loan or credit line	0	9	74	5	0	13	7	4	4	2	2.92	2.96
Collateral requirements	0	10	76	1	0	13	9	9	5	4	2.90	2.91
Loan covenants	0	5	79	2	0	14	3	3	1	2	2.97	2.97
Maturity	1	9	72	5	1	13	6	4	3	2	2.93	2.97

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

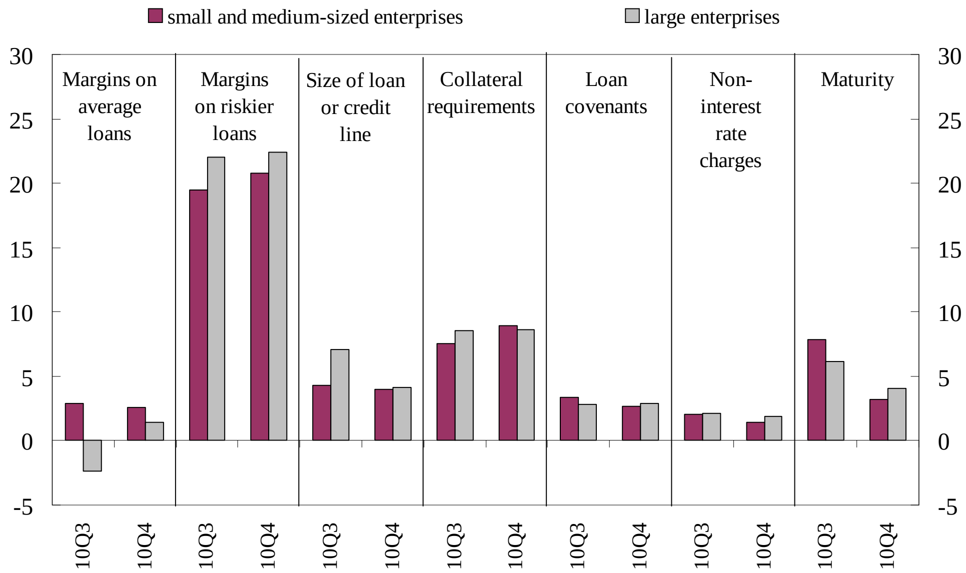
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (tightened considerably) and "-" (tightened somewhat), and the sum of banks responding "+" (eased somewhat) and "+ +" (eased considerably). "°" means "remained basically unchanged". The diffusion index is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

Chart 3. Changes in terms and conditions for approving loans or credit lines to enterprises
(net percentages of banks reporting tightening terms and conditions)

OVERALL



BREAKDOWN BY FIRM SIZE



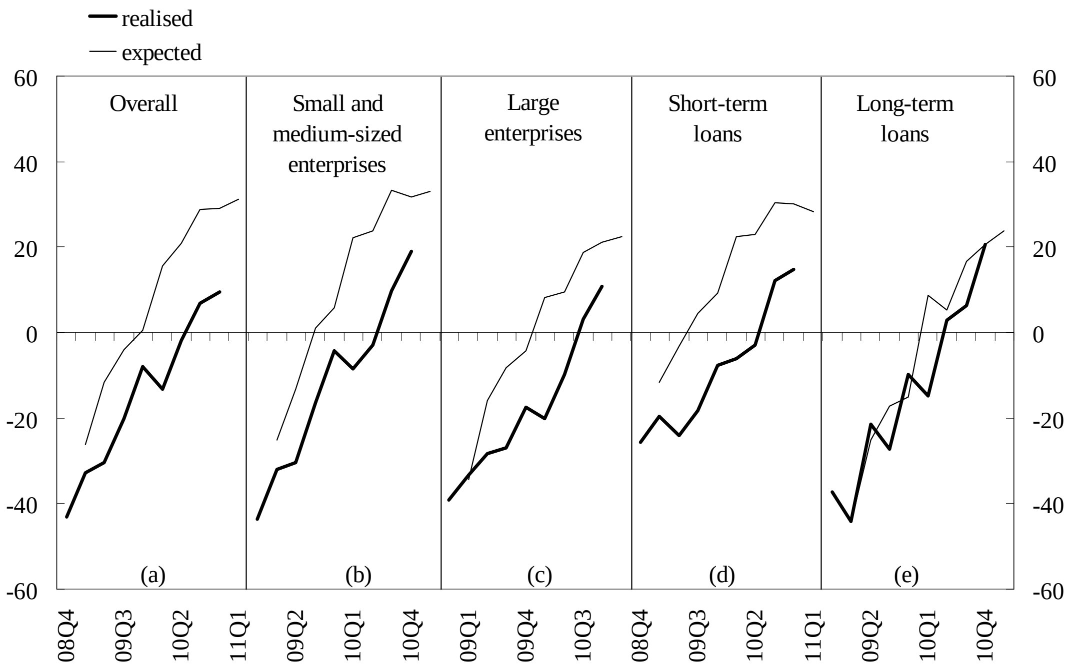
4. Over the past three months, how has the <u>demand for loans or credit lines to enterprises</u> changed at your bank, apart from normal seasonal fluctuations?

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	October 2010	January 2011	October 2010	January 2011	October 2010	January 2011	October 2010	January 2011	October 2010	January 2011
Decreased considerably	1	1	1	1	2	2	2	2	1	2
Decreased somewhat	15	10	11	5	12	9	7	6	17	7
Remained basically unchanged	60	68	66	68	69	67	69	69	59	61
Increased somewhat	23	21	22	25	17	21	20	21	24	29
Increased considerably	0	0	0	0	0	1	1	1	0	1
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***7***	***10***	***10***	***19***	***3***	***11***	***12***	***15***	***6***	***21***
Diffusion index	***3***	***4***	***4***	***9***	***1***	***5***	***6***	***7***	***3***	***10***
Mean	*3.06*	*3.09*	*3.09*	*3.18*	*3.01*	*3.10*	*3.11*	*3.14*	*3.05*	*3.20*
Number of banks responding	***113***	***113***	***110***	***110***	***109***	***109***	***113***	***112***	***111***	***110***

Notes: The net percentage is defined as the difference between the sum of banks responding “increased considerably” and “increased somewhat”, and the sum of banks responding “decreased somewhat” and “decreased considerably”. The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered “considerably” a weight twice as high (score of 1) as lenders having answered “somewhat” (score of 0.5).

Chart 4. Changes in demand for loans and credit lines to enterprises

(net percentages of banks reporting positive loan demand)



5. Over the past three months, how have the following factors affected the demand for <u>loans or credit lines to enterprises</u>?

	--	-	°	+	++	NA	NetP		DI		Mean	
							October 2010	January 2011	October 2010	January 2011	October 2010	January 2011
A) Financing needs												
Fixed investment	2	8	71	10	0	9	-13	0	-8	-1	2.84	2.99
Inventories and working capital	0	6	64	19	0	11	17	13	8	7	3.18	3.15
Mergers/acquisitions and corporate restructuring	1	1	74	10	0	14	-3	8	-3	3	2.93	3.08
Debt restructuring	0	6	63	21	1	9	17	16	9	8	3.17	3.17
B) Use of alternative finance												
Internal financing	0	10	76	4	0	10	-3	-6	-2	-3	2.96	2.94
Loans from other banks	0	3	77	10	1	9	1	7	1	4	3.01	3.09
Loans from non-banks	0	0	87	3	0	11	1	3	0	1	3.01	3.03
Issuance of debt securities	0	5	77	3	0	15	-3	-2	-1	-1	2.96	2.97
Issuance of equity	0	0	81	2	0	17	-1	2	-1	1	2.99	3.02

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

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

Chart 5a. Factors affecting demand for loans and credit lines to enterprises

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

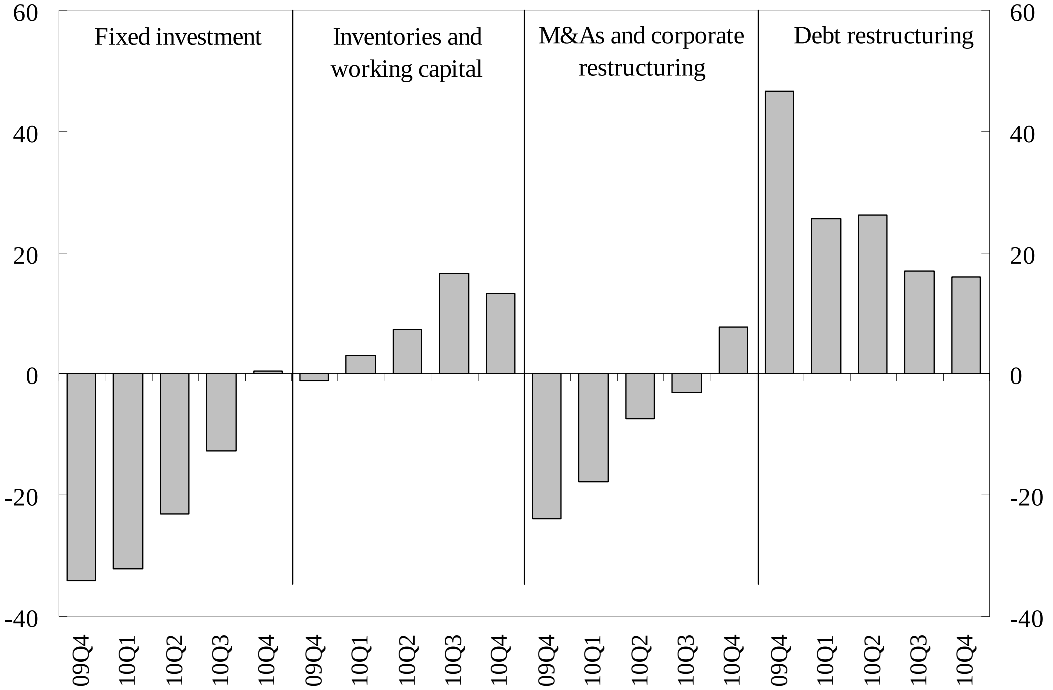
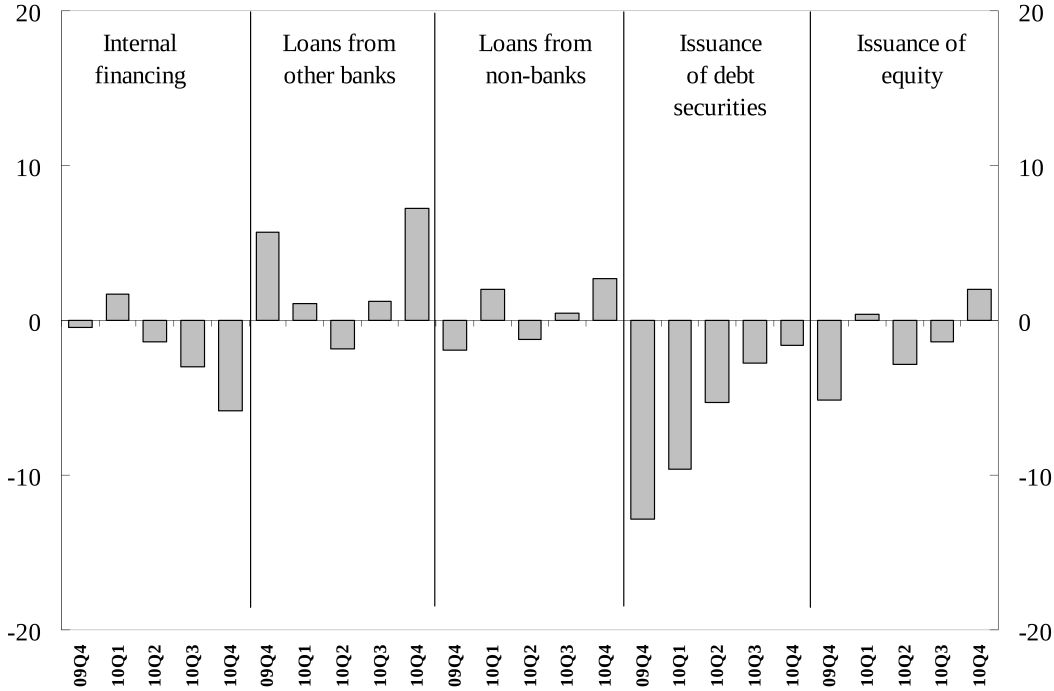


Chart 5b. Factors affecting demand for loans and credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)



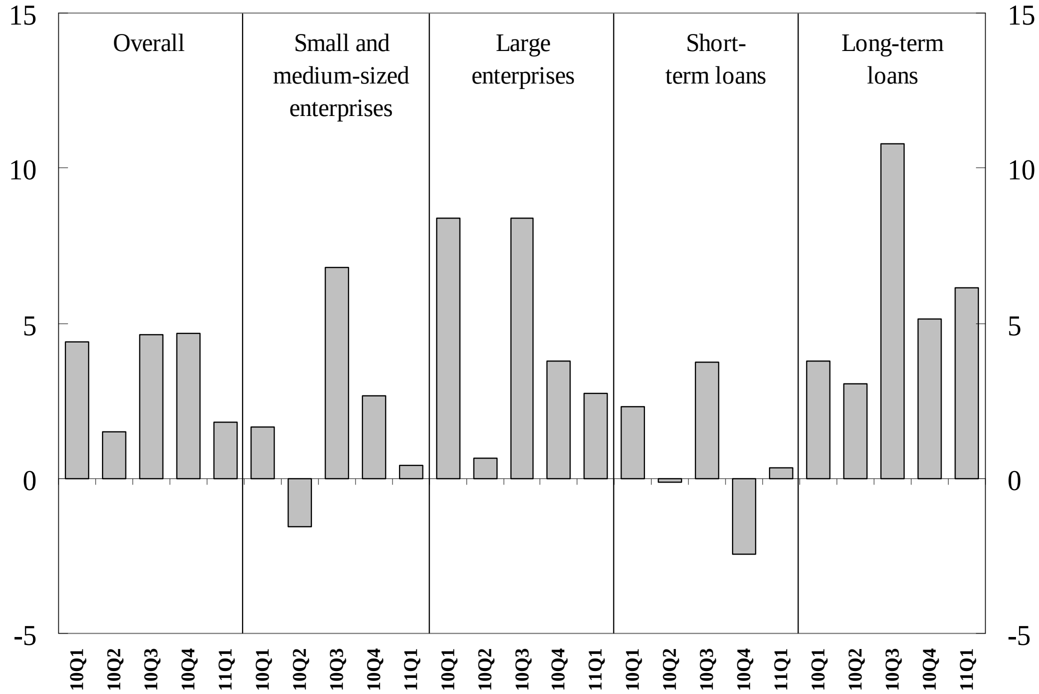
6. Please indicate how you expect your bank's credit standards as applied to the approval of loans or credit lines to enterprises to change over the next three months.

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	October 2010	January 2011	October 2010	January 2011	October 2010	January 2011	October 2010	January 2011	October 2010	January 2011
Tighten considerably	0	1	1	0	0	1	0	0	0	1
Tighten somewhat	7	5	3	4	8	7	3	3	8	7
Remain basically unchanged	91	91	93	93	87	88	92	94	89	89
Ease somewhat	2	3	2	3	5	4	5	2	3	1
Ease considerably	0	1	0	1	0	1	0	1	0	1
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***5***	***2***	***3***	***0***	***4***	***3***	***-2***	***0***	***5***	***6***
Diffusion index	***2***	***1***	***2***	***0***	***2***	***1***	***-1***	***0***	***3***	***3***
Mean	*2.95*	*2.99*	*2.96*	*3.01*	*2.96*	*2.98*	*3.02*	*3.01*	*2.95*	*2.94*
Number of banks responding	***112***	***111***	***110***	***109***	***109***	***108***	***112***	***112***	***110***	***110***

Notes: The net percentage is defined as the difference between the sum of the percentages of banks responding "tighten considerably" and "tighten somewhat", and the sum of the percentages of banks responding "ease somewhat" and "ease considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5).

Chart 6. Expected changes in credit standards for the approval of loans or credit lines to enterprises

(net percentages of banks expecting tightening credit standards)

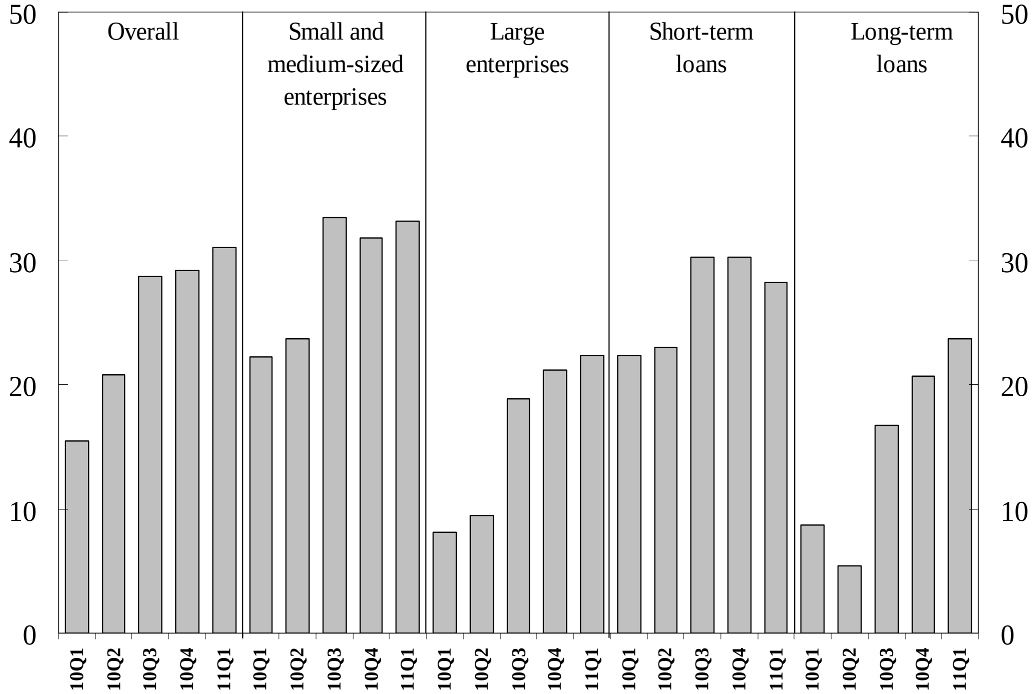


7. Please indicate how you expect demand for loans or credit lines to enterprises to change at your bank over the next three months (apart from normal seasonal fluctuations).

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	October 2010	January 2011	October 2010	January 2011	October 2010	January 2011	October 2010	January 2011	October 2010	January 2011
Decrease considerably	0	0	0	0	0	0	0	0	0	0
Decrease somewhat	2	4	3	3	6	9	1	4	5	6
Remain basically unchanged	66	62	63	61	68	61	68	64	70	64
Increase somewhat	32	35	34	36	27	31	31	32	25	30
Increase considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***29***	***31***	***32***	***33***	***21***	***22***	***30***	***28***	***21***	***24***
Diffusion index	***15***	***16***	***16***	***17***	***11***	***11***	***15***	***14***	***10***	***12***
Mean	*3.29*	*3.31*	*3.32*	*3.33*	*3.21*	*3.22*	*3.30*	*3.28*	*3.21*	*3.24*
Number of banks responding	***112***	***112***	***110***	***109***	***108***	***108***	***112***	***112***	***110***	***110***

Notes: The net percentage is defined as the difference between the sum of the percentages of banks responding "increase considerably" and "increase somewhat", and the sum of the percentages of banks responding "decrease somewhat" and "decrease considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5).

Chart 7. Expected demand for loans and credit lines to enterprises
(net percentages of banks expecting a positive loan demand)



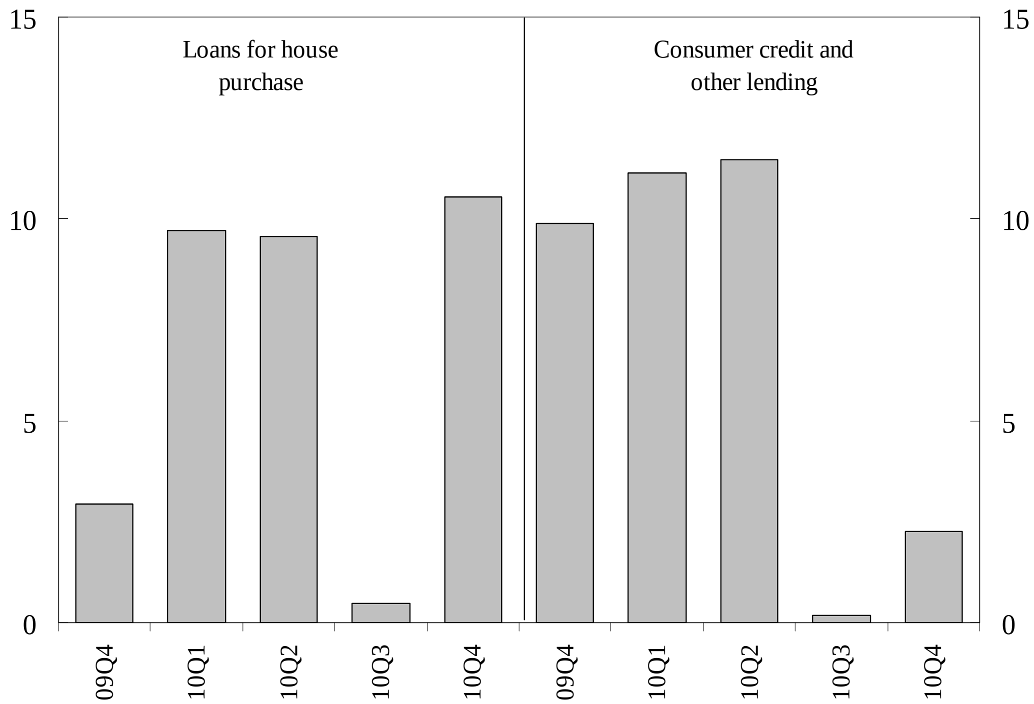
II. Loans to households

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

	Loans for house purchase		Consumer credit and other lending	
	October 2010	January 2011	October 2010	January 2011
Tightened considerably	1	0	1	1
Tightened somewhat	7	12	4	5
Remained basically unchanged	85	87	89	90
Eased somewhat	7	1	5	4
Eased considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***1***	***11***	***0***	***2***
Diffusion index	***1***	***5***	***1***	***1***
Mean	*2.99*	*2.89*	*2.99*	*2.97*
Number of banks responding	***106***	***106***	***108***	***108***

Notes: The net percentage is defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat", and the sum of the percentages of banks responding "eased somewhat" and "eased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5).

Chart 8. Credit standards applied to the approval of loans to households
(net percentages of banks reporting tightening credit standards)



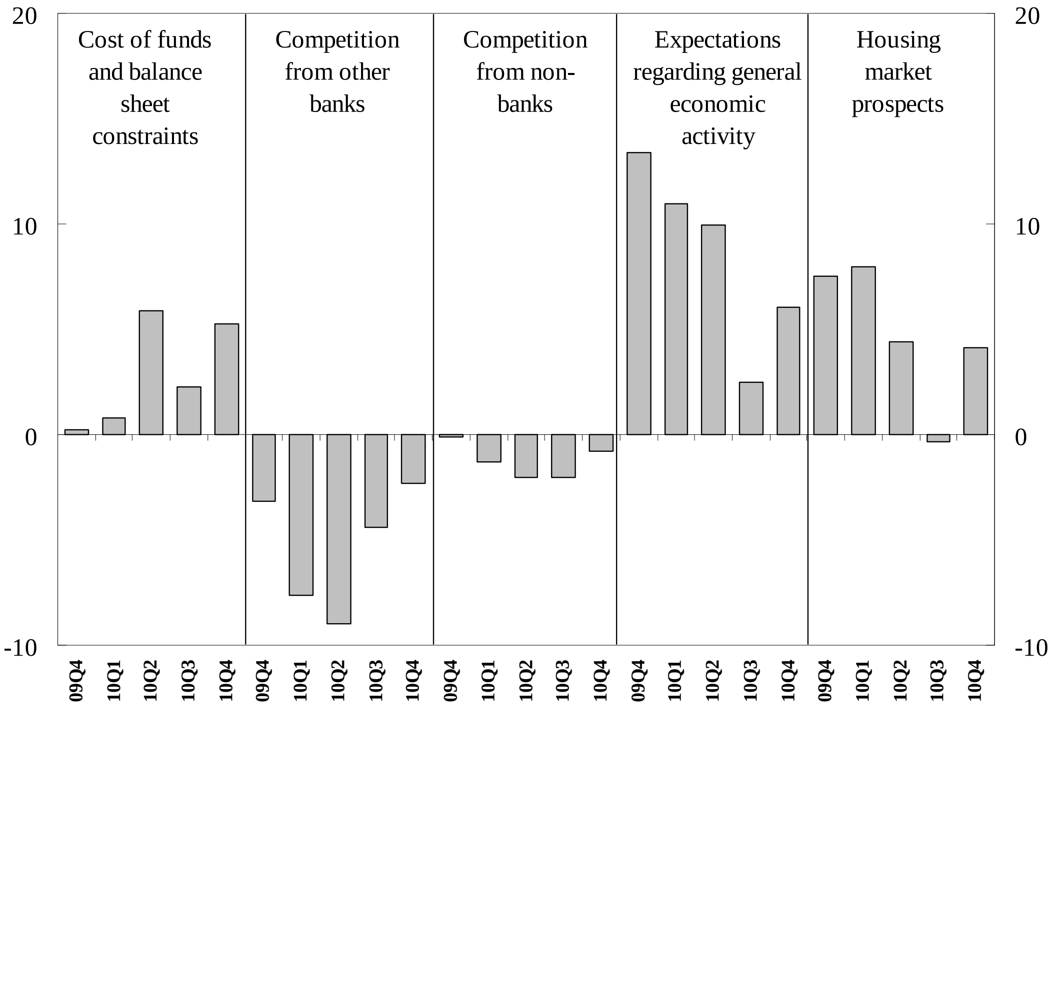
9. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of loans to households for house purchase?

	--	-	°	+	++	NA	NetP		DI		Mean	
							October 2010	January 2011	October 2010	January 2011	October 2010	January 2011
A) Cost of funds and balance sheet constraints	1	4	78	0	0	17	2	5	2	3	2.95	2.93
B) Pressure from competition												
Competition from other banks	0	0	83	2	0	15	-4	-2	-3	-1	3.07	3.03
Competition from non-banks	0	0	84	1	0	15	-2	-1	-2	0	3.04	3.01
C) Perception of risk												
Expectations regarding general economic activity	2	6	79	1	0	13	3	6	2	4	2.97	2.92
Housing market prospects	1	4	82	1	0	13	0	4	0	2	3.00	2.95

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

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

Chart 9. Factors affecting credit standards applied to the approval of loans to households for house purchase *(net percentages of banks reporting tightening standards)*



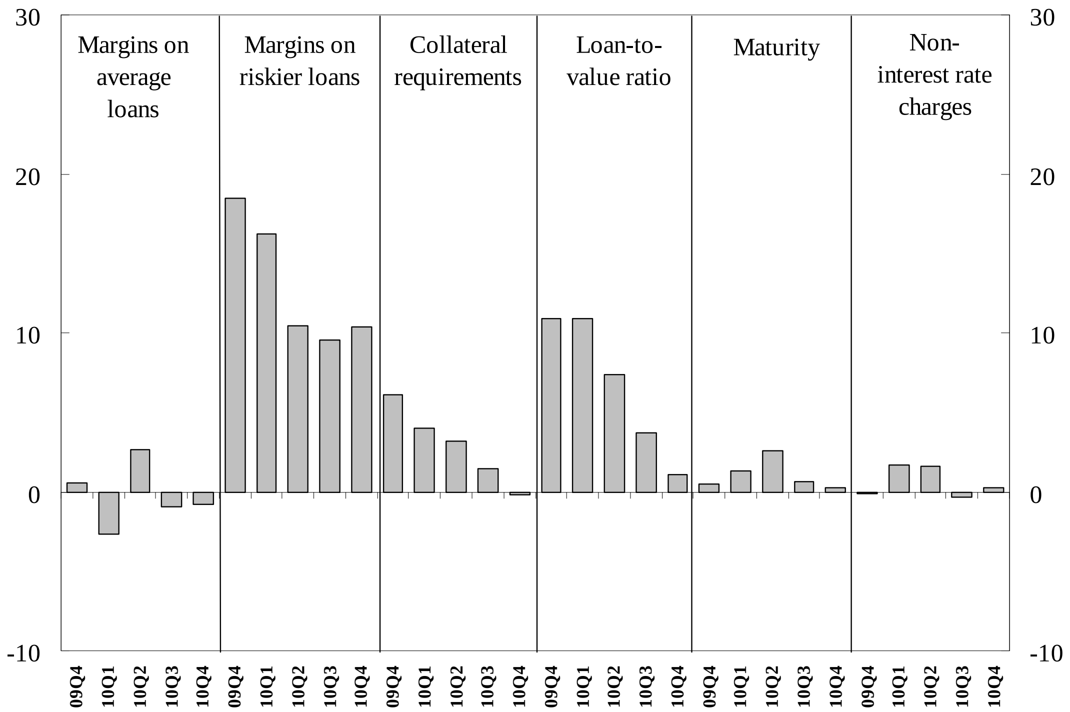
10. Over the past three months, how have your bank’s terms and conditions for approving <u>loans to households for house purchase</u> changed?

	--	-	°	+	++	NA	NetP October 2010	NetP January 2011	DI October 2010	DI January 2011	Mean October 2010	Mean January 2011
A) Price												
Your bank's margin on average loans	1	9	66	9	1	14	-1	-1	0	-1	3.00	3.01
Your bank's margin on riskier loans	3	10	70	2	1	14	10	10	6	6	2.87	2.87
B) Other conditions and terms												
Collateral requirements	0	1	85	1	0	13	1	0	1	0	2.98	3.00
Loan-to-value ratio	0	4	81	3	0	13	4	1	2	1	2.96	2.99
Maturity	0	1	86	1	0	13	1	0	0	0	3.00	3.00
Non-interest rate charges	0	1	85	1	0	13	0	0	0	0	3.01	3.00

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

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

Chart 10. Changes in terms and conditions for approving loans to households for house purchase
(net percentages of banks reporting tightening terms and conditions)



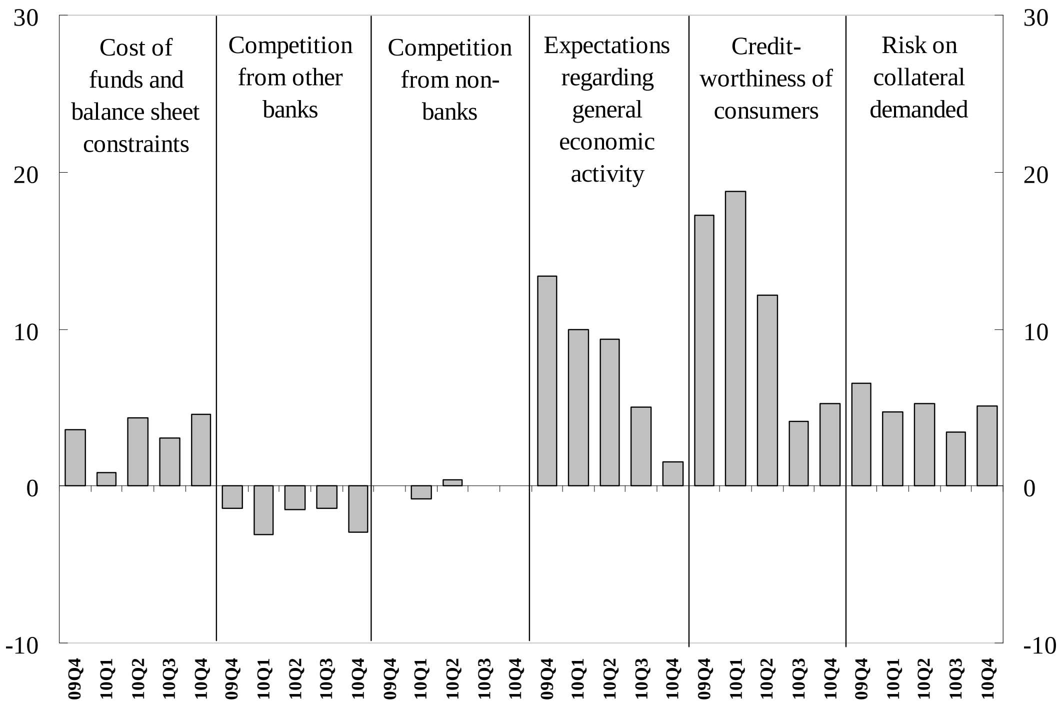
11. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of <u>consumer credit and other lending to households</u> (as described in question 8)?

	--	-	°	+	++	NA	NetP		DI		Mean	
							October 2010	January 2011	October 2010	January 2011	October 2010	January 2011
A) Cost of funds and balance sheet constraints	1	5	77	1	0	16	3	5	2	3	2.95	2.94
B) Pressure from competition	0	0	0	0	0	0	0	0	0	0		
Competition from other banks	0	0	83	3	0	15	-1	-3	-1	-2	3.02	3.04
Competition from non-banks	0	0	84	0	0	16	0	0	0	0	3.00	3.00
C) Perception of risk												
Expectations regarding general economic activity	2	4	78	4	0	14	5	2	3	2	2.94	2.98
Creditworthiness of consumers	1	6	79	1	0	14	4	5	3	3	2.95	2.94
Risk on collateral demanded	1	5	80	0	0	15	3	5	2	3	2.94	2.94

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

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

Chart 11. Factors affecting credit standards applied to the approval of consumer credit and other lending to households *(net percentages of banks reporting a contribution to tightening standards)*



12. Over the past three months, how have your bank's terms and conditions for approving consumer credit and other lending to households changed?

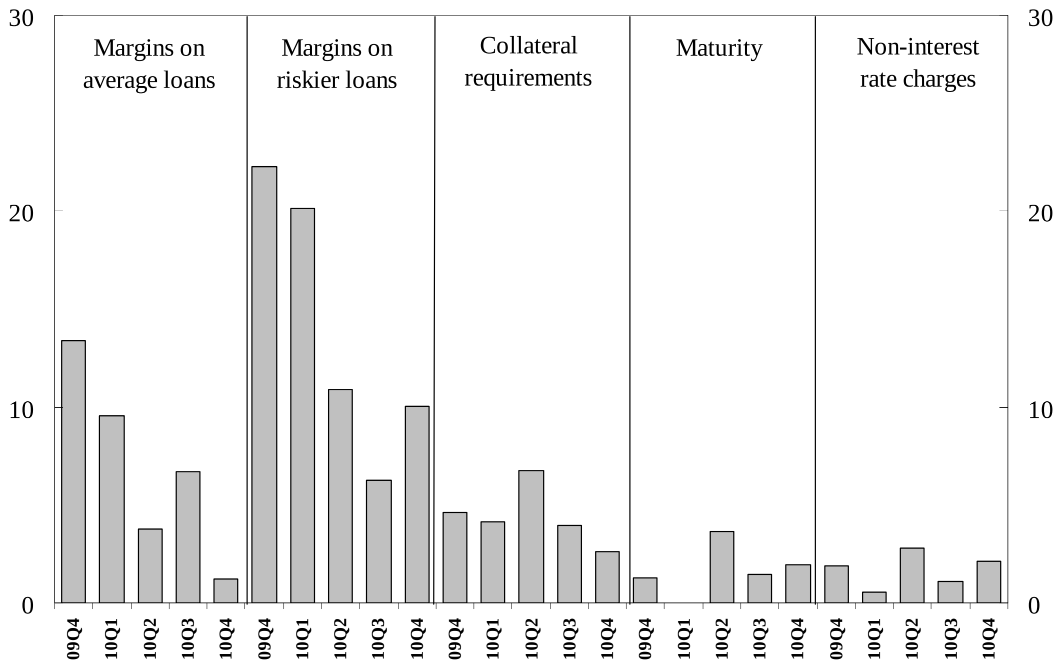
	--	-	°	+	++	NA	NetP		DI		Mean	
							October 2010	January 2011	October 2010	January 2011	October 2010	January 2011
A) Price												
Your bank's margin on average loans	1	8	70	7	0	14	7	1	4	1	2.91	2.98
Your bank's margin on riskier loans	2	10	72	2	0	15	6	10	4	6	2.92	2.87
B) Other conditions and terms												
Collateral requirements	1	3	82	1	0	14	4	3	2	2	2.95	2.97
Maturity	0	2	85	0	0	13	2	2	1	1	2.98	2.98
Non-interest rate charges	0	3	83	1	0	13	1	2	1	1	2.99	2.98

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

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

Chart 12. Changes in terms and conditions for approving consumer credit and other lending to households

(net percentages of banks reporting tightening terms and conditions)



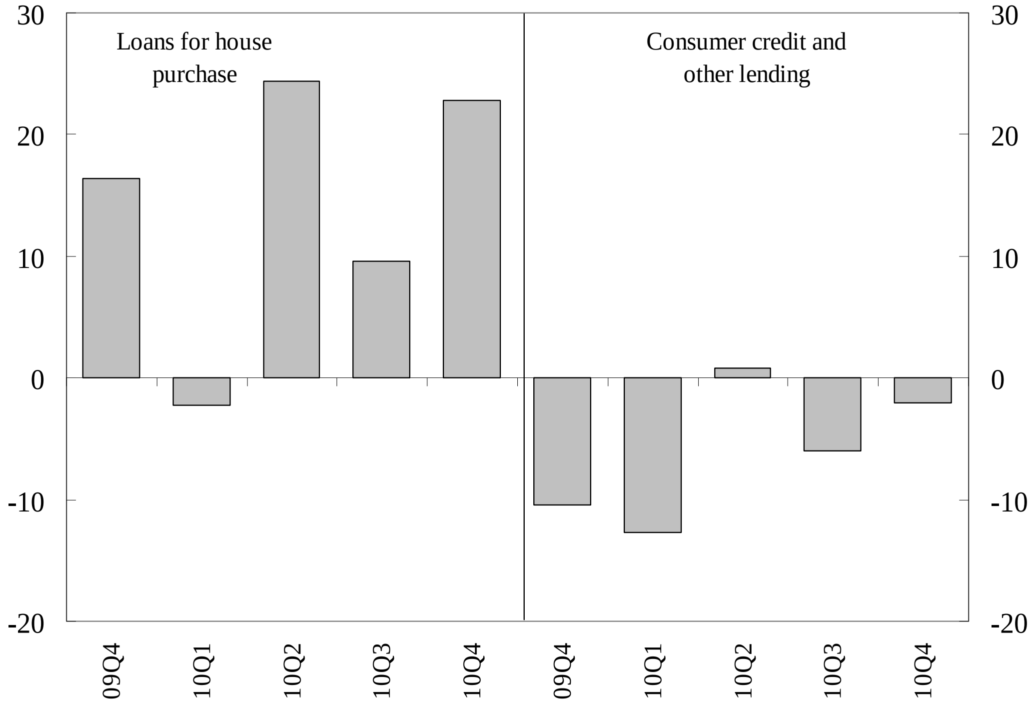
13. Over the past three months, how has the demand for loans to households changed at your bank, apart from normal seasonal fluctuations?

	Loans for house purchase		Consumer credit and other lending	
	October 2010	January 2011	October 2010	January 2011
Decreased considerably	3	1	0	1
Decreased somewhat	18	15	19	15
Remained basically unchanged	49	45	68	70
Increased somewhat	26	29	11	14
Increased considerably	4	10	2	0
Total	*100*	*100*	*100*	*100*
Net percentage	***10***	***23***	***-6***	***-2***
Diffusion index	***5***	***16***	***-2***	***-2***
Mean	*3.11*	*3.32*	*2.96*	*2.97*
Number of banks responding	***106***	***106***	***108***	***107***

Notes: The net percentage is defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat", and the sum of the percentages of banks responding "decreased somewhat" and "decreased considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5).

Chart 13. Demand for loans to households

(net percentages of banks reporting positive loan demand)



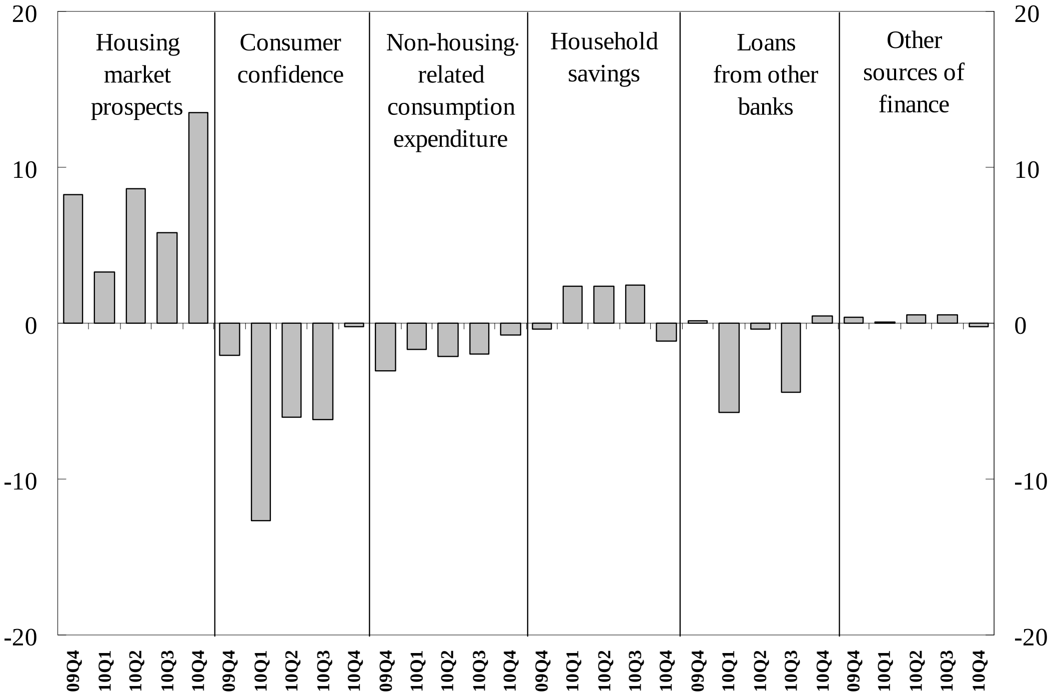
14. Over the past three months, how have the following factors affected the demand for <u>loans to households for house purchase</u> (as described in question 13)?

	--	-	°	+	++	NA	NetP October 2010	NetP January 2011	DI October 2010	DI January 2011	Mean October 2010	Mean January 2011
A) Financing needs												
Housing market prospects	1	13	45	23	5	14	6	14	3	9	3.06	3.22
Consumer confidence	1	11	63	11	1	14	-6	0	-4	0	2.91	3.01
Non-housing-related consumption expenditure	0	3	79	2	0	16	-2	-1	-1	0	2.98	2.99
B) Use of alternative finance												
Household savings	0	5	76	4	0	15	2	-1	1	-1	3.02	2.99
Loans from other banks	0	4	76	4	0	16	-4	1	-2	0	2.95	3.01
Other sources of finance	0	1	81	1	0	17	1	0	0	0	3.01	2.99

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

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

Chart 14. Factors affecting demand for loans to households for house purchase
(net percentages of banks reporting a positive contribution to demand)



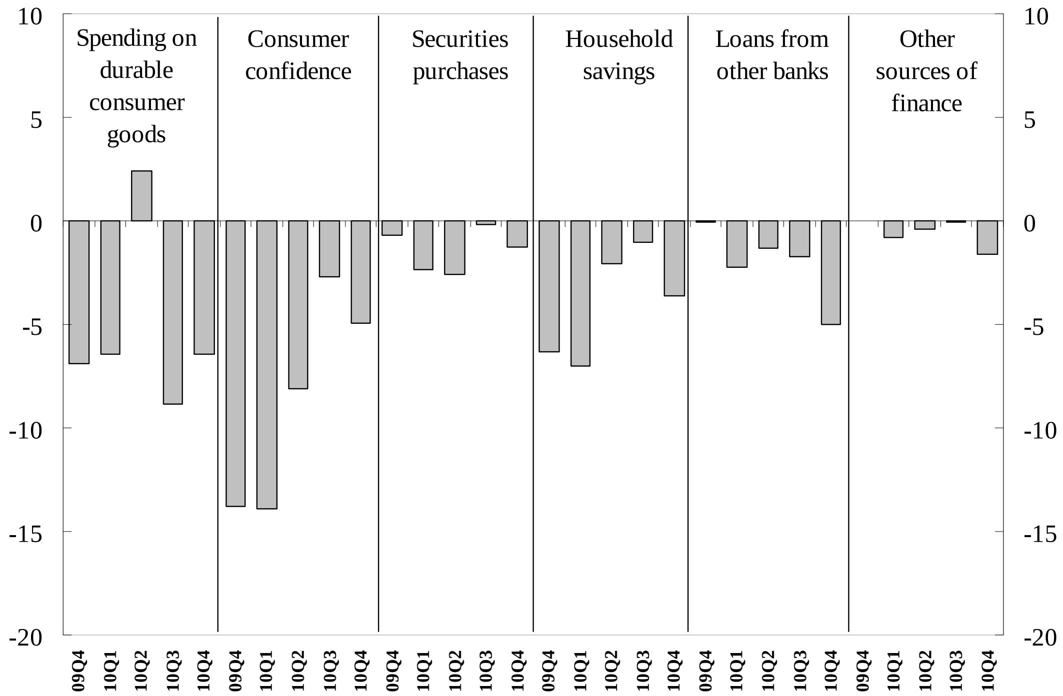
15. Over the past three months, how have the following factors affected the demand for consumer credit and other lending to households (as described in question 13)?

	--	-	°	+	++	NA	NetP		NetP		Mean	
							October 2010	January 2011	October 2010	January 2011	October 2010	January 2011
A) Financing needs												
Spending on durable consumer goods	1	14	65	8	0	13	-9	-7	-5	-4	2.87	2.94
Consumer confidence	0	10	72	6	0	12	-3	-5	-2	-3	2.95	2.94
Securities purchases	0	1	81	0	0	18	0	-1	0	-1	3.00	2.99
B) Use of alternative finance												
Household savings	0	5	83	1	0	12	-1	-4	-1	-2	2.99	2.96
Loans from other banks	1	6	80	2	0	12	-2	-5	-1	-3	2.98	2.94
Other sources of finance	0	2	85	0	0	13	0	-2	0	-1	3.00	2.98

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

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

Chart 15. Factors affecting demand for consumer credit and other lending to households
(net percentages of banks reporting a positive contribution to demand)

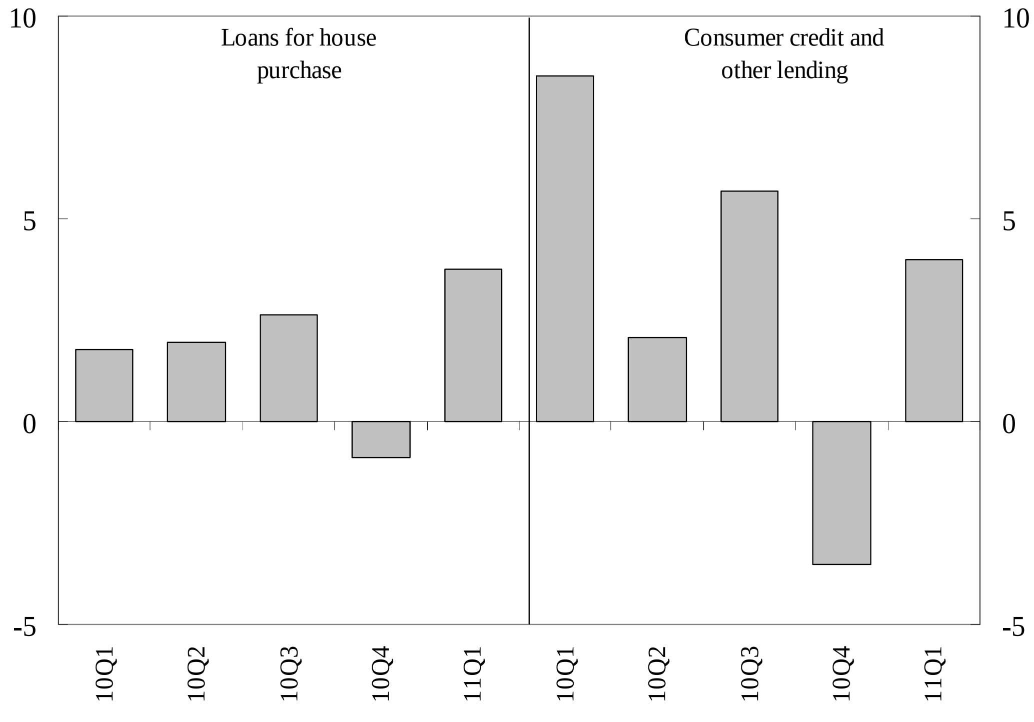


16. Please indicate how you expect your <u>bank's credit standards as applied to the approval of loans to households</u> to change over the next three months.

	Loans for house purchase		Consumer credit and other lending	
	October 2010	January 2011	October 2010	January 2011
Tighten considerably	0	1	1	1
Tighten somewhat	7	6	3	6
Remain basically unchanged	85	90	89	91
Ease somewhat	8	3	7	3
Ease considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***-1***	***4***	***-4***	***4***
Diffusion index	***0***	***3***	***-2***	***2***
Mean	*3.01*	*2.95*	*3.03*	*2.95*
Number of banks responding	***106***	***105***	***108***	***105***

Notes: The net percentage is defined as the difference between the sum of the percentages of banks responding "tighten considerably" and "tighten somewhat", and the sum of the percentages of banks responding "ease somewhat" and "ease considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5).

Chart 16. Expected credit standards for loans to households
(net percentages of banks expecting tightening standards)



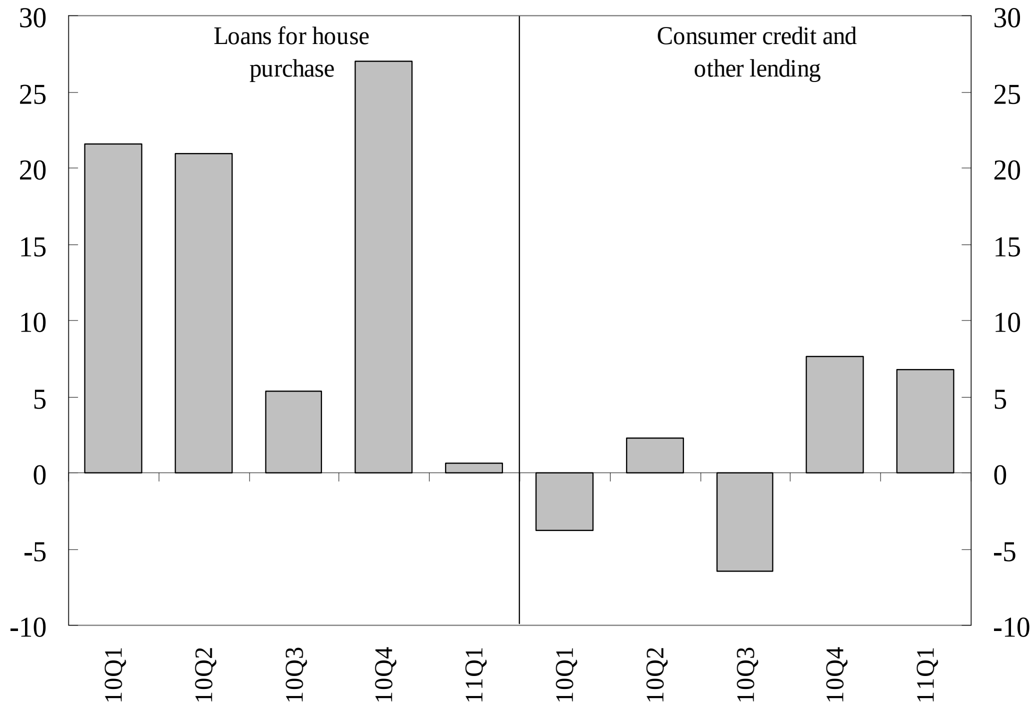
17. Please indicate how you expect demand for loans to households to change over the next three months at your bank (apart from normal seasonal fluctuations).

	Loans for house purchase		Consumer credit and other lending	
	October 2010	January 2011	October 2010	January 2011
Decrease considerably	0	3	0	0
Decrease somewhat	5	16	4	9
Remain basically unchanged	64	62	85	75
Increase somewhat	32	20	9	16
Increase considerably	0	0	2	0
Total	*100*	*100*	*100*	*100*
Net percentage	***27***	***1***	***8***	***7***
Diffusion index	***14***	***-1***	***5***	***3***
Mean	*3.27*	*2.98*	*3.10*	*3.07*
Number of banks responding	***106***	***105***	***108***	***107***

Notes: The net percentage is defined as the difference between the sum of the percentages of banks responding "increase considerably" and "increase somewhat", and the sum of the percentages of banks responding "decrease somewhat" and "decrease considerably". The diffusion index is defined as the net percentage weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5).

Chart 17. Expected demand for loans to households

(net percentages of banks expecting positive loan demand)



ANNEX 2: RESULTS FOR THE AD HOC QUESTIONS

i. As a result of the situation in financial markets, has your market access changed when tapping your usual sources of wholesale funding and/or has your ability to transfer risk changed over the past three months, or are you expecting this access/activity to change over the next three months?[1]

	Over the past three months							Over the next three months							N/A[(2)]
	--	-	o	+	+ +	Mean	Standard deviation	--	-	o	+	+ +	Mean	Standard deviation	
A) Interbank unsecured money market															
Very short-term money market (up to one week)	2%	11%	77%	9%	1%	2.96	0.62	1%	3%	92%	4%	0%	3.00	0.34	12%
Short-term money market (more than one week)	4%	25%	65%	4%	1%	2.73	0.70	2%	12%	84%	3%	0%	2.88	0.48	13%
B) Debt securities[(3)]															
Short-term debt securities (e.g. certificates of deposit or commercial paper)	6%	24%	64%	5%	0%	2.68	0.71	1%	10%	87%	2%	0%	2.91	0.42	20%
Medium to long-term debt securities (incl. covered bonds)	5%	34%	53%	8%	0%	2.63	0.74	3%	16%	71%	9%	0%	2.87	0.64	14%
C) Securitisation[(4)]															
Securitisation of corporate loans	1%	13%	70%	15%	0%	2.99	0.66	2%	3%	79%	16%	0%	3.09	0.60	42%
Securitisation of loans for house purchase	2%	13%	69%	16%	0%	2.99	0.68	2%	4%	77%	13%	4%	3.13	0.70	39%
D) Ability to transfer credit risk off balance sheet[(5)]	1%	9%	79%	11%	0%	2.99	0.55	0%	5%	82%	13%	0%	3.08	0.45	58%

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

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

(3) Usually involves on-balance sheet funding.

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

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

ii. To what extent have the events in financial markets affected the costs related to your bank’s capital position (*), and has this constrained your willingness to lend over the past three months or could this constrain your willingness to lend over the next three months?

	Over the past three months	Over the next three months
Considerable impact on both capital and lending	5%	3%
Considerable impact on capital, and some impact on lending	6%	7%
Some impact on both capital and lending	26%	29%
Some impact on capital, but no impact on lending	22%	17%
Basically no impact on capital	32%	33%
No reply	10%	11%
Mean	***3.79***	***3.81***
Standard deviation	1.21	1.18
Number of banks responding	***120***	***120***

(*) As in the regular questionnaire, capital is defined in accordance with the Basel capital adequacy requirements, including both Tier 1 capital (core capital) and Tier 2 capital (supplementary capital). In the context of the EU Capital Requirements Directive, Directive 2006/48/EC of the European Parliament and of the

Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions defines capital as own funds and makes a distinction between original own funds and additional own funds.

ANNEX 3: GLOSSARY

To assist respondent banks in filling out the questionnaire, this glossary defines the most important terminology used in the bank lending survey:

Capital

In accordance with the Basel capital adequacy requirements, the definition of capital includes both tier 1 capital (core capital) and tier 2 capital (supplementary capital). In the context of the EU Capital Requirements Directive, Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions defines capital as own funds and makes a distinction between original own funds and additional own funds.

Collateral

The security given by a borrower to a lender as a pledge for the repayment of a loan. This could include certain financial securities, such as equity or debt securities, real estate or compensating balances (a compensating balance is the minimum amount of a loan that the borrower is required to keep in an account at the bank).

Consumer confidence

Consumers' assessments of economic and financial trends in a particular country and/or in the euro area. They include assessments of the past and current financial situations of households and resulting prospects for the future, assessments of the past and current general economic situation and resulting prospects for the future, as well as assessments of the advisability of making residential investments (question 14), particularly in terms of affordability, and/or major purchases of durable consumer goods (question 15).

Cost of funds and balance sheet constraints

A bank's capital and the costs related to its capital position can become a balance sheet constraint that may inhibit the expansion of its lending. For a given level of capital, the bank's loan supply could be affected by its liquidity position and its access to money and debt markets. Similarly, a bank could abstain from granting a loan, or be less willing to lend, if it knows that it will not be able subsequently to transfer the risk (synthetic securitisation) or the entire asset (true-sale securitisation) off its balance sheet.

Covenant

An agreement or stipulation laid down in loan contracts, particularly contracts with enterprises, under which the borrower pledges either to take certain action (an affirmative covenant), or to refrain from taking certain action (a negative covenant); this is consequently part of the terms and conditions of the loan.

Credit line

A facility with a stated maximum amount that an enterprise is entitled to borrow from a bank at any given time. For the purposes of the survey, developments regarding credit lines should be interpreted as changes in the net amount that can be drawn down under either an existing or a new credit line.

Credit standards

The internal guidelines or criteria that reflect a bank's lending policy. They are the written and unwritten criteria, or other practices related to this policy, which define the types of loan a bank considers desirable and undesirable, its designated geographical priorities, collateral deemed acceptable or unacceptable, etc. For the purposes of the survey, changes in written loan policies, together with changes in their application, should be reported.

Credit terms and conditions

These refer to the specific obligations agreed upon by the lender and the borrower. In the context of the bank lending survey, they consist of the direct price or interest rate, the maximum size of the loan and the access conditions, and other terms and conditions in the form of non-interest rate charges (i.e. fees), collateral requirements (including compensating balances), loan covenants and maturities (short-term versus long-term).

Debt restructuring

Debt restructuring is a relevant factor in the context of the bank lending survey only to the extent that it gives rise to an actual increase or decrease in demand for loans following the decision of corporations with outstanding debt obligations to alter the terms and conditions of these loans. Generally, companies use debt restructuring to avoid defaulting on existing debt or to take advantage of lower interest rates or lower interest rate expectations. In the context of this survey, debt restructuring should not be interpreted as the switching between different types of debt (such as MFI loans and debt securities; this is already captured under the item "Issuance of debt securities"), capital restructuring (substitution between debt and equity) or share buy-backs (already captured under the item "Issuance of equity"). Debt restructuring in the form of inter-company loans is already covered by the item "Loans from non-banks". Moreover, debt restructuring in the form of a substitution between short-term and long-term loans does not give rise to a change in overall loan demand.

Diffusion index

The diffusion index is defined as the difference between the weighted sum of the percentages of banks responding "tightened considerably" and "tightened somewhat", and the weighted sum of the percentages of banks responding "eased considerably" and "eased somewhat". Regarding demand for loans, the diffusion index is defined as the difference between the weighted sum of the percentages of banks responding "increased considerably" and "increased somewhat", and the weighted sum of the percentages of banks responding "decreased considerably" and "decreased somewhat". The diffusion index is weighted according to the intensity of the response, giving lenders who have answered "considerably" a weight twice as high (score of 1) as lenders having answered "somewhat" (score of 0.5).

Enterprises

The term "enterprises" denotes non-financial corporations, i.e. all private and public institutional units, irrespective of their size and legal form, which are not principally engaged in financial intermediation but rather in the production of goods and non-financial services.

Enterprise size

The distinction between large enterprises and small and medium-sized enterprises is based on annual sales. An enterprise is considered large if its annual net turnover is more than €50 million.

Households

Individuals or groups of individuals acting as consumers or as producers of goods and non-financial services exclusively intended for their own final consumption, as well as small-scale market producers.

Housing market prospects

In question 9, (besides interest rate developments) “housing market prospects” refers to the risk on the collateral demanded; in question 14, it includes households’ expectations regarding changes in house prices.

Loans

The loans covered by the bank lending survey are those granted to euro area residents by domestic bank branches, and include loans or credit lines to enterprises, loans to households for house purchase, and consumer credit and other lending to households.

Loan-to-value ratio

The ratio of the amount borrowed to the appraisal or market value of the underlying collateral, usually employed in relation to loans used for real estate financing.

Maturity

Maturity as used in the bank lending survey is original maturity, and only two types are used: short-term and long-term. Short-term loans are loans with an original maturity of one year or less; long-term loans have an original maturity of more than one year.

Net percentage (or balance)

In the context of credit standards, the net percentage is defined as the difference between the sum of the percentages of banks responding “tightened considerably” and “tightened somewhat”, and the sum of the percentages of banks responding “eased considerably” and “eased somewhat”. Regarding demand for loans, the net percentage is defined as the difference between the sum of the percentages of banks responding “increased considerably” and “increased somewhat”, and the sum of the percentages of banks responding “decreased considerably” and “decreased somewhat”.

Non-banks

In general, these consist of non-monetary financial corporations, in particular insurance corporations and pension funds, financial auxiliaries and other financial intermediaries.

Non-interest rate charges

Various kinds of fees that can form part of the pricing of a loan, such as commitment fees on revolving loans, administration fees (e.g. document preparation costs), and charges for enquiries, guarantees and credit insurance.