EUROPEAN CENTRAL BANK

EUROSYSTEM

28 October 2009

THE EURO AREA BANK LENDING SURVEY

- OCTOBER 2009 -

1. Overview of the results

The results reported in the October 2009 bank lending survey relate to changes during the third quarter of 2009 and expectations of changes in the fourth quarter of 2009. As in previous survey rounds, a number of ad hoc questions dealing specifically with the implications of the situation in financial markets were included in this survey.

This report presents the results of the euro area bank lending survey (BLS) conducted from 14 September 2009 until 2 October 2009. 118 euro area banks participated in the survey, leading to a response rate of 100%.

In the third quarter of 2009, the net percentage of banks reporting a tightening of credit standards applied to loans and credit lines to enterprises declined considerably further, to 8%, compared with 21% in the second quarter, bringing the net tightening close to a halt. This development thus further confirms the indications of a turning-point in the tightening trend observed at the time of the April 2009 survey. At the same time, it needs to be kept in mind that the cumulated net tightening during the financial turmoil has not yet started to reverse itself and remains very substantial. All factors contributed to the decline in the net tightening of credit standards. The most important driving forces for the net tightening in the euro area continued to be expectations regarding general economic activity and the industry or firm-specific outlook. Importantly, some of the supply-side factors, namely banks' access to market financing and banks' liquidity position, contributed to an easing of credit standards for loans to enterprises. For the fourth quarter of 2009, the euro area banks expect a slight net easing of credit standards for loans to enterprises (-1%).

The net percentage of banks reporting a tightening of credit standards for loans to households for house purchase and for consumer credit decreased further to 14% (from 22%) and to 13% (from 21%), respectively, in the third quarter of 2009. The decline in the net tightening of loans to households was driven by a lower perception of risks by banks regarding general economic activity and, in the case of housing loans, housing market prospects. Looking forward, banks expect the net tightening of credit standards applied to loans to households to weaken further in the fourth quarter of 2009. All in all, the October 2009 BLS results point to some relief in the situation of banks in the third quarter, reflecting the ongoing normalisation of the market conditions they are facing.

Net demand for loans by enterprises continued to decline in the third quarter of 2009, reaching a net percentage level of -20% (after -29%). Fixed investment was the most important factor contributing to negative net demand, the impact remaining unchanged compared with the second quarter. Market-based financing, in particular via the issuance of debt securities, also contributed negatively to the net demand for loans, indicating improved market financing conditions. For loans to households, the net demand for housing loans was positive in the third quarter of 2009 (10%, after 4% in the second quarter). The net demand for consumer credit and other lending to households continued to decline, albeit to a lower extent than in the second quarter.

As in recent survey rounds, the October 2009 survey incorporated a set of ad hoc questions, addressing the effect of the financial turmoil on credit standards and lending.

Banks indicated that their access to wholesale funding in money markets and debt securities markets was less impaired in the third quarter of 2009 than in the previous quarter. Access to securitisation also improved somewhat, but the share of banks reporting hampered access remained at elevated levels. According to the majority of responding banks, governments' support schemes have continued to contribute to improving banks' access to wholesale funding.

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]

The questions distinguish between three categories of loan: loans or credit lines to enterprises; loans to households for house purchase; and consumer credit and other lending to households. For all three categories, questions are 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.

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[1] The sample group of banks participating in the survey comprises 118 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, please see the ECB press release of 21 November 2002 entitled "Bank lending survey for the euro area", the article entitled "A bank lending survey for the euro area" in the April 2003 issue of the ECB's Monthly Bulletin and J. Berg et al. (2005), "The bank lending survey for the euro area", ECB Occasional Paper No 23.

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

The survey questions are phrased in terms of changes over the past three months (in this case in the third quarter of 2009) or expectations of changes over the next three months (i.e. in the fourth quarter of 2009).

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

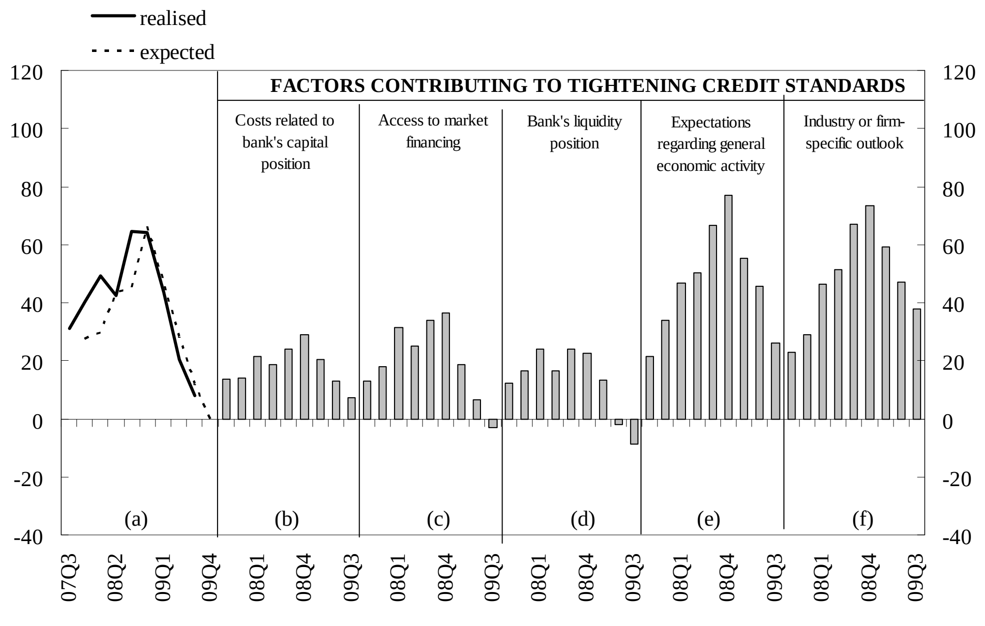
A copy of the questionnaire can be found at
http://www.ecb.europa.eu/stats/money/surveys/lend/html/index.en.html.

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

2.1 Enterprises

Credit standards. In the third quarter of 2009, the net percentage of banks reporting a tightening of credit standards applied to loans and credit lines to enterprises declined considerably further, to 8%, compared with 21% in the second quarter and 43% in the first quarter (see Chart 1). This has brought the net tightening close to a halt. The net tightening was broadly equal for large firms (11%) and small and medium-sized enterprises (SMEs; 12%). This development thus further confirms the indications of a turning-point in the tightening trend observed at the time of the April 2009 survey. At the same time, it needs to be kept in mind that the cumulated net tightening during the financial turmoil has not yet started to reverse itself and remains very substantial.

Chart 1. Changes in credit standards applied to the approval of loans or credit lines to enterprises
(net percentages of banks contributing to tightening standards)

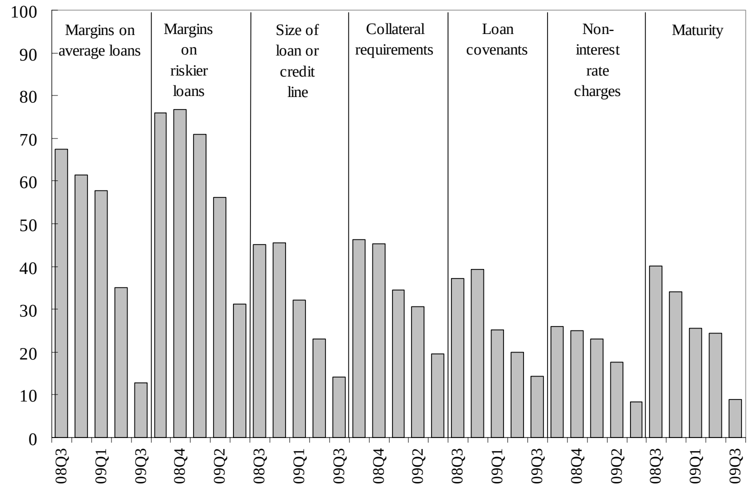


Notes: "Realised" values refer to changes that have occurred, while "expected" values are changes anticipated by banks. Net percentages are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages 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.

All of the factors contributed to the decline in the net tightening of credit standards. The most important driving forces for the net tightening in the euro area continued to be expectations regarding general economic activity (a net percentage of 26%, after 46% in the second quarter) and the industry or firm-specific outlook (38%, after 47%), for which however the net tightening continued to decline considerably in the third quarter of 2009. Importantly, some of the supply-side factors, namely banks' access to market financing (-3%) and banks' liquidity position (-9%), contributed to an easing of credit standards for loans to enterprises. By contrast, the costs related to banks' capital position continued to contribute to a tightening of credit standards (7%), but to a lower extent than in the second quarter (13%). Competition from other banks contributed for the first time since the second quarter of 2007 to an easing of credit standards, hence moving back to the typical impact of competition before the financial turmoil. All in all, the October 2009 BLS results point to some relief in the situation of banks in the third quarter in a context of normalising market conditions.

The net tightening of the price and non-price terms and conditions applied to loans to enterprises decreased significantly in the third quarter of 2009 (see Chart 2). In particular, the net tightening of the margins on average and riskier loans was reduced significantly further, to 13% (from 35% in the second quarter) and 31% (from 56%), respectively. At the same time, the degree of net tightening remained higher for the margins on riskier loans. The degree of net tightening also declined for the non-price terms and conditions. With respect to firm size, the degree of net tightening of the terms and conditions on loans was reduced considerably for both large firms and SMEs in the third quarter. The net tightening of margins on both average and riskier loans remained somewhat higher for large firms than for SMEs.

Chart 2. Changes in terms and conditions on loans or credit lines to enterprises
(net percentages of banks reporting tightening terms and conditions)



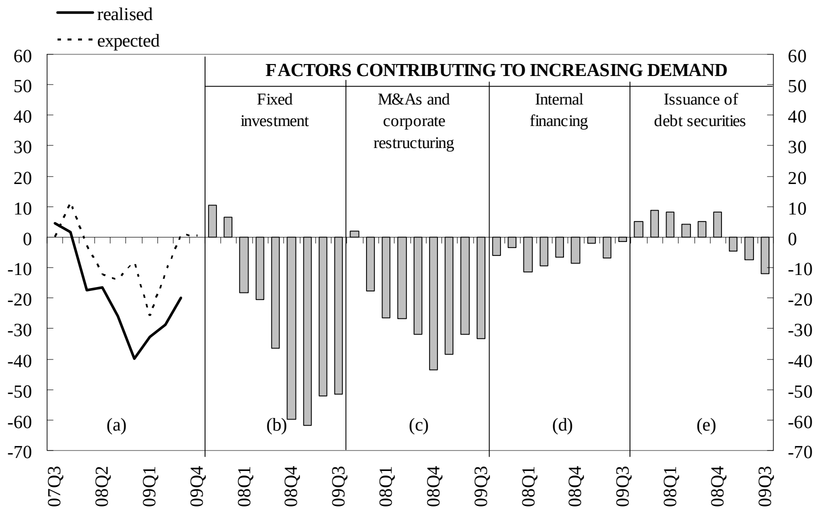
Note: See the notes to Chart 1.

With respect to expectations, the euro area banks expect a slight net easing of credit standards on loans to enterprises for the fourth quarter of 2009 (-1%; see Chart 1).

Loan demand. Net demand for loans by enterprises declined further, albeit more moderately, in the third quarter of 2009, reaching a net percentage level of -20% (after -29% in the second quarter; see Chart 3). The net demand was significantly more negative for large firms (-27%) than for SMEs (-17%). Fixed investment and mergers and acquisitions (M&As) and corporate restructuring were the two most important factors contributing to negative net demand (-52% and -33% respectively), their impact remaining broadly unchanged compared with the second quarter. Market-based financing, in particular via the issuance of debt securities by non-financial enterprises (-12%, after -7% in the second quarter), also contributed negatively to the net demand for loans, indicating improved market financing conditions.

The impact of equity issuance on loan demand was also negative, but at a low level (-4%, after -2%). By contrast, inventories and working capital left the financing needs, in net terms, unchanged, after a negative impact in the previous quarters. In addition, internal financing had a somewhat less negative impact on net loan demand by enterprises (-2%, compared with -7% in the second quarter).

Chart 3. Changes in demand for loans or credit lines to enterprises
(net percentages 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 regards expectations for the fourth quarter of 2009, net demand for loans by enterprises is expected to be slightly positive (1%), unchanged from the expectations in the previous quarter (see Chart 3).

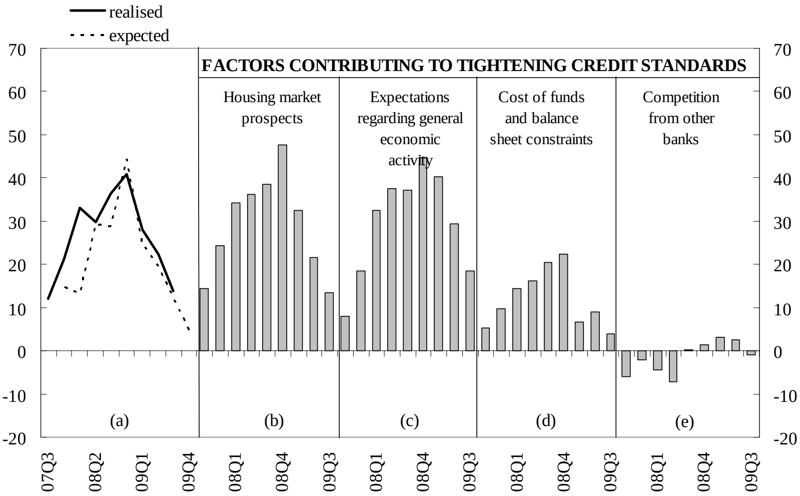
2.2 Households

Loans to households for house purchase

Credit standards. In the third quarter of 2009, the net percentage of banks reporting a tightening of credit standards for loans to households for house purchase decreased further to 14% (from 22% in the second quarter and 28% in the first quarter; see Chart 4). The decline in the net tightening of housing loans was driven by a lower perception of risks by banks regarding general economic activity (19%, after 29%) and housing market prospects (14%, after 22%). Banks' cost of funds and balance sheet constraints contributed slightly to a tightening of credit standards for housing loans in the third quarter of 2009, but to a lower degree than in the second quarter.

As regards the terms and conditions for loans for house purchase, the net tightening of margins was reduced further in the third quarter on average loans (6%, after 10% in the second quarter) and on riskier loans (23%, after 35%). After non-price terms and conditions had remained broadly unchanged in the second quarter, the net tightening of collateral requirements and loan-to-value ratios was reduced considerably in the third quarter, indicating a decline in the risk aversion of banks with respect to housing loans.

Chart 4. Changes in credit standards applied to the approval of loans to households for house purchase *(net percentages of banks reporting a contribution to tightening credit standards)*



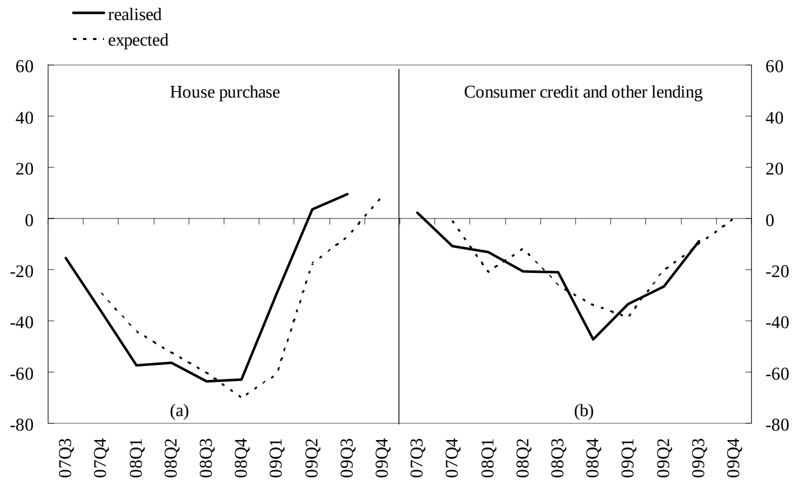
Note: See the notes to Chart 1.

As regards expectations, banks expect the net tightening of credit standards applied to housing loans to remain in positive territory, but to weaken further in the fourth quarter of 2009 (to 5%; see Chart 4).

Loan demand. The net percentage of banks reporting an increase in demand for housing loans was positive in the third quarter of 2009 and increased further, to 10%, after 4% in the second quarter (see Chart 5). The increase in the net demand for housing loans was driven in particular by a considerably less negative assessment of housing market prospects and of consumer confidence compared with the second quarter.

Regarding expectations, net demand for housing loans is expected to be positive (9%) in the fourth quarter of 2009 (see Chart 5).

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

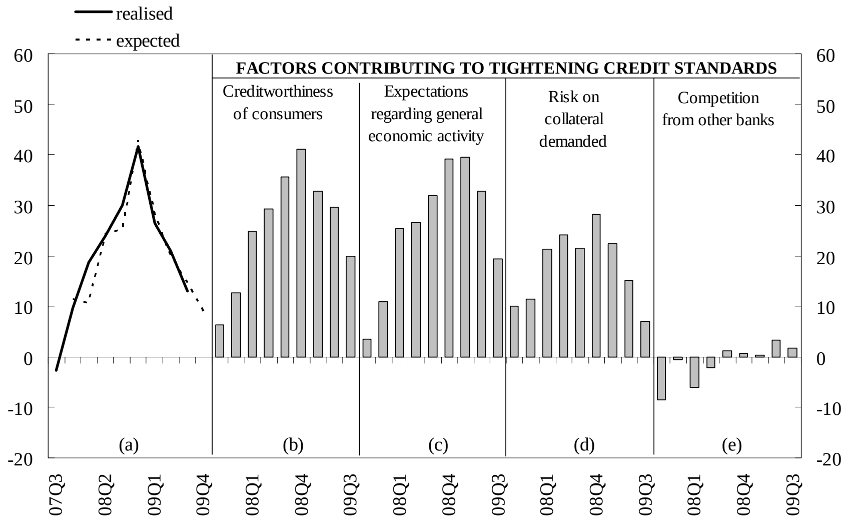


Note: See the notes to Chart 3.

Consumer credit and other lending to households

Credit standards. In the third quarter of 2009, the net percentage of banks reporting a tightening of credit standards for consumer credit and other lending to households decreased further to 13% (from 21% in the second quarter of 2009; see Chart 6). The main factor behind the net tightening was banks' perception of risk, mainly related to expectations regarding general economic activity and the creditworthiness of consumers.

Chart 6. Changes in credit standards applied to the approval of consumer credit and other lending to households *(net percentages of banks contributing to tightening credit standards)*



Note: See the notes to Chart 1.

Regarding expectations, banks expect the net tightening of credit standards applied to consumer credit and other lending to households to decline further in the fourth quarter of 2009 (to 9%; see Chart 6).

Loan demand. The net demand for consumer credit and other lending to households continued to decline in the third quarter of 2009 (-9%), albeit to a considerably lower extent than in the second quarter (-26%; see Chart 5). The main factor dampening demand continued to be consumer confidence (-20%, after -29% in the second quarter), whereas the negative impact of spending on durable consumer goods declined considerably (-6%, after -28%).

Regarding expectations, net demand for consumer credit and other lending to households is expected to remain unchanged (0%) in the fourth quarter of 2009 (see Chart 6).

3. Ad hoc questions

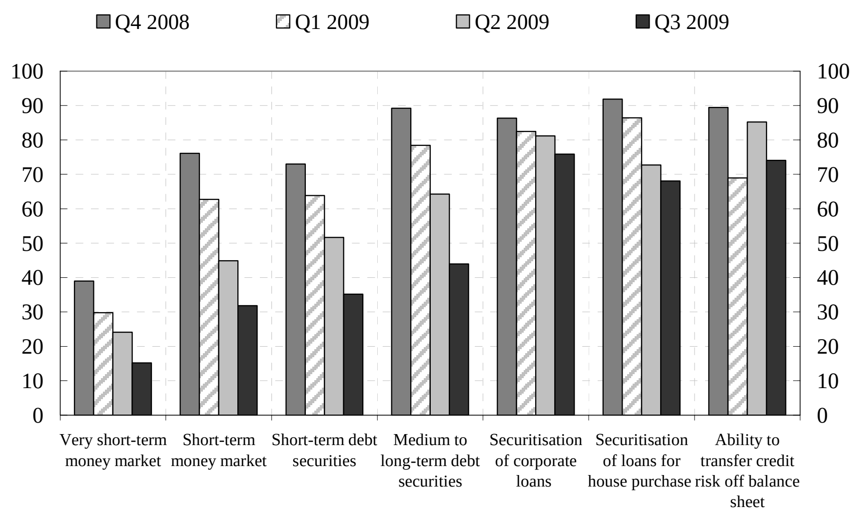
In line with previous survey rounds, the October 2009 survey round also contains a set of questions which aim to assess the extent to which the financial market tensions affected banks' credit standards for loans and credit lines to enterprises and for loans to households in the euro area in the third quarter of 2009 and the extent to which they are expected to affect them in the next three months. The questions refer to the access to wholesale funding (Section 3.1) and the impact on bank lending (Section 3.2).[3]

3.1 Impact of the financial turmoil on the access to wholesale funding

For the third quarter of 2009, banks reported that their access to wholesale funding was less impaired compared with the second quarter in all markets and categories shown in Chart 7. For the access to funding in the very short-term and short-term money markets, 15% and 32%, respectively, of the responding banks indicated that market access was hampered as a result of the financial turmoil. While the percentages of banks reporting a hampered access to short-term and medium to long-term debt securities markets (35% and 44% respectively) were somewhat more elevated, these percentages were considerably lower than in the second quarter. With respect to securitisation, there was some further improvement in market access with respect to housing loans and corporate loans. Despite this improvement, access to true-sale securitisation continued to be hampered for housing loans and corporate loans according to 68% and 76% of the responding banks respectively. With regard to the ability to transfer credit risks off balance sheet (i.e. synthetic securitisation), the percentage of banks reporting hampered market access also declined (to 74%).

Over the next three months, banks expect a further improvement in the access to financial markets, in particular to medium to long-term debt securities markets and securitisation, where the situation is still regarded as more difficult compared with short-term debt securities and money markets.

Chart 7: Access to wholesale funding
(percentages of banks reporting hampered market access)

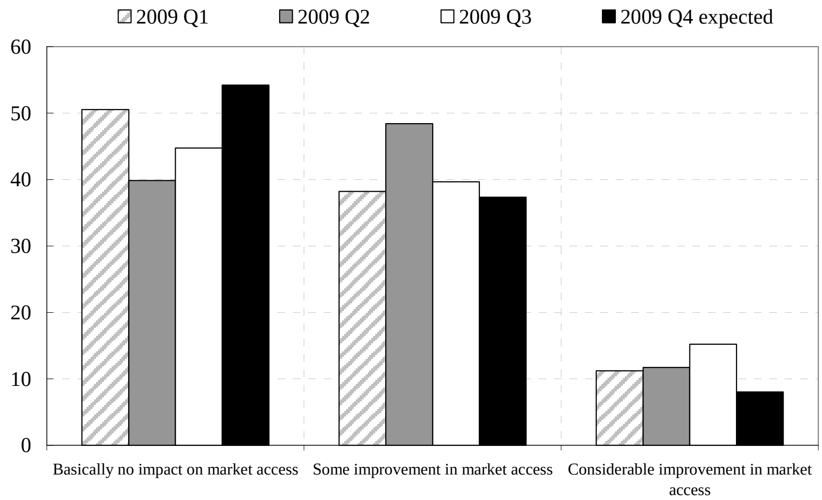


Note: The percentages were calculated by adding together the shares of banks that reported a "considerable impact" and "some impact" on their market access.

[3] The results shown are calculated as a percentage of the number of banks which did not reply "not applicable".

According to the responding banks[4], governments' announcements and introduction of recapitalisation support and state guarantees for debt securities issued by banks continued to contribute to improving banks' access to wholesale funding in the third quarter of 2009. 55% of the responding banks (after 60% in the second quarter) reported "some" or a "considerable" impact from the government support schemes on their access to funding (see Chart 8). However, an increasing share of banks (45%) found that such measures had basically no impact on market access, compared with 40% in the second quarter. For the next three months, this development is expected to continue, with 54% of the banks expecting basically no impact of such government schemes on market access. The increase in this share may be related to the overall normalisation of market conditions.

Chart 8: Effect of government announcements and introduction of recapitalisation support and state guarantees on access to wholesale funding
(percentages of banks)



Note: Euro area figures are weighted averages of country results.

3.2 Impact of the financial turmoil on bank lending

Broadly in line with the improved access to wholesale financial markets, banks reported that the impact on bank lending, as regards margins and quantities, resulting from hampered market access declined somewhat further in the third quarter of 2009 (see Chart 9, panel a). The impact continued to be stronger for margins than for the amount of loans granted to borrowers. As regards the impact from the hampered access to securitisation on bank lending, banks also reported a somewhat lower impact on the amount of loans granted and on margins demanded compared with the previous quarter (see Chart 9, panel b).

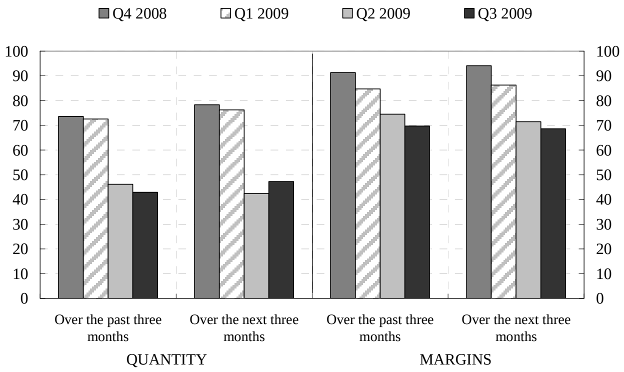
As regards the impact of the events in financial markets on banks' costs related to their capital position and on their lending policy, in the third quarter of 2009, 41% of the reporting banks indicated "some" or a "considerable" impact on capital and lending, somewhat lower than in the second quarter (45%; see Chart 10). At the same time, the share of banks replying that there was some impact of the events in financial

[4] 98 out of 118 banks responded (a response rate of 83%). 12% of responding banks reported "not applicable".

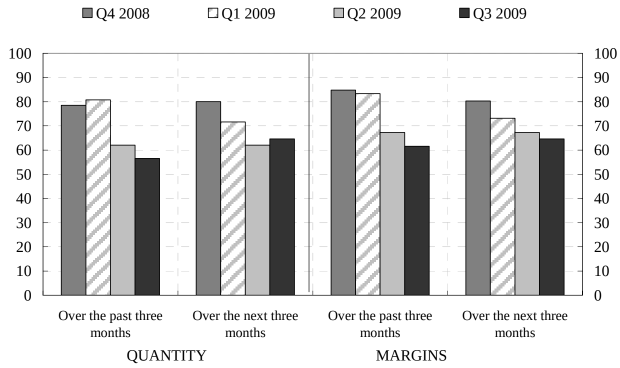
markets on their capital, but no impact on their lending, increased considerably, to 21%, whereas the share of banks reporting basically no impact on their capital declined in the third quarter. Over the next three months, banks expect the situation to remain broadly unchanged with respect to the impact of the financial market events on their capital and lending.

Chart 9: Impact of hampered market access on lending
(percentages of banks reporting an impact)

(a) For money markets, debt securities markets or other markets

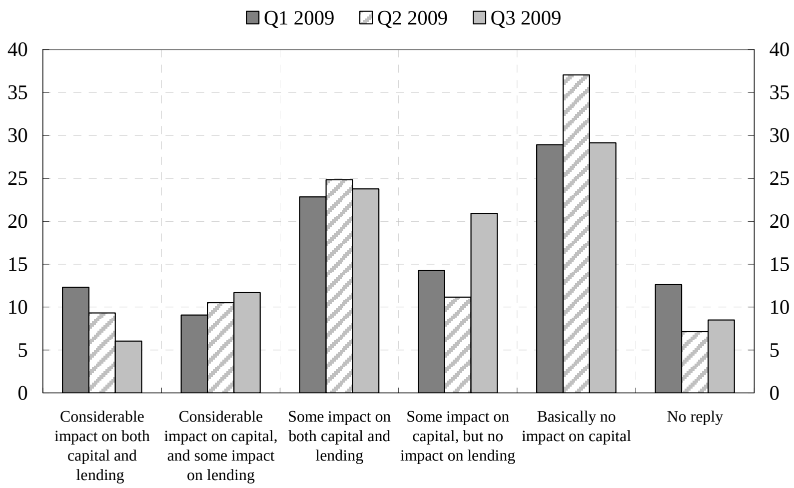


(b) For securitisation



Note: Percentages were calculated by adding together the shares of banks responding a "considerable impact" and "some impact".

Chart 10: Effect on the costs related to the bank's capital position and on lending
(percentages of banks reporting an impact)



ANNEX 1: RESULTS FOR THE INDIVIDUAL QUESTIONS

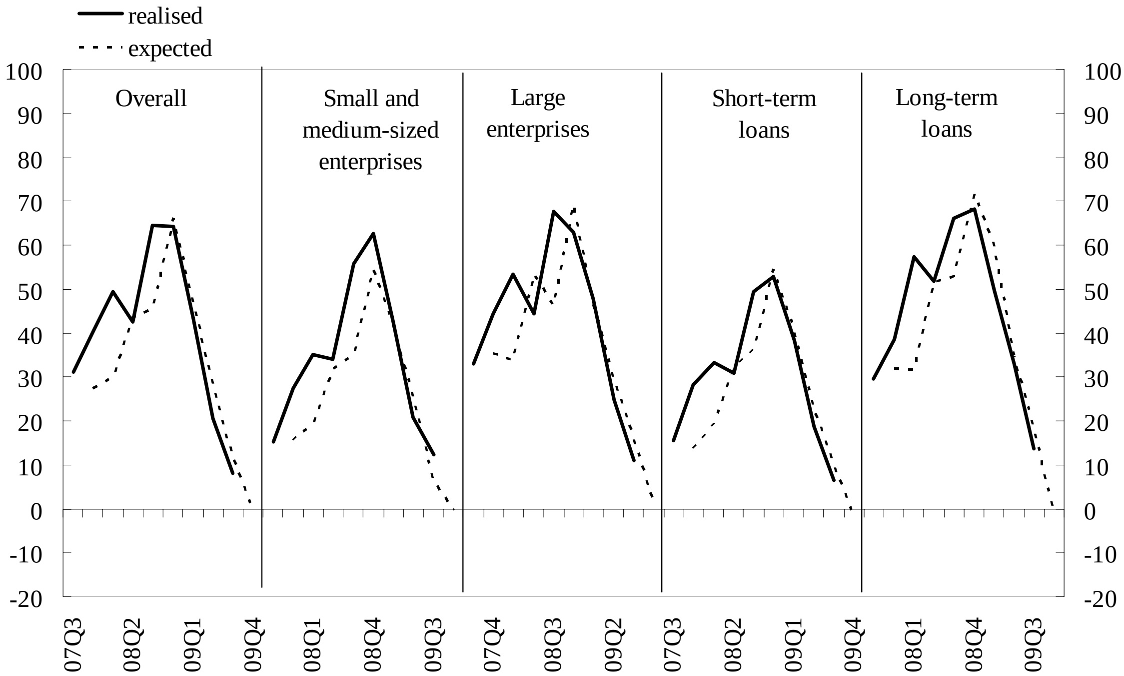
I. Loans or credit lines to enterprises

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	
	July	October	July	October	July	October	July	October	July	October
Tightened considerably	4	1	2	0	5	3	2	1	4	2
Tightened somewhat	17	9	20	13	21	11	16	9	29	14
Remained basically unchanged	79	88	77	87	73	85	81	88	67	83
Eased somewhat	0	2	1	1	1	2	0	3	0	2
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	***21***	***8***	***21***	***12***	***25***	***11***	***19***	***7***	***33***	***14***
Diffusion index	***12***	***4***	***11***	***6***	***15***	***7***	***11***	***4***	***19***	***8***
Mean	*2.76*	*2.91*	*2.78*	*2.88*	*2.70*	*2.86*	*2.79*	*2.93*	*2.63*	*2.85*
Number of banks responding	***112***	***112***	***111***	***110***	***107***	***107***	***112***	***112***	***110***	***110***

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		DI		Mean	
							July 2009	October 2009	July 2009	October 2009	July 2009	October 2009
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	1	7	84	1	0	7	13	7	7	4	2.85	2.92
Your bank's ability to access market financing	1	4	78	7	1	9	7	-3	4	-2	2.91	3.04
Your bank's liquidity position	1	3	78	11	1	7	-2	-9	-1	-5	3.01	3.10
B) Pressure from competition												
Competition from other banks	0	1	85	6	0	7	4	-5	3	-3	2.94	3.05
Competition from non-banks	0	1	88	2	0	9	2	-1	2	0	2.95	3.01
Competition from market financing	0	1	87	3	0	9	2	-2	1	-1	2.96	3.02
C) Perception of risk												
Expectations regarding general economic activity	4	24	65	1	0	6	46	26	27	15	2.42	2.69
Industry or firm-specific outlook	4	35	55	1	0	6	47	38	29	21	2.38	2.56
Risk on collateral demanded	1	17	76	0	0	6	26	18	15	10	2.67	2.79

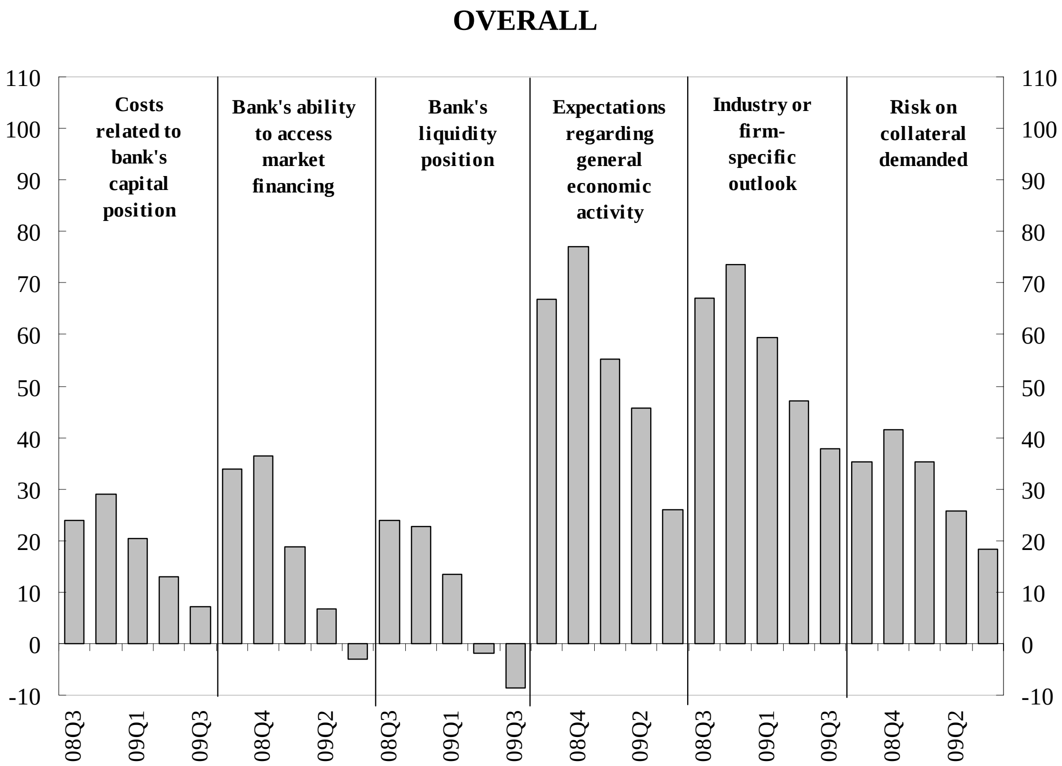
SMALL AND MEDIUM-SIZED ENTERPRISES	--	-	°	+	++	NA	NetP		DI		Mean	
							July 2009	October 2009	July 2009	October 2009	July 2009	October 2009
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	7	81	3	0	8	8	4	4	2	2.90	2.96
Your bank's ability to access market financing	0	4	78	7	1	10	9	-4	5	-2	2.89	3.05
Your bank's liquidity position	0	4	76	10	1	8	0	-7	0	-4	3.00	3.09
B) Pressure from competition												
Competition from other banks	0	1	85	5	0	8	4	-4	3	-2	2.93	3.04
Competition from non-banks	0	1	86	3	0	10	3	-2	2	-1	2.95	3.02
Competition from market financing	0	1	85	3	0	11	3	-2	2	-1	2.95	3.02
C) Perception of risk												
Expectations regarding general economic activity	4	22	65	2	0	7	44	24	25	14	2.45	2.70
Industry or firm-specific outlook	4	31	56	3	0	7	45	33	27	18	2.41	2.61
Risk on collateral demanded	1	14	75	2	0	7	26	13	16	7	2.67	2.84

LARGE ENTERPRISES	--	-	°	+	++	NA	NetP		DI		Mean	
							July 2009	October 2009	July 2009	October 2009	July 2009	October 2009
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	1	7	79	0	0	13	14	8	8	4	2.83	2.89
Your bank's ability to access market financing	1	4	73	7	1	15	6	-3	4	-2	2.91	3.04
Your bank's liquidity position	1	3	71	11	1	13	-3	-8	-1	-4	3.03	3.09
B) Pressure from competition												
Competition from other banks	0	1	82	4	0	12	2	-3	1	-2	2.96	3.04
Competition from non-banks	0	1	85	1	0	12	2	0	2	0	2.95	3.00
Competition from market financing	0	1	83	2	0	13	1	-1	1	-1	2.96	3.01
C) Perception of risk												
Expectations regarding general economic activity	4	19	64	3	0	11	41	20	25	12	2.45	2.74
Industry or firm-specific outlook	4	31	54	1	0	11	46	33	30	18	2.33	2.59
Risk on collateral demanded	1	16	71	1	0	11	18	16	11	9	2.74	2.80

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)



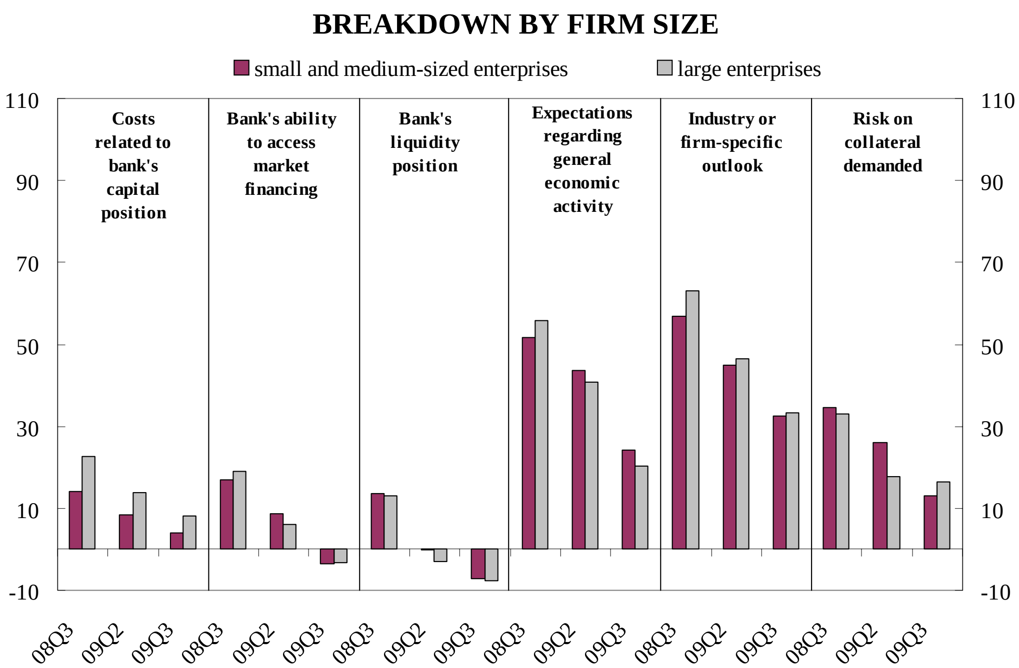
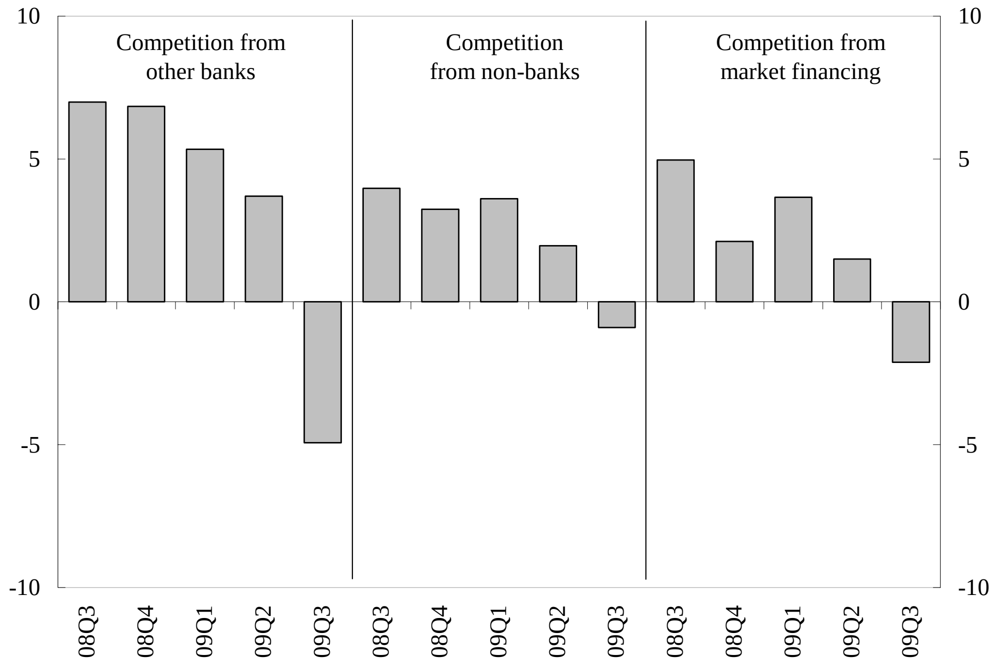
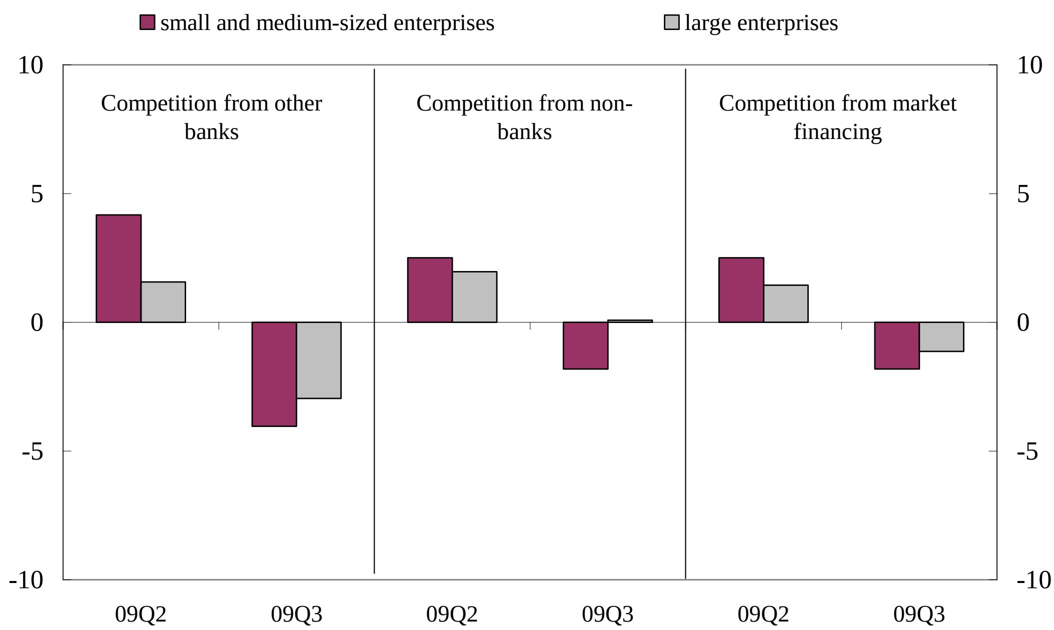


Chart 2b. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises
(net percentages of banks reporting a contribution to tightening standards)

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 July 2009	NetP October 2009	DI July 2009	DI October 2009	Mean July 2009	Mean October 2009
A) Price												
Your bank's margin on average loans	2	20	61	10	0	7	35	13	20	7	2.58	2.85
Your bank's margin on riskier loans	10	24	56	3	0	7	56	31	34	21	2.28	2.57
B) Other conditions and terms												
Non-interest rate charges	0	8	85	0	0	7	18	8	9	4	2.80	2.91
Size of the loan or credit line	1	13	79	0	0	7	23	14	12	7	2.75	2.84
Collateral requirements	1	19	74	0	0	7	31	20	16	10	2.65	2.78
Loan covenants	1	14	79	0	0	7	20	14	11	8	2.77	2.84
Maturity	1	10	81	2	0	7	24	9	13	5	2.74	2.90

SMALL AND MEDIUM-SIZED ENTERPRISES	--	-	°	+	++	NA	NetP July 2009	NetP October 2009	DI July 2009	DI October 2009	Mean July 2009	Mean October 2009
A) Price												
Your bank's margin on average loans	3	17	63	11	0	7	30	8	17	5	2.63	2.90
Your bank's margin on riskier loans	9	21	58	4	0	8	53	26	32	18	2.32	2.63
B) Other conditions and terms												
Non-interest rate charges	0	8	84	0	0	7	15	8	8	4	2.82	2.91
Size of the loan or credit line	0	13	80	0	0	7	19	13	10	7	2.80	2.86
Collateral requirements	0	20	73	0	0	7	30	19	16	10	2.66	2.79
Loan covenants	0	13	79	0	0	7	18	13	10	7	2.79	2.85
Maturity	1	12	80	1	0	7	22	12	12	6	2.75	2.87

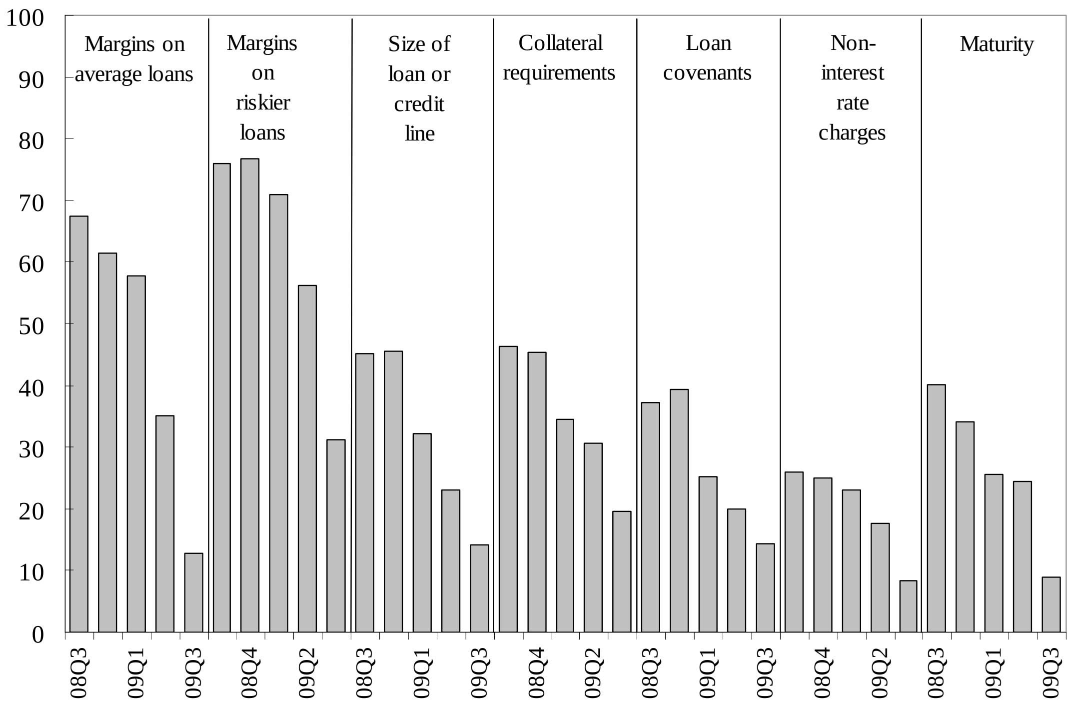
LARGE ENTERPRISES	--	-	°	+	++	NA	NetP July 2009	NetP October 2009	DI July 2009	DI October 2009	Mean July 2009	Mean October 2009
A) Price												
Your bank's margin on average loans	2	22	56	9	0	11	40	15	22	9	2.51	2.81
Your bank's margin on riskier loans	7	24	54	3	0	12	60	28	35	18	2.20	2.60
B) Other conditions and terms												
Non-interest rate charges	0	10	78	1	0	11	20	9	10	5	2.76	2.89
Size of the loan or credit line	1	15	73	0	0	11	23	15	12	8	2.73	2.82
Collateral requirements	1	19	69	0	0	11	27	20	14	10	2.68	2.77
Loan covenants	1	17	71	0	0	11	20	18	11	9	2.75	2.79
Maturity	1	14	73	2	0	11	24	13	12	7	2.73	2.85

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

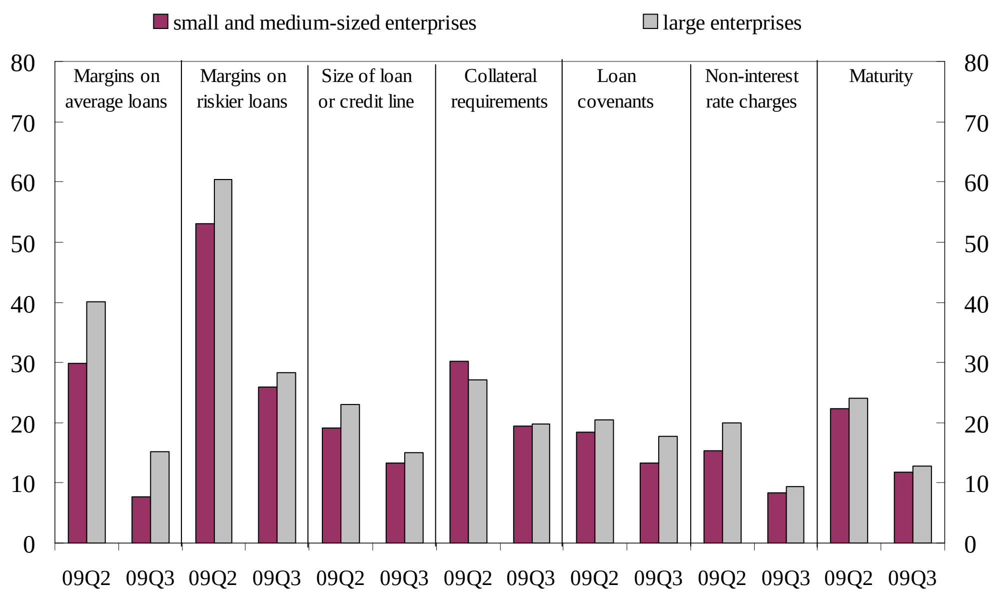
Notes: The net percentage is defined as the difference between the sum of banks responding "- -" (tightened considerably) and "-" (tightened somewhat), and the sum of banks responding "+" (eased somewhat) and "+ +" (eased considerably). "°" means "remained basically unchanged". The diffusion index is 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



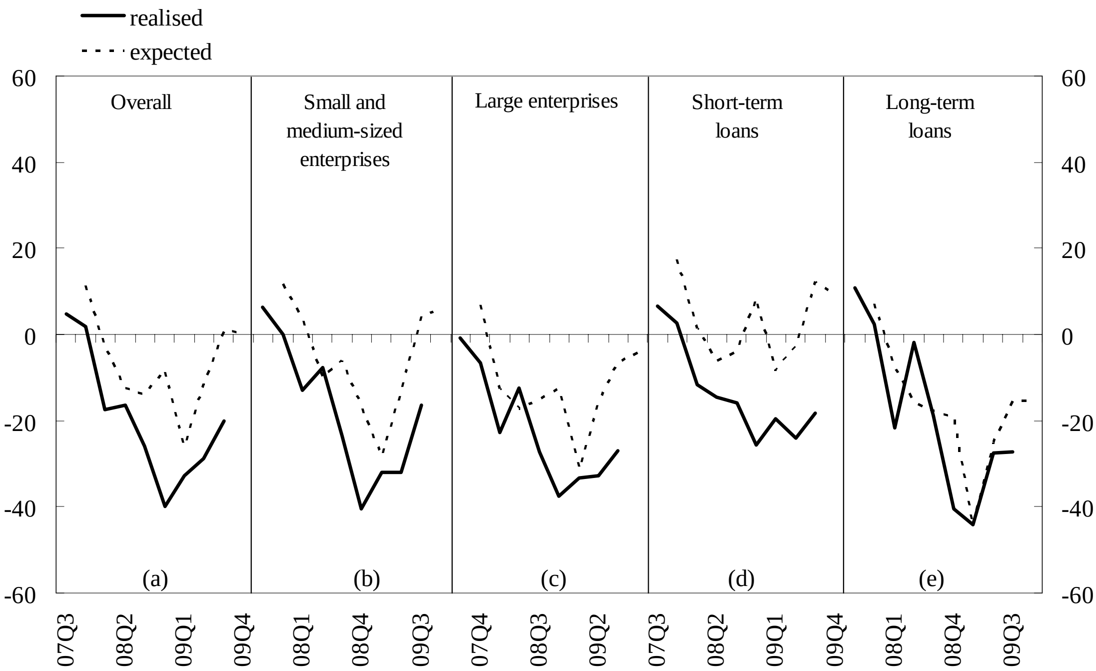
4. Over the past three months, how has the demand for loans or credit lines to enterprises changed at your bank, apart from normal seasonal fluctuations?

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	July	October	July	October	July	October	July	October	July	October
Decreased considerably	4	7	4	7	8	11	2	7	8	9
Decreased somewhat	38	29	39	27	34	27	34	25	35	34
Remained basically unchanged	45	47	47	49	47	52	51	55	42	42
Increased somewhat	12	15	11	16	8	9	12	13	14	13
Increased considerably	1	2	0	1	2	1	0	0	1	2
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***-29***	***-20***	***-32***	***-17***	***-33***	***-27***	***-24***	***-18***	***-28***	***-27***
Diffusion index	***-16***	***-13***	***-18***	***-11***	***-20***	***-18***	***-13***	***-13***	***-17***	***-17***
Mean	*2.68*	*2.75*	*2.64*	*2.78*	*2.61*	*2.64*	*2.74*	*2.75*	*2.65*	*2.66*
Number of banks responding	***112***	***112***	***111***	***111***	***107***	***107***	***112***	***112***	***110***	***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	
							July 2009	October 2009	July 2009	October 2009	July 2009	October 2009
A) Financing needs												
Fixed investment	14	41	35	3	0	8	-52	-52	-31	-33	2.31	2.28
Inventories and working capital	0	21	48	21	0	11	-5	0	-3	0	2.96	3.00
Mergers/acquisitions and corporate restructuring	9	27	46	3	0	15	-32	-33	-20	-21	2.53	2.49
Debt restructuring	1	4	36	48	2	8	52	45	26	23	3.58	3.49
B) Use of alternative finance												
Internal financing	0	11	69	9	1	11	-7	-2	-3	0	2.94	3.00
Loans from other banks	0	3	73	12	2	10	12	11	6	6	3.15	3.14
Loans from non-banks	0	6	80	2	0	11	2	-3	1	-2	3.03	2.96
Issuance of debt securities	0	14	67	2	0	16	-7	-12	-4	-6	2.91	2.84
Issuance of equity	0	6	76	2	0	16	-2	-4	-1	-2	2.96	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 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)

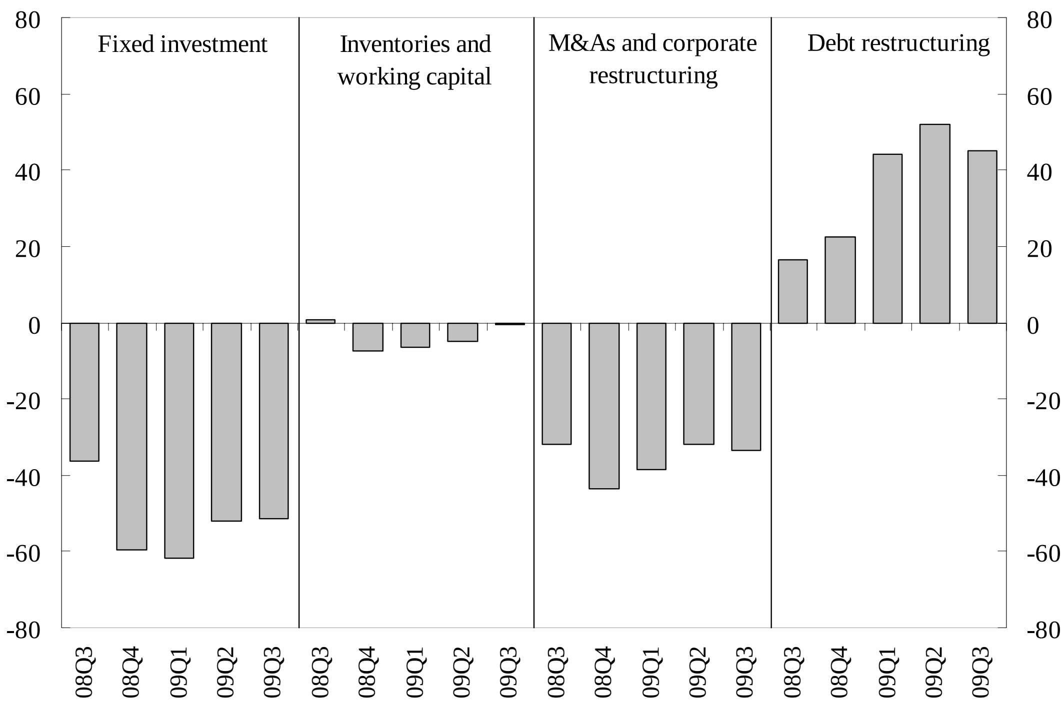
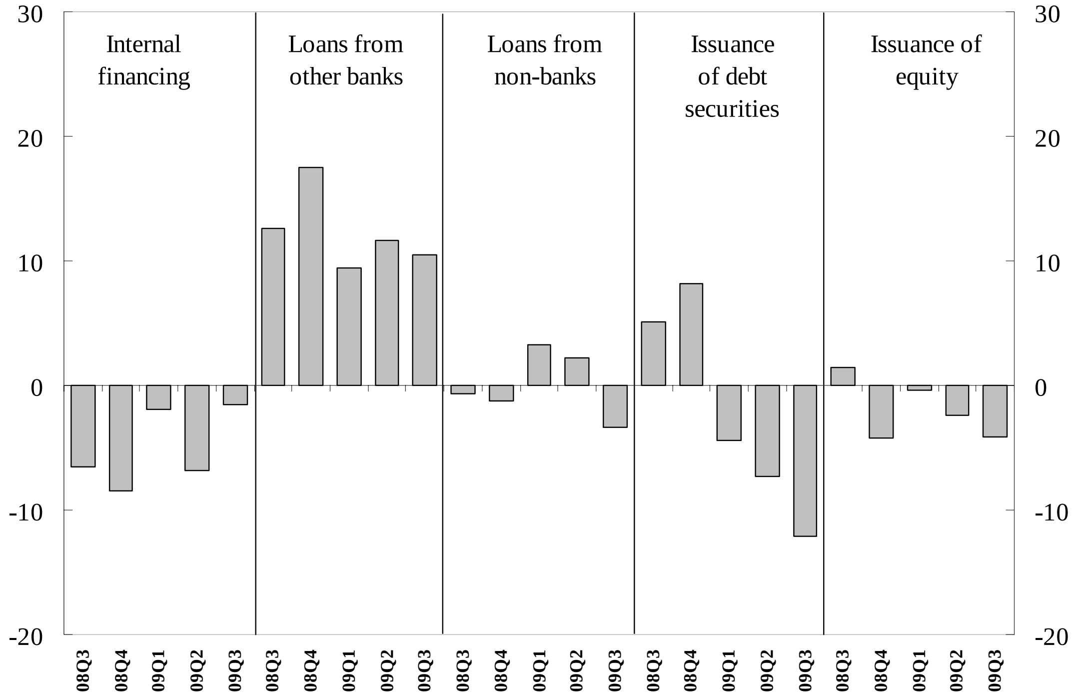


Chart 5b. Factors affecting demand for loans and credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)

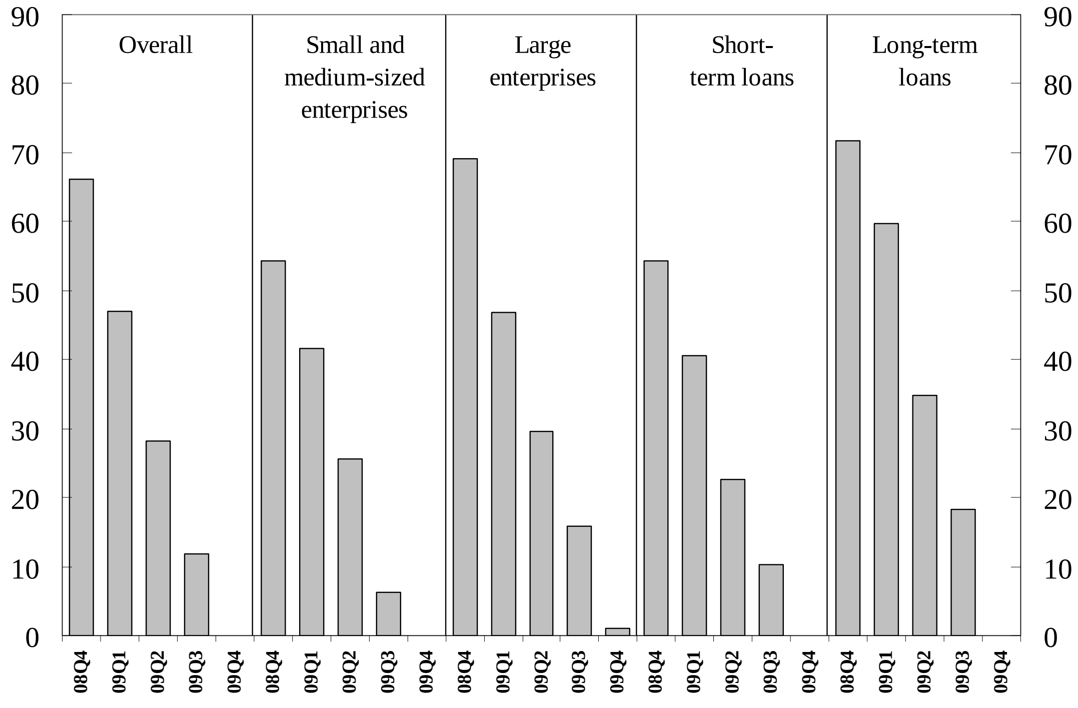


6. Please indicate how you expect your bank's credit standards as applied to the approval of loans or credit lines to enterprises to change over the next three months.

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	July	October	July	October	July	October	July	October	July	October
Tighten considerably	0	0	0	0	1	0	0	0	0	0
Tighten somewhat	14	5	12	5	16	5	11	5	20	5
Remain basically unchanged	84	89	82	90	81	91	88	89	77	89
Ease somewhat	2	6	6	5	1	4	1	6	2	6
Ease considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***12***	***-1***	***6***	***0***	***16***	***1***	***10***	***-2***	***18***	***-1***
Diffusion index	***6***	***0***	***3***	***0***	***9***	***1***	***5***	***-1***	***9***	***0***
Mean	*2.88*	*3.01*	*2.94*	*3.00*	*2.83*	*2.99*	*2.90*	*3.02*	*2.82*	*3.01*
Number of banks responding	***112***	***112***	***111***	***111***	***107***	***107***	***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)

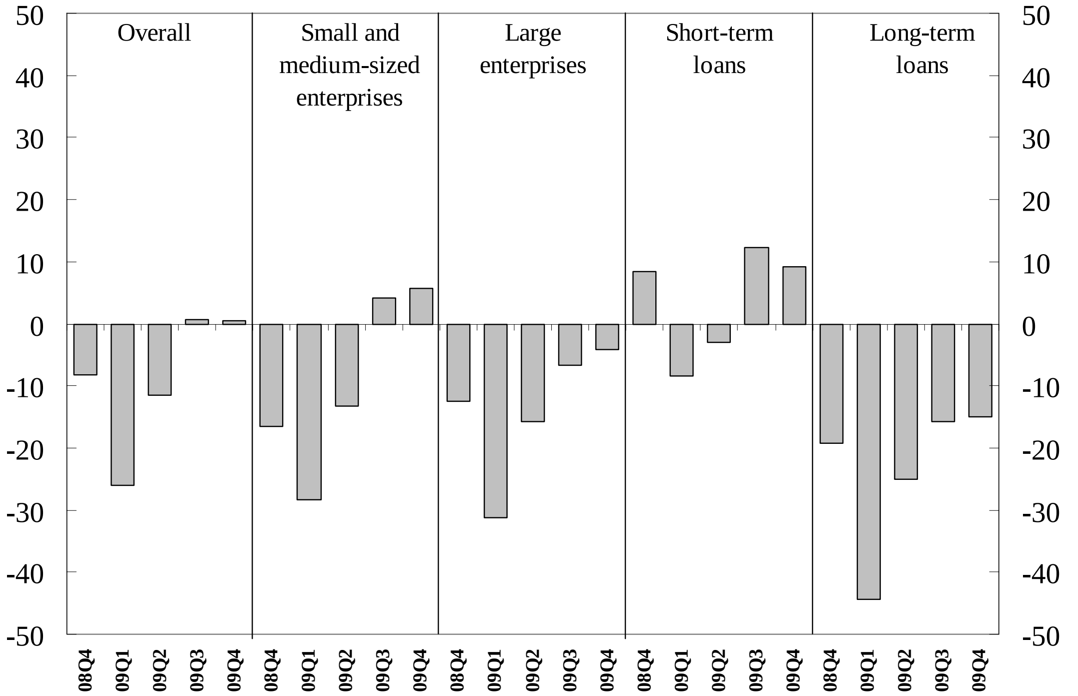


7. Please indicate how you expect <u>demand for loans or credit lines to enterprises</u> to change at your bank over the next three months (apart from normal seasonal fluctuations).

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	July	October	July	October	July	October	July	October	July	October
Decrease considerably	1	1	0	0	2	2	1	1	2	2
Decrease somewhat	20	17	18	15	17	15	17	15	30	25
Remain basically unchanged	58	65	60	63	68	72	53	60	51	60
Increase somewhat	19	18	20	21	11	12	27	24	16	12
Increase considerably	2	0	2	0	2	0	3	1	1	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***1***	***1***	***4***	***6***	***-7***	***-4***	***12***	***9***	***-16***	***-15***
Diffusion index	***1***	***0***	***3***	***3***	***-3***	***-3***	***7***	***5***	***-9***	***-9***
Mean	*3.02*	*3.00*	*3.06*	*3.06*	*2.94*	*2.94*	*3.14*	*3.09*	*2.83*	*2.83*
Number of banks responding	***112***	***112***	***111***	***111***	***107***	***107***	***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)



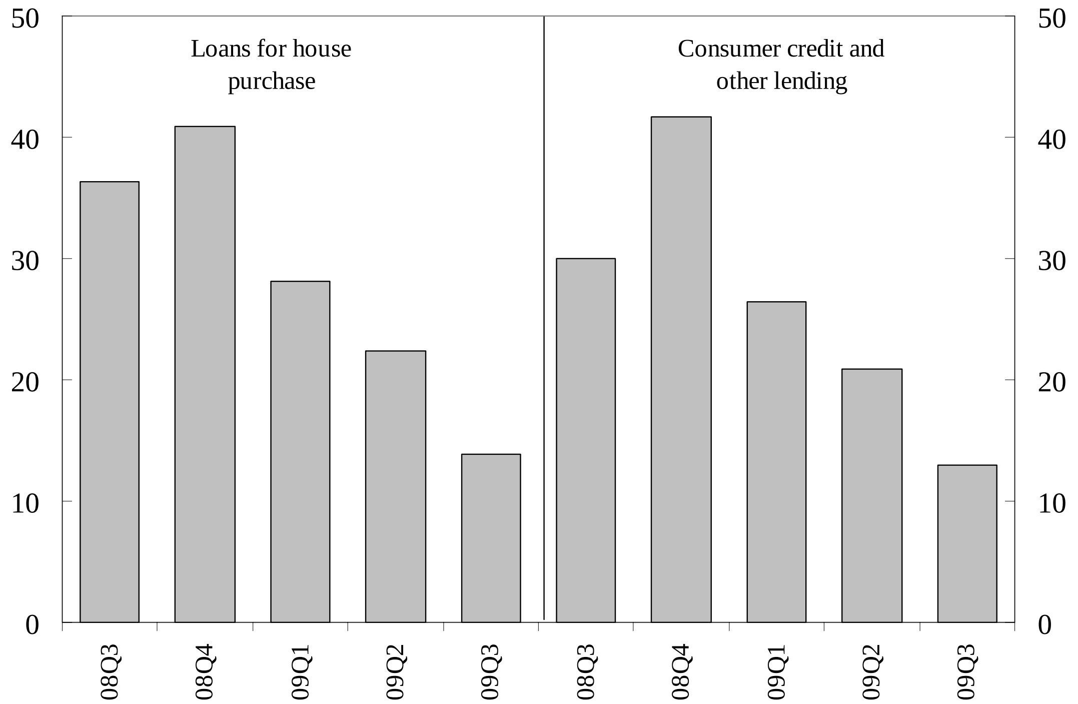
II. Loans to households

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

	Loans for house purchase		Consumer credit and other lending	
	July	October	July	October
Tightened considerably	3	0	0	0
Tightened somewhat	21	15	21	13
Remained basically unchanged	75	83	79	87
Eased somewhat	2	2	0	0
Eased considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***22***	***14***	***21***	***13***
Diffusion index	***12***	***7***	***11***	***7***
Mean	*2.75*	*2.86*	*2.79*	*2.87*
Number of banks responding	***107***	***107***	***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)



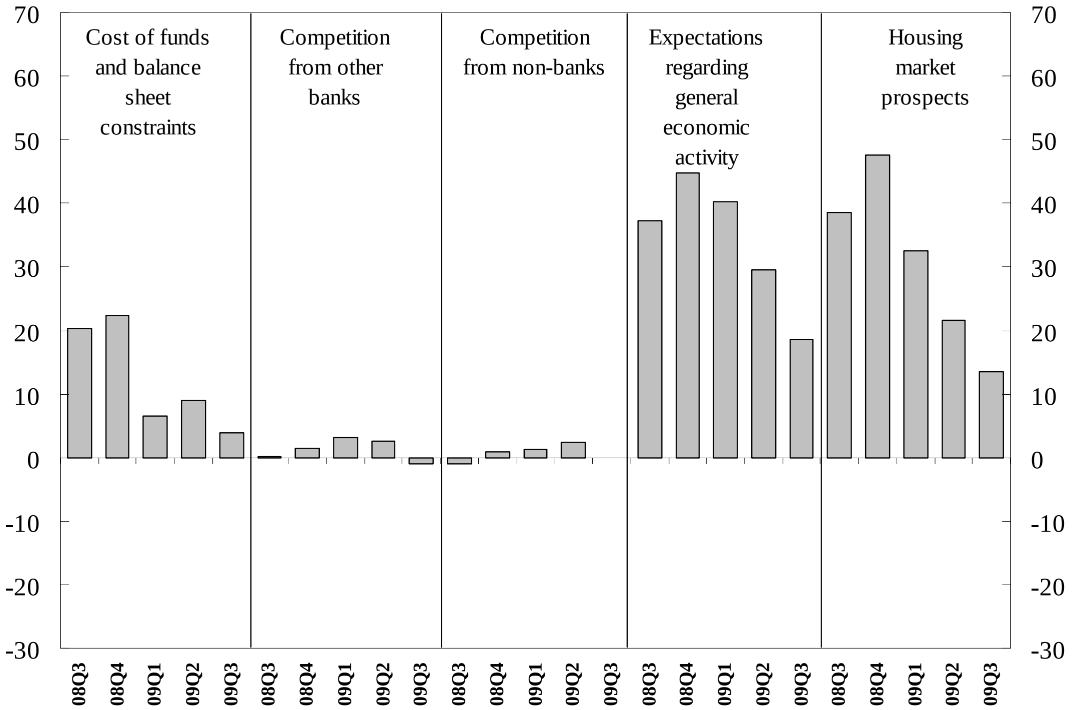
9. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of <u>loans to households for house purchase?</u>

	--	-	°	+	++	NA	NetP		DI		Mean	
							July 2009	October 2009	July 2009	October 2009	July 2009	October 2009
A) Cost of funds and balance sheet constraints	1	7	76	3	1	12	9	4	5	2	2.89	2.96
B) Pressure from competition												
Competition from other banks	1	0	86	3	0	10	3	-1	2	0	2.96	3.00
Competition from non-banks	1	0	85	1	0	12	3	0	2	1	2.96	2.99
C) Perception of risk												
Expectations regarding general economic activity	1	17	72	0	0	9	29	19	16	10	2.65	2.79
Housing market prospects	1	12	77	0	0	9	22	14	12	7	2.75	2.85

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)



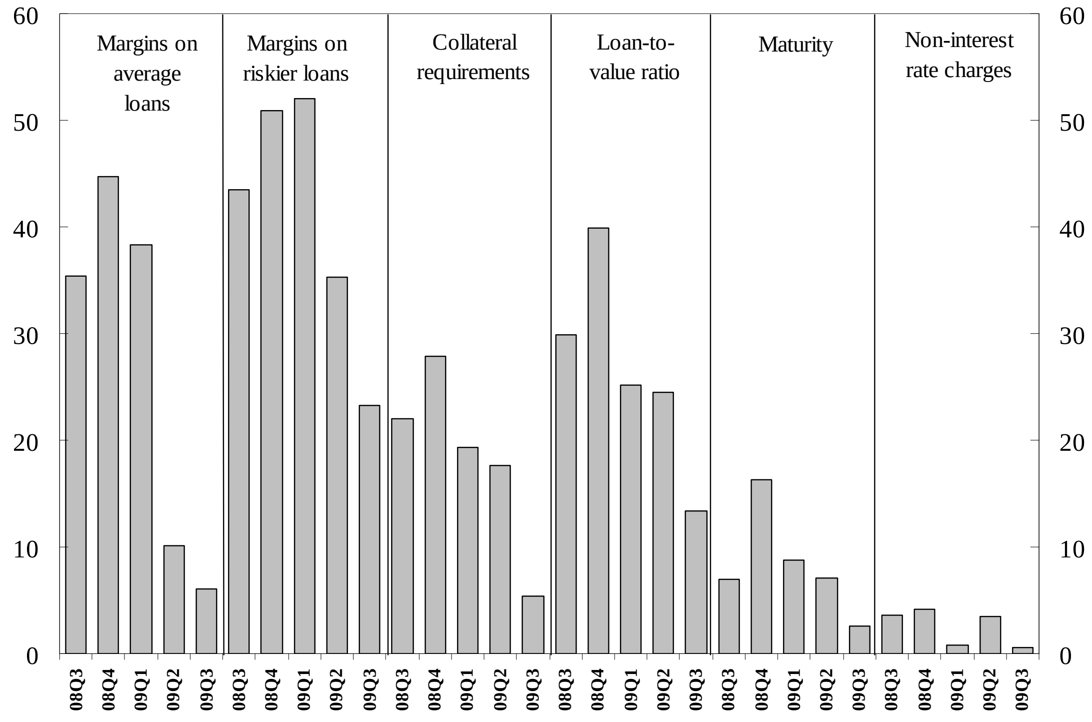
10. Over the past three months, how have your bank's terms and conditions for approving loans to households for house purchase changed?

	--	-	°	+	++	NA	NetP		DI		Mean	
							July 2009	October 2009	July 2009	October 2009	July 2009	October 2009
A) Price												
Your bank's margin on average loans	2	13	67	9	0	9	10	6	7	4	2.86	2.91
Your bank's margin on riskier loans	3	22	63	2	0	10	35	23	21	13	2.54	2.71
B) Other conditions and terms												
Collateral requirements	0	5	86	0	0	9	18	5	9	3	2.80	2.94
Loan-to-value ratio	0	13	78	0	0	9	25	13	13	7	2.73	2.86
Maturity	0	4	86	1	0	9	7	3	4	1	2.91	2.98
Non-interest rate charges	0	1	90	0	0	9	4	1	2	0	2.95	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 "- -" (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)



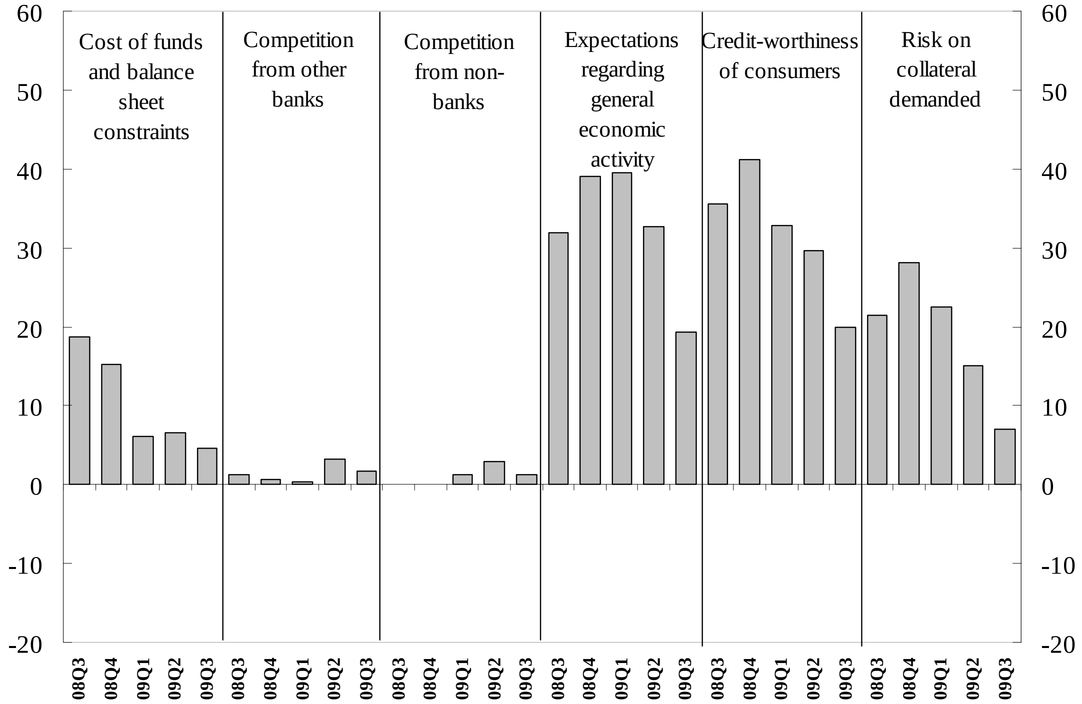
11. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households (as described in question 8)?

	--	-	°	+	++	NA	NetP		DI		Mean	
							July 2009	October 2009	July 2009	October 2009	July 2009	October 2009
A) Cost of funds and balance sheet constraints	0	6	80	1	0	13	7	5	3	2	2.93	2.95
B) Pressure from competition	0	0	0	0	0	0	0	0	0	0		
Competition from other banks	0	2	86	0	0	12	3	2	2	1	2.96	2.98
Competition from non-banks	0	1	85	0	0	14	3	1	2	1	2.97	2.98
C) Perception of risk												
Expectations regarding general economic activity	1	19	70	0	0	11	33	19	18	10	2.61	2.79
Creditworthiness of consumers	1	19	69	0	0	11	30	20	17	10	2.64	2.78
Risk on collateral demanded	0	7	79	0	0	14	15	7	9	4	2.81	2.92

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)*



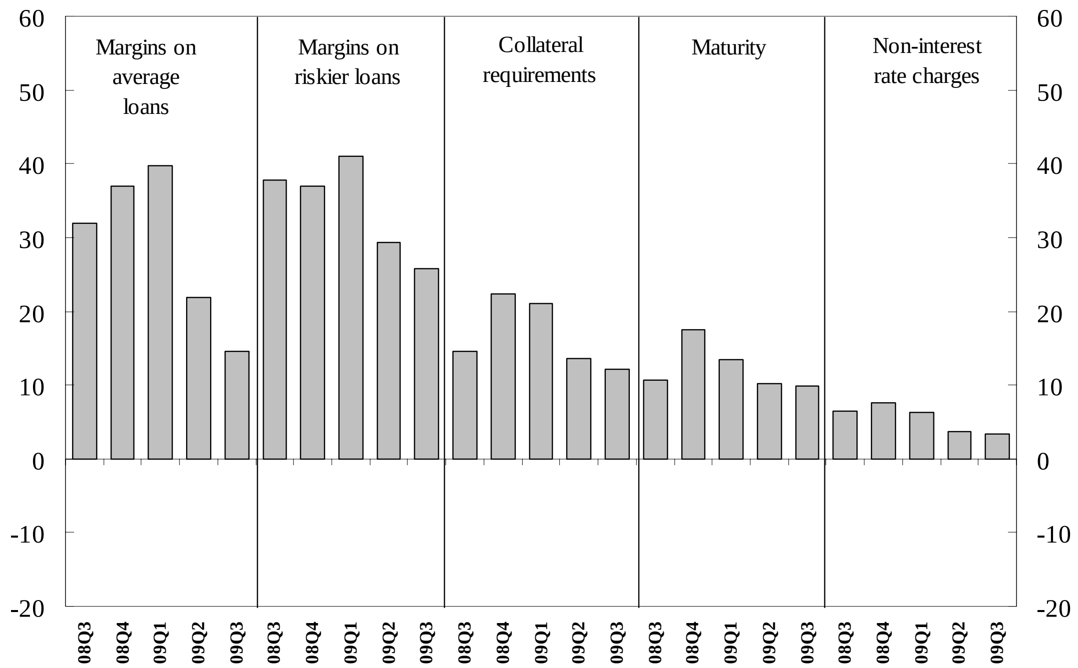
12. Over the past three months, how have your bank's terms and conditions for approving <u>consumer credit and other lending to households</u> changed?

	--	-	°	+	++	NA	NetP		DI		Mean	
							July 2009	October 2009	July 2009	October 2009	July 2009	October 2009
A) Price												
Your bank's margin on average loans	3	17	63	5	0	12	22	15	12	9	2.76	2.83
Your bank's margin on riskier loans	2	25	56	2	0	14	29	26	17	14	2.64	2.70
B) Other conditions and terms												
Collateral requirements	0	12	76	0	0	12	14	12	7	6	2.86	2.87
Maturity	0	10	80	0	0	10	10	10	5	5	2.90	2.90
Non-interest rate charges	0	4	84	0	0	12	4	3	2	2	2.96	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 12. Changes in terms and conditions for approving consumer credit and other lending to households
(net percentages of banks reporting tightening terms and conditions)



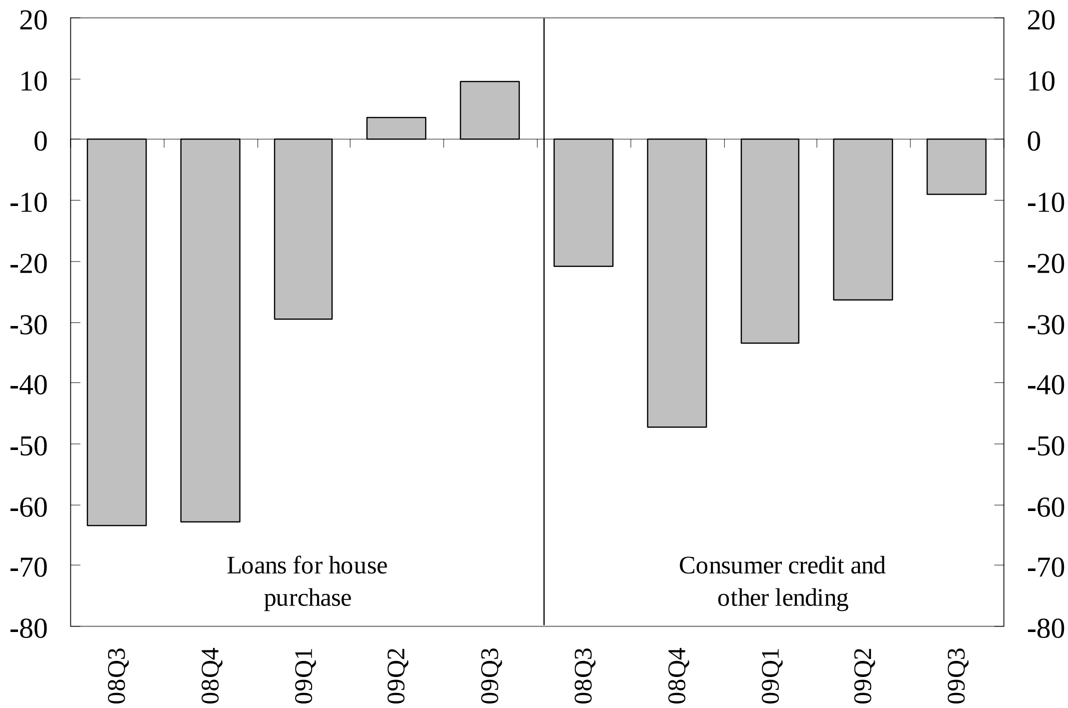
13. Over the past three months, how has the <u>demand for loans to households</u> changed at your bank, apart from normal seasonal fluctuations?

	Loans for house purchase		Consumer credit and other lending	
	July	October	July	October
Decreased considerably	9	5	3	4
Decreased somewhat	21	18	38	25
Remained basically unchanged	35	46	46	51
Increased somewhat	27	29	13	18
Increased considerably	7	3	1	2
Total	*100*	*100*	*100*	*100*
Net percentage	***4***	***10***	***-26***	***-9***
Diffusion index	***1***	***4***	***-14***	***-5***
Mean	*3.01*	*3.08*	*2.72*	*2.89*
Number of banks responding	***107***	***107***	***107***	***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)



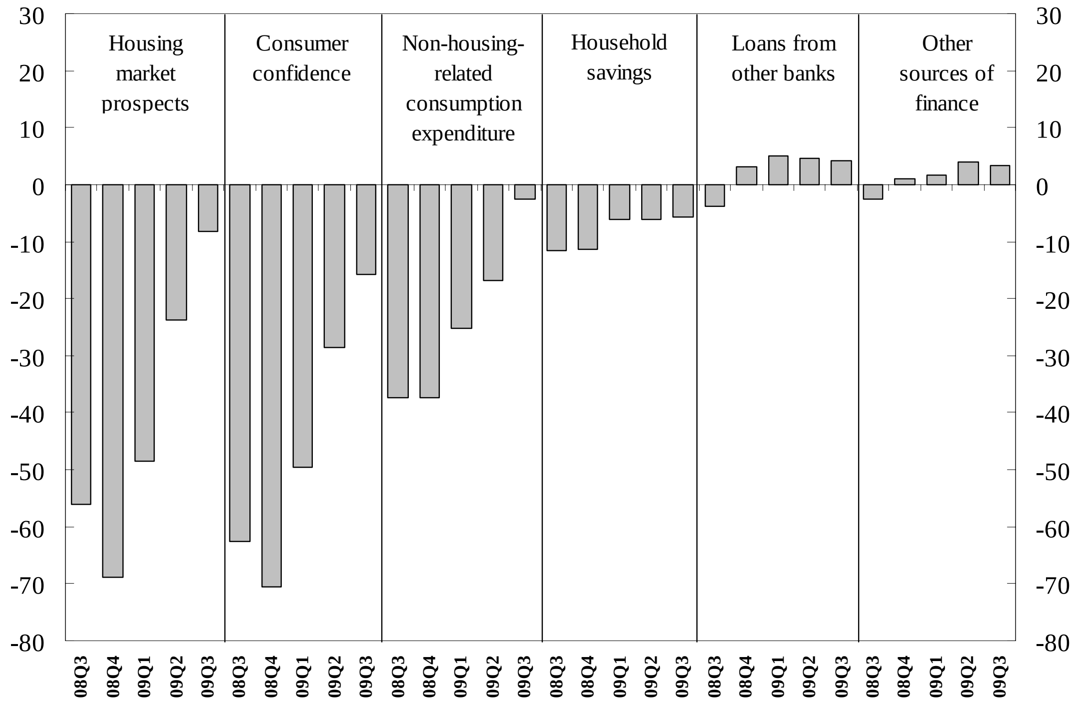
14. Over the past three months, how have the following factors affected the demand for <u>loans to households for house purchase</u> (as described in question 13)?

	--	-	°	+	++	NA	NetP		DI		Mean	
							July 2009	October 2009	July 2009	October 2009	July 2009	October 2009
A) Financing needs												
Housing market prospects	3	21	51	16	0	9	-24	-8	-15	-6	2.69	2.90
Consumer confidence	3	24	52	11	1	9	-29	-16	-20	-9	2.60	2.83
Non-housing-related consumption expenditure	0	8	77	6	0	9	-17	-3	-10	-1	2.79	2.98
B) Use of alternative finance												
Household savings	0	8	81	2	0	10	-6	-6	-4	-3	2.90	2.94
Loans from other banks	0	1	84	5	1	10	5	4	2	3	3.06	3.06
Other sources of finance	0	0	86	3	0	10	4	3	2	2	3.04	3.04

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 <u>consumer credit and other lending to households</u> (as described in question 13)?

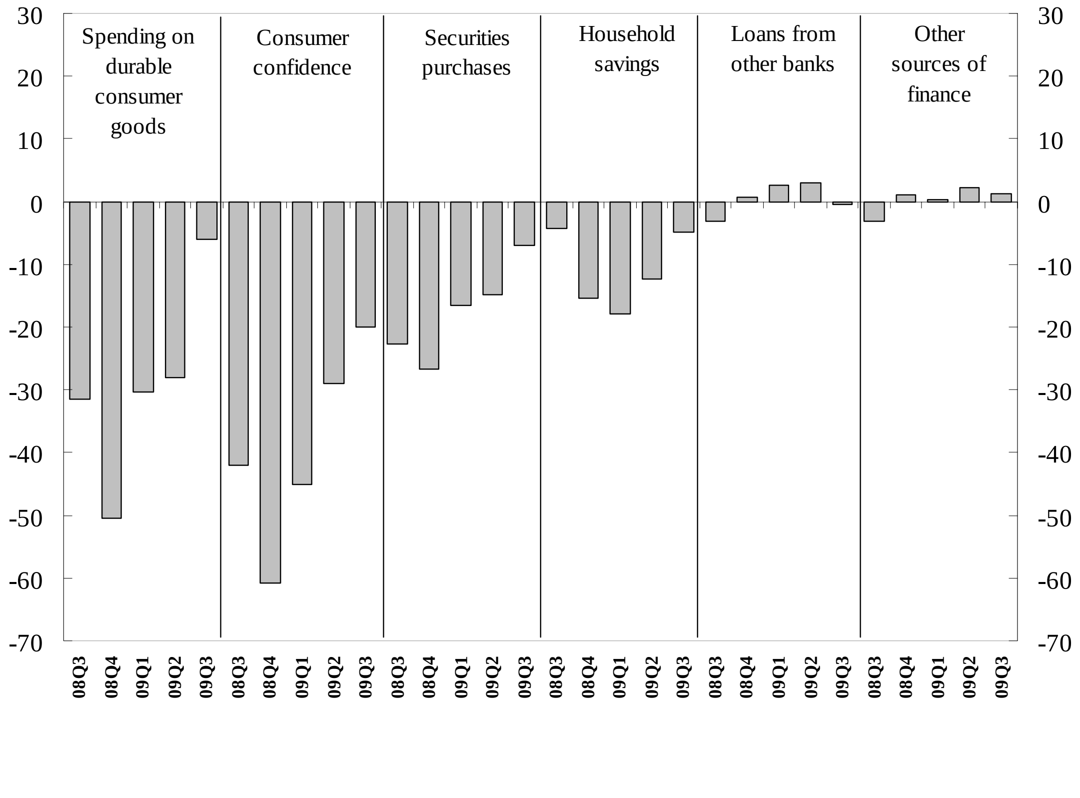
	--	-	°	+	++	NA	NetP		NetP		Mean	
							July 2009	October 2009	July 2009	October 2009	July 2009	October 2009
A) Financing needs												
Spending on durable consumer goods	4	20	47	18	0	12	-28	-6	-16	-5	2.66	2.91
Consumer confidence	2	22	61	5	0	10	-29	-20	-19	-11	2.59	2.75
Securities purchases	2	6	72	0	0	20	-15	-7	-10	-4	2.78	2.90
B) Use of alternative finance												
Household savings	0	8	78	3	0	11	-12	-5	-6	-3	2.86	2.95
Loans from other banks	0	2	85	1	1	11	3	0	2	0	3.02	3.00
Other sources of finance	0	0	87	1	0	12	2	1	1	1	3.02	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 15. Factors affecting demand for consumer credit and other lending to households

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

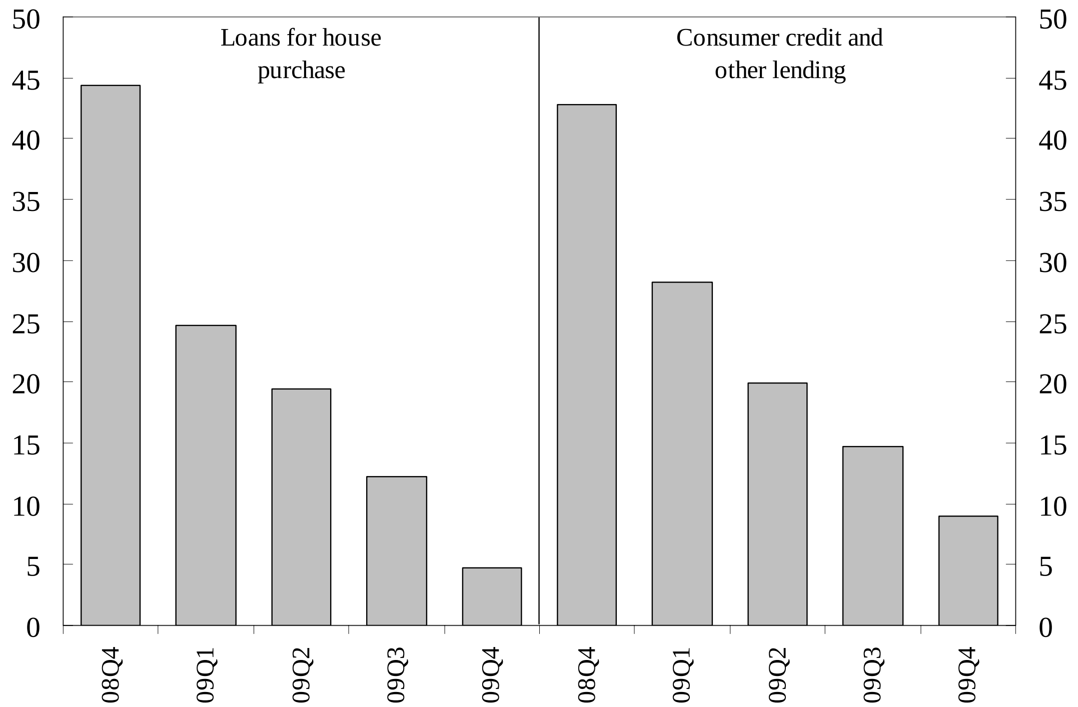


16. Please indicate how you expect your <u>bank's credit standards as applied to the approval of loans to households</u> to change over the next three months.

	Loans for house purchase		Consumer credit and other lending	
	July	October	July	October
Tighten considerably	1	0	0	0
Tighten somewhat	14	9	18	11
Remain basically unchanged	82	87	80	87
Ease somewhat	3	4	3	2
Ease considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***12***	***5***	***15***	***9***
Diffusion index	***7***	***2***	***7***	***5***
Mean	*2.87*	*2.95*	*2.85*	*2.91*
Number of banks responding	***107***	***107***	***107***	***107***

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)

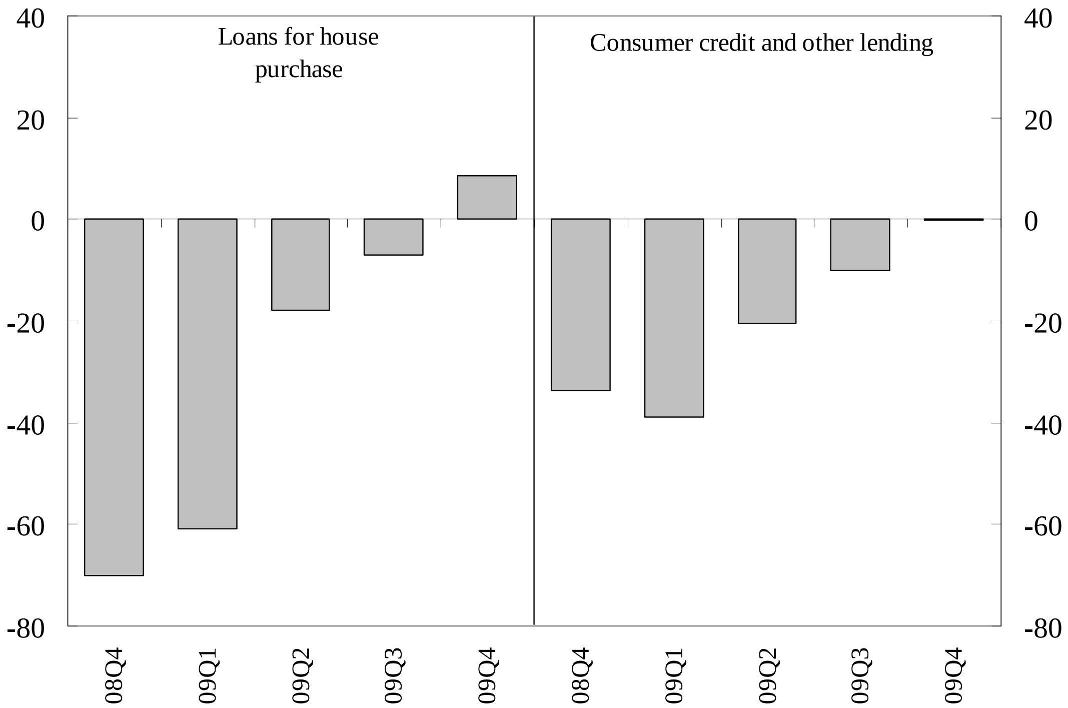


17. Please indicate how you expect <u>demand for loans to households</u> to change over the next three months at your bank (apart from normal seasonal fluctuations).

	Loans for house purchase		Consumer credit and other lending	
	July	October	July	October
Decrease considerably	1	0	2	0
Decrease somewhat	22	12	19	15
Remain basically unchanged	61	67	69	71
Increase somewhat	16	20	11	15
Increase considerably	0	1	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***-7***	***9***	***-10***	***0***
Diffusion index	***-4***	***5***	***-6***	***0***
Mean	*2.92*	*3.10*	*2.88*	*3.00*
Number of banks responding	***107***	***107***	***106***	***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. What effect has the government's announcement and introduction of recapitalisation support and state guarantees for debt securities issued by banks had on your bank's access to wholesale funding over the past three months, and what effect are you expecting over the next three months?

	Over the past three months	Over the next three months
Basically no impact on market access	45%	54%
Some improvement in market access	40%	37%
Considerable improvement in market access	15%	8%
Not applicable (*)	12%	11%
Mean	***3.69***	***3.53***
Standard deviation	0.81	0.72
Number of banks responding	***98***	***99***

(*) Please select "not applicable" only if your government has not announced any of the above-mentioned measures.

ii. As a result of the situation in the financial markets, has your market access been hampered when tapping your usual sources of wholesale funding and/or has your ability to transfer risk been hampered over the past three months, or are you expecting this access/activity to be hampered 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)	1%	14%	85%	2.84	0.42	0%	14%	85%	2.85	0.39	18%
Short-term money market (more than one week)	5%	27%	68%	2.63	0.61	2%	27%	71%	2.69	0.54	17%
B) Debt securities[(3)]											
Short-term debt securities (e.g. certificates of deposit or commercial paper)	5%	30%	65%	2.60	0.62	4%	29%	67%	2.63	0.60	21%
Medium to long-term debt securities (incl. covered bonds)	8%	36%	56%	2.48	0.68	2%	30%	68%	2.66	0.55	21%
C) Securitisation[(4)]											
Securitisation of corporate loans	54%	22%	24%	1.70	0.95	38%	26%	36%	1.98	0.92	61%
Securitisation of loans for house purchase	53%	15%	32%	1.79	1.00	38%	22%	40%	2.01	0.96	59%
D) Ability to transfer credit risk off balance sheet[(5)]	41%	33%	26%	1.85	0.93	39%	31%	31%	1.92	0.95	62%

(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 used by 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.

iii. If you have stated in response to question ii that one or more of your usual means of accessing wholesale funding markets were (will be) considerably or somewhat hampered over the past (next) three months, did (will) this have an impact on the quantity that your bank is willing to lend and/or the margin at which funds were (will be) lent over the past (next) three months?

For money markets, debt securities or other markets

	Over the past three months	Over the next three months
Quantity		
Considerable impact	16%	17%
Some impact	27%	31%
Basically no impact	57%	53%
Mean	*2.41*	*2.36*
Standard deviation	*0.78*	*0.79*
Number of banks responding	***56***	***55***
Margin		
Considerable impact	28%	22%
Some impact	42%	46%
Basically no impact	30%	31%
Mean	*2.02*	*2.09*
Standard deviation	*0.82*	*0.78*
Not applicable (*)	54%	56%
Number of banks responding	***56***	***55***

For securitisation

	Over the past three months	Over the next three months
Quantity		
Considerable impact	19%	23%
Some impact	38%	42%
Basically no impact	43%	35%
Mean	*2.25*	*2.13*
Standard deviation	*0.82*	*0.84*
Number of banks responding	***42***	***41***
Margin		
Considerable impact	17%	22%
Some impact	44%	43%
Basically no impact	38%	35%
Mean	*2.21*	*2.14*
Standard deviation	*0.79*	*0.83*
Not applicable (*)	60%	61%
Number of banks responding	***41***	***40***

(*) Please select "not applicable" only if you have replied "basically not hampered" or "not applicable" to question ii.

iv. 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	6%	5%
Considerable impact on capital, and some impact on lending	12%	13%
Some impact on both capital and lending	24%	24%
Some impact on capital, but no impact on lending	21%	18%
Basically no impact on capital	29%	30%
No reply	8%	10%
Mean	***3.66***	***3.66***
Standard deviation	1.28	1.29
Number of banks responding	***118***	***118***

[(*)] As in the main 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:

<u>Capital</u>

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.

<u>Collateral</u>

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).

<u>Consumer confidence</u>

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).

<u>Cost of funds and balance sheet constraints</u>

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.