EUROPEAN CENTRAL BANK

EUROSYSTEM

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THE EURO AREA BANK LENDING SURVEY

- JULY 2010 -

1. Overview of the results

The results reported in the July 2010 bank lending survey relate to changes during the second quarter of 2010 and expectations of changes in the third quarter. The survey was conducted from 14 June until 2 July 2010 on a sample group of 120 euro area banks. The response rate was 100%. As in previous survey rounds, a number of ad hoc questions dealing specifically with the implications of the situation in financial markets were included.

With respect to loans to enterprises, in the July 2010 bank lending survey (BLS), referring to the second quarter of 2010, euro area banks reported an increase in the net tightening of credit standards compared with the first quarter, exceeding expectations from the previous survey round. As regards households, banks reported the same net tightening of credit standards in the second quarter of 2010 as in the previous quarter for loans to households both for house purchase and for consumption. The levels of net tightening were also beyond the expectations formulated in the previous survey round. Renewed constraints in banks' access to funding and liquidity management are reported as key factors underlying the tighter credit policy. Meanwhile, the demand for loans perceived by banks continues to recover.

More precisely, the downward trend in the net tightening of credit standards on loans to enterprises which came to a halt in the first quarter of 2010 was reversed in the second quarter, increasing from 3% to 11%. Banks had expected a further net tightening of 2% at the time of the previous survey round. Looking forward, euro area banks anticipate credit standards on loans to enterprises to tighten somewhat in the third quarter of 2010 (by 5%).

The factors contributing to the reinforced net tightening of loans to enterprises relate to the deterioration of banks' own balance sheet situation, particularly as regards their liquidity position and access to wholesale funding. At the same time, slight improvements in credit risk, and to some extent, in general economic conditions were perceived by reporting banks.

In the second quarter of 2010, the degree of net tightening of credit standards on loans to households for house purchase was unchanged at 10%, exceeding the 2% expected at the time of the previous survey round. Similarly, the degree of net tightening remained broadly unchanged for consumer credit, at 12%, compared with an expected 2% in the previous survey round. Looking forward, banks expect a decrease *in the net tightening of credit standards for loans for house purchase and consumer credit in the third quarter of 2010, to 3% and 6% respectively.*

While credit supply conditions deteriorated, the July 2010 BLS results pointed to a gradual improvement in the net demand for loans in the second quarter of 2010, being only slightly negative for loans to enterprises (-2%, compared with -13% in the first quarter of 2010) and turning positive for loans to households (at 24% for housing loans, compared with -2% in the first quarter of 2010, and at 1% for consumer credit, compared with -13% in the previous quarter). By contrast, in the previous survey round banks had expected a positive net demand for loans to enterprises. For housing loans expectations were broadly in line.

The most important reason for higher net demand for loans by enterprises was a less negative contribution from factors such as fixed investment and mergers and acquisitions. Moreover, the negative contribution from substitute sources of financing became somewhat less pronounced in the second quarter. At the same time, the positive contribution of debt restructuring remained unchanged compared with the previous survey round and the contribution of inventories and working capital increased somewhat further. For housing loans, demand turned positive after its slightly negative levels in the previous quarter. This increase in net loan demand was due mainly to improved housing market prospects, higher spending on durable consumer goods and a less negative contribution from consumer confidence.

As in recent survey rounds, the July 2010 survey incorporated a set of ad hoc questions addressing the effect of the financial turmoil on credit standards and lending.

In the second quarter of 2010, negative spillover effects from the sovereign debt crisis appear to have worsened banks' ability to obtain funding. Hence, banks reported that access to wholesale funding became more difficult compared with the first quarter. This deterioration was pronounced across all segments, but more intense with respect to short-term money markets and markets for debt securities issuance. Over the next three months, banks expect that the current difficulties in accessing wholesale funding will remain, although not to the same extent as observed in the second quarter of 2010.

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

[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 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.

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 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 second quarter of 2010) or expectations of changes over the next three months (i.e. in the third quarter of 2010).

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.

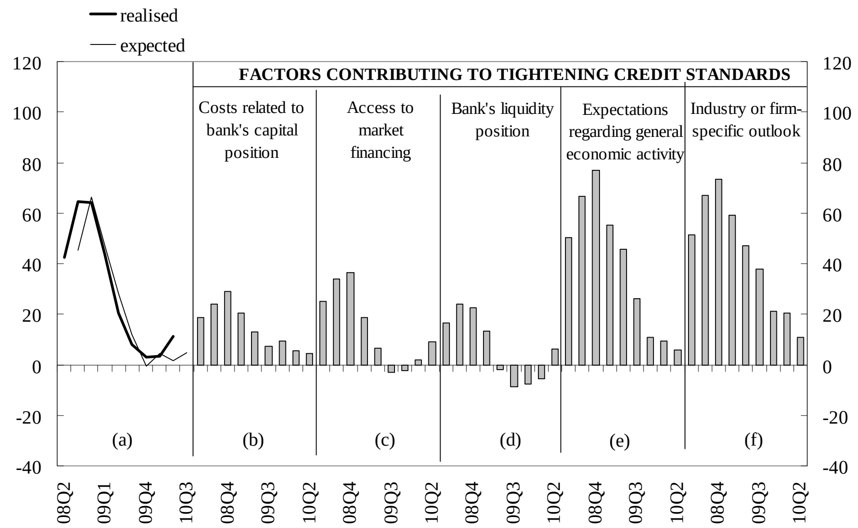
A copy of the questionnaire can be found at
http://www.ecb.europa.eu/stats/money/surveys/lend/html/index.en.html.

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

2.1 Enterprises

Credit standards. In the second quarter of 2010, the net percentage of banks reporting a tightening of credit standards on loans and credit lines to enterprises increased to 11% (see Chart 1), exceeding banks' expectations in the previous survey round (when it stood at 2%). Across firm size, the net percentage of credit standards increased by a broadly similar degree for loans to small and medium-sized enterprises (SMEs; to 14%, compared with 4% in the first quarter of 2010) and loans to large firms (to 12%, against 3% in the first quarter). Regarding loan maturities, an increase in the net tightening of credit standards was observed both for short-term loans (9%, against 1% in the first quarter of 2010) and for long-term loans (14%, against 4% in the first quarter).

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)

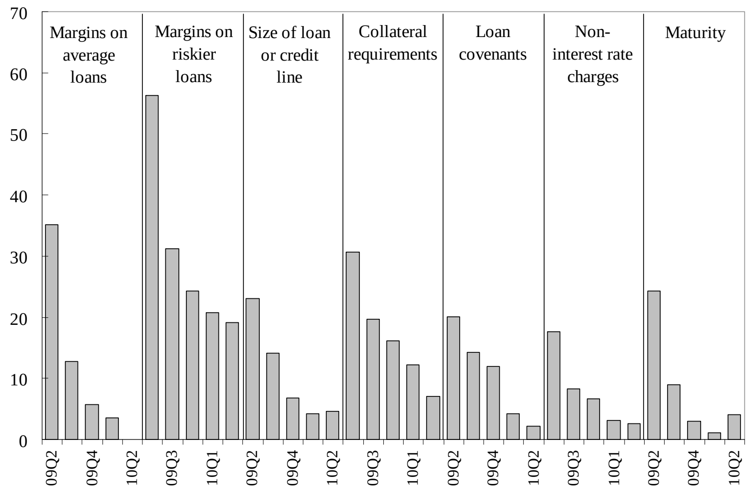


Notes: "Realised" values refer to changes that have occurred, while "expected" values are changes anticipated by banks. Net percentages are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages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

Looking at the factors contributing to the net tightening of credit standards, in the second quarter of 2010 banks reported stronger contributions of bank-specific factors, possibly reflecting renewed financial market tensions. In particular, this was reflected in banks' liquidity position contributing to a tightening of credit standards (6%, against -6% in the first quarter of 2010), after contributing to an easing in the preceding four quarters. A stronger positive contribution pertaining to banks' ability to access market financing was reported (9%, compared with 2% in the first quarter of 2010). By contrast, while still contributing to a net tightening of credit standards, the cost related to banks' capital position became somewhat less pronounced than before (4%, against 6% in the first quarter of 2010). At the same time, following the trend observed in previous quarters there was a further decline in the contributions of business cycle-related factors, such as the industry or firm-specific outlook (11%, compared with 21% in the first quarter of 2010) and expectations regarding general economic activity (6%, against 9% in the first quarter of 2010). Competition (by banks, non-banks and market financing), however, generally tended to ease credit standards on loans to enterprises also in the second quarter of 2010.

Developments were mixed with respect to price and non-price terms and conditions through which the net tightening of credit standards on loans to enterprises was achieved in the second quarter of 2010 (see Chart 2). Thus, while margins, loan covenants and collateral demanded became somewhat relaxed, there was a slightly more restrictive attitude towards the size of loans granted and the length of the loan maturity. Across firm size, as in the previous quarter, margins on average loans to large firms eased slightly in the second quarter of 2010 (to -2%, from -1% in the first quarter of 2010), whereas they remained broadly unchanged (at 8%) for loans to SMEs.

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



Note: See the notes to Chart 1.

Looking ahead, euro area banks expect a lower net tightening of credit standards in the third quarter of 2010 (at 5%).

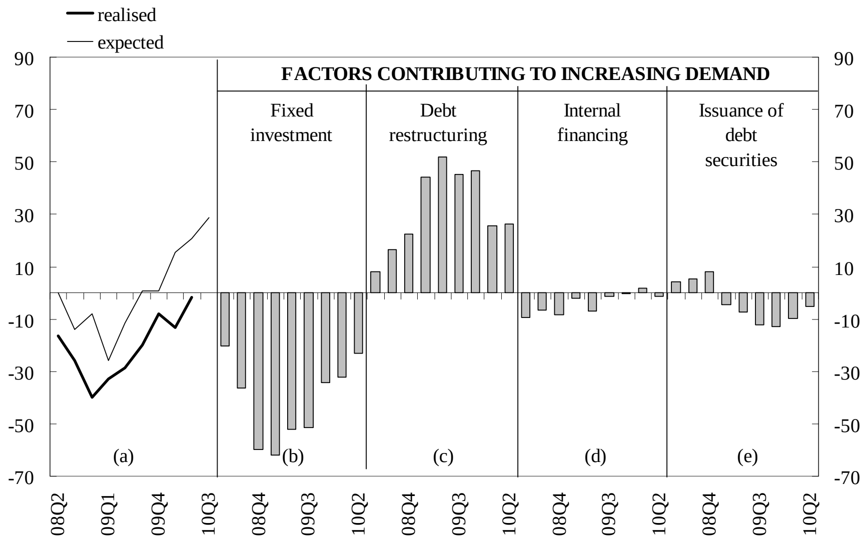
Loan demand. In the second quarter of 2010, net demand for corporate loans[3], while remaining negative, increased to -2% from -13% in the first quarter of 2010 (see Chart 3), thus continuing the gradual recovery that started in the first quarter of 2009. The net demand for loans became less negative for loans both to SMEs (-3%, compared with -9% in the first quarter of 2010) and to large firms (-10%, compared with -20% in the first quarter), but remained overall weaker for large firms. Notably, while net demand

[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.

for short-term loans remained in negative territory (at -3%), in the second quarter of 2010 net demand for long-term loans turned positive (at 3%) for the first time since the first quarter of 2008.

The most important reason for the improvement in net demand for loans by enterprises was a less negative contribution from factors such as fixed investment (-23%, after -32% in the first quarter of 2010) and mergers and acquisitions (at -7%, after -18% in the first quarter of 2010). Moreover, the negative contribution from substitute sources of financing, debt securities issuance in particular, became somewhat less pronounced in the second quarter. At the same time, the positive contribution of debt restructuring (i.e. enterprises altering the terms and conditions of their outstanding debt obligations) remained unchanged compared with the previous survey round and the contribution of inventories and working capital increased somewhat further (to 7%, up from 3% in the previous 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.

Looking forward, banks expect increased demand for loans. On a net basis, 29% of the banks surveyed (up from 21%) expect loan demand from enterprises to increase in the third quarter of 2010, to a larger extent among SMEs (33% in the third quarter of 2010) than among large firms (19%). Furthermore, banks expect a rebound in net demand for short-term lending (30% in the third quarter of 2010).

2.2 Households

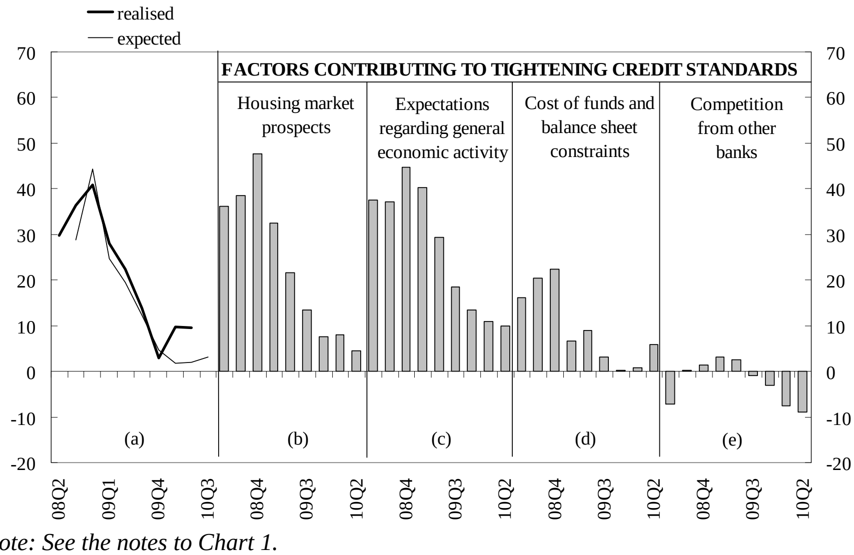
Loans to households for house purchase

Credit standards. In the second quarter of 2010, as in the previous quarter, the net percentage of banks reporting a tightening of credit standards on loans to households for house purchase stood at 10%, up from 3% in the fourth quarter of 2009 (see Chart 4). For the second consecutive quarter, banks' expectations from previous survey rounds underestimated the net tightening of credit standards.

As in the case of loans to enterprises, factors stemming from banks' own balance sheet situations contributed more strongly to the net tightening of credit standards for loans to households for house purchase (6% in the second quarter of 2010, compared with 1% in the first quarter). Likewise, banks reported a somewhat less pronounced contribution from risk-based factors such as housing market prospects and the general economic outlook. Finally, as in previous survey rounds, competition between banks contributed to an easing of credit standards on housing loans.

Regarding terms and conditions on loans for house purchase, in the second quarter of 2010 margins on riskier loans (11%, compared with 16% in the first quarter of 2010), loan-to-value ratios (7%, against 11% in the first quarter) and collateral requirements (3%, against 4% in the first quarter) continued to be tightened by banks, although gradually less so compared with previous quarters By contrast, banks tightened somewhat conditions related to the maturity of the loans (3%, against 1% in the first quarter) and increased also the margins on average loans (3%, against -3% in the first quarter).

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.

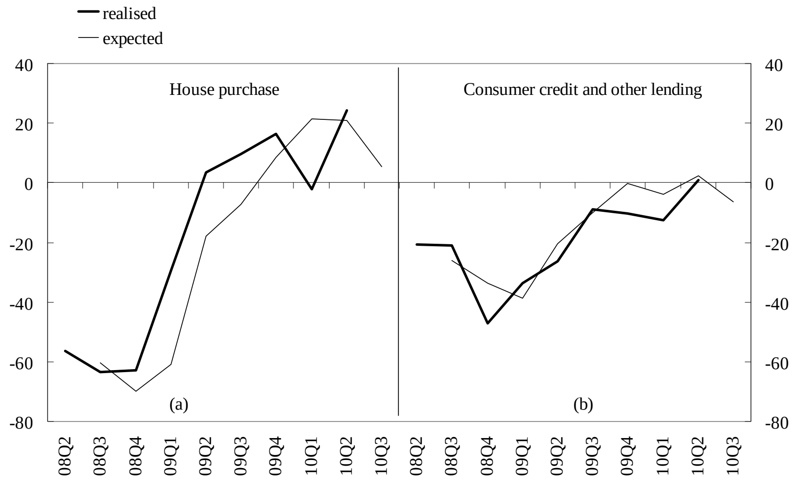
Looking forward, banks expect a lower degree of net tightening of credit standards for loans for house purchase in the third quarter of 2010 (3%).

Loan demand. Net demand for housing loans increased significantly in the second quarter of 2010 (24%, against -2% in the first quarter), broadly in line with expectations in the previous survey round (see Chart 5). The increase in housing-related loan demand can be explained in particular by a more positive contribution of housing market prospects (9%, compared with 3% in the first quarter) and a less negative contribution of consumer confidence (-6%, against -13% in the first quarter).

Banks expect net demand for loans for house purchase to fall to 5% in the third quarter of 2010 after 24% in the second.

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.

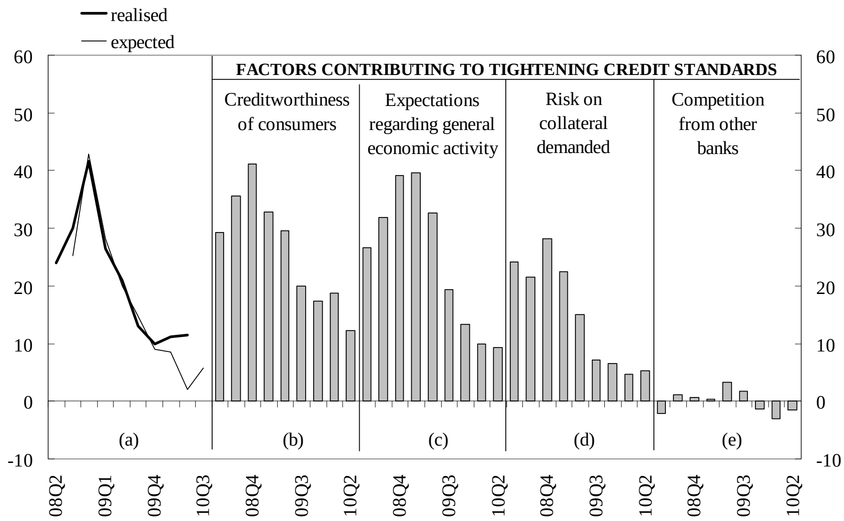
Consumer credit and other lending to households

Credit standards. The net percentage of banks reporting a tightening of credit standards for loans to households for consumer credit and other lending was positive in the second quarter of 2010 (12%; see Chart 6). This was similar to the level observed in the previous quarter, but exceeded expectations in the previous survey round.

As with loans for house purchase, funding costs and banks' balance sheet position contributed more strongly to the net tightening observed in the second quarter of 2010 (4%, against 1% in the first quarter). At the same time, a somewhat more benign outlook for credit risk was observed notably through a lower tightening contribution from consumer creditworthiness (12%, compared with 19% in the previous round).

Looking forward, banks still expect a net tightening, albeit slightly less, in the third quarter of 2010 (to 6%).

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.

Loan demand. Developments in the demand for consumer loans improved in the second quarter of 2010 with net demand reaching 1%, after -13% in the first quarter of 2010 (see Chart 5), broadly in line with expectations. The main factors behind the increase in net demand were related to spending on consumer durables and consumer confidence.

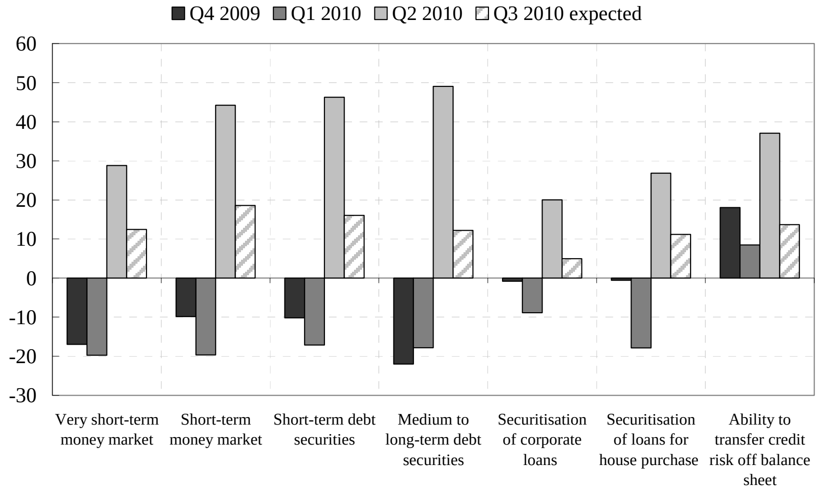
Looking ahead, banks expect a slightly negative net demand for consumer credit and other lending to households in the second quarter of 2010 (-6%).

3. Ad hoc questions

As a follow-up to the ad hoc questions included in previous survey rounds, the July 2010 survey round also contains questions that aim to assess 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 second quarter of 2010, and to what extent they are expected to affect them in the next three months. The questions refer to the access to wholesale funding and the impact of capital constraints on bank lending.[4]

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

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



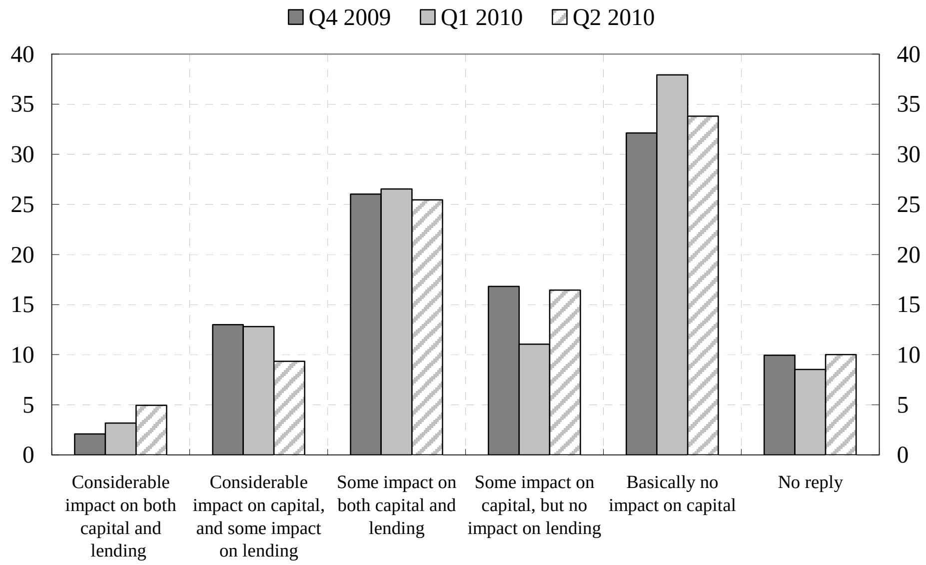
Note: The percentages were calculated by adding together the shares of banks that reported either a "considerable impact" or "some impact" on their market access.

For the second quarter of 2010, possibly reflecting the renewed financial market tensions following concerns about sovereign risk, banks generally reported a deterioration in their access to wholesale funding across all segments, but more intensely as regards access to short-term money markets and the markets for debt securities issuance (see Chart 7). On balance, in the second quarter of 2010 around 30-40% of the banks surveyed (excluding those banks that replied "not applicable") reported deteriorated access to money markets and around 40-50% of the banks reported deteriorated access to debt securities markets. In addition, true-sale securitisation of corporate loans and loans for house purchase also became somewhat more difficult in the second quarter of 2010. On balance, between 20% and 30% of the banks for which this business is relevant (around 60% of the sample group) reported deteriorated access to securitisation of respectively corporate loans and mortgage loans. Moreover, according to 37% of the banks for which this business is relevant (which is the case for 40% of the sample group), synthetic securitisation, i.e. the ability to transfer credit risk off balance sheet, deteriorated.

Over the next three months, on a net basis around 10-20% of the banks continue to expect a further deterioration across all wholesale funding markets. In particular, 20% of the banks surveyed expect a further deterioration in their access to short-term money markets.

Regarding the impact of the financial turmoil on banks' costs related to their capital positions and on their lending policy (see Chart 8), there was only a very slight change between the first and the second quarters of 2010. In the second quarter of 2010, about 40% of the reporting banks indicated "some" or a "considerable" impact on both capital and lending, broadly in line with the responses in the previous survey round. In addition, in the second quarter of 2010 34% (against 38% in the first quarter) reported that there was basically no impact on their capital stemming from the financial turmoil.

Chart 8: 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

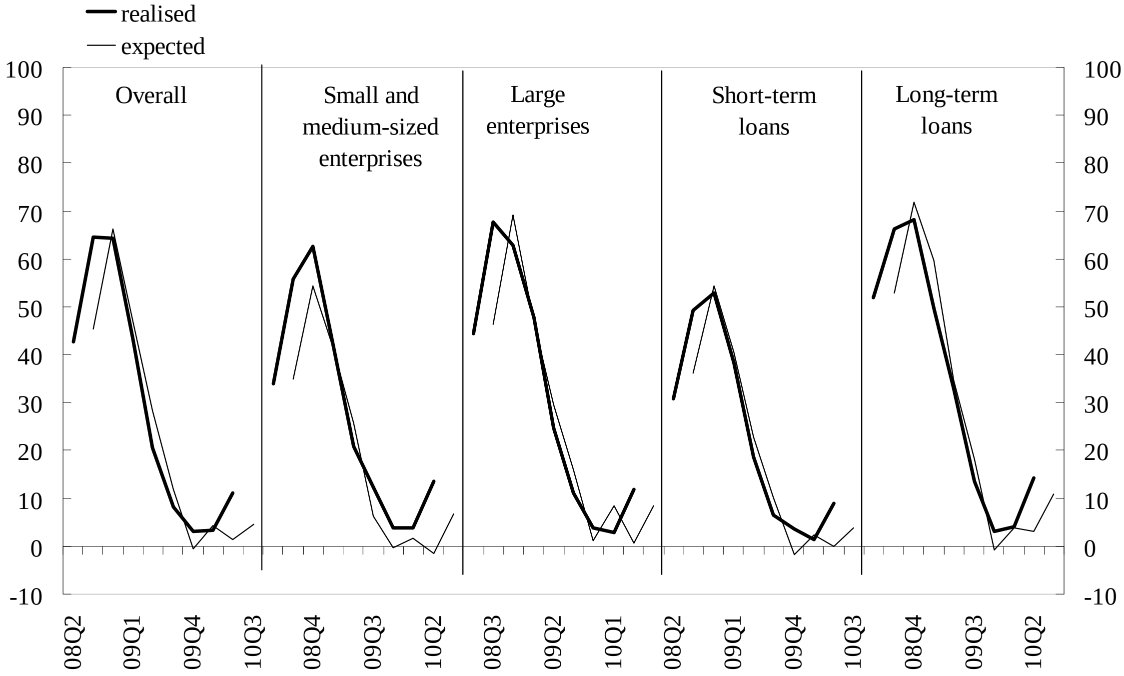
I. Loans or credit lines to enterprises

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	
	April 2010	July 2010	April 2010	July 2010	April 2010	July 2010	April 2010	July 2010	April 2010	July 2010
Tightened considerably	2	1	2	1	2	1	2	0	3	2
Tightened somewhat	6	11	9	13	5	15	5	12	6	13
Remained basically unchanged	88	88	83	86	89	82	87	85	86	85
Eased somewhat	4	1	7	0	4	3	6	3	5	0
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	***3***	***11***	***4***	***14***	***3***	***12***	***1***	***9***	***4***	***14***
Diffusion index	***3***	***6***	***3***	***7***	***3***	***6***	***2***	***4***	***4***	***8***
Mean	*2.95*	*2.88*	*2.95*	*2.86*	*2.95*	*2.88*	*2.97*	*2.91*	*2.93*	*2.84*
Number of banks responding	***113***	***113***	***111***	***111***	***108***	***109***	***113***	***114***	***111***	***112***

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	
							April 2010	July 2010	April 2010	July 2010	April 2010	July 2010
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	1	4	87	1	0	7	6	4	3	3	2.93	2.94
Your bank's ability to access market financing	2	7	81	0	0	10	2	9	1	6	2.97	2.88
Your bank's liquidity position	2	8	80	2	1	7	-6	6	-2	4	3.06	2.93
B) Pressure from competition												
Competition from other banks	0	0	85	8	0	7	-8	-8	-4	-4	3.08	3.09
Competition from non-banks	0	0	90	0	0	10	-2	0	-1	0	3.02	3.00
Competition from market financing	0	0	90	0	0	10	-3	0	-2	0	3.04	3.00
C) Perception of risk												
Expectations regarding general economic activity	1	12	76	6	0	6	9	6	5	3	2.89	2.94
Industry or firm-specific outlook	1	14	76	4	0	6	21	11	11	6	2.77	2.89
Risk on collateral demanded	0	8	85	0	0	7	4	8	3	4	2.94	2.92

SMALL AND MEDIUM-SIZED ENTERPRISES	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2010	July 2010	April 2010	July 2010	April 2010	July 2010
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	2	3	86	1	0	10	5	4	3	3	2.93	2.94
Your bank's ability to access market financing	2	8	77	1	0	13	0	9	1	6	2.98	2.87
Your bank's liquidity position	2	7	80	2	1	10	-5	6	-3	3	3.07	2.93
B) Pressure from competition												
Competition from other banks	0	0	83	8	0	10	-6	-8	-3	-4	3.07	3.09
Competition from non-banks	0	0	88	0	0	12	-2	0	-1	0	3.02	3.00
Competition from market financing	0	0	88	0	0	12	-3	0	-1	0	3.04	3.00
C) Perception of risk												
Expectations regarding general economic activity	0	16	70	6	0	8	10	11	5	6	2.89	2.89
Industry or firm-specific outlook	0	16	72	3	0	8	20	14	10	7	2.78	2.85
Risk on collateral demanded	0	9	82	0	0	8	5	9	2	5	2.94	2.89

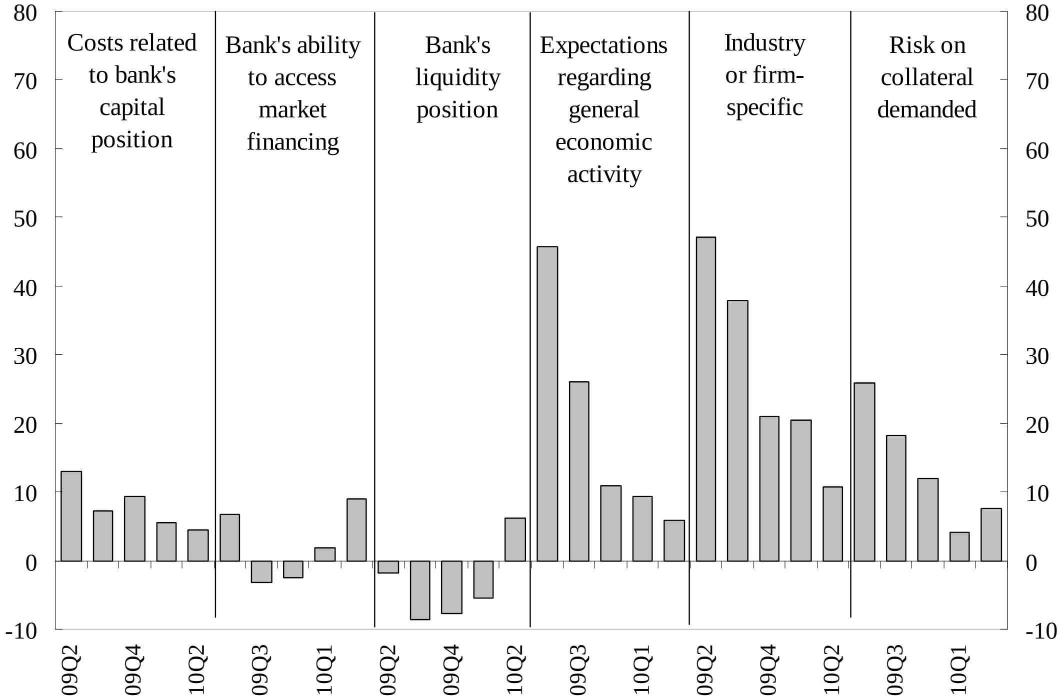
LARGE ENTERPRISES	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2010	July 2010	April 2010	July 2010	April 2010	July 2010
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	2	4	79	0	0	15	5	6	4	4	2.89	2.90
Your bank's ability to access market financing	1	10	71	0	0	18	3	11	2	6	2.96	2.85
Your bank's liquidity position	1	11	70	2	1	15	-2	10	-1	5	3.01	2.89
B) Pressure from competition												
Competition from other banks	0	1	79	8	0	13	-10	-7	-5	-4	3.11	3.08
Competition from non-banks	0	1	84	1	0	14	-3	0	-1	0	3.03	3.00
Competition from market financing	0	1	86	0	0	14	-5	1	-2	0	3.06	2.99
C) Perception of risk												
Expectations regarding general economic activity	0	10	73	6	0	12	9	4	5	2	2.88	2.96
Industry or firm-specific outlook	0	15	68	5	0	12	16	10	8	5	2.81	2.89
Risk on collateral demanded	0	7	79	2	0	12	4	4	3	2	2.94	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 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

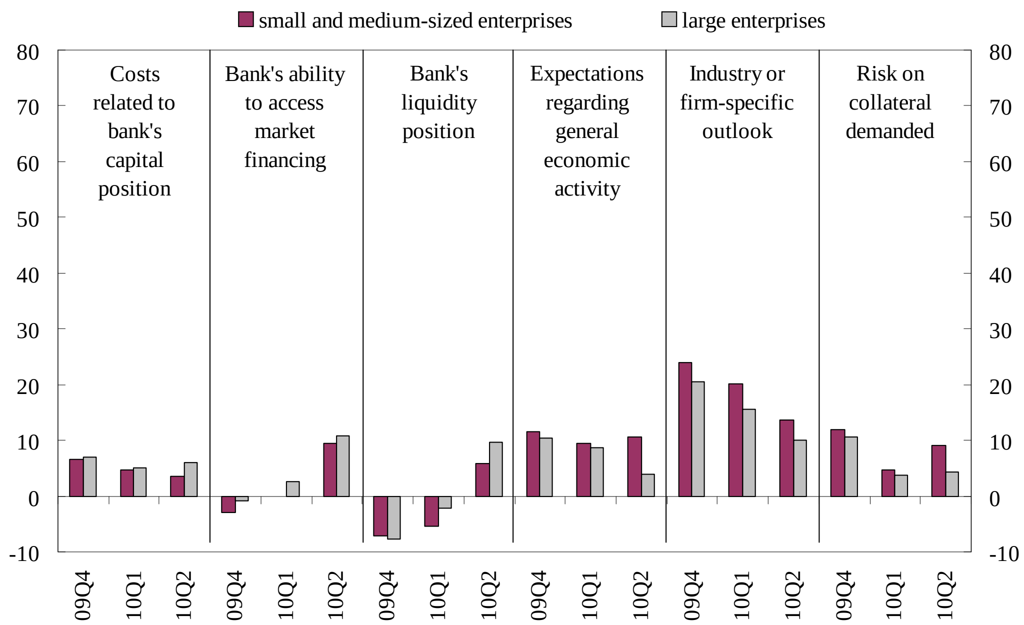
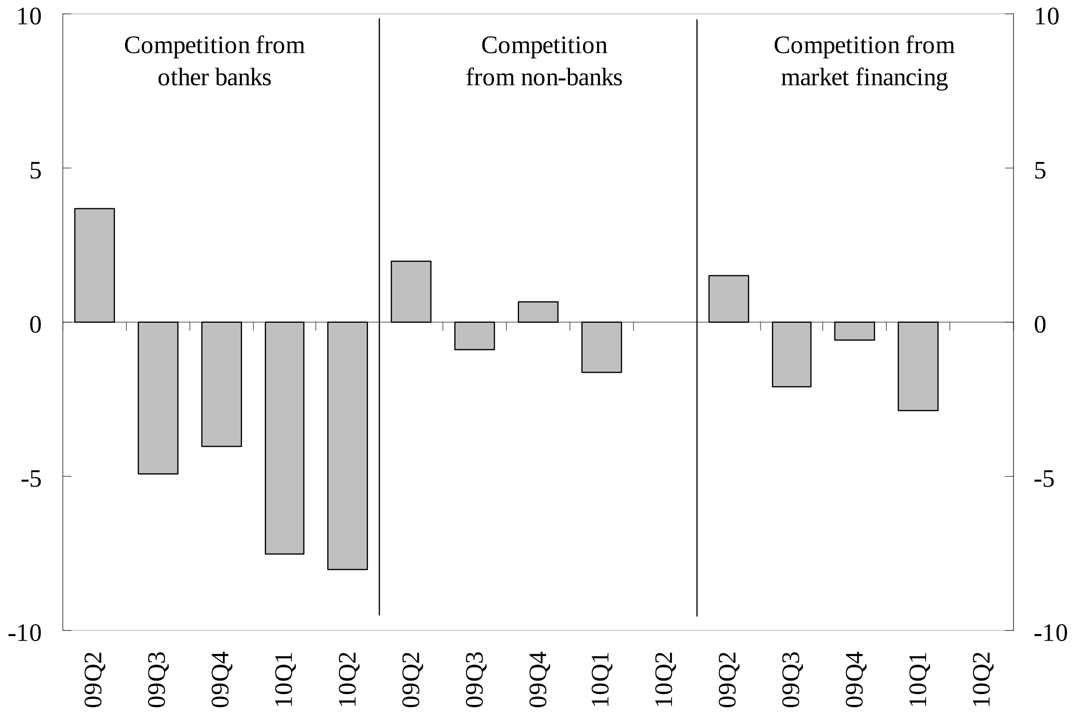
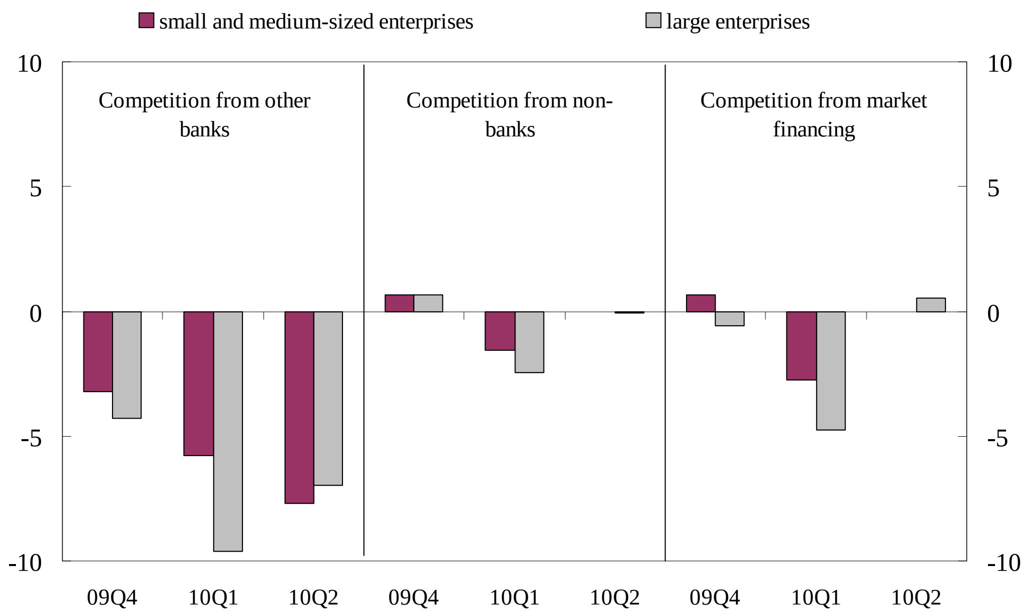


Chart 2b. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises
(net percentages of banks reporting a contribution to tightening standards)

OVERALL



BREAKDOWN BY FIRM SIZE



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

OVERALL

	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2010	July 2010	April 2010	July 2010	April 2010	July 2010
A) Price												
Your bank's margin on average loans	2	14	62	15	1	6	4	-1	3	0	2.95	3.01
Your bank's margin on riskier loans	4	18	69	3	0	7	21	19	13	12	2.72	2.76
B) Other conditions and terms												
Non-interest rate charges	0	5	86	3	0	6	3	3	2	1	2.97	2.98
Size of the loan or credit line	1	6	86	2	0	6	4	5	2	3	2.95	2.94
Collateral requirements	0	9	82	3	0	6	12	7	7	4	2.86	2.93
Loan covenants	0	4	87	2	0	6	4	2	2	1	2.95	2.98
Maturity	1	6	85	2	0	6	1	4	1	2	2.98	2.96

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2010	July 2010	April 2010	July 2010	April 2010	July 2010
A) Price												
Your bank's margin on average loans	2	17	62	11	0	8	8	8	5	5	2.89	2.91
Your bank's margin on riskier loans	3	23	63	2	0	9	24	24	15	14	2.68	2.70
B) Other conditions and terms												
Non-interest rate charges	0	5	85	2	0	9	4	3	2	2	2.95	2.97
Size of the loan or credit line	0	9	81	2	0	8	3	7	2	4	2.95	2.92
Collateral requirements	1	8	80	3	0	8	12	6	6	4	2.86	2.92
Loan covenants	0	4	86	1	0	8	4	3	2	2	2.94	2.96
Maturity	1	7	82	2	0	9	5	6	3	3	2.94	2.93

LARGE ENTERPRISES

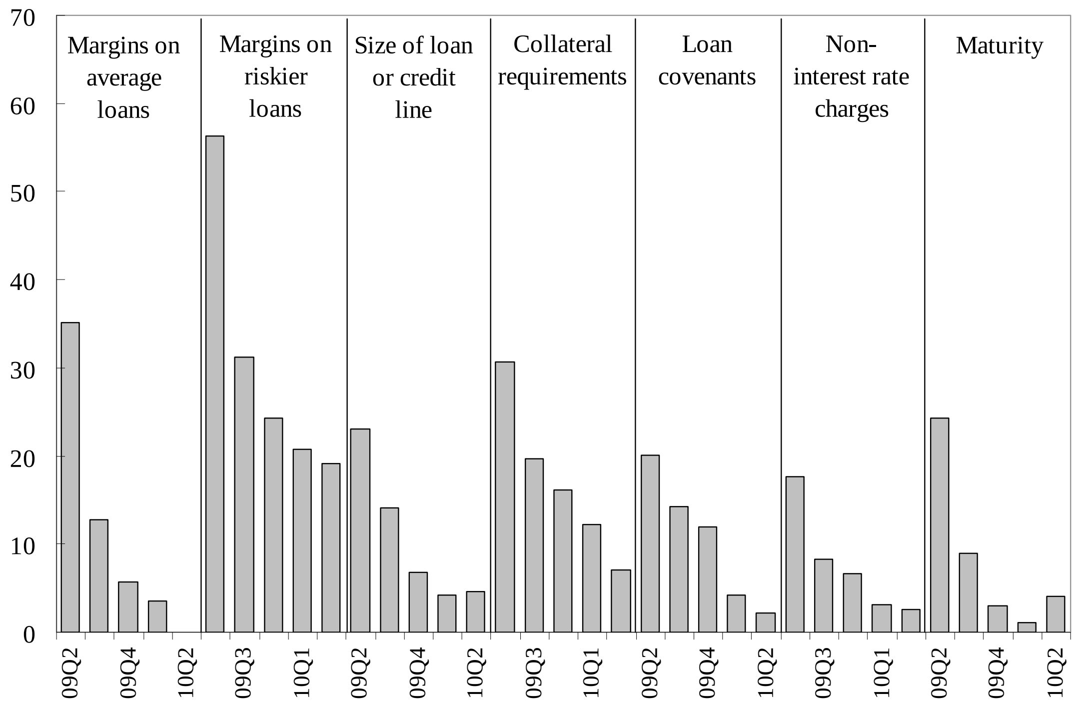
	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2010	July 2010	April 2010	July 2010	April 2010	July 2010
A) Price												
Your bank's margin on average loans	4	10	59	15	1	12	-1	-2	0	1	2.98	2.99
Your bank's margin on riskier loans	5	20	60	3	0	13	24	22	15	14	2.65	2.69
B) Other conditions and terms												
Non-interest rate charges	2	4	79	3	0	12	3	4	2	3	2.96	2.94
Size of the loan or credit line	3	4	80	2	0	12	3	5	2	4	2.94	2.91
Collateral requirements	2	8	77	1	0	12	9	9	5	6	2.88	2.87
Loan covenants	0	6	78	4	0	12	3	3	2	2	2.95	2.96
Maturity	2	10	74	3	0	12	5	8	3	5	2.94	2.89

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

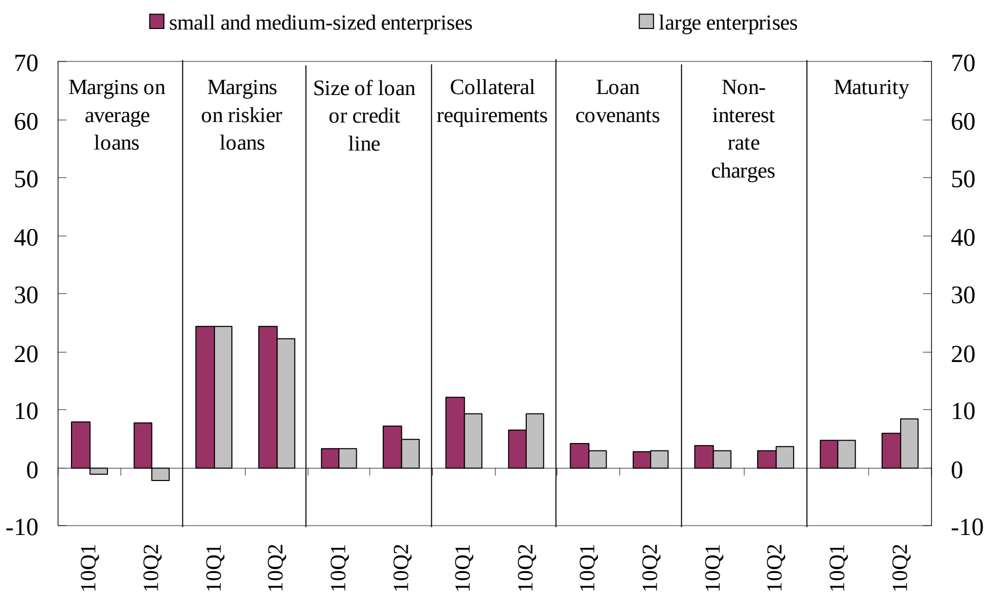
Notes: The net percentage is defined as the difference between the sum of banks responding “- -” (tightened considerably) and “-” (tightened somewhat), and the sum of banks responding “+” (eased somewhat) and “+ +” (eased considerably). “°” means “remained basically unchanged”. The diffusion index is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



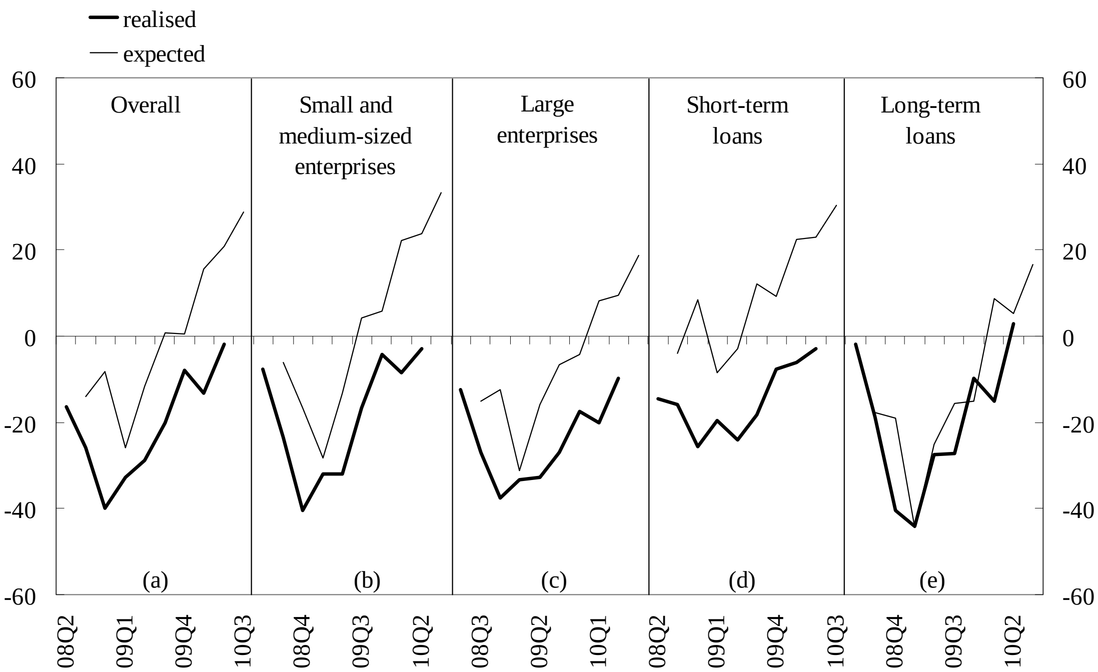
4. Over the past three months, how has the <u>demand for loans or credit lines to enterprises</u> changed at your bank, apart from normal seasonal fluctuations?

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	April 2010	July 2010	April 2010	July 2010	April 2010	July 2010	April 2010	July 2010	April 2010	July 2010
Decreased considerably	6	2	4	3	4	3	5	3	3	2
Decreased somewhat	20	15	20	15	27	17	16	15	26	13
Remained basically unchanged	61	67	60	68	59	69	66	68	58	67
Increased somewhat	13	15	16	15	11	11	14	15	14	18
Increased considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***-13***	***-2***	***-9***	***-3***	***-20***	***-10***	***-6***	***-3***	***-15***	***3***
Diffusion index	***-10***	***-2***	***-7***	***-3***	***-12***	***-7***	***-5***	***-3***	***-9***	***0***
Mean	*2.81*	*2.96*	*2.87*	*2.95*	*2.76*	*2.87*	*2.89*	*2.94*	*2.82*	*3.01*
Number of banks responding	***113***	***114***	***111***	***111***	***108***	***109***	***113***	***114***	***111***	***112***

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 loans or credit lines to enterprises?

	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2010	July 2010	April 2010	July 2010	April 2010	July 2010
A) Financing needs												
Fixed investment	3	27	57	7	0	7	-32	-23	-18	-13	2.59	2.72
Inventories and working capital	0	12	59	20	0	9	3	7	1	4	3.01	3.08
Mergers/acquisitions and corporate restructuring	3	9	68	5	0	15	-18	-7	-11	-5	2.74	2.88
Debt restructuring	0	3	59	29	1	8	26	26	13	13	3.28	3.28
B) Use of alternative finance												
Internal financing	0	4	82	3	0	12	2	-1	1	-1	3.02	2.98
Loans from other banks	0	7	78	5	0	10	1	-2	1	-1	3.01	2.97
Loans from non-banks	0	2	83	1	0	13	2	-1	1	-1	3.02	2.98
Issuance of debt securities	0	8	70	3	0	19	-10	-5	-5	-3	2.88	2.91
Issuance of equity	0	5	73	2	0	20	0	-3	0	-1	3.00	2.96

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)

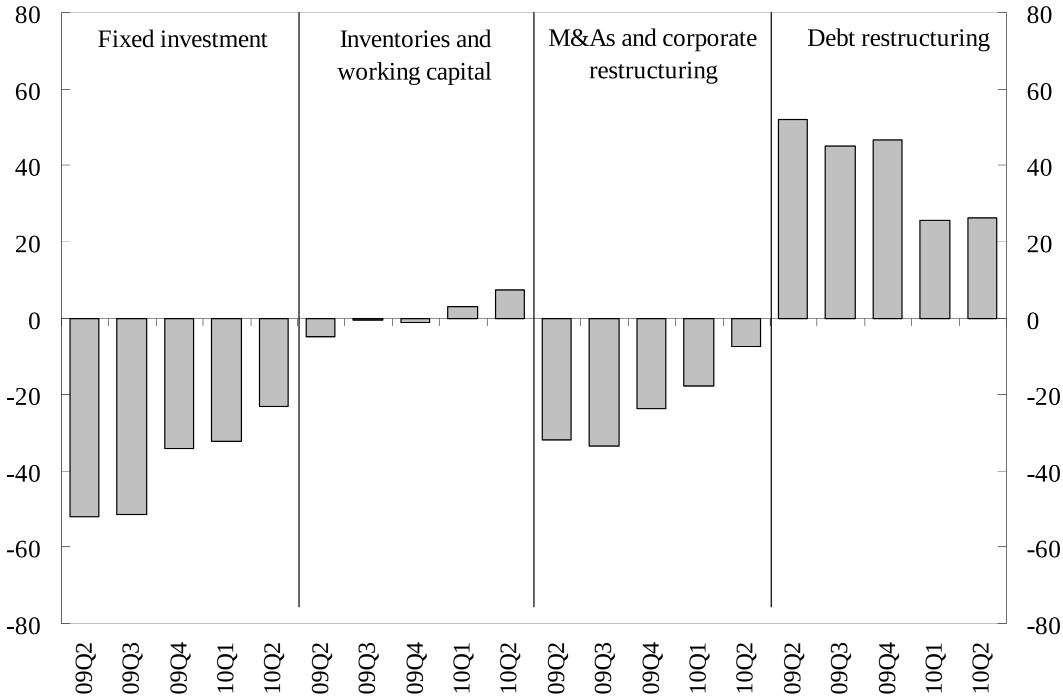
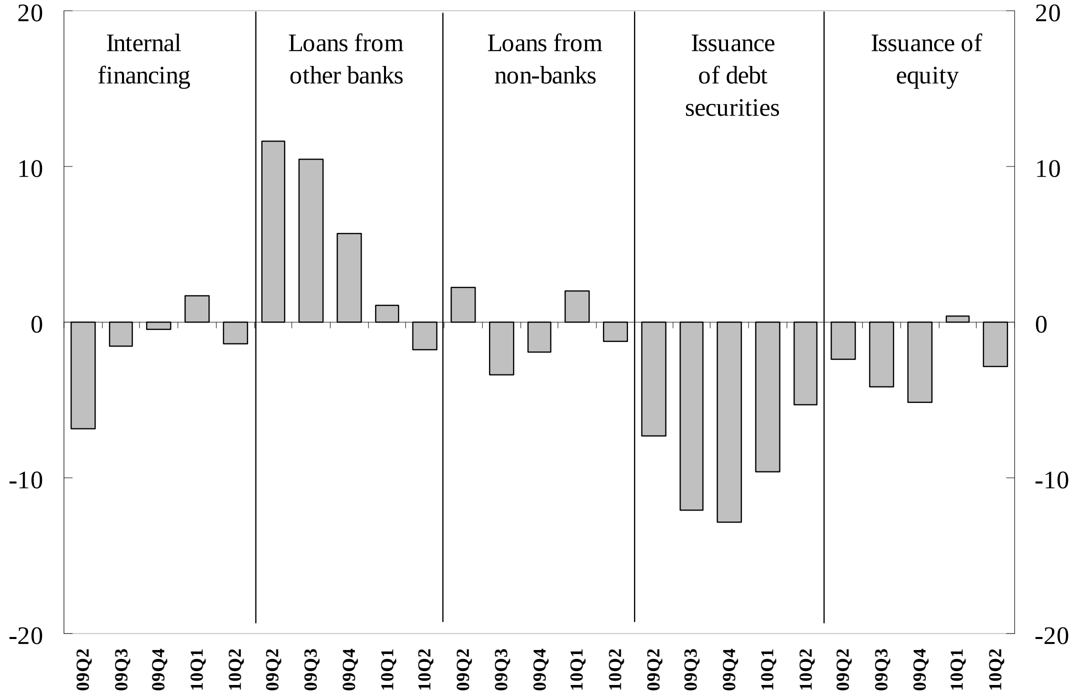


Chart 5b. Factors affecting demand for loans and credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)

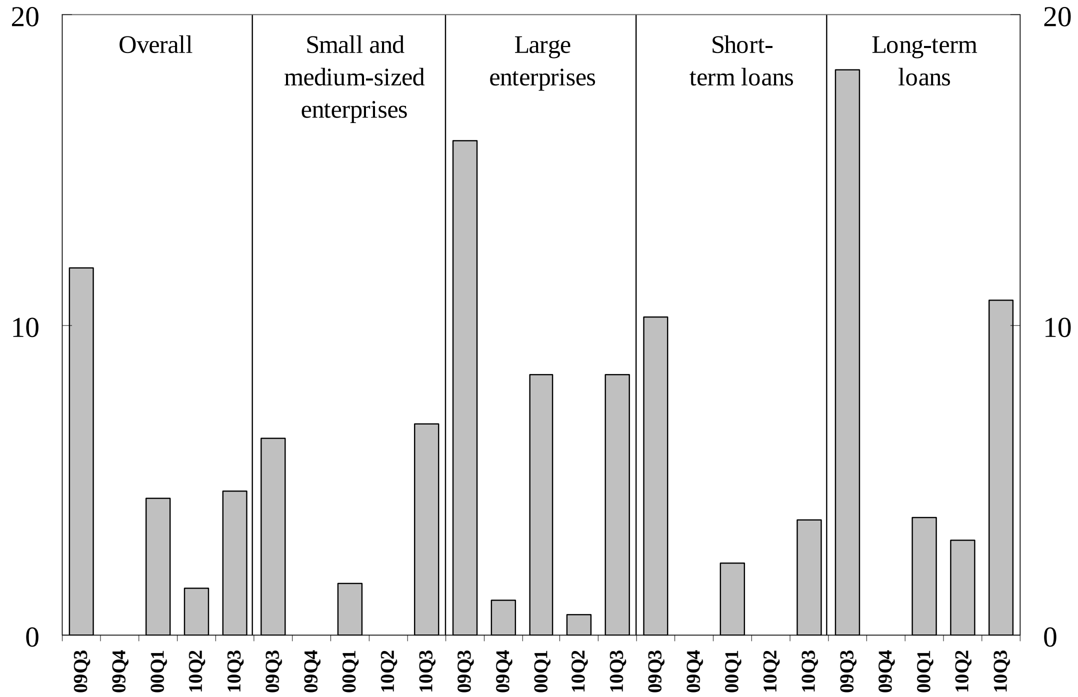


6. Please indicate how you expect your <u>bank's credit standards as applied to the approval of loans or credit lines to enterprises</u> to change over the next three months.

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	April 2010	July 2010	April 2010	July 2010	April 2010	July 2010	April 2010	July 2010	April 2010	July 2010
Tighten considerably	0	0	0	0	1	0	0	0	1	1
Tighten somewhat	8	8	4	10	6	12	7	8	8	14
Remain basically unchanged	86	88	90	86	86	84	85	87	84	81
Ease somewhat	6	4	6	4	7	4	7	5	6	4
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	***2***	***5***	***-2***	***7***	***1***	***8***	***0***	***4***	***3***	***11***
Diffusion index	***1***	***2***	***-1***	***3***	***1***	***4***	***0***	***2***	***2***	***6***
Mean	*2.98*	*2.95*	*3.02*	*2.93*	*2.98*	*2.92*	*3.00*	*2.96*	*2.96*	*2.88*
Number of banks responding	***113***	***114***	***111***	***111***	***108***	***109***	***113***	***114***	***111***	***112***

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)



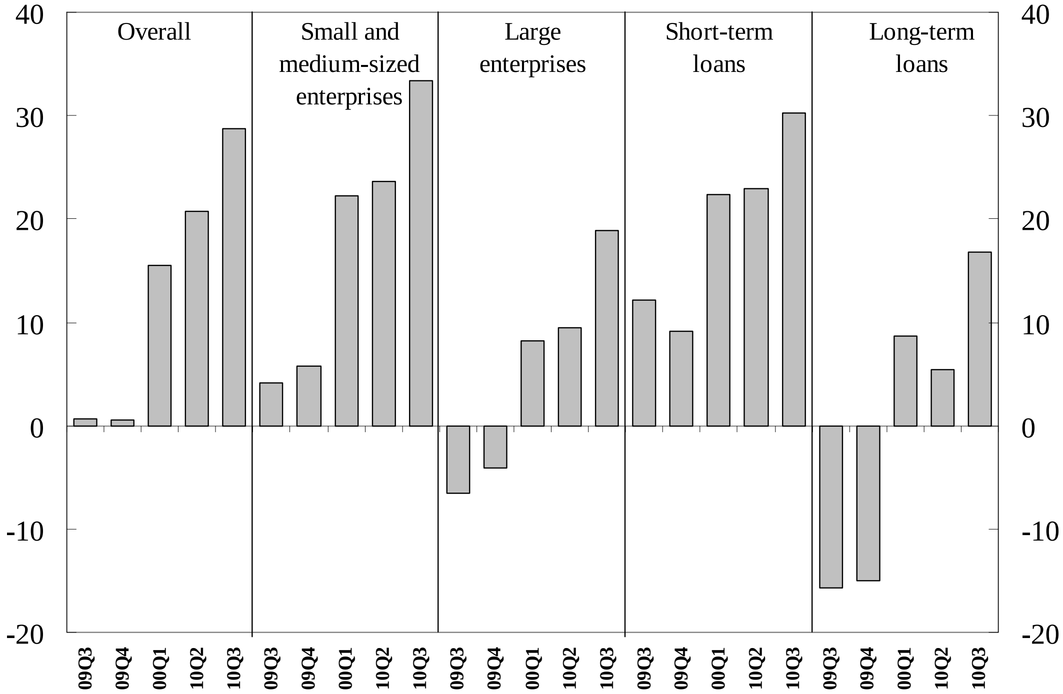
7. Please indicate how you expect <u>demand for loans or credit lines to enterprises</u> to change at your bank over the next three months (apart from normal seasonal fluctuations).

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	April 2010	July 2010	April 2010	July 2010	April 2010	July 2010	April 2010	July 2010	April 2010	July 2010
Decrease considerably	1	0	0	0	2	0	1	0	1	0
Decrease somewhat	7	2	8	2	7	6	6	1	14	8
Remain basically unchanged	64	68	60	62	73	70	64	69	66	68
Increase somewhat	29	31	32	34	18	24	29	31	20	23
Increase considerably	0	0	0	2	0	0	0	0	0	1
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***21***	***29***	***24***	***33***	***9***	***19***	***23***	***30***	***5***	***17***
Diffusion index	***10***	***14***	***12***	***18***	***4***	***9***	***11***	***15***	***2***	***9***
Mean	*3.20*	*3.29*	*3.24*	*3.35*	*3.07*	*3.19*	*3.22*	*3.30*	*3.05*	*3.18*
Number of banks responding	***113***	***114***	***111***	***111***	***108***	***109***	***113***	***114***	***111***	***112***

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)



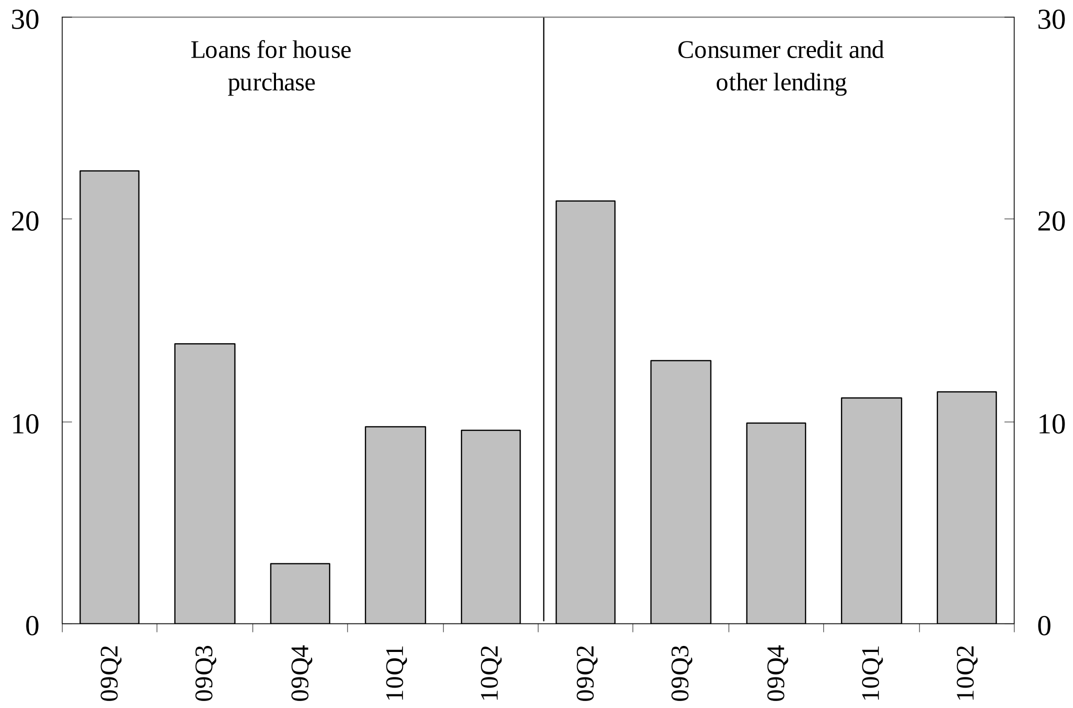
II. Loans to households

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	
	April 2010	July 2010	April 2010	July 2010
Tightened considerably	0	1	0	0
Tightened somewhat	11	12	13	12
Remained basically unchanged	88	83	85	86
Eased somewhat	1	4	2	1
Eased considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***10***	***10***	***11***	***12***
Diffusion index	***5***	***5***	***6***	***6***
Mean	*2.90*	*2.89*	*2.88*	*2.88*
Number of banks responding	***106***	***107***	***107***	***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)



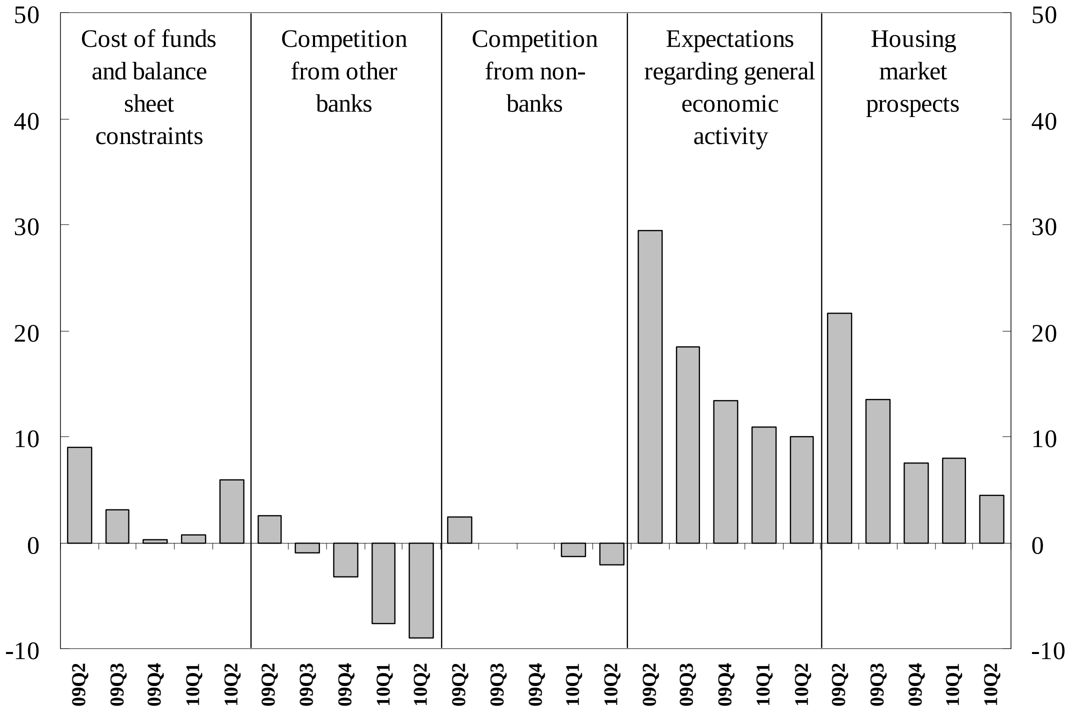
9. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of <u>loans to households for house purchase?</u>

	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2010	July 2010	April 2010	July 2010	April 2010	July 2010
A) Cost of funds and balance sheet constraints	1	5	79	0	0	16	1	6	1	3	2.98	2.93
B) Pressure from competition												
Competition from other banks	0	1	77	10	0	13	-8	-9	-4	-5	3.10	3.11
Competition from non-banks	0	0	84	2	0	14	-1	-2	-1	-1	3.03	3.03
C) Perception of risk												
Expectations regarding general economic activity	0	12	75	2	0	12	11	10	6	5	2.87	2.89
Housing market prospects	1	4	82	1	0	12	8	4	4	3	2.91	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 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?

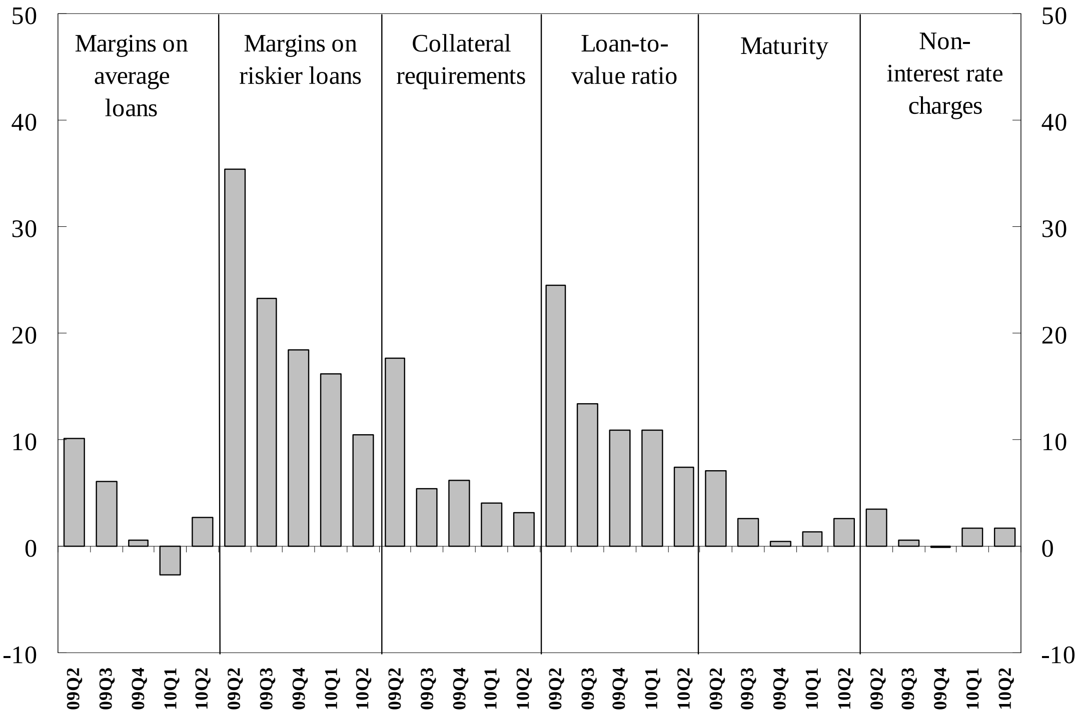
	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2010	July 2010	April 2010	July 2010	April 2010	July 2010
A) Price												
Your bank's margin on average loans	1	13	63	11	0	12	-3	3	-1	2	3.02	2.98
Your bank's margin on riskier loans	2	13	68	5	0	12	16	11	10	7	2.79	2.87
B) Other conditions and terms												
Collateral requirements	1	3	85	0	0	12	4	3	3	2	2.94	2.96
Loan-to-value ratio	0	7	81	0	0	12	11	7	6	4	2.88	2.92
Maturity	0	3	86	0	0	12	1	3	1	1	2.99	2.97
Non-interest rate charges	0	3	84	1	0	12	2	2	1	1	2.98	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 10. Changes in terms and conditions for approving loans to households for house purchase

(net percentages of banks reporting tightening terms and conditions)



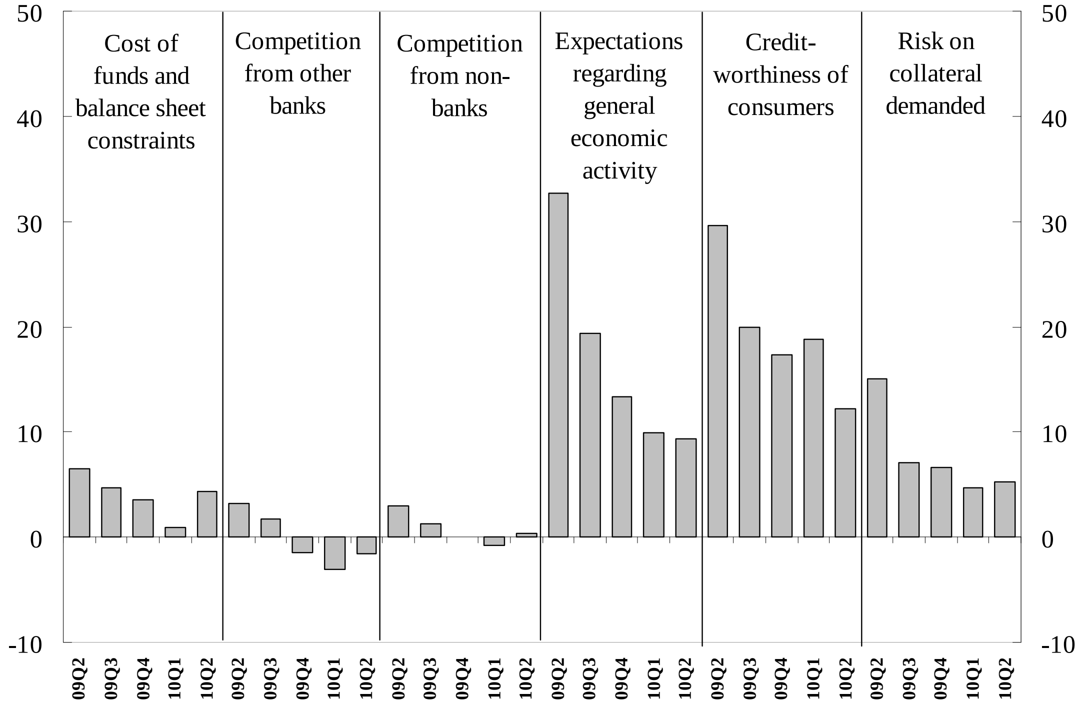
11. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households (as described in question 8)?

	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2010	July 2010	April 2010	July 2010	April 2010	July 2010
A) Cost of funds and balance sheet constraints	1	5	77	2	0	16	1	4	0	3	2.99	2.95
B) Pressure from competition	0	0	0	0	0	0	0	0	0	0		
Competition from other banks	0	1	84	3	0	13	-3	-2	-2	-1	3.04	3.02
Competition from non-banks	0	0	86	0	0	14	-1	0	0	0	3.01	3.00
C) Perception of risk												
Expectations regarding general economic activity	0	10	77	1	0	12	10	9	5	5	2.89	2.90
Creditworthiness of consumers	1	11	76	0	0	12	19	12	10	7	2.79	2.86
Risk on collateral demanded	0	5	81	0	0	14	5	5	2	3	2.94	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 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)*



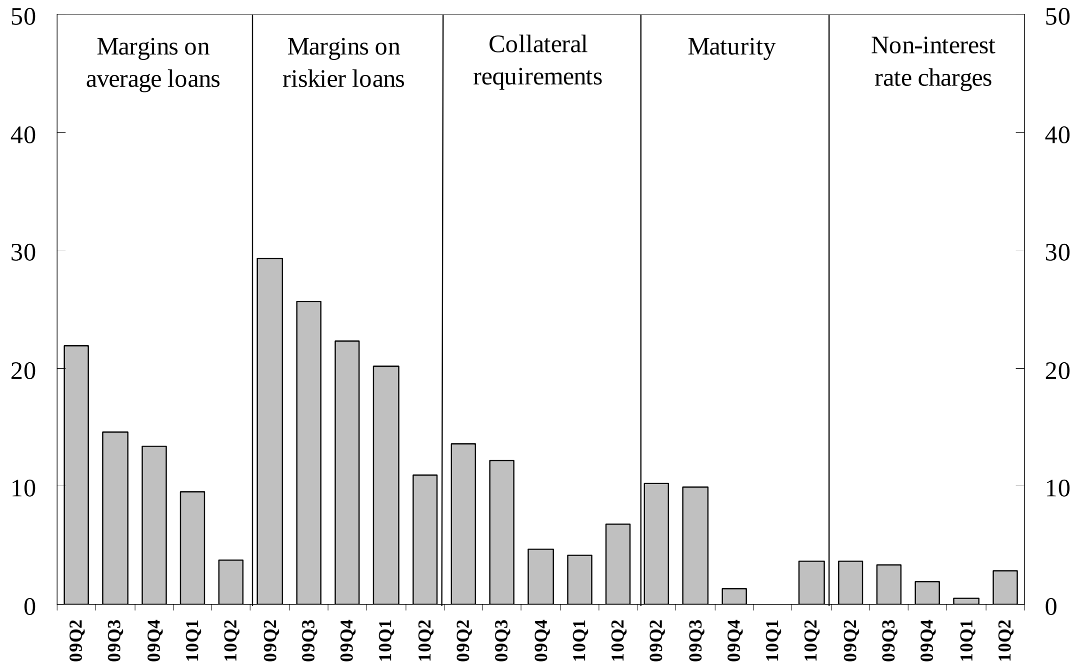
12. Over the past three months, how have your bank's terms and conditions for approving consumer credit and other lending to households changed?

	--	-	°	+	++	NA	NetP		DI		Mean	
							April 2010	July 2010	April 2010	July 2010	April 2010	July 2010
A) Price												
Your bank's margin on average loans	1	12	68	9	0	11	10	4	5	2	2.89	2.96
Your bank's margin on riskier loans	1	13	69	3	0	13	20	11	11	6	2.77	2.88
B) Other conditions and terms												
Collateral requirements	1	6	80	0	0	13	4	7	2	4	2.96	2.92
Maturity	0	4	85	0	0	11	0	4	0	2	3.00	2.96
Non-interest rate charges	0	3	86	0	0	11	1	3	0	1	2.99	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)



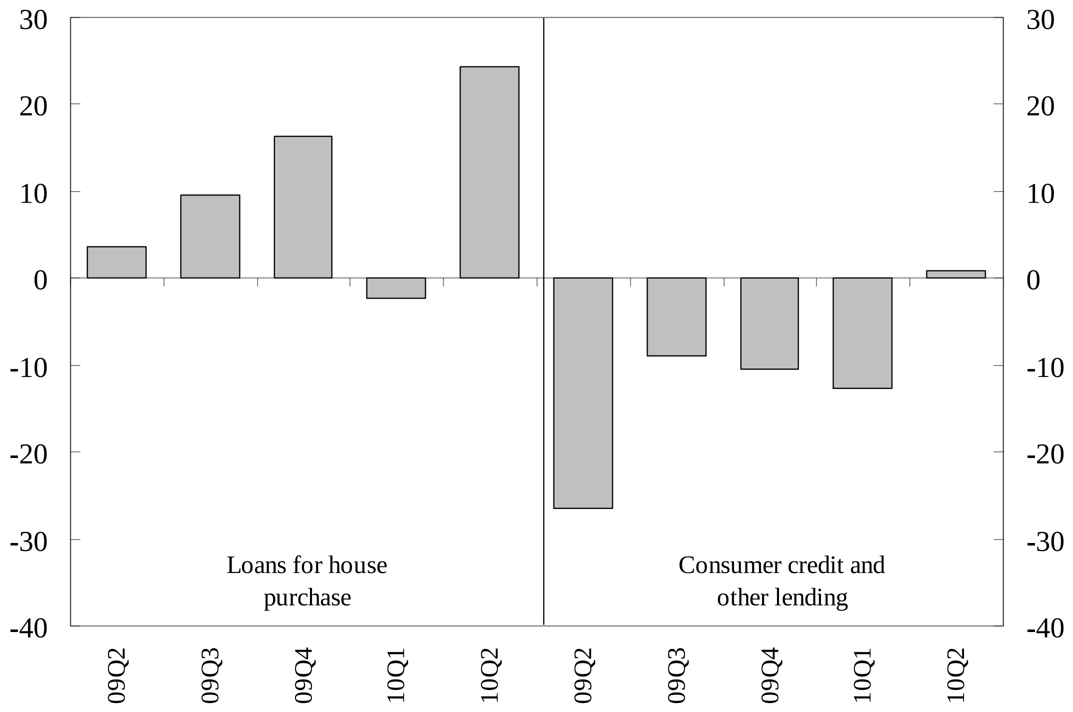
13. Over the past three months, how has the demand for loans to households changed at your bank, apart from normal seasonal fluctuations?

	Loans for house purchase		Consumer credit and other lending	
	April 2010	July 2010	April 2010	July 2010
Decreased considerably	5	2	3	0
Decreased somewhat	20	10	21	15
Remained basically unchanged	52	53	66	68
Increased somewhat	23	34	11	15
Increased considerably	0	2	0	1
Total	*100*	*100*	*100*	*100*
Net percentage	***-2***	***24***	***-13***	***1***
Diffusion index	***-4***	***12***	***-8***	***1***
Mean	*2.93*	*3.24*	*2.85*	*3.01*
Number of banks responding	***106***	***107***	***107***	***108***

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)



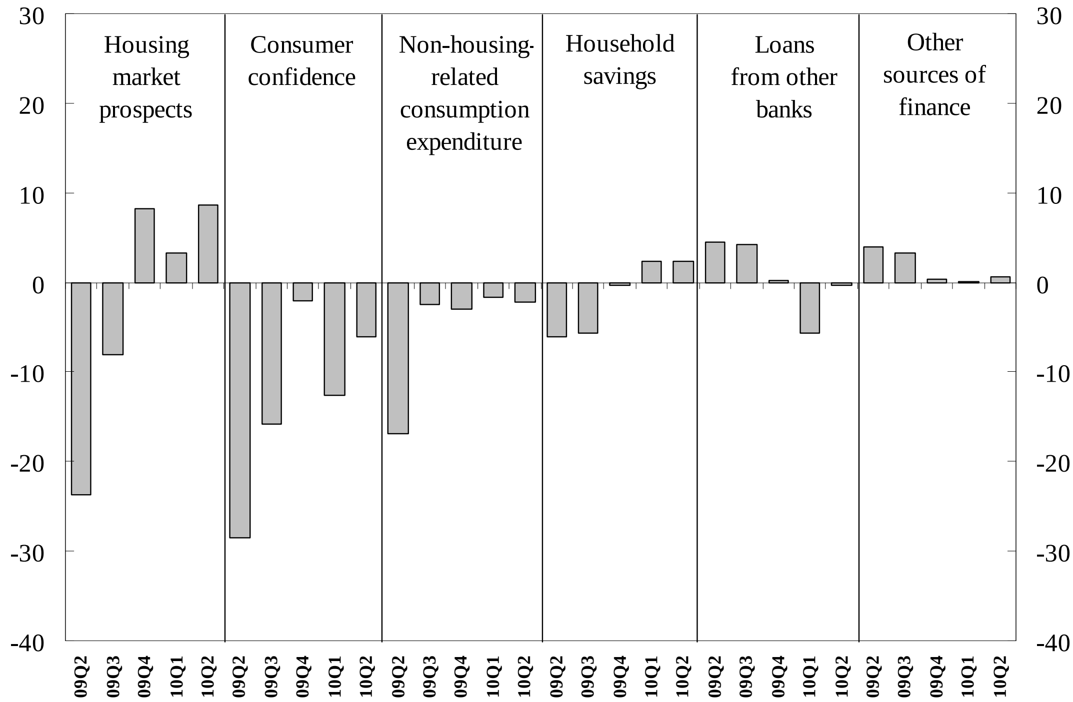
14. Over the past three months, how have the following factors affected the demand for loans to households for house purchase (as described in question 13)?

	--	-	°	+	++	NA	NetP April 2010	NetP July 2010	DI April 2010	DI July 2010	Mean April 2010	Mean July 2010
A) Financing needs												
Housing market prospects	1	9	60	18	0	12	3	9	1	4	3.02	3.09
Consumer confidence	2	13	64	9	0	12	-13	-6	-7	-4	2.83	2.91
Non-housing-related consumption expenditure	0	3	84	1	0	12	-2	-2	-1	-1	2.98	2.98
B) Use of alternative finance												
Household savings	0	4	77	6	0	12	2	2	1	1	3.03	3.03
Loans from other banks	0	3	80	3	0	14	-6	0	-4	0	2.90	2.99
Other sources of finance	0	0	86	1	0	13	0	1	0	0	3.00	3.01

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)



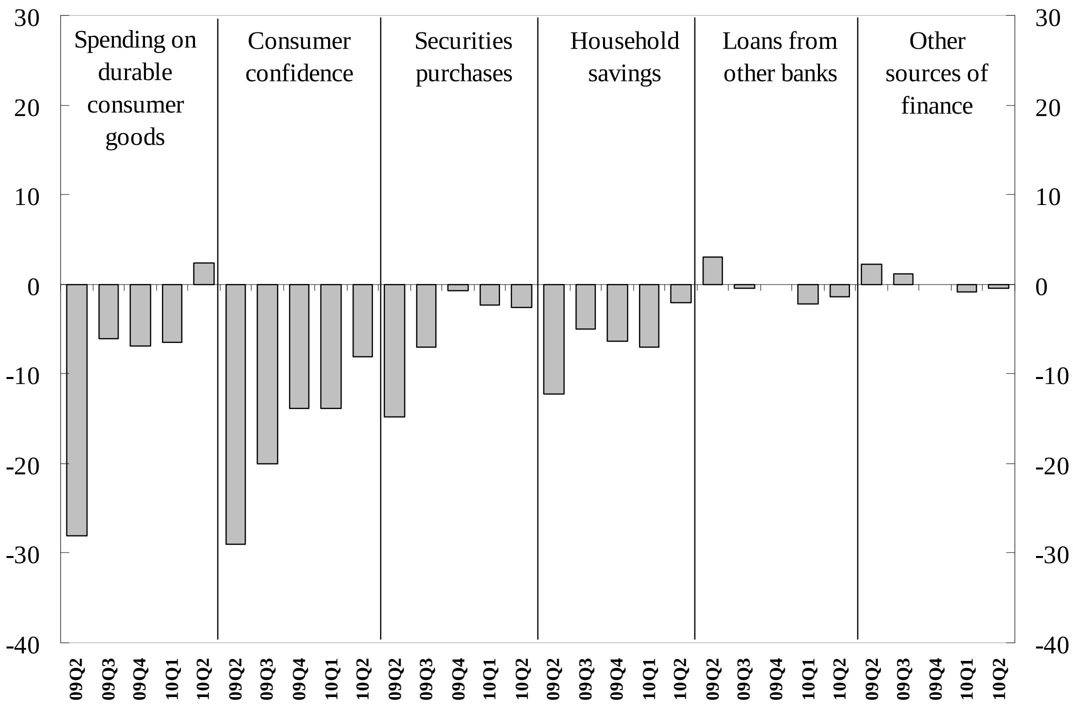
15. Over the past three months, how have the following factors affected the demand for <u>consumer credit and other lending to households</u> (as described in question 13)?

	--	-	°	+	++	NA	NetP		NetP		Mean	
							April 2010	July 2010	April 2010	July 2010	April 2010	July 2010
A) Financing needs												
Spending on durable consumer goods	1	11	61	14	1	12	-7	2	-5	1	2.89	3.00
Consumer confidence	2	10	73	4	0	11	-14	-8	-8	-5	2.82	2.88
Securities purchases	0	2	76	0	0	21	-2	-3	-2	-2	2.96	2.97
B) Use of alternative finance												
Household savings	0	4	81	3	0	12	-7	-2	-4	-1	2.92	2.97
Loans from other banks	0	2	85	1	0	12	-2	-1	-2	-1	2.96	2.98
Other sources of finance	0	0	87	0	0	13	-1	0	0	0	2.99	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 15. Factors affecting demand for consumer credit and other lending to households
(net percentages of banks reporting a positive contribution to demand)



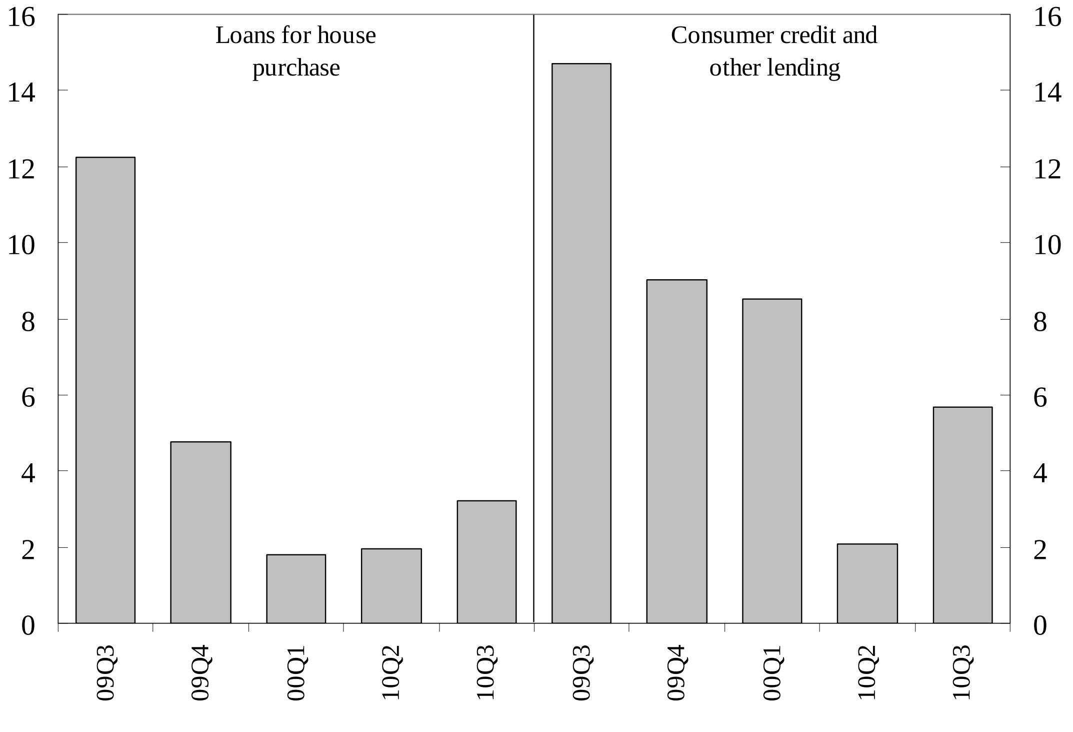
16. Please indicate how you expect your bank's credit standards as applied to the approval of loans to households to change over the next three months.

	Loans for house purchase		Consumer credit and other lending	
	April 2010	July 2010	April 2010	July 2010
Tighten considerably	1	0	0	0
Tighten somewhat	6	7	5	9
Remain basically unchanged	88	90	92	86
Ease somewhat	5	3	3	4
Ease considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***2***	***3***	***2***	***6***
Diffusion index	***2***	***2***	***1***	***3***
Mean	*2.97*	*2.97*	*2.98*	*2.94*
Number of banks responding	***105***	***107***	***106***	***108***

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)

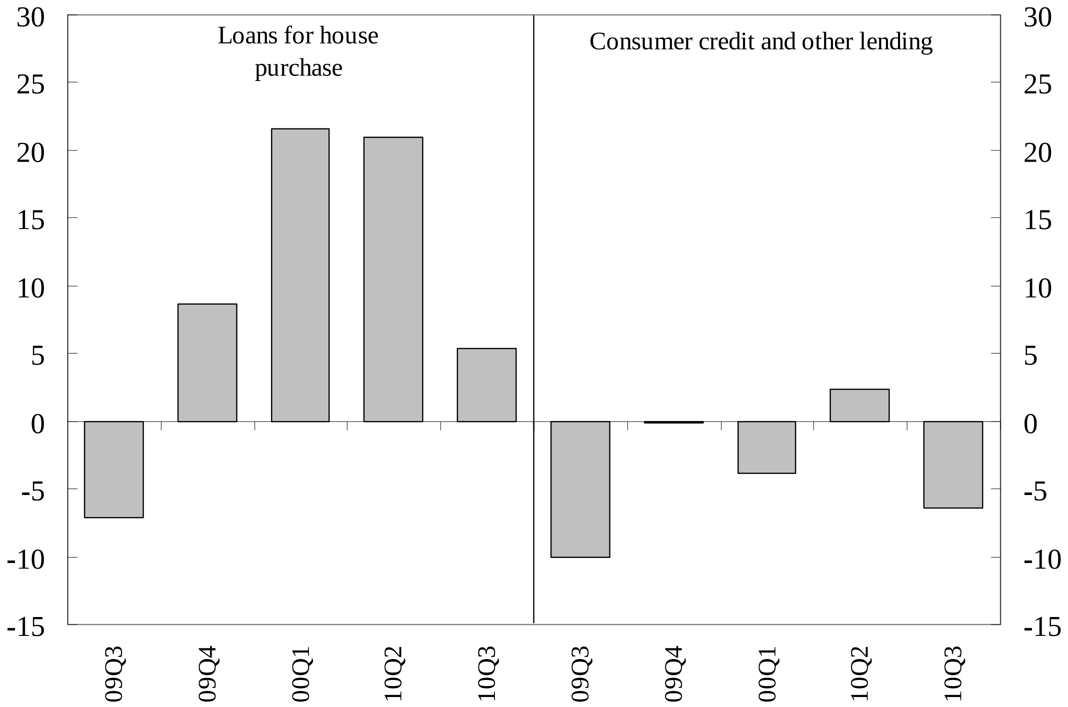


17. Please indicate how you expect <u>demand for loans to households</u> to change over the next three months at your bank (apart from normal seasonal fluctuations).

	Loans for house purchase		Consumer credit and other lending	
	April 2010	July 2010	April 2010	July 2010
Decrease considerably	0	0	0	0
Decrease somewhat	8	14	11	14
Remain basically unchanged	64	68	76	78
Increase somewhat	27	19	12	8
Increase considerably	1	0	1	0
Total	*100*	*100*	*100*	*100*
Net percentage	***21***	***5***	***2***	***-6***
Diffusion index	***11***	***3***	***1***	***-3***
Mean	*3.22*	*3.05*	*3.03*	*2.93*
Number of banks responding	***106***	***107***	***107***	***108***

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%	29%	66%	2%	0%	2.69	0.58	0%	15%	81%	3%	0%	2.88	0.45	14%
Short-term money market (more than one week)	5%	41%	51%	2%	0%	2.51	0.67	0%	22%	74%	4%	0%	2.82	0.51	14%
B) Debt securities[(3)]															
Short-term debt securities (e.g. certificates of deposit or commercial paper)	5%	44%	47%	3%	0%	2.48	0.68	1%	21%	72%	6%	0%	2.83	0.55	21%
Medium to long-term debt securities (incl. covered bonds)	6%	46%	44%	4%	0%	2.45	0.71	3%	19%	69%	10%	0%	2.85	0.65	14%
C) Securitisation[(4)]															
Securitisation of corporate loans	4%	25%	64%	6%	2%	2.78	0.78	4%	13%	70%	12%	0%	2.91	0.72	41%
Securitisation of loans for house purchase	2%	29%	64%	4%	1%	2.72	0.68	4%	11%	81%	4%	0%	2.85	0.60	39%
D) Ability to transfer credit risk off balance sheet[(5)]	2%	40%	53%	3%	2%	2.63	0.68	7%	12%	75%	6%	0%	2.79	0.79	59%

(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%	5%
Considerable impact on capital, and some impact on lending	9%	10%
Some impact on both capital and lending	25%	23%
Some impact on capital, but no impact on lending	16%	16%
Basically no impact on capital	34%	35%
No reply	10%	11%
Mean	***3.75***	***3.79***
Standard deviation	1.28	1.30
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.