

## THE EURO AREA BANK LENDING SURVEY

– APRIL 2011 –

### 1. Overview of the results

The results reported in the April 2011 bank lending survey (BLS) relate to changes during the first quarter of 2011 and expectations of changes in the second quarter of the same year. The survey was conducted between 14 and 31 March 2011 on a sample of 124 euro area banks (including Estonian banks for the first time). The response rate was 100%. As in previous survey rounds, an ad hoc question dealing specifically with the implications of the situation in financial markets was included.

*According to the April 2011 BLS results, euro area banks generally tightened their credit standards in the first quarter of 2011, albeit moderately, on loans to both non-financial corporations (NFCs) and households. Looking ahead, euro area banks expect a further moderate tightening of credit standards for both NFCs and households in the second quarter of the year.*

*Euro area banks reported a slight overall tightening of their credit standards on loans to NFCs in the first quarter of 2011, which had not been the case in the preceding quarter. The net percentage of banks reporting a tightening of their credit standards stood at 4% in the first quarter of 2011, compared with 0% in the previous quarter. In contrast to the previous survey round, this move was mainly driven by banks' credit supply-side considerations related to access to market financing and by their liquidity positions. Other factors that contributed to the moderate tightening were perceptions about risks and the overall economic situation. These other factors stayed broadly unchanged compared with the previous survey round. Looking forward, on balance, euro area banks expect a slight tightening of credit standards on loans to NFCs in the second quarter of 2011 (at 3% in net terms).*

*Regarding credit to households, in net terms, euro area banks also reported a tightening of credit standards on loans to households for house purchase (at 13% in the first quarter of 2011, up from 9% in the fourth quarter of 2010) and on consumer credit (at 7% in the first quarter of 2011, compared with 2% in the fourth quarter of 2010). Banks' increased cost of funding and balance sheet constraints were also generally put forward to explain the moderate increase in the tightening of credit standards. However, by contrast with NFCs, the general perception of risks (linked to the overall economic situation, housing market developments or creditworthiness of borrowers) appears to have also played a role in explaining the tightening of credit standards on loans to households. Looking forward, euro area banks generally expect a further tightening of credit standards on loans to households in the second quarter of 2011.*

*Turning to demand, euro area banks reported a notable increase in the demand for loans to NFCs (to 19% in net terms in the first quarter of 2011, from 10% in the fourth quarter of 2010), mainly driven by a pick-up in financing needs for fixed investment and inventories/working capital. At the same time, banks*

registered a decline in the demand for loans from households. Looking ahead, the prospects for loan demand remain, however, broadly positive.

### **General notes**

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

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.

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 first quarter of 2011) or expectations of changes over the next three months (i.e. in the second quarter of 2011). Detailed tables and charts on the responses are provided in Annex 1 on the individual questions and in Annex 2 on the ad hoc question. A copy of the questionnaire can be found at <http://www.ecb.europa.eu/stats/money/surveys/lend/html/index.en.html>.

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<sup>1</sup> The sample group of banks participating in the survey comprises 124 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.

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

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

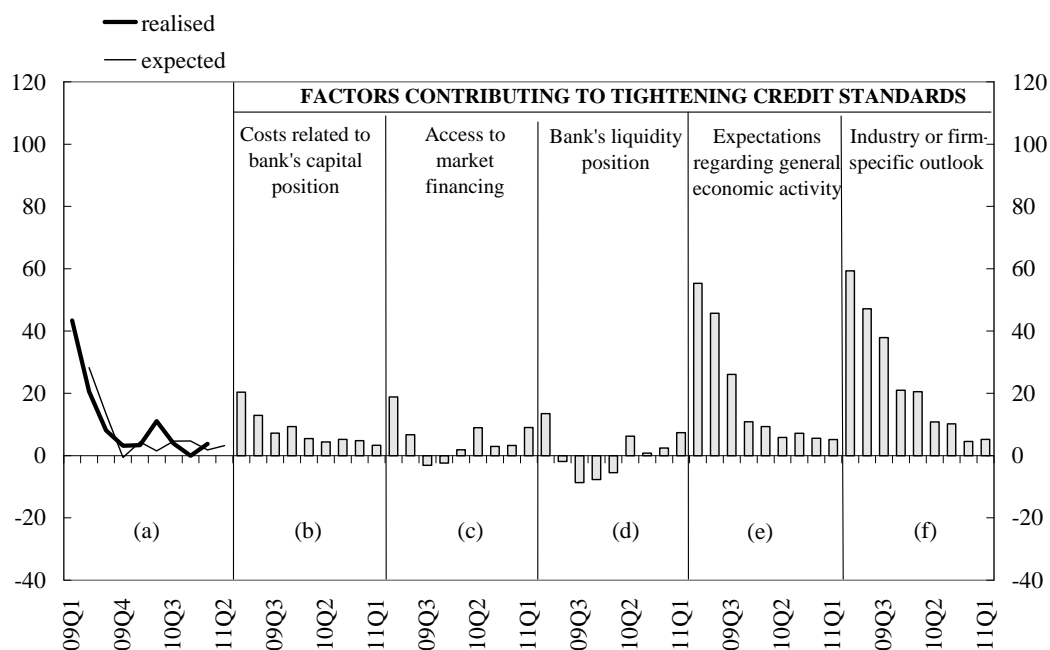
### 2.1 Enterprises

#### *A moderate tightening of credit standards on loans to enterprises*

Euro area banks resumed a slight overall tightening of their credit standards on loans to NFCs in the first quarter of 2011 (see Chart 1). The net percentage of banks reporting a tightening of credit standards stood at 4% in the first quarter of 2011, compared with 0% in the previous quarter and only marginally above expectations of respondents at that time.

Euro area banks suggested that the tightening of credit standards, on average, mainly affected large firms (with a reported net tightening of 6% in the first quarter of 2011, compared with 0% in the fourth quarter of 2010). The net tightening of credit standards on loans to small and medium-sized enterprises (SMEs) remained broadly unchanged at 3% in both quarters. In terms of maturity, credit standards on short-term loans continued to be loosened (-2% in the first quarter of 2011, compared with -3% in the previous survey round), while those on long-term loans were tightened.

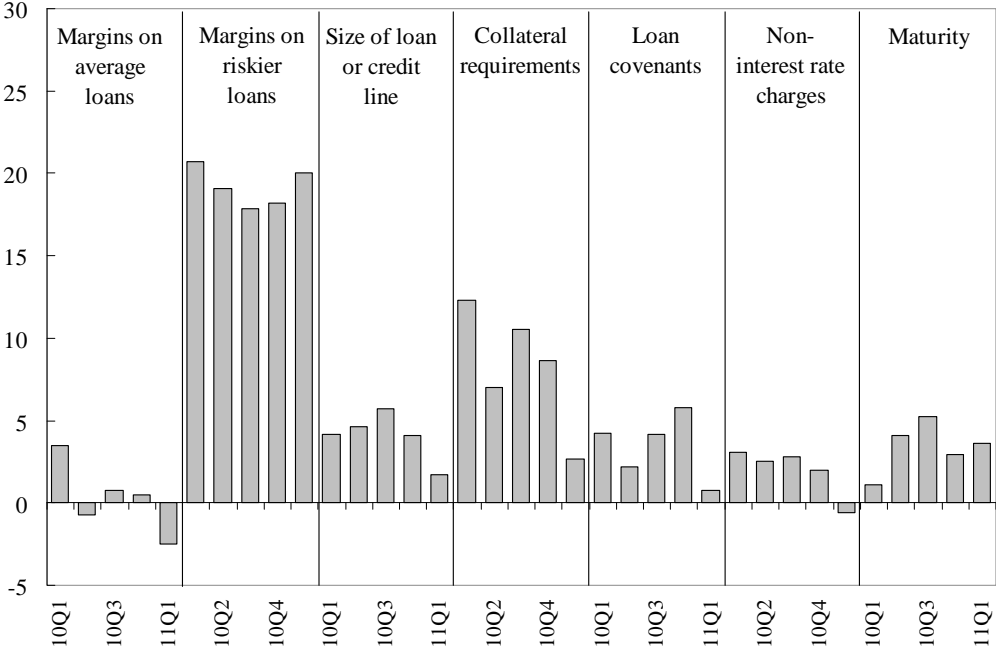
**Chart 1. Changes in credit standards applied to the approval of loans or credit lines to enterprises**  
(net percentages of banks contributing to tightening standards)



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.

The tightening of credit standards was mainly driven by banks' credit supply-side considerations. The net percentage of banks reporting that access to market financing was among the factors explaining the tightening of credit standards rose to 9% in the first quarter of 2011 (from 3% in the fourth quarter of 2010). Moreover, banks' liquidity position was reported to have contributed to the tightening of credit standards by 7% of euro area banks (in net terms), compared with 2% in the fourth quarter of 2010. According to banks, the perception of risks (in particular expectations regarding overall economic activity and the industry or firm-specific outlook) continued to contribute to the tightening of credit standards as in the previous round. Conversely, competition continued to dampen the tightening of credit standards (but slightly less than in the previous survey round).

**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.

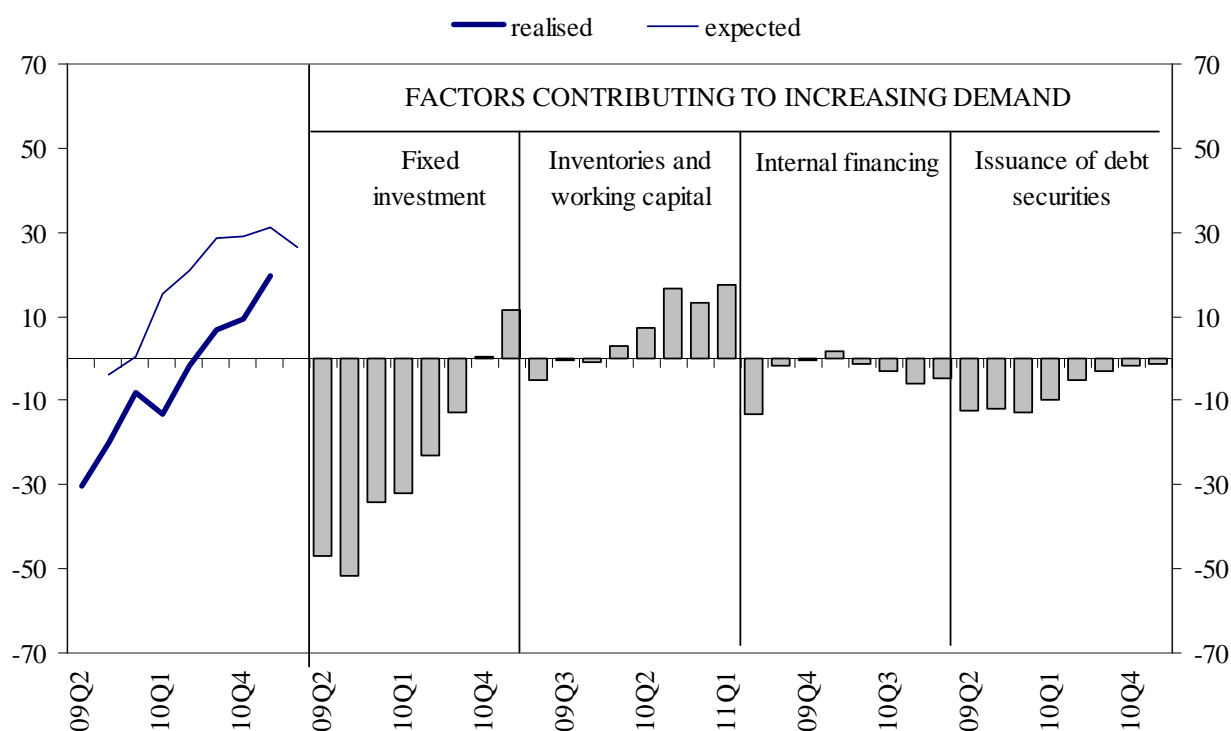
Although the general feeling was that credit standards were being tightened, non-price terms and conditions (expressed as levels) reported by euro area banks were generally tightened less than in the previous survey round. Moreover, while margins on riskier loans appear to have been raised slightly (by 20% of banks in net terms, compared with 18% in the fourth quarter of 2010), margins on average loans were actually reduced (see Chart 2).

Looking forward, on balance, euro area banks expect a slight tightening of credit standards on loans to NFCs in the second quarter of 2011 (at 3% in net terms). This possible further tightening is expected to affect both SMEs and large firms equally, and to primarily affect long-term loans.

### ***Notable increase in the demand for loans to non-financial corporations***

Euro area banks reported a notable increase in the demand for corporate loans (see Chart 3), even though it was somewhat more moderate than what they had expected in the previous survey round. The net percentage of banks reporting an increase in the demand for loans to NFCs stood at 19% in the first quarter of 2011, compared with 10% in the fourth quarter of 2010. Moreover, the increase in demand appeared to be mainly driven by a pick-up in financing needs for inventories and working capital and, for the first time in more than two years, by positive developments in fixed investment. This is in line with general indications of a positive underlying momentum in the economic recovery. At the same time, euro area banks indicated that the influence of alternative sources of financing, either internal or external, became broadly neutral. Looking forward, banks expect the demand for corporate loans to continue to rise in the second quarter of 2011, slightly more for SMEs than for large firms and for short-term loans than for long-term ones.

**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.

## 2.2 Households

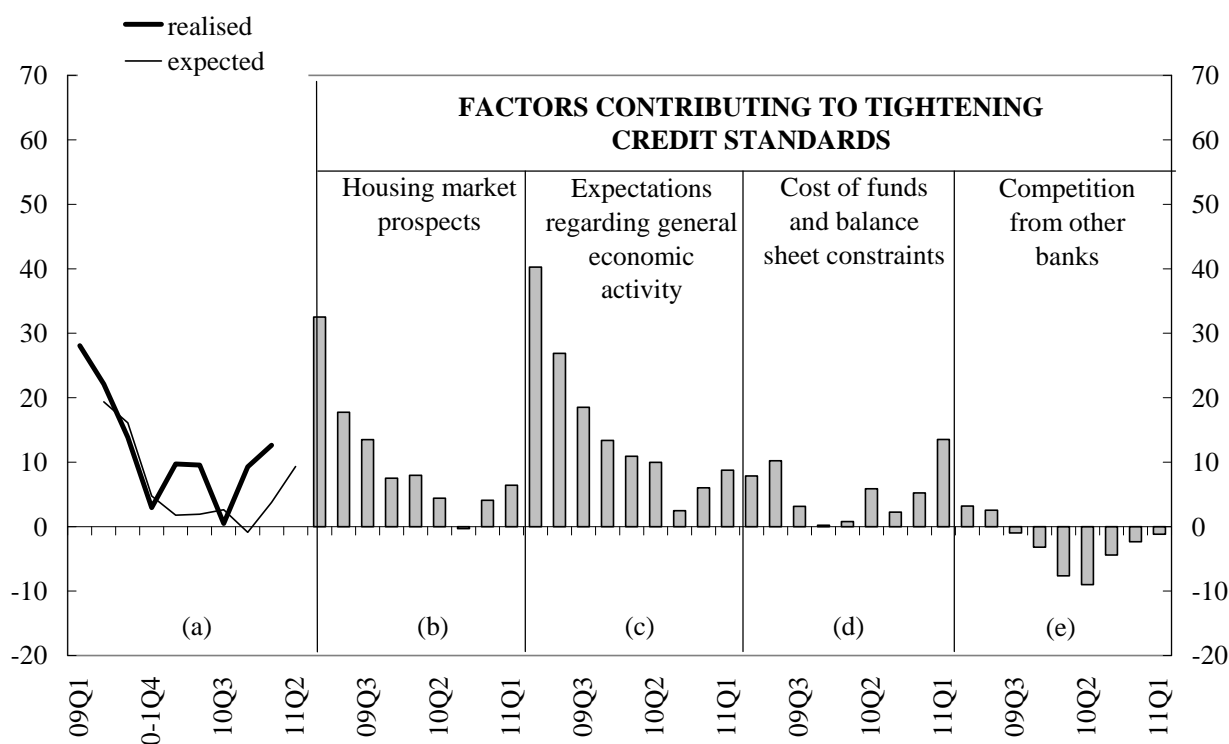
### *Further tightening of loans to households for house purchase*

In net terms, euro area banks also reported a further tightening of credit standards on loans to households for house purchase. The net percentage of banks reporting a tightening of credit standards on mortgage loans stood at 13% in the first quarter of 2011, up from 9% in the fourth quarter of 2010.

Similarly to the case of corporate loans, the increased cost of market funding and balance sheet constraints were put forward as factors explaining the tightening of credit standards (see Chart 4), while, in contrast to the case of loans to NFCs, the general perception of risks appeared to have also played a significant role in explaining the increase in tightening (with increased contributions from housing market prospects and overall expectations regarding general economic activity).

**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.

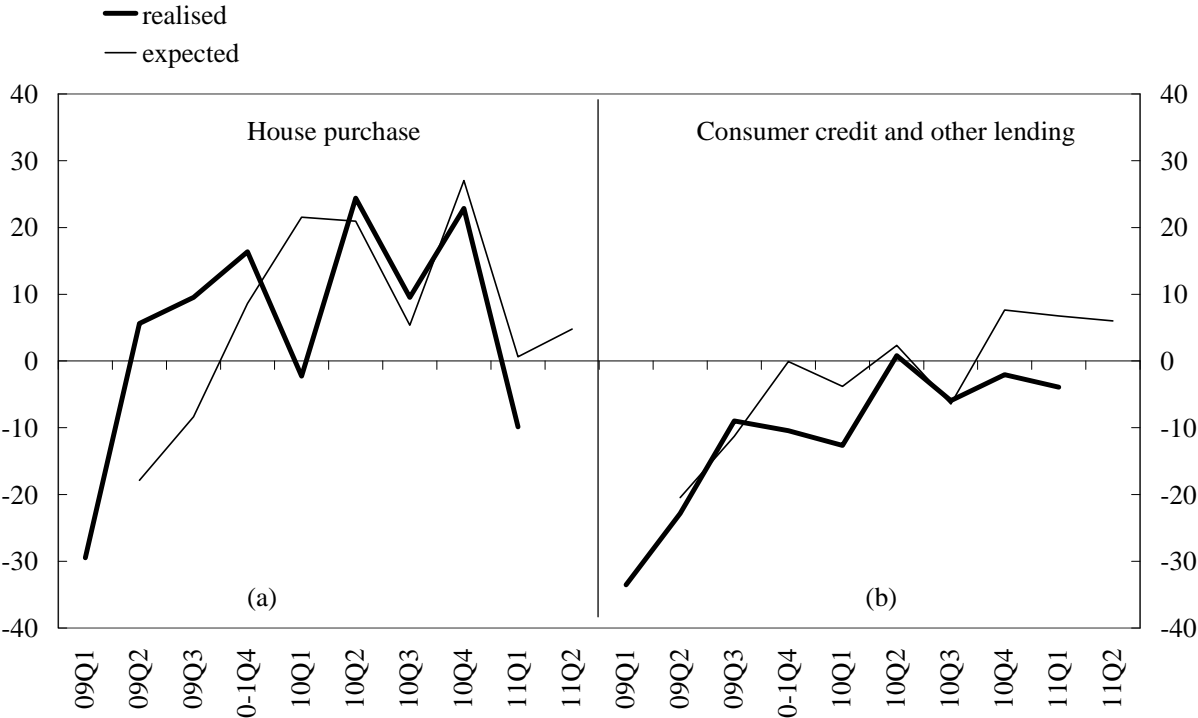
Banks confirmed this by reporting increases of margins on both riskier loans and average loans. The net percentage of banks reporting a widening of margins on riskier loans rose from 10% in the fourth quarter of 2010 to 19% in the first quarter of 2011, while the percentage of banks indicating that they increased margins on average loans for house purchase turned positive, from -1% in the fourth quarter of 2010 to 11% in the first quarter of 2011.

Looking forward, 9% of euro area banks – in net terms – expect a tightening of credit standards on loans for house purchase in the second quarter of 2011, but slightly lower than what was reported for the first quarter.

**Substantial contraction of housing loan demand**

Euro area banks also reported a substantial contraction in the demand for mortgage loans (-10% in net terms in the first quarter of 2011, down from +23% in the fourth quarter of 2010; see Chart 5). This was mainly on account of a deterioration of housing market prospects in the majority of euro area countries, as well as faltering consumer confidence. Looking forward, however, banks expect a mild increase in the demand for housing loans (5% in net terms) in the second quarter of the year. It is noteworthy that over recent quarters, both realised and expected figures related to the demand for housing loans have been particularly volatile from one quarter to the next, possibly pointing to a large degree of uncertainty for this category of loans.

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



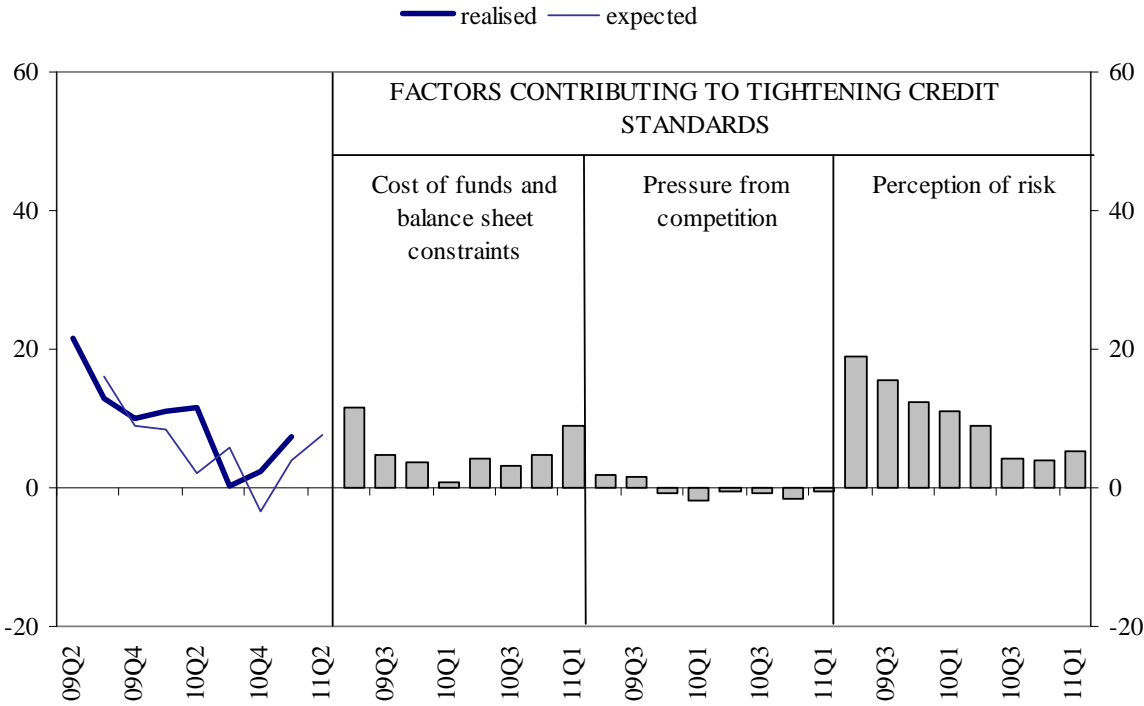
Note: See the notes to Chart 3.

**Tightening of credit standards also applied to consumer loans**

Broadly in line with expectations, the net tightening of standards for consumer credit also increased, to 7% in the first quarter of 2011, from 2% in the fourth quarter of 2010 (see Chart 6). The factors contributing to this tightening were credit supply-side considerations and risk perceptions (i.e. a mild

deterioration in the creditworthiness of borrowers and in expectations regarding general economic activity). As a result, price-related terms and conditions on consumer credit (notably margins on both average and riskier loans) were generally made more stringent in most euro area countries, while other non-price terms and conditions tended to remain broadly unchanged.

**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)*



Notes: See the notes to Chart 1. "Pressure from competition" includes the impact of competition from both other banks and non-banks; "perception of risk" covers the impact of expectations regarding general economic activity, the creditworthiness assessment of consumers and the risk assessment on collateral demanded.

Looking forward, euro area banks expect, on average, a further tightening of credit standards on consumer credit and other lending to households (at 8%) in the second quarter of 2011.

***Net demand for consumer credit still sluggish***

Somewhat in contrast to banks' expectations in the previous survey round, net demand for consumer credit in the first quarter of 2011 remained negative on average in the euro area (at -4%, compared with -2% in the fourth quarter of 2010; see Chart 5), notably dampened by faltering consumer confidence. Looking forward, in the second quarter of 2011, euro area banks continue to expect positive demand for consumer credit (6% in net terms).



### 3. Ad hoc question

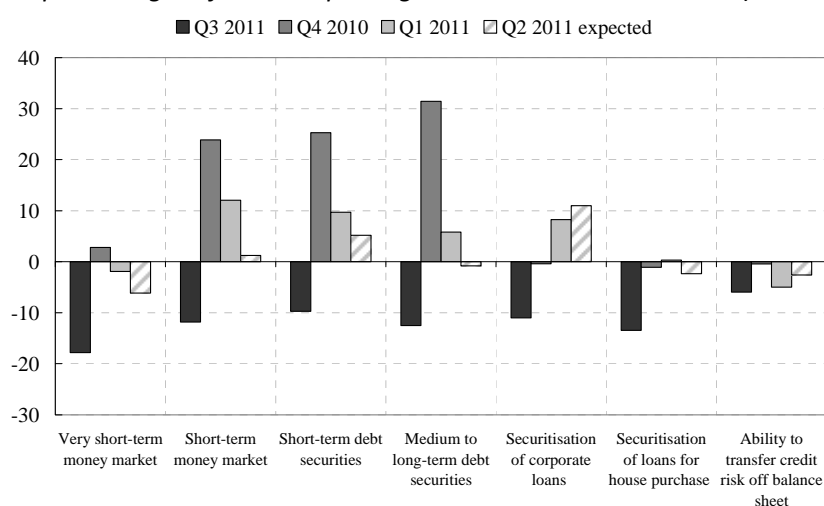
As in previous survey rounds, the April 2011 survey questionnaire included a question which aimed at assessing the extent to which the situation in the financial markets affected banks' credit standards for loans and credit lines to enterprises and households in the first quarter of 2011 and the extent to which the financial market situation is expected to affect them in the subsequent three months. The question referred to access to wholesale funding and the ability to transfer risk.<sup>3</sup>

#### *Deterioration in access to money markets and debt securities markets*

On balance, despite a mild improvement in accessing very short-term<sup>4</sup> money markets (see Chart 7), euro area banks still reported a deterioration in access to money markets for maturities above one week. At the same time, euro area banks continued to report, in net terms, an overall deterioration in the ability to access debt securities markets, although the deterioration was significantly less pronounced than in the previous survey (for medium to long-term securities). Finally, still in net terms, conditions of access to securitisation remained broadly unchanged for loans to households, but deteriorated for loans to NFCs. The ability to transfer risk off banks' balance sheets was judged to have continued to improve.

Looking forward, euro area banks expect access to money markets to ease and possibly start to improve overall in the second quarter of the year. By contrast, access to debt securities markets could remain somewhat problematic, albeit less than in the first quarter. Conditions for the securitisation of corporate loans are also expected to continue to deteriorate in the second quarter of the year.

**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.

<sup>3</sup> The results shown are calculated as a percentage of the number of banks which did not reply “not applicable”.

<sup>4</sup> i.e. less than one week.

## ANNEX 1: RESULTS FOR THE INDIVIDUAL QUESTIONS

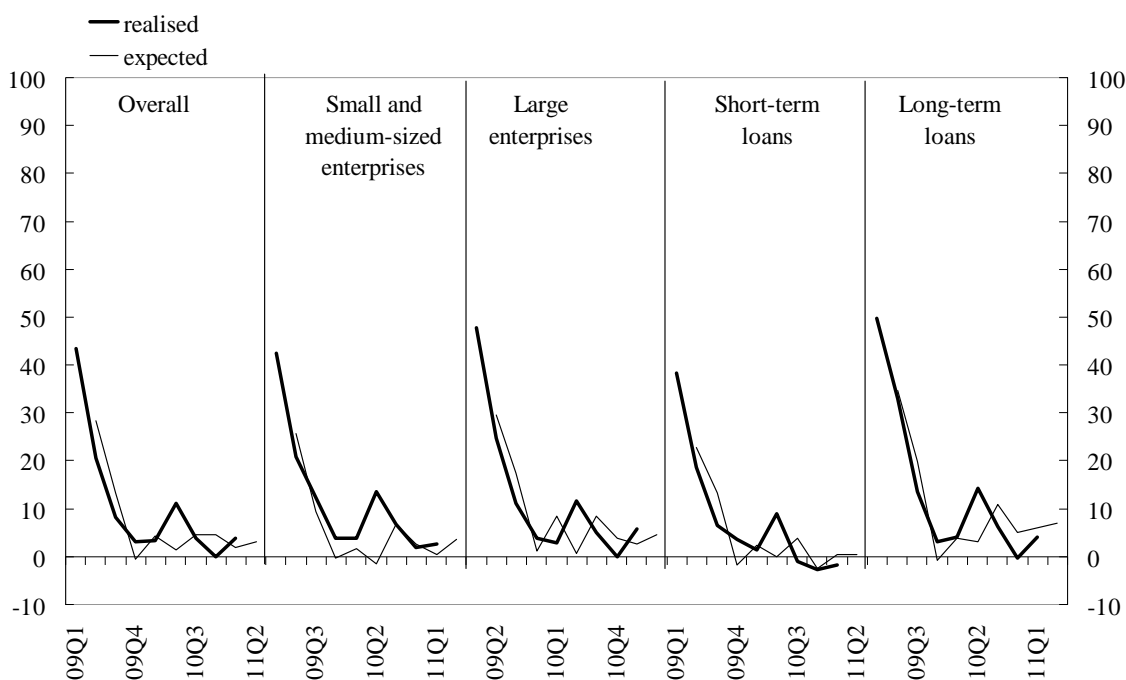
### I. Loans or credit lines to enterprises

- 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	
	January 2011	April 2011	January 2011	April 2011	January 2011	April 2011	January 2011	April 2011	January 2011	April 2011
Tightened considerably	1	1	0	1	1	2	0	1	2	2
Tightened somewhat	4	7	6	5	6	9	4	3	5	8
Remained basically unchanged	91	89	91	92	86	84	89	90	88	85
Eased somewhat	5	4	4	3	7	5	7	6	6	6
Eased considerably	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Net percentage</b>	<b>0</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>6</b>	<b>-3</b>	<b>-2</b>	<b>0</b>	<b>4</b>
<b>Diffusion index</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>-1</b>	<b>-1</b>	<b>1</b>	<b>3</b>
<b>Mean</b>	<b>2.99</b>	<b>2.95</b>	<b>2.98</b>	<b>2.97</b>	<b>2.99</b>	<b>2.93</b>	<b>3.03</b>	<b>3.01</b>	<b>2.99</b>	<b>2.94</b>
<b>Number of banks responding</b>	<b>113</b>	<b>117</b>	<b>110</b>	<b>115</b>	<b>109</b>	<b>112</b>	<b>113</b>	<b>117</b>	<b>111</b>	<b>115</b>

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 loans or credit lines to enterprises?

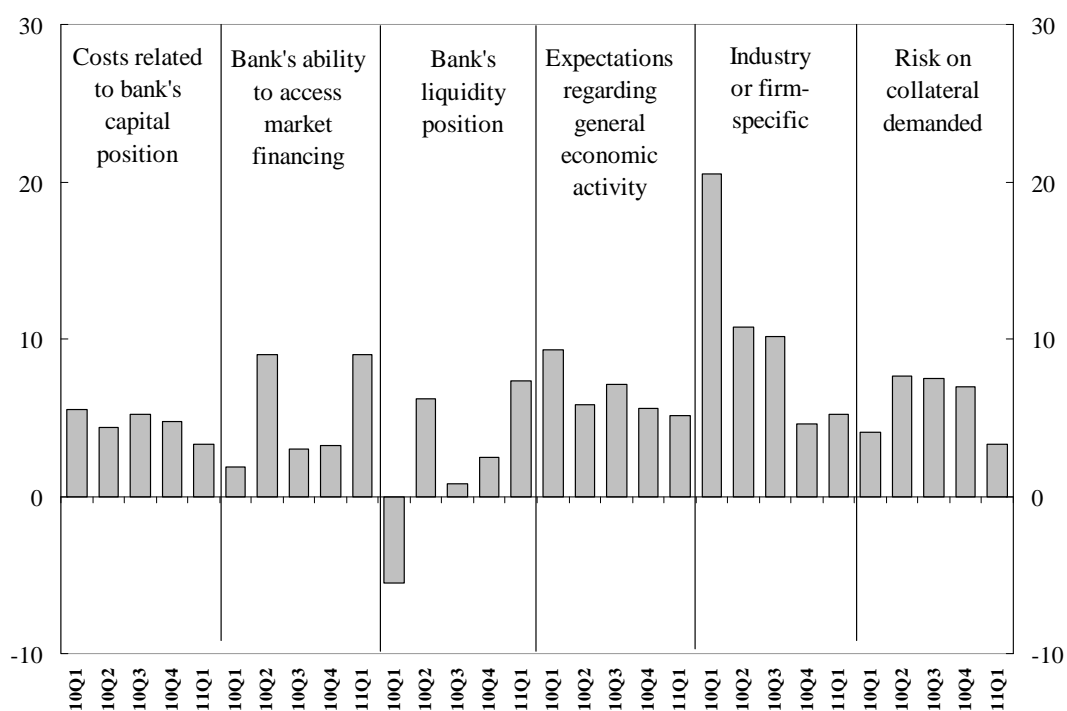
OVERALL	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2011	April 2011	January 2011	April 2011	January 2011	April 2011
							A) Cost of funds and balance sheet constraints					
Costs related to your bank's capital position	1	3	86	0	0	10	5	3	2	2	2.95	2.96
Your bank's ability to access market financing	2	7	80	0	0	11	3	9	2	5	2.96	2.89
Your bank's liquidity position	1	7	83	1	0	8	2	7	2	4	2.96	2.91
B) Pressure from competition												
Competition from other banks	0	3	79	9	0	8	-10	-7	-5	-3	3.11	3.07
Competition from non-banks	0	1	90	0	0	9	-1	1	-1	1	3.02	2.99
Competition from market financing	0	1	85	4	0	10	-3	-4	-1	-2	3.04	3.04
C) Perception of risk												
Expectations regarding general economic activity	1	10	76	6	0	8	6	5	4	3	2.93	2.94
Industry or firm-specific outlook	0	13	72	8	0	8	5	5	2	3	2.97	2.95
Risk on collateral demanded	0	3	89	0	0	8	7	3	4	2	2.93	2.97
<b>SMALL AND MEDIUM-SIZED ENTERPRISES</b>												
	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2011	April 2011	January 2011	April 2011	January 2011	April 2011
							A) Cost of funds and balance sheet constraints					
Costs related to your bank's capital position	1	2	85	0	0	12	3	3	2	2	2.97	2.97
Your bank's ability to access market financing	2	5	79	0	0	14	2	7	1	4	2.98	2.91
Your bank's liquidity position	1	5	82	1	0	12	0	5	0	3	3.01	2.94
B) Pressure from competition												
Competition from other banks	0	2	79	7	0	12	-8	-5	-4	-3	3.10	3.06
Competition from non-banks	0	1	85	1	0	14	-2	0	-1	0	3.03	2.99
Competition from market financing	0	0	86	1	0	14	-2	-1	-1	0	3.02	3.01
C) Perception of risk												
Expectations regarding general economic activity	2	12	73	4	0	9	7	9	4	5	2.93	2.90
Industry or firm-specific outlook	1	11	74	6	0	9	4	6	2	3	2.98	2.94
Risk on collateral demanded	1	2	88	0	0	9	7	3	4	2	2.92	2.97
<b>LARGE ENTERPRISES</b>												
	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2011	April 2011	January 2011	April 2011	January 2011	April 2011
							A) Cost of funds and balance sheet constraints					
Costs related to your bank's capital position	1	6	77	1	0	16	8	6	4	4	2.90	2.92
Your bank's ability to access market financing	4	8	70	1	0	18	3	11	2	7	2.97	2.85
Your bank's liquidity position	1	10	73	2	0	15	4	9	2	5	2.95	2.88
B) Pressure from competition												
Competition from other banks	0	2	74	7	2	15	-7	-6	-4	-4	3.09	3.09
Competition from non-banks	0	2	80	2	0	16	0	0	0	0	3.01	3.00
Competition from market financing	0	2	78	4	1	16	-2	-3	-1	-2	3.03	3.05
C) Perception of risk												
Expectations regarding general economic activity	1	12	66	8	0	13	2	5	2	3	2.97	2.95
Industry or firm-specific outlook	1	12	66	8	0	13	5	5	3	3	2.96	2.95
Risk on collateral demanded	0	4	82	1	0	13	7	4	3	2	2.93	2.96

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

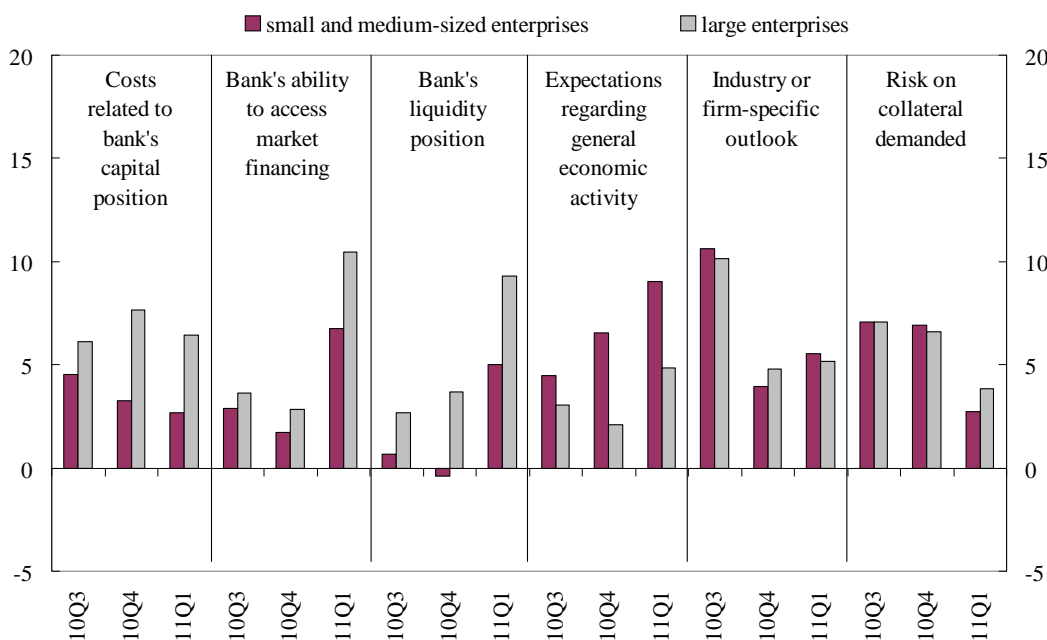
Notes: The net percentage is defined as the difference between the sum of banks responding “-” (contributed considerably to tightening) and “-” (contributed somewhat to tightening), and the sum of banks responding “+” (contributed somewhat to easing) and “+ +” (contributed considerably to easing). “°”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

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

**OVERALL**

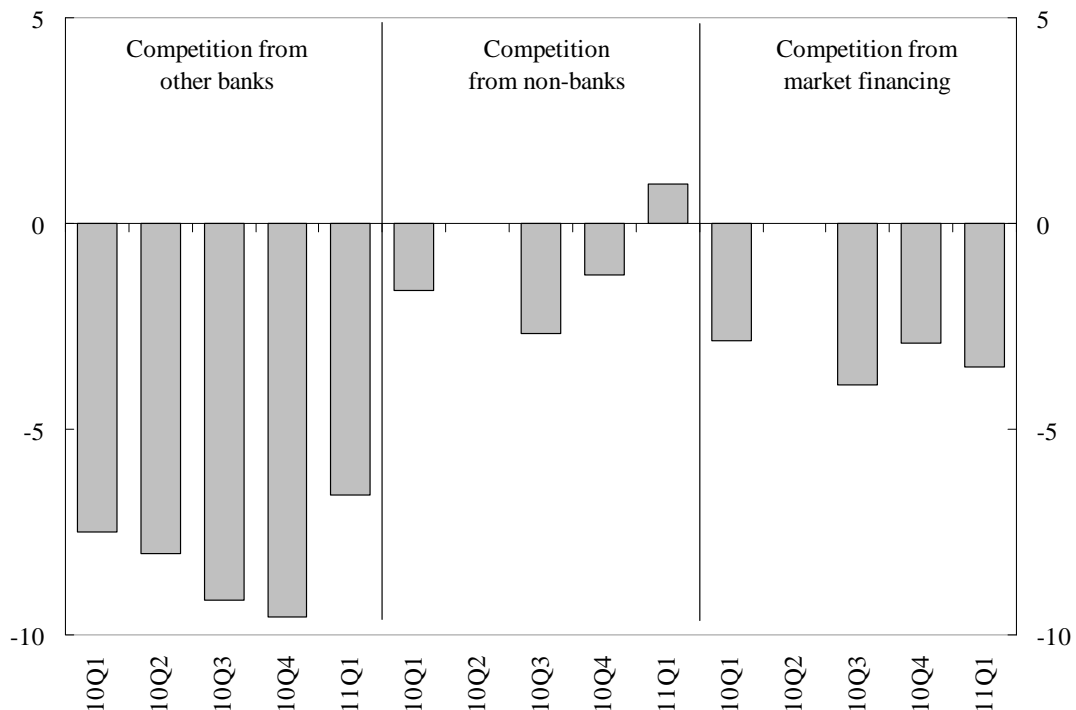


**BREAKDOWN BY FIRM SIZE**

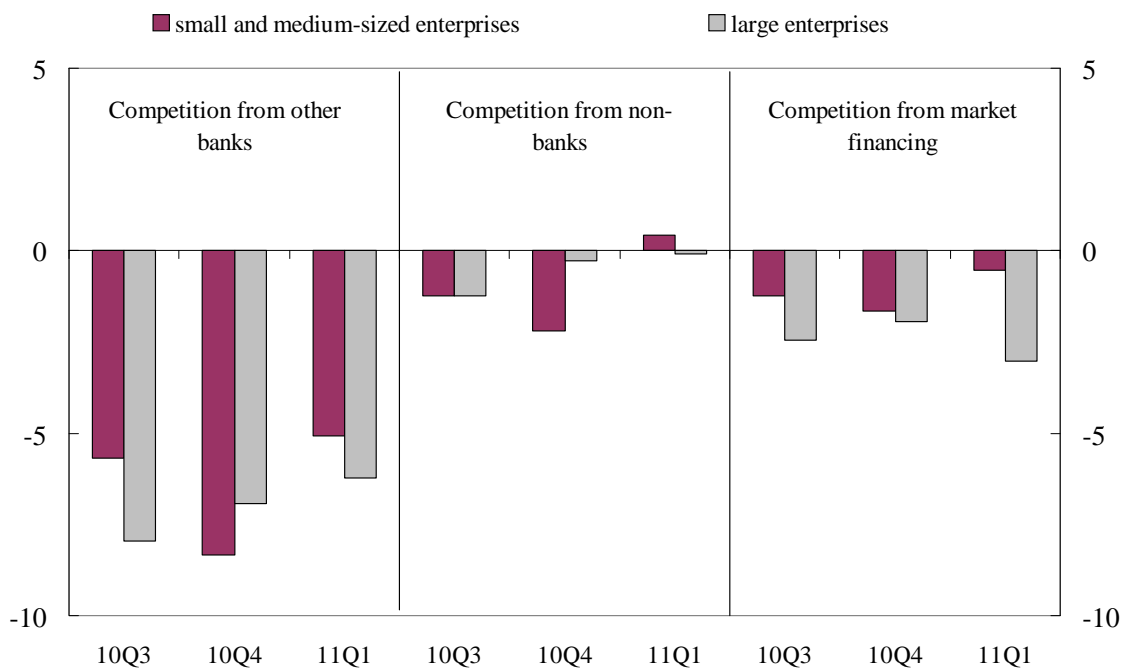


**Chart 2b. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises**  
*(net percentages of banks reporting a contribution to tightening standards)*

**OVERALL**



**BREAKDOWN BY FIRM SIZE**



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

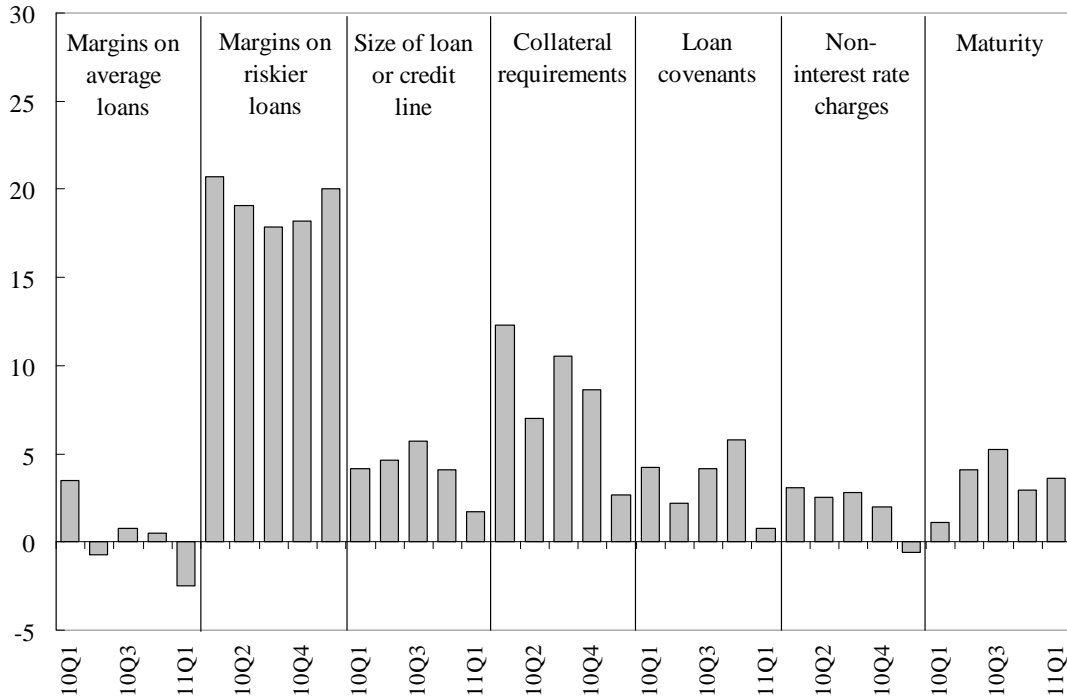
OVERALL	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2011	April 2011	January 2011	April 2011	January 2011	April 2011
							A) Price					
Your bank's margin on average loans	1	17	57	19	1	6	1	-3	1	-1	3.00	3.04
Your bank's margin on riskier loans	2	23	61	6	0	8	18	20	10	11	2.79	2.78
B) Other conditions and terms												
Non-interest rate charges	0	3	87	3	0	7	2	-1	1	0	2.98	3.01
Size of the loan or credit line	0	6	84	3	1	6	4	2	2	1	2.96	2.99
Collateral requirements	1	5	86	2	1	6	9	3	4	1	2.91	2.98
Loan covenants	0	5	85	3	1	7	6	1	3	0	2.93	3.00
Maturity	0	9	80	5	0	6	3	4	2	2	2.97	2.96
<b>SMALL AND MEDIUM-SIZED ENTERPRISES</b>												
	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2011	April 2011	January 2011	April 2011	January 2011	April 2011
							A) Price					
Your bank's margin on average loans	0	17	57	17	1	9	3	-1	2	-1	2.98	3.04
Your bank's margin on riskier loans	1	25	57	5	0	11	21	21	11	11	2.77	2.78
B) Other conditions and terms												
Non-interest rate charges	0	3	86	2	0	10	1	1	1	1	2.99	2.99
Size of the loan or credit line	0	3	86	1	1	9	4	1	2	0	2.96	3.00
Collateral requirements	1	3	86	0	1	9	9	3	5	1	2.90	2.97
Loan covenants	0	2	86	1	1	10	3	0	1	0	2.96	3.01
Maturity	0	6	82	2	0	9	3	4	2	2	2.96	2.96
<b>LARGE ENTERPRISES</b>												
	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2011	April 2011	January 2011	April 2011	January 2011	April 2011
							A) Price					
Your bank's margin on average loans	1	19	47	18	2	14	1	-1	1	-1	3.00	3.05
Your bank's margin on riskier loans	3	23	52	7	0	16	22	19	13	11	2.74	2.78
B) Other conditions and terms												
Non-interest rate charges	0	5	74	6	0	15	2	-1	1	-1	2.98	3.02
Size of the loan or credit line	0	7	75	4	1	14	4	2	2	0	2.96	3.00
Collateral requirements	1	5	75	5	1	14	9	1	4	1	2.91	3.00
Loan covenants	0	5	74	6	1	15	3	-2	2	-1	2.97	3.04
Maturity	1	10	68	7	0	14	4	4	2	2	2.97	2.96

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

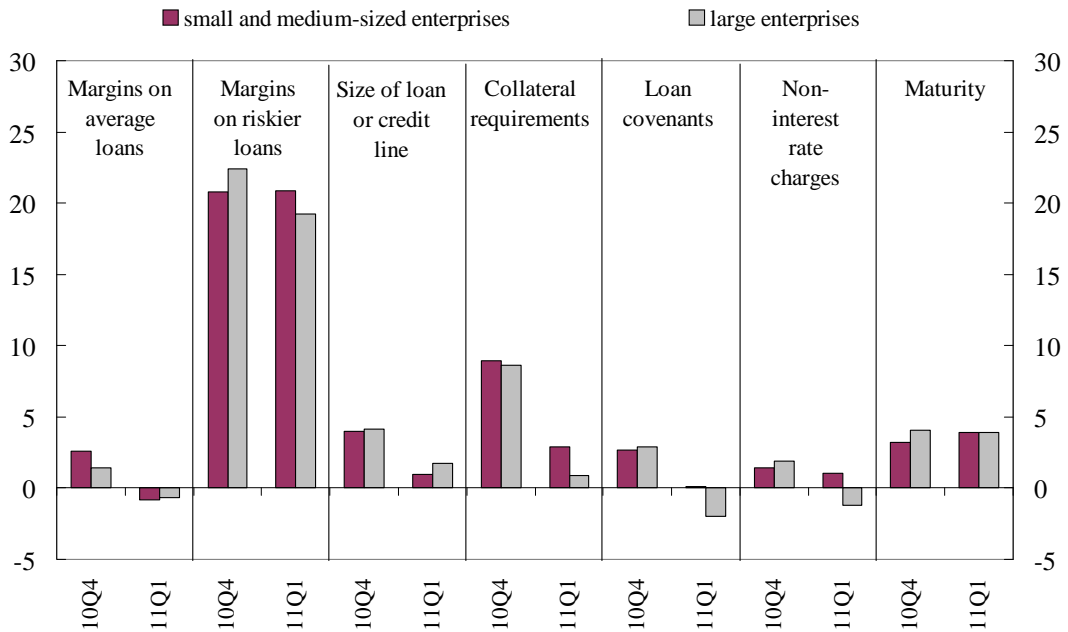
Notes: The net percentage is defined as the difference between the sum of banks responding “- -” (tightened considerably) and “-” (tightened somewhat), and the sum of banks responding “+” (eased somewhat) and “+ +” (eased considerably). “°” means “remained basically unchanged”. The diffusion index is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

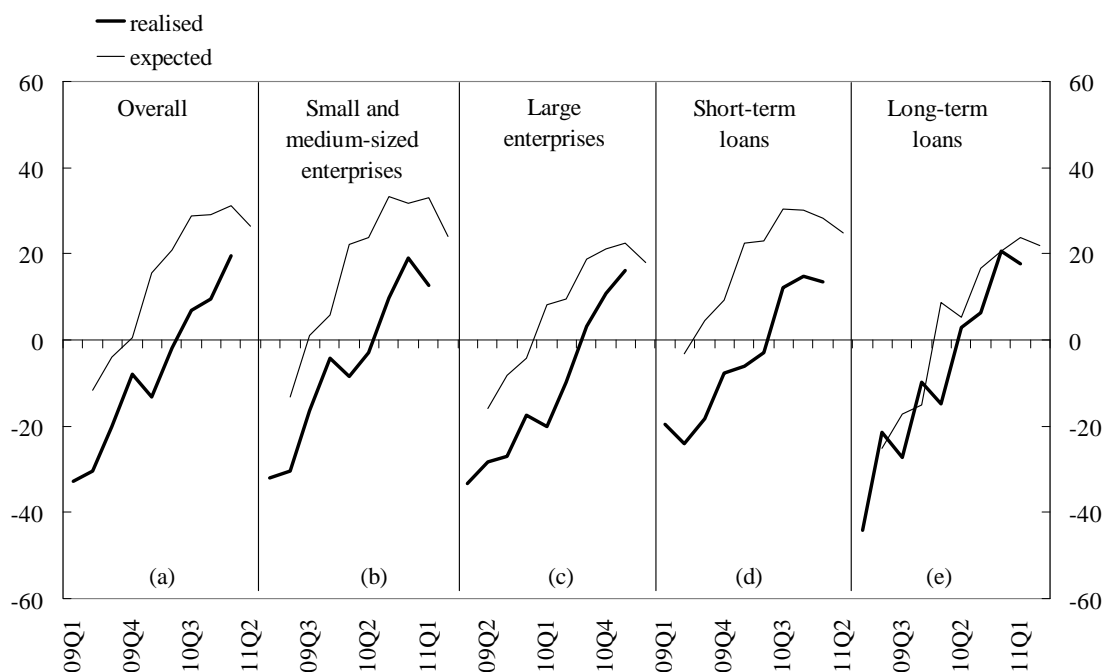


4. Over the past three months, how has the demand for loans or credit lines to enterprises changed at your bank, apart from normal seasonal fluctuations?

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	January 2011	April 2011	January 2011	April 2011	January 2011	April 2011	January 2011	April 2011	January 2011	April 2011
Decreased considerably	1	1	1	1	2	2	2	0	2	2
Decreased somewhat	10	7	5	11	9	6	6	8	7	6
Remained basically unchanged	68	65	68	63	67	70	69	70	61	66
Increased somewhat	21	27	25	24	21	22	21	21	29	25
Increased considerably	0	1	0	1	1	1	1	1	1	1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Net percentage</b>	<b>10</b>	<b>19</b>	<b>19</b>	<b>13</b>	<b>11</b>	<b>16</b>	<b>15</b>	<b>14</b>	<b>21</b>	<b>18</b>
<b>Diffusion index</b>	<b>4</b>	<b>10</b>	<b>9</b>	<b>6</b>	<b>5</b>	<b>8</b>	<b>7</b>	<b>7</b>	<b>10</b>	<b>9</b>
<b>Mean</b>	<b>3.09</b>	<b>3.19</b>	<b>3.18</b>	<b>3.12</b>	<b>3.10</b>	<b>3.16</b>	<b>3.14</b>	<b>3.15</b>	<b>3.20</b>	<b>3.17</b>
<b>Number of banks responding</b>	<b>113</b>	<b>117</b>	<b>110</b>	<b>115</b>	<b>109</b>	<b>112</b>	<b>112</b>	<b>117</b>	<b>110</b>	<b>115</b>

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?

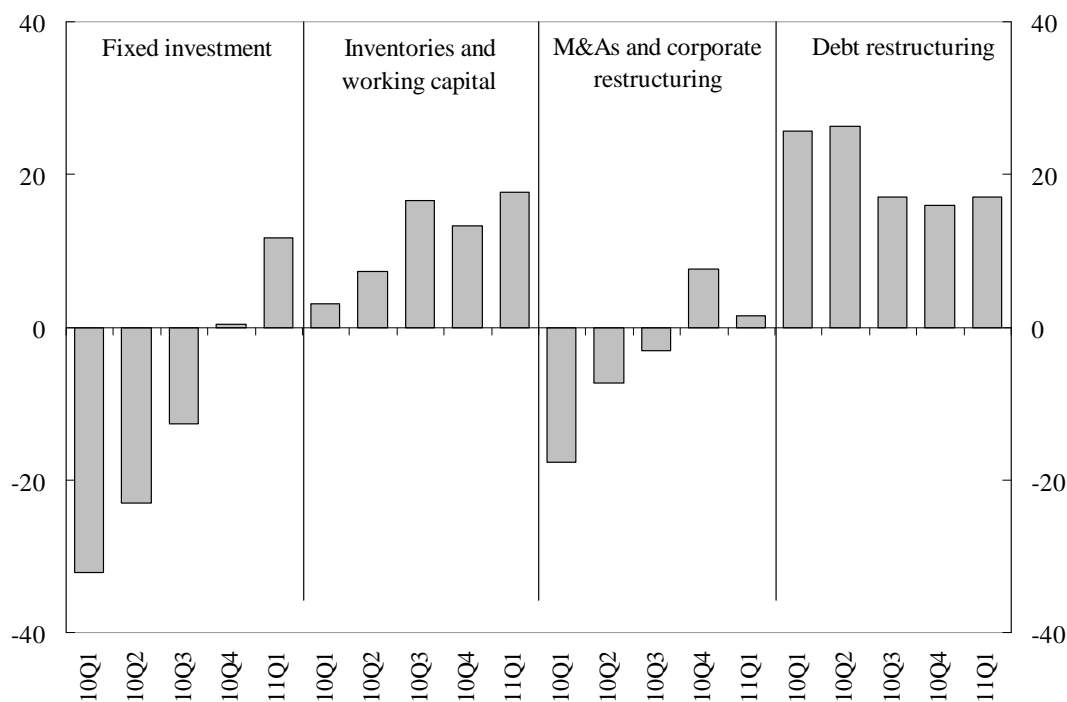
	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2011	April 2011	January 2011	April 2011	January 2011	April 2011
							A) Financing needs					
Fixed investment	1	6	65	19	0	8	0	12	-1	5	2.99	3.12
Inventories and working capital	0	5	61	23	0	11	13	18	7	9	3.15	3.19
Mergers/acquisitions and corporate restructuring	2	6	70	9	0	13	8	1	3	0	3.08	3.00
Debt restructuring	1	2	67	19	1	9	16	17	8	9	3.17	3.18
B) Use of alternative finance												
Internal financing	1	7	78	3	0	10	-6	-5	-3	-3	2.94	2.94
Loans from other banks	0	1	84	4	2	9	7	5	4	3	3.09	3.07
Loans from non-banks	0	2	86	1	0	11	3	-1	1	0	3.03	2.99
Issuance of debt securities	0	2	83	1	0	14	-2	-1	-1	-1	2.97	2.98
Issuance of equity	0	0	82	2	0	16	2	2	1	1	3.02	3.02

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

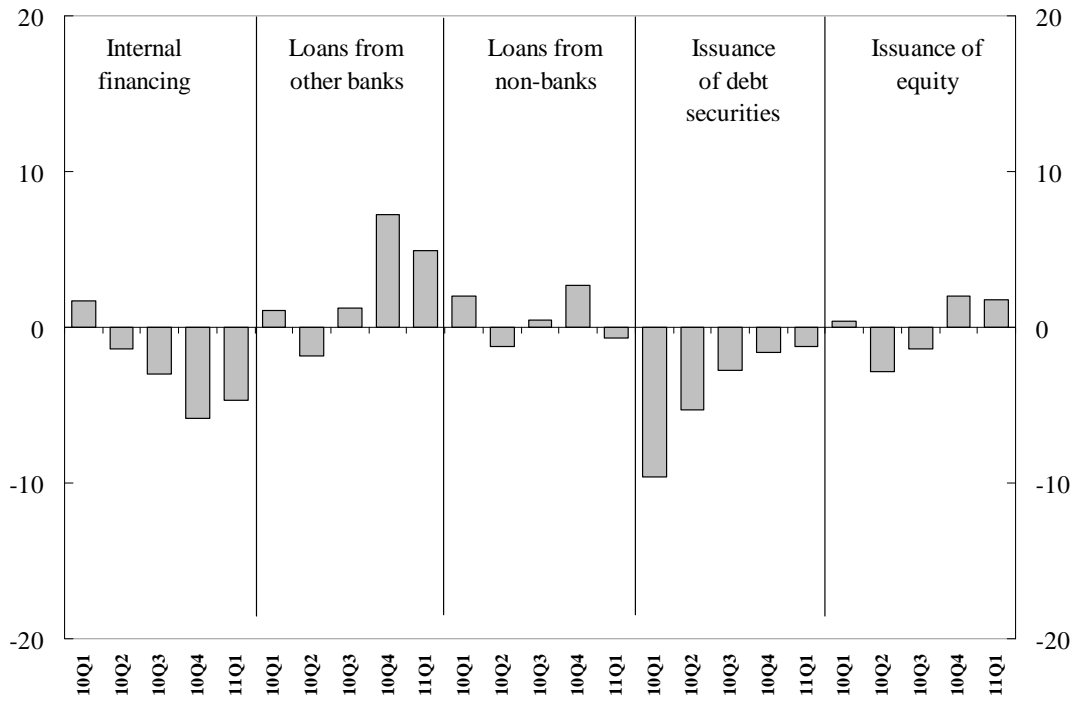
Notes: The net percentage is defined as the difference between the sum of banks responding “+ +” (contributed considerably to higher demand) and “+” (contributed somewhat to higher demand), and the sum of banks responding “-” (contributed somewhat to lower demand) and “- -” (contributed considerably 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 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)*

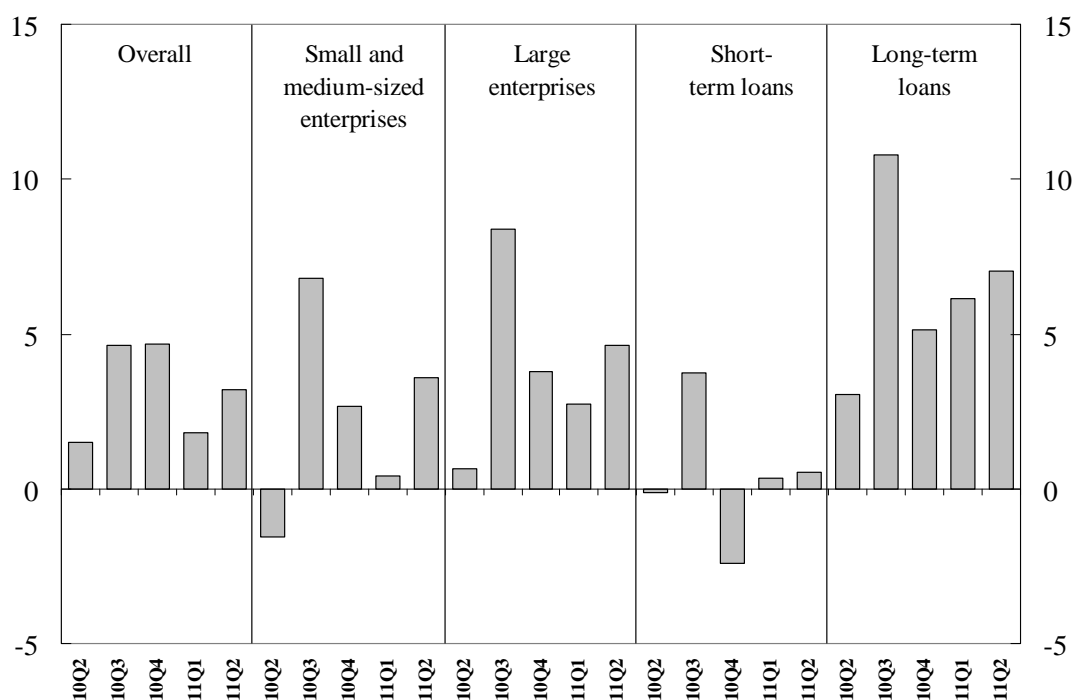


6. Please indicate how you expect your bank's credit standards as applied to the approval of loans or credit lines to enterprises to change over the next three months.

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	January 2011	April 2011	January 2011	April 2011	January 2011	April 2011	January 2011	April 2011	January 2011	April 2011
Tighten considerably	1	1	0	1	1	1	0	1	1	1
Tighten somewhat	5	7	4	7	7	9	3	6	7	11
Remain basically unchanged	91	87	93	88	88	85	94	87	89	83
Ease somewhat	3	5	3	4	4	5	2	6	1	5
Ease considerably	1	0	1	0	1	0	1	0	1	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Net percentage</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>6</b>	<b>7</b>
<b>Diffusion index</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>4</b>
<i>Mean</i>	<i>2.99</i>	<i>2.96</i>	<i>3.01</i>	<i>2.96</i>	<i>2.98</i>	<i>2.94</i>	<i>3.01</i>	<i>2.99</i>	<i>2.94</i>	<i>2.92</i>
<b>Number of banks responding</b>	<b>111</b>	<b>116</b>	<b>109</b>	<b>114</b>	<b>108</b>	<b>112</b>	<b>112</b>	<b>116</b>	<b>110</b>	<b>114</b>

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

**Chart 6. Expected changes in credit standards for the approval of loans or credit lines to enterprises**  
(net percentages of banks expecting tightening credit standards)

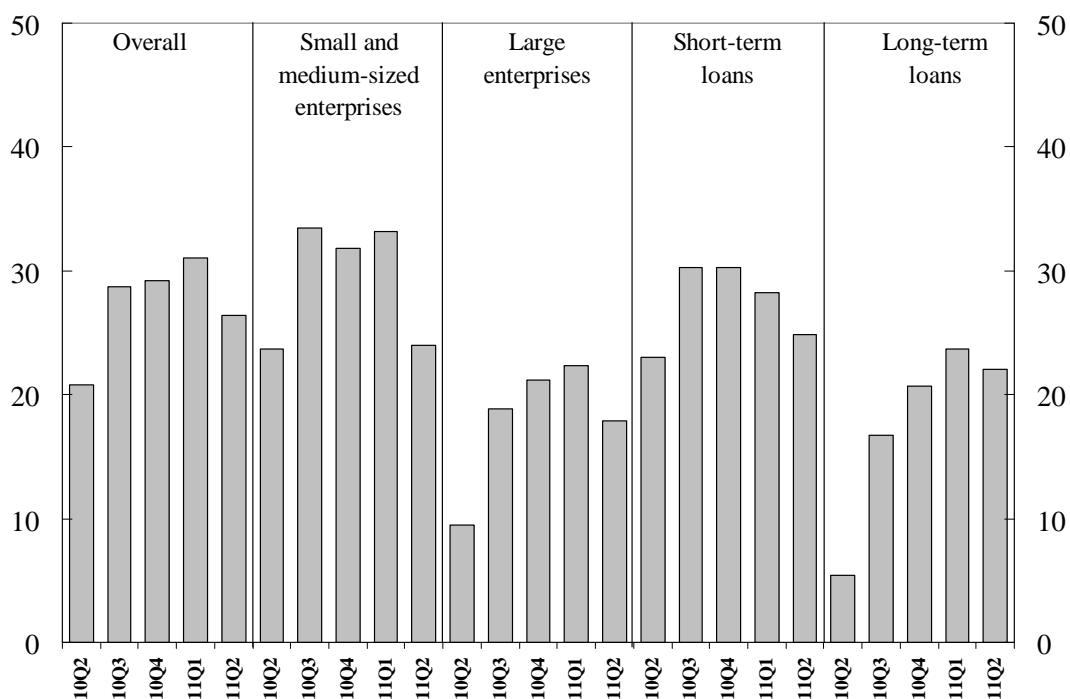


7. Please indicate how you expect demand for loans or credit lines to enterprises to change at your bank over the next three months (apart from normal seasonal fluctuations).

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	January 2011	April 2011	January 2011	April 2011	January 2011	April 2011	January 2011	April 2011	January 2011	April 2011
Decrease considerably	0	0	0	0	0	0	0	0	0	1
Decrease somewhat	4	2	3	3	9	6	4	4	6	2
Remain basically unchanged	62	69	61	71	61	71	64	68	64	73
Increase somewhat	35	28	36	26	31	23	32	29	30	24
Increase considerably	0	1	0	1	0	0	0	0	0	1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Net percentage</b>	<b>31</b>	<b>26</b>	<b>33</b>	<b>24</b>	<b>22</b>	<b>18</b>	<b>28</b>	<b>25</b>	<b>24</b>	<b>22</b>
<b>Diffusion index</b>	<b>16</b>	<b>14</b>	<b>17</b>	<b>12</b>	<b>11</b>	<b>9</b>	<b>14</b>	<b>12</b>	<b>12</b>	<b>11</b>
<i>Mean</i>	<i>3.31</i>	<i>3.27</i>	<i>3.33</i>	<i>3.25</i>	<i>3.22</i>	<i>3.18</i>	<i>3.28</i>	<i>3.25</i>	<i>3.24</i>	<i>3.22</i>
<b>Number of banks responding</b>	<b>112</b>	<b>116</b>	<b>109</b>	<b>114</b>	<b>108</b>	<b>112</b>	<b>112</b>	<b>116</b>	<b>110</b>	<b>114</b>

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)



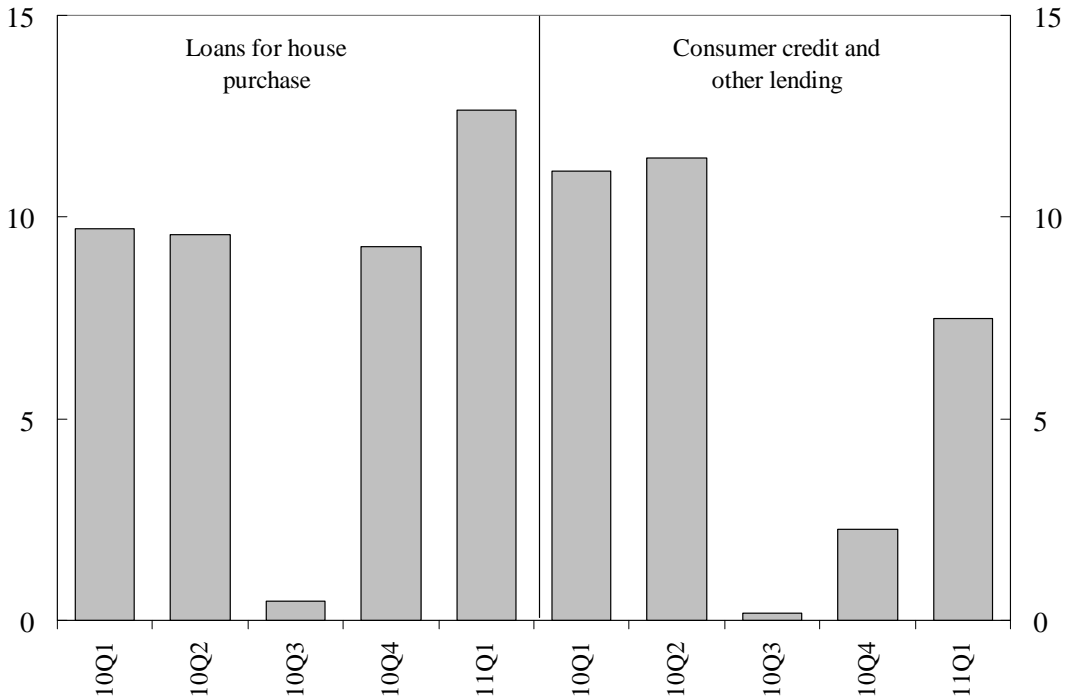
**II. Loans to households**

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	
	January 2011	April 2011	January 2011	April 2011
Tightened considerably	0	1	1	1
Tightened somewhat	10	14	5	10
Remained basically unchanged	89	83	90	85
Eased somewhat	1	2	4	4
Eased considerably	0	0	0	0
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
<b>Net percentage</b>	<b>9</b>	<b>13</b>	<b>2</b>	<b>8</b>
<b>Diffusion index</b>	<b>5</b>	<b>7</b>	<b>1</b>	<b>4</b>
<i>Mean</i>	<i>2.91</i>	<i>2.87</i>	<i>2.97</i>	<i>2.91</i>
<b>Number of banks responding</b>	<b>106</b>	<b>112</b>	<b>108</b>	<b>114</b>

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

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



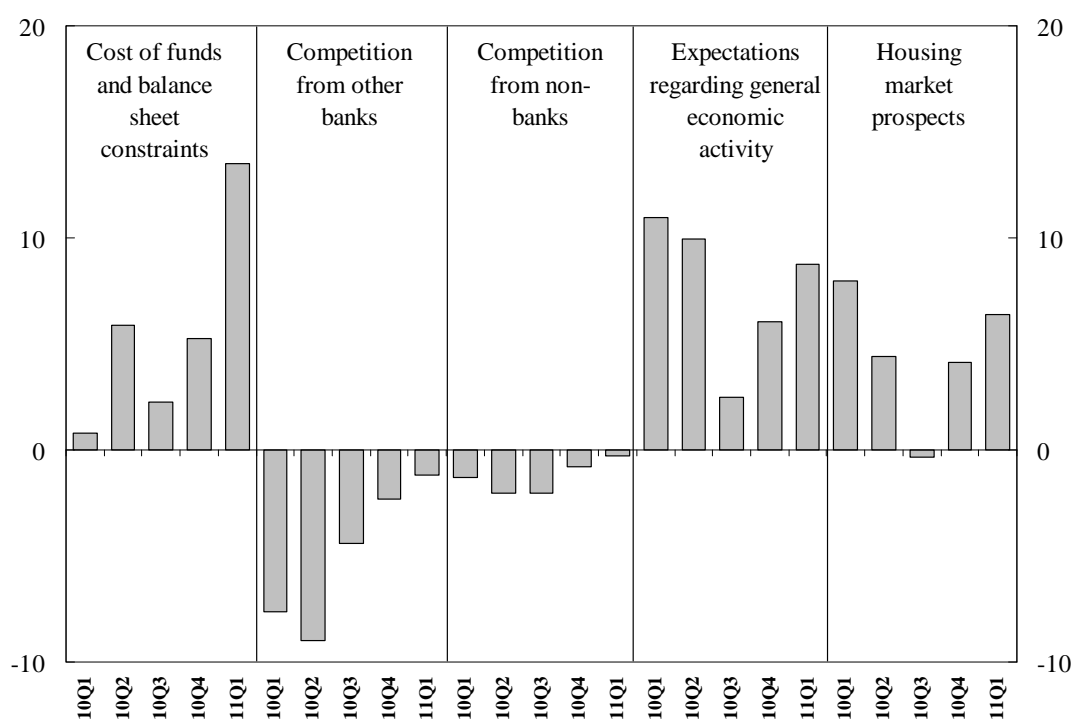
9. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of loans to households for house purchase?

	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2011	April 2011	January 2011	April 2011	January 2011	April 2011
							A) Cost of funds and balance sheet constraints	2	11	70	0	0
B) Pressure from competition												
Competition from other banks	0	2	82	3	0	14	-2	-1	-1	-1	3.03	3.01
Competition from non-banks	0	1	85	1	0	14	-1	0	0	0	3.01	3.01
C) Perception of risk												
Expectations regarding general economic activity	3	7	76	1	0	13	6	9	4	6	2.92	2.89
Housing market prospects	2	7	77	2	0	13	4	6	2	4	2.95	2.91

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)



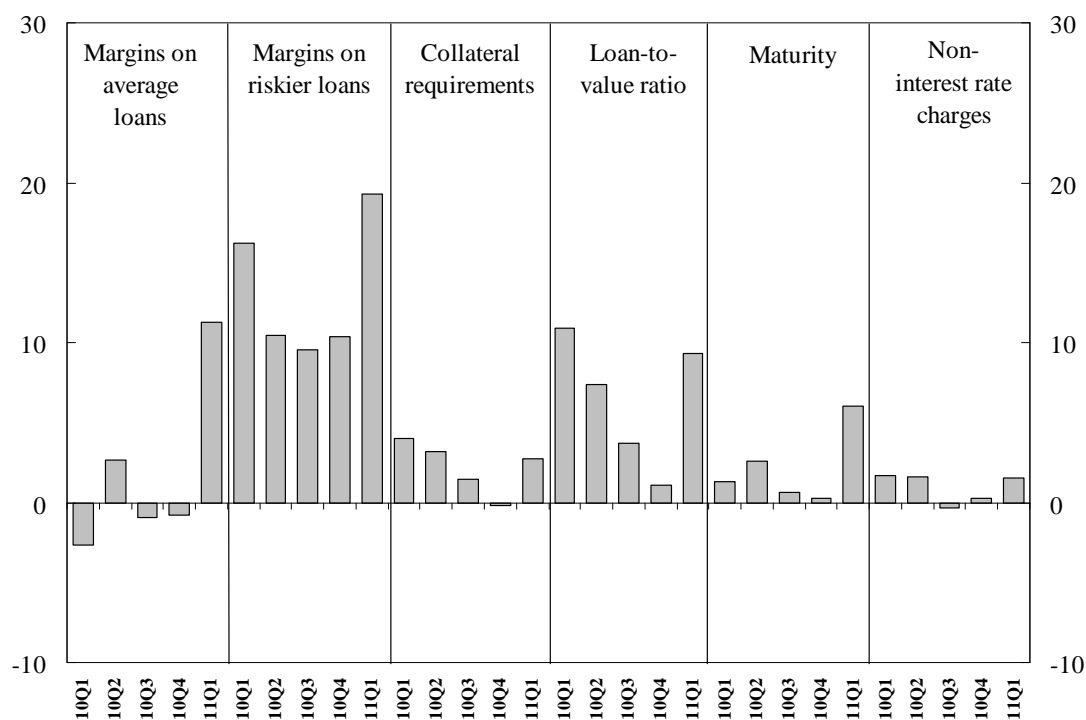
10. Over the past three months, how have your bank's terms and conditions for approving loans to households for house purchase changed?

	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2011	April 2011	January 2011	April 2011	January 2011	April 2011
							A) Price					
Your bank's margin on average loans	0	18	64	6	0	12	-1	11	-1	6	3.01	2.88
Your bank's margin on riskier loans	3	18	65	2	0	13	10	19	6	11	2.87	2.76
B) Other conditions and terms												
Collateral requirements	0	3	84	0	0	12	0	3	0	1	3.00	2.97
Loan-to-value ratio	1	8	78	0	0	12	1	9	1	5	2.99	2.89
Maturity	0	6	82	0	0	12	0	6	0	3	3.00	2.94
Non-interest rate charges	1	1	86	0	0	12	0	2	0	1	3.00	2.98

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

Notes: The net percentage is defined as the difference between the sum of banks responding “- -” (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)



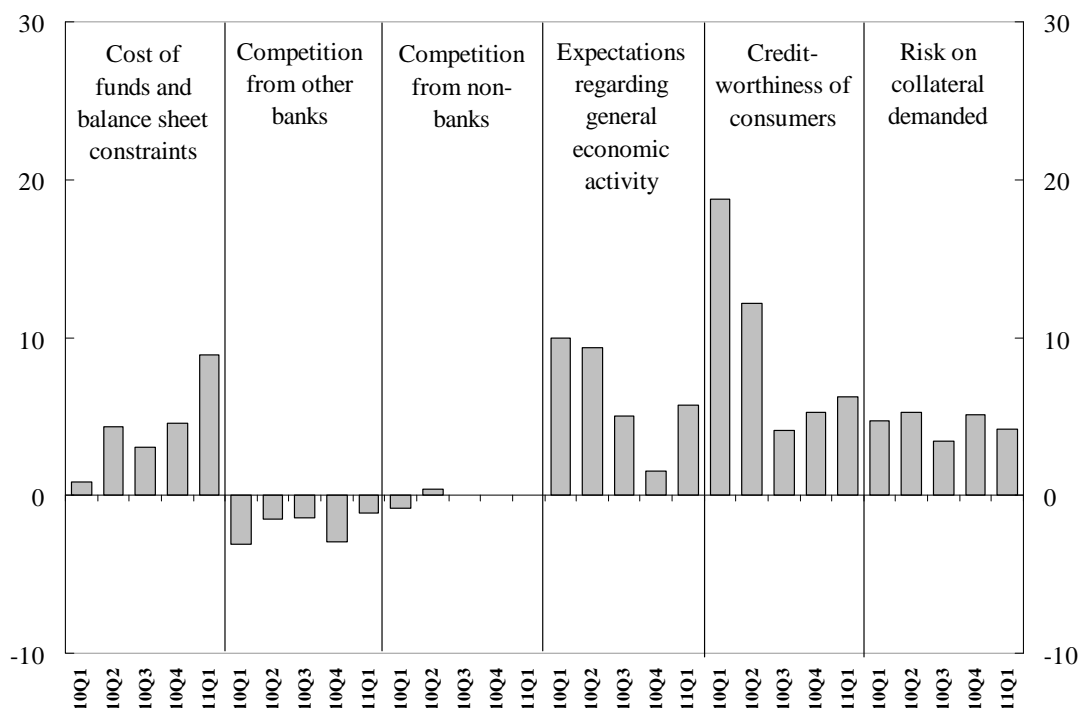
11. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households (as described in question 8)?

	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2011	April 2011	January 2011	April 2011	January 2011	April 2011
A) Cost of funds and balance sheet constraints	2	7	78	0	0	13	5	9	3	6	2.94	2.89
B) Pressure from competition	0	0	0	0	0	0	0	0	0	0		
Competition from other banks	0	1	86	2	0	12	-3	-1	-2	-1	3.04	3.02
Competition from non-banks	0	0	88	0	0	12	0	0	0	0	3.00	3.00
C) Perception of risk												
Expectations regarding general economic activity		7	77	3	0	11	2	6	2	4	2.98	2.92
Creditworthiness of consumers	2	7	78	2	0	11	5	6	3	4	2.94	2.93
Risk on collateral demanded	1	4	83	0	0	13	5	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 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)**





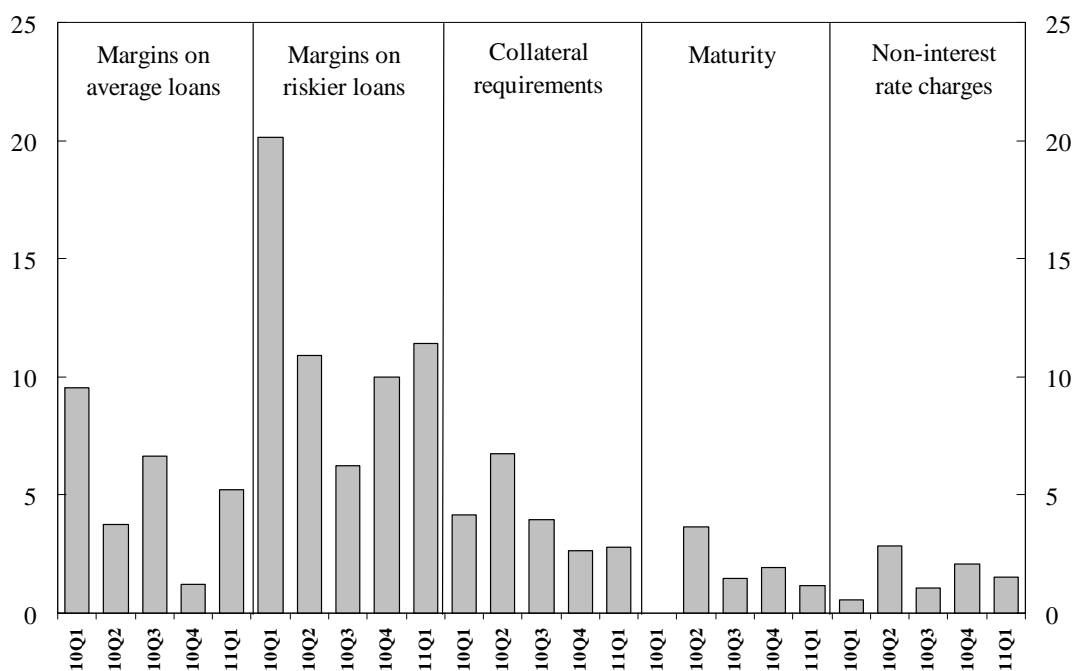
12. Over the past three months, how have your bank's terms and conditions for approving consumer credit and other lending to households changed?

	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2011	April 2011	January 2011	April 2011	January 2011	April 2011
A) Price												
Your bank's margin on average loans	1	13	69	8	0	10	1	5	1	3	2.98	2.95
Your bank's margin on riskier loans	1	15	69	5	0	10	10	11	6	6	2.87	2.88
B) Other conditions and terms												
Collateral requirements	0	3	88	0	0	10	3	3	2	1	2.97	2.97
Maturity	0	1	89	0	0	10	2	1	1	1	2.98	2.99
Non-interest rate charges	0	2	86	1	0	10	2	2	1	1	2.98	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 12. Changes in terms and conditions for approving consumer credit and other lending to households**  
(net percentages of banks reporting tightening terms and conditions)

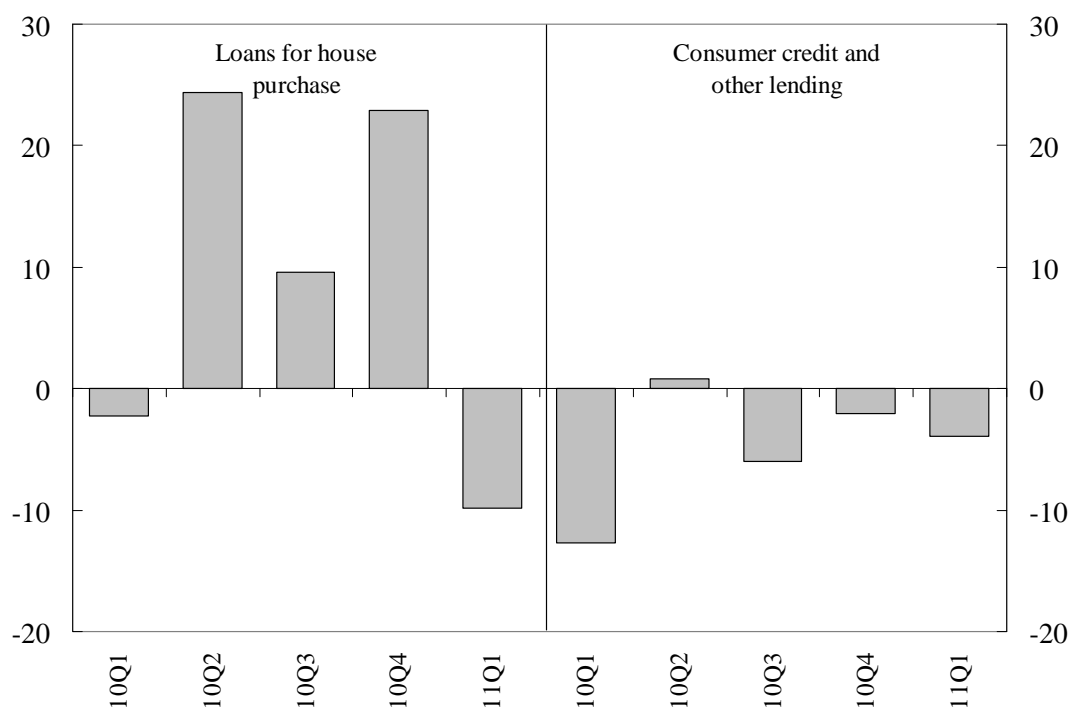


13. Over the past three months, how has the demand for loans to households changed at your bank, apart from normal seasonal fluctuations?

	Loans for house purchase		Consumer credit and other lending	
	January 2011	April 2011	January 2011	April 2011
Decreased considerably	1	9	1	2
Decreased somewhat	15	23	15	15
Remained basically unchanged	45	45	70	71
Increased somewhat	29	23	14	10
Increased considerably	10	0	0	3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Net percentage</b>	<b>23</b>	<b>-10</b>	<b>-2</b>	<b>-4</b>
<b>Diffusion index</b>	<b>16</b>	<b>-10</b>	<b>-2</b>	<b>-2</b>
<b>Mean</b>	<b>3.32</b>	<b>2.81</b>	<b>2.97</b>	<b>2.96</b>
<b>Number of banks responding</b>	<b>106</b>	<b>112</b>	<b>107</b>	<b>114</b>

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)



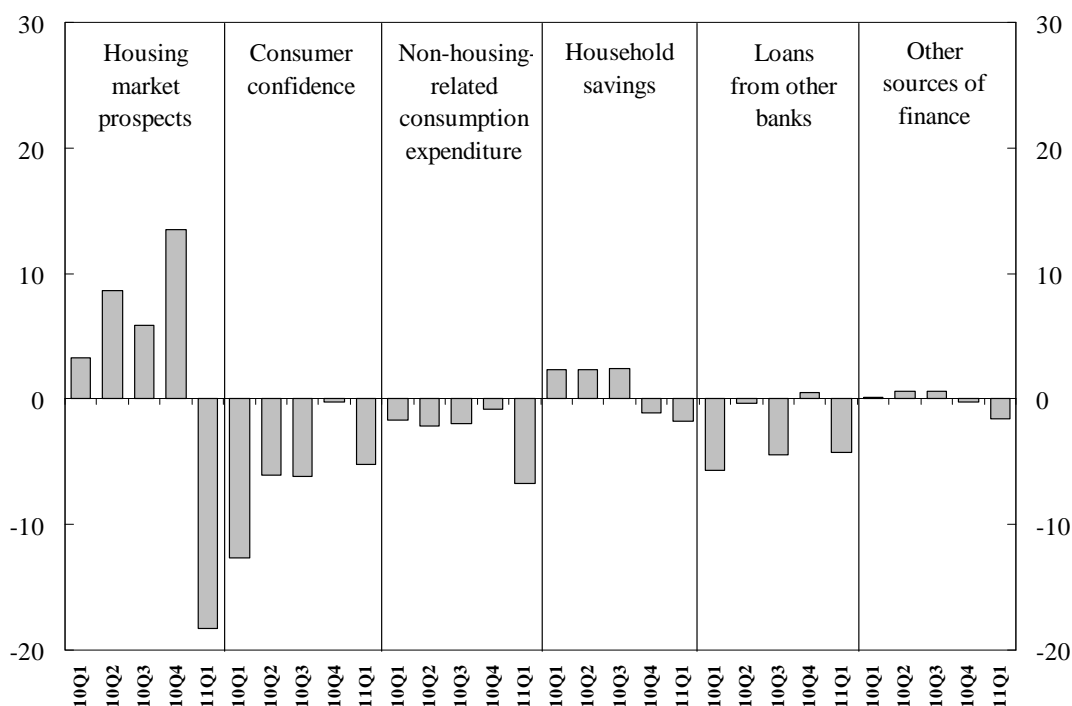
14. Over the past three months, how have the following factors affected the demand for loans to households for house purchase (as described in question 13)?

	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2011	April 2011	January 2011	April 2011	January 2011	April 2011
							<b>A) Financing needs</b>					
Housing market prospects	4	23	50	7	2	13	14	-18	9	-10	3.22	2.77
Consumer confidence	2	15	60	11	0	12	0	-5	0	-4	3.01	2.92
Non-housing-related consumption expenditure	0	9	76	2	0	13	-1	-7	0	-3	2.99	2.93
<b>B) Use of alternative finance</b>												
Household savings	0	4	80	3	0	13	-1	-2	-1	-1	2.99	2.98
Loans from other banks	0	6	79	2	0	13	1	-4	0	-2	3.01	2.95
Other sources of finance	0	2	85	0	0	14	0	-2	0	-1	2.99	2.98

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

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

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



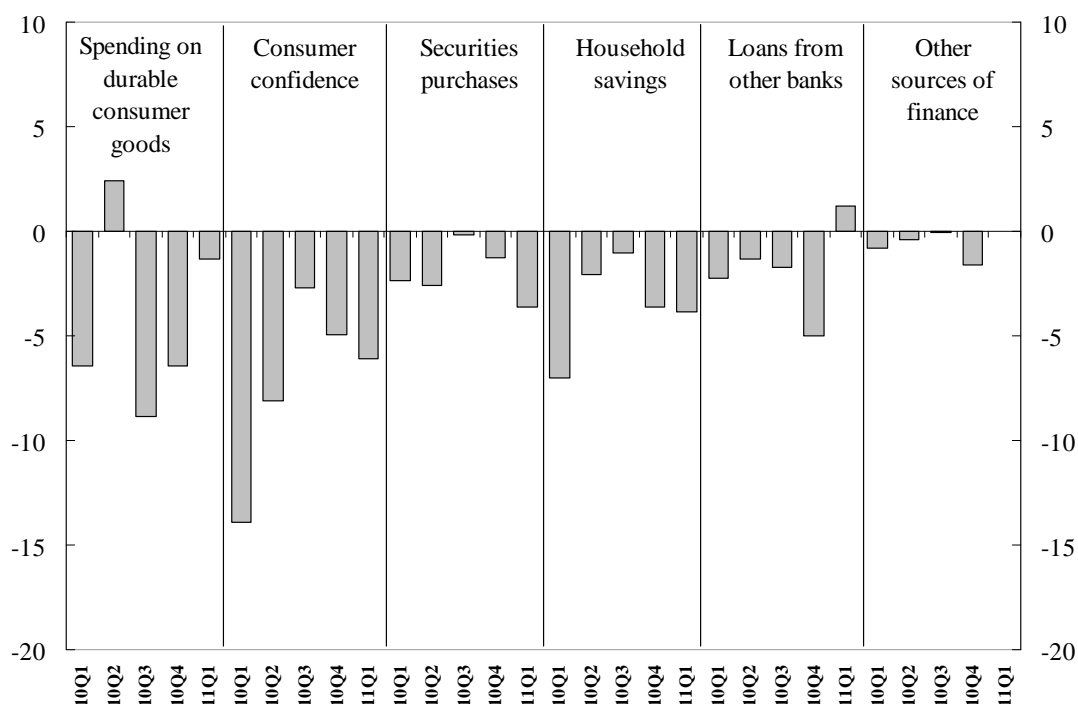
15. Over the past three months, how have the following factors affected the demand for consumer credit and other lending to households (as described in question 13)?

	--	-	°	+	++	NA	NetP		NetP		Mean	
							January 2011	April 2011	January 2011	April 2011	January 2011	April 2011
							A) Financing needs					
Spending on durable consumer goods	2	9	70	8	1	11	-6	-1	-4	-1	2.94	2.99
Consumer confidence	1	14	67	8	1	10	-5	-6	-3	-3	2.94	2.94
Securities purchases	0	4	80	0	0	16	-1	-4	-1	-2	2.99	2.96
B) Use of alternative finance												
Household savings	0	4	84	1	0	12	-4	-4	-2	-2	2.96	2.96
Loans from other banks	0	1	86	2	0	12	-5	1	-3	1	2.94	3.01
Other sources of finance	0	0	88	0	0	12	-2	0	-1	0	2.98	3.00

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

Notes: The net percentage is defined as the difference between the sum of banks responding “+ +” (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)

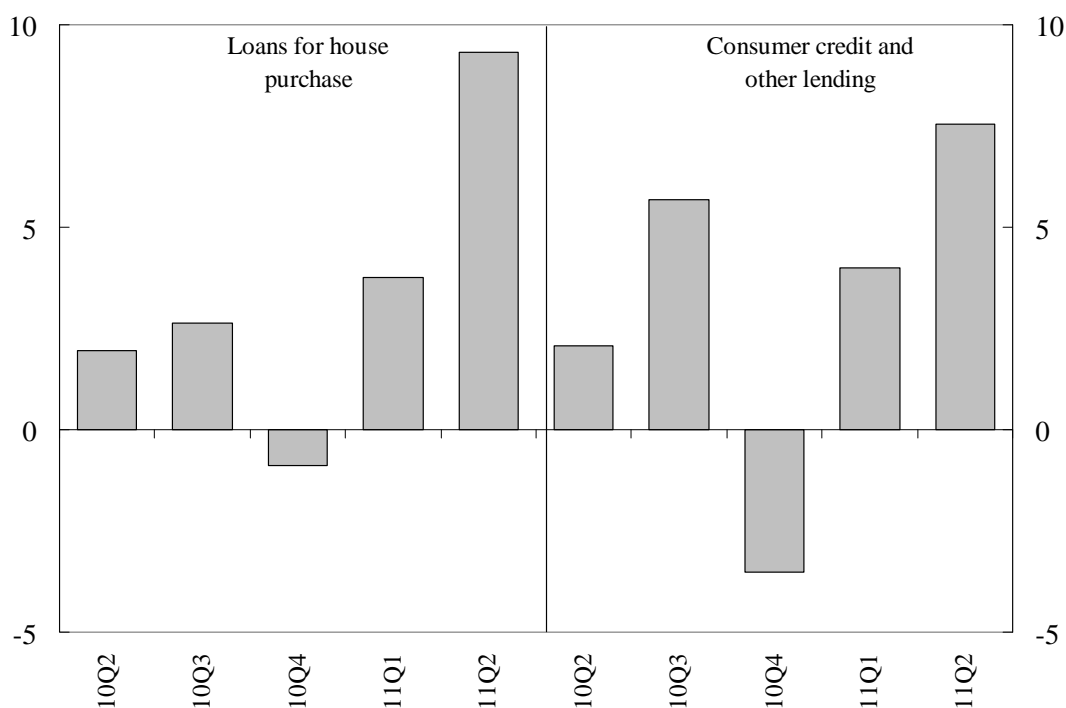


16. Please indicate how you expect your bank's credit standards as applied to the approval of loans to households to change over the next three months.

	Loans for house purchase		Consumer credit and other lending	
	January 2011	April 2011	January 2011	April 2011
Tighten considerably	1	2	1	2
Tighten somewhat	6	9	6	7
Remain basically unchanged	90	87	91	89
Ease somewhat	3	2	3	2
Ease considerably	0	0	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Net percentage</b>	<b>4</b>	<b>9</b>	<b>4</b>	<b>8</b>
<b>Diffusion index</b>	<b>3</b>	<b>6</b>	<b>2</b>	<b>5</b>
<i>Mean</i>	2.95	2.89	2.95	2.90
<b>Number of banks responding</b>	<b>105</b>	<b>112</b>	<b>105</b>	<b>112</b>

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

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

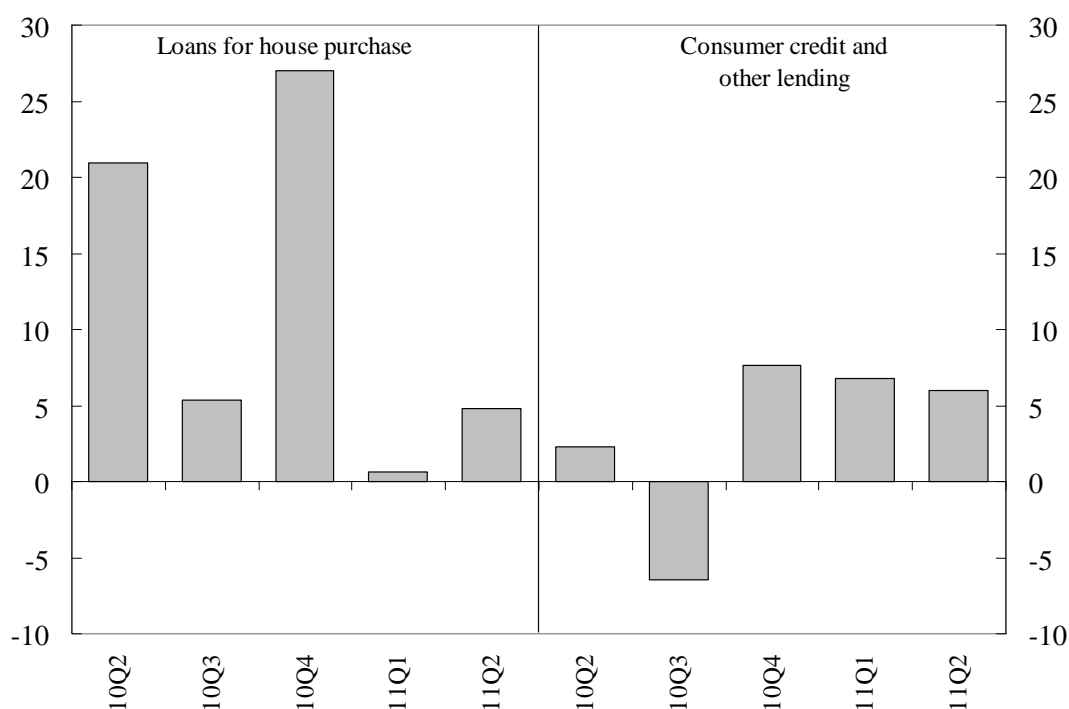


17. Please indicate how you expect demand for loans to households to change over the next three months at your bank (apart from normal seasonal fluctuations).

	Loans for house purchase		Consumer credit and other lending	
	January 2011	April 2011	January 2011	April 2011
Decrease considerably	3	2	0	1
Decrease somewhat	16	14	9	7
Remain basically unchanged	62	63	75	78
Increase somewhat	20	21	16	12
Increase considerably	0	0	0	3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Net percentage</b>	<b>1</b>	<b>5</b>	<b>7</b>	<b>6</b>
<b>Diffusion index</b>	<b>-1</b>	<b>1</b>	<b>3</b>	<b>4</b>
<b>Mean</b>	<b>2.98</b>	<b>3.03</b>	<b>3.07</b>	<b>3.07</b>
<b>Number of banks responding</b>	<b>105</b>	<b>112</b>	<b>107</b>	<b>114</b>

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 QUESTION

- 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?<sup>1</sup>

	Over the past three months							Over the next three months							N/A <sup>(2)</sup>
	--	-	0	+	++	Mean	Standard deviation	--	-	0	+	++	Mean	Standard deviation	
A) Interbank unsecured money market															
Very short-term money market (up to one week)	2%	6%	83%	9%	1%	3.01	0.52	0%	5%	85%	10%	0%	3.06	0.42	12%
Short-term money market (more than one week)	4%	14%	77%	5%	0%	2.84	0.60	3%	8%	80%	9%	0%	2.96	0.58	14%
B) Debt securities <sup>(3)</sup>															
Short-term debt securities (e.g. certificates of deposit or commercial paper)	2%	15%	76%	7%	0%	2.89	0.55	1%	12%	80%	7%	0%	2.94	0.49	19%
Medium to long-term debt securities (incl. covered bonds)	6%	16%	61%	16%	0%	2.88	0.77	4%	9%	72%	14%	0%	2.96	0.68	16%
C) Securitisation <sup>(4)</sup>															
Securitisation of corporate loans	3%	7%	90%	1%	0%	2.89	0.49	1%	11%	87%	1%	0%	2.88	0.44	55%
Securitisation of loans for house purchase	3%	8%	79%	10%	0%	2.97	0.69	1%	11%	75%	14%	0%	3.02	0.67	51%
D) Ability to transfer credit risk off balance sheet <sup>(5)</sup>	0%	6%	82%	11%	0%	3.05	0.48	0%	5%	88%	7%	0%	3.03	0.41	58%

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

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

(3) Usually involves on-balance sheet funding.

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

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

## **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.