EUROPEAN CENTRAL BANK

EUROSYSTEM

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THE EURO AREA BANK LENDING SURVEY

- JANUARY 2010 -

1. Overview of the results

The results reported in the January 2010 bank lending survey (BLS) relate to changes recorded during the fourth quarter of 2009 and to expectations for the first quarter of 2010. The survey was conducted between 7 December 2009 and 8 January 2010. 118 euro area banks participated, leading to a response rate of 100%. As in previous survey rounds, a number of ad hoc questions dealing specifically with the impact of the financial turmoil were included. For the first time since its introduction, the BLS questionnaire included two additional ad hoc questions with an extended forward-looking time horizon (i.e. over twelve months rather than the usual three-month horizon regularly covered in the main part of the questionnaire).

Overall, the January 2010 BLS points to a further decline in the net tightening of credit standards, although at a slower pace than in previous quarters. The decline in net tightening was stronger for mortgages than for consumer credit or for loans to non-financial corporations (NFCs). All in all, a turning-point in the tightening trend observed since the second half of 2007 is now closer, but has not yet been reached.

The net tightening of credit standards on loans to NFCs declined to 3% in the last quarter of 2009 (compared with 8% in the third quarter and 21% in the second), which was somewhat above the expectation, at the time of the previous survey round, that net tightening would reach zero at the end of 2009. Looking forward, euro area banks expect some further tightening of credit standards on loans to NFCs in the first quarter of 2010, with net tightening potentially worsening slightly, to 4%.

Banks reported a smaller contribution to the overall net tightening from risks related to expectations about general economic activity, the industry-specific outlook and collateral. Bank-specific factors, however, provided a more ambiguous picture. On the one hand, banks' access to market financing and liquidity position contributed to an easing of credit standards in the fourth quarter of 2009, albeit slightly less so than in the previous survey round. On the other hand, costs related to banks' capital position contributed to an increase in the tightening of credit standards.

The net tightening of credit standards on loans to households for house purchase and on consumer credit also decreased, but at a much quicker pace for housing loans (3% in the fourth quarter of 2009 compared with 14% in the third quarter) than for consumer credit (10% compared with 13%).

Net demand for loans to NFCs remained negative (at -8%) in the last quarter of 2009, albeit much less so than in the third quarter (-20%). Weakness in fixed investment and, to a lesser extent, scarce M&A activity explain a large part of the depressed demand for corporate loans. Another relevant factor was the greater use of alternative sources of financing (such as debt securities issuance). These factors were only partly counterbalanced by a record high positive impact of debt restructuring on the demand for loans.

The net percentage of banks reporting an increase in households' demand for housing loans continued to increase for the third quarter in a row, mostly explained by the contribution of improving housing market prospects. At the same time, developments in demand for consumer loans were more sluggish.

Banks generally reported that their access to wholesale funding had eased in the fourth quarter of 2009, apart from their ability to transfer credit risk off their balance sheets, which deteriorated further. When asked to assess net credit standards for 2010, euro area banks did not foresee any easing in the coming months, except on housing loans.

General notes

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

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

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

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[1] The sample group of banks participating in the survey comprises 118 banks, representing all of the euro area countries, and takes into account the characteristics of their respective national banking structures. Since the banks in the sample group differ considerably in size, the survey results are weighted according to the national shares in total outstanding euro area lending to euro area residents.

[2] For further information on the bank lending survey, please see the ECB press release of 21 November 2002 entitled "Bank lending survey for the euro area", the article entitled "A bank lending survey for the euro area" in the April 2003 issue of the ECB's Monthly Bulletin and J. Berg et al. (2005), "The bank lending survey for the euro area", ECB Occasional Paper No 23.

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

The survey questions are phrased in terms of changes over the past three months (in this case in the fourth quarter of 2009) or expectations of changes over the next three months (i.e. in the first quarter of 2010).

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

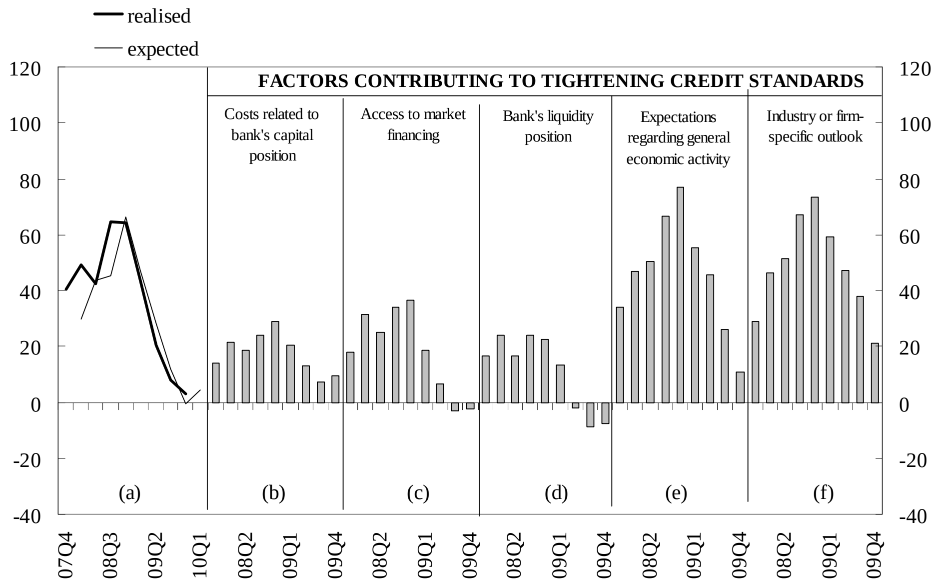
A copy of the questionnaire can be found at
http://www.ecb.europa.eu/stats/money/surveys/lend/html/index.en.html.

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

2.1 *Enterprises*

Credit standards. In the fourth quarter of 2009 the net percentage of banks reporting a tightening of credit standards on loans and credit lines to enterprises continued to decline, to 3% from 8% in the third quarter of 2009 and 21% in the second quarter (see Chart 1). The pace of decline in net tightening reported in the current survey round was thus noticeably slower than in recent rounds. The decline in net tightening registered in the last quarter of 2009 was also somewhat smaller than what had been expected by banks in the previous survey (in the third quarter of 2009 banks had expected the net tightening to reach zero). Finally, in the last quarter of 2009, developments in net tightening of credit standards were broadly similar for both large and small firms. Regarding loan maturities, the decline in net tightening of credit standards was somewhat stronger for long-term loans than for short-term loans.

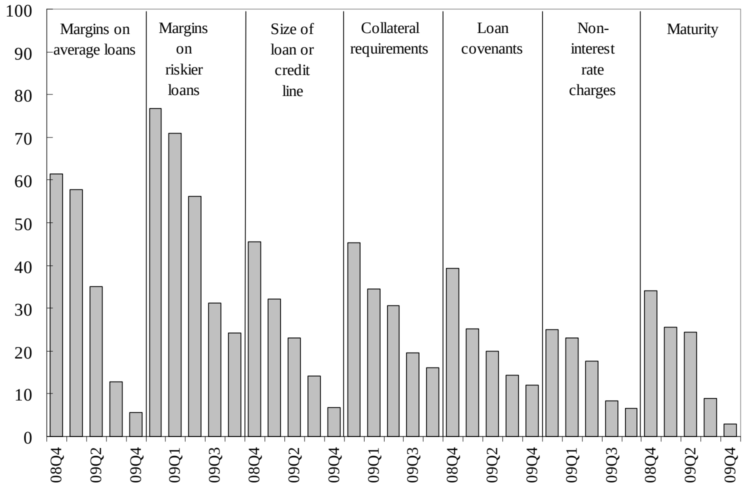
Chart 1. Changes in credit standards applied to the approval of loans or credit lines to enterprises
(net percentages of banks contributing to tightening standards)



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 overall tightening (see Chart 1), banks reported a lower contribution of the risks related to expectations about general economic activity, the industry-specific outlook and collateral. All these factors, though still contributing to a net tightening of credit standards, continued to diminish in importance in the last quarter of 2009. Bank-specific factors, however, provided a more ambiguous picture. On the one hand, banks' access to market financing (-2%) and liquidity position (-8%) contributed to an easing of credit standards in the fourth quarter of 2009, albeit slightly less so than in the previous survey round. On the other hand, costs related to banks' capital position (9%) contributed to an increase in the tightening of credit standards (compared with 7% in the third quarter of 2009).

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.

The net tightening of the price and non-price terms and conditions on loans to enterprises also continued to decline in the fourth quarter of 2009 (see Chart 2). This decline was clear and broadly based across all categories of terms and conditions, with, in particular, a substantial further reduction in the net increase of margins on average loans, which stood at 6% in the last quarter of 2009, compared with 13% in the previous survey round. For the first time since mid-2008 the net increase of margins on average loans appeared broadly similar for both large and smaller firms. Up until the third quarter of 2009 it had remained slightly higher for large firms, reflecting somewhat tighter terms and conditions for larger firms throughout the financial turmoil.

Looking forward, euro area banks expect some further tightening of credit standards on loans to enterprises in the first quarter of 2010, with an expected net tightening potentially worsening slightly to 4%. This is in contrast with the expectation of an easing of credit standards reported in the previous survey round (see Chart 1).

Loan demand. "Net" demand for loans[3] from enterprises remained negative (at -8%), albeit much less so than in the third quarter of 2009 (-20%) (see Chart 3). Throughout most of 2009 net demand for loans from SMEs (at -4% in the fourth quarter of 2009 compared with -40% in the first quarter) appeared to be heading towards positive territory faster than that from large firms (-18% compared with -38%).

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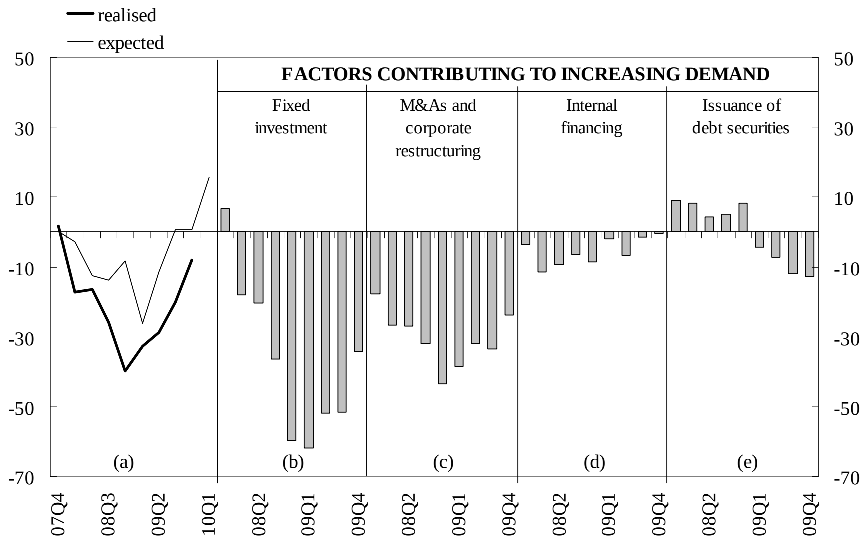
[3] The net demand for loans is calculated as the percentage difference between banks reporting that demand for loans has increased and banks reporting that demand for loans has decreased.

Weakness in fixed investment (-34% in the fourth quarter of 2009 compared with -52% in the third quarter) and, to a lesser extent, scarce M&A activity (-24% compared with -33%) are seen as the main factors contributing to the negative net loan demand, although both contributions became less negative throughout 2009 (see Chart 4). Another relevant factor to explain the negative net loan demand from euro area firms is the greater use of alternative sources of financing, such as equity issuance (-5%) and, in particular, debt securities issuance (-13%), in a context of favourable market conditions. Factors dampening demand for loans were only partly counterbalanced by a record high positive impact of debt restructuring on firms' demand for loans (hovering around +47% throughout 2009, compared with a long-term average of +21%).

Looking forward, banks appear more optimistic than in the previous survey and expect net loan demand from enterprises to fully recover and turn positive in the first quarter of 2010 (+15%), somewhat more for SMEs (+22% expected in the first quarter of 2010) than for large firms (+8%).

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



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

As regards expectations for the first quarter of 2010, net demand for loans by enterprises is expected to be slightly positive (1%), unchanged in relation to the expectation in the previous quarter (see Chart 3).

2.2 Households

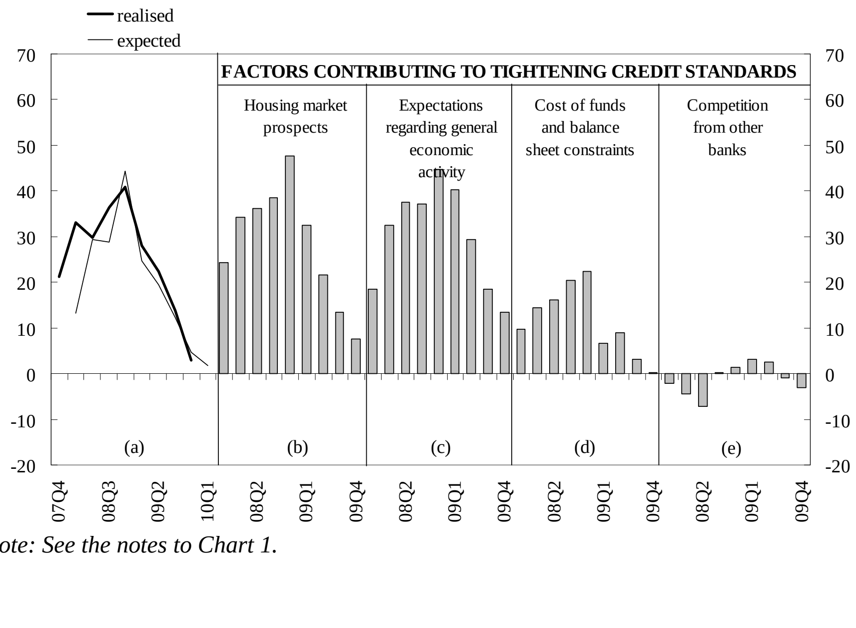
Loans to households for house purchase

Credit standards. The net percentage of banks reporting a tightening of credit standards on loans to households for house purchase continued to decline at a steady pace, reaching 3% in the last quarter of 2009 (compared with 14% in the third quarter and 22% in the second; see Chart 4). This was more or less in line with expectations from the previous survey. This further decline was mainly driven by a lower perception of risk surrounding general economic activity (13% compared with 19% in the third quarter of 2009) and, in particular, housing market prospects (8% compared with 14%), although both factors still contributed to a tightening of housing credit standards. Unlike for corporate loans, banks' cost of funds and balance sheet constraints, seen as pure supply-side constraints on the provision of loans, no longer contributed to a tightening of credit standards at the end of 2009 and, for the first time since mid-2007, remained neutral. Finally, competition between banks contributed to an easing of credit standards on housing loans (-3%).

Regarding terms and conditions on loans for house purchase, the net increase of average margins was further reduced in the fourth quarter (to an almost neutral 1%, after 6% in the previous quarter). While still substantial, the net increase in margins on riskier loans and the loan-to-value ratio declined further, reflecting a general decline in the risk aversion of banks towards housing loans. Replies on collateral requirements, however, remained broadly unchanged compared with the previous survey round, with a net 6% of banks reporting higher collateral requirements. Similarly, terms and conditions related to maturities of loans and non-interest charges were hardly changed in the fourth quarter of 2009.

Looking forward, banks expect a further mild decrease in net tightening of credit standards on loans for house purchase in the first quarter of 2010 (to 2% from 5% in the fourth quarter of 2009).

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)*

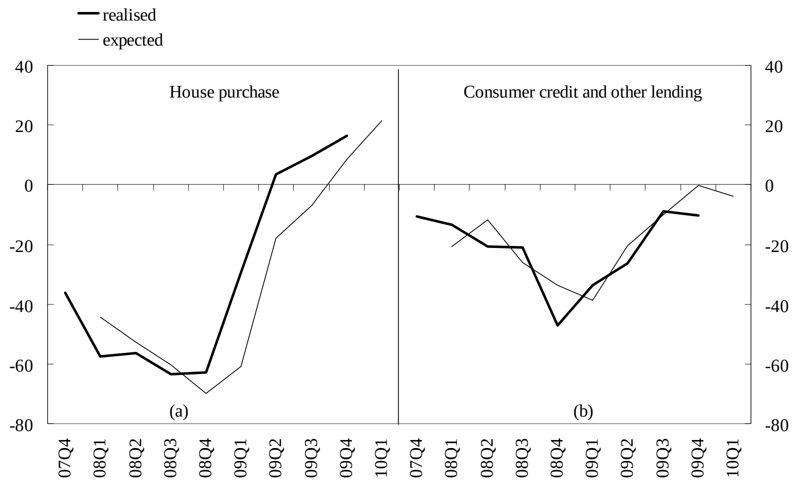


Note: See the notes to Chart 1.

Loan demand. The net percentage of banks reporting an increase in demand for housing loans continued to rise for the third quarter in a row to 16% in the fourth quarter of 2009 (compared with 10% in the third quarter and 4% in the second), which is more than expected in the last survey round (see Chart 5). This rising demand is mostly explained by the contribution of housing market prospects, which turned positive (from -8% in the third quarter of 2009 to +8% in the fourth) for the first time since 2006. Consumer confidence, whilst still dampening demand for housing loans, improved substantially (from -16% in the third quarter of 2009 to -2% in the fourth).

Looking forward, banks expect the net demand for housing loans to continue to increase (to 22%) in the first quarter of 2010.

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



Note: See the notes to Chart 3.

Consumer credit and other lending to households

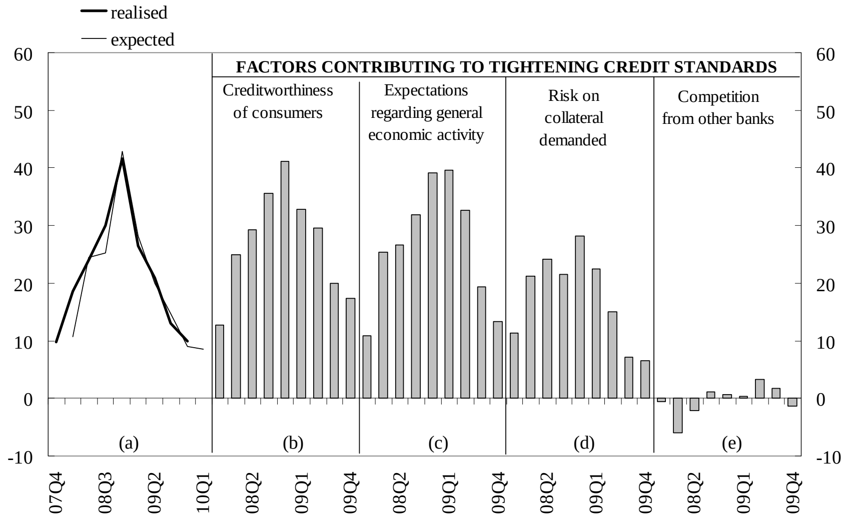
Credit standards. In the fourth quarter of 2009 the net percentage of banks reporting a tightening of credit standards for consumer credit and other lending to households decreased further (to 10% compared with 13% in the third quarter and 21% in the second; see Chart 6). This was broadly in line with banks' expectations in the previous survey. However, the decrease in net tightening for this segment of the loan market appears to be less pronounced than for other types of loans. As in the previous round, the overall net tightening recorded in the fourth quarter of 2009 pointed more to risks related to creditworthiness (17%) and collateral (7%) than to bank-specific issues related to cost of funds or balance sheet constraints (4%).

Looking forward, banks appear to have reassessed developments in credit standards on consumer loans and, in contrast with the previous survey round, they no longer expect net tightening to come to a halt, but rather to continue to decline only mildly compared with the previous quarter (i.e. to an expected 9% in the first quarter of 2010).

Loan demand. Developments in demand for consumer loans were also more sluggish in the last quarter of 2009. The net demand for consumer credit continued to decline (-10% in the fourth quarter of 2009 compared with -9% in the third quarter and -26% in the second). This is at odds with banks' expectation that net demand for loans would reach zero in the last quarter of 2009. According to banks, although consumer confidence was reported to have had less of a dampening effect in the last quarter of 2009 (-14% compared with -20% in the third quarter), there was no visible improvement in spending on durable goods (-7% in the fourth quarter compared with -6% in the third) and household savings (-6% compared with -5%; see Chart 6).

Looking ahead, banks expect the net demand for loans to register some mild improvement in the first quarter of 2010, but to remain negative at -4%.

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.

3. Ad hoc questions

As in the previous survey rounds, the January 2010 survey also contained a set of questions aimed at assessing the extent to which the financial market tensions have affected banks' credit standards for loans and credit lines to enterprises and households in the euro area in the fourth quarter of 2009 and the extent to which they are expected to affect them in the next three months. The questions refer to the access to wholesale funding (Section 3.1) and the impact on bank lending (Section 3.2).[4] Section 3.3 refers to two new ad hoc questions with an extended forward-looking time horizon (i.e. over twelve months rather than the usual three-month horizon regularly covered in the main part of the questionnaire).

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

In order to take account of the substantially improved market environment, the set of optional answers to the question on access to wholesale funding has been modified to include some additional positive categories as regards the impact on banks' funding market access (i.e. "eased considerably" and "eased somewhat"). In addition, the text of the question was slightly modified in order to assess either the deterioration or the improvement in accessing funding, rather than just the difficulty in accessing funding

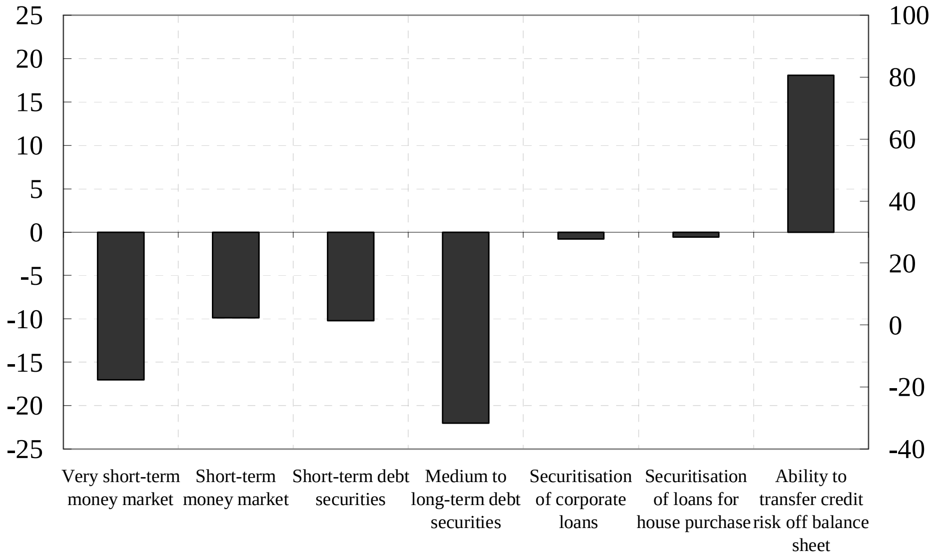
[4] The results shown are calculated as a percentage of the number of banks which did not reply "not applicable".

markets. Consequently, the replies given in the latest survey are not fully comparable with those of previous survey rounds.

For the fourth quarter of 2009 some banks reported that their access to wholesale funding had eased. A net percentage of respectively 17% and 10% of responding banks reported some easing in access to funding on the very short-term and short-term money markets (see Chart 7). Similarly, banks reported some easing of access to the market segments for short to longer-term debt securities. Access to securitisation for both housing and corporate loans also showed some signs of improvement in the fourth quarter of 2009, with the net percentage of banks standing at 1%. So-called “synthetic securitisation” (i.e. the ability to transfer credit risks off balance sheet), however, deteriorated further.

Over the next three months, banks expect a further improvement in the access to financial markets (money, debt securities and securitisation markets). The ability to transfer credit risks off balance sheet is expected to remain hampered, although less so than in the last quarter of 2009.

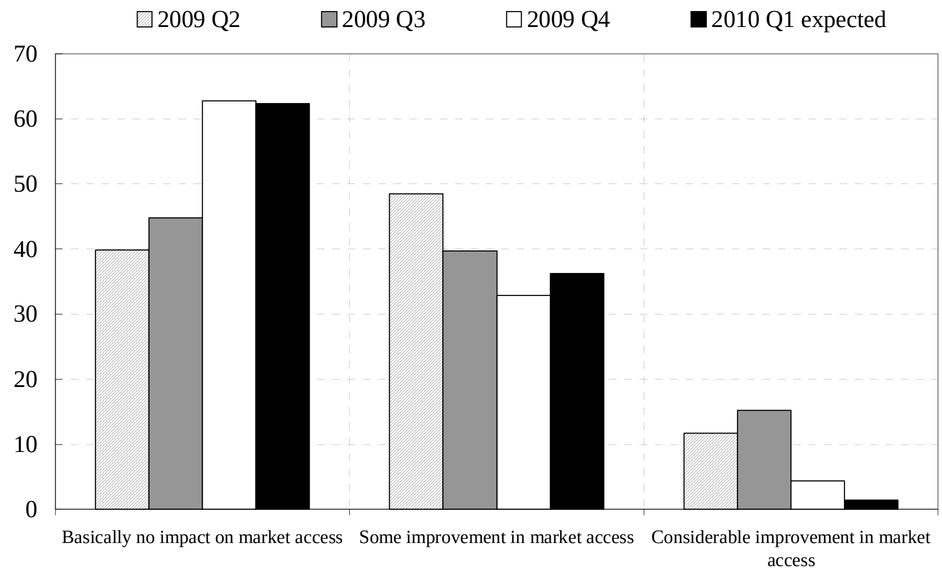
Chart 7: Access to wholesale funding
(percentages of banks reporting a deterioration in market access)



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

Turning to the impact of governments’ announcements and introduction of recapitalisation support and state guarantees for debt securities issued by banks (see Chart 8), an increasing number of respondents indicated that such measures no longer have an impact on market access (i.e. up from 45% in the third quarter of 2009 to 63% in the fourth quarter). However, about 37% of responding banks continued to judge that these measures actually facilitate access to wholesale funding.

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

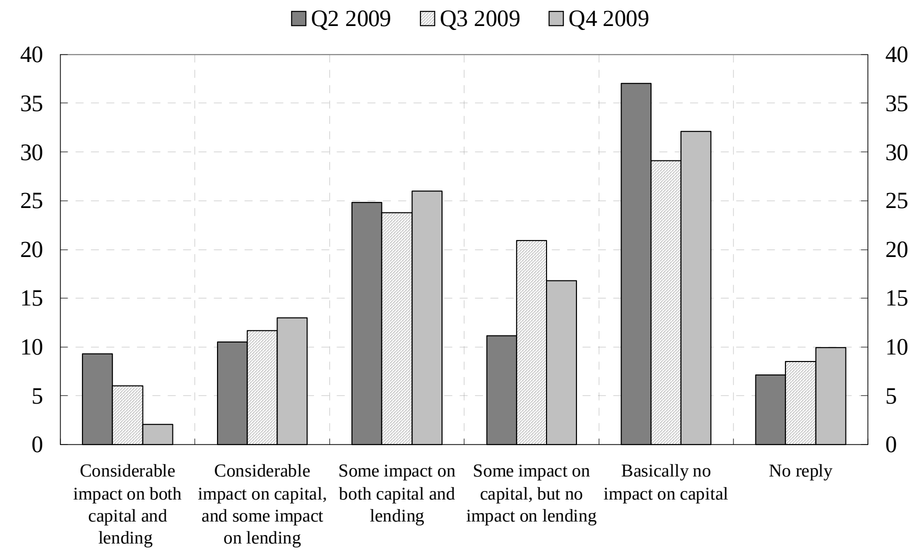


Note: Euro area figures are weighted averages of country results.

3.2 Impact of the financial turmoil on bank lending

Regarding the impact of the financial turmoil on banks' costs related to their capital position and on their lending policy (see Chart 9), there was not much change between the third and fourth quarters of 2009. In the fourth quarter of 2009 about 41% of the reporting banks indicated "some" or a "considerable" impact on both capital and lending, broadly in line with replies from the previous survey round. It is worth noting, however, the decrease in the number of banks qualifying the impact as "considerable".

Chart 9: Effect on the costs related to the bank's capital position and on lending
(percentages of banks reporting an impact)



3.3 *Forward-looking questions with a 12-month horizon*

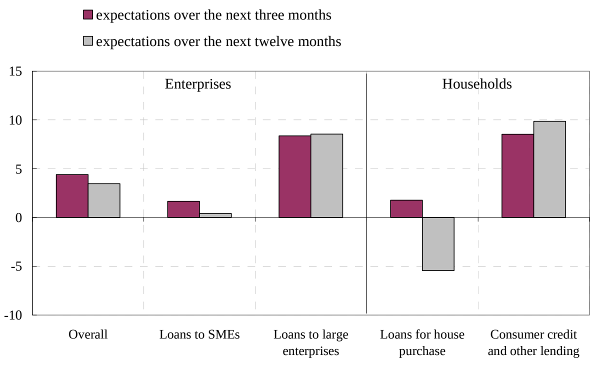
For the first time since its introduction, the BLS questionnaire included two additional ad hoc questions with an extended forward-looking time horizon (i.e. over twelve months rather than the usual three-month horizon regularly covered in the main part of the questionnaire), both on the tightening of credit standards and on the factors contributing to this tightening.

Chart 10 compares the expectations of euro area banks over the next three and twelve months. Interestingly, albeit not surprisingly, the longer-term view of the respondents broadly reflects what is forecasted on a three-month basis. The only exception is for credit standards on loans to households for house purchase, which are foreseen to ease over the next twelve months, in contrast with the current situation.

These replies must however be interpreted with some caution. Experience from other surveys shows that respondents usually do not foresee developments twelve months ahead accurately and their replies tend to be biased towards the shorter-term view. All in all, one may however infer that at present euro area banks do not foresee an easing of credit standards in the coming months, except on housing loans.

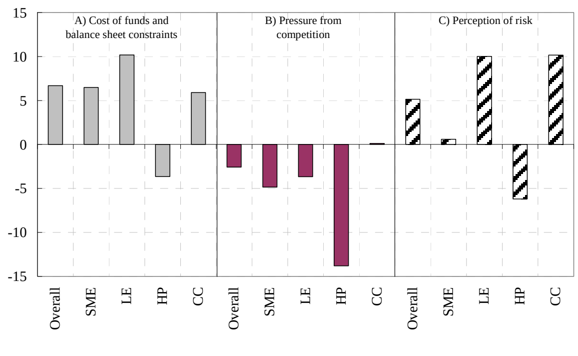
Looking at the factors explaining developments in credit standards (see Chart 11), it appears that competitive forces are contributing to the easing and that this is being counterbalanced by banks' cost of funds and balance sheet constraints. The impact of the perception of risks depends largely on the type of loans granted. Banks reported that the tightening of credit standards on loans to large firms and on consumer credit will be more affected by the perception of risks than the credit standards on loans to SMEs and housing loans.

Chart 10. Credit standards applied to the approval of loans or credit lines
(net percentages of banks contributing to tightening standards)



Note: The net percentage is defined as the difference between the sum of the percentages for "deteriorated considerably" and "deteriorated somewhat" and the sum of the percentages for "eased somewhat" and "eased considerably".

Chart 11. Factors affecting credit standards over the next twelve months
(net percentages)



Note: The net percentage is defined as the difference between the percentage of banks reporting that the given factor will contribute to a tightening and the percentage of banks reporting that it will contribute to an easing. "Overall" refers to enterprises; "SME" to small and medium-sized enterprises; "LE" to large enterprises; "HP" to house purchase; and "CC" to consumer credit and other lending to households.

ANNEX 1: RESULTS FOR THE INDIVIDUAL QUESTIONS

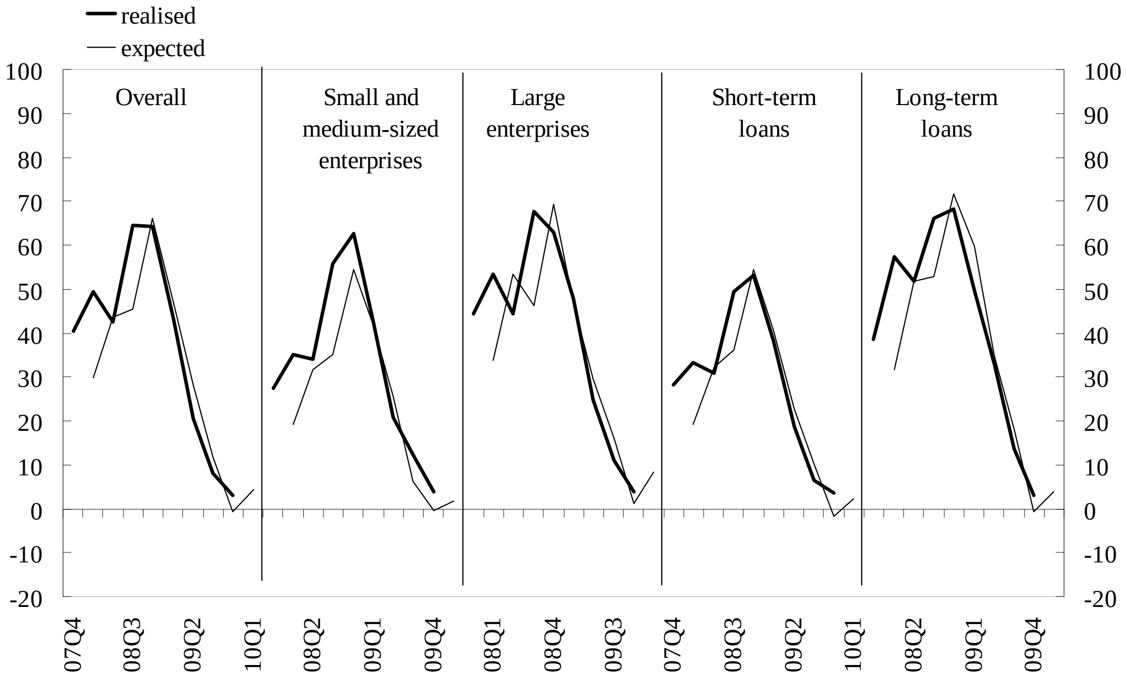
I. Loans or credit lines to enterprises

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

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	October 2009	January 2010	October 2009	January 2010	October 2009	January 2010	October 2009	January 2010	October 2009	January 2010
Tightened considerably	1	2	0	0	3	3	1	1	2	3
Tightened somewhat	9	7	13	11	11	7	9	8	14	6
Remained basically unchanged	88	84	87	83	85	84	88	87	83	85
Eased somewhat	2	6	1	7	2	6	3	5	2	6
Eased considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***8***	***3***	***12***	***4***	***11***	***4***	***7***	***4***	***14***	***3***
Diffusion index	***4***	***3***	***6***	***2***	***7***	***4***	***4***	***2***	***8***	***3***
Mean	*2.91*	*2.95*	*2.88*	*2.96*	*2.86*	*2.93*	*2.93*	*2.96*	*2.85*	*2.94*
Number of banks responding	***112***	***112***	***110***	***111***	***107***	***108***	***112***	***112***	***110***	***110***

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

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



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

OVERALL

	--	-	°	+	++	NA	NetP		DI		Mean	
							October 2009	January 2010	October 2009	January 2010	October 2009	January 2010
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	2	7	82	0	0	9	7	9	4	6	2.92	2.87
Your bank's ability to access market financing	2	1	81	5	0	12	-3	-2	-2	0	3.04	3.00
Your bank's liquidity position	2	0	80	10	0	9	-9	-8	-5	-3	3.10	3.07
B) Pressure from competition												
Competition from other banks	0	1	87	5	0	8	-5	-4	-3	-2	3.05	3.04
Competition from non-banks	0	1	90	0	0	9	-1	1	0	0	3.01	2.99
Competition from market financing	0	1	88	2	0	9	-2	-1	-1	0	3.02	3.01
C) Perception of risk												
Expectations regarding general economic activity	1	15	74	5	0	6	26	11	15	6	2.69	2.87
Industry or firm-specific outlook	1	23	67	3	0	6	38	21	21	11	2.56	2.77
Risk on collateral demanded	0	12	81	0	0	6	18	12	10	6	2.79	2.87

SMALL AND MEDIUM-SIZED ENTERPRISES

	--	-	°	+	++	NA	NetP		DI		Mean	
							October 2009	January 2010	October 2009	January 2010	October 2009	January 2010
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	0	7	84	0	0	10	4	7	2	3	2.96	2.93
Your bank's ability to access market financing	1	1	81	5	0	12	-4	-3	-2	-1	3.05	3.02
Your bank's liquidity position	0	2	80	9	0	9	-7	-7	-4	-4	3.09	3.09
B) Pressure from competition												
Competition from other banks	0	2	86	5	0	8	-4	-3	-2	-2	3.04	3.03
Competition from non-banks	0	1	90	0	0	10	-2	1	-1	0	3.02	2.99
Competition from market financing	0	1	88	0	0	11	-2	1	-1	0	3.02	2.99
C) Perception of risk												
Expectations regarding general economic activity	0	16	74	4	0	7	24	12	14	6	2.70	2.87
Industry or firm-specific outlook	0	26	66	2	0	7	33	24	18	12	2.61	2.74
Risk on collateral demanded	0	12	81	0	0	7	13	12	7	6	2.84	2.87

LARGE ENTERPRISES

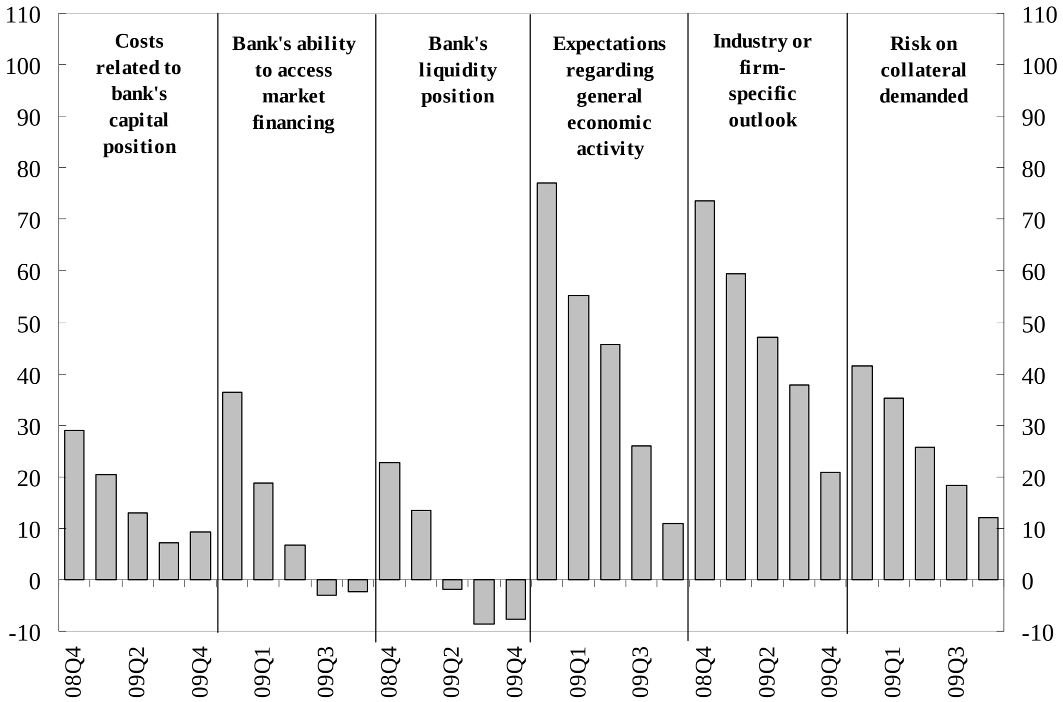
	--	-	°	+	++	NA	NetP		DI		Mean	
							October 2009	January 2010	October 2009	January 2010	October 2009	January 2010
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	3	4	79	0	0	14	8	7	4	5	2.89	2.86
Your bank's ability to access market financing	2	1	77	4	0	17	-3	-1	-2	1	3.04	2.96
Your bank's liquidity position	2	0	75	10	0	14	-8	-8	-4	-3	3.09	3.06
B) Pressure from competition												
Competition from other banks	0	1	82	5	0	13	-3	-4	-2	-2	3.04	3.05
Competition from non-banks	0	1	86	0	0	13	0	1	0	0	3.00	2.99
Competition from market financing	0	1	83	2	0	14	-1	-1	-1	0	3.01	3.00
C) Perception of risk												
Expectations regarding general economic activity	2	13	69	5	0	11	20	11	12	6	2.74	2.85
Industry or firm-specific outlook	1	21	65	2	0	11	33	21	18	11	2.59	2.75
Risk on collateral demanded	0	11	78	0	0	11	16	11	9	5	2.80	2.88

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

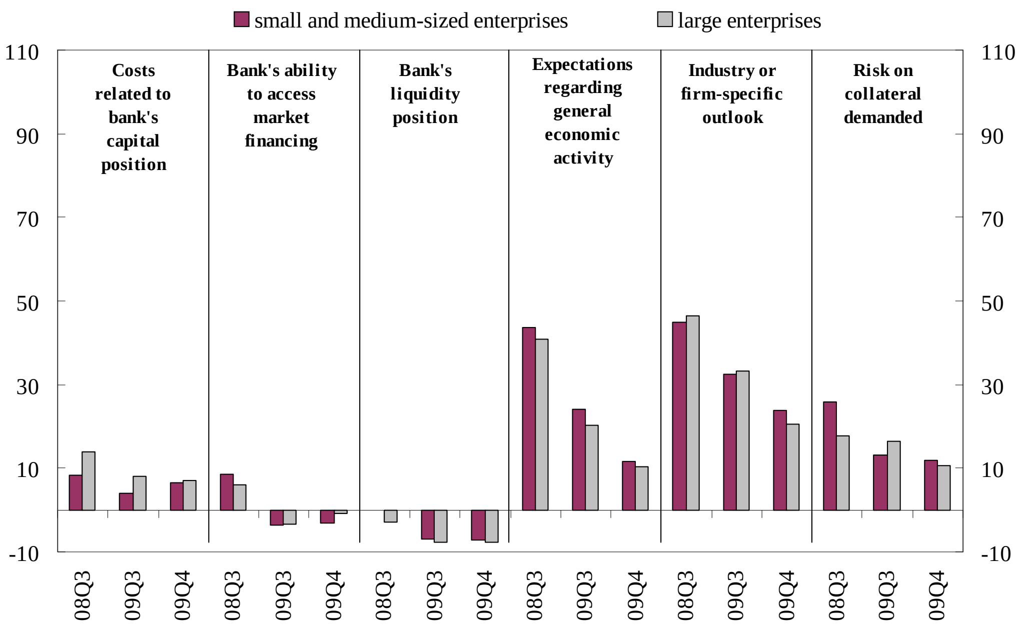
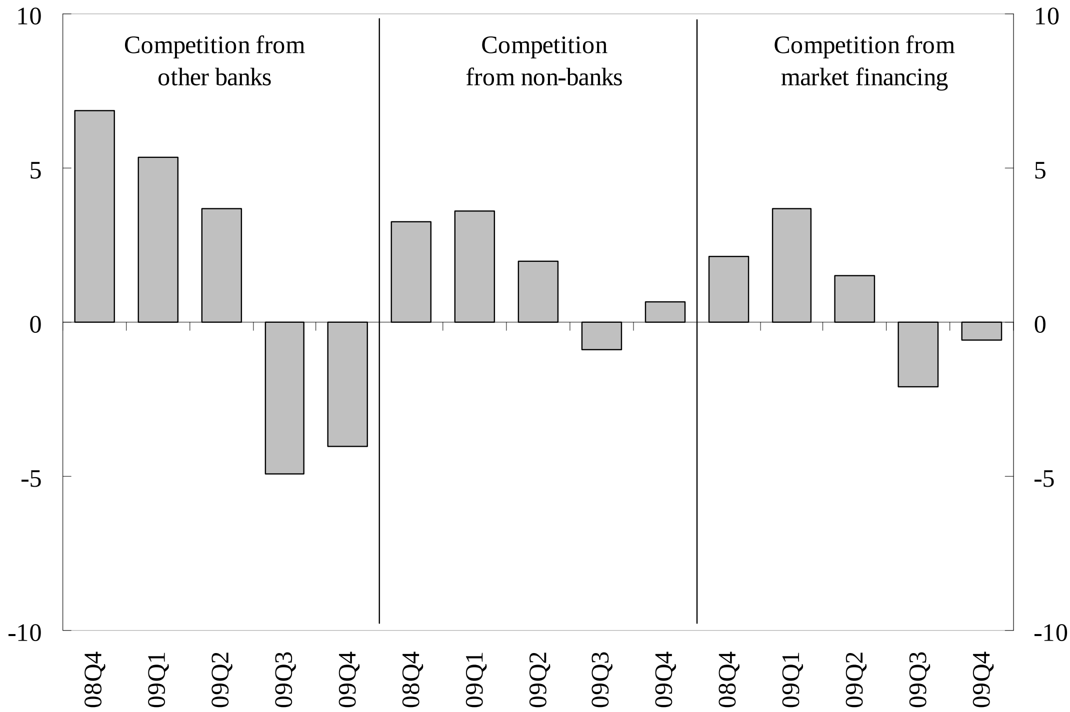
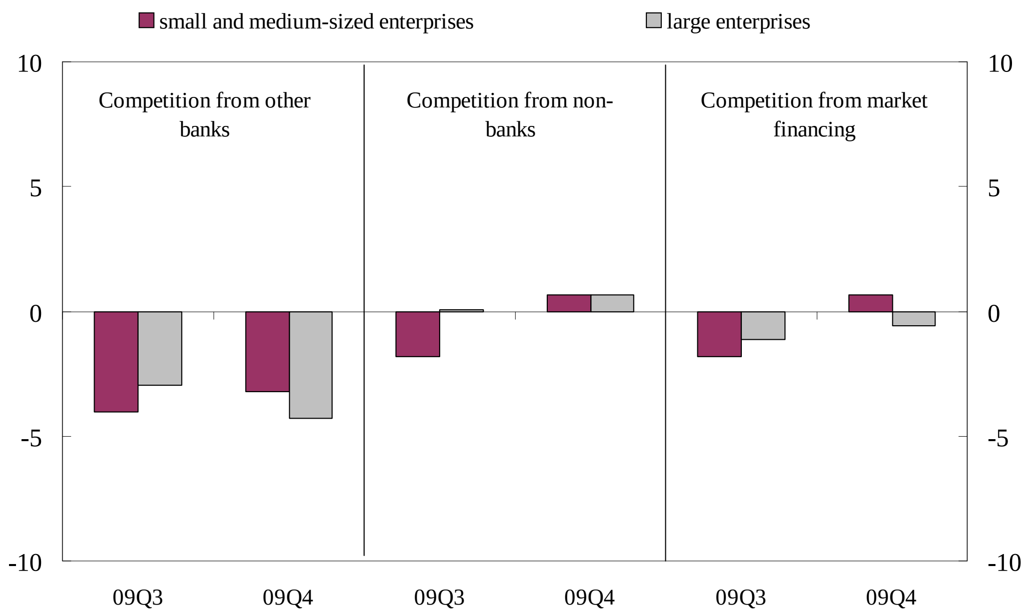


Chart 2b. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises
(net percentages of banks reporting a contribution to tightening standards)

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	
							October 2009	January 2010	October 2009	January 2010	October 2009	January 2010
A) Price												
Your bank's margin on average loans	1	14	70	9	0	6	13	6	7	3	2.85	2.94
Your bank's margin on riskier loans	6	21	62	3	0	7	31	24	21	15	2.57	2.68
B) Other conditions and terms												
Non-interest rate charges	0	7	87	0	0	7	8	7	4	3	2.91	2.93
Size of the loan or credit line	1	11	78	5	0	6	14	7	7	4	2.84	2.92
Collateral requirements	1	15	78	0	0	6	20	16	10	9	2.78	2.82
Loan covenants	1	11	81	0	0	7	14	12	8	6	2.84	2.87
Maturity	1	6	83	4	0	6	9	3	5	2	2.90	2.96

SMALL AND MEDIUM-SIZED ENTERPRISES	--	-	°	+	++	NA	NetP		DI		Mean	
							October 2009	January 2010	October 2009	January 2010	October 2009	January 2010
A) Price												
Your bank's margin on average loans	1	15	69	9	0	7	8	7	5	4	2.90	2.92
Your bank's margin on riskier loans	5	22	62	3	0	8	26	25	18	15	2.63	2.68
B) Other conditions and terms												
Non-interest rate charges	0	7	86	0	0	7	8	7	4	3	2.91	2.93
Size of the loan or credit line	0	13	76	5	0	7	13	8	7	4	2.86	2.92
Collateral requirements	0	12	81	0	0	7	19	12	10	6	2.79	2.87
Loan covenants	0	9	84	0	0	7	13	9	7	4	2.85	2.91
Maturity	1	7	84	2	0	7	12	5	6	3	2.87	2.94

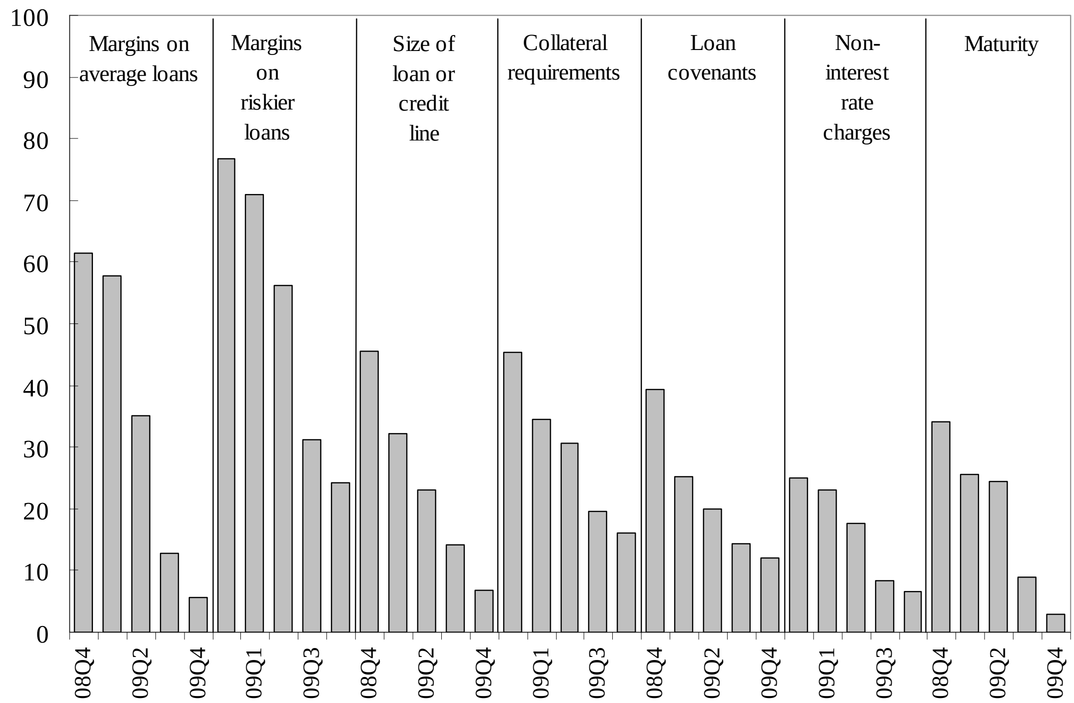
LARGE ENTERPRISES	--	-	°	+	++	NA	NetP		DI		Mean	
							October 2009	January 2010	October 2009	January 2010	October 2009	January 2010
A) Price												
Your bank's margin on average loans	2	14	62	10	0	11	15	6	9	4	2.81	2.91
Your bank's margin on riskier loans	7	20	58	2	0	12	28	25	18	16	2.60	2.63
B) Other conditions and terms												
Non-interest rate charges	0	7	80	0	0	13	9	7	5	3	2.89	2.92
Size of the loan or credit line	1	11	73	3	0	13	15	9	8	5	2.82	2.88
Collateral requirements	1	14	73	0	0	13	20	15	10	8	2.77	2.81
Loan covenants	1	11	74	1	0	13	18	11	9	6	2.79	2.86
Maturity	1	8	75	4	0	13	13	4	7	3	2.85	2.94

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

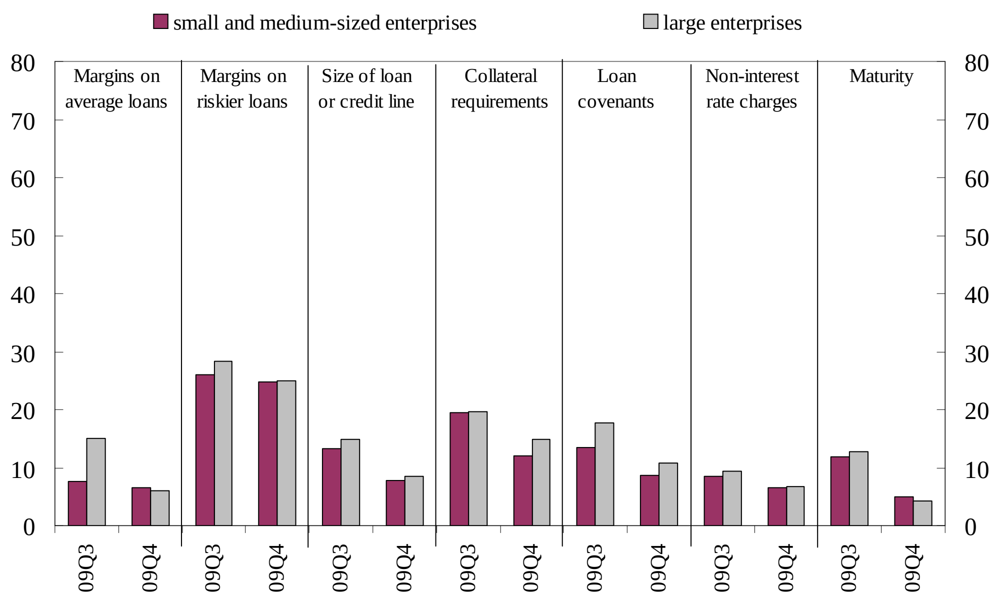
Notes: The net percentage is defined as the difference between the sum of banks responding “- -” (tightened considerably) and “-” (tightened somewhat), and the sum of banks responding “+” (eased somewhat) and “+ +” (eased considerably). “°” means “remained basically unchanged”. The diffusion index is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



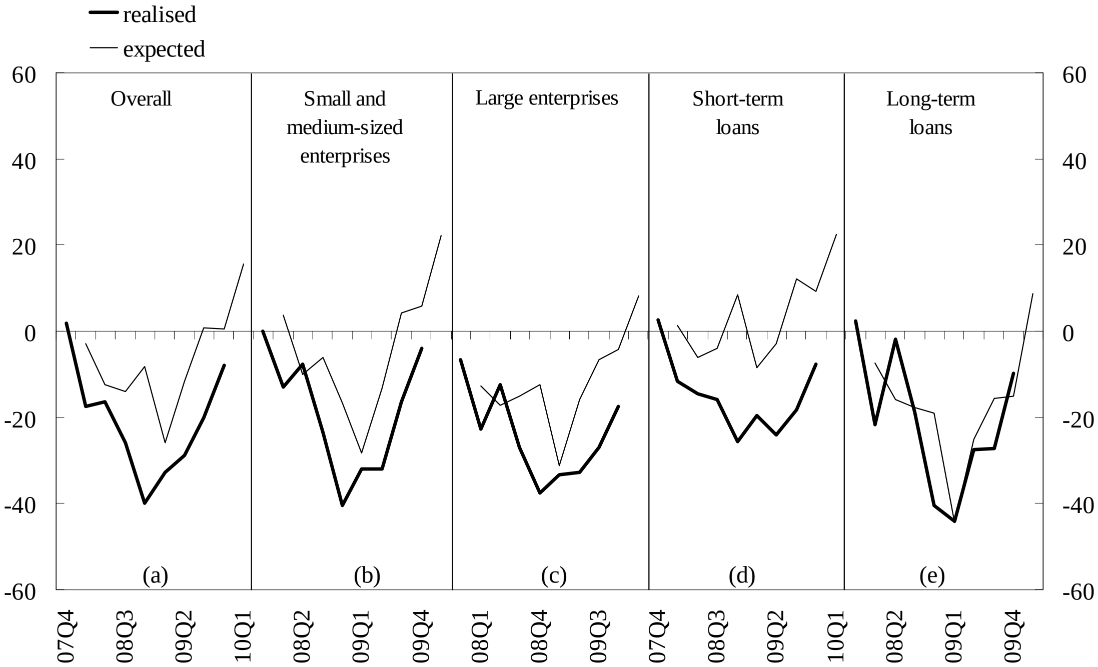
4. Over the past three months, how has the demand for loans or credit lines to enterprises changed at your bank, apart from normal seasonal fluctuations?

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	October 2009	January 2010	October 2009	January 2010	October 2009	January 2010	October 2009	January 2010	October 2009	January 2010
Decreased considerably	7	4	7	3	11	6	7	5	9	4
Decreased somewhat	29	19	27	18	27	23	25	17	34	22
Remained basically unchanged	47	62	49	62	52	60	55	65	42	57
Increased somewhat	15	15	16	16	9	11	13	14	13	16
Increased considerably	2	0	1	1	1	0	0	0	2	1
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***-20***	***-8***	***-17***	***-4***	***-27***	***-18***	***-18***	***-8***	***-27***	***-10***
Diffusion index	***-13***	***-6***	***-11***	***-3***	***-18***	***-12***	***-13***	***-6***	***-17***	***-6***
Mean	*2.75*	*2.88*	*2.78*	*2.94*	*2.64*	*2.77*	*2.75*	*2.88*	*2.66*	*2.87*
Number of banks responding	***112***	***112***	***111***	***111***	***107***	***108***	***112***	***112***	***110***	***109***

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

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

(net percentages of banks reporting positive loan demand)



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

	--	-	°	+	++	NA	NetP		DI		Mean	
							October 2009	January 2010	October 2009	January 2010	October 2009	January 2010
A) Financing needs												
Fixed investment	7	33	47	6	0	8	-52	-34	-33	-21	2.28	2.55
Inventories and working capital	0	21	49	19	1	10	0	-1	0	0	3.00	3.01
Mergers/acquisitions and corporate restructuring	7	20	54	3	0	16	-33	-24	-21	-16	2.49	2.62
Debt restructuring	0	3	39	49	1	8	45	47	23	24	3.49	3.51
B) Use of alternative finance												
Internal financing	0	8	74	8	0	10	-2	-1	0	0	3.00	3.00
Loans from other banks	0	4	77	9	1	10	11	6	6	3	3.14	3.07
Loans from non-banks	0	4	83	2	0	11	-3	-2	-2	-1	2.96	2.97
Issuance of debt securities	0	13	70	1	0	16	-12	-13	-6	-7	2.84	2.85
Issuance of equity	1	5	78	1	0	16	-4	-5	-2	-3	2.95	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 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)

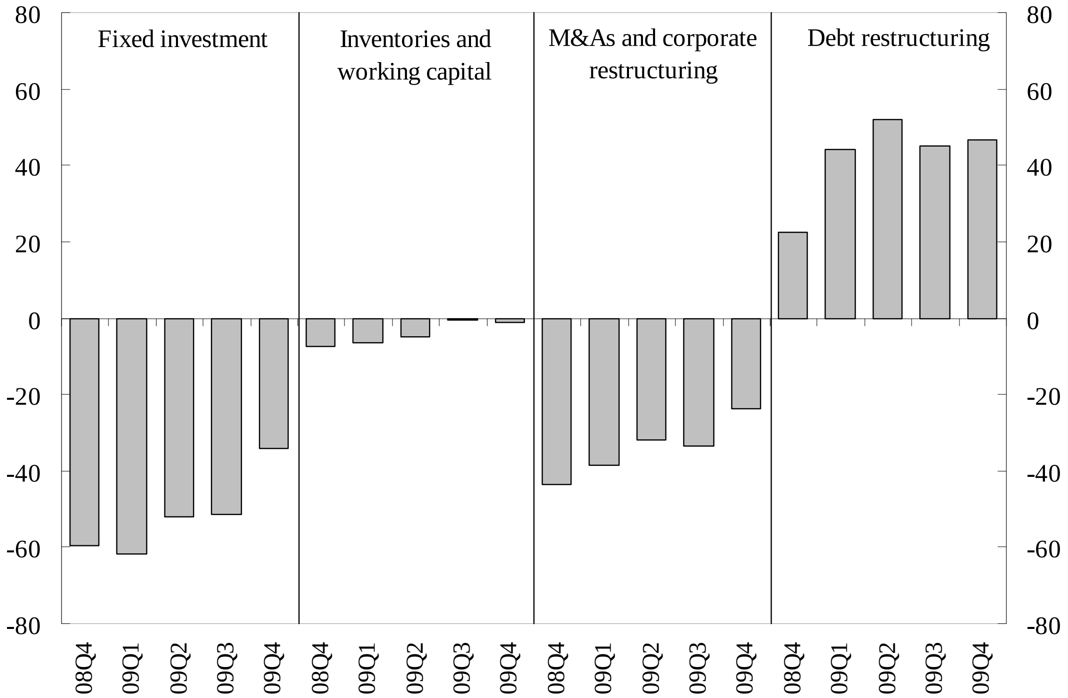
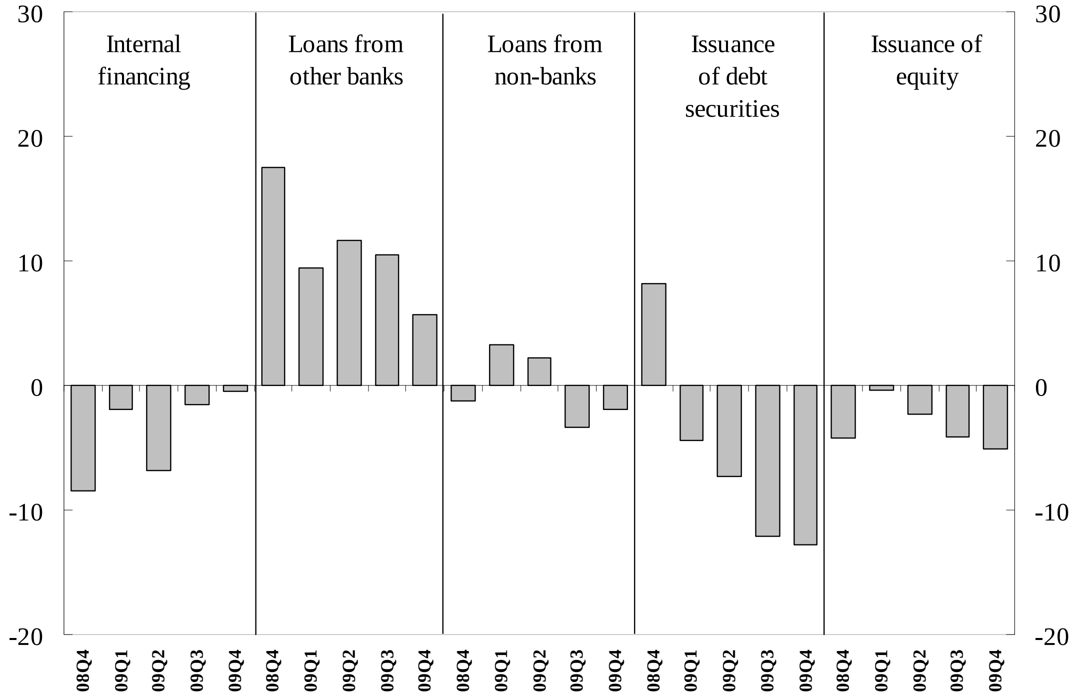


Chart 5b. Factors affecting demand for loans and credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)

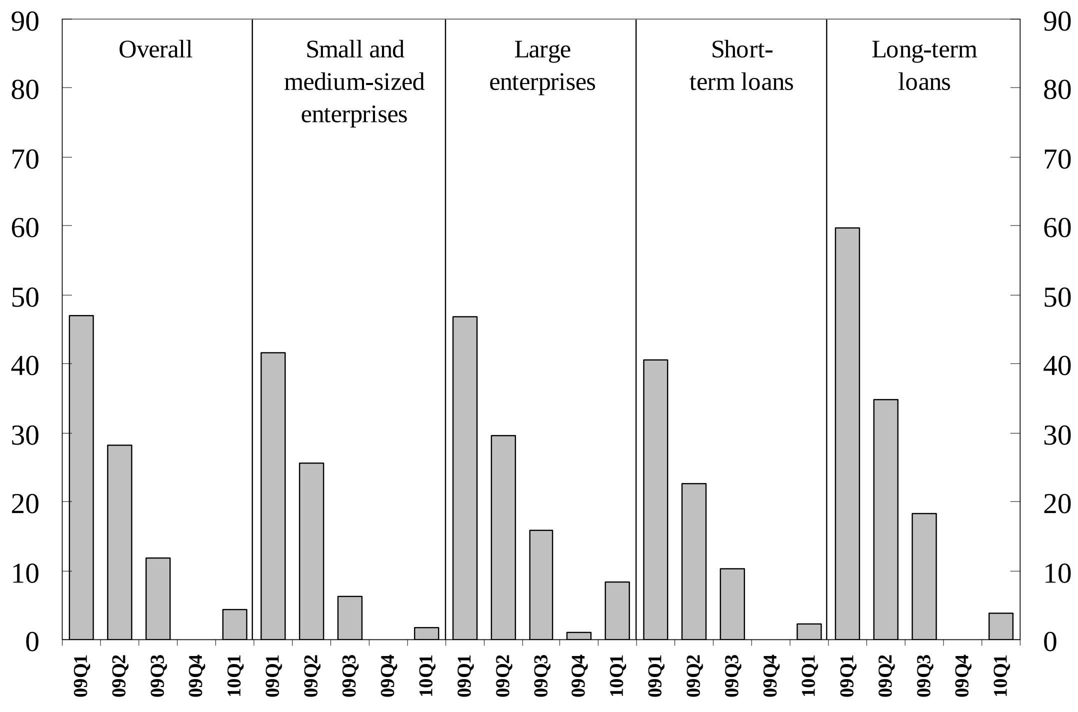


6. Please indicate how you expect your <u>bank's credit standards as applied to the approval of loans or credit lines to enterprises</u> to change over the next three months.

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	October 2009	January 2010	October 2009	January 2010	October 2009	January 2010	October 2009	January 2010	October 2009	January 2010
Tighten considerably	0	2	0	2	0	2	0	0	0	2
Tighten somewhat	5	7	5	7	5	10	5	8	5	8
Remain basically unchanged	89	87	90	85	91	86	89	87	89	86
Ease somewhat	6	4	5	7	4	3	6	6	6	5
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	***-1***	***4***	***0***	***2***	***1***	***8***	***-2***	***2***	***-1***	***4***
Diffusion index	***0***	***3***	***0***	***2***	***1***	***5***	***-1***	***1***	***0***	***3***
Mean	*3.01*	*2.94*	*3.00*	*2.97*	*2.99*	*2.90*	*3.02*	*2.98*	*3.01*	*2.95*
Number of banks responding	***112***	***112***	***111***	***111***	***107***	***108***	***112***	***112***	***110***	***110***

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

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

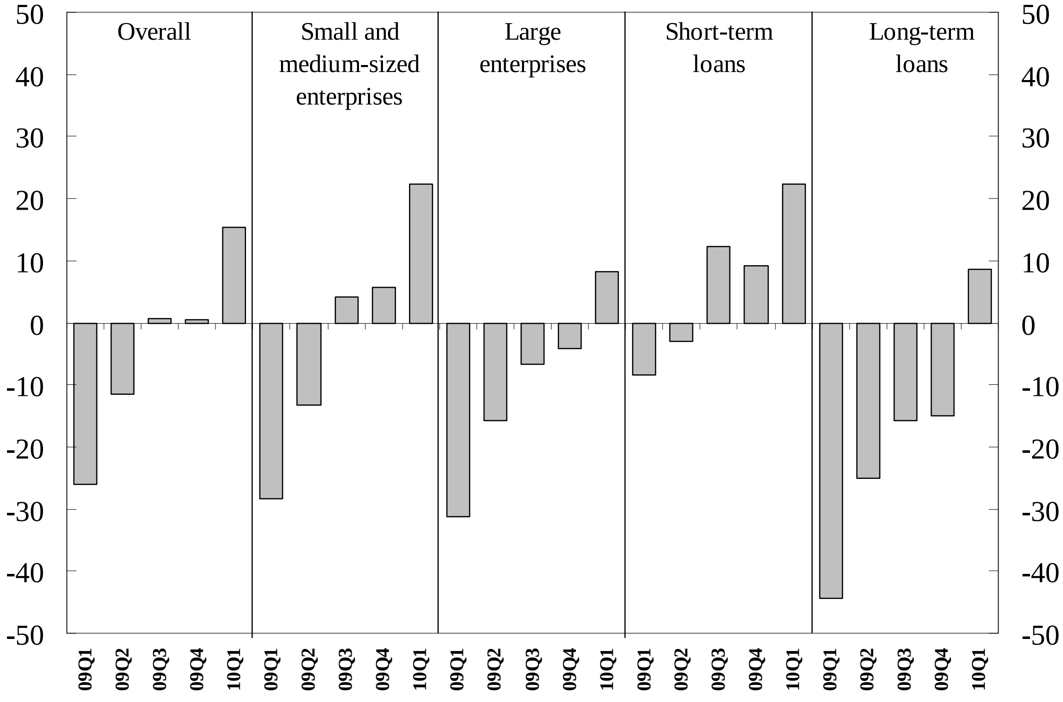


7. Please indicate how you expect <u>demand for loans or credit lines to enterprises</u> to change at your bank over the next three months (apart from normal seasonal fluctuations).

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	October 2009	January 2010	October 2009	January 2010	October 2009	January 2010	October 2009	January 2010	October 2009	January 2010
Decrease considerably	1	1	0	0	2	2	1	1	2	1
Decrease somewhat	17	8	15	7	15	8	15	7	25	10
Remain basically unchanged	65	68	63	64	72	73	60	63	60	69
Increase somewhat	18	24	21	29	12	18	24	30	12	19
Increase considerably	0	0	0	0	0	0	1	0	0	1
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	***1***	***16***	***6***	***22***	***-4***	***8***	***9***	***22***	***-15***	***9***
Diffusion index	***0***	***7***	***3***	***11***	***-3***	***3***	***5***	***11***	***-9***	***4***
Mean	*3.00*	*3.15*	*3.06*	*3.22*	*2.94*	*3.07*	*3.09*	*3.22*	*2.83*	*3.08*
Number of banks responding	***112***	***112***	***111***	***111***	***107***	***108***	***112***	***112***	***110***	***110***

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

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



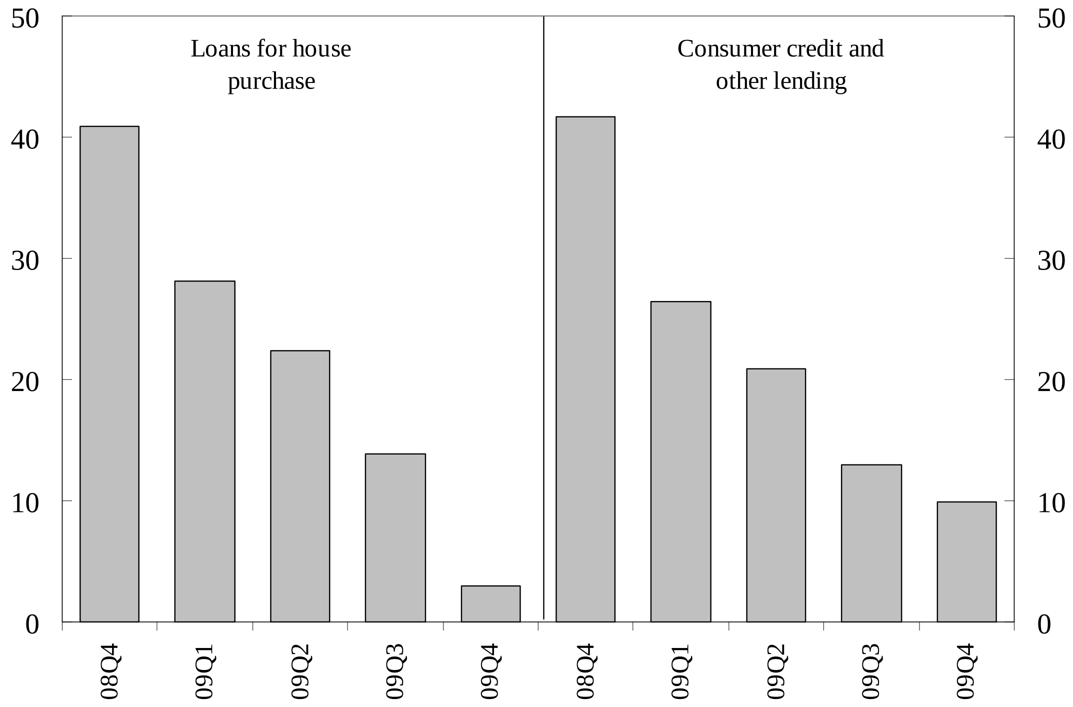
II. Loans to households

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

	Loans for house purchase		Consumer credit and other lending	
	October 2009	January 2010	October 2009	January 2010
Tightened considerably	0	0	0	0
Tightened somewhat	15	9	13	13
Remained basically unchanged	83	85	87	84
Eased somewhat	2	6	0	3
Eased considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***14***	***3***	***13***	***10***
Diffusion index	***7***	***2***	***7***	***5***
Mean	*2.86*	*2.97*	*2.87*	*2.90*
Number of banks responding	***107***	***106***	***108***	***107***

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

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



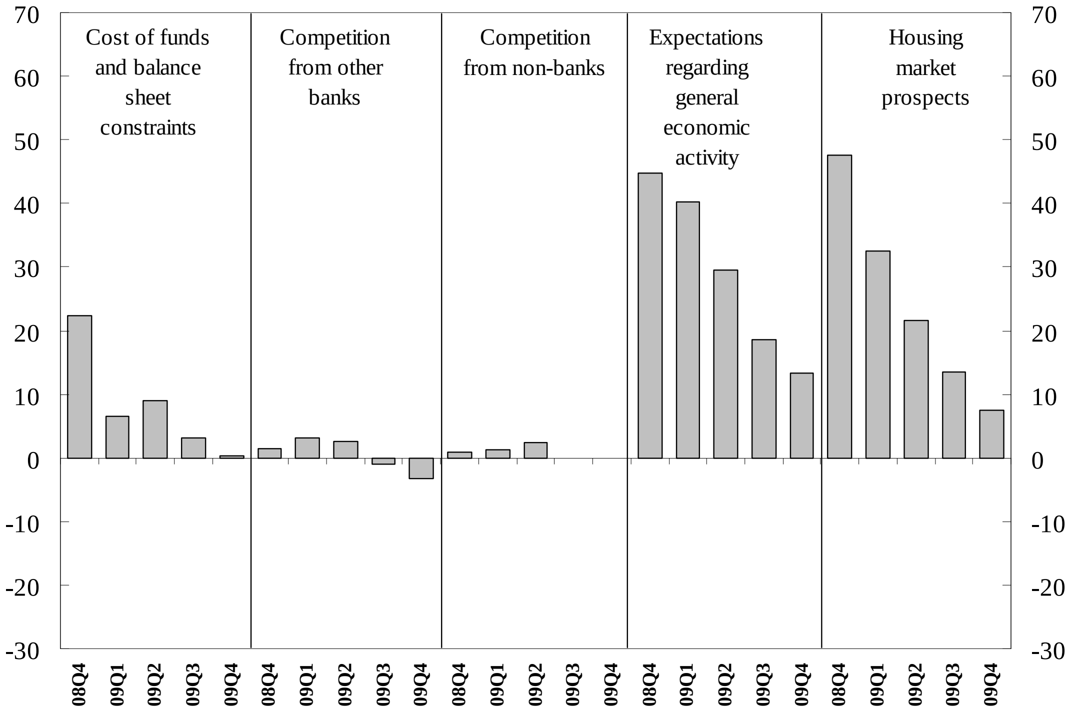
9. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of loans to households for house purchase?

	--	-	°	+	++	NA	NetP		DI		Mean	
							October 2009	January 2010	October 2009	January 2010	October 2009	January 2010
A) Cost of funds and balance sheet constraints	0	4	79	3	0	14	4	0	2	0	2.96	2.99
B) Pressure from competition												
Competition from other banks	0	1	84	4	0	12	-1	-3	0	-2	3.00	3.03
Competition from non-banks	0	0	86	0	0	14	0	0	1	0	2.99	3.00
C) Perception of risk												
Expectations regarding general economic activity	0	14	74	1	0	11	19	13	10	7	2.79	2.86
Housing market prospects	0	9	78	1	0	12	14	8	7	4	2.85	2.92

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

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

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



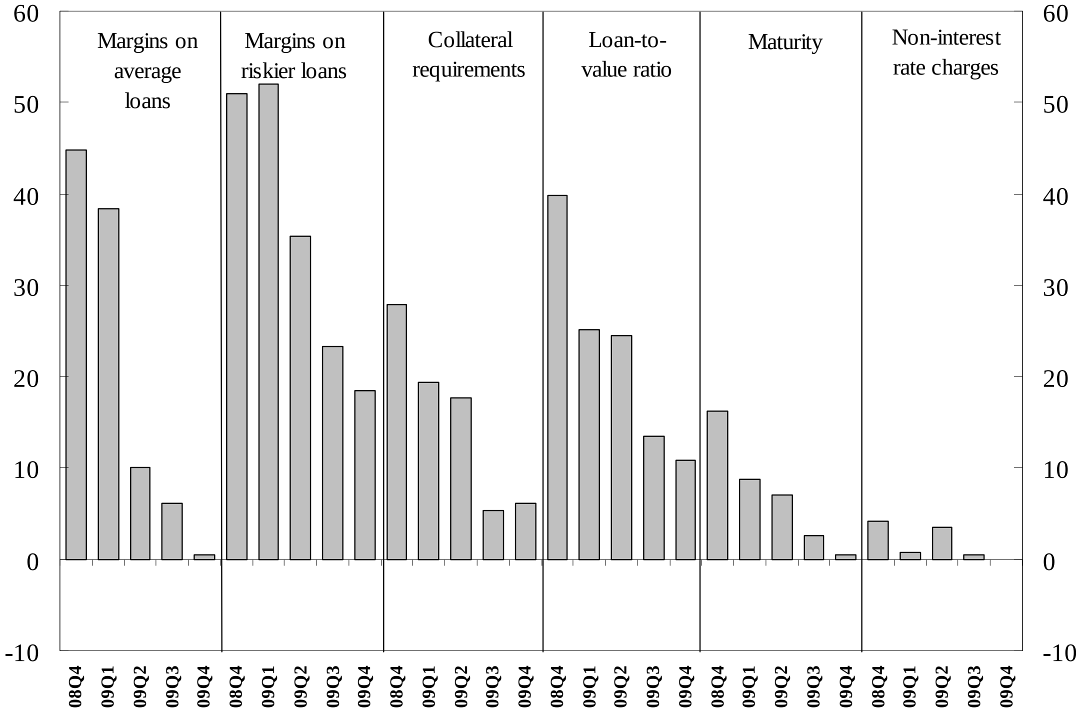
10. Over the past three months, how have your bank's terms and conditions for approving loans to households for house purchase changed?

	--	-	°	+	++	NA	NetP		DI		Mean	
							October 2009	January 2010	October 2009	January 2010	October 2009	January 2010
A) Price												
Your bank's margin on average loans	0	12	67	11	0	11	6	1	4	0	2.91	3.01
Your bank's margin on riskier loans	3	18	66	2	0	11	23	18	13	11	2.71	2.77
B) Other conditions and terms												
Collateral requirements	0	6	83	0	0	11	5	6	3	3	2.94	2.93
Loan-to-value ratio	0	11	78	0	0	11	13	11	7	5	2.86	2.88
Maturity	0	1	89	0	0	11	3	1	1	0	2.98	3.00
Non-interest rate charges	0	0	89	0	0	11	1	0	0	0	2.99	3.00

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

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

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



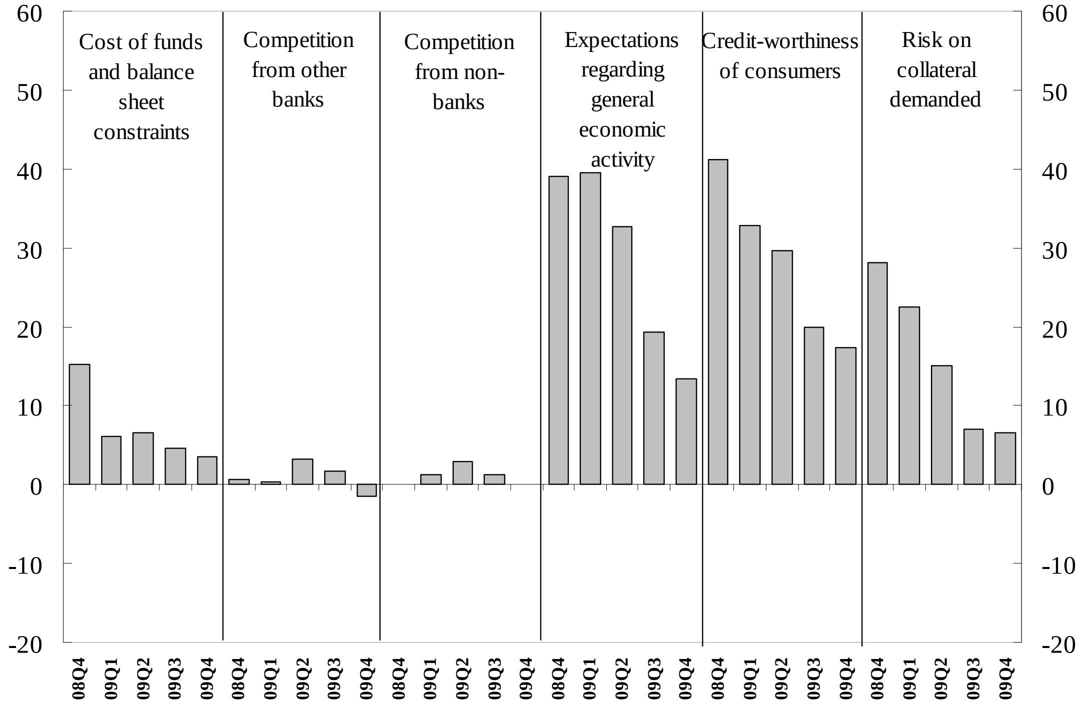
11. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households (as described in question 8)?

	--	-	°	+	++	NA	NetP		DI		Mean	
							October 2009	January 2010	October 2009	January 2010	October 2009	January 2010
A) Cost of funds and balance sheet constraints	0	5	80	1	0	14	5	4	2	2	2.95	2.96
B) Pressure from competition	0	0	0	0	0	0	0	0	0	0		
Competition from other banks	0	0	86	2	0	13	2	-1	1	-1	2.98	3.02
Competition from non-banks	0	0	86	0	0	14	1	0	1	0	2.98	3.00
C) Perception of risk												
Expectations regarding general economic activity	0	13	76	0	0	11	19	13	10	7	2.79	2.85
Creditworthiness of consumers	0	17	72	0	0	11	20	17	10	9	2.78	2.82
Risk on collateral demanded	0	7	79	0	0	15	7	7	4	3	2.92	2.92

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

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

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



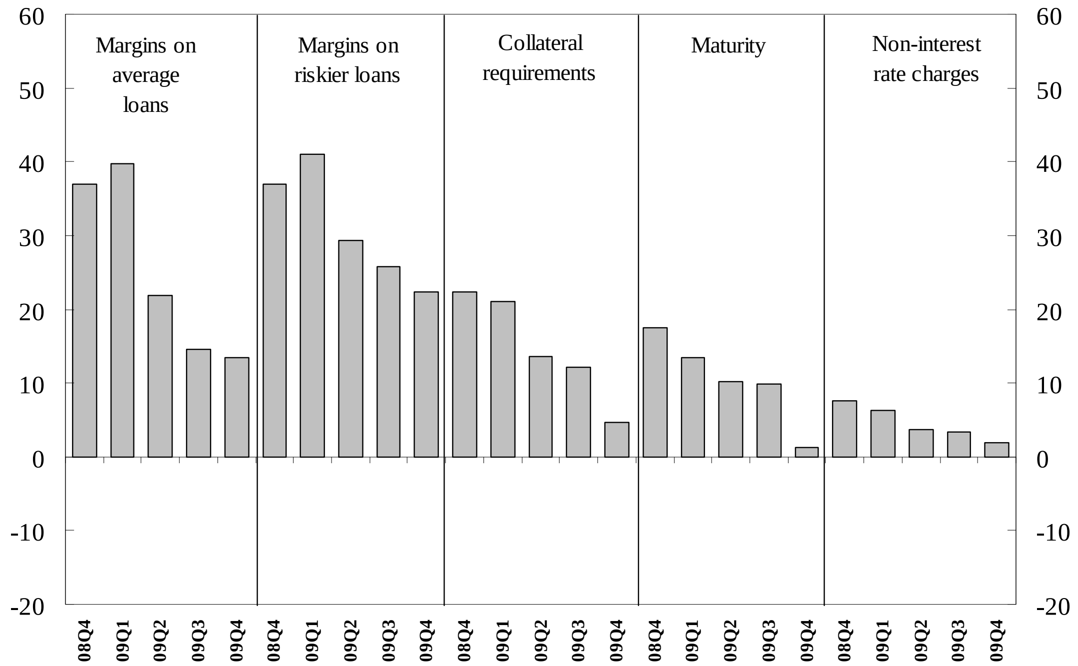
12. Over the past three months, how have your bank's terms and conditions for approving <u>consumer credit and other lending to households</u> changed?

	--	-	°	+	++	NA	NetP		DI		Mean	
							October 2009	January 2010	October 2009	January 2010	October 2009	January 2010
A) Price												
Your bank's margin on average loans	1	15	72	2	0	10	15	13	9	7	2.83	2.85
Your bank's margin on riskier loans	1	22	64	1	0	12	26	22	14	12	2.70	2.74
B) Other conditions and terms												
Collateral requirements	0	5	82	0	0	14	12	5	6	2	2.87	2.95
Maturity	0	1	87	0	0	12	10	1	5	1	2.90	2.99
Non-interest rate charges	0	2	87	0	0	12	3	2	2	1	2.97	2.98

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

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

Chart 12. Changes in terms and conditions for approving consumer credit and other lending to households
(net percentages of banks reporting tightening terms and conditions)



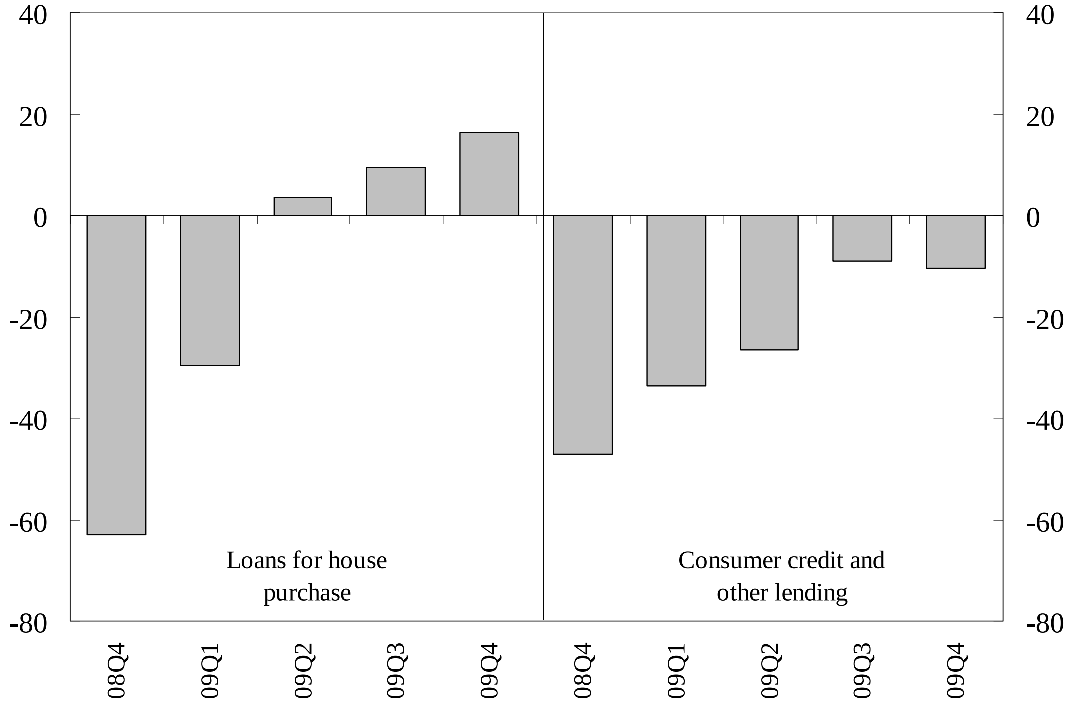
13. Over the past three months, how has the <u>demand for loans to households</u> changed at your bank, apart from normal seasonal fluctuations?

	Loans for house purchase		Consumer credit and other lending	
	October 2009	January 2010	October 2009	January 2010
Decreased considerably	5	3	4	1
Decreased somewhat	18	16	25	26
Remained basically unchanged	46	45	51	57
Increased somewhat	29	33	18	16
Increased considerably	3	3	2	1
Total	*100*	*100*	*100*	*100*
Net percentage	***10***	***16***	***-9***	***-10***
Diffusion index	***4***	***8***	***-5***	***-5***
Mean	*3.08*	*3.16*	*2.89*	*2.90*
Number of banks responding	***107***	***106***	***107***	***107***

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

Chart 13. Demand for loans to households

(net percentages of banks reporting positive loan demand)



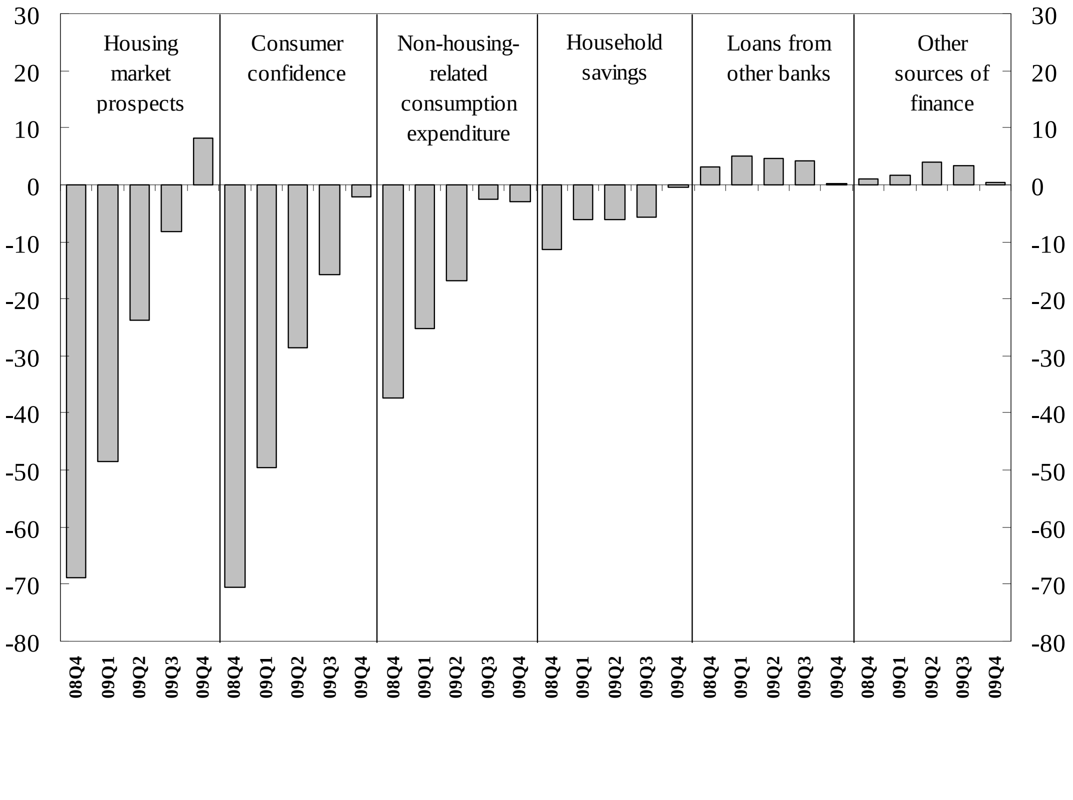
14. Over the past three months, how have the following factors affected the demand for <u>loans to households for house purchase</u> (as described in question 13)?

	--	-	°	+	++	NA	NetP		DI		Mean	
							October 2009	January 2010	October 2009	January 2010	October 2009	January 2010
A) Financing needs												
Housing market prospects	1	16	47	25	0	11	-8	8	-6	4	2.90	3.09
Consumer confidence	1	15	59	14	0	11	-16	-2	-9	-2	2.83	2.97
Non-housing-related consumption expenditure	0	6	81	2	0	11	-3	-3	-1	-2	2.98	2.97
B) Use of alternative finance												
Household savings	0	4	81	4	0	11	-6	0	-3	0	2.94	2.99
Loans from other banks	0	5	79	5	0	11	4	0	3	0	3.06	3.00
Other sources of finance	0	1	86	1	0	12	3	0	2	0	3.04	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 14. Factors affecting demand for loans to households for house purchase
(net percentages of banks reporting a positive contribution to demand)



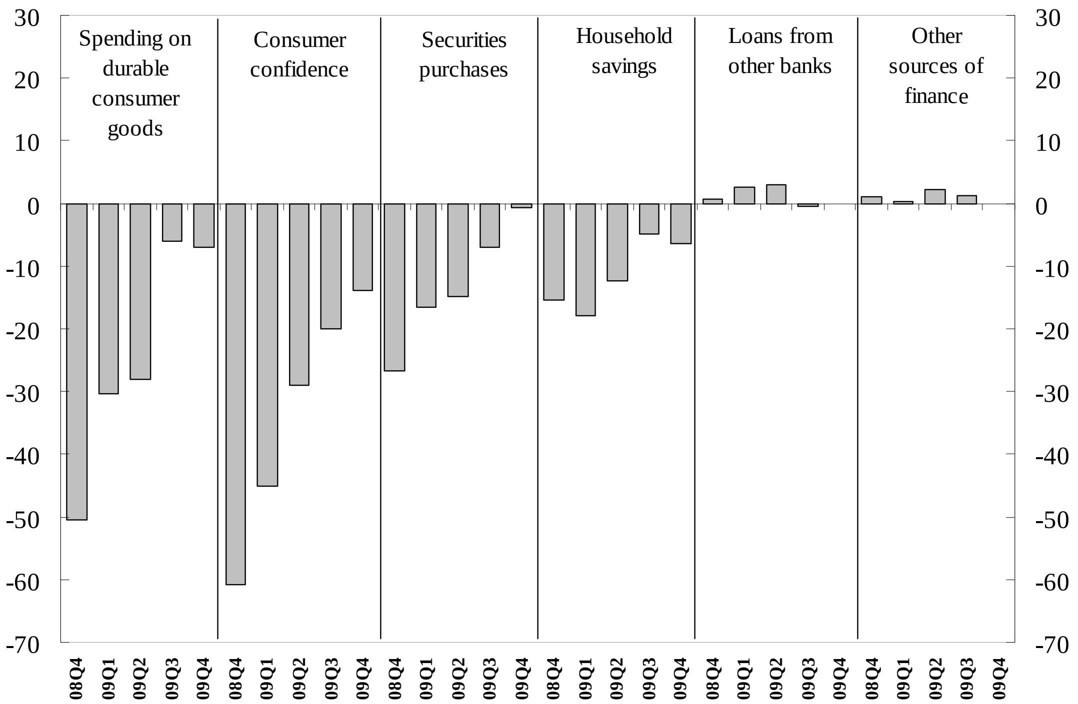
15. Over the past three months, how have the following factors affected the demand for <u>consumer credit and other lending to households</u> (as described in question 13)?

	--	-	°	+	++	NA	NetP		NetP		Mean	
							October 2009	January 2010	October 2009	January 2010	October 2009	January 2010
A) Financing needs												
Spending on durable consumer goods	1	21	50	16	0	12	-6	-7	-5	-4	2.91	2.93
Consumer confidence	2	17	65	6	0	10	-20	-14	-11	-8	2.75	2.83
Securities purchases	0	2	77	1	0	20	-7	-1	-4	0	2.90	2.99
B) Use of alternative finance												
Household savings	0	7	81	1	0	11	-5	-6	-3	-3	2.95	2.93
Loans from other banks	0	2	86	2	0	11	0	0	0	0	3.00	3.00
Other sources of finance	0	0	88	0	0	12	1	0	1	0	3.02	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)

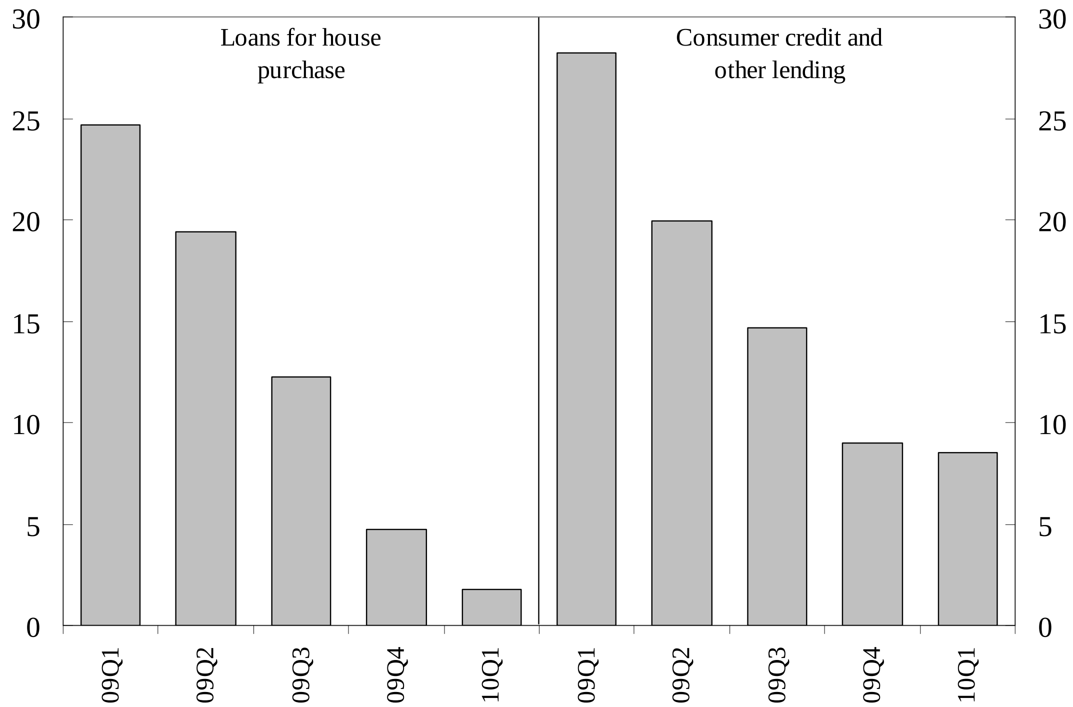


16. Please indicate how you expect your bank's credit standards as applied to the approval of loans to households to change over the next three months.

	Loans for house purchase		Consumer credit and other lending	
	October 2009	January 2010	October 2009	January 2010
Tighten considerably	0	0	0	0
Tighten somewhat	9	7	11	11
Remain basically unchanged	87	89	87	88
Ease somewhat	4	5	2	2
Ease considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***5***	***2***	***9***	***9***
Diffusion index	***2***	***1***	***5***	***4***
Mean	*2.95*	*2.98*	*2.91*	*2.91*
Number of banks responding	***107***	***106***	***107***	***107***

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

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

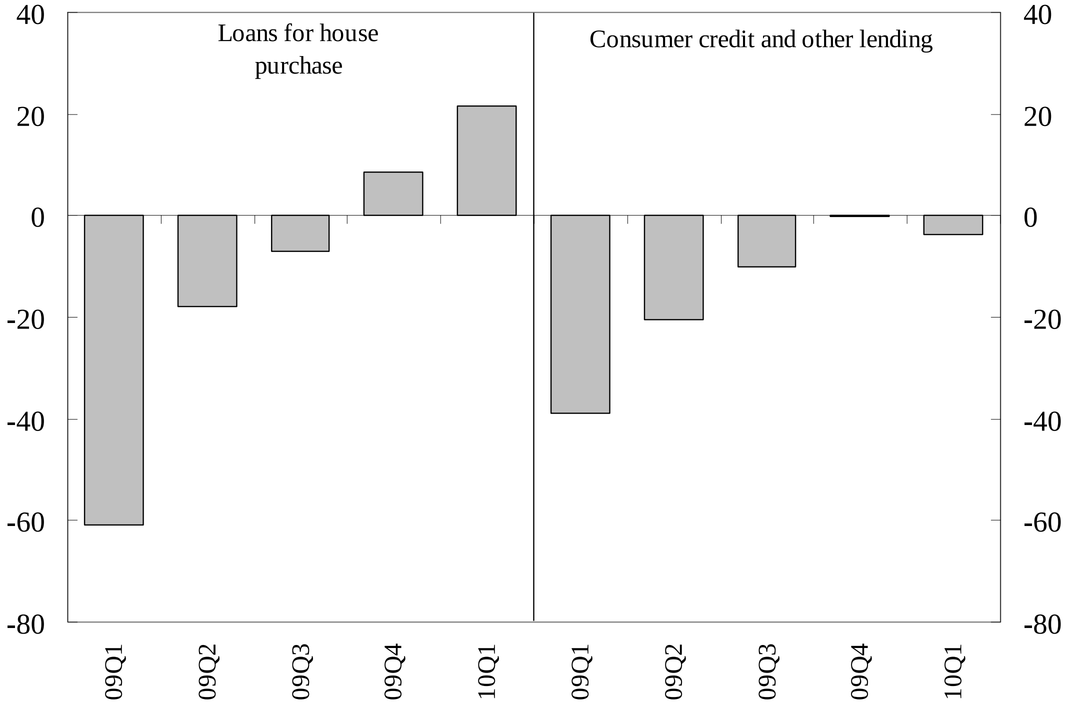


17. Please indicate how you expect <u>demand for loans to households</u> to change over the next three months at your bank (apart from normal seasonal fluctuations).

	Loans for house purchase		Consumer credit and other lending	
	October 2009	January 2010	October 2009	January 2010
Decrease considerably	0	0	0	0
Decrease somewhat	12	8	15	13
Remain basically unchanged	67	63	71	77
Increase somewhat	20	29	15	9
Increase considerably	1	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	***9***	***22***	***0***	***-4***
Diffusion index	***5***	***11***	***0***	***-2***
Mean	*3.10*	*3.22*	*3.00*	*2.96*
Number of banks responding	***107***	***106***	***107***	***107***

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

Chart 17. Expected demand for loans to households
(net percentages of banks expecting positive loan demand)



ANNEX 2: RESULTS FOR THE AD HOC QUESTIONS

i. What effect has the government's announcement and introduction of recapitalisation support and state guarantees for debt securities issued by banks had on your bank's access to wholesale funding over the past three months, and what effect are you expecting over the next three months?

	Over the past three months	Over the next three months
Basically no impact on market access	63%	62%
Some improvement in market access	33%	36%
Considerable improvement in market access	4%	1%
Not applicable (*)	11%	13%
Mean	***3.42***	***3.39***
Standard deviation	0.61	0.55
Number of banks responding	***99***	***97***

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

ii. As a result of the situation in financial markets,(1) 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)	0%	5%	73%	20%	2%	3.19	0.58	0%	3%	78%	14%	5%	3.19	0.60	16%
Short-term money market (more than one week)	2%	5%	76%	15%	1%	3.09	0.60	0%	4%	76%	18%	1%	3.17	0.54	15%
B) Debt securities(3)															
Short-term debt securities (e.g. certificates of deposit or commercial paper)	1%	9%	71%	17%	3%	3.12	0.65	0%	9%	68%	22%	1%	3.15	0.62	20%
Medium to long-term debt securities (incl. covered bonds)	1%	8%	59%	29%	3%	3.24	0.74	2%	8%	65%	24%	1%	3.14	0.69	16%
C) Securitisation(4)															
Securitisation of corporate loans	11%	7%	63%	16%	3%	2.92	0.98	11%	2%	70%	15%	4%	2.99	0.98	44%
Securitisation of loans for house purchase	10%	6%	67%	10%	7%	2.98	1.05	9%	2%	70%	15%	4%	3.02	0.95	41%
D) Ability to transfer credit risk off balance sheet(5)	18%	6%	68%	3%	4%	2.67	1.05	13%	0%	78%	5%	4%	2.85	0.98	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.

iii. 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	2%	3%
Considerable impact on capital, and some impact on lending	13%	10%
Some impact on both capital and lending	26%	24%
Some impact on capital, but no impact on lending	17%	21%
Basically no impact on capital	32%	30%
No reply	10%	11%
Mean	***3.78***	***3.78***
Standard deviation	1.21	1.20
Number of banks responding	***118***	***118***

(*) 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: Detailed results for the forward looking questions with a longer time horizon

A. Please indicate how you expect your bank's credit standards, as applied to the approval of loans or credit lines, to change over the next 12 months

	--	-	?	+	+ +	NetP	DI	M	SD	Number of banks responding
Enterprises										
Overall	2%	13%	74%	11%	0%	3%	3%	2.95	0.59	109
Loans to SMEs	0%	15%	70%	15%	0%	0%	0%	3.00	0.57	109
Loans to large enterprises	2%	19%	68%	12%	0%	9%	5%	2.90	0.63	107
Households										
Loans for house purchase	0%	9%	76%	15%	0%	-5%	-3%	3.05	0.52	105
Consumer credit and other lending	1%	13%	80%	5%	0%	10%	6%	2.89	0.50	106

Notes: Net percentage is defined as the difference between the sum of the percentages for "will tighten considerably" and "will tighten somewhat" and the sum of the percentages for "will ease somewhat" and "will 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).
The mean and standard deviation are calculated by attributing the values 1 to 5 starting with the first possible answer and consequently for the other answers. These values are then multiplied with the corresponding (weighted) percentages.

B. Over the next 12 months, how do you expect the following factors to affect your bank's credit standards, as applied to the approval of loans or credit lines, for the respective loan categories?

	--	-	?	+	+ +	N/A	NetP	DI	M	SD
A) Cost of funds and balance sheet constraints										
Enterprises										
Overall	2%	9%	77%	4%	0%	8%	7%	4%	2.90	0.51
Loans to SMEs	1%	10%	77%	4%	0%	0%	6%	4%	2.92	0.45
Loans to large enterprises	3%	10%	71%	3%	0%	0%	10%	7%	2.83	0.59
Households										
Loans for house purchase	1%	4%	74%	8%	0%	0%	-4%	-2%	3.03	0.42
Consumer credit and other lending	1%	6%	80%	1%	0%	0%	6%	3%	2.93	0.33
B) Pressure from competition										
Enterprises										
Overall	0%	2%	85%	4%	0%	9%	-3%	-1%	3.03	0.28
Loans to SMEs	0%	2%	82%	7%	0%	9%	-5%	-2%	3.05	0.31
Loans to large enterprises	0%	3%	77%	7%	0%	13%	-4%	-2%	3.04	0.35
Households										
Loans for house purchase	0%	0%	74%	14%	0%	12%	-14%	-7%	3.16	0.39
Consumer credit and other lending	0%	1%	86%	1%	0%	12%	0%	0%	3.00	0.18
C) Perception of risk										
Enterprises										
Overall	2%	14%	66%	10%	0%	8%	5%	4%	2.92	0.61
Loans to SMEs	3%	11%	64%	13%	0%	8%	1%	2%	2.95	0.67
Loans to large enterprises	2%	15%	64%	7%	0%	12%	10%	6%	2.85	0.60
Households										
Loans for house purchase	0%	10%	62%	16%	0%	11%	-6%	-3%	3.06	0.57
Consumer credit and other lending	0%	17%	65%	7%	0%	11%	10%	5%	2.88	0.53

NA = Not available; NetP = Net percentage; DI = Diffusion index; M = Mean; SD = Standard deviation
Notes: Column "Net percentage" is defined as the difference between the sum of "- -"(will contribute considerably to tightening) and "-"(will contribute somewhat to tightening) and the sum of "+" (will contribute somewhat to easing) and "+ +" (will contribute considerably to easing). "°" means will have basically no impact. 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).

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.

<u>Diffusion index</u>

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).

<u>Enterprises</u>

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.

<u>Enterprise size</u>

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.

<u>Households</u>

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.

<u>Housing market prospects</u>

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.