

## THE EURO AREA BANK LENDING SURVEY

### - APRIL 2010 -

#### 1. Overview of the results

The results reported in the April 2010 bank lending survey relate to changes during the first quarter of 2010 and expectations of changes in the second quarter. The survey was conducted from 15 March until 1 April 2010. 119 euro area banks participated in the survey, leading to a response rate of 100%. As in previous survey rounds, a number of ad hoc questions dealing specifically with the implications of the situation in financial markets were included in this survey.

*Overall, with respect to loans to enterprises, the April 2010 bank lending survey (BLS) points to an unchanged net tightening of credit standards (3%), broadly in line with expectations in the previous survey round. By contrast, there was an increase in the net tightening of credit standards on loans to households for house purchase in the first quarter of 2010.*

*The net tightening of credit standards on loans to enterprises remained unchanged at 3% in the first quarter of 2010, broadly in line with expectations at the time of the previous survey round. Looking forward, euro area banks expect the net tightening of credit standards on loans to enterprises to remain broadly unchanged also in the second quarter of 2010 (at 2%). Among the factors contributing to the net tightening of credit standards on loans to enterprises, the contribution of the industry- or firm-specific outlook as well as of the general economic outlook remained broadly unchanged. With respect to the bank-specific factors, the picture remained mixed. While banks' liquidity position continued to contribute to an easing of credit standards, the cost of their capital position and their ability to access market financing contributed to a tightening of credit standards.*

*By contrast with loans to enterprises, there was an increase in the net tightening of credit standards on loans to households for house purchase in the first quarter of 2010 (to 10%, from 3% in the fourth quarter of 2009). The net tightening remained broadly unchanged for consumer credit (at 11%, compared with 10% in the fourth quarter of 2009). Looking forward, banks expect a decrease in the net tightening of credit standards for housing loans and consumer loans in the second quarter of 2010 (in both cases to 2%).*

*The BLS results also point to weaker net demand for loans in the first quarter of 2010, which was negative for loans to enterprises (-13%, as against -8% in the fourth quarter of 2009) and in particular for loans to households (-2% for housing loans, down from 16% in the fourth quarter of 2009). By*

*contrast, banks had expected in the previous survey round a positive net demand for loans to enterprises and for housing loans.*

*The most important reason for the weaker net demand for loans by enterprises appears to be a smaller positive contribution of debt restructuring, whereas the negative contribution of fixed investment remained broadly unchanged and the contribution of inventories and working capital turned positive. For housing loans, demand turned negative after three consecutive quarters with positive net demand. The significant fall in demand was due in particular to a less positive contribution of housing market prospects and a more negative contribution of consumer confidence. Finally, net demand for consumer credit and other lending to households also weakened in the first quarter of 2010 (-13%, after -10% in the fourth quarter of 2009).*

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

*In the first quarter of 2010, banks generally reported that their access to wholesale funding became easier, apart from their ability to transfer credit risk off their balance sheets, for which however access is expected to improve in the second quarter of 2010.*

### **General notes**

The bank lending survey is addressed to senior loan officers of a representative sample of euro area banks.<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.

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<sup>1</sup> The sample group of banks participating in the survey comprises 119 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, 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 first quarter of 2010) or expectations of changes over the next three months (i.e. in the second quarter of 2010).

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

A copy of the questionnaire can be found at

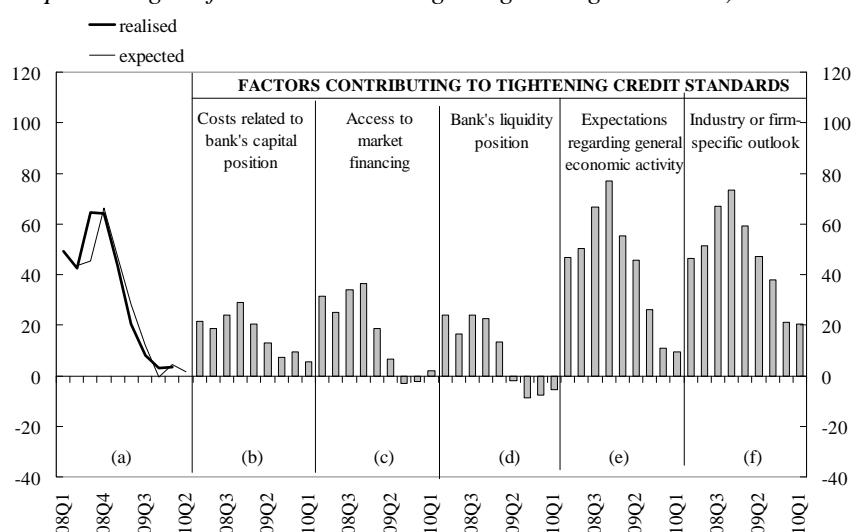
<http://www.ecb.europa.eu/stats/money/surveys/lend/html/index.en.html>.

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

### 2.1 Enterprises

**Credit standards.** In the first quarter of 2010, the net percentage of banks reporting a tightening of credit standards on loans and credit lines to enterprises remained unchanged at 3% (see Chart 1), broadly in line with banks' expectations in the previous survey round (which stood at 4%). With regard to firm size, the net percentage remained broadly unchanged and stood at similar levels both for loans to small and medium-sized enterprises (at 4%, unchanged from the fourth quarter of 2009) and for loans to large firms (at 3%, compared with 4% in the fourth quarter of 2009). Regarding loan maturities, a net tightening of credit standards of 1% was observed for short-term loans (compared with 4% in the fourth quarter of 2009), while there was a net tightening of 4% for long-term loans (compared with 3% in the fourth quarter of 2009).

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



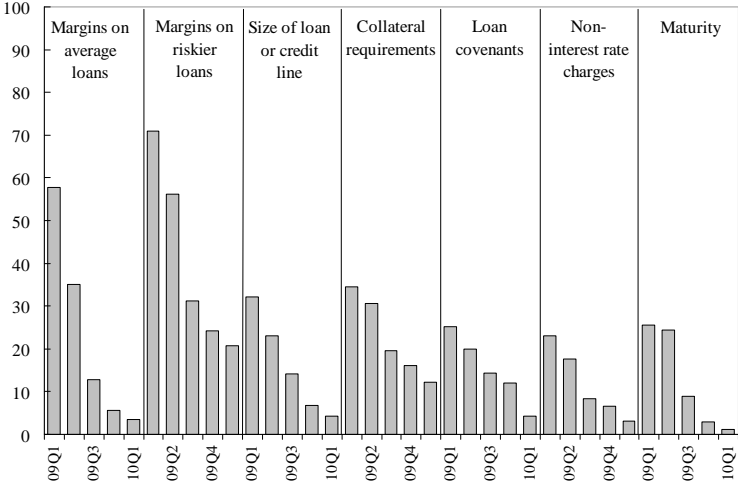
Notes: "Realised" values refer to changes that have occurred, while "expected" values are changes anticipated by banks. Net percentages are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages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

Looking at the factors contributing to the net tightening of credit standards, the contributions of the industry- or firm-specific outlook (21%, unchanged from the fourth quarter of 2009), as well as of expectations regarding general economic activity (9%, as against 11% in the fourth quarter of 2009), remained broadly unchanged, whereas the contribution of the risk on collateral demanded declined (to 4% from 12% in the fourth quarter of 2009). Hence, after a considerable decline in the factors related to banks' risk perception during 2009, this development slowed down in the first quarter of 2010. With respect to the bank-specific factors, the picture remained mixed. The cost related to banks' capital position continued to contribute to the tightening of credit standards, although slightly less than before

(6%, as against 9% in the fourth quarter of 2009). Banks' ability to access market financing also contributed slightly to the tightening of credit standards, after an easing contribution in the two previous quarters. By contrast, banks' liquidity position continued to contribute to an easing of credit standards (-6%, as against -8% in the fourth quarter of 2009). Competition (among banks, non-banks and market financing) also tended to result in an easing of credit standards on loans to enterprises. Hence, while in particular the risk factors and banks' capital position still contributed to a tightening of credit standards, competition and banks' liquidity position, helped by the non-standard monetary policy operational measures of the ECB, contributed to an easing of standards.

The net tightening of the price and non-price terms and conditions on loans to enterprises continued to decline in the first quarter of 2010 (see Chart 2). This decline was broadly based across all types of terms and conditions, with, in particular, a reduction in the net tightening of loan covenants (4%, as against 12% in the fourth quarter of 2009). With regard to firm size, margins on average loans to large firms eased slightly for the first time since this breakdown became available in the first quarter of 2009 (-1%, from 6% in the fourth quarter of 2009), whereas the net tightening of margins remained broadly unchanged for SME loans (8%, as against 7% in the fourth 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.

Looking forward, euro area banks expect the net percentage of banks reporting a tightening of credit standards on loans and credit lines to enterprises to remain broadly unchanged in the second quarter of 2010 (at 2%).

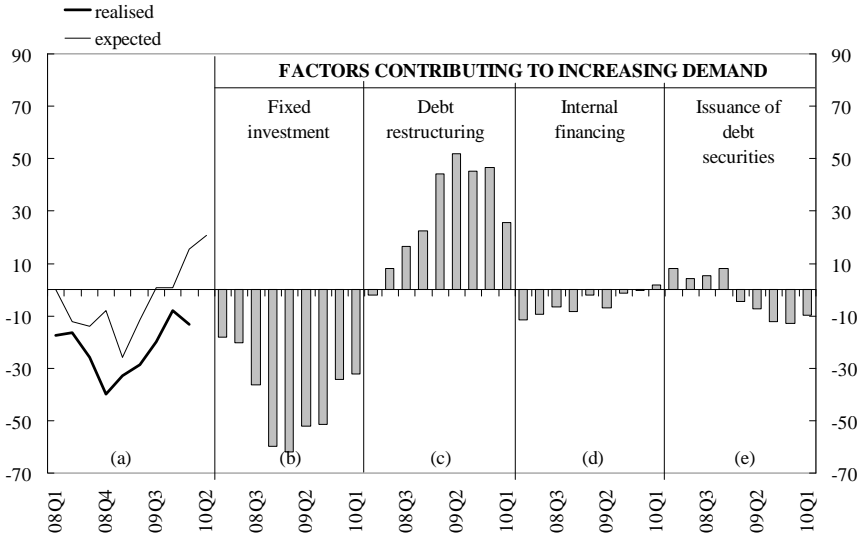
**Loan demand.** In the first quarter of 2010, net demand for loans<sup>3</sup> from enterprises declined to -13% from -8% in the fourth quarter of 2009 and -20% in the third quarter of 2009 (see Chart 3). Hence, the gradual recovery of loan demand by enterprises that had started in the first quarter of 2009 seems to have

<sup>3</sup> The net demand for loans is calculated as the difference between the percentage of banks reporting that demand for loans has increased and that of banks reporting that demand for loans has decreased.

weakened. Net demand weakened for both loans to SMEs (to -9%, from -4%) and loans to large firms (to -20%, from -18%), but remained overall weaker for large firms.

The most important reason for the weakening in net demand for loans by enterprises appears to be a smaller positive contribution of debt restructuring (i.e. altering the terms and conditions of outstanding debt obligations of enterprises; 26%, as against 47% in the fourth quarter of 2009) to the demand for loans by enterprises, which fell from exceptionally high previous levels. By contrast, the negative contribution of fixed investment remained broadly unchanged at depressed levels (-32%, as against -34% in the fourth quarter of 2009) and the contribution of inventories and working capital turned positive (to 3%, as against -1% in the fourth quarter of 2009) for the first time since the third quarter of 2008. The increase in the net percentage of banks reporting weaker loan demand needs to be viewed against this background. Favourable market conditions, leading to some substitution of loans by debt securities issuance, also lowered loan demand by enterprises, as indicated in particular by the negative contribution of debt securities issuance (-10%, as against -13% in the fourth quarter of 2009).

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



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

Looking forward, banks continue to be relatively optimistic regarding loan demand by enterprises. On balance, 21% (up from 16%) expect net loan demand from enterprises to turn positive in the second quarter of 2010 and, in line with the current pattern of loan demand, it is expected to be more positive for SMEs (+24% in the second quarter of 2010) than for large firms (+9%).

## 2.2 Households

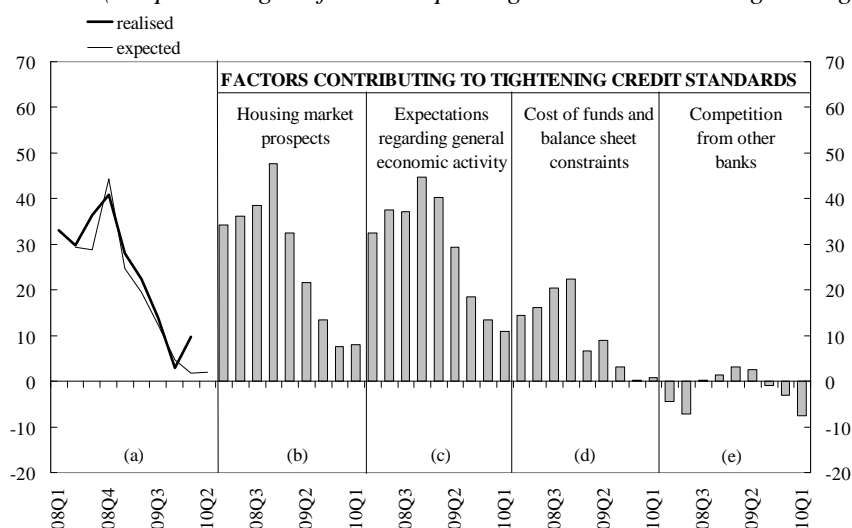
### Loans to households for house purchase

**Credit standards.** In contrast with the previous trend and the situation for loans to enterprises, there was an increase in the net percentage of banks reporting a tightening of credit standards on loans to households for house purchase in the first quarter of 2010 (to 10%, from 3% in the fourth quarter of 2009 and 14% in the third quarter of 2009; see Chart 4). This is somewhat in contrast with banks' expectations in the previous round, when they foresaw a similarly low net tightening as in the fourth quarter of 2009. In addition, such a development did not seem to be reflected in the underlying factors, which either remained broadly unchanged (for instance housing market prospects) or became lower (for instance the general economic outlook) in the first quarter of 2010. An explanation for the increase in the net tightening of credit standards may be related to other factors, such as changes in banks' risk management.

As in the previous survey round and unlike for corporate loans, banks' cost of funds and balance sheet constraints, seen as pure supply-side factors with regard to the provision of loans, remained neutral (1%, as against 0% in the fourth quarter of 2009). Finally, competition among banks continued to contribute to an easing of credit standards on housing loans (-8%, as against -3% in the fourth quarter of 2009).

Regarding terms and conditions on loans for house purchase, margins on riskier loans (16%), loan-to-value ratios (11%) and collateral requirements (4%) continued to be tightened by banks, although moderately compared with levels one year ago. By contrast, loan maturity (1%) remained broadly neutral and the margins on average loans (-3%) declined in the first quarter of 2010 for the first time since the third quarter of 2007. Hence, while credit standards on housing loans were overall tightened, a closer look at the terms and conditions reveals a relatively benign picture with respect to the development of lending conditions for housing loans.

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



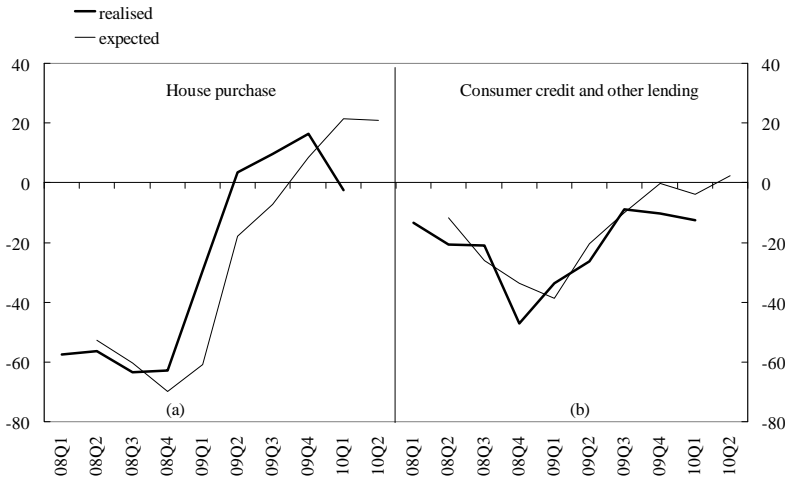
Note: See the notes to Chart 1.

Looking forward, banks expect a renewed decrease in the net tightening of credit standards for housing loans in the second quarter of 2010 (to 2%).

**Loan demand.** Net demand for housing loans declined significantly in the first quarter of 2010 (to -2% from 16% in the fourth quarter of 2009), after an increase for three consecutive quarters, and in contrast to the positive net demand banks had expected in the previous survey round (see Chart 5). The fall in demand can be explained in particular by a less positive contribution of housing market prospects (3%, as against 8% in the fourth quarter of 2009) and a more negative contribution of consumer confidence (-13%, as against -2% in the fourth quarter of 2009). In addition, competition from other banks contributed negatively to the demand for housing loans (-6%, from 0%).

Looking forward, banks expect the net demand for housing loans to increase in the second quarter of 2010 (to 21%).

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



Note: See the notes to Chart 3.

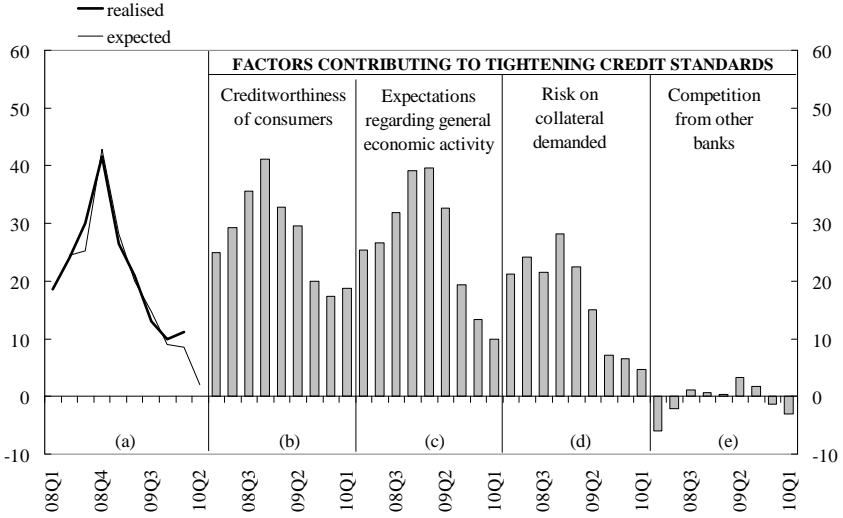
**Consumer credit and other lending to households**

**Credit standards.** The net percentage of banks reporting a tightening of credit standards on consumer credit and other lending to households remained broadly unchanged in the first quarter of 2010 (11%, as against 10% in the fourth quarter of 2009; see Chart 6), broadly in line with expectations in the previous survey round. Most factors driving developments in credit standards on consumer credit and other lending to households also remained broadly unchanged. While banks’ expectations regarding general economic activity (10%, as against 13% in the fourth quarter of 2009) and the creditworthiness of consumers (19%, as against 17% in the fourth quarter of 2009) were the main factors underlying the net tightening, competition among banks contributed to an easing of credit standards (-3%, as against -1% in the fourth quarter of 2009). In addition, as for housing loans, banks’ cost of funds and balance sheet constraints



were broadly neutral for the provision of consumer credit and other lending to households (1%, as against 4% in the fourth quarter of 2009).

**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.

Looking forward, banks expect the net tightening to decline in the second quarter of 2010 (to 2%).

**Loan demand.** Developments in the demand for consumer loans appear to have been somewhat more sluggish in the first quarter of 2010 (-13%, as against -10% in the fourth quarter of 2009; see Chart 5). Banks had expected a smaller decline for the first quarter of 2010. While most factors having an impact on consumer loans remained broadly unchanged in the first quarter of 2010, some dampening impact on loan demand came from competition from other banks.

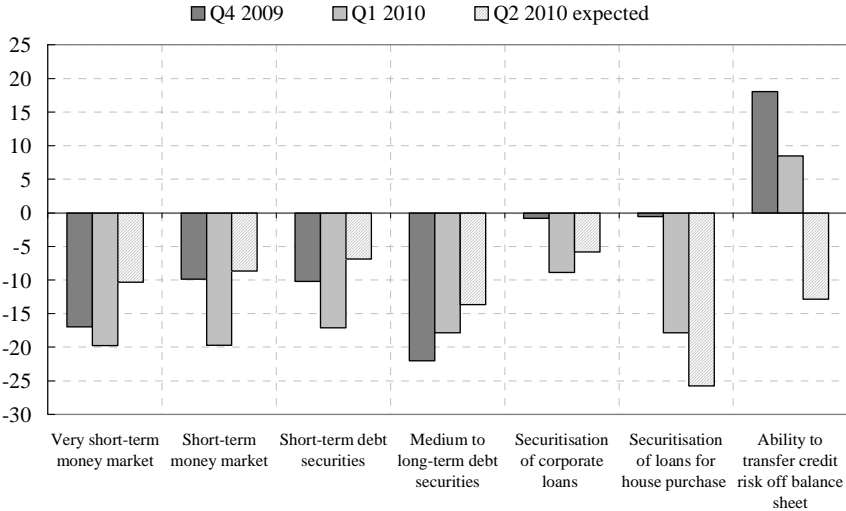
Looking ahead, in contrast with the previous survey round, banks expect a slightly positive net demand for consumer credit and other lending to households in the second quarter of 2010 (2%).

### 3. Ad hoc questions

As a follow-up to the ad hoc questions included in the previous survey rounds, the April 2010 survey round also contained a few questions which aim at assessing the extent to which the financial market tensions have affected banks' credit standards for loans and credit lines to enterprises and for loans to households in the euro area in the first quarter of 2010 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 and the impact on bank lending.<sup>4</sup>

<sup>4</sup> The results shown are calculated as a percentage of the number of banks which did not reply "not applicable".

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



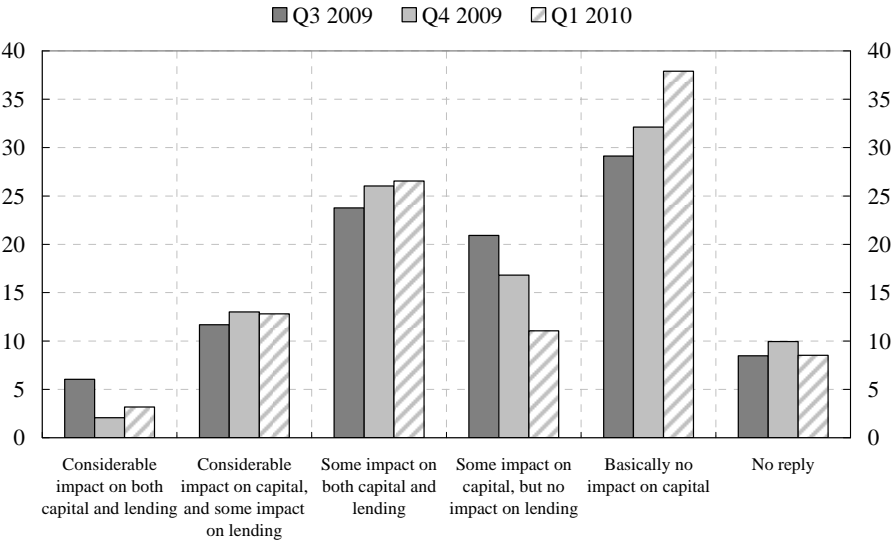
*Note: The percentages were calculated by adding together the shares of banks that reported a “considerable impact” and “some impact” on their market access.*

For the first quarter of 2010, banks generally reported that their access to wholesale funding became easier, apart from their ability to transfer credit risk off their balance sheets (see Chart 7). On balance, around 17-20% of the banks (excluding the banks that replied “not applicable”) reported an easier access to money markets and debt securities markets in the first quarter of 2010. In addition, after a broadly neutral assessment of true-sale securitisation access for corporate and housing loans in the fourth quarter of 2009, banks for which this business is relevant (which is the case for around 60% of the banks) assessed the situation as being a lot more positive, in particular for the securitisation of housing loans. On balance, 18% of the banks reported an easier access to this type of securitisation. By contrast, according to 9% of the banks for which this business is relevant (which is the case for 40% of the banks), synthetic securitisation, i.e. the ability to transfer credit risk off balance sheet, still deteriorated.

Over the next three months, banks expect a further improvement in the access to wholesale funding. In particular, on balance, 13% of the banks for which this business is relevant expect that also their access to synthetic securitisation will become easier.

Regarding the impact of the financial turmoil on banks’ costs related to their capital position and on their lending policy (see Chart 8), there was not much of a change between the fourth quarter of 2009 and the first quarter of 2010. In the first quarter of 2010, about 40% 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. In addition, 38% (as against 32% in the fourth quarter of 2009) reported that there was basically no impact from the financial turmoil on their capital in the first quarter of 2010.

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



## ANNEX 1: RESULTS FOR THE INDIVIDUAL QUESTIONS

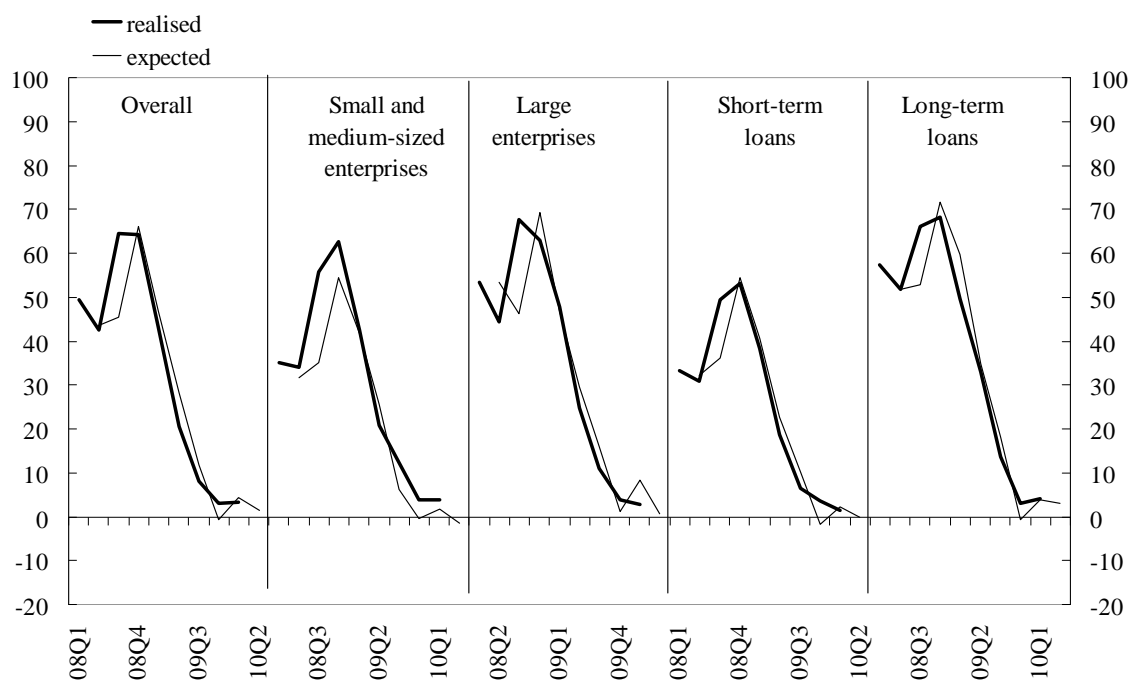
### I. Loans or credit lines to enterprises

- 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 2010	April 2010	January 2010	April 2010	January 2010	April 2010	January 2010	April 2010	January 2010	April 2010
Tightened considerably	2	2	0	2	3	2	1	2	3	3
Tightened somewhat	7	6	11	9	7	5	8	5	6	6
Remained basically unchanged	84	88	83	83	84	89	87	87	85	86
Eased somewhat	6	4	7	7	6	4	5	6	6	5
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>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>3</b>	<b>4</b>
<b>Diffusion index</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>Mean</b>	<b>2.95</b>	<b>2.95</b>	<b>2.96</b>	<b>2.95</b>	<b>2.93</b>	<b>2.95</b>	<b>2.96</b>	<b>2.97</b>	<b>2.94</b>	<b>2.93</b>
<b>Number of banks responding</b>	<b>112</b>	<b>113</b>	<b>111</b>	<b>111</b>	<b>108</b>	<b>108</b>	<b>112</b>	<b>113</b>	<b>110</b>	<b>111</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?

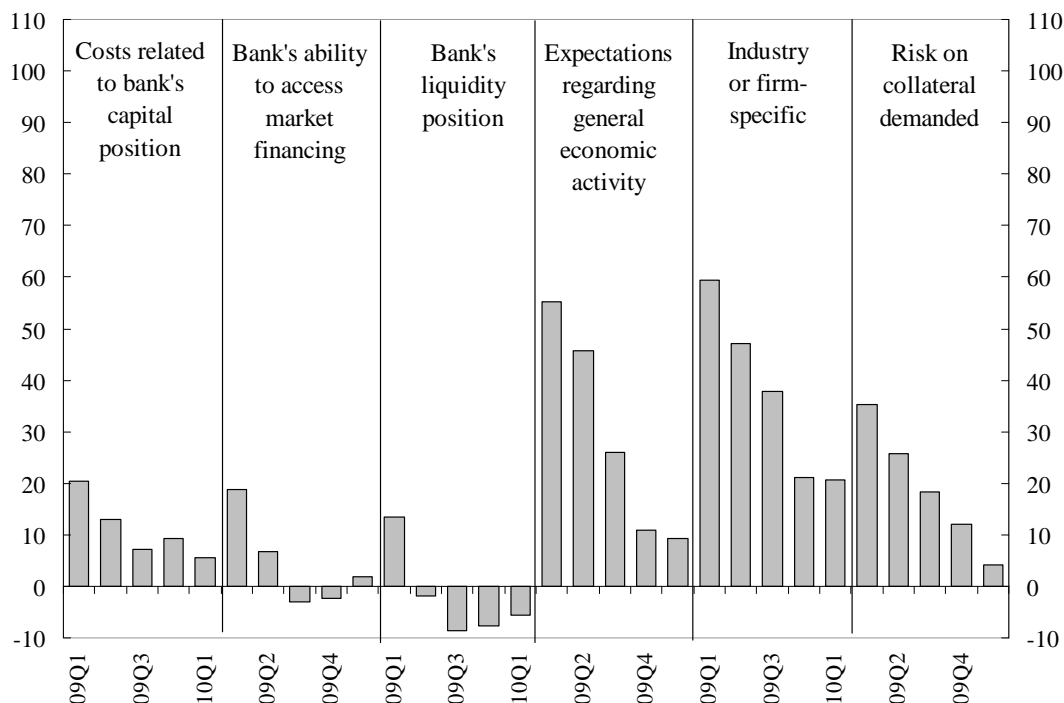
OVERALL	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2010	April 2010	January 2010	April 2010	January 2010	April 2010
							A) Cost of funds and balance sheet constraints					
Costs related to your bank's capital position	1	6	85	1	0	9	9	6	6	3	2.87	2.93
Your bank's ability to access market financing	1	3	83	1	0	13	-2	2	0	1	3.00	2.97
Your bank's liquidity position	1	1	80	7	0	11	-8	-6	-3	-2	3.07	3.06
B) Pressure from competition												
Competition from other banks	0	0	85	8	0	7	-4	-8	-2	-4	3.04	3.08
Competition from non-banks	0	0	90	2	0	9	1	-2	0	-1	2.99	3.02
Competition from market financing	0	0	88	3	0	10	-1	-3	0	-2	3.01	3.04
C) Perception of risk												
Expectations regarding general economic activity	1	16	71	7	0	6	11	9	6	5	2.87	2.89
Industry or firm-specific outlook	1	23	68	3	0	6	21	21	11	11	2.77	2.77
Risk on collateral demanded	1	6	83	3	0	6	12	4	6	3	2.87	2.94
<b>SMALL AND MEDIUM-SIZED ENTERPRISES</b>												
	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2010	April 2010	January 2010	April 2010	January 2010	April 2010
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	1	4	85	0	0	11	7	5	3	3	2.93	2.93
Your bank's ability to access market financing	1	1	83	2	0	13	-3	0	-1	1	3.02	2.98
Your bank's liquidity position	0	1	81	7	0	12	-7	-5	-4	-3	3.09	3.07
B) Pressure from competition												
Competition from other banks	0	0	85	6	0	9	-3	-6	-2	-3	3.03	3.07
Competition from non-banks	0	0	88	2	0	11	1	-2	0	-1	2.99	3.02
Competition from market financing	0	0	86	3	0	12	1	-3	0	-1	2.99	3.04
C) Perception of risk												
Expectations regarding general economic activity	0	15	71	6	0	8	12	10	6	5	2.87	2.89
Industry or firm-specific outlook	0	23	67	2	0	8	24	20	12	10	2.74	2.78
Risk on collateral demanded	0	7	82	2	0	10	12	5	6	2	2.87	2.94
<b>LARGE ENTERPRISES</b>												
	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2010	April 2010	January 2010	April 2010	January 2010	April 2010
A) Cost of funds and balance sheet constraints												
Costs related to your bank's capital position	3	3	80	1	0	14	7	5	5	4	2.86	2.89
Your bank's ability to access market financing	1	3	78	1	0	17	-1	3	1	2	2.96	2.96
Your bank's liquidity position	1	4	73	7	0	15	-8	-2	-3	-1	3.06	3.01
B) Pressure from competition												
Competition from other banks	0	0	76	10	0	14	-4	-10	-2	-5	3.05	3.11
Competition from non-banks	0	0	83	3	0	15	1	-3	0	-1	2.99	3.03
Competition from market financing	0	0	80	5	0	15	-1	-5	0	-2	3.00	3.06
C) Perception of risk												
Expectations regarding general economic activity	1	13	69	5	0	12	11	9	6	5	2.85	2.88
Industry or firm-specific outlook	1	18	66	3	0	12	21	16	11	8	2.75	2.81
Risk on collateral demanded	1	5	80	2	0	12	11	4	5	3	2.88	2.94

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

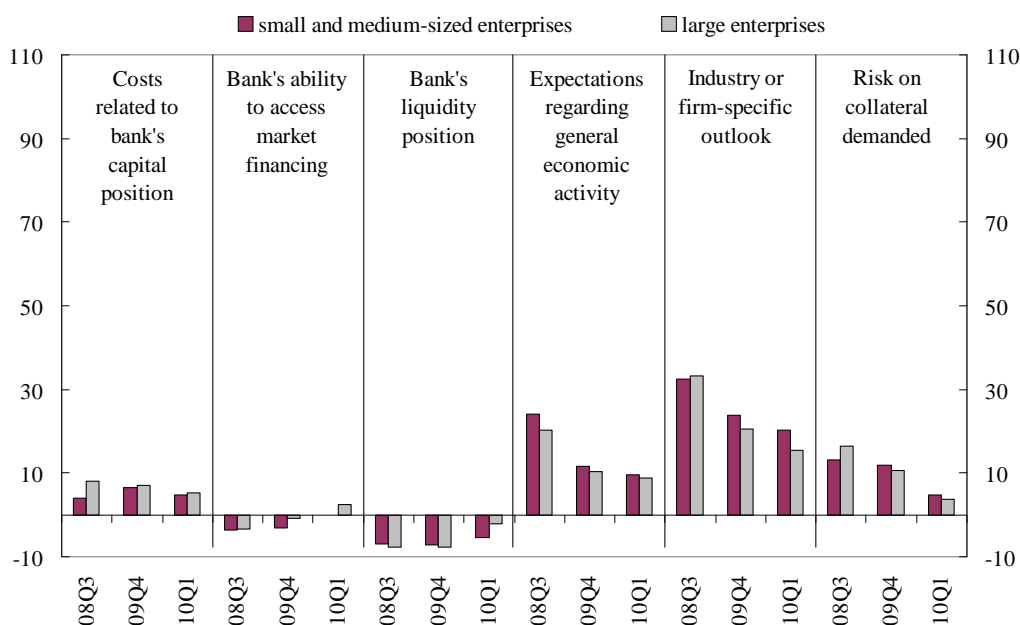
Notes: The net percentage is defined as the difference between the sum of banks responding “-” (contributed considerably to tightening) and “-” (contributed somewhat to tightening), and the sum of banks responding “+” (contributed somewhat to easing) and “+ +” (contributed considerably to easing). “°”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

**Chart 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**

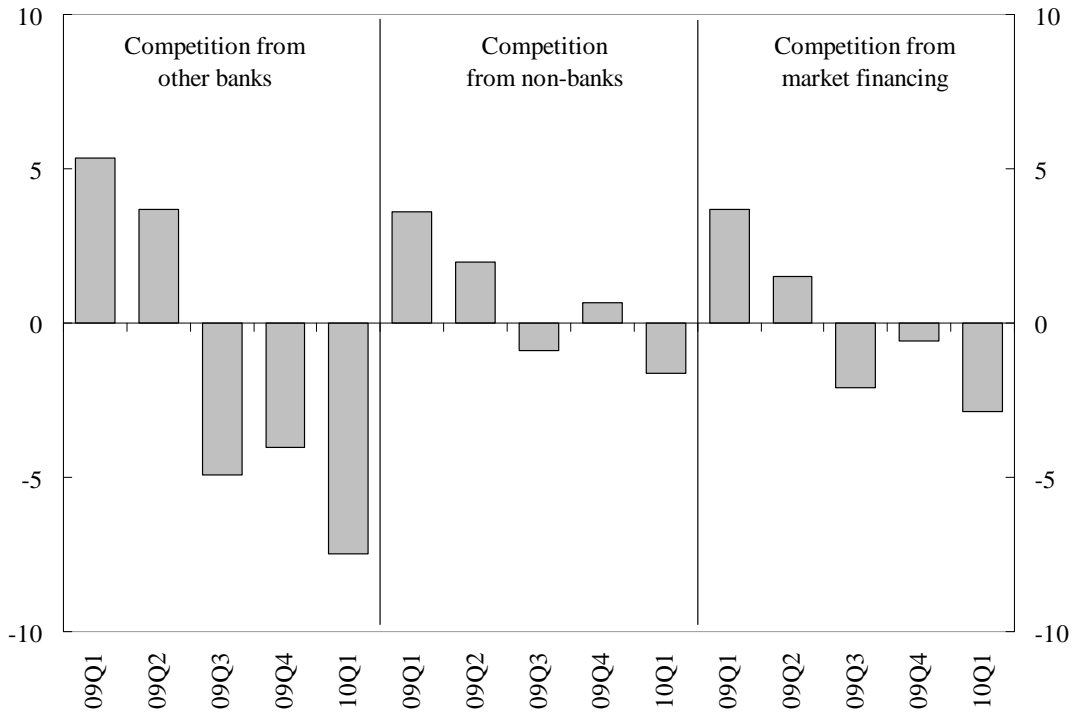


**BREAKDOWN BY FIRM SIZE**



**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 2010	April 2010	January 2010	April 2010	January 2010	April 2010
							A) Price					
Your bank's margin on average loans	2	12	71	10	0	6	6	4	3	3	2.94	2.95
Your bank's margin on riskier loans	6	18	66	3	0	7	24	21	15	13	2.68	2.72
B) Other conditions and terms												
Non-interest rate charges	0	6	84	3	0	7	7	3	3	2	2.93	2.97
Size of the loan or credit line	1	8	81	5	0	6	7	4	4	2	2.92	2.95
Collateral requirements	1	12	82	0	0	6	16	12	9	7	2.82	2.86
Loan covenants	1	7	84	3	0	7	12	4	6	2	2.87	2.95
Maturity	1	4	86	3	0	7	3	1	2	1	2.96	2.98
<b>SMALL AND MEDIUM-SIZED ENTERPRISES</b>												
	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2010	April 2010	January 2010	April 2010	January 2010	April 2010
							A) Price					
Your bank's margin on average loans	2	13	71	7	0	8	7	8	4	5	2.92	2.89
Your bank's margin on riskier loans	5	21	64	1	0	9	25	24	15	15	2.68	2.68
B) Other conditions and terms												
Non-interest rate charges	0	6	83	2	0	8	7	4	3	2	2.93	2.95
Size of the loan or credit line	0	7	80	5	0	8	8	3	4	2	2.92	2.95
Collateral requirements	0	13	78	1	0	8	12	12	6	6	2.87	2.86
Loan covenants	0	6	85	1	0	8	9	4	4	2	2.91	2.94
Maturity	1	6	84	1	0	9	5	5	3	3	2.94	2.94
<b>LARGE ENTERPRISES</b>												
	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2010	April 2010	January 2010	April 2010	January 2010	April 2010
							A) Price					
Your bank's margin on average loans	2	11	62	14	0	12	6	-1	4	0	2.91	2.98
Your bank's margin on riskier loans	6	22	54	4	0	14	25	24	16	15	2.63	2.65
B) Other conditions and terms												
Non-interest rate charges	0	7	77	4	0	12	7	3	3	2	2.92	2.96
Size of the loan or credit line	1	7	76	4	0	12	9	3	5	2	2.88	2.94
Collateral requirements	1	10	74	2	0	13	15	9	8	5	2.81	2.88
Loan covenants	1	5	78	4	0	12	11	3	6	2	2.86	2.95
Maturity	1	7	77	3	0	12	4	5	3	3	2.94	2.94

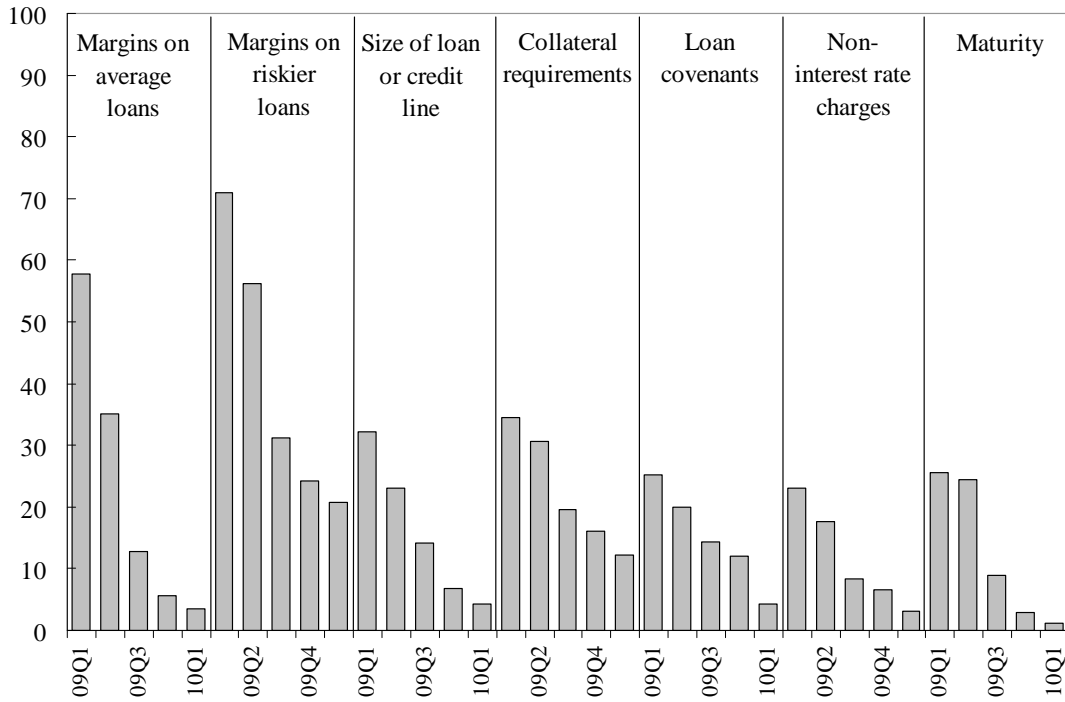
NA = not available; NetP = net percentage; DI = diffusion index.

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

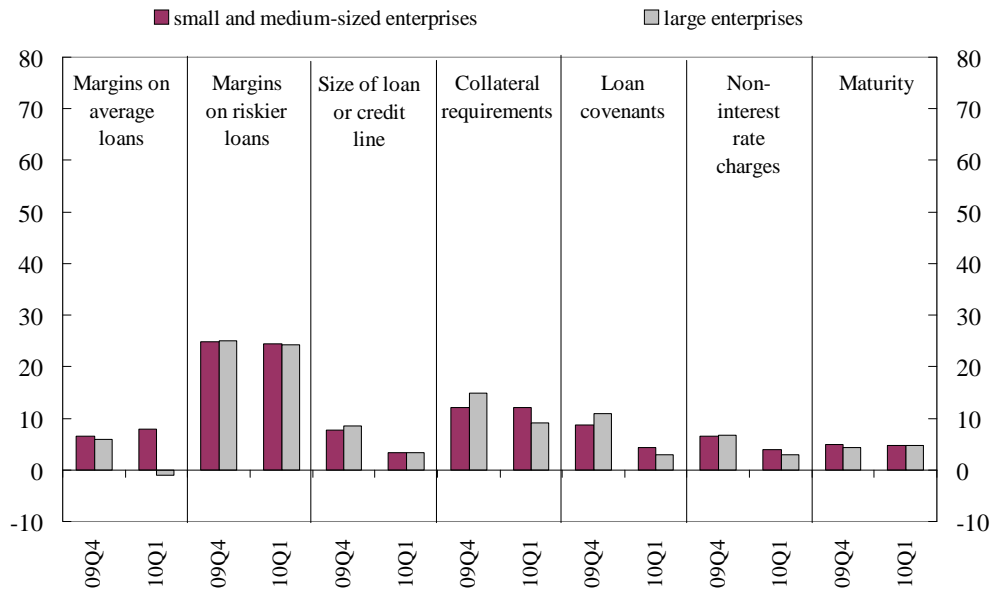


**Chart 3. Changes in terms and conditions for approving loans or credit lines to enterprises**  
*(net percentages of banks reporting tightening terms and conditions)*

**OVERALL**



**BREAKDOWN BY FIRM SIZE**

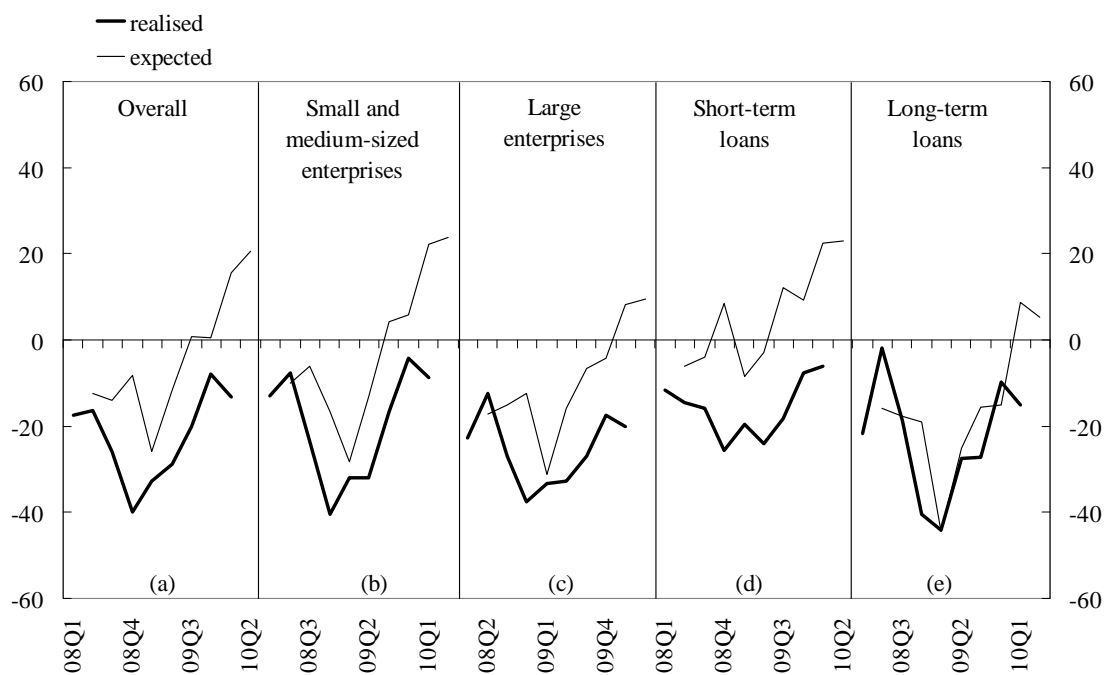


4. Over the past three months, how has the demand for loans or credit lines to enterprises changed at your bank, apart from normal seasonal fluctuations?

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	January 2010	April 2010	January 2010	April 2010	January 2010	April 2010	January 2010	April 2010	January 2010	April 2010
Decreased considerably	4	6	3	4	6	4	5	5	4	3
Decreased somewhat	19	20	18	20	23	27	17	16	22	26
Remained basically unchanged	62	61	62	60	60	59	65	66	57	58
Increased somewhat	15	13	16	16	11	11	14	14	16	14
Increased considerably	0	0	1	0	0	0	0	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>-8</b>	<b>-13</b>	<b>-4</b>	<b>-9</b>	<b>-18</b>	<b>-20</b>	<b>-8</b>	<b>-6</b>	<b>-10</b>	<b>-15</b>
<b>Diffusion index</b>	<b>-6</b>	<b>-10</b>	<b>-3</b>	<b>-7</b>	<b>-12</b>	<b>-12</b>	<b>-6</b>	<b>-5</b>	<b>-6</b>	<b>-9</b>
<b>Mean</b>	<b>2.88</b>	<b>2.81</b>	<b>2.94</b>	<b>2.87</b>	<b>2.77</b>	<b>2.76</b>	<b>2.88</b>	<b>2.89</b>	<b>2.87</b>	<b>2.82</b>
<b>Number of banks responding</b>	<b>112</b>	<b>113</b>	<b>111</b>	<b>111</b>	<b>108</b>	<b>108</b>	<b>112</b>	<b>113</b>	<b>109</b>	<b>111</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?

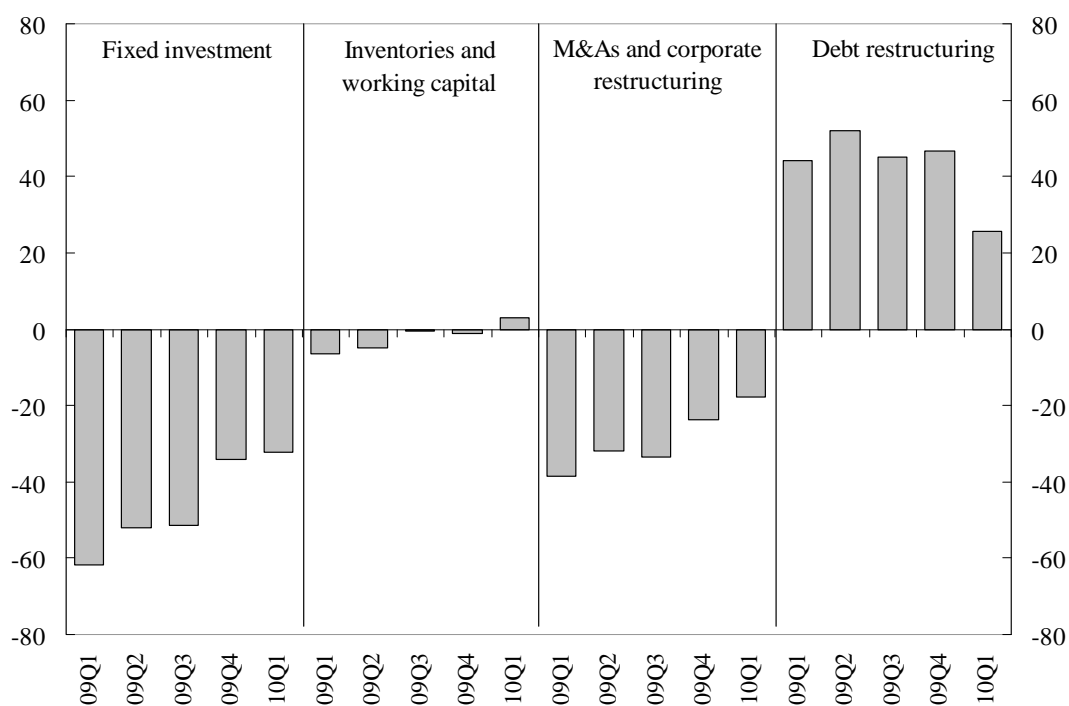
	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2010	April 2010	January 2010	April 2010	January 2010	April 2010
							A) Financing needs					
Fixed investment	4	33	50	5	0	8	-34	-32	-21	-18	2.55	2.59
Inventories and working capital	1	12	61	16	0	10	-1	3	0	1	3.01	3.01
Mergers/acquisitions and corporate restructuring	4	16	63	2	0	15	-24	-18	-16	-11	2.62	2.74
Debt restructuring	0	3	61	28	1	7	47	26	24	13	3.51	3.28
B) Use of alternative finance												
Internal financing	0	9	71	10	0	11	-1	2	0	1	3.00	3.02
Loans from other banks	0	8	74	9	0	10	6	1	3	1	3.07	3.01
Loans from non-banks	0	3	83	5	0	10	-2	2	-1	1	2.97	3.02
Issuance of debt securities	1	12	69	3	0	16	-13	-10	-7	-5	2.85	2.88
Issuance of equity	0	3	79	3	0	15	-5	0	-3	0	2.93	3.00

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

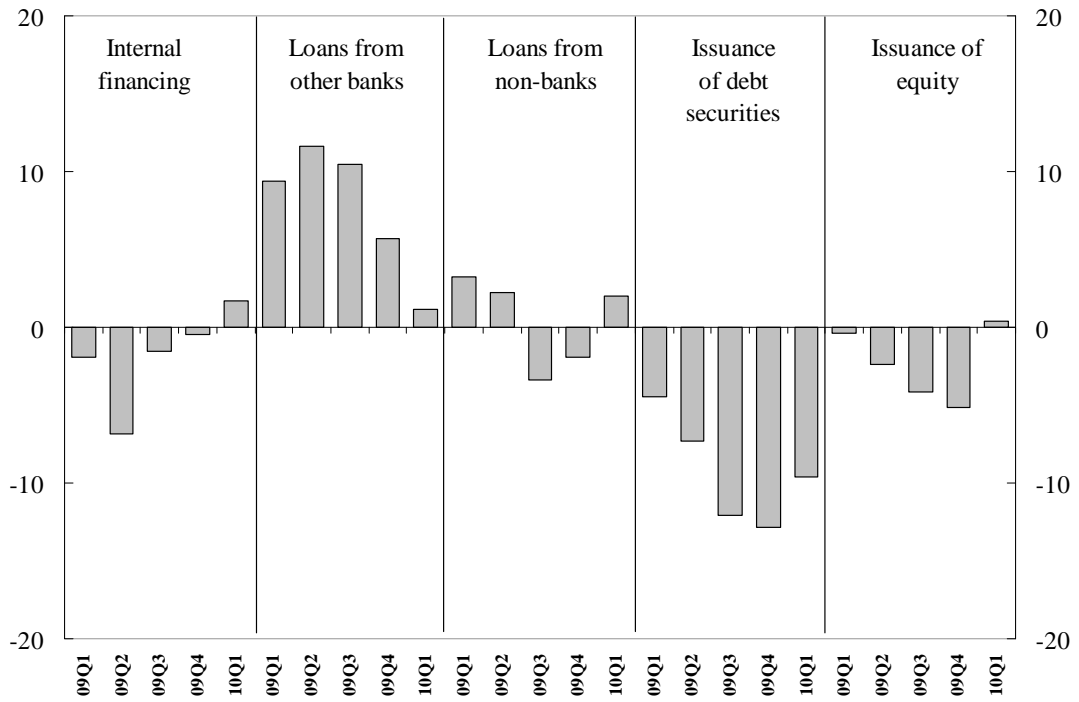
Notes: The net percentage is defined as the difference between the sum of banks responding “+ +” (contributed considerably to higher demand) and “+” (contributed somewhat to higher demand), and the sum of banks responding “-” (contributed somewhat to lower demand) and “- -” (contributed considerably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

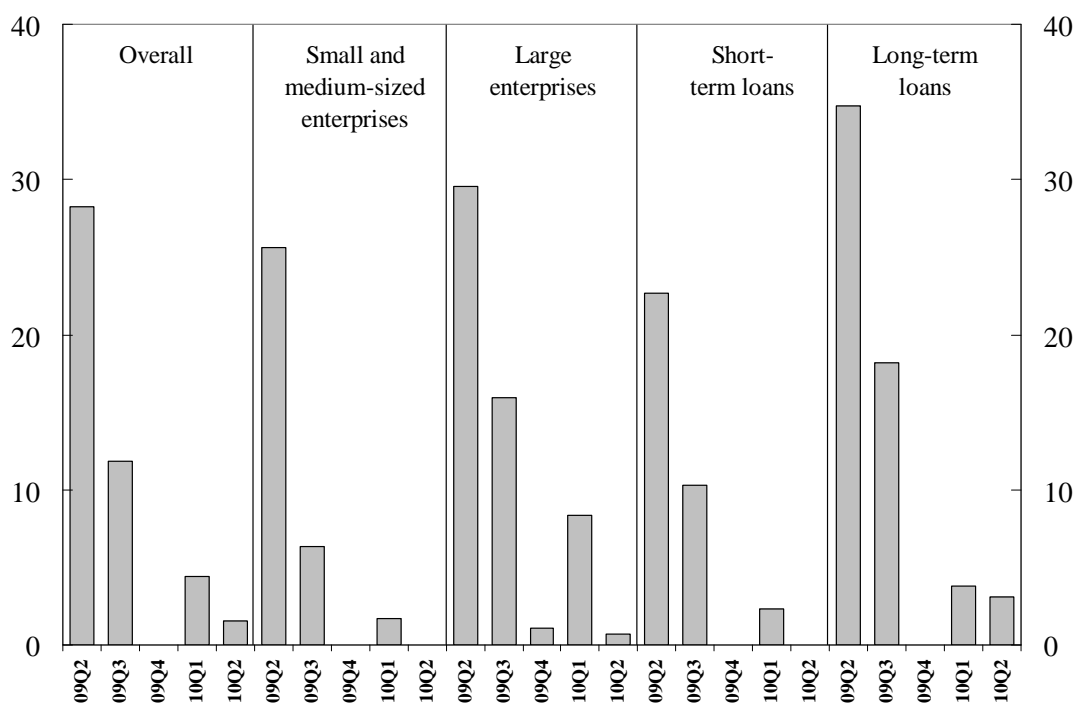


6. Please indicate how you expect your bank's credit standards as applied to the approval of loans or credit lines to enterprises to change over the next three months.

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	January 2010	April 2010	January 2010	April 2010	January 2010	April 2010	January 2010	April 2010	January 2010	April 2010
Tighten considerably	2	0	2	0	2	1	0	0	2	1
Tighten somewhat	7	8	7	4	10	6	8	7	8	8
Remain basically unchanged	87	86	85	90	86	86	87	85	86	84
Ease somewhat	4	6	7	6	3	7	6	7	5	6
Ease 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>4</b>	<b>2</b>	<b>2</b>	<b>-2</b>	<b>8</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>4</b>	<b>3</b>
<b>Diffusion index</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>-1</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>2</b>
<i>Mean</i>	<i>2.94</i>	<i>2.98</i>	<i>2.97</i>	<i>3.02</i>	<i>2.90</i>	<i>2.98</i>	<i>2.98</i>	<i>3.00</i>	<i>2.95</i>	<i>2.96</i>
<b>Number of banks responding</b>	<b>112</b>	<b>113</b>	<b>111</b>	<b>111</b>	<b>108</b>	<b>108</b>	<b>112</b>	<b>113</b>	<b>110</b>	<b>111</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)

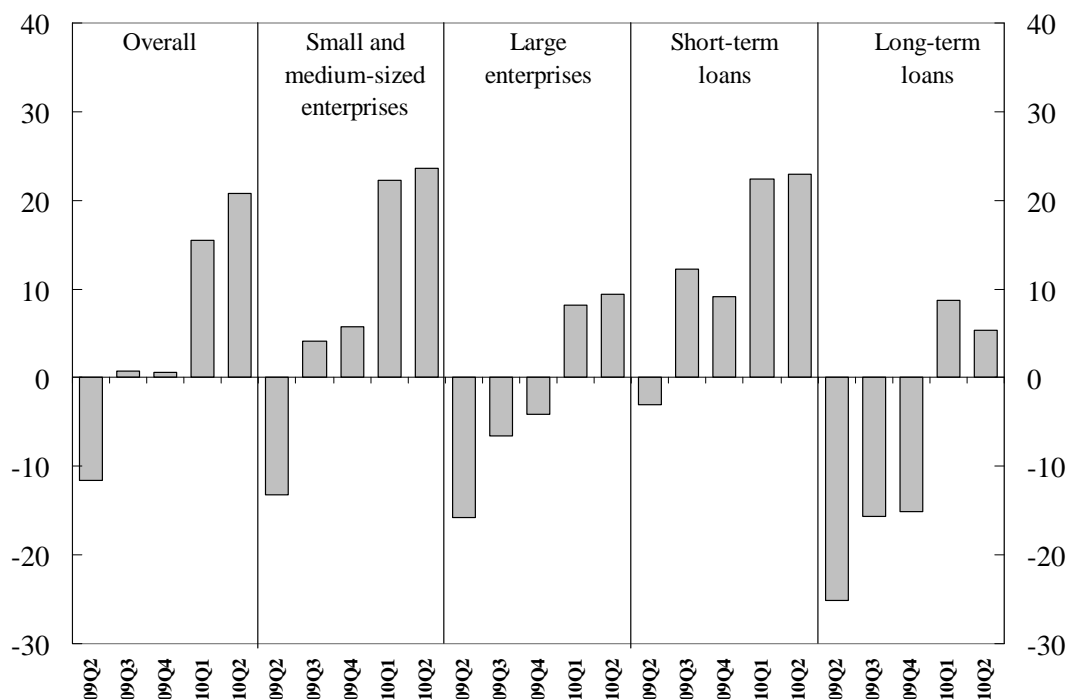


7. Please indicate how you expect demand for loans or credit lines to enterprises to change at your bank over the next three months (apart from normal seasonal fluctuations).

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	January 2010	April 2010	January 2010	April 2010	January 2010	April 2010	January 2010	April 2010	January 2010	April 2010
Decrease considerably	1	1	0	0	2	2	1	1	1	1
Decrease somewhat	8	7	7	8	8	7	7	6	10	14
Remain basically unchanged	68	64	64	60	73	73	63	64	69	66
Increase somewhat	24	29	29	32	18	18	30	29	19	20
Increase considerably	0	0	0	0	0	0	0	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>16</b>	<b>21</b>	<b>22</b>	<b>24</b>	<b>8</b>	<b>9</b>	<b>22</b>	<b>23</b>	<b>9</b>	<b>5</b>
<b>Diffusion index</b>	<b>7</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>3</b>	<b>4</b>	<b>11</b>	<b>11</b>	<b>4</b>	<b>2</b>
<i>Mean</i>	3.15	3.20	3.22	3.24	3.07	3.07	3.22	3.22	3.08	3.05
<b>Number of banks responding</b>	<b>112</b>	<b>113</b>	<b>111</b>	<b>111</b>	<b>108</b>	<b>108</b>	<b>112</b>	<b>113</b>	<b>110</b>	<b>111</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)



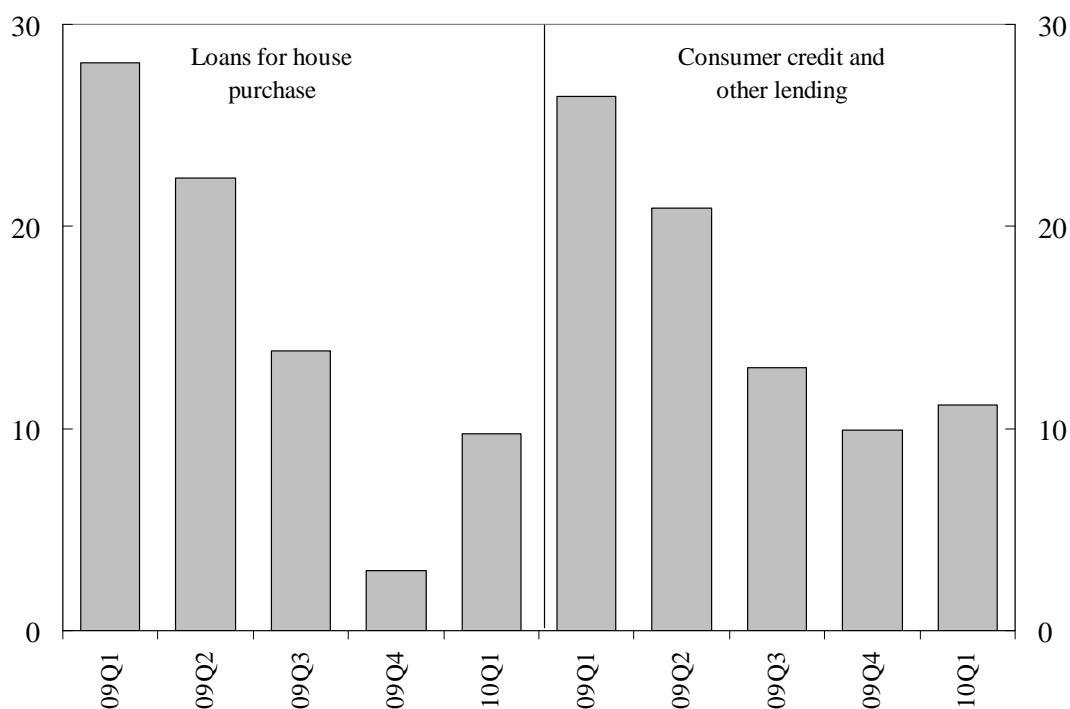
## II. Loans to households

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 2010	April 2010	January 2010	April 2010
Tightened considerably	0	0	0	0
Tightened somewhat	9	11	13	13
Remained basically unchanged	85	88	84	85
Eased somewhat	6	1	3	2
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>3</b>	<b>10</b>	<b>10</b>	<b>11</b>
<b>Diffusion index</b>	<b>2</b>	<b>5</b>	<b>5</b>	<b>6</b>
<i>Mean</i>	<i>2.97</i>	<i>2.90</i>	<i>2.90</i>	<i>2.88</i>
<b>Number of banks responding</b>	<b>106</b>	<b>106</b>	<b>107</b>	<b>107</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)



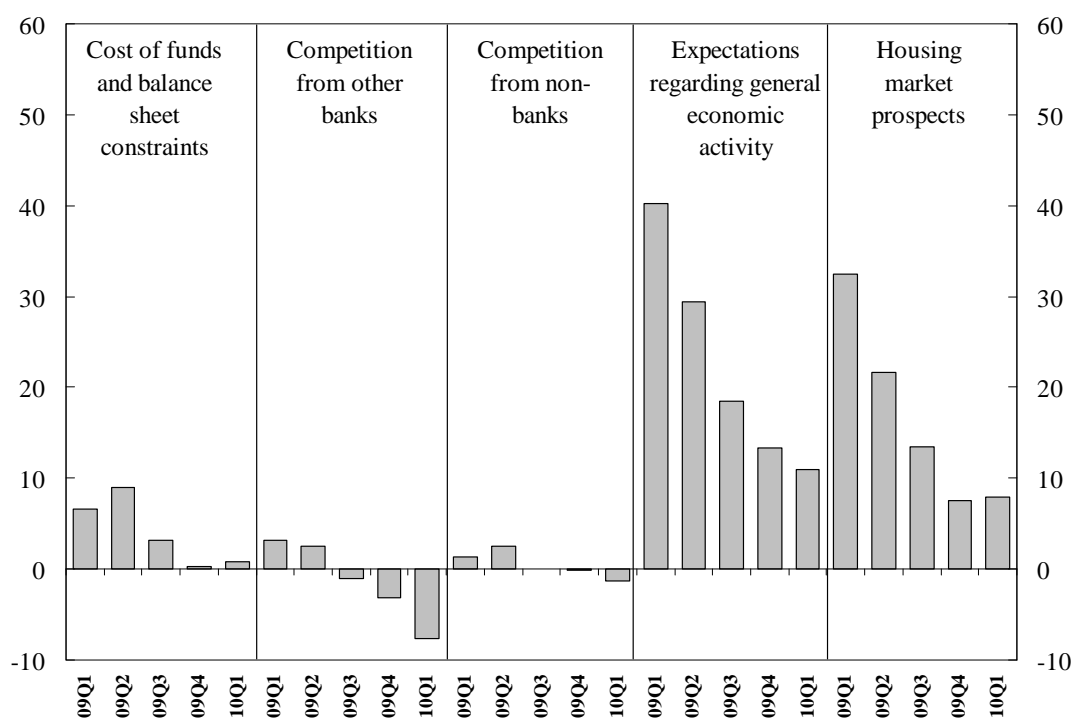
9. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of loans to households for house purchase?

	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2010	April 2010	January 2010	April 2010	January 2010	April 2010
							A) Cost of funds and balance sheet constraints	0	3	79	2	0
B) Pressure from competition												
Competition from other banks	0	0	79	7	1	13	-3	-8	-2	-4	3.03	3.10
Competition from non-banks	0	0	83	0	1	16	0	-1	0	-1	3.00	3.03
C) Perception of risk												
Expectations regarding general economic activity	0	11	76	1	0	12	13	11	7	6	2.86	2.87
Housing market prospects	0	9	79	1	0	13	8	8	4	4	2.92	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)





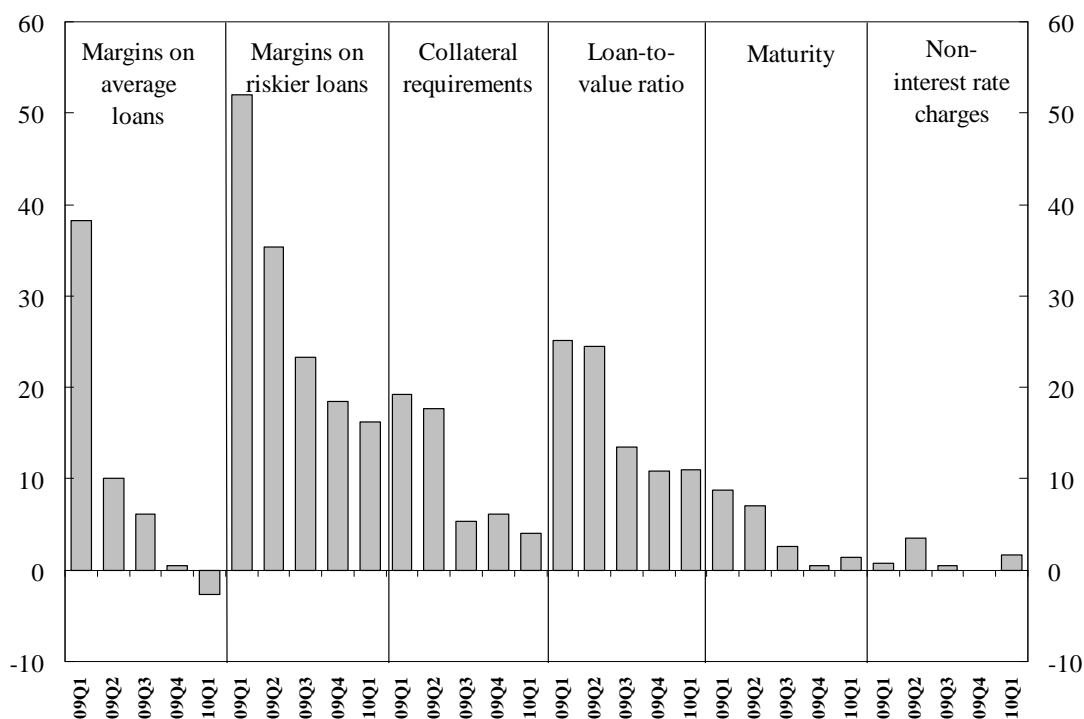
10. Over the past three months, how have your bank's terms and conditions for approving loans to households for house purchase changed?

	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2010	April 2010	January 2010	April 2010	January 2010	April 2010
<b>A) Price</b>												
Your bank's margin on average loans	1	10	63	14	0	12	1	-3	0	-1	3.01	3.02
Your bank's margin on riskier loans	3	16	64	3	0	14	18	16	11	10	2.77	2.79
<b>B) Other conditions and terms</b>												
Collateral requirements	1	3	83	1	0	12	6	4	3	3	2.93	2.94
Loan-to-value ratio	0	11	77	0	0	12	11	11	5	6	2.88	2.88
Maturity	0	1	87	0	0	12	1	1	0	1	3.00	2.99
Non-interest rate charges	0	2	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)



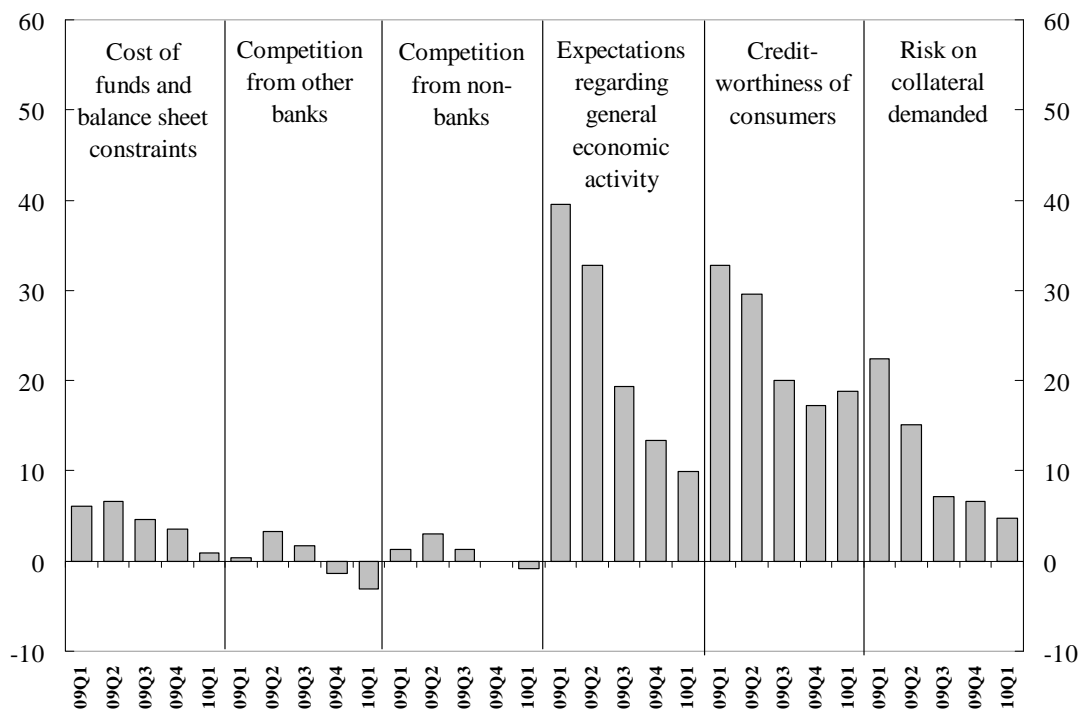
11. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households (as described in question 8)?

	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2010	April 2010	January 2010	April 2010	January 2010	April 2010
A) Cost of funds and balance sheet constraints	0	2	82	1	0	15	4	1	2	0	2.96	2.99
B) Pressure from competition	0	0	0	0	0	0	0	0	0	0		
Competition from other banks	0	0	83	3	0	14	-1	-3	-1	-2	3.02	3.04
Competition from non-banks	0	0	84	1	0	15	0	-1	0	0	3.00	3.01
C) Perception of risk												
Expectations regarding general economic activity	0	11	77	1	0	12	13	10	7	5	2.85	2.89
Creditworthiness of consumers	1	18	69	0	0	12	17	19	9	10	2.82	2.79
Risk on collateral demanded	0	5	82	0	0	14	7	5	3	2	2.92	2.94

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

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

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



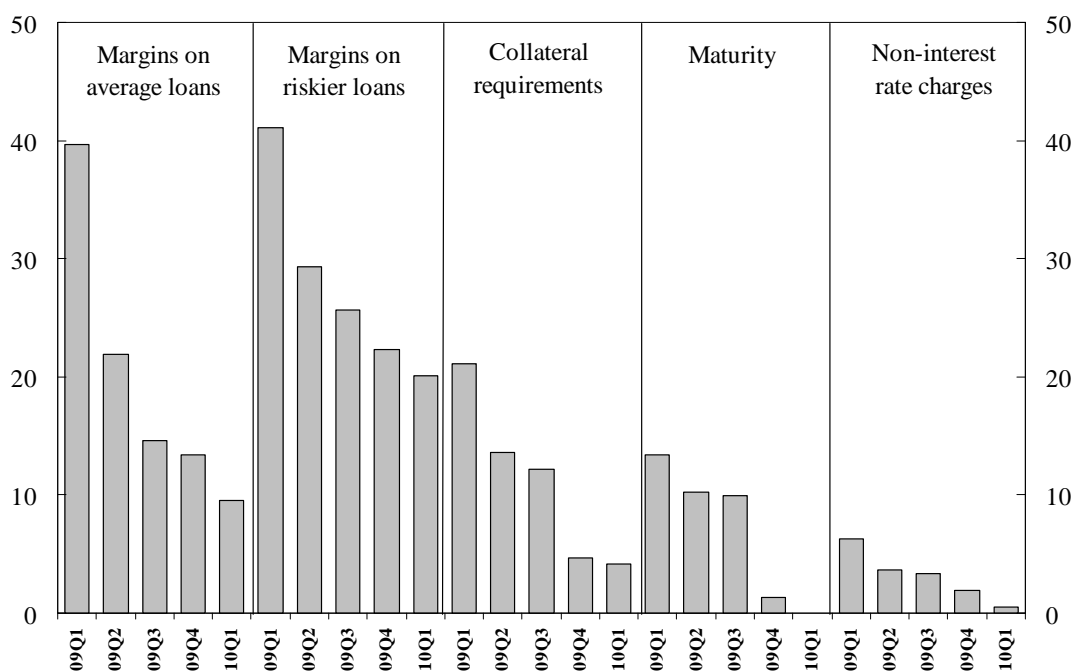
12. Over the past three months, how have your bank's terms and conditions for approving consumer credit and other lending to households changed?

	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2010	April 2010	January 2010	April 2010	January 2010	April 2010
A) Price												
Your bank's margin on average loans	1	12	73	3	0	11	13	10	7	5	2.85	2.89
Your bank's margin on riskier loans	2	19	64	1	0	15	22	20	12	11	2.74	2.77
B) Other conditions and terms												
Collateral requirements	0	4	82	0	0	13	5	4	2	2	2.95	2.96
Maturity	0	0	89	0	0	11	1	0	1	0	2.99	3.00
Non-interest rate charges	0	1	88	0	0	12	2	1	1	0	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)

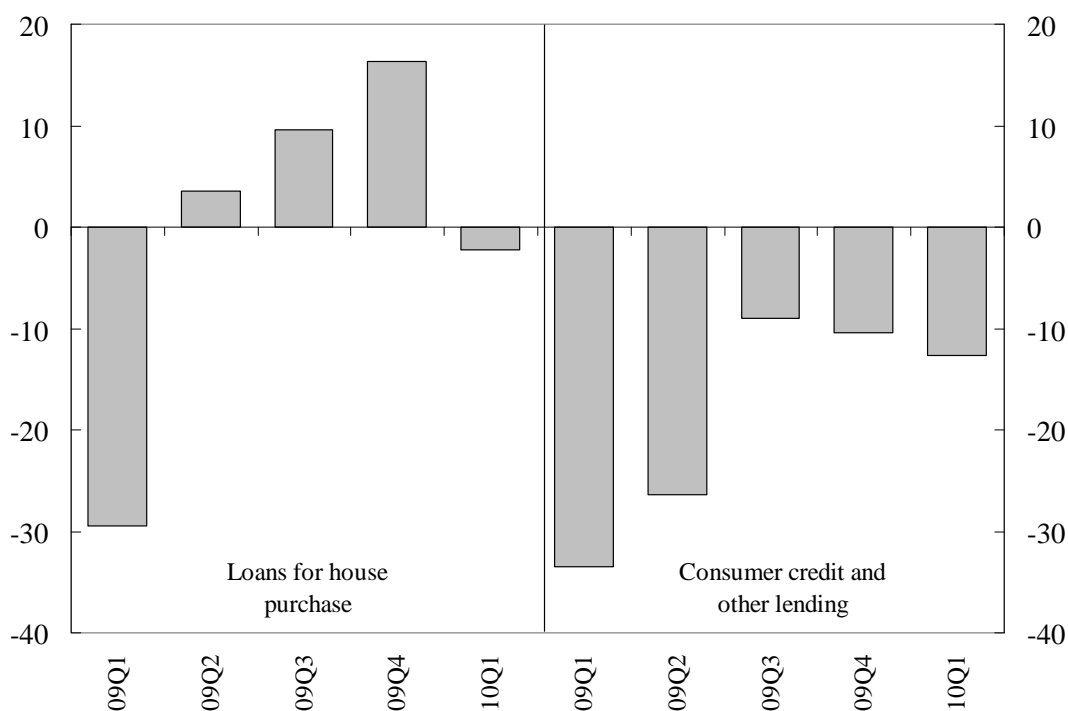


13. Over the past three months, how has the demand for loans to households changed at your bank, apart from normal seasonal fluctuations?

	Loans for house purchase		Consumer credit and other lending	
	January 2010	April 2010	January 2010	April 2010
Decreased considerably	3	5	1	3
Decreased somewhat	16	20	26	21
Remained basically unchanged	45	52	57	66
Increased somewhat	33	23	16	11
Increased considerably	3	0	1	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Net percentage</b>	<b>16</b>	<b>-2</b>	<b>-10</b>	<b>-13</b>
<b>Diffusion index</b>	<b>8</b>	<b>-4</b>	<b>-5</b>	<b>-8</b>
<i>Mean</i>	3.16	2.93	2.90	2.85
<b>Number of banks responding</b>	<b>106</b>	<b>106</b>	<b>107</b>	<b>107</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)



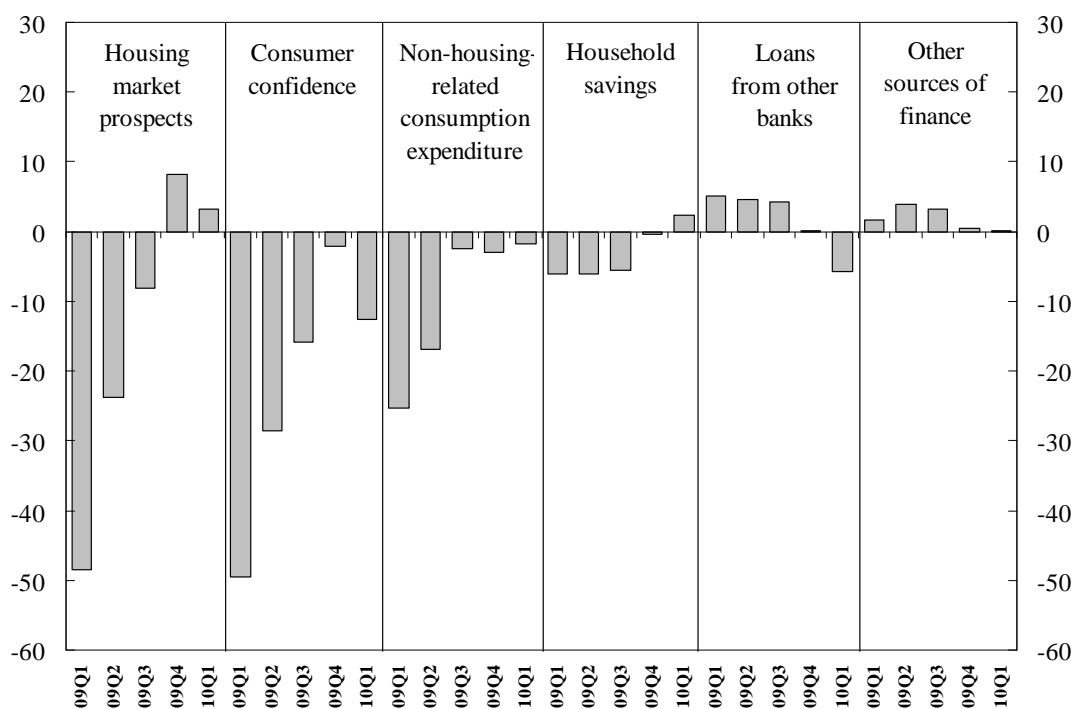
14. Over the past three months, how have the following factors affected the demand for loans to households for house purchase (as described in question 13)?

	--	-	°	+	++	NA	NetP		DI		Mean	
							January 2010	April 2010	January 2010	April 2010	January 2010	April 2010
							A) Financing needs					
Housing market prospects	2	13	55	18	0	12	8	3	4	1	3.09	3.02
Consumer confidence	2	19	58	9	0	12	-2	-13	-2	-7	2.97	2.83
Non-housing-related consumption expenditure	0	3	83	1	0	13	-3	-2	-2	-1	2.97	2.98
B) Use of alternative finance												
Household savings	0	2	81	5	0	13	0	2	0	1	2.99	3.03
Loans from other banks	2	5	79	1	0	13	0	-6	0	-4	3.00	2.90
Other sources of finance	0	0	87	0	0	13	0	0	0	0	3.00	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)



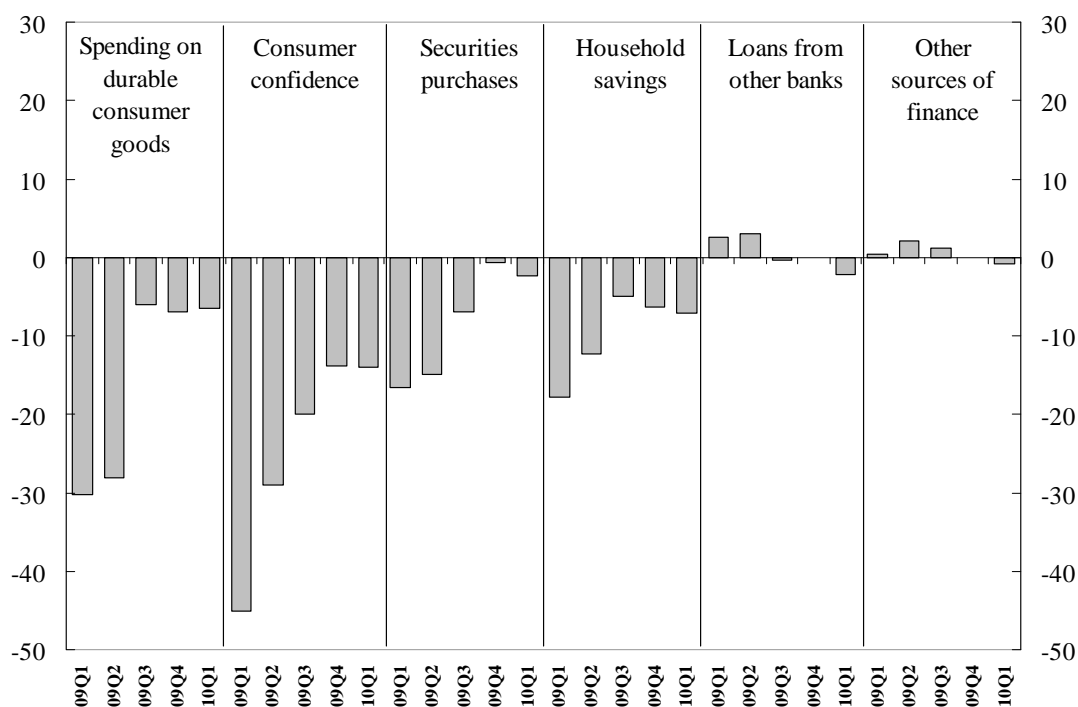
15. Over the past three months, how have the following factors affected the demand for consumer credit and other lending to households (as described in question 13)?

	--	-	°	+	++	NA	NetP		NetP		Mean	
							January 2010	April 2010	January 2010	April 2010	January 2010	April 2010
							A) Financing needs					
Spending on durable consumer goods	3	11	65	7	0	14	-7	-7	-4	-5	2.93	2.89
Consumer confidence	3	13	69	2	0	13	-14	-14	-8	-8	2.83	2.82
Securities purchases	1	2	77	0	0	20	-1	-2	0	-2	2.99	2.96
B) Use of alternative finance												
Household savings	0	7	80	0	0	14	-6	-7	-3	-4	2.93	2.92
Loans from other banks	1	3	83	1	0	13	0	-2	0	-2	3.00	2.96
Other sources of finance	0	1	86	0	0	14	0	-1	0	0	3.00	2.99

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

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

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

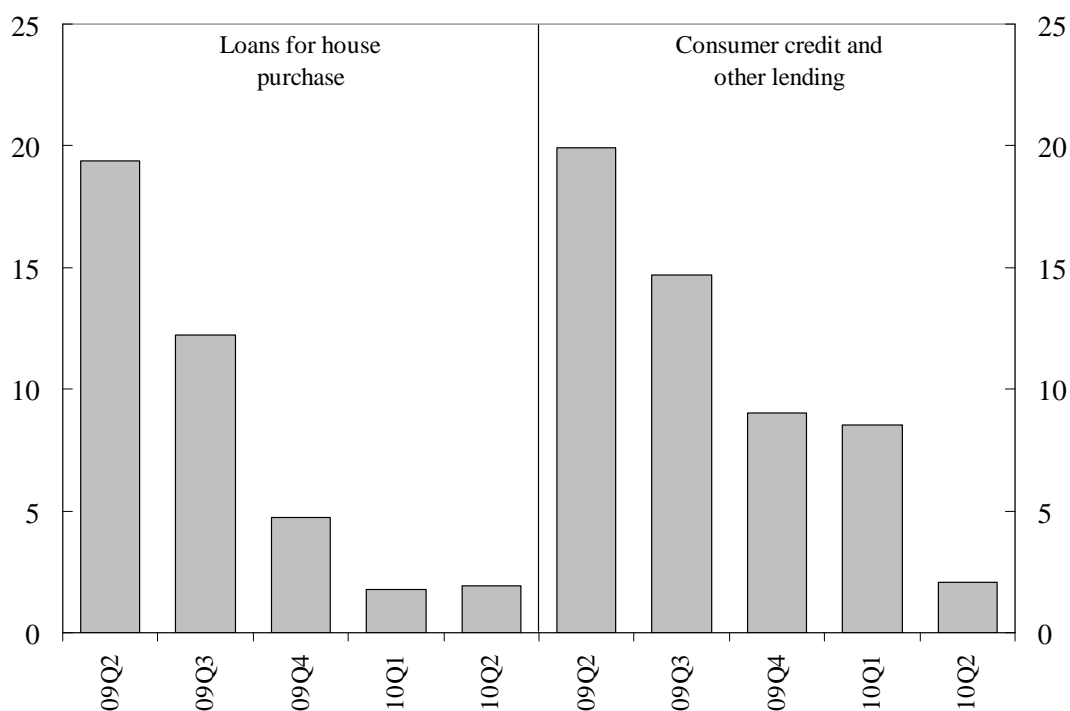


16. Please indicate how you expect your bank's credit standards as applied to the approval of loans to households to change over the next three months.

	Loans for house purchase		Consumer credit and other lending	
	January 2010	April 2010	January 2010	April 2010
Tighten considerably	0	1	0	0
Tighten somewhat	7	6	11	5
Remain basically unchanged	89	88	88	92
Ease somewhat	5	5	2	3
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>2</b>	<b>2</b>	<b>9</b>	<b>2</b>
<b>Diffusion index</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>1</b>
<i>Mean</i>	2.98	2.97	2.91	2.98
<b>Number of banks responding</b>	<b>106</b>	<b>105</b>	<b>107</b>	<b>106</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)

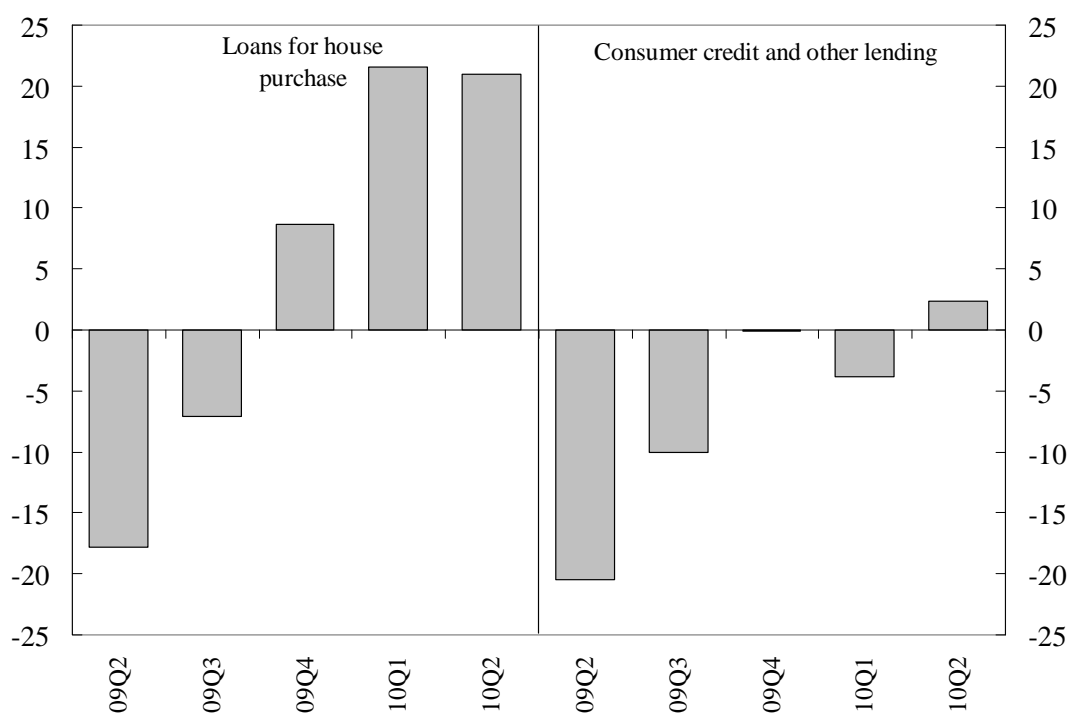


17. Please indicate how you expect demand for loans to households to change over the next three months at your bank (apart from normal seasonal fluctuations).

	Loans for house purchase		Consumer credit and other lending	
	January 2010	April 2010	January 2010	April 2010
Decrease considerably	0	0	0	0
Decrease somewhat	8	8	13	11
Remain basically unchanged	63	64	77	76
Increase somewhat	29	27	9	12
Increase considerably	0	1	0	1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Net percentage</b>	<b>22</b>	<b>21</b>	<b>-4</b>	<b>2</b>
<b>Diffusion index</b>	<b>11</b>	<b>11</b>	<b>-2</b>	<b>1</b>
<b>Mean</b>	<b>3.22</b>	<b>3.22</b>	<b>2.96</b>	<b>3.03</b>
<b>Number of banks responding</b>	<b>106</b>	<b>106</b>	<b>107</b>	<b>107</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 QUESTIONS

- i. As a result of the situation in financial markets, has your market access changed when tapping your usual sources of wholesale funding and/or has your ability to transfer risk changed over the past three months, or are you expecting this access/activity to change over the next three months?<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)	0%	3%	74%	20%	3%	3.22	0.58	0%	5%	80%	11%	4%	3.14	0.62	15%
Short-term money market (more than one week)	0%	3%	75%	20%	3%	3.22	0.56	0%	7%	77%	14%	2%	3.10	0.59	13%
B) Debt securities <sup>(3)</sup>															
Short-term debt securities (e.g. certificates of deposit or commercial paper)	0%	2%	79%	15%	5%	3.22	0.59	0%	5%	82%	11%	1%	3.08	0.52	17%
Medium to long-term debt securities (incl. covered bonds)	1%	8%	64%	21%	6%	3.23	0.79	0%	6%	74%	20%	0%	3.13	0.56	14%
C) Securitisation <sup>(4)</sup>															
Securitisation of corporate loans	5%	6%	69%	16%	4%	3.08	0.87	4%	4%	79%	6%	7%	3.09	0.82	42%
Securitisation of loans for house purchase	3%	4%	69%	22%	3%	3.18	0.76	3%	3%	62%	25%	6%	3.29	0.86	38%
D) Ability to transfer credit risk off balance sheet <sup>(5)</sup>	7%	7%	81%	3%	2%	2.87	0.72	4%	1%	77%	15%	3%	3.12	0.79	60%

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

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

(3) Usually involves on-balance sheet funding.

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

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

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

	Over the past three months	Over the next three months
Considerable impact on both capital and lending	3%	3%
Considerable impact on capital, and some impact on lending	13%	12%
Some impact on both capital and lending	27%	27%
Some impact on capital, but no impact on lending	11%	12%
Basically no impact on capital	38%	36%
No reply	9%	10%
<b>Mean</b>	<b>3.78</b>	<b>3.78</b>
<b>Standard deviation</b>	<b>1.28</b>	<b>1.27</b>
<b>Number of banks responding</b>	<b>119</b>	<b>119</b>

(\*) As in the regular questionnaire, capital is defined in accordance with the Basel capital adequacy requirements, including both Tier 1 capital (core capital) and Tier 2 capital (supplementary capital). In the context of the EU Capital Requirements Directive, Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions defines capital as own funds and makes a distinction between original own funds and additional own funds.

## **ANNEX 3: GLOSSARY**

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

### Capital

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

### Collateral

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

### Consumer confidence

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

### Cost of funds and balance sheet constraints

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

### Covenant

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

### Credit line

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

### Credit standards

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

### Credit terms and conditions

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

### Debt restructuring

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

the form of inter-company loans is already covered by the item “Loans from non-banks”. Moreover, debt restructuring in the form of a substitution between short-term and long-term loans does not give rise to a change in overall loan demand.

### Diffusion index

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

### Enterprises

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

### Enterprise size

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

### Households

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

### Housing market prospects

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

### Loans

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

### Loan-to-value ratio

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

### Maturity

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

### Net percentage (or balance)

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

### Non-banks

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

### Non-interest rate charges

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