BANK LENDING SURVEY

April 2010

Results for Portugal

I. Overall assessment

According to the results of the survey conducted in April 2010 to the five Portuguese banking groups included in the sample, credit standards applied to the approval of loans to enterprises should have become stricter in the first quarter of 2010 as compared to the previous quarter. The tightening of credit standards should have been more marked than that observed in the last quarter as result of stricter criteria both in long term loans and loans to small and medium sized enterprises. Household's credit standards have also become tighter.

The main factors reported by banks as leading to the tightening of credit policy were a more negative assessment of risks and at a lower extent the increase in banks' cost of funds and balance sheet constraints. The changes in credit standards should have been reflected into an increase in spreads, especially on riskier loans, and into a tightening of the conditions and terms applied on loan contracts.

The demand for loans and credit lines by enterprises should have remained broadly unchanged during the first quarter of 2010. This behaviour should have been associated with lower financial needs regarding fixed investment and, at a lower extent, higher use of alternative finance sources and a reduction in mergers and acquisitions financing needs. In turn, i.e. with a positive impact on demand, it was registered an increase in financing needs associated with inventories and working capital and debt restructuring. At a lower extent, some banks also mentioned lower internal financing and hampered access to loans from other banks as positive factors. Household's demand for loans for house purchase should have decreased during the first quarter of 2010 as result of a fall in consumer confidence and weaker housing market prospects. In contrast, obtained replies suggest that the demand for loans for consumption and other purposes should have remained stable. Nevertheless, the banks inquired pointed out that lower consumer confidence and increasing households' savings have restricted growth on the demand for loans for consumption and other purposes. There were presented no relevant factors in favour of higher demand on this market segment.

For the second quarter of 2010, the surveyed banks expect credit standards on loans to enterprises to remain broadly unchanged, although some banks reported the intention of adopting stricter credit standards in long term loans and in loans to small and medium sized enterprises. Regarding households, less strict credit standards are anticipated for loans for house purchase while there are no changes expected for loans for consumption and other purposes. For the same period, the inquired institutions anticipate a slight increase both in enterprises' and households' credit demand.

Answers to the questions raised by the turmoil in international financial markets pointed to some improvements in banks' ability to access unsecured money markets. Likewise, the inquired banks reported on average better conditions on their access to the short term debt market. However, in opposition with what had been reported in the last quarter, there were indicated slightly worse conditions on the medium-long term debt markets. In line with previous quarters, conditions on the securitization market have continued to deteriorate. For the second quarter of 2010, sampled banks expect money markets to remain stable while debt and securitization markets should deteriorate. The situation is expected to be worst in the latter case.

II. Presentation of the results

Loans or credit lines to enterprises

Credit standards applied to the approval of loans and credit lines to enterprises should have become tighter in the first quarter of 2010 as compared with the previous quarter. This result has been mostly due to two banks, which reported having adopted stricter credit standards. This has been observed mostly on long term loans as well as in loans to small and medium sized enterprises. Additionally, one bank adopted more demanding standards on loans to large companies.

The main factors reported by banks as leading to the tightening of credit standards applied in this segment were a less favourable assessment of risks associated with weaker industry or firm-specific outlooks and lower expectations on general economic activity. Additionally, sampled banks indicated an increase in collateral risk. Finally, after a period where access conditions to financing in the markets have progressively contributed to less strict credit standards, there has been a rebound in the first quarter of 2010.

The tightening of credit standards should have translated into the application of higher spreads, especially on riskier loans. Additionally, several banks reported changes in other conditions and terms applied on loan contracts such as higher collateral requirements, shorter loan maturity, higher non-interest rate charges and lower amounts borrowed. One institution increased its credit standards through more restrictive covenants.

In general terms, the demand for loans and credit lines targeted at the reporting institutions should have remained broadly unchanged during the first quarter of 2010 with one institution reporting lower demand while other indicating an increase. Nevertheless, there were three institutions that mentioned lower demand on long term loans. Two of these institutions have also referred similar reductions on loans to large companies. In opposite direction one bank reported higher demand both on its short term loans and loans to small and medium sized enterprises.

The demand for loans by enterprises should have been negatively affected by lower financing needs associated with fixed investment. Additionally, one institution reported higher use of alternative finance sources, such as the issuance of equity and debt securities, as well as a reduction in financing needs related to mergers and acquisitions. In opposite direction, higher financing needs associated with inventories and working capital and debt restructuring were pointed as having a positive impact on demand. At a lower extent some banks mentioned lower internal financing and hampered access to loans from other banks as positive factors.

Regarding the second quarter of 2010, sampled banks do not anticipate significant changes on credit standards applied on the approval of loans and credit lines to enterprises. Nevertheless, some institutions reported the intention of adopting stricter credit standards in long term loans as well as in loans to small and medium sized enterprises. For the same period, the inquired institutions also anticipate a slight increase in enterprises' credit demand. However, a slight reduction in demand for long term loans is anticipated by one of the institutions inquired.

Loans to households

For house purchase

According to the results obtained, banks should have applied tighter credit standards to the approval of loans to households for house purchase during the first quarter of 2010.

The banks included in the sample indicated that the tightening of credit standards was associated with housing market prospects, expectations regarding general economic activity as well as increasing cost of funds and balance sheet constraints. Regarding the latter, it should be noted that after a period where access conditions to financing in the markets have progressively contributed to less strict credit standards, there has been a rebound in the first quarter of 2010. All this should have been reflected in the application of higher spreads, especially on riskier loans, together with a decrease on the loan-to-value ratio.

According to the results, households' demand for loans for house purchase should have fallen during the first quarter of 2010. However, there was some heterogeneity in banks' replies, with three banks reporting a slight decrease in demand and one institution reporting an increase of the same size. This behaviour should have been associated with lower consumer confidence and weaker housing market prospects.

Most of the inquired banks expect to maintain credit standards applied on loans to households for house purchase basically unchanged during the last quarter of 2010, whereas one bank expects to adopt somewhat less strict credit standards in this segment. For the same period, the results suggest that the demand for loans for house purchase should slightly increase with two banks expecting small improvements while one institution is pointing to a slight reduction.

For consumption and other purposes

Sampled banks reported the application of tighter standards on loans to consumption and other purposes during the first quarter of 2010 as compared to the previous quarter.

The main factors reported as contributing to the tightening of credit standards were a decrease in consumers' creditworthiness and a decline in expectations regarding general economic activity. Two banks also reported an increase in collateral risk as well as an increase in their cost of funds and balance sheet restrictions. Regarding the latter, it should be noted that after a period where access conditions to financing in the markets have progressively contributed to less strict credit standards, there has been a rebound in the first quarter of 2010.

The tightening of credit standards should have reflected into an increase in spreads applied, especially on riskier loans where two banks reported considerable increments. Nevertheless, one of the banks reported a small reduction in its spread on medium risk loans.

In accordance with the results obtained in the survey, demand for loans in this segment remained broadly unchanged in the first quarter of 2010. Nevertheless, one of the sampled banks reported higher demand while other institution indicated lower demand. Despite having remained stable, all but one bank mentioned a decrease in consumer confidence while two banks indicated the increasing use of households' savings instead of bank loans. There were presented no relevant factors in favour of higher demand on this market segment.

Concerning the second quarter of 2010, the surveyed banks expect no changes on the credit standards applied to the approval of loans to this segment. For the same period, banks expect demand to remain broadly unchanged with only one institution anticipating a slight increase in demand for this market segment.

III. Ad hoc questions

As from the October 2007 survey, some ad-hoc questions were included in the survey conducted in April 2010. The aim is to assess the extent to which the financial market tensions have affected banks' credit standards. Comparatively to the last survey, questions regarding government guarantees on banks debt issuance were now excluded. Similarly, longer horizon (twelve months) questions concerning expectations on credit standards were also omitted from the survey.

According to the surveyed banks, tensions in wholesale financial markets continued to influence their cost of capital and lending decisions. Nevertheless, depending on the market one can distinguish different situations. Hence, no complications were reported in banks' access to the unsecured money market. One institution has even reported an improvement in its access to this type of market both in short term and very short term maturities. Regarding debt securities issuance, there was one institution that reported some difficulties accessing both short and medium-long term debt securities markets. In contrast, one bank indicated considerable improvements in its access to the short term debt securities market. Note that the same banks had reported movements in the opposite direction during the last survey. On average, the banks inquired reported more difficulties accessing medium-long term debt securities markets, which is in opposition with what had been reported in the last quarter. Nevertheless, most disturbances continue to be on the securitization markets. For that market, two institutions reported a considerable reduction on their capacity to securitize loans to enterprises. One of these institutions also reported a similar decrease on its ability to securitize mortgage loans while the other one indicated only a slight reduction for that segment.

For the second quarter of 2010, surveyed banks do not anticipate significant changes concerning their access to the unsecured money market. However, banks are expecting some problems both in the debt securities and securitization markets. Difficulties are expected to be worst in the latter case.

METHODOLOGICAL NOTE

The following tables include the results for Portugal of the Bank Lending Surveys (BLS) conducted in April 2010. Two sets of tables are included in the survey: the first set is about loans and credit lines to non financial corporations while the second one is on loans to households. In the case of corporations two sort of segmentations have been undertaken: small and medium sized (SME) versus large enterprises, and short term versus long term loans. For households, a distinction between loans for house purchase and consumer credit and other lending has been made.

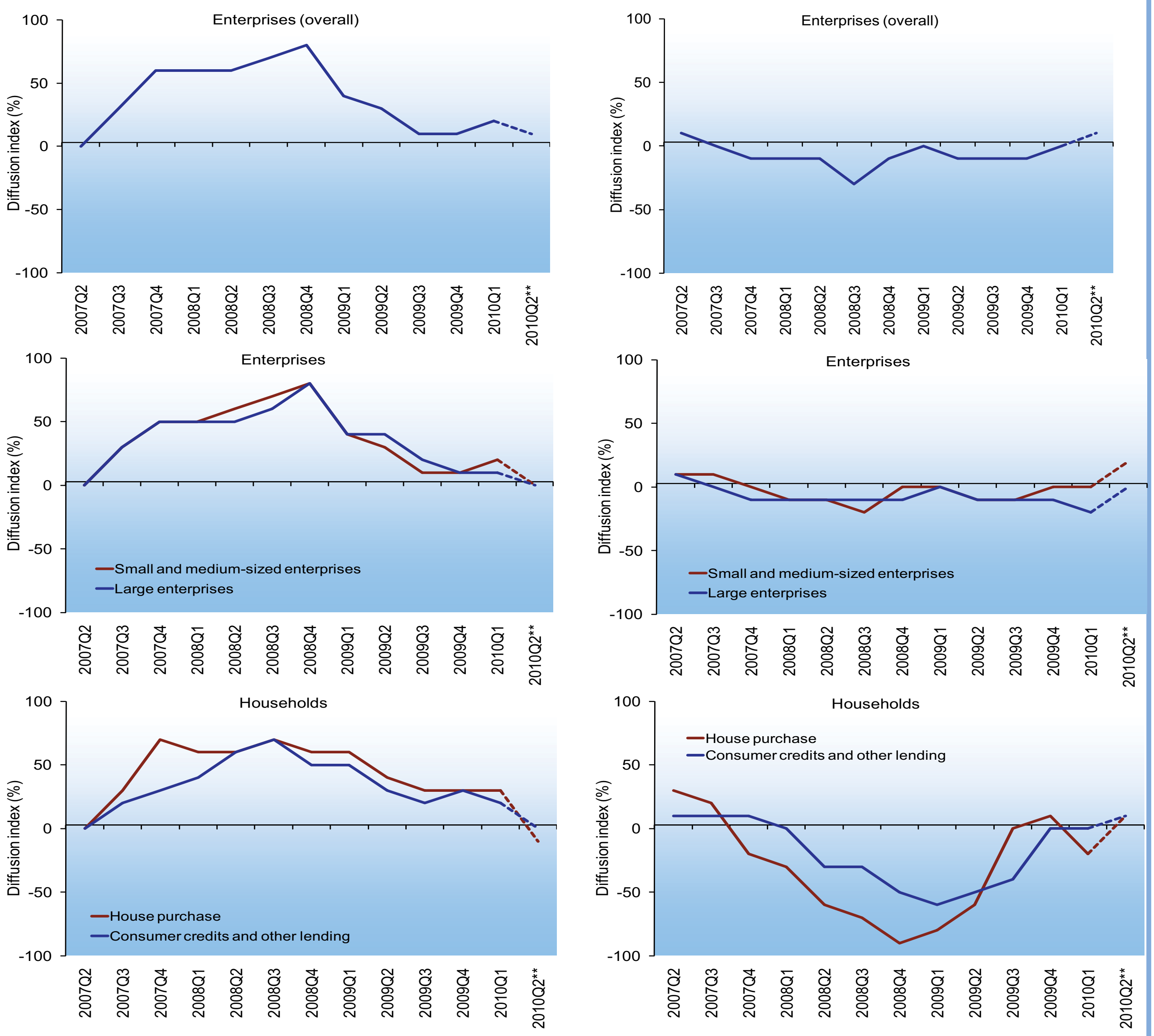
For each sector - enterprises and households - the questions are focused on: i) the current and the prospective assessments on standards, conditions and terms for lending approval, on one hand, and on demand trends, on the other (tables 1, 4, 6, 7, 8, 13, 16 and 17); and ii) the appraisal of factors affecting standards, conditions and terms (tables 2, 3, 9, 10, 11 e 12), and those behind demand developments (tables 5, 14 e 15).

Tables on the first set of questions have five possible options, for each segment, according to the trend and rate of the changes reported (either occurred or foreseen); replies are shown along columns. Answers to tables on factors' appraisal are along the rows; six options are available - including NA (not applicable) - according to their contribution to either supply or demand conditions.

The results of the survey are as follows:

- The number of banks answering for each option;
- The diffusion index of the options chosen by the banks, calculated using a scale (from -1 to 1) to aggregate individual replies, whereas 0 corresponds to "remained basically unchanged". For questions concerning supply, values of less than 0 mean a loosening of the criteria or the impact of factors in the sense of lower restrictiveness. The -0.5 figure corresponds to a "slight" change (the closer the diffusion index is to 0, the slighter it will be the change) while -1 stands for a considerable change in the sense of lower restrictiveness. In turn, values exceeding 0 point to an increase in restrictiveness or in the impact of factors supporting it. The 0.5 figure corresponds to a "slight" change while 1 stands for a considerable increase in restrictiveness. In the questions about demand, the same scale applies, with negative figures standing for decreases in demand and positive figures pointing to the opposite evolution (or the impact of factors for it)..

CREDIT SUPPLY | **CREDIT DEMAND**



Note: (a) Banks' expectations..

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 enter-prises	Short-term loans	Long-term loans
Tightened considerably					1
Tightened somewhat	2	2	1		1
Remained basically unchanged	3	3	4	5	3
Eased somewhat					
Eased considerably					
Diffusion index % Apr.10	20	20	10	0	30
Jan.10	10	10	10	0	20

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** (as described in question 1 in the column headed "Overall")? Please rate the contribution of the following factors to the tightening or easing of credit standards using the following scale:

- - = contributed considerably to tightening of credit standards
- = contributed somewhat to tightening of credit standards
° = contributed to basically unchanged credit standards
+ = contributed somewhat to easing of credit standards
++ = contributed considerably to easing of credit standards
NA = not applicable

Overall	– –	–	°	+	+ +	NA	Diffusion index % Apr.10	Diffusion index % Jan.10
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position (1)		2	3				20	10
• Your bank's ability to access market financing (e.g. money or bond market financing) (2)		2	3				20	10
• Your bank's liquidity position		2	3				20	0
B) Pressure from competition								
• Competition from other banks			5				0	0
• Competition from non-banks			5				0	0
• Competition from market financing			5				0	0
C) Perception of risk								
• Expectations regarding general economic activity		3	2				30	20
• Industry or firm-specific outlook		4	1				40	40
• Risk on the collateral demanded		2	3				20	20

(1) Can involve the use of credit derivatives, with the loans remaining on the bank's balance sheet.
(2) Involves the sale of loans from the bank's balance sheet, i.e. off-balance sheet funding.

(To be continued)

(Continued)

Loans to small and medium-sized enterprises	– –	–	°	+	+ +	NA	Diffusion index % Apr.10	Diffusion index % Jan.10
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position [1]		2	3				20	20
• Your bank's ability to access market financing (e.g. money or bond market financing) [2]		2	3				20	10
• Your bank's liquidity position		2	3				20	10
B) Pressure from competition								
• Competition from other banks			5				0	0
• Competition from non-banks			5				0	0
• Competition from market financing			5				0	0
C) Perception of risk								
• Expectations regarding general economic activity		3	2				30	20
• Industry or firm-specific outlook		4	1				40	40
• Risk on the collateral demanded		2	3				20	30

(1) Can involve the use of credit derivatives, with the loans remaining on the bank's balance sheet.
(2) Involves the sale of loans from the bank's balance sheet, i.e. off-balance sheet funding.

Loans to large enterprises	– –	–	°	+	+ +	NA	Diffusion index % Apr.10	Diffusion index % Jan.10
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position [1]		2	3				20	10
• Your bank's ability to access market financing (e.g. money or bond market financing) [2]		2	3				20	10
• Your bank's liquidity position		2	3				20	0
B) Pressure from competition								
• Competition from other banks			5				0	0
• Competition from non-banks			5				0	0
• Competition from market financing			5				0	0
C) Perception of risk								
• Expectations regarding general economic activity		3	2				30	20
• Industry or firm-specific outlook		4	1				40	40
• Risk on the collateral demanded		2	3				20	20

(1) Can involve the use of credit derivatives, with the loans remaining on the bank's balance sheet.
(2) Involves the sale of loans from the bank's balance sheet, i.e. off-balance sheet funding.

3. Over the past three months, how have your bank's **conditions** and terms for approving **loans or credit lines to enterprises** changed?
Please rate each factor using the following scale:

- - - = tightened considerably
- \- = tightened somewhat
- ° = remained basically unchanged
- \+ = eased somewhat
- ++ = eased considerably
- NA = not applicable

Overall	– –	–	°	+	+ +	NA	Diffusion index % Apr.10	Diffusion index % Jan.10
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	1	3	1				50	40
• Your bank's margin on riskier loans	3	2					80	70
B) Other conditions and terms								
• Non-interest rate charges		3	2				30	20
• Size of the loan or credit line		2	3				20	10
• Collateral requirements		4	1				40	20
• Loan covenants		1	4				10	10
• Maturity	1	1	3				30	30

Loans to small and medium-sized enterprises	– –	–	°	+	+ +	NA	Diffusion index % Apr.10	Diffusion index % Jan.10
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	1	3	1				50	50
• Your bank's margin on riskier loans	3	2					80	70
B) Other conditions and terms								
• Non-interest rate charges		3	2				30	20
• Size of the loan or credit line		2	3				20	20
• Collateral requirements		4	1				40	20
• *Loan covenants*		1	4				10	10
• Maturity	1	1	3				30	30

Loans to large enterprises	– –	–	°	+	+ +	NA	Diffusion index % Apr.10	Diffusion index % Jan.10
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	1	2	2				40	30
• Your bank's margin on riskier loans	3	2					80	70
B) Other conditions and terms								
• Non-interest rate charges		3	2				30	20
• Size of the loan or credit line		2	3				20	10
• Collateral requirements		4	1				40	20
• Loan covenants		2	3				20	20
• Maturity	1	2	2				40	40

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
Decreased considerably					
Decreased somewhat	1	1	2		3
Remained basically unchanged	3	3	3	4	2
Increased somewhat	1	1		1	
Increased considerably					
Diffusion index % Apr.10	0	0	-20	10	-30
Jan.10	-10	0	-10	0	-20

5. Over the past three months, how have the following **factors** affected the **demand for loans or credit lines to enterprises** (as described in question 4 in the column headed "Overall")? Please rate each possible factor using the following scale:

- - = contributed considerably to lower demand
- = contributed somewhat to lower demand
° = contributed to basically unchanged demand
+ = contributed somewhat to higher demand
++ = contributed considerably to higher demand
NA = not applicable

	– –	–	°	+	+ +	NA	Diffusion index % Apr.10	Jan.10
A) Financing needs								
• Fixed investment		3	2				-30	-50
• Inventories and working capital			3	2			20	10
• Mergers/acquisitions and corporate restructuring		1	4				-10	-20
• Debt restructuring			3	2			20	30
B) Use of alternative finance								
• Internal financing			4	1			10	10
• Loans from other banks			4	1			10	10
• Loans from non-banks			5				0	0
• Issuance of debt securities		1	4				-10	-20
• Issuance of equity		1	4				-10	-20

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
Tighten considerably					
Tighten somewhat	1	1			2
Remain basically unchanged	4	3	5	5	3
Ease somewhat		1			
Ease considerably					
Diffusion index % Apr.10	10	0	0	0	20
Jan.10	10	0	10	0	10

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
Decrease considerably					
Decrease somewhat					1
Remain basically unchanged	4	3	5	3	4
Increase somewhat	1	2		2	
Increase considerably					

Diffusion index % Apr.10	10	20	0	20	-10
Jan.10	10	20	10	20	-10

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
Tightened considerably		
Tightened somewhat	3	2
Remained basically unchanged	2	3
Eased somewhat		
Eased considerably		

Diffusion index % Apr.10	30	20
Jan.10	30	30

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** (as described in question 8)? Please rate the contribution of the following factors to the tightening or easing of credit standards using the following scale:

- - = contributed considerably to tightening of credit standards
- = contributed somewhat to tightening of credit standards
° = contributed to basically unchanged credit standards
+ = contributed somewhat to easing of credit standards
++ = contributed considerably to easing of credit standards
NA = not applicable

	– –	–	°	+	+ +	NA	Diffusion index % Apr.10	Diffusion index % Jan.10
A) Cost of funds and balance sheet constraints		2	3				20	10
B) Pressure from competition								
• Competition from other banks			5				0	0
• Competition from non-banks			4			1	0	0
C) Perception of risk								
• Expectations regarding general economic activity		3	2				30	30
• Housing market prospects		3	2				30	40

10. Over the past three months, how have your bank's **conditions** and terms for approving **loans to households** for house purchase changed? Please rate each factor using the following scale:

- - - = tightened considerably
- \- = tightened somewhat
- ° = remained basically unchanged
- \+ = eased somewhat
- ++ = eased considerably
- NA = not applicable

	– –	–	°	+	+ +	NA	Diffusion index % Apr.10	Jan.10
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)		5					50	30
• Your bank's margin on riskier loans	3	2					80	60
B) Other conditions and terms								
• Collateral requirements		1	4				10	0
• "Loan-to-value" ratio		2	3				20	20
• Maturity		1	4				10	0
• Non-interest rate charges		1	4				10	0

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)? Please rate the contribution of the following factors to the tightening or easing of credit standards using the following scale:

- - - = contributed considerably to tightening of credit standards
- \- = contributed somewhat to tightening of credit standards
- ° = contributed to basically unchanged credit standards
- \+ = contributed somewhat to easing of credit standards
- ++ = contributed considerably to easing of credit standards
- NA = not applicable

	– –	–	°	+	+ +	NA	Diffusion index % Apr.10	Jan.10
A) Cost of funds and balance sheet constraints		2	3				20	10
B) Pressure from competition								
• Competition from other banks			5				0	0
• Competition from non-banks			5				0	0
C) Perception of risk								
• Expectations regarding general economic activity		5					50	30
• Creditworthiness of consumers		5					50	30
• Risk on the collateral demanded		2	3				20	20

12. Over the past three months, how have your bank's **conditions** and terms for approving **consumer credit and other lending to households changed**? Please rate each factor using the following scale:

- - - = tightened considerably
- \- = tightened somewhat
- ° = remained basically unchanged
- \+ = eased somewhat
- ++ = eased considerably
- NA = not applicable

	– –	–	°	+	+ +	NA	Diffusion index % Apr.10	Jan.10
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	1	1	2	1			20	40
• Your bank's margin on riskier loans	2	2	1				60	50
B) Other conditions and terms								
• Collateral requirements		1	4				10	10
• Maturity			5				0	0
• Non-interest rate charges		1	4				10	10

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
Decreased considerably		
Decreased somewhat	3	1
Remained basically unchanged	1	3
Increased somewhat	1	1
Increased considerably		

Diffusion index % Apr.10	-20	0
Jan.10	10	0

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)? Please rate each factor using the following scale:

- \- - = contributed considerably to lower demand
- \- = contributed somewhat to lower demand
- ° = contributed to basically unchanged demand
- \+ = contributed somewhat to higher demand
- ++ = contributed considerably to higher demand
- NA = not applicable

	– –	–	°	+	+ +	NA	Diffusion index % Apr.10	Diffusion index % Jan.10
A) Financing needs								
• Housing market prospects		2	3				-20	-20
• Consumer confidence		3	2				-30	-20
• Non-housing related consumption expenditure		1	4				-10	-20
B) Use of alternative finance								
• Household savings			5				0	0
• Loans from other banks		1	4				-10	-10
• Other sources of finance			5				0	0

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 12)? Please rate each factor using the following scale:

- \- - = responsible for considerable decrease
- \- = responsible for decrease
- ° = responsible for neither decrease nor increase
- \+ = responsible for increase
- ++ = responsible for considerable increase
- NA = not applicable

	– –	–	°	+	+ +	NA	Diffusion index % Apr.10	Diffusion index % Jan.10
A) Financing needs								
• Spending on durable consumer goods (such as cars, furniture, etc.)		1	3	1			0	-20
• Consumer confidence		4	1				-40	-10
• Securities purchases			5				0	0
B) Use of alternative finance								
• Household saving		2	3				-20	-20
• Loans from other banks			5				0	0
• Other sources of finance			5				0	0

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
Tighten considerably		
Tighten somewhat		
Remain basically unchanged	4	5
Ease somewhat	1	
Ease considerably		
Diffusion index % Apr.10	-10	0
Jan.10	20	0

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
Decrease considerably		
Decrease somewhat	1	
Remain basically unchanged	2	4
Increase somewhat	2	1
Increase considerably		
Diffusion index % Apr.10	10	10
Jan.10	30	30

Ad hoc questions

The crisis in US sub-prime mortgage-related bonds and its spill-over into other financial markets led to a considerably more cautious valuation of credit risk worldwide in the second half of 2007. From the perspective of monetary policy, it is important to monitor how these events have affected bank credit conditions for enterprises and households. Therefore, following the October 2007 survey, some ad hoc questions are presented, which aim to gauge 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 forth quarter of 2009 and will affect them in the next three months.

1. As a result of the situation in financial markets[1], has your market access been hampered when tapping your usual sources of wholesale funding and/or has your ability to transfer risk been hampered over the past three months, or are you expecting this access/activity to be hampered over the next three months? Please rate each factor using the following scale:

- \- - = was considerably hampered / will be considerably hampered
- \- = was somewhat hampered / will be somewhat hampered
- ° = was basically not hampered / will be basically not hampered
- \+ = eased somewhat / will ease somewhat
- ++ = eased considerably / will ease considerably
- NA = not applicable

	Over the past three months					Over the next three months					NA[2]
	– –	–	°	+	+ +	– –	–	°	+	+ +	
A) Inter-bank unsecured money market											
• Very short term money market (up to 1 week)			4	1				5			
• Short-term money market (more than 1 week)			4	1				5			
B) Debt securities [3]											
• Short-term debt securities (e.g. certificates of deposit or commercial paper)		1	3		1		2	3			
• Medium to long term debt securities (incl. covered bonds)		1	4				2	3			
C) Securitisation (4)											
• Securitisation of corporate loans	2		3			2		3			
• Securitisation of loans for house purchase	1	1	3			1	1	3			
D) Ability to transfer credit risk off balance sheet [5]		1	3				1	3			1
E) Other markets											

(1) Also taking into account any effect of state guarantees for debt securities and recapitalisation support.
(2) NA = not applicable: the source of funding is not relevant for the 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.

2. 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	2
Considerable impact on capital, and some impact on lending		
Some impact on both capital and lending	3	3
Some impact on capital, but no impact on lending		
Basically no impact on capital		
No reply		

(*) 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