

**BANK LENDING SURVEY**

April 2011

**Results for Portugal****I. Overall assessment**

According to the results of the survey conducted in April 2011, credit standards applied to the approval of loans to non-financial corporations became significantly stricter in the first quarter of 2011. The tightening of the credit standards was particularly intense in loans to large companies and long-term loans. In loans granted to households, the increase in restrictiveness was milder, with no marked differences between loans for house purchase and loans for consumption and other purposes.

Contributing to the tightening of credit standards, both for non-financial corporations and households, were the increased cost of capital and balance sheet constraints, as well as a sharp deterioration in expectations regarding general economic activity. The adoption of a more restrictive criteria resulted in higher spreads, especially for higher risk loans. Additionally, banks reported an increase in fees and other charges not related to interest rate and a decrease in loans' maturity. In the case of loans to households, there was also a decrease in the loan to value ratio.

The demand for loans and credit lines by enterprises decreased slightly over the previous quarter. This decrease has been most significant in the case of long-term loans. Contributing to this decline should have been the decrease in financing needs associated with fixed investment, mergers and acquisitions and corporate restructuring. On the other side, it was reported an increase in financing needs associated with debt restructuring. The decrease in demand has been more pronounced in the case of households, especially in loans for house purchase. This is mostly justified by the decline in consumer confidence, the deterioration in expectations regarding the housing market and, to a lesser extent, in the case of loans for consumption, the retrenchment of expenditure on durable goods.

For the second quarter of 2011, banks foresee the adoption of significantly more restrictive lending criteria, both for non-financial corporations and households. Regarding demand, banks anticipate that this should remain stable in the case of non-financial corporations. In contrast, banks foresee a significant decline in households' demand, particularly in lending for house purchase.

**II. Presentation of the results****Loans or credit lines to enterprises**

According to the reporting banks, the criteria for granting loans or credit lines to enterprises have become significantly more restrictive in the first quarter of 2011 as compared with the previous quarter. Thus, two of the inquired institutions reported a significant tightening of credit conditions, while the remaining institutions declared to have adopted slightly tighter credit criteria. This increase in restrictiveness has been more pronounced in the case of large firms and long-term loans.

To the adoption of tighter credit standards should have contributed not only the deteriorating conditions in accessing financial markets and their liquidity position, but also the weaker expectations regarding general economic activity. Additionally, four institutions indicated a slight deterioration in industry and firm-specific outlooks. In contrast, there was one institution which noted that competitive pressures, particularly in lending to large enterprises, have contributed to a less restrictive credit granting criteria.

The tightening of credit standards should have translated into higher spreads, especially in higher risk loans, as well as a decrease in loans' maturity. Additionally, four institutions reported an increase in fees unrelated to interest rate and three banks indicated a slight decrease in the amounts of loans and credit lines granted.

Regarding demand, three banks reported a slight decrease over the previous quarter, while the remaining institutions do not consider there have been significant changes. The fall in demand was more pronounced in long-term loans, where one institution indicated a considerable decline in demand while other two banks indicated a slight decrease. The inquired banks also noted a fall in demand for loans by large enterprises. However, in this case the responses were diverse. Thus one institution indicated a considerable decline in demand and two institutions reported a slight decrease. Finally, there was one institution that indicated an increase in demand.

Contributing to the decline in demand was mainly a reduction in financing needs of businesses, both for fixed investment and for mergers / acquisitions and corporate restructuring. In opposition, financing needs related with debt restructuring had a positive contribution to the demand for loans to enterprises. Additionally, two institutions indicated that enterprises demand for alternative sources of finance, including loans from other banking institutions, have also contributed slightly to an increase in credit demand addressed to them.

For the second quarter of 2011 two of the institutions surveyed anticipate credit granting criteria to become considerably more restrictive. The remaining institutions predicted a slight increase in restrictiveness. These increased restrictions on lending criteria should be more pronounced in the case of long-term loans, where two of the institutions surveyed anticipate a considerable increase in restrictiveness while the remaining banks predict slight changes. In the case of loans to large enterprises, two of the banks surveyed foresee a worsening of credit granting criteria. However, in this case one of the institutions expects no changes. Regarding demand, the inquired banks expect it to remain unchanged. However, there was one institution which indicated being waiting for a decrease in the demand for long-term loans.

## Loans to households

### *For house purchase*

According to the surveyed banks, credit standards applied to the approval of loans to households for house purchase became slightly more restrictive in the first quarter of 2011. This behaviour has been significantly enhanced both by the increase in funding costs and balance sheet constraints, as well as the deterioration in expectations regarding general economic activity and the housing market in particular.

The adoption of a tighter credit policy should have been translated, essentially in a considerable increase in spreads from three institutions and a slight increase from the remaining. Two banks also indicated a significant decrease in the LTV ratio required, while the remaining institutions said to have decreased it slightly. Finally, the institutions surveyed reported the application of higher fees, lower loan maturities and more demanding conditions regarding the acceptance of collateral.

Concerning the demand for loans for house purchase, four out of the five banks inquired responded to have experienced a significant decrease over the previous quarter. One bank reported a slight decrease. According to three of the banks surveyed, this decrease in demand is mostly justified by the deterioration in housing market prospects, as well as lower consumer confidence. The remaining institutions also mentioned these factors, but considered that they had a lower contribution. Additionally, all institutions pointed that the increase in consumer spending not related with house purchasing contributed to a slight decline in demand for loans for house purchase. Finally, two institutions reported a decline in demand due to increased competition from other banking institutions.

For the second quarter of 2011, four of the institutions surveyed anticipate more restrictive credit standards, while one institution is likely to adopt considerably more restrictive criteria. Regarding demand, four of the institutions surveyed anticipate a significant decrease, with only one bank predicting a slight decrease in demand.

### *For consumption and other purposes*

Regarding loans to households for consumption and other purposes, the inquired banks indicated that credit standards have also become slightly more restrictive. This behaviour has been primarily justified by a significant increase in funding costs and balance sheet constraints. Additionally, three of the banks surveyed indicated a significant deterioration in expectations regarding general economic activity. Finally, two institutions indicated a significant decrease in consumers' ability to service debt.

The adoption of a tighter consumer credit policy should have been reflected mainly into higher spreads, especially in higher risk loans. Additionally, four institutions indicated that they had slightly increased their collateral requirements.

According to three of the banks surveyed consumer credit demand declined significantly in the first quarter of 2011, while the remaining institutions indicated that there was a slight decrease. This should be related mainly to the decrease in consumer confidence. Although smaller in scale, the retrenchment of consumer spending in durable goods should have also contributed to the decline in the demand for loans to households for consumption and other purposes.

For the second quarter of 2011, four banks anticipate a slight tightening in consumer credit criteria, while one of the institutions surveyed expect credit standards to become considerably more restrictive. Regarding demand, two banks predict a substantial decrease, while the remaining three institutions anticipate a slight decrease.

## III. *Ad hoc* questions

As from the October 2007 survey, some ad-hoc questions were included in the survey conducted in April 2011. The aim is to assess the extent to which the financial market tensions have affected banks' credit standards.

Regarding both the very short term (less than one week) and the short-term (over one week) money markets, two of the institutions surveyed reported having experienced a considerable deterioration in the last three months. There was also one institution, which said to have experienced a slight increase of difficulty in accessing this market. The remaining banks have found no changes in this market.

Also in the debt securities market, the institutions surveyed indicated a deterioration in market conditions both in the short (certificates of deposit and commercial paper) and medium and long term markets. However, one can distinguish different situations. Thus, two of the institutions surveyed indicated a significant deterioration in their ability to sell debt securities, while two other found no changes in market conditions. There was also one institution which indicated improvements in the short term debt securities market and greater difficulties in the long term debt securities market.

In the market for securitized loans, backed by credit to enterprises and mortgages, there is a clear dichotomy, with two institutions indicating a severe deterioration in the market while the remaining three institutions reporting that there have been no changes over the previous quarter.

Also noteworthy is that a bank has reported a slight improvement in the repo market (after a considerable deterioration in the previous quarter).

## METHODOLOGICAL NOTE

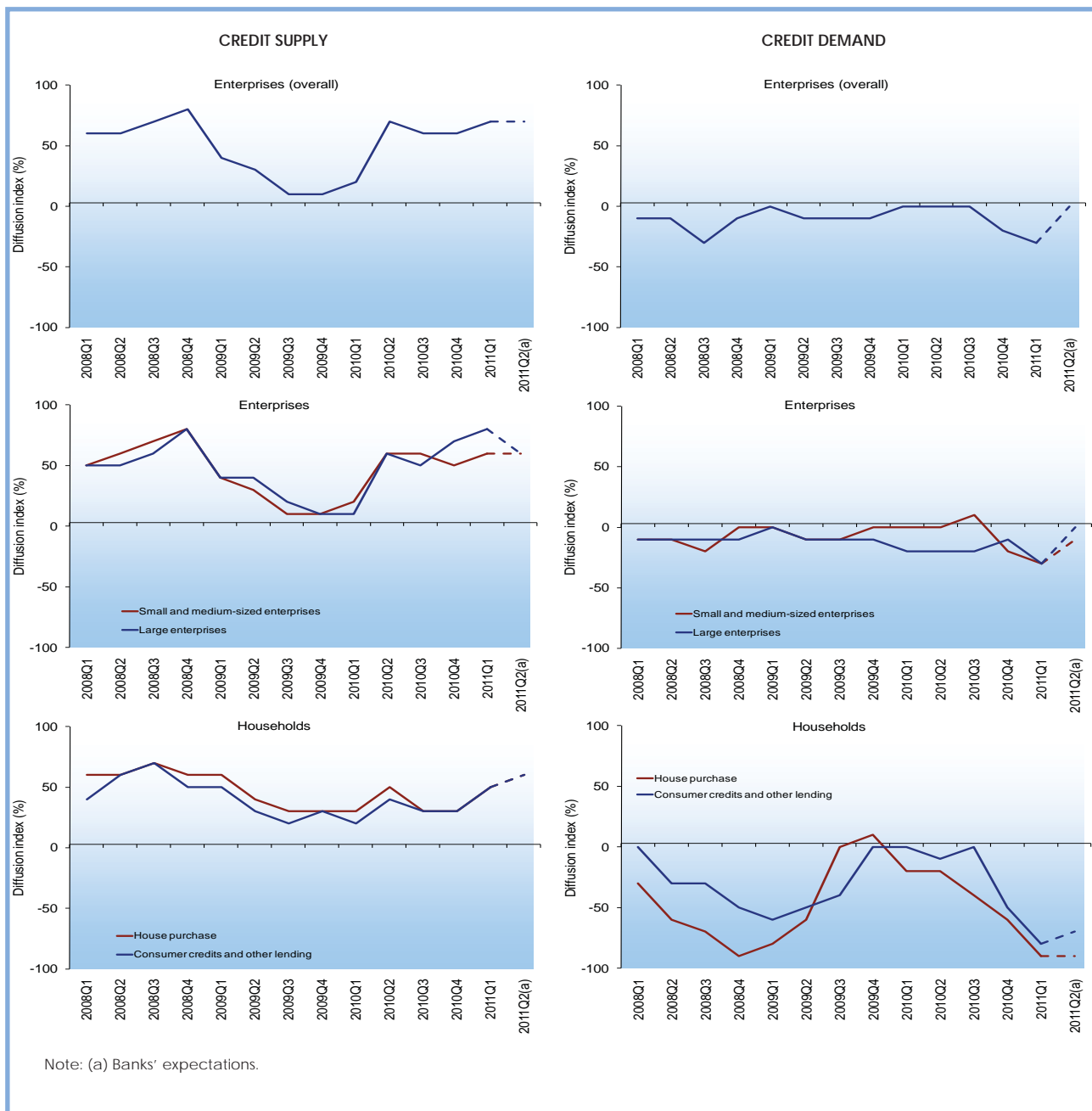
The following tables include the results for Portugal of the Bank Lending Surveys (BLS) conducted in April 2011. Two sets of tables are included in the survey: the first set is about loans and credit lines to non financial corporations while the second one is on loans to households. In the case of corporations 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).



## I. Loans or credit lines to enterprises

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

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Tightened considerably	2	1	3	1	3
Tightened somewhat	3	4	2	4	2
Remained basically unchanged					
Eased somewhat					
Eased considerably					

Diffusion index % Apr. 11	70	60	80	60	80
Jan. 11	60	50	70	50	80

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. 11 Jan. 11	
<b>A) Cost of funds and balance sheet constraints</b>								
• Costs related to your bank's capital position <sup>(1)</sup>	1	3	1				50	40
• Your bank's ability to access market financing (e.g. money or bond market financing) <sup>(2)</sup>	3	2					80	60
• Your bank's liquidity position	2	2	1				60	60
<b>B) Pressure from competition</b>								
• Competition from other banks		1	4				10	0
• Competition from non-banks			5				0	0
• Competition from market financing			4	1			-10	0
<b>C) Perception of risk</b>								
• Expectations regarding general economic activity	2	3					70	80
• Industry or firm-specific outlook		4	1				40	50
• Risk on the collateral demanded		2	3				20	40

(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. 11	Jan. 11
<b>A) Cost of funds and balance sheet constraints</b>								
• Costs related to your bank's capital position <sup>(1)</sup>	1	3	1				50	40
• Your bank's ability to access market financing (e.g. money or bond market financing) <sup>(2)</sup>	3	2					80	60
• Your bank's liquidity position	2	2	1				60	40
<b>B) Pressure from competition</b>								
• Competition from other banks		1	3	1			0	0
• Competition from non-banks			4	1			-10	0
• Competition from market financing			4	1			-10	0
<b>C) Perception of risk</b>								
• Expectations regarding general economic activity	2	2	1				60	70
• Industry or firm-specific outlook		4	1				40	50
• Risk on the collateral demanded		2	3				20	40

*(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. 11	Jan. 11
<b>A) Cost of funds and balance sheet constraints</b>								
• Costs related to your bank's capital position <sup>(1)</sup>	1	3	1				50	50
• Your bank's ability to access market financing (e.g. money or bond market financing) <sup>(2)</sup>	3	2					80	70
• Your bank's liquidity position	2	2	1				60	70
<b>B) Pressure from competition</b>								
• Competition from other banks		1	3		1		-10	0
• Competition from non-banks			4	1			-10	0
• Competition from market financing			4		1		-20	0
<b>C) Perception of risk</b>								
• Expectations regarding general economic activity	2	3					70	80
• Industry or firm-specific outlook		4	1				40	50
• Risk on the collateral demanded		2	3				20	40

*(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. 11	Jan. 11
<b>A) Price</b>								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	1	4					60	80
• Your bank's margin on riskier loans	3	2					80	80
<b>B) Other conditions and terms</b>								
• Non-interest rate charges		4	1				40	30
• Size of the loan or credit line		3	2				30	30
• Collateral requirements	1	1	3				30	30
• Loan covenants		1	4				10	20
• Maturity		5					50	50

Loans to small and medium-sized enterprises	--	-	°	+	++	NA	Diffusion index %	
							Apr. 11	Apr. 10
<b>A) Price</b>								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)		5					50	70
• Your bank's margin on riskier loans	2	3					70	80
<b>B) Other conditions and terms</b>								
• Non-interest rate charges		4	1				40	30
• Size of the loan or credit line		3	2				30	30
• Collateral requirements	1	1	3				30	30
• <i>Loan covenants</i>		1	4				10	20
• Maturity		5					50	50

Loans to large enterprises	--	-	°	+	++	NA	Diffusion index %	
							Apr. 11	Jan. 11
<b>A) Price</b>								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	1	4					60	70
• Your bank's margin on riskier loans	3	2					80	80
<b>B) Other conditions and terms</b>								
• Non-interest rate charges		4	1				40	30
• Size of the loan or credit line		3	2				30	30
• Collateral requirements	1	1	3				30	30
• Loan covenants		2	3				20	20
• Maturity	1	4					60	50

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			1		1
Decreased somewhat	3	3	2	2	2
Remained basically unchanged	2	2	1	3	2
Increased somewhat			1		
Increased considerably					

Diffusion index % Apr. 11	-30	-30	-30	-20	-40
Jan. 11	-20	-20	-10	0	-30

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. 11 Jan. 11	
<b>A) Financing needs</b>								
• Fixed investment	1	2	2				-40	-50
• Inventories and working capital		2	3				-20	0
• Mergers/acquisitions and corporate restructuring	2	1	2				-50	-30
• Debt restructuring		1	1	3			20	30
<b>B) Use of alternative finance</b>								
• Internal financing			4	1			10	0
• Loans from other banks			3	2			20	10
• Loans from non-banks			5				0	10
• Issuance of debt securities			5				0	20
• Issuance of equity			5				0	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	2	1	2	1	2
Tighten somewhat	3	4	2	4	3
Remain basically unchanged			1		
Ease somewhat					
Ease considerably					

Diffusion index % Apr. 11	70	60	60	60	70
Jan. 11	60	40	50	40	70

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

Diffusion index % Apr. 11	0	-10	0	10	-20
Jan. 11	-20	-20	-10	-10	-40

## 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	1	1
Tightened somewhat	3	3
Remained basically unchanged	1	1
Eased somewhat		
Eased considerably		

Diffusion index % Apr. 11	50	50
Jan. 11	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. 11	Jan. 11
<b>A) Cost of funds and balance sheet constraints</b>	4	1					90	60
<b>B) Pressure from competition</b>								
• Competition from other banks		1	3	1			0	0
• Competition from non-banks		1	4				10	0
<b>C) Perception of risk</b>								
• Expectations regarding general economic activity	4	1					90	70
• Housing market prospects	3	2					80	50



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. 11	Jan. 11
<b>A) Price</b>								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)		5					50	60
• Your bank's margin on riskier loans	3	2					80	80
<b>B) Other conditions and terms</b>								
• Collateral requirements		2	3				20	20
• "Loan-to-value" ratio	2	3					70	30
• Maturity		3	2				30	20
• Non-interest rate charges	1	2	2				40	20

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. 11	Jan. 11
<b>A) Cost of funds and balance sheet constraints</b>	4		1				80	60
<b>B) Pressure from competition</b>								
• Competition from other banks		1	4				10	0
• Competition from non-banks			5				0	0
<b>C) Perception of risk</b>								
• Expectations regarding general economic activity	3	2					80	60
• Creditworthiness of consumers	2	3					70	40
• Risk on the collateral demanded		5					50	30

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. 11	Jan. 11
<b>A) Price</b>								
• 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	2	2	1				60	70
<b>B) Other conditions and terms</b>								
• Collateral requirements		4	1				40	40
• Maturity		2	3				20	20
• Non-interest rate charges		1	4				10	20

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	4	3
Decreased somewhat	1	2
Remained basically unchanged		
Increased somewhat		
Increased considerably		

Diffusion index % Apr. 11	-90	-80
Apr. 10	-60	-50

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. 11 Jan. 11	
<b>A) Financing needs</b>								
• Housing market prospects	3	2					-80	-50
• Consumer confidence	3	2					-80	-50
• Non-housing related consumption expenditure		5					-50	-20
<b>B) Use of alternative finance</b>								
• Household savings			5				0	-10
• Loans from other banks		2	3				-20	0
• 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 considerable increase
- NA = not applicable

	--	-	°	+	++	NA	Diffusion index % Apr. 11 Jan. 11	
<b>A) Financing needs</b>								
• Spending on durable consumer goods (such as cars, furniture, etc.)	1	3	1				-50	-40
• Consumer confidence	2	3					-70	-50
• Securities purchases		1	4				-10	-10
<b>B) Use of alternative finance</b>								
• Household saving		1	4				-10	-10
• Loans from other banks			5				0	-10
• 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	1	1
Tighten somewhat	4	4
Remain basically unchanged		
Ease somewhat		
Ease considerably		

Diffusion index % Apr. 11	60	60
Jan. 11	50	50

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

Diffusion index % Apr. 11	-90	-70
Jan. 11	-50	-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 first quarter of 2011 and will affect them in the next three months.

1. As a result of the situation in financial markets<sup>(1)</sup>, 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 <sup>(2)</sup>
	--	-	°	+	++	--	-	°	+	++	
<b>A) Inter-bank unsecured money market</b>											
• Very short term money market (up to 1 week)	2	1	2				1	4			
• Short-term money market (more than 1 week)	2	1	2			1		4			
<b>B) Debt securities <sup>(3)</sup></b>											
• Short-term debt securities (e.g. certificates of deposit or commercial paper)	2		2	1		1	1	3			
• Medium to long term debt securities (incl. covered bonds)	2	1	2			1		4			
<b>C) Securitisation <sup>(4)</sup></b>											
• Securitisation of corporate loans	2		3			1		3			
• Securitisation of loans for house purchase	2		3			1		3			
<b>D) Ability to transfer credit risk off balance sheet <sup>(5)</sup></b>		1	2				1	2			1
<b>E) Other markets</b>											
• Repo Market				1			1				
<p>(1) Also taking into account any effect of state guarantees for debt securities and recapitalisation support.</p> <p>(2) NA = not applicable: the source of funding is not relevant for the bank.</p> <p>(3) Usually involves on-balance sheet funding.</p> <p>(4) Usually involves the sale of loans from banks' balance sheets, i.e. off-balance sheet funding.</p> <p>(5) Usually involves the use of credit derivatives, with the loans remaining on banks' balance sheets.</p>											