

## BANK LENDING SURVEY

January 2011

### Results for Portugal

#### I. Overall assessment

According to the results of the survey conducted in January 2011, credit standards applied to the approval of loans to non-financial corporations became significantly stricter in the fourth quarter of 2010. 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.

The main factors reported by banks as leading to the tightening of credit policy were weaker expectations regarding general economic activity, the deterioration in market financing conditions and the worsening of banks' liquidity position, both in credit granted to enterprises and credit granted to households. Changes in credit standards should have been reflected into an increase in spreads, both in medium and high risk loans and, occasionally, into a tightening of other contractual conditions.

The demand for loans and credit lines by enterprises decreased slightly over the previous quarter. This behaviour was mainly due to the decrease in demand from SMEs. Contributing to the decline in demand should have been the decrease in financing needs associated with fixed investment and mergers and acquisitions. With a positive impact, was reported an increase in financing needs associated with debt re-structuring and, to a lesser extent, companies' lower ability to resort on alternative sources of funding. In the segment of households, the decrease in demand should have been stronger, for which should have contributed the drop in consumer confidence (in the case of housing and consumption), the deterioration of housing market prospects (housing) and the retrenchment of expenditure on durable goods (consumption).

For the first quarter of 2011, the surveyed banks foresee the adoption of slightly more restrictive criteria across all market segments, especially, in the approval of long-term loans to enterprises. Regarding demand, the inquired institutions anticipate a slight decrease in all market segments, except in loans for house purchase, for which they expect a significant decline.

#### 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 fourth quarter of 2010, compared with the previous one. While one institution reported a considerable increase in restrictiveness, the remaining reported a slight increase. The increase in restrictiveness has been more pronounced in loans granted to large companies and in long-term loans.

To the adoption of tighter credit standards should have contributed, although with varying intensities among banks, the difficulties while accessing financial markets, the deterioration of banks' liquidity position and the weaker expectations regarding general economic activity. Furthermore, all banks agree that weaker industry and firm-specific outlooks also contributed to a slight tightening of credit standards.

The tightening of credit standards have been translated, mainly, into the application of higher spreads, both in medium and high risk loans. Changes were also reported in other contractual terms (fees, outstanding amounts, collateral, non-monetary conditions) in which the responses of the institutions were split between "virtually unchanged" and "slightly more restrictive". Note that these responses do not differ significantly between SMEs and Large Enterprises. Additionally, one bank has reported a considerable increase in restrictiveness with respect to the loans' maturity.

On the demand side, two banks reported a slight decrease *vis-à-vis* the previous quarter, while the remaining consider that there was no significant changes. Nevertheless, three institutions mentioned a slight decrease in demand for long-term loans, while for short term ones, the answer "no changes" was undisputed. Contributing to the decline in demand was, mainly, a reduction in financing needs associated with fixed investment, mergers and acquisitions and corporate re-structuring. In the opposite direction, but with a lower impact, were reported the increased need for debt restructuring and the retrenchment of alternative funding sources.

For the first quarter of 2011, surveyed institutions anticipate a slight tightening in credit standards applied. Nevertheless, two institutions foresee a considerable tightening on the approval of long-term loans to enterprises. For the same period, and regarding credit demand, answers vary between a "slight decrease" and "virtually no change". However, when it comes to long-terms loans most banks agree with a "slight decrease". It is also worthwhile noting that, on the demand side, current expectations are in line with the expectations of the previous quarter whereas, on the supply side (approval criteria), the prospects for next quarter are significantly more restrictive.

## Loans to households

### For house purchase

According to the survey data, credit standards applied to the approval of loans to households for house purchase became slightly more restrictive in the last quarter of 2010. This behaviour should have been determined by the increase in funding costs and balance sheet constraints, the deterioration in expectations regarding general economic activity and, to a lesser extent, by the weaker prospects for the housing market.

The adoption of a tighter credit policy should have been translated, essentially, into an increase in credit spreads, both in medium and high risk loans. Additionally, some institutions have reported the application of more stringent conditions regarding the acceptance of collateral, the maximum LTV ratio allowed, the loans' maturity and regarding the charge of other fees not related to the interest rate.

The surveyed banks reported a decrease in demand for housing loans as compared the previous quarter. Only one bank reported that there were no significant changes while the remaining answers were divided between a "considerable decrease" and a "slight decrease". The main factors contributing to the decline in demand were the weaker prospects for the housing market and the decline in consumer confidence. Additionally, two institutions pointed out the increase in consumer spending not related to house purchasing as contributing to a slight decline in demand.

For the first quarter of 2011 is expected a slight tightening in credit standards applied to the approval of loans to households for house purchase, a view that is shared by the five banks surveyed. With respect to demand, three institutions anticipate a slight decrease, while the remaining are divided between a "considerable decrease" and "no significant change".

### For consumption and other purposes

In the segment of consumer credit and other purposes, the survey results are broadly similar to those of the housing sector. Credit standards became slightly more stringent for three of the five banks in the sample, while the remaining indicated that no changes occurred.

This behaviour should have been driven, mainly, by higher funding costs and balance sheet constraints and by weaker expectations regarding general economic activity. Furthermore, it was also pointed out the concerns about the ability of consumers to assure debt service and about the risks associated with the value of debt collateral.

The adoption of a tighter consumer credit policy should have been reflect, mainly, into higher spreads, both in medium and high risk loans. Also, some changes in other contractual terms were reported, having a bank referred that collateral requirements became considerably more restrictive.

On the demand for consumer credit, three institutions reported a slightly decrease over the previous quarter, while the remaining divided themselves between a "considerable decrease" and the "absence of significant changes". The decline in consumer confidence and the retrenchment of consumer spending in durable goods should have been the main factors leading to this performance.

For the first quarter of 2011, the banks surveyed anticipate a slight tightening of the criteria used for approving consumer credit. As regards demand, answers are divided between a "slight decrease" and "no significant change".

## III. Ad-hoc questions

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

In this context, the answers of the surveyed institutions differ considerably, especially as regards the markets for short-term financing. For the money market in the very short term (less than one week), without collateral, three institutions reported no significant changes in the last three months. The remaining divided themselves between a "slight" and a "considerable" deterioration. In the short term, but exceeding a week, one answer is even towards a slight improvement in conditions.

In the segment of debt securities the situation is similar in the short, medium and long term, with one institution reporting a slight improvement in short-term instruments, e.g. issuance of commercial paper and deposit certificates. In the market for securitized loans, backed by credit to enterprises and mortgages, four banks indicated that there was no change relative to the previous quarter while only one reported a significant deterioration.

Also noteworthy is that a bank has referred a significant worsening in the short-term collateralized money market (repo's market), an additional piece of information that complements the original survey.

For the next quarter, the surveyed banks do not anticipate significant changes, on average, with the exception of a bank that foresees a significant deterioration in all financing markets.

Finally, four of the inquired banks referred that the situation in financial markets has had some impact on raising capital and granting credit in the last three months and they anticipate it will continue to do so in the first quarter of 2011. The other institution even expects that this impact will be considerable in both strands.

**METHODOLOGICAL NOTE**

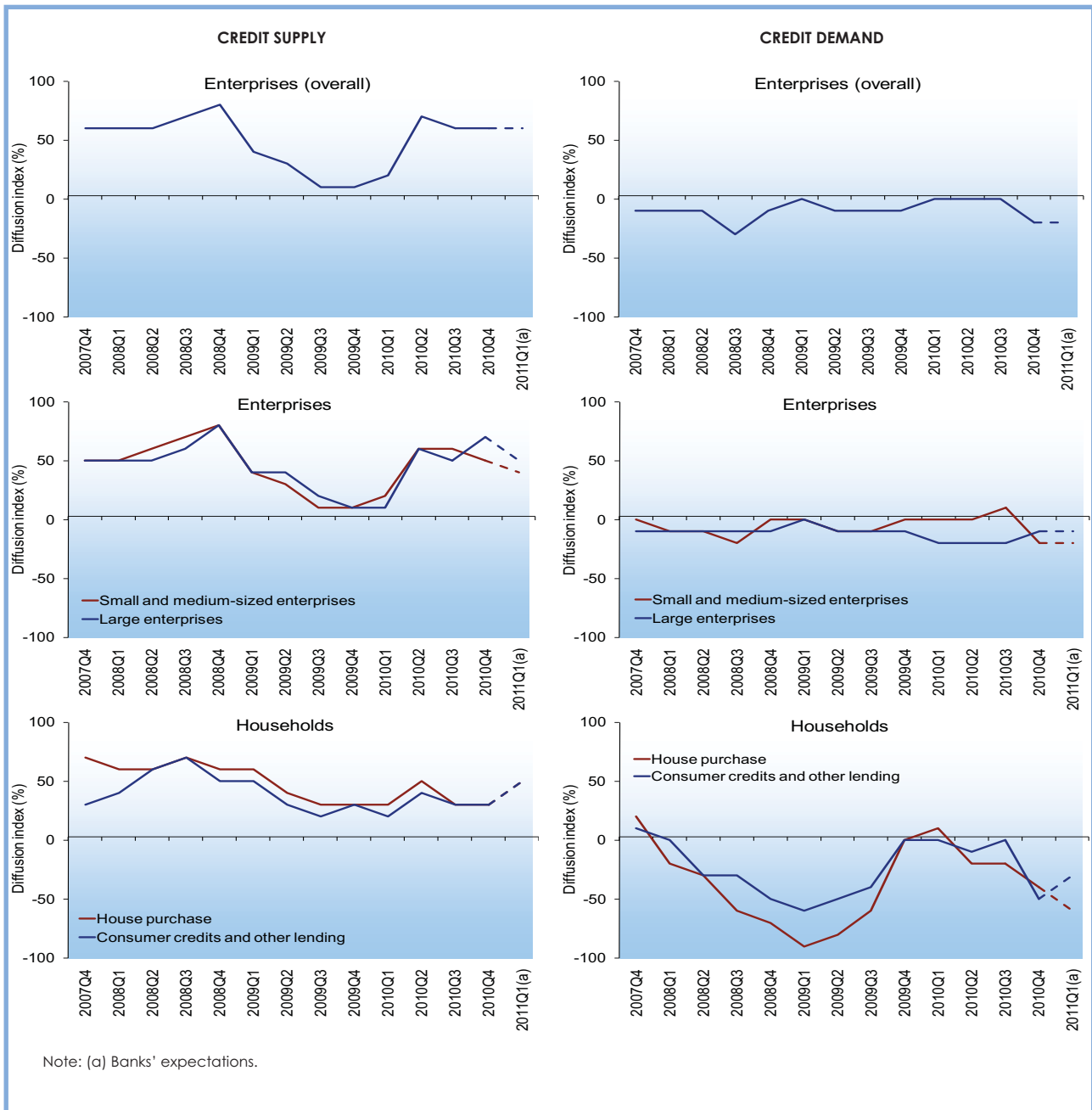
The following tables include the results for Portugal of the Bank Lending Surveys (BLS) conducted in January 2011. Two sets of tables are included in the survey: the first set is about loans and credit lines to non financial corporations while the second one is on loans to households. In the case of 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	1		2		3
Tightened somewhat	4	5	3	5	2
Remained basically unchanged					
Eased somewhat					
Eased considerably					

Diffusion index %	Jan. 11		Oct. 10		
	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Jan. 11	60	50	70	50	80
Oct. 10	60	60	50	50	70

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

(To be continued)

(Continued)

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

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 %	
							Jan. 11	Oct. 10
<b>A) Price</b>								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	3	2					80	60
• Your bank's margin on riskier loans	3	2					80	70
<b>B) Other conditions and terms</b>								
• Non-interest rate charges		3	2				30	30
• Size of the loan or credit line		3	2				30	40
• Collateral requirements		3	2				30	30
• Loan covenants		2	3				20	20
• Maturity	1	3	1				50	50

Loans to small and medium-sized enterprises	--	-	°	+	++	NA	Diffusion index %	
							Jan. 11	Apr.10
<b>A) Price</b>								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	2	3					70	60
• Your bank's margin on riskier loans	3	2					80	70
<b>B) Other conditions and terms</b>								
• Non-interest rate charges		3	2				30	30
• Size of the loan or credit line		3	2				30	40
• Collateral requirements		3	2				30	30
• Loan covenants		2	3				20	20
• Maturity	1	3	1				50	50

Loans to large enterprises	--	-	°	+	++	NA	Diffusion index %	
							Jan. 11	Oct. 10
<b>A) Price</b>								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	2	3					70	60
• Your bank's margin on riskier loans	3	2					80	70
<b>B) Other conditions and terms</b>								
• Non-interest rate charges		3	2				30	30
• Size of the loan or credit line		3	2				30	40
• Collateral requirements		3	2				30	30
• Loan covenants		2	3				20	20
• Maturity	1	3	1				50	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					
Decreased somewhat	2	2	1		3
Remained basically unchanged	3	3	4	5	2
Increased somewhat					
Increased considerably					
Diffusion index % Jan. 11	-20	-20	-10	0	-30
Oct. 10	0	10	-20	10	-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 %	
							Jan. 11	Oct. 10
<b>A) Financing needs</b>								
• Fixed investment	1	3	1				-50	-40
• Inventories and working capital		1	3	1			0	30
• Mergers/acquisitions and corporate restructuring	1	1	3				-30	-10
• Debt restructuring			2	3			30	40
<b>B) Use of alternative finance</b>								
• Internal financing		1	3	1			0	0
• Loans from other banks			4	1			10	-10
• Loans from non-banks			4	1			10	-10
• Issuance of debt securities			3	2			20	-10
• Issuance of equity			3	2			20	-10

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	1		1		2
Tighten somewhat	4	4	3	4	3
Remain basically unchanged		1	1	1	
Ease somewhat					
Ease considerably					
Diffusion index % Jan. 11	60	40	50	40	70
Oct. 10	30	30	30	20	40

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

	Diffusion index % Jan. 11	-20	-20	-10	-10	-40
	Oct. 10	-10	-10	-20	10	-20

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

	Diffusion index % Jan. 11	30	30
	Oct. 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 %	
							Jan. 11	Oct. 10
<b>A) Cost of funds and balance sheet constraints</b>	2	2	1				60	60
<b>B) Pressure from competition</b>								
• Competition from other banks			5				0	0
• Competition from non-banks			4			1	0	0
<b>C) Perception of risk</b>								
• Expectations regarding general economic activity	3	1	1				70	50
• Housing market prospects	1	3	1				50	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 %	
							Jan. 11	Oct. 10
<b>A) Price</b>								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	2	2	1				60	50
• Your bank's margin on riskier loans	3	2					80	70
<b>B) Other conditions and terms</b>								
• Collateral requirements		2	3				20	10
• "Loan-to-value" ratio		3	2				30	20
• Maturity		2	3				20	10
• Non-interest rate charges		2	3				20	10

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 %	
							Jan. 11	Oct. 10
<b>A) Cost of funds and balance sheet constraints</b>	2	2	1				60	50
<b>B) Pressure from competition</b>								
• Competition from other banks			5				0	0
• Competition from non-banks			5				0	0
<b>C) Perception of risk</b>								
• Expectations regarding general economic activity	2	2	1				60	50
• Creditworthiness of consumers		4	1				40	40
• Risk on the collateral demanded		3	2				30	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 %	
							Jan. 11	Oct. 10
<b>A) Price</b>								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	2	1	2				50	50
• Your bank's margin on riskier loans	3	1	1				70	60
<b>B) Other conditions and terms</b>								
• Collateral requirements	1	2	2				40	40
• Maturity		2	3				20	10
• Non-interest rate charges		2	3				20	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	2	1
Decreased somewhat	2	3
Remained basically unchanged	1	1
Increased somewhat		
Increased considerably		

Diffusion index %	Jan. 11		Jan. 11
		-60	
	Apr.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 %	
							Jan. 11	Oct. 10
<b>A) Financing needs</b>								
• Housing market prospects	1	3	1				-50	-40
• Consumer confidence		5					-50	-50
• Non-housing related consumption expenditure		2	3				-20	-10
<b>B) Use of alternative finance</b>								
• Household savings		1	4				-10	-10
• Loans from other banks			5				0	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 increase
- ++ = responsible for considerable increase
- NA = not applicable

	--	-	°	+	++	NA	Diffusion index %	
							Jan. 11	Oct. 10
<b>A) Financing needs</b>								
• Spending on durable consumer goods (such as cars, furniture, etc.)		4	1				-40	0
• Consumer confidence		5					-50	-40
• Securities purchases		1	4				-10	0
<b>B) Use of alternative finance</b>								
• Household saving		1	4				-10	-10
• Loans from other banks		1	4				-10	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	5	5
Remain basically unchanged		
Ease somewhat		
Ease considerably		
Diffusion index % Jan. 11	50	50
Oct. 10	20	10

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	1	
Decrease somewhat	3	3
Remain basically unchanged	1	2
Increase somewhat		
Increase considerably		
Diffusion index % Jan. 11	-50	-30
Oct. 10	-40	-10

**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 second quarter of 2010 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)	1	1	3			1		4			
• Short-term money market (more than 1 week)	1	1	2	1		1		4			
<b>B) Debt securities<sup>(3)</sup></b>											
• Short-term debt securities (e.g. certificates of deposit or commercial paper)	1	1	2	1		1	1	3			
• Medium to long term debt securities (incl. covered bonds)	1	1	3			1		4			
<b>C) Securitisation<sup>(4)</sup></b>											
• Securitisation of corporate loans	1		4			1		4			
• Securitisation of loans for house purchase	1		4			1		4			
<b>D) Ability to transfer credit risk off balance sheet<sup>(5)</sup></b>		1	2				1	2			2
<b>E) Other markets</b>											
• Repo Market	1							1			

(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	1	1
Considerable impact on capital, and some impact on lending		
Some impact on both capital and lending	4	4
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