EUROPEAN CENTRAL BANK

EUROSYSTEM

7 November 2008

THE EURO AREA BANK LENDING SURVEY

- OCTOBER 2008 -

1. Overview of the results

The results reported in the October 2008 bank lending survey relate to changes during the third quarter of 2008 and expectations of changes in the fourth quarter of 2008. As in previous survey rounds, a number of ad hoc questions dealing specifically with the implications of the situation in financial markets were included in this survey.

This report presents the results of the euro area bank lending survey conducted from 23 September to 7 October 2008.

The results of the October 2008 bank lending survey indicate a significant increase in the net tightening of credit standards for loans to enterprises in the third quarter of 2008. The most important factors in this net tightening remained the expectations regarding future economic activity and the industry or firm-specific outlook. At the same time, the impact of banks' funding costs and balance sheet constraints also contributed to the net tightening, particularly banks' ability to access market financing. In the third quarter of 2008 banks also tightened somewhat in net terms the credit standards applied to loans to households for house purchase and consumer credit and other lending to households, although such net tightening was weaker than that observed for credit standards applied to loans to enterprises. Expectations regarding general economic activity and – in the case of housing loans – housing market prospects were important factors in the net tightening of the credit standards applied to these two types of household loan.

Banks reported that net demand for loans to enterprises and households declined further and remained negative in the third quarter of 2008. The negative net demand for loans to enterprises was driven by a decline in the need for financing for fixed investment, as well as continued negative demand stemming from M&As and corporate restructuring. For loans to households for house purchase, the negative net demand mainly reflected worsening housing market prospects and deteriorating consumer confidence.

This survey also contained a set of ad hoc questions as a follow-up to the ad hoc questions included in previous surveys. These questions looked at the effect that the financial turmoil is having on credit standards and lending.

As in previous survey rounds, it was reported that lending to enterprises was more affected by the turmoil than lending to households. With regard to wholesale funding, banks reported that the financial market turmoil was hampering their access to money markets and debt securities markets to a considerably greater extent than had been the case in the second quarter, in particular with regard to short-term funding. The hampering of banks' access to securitisation remained broadly unchanged from the second quarter of 2008.

General notes

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

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

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

The survey questions are phrased in terms of changes over the past three months (in this case, in the third quarter of 2008) or expectations of changes over the next three months (i.e. in the fourth quarter of 2008).

A copy of the questionnaire can be found at http://www.ecb.europa.eu/stats/pdf/bls_questionnaire.pdf.

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[1] The sample group of banks participating in the survey comprises 112 banks, representing all of the euro area countries, and takes into account the characteristics of their respective national banking structures. Since the banks in the sample group differ considerably in terms of size, the survey results are weighted according to the national shares in total outstanding euro area lending to euro area residents. 111 banks participated in the October 2008 survey, i.e. the overall response rate was 99%.

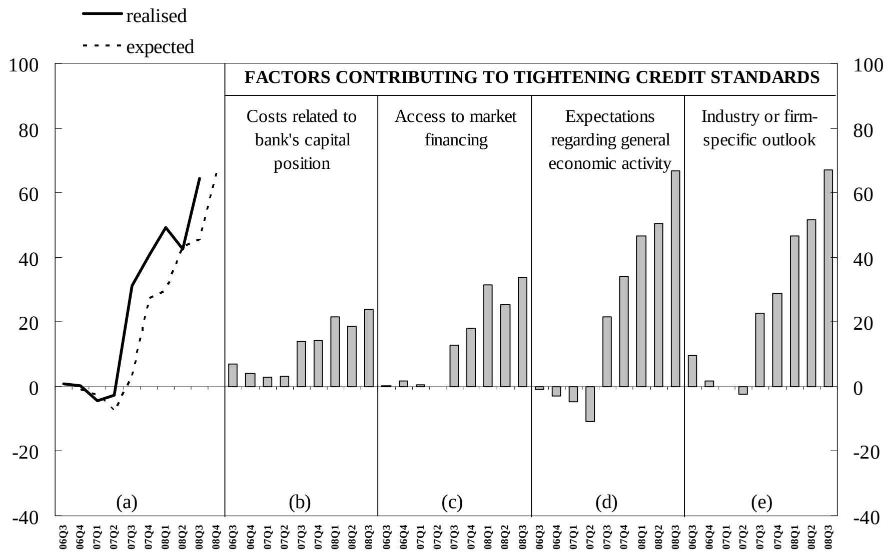
[2] For further information on the bank lending survey, please see the ECB press release of 21 November 2002 entitled "Bank lending survey for the euro area", the article entitled "A bank lending survey for the euro area" in the April 2003 issue of the Monthly Bulletin, and J. Berg et al. (2005), "The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

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

2.1 Enterprises

Credit standards. In the third quarter of 2008 the net percentage of banks reporting a tightening of credit standards for loans to enterprises increased significantly (by 22 percentage points, to 65%, up from 43% in the second quarter of 2008; see Chart 1). The most important factors in this net tightening remained the expectations regarding future economic activity and the industry or firm-specific outlook. At the same time, the impact of banks' ability to access market financing also contributed to the net tightening. Moreover, the impact of banks' costs related to their capital positions increased somewhat compared with the second quarter of 2008, as did the impact of banks' liquidity positions, with the contribution of these factors broadly returning to the levels observed in the first quarter of 2008.

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

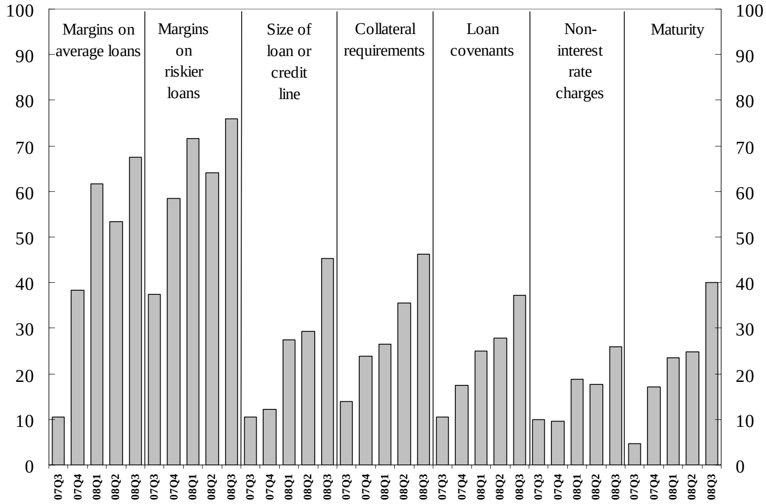


Notes: "Realised" values refer to changes that have already occurred, while "expected" values are changes anticipated by banks. The net percentages refer to the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat", and the sum of the percentages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

As regards the price terms and conditions of loans to enterprises, banks reported that they further increased their margins on average loans and riskier loans in the third quarter, with the net percentages of banks reporting such increases rising to 68% and 76% respectively (up from 53% and 64% respectively in the previous quarter; see Chart 2). In addition, non-price terms and conditions were also tightened further. Such tightening was effected in particular by means of the size of loans or credit lines (the net tightening of which increased by 16 percentage points to stand at 45% in the third quarter) and the maturity of the loans (the net tightening of which increased by 15 percentage points to stand at 40% in the third quarter).

Further increases were also observed in banks' collateral requirements (the net tightening of which increased by 10 percentage points to stand at 46% in the third quarter). When looking at total net tightening since mid-2007, reporting banks indicate that, of all the non-price terms and conditions, collateral requirements have been tightened the most in net terms.

Chart 2. Changes in terms and conditions for approving loans or credit lines to enterprises
(net percentages of banks reporting tightening terms and conditions)

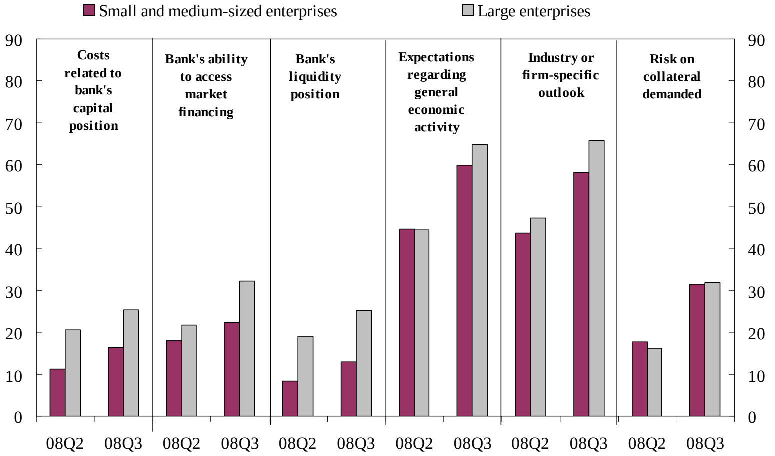


Note: See the note for Chart 1.

The net tightening of credit standards continued to be stronger for large enterprises (68%, up from 44% in the second quarter) than for small and medium-sized enterprises (SMEs), for which it stood at 56% in the third quarter, up from 34% in the second quarter (see Chart 1 in Annex 1). While some stabilisation had occurred in the second quarter, this net tightening increased considerably for both firm size categories in the third quarter of 2008. As regards the underlying factors, for both large enterprises and SMEs the expectations regarding general economic activity and the industry or firm-specific outlook were the most important factors in the tightening of credit standards (see Chart 3). At the same time, banks' funding costs and balance sheet constraints were more important for large firms than for SMEs, which is likely to be related to the greater importance of market-based bank funding for loans to large firms. Moreover, while in the second quarter banks had reported that competition from other banks contributed to the easing of credit standards for loans to SMEs, this factor was now regarded as contributing to the net tightening of credit standards for both SMEs and large firms. With regard to terms and conditions, while in the case of average loans the net increase in margins was more pronounced for large firms than for SMEs, it was broadly similar for large firms and SMEs in the case of riskier loans (see Chart 3 in Annex 1). With regard to non-price terms and conditions, both large firms and SMEs experienced further net tightening in all categories.

As regards loan maturities, the net tightening continued to be more pronounced for long-term loans (66%, up from 52% in the previous survey round) than for short-term loans (49%, up from 31% in the previous survey round; see Chart 1 in Annex 1).

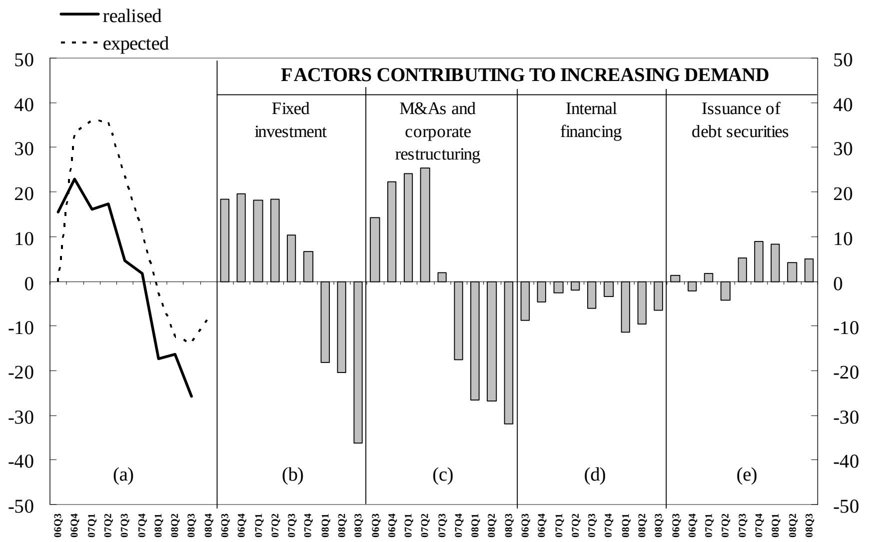
Chart 3. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises, broken down by firm size
(net percentages of banks reporting that factors contributed to tightening standards)



Note: See the note for Chart 1.

Loan demand. Net demand for loans to enterprises declined considerably and remained negative in the third quarter of 2008 (standing at -26%, down from -16% in the second quarter; see Chart 4). This was driven by a decline in net demand for financing for fixed investment (which fell to -36%, down from -20% in the second quarter) and by continued negative demand stemming from M&As and corporate restructuring (which stood at -32%, down from -27% in the second quarter). In addition, internal financing continued to dampen enterprises' net demand for loans, although to a lesser extent than in the second quarter. By contrast, debt securities issuance continued to contribute positively to enterprises' net demand for loans in the light of market conditions and the increased cost of market-based debt financing.

Chart 4. Changes in demand for loans or credit lines to enterprises
(net percentages of banks reporting an increase in loan demand and factors contributing to net demand)



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

In terms of borrower size, while net loan demand was negative for both large firms and SMEs (see Chart 4 in Annex 1), it was somewhat weaker for large firms, in line with the results for the previous quarters. Net demand was negative across the maturity spectrum.

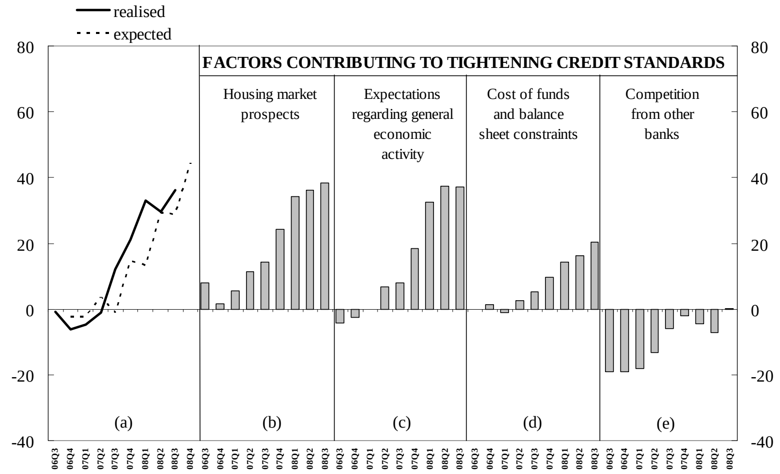
Expectations. Expectations for the fourth quarter of 2008 point to the net tightening of credit standards being (at 66%) broadly unchanged from the net tightening observed in the third quarter of 2008 (see Chart 1). Net demand for loans to enterprises is expected (at -8%) to be less negative than the net demand observed in the third quarter (see Chart 4).

2.2 Households

Loans to households for house purchase

Credit standards. In the third quarter of 2008 the net percentage of banks reporting a tightening of credit standards for loans to households for house purchase increased somewhat (to 36%, up from 30% in the second quarter; see Chart 5). Expectations regarding general economic activity and housing market prospects continued to be the main factors contributing to the net tightening of credit standards. In addition, for the first time since the launch of the bank lending survey, banks did not report that competition from other banks contributed to an easing of credit standards for loans to households for house purchase (with the net percentage of banks reporting that this factor contributed to tightening increasing to 0%, up from -7% in the second quarter).

Chart 5. Changes in credit standards applied to the approval of loans to households for house purchase *(net percentages of banks reporting tightening standards and factors contributing to the net tightening)*

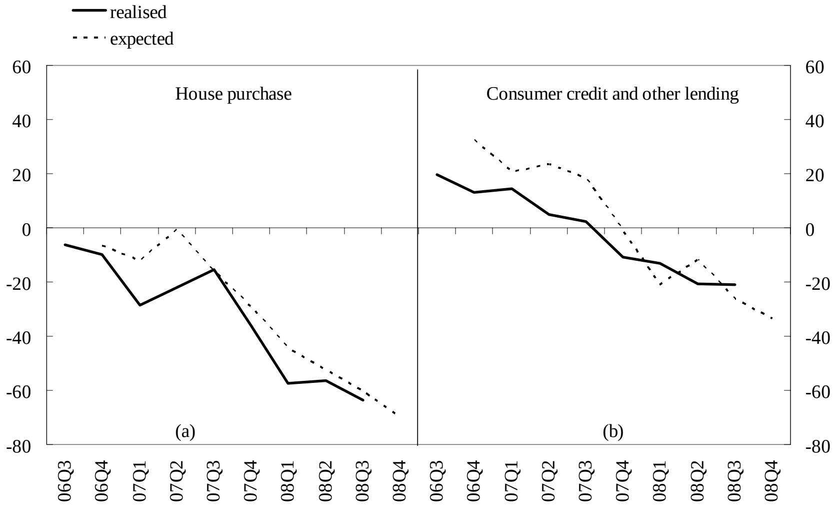


Note: See the note for Chart 1.

As regards the price terms and conditions of loans to households for house purchase, the net percentage of banks reporting an increase in margins on average loans rose (to 35%, up from 23% in the second quarter; see Chart 10 in Annex 1). The net percentage of banks reporting an increase in margins on riskier loans also rose (to 43%, up from 30% in the second quarter). By contrast, the net tightening of non-price terms and conditions, such as collateral requirements and loan-to-value ratios, did not increase further and instead remained at levels similar to those observed in the second quarter.

Loan demand. Net demand for housing loans declined in the third quarter of 2008 and remained negative (standing at -64%, down from -56% in the second quarter; see Chart 6). This mainly reflected worsening housing market prospects and deteriorating consumer confidence (see Chart 14 in Annex 1).

Chart 6. Changes in demand for loans to households
(net percentages of banks reporting an increase in loan demand)



Note: See the note for Chart 4.

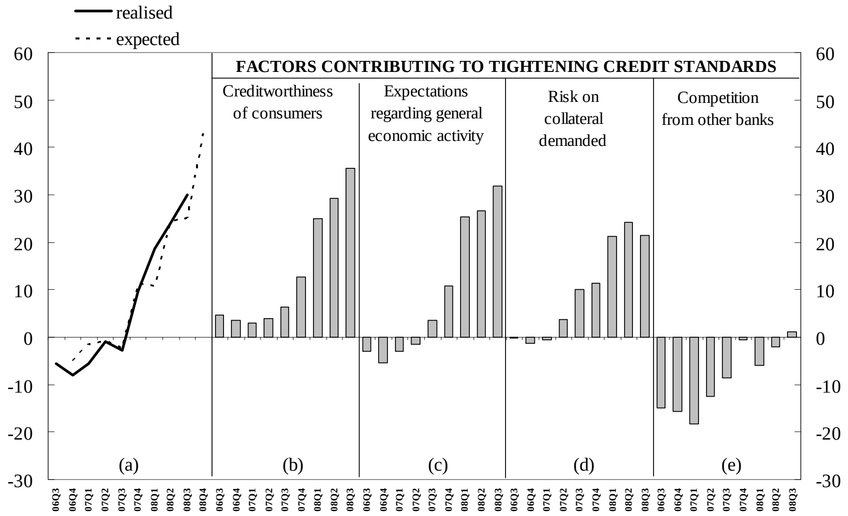
Expectations. For the fourth quarter of 2008, the net tightening of credit standards for loans for house purchase is expected (at 45%) to be stronger than that observed in the third quarter (see Chart 5). Net loan demand is expected (at -70%) to be somewhat more negative than that observed in the third quarter (see Chart 6).

Consumer credit and other lending to households

Credit standards. In the third quarter of 2008 the net percentage of banks reporting a tightening of credit standards for consumer credit and other lending continued to increase (reaching 30%, up from 24% in the previous quarter; see Chart 7). At the same time, the net tightening of credit standards for consumer credit and other lending remained weaker than that observed for loans to households for house purchase. The main factor in this further increase in net tightening was banks' perception of risk, which related mainly to expectations regarding general economic activity and the creditworthiness of consumers (see Chart 11 in Annex 1).

As regards the terms and conditions of consumer credit, banks reported net increases in the margins on both average and riskier loans (with the net tightening of such margins increasing to 32% and 38% respectively; see Chart 12 in Annex 1).

Chart 7. Changes in credit standards applied to the approval of consumer credit and other lending to households *(net percentages of banks reporting tightening credit standards and factors contributing to the net tightening)*



Note: See the note for Chart 1.

Loan demand. Net demand for consumer credit and other lending to households remained negative at -21%, unchanged from the second quarter of 2008 (see Chart 6). This remained less negative than net demand for loans to households for house purchase. According to reporting banks, the main factor dampening demand was deteriorating consumer confidence (see Chart 15 in Annex 1).

Expectations. For the fourth quarter of 2008, the net tightening of credit standards for consumer credit and other lending to households is expected (at 43%) to be stronger than that observed in the third quarter (see Chart 7). Net demand is (at -34%) expected to remain negative and decline further (see Chart 6).

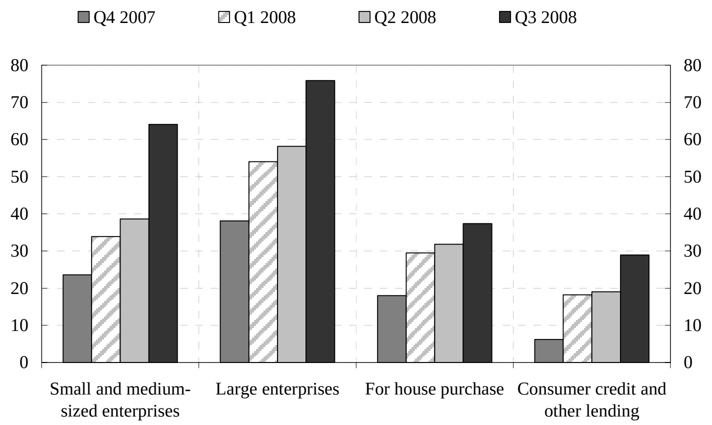
3. Ad hoc questions on the impact of the financial turmoil

As a follow-up to the ad hoc questions included in the last few survey rounds, the October 2008 survey contained a set of questions aimed at gauging the extent to which the financial market tensions affected banks' credit standards for loans and credit lines to euro area enterprises and households in the third quarter of 2008 and the anticipated impact of such tensions over the next three months. The questions refer to the impact on credit standards (Section 3.1), access to wholesale funding (Section 3.2) and the impact on bank lending (Section 3.3).[3] Detailed results for the ad hoc questions are available in Annex 2 of this report.

3.1 Impact on credit standards

In the third quarter of 2008 banks reported that, as a result of the financial turmoil, the credit standards applied to loans to large enterprises and SMEs were tightened further (see Chart 8). Large firms continued to be more heavily affected by the financial market situation than SMEs. This evidence is in line with the results of the main questionnaire. In addition, the net tightening continued to be more pronounced for enterprises than for households, which is also in line with the results of the main questionnaire. With regard to lending to households, the net tightening of credit standards as a result of the financial turmoil increased somewhat compared with the second quarter for both loans for house purchase and consumer credit, in line with the results of the main questionnaire.

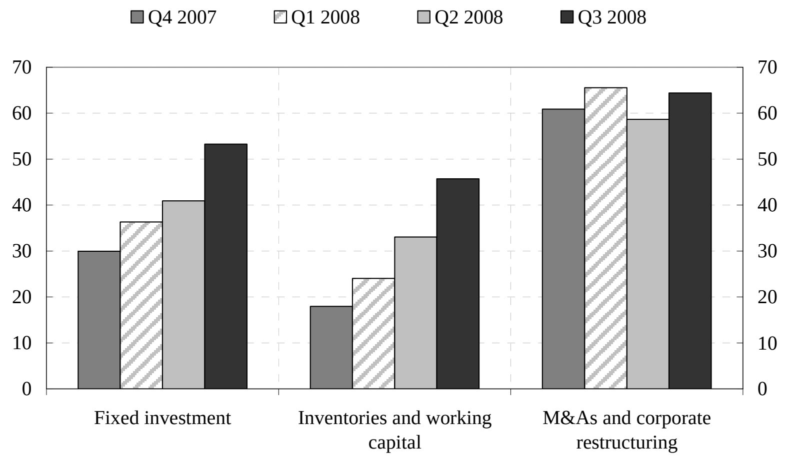
Chart 8. Effect of the financial turmoil on credit standards
(net percentages of banks tightening standards)



Note: In order to calculate net percentages, it is assumed that there was no easing in the third quarter of 2007, as the October 2007 ad hoc questions asked only about tightening.

[3] The results shown are calculated as a percentage of the number of banks which did not select "not applicable" in response to this question.

Chart 9. Effect of the financial turmoil on banks' credit standards for loans to enterprises, broken down by loan purpose
(net percentages of banks tightening standards)



Note: See the note for Chart 8.

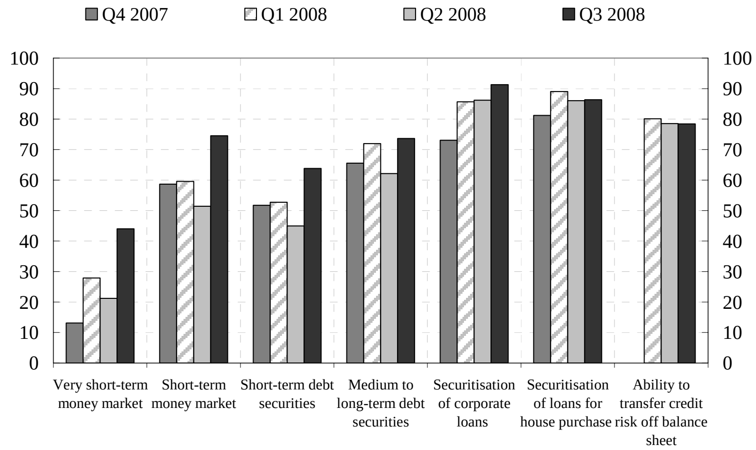
Focusing more specifically on loans and credit lines to enterprises, responding banks reported that the impact of the turmoil on credit standards was especially strong for loans financing M&As and corporate restructuring, whereas the effect was more limited, albeit increasing, for loans financing fixed investment or inventories and working capital (see Chart 9). Over the next three months, banks expect a further increase in the net tightening of credit standards applied to such loans (see Table iii in Annex 2).

3.2 Access to wholesale funding

In the third quarter of 2008 banks reported that the financial market turmoil was hampering their access to money markets and debt securities markets to a considerably greater extent than had been the case in the second quarter (see Chart 10). Thus, after the improvement observed in the second quarter, banks' access to such markets worsened again. By contrast with the last survey round, in which banks indicated that it was more difficult to raise funds through medium to long-term bonds than through short-term debt securities or money markets, banks now reported that it was their access to short-term money markets that was being hampered most. For all categories of short-term funding (i.e. the very short-term money market, the short-term money market and short-term debt securities), banks reported a considerable deterioration in their access. The hampering of their access to securitisation remained broadly unchanged from the second quarter. Around 80% to 90% of the responding banks replied that their access to securitisation was hampered.

Over the next three months, the hampering of access to funding via money markets and debt securities markets is expected to increase by comparison with the situation observed in the third quarter of 2008. The hampering of access to securitisation is expected to remain broadly unchanged from the third quarter (see Table iv in Annex 2).

Chart 10. Access to wholesale funding
(percentages of banks reporting hampered market access)



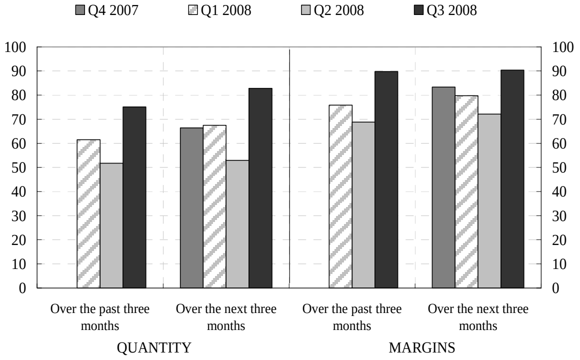
Note: Percentages have been calculated by adding together the shares of banks reporting "considerable impact" and "some impact" on market access.

3.3 Impact on bank lending

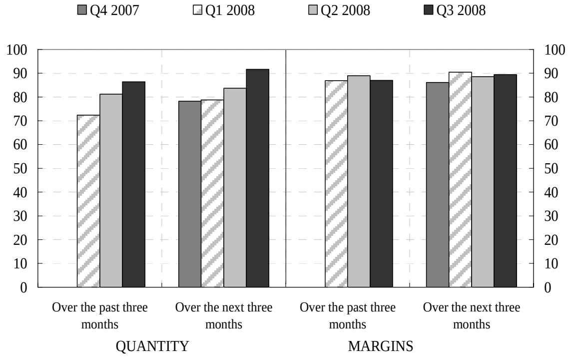
In line with the deteriorating access to money markets and debt securities markets, banks reported an increased impact on bank lending in terms of both quantities and margins (see Chart 11). The impact continued to be stronger for the margins than for the amount of loans granted to borrowers. As regards the impact resulting from banks' hampered access to securitisation, banks reported that the impact on the amount of loans granted was somewhat greater than in the previous quarter, while the impact on margins remained broadly unchanged. By contrast with the situation as regards access to funding via the money markets and debt securities, banks' hampered access to securitisation had an identical impact on margins and quantities. As regards the next three months, banks reported that they expect their hampered access to money markets and debt securities markets to have a greater impact on their willingness to lend and their margins, while they expect the impact of their hampered access to securitisation to remain broadly unchanged.

Chart 11. Impact on lending resulting from hampered market access
(percentages of banks reporting an impact)

(a) For money markets, debt securities or other markets



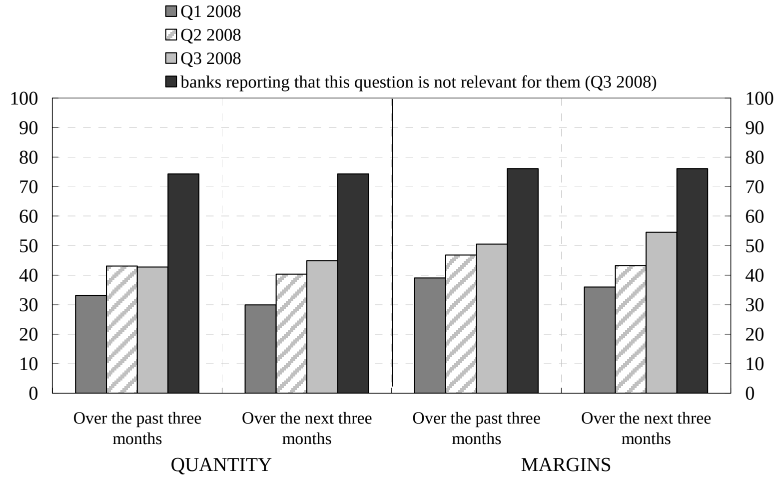
(b) For securitisation



Note: Percentages have been calculated by adding together the shares of banks responding "considerable impact" and "some impact".

As regards the impact that banks' need to fund draw-downs on commitments to asset-backed commercial paper programmes issued by conduits or structured investment vehicles is having on their lending policies, banks for which this question is relevant (i.e. excluding those banks that replied "not applicable") reported a broadly unchanged impact in the third quarter of 2008 (see Chart 12). However, around 75% of the responding banks indicated that this question was not relevant for their business.

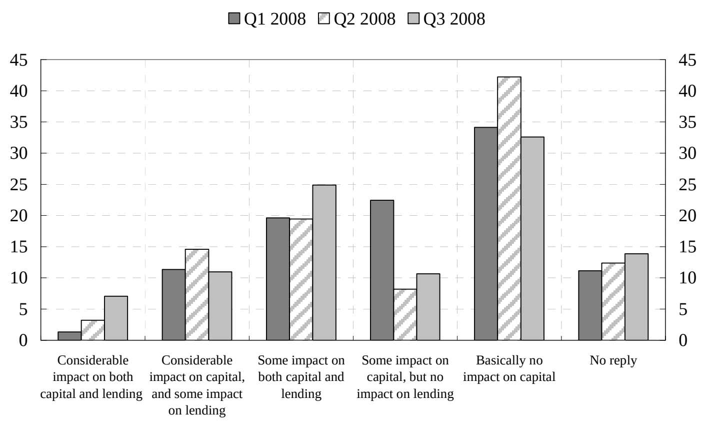
Chart 12. Effect on lending via structured investment vehicles
(percentages of banks reporting an impact)



Notes: Percentages have been calculated by adding together the shares of banks responding "considerable impact" and "some impact".

As regards the impact on lending policies as a result of changes in banks' costs related to their capital positions, 43% of reporting banks indicated a "considerable impact" or "some impact" on capital and lending in the third quarter of 2008, which represented an increase of 7 percentage points compared with the second quarter (see Chart 13). In addition, a smaller percentage of banks (33%, down from 42% in the previous quarter) replied that there was basically no impact on their capital.

Chart 13. Effect of costs related to banks' capital positions
(percentages of banks reporting an impact)



ANNEX 1: RESULTS FOR THE INDIVIDUAL QUESTIONS

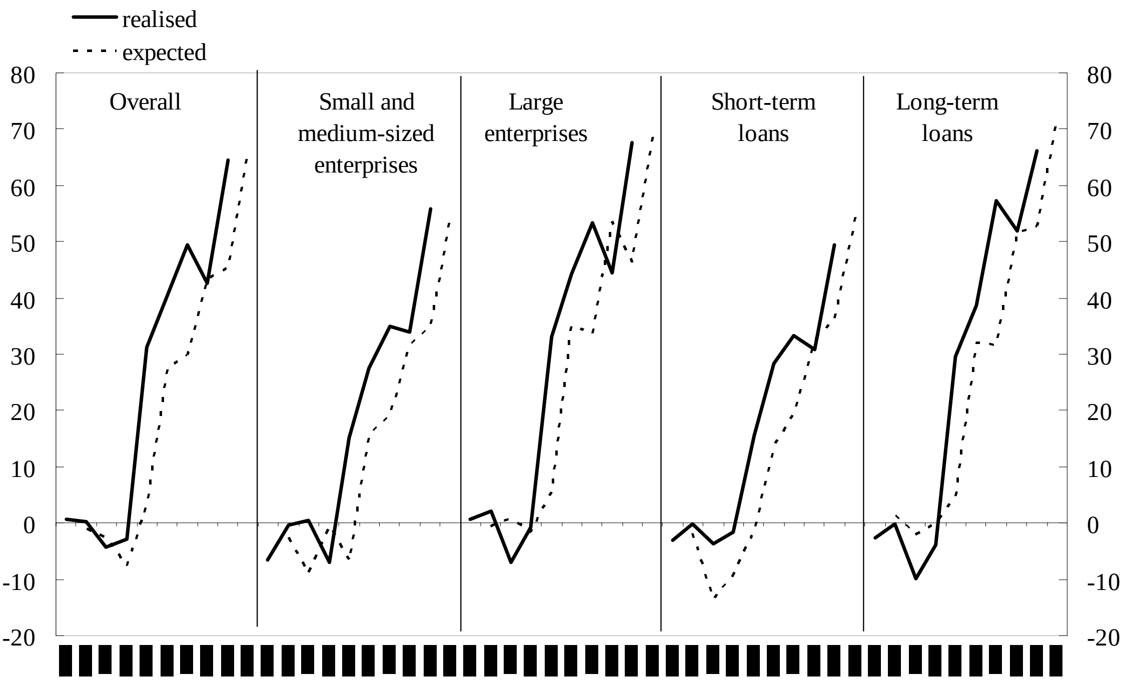
I. Loans or credit lines to enterprises

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

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	July 2008	October 2008	July 2008	October 2008	July 2008	October 2008	July 2008	October 2008	July 2008	October 2008
Tightened considerably	3	9	1	5	4	12	1	5	5	17
Tightened somewhat	41	56	34	52	41	56	30	44	48	50
Remained basically unchanged	56	36	64	42	56	32	69	51	46	32
Eased somewhat	1	0	1	1	0	0	0	0	1	1
Eased considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**43**	**65**	**34**	**56**	**44**	**68**	**31**	**49**	**52**	**66**
Mean	*2.55*	*2.27*	*2.66*	*2.40*	*2.52*	*2.21*	*2.68*	*2.45*	*2.44*	*2.16*
Number of banks responding	***106***	***105***	***106***	***104***	***102***	***100***	***106***	***105***	***104***	***103***

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

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



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

OVERALL

	--	-	°	+	++	NA	NetP		Mean	
							July 2008	October 2008	July 2008	October 2008
A) Cost of funds and balance sheet constraints										
Costs related to your bank's capital position	2	22	67	0	0	9	19	24	2.77	2.71
Your bank's ability to access market financing	4	29	56	0	0	11	25	34	2.69	2.57
Your bank's liquidity position	3	21	66	0	0	10	17	24	2.80	2.69
B) Pressure from competition										
Competition from other banks	0	7	84	0	0	9	4	7	2.94	2.92
Competition from non-banks	1	3	85	0	0	11	3	4	2.94	2.93
Competition from market financing	2	4	82	1	0	12	5	5	2.92	2.91
C) Perception of risk										
Expectations regarding general economic activity	12	55	26	0	0	8	50	67	2.40	2.16
Industry or firm-specific outlook	12	55	25	0	0	8	52	67	2.35	2.15
Risk on the collateral demanded	5	30	56	0	0	8	22	35	2.77	2.58

SMEs

	--	-	°	+	++	NA	NetP		Mean	
							July 2008	October 2008	July 2008	October 2008
A) Cost of funds and balance sheet constraints										
Costs related to your bank's capital position	3	14	72	0	0	11	11	16	2.86	2.77
Your bank's ability to access market financing	4	19	66	0	0	11	18	22	2.79	2.71
Your bank's liquidity position	3	10	74	0	0	12	8	13	2.90	2.81
B) Pressure from competition										
Competition from other banks	0	11	79	0	0	10	-2	11	3.02	2.87
Competition from non-banks	1	6	80	0	0	14	1	7	2.98	2.89
Competition from market financing	1	7	78	0	0	14	1	8	2.98	2.88
C) Perception of risk										
Expectations regarding general economic activity	9	51	31	0	0	10	45	60	2.48	2.24
Industry or firm-specific outlook	10	48	32	0	0	10	44	58	2.45	2.25
Risk on the collateral demanded	5	29	53	3	0	10	18	32	2.82	2.60

LARGE ENTERPRISES

	--	-	°	+	++	NA	NetP		Mean	
							July 2008	October 2008	July 2008	October 2008
A) Cost of funds and balance sheet constraints										
Costs related to your bank's capital position	3	22	61	0	0	14	21	25	2.74	2.67
Your bank's ability to access market financing	6	26	52	0	0	15	22	32	2.71	2.55
Your bank's liquidity position	5	20	60	0	0	15	19	25	2.74	2.64
B) Pressure from competition										
Competition from other banks	2	5	78	0	0	15	4	8	2.92	2.87
Competition from non-banks	3	2	79	0	0	16	5	5	2.92	2.90
Competition from market financing	2	5	76	1	0	17	7	6	2.89	2.90
C) Perception of risk										
Expectations regarding general economic activity	11	54	23	0	0	12	45	65	2.44	2.14
Industry or firm-specific outlook	9	57	21	0	0	13	47	66	2.37	2.15
Risk on the collateral demanded	4	27	55	0	0	13	16	32	2.81	2.59

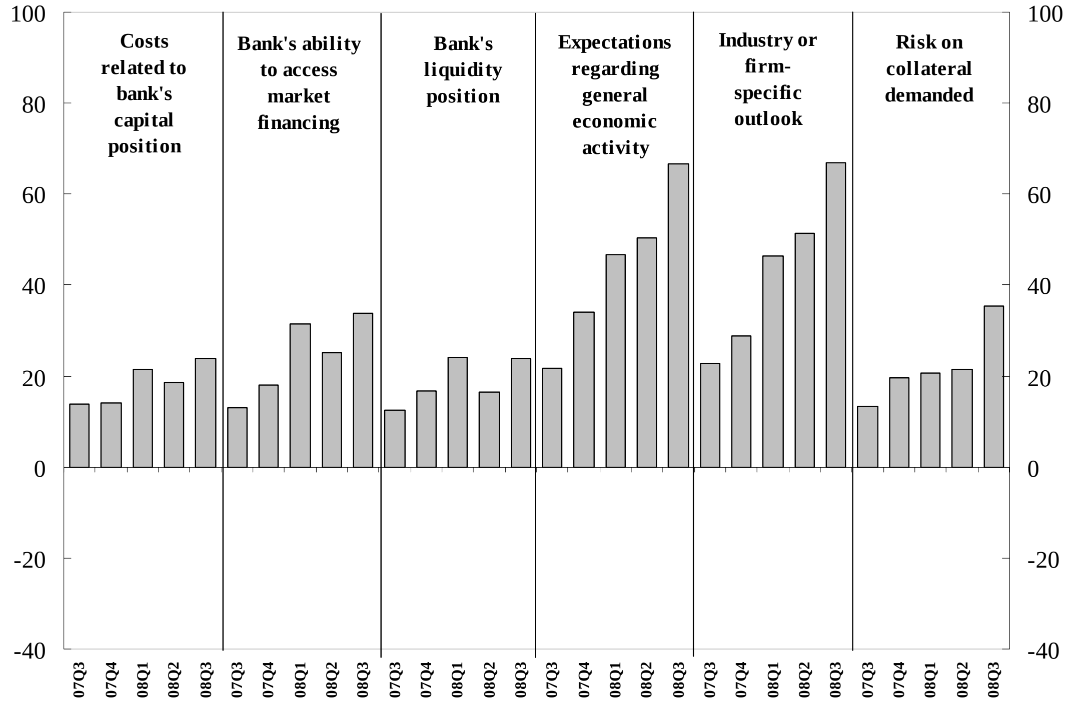
NA = not available; NetP = net percentage

Note: The net percentage is defined as the difference between the sum of the percentages of banks responding "- -" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of the percentages of banks responding "+" (contributed somewhat to easing) and "+ +" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards".

Chart 2a. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises

(net percentages of banks reporting a contribution to tightening standards)

OVERALL



BREAKDOWN BY FIRM SIZE

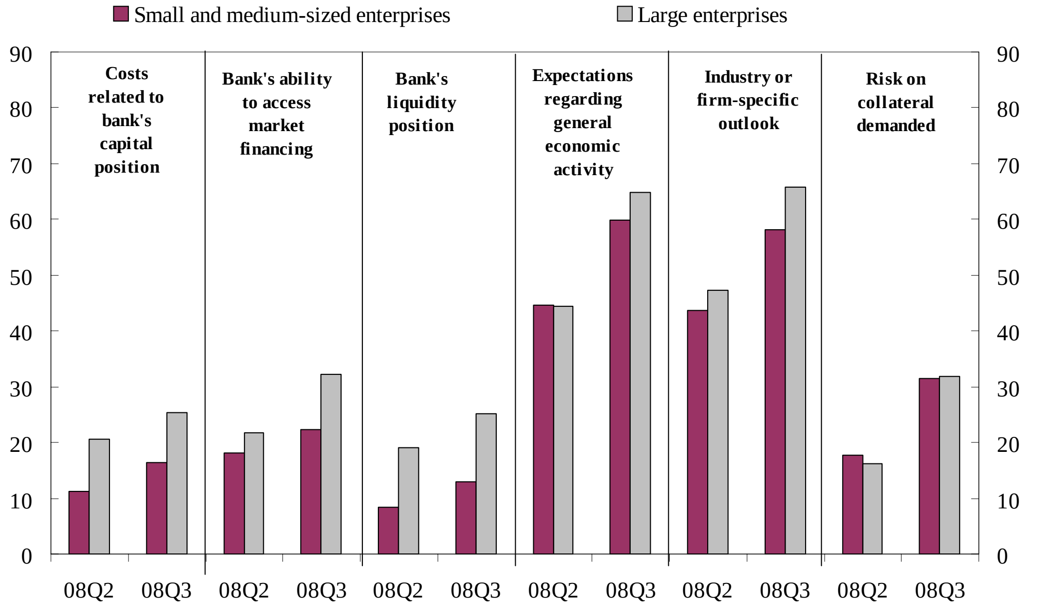
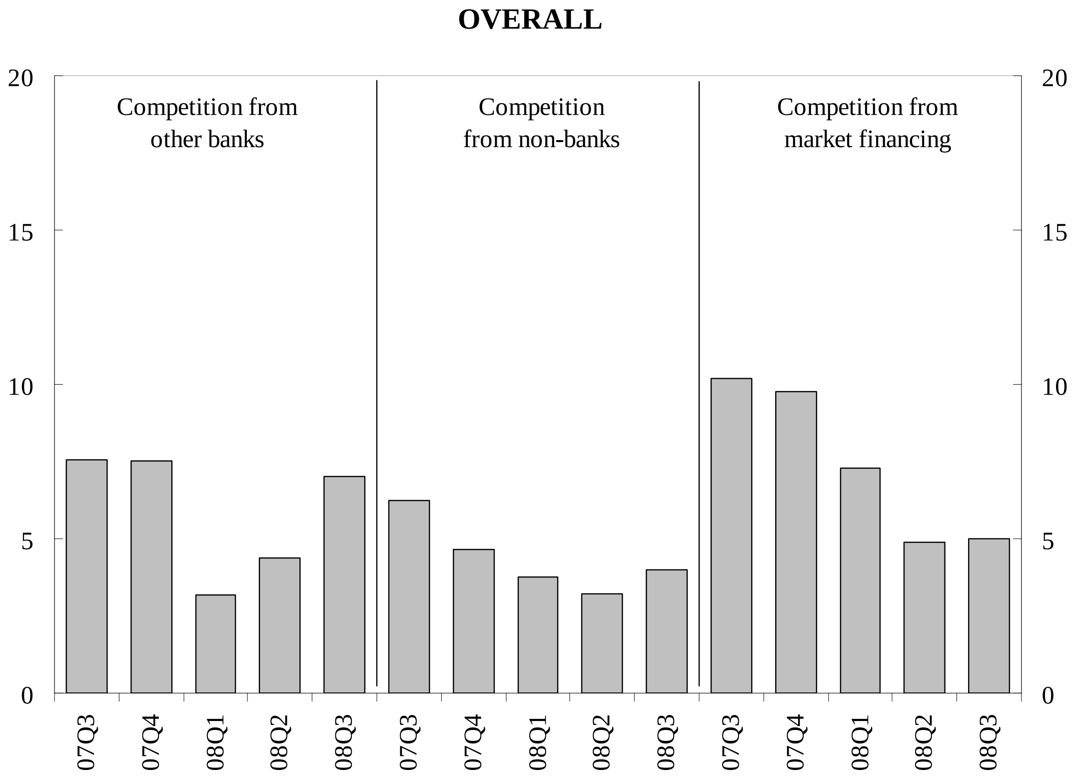
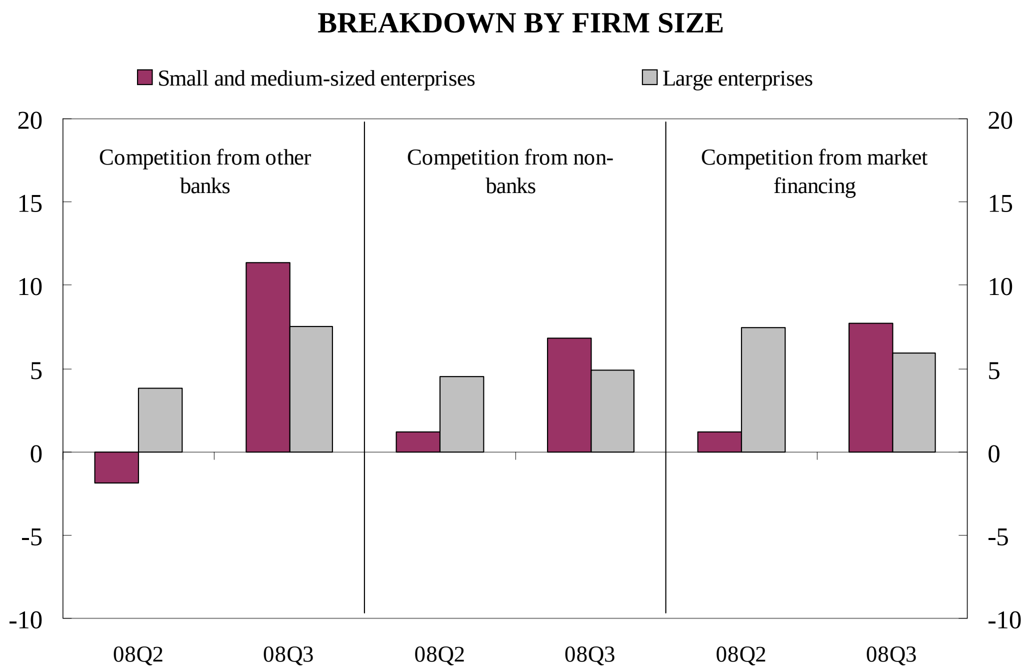


Chart 2b. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises
(net percentages of banks reporting a contribution to tightening standards)





3. Over the past three months, how have your bank's terms and conditions for approving loans or credit lines to enterprises changed?

OVERALL	--	-	°	+	++	NA	NetP July 2008	NetP October 2008	Mean July 2008	Mean October 2008
A) Price										
Your bank's margin on average loans	10	60	21	2	0	6	53	68	2.37	2.18
Your bank's margin on riskier loans	25	51	16	0	0	8	64	76	2.12	1.91
B) Other conditions and terms										
Non-interest rate charges	3	23	65	0	0	9	18	26	2.80	2.69
Size of the loan or credit line	7	38	47	0	0	8	29	45	2.67	2.43
Collateral requirements	8	38	47	0	0	7	36	46	2.63	2.42
Loan covenants	5	32	55	0	0	8	28	37	2.70	2.54
Maturity	3	37	52	0	0	8	25	40	2.72	2.53

SMEs	--	-	°	+	++	NA	NetP July 2008	NetP October 2008	Mean July 2008	Mean October 2008
A) Price										
Your bank's margin on average loans	7	50	30	3	0	11	44	53	2.46	2.33
Your bank's margin on riskier loans	16	53	18	0	0	13	64	69	2.14	2.04
B) Other conditions and terms										
Non-interest rate charges	3	20	65	0	0	13	12	22	2.86	2.71
Size of the loan or credit line	3	33	52	0	0	12	20	36	2.78	2.55
Collateral requirements	6	35	48	0	0	12	32	41	2.65	2.49
Loan covenants	1	32	55	0	0	12	21	33	2.76	2.62
Maturity	4	27	57	0	0	12	24	30	2.73	2.63

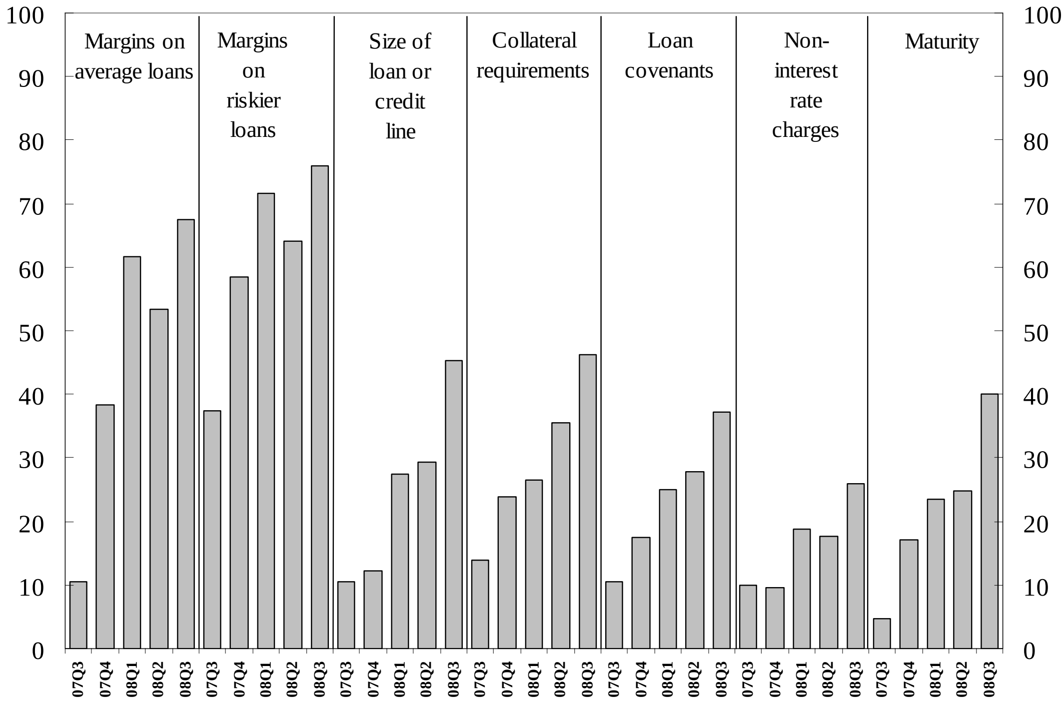
LARGE ENTERPRISES	--	-	°	+	++	NA	NetP July 2008	NetP October 2008	Mean July 2008	Mean October 2008
A) Price										
Your bank's margin on average loans	8	59	16	2	0	15	48	64	2.39	2.14
Your bank's margin on riskier loans	19	49	15	0	0	17	57	68	2.16	1.96
B) Other conditions and terms										
Non-interest rate charges	1	24	61	1	0	14	15	24	2.80	2.72
Size of the loan or credit line	5	36	44	0	0	15	32	41	2.56	2.45
Collateral requirements	5	33	47	1	0	14	30	37	2.65	2.52
Loan covenants	5	32	47	1	0	15	27	37	2.64	2.51
Maturity	3	29	53	0	0	15	30	32	2.62	2.58

NA = not available; NetP = net percentage

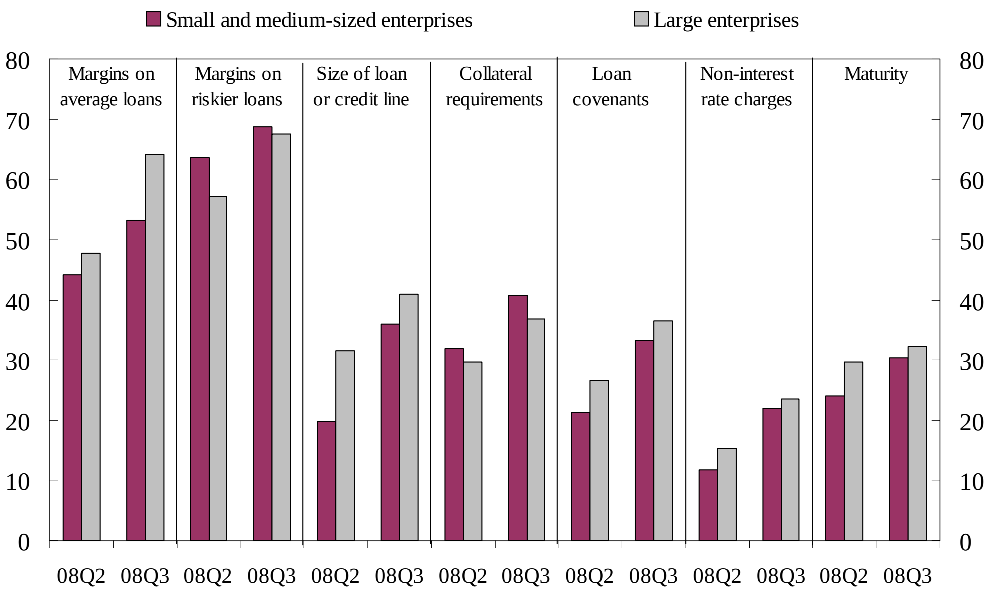
Note: The net percentage is defined as the difference between the sum of the percentages of banks responding "- -" (tightened considerably) and "-" (tightened somewhat), and the sum of the percentages of banks responding "+" (eased somewhat) and "+ +" (eased considerably). "°" means "remained basically unchanged".

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

OVERALL



BREAKDOWN BY FIRM SIZE



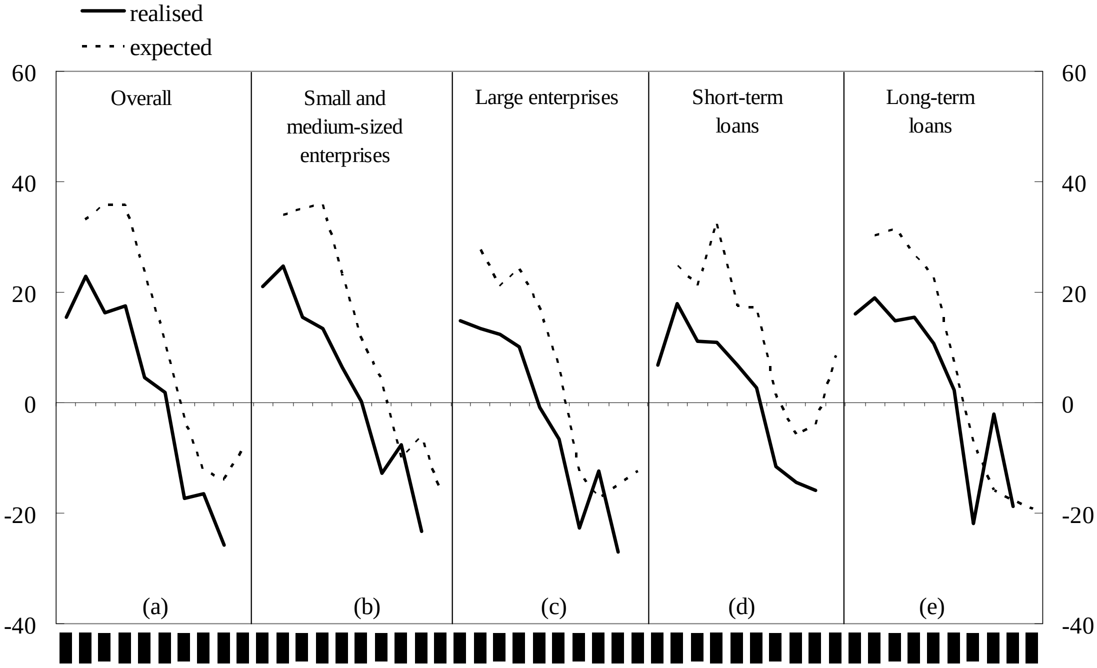
4. Over the past three months, how has the demand for loans or credit lines to enterprises changed at your bank, apart from normal seasonal fluctuations?

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	July 2008	October 2008	July 2008	October 2008	July 2008	October 2008	July 2008	October 2008	July 2008	October 2008
Decreased considerably	4	5	1	6	6	5	2	3	5	4
Decreased somewhat	28	38	25	31	26	41	27	28	20	37
Remained basically unchanged	53	40	54	50	50	36	57	55	52	37
Increased somewhat	13	17	19	13	17	16	13	14	22	20
Increased considerably	2	1	0	1	3	3	2	1	1	2
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**-16**	**-26**	**-8**	**-23**	**-12**	**-27**	**-15**	**-16**	**-2**	**-19**
Mean	*2.81*	*2.70*	*2.91*	*2.72*	*2.85*	*2.71*	*2.85*	*2.82*	*2.93*	*2.79*
Number of banks responding	***105***	***105***	***105***	***104***	***102***	***100***	***106***	***105***	***104***	***103***

Note: The net percentage is defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat", and the sum of the percentages of banks responding "decreased somewhat" and "decreased considerably".

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

(net percentages of banks reporting an increase in loan demand)



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

	--	-	°	+	++	NA	NetP		Mean	
							July 2008	October 2008	July 2008	October 2008
A) Financing needs										
Fixed investment	5	37	43	5	0	10	-20	-36	2.75	2.55
Inventories and working capital	0	11	65	12	0	12	5	1	3.08	3.02
Mergers/acquisitions and corporate restructuring	12	24	45	4	0	14	-27	-32	2.63	2.50
Debt restructuring	0	9	55	23	2	11	8	17	3.11	3.17
B) Use of alternative finance										
Internal financing	1	9	77	3	0	10	-10	-7	2.87	2.92
Loans from other banks	0	5	67	17	1	11	1	13	3.01	3.16
Loans from non-banks	2	3	81	4	0	11	-1	-1	3.00	2.98
Issuance of debt securities	2	2	70	7	2	18	4	5	3.05	3.07
Issuance of equity	0	1	78	3	0	18	1	2	3.00	3.02

NA = not available; NetP = net percentage

Note: The net percentage is defined as the difference between the sum of the percentages of banks responding "+ +" (contributed considerably to higher demand) and "+" (contributed somewhat to higher demand), and the sum of the percentages of banks responding "-" (contributed somewhat to lower demand) and "- -" (contributed considerably to lower demand). "°" means "contributed to basically unchanged demand".

Chart 5a. Factors affecting demand for loans and credit lines to enterprises

(net percentages of banks reporting a positive contribution to demand)

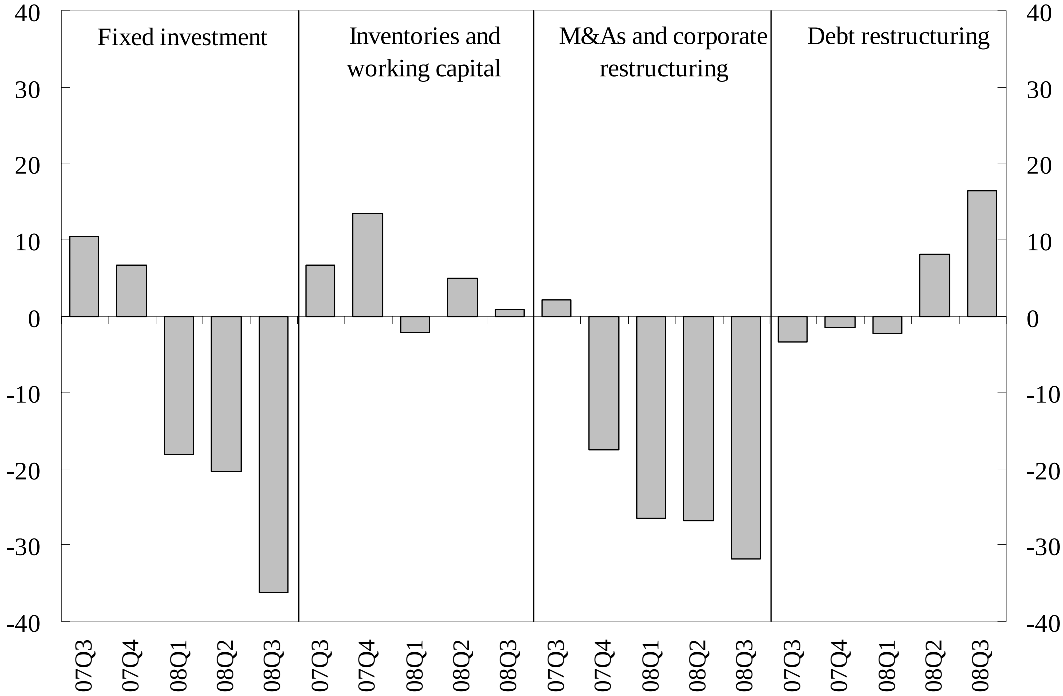
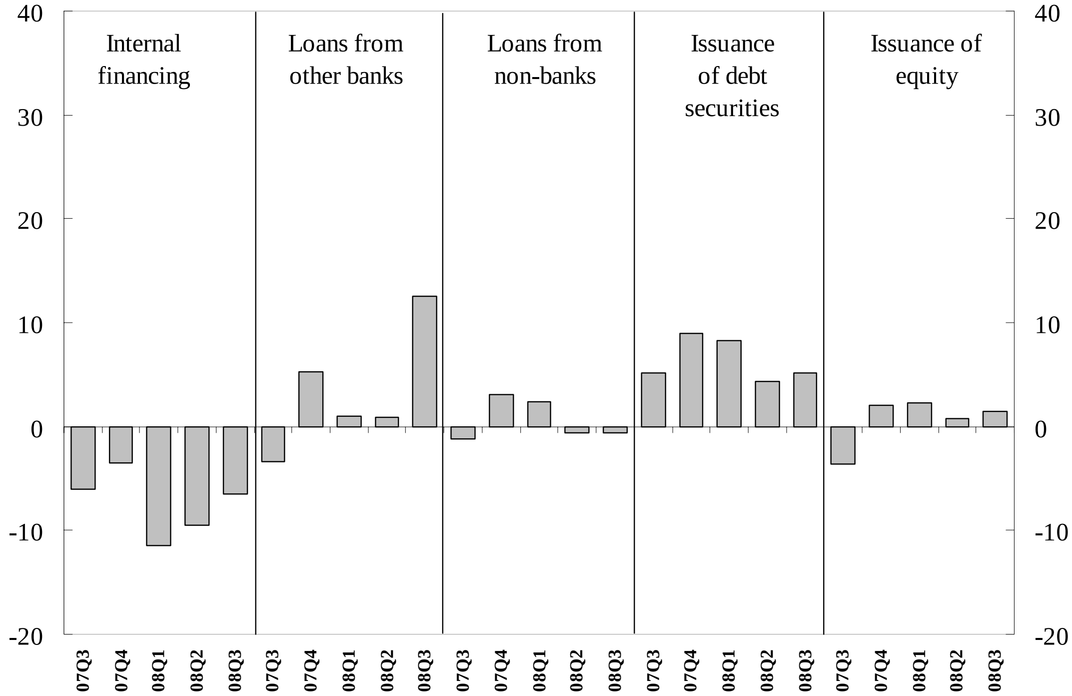


Chart 5b. Factors affecting demand for loans and credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)

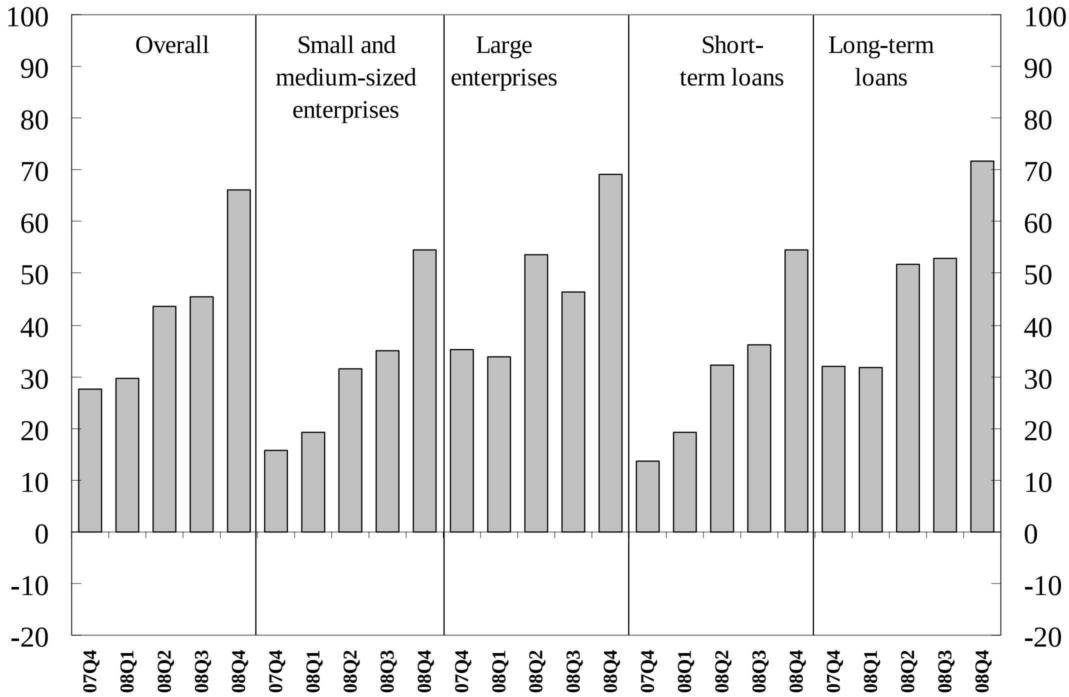


6. Please indicate how you expect your <u>bank's credit standards as applied to the approval of loans or credit lines to enterprises</u> to change over the next three months.

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	July 2008	October 2008	July 2008	October 2008	July 2008	October 2008	July 2008	October 2008	July 2008	October 2008
Tighten considerably	4	5	1	5	5	8	2	3	4	14
Tighten somewhat	42	63	35	52	43	61	36	52	49	57
Remain basically unchanged	53	32	63	41	52	31	60	44	45	28
Ease somewhat	1	1	1	2	1	0	2	1	1	0
Ease considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**45**	**66**	**35**	**54**	**46**	**69**	**36**	**54**	**53**	**72**
Mean	*2.51*	*2.29*	*2.64*	*2.41*	*2.49*	*2.23*	*2.62*	*2.42*	*2.43*	*2.14*
Number of banks responding	***105***	***104***	***105***	***105***	***102***	***100***	***106***	***105***	***104***	***103***

Note: The net percentage is defined as the difference between the sum of the percentages of banks responding "tighten considerably" and "tighten somewhat", and the sum of the percentages of banks responding "ease somewhat" and "ease considerably".

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

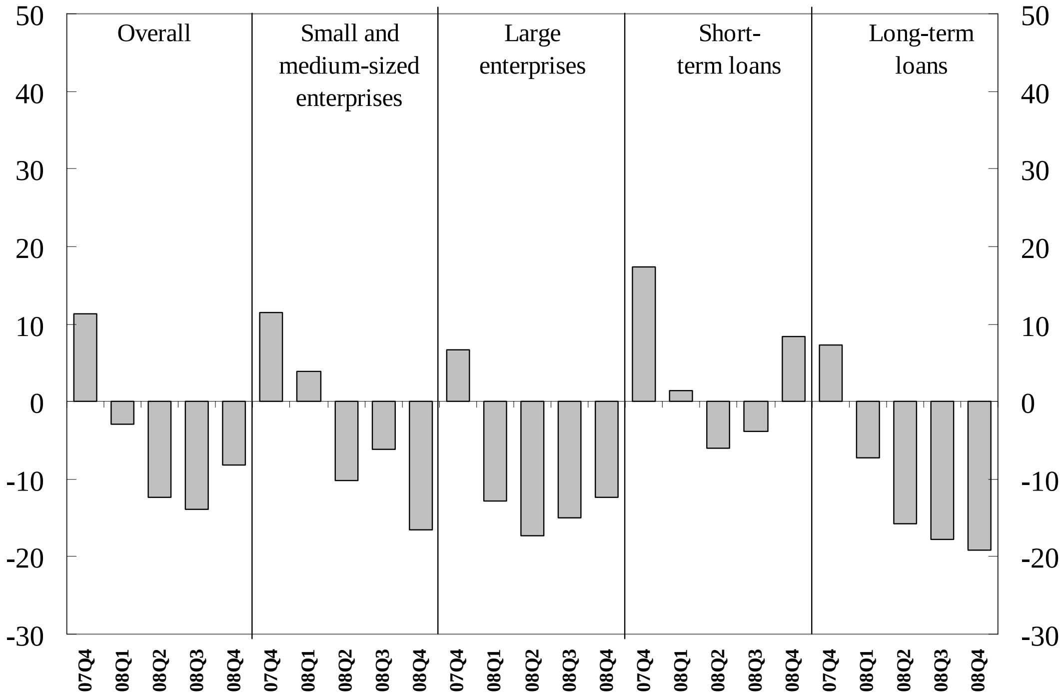


7. Please indicate how you expect demand for loans or credit lines to enterprises to change at your bank over the next three months (apart from normal seasonal fluctuations).

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	July 2008	October 2008	July 2008	October 2008	July 2008	October 2008	July 2008	October 2008	July 2008	October 2008
Decrease considerably	2	1	1	1	2	2	1	1	2	2
Decrease somewhat	28	31	23	34	26	34	22	16	29	40
Remain basically unchanged	54	43	59	46	59	41	59	56	55	35
Increase somewhat	16	22	18	17	12	20	18	23	14	23
Increase considerably	0	3	0	2	1	3	1	3	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**-14**	**-8**	**-6**	**-17**	**-15**	**-12**	**-4**	**8**	**-18**	**-19**
Mean	*2.84*	*2.93*	*2.93*	*2.84*	*2.84*	*2.89*	*2.96*	*3.10*	*2.80*	*2.79*
Number of banks responding	***106***	***104***	***105***	***103***	***102***	***99***	***106***	***104***	***104***	***102***

Note: The net percentage is defined as the difference between the sum of the percentages of banks responding "increase considerably" and "increase somewhat", and the sum of the percentages of banks responding "decrease somewhat" and "decrease considerably".

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



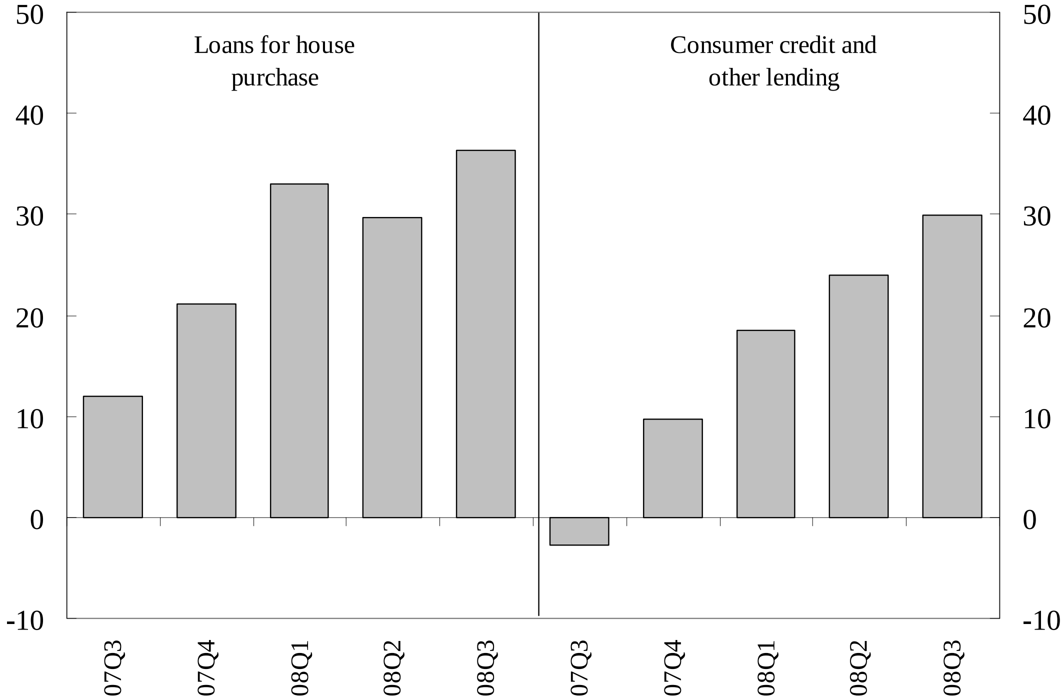
II. Loans to households

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

	Loans for house purchase		Consumer credit and other lending	
	July 2008	October 2008	July 2008	October 2008
Tightened considerably	2	3	3	5
Tightened somewhat	32	34	23	26
Remained basically unchanged	62	62	72	68
Eased somewhat	4	1	2	1
Eased considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	**30**	**36**	**24**	**30**
Mean	*2.68*	*2.61*	*2.73*	*2.65*
Number of banks responding	***99***	***98***	***102***	***101***

Note: The net percentage is defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat", and the sum of the percentages of banks responding "eased somewhat" and "eased considerably".

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



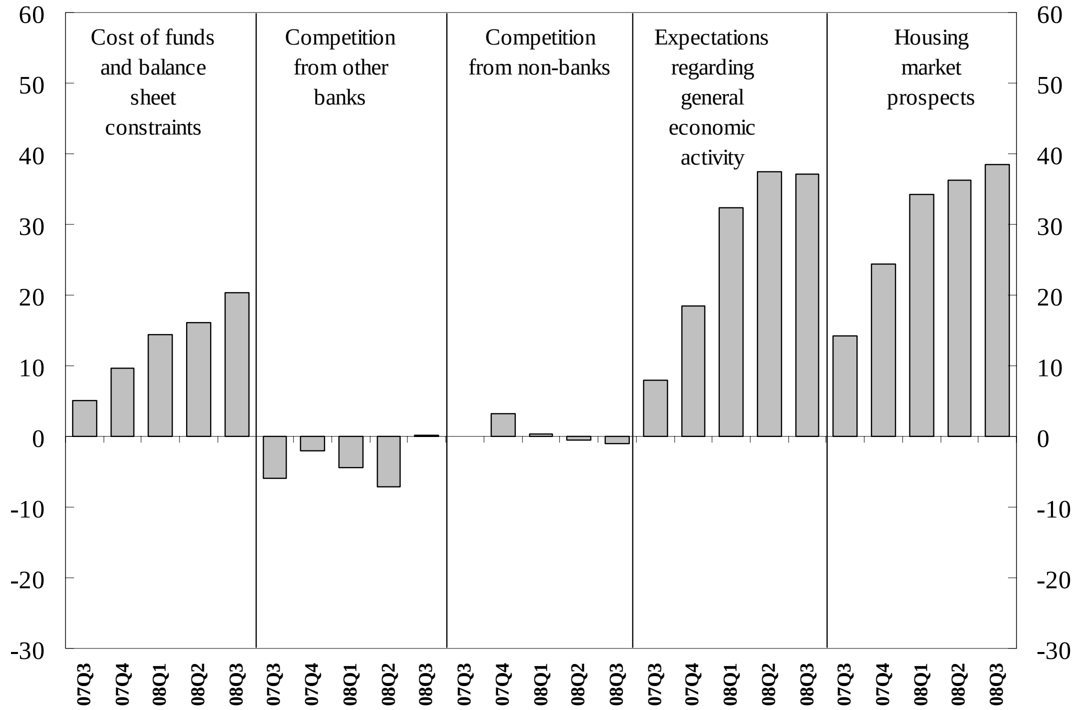
9. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of loans to households for house purchase?

	--	-	°	+	++	NA	NetP		Mean	
							July 2008	October 2008	July 2008	October 2008
A) Cost of funds and balance sheet constraints	2	20	63	2	0	13	16	20	2.81	2.73
B) Pressure from competition										
Competition from other banks	1	2	82	3	0	12	-7	0	3.08	2.98
Competition from non-banks	0	2	81	3	0	15	-1	-1	3.01	3.01
C) Perception of risk										
Expectations regarding general economic activity	7	32	48	2	0	11	38	37	2.57	2.53
Housing market prospects	9	32	46	2	0	12	36	38	2.59	2.49

NA = not available; NetP = net percentage

Note: The net percentage is defined as the difference between the sum of the percentages of banks responding "- -" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of the percentages of banks responding "+" (contributed somewhat to easing) and "+ +" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards".

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



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

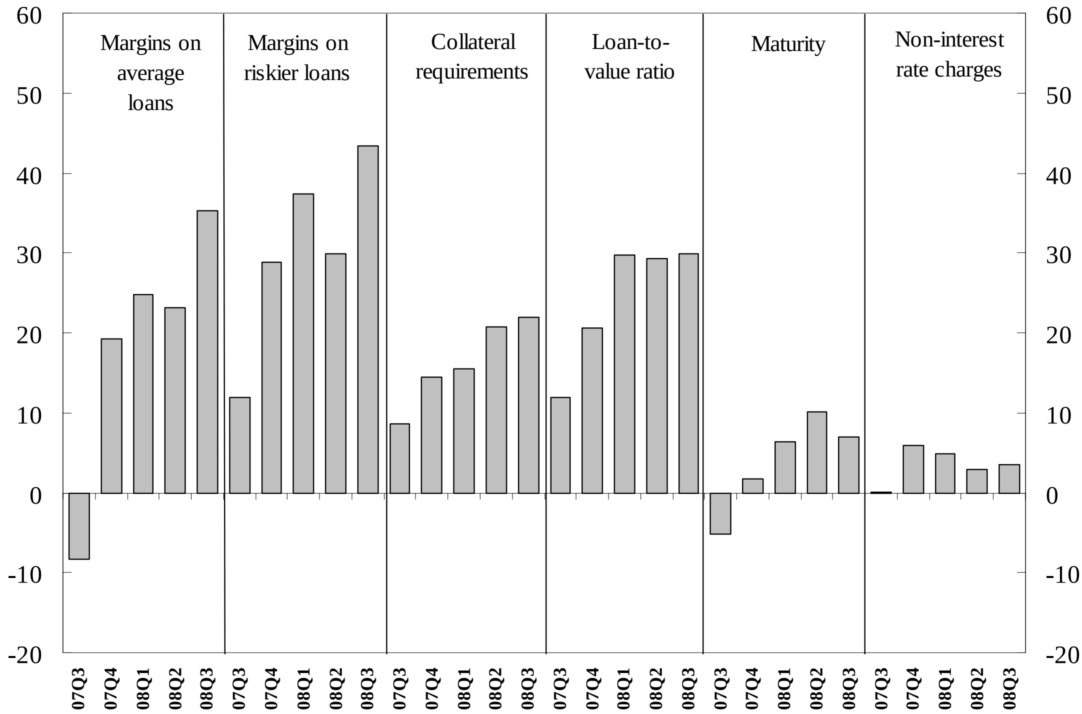
	--	-	°	+	++	NA	NetP		Mean	
							July 2008	October 2008	July 2008	October 2008
A) Price										
Your bank's margin on average loans	5	37	40	5	2	11	23	35	2.77	2.59
Your bank's margin on riskier loans	10	36	40	2	0	12	30	43	2.66	2.42
B) Other conditions and terms										
Collateral requirements	2	20	65	1	0	11	21	22	2.78	2.75
Loan-to-value ratio	3	28	56	1	0	12	29	30	2.67	2.66
Maturity	1	9	76	3	0	12	10	7	2.88	2.93
Non-interest rate charges	0	7	78	3	0	12	3	4	2.97	2.97

NA = not available; NetP = net percentage

Note: The net percentage is defined as the difference between the sum of the percentages of banks responding "- -" (tightened considerably) and "-" (tightened somewhat), and the sum of the percentages of banks responding "+" (eased somewhat) and "+ +" (eased considerably). "°" means "remained basically unchanged".

Chart 10. Changes in terms and conditions for approving loans to households for house purchase

(net percentages of banks reporting tightening terms and conditions)



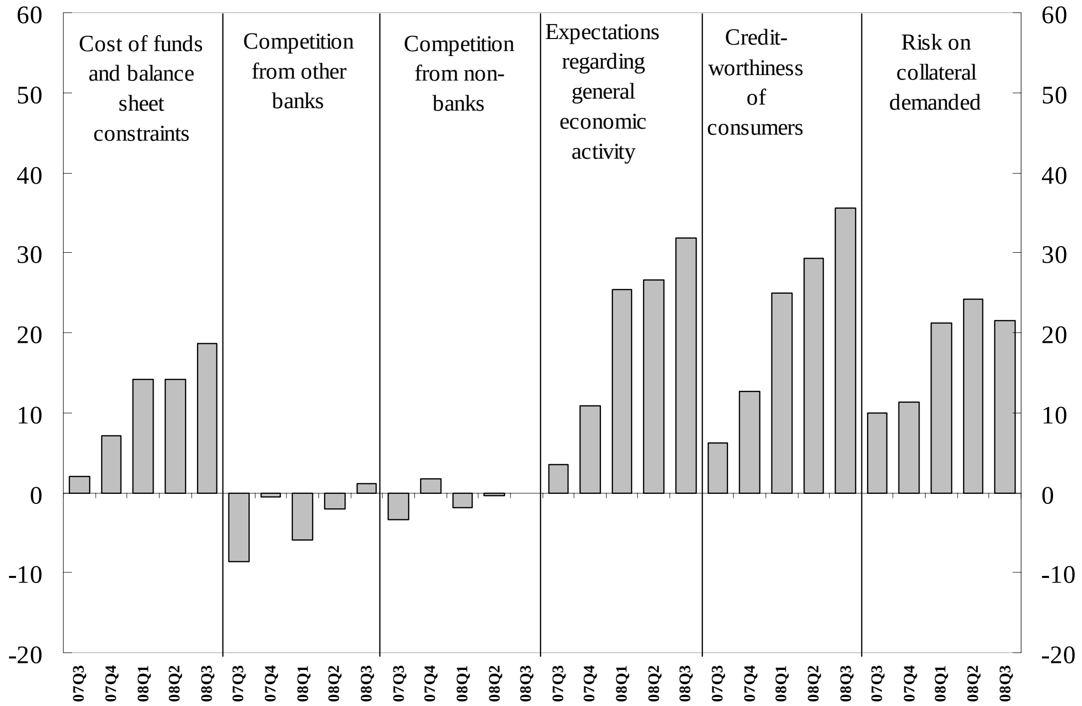
11. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households (as described in question 8)?

	--	-	°	+	++	NA	NetP		Mean	
							July 2008	October 2008	July 2008	October 2008
A) Cost of funds and balance sheet constraints	3	16	69	0	0	12	14	19	2.85	2.76
B) Pressure from competition										
Competition from other banks	1	0	87	0	0	12	-2	1	3.02	2.98
Competition from non-banks	0	0	87	0	0	13	0	0	3.00	3.00
C) Perception of risk										
Expectations regarding general economic activity	7	25	57	0	0	11	27	32	2.70	2.59
Creditworthiness of consumers	8	28	53	0	0	12	29	36	2.67	2.54
Risk on the collateral demanded	4	18	63	1	0	14	24	22	2.75	2.73

NA = not available; NetP = net percentage

Note: The net percentage is defined as the difference between the sum of the percentages of banks responding "- -" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of the percentages of banks responding "+" (contributed somewhat to easing) and "+ +" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards".

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



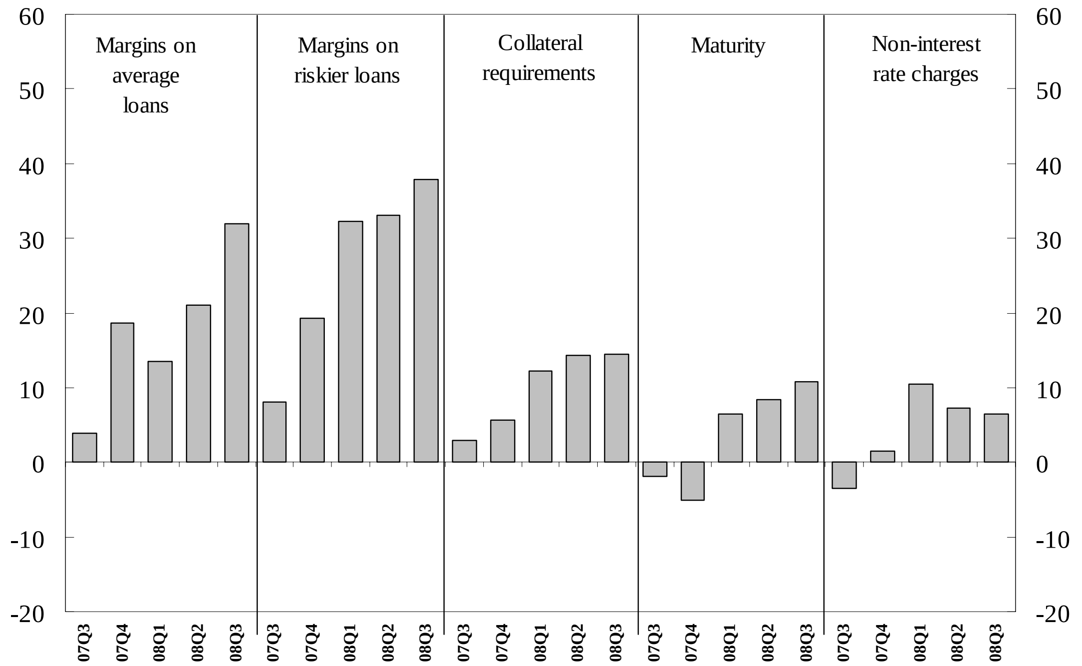
12. Over the past three months, how have your bank's terms and conditions for approving consumer credit and other lending to households changed?

	--	-	°	+	++	NA	NetP		Mean	
							July 2008	October 2008	July 2008	October 2008
A) Price										
Your bank's margin on average loans	3	33	50	3	1	10	21	32	2.78	2.64
Your bank's margin on riskier loans	6	34	46	2	0	13	33	38	2.59	2.53
B) Other conditions and terms										
Collateral requirements	2	12	74	0	0	12	14	15	2.85	2.83
Maturity	1	10	79	0	0	10	8	11	2.91	2.89
Non-interest rate charges	0	6	83	0	0	10	7	6	2.93	2.93

NA = not available; NetP = net percentage

Note: The net percentage is defined as the difference between the sum of the percentages of banks responding "- -" (tightened considerably) and "-" (tightened somewhat), and the sum of the percentages of banks responding "+" (eased somewhat) and "+ +" (eased considerably). "°" means "remained basically unchanged".

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



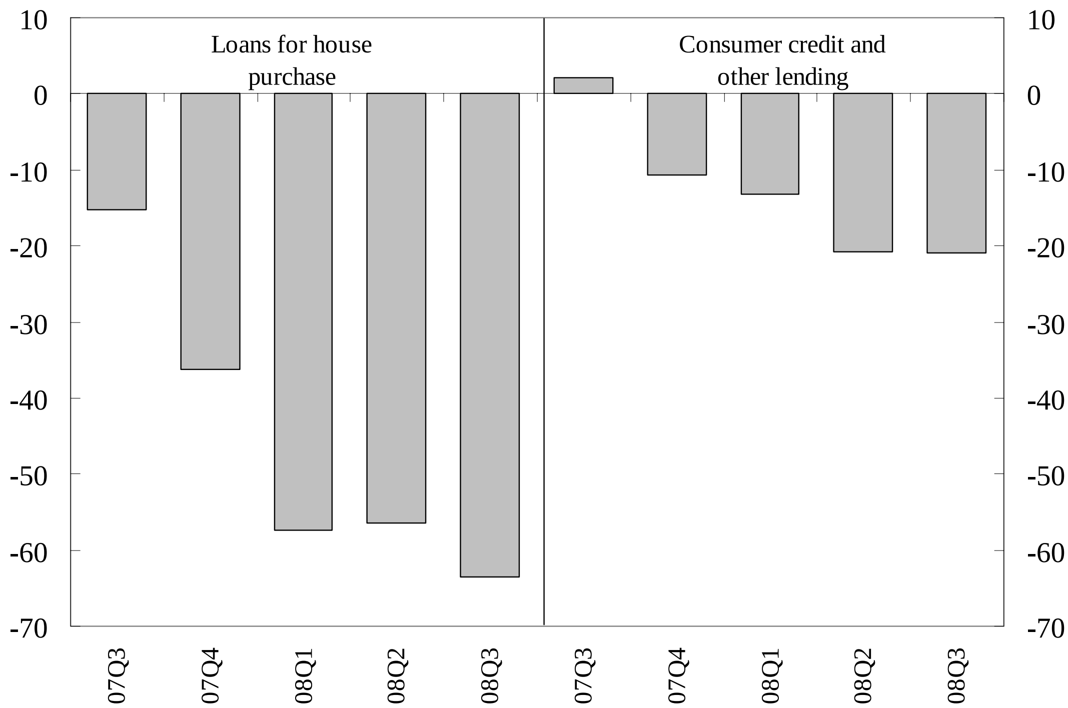
13. Over the past three months, how has the <u>demand for loans to households</u> changed at your bank, apart from normal seasonal fluctuations?

	Loans for house purchase		Consumer credit and other lending	
	July 2008	October 2008	July 2008	October 2008
Decreased considerably	12	12	2	2
Decreased somewhat	50	55	32	34
Remained basically unchanged	33	31	52	50
Increased somewhat	5	2	12	11
Increased considerably	1	1	2	4
Total	*100*	*100*	*100*	*100*
Net percentage	**-56**	**-64**	**-21**	**-21**
Mean	*2.33*	*2.26*	*2.78*	*2.81*
Number of banks responding	***99***	***98***	***102***	***100***

Note: The net percentage is defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat", and the sum of the percentages of banks responding "decreased somewhat" and "decreased considerably".

Chart 13. Demand for loans to households

(net percentages of banks reporting an increase in loan demand)



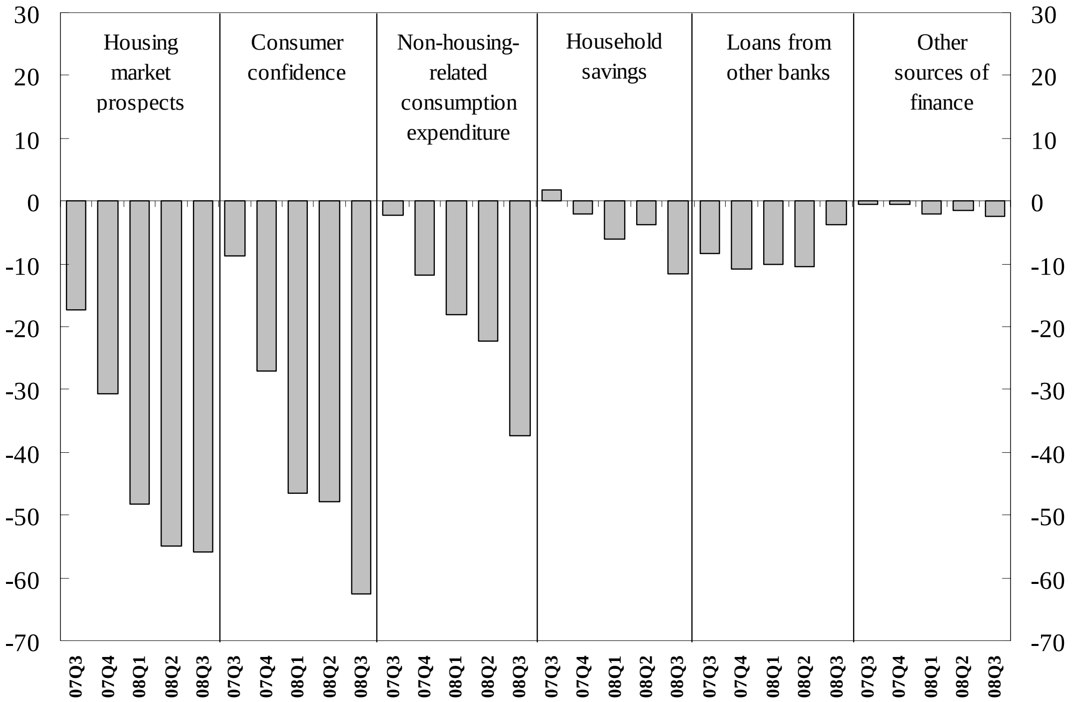
14. Over the past three months, how have the following factors affected the demand for <u>loans to households for house purchase</u> (as described in question 13)?

	--	-	°	+	++	NA	NetP		Mean	
							July 2008	October 2008	July 2008	October 2008
A) Financing needs										
Housing market prospects	10	46	33	0	0	11	-55	-56	2.28	2.26
Consumer confidence	14	48	25	0	0	12	-48	-63	2.38	2.14
Non-housing-related consumption expenditure	4	34	50	0	0	13	-22	-37	2.72	2.53
B) Use of alternative finance										
Household savings	2	11	74	2	0	11	-4	-12	2.93	2.84
Loans from other banks	2	6	77	4	0	12	-11	-4	2.83	2.92
Other sources of finance	2	2	81	0	2	13	-1	-3	2.96	2.95

NA = not available; NetP = net percentage

Note: The net percentage is defined as the difference between the sum of the percentages of banks responding "+ +" (contributed considerably to higher demand) and "+" (contributed somewhat to higher demand), and the sum of banks responding "-" (contributed somewhat to lower demand) and "- -" (contributed considerably to lower demand). "°" means "contributed to basically unchanged demand".

Chart 14. Factors affecting demand for loans to households for house purchase
(net percentages of banks reporting a positive contribution to demand)



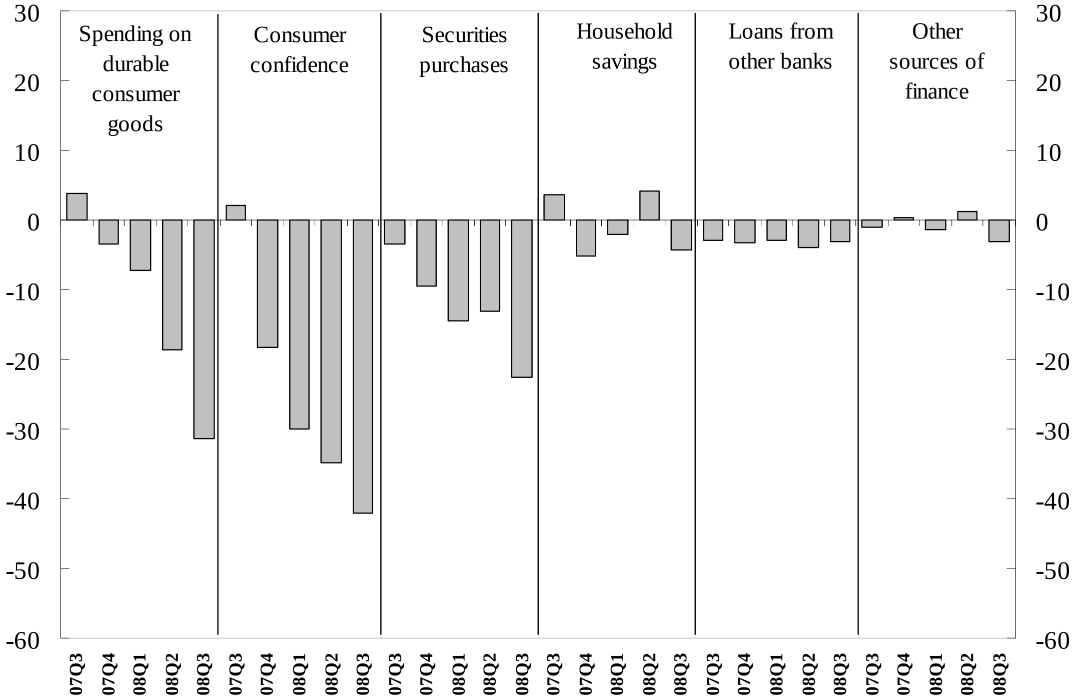
15. Over the past three months, how have the following factors affected the demand for <u>consumer credit and other lending to households</u> (as described in question 13)?

	--	-	°	+	++	NA	NetP		Mean	
							July 2008	October 2008	July 2008	October 2008
A) Financing needs										
Spending on durable consumer goods	5	35	42	7	2	10	-19	-31	2.76	2.60
Consumer confidence	6	37	45	1	0	11	-35	-42	2.58	2.47
Securities purchases	3	20	56	0	0	21	-13	-23	2.84	2.72
B) Use of alternative finance										
Household savings	0	10	74	6	0	10	4	-4	3.04	2.95
Loans from other banks	0	5	83	2	0	11	-4	-3	2.96	2.97
Other sources of finance	0	3	85	0	0	12	1	-3	3.01	2.97

NA = not available; NetP = net percentage

Note: The net percentage is defined as the difference between the sum of the percentages of banks responding "+ +" (contributed considerably to higher demand) and "+" (contributed somewhat to higher demand), and the sum of the percentages of banks responding "-" (contributed somewhat to lower demand) and "- -" (contributed considerably to lower demand). "°" means "contributed to basically unchanged demand".

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

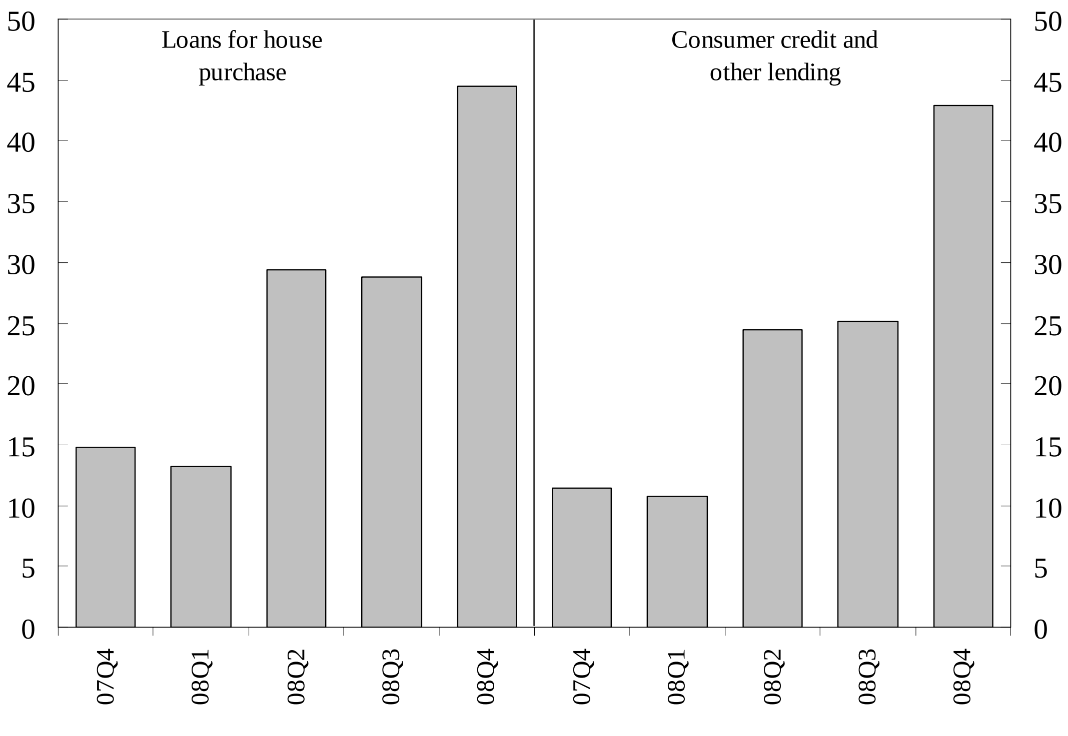


16. Please indicate how you expect your <u>bank's credit standards as applied to the approval of loans to households</u> to change over the next three months.

	Loans for house purchase		Consumer credit and other lending	
	July 2008	October 2008	July 2008	October 2008
Tighten considerably	1	9	1	3
Tighten somewhat	30	37	25	42
Remain basically unchanged	67	53	75	53
Ease somewhat	2	1	0	2
Ease considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	**29**	**45**	**25**	**43**
Mean	*2.71*	*2.47*	*2.74*	*2.54*
Number of banks responding	***99***	***98***	***102***	***101***

Note: The net percentage is defined as the difference between the sum of the percentages of banks responding "tighten considerably" and "tighten somewhat", and the sum of the percentages of banks responding "ease somewhat" and "ease considerably".

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

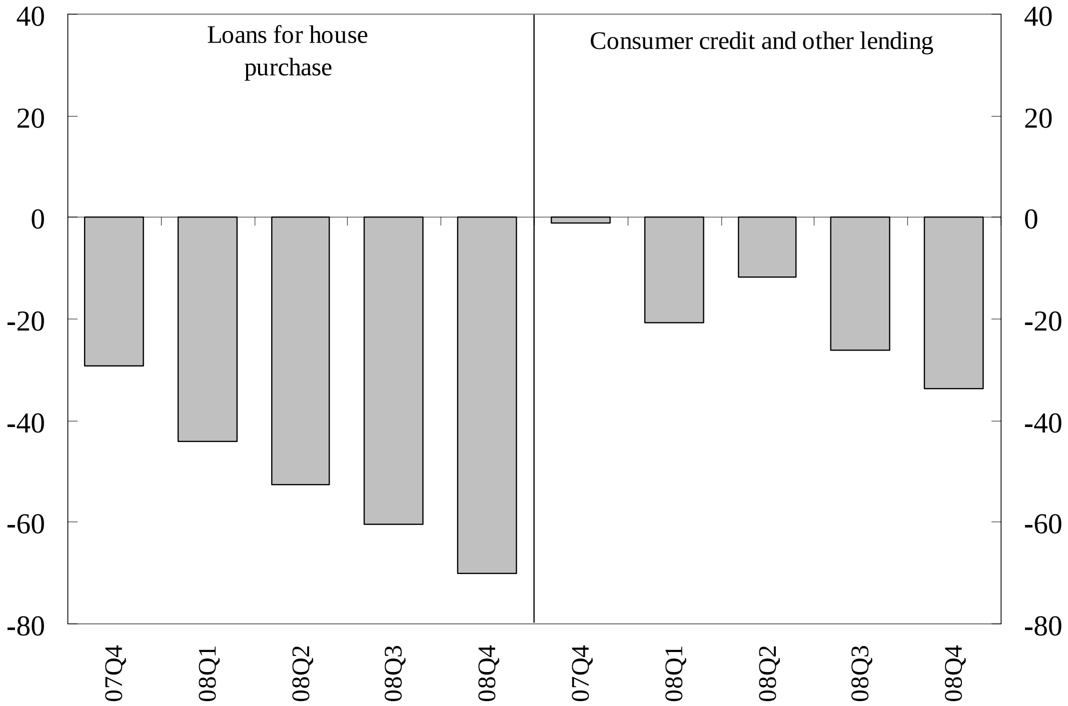


17. Please indicate how you expect demand for loans to households to change over the next three months at your bank (apart from normal seasonal fluctuations).

	Loans for house purchase		Consumer credit and other lending	
	July 2008	October 2008	July 2008	October 2008
Decrease considerably	8	11	2	1
Decrease somewhat	54	59	34	48
Remain basically unchanged	35	29	55	37
Increase somewhat	2	1	9	15
Increase considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	**-60**	**-70**	**-26**	**-34**
Mean	*2.31*	*2.19*	*2.72*	*2.66*
Number of banks responding	***99***	***98***	***102***	***101***

Note: The net percentage is defined as the difference between the sum of the percentages of banks responding "increase considerably" and "increase somewhat", and the sum of the percentages of banks responding "decrease somewhat" and "decrease considerably".

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



ANNEX 2: RESULTS FOR THE AD HOC QUESTIONS

i. What effect has the situation in financial markets had on your bank's credit standards over the past three months?

	Loans and credit lines to enterprises		Loans to households	
	Small and medium-sized enterprises	Large enterprises	For house purchase	Consumer credit and other lending
Contributed considerably to tightening of credit standards	4%	19%	4%	2%
Contributed somewhat to tightening of credit standards	60%	56%	33%	27%
Basically no impact on credit standards	36%	24%	63%	71%
Contributed somewhat to easing of credit standards	0%	0%	0%	0%
Contributed considerably to easing of credit standards	0%	0%	0%	0%
Not applicable (*)	13%	18%	14%	11%
Mean	***2.32***	***2.05***	***2.58***	***2.69***
Standard deviation	0.57	0.69	0.60	0.53
Number of banks responding	***99***	***94***	***96***	***99***

(*) Please select "not applicable" only if your bank does not conduct business in a particular loan category.

ii. What effect do you expect the situation in financial markets to exert on your bank's credit standards over the next three months?

	Loans and credit lines to enterprises		Loans to households	
	Small and medium-sized enterprises	Large enterprises	For house purchase	Consumer credit and other lending
Contribute considerably to tightening of credit standards	10%	15%	10%	7%
Contribute somewhat to tightening of credit standards	56%	63%	37%	33%
Basically no impact on credit standards	34%	22%	53%	60%
Contribute somewhat to easing of credit standards	0%	0%	0%	0%
Contribute considerably to easing of credit standards	0%	0%	0%	0%
Not applicable (*)	13%	18%	14%	11%
Mean	***2.24***	***2.08***	***2.43***	***2.53***
Standard deviation	0.64	0.64	0.70	0.65
Number of banks responding	***99***	***94***	***96***	***99***

(*) Please select "not applicable" only if your bank does not conduct business in a particular loan category.

iii. What effect has the situation in financial markets had on your bank's credit standards for the approval of loans and credit lines to enterprises over the past three months? How do you expect the situation to affect these credit standards over the next three months? Please make a distinction by loan purpose.

	Over the past three months			Over the next three months		
	Fixed investment	Inventories and working capital	M&As and corporate restructuring	Fixed investment	Inventories and working capital	M&As and corporate restructuring
Contributed/will contribute considerably to tightening of credit standards	8%	0%	31%	15%	5%	32%
Contributed/will contribute somewhat to tightening of credit standards	46%	46%	33%	43%	45%	44%
Basically no impact on credit standards	47%	54%	36%	42%	50%	24%
Contributed/will contribute somewhat to easing of credit standards	0%	0%	0%	0%	0%	0%
Contributed/will contribute considerably to easing of credit standards	0%	0%	0%	0%	0%	0%
Not applicable (*)	16%	19%	22%	16%	19%	22%
Mean	***2.39***	***2.54***	***2.04***	***2.27***	***2.45***	***1.92***
Standard deviation	0.66	0.53	0.86	0.74	0.62	0.78
Number of banks responding	***96***	***94***	***89***	***96***	***94***	***89***

(*) Please select "not applicable" only if your bank does not conduct business in a particular loan category.

iv. As a result of the situation in financial markets, 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?

	Over the past three months					Over the next three months					N/A(1)
	--	-	o	Mean	Standard deviation	--	-	o	Mean	Standard deviation	
A) Interbank unsecured money market											
Very short-term money market (up to one week)	11%	33%	56%	2.45	0.74	11%	41%	48%	2.37	0.72	18%
Short-term money market (more than one week)	24%	50%	25%	2.01	0.75	25%	54%	21%	1.96	0.73	19%
B) Debt securities(2)											
Short-term debt securities (e.g. certificates of deposit or commercial paper)	17%	47%	36%	2.20	0.75	24%	49%	27%	2.03	0.78	26%
Medium to long-term debt securities (incl. covered bonds)	34%	39%	26%	1.92	0.83	47%	33%	20%	1.74	0.85	22%
C) Securitisation(3)											
Securitisation of corporate loans	68%	24%	9%	1.41	0.72	72%	19%	9%	1.37	0.71	58%
Securitisation of loans for house purchase	70%	16%	14%	1.43	0.77	71%	19%	10%	1.39	0.71	53%
D) Ability to transfer credit risk off balance sheet(4)	52%	26%	22%	1.69	1.00	43%	36%	22%	1.79	0.91	67%

(1) Please select "N/A" (not applicable) only if the source of funding is not used by your bank.

(2) Usually involves on-balance sheet funding.

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

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

v. If you have stated in response to question iv that one or more of your usual means of accessing wholesale funding markets has been (or will be) considerably or somewhat hampered over the past (or next) three months, has this had (or will this have) an impact on the quantity that your bank is willing to lend and/or the margin at which funds have been (or will be) lent over the past (or next) three months?

For money markets, debt securities or other markets

	Over the past three months	Over the next three months
Quantity		
Considerable impact	20%	37%
Some impact	55%	46%
Basically no impact	25%	17%
Mean	*2.05*	*1.80*
Standard deviation	*0.72*	*0.75*
Number of banks responding	***79***	***78***
Margin		
Considerable impact	27%	40%
Some impact	63%	50%
Basically no impact	10%	10%
Mean	*1.84*	*1.70*
Standard deviation	*0.63*	*0.69*
Not applicable (*)	25%	25%
Number of banks responding	***77***	***76***

For securitisation

	Over the past three months	Over the next three months
Quantity		
Considerable impact	55%	48%
Some impact	31%	44%
Basically no impact	14%	8%
Mean	*1.59*	*1.60*
Standard deviation	*0.79*	*0.71*
Number of banks responding	***46***	***48***
Margin		
Considerable impact	42%	40%
Some impact	45%	50%
Basically no impact	13%	11%
Mean	*1.71*	*1.71*
Standard deviation	*0.74*	*0.76*
Not applicable (*)	51%	49%
Number of banks responding	***44***	***46***

(*) Please select “not applicable” only if you have replied “basically not hampered” or “not applicable” to question iv.

vi. To what extent has the need to fund draw-downs on commitments to asset-backed commercial paper programmes issued by conduits or structured investment vehicles affected your lending policies over the past three months? To what extent will this affect your lending policies over the next three months?

	Over the past three months	Over the next three months
Quantity		
Considerable impact	8%	14%
Some impact	35%	31%
Basically no impact	57%	55%
Mean	*2.49*	*2.41*
Standard deviation	*0.76*	*0.85*
Number of banks responding	***27***	***27***
Margin		
Considerable impact	15%	16%
Some impact	36%	38%
Basically no impact	49%	46%
Mean	*2.35*	*2.29*
Standard deviation	*0.84*	*0.87*
Not applicable (*)	74%	76%
Number of banks responding	***25***	***25***

(*) Please select "not applicable" only if your bank is not involved in this kind of business.

vii. 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	7%	10%
Considerable impact on capital, and some impact on lending	11%	12%
Some impact on both capital and lending	25%	29%
Some impact on capital, but no impact on lending	11%	8%
Basically no impact on capital	33%	26%
No reply	14%	15%
Mean	***3.57***	***3.30***
Standard deviation	1.42	1.43
Number of banks responding	***111***	***111***

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

ANNEX 3: GLOSSARY

To help participating banks to fill out the questionnaire, a glossary has been developed that explains the most important terminology used in the survey.

Capital

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

Collateral

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

Consumer confidence

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

Cost of funds and balance sheet constraints

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

Covenant

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

Credit line

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

Credit standards

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

Credit terms and conditions

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

Debt restructuring

Debt restructuring is a relevant factor in the context of the bank lending survey only to the extent that it gives rise to an actual increase or decrease in demand for loans following the decision of corporations with outstanding debt obligations to alter the terms and conditions of these loans. Generally, companies use debt restructuring to avoid defaulting on existing debt or to take advantage of lower interest rates or lower interest rate expectations. However, debt restructuring should not be interpreted as switching between different types of debt (such as MFI loans and debt securities; this is already covered under "issuance of debt securities"), capital restructuring (shifts between debt and equity) or share buy-backs (already covered under "issuance of equity"). Debt restructuring in the form of inter-company loans is already covered by “loans from non-banks”. Moreover, debt restructuring in the form of shifts between short-term and long-term loans does not give rise to a change in overall loan demand.

Enterprises

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

Enterprise size

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

Households

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

Housing market prospects

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

Loans

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

Loan-to-value ratio

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

Maturity

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

Net percentage (or balance)

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

Non-banks

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

Non-interest rate charges

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