EUROPEAN CENTRAL BANK

EUROSYSTEM

8 August 2008

THE EURO AREA BANK LENDING SURVEY

- JULY 2008 -

1. Overview of the results

The results reported in the July 2008 bank lending survey relate to changes during the second quarter of 2008 and expectations of changes in the third 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 round.

This report presents the results of the bank lending survey for the euro area that was conducted in June and July 2008. The cut-off date for receipt of data from the banks participating in this survey was 8 July.

The results of the July 2008 bank lending survey referring to the second quarter of 2008 indicate somewhat lower net tightening of credit standards for loans to enterprises than was observed in the first quarter. The most important factor in the net tightening continued to be a deterioration in expectations about the economic outlook. The impact on banks of the cost of funds and balance sheet constraints was somewhat lower than the impact of concerns about the economic outlook. Banks also reported somewhat lower net tightening of credit standards for loans to households for house purchase, but somewhat increased net tightening for consumer credit and other lending to households – albeit from a lower level. A deterioration in expectations regarding general economic activity was an important factor in the net tightening of credit standards applied to these two types of household loan.

Banks reported that net demand for loans to enterprises and households continued to be negative in the second quarter of 2008. Besides mergers and acquisitions (M&As) and corporate restructuring and fixed investment, another factor that contributed to lower net demand for loans to enterprises was internal financing. The negative net demand for loans to households for house purchase reflected mainly worsening housing market prospects and deteriorating consumer confidence.

This survey round incorporated a set of ad hoc questions as a follow-up to the ad hoc questions included in previous survey rounds. They addressed the effect of the financial turmoil 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. In addition, the impact of the turmoil on credit standards was especially strong for loans for financing M&As and corporate restructuring, whereas the effect was more limited – albeit increasing – for loans for financing fixed investment or inventories and working capital. With respect to wholesale funding, banks reported that their access to money markets and debt securities *markets was somewhat less hampered by the effects of the financial market turmoil in the second quarter of 2008 compared with the first quarter. By contrast, access to securitisation was hampered to a similar extent as observed in the first quarter.*

General notes

The bank lending survey is addressed to senior loan officers of 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 posed on credit standards for approving loans; credit terms and conditions; and credit demand and the factors affecting it.

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

The survey questions are phrased in terms of changes over the past three months (in this case in the second quarter of 2008) or expectations of changes over the next three months (i.e. in the third 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 size, the survey results are weighted according to the national shares in total outstanding euro area lending to euro area residents. All 112 banks participated in the July 2008 survey, i.e. the overall response rate was 100%.

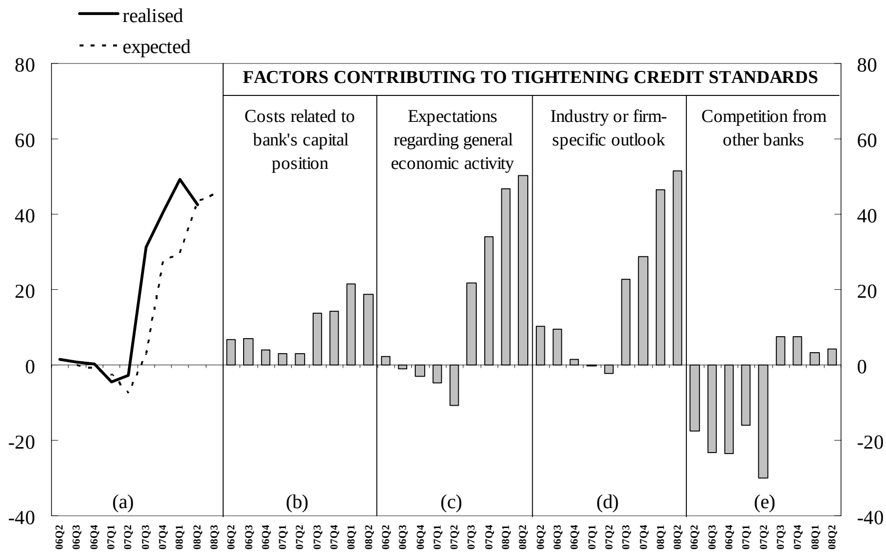
[2] For further information on the bank lending survey, please see the ECB press release of 21 November 2002 entitled "Bank lending survey for the euro area", the article entitled "A bank lending survey for the euro area" in the April 2003 issue of the Monthly Bulletin and J. Berg et al. (2005), "The 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 second quarter of 2008, the net percentage of banks reporting a tightening of credit standards for loans to enterprises was somewhat lower than in the first quarter (43%, down from 49% in the first quarter; see Chart 1). The most important factors continued to be banks' risk perception regarding general economic activity and the industry or firm-specific outlook. The impact of all factors summarised in the cost of funds and balance sheet constraints experienced by banks (i.e. banks' ability to access market financing; the costs related to their capital positions; and their liquidity positions) was somewhat less than in the first quarter, by contrast with the impact of their concerns about the economic outlook.

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

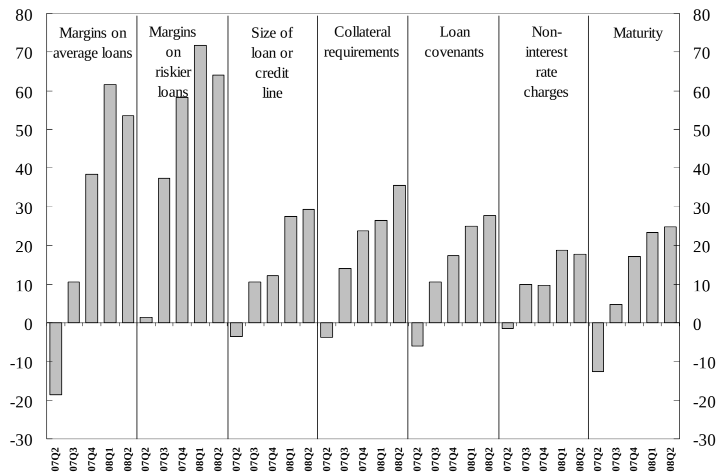


Notes: "Realised" values refer to changes that have occurred while "expected" values are changes anticipated by banks. Net percentage refers to the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages of banks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

Regarding the terms and conditions of credit (see Chart 2), margins on average loans (53%, down from 62% in the previous round) and on riskier loans (64%, down from 72% in the previous round) continued to contribute most strongly to the net tightening of credit standards in the second quarter, albeit to a somewhat lesser extent than in the first quarter. Non-price terms and conditions remained broadly unchanged for the most part, compared with the first quarter, with the notable exception of collateral requirements which increased considerably compared with the previous quarter.

Chart 2. Terms and conditions contributing to changes in credit standards applied to the approval of loans or credit lines to enterprises

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

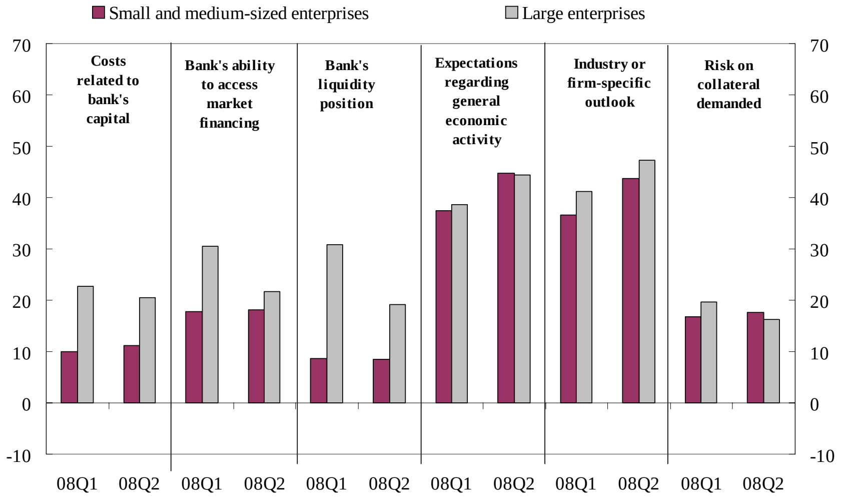


Note: See the notes to Chart 1.

The net tightening of credit standards continued to be stronger for large enterprises (44%, against 53% in the first quarter of 2008) than for small and medium-sized enterprises (SMEs; 34%, against 35% in the first quarter; see Chart 1 in Annex 1). While the level of net tightening was, however, broadly unchanged for SMEs, it was less severe for large enterprises than in the previous quarter. As regards the factors affecting credit standards for both large enterprises and SMEs, banks reported that deteriorating expectations regarding general economic activity and the industry or firm-specific outlook were the most important factors in the tightening (see Chart 3). Banks also reported that the cost of funds and balance sheet constraints, especially their liquidity positions, played a more important role in the net tightening of standards for large firms (albeit a lesser role than in the previous quarter), than for SMEs. This may be related to the greater importance of market-based funding for bank loans to large firms. With respect to terms and conditions, an increase in bank margins contributed most to the net tightening of credit standards for both loans to large firms and loans to SMEs (see Chart 3 in Annex 1). With respect to non-price terms and conditions, large firms generally experienced stronger net tightening than SMEs, except in the case of collateral requirements.

As regards loan maturities, the net tightening continued to be more pronounced for long-term loans (52%, against 57% in the previous survey round) than for short-term loans (31%, against 33% in the previous survey round; see Chart 1 in Annex 1). This may have reflected the increase in the cost of bond financing for banks as well as their assessment that their access to funding via medium and long-term debt securities continued to be hampered in the second quarter of 2008 (see Chart 16 in Section 3).

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

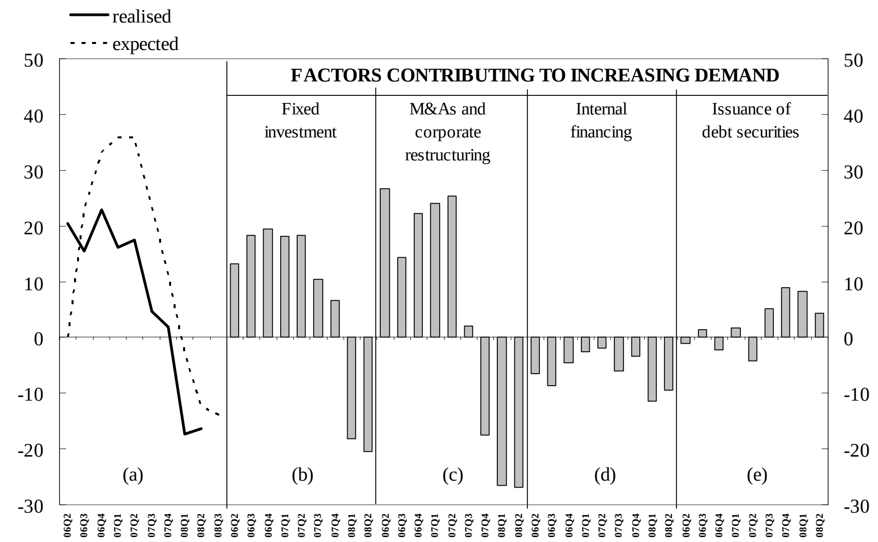


Note: See the notes to Chart 1.

Loan demand. In the second quarter of 2008, net demand for loans to enterprises continued to be negative, at a level broadly unchanged from that observed in the previous quarter (-16%, against -17% in the first quarter; see Chart 4). The main factors in the negative net demand were M&As and corporate restructuring and a decline in financing needs for fixed investment. In addition, internal financing was another factor that contributed to lowering net demand for loans to enterprises, pointing to a robust profit situation of enterprises. By contrast, developments in debt securities issuance contributed positively to net demand for loans to enterprises, reflecting market conditions and the increased cost of market-based debt financing.

In terms of borrower size, while net loan demand was negative for both large firms and SMEs (-12% and -8%, respectively; see Chart 4 in Annex 1), it was weaker for large firms, which is in line with the results for previous quarters. In addition, net demand was negative across the loan maturity spectrum.

Chart 4. Changes in demand for loans or credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)



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

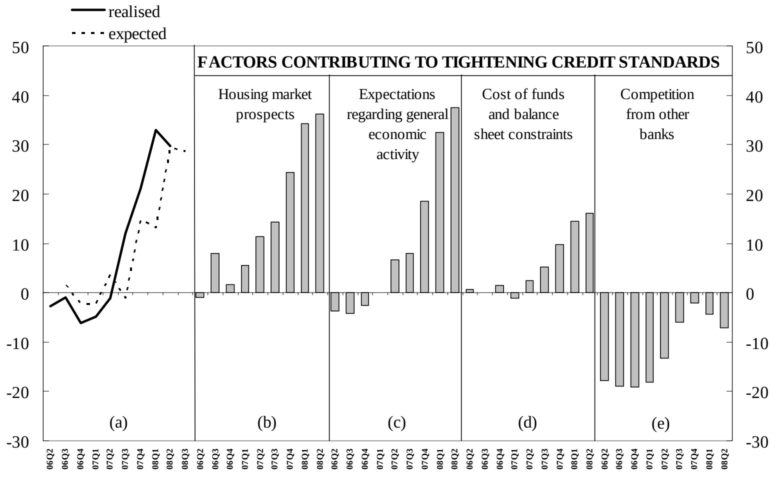
Expectations. Looking ahead to the third quarter of 2008, expectations point to slightly stronger net tightening of credit standards (45%) compared with the actual net tightening observed in the second quarter (see Chart 1), for both large enterprises and SMEs. Net demand for loans to enterprises is expected to be slightly less negative overall (-14%) compared with actual demand observed in the second quarter (see Chart 4). In particular, it is expected to be slightly less negative for SMEs and slightly more negative for large firms (see Chart 4 in Annex 1).

2.2 Households

Loans to households for house purchase

Credit standards. In the second quarter of 2008, the net percentage of banks reporting a tightening of credit standards for loans to households for house purchase was somewhat lower (30%, against 33% in the first quarter; see Chart 5). Deteriorating expectations regarding general economic activity and housing market prospects were the main factors in the net tightening. While the cost of funds and balance sheet constraints also contributed to the net tightening, competition from other banks continued to contribute to easing.

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

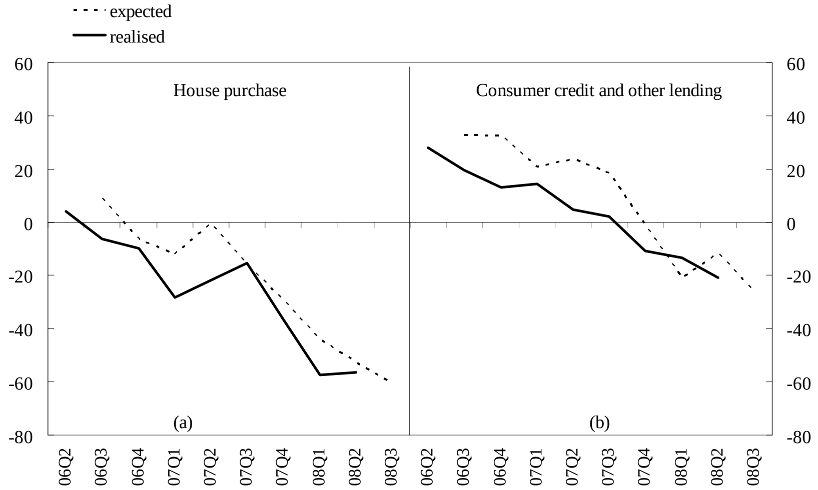


Note: See the notes to Chart 1.

As regards the terms and conditions for loans for house purchase, margins on average loans (23%, against 25% in the first quarter) and riskier loans (30%, against 37% in the first quarter) continued to be tightened, but to a lesser extent than in the first quarter (see Chart 10 in Annex 1). With respect to non-price terms and conditions, loan-to-value (LTV) ratios were tightened to a similar extent as the margins on riskier loans. The net tightening of LTV ratios remained at a similar high level seen as in the first quarter. Collateral requirements and the loan maturities were tightened further in the second quarter.

Loan demand. Net demand for housing loans remained strongly negative in the second quarter of 2008, broadly at the same level as in the previous quarter (-56%, after -57% in the previous quarter; see Chart 6). This reflected mainly 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 a positive contribution to demand)



Note: See the notes to Chart 4.

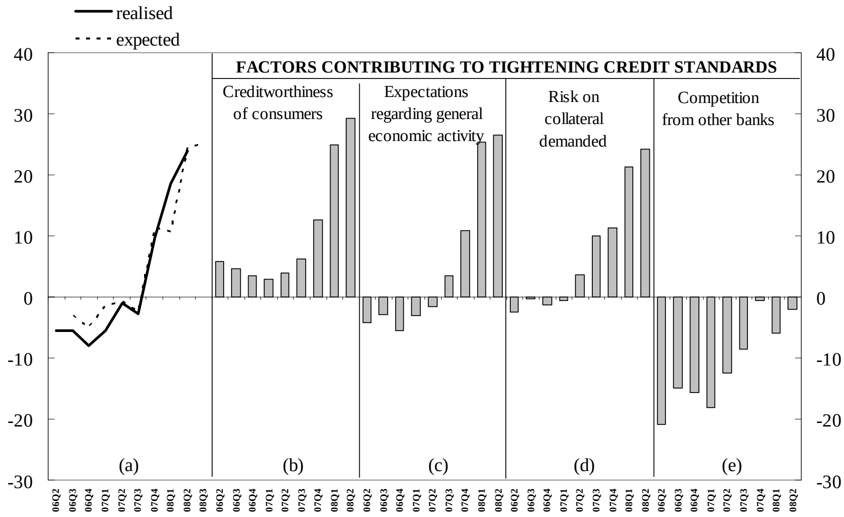
Expectations. For the third quarter of 2008 respondent banks expect net tightening of credit standards for loans for house purchase to remain broadly unchanged (29%) from the level of actual net tightening observed in the second quarter (see Chart 5). Net loan demand is expected to be somewhat more negative (-60%; see Chart 6).

Consumer credit and other lending to households

Credit standards. In the second quarter of 2008 the net percentage of banks reporting a tightening of credit standards for consumer credit and other lending to households increased somewhat (24%, against 19% in the previous quarter; see Chart 7), remaining, however, at a lower level than for loans to households for house purchase. The main factor in this further increase in net tightening was banks' perception of risk, which was related to a deterioration in expectations regarding general economic activity, the creditworthiness of consumers and the risk on the collateral demanded (see Chart 11 in Annex 1).

As regards the terms and conditions, the net tightening was mainly implemented via a widening of loan margins. While margins on riskier loans remained broadly unchanged after a steep increase in previous quarters, margins on average loans were tightened somewhat further in the second quarter (see Chart 12 in Annex 1). In addition, some non-price terms and conditions, such as collateral requirements and loan maturities, were tightened somewhat further.

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



Note: See the notes to Chart 1.

Loan demand. Net demand for consumer credit and other lending to households was negative and declined further compared with the first quarter of 2008 (-21%, against -13% in the previous quarter) according to responding banks (see Chart 6). Nevertheless, the level was considerably less negative than the level of net demand for loans for house purchase. The main factor dampening demand was a deterioration in consumer confidence according to reporting banks (see Chart 15 in Annex 1).

Expectations. For the third quarter of 2008 net tightening of credit standards for consumer credit and other lending to households is expected to remain broadly unchanged (25%) compared with actual net tightening observed in the second quarter (see Chart 7). Net demand is expected to remain negative and to decline further (-26%) compared with the second quarter (see Chart 6).

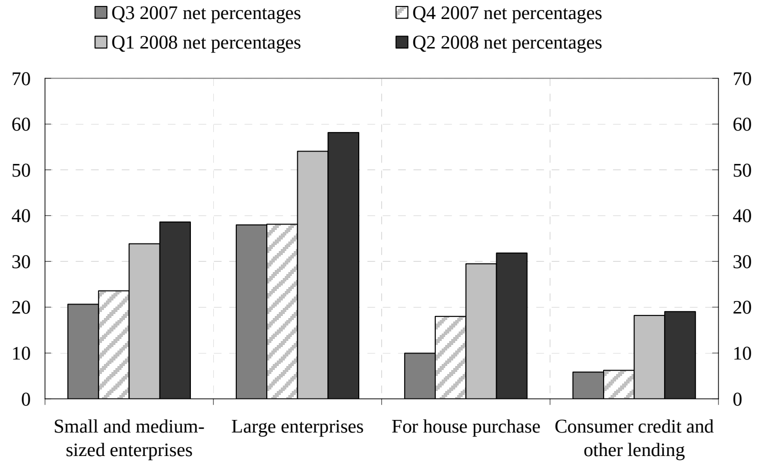
3. Ad hoc questions on the impact of the financial turmoil

As a follow-up to the ad hoc questions included in the last few survey rounds, the July 2008 survey round contained a set of questions which aimed to gauge the extent to which the financial market tensions affected banks' credit standards for loans and credit lines to enterprises and households in the euro area in the second quarter of 2008, and how they will be affected in 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 on the ad hoc questions are available in Annex 2 of this report.

3.1 Impact on credit standards

In the second quarter of 2008 banks reported that, as a result of the financial turmoil, credit standards on loans to large enterprises and to SMEs were tightened further (see Chart 8). By contrast, in the main questionnaire, which refers to overall developments, banks reported lower net tightening for large firms and broadly unchanged credit standards for SMEs. In line with the results of the main questionnaire, responses to the ad hoc questions reported that large firms continued to be more affected by the financial market situation than SMEs. In addition, net tightening continued to be more pronounced for enterprises than for households. With respect to lending to households, the net tightening of credit standards as a result of the financial turmoil was broadly unchanged compared with the previous quarter in the case of both loans for house purchase and consumer credit. In the main questionnaire, banks reported, in general, lower net tightening for loans for house purchase and stronger net tightening for consumer credit compared with the first quarter.

Chart 8. Effect of the financial turmoil on credit standards
(net percentages of banks contributing to 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 only asked about tightening.

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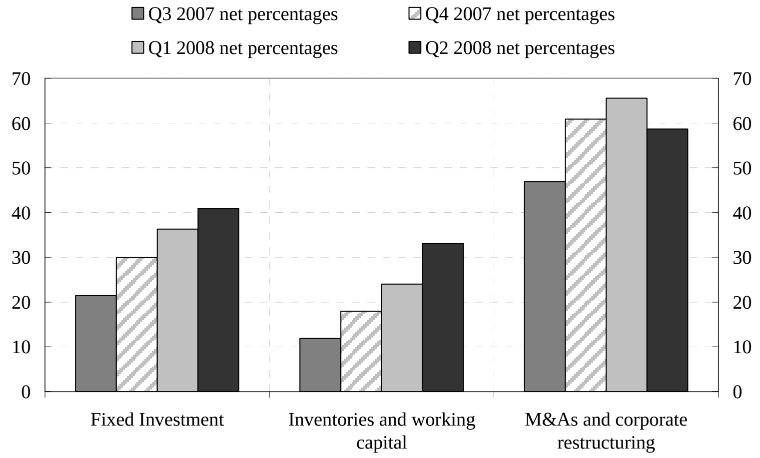
[3] The results shown are calculated as a percentage of the number of banks which did not select "not applicable".

Chart 9. Effect of the financial turmoil on banks' credit standards for loans to enterprises according to loan purpose

(net percentages of banks contributing to tightening standards)



Note: See the note to Chart 8.

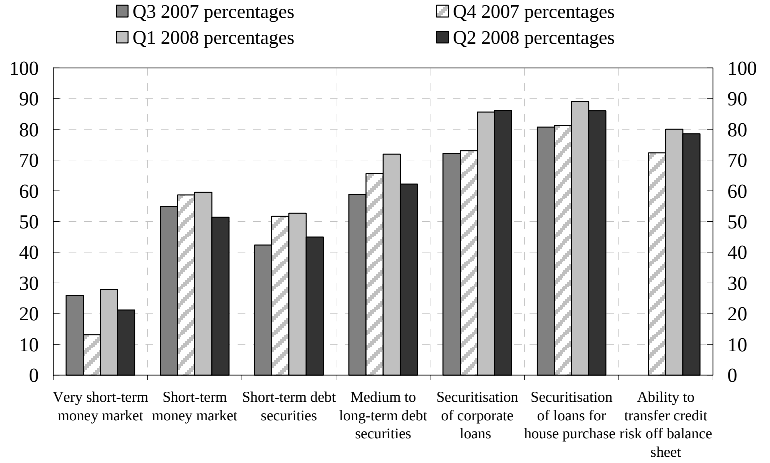
Focusing more specifically on loans and credit lines to enterprises, according to responding banks the impact of the turmoil on credit standards was especially strong for loans for financing M&As and corporate restructuring, whereas the effect was more limited – albeit increasing – for loans to finance fixed investment or inventories and working capital (see Chart 9). Over the next three months, banks expect a broadly similar level of net tightening for loans for these purposes as seen in the second quarter (see Table iii in Annex 2).

3.2 Access to wholesale funding

Banks reported that in the second quarter of 2008 their access to money markets and debt securities markets was somewhat less hampered by the effects of the financial market turmoil compared with the first quarter (see Chart 10). As in the previous survey round, a larger percentage of banks reported difficulties in raising funds through medium to long-term bonds than through short-term debt securities in the past three months. By contrast to developments regarding access to money markets and debt securities markets, access to securitisation – both true-sale and synthetic – continued to be hampered to a similar extent as in the first quarter. Around 80% to 90% of the responding banks reported that their access to securitisation was hampered.

Overall, responding banks felt that the wholesale funding situation had improved somewhat compared with the situation in the previous quarter. Over the next three months access to funding via money markets and debt securities markets is expected to remain hampered to a similar extent as in the second quarter of 2008. A lower percentage of banks expects access to securitisation to be considerably hampered compared with the level seen in the second quarter (see Table iv in Annex 2).

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



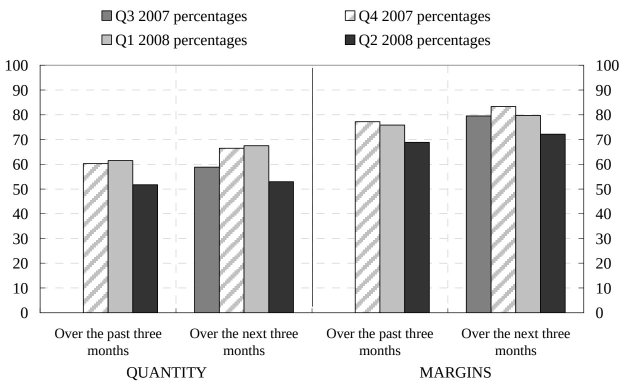
Note: Percentages have been calculated by summing the shares of banks responding "considerable impact" and "some impact" on market access.

3.3 Impact on bank lending

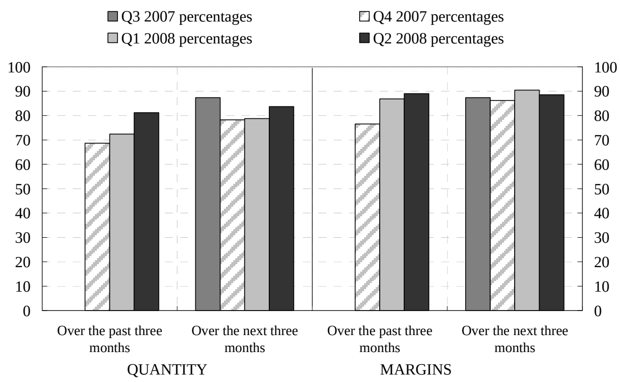
In line with the reports of less hampered access to money markets and debt securities markets, banks reported that the access to these wholesale funding markets had a somewhat lower impact on bank lending, as regards both amounts and margins (see Chart 11). At the same time, the impact on margins continued to be stronger than the impact on the amount of loans granted to borrowers. As regards the more difficult environment for securitisation, banks reported a further increase in the impact on the amount of loans granted and a broadly unchanged impact on margins. For securitisation, the impact on margins nevertheless remained larger than the impact on amounts, but the difference was smaller compared with the other funding alternatives. With respect to the next three months, banks reported that they expect the impact on their willingness to lend and on margins to remain broadly unchanged for all funding alternatives.

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



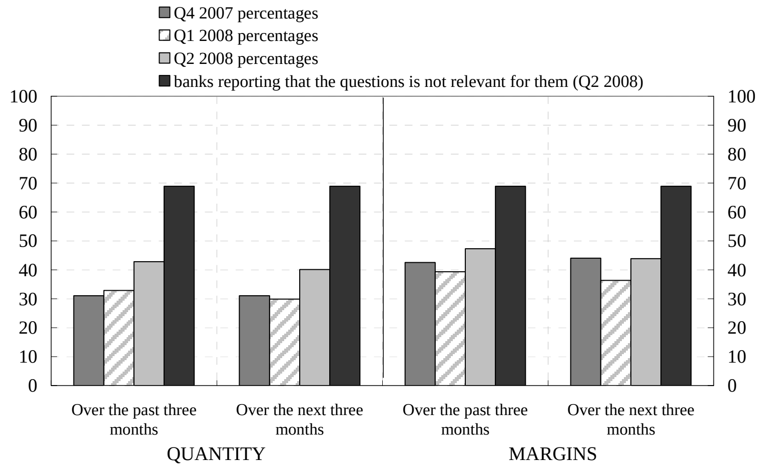
(b) For securitisation



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

As regards the impact on banks' lending policies of their need to fund draw-downs on commitments to asset-backed commercial paper programmes issued by conduits or structured investment vehicles, banks which conduct this business (i.e. excluding those banks which replied "not applicable") reported an increased impact in the second quarter of 2008 (see Chart 12). Similar to previous survey rounds, however, it needs to be borne in mind that 69% of responding banks indicated that they do not conduct this business.

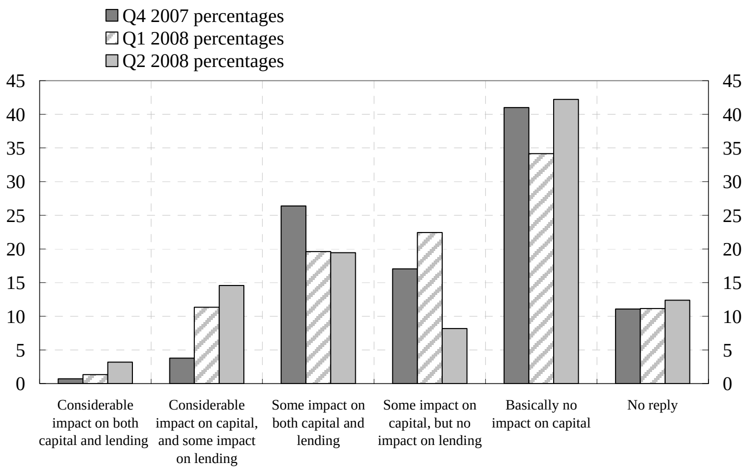
Chart 12. Effect on lending via Structured Investment Vehicles
(percentages of banks reporting an impact)



Notes: This question was not included in the ad hoc questions relating to the third quarter of 2007. Percentages have been calculated by summing the shares of banks responding "considerable impact" and "some impact".

As regards the impact on lending policies of changes in costs related to banks' capital positions in the second quarter of 2008, a considerably lower percentage of responding banks reported that there had been some impact on capital but no impact on lending compared with the first quarter (see Chart 13). In addition, 42% of reporting banks stated that there had been basically no impact on their capital (against 34% in the previous quarter).

Chart 13. Effect on the cost related to the bank's capital position and impact on lending
(percentages of banks reporting an impact)



ANNEX 1: RESULTS FOR THE INDIVIDUAL QUESTIONS

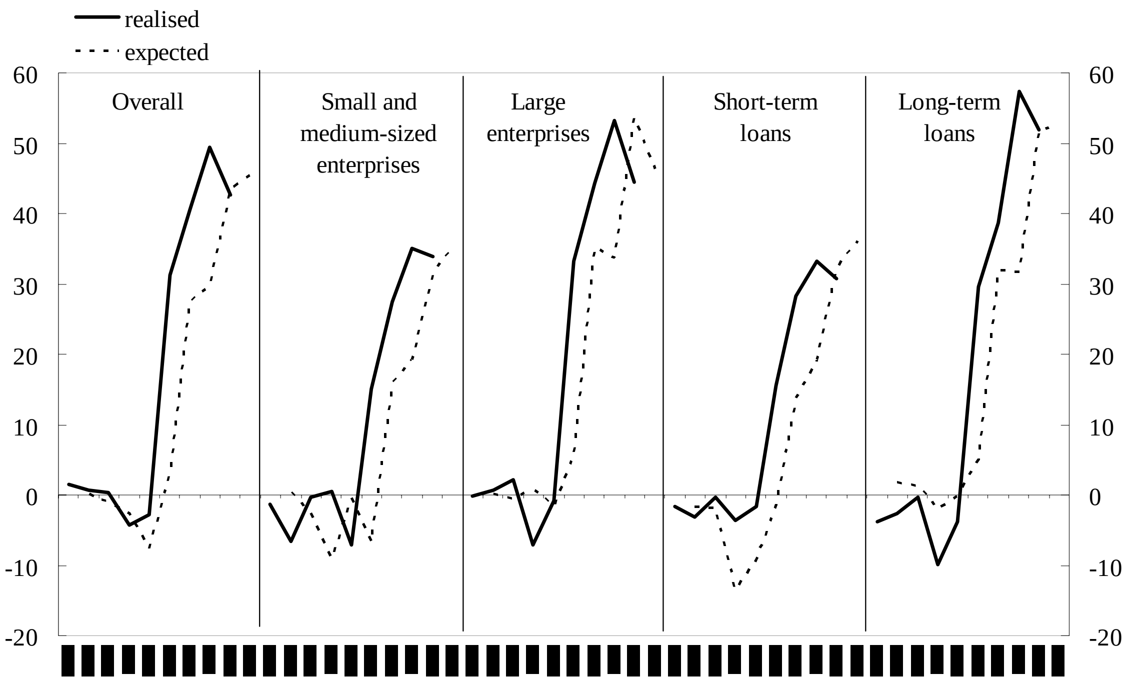
I. Loans or credit lines to enterprises

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	
	April 2008	July 2008	April 2008	July 2008	April 2008	July 2008	April 2008	July 2008	April 2008	July 2008
Tightened considerably	4	3	0	1	2	4	1	1	7	5
Tightened somewhat	47	41	38	34	52	41	34	30	52	48
Remained basically unchanged	49	56	60	64	45	56	65	69	41	46
Eased somewhat	1	1	3	1	1	0	1	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	**49**	**43**	**35**	**34**	**53**	**44**	**33**	**31**	**57**	**52**
Mean	*2.47*	*2.55*	*2.65*	*2.66*	*2.44*	*2.52*	*2.66*	*2.68*	*2.36*	*2.44*
Number of banks responding	***106***	***106***	***106***	***106***	***102***	***102***	***106***	***106***	***104***	***104***

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	
							April 2008	July 2008	April 2008	July 2008
A) Cost of funds and balance sheet constraints										
Costs related to your bank's capital position	2	17	73	0	0	9	21	19	2.74	2.77
Your bank's ability to access market financing	2	23	64	0	0	11	31	25	2.60	2.69
Your bank's liquidity position	2	15	74	0	0	10	24	17	2.72	2.80
B) Pressure from competition										
Competition from other banks	0	8	80	4	0	9	3	4	2.95	2.94
Competition from non-banks	1	2	85	0	0	12	4	3	2.93	2.94
Competition from market financing	1	4	84	0	0	11	7	5	2.87	2.92
C) Perception of risk										
Expectations regarding general economic activity	5	47	40	1	0	7	47	50	2.46	2.40
Industry or firm-specific outook	9	43	40	1	0	7	47	52	2.45	2.35
Risk on the collateral demanded	0	21	70	0	0	8	21	22	2.78	2.77

SMEs	--	-	°	+	++	NA	NetP		Mean	
							April 2008	July 2008	April 2008	July 2008
A) Cost of funds and balance sheet constraints										
Costs related to your bank's capital position	1	11	78	0	0	11	10	11	2.89	2.86
Your bank's ability to access market financing	0	18	70	0	0	12	18	18	2.77	2.79
Your bank's liquidity position	0	9	80	0	0	12	9	8	2.90	2.90
B) Pressure from competition										
Competition from other banks	0	2	83	4	0	11	-3	-2	3.02	3.02
Competition from non-banks	0	1	86	0	0	13	2	1	2.96	2.98
Competition from market financing	0	1	85	0	0	14	4	1	2.95	2.98
C) Perception of risk										
Expectations regarding general economic activity	3	43	43	1	0	9	38	45	2.57	2.48
Industry or firm-specific outook	8	37	46	1	0	9	37	44	2.57	2.45
Risk on the collateral demanded	0	18	71	0	0	11	17	18	2.81	2.82

LARGE ENTERPRISES	--	-	°	+	++	NA	NetP		Mean	
							April 2008	July 2008	April 2008	July 2008
A) Cost of funds and balance sheet constraints										
Costs related to your bank's capital position	2	20	62	1	0	15	23	21	2.68	2.74
Your bank's ability to access market financing	2	20	61	0	0	16	31	22	2.58	2.71
Your bank's liquidity position	2	19	62	2	0	16	31	19	2.56	2.74
B) Pressure from competition										
Competition from other banks	1	5	76	3	0	15	3	4	2.92	2.92
Competition from non-banks	1	3	79	0	0	16	3	5	2.92	2.92
Competition from market financing	1	6	77	0	0	16	6	7	2.90	2.89
C) Perception of risk										
Expectations regarding general economic activity	4	41	42	0	0	13	39	45	2.51	2.44
Industry or firm-specific outook	8	40	39	0	0	13	41	47	2.47	2.37
Risk on the collateral demanded	0	17	67	1	0	14	20	16	2.76	2.81

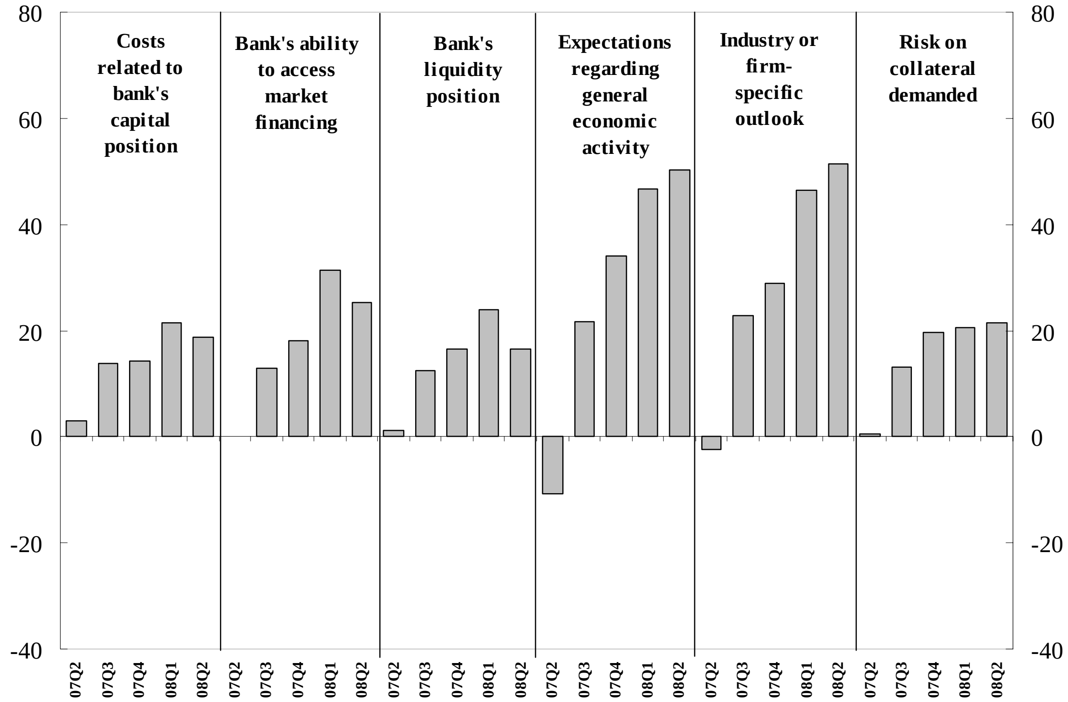
NA = not available; NetP = net percentage

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

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 ACROSS FIRM SIZE

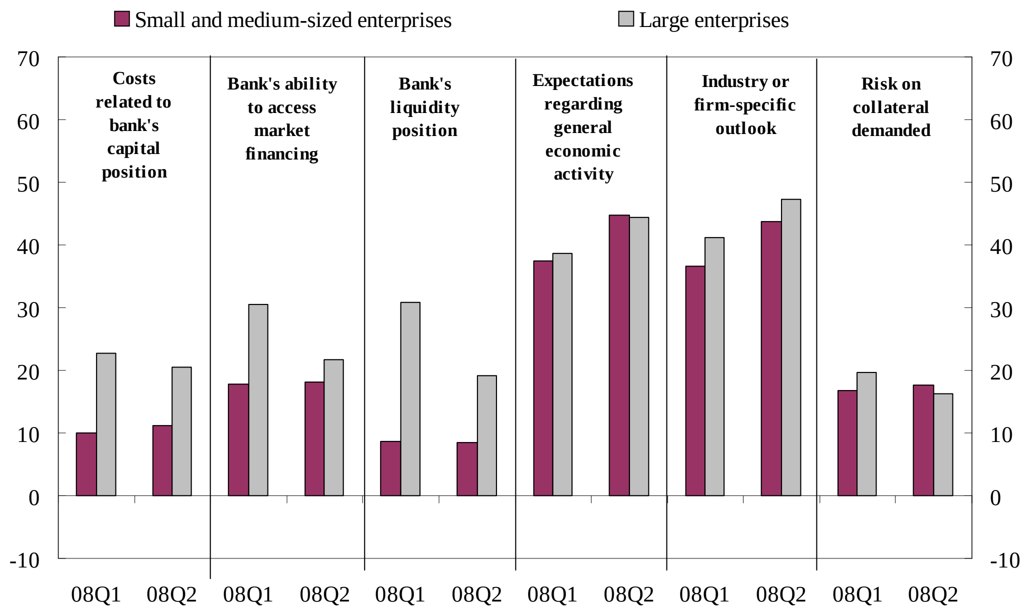
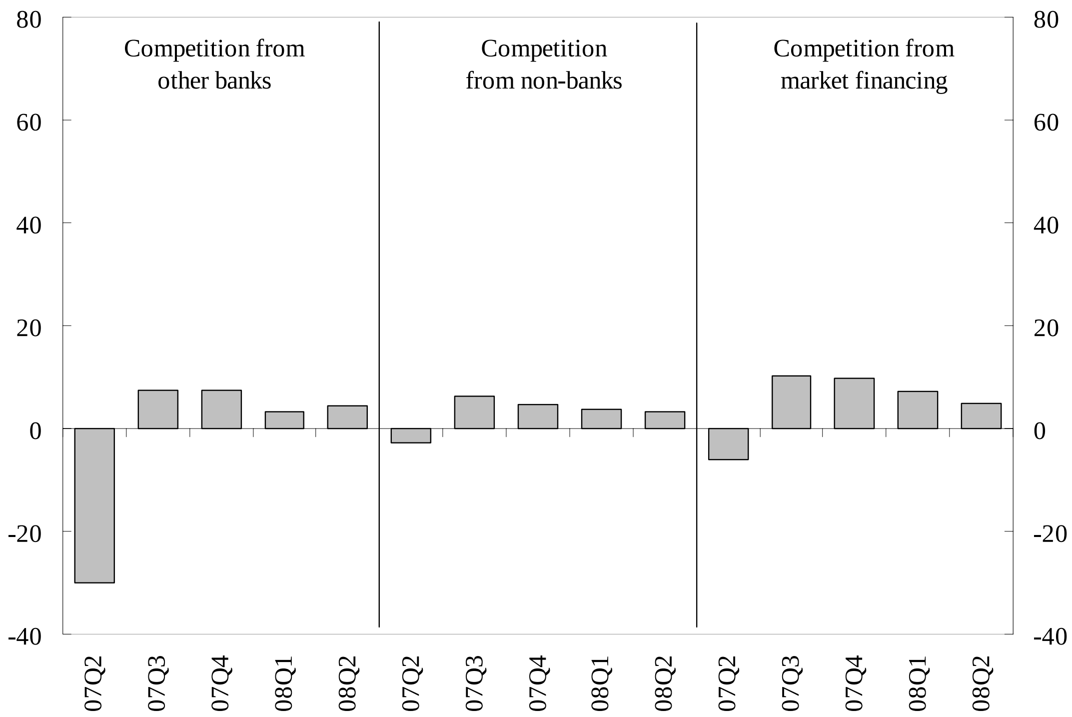


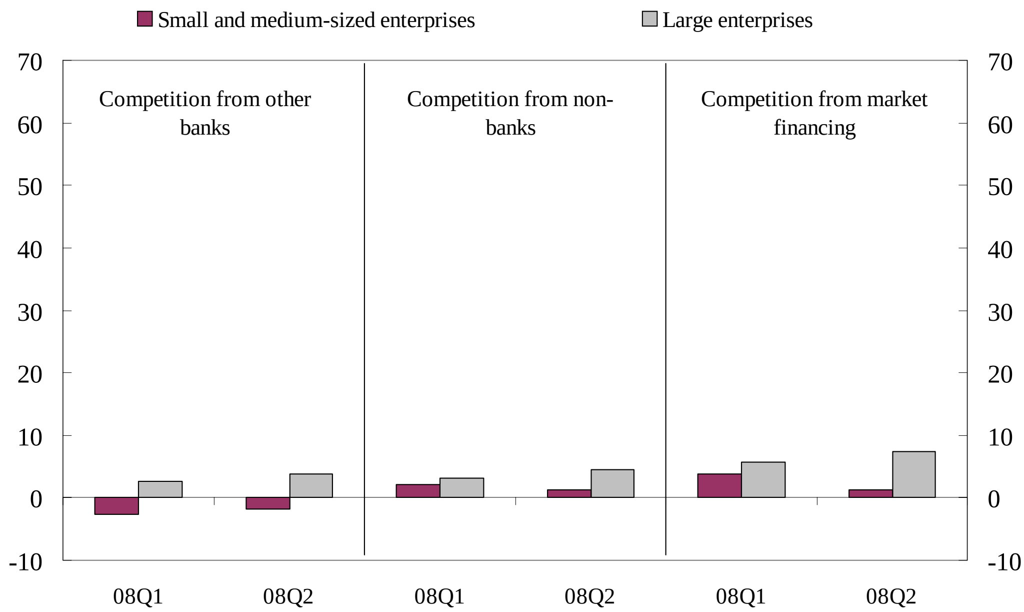
Chart 2b. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises

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

OVERALL



BREAKDOWN ACROSS FIRM SIZE



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

OVERALL	--	-	°	+	++	NA	NetP		Mean	
							April 2008	July 2008	April 2008	July 2008
A) Price										
Your bank's margin on average loans	5	52	33	4	0	6	62	53	2.30	2.37
Your bank's margin on riskier loans	19	47	25	2	0	7	72	64	1.99	2.12
B) Other conditions and terms										
Non-interest rate charges	0	18	74	0	0	8	19	18	2.79	2.80
Size of the loan or credit line	2	28	64	0	0	7	28	29	2.68	2.67
Collateral requirements	0	36	58	0	0	6	26	36	2.72	2.63
Loan covenants	0	28	65	0	0	8	25	28	2.71	2.70
Maturity	2	25	65	2	0	7	23	25	2.74	2.72

SMEs	--	-	°	+	++	NA	NetP		Mean	
							April 2008	July 2008	April 2008	July 2008
A) Price										
Your bank's margin on average loans	4	44	39	4	0	10	45	44	2.49	2.46
Your bank's margin on riskier loans	14	51	23	1	0	11	57	64	2.22	2.14
B) Other conditions and terms										
Non-interest rate charges	0	12	76	0	0	12	12	12	2.86	2.86
Size of the loan or credit line	1	19	69	0	0	11	17	20	2.78	2.78
Collateral requirements	1	31	58	0	0	10	17	32	2.80	2.65
Loan covenants	0	21	67	0	0	12	18	21	2.75	2.76
Maturity	0	25	64	1	0	11	15	24	2.84	2.73

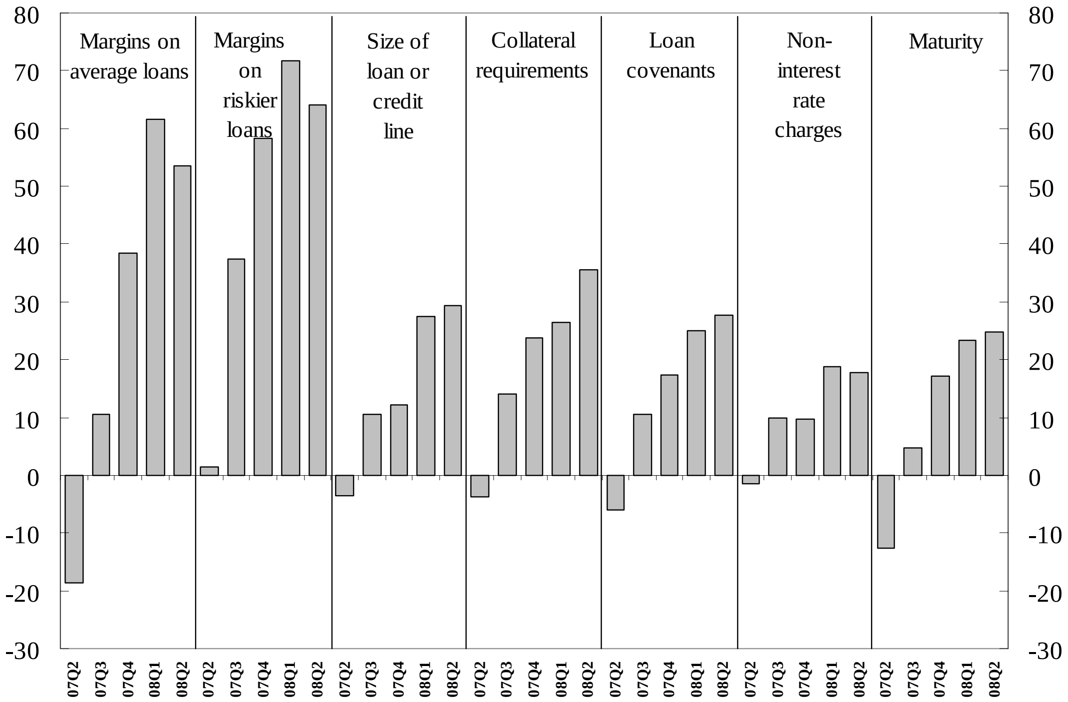
LARGE ENTERPRISES	--	-	°	+	++	NA	NetP		Mean	
							April 2008	July 2008	April 2008	July 2008
A) Price										
Your bank's margin on average loans	6	45	32	3	1	13	56	48	2.23	2.39
Your bank's margin on riskier loans	17	44	23	2	1	14	59	57	2.05	2.16
B) Other conditions and terms										
Non-interest rate charges	1	14	70	0	0	15	17	15	2.79	2.80
Size of the loan or credit line	7	25	55	0	0	14	33	32	2.58	2.56
Collateral requirements	1	29	57	0	0	13	27	30	2.67	2.65
Loan covenants	4	23	59	0	0	14	28	27	2.61	2.64
Maturity	3	27	56	1	0	14	28	30	2.66	2.62

NA = not available; NetP = net percentage

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

Chart 3. Terms and conditions for approving loans or credit lines to enterprises
(net percentages of banks reporting a contribution to tightening standards)

OVERALL



BREAKDOWN ACROSS FIRM SIZE

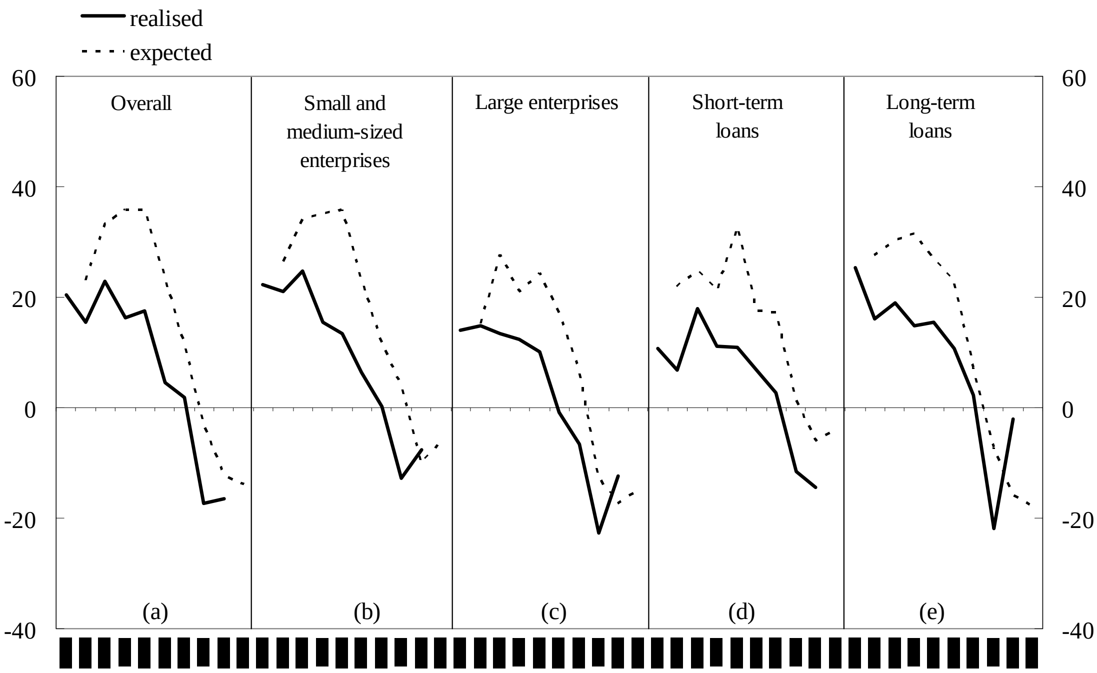
4. Over the past three months, how has the <u>demand for loans or credit lines to enterprises</u> changed at your bank, apart from normal seasonal fluctuations?

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	April 2008	July 2008	April 2008	July 2008	April 2008	July 2008	April 2008	July 2008	April 2008	July 2008
Decreased considerably	2	4	1	1	5	6	3	2	5	5
Decreased somewhat	28	28	24	25	35	26	23	27	33	20
Remained basically unchanged	56	53	64	54	43	50	60	57	47	52
Increased somewhat	13	13	11	19	15	17	15	13	15	22
Increased considerably	0	2	1	0	2	3	0	2	1	1
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**-17**	**-16**	**-13**	**-8**	**-23**	**-12**	**-12**	**-15**	**-22**	**-2**
Mean	*2.80*	*2.81*	*2.87*	*2.91*	*2.75*	*2.85*	*2.85*	*2.85*	*2.74*	*2.93*
Number of banks responding	***105***	***105***	***106***	***105***	***102***	***102***	***105***	***106***	***103***	***104***

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

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

(net percentages of banks reporting positive loan demand)



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

	--	-	°	+	++	NA	NetP		Mean	
							April 2008	July 2008	April 2008	July 2008
A) Financing needs										
Fixed investment	3	27	50	10	0	10	-18	-20	2.80	2.75
Inventories and working capital	0	12	61	16	2	9	-2	5	3.00	3.08
Mergers/acquisitions and corporate restructuring	6	22	58	1	0	13	-27	-27	2.61	2.63
Debt restructuring	0	7	67	13	3	11	-2	8	2.98	3.11
B) Use of alternative finance										
Internal financing	2	9	77	2	0	10	-11	-10	2.86	2.87
Loans from other banks	0	10	69	11	0	10	1	1	3.02	3.01
Loans from non-banks	0	4	79	4	0	13	2	-1	3.04	3.00
Issuance of debt securities	2	1	73	7	0	17	8	4	3.08	3.05
Issuance of equity	2	1	74	4	0	20	2	1	3.02	3.00

NA = not available; NetP = net percentage

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

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

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

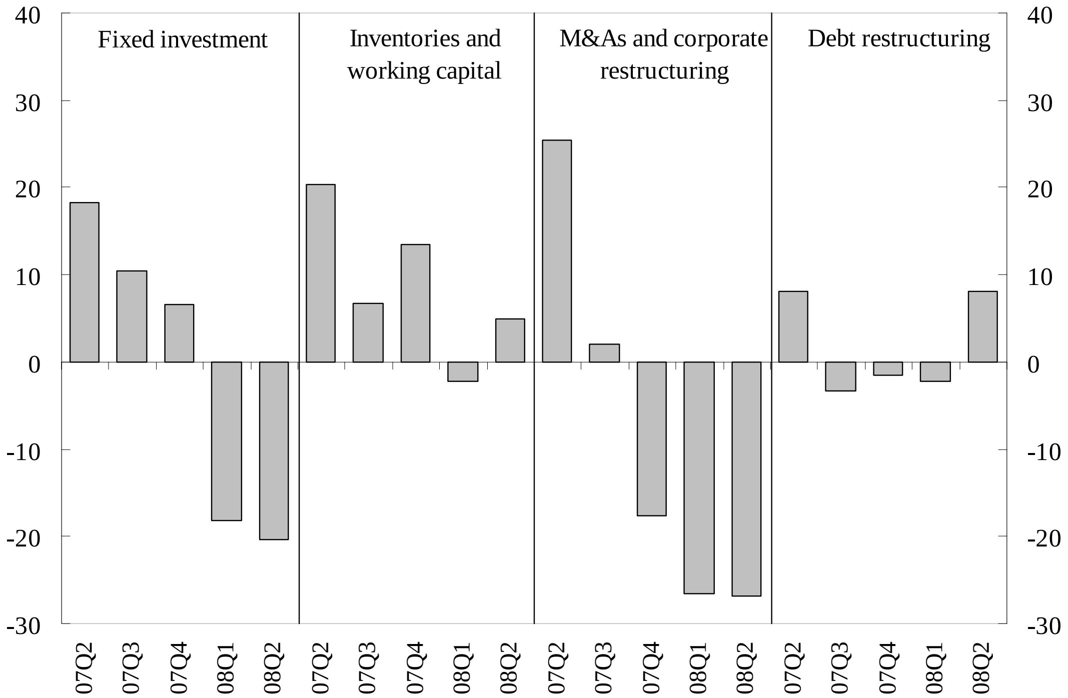
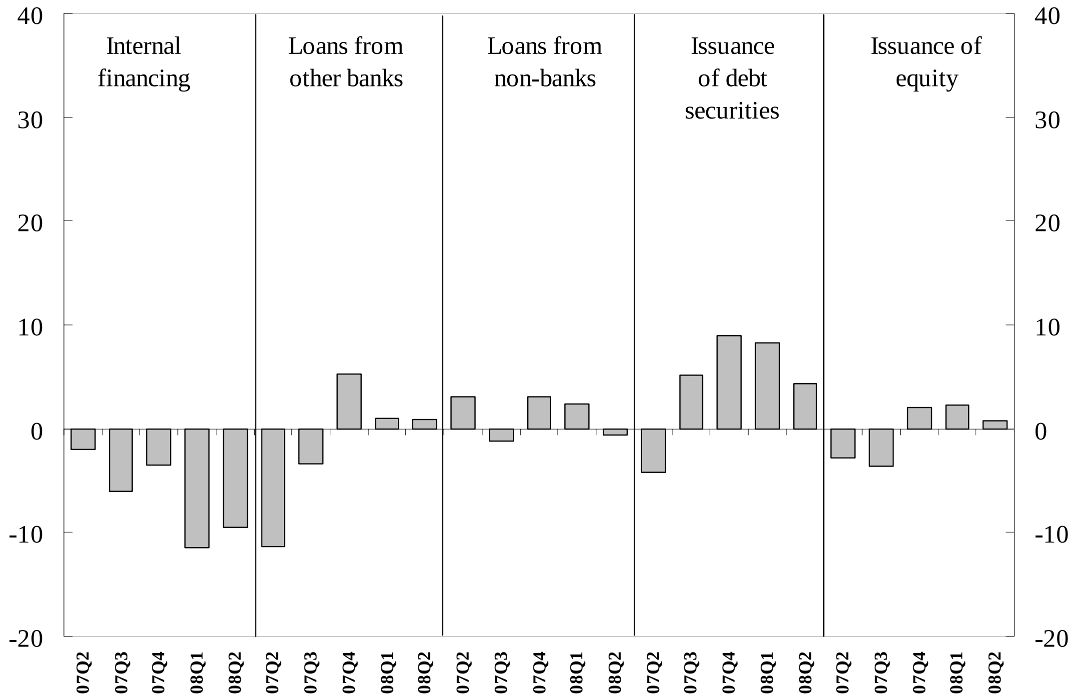


Chart 5b. Factors affecting demand for loans and credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)

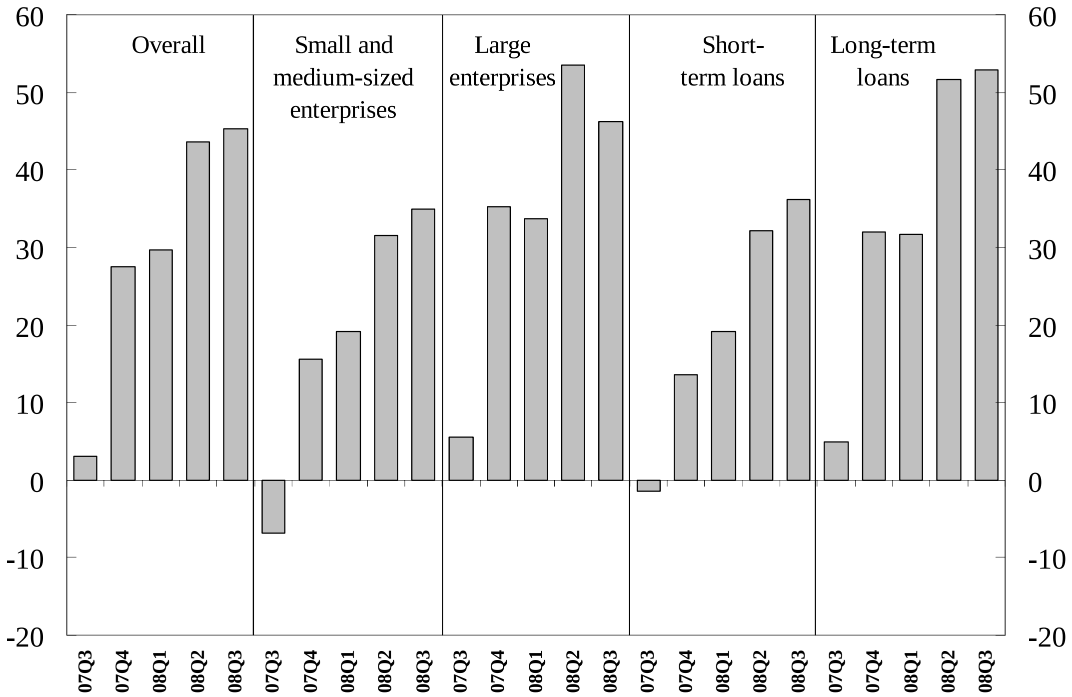


6. Please indicate how you expect your bank's credit standards as applied to the approval of loans or credit lines to enterprises to change over the next three months.

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	April 2008	July 2008	April 2008	July 2008	April 2008	July 2008	April 2008	July 2008	April 2008	July 2008
Tighten considerably	1	4	2	1	1	5	0	2	3	4
Tighten somewhat	44	42	31	35	53	43	33	36	50	49
Remain basically unchanged	55	53	67	63	47	52	66	60	46	45
Ease somewhat	1	1	1	1	0	1	1	2	1	1
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	**44**	**45**	**32**	**35**	**54**	**46**	**32**	**36**	**52**	**53**
Mean	*2.56*	*2.51*	*2.67*	*2.64*	*2.46*	*2.49*	*2.68*	*2.62*	*2.45*	*2.43*
Number of banks responding	***106***	***105***	***106***	***105***	***102***	***102***	***106***	***106***	***104***	***104***

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)



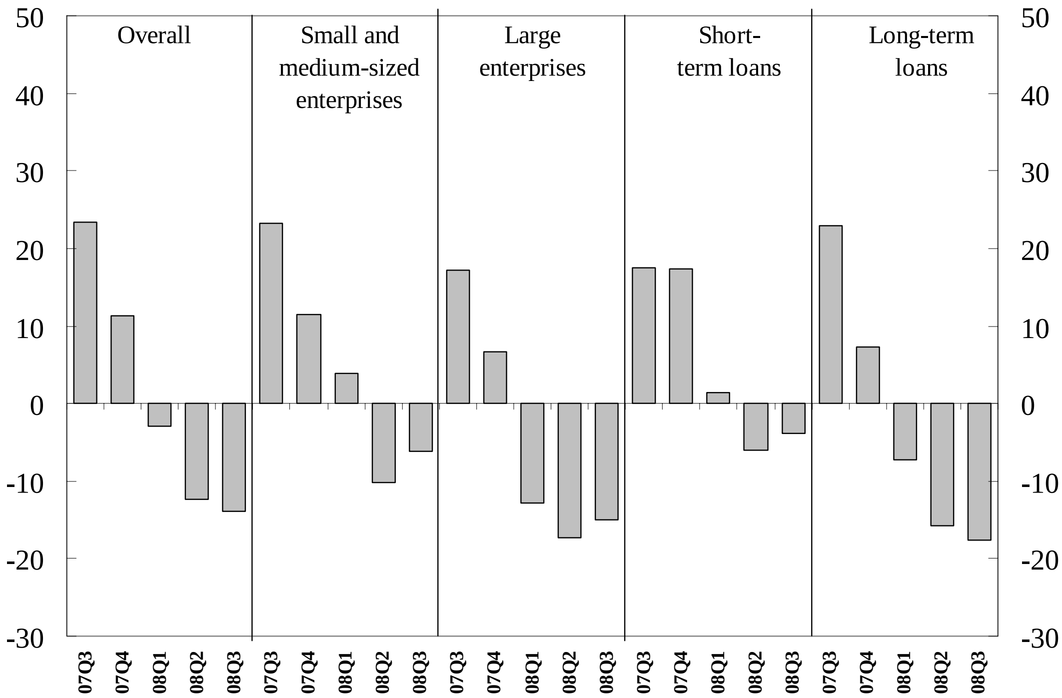
7. Please indicate how you expect demand for loans or credit lines to enterprises to change at your bank over the next three months (apart from normal seasonal fluctuations).

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	April 2008	July 2008	April 2008	July 2008	April 2008	July 2008	April 2008	July 2008	April 2008	July 2008
Decrease considerably	0	2	0	1	2	2	0	1	1	2
Decrease somewhat	30	28	27	23	31	26	23	22	33	29
Remain basically unchanged	53	54	56	59	52	59	60	59	49	55
Increase somewhat	17	16	17	18	14	12	17	18	18	14
Increase considerably	0	0	0	0	1	1	0	1	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**-12**	**-14**	**-10**	**-6**	**-17**	**-15**	**-6**	**-4**	**-16**	**-18**
Mean	*2.88*	*2.84*	*2.90*	*2.93*	*2.82*	*2.84*	*2.94*	*2.96*	*2.84*	*2.80*
Number of banks responding	***106***	***106***	***106***	***105***	***102***	***102***	***106***	***106***	***104***	***104***

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 a positive loan demand)



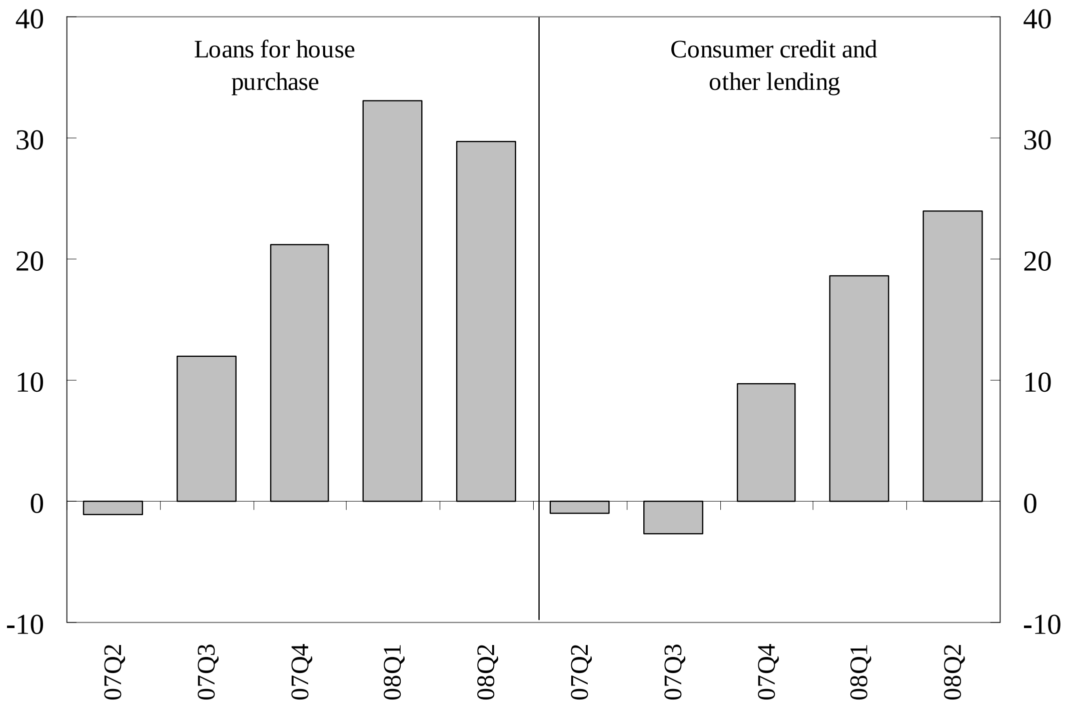
II. Loans to households

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

	Loans for house purchase		Consumer credit and other lending	
	April 2008	July 2008	April 2008	July 2008
Tightened considerably	4	2	2	3
Tightened somewhat	37	32	22	23
Remained basically unchanged	52	62	69	72
Eased somewhat	7	4	6	2
Eased considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	**33**	**30**	**19**	**24**
Mean	*2.63*	*2.68*	*2.79*	*2.73*
Number of banks responding	***99***	***99***	***103***	***102***

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)



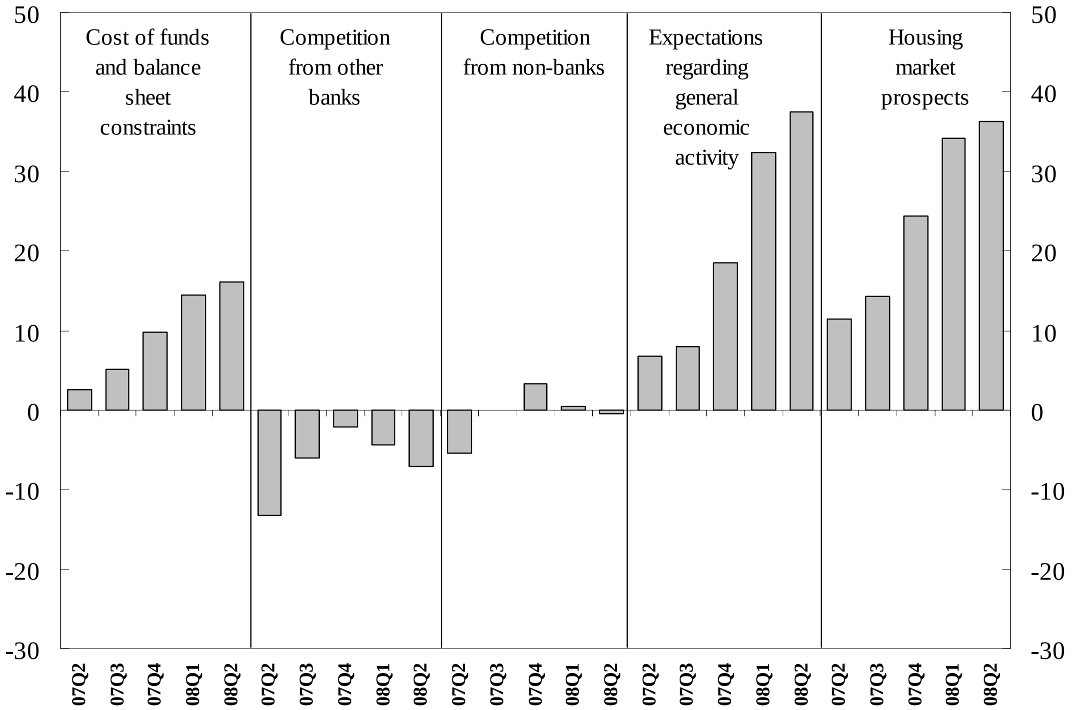
9. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of <u>loans to households for house purchase?</u>

	--	-	°	+	++	NA	NetP		Mean	
							April 2008	July 2008	April 2008	July 2008
A) Cost of funds and balance sheet constraints	2	15	70	1	0	13	14	16	2.83	2.81
B) Pressure from competition										
Competition from other banks	0	2	78	9	0	12	-4	-7	3.05	3.08
Competition from non-banks	0	1	84	2	0	13	0	-1	3.00	3.01
C) Perception of risk										
Expectations regarding general economic activity	3	34	51	0	0	11	32	38	2.64	2.57
Housing market prospects	3	33	52	0	0	11	34	36	2.61	2.59

NA = not available; NetP = net percentage

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

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



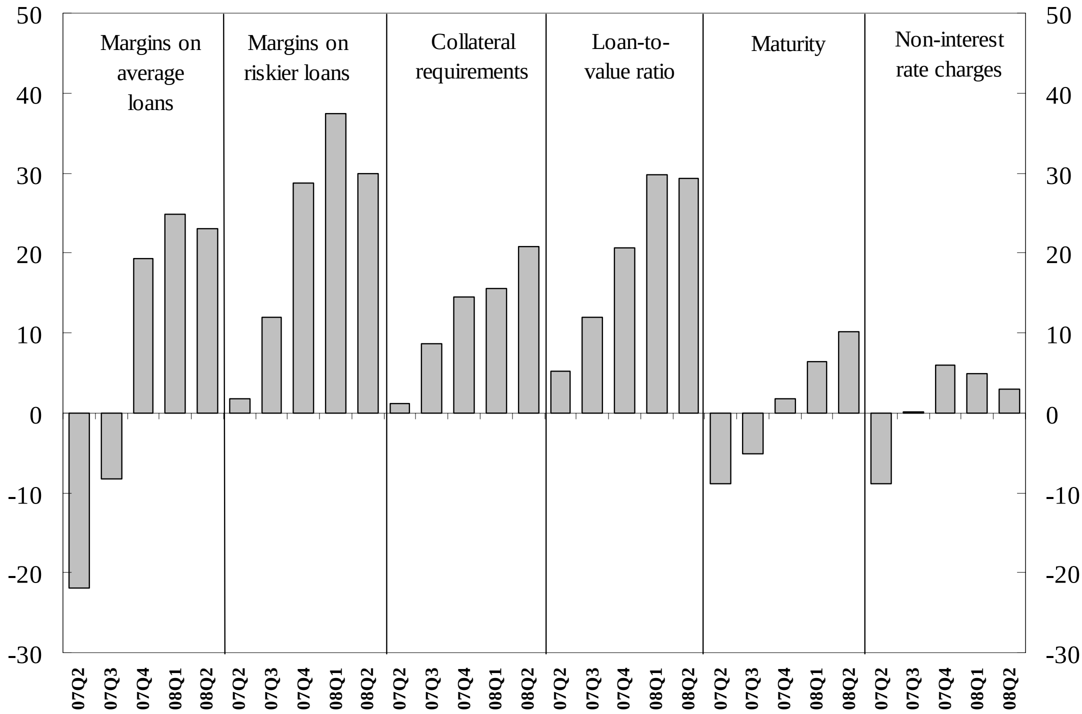
10. Over the past three months, how have your bank's terms and conditions for approving <u>loans to households for house purchase</u> changed?

	--	-	°	+	++	NA	NetP		Mean	
							April 2008	July 2008	April 2008	July 2008
A) Price										
Your bank's margin on average loans	1	35	40	11	2	11	25	23	2.73	2.77
Your bank's margin on riskier loans	4	30	50	4	1	11	37	30	2.57	2.66
B) Other conditions and terms										
Collateral requirements	0	22	66	1	0	11	16	21	2.83	2.78
Loan-to-value ratio	2	30	54	3	0	11	30	29	2.66	2.67
Maturity	1	13	72	3	0	11	6	10	2.93	2.88
Non-interest rate charges	0	6	79	3	0	11	5	3	2.95	2.97

NA = not available; NetP = net percentage

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

Chart 10. Terms and conditions for approving loans to households for house purchase
(net percentages of banks reporting tightening standards)



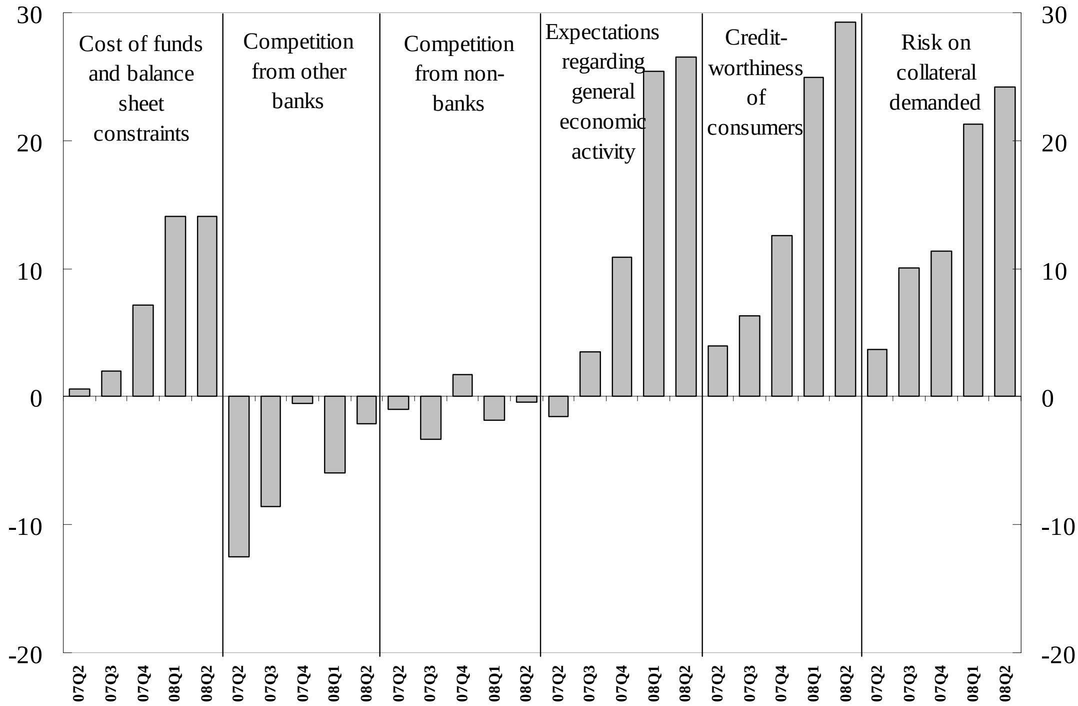
11. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households (as described in question 8)?

	--	-	°	+	++	NA	NetP		Mean	
							April 2008	July 2008	April 2008	July 2008
A) Cost of funds and balance sheet constraints	1	14	75	1	0	10	14	14	2.84	2.85
B) Pressure from competition										
Competition from other banks	0	1	85	4	0	10	-6	-2	3.07	3.02
Competition from non-banks	0	1	87	2	0	10	-2	0	3.02	3.00
C) Perception of risk										
Expectations regarding general economic activity	3	24	65	0	0	9	25	27	2.74	2.70
Creditworthiness of consumers	2	27	61	0	0	9	25	29	2.74	2.67
Risk on the collateral demanded	0	24	67	0	0	9	21	24	2.78	2.75

NA = not available; NetP = net percentage

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

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)*



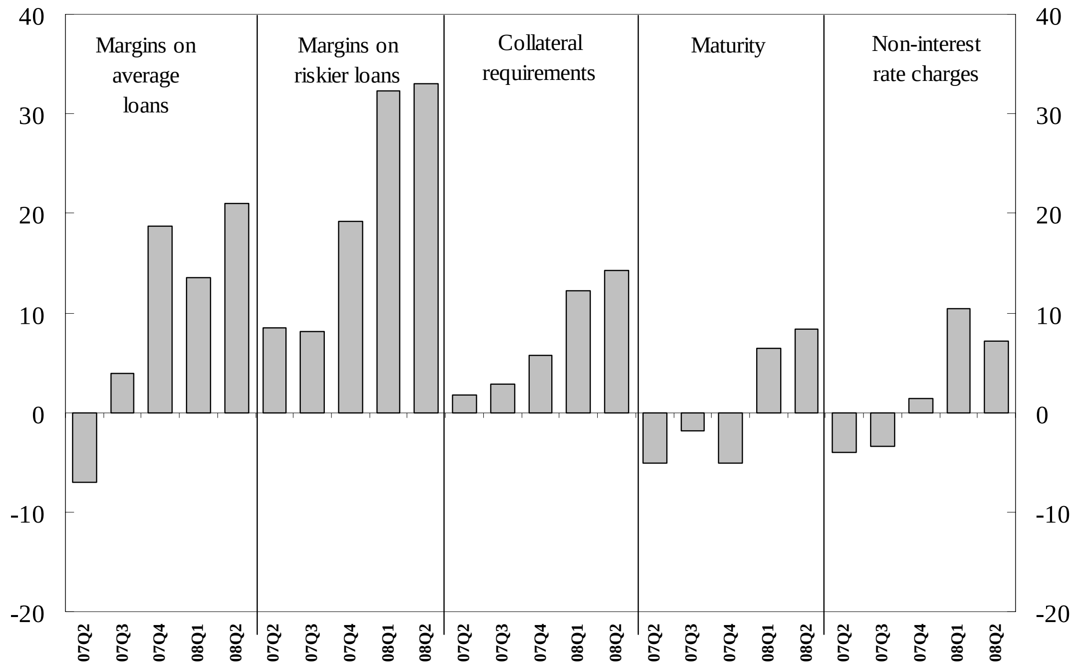
12. Over the past three months, how have your bank's terms and conditions for approving <u>consumer credit and other lending to households</u> changed?

	--	-	°	+	++	NA	NetP		Mean	
							April 2008	July 2008	April 2008	July 2008
A) Price										
Your bank's margin on average loans	1	26	60	5	0	9	14	21	2.85	2.78
Your bank's margin on riskier loans	6	31	50	3	0	11	32	33	2.62	2.59
B) Other conditions and terms										
Collateral requirements	0	14	77	0	0	9	12	14	2.87	2.85
Maturity	1	8	83	0	0	9	7	8	2.93	2.91
Non-interest rate charges	0	7	84	0	0	9	10	7	2.89	2.93

NA = not available; NetP = net percentage

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

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



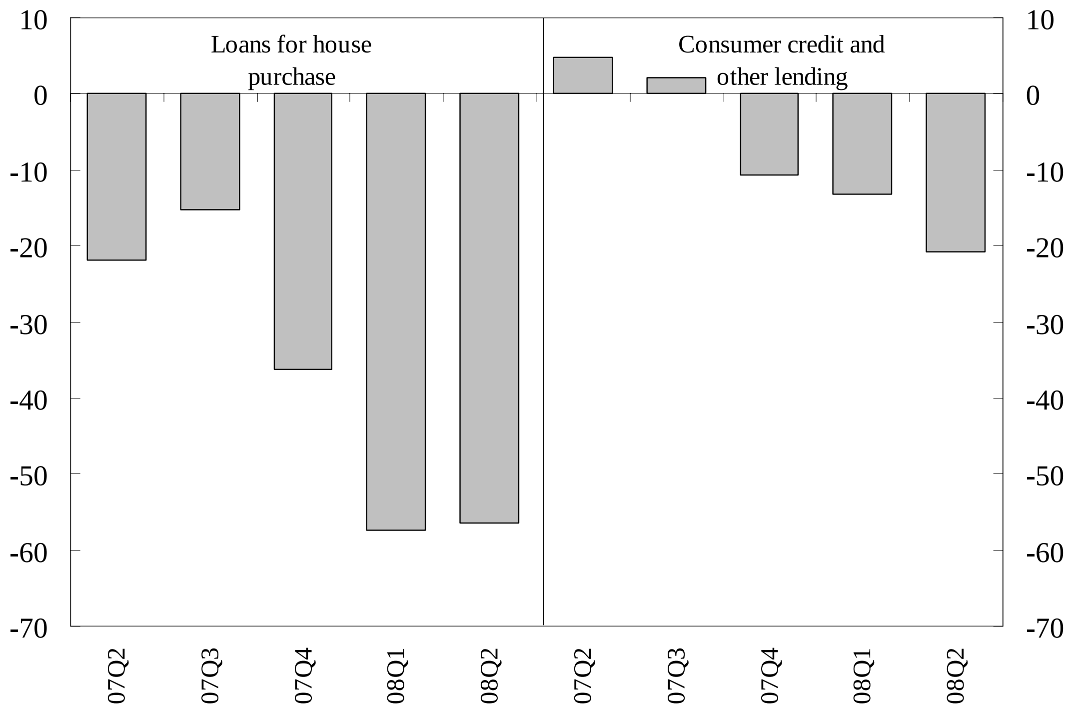
13. Over the past three months, how has the demand for loans to households changed at your bank, apart from normal seasonal fluctuations?

	Loans for house purchase		Consumer credit and other lending	
	April 2008	July 2008	April 2008	July 2008
Decreased considerably	10	12	3	2
Decreased somewhat	53	50	26	32
Remained basically unchanged	31	33	56	52
Increased somewhat	5	5	13	12
Increased considerably	1	1	2	2
Total	*100*	*100*	*100*	*100*
Net percentage	**-57**	**-56**	**-13**	**-21**
Mean	*2.33*	*2.33*	*2.86*	*2.78*
Number of banks responding	***100***	***99***	***103***	***102***

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 positive 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)?

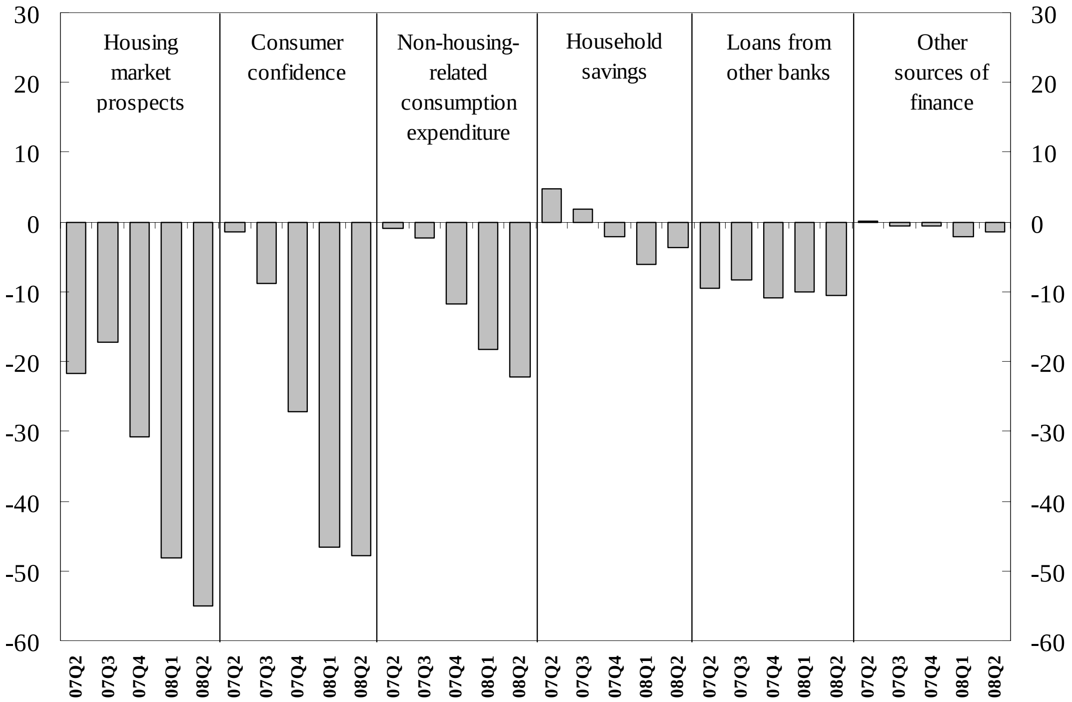
	--	-	°	+	++	NA	NetP		Mean	
							April 2008	July 2008	April 2008	July 2008
A) Financing needs										
Housing market prospects	11	46	31	1	0	11	-48	-55	2.37	2.28
Consumer confidence	8	42	36	2	0	11	-47	-48	2.43	2.38
Non-housing-related consumption expenditure	2	23	60	2	0	13	-18	-22	2.79	2.72
B) Use of alternative finance										
Household savings	2	6	76	4	0	11	-6	-4	2.92	2.93
Loans from other banks	3	12	70	4	0	11	-10	-11	2.87	2.83
Other sources of finance	2	2	81	3	0	13	-2	-1	2.96	2.96

NA = not available; NetP = net percentage

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

Chart 14. Factors affecting demand for loans to households for house purchase

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



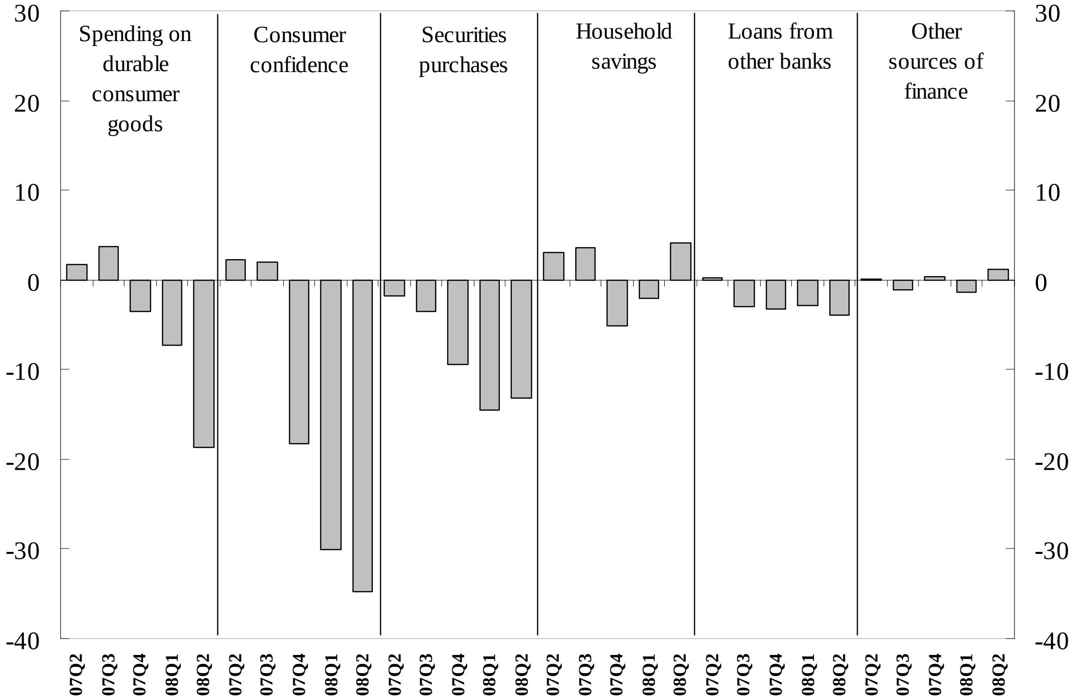
15. Over the past three months, how have the following factors affected the demand for consumer credit and other lending to households (as described in question 13)?

	--	-	°	+	++	NA	NetP		Mean	
							April 2008	July 2008	April 2008	July 2008
A) Financing needs										
Spending on durable consumer goods	4	23	56	8	0	9	-7	-19	2.92	2.76
Consumer confidence	5	32	52	2	0	9	-30	-35	2.67	2.58
Securities purchases	2	12	67	1	0	19	-15	-13	2.83	2.84
B) Use of alternative finance										
Household savings	0	8	72	12	0	9	-2	4	2.98	3.04
Loans from other banks	0	8	78	4	0	9	-3	-4	2.97	2.96
Other sources of finance	0	2	84	3	0	11	-1	1	2.98	3.01

NA = not available; NetP = net percentage

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

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

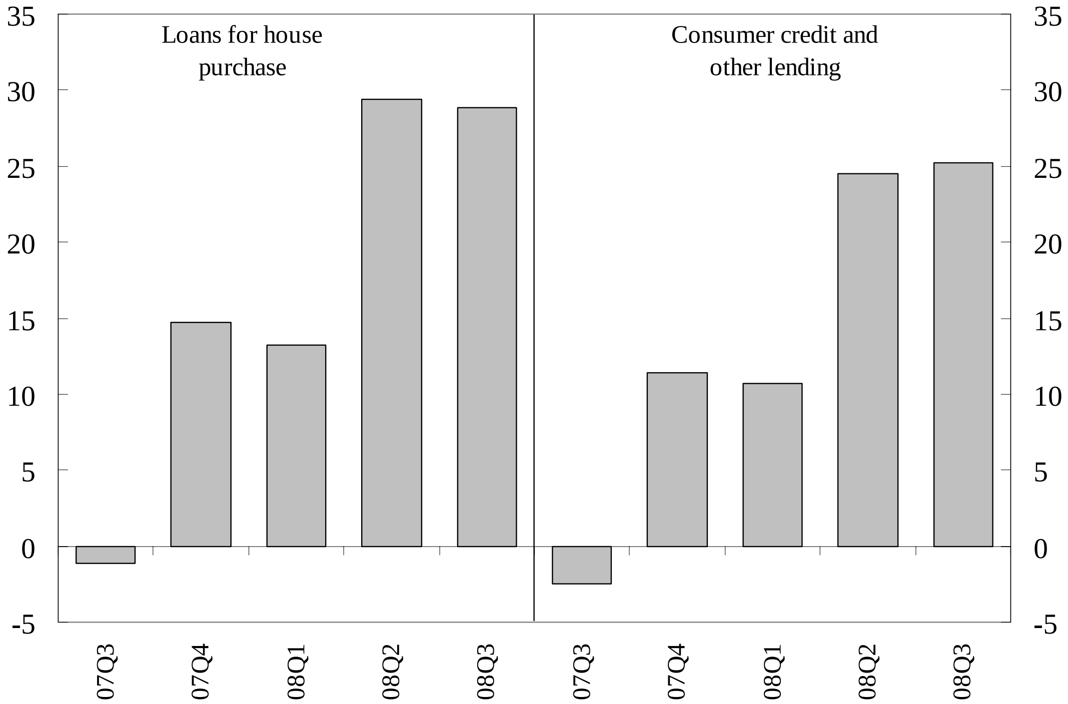


16. Please indicate how you expect your bank's credit standards as applied to the approval of loans to households to change over the next three months.

	Loans for house purchase		Consumer credit and other lending	
	April 2008	July 2008	April 2008	July 2008
Tighten considerably	1	1	1	1
Tighten somewhat	31	30	26	25
Remain basically unchanged	66	67	73	75
Ease somewhat	2	2	2	0
Ease considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	**29**	**29**	**25**	**25**
Mean	*2.70*	*2.71*	*2.75*	*2.74*
Number of banks responding	***100***	***99***	***103***	***102***

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)

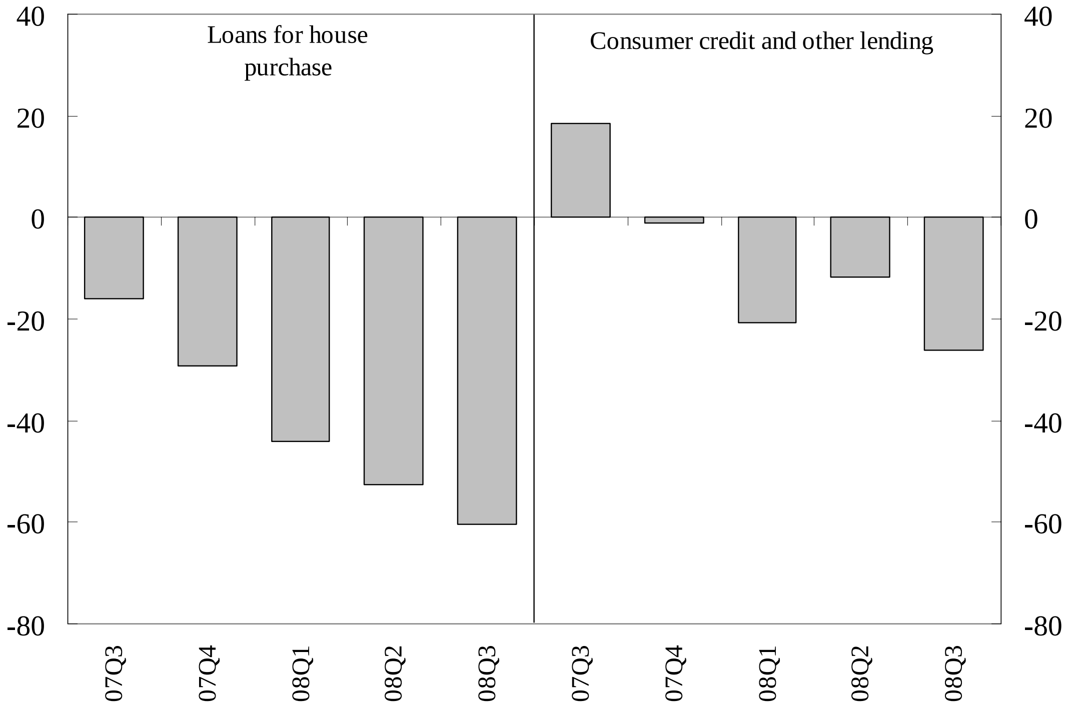


17. Please indicate how you expect demand for loans to households to change over the next three months at your bank (apart from normal seasonal fluctuations).

	Loans for house purchase		Consumer credit and other lending	
	April 2008	July 2008	April 2008	July 2008
Decrease considerably	3	8	0	2
Decrease somewhat	53	54	29	34
Remain basically unchanged	42	35	54	55
Increase somewhat	3	2	15	9
Increase considerably	0	0	2	0
Total	*100*	*100*	*100*	*100*
Net percentage	**-53**	**-60**	**-12**	**-26**
Mean	*2.44*	*2.31*	*2.90*	*2.72*
Number of banks responding	***100***	***99***	***103***	***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 17. Expected demand for loans to households
(net percentages of banks expecting positive 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	1%	14%	2%	2%
Contributed somewhat to tightening of credit standards	38%	45%	30%	17%
Basically no impact on credit standards	61%	42%	68%	81%
Contributed somewhat to easing of credit standards	0%	0%	0%	0%
Contributed considerably to easing of credit standards	0%	0%	0%	0%
Not applicable (*)	7%	12%	11%	9%
Mean	***2.60***	***2.28***	***2.67***	***2.79***
Standard deviation	0.53	0.73	0.53	0.46
Number of banks responding	***105***	***100***	***99***	***102***

(*) 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	1%	11%	1%	1%
Contribute somewhat to tightening of credit standards	43%	47%	34%	23%
Basically no impact on credit standards	56%	42%	65%	76%
Contribute somewhat to easing of credit standards	0%	0%	0%	0%
Contribute considerably to easing of credit standards	0%	0%	0%	0%
Not applicable (*)	7%	12%	11%	9%
Mean	***2.56***	***2.31***	***2.64***	***2.75***
Standard deviation	0.53	0.69	0.53	0.48
Number of banks responding	***105***	***100***	***99***	***102***

(*) 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	6%	2%	21%	9%	6%	20%
Contributed/will contribute somewhat to tightening of credit standards	35%	31%	38%	31%	31%	39%
Basically no impact on credit standards	59%	67%	41%	60%	63%	41%
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 (*)	12%	13%	16%	12%	13%	16%
Mean	***2.53***	***2.65***	***2.21***	***2.51***	***2.57***	***2.22***
Standard deviation	0.64	0.55	0.80	0.69	0.64	0.79
Number of banks responding	***101***	***100***	***95***	***101***	***100***	***95***

(*) 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)	2%	19%	79%	2.77	0.48	1%	21%	78%	2.77	0.46	17%
Short-term money market (more than one week)	5%	47%	49%	2.44	0.62	3%	51%	46%	2.43	0.58	18%
B) Debt securities(2)											
Short-term debt securities (e.g. certificates of deposit or commercial paper)	9%	36%	55%	2.46	0.69	12%	35%	53%	2.42	0.73	23%
Medium to long-term debt securities (incl. covered bonds)	22%	40%	38%	2.16	0.80	20%	41%	39%	2.19	0.79	17%
C) Securitisation(3)											
Securitisation of corporate loans	55%	31%	14%	1.59	0.84	46%	37%	16%	1.70	0.87	58%
Securitisation of loans for house purchase	57%	29%	14%	1.57	0.79	48%	35%	17%	1.69	0.80	54%
D) Ability to transfer credit risk off balance sheet(4)	44%	34%	21%	1.77	0.90	45%	37%	18%	1.74	0.89	66%

(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 were (will be) considerably or somewhat hampered over the past (next) three months, did (will) this have an impact on the quantity that your bank is willing to lend and/or the margin at which funds were (will be) lent over the past (next) three months?

For money markets, debt securities or other markets

	Over the past three months	Over the next three months
Quantity		
Considerable impact	12%	14%
Some impact	40%	39%
Basically no impact	48%	47%
Mean	*2.36*	*2.33*
Standard deviation	*0.73*	*0.76*
Number of banks responding	***71***	***73***
Margin		
Considerable impact	24%	21%
Some impact	45%	51%
Basically no impact	31%	28%
Mean	*2.07*	*2.07*
Standard deviation	*0.80*	*0.76*
Not applicable (*)	29%	27%
Number of banks responding	***70***	***72***

For securitisation

	Over the past three months	Over the next three months
Quantity		
Considerable impact	40%	33%
Some impact	41%	50%
Basically no impact	19%	16%
Mean	*1.78*	*1.83*
Standard deviation	*0.82*	*0.74*
Number of banks responding	***43***	***45***
Margin		
Considerable impact	35%	29%
Some impact	54%	59%
Basically no impact	11%	11%
Mean	*1.76*	*1.82*
Standard deviation	*0.68*	*0.65*
Not applicable (*)	53%	52%
Number of banks responding	***43***	***45***

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

vi. To what extent have (will) needs to fund draw-downs on commitments to asset-backed commercial paper programmes issued by conduits or Structured Investment Vehicles affected (affect) your lending policies over the past (next) three months?

	Over the past three months	Over the next three months
Quantity		
Considerable impact	5%	3%
Some impact	37%	37%
Basically no impact	57%	60%
Mean	*2.52*	*2.57*
Standard deviation	*0.71*	*0.63*
Number of banks responding	***37***	***37***
Margin		
Considerable impact	14%	7%
Some impact	33%	36%
Basically no impact	53%	56%
Mean	*2.39*	*2.49*
Standard deviation	*0.90*	*0.77*
Not applicable (*)	69%	69%
Number of banks responding	***37***	***37***

(*) Please select "Not applicable" only if the kind of business is not conducted by your bank.

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	3%	5%
Considerable impact on capital, and some impact on lending	15%	12%
Some impact on both capital and lending	19%	18%
Some impact on capital, but no impact on lending	8%	11%
Basically no impact on capital	42%	42%
No reply	12%	12%
Mean	***3.80***	***3.85***
Standard deviation	1.38	1.40
Number of banks responding	***112***	***112***

(*) 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 assist the banks participating in the survey in filling out the questionnaire, a glossary has been developed that explains the most important terminology used in the survey:

<u>Capital</u>

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.

<u>Collateral</u>

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).

<u>Consumer confidence</u>

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

<u>Cost of funds and balance sheet constraints</u>

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

Covenant

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

Credit line

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

Credit standards

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

Credit terms and conditions

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

Debt restructuring

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

Enterprises

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

Enterprise size

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

Households

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

Housing market prospects

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

Loans

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

Loan-to-value ratio

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

Maturity

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

Net percentage (or balance)

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

Non-banks

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

Non-interest rate charges

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