EUROPEAN CENTRAL BANK

EUROSYSTEM

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THE EURO AREA BANK LENDING SURVEY

- JANUARY 2008 -

1. Overview of the results

The results reported in the January 2008 bank lending survey relate to the changes during the fourth quarter of 2007 and expectations of changes over the first quarter of 2008. Please note that due to the financial turmoil since last summer, the January 2008 survey was brought forward by approximately one month. As in the October 2007 survey round, a number of ad hoc questions dealing specifically with the implications of the situation in financial markets were included in this survey round. The replies to the ad hoc questions are described at the end of this briefing note.

This report presents the results of the bank lending survey for the euro area that was conducted in December 2007 and January 2008. The cut-off date for the receipt of data from the banks participating in this survey was 8 January 2008.

The results of the January 2008 bank lending survey referring to the fourth quarter of 2007 indicate a further increase in the net tightening of credit standards for loans to enterprises (from 31% in the third quarter of 2007 to 41% in the fourth quarter of 2007). The sharp tightening reflects the deterioration of financial market conditions since the start of the financial turmoil last summer and a worsening of banks' situation. For the fourth quarter of 2007, banks also reported a further net tightening of credit standards for loans to households for house purchase (from 12% in the third quarter of 2007 to 21% in the fourth quarter of 2007). In addition, credit standards for consumer credit and other lending to households were tightened (from -3% in the third quarter of 2007 to 10% in the fourth quarter of 2007), compared with a net easing of credit standards in the previous quarter.

With regard to the demand for loans, banks reported that net demand for loans to enterprises remained slightly positive in the fourth quarter of 2007, albeit declining further compared with the previous quarter. Net demand for loans to households for house purchase dropped considerably in the fourth quarter of 2007 and was significantly negative, and net demand for consumer credit and other lending to households also fell considerably over the same period, to negative levels, after a slightly positive demand in the third quarter of 2007.

This survey round also contains a set of ad hoc questions as a follow-up to the ad hoc questions included in the October 2007 survey, which address the effect of the financial turmoil on credit standards and lending. Similar to the results in the last survey round, responding banks reported that credit standards *on loans to enterprises were more affected by the turmoil than credit standards on loans to households. In addition, across all loan segments, a greater proportion of banks expect the financial turmoil to have an effect on credit standards over the next three months than the proportion of banks that reported such an effect over the past three months.*

Banks generally reported that the recent turmoil in financial markets has created more difficult conditions for accessing wholesale funding over the past three months, and is expected to continue to hamper funding over the next three months. In particular, securitisation activity was considerably hampered according to responding banks. In addition, over the past three months banks' willingness to lend seems to have been impaired somewhat by the effect of the financial turmoil and is expected to continue to be affected over the next three months.

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 loans: loans or credit lines to enterprises, loans to households for house purchase, and consumer credit and other lending to households. For all categories, questions are posed on credit standards for approving loans, credit terms and conditions, and credit demand and the factors affecting it.

The 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 those 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 those 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 fourth quarter of 2007) or expectations of changes over the next three months (i.e. in the first quarter of 2008).

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

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[1] The sample group of banks participating in the survey comprises 89 banks, representing all of the euro area countries, and takes into account the characteristics of their respective national banking structures. Since these banks differ considerably in size, the survey results are weighted according to the national shares in the total amount outstanding of euro area lending to euro area residents. All 89 banks participated in the January 2008 survey, meaning that 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 April 2003 Monthly Bulletin article entitled "A bank lending survey for the euro area" and J. Berg et al. (2005), "The bank lending survey for the euro area", ECB Occasional Paper No 23.

Loans or credit lines to enterprises

Credit standards. Reflecting the financial turmoil which has affected euro area banks over the past months, credit standards for loans or credit lines to enterprises were tightened significantly further in net terms in the fourth quarter of 2007 (41% compared with 31% in the previous quarter) (see Chart 1a, panel a, and the table on page 16). Banks' risk perception regarding general economic activity and the industry or firm-specific outlook contributed considerably to the further net tightening (see Chart 1a, panels c and d). In addition, banks' capital and liquidity position and their access to market funding continued to contribute to the net tightening of credit standards. Competition from other banks also continued to contribute towards a net tightening of credit standards (see Chart 1a, panel e).

Regarding the conditions and terms of credit (see Chart 8), banks tightened credit standards especially by widening sharply their margins both on average loans (38%, from 11% in the previous round) and on riskier loans (58%, from 37% in the previous round). However, non-price terms and conditions (e.g. a shortening of the maturity of loans or credit lines, and the requirement of more loan covenants and collateral) also contributed to the considerable tightening of credit standards in the fourth quarter of 2007.

The net tightening of credit standards applied both to small and medium-sized enterprises (27%, from 15% in the previous quarter; see Chart 1b and Chart 6) and, in particular, to large enterprises (44%, from 33% in the previous quarter). As regards loan maturities, the net tightening was somewhat more pronounced for long-term loans (39%, from 30% in the previous survey) than for short-term loans (28%, from 16% in the previous survey).

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

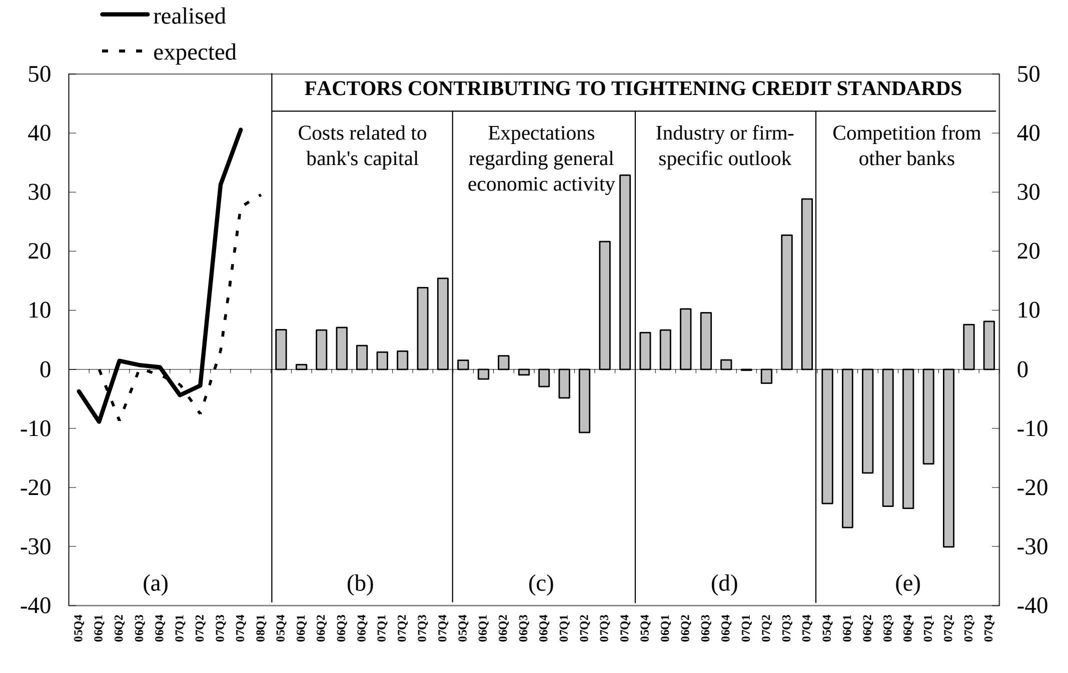
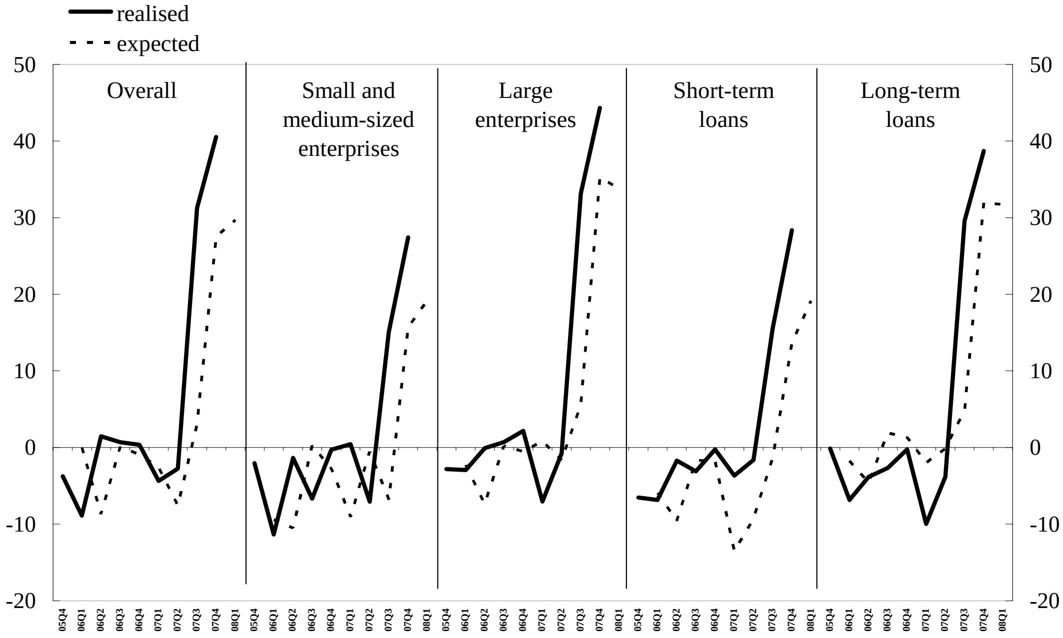


Chart 1b. Changes in credit standards applied to the approval of loans or credit lines to enterprises
(net percentages of banks contributing to tightening standards)



Notes: The net percentage refers to 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". "Realised" values refer to the period in which the survey was conducted. "Expected" values are the net percentages calculated from the responses given by the banks in the previous survey. For instance, "expected" values for the first quarter of 2008 were reported in the January 2008 survey. 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 to an easing.

Loan demand. In the fourth quarter of 2007, the net demand for loans by enterprises declined slightly compared with the third quarter, but remained slightly positive (2% compared with 5% in the previous round) (see Chart 2a, panel a). According to the respondent banks, the item "mergers and acquisitions (M&A) and corporate restructuring" was the key factor contributing to the decline in net loan demand. By contrast, inventories and working capital and fixed investment supported loan demand, even though, at least for the latter, less than in the previous quarter (see Chart 2b and Chart 10a). Notably, other factors contributing to positive loan demand were the issuance of debt securities as well as, to a more modest extent, loans from other banks and non-banks, and the issuance of equity. This may suggest that some firms had difficulties or were confronted with worsened financing conditions, in particular when tapping the corporate debt market for funding during the past months (see Chart 2b and Chart 10b).

In terms of borrower size, net loan demand from small and medium-sized enterprises was equal to zero, whereas net loan demand for large enterprises was negative (0% and -7%, respectively) (see Chart 2a, panels b and c). Net demand was positive across the maturity spectrum, with demand for long-term loans being broadly equal to that for short-term loans (2% and 3%, respectively), after higher loan demand for long-term than for short-term loans in previous quarters (see Chart 2a, panels d and e).

Chart 2a. Changes in demand for loans or credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)

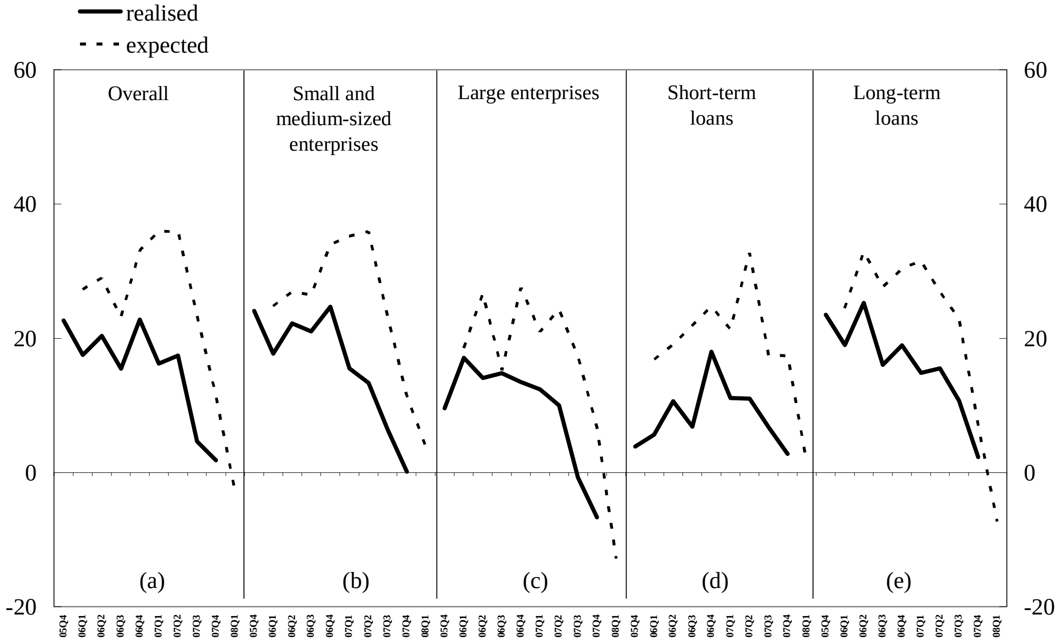
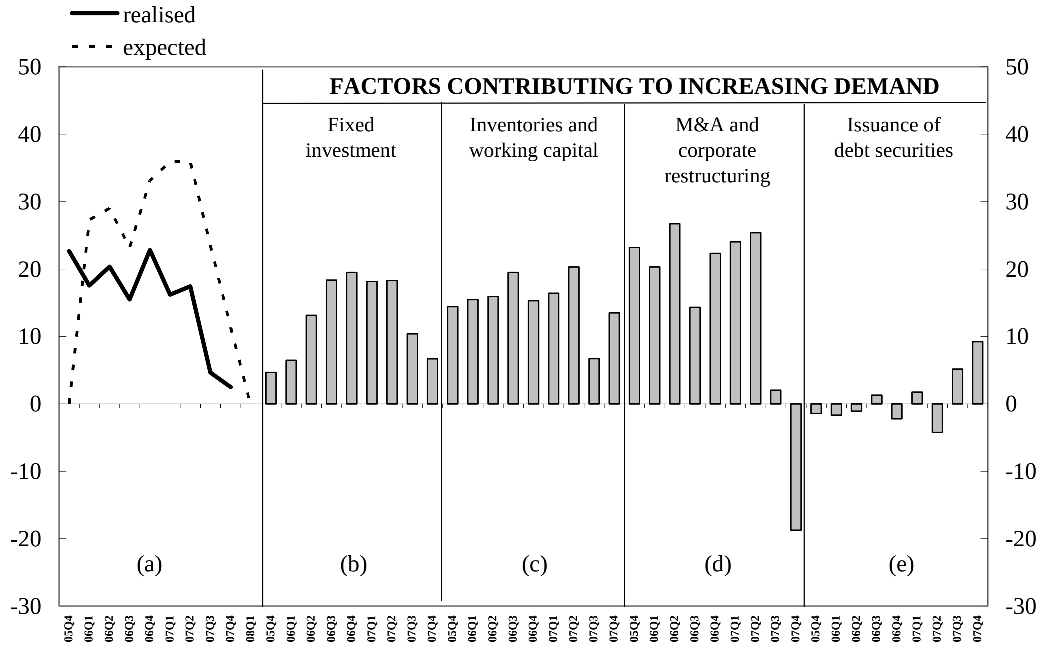


Chart 2b. Changes in demand for loans or credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)



Notes: The net percentages for the questions on demand for loans are defined as the difference between the sum of the percentages for "increased considerably" and "increased somewhat" and the sum of the percentages for "decreased somewhat" and "decreased considerably". "Realised" values refer to the period in which the survey was conducted. "Expected" values are the net percentages calculated from the responses given by the banks in the previous survey. For instance, "expected" values for the first quarter of 2008 were reported in the January 2008 survey.

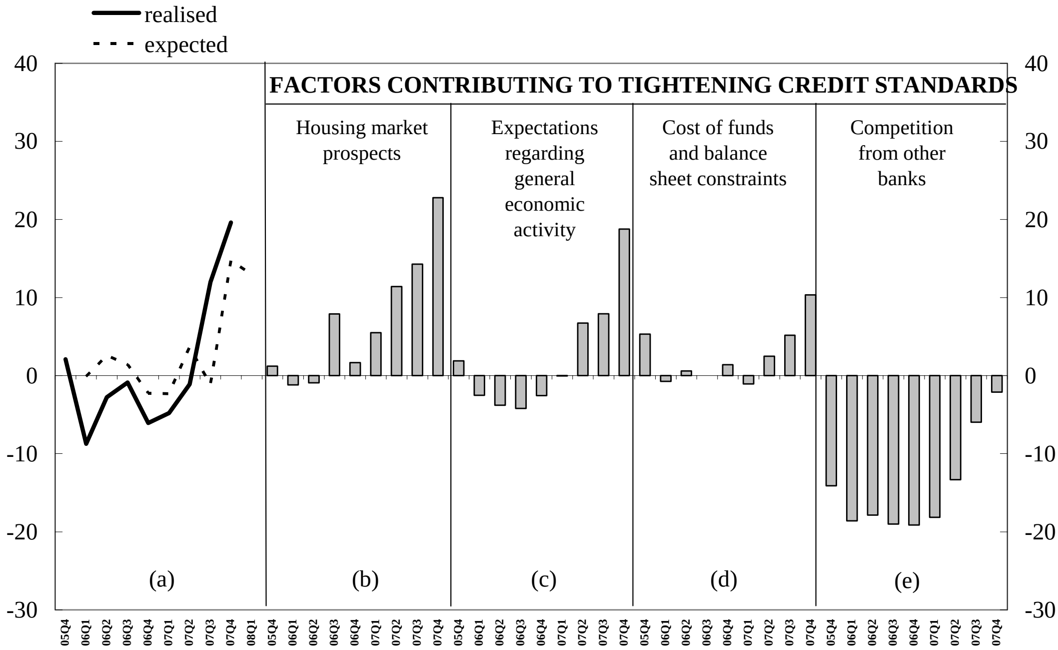
Expectations. Looking ahead to the first quarter of 2008, banks expect a net tightening of credit standards applied to loans to enterprises (see Chart 1a, panel a), albeit smaller than the actual net tightening in the fourth quarter, reflecting possible longer-lasting effects of the financial turmoil. Demand for loans by enterprises is expected to fall slightly in the first quarter of 2008 compared with the fourth quarter of 2007 (see Chart 2b, panel a). Banks expect net demand for loans to SMEs to remain positive, whereas they expect a considerably negative net loan demand by large enterprises. With respect to loan maturities, banks expect a slightly positive net demand for short-term loans, but a negative net demand for long-term loans to enterprises in the first quarter of 2008 (see Chart 2a).

Loans to households for house purchase

Credit standards. In the fourth quarter of 2007, banks reported a further increase in the net tightening of credit standards for housing loans to households (21% from 12% in the previous survey round) (see Chart 3, panel a). The main factors behind the net tightening were worsened expectations regarding general economic activity and deteriorating housing market prospects, relative to the previous quarter (see Chart 3, panels b and c). Competition from other banks continued to contribute towards a net easing, although this contribution was less pronounced than in previous quarters (see Chart 3, panel e).

The net tightening for loans for house purchase was mainly implemented by widening the margins considerably on both average loans and riskier loans, as well as via tighter non-price terms and conditions, such as higher collateral requirements and loan-to-value ratios (see Chart 15).

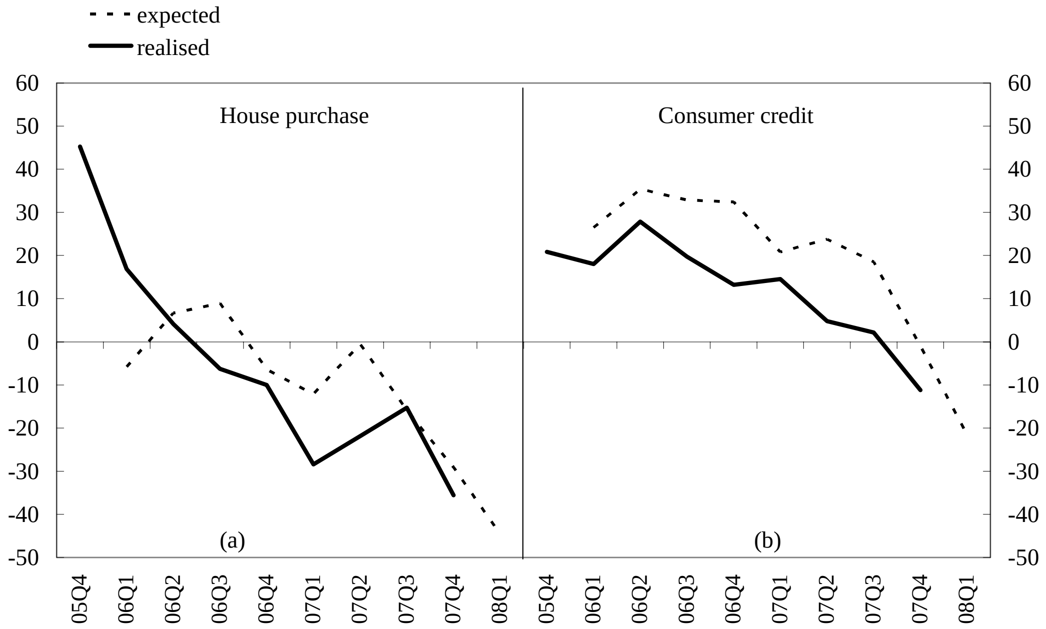
Chart 3. Changes in credit standards applied to the approval of loans to households for house purchase *(net percentages of banks contributing to tightening credit standards)*



Note: See notes to Chart 1.

Loan demand. The net demand for housing loans to households dropped considerably in the fourth quarter of 2007 and was significantly negative, at -36% (after -15% in the previous quarter; see Chart 4, panel a). This essentially reflected the assessment of deteriorating housing market prospects (see Chart 19) and a worsening of consumer confidence.

Chart 4. Changes in demand for loans to households
(net percentages of banks reporting a positive contribution to demand)



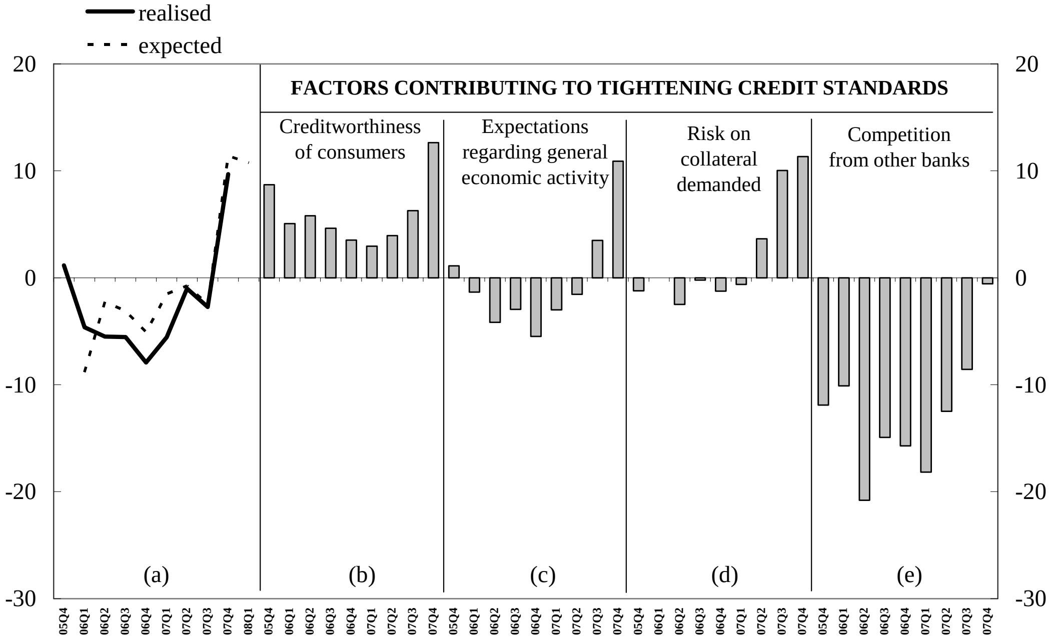
Note: See notes to Chart 2.

Expectations. For the first quarter of 2008, respondent banks expect a continued net tightening of credit standards for loans to households for house purchase, albeit smaller than the actual net tightening in the fourth quarter of 2007 (see Chart 3, panel a). In addition, banks expect net demand to drop further compared with the actual net demand in the fourth quarter of 2007 and to remain significantly negative in the first quarter of 2008 (see Chart 4, panel a).

Consumer credit and other lending to households

Credit standards. In the fourth quarter of 2007, banks reported a net tightening of credit standards applied to the approval of loans to households for consumer credit and other lending, after a slight net easing in the previous quarter (10%, from -3% in the previous round; see Chart 5, panel a). Worsening expectations regarding general economic activity and the creditworthiness of consumers were the most important factors reported by banks for the net tightening (see Chart 5, panels b and c). In addition, the risk on collateral demanded continued to contribute considerably towards a net tightening (see Chart 5, panel d). The net tightening was mainly implemented via a widening of the margins on average and riskier loans (see Chart 17).

Chart 5. 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 notes to Chart 1.

Loan demand. Banks reported that net demand for consumer credit and other lending to households fell considerably in the fourth quarter, to negative levels, after a slightly positive demand in the third quarter of 2007 (-11% compared with 2% in the previous round) (see Chart 4, panel b).

Expectations. For the first quarter of 2008, responding banks expect a continued net tightening of credit standards for consumer credit and other lending to households (11%), broadly unchanged compared with the actual net tightening in the fourth quarter (see Chart 5, panel a). Over the same period, banks expect the net demand for consumer credit and other lending to households to fall further (see Chart 4, panel b).

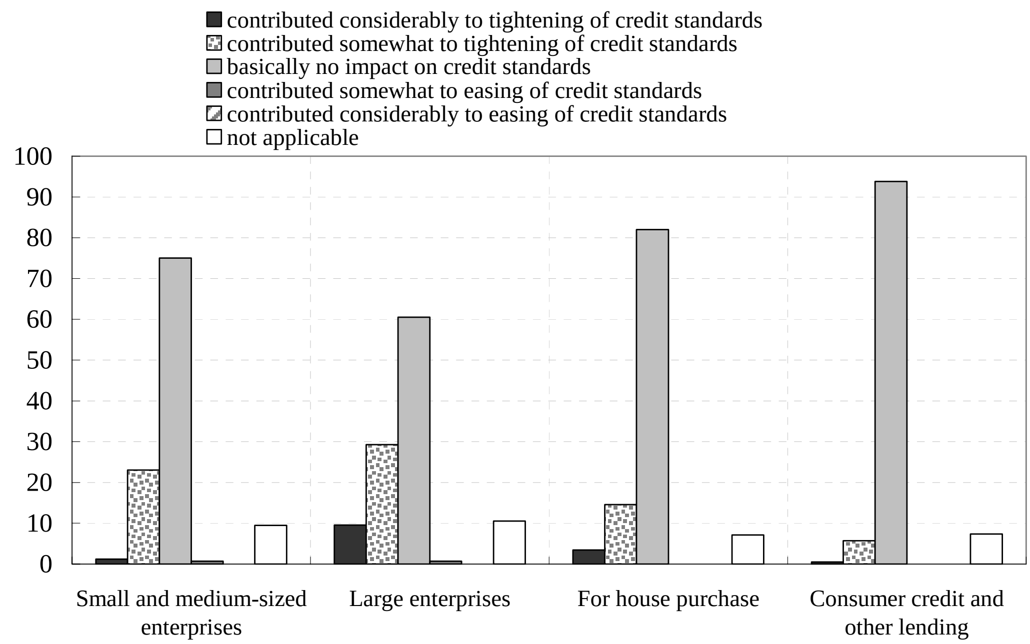
2. Ad hoc questions on the impact of the financial turmoil

As a follow-up to the ad hoc questions included in the October 2007 survey, this set of questions aims to gauge the extent to which the financial market tensions experienced in the second half of 2007 have affected banks' credit standards for loans and credit lines to enterprises and households in the euro area in the fourth quarter of 2007 and will affect them in the next three months. The questions focus first on the impact on credit standards (Section 2.1) and then on access to wholesale funding (Section 2.2).[3]

2.1. Impact on credit standards

The turmoil in financial markets has had a different impact on credit standards across loan segments (see Chart A and Table i on page 35). Similar to the results in the last survey round, responding banks reported that credit standards on loans to enterprises were more affected by the turmoil than credit standards on loans to households. In particular, the situation in financial markets had a larger impact on loans to large enterprises than on loans to small enterprises. In detail, credit standards were tightened considerably or somewhat for loans and credit lines to large enterprises owing to the situation in financial markets according to 39% of the reporting banks and for loans and credit lines to small and medium-sized enterprises according to 24% of the reporting banks. With respect to lending to households for house purchase, 18% of the reporting banks mentioned that the situation in financial markets contributed considerably or somewhat to a tightening of credit standards, whereas this has been the case only for 7% for consumer credit and other lending.

Chart A. Effect of the recent turmoil in financial markets on banks' credit standards over the past three months *(percentages of banks)*

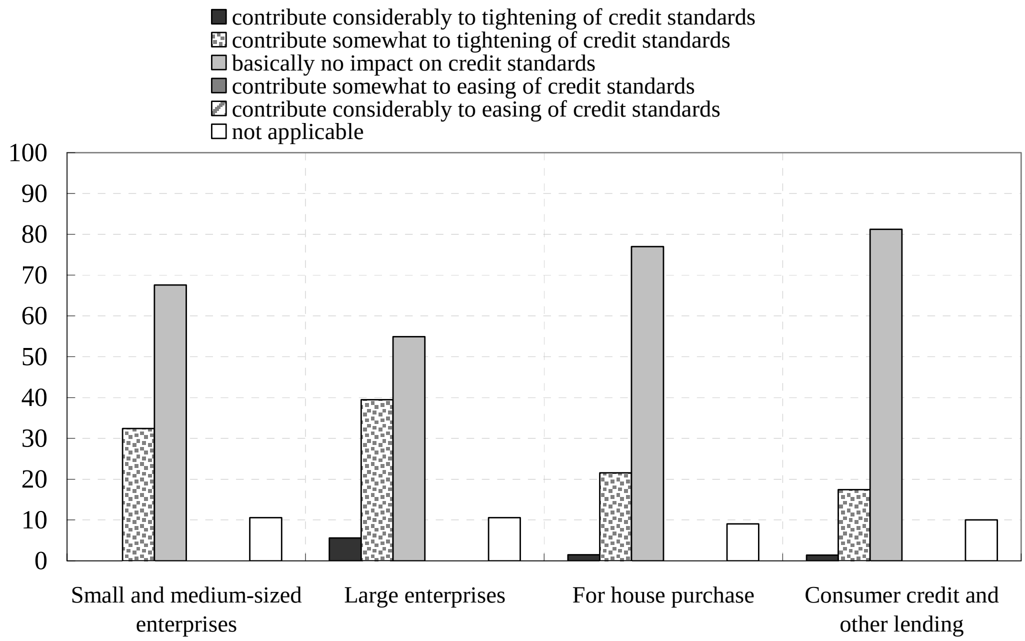


[3] The results shown are calculated as a percentage of the number of banks which did not reply "not applicable".

Notes: The column "not applicable" is calculated as the number of banks replying "not applicable" as a percentage of the total number of banks participating in the survey. All the other columns are calculated as the number of banks choosing a particular reply as a percentage of the number of banks not replying "not applicable". All figures are weighted averages of country results.

As in the results for the ad hoc questions in the previous survey round, across all loan segments, a greater proportion of banks expect this event to have an effect on credit standards over the next three months (see Chart B) than the proportion of banks reporting such an effect over the past three months (Chart A). For example, 45% of the banks responded that the financial turmoil is expected to contribute to a tightening of credit standards for loans and credit lines to large enterprises over the next three months, compared with 39% for the effect over the past three months.

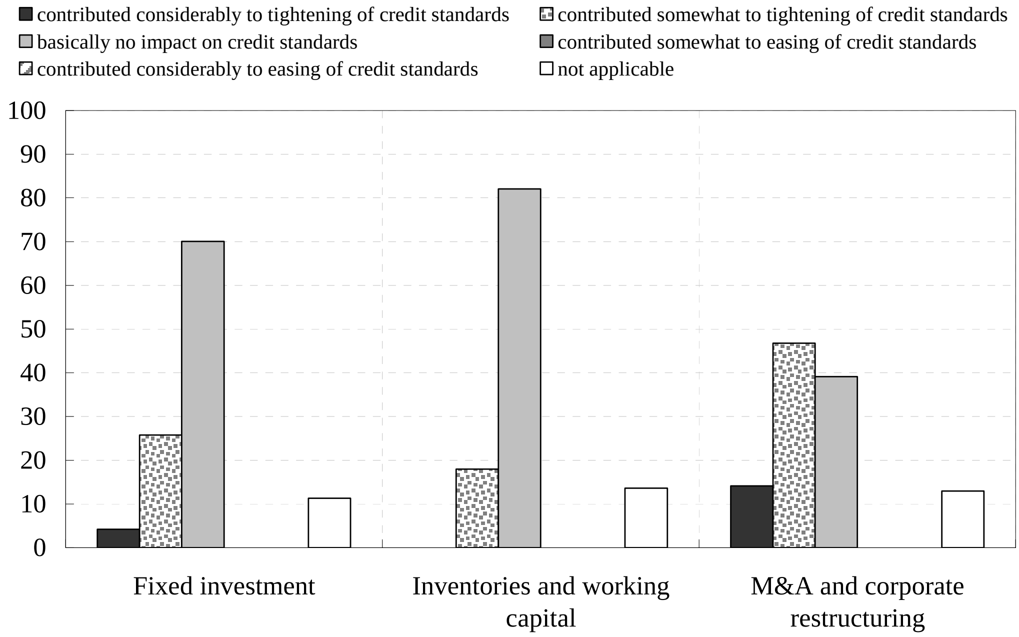
Chart B. Expected effect of the recent turmoil in financial markets on banks' credit standards over the next three months *(percentages of banks)*



Note: The column "not applicable" is calculated as the number of banks replying "not applicable" as a percentage of the total number of banks participating in the survey. All the other columns are calculated as the number of banks choosing a particular reply as a percentage of the number of banks not replying "not applicable". All figures are weighted averages of country results.

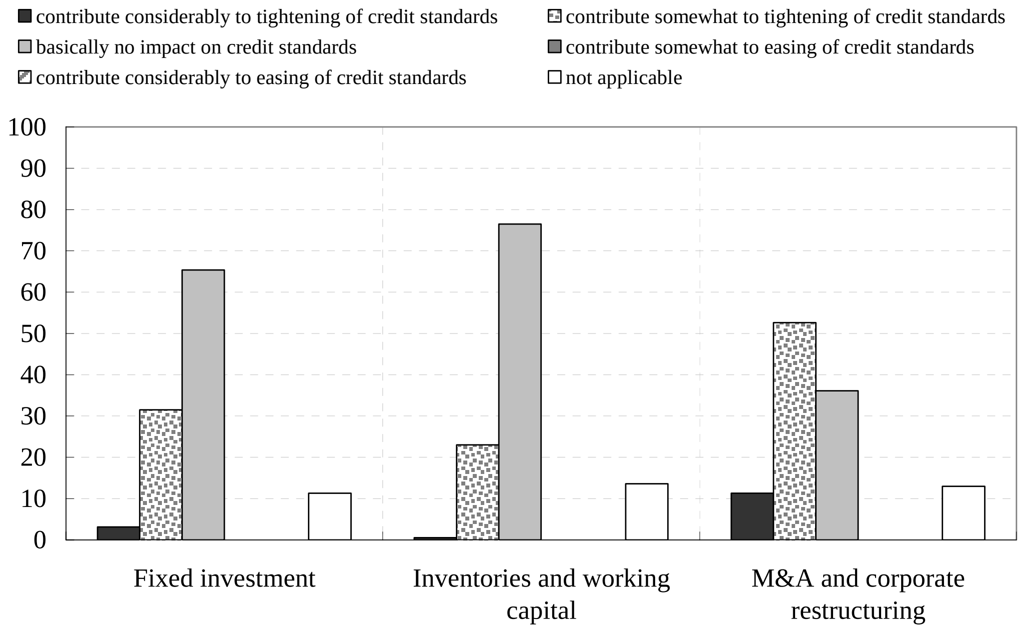
Focusing more specifically on loans and credit lines to enterprises, the financial turmoil has contributed to the tightening of credit standards over the past three months in particular for loans related to M&A and corporate restructuring: 47% of the banks reported some tightening and a further 14% reported considerable tightening (see Chart C), compared with 32% and 15% in the last survey round. The tightening of credit standards was less pronounced for loans financing fixed investment (30%, when summing up some and considerable tightening). Again, however, the next three months may see more tightening of credit standards, not only for loans related to M&A and corporate restructuring, but also for loans financing fixed investment (see Chart D).

Chart C. Effect of the recent turmoil in financial markets on banks' credit standards for the approval of loans and credit lines to enterprises over the past three months *(percentages of banks)*



Notes: The column "not applicable" is calculated as the number of banks replying "not applicable" as a percentage of the total number of banks participating in the survey. All the other columns are calculated as the number of banks choosing a particular reply as a percentage of the number of banks not replying "not applicable". All figures are weighted averages of country results.

Chart D. Expected effect of the recent turmoil in financial markets on banks' credit standards for the approval of loans and credit lines to enterprises over the next three months *(percentages of banks)*



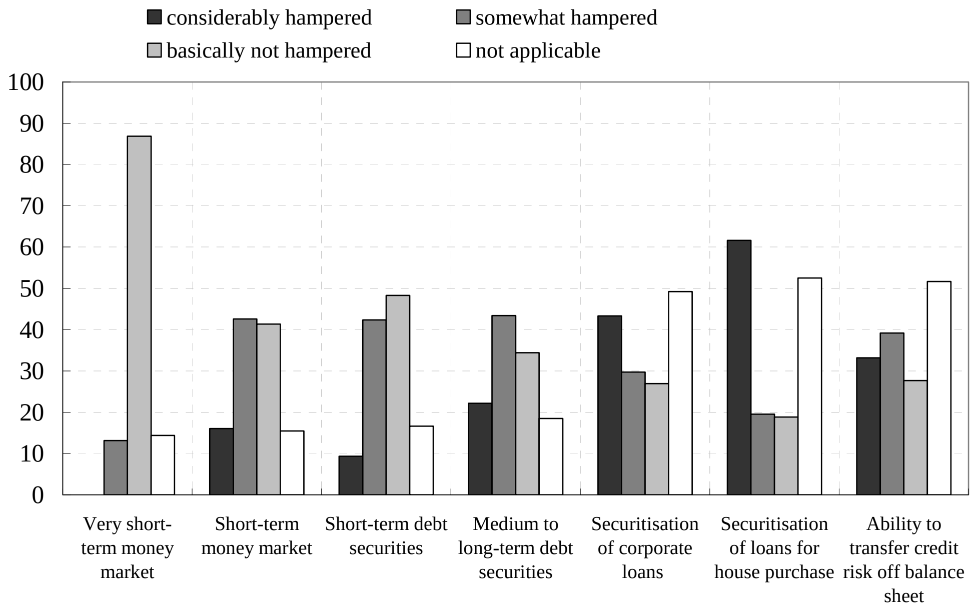
Notes: The column "not applicable" is calculated as the number of banks replying "not applicable" as a percentage of the total number of banks participating in the survey. All the other columns are calculated as the number of banks choosing a particular reply as a percentage of the number of banks not replying "not applicable". All figures are weighted averages of country results.

2.2. Access to funding

Banks generally reported that the recent turmoil in financial markets has created more difficult conditions for accessing wholesale funding over the past three months (see Chart E).[4] In particular, securitisation activity was considerably hampered for the selling of loans for house purchase (62% of the reporting banks, compared with 41% in the last survey round) and for the selling of corporate loans (43% of the reporting banks, compared with 39% in the last survey round). In addition, 33% of the reporting banks considered their ability to transfer credit risk off balance sheet considerably hampered over the past three months. Over the next three months, securitisation activity is, however, expected to become slightly less hampered (when summing up some and considerable impact) for the securitisation of loans for house purchase and corporate loans and also for the transfer of risk.

Banks also reported considerable continued difficulties in accessing wholesale funds through the interbank unsecured money market in the fourth quarter. In addition, as in the last survey round, banks had more difficulties in raising funds through medium to long-term bonds than through short-term debt securities over the past three months. Wholesale funding market access is not expected to become generally easier over the next three months (see Chart F), although there are some differences according to funding sources. Access to the short-term interbank unsecured money market and to medium to long-term debt securities markets is expected to continue to be hampered over the next three months broadly as much as over the past three months. Access to the market for short-term debt securities is expected to become somewhat less hampered in the first quarter of 2008 (i.e. there was a decrease in the percentage of banks responding considerably or somewhat hampered).

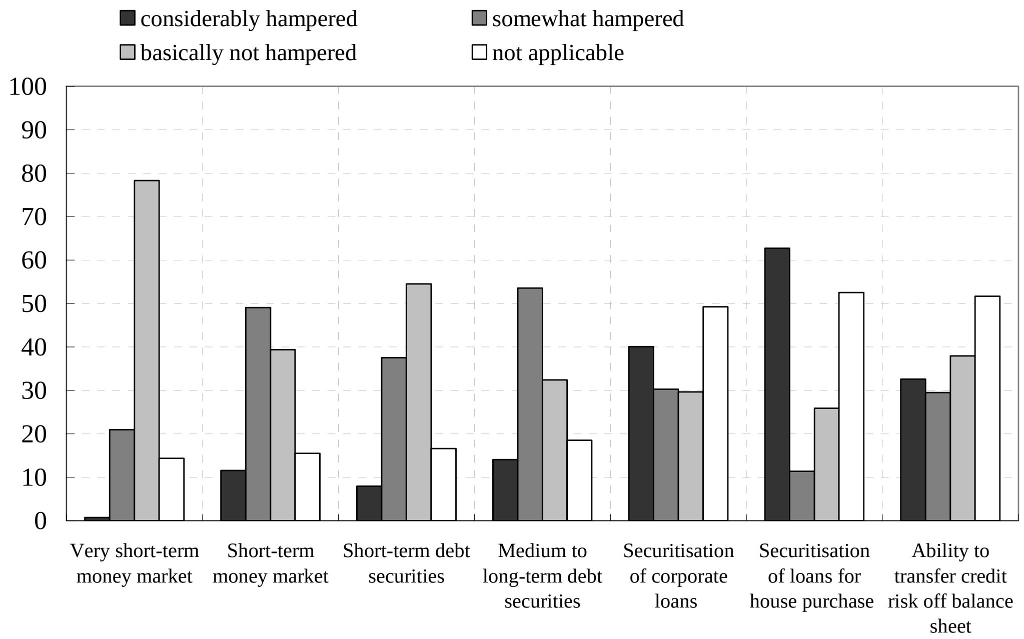
Chart E. Access to wholesale funding over the past three months *(percentages of banks)*



[4] It should be noted that not all the funding methods are relevant for the banks in the various euro area countries.

Notes: The column "not applicable" is calculated as the number of banks replying "not applicable" as a percentage of the total number of banks participating in the survey. All the other columns are calculated as the number of banks choosing a particular reply as a percentage of the number of banks not replying "not applicable". All figures are weighted averages of country results.

Chart F. Expected access to wholesale funding over the next three months *(percentages of banks)*

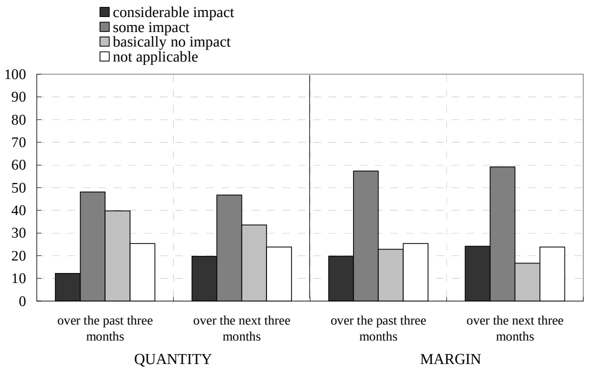


Notes: The column "not applicable" is calculated as the number of banks replying "not applicable" as a percentage of the total number of banks participating in the survey. All the other columns are calculated as the number of banks choosing a particular reply as a percentage of the number of banks not replying "not applicable". All figures are weighted averages of country results.

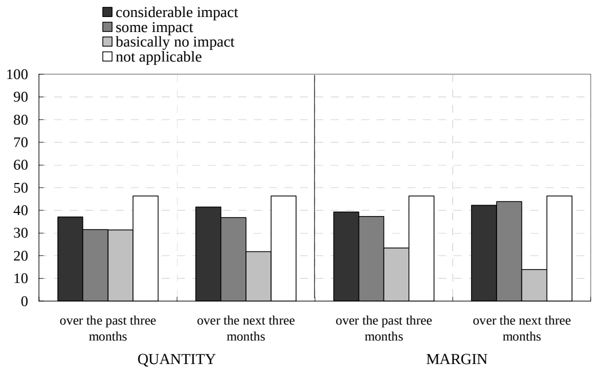
Difficulties in accessing wholesale funding over the past three months have also had a notable impact on the quantity that banks experiencing such difficulties were willing to lend and/or the margin at which funds were lent over the past three months (see Chart G). In addition, difficulties in accessing wholesale funding are also expected to exert a notable impact on the quantity that those banks are willing to lend and/or the margin at which funds are lent over the next three months. Among those banks that reported that one or more of their usual means of accessing wholesale markets were considerably or somewhat hampered over the past three months, around 30-60% responded that this had some impact on lending over the past three months and 10-40% responded that this had a considerable impact. For the next three months, a higher percentage of banks reported a considerable impact on lending and, in most cases, also a higher percentage of banks reported some impact on lending.

Chart G. Impact on lending *(percentages of banks)*

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



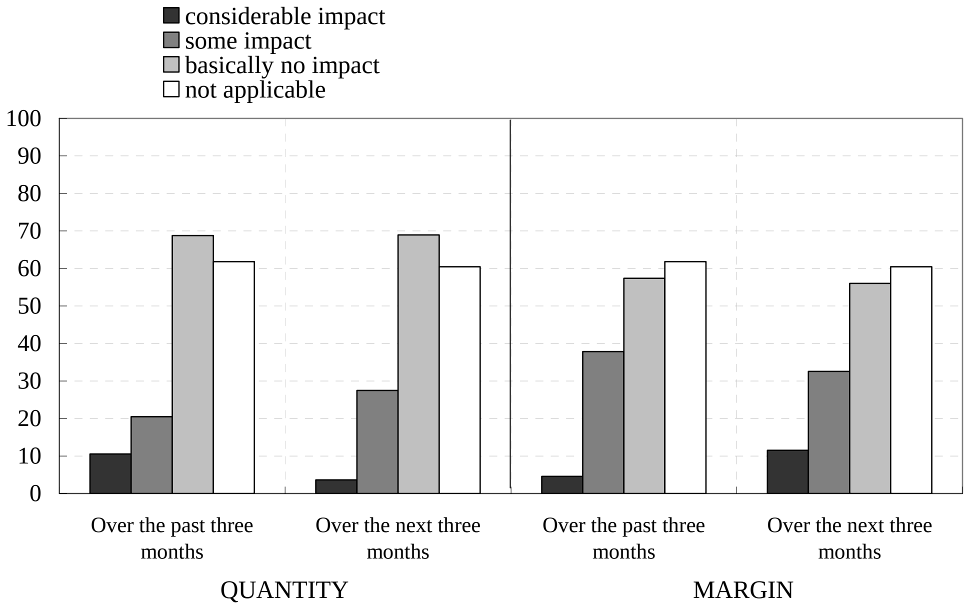
(b) For securitisation



Notes: The column "not applicable" is calculated as the number of banks replying "not applicable" as a percentage of the total number of banks participating in the survey. All the other columns are calculated as the number of banks choosing a particular reply as a percentage of the number of banks not replying "not applicable". All figures are weighted averages of country results.

As regards the impact of banks' need to fund drawdowns on commitments to asset-backed commercial paper programmes issued by conduits or structured investment vehicles on banks' lending policies (this question was not included in the October survey round), around 20-40% of the banks for which this business has been relevant (i.e. excluding those banks which replied "not applicable") replied that such funding obligations had some impact on their lending policy over the past three months, while around 5-10% answered that they had a considerable impact (see Chart H). Over the next three months, around 30% of the banks for which this business is relevant expect a continued moderate impact and 5-10% expect a considerable impact. While these percentages are sizeable, it needs to be taken into account that for around 60% of the reporting banks this business is not relevant.

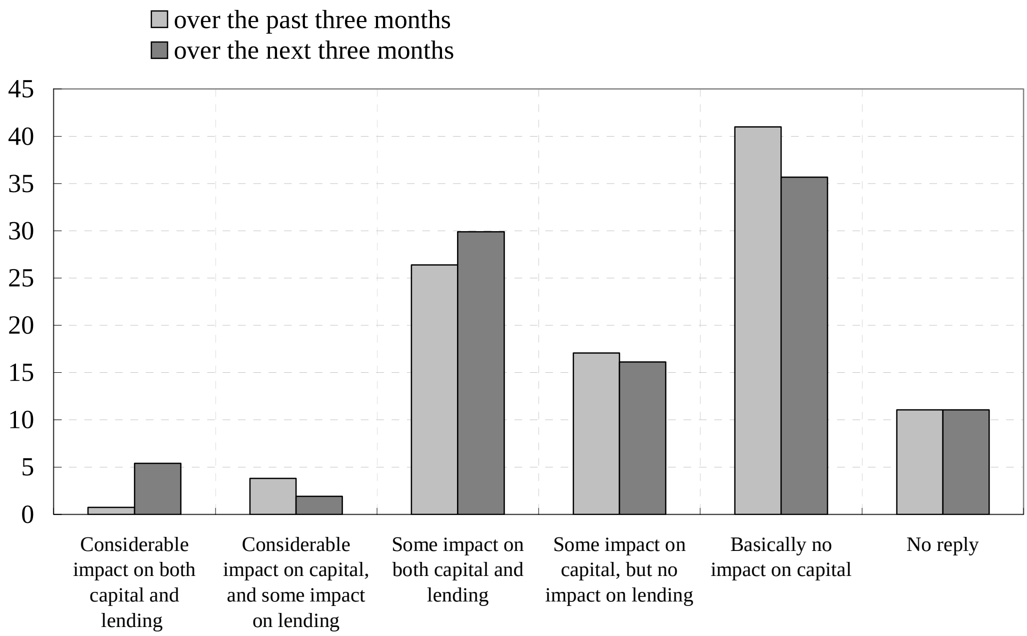
Chart H. Effect on lending via structured investment vehicles *(percentages of banks)*



Notes: The column "not applicable" is calculated as the number of banks replying "not applicable" as a percentage of the total number of banks participating in the survey. All the other columns are calculated as the number of banks choosing a particular reply as a percentage of the number of banks not replying "not applicable". All figures are weighted averages of country results.

Banks' willingness to lend seems to have been impaired to some extent by the cost related to the bank's capital position over the past three months and may continue to be impaired also over the next three months. Around 30% of the banks responded that the events in financial markets had some impact on both capital and lending over the past three months and a similar percentage of banks expect this to continue over the next three months (see Chart I). At the same time, it should be noted that around 35-40% of the reporting banks reported that the situation in financial markets had basically had no impact on capital and will not have an impact in the coming three months. Banks reported some impact on both capital and lending over the past three months in most euro area countries and expect that this will continue over the next three months.

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



Note: Euro area figures are weighted averages of country results.

3. Results for the individual questions

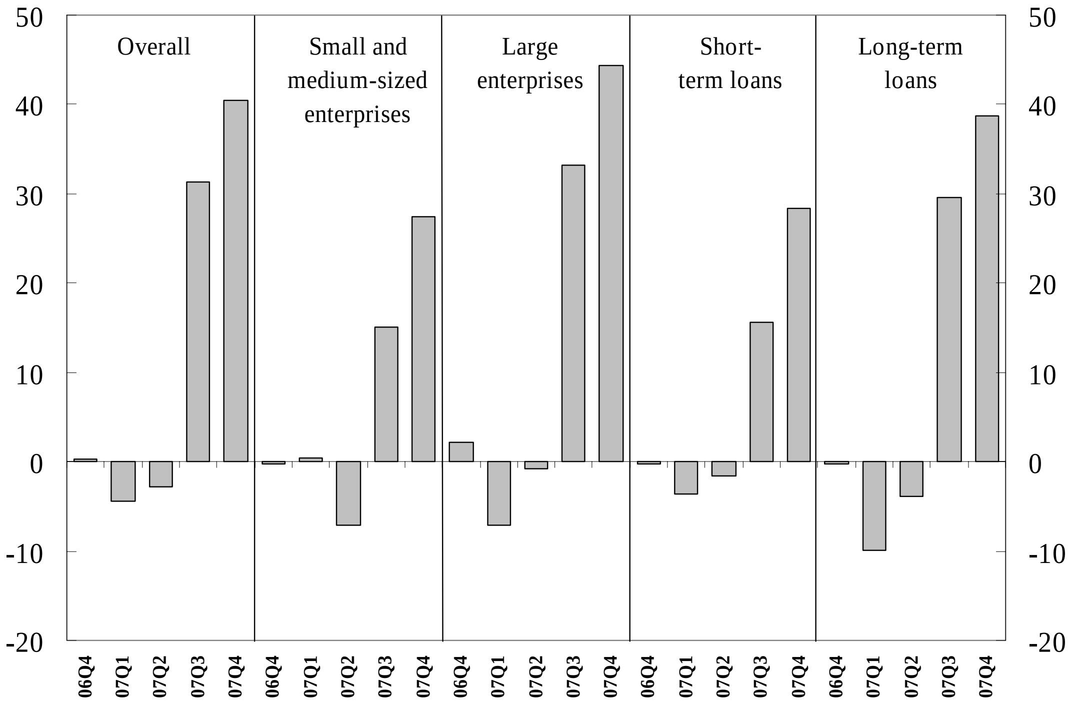
I. Loans or credit lines to enterprises

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	
	October 2007	January 2008	October 2007	January 2008	October 2007	January 2008	October 2007	January 2008	October 2007	January 2008
Tightened considerably	0	5	0	0	1	7	1	2	1	9
Tightened somewhat	31	36	15	28	33	38	15	27	29	30
Remained basically unchanged	69	58	85	71	67	54	84	70	70	60
Eased somewhat	0	1	0	1	0	1	0	1	0	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	**31**	**41**	**15**	**27**	**33**	**44**	**16**	**28**	**30**	**39**
Mean	*2.69*	*2.54*	*2.85*	*2.73*	*2.66*	*2.48*	*2.84*	*2.70*	*2.70*	*2.52*
Number of banks responding	***82***	***85***	***82***	***85***	***82***	***85***	***82***	***85***	***82***	***85***

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 6. 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 <u>loans or credit lines to enterprises</u>?

	--	-	°	+	++	NA	NetP October 2007	NetP January 2008	Mean October 2007	Mean January 2008
A) Cost of funds and balance sheet constraints										
Costs related to your bank's capital position	0	14	78	0	0	8	14	14	2.82	2.83
Your bank's ability to access market financing	1	17	74	0	0	8	13	18	2.81	2.79
Your bank's liquidity position	1	16	74	1	0	8	13	17	2.85	2.80
B) Pressure from competition										
Competition from other banks	0	10	80	2	0	8	8	8	2.90	2.91
Competition from non-banks	1	3	85	0	0	11	6	5	2.91	2.93
Competition from market financing	4	6	81	0	0	10	10	10	2.87	2.84
C) Perception of risk										
Expectations regarding general economic activity	3	32	58	1	0	7	22	34	2.77	2.61
Industry or firm-specific outook	2	28	61	2	0	7	23	29	2.77	2.68
Risk on the collateral demanded	0	20	73	0	0	7	13	20	2.85	2.79

NA = Not available; NetP = Net percentage

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

Chart 7a. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises
(net percentages of banks reporting tightening standards)

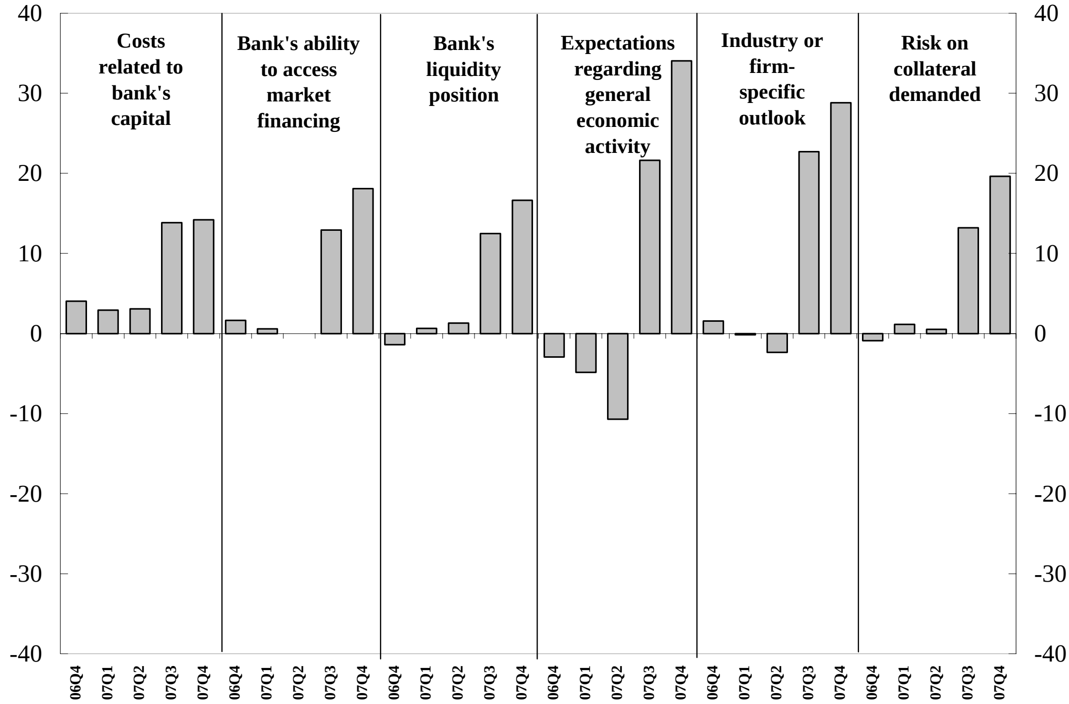
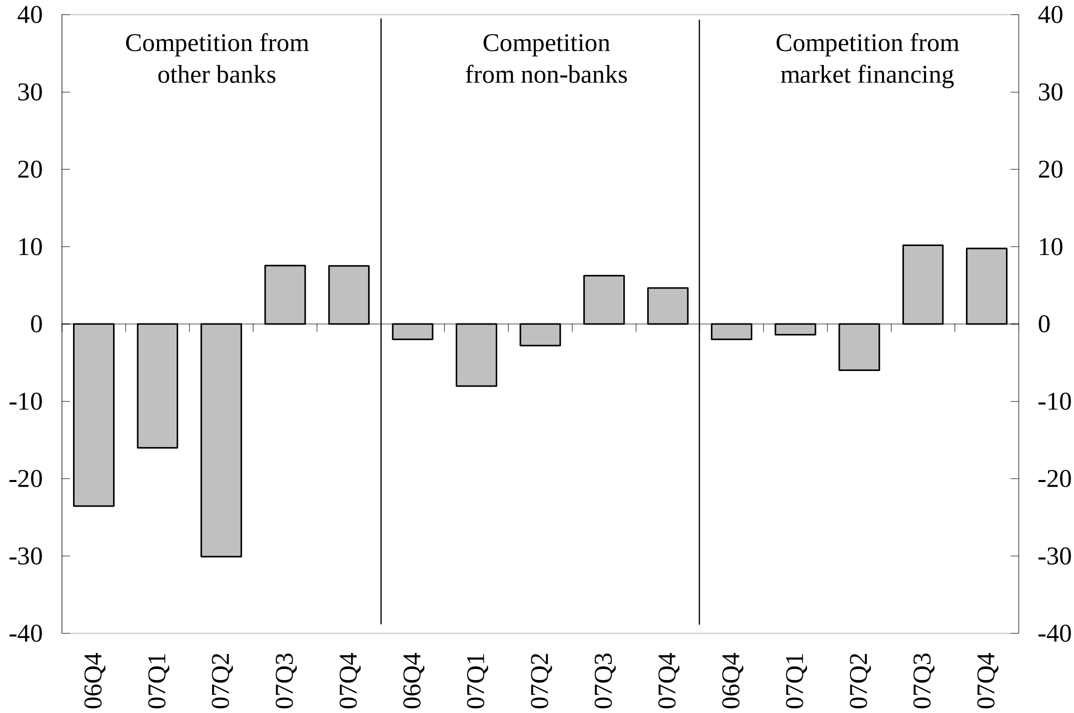


Chart 7b. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises
(net percentages of banks reporting tightening standards)



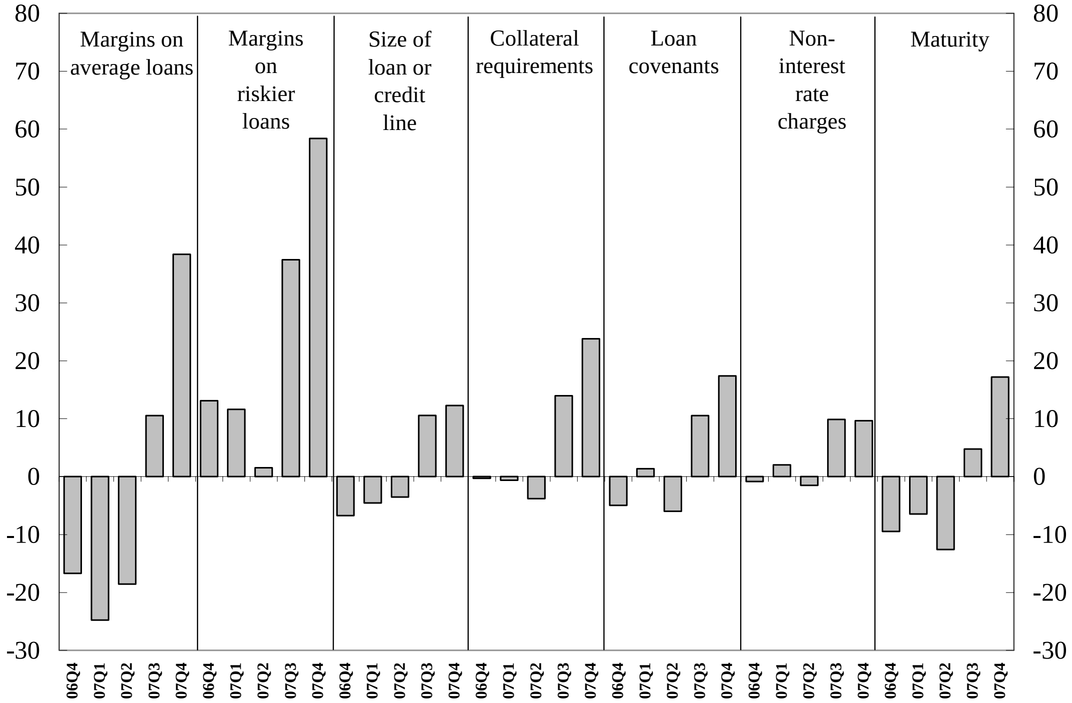
3. Over the past three months, how have your bank's conditions and terms for approving <u>loans or credit lines to enterprises</u> changed?

	--	-	°	+	++	NA	NetP		Mean	
							October 2007	January 2008	October 2007	January 2008
A) Price										
Your bank's margin on average loans	3	38	51	3	0	5	11	38	2.87	2.56
Your bank's margin on riskier loans	10	48	34	0	0	7	37	58	2.57	2.27
B) Other conditions and terms										
Non-interest rate charges	0	10	83	0	0	7	10	10	2.89	2.89
Size of the loan or credit line	1	11	82	0	0	6	11	12	2.89	2.86
Collateral requirements	2	22	70	0	0	6	14	24	2.85	2.73
Loan covenants	1	16	76	0	0	7	11	17	2.88	2.80
Maturity	1	19	71	3	0	6	5	17	2.93	2.81

NA = Not available; NetP = Net percentage

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

Chart 8. Conditions and terms for approving loans or credit lines to enterprises
(net percentages of banks reporting tightening standards)

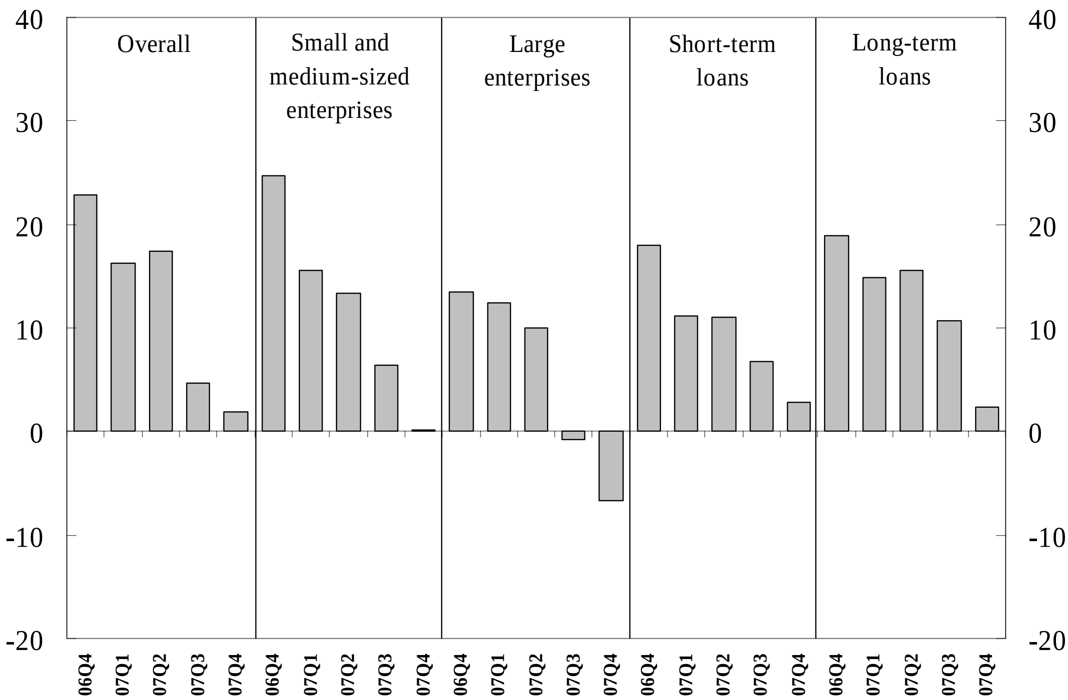


4. Over the past three months, how has the demand for loans or credit lines to enterprises changed at your bank, apart from normal seasonal fluctuations?

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	October 2007	January 2008	October 2007	January 2008	October 2007	January 2008	October 2007	January 2008	October 2007	January 2008
Decreased considerably	0	1	0	1	0	1	0	1	0	1
Decreased somewhat	9	14	6	11	13	21	10	14	7	15
Remained basically unchanged	78	69	81	75	75	63	74	67	75	64
Increased somewhat	13	17	13	11	12	15	16	18	18	17
Increased considerably	0	0	0	2	0	0	0	0	0	2
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**5**	**2**	**6**	**0**	**-1**	**-7**	**7**	**3**	**11**	**2**
Mean	*3.05*	*3.01*	*3.07*	*3.00*	*2.99*	*2.92*	*3.07*	*3.01*	*3.11*	*3.03*
Number of banks responding	***82***	***85***	***82***	***85***	***82***	***85***	***82***	***85***	***81***	***85***

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

Chart 9. 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 October 2007	NetP January 2008	Mean October 2007	Mean January 2008
A) Financing needs										
Fixed investment	0	10	67	17	0	6	10	7	3.11	3.07
Inventories and working capital	0	6	69	20	0	6	7	14	3.07	3.14
Mergers/acquisitions and corporate restructuring	3	22	61	7	0	7	2	-18	3.00	2.78
Debt restructuring	2	8	72	9	0	8	-3	-2	2.96	2.94
B) Use of alternative finance										
Internal financing	0	5	87	2	0	7	-6	-4	2.94	2.96
Loans from other banks	0	3	82	6	2	8	-3	5	2.97	3.07
Loans from non-banks	0	1	87	4	0	8	-1	3	2.98	3.03
Issuance of debt securities	0	0	79	9	0	12	5	9	3.06	3.10
Issuance of equity	0	1	85	3	0	11	-4	2	2.95	3.02

NA = Not available; NetP = Net percentage

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

Chart 10a. Factors affecting demand for loans and credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)

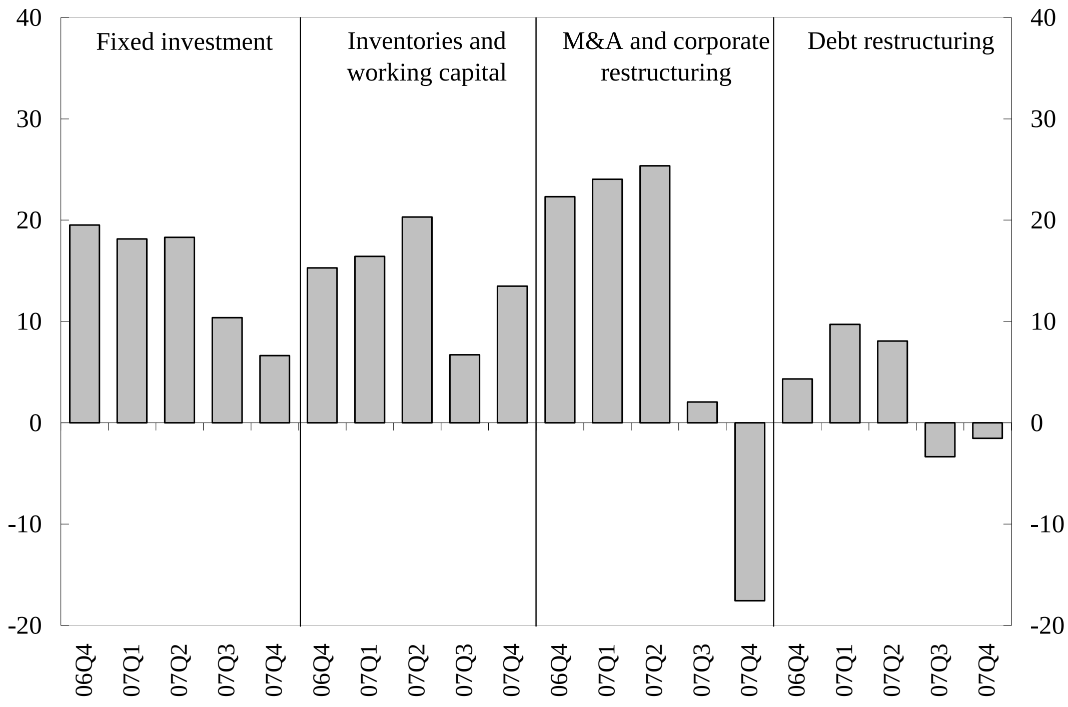
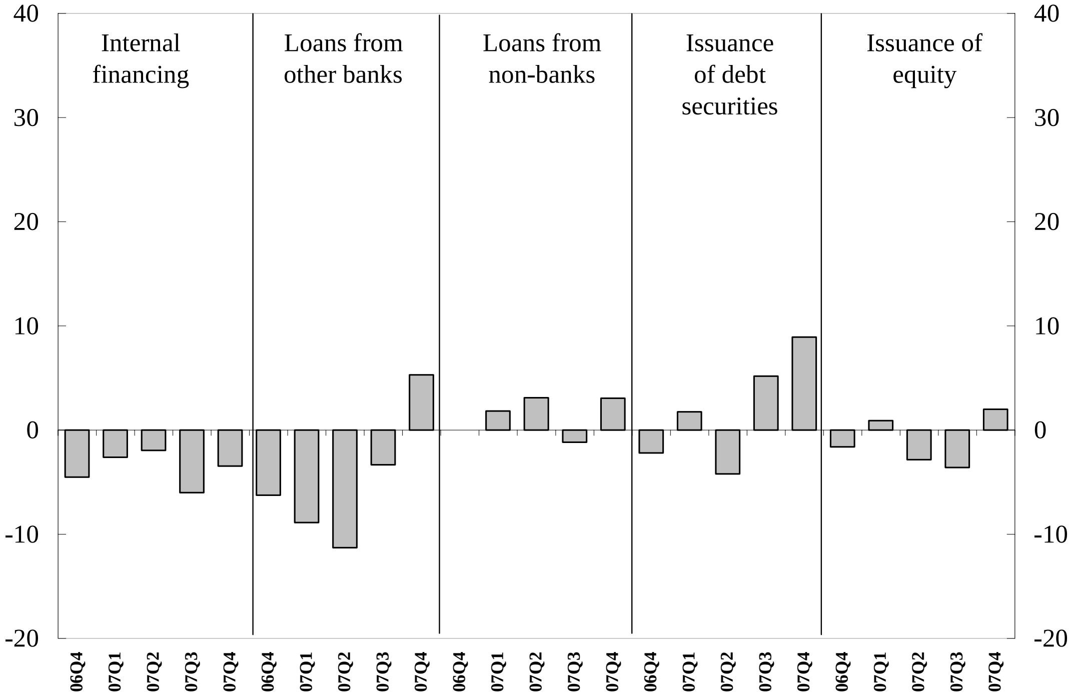


Chart 10b. Factors affecting demand for loans and credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)

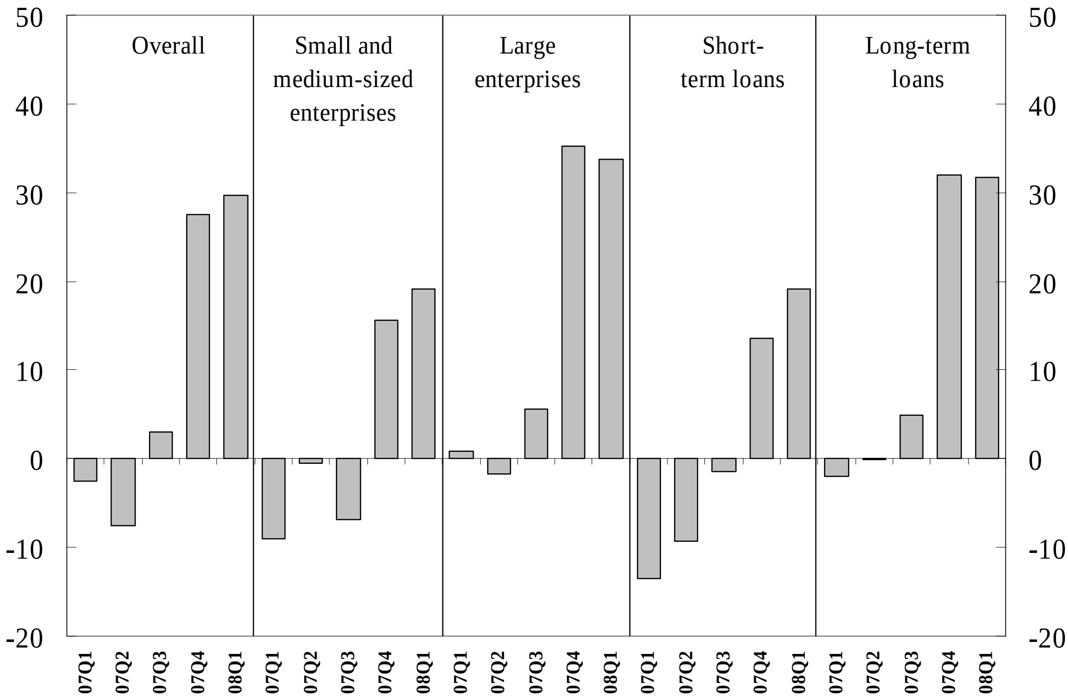


6. Please indicate how you expect your <u>bank's credit standards as applied to the approval of loans or credit lines to enterprises</u> to change over the next three months.

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	October 2007	January 2008	October 2007	January 2008	October 2007	January 2008	October 2007	January 2008	October 2007	January 2008
Tighten considerably	1	1	0	1	1	3	1	1	1	4
Tighten somewhat	29	33	19	27	35	34	15	22	33	31
Remain basically unchanged	70	61	78	65	65	60	83	73	65	62
Ease somewhat	2	5	3	8	0	3	2	4	2	3
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	**28**	**30**	**16**	**19**	**35**	**34**	**14**	**19**	**32**	**32**
Mean	*2.72*	*2.69*	*2.84*	*2.80*	*2.64*	*2.63*	*2.86*	*2.80*	*2.68*	*2.64*
Number of banks responding	***82***	***85***	***82***	***85***	***82***	***85***	***82***	***85***	***82***	***85***

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

Chart 11. Expected credit standards for the approval of loans or credit lines to enterprises
(net percentages of banks expecting tightening credit standards)

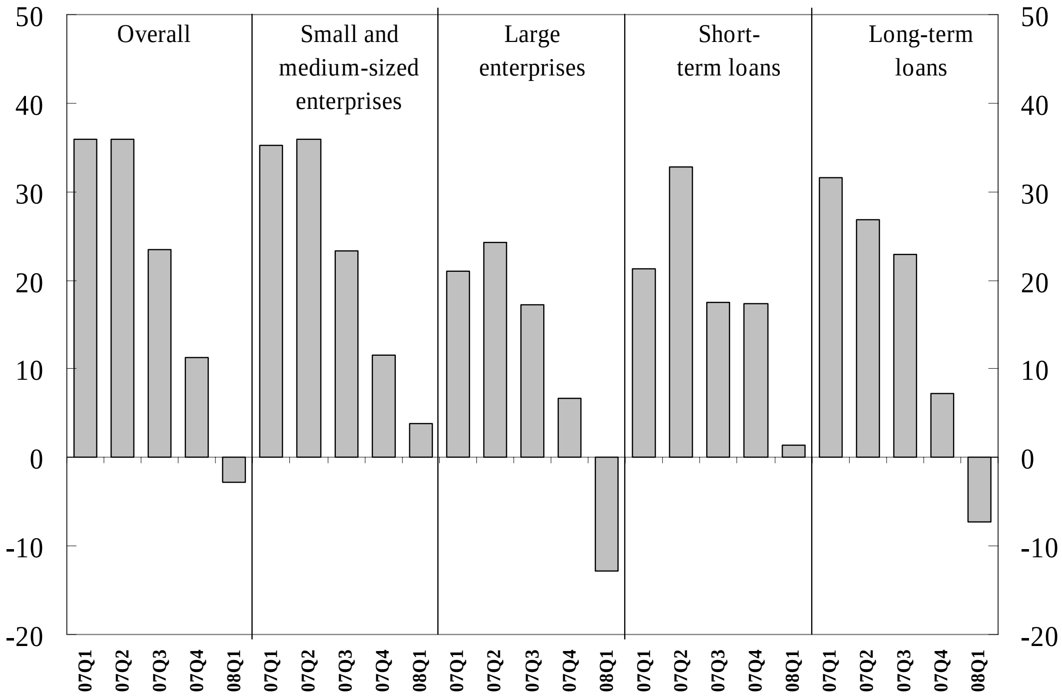


7. Please indicate how you expect <u>demand for loans or credit lines to enterprises</u> to change at your bank over the next three months (apart from normal seasonal fluctuations).

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	October 2007	January 2008	October 2007	January 2008	October 2007	January 2008	October 2007	January 2008	October 2007	January 2008
Decrease considerably	0	0	0	0	0	2	0	0	0	2
Decrease somewhat	7	18	5	14	11	21	5	14	11	17
Remain basically unchanged	75	67	79	68	71	67	73	70	71	69
Increase somewhat	18	15	16	18	17	10	22	16	18	12
Increase considerably	1	0	1	0	1	0	1	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**11**	**-3**	**12**	**4**	**7**	**-13**	**17**	**1**	**7**	**-7**
Mean	*3.12*	*2.97*	*3.12*	*3.04*	*3.07*	*2.85*	*3.18*	*3.01*	*3.07*	*2.90*
Number of banks responding	***82***	***85***	***82***	***85***	***82***	***85***	***82***	***85***	***82***	***85***

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

Chart 12. Expected demand for loans and credit lines to enterprises
(net percentages of banks expecting a positive loan demand)



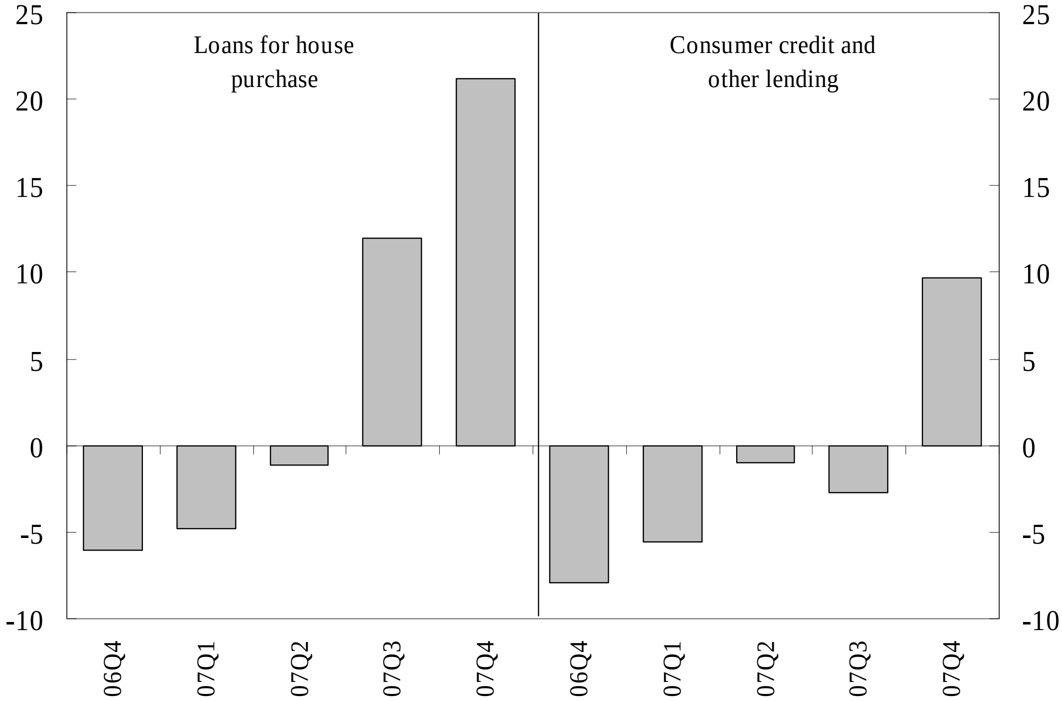
II. Loans to households

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

	Loans for house purchase		Consumer credit and other lending	
	October 2007	January 2008	October 2007	January 2008
Tightened considerably	0	3	0	1
Tightened somewhat	22	23	7	13
Remained basically unchanged	68	70	83	83
Eased somewhat	10	4	10	2
Eased considerably	0	0	0	2
Total	*100*	*100*	*100*	*100*
Net percentage	**12**	**21**	**-3**	**10**
Mean	*2.88*	*2.76*	*3.03*	*2.92*
Number of banks responding	***78***	***80***	***79***	***81***

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



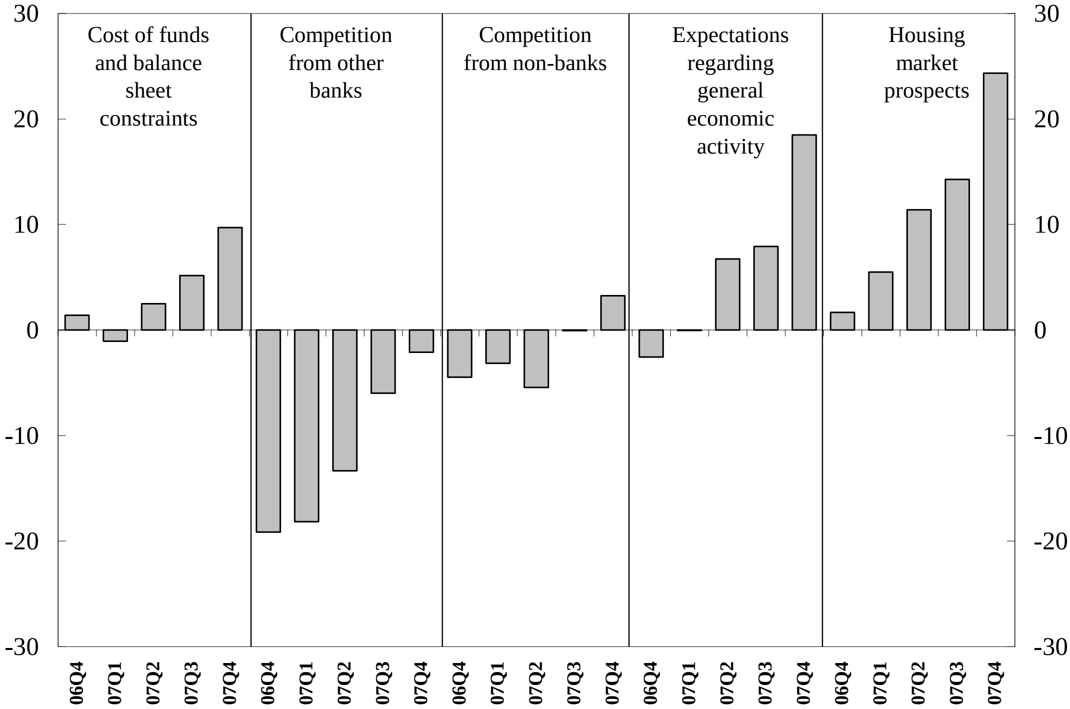
9. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of <u>loans to households for house purchase?</u>

	--	-	°	+	++	NA	NetP		Mean	
							October 2007	January 2008	October 2007	January 2008
A) Cost of funds and balance sheet constraints	1	9	81	0	0	9	5	10	2.93	2.89
B) Pressure from competition										
Competition from other banks	0	4	81	6	0	10	-6	-2	3.07	3.03
Competition from non-banks	0	3	87	0	0	10	0	3	3.00	2.97
C) Perception of risk										
Expectations regarding general economic activity	2	17	73	0	0	9	8	19	2.92	2.79
Housing market prospects	2	24	63	1	0	10	14	24	2.85	2.72

NA = Not available; NetP = Net percentage

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

Chart 14. Factors affecting credit standards applied to the approval of loans to households for house purchase *(net percentages of banks reporting tightening standards)*



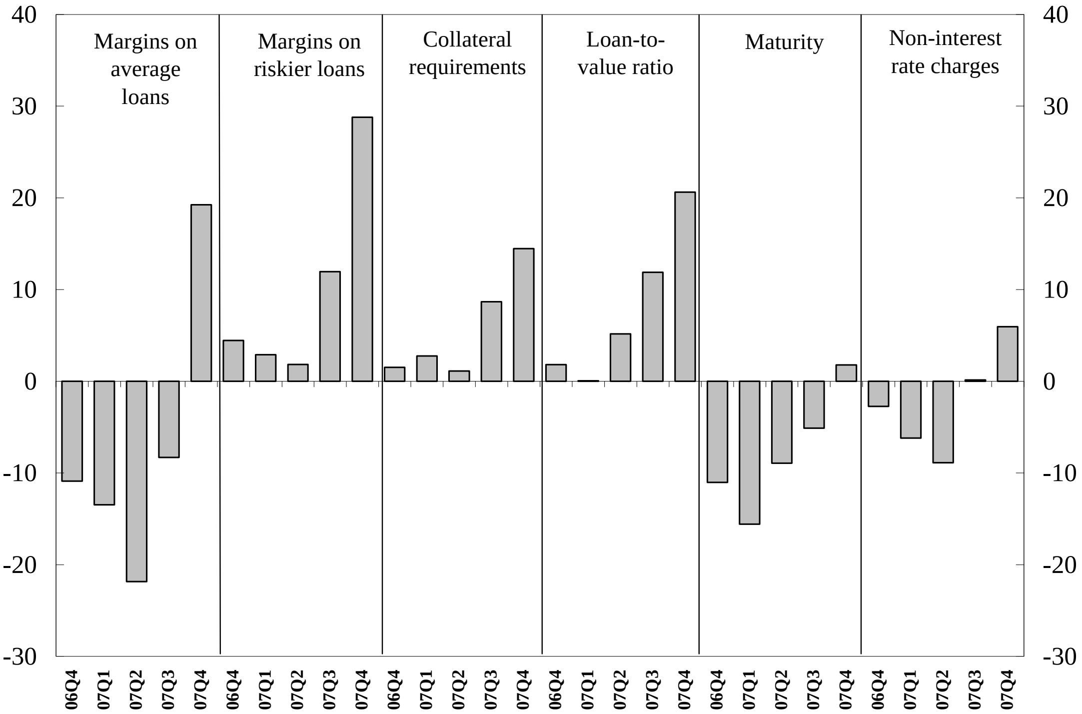
10. Over the past three months, how have your bank's conditions and terms for approving loans to households for house purchase changed?

	--	-	°	+	++	NA	NetP		Mean	
							October 2007	January 2008	October 2007	January 2008
A) Price										
Your bank's margin on average loans	0	26	58	5	2	9	-8	19	3.10	2.81
Your bank's margin on riskier loans	3	26	63	0	0	9	12	29	2.86	2.66
B) Other conditions and terms										
Collateral requirements	2	13	77	0	0	9	9	15	2.91	2.83
Loan-to-value ratio	2	22	65	3	0	9	12	21	2.87	2.77
Maturity	0	6	80	5	0	9	-5	2	3.05	2.98
Non-interest rate charges	0	6	86	0	0	9	0	6	3.00	2.94

NA = Not available; NetP = Net percentage

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

Chart 15. Conditions and terms for approving loans to households for house purchase
(net percentages of banks reporting tightening standards)



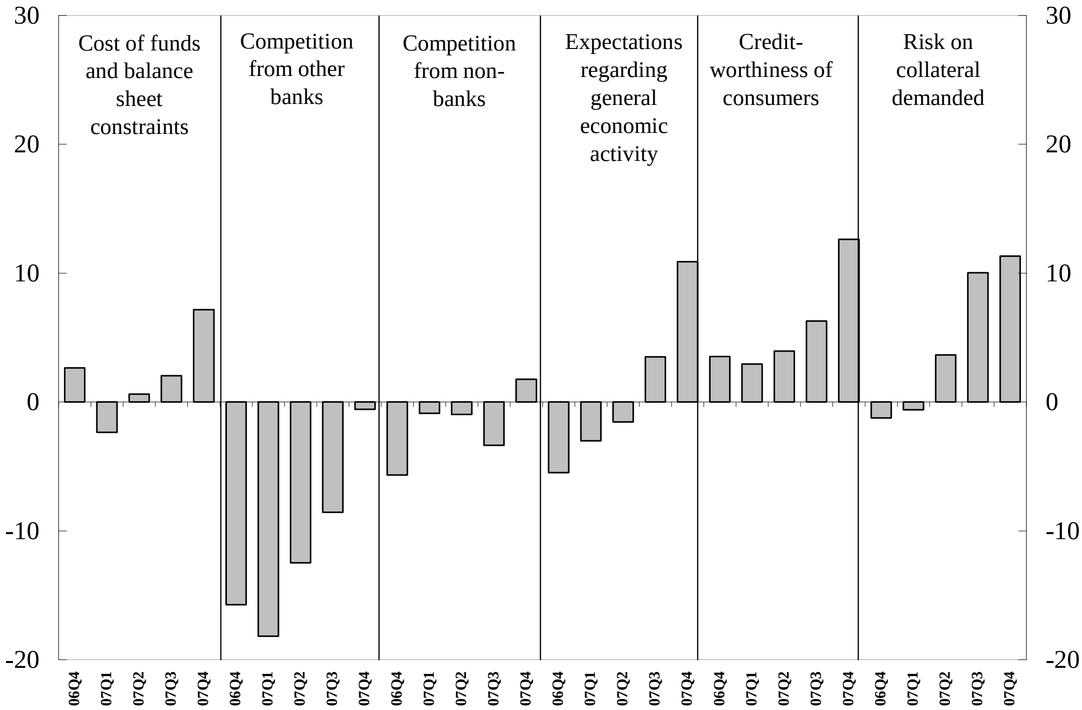
11. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households (as described in question 8)?

	--	-	°	+	++	NA	NetP		Mean	
							October 2007	January 2008	October 2007	January 2008
A) Cost of funds and balance sheet constraints	0	7	84	0	0	9	2	7	2.97	2.93
B) Pressure from competition										
Competition from other banks	0	3	83	3	0	12	-9	-1	3.10	3.01
Competition from non-banks	0	3	85	2	0	10	-3	2	3.03	2.99
C) Perception of risk										
Expectations regarding general economic activity	0	14	74	3	0	9	4	11	2.97	2.89
Creditworthiness of consumers	0	16	73	3	0	9	6	13	2.94	2.87
Risk on the collateral demanded	0	13	74	2	0	12	10	11	2.90	2.89

NA = Not available; NetP = Net percentage

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

Chart 16. Factors affecting credit standards applied to the approval of consumer credit and other lending to households *(net percentages of banks reporting tightening standards)*



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

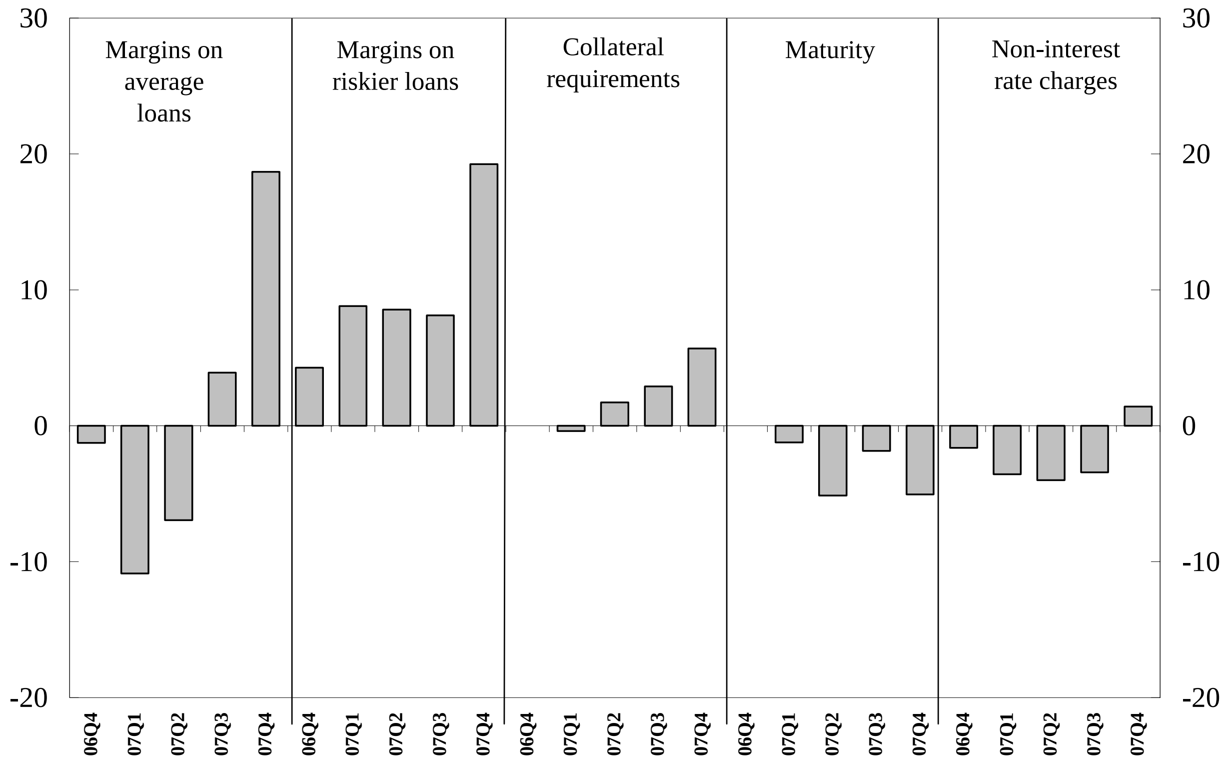
	--	-	°	+	++	NA	NetP		Mean	
							October 2007	January 2008	October 2007	January 2008
A) Price										
Your bank's margin on average loans	0	20	70	1	0	9	4	19	2.97	2.79
Your bank's margin on riskier loans	3	16	71	0	0	10	8	19	2.91	2.76
B) Other conditions and terms										
Collateral requirements	0	6	83	0	0	12	3	6	2.96	2.94
Maturity	0	3	80	8	0	10	-2	-5	3.08	3.05
Non-interest rate charges	0	2	87	1	0	10	-3	1	3.02	2.99

NA = Not available; NetP = Net percentage

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

Note that the figures relating to sub-item B have been revised slightly.

Chart 17. Conditions and terms for approving consumer credit and other lending to households
(net percentages of banks reporting tightening standards)

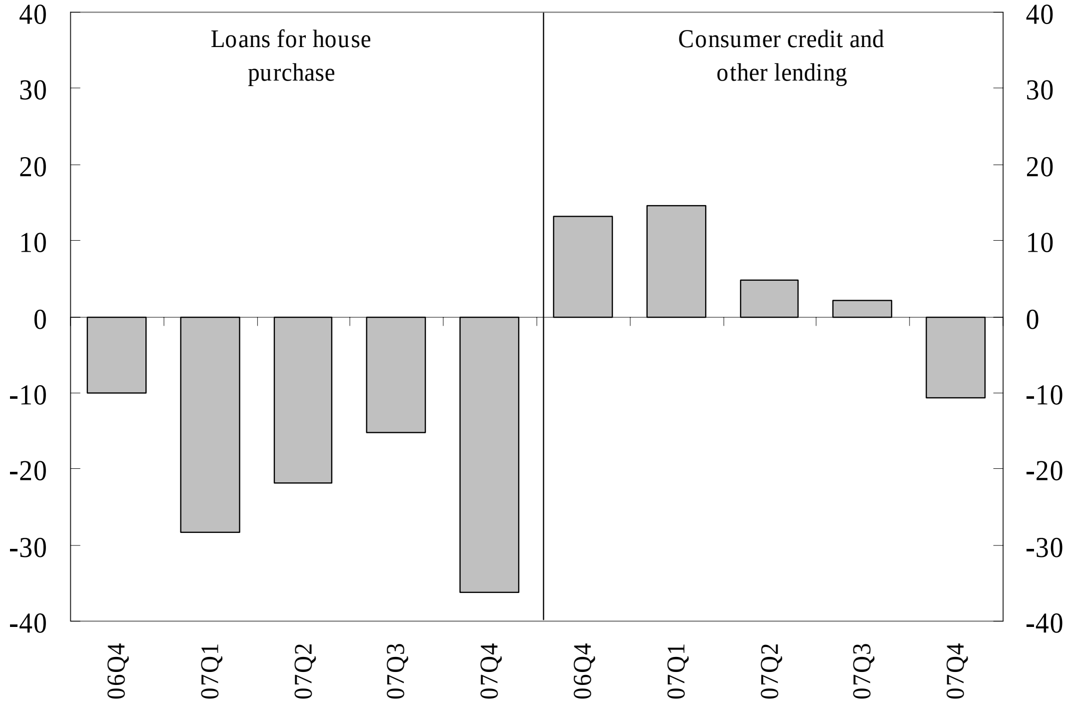


13. Over the past three months, how has the <u>demand for loans to households</u> changed at your bank, apart from normal seasonal fluctuations?

	Loans for house purchase		Consumer credit and other lending	
	October 2007	January 2008	October 2007	January 2008
Decreased considerably	4	7	0	0
Decreased somewhat	26	33	13	19
Remained basically unchanged	57	57	71	73
Increased somewhat	12	3	15	6
Increased considerably	2	0	0	2
Total	*100*	*100*	*100*	*100*
Net percentage	**-15**	**-36**	**2**	**-11**
Mean	*2.83*	*2.57*	*3.02*	*2.91*
Number of banks responding	***79***	***81***	***79***	***81***

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

Chart 18. Demand for loans to households
(net percentages of banks reporting positive loan demand)



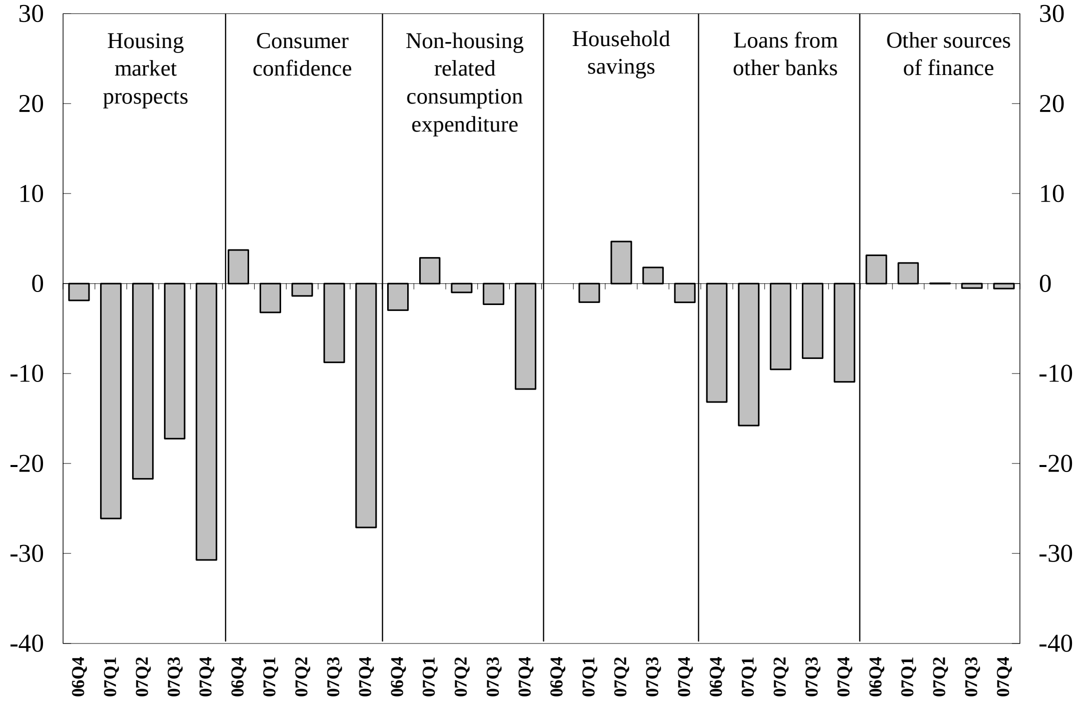
14. Over the past three months, how have the following factors affected the demand for <u>loans to households for house purchase</u> (as described in question 13)?

	--	-	°	+	++	NA	NetP		Mean	
							October 2007	January 2008	October 2007	January 2008
A) Financing needs										
Housing market prospects	3	30	57	2	0	9	-17	-31	2.78	2.64
Consumer confidence	2	26	62	1	0	9	-9	-27	2.93	2.70
Non-housing related consumption expenditure	0	12	80	0	0	9	-2	-12	2.98	2.88
B) Use of alternative finance										
Household savings	0	5	84	3	0	9	2	-2	3.02	2.98
Loans from other banks	0	13	76	2	0	9	-8	-11	2.89	2.88
Other sources of finance	0	2	87	1	0	10	-1	-1	2.99	2.99

NA = Not available; NetP = Net percentage

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

Chart 19. Factors affecting demand for loans to households for house purchase
(net percentages of banks reporting a positive contribution to demand)



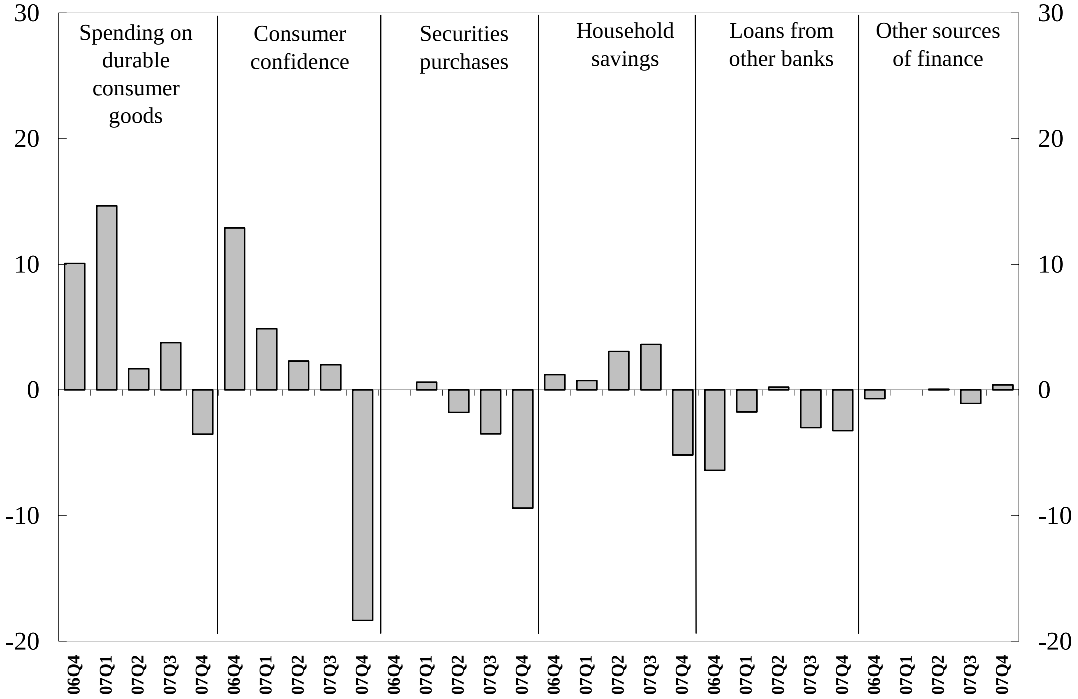
15. Over the past three months, how have the following factors affected the demand for consumer credit and other lending to households (as described in question 13)?

	--	-	°	+	++	NA	NetP		Mean	
							October 2007	January 2008	October 2007	January 2008
A) Financing needs										
Spending on durable consumer goods	0	9	76	6	0	9	4	-4	3.02	2.96
Consumer confidence	2	18	70	2	0	9	2	-18	3.03	2.79
Securities purchases	2	8	75	0	0	15	-4	-9	2.96	2.88
B) Use of alternative finance										
Household savings	0	5	86	0	0	9	4	-5	3.04	2.94
Loans from other banks	0	7	81	3	0	9	-3	-3	2.96	2.96
Other sources of finance	0	1	89	1	0	9	-1	0	2.99	3.00

NA = Not available; NetP = Net percentage

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

Chart 20. Factors affecting demand for consumer credit and other lending to households
(net percentages of banks reporting a positive contribution to demand)

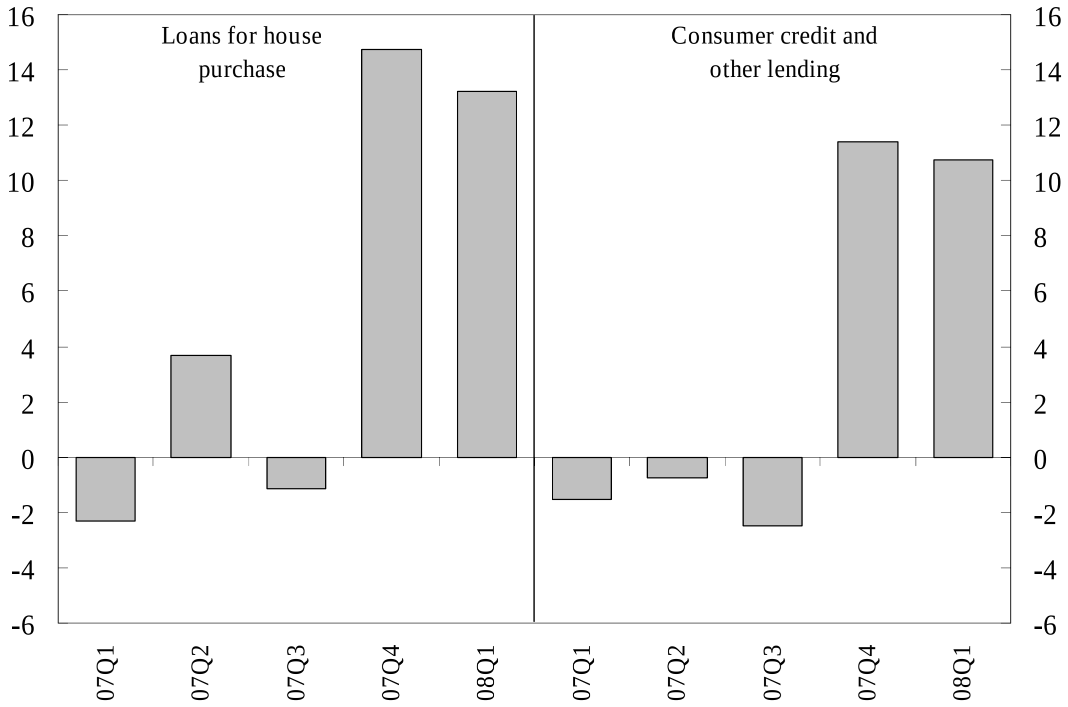


16. Please indicate how you expect your <u>bank's credit standards as applied to the approval of loans to households</u> to change over the next three months.

	Loans for house purchase		Consumer credit and other lending	
	October 2007	January 2008	October 2007	January 2008
Tighten considerably	0	1	0	1
Tighten somewhat	21	22	14	18
Remain basically unchanged	73	68	84	73
Ease somewhat	6	9	2	8
Ease considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	**15**	**13**	**11**	**11**
Mean	*2.85*	*2.86*	*2.89*	*2.89*
Number of banks responding	***79***	***81***	***79***	***81***

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

Chart 21. Expected credit standards for loans to households
(net percentages of banks expecting tightening standards)

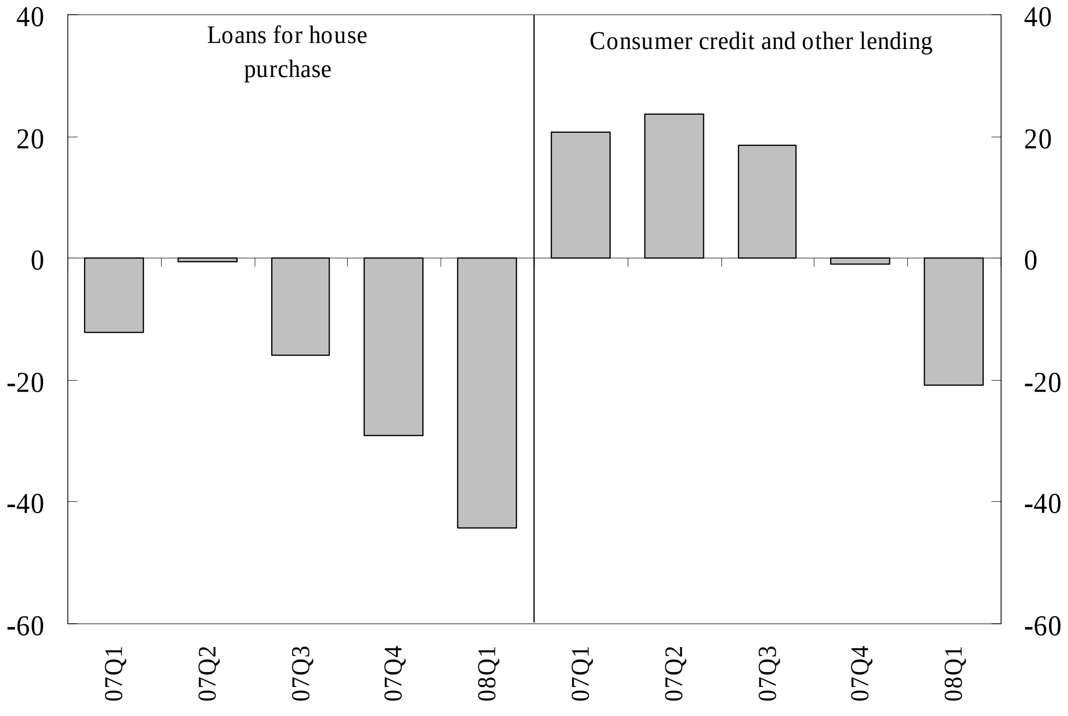


17. Please indicate how you expect demand for loans to households to change over the next three months at your bank (apart from normal seasonal fluctuations).

	Loans for house purchase		Consumer credit and other lending	
	October 2007	January 2008	October 2007	January 2008
Decrease considerably	6	1	0	2
Decrease somewhat	35	46	17	23
Remain basically unchanged	48	52	67	71
Increase somewhat	11	2	16	4
Increase considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	**-29**	**-44**	**-1**	**-21**
Mean	*2.65*	*2.55*	*2.99*	*2.77*
Number of banks responding	***79***	***81***	***79***	***81***

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

Chart 22. Expected demand for loans to households for house purchase
(net percentages of banks expecting positive loan demand)



4. 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%	10%	3%	1%
Contributed somewhat to tightening of credit standards	23%	29%	15%	6%
Basically no impact on credit standards	75%	61%	82%	94%
Contributed somewhat to easing of credit standards	1%	1%	0%	0%
Contributed considerably to easing of credit standards	0%	0%	0%	0%
Not applicable	9%	11%	7%	7%
Mean	***2.75***	***2.52***	***2.79***	***2.93***
Standard deviation	0.50	0.72	0.50	0.29
Number of banks responding	***82***	***80***	***82***	***82***

(*) Please select "N/A" (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	0%	6%	2%	1%
Contribute somewhat to tightening of credit standards	32%	39%	22%	17%
Basically no impact on credit standards	68%	55%	77%	81%
Contribute somewhat to easing of credit standards	0%	0%	0%	0%
Contribute considerably to easing of credit standards	0%	0%	0%	0%
Not applicable	11%	11%	9%	10%
Mean	***2.68***	***2.49***	***2.75***	***2.80***
Standard deviation	0.50	0.64	0.49	0.46
Number of banks responding	***82***	***80***	***82***	***82***

(*) Please select "N/A" (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&A and corporate restructuring	Fixed investment	Inventories and working capital	M&A and corporate restructuring
Contributed/will contribute considerably to tightening of credit standards	4%	0%	14%	3%	1%	11%
Contributed/will contribute somewhat to tightening of credit standards	26%	18%	47%	32%	23%	53%
Basically no impact on credit standards	70%	82%	39%	65%	76%	36%
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	11%	14%	13%	11%	14%	13%
Mean	***2.66***	***2.82***	***2.25***	***2.62***	***2.76***	***2.25***
Standard deviation	0.59	0.41	0.73	0.58	0.46	0.69
Number of banks responding	***81***	***79***	***78***	***81***	***79***	***78***

(*) Please select "N/A" (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)
	--	-	?	Mean	Standard deviation	--	-	?	Mean	Standard deviation	
A) Inter bank unsecured money market											
Very short-term money market (up to 1 week)	0%	13%	87%	2.87	0.36	1%	21%	78%	2.78	0.46	14%
Short-term money market (more than 1 week)	16%	43%	41%	2.25	0.77	12%	49%	39%	2.28	0.70	15%
B) Debt securities(2)											
Short-term debt securities (e.g. certificates of deposit or commercial paper)	9%	42%	48%	2.39	0.69	8%	38%	55%	2.47	0.67	17%
Medium to long-term debt securities (incl. covered bonds)	22%	43%	34%	2.12	0.80	14%	54%	32%	2.18	0.69	19%
C) Securitisation(3)											
Securitisation of corporate loans	43%	30%	27%	1.84	0.93	40%	30%	30%	1.90	0.94	49%
Securitisation of loans for house purchase	62%	20%	19%	1.57	0.86	63%	11%	26%	1.63	0.99	53%
D) Ability to transfer credit risk off balance sheet(4)	33%	39%	28%	1.94	0.88	33%	29%	38%	2.05	0.90	52%

(1) Please select "N/A" (not applicable) only if the source of funding is not relevant for 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 markets or other markets

	Over the past three months	Over the next three months
Quantity		
Considerable impact	12%	20%
Some impact	48%	47%
Basically no impact	40%	34%
Mean	*2.28*	*2.14*
Standard deviation	*0.73*	*0.78*
Number of banks responding	***65***	***65***
Margin		
Considerable impact	20%	24%
Some impact	57%	59%
Basically no impact	23%	17%
Mean	*2.03*	*1.93*
Standard deviation	*0.69*	*0.69*
Not applicable	25%	24%
Number of banks responding	***65***	***66***

For securitisation

	Over the past three months	Over the next three months
Quantity		
Considerable impact	37%	41%
Some impact	32%	37%
Basically no impact	31%	22%
Mean	*1.94*	*1.80*
Standard deviation	*0.89*	*0.82*
Number of banks responding	***39***	***39***
Margin		
Considerable impact	39%	42%
Some impact	37%	44%
Basically no impact	23%	14%
Mean	*1.84*	*1.72*
Standard deviation	*0.83*	*0.72*
Not applicable	46%	46%
Number of banks responding	***39***	***39***

(*) Please select "N/A" (not applicable) only if your bank has replied "basically not hampered" or "N/A" to question iv.

vi. To what extent have (will) needs to fund drawdowns 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	11%	4%
Some impact	20%	27%
Basically no impact	69%	69%
Mean	*2.58*	*2.65*
Standard deviation	*0.84*	*0.66*
Number of banks responding	***34***	***34***
Margin		
Considerable impact	5%	11%
Some impact	38%	33%
Basically no impact	57%	56%
Mean	*2.53*	*2.45*
Standard deviation	*0.70*	*0.86*
Not applicable	62%	60%
Number of banks responding	***35***	***35***

(*) Please select "N/A" (not applicable) only if the kind of business is not relevant for 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	1%	5%
Considerable impact on capital, and some impact on lending	4%	2%
Some impact on both capital and lending	26%	30%
Some impact on capital, but no impact on lending	17%	16%
Basically no impact on capital	41%	36%
No reply	11%	11%
Mean	***4.05***	***3.87***
Standard deviation	1.06	1.21
Number of banks responding	***89***	***89***

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

Annex:

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:

Capital

Defined in accordance with the Basel capital adequacy requirements, capital includes both tier 1 capital (core capital) and tier 2 capital (supplementary capital).

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).

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. In the survey, developments regarding credit lines should be interpreted as changes in the net amount that can be drawn under either an existing or a new credit line.

Credit standards

The internal guidelines or criteria that reflect a bank’s loan 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.

In the survey, changes in written loan policies should be considered, together with changes in their application.

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 maturity (short-term versus long-term).

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.

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 taken into consideration 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 for “tightened considerably” and “tightened somewhat”, and the sum of the percentages for “eased considerably” and “eased somewhat”. Regarding demand for loans, the net percentage is defined as the difference between the sum of the percentages for “increased considerably” and “increased somewhat”, and the sum of the percentages for “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.