

Bank Lending Survey

April 2008

Results for Portugal

I. Overall assessment

According to the results of the survey conducted in April 2008 to the five Portuguese banking groups included in the sample, the credit standards applied to the approval of loans to the non-financial sector were tighter in the first quarter of 2008, comparing with the previous quarter, mainly in the segments of loans to firms and to households for house purchase.

In line with what was reported in previous surveys, increased capital cost and balance sheet constraints, against a background of turbulence in international financial markets, should have contributed to the adoption of stricter credit criteria. Simultaneously, a less favourable evaluation of perceived risks, including a deterioration of perspectives regarding economic activity in general, was also reported as contributing to the tightening of credit standards. This tightening should have been reflected in an increase of loan spreads, applied both to riskier and to average risk loans, and in more demanding other contractual conditions and terms, as reductions in loan maturity and amount.

In the first quarter of 2008, demand for loans or credit lines by firms should have remained globally unchanged, comparing with the previous quarter. However, an institution pointed out a slight decrease. The overall stability should have been related, on the one hand, with the reduction in financing needs for mergers/acquisitions and corporate restructuring and, on the other hand, with the increase in financing needs for debt restructuring, inventories and working capital. In turn, financing needs related with fixed investment should have remained similar to what was recorded in the last quarter of 2007. In the segment of households, demand for loans for house purchase should have decreased, while the demand for loans for consumption and other purposes should have remained globally unchanged. The deterioration in consumers' confidence and less favourable house market prospects were some of the factors identified as influencing loan demand by households.

For the second quarter of 2008, surveyed banks foresee a further tightening of credit standards. For the same period, banks do not expect sizeable changes in loan demand by firms (excluding a banking institution), while they anticipate a decrease in loan demand by households.

The persistence of the turmoil in international financial markets justified the inclusion of some *ad-hoc* questions in this survey, in line with the previous two surveys. These questions intend to assess how the turbulence in financial markets has been affecting banks' funding in the wholesale markets and their credit policy. According to the answers, the turbulence in financial markets should have continued affecting the credit criteria in the first quarter of 2008, contributing to a tightening of loans' standards. At the same time, banks pointed out some difficulties in accessing wholesale market funding. For the second quarter of 2008, the reporting banking institutions foresee that the turmoil in international financial markets will continue to affect negatively credit supply and the funding in the wholesale markets.

II. Presentation of the results

Loans or credit lines to enterprises

In the first quarter of 2008, the five banking groups included in the survey reported the adoption of tightening credit standards in the approval of loans or credit lines to enterprises, which was particularly significant for one of the participating institutions. The tightening of credit criteria should have taken place across the different segments of firms and loan maturity.

According to the results, funding costs and balance sheet constraints, mainly bank's ability to access market funding and costs related to bank's capital position, should have been one of the main factors underlying the adoption of tighter loans standards. Less favourable expectations regarding the economic activity in general and the outlook for specific firms or industries (in particular in the segment of large enterprises) should have also contributed to the reported tightening of credit standards. One of the banking groups pointed out that the decreasing pressure arising from competition from market financing have also contributed to stricter loans standards, in particular in the segment of larger enterprises. The change in loans standards should have been reflected in an increase in spreads applied both to riskier and to average risk loans, regardless of firm size. Additionally, other contractual conditions and terms should have also recorded some changes, namely the reduction in loan maturity and amount, the increase in collateral requirements and covenants, as well as increased non-interest rate charges.

Demand for loans or credit lines by firms should have remained, in general, without sizeable changes in the first quarter of 2008. Only one banking institution indicated a slight decrease in demand (mainly in the segment of longer maturity loans). The evolution of demand should have been positively influenced by the increase in financial needs for debt restructuring (mentioned by four banks) and for inventories and working capital. Simultaneously, the difficulties recorded by enterprises in issuing debt securities during the first quarter of 2008 should have also contributed to an increase in bank loan demand. With an opposite effect, two banks indicated the smaller funding needs for projects of mergers/acquisitions and corporate restructuring. A bank mentioned that its demand should have been negatively affected by use of loans granted by other banking institutions. Finally, in the first quarter of 2008, loan demand to finance fixed investment projects should have remained unchanged, comparing with the last quarter of 2007.

For the second quarter of 2008, the five Portuguese banks pointed out that they intend to tighten the credit standards applied to the approval of loans or credit lines to enterprises, in particular in the segments of larger firms and loans with longer maturity. For the same period, four banks do not foresee sizeable changes in demand, while the other institution anticipates a slight decrease. It should be noted the dispersion in banks' expectations when firms' dimension and loan maturity are taken into account (not taken into account in the overall assessment).

Loans to households

For house purchase

In the first quarter of 2008, credit standards applied to the approval of loans to households for house purchase recorded an additional tightening, mainly by two institutions, which reported a considerable change.

The deterioration in expectations regarding economic activity in general and the housing market, and an increase in the funding cost and balance sheet constraints should have contributed to the evolution of the credit criteria in this segment. Simultaneously, a bank pointed out that the lower pressure from competition within financial institutions should have also led the application of tighter loans standards. This tightening of lending criteria should have been reflected in higher spreads applied both to riskier and to average risk loans. Indeed, only one banking institution reported the maintenance of its loans spreads. Other conditions and terms were also changed during the first quarter of 2008. In this context, it should be pointed out the reduction in loan-to-value ratio and the increase in collateral requirements. Additionally, a bank reported a considerable reduction in loan maturity and an increase in non-interest rate charges.

According to three institutions, demand for loans for house purchase should have remained stable in the first quarter of 2008, compared with the last quarter of 2007, while the other two banks reported a decrease. A worsening of consumers' confidence, deterioration in housing market prospects, and an increase in non-housing related consumption expenditures should have influenced the evolution of the demand. Additionally, one bank mentioned that the upward trend recorded by interest rates should have also contributed to the decrease of loans demand in this segment.

For the second quarter of 2008, standards applied to the approval of loans to households for house purchase should record a further tightening, given that only a bank does not foresee changes in its credit criteria and two banking institutions intend to adopt loans standards considerably more demanding. Finally, four banks anticipate a slight decrease in the demand for loans for house purchase for the same period.

For consumption and other purposes

In the segment of loans to households for consumption and other purposes, three banking institutions reported the adoption of tightened credit standards in the first three months of 2008, compared with the previous quarter.

According to the answers, and in line with what was recorded in the other segments, the increase in the cost of funds and balance sheet constraints should have contributed to the tightening of credit criteria in this segment. At the same time, most banks reported as factors underlying the adoption of tighter lending conditions less favourable expectations regarding economic activity in general, a decrease in consumers' creditworthiness and higher perceivable risks related with collateral. With an opposite effect, *i.e.* contributing to an easing of credit criteria, a bank pointed out the pressure from competition within financial institutions. Against this background, an increase in loan spreads should have been recorded, in particular for riskier loans, though at a smaller extend than in the other credit segments. Two institutions also reported changes in other contractual conditions and terms, namely the reduction in loan maturity and increases in collateral requirements and in non-interest charges.

The demand for loans for consumption and other purposes should have remained, in general, unchanged in the first three months of 2008. Despite the general stability in demand, banks identified some factors as contributing to its decrease, namely a deterioration in consumers' confidence and a decrease in financing needs related with securities and durable consumer goods purchases. However, for one of the surveyed institutions, the later factor should have presented the opposite effect, *i.e.* it should have contributed to stimulate the demand.

For the second quarter of 2008, all participating banking institutions anticipate to tighten additionally the standards applied to the approval of loans to households for consumption and other purposes (a bank foresees to tighten them considerably). For the same period, regarding loan demand, there is some dispersion in the replies: three banking institutions expect a slight decrease, one anticipates a slight increase, while the other participating institution does not foresee sizeable changes.

III. Ad-hoc questions

The US subprime mortgage crisis and its spillovers into other financial markets led to a considerably more cautious valuation of credit risk worldwide since the second half of 2007. For monetary policy purposes, it is important to evaluate to what extend these events influenced banks' credit standards applied to loans granted to the non-financial private sector. Against this background, some *ad-hoc* questions were introduced in this survey, in line with what was done in the last two surveys, with the purpose of assessing to what extend the credit market turmoil influenced loan standards applied by banks to the approval of loans enterprises and households in the euro area during the first quarter of 2008, as well as how will loans standards be affected during the second quarter.

In this context, according to the answers of the surveyed banks, the turbulence in financial markets should have continued to contribute to the tightening of credit standards applied to the approval of loans both to enterprises and households. The tightening of lending criteria should have been more intense in loans granted to households for house purchase (three institutions pointed out a considerable impact). For the second quarter, participating banks expect that the turbulence in financial market will remain affecting credit standards, contributing to tighten them, mainly in the approval of loans to larger firms and to households for house purchase.

Regarding the segment of enterprises, more demanding criteria should have been applied to the approval of loans and credit lines, in particular, in the funding of projects of merger/acquisitions and corporate restructuring as well as, in a smaller extend, in the funding of fixed investment, inventories and working capital. For the second quarter of 2008, the tightening of lending conditions should persist, mainly for fixed investment and for projects related with merger/acquisitions and corporate restructuring.

Given the international financial markets turmoil, Portuguese banks reported some difficulties in accessing wholesale market funding in the first quarter of 2008. According to the replies, there should have been some difficulties in the short-term money market

operations, in the issuance of debt securities, in particular medium to long term debt securities (including covered bonds), and in securitisation operations. A bank also mentioned that the instability in the financial market should have affected the ability to transfer credit risk off the balance sheet. In banks' perspective, the difficulties observed in accessing to the wholesale market funding through the instruments mentioned above should persist in the second quarter of 2008, in particular in what concerns securitisation. The financing difficulties should have contributed to change banks' credit policy, with a negative impact on quantities supplied and, more importantly, on loan margins.

In the first quarter of 2008, participating banks did not report needs to fund draw-downs on commitments to asset-backed commercial paper programmes issued by conduits or structured investment vehicles, since this activity should not have been relevant. For the second quarter, banks do not anticipate changes regarding what was observed in the first three months of 2008.

Finally, according to the majority of participating banks, the financial market turmoil should have influenced the costs related to banks' capital position and the willingness to lend during the first quarter of 2008. The same effects are expected for the second quarter.

METHODOLOGICAL NOTE

The following tables include the results for Portugal of the Bank Lending Surveys (BLS) conducted in January 2008. Two sets of tables are included in the survey: the first set is about loans and credit lines to non financial corporations while the second one is on loans to households.

In the case of corporations two sort of segmentations have been undertaken: small and medium sized (SME) versus large enterprises, and short term versus long term loans. For households, a distinction between loans for house purchase and consumer credit and other lending has been made.

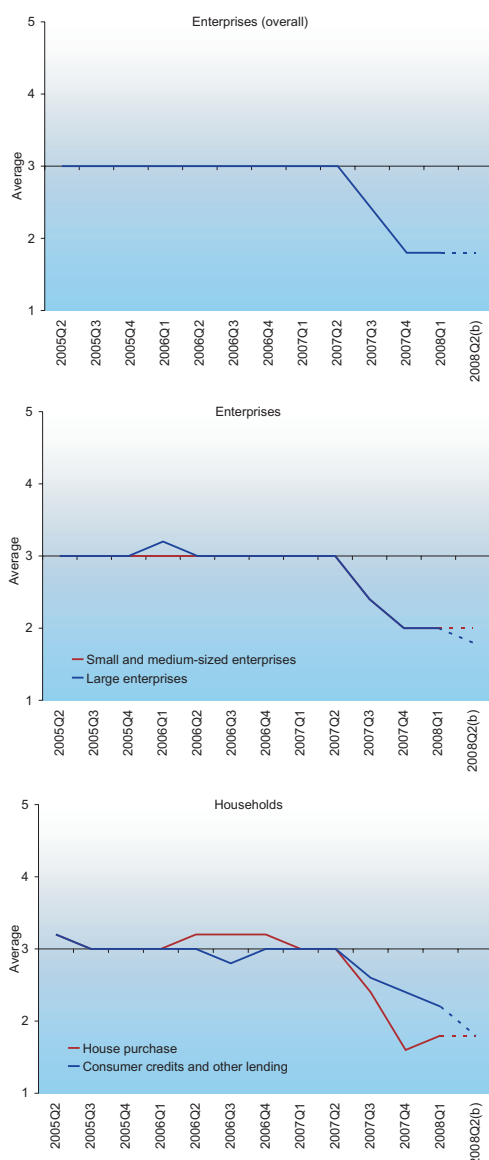
For each sector — enterprises and households — the questions are focused on: i) the current and the prospective assessments on standards, conditions and terms for lending approval, on one hand, and on demand trends, on the other (tables 1, 4, 6, 7, 8, 13, 16 and 17); and ii) the appraisal of factors affecting standards, conditions and terms (tables 2, 3, 9, 10, 11 e 12), and those behind demand developments (tables 5, 14 e 15).

Tables on the first set of questions have five possible options, for each segment, according to the trend and rate of the changes reported (either occurred or foreseen); replies are shown along columns. Answers to tables on factors' appraisal are along the rows; six options are available - including NA (not applicable) — according to their contribution to either supply or demand conditions.

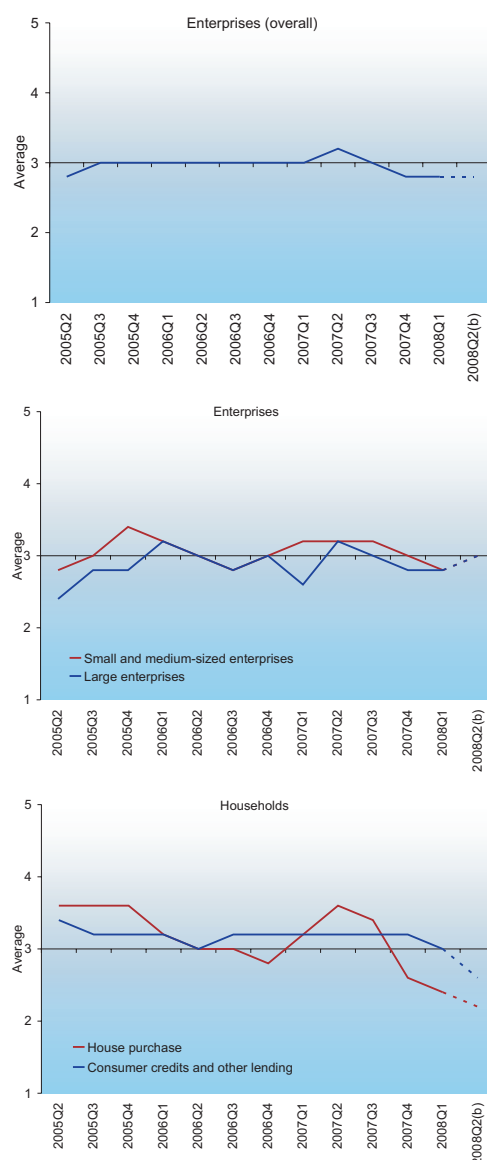
The results of the survey are as follows:

- The number of banks answering for each option;
- The weighted average of the options chosen by the banks, calculated using a scale (from 1 to 5) to aggregate individual replies, whereas 3 corresponds to "remained basically unchanged". An average figure below 3 means tightening standards, conditions and terms for approving loans (or factors contributing to developments in this way), or, as concerns demand, a decline: 2 corresponds to "somewhat" and 1 to a "considerable" change (thus, as average is closer to 3, closer to "no change" will be the overall banks' appraisal). On the contrary, if average is above 3, standards, conditions and terms applied for loans approval will be easing (or factors contributing to this way) or, concerning demand, growing: "somewhat", in the case of 4, and "considerably", in case of 5.

CREDIT SUPPLY^(a)



CREDIT DEMAND^(a)



Notes: (a) In questions regarding credit supply, values below 3 should be interpreted as tighter standards applied on loan approval vis-à-vis the previous quarter. In turn, values above 3 imply an easing of credit standards. In questions regarding credit demand, values above 3 represent an increase in demand.

(b) Banks' expectations.

I. Loans or credit lines to enterprises

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

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Tightened considerably	1		1	1	1
Tightened somewhat	4	5	3	4	4
Remained basically unchanged			1		
Eased somewhat					
Eased considerably					

Average Apr. 08	1.8	2.0	2.0	1.8	1.8
Jan. 08	1.8	2.0	2.0	1.8	1.8

2. Over the past three months, how have the following factors affected your bank's credit standards as applied to the **approval of loans or credit lines to enterprises** (as described in question 1 in the column headed "Overall")? Please rate the contribution of the following factors to the tightening or easing of credit standards using the following scale:

- = contributed considerably to tightening of credit standards
 - = contributed somewhat to tightening of credit standards
 ° = contributed to basically unchanged credit standards
 + = contributed somewhat to easing of credit standards
 ++ = contributed considerably to easing of credit standards
 NA = Not Applicable

Overall

	--	-	°	+	++	NA	Average	
							Apr. 08	Jan. 08
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position ⁽¹⁾		4	1				2.2	2.4
• Your bank's ability to access market financing (e.g. money or bond market financing) ⁽²⁾	2	3					1.6	1.6
• Your bank's liquidity position	1	1	3				2.4	2.6
B) Pressure from competition								
• Competition from other banks			5				3.0	3.0
• Competition from non-banks			5				3.0	3.0
• Competition from market financing		1	4				2.8	2.6
C) Perception of risk								
• Expectations regarding general economic activity		3	2				2.4	2.4
• Industry or firm-specific outlook		3	2				2.4	2.6
• Risk on the collateral demanded		1	4				2.8	2.8

(1) Can involve the use of credit derivatives, with the loans remaining on the bank's balance sheet.

(2) Involves the sale of loans from the bank's balance sheet, i.e. off-balance sheet funding.

(to be continued)

(Continued)

Loans to small and medium-sized enterprises

	--	-	°	+	++	NA	Average Apr. 08 Jan. 08	
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position ⁽¹⁾		4	1				2.2	-
• Your bank's ability to access market financing (e.g. money or bond market financing) ⁽²⁾	1	4					1.8	-
• Your bank's liquidity position		2	3				2.6	-
B) Pressure from competition								
• Competition from other banks			5				3.0	-
• Competition from non-banks			5				3.0	-
• Competition from market financing			5				3.0	-
C) Perception of risk								
• Expectations regarding general economic activity		2	3				2.6	-
• Industry or firm-specific outlook		2	3				2.6	-
• Risk on the collateral demanded			5				3.0	-

(1) Can involve the use of credit derivatives, with the loans remaining on the bank's balance sheet.

(2) Involves the sale of loans from the bank's balance sheet, i.e. off-balance sheet funding.

Loans to large enterprises

	--	-	°	+	++	NA	Average Apr. 08 Jan. 08	
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position ⁽¹⁾		3	2				2.4	-
• Your bank's ability to access market financing (e.g. money or bond market financing) ⁽²⁾	1	4					1.8	-
• Your bank's liquidity position	1		4				2.6	-
B) Pressure from competition								
• Competition from other banks			5				3.0	-
• Competition from non-banks			5				3.0	-
• Competition from market financing		1	4				2.8	-
C) Perception of risk								
• Expectations regarding general economic activity		3	2				2.4	-
• Industry or firm-specific outlook		4	1				2.2	-
• Risk on the collateral demanded			5				3.0	-

(1) Can involve the use of credit derivatives, with the loans remaining on the bank's balance sheet.

(2) Involves the sale of loans from the bank's balance sheet, i.e. off-balance sheet funding.

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

Please rate each factor using the following scale:

- = tightened considerably
- = tightened somewhat
- ° = remained basically unchanged
- + = eased somewhat
- ++ = eased considerably
- NA = Not Applicable

Overall

	--	-	°	+	++	NA	Average	
							Apr. 08	Jan. 08
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)		5					2.0	1.6
• Your bank's margin on riskier loans	2	3					1.6	1.6
B) Other conditions and terms								
• Non-interest rate charges		1	4				2.8	3.0
• Size of the loan or credit line	1		4				2.6	2.4
• Collateral requirements		2	3				2.6	2.6
• Loan covenants		2	3				2.6	2.8
• Maturity	1	3	1				2.0	2.0

Loans to small and medium-sized enterprises

	--	-	°	+	++	NA	Average	
							Apr. 08	Jan. 08
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)		5					2.0	-
• Your bank's margin on riskier loans	2	3					1.6	-
B) Other conditions and terms								
• Non-interest rate charges		1	4				2.8	-
• Size of the loan or credit line	1		4				2.6	-
• Collateral requirements	1	1	3				2.4	-
• Loan covenants		2	3				2.6	-
• Maturity		4	1				2.2	-

Loans to large enterprises

	--	-	°	+	++	NA	Average	
							Apr. 08	Jan. 08
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)		5					2.0	-
• Your bank's margin on riskier loans	2	2	1				1.8	-
B) Other conditions and terms								
• Non-interest rate charges		1	4				2.8	-
• Size of the loan or credit line	1	1	3				2.4	-
• Collateral requirements		2	3				2.6	-
• Loan covenants		2	3				2.6	-
• Maturity	1	3	1				2.0	-

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

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Decreased considerably					1
Decreased somewhat	1	1	1	1	
Remained basically unchanged	4	4	4	4	4
Increased somewhat					
Increased considerably					

Average Apr. 08	2.8	2.8	2.8	2.8	2.6
Jan. 08	2.8	3.0	2.8	2.8	3.0

5. Over the past three months, how have the following **factors** affected the **demand for loans or credit lines to enterprises** (as described in question 4 in the column headed "Overall")? Please rate each possible factor using the following scale:

- = contributed considerably to lower demand
 - = contributed somewhat to lower demand
 ° = contributed to basically unchanged demand
 + = contributed somewhat to higher demand
 ++ = contributed considerably to higher demand
 NA = Not Applicable

	--	-	°	+	++	NA	Average Apr. 08 Jan. 08	
A) Financing needs								
• Fixed investment			5				3.0	3.2
• Inventories and working capital			4	1			3.2	3.2
• Mergers/acquisitions and corporate restructuring	1	1	3				2.4	2.4
• Debt restructuring			1	4			3.8	3.4
B) Use of alternative finance								
• Internal financing			5				3.0	2.8
• Loans from other banks		1	4				2.8	3.0
• Loans from non-banks			5				3.0	3.0
• Issuance of debt securities			4	1			3.2	3.2
• Issuance of equity			5				3.0	3.2

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

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Tighten considerably	1		1		2
Tighten somewhat	4	5	4	5	3
Remain basically unchanged					
Ease somewhat					
Ease considerably					

Average Apr. 08	1.8	2.0	1.8	2.0	1.6
Jan. 08	1.8	2.0	1.8	1.8	1.8

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

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Decrease considerably					1
Decrease somewhat	1	1	1	1	
Remain basically unchanged	4	3	3	3	3
Increase somewhat		1	1	1	1
Increase considerably					

Average Apr. 08	2.8	3.0	3.0	3.0	2.8
Jan. 08	2.6	2.6	2.6	2.8	2.4

II. Loans to households

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

	Loans for house purchase	Consumer credit and other lending
Tightened considerably	2	1
Tightened somewhat	2	2
Remained basically unchanged	1	2
Eased somewhat		
Eased considerably		

Average Apr. 08	1.8	2.2
Jan. 08	1.6	2.4

9. Over the past three months, how have the following **factors** affected your bank's credit standards as applied to the **approval of loans to households for house purchase** (as described in question 8)? Please rate the contribution of the following factors to the tightening or easing of credit standards using the following scale:

- = contributed considerably to tightening of credit standards
- = contributed somewhat to tightening of credit standards
- ° = contributed to basically unchanged credit standards
- + = contributed somewhat to easing of credit standards
- ++ = contributed considerably to easing of credit standards
- NA = Not Applicable

	--	-	°	+	++	NA	Average	
							Apr. 08	Jan. 08
A) Cost of funds and balance sheet constraints	2	1	1			1	1.8	1.8
B) Pressure from competition								
• Competition from other banks		1	4				2.8	2.6
• Competition from non-banks		1	4				2.8	3.0
C) Perception of risk								
• Expectations regarding general economic activity		4				1	2.0	2.4
• Housing market prospects		4				1	2.0	2.4

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

Please rate each factor using the following scale:

- = tightened considerably
- = tightened somewhat
- ° = remained basically unchanged
- + = eased somewhat
- ++ = eased considerably
- NA = Not Applicable

	--	-	°	+	++	NA	Average	
							Apr. 08	Jan. 08
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	1	3	1				2.0	2.4
• Your bank's margin on riskier loans	3	1	1				1.6	1.8
B) Other conditions and terms								
• Collateral requirements		2	3				2.6	2.8
• "Loan-to-value" ratio	2	1	2				2.0	2.6
• Maturity	1		4				2.6	3.0
• Non-interest rate charges		1	4				2.8	2.8

11. Over the past three months, how have the following **factors** affected your bank's credit standards as applied to the approval of **consumer credit and other lending to households** (as described in question 8)? Please rate the contribution of the following factors to the tightening or easing of credit standards using the following scale:

- = contributed considerably to tightening of credit standards
- = contributed somewhat to tightening of credit standards
- ° = contributed to basically unchanged credit standards
- + = contributed somewhat to easing of credit standards
- ++ = contributed considerably to easing of credit standards
- NA = Not Applicable

	--	-	°	+	++	NA	Average	
							Apr. 08	Jan. 08
A) Cost of funds and balance sheet constraints	1	2	1			1	2.0	2.2
B) Pressure from competition								
• Competition from other banks			4	1			3.2	3.0
• Competition from non-banks			4	1			3.2	3.0
C) Perception of risk								
• Expectations regarding general economic activity		4				1	2.0	2.4
• Creditworthiness of consumers		4				1	2.0	2.4
• Risk on the collateral demanded		3	1			1	2.3	3.0

12. Over the past three months, how have your bank's **conditions** and terms for approving **consumer credit and other lending to households** changed? Please rate each factor using the following scale:

- = tightened considerably
- = tightened somewhat
- ° = remained basically unchanged
- + = eased somewhat
- ++ = eased considerably
- NA = Not Applicable

	--	-	°	+	++	NA	Average	
							Apr. 08	Jan. 08
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	1	2	2				2.2	2.4
• Your bank's margin on riskier loans	2	2	1				1.8	2.2
B) Other conditions and terms								
• Collateral requirements		1	4				2.8	3.0
• Maturity	1		4				2.6	2.8
• Non-interest rate charges		2	3				2.6	3.0

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

	Loans for house purchase	Consumer credit and other lending
Decreased considerably	1	
Decreased somewhat	1	1
Remained basically unchanged	3	3
Increased somewhat		1
Increased considerably		
Average Apr. 08		
	2.4	3.0
Jan. 08		
	2.6	3.2

14. Over the past three months, how have the following **factors** affected the **demand for loans to households for house purchase** (as described in question 13)? Please rate each factor using the following scale:

- = contributed considerably to lower demand
- = contributed somewhat to lower demand
- ° = contributed to basically unchanged demand
- + = contributed somewhat to higher demand
- ++ = contributed considerably to higher demand
- NA = Not Applicable

	--	-	°	+	++	NA	Average	
							Apr. 08	Jan. 08
A) Financing needs								
• Housing market prospects		4	1				2.2	2.4
• Consumer confidence	1	3	1				2.0	2.4
• Non-housing related consumption expenditure		2	3				2.6	2.4
B) Use of alternative finance								
• Household savings			5				3.0	3.0
• Loans from other banks			5				3.0	3.0
• Other sources of finance			5				3.0	3.0

15. Over the past three months, how have the following **factors** affected the **demand for consumer credit and other lending to households** (as described in question 12)? Please rate each factor using the following scale:

- = responsible for considerable decrease
- = responsible for decrease
- ° = responsible for neither decrease nor increase
- +
- ++ = responsible for considerable increase
- NA = Not Applicable

	--	-	°	+	++	NA	Average	
							Apr. 08	Jan. 08
A) Financing needs								
• Spending on durable consumer goods, such as cars, furniture, etc.)		1	3	1			3.0	3.0
• Consumer confidence	1	2	2				2.2	2.8
• Securities purchases	1	1	3				2.4	2.8
B) Use of alternative finance								
• Household saving			4			1	3.0	3.0
• Loans from other banks			4			1	3.0	3.0
• Other sources of finance			4			1	3.0	3.0

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

	Loans for house purchase	Consumer credit and other lending
Tighten considerably	2	1
Tighten somewhat	2	4
Remain basically unchanged	1	
Ease somewhat		
Ease considerably		
Average Apr. 08	1.8	1.8
Jan. 08	1.8	2.2

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

	Loans for house purchase	Consumer credit and other lending
Decrease considerably		
Decrease somewhat	4	3
Remain basically unchanged	1	1
Increase somewhat		1
Increase considerably		
Average Apr. 08	2.2	2.6
Jan. 08	2.0	2.6

Ad-hoc questions

The crisis in US sub-prime mortgage-related bonds and its spill-over into other financial markets led to a considerably more cautious valuation of credit risk worldwide in the second half of 2007. From the perspective of monetary policy, it is important to monitor how these events have affected bank credit conditions for enterprises and households. This set of questions is a follow-up to the ad hoc questions included in the October 2007 survey with the aim of gauging the extent to which the financial market tensions have affected banks' credit standards for loans and credit lines to enterprises and households in the euro area in the first quarter of 2008 and will affect them in the next three months.

1. 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	
	SMEs	Large Enterprises	For house purchase	Consumer credit and other lending
Contributed considerably to tightening of credit standards	1	1	3	1
Contributed somewhat to tightening of credit standards	4	3	1	2
Basically no impact on credit standards		1	1	2
Contributed somewhat to easing of credit standards				
Contributed considerably to easing of credit standards				
N/A(*)				

(*) "NA" (not applicable): the bank does not conduct business in a particular loan category.

2. 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	
	SMEs	Large Enterprises	For house purchase	Consumer credit and other lending
Contribute considerably to tightening of credit standards	1	2	2	1
Contribute somewhat to tightening of credit standards	4	3	3	3
Basically no impact on credit standards				1
Contribute somewhat to easing of credit standards				
Contribute considerably to easing of credit standards				
N/A(*)				

(*) "NA" (not applicable): the bank does not conduct business in a particular loan category.

3. 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 this 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		
	Investment	Inventories and working capital	M&A and corporate restructuring	Investment	Inventories and working capital	M&A and corporate restructuring
Contributed/will contribute considerably to tightening of credit standards	1		2	2	1	2
Contributed/will contribute somewhat to tightening of credit standards	4	5	3	3	4	3
Basically no impact on credit standards						
Contributed/will contribute somewhat to easing of credit standards						
Contributed/will contribute considerably to easing of credit standards						
N/A(*)						

(*) "NA" (not applicable): the bank does not conduct business in a particular loan category.

4. 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? Please rate each factor using the following scale:

-- = considerably hampered
 - = somewhat hampered
 ° = basically not hampered
 NA = not applicable

	Over past three months			Over the next three months			N/A ⁽¹⁾
	--	-	°	--	-	°	
A) Inter-bank unsecured money market							
• Very short term money market (up to 1 week)			5			5	
• Short-term money market (more than 1 week)		3	2		2	3	
B) Debt securities⁽²⁾							
• Short-term debt securities (e.g. certificates of deposit or commercial paper)		2	3		1	4	
• Medium to long term debt securities (incl. covered bonds)	3	1	1	1	3	1	
C) Securitisation⁽³⁾							
• Securitisation of corporate loans	2	1		3	1		1
• Securitisation of loans for house purchase	2	1		3	1		1
D) Ability to transfer credit risk off balance sheet ⁽⁴⁾	1		2	1	1	2	1

(1) "NA" (not applicable): the source of funding is not relevant for the 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.

5. If you have stated in response to question 4 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?

(a) For money markets, debt securities or other markets (sections A and B of question 4 above)

	Over the past three months	Over the next three months
Quantity		
Considerable impact	1	1
Some impact	3	3
Basically no impact		
Margin		
Considerable impact	2	2
Some impact	2	2
Basically no impact		
N/A (*)	1	1

(*) "NA" (not applicable): the bank has replied "basically not hampered" or "NA" to question 4.

(b) For securitisation and use of credit risk transfer instruments (sections C and D of question 4 above)

	Over the past three months	Over the next three months
Quantity		
Considerable impact	1	1
Some impact	2	2
Basically no impact	1	1
Margin		
Considerable impact	2	2
Some impact	2	2
Basically no impact		
N/A (*)	1	1

(*) "NA" (not applicable) the bank has replied "basically not hampered" or "NA" to question 4.

6. 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		
Some impact		
Basically no impact		
Margin		
Considerable impact		
Some impact		
Basically no impact		
N/A (*)	5	5

(*) "NA" (not applicable): the source of funding is not relevant for the bank.

7. 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		
Considerable impact on capital, and some impact on lending	1	1
Some impact on both capital and lending	3	3
Some impact on capital, but no impact on lending		
Basically no impact on capital	1	1
No reply		

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