

BANK LENDING SURVEY

April 2009

Results for Portugal**I. Overall assessment**

According to the results of the survey conducted in April 2009, the five Portuguese banking groups included in the sample indicated, on average, an increase in the restrictiveness of credit standards applied in the first quarter of 2009 to the approval of loans to the non-financial private sector as compared to the previous quarter.

Similarly to what was reported in previous surveys, the main factors affecting credit standards in the first quarter of 2009 were increased funding cost and balance sheet constraints, on the one hand, and a deterioration in banks' perceived risks, on the other. Tightening criteria have been translated into wider interest rate spreads and other more demanding contractual conditions. These developments should have reflected, to a considerable extent, the maintenance of difficulties in accessing wholesale funding markets, pointed out by some banks as considerable regarding medium to long term debt and credit securitisation markets.

Demand for loans or credit lines by non-financial firms should not have recorded a significant change during the first quarter of 2009. Debt restructuring and, to a lesser extent, inventories and working capital financing needs continued as the main factors contributing to an increase in enterprises' loan demand. Contributing to a decrease in firms' demand were mentioned financing needs related to investment and to mergers/acquisitions and corporate restructuring. As to households' demand, this was reported as experiencing a reduction over the first quarter of 2009, referred as considerable in the house purchase segment. Consumer confidence deterioration, pessimistic prospects on housing market and some decline in consumption expenditure related to durable goods were pointed out as the main factors affecting the path of credit demand by households.

Prospects of the surveyed banks for the second quarter of 2009 are of further tightening in credit standards applied to the approval of loans. Simultaneously, expectations are for some increase in credit demand by non-financial firms, which will contrast with the expected decrease in the segment of loans to households.

Instability in international financial markets remained distressing banks' access to the wholesale funding markets in the first quarter of 2009. According to the answers to ad-hoc questions included in the survey conducted in April of 2009, funding difficulties were reflected in tightening credit conditions applied by banks, both on spreads and amounts offered. For the second quarter of 2009, the Portuguese surveyed banks do not expect a significant change in this situation.

II. Presentation of the results**Loans and credit lines to enterprises**

In global terms, the five banking groups participating in the survey reported the adoption of stricter credit standards in approving loans and credit lines to enterprises during the first quarter of 2009. While common to the different maturity and counterpart's size segments, the increase in restrictiveness was most relevant for long term operations.

According to the banks' answers, funding costs and balance sheet constraints, on the one hand, and the increase in perceived risks, on the other, were the factors inducing the adoption of tighter credit standards for loans and credit lines to enterprises. The first factor was mainly associated with the cost of own funds and with the continued difficulty in accessing market funding. As to the second, it was related with increased risks regarding general economic activity and regarding industry of firm-specific outlook. None of the reporting banks pointed out competitive pressures as having a significant effect on criteria changes in the first quarter of 2009.

Tighter loan standards should have been translated into wider spreads applied by banks overall, with four banks reporting a considerable increase in interest margins on average risk loans. Additionally, increased restrictiveness was reflected in other contractual conditions and terms, namely through reductions in loan's maturity.

In global terms, demand for loans and credit lines by enterprises should have remained broadly unchanged in the first quarter of 2009, as compared to the three months before, despite some disparity observed among banks' replies. Still, some increase in demand for short-term loans was reported.

Debt restructuring and firms' borrowing needs related to inventories and working capital were reported as contributing to an increase in loan demand, in a context of a decrease in internal financing. In turn, investment and mergers/acquisitions and corporate restructuring financing needs allowed to a decrease in demand, while the use of alternative finance (through debt or equity) was not so conditioned as in the previous quarter.

For the second quarter of 2009, the Portuguese surveyed banks anticipate a further tightening in credit standards applied to the approval of loans and credit lines to enterprises, specially for long-term loans (all banks expect this evolution for this segment). For the same period, inquired banks expect a slight increase in demand, exception being the long-term loans segment, for which a small decrease is anticipated.

Loans to households**For house purchase**

In the first quarter of 2009, credit standards applied to the approval of loans to households for house purchase continued tightening, with two banks reporting the adoption of considerably more demanding criteria.

The tightening of criteria should have reflected mainly the deterioration of expectations regarding economic activity in general and of housing market prospects. Furthermore, the increase in banks' cost of funds and balance sheet constraints were also re-

ported to have contributed to stricter criteria. In this context, one bank pointed out the shortage of liquidity in wholesale markets as contributing to tighter credit standards.

More demanding conditions were translated into wider spreads applied to average risk loans, and more markedly to riskier loans, into a reduction of the loan-to-value ratio and into an increase in collateral demand.

In the first quarter of 2009, loan demand for house purchase was reported as decreasing by all participating banks. Two main factors should have explained this evolution: the deterioration of housing market prospects and reduced consumer confidence. In a more subdued way, non-housing related consumption expenditure should have induced a reduction in borrowing needs in this segment. The use of alternative finance seems to have had no impact or little impact in demand as assessed by the participating banks.

For the second quarter of 2009, three banks foresee the adoption of stricter criteria in the approval of loans for house purchase, one of them reporting considerably stricter. For the same period, all inquired banks expect a decrease in loan demand, one of them indicating an expectation of a considerable decrease.

For consumption and other purposes

In the first quarter of 2009, credit standards applied in the approval of loans for consumption and other purposes should have become also more severe, with one participating bank reporting considerably more demanding criteria. This evolution was closely associated with the deterioration of perceived risks, regarding expectations on economic activity, consumers' creditworthiness and risks associated to collateral demanded. As in the other segments of credit market, the increase in banks' cost of funds and balance sheet constraints continued to influence the conditions of credit granting for consumption and other purposes.

Tightening conditions were reflected in wider spreads, more markedly in the riskier loans, and, less markedly, in stricter non-interest conditions and terms (collateral requirements, maturity and non-interest rate charges).

According to the Portuguese participating banks in the survey, loan demand for consumption and other purposes decreased in the first quarter of 2009 as compared to the previous quarter. Deteriorating confidence among consumers and some reduction in borrowing needs related to the consumption of durable goods seem to have been the main factors behind this trend.

For the second quarter of 2009, credit standards applied to the approval of loans to households for consumption and other purposes should tighten further. At the same time, a decrease in demand is expected.

III. Ad-hoc questions

As from the October 2007 survey, some ad-hoc questions were included in the survey conducted in April 2009, with the aim of assessing 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. An ad-hoc question on the effect of government's announcement of recapitalisation support and state's guarantees for debt securities issued by banks on each bank's access to wholesale funding was also included.

According to the collected answers, the turbulence in financial markets should have continued to contribute to the tightening of credit standards applied to the approval of loans to the non-financial private sector in the first quarter of 2009. Participating banks reported the maintenance of difficulties in accessing funds in most of the wholesale markets over the quarter under review. Difficulties were reported as more significant in issuing medium to long term debt securities (where covered bonds are included) and in accessing to securitization of both corporate loans and loans for house purchase. As to short-term debt securities and the inter-bank unsecured money market for operations with maturity longer than one week difficulties were not so stringent. Most of the Portuguese surveyed banks reported the very short-term unsecured money market (up to one week) as basically not hampered. The conditions of banks' accessing wholesale funding markets should have had an impact on the margin at which funds were lent and, not so significantly, in the quantity banks were willing to lend.

For the second quarter of 2009, difficulties in accessing wholesale funding market are expected to remain broadly the same as over the three months before. Similarly, the impact of banks' funding conditions on their credit standards for loans and credit lines should maintain the same trend as in the first quarter of 2009 (impact on both margin and quantity, more significant on the first).

Three of the Portuguese participating banks in the survey reported that the government's announcement of recapitalisation support and state's guarantees for debt securities issued by banks has allowed for some improvement on banks' access to wholesale funding markets over the first three months of 2009, with a similar impact being expected for the second quarter of 2009.

Note:

In the context of an harmonization effort in the publication of the Bank Lending Survey results at the Eurosystem level, Bank of Portugal starts publishing in this quarter the diffusion index for the answers for each question in the survey, replacing the previously presented measure, the average. It should be noticed that the new measure corresponds to a linear transformation of the average, so that, in qualitative terms, there is no change in the analysis of the results.

Similarly to what happened with the average, in order to construct the diffusion index it is necessary to assign numerical values to the different possible qualitative answers. This scale ranges from -1 to 1, with the 0 corresponding to a "no change" situation. Values of less than 0 mean stricter criteria or the impact of factors in the sense of high restrictiveness. The -0.5 figure corresponds to a "slight" change (the closer the diffusion index is to 0, the slighter it will be the change) while -1 stands for a considerable change in the sense of higher restrictiveness. In turn, values exceeding 0 point to a decrease in restrictiveness or in the impact of factors supporting it. The 0.5 figure corresponds to a "slight" change while 1 stands for a considerable decrease in restrictiveness. In the questions about demand, the same scale applies, with negative figures standing for decreases in demand and positive figures pointing to the opposite evolution (or the impact of factors for it).

METHODOLOGICAL NOTE

The following tables include the results for Portugal of the Bank Lending Surveys (BLS) conducted in April 2009. Two sets of tables are included in the survey: the first set is about loans and credit lines to non financial corporations while the second one is on loans to households. In the case of corporations two sort of segmentations have been undertaken: small and medium sized (SME) versus large enterprises, and short term versus long term loans. For households, a distinction between loans for house purchase and consumer credit and other lending has been made.

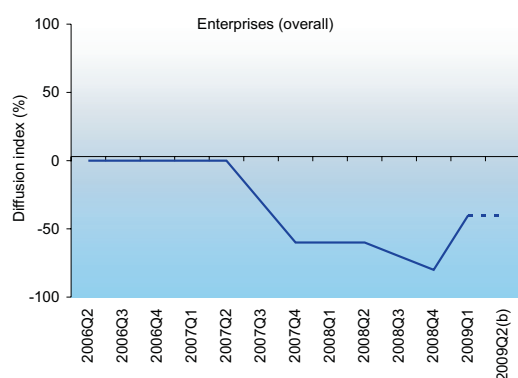
For each sector - enterprises and households - the questions are focused on: i) the current and the prospective assessments on standards, conditions and terms for lending approval, on one hand, and on demand trends, on the other (tables 1, 4, 6, 7, 8, 13, 16 and 17); and ii) the appraisal of factors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

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

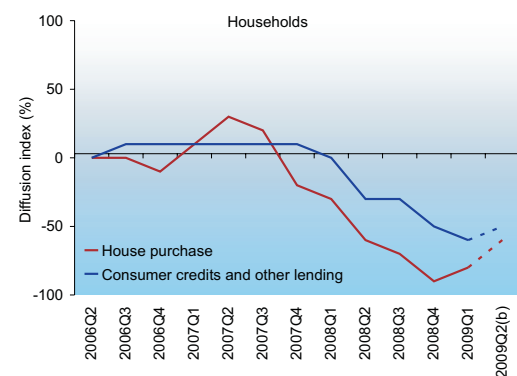
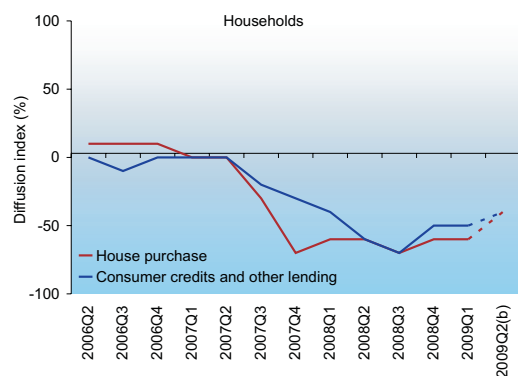
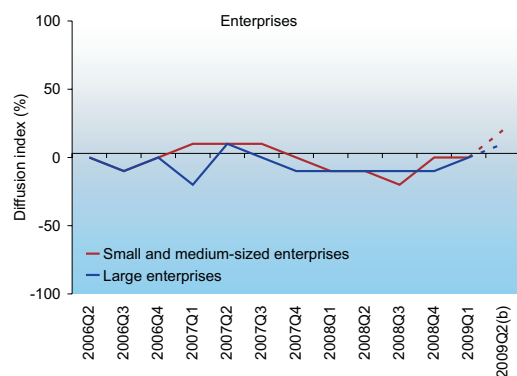
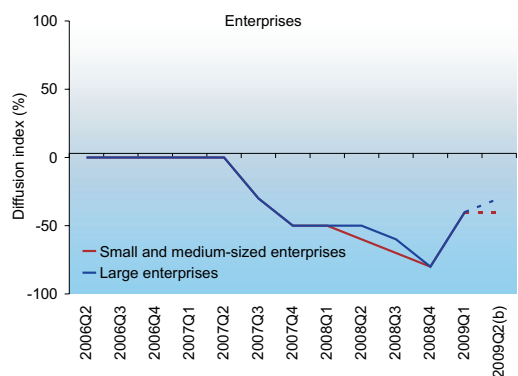
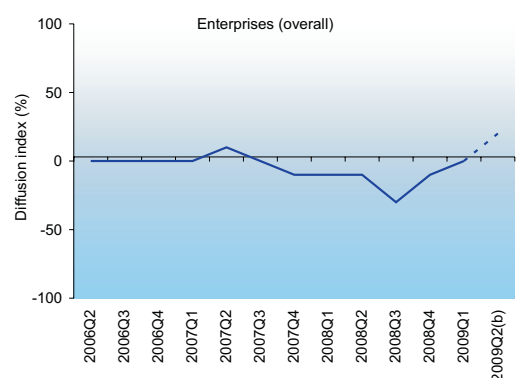
The results of the survey are as follows:

- The number of banks answering for each option;
- The diffusion index of the options chosen by the banks, calculated using a scale (from -1 to 1) to aggregate individual replies, whereas 0 corresponds to "remained basically unchanged". A diffusion index figure below 0 means tightening standards, conditions and terms for approving loans (or factors contributing to developments in this way), or, as concerns demand, a decline: -0.5 corresponds to "somewhat" and -1 to a "considerable" change (thus, as the diffusion index is closer to 0, closer to "no change" will be the overall banks' appraisal). On the contrary, if the diffusion index is above 0, 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 0.5, and "considerably", in case of 1.

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
Tightened somewhat	4	4	4	3	4
Remained basically unchanged	1	1	1	2	
Eased somewhat					
Eased considerably					

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Diffusion index (%) Apr. 09	40	40	40	30	60
Jan. 09	80	80	80	80	80

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

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

Overall

	--	-	°	+	++	NA	Diffusion index (%)	
							Apr. 09	Jan. 09
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position ⁽¹⁾	2	1	2				50	50
• Your bank's ability to access market financing (e.g. money or bond market financing) ⁽²⁾	2	1	2				50	60
• Your bank's liquidity position		3	2				30	20
B) Pressure from competition								
• Competition from other banks			5				0	0
• Competition from non-banks			5				0	0
• Competition from market financing			5				0	0
C) Perception of risk								
• Expectations regarding general economic activity	1	4					60	80
• Industry or firm-specific outlook	1	3	1				50	70
• Risk on the collateral demanded		3	2				30	30

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

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

(To be continued)

(Continued)

Loans to small and medium-sized enterprises

	--	-	°	+	++	NA	Diffusion index (%)	
							Apr. 09	Jan. 09
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position ⁽¹⁾	2	1	2				50	50
• Your bank's ability to access market financing (e.g. money or bond market financing) ⁽²⁾	2	1	2				50	50
• Your bank's liquidity position		3	2				30	20
B) Pressure from competition								
• Competition from other banks			4	1			-10	0
• Competition from non-banks			5				0	0
• Competition from market financing			5				0	0
C) Perception of risk								
• Expectations regarding general economic activity	1	4					60	80
• Industry or firm-specific outlook	1	3	1				50	70
• Risk on the collateral demanded		3	2				30	30

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

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

Loans to large enterprises

	--	-	°	+	++	NA	Diffusion index (%)	
							Apr. 09	Jan. 09
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position ⁽¹⁾	2	1	2				50	50
• Your bank's ability to access market financing (e.g. money or bond market financing) ⁽²⁾	3		2				60	60
• Your bank's liquidity position	1	2	2				40	40
B) Pressure from competition								
• Competition from other banks			5				0	0
• Competition from non-banks			5				0	0
• Competition from market financing			5				0	0
C) Perception of risk								
• Expectations regarding general economic activity	1	4					60	80
• Industry or firm-specific outlook	1	3	1				50	70
• Risk on the collateral demanded		3	2				30	30

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

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

3. Over the past three months, how have your bank's **conditions** and terms for approving **loans or credit lines to enterprises** changed? Please rate each factor using the following scale:
- = tightened considerably
 - = tightened somewhat
 - ° = remained basically unchanged
 - + = eased somewhat
 - ++ = eased considerably
 - NA = Not Applicable

Overall

	--	-	°	+	++	NA	Diffusion index (%)	
							Apr. 09	Jan. 09
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	2	3					70	70
• Your bank's margin on riskier loans	4	1					90	80
B) Other conditions and terms								
• Non-interest rate charges		1	4				10	20
• Size of the loan or credit line		3	2				30	40
• Collateral requirements		3	2				30	20
• Loan covenants		3	2				30	20
• Maturity	1	4					60	60

Loans to small and medium-sized enterprises

	--	-	°	+	++	NA	Diffusion index (%)	
							Apr. 09	Jan. 09
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	2	3					70	70
• Your bank's margin on riskier loans	3	2					80	90
B) Other conditions and terms								
• Non-interest rate charges		1	4				10	20
• Size of the loan or credit line		2	2	1			10	40
• Collateral requirements		2	3				20	20
• Loan covenants		2	3				20	10
• Maturity	1	3	1				50	60

Loans to large enterprises

	--	-	°	+	++	NA	Diffusion index (%)	
							Apr. 09	Jan. 09
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	3	2					80	70
• Your bank's margin on riskier loans	4	1					90	70
B) Other conditions and terms								
• Non-interest rate charges		1	4				10	30
• Size of the loan or credit line		3	2				30	50
• Collateral requirements		3	2				30	30
• Loan covenants		3	2				30	30
• Maturity	1	4					60	70

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

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Decreased considerably					
Decreased somewhat	2	2	2		1
Remained basically unchanged	1	1	1	2	2
Increased somewhat	2	2	2	3	2
Increased considerably					

	Diffusion index (%) Apr. 09		Jan. 09		
	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
	0	0	0	30	10
	-10	0	-10	0	-30

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

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

	--	-	°	+	++	NA	Diffusion index (%)	
							Apr. 09	Jan. 09
A) Financing needs								
• Fixed investment	1	2	1	1			-30	-50
• Inventories and working capital			1	3	1		50	20
• Mergers/acquisitions and corporate restructuring		1	4				-10	-20
• Debt restructuring				4	1		60	40
B) Use of alternative finance								
• Internal financing		1	2	1	1		20	0
• Loans from other banks		1	3	1			0	-10
• Loans from non-banks		1	4				-10	-10
• Issuance of debt securities		2	3				-20	0
• Issuance of equity		2	3				-20	-10

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

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

	Diffusion index (%) Apr. 09		Jan. 09		
	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
	40	40	30	20	50
	60	60	60	60	70

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

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

	Diffusion index (%) Apr. 09	20	20	10	30	-10
	Jan. 09	0	0	0	20	0

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	3
Remained basically unchanged	1	1
Eased somewhat		
Eased considerably		

	Diffusion index (%) Apr. 09	60	50
	Jan. 09	60	50

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

	--	-	o	+	++	NA	Diffusion index (%)	
							Apr. 09	Jan. 09
A) Cost of funds and balance sheet constraints	2	1	2				50	50
B) Pressure from competition								
• Competition from other banks			5				0	0
• Competition from non-banks			4			1	0	0
C) Perception of risk								
• Expectations regarding general economic activity	2	3					70	80
• Housing market prospects	2	3					70	80

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

Please rate each factor using the following scale:

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

	--	-	°	+	++	NA	Diffusion index (%)	
							Apr. 09	Jan. 09
A) Price								
* Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	1	4					60	70
* Your bank's margin on riskier loans	4	1					90	90
B) Other conditions and terms								
* Collateral requirements	1	1	3				30	30
* "Loan-to-value" ratio	1	3	1				50	40
* Maturity			5				0	0
* Non-interest rate charges			5				0	0

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

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

	--	-	°	+	++	NA	Diffusion index (%)	
							Apr. 09	Jan. 09
A) Cost of funds and balance sheet constraints								
	1	2	2				40	40
B) Pressure from competition								
* Competition from other banks			5				0	0
* Competition from non-banks			5				0	0
C) Perception of risk								
* Expectations regarding general economic activity	2	3					70	80
* Creditworthiness of consumers	2	3					70	80
* Risk on the collateral demanded		2	3				20	40

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

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

	--	-	°	+	++	NA	Diffusion index (%)	
							Apr. 09	Jan. 09
A) Price								
* Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	1	3	1				50	50
* Your bank's margin on riskier loans	1	4					60	60
B) Other conditions and terms								
* Collateral requirements		1	4				10	10
* Maturity		2	3				20	20
* Non-interest rate charges		2	3				20	30

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	3	2
Decreased somewhat	2	2
Remained basically unchanged		1
Increased somewhat		
Increased considerably		

Diffusion index (%)	Apr. 09	
	Jan. 09	-80
	-90	-50

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

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

	--	-	°	+	++	NA	Diffusion index (%)	
							Apr. 09	Jan. 09
A) Financing needs								
• Housing market prospects	4	1					-90	-90
• Consumer confidence	4		1				-80	-80
• Non-housing related consumption expenditure		3	2				-30	-20
B) Use of alternative finance								
• Household savings			5				0	0
• Loans from other banks			5				0	0
• Other sources of finance			5				0	0

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

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

	--	-	°	+	++	NA	Diffusion index (%)	
							Apr. 09	Jan. 09
A) Financing needs								
• Spending on durable consumer goods (such as cars, furniture, etc.)	3	1	1				-70	-50
• Consumer confidence	3	2					-80	-70
• Securities purchases	2		3				-40	-30
B) Use of alternative finance								
• Household saving		1	4				-10	-10
• Loans from other banks			5				0	0
• Other sources of finance			5				0	0

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

	Loans for house purchase	Consumer credit and other lending
Tighten considerably	1	1
Tighten somewhat	2	2
Remain basically unchanged	2	2
Ease somewhat		
Ease considerably		

Diffusion index (%)	Apr. 09	40	40
	Jan. 09	50	50

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

	Loans for house purchase	Consumer credit and other lending
Decrease considerably	1	1
Decrease somewhat	4	3
Remain basically unchanged		1
Increase somewhat		
Increase considerably		

Diffusion index (%)	Apr. 09	-60	-50
	Jan. 09	-70	-50

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 fourth quarter of 2008 and will affect them in the next three months.

1.

As a result of the situation in financial markets ⁽¹⁾, 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 ⁽²⁾
	--	-	°	--	-	°	
A) Inter-bank unsecured money market							
• Very short term money market (up to 1 week)		1	4		1	4	
• Short-term money market (more than 1 week)	2	2	1	2	1	2	
B) Debt securities⁽³⁾							
• Short-term debt securities (e.g. certificates of deposit or commercial paper)	1	3	1	1	2	2	
• Medium to long term debt securities (incl. covered bonds)	3	1	1	2	2	1	
C) Securitisation⁽⁴⁾							
• Securitisation of corporate loans	3	1	1	2	2	1	
• Securitisation of loans for house purchase	3	1	1	3	1	1	
D) Ability to transfer credit risk off balance sheet ⁽⁵⁾	2		2	2		2	1
E) Other markets							

2. If you have stated in response to question 1 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 1 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	3	2
Some impact	1	2
Basically no impact		
NA (*)	1	1

(b) For securitisation and use of credit risk transfer instruments (sections C and D of question 1 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		
NA (*)	1	1

3. To what extent have the events in financial markets affected the costs related to your bank's capital position (*), and has this constrained your willingness to lend over the past three months or could this constrain your willingness to lend over the next three months?

	Over the past three months	Over the next three months
Considerable impact on both capital and lending	1	1
Considerable impact on capital, and some impact on lending	2	2
Some impact on both capital and lending	2	2
Some impact on capital, but no impact on lending		
Basically no impact on capital		
No reply		

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

4. What effect has the government's announcement of recapitalisation support and state guarantees for debt securities issued by banks had on your bank's access to wholesale funding over the past three months, and what effect are you expecting over the next three months?

	Over the past three months	Over the next three months
Considerable improvement in market access		1
Some improvement in market access	4	3
Basically no impact on market access	1	1