

**BANK LENDING SURVEY**

January 2008

**Results for Portugal****I. Overall assessment**

In the last quarter of 2007, the five Portuguese banking groups included in the Bank Lending Survey sample considerably tightened their lending standards, most notably for loans to households for house purchase and for loans to enterprises. This tightening mainly reflected the conditions faced by banks in the access to wholesale funding, against a background of disruptions in international financial markets since end-July. Given the relevance of wholesale market funding for Portuguese banks, the increase in funding costs in these markets and the difficulties in accessing a number of financial market instruments contributed to tighter credit standards, most notably in what concerns loan spreads, in all risk categories. Furthermore, banks were more demanding regarding renegotiated loan maturities and collateral requirements and reduced loan amounts in some credit market segments.

According to the reporting banks, loan demand by enterprises and households did not undergo sizeable changes during the fourth quarter of 2007, even though one banking group identified a slight decrease in loan demand, especially in loans to large enterprises and in loans to households for house purchase. Loan demand by enterprises was negatively affected by the reduction in financing needs for mergers and acquisitions and for corporate restructuring. In turn, the evolution of loan demand by households for house purchase was conditioned by a worsening of consumer confidence and of housing market prospects, by an increase in non-housing related consumption expenditure and by the increase in interest rates.

In the first quarter of 2008, Portuguese banks expect to further tighten credit standards. This tightening should affect mostly loans to enterprises (most notably to large enterprises) and loans to households for housing purposes. Reporting banks foresee a widespread decrease in loan demand during the first three months of 2008.

The persistence of some instability in international financial markets during the last months of 2007 justified the inclusion of a number of ad-hoc questions in the January survey, in line with what was done in the October survey. These questions intend to assess how the financial market turbulence has been affecting the activity of euro area banks, most notably in what concerns constraints faced in wholesale funding and their implications in the approval of loans to enterprises and households. According to banks' replies, the financial market turmoil led to some tightening in standards used in loan approval during the last quarter of 2007. Banks expect that this turbulence should continue to constrain loan supply during the first three months of 2008, most notably for housing loans. Banks admitted having faced some difficulties in access to wholesale funding, remarkably in the issuance of debt securities and in loan securitisation. Most of the reporting banks consider that the situation in international financial markets should have some impact in loan supply and in the costs related to banks' capital position.

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

In the last quarter of 2007, all banks included in survey sample applied somewhat tighter standards in the approval of loans to enterprises (one banking group considerably tightened lending standards). This tightening in loan supply conditions was more intense and widespread than in the previous quarter, having affected all the market segments considered. Tighter lending standards were mainly a result of the difficulties faced by banks in accessing wholesale funding, against a background of marked instability in international financial markets. Moreover, the increase in the cost of bank capital, as well as the deterioration of expectations regarding general economic activity and of the outlook for specific industries or firms also contributed to the tightening in lending standards. One banking group considered that its liquidity position and the pressure arising from competition from market financing have also limited their supply of loans and credit lines to enterprises.

All banks increased spreads on bank loans to enterprises during the fourth quarter of 2007, both in average risk and in riskier loans. This increase was more significant for two of the five reporting banking groups. Furthermore, banks were more demanding in what concerns loan maturity, loan amount, collateral requirements and loan covenants.

According to the banks answers, loan demand by firms remained globally unchanged, even though one banking group recorded a slight decrease in loan demand, especially by large enterprises. Loan demand by enterprises should have been limited by the decrease in financing needs for mergers and acquisitions and for corporate restructuring and by an increased use of internal funds. On the other hand, banks have also identified some factors that could be stimulating loan demand, such as debt restructuring, the funding of inventories and working capital and the funding of fixed investment. Moreover, some firms may also be facing some constraints in wholesale funding, thus leading to an increased demand of bank loans.

In the first quarter of 2008, all reporting banks should continue to tighten lending standards, most notably in loans to large enterprises. Some banks foresee a decrease in the demand of loans by enterprises, mostly in longer maturities.

**Loans to households****For house purchase**

In the last quarter of 2007, all banks included in the survey applied tighter standards in the approval of loans to households for housing purchase. This tightening was more significant for two of the five reporting banking groups and it was more intense and widespread than in the previous quarter. In the origin of these changes lays the increase in funding costs faced by banks, as previously mentioned, which were particularly important for two banking groups. In addition, three banks also considered that the deterioration of expectations regarding economic activity and, in particular, the housing market influenced the change in lending

standards. In turn, the decrease in pressures from competitor banks also contributed to a further tightening in loan conditions. This tightening was reflected mainly in a rise in loan spreads, most notably in riskier loans. Moreover, banks were also more demanding in other loan conditions, such as the loan-to-value ratio, collateral requirements and non-interest charges.

According to the majority of reporting banks, loan demand for house purchase did not undergo sizeable changes during the last quarter of 2007, even though one banking group faced a considerable decrease in loan demand. According to banks, several factors have negatively affected the evolution of loan demand in this segment, such as the deterioration of housing market prospects, the fall in consumer confidence and the increase in non-housing related consumption expenditure. Moreover, one bank considers that the upward trend in bank interest rates may be contributing to a decrease in loan demand, whereas another banking group recorded an increase in loan transfers from other banks, which is exerting a positive pressure on loan demand directed to this bank.

In the first quarter of 2008, Portuguese banks expect to further tighten conditions applied in the approval of housing loans and foresee a slight decrease in demand.

#### **For consumption and other purposes**

In the segment of loans to households for consumption and other purposes there was also some tightening in lending conditions, even though to a smaller extent than in other credit market segments (one bank applied slightly tighter criteria, whereas another bank applied considerably tighter loan standards). In line with what was seen in other credit market segments, this tightening was mainly associated with the increase in banks' funding costs. Additionally, the deterioration of expectations regarding general economic activity and concerns about the creditworthiness of consumers also led to more demanding conditions in loan approval. In this segment, tighter credit standards were also reflected in a rise in loan spreads (mainly for riskier loans) and, to a lesser extent, in a decrease of average loan maturity.

Loans for consumption and other purposes were the only segment in which banks reported a slight increase in loan demand. However, regardless of this evolution, banks identified some negative pressures affecting loan demand, such as the fall in consumer confidence and the decrease in financing needs for securities purchases.

In the first quarter of 2008, Portuguese banks expect to apply tighter standards in the approval of loans to households for consumption. Two banking groups foresee a slight decrease in demand during this period.

### **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 during the second half of 2007. For monetary policy purposes, it is important to evaluate to what extent these events influenced banks' credit standards applied on loans granted to enterprises and to households. Against this background, several ad-hoc questions were introduced in this survey, in line with what was done in the previous survey, with the purpose of assessing to what extent the credit market turmoil influenced loan standards applied by banks in the approval of loans to enterprises and households in the euro area during the fourth quarter of 2007, as well as how will loan standards be affected during the first quarter of 2008.

According to the answers of the five Portuguese banking groups included in the sample, the financial market turbulence led to a further tightening in standards applied in loans granted during the last quarter of 2007. This tightening was more significant in loans to households for house purchase and in loans to small and medium enterprises. Three banking groups significantly tightened the criteria applied in loans to households for house purchase. In turn, credit standards applied in loans to households for consumption and other purposes and in loans to large enterprises also became more rigid, even though to a lesser extent.

In the first three months of 2008, the situation in international financial markets should continue to contribute to a tightening in loan conditions both for households and for firms. According to the inquired banks, this further tightening should affect mostly loans to households for house purchase and loans to large enterprises.

In what concerns loans granted to enterprises, the financial market turmoil has led to a more significant tightening in lending conditions in loans for financing mergers and acquisitions and corporate restructuring and, to a smaller extent, in loans for financing investments, inventories and working capital. In the first quarter of 2008, Portuguese banks should continue to apply tighter credit standards in loans to enterprises, most notably in loans for the funding of investment and of mergers and acquisitions.

The banks included in the sample identified a number of difficulties in accessing wholesale funding and in their ability to transfer credit risk off balance sheet during the last months of 2007. These difficulties were more significant for loan securitisation, as well as for the issuance of medium and long term debt securities (including covered bonds) and in the ability to transfer credit risk off balance sheet. Some banks also faced difficulties in obtaining funding in interbank unsecured money markets (but only in maturities above one week) and in issuing short term debt securities, such as certificates of deposit or commercial paper. In the first three months of 2008, most of the reporting Portuguese banks expect to continue to face some constraints in their wholesale funding, most notably in loan securitisation. It should be mentioned that two banking groups did not report any difficulties in obtaining wholesale funding during the last quarter of 2007, and expect this situation to persist during the first quarter of 2008. The constraints faced by banks in obtaining wholesale funding in international financial markets affected loan supply by some banking groups, in what concerns both loan amounts and, particularly, loan spreads.

Surveyed banks did not report needs to fund draw-downs on commitments to asset-backed commercial paper programmes issued by conduits or structured investment vehicles during the last quarter of 2007, since this activity should not have been relevant. For the first quarter of 2008, no changes are expected in this respect.

Overall, the financial market turmoil had some impact on banks' lending policies during the fourth quarter of 2007 for the major part of the inquired banks. This impact should persist during the first quarter of 2008. Furthermore, these disruptions should also have some impact in the costs of Portuguese banks' capital.

### 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.

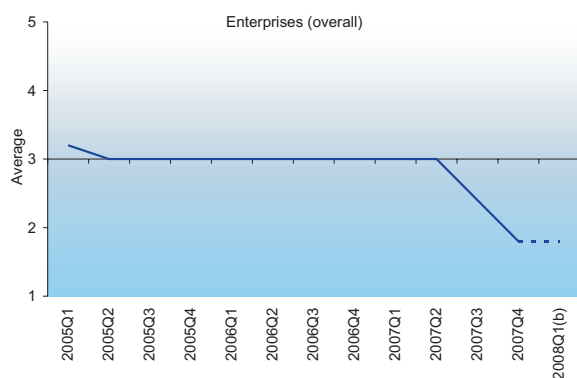
For each sector — enterprises and households — the questions are focused on: i) the current and the prospective assessments on standards, conditions and terms for lending approval, on one hand, and on demand trends, on the other (tables 1, 4, 6, 7, 8, 13, 16 and 17); and ii) the appraisal of factors 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.

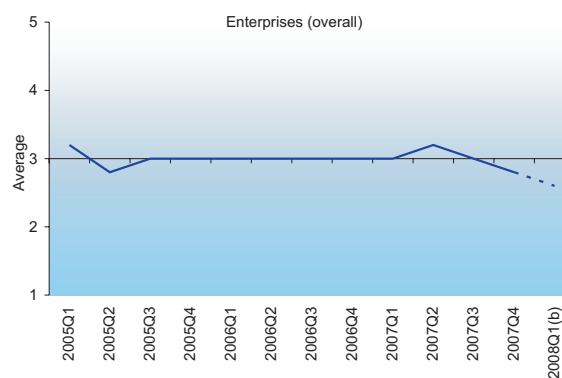
The results of the survey are as follows:

- 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.

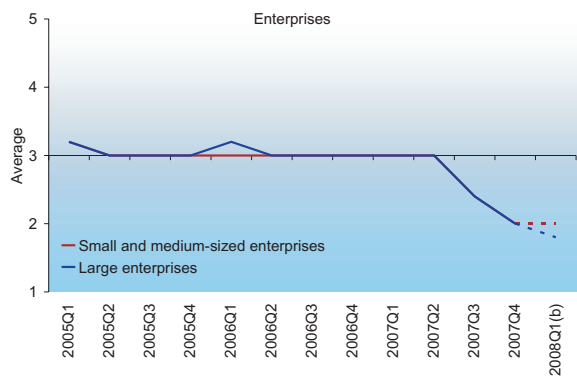
**CREDIT SUPPLY<sup>(a)</sup>**



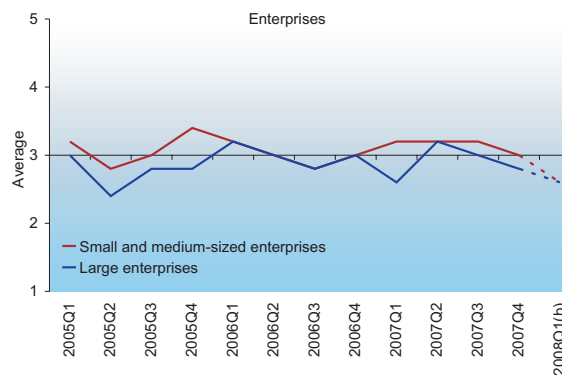
**CREDIT DEMAND<sup>(a)</sup>**



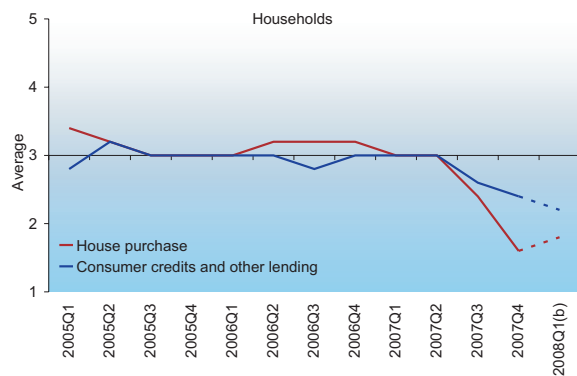
**Enterprises**



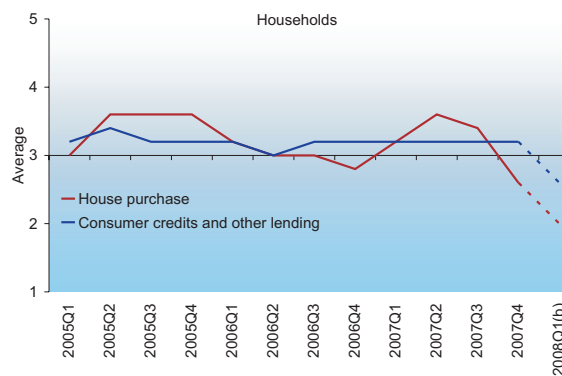
**Enterprises**



**Households**



**Households**



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 Jan. 08	1.8	2.0	2.0	1.8	1.8
Oct. 07	2.4	2.4	2.4	2.4	2.2

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
- 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	Average	
							Jan. 08	Oct. 07
<b>A) Cost of funds and balance sheet constraints</b>								
• Costs related to your bank's capital position		3	2				2.4	2.8
• Your bank's ability to access market financing (e.g. money or bond market financing)	2	3					1.6	2.2
• Your bank's liquidity position	1		4				2.6	2.8
<b>B) Pressure from competition</b>								
• Competition from other banks			5				3.0	3.2
• Competition from non-banks			5				3.0	3.0
• Competition from market financing	1		4				2.6	2.6
<b>C) Perception of risk</b>								
• Expectations regarding general economic activity		3	2				2.4	2.4
• Industry or firm-specific outlook		2	3				2.6	2.6
• Risk on the collateral demanded		1	4				2.8	2.8

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

	--	-	°	+	++	NA	Average	
							Jan. 08	Oct. 07
<b>A) Price</b>								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	2	3					1.6	2.2
• Your bank's margin on riskier loans	2	3					1.6	1.8
<b>B) Other conditions and terms</b>								
• Non-interest rate charges			5				3.0	3.0
• Size of the loan or credit line	1	1	3				2.4	2.8
• Collateral requirements		2	3				2.6	2.6
• Loan covenants		1	4				2.8	2.8
• Maturity	1	3	1				2.0	2.2

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	1		1	1	1
Remained basically unchanged	4	5	4	4	3
Increased somewhat					1
Increased considerably					

	Average Jan. 08	2.8	3.0	2.8	2.8	3.0
	Oct. 07	3.0	3.2	3.0	3.2	3.2

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	
							Jan. 08	Oct. 07
<b>A) Financing needs</b>								
• Fixed investment			4	1			3.2	3.2
• Inventories and working capital			4	1			3.2	3.4
• Mergers/acquisitions and corporate restructuring	1	1	3				2.4	2.4
• Debt restructuring			3	2			3.4	3.8
<b>B) Use of alternative finance</b>								
• Internal financing		1	4				2.8	3.0
• Loans from other banks			5				3.0	3.2
• Loans from non-banks			5				3.0	3.0
• Issuance of debt securities			4	1			3.2	3.2
• Issuance of equity			4	1			3.2	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	1	1
Tighten somewhat	4	5	4	4	4
Remain basically unchanged					
Ease somewhat					
Ease considerably					
Average Jan. 08	1.8	2.0	1.8	1.8	1.8
Oct. 07	2.0	2.2	2.2	2.2	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	2	2	2	2	1
Remain basically unchanged	3	3	3	2	3
Increase somewhat				1	
Increase considerably					
Average Jan. 08	2.6	2.6	2.6	2.8	2.4
Oct. 07	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	3	1
Remained basically unchanged		3
Eased somewhat		
Eased considerably		
Average Jan. 08	1.6	2.4
Oct. 07	2.4	2.6

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 Jan. 08	Oct. 07
<b>A) Cost of funds and balance sheet constraints</b>	2	2	1				1.8	2.6
<b>B) Pressure from competition</b>								
• Competition from other banks		2	3				2.6	3.2
• Competition from non-banks			5				3.0	3.0
<b>C) Perception of risk</b>								
• Expectations regarding general economic activity		3	2				2.4	2.8
• Housing market prospects		3	2				2.4	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	
							Jan. 08	Oct. 07
<b>A) Price</b>								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)		3	2				2.4	2.8
• Your bank's margin on riskier loans	2	2	1				1.8	2.6
<b>B) Other conditions and terms</b>								
• Collateral requirements		1	4				2.8	2.8
• "Loan-to-value" ratio		2	3				2.6	2.8
• Maturity			5				3.0	3.2
• Non-interest rate charges		1	4				2.8	3.4

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	
							Jan. 08	Oct. 07
<b>A) Cost of funds and balance sheet constraints</b>		4	1				2.2	2.2
<b>B) Pressure from competition</b>								
• Competition from other banks			5				3.0	3.4
• Competition from non-banks			5				3.0	3.4
<b>C) Perception of risk</b>								
• Expectations regarding general economic activity		3	2				2.4	2.4
• Creditworthiness of consumers		3	2				2.4	2.8
• Risk on the collateral demanded			5				3.0	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	
							Jan. 08	Oct. 07
<b>A) Price</b>								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)		3	2				2.4	2.8
• Your bank's margin on riskier loans	2		3				2.2	2.4
<b>B) Other conditions and terms</b>								
• Collateral requirements			5				3.0	3.0
• Maturity		1	4				2.8	2.6
• Non-interest rate charges			5				3.0	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		
Remained basically unchanged	4	4
Increased somewhat		1
Increased considerably		
Average Jan. 08	2.6	3.2
Oct. 07	3.4	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	
							Jan. 08	Oct. 07
<b>A) Financing needs</b>								
• Housing market prospects		3	2				2.4	2.4
• Consumer confidence		3	2				2.4	2.8
• Non-housing related consumption expenditure		3	2				2.4	2.6
<b>B) Use of alternative finance</b>								
• Household savings			5				3.0	3.0
• Loans from other banks			5				3.0	3.2
• Other sources of finance			5				3.0	2.8



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	Average	
							Jan. 08	Oct. 07
<b>A) Financing needs</b>								
• Spending on durable consumer goods, such as cars, furniture, etc.)			5				3.0	3.2
• Consumer confidence		1	4				2.8	3.0
• Securities purchases		1	4				2.8	2.8
<b>B) Use of alternative finance</b>								
• Household saving			5				3.0	3.0
• Loans from other banks			5				3.0	2.8
• Other sources of finance			5				3.0	2.8

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	2
Remain basically unchanged	1	2
Ease somewhat		
Ease considerably		
Average Jan. 08	1.8	2.2
Oct. 07	2.2	2.6

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	
Decrease somewhat	3	2
Remain basically unchanged	1	3
Increase somewhat		
Increase considerably		
Average Jan. 08	2.0	2.6
Oct. 07	2.6	3.2

**Ad-hoc question**

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 2007 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	2	2	2
Basically no impact on credit standards		2		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		2	3	1
Contribute somewhat to tightening of credit standards	5	3	2	3
Basically no impact on credit standards				1
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.

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	1	2
Contributed/will contribute somewhat to tightening of credit standards	4	4	3	3	3	3
Basically no impact on credit standards	1	1	1		1	
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 <sup>(1)</sup>
	--	-	°	--	-	°	
<b>A) Inter-bank unsecured money market</b>							
• Very short term money market (up to 1 week)			5			5	
• Short-term money market (more than 1 week)		3	2		1	4	
<b>B) Debt securities<sup>(2)</sup></b>							
• Short-term debt securities (e.g. certificates of deposit or commercial paper)		2	2		1	4	
• Medium to long term debt securities (incl. covered bonds)	1	1	2		3	2	
<b>C) Securitisation<sup>(3)</sup></b>							
• Securitisation of corporate loans	2		1	2		1	2
• Securitisation of loans for house purchase	2		1	2		1	2
<b>D) Ability to transfer credit risk off balance sheet<sup>(4)</sup></b>	1		2	1		2	2

(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
<b>Quantity</b>		
Considerable impact	1	1
Some impact	1	1
Basically no impact	1	1
<b>Margin</b>		
Considerable impact	1	1
Some impact	2	2
Basically no impact		
N/A (*)	2	2

(\*) "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
<b>Quantity</b>		
Considerable impact	1	1
Some impact	1	1
Basically no impact		
<b>Margin</b>		
Considerable impact	1	1
Some impact	1	1
Basically no impact		
N/A (*)	3	3

(\*) "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
<b>Quantity</b>		
Considerable impact		
Some impact		
Basically no impact		
<b>Margin</b>		
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		
Some impact on both capital and lending	3	3
Some impact on capital, but no impact on lending	1	1
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.