

BANK LENDING SURVEY

January 2009

Results for Portugal**I. Overall assessment**

According to the results of the survey conducted in January 2009, the five Portuguese banking groups included in the sample indicated, on average, an increase in the restrictiveness of credit standards applied to the approval of loans to the non-financial private sector as compared to the previous quarter. This increase seems to have been more evident in the segment of loans granted to non-financial corporations.

Similarly to what was reported in previous surveys, the main factors affecting credit standards in the fourth quarter were increased funding cost and balance sheet constraints, on 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. Concerning these latter, mention should be made on the shortening of new loans maturity as well as on the reduction of both amounts granted and loan-to-value ratio. These developments should have reflected largely the maintenance of difficulties in wholesale funding markets, pointed out as considerable by some banks, mainly regarding medium to long term debt securities and credit securitisation markets.

In turn, demand for loans or credit lines by non-financial firms should have remained broadly unchanged during the fourth quarter of 2008. Debt restructuring and, to a lesser extent, inventories and working capital financing needs continued to be the main factors contributing to an increase in enterprises' loan demand. Playing a role in decreasing firms' demand were financing needs related to investment and to mergers/acquisitions and corporate restructuring. Households' demand was reported as reducing over the last quarter of 2008, particularly in the house purchase segment, therein referred as considerable. Consumer confidence deterioration, pessimistic prospects on housing market and some decline in consumption expenditure related to durable goods seem to have been the main factors affecting the path of credit demand by households.

For the first quarter of 2009, prospects of the surveyed banks are of further tightening in credit standards applied to the approval of loans, especially regarding long-term loans to non-financial corporations. Concerning demand, expectations are for no significant changes in the segment of loans to enterprises and a further reduction in the household segment, particularly for house purchase.

In the last quarter of 2008, the instability in international financial markets remained distressing banks' access to the wholesale funding markets. According to the answers to ad-hoc questions included in the survey conducted in January, funding difficulties continued to be reflected in tightening credit conditions applied by banks, both on spreads and amounts offered. For the first quarter of 2009, no significant changes are foreseen by the Portuguese surveyed banks.

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

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 fourth quarter of 2008. This tightening of criteria should have been considerable for three banks and took place regardless of loan maturity and firm's size.

According to the results of the survey, the difficulties faced by banks in the wholesale financing markets and the cost of gathering capital, on one hand, and the increase in perceived risks related to expectations on economic activity in general and for specific firms or industries, on the other, should have induced the tightening of credit standards for loans and credit lines to enterprises. Two banks indicated risks on the collateral demanded as also contributing to tighter criteria. In addition, the liquidity position was also reported as influencing more severe criteria as compared to the previous quarter. All banks referred competitive pressure from both other institutions and market financing as having no significant effect on criteria changes in the final quarter of 2008.

Adjustments in loan standards should have been reflected in wider spreads applied by banks overall. In particular, two banks indicated a considerable increase in interest margins on average risk loans. Additionally, restrictiveness increased for other contractual conditions and terms, namely through reductions in loan's maturity and amounts.

In turn, demand for loans and credit lines by enterprises should have remained broadly unchanged in the fourth quarter of 2008, as compared to the three months before. Nevertheless, some disparity among banks' replies was observed, especially concerning large firms. Debt restructuring and, to a lesser extent, firms' borrowing needs related to inventories and working capital should have contributed to an increase in loan demand, while investment and mergers/acquisitions and corporate restructuring financing needs allowed to a decrease in demand.

For the first 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, regardless of firm size and loan maturity. For the same period, three banks foresee broadly unchanged demand in this market segment. A slight decrease in demand is expected by one bank while the other anticipates a slight increase. According to banks' answers, some expansion in demand may occur in short-term loans.

Loans to households**For house purchase**

In the final quarter of 2008, credit standards applied to the approval of loans to households for house purchase continued tightening, with one bank 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 should have con-

tributed to stricter criteria. The shortage of liquidity in wholesale markets was pointed out by one bank as also contributing to tighter credit standards in this segment of credit market. More demanding conditions were translated into wider spreads applied both to average and to riskier loans. In the case of riskier loans, four banks replied that spreads were considerably increased. Other contractual conditions also became more severe, such as the reduction of the loan-to-value ratio and the increase in collateral demanded. For the remaining conditions, no significant changes seem to have occurred.

In the fourth quarter of 2008, loan demand for house purchase was reported as significantly decreasing by four participating banks. The deterioration of consumer confidence and of housing market prospects seem to have continued to affect negatively demand in this credit segment. All banks but one pointed out a considerable impact of these factors on demand. Also non-housing related consumption expenditure should have induced a reduction in borrowing needs in this segment. One bank indicated the rise in interest rates as also contributing to a decline in loan demand for house purchase. Other factors stated in the survey seem to have had no impact or little impact in demand as assessed by most the participating banks.

For the first quarter of 2009, four 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, two of them indicating an expectation of a considerable decrease.

For consumption and other purposes

In the fourth quarter of 2008, credit standards applied in the approval of loans for consumption and other purposes should have become more severe, with one participating bank reporting considerably more demanding criteria. The main factors pointed out as contributing to this development were the deterioration of perceived risks, namely regarding expectations on economic activity and consumers' creditworthiness. Also the assessment of risks associated to collateral demanded seems to have been revised downwards over the last quarter of 2008. 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. One bank also indicated the shortage of liquidity in wholesale markets as contributing to the tightening of their credit standards. Tightening conditions were reflected in wider spreads and, less markedly, in stricter non-interest conditions and terms.

According to the Portuguese participating banks in the survey, loan demand for consumption and other purposes decreased in the final quarter of 2008 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 first 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 has been expected.

III. Ad-hoc questions

As from the October 2007 survey, some ad-hoc questions were included in the survey conducted in January 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. In the January 2009 cycle, a new ad-hoc question was included 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.

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 fourth quarter of 2008. As a matter of fact, the 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 considerable 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. Furthermore, somewhat hampered access to issuing short-term debt securities and to the inter-bank unsecured money market for operations with maturity longer than one week was indicated. 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 both the margin at which funds were lent and the quantity banks were willing to lend, with a more important impact reported on the margin.

For the first quarter of 2009, difficulties in accessing wholesale funding market are expected to remain the same as over the three months before. One bank anticipates to deal with greater difficulties in accessing money market than in the last quarter of 2008 while another indicates less negative expectations regarding short-term debt securities market. Therefore, the impact of banks' funding conditions on their credit standards for loans and credit lines to the non-financial private sector should keep broadly the same trend as in the final quarter of 2008 (impact on both margin and quantity, more significant on the first).

Following the answers of most of the Portuguese participating banks in the survey, 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 last three months of 2008, being expected an impact alike for the first quarter of 2009.

METHODOLOGICAL NOTE

The following tables include the results for Portugal of the Bank Lending Surveys (BLS) conducted in January 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.

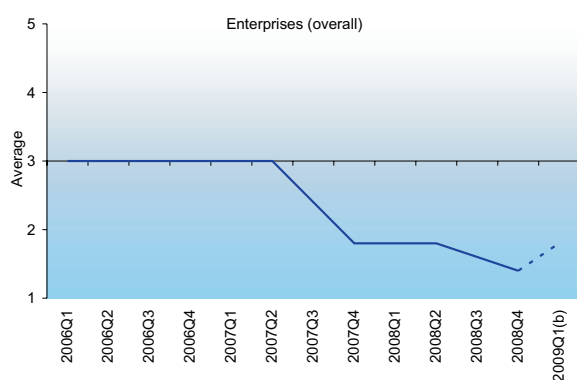
For each sector — enterprises and households — the questions are focused on: i) the current and the prospective assessments on standards, conditions and terms for lending approval, on one hand, and on demand trends, on the other (tables 1, 4, 6, 7, 8, 13, 16 and 17); and ii) the appraisal of factors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

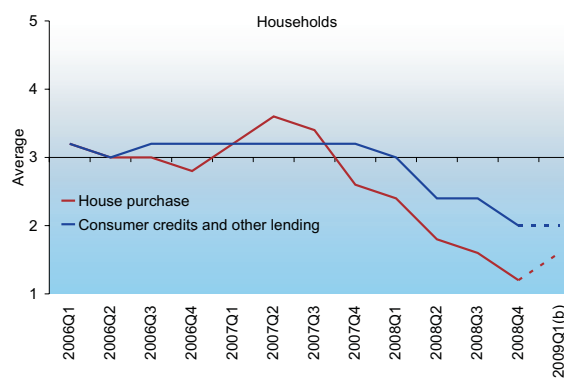
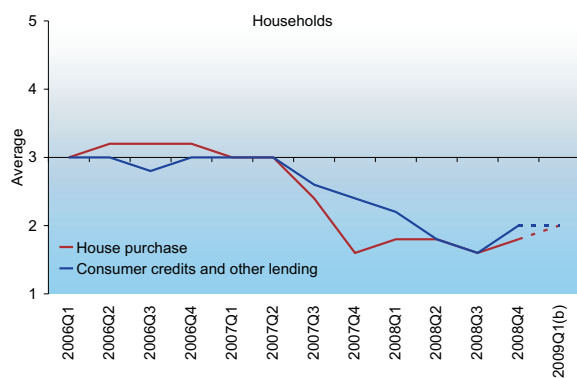
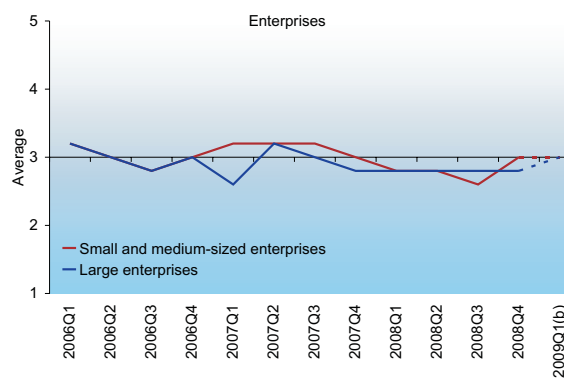
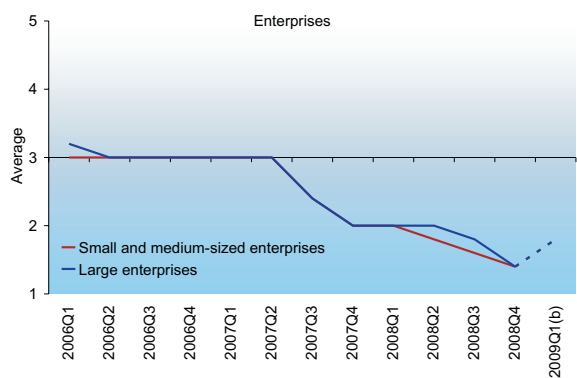
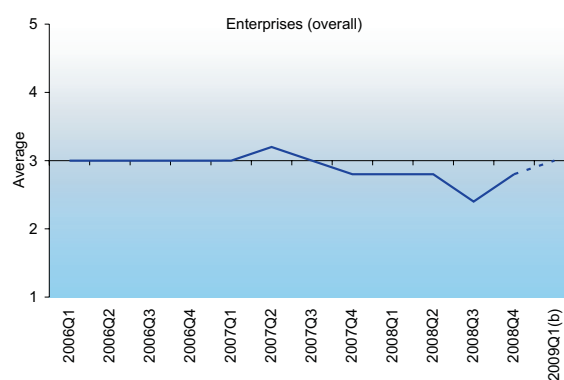
The results of the survey are as follows:

- The number of banks answering for each option;
- The 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	3	3	3	3	3
Tightened somewhat	2	2	2	2	2
Remained basically unchanged					
Eased somewhat					
Eased considerably					

Average Jan. 09	1.4	1.4	1.4	1.4	1.4
Oct. 08	1.6	1.6	1.8	1.6	1.6

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

Overall

	--	-	o	+	++	NA	Average	
							Jan. 09	Oct. 08
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position ⁽¹⁾	2	1	2				2.0	2.2
• Your bank's ability to access market financing (e.g. money or bond market financing) ⁽²⁾	3		2				1.8	2.0
• Your bank's liquidity position		2	3				2.6	2.8
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			5				3.0	2.8
C) Perception of risk								
• Expectations regarding general economic activity	3	2					1.4	1.6
• Industry or firm-specific outlook	3	1	1				1.6	1.8
• Risk on the collateral demanded	1	1	3				2.4	2.2

(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	
							Jan. 09	Oct. 08
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position ⁽¹⁾	2	1	2				2.0	2.2
• Your bank's ability to access market financing (e.g. money or bond market financing) ⁽²⁾	2	1	2				2.0	2.2
• Your bank's liquidity position		2	3				2.6	2.8
B) Pressure from competition								
• Competition from other banks			5				3.0	2.8
• Competition from non-banks			5				3.0	3.0
• Competition from market financing			5				3.0	3.0
C) Perception of risk								
• Expectations regarding general economic activity	3	2					1.4	1.6
• Industry or firm-specific outlook	3	1	1				1.6	1.6
• Risk on the collateral demanded	1	1	3				2.4	2.2

(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	
							Jan. 09	Oct. 08
A) Cost of funds and balance sheet constraints								
• Costs related to your bank's capital position ⁽¹⁾	2	1	2				2.0	2.2
• Your bank's ability to access market financing (e.g. money or bond market financing) ⁽²⁾	3		2				1.8	1.8
• Your bank's liquidity position	1	2	2				2.2	2.4
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			5				3.0	2.8
C) Perception of risk								
• Expectations regarding general economic activity	3	2					1.4	1.8
• Industry or firm-specific outlook	3	1	1				1.6	1.8
• Risk on the collateral demanded	1	1	3				2.4	2.2

(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	
							Jan. 09	Oct. 08
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	2	3					1.6	2.0
• Your bank's margin on riskier loans	3	2					1.4	2.0
B) Other conditions and terms								
• Non-interest rate charges		2	3				2.6	2.6
• Size of the loan or credit line	1	2	2				2.2	2.4
• Collateral requirements		2	3				2.6	2.4
• Loan covenants		2	3				2.6	2.4
• Maturity	2	2	1				1.8	1.8

Loans to small and medium-sized enterprises

	--	-	°	+	++	NA	Average	
							Jan. 09	Oct. 08
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	2	3					1.6	2.0
• Your bank's margin on riskier loans	4	1					1.2	1.8
B) Other conditions and terms								
• Non-interest rate charges		2	3				2.6	2.4
• Size of the loan or credit line	1	2	2				2.2	2.2
• Collateral requirements		2	3				2.6	2.2
• Loan covenants		1	4				2.8	2.4
• Maturity	2	2	1				1.8	1.6

Loans to large enterprises

	--	-	°	+	++	NA	Average	
							Jan. 09	Oct. 08
A) Price								
• Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	2	3					1.6	2.0
• Your bank's margin on riskier loans	3	1	1				1.6	2.0
B) Other conditions and terms								
• Non-interest rate charges		3	2				2.4	2.6
• Size of the loan or credit line	2	1	2				2.0	2.2
• Collateral requirements		3	2				2.4	2.4
• Loan covenants		3	2				2.4	2.4
• Maturity	3	1	1				1.6	1.8

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

Average Jan. 09	2.8	3.0	2.8	3.0	2.4
Oct. 08	2.4	2.6	2.8	2.6	2.4

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. 09	Oct. 08
A) Financing needs								
• Fixed investment	1	3	1				2.0	2.6
• Inventories and working capital			3	2			3.4	3.2
• Mergers/acquisitions and corporate restructuring	1	1	2	1			2.6	2.2
• Debt restructuring			1	4			3.8	3.8
B) Use of alternative finance								
• Internal financing		1	3	1			3.0	3.0
• Loans from other banks		1	4				2.8	2.8
• Loans from non-banks		1	4				2.8	2.8
• Issuance of debt securities		1	3	1			3.0	3.0
• Issuance of equity		1	4				2.8	2.8

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	2
Tighten somewhat	4	4	4	4	3
Remain basically unchanged					
Ease somewhat					
Ease considerably					

Average Jan. 09	1.8	1.8	1.8	1.8	1.6
Oct. 08	1.6	1.6	1.6	1.6	1.4

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	1		2
Remain basically unchanged	3	3	3	3	2
Increase somewhat	1	1	1	2	
Increase considerably					1

	Average Jan. 09				
	3.0	3.0	3.0	3.4	3.0
	Oct. 08	2.8	2.6	3.0	2.6

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

	Average Jan. 09		
	1.8		2.0
	Oct. 08	1,6	1,6

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. 09	Oct. 08
A) Cost of funds and balance sheet constraints	2	1	2				2.0	2.0
B) Pressure from competition								
• Competition from other banks			5				3.0	3.0
• Competition from non-banks			4			1	3.0	3.0
C) Perception of risk								
• Expectations regarding general economic activity	3	2					1.4	1.4
• Housing market prospects	3	2					1.4	1.6

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. 09	Oct. 08
A) Price								
* Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	2	3					1.6	2.0
* Your bank's margin on riskier loans	4	1					1.2	1.6
B) Other conditions and terms								
* Collateral requirements	1	1	3				2.4	2.4
* "Loan-to-value" ratio	1	2	2				2.2	2.0
* Maturity			5				3.0	2.6
* Non-interest rate charges			5				3.0	2.6

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. 09	Oct. 08
A) Cost of funds and balance sheet constraints	1	2	2				2.2	2.0
B) Pressure from competition								
* Competition from other banks			5				3.0	3.0
* Competition from non-banks			5				3.0	3.0
C) Perception of risk								
* Expectations regarding general economic activity	3	2					1.4	1.4
* Creditworthiness of consumers	3	2					1.4	1.4
* Risk on the collateral demanded	1	2	2				2.2	2.2

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. 09	Oct. 08
A) Price								
* Your bank's margin on average loans (wider margin = tightened, narrower margin = eased)	1	3	1				2.0	2.2
* Your bank's margin on riskier loans	1	4					1.8	2.0
B) Other conditions and terms								
* Collateral requirements		1	4				2.8	2.4
* Maturity		2	3				2.6	2.4
* Non-interest rate charges		3	2				2.4	2.6

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

Average Jan. 09	1.2	2.0
Oct. 08	1,6	2,4

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. 09	Oct. 08
A) Financing needs								
• Housing market prospects	4	1					1.2	1.4
• Consumer confidence	4		1				1.4	1.6
• Non-housing related consumption expenditure		2	3				2.6	2.0
B) Use of alternative finance								
• Household savings			5				3.0	2.8
• Loans from other banks			5				3.0	2.6
• 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. 09	Oct. 08
A) Financing needs								
• Spending on durable consumer goods (such as cars, furniture, etc.)	1	3	1				2.0	2.2
• Consumer confidence	3	1	1				1.6	2.2
• Securities purchases	1	1	3				2.4	2.8
B) Use of alternative finance								
• Household saving		1	4				2.8	2.6
• Loans from other banks			5				3.0	2.6
• Other sources of finance			5				3.0	2.6

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	3	3
Remain basically unchanged	1	1
Ease somewhat		
Ease considerably		
	Average Jan. 09	2.0
	Oct. 08	1,4
		2.0
		1,6

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	2	1
Decrease somewhat	3	3
Remain basically unchanged		1
Increase somewhat		
Increase considerably		
	Average Jan. 08	1.6
	Oct. 08	1,8
		2.0
		2,2

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

(1) Also taking into account any effect of state guarantees for debt securities and recapitalisation support.

	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	1	3	
• Short-term money market (more than 1 week)	1	2	2	2		3	
B) Debt securities⁽³⁾							
• Short-term debt securities (e.g. certificates of deposit or commercial paper)	1	2	2	1	1	3	
• Medium to long term debt securities (incl. covered bonds)	4		1	4		1	
C) Securitisation⁽⁴⁾							
• Securitisation of corporate loans	3	1	1	3	1	1	
• Securitisation of loans for house purchase	4		1	4		1	
D) Ability to transfer credit risk off balance sheet ⁽⁵⁾	1		3	1		3	1
E) Other markets							

(2) NA = Not Applicable: the source of funding is not relevant for the bank .

(3) Usually involves on-balance sheet funding .

(4) Usually involves the sale of loans from banks' balance sheets, i.e. off-balance sheet funding .

(5) Usually involves the use of credit derivatives, with the loans remaining on banks' balance sheets.

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	2	2
Basically no impact	1	1
Margin		
Considerable impact	2	2
Some impact	2	2
Basically no impact		
NA (*)	1	1

(*) NA = Not Applicable: the bank has replied "basically not hampered" or "NA" to question 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	2	2
Basically no impact	1	1
Margin		
Considerable impact	2	2
Some impact	2	2
Basically no impact		
NA (*)	1	1

(*) NA = Not Applicable: the bank has replied "basically not hampered" or "NA" to question 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	1	2
Some impact on capital, but no impact on lending		
Basically no impact on capital	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.

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	3	3
Basically no impact on market access	2	1