EUROPEAN CENTRAL BANK

EUROSYSTEM

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THE EURO AREA BANK LENDING SURVEY

– JANUARY 2009 –

1 Overview of the results

The results reported in the January 2009 bank lending survey relate to changes during the fourth quarter of 2008 and expectations of changes in the first quarter of 2009. As in previous survey rounds, a number of ad hoc questions dealing specifically with the implications of the situation in financial markets were included in this survey.

This report presents the results of the euro area bank lending survey conducted from mid-December until 7 January 2009.

The results of the January 2009 bank lending survey indicate that in the fourth quarter of 2008 the net tightening of credit standards for loans to enterprises remained broadly at the high level of the previous quarter. The most important driving forces behind the net tightening continued to be expectations about future economic activity and the industry or firm-specific outlook. At the same time, the overall impact of banks' cost of funds and balance sheet constraints increased slightly at comparatively elevated levels. For the fourth quarter of 2008, banks also reported a further tightening, in net terms, of their credit standards for loans to households, with the net tightening for consumer credit and other lending reaching a level similar to that of lending for house purchase. Expectations regarding general economic activity continued to be an important factor contributing to the net tightening of the credit standards applied to these two types of household loans. They were accompanied, in the case of housing loans, by a worsening of housing market prospects and, in that of consumer credit and other lending, by a decline in consumers' creditworthiness. For the first quarter of 2009, banks expected a considerable decline in net tightening for all three categories in comparison with the actual net tightening in the fourth quarter of 2008.

Banks reported that net demand for loans both to enterprises and to households for consumer credit and other lending had declined considerably, while net demand for loans to households for house purchase had remained at elevated negative levels in the fourth quarter of 2008. Negative net demand for loans to enterprises was driven by a further decline in the financing needs for fixed investment and by a further contraction of demand stemming from merger and acquisition (M&A) activity and corporate restructuring. In the case of loans to households, the drop in demand mainly reflected worsening housing market prospects, deteriorating consumer confidence and considerably lower financing needs for durable consumer goods.

This survey round incorporated a set of ad hoc questions to follow up on the ad hoc questions included in previous surveys. They addressed the effect of the financial turmoil on credit standards and lending.

First data in answer to a new ad hoc question indicate that government announcements of recapitalisation support and state guarantees for debt securities issued by banks already had a certain supportive impact on banks' access to wholesale funding in the fourth quarter of 2008 and are expected to ease access to funding further in the first quarter of 2009. Nevertheless, banks reported that their access to money markets had remained broadly hampered at elevated levels as a result of the turmoil in financial markets. Access to securitisation continued to be hampered to roughly the same degree as in the previous quarter.

General notes

The bank lending survey is addressed to senior loan officers of a representative sample of euro area banks.[1] Its main purpose is to enhance the understanding of bank lending behaviour in the euro area.[2]

The questions distinguish between three categories of loan: loans or credit lines to enterprises; loans to households for house purchase; and consumer credit and other lending to households. For all three categories, questions are asked about the credit standards for approving loans; the terms and conditions for credit; and credit demand and the factors affecting it.

The responses to questions related to credit standards are analysed in this report by focusing on the difference ("net percentage") between the share of banks reporting that credit standards have been tightened and the share of banks reporting that they have been eased. A positive net percentage indicates that a larger proportion of banks have tightened credit standards ("net tightening"), whereas a negative net percentage indicates that a larger proportion of banks have eased credit standards ("net easing"). Likewise, the term "net demand" refers to the difference between the share of banks reporting an increase in loan demand and the share of banks reporting a decline. Net demand will therefore be positive if a larger proportion of banks have reported an increase in loan demand, whereas negative net demand indicates that a larger proportion of banks have reported a decline in loan demand.

The survey questions are phrased in terms of changes over the past three months (in this case in the fourth quarter of 2008) or expectations of changes over the next three months (i.e. in the first quarter of 2009).

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

[1] The sample group of banks participating in the survey comprises 112 banks, representing all of the euro area countries, and takes into account the characteristics of their respective national banking structures. Since the banks in the sample group differ considerably in size, the survey results are weighted according to the national shares in total outstanding euro area lending to euro area residents. 112 banks participated in the January 2009 survey, i.e. the overall response rate was 100%.

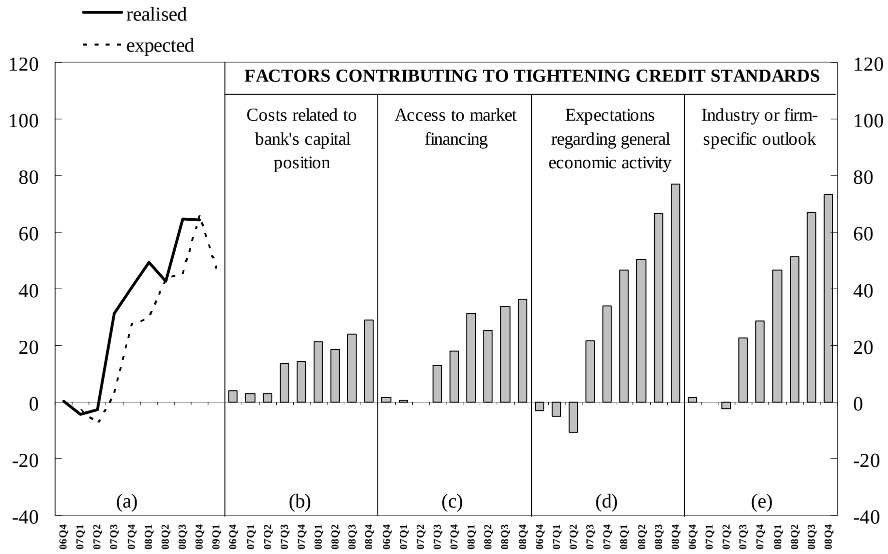
[2] For further information on the bank lending survey, please see the ECB press release of 21 November 2002 entitled "Bank lending survey for the euro area", the article entitled "A bank lending survey for the euro area" in the April 2003 issue of the Monthly Bulletin and J. Berg et al. (2005), "The bank lending survey for the euro area", ECB Occasional Paper No 23.

2 Developments in credit standards and net demand for loans in the euro area

2.1 Enterprises

Credit standards: In the fourth quarter of 2008, the net percentage of banks reporting a tightening of credit standards for loans to enterprises was 1 percentage point lower than in the third quarter (64%, after 65% in the third quarter of 2008; see Chart 1); as in the previous quarter, this reflected mainly banks reporting to have tightened their credit standards "somewhat", while only a minority stated to have tightened them "considerably". The most important driving **factors** behind the net tightening continued to be expectations about future economic activity and the industry or firm-specific outlook, which gained further importance to reach levels of 77% and 73% respectively. At the same time, the impact of banks' cost of funds and balance sheet constraints remained comparatively high, in particular banks' ability to access market financing, which increased further to 36%. Moreover, the impact of the costs related to banks' capital position increased further in comparison with the third quarter of 2008, while banks' liquidity position broadly remained at elevated levels.

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

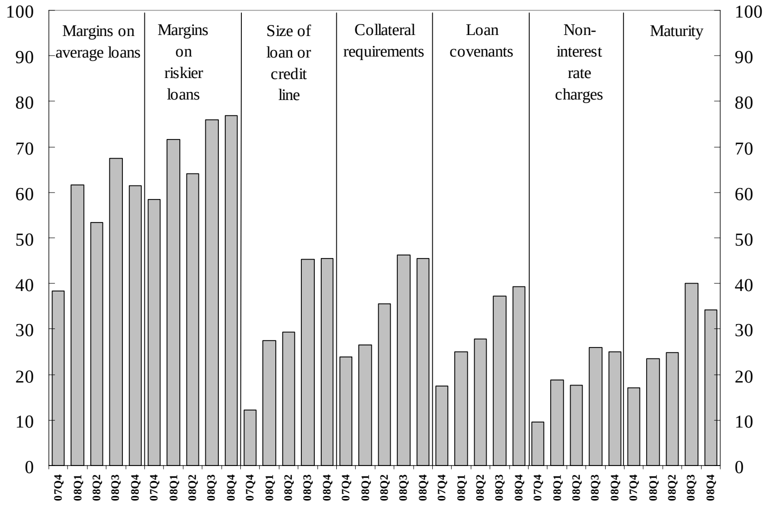


Notes: "Realised" values refer to changes that have already occurred, while "expected" values are changes anticipated by banks. The net percentage refers to the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages of banks responding "eased somewhat" and "eased considerably". The net percentages for questions related to the factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening and the percentage reporting that it contributed to an easing.

As regards the **terms and conditions** for granting loans to enterprises, banks reported that they had broadly continued to widen their margins on both average and riskier loans in the fourth quarter, to 61% (against 68%) and 77% (against 76%) respectively in net terms (see Chart 2). In addition, the tightening in non-price terms and conditions remained high. Almost half of the banks tightened their credit standards by acting on the size of loans or credit lines and on collateral requirements, as in the previous quarter. When cumulating the net tightening since the second half of 2007, the reporting banks stated that, of all non-interest charges, collateral requirements were increased most.

Chart 2: Changes in terms and conditions for approving loans or credit lines to enterprises

(net percentages of banks reporting tightening terms and conditions)



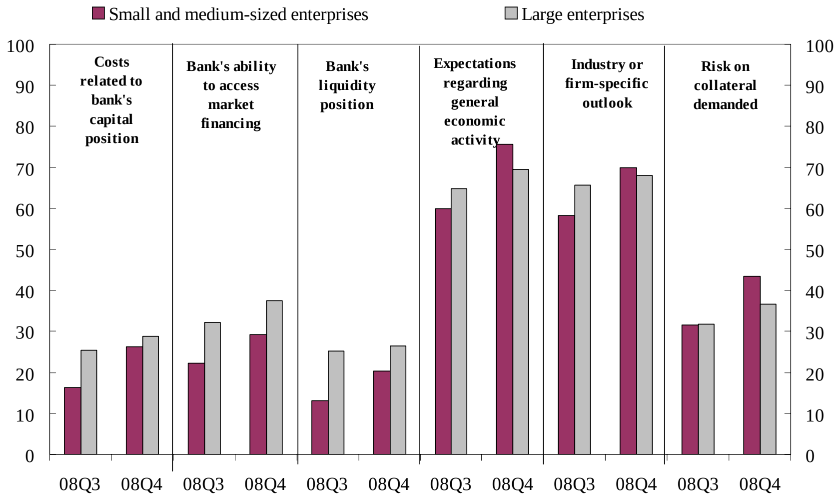
Note: See the notes to Chart 1.

In contrast to the previous survey rounds, the net tightening of credit standards reported for **large enterprises** (63%, after 68% in the third quarter) was equal to that given for **small and medium-sized enterprises (SMEs)** (63%, after 56% in the third quarter) (see Chart 1 in Annex 1). While there was a certain degree of stabilisation in the case of large enterprises, net tightening for SMEs increased further in the fourth quarter of 2008. With regard to the factors underlying the changes in credit standards, for both large enterprises and SMEs, expectations regarding general economic activity and the industry or firm-specific outlook continued to be the most important contributors (see Chart 3). At the same time, banks' cost of funds and balance sheet constraints played a somewhat more important role in the net tightening for large firms than for SMEs, and they seem even to have gained in importance, especially for lending to SMEs. Moreover, competition from other banks contributed for the first time, albeit to a limited extent (8%), to the net tightening of credit standards for both SMEs and large firms. With respect to the terms and conditions for credit, net tightening of credit standards continued to be reflected most in net increases in banks' margins on both average and riskier loans to both large firms and SMEs (see Chart 3 in Annex 1). Regarding non-price terms and conditions, the net tightening for both large firms and SMEs remained broadly at the same high levels as in the previous quarter.

As regards loan maturities, the net tightening continued to be more pronounced for long-term loans (68%, after 66% in the previous survey round) than for short-term loans (53%, after 49% in the previous survey; see Chart 1 in Annex 1).

Chart 3: Factors affecting credit standards applied to the approval of loans or credit lines to enterprises, by size of the firm

(net percentages of banks reporting that factors contributed to tightening standards)



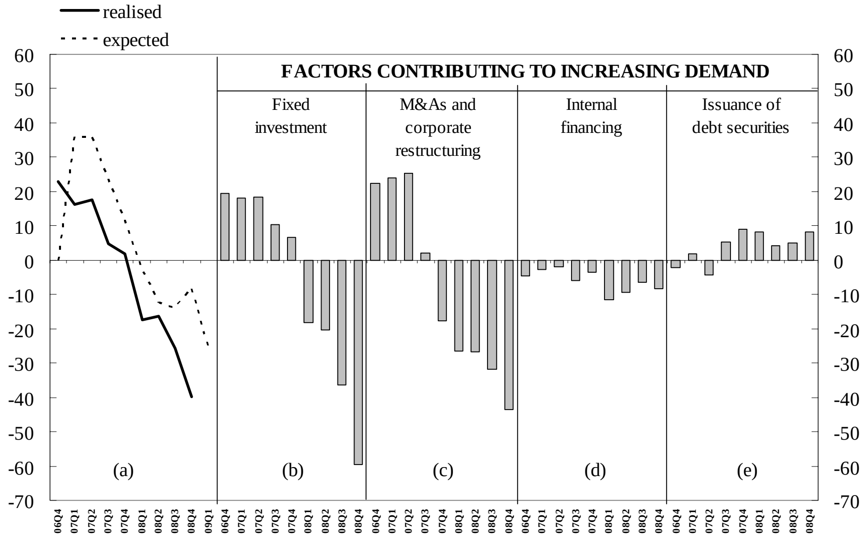
Note: See the notes to Chart 1.

Loan demand: Net demand for loans by enterprises declined considerably and remained negative in the fourth quarter of 2008, standing at -40%, after -26% in the third quarter (see Chart 4). The negative net demand was driven by a decline in the financing needs for fixed investment (to -60%, from -36% in the third quarter) and by a further drop in the demand stemming from M&A activity and corporate restructuring (-44%, after -32% in the third quarter). In addition, as in the previous quarter, internal financing (i.e. profitability) contributed somewhat to lowering the net demand for loans by enterprises. By contrast, the issuance of debt securities continued to contribute positively at slightly more elevated levels to the net demand for loans by enterprises, reflecting market conditions and the increased cost of market-based debt financing.

In terms of borrower size, while net loan demand, in contrast to preceding quarters, was negative for both large firms and SMEs (see Chart 4 in Annex 1), the decline was somewhat more pronounced for SMEs in the fourth quarter of 2008. Regarding the maturity spectrum, net demand decreased particularly markedly in the case of long-term loans.

Expectations: Expectations for the first quarter of 2009 point to the net tightening of credit standards remaining lower (47%) than the actual net tightening in the fourth quarter of 2008 (see Chart 1). The decline in net demand for loans by enterprises is expected to ease (-26%) in comparison with actual net demand in the fourth quarter of 2008 (see Chart 4).

Chart 4: Changes in demand for loans or credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)



Notes: "Realised" values refer to changes that have occurred, while "expected" values are changes anticipated by banks. Net percentages for the questions on demand for loans are defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat" and the sum of the percentages of banks responding "decreased somewhat" and "decreased considerably". The net percentages for responses to questions related to the factors are defined as the difference between the percentage of banks reporting that the given factor contributed to increasing demand and the percentage reporting that it contributed to decreasing demand.

2.2 Households

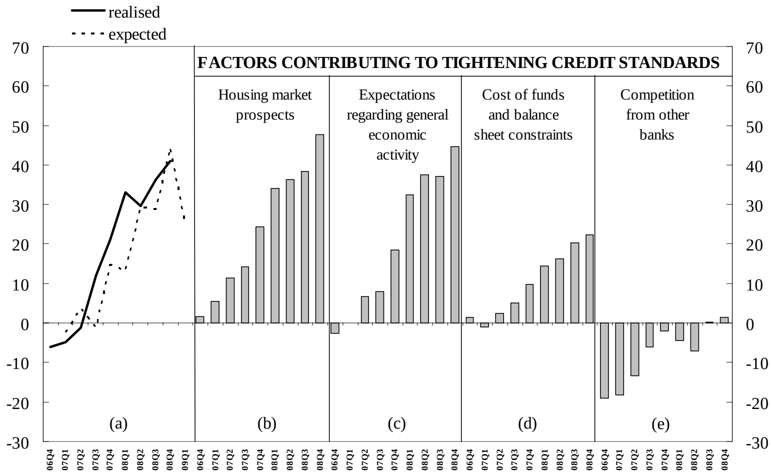
Loans to households for house purchase

Credit standards: In the fourth quarter of 2008, the net percentage of banks reporting a tightening of credit standards for loans to households for house purchase continued to increase somewhat (to 41%, after 36% in the third quarter; see Chart 5). Expectations regarding general economic activity and housing market prospects continued to be the main **factors** driving the net tightening of credit standards. However, the cost of funds and balance sheet constraints likewise continued to put some strain on responding banks. In addition, as was already the case in the previous quarter, competition from other banks did not contribute to an easing of credit standards for loans to households for house purchase, but the impact was broadly neutral.

As regards the **terms and conditions** for loans for house purchase, banks reported a further increase in net tightening via margins on average loans (to 45%, up from 35% in the third quarter) (see Chart 10 in Annex 1). They also reported an increase in net tightening via margins on riskier loans, to 51%, from 43% in the third quarter. Moreover, non-price terms and conditions, such as collateral requirements and loan-to value (LTV) ratios, were also tightened further.

Chart 5: Changes in credit standards applied to the approval of loans to households for house purchase

(net percentages of banks reporting a contribution to tightening credit standards)

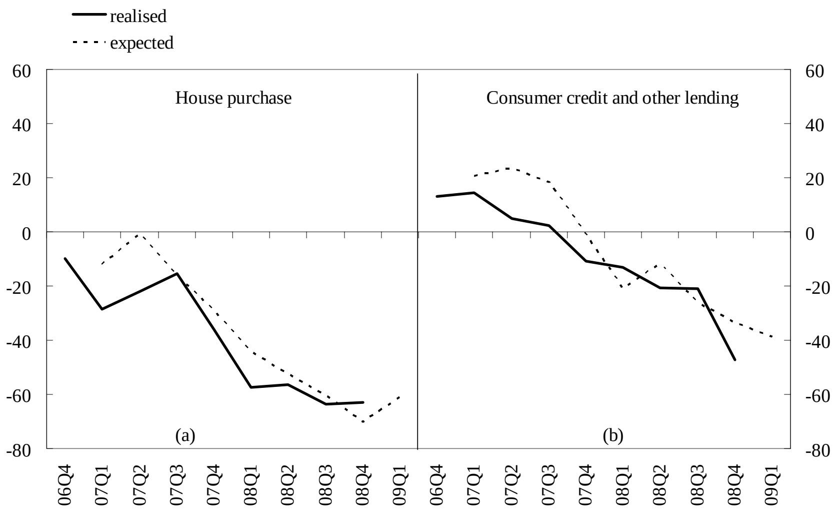


Note: See the notes to Chart 1.

Loan demand: The net demand for housing loans remained at a highly negative level in the fourth quarter of 2008 (at -63%, up from -64% in the third quarter; see Chart 6). This reflected mainly worsening housing market prospects and deteriorating consumer confidence (see Chart 14 in Annex 1).

Chart 6: Changes in demand for loans to households

(net percentages of banks reporting a positive contribution to demand)



Note: See the notes to Chart 4.

Expectations: For the first quarter of 2009, credit standards for loans for house purchase are expected to tighten to a lesser extent (25%) than the actual net tightening recorded in the fourth quarter (see Chart 5). Net loan demand is expected to remain broadly at the highly negative level (-61%) of the fourth quarter (see Chart 6).

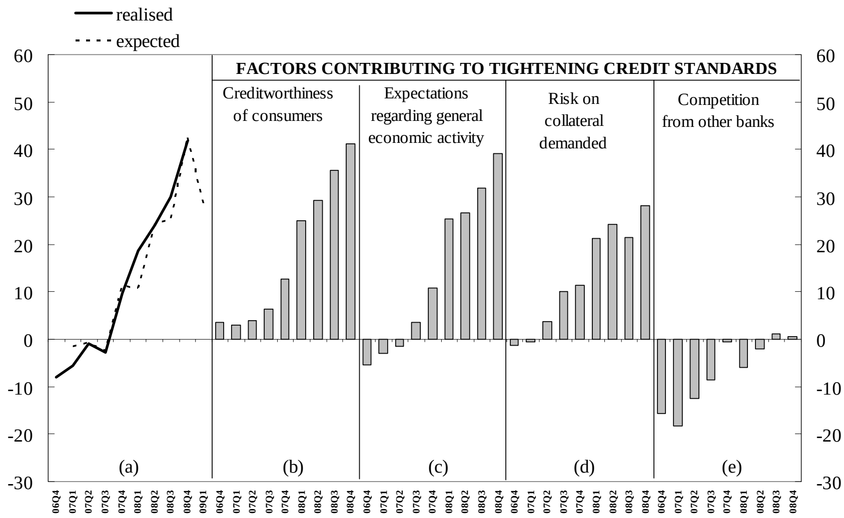
Consumer credit and other lending to households

Credit standards: In the fourth quarter of 2008, the net percentage of banks reporting a tightening of credit standards for consumer credit and other lending continued its increase (reaching 42%, up from 30% in the previous quarter; see Chart 7). The tightening of credit standards for consumer credit and other lending thus reached a level similar to that of those for loans to households for house purchase. The main **factor** behind the further increase in net tightening was again banks' perception of risk, mainly those related to expectations about general economic activity and the creditworthiness of consumers (see Chart 11 in Annex 1).

As regards the **terms and conditions** for consumer credit, banks reported an increase in net tightening via margins on average loans and a basically unchanged level of tightening for riskier loans, amounting to 37% in both cases (see Chart 12 in Annex 1). These levels remained somewhat lower than those for housing loans.

Chart 7: Changes in credit standards applied to the approval of consumer credit and other lending to households

(net percentages of banks tightening credit standards and reporting on contributing factors)



Note: See the notes to Chart 1.

Loan demand: Net demand for consumer credit and other lending to households declined in comparison with the third quarter of 2008 (to -47%; see Chart 6). This level continued to be less negative than that of net demand for loans for house purchase, although the gap decreased markedly. Reporting banks gave deteriorating consumer confidence and lower financing needs for durable consumer goods as the main factors that dampened demand (see Chart 15 in Annex 1).

Expectations: For the first quarter of 2009, credit standards for consumer credit and other lending to households are expected to tighten considerably less than the actual net tightening in the fourth quarter of 2008, reaching a level of 28% (see Chart 7). Net demand is expected to remain negative, but at somewhat less elevated levels (-39%) than in the fourth quarter of 2008 (see Chart 6).

3 Ad hoc questions on the impact of the financial turmoil

As a follow-up to the ad hoc questions included in the last rounds of the survey, the January 2009 survey also contains a set of questions that is aimed at gauging both the extent to which the financial market tensions have already affected banks' credit standards for loans and credit lines to enterprises and households in the euro area in the fourth quarter of 2008 and the extent to which they will affect them in the next three months. The questions refer to banks' access to wholesale funding (Section 3.1) and the impact on bank lending (Section 3.2).[3] Details of the responses to the ad hoc questions are given in Annex 2.

3.1 Access to wholesale funding

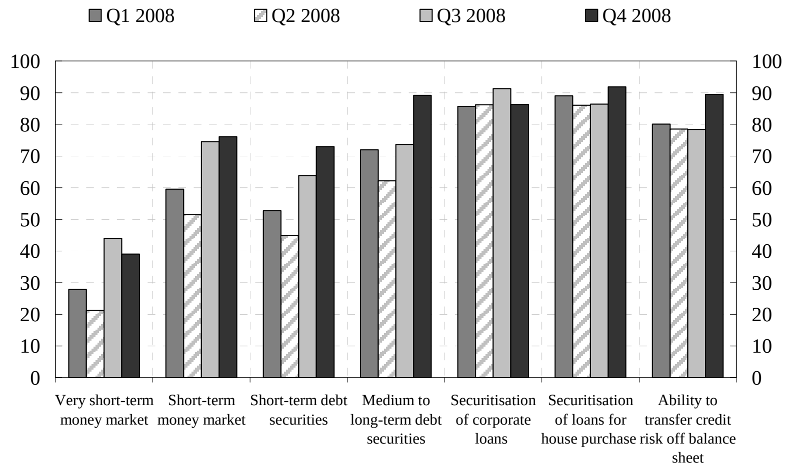
In the fourth quarter of 2008, banks reported that their access to money markets had broadly remained hampered at elevated levels as a result of the turmoil in the financial markets and that their access to debt securities markets had been hampered further in comparison with the third quarter (see Chart 8). With 89% of the responding banks stating that their market access for medium to long-term debt issues had been impaired, the proportion was similar to that reported for securitisation and risk transfer.

Access to securitisation, both true-sale and synthetic, continued to be hampered to a degree similar to that in the third quarter. 86% and 92% of the responding banks answered that their access to securitisation was hampered for corporate loans and loans for house purchases respectively.

Over the next three months, access to short-term funding is expected to improve; this holds for money markets and, to some extent, the market for short-term debt securities issues. At the same time, access to funding at medium to long-term maturities is projected to be hampered further in comparison with the situation in the fourth quarter of 2008. Access to securitisation is expected to remain hampered to a more or less similar extent as in the previous quarter (see Table i in Annex 2).

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

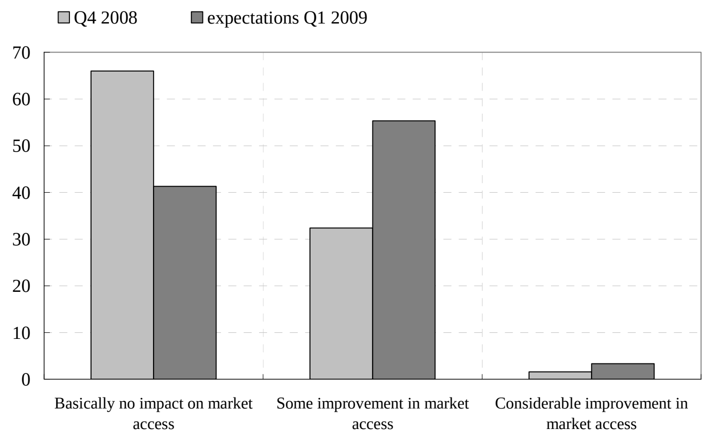
Chart 8: Access to wholesale funding
(percentages of banks reporting hampered market access)



Note: The percentages were calculated by adding together the shares of banks that reported a "considerable impact" and "some impact" on their market access.

Governments' announcements of recapitalisation support and state guarantees for debt securities issued by banks seem to some extent already to have supported banks' access to wholesale funding. This was indicated by banks in response to a new ad hoc question in the January round of the bank lending survey (see Chart 15.a).[4] Some improvement was found by 34% of the responding banks for the fourth quarter of 2008. For the first quarter of 2009, 58% expected an improvement in their access to wholesale funding as a result of these measures.[5]

Chart 9: Effect of government announcements of recapitalisation support and state guarantees on access to wholesale funding
(percentages of banks)



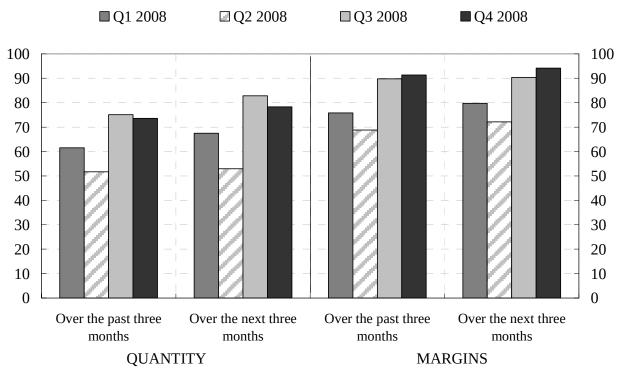
[4] 102 of 112 banks responded, leading to a response rate of 91%. 6% of the responding banks reported "not applicable".

[5] Including banks reporting a "considerable improvement in market access", in the order of 2% and 3% respectively.

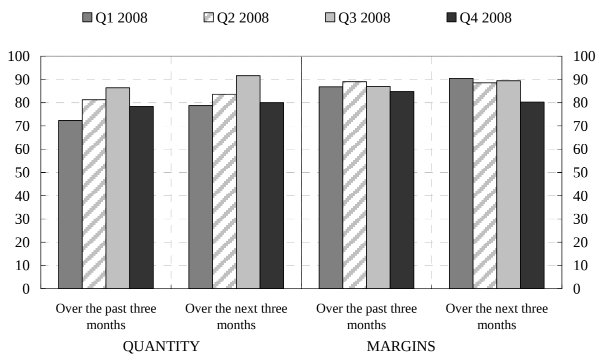
More or less in line with the developments reported in respect of their access to money markets and debt securities markets, banks reported that the impact of these funding options on bank lending, as regards both quantities and margins, remained broadly unchanged at elevated levels (see Chart 10). The impact on the margins continued to be stronger than that on the amounts of loans granted to borrowers. As regards the impact of their hampered access to securitisation on their lending, banks reported a somewhat lower impact on the amount of loans granted and a similar impact on margins, both as compared with the previous quarter. The impact of hampered access to securitisation on bank lending was only somewhat more pronounced in the case of margins than in that of quantities. With respect to the next three months, banks reported that they expected the impact their hampered access to money markets and debt securities markets would have on their willingness to lend and on their margins to be similar to that recorded over the past three months and that the impact of securitisation would be lower.

Chart 10: Impact of hampered market access on lending
(percentages of banks reporting an impact)

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



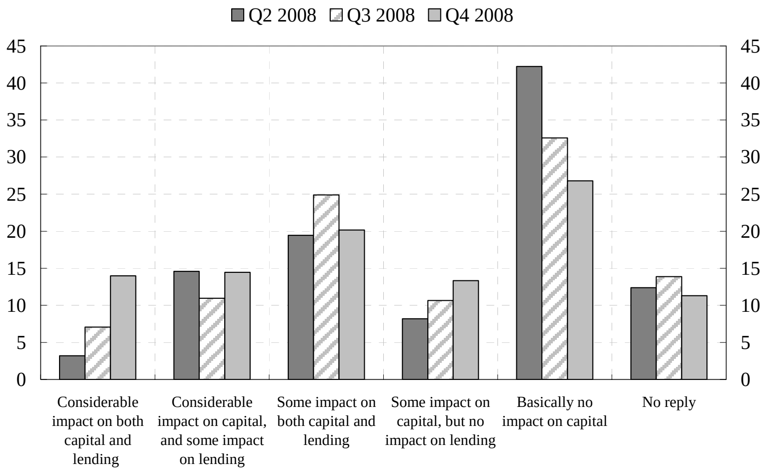
(b) For securitisation



Note: Percentages were calculated by adding together the shares of banks responding a "considerable impact" and "some impact".

As regards the **impact of the change in banks' costs related to their capital position on their lending policy**, 48% of the reporting banks indicated a considerable impact or some impact on their capital and lending in the fourth quarter of 2008,, which was an increase by 5 percentage points in comparison with the third quarter (see Chart 17). In addition, a somewhat lower percentage of banks replied that there had basically been no impact on their capital (27%, down from 33% in the previous quarter).

Chart 11: Effect on the costs related to the bank's capital position and on lending
(percentages of banks reporting an impact)



ANNEX 1: RESULTS FOR THE INDIVIDUAL QUESTIONS

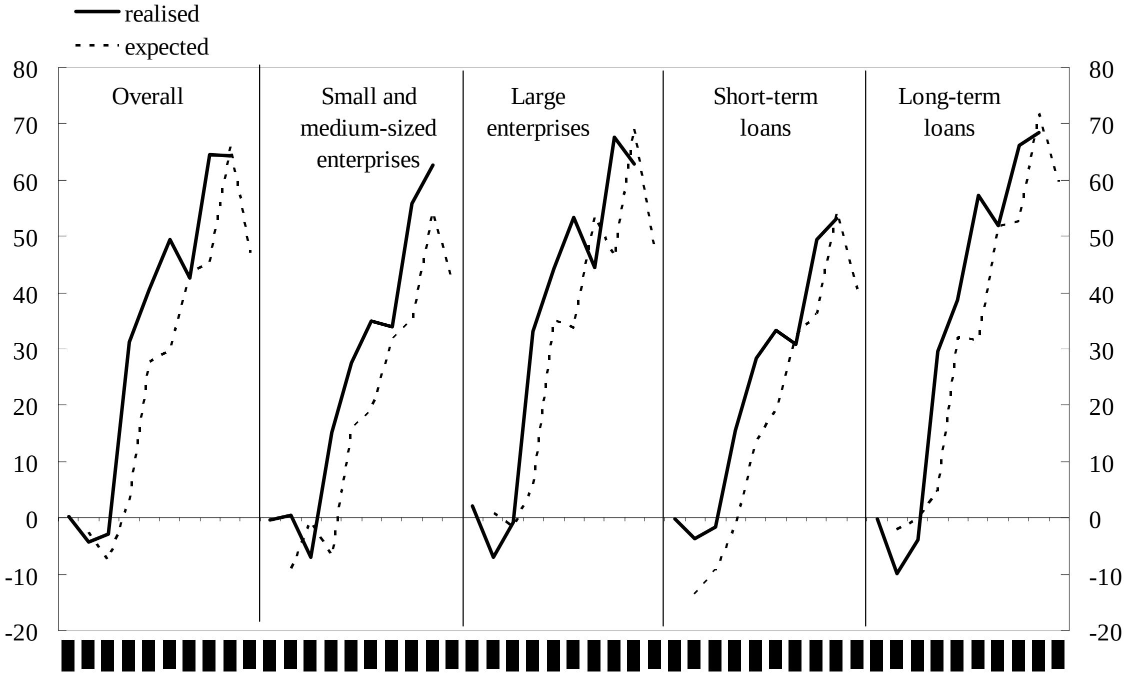
I. Loans or credit lines to enterprises

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

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	October 2008	January 2009	October 2008	January 2009	October 2008	January 2009	October 2008	January 2009	October 2008	January 2009
Tightened considerably	9	9	5	8	12	9	5	7	17	11
Tightened somewhat	56	56	52	56	56	54	44	47	50	57
Remained basically unchanged	36	34	42	36	32	37	51	45	32	32
Eased somewhat	0	1	1	1	0	0	0	1	1	0
Eased considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**65**	**64**	**56**	**63**	**68**	**63**	**49**	**53**	**66**	**68**
Mean	*2.27*	*2.27*	*2.40*	*2.30*	*2.21*	*2.28*	*2.45*	*2.40*	*2.16*	*2.20*
Number of banks responding	***105***	***105***	***104***	***105***	***100***	***102***	***105***	***106***	***103***	***104***

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

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



2. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of loans or credit lines to enterprises?

OVERALL										
	--	-	°	+	++	NA	NetP		Mean	
							October 2008	January 2009	October 2008	January 2009
A) Cost of funds and balance sheet constraints										
Costs related to your bank's capital position	6	23	62	0	0	10	24	29	2.71	2.62
Your bank's ability to access market financing	7	30	51	1	0	11	34	36	2.57	2.53
Your bank's liquidity position	4	20	66	1	0	10	24	23	2.69	2.72
B) Pressure from competition										
Competition from other banks	0	8	82	1	0	10	7	7	2.92	2.93
Competition from non-banks	1	3	84	1	0	11	4	3	2.93	2.96
Competition from market financing	1	2	85	1	0	12	5	2	2.91	2.98
C) Perception of risk										
Expectations regarding general economic activity	12	65	16	0	0	7	67	77	2.16	2.04
Industry or firm-specific outlook	15	59	19	0	0	7	67	74	2.15	2.05
Risk on the collateral demanded	5	37	50	1	0	8	35	42	2.58	2.51

SMEs										
	--	-	°	+	++	NA	NetP		Mean	
							October 2008	January 2009	October 2008	January 2009
A) Cost of funds and balance sheet constraints										
Costs related to your bank's capital position	3	24	64	0	0	10	16	26	2.77	2.67
Your bank's ability to access market financing	3	26	59	0	0	12	22	29	2.71	2.63
Your bank's liquidity position	2	19	69	0	0	10	13	20	2.81	2.74
B) Pressure from competition										
Competition from other banks	0	8	83	0	0	10	11	8	2.87	2.91
Competition from non-banks	1	2	86	0	0	11	7	3	2.89	2.96
Competition from market financing	1	2	85	0	0	12	8	3	2.88	2.95
C) Perception of risk										
Expectations regarding general economic activity	12	64	16	0	0	8	60	76	2.24	2.05
Industry or firm-specific outlook	14	56	22	0	0	8	58	70	2.25	2.09
Risk on the collateral demanded	5	39	48	0	0	8	32	44	2.60	2.48

LARGE ENTERPRISES										
	--	-	°	+	++	NA	NetP		Mean	
							October 2008	January 2009	October 2008	January 2009
A) Cost of funds and balance sheet constraints										
Costs related to your bank's capital position	6	22	58	0	0	14	25	29	2.67	2.60
Your bank's ability to access market financing	8	29	47	0	0	15	32	38	2.55	2.46
Your bank's liquidity position	7	19	60	0	0	14	25	26	2.64	2.61
B) Pressure from competition										
Competition from other banks	0	8	79	0	0	14	8	8	2.87	2.91
Competition from non-banks	1	3	82	0	0	15	5	3	2.90	2.95
Competition from market financing	1	4	80	0	0	15	6	5	2.90	2.92
C) Perception of risk										
Expectations regarding general economic activity	14	56	19	0	0	12	65	70	2.14	2.06
Industry or firm-specific outlook	15	53	20	0	0	12	66	68	2.15	2.07
Risk on the collateral demanded	5	32	51	0	0	12	32	37	2.59	2.53

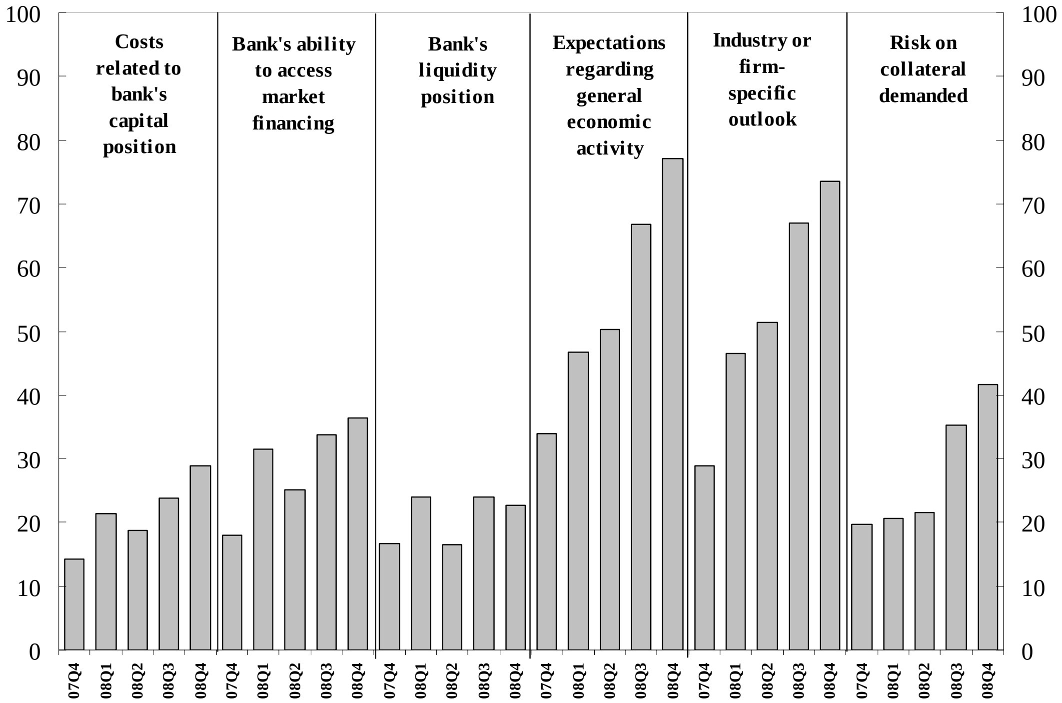
NA = not available; NetP = net percentage.

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

Chart 2a: Factors affecting credit standards applied to the approval of loans or credit lines to enterprises

(net percentages of banks reporting a contribution to tightening standards)

OVERALL



BREAKDOWN BY FIRM SIZE

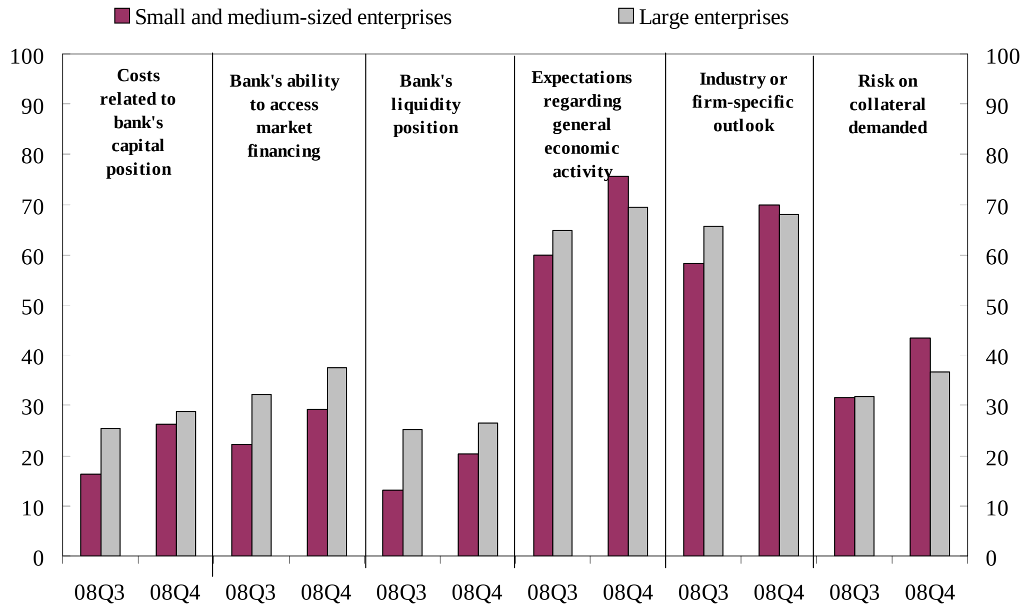
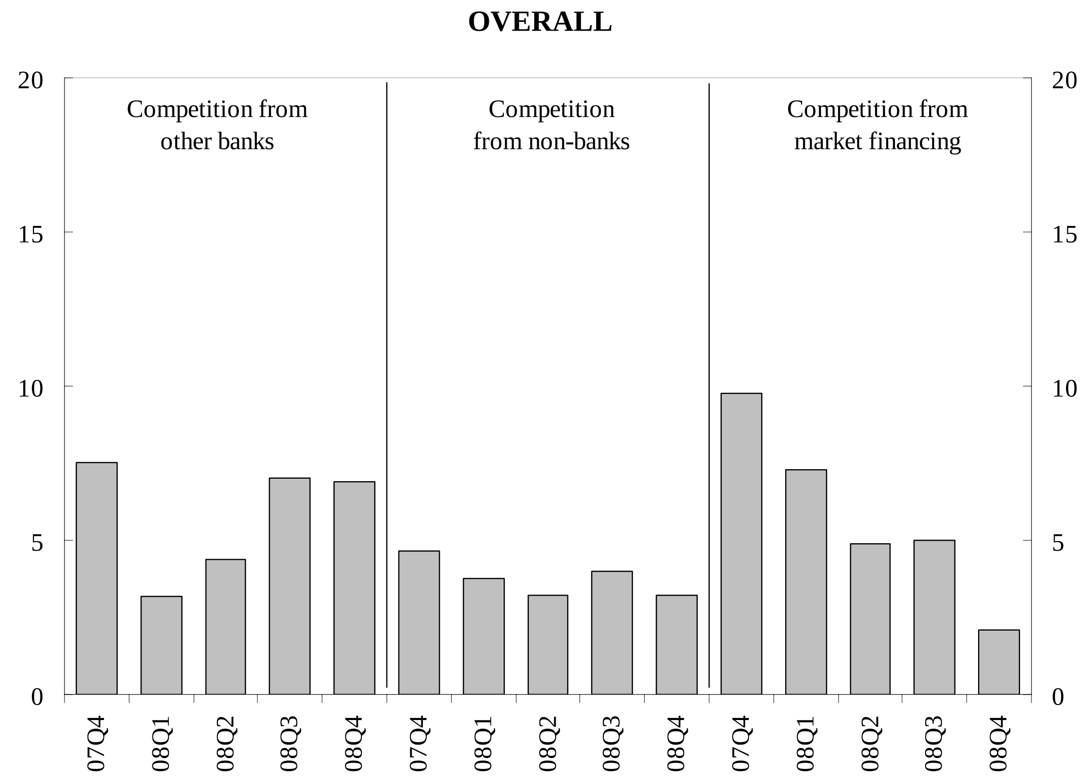


Chart 2b: Factors affecting credit standards applied to the approval of loans or credit lines to enterprises
(net percentages of banks reporting a contribution to tightening standards)



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

OVERALL	--	-	°	+	++	NA	NetP		Mean	
							October 2008	January 2009	October 2008	January 2009
A) Price										
Your bank's margin on average loans	10	53	30	2	0	6	68	61	2.18	2.25
Your bank's margin on riskier loans	26	53	13	2	0	7	76	77	1.91	1.91
B) Other conditions and terms										
Non-interest rate charges	2	23	67	0	0	8	26	25	2.69	2.71
Size of the loan or credit line	8	38	47	0	0	8	45	46	2.43	2.43
Collateral requirements	4	41	48	0	0	7	46	46	2.42	2.48
Loan covenants	3	36	53	0	0	8	37	39	2.54	2.55
Maturity	2	32	59	0	0	7	40	34	2.53	2.61

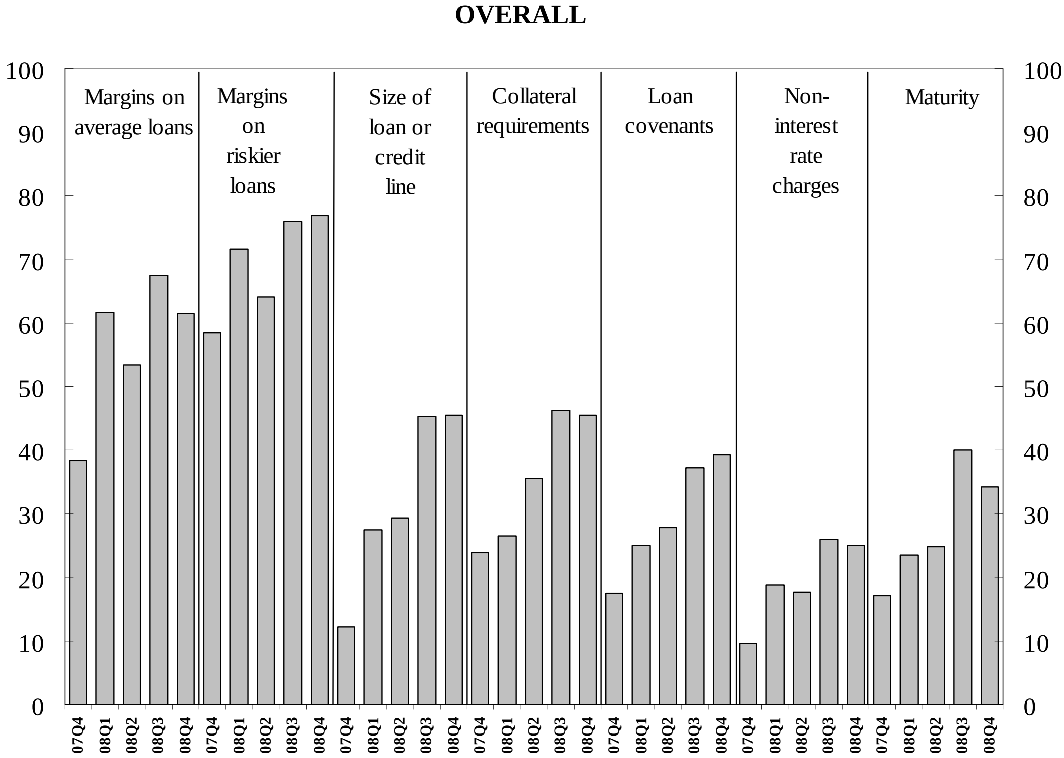
SMEs	--	-	°	+	++	NA	NetP		Mean	
							October 2008	January 2009	October 2008	January 2009
A) Price										
Your bank's margin on average loans	9	48	32	1	0	10	53	57	2.33	2.29
Your bank's margin on riskier loans	24	45	20	1	0	11	69	67	2.04	2.01
B) Other conditions and terms										
Non-interest rate charges	2	18	69	0	0	10	22	20	2.71	2.76
Size of the loan or credit line	5	35	50	0	0	10	36	40	2.55	2.51
Collateral requirements	3	39	49	0	0	10	41	42	2.49	2.53
Loan covenants	2	30	56	0	0	12	33	32	2.62	2.61
Maturity	2	25	63	0	0	10	30	27	2.63	2.69

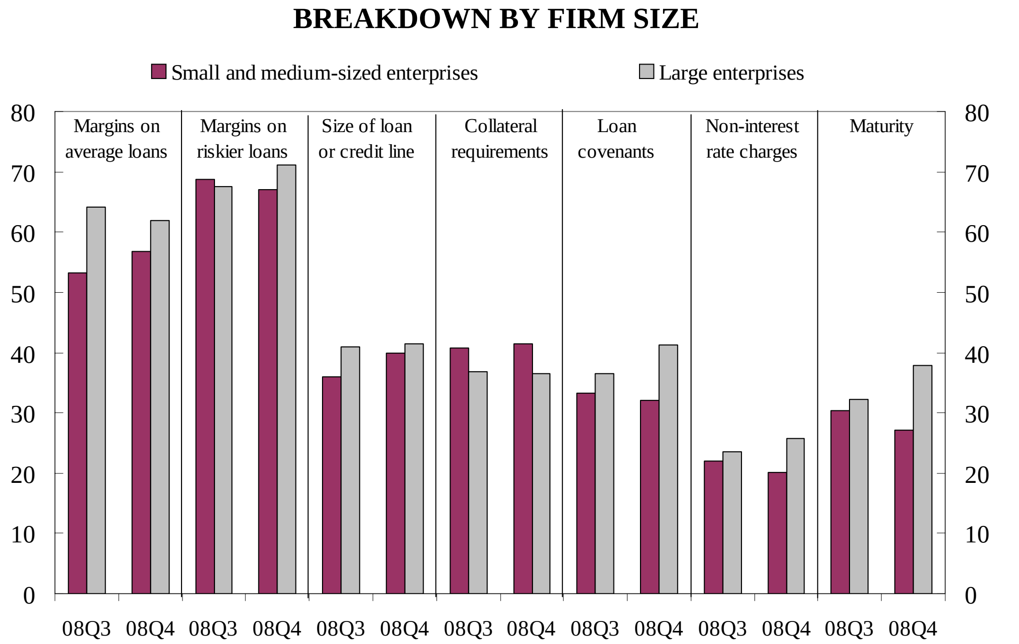
LARGE ENTERPRISES	--	-	°	+	++	NA	NetP		Mean	
							October 2008	January 2009	October 2008	January 2009
A) Price										
Your bank's margin on average loans	12	50	25	0	0	13	64	62	2.14	2.15
Your bank's margin on riskier loans	24	48	15	0	0	14	68	71	1.96	1.91
B) Other conditions and terms										
Non-interest rate charges	2	24	61	0	0	13	24	26	2.72	2.68
Size of the loan or credit line	6	35	45	0	0	13	41	42	2.45	2.46
Collateral requirements	4	33	51	0	0	13	37	37	2.52	2.55
Loan covenants	5	37	46	0	0	13	37	41	2.51	2.47
Maturity	5	33	50	0	0	13	32	38	2.58	2.52

NA = not available; NetP = net percentage.

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

Chart 3: Changes in terms and conditions for approving loans or credit lines to enterprises
(net percentages of banks reporting tightening terms and conditions)



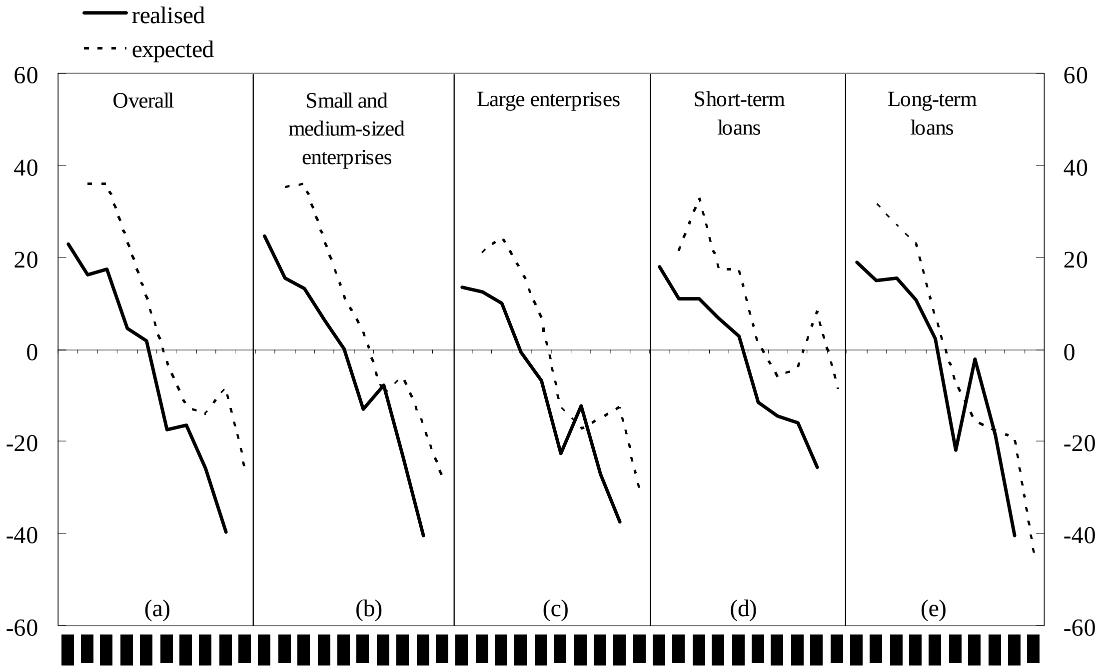


4. Over the past three months, how has the demand for loans or credit lines to enterprises changed at your bank, apart from normal seasonal fluctuations?

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	October 2008	January 2009	October 2008	January 2009	October 2008	January 2009	October 2008	January 2009	October 2008	January 2009
Decreased considerably	5	7	6	6	5	8	3	5	4	11
Decreased somewhat	38	50	31	48	41	45	28	38	37	46
Remained basically unchanged	40	26	50	31	36	31	55	40	37	26
Increased somewhat	17	16	13	13	16	14	14	14	20	14
Increased considerably	1	1	1	1	3	2	1	3	2	3
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**-26**	**-40**	**-23**	**-41**	**-27**	**-38**	**-16**	**-26**	**-19**	**-40**
Mean	*2.70*	*2.54*	*2.72*	*2.54*	*2.71*	*2.57*	*2.82*	*2.72*	*2.79*	*2.51*
Number of banks responding	***105***	***106***	***104***	***105***	***100***	***102***	***105***	***106***	***103***	***104***

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

Chart 4: Changes in demand for loans and credit lines to enterprises
(net percentages of banks reporting positive loan demand)



5. Over the past three months, how have the following factors affected the demand for loans or credit lines to enterprises?

	--	-	°	+	++	NA	NetP		Mean	
							October 2008	January 2009	October 2008	January 2009
A) Financing needs										
Fixed investment	10	52	27	1	0	10	-36	-60	2.55	2.23
Inventories and working capital	2	21	50	15	0	12	1	-8	3.02	2.91
Mergers/acquisitions and corporate restructuring	18	31	33	5	0	14	-32	-44	2.50	2.30
Debt restructuring	1	11	42	28	5	13	17	22	3.17	3.27
B) Use of alternative finance										
Internal financing	0	13	72	4	0	11	-7	-8	2.92	2.90
Loans from other banks	0	3	65	18	2	12	13	18	3.16	3.23
Loans from non-banks	0	5	78	4	0	12	-1	-1	2.98	2.99
Issuance of debt securities	1	5	59	12	2	21	5	8	3.07	3.14
Issuance of equity	1	9	64	5	0	22	2	-4	3.02	2.96

NA = not available; NetP = net percentage

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

Chart 5a: Factors affecting demand for loans and credit lines to enterprises

(net percentages of banks reporting a positive contribution to demand)

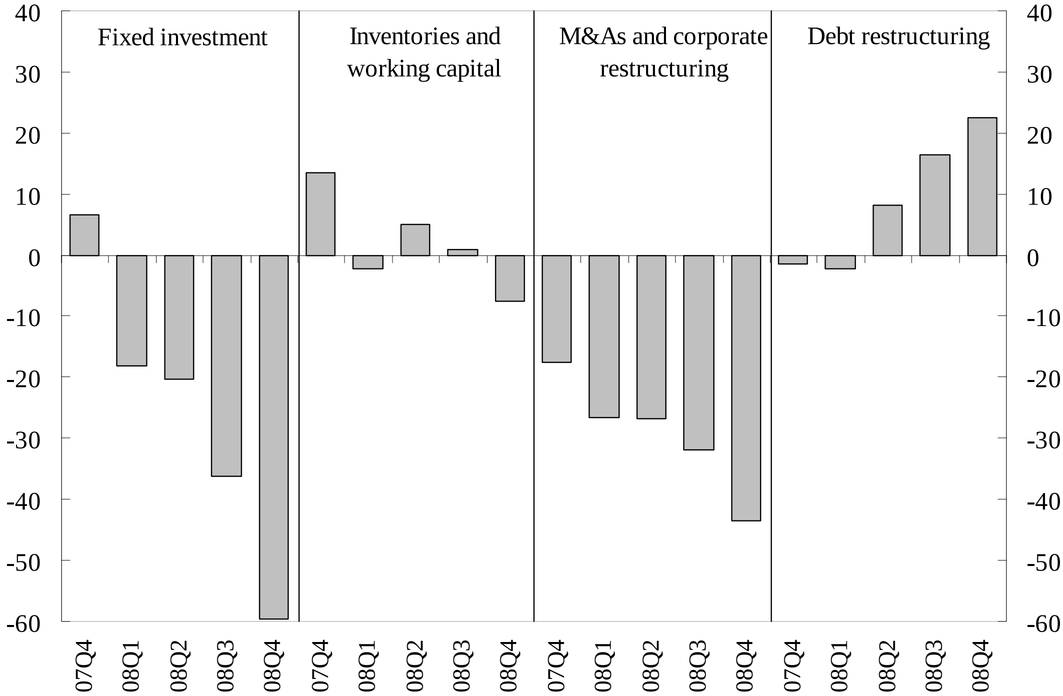
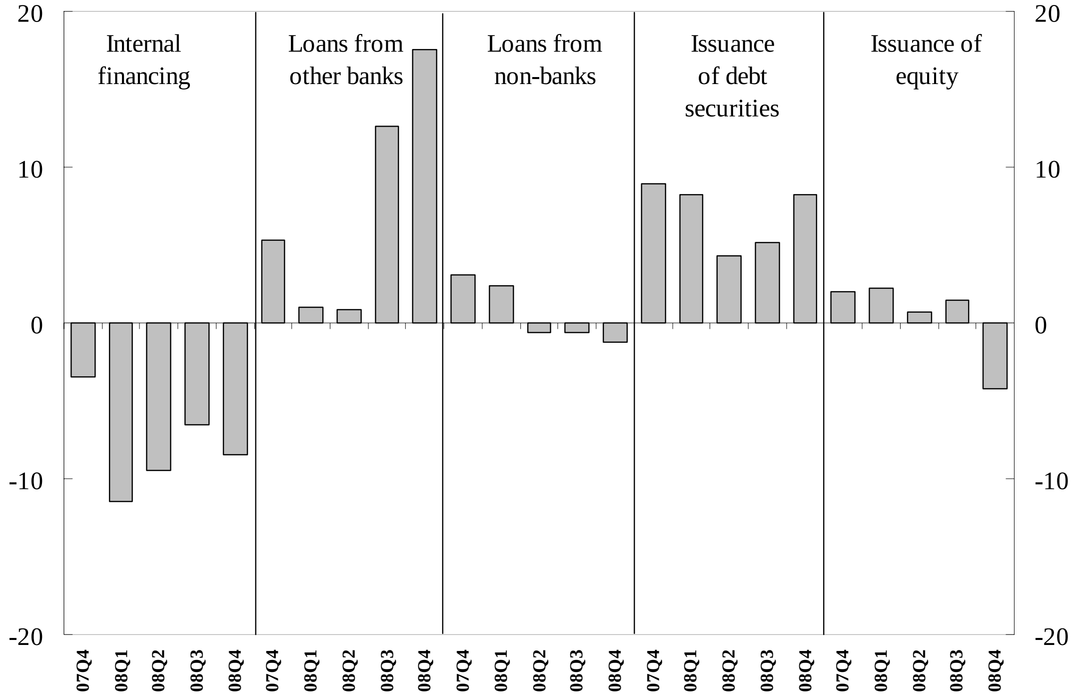


Chart 5b: Factors affecting demand for loans and credit lines to enterprises

(net percentages of banks reporting a positive contribution to demand)



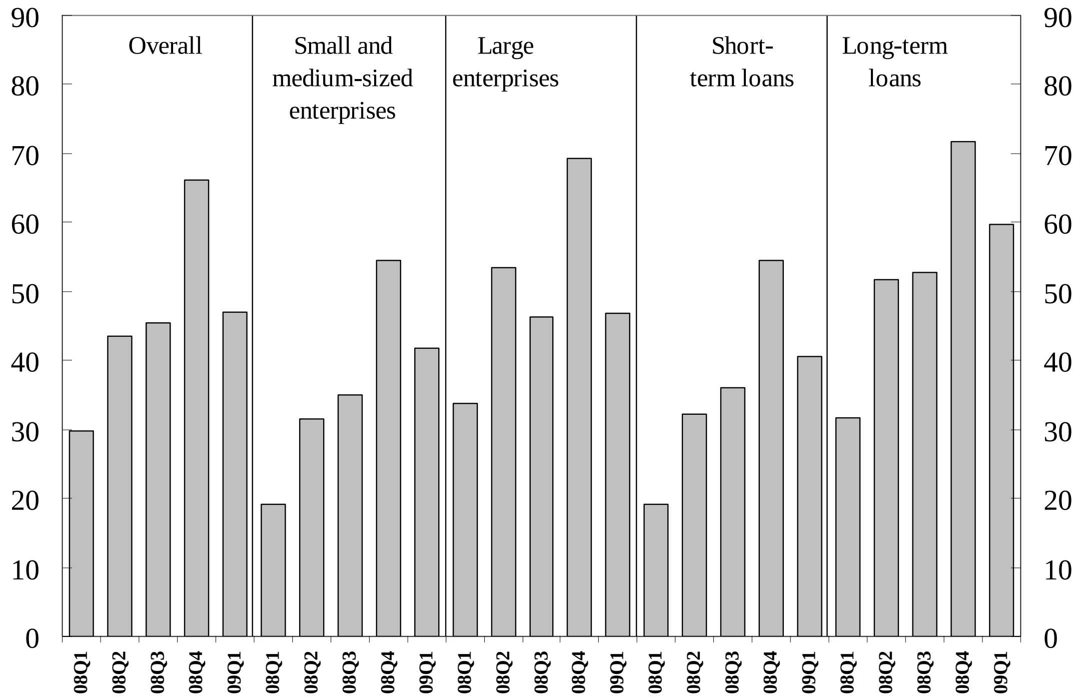
6. Please indicate how you expect your <u>bank's credit standards as applied to the approval of loans or credit lines to enterprises</u> to change over the next three months.

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	October 2008	January 2009	October 2008	January 2009	October 2008	January 2009	October 2008	January 2009	October 2008	January 2009
Tighten considerably	5	3	5	2	8	5	3	3	14	7
Tighten somewhat	63	45	52	41	61	44	52	39	57	52
Remain basically unchanged	32	51	41	57	31	50	44	56	28	40
Ease somewhat	1	1	2	1	0	1	1	2	0	0
Ease considerably	0	0	0	0	0	0	0	0	0	0
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**66**	**47**	**54**	**42**	**69**	**47**	**54**	**41**	**72**	**60**
Mean	*2.29*	*2.50*	*2.41*	*2.57*	*2.23*	*2.48*	*2.42*	*2.56*	*2.14*	*2.33*
Number of banks responding	***104***	***106***	***105***	***105***	***100***	***102***	***105***	***106***	***103***	***104***

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

Chart 6: Expected changes in credit standards for the approval of loans or credit lines to enterprises

(net percentages of banks expecting tightening credit standards)

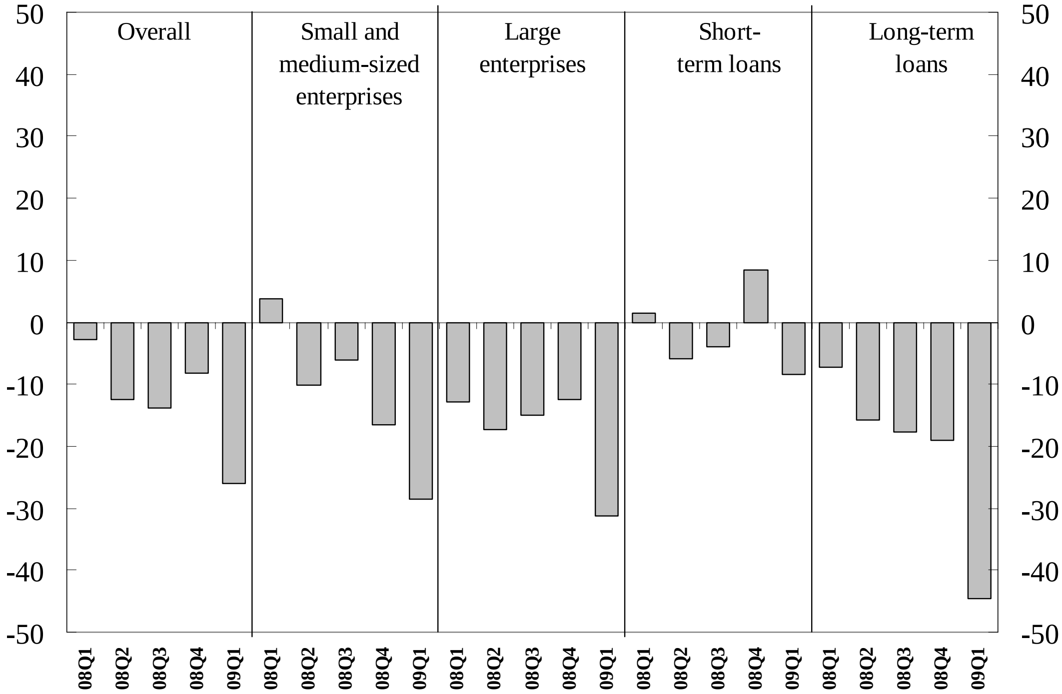


7. Please indicate how you expect <u>demand for loans or credit lines to enterprises</u> to change at your bank over the next three months (apart from normal seasonal fluctuations).

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	October 2008	January 2009	October 2008	January 2009	October 2008	January 2009	October 2008	January 2009	October 2008	January 2009
Decrease considerably	1	3	1	1	2	3	1	3	2	9
Decrease somewhat	31	43	34	46	34	45	16	29	40	49
Remain basically unchanged	43	34	46	34	41	35	56	44	35	30
Increase somewhat	22	18	17	17	20	15	23	21	23	10
Increase considerably	3	2	2	2	3	2	3	3	0	3
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
Net percentage	**-8**	**-26**	**-17**	**-28**	**-12**	**-31**	**8**	**-9**	**-19**	**-45**
Mean	*2.93*	*2.73*	*2.84*	*2.72*	*2.89*	*2.67*	*3.10*	*2.91*	*2.79*	*2.50*
Number of banks responding	***104***	***106***	***103***	***105***	***99***	***102***	***104***	***106***	***102***	***104***

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

Chart 7: Expected demand for loans and credit lines to enterprises
(net percentages of banks expecting a positive loan demand)



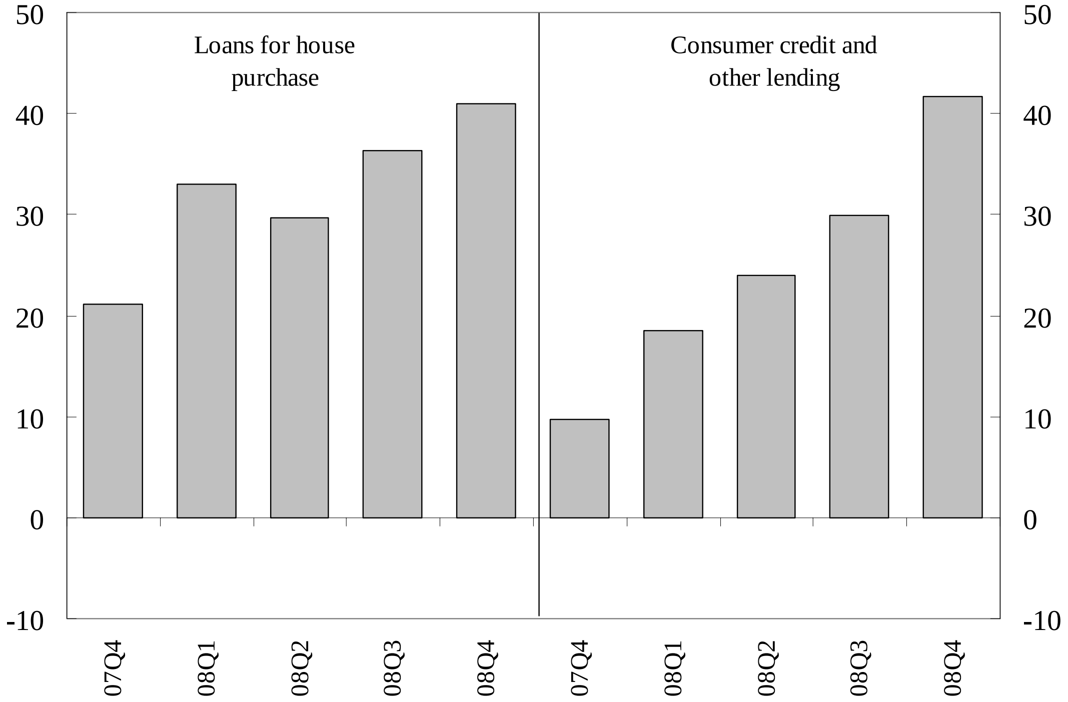
II. Loans to households

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

	Loans for house purchase		Consumer credit and other lending	
	October 2008	January 2009	October 2008	January 2009
Tightened considerably	3	4	5	10
Tightened somewhat	34	37	26	32
Remained basically unchanged	62	59	68	58
Eased somewhat	1	0	1	0
Eased considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	**36**	**41**	**30**	**42**
Mean	*2.61*	*2.55*	*2.65*	*2.48*
Number of banks responding	***98***	***100***	***101***	***102***

Note: The net percentage is defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat", and the sum of the percentages of banks responding "eased somewhat" and "eased considerably".

Chart 8: Credit standards applied to the approval of loans to households
(net percentages of banks reporting tightening credit standards)



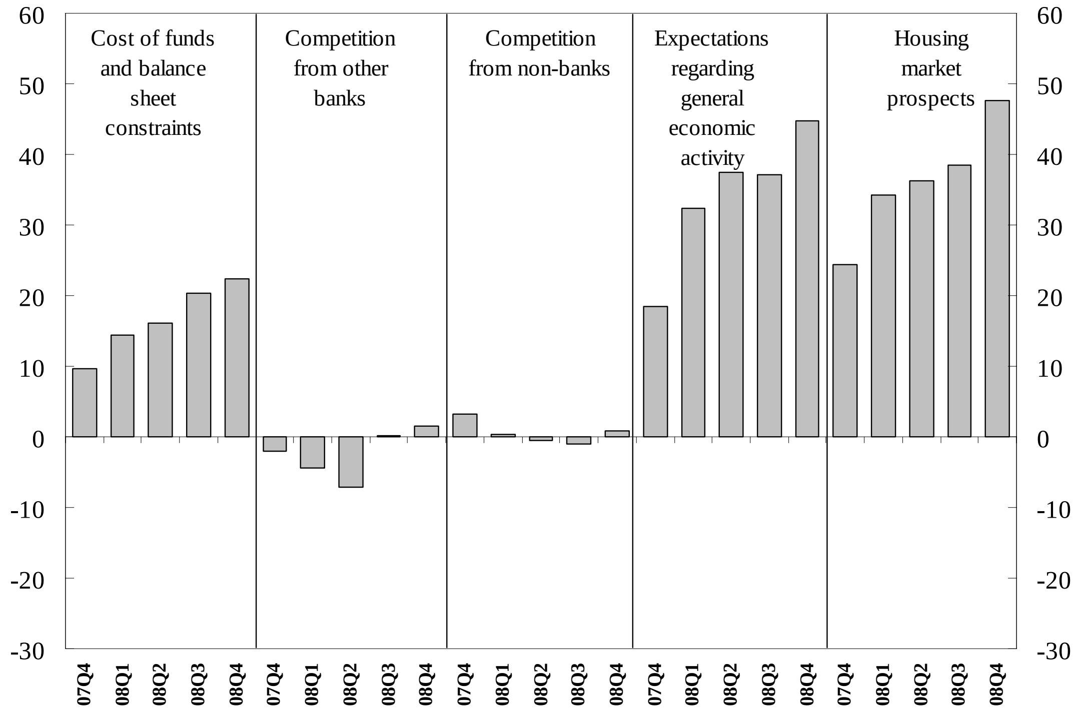
9. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of loans to households for house purchase?

	--	-	°	+	++	NA	NetP		Mean	
							October 2008	January 2009	October 2008	January 2009
A) Cost of funds and balance sheet constraints	3	19	65	0	0	13	20	22	2.73	2.72
B) Pressure from competition										
Competition from other banks	0	2	87	0	0	11	0	2	2.98	2.98
Competition from non-banks	0	1	87	0	0	13	-1	1	3.01	2.99
C) Perception of risk										
Expectations regarding general economic activity	13	33	44	1	0	10	37	45	2.53	2.40
Housing market prospects	11	37	42	0	0	10	38	48	2.49	2.39

NA = not available; NetP = net percentage.

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

Chart 9: Factors affecting credit standards applied to the approval of loans to households for house purchase
(net percentages of banks reporting tightening standards)



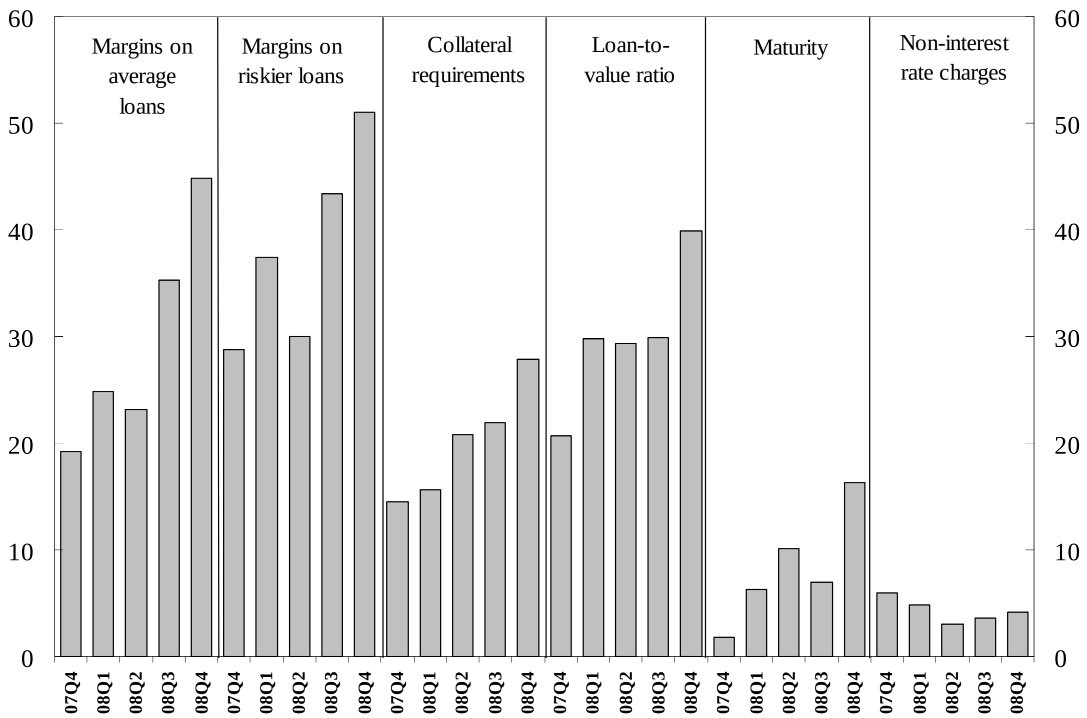
10. Over the past three months, how have your bank's terms and conditions for approving loans to households for house purchase changed?

	--	-	°	+	++	NA	NetP		Mean	
							October 2008	January 2009	October 2008	January 2009
A) Price										
Your bank's margin on average loans	4	44	39	3	0	10	35	45	2.59	2.47
Your bank's margin on riskier loans	12	40	36	2	0	10	43	51	2.42	2.31
B) Other conditions and terms										
Collateral requirements	4	24	62	0	0	10	22	28	2.75	2.68
Loan-to-value ratio	3	37	50	0	0	10	30	40	2.66	2.56
Maturity	1	15	74	0	0	10	7	16	2.93	2.82
Non-interest rate charges	1	3	86	0	0	10	4	4	2.97	2.94

NA = not available; NetP = net percentage.

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

Chart 10: Changes in terms and conditions for approving loans to households for house purchase
(net percentages of banks reporting tightening terms and conditions)



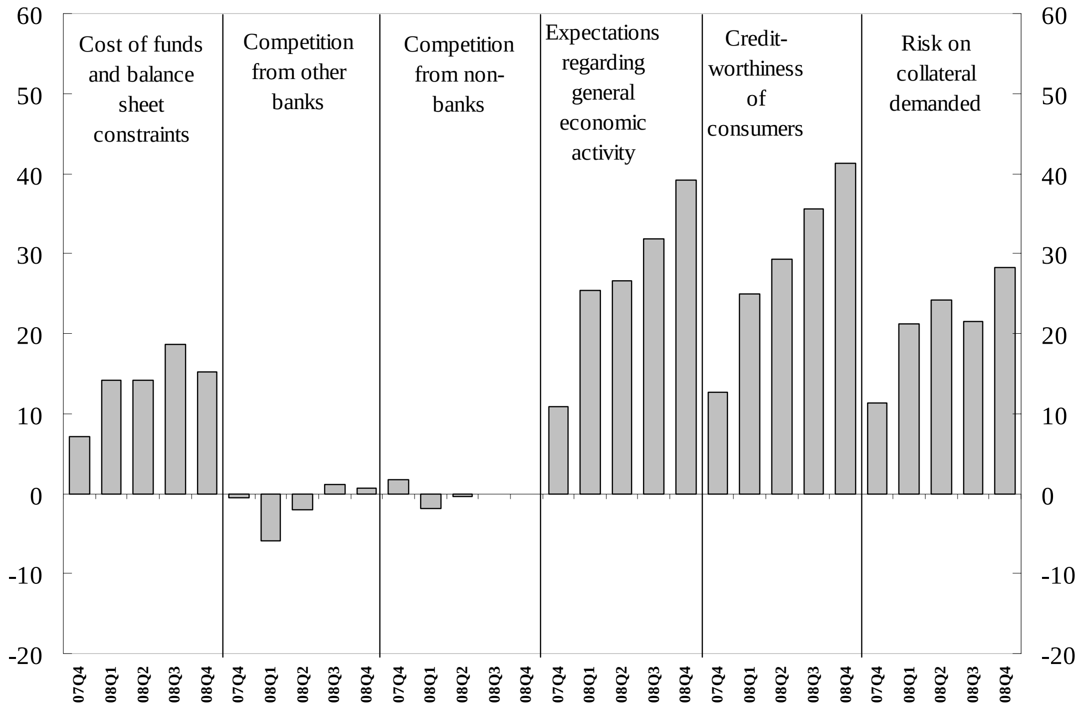
11. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households (as described in question 8)?

	--	-	°	+	++	NA	NetP		Mean	
							October 2008	January 2009	October 2008	January 2009
A) Cost of funds and balance sheet constraints	1	15	72	0	0	13	19	15	2.76	2.83
B) Pressure from competition										
Competition from other banks	0	1	87	0	0	12	1	1	2.98	2.99
Competition from non-banks	0	0	88	0	0	12	0	0	3.00	3.00
C) Perception of risk										
Expectations regarding general economic activity	12	28	49	1	0	11	32	39	2.59	2.46
Creditworthiness of consumers	9	33	47	1	0	11	36	41	2.54	2.47
Risk on the collateral demanded	5	23	61	0	0	11	22	28	2.73	2.67

NA = not available; NetP = net percentage.

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

Chart 11: Factors affecting credit standards applied to the approval of consumer credit and other lending to households *(net percentages of banks reporting a contribution to tightening standards)*



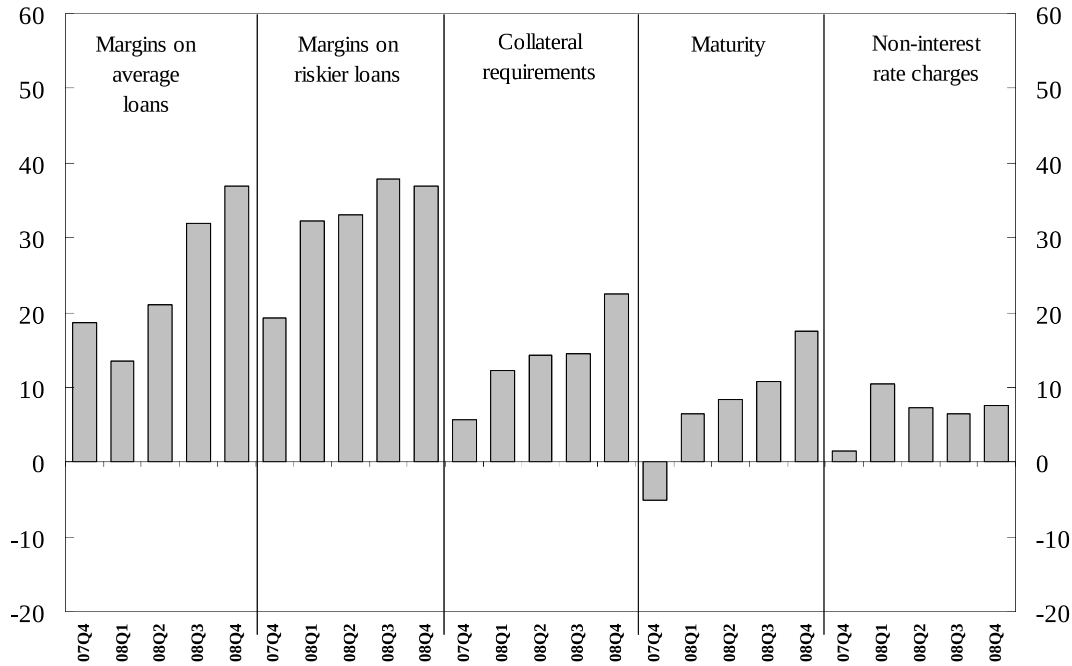
12. Over the past three months, how have your bank's terms and conditions for approving consumer credit and other lending to households changed?

	--	-	°	+	++	NA	NetP		Mean	
							October 2008	January 2009	October 2008	January 2009
A) Price										
Your bank's margin on average loans	1	40	46	3	0	10	32	37	2.64	2.59
Your bank's margin on riskier loans	9	32	46	4	0	10	38	37	2.53	2.53
B) Other conditions and terms										
Collateral requirements	2	21	66	0	0	12	15	22	2.83	2.75
Maturity	0	18	72	0	0	10	11	18	2.89	2.82
Non-interest rate charges	0	8	82	0	0	10	6	8	2.93	2.92

NA = not available; NetP = net percentage.

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

Chart 12: Changes in terms and conditions for approving consumer credit and other lending to households
(net percentages of banks reporting tightening terms and conditions)



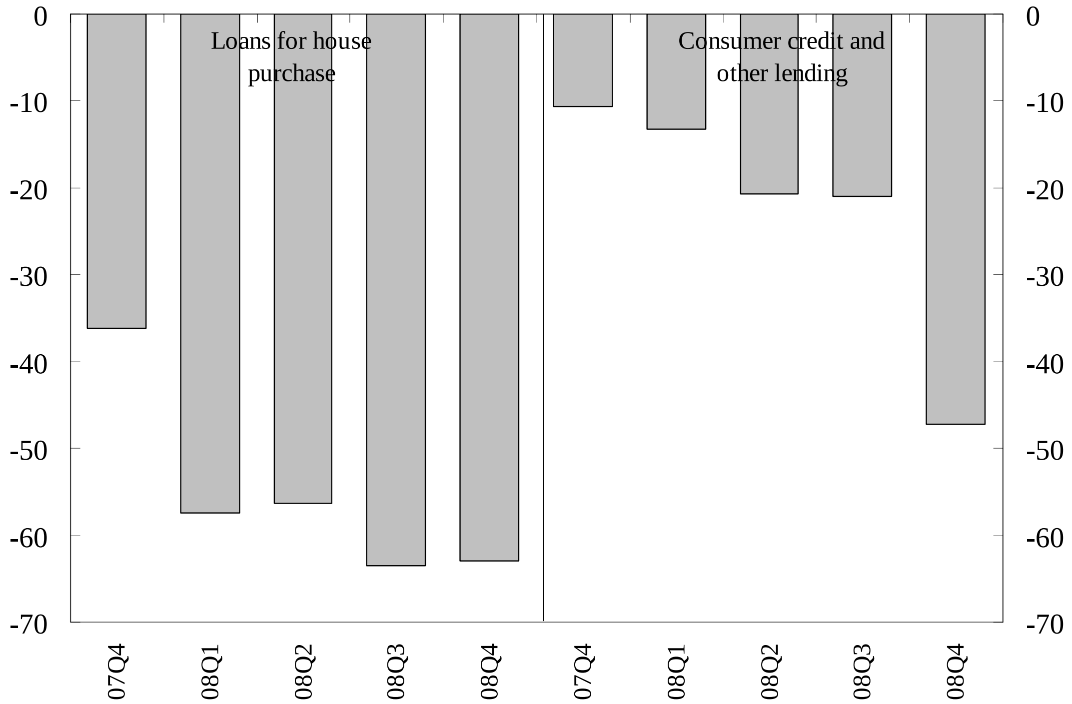
13. Over the past three months, how has the <u>demand for loans to households</u> changed at your bank, apart from normal seasonal fluctuations?

	Loans for house purchase		Consumer credit and other lending	
	October 2008	January 2009	October 2008	January 2009
Decreased considerably	12	24	2	5
Decreased somewhat	55	49	34	50
Remained basically unchanged	31	17	50	36
Increased somewhat	2	7	11	6
Increased considerably	1	3	4	2
Total	*100*	*100*	*100*	*100*
Net percentage	**-64**	**-63**	**-21**	**-47**
Mean	*2.26*	*2.16*	*2.81*	*2.50*
Number of banks responding	***98***	***100***	***100***	***102***

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

Chart 13: Demand for loans to households

(net percentages of banks reporting positive loan demand)



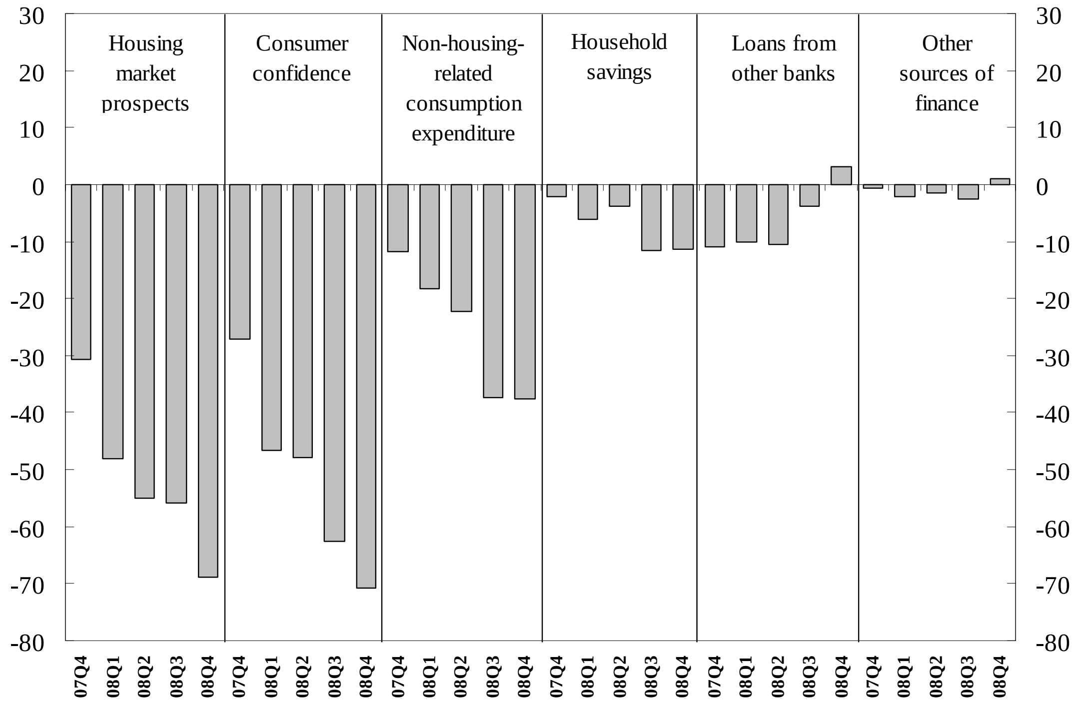
14. Over the past three months, how have the following factors affected the demand for <u>loans to households for house purchase</u> (as described in question 13)?

	--	-	°	+	++	NA	NetP		Mean	
							October 2008	January 2009	October 2008	January 2009
A) Financing needs										
Housing market prospects	14	57	18	2	0	10	-56	-69	2.26	2.11
Consumer confidence	20	52	16	1	1	10	-63	-71	2.14	2.03
Non-housing-related consumption expenditure	4	36	48	2	0	10	-37	-38	2.53	2.55
B) Use of alternative finance										
Household savings	1	14	68	4	0	13	-12	-11	2.84	2.87
Loans from other banks	1	3	77	5	2	13	-4	3	2.92	3.05
Other sources of finance	1	1	82	3	0	13	-3	1	2.95	3.00

NA = not available; NetP = net percentage.

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

Chart 14: Factors affecting demand for loans to households for house purchase
(net percentages of banks reporting a positive contribution to demand)



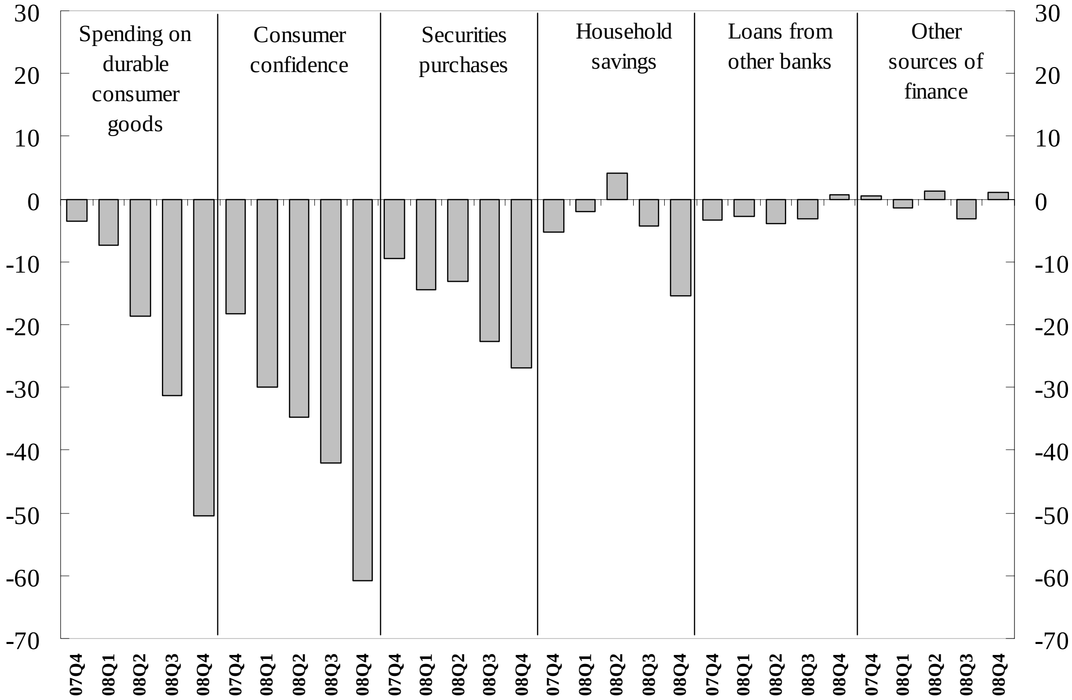
15. Over the past three months, how have the following factors affected the demand for consumer credit and other lending to households (as described in question 13)?

	--	-	°	+	++	NA	NetP		Mean	
							October 2008	January 2009	October 2008	January 2009
A) Financing needs										
Spending on durable consumer goods	9	48	23	6	1	13	-31	-51	2.60	2.32
Consumer confidence	9	53	27	1	0	10	-42	-61	2.47	2.23
Securities purchases	10	17	54	0	0	20	-23	-27	2.72	2.59
B) Use of alternative finance										
Household savings	0	17	71	2	0	10	-4	-15	2.95	2.83
Loans from other banks	0	5	79	4	1	12	-3	1	2.97	3.02
Other sources of finance	2	0	82	3	0	13	-3	1	2.97	2.99

NA = not available; NetP = net percentage.

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

Chart 15: Factors affecting demand for consumer credit and other lending to households
(net percentages of banks reporting a positive contribution to demand)

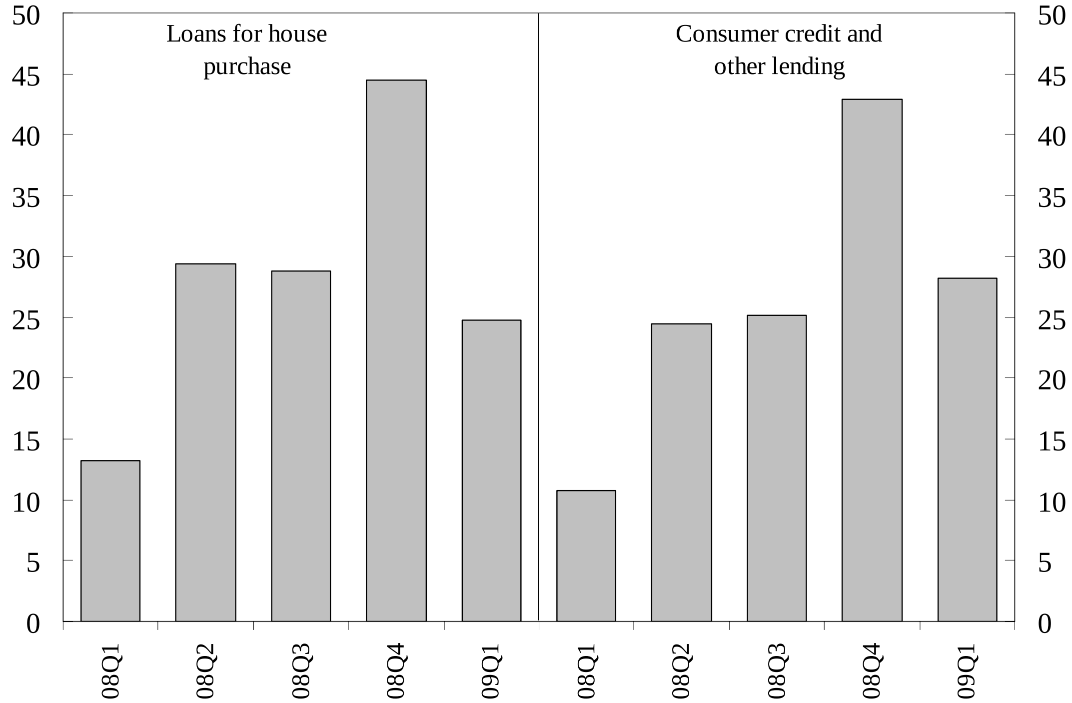


16. Please indicate how you expect your bank's credit standards as applied to the approval of loans to households to change over the next three months.

	Loans for house purchase		Consumer credit and other lending	
	October 2008	January 2009	October 2008	January 2009
Tighten considerably	9	3	3	1
Tighten somewhat	37	23	42	28
Remain basically unchanged	53	74	53	69
Ease somewhat	1	1	2	2
Ease considerably	0	0	0	0
Total	*100*	*100*	*100*	*100*
Net percentage	**45**	**25**	**43**	**28**
Mean	*2.47*	*2.72*	*2.54*	*2.70*
Number of banks responding	***98***	***100***	***101***	***102***

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

Chart 16: Expected credit standards for loans to households
(net percentages of banks expecting tightening standards)

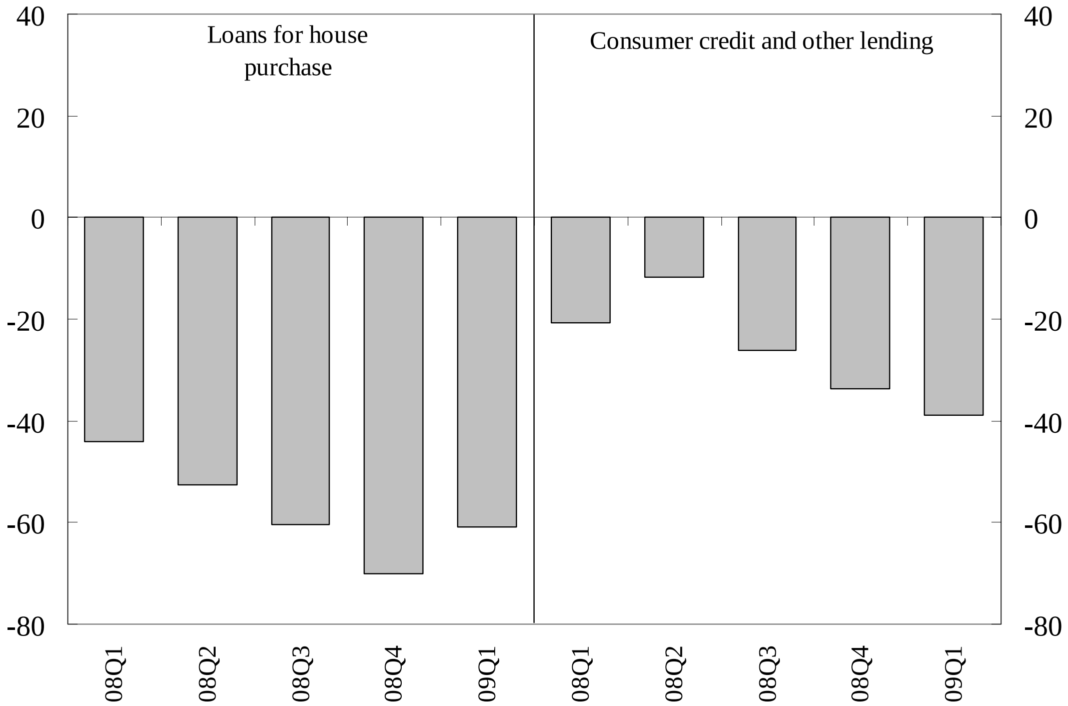


17. Please indicate how you expect demand for loans to households to change over the next three months at your bank (apart from normal seasonal fluctuations).

	Loans for house purchase		Consumer credit and other lending	
	October 2008	January 2009	October 2008	January 2009
Decrease considerably	11	7	1	2
Decrease somewhat	59	58	48	46
Remain basically unchanged	29	30	37	43
Increase somewhat	1	3	15	8
Increase considerably	0	1	0	1
Total	*100*	*100*	*100*	*100*
Net percentage	**-70**	**-61**	**-34**	**-39**
Mean	*2.19*	*2.33*	*2.66*	*2.60*
Number of banks responding	***98***	***99***	***101***	***102***

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

Chart 17: Expected demand for loans to households
(net percentages of banks expecting positive loan demand)



ANNEX 2: RESULTS FOR THE AD HOC QUESTIONS

i. As a result of the situation in the financial markets, has your market access been hampered when tapping your usual sources of wholesale funding and/or has your ability to transfer risk been hampered over the past three months, or are you expecting this access/activity to be hampered over the next three months?

	Over the past three months					Over the next three months					N/A[1]
	--	-	o	Mean	Standard deviation	--	-	o	Mean	Standard deviation	
A) Interbank unsecured money market											
Very short-term money market (up to one week)	8%	31%	61%	2.53	0.69	5%	31%	64%	2.59	0.62	17%
Short-term money market (more than one week)	32%	44%	24%	1.92	0.79	18%	49%	33%	2.15	0.74	17%
B) Debt securities[2]											
Short-term debt securities (e.g. certificates of deposit or commercial paper)	29%	44%	27%	1.98	0.80	23%	43%	34%	2.11	0.80	23%
Medium to long-term debt securities (incl. covered bonds)	60%	30%	11%	1.51	0.73	45%	43%	12%	1.66	0.73	19%
C) Securitisation[3]											
Securitisation of corporate loans	64%	22%	14%	1.49	0.83	55%	30%	15%	1.60	0.88	56%
Securitisation of loans for house purchase	70%	22%	8%	1.38	0.71	63%	28%	9%	1.45	0.69	52%
D) Ability to transfer credit risk off balance sheet[4]	44%	45%	11%	1.66	0.81	45%	43%	12%	1.67	0.85	64%

(1) Please select “N/A” (not applicable) only if the source of funding is not used by your bank.

(2) Usually involves on-balance sheet funding.

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

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

ii. If you have stated in response to question iv that one or more of your usual means of accessing wholesale funding markets were (will be) considerably or somewhat hampered over the past (next) three months, did (will) this have an impact on the quantity that your bank is willing to lend and/or the margin at which funds were (will be) lent over the past (next) three months?

For money markets, debt securities or other markets

	Over the past three months	Over the next three months
Quantity		
Considerable impact	27%	31%
Some impact	47%	47%
Basically no impact	26%	22%
Mean	*1.99*	*1.91*
Standard deviation	*0.78*	*0.77*
Number of banks responding	***84***	***84***
Margin		
Considerable impact	24%	30%
Some impact	68%	64%
Basically no impact	9%	6%
Mean	*1.85*	*1.76*
Standard deviation	*0.58*	*0.58*
Not applicable (*)	21%	20%
Number of banks responding	***84***	***84***

For securitisation

	Over the past three months	Over the next three months
Quantity		
Considerable impact	46%	42%
Some impact	33%	38%
Basically no impact	22%	20%
Mean	*1.76*	*1.78*
Standard deviation	*0.87*	*0.83*
Number of banks responding	***52***	***53***
Margin		
Considerable impact	35%	35%
Some impact	50%	45%
Basically no impact	15%	20%
Mean	*1.80*	*1.85*
Standard deviation	*0.74*	*0.79*
Not applicable (*)	46%	45%
Number of banks responding	***50***	***52***

(*) Please select “Not applicable” only if you have replied “basically not hampered” or “Not applicable” to question iv.

iii. 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	14%	15%
Considerable impact on capital, and some impact on lending	14%	13%
Some impact on both capital and lending	20%	22%
Some impact on capital, but no impact on lending	13%	11%
Basically no impact on capital	27%	27%
No reply	11%	12%
Mean	***3.35***	***3.32***
Standard deviation	1.47	1.49
Number of banks responding	***112***	***112***

(*) As in the main 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.

iv. 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
Basically no impact on market access	66%	41%
Some improvement in market access	32%	55%
Considerable improvement in market access	2%	3%
Not applicable (*)	6%	6%
Mean	***3.36***	***3.62***
Standard deviation	0.54	0.57
Number of banks responding	***102***	***102***

(*) Please select "N/A" (not applicable) only if your government has not announced any of the above-mentioned measures.

ANNEX 3: GLOSSARY

To assist the banks participating in the survey in filling out the questionnaire, a glossary has been developed that explains the most important terminology used in the survey:

Capital

In accordance with the Basel capital adequacy requirements, the definition of capital includes 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.

Collateral

The security given by a borrower to a lender as a pledge for the repayment of a loan. This could include certain financial securities, such as equity or debt securities, real estate or compensating balances (a compensating balance is the minimum amount of a loan that the borrower is required to keep in an account at the bank).

Consumer confidence

Consumers’ assessments of economic and financial trends in a particular country and/or in the euro area. They include assessments of the past and current financial situations of households and resulting prospects for the future, assessments of the past and current general economic situation and resulting prospects for the future and the advisability of making residential investments (question 14), particularly in terms of affordability, and/or major purchases of durable consumer goods (question 15).

Cost of funds and balance sheet constraints

A bank’s capital and the costs related to its capital position can become a balance sheet constraint that may inhibit the expansion of its lending. For a given level of capital, the bank’s loan supply could be affected by its liquidity position and its access to money and debt markets. Similarly, a bank could abstain from granting a loan, or be less willing to lend, if it knows that it will not be able subsequently to transfer the risk (synthetic securitisation) or the entire asset (true-sale securitisation) off its balance sheet.

Covenant

An agreement or stipulation laid down in loan contracts, particularly contracts with enterprises, under which the borrower pledges either to take certain action (an affirmative covenant), or to refrain from taking certain action (a negative covenant); this is consequently part of the terms and conditions of the loan.

Credit line

A facility with a stated maximum amount that an enterprise is entitled to borrow from a bank at any given time. For the purposes of the survey, developments regarding credit lines should be interpreted as changes in the net amount that can be drawn down under either an existing or a new credit line.

Credit standards

The internal guidelines or criteria that reflect a bank's lending policy. They are the written and unwritten criteria, or other practices related to this policy, which define the types of loan a bank considers desirable and undesirable, its designated geographical priorities, collateral deemed acceptable or unacceptable, etc. For the purposes of the survey, changes in written loan policies, together with changes in their application, should be reported.

Credit terms and conditions

These refer to the specific obligations agreed upon by the lender and the borrower. In the context of the bank lending survey, they consist of the direct price or interest rate, the maximum size of the loan and the access conditions, and other terms and conditions in the form of non-interest rate charges (i.e. fees), collateral requirements (including compensating balances), loan covenants and maturities (short-term versus long-term).

Debt restructuring

Debt restructuring is a relevant factor in the context of the bank lending survey only to the extent that it gives rise to an actual increase or decrease in demand for loans following the decision of corporations with outstanding debt obligations to alter the terms and conditions of these loans. Generally, companies use debt restructuring to avoid defaulting on existing debt or to take advantage of lower interest rates or lower interest rate expectations. In contrast, debt restructuring should not be interpreted as the switching between different types of debt (such as MFI loans and debt securities; this is already captured under the factor "Issuance of debt securities"), capital restructuring (substitution between debt and equity) or share buy-backs (already captured under the factor "Issuance of equity"). Debt restructuring in the form of inter-company loans is already covered by the factor "loans from non-banks". Moreover, debt restructuring in the form of a substitution between short-term and long-term loans does not give rise to a change in overall loan demand.

Enterprises

The term “enterprises” denotes non-financial corporations, i.e. all private and public institutional units, irrespective of their size and legal form, which are not principally engaged in financial intermediation but rather in the production of goods and non-financial services.

Enterprise size

The distinction between large enterprises and small and medium-sized enterprises is based on annual sales. An enterprise is considered large if its annual net turnover is more than €50 million.

Households

Individuals or groups of individuals acting as consumers or as producers of goods and non-financial services exclusively intended for their own final consumption, as well as small-scale market producers.

Housing market prospects

In question 9, (besides interest rate developments) “housing market prospects” refers to the risk on the collateral demanded; in question 14, it includes households’ expectations regarding changes in house prices.

Loans

The loans covered by the bank lending survey are those granted to euro area residents by domestic bank branches, and include loans or credit lines to enterprises, loans to households for house purchase, and consumer credit and other lending to households.

Loan-to-value ratio

The ratio of the amount borrowed to the appraisal or market value of the underlying collateral, usually employed in relation to loans used for real estate financing.

Maturity

Maturity as used in the bank lending survey is original maturity, and only two types are used: short-term and long-term. Short-term loans are loans with an original maturity of one year or less; long-term loans have an original maturity of more than one year.

Net percentage (or balance)

In the context of credit standards, the net percentage is defined as the difference between the sum of the percentages of banks responding “tightened considerably” and “tightened somewhat”, and the sum of the percentages of banks responding “eased considerably” and “eased somewhat”. Regarding demand for loans, the net percentage is defined as the difference between the sum of the percentages of banks responding “increased considerably” and “increased somewhat”, and the sum of the percentages of banks responding “decreased considerably” and “decreased somewhat”.

Non-banks

In general, these consist of non-monetary financial corporations, in particular insurance corporations and pension funds, financial auxiliaries and other financial intermediaries.

Non-interest rate charges

Various kinds of fees that can form part of the pricing of a loan, such as commitment fees on revolving loans, administration fees (e.g. document preparation costs), and charges for enquiries, guarantees and credit insurance.