The Bank Lending Survey for Ireland

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ABSTRACT

The euro area bank lending survey is undertaken on a quarterly basis in order to provide qualitative information on developments in the loan market. The results of the survey give important information on supply and demand conditions in the loan market and they complement quantitative data on developments in this market. The Governing Council of the European Central Bank uses these results regularly as an input into the discussions on monetary policy. This paper provides an overview of how the survey is undertaken and how its results are to be interpreted. The results of the Irish contribution to the survey are then compared with aggregate euro area results. A brief analysis of the information content of the survey is undertaken in order to determine whether information from the bank lending survey has a relationship with developments in the real economy. Although the number of observations is still quite low, it is possible to see a relationship between the results of the bank lending survey and other macro variables, such as gross fixed capital formation and consumer/industrial confidence.

1. Introduction

In January 2003 the Eurosystem (i.e., the European Central Bank and national central banks of the euro area countries, including Ireland) introduced a quarterly bank lending survey for the euro area. The aim of the survey is to supplement the information on credit market conditions derived from the statistics in the monthly bank balance sheet reports. The bank lending survey provides information on both supply and demand factors with respect to loan developments, including information on changes in credit standards, terms and conditions, and loan demand for both enterprises and households.

Bank lending remains the dominant source of financing for both enterprises and households in the euro area. This is especially true for small- and medium-sized enterprises (SMEs), which have little access to capital markets and rely on bank lending for their financing needs. While interest rate changes remain the main mechanism for transmission of monetary policy, the bank-lending channel plays an important role whereby aggregate lending behaviour of banks is influenced by factors such as the balance sheet positions and economic situations of individual banks, and a balance sheet channel, which refers to the ability of borrowers to provide collateral for bank loans and thus their ability to access credit. It is therefore important that monetary-policy decision makers have a clear understanding of developments in the bank

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lending market in order to gauge the effects of monetary policy changes on different types of lenders and on the economy as a whole.

The survey provides unique information available only to banks, such as whether banks are relying on factors other than price to clear the loans market. In this regard, the price of loans (i.e., interest rate) is not the only factor clearing the loans market. Banks also impose a number of non-price conditions on their lending activity. Indeed, these conditions are usually given priority over price conditions, as borrowers must first fulfil the criteria before price is negotiated. These conditions include factors such as collateral requirements and minimum loan-to-value (LTV) ratios. Instead of raising interest rates in order to curtail lending demand, lenders are more likely to change lending conditions in order to make it more difficult for borrowers to access credit. In light of this the bank lending survey data provide potentially invaluable information on the reasons for growth in loans. Four years after its introduction, the bank lending survey can be regarded as a success given the quality of information that it provides and the high level of participation from the surveyed banks.

This paper assesses the results of the Irish contribution to the euro area bank lending survey, based on the seventeen survey rounds conducted so far. Section 2 provides a brief description of the bank lending survey including an overview of the questions. Section 3 discusses the overall results of the survey for Ireland and Section 4 provides an assessment of the information content of these results. Some conclusions are provided in Section 5.

Section 2: Description of the Bank Lending Survey

Bank Lending Survey Questionnaire

The euro area bank lending survey is based on a standard questionnaire containing a total of 18 questions on lending to enterprises and households (see Annex 1).[1] The survey is conducted at the start of each quarter. The questions first examine developments during the preceding three months. Changes in demand for credit and the factors underlying these changes are surveyed, along with, on the supply side, changes in credit standards and their determinants. Secondly, there is a forward-looking element in the survey whereby banks are asked to give their opinion on what changes they expect both in their own lending policy and in customer demand during the following three months. In the final section, the banks are asked to outline any additional factors affecting their lending behaviour over the previous three-month period and any other important

1 The Federal Reserve Bank in the US undertakes the 'Senior Loan Officer Opinion Survey' on a quarterly basis and the Bank of Japan undertakes a similar survey.

information on their loan supply. There is also provision for the inclusion of ad-hoc questions in the bank lending survey and this was done for the first time in the July 2006 survey, when respondents were surveyed on the use of mortgage equity withdrawal.

Participants in the Bank Lending Survey

In setting up the sample of banks to participate in the survey, the Eurosystem took into consideration the qualitative nature of the information to be provided, the voluntary basis of the survey and the need to capture specific features of the national banking systems. The selection of the sample at national level was determined by three guidelines:

i) there should be at least three banks from each country;

ii) the relative sample size of each country should not be far from its share in the total euro area lending; and

iii) here should be a preference to include the country's largest banks.

Throughout the euro area 90 banks (including 5 banks from Ireland) participate in the bank lending survey (see Table 1).

Table 1: Sample size and country weights, October 2006

	Number of banks	Country weight of total loans %
Belgium	4	2.8
Germany	17	27.2
Greece	3	1.8
Spain	10	17.5
France	14	17.4
Ireland	5	3.3
Italy	7	13.6
Luxembourg	5	0.8
The Netherlands	6	8.4
Austria	5	2.9
Portugal	5	2.5
Finland	4	1.4
Slovenia	5	0.2
Euro area	**90**	**100.0**

Source: ECB

Conduct of the Survey

The bank lending survey is conducted in the first month of each quarter (i.e., January, April, July and October). In Ireland the survey is addressed to the senior loan officers in the participating institutions and is conducted electronically. As a matter of principle, great importance is attached to the participating banks enjoying confidentiality, especially with regards to the information they disclose. All the national central banks pass on the individual results of the survey in an anonymous form to the European Central Bank (ECB). The ECB aggregates the results for the euro area on the basis of country weights (see Table 1) and submits an analysis of the findings for both the euro area and the individual Member States to the ECB Governing Council for its next monetary policy meeting.

Interpretation of the Survey Results

The qualitative nature and subjective character of the survey findings should be borne in mind when interpreting the results, i.e., they are not quantitative data but reflect quantitative tendency estimates recorded on a five point scale. In addition, the survey is concerned with identifying changes; consequently information on levels (such as the degree of restriction imposed by the banks' current lending policy) cannot be derived from the survey data. The results are compiled in two ways. First, the net balance of responses in percentage terms is calculated in order to improve the quantitative assessment of the aggregated qualitative results. With respect to credit standards, this net percentage is the difference between the percentage shares of responses in the restrictive range (i.e., reporting a tightening of standards) less the percentage share of responses in the expansionary range (i.e., reporting an easing of standards). Regarding loan demand, the net percentage is the difference between the percentages reporting an increase and a decrease in demand. The second type of presentation (used in the CBFSAI's quarterly analysis of the bank lending survey and in this paper) shows the results as the (unweighted) mean of the individual responses. Respondents are required to report how their credit standards or net demand for loans have changed over the preceding quarter. There are five possible responses and participants are asked to respond with the corresponding number (a tightening/easing refers to credit standards while an increase/decrease refers to demand), as shown in Table 2.

Table 2: Interpretation of bank lending survey averages

	Credit Standards	Demand
1	Tightened considerably	Decreased considerably
2	Tightened somewhat	Decreased somewhat
3	Basically unchanged	Basically unchanged
4	Eased somewhat	Increased somewhat
5	Eased considerably	Increased considerably

Source: CBFSAI

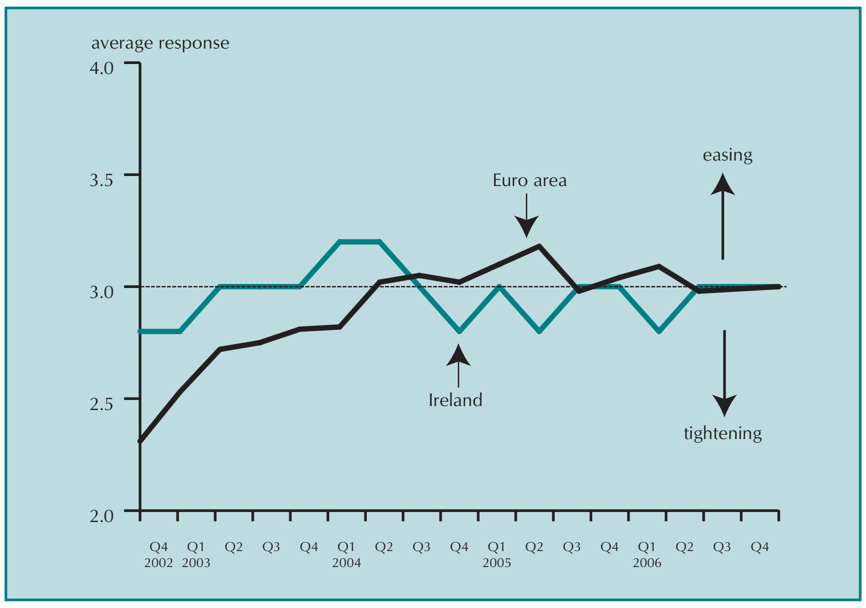
Therefore, the degree of deviation from the value of 3 (basically unchanged) indicates the extent by which credit conditions and demand have changed. It is important to note that the average responses are not weighted to reflect the size of the reporting banks. Also, one bank's response to a particular question may offset another's response, so that an average result indicating no change could conceal variations in the positions of individual banks.

Section 3: Results of Bank Lending Survey

As noted above, the two main questions on the bank lending survey relate to developments in credit standards and in demand for loans. In this section, we provide an overview of developments in the Irish contribution to the euro area bank lending survey. This analysis is discussed under two headings, the first dealing with lending to enterprises and the second dealing with lending to households. Lending to households is further classified into lending for house purchase and lending for consumer credit and other purposes. Under each broad heading four areas are discussed: credit standards; terms and conditions; demand for loans; and expectations. It must be noted that due to the small sample size of the Irish results they are inevitably more volatile than those for the euro area, as changes by just one participant can lead to large changes in the average result.

The bank lending survey was first undertaken for the final quarter of 2002 and this article examines the period up to the final quarter of 2006. This gives a total sample period of seventeen quarters. The complete results series is shown in Annex 3 and the CBFSAI publishes quarterly updates of data on its website.

Chart 1: Credit Standards (Enterprises)



Source: CBFSAI and ECB

Enterprises

— *Credit Standards for Loans to Enterprises*

Chart 1 gives an overview of developments in credit standards for Ireland and the euro area for the entire period of the bank lending survey. This chart measures the change in credit standards reported by banks relative to the standards in the previous quarter, as described above. The results for the euro area show that there has been a clear trend from a net tightening to a net easing of credit conditions over the period of the survey. In contrast, the results for Ireland have varied around the mean score, i.e., 'basically unchanged'. Initially, Irish banks on average reported a tightening of standards followed by a brief period of easing during the first three quarters of 2004. Standards were tightened again during the final quarter of 2004 and since then banks have reported either tightened or unchanged standards. There has been no significant variation in changes in lending standards between SMEs and large firms or between short- and long-term loans.

— *Terms and Conditions for Approving Loans*

Terms and conditions on loans are divided between price (e.g. margins) and non-price conditions (e.g. LTV ratios). Irish banks have quite regularly reported a narrowing of margins on average loans to enterprises. Banks have not reported any significant changes to non-price terms and conditions over the four years of the survey.

Chart 2: Loan Demand (Enterprises)

Source: CBFSAI and ECB

— *Demand for Loans to Enterprises*

Loan demand for enterprises in the euro area over the course of the period has generally been moving away from a net decrease to a net increase and this is also evident from the Irish results. Chart 2 shows changes in Irish and euro area loan demand for the entire period. With regards to the Irish results, the increase in demand has been particularly strong for loans to SMEs and for long-term loans. There was an initial decline in lending demand during the early rounds of the survey but this was followed by a rebound at the start of 2004. Since then banks have either reported an increase in demand or no change from the previous quarter. Fixed investment, mergers and acquisition activity, and corporate restructuring have been cited as the main contributors to this increase in demand. In contrast, inventories and working capital financing have had a negative impact on demand over the period.

— *Expectations*

As part of the bank lending survey, respondents are asked to provide information on their expectations for changes in credit standards and demand during the following quarter. In this section we outline the results from these questions and compare them with the actual outcome, as reported by the banks in the following round of the bank lending survey.

In most rounds of the survey, respondents have, on average, expected credit standards to remain basically unchanged in the following three months. Respondents have generally expected demand to increase, with the expected increases mainly occurring in the last two years. There have been a higher number of expected increases for loans to SMEs and long-term loans.

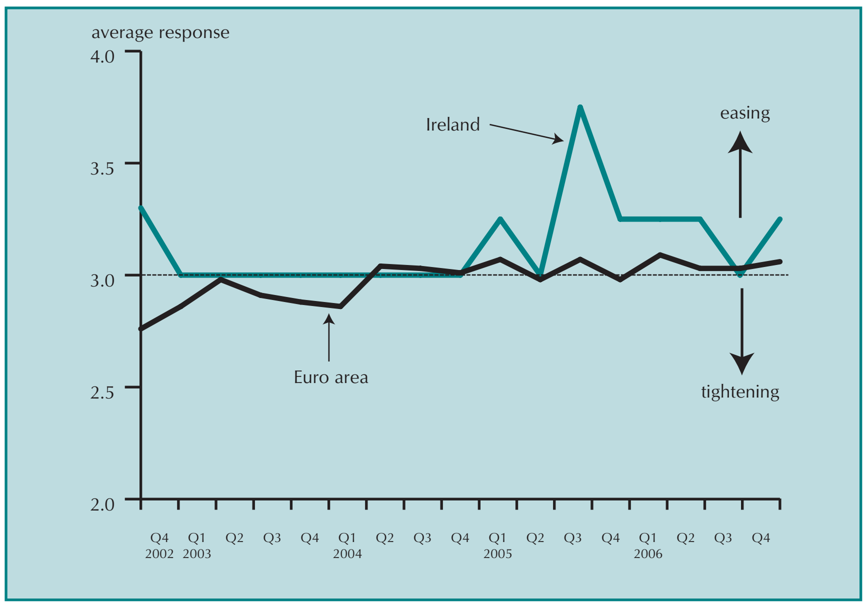
It is possible to compare expectations and outcomes for sixteen of the seventeen rounds of the survey, given that there were no comparable expectations preceding the first round of bank lending survey. With regards to credit standards for enterprises, this comparison shows that outcomes have not matched expectations for nine of the sixteen periods and that banks tend to be conservative in their expectations for credit standards, always expecting either a tightening of standards or no change. With regards to expectations for demand, banks' expectations have tended to differ from actual outcomes, though the direction of the expectations appear to presage the outcomes. (See Annex 4 for charts comparing expectations with outcomes.)

Households

— *Credit Standards for Loans to Households*

As shown in Chart 3, Irish banks have reported a general easing of credit standards for *house purchase loans* since the survey began, despite a protracted period during 2003/04 when no changes were reported. Similarly to credit standards for lending to enterprises, the euro area has moved from an average tightening to an average easing over the course of the period, though this movement has been less pronounced in the case of loans for house purchase. No individual Irish bank has reported a tightening of credit standards since the survey began. Respondents have cited competition from other banks as the main factor leading to an easing of credit standards, with this factor having led to an average easing of standards during eight of the seventeen periods. Expectations regarding general economic activity were initially seen as a factor leading to the tightening of standards, but have since led to eased or unchanged standards. Surprisingly, respondents have not generally cited housing market prospects as having affected lending standards.

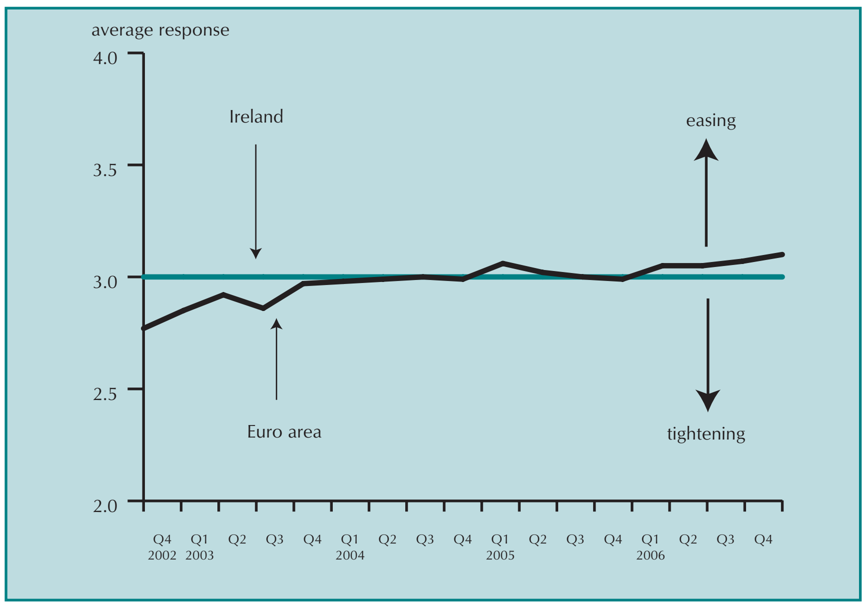
Chart 3: Credit Standards (House Purchase)



Source: CBFSAI and ECB

With regards to credit standards for *consumer credit and other lending*, Irish respondents have reported unchanged standards during all of the seventeen periods of the survey, as shown in Chart 4. This is in contrast to the overall euro area results, which again show a gradual movement from reporting a net tightening to a net easing.

Chart 4: Credit Standards (Consumer Credit and Other Lending)



Source: CBFSAI and ECB

— *Terms and Conditions for Credit to Households*

Respondents reported a narrowing of margins on average loans for house purchase during the same number of periods for which they reported a widening. There have been changes with regards to non-price terms and conditions with banks reporting a net easing related to LTV ratios. In addition to this, there have been a number of periods for which an easing of loan maturities have been reported. Most of the easing on LTV ratios and loan maturities took place in the period from mid-2005 onwards.

— *Demand for Loans to Households*

Not surprisingly, Irish banks have reported a strong increase in demand for *house purchase loans* over the sample period. A similar pattern, but not as pronounced as in Ireland's case, is recorded for the euro area as a whole (see Chart 5). For the Irish results, housing market prospects and consumer confidence were cited as the main factors driving this increase in demand for housing loans. Both the euro area and Irish results show a fall-off in demand since mid-2006, with the decrease in Ireland being more pronounced. Consumer confidence was the main factor cited by the Irish banks as having led to this fall in demand.

Chart 5: Loan Demand (House Purchase)

Source: CBFSAI and ECB

Regarding *consumer credit and other lending,* results for the euro area show a gradual movement towards increasing loan demand, as shown in Chart 6. In contrast, Irish banks reported no change in demand for consumer credit until the final quarter of 2005. Consumer confidence and spending on consumer durables were the main factors cited by Irish banks as having led to an increase in demand for non-housing consumer credit, mainly during 2006.

Chart 6: Loan Demand (Consumer Credit and Other Lending)

Source: CBFSAI and ECB

— *Expectations*

Irish respondents have generally expected credit standards for *house purchase loans* to remain unchanged. For the five periods for which a change was expected, banks predicted an easing of standards. There were no periods for which Irish banks expected a change in standards for *consumer credit and other lending*. Not surprisingly, banks' expectations for changes in credit standards for house purchase loans and consumer credit have generally been consistent with the actual outcome.

Irish banks' expectations of demand for *house purchases loans* showed an increase for nearly half the period and remained generally unchanged during the remainder. However, the respondents correctly predicted the downturn in demand during the final period of 2006, and this was the only incidence of an expected fall in demand. Banks initially expected no change in demand for *consumer credit and other lending*, with the exception of the second quarter of 2003 when a fall was expected. However, five expectations of an increase were reported during the periods following the January 2005 survey. (See Annex 4 for charts comparing expectations with outcomes.)

Section 4: Information Content of Bank Lending Survey Results

In this section, some of the reported variables in the bank lending survey are compared with information from other sources, such as developments in monetary financial institution (MFI) loan growth and gross fixed capital formation. The purpose of this analysis is to provide some evidence on the information content of the bank lending survey results in relation to other macroeconomic variables.

The Federal Reserve Bank of New York has published research on this area, comparing the results of their Senior Loan Officer Opinion Survey with developments in the real economy.[2] They found that the results from the survey did indeed display a strong relationship with real developments. For example, changes in credit standards imposed by participating banks were shown to have a strong positive relationship with developments in loan growth, so that an easing of credit standards tended to lead to stronger loan growth. They also found a relationship between credit standards and GDP growth.

As there have only been seventeen rounds of the bank lending survey so far, the scope for robust empirical analysis is limited. However, it is useful to present some simple graphical analyses to see if the Irish results for the bank lending survey do indeed display a relationship with developments in other macroeconomic variables. Simple correlation analyses are also carried out for the following relationships:

- bank lending survey loan demand and real investment;
- bank lending survey credit standards and industrial confidence;
- loan demand and consumer confidence;
- credit standards and MFI loan growth;
- loan demand and MFI loan growth.

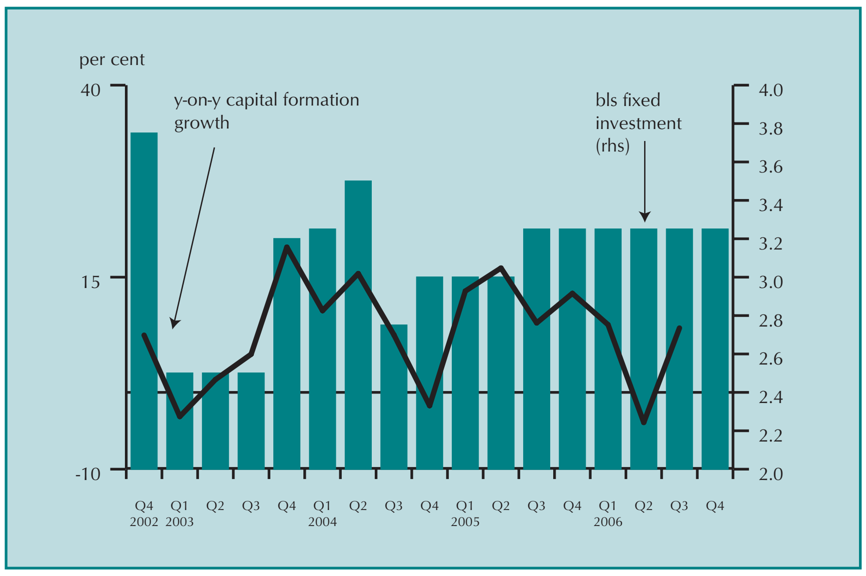
— Bank Lending Survey Loan Demand and Real Investment

Respondents to the bank lending survey are provided with a number of factors that could lead to a rise/fall in demand for loans and are asked to assess the contribution of each to changes in demand. One of the factors that respondents are asked to provide data on is lending to enterprises for fixed investment purposes. It is useful to see if the bank lending survey data on this topic has any relationship with data on gross fixed capital formation from the Quarterly National Accounts. A graphical relationship between gross fixed capital formation and the bank lending survey series on lending to enterprises for fixed investment purposes is shown in Chart 7. On first inspection, there does not appear to be any strong relationship between the two series, but closer inspection of the year-on-year growth rate does show that periods of rising/falling growth in the gross fixed capital formation series coincide with periods of rising/falling demand indicated by the bank lending survey data. This is backed up by a simple correlation analysis, which shows a positive correlation between bank lending survey data and the year-on-year growth in gross fixed capital formation.[3]

2 Lown, C.S., Morgan, D.P., & Rohatgi (2000), "Listening to Loan Officers: The Impact of Commercial Credit Standards on Lending and Output".

3 The correlation between the bank lending survey series on fixed investment and the year-on-year growth rate in gross fixed capital formation is +0.42.

Chart 7: Fixed Investment (Bank Lending Survey) and Gross Fixed Capital Formation



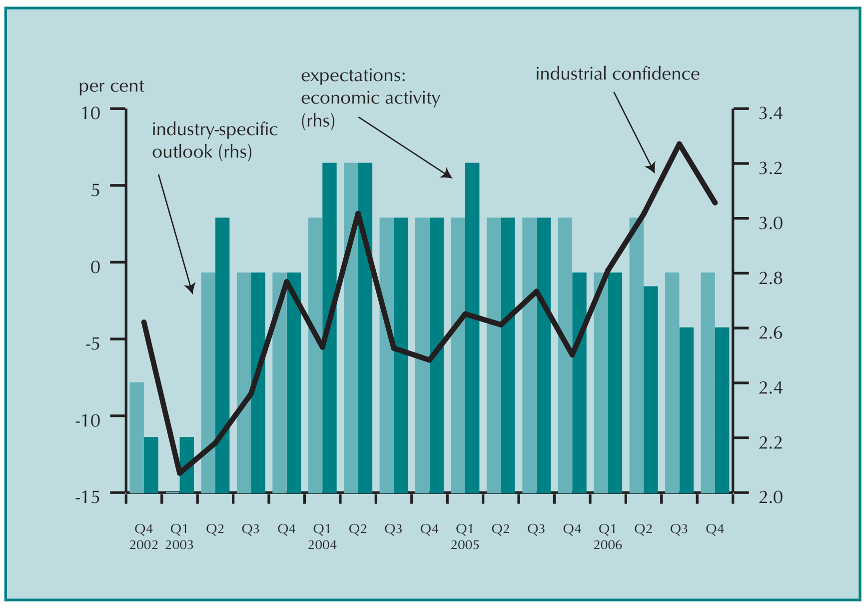
Source: CBFSAI and CSO

— *Bank Lending Survey Credit Standards and Industrial Confidence*

In order to provide further information on changes in credit standards for loans to enterprises, respondents are given a list of possible factors that could lead to a change in standards. These factors include banks' perception of the industry- or firm-specific outlook and their expectations regarding economic activity. It could be expected that changes in perceptions of these two variables could be related to the survey of industrial confidence published by the European Commission. These data are published on aggregate for the European Union and for each Member State on a monthly basis. For the purposes of this paper, the quarterly series was constructed by taking the three-month average. The relevant data series are presented in Chart 8. While there appears to be an initial relationship between the bank lending survey data and the industrial confidence indicator, this relationship appears to break down towards the end of the sample period. However, the statistical analysis does show a positive correlation between the bank lending survey data for credit standards and industrial confidence data. It also shows that the highest correlation is obtained when the bank lending survey data is treated as a lead to the industrial confidence data by one quarter.[4]

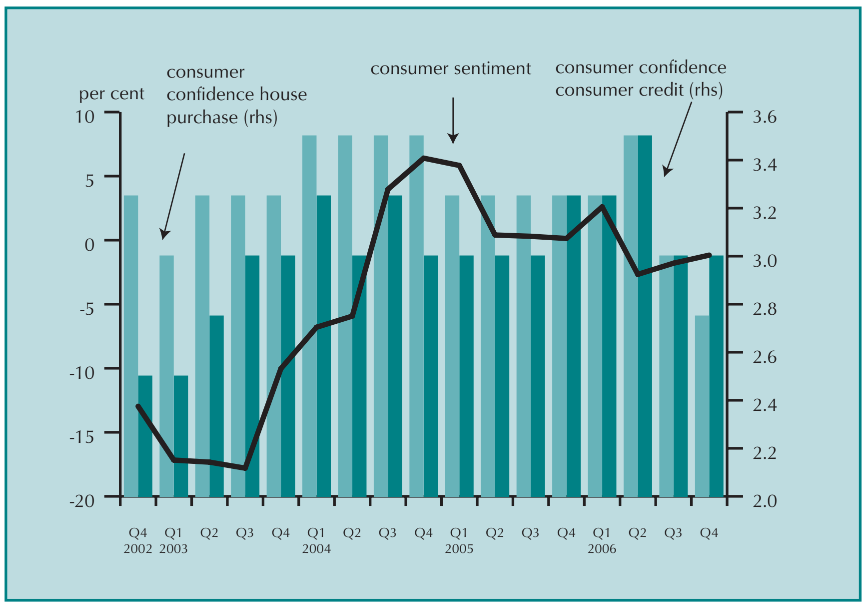
4 The correlation between the industry- or firm-specific outlook data and the Commission's industrial confidence indicator is +0.42, increasing to +0.52 if the bank lending survey series leads the industrial confidence indicator by one quarter. The correlation between expectations regarding general economic activity and industrial confidence is +0.06, increasing to +0.31 if the bank lending survey series leads the industrial confidence indicator by one quarter.

Chart 8: Industrial Confidence



Source: CBFSAI and European Commission

Chart 9: Consumer Confidence



Source: CBFSAI and European Commission

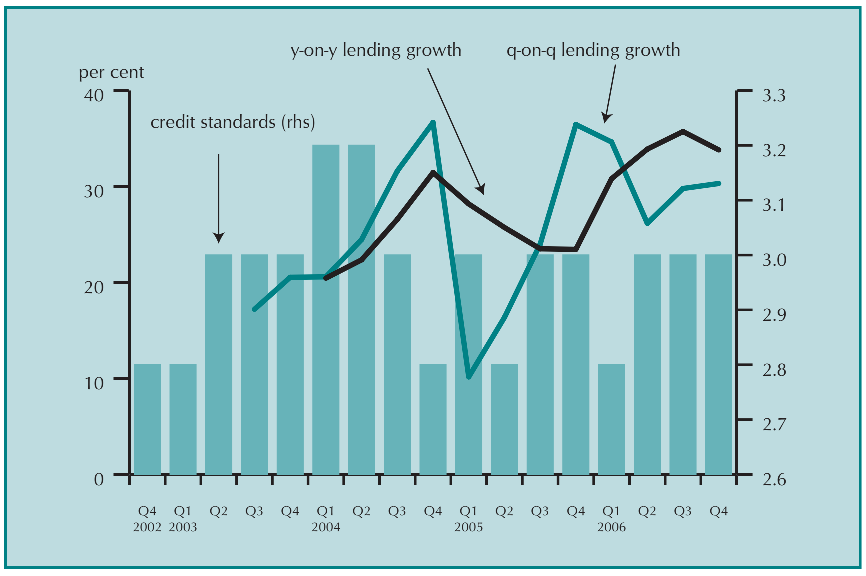
— Bank Lending Survey Loan Demand and Consumer Confidence

Respondents to the bank lending survey can indicate the extent to which consumer confidence has contributed to loan demand for both house purchases and consumer credit. A graphical analysis of the relationship between these data and a consumer confidence indicator published by the European Commission is shown in Chart 9. This shows a fairly robust relationship between the data series, which is confirmed by the correlation analysis.[5]

— Bank Lending Survey Credit Standards and MFI Loan Growth

In the US, it has been found that an increase in tightening of credit standards is typically associated with subsequent low (if not negative) credit growth. Charts 10 and 11 show the relationship between bank lending survey data and loan growth in lending to enterprises and to households (for house purchase). No clear relationship emerges from this initial analysis. Indeed, the sustained decrease in lending to households for house purchase loans during 2006 was not accompanied by any reported tightening of credit standards. With regards to lending to enterprises, however, the period of tightening of standards during the second half of 2004 appears to be followed by a sustained decrease in the growth rate for lending to enterprises. The correlation analysis points to a weak relationship between credit standards and lending growth, giving a negative correlation between the two series. However, for the annualised quarter-on-quarter lending growth series, this correlation does become positive if the bank lending survey data leads lending growth by one or two quarters.[6]

Chart 10: Bank Lending Survey Credit Standards and Loan Growth (Enterprises)

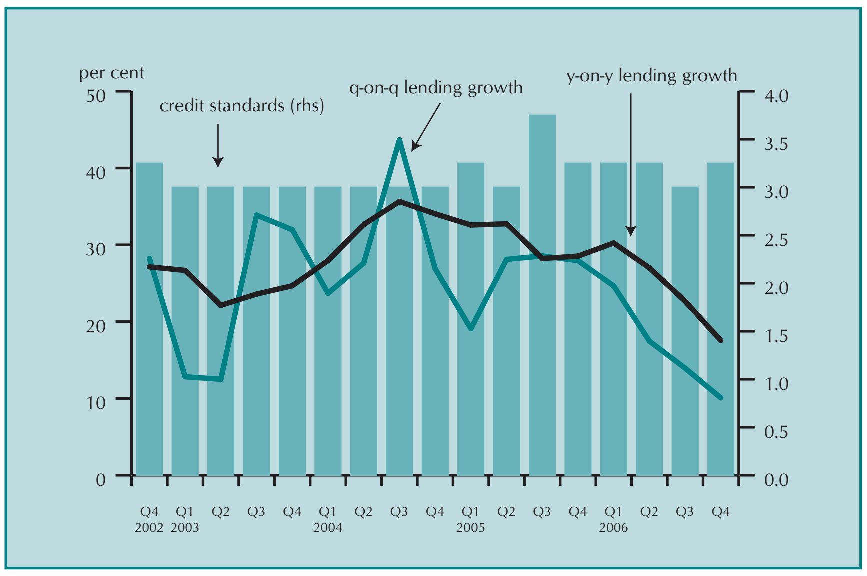


Source: CBFSAI and ECB

5 The correlation between bank lending survey consumer confidence data and the European Commission indicator is +0.19 in the case of loans for house purchase, and +0.57 in the case of consumer credit and other lending. These coefficients increase to +0.72 and +0.75, respectively, if the bank lending survey data leads the European Commission data by two quarters.

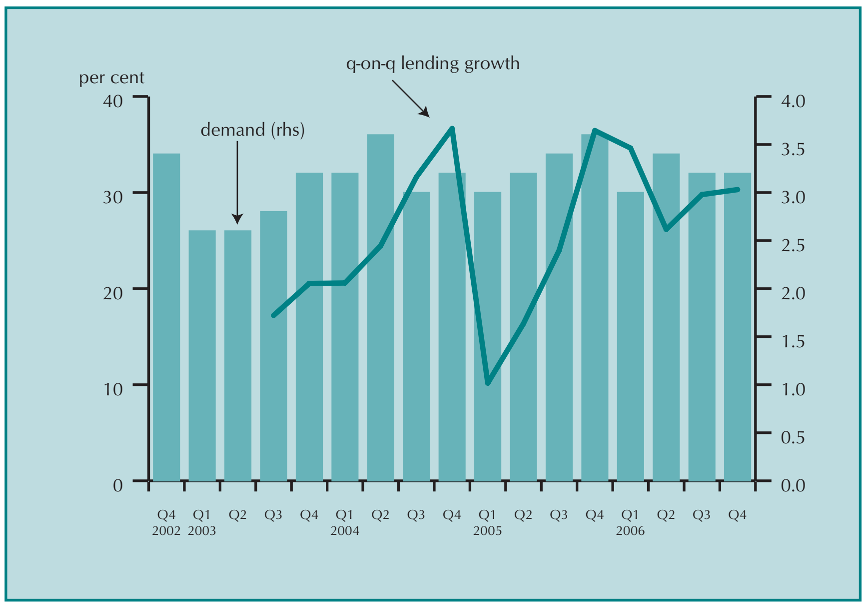
6 These correlations are +0.39 and +0.34, respectively.

Chart 11: Bank Lending Survey Credit Standards and Loan Growth (House Purchase)



Source: CBFSAI and ECB

Chart 12: Bank Lending Survey Demand and Loan Growth (Enterprises)

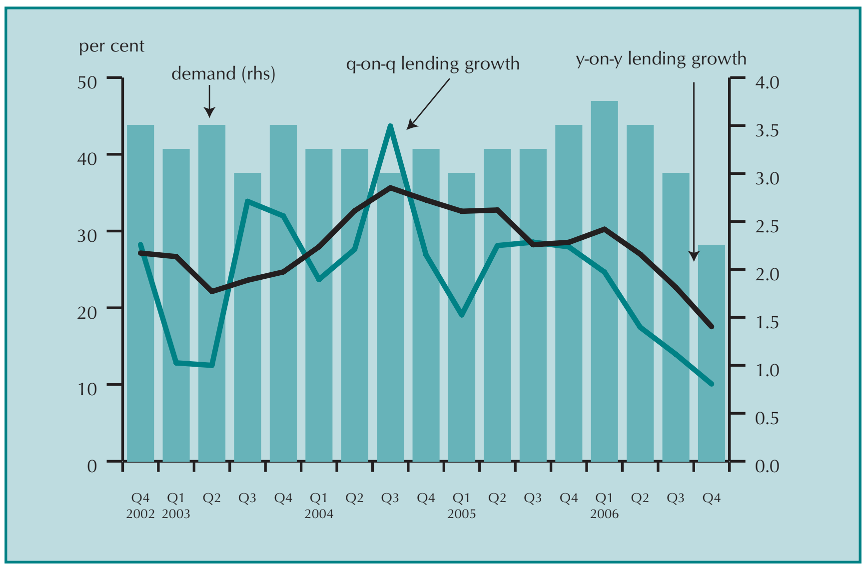


Source: CBFSAI and ECB

— *Bank Lending Survey Demand and MFI Loan Growth*

There is, as one would expect, a positive relationship between net loan demand from the bank lending survey and MFI loan growth. The graphical analysis is shown in Charts 12 and 13. Periods during which the quarterly growth of MFI lending to enterprises increases, such as during 2005, appear to be matched by periods of increased demand for loans as reported by the bank lending survey. This is partly confirmed by the correlation analysis, which shows a positive relationship between the annualised quarter-on-quarter growth rate and changes in demand for loans to enterprises.[7] The decline in lending demand for house purchase loans reported by the bank lending survey during 2006 is matched by a simultaneous decline in loan growth during that year. This positive relationship is confirmed by the correlation analysis, which gives positive correlations for both the year-on-year growth rate and the annualised quarter-on-quarter rate.[8]

Chart 13: Bank Lending Survey Demand and Loan Growth (House Purchase)



Source: CBFSAI and ECB

Conclusions

One of the main aims of the bank lending survey is to provide the Governing Council of the ECB with additional qualitative information regarding the loan market in the euro area. The results of the survey are used regularly to complement information derived from existing quantitative statistics on bank retail interest rates and credit. In this regard, the survey provides potentially invaluable information on developments in supply and demand conditions in euro area credit markets and on bank lending policies of the euro area banks.

The results for Ireland indicate that credit standards have remained relatively unchanged, in contrast to the euro area where credit standards are reported to have eased over the last four years. In the case of demand for credit by enterprises, the pattern in results reported for Ireland is similar to that in the euro area but more pronounced. Credit standards for house purchases have eased in Ireland since the end of 2004 in line with the trend in the euro area. Demand for house purchase loans for the euro area and Ireland moved quite closely and both have recorded a fall-off in demand since the start of 2006, with the decrease in Ireland being more pronounced.

7 This correlation is +0.38.
8 These correlations are +0.21 and +0.29 respectively.

Overall, the survey results provide a new source of qualitative data on credit market conditions in Ireland and for the euro area as a whole. They are a unique source of information which throw more light on credit developments and complement other information on banks' lending activities. Although the number of observations currently available is relatively small, it is already possible to see some systematic patterns between the bank lending survey and other macro variables, in particular with regards to loan growth, gross fixed capital formation and consumer/industrial confidence. Further rigorous and systematic analysis will become possible as more data are collected.

Annex I: Bank Lending Survey Questionnaire

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					
Tightened somewhat					
Remained basically unchanged					
Eased somewhat					
Eased considerably					

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

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

	– –	–	°	+	+ +	NA
A) Cost of funds and balance sheet constraints *Costs related to your bank's capital position *Your bank's ability to access market financing (e.g. money or bond market financing) *Your bank's liquidity position						
B) Pressure from competition *Competition from other banks *Competition from non-banks *Competition from market financing						
C) Perception of risk *Expectations regarding general economic activity *Industry or firm-specific outlook *Risk on the collateral demanded						
D) Other factors, please specify						

3. Over the past three months, how have your bank's conditions and terms for approving loans or credit lines to enterprises changed? Please rate each factor using the following scale:

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

	– –	–	°	+	+ +	NA
A) Price *Your bank's margin on average loans (wider margin = tightened, narrower margin = eased) *Your bank's margin on riskier loans						
B) Other conditions and terms *Non-interest rate charges *Size of the loan or credit line *Collateral requirements *Loan covenants *Maturity						
C) Other factors, please specify						

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

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

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
A) Financing needs *Fixed investment *Inventories and working capital *Mergers/acquisitions and corporate restructuring *Debt restructuring						
B) Use of alternative finance *Internal financing *Loans from other banks *Loans from non-banks *Issuance of debt securities *Issuance of equity						
C) Other factors, please specify						

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

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

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					
Remain basically unchanged					
Increase somewhat					
Increase considerably					

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		
Tightened somewhat		
Remained basically unchanged		
Eased somewhat		
Eased considerably		

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
A) Cost of funds and balance sheet constraints						
B) Pressure from competition *Competition from other banks *Competition from non-banks						
C) Perception of risk *Expectations regarding general economic activity *Housing market prospects						
D) Other factors, please specify						

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
A) Price *Your bank's margin on average loans (wider margin = tightened, narrower margin = eased) *Your bank's margin on riskier loans						
B) Other conditions and terms *Collateral requirements *"Loan-to-value" ratio *Maturity *Non-interest rate charges						
C) Other factors, please specify						

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
A) Cost of funds and balance sheet constraints						
B) Pressure from competition *Competition from other banks *Competition from non-banks						
C) Perception of risk *Expectations regarding general economic activity *Creditworthiness of consumers *Risk on the collateral demanded						
D) Other factors, please specify						

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
A) Price *Your bank's margin on average loans (wider margin = tightened, narrower margin = eased) *Your bank's margin on riskier loans						
B) Other conditions and terms *Collateral requirements *Maturity *Non-interest rate charges						
C) Other factors, please specify						

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		
Decreased somewhat		
Remained basically unchanged		
Increased somewhat		
Increased considerably		

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
A) Financing needs *Housing market prospects *Consumer confidence *Non-housing related consumption expenditure						
B) Use of alternative finance *Household savings *Loans from other banks *Other sources of finance						
C) Other factors, please specify						

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
A) Financing needs *Spending on durable consumer goods, such as cars, furniture, etc. *Consumer confidence *Securities purchases						
B) Use of alternative finance *Household savings *Loans from other banks *Other sources of finance						
C) Other factors, please specify						

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		
Tighten somewhat		
Remain basically unchanged		
Ease somewhat		
Ease considerably		

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
Decreased considerably		
Decreased somewhat		
Remain basically unchanged		
Increased somewhat		
Increased considerably		

III. Open-ended question

18. Over the past three months, have there been any other issues of importance for bank lending behaviour in the euro area or in your country which are not covered by this survey?

Annex II: Bank Lending Survey Compilation Guide

Guidelines for the Completion of the Bank Lending Survey Questionnaire

In the backward-looking questions (all questions except 6, 7, 16 and 17), the time horizon is three months. For instance, in January the survey relates to changes between the end of September and the end of December.

In the forward-looking questions (6, 7, 16 and 17), the time horizon is in principle also three months (including the survey month), but some flexibility is given in view of the different time horizons used in the formulation of credit policies and expectations regarding credit demand.

In questions 2, 3, 5, 9, 10, 11, 12, 14 and 15 an answer should be given for all factors. If you do not have information about a specific factor, please use the option ''not applicable'' (column NA in the questionnaire). Should you judge that other factors or a specific market segment had a significant impact on overall developments, please specify under the option ''Other factors''.

Terms used in the Bank Lending Survey Questionnaire

— *Capital (Question 2)*

Defined in accordance with the Basel capital adequacy requirements; includes both tier 1 capital (core capital) and tier 2 capital (supplementary capital).

— *Collateral (Questions 2, 3, 10, 11 and 12)*

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 (Questions 14 and 15)*

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 situation of households and resulting prospects for the future, the past and current general economic situation and resulting prospects for the future and the advisability of making major purchases of durable consumer goods.

— ***Covenant (Question 3)***

A covenant is an agreement or stipulation expressed in loan contracts, particularly contracts with enterprises, by which the borrower pledges to take certain action (an affirmative covenant) or refrain from taking certain action (a negative covenant), and is consequently part of the terms and conditions of a loan.

— ***Credit line (Questions 1-7)***

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

— ***Credit Standards (Questions 1, 2, 6, 8, 9, 11 and 16)***

Credit standards are the internal guidelines or criteria which reflect a bank's loan 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, the designated geographic priorities, the collateral deemed acceptable and unacceptable, etc. In the survey, changes in written loan policies should be considered together with changes in their application.

— ***Credit Terms and Conditions (Questions 3, 10 and 12)***

The terms and conditions of a loan refer to the specific obligations agreed upon by the lender and the borrower. In the context of this 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 maturity (short versus long-term).

— ***Enterprises (Questions 1, 4, 6 and 7)***

Enterprises refer to non-financial corporations, i.e. all private and public institutional units, whatever 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 (Questions 1, 4, 6 and 7)***

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

— ***Expectations regarding General Economic Activity (Question 11)***

This includes changes in the unemployment outlook. Any other relevant changes in socio-economic factors can be inserted under the option "Other factors".

— ***Households (Questions 8 to 17)***

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

— ***Housing Market Prospects (Question 9)***

This includes the risk on collateral demanded.

— ***Loans***

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

The definition of loans is that given in Regulation (EC) No. 2423/2001 of the European Central Bank of 22 November 2001 concerning the consolidated balance sheet of the monetary financial institutions (MFI) sector (ECB/2001/13). However, interbank loans should be excluded. Following this definition, financial (but not operating) leases granted by an MFI are to be recorded as loans. For the purposes of the survey, factoring, if provided by an MFI, should also be treated as a loan. Financial leasing and factoring offered by institutions other than MFIs should not be included.

— ***Loan-to-Value Ratio (Question 10)***

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

— ***Maturity (Questions 1, 4, 6 and 7)***

The concept of maturity used in the bank lending survey is original maturity, and only two different types are used, i.e. short-term and long-term. Short-term loans are loans with an original maturity of one year or less and, consequently, long-term loans are loans that have an original maturity of more than one year.

— ***Non-banks (Questions 2, 5, 9 and 11)***

In general these are non-monetary financial corporations. More specifically, they include insurance corporations and pension funds, financial auxiliaries and other financial intermediaries.

— ***Non-interest Rate Charges (Questions 3, 10 and 12)***

These are various kinds of fees which can be 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.

Annex III: Average Results of Irish Banks

Loans or Credit Lines to Enterprises

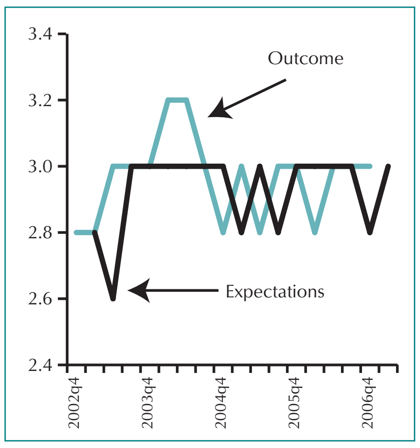
			2003			
			Jan.	Apr.	July	Oct.
1.	Changes in credit standards	Overall	2.8	2.8	3.0	3.0
		Loans to SMEs	2.8	2.8	3.0	3.0
		Loans to large enterprises	2.6	2.6	3.0	3.0
		Short-term loans	2.8	2.8	3.0	3.0
		Long-term loans	2.6	2.6	3.0	3.0
2.	Factors affecting credit standards	Costs related to banks' capital position	3.3	3.3	3.0	3.0
	A. Cost of funds and balance sheet constraints	Banks' ability to access market financing	3.3	3.3	3.0	3.0
		Banks' liquidity position	3.3	3.3	3.0	3.0
	B. Pressure from competition	Competition from other banks	3.2	2.8	3.2	3.2
		Competition from non-banks	3.0	3.0	3.0	3.0
		Competition from market financing	3.0	3.0	3.0	3.0
	C. Perception of risk	Expectations regarding general economic activity	2.2	2.2	3.0	2.8
		Industry or firm specific outlook	2.4	2.0	2.8	2.8
		Risk on collateral demanded	2.6	2.8	3.0	3.0
3.	Changes in terms and conditions	Margins on average loans	3.2	3.0	2.8	3.0
	A. Prices (tightened = wider margin)	Margins on riskier loans	2.4	2.6	2.6	3.0
	B. Other loans and conditions	No interest rate charges	2.8	2.8	2.8	2.8
		Size of loan on credit line	2.8	2.6	3.0	3.0
		Collateral requirements	3.0	2.8	3.0	3.0
		Loan covenants	2.8	3.0	3.0	3.0
		Maturity	3.0	2.8	3.0	3.0
4.	Change in demand for loans/credit lines	Overall	3.4	2.6	2.6	2.8
		SMEs	3.4	2.6	2.6	3.0
		Large enterprises	3.4	2.4	2.6	2.8
		Short-term	3.4	2.6	2.8	2.6
		Long-term	3.4	2.6	2.8	2.8
5.	Factors affecting demand	Fixed investment	3.8	2.5	2.5	2.5
	A. Financing needs	Inventories and working capital	3.0	2.5	2.8	3.0
		Mergers/acquisitions and corporate restructuring	3.3	2.8	2.5	2.5
		Debt restructuring	2.7	3.0	3.3	3.0
	B. Use of alternative finance	Internal financing	3.3	3.0	2.8	2.5
		Loans from other banks	2.8	2.8	3.0	3.0
		Loans from non-banks	3.0	3.0	3.0	3.0
		Insurance and debt securities	3.0	3.3	3.0	2.8
		Insurance of equity	3.0	3.3	3.0	2.8
6.	Expected change in credit standards	Overall	2.8	2.6	3.0	3.0
		Loans to SMEs	2.8	2.6	3.0	3.0
		Loans to large enterprises	2.8	2.4	3.0	3.0
		Short-term loans	3.0	2.8	3.0	3.0
		Long-term loans	2.8	2.6	3.0	3.0
7.	Expected change in demand	Overall	2.8	2.6	2.4	2.6
		Loans to SMEs	2.8	2.6	2.4	3.0
		Loans to large enterprises	2.6	2.4	2.4	2.6
		Short-term loans	2.8	2.8	2.6	2.8
		Long-term loans	2.8	2.6	2.4	2.6
8.	Change in credit standards	House purchase	3.3	3.0	3.0	3.0
		Consumer credit and other lending	3.0	3.0	3.0	3.0
9.	Factors affecting credit standards — house					
	A. Cost of funds and balance sheet constraints		3.0	3.0	3.0	3.0
	B. Pressure from competition	Competition from other banks	3.3	3.0	3.0	3.0
		Competition from non-banks	3.0	3.0	3.0	3.0
	C. Perception of risk	Expectations regarding general economic activity	2.8	2.8	2.5	2.5
		Housing market prospects	3.0	3.0	2.8	3.0
10.	Changes in terms and conditions — house	Margins on average loans	3.0	3.0	3.0	3.0
	A. Prices (tightened = wider margin)	Margins on riskier loans	2.8	3.0	3.0	3.0
	B. Other terms and conditions	Collateral requirements	3.0	3.0	3.0	3.0
		Loan-to-value ratio	3.0	3.0	3.3	3.0
		Maturity	3.0	3.0	3.0	3.0
		Non-interest charges	3.0	3.0	3.0	3.0
11.	Factors affecting credit standards — consumer					
	A. Cost of funds and balance sheet constraints		3.0	3.0	3.0	3.0
	B. Pressure from competition	From other banks	3.0	3.0	3.0	3.0
		From non-banks	3.0	3.0	3.0	3.0
	C. Perception of risk	Expectations regarding general economic activity	2.8	2.5	2.8	2.8
		Credit worthiness of consumers	3.0	2.8	3.0	3.0
		Risk on collateral demanded	3.0	3.0	3.0	3.3
12.	Changes in terms and conditions — consumer	Margins on average loans	3.3	3.0	3.0	3.0
	A. Prices (tightened = wider margin)	Margins on riskier loans	2.8	3.0	3.0	3.0
	B. Other loans and conditions	Collateral requirements	3.0	3.0	3.0	3.0
		Maturity	3.0	3.0	3.0	3.0
		Non-interest charges	3.0	3.0	3.0	3.0
13.	Demand for loans	House purchase	3.5	3.3	3.5	3.0
		Consumer credit and other	3.0	3.0	3.0	3.0
14.	Factors affecting demand-house purchase	Housing market prospects	3.3	3.5	3.3	3.0
	A. Financing needs	Consumer confidence	3.3	3.0	3.3	3.3
		Non-housing related consumption expenditure	3.0	3.0	3.0	3.0
	B. Use of alternative finance	Household savings	3.0	3.0	3.0	3.0
		Loans from other banks	3.0	3.0	3.0	3.0
		Other sources of finance	3.0	3.3	3.3	3.3
15.	Factors affecting demand-consumer	Spending on durable consumer goods	2.8	2.8	2.8	3.0
	A. Financing needs	Consumer confidence	2.5	2.5	2.8	3.0
		Securities purchases	2.3	2.7	2.7	2.3
	B. Use of alternative finance	Household savings	3.0	3.0	3.0	3.0
		Loans from other banks	3.0	3.0	3.0	3.0
		Other sources of finance	3.0	3.0	3.0	3.0
16.	Expected change in credit standards	Loans for house purchase	3.0	3.0	3.0	3.0
		Consumer credit and other lending	3.0	3.0	3.0	3.0
17.	Expected change in demand	Loans for house purchase	3.5	3.0	3.0	3.0
		Consumer credit for other lending	3.0	2.8	3.0	3.0

2004				2005				2006				2007
Jan.	Apr.	July	Oct.	Jan.	Apr.	July	Oct.	Jan.	Apr.	July	Oct.	Jan.
3.0	3.2	3.2	3.0	2.8	3.0	2.8	3.0	3.0	2.8	3.0	3.0	3.0
3.0	3.0	3.2	3.0	2.8	3.0	2.8	3.0	3.0	2.8	3.0	3.0	3.0
3.0	3.2	3.2	3.0	3.0	3.0	2.8	3.0	3.0	2.8	3.0	3.0	3.0
3.0	3.0	3.2	3.0	2.8	3.0	2.8	3.0	3.0	2.8	3.0	3.0	3.0
3.0	3.2	3.2	3.0	3.0	3.0	2.8	3.0	3.0	2.8	3.0	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.2	3.0	2.8	3.0	2.8	2.8	2.8	3.0
3.0	3.0	3.0	3.0	3.0	3.2	3.0	2.8	3.2	3.0	3.0	3.0	3.0
2.8	3.0	3.0	3.0	3.0	3.2	3.0	2.8	3.0	3.0	3.0	3.0	3.0
3.2	3.2	3.2	3.2	2.8	3.2	2.8	3.2	3.2	3.2	3.3	3.0	3.2
3.2	3.2	3.0	3.0	3.0	3.0	3.0	3.2	3.0	3.2	3.0	3.0	3.0
3.0	3.2	3.0	3.0	3.0	3.0	2.8	3.2	3.0	3.2	3.0	3.0	3.0
2.8	3.2	3.2	3.0	3.0	3.2	3.0	3.0	2.8	2.8	2.8	2.6	2.6
2.8	3.0	3.2	3.0	3.0	3.0	3.0	3.0	3.0	2.8	3.0	2.8	2.8
3.0	3.0	3.2	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
3.0	3.2	3.0	3.2	3.2	2.8	2.8	3.0	3.2	2.8	3.2	3.0	3.2
2.6	2.8	3.2	3.2	3.0	3.0	2.8	2.8	2.8	2.8	3.0	2.6	2.8
3.2	3.0	3.0	3.0	3.0	3.0	2.8	3.0	3.0	3.2	3.0	3.0	3.0
3.0	3.2	3.2	3.0	3.0	3.0	3.0	3.0	3.0	2.8	3.0	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.0	2.8	3.0	3.2	3.2	3.0	3.0	3.0
3.0	3.2	3.2	3.0	3.0	3.0	2.8	3.0	3.2	3.2	2.8	3.0	3.2
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.2	3.2	3.0	3.2
3.2	3.2	3.6	3.0	3.2	3.0	3.2	3.4	3.6	3.0	3.4	3.2	3.2
3.2	3.2	3.6	3.0	3.2	3.0	3.2	3.4	3.6	3.0	3.2	3.2	3.2
3.0	3.0	3.2	3.2	3.2	3.0	3.0	3.2	3.4	3.0	3.2	3.0	3.2
3.2	3.2	3.0	2.8	3.2	3.0	3.0	3.2	3.2	3.0	3.2	3.2	3.2
3.2	3.2	3.4	3.0	3.2	3.0	3.2	3.4	3.6	3.0	3.4	3.2	3.2
3.2	3.3	3.5	2.8	3.0	3.0	3.0	3.3	3.3	3.3	3.3	3.3	3.3
3.0	3.0	3.0	2.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.8	2.8
3.5	3.3	3.3	2.5	3.0	3.0	3.0	3.5	3.5	3.3	3.5	3.3	3.5
3.0	3.3	3.0	3.0	3.0	3.0	3.0	3.0	3.5	3.0	3.3	3.0	3.0
2.8	2.8	3.0	2.8	3.0	3.0	3.0	2.8	2.8	3.0	2.8	3.0	3.0
3.0	3.3	3.0	3.0	3.0	3.0	3.0	3.3	3.0	2.8	3.0	2.8	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.3	3.0	3.0	3.0	3.0	3.0
3.0	3.3	3.0	2.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.3	3.0
2.8	2.8	3.0	3.0	3.0	3.3	3.0	3.0	3.0	3.0	3.0	3.0	3.0
3.0	3.0	3.0	3.0	2.8	3.0	2.8	3.0	3.0	3.0	3.0	2.8	3.0
3.0	3.0	3.0	3.0	2.8	3.0	3.0	3.0	3.0	2.8	3.0	2.8	3.0
3.2	3.0	3.0	3.0	3.0	3.0	3.0	2.8	3.2	3.0	3.0	2.8	3.0
3.0	3.0	3.0	3.0	2.8	3.0	3.0	3.0	3.0	2.8	3.0	2.8	3.0
3.0	3.0	3.0	3.0	3.0	3.0	2.8	2.8	3.0	3.0	3.0	2.8	3.0
3.4	3.4	3.2	2.8	3.2	3.0	3.0	3.2	3.2	3.4	3.2	3.4	3.4
3.4	3.4	3.2	3.0	3.2	3.0	3.0	3.2	3.2	3.2	3.2	3.4	3.4
3.2	3.2	3.2	2.8	3.2	3.0	3.0	3.0	3.0	3.0	3.2	3.2	3.2
3.4	3.2	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.2	3.2	3.0
3.4	3.2	3.2	2.8	3.2	3.0	3.0	3.2	3.2	3.4	3.2	3.4	3.4
3.0	3.0	3.0	3.0	3.0	3.3	3.0	3.8	3.3	3.3	3.3	3.0	3.3
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
3.0	3.0	3.0	3.0	3.3	3.3	3.0	3.8	3.3	3.3	3.5	3.0	3.5
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
2.8	3.0	3.0	2.8	3.0	3.0	3.0	3.3	3.0	3.0	3.0	3.0	3.3
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.3	3.0	3.0	3.0	3.0	3.3
3.3	2.8	2.5	3.0	2.8	3.0	2.8	2.8	3.3	3.5	3.3	3.0	3.3
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.8	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.3	3.0	3.5	3.3	3.3	3.0	3.3	3.0
3.0	3.0	3.0	3.0	3.0	3.3	3.0	3.0	3.0	3.0	3.3	3.3	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.8	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.3	3.5	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.3	3.0	3.0
2.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.8	3.0	3.3	3.5	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.8	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.3	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
3.5	3.3	3.3	3.0	3.3	3.0	3.3	3.3	3.5	3.8	3.5	3.0	2.3
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.3	3.3	3.3	3.0	3.0
3.3	3.3	3.3	3.3	3.3	3.0	3.3	3.3	3.3	3.3	3.5	3.3	3.0
3.3	3.5	3.5	3.5	3.5	3.3	3.3	3.3	3.3	3.3	3.5	3.0	2.8
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.3	3.0	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.8	3.0
3.3	3.3	3.3	3.3	3.3	3.0	3.0	3.0	3.0	3.0	3.3	3.0	3.0
3.0	3.0	3.0	3.3	3.0	3.0	3.0	3.0	3.3	3.5	3.5	3.3	3.0
3.0	3.3	3.0	3.3	3.0	3.0	3.0	3.0	3.3	3.3	3.5	3.0	3.0
2.3	2.7	3.0	2.7	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.8	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.3	3.0	3.0
3.0	3.0	3.0	3.0	3.3	3.0	3.3	3.5	3.3	3.3	3.0	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
3.3	3.3	3.0	3.0	3.3	3.0	3.3	3.5	3.5	3.8	3.0	2.8	3.0
3.0	3.0	3.0	3.0	3.3	3.0	3.0	3.0	3.5	3.5	3.3	3.0	3.0

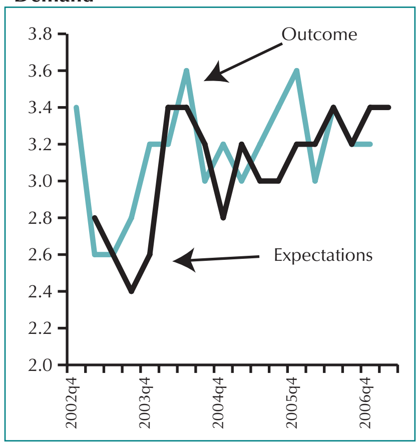
Annex IV: Charts of Expectations vs. Outcomes

Expectations -v- Outcome (Enterprises)

Credit Standards



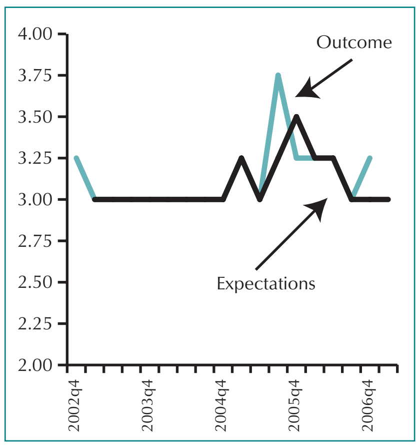
Demand



Source: CBFSAI

Expectations -v- Outcome (House Purchase)

Credit Standards



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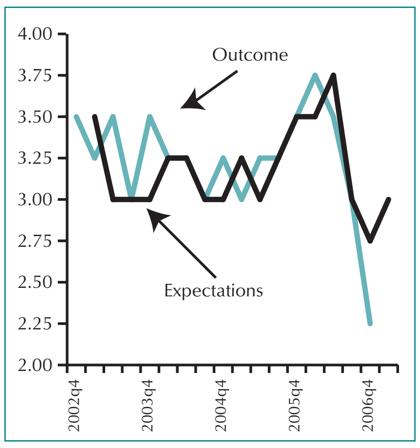
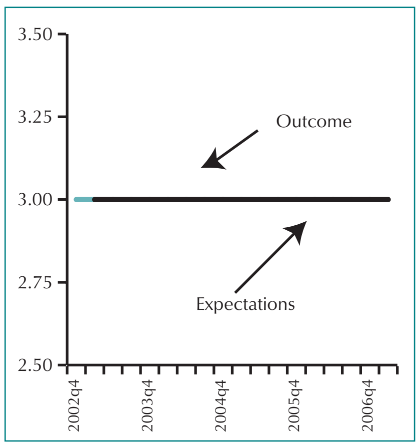


Source: CBFSAI

Expectations -v- Outcome (Consumer Credit and Other Lending)

Credit Standards



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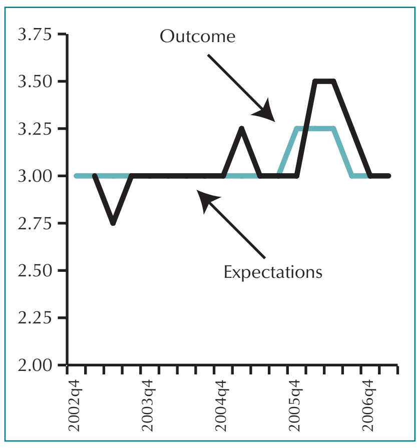

Source: CBFSAI