FINANCIAL SECTOR: ESTIMATES AND EXPECTATIONS

♯ 4 I 2008

AGENCY FOR
ECONOMIC
ANALYSIS AND
FORECASTING

1000 Sofia, 31 Aksakov Str.; tel. 9859 56 01, 981 65 97; fax: 981 33 58; e-mail: aeaf@aeaf.minfin.bg; www.aeaf.minfin.bg

The Agency for Economic Analysis and Forecasting has started the publication of a series Financial Sector: Estimates and Expectations since the start of 2008 including 4 quarterly issues which give account of the expectations of a large number of financial intermediaries as to the key macroeconomic indicators and factors that are decisive to their operation. The publication is aimed at assessing the environment economic agents perform in and pinpointing the factors that are significant to their behavior.

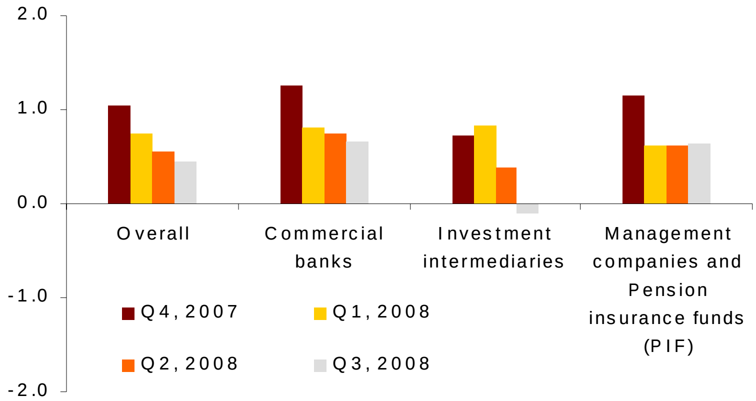
The study draws upon surveys, with the information gathered being summarized in a way that answers remain anonymous and are not made public. The present survey was conducted from 16th to 30th September. The commercial banks that took part in the survey owned 42.3% of the assets in the banking system (as of the end of December 2007), the investment intermediaries enjoyed a share of BSE turnover of 16.9% (2007 fourth-quarter data), whereas the management companies ran 37.6% of the assets of the collective investment schemes (as of the end of December 2007). Pension insurance funds managed some 39.8% of the assets of the pension funds under voluntary insurance schemes as of the same period. The commercial banks filled in the survey that was strictly bank-oriented, despite the fact that some of them operated also as investment intermediaries.

I. ECONOMIC SITUATION

1. Current state of affairs and growth expectations

Most financial intermediaries assessed the current state of affairs in the economy as positive. At the same time, it should be noted that the survey was also indicative of some negative attitudes as to the country's economic situation on the part of investment intermediaries for the first time (more than half of the respondents assessed the situation as unsatisfactory). Commercial banks remained the most optimistic, reporting, however, certain deterioration in their assessments on a quarter earlier. It was management companies and pension insurance funds again that pointed to a slight improvement in the economic situation. It is also noteworthy that there was discerned no significant difference in attitudes across the different groups of respondents.

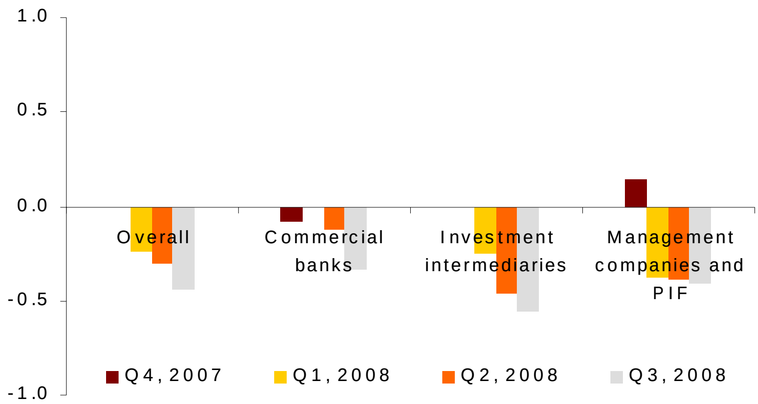
CURRENT ECONOMIC SITUATION



Note: The assessments of financial intermediaries are given as a weighted indicator. When the indicator is close to 2, the current state of affairs in the economy is assessed as strongly positive. And vice versa, when the indicator is close to -2, the current economic situation is assessed as strongly negative.

On a quarter earlier, the growth expectations of financial intermediaries worsened. The aggregate results show that the respondents anticipated an even stronger slowdown, with investment intermediaries taking a distinctly pessimistic view (55.6% of them expecting a further slowdown in the economy in the third quarter). The weighted expectations of commercial banks also pointed to a certain growth slowdown. At the same time, banks remained the most upbeat in their economic outlook. The management companies and pension insurance funds inquired anticipated, too, a Q3 slowdown. The worsening expectations fully matched the respondents' more pessimistic view of the current state of the affairs in the economy, taking into consideration the impact of a number of external factors at work (e.g. the persistent global financial crisis, eve-rising oil and food prices worldwide, and the growth slowdown in the Euro area).

GROWTH EXPECTATIONS

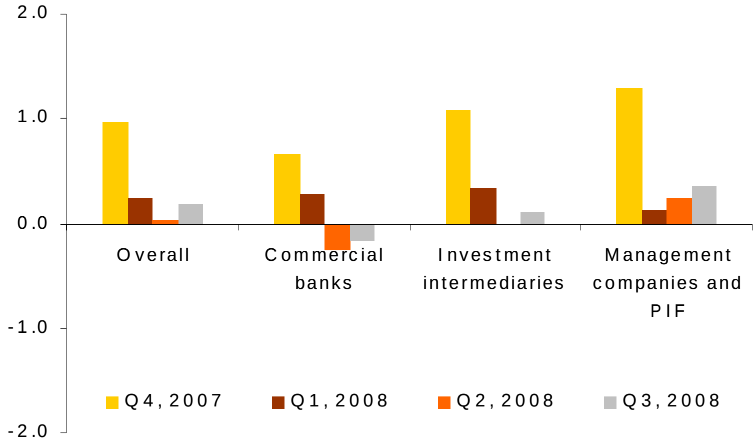


Note: Growth expectations are given as a weighted indicator. A value of the indicator close to 1 implies that financial intermediaries expect growth to pick up. Accordingly, a value of the indicator close to -1 is an indication of a slowdown in economic growth.

2. Inflation

The inflationary expectations of the respondents underwent a dramatic change on a quarter earlier. A growing percentage of economic agents now expected inflation to go on the increase, whereas a declining share of intermediaries anticipated inflation to slow down. Some 52.9% of the management companies and pension insurance funds inquired expected inflation to pick up at a faster pace, which largely determined the overall rate of price increase. As for commercial banks, 50% of them expected inflation to slightly decrease, and some 16.7% of them pointed to no change in prices. Nevertheless, compared to the preceding survey, the inflationary expectations of commercial banks deteriorated.

INFLATIONARY EXPECTATIONS

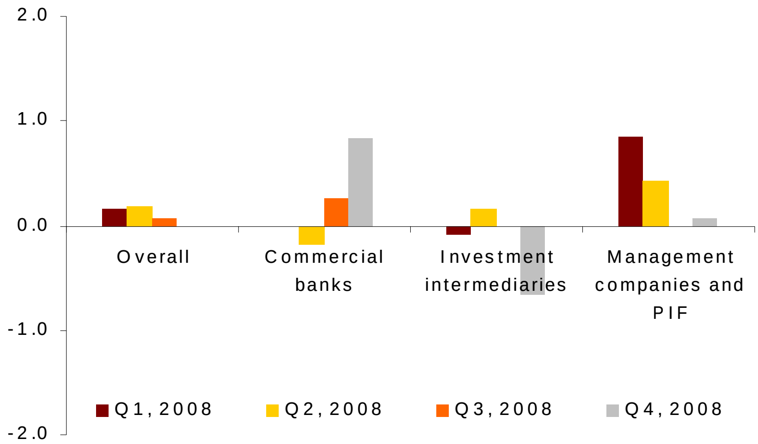


Note: The inflationary expectations of financial intermediaries are gauged, using a weighted indicator. A value of the indicator close to 2 implies that the respondents expect inflation to accelerate. And vice versa, a value of the indicator close to -2 indicates an expected decrease in inflation.

3. Foreign exchange rate

The aggregate expectations of all financial intermediaries as to the BGN/USD exchange rate were indicative of retention of the current levels. Completely balanced, the answers pointed to a possible insignificant appreciation of the local currency (43.8%) and an equal share of respondents in favour of the USD. The attitudes reported differed not only across the groups but on a quarter earlier, too. The commercial banks took a more unanimous view, with 83.3% of them expecting the USD to further lose ground in the fourth quarter. Compared to the preceding survey, 62.5% of the banks now anticipated the BGN/USD exchange rate to hold steady at the current levels. At the same time, the majority of investment intermediaries (77.8%) shared unanimously the view that the US currency would gain ground in the last quarter of the year. Their expectations in the survey previously carried out were evenly distributed in favour of a likely increase or decrease in BGN, which led to a neutral overall result. The management companies and pension insurance funds reported a large diversity of their expectations, pointing to slight prevalence of the local currency (47.1%). This was also the group of respondents that reported the least change on a quarter earlier.

EXPECTATIONS OF THE NOMINAL BGN/USD EXCHANGE RATE



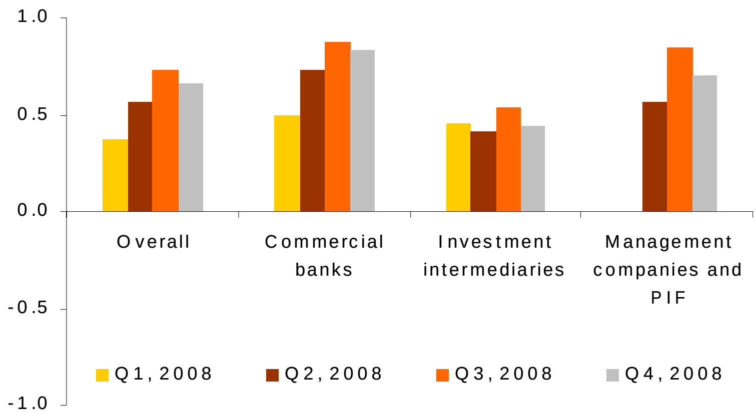
Note: The expectations of the respondents as to the nominal BGN/USD exchange rate dynamics are gauged using a weighted indicator. A value of the indicator close to 2 implies that financial intermediaries expect a strong appreciation of the BGN to the USD. Accordingly, a value approximating -2 is indicative of a strong depreciation of the local currency.

The above diversity of answers had to do with the performance of the crisis-hit global financial markets and downbeat growth outlook worldwide. The expectations of the respondents have additionally worsened as a result of the uncertainty as to the monetary policies to be taken by the Federal Reserve and the European Central Bank. On the other hand, the decreasing oil and main commodity prices were likely to boost the US currency in the short term.

4. Base interest rate (BIR)

Despite the persistent global financial market volatility and low market liquidity, local financial intermediaries expected a slower increase in BIR on a quarter earlier. This was by and large due to the spate of bad news about the growth slowdown in USA and EU, which in turn led to a cut down in the benchmark rates on the part of both the European Central Bank and the Federal Reserve. Nevertheless, none of the respondents expected a Q4 decrease in BIR, with liquidity problems brewing in the global markets. The majority of commercial banks (83.3%) pointed to a follow-up hike, whereas investment intermediaries reported more moderate expectations, with some 55.6% of them anticipating the base interest rate to remain unchanged.

EXPECTATIONS FOR BIR DYNAMICS IN THE NEXT QUARTER



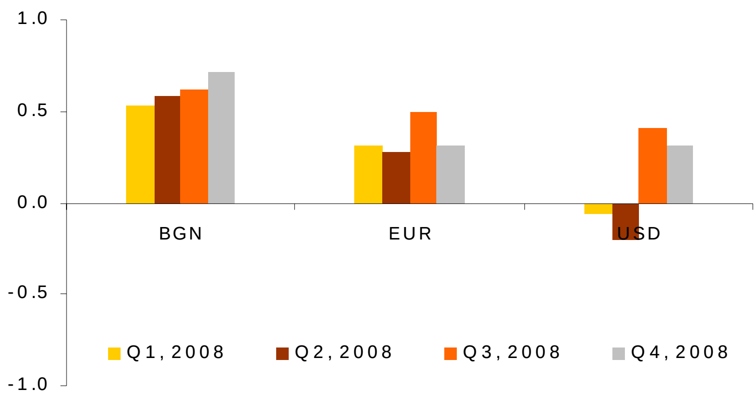
Note: The expectations of the respondents as to the base interest rate dynamics is gauged using a weighted indicator. A value of the indicator close to 1 implies that financial intermediaries expect an increase in the base rate. Accordingly, a value close to -1 indicates an expected decrease.

5. Deposit and loan interest rates

Expectations that deposit and loan interest would carry on going up persisted well into the fourth quarter. None of the financial intermediaries inquired anticipated a decrease in the interest rates. On the contrary, compared to the preceding survey, the percentage of respondents pointing to a further rise in BGN interest went on the increase.

The anticipations of ever-rising deposit and loan interest in EUR and USD were also sustained despite the difference in attitudes across the groups. Commercial banks, for example, were unanimous as to an increase in the interest rates on loans denominated in all the three currencies. At the same time, 44.4% of the investment

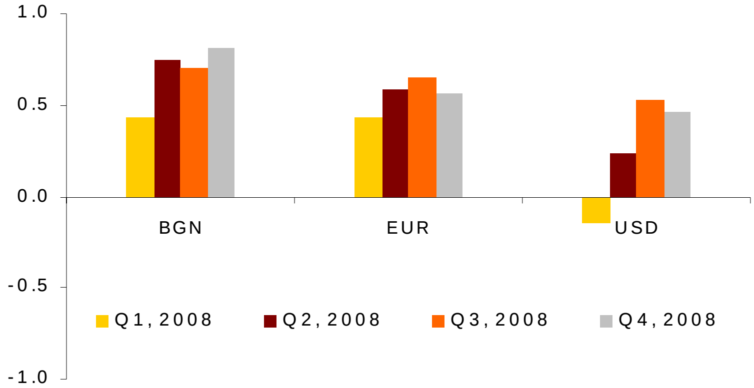
DEPOSIT INTEREST RATE EXPECTATIONS (BGN, EUR AND USD)



Note: The expectations of the respondents as to the dynamics of the deposit interest rates in BGN, EUR and USD are gauged using a weighted indicator. A value of the indicator close to 1 shows an expected rise in deposit interest. Accordingly, a value approximating -1 is indicative of an expected decrease.

intermediaries inquired pointed to a decrease in interest on USD loans. Obviously, there was some uncertainty not only as to the action to be taken by the central banks in the Euro area and USA but the direction of a likely change in interest rates as well.

LOAN INTEREST RATE EXPECTATIONS (BGN, EUR AND USD)



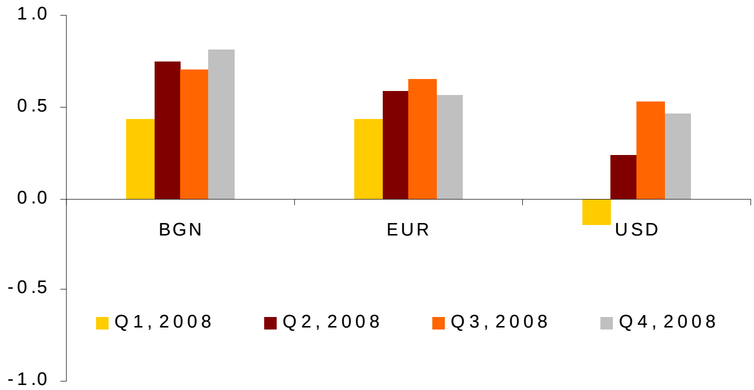
Note: The expectations of the respondents as to the dynamics of the deposit interest rates in BGN, EUR and USD are gauged using a weighted indicator. A value of the indicator close to 1 shows an expected rise in deposit interest. Accordingly, a value approximating -1 is indicative of an expected decrease.

6. Stock indices

The expectations of the local financial intermediaries as to Q4 stock market dynamics pointed to an insignificant improvement, if not retention of the current levels altogether. Distinctly fragmented as they were, the assessments indicated a robust rise in the share of respondents expecting the stock indices to deteriorate at the expense of respondents, taking a more optimistic view of the stock market performance. Their expectations of SOFIX and BG 40, though in a lesser degree, pointed to a certain increase while implying a negative change in BG REIT for the first time. Commercial banks were again the most upbeat as to the performance of the stock indices, with 1/3 of them predicting stronger SOFIX and BG 40, whereas the rest of the banks pointed to retention of the current levels. Investment intermediaries expressed a more pessimistic view, but their answers were similar to the assessments of the banks as regards the direction of change and ran close to the survey average. The management companies and pension insurance funds had the most negative expectations, anticipating a downhill in all the three indices in the following quarter.

The persistent expectations of the respondents as to the stock market dynamics were not surprising at all. The negative trajectory the global markets have taken continued to have an adverse effect on local investor attitudes. At the same time, the increased inflationary expectations in the local economy, insufficient liquidity in the global markets and growth slowdown worldwide may entail an investment shrinkage in financial instruments.

LOAN INTEREST RATE EXPECTATIONS (BGN, EUR AND USD)



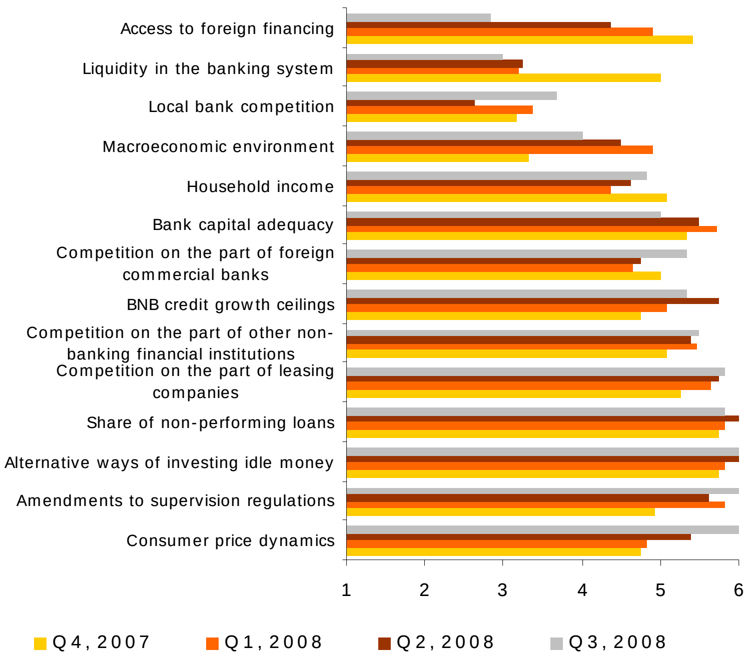
Note: The expectations of the respondents as to the performance of the stock indices are gauged on the basis of a weighted indicator. A value of the indicator close to 2 implies that financial intermediaries expect a strong increase in the stock indices. Accordingly, a value approximating -2 indicates an expected decrease.

II. FACTORS SHAPING THE PERFORMANCE OF FINANCIAL INTERMEDIARIES

1. Commercial banks

Bank lending to the private sector carried on declining in the third sector, setting at relatively high levels, though. The deposits of residents taken were insufficient in amount to ensure the loan growth desired and banks had to rely on additional foreign financing, as suggested by the answers to the inquiry where *access to foreign financing* was identified as the key factor for bank lending. It should be also noted that it was the only factor pointed out by all respondents. In addition, it was the factor that underwent the most profound change in terms of weight on a quarter earlier. The other decisive factors that stepped up in importance had to with the country's *macroeconomic environment, capital adequacy* and *liquidity* in the banking system.

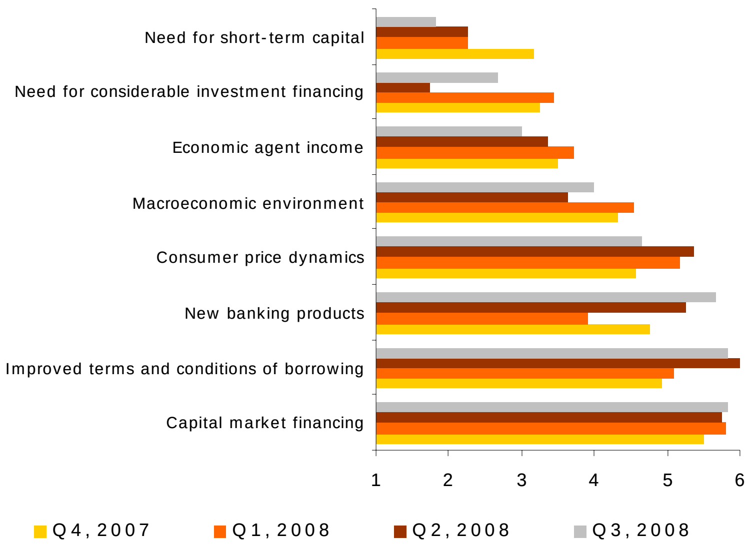
FACTORS INFLUENCING BANK LOAN EXTENSIONS



Note: For further detail see Methodological Notes.

Credit demand was shaped by the same factors at works as in the preceding quarter, with the *need for investment financing* and *short-term capital* taking the upper hand again. However, the need for short-term capital was now outweighed by investment financing. The weight of new *banking products* and *terms and conditions of lending*, pointed by only 17% of the respondents, stepped down.

FACTORS INFLUENCING BANK LOAN DEMAND

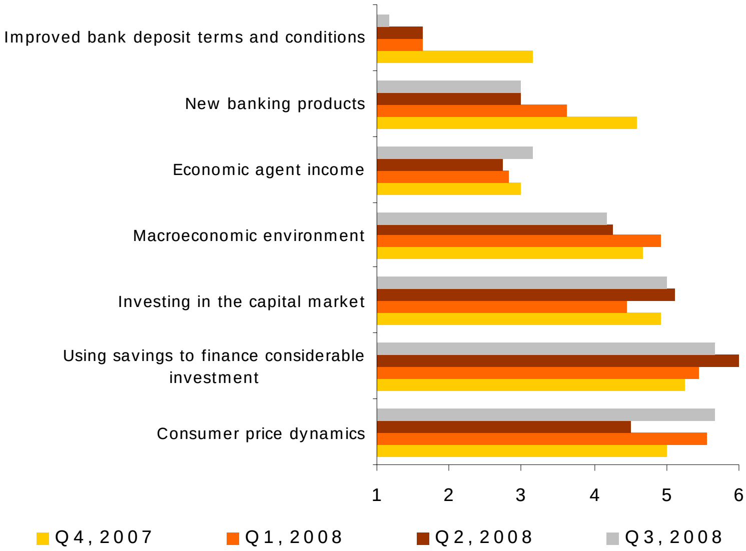


Note: For further detail see Methodological Notes.

Interest on household and corporate deposits has been steadily rising since the start of the year, bringing about an increase in the deposits taken. The *improved terms of deposit taking* were gain ranked first by 83% of the respondents, followed by new *banking products* and *income*. At the same time, compared to the preceding survey, *consumer price inflation* lost much of its significance as a factor, identified by only 17% of the commercial banks. This was probably due to the fact that the inflationary pressure in the economy was somewhat eased and bank deposit interest now increased.

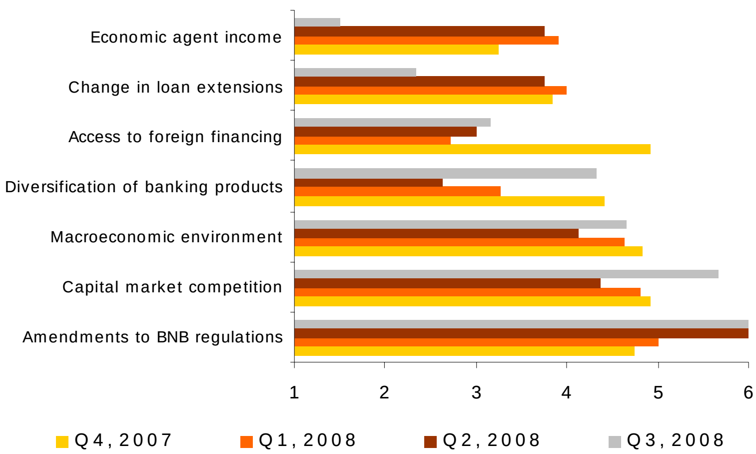
On a quarter earlier, the relative weights of the factors shaping the demand for deposits, changed significantly. Economic agents' *income* and change in *bank credit portfolios* remained the most decisive factors, pointed out by 100% and 83% of the respondents. At the same time, *access to foreign financing* and *banking product diversification* that had the upper had in the second quarter were now identified as relatively less important. The findings of the survey suggest a certain shift in commercial bank policy focus, viz. turning to high-income groups of savers in the economy, with resources being used to provide for loan demand. *Competition* on the part of the capital market was ranked rather low along the rating scale due mostly to the continuous slump in stock trading, which in turn spurred deposit taking from the private sector.

FACTORS INFLUENCING DECISIONS TO PUT IDLE MONEY IN BANK DEPOSITS



Note: For further detail see Methodological Notes.

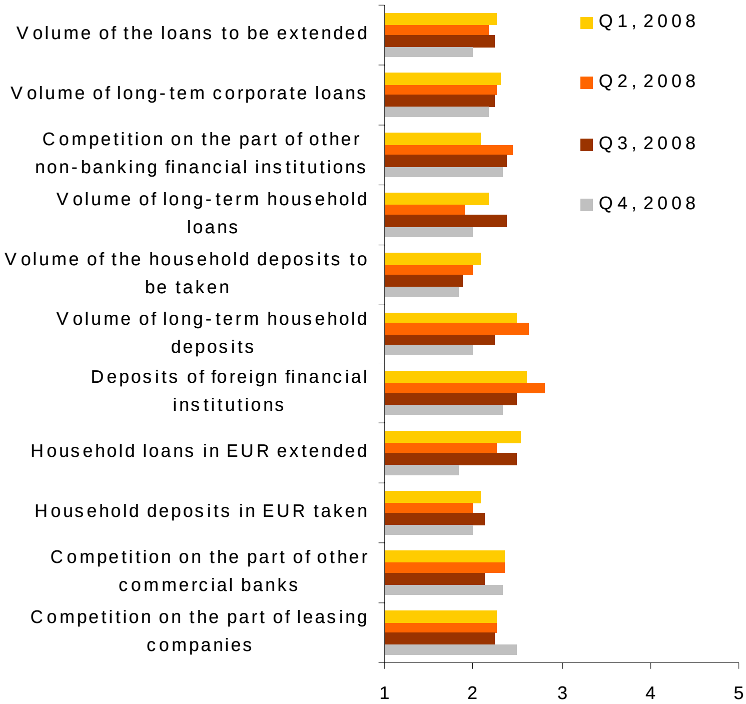
FACTORS INFLUENCING DEPOZIT TAKING



Note: For further detail see Methodological Notes.

Despite the growing expectations for higher loan and deposit interest rates, commercial banks anticipated corporate and household credit volumes to increase. On a quarter earlier, expectations now pointed to a stronger rise in loans, household loans in EUR in particular. Credit portfolio growth will be provided for by way of deposits taken from households, more specifically long-term deposits, as well as increased foreign financing. As for *local competition* on the part of both banks and leasing companies, the respondents expected it to pick up, at a slower pace, though.

EXPECTATION OF COMMERCIAL BANKS IN RESPECT TO:

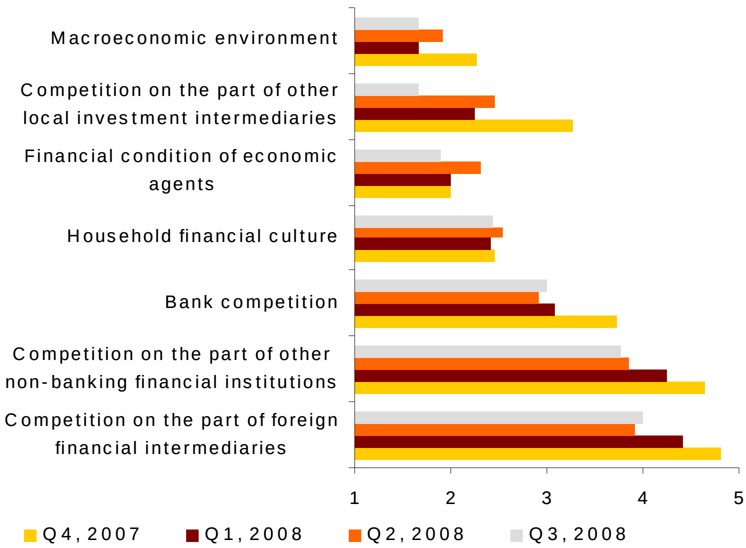


Note: The average weighted results have been obtained as the arithmetic mean of the answers given. When the indicator is close to 1, it indicates that commercial banks expect it to step up significantly. And vice versa, when it is close to 5, it implies that the respondents expect a significant decrease.

2. Investment intermediaries

The performance of investment intermediaries was now more than ever dependent on the economic slump worldwide and global financial crisis. The factors shaping their performance remained unchanged on a quarter earlier, with the most important of them being identified unanimously as enjoying greater significance. The country's *macroeconomic environment*, reporting now a heavier weight, was again the factor at work pointed out by 2/3 of the respondents. The trends underway in the local economy having to do with the global market run began to affect income generation and distribution in a more perceivable manner, ultimately undermining the demand for services offered by investment intermediaries. In this sense, *local competition*, given an ever-shrinking supply of resources, has become all the more important. This was also the factor that posted the highest

AVERAGE WEIGHTED ASSESSMENTS OF THE LEVEL OF SIGNIFICANCE OF THE FACTORS SHAPING THE PERFORMANCE OF INVESTMENT INTERMEDIARIES

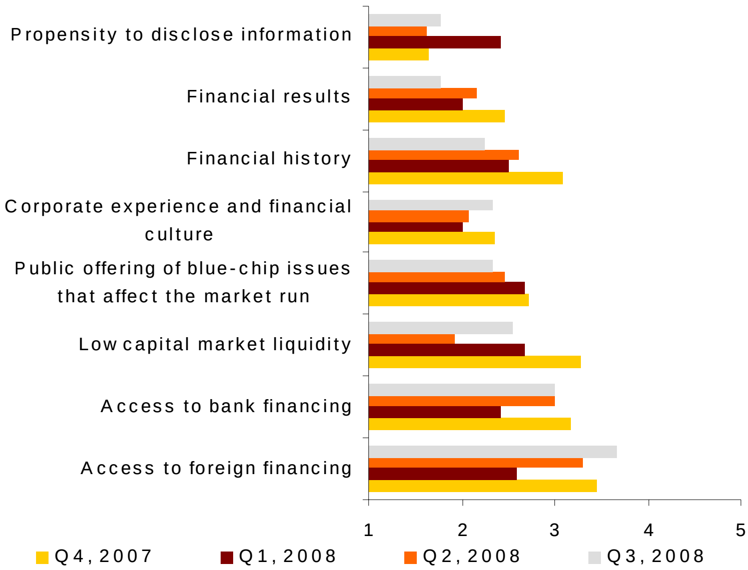


Note: The average weighted results have been obtained as the arithmetic mean of the answers given. When the indicator is close to 1, it enjoys a very high level of significance. And vice versa, when it is close to 5, it has a very low significance.

increase in weight, pointed out by 50% of the respondents as being as equally important as the country's macroeconomic environment. On the other hand, the *financial conditions* of economic agents, which now enjoyed greater significance, ranked second. The remaining factors had the same weight on a quarter earlier. Once again, *competition* on the part of other financial intermediaries and foreign competition was considered the least important with a view to the financial market downturn worldwide.

The factors behind a company's decision to go public were prioritized in a different was by the investment intermediaries. Of all factors decisive to performance, *propensity to disclose financial information* was the only one retaining its share. On the other hand, stepping up considerably in significance, *financial performance* was considered to be of primary importance by 44.4% of the respondents due mainly to the low profit made by local companies. *Experience and corporate financial culture* ranked third, together with *blue-chip* issues. Low *capital market liquidity* was outweighed by other factors, now enjoying a smaller weight in the listing decision process. Stock exchange trading has been taking place at very low levels of liquidity for quite a while to be considered a decisive factor for a company to go public. Therefore, *experience* and *corporate financial culture* can be said to have lost much of their relevance, given a narrow market and poor investment demand. The factors, having o do partially or directly with the external environment, e.g. *access to foreign financing* and *funding from foreign sources*, ranked last in importance (the latter being pointed out unanimously by most respondents as enjoying less significance).

AVERAGE WEIGHTED ASSESSMENTS OF THE SIGNIFICANCE OF THE FACTORS THAT ARE DECISIVE TO A COMPANY'S DECISION TO LIST ON THE STOCK EXCHANGE



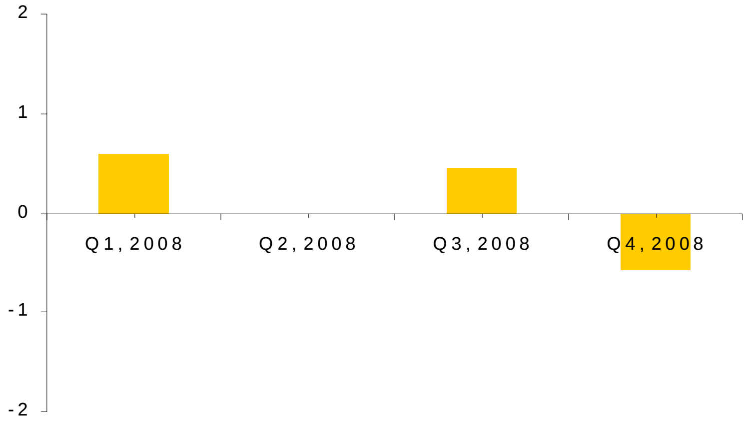
Note: The average weighted results have been obtained as the arithmetic mean of the answers given. When the indicator is close to 1, it enjoys a very high level of significance. And vice versa, when it is close to 5, it has a very low significance.

3. Collective investment schemes (CIS)

Management companies expected a decrease in CIS assets on a quarter earlier, without being unanimous as to their dynamics (21.4% pointed out to an increase, whereas 64.3 and 7.1% were of the opinion that they would decrease, or decline sharply respectively). The downbeat expectations were triggered by the continuous capital market downturn and declining share prices.

The quarter did not see any important change as regards the level of significance of the factors decisive to CIS performance. The country's *macroeconomic environment* stepped further up in importance and was now identified as crucial to the operations of CIS. Also, it outweighed the *financial conditions* of economic agents, which now enjoyed less importance. *Competition* on the part of the banking system was considered an essential factor in the wake of the slumps reported by the stock indices. Foreign collective investment schemes were given the least importance, losing much of their relevance as a factor on a quarter earlier.

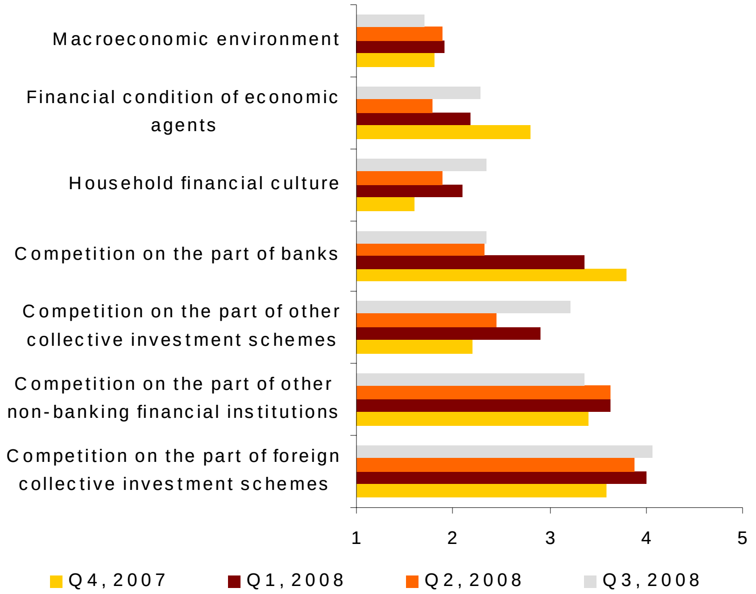
EXPECTATIONS FOR THE ACCUMULATED ASSETS IN THE CIS



Note: The expectations of the management companies as to the accumulated assets in the CIS are gauged on the basis of a weighted indicator. A value of the indicator close to 2 implies that the management companies expect a strong increase of the accumulated assets in the current quarter. Accordingly, a value approximating -2 indicates an expected decrease.

The management companies inquired pointed again that *return on investment* was of paramount importance to a household decision to put their money in a scheme. At the same time, the factor lost much of its weight on a quarter earlier due mostly to the greater diversification of the assessments made by the management companies. *Risk* taken by companies in investing the assets accumulated enjoyed the same level of significance as in the preceding quarter. *Risk aversion* on the part of households ranked next in importance. Its average weight stood very close to the contribution of the above two factors due to the fact that *return on investment* had also to do ultimately with the risk taken by companies and household propensity to invest in riskier instruments. At the same time, *tax legislation amendments* and bank *lending restrictions* were pointed out as having the least importance to the household decision making process, with the latter ranking last in significance. The lower weight of lending restrictions on a quarter earlier

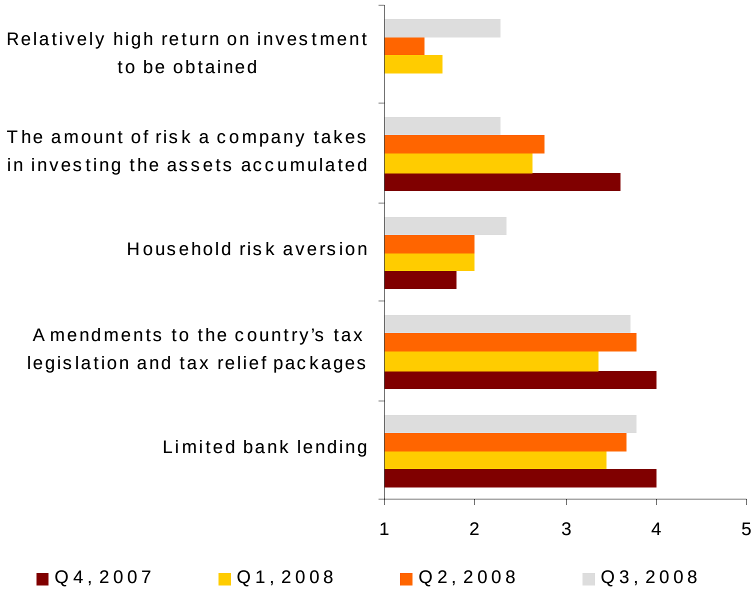
AVERAGE WEIGHTED ASSESSMENTS OF THE LEVEL OF SIGNIFICANCE OF THE FACTORS SHAPING THE PERFORMANCE OF COLLECTIVE INVESTMENT SCHEMES



Note: The average weighted results have been obtained as the arithmetic mean of the answers given. When the indicator is close to 1, it enjoys a very high level of significance. And vice versa, when it is close to 5, it has a very low significance.

was associated with the higher cost of bank loans and the fact that households tended to avoid borrowing money to invest in collective investment schemes in search of a better return even after having paid off their liabilities to the lending institution.

AVERAGE WEIGHTED ASSESSMENTS OF THE LEVEL OF SIGNIFICANCE OF THE FACTORS INFLUENCING HOUSEHOLD DECISIONS TO INVEST IDLE MONEY IN COLLECTIVE INVESTMENT SCHEMES



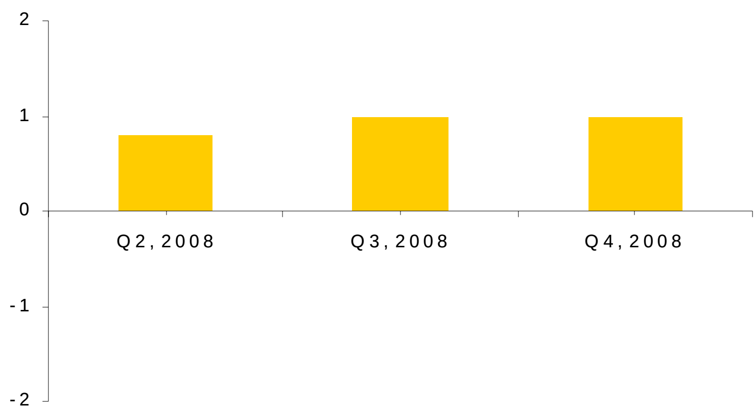
Note: The average weighted results have been obtained as the arithmetic mean of the answers given. When the indicator is close to 1, it enjoys a very high level of significance. And vice versa, when it is close to 5, it has a very low significance.

4. Pension funds

Pension insurance funds remained upbeat as to asset growth by the end of the year, taking unanimously the view that the assets of the additional compulsory insurance schemes would further rise. Two-third of the respondents expected a quarter-on-quarter increase in the assets held by the additional voluntary funds too.

All pension insurance funds were unanimous about the paramount importance of the *insurance contribution* rate to their performance. Stepping up in significance, *local competition* ranked next, as it had to do with the resources being attracted by the additional voluntary funds, and as with investment intermediaries, was influenced by changes in the yield achieved

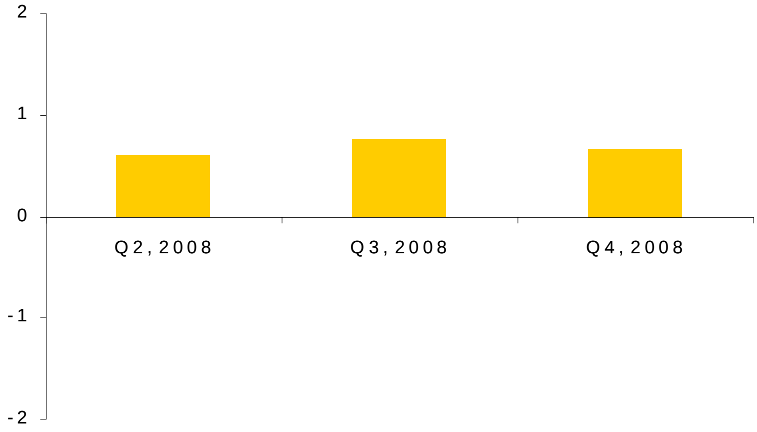
EXPECTATIONS OF THE ACCUMULATED ASSETS IN THE ADDITIONAL COMPULSORY PENSION SCHEMES



Note: The expectations of the pension funds as to the accumulated assets in the additional compulsory pension schemes are gauged on the basis of a weighted indicator. A value of the indicator close to 2 implies that the pension funds expect a strong increase of the accumulated assets in the current quarter. Accordingly, a value approximating -2 indicates an expected decrease.

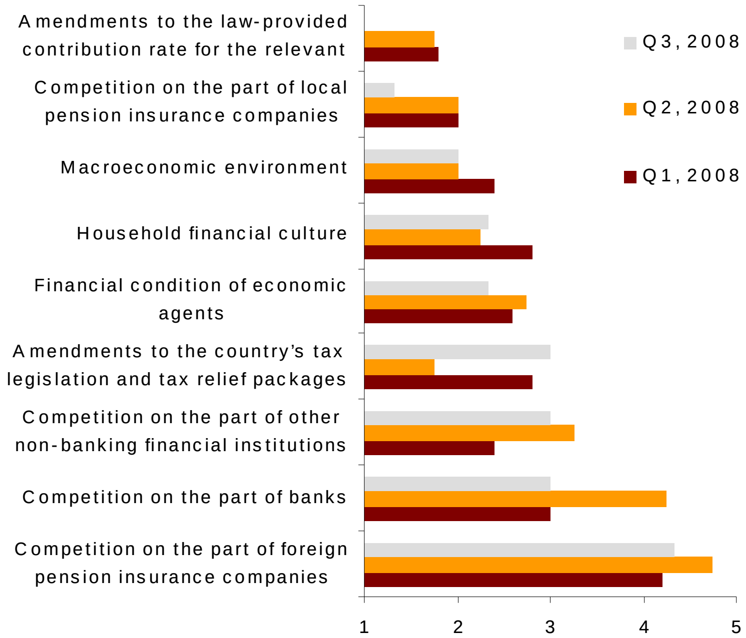
and household decision how to distribute it. Keeping its Q2 average weight, the country's *macroeconomic environment* ranked third in significance. On a quarter earlier, the respondents attached greater importance to the financial conditions of economic agents but did not consider them a decisive factor. *Competition* on the part of other non-banking institutions and foreign pension insurance companies was given the least significance, reflecting the higher risk levels of the alternative financial assets, hence the lower demand for them. Although still enjoying a rather low weight, *competition on the part of the banking system* grew steadily in importance due to the fact that bank deposits were another low-risk opportunity for economic agents to invest their idle money.

EXPECTATIONS OF THE ACCUMULATED ASSETS IN THE ADDITIONAL VOLUNTARY PENSION SCHEMES



Note: The expectations of the pension funds as to the accumulated assets in the additional voluntary pension schemes are gauged on the basis of a weighted indicator. A value of the indicator close to 2 implies that the pension funds expect a strong increase of the accumulated assets in the current quarter. Accordingly, a value approximating -2 indicates an expected decrease.

AVERAGE WEIGHTED ASSESSMENTS OF THE LEVEL OF SIGNIFICANCE OF THE FACTORS SHAPING Q3 PERFORMANCE OF PENSION INSURANCE FUNDS

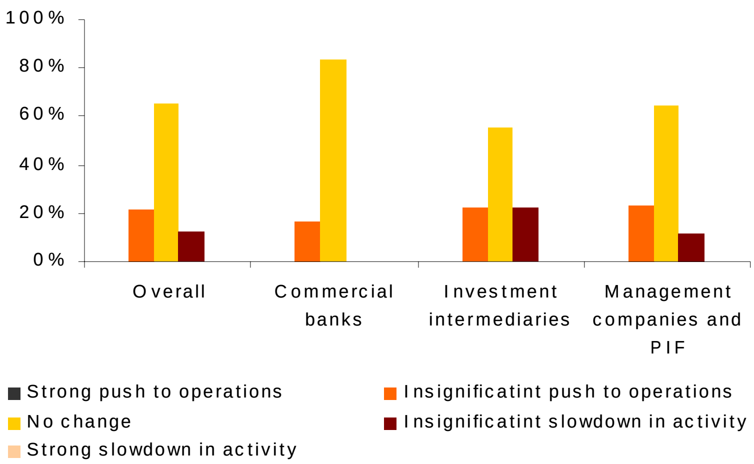


Note: The average weighted results have been obtained as the arithmetic mean of the answers given. When the indicator is close to 1, it enjoys a very high level of significance. And vice versa, when it is close to 5, it has a very low significance.

III. Impact of the growing oil prices on the performance of local financial intermediaries

All respondents were asked to answer a survey-specific question about the likely effect of the growth slowdown in the Euro area on their operations. The aggregate results indicate that the majority of financial intermediaries (65.6%) were of the opinion that the latest developments would not affect their performance. Some 21.9% of them pointed to a positive effect, whereas 12.5% of the respondents expected a negative effect.

IMPACT OF THE INCREASING OIL PRICES ON ACTIVITY OF THE FINANCIAL INTERMEDIARIES



Commercial banks remained the most optimistic, with not a single respondent expecting to experience any difficulty. At the same time, over 80% of the banks anticipated the slowdown to have no effect on their performance, followed by management companies and pension insurance funds (64.7%) and investment intermediaries. Most probably, the assessments made by commercial banks as to no effect or a likely positive effect had to do with the fact that they would continue to rely on mother banks (in the form of deposits) to provide for their operations. At the same time, management companies and pension insurance funds, as well as investment intermediaries expected a more unfavourable development in the wake of the growth slowdown, brought about by duller business activity, lower income and undermined investor confidence. Another factor at work was associated with the persistent financial market fluctuations and deepening financial crisis worldwide, making the customers of the above groups of financial intermediaries all the more cautious, given a slowdown in global growth.

Methodological Notes

I. Economic Situation

*The **General Part** dwells on an analysis of the aggregated expectations of financial intermediaries as to the current state of affairs in the economy, economic growth, inflation, base interest rate and the BGN's exchange rate to the US currency. The expectations of the different target groups of financial intermediaries have been gauged, using a weighted indicator. The different positive assessments (in some cases two, in others –only one) are given the values 1 and 2, as follows: 2 if there are two positive answers, and 1 if there is only one positive answer. A neutral answer gets 0. Negative assessments are given the value of -1 and -2, as follows:-2 if there are two negative answers, and -1 if there is only one negative answer. The percentages of respondents, giving the respective answer, are used as weights in calculating the indicator. An indicator close to 1 (in some cases close to 2) stands for an increase (hence a significant increase) in the variable dealt with. Accordingly, an indicator close to -1 (in some cases close to -2) stands for a decrease (or a significant decrease) in the variable. In addition, a value of the indicator approximating 0 is a sign of a strong lack of homogeneity of expectations or else of expectations of an invariable pattern of performance of the economic variable.*

II. Factors Shaping the Performance of Financial Intermediaries

Commercial banks

*The **Special Part** addresses two basic types of questions, i.e. first, assessment of the factors, affecting their performance in the last quarter and second, their expectations of the key macroeconomic indicators having to do with their specific operations.*

The first type of questions requires that respondents should identify up to 5 factors, which they think are important to the operations of their bank. The factors have to be rated from 1 to 5, where 1 stands for the most significant factor, and 5 for the factor of least importance. Factors left out of consideration get 6. Thus, the aggregate results for each question are obtained by average weighting of the answers.

In the second part of the survey the respondents are asked to rate the expected dynamics of the relevant indicator on a scale from 1 to 5 (significant increase, increase, without change, decrease, significant decrease), where 1 stands for a significant increase, and 5 for a significant decrease. The questions left unanswered are given a value of 6. The results for each indicator are obtained as the arithmetic mean of the weights stated.

Investment intermediaries, management companies and pension insurance funds

The special part of the survey, which has to be filled in by management companies, contains questions the answers to which are based on the rating of a number of factors that are significant to the operations of the respondents or the decision of economic agents to use the services rendered by financial intermediaries. Again, they are rated on a scale from 1 (the least significant) to 5 (the most significant). Thus, the aggregated results for each factor are obtained on the basis of the average weighted answers.

III. Specific issues: Impact of the growth slowdown in the Euro area on the performance of financial intermediaries

Respondents are asked a survey-specific question (e.g. What is the likely impact of the growth slowdown in the Euro area on the performance of financial intermediaries?) the effect is being evaluated by point out one of the following five answers: strongly positive, positive, no effect, negative and strongly negative. The results have been visualized by a graph, showing the percentage of respondents, giving the respective answer, as broken down into the target groups surveyed.