

11 May 2007

THE EURO AREA BANK LENDING SURVEY

– APRIL 2007 –

1. Overview of the results

The results reported in the April 2007 bank lending survey include for the first time responding banks from Slovenia. Their responses relate to the changes during the first quarter of 2007 and expectations of changes over the second quarter of 2007.

This report presents the results of the ECB's bank lending survey for the euro area that was conducted in April 2007. The cut-off date for receipt of data from the banks participating in this survey was 17 April 2007.

The results show that credit standards for loans to enterprises eased slightly on a net basis in the first quarter of 2007. This follows a period over the past few quarters when standards remained basically unchanged or were slightly eased. Credit standards for loans to households for housing purchases were also eased slightly on a net basis, broadly at the same level as in the previous quarter. Similarly, banks continued to ease, on a net basis, their credit standards to households for consumer credit and other lending.

With regard to the demand for loans, banks continued to report a strong positive net demand for loans to enterprises in the first quarter of 2007. Net demand for consumer credit also remained positive in the first quarter of 2007, at broadly the same level as in the previous quarter. During the same period, net demand for housing loans to households, as perceived by the banks, fell significantly during the first quarter of 2007.

General notes

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

¹ The sample group of banks participating in the survey comprises 89 banks, representing all of the euro area countries, and takes into account the characteristics of their respective national banking structures. Since these banks differ considerably in size, the survey results are weighted according to the national shares in the total amount outstanding of euro area lending to euro area residents. All 89 of the banks participated in the April 2007 survey, yielding an overall response rate of 100%.

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

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

The survey questions are phrased in terms of changes over the past three months (in this case the first quarter of 2007) or expectations of changes over the next three months (i.e. the second quarter of 2007).

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

Loans or credit lines to enterprises

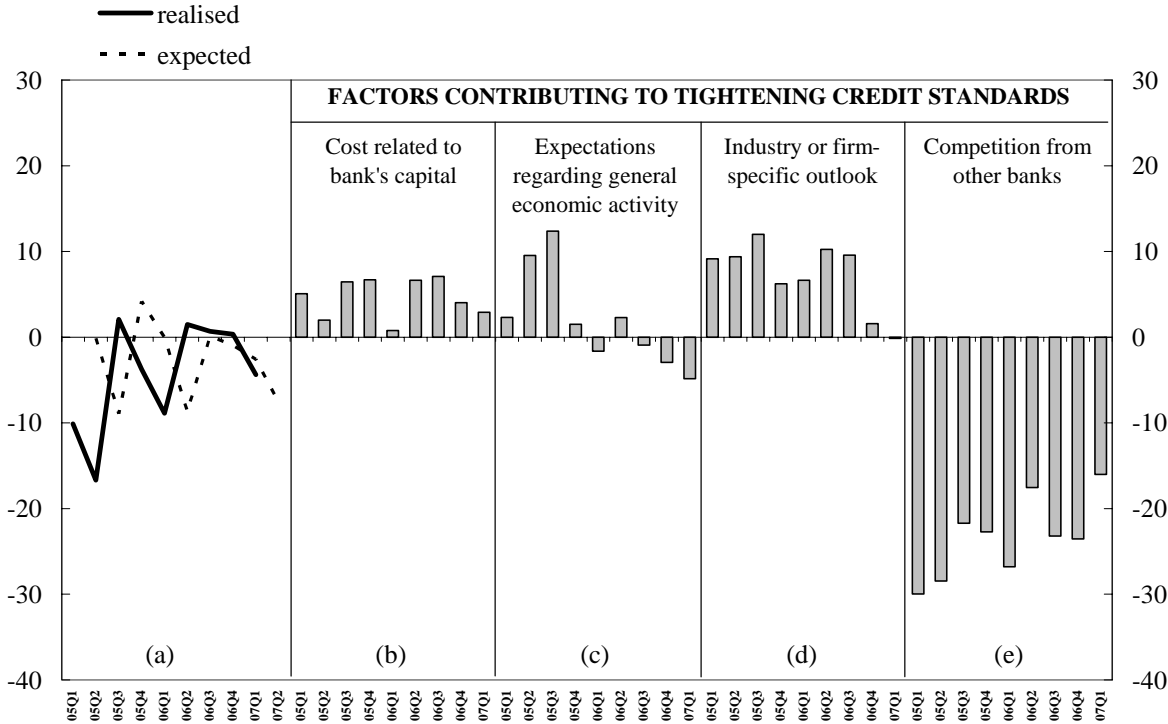
Credit standards. Credit standards for loans or credit lines to enterprises have eased somewhat in net terms in the first quarter of 2007 (-4% compared with 0% in the previous quarter). This follows a period over the past few quarters when standards remained basically unchanged or were slightly eased (see Chart 1, panel a). Competition from other banks continued to be an important factor contributing towards net easing of credit standards, albeit less than in previous quarters (see Chart 1, panel e). Also, more favourable expectations regarding general economic activity weighted, for the third time in a row, towards net easing (see Chart 1, panel c). The industry or firm-specific outlook for the first time no longer contributed to net tightening as had been the case in previous years (see Chart 1, panel d).

Regarding the conditions and terms of credit (see Chart 8 in the annex), banks eased credit standards not only via implementing narrower margins on average loans (-25% in April 2007, from -17% in the previous cycle), but also through a variety of other means including a lengthening of the maturity of loans or credit lines and an increase in the size of the loans or credit lines (although less than in the previous cycle). In contrast, higher margins on riskier loans contributed to a net tightening in credit standards but slightly less than in the previous quarter (12%, from 13% in the previous cycle).

² For further information on the bank lending survey please see the ECB Press Release of 21 November 2002 entitled *Bank lending survey for the euro area*, the April 2003 Monthly Bulletin article entitled “A bank lending survey for the euro area”, and Berg J. et al. (2005) *The bank lending survey for the euro area*, ECB Occasional Paper No 23.

The net easing of credit standards applied mainly to large enterprises (-7%, from 2% in the previous quarter) (see Chart 6 in the annex). The credit standards applied to small and medium-sized enterprises remained basically unchanged in the first quarter of 2007 (at 0%), following a series of net easing in 2006. As regards loan maturities, the net easing was more pronounced in comparison with the previous quarter for long-term loans (-10%, from 0% in the previous survey) than for short-term loans (-4%, from 0% in the previous survey).

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

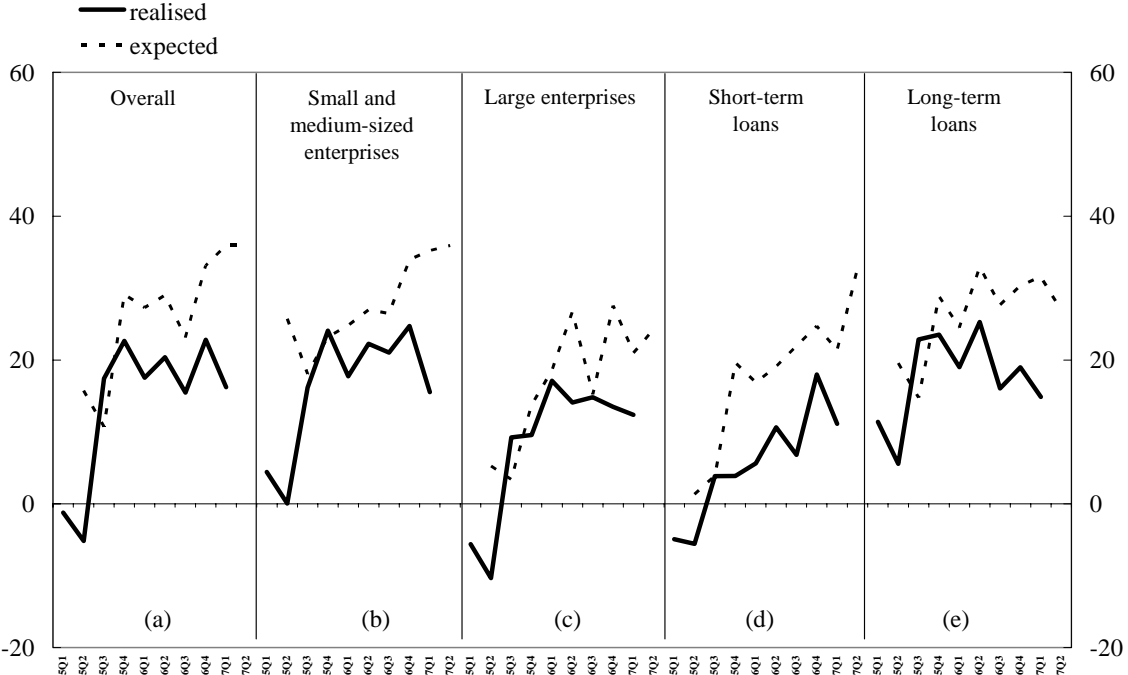


Notes: The net percentage refers to the difference between the sum of the percentages for “tightened considerably” and “tightened somewhat” and the sum of the percentages for “eased considerably” and “eased somewhat”. “Realised” values refer to the period in which the survey was conducted. “Expected” values are the net percentages calculated from the responses given by the banks in the previous survey. For instance, “expected” values for 2007Q1 were reported in the January 2007 survey. The net percentages for the questions related to the factors are defined as the difference between the percentage of banks reporting that the given factor contributed to a tightening or to an easing.

Loan demand. In line with the six previous quarters, in the first quarter of 2007, net demand for loans by enterprises was significantly positive, although at a somewhat lower level than in the previous survey round (16% in April 2007 compared with 23% in the previous round) (see Chart 2a, panel a). The factors behind the persistent high positive net demand continued to be both of a non-financial and financial nature, in particular fixed investment, inventories and working capital, as well as mergers and acquisitions (M&A) and corporate restructuring (see Chart 2b and Charts 10a and 10b in the annex). The use of alternative financing coming from internal sources (i.e. higher profits) contributed to moderating net loan demand, albeit less than during the previous round (see Chart 2b, panel e).

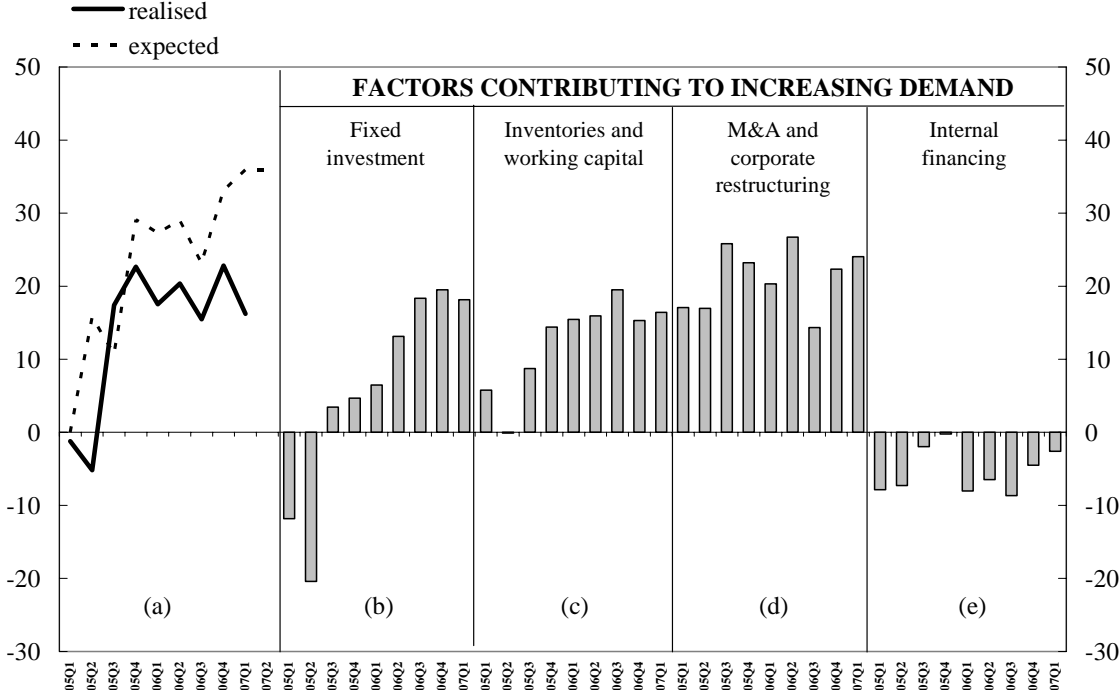
In terms of borrower size, net loan demand from small and medium-sized enterprises continued to be stronger than for large enterprises (16% and 12% respectively), although the difference was less pronounced than during previous quarters (see Chart 2a, panels b and c). Net demand was positive across the maturity spectrum, although with a continued downward tendency for long-term loans (see Chart 2a, panels d and e).

Chart 2a. Changes in demand for loans or credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)



Notes: The net percentages for the questions on demand for loans are defined as the difference between the sum of the percentages for “increased considerably” and “increased somewhat” and the sum of the percentages for “decreased considerably” and “decreased somewhat”. “Realised” values refer to the period in which the survey was conducted. “Expected” values are the net percentages calculated from the responses given by the banks in the previous survey. For instance, “expected” values for the first quarter of 2007 have been reported in the January 2007 survey.

Chart 2b. Changes in demand for loans or credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)



Notes: See note to Chart 2a.

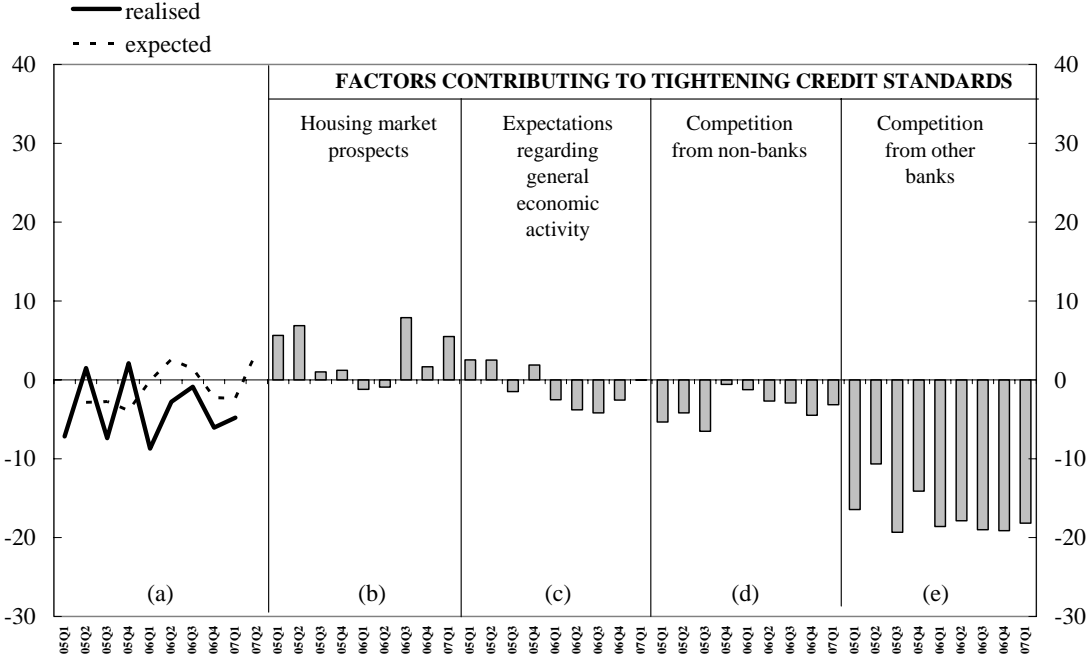
Expectations. Looking ahead to the second quarter of 2007, banks expect a net easing of credit standards applied to the approval of loans or credit lines to enterprises (see Chart 1, panel a), in particular for short-term loans (see Chart 11 in the annex). Banks also expect strong corporate net demand across all firm sizes and loan maturities (see Chart 2a).

Loans to households for house purchase

Credit standards. In the first quarter of 2007, banks reported a slight net easing of credit standards for loans to households for house purchase, broadly at the same level as in the previous quarter (-5% in April 2007, from -6% in the previous survey round) (see Chart 3, panel a). While the main factor behind the net easing continued to be competition, in particular from other banks (see Chart 3, panel e), housing market prospects contributed more towards a tightening relative to the previous quarter (see Chart 3, panel b).

The net easing for loans for house purchase was mainly implemented via reducing the margins on average loans, lengthening the loan maturity and reducing non-interest rate charges (see Chart 15 in the annex). At the same time, margins on riskier loans continued to contribute to a net tightening, but slightly less than in most previous quarters (3% in April 2007, from 4% in the previous cycle).

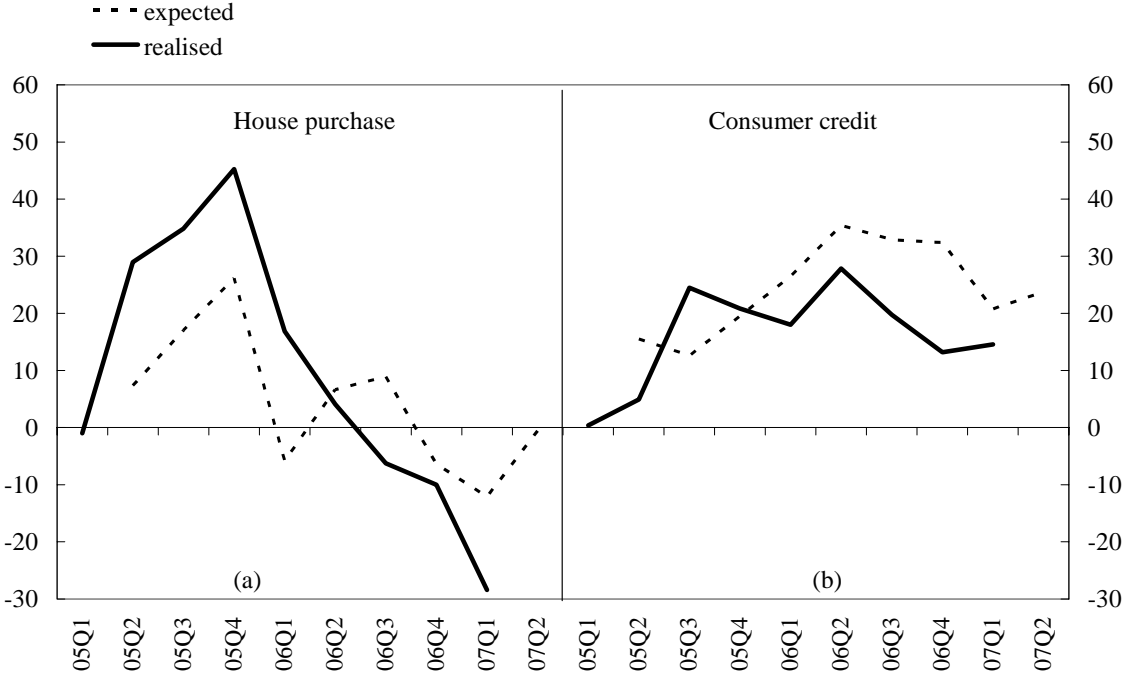
Chart 3. Changes in credit standards applied to the approval of loans to households for house purchase (net percentages of banks reporting tightening credit standards)



Note: see note to Chart 1.

Loan demand. The net demand for housing loans to households fell significantly in the first quarter of 2007 (-28% in April 2007, from -10% in the previous round) (see Chart 4, panel a). This decrease was for the most part determined by a sharp deterioration in the assessment of housing market prospects (see Chart 19 in the annex). Consumer confidence also contributed towards a negative net loan demand, unlike in the previous survey rounds.

Chart 4. Changes in demand for loans to households (net percentages of banks reporting a positive contribution to demand)



Note: see note to Chart 2a.

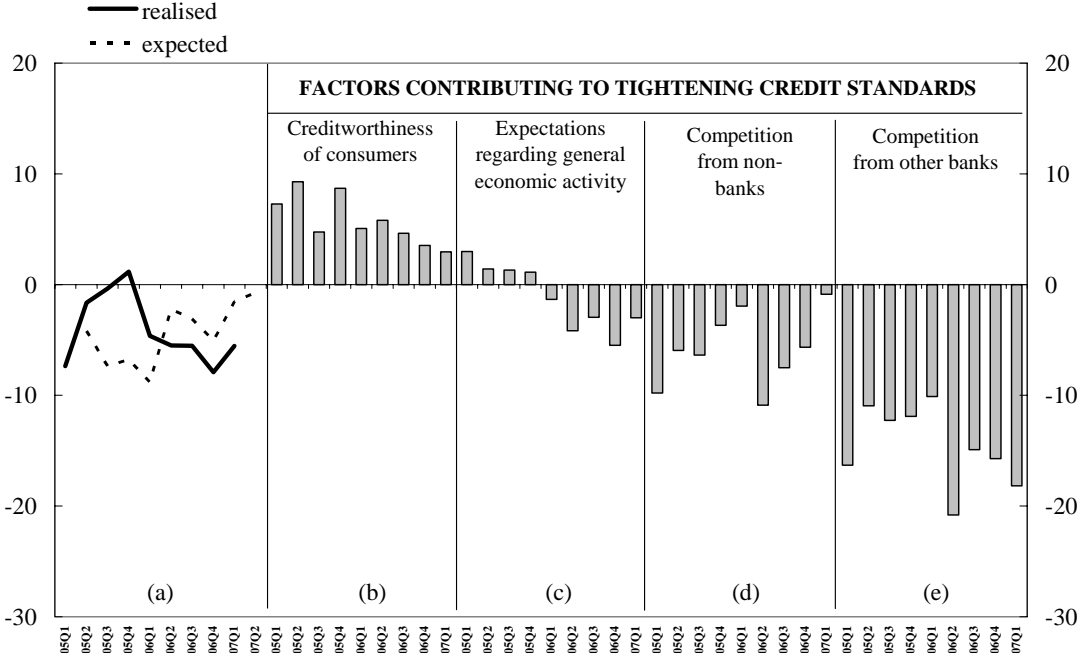
Expectations. For the second quarter of 2007, respondent banks expect a slight net tightening of credit standards for loans to households for house purchase (see Chart 3, panel a). Despite this, banks expect net demand to remain basically unchanged over the same period (see Chart 4, panel a).

Consumer credit and other lending to households

Credit standards. In the first quarter of 2007, banks reported a slight net easing of the credit standards applied to the approval of consumer credit and other lending to households, broadly at the same level as in the previous quarter (-6% in the April 2007 round, from -8% in the previous round) (see Chart 5, panel a). Among the factors contributing to the slight net easing in credit standards were competitive pressures in particular from other banks, as well as favourable expectations regarding general economic activity (see Chart 5, panels c to e). Banks cited concerns regarding the creditworthiness of consumers as the main factor contributing towards tighter consumer credit standards, although less than in the previous quarter (see Chart 5, panel b).

The net easing was mainly implemented by acting on prices. Margins on average loans contributed significantly to the net easing, although mostly reversing a movement in the opposite direction in the January 2007 survey round (see Chart 17 in the annex). The lengthening of loan maturity also contributed to net easing. At the same time, margins on riskier loans contributed slightly more to a net tightening than in the previous quarter (9% in the April 2007 round, from 4% in the previous cycle), although movements over the past few quarters have been somewhat volatile. The other conditions and terms remained basically unchanged in net terms compared to the previous quarter.

Chart 5. Changes in credit standards applied to the approval of consumer credit and other lending to households (net percentages of banks reporting tightening credit standards)



Note: see note to Chart 1.

Loan demand. Banks reported that net demand for consumer credit and other lending to households remained positive in the first quarter of 2007, at broadly the same level as in the previous quarter (15% in the April 2007 round compared with 13% in the previous round) (see Chart 4, panel b). The main drivers behind the positive net demand for consumer credit continued to be spending on durable consumer goods and, albeit less than during previous quarters, consumer confidence (see Chart 20 in the annex). The impact of household savings remained very low.

Expectations. For the second quarter of 2007, responding banks expect credit standards for consumer credit and other lending to households to remain basically unchanged (see Chart 5, panel a). Respondent banks also expect the net demand for loans to households for consumer credit and other lending to remain significantly positive (see Chart 4, panel b).

2. Results for the individual questions

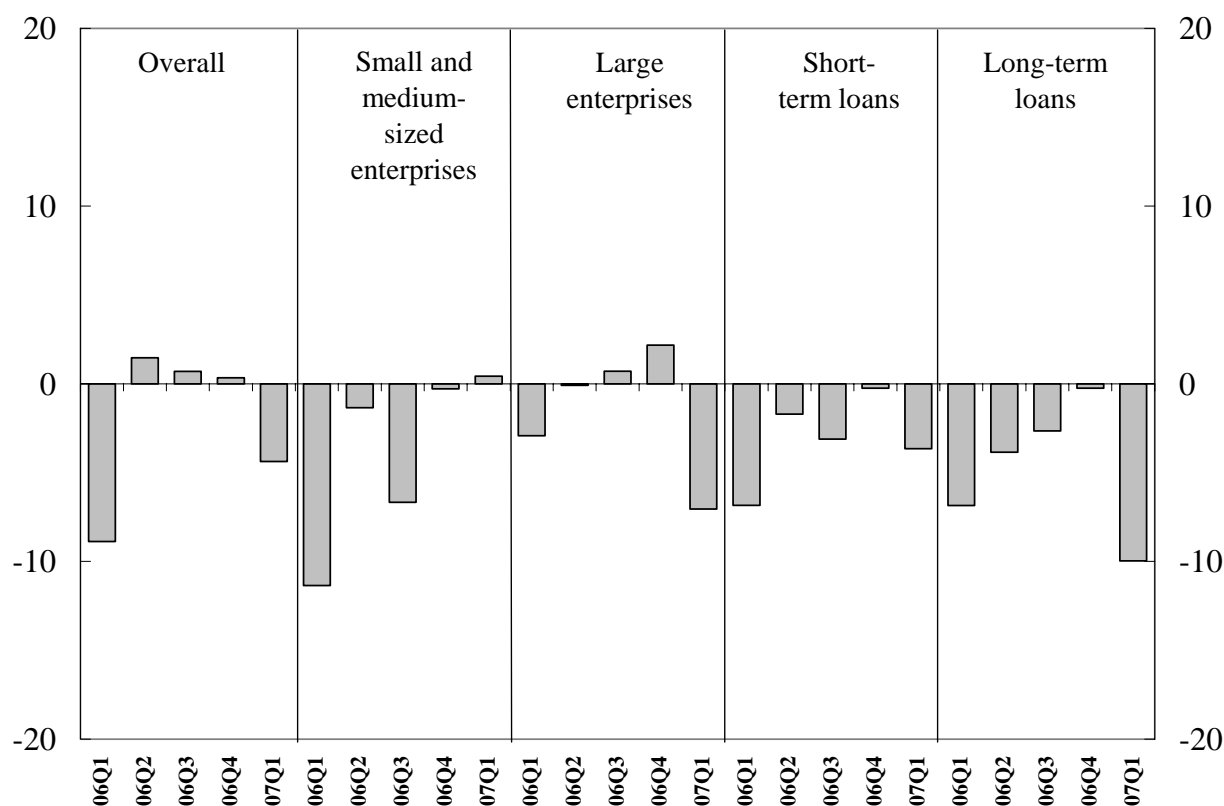
I. Loans or credit lines to enterprises

- 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	
	January 2007	April 2007	January 2007	April 2007	January 2007	April 2007	January 2007	April 2007	January 2007	April 2007
Tightened considerably	0	2	0	2	0	2	0	2	0	2
Tightened somewhat	6	1	7	7	6	1	5	0	5	0
Remained basically unchanged	89	90	86	82	91	88	90	93	90	87
Eased somewhat	5	7	7	9	4	10	5	5	5	12
Eased considerably	0	0	0	0	0	0	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	0	-4	0	0	2	-7	0	-4	0	-10
<i>Mean</i>	<i>3.00</i>	<i>3.03</i>	<i>3.00</i>	<i>2.98</i>	<i>2.98</i>	<i>3.05</i>	<i>3.00</i>	<i>3.02</i>	<i>3.00</i>	<i>3.08</i>
Number of banks responding	81	85	81	85	80	84	81	85	81	85

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

Chart 6. Credit standards applied to the approval of loans or credit lines to enterprises
(net percentages of banks reporting tightening credit standards)



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

	--	-	°	+	++	NA	NetP		Mean	
							January 2007	April 2007	January 2007	April 2007
A) Cost of funds and balance sheet constraints										
Costs related to your bank's capital position	0	3	90	0	0	6	4	3	2.95	2.97
Your bank's ability to access market financing	0	1	92	0	0	8	2	1	2.98	2.99
Your bank's liquidity position	0	1	92	0	0	8	-1	1	3.02	2.99
B) Pressure from competition										
Competition from other banks	0	1	76	15	1	7	-24	-16	3.25	3.20
Competition from non-banks	0	0	80	8	0	12	-2	-8	3.02	3.09
Competition from market financing	0	0	88	1	0	11	-2	-1	3.02	3.02
C) Perception of risk										
Expectations regarding general economic activity	0	10	69	13	2	6	-3	-5	3.03	3.07
Industry or firm-specific outlook	0	6	81	6	0	6	2	0	2.99	3.00
Risk on the collateral demanded	0	3	86	1	0	10	-1	1	3.01	2.99

NA = Not available; NetP = Net percentage

Note: The "Net percentage" column is defined as the difference between the sum of "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of "+" (contributed somewhat to easing) and "++" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards".

Chart 7a. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises
(net percentages of banks reporting tightening standards)

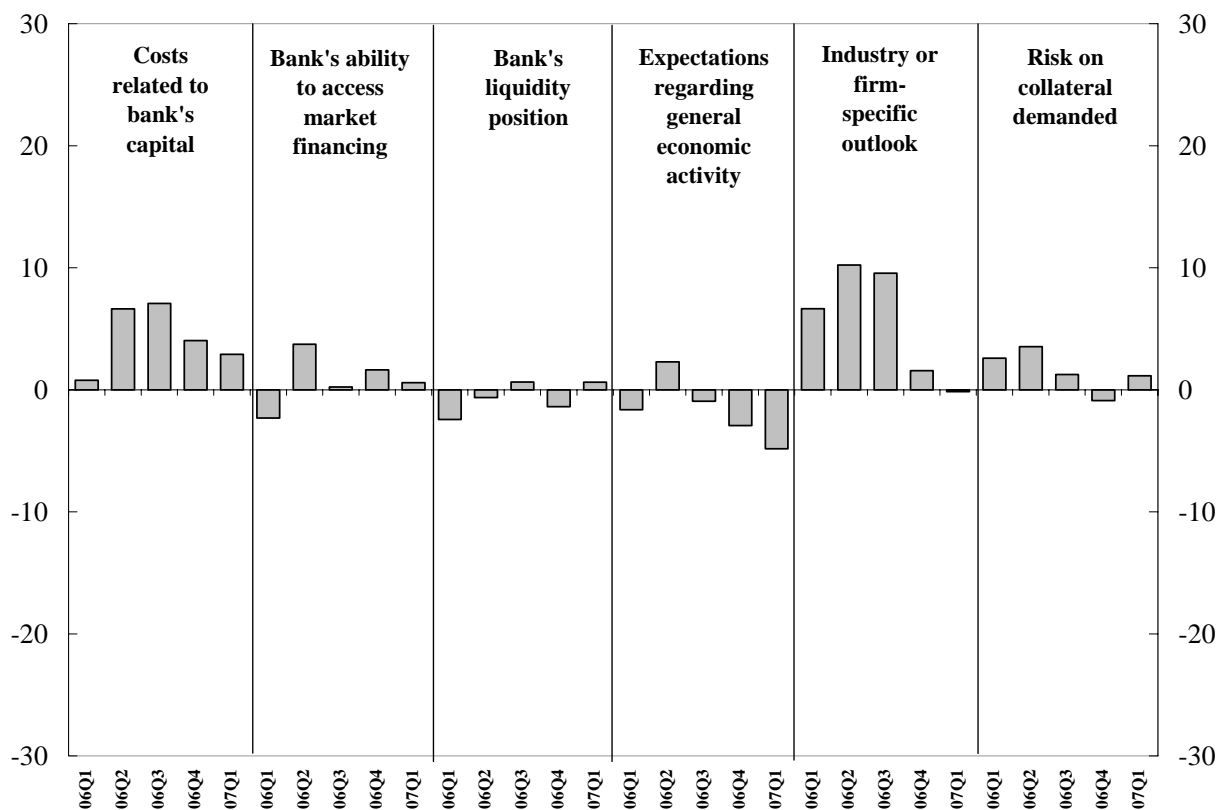
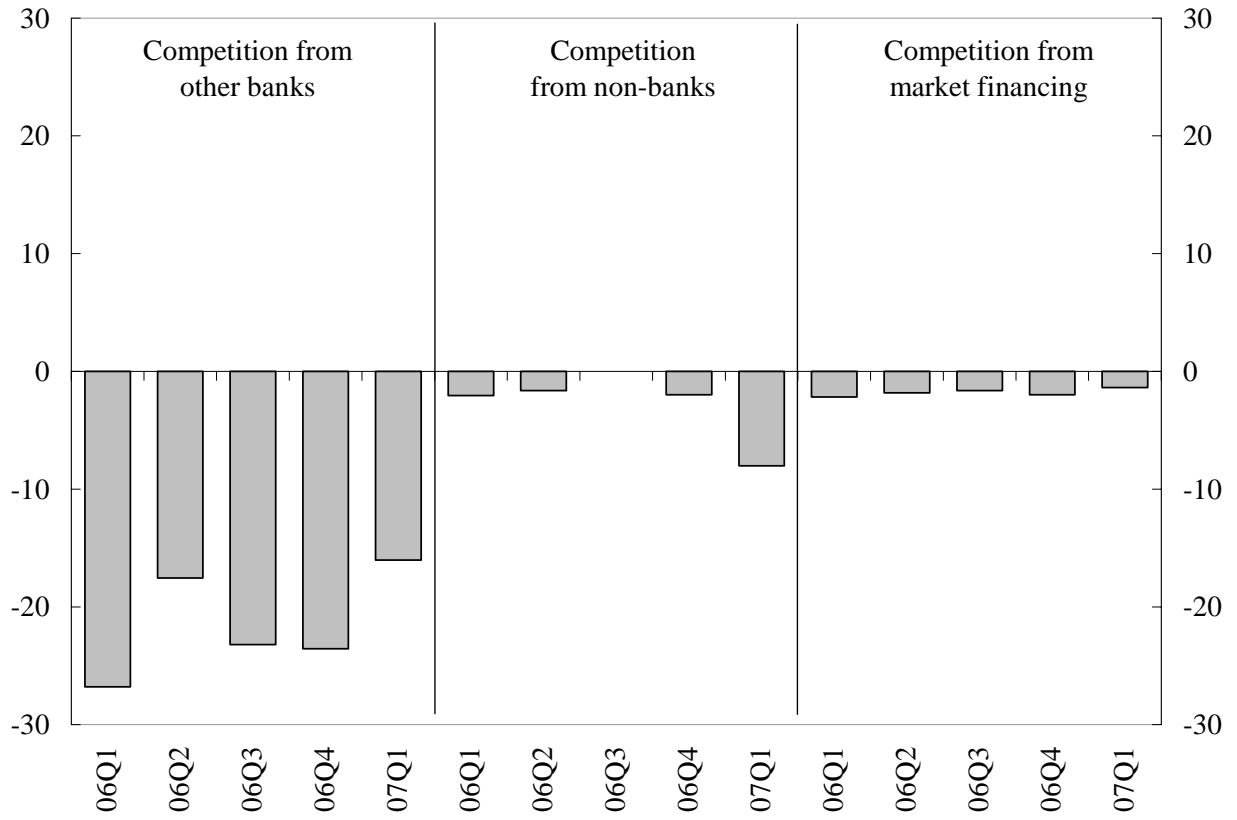


Chart 7b. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises
(net percentages of banks reporting tightening standards)



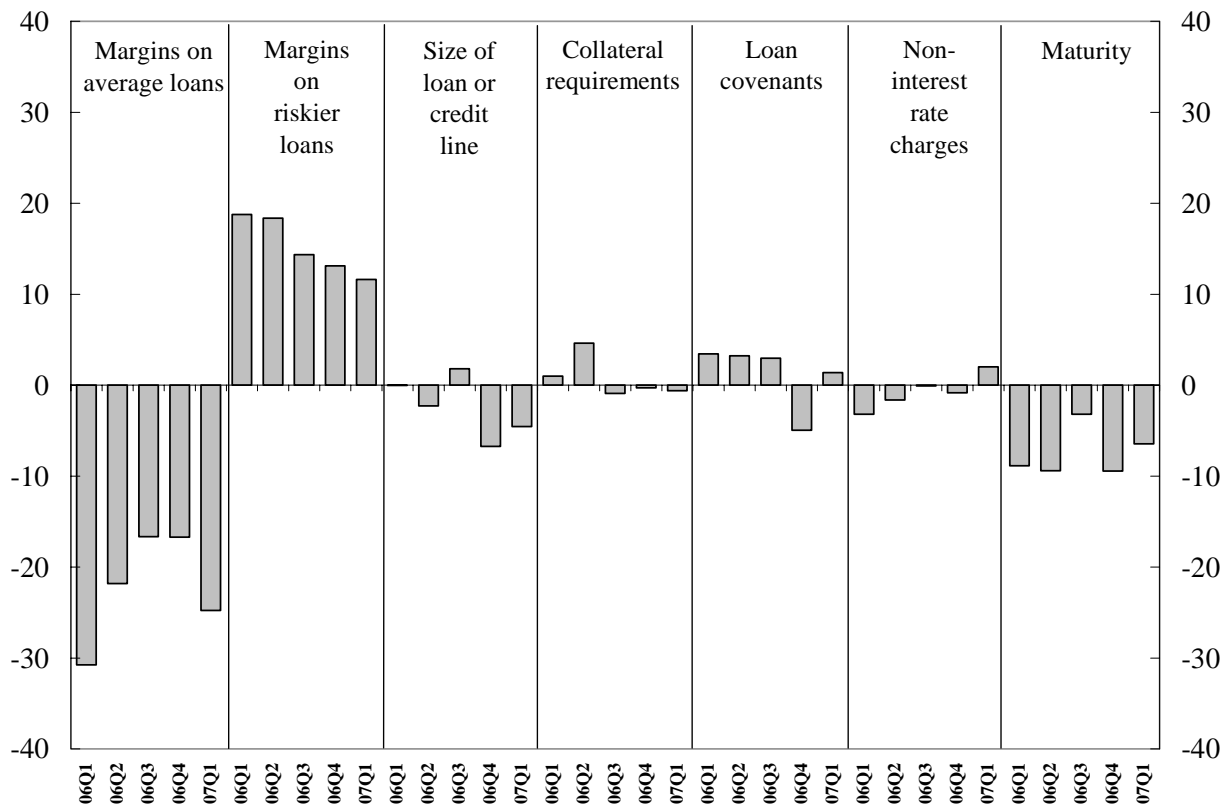
3. Over the past three months, how have your bank's conditions and terms for approving loans or credit lines to enterprises changed?

	--	-	°	+	++	NA	NetP		Mean	
							January 2007	April 2007	January 2007	April 2007
A) Price										
Your bank's margin on average loans	0	5	60	30	0	5	-17	-25	3.20	3.26
Your bank's margin on riskier loans	0	19	67	8	0	6	13	12	2.87	2.88
B) Other conditions and terms										
Non-interest rate charges	0	4	87	2	0	7	-1	2	3.01	2.98
Size of the loan or credit line	0	2	86	6	1	6	-7	-5	3.07	3.06
Collateral requirements	1	4	82	6	0	6	0	-1	3.00	2.99
Loan covenants	0	8	80	6	0	6	-5	1	3.06	2.99
Maturity	0	2	84	8	0	6	-9	-6	3.10	3.07

NA = Not available; NetP = Net percentage

Note: The "Net percentage" column is defined as the difference between the sum of "--" (tightened considerably) and "-" (tightened somewhat), and the sum of "+" (eased somewhat) and "++" (eased considerably). "°" means "remained basically unchanged".

Chart 8. Conditions and terms for approving loans or credit lines to enterprises
(net percentages of banks reporting tightening standards)

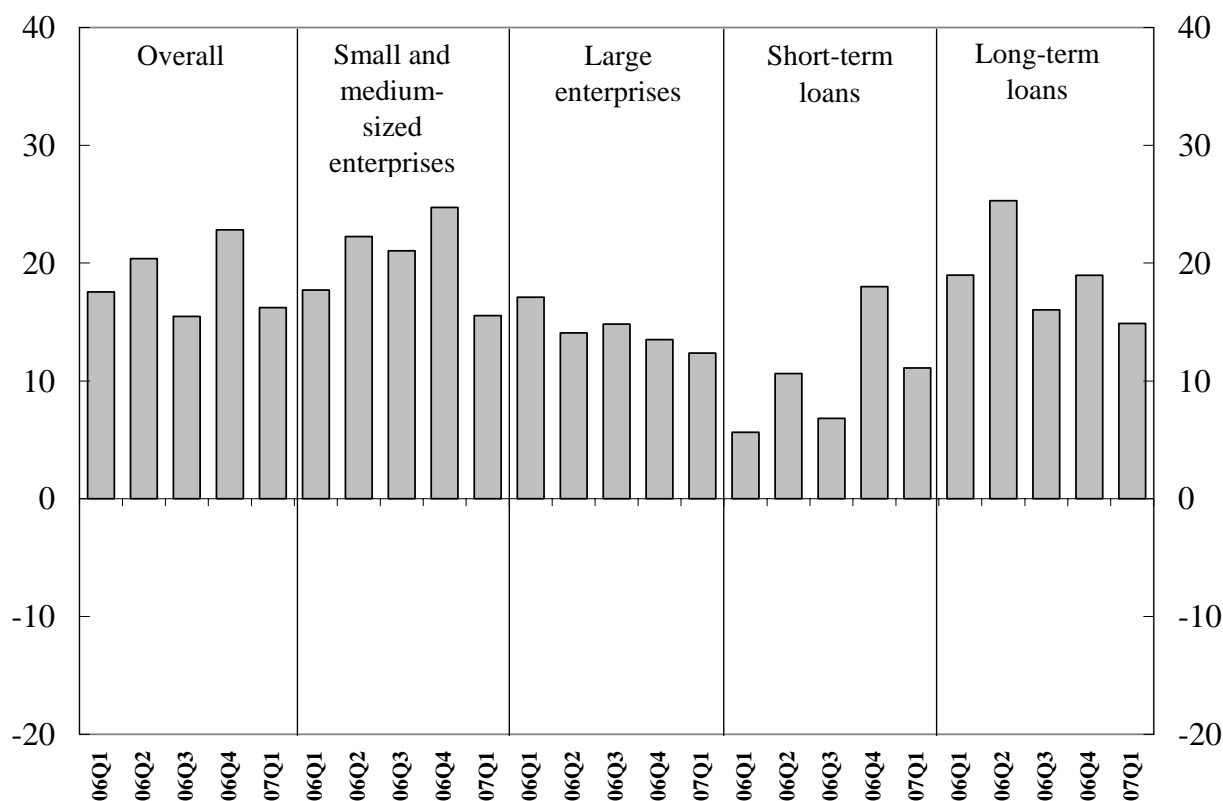


4. Over the past three months, how has the demand for loans or credit lines to enterprises changed at your bank, apart from normal seasonal fluctuations?

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	January 2007	April 2007	January 2007	April 2007	January 2007	April 2007	January 2007	April 2007	January 2007	April 2007
Decreased considerably	0	0	2	0	0	0	0	0	2	0
Decreased somewhat	3	7	2	7	7	6	6	4	6	8
Remained basically unchanged	70	71	67	71	73	75	69	81	65	69
Increased somewhat	26	23	29	22	20	19	24	15	27	23
Increased considerably	0	0	0	0	0	0	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	23	16	25	16	14	12	18	11	19	15
<i>Mean</i>	<i>3.23</i>	<i>3.16</i>	<i>3.23</i>	<i>3.16</i>	<i>3.13</i>	<i>3.12</i>	<i>3.18</i>	<i>3.11</i>	<i>3.17</i>	<i>3.15</i>
Number of banks responding	81	85	80	85	80	84	81	85	81	85

Note: The net percentage is defined as the difference between the sum of the percentages for “increased considerably” and “increased somewhat”, and the sum of the percentages for “decreased somewhat” and “decreased considerably”.

Chart 9. Demand for loans and credit lines to enterprises
(net percentages of banks reporting positive loan demand)



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

	--	-	°	+	++	NA	NetP		Mean	
							January 2007	April 2007	January 2007	April 2007
							A) Financing needs			
Fixed investment	0	6	63	24	0	6	20	18	3.23	3.18
Inventories and working capital	0	1	74	18	0	8	15	16	3.17	3.18
Mergers/acquisitions and corporate restructuring	0	0	69	24	0	7	22	24	3.25	3.26
Debt restructuring	0	2	81	11	0	6	4	10	3.04	3.10
B) Use of alternative finance										
Internal financing	0	7	80	5	0	8	-5	-3	2.95	2.97
Loans from other banks	2	12	73	5	0	8	-6	-9	2.92	2.90
Loans from non-banks	0	2	84	4	0	10	0	2	3.00	3.02
Issuance of debt securities	0	2	87	3	0	9	-2	2	2.98	3.02
Issuance of equity	0	1	88	2	0	9	-2	1	2.98	3.01

NA = Not available; NetP = Net percentage

Note: The "Net percentage" column is defined as the difference between the sum of "+ +" (contributed considerably to higher demand) and "+ " (contributed somewhat to higher demand), and the sum of "- " (contributed somewhat to lower demand) and "- -" (contributed considerably to lower demand). "°" means "contributed to basically unchanged demand".

Chart 10a. Factors affecting demand for loans and credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)

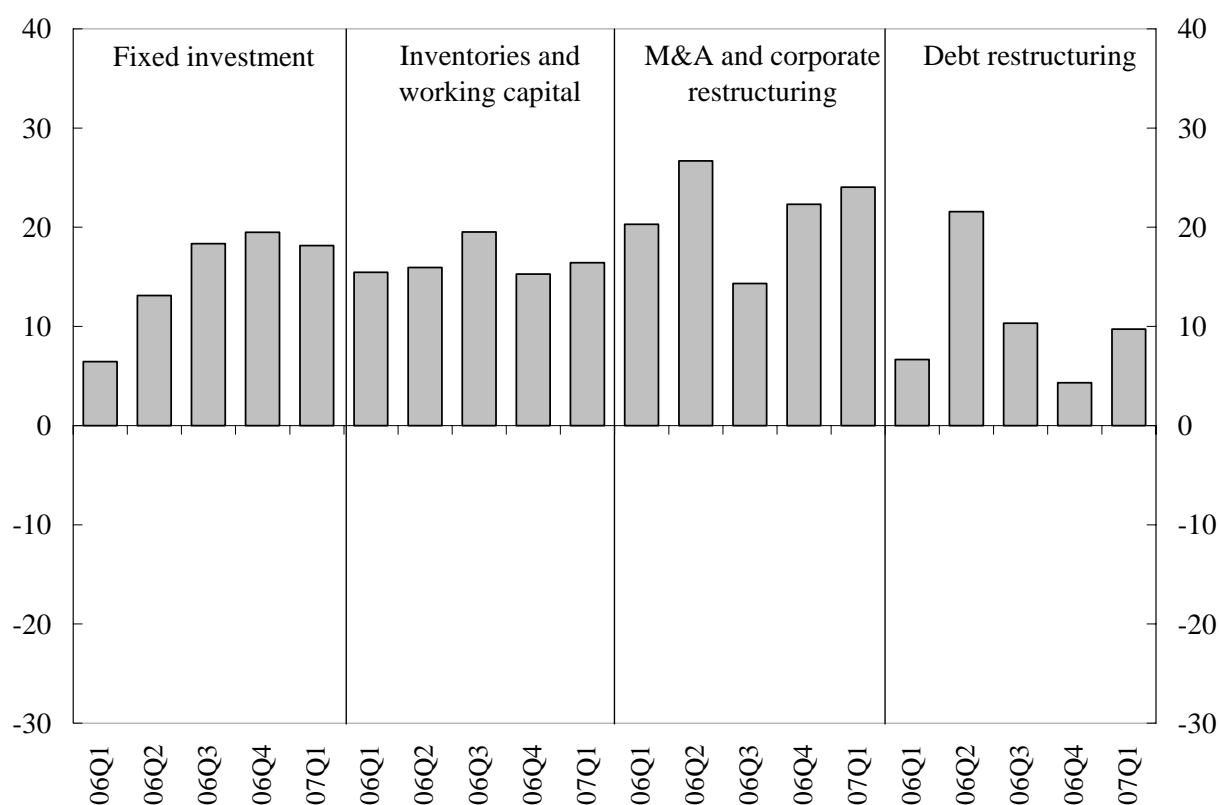
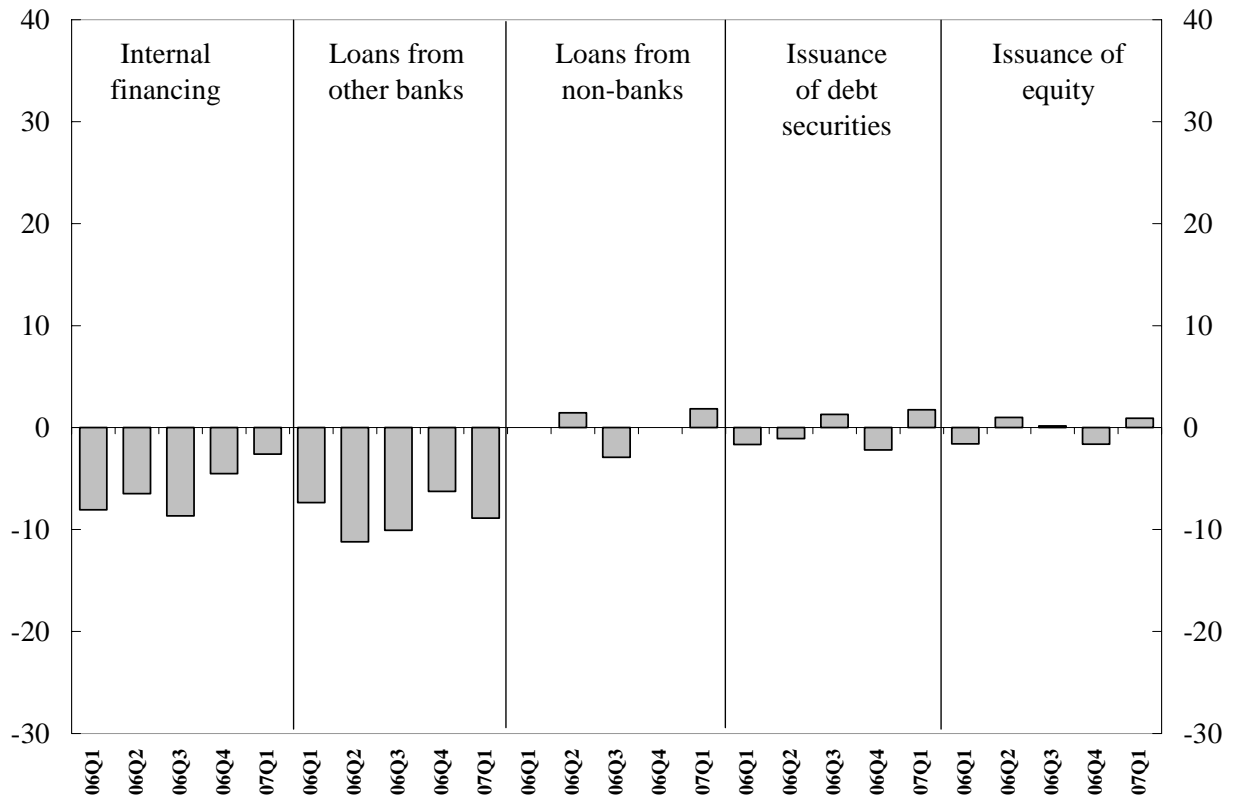


Chart 10b. Factors affecting demand for loans and credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)

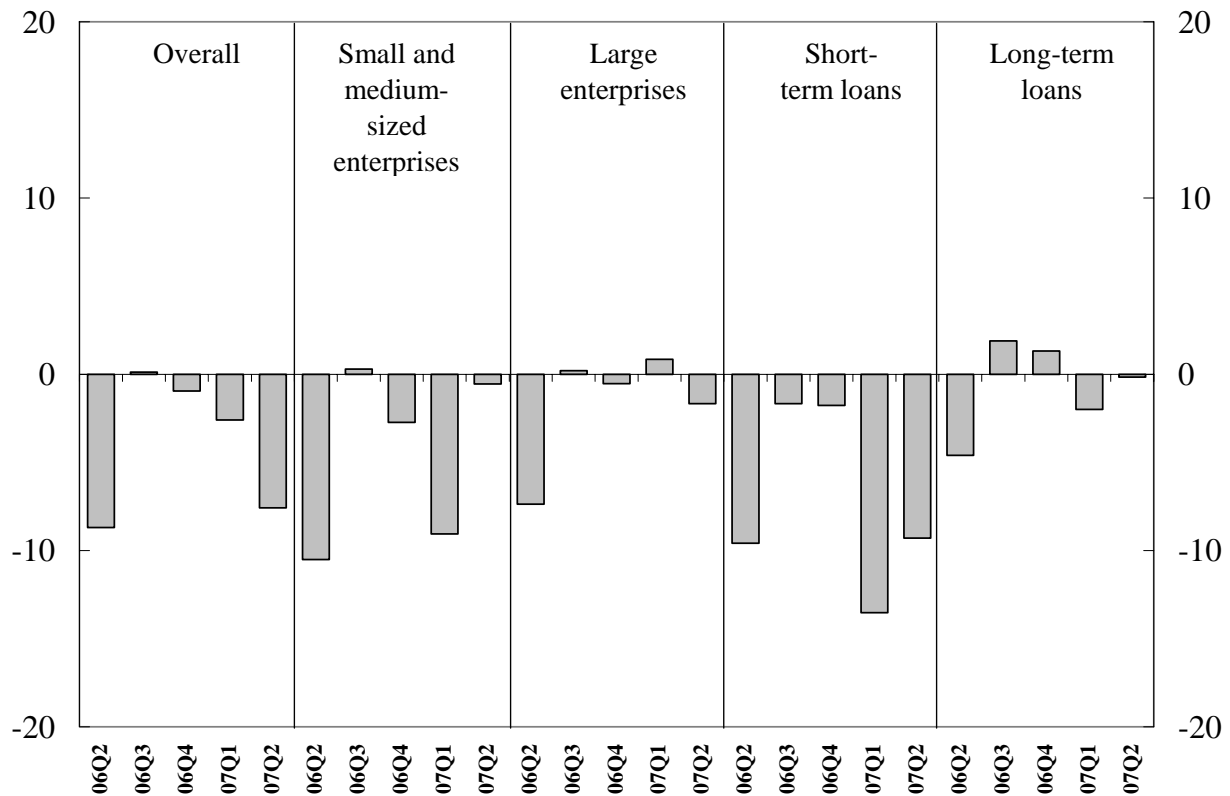


6. Please indicate how you expect your bank's credit standards as applied to the approval of loans or credit lines to enterprises to change over the next three months.

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	January 2007	April 2007	January 2007	April 2007	January 2007	April 2007	January 2007	April 2007	January 2007	April 2007
Tighten considerably	0	2	0	2	0	2	0	2	0	2
Tighten somewhat	3	3	5	8	5	4	1	3	4	6
Remain basically unchanged	92	83	81	80	92	87	85	81	91	85
Ease somewhat	6	13	14	10	4	8	14	14	6	7
Ease considerably	0	0	0	0	0	0	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	-3	-8	-9	-1	1	-2	-14	-9	-2	0
Mean	3.03	3.06	3.09	2.99	2.99	3.00	3.13	3.08	3.02	2.99
Number of banks responding	81	85	81	85	81	84	81	84	81	85

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

Chart 11. Expected credit standards for the approval of loans or credit lines to enterprises
(net percentages of banks expecting tightening credit standards)

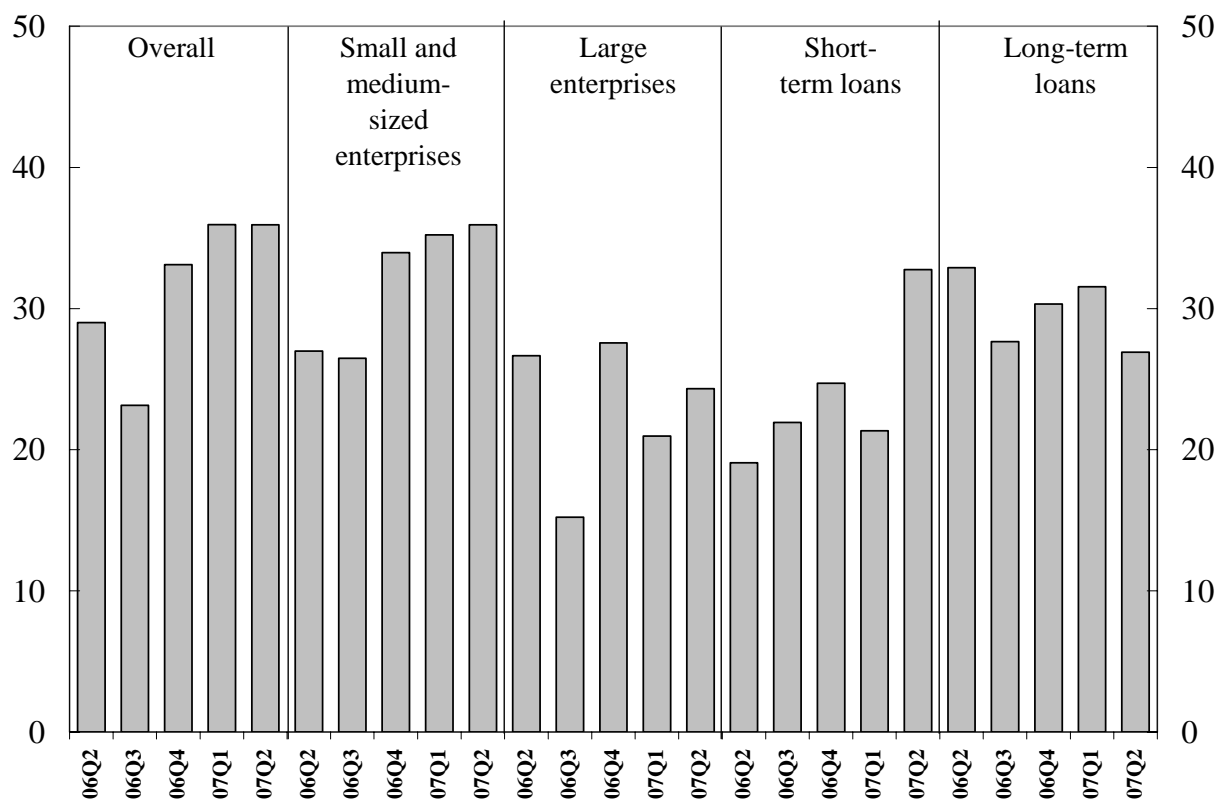


7. Please indicate how you expect demand for loans or credit lines to enterprises to change at your bank over the next three months (apart from normal seasonal fluctuations).

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	January 2007	April 2007	January 2007	April 2007	January 2007	April 2007	January 2007	April 2007	January 2007	April 2007
Decrease considerably	0	0	0	0	0	0	0	0	0	0
Decrease somewhat	2	3	2	4	3	1	6	1	0	4
Remain basically unchanged	61	59	60	56	74	73	67	66	68	65
Increase somewhat	38	38	38	40	24	26	27	33	32	31
Increase considerably	0	0	0	0	0	0	0	0	0	0
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	36	36	35	36	21	24	21	33	32	27
<i>Mean</i>	3.36	3.36	3.35	3.36	3.21	3.24	3.21	3.33	3.32	3.27
Number of banks responding	81	85	81	85	80	84	81	85	80	85

Note: The net percentage is defined as the difference between the sum of the percentages for “increase considerably” and “increase somewhat”, and the sum of the percentages for “decrease somewhat” and “decrease considerably”.

Chart 12. Expected demand for loans and credit lines to enterprises
(net percentages of banks expecting a positive loan demand)



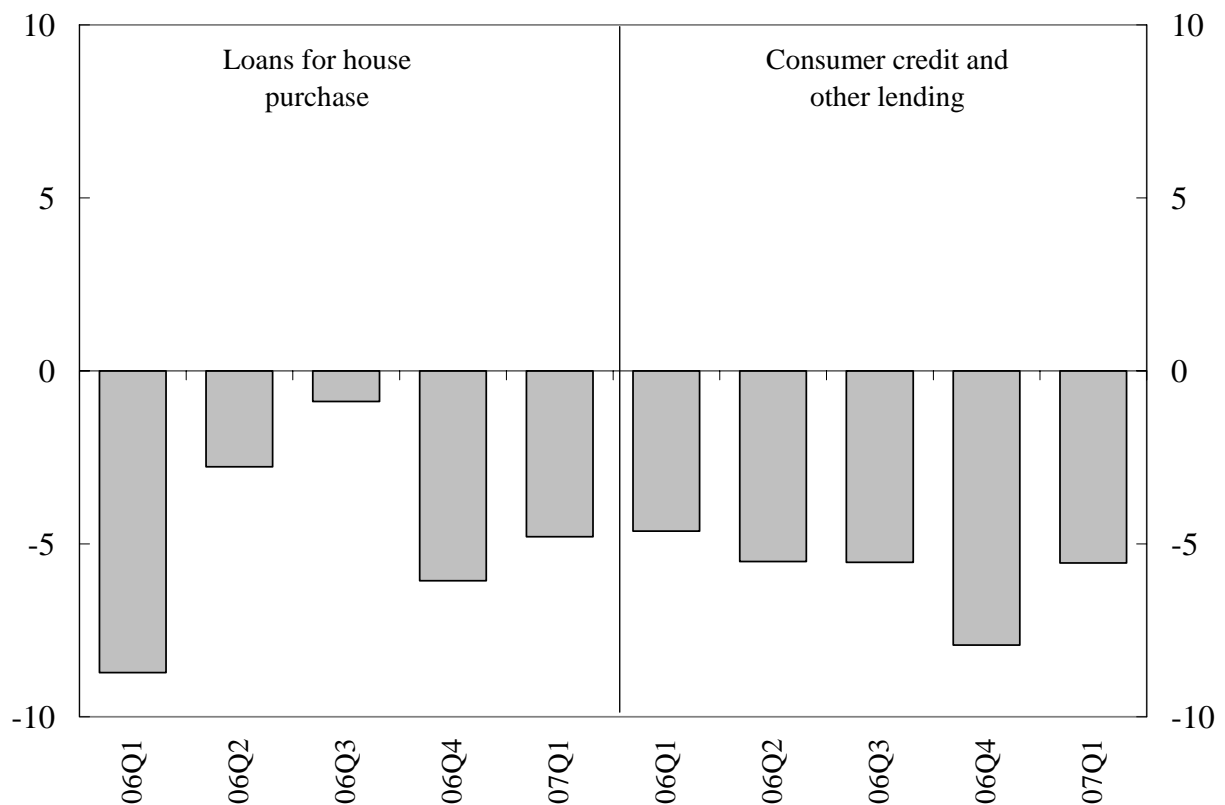
II. Loans to households

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

	Loans for house purchase		Consumer credit and other lending	
	January 2007	April 2007	January 2007	April 2007
Tightened considerably	0	1	0	0
Tightened somewhat	5	9	3	5
Remained basically unchanged	84	74	85	84
Eased somewhat	11	15	9	11
Eased considerably	0	0	2	0
Total	100	100	100	100
Net percentage	-6	-5	-8	-6
Mean	3.06	3.03	3.10	3.06
Number of banks responding	79	82	78	81

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

Chart 13. Credit standards applied to the approval of loans to households
(net percentages of banks reporting tightening credit standards)



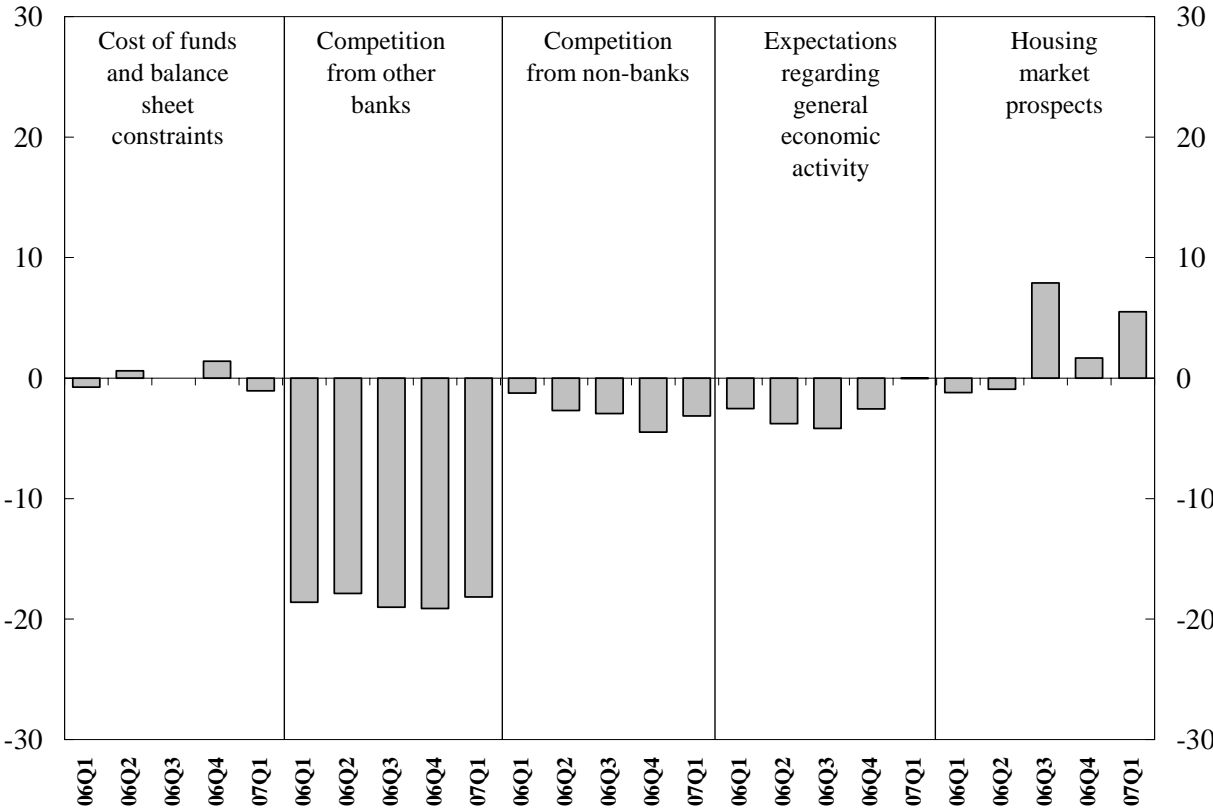
9. Over the past three months, how have the following factors affected your bank’s credit standards as applied to the approval of loans to households for house purchase?

	--	-	°	+	++	NA	NetP		Mean	
							January 2007	April 2007	January 2007	April 2007
							A) Cost of funds and balance sheet constraints	0	1	89
B) Pressure from competition										
Competition from other banks	0	4	67	21	2	7	-19	-18	3.24	3.21
Competition from non-banks	0	0	88	3	0	9	-5	-3	3.06	3.04
C) Perception of risk										
Expectations regarding general economic activity	0	5	82	5	0	7	-3	0	3.03	3.00
Housing market prospects	0	14	70	9	0	7	2	6	2.98	2.94

NA = Not available; NetP = Net percentage

Note: The “Net percentage” column is defined as the difference between the sum of “- -” (contributed considerably to tightening) and “-” (contributed somewhat to tightening), and the sum of “+” (contributed somewhat to easing) and “+ +” (contributed considerably to easing). “°” means “contributed to basically unchanged credit standards”.

Chart 14. Factors affecting credit standards applied to the approval of loans to households for house purchase (net percentages of banks reporting tightening standards)



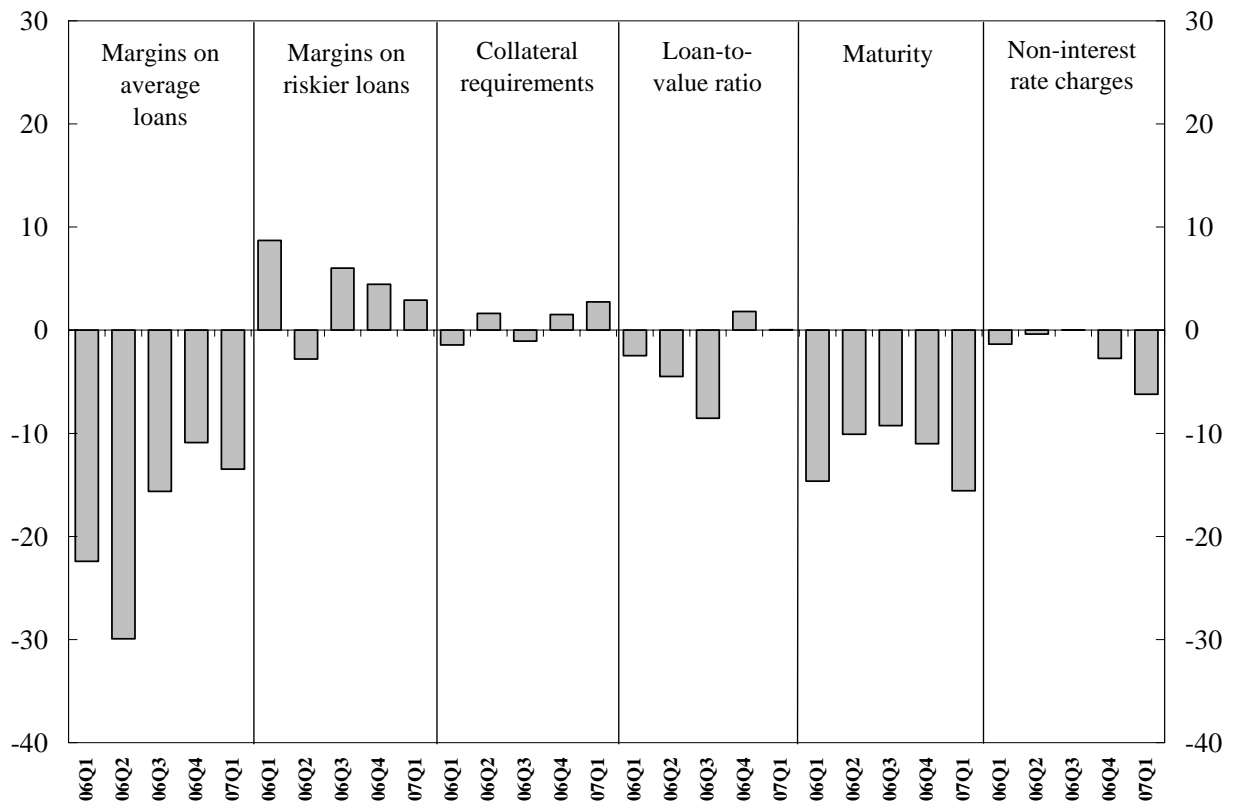
10. Over the past three months, how have your bank's conditions and terms for approving loans to households for house purchase changed?

	--	-	°	+	++	NA	NetP		Mean	
							January 2007	April 2007	January 2007	April 2007
							A) Price			
Your bank's margin on average loans	0	10	59	22	2	7	-11	-14	3.12	3.16
Your bank's margin on riskier loans	0	6	83	3	0	7	4	3	2.95	2.97
B) Other conditions and terms										
Collateral requirements	0	7	81	5	0	7	2	3	2.99	2.97
Loan-to-value ratio	0	8	78	8	0	7	2	0	2.98	3.00
Maturity	0	1	76	16	0	7	-11	-16	3.13	3.17
Non-interest rate charges	0	1	85	7	0	7	-3	-6	3.03	3.06

NA = Not available; NetP = Net percentage

Note: The "Net percentage" column is defined as the difference between the sum of "--" (tightened considerably) and "-" (tightened somewhat), and the sum of "+" (eased somewhat) and "++" (eased considerably). "°" means "remained basically unchanged".

Chart 15. Conditions and terms for approving loans to households for house purchase
(net percentages of banks reporting tightening standards)



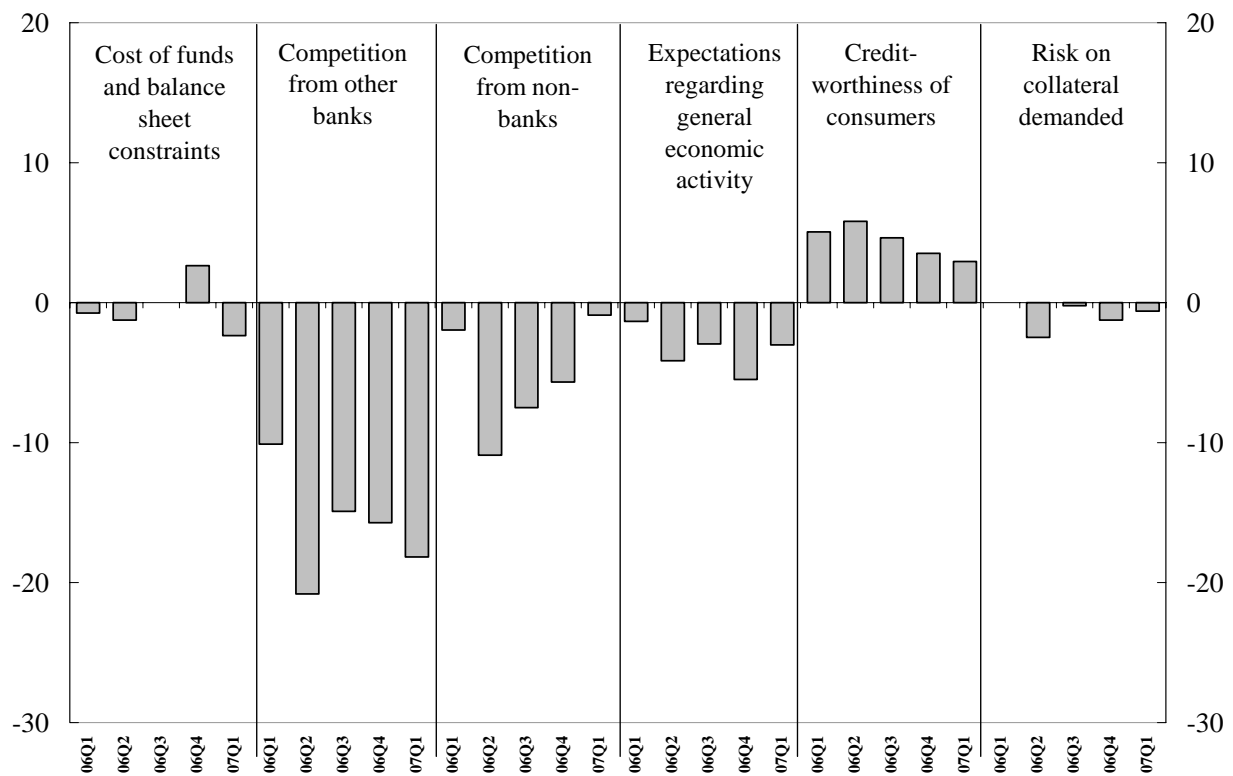
11. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households (as described in question 8)?

	--	-	°	+	++	NA	NetP		Mean	
							January 2007	April 2007	January 2007	April 2007
A) Cost of funds and balance sheet constraints	0	0	86	2	0	12	3	-2	2.97	3.03
B) Pressure from competition										
Competition from other banks	0	0	71	18	0	11	-16	-18	3.23	3.22
Competition from non-banks	0	2	83	3	0	12	-6	-1	3.09	3.02
C) Perception of risk										
Expectations regarding general economic activity	0	4	81	7	0	9	-6	-3	3.06	3.04
Creditworthiness of consumers	0	5	83	2	0	9	4	3	2.96	2.97
Risk on the collateral demanded	0	0	87	1	0	12	-1	-1	3.02	3.01

NA = Not available; NetP = Net percentage

Note: The "Net percentage" column is defined as the difference between the sum of "-" (contributed considerably to tightening) and "-." (contributed somewhat to tightening), and the sum of "+" (contributed somewhat to easing) and "+ +" (contributed considerably to easing). "°" means "contributed to basically unchanged credit standards".

Chart 16. Factors affecting credit standards applied to the approval of consumer credit and other lending to households (net percentages of banks reporting tightening standards)



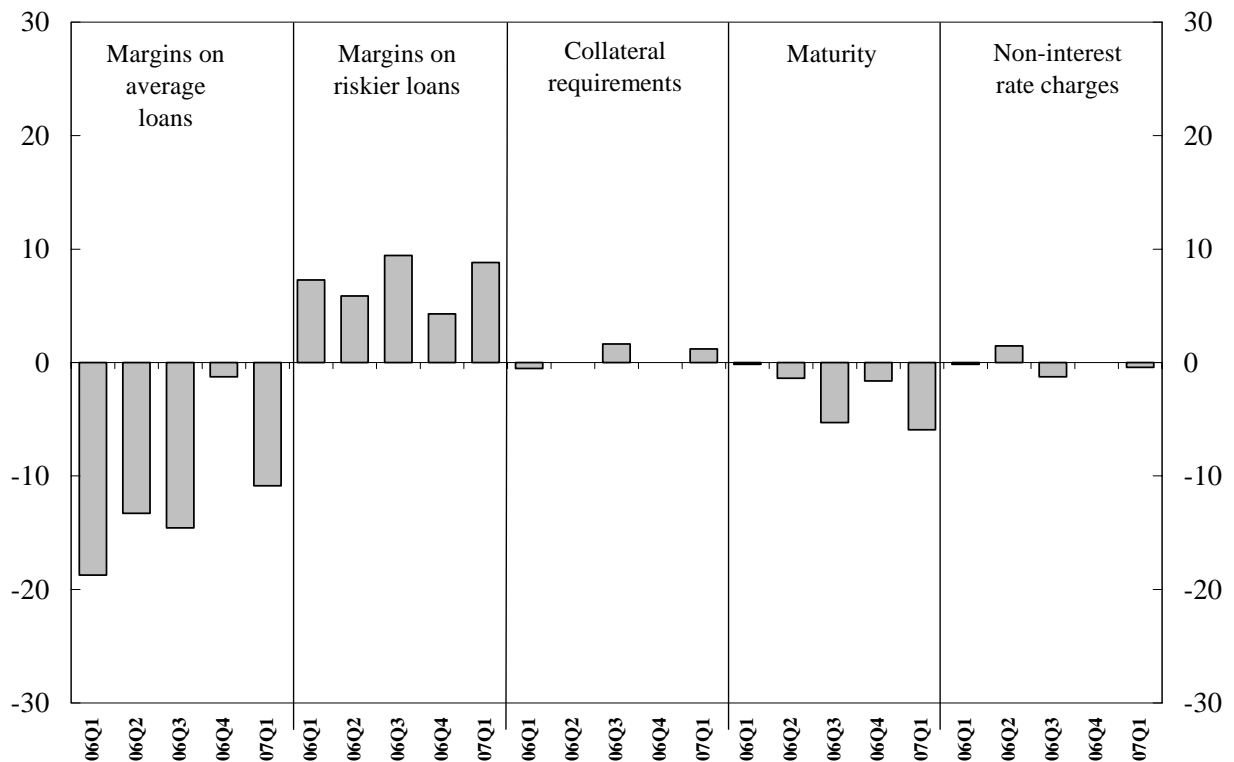
12. Over the past three months, how have your bank's conditions and terms for approving consumer credit and other lending to households changed?

	--	-	°	+	++	NA	NetP		Mean	
							January 2007	April 2007	January 2007	April 2007
							A) Price			
Your bank's margin on average loans	0	6	68	17	0	9	-1	-11	3.02	3.13
Your bank's margin on riskier loans	0	11	77	3	0	9	4	9	2.95	2.90
B) Other conditions and terms										
Collateral requirements	0	2	87	1	0	11	0	1	3.00	2.99
Maturity	0	0	83	4	2	11	-2	-6	3.04	3.09
Non-interest rate charges	0	2	87	2	0	9	0	0	3.00	3.01

NA = Not available; NetP = Net percentage

Note: The "Net percentage" column is defined as the difference between the sum of "--" (tightened considerably) and "-" (tightened somewhat), and the sum of "+" (eased somewhat) and "++" (eased considerably). "°" means "remained basically unchanged".

Chart 17. Conditions and terms for approving consumer credit and other loans to households
(net percentages of banks reporting tightening standards)

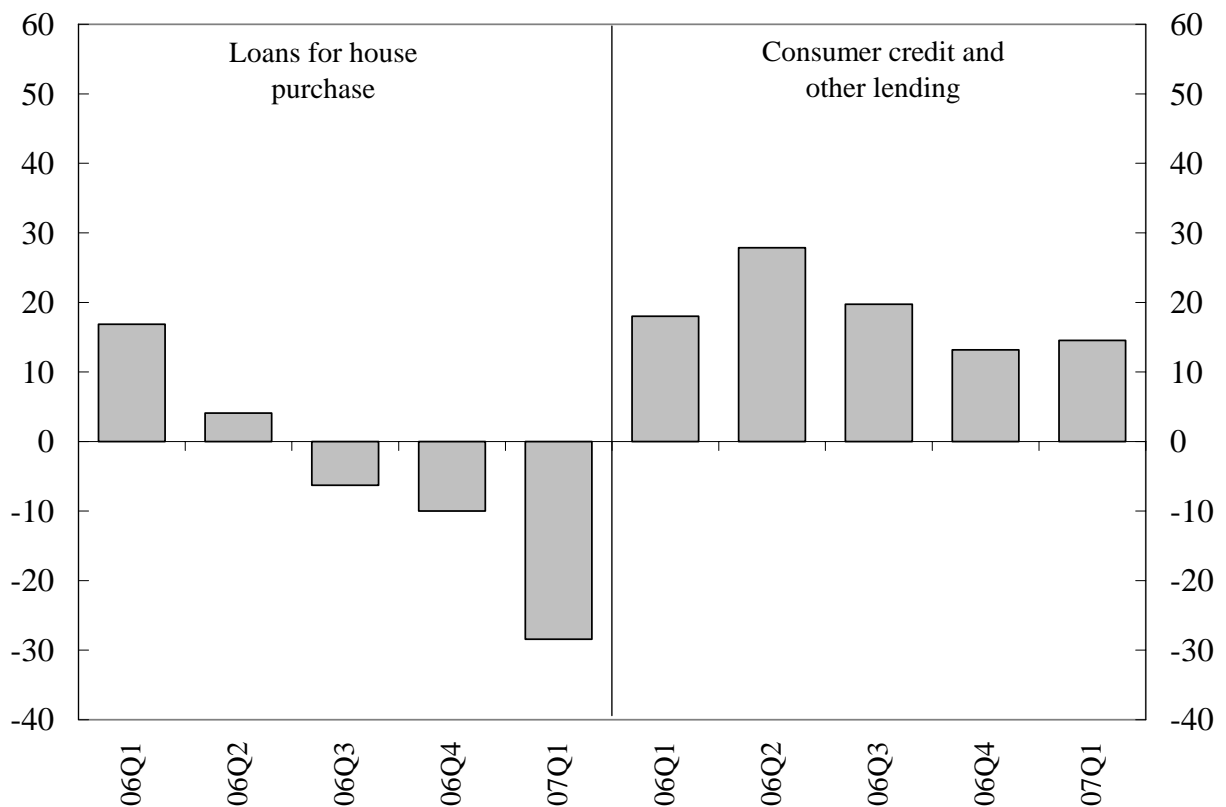


13. Over the past three months, how has the demand for loans to households changed at your bank, apart from normal seasonal fluctuations?

	Loans for house purchase		Consumer credit and other lending	
	January 2007	April 2007	January 2007	April 2007
Decreased considerably	4	7	0	2
Decreased somewhat	16	29	9	9
Remained basically unchanged	72	56	69	63
Increased somewhat	9	8	20	24
Increased considerably	0	0	2	2
Total	100	100	100	100
Net percentage	-10	-28	13	15
<i>Mean</i>	<i>2.87</i>	<i>2.65</i>	<i>3.15</i>	<i>3.15</i>
Number of banks responding	79	82	78	81

Note: The net percentage is defined as the difference between the sum of the percentages for “increased considerably” and “increased somewhat”, and the sum of the percentages for “decreased somewhat” and “decreased considerably”.

Chart 18. Demand for loans to households
(net percentages of banks reporting positive loan demand)



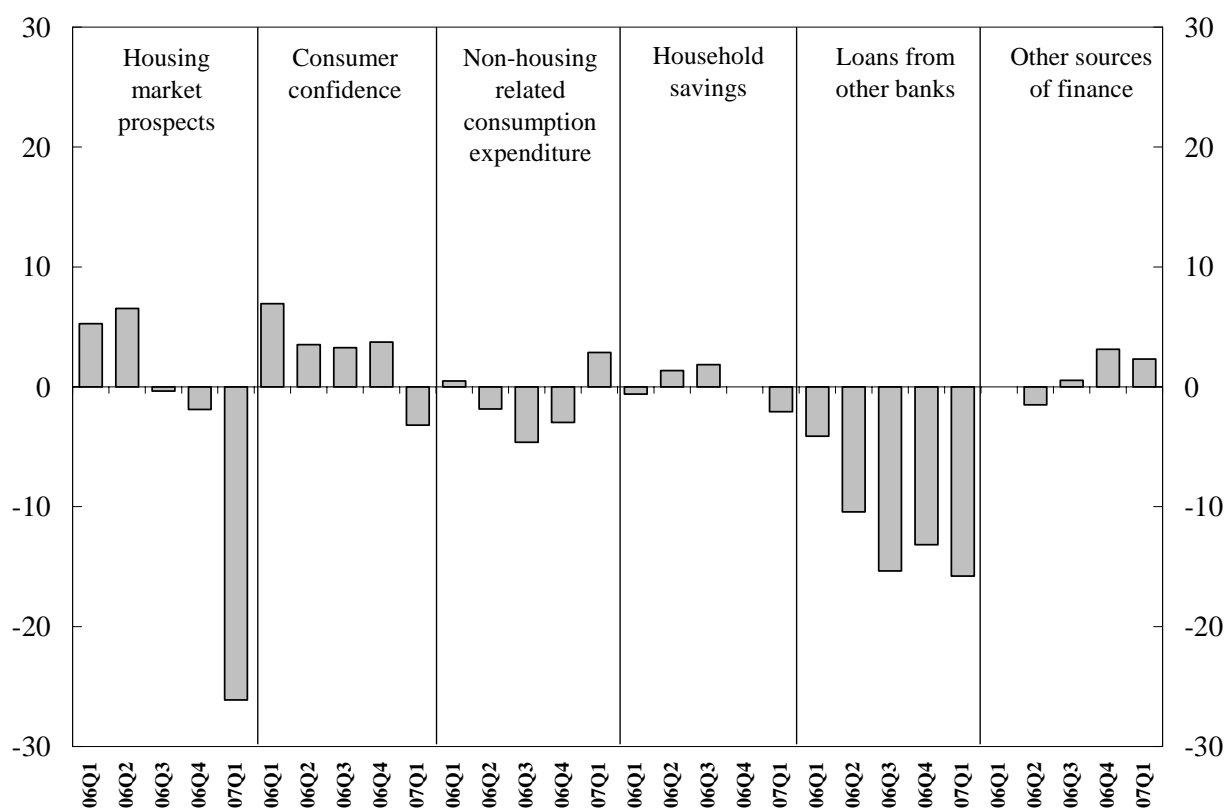
14. Over the past three months, how have the following factors affected the demand for loans to households for house purchase (as described in question 13)?

	--	-	°	+	++	NA	NetP		Mean	
							January 2007	April 2007	January 2007	April 2007
							A) Financing needs			
Housing market prospects	0	31	57	5	0	7	-2	-26	2.98	2.70
Consumer confidence	0	9	79	6	0	7	4	-3	3.03	2.96
Non-housing related consumption expenditure	0	2	85	5	0	7	-3	3	2.97	3.03
B) Use of alternative finance										
Household savings	0	2	91	0	0	7	0	-2	3.00	2.98
Loans from other banks	2	14	77	0	0	7	-13	-16	2.85	2.81
Other sources of finance	0	0	87	2	0	11	3	2	3.03	3.02

NA = Not available; NetP = Net percentage

Note: The "Net percentage" column is defined as the difference between the sum of "++" (contributed considerably to higher demand) and "+" (contributed somewhat to higher demand), and the sum of "-" (contributed somewhat to lower demand) and "--" (contributed considerably to lower demand). "°" means "contributed to basically unchanged demand".

Chart 19. Factors affecting demand for loans to households for house purchase
(net percentages of banks reporting a positive contribution to demand)



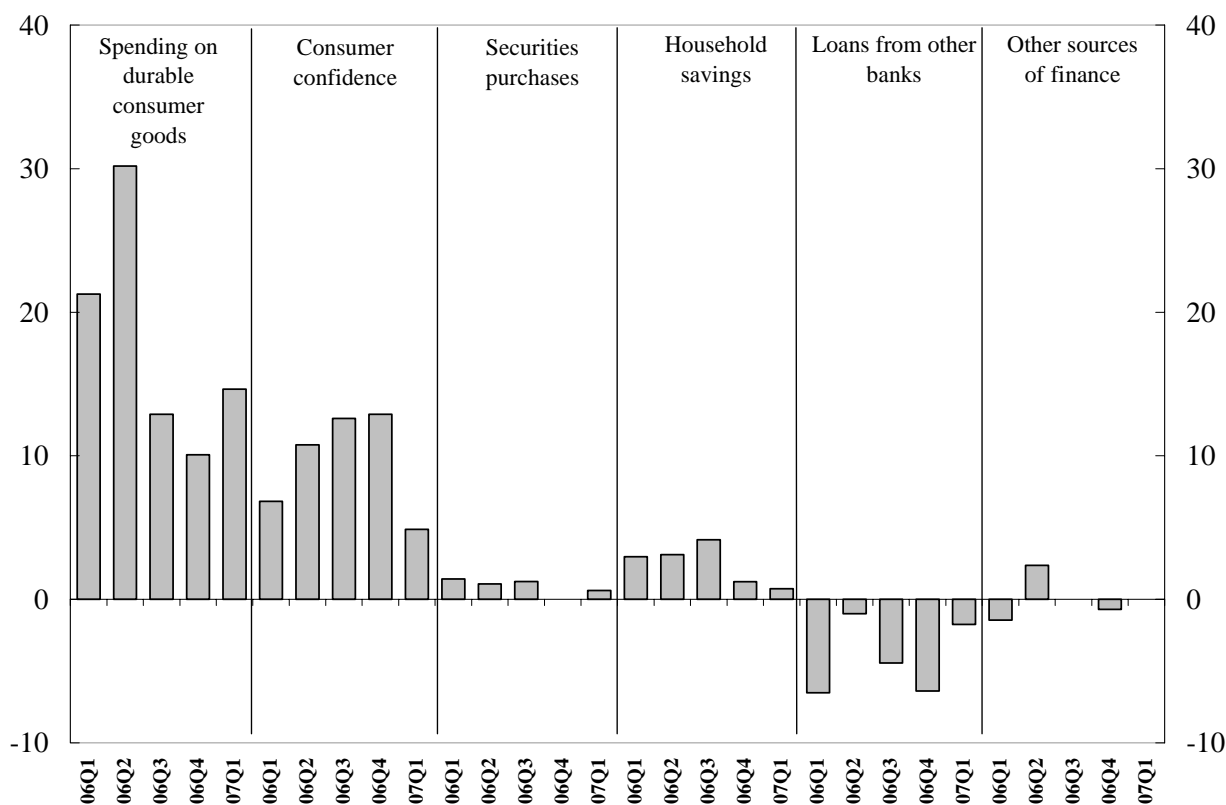
15. Over the past three months, how have the following factors affected the demand for consumer credit and other lending to households (as described in question 13)?

	--	-	°	+	++	NA	NetP		Mean	
							January 2007	April 2007	January 2007	April 2007
A) Financing needs										
Spending on durable consumer goods	0	6	63	21	0	9	10	15	3.11	3.16
Consumer confidence	0	2	81	7	0	9	13	5	3.17	3.06
Securities purchases	0	0	85	1	0	14	0	1	3.00	3.01
B) Use of alternative finance										
Household savings	0	2	87	2	0	9	1	1	3.01	3.00
Loans from other banks	0	6	81	2	2	9	-6	-2	2.93	3.00
Other sources of finance	0	0	88	0	0	12	-1	0	2.99	3.00

NA = Not available; NetP = Net percentage

Note: The "Net percentage" column is defined as the difference between the sum of "++" (contributed considerably to higher demand) and "+" (contributed somewhat to higher demand), and the sum of "--" (contributed somewhat to lower demand) and "- -" (contributed considerably to lower demand). "°" means "contributed to basically unchanged demand".

Chart 20. Factors affecting demand for consumer credit and other lending to households
(net percentages of banks reporting a positive contribution to demand)

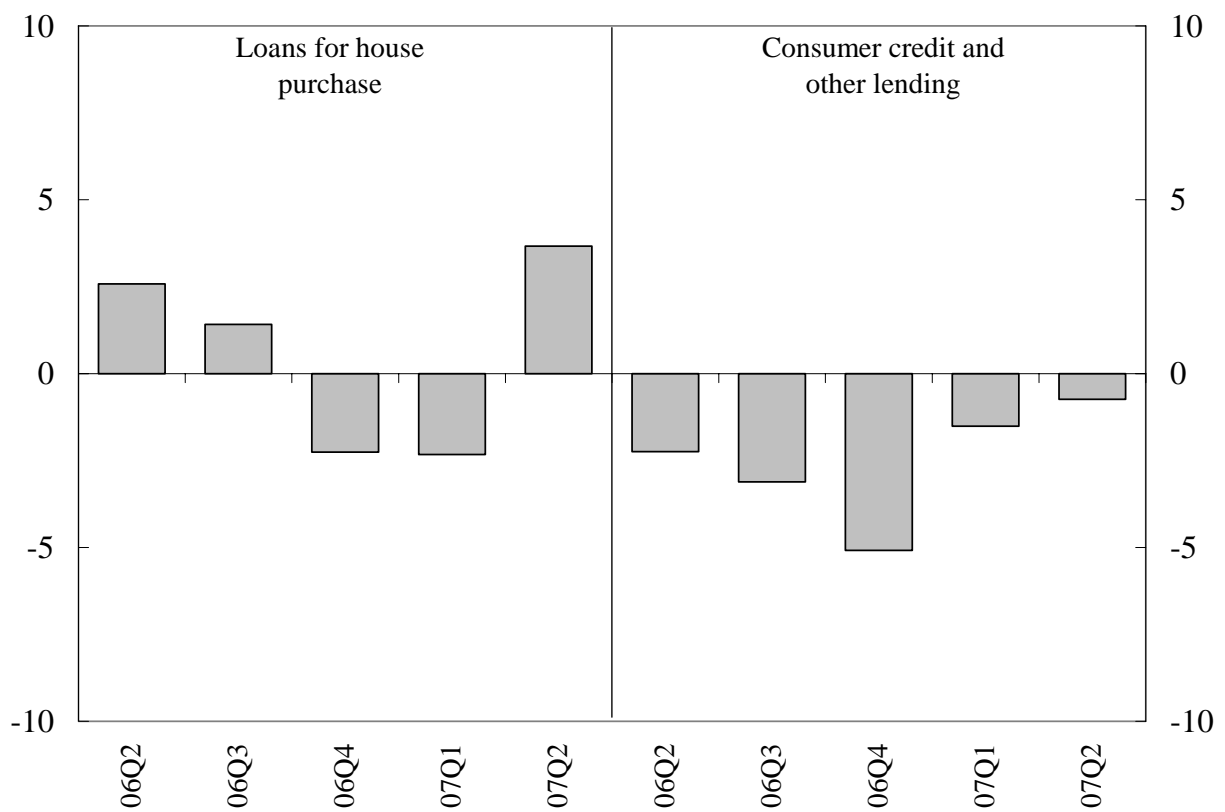


16. Please indicate how you expect your bank's credit standards as applied to the approval of loans to households to change over the next three months.

	Loans for house purchase		Consumer credit and other lending	
	January 2007	April 2007	January 2007	April 2007
Tighten considerably	0	0	0	0
Tighten somewhat	10	12	8	9
Remain basically unchanged	78	79	82	82
Ease somewhat	12	9	10	9
Ease considerably	0	0	0	0
Total	100	100	100	100
Net percentage	-2	4	-2	-1
<i>Mean</i>	<i>3.02</i>	<i>2.96</i>	<i>3.01</i>	<i>3.01</i>
Number of banks responding	79	82	78	81

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

Chart 21. Expected credit standards for loans to households
(net percentages of banks expecting tightening standards)

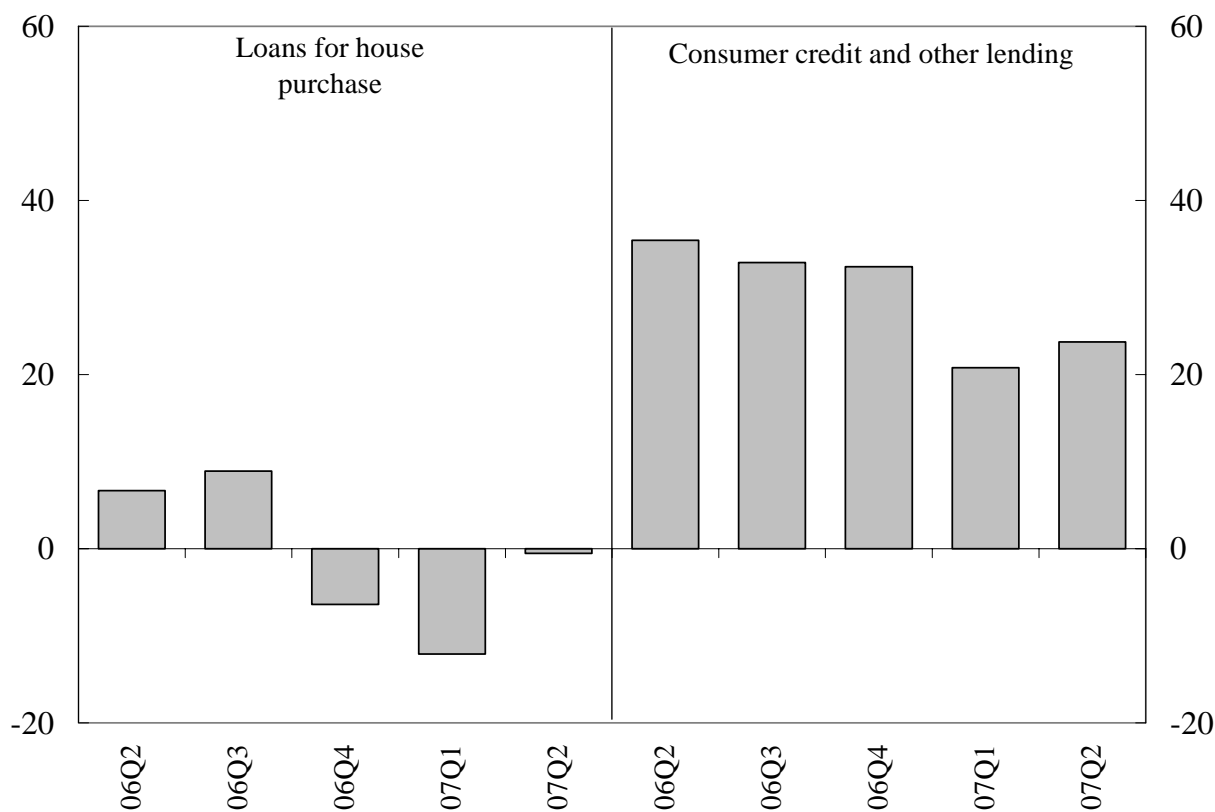


17. Please indicate how you expect demand for loans to households to change over the next three months at your bank (apart from normal seasonal fluctuations).

	Loans for house purchase		Consumer credit and other lending	
	January 2007	April 2007	January 2007	April 2007
Decrease considerably	0	0	0	0
Decrease somewhat	24	23	7	5
Remain basically unchanged	64	55	66	66
Increase somewhat	12	22	28	29
Increase considerably	0	0	0	0
Total	100	100	100	100
Net percentage	-12	-1	21	24
<i>Mean</i>	<i>2.88</i>	<i>2.99</i>	<i>3.21</i>	<i>3.24</i>
Number of banks responding	79	82	78	81

Note: The net percentage is defined as the difference between the sum of the percentages for “increase considerably” and “increase somewhat”, and the sum of the percentages for “decrease somewhat” and “decrease considerably”.

Chart 22. Expected demand for loans to households for house purchase
(net percentages of banks expecting positive loan demand)



Annex: Glossary used in the survey

To assist the banks participating in the survey to fill out the questionnaire, a guide has been developed that explains the most important terminology used in the survey, as per the overview below.

Capital

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

Collateral

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

Covenant

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

Credit line

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

Credit standards

The internal guidelines or criteria that 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, its designated geographic priorities, collateral deemed acceptable or unacceptable, etc. In the survey, changes in written loan policies should be considered, together with changes in their application.

Credit terms and conditions

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

Enterprises

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

Enterprise size

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

Households

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

Loans

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

Loan-to-value ratio

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

Maturity

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

Net percentage (or balance)

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

Non-banks

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

Non-interest rate charges

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