

9 February 2007

THE EURO AREA BANK LENDING SURVEY

– JANUARY 2007 –

1. Overview of the results

This report presents the results of the ECB's bank lending survey for the euro area that was conducted in January 2007. The cut-off date for receipt of data from the banks participating in this survey was 16 January 2007.

The results show that credit standards for loans to enterprises remained unchanged in the fourth quarter of 2006. Credit standards for loans to households for housing purchases eased slightly after having remained broadly unchanged in the previous quarter. In addition, 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 fourth quarter of 2006, up from the previous quarter. Net demand for consumer credit remained positive, although it decreased somewhat from the previous quarter. During the same period, net demand for housing loans to households, as perceived by the banks, continued to decline and was more negative than in the third quarter.

General notes

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

The questions distinguish between three categories of 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

¹ The sample group of banks participating in the survey comprises 85 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 85 of the banks participated in the January 2007 survey, yielding an overall response rate of 100%.

² For further information on the bank lending survey please see the ECB Press Release of 21 November 2002 entitled *Bank lending survey for the euro area*, the 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.

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 fourth quarter of 2006) or expectations of changes over the next three months (i.e. the first 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

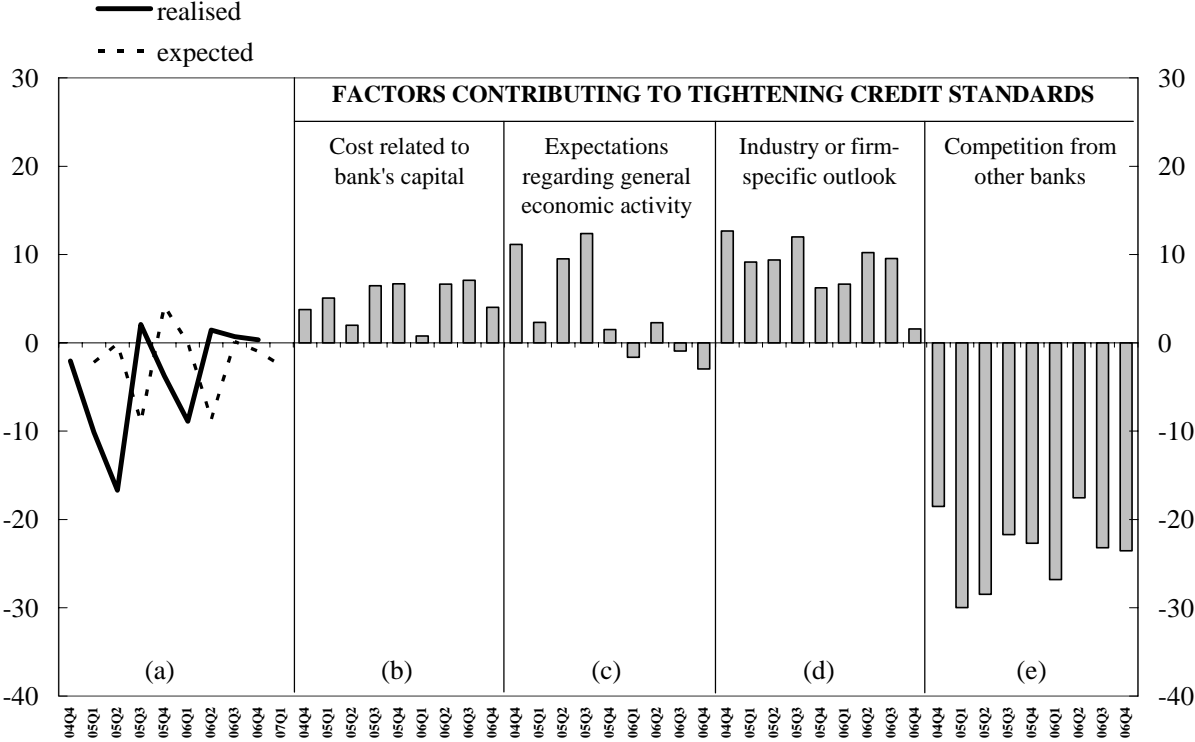
Credit standards. For the fourth quarter of 2006, banks reported unchanged credit standards for loans or credit lines to enterprises (0% compared with 1% in the previous quarter). These results confirm that credit conditions have remained broadly unchanged over the last three quarters amid some short-term volatility (see Chart 1, panel a).

Underlying this development, pressures from competition weighed towards an easing of credit standards (see Chart 1, panel e). Industry or firm-specific outlook and the capital position contributed to a net tightening of credit standards, although less so than in the previous quarter (see Chart 1, panels b and d). More favourable expectations regarding general economic activity weighed slightly, for a second time, towards net easing.

Regarding the terms and conditions of credit (see Chart 8 in annex), banks eased credit standards not only via the implementation of narrower margins on average loans (-17% in January 2007, unchanged from the previous cycle), but also through a variety of other instruments, including a lengthening of the maturity of loans or credit lines (-9% from -3% in the previous quarter), an increase in the size of loans or credit lines (-7% from 2% in the previous quarter) and less restrictive loan covenants (-5% from 3% in the previous quarter). In contrast, higher margins on riskier loans contributed to a tightening in credit standards to broadly the same extent as in the previous quarter (13% from 14% in the previous survey round).

While credit standards applied to large enterprises remained unchanged (2% compared with 1% in the previous quarter), standards applied to small and medium-sized enterprises moved from net easing (-7% in the third quarter of 2006) to unchanged (0% in the fourth quarter of 2006) (see Chart 6 in the annex). Changes in credit standards across the maturity range tightened somewhat from the previous quarter and were equal for both short and long-term loans (0% from -3% 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.

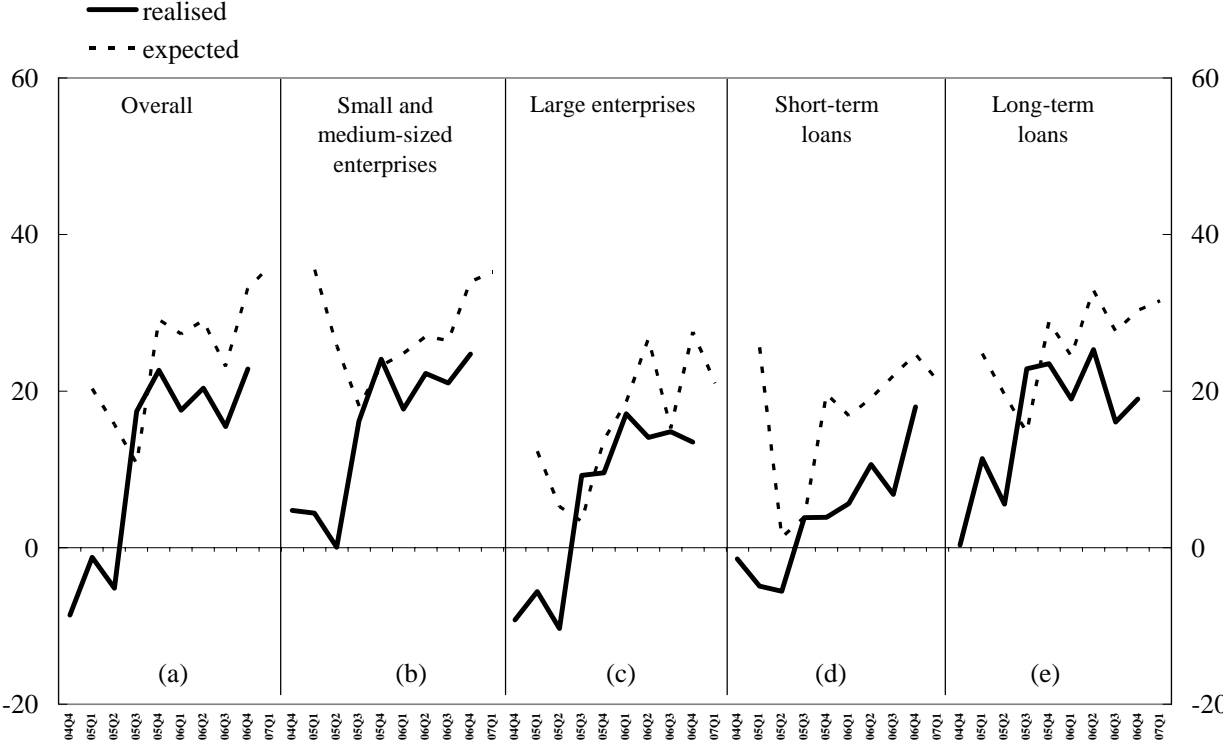
Loan demand. In line with the five previous quarters, net demand for loans by enterprises in the fourth quarter of 2006 was significantly positive and at an even higher level than in the previous survey round (23% in the January 2007 round compared with 16% in October 2006 round) (see Chart 2a, panel a).

In terms of borrower size, net loan demand from small and medium-sized enterprises continued to be stronger than for large enterprises (25% and 14% respectively) and has shown a tendency to increase over the past few quarters (see Chart 2a, panels b and c). Net demand for short-term loans increased considerably in the fourth quarter of 2006 (18% in the January 2007 survey compared with 7% in the October 2006 survey) reaching the same level as net demand for long-term loans (see Chart 2a, panels d and e).

According to the respondent banks, and continuing the trend started in the third quarter of 2005, financial needs more closely related to the level of economic activity – in particular fixed investments, inventories and working capital – are major factors contributing to positive net bank loan demand (see Charts 2b and Charts 10a and 10b in the annex). At the same time, other factors of a more financial nature, such as financing needs for M&A and debt restructuring activity, also contributed to the net positive demand. An

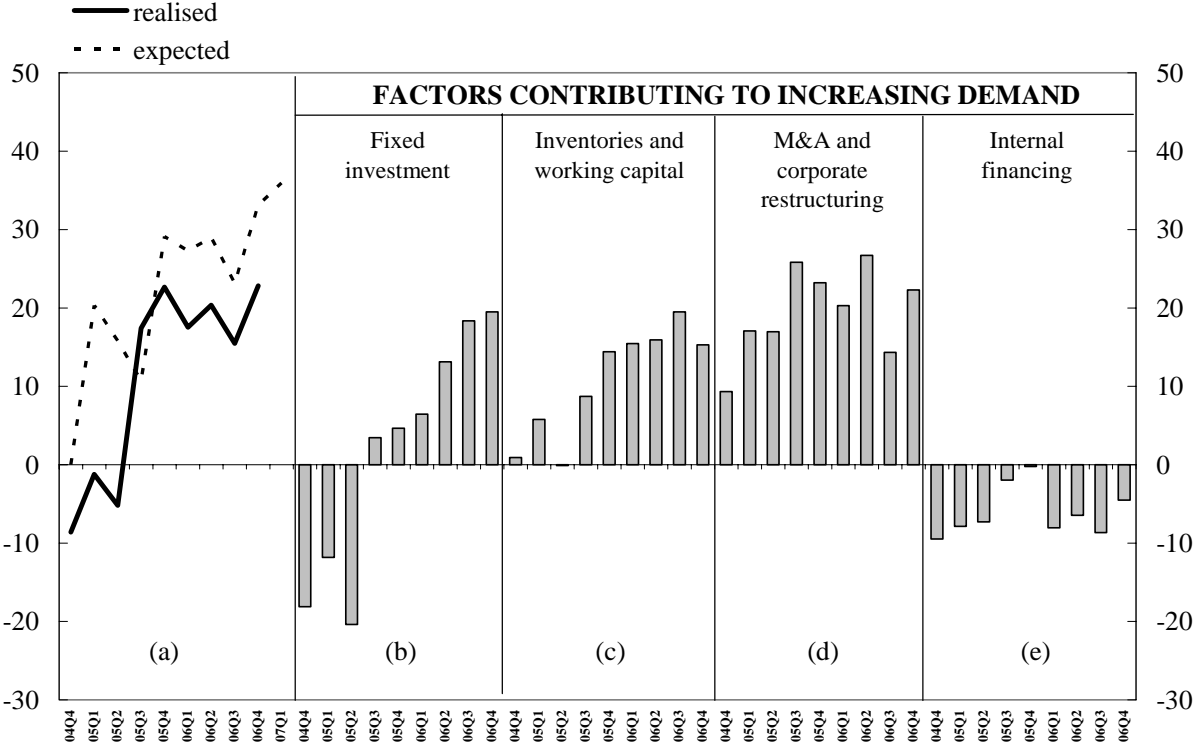
increased use of alternative financing from internal financing (i.e. higher profits) contributed to moderating net loan developments.

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 notes to Chart 2a.

Expectations. Looking ahead, banks continue to expect credit standards applied to the approval of loans or credit lines to enterprises to remain mostly unchanged in the first quarter of 2007 (see Chart 1, panel a). Banks also expect there to be an easing of credit standards for small and medium-sized firms as well as for short-term loans (see Chart 11 in the annex). In addition, banks expect strong corporate net demand across all firm sizes and loan maturities (see Chart 2a).

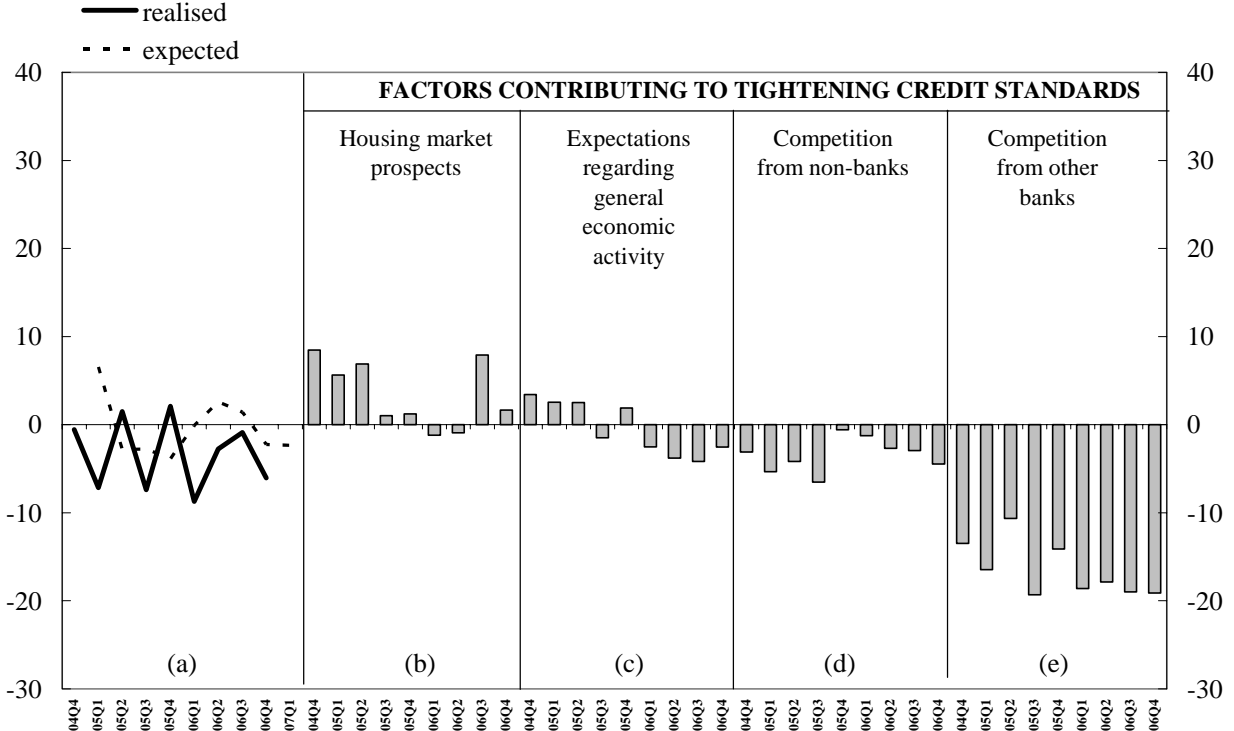
Loans to households for house purchase

Credit standards. In the fourth quarter of 2006, credit standards for loans to households for house purchase eased slightly from a broadly unchanged position in the previous quarter (see Chart 3, panel a). Banks reported that, as in previous quarters, competition from other banks was the main factor supporting looser credit standards (see Chart 3, panel e). At the same time, concerns regarding housing market prospects continued to contribute slightly towards tighter credit standards (see Chart 3, panel b), although less so than in the previous quarter.

The net easing of loans for house purchase was mainly implemented via a reduction of the margins on average loans (although to a lesser extent than in previous quarters), 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 (4% from 6% in the previous quarter). Banks also reported a

considerable decrease in the loan-to-value ratios (2% from -9% in the previous quarter), which contributed – unlike in previous quarters – to a net tightening of standards.

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)



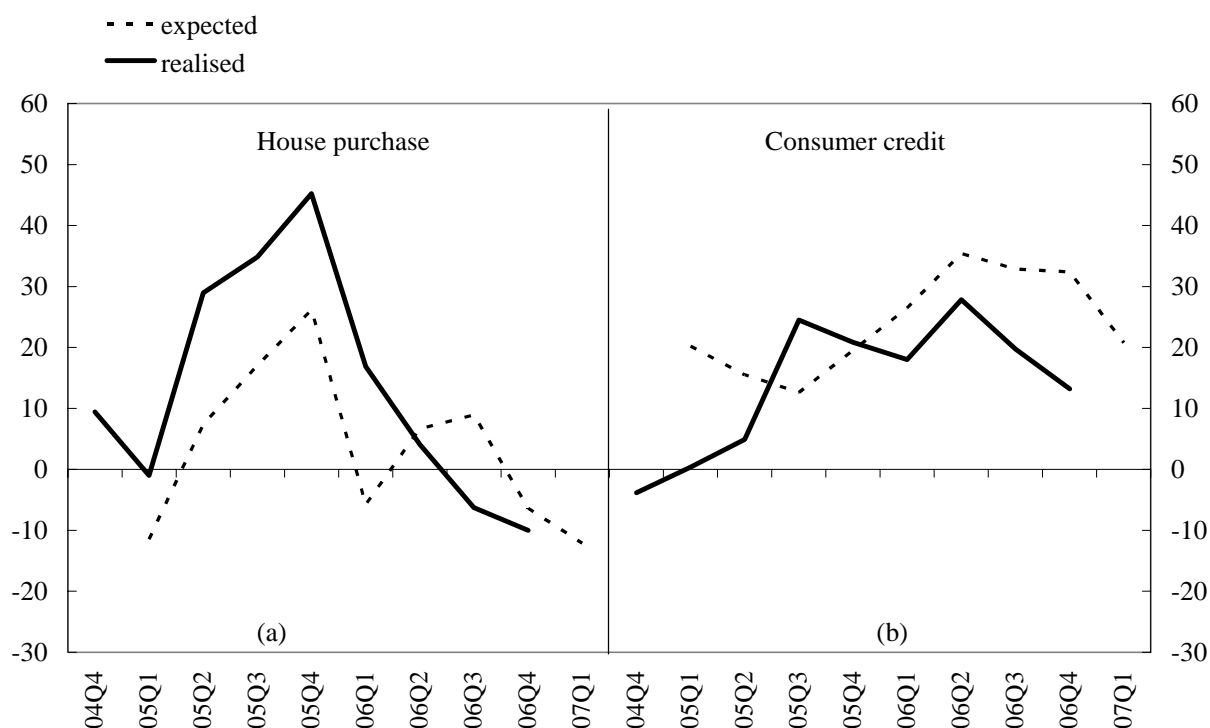
Note: see notes to Chart 1.

Loan demand. The net demand for housing loans to households continued to decline from the high levels reported at the end of 2005 and was more negative than in the third quarter of 2006 (-10% in the January 2007 round compared with -6% in the October 2006 round) (see Chart 4, panel a).

This decrease was mainly determined by a continued decline in housing market prospects, as well as loans from other banks and non-housing-related consumption expenditure (see Chart 19 in the annex). This is the first time since the first results of the bank lending survey were published that, according to the respondent banks, housing market prospects contributed negatively to net loan demand, albeit only slightly. On the other hand, consumer confidence and the use of other sources of finance contributed, to some extent, towards a positive net loan demand. It is also worth mentioning that the impact of increasing interest rates, which has most likely been one of the dominant factors in lower demand, is not directly captured by the bank lending survey.

Chart 4. Changes in demand for loans to households

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



Note: see notes to Chart 2a.

Expectations. For the first quarter of 2007, the respondent banks expect a slight net easing of credit standards for loans to households for house purchase (see Chart 3, panel a). Despite this, banks expect a decline in net demand over the same period (-12%, see Chart 4, panel a).

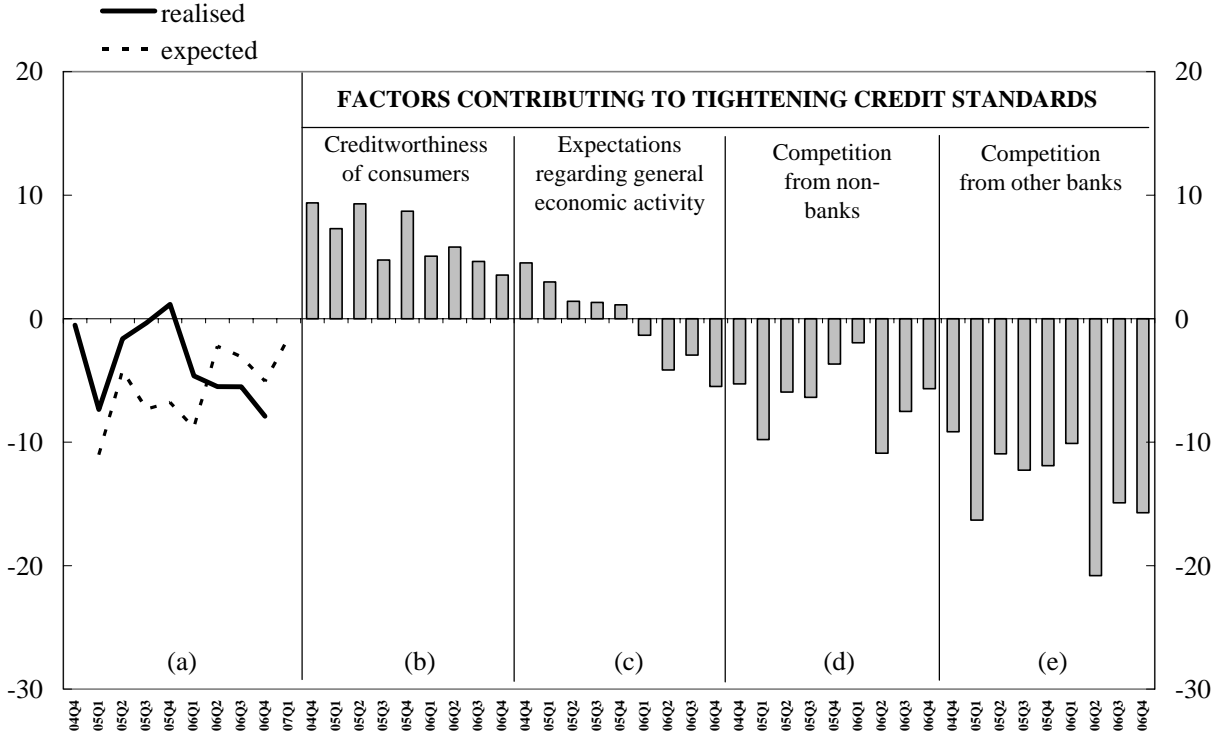
Consumer credit and other lending to households

Credit standards. In the fourth quarter of 2006, the credit standards applied to the approval of consumer credit and other lending to households continued to ease on a net basis (-8% in the January 2007 round from -6% in the October 2006 round) (see Chart 5, panel a).

Among the factors contributing to the net easing in credit standards were competitive pressures from banks and non-banks, as well as favourable expectations regarding general economic activity (see Chart 5, panels c to e). Banks cited the concerns regarding the creditworthiness of consumers as the main factor contributing towards tighter consumer credit standards (see Chart 5, panel b), although less so than before.

The net easing was mainly implemented by acting on prices (see Chart 17 in the annex). Margins on average loans continued to ease (although significantly less than in the previous survey round), while margins on riskier loans contributed less to a net tightening than in the previous quarter (4% in the January 2007 round from 9% in the October 2006 round). All other conditions and terms changed only slightly in net terms in comparison with 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 notes to Chart 1.

Loan demand. Banks reported that net demand for consumer credit and other lending to households remained positive in the fourth quarter of 2006 (20%), although it decreased somewhat from the previous quarter (13%), as illustrated in Chart 4, panel b.

The main drivers behind the positive net demand for consumer credit continued to be consumer confidence and consumer spending on durable goods, while the contribution of household savings was broadly neutral (see Chart 20 in the annex).

Expectations. For the first quarter of 2007, the respondent banks expect an ongoing net easing of credit standards for consumer credit and other lending to households at a level broadly similar to that in the previous three quarters (-2% in the January 2007 round and -5% in the October 2006 round) (see Chart 5, panel a). The respondent banks also expect the net demand for loans to households for consumer credit and other lending to be somewhat stronger than in the fourth quarter of 2006 (21% compared with 13%) (see Chart 4, panel b).

2. Results for the individual questions

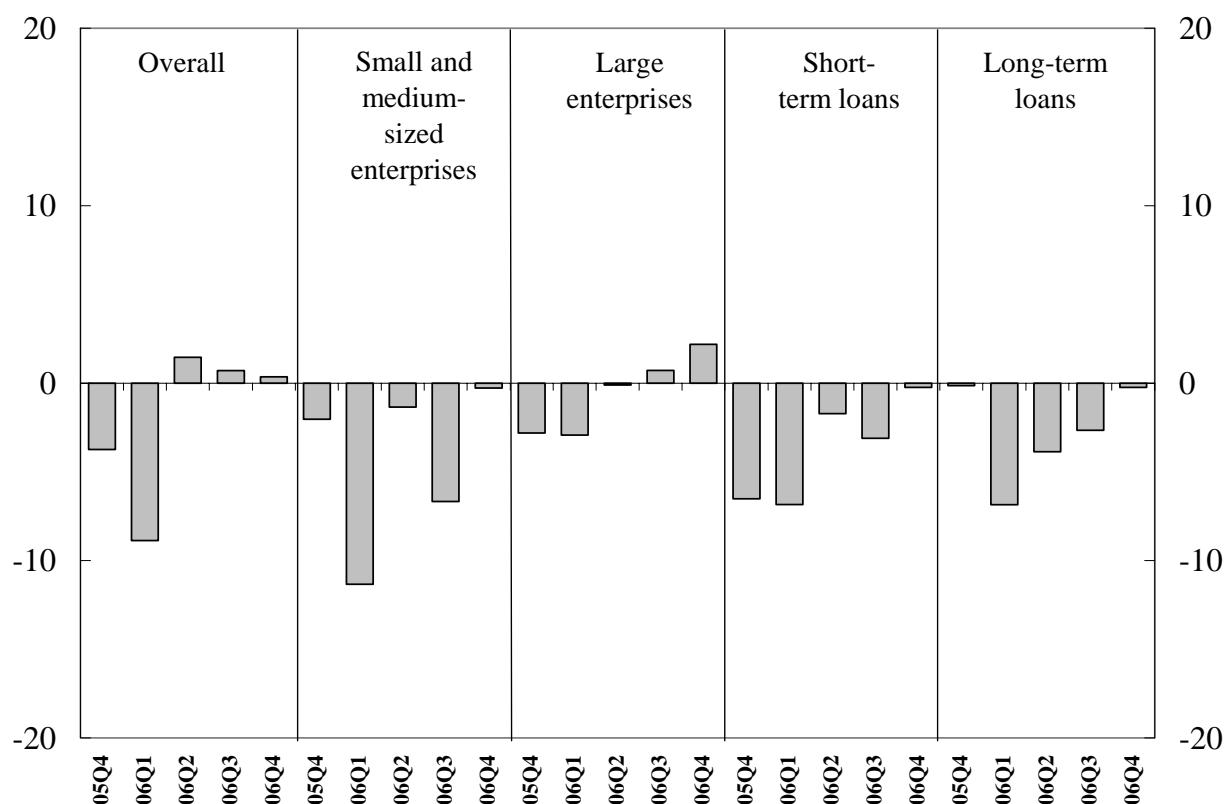
I. Loans or credit lines to enterprises

- 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	
	October 2006	January 2007	October 2006	January 2007	October 2006	January 2007	October 2006	January 2007	October 2006	January 2007
Tightened considerably	0	0	0	0	0	0	0	0	0	0
Tightened somewhat	4	6	4	7	5	6	2	5	2	5
Remained basically unchanged	92	89	86	86	92	91	92	90	93	90
Eased somewhat	4	5	10	7	4	4	5	5	5	5
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	1	0	-7	0	1	2	-3	0	-3	0
<i>Mean</i>	<i>2.99</i>	<i>3.00</i>	<i>3.07</i>	<i>3.00</i>	<i>2.99</i>	<i>2.98</i>	<i>3.03</i>	<i>3.00</i>	<i>3.03</i>	<i>3.00</i>
Number of banks responding	81	81	81	81	80	80	81	81	81	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 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	
							October 2006	January 2007	October 2006	January 2007
A) Cost of funds and balance sheet constraints										
Costs related to your bank's capital position	0	4	87	0	0	8	7	4	2.91	2.95
Your bank's ability to access market financing	0	2	89	0	0	9	0	2	3.00	2.98
Your bank's liquidity position	0	1	88	2	0	9	1	-1	2.99	3.02
B) Pressure from competition										
Competition from other banks	0	1	67	24	0	9	-23	-24	3.27	3.25
Competition from non-banks	0	0	84	2	0	14	0	-2	3.00	3.02
Competition from market financing	0	0	84	2	0	14	-2	-2	3.02	3.02
C) Perception of risk										
Expectations regarding general economic activity	0	7	76	10	0	7	-1	-3	3.01	3.03
Industry or firm-specific outlook	0	8	80	6	0	7	10	2	2.90	2.99
Risk on the collateral demanded	0	0	92	1	0	7	1	-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 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)

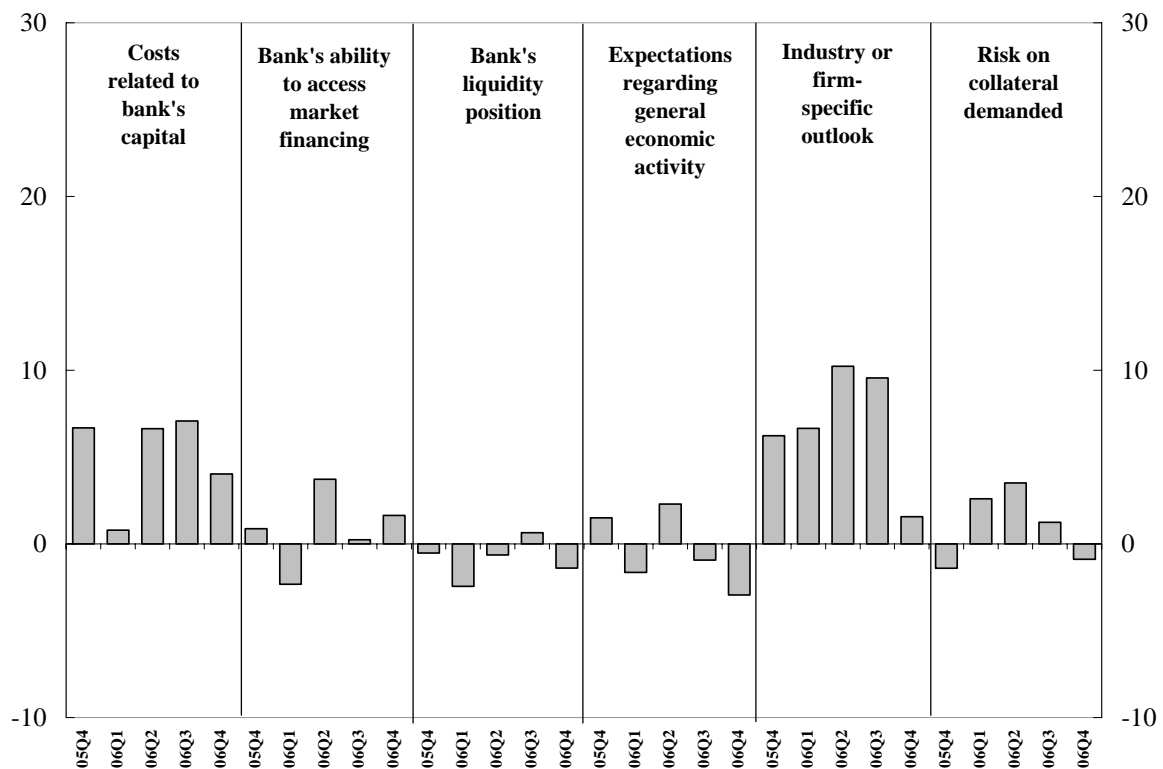
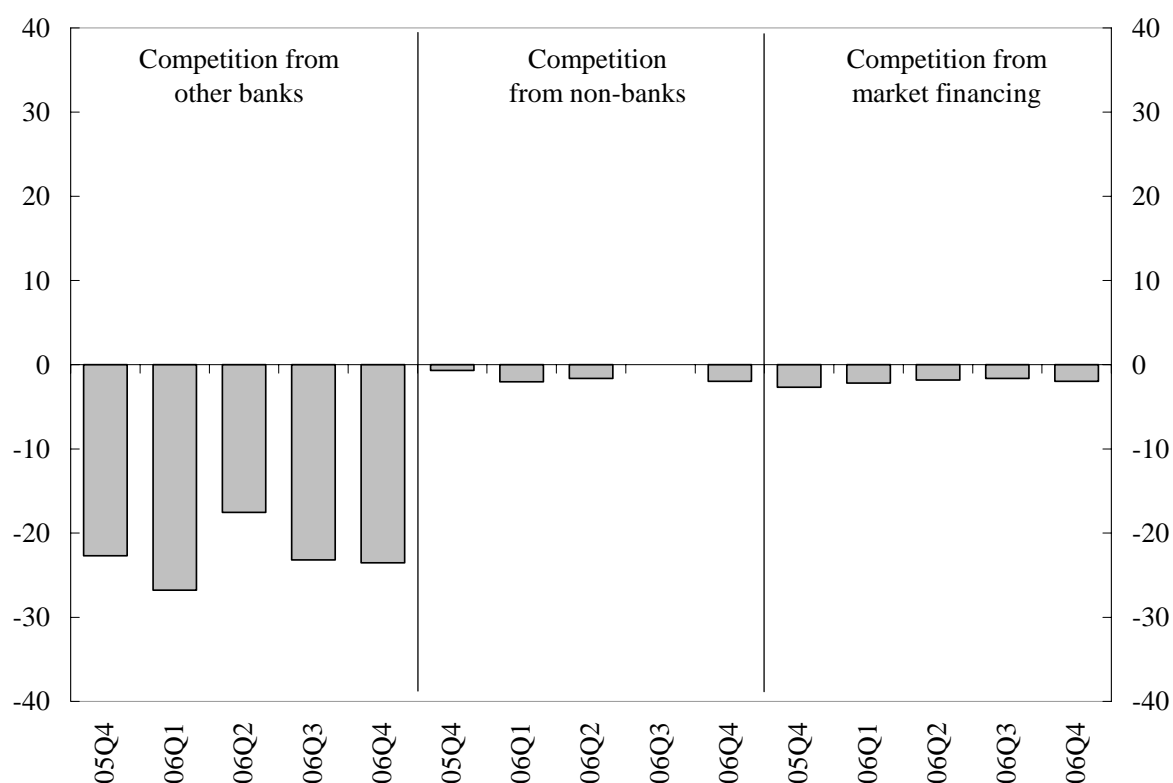


Chart 7b. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises
(net percentages of banks reporting tightening standards)



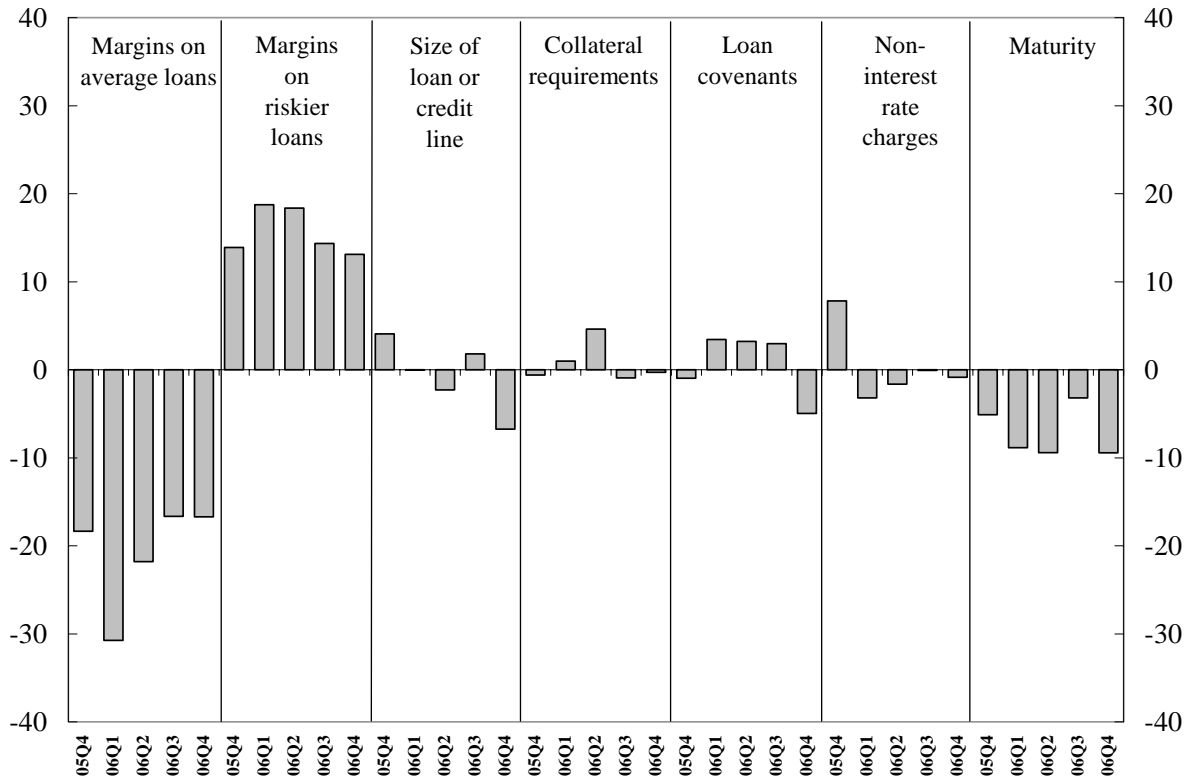
3. Over the past three months, how have your bank's conditions and terms for approving loans or credit lines to enterprises changed?

	--	-	°	+	++	NA	NetP		Mean	
							October 2006	January 2007	October 2006	January 2007
A) Price										
Your bank's margin on average loans	0	9	59	24	2	6	-17	-17	3.18	3.20
Your bank's margin on riskier loans	0	17	73	4	0	6	14	13	2.87	2.87
B) Other conditions and terms										
Non-interest rate charges	0	2	89	3	0	6	0	-1	3.00	3.01
Size of the loan or credit line	0	1	86	7	0	6	2	-7	2.98	3.07
Collateral requirements	0	4	86	4	0	6	-1	0	3.01	3.00
Loan covenants	0	2	85	7	0	6	3	-5	2.97	3.06
Maturity	0	0	85	9	0	6	-3	-9	3.04	3.10

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)

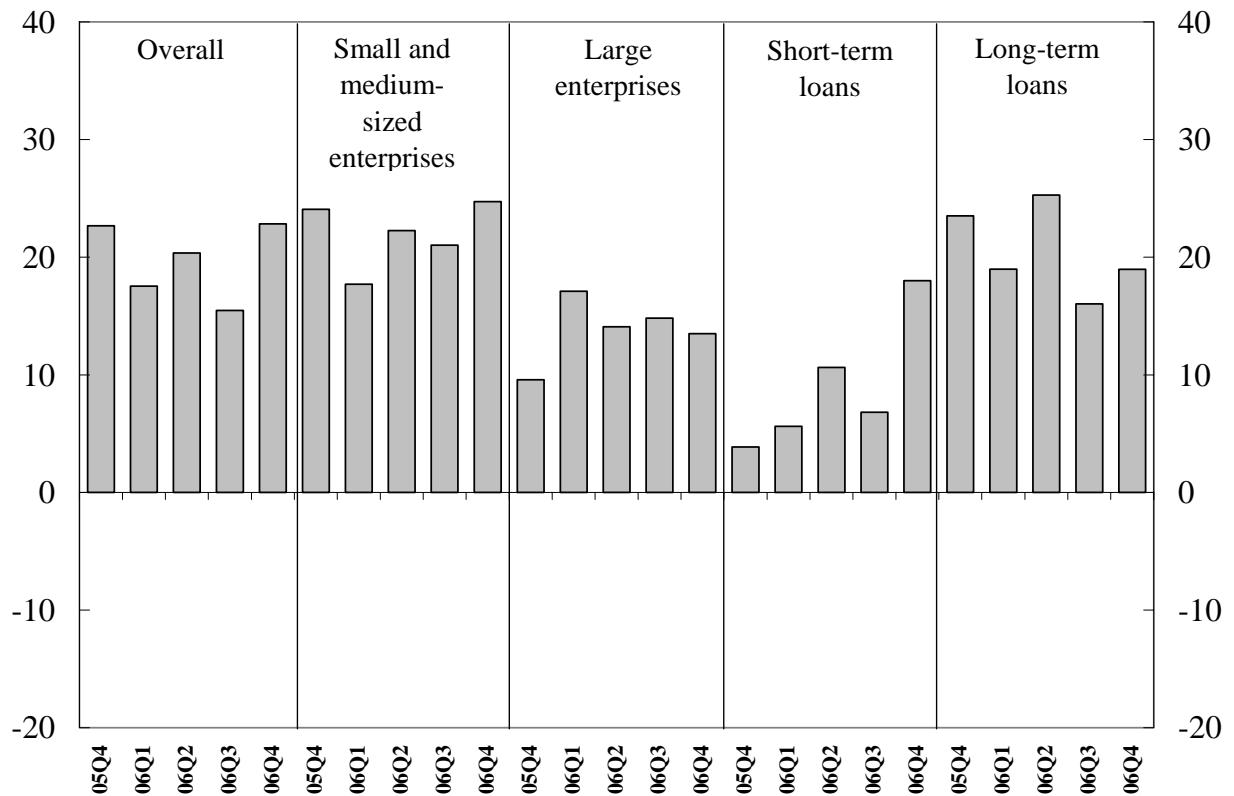


4. Over the past three months, how has the demand for loans or credit lines to enterprises changed at your bank, apart from normal seasonal fluctuations?

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	October 2006	January 2007	October 2006	January 2007	October 2006	January 2007	October 2006	January 2007	October 2006	January 2007
Decreased considerably	0	0	0	2	0	0	0	0	0	2
Decreased somewhat	9	3	8	2	4	7	12	6	9	6
Remained basically unchanged	67	70	63	67	76	73	69	69	65	65
Increased somewhat	24	26	29	29	19	20	19	24	26	27
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	16	23	21	25	15	14	7	18	16	19
Mean	3.15	3.23	3.21	3.23	3.15	3.13	3.07	3.18	3.16	3.17
Number of banks responding	81	81	81	80	80	80	81	81	81	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 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	
							October 2006	January 2007	October 2006	January 2007
							A) Financing needs			
Fixed investment	0	4	67	21	2	6	18	20	3.20	3.23
Inventories and working capital	0	4	69	17	2	8	20	15	3.21	3.17
Mergers/acquisitions and corporate restructuring	0	2	67	24	0	7	14	22	3.18	3.25
Debt restructuring	0	5	78	9	0	8	10	4	3.10	3.04
B) Use of alternative finance										
Internal financing	0	7	82	2	0	9	-9	-5	2.90	2.95
Loans from other banks	2	6	83	1	0	9	-10	-6	2.90	2.92
Loans from non-banks	0	0	89	0	0	11	-3	0	2.96	3.00
Issuance of debt securities	0	2	88	0	0	10	1	-2	3.01	2.98
Issuance of equity	0	2	88	0	0	10	0	-2	3.00	2.98

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)

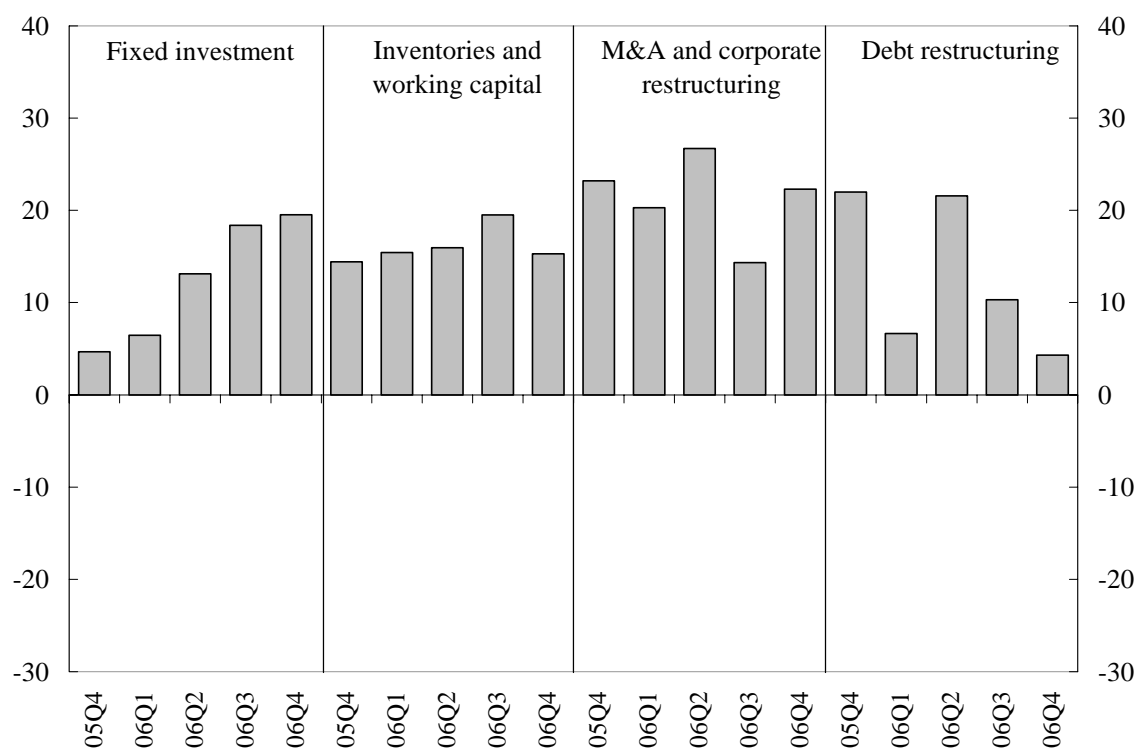
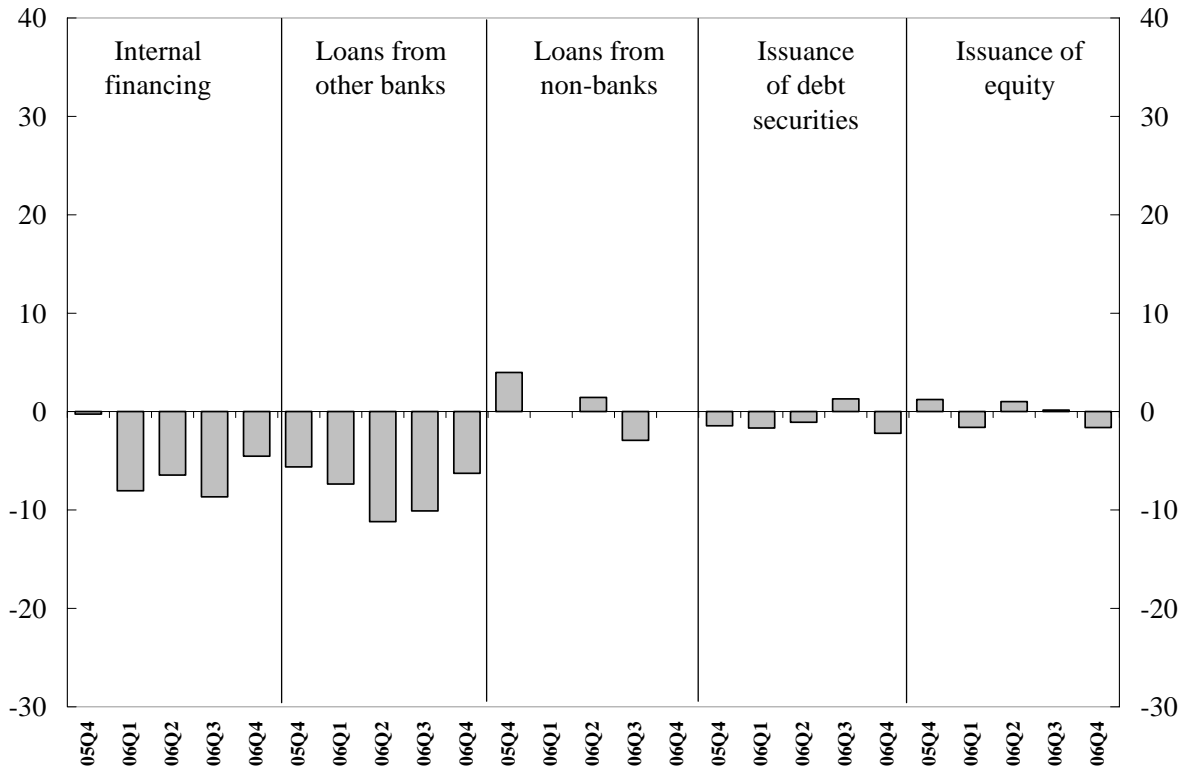


Chart 10b. Factors affecting demand for loans and credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)

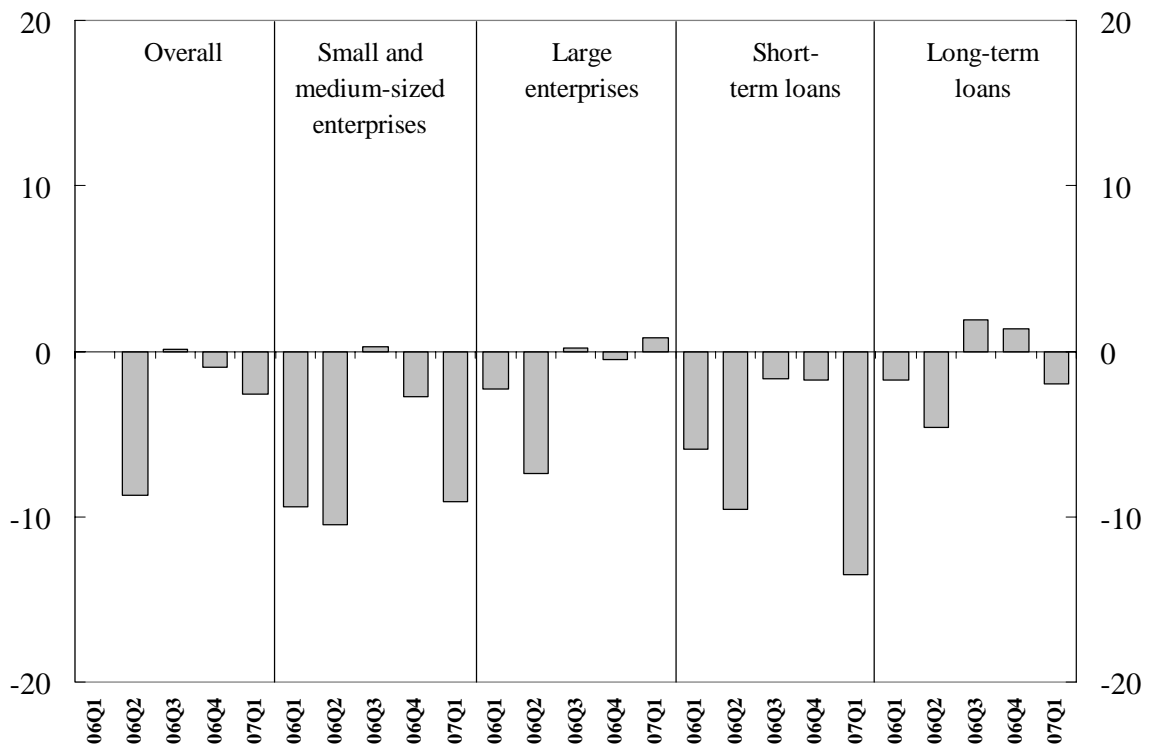


6. Please indicate how you expect your bank's credit standards as applied to the approval of loans or credit lines to enterprises to change over the next three months.

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	October 2006	January 2007	October 2006	January 2007	October 2006	January 2007	October 2006	January 2007	October 2006	January 2007
Tighten considerably	0	0	0	0	0	0	0	0	0	0
Tighten somewhat	7	3	10	5	4	5	4	1	7	4
Remain basically unchanged	85	92	78	81	92	92	90	85	87	91
Ease somewhat	8	6	12	14	4	4	6	14	6	6
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	-1	-3	-3	-9	-1	1	-2	-14	1	-2
<i>Mean</i>	<i>3.01</i>	<i>3.03</i>	<i>3.03</i>	<i>3.09</i>	<i>3.01</i>	<i>2.99</i>	<i>3.02</i>	<i>3.13</i>	<i>2.99</i>	<i>3.02</i>
Number of banks responding	81	81	81	81	80	81	81	81	81	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 11. Expected credit standards for the approval of loans or credit lines to enterprises
(net percentages of banks expecting tightening credit standards)

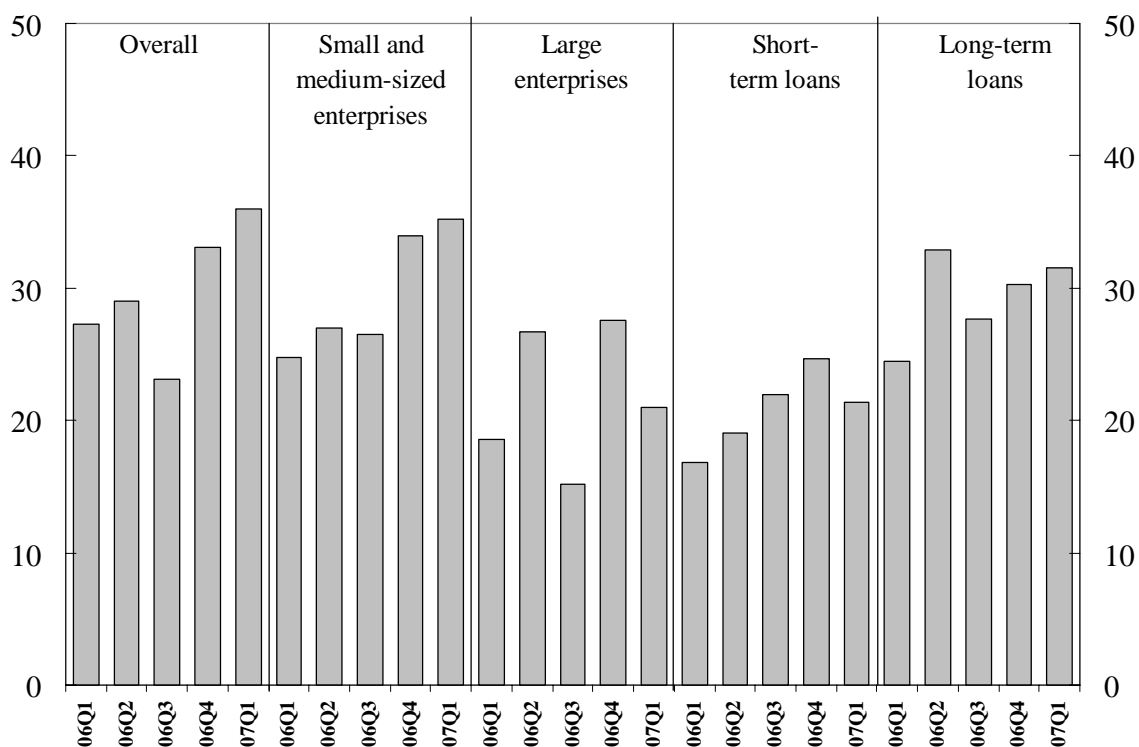


7. Please indicate how you expect demand for loans or credit lines to enterprises to change at your bank over the next three months (apart from normal seasonal fluctuations).

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	October 2006	January 2007	October 2006	January 2007	October 2006	January 2007	October 2006	January 2007	October 2006	January 2007
Decrease considerably	0	0	0	0	0	0	0	0	0	0
Decrease somewhat	3	2	3	2	2	3	4	6	2	0
Remain basically unchanged	61	61	60	60	68	74	68	67	66	68
Increase somewhat	36	38	37	38	30	24	28	27	32	32
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	33	36	34	35	28	21	25	21	30	32
<i>Mean</i>	3.33	3.36	3.34	3.35	3.28	3.21	3.25	3.21	3.30	3.32
Number of banks responding	81	81	81	81	80	80	81	81	81	80

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)



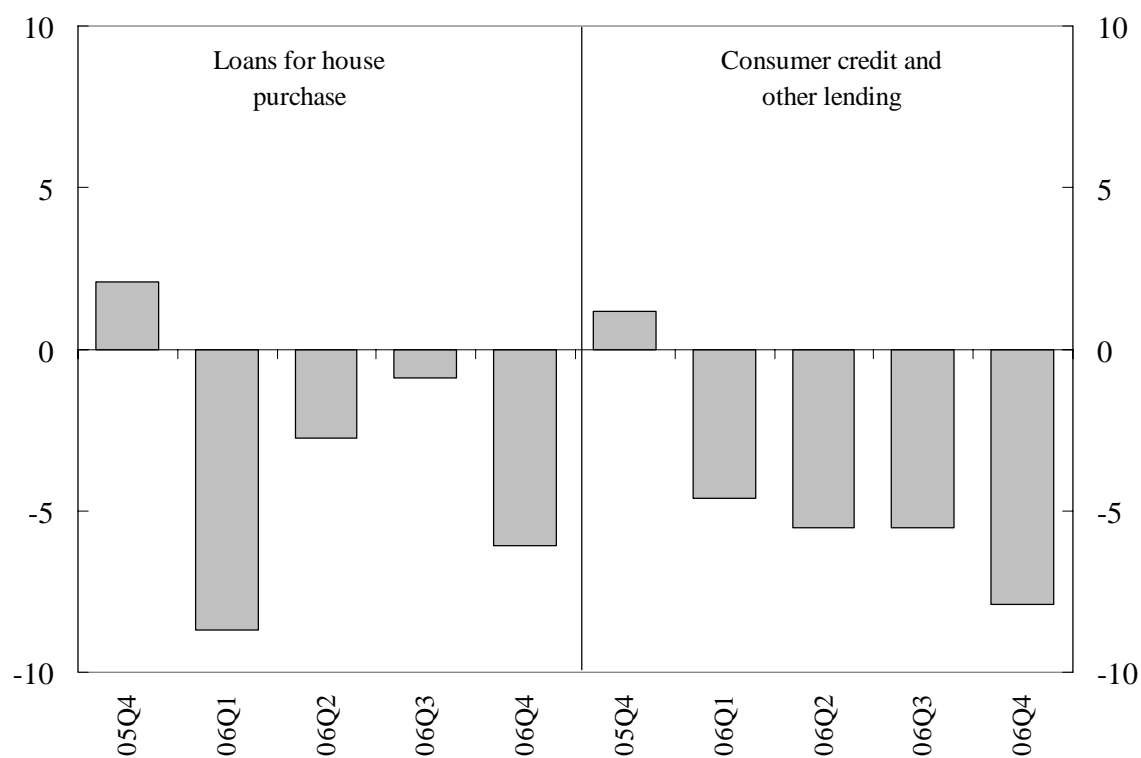
II. Loans to households

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	
	October 2006	January 2007	October 2006	January 2007
Tightened considerably	0	0	0	0
Tightened somewhat	7	5	3	3
Remained basically unchanged	84	84	89	85
Eased somewhat	6	11	6	9
Eased considerably	2	0	2	2
Total	100	100	100	100
Net percentage	-1	-6	-6	-8
Mean	3.03	3.06	3.07	3.10
Number of banks responding	79	79	78	78

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)



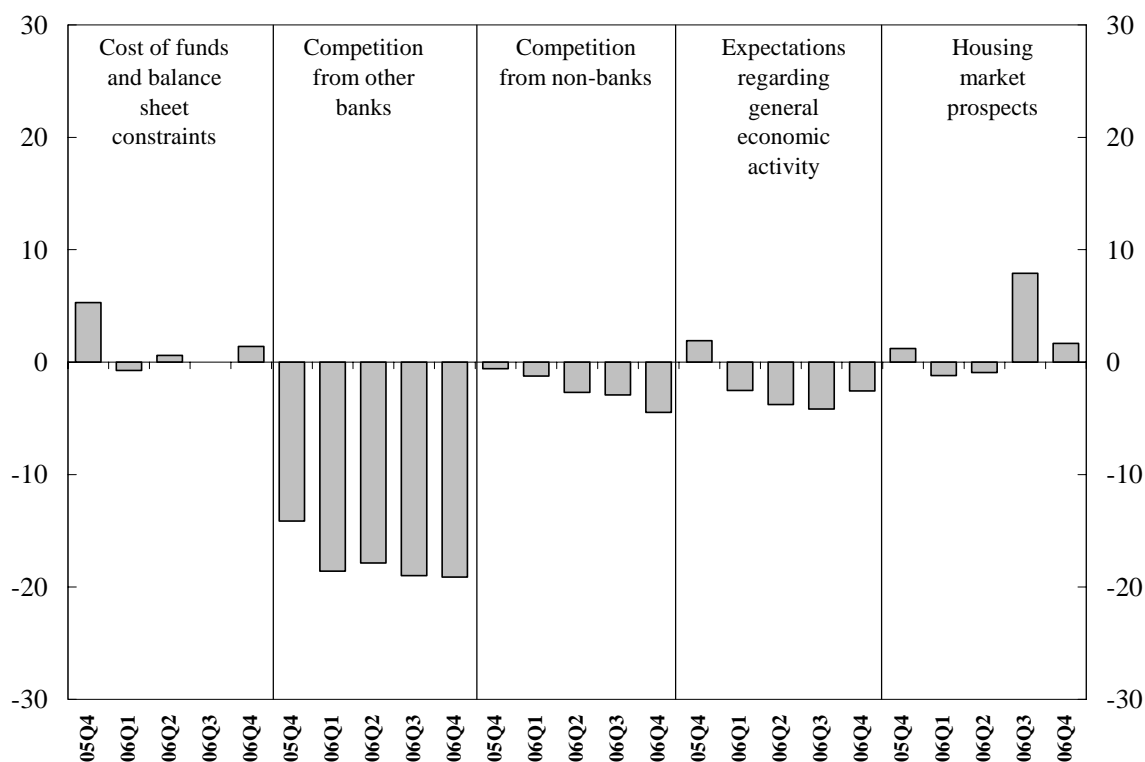
9. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of loans to households for house purchase?

	--	-	°	+	++	NA	NetP		Mean	
							October 2006	January 2007	October 2006	January 2007
							A) Cost of funds and balance sheet constraints	0	1	91
B) Pressure from competition										
Competition from other banks	0	0	72	17	2	9	-19	-19	3.24	3.24
Competition from non-banks	0	0	83	5	0	12	-3	-5	3.03	3.06
C) Perception of risk										
Expectations regarding general economic activity	0	4	83	6	0	7	-4	-3	3.04	3.03
Housing market prospects	0	7	80	5	0	7	8	2	2.91	2.98

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)



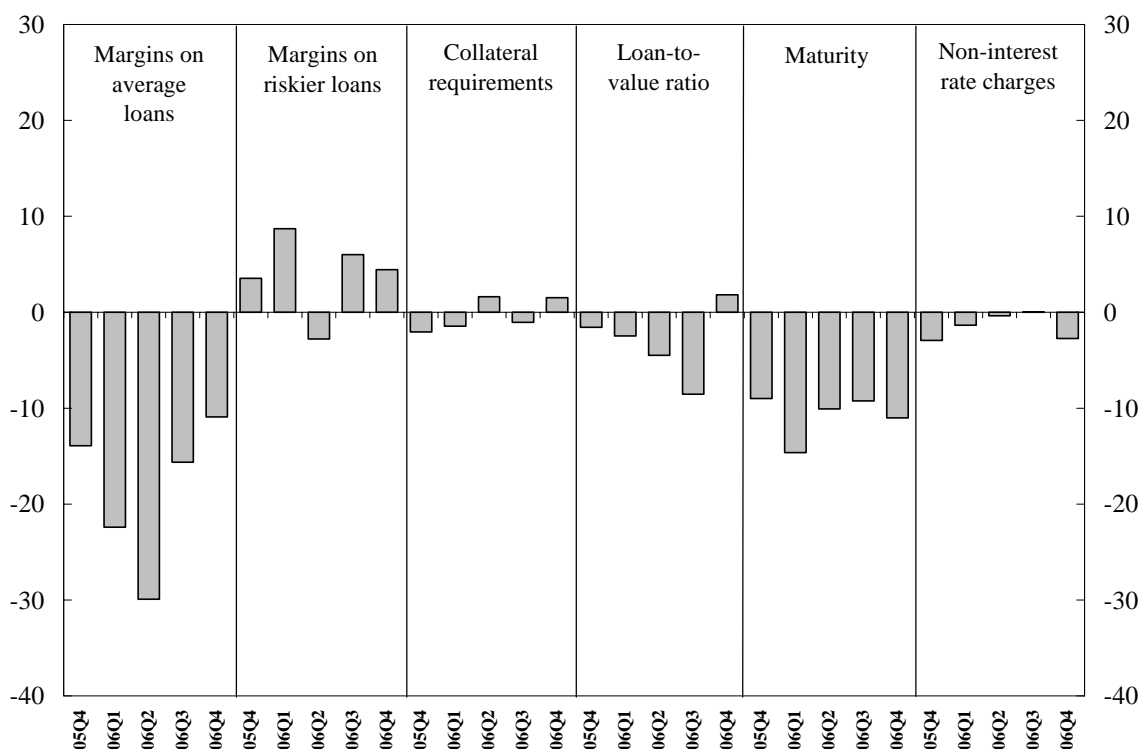
10. Over the past three months, how have your bank's conditions and terms for approving loans to households for house purchase changed?

	--	-	°	+	++	NA	NetP		Mean	
							October 2006	January 2007	October 2006	January 2007
							A) Price			
Your bank's margin on average loans	0	9	65	18	2	7	-16	-11	3.21	3.12
Your bank's margin on riskier loans	0	13	71	9	0	7	6	4	2.93	2.95
B) Other conditions and terms										
Collateral requirements	0	3	88	2	0	7	-1	2	3.01	2.99
Loan-to-value ratio	0	7	81	5	0	7	-9	2	3.09	2.98
Maturity	0	2	78	13	0	7	-9	-11	3.11	3.13
Non-interest rate charges	0	0	90	3	0	7	0	-3	3.00	3.03

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)



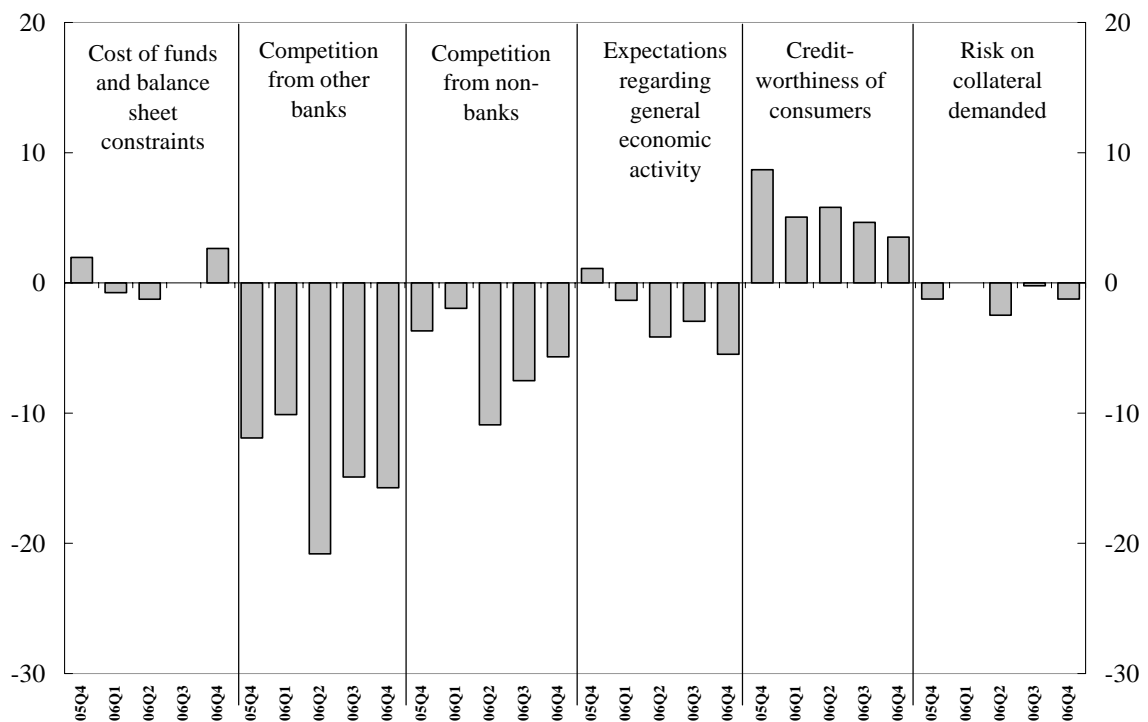
11. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households (as described in question 8)?

	--	-	°	+	++	NA	NetP		Mean	
							October 2006	January 2007	October 2006	January 2007
							A) Cost of funds and balance sheet constraints	0	3	88
B) Pressure from competition										
Competition from other banks	0	0	73	13	3	11	-15	-16	3.19	3.23
Competition from non-banks	0	0	83	4	2	11	-8	-6	3.11	3.09
C) Perception of risk										
Expectations regarding general economic activity	0	0	85	6	0	9	-3	-6	3.04	3.06
Creditworthiness of consumers	0	4	87	0	0	9	5	4	2.95	2.96
Risk on the collateral demanded	0	0	86	1	0	13	0	-1	3.00	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 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)



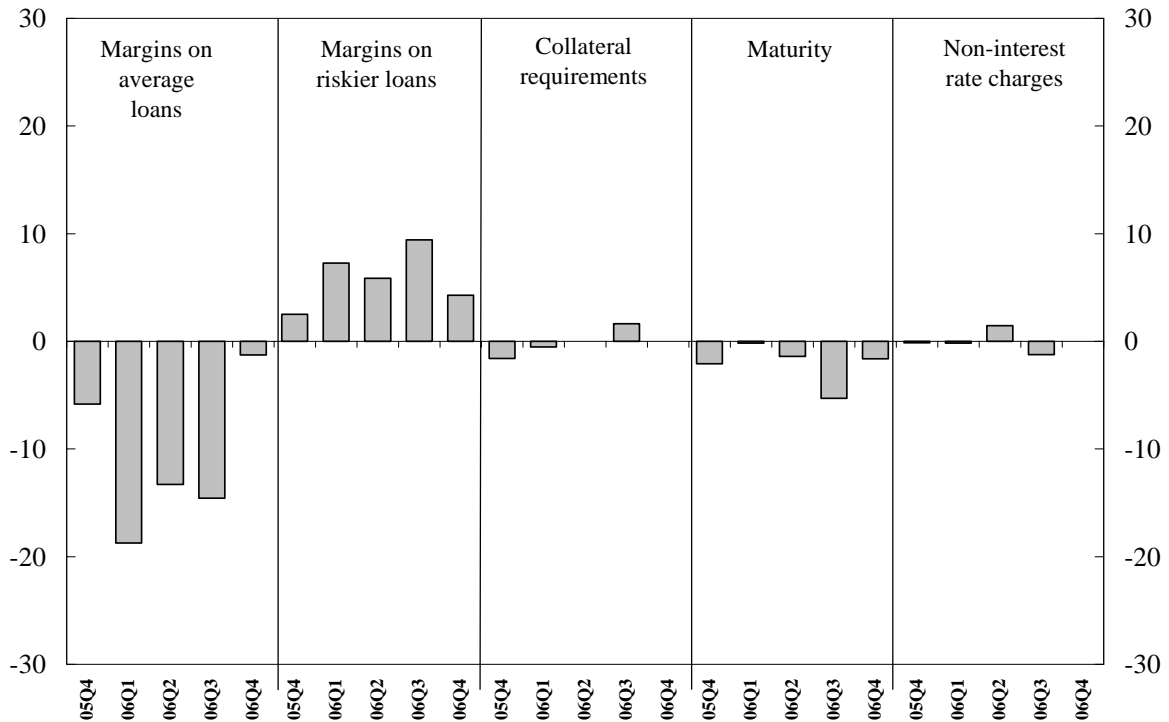
12. Over the past three months, how have your bank's conditions and terms for approving consumer credit and other lending to households changed?

	--	-	°	+	++	NA	NetP		Mean	
							October 2006	January 2007	October 2006	January 2007
							A) Price			
Your bank's margin on average loans	0	6	78	7	0	9	-15	-1	3.23	3.02
Your bank's margin on riskier loans	0	6	83	2	0	9	9	4	2.87	2.95
B) Other conditions and terms										
Collateral requirements	0	0	88	0	0	12	2	0	2.98	3.00
Maturity	0	0	88	0	2	11	-5	-2	3.06	3.04
Non-interest rate charges	0	0	89	0	0	11	-1	0	3.02	3.00

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)

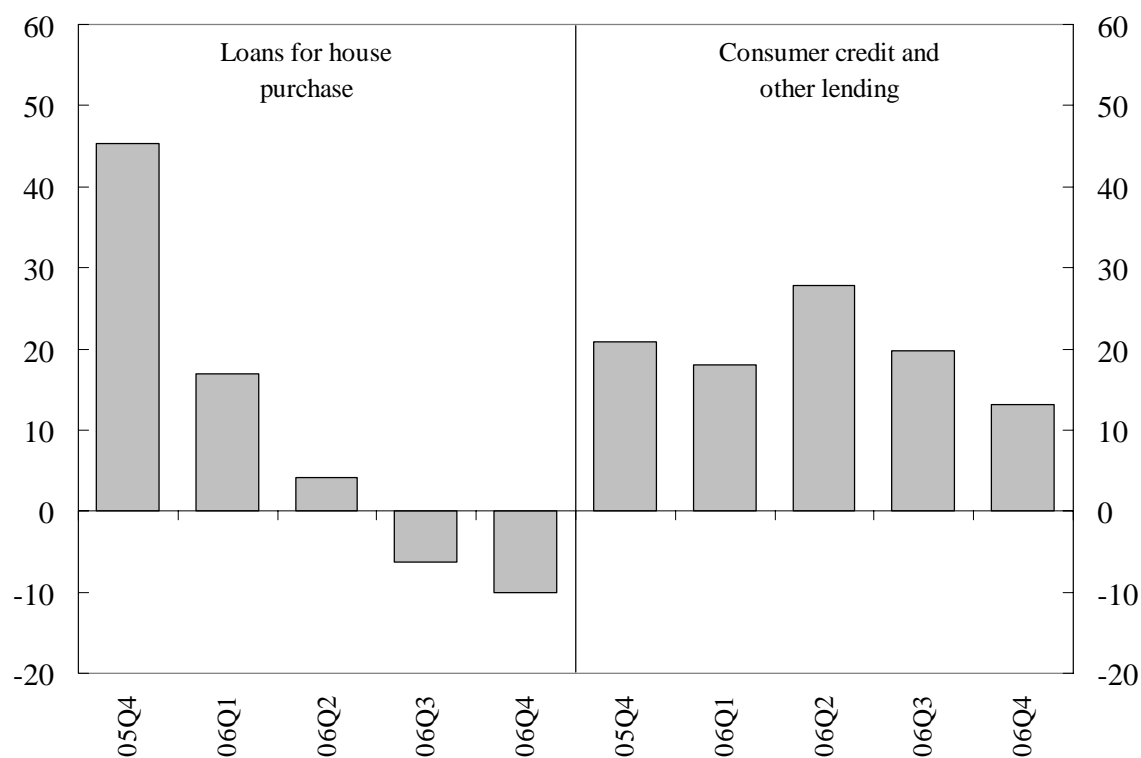


13. Over the past three months, how has the demand for loans to households changed at your bank, apart from normal seasonal fluctuations?

	Loans for house purchase		Consumer credit and other lending	
	October 2006	January 2007	October 2006	January 2007
Decreased considerably	2	4	0	0
Decreased somewhat	20	16	6	9
Remained basically unchanged	63	72	69	69
Increased somewhat	15	9	20	20
Increased considerably	0	0	6	2
Total	100	100	100	100
Net percentage	-6	-10	20	13
<i>Mean</i>	2.92	2.87	3.25	3.15
Number of banks responding	79	79	78	78

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)



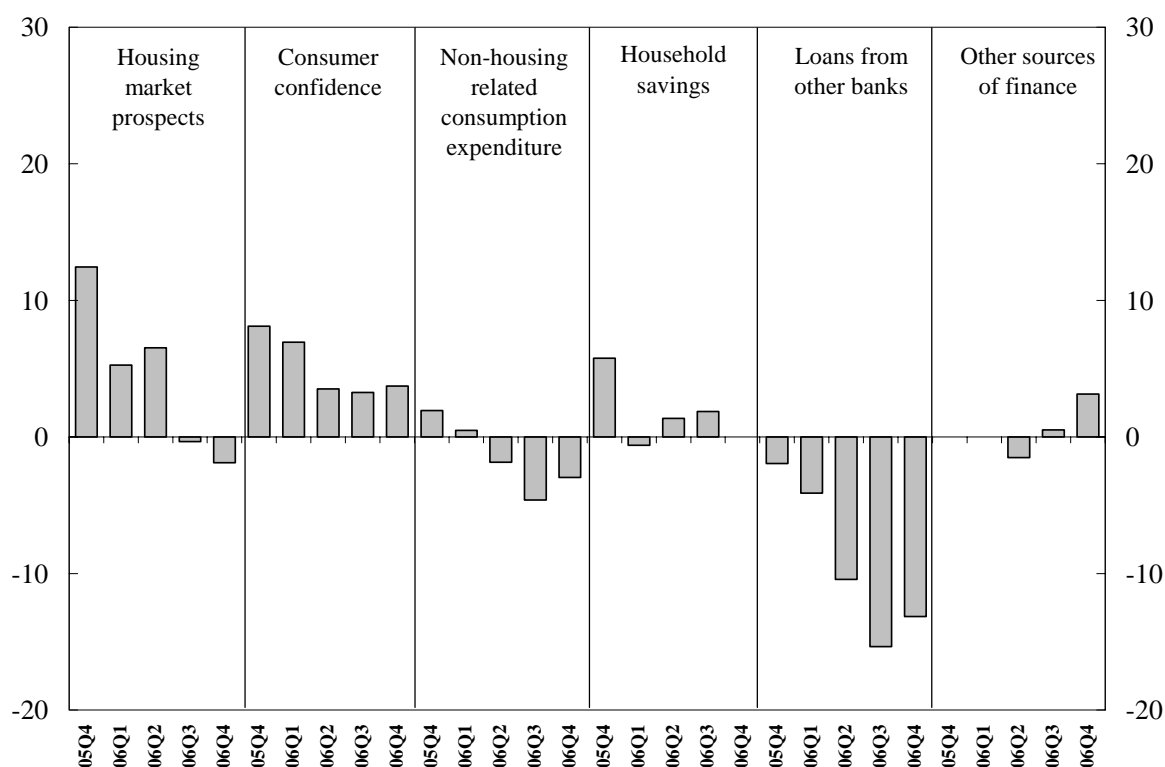
14. Over the past three months, how have the following factors affected the demand for loans to households for house purchase (as described in question 13)?

	--	-	°	+	++	NA	NetP		Mean	
							October 2006	January 2007	October 2006	January 2007
							A) Financing needs			
Housing market prospects	0	12	71	10	0	7	0	-2	3.00	2.98
Consumer confidence	0	5	80	8	0	7	3	4	3.03	3.03
Non-housing related consumption expenditure	0	3	90	0	0	7	-5	-3	2.95	2.97
B) Use of alternative finance										
Household savings	0	0	91	0	0	9	2	0	3.02	3.00
Loans from other banks	2	13	75	1	0	9	-15	-13	2.77	2.85
Other sources of finance	0	0	85	3	0	12	1	3	3.00	3.03

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)



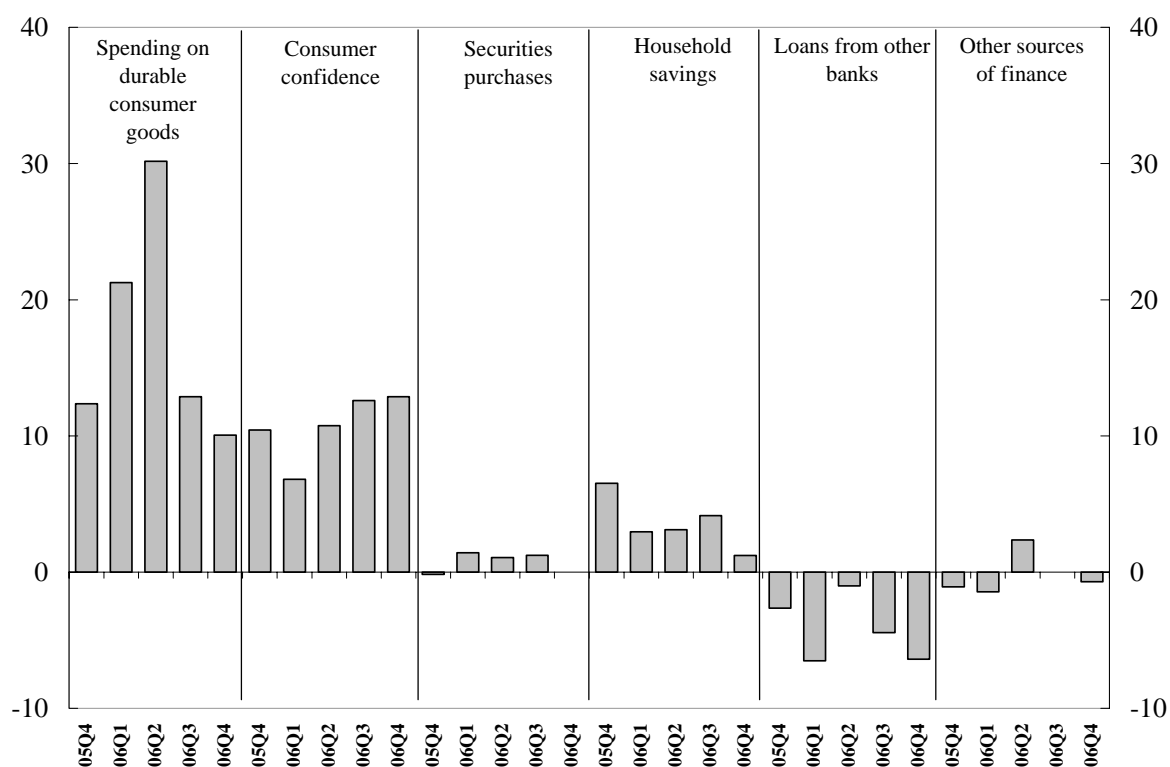
15. Over the past three months, how have the following factors affected the demand for consumer credit and other lending to households (as described in question 13)?

	--	-	°	+	++	NA	NetP		Mean	
							October 2006	January 2007	October 2006	January 2007
							A) Financing needs			
Spending on durable consumer goods	0	4	73	14	0	9	13	10	3.13	3.11
Consumer confidence	0	2	73	14	2	9	13	13	3.14	3.17
Securities purchases	0	0	87	0	0	13	1	0	3.02	3.00
B) Use of alternative finance										
Household savings	0	1	86	3	0	11	4	1	3.04	3.01
Loans from other banks	0	8	79	2	0	11	-4	-6	2.95	2.93
Other sources of finance	0	1	87	0	0	12	0	-1	3.00	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 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)

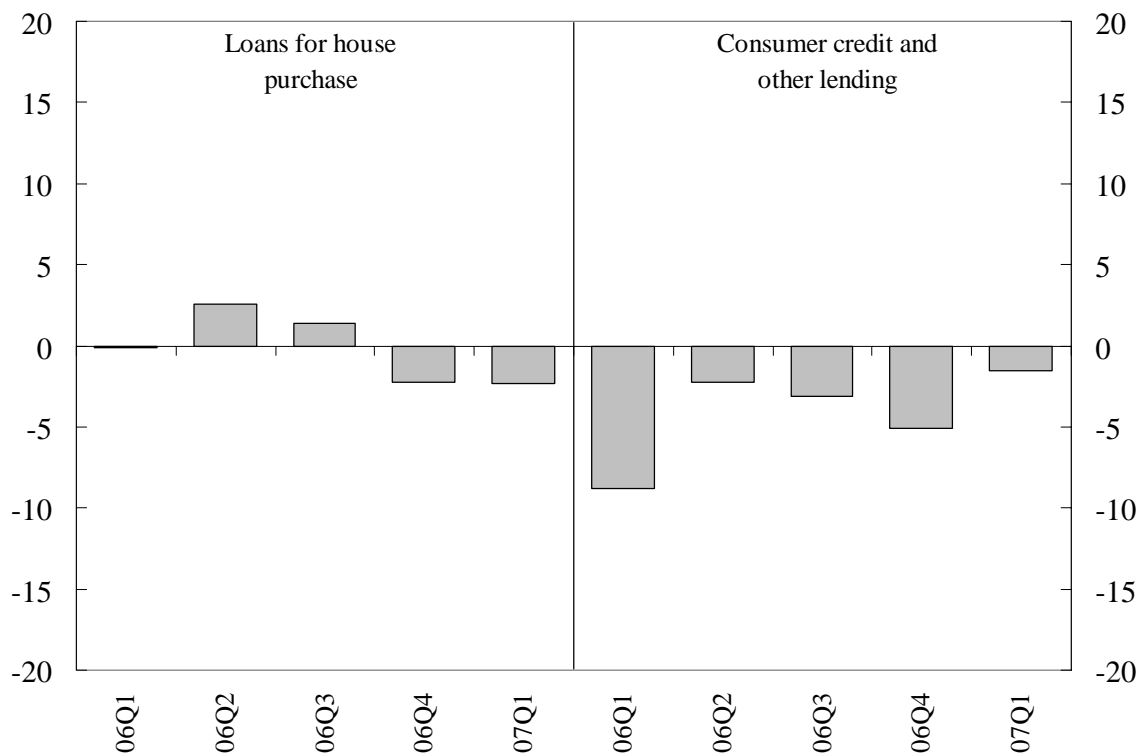


16. Please indicate how you expect your bank's credit standards as applied to the approval of loans to households to change over the next three months.

	Loans for house purchase		Consumer credit and other lending	
	October 2006	January 2007	October 2006	January 2007
Tighten considerably	0	0	0	0
Tighten somewhat	7	10	2	8
Remain basically unchanged	84	78	91	82
Ease somewhat	9	12	7	10
Ease considerably	0	0	0	0
Total	100	100	100	100
Net percentage	-2	-2	-5	-2
<i>Mean</i>	<i>3.02</i>	<i>3.02</i>	<i>3.05</i>	<i>3.01</i>
Number of banks responding	79	79	78	78

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)

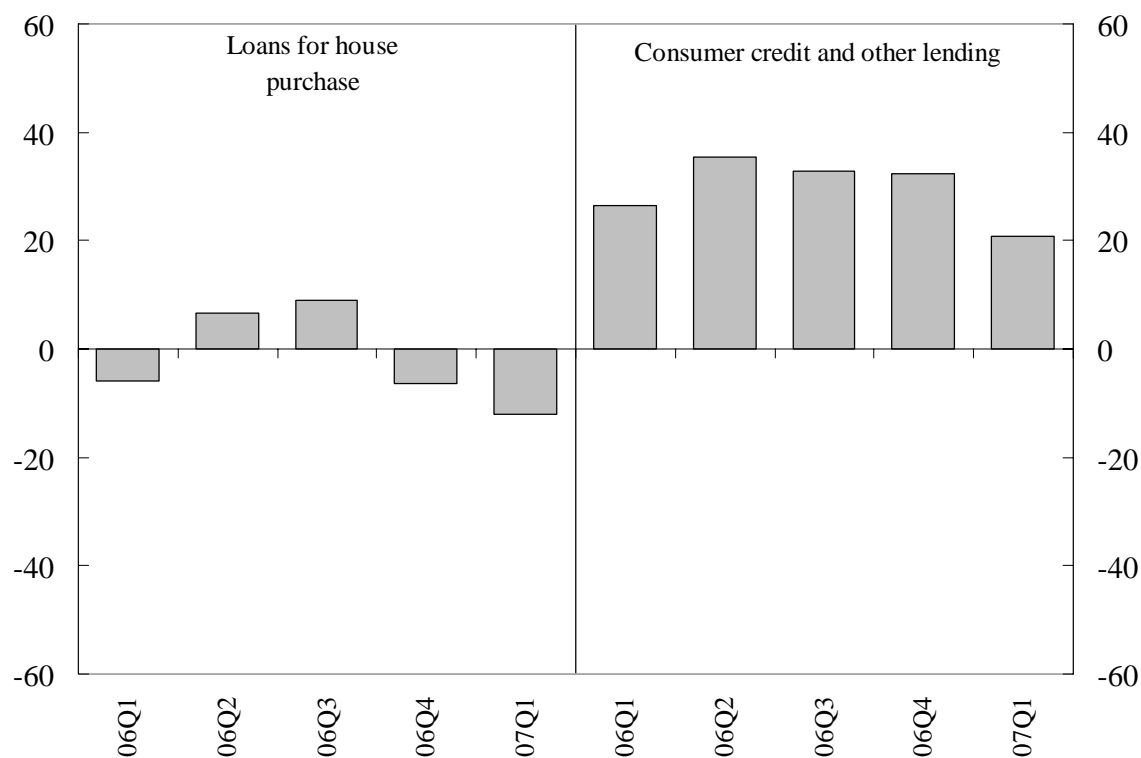


17. Please indicate how you expect demand for loans to households to change over the next three months at your bank (apart from normal seasonal fluctuations).

	Loans for house purchase		Consumer credit and other lending	
	October 2006	January 2007	October 2006	January 2007
Decrease considerably	1	0	0	0
Decrease somewhat	23	24	3	7
Remain basically unchanged	59	64	61	66
Increase somewhat	17	12	34	28
Increase considerably	0	0	2	0
Total	100	100	100	100
Net percentage	-6	-12	32	21
<i>Mean</i>	<i>2.93</i>	<i>2.88</i>	<i>3.34</i>	<i>3.21</i>
Number of banks responding	79	79	78	78

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.