

3 August 2007

THE EURO AREA BANK LENDING SURVEY

– JULY 2007 –

1. Overview of the results

The results reported in the July 2007 bank lending survey relate to the changes during the second quarter of 2007 and expectations of changes over the third quarter of 2007.

This report presents the results of the bank lending survey for the euro area that was conducted in July 2007. The cut-off date for receipt of data from the banks participating in this survey was 10 July 2007.

The results of the July 2007 bank lending survey for the second quarter of 2007 indicate that the credit standards for loans to enterprises were eased somewhat on a net basis. This follows a period of some volatility over the past few quarters when standards remained basically unchanged or were slightly eased. In the second quarter of 2007, banks reported broadly unchanged credit standards for housing loans to households, following a slight net easing in the previous quarter. Credit standards for consumer credit and other lending to households were basically unchanged, compared with a net easing in the previous quarter.

With regard to the demand for loans, banks continued to report a strong positive net demand for loans to enterprises in the second quarter of 2007. Net demand for consumer credit also remained positive in the second quarter of 2007, although at a substantially lower level than in the previous quarter. During the same period, net demand for housing loans to households, as perceived by the banks, continued to be significantly negative in the second 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 July 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 J. Berg et al. (2005), “The bank lending survey for the euro area”, ECB Occasional Paper No 23.

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 the share of 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 in the second quarter of 2007) or expectations of changes over the next three months (i.e. in the third 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

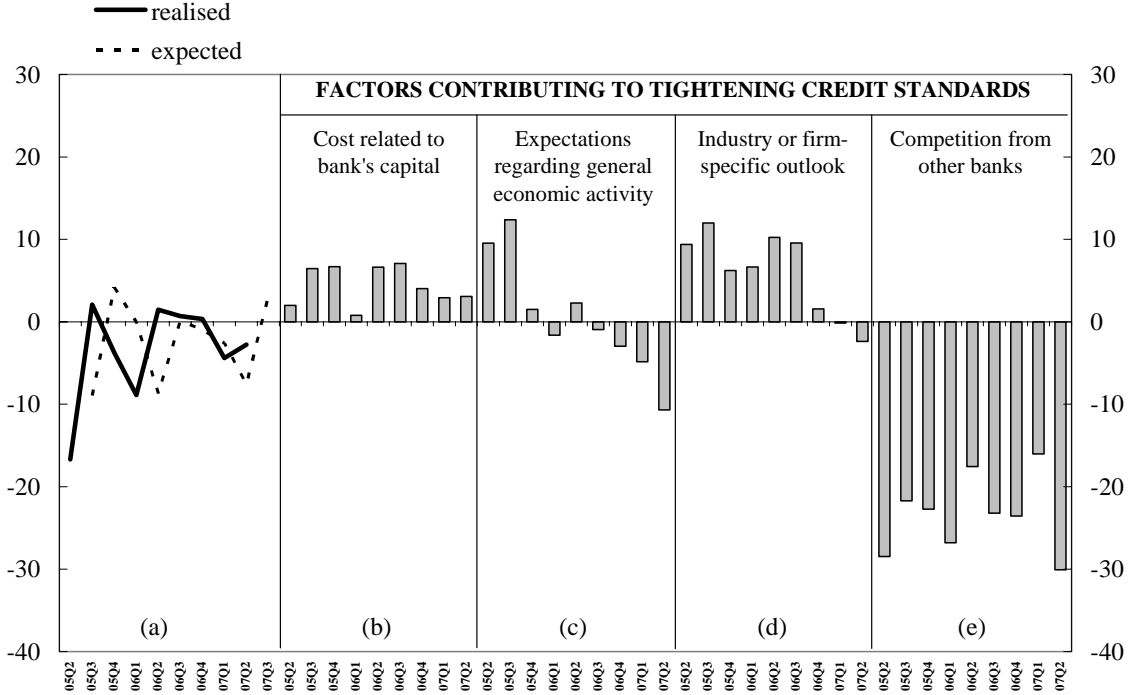
Credit standards: Credit standards for loans or credit lines to enterprises eased somewhat in net terms in the second quarter of 2007 (-3% compared with -4% in the previous quarter). This follows a period of some volatility over the previous few quarters when standards remained basically unchanged or were slightly eased (see Chart 1, panel a). Competition from other banks continued to be an important factor contributing towards a net easing of credit standards (see Chart 1, panel e). Also, more favourable expectations regarding general economic activity contributed increasingly towards a net easing (see Chart 1, panel c). Moreover, the industry or firm-specific outlook contributed to a net easing for the first time since the launch of the survey (see Chart 1, panel d).

Regarding the conditions and terms of credit (see Chart 8), banks eased credit standards not only through narrower margins on average loans (-19%, from -25% in the previous survey), but also through a variety of other channels, including a lengthening of the maturity of loans or credit lines, an increase in their size (although by less than in the previous round) and lighter loan covenants. Notably, higher margins on riskier loans contributed to a significantly lower degree to a net tightening in credit standards than in the previous quarter (2% after 12%).

The net easing of credit standards was mainly seen for small and medium-sized enterprises (-7%, from 0% in the previous quarter; see Chart 6), while the credit standards applied to large enterprises eased only slightly in the second quarter of 2007 (-1%, from -7% in the previous quarter). As regards loan maturities,

the net easing was somewhat more pronounced for long-term loans (-4%, from -10% in the previous survey) than for short-term loans (-2%, from -4% 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)



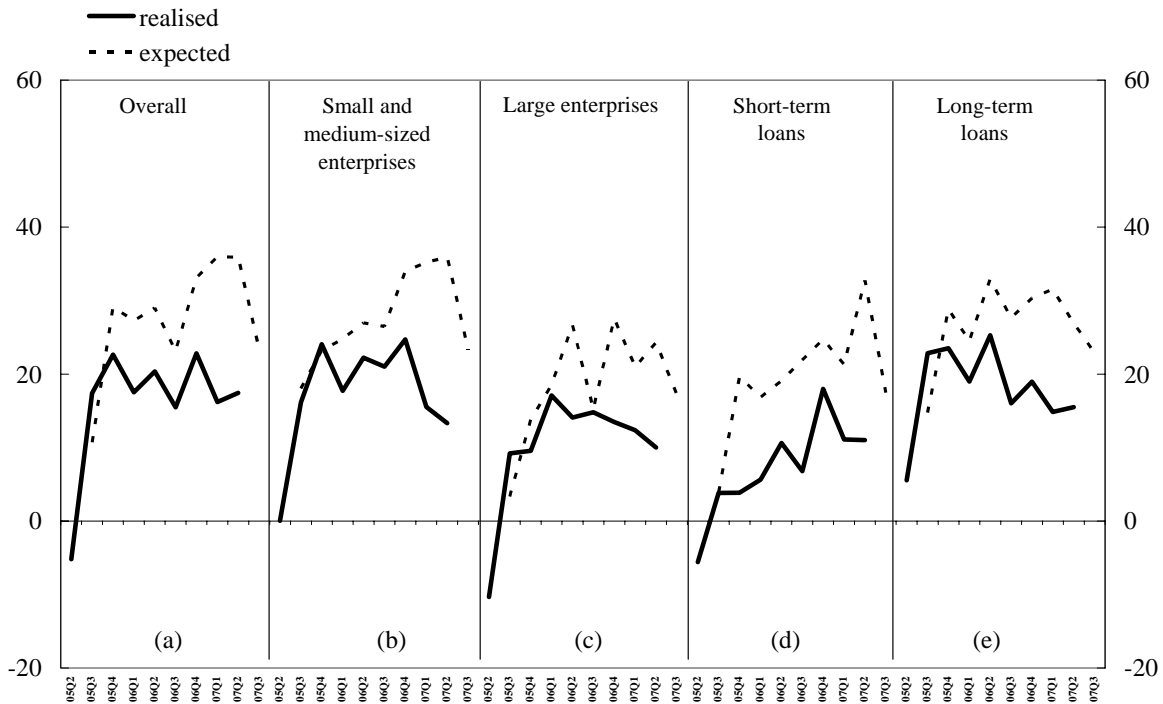
Notes: The net percentage refers to the difference between the sum of the percentages for “tightened considerably” and “tightened somewhat” and the sum of the percentages for “eased considerably” and “eased somewhat”. “Realised” values refer to the period in which the survey was conducted. “Expected” values are the net percentages calculated from the responses given by the banks in the previous survey. For instance, “expected” values for the third quarter of 2007 were reported in the July 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 previous seven quarters, in the second quarter of 2007 net demand for loans by enterprises was significantly positive, at more or less the same level as in the previous survey round (17% compared with 16% in the previous round; see Chart 2a, panel a). The factors behind the persistent high positive net demand continued to be of both a financial and non-financial nature, and included in particular fixed investment, inventories and working capital, as well as mergers and acquisitions and corporate restructuring. The use of alternative financing coming from internal sources (i.e. higher profits) contributed to the moderation of net loan demand, as did loans from other banks (see Chart 2b and Charts 10a and 10b).

In terms of borrower size, net loan demand from small and medium-sized enterprises continued to be stronger than from large enterprises (13% and 10%, 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, with demand for long-term loans being somewhat stronger than that for short-term loans (see Chart 2a, panels d and e).

Chart 2a. Changes in demand for loans or credit lines to enterprises

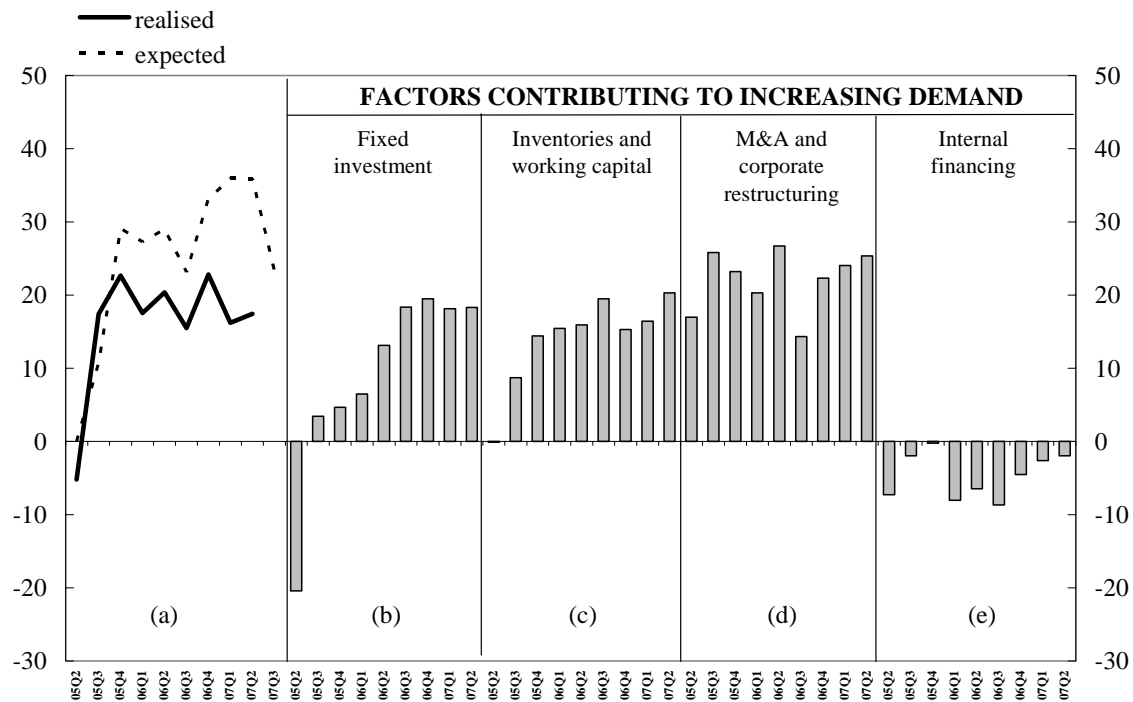
(net percentages of banks reporting a positive contribution to demand)



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 third quarter of 2007 have been reported in the July 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, expectations for the third quarter of 2007 point to a change in credit standards applied on loans to enterprises towards a slight net tightening (see Chart 1, panel a). This could,

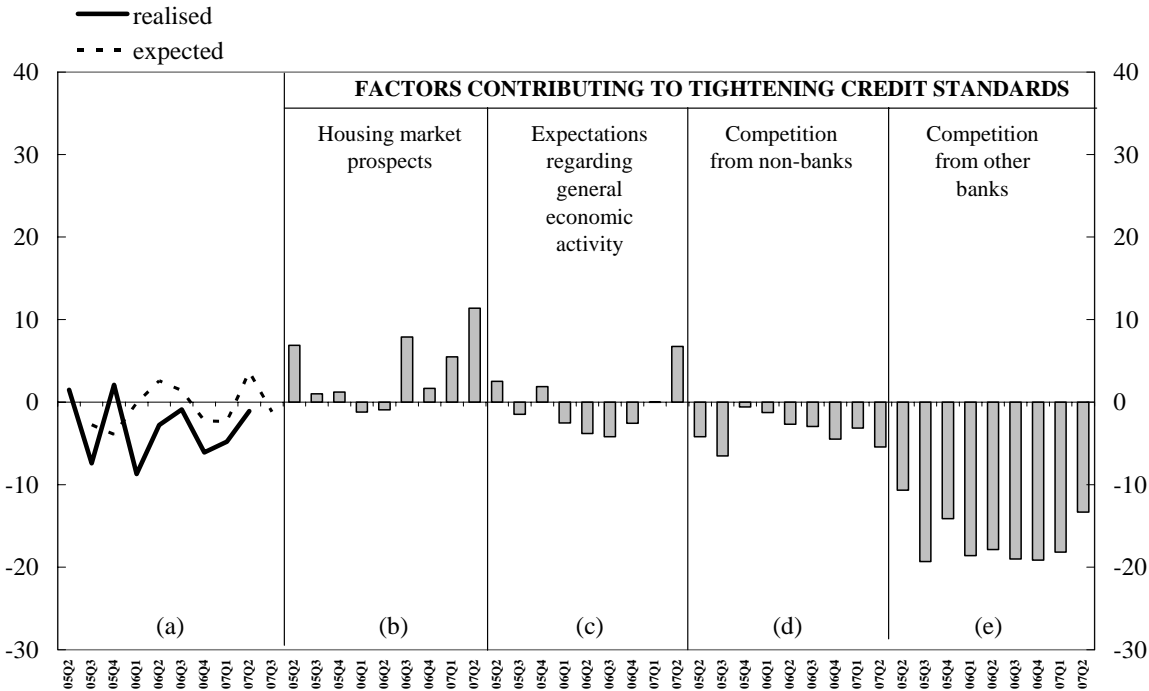
to some extent, reflect concerns among euro area banks in light of recent events in the global credit market. Demand for loans by enterprises is expected to remain strong across all firm sizes and loan maturities, although somewhat less buoyant than in recent quarters (see Chart 2a and Chart 12).

Loans to households for house purchase

Credit standards: In the second quarter of 2007, banks reported broadly unchanged credit standards for housing loans to households, following a slight net easing in the previous quarter (-1% from -5% 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 by reducing the margins on average loans, lengthening of loan maturities and reducing non-interest rate charges (see Chart 15). At the same time, margins on riskier loans continued to contribute to a net tightening, but slightly less than in most previous quarters (2% from 3% in the previous survey).

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)

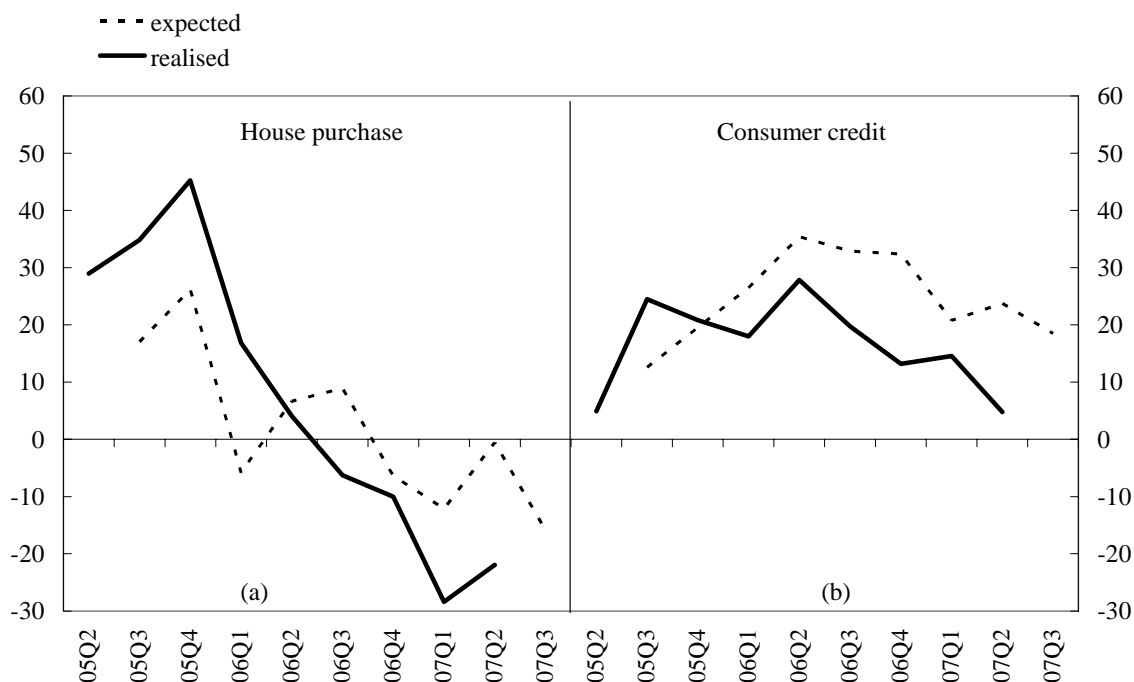


Note: see notes to Chart 1.

Loan demand: The net demand for housing loans to households continued to be significantly negative in the second quarter of 2007 (at -22% after -28% in the previous quarter; see Chart 4, panel a). This essentially reflected a less favourable assessment of housing market prospects (see Chart 19). Consumer confidence also contributed slightly towards a negative net loan demand, as in the previous survey round.

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.

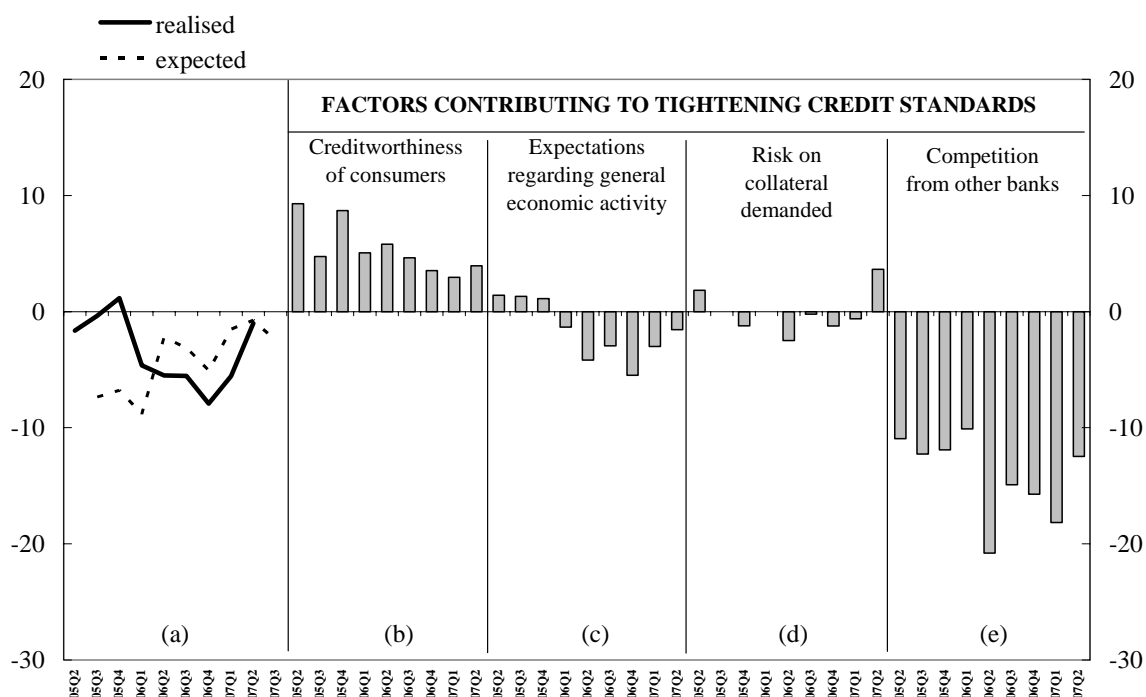
Expectations: For the third quarter of 2007, respondent banks expect credit standards for loans to households for house purchase to remain broadly unchanged (see Chart 3, panel a). In addition, banks expect net demand to remain significantly negative over the same period (see Chart 4, panel a).

Consumer credit and other lending to households

Credit standards: In the second quarter of 2007, banks reported basically unchanged credit standards applied to the approval of consumer credit and other lending to households, compared with a net easing in the previous quarter (-1%, from -6% in the previous round; see Chart 5, panel a). Competition from other banks remained the main driver behind the net easing, which was also supported by favourable expectations about the general economic outlook (see Chart 5, panels c to e). At the same time, consumers' creditworthiness and risk on collateral demanded contributed towards a net tightening (see Chart 5, panels b and d).

The net easing was mainly implemented via reduced margins on average loans, although this factor contributed somewhat less than in the previous survey round (see Chart 17), and the lengthening of loan maturities. At the same time, margins on riskier loans contributed to a net tightening (9%, similar to in the previous round).

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 second quarter of 2007, although at a considerably lower level than in the previous quarter (5% compared with 15% in the previous round; see Chart 4, panel b). The decline in net demand appears to be related to lower demand for loans for spending on durable goods as well as somewhat less strong consumer confidence, as perceived by the banks (see Chart 20).

Expectations: For the third 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 consumer credit and other lending to households to remain significantly positive (see Chart 4, panel b).

2. Results for the individual questions

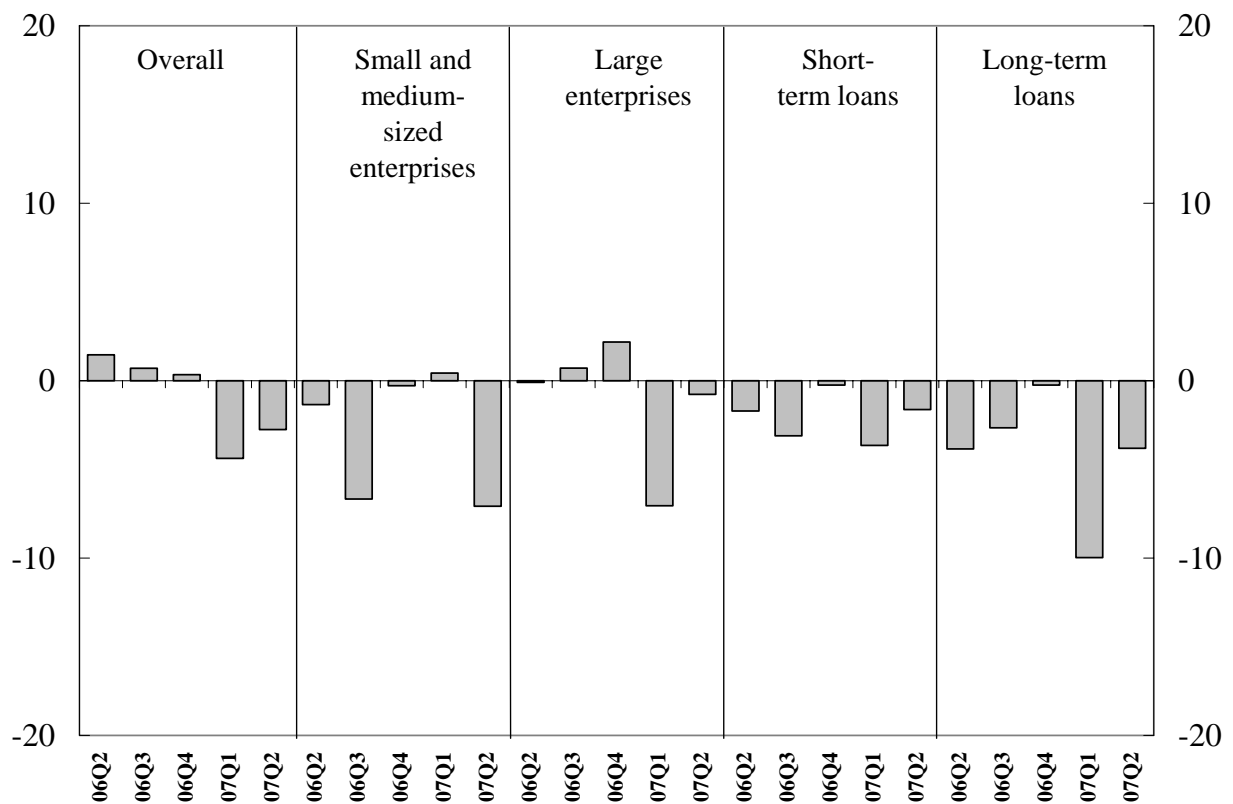
I. Loans or credit lines to enterprises

- 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	
	April 2007	July 2007	April 2007	July 2007	April 2007	July 2007	April 2007	July 2007	April 2007	July 2007
Tightened considerably	2	0	2	0	2	0	2	0	2	0
Tightened somewhat	1	3	7	3	1	4	0	2	0	4
Remained basically unchanged	90	92	82	87	88	91	93	94	87	88
Eased somewhat	7	6	9	10	10	5	5	4	12	8
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	-4	-3	0	-7	-7	-1	-4	-2	-10	-4
<i>Mean</i>	<i>3.03</i>	<i>3.03</i>	<i>2.98</i>	<i>3.07</i>	<i>3.05</i>	<i>3.01</i>	<i>3.02</i>	<i>3.02</i>	<i>3.08</i>	<i>3.04</i>
Number of banks responding	85	85	85	84	84	84	85	85	85	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	
							April 2007	July 2007	April 2007	July 2007
							A) Cost of funds and balance sheet constraints			
Costs related to your bank's capital position	0	5	88	2	0	6	3	3	2.97	2.97
Your bank's ability to access market financing	0	0	94	0	0	6	1	0	2.99	3.00
Your bank's liquidity position	0	2	92	1	0	6	1	1	2.99	2.99
B) Pressure from competition										
Competition from other banks	0	1	62	31	0	7	-16	-30	3.20	3.34
Competition from non-banks	0	1	84	4	0	10	-8	-3	3.09	3.03
Competition from market financing	0	0	84	6	0	10	-1	-6	3.02	3.07
C) Perception of risk										
Expectations regarding general economic activity	0	6	71	17	0	6	-5	-11	3.07	3.12
Industry or firm-specific outlook	0	5	82	7	0	6	0	-2	3.00	3.03
Risk on the collateral demanded	0	1	93	0	0	6	1	1	2.99	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)

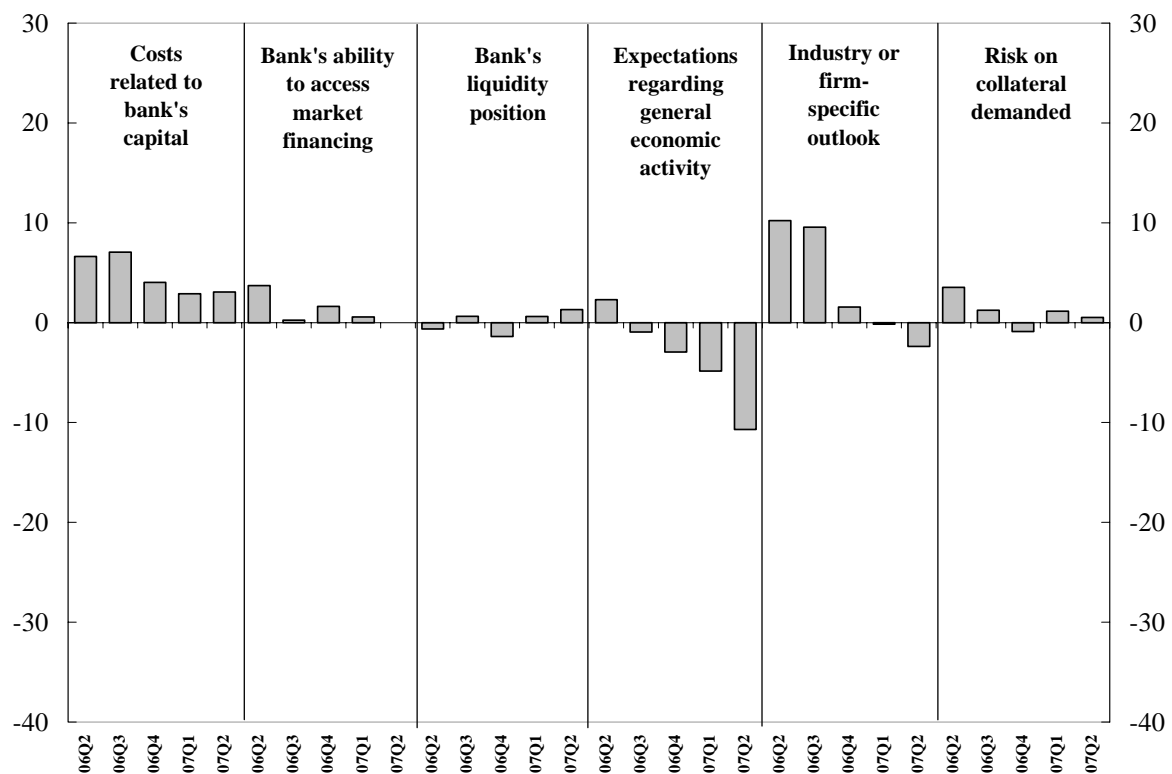
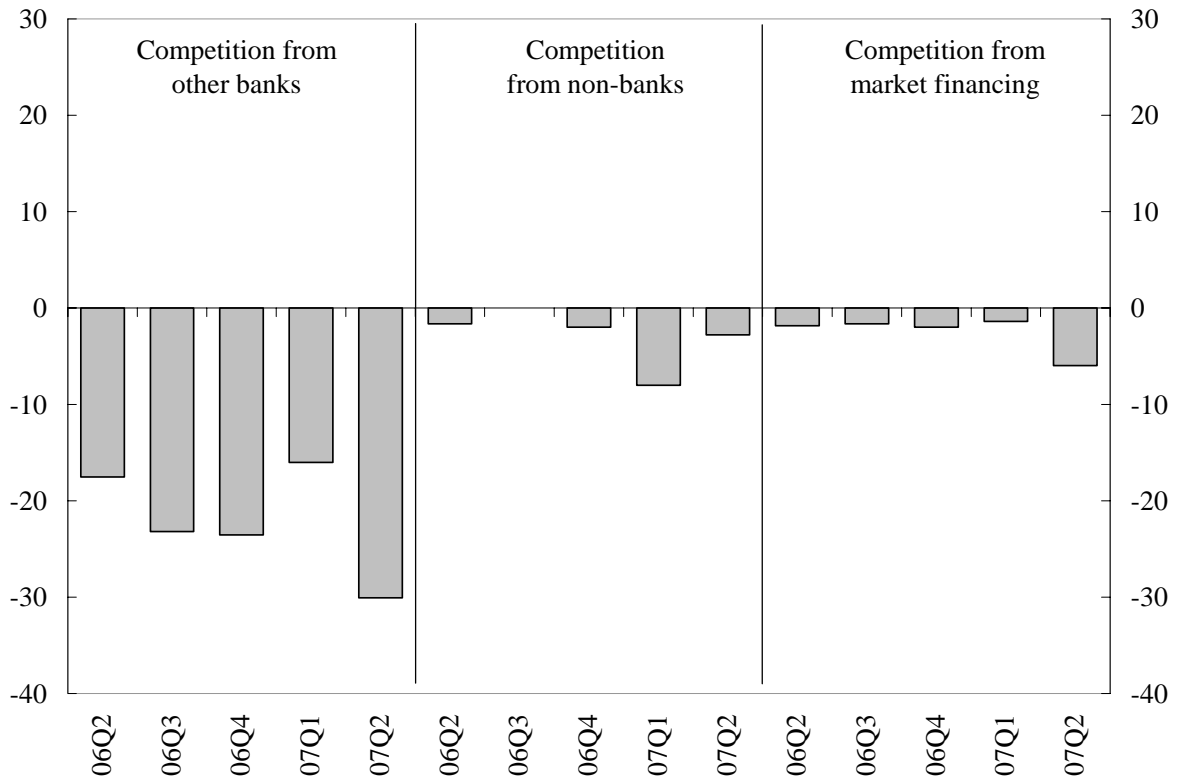


Chart 7b. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises
(net percentages of banks reporting tightening standards)



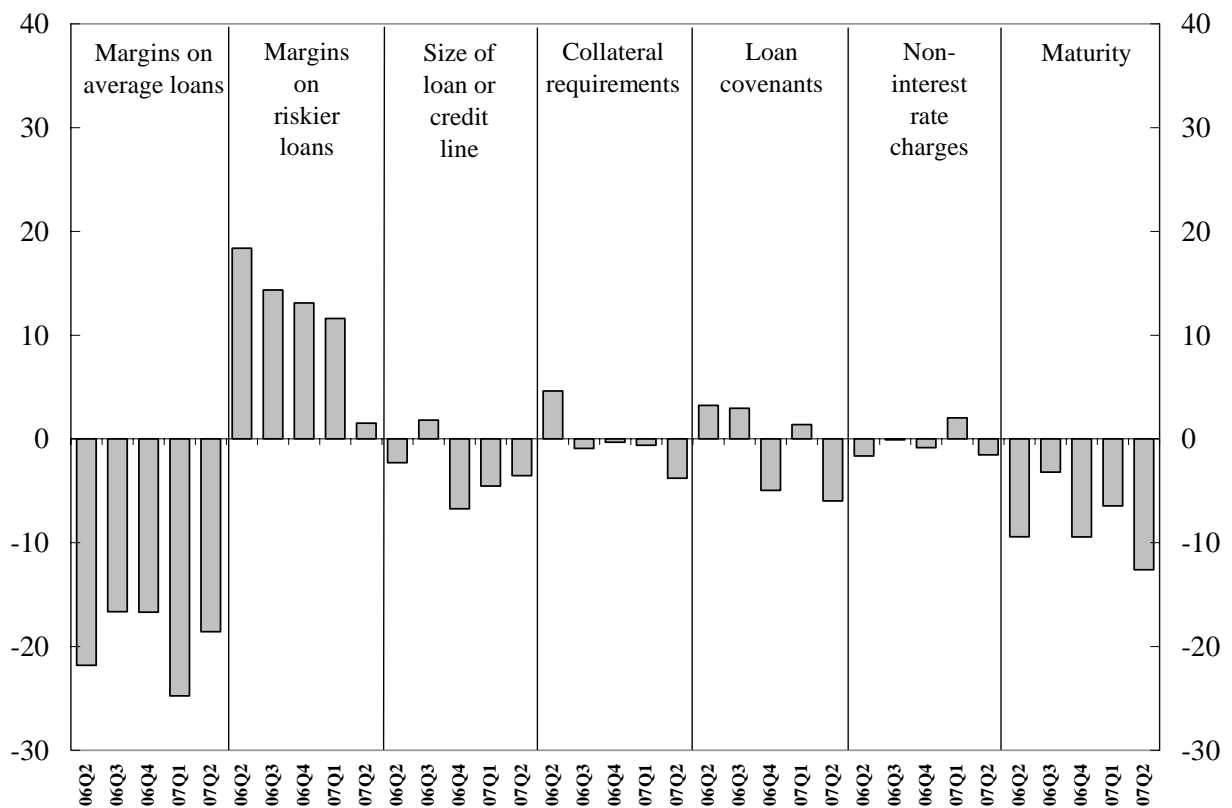
3. Over the past three months, how have your bank's conditions and terms for approving loans or credit lines to enterprises changed?

	--	-	°	+	++	NA	NetP		Mean	
							April 2007	July 2007	April 2007	July 2007
							A) Price			
Your bank's margin on average loans	0	10	57	28	0	5	-25	-19	3.26	3.20
Your bank's margin on riskier loans	0	15	67	13	0	6	12	2	2.88	2.99
B) Other conditions and terms										
Non-interest rate charges	0	1	90	2	0	7	2	-2	2.98	3.02
Size of the loan or credit line	0	0	90	4	0	6	-5	-4	3.06	3.04
Collateral requirements	0	0	90	4	0	6	-1	-4	2.99	3.04
Loan covenants	0	2	84	8	0	6	1	-6	2.99	3.07
Maturity	0	1	79	14	0	6	-6	-13	3.07	3.14

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)

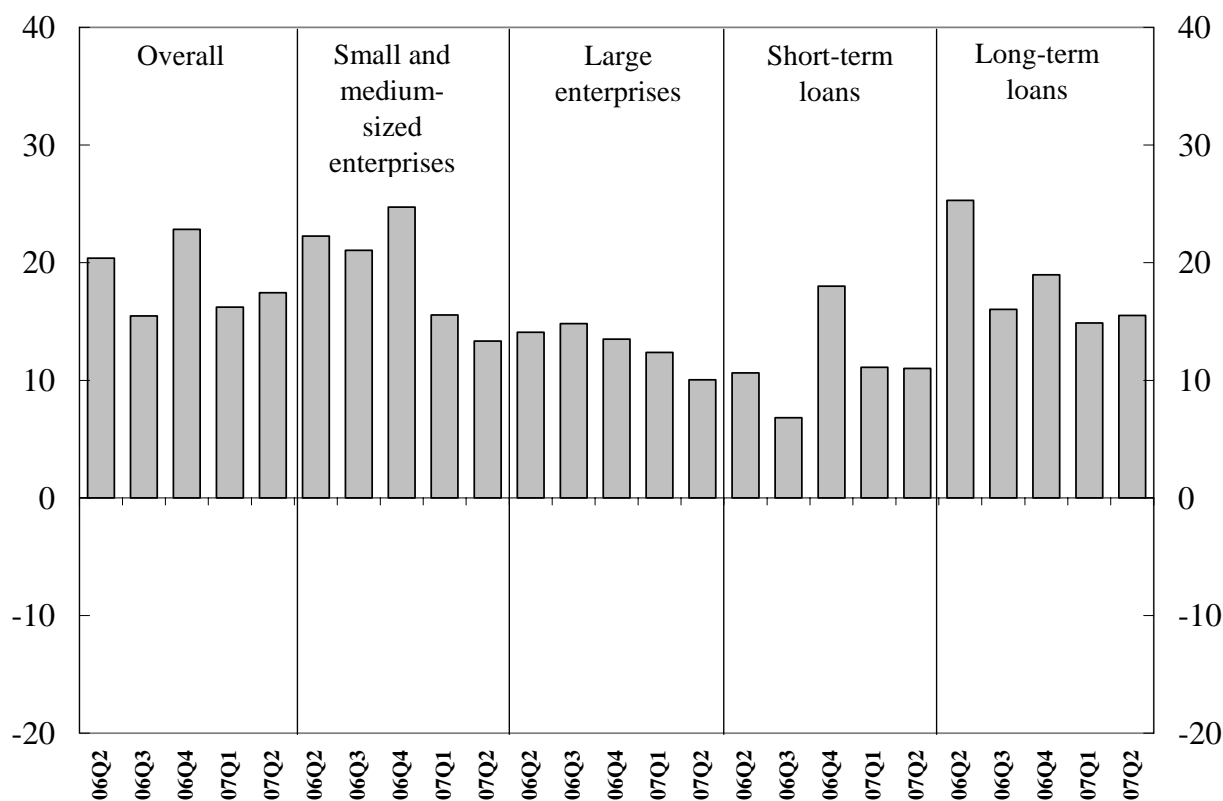


4. Over the past three months, how has the demand for loans or credit lines to enterprises changed at your bank, apart from normal seasonal fluctuations?

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	April 2007	July 2007	April 2007	July 2007	April 2007	July 2007	April 2007	July 2007	April 2007	July 2007
Decreased considerably	0	0	0	2	0	0	0	0	0	2
Decreased somewhat	7	4	7	2	6	2	4	2	8	3
Remained basically unchanged	71	75	71	80	75	85	81	85	69	75
Increased somewhat	23	19	22	15	19	11	15	12	23	18
Increased considerably	0	2	0	2	0	2	0	2	0	2
Total	100	100	100	100	100	100	100	100	100	100
Net percentage	16	18	16	13	12	10	11	11	15	16
<i>Mean</i>	<i>3.16</i>	<i>3.19</i>	<i>3.16</i>	<i>3.13</i>	<i>3.12</i>	<i>3.12</i>	<i>3.11</i>	<i>3.13</i>	<i>3.15</i>	<i>3.16</i>
Number of banks responding	85	85	85	84	84	84	85	85	85	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	
							April 2007	July 2007	April 2007	July 2007
							A) Financing needs			
Fixed investment	0	4	67	22	0	7	18	18	3.18	3.20
Inventories and working capital	0	2	70	21	2	5	16	20	3.18	3.23
Mergers/acquisitions and corporate restructuring	2	0	63	25	2	8	24	25	3.26	3.28
Debt restructuring	0	2	83	10	0	6	10	8	3.10	3.09
B) Use of alternative finance										
Internal financing	0	9	77	7	0	8	-3	-2	2.97	2.98
Loans from other banks	2	13	76	3	0	7	-9	-11	2.90	2.86
Loans from non-banks	0	0	89	3	0	8	2	3	3.02	3.03
Issuance of debt securities	0	6	80	2	0	11	2	-4	3.02	2.95
Issuance of equity	0	3	85	1	0	11	1	-3	3.01	2.96

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)

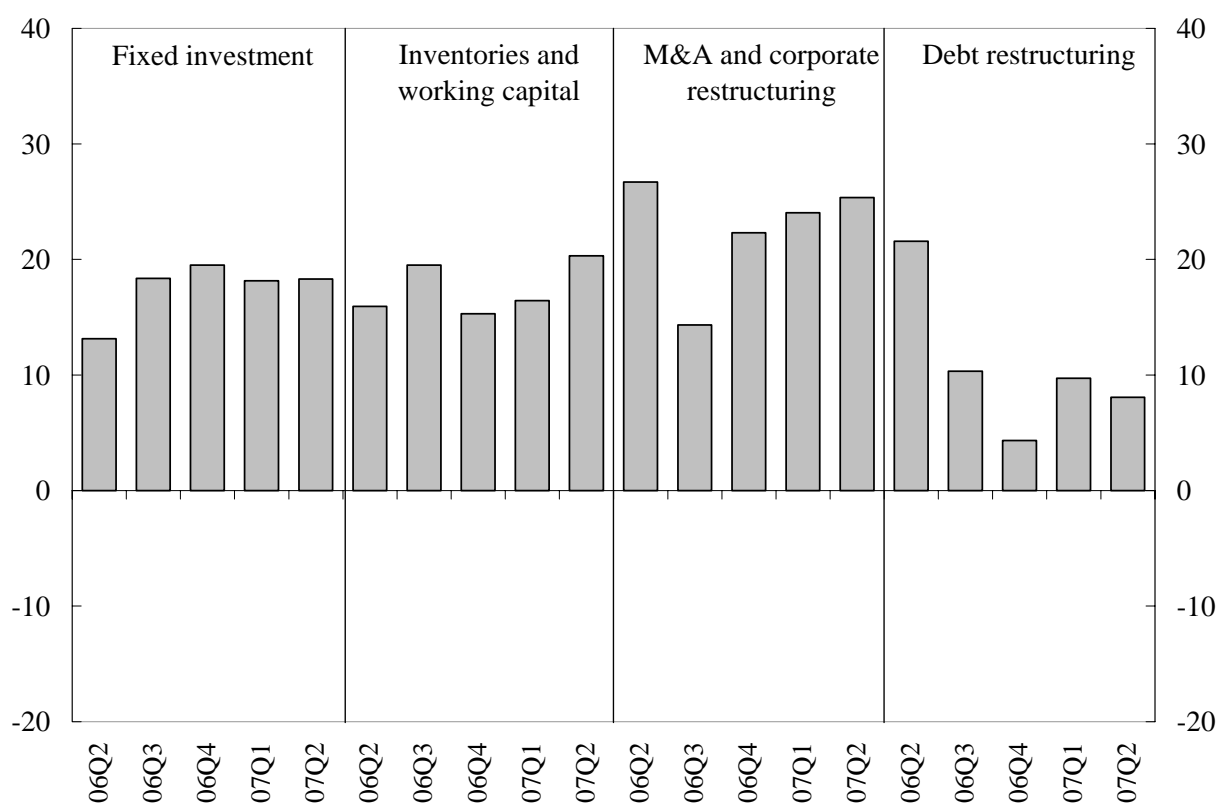
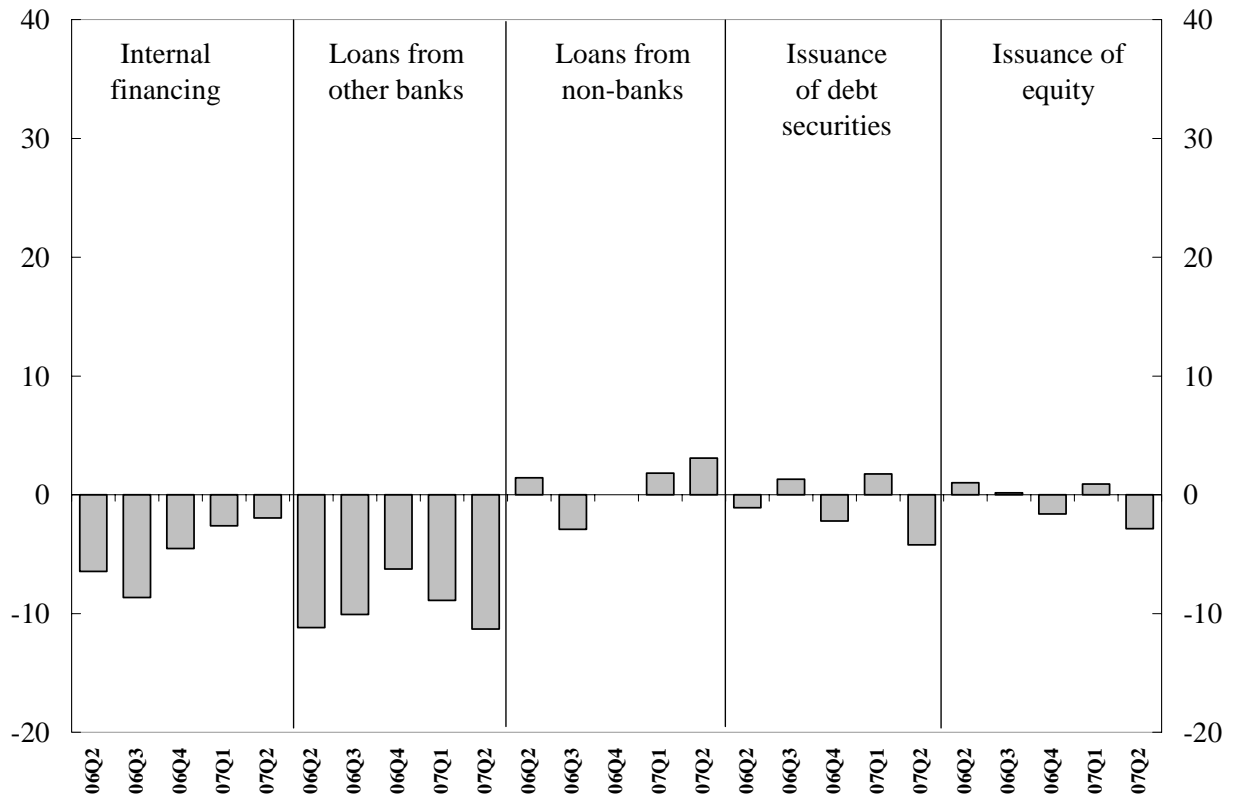


Chart 10b. Factors affecting demand for loans and credit lines to enterprises
(net percentages of banks reporting a positive contribution to demand)

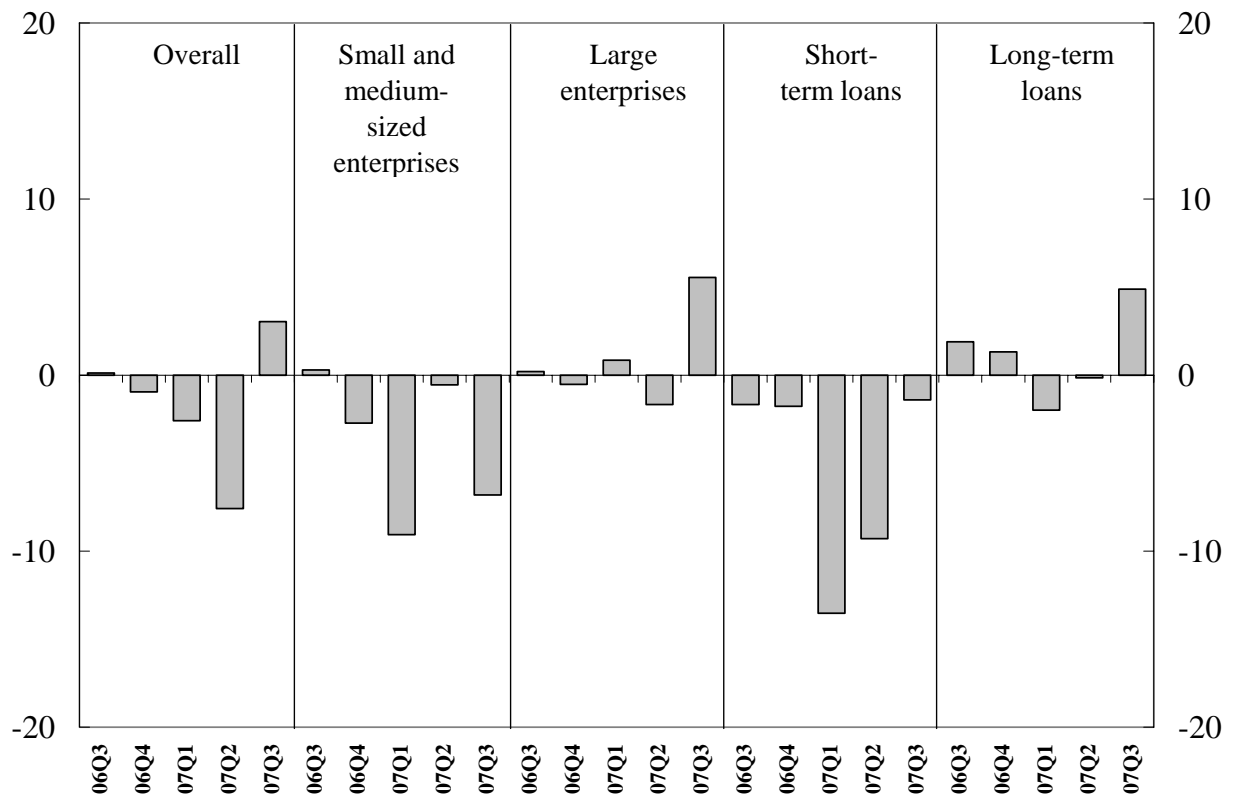


6. Please indicate how you expect your bank's credit standards as applied to the approval of loans or credit lines to enterprises to change over the next three months.

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	April 2007	July 2007	April 2007	July 2007	April 2007	July 2007	April 2007	July 2007	April 2007	July 2007
Tighten considerably	2	0	2	0	2	0	2	0	2	0
Tighten somewhat	3	7	8	4	4	7	3	1	6	10
Remain basically unchanged	83	90	80	85	87	91	81	98	85	85
Ease somewhat	13	4	10	11	8	2	14	2	7	5
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	-8	3	-1	-7	-2	6	-9	-1	0	5
<i>Mean</i>	<i>3.06</i>	<i>2.97</i>	<i>2.99</i>	<i>3.07</i>	<i>3.00</i>	<i>2.94</i>	<i>3.08</i>	<i>3.01</i>	<i>2.99</i>	<i>2.95</i>
Number of banks responding	85	85	85	84	84	84	84	84	85	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)

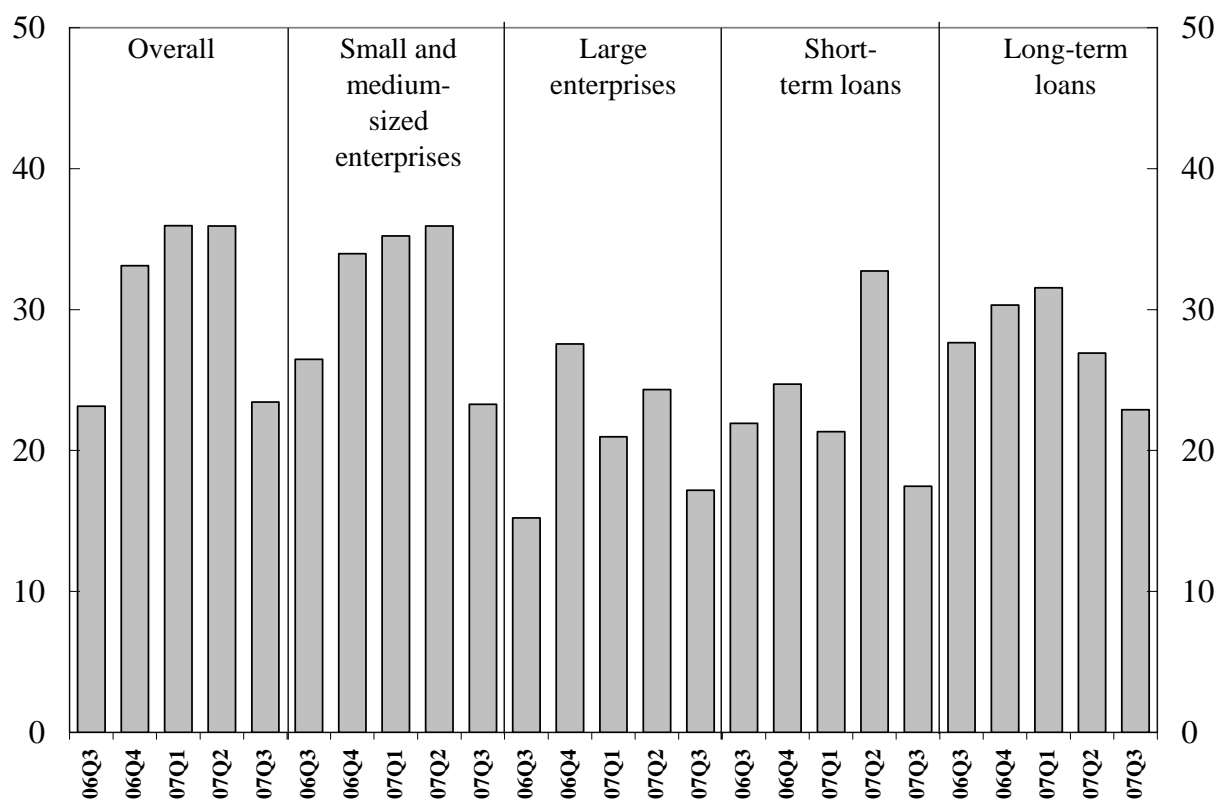


7. Please indicate how you expect demand for loans or credit lines to enterprises to change at your bank over the next three months (apart from normal seasonal fluctuations).

	Overall		Loans to small and medium-sized enterprises		Loans to large enterprises		Short-term loans		Long-term loans	
	April 2007	July 2007	April 2007	July 2007	April 2007	July 2007	April 2007	July 2007	April 2007	July 2007
Decrease considerably	0	0	0	0	0	0	0	0	0	0
Decrease somewhat	3	4	4	4	1	3	1	2	4	3
Remain basically unchanged	59	69	56	68	73	77	66	80	65	70
Increase somewhat	38	28	40	28	26	20	33	19	31	26
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	23	36	23	24	17	33	18	27	23
<i>Mean</i>	<i>3.36</i>	<i>3.23</i>	<i>3.36</i>	<i>3.23</i>	<i>3.24</i>	<i>3.17</i>	<i>3.33</i>	<i>3.17</i>	<i>3.27</i>	<i>3.23</i>
Number of banks responding	85	85	85	84	84	84	85	85	85	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)



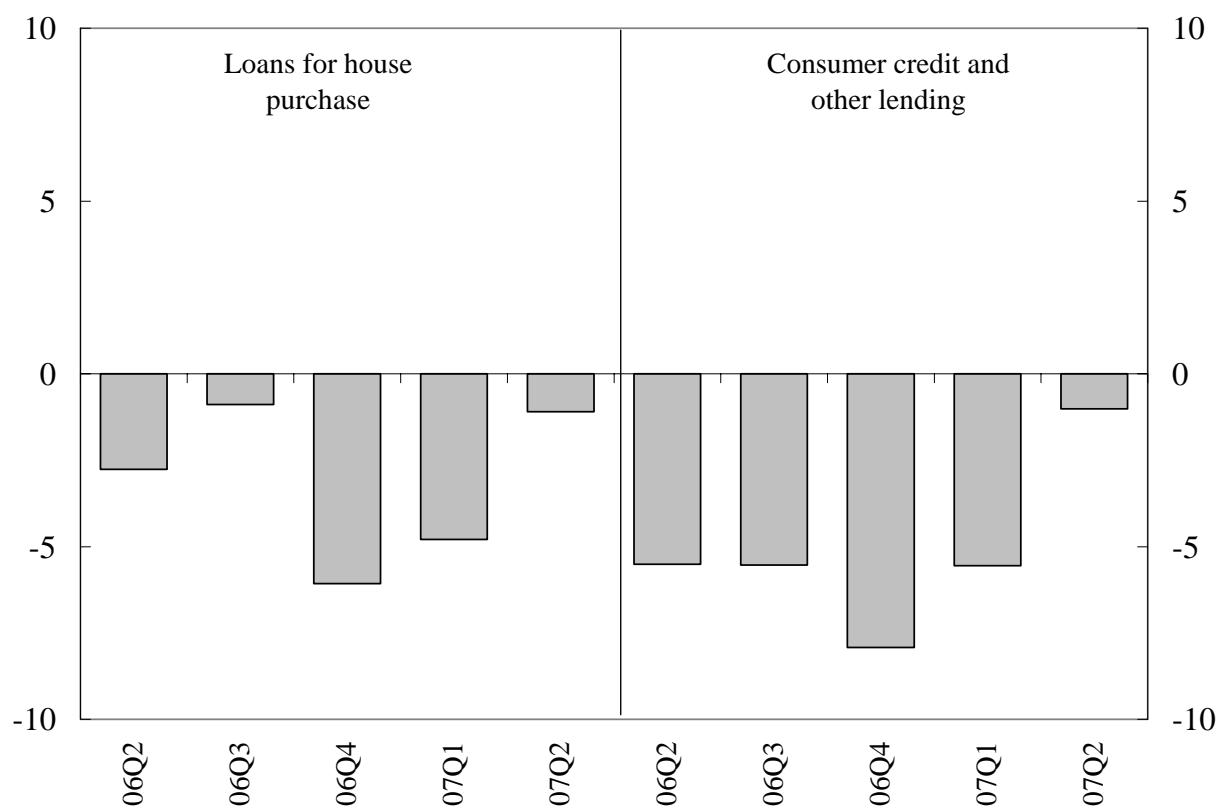
II. Loans to households

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	
	April 2007	July 2007	April 2007	July 2007
Tightened considerably	1	0	0	0
Tightened somewhat	9	15	5	6
Remained basically unchanged	74	69	84	86
Eased somewhat	15	16	11	7
Eased considerably	0	0	0	0
Total	100	100	100	100
Net percentage	-5	-1	-6	-1
Mean	3.03	3.01	3.06	3.01
Number of banks responding	82	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 13. Credit standards applied to the approval of loans to households
(net percentages of banks reporting tightening credit standards)



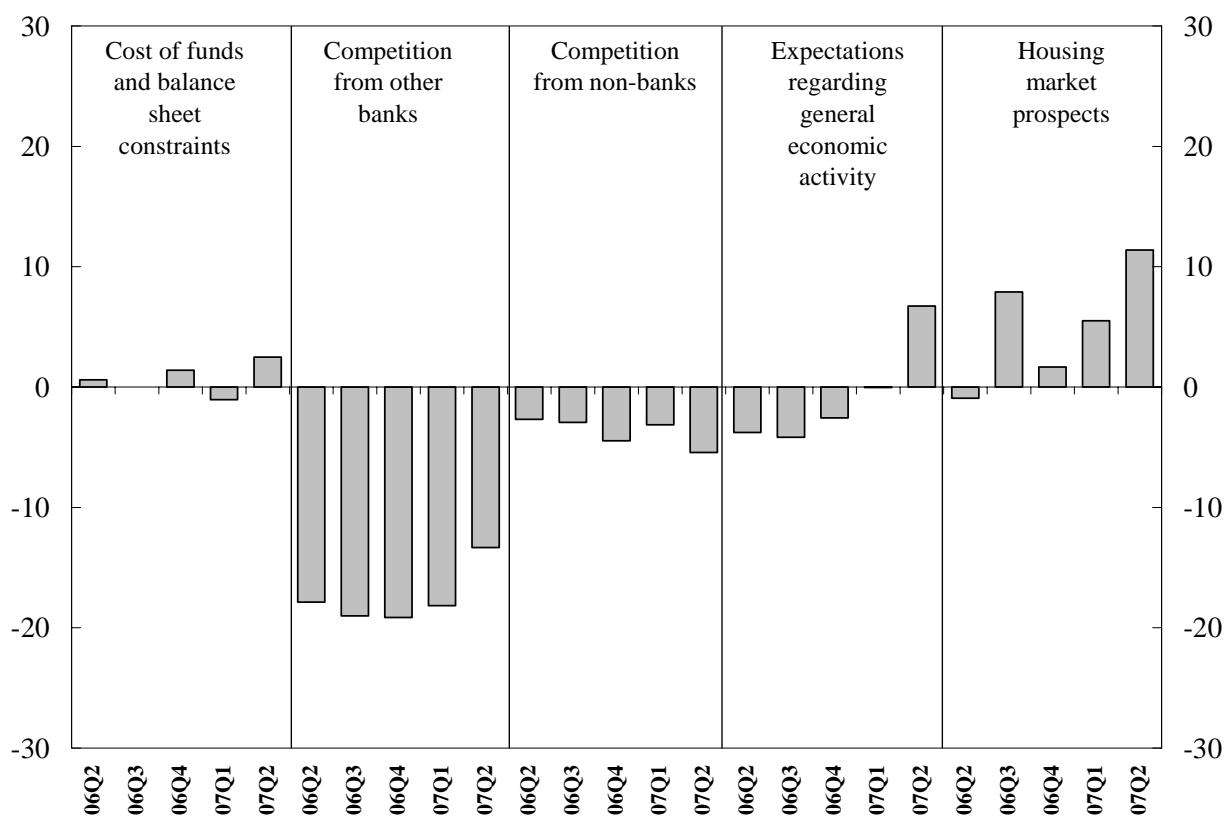
9. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of loans to households for house purchase?

	--	-	°	+	++	NA	NetP		Mean	
							April 2007	July 2007	April 2007	July 2007
							A) Cost of funds and balance sheet constraints	0	3	89
B) Pressure from competition										
Competition from other banks	0	3	71	14	2	10	-18	-13	3.21	3.17
Competition from non-banks	0	0	83	5	0	12	-3	-5	3.04	3.06
C) Perception of risk										
Expectations regarding general economic activity	0	10	77	4	0	9	0	7	3.00	2.93
Housing market prospects	0	15	73	3	0	9	6	11	2.94	2.89

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)



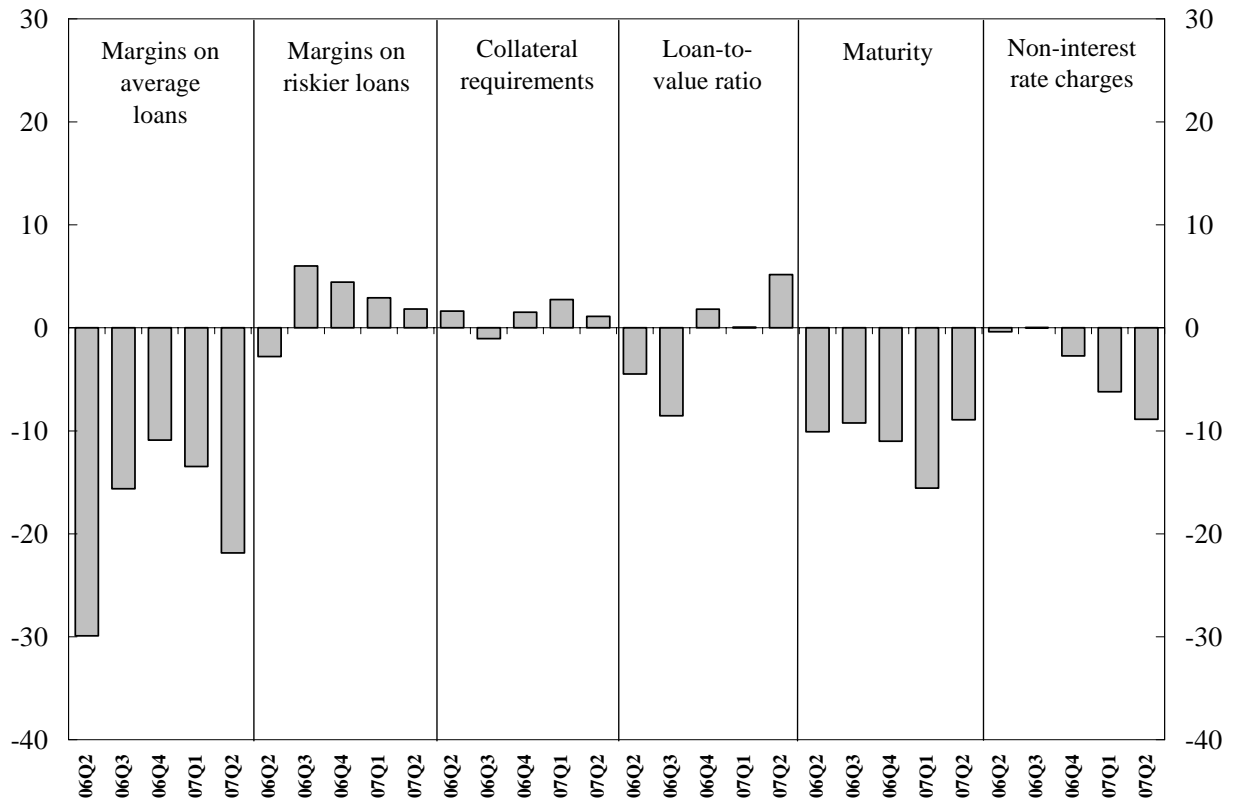
10. Over the past three months, how have your bank's conditions and terms for approving loans to households for house purchase changed?

	--	-	°	+	++	NA	NetP		Mean	
							April 2007	July 2007	April 2007	July 2007
							A) Price			
Your bank's margin on average loans	0	9	52	26	5	9	-14	-22	3.16	3.28
Your bank's margin on riskier loans	0	8	78	6	0	9	3	2	2.97	2.98
B) Other conditions and terms										
Collateral requirements	0	6	81	4	0	9	3	1	2.97	2.99
Loan-to-value ratio	0	13	71	8	0	9	0	5	3.00	2.95
Maturity	0	0	82	9	0	9	-16	-9	3.17	3.09
Non-interest rate charges	0	0	82	9	0	9	-6	-9	3.06	3.09

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)



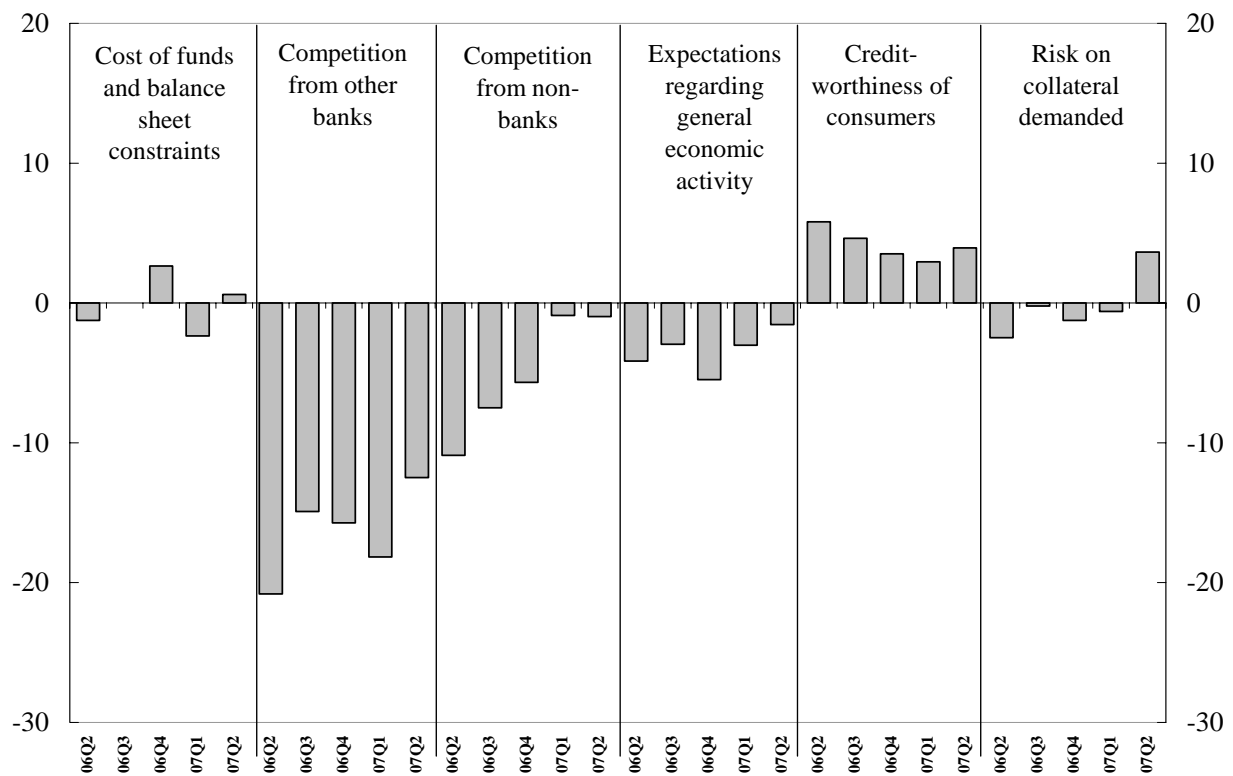
11. Over the past three months, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households (as described in question 8)?

	--	-	°	+	++	NA	NetP		Mean	
							April 2007	July 2007	April 2007	July 2007
							A) Cost of funds and balance sheet constraints	0	1	86
B) Pressure from competition										
Competition from other banks	0	0	77	13	0	11	-18	-13	3.22	3.14
Competition from non-banks	0	2	85	3	0	11	-1	-1	3.02	3.01
C) Perception of risk										
Expectations regarding general economic activity	0	6	77	8	0	9	-3	-2	3.04	3.03
Creditworthiness of consumers	0	7	81	3	0	9	3	4	2.97	2.96
Risk on the collateral demanded	0	4	81	1	0	14	-1	4	3.01	2.96

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)



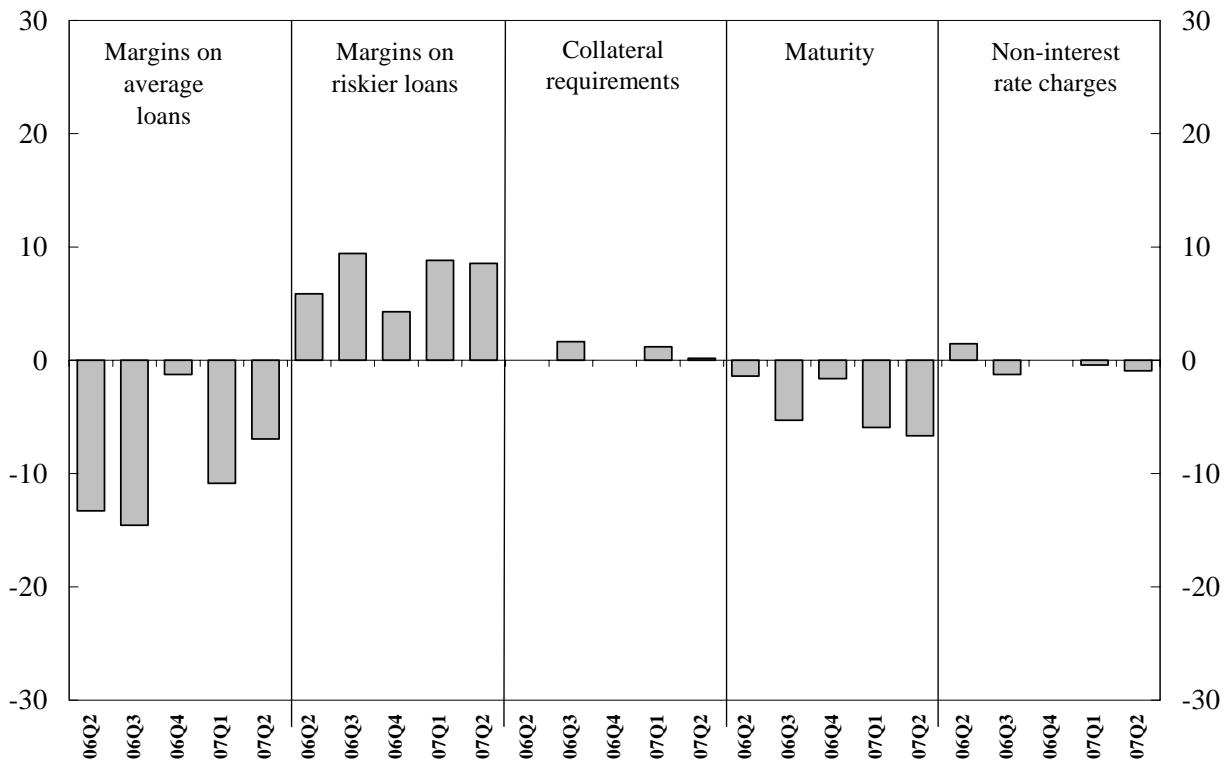
12. Over the past three months, how have your bank's conditions and terms for approving consumer credit and other lending to households changed?

	--	-	°	+	++	NA	NetP		Mean	
							April 2007	July 2007	April 2007	July 2007
							A) Price			
Your bank's margin on average loans	0	13	59	20	0	9	-11	-7	3.13	3.08
Your bank's margin on riskier loans	0	11	76	2	0	11	9	9	2.90	2.91
B) Other conditions and terms										
Collateral requirements	0	4	82	4	0	11	1	0	2.99	3.00
Maturity	0	4	74	7	4	12	-6	-7	3.09	3.13
Non-interest rate charges	0	4	81	5	0	11	0	-1	3.01	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 lending to households
(net percentages of banks reporting tightening standards)

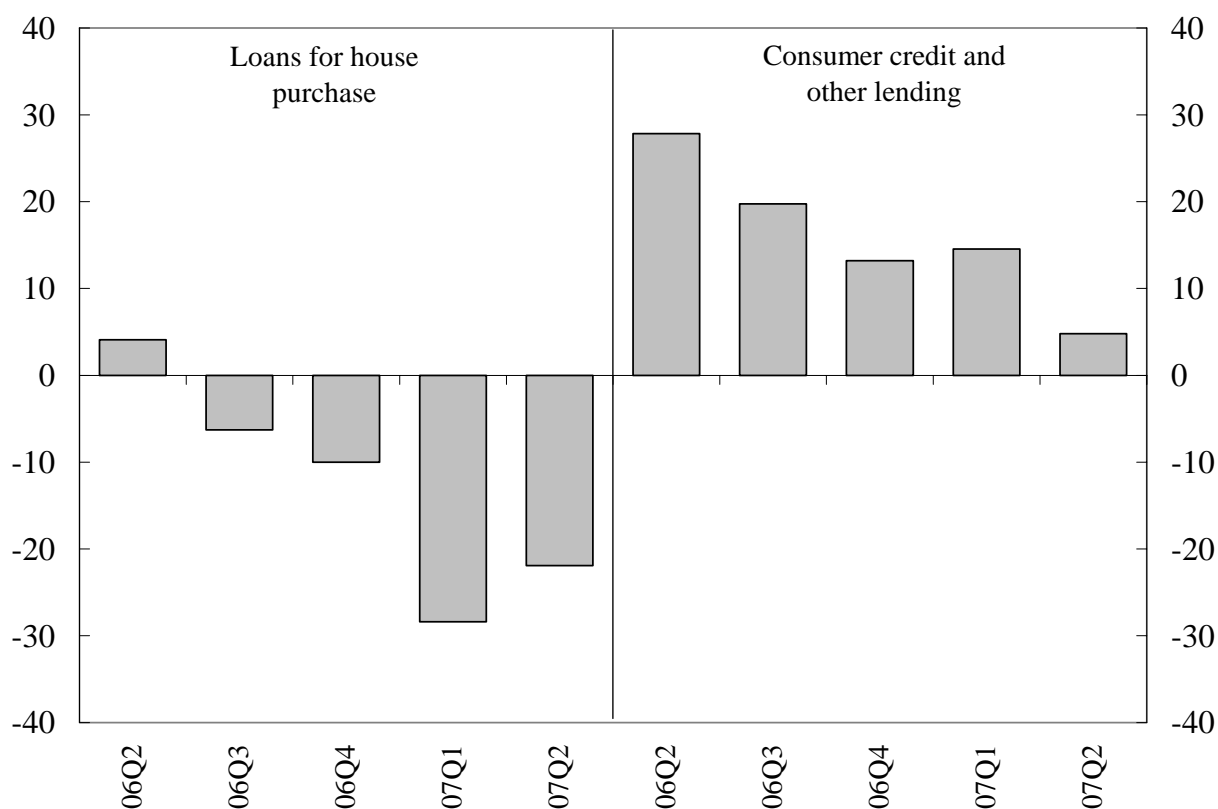


13. Over the past three months, how has the demand for loans to households changed at your bank, apart from normal seasonal fluctuations?

	Loans for house purchase		Consumer credit and other lending	
	April 2007	July 2007	April 2007	July 2007
Decreased considerably	7	3	2	0
Decreased somewhat	29	36	9	18
Remained basically unchanged	56	45	63	60
Increased somewhat	8	15	24	22
Increased considerably	0	2	2	0
Total	100	100	100	100
Net percentage	-28	-22	15	5
Mean	2.65	2.77	3.15	3.05
Number of banks responding	82	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 18. Demand for loans to households
(net percentages of banks reporting positive loan demand)



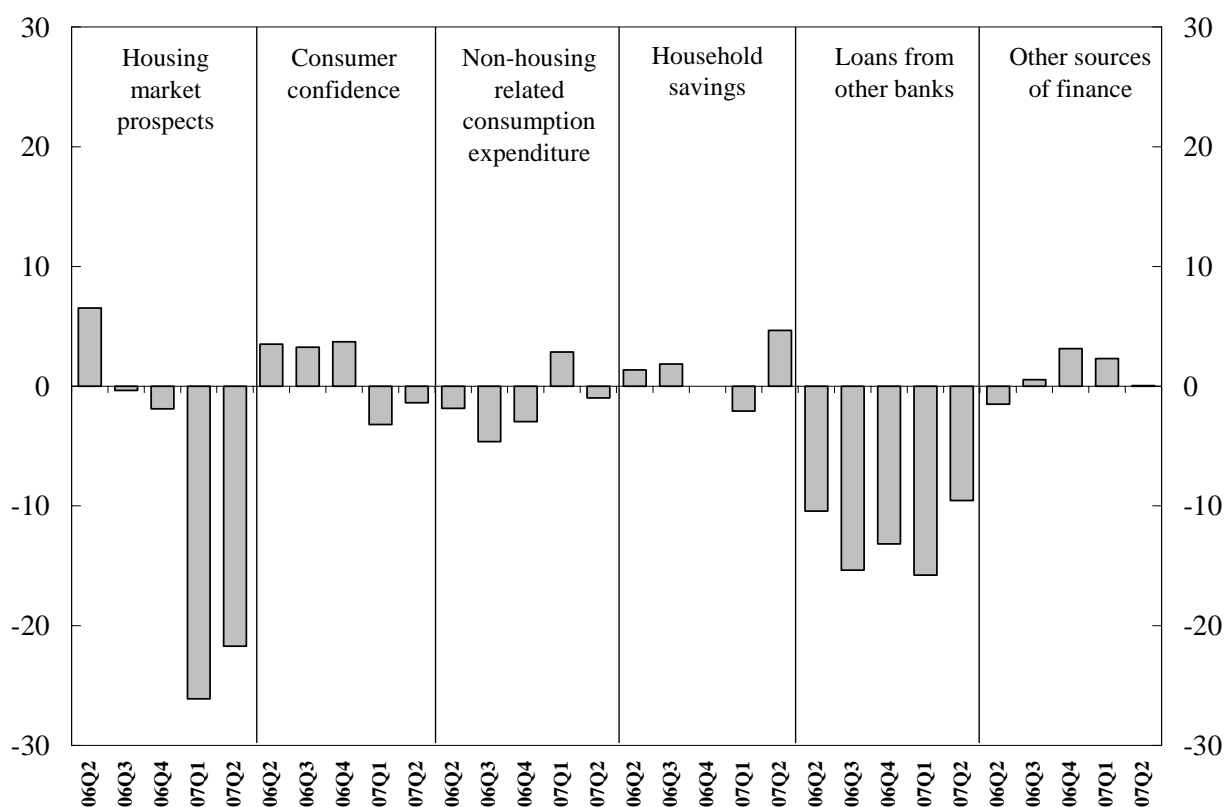
14. Over the past three months, how have the following factors affected the demand for loans to households for house purchase (as described in question 13)?

	--	-	°	+	++	NA	NetP		Mean	
							April 2007	July 2007	April 2007	July 2007
							A) Financing needs			
Housing market prospects	0	29	55	7	0	9	-26	-22	2.70	2.75
Consumer confidence	0	12	68	11	0	9	-3	-1	2.96	2.99
Non-housing related consumption expenditure	0	3	87	2	0	9	3	-1	3.03	2.99
B) Use of alternative finance										
Household savings	0	2	82	7	0	9	-2	5	2.98	3.04
Loans from other banks	2	8	81	0	0	9	-16	-10	2.81	2.87
Other sources of finance	0	0	90	0	0	10	2	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 "++" (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)



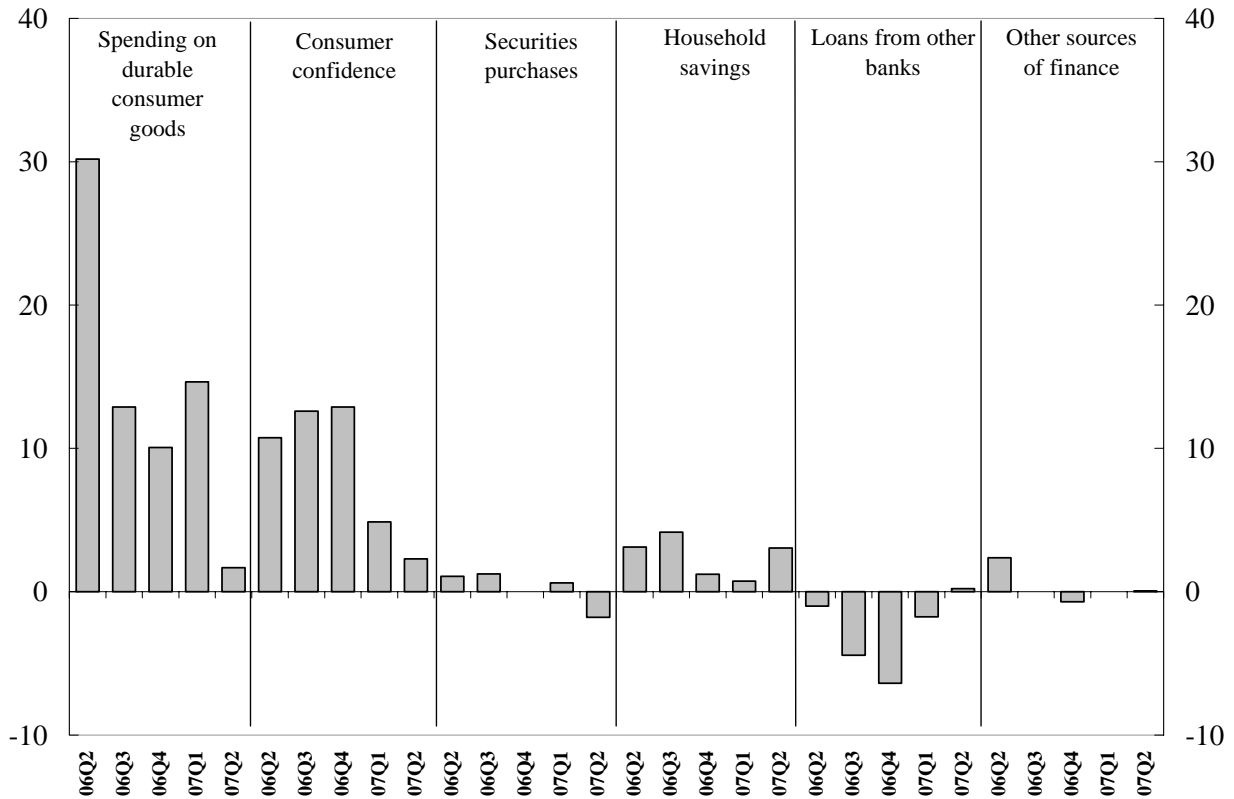
15. Over the past three months, how have the following factors affected the demand for consumer credit and other lending to households (as described in question 13)?

	--	-	°	+	++	NA	NetP		Mean	
							April 2007	July 2007	April 2007	July 2007
A) Financing needs										
Spending on durable consumer goods	0	10	69	12	0	9	15	2	3.16	3.02
Consumer confidence	0	9	71	11	0	9	5	2	3.06	3.03
Securities purchases	0	2	83	1	0	14	1	-2	3.01	2.98
B) Use of alternative finance										
Household savings	0	3	82	6	0	9	1	3	3.00	3.03
Loans from other banks	0	4	83	4	0	9	-2	0	3.00	3.00
Other sources of finance	0	0	90	0	0	10	0	0	3.00	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)

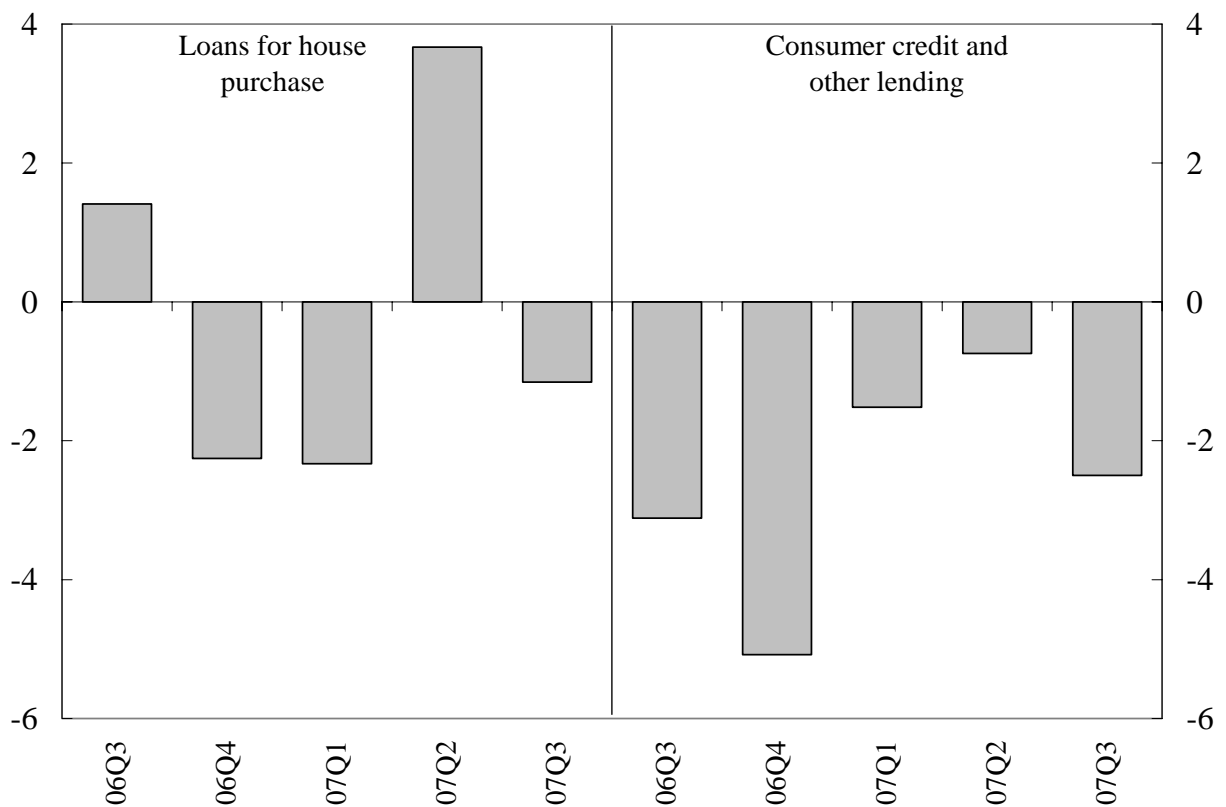


16. Please indicate how you expect your bank's credit standards as applied to the approval of loans to households to change over the next three months.

	Loans for house purchase		Consumer credit and other lending	
	April 2007	July 2007	April 2007	July 2007
Tighten considerably	0	0	0	0
Tighten somewhat	12	13	9	8
Remain basically unchanged	79	74	82	82
Ease somewhat	9	14	9	10
Ease considerably	0	0	0	0
Total	100	100	100	100
Net percentage	4	-1	-1	-3
<i>Mean</i>	<i>2.96</i>	<i>3.01</i>	<i>3.01</i>	<i>3.02</i>
Number of banks responding	82	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 21. Expected credit standards for loans to households
(net percentages of banks expecting tightening standards)

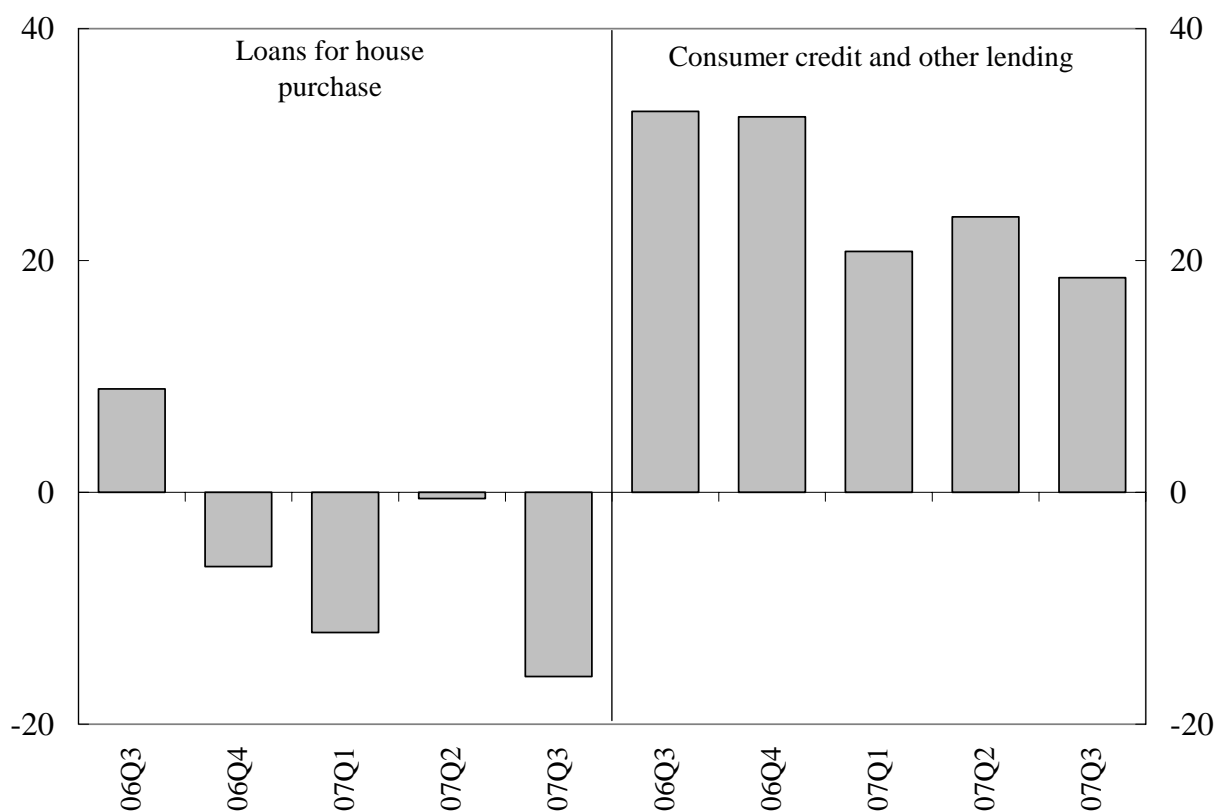


17. Please indicate how you expect demand for loans to households to change over the next three months at your bank (apart from normal seasonal fluctuations).

	Loans for house purchase		Consumer credit and other lending	
	April 2007	July 2007	April 2007	July 2007
Decrease considerably	0	1	0	0
Decrease somewhat	23	31	5	5
Remain basically unchanged	55	51	66	71
Increase somewhat	22	17	29	24
Increase considerably	0	0	0	0
Total	100	100	100	100
Net percentage	-1	-16	24	19
<i>Mean</i>	2.99	2.83	3.24	3.19
Number of banks responding	82	81	81	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 in filling 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 geographical 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.