BANK LENDING SURVEY

APRIL 2007

1. METHODS, PRINCIPLES AND TASKS OF THE SURVEY

This report presents the results of the central bank of Lithuania lending survey conducted in April 2007. Lending Surveys are organised in order to obtain information on non-interest bearing loan conditions, lending costs and market expectations.

The banks were requested to indicate changes of lending to households and non-financial enterprises over the period of end-October 2006 to end-April 2007.[1] In their responses regarding the future situation, the banks were requested to assess lending changes six months in advance (April 2007 – October 2007).

The sample group of banks participating in the survey comprised 9 banks and 2 foreign bank branches. All 11 banks and bank branches participated in the April 2007 survey, yielding an overall response rate of 100%.

The bank lending survey was addressed to senior commercial banks' loan officers. The presented opinions do not necessarily reflect those of the Bank of Lithuania or the position and assessments of individual staff members of the Bank.

When making general conclusions and calculating the percentage of banks that have chosen a particular version of given answers, responses of individual banks were as expert assessments treated similarly regardless their market share.

General notes

The net percentage is defined as the difference 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. Similarly, the term "net demand" refers to the difference between the share of banks reporting an increase in loan demand and those reporting a decline. Thus, a positive net demand means that a larger share of banks has reported an increase in loan demand and vice versa.

[1] This period covers six months, therefore, for convenience purposes it is further referred to as a half-year.

1. LOANS OR CREDIT LINES TO ENTERPRISES

Credit standards. 82 per cent of bank-respondents (11 banks participated in the survey) reported that they had not changed **general credit standards** over the reporting period (see Chart 1). As in the previous six months, the banks reported that credit standards had been eased only for small and medium - sized enterprises (-9%). The majority of banks tightened conditions to long-term loans.

The assessment of **factors** affecting the issue of loans (see Chart 2), related to financing costs, financial constrains, pressure from competition or perception of risk, indicates that the majority of these factors were attributed by banks to a net easing. According to the banks, the only risk on the collateral demanded weighed a net tightened on credit standards (9%).

Regarding the **terms and conditions of loans and credit lines** (see Chart 3), over the reporting period the development in credit standards was implemented by banks via tightening loan covenants (9%), and collateral requirements (9%). From all the conditions and terms indicated in the survey, a reducing margin on average loans (-45%), size of the loan or credit line (-18%), and maturity (-18%) weighed most heavily towards a net tightening of the loan issue. The comparison of the results of the previous survey suggests that more banks decreased the margin on loans to enterprises. Not a single bank - respondent reported a rise on a margin on loans to enterprises.

Loan demand. Only one bank-respondent reported a decrease of the **demand for loans** over the reporting half-year period (see Chart 4). 64 per cent of respondents affirmed that overall loan demand from enterprises had increased somewhat or considerably. The tendency of the slow-down of the growth rate of the demand for long-term loans to enterprise continues to persist (over the reporting period, only 36 % of the banks, compared with 55% d. By contrast, the demand for short-term loans, according to the respondent banks, increased from 45% to 55%). The demand for loans to large enterprises remained stable.

All **factors** related with financing needs of enterprises supported loan demand. The demand for inventories and working capital (64%) and fixed investment (55%) affected the largest growth of the demand for loans to enterprises. A positive impact on the loan demand was entailed by the use of alternative financing. According to the majority of respondent banks, the impact of loans from other banks and issuance of equity remained unchanged, while such factors as internal financing (18%), loans from non-banks (9%), and issuance of debt securities (9%) were reported as the factors of a positive effect on the loan demand.

Expectations. Looking ahead, banks expect credit standards applied to approval of loans or credit lines to enterprises to remain unchanged for the next six months. However, when assessing the net result, the banks expect a tightening of credit standards applied to loans to large enterprises and an easing of these standards for small and medium-sized enterprises. The banks expect an increase of the overall loan demand from small and medium-sized enterprises (55%) in the next six months. According to the banks, the overall **demand for loans to enterprises** should grow similarly to the previous half-year (45%).

2. LOANS TO HOUSEHOLDS FOR HOUSE PURCHASE

Credit standards. Over the reporting period, the majority of banks did not change credit standards for house purchase (see Chart 6), however, some of them reported a tightening off these standards, if compared with the data of the previous survey. The net percentage of banks that tightened lending conditions amounted to 18 per cent, while 9 per cent the banks eased their credit conditions over the previous reporting period.

The assessment of the **factors** affecting the issue of loans reveals that a worse perception of risk as compared with the previous periods (expectations associated with the overall economic stance, prospects of the housing market) contributed to a more conservative approach regarding loans to households for house purchase. Competition factors (see Chapter 7) entailed an adverse effect. Competition from other banks (-55%) remains the major factor moderating the pressure of lending conditions and terms. Competition from non-banks strengthened in comparison with the previous six months.

Terms and conditions of loans to households for house purchase (see Chart 8) suggest that banks continued the policy of a tighter selection of customers, i.e., the margin on riskier loans was broadened. Also, collateral requirements were tightened (27%). Other credit standards (loan maturity -27%, loan to value ratio -9%) were loosened. Contrary to the previous survey, now margins on average loans were eased somewhat (from 9% in October to -9% in April).

Loan demand. The respondent banks reported a **rise of the net demand for housing loans** (see Chart 11) over the reporting six months (however, a somewhat lesser number of the banks thinking this way, compared with the previous survey; 45% of banks participating in this survey were of such an opinion, in the October survey they amounted to 55%).

The majority of banks affirmed that all of the **factors indicated in the survey drove a positive effect** on the demand for loans to households. The largest effect on this demand was made by such factors as consumer confidence (73%), housing market prospects (27%), and non-housing related consumption expenditure (27%). Positive effect on the demand for housing loans was supported by increased household savings (9%). In line with the previous six months, loans from other banks were attributed to the factors supporting demand for bank loans (36%).

Expectations. Not a single bank from the respondent 11 banks stated that over the next six months they expected no easing on credit standards for loans for households for house purchase. 18 per cent of banks - respondents were for an insignificant tightening of credit standards. The same number of banks as during the previous six months expects an increase in net demand of housing loans (27%).

3. CONSUMER CREDIT AND OTHER LENDING FOR HOUSEHOLDS

Credit standards. Standards applied to the approval of consumer credit and other lending to households remained unchanged as the factors affecting credit standards moved in opposite directions.

Competition **factors** (see Chart 9) contributed to loosening of credit standards applied for the approval of consumer credits (pressure from other banks competition -36% and competition from non-banks -18%). However, their pressure over the reporting six months subsided. Also, perception of risks entailed by consumer loans changed. Differently from the results reported during the previous six months, when perception of risk supported the loosening of credit standards applied for consumer loans, over the reporting period the banks reported an increase of risk (the risk associated with expectations arising from the overestimation of the general economic activity -9%, creditworthiness of consumers -9%, and collateral risk 9%), thus stimulating the tightening of credit standards.

Over the reporting period, **terms and conditions** of consumer credit and other lending for households (see Chart 10) were loosening, The margin on average (-36%) and riskier (9%) loans was contracting, loan maturity eased (-18%). However, an increased risk forced the banks to apply tighter collateral requirements (18%).

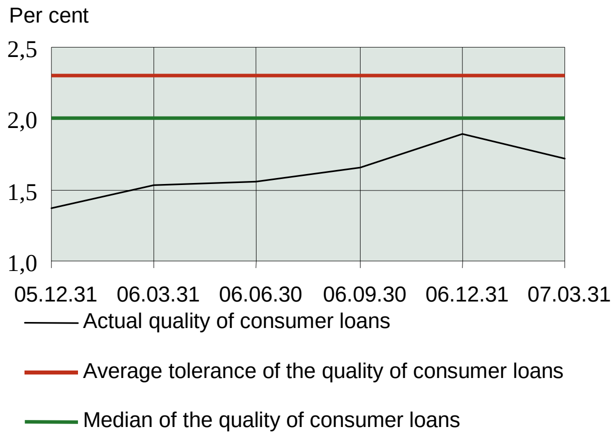
Loan demand. According to the survey results, **the net demand for consumer credit and other lending** for households (see Chapter 11) **was rising** (73%). As in the case of loans for house purchase, the main factors driving this increase were consumer confidence (82%), and purchase of durable consumer goods by households (82%) was an equally important factor, according to the banks. Compared to the results of the survey conducted in October 2006, a larger number of banks - respondents reported that the purchase of securities had had a positive impact on credit demand of households.

Expectations. The participating banks reported that they expected no change of credit standards for consumer credit and other lending to households. Also, a larger share of banks reported to expect an increase in the net demand for consumer and other lending for households (73%).

4. AD-HOC QUESTIONS

At the end of 2006, the ratio of the banking system loans whose regular payments were overdue more than 60 days, to the loan portfolio made up 1.0 per cent. When analyzing the quality of separate loan portfolio segments, it was possible to distinguish consumer loans to individuals. During 2006, consumer loans whose regular payments were overdue more than 60 days, boosted more than twice, while the ratio of overdue loans to the overall portfolio of consumer loans increased by 0.5 percentage point and made up 1.9 per cent.

The Quality of Consumer Loans of the Banking System



Source: calculations of Bank of Lithuania.

The Quality of the Loan Portfolio of the Banking System

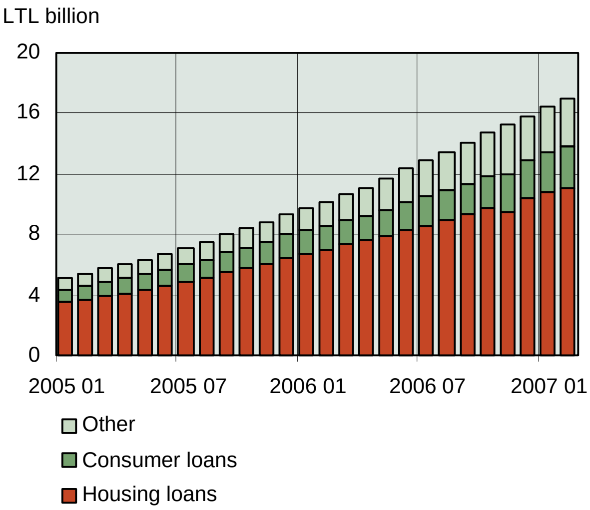
	2005.12.31	2006.06.30	2006.12.31	2007.03.31
Granted loans	0,6	1,1	1,0	0,9
Loan portfolio, other then housing and consumer loans (mainly business loans)	0,6	1,2	1,0	1,0
Housing loans	0,6	0,6	0,5	0,6
Consumer loans	1,4	1,6	1,9	1,7

The dynamics of the quality of consumer loans in individual banks was different. Some banks –respondents noted that the quality of their consumer loans had not deteriorated or deteriorated insignificantly. Other respondent banks whose consumer loan quality was deteriorating indicated that the main reasons behind this were the failure of customers to appropriately assess the size of assumed liabilities, debtors' emigration, worsening of the debtors' financial situation due to the loss of job, decreased income or growing expenditure, incorrect lending expectations regarding income receivable in the future, mischief of debtors, concealment of information on assumed liabilities.

The banks were also requested to indicate tolerance (i.e., not entailing larger concern about the loan portfolio quality, assumed risk and profitability of bank products) of consumer loans whose regular payments were overdue more than 60 days, against the overall respective portfolio. The summary of the results presented by banks revealed that the average tolerance of consumer loans overdue against the overall consumer loans might make up 2.1% (median of responses– 2%). According to this assessment, it is worthwhile to observe that the average quality of consumer loans of the banking system remained good in 2006 and did not exceed the calculated average tolerance of the quality of consumer loans.

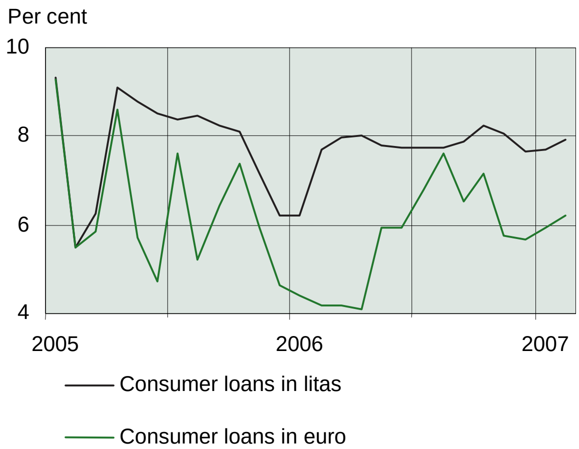
Recently the growth of the loan portfolio other than housing i.e., portfolio of consumer and other loans was robust. At the end of February 2007, the portfolio of consumer and other loans of other MFI accounted for LTL 5.8 billion and was by LTL 2.7 billion larger that a year ago. Moreover, in 2006 long fixation interest rates of consumer loans were characterized to have a larger that usual volatility: in certain periods interest rates dropped sharply. Such interest rate fluctuations might be driven by two factors – various bank actions during which the banks grant consumer loans with lower than usual interest rates, and collateralized consumer or other loans that are becoming more popular. The banks were requested to answer to the question regarding the growth of the volume of other than housing loans to individuals collateralized by real estate. The summary of the responses demonstrated a buoyant growth of this loan portfolio in 2006 in almost all responding banks (10 from 11), and near doubled compared with 2005. According to the assessment made by the Bank of Lithuania, these loans made up approximately LTL 2.4 billion, and accounted for about 44 per cent of the total portfolio of consumer and other loans at the end of 2006.

Loans of Other MFI to Households



Source: Bank of Lithuania.

Interest Rates of Consumer Loans (over 1 year)



Source: Bank of Lithuania.

Over 2006, the ratio of loans to other than individuals (mainly business loans) whose regular payments were overdue more than 60 days, to a respective total portfolio expanded by 0.4 percentage point and made up 1.0 per cent. The banks were requested to indicate economic activity sectors distinguishing by the lowest quality of the loan portfolio. Responses differed significantly and basically depended on the composition of a particular loan portfolio held by banks. Notwithstanding this, it is possible to distinguish sectors of manufacturing industry, electronics, textiles and food production, trade in food products, fishery, transport and storage. Looking ahead, the banks are of the opinion that real estate development and construction companies, enterprises of electronics, textiles, manufacture of wearing apparel and leather might be the first to encounter problems in the fulfillment of liabilities to banks. Also, some banks indicated here the sectors of manufacture of timber and retail trade. Overall, the majority of respondent banks (8 from 11) assessed the current financial situation of non-financial enterprises as stable, and the remaining share of banks-respondents pointed out that it had been improving in comparison with the previous periods.

The respondent banks were also asked to assess whether the population taking housing loans allocate a larger share of their overall income to finance a part of such loans due to the growth of residential real property prices, and whether driven by the same reasons they preferred smaller residential dwellings relatively cheaper due to a lesser living space. The majority of banks (8 from 11) reported that the share of household income to finance loans for housing had remained almost stable. Only 3 banks, occupying a relatively insignificant share of the housing loans market, responded that they had allocated a larger share of earned income for the debt administration compared with the previous periods. The banks differed in their opinions whether in the context of soaring residential property prices the population preferred smaller and cheaper dwellings. Five out of nine respondent banks responded to this question by indicating that in the environment of rising prices for housing, the population preferred smaller dwellings compared to those purchased earlier. The remaining banks indicated that available data had not suggested this kind of tendency. Additionally, the banks were requested to assess the current financial situation of households. Five out of eleven banks affirmed that the financial situation of households had been improving, the other five banks reported it stable, i.e., did not change compared with the previous periods. Only one bank affirmed deterioration of the current financial state of individuals.

To better identify reasons of the development of the overall loan portfolio, the banks were requested if they had recently noticed an increase of customers who delayed to make payments. Six out of eleven banks reported they had not observed such a growth. The summary of other banks responses proves that the rise of the number of individuals late in making payments was the most significant. From this number, customers to whom housing loans were granted and those having credit cards may be distinguished. However, the opinion that there was no firm background for expectations of the deterioration of the quality of loan portfolio or the increased of customers late to make their payments over the nearest half-year was dominating among all respondent banks. Two banks paid attention to the fact that a higher base interest rate might have an impact on the deterioration of the quality of loans, for individuals in particular. Also, a rather long loan repayment prolongation term, deteriorating ratio of loans to pledged assets, and the information about bad borrowers exchange system, which is in the stage of development, create preconditions for such a situation.

5. RESULTS FOR THE INDIVIDUAL QUESTIONS

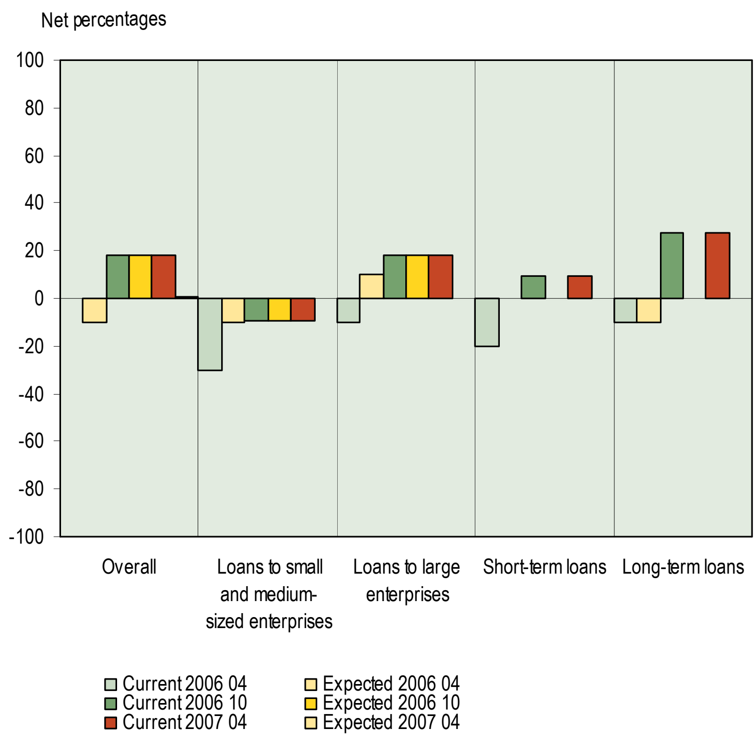
LOANS OR CREDIT LINES TO ENTERPRISES

1. Over the past six months, how have your bank's credit standards as applied to the approval of loans or credit lines to enterprises changed?

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Tightened considerably	0	0	0	0	0
Tightened somewhat	18	18	27	27	36
Remained basically unchanged	82	55	64	55	55
Eased somewhat	0	27	9	18	9
Eased considerably	0	0	0	0	0
Total	100	100	100	100	100
Net percentage	18	-9	18	9	27
Number of banks responding	11	11	11	11	11

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 1. Credit standards applied to the approval of loans or credit lines to enterprises

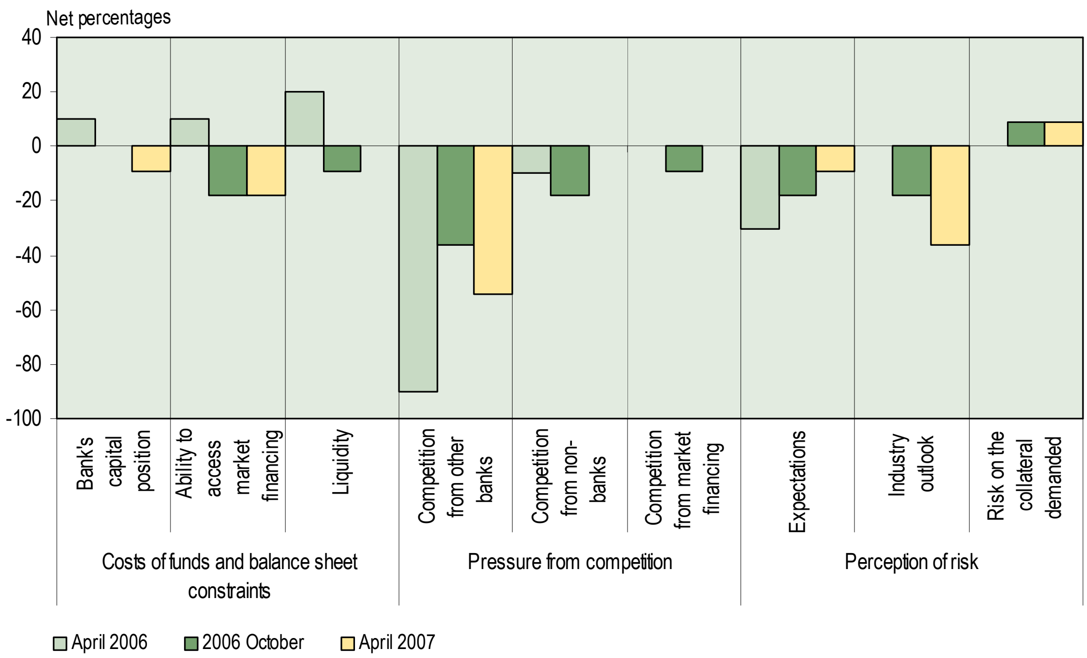


2. Over the last period, how the following factors affected your bank's credit standards as applied to the approval of loans or credit lines to enterprises?

	--	-	0	+	++	NA	**NetP**
a) Costs of funds and balance sheet constraints							
Costs related to your bank's capital position	0	0	82	9	0	9	-9
Your bank's ability to access market financing	0	0	64	18	0	18	-18
Your bank's liquidity position	0	0	82	0	0	18	0
b) Pressure from competition							
Competition from other banks	0	0	36	55	0	9	-55
Competition from non-banks	0	0	64	0	0	36	0
Competition from market financing	0	0	82	0	0	18	0
c) Perception of risk							
Expectations regarding general economic activity	0	18	55	27	0	9	-9
Industry or firm-specific outlook	0	0	64	36	0	9	-36
Risk on the collateral demanded	0	18	64	9	0	9	9

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), "0" means "contributed to basically unchanged credit standards", NA – not applicable.

Chart 2. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises

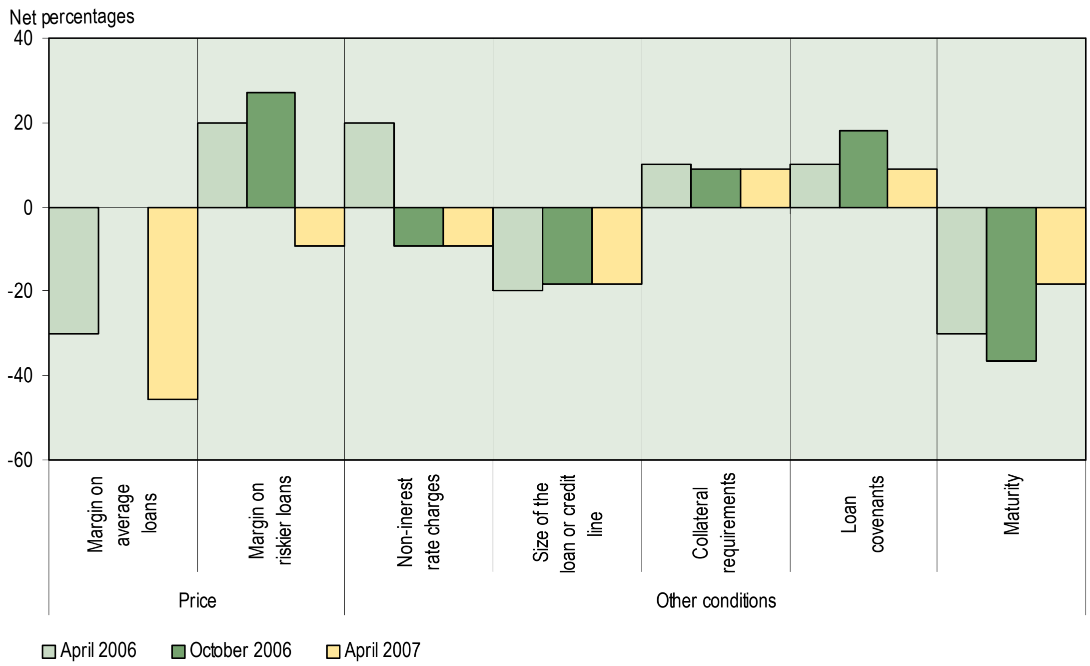


3. Over the past six months, how have your bank's conditions and terms for approving loans or credit lines to enterprises changed?

	--	-	0	+	++	NA	**NetP**
a) Price							
Your bank's margin on average loans	0	0	55	45	0	0	-45
Your bank's margin on riskier loans	0	9	73	18	0	0	-9
b) Other conditions and terms							
Non-interest rate charges	0	0	91	9	0	0	-9
Size of the loan or credit line	0	0	82	9	9	0	-18
Collateral requirements	0	27	55	18	0	0	9
Loan covenants	0	9	91	0	0	0	9
Maturity	0	9	64	18	9	0	-18

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). "0" means "remained basically unchanged".

Chart 3. Conditions and terms for approving loans or credit lines to enterprises

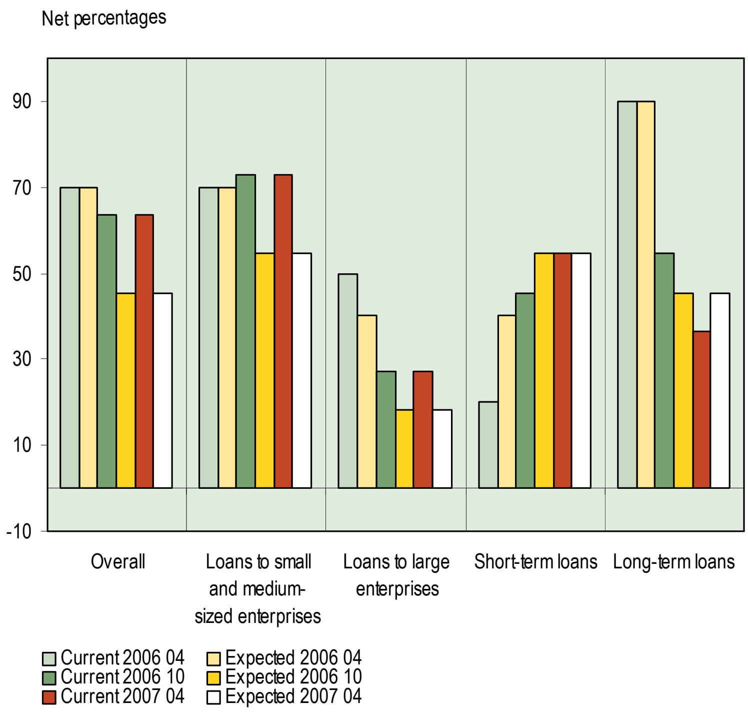


4. Over the past period, how has the demand for loans and credit lines to enterprises changed at your bank, apart from normal seasonal fluctuations?

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Decreased considerably	0	0	0	0	0
Decreased somewhat	9	0	9	0	9
Remained basically unchanged	18	27	55	45	45
Increased somewhat	64	64	27	45	36
Increased considerably	9	9	9	9	9
Total	100	100	100	100	100
Net percentage	64	73	27	55	36
Number of banks responding	11	11	11	11	11

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 4. Demand for loans and credit lines to enterprises

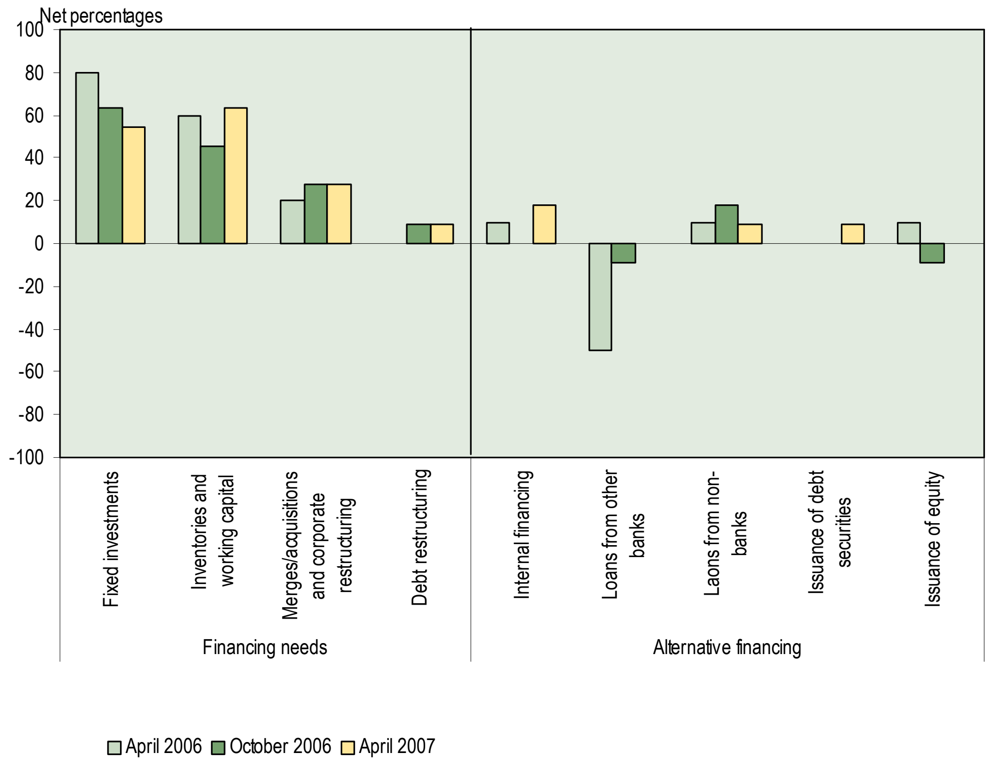


5. Over the past three months, how have the following factors affected the demand for loans or credit lines to enterprises?

	--	-	0	+	++	NA	**NetP**
a) Financing needs							
Fixed investment	0	9	18	55	9	9	55
Inventories and working capital	0	0	27	64	0	9	64
Mergers/acquisitions and corporate restructuring	0	0	64	27	0	9	27
Debt restructuring	0	0	82	9	0	9	9
b) Use of alternative finance							
Internal financing	0	0	73	18	0	9	18
Loans from other banks	0	18	55	18	0	9	0
Loans from non-banks	0	0	73	9	0	18	9
Issuance of debt securities	0	0	73	9	0	18	9
Issuance of equity	0	0	73	0	0	27	0

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). "0" means "contributed to basically unchanged demand".

Chart 5. Factors affecting demand for loans and credit lines to enterprises



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

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Tightened considerably	0	0	0	0	0
Tightened somewhat	18	9	18	0	18
Remained basically unchanged	82	73	82	100	64
Eased somewhat	0	18	0	0	18
Eased considerably	0	0	0	0	0
Total	100	100	100	100	100
Net percentage	18	-9	18	0	0
Number of banks responding	11	11	11	11	11

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 percentages for "eased somewhat" and "eased considerably".

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

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Decreased considerably	0	0	0	0	0
Decreased somewhat	9	0	9	0	9
Remained basically unchanged	36	45	64	45	36
Increased somewhat	55	55	27	55	55
Increased considerably	0	0	0	0	0
Total	100	100	100	100	100
Net percentage	45	55	18	55	45
Number of banks responding	11	11	11	11	11

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 percentages for "decrease somewhat" and "decrease considerably".

LOANS TO HOSEHOLDS

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

	Loans for house purchase	Consumer credit and other lending
Tightened considerably	0	0
Tightened somewhat	18	9
Remained basically unchanged	82	82
Eased somewhat	0	9
Eased considerably	0	0
Total	100	100
Net percentage	18	0
Number of banks responding	11	11

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 percentages for "eased somewhat" and "eased considerably".

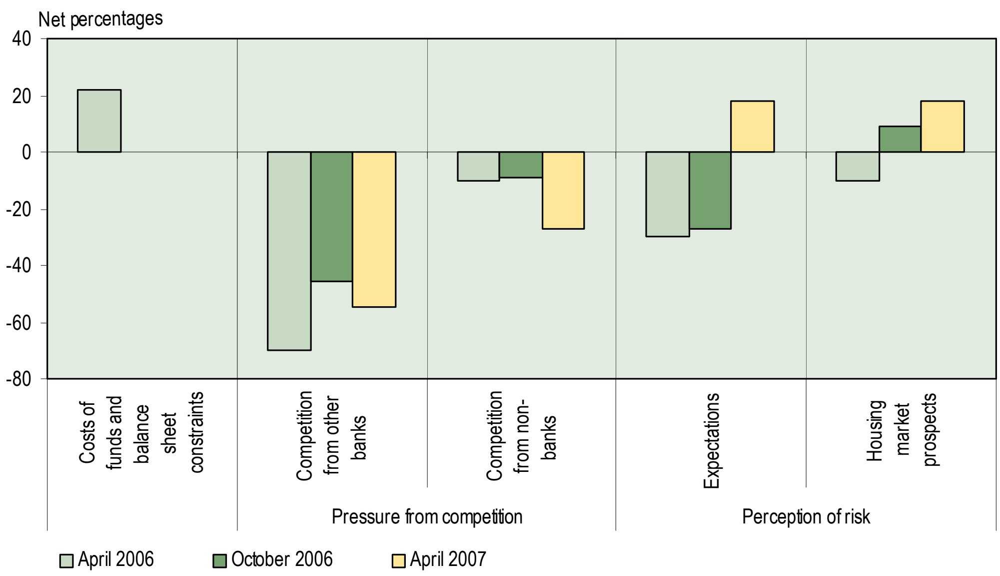
Chart 6. Credit standards applied to the approval of loans to households

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

	--	-	0	+	++	NA	**NetP**
a) Cost of funds and balance sheet constraints	0	0	82	0	0	18	0
b) Pressure from competition							
Competition from other banks	0	0	36	45	9	9	-55
Competition from non banks	0	0	45	27	0	27	-27
c) Perception of risk							
Expectations regarding general economic activity	0	27	55	9	0	9	18
Housing market prospects	0	18	73	0	0	9	18

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), "0" means "contributed to basically unchanged credit standards", NA – not applicable.

Chart 7. Factors affecting credit standards applied to the approval of loans to households for house purchase



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

	--	-	0	+	++	NA	NetP
a) Price							
Your bank's margin on average loans	0	18	55	27	0	0	-9
Your bank's margin on riskier loans	0	18	73	9	0	0	9
b) Other conditions							
Collateral requirements	0	27	73	0	0	0	27
Loans-to-value ratio	0	0	91	9	0	0	-9
Maturity	0	0	73	27	0	0	-27
Non-interest charges	0	9	73	9	0	9	0

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). "0" means "remained basically unchanged".

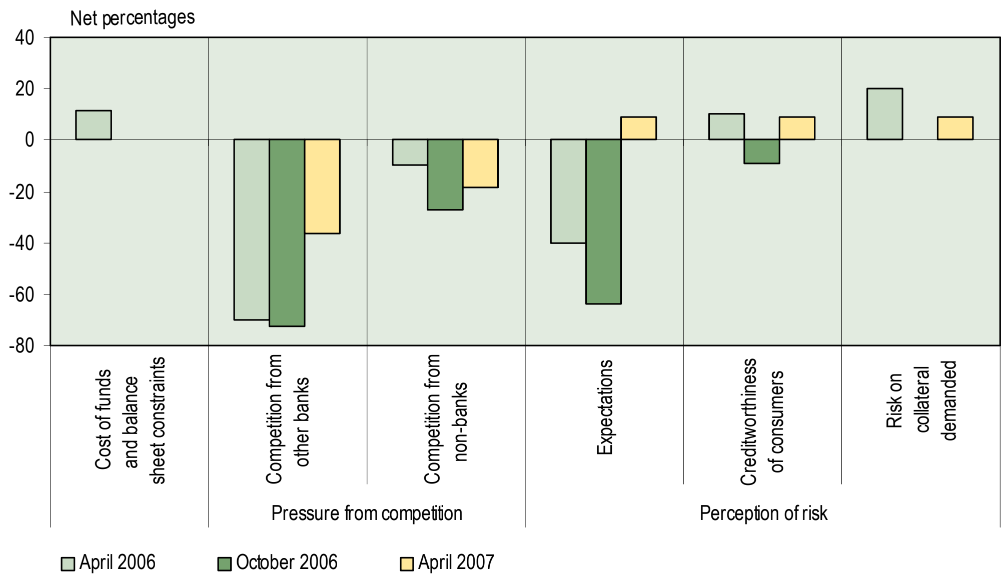
Chart 8. Conditions and terms for approving loans to households for house purchase

11. Over the past period, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households?

	--	-	0	+	++	NA	**NetP**
a) Cost of funds and balance sheet constraints	0	0	73	0	0	27	0
b) Pressure from competition							
Competition from other banks	0	0	55	27	9	9	-36
Competition from non-banks	0	0	64	18	0	18	-18
c) Perception of risk							
Expectations regarding general economic activity	0	18	64	9	0	9	9
Creditworthiness of consumers	0	18	64	9	0	9	9
Risk on the collateral demanded	0	9	64	0	0	27	9

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), "0" means "contributed to basically unchanged credit standards", NA – not applicable.

Chart 9. Factors affecting credit standards to the approval of consumer credit and other lending to households

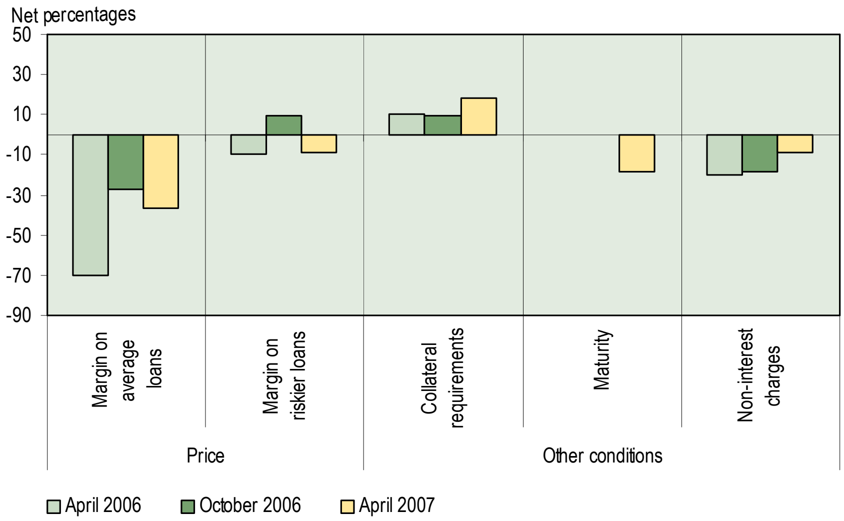


12. Over the past six months, how have your bank's conditions and terms for approving consumer credit and other lending to households changed?

	--	-	0	+	++	NA	**NetP**
a) Price							
Your bank's margin on average loans	0	9	45	45	0	0	-36
Your bank's margin on riskier loans	0	9	73	18	0	0	-9
b) Other conditions							
Collateral requirements	0	18	64	0	0	18	18
Maturity	0	0	82	18	0	0	-18
Non-interest charges	0	0	91	9	0	0	-9

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). "0" means "remained basically unchanged".

Chart 10. Conditions and terms for approving consumer credit and other loans to households

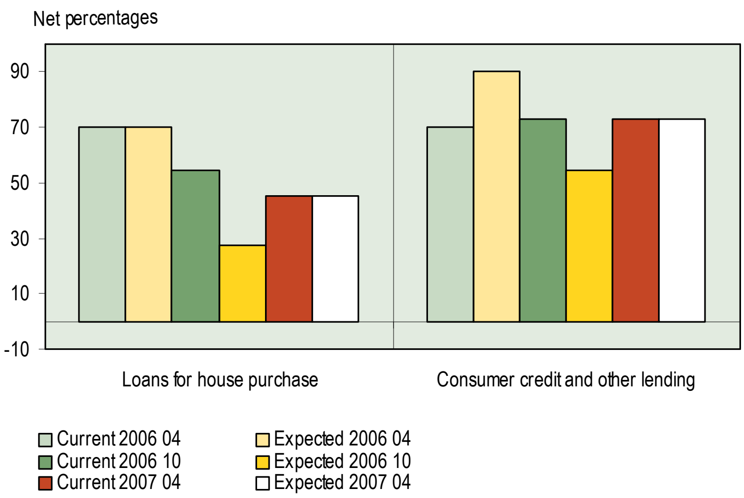


13. Over the past period, how has the demand for loans to households changed at your bank, apart from normal seasonal fluctuations?

	Loans for house purchase	Consumer credit and other lending
Decreased considerably	0	0
Decreased somewhat	9	9
Remained basically unchanged	36	9
Increased somewhat	45	73
Increased considerably	9	9
Total	100	100
Net percentage	45	73
Number of banks responding	11	11

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

Chart 11. Demand for loans to households

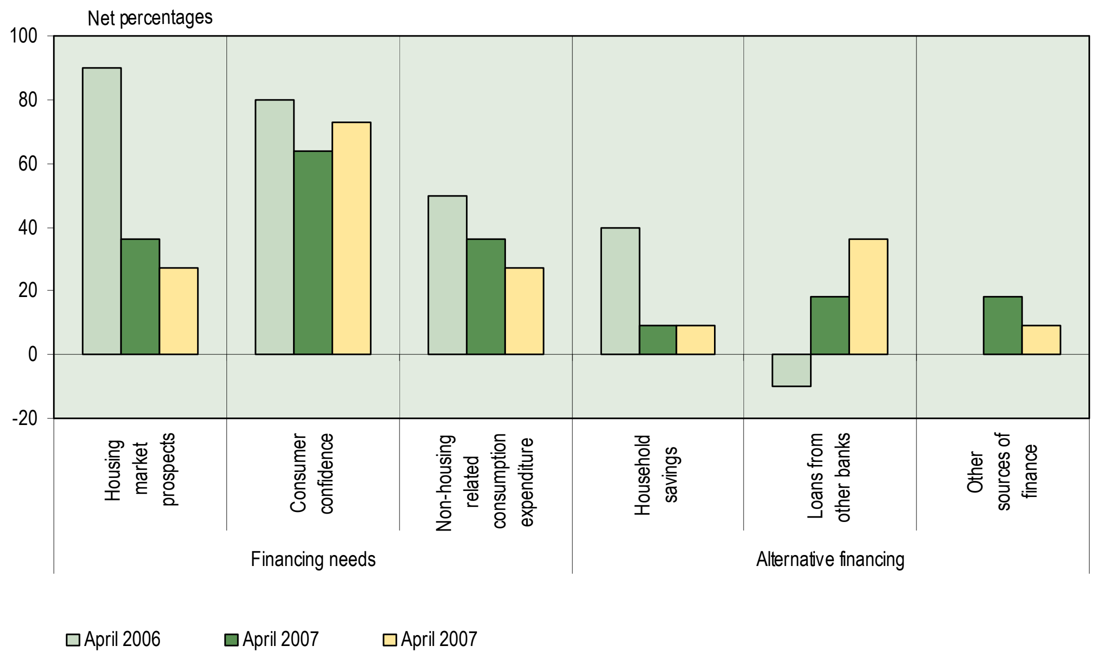


14. Over the past period, how have the following factors affected the demand for <u>loans to households for house purchase</u>?

	--	-	0	+	++	Na	**NetP**
a) Financing needs							
Housing market prospects	0	9	45	27	9	9	27
Consumer confidence	0	0	18	73	0	9	73
Non-housing related consumption expenditure	0	0	64	27	0	9	27
b) Use of alternative finance							
Household savings	0	0	82	9	0	9	9
Loans from other banks	0	9	36	45	0	9	36
Other sources of finance	0	9	64	18	0	9	9

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). "0" means "contributed to basically unchanged demand".

Chart 12. Factors affecting demand for loans to households for house purchase

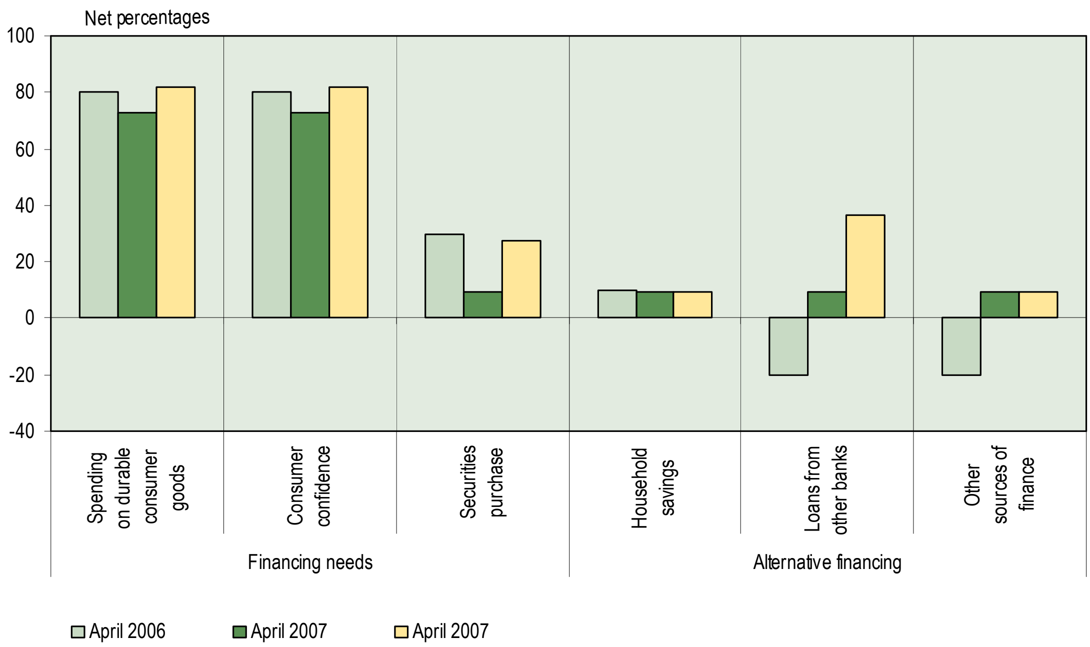


15. Over the past period, how have the following factors affected the demand for consumer credit and other lending to households?

	--	-	0	+	++	NA	NetP
a) Financing needs							
Spending on durable consumer goods	0	0	9	73	9	9	82
Consumer confidence	0	0	9	82	0	9	82
Securities purchase	0	0	64	27	0	9	27
b) Use of alternative finance							
Household savings	0	0	82	9	0	9	9
Loans from other banks	0	9	36	45	0	9	36
Other sources of finance	0	0	82	9	0	9	9

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). "0" means "contributed to basically unchanged demand".

Chart 13. Factors affecting demand for consumer credit and other lending to households



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

	Loans for house purchase	Consumer credit and other lending
Tighten considerably	0	9
Tighten somewhat	9	0
Remained basically unchanged	91	82
Ease somewhat	0	9
Ease considerably	0	0
Total	100	100
Net percentage	9	0
Number of banks responding	11	11

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 percentages for "ease somewhat" and "ease considerably".

17. Please indicate how you expect demand for loans to households to change at your bank.

	Loans for house purchase	Consumer credit and other lending
Decreased considerably	0	0
Decreased somewhat	0	0
Remained basically unchanged	55	27
Increased somewhat	36	64
Increased considerably	9	9
Total	100	100
Net percentage	45	73
Number of banks responding	11	11

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 percentages for "decreased somewhat" and "decreased considerably".

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