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BANK LENDING SURVEY, APRIL 2008

1. Methods, Principles and Tasks of the Survey

The Bank of Lithuania presents a semi-annual Bank Lending Survey. Bank Lending Surveys are organised in order to obtain information on non-interest bearing conditions, lending costs and market expectations. This survey was conducted in April 2008. Respondents were 9 commercial banks and 2 foreign bank branches.

The banks were requested to indicate changes of lending conditions to households and non-financial enterprises during the period from the end of October 2007 to the end of April 2008. In their responses regarding the future situation, the banks were requested to assess the changes of lending conditions for the period of six months ahead (April 2008 to October 2008).

The Bank Lending Survey provides the summarised opinion of senior loan officers of commercial banks, which does not necessarily represent the position and assessments of the Bank of Lithuania or its staff members.

When making general conclusions and calculating the percentage of banks that have chosen a particular version of given answers, responses of individual banks, as expert assessments, were given the same weight regardless of their market share. The term ”tightened” represents the percentage difference of the banks that tightened their lending conditions and the ones that eased them.

A net percentage is defined as the difference between the share of banks reporting that credit standards have been tightened (demand increased), and those reporting that they have been eased (demand decreased). That is, a positive net percentage indicates that a larger proportion of banks have tightened credit standards, and a negative net percentage indicates that a larger proportion have eased credit standards. The net percentage is similarly interpreted in the evaluation of the changes in demand: a positive net percentage indicates the increase in demand, and vice versa.

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2. Summary of Results

I. LOANS AND CREDIT LINES TO ENTERPRISES

Credit standards. The majority (82%) of the surveyed banks reported that they had tightened general credit standards applied to the enterprises over the last six months. Most of the respondents asserted that they tightened financing conditions to both small and medium-sized (73%) and large (64%) enterprises. More than a half of the surveyed banks tightened credit standards for long-term (73%) and, to a lesser extent, for short-term (55%) loans. The number of banks that tightened general credit standards increased, compared with the results of the previous bank lending survey (the net percentage increased from 45% to 73%). Over the last six months the credit standards were tightened the most for small and medium-sized enterprises (the net percentage increased from 18% to 73%), while for the long-term loans they were eased slightly (from 82% to 73%). Looking at the results of the previous bank lending surveys, we can observe the tendency of tightening general credit standards for loans and credit lines to enterprises.

The surveyed banks have indicated that the changes in the perception of risk was the major factor that contributed to the tightening of credit standards for loans or credit lines to enterprises. In line with the results of the previous bank lending survey, expectations related to general economic activity (82%), assessment of industry or firm-specific outlook (82%) and the increased risk on the demanded collateral (73%) were the main contributors to the tightening of credit standards. The importance of financing costs and balance-sheet constraints has risen considerably over the last six months. The influence of the ability to access market financing on the credit standards applied increased substantially, compared with the results of the previous bank lending survey. Bank capital position and liquidity factors also had a larger impact on the tightening of credit standards than in earlier periods. However, the pressure from competition continued to have a minor influence on the changes of applied credit standards (see Chart 2).

Over the reporting period, the banks were inclined to tighten practically all the terms and conditions of loans and credit lines to enterprises. The majority of the surveyed banks reported that they increased the price of both average (91%) and riskier (91%) loans and credit lines. In line with the results of the previous bank lending survey, banks asserted that they will continue to tighten collateral requirements (they were tightened by 64% of the banks). In addition, banks decreased the size of loans or credit lines and increased non-interest rate charges (see Chart 3).

Loan demand. Banks reported that net demand for loans and credit lines by enterprises increased over the last six months (the net percentage was 18%), however, the share of banks stating that demand has increased is smaller, compared with the results of the previous surveys. In the previous survey, not a single bank observed falling loan demand, but this year 27% of the respondents stated that the demand for loans decreased over the last six months in their bank (45% stated that demand increased and 18% stated that it remained unchanged). The surveyed banks did not notice any difference in demand for loans between small and medium-sized and large enterprises (the net percentage of 18%), but indicated that the demand for long-term loans was slightly lower, compared with short-term loans (the net percentages of 9% and 18%). Summarising the results of five last bank lending surveys, it can be observed that the loan demand increased rapidly, however, the number of banks stating that it is growing has declined recently (see Chart 4).

A large share of banks participating in the survey indicated financing needs of enterprises as the largest contributor to the rise in the demand for loans. A significant part of the respondents stated that the need for inventories and working capital was the largest driver

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of the demand for loans to enterprises in the reporting period (the net percentage of 36%). Fixed investment, mergers and acquisitions as well as corporate and debt restructuring were also identified as the factors increasing the demand for loans (the net percentage of 38%). However, compared with the results of the last bank lending survey, the effect of fixed investment decreased substantially. Alternative financing sources continued to have almost no influence of the demand for loans.

Expectations. To the request to indicate how credit standards will change over the next 6 months, 45 per cent of the banks reported their intentions to tighten lending conditions slightly, 55 per cent stated that they will keep them basically unchanged and none of the banks intended to ease credit standards for enterprises. The intentions to tighten credit standards to large and small and medium-sized enterprises were reported by 45 and 36 per cent of respondents, respectively , while a slightly larger share of banks intended to tighten the standards for long-term loans (55%). The banks expect the overall demand for loans to enterprises to remain stable, while the demand for loans to short and medium-sized enterprises and for short-term loans to increase slightly.

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II. LOANS TO HOUSEHOLDS

Loans for House Purchase

Credit standards. Over the last six months banks continued to report tightened credit standards applied to the approval of loans to households. The majority (93%) of banks participating in the survey tightened credit standards for loans for house purchase over the last six months (see Chart 6).

Changes in the perception of risk were indicated as the most influential factor affecting the tightening of credit standards for loans for house purchase, i.e. the banks became more conservative in their assessments of general economic activity and the housing market prospects. Funding costs and balance sheet constraints also slightly influenced the tightening of credit standards, while competition factors did not have any influence on the changes of credit standards (see Chart 7).

Changes in the terms and conditions of loans to households for house purchase suggest that banks have tightened almost all credit standards. None of the surveyed banks eased collateral requirements over the last six months. In addition, 73 percent of the banks broadened the margin on loans for house purchase and 54 percent of the banks tightened collateral requirements (see Chart 8).

Loan demand. The surveyed banks reported that the demand for loans for house purchase fell after the long period of growth. This was stated by 73 per cent of respondents (see Chart 11). Banks expect a further decrease in the demand for loans to households (82% of the banks stated that the demand for loans for house purchase will decrease).

According to the surveyed banks, housing market prospects (82%), consumer confidence (55%) and increased non-housing related consumption expenditure (64%) were the main factors contributing to the decreasing demand for loans for house purchase. Household savings, loans from other banks and other factors almost did not have any effect on the demand for loans for house purchase (see Chart 12).

Expectations. Not a single bank intended to ease credit standards when issuing loans for house purchase over the next six months. 45 per cent of respondent banks were in favour of a slight tightening of credit standards and the remaining 55 per cent reported that they intend to keep them basically unchanged. None of the banks expect an increase in the demand for loans for house purchase over the next six months and the majority of banks expect that demand will decrease somewhat (82%) or remain basically unchanged (18%).

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Consumer Credit and Other Lending to Households

Credit standards. Standards applied to the approval of consumer credit and other lending to households tightened over this reporting period. 64 per cent of the surveyed banks reported the tightening of credit standards applied to the approval of consumer credit and other lending (see Chart 6).

Changes in the perception of risk were indicated as the most influential factor affecting credit standards for consumer credit and other lending i.e. the banks became more conservative about their assessment of general economic activity and creditworthiness of consumers. More than a half of the respondents indicate the increase in risk on collateral demanded as one of the main factors influencing the tightening of credit standards. Cost of funds and balance sheet constraints and competition-related factors did not have any visible influence on the changes of credit standards (see Chart 9).

All the analysed terms and conditions of consumer loans and other lending to households were tightened over the last six months (see Chart 10). Margins on consumer loans and other lending were broadened by 64 per cent of the respondents.

Loan demand. Demand for consumer credit and other lending decreased over the reporting period (64%) (see Chart 11). The main drivers of the decrease in the demand for consumer credit and other lending were lower consumer confidence (55%) and a smaller demand for securities purchases (27%). Lower spending on durable goods also had a negative impact on the lending growth to households (see Chart 13).

Expectations. In their responses about the tightening of credit standards for consumer credit and other lending to households over the next 6 months, the participating banks reported that they expected a further tightening of credit standards (27%) and a slight decrease in the demand for loans (27%). It is worth noting that none of the banks expect the growth of loans to households and none of them intend to ease credit standards in the near future.

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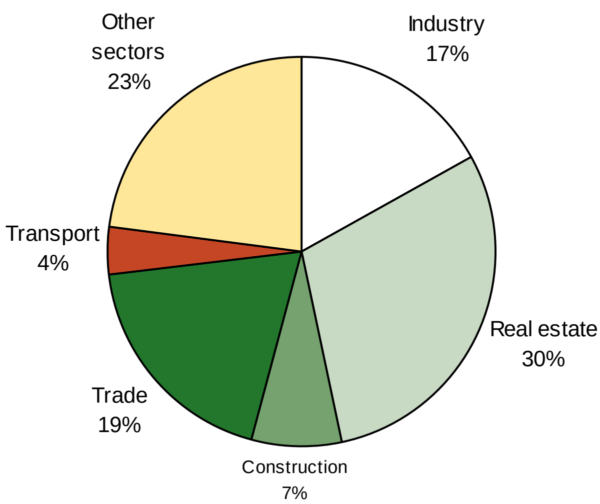
III. AD -HOC QUESTIONS

During each bank lending survey, the Bank of Lithuania makes a list of additional questions. These questions are submitted to obtain more comprehensive information on financing conditions applied by banks and to identify the factors that may have an impact on the changes of credit standards in the future. This survey pays special attention to the analysis of the financial situation of domestic economic sectors and households and the assessment of the quality of loans granted to these sectors. Respondents to the survey were also asked to assess the impact of the recent financial turmoil in global markets on the activity of the domestic banking system and to identify potential transmission channels of the crisis to the country's banking system.

Assessment of the Financial Situation of Enterprises and Households and its Dynamics

The banks that participated in the survey were asked to assess the financial situation of enterprises in five key economic sectors of the country and households and its dynamics. This question was used to reveal the assessments of the financial situation of enterprises in specific economic sectors and households and its prospects. Industrial, real estate, construction, trade and transport sectors were selected for the survey, since the loans granted by banks to these sectors make up 77 per cent of the total bank loan portfolio (excluding loans to households) (see Chart 14).

Chart 14. Bank loan portfolio of Lithuania by economic sector (excluding loans to households)



Financial Situation. The banks that participated in the survey assessed the financial situation of enterprises in the key economic sectors of Lithuania and households quite favourably. The situation in trade (80%) and industry sectors was assessed positively. More than a half of the banks that participated in the survey stated that the financial situation in the mentioned sectors is good or very good and no bank evaluated it as being bad. The financial situation of the transport sector was assessed as slightly poorer (27% evaluated it as good and 73% as average). The assessment of real estate and construction sectors by banks was the worst. 45 per cent of respondents to the survey evaluated the situation of these sectors as good, 45 evaluated it as average and 10 per cent stated that it is bad. The financial situation of households was assessed quite favourably. More than a half (55%) of respondents evaluated it as good and no bank participating in the survey stated that it is bad (see Chart 15).

Dynamics of the Financial Situation. Banks were much more sceptical about the prospects of the financial situation of enterprises and households and their assessment was significantly poorer. Particularly pessimistic was the assessment of the real estate sector, for which the dynamics of the financial situation was evaluated by all respondents as deteriorating. The bank assessment of transport and construction sectors was also poor. 70 per cent of banks participating in the survey assessed the prospects of these sectors as deteriorating and only 10 per cent of respondents stated that their financial situation is improving. Banks assessed industrial and trade sectors quite optimistically. The dynamics of the financial situation of these sectors was assessed by the majority of respondents as stable. The dynamics of the financial situation of households was also assessed by most respondents as stable (see Chart 16).

Chart 15. Assessment of the financial situation of enterprises in various economic sectors and households

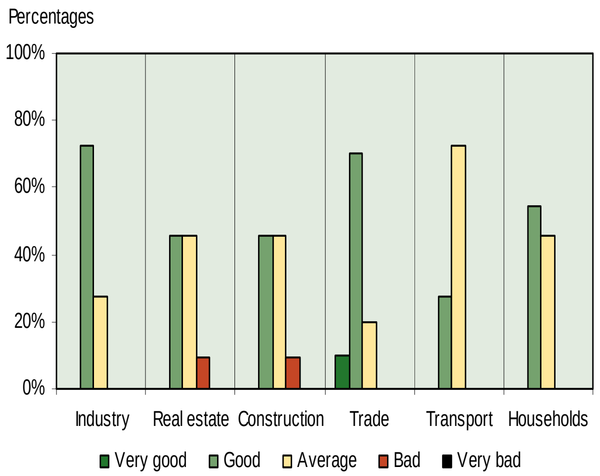
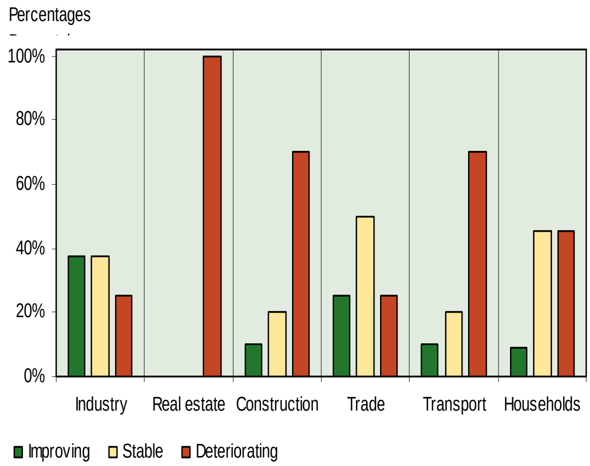


Chart 16. Assessment of the dynamics of the financial situation of enterprises in various economic sectors and households



Prospects of the Domestic Real Estate Market

Expectations of housing price changes. According to the household survey conducted on behalf of the Bank of Lithuania in March 2008, the number of the population expecting a drop in housing prices in the nearest 12 months increased. The share of the population with such expectations increased from 4.1 per cent to 35.9 per cent, while the share of those expecting an increase in housing prices went down from 67.6 per cent to 36.1 per cent, compared to the results of the survey conducted in 2007. Banks participating in the survey assess the housing market prospects even more cautiously. All banks that participated in the survey stated that housing prices will decline in 2008. The majority of respondents (55%) indicated that housing prices will decline on average by 10 to 20 per cent, while other banks (45%) stated that the drop in prices should not exceed 10 per cent (see Chart 17). Such pessimistic assessments by banks allow expecting a further tightening of credit standards and collateral requirements.

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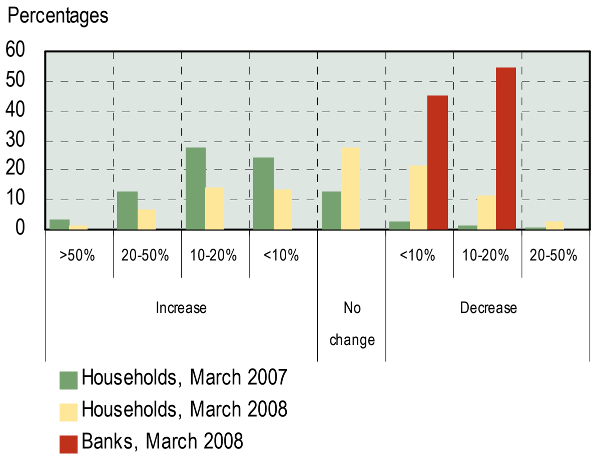
The ratio of bank loan to collateral. The average ratio of the loan to collateral in case of the loans for house purchase granted in the first quarter of 2008 was slightly higher than that of the total bank housing loan portfolio. It implies that, despite the change in the expectations of housing price dynamics, the banks do not hurry to tighten credit standards for housing loans.

Financing conditions for the commercial real estate projects. The results of the bank lending survey reflect that the majority (91%) of banks tightened the financing of the residential real estate projects. However, in the nearest quarter (April–September 2008) most banks (73%) also intended to tighten financing conditions for the commercial real estate projects. Such conservative financing policy pursued by banks in respect of the real estate projects may slow down the development of the construction of both residential and commercial buildings.

Chart 17. Expectations of housing price changes in the nearest 12 months according to the data of household and bank surveys



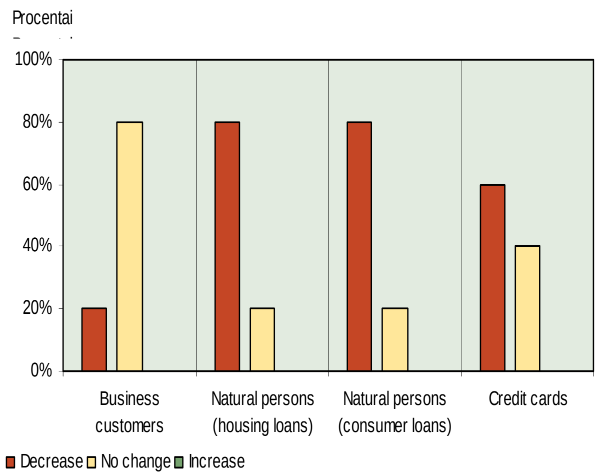
Sources: Household and bank surveys conducted on behalf of the Bank of Lithuania.

Quality of the Bank Loan Portfolio

Loan quality by economic sector. When asked to designate economic sectors with the poorest quality of loans, the majority of banks participating in the survey did not distinguish one or several specific sectors, however, they mentioned various industrial and services sector segments, such as agriculture, meat production, wood manufacturing, textiles or real estate. However, the majority of banks participating in the survey stated that they limited the granting of loans to real estate development, construction and housing sectors. The banks named the decline of demand in the real estate market, deceleration of the growth rate of real income of the population and the rise in liquidity risk in global financial markets as the main reasons for the tightening of financing.

Settlement of payment liabilities to banks. Banks assessed business customers quite favourably; only 18 per cent of respondents stated that the number of business customers with overdue payments increased. The banks participating in the survey indicated lower profitability in some production sectors and stagnation in the real estate market as the main factors inducing the increase in the number of business customers with overdue payments. The majority of banks participating in the survey stated that the number of overdue consumer (64%) and housing (55%) loans went up. According to bank assessments, the main factors behind such increase were the growth of household expenditure due to rising inflation, interest rate changes and significantly more uncertain situation in the real estate market. 40% of respondents also stated that the number of credit card customers with overdue payments increased. The total portfolio of credit card loans was LTL 230 million in the beginning of 2008, while specific provisions for these loans were around LTL 13 million or approximately 6 per cent of the total portfolio of these loans (see Chart 18).

Chart 18. Dynamics of the number of bank customers with overdue payments



Impact of the Recent Financial Turmoil on the Domestic Banking System

The US sub-prime mortgage crisis and the related instability in the global financial market did not have any significant direct impact on the banking system of Lithuania. All banks participating in the survey stated that they had no investments in financial instruments related to the US sub-prime mortgage market. The global financial market turmoil also did not have a large impact on the performance results of the main parent Scandinavian bank groups. However, the majority of respondents indicated that the global financial market turmoil had an indirect impact on the domestic banking system. The majority of respondents to the survey indicated higher financing costs (from parent banks, money and capital markets and customer deposits), changed expectations of market participants and lower liquidity in the interbank market.

Analysis of the liquidity risk management systems

All banks participating in the survey stated that they have a contingency plan for the management of liquidity shortage. Most banks also indicated that the plan for the management of liquidity shortage covers both the bank and the whole bank group. Borrowing within the bank group and in the interbank market were indicated as the main sources for covering liquidity shortage by the majority of subsidiary banks of Scandinavian bank groups, while local banks indicated the sale of liquid assets and the borrowing in the interbank market.

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3. RESULTS FOR THE INDIVIDUAL QUESTIONS

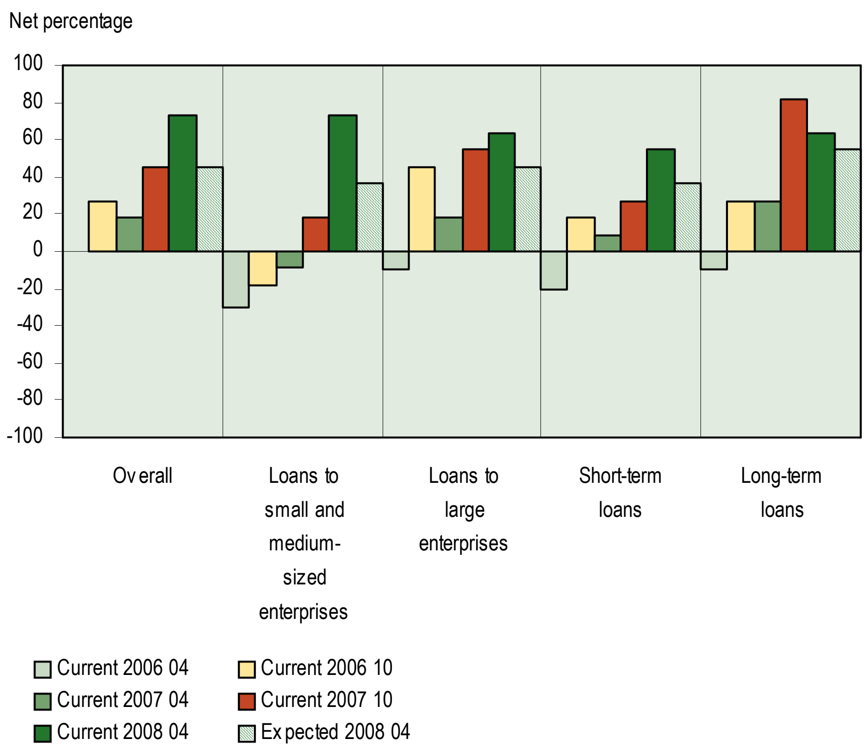
I. LOANS OR CREDIT LINES TO ENTERPRISES

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	9	0	0
Tightened somewhat	82	73	55	55	73
Remained basically unchanged	9	27	36	45	18
Eased somewhat	9	0	0	0	0
Eased considerably	0	0	0	0	9
Total	100	100	100	100	100
Net percentage	73	73	64	55	64
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. Change in credit standards applied to the approval of loans or credit lines to enterprises



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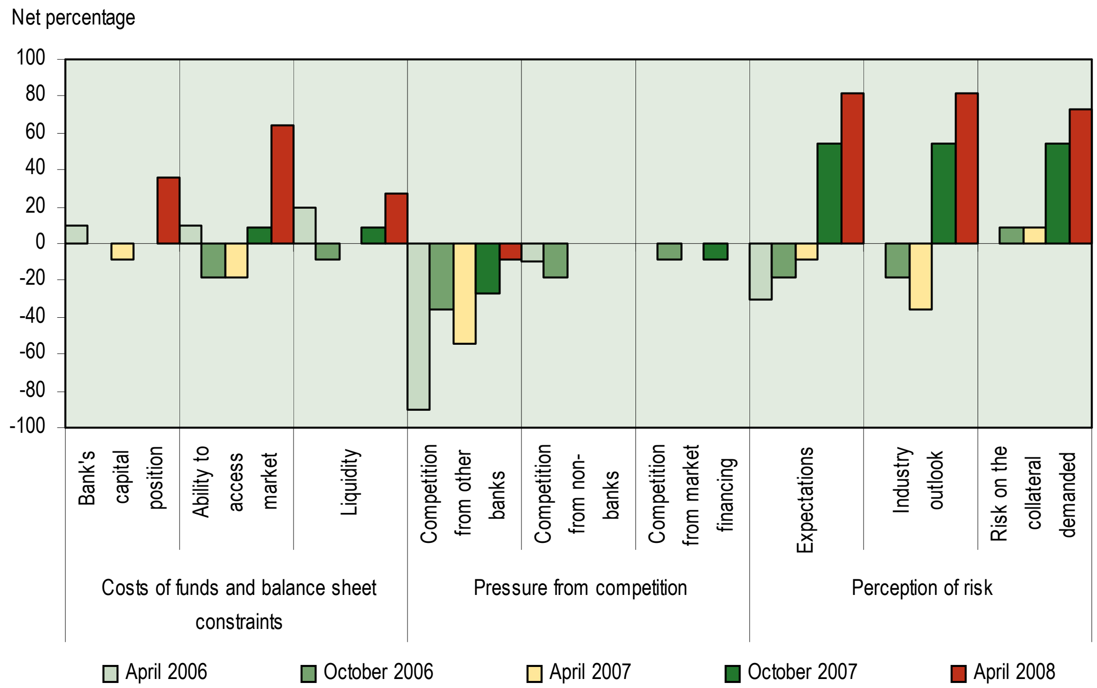
2. Over the past six months, how have the following factors affected your bank's credit standards as applied to the approval of loans or credit lines to enterprises (as described in question 1 in the column headed "Overall")?

	--	-	0	+	++	NA	**NetP**
a) Costs of funds and balance sheet constraints							
Costs related to your bank's capital position	9	27	55	0	0	9	36
Your bank's ability to access market financing	9	55	27	0	0	9	64
Your bank's liquidity position	9	18	64	0	0	9	27
b) Pressure from competition							
Competition from other banks	0	9	73	9	9	0	-9
Competition from non-banks	0	0	82	0	0	18	0
Competition from market financing	0	0	91	0	0	9	0
c) Perception of risk							
Expectations regarding general economic activity	27	55	18	0	0	0	82
Industry or firm-specific outlook	18	64	18	0	0	0	82
Risk on the collateral demanded	9	64	27	0	0	0	73

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



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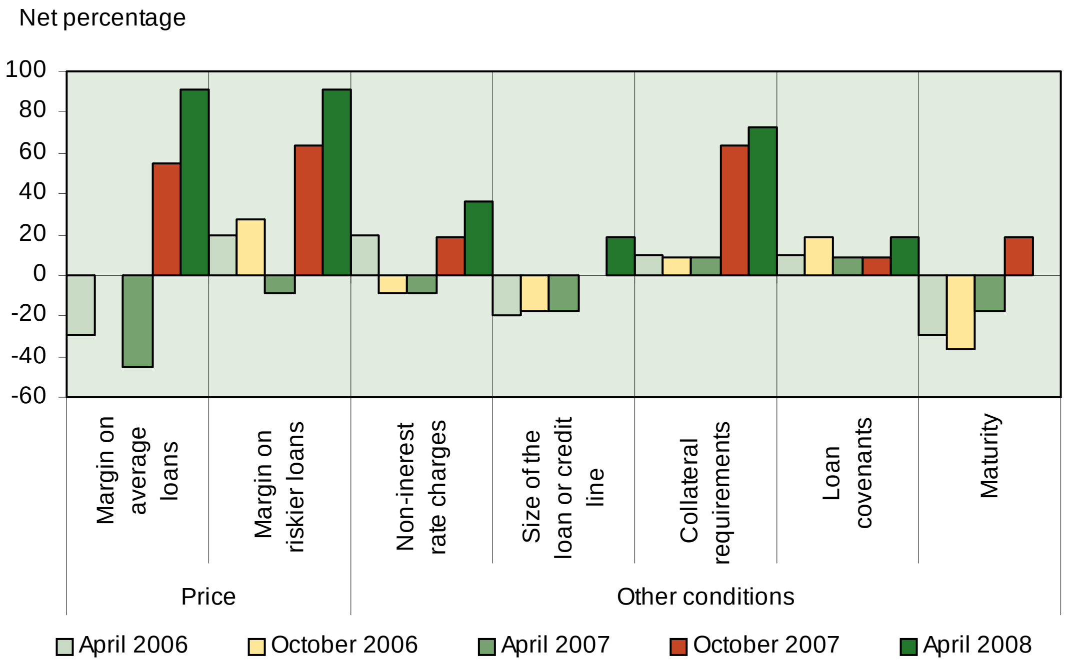
3. Over the past six months, how have your bank's conditions and terms for approving loans or credit lines to enterprises changed?

	--	-	0	+	++	NA	**NetP**
a) Price							
Your bank's margin on average loans	9	82	9	0	0	0	91
Your bank's margin on riskier loans	36	55	9	0	0	0	91
b) Other conditions and terms							
Non-interest rate charges	0	36	55	0	0	9	36
Size of the loan or credit line	0	27	64	9	0	0	18
Collateral requirements	18	55	27	0	0	0	73
Loan covenants	0	18	82	0	0	0	18
Maturity	0	9	82	9	0	0	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 3. Change in conditions and terms for approving loans or credit lines to enterprises



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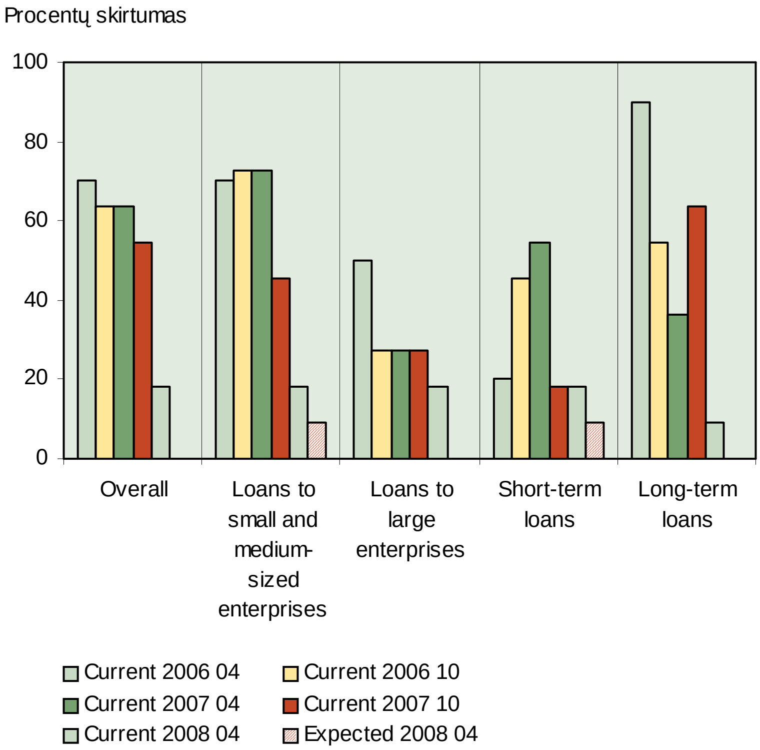
4. Over the past six months, how has the demand for loans or credit lines to enterprises changed at your bank, apart from normal seasonal fluctuations?

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Decreased considerably	0	0	0	0	0
Decreased somewhat	27	18	27	18	27
Remained basically unchanged	18	36	18	36	27
Increased somewhat	45	36	36	36	36
Increased considerably	0	0	9	0	0
Total	91	91	91	91	91
Net percentage	18	18	18	18	9
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 or credit lines to enterprises



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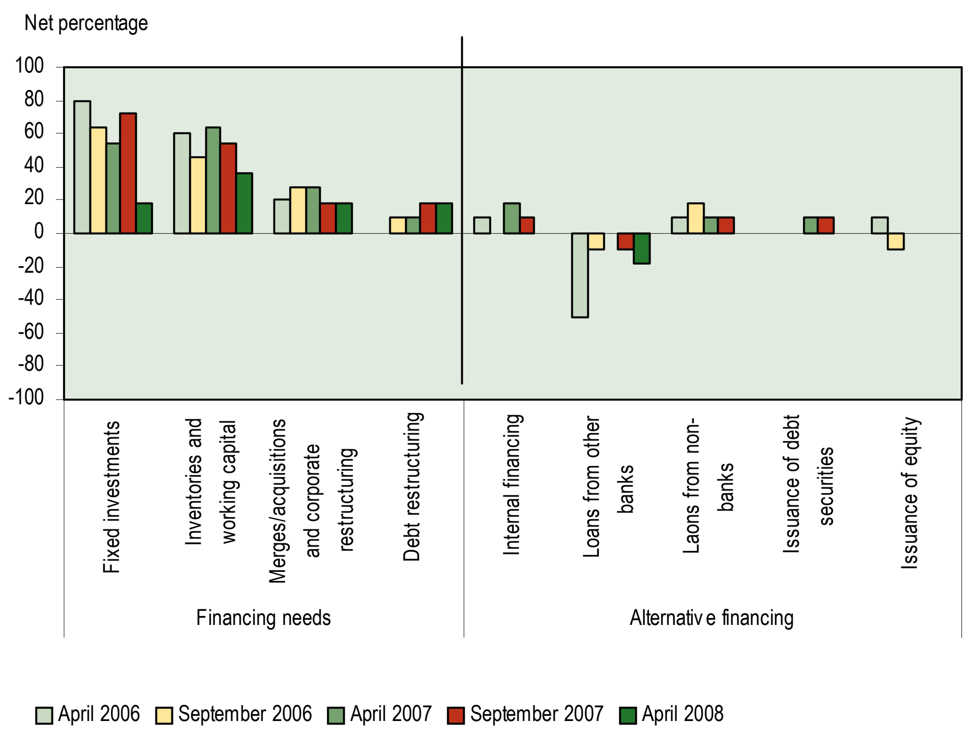
5. Over the past six months, how have the following factors affected the demand for loans or credit lines to enterprises (as described in question 4 in the column headed "Overall")?

	--	-	0	+	++	NA	NetP
a) Financing needs							
Fixed investment	0	27	27	27	18	0	18
Inventories and working capital	0	9	45	45	0	0	36
Mergers/acquisitions and corporate restructuring	0	9	45	9	18	18	18
Debt restructuring	0	9	64	18	9	0	18
b) Use of alternative finance							
Internal financing	0	9	82	0	9	0	0
Loans from other banks	9	18	64	0	9	0	-18
Loans from non-banks	0	0	91	0	0	9	0
Issuance of debt securities	0	0	91	0	0	9	0
Issuance of equity	0	0	82	0	0	18	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 or credit lines to enterprises



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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 six months.

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Tighten considerably	0	0	0	0	0
Tighten somewhat	45	36	45	36	55
Remain basically unchanged	45	64	55	64	45
Ease somewhat	0	0	0	0	0
Ease considerably	0	0	0	0	0
Total	91	100	100	100	100
Net percentage	45	36	45	36	55
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 "tighten considerably" and "tighten somewhat" and the sum of percentages for "ease somewhat" and "ease considerably".

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

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Decrease considerably	0	0	0	0	0
Decrease somewhat	36	27	27	9	36
Remain basically unchanged	27	36	45	73	27
Increase somewhat	36	36	27	18	36
Increase considerably	0	0	0	0	0
Total	100	100	100	100	100
Net percentage	0	9	0	9	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 "increase considerably" and "increase somewhat" and the sum of percentages for "decrease somewhat" and "decrease considerably".

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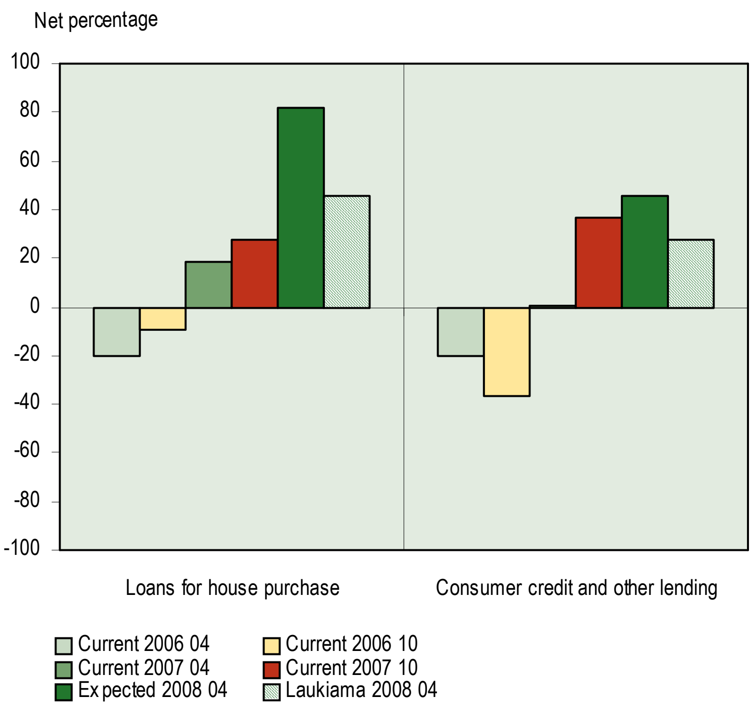
II. LOANS TO HOSEHOLDS

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	91	64
Remained basically unchanged	0	18
Eased somewhat	0	9
Eased considerably	9	9
Total	100	100
Net percentage	82	45
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. Change in credit standards applied to the approval of loans to households

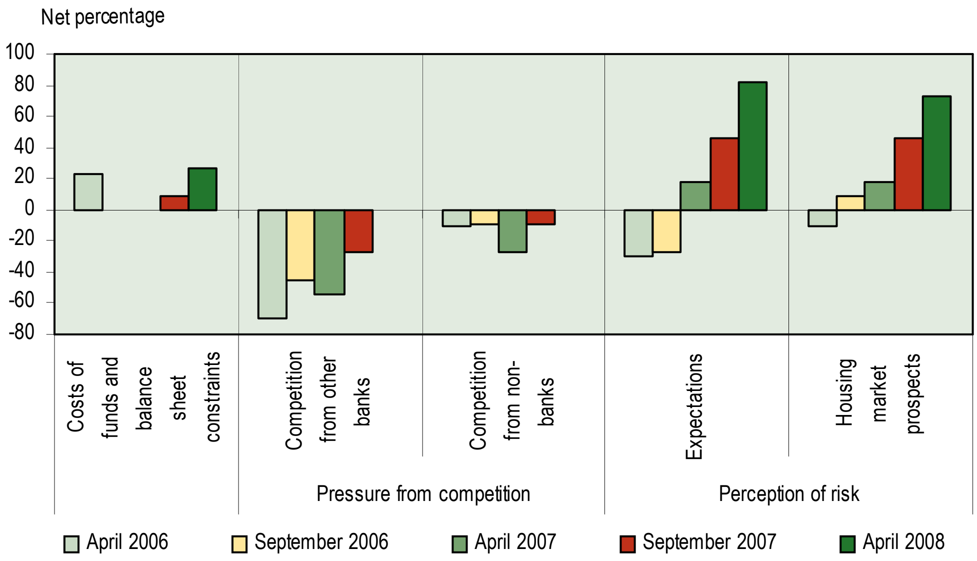


9. Over the past six months, how have the following factors affected your bank's credit standards as applied to the approval of loans to households for house purchase?

	--	-	0	+	++	NA	**NetP**
a) Cost of funds and balance sheet constraints	0	27	55	0	0	9	27
b) Pressure from competition							
Competition from other banks	0	0	91	0	0	9	0
Competition from non-banks	0	0	82	0	0	18	0
c) Perception of risk							
Expectations regarding general economic activity	0	91	0	9	0	0	82
Housing market prospects	0	82	9	0	9	0	73

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



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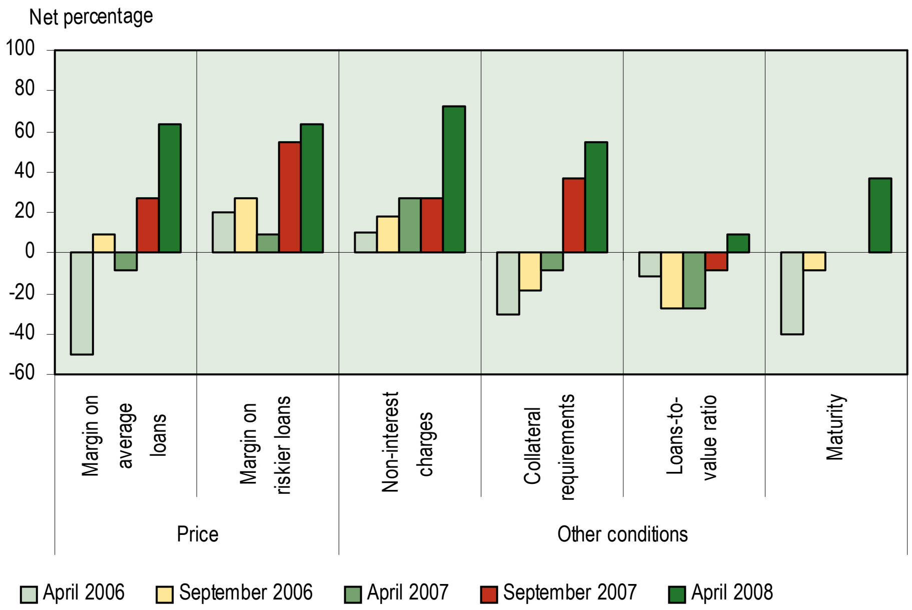
10. Over the past six months, how have your bank's conditions and terms for approving loans to households for house purchase changed?

	--	-	0	+	++	NA	**NetP**
a) Price							
Your bank's margin on average loans(wider margin = tightened; narrower margin = eased)	9	64	18	9	0	0	64
Your bank's margin on riskier loans	9	55	27	0	0	9	64
b) Other conditions							
Collateral requirements	9	64	27	0	0	0	73
Loan-to-value ratio	9	45	45	0	0	0	55
Maturity	0	18	73	0	9	0	9
Non-interest rate charges	0	36	55	0	0	9	36

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



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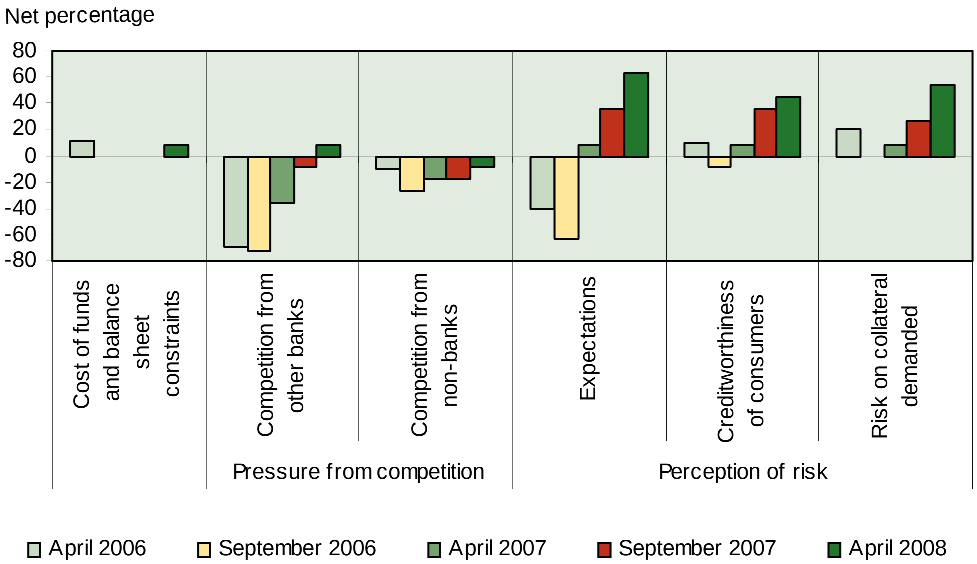
11. Over the last six months, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households?

	--	-	0	+	++	NA	**NetP**
a) Cost of funds and balance sheet constraints	0	9	55	0	0	18	9
b) Pressure from competition							
Competition from other banks	0	18	64	9	0	9	9
Competition from non-banks	0	0	73	9	0	18	-9
c) Perception of risk							
Expectations regarding general economic activity	9	64	18	9	0	0	64
Creditworthiness of consumers	18	36	36	9	0	0	55
Risk on the collateral demanded	18	36	36	0	0	9	45

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



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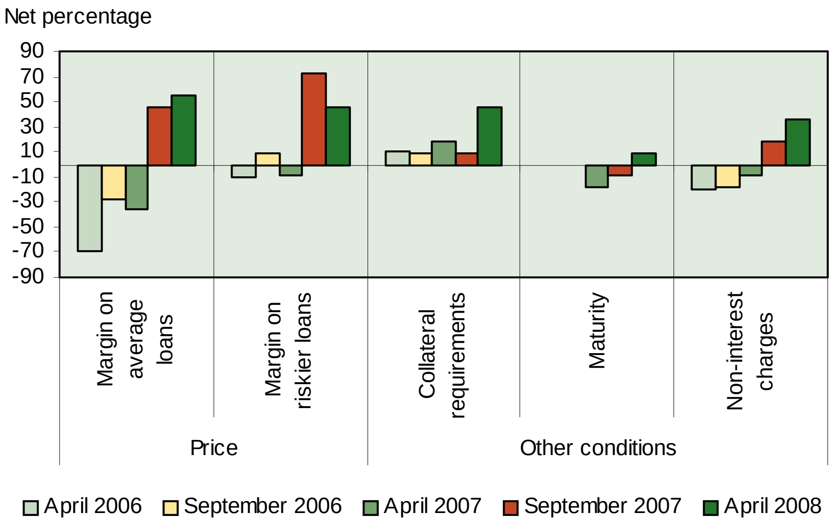
12. Over the past six months, how have your bank's conditions and terms for approving consumer credit and other lending to households changed?

	--	-	0	+	++	NA	NetP
a) Price							
Your bank's margin on average loans(wider margin = tightened; narrower margin = eased)	0	64	27	9	0	0	55
Your bank's margin on riskier loans	9	36	45	0	0	9	45
b) Other conditions							
Collateral requirements	9	36	45	0	0	9	45
Maturity	0	9	91	0	0	0	9
Non-interest rate charges	0	36	45	0	0	18	36

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



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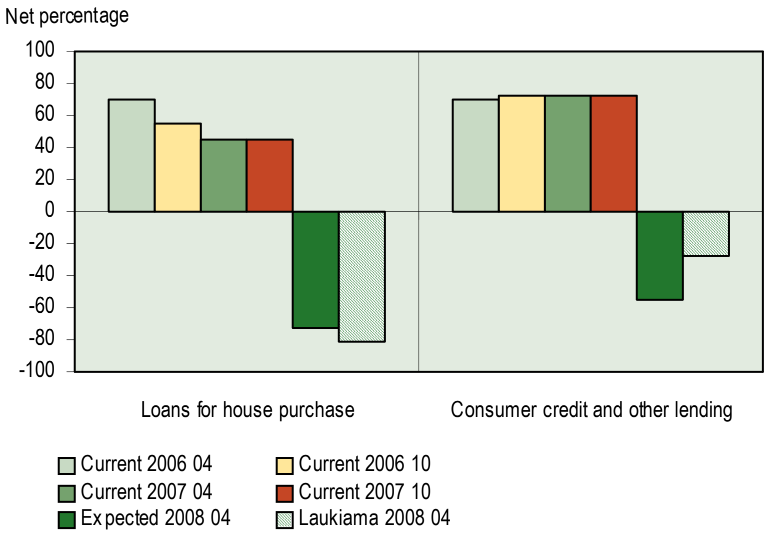
13. Over the last six months, how has the demand for loans to households changed at your bank, apart from normal seasonal fluctuations?

	Loans for house purchase	Consumer credit and other lending
Decreased considerably	0	0
Decreased somewhat	73	64
Remained basically unchanged	27	27
Increased somewhat	0	9
Increased considerably	0	0
Total	100	100
Net percentage	-73	-55
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. Change in demand for loans to households

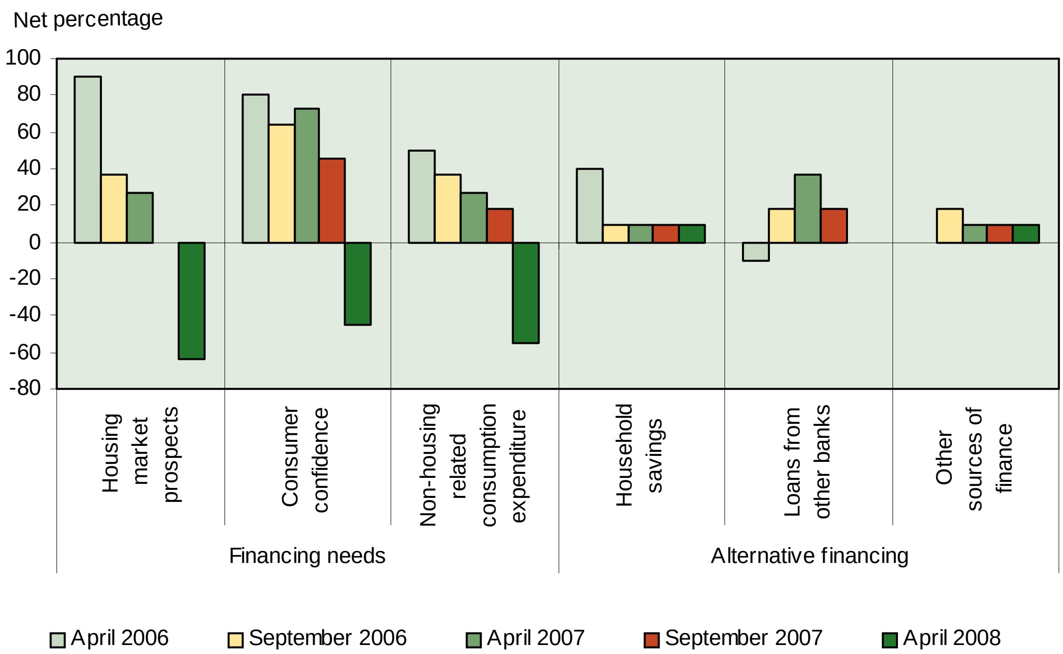


14. Over the past six months, how have the following factors affected the demand for loans to households for house purchase at your bank?

	--	-	0	+	++	Na	NetP
a) Financing needs							
Housing market prospects	0	82	0	9	9	0	-64
Consumer confidence	0	55	36	0	9	0	-45
Non-housing related consumption expenditure	0	64	27	9	0	0	-55
b) Use of alternative finance							
Household savings	0	0	91	9	0	0	9
Loans from other banks	9	9	64	18	0	0	0
Other sources of finance	0	0	91	9	0	0	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



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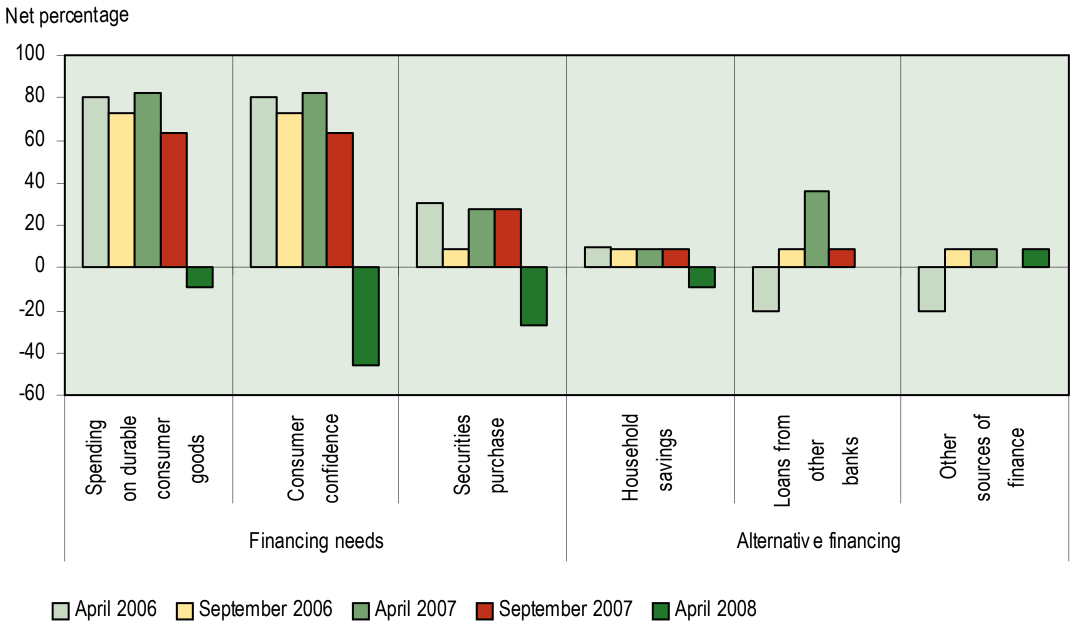
15. Over the past six months, how have the following factors affected the demand for consumer credit and other lending to households at your bank?

	--	-	0	+	++	NA	NetP
a) Financing needs							
Spending on durable consumer goods (i.e. cars, furniture, etc.)	0	18	73	9	0	0	-9
Consumer confidence	0	55	36	9	0	0	-45
Securities purchase	9	27	45	9	0	9	-27
b) Use of alternative finance							
Household savings	0	9	91	0	0	0	-9
Loans from other banks	9	9	64	18	0	0	0
Other sources of finance	0	0	91	9	0	0	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 six months.

	Loans for house purchase	Consumer credit and other lending
Tighten considerably	0	0
Tighten somewhat	45	27
Remain basically unchanged	55	73
Ease somewhat	0	0
Ease considerably	0	0
Total	100	100
Net percentage	45	27
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 over the next six months at your bank.

	Loans for house purchase	Consumer credit and other lending
Decrease considerably	0	0
Decrease somewhat	82	27
Remain basically unchanged	18	73
Increase somewhat	0	0
Increase considerably	0	0
Total	100	100
Net percentage	-82	-27
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 "increase somewhat" and the sum of percentages for "decrease somewhat" and "decrease considerably".

The Bank Lending Survey has been prepared by the Financial Stability Division of the Economics Department of the Bank of Lithuania. The following staff members are responsible for the preparation of the Survey:

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