



BANK LENDING SURVEY, OCTOBER 2008

I. 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 – already the sixth one – was conducted in October 2008. Respondents were 9 commercial banks and 4 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 April 2008 to the end of October 2008. In their responses regarding the future situation, the banks were asked to assess changes of lending conditions for the period of six months ahead (October 2008 to April 2009).

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 commercial banks and 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.

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 has tightened credit standards, and a negative net percentage means that a larger proportion of respondent banks has eased credit standards. The net percentage is similarly interpreted in the evaluation of changes in demand: a positive net percentage indicates an increase in demand, and vice versa.

Mean is defined as a weighted mean of answers with the following numeric values: “tightened (decreased) considerably” – 1; “tightened (decreased) somewhat” – 2; “remained basically unchanged” – 3; “eased (increased) somewhat” – 4; “eased (increased) considerably” – 5. Value of mean less than 3 means that credit standards were tightened by the majority of banks, value of mean greater than 3 means that credit standards were eased by the majority of banks. Respectively, mean value reflects credit demand changes. Mean value greater than 3 shows that demand has increased, mean value less than 3, shows that credit demand has decreased.

The term “tightened” represents the percentage difference of the banks that tightened their lending conditions and the ones that eased them.



II. Summary of Results

1. LOANS AND CREDIT LINES TO ENTERPRISES

General credit standards. All surveyed banks reported that they had tightened general credit standards applied to enterprises over the last six months. All respondents asserted that they had tightened financing conditions for large enterprises, and the majority (82%) of them – for small and medium-sized enterprises. All surveyed banks tightened credit standards for long-term loans, while the majority (91%) of these banks tightened the mentioned standards for short-term loans. The number of banks that tightened general credit standards increased, compared with the results of the previous Bank Lending Survey (net percentage increased from 73% to 100%). Over the last six months credit standards were tightened more for large enterprises (net percentage increased from 64% to 100%) then for small and medium-sized enterprises (net percentage grew from 73% to 82%), while credit standards for short-term and long-term loans were tightened by an equal net percentage value (respectively, from 55% to 91%, and from 64% to 100%). Looking at the results of the previous bank lending surveys, we can observe a tendency of tightening general credit standards for loans and credit lines to enterprises (see Chart 1).

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 the general economic activity (100%), assessment of industry or firm-specific outlook (100%) and increased risk on the demanded collateral (100%) were the main contributors to the tightening of credit standards. The influence of the ability to access market financing on applied credit standards remained unchanged compared to the previous Bank Lending Survey. The importance of financing costs and balance-sheet constraints remained more or less stable over the last six months. The bank capital position had a larger impact on the tightening of credit standards than in earlier periods due to the banks aim to have higher capital adequacy ratios. Contrarily to previous periods, pressure from competition contributed to tightening of credit standards (see Chart 2).

Over the reporting period, the **banks were inclined to tighten practically all terms and conditions of loans and credit lines to enterprises**. The majority of respondent banks reported that they had increased the price of both, average (100%) and riskier (82%) loans and credit lines. In line with the results of the previous Bank Lending Survey, banks asserted that they would continue to noticeably tighten collateral requirements (they were tightened by 100% of the banks). In addition, we can see a general trend that banks tend to tighten all other credit standards for loans or credit lines compared to the previous Bank Lending Survey (see Chart 3).

Loan demand. Banks reported that **net demand for loans and credit lines by enterprises decreased over the last six months** (net percentage was -27%). Negative growth of demand was observed for the first time during the entire period of the survey work-out. During this survey 45% of respondents stated that the demand for loans and credit lines had decreased over the last six months in their bank, and only 18% indicated the demand increase, while 36% reported it almost unchanged. The surveyed banks did not notice any difference in demand for loans between small and medium-sized and large enterprises (net percentage of -18%; the mean – 2,7 and 2,8, respectively). The difference of demand for long-term and short-term loans was also very marginal (net percentages – 9% and 18%; the mean – 2,7 and 2,6, respectively). Summarising the results of six



LIETUVOS BANKAS

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Totorių g. 4, Vilnius. Tel. (8 5) 268 0101; Fax. (8 5) 212 4423; E-mail. Ed@lb.lt; <http://www.lb.lt>

preVIOUS bank lending surveys, it can be observed that the loan and credit line demand was buoyantly rising up to October 2007, than started to moderate. The results of this Bank Lending Survey suggest for the first time a decrease of demand for corporate loans and credit lines (see Chart 4).

Banks participating in the survey indicated that the decrease of fix investment had been the largest contributor to the decrease of corporate lending demand. Inventories, working capital and debt restructuring needs had been the drivers of the demand for loans to enterprises in the reporting period (net percentage of 18% and 36%, respectively). Tightening of alternative financing sources also contributed to the growth of demand for loans and credit lines. Compared with the results of previous bank lending surveys, the effect of fixed investment, inventories and working capital attenuated, while the need to restructure debt increased (see Chart 5).

Expectations. To the request to indicate how credit standards will change over the next 6 months, 9 per cent of the banks reported their intentions to tighten lending conditions considerably, 73 per cent are planning to tighten them slightly, 18 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 73 and 82 per cent of respondents, respectively, while 64 per cent and 91 per cent of banks, respectively, also tend to tighten credit standards for short-term long-term loans. The banks expect the overall demand for loans to enterprises to remain more or less stable (net percentage – 9%, mean – 3,0).



2. LOANS TO HOUSEHOLDS

Loans for House Purchase

Credit standards. Over the last six months, compared to data of previously conducted surveys, the banks continued to tighten credit standards applied to the approval of loans to households. The majority (91%) of banks participating in the survey reported that they had 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 the general economic activity and housing market prospects. Funding costs and balance sheet constraints, as well as competition among banks also stimulated tightening of credit standards (see Chart 7).

Changes in the terms and conditions of loans to households for house purchase suggest that the banks did not change or tighten all credit standards, not a single bank eased them. In addition, 82 per cent of the respondent banks broadened the margin on average and riskier loans for house purchase, all surveyed banks tightened collateral requirements. 82 per cent of the banks reported that they had increased the loan-to-value ratio (see Chart 8).

Loan demand. The surveyed banks reported that after a long-lasting period of growth the **demand for loans for house purchase reduced during the second half-year in a row**. This was stated by 73 per cent of respondents (see Chart 11). The banks (82%) expect a further decrease in the demand for loans to households.

According to the surveyed banks, negative housing market prospects (net percentage -82%; mean 1,6), declining consumer confidence (net percentage -55%; mean 2,0) and increased expenditure of non-housing related consumption (net percentage -73%; mean 2,1) were the main factors contributing to a decreasing demand for loans for house purchase. Changes of household savings also contributed to the declining demand for loans for house purchase (net percentage -27; mean 2,5) (see Chart 12).

Expectations. Not a single bank that participated in the survey intends to ease credit standards when issuing loans for house purchase over the next six months. 64 per cent of respondent banks were in favour of a slight tightening of credit standards, 18 per cent of banks were planning to tighten credit standards considerably and the remaining 18 per cent reported that they intended to keep them basically unchanged. None of the banks expects an increase in the demand for loans for house purchase over the next six months and the majority of banks expects that the demand will decrease (82%) or remain basically unchanged (18%).



Consumer Credit and Other Lending to Households

Credit standards. Standards applied to the approval of consumer credit and other lending to households tightened considerably over this reporting period. All 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 by the banks 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 the general economic activity and creditworthiness of consumers. More than a half of the respondents indicated an increase in risk on collateral demanded as one of the main factors behind the tightening of credit standards. Cost of funds and banks' intention to have sound balance sheet ratios also were the factors contributing to the tightening of credit standards. Competition-related factors had an insignificant effect on the tightening 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 or remained unchanged (see Chart 10). Broadened margins on average and riskier consumer loans and other lending were the main drivers influencing this tightening.

Loan demand. Demand for consumer credit and other lending decreased over the reporting period (net percentage -36%; mean 2,5) (see Chart 11). The main drivers of the decrease in the demand for consumer credit and other lending were lower spending on durable goods (net percentage -45%; mean 2,5), lower consumer confidence (net percentage -45%; mean 2,3) and a smaller demand for securities purchases (net percentage -27%; mean 2,6). The usage of alternative financing also exercised a negative impact on the growth of lending 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 a further tightening of credit standards (net percentage 82%; mean 2,0). The respondents expect that the demand for consumer and other loans will remain basically unchanged (net percentage 9%; mean 2,9) over the coming six months. It is worth noting that for the second half-year in a row the banks expect no growth of loans demand to households and in the near future they intend to tighten credit standards.



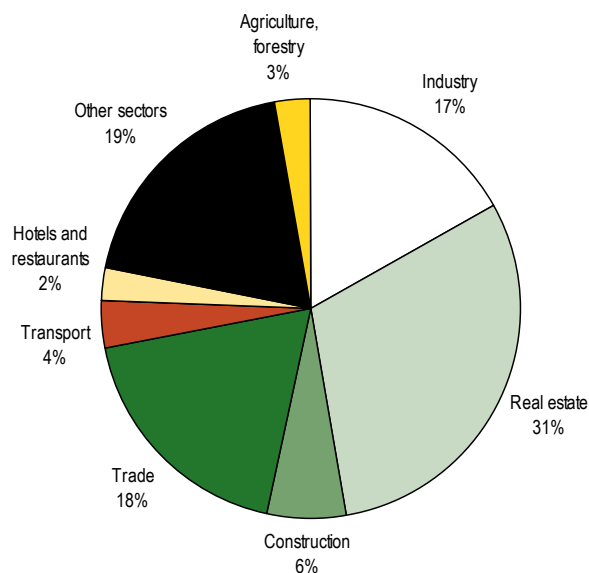
3. AD-HOC QUESTIONS

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 changes of credit standards in the future. This survey, similar to the survey of April 2008, pays a particular attention to the analysis of the financial situation of domestic economic sectors and households and to the assessment of the quality of loans granted to these sectors. The 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.

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

The banks that participated in the survey were requested to assess the financial situation of enterprises in key economic sectors of the country and households and dynamics of this situation. This question was presented with the aim to obtain the banks' assessments of the financial situation of enterprises in specific economic sectors and households and prospects of this situation. Industrial, real estate, construction, trade, transport, hotels and restaurants, agriculture and forestry sectors were selected for the survey, since the loans granted by banks to these sectors make up 81 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 moderately. The situation in transport sector was evaluated most conservative. Similar evaluations were addressed to the financial situation in real estate and construction sectors. The financial situation in the household sector was also assessed moderately. The majority of respondents (85%) evaluated the situation in the household sector



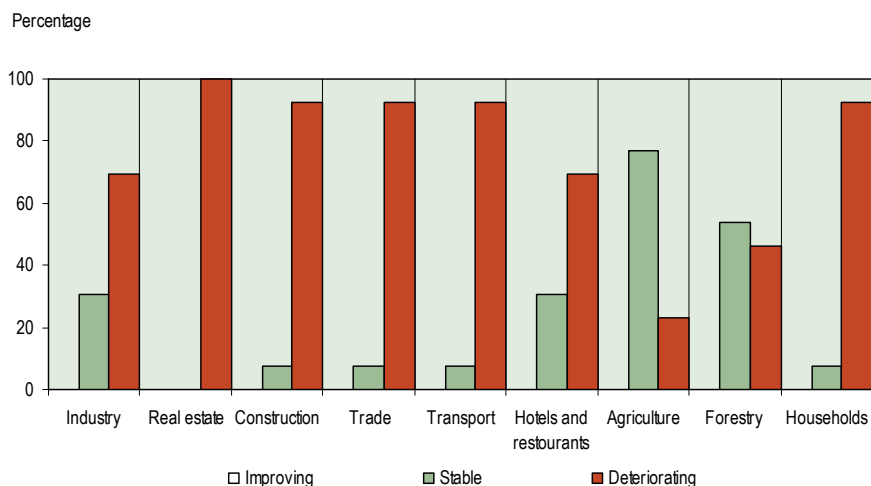
as being on the average, while none of the banks assessed it as negative. To conclude, according to the answers of the surveyed banks, the financial situation of enterprises and households during the last six months is assessed as slightly deteriorating (see Chart 15).

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



Dynamics of the financial situation. The banks are conservative about the prospects of the financial situation of enterprises and households. All respondents assessed the dynamics of the real estate sector financial situation as deteriorating for the second half-year in a row. The surveyed banks' assessment about the development of industry, construction, trade, transport, hotels and restaurants sectors was also rather cautious. The banks assessed agriculture and forestry sectors in more favorable terms. The majority of respondents evaluated the dynamics of the financial situation of these sectors as stable. Most of the respondents appraised the dynamics of the financial situation of households as deteriorating.(see Chart 16).

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

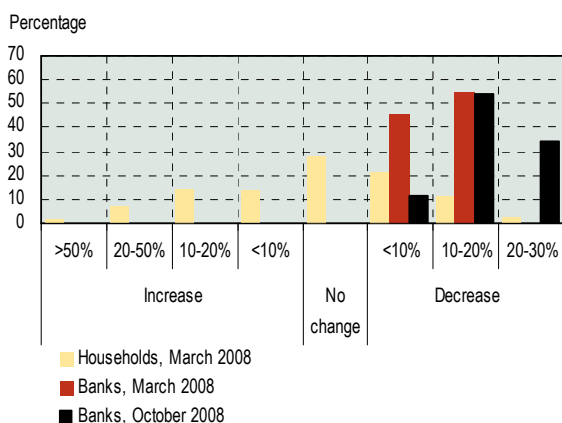




Prospects of the Domestic Real Estate Market

Expectations of housing price changes. All banks that participated in the survey stated that housing prices would decline during the next twelve months. The majority of respondents (54%) indicated that housing prices would decrease on average by 10 to 20 per cent, almost one third of the banks (34%) stated that the price would diminish by 20 to 30 per cent on average, while other banks (12%) reported that the drop in prices should not exceed 10 per cent (see Chart 17). Currently the banks expect a faster decline of housing prices compared to the expectations stated in the previous bank lending surveys. The majority of surveyed banks (62%) expect that stagnation in the real estate sector will last for 2 to 3 years, 31 per cent of the banks think that the situation will not change for 1 to 2 years, while 8 per cent of respondents are of the opinion that the recovery of real estate market will be observed only after 3 years. Such cautious assessments allow to expect that the banks' lending policy will remain conservative or it will turn to be more tight in the near future.

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.

Financing conditions

Loans approval. The results of the Bank Lending Survey reflect that the majority (91%) of banks tightened financing on real estate and construction projects over the last six months. 70 per cent of the banks stated being more cautious in financing transport enterprises, while 46 per cent of respondents indicated applying a conservative lending policy for households. The majority of the banks did not apply any tightening on financing to other economic sectors.

Loan-to-value ratio for housing loans. The average ratio of the loan to collateral in case of the loans for house purchase granted in the first half-year of 2008 was slightly lower than in the same period a year ago.

Changes of housing loans conditions. According to the results of the Bank Lending Survey, the banks did not state any major modifications in number of changes of housing loan conditions. However, we can see a tendency of an increasing number of changes of the mentioned conditions. Almost a half of the respondents indicated that loans repayment schedules were extended for a longer period, loans repayment terms were postponed and the loan currency was changed.



Quality of the Bank Loan Portfolio

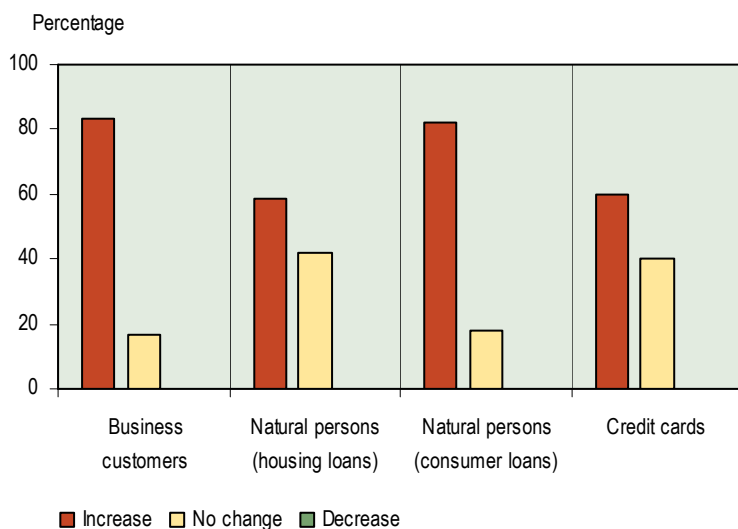
Loan quality by economic sector. When asked to designate economic sectors with the poorest quality of loans, the majority of the banks participating in the survey pointed out real estate and construction sectors. A part of the respondents indicated that the loan quality of transport and wood manufacturing sectors was also negatively affected by current national and global economic developments..

Settlement of payment liabilities to banks. In contrast to the survey of April 2008, when conducting this Bank Lending Survey most of the banks noticed an increasing number of customers with overdue payments. According to the results of the respondents, the number of customers with overdue payments was growing most of all among business customers (83%) and private customers having consumer loans (82%). More than half of the respondents indicated an increase of customers with overdue payments having housing loans (58%) and credit cards (60%).

50 per cent of the surveyed banks stated that they had noticed an increasing share of loans insured by housing loans insurance agency UAB “Būsto paskolų draudimas”. In this case banks become more safeguarded against an increase of overdue payments.

According to the Bank Lending Survey, the banks expect similar changes of loan portfolio quality ratios during the next six months. According to the bank assessments, the main factors behind such changes are: a decelerating economic growth, stagnation of the real estate market, increased inflation and unstable system of global financial markets. Nevertheless, the quality of the Lithuanian bank assets remains good in the international context and poses no threat for the stability of the national financial system (see Chart 18).

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





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Totorių g. 4, Vilnius. Tel. (8 5) 268 0101; Fax. (8 5) 212 4423; E-mail. Ed@lb.lt; <http://www.lb.lt>

Impact of the Recent Financial Turmoil on the Domestic Banking System

The worldwide financial crisis and related instability in the global financial market did not have any significant direct impact on the banking system of Lithuania. However, the majority of the respondents indicated that the global financial market turmoil had an indirect impact on the domestic banking system. Most of the banks- respondents pointed out higher financing costs from interbank and capital markets. During the next half-year banks plan to extend lending from domestic market (deposits) and from the parent banks. The banks also stated that the turmoil in international financial markets was one of the reasons causing the tightening of credit standards.



III. Results for individual questions

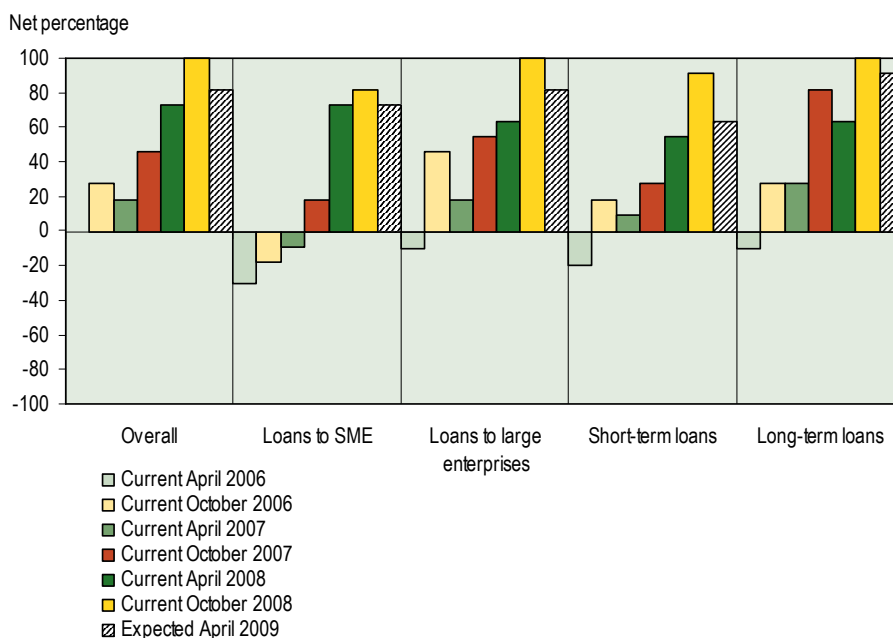
1. LOANS OR CREDIT LINES TO ENTERPRISES

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 SME ¹	Loans to large enterprises	Short-term loans	Long-term loans
Tightened considerably	27	18	45	36	36
Tightened somewhat	73	64	55	55	64
Remained basically unchanged	0	18	0	9	0
Eased somewhat	0	0	0	0	0
Eased considerably	0	0	0	0	0
Total	100	100	100	100	100
Net percentage	100	82	100	91	100
Mean	1,7	2,0	1,5	1,7	1,6

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". Mean is defined as a weighted mean of answers with the following numeric values: "tightened considerably" – 1; "tightened somewhat" – 2; "remained basically unchanged" – 3; "eased somewhat" – 4; "eased considerably" – 5.

Chart 1. Change in credit standards applied to the approval of loans or credit lines to enterprises



¹ Small and medium enterprises

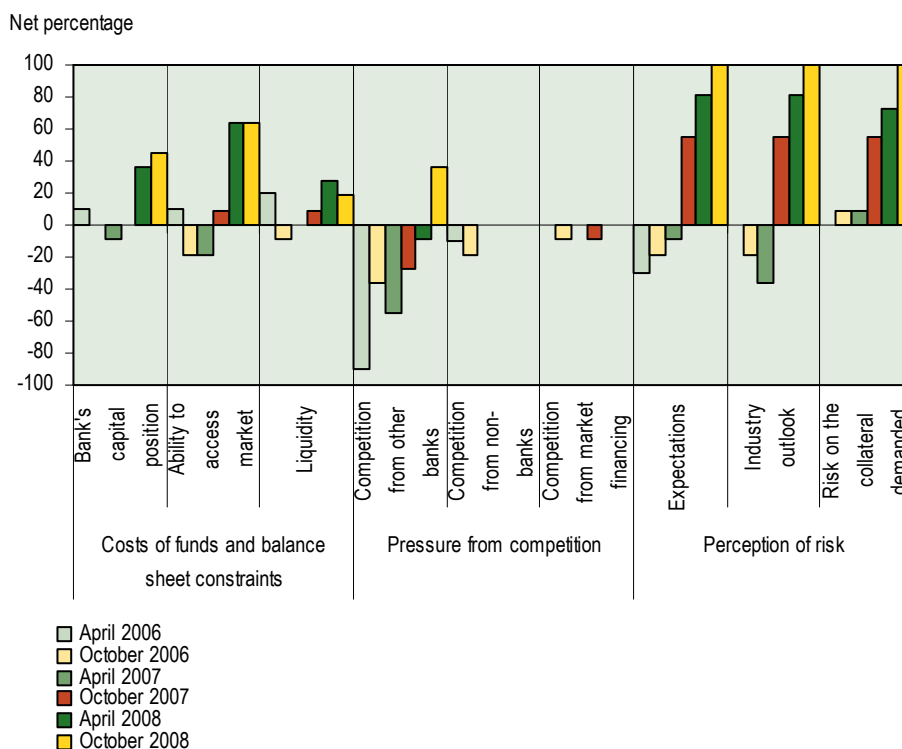


2. Over the past six months, how have the following factors affected your bank's credit standards as applied to the approval of loans or credit lines to enterprises (as described in question 1 in the column headed "Overall")?

	--	-	0	+	++	NA	NetP	Mean
a) Costs of funds and balance sheet constraints								
Costs related to bank's capital position	27	18	55	0	0	0	45	2,3
Bank's ability to access market financing	18	45	36	0	0	0	64	2,2
Bank's liquidity position	9	9	82	0	0	0	18	2,7
b) Pressure from competition								
Competition from other banks	0	36	64	0	0	0	36	2,6
Competition from non-banks	0	0	73	0	0	27	0	3,0
Competition from market financing	0	0	82	0	0	18	0	3,0
c) Perception of risk								
Expectations regarding general economic activity	64	36	0	0	0	0	100	1,4
Industry or firm-specific outlook	55	45	0	0	0	0	100	1,5
Risk on the collateral demanded	27	73	0	0	0	0	100	1,7

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. Mean is defined as a weighted mean of answers with the following numeric values: "contributed considerably to tightening" – 1; "contributed somewhat to tightening" – 2; "had no influence on credit standards changes" – 3; "contributed somewhat to easing" – 4; "contributed considerably to easing" – 5.

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



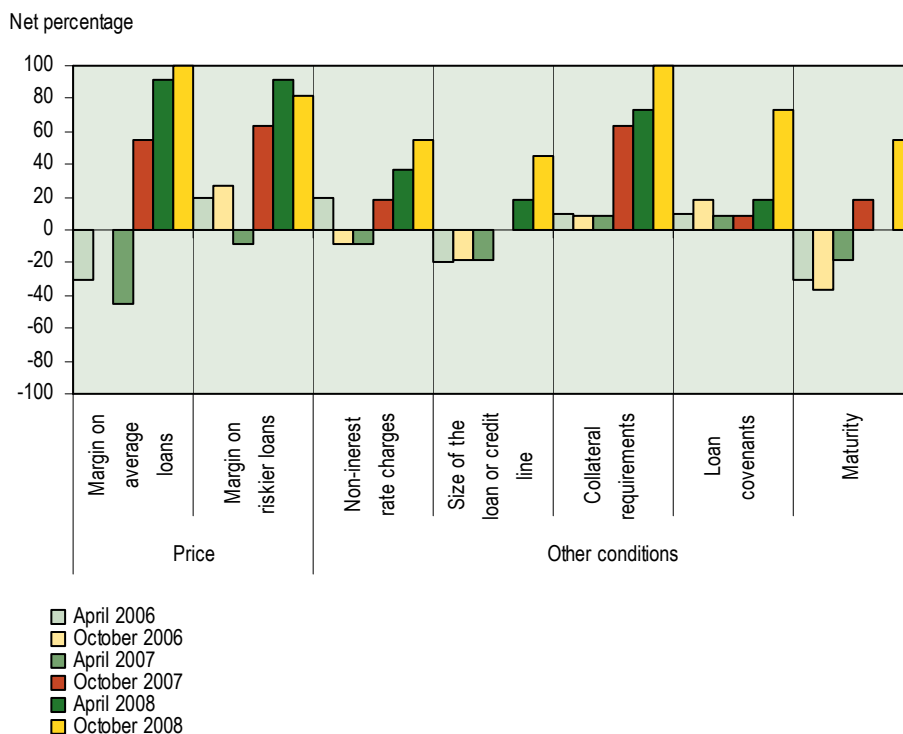


3. Over the past six months, how have your bank's conditions and terms for approving loans or credit lines to enterprises changed?

	--	-	0	+	++	NA	NetP	Mean
a) Price								
Bank's margin on average loans	55	45	0	0	0	0	100	1,5
Bank's margin on riskier loans	82	0	9	0	0	9	82	1,2
b) Other conditions and terms								
Non-interest rate charges	0	55	36	0	0	9	55	2,4
Size of the loan or credit line	18	27	45	0	0	9	45	2,3
Collateral requirements	18	82	0	0	0	0	100	1,8
Loan covenants	27	45	27	0	0	0	73	2,0
Maturity	18	36	36	0	0	9	55	2,2

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". Mean is defined as a weighted mean of answers with the following numeric values: "tightened considerably" – 1; "tightened somewhat" – 2; "remained basically unchanged" – 3; "eased somewhat" – 4; "eased considerably" – 5.

Chart 3. Change in conditions and terms for approving loans or credit lines to enterprises



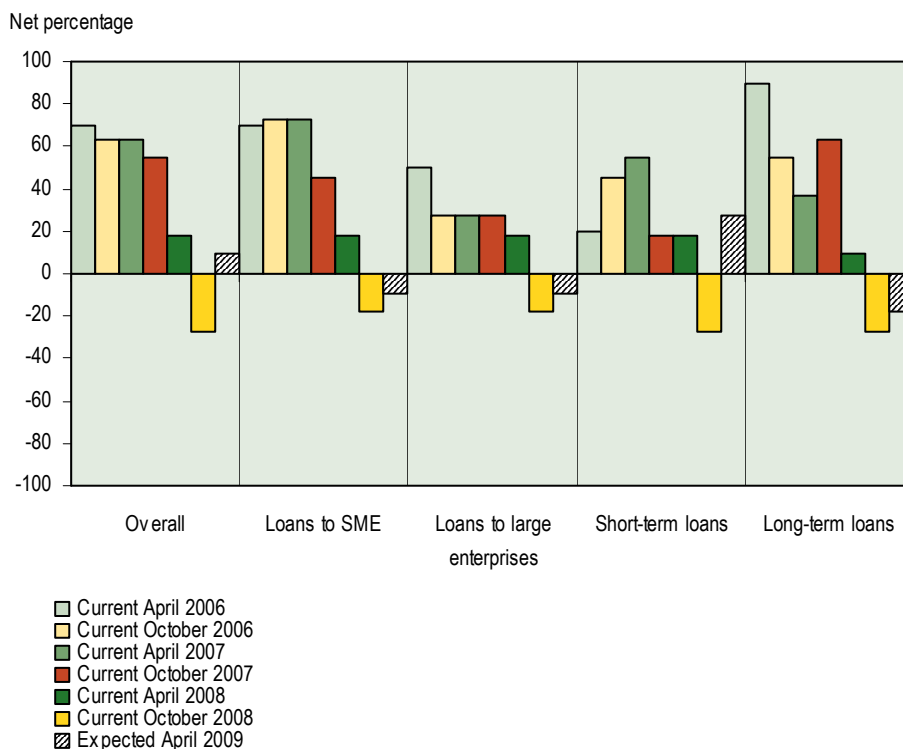


4. Over the past six months, how has the demand for loans or credit lines to enterprises changed at your bank, apart from normal seasonal fluctuations?

	Overall	Loans to small and medium-sized enterprises	Loans to large enterprises	Short-term loans	Long-term loans
Decreased considerably	0	9	9	0	9
Decreased somewhat	45	36	27	45	36
Remained basically unchanged	36	27	45	36	36
Increased somewhat	18	27	9	18	18
Increased considerably	0	0	9	0	0
Total	100	100	100	100	100
Net percentage	-27	-18	-18	-27	-27
Mean	2,7	2,7	2,8	2,7	2,6

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". Mean is defined as a weighted mean of answers with the following numeric values: "decreased considerably" – 1; "decreased somewhat" – 2; "remained basically unchanged" – 3; "increased somewhat" – 4; "increased considerably" – 5.

Chart 4. Demand for loans or credit lines to enterprises



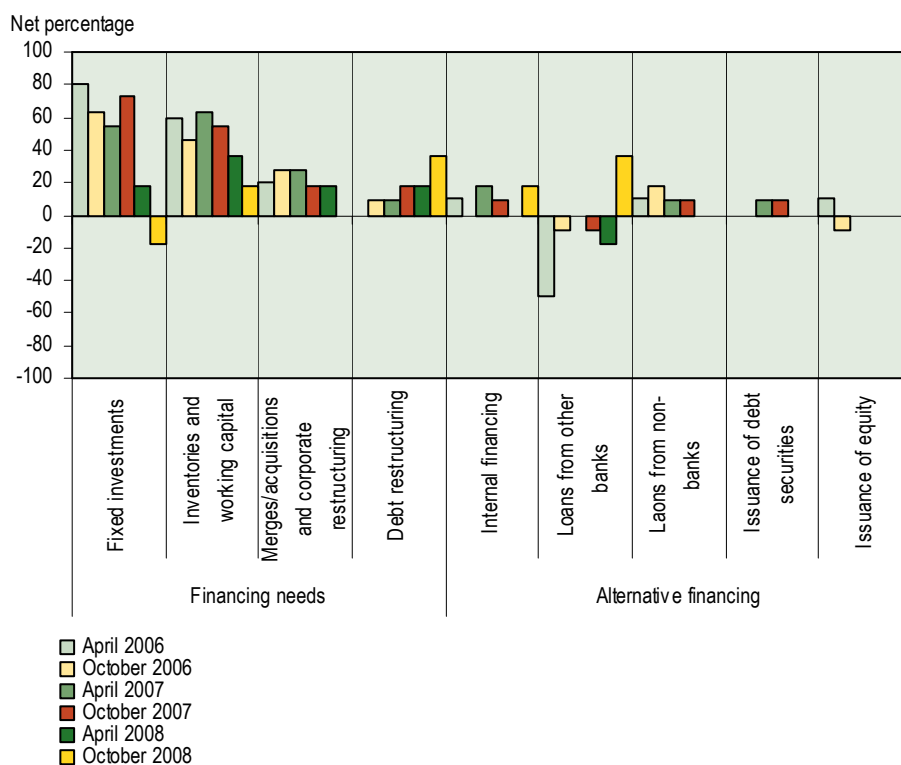


5. Over the past six months, how have the following factors affected the demand for loans or credit lines to enterprises (as described in question 4 in the column headed "Overall")?

	--	-	0	+	++	NA	NetP	Mean
a) Financing needs								
Fixed investment	18	18	45	18	0	0	-18	2,6
Inventories and working capital	0	9	64	18	9	0	18	3,3
Mergers/acquisitions and corporate restructuring	0	9	73	9	0	9	0	3,0
Debt restructuring	0	9	45	45	0	0	36	3,4
b) Use of alternative finance								
Internal financing	0	9	64	27	0	0	18	3,2
Loans from other banks	0	0	64	18	18	0	36	3,5
Loans from non-banks	0	0	91	0	0	9	0	3,0
Issuance of debt securities	0	0	91	0	0	9	0	3,0
Issuance of equity	0	0	91	0	0	9	0	3,0

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". Mean is defined as a weighted mean of answers with the following numeric values: "contributed considerably to lower demand" – 1; "contributed somewhat to lower demand" – 2; "had no influence on demand changes" – 3; "contributed somewhat to higher demand" – 4; "contributed considerably to higher demand" – 5.

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





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	9	9	9	18	9
Tighten somewhat	73	64	73	45	82
Remain basically unchanged	18	27	18	36	9
Ease somewhat	0	0	0	0	0
Ease considerably	0	0	0	0	0
Total	100	100	100	100	100
Net percentage	82	73	82	64	91
Mean	2,1	2,2	2,1	2,2	2,0

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". Mean is defined as a weighted mean of answers with the following numeric values: "tighten considerably" – 1; "tighten somewhat" – 2; "remain basically unchanged" – 3; "ease somewhat" – 4; "ease considerably" – 5.

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	9	0	18	0	27
Decrease somewhat	27	45	18	18	9
Remain basically unchanged	18	18	36	36	45
Increase somewhat	45	36	27	45	18
Increase considerably	0	0	0	0	0
Total	100	100	100	100	100
Net percentage	9	-9	-9	27	-18
Mean	3,0	2,9	2,7	3,3	2,5

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". Mean is defined as a weighted mean of answers with the following numeric values: "decrease considerably" – 1; "decrease somewhat" – 2; "remain basically unchanged" – 3; "increase somewhat" – 4; "increase considerably" – 5.



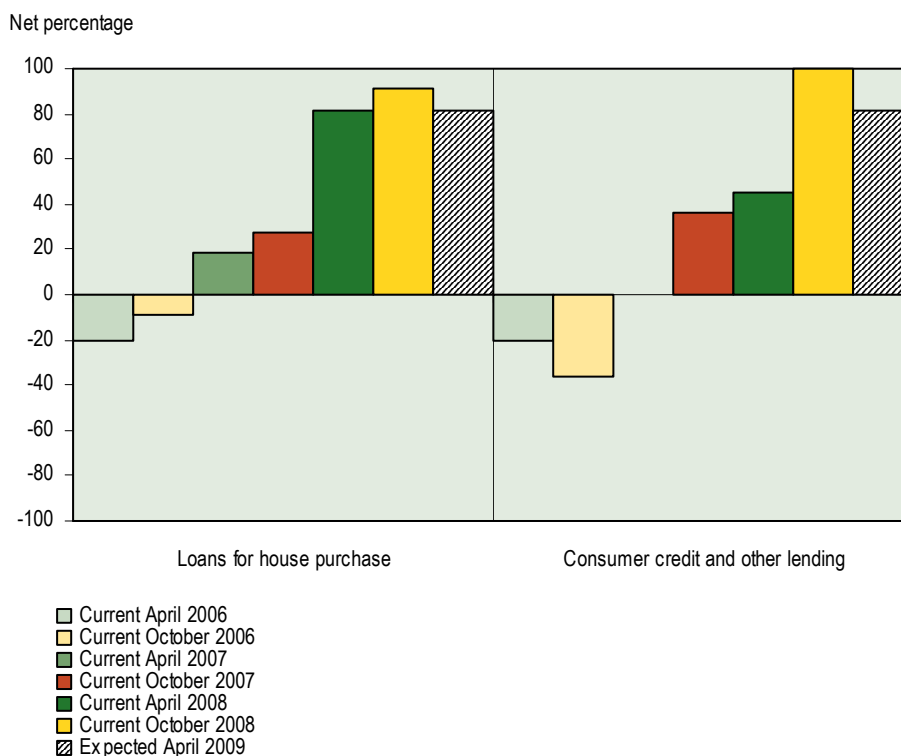
2. LOANS TO HOSEHOLDS

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	18	27
Tightened somewhat	73	73
Remained basically unchanged	9	0
Eased somewhat	0	0
Eased considerably	0	0
Total	100	100
Net percentage	91	100
Mean	1,9	1,7

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". Mean is defined as a weighted mean of answers with the following numeric values: "tightened considerably" – 1; "tightened somewhat" – 2; "remained basically unchanged" – 3; "eased somewhat" – 4; "eased considerably" – 5.

Chart 6. Change in credit standards applied to the approval of loans to households



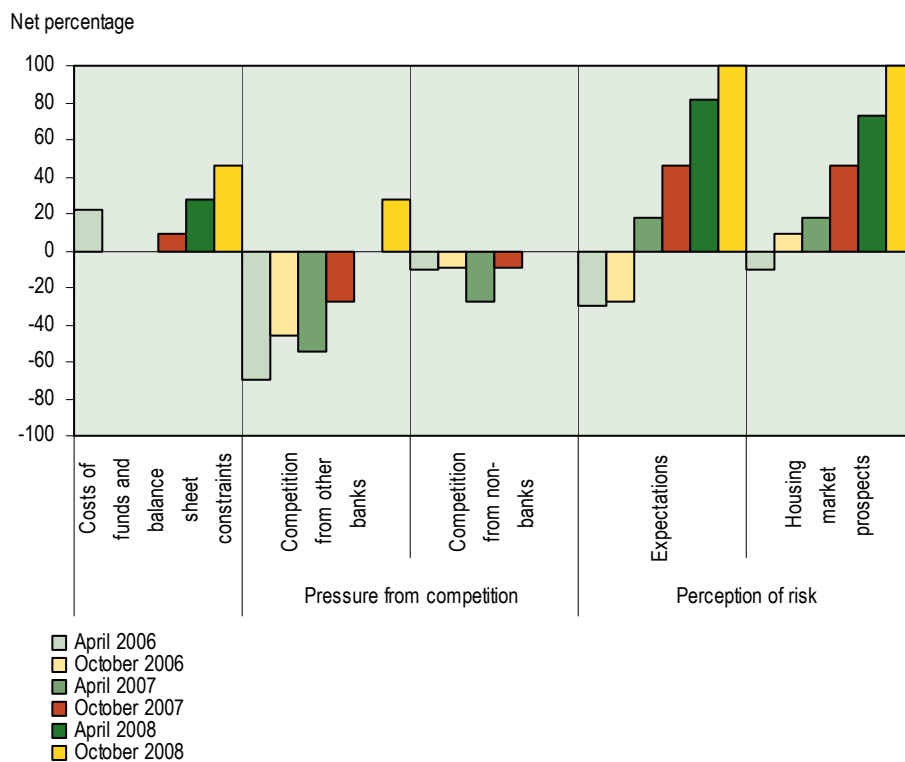


9. Over the past six months, how have the following factors affected your bank's credit standards as applied to the approval of loans to households for house purchase?

	--	-	0	+	++	NA	NetP	Mean
a) Cost of funds and balance sheet constraints	0	45	45	0	0	9	45	2,5
b) Pressure from competition								
Competition from other banks	0	27	73	0	0	0	27	2,7
Competition from non-banks	0	0	91	0	0	9	0	3,0
c) Perception of risk								
Expectations regarding general economic activity	55	45	0	0	0	0	100	1,5
Housing market prospects	55	45	0	0	0	0	100	1,5

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. Mean is defined as a weighted mean of answers with the following numeric values: "contributed considerably to tightening" – 1; "contributed somewhat to tightening" – 2; "had no influence on credit standards changes" – 3; "contributed somewhat to easing" – 4; "contributed considerably to easing" – 5.

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



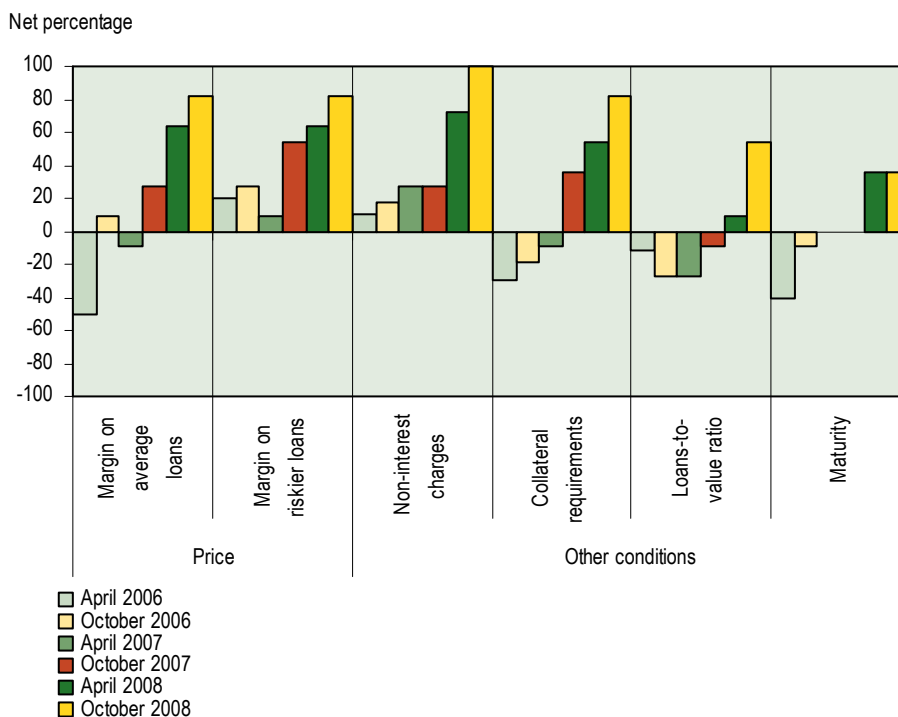


10. Over the past six months, how have your bank's conditions and terms for approving loans to households for house purchase changed?

	--	-	0	+	++	NA	NetP	Mean
a) Price								
Bank's margin on average loans(wider margin = tightened; narrower margin = eased)	36	45	18	0	0	0	82	1,8
Bank's margin on riskier loans	55	27	9	0	0	9	82	1,5
b) Other conditions								
Collateral requirements	18	82	0	0	0	0	100	1,8
Loan-to-value ratio	27	55	18	0	0	0	82	1,9
Maturity	9	45	45	0	0	0	55	2,4
Non-interest rate charges	9	27	64	0	0	0	36	2,5

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". Mean is defined as a weighted mean of answers with the following numeric values: "tightened considerably" – 1; "tightened somewhat" – 2; "remained basically unchanged" – 3; "eased somewhat" – 4; "eased considerably" – 5.

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



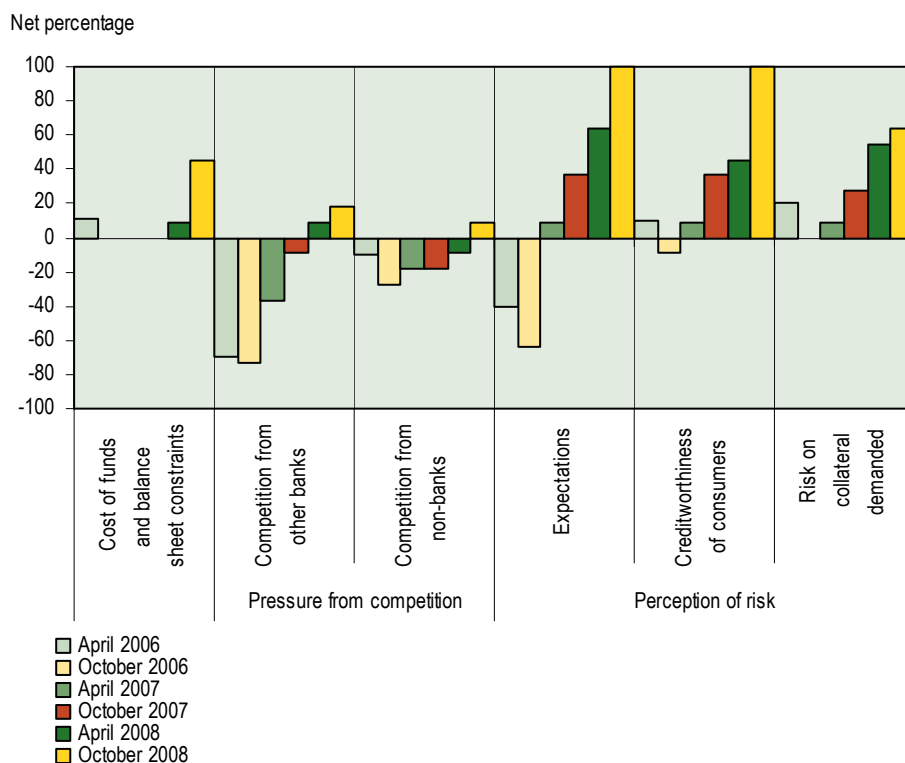


11. Over the last six months, how have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households?

	--	-	0	+	++	NA	NetP	Mean
a) Cost of funds and balance sheet constraints	9	36	45	0	0	9	45	2,4
b) Pressure from competition								
Competition from other banks	0	18	82	0	0	0	18	2,8
Competition from non-banks	0	9	91	0	0	0	9	2,9
c) Perception of risk								
Expectations regarding general economic activity	36	64	0	0	0	0	100	1,6
Creditworthiness of consumers	45	55	0	0	0	0	100	1,5
Risk on the collateral demanded	18	45	36	0	0	0	64	2,2

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. Mean is defined as a weighted mean of answers with the following numeric values: "contributed considerably to tightening" – 1; "contributed somewhat to tightening" – 2; "had no influence on credit standards changes" – 3; "contributed somewhat to easing" – 4; "contributed considerably to easing" – 5.

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



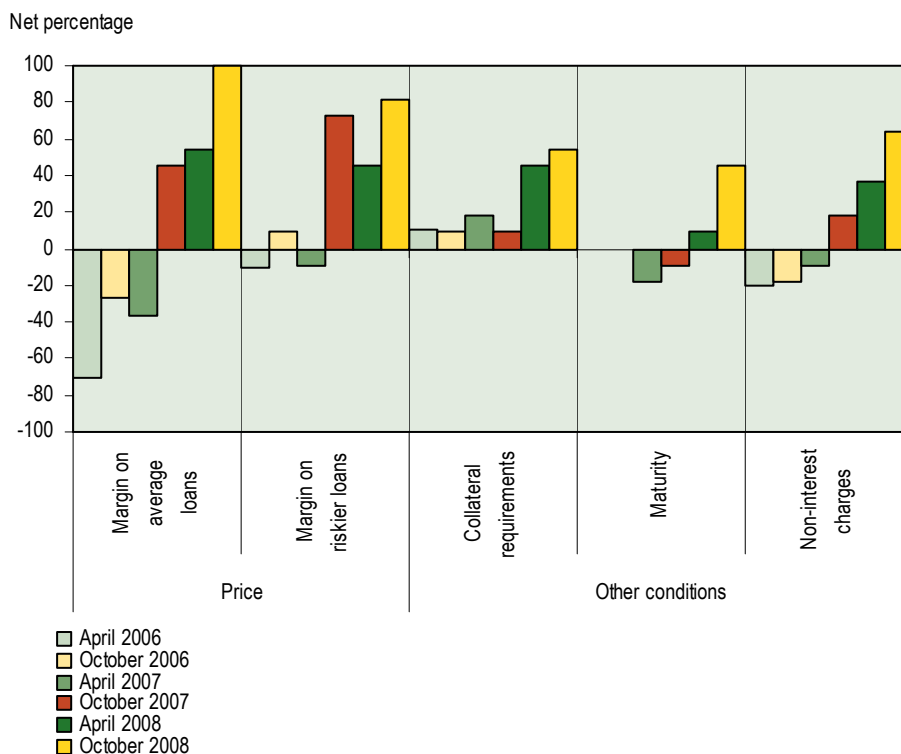


12. Over the past six months, how have your bank's conditions and terms for approving consumer credit and other lending to households changed?

	--	-	0	+	++	NA	NetP	Mean
a) Price								
Bank's margin on average loans(wider margin = tightened; narrower margin = eased)	18	82	0	0	0	0	100	1,8
Bank's margin on riskier loans	27	55	9	0	0	9	82	1,8
b) Other conditions								
Collateral requirements	9	45	45	0	0	0	55	2,4
Maturity	9	36	55	0	0	0	45	2,5
Non-interest rate charges	18	45	36	0	0	0	64	2,2

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". Mean is defined as a weighted mean of answers with the following numeric values: "tightened considerably" – 1; "tightened somewhat" – 2; "remained basically unchanged" – 3; "eased somewhat" – 4; "eased considerably" – 5.

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



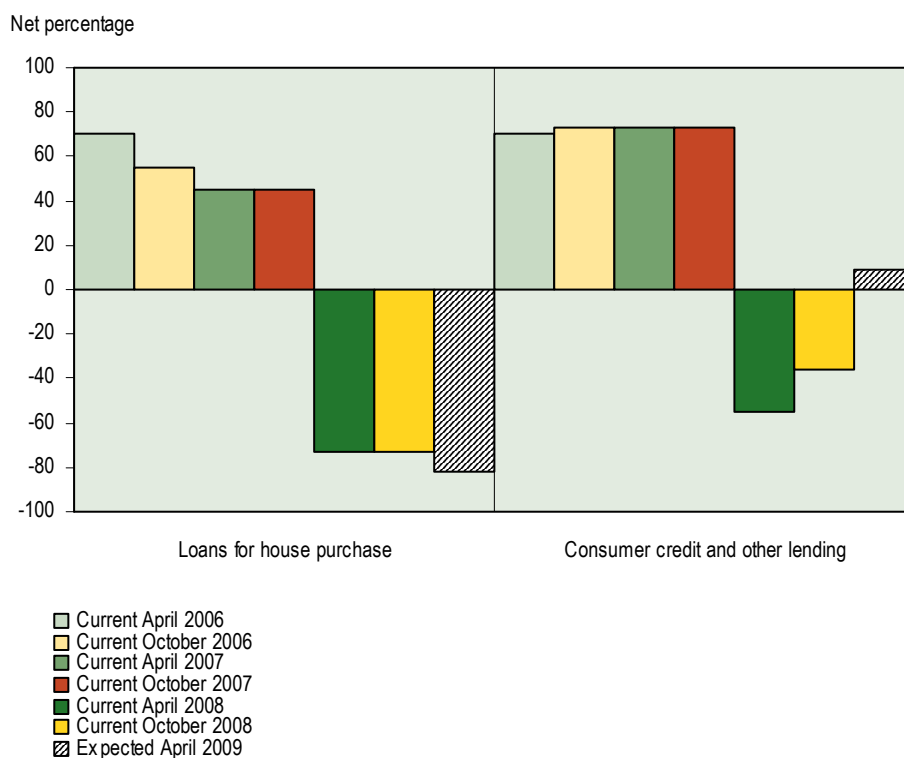


13. Over the last six months, how has the demand for loans to households changed at your bank, apart from normal seasonal fluctuations?

	Loans for house purchase	Consumer credit and other lending
Decreased considerably	27	9
Decreased somewhat	45	36
Remained basically unchanged	27	45
Increased somewhat	0	9
Increased considerably	0	0
Total	100	100
Net percentage	-73	-36
Mean	2,0	2,5

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". Mean is defined as a weighted mean of answers with the following numeric values: "decreased considerably" – 1; "decreased somewhat" – 2; "remained basically unchanged" – 3; "increased somewhat" – 4; "increased considerably" – 5.

Chart 11. Change in demand for loans to households



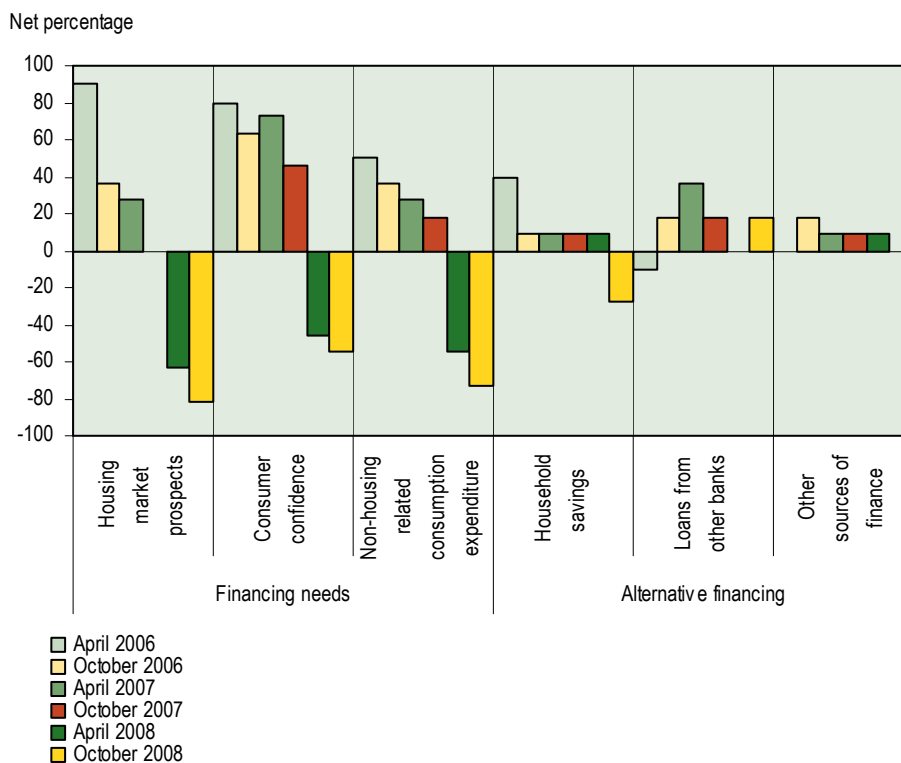


14. Over the past six months, how have the following factors affected the demand for loans to households for house purchase at your bank?

	--	-	0	+	++	Na	NetP	Mean
a) Financing needs								
Housing market prospects	55	27	18	0	0	0	-82	1,6
Consumer confidence	18	36	36	0	0	9	-55	2,0
Non-housing related consumption expenditure	18	55	27	0	0	0	-73	2,1
b) Use of alternative finance								
Household savings	18	18	55	9	0	0	-27	2,5
Loans from other banks	0	0	82	18	0	0	18	3,2
Other sources of finance	9	0	73	9	0	9	0	2,6

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". Mean is defined as a weighted mean of answers with the following numeric values: "contributed considerably to lower demand" – 1; "contributed somewhat to lower demand" – 2; "had no influence on demand changes" – 3; "contributed somewhat to higher demand" – 4; "contributed considerably to higher demand" – 5.

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



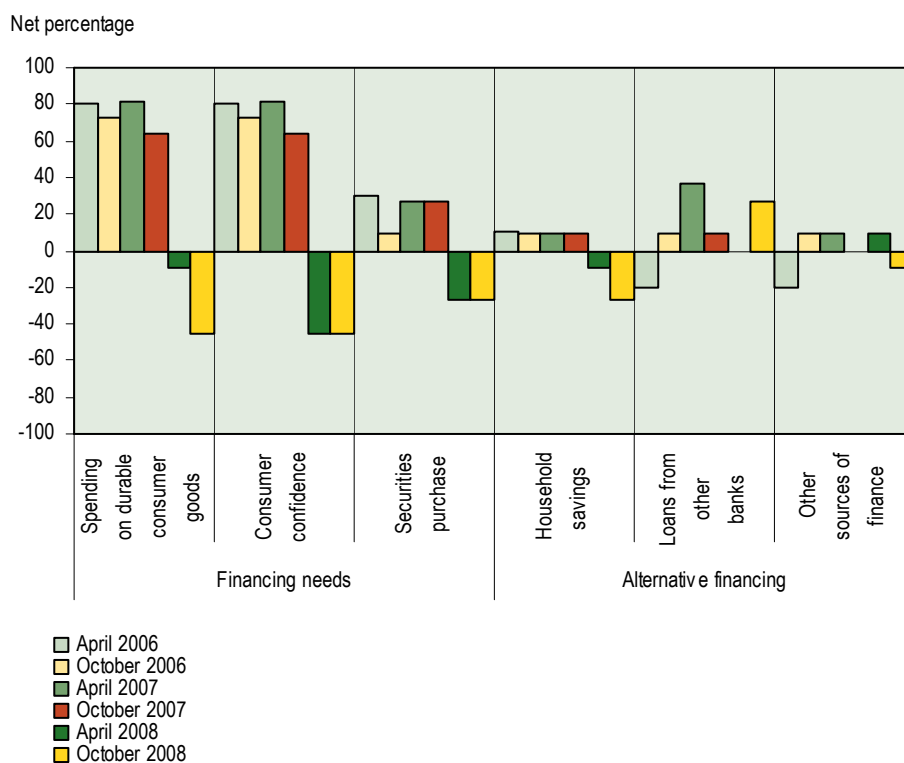


15. Over the past six months, how have the following factors affected the demand for consumer credit and other lending to households at your bank?

	--	-	0	+	++	NA	NetP	Mean
a) Financing needs								
Spending on durable consumer goods (i.e. cars, furniture, etc.)	9	45	36	9	0	0	-45	2,5
Consumer confidence	18	36	27	9	0	9	-45	2,3
Securities purchase	9	27	45	9	0	9	-27	2,6
b) Use of alternative finance								
Household savings	18	18	55	9	0	0	-27	2,5
Loans from other banks	0	9	55	36	0	0	27	3,3
Other sources of finance	9	9	64	9	0	9	-9	2,8

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". Mean is defined as a weighted mean of answers with the following numeric values: "contributed considerably to lower demand" – 1; "contributed somewhat to lower demand" – 2; "had no influence on demand changes" – 3; "contributed somewhat to higher demand" – 4; "contributed considerably to higher demand" – 5.

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	18	18
Tighten somewhat	64	64
Remain basically unchanged	18	18
Ease somewhat	0	0
Ease considerably	0	0
Total	100	100
Net percentage	82	82
Mean	2,0	2,0

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". Mean is defined as a weighted mean of answers with the following numeric values: "tighten considerably" – 1; "tighten somewhat" – 2; "remain basically unchanged" – 3; "ease somewhat" – 4; "ease considerably" – 5.

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	18	18
Decrease somewhat	64	9
Remain basically unchanged	18	36
Increase somewhat	0	36
Increase considerably	0	0
Total	100	100
Net percentage	-82	9
Mean	2,0	2,9

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". Mean is defined as a weighted mean of answers with the following numeric values: "decrease considerably" – 1; "decrease somewhat" – 2; "remain basically unchanged" – 3; "increase somewhat" – 4; "increase considerably" – 5.

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:

Mindaugas Leika
Tel. +370 5 268 0138
Fax +370 5 212 4423

Žygimantas Mauricas
Tel. +370 5 268 0147
Fax +370 5 212 4423

Simonas Krėpšta
Tel. +370 5 268 0142
Fax +370 5 212 4423