



Bank Lending Survey, October 2010

I. Tasks, Methods and Principles of the Survey

Lending surveys of commercial banks and foreign bank branches are organised twice a year in order to obtain information on non-interest bearing terms and conditions of loans, lending costs and market expectations. This survey was conducted in October 2010. Respondents were 8 commercial banks and 4 foreign bank branches (hereinafter referred to as "banks").

The holders of management positions in banks were requested to indicate changes of lending conditions to households and non-financial enterprises over the period from end-April 2010 to end-October 2010. In their responses regarding the likely situation in the future, the respondents were requested to assess changes of lending conditions during the coming six months (October 2010 – April 2011).

This Bank Lending Survey presents a summarised opinion of the holders of management positions in banks, which does not necessarily reflect official views and assessments of banks, 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 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 lending conditions have been tightened (demand increased) and the share of banks reporting that lending conditions have been eased (demand decreased). Positive or negative differentials mean that the majority of banks raised or lowered crediting standards respectively. Analogically, the net percentage is similarly interpreted in the evaluation of changes in demand: a positive net percentage means an increase in demand, and vice versa.

The mean is defined as a weighted mean of answers with the following numeric values: "tightened (demand decreased) considerably"– 1; "tightened (demand decreased) somewhat"– 2; "remained almost unchanged"– 3; "eased (demand increased) somewhat"– 4; "eased (demand increased) considerably"– 5.

The value of the mean less than 3 means that credit standards were tightened by the majority of banks, the value of the mean higher than 3 means that credit standards were eased by the majority of banks. Similarly, the mean value reflects demand changes: the value less than 3 shows that demand has decreased, and the value higher than 3 shows that demand has increased.

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

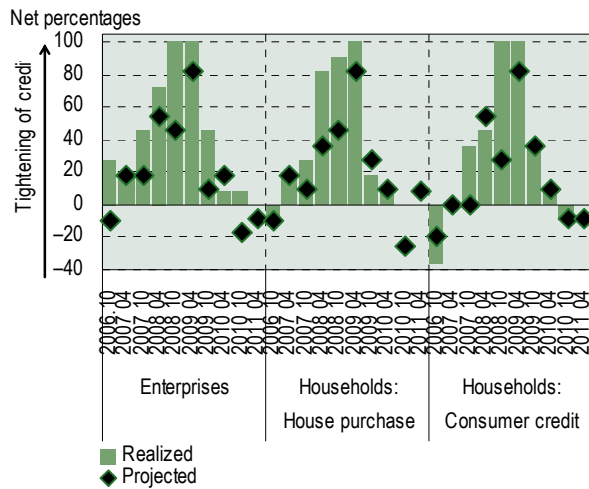


II. Summary of Results

The results of the April 2010 survey indicate that, like during the time of the previous survey, the banks have not changed their lending standards over the recent six months. The main factors behind the tightening of the banks' credit policy were conservative assessment of debtors' solvency prospects, aim to maintain good liquidity standing and financing constraints. At the same time easing of lending conditions was prompted by more intense competition among banks and other non-bank institutions in crediting market and positive expectations. Majority of banks do not plan to change lending conditions applied for enterprises and households over the next six months (see Chart 1).

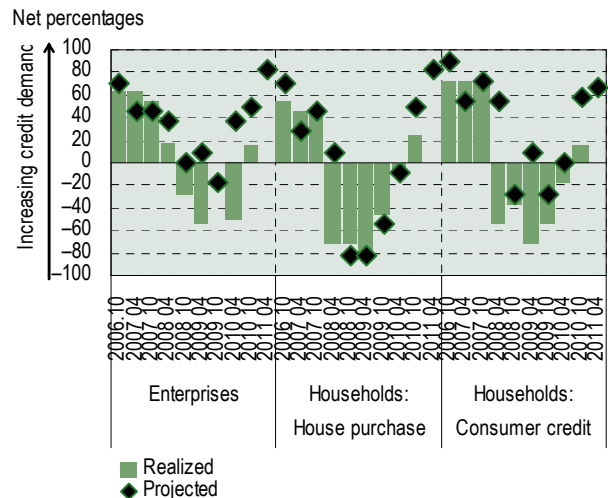
In their responses the holders of managing positions in banks stated that, compared to the previous survey results, credit demand of enterprises and households increased over the past six months – for the first time after shrinkage observed in the course of two years. It should be noted that in the previous survey, the banks expected greater interest on the debtors' side and stronger lending. Demand of households for credit increased mostly due to the improved prospects of the real estate market and consumer confidence, what in turn encouraged more intense borrowing for the house purchase needs. According to banks, the borrowing of enterprises intensified due to financing needs. It should be noted, that the majority of banks expect further increase in credit demand of enterprises and households during the coming six months (until April 2011) (see Chart 2).

Fig. 1 Changes of the bank credit standards



Source: Bank Lending Survey and Bank of Lithuania calculations.

Fig. 2 Credit demand changes



Source: Bank Lending Survey and Bank of Lithuania calculations.

Note: The net percentage in Chart 1 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". The net percentage in Chart 2 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".



1. LOANS AND CREDIT LINES TO ENTERPRISES

Lending conditions. The majority (90%) of banks that participated in the survey indicated that they did not change general lending conditions applied to enterprises during the past six months. Over the recent half of the year lending conditions applied to small, medium-sized and large enterprises have remained broadly unchanged. Also, the bulk of surveyed banks did not change lending conditions for both short-term and long-term loans. According to the survey data, the majority of banks are likely to leave the current credit policy standards unchanged while a few banks are going to ease somewhat the lending conditions to large enterprises during the coming six months (see Chart 9).

More comprehensive data on changes in terms and conditions applied for loans and granting access to credit lines (hereinafter referred to as "credit lines") for enterprises indicate that the majority of banks that participated in the survey eased slightly the price for medium risk loans and credit lines, however they did not change the price of risky loans and credit lines (net percentage was 17% and 0% respectively). Other terms and conditions for granting loans and credit lines for enterprises were made a bit tighter: while the banks provided loans and credit lines to enterprise, they made the requirements for collateral and loan agreement liabilities higher (net percentage was 33% and 25% respectively). Requirements for the amount and maturity applied for loans and credit lines granted for enterprises stayed basically unchanged (net percentage was 17%, 8% and 17% respectively). **During the recent six months, compared to the previous period of six months, almost all conditions for granting loans and credit lines to enterprises have been moderately tightened while the price of the loans granted remained unchanged** (see Chart 11).

For the first time since 2007, banks indicated more motives for moderate easing instead of tightening of the standards for the provision of loans and credit lines for enterprises. The greatest impact determining the easing of crediting terms was made by the competition between other banks and non-bank institutions, and improving expectations of banks about the overall economic situation in Lithuania. On the other hand, the prospects of individual industries and enterprises as well as borrowing opportunities of a bank or a current liquidity position still forced the banks to assess the lending somewhat more conservatively (see Chart 10).

Loan demand. For the first time since the beginning of 2008, **the overall demand for loans and credit lines to enterprises has increased** (net percentage made up 17%). It should be noted that the demand was not rising so significantly as it was projected by banks during the time of conducting the previous survey; then the net percentage of banks that expected the loan demand of enterprises would increase (amounted to 50%). The demand for loans and credit lines of small and medium-sized enterprises and the demand for short-term loans and credit lines went up most significantly (net percentage was 42% and 33% respectively). The demand for loans and credit lines of large enterprises and the demand for long-term loans increased too, however somewhat more marginally (net percentage was 25% and 8% respectively). After the economic downturn which lasted for two years and the related reduction in the demand for financing of enterprises, the demand for loans started to rise as the economics and activity results began to improve. In the opinion of banks, the demand should continue to grow (see Chart 12).

The banks that have participated in the survey indicated that the demand for loans of enterprises grew mostly due to the increased inventories and working capital, funding of fixed investment and the need for debt restructuring (net percentage was 33%, 25% and 25% respectively). Other factors made a minor contribution to the changes in lending



conditions. Compared to the results of previous surveys, impact of the application of alternative financing on the demand for loans of enterprises and credit lines continued to be only marginal (see Chart 13).

Expectations. When requested to indicate how lending conditions of the banks participating in the survey would change within the next six months (until April 2011), the majority of banks (75%) reported their intentions not to change them, 17% of the respondent banks had plans to ease these conditions slightly and 8% of them intend to tighten them somewhat. Banks intend to ease somewhat lending conditions applied to small and medium-sized enterprises (net percentage was –17%). They do not intend to change the terms and conditions applied to large enterprises and both long-term and short-term loans. Similar to previous survey, **the banks participating in this survey expect an increase of the overall demand for loans to enterprises in the next six months** (net percentage was 83%, mean – 3.8). **The banks project that demand for loans to small and medium-sized enterprises will grow faster than that for large enterprises during the coming six months** (net percentages accounted for 92% and 50% respectively), and changes in demand for short-term and long-term loans are likely to be of the similar size (both net percentages accounted for 67% and 58% respectively).



2. LOANS TO HOUSEHOLDS

Loans for House Purchase

Lending conditions. Following continuous tightening of lending conditions applied to households for two years, the banks again basically did not change their credit standards over the past six months. The majority of the surveyed banks (83%) indicated that they did not change conditions for granting loans for house purchase; the rest split into two equal groups, responding that they either strongly tightened conditions for granting loans or tightened them only slightly (see Chart 14).

As for the factors determining granting of loans, some banks indicated that a slight tightening of terms for granting loans for house purchase was prompted by financing costs and balance sheet restrictions, while the increased competition among other banks, improved expectations about real estate market and economic situation encouraged easing of lending conditions. Other factors made a minor contribution to the changes in lending conditions (see Chart 15).

Changes in the terms and conditions of loans to households for house purchase suggest that during the previous six months the banks hardly changed any type of lending conditions. The banks stated that during the recent six months terms and conditions for granting loans were slightly eased (net percentage was -8%), however other conditions unrelated to interest rates were slightly tightened (net percentage was 8%) (see Chart 16).

Loan demand. The surveyed banks indicated that **following a two-year decline in demand for housing loans, demand for credit has increased during the recent six months** (net percentage accounted for 25%) (see Chart 19). According to the banks, the main factors behind the increase in demand for housing loans were related to more favourable outlook for the housing market and growing consumer confidence (net percentage was 17% and 8%). On the other hand, growing expenditure unrelated to housing had a downward effect on the demand for housing loans, however, it did not offset an impact made by factors exerting positive influence. Other factors did not made any contribution to the changes in loans for house purchase (see Chart 20).

Expectations. The majority of the surveyed banks intend not to change conditions of lending for house purchase during the coming six months. However, it should be noted that 8% of the banks are planning to slightly tighten the financing conditions in future while none of the banks are planning to ease them. Due to conservative assessment of the outlook for solvency of households, banks are likely to change conditions for house purchase only slightly. **Majority of the banks (83%) expect that demand for housing loans will increase somewhat during the coming six months, others think that it will remain basically the same.**



Consumer and Other Loans

Lending conditions. During this half of the year, similar to the previous survey, banks indicated that they did not change significantly conditions for granting consumer and other loans. More than a half (58%) of surveyed banks indicated that basically they did not change conditions for granting consumer and other loans during the past six months while 8% said that they slightly or even considerably tightened those conditions and 8% reported that they eased them somewhat (see Chart 14).

As for the factors determining the granting of consumer and other loans, the banks indicated that the easing of conditions was mostly prompted by the competition among other banks and non-bank institutions and the expectations related to the overall economic situation (net percentage was -25%, -25% and 17%). On the other hand, the assessment of the debtors' solvency and collateral risk given by banks remained conservative (net percentage was 17% and 8% respectively) (see Chart 17).

During the past six months, all the analysed terms and conditions of consumer loans and other lending to households did not change (see Chart 18). According to survey results, requirements for collateral and other conditions unrelated to interest rates were somewhat tightened, at the same time, however, requirements for maturities for consumption and other loans were slightly lowered.

Loan demand. Demand for consumer loans and other lending has grown slightly in the past six months (net percentage accounted for 17%, mean - 3.1) (see Chart 19). This was mostly due to stronger confidence of households. On the other hand, using of savings and other bank loans or other financing sources as well as weaker willingness of households to acquire securities reduced the demand for consumer and other loans to households (see Chart 21).

Expectations. Like in previous survey, in their responses as to what extent lending conditions for consumer and other loans will change over the next six months, the majority (75%) of respondents reported that lending conditions would remain basically unchanged, however, more than a half (67%) of respondents believe that demand for consumer loans and other lending will increase somewhat in the coming years. It should be noted that, in previous survey, banks also projected that the demand for both household consumption and crediting of other loans would increase. Although real growth of the demand for loans was slower than expected, the fulfilled positive expectations of banks allow expecting that interest of debtors will grow in future and crediting will intensify.



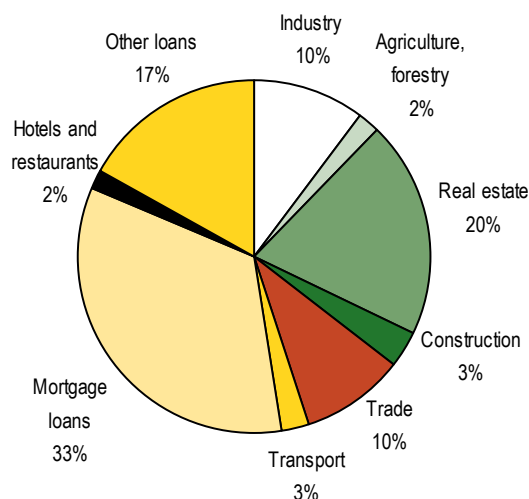
3. AD -HOC QUESTIONS

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 the changes of lending conditions in the future. Taking into account a sharp economic downturn in 2009 and relatively subdued recovery in the recent quarter, this survey concentrates on the analysis of the financial standing of enterprises in the main domestic economic sectors and households and to the assessment of the quality of loans granted to these borrowers. The respondents of the survey were asked to specify risk factors which, in their opinion, exert the largest impact on the stability of the financial system of the country and describe a general level of confidence in the stability of financial system over the medium and long terms.

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 sectors of the domestic economy and households, and its dynamics. The following major types of economic activity were selected for the survey: industry, real estate, construction, trade, transport, hotels and restaurants, agriculture and forestry, and households. According to the data of the mid-2010, loans granted to households and enterprises belonging to the above sectors made up 82% of the total bank loan portfolio (see Chart 3).

Chart 3. Breakdown of loan portfolio of banks in Lithuania



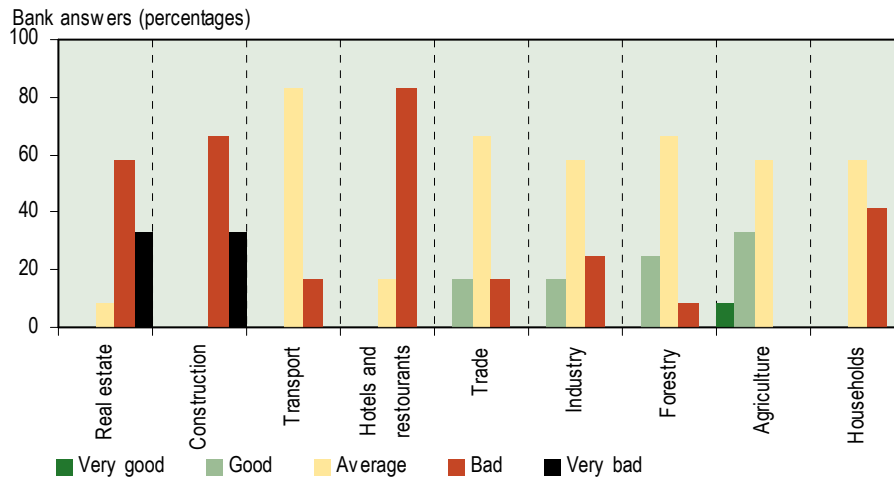
Source: Bank of Lithuania calculations.

Financial situation. The assessment of the financial situation of households and enterprises undertaking the key economic activities was similar to that submitted by banks in the previous survey. **The best assessment of all economic activities was given to agriculture and forestry. The most wary assessment was given to the standing of real estate, construction activity, and hotels and restaurants.** It should be mentioned that the situation of many debtors was given better assessment compared to the previous survey (see Chart 4). **The financial standing**



of both households and enterprises is assessed as slightly improved during the recent six months, compared to the previous six months.

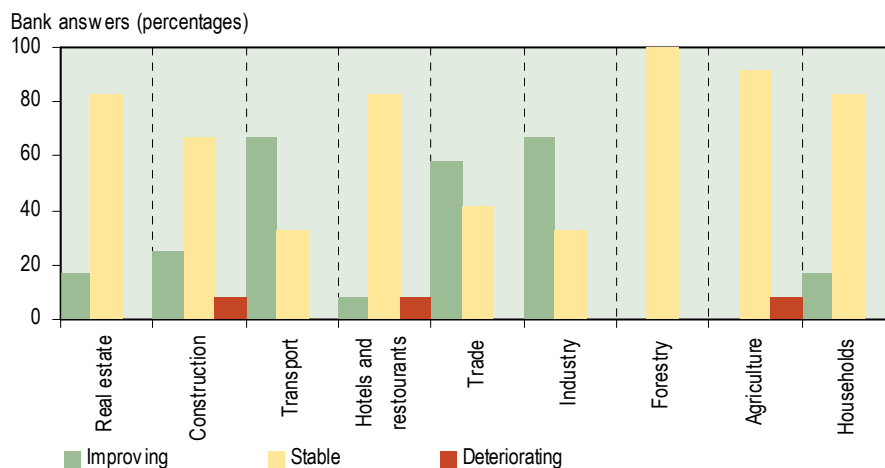
Chart 4. Assessment of the financial standing of enterprises in different economic sectors and households



Source: Bank Lending Survey, October 2010.

Prospects of the Financial Situation. Following a quite long period when the negative prospects of the financial standing of enterprises undertaking main types of economic activity were dominating, in this survey, **most banks project that financial situation of enterprises undertaking all main types of economic activity will remain unchanged or will improve over the coming six months.** Most favourable assessment was given to the prospects of industry, transport and trade while these of agriculture, hotels and restaurants, and construction economic activities received most wary assessment. During this six-month period compared to the previous six-month period, the banks also gave a better assessment of the future development of the financial standing of households (see Chart 5). Improvement of the assessment of the debtors is likely to be prompted by improving, although moderately, economic environment, increased average wages of individuals and favourable indicators of economic expectations.

Chart 5. Assessment of the prospects of the financial standing of enterprises and households



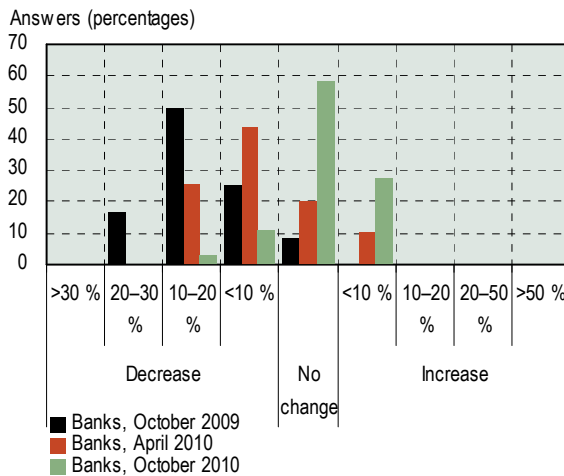
Source: Bank Lending Survey, October 2010.



Prospects of the Domestic Real Estate Market

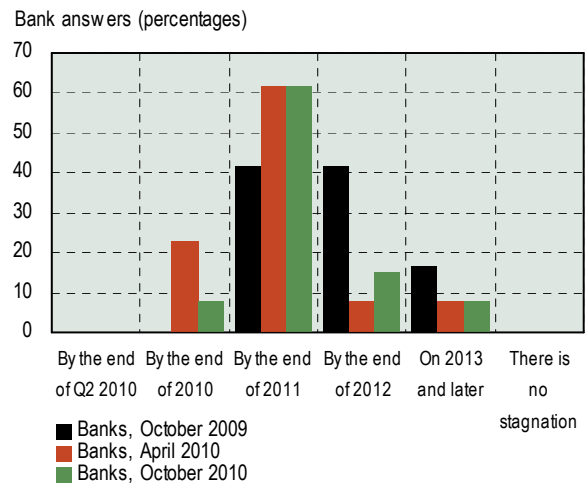
Expectations of real estate price changes. The majority (58%) of banks that participated in the survey projected that real estate prices would not change notably over the coming twelve months. A bit more than one fourth of respondents indicated that prices would slightly increase, however, no more than by 10%; in contrast, one tenth of respondents said that real estate prices would likely to fall moderately (to 10%) (see Chart 6). **Compared to April 2010 survey results, the banks basically did not change the scenario of the real estate market development,** i.e. more than a half (61%) of all banks expected that stagnation of the real estate market in Lithuania should end by the end of 2011. On the other hand, the number of respondents expecting the end of stagnation at the end of 2010 reduced; accordingly, the number of those projecting that economic recovery will start at the end of 2012 increased moderately (see Chart 7).

Chart. 6 Expectations of real estate price changes in the coming 12 months



Sources: Bank lending surveys conducted by the Bank of Lithuania.

Chart. 7 Expectations of the stagnation duration in the real estate market of Lithuania



Sources: Bank lending surveys conducted by the Bank of Lithuania.

Crediting Conditions and Loan Portfolio Development

Granting of loans. The majority of respondent banks indicated that crediting provided by them to economic activities of real estate and construction in the last six months was the most cautious one. As the main reason for such caution, the majority of banks indicated the uncertainty surrounding the outlook of the mentioned economic activities. Like in the previous survey, the banks stated that they did not apply any additional limits for financing of other economic activities.

Changes in housing loan conditions. The majority of the banks participating in the survey indicated that changing of the provisions of housing loan agreements was mostly related to the extending of loan repayment term, adjustment of payment schedule and extension of the interest rates fixation period, however, the number of adjusted agreements made up just 5% on average of all bank loans for house purchase. Moreover, the banks indicated that, when granting a loan for house purchase to an average risk customer in the first half of 2010, the maximum loan to value ratio applied was between 70% and 80% which is in compliance with the good practice of bank risk assessment. For comparison, that ratio stood between 90% and 100% during the time of strong economic growth.



Changes in granted loans portfolio in 2010 and 2011. When summarising the survey results, it should be noted that, the overall value of portfolio of granted loans on gross basis should change only marginally during the current year. The majority (42%) of the surveyed banks indicated that the size of their granted loan portfolio would be smaller at the end of 2010. According to banks, the largest impact on the shrinkage of this portfolio should be exerted by a drop in the amount of the loans (for house purchase in particular) granted to individuals. On the other hand, other respondents split into two equal groups and said that the loan portfolio granted by them would not change or gradually increase at the end of the year. When assessing the next year's dynamics of the loan portfolio, the respondents expect that the loan portfolio will grow. This should be mostly determined by growing loan portfolios granted to private enterprises and government authorities. Housing loans and loans to natural persons will also have a positive (however, limited) impact on the overall growth of loan portfolio.

Quality of the Bank Loan Portfolio

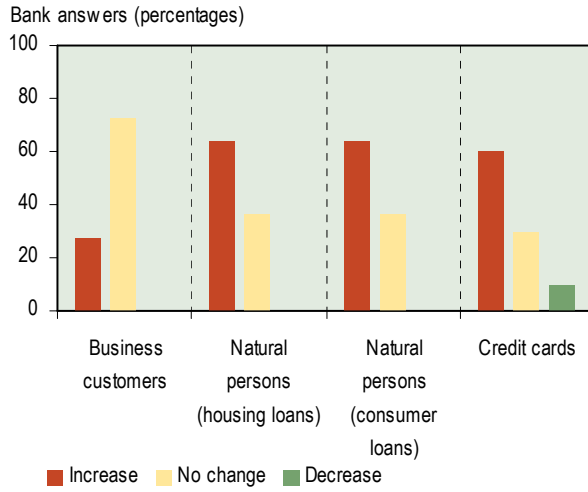
Loan quality by economic sector. When asked to designate economic sectors with the poorest quality of loans, the majority of the banks participating in the survey pointed out real estate and construction sectors, same as in previous surveys. Crediting of those sectors was particularly robust during the period of economic activity. Some respondents also indicated the sector of hotels and restaurants, where the quality of loan portfolio was mainly under the negative influence of the recent domestic and global developments. The banks assessed the quality of loan portfolio in agriculture and forestry sectors as the best.

Settlement of payment liabilities to banks. In this Bank Lending Survey the majority of respondents again noticed an increasing number of customers with overdue payments. The majority of the banks noted that the number of customers with overdue payments was increasing among natural persons and credit card holders. More than a half of the banks indicated that the number of overdue loans of business customers became stable (see Chart 8).

According to the survey data, banks project that in the coming six-month period the loan quality of all segments of debtors (business customers, natural persons, and credit card holders) will basically stay unchanged. The respondents are of the opinion that these changes are mainly determined by slow economic recovery and growing unemployment. Nearly one quarter of the banks state that the quality of granted loans in the context of the current economic downturn was the worst in the first half of 2010, while later on it should start to improve. However, nearly one fifth of respondents pointed out that the worst quality of their loan portfolio was observed in 2009 and they project that quality of loan portfolio will start to improve already this year.



Chart. 8 Dynamics of the number of bank customers with overdue payments



Source: Bank Lending Survey, October 2010.



Attraction of Financial Resources

The improved situation in the international financial markets, positive signals of economic recovery and GDP growth, decreased credit risk premium of Lithuania, more stable macroeconomic development and lower VILIBOR interbank interest rates made a positive impact on the potential of domestic banks to attract additional financial resources. During the past six months, borrowing of the banks in the domestic market was relatively active, since the banks were increasing their liquid asset reserves and seeking to achieve stronger balance between granted loans and financial reserves attracted in the country. Actually, according to banks, reallocation of the attracted funds was observed during the past six months. During the coming six months more than a half of the surveyed banks intend to maintain the current structure of financial resources. On the other hand, more than a half of banks said they were going to further increase the amount of the attracted deposits of the private sector.

Risk Assessment

According to the banks, the major risks to financial system of the country and the stability of the whole economy during the coming six months will be slow recovery of economy, growing level of unemployment, growing state risk premiums, increasing enterprise credit risk and reduced overall demand for credit. Among major risks banks also pointed out the risk of growing level of unemployment and credit risk of enterprises – as they exert direct impact on the quality of bank loans as the financial standing of debtors deteriorates. The majority of banks assessed the slow economic recovery as the main emerging risk, since the impact of this risk is more of a complex nature and is likely to influence other listed risk types through indirect impact channels.

Table 1. The main risks to the stability of the financial system over the coming six months

Risks*	Percentages**	Average***
Slow recovery of the economy	92	1,2
Rising level of unemployment	75	2,1
Growing state risk premiums	67	3,6
Growing enterprise credit risk of	50	3,2
Decreased overall demand for credit	50	4,0
Growing household credit risk	33	3,8
Decreasing real estate prices	25	3,7
Difficulties in attracting financial resources	25	3,0
Solvency difficulties of financial institutions operating in the country	25	2,7
Decreased overall supply of credit	17	4,5
Rising interest rates	17	5,0
Financial sector regulatory and accounting changes	17	4,5
Decrease of large deposits	8	5,0
Failure of the financial infrastructure (payment systems)	0	0,0

* Banks were asked to rank five most important risks to the stability of the financial system over the next six months (1 – the most important risk; 5 – the fifth most important risk); **Percentage shows the share of respondents stating this risk among the five most important ones. ***Average shows average importance of the risk (1 – the most important risk; 5 – the fifth most important risk).

Responding to the question as to the possibility of materialisation of high-impact events in the financial sector during the coming six months, the majority of banks (84%) indicated that such developments (i.e. sharp contraction in



deposits observed in November 2008, bankruptcy of Lehman Brothers investment bank, etc.) are unlikely or highly unlikely.

Table 2. Probability of materialisation of high-impact event in the coming six months

	Probability of materialisation, %*
Very low	17
Low	67
Medium	8
High	0
Very high	8

* The percentage of banks stating the answer.

In their assessment of overall confidence in stability of the financial system of Lithuania, the majority of banks stated that their confidence is moderate both in coming twelve months and in coming three years. One third of all respondents indicated that confidence is high or very high. It should be noted that, in the light of the severe economic downturn, banks give a relatively positive assessment of the prospects of the financial sector of Lithuania.

Table 3. Confidence in the stability of the domestic financial system

	Confidence in the stability of the financial system over the coming 12 months, %*	Confidence in the stability of the financial system over the coming 3 years, %*
Very low	0	0
Low	0	0
Medium	67	58
High	25	25
Very high	8	17

* The percentage of banks stating the answer.



III. Results for individual questions

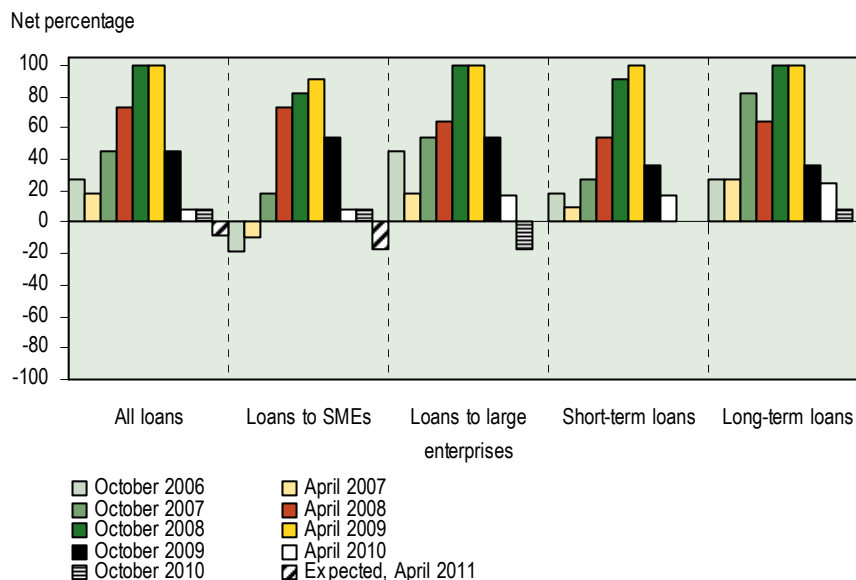
1. LOANS OR CREDIT LINES TO ENTERPRISES

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

	All loans	Loans to SMEs ¹	Loans to large enterprises	Short-term loans	Long-term loans
Tightened considerably	0	0	0	0	0
Tightened somewhat	8	8	8	8	8
Remained basically unchanged	92	92	67	83	92
Eased somewhat	0	0	25	8	0
Eased considerably	0	0	0	0	0
Total	100	100	100	100	100
Net percentage	8	8	-17	0	8
Mean	2.9	2.9	3.2	3.0	2.9

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



¹ Small and medium enterprises.

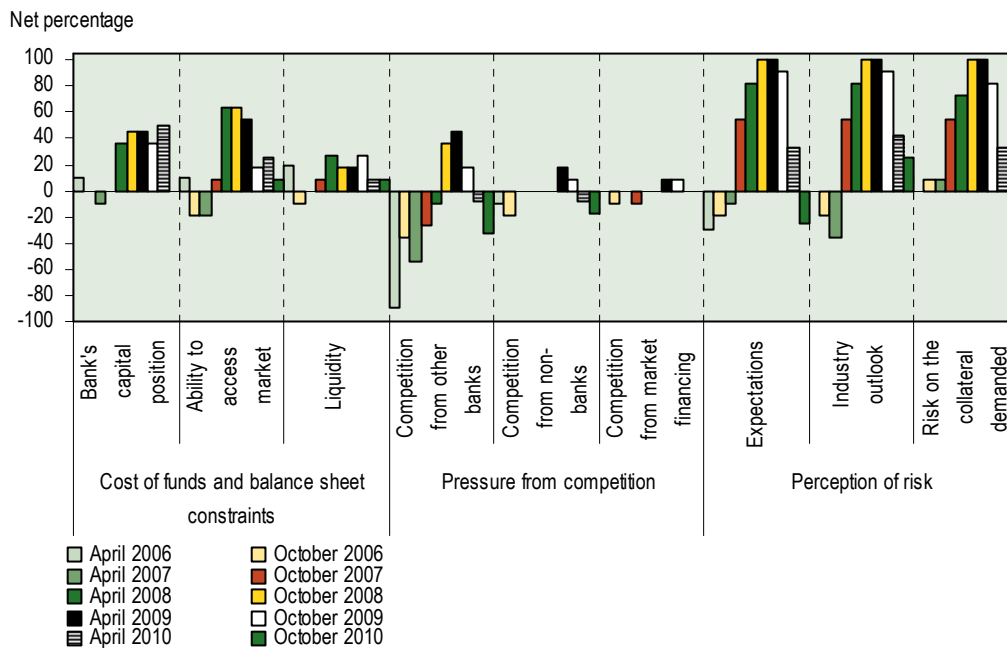


2. How have the following factors affected your bank's credit standards as applied to the approval of loans or credit lines to enterprises over the past six months (without the breakdown of enterprises by size)?

	--	-	0	+	++	NA	NetP	Mean
a) Cost of funds and balance sheet constraints								
Costs related to bank's capital position	0	8	83	8	0	0	0	3.0
Bank's ability to access market financing (short-term or long-term)	0	8	92	0	0	0	8	2.9
Bank's liquidity position	0	8	92	0	0	0	8	2.9
b) Pressure from competition								
Competition from other banks	0	0	67	25	8	0	-33	3.4
Competition from non-banks	0	0	75	17	0	8	-17	3.2
Competition from market financing	0	0	92	0	0	8	0	3.0
c) Perception of risk								
Expectations regarding general economic activity	0	25	25	50	0	0	-25	3.3
Industry or firm-specific outlook	8	33	42	17	0	0	25	2.7
Risk on the collateral demanded	0	8	75	17	0	0	-8	3.1

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 standard changes" – 3; "contributed somewhat to easing" – 4; "contributed considerably to easing" – 5.

Chart 10. Factors affecting credit standards applied to the approval of loans or credit lines to enterprises



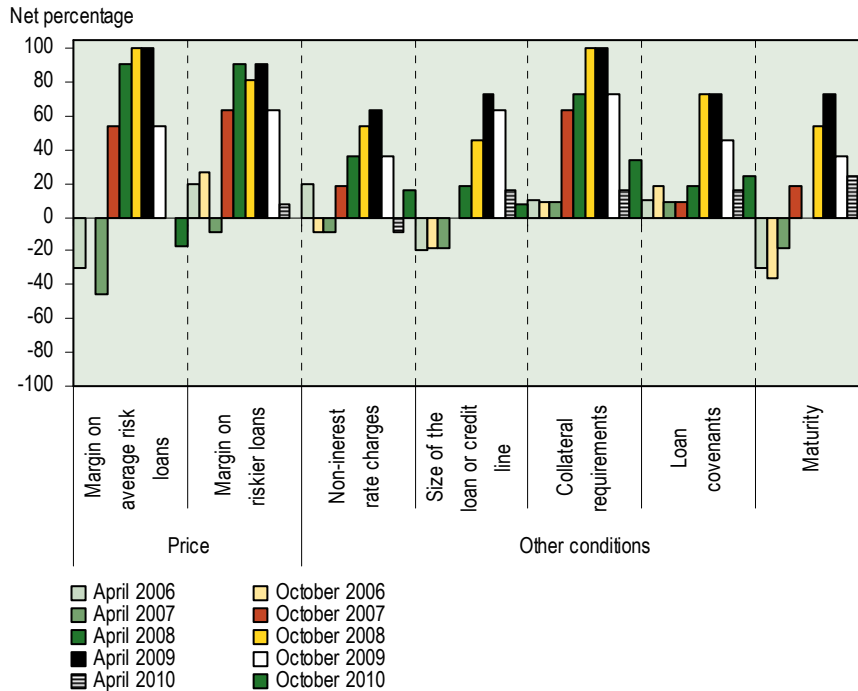


3. How have your bank's terms and conditions for granting loans or credit lines to enterprises changed over the past six months ?

	--	-	0	+	++	NA	NetP	Mean
a) Price								
Bank's margin on average risk loans	0	25	33	42	0	0	-17	3.2
Bank's margin on riskier loans	0	17	58	17	0	8	0	3.0
b) Other conditions								
Non-interest rate charges	0	17	83	0	0	0	17	2.8
Size of the loan or credit line	0	8	92	0	0	0	8	2.9
Collateral requirements	0	33	67	0	0	0	33	2.7
Loan covenants	0	25	75	0	0	0	25	2.8
Maturity	0	25	67	8	0	0	17	2.8

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 11. Change in terms and conditions for granting loans or credit lines to enterprises



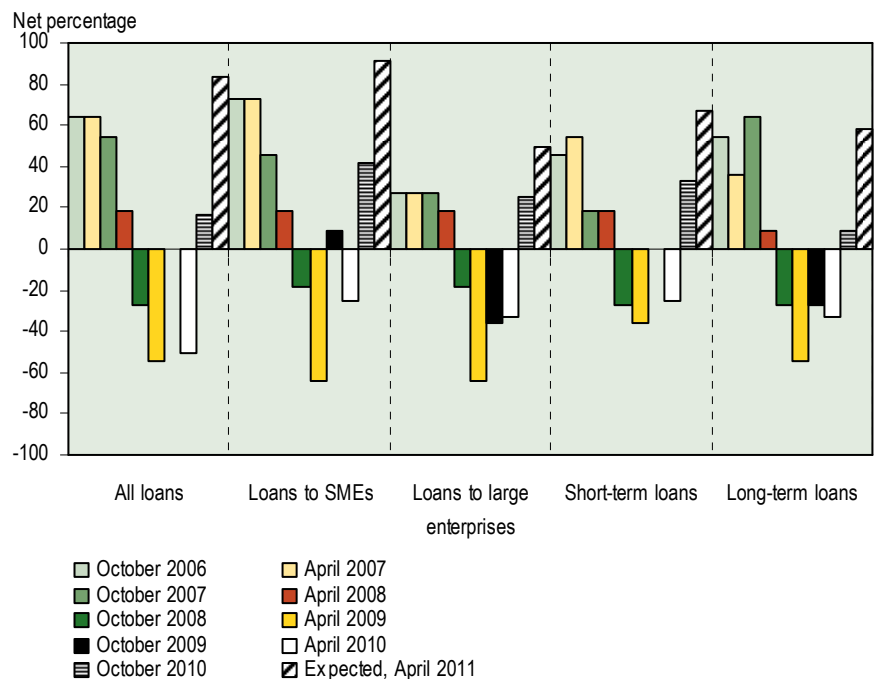


4. How has the demand for loans or credit lines to enterprises changed at your bank (apart from regular seasonal fluctuations)?

	Overall	Loans to SMEs	Loans to large enterprises	Short-term loans	Long-term loans
Decreased considerably	0	0	17	8	0
Decreased somewhat	25	17	8	8	25
Remained basically unchanged	33	25	25	33	42
Increased somewhat	42	58	50	50	33
Increased considerably	0	0	0	0	0
Total	100	100	100	100	100
Net percentage	17	42	25	33	8
Mean	3.2	3.4	3.1	3.3	3.1

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 12. Change in the demand for loans or credit lines to enterprises



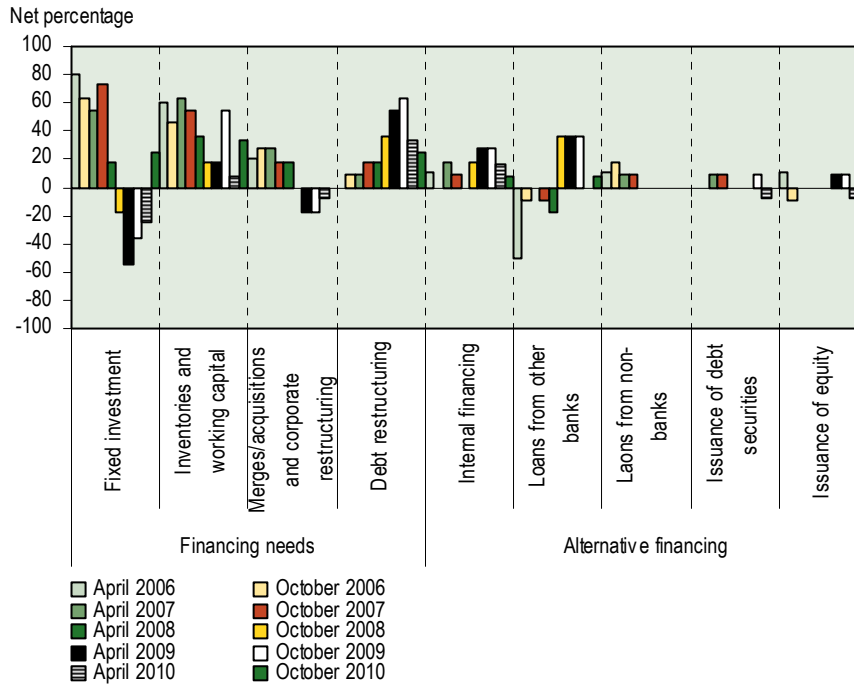


5. How have the following factors affected the demand for loans or credit lines to enterprises (without the breakdown of enterprises by size)?

	--	-	0	+	++	NA	NetP	Mean
a) Financing needs								
Fixed investment	8	8	42	33	8	0	25	3.3
Inventories and working capital	0	0	67	17	17	0	33	3.5
Mergers/acquisitions and corporate restructuring	0	0	92	0	0	8	0	3.0
Debt restructuring	0	8	58	25	8	0	25	3.3
b) Use of alternative finance								
Internal financing	8	0	75	17	0	0	8	3.0
Loans from other banks	0	17	58	25	0	0	8	3.1
Loans from non-banks	0	8	75	8	0	8	0	3.0
Issuance of debt securities	0	0	75	0	0	25	0	3.0
Issuance of equity	0	0	83	0	0	17	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 13. Factors affecting the demand for loans or credit lines to enterprises





6. Please indicate how do 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 SMEs	Loans to large enterprises	Short-term loans	Long-term loans
Tighten considerably	0	0	0	0	0
Tighten somewhat	8	8	8	8	8
Remain basically unchanged	75	67	83	83	83
Ease somewhat	17	25	8	8	8
Ease considerably	0	0	0	0	0
Total	100	100	100	100	100
Net percentage	-8	-17	0	0	0
Mean	3.1	3.2	3.0	3.0	3.0

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 do you expect the demand for loans or credit lines to enterprises to change at your bank over the next six months (apart from regular seasonal fluctuations).

	Overall	Loans to SMEs	Loans to large enterprises	Short-term loans	Long-term loans
Decrease considerably	0	0	0	0	0
Decrease somewhat	0	0	0	0	0
Remain basically unchanged	17	8	50	33	42
Increase somewhat	83	92	50	67	58
Increase considerably	0	0	0	0	0
Total	100	100	100	100	100
Net percentage	83	92	50	67	58
Mean	3.8	3.9	3.5	3.7	3.6

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.



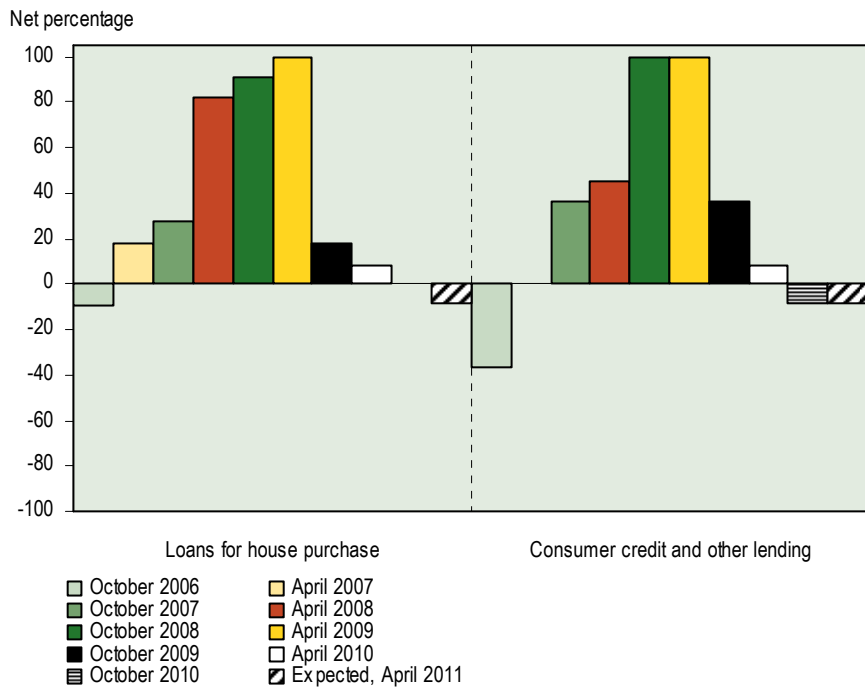
2. LOANS TO HOSEHOLDS

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

	Loans for house purchase	Consumer credit and other lending
Tightened considerably	8	8
Tightened somewhat	0	8
Remained basically unchanged	83	58
Eased somewhat	8	25
Eased considerably	0	0
Total	100	100
Net percentage	0	-8
Mean	2.9	3.0

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



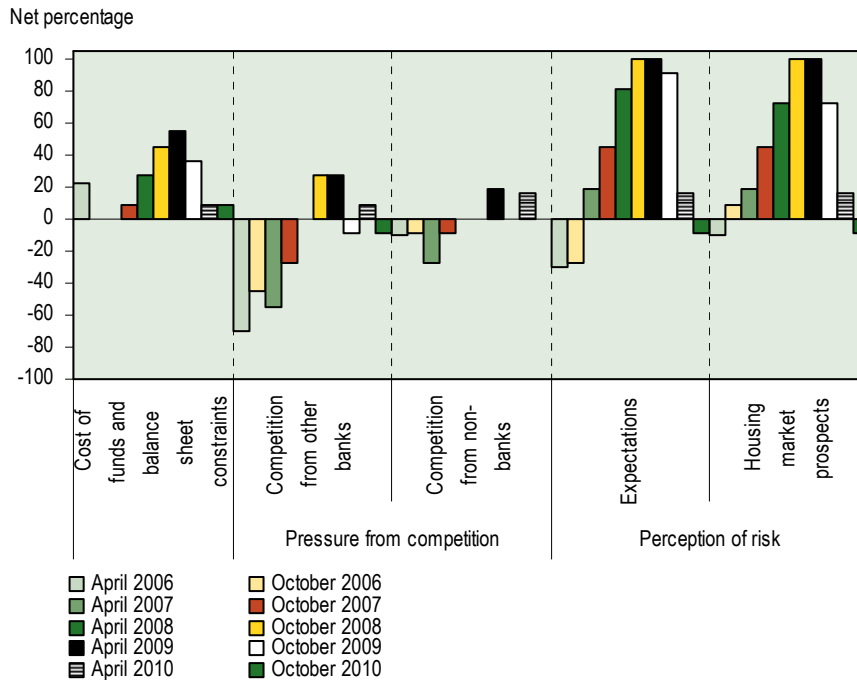


9. How have the following factors affected your bank's credit standards as applied to the approval of loans to households for house purchase?

	--	-	0	+	++	NA	NetP	Mean
a) Cost of funds and balance sheet constraints	8	0	83	0	0	8	8	2.8
b) Pressure from competition								
Competition from other banks	0	0	92	8	0	0	-8	3.1
Competition from non-banks	0	0	92	0	0	8	0	3.0
c) Perception of risk								
Expectations regarding general economic activity	8	0	75	17	0	0	-8	3.0
Housing market prospects	8	0	75	17	0	0	-8	3.0

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



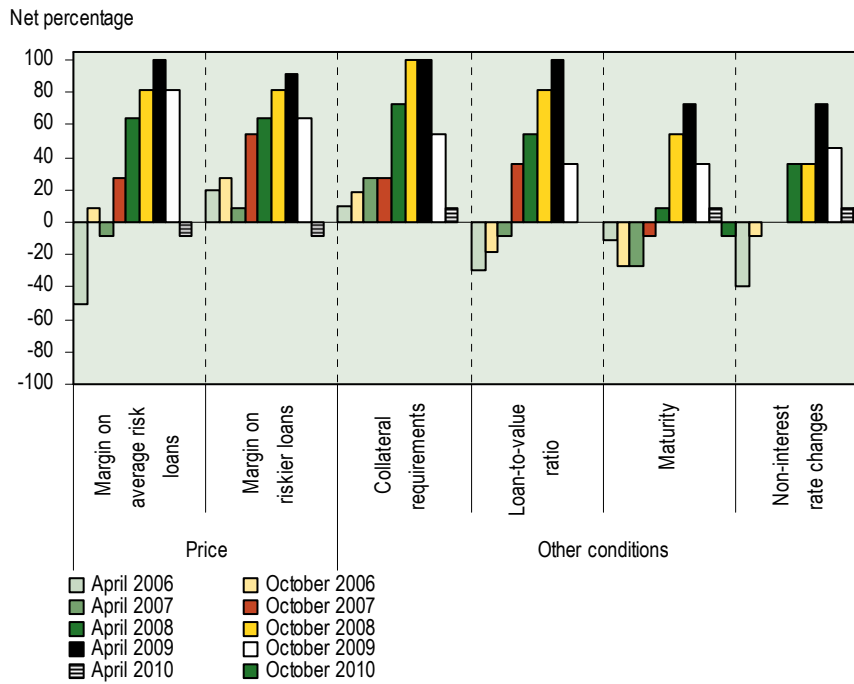


10. How have your bank's terms and conditions for granting loans to households for house purchase changed over the past six months?

	--	-	0	+	++	NA	NetP	Mean
a) Price								
Bank's margin on average risk loans (wider margin = tightened; narrower margin = eased)	0	17	67	8	8	0	0	3.1
Bank's margin on riskier loans	0	17	58	8	8	8	0	3.1
b) Other conditions								
Collateral requirements	0	8	83	8	0	0	0	3.0
Loan-to-value ratio	0	8	83	8	0	0	0	3.0
Maturity	0	0	92	8	0	0	-8	3.1
Non-interest rate changes	0	8	92	0	0	0	8	2.9

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". 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 16. Change in terms and conditions for granting loans to households for house purchase



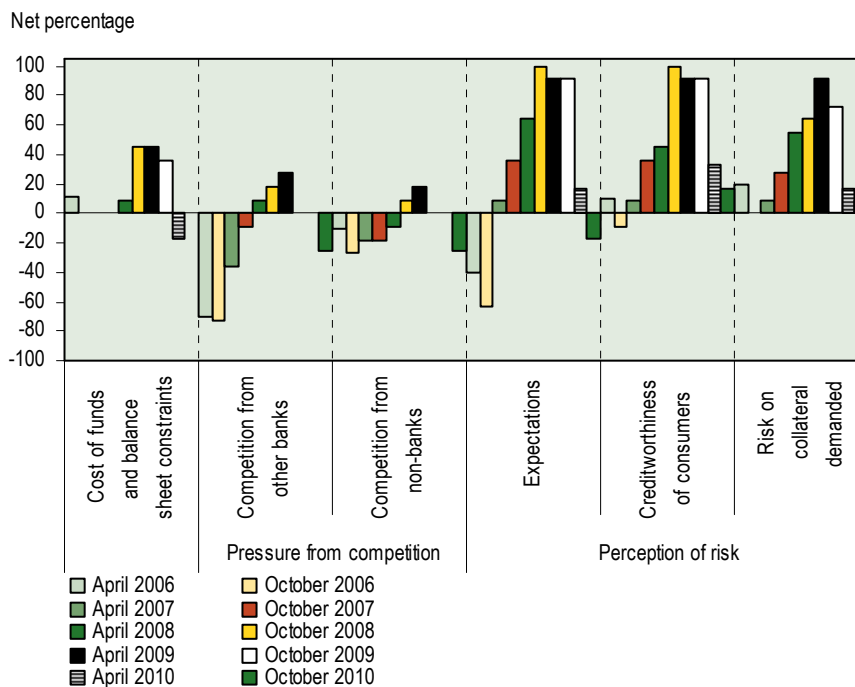


11. How have the following factors affected your bank's credit standards as applied to the approval of consumer credit and other lending to households?

	--	-	0	+	++	NA	NetP	Mean
a) Cost of funds and balance sheet constraints	0	0	75	0	0	25	0	3.0
b) Pressure from competition								
Competition from other banks	0	0	67	25	0	8	-25	3.3
Competition from non-banks	0	0	50	25	0	25	-25	3.3
c) Perception of risk								
Expectations regarding general economic activity	0	0	75	17	0	8	-17	3.2
Creditworthiness of consumers	8	17	58	8	0	8	17	2.7
Risk on the collateral demanded	8	0	75	0	0	17	8	2.8

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 standard changes" – 3; "contributed somewhat to easing" – 4; "contributed considerably to easing" – 5.

Chart 17. Factors affecting credit standards applied to the approval of consumer credit and other lending to households



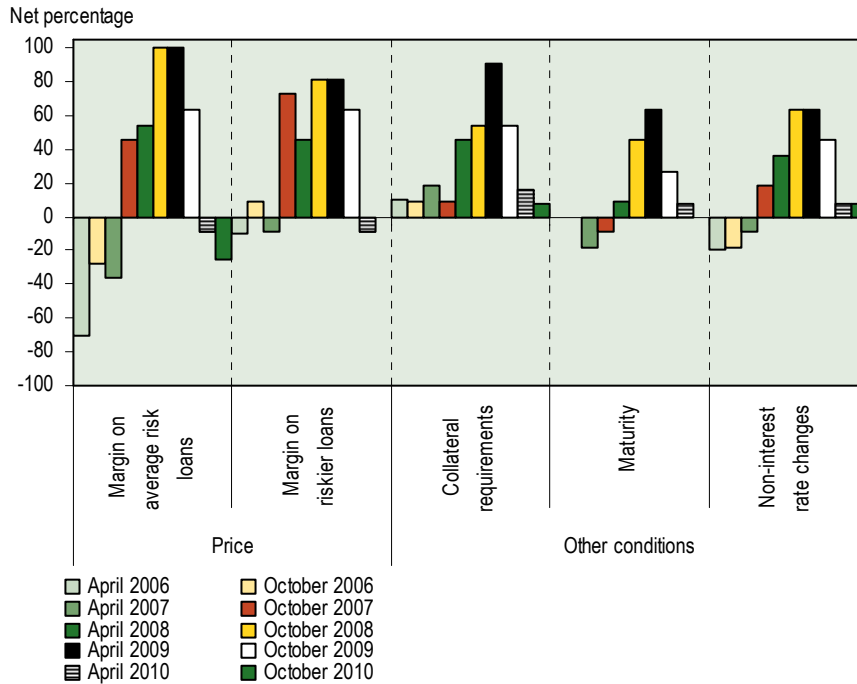


12. How have your bank's terms and conditions for granting consumer credit and other lending to households changed over the past six months?

	--	-	0	+	++	NA	NetP	Mean
a) Price								
Bank's margin on average risk loans (wider margin = tightened; narrower margin = eased)	0	0	67	25	0	8	-25	3.3
Bank's margin on riskier loans	0	0	92	0	0	8	0	3.0
b) Other conditions								
Collateral requirements	0	8	75	0	0	17	8	2.9
Maturity	0	8	75	8	0	8	0	3.0
Non-interest rate changes	0	8	83	0	0	8	8	2.9

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". 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 18. Change in terms and conditions for granting consumer credit and other lending to households



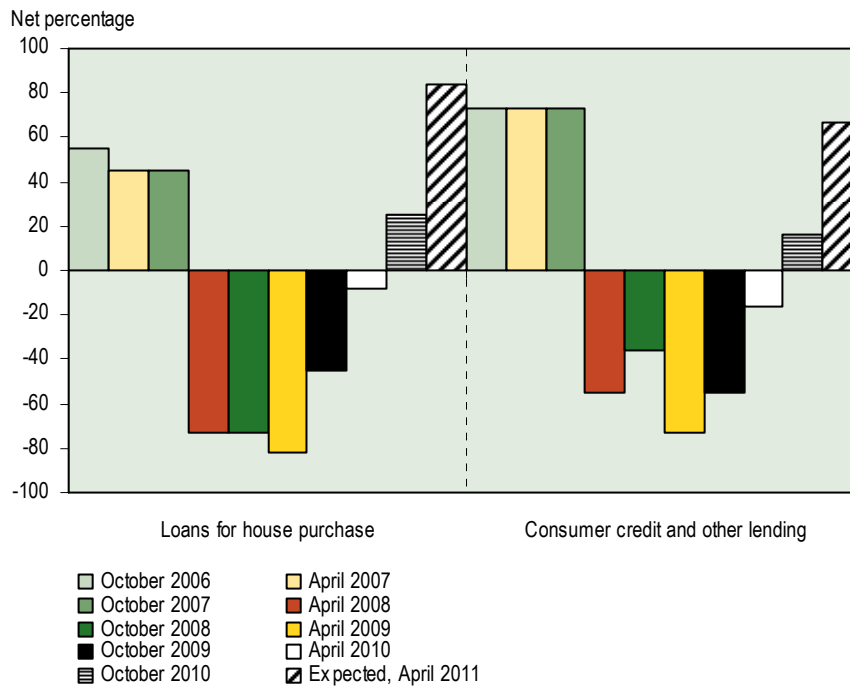


13. How has the demand for loans to households changed at your bank (apart from regular seasonal fluctuations)?

	Loans for house purchase	Consumer credit and other lending
Decreased considerably	0	8
Decreased somewhat	8	8
Remained basically unchanged	58	50
Increased somewhat	25	33
Increased considerably	8	0
Total	100	100
Net percentage	25	17
Mean	3.3	3.1

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 19. Change in the demand for loans to households



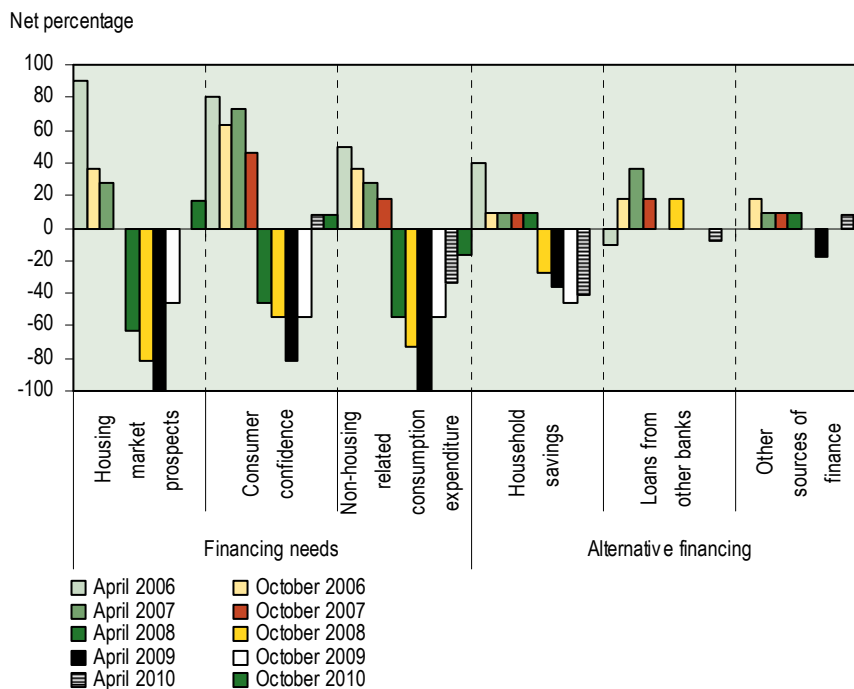


14. How have the following factors affected the demand for loans to households for house purchase at your bank?

	--	-	0	+	++	Na	NetP	Mean
a) Financing needs								
Housing market prospects	0	17	50	25	8	0	17	3.3
Consumer confidence	0	8	75	17	0	0	8	3.1
Non-housing related consumption expenditure	0	25	67	8	0	0	-17	2.8
b) Use of alternative finance								
Household savings	0	17	67	17	0	0	0	3.0
Loans from other banks	0	0	100	0	0	0	0	3.0
Other sources of finance	0	0	100	0	0	0	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 20. Factors affecting the demand for loans to households for house purchase



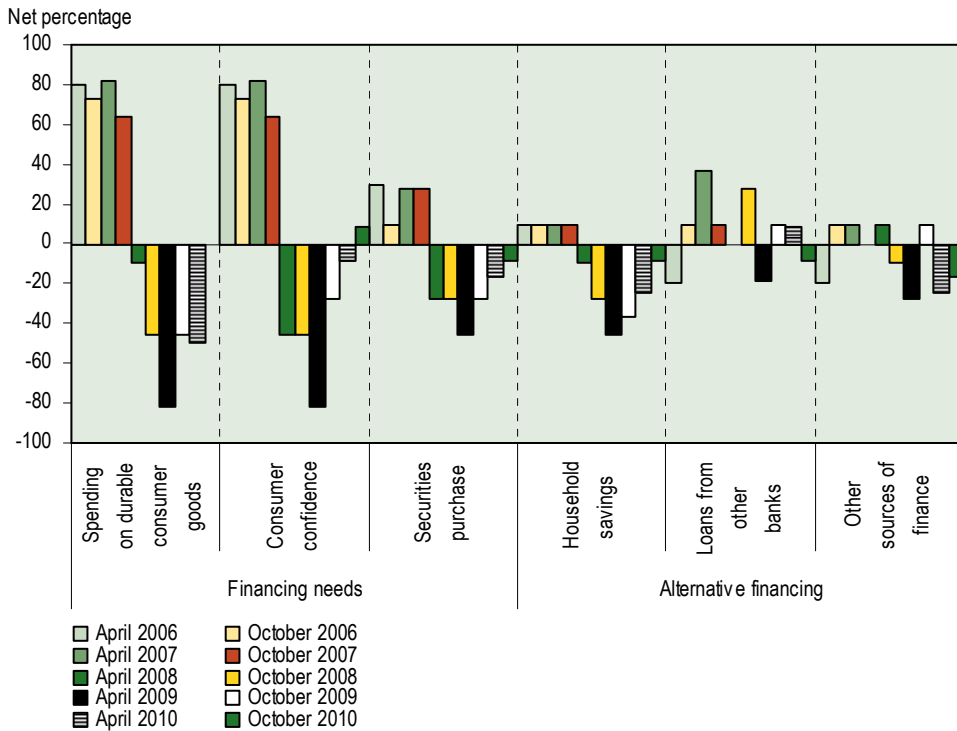


15. How have the following factors affected the demand for consumer credit and other lending to households at your bank?

	--	-	0	+	++	NA	NetP	Mean
a) Financing needs								
Spending on durable consumer goods (i.e. cars, furniture, etc.)	0	17	58	17	0	8	0	3.0
Consumer confidence	0	17	50	25	0	8	8	3.1
Securities purchase	0	8	83	0	0	8	-8	2.9
b) Use of alternative finance								
Household savings	0	17	67	8	0	8	-8	2.9
Loans from other banks	0	8	83	0	0	8	-8	2.9
Other sources of finance	0	17	75	0	0	8	-17	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 21. Factors affecting the demand for consumer credit and other lending to households





16. Please indicate how do 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	8	8
Remain basically unchanged	92	75
Ease somewhat	0	17
Ease considerably	0	0
Total	100	100
Net percentage	8	-8
Mean	2.9	3.1

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 do you expect the demand for loans to households to change over the next six months.

	Loans for house purchase	Consumer credit and other lending
Decrease considerably	0	0
Decrease somewhat	0	0
Remain basically unchanged	17	33
Increase somewhat	83	67
Increase considerably	0	0
Total	100	100
Net percentage	83	67
Mean	3.8	3.7

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.

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