

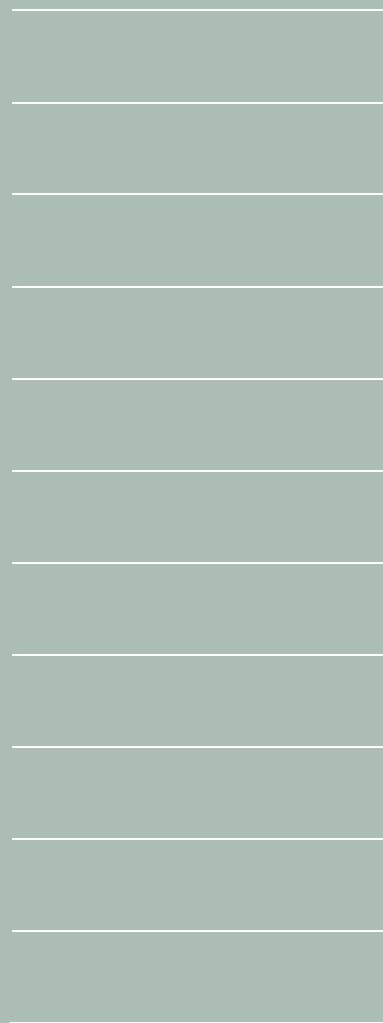


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REVIEW OF THE BANK
LENDING
SURVEY

2015

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REVIEW OF THE BANK LENDING SURVEY 2015 II

Surveys of commercial banks and foreign bank branches operating in Lithuania on their lending standards, as of October 2014, are conducted four times a year (before October 2014 — every half year). The number of surveys has increased after Lithuania became a member of the euro area and joined the harmonised euro area bank lending survey conducted by all euro area countries. Lending surveys are aimed at obtaining information on non-interest related lending conditions as applied by financial institutions, their lending costs and market expectations. The present Review was prepared using the generalised data from a survey of six commercial banks and four foreign bank branches.

As of 2015, the results of the bank lending survey of commercial banks and foreign bank branches operating in Lithuania are included in the results of the euro area bank survey published by the European Central Bank (ECB). According to existing practice, the ECB presents the survey results on banks that hold the largest market share by assets (82.7% on 31 July 2015). The euro area bank lending survey that includes, as of October 2015, the generalised data of the lending survey about Lithuania's four largest banks, is available on the ECB website

(https://www.ecb.europa.eu/stats/pdf/blssurvey_201510.pdf).

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REVIEW OF THE BANK LENDING SURVEY

October 2015

SUMMARY

- **The general lending conditions of banks for non-financial undertakings remained unchanged in the third quarter of 2015, while the lending requirements continued to be relatively tight (see Table 1 of Annex 1).** Increasing interest margins and stricter assessment of riskier loans during the period under review (see Chart 1) were offset by the increasing competition between banks (see Table 2 of Annex 1). In the last quarter of 2015, one out of ten surveyed banks planned to ease the conditions for granting loans to enterprises, while only one bank planned to tighten them.
- **In the third quarter of 2015, two out of ten surveyed banks tightened conditions for loans for house purchase; one— conditions for consumer loans.** Only one bank tightened the loan-collateral ratio requirement (see Table 10 of Annex 1). However, in the opinion of banks, the outlook on the housing market made a positive impact on the easing of conditions for loans for house purchase (see Table 9 of Annex 1). Three out of ten surveyed banks expect that in the last quarter of the year conditions for granting loans for house purchase will tighten slightly, while conditions for the issuance of consumer loans will remain unchanged (see Table 16 of Annex 1).
- **During the period under review, banks reported a slight increase in the demand for loans and credit lines to non-financial undertakings (see Table 4 and Chart 2 of Annex 1).** This situation was mostly effected by the growing demand for borrowing in capital investment, and the increasing demand for working balances and loan restructuring (see Table 5 of Annex 1). Three out of ten surveyed banks expect that the demand for loans to non-financial undertakings will grow during the coming quarter (see Table 7 of Annex 1).
- **Over the third quarter of 2015, the demand for loans for house purchase and consumer loans to households increased (see Table 13 of Annex 1).** In the opinion of the surveyed banks, regulatory changes in loans for house purchase had the greatest influence on the growth of loan demand. The positive outlook on the real estate market and low interest rates contributed significantly to the growth in demand (see Table 14 of Annex 1). In addition to low interest rates, the growing demand for hard goods, such as vehicles or domestic appliances, had an impact on the growth of consumer loans. The surveyed banks expect that during the fourth quarter of this year the demand for loans for house purchase will reduce slightly, while the demand for consumer loans will remain unchanged (see Table 17 of Annex 1).
- **Banks with the largest loan portfolios expect that in 2015 the change in loan portfolio will be from 0 to 5 per cent¹ (see Table 7 of Annex 2).** However, smaller loan market participants expect to expand the loan portfolio by more than 15 per cent. The majority of the surveyed banks believe that loan for house purchase and consumer loan portfolios will grow from 0 to 5 per cent. Banks predict similar favourable trends in 2016.
- **The surveyed banks see that the majority of economic activities have positive financial statuses; however, banks limited lending to some of them (see Tables 1 and 4 of Annex 2).** Four banks out of ten indicated that they had limited their lending to enterprises engaged in real estate. Two banks limited their lending to enterprises engaged in transport, hotel and restaurant business. Nevertheless, compared to the period when lending conditions were the tightest, i.e. in October 2010, conditions for granting loans to non-financial undertakings are easing slightly (see Chart 3).
- **Competition between banks for lending to the private sector grew; this trend should prevail in the next quarter as well (see Table 2 of Annex 2).** Competition mainly grew because of lending to households and manufacturing companies; this was indicated by five and four banks respectively.
- **During the period under review, the number of applications for loans to households and non-financial undertakings increased (see Table 8 of Annex 2).** Three of the surveyed banks indicated an increase in the number of

¹ Usually banks' projections regarding the loan portfolio growth are too optimistic during the bank lending surveys, but they provide extra information about banks' future expectations related to the loan market.

applications for loans to non-financial undertakings, one — for loans for house purchase to households, and two — for consumer loans. During the period under review, the number of approved applications for loans to non-financial undertakings and consumer loans increased, whereas the number of approved applications for loans for house purchase did not change (one and two banks respectively indicated that the number of loans to non-financial undertakings and consumer loans increased). Over the third quarter of 2015, mainly the number of rejected applications for consumer loans increased, whereas the number of applications for loans to non-financial undertakings grew slightly less. At the same time, the number of rejected applications for loans for house purchase decreased.

- **Banks expect that housing prices will fall in the coming years (see Chart 4), while commercial property prices will rise (see Table 3 of Annex 2).** One of the surveyed banks reported that old construction housing prices will drop by up to 10 per cent, while three of the surveyed banks expect the same size price fall for new construction housing. Only one bank expects that prices for commercial property will grow by up to 10 per cent in the coming years.

KEY CHARTS

Chart 1. Change in terms and conditions for approving loans and credit lines to non-financial undertakings

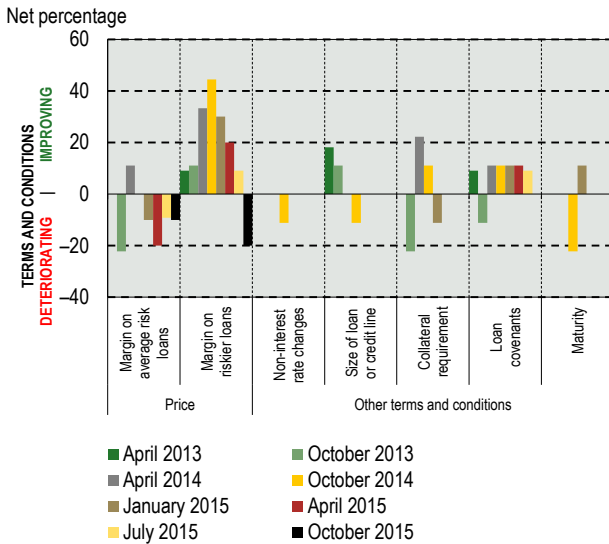


Chart 2. Demand and demand expectations for loans and credit lines to non-financial undertakings

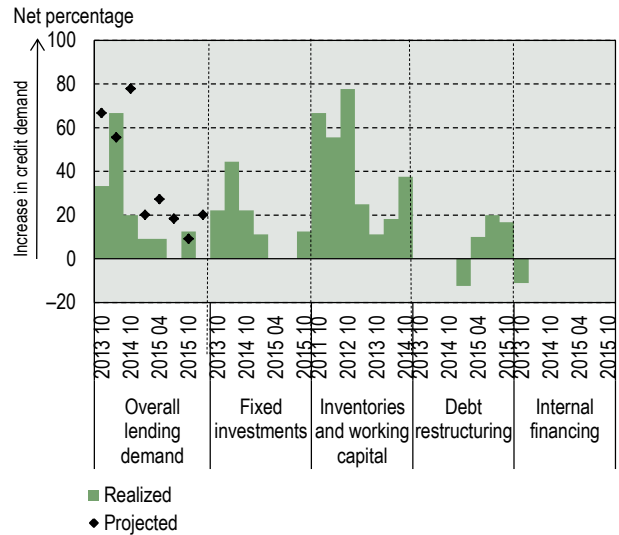


Chart 3. Credit standards as applied to private sector loans

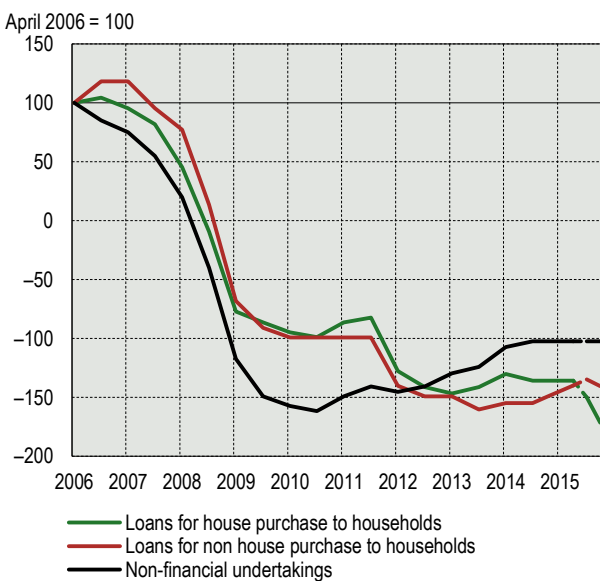
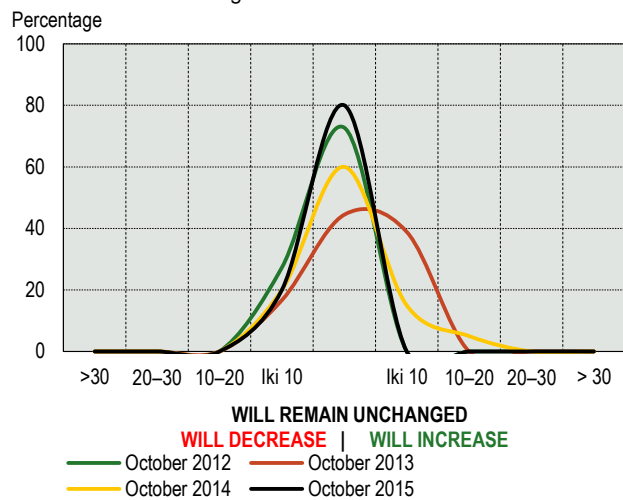


Chart 4. Projections for change in the average price of new and old construction housing



Note: each interval value is calculated as the arithmetic average of an interval corresponding to the responses of banks regarding the expected price change in the new and old construction housing market.

AIMS, METHODS AND PRINCIPLES OF THE SURVEY

The lending survey of commercial banks and foreign bank branches, from October 2014, is conducted four times a year (until October 2014 — every half-year). It is conducted in order to obtain information on non-interest related lending conditions as applied by financial institutions, their borrowing costs and market expectations. Answers to the bank lending survey conducted in September and October 2015 were received from six commercial banks and four foreign bank branches (hereinafter — banks).

Bank senior loan officers were requested to specify the changes in their banks' credit standards for households and non-financial undertakings from July to October 2015.² The respondents were asked, in responding about the likely future situation, to assess potential changes in the credit standards over the next quarter (October to December 2015). This Review of the Bank Lending Survey presents a summarised opinion of the respondents, which does not necessarily reflect the official position and perceptions of banks, including the Bank of Lithuania or its employees. In summarising the opinions and calculating the proportion of banks that have chosen a particular answer, the responses of banks were given the same weight, regardless of their market share.

The net percentage is defined as the difference between the percentage of banks responding with “tightening of credit standards” (demand increases) and the percentage of banks responding with “easing of credit standards” (demand decreases). A positive net percentage indicates that most banks have tightened their credit standards, negative (-) — that they have eased their credit standards. Likewise, the net percentage is interpreted in calculating changes in demand: a positive net percentage refers to an increase in demand, a negative percentage — to its decline.

The mean is defined as a weighted average, attributing to the responses the following values: 1 for “tightened considerably (a decrease in demand)”; 2 for “tightened somewhat (a decrease in demand)”; 3 for “remained almost unchanged”; 4 for “eased somewhat (an increase in demand)”; 5 for “eased considerably (an increase in demand)”. When the value of the mean is lower than 3, it indicates that most banks have tightened their credit standards; when the score of the mean is higher than 3, it indicates that banks have eased their credit standards. Likewise, the value of the average is assessed by calculating the changes in demand: the score, if lower than 3, indicates a decrease in demand; if it is higher than 3 — an increase in demand.

The term “tightened” means the difference between the percentage of banks reporting tightening of their credit standards and the percentage of banks that have eased them.

The Review was prepared by the
Economic and Financial Stability Service

² The survey period covers the previous calendar quarter (in presented questions about the previous period), and the future calendar quarter (in presenting questions about the future period).

Annex 1. RESULTS OF THE ANSWERS TO THE MAIN QUESTIONS

LOANS AND CREDIT LINES TO ENTERPRISES

Table 1. Over the past quarter, how have your bank's terms and conditions for approving loans and credit lines to enterprises changed?

	Overall	Loans to SMEs*	Loans to large enterprises	Short-term loans	Long-term loans
Tightened considerably	0.0	0.0	0.0	0.0	0.0
Tightened somewhat	0.0	0.0	0.0	0.0	0.0
Remained basically unchanged	100.0	100.0	90.0	100.0	90.0
Eased somewhat	0.0	0.0	0.0	0.0	0.0
Eased considerably	0.0	0.0	0.0	0.0	0.0
Not applicable	0.0	0.0	10.0	0.0	10.0
Total	100.0	100.0	100.0	100.0	100.0
Net percentage	0.0	0.0	0.0	0.0	0.0
Mean	3.0	3.0	3.0	3.0	3.0

Note: the net percentage is defined as the difference between the percentage of banks that responded "tightened considerably" and "tightened somewhat", and the percentage of those that responded "eased somewhat" and "eased considerably". The average is calculated by giving the answers the following values: 1 for "tightened considerably"; 2 for "tightened somewhat"; 3 for "remained basically unchanged"; 4 for "eased somewhat"; 5 for "eased considerably". * SMEs — small- and medium-sized enterprises.

Table 2. How have the following factors affected your bank's credit standards as applied to the approval of loans or credit lines to enterprises (irrespective of the size of the enterprise)?

	--	-	0	+	++	N/A	Total	Net percentage	Mean
a) Cost of funds and balance sheet constraints									
Costs related to bank's capital position	0.0	0.0	80.0	0.0	0.0	20.0	100.0	0.0	3.0
Bank's ability to access market financing (short-term or long-term)	0.0	0.0	60.0	0.0	0.0	40.0	100.0	0.0	3.0
Bank's liquidity position	0.0	0.0	100.0	0.0	0.0	0.0	100.0	0.0	3.0
b) Pressure from competition									
Competition from other banks	0.0	0.0	90.0	10.0	0.0	0.0	100.0	-10.0	3.1
Competition from non-banks	0.0	0.0	80.0	0.0	0.0	20.0	100.0	0.0	3.0
Competition arising from enterprises' abilities to access financing via the issuance of securities	0.0	0.0	80.0	0.0	0.0	20.0	100.0	0.0	3.0
c) Perception of risk									
Expectations regarding general economic activity	0.0	0.0	100.0	0.0	0.0	0.0	100.0	0.0	3.0
Industry or firm-specific outlook	0.0	0.0	100.0	0.0	0.0	0.0	100.0	0.0	3.0
Risk related to the collateral demanded	0.0	0.0	100.0	0.0	0.0	0.0	100.0	0.0	3.0
d) Bank's risk tolerance									
Bank's risk tolerance	0.0	0.0	100.0	0.0	0.0	0.0	100.0	0.0	3.0

Note: the net percentage is defined as the difference between the sum of banks responding "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "+" (contributed considerably to easing) and "++" (contributed somewhat to easing). 0 means "contributed to basically unchanged credit standards". The average is calculated by giving the answers the following values: 1 for "contributed considerably to tightening"; 2 for "contributed somewhat to tightening"; 3 for "did not contribute to credit standard changes"; 4 for "contributed somewhat to easing"; 5 for "contributed considerably to easing".

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

	--	-	0	+	++	N/A	Total	Net percentage	Mean
a) Overall terms and conditions	0.0	0.0	100.0	0.0	0.0	0.0	100.0	0.0	3.0
b) Price									
Bank's margin on average-risk loans	0.0	10.0	90.0	0.0	0.0	0.0	100.0	10.0	2.9
Bank's margin on riskier loans	0.0	20.0	80.0	0.0	0.0	0.0	100.0	20.0	2.8
c) Other terms and conditions									
Non-interest rate charges	0.0	0.0	100.0	0.0	0.0	0.0	100.0	0.0	3.0
Size of loan or credit line	0.0	0.0	100.0	0.0	0.0	0.0	100.0	0.0	3.0
Collateral requirements	0.0	0.0	100.0	0.0	0.0	0.0	100.0	0.0	3.0
Loan covenants	0.0	0.0	100.0	0.0	0.0	0.0	100.0	0.0	3.0
Maturity	0.0	0.0	100.0	0.0	0.0	0.0	100.0	0.0	3.0

Note: the net percentage is defined as the difference between the sum of banks responding "--" (tightened considerably) and "-" (tightened somewhat), and the sum of banks responding "+ +" (eased considerably) and "+" (eased somewhat). The average is calculated by giving the answers the following values: 1 for "tightened considerably"; 2 for "tightened somewhat"; 3 for "remained basically unchanged"; 4 for "eased somewhat"; 5 for "eased considerably".

Table 4. How has the demand for loans and credit lines to enterprises changed at your bank?

	Overall	Loans to SMEs*	Loans to large enterprises	Short-term loans	Long-term loans
Decreased considerably	0.0	0.0	0.0	0.0	0.0
Decreased somewhat	0.0	0.0	10.0	0.0	0.0
Remained basically unchanged	90.0	100.0	70.0	90.0	80.0
Increased somewhat	10.0	0.0	10.0	10.0	10.0
Increased considerably	0.0	0.0	0.0	0.0	0.0
Not applicable	0.0	0.0	10.0	0.0	10.0
Total	100.0	100.0	100.0	100.0	100.0
Net percentage	10.0	0.0	0.0	10.0	11.1
Mean	3.1	3.0	3.0	3.1	3.1

Note: the net percentage is defined as the difference between the sum of the percentage of banks that responded "increased considerably" and "increased somewhat", and the sum of the percentage of banks that responded "decreased somewhat" and "decreased considerably". The average is calculated by giving the answers the following values: 1 for "decreased considerably"; 2 for "decreased somewhat"; 3 for "remained basically unchanged"; 4 for "increased somewhat"; 5 for "increased considerably". * SMEs — small- and medium-sized enterprises.

Table 5. How have the following factors affected the overall demand for loans and credit lines to enterprises at your bank (irrespective of the size of the enterprise)?

	--	-	0	+	++	N/A	Total	Net percentage	Mean
a) Financing needs									
Fixed investment	0.0	0.0	90.0	10.0	0.0	0.0	100.0	10.0	3.1
Working capital	0.0	0.0	70.0	30.0	0.0	0.0	100.0	30.0	3.3
Mergers/acquisitions and corporate restructuring	0.0	10.0	70.0	0.0	0.0	20.0	100.0	-12.5	2.9
Overall level of interest rates	0.0	0.0	90.0	0.0	0.0	10.0	100.0	0.0	3.0
Debt restructuring	0.0	0.0	70.0	10.0	0.0	20.0	100.0	12.5	3.1
b) Use of alternative finance									
Internal financing	0.0	0.0	90.0	0.0	0.0	10.0	100.0	0.0	3.0
Loans from other banks	0.0	10.0	80.0	0.0	0.0	10.0	100.0	-11.1	2.9
Loans from non-banks	0.0	0.0	90.0	0.0	0.0	10.0	100.0	0.0	3.0
Issuance of bonds	0.0	0.0	70.0	0.0	0.0	30.0	100.0	0.0	3.0
Issuance of shares	0.0	0.0	80.0	0.0	0.0	20.0	100.0	0.0	3.0

Note: the net percentage is defined as the difference between the sum of banks responding "+ +" (contributed considerably to the increase in demand) and "+" (contributed somewhat to the increase in demand), and the sum of banks responding "--" (contributed considerably to the decrease in demand) and "-" (contributed somewhat to the decrease in demand). The average is calculated by giving the answers the following values: 1 for "contributed considerably to the decrease in demand"; 2 for "contributed somewhat to the decrease in demand"; 3 for "did not contribute to changes in demand"; 4 for "contributed somewhat to the increase in demand"; 5 for "contributed considerably to the increase in demand".

Table 6. Over the next quarter, how you expect your bank's credit standards as applied to the approval of loans or credit lines to enterprises to change?

	Overall	Loans to SMEs*	Loans to large enterprises	Short-term loans	Long-term loans
Tighten considerably	0.0	0.0	0.0	0.0	0.0
Tighten somewhat	10.0	10.0	10.0	10.0	10.0
Remain basically unchanged	80.0	80.0	80.0	60.0	80.0
Ease somewhat	10.0	10.0	0.0	30.0	0.0
Ease considerably	0.0	0.0	0.0	0.0	0.0
Not applicable	0.0	0.0	10.0	0.0	10.0
Total	100.0	100.0	100.0	100.0	100.0
Net percentage	0.0	0.0	11.1	-20.0	11.1
Mean	3.0	3.0	2.9	3.2	2.9

Note: the net percentage is defined as the difference between the sum of the percentage of banks that responded "tighten considerably" and "tighten somewhat", and the sum of the percentage of banks that responded "ease somewhat" and "ease considerably". The average is calculated by giving the answers the following values: 1 for "tighten considerably"; 2 for "tighten somewhat"; 3 for "remain basically unchanged"; 4 for "ease somewhat"; 5 for "ease considerably". * SMEs — small- and medium-sized enterprises.

Table 7. How you expect demand for loans or credit lines to enterprises to change at your bank over the next quarter (apart from normal seasonal fluctuations)?

	Overall	Loans to SMEs*	Loans to large enterprises	Short-term loans	Long-term loans
Decrease considerably	0.0	0.0	0.0	0.0	0.0
Decrease somewhat	10.0	10.0	0.0	0.0	0.0
Remain basically unchanged	60.0	80.0	100.0	100.0	90.0
Increase somewhat	30.0	0.0	0.0	0.0	0.0
Increase considerably	0.0	0.0	0.0	0.0	0.0
Not applicable	0.0	10.0	0.0	0.0	10.0
Total	100.0	100.0	100.0	100.0	100.0
Net percentage	20.0	-11.1	0.0	0.0	0.0
Mean	3.2	2.9	3.0	3.0	3.0

Note: the net percentage is defined as the difference between the sum of the percentage of banks that responded "increase considerably" and "increase somewhat", and the sum of the percentage of banks that responded "decrease somewhat" and "decrease considerably". The mean is defined as a weighted average, attributing to the answers the following values: 1 for "decrease considerably"; 2 for "decrease somewhat"; 3 for "remain basically unchanged"; 4 for "increase somewhat"; 5 for "increase considerably". * SMEs — small- and medium-sized enterprises.

LOANS TO HOUSEHOLDS

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

	Loans for house purchase	Consumer credit and other lending
Tightened considerably	0.0	0.0
Tightened somewhat	20.0	10.0
Remained basically unchanged	50.0	80.0
Eased somewhat	0.0	0.0
Eased considerably	0.0	0.0
Not applicable	30.0	10.0
Total	100.0	100.0
Net percentage	28.6	11.1
Mean	2.7	2.9

Note: the net percentage is defined as the difference between the sum of the percentage of banks that responded "tightened considerably" and "tightened somewhat", and the sum of the percentage of banks that responded "eased somewhat" and "eased considerably". The average is calculated by giving the answers the following values: 1 for "tightened considerably"; 2 for "tightened somewhat"; 3 for "remained basically unchanged"; 4 for "eased somewhat"; 5 for "eased considerably".

Table 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	+	++	N/A	Total	Net percentage	Mean
a) Cost of funds and balance sheet constraints	0.0	0.0	70.0	0.0	0.0	30.0	100.0	0.0	3.0
b) Pressure from competition									
Competition from other banks	0.0	0.0	70.0	0.0	0.0	30.0	100.0	0.0	3.0
Competition from non-banks	0.0	0.0	40.0	0.0	0.0	60.0	100.0	0.0	3.0
c) Perception of risk									
Expectations regarding general economic activity	0.0	0.0	70.0	0.0	0.0	30.0	100.0	0.0	3.0
Housing market outlook	0.0	0.0	60.0	10.0	0.0	30.0	100.0	-14.3	3.1
Borrower's creditworthiness	0.0	0.0	70.0	0.0	0.0	30.0	100.0	0.0	3.0
d) Bank's risk tolerance									
Bank's risk tolerance	0.0	0.0	70.0	0.0	0.0	30.0	100.0	0.0	3.0

Note: the net percentage is defined as the difference between the sum of banks responding "--" (contributed considerably to tightening) and "-" (contributed somewhat to tightening), and the sum of banks responding "++" (contributed considerably to easing) and "+" (contributed somewhat to easing). 0 means "contributed to basically unchanged credit standards". The average is calculated by giving the answers the following values: 1 for "contributed considerably to tightening"; 2 for "contributed somewhat to tightening"; 3 for "did not contribute to credit standard changes"; 4 for "contributed somewhat to easing"; 5 for "contributed considerably to easing".

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

	--	-	0	+	++	N/A	Total	Net percentage	Mean
a) Overall terms and conditions	0.0	10.0	60.0	0.0	0.0	30.0	100.0	14.3	2.9
b) Price									
Bank's margin on average-risk loans (margin increased — standards tightened; margin decreased — standards eased)	0.0	0.0	70.0	0.0	0.0	30.0	100.0	0.0	3.0
Bank's margin on risky loans	0.0	0.0	70.0	0.0	0.0	30.0	100.0	0.0	3.0
c) Other terms and conditions									
Collateral requirements	0.0	0.0	70.0	0.0	0.0	30.0	100.0	0.0	3.0
Loan-to-value ratio	0.0	10.0	60.0	0.0	0.0	30.0	100.0	14.3	2.9
Maturity	0.0	0.0	70.0	0.0	0.0	30.0	100.0	0.0	3.0
Non-interest rate charges	0.0	0.0	70.0	0.0	0.0	30.0	100.0	0.0	3.0

Note: the net percentage is defined as the difference between the sum of banks responding "--" (tightened considerably) and "-" (tightened somewhat), and the sum of banks responding "++" (eased considerably) and "+" (eased somewhat). The average is calculated by giving the answers the following values: 1 for "tightened considerably"; 2 for "tightened somewhat"; 3 for "remained basically unchanged"; 4 for "eased somewhat"; 5 for "eased considerably".

Table 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	+	++	N/A	Total	Net percentage	Mean
a) Cost of funds and balance sheet constraints	0.0	0.0	90.0	0.0	0.0	10.0	100.0	0.0	3.0
b) Pressure from competition									
Competition from other banks	0.0	0.0	80.0	10.0	0.0	10.0	100.0	-11.1	3.1
Competition from non-banks	0.0	10.0	70.0	0.0	0.0	20.0	100.0	12.5	2.9
c) Perception of risk									
Expectations regarding general economic activity	0.0	0.0	80.0	10.0	0.0	10.0	100.0	-11.1	3.1
Creditworthiness of consumers	0.0	0.0	80.0	10.0	0.0	10.0	100.0	-11.1	3.1
Risk related to the collateral demanded	0.0	0.0	90.0	0.0	0.0	10.0	100.0	0.0	3.0
d) Bank's risk tolerance									
Bank's risk tolerance	0.0	0.0	90.0	0.0	0.0	10.0	100.0	0.0	3.0

Note: the net percentage is defined as the difference between the sum of banks responding “- -” (contributed considerably to tightening) and “-” (contributed somewhat to tightening), and the sum of banks responding “+ +” (contributed considerably to easing) and “+” (contributed somewhat to easing). 0 means “contributed to basically unchanged credit standards”. The average is calculated by giving the answers the following values: 1 for “contributed considerably to tightening”; 2 for “contributed somewhat to tightening”; 3 for “did not contribute to credit standard changes”; 4 for “contributed somewhat to easing”; 5 for “contributed considerably to easing”.

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

	--	-	0	+	++	N/A	Total	Net percentage	Mean
a) Overall terms and conditions									
Overall terms and conditions	0.0	0.0	90.0	0.0	0.0	10.0	100.0	0.0	3.0
b) Price									
Bank’s margin on average-risk loans (margin increased — standards tightened; margin decreased — standards eased)	0.0	10.0	80.0	0.0	0.0	10.0	100.0	11.1	2.9
Bank’s margin on risky loans	0.0	0.0	90.0	0.0	0.0	10.0	100.0	0.0	3.0
c) Other terms and conditions									
Collateral requirements	0.0	0.0	80.0	0.0	0.0	20.0	100.0	0.0	3.0
Size of the loan	0.0	0.0	90.0	0.0	0.0	10.0	100.0	0.0	3.0
Maturity	0.0	10.0	70.0	0.0	0.0	20.0	100.0	12.5	2.9
Non-interest rate charges	0.0	0.0	90.0	0.0	0.0	10.0	100.0	0.0	3.0

Note: the net percentage is defined as the difference between the sum of banks responding “- -” (tightened considerably) and “-” (tightened somewhat), and the sum of banks responding “+ +” (eased considerably) and “+” (eased somewhat). The average is calculated by giving the answers the following values: 1 for “tightened considerably”; 2 for “tightened somewhat”; 3 for “remained basically unchanged”; 4 for “eased somewhat”; 5 for “eased considerably”.

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

	Loans for house purchase	Consumer credit and other lending
Decreased considerably	0.0	0.0
Decreased somewhat	0.0	0.0
Remained basically unchanged	30.0	70.0
Increased somewhat	40.0	20.0
Increased considerably	0.0	0.0
Not applicable	30.0	10.0
Total	100.0	100.0
Net percentage	57.1	22.2
Mean	3.6	3.2

Note: the net percentage is defined as the difference between the sum of the percentage of banks that responded “increased considerably” and “increased somewhat”, and the sum of the percentage of banks that responded “decreased somewhat” and “decreased considerably”. The average is calculated by giving the answers the following values: 1 for “decreased considerably”; 2 for “decreased somewhat”; 3 for “remained basically unchanged”; 4 for “increased somewhat”; 5 for “increased considerably”.

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

	--	-	0	+	++	N/A	Total	Net percentage	Mean
a) Financing needs									
Housing market outlook	0.0	0.0	60.0	10.0	0.0	30.0	100.0	14.3	3.1
Consumer confidence	0.0	0.0	50.0	20.0	0.0	30.0	100.0	28.6	3.3
Overall level of interest rates	0.0	0.0	50.0	20.0	0.0	30.0	100.0	28.6	3.3
Debt refinancing/restructuring	0.0	0.0	70.0	0.0	0.0	30.0	100.0	0.0	3.0
Regulatory and fiscal regime of housing markets	0.0	0.0	30.0	40.0	0.0	30.0	100.0	57.1	3.6
b) Use of alternative finance									
Household savings	0.0	0.0	70.0	0.0	0.0	30.0	100.0	0.0	3.0
Loans from other banks	0.0	0.0	60.0	10.0	0.0	30.0	100.0	14.3	3.1
Other sources of finance	0.0	0.0	60.0	10.0	0.0	30.0	100.0	14.3	3.1

Note: the net percentage is defined as the difference between the sum of banks responding “+ +” (contributed considerably to the increase in demand) and “+” (contributed somewhat to the increase in demand), and the sum of banks responding “-” (contributed considerably to the decrease in demand) and “-” (contributed somewhat to the decrease in demand). The average is calculated by giving the answers the following values: 1 for “contributed considerably to the decrease in demand”; 2 for “contributed somewhat to the decrease in demand”; 3 for “did not contribute to changes in demand”; 4 for “contributed somewhat to the increase in demand”; 5 for “contributed considerably to the increase in demand”.

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

	--	-	0	+	++	N/A	Total	Net percentage	Mean
a) Financing needs									
Spending on durable consumer goods (motor vehicles, furniture, etc.)	0.0	0.0	60.0	30.0	0.0	10.0	100.0	33.3	3.3
Consumer confidence	0.0	0.0	60.0	30.0	0.0	10.0	100.0	33.3	3.3
Overall level of interest rates	0.0	0.0	60.0	20.0	0.0	20.0	100.0	25.0	3.3
Consumption expenditure financed through real-estate guaranteed loans	0.0	0.0	80.0	0.0	0.0	20.0	100.0	0.0	3.0
b) Use of alternative finance									
Household savings	0.0	0.0	80.0	0.0	0.0	20.0	100.0	0.0	3.0
Loans from other banks	0.0	0.0	80.0	10.0	0.0	10.0	100.0	11.1	3.1
Other sources of finance	0.0	0.0	70.0	10.0	0.0	20.0	100.0	12.5	3.1

Note: the net percentage is defined as the difference between the sum of banks responding “+ +” (contributed considerably to the increase in demand) and “+” (contributed somewhat to the increase in demand), and the sum of banks responding “-” (contributed considerably to the decrease in demand) and “-” (contributed somewhat to the decrease in demand). The average is calculated by giving the answers the following values: 1 for “contributed considerably to the decrease in demand”; 2 for “contributed somewhat to the decrease in demand”; 3 for “did not contribute to changes in demand”; 4 for “contributed somewhat to the increase in demand”; 5 for “contributed considerably to the increase in demand”.

Table 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 quarter.

	Loans for house purchase	Consumer credit and other lending
Tighten considerably	0.0	0.0
Tighten somewhat	30.0	0.0
Remain basically unchanged	40.0	90.0
Ease somewhat	0.0	0.0
Ease considerably	0.0	0.0
Not applicable	30.0	10.0
Total	100.0	100.0
Net percentage	42.9	0.0
Mean	2.6	3.0

Note: the net percentage is defined as the difference between the sum of the percentage of banks that responded “tighten considerably” and “tighten somewhat”, and the sum of the percentage of banks that responded “ease somewhat” and “ease considerably”. The average is calculated by giving the answers the following values: 1 for “tighten considerably”; 2 for “tighten somewhat”; 3 for “remain basically unchanged”; 4 for “ease somewhat”; 5 for “ease considerably”.

Table 17. Please indicate how you expect demand for loans to households to change over the next quarter at your bank.

	Loans for house purchase	Consumer credit and other lending
Decrease considerably	0.0	0.0
Decrease somewhat	30.0	10.0
Remain basically unchanged	30.0	70.0
Increase somewhat	10.0	10.0
Increase considerably	0.0	0.0
Not applicable	30.0	10.0
Total	100.0	100.0
Net percentage	-28.6	0.0
Mean	2.7	3.0

Note: the net percentage is defined as the difference between the sum of the percentage of banks that responded “increase considerably” and “increase somewhat”, and the sum of the percentage of banks that responded “decrease somewhat” and “decrease considerably”. The average is calculated by giving the answers the following values: 1 for “decrease considerably”; 2 for “decrease somewhat”; 3 for “remain basically unchanged”; 4 for “increase somewhat”; 5 for “increase considerably”.

ANNEX 2. RESULTS OF THE ANSWERS TO ADDITIONAL QUESTIONS

LOANS AND CREDIT LINES TO ENTERPRISES

Table 1. Over the last quarter, how has your bank evaluated the financial situation of enterprises (according to sectors of economic activity) and households?

	Current situation									Development						
	Very good	Good	Average	Bad	Very bad	N/A	Total	Net percentage	Mean	Improving	stable	Deteriorating	N/A	Total	Net percentage	Mean
Manufacturing	0.0	50.0	50.0	0.0	0.0	0.0	100.0	50.0	2.5	10.0	90.0	0.0	0.0	100.0	10.0	2.1
Real estate	0.0	50.0	50.0	0.0	0.0	0.0	100.0	50.0	2.5	10.0	80.0	0.0	10.0	100.0	11.1	2.1
Construction	0.0	50.0	50.0	0.0	0.0	0.0	100.0	50.0	2.5	10.0	80.0	0.0	10.0	100.0	11.1	2.1
Trade	0.0	60.0	40.0	0.0	0.0	0.0	100.0	60.0	2.4	10.0	90.0	0.0	0.0	100.0	10.0	2.1
Transport	0.0	0.0	90.0	10.0	0.0	0.0	100.0	-10.0	3.1	10.0	60.0	0.0	30.0	100.0	14.3	2.1
Hotels and restaurants	0.0	10.0	90.0	0.0	0.0	0.0	100.0	10.0	2.9	0.0	90.0	0.0	10.0	100.0	0.0	2.0
Agriculture	0.0	60.0	40.0	0.0	0.0	0.0	100.0	60.0	2.4	20.0	70.0	0.0	10.0	100.0	22.2	2.2
Forestry	0.0	30.0	70.0	0.0	0.0	0.0	100.0	30.0	2.7	0.0	100.0	0.0	0.0	100.0	0.0	2.0
Households	0.0	50.0	40.0	0.0	0.0	10.0	100.0	55.6	2.4	10.0	80.0	0.0	10.0	100.0	11.1	2.1

Note: in the column "current situation", the net percentage is defined as the difference between the sum of the percentage of banks that responded "very good" and "good" and the sum of the percentage of banks that responded "very bad" and "bad". The average is calculated by giving the answers the following values: "very good" — 1, "good" — 2, "average" — 3, "bad" — 4, "very bad" — 5. In the column "Development", the net percentage is defined as the difference between the percentage of banks that responded "improving" and the percentage of banks that responded "deteriorating". The average is calculated by giving the answers the following values: "improving" — 1, "stable" — 2, "deteriorating" — 3.

Table 2. How has the competition between banks for lending to enterprises (according to sectors of economic activity) and households changed over the past quarter and how will it change over the next quarter?

	Over the last quarter							Over the next quarter						
	increased	stable	decreased	N/A	Total	Net percentage	Mean	Will increase	stable	Will decrease	N/A	Total	Net percentage	Mean
Manufacturing	40.0	60.0	0.0	0.0	100.0	40.0	1.6	50.0	50.0	0.0	0.0	100.0	50.0	1.5
Real estate	30.0	70.0	0.0	0.0	100.0	30.0	1.7	20.0	80.0	0.0	0.0	100.0	20.0	1.8
Construction	10.0	90.0	0.0	0.0	100.0	10.0	1.9	0.0	100.0	0.0	0.0	100.0	0.0	2.0
Trade	20.0	80.0	0.0	0.0	100.0	20.0	1.8	40.0	60.0	0.0	0.0	100.0	40.0	1.6
Transport	0.0	70.0	0.0	30.0	100.0	0.0	2.0	0.0	90.0	0.0	10.0	100.0	0.0	2.0
Hotels and restaurants	0.0	90.0	0.0	10.0	100.0	0.0	2.0	0.0	90.0	0.0	10.0	100.0	0.0	2.0
Agriculture	10.0	90.0	0.0	0.0	100.0	10.0	1.9	40.0	60.0	0.0	0.0	100.0	40.0	1.6
Forestry	0.0	100.0	0.0	0.0	100.0	0.0	2.0	0.0	100.0	0.0	0.0	100.0	0.0	2.0
Households	50.0	50.0	0.0	0.0	100.0	50.0	1.5	10.0	70.0	0.0	20.0	100.0	12.5	1.9

Note: in the column "Over the past quarter", the net percentage is defined as the difference between the percentage of banks that responded "increased" and the percentage of banks that responded "decreased". The average is calculated by giving the answers the following values: "increased" — 1, "stable" — 2, "decreased" — 3. Note: in the column "Over the next quarter", the net percentage is defined as the difference between the percentage of banks that responded "will increase" and the percentage of banks that responded "will decrease". The average is calculated by giving the answers the following values: "will increase" — 1, "stable" — 2, "will decrease" — 3.

Table 3. Over the coming year, how will the prices of real estate change?

	Old construction housing	New construction housing	Commercial property
Will increase by more than 30%	0.0	0.0	0.0
Will increase by 20–30%	0.0	0.0	0.0
Will increase by 10–20%	0.0	0.0	0.0
Will increase by up to 10%	0.0	0.0	10.0
Will remain unchanged	90.0	70.0	90.0
Will decrease by up to 10%	10.0	30.0	0.0
Will decrease by 10–20%	0.0	0.0	0.0
Will decrease by 20–30%	0.0	0.0	0.0
Will decrease by more than 30%	0.0	0.0	0.0
Not applicable	0.0	0.0	0.0
Total	100.0	100.0	100.0
Net percentage	-10.0	-30.0	10.0
Mean	5.1	5.3	4.9

Note: the net percentage is defined as the difference between sum of the percentage of banks that responded "will increase by more than 30%", "will increase by 20-30%", "will increase by 10-20%" and "will increase by up to 10%", and the sum of the percentage of banks that responded "will decrease by up to 10%", "will decrease by 10-20%", "will decrease by 20-30%", and "will decrease by more than 30%". The average is calculated by

giving the answers the following values: "will increase by more than 30%" — 1, "will increase by 20–30%" — 2, "will increase by 10–20%" — 3, "will increase by up to 10%" — 4, "will remain unchanged" — 5, "will decrease by up to 10%" — 6, "will decrease by 10–20%" — 7, "will decrease by 20–30%" — 8, "will decrease by more than 30%" — 9.

Table 4. Over the last six months, has your bank limited issuance of loans to enterprises belonging to any economic activity or households?

	Limited	Did not limit	N/A	Total	Net percentage	Mean
Manufacturing	0.0	100.0	0.0	100.0	100.0	2.0
Real estate	40.0	60.0	0.0	100.0	20.0	1.6
Construction	20.0	80.0	0.0	100.0	60.0	1.8
Trade	0.0	90.0	10.0	100.0	100.0	2.0
Transport	20.0	70.0	10.0	100.0	55.6	1.8
Hotels and restaurants	20.0	80.0	0.0	100.0	60.0	1.8
Agriculture	10.0	90.0	0.0	100.0	80.0	1.9
Forestry	0.0	100.0	0.0	100.0	100.0	2.0
Households (loans for house purchase)	10.0	50.0	40.0	100.0	66.7	1.8
Households (consumer credit)	10.0	70.0	20.0	100.0	75.0	1.9
Households (credit cards)	10.0	50.0	40.0	100.0	66.7	1.8

Note: the net percentage is defined as the difference between the percentage of banks responding "did not limit" and the percentage of banks responding "limited". The average is calculated by giving the answers the following values: "limited" — 1; "did not limit" — 2.

Table 5. Over the last three months, how has the quality of loans across individual borrower segments changed?

	Deteriorated considerably	Deteriorated somewhat	Remained almost unchanged	Improved somewhat	Improved considerably	N/A	Total	Net percentage	Mean
Business clients	0.0	0.0	80.0	20.0	0.0	0.0	100.0	20.0	3.2
Natural persons: loans for house purchase	0.0	0.0	60.0	20.0	0.0	20.0	100.0	25.0	3.3
Natural persons: consumer credit	0.0	0.0	70.0	20.0	0.0	10.0	100.0	22.2	3.2
Credit card holders	0.0	0.0	50.0	20.0	0.0	30.0	100.0	28.6	3.3

Note: the net percentage is defined as the difference between the percentage of banks that responded "improved considerably" and "improved somewhat", and the percentage of those that responded "deteriorated somewhat" and "deteriorated considerably". The average is calculated by giving the answers the following values: 1 for "deteriorated considerably"; 2 for "deteriorated somewhat"; 3 for "remained almost unchanged"; 4 for "improved somewhat"; 5 for "improved considerably".

Table 6. Over the last three months, how will the quality of loans across individual borrower segments change?

	Will deteriorate considerably	Will deteriorate somewhat	Will remain basically unchanged	Will improve somewhat	Will improve considerably	N/A	Total	Net percentage	Mean
Business clients	0.0	0.0	70.0	20.0	0.0	10.0	100.0	22.2	3.2
Natural persons: loans for house purchase	0.0	0.0	60.0	20.0	0.0	20.0	100.0	25.0	3.3
Natural persons: consumer credit	0.0	0.0	70.0	20.0	0.0	10.0	100.0	22.2	3.2
Credit card holders	0.0	0.0	50.0	20.0	0.0	30.0	100.0	28.6	3.3

Note: the net percentage is defined as the difference between the percentage of banks that responded "will improve considerably" and "will improve somewhat", and the percentage of those that responded "will deteriorate somewhat" and "will deteriorate considerably". The average is calculated by giving the answers the following values: 1 for "will deteriorate considerably"; 2 for "will deteriorate somewhat"; 3 for "will remain almost unchanged"; 4 for "will improve somewhat"; 5 for "will improve considerably".

Table 7. In 2015 and 2016, what is the projected annual change in the gross value of a loan portfolio (loan portfolio before loan impairment) according to individual segments?

	Until 31 December 2015				Until 31 December 2016			
	All loans	Loans to private enterprises	Natural persons: loans for house purchase	Natural persons: consumer credit and other lending	All loans	Loans to private enterprises	Natural persons: loans for house purchase	Natural persons: consumer credit and other lending
Will increase by more than 15%	40.0	40.0	10.0	10.0	30.0	20.0	10.0	10.0
Will increase by 10–15%	0.0	0.0	0.0	10.0	10.0	20.0	0.0	20.0
Will increase by 5–10%	10.0	20.0	0.0	10.0	10.0	20.0	0.0	10.0
Will increase by 0–5%	40.0	20.0	50.0	30.0	50.0	40.0	40.0	30.0
Will remain unchanged	0.0	0.0	30.0	20.0	0.0	0.0	40.0	20.0
Will decrease by 0–5%	10.0	20.0	10.0	20.0	0.0	0.0	10.0	10.0
Will decrease by 5–10%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Will decrease by 10–15%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Will decrease by more than 15%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Not applicable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Net percentage	80.0	60.0	50.0	40.0	100.0	100.0	40.0	60.0
Mean	2.9	3.0	4.2	4.0	2.8	2.8	4.3	3.6

Note: the net percentage is defined as the difference between sum of the percentage of banks that responded "will increase by more than 15%", "will increase by 15-10%", "will increase by 10-5%" and "will increase by up to 5%", and the sum of the percentage of banks that responded "will decrease by up to 5%", "will decrease by 5-10%", "will decrease by 10-15%", and "will decrease by more than 15%". The average is calculated by giving the answers the following values: "will increase by more than 15%" — 1, "will increase by 15–10%" — 2, "will increase by 10–5%" — 3, "will increase by up to 5%" — 4, "will remain unchanged" — 5, "will decrease by up to 5%" — 6, "will decrease by 5-10%" — 7, "will decrease by 10–15%" — 8, "will decrease by more than 15%" — 9.

Table 8. Over the last three months, how did the number of applications for loans change?

	Increased	Re- mained un- changed	De- creased	N/A	Total	Net percent- age	Mean
a) Enterprises							
Applications submitted	30.0	60.0	0.0	10.0	100	33.3	1.7
Applications approved	10.0	80.0	0.0	10.0	100	11.1	1.9
Applications rejected	20.0	60.0	10.0	10.0	100	11.1	1.9
b) Households (loans for house purchase)							
Applications submitted	10.0	50.0	0.0	40.0	100	16.7	1.8
Applications approved	10.0	40.0	10.0	40.0	100	0.0	2.0
Applications rejected	0.0	50.0	10.0	40.0	100	-16.7	2.2
c) Households (consumer credit)							
Applications submitted	20.0	50.0	0.0	30.0	100	28.6	1.7
Applications approved	20.0	40.0	10.0	30.0	100	14.3	1.9
Applications rejected	20.0	50.0	0.0	30.0	100	28.6	1.7

Note: the net percentage is defined as the difference between the percentage of banks responding "increased" and the percentage of banks responding "decreased". The average is calculated by giving the answers the following values: "increased" — 1, "stable" — 2, "decreased" — 3.

Annex 3. LONG-TERM CHARTS OF THE BANK LENDING SURVEY

Chart 1. General terms and conditions for approving loans and credit lines to enterprises

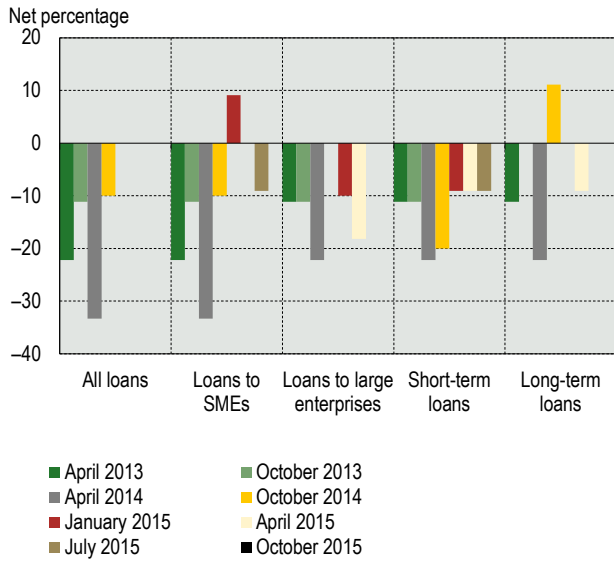


Chart 2. Factors that affected change in terms and conditions for approving loans and credit lines to enterprises

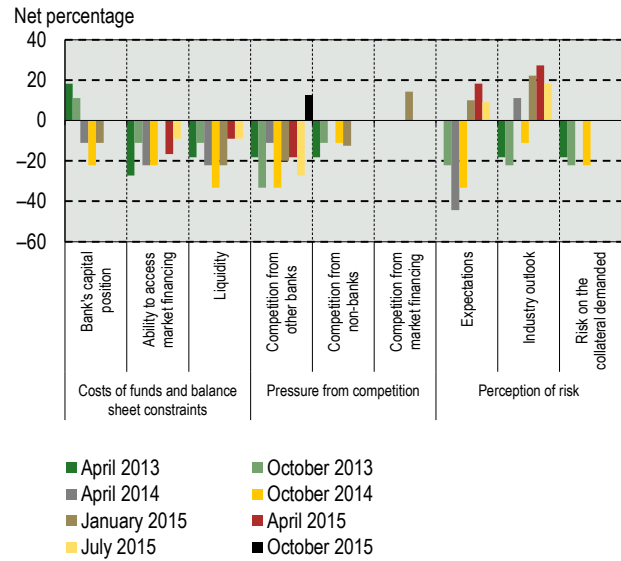


Chart 3. Change in terms and conditions for approving loans and credit lines to enterprises

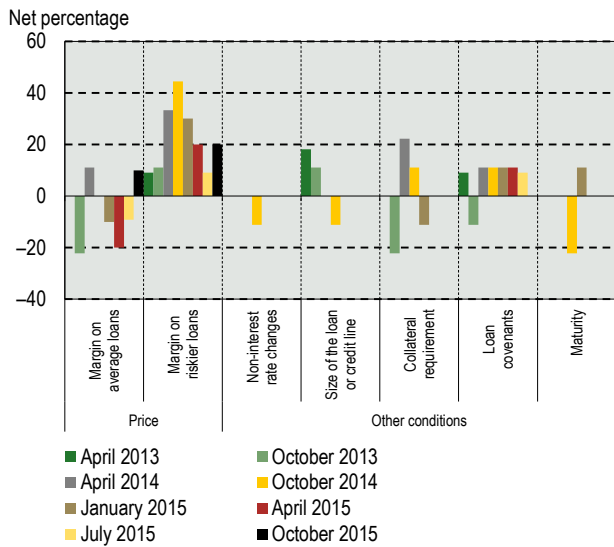


Chart 4. Demand for loans and credit lines to enterprises

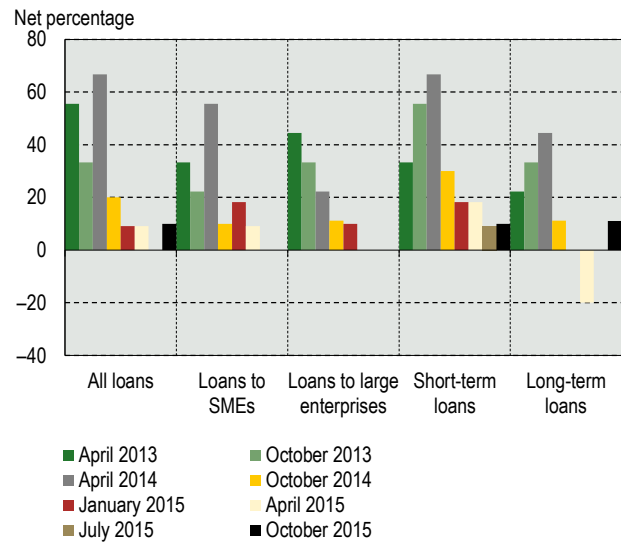


Chart 5. Factors that affected demand for loans and credit lines to enterprises

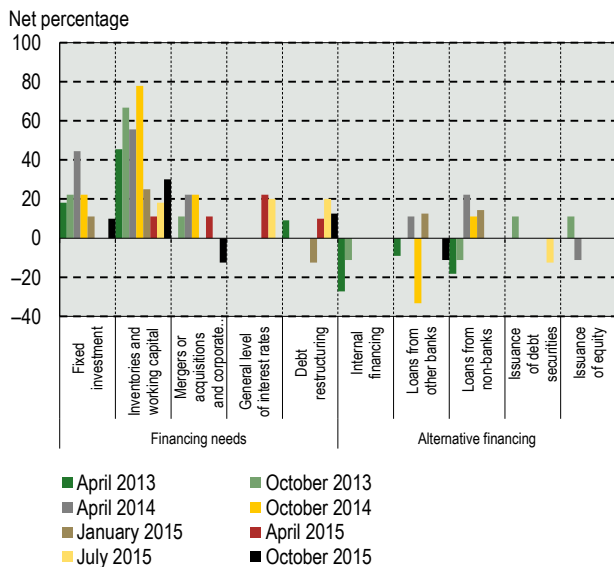


Chart 6. Projections for change in general terms and conditions for approving loans and credit lines to enterprises over the next quarter

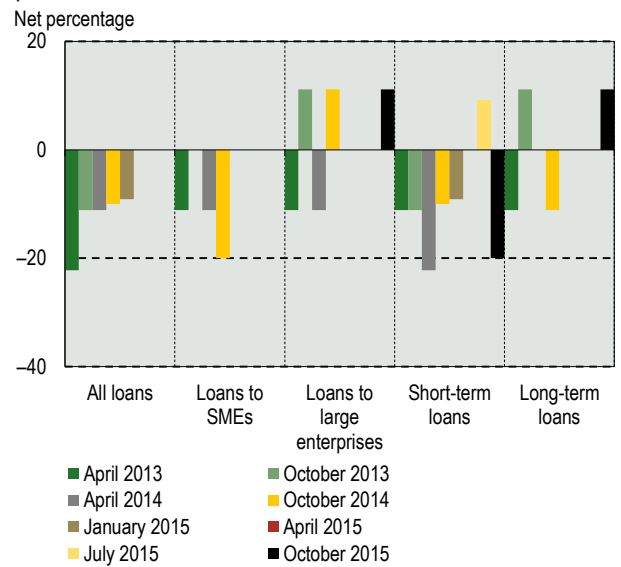


Chart 7. Projections for change in demand for loans and credit lines to enterprises over the next quarter

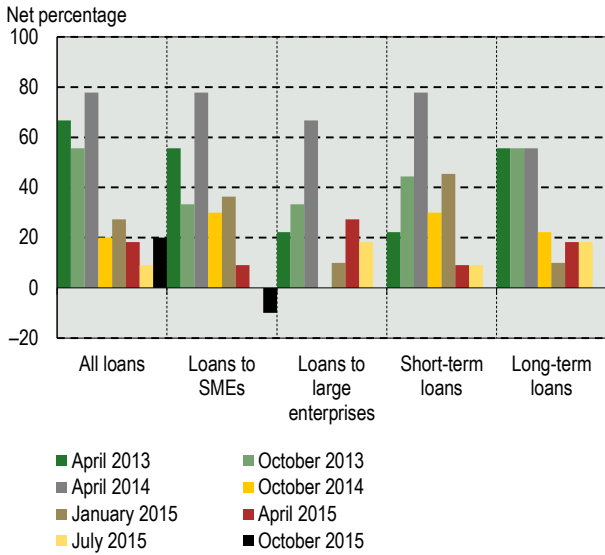


Chart 8. General terms and conditions for loans to households

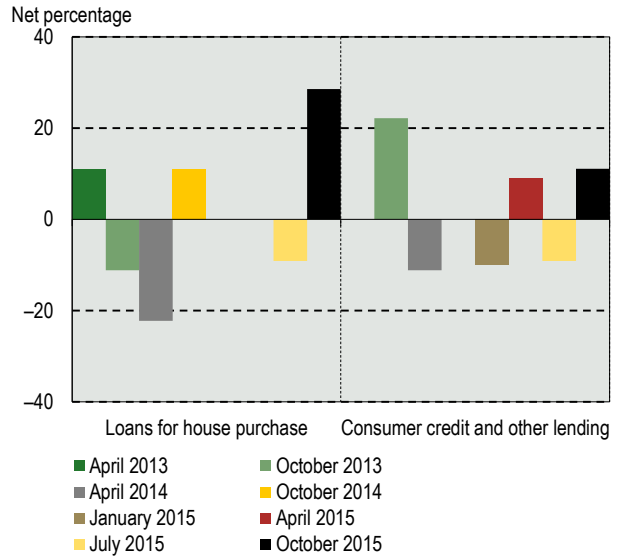


Chart 9. Factors that affected change in terms and conditions for approving loans to households for house purchase

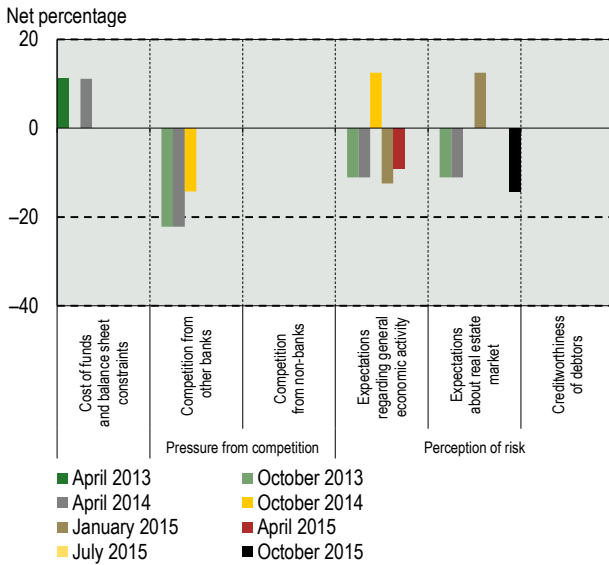


Chart 10. Terms and conditions for approving loans to households for house purchase

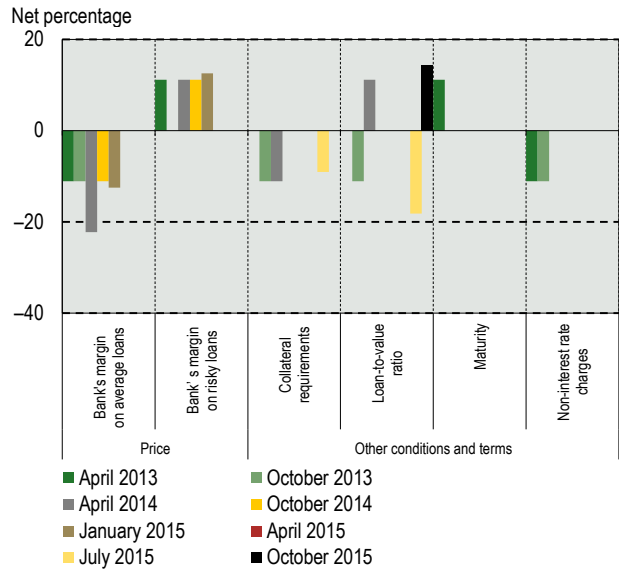


Chart 11. Factors that affected change in terms and conditions for approving consumer credit and other lending to households

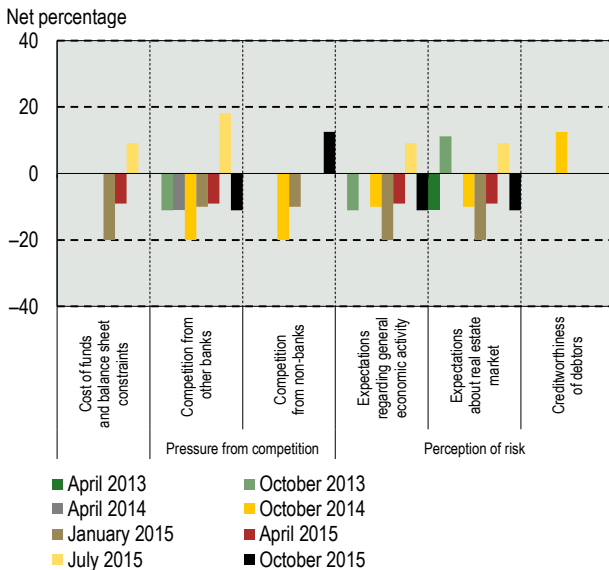


Chart 12. Terms and conditions for approving consumer credit and other lending to households

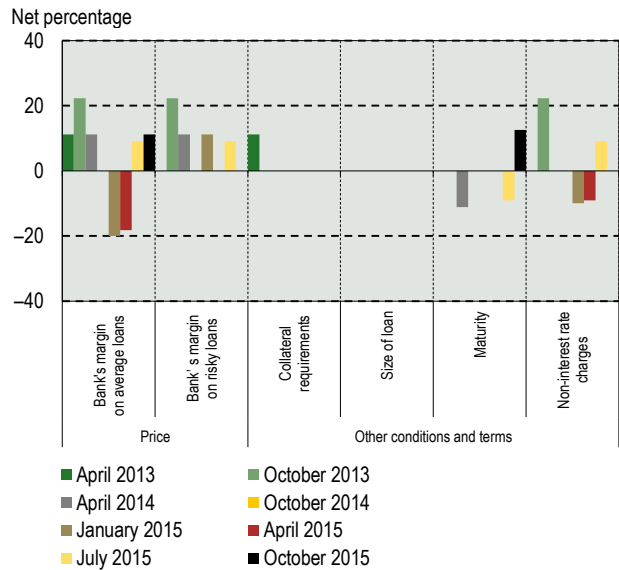


Chart 13. Demand for loans to households

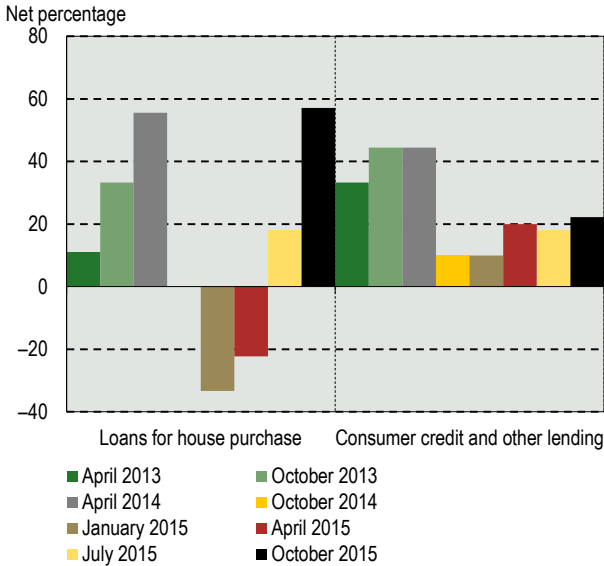


Chart 14. Factors that affected demand for loans for house purchase to households

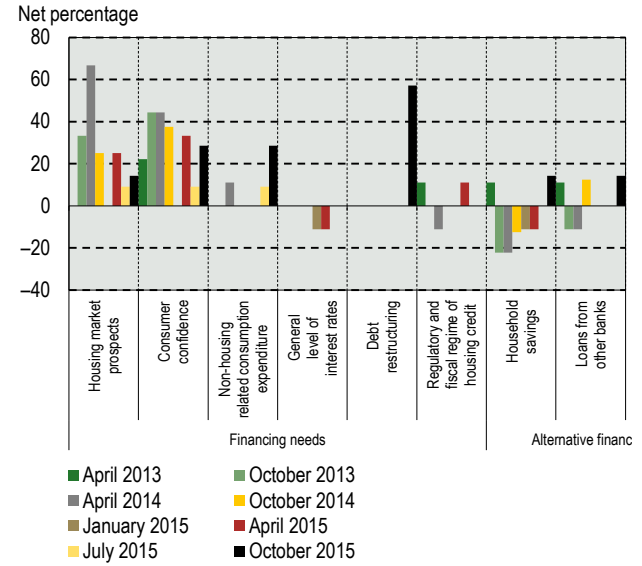


Chart 15. Factors that affected demand for consumer credit and other lending to households

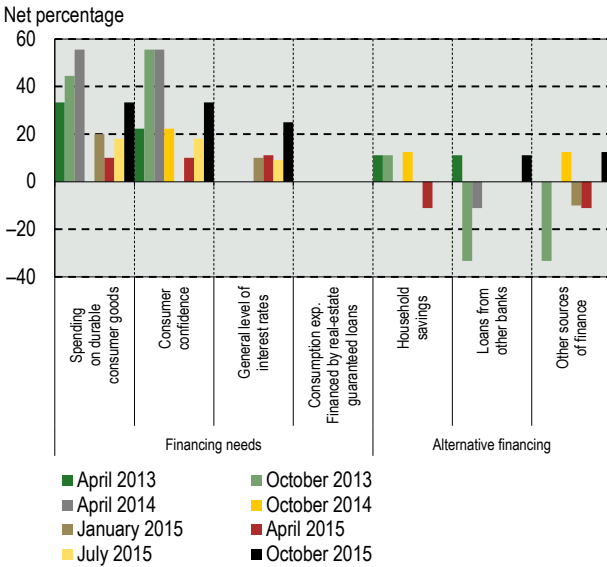


Chart 16. Projections for change in general terms and conditions for approving loans to households over the next quarter

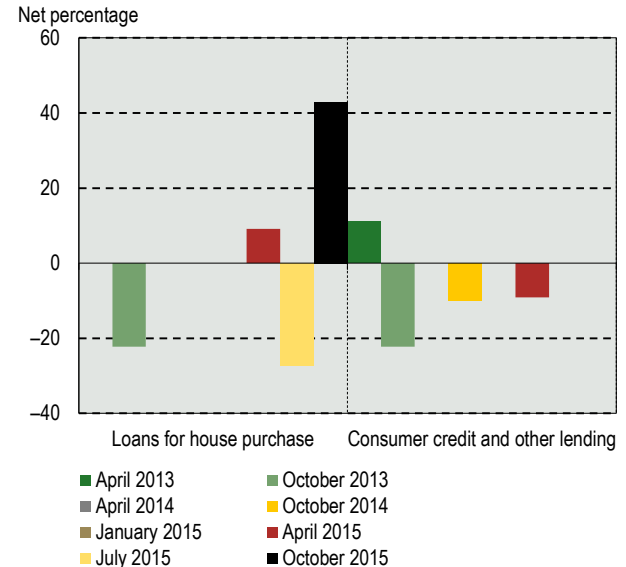


Chart 17. Projections for change in demand for loans to households over the next quarter

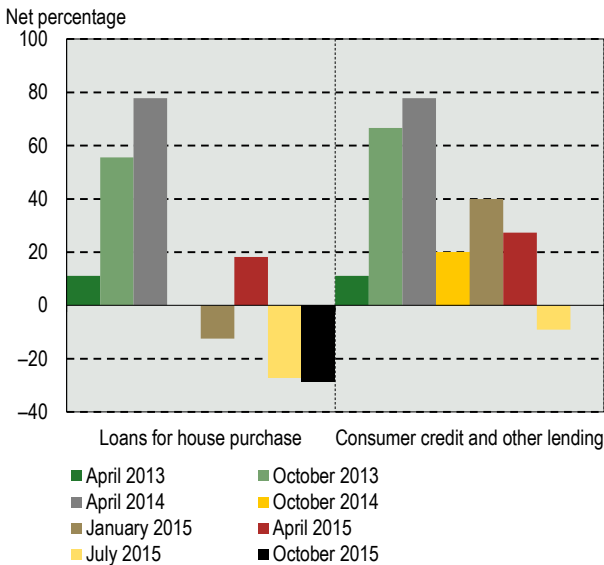


Chart 18. Assessment of the financial standing of enterprises and households

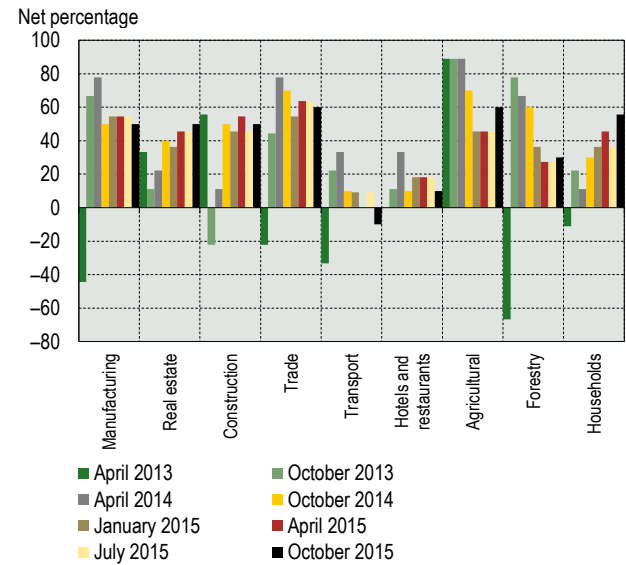


Chart 19. Competition for lending to enterprises and households

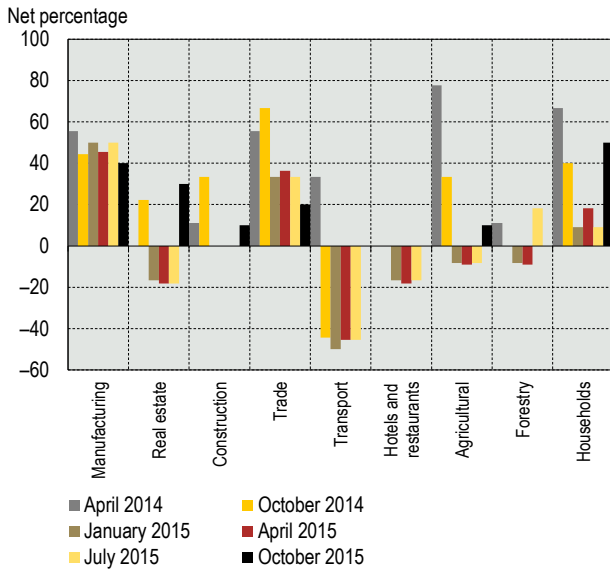
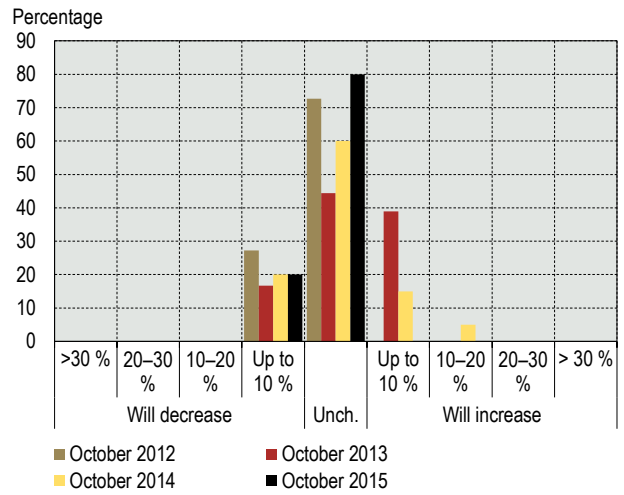


Chart 20. Projections for change in the average price of new and old construction housings



Note: each interval value is calculated as the arithmetic average of an interval corresponding to the responses of banks regarding the expected price change in the new and old construction housing market.

Chart 21. Limitation on issuance of loans

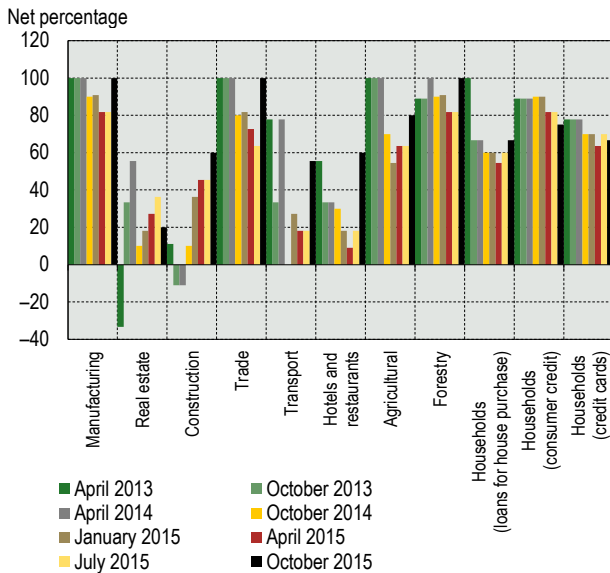


Chart 22. Change in quality of loans across individual borrower segments

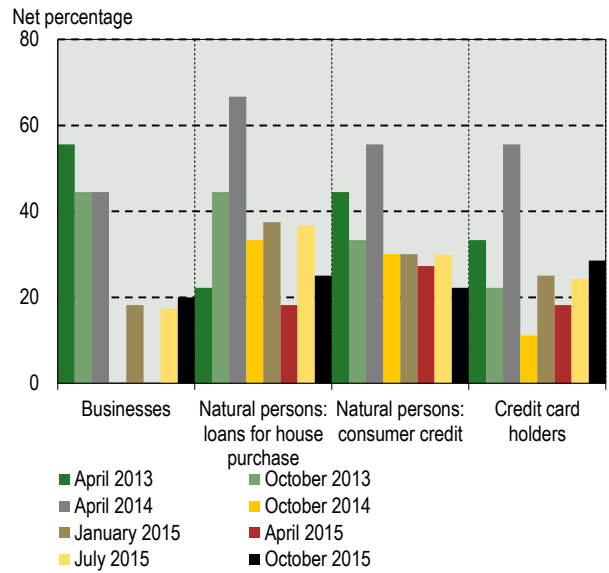


Chart 23. Projected annual change in the overall loan portfolio of the bank

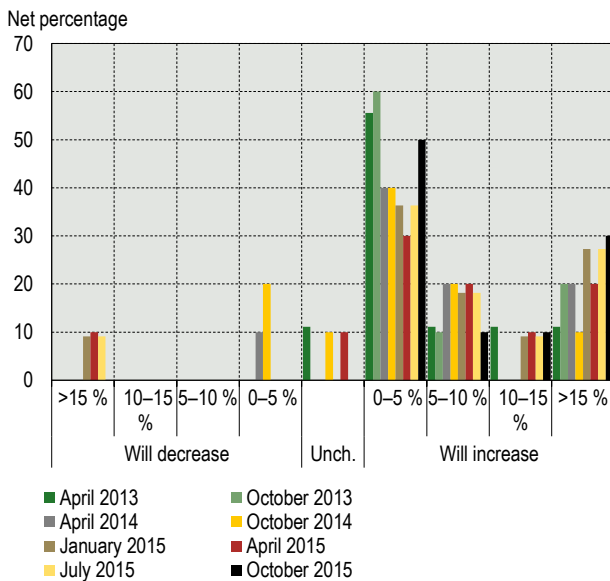
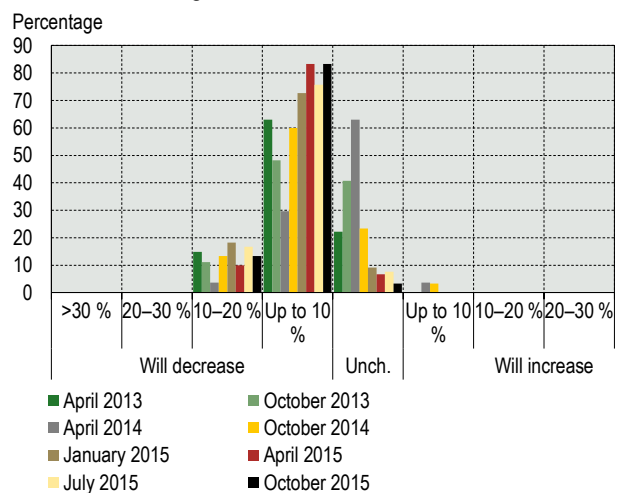


Chart 24. Projections for change in average price of new and old construction housings



Note: each interval value is calculated as the arithmetic average of an interval corresponding to the responses of banks regarding the expected price change in the new and old construction housing market and commercial property