

Notification template for borrower-based measures

Please send/upload this template to:

- macropru.notifications@ecb.europa.eu when notifying the European Central Bank (ECB);
- [DARWIN/ASTRA](#) when notifying the European Systemic Risk Board (ESRB).

This notification will be made public by the ESRB once the relevant authorities have adopted and published the notified macroprudential measure¹.

E-mailing/uploading this template to the above addresses constitutes official notification; no further official letter is required. In order to facilitate the work of the notified authorities, please send the notification template in a format that allows the information to be read electronically.

1. Notifying national authority and scope of the notification		
1.1	Name of the notifying authority	Bank of Lithuania
1.2	Country of the notifying authority	Republic of Lithuania.
1.3	Type of borrower-based measure	<p>Please select one of the measures listed below:</p> <p><input checked="" type="checkbox"/> Debt-service-to-income (DSTI)</p> <p><input type="checkbox"/> Loan-to-income (LTI)</p> <p><input checked="" type="checkbox"/> Loan-to-value (LTV)</p> <p><input type="checkbox"/> Debt-to-income (DTI)</p> <p><input type="checkbox"/> Loan maturity</p> <p><input type="checkbox"/> Other (please provide a short, name-like description here and provide more details in Section 2)</p>
1.4	Type of notification	<p>What do you intend to notify?</p> <p><input type="checkbox"/> Activation of a new measure</p> <p><input checked="" type="checkbox"/> Change to an existing measure</p> <p><input type="checkbox"/> Extension of an existing measure</p> <p><input type="checkbox"/> Termination of an existing measure</p>

¹ On request by the notifying authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.

2. Description of the measure		
2.1	Description of the measure	<p>Provide a detailed description of the measure, including:</p> <ul style="list-style-type: none"> - The nature and value(s) of the restrictions imposed by the measure, as applicable. If the measure varies depending on certain characteristics of the loan or borrower, please specify all such cases. - Whether exceptions from the measure are allowed. If so, please specify the nature and size(s) of the exceptions, as applicable. <p><i>On 22 October 2025, the Board of the Bank of Lithuania approved Resolution No 03-146 amending Resolution No 03-144 of the Board of the Bank of Lithuania of 1 September 2011 on the Responsible Lending Regulations and made the following changes:</i></p> <p style="text-align: center;">1. Introduction of a new 90% loan-to-value (LTV) limit for first-time homebuyers.</p> <p><i>The Responsible Lending Regulations (RLR) are supplemented with a new provision stating that in cases where the credit recipient is entering into credit agreement for the purchase or construction of their first residential property, and they (or their co-borrowers) do not own and have not owned, within the past five years prior to the date of submitting the loan application or other credit-related document, any real estate property under their ownership, a higher – up to 90% – LTV may be applied.</i></p> <p><i>These amendments are aimed at consumers purchasing their first home, as they are the ones who face the greatest challenges in meeting the down payment requirement. With rising housing prices, even consumers with sustainable and sufficient income struggle to accumulate the necessary down payment. International experience and research show that first-home mortgages carry lower risk – buyers are more likely to pay their mortgage instalments on time and make efforts to keep their home, which is why in several countries they are subject to a lower down payment requirement. The</i></p>

	<p><i>clause concerning the five-year period without owning residential property also allows former homeowners, who for various reasons have not owned a home for an extended period, to re-enter the housing market on the same terms as first-time buyers.</i></p> <p>2. Tightening requirements for second and subsequent mortgages by narrowing the current exemption that allows LTVs above 70%.</p> <p><i>Since 1 February 2022, a concrete LTV requirement to those acquiring the second and subsequent housing loans is set at 70%. Currently exempt from the requirement are the borrowers who:</i></p> <p><i>a) are acquiring the second or subsequent housing loan when the current LTV of each of her/his previous loans is lower than 50%. In such cases the LTV must be lower than 85%, the exact rate to be determined by the lender, provided it is below 85%.</i></p> <p><i>b) have only one housing loan and seek to increase its amount without providing additional collateral or providing their own real estate as a collateral. In these cases, the LTV limit of 85% applies.</i></p> <p><i>After the amendment, the borrowers exempt from the requirement are those who:</i></p> <p><i>a) are acquiring the second or subsequent housing loan when more than 50 percent of the principal amount of each of her/his previous mortgage loans has been repaid. In such cases the LTV must be lower than 85%.</i></p> <p><i>b) have only one housing loan and seek to increase its amount without providing additional collateral or providing their own real estate as a collateral. In these cases, the LTV limit of 85% applies.</i></p> <p>3. Simplifying the debt-service-to-income (DSTI) framework by replacing the dual limits with a single cap of 50%, calculated using an interest rate of at least 6%.</p>
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		<p><i>To ensure a more even impact of the DSTI requirement throughout the interest rate cycle and to strengthen borrowers' resilience to larger interest rate swings, the DSTI thresholds are amended. The amendment introduces a single DSTI requirement of 50%, calculated using an interest rate of no less than 6%. Currently, there is a dual requirement for DSTI applied:</i></p> <ul style="list-style-type: none"> <i>• 40% calculated using the actual interest rate.</i> <i>• 50% calculated using an interest rate of no less than 5%.</i> <p><i>According to international institutions, measures such as the debt-to-income (DTI) ratio or a DSTI limit with interest rate floors (as proposed in these amendments) act as automatic stabilisers – they restrict borrowing more strongly during financial upswings and less during downturns, while also keeping the maximum loan amount more stable in both low- and high-interest-rate environments.</i></p> <p><i>The decision to raise the interest rate floor used for calculating DSTI ratio to 6% is based on the objective of enhancing borrowers' resilience to larger interest rate fluctuations. This level was chosen with reference to recent experience: at the end of 2023, the average interest rate on new housing loans had risen to 5.9%, and the average interest rate on the housing loan portfolio reached 6%.</i></p> <p><i>Overall, these DSTI adjustments aim to improve borrowers' resilience to substantial interest rate changes, provide greater protection against excessive indebtedness in a low-interest environment, and ensure a more even impact as interest rates vary.</i></p> <p><i>The amended requirements will come into force on 1 August 2026 and will be applicable to new housing loans. To consider the legitimate expectations of those borrowers who are in the process of housing purchase, the exceptions will also be given to those who:</i></p> <ul style="list-style-type: none"> <i>• have received a binding offer from the credit provider to issue a housing loan before the</i>
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		<p><i>effective date of the amendments (1 August 2026)</i></p> <ul style="list-style-type: none"> • <i>have signed a preliminary sale and purchase agreement for the purchase of the real estate property which will be used as a collateral for the loan before the date of the decision to apply these changes (31 December 2025).</i>
2.2	Definition of the measure	<p>Please provide a detailed definition of each variable used in the construction of the indicator which is subject to the restrictions, as applicable (e.g. define what constitutes the value of the loan (L) and what counts towards valuation of the collateral (V) for an LTV indicator).</p> <p>Please include:</p> <ol style="list-style-type: none"> a) Value of the loan/debt (for loan/debt-to-income), or value of the loan/debt instalments (for loan/debt service-to-income indicators) <ul style="list-style-type: none"> - What types of loans are included? b) Value of the collateral <ul style="list-style-type: none"> - What type of collateral can be included? c) Income <ul style="list-style-type: none"> - Is it gross or net income? What types of incomes are considered? If average income is considered, how long is the period considered? <p><i>L – the credit amount which may be used under a credit agreement.</i></p> <p><i>V – the market value or price of mortgaged real estate, whichever of the two is lower, where:</i></p> <ol style="list-style-type: none"> a) <i>the market value of mortgaged real estate – the market value of mortgaged real estate, estimated in accordance with the provisions of Article 14 of the Law on Real Estate Related Credit of the Republic of Lithuania (hereinafter referred to as the Law);</i> b) <i>the price of mortgaged real estate – the price of real estate specified in the real estate purchase and sale contract concluded no earlier than one year prior to filing the application;</i>

		<p><i>c) where the price of real estate is unknown (the real estate has been inherited, donated, etc.) or the borrower can provide reasonable evidence (a real estate valuation report, etc.) that the market value of the real estate, as a result of investments made in that real estate, is higher than that at the time of the conclusion of the real estate purchase and sale contract, the value of the mortgaged real estate shall be established on the basis of the market value of the mortgaged real estate.</i></p> <p><i>When meeting of the obligations under a credit agreement is secured by mortgage of additional or other real estate, the loan-to-value ratio of credit amount and the real estate to be acquired or constructed should be assessed;</i></p> <p><i>I - the borrower's monthly income that they can actually dispose of after deducting the taxes that must be withheld from income under legal acts. When calculating monthly income, the lender must take into account the average of at least the borrower's last six months of income that the lender recognises as sustainable, and must assess the long-term sustainability of the income.</i></p> <p><i>DS - the average monthly instalment for all debt obligations, calculated as the sum of the average monthly instalments calculated for each debt obligation. All debt obligations – the credit being granted and all debt obligations the borrower has at the time of concluding the credit agreement (other loans, consumer credit, leasing, credit card limits, other borrowings, etc.).</i></p>
2.3	Legal basis and process of implementation of the measure	<p>Specify the legal basis and process of implementation of the measure. Please include:</p> <ul style="list-style-type: none"> - how the notified measure is implemented; - whether or not the notified measure is legally binding (e.g. a recommendation); <ul style="list-style-type: none"> o if the measure is non-legally binding, please provide the reasons why this choice was made and provide details of

		<p>the means by which compliance with this measure can be fostered.</p> <p><i>The changes to the measure were made by amending Resolution No 03-144 of the Board of the Bank of Lithuania of 1 September 2011 on the Responsible Lending Regulations.</i></p> <p><i>The measure is legally binding.</i></p>
2.4	Coverage	<p>a. Which types of credit providers will be covered by the measure?</p> <p>e.g. credit institutions (including local branches of foreign credit providers), certain other financial institutions (e.g. pension funds, insurance companies, investment funds), etc.</p> <p>Please specify whether coverage of the measure is limited based on the type of activity of the credit provider, e.g. to mortgage credit providers.</p> <p><i>The measure is applicable to all lenders issuing housing loans under the scope of Responsible Lending Regulations, meaning:</i></p> <p><i>a) credit agreements specified in Article 2(1) of the Law;</i></p> <p><i>b) credit agreements concluded by natural persons seeking to engage in the activities of leasing and maintaining real estate, residential and non-residential construction, which may be carried out by obtaining a business certificate or an individual activity certificate in accordance with the procedure set forth by legal acts of the Republic of Lithuania.</i></p> <hr/> <p>b. Which types of borrowers will be covered by the measure?</p> <p>e.g. only natural persons, only legal entities, both natural persons and legal entities, etc.</p> <p><i>The amended measure will apply to natural persons only.</i></p>

		<p>c. Which types of lending will be covered by the measure?</p> <p>e.g. mortgage loans, consumer loans that are provided to consumers with a mortgage, consumer loans, debt securities issued and overall debt of non-financial companies, etc.</p> <p><i>The amended measure will apply to mortgage loans.</i></p>
2.5	Calibration	Provide information on how the measure was calibrated, including the main assumptions used therefor.
3. Timing for the measure		
3.1	Timing for the decision	<p>What is the date of the official decision of the notified measure?</p> <p>22/10/2025</p>
3.2	Timing for publication	<p>What is the date of publication of the notified measure?</p> <p>24/10/2025</p>
3.3	Disclosure	<p>Provide information about the strategy for communicating the notified measure to the market.</p> <p>Please provide a link to the public announcement, if any.</p> <p><i>The market participants were informed about the intended measure in a press release by the Bank of Lithuania on 7 July 2025</i> https://www.lb.lt/lt/naujienos/atsakingojo-skolinimo-nuostatu-perziura-daugiau-galimybiu-perkantiesiems-pirma-busta-grieztesni-investiciniu-sandoriu-reikalavimai <i>, in Lithuanian only). Following that, the public consultation was launched inviting market participants and other interested parties to provide comments on the proposed measures and the exact legal text of its implementation. Comments and suggestions received</i></p>

		<p>were thoroughly evaluated and considered when preparing the final version of the design of the amendments. The implementation of the amendments was announced on the 24 October, 2025 by the Board of the Bank of Lithuania in a form of a press release (https://www.lb.lt/lt/naujienos/atnaujinti-atsakingojo-skolinimo-nuostatai-daugiau-galimybiu-perkantiesiems-pirma-busta-grieztesni-reikalavimai-imantiems-antra-arpaskesne-busto-paskola, in Lithuanian only). The information about the changes in the Responsible Lending Regulations was also publicised on the public legislation platform (information only available in Lithuanian).</p>
3.4	Timing for the application	<p>What is the intended date for application of the measure? What is the intended timeline for phase-in of the measure, if relevant?</p> <p>01/08/2026</p>
3.5	End date (if applicable)	<p>Until when is it presumed that the measure will be in place? If applicable, please give an end date. Click here to enter a date.</p> <p>Not applicable.</p>
4. Reason for activation of the measure		
4.1	Description of the macroprudential risk	<p>Describe the macroprudential risk to be addressed by the proposed macroprudential measure.</p> <p><i>The amendments to the RLR were introduced following the BBM framework review carried out by the Bank of Lithuania in the first half of 2025, which identified the need to recalibrate the existing framework in order to achieve a better balance between the impact of BBMs on first-time buyers and on borrowers taking their second or subsequent mortgage, as well as to ensure more even DSTI limit effectiveness across the interest rate cycle.</i></p>

	<p><i>The amendments include both tightening and loosening elements and should be viewed primarily as a structural rebalancing of the BBM framework.</i></p> <p><i>Rationale behind the amendments to the LTV limit for the first-time buyers – the LTV requirement for first housing loans in Lithuania (currently 85%) is among the strictest in Europe, all the while research shows that easing down payment requirements can help first-time buyers enter the housing market and have reduced distributional effects.</i> <i>As housing price growth outpaced wage growth in 2021–2022, housing affordability declined, and although it has improved since then, prospective borrowers have found it harder to accumulate a down payment, even when earning sufficient income. Young families and first-time buyers often face the difficulty in saving the required down payment, though their credit risk is typically lower. Such borrowers are typically more motivated to retain home ownership and make loan repayments on time. In an international context, Lithuania's 85% LTV requirement for first housing loans is among the strictest and allows no exemptions. Studies show that an overly strict LTV requirement can worsen socioeconomic position for home buyers – forcing less desirable housing choices or hindering the ability of lower-income households to enter to the housing market. With adequate housing supply, a looser LTV rule could improve housing affordability.</i></p> <p><i>Rationale behind the amendments to the LTV requirement for the second and subsequent mortgage loans – despite the existing stricter regulation of second housing loans, rapidly rising house prices have enabled an increasing number of borrowers to be eligible for the LTV exemption making it less effective.</i> <i>The 30% down payment requirement for second housing loans that entered into force in February 2022 includes an exemption for borrowers whose outstanding balances of previous housing loans is less than 50% of the collateral value. In</i></p>
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	<p><i>such cases LTV requirement is less strict – down payment should be higher than 15% – offering more flexibility when previous loans were originated long time ago and have been significantly amortized. Data shows that after these amendments to the RLR came into effect, the share of second housing loans with high LTV dropped: in 2021 loans with LTV above 70% accounted for about 65% of the second housing loan flow, while in 2022–2023, such loans accounted for a little over 50%. However, in the second half of 2024, this share started rising again. Since the beginning of 2020, house prices have increased by more than 70%, making many more borrowers eligible for the exception. For example, a borrower who got the first mortgage at the end of 2020 with 85% LTV could, by 2024, given the increase in house prices and the loan repayment schedule, have the outstanding loan balance fallen below 50% of the pledged property’s value, thus meeting the criteria for the exemption for a second housing loan with a lower down payment. This illustrates how fast house price growth and loan amortization can open eligibility for the exemption. Amending the LTV exemption makes the regulation of second housing loans more effective and partly offset the effect of changes to LTV requirement for the first-time buyers.</i></p> <p><i>Rationale behind the amendments to the DSTI limit - data show that the current DSTI framework was especially restrictive when interest rates rose, but could have been more restrictive during in low interest rate environment. In a low-interest rate environment, most loans were granted with DSTI ratios well below the 40% cap – only about one in ten housing loans had a DSTI above 35%. The interest rate shock DSTI (50% DSTI when calculated with the interest rate not lower than 5%) was generally noticeably higher, but only for a small number of loans was it close to the 50% limit. In the second half of 2022, interbank rates rose sharply, increasing monthly housing loan payments significantly and making the DSTI ratio of newly issued</i></p>
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		<p>loans significantly higher (For example, the monthly payment on a €100,000 loan taken for 30 years would be about €370 with a 2% annual interest rate (the average rate on new housing loans in the first quarter of 2022), but €568 with a 5.8% rate (the average in the fourth quarter of 2023) – that is 54% higher). More than one-third of new housing loans had DSTI ratios, calculated using actual loan interest rate, over 35%. Moreover, since loan interest rates often exceeded 5%, for most loans the DSTI coincided with the interest rate shock DSTI. Thus, the DSTI framework that constrained only a small share of borrowers when interest rates were low became much stricter once interest rates rose.</p> <p>Furthermore, the interest rate shock DSTI requirement, introduced to better curb excessive borrowing in a low-interest rate environment, was relatively non-binding over the entire observation period. The amendments to the DSTI framework ensure a more balanced effect over the interest rate cycle—being stricter in low-interest rate environment and less restrictive when interest rates are high. For example, a debt-free person earning the average wage will, under the amended DSTI regulation, be able to borrow more in a high-interest rate environment and less in a low-rate one. With a 3% interest rate, the maximum housing loan amount permitted for such a borrower would be 10% smaller than under the current DSTI framework. At 6%, it would be nearly 25% larger. With a 4% interest rate (the average in May 2025 was 3.93%), the amended DSTI framework will have little effect on loan size– the maximum amount allowed would be the same as under the current regulation.</p>
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4.2	Indicators used for activation of the measure	<p>Provide the indicators triggering activation of the measure. Provide the data on which the decision is based if possible (preferably in an Excel file).</p> <p><i>The set of indicators used to assess whether a recalibration of the BBM framework is warranted includes the following::</i></p> <ul style="list-style-type: none"> • <i>share of second and subsequent housing loans in the flow of new housing loans,</i> • <i>volatility of the flow of new housing loans and its ratio to GDP,</i> • <i>volatility of housing purchase transactions,</i> • <i>volatility of the maximum loan available to a borrower,</i> • <i>share of borrowers with high LTV and DSTI limits,</i> • <i>international comparison of LTV and DSTI limits.</i>
4.3	Effects of the measure	<p>Provide your assessment of the effects of the measure on your domestic banking system, other parts of the financial system, the real economy and financial stability in your country.</p> <p><i>The amendment to the RLR consist of both targeted loosening and tightening amendments and therefore is considered to be well balanced and to have an insignificant impact on the domestic banking system and real economy in general but at the same time is expected to have a positive effect on financial stability through an increased resilience of the borrowers through stricter LTV exemptions for second and subsequent loans as well as changes in DSTI limit increasing resilience in lower interest rate environment.</i></p> <p>The effects of individual amendments:</p> <ul style="list-style-type: none"> • Higher LTV for first-time home buyers could affect around 22% of the new housing loan flow: loans to first-time buyers account for about 60% of new housing loans, but only 34–37% of them (depending on the interest rate

		<p>environment) were close to the LTV limit, in the 84–85% range. But housing purchases which would likely be performed with higher LTV's would account for about 14 percent of all new housing purchases, due to a significant share of housing purchase transactions that are carried out without any loan. Moreover, around half of the first-time buyers with high LTVs would still remain constrained by the maximum loan size imposed by the DSTI requirement and therefore would not be able to increase their loan size in line with a more flexible LTV limit.</p> <ul style="list-style-type: none"> • Tightening the exemption for second loans – according to our data, around 41% of individuals taking out a second or subsequent housing loan currently use this exemption. After changing the exemption rules, the share of borrowers using it would decrease – it could fall to about 13% of individuals taking second and subsequent housing loans. Depending on borrower behaviour (e.g. bringing a higher down payment or not taking a second loan at all), applying this measure could reduce the new housing loan flow by –2% to –11%. • Regarding the tightening effect of the DSTI changes – In current interest rate environment the calculated DTI (as a result of DSTI and maximum maturity limits) would decrease from 7.8 under the current framework to 6.9 after the amendments come into force. The DSTI amendments imply a stricter maximum loan amount (maximum calculated DTI) for all borrowers taking housing loans with an interest rate below 4% – as of September 2025, such loans accounted for 85% of the new housing loan flow. This does not mean these individuals will be unable to obtain a loan, but they will be better protected against excessive indebtedness in a low-interest-rate environment, as the maximum available loan amount will be lower.
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		<p><i>The combined effect of the amendments:</i></p> <p><i>It is expected that the combined impact of RLR changes on credit and house prices can be expected within the first three years after the regulatory changes enter into force, whereas in the longer term, lending and house price growth rates would likely stabilise. Econometric modelling results suggest that if the changes to the RLR took effect from January 2025, the annual growth of the housing loan portfolio and the house prices and would be up to 2.3 and 0.8 percentage points higher, respectively, than under the ‘no policy change’ scenario. This would mean that between 2025 and 2027 under the RLR-changes scenario housing loan portfolio would increase by 4 % and the house prices by up to 1.6 % more than under the ‘no policy change’ scenario. However, according to FAVAR model-based projections, this acceleration would be temporary – the increase in housing market activity should not persist beyond 2–3 years. Longer-term projections show the market adjusting to the new conditions, with growth rates gradually slowing and the initial demand shock fading.</i></p>
5. Sufficiency, consistency and non-overlap of the policy response		
5.1	Sufficiency of the policy response	<p>For a macroprudential policy to be ‘sufficient’, the policy responses must be deemed to significantly mitigate, or reduce the build-up of, risks over an appropriate time horizon with a limited unintended impact on the general economy.</p> <p>Note that the ESRB will use this assessment of the macroprudential stance as relevant input in assessing the sufficiency of the macroprudential policy in the Member State.</p> <p>Please provide any additional information that the ESRB should consider in assessing the sufficiency of the policy response.</p>

		<p><i>The Bank of Lithuania considers the intended measure sufficient and appropriate for the observed level of the systemic RRE risk. The amendments will complement other existing borrower-based measures in addressing the RRE sector risks by increasing borrowers' and financial sector's resilience. This recalibration—combining both loosening and tightening across different BBM components will foster a more balanced impact of measures among the borrower groups and throughout the interest rate cycle.</i></p> <p><i>The expected impact on main variables is described in detail in Section 4.3.</i></p>
5.2	Consistency of application of the policy response	<p>For a macroprudential policy to be 'consistent', the policy instruments must be deemed to meet their respective objectives, as outlined in ESRB/2013/1², and they must be implemented in accordance with the common principles set out in the relevant legal texts.</p> <p>Note that the ESRB assessment of consistency will consider whether the same systemic risks are addressed in a similar way across and within the Member States over time.</p> <p>Please provide any additional information that the ESRB should consider in assessing the consistency of the policy response.</p> <p><i>The Bank of Lithuania considers its amended LTV and DSTI measures as consistent with the intermediate objectives recommended by the ESRB (namely, mitigating and preventing excessive credit growth and leverage).</i></p>
5.3	Non-overlap of the policy response	<p>For a policy instrument to be 'non-overlapping', it should aim to address a systemic risk that either differs from the risk addressed by other active tools in the same Member State, or to be complementary to another tool in that Member State which addresses the same systemic risk.</p>

² Recommendation of the European Systemic Risk Board of 4 April 2013 on intermediate objectives and instruments of macro-prudential policy (ESRB/2013/1) (OJ C 170, 15.6.2013, p. 1).

		<ul style="list-style-type: none"> - Are other policy instruments used to address the <u>same</u> systemic risk? - If yes, please explain the need for more than one instrument to address the same systemic risk and how the different instruments interact with each other. <p><i>The amendment involves adjustments and a recalibration of the existing BBM framework rather than the introduction of new measures. Therefore, we do not expect any risk of overlap between the amended measures and other measures within the framework.</i></p> <p><i>2 percent sectoral systemic risk buffer (SyRB) on exposures, secured by residential real estate, is also currently applied and aimed at safeguarding the financial system against risks stemming from a potential overheating of the housing market. This measure aims to strengthen banks' loss-absorbing capacity and help to contain excessive housing credit growth. The recent amendments to the BBM framework do not overlap with these objectives, as the two instruments address different layers of systemic risk and operate through distinct transmission channels. The SyRB targets system-wide housing market risks by increasing banks' resilience to cyclical and structural shocks, ensuring they can withstand losses and maintain credit supply during downturns. In contrast, the amendments to the BBM framework focus on borrower-level standards, particularly improving loan affordability and risk mitigation for specific borrower groups, without seeking to influence aggregate credit dynamics. Therefore the instruments are complementary rather than overlapping, jointly contributing to a more stable and balanced housing credit market.</i></p>
<p>6. Cross-border and cross-sector impact of the measure</p>		

6.1	<p>Assessment of cross-border effects and the likely impact on the Internal Market (Recommendation ESRB/2015/2³)</p>	<p>Assessment of the cross-border effects of implementation of the measure.</p> <ol style="list-style-type: none"> a. Assessment of the spillover channels operating via risk adjustment and regulatory arbitrage. The relevant indicators provided in Chapter 11 of the ESRB Handbook on Operationalising Macroprudential Policy in the Banking Sector⁴ and the Framework to assess cross-border spillover effects of macroprudential policies of the ECB Task Force on cross-border spillover effects of macroprudential measures can be used. b. Assessment of the: <ul style="list-style-type: none"> o cross-border effects of implementation of the measure in your own jurisdiction (inward spillovers); o cross-border effects on other Member States and on the Single Market of the measure (outward spillovers); o overall impact on the Single Market of implementation of the measure. <p><i>Based on the available information, the Bank of Lithuania does not foresee any significant impact on the internal market.</i></p> <p><i>Inward effects through cross-border risk adjustment are unlikely as amended measures (as well as all the other measures defined in the Responsible Lending Regulations) is activity-based and applied to all lenders issuing loans falling within the scope of the Responsible Lending Regulations. This means that the amended measure will be applicable to credit institutions (including local branches of foreign credit institutions) and other financial institutions, peer-to-peer lending platforms or other credit providers that are included in the public creditor list which is a prerequisite for providing such services in Lithuania. Also, direct cross-border mortgage lending to Lithuania is likely to be minimal: Financial Account Statistics suggest that the outstanding amount of household long-term loans vis-à-vis the rest of the world is around EUR 0.15 million (as of Q2 2025).</i></p>
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³ Recommendation of the European Systemic Risk Board of 15 December 2015 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2015/3) (OJ C 97, 12.3.2016, p. 9).

⁴ Available on the ESRB's website at www.esrb.europa.eu.

		<p><i>Outward effects through cross-border risk adjustment are likely to be negligible. Lithuanian banks issuing mortgage loans are universal banks focused on domestic lending, and do not actively engage in cross-border activity. Based on the readily available data, only 0,7% of the banks' mortgage exposure is cross-border as of Q2 2025.</i></p>
6.2	<p>Assessment of leakages and regulatory arbitrage within the notifying Member State</p>	<p>Referring to your Member State's specific characteristics, what is the scope for "leakages and regulatory arbitrage" in your own jurisdiction (i.e. circumvention of the measure/leakages to other parts of the financial sector)?</p> <p>Is there scope for "leakages and regulatory arbitrage" in other jurisdictions?</p> <p><i>In our assessment, the risk of circumvention of the measures in our jurisdiction is minimal, as the measure is activity-based and applied to all lenders issuing loans under the scope of the Responsible Lending Regulations.</i></p>
6.3	<p>Request for reciprocity</p>	<p>Do you intend to ask the ESRB to issue a recommendation to other Member States to reciprocate the measure?</p> <p>Choose an item.</p> <ul style="list-style-type: none"> - If yes, please provide in Section 6.4 the justification for that reciprocity. - If no, what are the reasons for not requesting reciprocity?

		<i>We do not intend to request reciprocation of these measures as we assess the potential for leakages and regulatory arbitrage as negligible.</i>
6.4	Justification for the request for reciprocation	<p>To request reciprocation, please provide the following:</p> <ol style="list-style-type: none"> a concise description of the measure to be reciprocated; the financial stability considerations underlying the reciprocity request, including the reasons why the reciprocity of the activated measure is deemed necessary for its effectiveness; the proposed materiality threshold and justification for that level. <p>If the ESRB deems the request for reciprocation to be justified, the description provided will form the basis for translation into all EU official languages for the purposes of an update of ESRB Recommendation 2015/2.</p> <p><i>N/A</i></p>
7. Miscellaneous		
7.1	Contact person(s)/mailbox at notifying authority	<p>Contact person(s) (name, phone number and e-mail address) and mailbox for further inquiries.</p> <p><i>Milda Stankuvienė, Head of Macprudential Policy Division, +370 659 36 954 (mstankuviene@lb.lt)</i></p> <p>Lukas Baliukonis, Senior Economist, +370 630 51 545 (lbaliukonis@lb.lt)</p>
7.2	Any other relevant information	N/A
7.3	Date of the notification	<p>Please provide the date on which this notification was uploaded/sent.</p> <p>28/11/2025</p>