BANK OF UGANDA

STATISTICS DEPARTMENT

BANK LENDING SURVEY FOR OCTOBER TO DECEMBER 2012 (Q2)

EXECUTIVE SUMMARY

As part of its mission to foster price stability and a sound financial system, the Bank needs to understand trends and developments in credit conditions. This quarterly survey of banks is an input to this work.

KEY FINDINGS

The key findings from the survey are detailed below.

Credit Standards

Credit standards to both enterprises and households remained broadly unchanged over the period ended December 2012. However, on a net basis, there was a strong bias towards easing for the majority of the economic sectors with the exception of the Building, Mortgage, Construction and Real Estate sector which recorded a net tightening of credit standards but at a slower pace than in the previous quarter. The persistent default in real estate business and increase in the level of nonperforming loans were noted as having adversely affected the performance and availability of loans in this sector.

Outlook on Demand for credit

Credit demand from both enterprises and households is expected to increase at a slower pace than it did in the previous quarter. The continued reduction in the Central Bank Rate (CBR), improvement in the economic situation, and the payment of school dues were the major factors expected to lead to increased demand for credit over the period to end March 2013.

Outlook on Terms & Conditions

Price and non-price terms and conditions are expected to remain broadly unchanged, with a bias towards easing over the quarter to end March 2013.

Outlook on the default rate on loans

Default rate on loans to both enterprises and households is expected to decrease greatly over the quarter to end March 2013 owing to; the continued use of the Credit Reference Bureau (CRB) system, improved credit risk management systems, selective lending, improvement in cash flows as a result of the improved economic situation and the reduction in the lending rates as a result of the continued drop in the CBR.

Interest Rate Expectations

Lending rates are expected to decline over the quarter to end March 2013 owing to: the continued decline in the CBR, more favourable economic climate, greater availability of sustained liquidity, availability of cheaper funds for onward lending and competition from fellow banks that are lowering their lending rates.

OCCASIONAL QUESTION

The bank lending survey for the quarter ended December 2012 also covered an occasional question on a specific topic of interest namely:

Loan book vis-à-vis the CBR

The percentage of the existing banks' loan book contractually committed to passing on any further cuts in the CBR. The majority of the banks reported contractually committing 40-60 percent of their existing loan book to passing on any further cuts in the CBR with a number also reporting 0-20 percent.

1. Introduction to the lending survey

Objectives of the Survey

The lending survey is undertaken by the Statistics Department of the Bank of Uganda (BOU) to capture past and prospective developments in the credit market[1]. The survey is designed to complement existing data on credit and lending rates by providing supplementary information on supply and demand conditions in the credit markets and the lending policies of banks.

The main objectives of the survey are to:

i) Enhance BOU's understanding of the lending behaviour and loan financing conditions among the deposit-taking institutions; and

ii) Capture leading information on credit developments and bank lending in the Ugandan market during the reference period.

Methodology

Questionnaires were sent out to all of the 24 commercial banks and 7 Non bank financial institutions in Uganda, yielding an overall response rate of 100 percent.

Questions

The questions in the lending survey questionnaire distinguish between two categories of loans namely: a) loans or credit lines to enterprises and b) loans to households and individuals. For each category, questions were posed on credit standards for approving loans; credit terms and conditions; default rate; as well as credit demand and its determinants.

Weighting

The results of the survey were weighted by the respondent institutions' market share in the credit market. This approach takes into account the varying sizes and participation of the different respondent institutions in the formal credit market. The weights used in the computation were derived by taking an average of each institution's market share over the three month period (October-December 2012), as represented by each bank's outstanding stock of loans to total outstanding loans of the commercial banking sub sector. (*Appendix 1*)

Summary of results

For the analysis of aggregate results, lenders who report that credit conditions have changed 'considerably' are summed together with those who report that conditions have changed 'somewhat'. The Non Bank Financial Institutions analysis is are provided separately for in the appendix of this report.

Analysis of results

The results are analyzed by calculating '*net percentage balance*'. The net percentage balance is calculated by taking the difference between the weighted balance of lenders reporting that, say, demand was higher/lower or credit standards were tighter/looser. The net percentage balances are scaled to lie between ±100.

Positive net percentage balances indicate those lenders reported/expected demand/credit availability to be higher than the previous/current three-month period, or that the terms and conditions on which credit was provided became cheaper or looser respectively.

2. Survey Findings

2.1 Enterprises

2.1.1 Credit standards

Increased Credit availability to Enterprises in Q2

The majority of banks (54 percent) of the banks reported that their credit standards had remained broadly unchanged in the last three months to December 2012. The percentage of respondents that reported easing credit policy/standards for overall loans to enterprises reduced to 15 per cent compared to the previous quarter's 19 percent, while also there was a continued decline in the percentage of those that reported having tightened credit

[1] Although the survey is distributed to all supervised financial institutions, the survey report covers only the responses received from commercial banks.

standards in December 2012. Overall, on a net basis, 9 percent of the respondents reported a net easing compared to the 11 percent which reported a net tightening in credit standards in the previous survey (*Figure 1 and Table 1*).

The key factors highlighted as having attributed to the easing of credit standards on a net basis to enterprises were: a) continued reduction in the Central Bank Rate; b) improvement in the economic and market conditions and the liquidity positions of banks. On the other hand, banks that reported tightening in credit standards over the quarter cited; the upward trend in customer default rate for long term loans, market liquidity challenges and the continued deterioration in portfolio quality as the key factors.

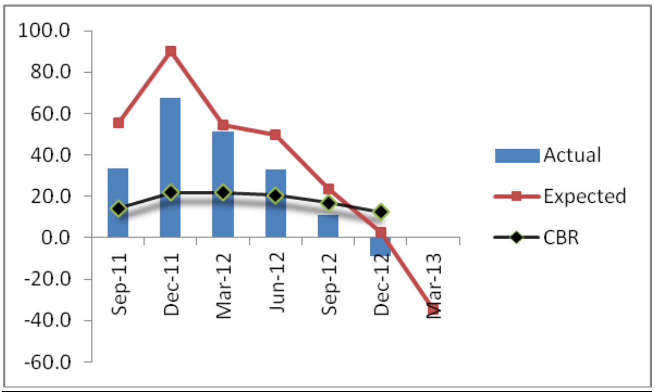
In line with the overall results above, the pace of net tightening of credit standards to Small and Medium Enterprises SMEs) continued to decline on a net basis with the percentage of banks which reported a net tightening dropping from 29.1 percent in Q1 FY 2012/2013 to 10.4 percent in Q2 FY2012/2013 while, 79.2 percent of the banks reported that credit standards to large enterprises remained broadly unchanged with a bias towards net easing in the quarter ended December 2012. (*See Table 1*)

In terms of duration, banks seem to be more focused on short term loans rather than long term loans as depicted on the net basis; 12.6 percent of the banks reported a net easing for short term loans in Q2 FY2012/2013 while 0.6 percent of the banks reported a net tightening for long term loans Q2 FY2012/2013.

Table 1: Credit Standards as applied to approval of loans to Enterprises

	Overall		Loans to SMEs		Large enterprises		Short-term Loans		Long-term Loans	
	Sep-12	Dec-12	Sep-12	Dec-12	Sep-12	Dec-12	Sep-12	Dec-12	Sep-12	Dec-12
Tightened	30	6	42.7	29.7	25.9	5.0	28.4	2.6	53.9	7.8
Unchanged	51	54	36.1	44.8	57.4	79.2	50.5	75.9	31.3	78.6
Eased	19	15	13.6	19.3	10.3	9.5	14.8	15.2	8.4	7.3
Net %	**11**	**-9**	**29.1**	**10.4**	**15.6**	**-4.5**	**13.6**	**-12.6**	**45.5**	**0.6**

Figure 1: Credit policy to Enterprises



Notes:

(a) Net percentage balances are calculated by obtaining the difference between the percentages of lenders reporting that, a factor has tightened/increased and those reporting that it has eased/decreased. A negative balance indicates that more credit is available.

(b) The bar graphs show the net percentages over the previous three months. The line graph shows the expectation over the next three months.

(c)Expectations have been moved forward one quarter so that they can be compared with the actual outturn in the following quarter.

Credit Standards expected to ease on a net basis in Q3

Since December 2011, the expectation of net tightening of credit standards by lenders has been slowing down. Similarly for the quarter ending March 2013, the survey results for credit policy to enterprises point towards easing of credit policy (*see figure 1 and Table 2*). Majority of the respondents reported a net easing for both large and small and medium enterprises and the quarter ending March 2013 (*see Table 2*) which is indicative of a likely increase in the overall availability of credit to enterprises in the coming period. Furthermore, credit standards for short and long term loans are expected to be eased on a net basis in the period to end March 2013.

Key factors cited for the expectations included: a) slow down in the inflation and continued reduction in the Central Bank Rate (CBR) b) improvement in the banks' portfolio quality and c) improvement in the business activity.

On the other hand, banks that expected a tightening in credit standards cited the increased default by borrowers and emphasis on improving their portfolio quality in Q3 of FY 2012/2013.

2.1.2 Credit Standards by Sector

Easing of credit standards to the other sectors but tightening only to the Building, mortgage construction and Real estate sector in Q2

Banks were also asked to indicate how credit policy had changed for the various sectors of the economy over the quarter ended December 2012. Banks reported that they kept credit policy broadly unchanged with a bias towards net easing for the majority of the sectors. Notably, however, the Building, Mortgage, Construction and Real Estate sector still had the highest percentage of respondents reporting a net tightening of credit standards (about 7.8 percent) in the quarter ended December 2012 albeit at the a slow pace compared to September 2012. The Agricultural sector on the other hand had the highest percentage of respondents reporting a net easing of credit standards (about 32.8 percent).

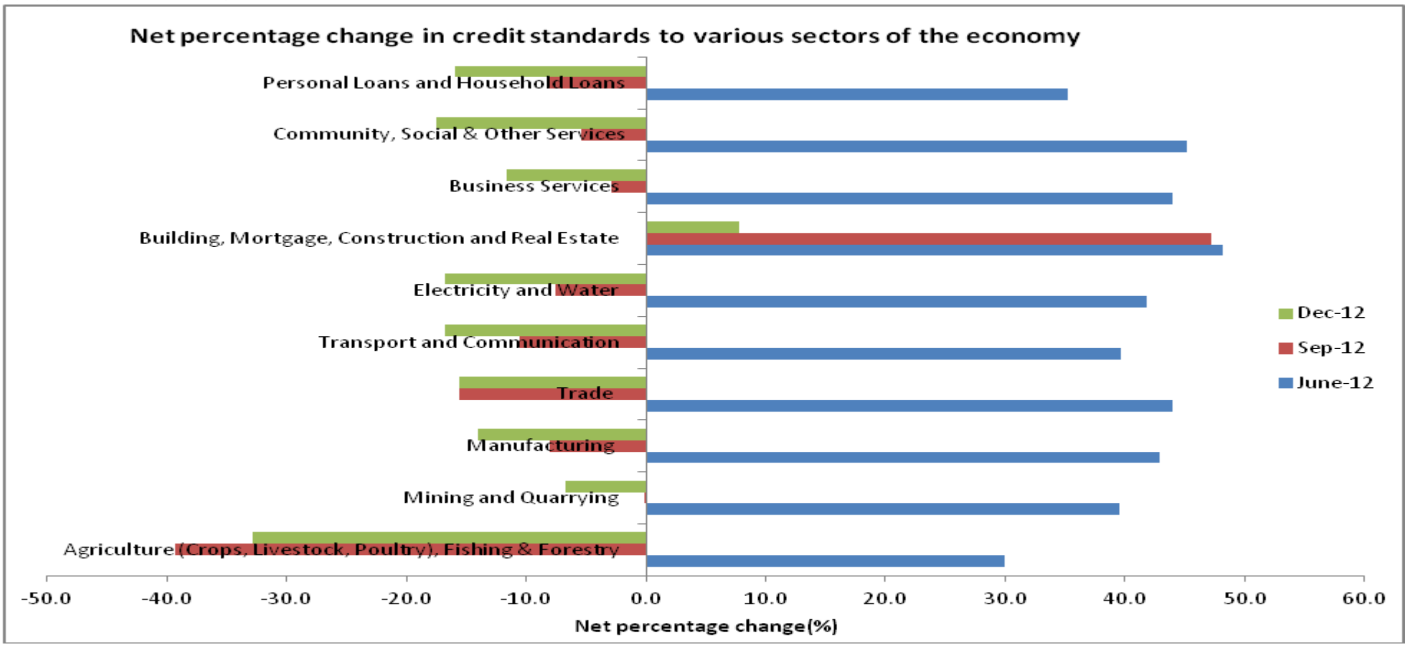
The key factors cited for the tightening of credit standards to the Building, Mortgage, Construction and Real Estate sector were: the persistent default in real estate business and increase in the level of nonperforming loans in the sector.

On the other hand, banks that reported an easing in credit policy to the agricultural sector cited the sector's priority contribution to the economy, competition from other financial institutions and agricultural lending as part of the recovery efforts of the economy.

Table 2: Expectations for Credit Standards as applied to approval of loans to Enterprises

	Overall		Loans to SMEs		Large enterprises		Short-term Loans		Long-term Loans	
	Dec-12	Mar-13	Dec-12	Mar-13	Dec-12	Mar-13	Dec-12	Mar-13	Dec-12	Mar-13
Tighten	24.9	4	24.2	3.7	0.0	9.2	0.0	1.3	9.9	5.3
Unchanged	47	33	47.3	30.3	79.9	50.3	46.5	31.2	76.1	57.6
Ease	22.2	39	22.0	59.8	13.7	34.2	47.2	61.2	7.6	30.8
Net %	**2.7**	**-34.8**	**2.2**	**-56.1**	**-13.7**	**-24.9**	**-47.2**	**-59.9**	**2.3**	**-25.4**

Figure 2: Changes in credit standards by economic sector



2.1.3 Expected Changes in Terms & Conditions for Credit to Enterprises

Price terms: ***Chances of unchanged Margins for banks in Q3 of FY 2012/13***

In the quarter to March 2013, the majority of the respondents (48 per cent) expect the margin on average loans to narrow (ease). About 42 per cent of respondents expect the margin to remain unchanged while only about 5 per cent expect a wider (tighter) margin in the next quarter.

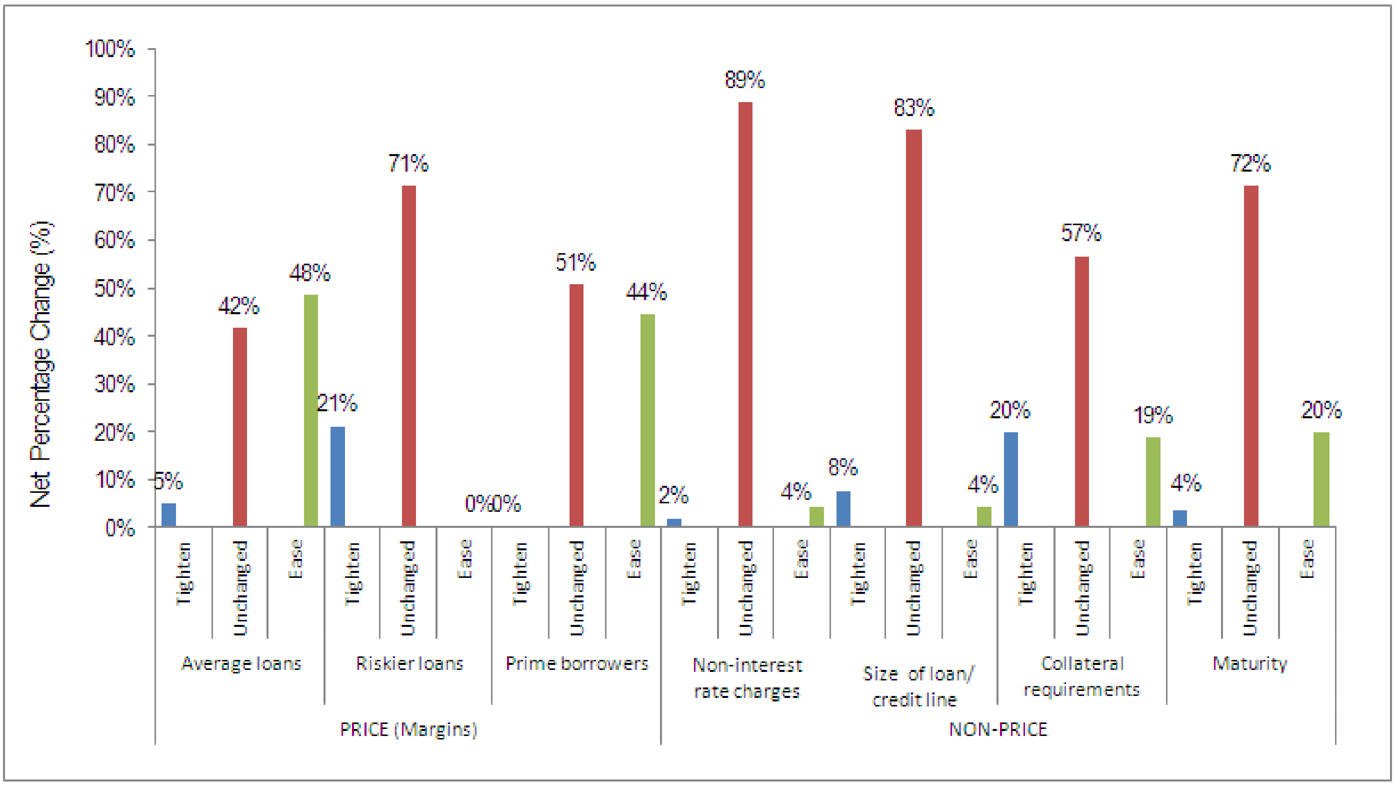
Majority of the respondents (51 percent) expect the margin on prime borrowers to remain basically unchanged while 44 percent expect the margin on prime lending to narrow(ease) over the next quarter.

The margin on riskier loans is expected to follow a similar trend with majority (71 percent) expecting an unchanged status and 21 percent expecting a wider (tighter) margin in riskier loans.

Non-Price terms: ***Expected to remain unchanged in Q3 of FY 2012/13***

Like in the previous survey, non-price terms and conditions are expected to remain largely unchanged with a bias towards easing. On a net basis, terms and conditions on non-interest rate charges and maturity are expected to ease while terms and conditions on size of loan or credit and collateral requirements are expected to tighten in the quarter to March 2013. Figure 3 illustrates the expected changes in the terms and conditions for credit to enterprises.

Figure 3: Expected changes in terms & conditions for approving loans to enterprises for Quarter Ending March 2013



2.1.4 Demand for Credit

Like in the previous survey results, the net demand for credit from enterprises for the third quarter of FY 2012/13 is expected to increase as the percentage of banks anticipating an increase is much higher than those that expect a decrease.

The overall percentage of banks expecting a rise in credit demand was about 52 per cent while none of the banks expects a decline. About 19.4 percent of respondents expect credit demand to remain broadly unchanged over the next quarter to end March 2013. (See Table 3 below).

Table 3: Demand expectations for the next three months (Jan-Mar 2013)

	Overall		Loans to SMEs		Large enterprises		Short-term Loans		Long-term Loans	
	Dec-12	Mar-13	Dec-12	Mar-13	Dec-12	Mar-13	Dec-12	Mar-13	Dec-12	Mar-13
Decrease	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0
Unchanged	8.9	19.4	8.7	18.5	37.0	19.9	8.2	18.1	51.0	27.9
Increase	86.1	52.0	81.1	70.3	52.7	68.9	81.5	70.7	38.1	60.9
Net %	**86.1**	**52.0**	**81.1**	**70.3**	**52.7**	**68.9**	**81.5**	**70.7**	**37.4**	**60.9**

Some of the major reasons given for the outlook above were;

a) Reduction in the overall cost of borrowing resulting from the continued drop in the CBR and hence leading to a decrease in interest rates.

b) The stability in Southern Sudan which was in a state of war during Q2 FY 2012/2013 is also anticipated to spark regional trade which will be characterised by increased borrowing by business people in Q3 FY 2012/2013.

2.1.5 Default rate on loans to enterprises

Default rate expected to decrease on a net basis in Q3

Banks were also asked to report on how they expect the default rate on loans to enterprises to change over the quarter to end March 2013. Majority of the respondents (36.6 percent) expect the default rate by enterprises to decrease and 28.2 percent expect the default rates to remain basically unchanged.

The key factors cited for the expected decrease in default rate to enterprises were; the improvement in cash flows as a result of the improved economic situation, improved credit risk management systems, continued use of the Credit Reference Bureau (CRB), decrease in interest rates as a result of continued drop in the CBR.

On the other hand, banks that expected an increase in default rates cited; the slowdown in economic activities that has greatly affected the cash flows of enterprises, low demand for trader's stock and delayed payment of contractors by government (See Table 4 below).

Table 4: Default rate expectations for the next three months (as at end March 2013)

	Overall	Loans to SMEs	Large enterprises	Short-term Loans	Long-term Loans
Decrease	36.6	58.8	30.6	57.3	57.7
Unchanged	28.2	23.9	48.8	22.6	20.9
Increase	11.5	11.1	14.3	13.8	15.1
Net %	-25.1	-47.7	-16.3	-43.5	-42.6

2.2 Households and Individuals

2.2.1 Credit standards

Unchanged credit standards to households in Q2

In the quarter ended December 2012, the majority of lenders (about 46 per cent), reported that the overall availability of credit provided to households and individuals had remained broadly unchanged with a bias towards easing on a net basis. Some of the major reasons cited by respondents for the increase in the pace of easing in the credit standards included; improvement in the liquidity position of banks as well as the performance of the banking sector, low levels of default on personal loans, focus on salary loans to staff and improved macroeconomic environment.

In line with the above change in credit standards to households, the number of personal & household loans approved by commercial banks increased by about 42.5% per cent in the quarter ended December 2012, from 17,110 applications in Q1 FY 2012/123 up to 24,381 applications in Q2 FY 2012/13.

Outlook: Net easing Anticipated in Q3

Commercial banks (about 27 percent) expect the overall standards to households and individuals to remain unchanged in the quarter to end March 2013, with a strong bias (about 65 percent of the banks) towards net easing as it was predicted in the previous survey.

2.2.2 Demand expectations for credit from Households

Increase in Credit Demand from households expected in Q3

In the quarter ending March 2013, a significant percentage of lenders (71.7 per cent) expect demand for credit by households to increase. There was no respondent who anticipated a decline in credit demand in the next quarter. About 28.3 percent of the respondents expect credit demand from households to remain unchanged in the quarter to end March 2013.

Key factors cited for the increased expectation included: the favourable or reduced lending rates which will lower the cost of borrowing, replacement of funds earlier spent in the festive season and the payment of school fees by parents in the third quarter that is expected to stimulate demand for credit.

2.2.3 Outlook on Terms & Conditions for Credit to Households

The majority of lenders indicated that they expect to leave their overall terms and conditions for consumer credit unchanged over the next three months to March 2013. On a net basis, however, majority of the banks showed a bias towards easing of the terms and conditions with the exception of the margins on riskier loans, non-interest rate charges and collateral requirements which showed a net tightening.

2.2.4 Default rate on loans to Households

Default rate expected to decrease on a net basis in Q3

Majority of the Commercial banks (about 64 percent) expect the default rate on loans to households to decrease over the quarter to end March 2013. About 22 percent expect the default rate to remain unchanged and approximately 14 percent expect an increase in the default rate on loans to households in Q3 FY 2012/2013.

Key factors cited for the decrease in default rate were; selective lending conducted by banks on their customers, use of the Credit Reference Bureau (CRB), reduction in the lending rates as a result of a drop in the CBR, the improving economic situation and focusing on scheme lending in terms of salary loans where deductions are done at source.

2. 3 Interest Rate Expectations for Quarter 3, FY 2012/13

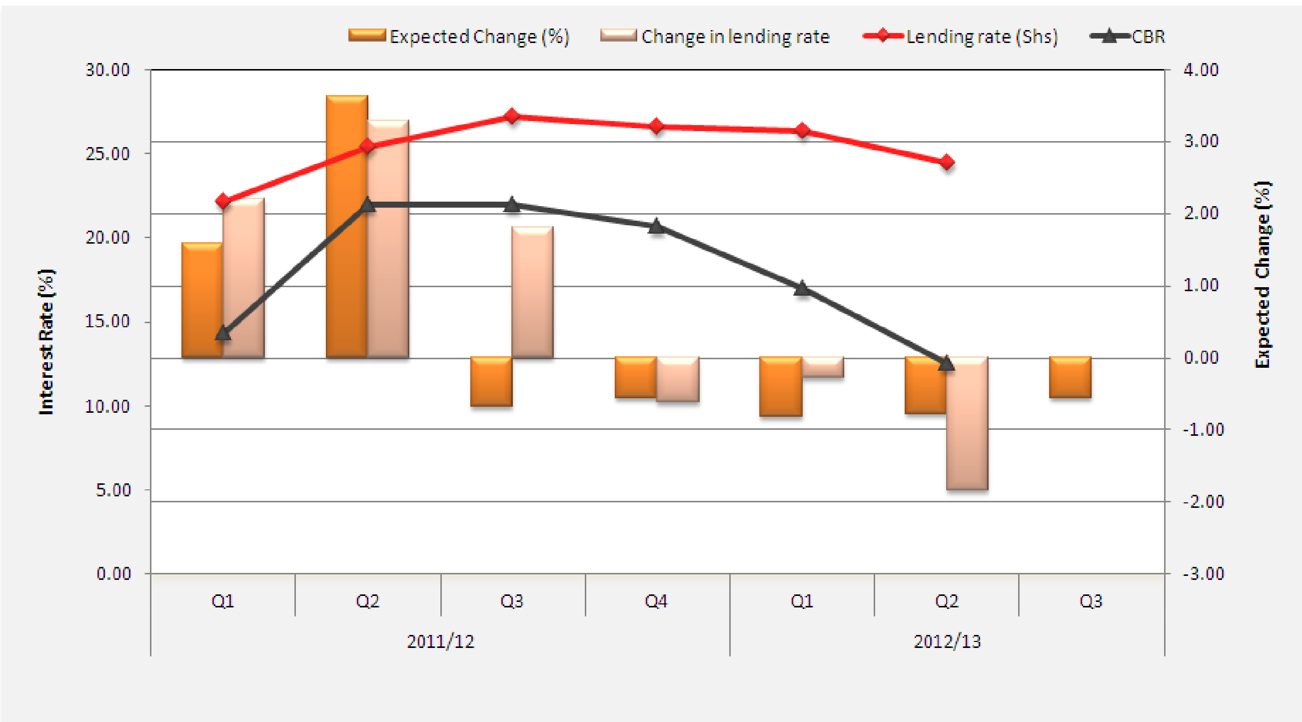
Interest rates expected to decline in Q3 FY 2012/13

Interest rate expectations were derived by asking commercial banks whether they were likely to charge higher or lower lending rates in the next three months, compared to the previous quarter's levels, and by how much. The suggested changes were weighted by the respondent Institutions' market share in the credit market as shown in Appendix 2.

The average percentage, by which banks expect to reduce lending rates over the next quarter to March 2013, is 0.57 percentage points as shown in Figure 4 below. However, the average percentage decline in lending rates could have been higher if all the banks that reported a decline had indicated by how much they expect the rates to reduce. 15 out of the 24 banks reported their expected percentage reduction in lending rates over the next quarter as shown in Appendix 2.

The main reasons cited for the outlook above included; the continued decline in the Central Bank Rate (CBR) which has also led to a reduction in the prime lending rate, more favourable economic climate, greater availability of sustained liquidity, availability of cheaper funds for onward lending and competition from fellow banks which are lowering their lending rates.

Figure 4: Changes in interest rates vis-à-vis Net Expectations



Notes: The line graphs show actual interest rate outturns over the quarter. The bar graphs show the average percentage, by which lending rates were expected to increase over the next quarter following the survey and the actual change in lending rates over the quarter. Expectations have been moved forward by one quarter so as to be comparable with the actual outturns.

4. Occasional Question

The survey also included an occasional question concerning an aspect of banks' lending which is summarised below:

4.1 Loan book vis-à-vis the CBR

The percentage of the existing banks' loan book contractually committed to passing on any further cuts in the CBR.

Majority of the banks (about 29 percent) reported that 40-60 percent of their existing loan book is contractually committed to passing on any further cuts in the CBR.

About 26 percent reported 0-20 percent; approximately 6 percent reported 20-40 and 80-100 percent each and about 3 percent reported that 60-80 percent of their existing loan book is contractually committed to passing on any further cuts in the CBR.

5. Conclusion

On the supply side: the bank lending survey for the second quarter of FY 2012/13 indicated that the majority of banks reported unchanged credit policy/standards regarding the overall availability of loans to all the borrowers.

However, on a net basis, banks indicated a marked continued slowdown in the tightening of credit standards. According to the banks, this was mainly driven by the continued reduction in the CBR, improvement in the economic situation, market conditions and the liquidity positions of banks thus enabling the timely servicing of credit facilities.

Lenders that reported tighter credit conditions cited; the upward trend in customer default rate for long term loans, market liquidity challenges and the continued deterioration in portfolio quality, as the key factors.

On the demand side: most lenders anticipate credit demand from both enterprises and households to increase, over the next three months to March 2013. The key factors given for these credit demand expectations were: Reduction in the overall cost of borrowing resulting from the continued drop in the CBR, the stability in Southern Sudan which was in fear of war during Q2 FY 2012/2013 is anticipated to spark regional trade which will be characterised by increased borrowing by business people and the payment of school fees by parents in the third quarter that is expected to stimulate the increase in demand for credit.

Overall, the survey results indicate that in the quarter to March 2013, the banks expect further increase in credit demand coupled with a faster pace of easing of credit policy owing to; continued reduction in the CBR, improvement in the economic situation, stability in Southern Sudan and the payment of school dues.

APPENDICES

APPENDIX 1: Credit Standards as applied to approval of loans to enterprises by NBFIs

	Overall		Loans to SMEs		Large enterprises		Short-term Loans		Long-term Loans	
	Sep-12	**Dec-12**	**Sep-12**	**Dec-12**	**Sep-12**	**Dec-12**	**Sep-12**	**Dec-12**	**Sep-12**	**Dec-12**
Tightened	56	12	56	12	56	52	33	0	33	12
Unchanged	44	88	44	57	38	0	67	69	67	35
Eased	0	0	0	0	0	0	0	0	0	22
Net %	**56**	**12**	**56**	**12**	**56**	**52**	**33**	**0**	**33**	**-9**

APPENDIX 2: Expectations for Credit Standards as applied to approval of loans to enterprises by NBFIs

	Overall		Loans to SMEs		Large enterprises		Short-term Loans		Long-term Loans	
	Dec-12	**Mar-13**	**Dec-12**	**Mar-13**	**Dec-12**	**Mar-13**	**Dec-12**	**Mar-13**	**Dec-12**	**Mar-13**
Tightened	0	4	33	17	0	12	0	17	33	17
Unchanged	29	22	29	22	56	0	100	38	29	16
Eased	38	46	38	47	38	52	0	31	38	52
Net %	**-38**	**-42**	**-4**	**-30**	**-38**	**-40**	**0**	**-14**	**-4**	**-36**

APPENDIX 3: Expected changes in terms & conditions for approving loans to enterprises

	Margin on average loans		Margin on riskier loans		Margin on prime borrowers		Non-interest rate charges		Size of loan/credit line		Collateral requirements		Maturity	
	Dec-12	**Mar-13**	**Dec-12**	**Mar-13**	**Dec-12**	**Mar-13**	**Dec-12**	**Mar-13**	**Dec-12**	**Mar-13**	**Dec-12**	**Mar-13**	**Dec-12**	**Mar-13**
Tightened	0	4	38	4	33	0	0	4	0	4	23	4	0	4
Unchanged	62	16	62	38	44	47	100	52	77	20	77	68	100	4
Eased	38	52	0	31	0	26	0	0	23	64	0	15	0	48
Net%	**-38**	**-48**	**38**	**-26**	**33**	**-26**	**0**	**4**	**-23**	**-60**	**23**	**-11**	**0**	**-44**

APPENDIX 4: Credit Demand expectations from enterprises (Jan-Mar 2013) by NBFIs

	Overall		Loans to SMEs		Large enterprises		Short-term Loans		Long-term Loans	
	Dec-12	**Mar-13**	**Dec-12**	**Mar-13**	**Dec-12**	**Mar-13**	**Dec-12**	**Mar-13**	**Dec-12**	**Mar-13**
Decrease	0	12	0	12	0	12	0	0	0	12
Unchanged	23	22	23	22	56	4	23	34	56	0
Increase	44	51	77	35	38	52	77	35	38	57
Net %	**-44**	**-38**	**-77**	**-23**	**-38**	**-40**	**-77**	**-35**	**-38**	**-44**

APPENDIX 5: Household and consumer credit standards-expectations (Jan-Mar 2013) by NBFIs

	Dec-12	**Mar-13**
Decrease	0.0	4.3
Unchanged	100.0	27.4
Increase	0.0	68.3
Net %	**0.0**	**64.0**

APPENDIX 6: Household and consumer credit demand expectations (Jan-Mar 2013) by NBFIs

	Dec-12	**Mar-13**
Decrease	0.0	27.4
Unchanged	66.6	4.4
Increase	33.4	68.2
Net %	**33.4**	**40.7**

Appendix 7: Summary of Bank lending survey results

To calculate aggregate results, lenders who report that credit conditions have changed 'considerably' are summed together with those who report that conditions have changed 'somewhat'. These scores are then weighted by lenders' market shares. The weights used in the computation were derived by taking an average of each institution's market share over the three month period , as represented by each bank's outstanding stock of loans to total outstanding loans of the commercial banking sector.

The results are analysed by calculating 'net percentage balances' — the difference between the weighted balance of lenders reporting that, for example, demand was higher/lower standards were tighter/looser. The net percentage balances are scaled to lie between ±100.

This annex reports the net percentage balance of respondents for each question in the lending survey questionnaire.

Positive balances indicate that lenders, on balance, reported/expected demand/credit availability/defaults to be higher than over the previous/current three-month period, or that the terms and conditions on which credit was provided became cheaper or looser respectively.

		Net percentage balances [a]								
Period		2010/11			2011/12				2012/13	
Part I: Enterprises		Q2*	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has your bank's credit policy as applied to the approval of loans or credit lines to enterprises changed?										
Overall	Past three months	-0.3	-11.7	5.9	33.7	67.6	51.3	33.1	11.1	-8.9
	Next three months	-3.5	13.4	55.6	89.9	54.5	50.0	23.4	2.7	-34.8
SMEs (b)	Past three months	25.8	-19.6	-16.8	42.2	38.0	58.7	32.7	29.1	10.4
	Next three months	-41.5	8.5	24.2	84.8	54.4	49.0	18.4	2.2	-56.1
Large enterprises	Past three months	-6.4	-11.7	11.3	36.0	67.6	58.6	31.1	15.5	-4.5
	Next three months	-7.4	18.5	61.2	61.3	50.7	74.6	6.8	-13.7	-24.9
Short term loans	Past three months	28.5	-10.1	-22.1	24.7	55.1	46.4	27.9	13.6	-12.6
	Next three months	-4.9	14.9	26.9	59.3	34.8	38.0	5.0	-47.2	-59.9
Long term loans	Past three months	32.5	7.6	5.6	39.9	85.9	62.7	33.8	45.6	0.6
	Next three months	10.9	16.7	16.6	98.8	77.1	80.1	37.5	2.3	-25.4
How has your institution's credit policy as applied to the approval of loans or credit lines to enterprises changed for the following sectors?										
Agriculture (Crops, Livestock, Poultry), Fishing & Forestry	Past three months	n/a**	n/a**	n/a**	25.1	60.3	51.0	29.9	-39.3	-32.8
Mining and Quarrying	Past three months	n/a**	n/a**	n/a**	-2.1	2.9	53.8	39.5	0.0	-6.8
Manufacturing	Past three months	n/a**	n/a**	n/a**	10.2	19.0	53.1	42.9	-8.0	-14.0
Trade	Past three months	n/a**	n/a**	n/a**	39.7	27.5	47.4	44.0	-15.6	-15.6
Transport and Communication	Past three months	n/a**	n/a**	n/a**	36.9	58.2	52.1	39.7	-10.5	-16.7
Electricity and Water	Past three months	n/a**	n/a**	n/a**	7.3	6.5	50.6	41.8	-7.6	-16.7
Building, Mortgage, Construction and Real Estate	Past three months	n/a**	n/a**	n/a**	67.0	57.5	60.2	48.2	47.2	7.8
Business Services	Past three months	n/a**	n/a**	n/a**	62.7	28.6	54.1	44.0	-2.9	-11.7
Community, Social & Other Services	Past three months	n/a**	n/a**	n/a**	14.5	21.3	54.4	45.2	-5.4	-17.5
Personal Loans and Household Loans	Past three months	n/a**	n/a**	n/a**	52.3	0.0	48.2	35.2	-8.1	-15.9
How do you expect your institution's terms and conditions for approving loans or credit lines to enterprises to										
Margin on average loans	Next three months	14.1	33.9	40.9	98.9	21.0	35.0	-42.3	-17.2	-43.4
Margin on riskier loans	Next three months	68.5	40.1	46.9	96.4	93.7	70.6	36.7	41.0	21.1
margin on prime borrowers	Next three months	-21.6	24.5	8.2	45.9	-2.0	1.1	-45.8	-31.4	-44.4
Non-interest rate charges	Next three months	25.3	-1.1	11.7	18.0	-19.1	49.3	-0.5	-4.3	-2.4
Size of the loan or credit line	Next three months	-24.7	-24.6	41.1	55.0	69.5	61.3	28.3	3.4	3.4
Collateral requirements	Next three months	36.3	3.1	53.1	51.7	71.9	31.5	38.1	31.9	1.0
Maturity	Next three months	-20.8	-5.7	30.4	48.9	20.4	24.3	29.9	5.6	-16.2
Please indicate how you expect demand for loans or credit lines by enterprises to change at your institution?(apart from normal seasonal fluctuations)?										
Overall	Next three months	58.0	27.1	-18.1	-67.6	-77.9	-44.8	28.9	86.1	52.0
SMEs	Next three months	50.3	18.4	4.8	-62.0	-65.7	-11.0	69.6	81.1	70.3
Large enterprises	Next three months	11.7	23.7	-20.8	-40.0	-80.0	-45.7	32.3	52.7	68.9
Short term loans	Next three months	53.3	24.5	8.3	-10.4	-71.9	-9.8	30.2	81.5	70.7
Long term loans	Next three months	25.6	5.8	7.2	-69.7	-82.0	-57.9	-9.9	37.4	60.9
Please indicate how do you expect the default rate on loans to enterprises to change over the next three months										
Overall	Next three months	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	-25.1
SMEs	Next three months	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	-47.7
Large enterprises	Next three months	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	-16.3
Short term loans	Next three months	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	-43.5
Long term loans	Next three months	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	-42.6

		Net percentage balances								
Period		2010/11			2011/12				2012/13	
Part II: Households		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How have your bank's credit policy as applied to the approval of loans to households and non-enterprises changed?	Past three months	-49.6	-26.9	16.9	22.8	72.4	53.1	15.7	1.1	-29.8
	Next three months	21.4	-14.6	52.0	88.3	81.2	9.2	-5.7	-12.9	-64.7
Please indicate how you expect demand demand for loans to households (for purposes of consumer credit) to change?	Next three months	64.8	77.5	79.8	-40.8	-68.5	33.0	55.5	87.3	71.7
How do you expect your institution's terms and conditions for approving loans or credit lines to households to										
Margin on average loans	Next three months	15.0	16.5	52.8	91.7	0.7	39.5	-32.8	-25.1	-37.6
Margin on riskier loans	Next three months	35.0	37.7	64.3	95.5	35.9	-10.1	13.1	36.3	10.2
Margin on prime borrowers	Next three months	0.0	0.0	0.0	0.0	-26.2	27.2	-44.3	-23.2	-27.6
Non-interest rate charges	Next three months	23.9	2.6	9.5	23.2	-12.7	27.5	-5.7	-4.4	1.7
Size of the loan or credit line	Next three months	23.8	2.7	22.2	79.2	77.4	12.6	34.8	9.8	-27.6
Collateral requirements	Next three months	28.5	5.6	40.8	87.3	-0.1	13.5	8.6	9.6	8.8
Maturity	Next three months	26.0	-12.4	3.3	42.1	11.9	-13.0	28.9	-1.1	-15.3
Please indicate how do you expect the default rate on loans to households to change over the next three months	Next three months	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	-50.0

		Net percentage balances								
Period		2010/11			2011/12				2012/13	
Part III: Occassional Questions		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
To what extent have the events in the global financial markets affected your bank's willingness to lend?	Past three months	0.0	0.0	0.0	12.3	-15.2	-9.2	-3.7	39.8	n/a**
	Next three months	0.0	0.0	0.0	-46.8	-12.8	-8.4	-4.2	58.3	n/a**
How do you expect the lending rates at your institution;										
To change?	Next three months	25.6	36.4	85.1	92.4	-31.1	-16.5	-66.8	-69.3	-78.6
And by how much?(c)	Next three months	0.30	0.74	1.58	3.62	-0.68	-0.57	-0.83	-0.78	-0.57

* The frequency of the lending survey was increased from bi annual to quarterly in the Q2 FY 2010/11 survey.

** Additional question not asked in survey.

(a) Net percentage balances are calculated by the difference between the weighted balance of lenders reporting that, demand was higher/lower or credit standrads were tighter/looser. Positive balances indicate that lenders, on balance, reported/expected demand/credit availability/defaults to be higher than over the previous/current three-month period, or that the terms and conditions on whichcredit was provided became cheaper or looser respectively.

(b) Small and Medium Enterprises (SMEs) was defined as an enterprise employing less than 100 employees where as large Enterprises are enterprises were defined as those enterprises employi

(C) Expected change in lending rates(in percentage points) is calculated by summing up the weighted decreases/increases(got by multiplying the weights and expected change in lending rate) of t