Bank lending Survey Report For January to March 2013(Q3)

Prepared by:

STATISTICS DEPARTMENT, BANK OF UGANDA

EXECUTIVE SUMMARY

The Statistics Department of Bank of Uganda conducted the Lending Survey for Supervised Financial Institutions for quarter ended March 2013. The objectives of the Survey were 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.

The key findings from the survey are detailed below.

Credit Standards

Credit standards to both enterprises and households remained broadly unchanged over the quarter ended March 2013. 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 and Business services sectors which recorded a net tightening of credit standards and at a much faster pace than in the previous quarter. The high default rate in real estate business and the review of nonperforming asset portfolios were the main factors cited for this cause.

Outlook on Demand for credit

Credit demand from both enterprises and households is expected to increase more than it did in the previous quarter. Stability in the CBR; political stability in the region, the resumption of oil production in South Sudan and the increase in demand for consumer loans due to second term school fees payment were the major factors expected to lead to increased demand for credit over the period to end June 2013.

Outlook on Terms & Conditions

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

Outlook on the default rate on loans

Default rate on loans to both enterprises and households is expected to decrease further over the quarter to end June 2013 owing to; the continued use of the Credit Reference Bureau (CRB), improved credit risk management systems, general improvement in the economic environment and the improvement in disposable income expected to enhance people's ability to service loans.

Interest Rate Expectations

Lending rates are expected to decline over the quarter to end June owing to: intensive competition in the banking industry, availability of cheaper funds for onward lending, decline in interest rates of alternative investments like treasury bills, gradual decline in expensive deposits acquired during the tight liquidity period and the Central Bank intervention.

OCCASIONAL QUESTION

The bank lending survey for the quarter ended March 2013 also covered some occasional questions on specific topics of interest namely:

Slow growth in loan extensions over the first quarter of FY 2012/13

The survey indicated that the overall economic situation had remained tight over most of the third quarter of FY 2012/13 majorly due to closure of the land registry and political tension in the region hence limiting the demand for credit.

Impact of the Central Bank Rate

Banks reported that the decline in Shilling loans against an increase in foreign currency lending, despite reductions in the CBR, had been on account of the fact that borrowers are increasingly transacting in foreign currency due to its comparatively low and stable interest rates.

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 (NBFIs) in Uganda, yielding an overall response rate of 100 and 81.7(6 NBFIs) percent for Commercial banks and Non bank financial institutions respectively.

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 (January-March 2013), 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 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 balances 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

Unchanged Credit availability to Enterprises in Q3

The majority of banks (81 percent) reported that their credit standards had remained broadly unchanged in the last three months to March 2013. The percentage of respondents that reported easing credit policy/standards for overall loans to enterprises remained constant at 15 percent, while there was a continued decline in the percentage of those

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

that reported having tightened credit standards in March 2013. Overall, on a net basis, 11 percent of the respondents reported a net easing which was greater than the 9 percent of 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) stability of the Central Bank Rate; b) gradual reduction in the lending rates by banks and c) signs of recovery of economic activities. On the other hand, banks that reported tightening in credit standards over the quarter cited; delays in receipt of inflows from ministries, close down of the land registry and the continued deterioration in portfolio quality as the key factors.

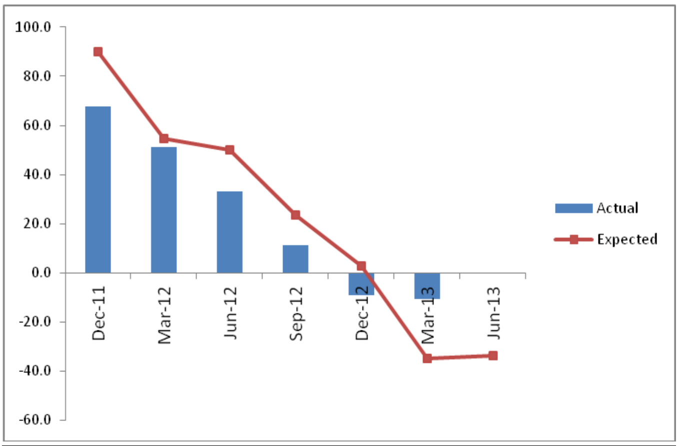
In line with the overall results above, 79 and 81.5 percent of the respondents reported that credit standards to both Small and Medium Enterprises SMEs) and large enterprises respectively remained broadly unchanged with a bias towards net easing in the quarter ended March 2013. (*See Table 1*)

In terms of duration, banks seem to be more focused on short term loans rather than long term loans as depicted by the pace of easing on a net basis. Banks reported net easing of 13.9 and 4.1 percent for short term and long term loans respectively in Q3 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	
	Dec-12	Mar-13	Dec-12	Mar-13	Dec-12	Mar-13	Dec-12	Mar-13	Dec-12	Mar-13
Tightened	6	4	29.7	3.9	5.0	3.9	2.6	2.8	7.8	3.9
Unchanged	54	81	44.8	79.0	79.2	81.5	75.9	73.9	78.6	81.5
Eased	15	15	19.3	10.5	9.5	8.0	15.2	16.7	7.3	8.0
Net %	-9	-11	10.4	-6.6	-4.5	-4.0	-12.6	-13.9	0.6	-4.1

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 Q4

Since December 2011, the expectation of net tightening of credit standards by lenders has been slowing down. Similarly for the quarter ending June 2013, the survey results for credit policy to enterprises point towards a net easing (*see figure 1 and Table 2*).

Majority of the respondents expect credit policy to both large and small and medium enterprises to remain broadly unchanged with a bias towards easing on a net basis in the quarter to end June 2013 (*see Table 2*) which is indicative of a likely increase in the availability of credit to enterprises in the coming period.

Furthermore, credit standards for short and long term loans also are expected to remain broadly unchanged with a bias towards easing on a net basis in the period to end June 2013.

Key factors cited for the expectations included: a) favourable monetary and fiscal policies b) identification of cheaper sources of funding and c) slowdown in inflation and improvement in business activity.

On the other hand, banks that expect a tightening in credit standards cited the realignment of customers' cash flows to repayment schedules and the review of Non-performing asset portfolios as the major factors in Q4 of FY 2012/2013.

2.1.2 Credit Standards by Sector

Easing of credit standards to the other sectors but tightening to the Building, mortgage construction and Real estate and Business services sectors in Q3

Banks were asked to indicate how credit policy had changed for the various sectors of the economy over the quarter ended March 2013. 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 had the highest percentage of respondents reporting a net tightening of credit standards (about 15.8 percent) in the quarter ended March 2013. The Transport, communication and Trade sectors on the other hand had the highest percentage of respondents reporting a net easing of credit standards (about 14 percent for both sectors).

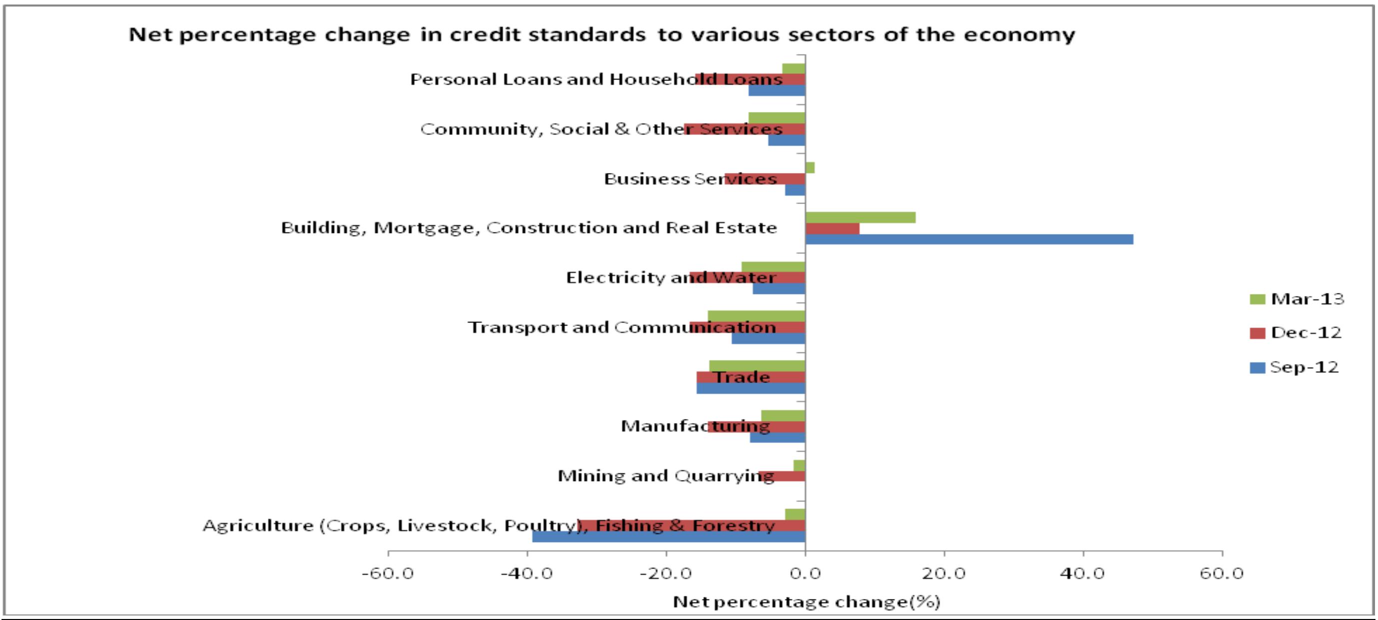
The key factors cited for the tightening of credit standards to the Building, Mortgage, Construction and Real Estate sector were: the high default rate, low demand and the review of the non-performing assets portfolio through a change in policy requirements.

On the other hand, banks that reported an easing in credit policy to the Transport, communication and Trade sectors cited the timely servicing of credit facilities, introduction of unsecured lending and the stable inflation as the major factors.

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	
	Mar-13	June-13	Mar-13	June-13	Mar-13	June-13	Mar-13	June-13	Mar-13	June-13
Tighten	4	6	3.7	7.6	9.2	4.2	1.3	4.1	5.3	5.5
Unchanged	33	53	30.3	54.8	50.3	57.6	31.2	54.8	57.6	54.2
Ease	39	40	59.8	34.2	34.2	31.3	61.2	31.7	30.8	33.7
Net %	-34.8	-33.5	-56.1	-26.6	-24.9	-27.0	-59.9	-27.7	-25.4	-28.2

Figure 2: Changes in credit standards by economic sector



2.1.3 Expected Changes in Terms & Conditions for Credit to Enterprises

Price terms:
Expectation of unchanged margins for banks in Q4 of FY

In the quarter to June 2013, the majority of the respondents (53.8 per cent) expect the margin on average loans to remain broadly unchanged. About 37.5 percent of respondents expect the margin to ease while only about 8.5 percent expect a wider (tighter) margin in the next quarter.

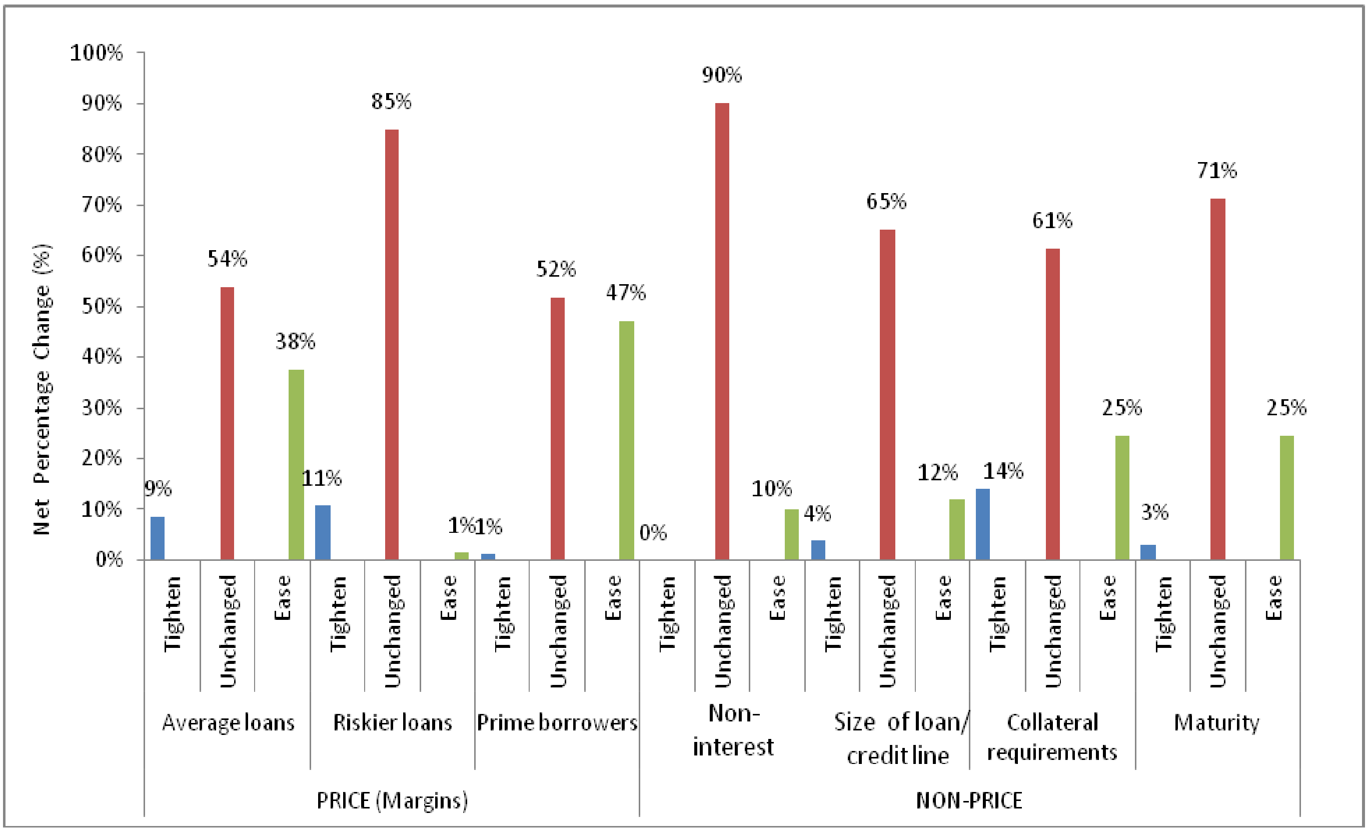
Majority of the respondents (51.7 percent) expect the margin on prime borrowers to remain basically unchanged while 47.1 percent expect the margin on prime lending to narrow(ease) over the next quarter. The margin on riskier loans is expected to remain largely unchanged (84.9 percent) while 10.7 percent expect a wider (tighter) margin on riskier loans.

Like in the previous survey, non-price terms and conditions are expected to remain largely unchanged with a bias towards easing.

Non-Price terms:
Expected to remain unchanged in Q4 of

On a net basis, all terms and conditions on non-interest rate charges, maturity, size of the loan or credit line and collateral requirements are expected to ease in the quarter to end June 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 June 2013__



2.1.4 Demand for Credit

Like in the previous survey results, the net demand for credit from enterprises for the fourth quarter of FY 2012/2013 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 66.6 per cent while none of the banks expects a decline. About 32.1 percent of respondents expect credit demand to remain broadly unchanged over the next quarter to end June 2013. (*See Table 3 below*).

Table 3: Demand expectations for the next three months (April-June 2013)

	Overall		Loans to SMEs		Large enterprises		Short-term Loans		Long-term Loans	
	Mar-13	Jun-13	Mar-13	Jun-13	Mar-13	Jun-13	Mar-13	Jun-13	Mar-13	Jun-13
Decrease	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unchanged	19.4	32.1	18.5	32.4	19.9	50.4	18.1	24.0	27.9	23.8
Increase	52.0	66.6	70.3	59.7	68.9	43.0	70.7	68.6	60.9	69.6
Net %	52.0	66.6	70.3	59.7	68.9	43.0	70.7	68.6	60.9	69.6

Some of the major reasons given for the outlook above were;
a) Decrease in interest rates mainly as a result of the stability in the Central Bank Rate (CBR).

b) The political stability in the region which is expected to facilitate the increase in medium term lending so as to support capital expenditures.

c) Increase in trade within the region and the resumption of oil production in South Sudan.

2.1.5 Default rate on loans to enterprises

Default rate expected to decrease further on a net basis in Q4

Banks were asked to report on how they expect the default rate on loans to enterprises to change over the quarter to end June 2013. Majority of the respondents (74.3 percent) expect the default rate by enterprises to decrease in the quarter to end June 2013 much higher than the 36.6 percent recorded in the previous survey round.
On the other hand 19.1 percent expect the default rates to remain basically unchanged and only 6.5 percent expect the rate to increase. (*See Table 4 below*).

The key factors cited for the expected decrease in default rate on loans to enterprises were; stable and gradual decline in inflation, general improvement in the economic situation, improved credit risk management systems, continued use of the Credit Reference Bureau (CRB), re-enforced recovery management and decrease in interest rates coupled with a relative stability in the exchange rate.

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

	Overall		Loans to SMEs		Large enterprises		Short-term Loans		Long-term Loans	
	Mar-13	Jun-13	Mar-13	Jun-13	Mar-13	Jun-13	Mar-13	Jun-13	Mar-13	Jun-13
Decrease	36.6	74.3	58.8	63.2	30.6	43.0	57.3	65.0	57.7	61.6
Unchanged	28.2	19.1	23.9	24.3	48.8	49.8	22.6	25.7	20.9	27.6
Increase	11.5	6.5	11.1	5.9	14.3	0.6	13.8	0.0	15.1	1.5
Net %	-25.1	-67.8	-47.7	-57.3	-16.3	-42.4	-43.5	-65.0	-42.6	-60.1

2.2 Households and Individuals

2.2.1 Credit standards

Unchanged credit standards to households in Q3

In the quarter ended March 2013, the majority of lenders (about 73.9 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 although at a much slower pace than in the previous quarter. Some of the major reasons cited by respondents for easing in the credit standards included; improvement in the general macroeconomic environment, focus on salary loans, reduction in lending rates and availability of funds for onward lending.

Outlook: Net easing Anticipated in Q4

Majority of the Commercial banks (about 48.9 percent) expect the overall standards to households and individuals to remain unchanged in the quarter to end June 2013, with a strong bias (about 46 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 Q4

In the quarter ending June 2013, 64.3 per cent of lenders expected demand for credit by households to increase compared to 71.1 percent that was registered in the quarter ended March 2013. 0.3 percent of the respondents anticipated a decline in credit demand in the next quarter. About 22.5 percent of the respondents expect credit demand from households to remain unchanged in the quarter to end June 2013.

Key factors cited for the expected increase in credit demand included: the anticipated fall in interest rates, improvement in the economic outlook, increase in demand for consumer loans in Q4 FY 2012/13 due to second term school fees payment and stability in inflation.

2.2.3 Outlook on Terms & Conditions for Credit to Households

The majority of lenders indicated that they expect to maintain their overall terms and conditions for consumer credit unchanged over the next three months to June 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, 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 Q4

Majority of the Commercial banks (about 46.2 percent) expect the default rate on loans to households to remain broadly unchanged over the quarter to end June 2013. About 40 percent expect the default rate to decrease and approximately 7 percent expect an increase in the default rate on loans to households in Q4 FY 2012/2013.

Key factors cited for the decrease in default rate were; attachment of loans to salaries, improvement in disposable income that is expected to enhance people's ability to service loans, reduction in the interest rates and adoption of stringent credit risk management processes.

2. 3 Interest Rate Expectations for Quarter 4, FY 2012/13

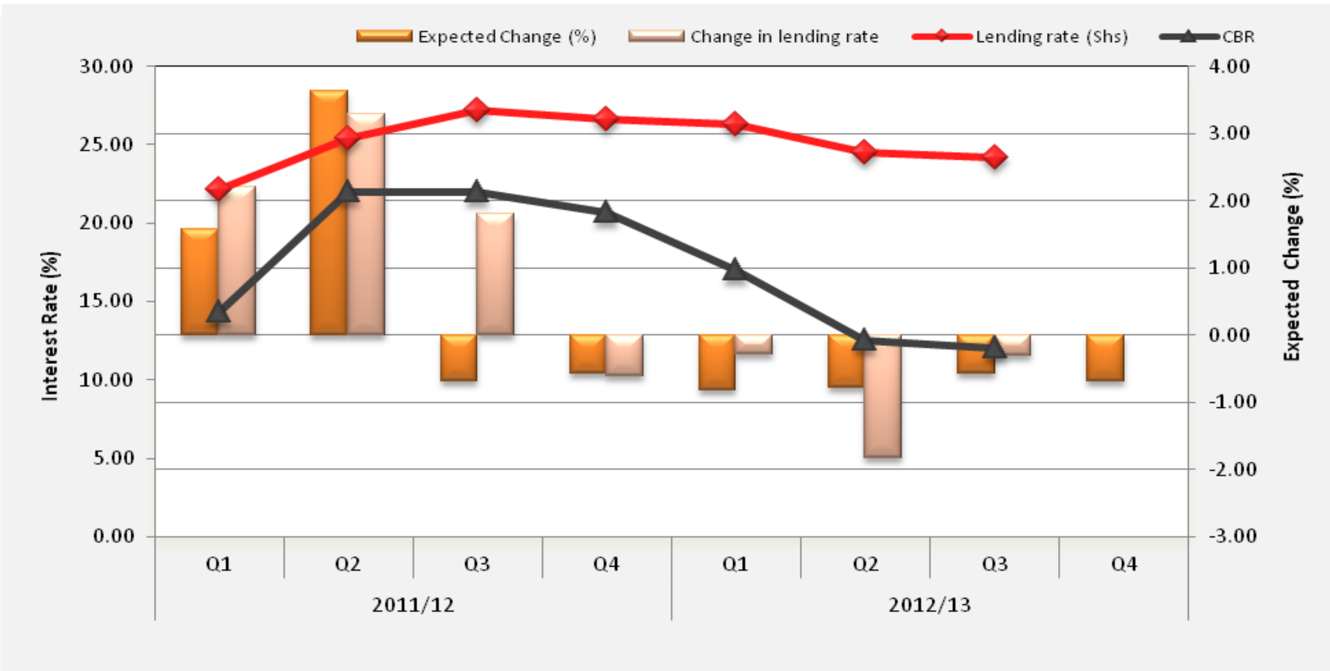
Interest rates expected to decline in Q4 FY 2012/13

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 responses 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 June 2013, is 0.69 percentage points as shown in Figure 4 below, higher than the 0.57 percentage points decline which was anticipated in the previous survey. 19 out of the 24 banks expect lending rates to reduce over the next quarter to June 2013, 4 banks expect unchanged lending rates and only one bank expects an increase in lending rates over the next quarter as shown in Appendix 2.

The main reasons cited for the outlook above included; the stability and anticipated further decline in the Central Bank Rate (CBR), availability of cheaper sources of funding for onward lending, intensive competition in the banking industry, general decline in the interest rates especially in alternative investments such as treasury bills, stable liquidity positions and the decline in expensive deposits which were acquired during the period when liquidity was tight is also expected to give room for much lower interest rates.

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



Notes: The line graphs show actual lending rate and CBR 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 some occasional questions concerning aspects of banks' lending which are summarised below;

4.1 Slow growth in loan extensions over the quarter ended March 2013

Banks were asked to explain the relatively slow growth in loan extensions over the quarter ended March 2013 despite banks predicting increased credit demand and net easing of credit standards in the previous survey.

Banks reported: the failure of mortgage lending due to the closure of the lands registry; review of non-performing portfolios which had increasingly grown; reduction in the demand for private sector goods and services than anticipated due to the slow growth of the economy; decrease in government spending emanating from withdrawal of donor budgetary support and the political tension across the East African region especially the Kenyan elections led to speculative stocking of import goods prior to this period hence leading to a reduced number of traders looking for working capital during this period.

4.2 Impact of the Central Bank Rate on lending.

Banks were asked to explain the observed trend (i.e. the decline in Shilling loans against an increase in foreign currency lending), over the period ended March 2013 despite the reduction in the policy rate - the Central Bank Rate (CBR).

Banks noted that: shilling interest rates are subject to continuous wide fluctuations; the shilling denominated credit has remained expensive due to the fact that banks are faced with costly deposits, borrowings and historical costs, hence businesses with foreign receivables and significant regional market prefer borrowing in foreign currency due to comparatively low and stable interest rates.

5. Conclusion

On the supply side: the bank lending survey for the third quarter of FY 2012/2013 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 increase in the pace of easing of credit standards. According to the banks, this was mainly driven by the stability of the CBR, rise in demand as a result of Easter festivities, gradual reduction in the lending rates and signs of recovery of economic activities.

Lenders that reported tighter credit conditions cited; delays in receipt of inflows from ministries, close down of the land registry 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 June 2013. The key factors given for these credit demand expectations were: the further fall in interest rates as a result of stability in the CBR; the political stability in the region which is expected to facilitate the increase in medium term lending so as to support capital expenditures; increase in trade within the region and the resumption of oil production in South Sudan and the increase in demand for consumer loans due to second term school fees payment in Q4 FY 2012/13 coupled with stability in inflation.

6. Policy Implications

The survey results indicate the banks' expectations pointing towards a further increase in credit demand (from both enterprises and households), unchanged terms and conditions and broadly unchanged credit standards with a bias towards net easing in the quarter ending June 2013. This could be a result of the stability in the CBR coupled with a reduction in the overall cost of borrowing and the anticipated favourable economic climate evidenced by the low levels of inflation. Looking forward, it is likely that continued stability in the CBR, low inflation rates and a favourable economic outlook could lead to growth in both credit demand and supply.

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	
	Dec-12	Mar-13	Dec-12	Mar-13	Dec-12	Mar-13	Dec-12	Mar-13	Dec-12	Mar-13
Tightened	12	30	12	30	12	30	0	0	12	30
Unchanged	88	70	57	34	52	34	69	82	35	52
Eased	0	0	0	0	0	0	0	0	22	0
Net %	**12**	**30**	**12**	**30**	**12**	**30**	**0**	**0**	**-9**	**30**

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	
	Mar-13	Jun-13	Mar-13	Jun-13	Mar-13	Jun-13	Mar-13	Jun-13	Mar-13	Jun-13
Tightened	4	5	17	5	12	0	17	5	17	5
Unchanged	22	73	22	30	0	26	38	73	16	91
Eased	46	0	47	44	52	30	31	0	52	0
Net %	**-42**	**5**	**-30**	**-39**	**-40**	**-30**	**-14**	**5**	**-36**	**5**

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	
	Mar-13	Jun-13	Mar-13	Jun-13	Mar-13	Jun-13	Mar-13	Jun-13	Mar-13	Jun-13	Mar-13	Jun-13	Mar-13	Jun-13
Tightened	4	3	4	3	0	18	4	33	4	33	4	3	4	3
Unchanged	0	43	22	73	31	76	52	43	4	17	52	73	4	26
Eased	68	48	46	0	42	0	16	0	64	44	15	0	48	30
Net%	**-64**	**-45**	**-42**	**3**	**-42**	**18**	**-11**	**33**	**-60**	**-11**	**-11**	**3**	**-44**	**-27**

APPENDIX 4: Credit Demand expectations from enterprises (April-June 2013) by NBFIs

	Overall		Loans to SMEs		Large enterprises		Short-term Loans		Long-term Loans	
	Mar-13	Jun-13	Mar-13	Jun-13	Mar-13	Jun-13	Mar-13	Jun-13	Mar-13	Jun-13
Decrease	12	0	12	0	12	0	0	0	12	0
Unchanged	22	43	22	26	4	56	34	43	0	73
Increase	35	33	35	33	52	3	35	33	57	3
Net %	**23**	**33**	**23**	**33**	**40**	**3**	**35**	**33**	**44**	**3**

APPENDIX 5: Household and consumer credit standards-expectations (April-June 2013) by NBFIs

	Mar-13	Jun-13
Decrease	12.3	0.0
Unchanged	71.8	81.6
Increase	0.0	0.0
Net %	**12.3**	**0.0**

APPENDIX 6: Household and consumer credit demand expectations (April-June 2013) by NBFIs

	Mar-13	Jun-13
Decrease	27.4	0.0
Unchanged	4.4	76.4
Increase	52.3	5.2
Net %	**24.9**	**5.2**

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 or credit 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	Q3
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	-10.6
	Next three months	-3.5	13.4	55.6	89.9	54.5	50.0	23.4	2.7	-34.8	-33.5
SMEs (b)	Past three months	25.8	-19.6	-16.8	42.2	38.0	58.7	32.7	29.1	10.4	-6.6
	Next three months	-41.5	8.5	24.2	84.8	54.4	49.0	18.4	2.2	-56.1	-26.6
Large enterprises	Past three months	-6.4	-11.7	11.3	36.0	67.6	58.6	31.1	15.5	-4.5	-4.0
	Next three months	-7.4	18.5	61.2	61.3	50.7	74.6	6.8	-13.7	-24.9	-27.0
Short term loans	Past three months	28.5	-10.1	-22.1	24.7	55.1	46.4	27.9	13.6	-12.6	-13.9
	Next three months	-4.9	14.9	26.9	59.3	34.8	38.0	5.0	-47.2	-59.9	-27.7
Long term loans	Past three months	32.5	7.6	5.6	39.9	85.9	62.7	33.8	45.6	0.6	-4.1
	Next three months	10.9	16.7	16.6	98.8	77.1	80.1	37.5	2.3	-25.4	-28.2
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	-3.0
Mining and Quarrying	Past three months	n/a**	n/a**	n/a**	-2.1	2.9	53.8	39.5	0.0	-6.8	-1.8
Manufacturing	Past three months	n/a**	n/a**	n/a**	10.2	19.0	53.1	42.9	-8.0	-14.0	-6.4
Trade	Past three months	n/a**	n/a**	n/a**	39.7	27.5	47.4	44.0	-15.6	-15.6	-13.9
Transport and Communication	Past three months	n/a**	n/a**	n/a**	36.9	58.2	52.1	39.7	-10.5	-16.7	-14.0
Electricity and Water	Past three months	n/a**	n/a**	n/a**	7.3	6.5	50.6	41.8	-7.6	-16.7	-9.3
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	15.8
Business Services	Past three months	n/a**	n/a**	n/a**	62.7	28.6	54.1	44.0	-2.9	-11.7	1.2
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	-8.2
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	-3.3
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	-29.0
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	9.3
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	-46.0
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	-10.0
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	-8.1
Collateral requirements	Next three months	36.3	3.1	53.1	51.7	71.9	31.5	38.1	31.9	1.0	-10.4
Maturity	Next three months	-20.8	-5.7	30.4	48.9	20.4	24.3	29.9	5.6	-16.2	-21.6
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	66.6
SMEs	Next three months	50.3	18.4	4.8	-62.0	-65.7	-11.0	69.6	81.1	70.3	59.7
Large enterprises	Next three months	11.7	23.7	-20.8	-40.0	-80.0	-45.7	32.3	52.7	68.9	43.0
Short term loans	Next three months	53.3	24.5	8.3	-10.4	-71.9	-9.8	30.2	81.5	70.7	68.6
Long term loans	Next three months	25.6	5.8	7.2	-69.7	-82.0	-57.9	-9.9	37.4	60.9	69.6
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	-67.8
SMEs	Next three months	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	-47.7	-57.3
Large enterprises	Next three months	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	-16.3	-42.4
Short term loans	Next three months	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	-43.5	-65.0
Long term loans	Next three months	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	-42.6	-60.1

		Net percentage balances									
Period			2010/11			2011/12			2012/13		
Part II: Households		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
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	-21.1
	Next three months	21.4	-14.6	52.0	88.3	81.2	9.2	-5.7	-12.9	-64.7	-46.0
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	64.0
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	-35.8
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	5.2
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	-39.0
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	0.0
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	-14.6
Collateral requirements	Next three months	28.5	5.6	40.8	87.3	-0.1	13.5	8.6	9.6	8.8	3.1
Maturity	Next three months	26.0	-12.4	3.3	42.1	11.9	-13.0	28.9	-1.1	-15.3	-17.8
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	-32.7

		Net percentage balances									
Period			2010/11			2011/12			2012/13		
Part III: Occassional Questions		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
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**	n/a**
	Next three months	0.0	0.0	0.0	-46.8	-12.8	-8.4	-4.2	58.3	n/a**	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	-42.9
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	-0.69

* 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 employing more tha

(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 the respectiv