Bank Lending Survey Report January to March 2014(Q3)

STATISTICS DEPARTMENT, BANK OF UGANDA

EXECUTIVE SUMMARY

The Statistics Department of Bank of Uganda conducted the Lending Survey for Supervised Financial Institutions for the quarter ended March 2014. The objectives of the Survey were to: Enhance BOU's understanding of the lending behaviour and loan financing conditions among the deposit-taking institutions; and capture leading information on credit developments and bank lending in the Ugandan market during the period under review.

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 2014. However, on a net basis, there was a bias towards tightening for the majority of the economic sectors with the exception of the Trade, Electricity and water and Transport and communication sectors which recorded a net easing of credit standards. The healthy business environment/ cash flows accruing from these sectors was the main factor cited for this cause, while the high non-performing loans, high default rate, adverse effects of trade in South Sudan and slump in the demand and market values in real estate business were the key reasons for its reported tightening in the former sector.

Outlook on Terms & Conditions

The majority of the price and non-price terms and conditions are expected to remain broadly unchanged, with a bias towards easing for enterprises over the quarter to end June 2014, with the exception of collateral requirements and the margin on riskier loans which had a net tightening. On the other hand, the majority of the terms and conditions for approving loans to households are expected to remain broadly unchanged with a bias towards tightening, with the exception of the margin on average loans, margin on prime borrowers and size of the loan/credit line which showed a net easing.

Outlook on the default rate on loans

On a net basis, default rate on loans to both enterprises and households is expected to increase over the quarter to end June 2014. This result was attributed to; anticipated reduction in government spending; regional conflicts leading to shrinking of the market; the increased company layoffs due to reduction in donor funding in Non-Governmental Organisations and delayed payment of government employees and contractors.

Interest Rate Expectations

Lending rates are expected to remain broadly unchanged, with a few banks expecting a decline over the quarter to end June 2014 owing to: the stiff competition in the sector, gradual improvement in the economic climate and a further decrease in the CBR while the expected unchanged interest rates were based on the stable economy, unchanged CBR, and slow reduction in the cost of deposits.

1. Introduction

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 survey covers outturn for the quarter end March 2004 and expectations for quarter ending June 2014. Questionnaires were sent out to all of the 25 Commercial banks and 6 Non bank financial institutions (NBFIs) in Uganda, yielding response rates of 100 percent for both Commercial banks and Non-bank financial institutions.

2. Survey Findings

2.1 Credit to Enterprises

2.1.1 Credit standards

Unchanged Credit availability to Enterprises in Q3

Credit standards largely remained unchanged during the quarter ended March 2014 albeit with a bias towards net tightening. The majority of banks (72 percent) reported that their credit standards had remained broadly unchanged during the quarter while 25.8 percent reported having tightened their credit standards. (*Figure 1 and Table 1*).

The main factors cited for the net tightening include: overall reduction in market value of collaterals, relatively unstable economic conditions, continued poor quality of loan portfolios, need to reduce on the level of non-performing loans and the high default rate registered at end Calendar year 2013 as the key factors.

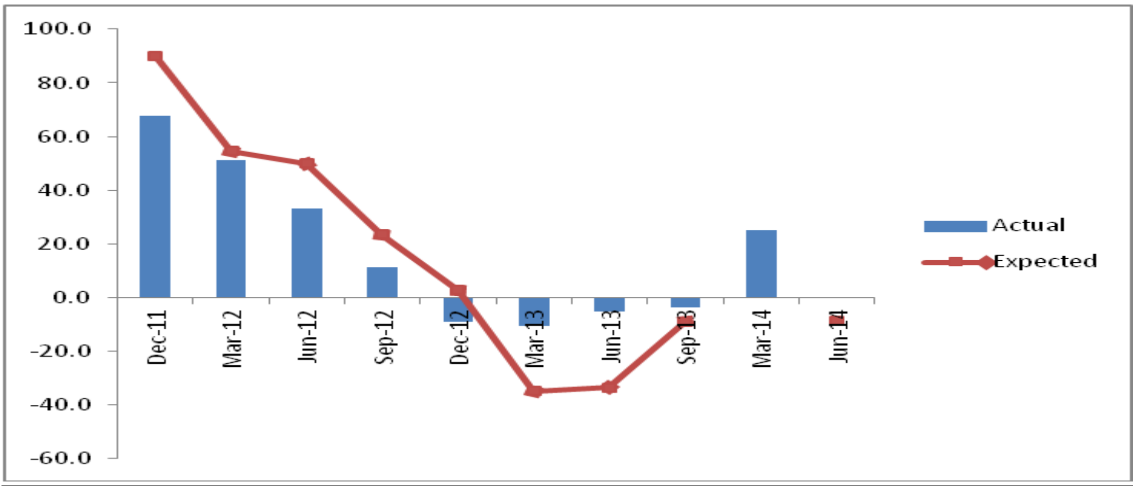
Although overall credit standards seemed to have been consistent across size of enterprises as well as maturities of the loans, on a net basis, banks reported having eased credit standards for short term loans and tightened credits standards for longer loan tenor. This was mainly attributed to the cautious approach that is being taken on long term lending in fear of the effects of the regional conflicts.

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

	Overall	Loans to SMEs	Large enterprises	Short-term Loans	Long-term Loans
	Jan-Mar 2014	Jan-Mar 2014	Jan-Mar 2014	Jan-Mar 2014	Jan-Mar 2014
Tightened	25.8	25.6	5.5	2.8	24.4
Unchanged	72.0	71.1	93.2	72.9	73.9
Eased	0.8	3.0	0.0	22.5	0.4

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

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.

For the quarter ending June 2014, majority of banks expect to maintain overall credit policy to enterprises unchanged standards (87 percent). On a net basis however, banks reported a net easing of credit policy in Q4 FY 2013/14. The overall net easing of credit policy is mainly on lending to SMEs (-11.2 percent) and short term loans (-24.2 percent) (*see Figure 1 and Table 2*).

Key factors cited for the unchanged expectations in credit policy include:

a) Marginal reduction in the cost of funds for lending and;

b) Revival in economic growth and business activities.

The banks that expect to tighten credit standards in Q4 of FY 2013/2014 based their judgement on; the reduced trade with neighbouring countries and more focus being given to the borrowers' source of repayment as the major reasons.

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
	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014
Tighten	1.5	1.8	3.2	0.0	23.6
Unchanged	87.0	84.9	94.7	74.4	74.1
Ease	10.1	13.0	0.7	24.2	1.9
Net %	-8.6	-11.2	2.6	-24.2	21.7

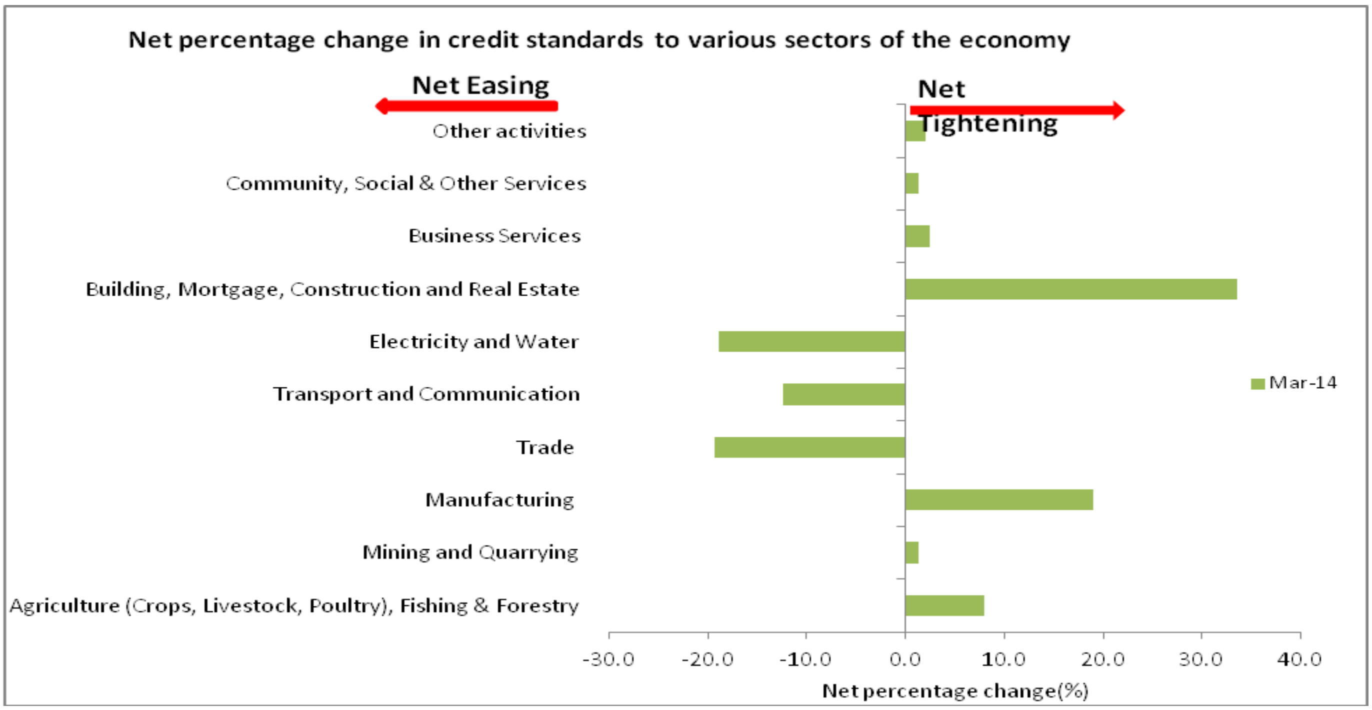
2.1.2 Credit Standards by Sector

In terms of economics sectors, banks reported having kept credit policy broadly unchanged for all the sectors. On a net basis however, there net tightening for the majority of the sectors. Credit policy eased for the Trade, Electricity and Water and Transport and communication sectors on a net basis. Key reasons cited were: healthy business environment and cash flows accruing from these sectors.

Building, Mortgage, Construction and Real Estate; Manufacturing; Agriculture; and Business Services sectors; on the other hand, had the highest percentage of respondents reporting a net tightening of credit standards. (*see figure 2*).

The key factors cited for the tightening of credit standards to enterprises were; high Non-performing loans, high default rate, adverse effects of trade in South Sudan and slump in the demand and market values in real estate business.

<u>Figure 2: Changes in credit standards by economic sector</u>



2.1.3 Expected Changes in Terms & Conditions for Credit to Enterprises

Price terms: ***Expectation of unchanged margins for banks in Q4 FY 2013/14***

Credit terms and conditions are specific obligations agreed upon between the banks and borrower. In the quarter to June 2014, all price terms are expected to remain broadly unchanged. However on a net basis, the margin on prime borrowers and average loans are expected to narrow (ease), while banks expect the margin on riskier loans to widen (tighten).

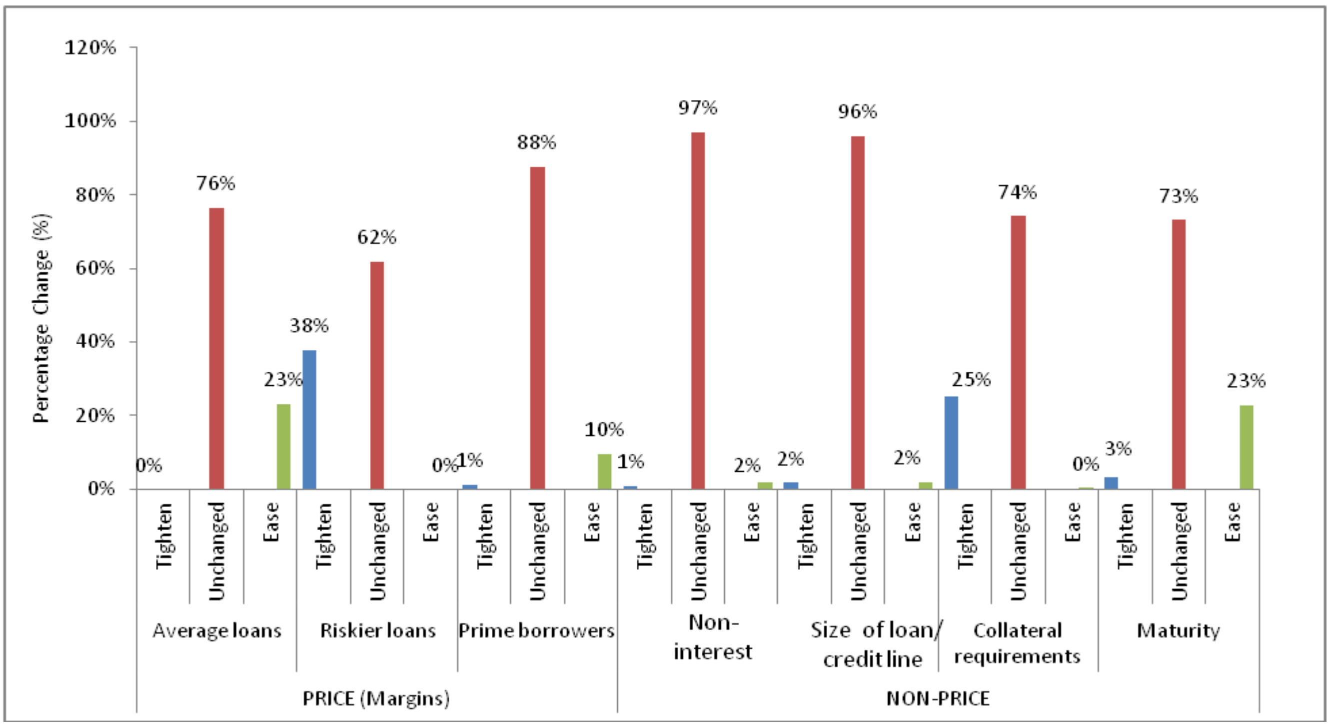
Non-Price terms: ***Expected to remain unchanged in Q4 FY 2013/14***

Non-price terms and conditions are expected to remain unchanged with a bias towards easing for the majority of terms, except for collateral requirements. On a net basis, all terms and conditions on non-interest rate charges, and size of loans or credit lines are expected to ease, while those on collateral requirement are expected to tighten on a net basis in the quarter to end June 2014.

The factors cited for the expected easing of most of the terms and conditions include; increased competition between banks hence leading to a reduction in interest rates and improvement in liquidity conditions.

On the other hand, the continued decline in property value was cited as the key reason for the expected tightening of terms and conditions on collateral requirements. Figure 3 illustrates the expected changes in the terms and conditions for approving loans to enterprises.

<u>Figure 3: Expected changes in terms & conditions for approving loans to enterprises for Quarter Ending June 2014</u>



2.1.4 Default rate on loans to enterprises

Majority of the banks (49.2 percent) expect the default rate by enterprises to remain broadly unchanged in the quarter to end June 2014.

Notably, there were more banks that anticipate an increase in default rate (41.6 percent) than those that expect a decrease (8.5 percent) for the quarter to end June 2014. (*See Table 3 below*).

The key factors cited for the expected increase in default rate on loans to enterprises were; anticipated reduction in government spending expected to lead to a delay in payment of contractors, hence affecting their cash flows, and regional conflicts leading to shrinking of the market.

To concur with this finding, Non-performing Assets (NPAs) of Commercial banks have shown an increasing trend over the period (NPAs have increased by 8.1 percent at end February 2014 as compared to end December 2013).

Table 3: Default rate expectations for the next three months (April-June 2014)

	Overall	Loans to SMEs	Large enterprises	Short-term Loans	Long-term Loans
	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014
Decrease	8.5	8.5	7.6	8.1	7.3
Unchanged	49.2	49.7	51.1	62.0	52.0
Increase	41.6	41.4	41.0	30.5	39.5
Net %	**33.1**	**32.9**	**33.3**	**22.3**	**32.2**

2.2 Credit to Households and Individuals

2.2.1 Credit standards

Unchanged credit standards to households in Q3 FY 2013/14

In the quarter ended March 2014, the majority of lenders (about 69.4 per cent), reported unchanged overall availability of credit provided to households and individuals. On a net basis however, banks reported easing of credit standards.

The major reason cited by respondents for the credit standards above was the overall improvement in economic environment, coupled with a pickup in economic activities.

On the other hand, banks that reported tightening of credit standards cited; the increased job turnover, falling collateral values and high default rates, as the major factors.

Outlook: Eased credit standards to households anticipated in Q4 FY 2013/14

In the coming quarter to June 2014, the majority of the Commercial banks (about 48 percent) expect the overall credit standards to households and individuals to ease as banks expect to drive credit growth towards high income earners; ease restriction on one time borrowers and match the competition from other banks. On the other hand, 46 percent of the respondents expect unchanged credit standards, while 5.8 percent reported an expected tightening of credit standards in Q4 FY 2013/14.

2.2.2 Outlook on Terms & Conditions for Credit to Households

The majority of lenders reported that they expect to keep their overall terms and conditions for consumer credit unchanged over the next three months to June 2014. On a net basis, the majority of the banks showed a bias towards tightening of the terms and conditions with the exception of the margin on average loans, margin on prime borrowers and the size of the loan/credit line which showed a net easing.

2.2.3 Default rate on loans to Households

Default rate expected to increase on a net basis in Q4 FY 2013/14

Majority of the Commercial banks (about 54.1 percent) expect the default rate on loans to households to remain unchanged over the quarter to end June 2014. About 38.1 percent expect the default rate to increase and 7.5 percent expect a decrease in the default rate on loans to households in Q4 FY 2013/14.

The key factors cited for the expected increase in default rate were; the increased company layoffs due reduction in donor funding in Non-Governmental Organisations and delayed payment of government employees and contractors.

2.3 Interest Rate Expectations for Quarter 4, FY 2013/14

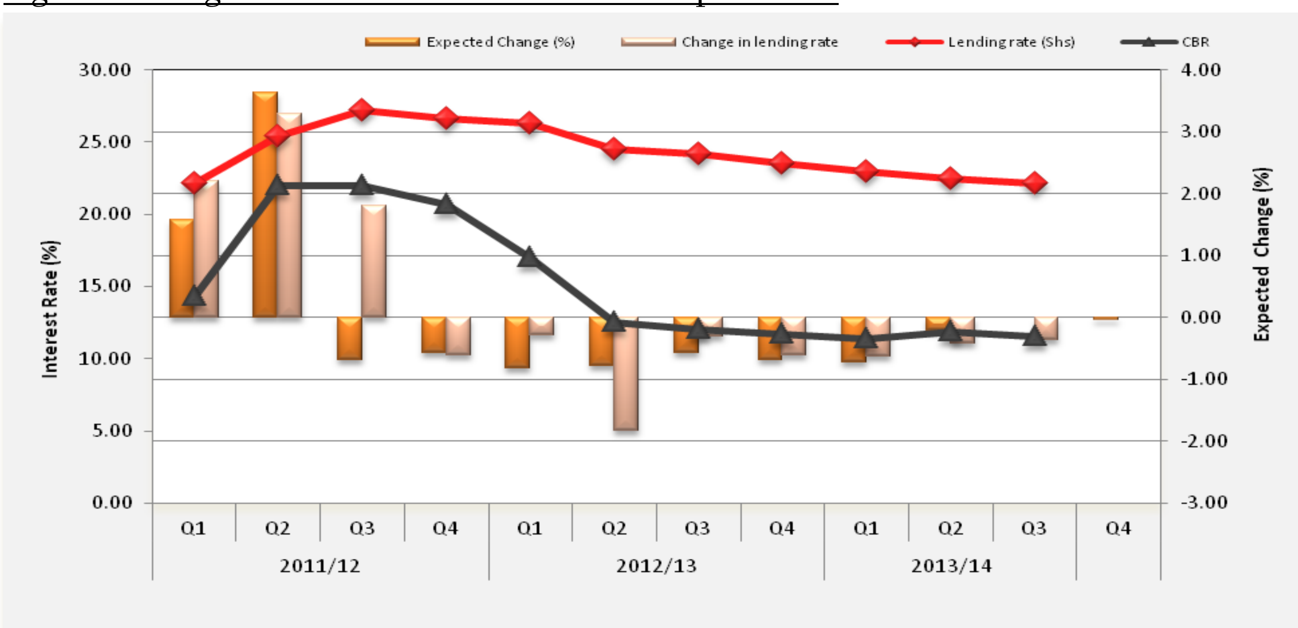
Interest rates expected to remain broadly unchanged in Q4 FY 2013/14

The average percentage, by which banks expect to reduce lending rates over the next quarter to June 2014, is 0.04 percentage points as shown in *Figure 4 below*. 3 out of the 24 banks expect lending rates to reduce over the next quarter to June 2014 while the remaining 21 banks expect unchanged lending rates over the next quarter as shown in *Appendix 3*.

The banks that reported an expected decline in interest rates cited: the stiff competition in the sector; gradual improvement in the economic climate; and the expected further decrease in the CBR.

On the other hand, banks that anticipated unchanged interest rates cited: the stability in the economy; unchanged CBR hence banks maintaining stable Prime lending rates and a minimal decrease in the cost of deposits as the key reasons.

<u>Figure 4: Changes in interest rates vis-à-vis Net Expectations</u>



<u>Notes:</u> 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.

3. Conclusion

The bank lending survey for the third quarter of FY 2013/2014 indicates that the majority of the banks reported unchanged standards regarding the overall availability of loans to enterprises and households. However, on a net basis, banks indicated that they had tightened their credit standards for enterprises and eased credit for households. Credit standards for enterprises were tightened due to: the overall reduction in market value of collaterals; poor quality of loan portfolios; the need to reduce on the level of non-performing loans among other factors.

The outlook for credit standards for enterprises points towards overall net easing particularly by banks expectation of lending to SMEs and short term loans. Credit standards to households are also expected to ease as banks ease restrictions on one time borrowers and targets high income earners.

Banks expect the default rates on loans extended to both enterprises and households to remain largely in line with the previous quarter. That notwithstanding, the percentage of banks that expect default rate to increase in the coming quarter is higher than the percentage of those that expect it to decline. Key reasons cited include lower government spending in the coming period leading to poor cash flows for suppliers; increased layoffs due to the reduction in donor funding in Non-Governmental organisation and delayed payment of civil servants and contractors.

The terms and conditions of credit to both enterprises and households are expected to remain largely unchanged for majority of respondents. On a net basis however, banks expect to ease pricing terms for prime and average borrowers while they expect to tighten the pricing margin (widen) for riskier loans for both households and enterprises. Collateral requirements are also expected to be tightened driven by continued decline in property values.

Finally, majority of the banks expect lending rates to remain unchanged, with some few banks expecting marginal decline over the quarter to end June 2014 owing to: the stiff competition in the sector, gradual improvement in the economic climate and a further decrease in the CBR. On the other hand, those that expected unchanged interest rates cited; a stable economy, unchanged CBR, and slow reduction in the cost of deposits.

4. Policy Implications

Looking forward, banks' expectations towards net easing of credit standards to enterprises and households, easing of price terms and conditions for prime and average borrowers and moderate decrease in lending interest are likely to drive credit growth in the period to June 2014. However, major risks to credit growth could emanate from the expected increase in default rates as banks try to reduce their non- performing loans.

APPENDICES

APPENDIX 1: Methodology

Questions:

The questions in the lending survey questionnaire distinguish between two categories of loans namely: a) loans 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 respective 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 during the period under review. The weights used in the computation were derived by taking the sum of each institution's market share of credit over the three month period (January-February 2014), as represented by each bank's new gross extensions to total new gross extensions of the commercial banking sub sector for the same period. (*Appendix 2*)

Analysis 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 results are summarized by calculating '*net percentage balance*' i.e. the difference between the weighted balances of lenders reporting that, say, demand had increased/ decreased or credit standards were tightened/ eased. The net percentage balances are scaled to a range between -100 and +100.

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

On the other hand, 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 total credit market for the quarter ended March 2014 as shown in *Appendix 3*.

APPENDIX 2: Credit Standards as applied to approval of loans to households by Banks

	Jan- Mar 2014
Tightened	2.4
Unchanged	69.4
Eased	27.8
Net %	-25.3

APPENDIX 3: Household and consumer credit standards-expectations (April-June 2014) by Banks

	Apr-Jun 2014
Tightened	5.8
Unchanged	46.0
Eased	48.0
Net %	-42.2

APPENDIX 4: Expected changes in terms & conditions for approving loans to households by Banks

	Margin on average loans	Margin on riskier loans	Margin on prime borrowers	Non-interest rate charges	Size of loan/credit line	Collateral requirements	Maturity
	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014
Tighten	0.0	2.3	0.0	21.9	0.4	2.6	1.5
Unchanged	63.1	97.4	88.2	76.3	75.6	95.7	96.7
Ease	36.6	0.0	10.4	1.4	22.6	1.3	1.4
Net %	-36.6	2.3	-10.4	20.5	-22.2	1.3	0.1

APPENDIX 5: Household and consumer credit default rate expectations (April-June 2014) by Banks

	Apr-Jun 2014
Decrease	7.5
Unchanged	54.1
Increase	38.1
Net %	30.6

APPENDIX 6: Credit Standards as applied to approval of loans to enterprises by NBFIs

	Overall	Loans to SMEs	Large enterprises	Short-term Loans	Long-term Loans
	Jan- Mar 2014	Jan- Mar 2014	Jan- Mar 2014	Jan- Mar 2014	Jan- Mar 2014
Tighten	12.4	12.4	36.8	12.4	12.4
Unchanged	64.3	64.3	39.9	64.3	64.3
Ease	0.0	23.3	23.3	0.0	0.0
Net %	**12.4**	**-10.9**	**13.4**	**12.4**	**12.4**

APPENDIX 7: 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
	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014
Tighten	12.4	12.4	12.4	12.4	17.5
Unchanged	87.6	55.6	87.6	55.6	82.5
Ease	0.0	32.0	0.0	32.0	0.0
Net %	**12.4**	**-19.6**	**12.4**	**-19.6**	**17.5**

APPENDIX 8: Expected changes in terms & conditions for approving loans to enterprises by NBFIs

	Margin on average loans	Margin on riskier loans	Margin on prime borrowers	Non-interest rate charges	Size of loan/credit line	Collateral requirements	Maturity
	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014	Apr-Jun 2014
Tighten	0.0	12.4	0.0	0.0	0.0	0.0	0.0
Unchanged	75.6	87.6	87.6	100.0	100.0	68.0	100.0
Ease	24.4	0.0	12.4	0.0	0.0	32.0	0.0
Net %	**-24.4**	**12.4**	**-12.4**	**0.0**	**0.0**	**-32.0**	**0.0**

APPENDIX 9: Credit Standards as applied to approval of loans to households by NDFIs

	Jan- Mar 2014
Tightened	0.0
Unchanged	87.6
Eased	12.4
Net %	-12.4

APPENDIX 10: Household and consumer credit standards-expectations (April-June 2014) by NBFIs

	Apr-Jun 2014
Decrease	5.1
Unchanged	82.5
Increase	12.4
Net %	7.3

Appendix 11: 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 responses 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		2011/12					2012/13				2013/14	
Part I: Enterprises		Q1	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	33.7	67.6	51.3	33.1	11.1	-8.9	-10.6	-5.3	-3.6	n/a**	25.0
	Next three months	89.9	54.5	50.0	23.4	2.7	-34.8	-33.5	-9.0	-7.0	n/a**	-8.6
SMEs (b)	Past three months	42.2	38.0	58.7	32.7	29.1	10.4	-6.6	15.5	18.3	n/a**	22.7
	Next three months	84.8	54.4	49.0	18.4	2.2	-56.1	-26.6	-3.5	-13.1	n/a**	-11.2
Large enterprises	Past three months	36.0	67.6	58.6	31.1	15.5	-4.5	-4.0	-4.1	-5.1	n/a**	5.5
	Next three months	61.3	50.7	74.6	6.8	-13.7	-24.9	-27.0	-4.0	-9.5	n/a**	2.6
Short term loans	Past three months	24.7	55.1	46.4	27.9	13.6	-12.6	-13.9	-8.7	-15.0	n/a**	-19.7
	Next three months	59.3	34.8	38.0	5.0	-47.2	-59.9	-27.7	-7.7	-17.6	n/a**	-24.2
Long term loans	Past three months	39.9	85.9	62.7	33.8	45.6	0.6	-4.1	14.9	-2.8	n/a**	24.0
	Next three months	98.8	77.1	80.1	37.5	2.3	-25.4	-28.2	13.5	-3.2	n/a**	21.7
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	25.1	60.3	51.0	29.9	-39.3	-32.8	-3.0	10.3	-7.4	n/a**	8.0
Mining and Quarrying	Past three months	-2.1	2.9	53.8	39.5	0.0	-6.8	-1.8	0.7	1.0	n/a**	1.3
Manufacturing	Past three months	10.2	19.0	53.1	42.9	-8.0	-14.0	-6.4	-9.6	-28.6	n/a**	19.0
Trade	Past three months	39.7	27.5	47.4	44.0	-15.6	-15.6	-13.9	13.3	-10.0	n/a**	-19.4
Transport and Communication	Past three months	36.9	58.2	52.1	39.7	-10.5	-16.7	-14.0	-9.5	-27.9	n/a**	-12.3
Electricity and Water	Past three months	7.3	6.5	50.6	41.8	-7.6	-16.7	-9.3	-28.3	-24.5	n/a**	-18.8
Building, Mortgage, Construction and Real Estate	Past three months	67.0	57.5	60.2	48.2	47.2	7.8	15.8	46.8	22.4	n/a**	33.5
Business Services	Past three months	62.7	28.6	54.1	44.0	-2.9	-11.7	1.2	-20.0	-21.3	n/a**	2.4
Community, Social & Other Services	Past three months	14.5	21.3	54.4	45.2	-5.4	-17.5	-8.2	-30.3	-25.8	n/a**	1.4
Personal Loans and Household Loans	Past three months	52.3	0.0	48.2	35.2	-8.1	-15.9	-3.3	-24.8	-24.6	n/a**	2.0
How do you expect your institution's terms and conditions for approving loans or credit lines to enterprises to change?												
Margin on average loans	Next three months	98.9	21.0	35.0	-42.3	-17.2	-43.4	-29.0	-55.6	-32.2	n/a**	-23.2
Margin on riskier loans	Next three months	96.4	93.7	70.6	36.7	41.0	21.1	9.3	29.3	19.5	n/a**	37.8
margin on prime borrowers	Next three months	45.9	-2.0	1.1	-45.8	-31.4	-44.4	-46.0	-41.0	-32.5	n/a**	-8.3
Non-interest rate charges	Next three months	18.0	-19.1	49.3	-0.5	-4.3	-2.4	-10.0	-3.3	-1.0	n/a**	-0.8
Size of the loan or credit line	Next three months	55.0	69.5	61.3	28.3	3.4	3.4	-8.1	-17.7	-1.2	n/a**	-0.3
Collateral requirements	Next three months	51.7	71.9	31.5	38.1	31.9	1.0	-10.4	10.3	21.2	n/a**	25.2
Maturity	Next three months	48.9	20.4	24.3	29.9	5.6	-16.2	-21.6	-37.7	-21.4	n/a**	-19.6
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	-67.6	-77.9	-44.8	28.9	86.1	52.0	66.6	64.5	57.6	n/a**	6.9
SMEs	Next three months	-62.0	-65.7	-11.0	69.6	81.1	70.3	59.7	37.3	60.5	n/a**	-9.9
Large enterprises	Next three months	-40.0	-80.0	-45.7	32.3	52.7	68.9	43.0	38.0	46.1	n/a**	-13.3
Short term loans	Next three months	-10.4	-71.9	-9.8	30.2	81.5	70.7	68.6	38.1	78.2	n/a**	28.2
Long term loans	Next three months	-69.7	-82.0	-57.9	-9.9	37.4	60.9	69.6	59.7	46.1	n/a**	-18.0
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**	-25.1	-67.8	12.1	-3.1	n/a**	33.1
SMEs	Next three months	n/a**	n/a**	n/a**	n/a**	n/a**	-47.7	-57.3	0.1	-4.0	n/a**	32.9
Large enterprises	Next three months	n/a**	n/a**	n/a**	n/a**	n/a**	-16.3	-42.4	0.2	2.2	n/a**	33.3
Short term loans	Next three months	n/a**	n/a**	n/a**	n/a**	n/a**	-43.5	-65.0	12.9	-3.1	n/a**	22.3
Long term loans	Next three months	n/a**	n/a**	n/a**	n/a**	n/a**	-42.6	-60.1	19.1	3.5	n/a**	32.2

Net percentage balances

Period		2011/12				2012/13				2013/14		
Part II: Households		Q1	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	Past three months	22.8	72.4	53.1	15.7	1.1	-29.8	-21.1	-45.6	-1.0	n/a**	-25.3
	Next three months	88.3	81.2	9.2	-5.7	-12.9	-64.7	-46.0	-57.2	31.1	n/a**	42.2
											n/a**	
Please indicate how you expect demand for loans to households (for purposes of consumer credit) to change?	Next three months	-40.8	-68.5	33.0	55.5	87.3	71.7	64.0	76.3	75.8	n/a**	66.3
How do you expect your institution's terms and conditions for approving loans or credit lines to households to change?												
Margin on average loans	Next three months	91.7	0.7	39.5	-32.8	-25.1	-37.6	-35.8	-36.6	-11.1	n/a**	-36.6
Margin on riskier loans	Next three months	95.5	35.9	-10.1	13.1	36.3	10.2	5.2	-16.0	5.3	n/a**	2.3
Margin on prime borrowers	Next three months	0.0	-26.2	27.2	-44.3	-23.2	-27.6	-39.0	-43.1	-20.6	n/a**	-10.4
Non-interest rate charges	Next three months	23.2	-12.7	27.5	-5.7	-4.4	1.7	0.0	16.0	28.5	n/a**	20.5
Size of the loan or credit line	Next three months	79.2	77.4	12.6	34.8	9.8	-27.6	-14.6	-39.1	-15.6	n/a**	-22.2
Collateral requirements	Next three months	87.3	-0.1	13.5	8.6	9.6	8.8	3.1	5.1	10.8	n/a**	1.3
Maturity	Next three months	42.1	11.9	-13.0	28.9	-1.1	-15.3	-17.8	-22.1	1.2	n/a**	0.1
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**	-50.0	-32.7	31.8	42.4	n/a**	30.6

Net percentage balances

Period		2011/12				2012/13				2013/14		
Part III: Occassional Questions		Q1	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	12.29903	-15.2368	-9.24084	-3.72706	39.76854	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**
	Next three months	-46.8	-12.8	-8.4	-4.2	58.3	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**
How do you expect the lending rates at your institution;												
To change?	Next three months	92.4	-31.1	-16.5	-66.8	-69.3	-78.6	-42.9	-50.4	-21.3	n/a**	-3.3
And by how much?(c)	Next three months	3.62	-0.68	-0.57	-0.83	-0.78	-0.57	-0.69	-0.72	-0.22	n/a**	-0.04

* 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 than 100 employe
(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 respective lenders.
(d) The survey was not conducted in Q2** FY 2013/14