Bank Lending Survey Report
January to March 2015(Q3),FY14/15

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 2015. The objectives of the quarterly Survey were to: enhance BOU's understanding of the lending behavior 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 quarter ended March 2015 and expectations for the quarter ending June 2015.

The key findings from the survey are detailed below.

Credit Standards

Credit standards for both enterprises and households remained broadly unchanged over the quarter ended March 2015. However, on a net basis, banks indicated tightening of credit standards for enterprises and easing for households and individuals. As regards sectors, there was a bias towards tightening for a majority of the economic sectors with the exception of the community, social and other services sector, which recorded a net easing of credit standards. Reducing market value of collateral (especially land collateral), the dry season effects which have greatly affected the agricultural sector and the increasing foreign exchange risk, were the main factors cited for the net tightening in the majority of the sectors, while the easing in the community, social and other services sector was attributed to new regulations, requiring schools to rehabilitate their structures, hence the need to ease standards towards this strategic sector.

Outlook on Credit Standards

Banks expectations are in preference of short term lending rather than long term, as evidenced by their expected easing for short term borrowers and tightening for the long term. Banks cited the volatility in the currency market (especially the USD exchange rate), and political uncertainty related to the upcoming presidential elections for this posture.

Outlook on Demand for credit

Credit demand from both enterprises and households is expected to increase over the next three months to June 2015, on a net basis. Enterprises are expected to demand credit to cover their financing needs in the 2015/16 financial year, together with the need for working capital (salaries and bonuses), while household and individuals will need funds for school fees payment for the beginning of second term.

Outlook on Terms & Conditions

All price and non-price terms and conditions for enterprises are expected to broadly remain unchanged, with a bias towards tightening in Q4 FY 2014/2015. This was hinged on the falling collateral values, and the strategy to move away from long term lending. For households, all terms and conditions are expected to remain unchanged, with a bias towards tightening for all price terms except for prime borrowers and easing for all non-price terms except for loan maturity. The net tightening of terms for households is attributed to the reality of declining value of collateral (especially land), and the preference for less risky investment avenues.

Outlook on the default rate on loans

The default rate on loans to both enterprises and households is expected to remain broadly unchanged. On a net basis, banks expect a decrease in default attributed to: the increased monitoring and improved credit risk management and the streamlining of government repayment systems to effect timely loan repayments. Those that anticipated an increase in the default rate cited: the increasing cost of doing business associated with the volatility in the exchange rate and the expected rise in interest rates, as the key factors.

Interest Rate Expectations

Lending rates are expected to increase over the quarter to end June 2015 owing to the the increasing yields on government securities coupled with the low liquidity position in the market.

Expectations on monetary policy stance

Banks that expected the Central Bank Rate (CBR) to rise cited: the continued depreciation of the shilling, the rise in interbank rates, increased borrowing from BOU by commercial banks and monetary actions by BOU to pre-empt the inflationary effects of pre-election spending by raising the CBR, as the key reasons. On the other hand, some banks expected the monetary policy stance to remain stable pointing out the fact that the currency volatility was temporary, and BOU would be on course to encourage productive activity.

1. Introduction to the lending survey

Objectives of the Survey

The lending survey is conducted by Statistics Department of Bank of Uganda (BOU) to capture past and prospective developments in the credit market[1]. The survey is designed to complement existing quantitative data on credit and lending rates.

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.

The survey covered the outturn for the quarter ended March 2015 and expectations for the quarter ending June 2015. Questionnaires were sent to all 25 Commercial banks and 6 Non-bank financial institutions (NBFIs) in Uganda, yielding response rates of 100 percent for Commercial banks and 66.7 percent for Non-bank financial institutions.

The Non-Bank Financial Institutions analysis is provided separately in the *appendix (7-12)* to this report.

See Appendix 1 for detailed methodology and analysis of data.

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

2. Survey Findings

2.1 Enterprises

2.1.1 Credit standards

In the three months to March 2015, the majority of banks (89.2 percent) reported that their overall credit standards had remained broadly unchanged driven by the need to penetrate[2] the market as well as the relatively stable economy over the period ended March 2015.

On a net basis however, more banks reported tightening (7.3 percent) compared to those that indicated having eased their credit standards (3.4 percent). (*Figure 1 and Table 1*).

Banks pointed to the need to address the risks inherent in large exposures within a volatile environment as the main factor for tightening credit standards to enterprises.

In terms of lending to different sizes of enterprises, the majority of respondents reported having maintained their credit standards for both Small and Medium Enterprises (70%) and large enterprises (88.2%). Notably, however, there was a bias towards tightening for both SMEs and large enterprises in the quarter under review as depicted in *Table* 1 below.

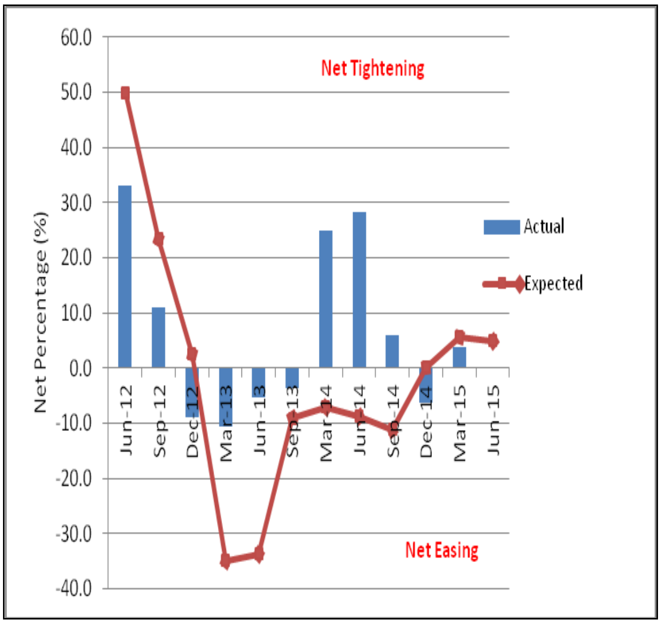
In terms of maturity profile for the credit, most banks continued to maintain credit standards unchanged (over 70 percent). The remaining respondents reported having tightened credit on a net basis for both short and long term. A key reason cited was the declining value of land collateral for the net tightening for long term loans.

[2] Cited by new banks (Bank of India, Commercial Bank of Africa and Finance trust bank).

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-14	Mar-15	Dec-14	Mar-15	Dec-14	Mar-15	Dec-14	Mar-15	Dec-14	Mar-15
Tightened(A)	5.5	7.3	26.7	24.9	5.5	11.8	2.6	5.2	28.2	25.0
Unchanged	82.6	89.2	61.0	70.0	82.6	88.2	82.6	92.4	70.2	70.7
Eased (B)	11.9	3.4	12.4	5.1	11.9	0.0	14.9	2.4	1.6	4.2
Net %(A-B)	-6.3	3.9	14.3	19.8	-6.3	11.8	-12.3	2.7	26.6	20.8
Interpretation: Negative-net easing, positive-net tightening										

Figure 1: Overall Credit standards 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.

In the next three months to June 2015, 84.1 percent banks expect to maintain their overall credit standards unchanged. However a higher percentage of the remaining banks anticipate tightening of credit standards compared to those that expect to ease (*See Figure 1 and Table 2*).

On a net basis, banks still seemed focussed on tightening long term credit albeit at a slower pace while short term standards continue to be eased. (*see Table 2*).

Key factors cited for the continued focus on short term lending include: volatility in the currency market (especially the USD exchange rate), and political uncertainty related to the upcoming presidential elections.

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

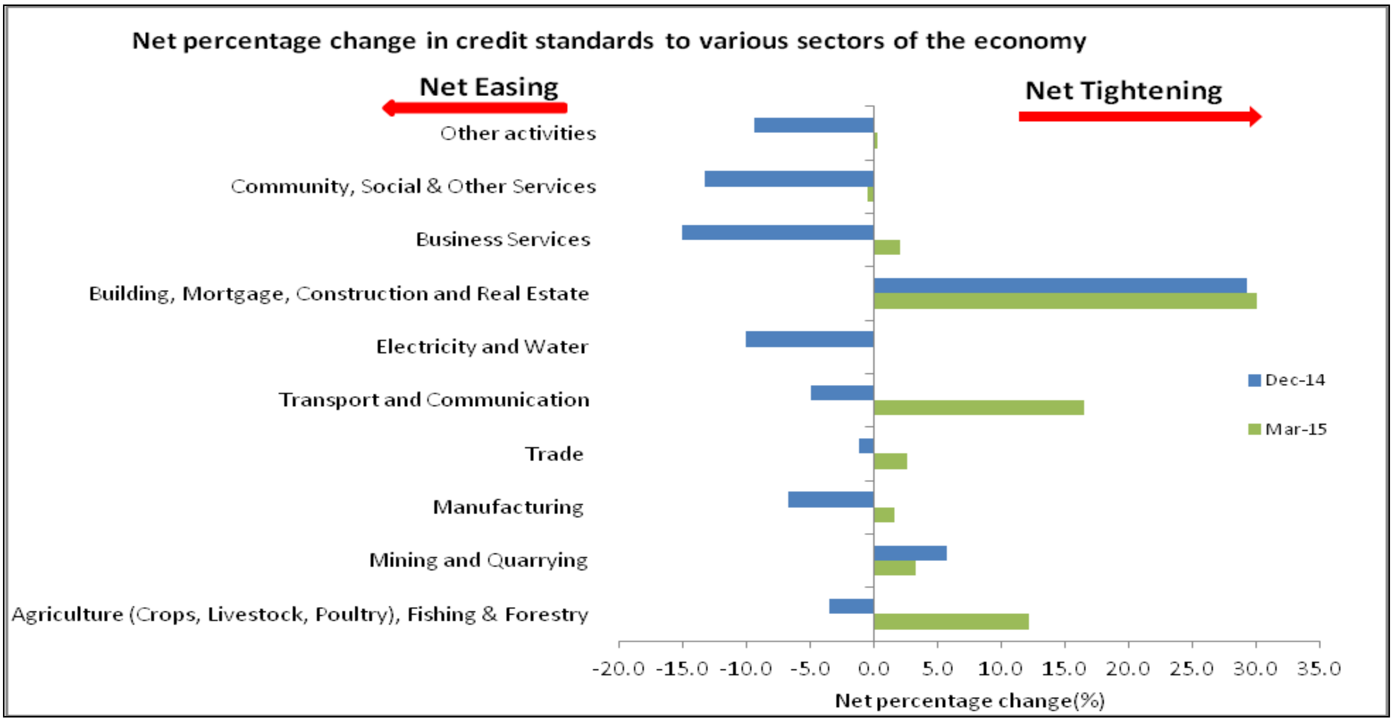
	Overall		Loans to SMEs		Large enterprises		Short-term Loans		Long-term Loans	
Stance	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15
Tighten (A)	9.1	10.5	9.7	17.6	17.7	10.5	0.0	6.9	42.4	28.2
Unchanged	85.9	84.1	79.5	72.2	69.4	84.1	55.1	69.3	53.5	65.6
Ease (B)	5.0	5.4	10.8	10.2	12.9	5.4	44.9	23.9	4.1	6.2
Net %(A-B)	4.1	5.1	-1.0	7.3	4.9	5.1	-44.9	-17.0	38.2	22.0
Interpretation: Negative-net easing, positive-net tightening										

2.1.2 Credit Standards by Sector

In terms of the different sectors of the economy, banks reported having maintained overall credit standards broadly unchanged in the quarter ended March 2015. On a net basis however, 30 percent, 16.5 percent and 12.2 percent of the lenders indicated tightening of standards to the building, mortgage, construction, transport and communication and agriculture, respectively.

The key factors cited for the tightening of credit standards to the sectors were: reducing market value of collateral (especially land collateral), the increasing foreign exchange risk and the dry season effects which have greatly affected the agricultural sector. (*See Figure 2*)

Figure 2: Changes in credit standards by economic sector



2.1.3 Expectations in Terms & Conditions for Credit to Enterprises

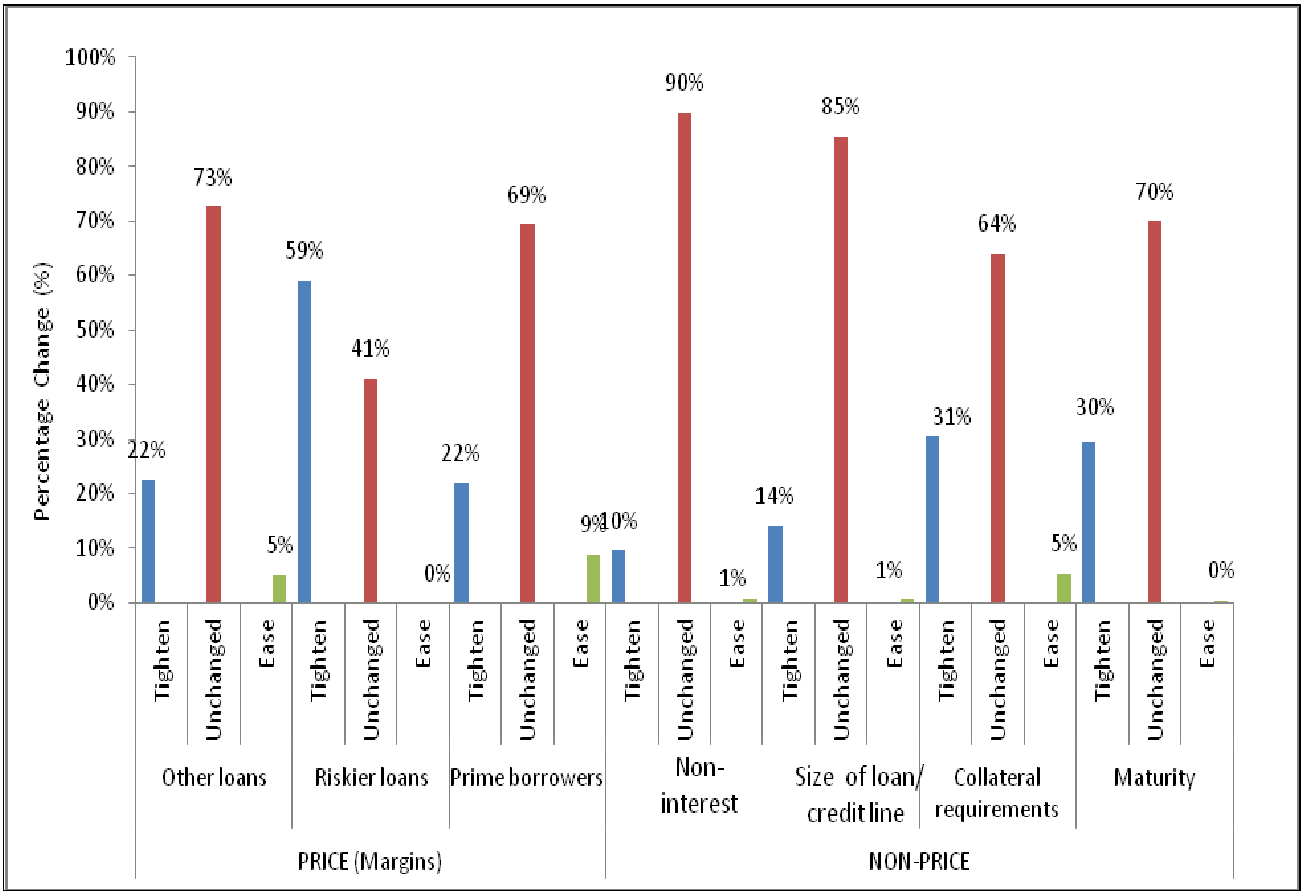
In the quarter to June 2015, the margins on prime and other borrowers are expected to broadly remain unchanged. On the other hand, banks expect to tighten the margin on riskier loans on account of increasing market interest rates, expectations of a CBR rise and higher default rates.

Non-price terms and conditions are expected to remain unchanged with a bias towards tightening on a net basis particularly for collateral requirements and maturity period for the loans during the next three months.

Key factors cited for the expected net tightening of non-price terms and conditions were: falling collateral values and the strategy to move away from long term lending.

Figure 3 below illustrates the expected changes in the terms and conditions for approving loans to enterprises.

Figure 3: Expected changes in terms & conditions for approving loans to enterprises for Quarter ending June 2015



Source: Bank of Uganda

2.1.4 Demand for Credit

On balance, banks expect overall demand by enterprises to increase in the next three months. The bulk of the demand is expected to come from SMEs as depicted in the increased expectation of net demand from 27 percent to 34.5 percent for the quarter to June 2015 (*See Table 3*).

Table 3: Demand expectations for the next three months (April-June 2015)

	Overall		Loans to SMEs		Large enterprises		Short-term Loans		Long-term Loans	
	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15
Increase(A)	39.9	42.4	38.5	44.2	50.0	39.6	45.4	45.3	26.8	39.8
Unchanged	46.1	45.5	50.1	46.0	42.0	48.7	44.6	45.8	43.0	48.5
Decrease(B)	13.7	12.1	11.5	9.8	8.0	11.7	10.0	8.9	30.2	11.7
Net %(A-B)	26.2	30.4	27.0	34.5	42.1	27.9	35.4	36.4	-3.4	28.2
Interpretation: Negative-net decrease, positive-net increase										

Some of the major reasons given for the positive outlook[3] (increased demand) above were;

a) SMEs are expected to seek finance to complete financial year contracts and fund their short- term needs for working capital. This is especially true for banks with a strategic drive to capture borrowers from the SME subsector.

b) New regulations, requiring schools to rehabilitate their structures will lead to increased demand from the education sector

On the other hand, those that anticipated a decrease[4] in credit demand cited:

a) Expectations of higher inflation and rise in the CBR in Q4, and therefore a rise in the cost of funds.

b) Banks with a high concentration of portfolios in trade expect exchange rate volatility to stifle the capacity of their clients to borrow.

c) Strategy to reduce long-term loans will encumber long term demand.

2.1.5 Expected Default rate on loans to enterprises

Banks were asked to report their expectations on the change in the default rates on loans to enterprises over the quarter to end June 2015. Majority of the respondents (67.3 percent) expect the overall default rate by enterprises to remain unchanged in the quarter to end June 2015. However, 16.8 percent expect the rate to decrease while 14.7 percent anticipate an increase. (*See Table 4*). On a net basis, except for loans to SMEs and large enterprises, default rates are expected to decline for the rest of the categories. The key factors cited for the expected increase in default rates on loans to SMEs and large enterprises were:

a) Foreign exchange risk increasing the cost of doing business,

b) An expected rise in interest rates.

On the other hand, respondents who reported an expected decrease in default rates cited increased monitoring and improved credit risk management.

[3] Barclays and Baroda
[4] BOI and UBA

Table 4: Default rate expectations for the next three months (April-June 2015)

	Overall		Loans to SMEs		Large enterprises		Short-term Loans		Long-term Loans	
	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15
Increase(A)	3.5	14.7	6.2	18.3	0.0	17.9	0.0	14.7	3.5	17.1
Unchanged	55.2	68.5	75.0	80.1	64.8	64.9	58.7	68.0	57.2	63.0
Decrease(B)	41.3	16.8	18.8	1.5	35.2	17.3	41.3	17.3	39.3	19.9
Net %(A-B)	-37.9	-2.0	-12.6	16.8	-35.2	0.6	-41.3	-2.4	-35.8	-2.9
Interpretation: Negative-net decrease, positive-net increase										

2.2 Households and Individuals

2.2.1 Credit standards to households

In the quarter ended March 2015, the majority of lenders (about 42.0 per cent), reported unchanged overall credit standards to households and individuals. On a net basis however, banks reported a net easing of credit standards to households and individuals (10.4 percent) in the quarter ended March 2015. (*See Appendix 2*).

The major reason cited by respondents for the unchanged standards to households was the need to maintain the existing retail client base and the continued targeting of selected employers for salary loans.

On the other hand, banks that reported easing of credit standards to households cited: increased focus on mortgages as a business growth strategy, as the key reason.

The majority of commercial banks (about 50.4 percent) expect overall credit standards to households and individuals to stay unchanged in the quarter to end June 2015, with a bias towards easing. (*see Appendix 3)*

Key factors cited for the expected net easing include;

a) The need to grow household loans as a key business area.

b) The emergence of repeat borrowers, with a good track record of credit management, as permitted by credit referencing.

c) The ease with which personal loans can be monitored.

Banks that expect to maintain standards cited the need to protect client base by continuing with the current business strategy within their risk acceptance levels.

2.2.2 Demand expectations for credit from Households

In the quarter ending June 2015, 52.3 percent of lenders expect demand for credit by households to stay unchanged. The percentage of banks that expect demand to increase almost equals the percentage that expects it to drop. (*See Appendix 5*)

The main reason cited for the expected net increase in credit demand by households was the seasonal demand for school fees at the beginning the second school term.

Those that expected a decrease in demand pointed out the volatility of the exchange rate and its negative impact on the prices of consumables. Borrowers are likely to make more cautious decisions in terms of their disposable incomes and spending habits.

2.2.3 Outlook on Terms & Conditions for Credit to Households

The majority of lenders indicated that they expect to keep their terms and conditions for consumer credit unchanged over the next three months to June 2015. However, on a net basis, there was a bias towards tightening for all price terms except for prime borrowers. Banks expect to ease non price terms on a net basis except for loan maturity. (*See Appendix 4)*

Banks that expect to maintain their terms and conditions to households cited; stiff competition and the possibility that the central bank will maintain the CBR, as the key factors. On the other hand, those that anticipate a tightening of conditions attribute this to the preference for less risky and more rewarding investment options in an uncertain economic environment, the need for higher value collateral in the face of reducing market value of current collaterals (especially land).

2.2.4 Default rate on loans to Households

The majority of the commercial banks (about 50.1 percent) expect the default rate on loans to households to remain unchanged over the quarter to end June 2015. About 21.3 percent expect the default rate to increase, while 28.6 percent expect a decrease in the default rate on loans to households in the next quarter (*See Appendix* 6).

The key factor cited for the expected net decrease in default rates by households was: the streamlining of civil servants loan repayments through government payroll that now effect timely loan repayments. In addition, credit referencing is increasingly building a culture of better credit management among households.

2.3 Interest Rate Expectations for Quarter 4, FY 2014/15

The survey results indicate that majority of banks expect to increase lending rates over the next quarter to June 2015 as shown in *Figure 4.* The average percentage, by which banks expect to increase lending rates over the next quarter to June 2015, is 0.69 percentage points.

Banks that expect an increase in the lending rate noted the increasing yields on government securities and low liquidity position in the market as potential triggers for an increase in banks' prime lending rate (PLR). The depreciation of the shilling is also expected to provoke inflation in the economy which in turn may necessitate an upward revision of the CBR.

2.4 Expectations on monetary policy stance

There was on average, an even split between banks expecting the central bank to raise[5] the CBR, those that do not anticipate any change[6] and the rest undecided about their expectations. Banks expecting a rise cited the following reasons:

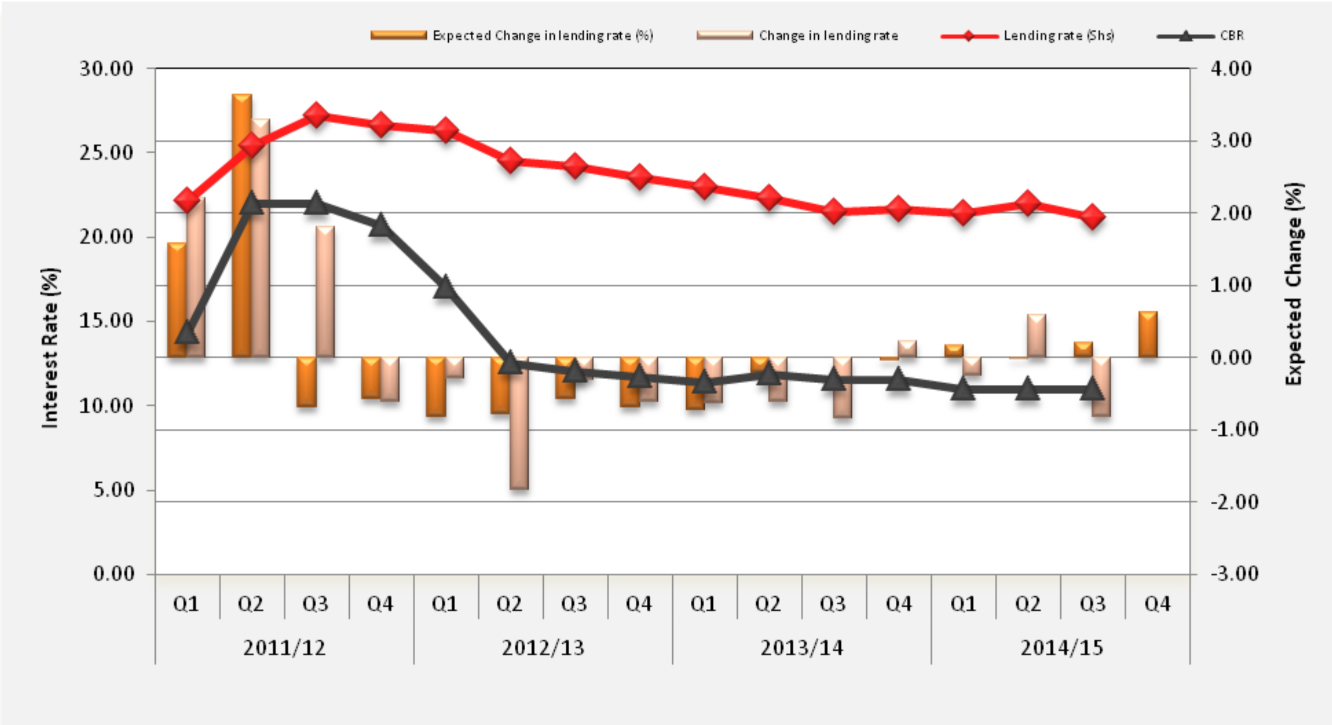
- Continued depreciation of the shilling is likely to impact the inflation.
- Central bank intervention to stabilise the shilling has created a shillings liquidity squeeze that has led to a rise in interbank rates. As a result, banks plan borrow more from BOU to fund their liquidity gaps and provoke the Central Bank to raise rates.
- BOU is expected to pre-empt the inflationary effects of pre-election spending by raising the CBR.

[5] ABC,Barclays,Cairo,DFCU,Equity,GTB,HFB,NCB,Orient,BOA,KCB.

[6] BOI,Baroda,UBA,Stanchart,CERUDEB,CBA,Tropical, Imperial, Ecobank, Citibank

On the other hand, banks expecting no change in monetary policy felt the currency volatility was temporary, and that BOU would be on course to encourage productive activity.

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.

3. Conclusion

On the supply side: the bank lending survey for Q3 FY 2014/2015 indicated that majority of banks reported unchanged credit standards regarding the overall availability of loans to enterprises and households.

However, on a net basis, banks indicated tightening of credit standards for enterprises and easing for households and individuals.

According to banks, the net tightening of credit standards for enterprises was mainly for large enterprises so as to address the risks inherent in large exposures within a volatile environment and for long term loans due to the declining value of collateral especially land.

On the other hand, lenders that reported easing of credit conditions for households cited; an increased focus on mortgages as a business growth strategy and a strategy to encourage household loans to public servants and other salaried groups, as the key reasons.

On the demand side: most lenders anticipate credit demand from both enterprises and households to increase on a net basis, over the next three months to June 2015.

The key factors given for these credit demand expectations in Q4 FY 2014/2015 include: the need for schools to rehabilitate their structures to match the new requirements, SMEs are expected to seek finance to complete financial year contracts and fund their short- term needs for working capital and the seasonal demand for school fees at the beginning the second school term.

On interest rate expectations, banks expect lending rates to increase over the quarter to end June 2015 mainly benchmarked on the potential rise in inflation as a result of the volatility in exchange rates and the increasing yields on government securities coupled with the low liquidity position in the market.

APPENDICES

APPENDIX 1: Methodology

Questions:

The questions in the Bank 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-March 2015), 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 data:

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/default rate to be higher than the previous/current three-month period, or rather that the credit standards/ terms and conditions on which credit was/ will be provided became tighter/ are expected to tighten.(See *illustration below*)

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 2015 as shown in *Appendix 3*.

Illustration

'Eased somewhat' + 'Eased considerably' = Eased

'Tightened somewhat' + 'Tightened considerably' = Tightened

Response	**Fraction of total giving response (%)**
Eased / Decreased	X
Unchanged	Y
Tightened / Increased	Z
Net percentage change	Z- X

Interpretation of percentage change

-100 0 +100

Eased / Decreased Tightened / Increased

COMMERCIAL BANKS:

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

Banks' Action	Dec-14	Mar-15
Tighten (A)	31.5	23.8
Unchanged	42.1	42.0
Eased (B)	26.4	34.2
Net %(A-B)	5.1	-10.4

APPENDIX 3: Household and consumer credit standards-expectations (April-June 2015) by Banks

Banks' Expectation	Mar-15	Jun-15
Tighten(A)	9.1	21.5
Unchanged	30.0	50.5
Ease(B)	60.9	28.0
Net %(A-B)	-51.8	-6.5

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

	Price						Non-price							
Expected Action	Average loans		Riskier loans		Prime borrowers		Non-interest rate		size of loan		collateral		Maturity	
	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15
Tighten(A)	2.7	38.4	21.0	39.3	0.0	10.2	0.0	9.0	0.0	5.5	11.5	12.6	23.5	22.7
Unchanged	92.5	60.0	79.0	59.7	96.9	69.5	97.2	73.6	75.9	76.8	86.9	70.0	75.8	76.4
Ease (B)	4.8	1.6	0.0	1.0	3.1	20.3	2.8	17.3	24.1	17.6	1.6	17.3	0.6	0.8
Net %(A-B)	-2.2	36.8	21.0	38.3	-3.1	-10.1	-2.8	-8.3	-24.1	-12.0	9.9	-4.6	22.9	21.9

APPENDIX 5: Household and consumer credit demand expectations (April-June 2015) by Banks

Banks' expectation	Mar-15	Jun-15
Increase(A)	79.2	24.2
Unchanged	15.5	52.3
Decrease(B)	5.3	23.5
Net %(A-B)	73.9	0.7

APPENDIX 6: Household and consumer credit default rate expectations (April-June 2015) by Banks

Banks' expectation	Mar-15	Jun-15
Increase(A)	28.0	21.3
Unchanged	47.4	50.1
Decrease(B)	24.6	28.6
Net %(A-B)	**3.3**	**-7.3**

NON-BANK FINANCIAL INSTITUTIONS:

APPENDIX 7: Credit Standards as applied to approval of loans to enterprises by NBFIs

NBFIs Action	Overall		Loans to SMEs		Large enterprises		Short-term Loans		Long-term Loans	
	Dec-14	Mar-15	Dec-14	Mar-15	Dec-14	Mar-15	Dec-14	Mar-15	Dec-14	Mar-15
Tightened(A)	48.0	3.1	48.0	3.1	26.7	3.1	26.7	3.1	26.7	3.1
Unchanged	52.0	96.9	52.0	96.9	73.3	96.9	73.3	96.9	73.3	96.9
Eased (B)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net %(A-B)	**48.0**	**3.1**	**48.0**	**3.1**	**26.7**	**3.1**	**26.7**	**3.1**	**26.7**	**3.1**

APPENDIX 8: Expectations for Credit Standards as applied to approval of loans to enterprises by NBFIs

NBFIs' Expected Action	Overall		Loans to SMEs		Large enterprises		Short-term Loans		Long-term Loans	
	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15
Tightened(A)	26.7	3.1	26.7	24.7	26.7	3.1	37.9	3.1	26.7	3.1
Unchanged	41.2	96.9	19.9	75.3	41.2	96.9	62.1	96.9	41.2	96.9
Eased (B)	32.1	0.0	53.4	0.0	32.1	0.0	0.0	0.0	32.1	0.0
Net %(A-B)	**-5.4**	**3.1**	**-26.7**	**24.7**	**-5.4**	**3.1**	**37.9**	**3.1**	**-5.4**	**3.1**

APPENDIX 9: Expected changes in terms & conditions for approving loans to enterprises by NBFIs

NBFI s' Expected Action	Margin on other loans		Margin on riskier loans		Margin on prime borrowers		Non-interest rate charges		Size of loan/credit line		Collateral requirements		Maturity	
	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15
Tightened(A)	0.0	0.0	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.2	0.0	0.0	0.0
Unchanged	67.9	100.0	98.3	100.0	71.7	85.4	100.0	100.0	60.9	85.4	88.8	100.0	100.0	100.0
Eased (B)	32.1	0.0	0.0	0.0	28.3	14.6	0.0	0.0	39.1	14.6	0.0	0.0	0.0	0.0
Net%(A-B)	**-32.1**	**0.0**	**1.7**	**0.0**	**-28.3**	**-14.6**	**0.0**	**0.0**	**-39.1**	**-14.6**	**11.2**	**0.0**	**0.0**	**0.0**

APPENDIX 10: Credit Demand expectations from enterprises (April-June 2015) by NBFIs

NBFI s' Expectation	Overall		Loans to SMEs		Large enterprises		Short-term Loans		Long-term Loans	
	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15	Mar-15	Jun-15
Increase(A)	1.7	21.6	8.6	36.2	8.6	14.6	34.2	21.6	1.7	21.6
Unchanged	66.2	78.4	59.2	63.8	59.2	85.4	33.7	78.4	66.2	78.4
Decrease(B)	32.1	0.0	32.1	0.0	32.1	0.0	32.1	0.0	32.1	0.0
Net %(A-B)	-30.5	21.6	-23.5	36.2	-23.5	14.6	2.1	21.6	-30.5	21.6

APPENDIX 11: Household and consumer credit standards-expectations (April-June 2015) by NBFIs

NBFIs' expectation	Mar-15	Jun-15
Tightened(A)	0.0	0.0
Unchanged	87.1	100.0
Eased (B)	12.9	0.0
Net %(A-B)	12.9	0.0

APPENDIX 12: Household and consumer credit demand expectations (April-June 2015) by NBFIs

NBFIs' expectation	Mar-15	Jun-15
Increase(A)	52.0	14.6
Unchanged	48.0	85.4
Decrease(B)	0.0	0.0
Net %(A-B)	52.0	14.6

Appendix 13: 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/default rate to be higher than over the previous/current three-month period, or that the credit standards/ terms and conditions on which credit was/ will be provided became tighter/ are expected to tighten.

Period		2012/13				2013/14				2014/15		
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	11.1	-8.9	-10.6	-5.3	-3.6	n/a**	25.0	28.3	6.1	-6.3	3.9
	Next three months	2.7	-34.8	-33.5	-9.0	-7.0	n/a**	-8.6	-11.0	0.3	5.8	5.1
SMEs (b)	Past three months	29.1	10.4	-6.6	15.5	18.3	n/a**	22.7	26.9	2.5	14.3	19.8
	Next three months	2.2	-56.1	-26.6	-3.5	-13.1	n/a**	-11.2	-14.2	4.8	-0.7	7.3
Large enterprises	Past three months	15.5	-4.5	-4.0	-4.1	-5.1	n/a**	5.5	4.0	8.1	-6.3	11.8
	Next three months	-13.7	-24.9	-27.0	-4.0	-9.5	n/a**	2.6	-0.4	4.4	4.9	5.1
Short term loans	Past three months	13.6	-12.6	-13.9	-8.7	-15.0	n/a**	-19.7	-24.0	-25.7	-12.3	2.7
	Next three months	-47.2	-59.9	-27.7	-7.7	-17.6	n/a**	-24.2	-32.8	-26.7	-44.9	-17.0
Long term loans	Past three months	45.6	0.6	-4.1	14.9	-2.8	n/a**	24.0	28.2	32.5	26.6	20.8
	Next three months	2.3	-25.4	-28.2	13.5	-3.2	n/a**	21.7	23.1	1.5	38.2	22.0
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	-39.3	-32.8	-3.0	10.3	-7.4	n/a**	7.7	-2.5	-14.6	-3.5	12.2
Mining and Quarrying	Past three months	0.0	-6.8	-1.8	0.7	1.0	n/a**	1.3	-1.1	3.6	5.8	3.3
Manufacturing	Past three months	-8.0	-14.0	-6.4	-9.6	-28.6	n/a**	19.0	23.1	-3.9	-6.7	1.6
Trade	Past three months	-15.6	-15.6	-13.9	13.3	-10.0	n/a**	-19.4	-29.1	-2.5	-1.2	2.7
Transport and Communication	Past three months	-10.5	-16.7	-14.0	-9.5	-27.9	n/a**	-12.3	-26.4	10.8	-5.0	16.5
Electricity and Water	Past three months	-7.6	-16.7	-9.3	-28.3	-24.5	n/a**	-18.8	-26.4	-2.7	-10.1	0.0
Building, Mortgage, Construction and Real Estate	Past three months	47.2	7.8	15.8	46.8	22.4	n/a**	33.9	33.2	31.8	29.3	30.0
Business Services	Past three months	-2.9	-11.7	1.2	-20.0	-21.3	n/a**	2.1	-2.1	-3.7	-15.1	2.0
Community, Social & Other Services	Past three months	-5.4	-17.5	-8.2	-30.3	-25.8	n/a**	1.1	-1.5	-3.5	-13.3	-0.5
Personal Loans and Household Loans	Past three months	-8.1	-15.9	-3.3	-24.8	-24.6	n/a**	2.0	-1.1	0.6	-9.3	0.3
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	-17.2	-43.4	-29.0	-55.6	-32.2	n/a**	-23.2	-28.3	-25.7	4.1	17.5
Margin on riskier loans	Next three months	41.0	21.1	9.3	29.3	19.5	n/a**	37.8	44.5	56.1	58.9	58.9
margin on prime borrowers	Next three months	-31.4	-44.4	-46.0	-41.0	-32.5	n/a**	-8.3	-21.8	-21.1	-22.2	13.0
Non-interest rate charges	Next three months	-4.3	-2.4	-10.0	-3.3	-1.0	n/a**	-0.8	-3.1	-2.8	6.7	9.0
Size of the loan or credit line	Next three months	3.4	3.4	-8.1	-17.7	-1.2	n/a**	-0.3	-3.9	-2.8	2.7	13.4
Collateral requirements	Next three months	31.9	1.0	-10.4	10.3	21.2	n/a**	25.2	26.6	31.3	39.3	25.3
Maturity	Next three months	5.6	-16.2	-21.6	-37.7	-21.4	n/a**	-19.6	-22.9	4.3	32.3	29.1
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	86.1	52.0	66.6	64.5	57.6	n/a**	6.9	26.4	58.4	26.2	30.4
SMEs	Next three months	81.1	70.3	59.7	37.3	60.5	n/a**	-9.6	-7.0	29.0	27.0	34.5
Large enterprises	Next three months	52.7	68.9	43.0	38.0	46.1	n/a**	-13.0	-8.4	48.3	42.1	27.9
Short term loans	Next three months	81.5	70.7	68.6	38.1	78.2	n/a**	28.5	48.3	53.2	35.4	36.4
Long term loans	Next three months	37.4	60.9	69.6	59.7	46.1	n/a**	-17.7	-9.0	1.1	-3.4	28.2
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**	-25.1	-67.8	12.1	-3.1	n/a**	32.8	25.8	-43.3	-37.9	-2.0
SMEs	Next three months	n/a**	-47.7	-57.3	0.1	-4.0	n/a**	32.9	24.6	-18.6	-12.6	16.8
Large enterprises	Next three months	n/a**	-16.3	-42.4	0.2	2.2	n/a**	33.0	22.5	-37.7	-35.2	0.6
Short term loans	Next three months	n/a**	-43.5	-65.0	12.9	-3.1	n/a**	22.3	26.4	-52.8	-41.3	-2.5
Long term loans	Next three months	n/a**	-42.6	-60.1	19.1	3.5	n/a**	31.9	24.1	-41.1	-35.8	-2.9

Period		2012/13				2013/14				2014/15		
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 changed?	Past three months	1.1	-29.8	-21.1	-45.6	-1.0	n/a**	-25.0	-30.9	-26.3	5.1	-10.4
	Next three months	-12.9	-64.7	-46.0	-57.2	-31.1	n/a**	-42.5	-46.7	-35.5	-51.8	-6.6
							n/a**					
Please indicate how you expect demand for loans to households (for purposes of consumer credit) to change?	Next three months	87.3	71.7	64.0	76.3	75.8	n/a**	66.0	56.5	58.5	73.9	0.7
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	-25.1	-37.6	-35.8	-36.6	-11.1	n/a**	-36.9	-0.9	-11.0	-2.2	36.8
Margin on riskier loans	Next three months	36.3	10.2	5.2	-16.0	5.3	n/a**	2.6	18.0	9.3	21.0	38.3
Margin on prime borrowers	Next three months	-23.2	-27.6	-39.0	-43.1	-20.6	n/a**	-10.7	-12.1	-9.7	-3.1	-10.1
Non-interest rate charges	Next three months	-4.4	1.7	0.0	16.0	28.5	n/a**	20.5	23.6	21.8	-2.8	-8.3
Size of the loan or credit line	Next three months	9.8	-27.6	-14.6	-39.1	-15.6	n/a**	-22.2	-26.9	-27.7	-24.1	-12.0
Collateral requirements	Next three months	9.6	8.8	3.1	5.1	10.8	n/a**	1.3	5.0	2.5	9.9	-4.6
Maturity	Next three months	-1.1	-15.3	-17.8	-22.1	1.2	n/a**	0.1	1.3	1.2	22.9	21.9
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**	-50.0	-32.7	31.8	42.4	n/a**	30.3	43.7	2.4	3.3	-7.3

Period		2012/13				2013/14				2014/15		
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	39.76854	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**
	Next three months	58.3	n/a**	n/a**	n/a**	n/a**	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	-69.3	-78.6	-42.9	-50.4	-21.3	n/a**	-3.3	4.9	0.3	7.5	53.1
And by how much?[(c)]	Next three months	-0.78	-0.57	-0.69	-0.72	-0.22	n/a**	-0.04	0.16	0.00	0.20	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/default rate to be higher than over the previous/current three-month period, or that the credit standards/ terms and conditions on which credit was/ will be provided became tighter/ are expected to tighten.

(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 employees.

(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