Bank Lending Survey Report
Second Quarter - FY 2015/16

STATISTICS DEPARTMENT, BANK OF UGANDA

EXECUTIVE SUMMARY

The Statistics Department at Bank of Uganda conducted the lending survey for supervised deposit-taking institutions, for the quarter ended December 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 December 2015 and expectations for the quarter ending March 2016.

The key findings from the survey are detailed below.

Credit Standards

Banks reported tightened credit standards in net terms over the quarter to December 2015; albeit at a slower pace. This was consistent with the anticipated net tightening reported by banks in the previous survey round.

Across firm size, credit standards to large enterprises were reported to have tightened considerably more than the standards to SMEs. In terms of loan duration, banks tightened credit standards for both short-term loans and long-term loans in the quarter ended December 2015, albeit at a much slower pace for the short-term loans.

Banks pointed to deliberate efforts to mitigate credit risk through lowering average exposure per borrower; tight liquidity positions; scarcity of long-term deposits; rising interest rates and depreciation of the Shilling as the major reasons for tightening.

Outlook on Credit Standards

In the next quarter to March 2016, banks expect to further tighten credit standards for loans to enterprises in net terms as well as across all firm sizes and duration of loans. The highest net tightening is anticipated for loans to large enterprises and long-term loans. Banks cited scarcity of long-term funds, a lower risk appetite and the need to reduce their exposure from large borrowers as the key factors for tightening credit standards to large enterprises and long-term loans. On the other hand, majority of banks expect to maintain their credit policy to households, as they foresee no significant changes in credit demand from households and individuals in the coming quarter.

Outlook on Demand for credit

Credit demand from both enterprises and households is expected to decrease over the next three months to March 2016, on a net basis. A slowdown in business activity following the end of the festive season; deferred investments owing to the upcoming election period; an increase in borrowing costs and the depreciation of the Shilling are some of the reasons highlighted for the expected drop in credit demand from enterprises. For households, banks pointed to tightened credit standards as well as the increased cost of borrowing and customer sensitivity to rising rates as the main factors expected to dampen credit demand from households.

Outlook on Terms & Conditions

Majority of banks anticipate maintaining their terms and conditions for credit to enterprises and households in the quarter to March 2016, but with a bias towards tightening on a net basis.

Outlook on the default rate on loans

The default rate on loans to both enterprises and households is expected to increase on a net basis in the coming three months. Banks expect the current macroeconomic conditions to impact on SMEs' and large enterprises' ability to repay their loans. For households however, banks pointed to the recent rise in interest rates, a higher cost of living and observed layoffs as the key factors likely to worsen default rates.

Interest Rate Expectations

Lending rates are expected to remain largely unchanged over the quarter to end March 2016, in line with the direction of BOU policy rate and anticipated stability in the macroeconomic environment.

1. Introduction to the lending survey

Objectives of the Survey

The lending survey is conducted by the Statistics Department at Bank of Uganda (BOU) to capture past and prospective developments in the credit market. 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 December 2015 and expectations for the quarter ending March 2016. Questionnaires were sent to all 25 Commercial banks in Uganda, yielding a response rate of 100 percent.

This survey report therefore presents the findings from the analysis of the responses received from the commercial banks. The methodology used in the analysis is detailed in *Appendix 1.*

2. Survey Findings

2.1 Enterprises

2.1.1 Credit standards

Credit standards consist of internal banking rules/criteria/guidelines which will determine (based on the classification by sector, area, size, financial indicators etc.) what types of loans (collaterised, non-collaterised, investment, overdraft etc.) it will provide and to which clients. The survey measures changes in such standards including cases when a bank has amended the implementation or application of an existing lending policy.

In the second quarter of FY 2015/16, credit standards on loans to enterprises were tightened at a slower pace compared to the previous quarter.

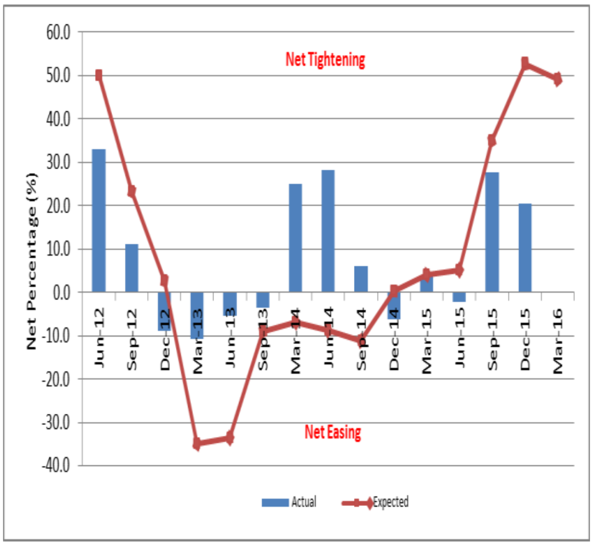
Banks reported tightened credit standards in net terms of 20.4 percent in December 2015 compared to a tightening of 27.7 percent in the quarter ended September 2015. The net tightening was also at a slower pace than had been anticipated (52.8 percent) in the previous survey. (*See Table 1 and Figure 1*).

Across firm size, credit standards were tightened for both SMEs (51.2 percent) and large enterprises (34.3 percent) in net terms.

In terms of loan duration, banks tightened credit standards on both short-term loans and long-term loans in the quarter ended December 2015, albeit at a significantly slower pace for the short term loans (*See Table 1*).

Banks pointed to deliberate efforts to mitigate credit risk through lowering average exposure per borrower; tight liquidity positions; scarcity of long term deposits; rising interest rates and depreciation of the Shilling as the major reasons for tightening.

Figure 1: Overall Credit standards to enterprises



Notes:

(a) Net percentage balances are calculated by obtaining the difference between the percentage 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 graph shows the net percentage 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.

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

	Overall		Loans to SMEs		Large enterprises		Short-term Loans		Long-term Loans	
	Sep-15	Dec-15	Sep-15	Dec-15	Sep-15	Dec-15	Sep-15	Dec-15	Sep-15	Dec-15
Tightened(A)	27.7	20.4	38.4	51.2	28.8	34.3	25.5	11.3	44.6	49.6
Unchanged	71.2	79.6	59.0	48.8	71.2	65.7	74.5	81.9	55.4	46.0
Eased (B)	0.0	0.0	2.6	0.0	0.0	0.0	0.0	6.8	0.0	4.3
Net %(A-B)	**27.7**	**20.4**	**35.8**	**51.2**	**28.8**	**34.3**	**25.5**	**4.4**	**44.6**	**45.3**
Interpretation: Negative-net easing, positive-net tightening										

Source: Bank of Uganda

In the quarter to March 2016, banks expect to further tighten credit standards (albeit at a slower pace) for overall loans to enterprises.

In terms of duration, banks also expect to further tighten credit standards across both short and long-term loans to enterprises, over the three months to March 2016. In terms of loan size, loans to large enterprises are expected to experience a faster pace in the tightening of credit standards, compared to SME loans (*See Figure 1 and Table 2*).

One of the main reasons cited by banks for the expected tightening in credit standards, in the quarter to March 2016, was the need to undertake a more cautious policy stance given recent changes in some macroeconomic conditions such as: the rise in interest rates and depreciation of the Shilling which could adversely impact borrowers' ability to service their loans. The other key reason cited for the expected tightening in credit standards, in the quarter to March 2016, was the upcoming election period which banks' expect will drive up risk margins.

Banks also indicated that they expect to take deliberate efforts to lower their exposure from large borrowers, hence the anticipated increase in the tightening of credit standards to large enterprises.

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	Dec-15	Mar-16	Dec-15	Mar-16	Dec-15	Mar-16	Dec-15	Mar-16	Dec-15	Mar-16
Tighten (A)	52.8	49.2	48.8	49.2	36.3	42.7	18.3	31.0	55.1	53.3
Unchanged	47.2	49.3	51.2	47.2	63.7	57.3	71.1	63.1	44.9	46.7
Ease (B)	0.0	0.0	0.0	3.7	0.0	0.0	10.6	5.9	0.0	0.0
Net %(A-B)	**52.8**	**49.2**	**48.8**	**45.5**	**36.3**	**42.7**	**7.7**	**25.1**	**55.1**	**53.3**
Interpretation: Negative-net easing, positive-net tightening										

Source: Bank of Uganda

2.1.2 Credit Standards by Sector

In terms of the sectors of the economy, majority of banks reported having kept overall credit standards broadly unchanged in the quarter ended December 2015 with a bias towards tightening, on a net basis.

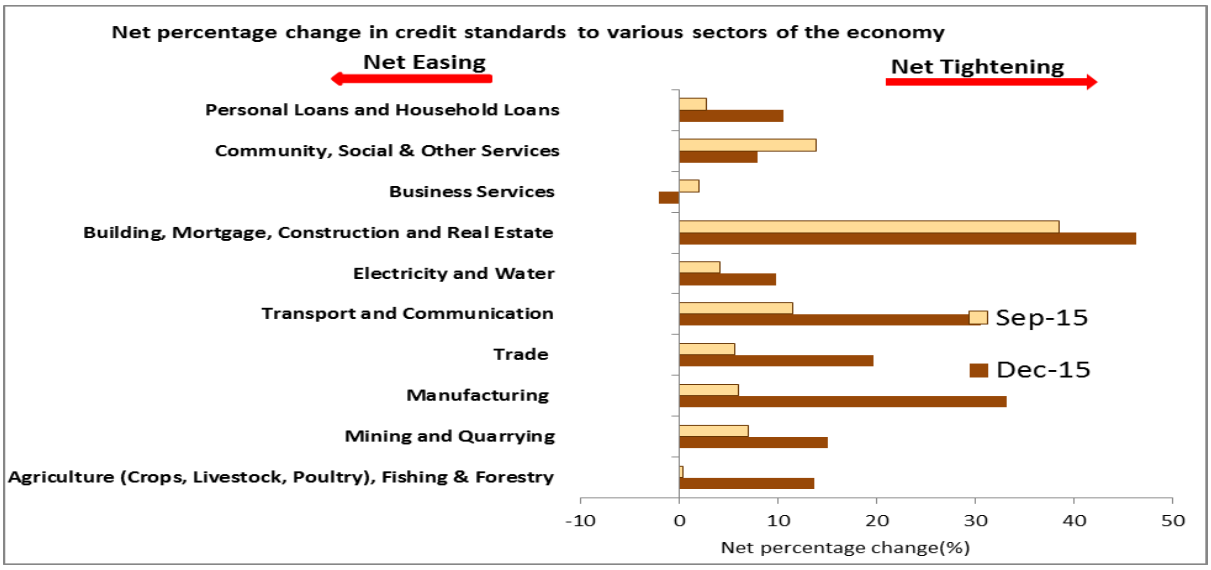
On a net basis, majority of sectors were noted to have registered an increase in the pace of tightening over the quarter, with the exception of credit standards applied to the business services sector which eased over the quarter to December 2015.

The main reason cited, particularly for the net tightening of credit standards to the trade and manufacturing sector, was a decline in profit margins resulting from a depreciation of the Shilling.

Credit standards for loans to other sectors (such as agriculture; transport and communication as well as household loans) were noted to have tightened primarily because of a lower appetite for risky loans given the perceived riskier environment and the upcoming election period.

On the other hand, credit standards for loans to the business service sector, were noted to have eased owing to the short-term and low risk nature of activities in this sector, relative to other sectors (*See Figure 2*).

Figure 2: Changes in credit standards by economic sector



Source: Bank of Uganda

2.1.3 Expectations in the Terms and Conditions for Credit to Enterprises

Credit terms and conditions refer to the specific obligations agreed upon by the lender and the borrower. In the context of this survey, they consist of:

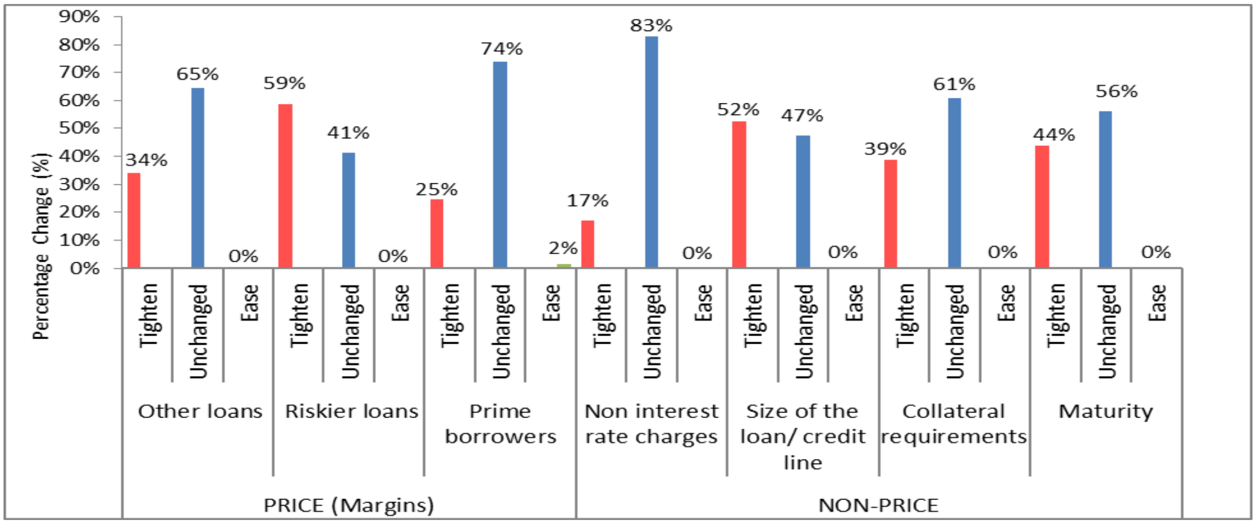
a) Price related terms and conditions - these include the direct price or interest rate.

b) Non-price related terms and conditions - these include the maximum size of the loan and the access conditions as well as other terms and conditions in the form of: non-interest charges (e.g. fees); collateral requirements (including compensating balances); loan covenants and maturities (short-term versus long-term).

In the quarter to March 2016, banks anticipate most price and non-price terms to skew towards tightening in net terms; with the exception of non-interest charges which are expected to remain largely unchanged. This suggests an anticipated further reduction in financing to enterprises during the three months to March 2016.

A considerable percentage of banks (59 percent) expect to tighten terms and condition on riskier loans on account of increasing interest rates and expected further increases in the central bank rate and inflation. Banks also anticipate tightening conditions in regards to loan size (52 percent), maturity (44 percent) and collateral requirements (39 percent); as they gear up efforts to mitigate default risk and lower exposure to large transactions (*See Figure 3 below*).

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



2.1.4 Demand for Credit by Enterprises

Overall, banks anticipate reduction in demand for credit in the next three months to March 2016.

The highest percentage of reduction in credit demand is expected from long-term loans (-46.4 percent) and large enterprises (-43.9 percent), as shown in *Table 3* below.

Table 3: Demand expectations for the next three months (January-March 2016)

	Overall		Loans to SMEs		Large enterprises		Short-term Loans		Long-term Loans	
	Dec-15	**Mar-16**	**Dec-15**	**Mar-16**	**Dec-15**	**Mar-16**	**Dec-15**	**Mar-16**	**Dec-15**	**Mar-16**
Increase(A)	4.4	0.0	7.6	4.3	0.7	0.0	18.4	13.4	16.3	0.0
Unchanged	51.2	60.5	44.6	56.9	46.5	56.1	64.2	51.4	49.9	49.2
Decrease(B)	43.3	37.9	47.8	38.8	52.7	43.9	17.3	35.2	33.8	46.4
Net %(A-B)	**-38.9**	**-37.9**	**-40.2**	**-34.4**	**-52.0**	**-43.9**	**1.1**	**-21.8**	**-17.5**	**-46.4**
Interpretation: Negative-net decrease, positive-net increase										

Source: Bank of Uganda

Some of the major reasons given for the expectation above are:

a) The postponement of long-term investment decisions owing to the forthcoming election period
b) An anticipated slowdown in business activity following the end of the festive season
c) The recent increase in interest rates and subsequent rise in borrowing costs, which is expected to deter new borrowers
d) An expected decline in credit demand from importers, given the depreciation of the Shilling.

2.2 Households and Individuals

2.2.1 Credit standards to households

Majority of banks indicated that they kept credit standards to households and individuals broadly unchanged in the quarter ended December 2015, but with a bias towards tightening, on a net basis (*See Appendix 2*). Banks that maintained their credit standards to this sector, highlighted the fact that there was no significant change in credit demand from households and individuals during the period while those that tightened standards cited the need to mitigate default risk, given the fact that majority of borrowers in this category are fixed income/salary earners whose ability to repay could be significantly affected by the rise in borrowing costs.

In the quarter to March 2016, banks expect to tighten credit policy to households at a faster pace (a net tightening of 48.7 percent is expected in the quarter to March 2016, compared to a tightening of 42.7 percent expected in the previous quarter). This anticipated pickup in the pace of tightening was attributed to the fact that several banks foresee a potential increase in the default rate on loans to households; arising from the recent rise in interest rates, a higher cost of living and observed layoffs.

2.2.2 Outlook on Terms and Conditions for Credit to Households

Majority of lenders indicated that they expect to keep their non-price terms and conditions for consumer credit largely unchanged over the next three months to March 2016. Price terms, on the other hand, were noted to be more biased towards tightening on a net basis; owing to an increase in the cost of funds and a perceived riskier environment (*See Appendix 4*).

2.2.3 Demand for Credit

In the three months to March 2016, majority of banks anticipate the demand for credit by households to decrease. 58.0 percent of respondents noted that the demand would drop compared to 5.5 percent that expect an increase in credit demand from households and individuals.

Banks pointed to the tightening of credit standards for household loans as well as the increased cost of borrowing, as the key factors likely to dampen credit demand in the coming quarter to March 2016.

On the other hand, those that anticipate an increase in credit demand indicated that they expect an increase in the demand for short-term loans, as the school term reopens and clients borrow to meet school-fees payments.

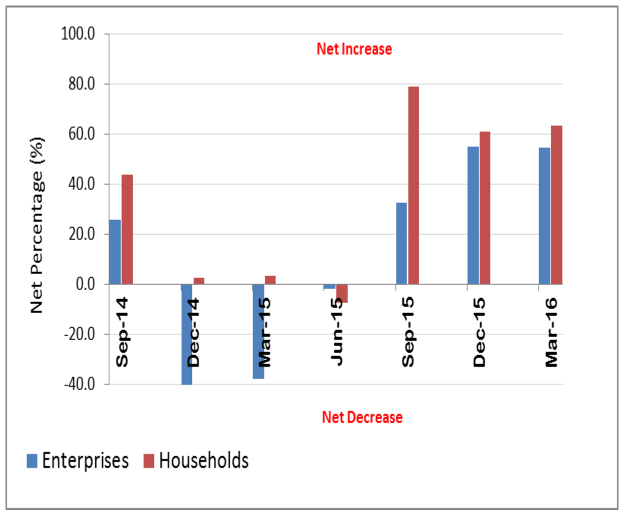
2.3 Expected Default rate on loans to enterprises and households

2.3.1 Expected default rate on loans to enterprises

Banks were asked to report their expectations on the change in default rates on loans to enterprises and households over the quarter to end March 2016. On a net basis, 54.4 percent and 63.2 percent expect default rates on loans to enterprises and households respectively; to increase in the coming three months.

Banks expect the current macroeconomic conditions to impact on SMEs' and large enterprises' ability to repay their loans. In addition, banks foresee increased delays in payments from government which may adversely impact certain economic sectors such as the building and construction sector.

Figure 4: Default rate expectations for the next quarter to March 2016



2.3.2 Expected default rate on loans to households

With respect to households, banks pointed out that the recent rise in interest rates; a higher cost of living and observed layoffs resulting from subdued business activity are likely to worsen default rates.

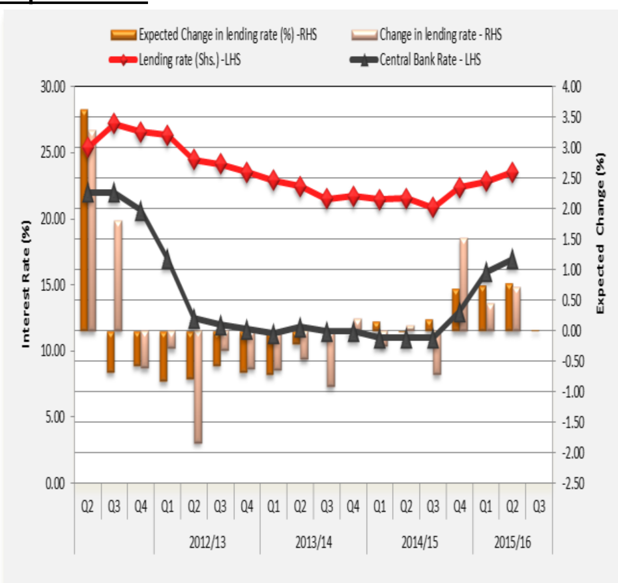
Compared to the quarter ended December 2015, the anticipated increase in default rates declined slightly for loans enterprises, as observed in *Figure 4*. This expectation is consistent with the recently observed decline in the ratio of Non-Performing Assets (NPAs) to total private sector credit, which fell from 4.0% in June 2015 to 3.9% in September 2015.

2.4 Interest Rate Expectations for Q3 FY 2015/16

The survey results indicate that majority of banks (50.8 percent) expect their lending rates to remain unchanged over the next quarter to March 2016; but with a bias towards an increase (46.8 percent of banks expect to raise their lending rates).

The average percentage increase in lending rates over the next quarter to March 2016 is estimated at 0.02 percentage points. In the previous quarter, lenders expected to change the lending rate by 0.78 percentage points compared to outturn of 0.71 percentage points, as shown in *Figure 5.*

Figure 5: 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.

Banks that expect to maintain their lending rates over the next quarter pointed out that they anticipate inflation to remain stable in the short-term and as such do not foresee any significant changes in the benchmark policy rate. On the other hand, banks that expect to raise their lending rates in the quarter to March 2016 cited an increase in their cost of funds as well as a perceived riskier lending environment, as the key factors.

3.0 Conclusion

The bank lending survey results indicated that banks tightened credit standards to both enterprises and households in Q2 FY 2015/2016. The net tightening was driven by an increase in the cost of funding; tight liquidity positions; a perceived riskier lending environment given the current macroeconomic conditions (e.g. the rise in inflation and depreciation of the Shilling) as well as the upcoming election period.

In the coming months to March 2016, banks expect to reduce the pace of tightening in credit standards, for loans to both enterprises and households, in response to an anticipated improvement in macroeconomic conditions.

In terms of demand, most lenders anticipate credit demand to decrease. A slowdown in business activity, increased uncertainty and a higher cost of borrowing are expected to dampen credit demand from both enterprises and household.

Lenders anticipate interest rates to remain largely unchanged over the period to March 2016 in line with the direction of BOU's policy rate and expected stability in the macroeconomic environment.

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 (September – November 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.

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*' which is 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.

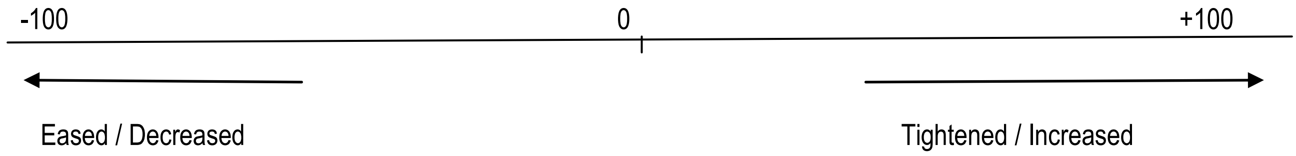
Illustration

'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



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

Banks' Action	Mar-15	Jun-15	Sep-15	Dec-15
Tighten (A)	23.8	3.3	22.0	39.5
Unchanged	42.0	73.3	61.1	47.8
Eased (B)	34.2	4.2	15.1	12.7
Net %(A-B)	**-10.4**	**-0.9**	**6.9**	**26.8**

APPENDIX 3: Household and consumer credit standards-expectations by Banks

Banks' Expectation for quarter ending	Jun-15	Sep-15	Dec-15	Mar-16
Tighten(A)	21.5	12.7	43.4	50.6
Unchanged	50.5	57.0	55.9	47.6
Ease(B)	28.0	30.3	0.7	1.8
Net %(A-B)	**-6.5**	**-17.6**	**42.7**	**48.7**

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	
	Dec-15	Mar-16	Dec-15	Mar-16	Dec-15	Mar-16	Dec-15	Mar-16	Dec-15	Mar-16	Dec-15	Mar-16	Dec-15	Mar-16
Tighten(A)	29.5	40.4	32.2	43.6	13.6	32.2	9.5	24.4	24.0	43.9	15.8	27.7	11.3	22.1
Unchanged	69.8	56.8	67.8	54.8	85.7	66.0	89.8	75.3	75.3	54.3	83.5	72.1	88.0	75.3
Ease (B)	0.7	0.2	0.0	0.0	0.7	1.8	0.7	0.2	0.7	1.8	0.7	0.2	0.7	0.2
Net %(A-B)	**28.8**	**40.1**	**32.2**	**43.6**	**12.9**	**30.4**	**8.8**	**24.2**	**23.3**	**42.1**	**15.1**	**27.4**	**10.6**	**21.8**

APPENDIX 5: Household and consumer credit demand expectations by Banks

Banks' expectation	Jun-15	Sep-15	Dec-15	Mar-16
Increase(A)	24.2	57.9	15.4	5.5
Unchanged	52.3	17.6	34.1	36.6
Decrease(B)	23.5	24.9	50.5	58.0
Net %(A-B)	**0.7**	**32.7**	**-35.0**	**-52.5**

APPENDIX 6: Household and consumer credit default rate expectations by Banks

Banks' expectation	Jun-15	Sep-15	Dec-15	Mar-16
Increase(A)	21.3	79.7	61.3	64.5
Unchanged	50.1	19.4	38.0	34.2
Decrease(B)	28.6	0.9	0.7	1.3
Net %(A-B)	**-7.3**	**78.9**	**60.7**	**63.2**

APPENDIX 7: Summary of Bank Lending Survey results

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/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		2013/14				2014/15				2015/16	
Part I: Enterprises		Q1	Q2**	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has your bank's credit policy as applied to the approval of loans or credit lines to enterprises changed?											
Overall	Past three months	-3.6	n/a**	25.0	28.3	6.1	-6.3	3.9	-2.2	27.7	20.4
	Next three months	-7.0	n/a**	-8.6	-11.0	0.3	5.8	5.1	35.1	52.8	49.2
SMEs (b)	Past three months	18.3	n/a**	22.7	26.9	2.5	14.3	19.8	18.2	35.8	51.2
	Next three months	-13.1	n/a**	-11.2	-14.2	4.8	-0.7	7.3	37.3	48.8	45.5
Large enterprises	Past three months	-5.1	n/a**	5.5	4.0	8.1	-6.3	11.8	4.8	28.8	34.3
	Next three months	-9.5	n/a**	2.6	-0.4	4.4	4.9	5.1	20.4	36.3	42.7
Short term loans	Past three months	-15.0	n/a**	-19.7	-24.0	-25.7	-12.3	2.7	-4.3	25.5	4.4
	Next three months	-17.6	n/a**	-24.2	-32.8	-26.7	-44.9	-17.0	12.2	7.7	25.1
Long term loans	Past three months	-2.8	n/a**	24.0	28.2	32.5	26.6	20.8	16.4	44.6	45.3
	Next three months	-3.2	n/a**	21.7	23.1	1.5	38.2	22.0	39.0	55.1	53.3
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	-7.4	n/a**	7.7	-2.5	-14.6	-3.5	12.2	0.7	0.3	13.7
Mining and Quarrying	Past three months	1.0	n/a**	1.3	-1.1	3.6	5.8	3.3	0.9	6.9	15.1
Manufacturing	Past three months	-28.6	n/a**	19.0	23.1	-3.9	-6.7	1.6	3.8	6.0	33.2
Trade	Past three months	-10.0	n/a**	-19.4	-29.1	-2.5	-1.2	2.7	1.8	5.6	19.7
Transport and Communication	Past three months	-27.9	n/a**	-12.3	-26.4	10.8	-5.0	16.5	0.4	11.5	30.6
Electricity and Water	Past three months	-24.5	n/a**	-18.8	-26.4	-2.7	-10.1	0.0	2.9	4.1	9.8
Building, Mortgage, Construction and Real Estate	Past three months	22.4	n/a**	33.9	33.2	31.8	29.3	30.0	37.3	38.4	46.2
Business Services	Past three months	-21.3	n/a**	2.1	-2.1	-3.7	-15.1	2.0	0.0	2.0	-2.1
Community, Social & Other Services	Past three months	-25.8	n/a**	1.1	-1.5	-3.5	-13.3	-0.5	-4.2	13.9	7.9
Personal Loans and Household Loans	Past three months	-24.6	n/a**	2.0	-1.1	0.6	-9.3	0.3	-1.0	2.7	10.5
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	-32.2	n/a**	-23.2	-28.3	-25.7	4.1	17.5	4.1	17.5	12.4
Margin on riskier loans	Next three months	19.5	n/a**	37.8	44.5	56.1	58.9	58.9	58.9	58.9	43.6
margin on prime borrowers	Next three months	-32.5	n/a**	-8.3	-21.8	-21.1	-22.2	13.0	-22.2	13.0	5.0
Non-interest rate charges	Next three months	-1.0	n/a**	-0.8	-3.1	-2.8	6.7	9.0	6.7	9.0	4.2
Size of the loan or credit line	Next three months	-1.2	n/a**	-0.3	-3.9	-2.8	2.7	13.4	2.7	13.4	11.8
Collateral requirements	Next three months	21.2	n/a**	25.2	26.6	31.3	39.3	25.3	39.3	25.3	23.8
Maturity	Next three months	-21.4	n/a**	-19.6	-22.9	4.3	32.3	29.1	32.3	29.1	22.3
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	57.6	n/a**	6.9	26.4	58.4	26.2	30.4	34.8	-38.9	-37.9
SMEs	Next three months	60.5	n/a**	-9.6	-7.0	29.0	27.0	34.5	32.2	-40.2	-34.4
Large enterprises	Next three months	46.1	n/a**	-13.0	-8.4	48.3	42.1	27.9	32.8	-52.0	-43.9
Short term loans	Next three months	78.2	n/a**	28.5	48.3	53.2	35.4	36.4	42.9	1.1	-21.8
Long term loans	Next three months	46.1	n/a**	-17.7	-9.0	1.1	-3.4	28.2	33.2	-17.5	-46.4
Please indicate how do you expect the default rate on loans to enterprises to change over the next three months ? ?											
Overall	Next three months	-3.1	n/a**	32.8	25.8	-43.3	-37.9	-2.0	32.5	54.7	54.4
SMEs	Next three months	-4.0	n/a**	32.9	24.6	-18.6	-12.6	16.8	35.3	49.5	54.4
Large enterprises	Next three months	2.2	n/a**	33.0	22.5	-37.7	-35.2	0.6	13.9	24.8	34.7
Short term loans	Next three months	-3.1	n/a**	22.3	26.4	-52.8	-41.3	-2.5	6.0	33.3	51.3
Long term loans	Next three months	3.5	n/a**	31.9	24.1	-41.1	-35.8	-2.9	12.2	47.8	37.9

Period		2013/14				2014/15				2015/16	
Part II: Households		Q1	Q2**	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How have your bank's credit policy as applied to the approval of loans to households and non-enterprises changed?	Past three months	-1.0	n/a**	-25.0	-30.9	-26.3	5.1	-10.4	-0.9	6.9	26.8
	Next three months	-31.1	n/a**	-42.5	-46.7	-35.5	-51.8	-6.6	-17.6	42.7	48.7
Please indicate how you expect demand for loans to households (for purposes of consumer credit) to change?	Next three months	75.8	n/a**	66.0	56.5	58.5	73.9	0.7	32.7	-35.0	-52.5
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	-11.1	n/a**	-36.9	-0.9	-11.0	-2.2	36.8	22.7	28.8	40.1
Margin on riskier loans	Next three months	5.3	n/a**	2.6	18.0	9.3	21.0	38.3	31.0	32.2	43.6
Margin on prime borrowers	Next three months	-20.6	n/a**	-10.7	-12.1	-9.7	-3.1	-10.1	9.6	12.9	30.4
Non-interest rate charges	Next three months	28.5	n/a**	20.5	23.6	21.8	-2.8	-8.3	2.6	8.8	24.2
Size of the loan or credit line	Next three months	-15.6	n/a**	-22.2	-26.9	-27.7	-24.1	-12.0	11.6	23.3	42.1
Collateral requirements	Next three months	10.8	n/a**	1.3	5.0	2.5	9.9	-4.6	13.1	15.1	27.4
Maturity	Next three months	1.2	n/a**	0.1	1.3	1.2	22.9	21.9	8.8	10.6	21.8
Please indicate how do you expect the default rate on loans to households to change over the next three months ?	Next three months	42.4	n/a**	30.3	43.7	2.4	3.3	-7.3	78.9	60.7	63.2

Period		2013/14				2014/15				2015/16	
Part III: Occassional Questions		Q1	Q2**	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
To what extent have the events in the global financial markets affected your bank's willingness to lend?	Past three months	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**	n/a**
	Next three months	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	-21.3	n/a**	-3.3	4.9	0.3	7.5	53.1	78.3	37.8	45.8
And by how much?(c)	Next three months	-0.22	n/a**	-0.04	0.16	0.00	0.20	0.69	0.75	0.78	0.02

* 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