Bank Lending Survey Report
Fourth Quarter - FY 2021/22

STATISTICS DEPARTMENT, BANK OF UGANDA

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Executive Summary

Statistics Department conducted the lending survey for supervised financial institutions, for the quarter ended June 2022. The objectives of the survey were to: enhance BOU's understanding of the lending behaviour and loan financing conditions among deposit-taking financial institutions, capture leading information on credit developments and bank lending on the Ugandan market during the quarter ended June 2022 and the expectations for the quarter to September 2022.

Credit Standards

In the quarter to June 2022, credit standards to both enterprises and households were eased, albeit at a slower pace. The easing was reported across all firm sizes and loan durations in the quarter to June 2022.

Going forward (quarter to September 2022), banks expect to tighten credit standards to both enterprises and households. Banks also expect to tighten credit standards across all firm sizes and long-term loans, but ease for short-term facilities.

Credit Standards by Economic Sector

In the quarter to June 2022, banks reported to have eased credit standards for majority of the economic sectors on a net basis, except Building, mortgage, construction & real estate, and Mining & quarrying sectors, which recorded net tightening. The degree of net easing of credit standards declined for most sectors in June 2022 when compared with the level of easing in the quarter to March 2022, except for Community, social and other services, and Electricity and water sectors

Outlook on Demand for credit

In the quarter to September 2022, banks anticipate a slower increase in demand for credit from enterprises and a slight decrease in demand from individuals on a net basis. The slowed increase and in credit demand from enterprises and decrease from households is mainly attributed to the economic uncertainty and the rising cost of living.

Outlook on Terms & Conditions for credit

In the quarter to September 2022, banks expect to tighten all price terms and conditions for prime borrowers, average loans, and riskier loans on a net basis to both enterprises and households.

Similarly, most banks are expected to maintain their non-price terms and conditions for enterprises and consumer credit unchanged. On a net basis, banks expect to tighten collateral requirements, maturity period and size of the loan, while keeping non-interest rate charges broadly unchanged for both enterprises and consumer credit.

Outlook on the default rate on loans

Some banks expect the default rate on loans to both enterprises and households to increase in the quarter to September 2022. The expected increase in default rate on loans to enterprises and households was mainly attributed to the rising inflation, high cost of borrowing, diminishing business earnings and low cashflows., and the uncertainty surrounding the market conditions and customer buying sentiments.

Interest Rate Expectations

Majority of the banks (60.9 percent) expect their lending rates to increase, with 39.1 percent anticipating the rates to remain largely unchanged in the quarter to September 2022.

Introduction

The quarterly lending survey conducted by the Statistics Department of the Bank of Uganda captures 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 outturns for the quarter ended June 2022 and expectations for the quarter to September 2022. Questionnaires were completed by all 25 commercial banks and 8 non-bank deposit-taking financial institutions in Uganda.

This report presents the findings from the analysis of the responses received from the commercial banks only. The methodology used in the analysis is detailed in *Appendix 3*. *Detailed summary results of Non-Bank Financial Institutions (NBFIs) are presented in Appendix 2.*

Survey Findings

1.1 Enterprises

1.1.1 Credit Standards to Enterprises

Credit standards consist of internal banking rules/ criteria/guidelines which determines (based on classifications by sector, area, size, duration, financial indicators, etc.) what type of loans (collaterised, non-collaterised, investments, overdrafts, etc.) and amounts to be provided, and to which clients. This survey measures changes in such standards including cases where banks have introduced new lending policies or amended existing ones.

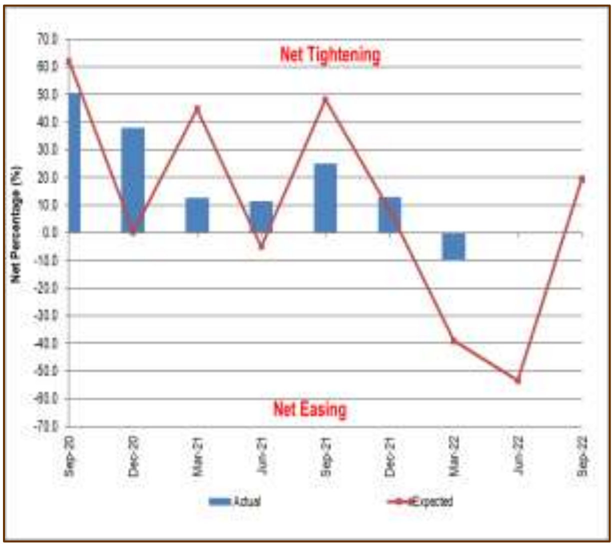
In the quarter to June 2022, credit standards on loans to enterprises tightened as the measure of net easing fell to 0.1 percent from 10.0 percent in the quarter to March 2022 (see Figure 1). The direction is consistent, but much lower than the net easing expectation for quarter ended June 2022 which was reported during the third quarter (2021/22Q3) survey. The divergence in the outturn could be attributed to change in economic dynamics because of the rising commodity prices and emergency of the Covid-19 third wave (*See Tables 1 & 2)*.

Across firm size, credit standards eased for both SMEs and large enterprises represented by the measure of net easing of 8.7 percent and 3.5 percent, respectively.

In terms of loan duration, the credit standards eased for both short-term and long-term loans although at a slower rate to 13.2 percent and 0.8 percent, respectively, in the quarter to June 2022, compared to that reported in the quarter ended March 2022, (*See Table 1*).

The major reasons cited by banks for the slowed net easing of credit standards include slowdown in economic activities, cautious monitoring of the impact of Covid 19, volatile exchange rates, inflationary pressures and uncertainty in global economic environment resulting from the Ukraine-Russia war.

Figure 1: Overall Credit standards to enterprises



Source: *Bank of Uganda*

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 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	
Bank's action	**Mar-22**	**Jun-22**	**Mar-22**	**Jun-22**	**Mar-22**	**Jun-22**	**Mar-22**	**Jun-22**	**Mar-22**	**Jun-22**
Tightened(A)	4.1	10.2	3.8	7.9	12.0	6.8	3.1	4.6	3.8	9.5
Unchanged	81.7	76.4	81.7	72.3	75.8	79.8	76.4	74.4	82.9	77.1
Eased (B)	14.1	10.3	14.5	16.6	12.2	10.3	20.6	17.8	13.3	10.3
Net %(A-B)	**-10.0**	**-0.1**	**-10.6**	**-8.7**	**-0.3**	**-3.5**	**-17.5**	**-13.2**	**-9.5**	**-0.8**
Interpretation: Negative-net easing, positive-net tightening										

Source: *Bank of Uganda*

In the quarter to September 2022, majority of the banks expect to keep their overall credit standards largely unchanged with a bias towards tightening on a net basis. Notably, banks expect to tighten credit standards across all firm sizes and long-term loans but ease for short-term loans on a net basis. (*See, Figure 1 and Table 2*).

The expected net tightening of credit standards in the next quarter are attributed to uncertainties attached to the current war between Russia and Ukraine, the increasing inflation which is expected to raise the cost of doing business, expected high default rates from the unpredictable economic environment and the increasing cases of COVID-19.

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	
Bank's expected action	**Jun-22**	**Sep-22**	**Jun-22**	**Sep-22**	**Jun-22**	**Sep-22**	**Jun-22**	**Sep-22**	**Jun-22**	**Sep-22**
Tighten (A)	1.8	35.3	0.8	28.9	2.5	38.3	0.0	18.4	2.0	31.5
Unchanged	42.9	48.8	43.3	49.0	54.0	45.8	46.5	52.4	59.7	54.5
Ease (B)	55.2	15.9	55.9	22.1	43.5	15.9	53.5	29.2	38.3	13.9
Net %(A-B)	**-53.4**	**19.4**	**-55.1**	**6.8**	**-41.0**	**22.5**	**-53.5**	**-10.8**	**-36.4**	**17.6**
Interpretation: Negative-net easing, positive-net tightening										

Source: *Bank of Uganda*

1.1.2 Credit Standards by Economic Sector

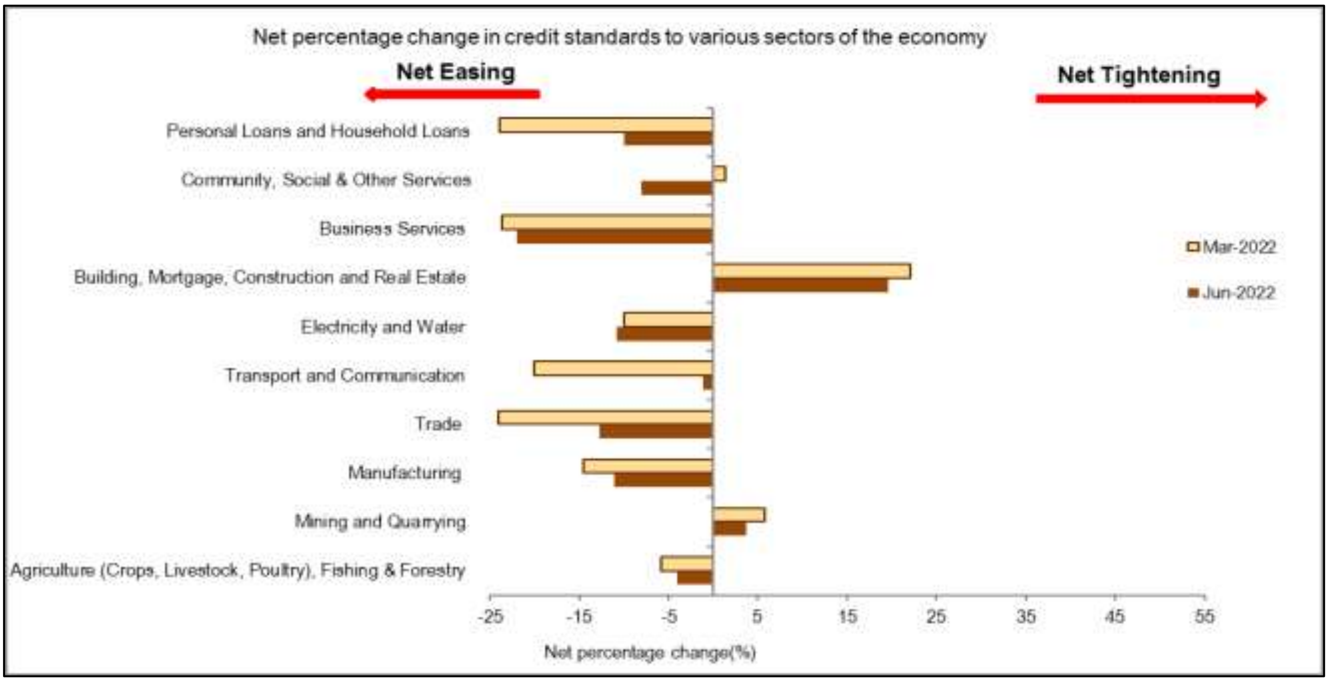
In the quarter to June 2022, banks reported to have eased credit standards for majority of the economic sectors on a net basis, except Building, mortgage, construction & real estate, and Mining & quarrying sectors, which recorded net tightening. The degree of net easing of credit standards declined for most sectors in June 2022 when compared with the level of easing in the quarter to March 2022, except for Community, social and other services, and Electricity and water sectors as illustrated in Figure 2.

The sectoral distribution of the net easing of credit standards was highest for lending to Business services (22.0 percent) followed by Trade (12.8 percent), Manufacturing (11.0 percent), Electricity and water (10.8 percent), Personal and households (10.0 percent), Community, social and other service (8.1 percent), Agriculture, fishing, and forestry (4.0 percent), and Transport and communication (1.1 percent). On the other hand, sectors that recorded net tightening comprise of Building, mortgage, construction, and real estate (19.6 percent), and Mining and quarrying (3.7 percent).

The net easing registered for majority of the sectors in the quarter to June 2022 was largely attributed to relative recovery in economic activity, full opening of the economy and improved stability in the labour turnover.

On the other hand, the tightening in building, mortgage construction & real estate and mining & quarrying sectors was explained by the low occupancy rates for commercial property, while residential mortgages are faced with low property values and the deterioration of the macroeconomic environment.

Figure 2: Changes in Credit Standards by Economic Sector (Mar & Jun 2022)



Source: *Bank of Uganda*

1.1.3 Expectations in the Terms and Conditions[1] for Credit to Enterprises

There were mixed reactions from banks regarding their expectations on changes in price terms and conditions[2] in the quarter to September 2022 (Figure 3). Looking at the expectations for loan classifications, majority of the banks anticipate keeping the terms and conditions unchanged for prime borrowers, and average loans, while tightening for riskier loans[3], in the quarter to September 2022[4].

The major reason cited for keeping the terms and conditions unchanged for average and prime borrowers is the competition for the few credit worthy customers on the market. On a net basis, all price terms and conditions are expected to tighten on account of; high cost of funds, increased Central bank rate (CBR) and the need to compensate for the high risk of default amidst the prevailing macro-economic challenges.

Similarly, majority of banks expect to maintain non-price terms and conditions in the quarter to September 2022 (Figure 2). On a net basis, banks expect to tighten the collateral requirements, maturity period and the size of the loan during this period. The non-interest charges are expected to remain unchanged (100.0 percent) over the next quarter.

The reasons banks cited for the expected tightening of collateral requirements, maturity period, and the of size of the loan in the quarter to September 2022 include the need to mitigate expected credit losses with the increasing default rates, potential COVID-19 related disruptions, the prevailing unfavourable macro-economic environment and high inflation rates.

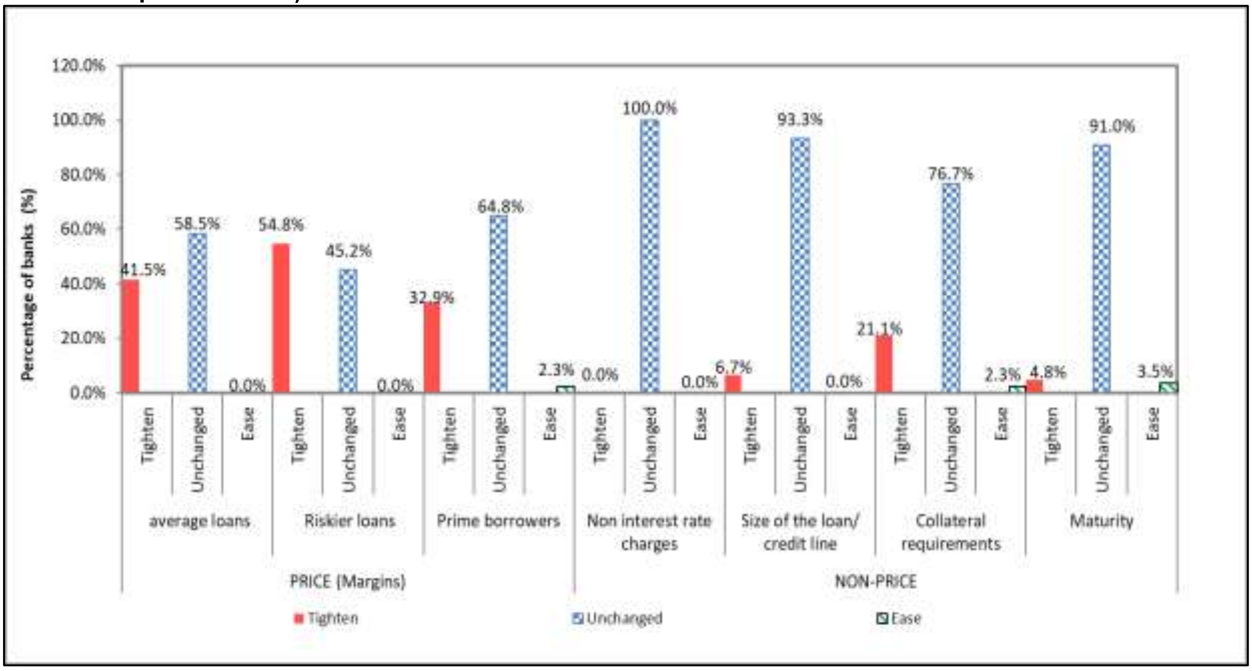
[1] Credit terms and conditions refer to the specific obligations agreed upon by the lender and the borrower.

[2] Price-related terms and conditions refer to the direct price or interest rate in the context of this survey.

[3] Loans that banks assume to have a high probability of default.

[4] The borrowers are customers as prime, average, and riskier depending on the repayment history. Risker borrowers are those customers who are new to the lender or whose repayment history has not been good.

Figure 3: Expected Changes in Terms & Conditions for Approving Loans to Enterprises (Quarter to September 2022)



Source: *Bank of Uganda*

1.1.4 Demand for Credit by Enterprises

In the quarter to September 2022 (Table 3), banks anticipate an overall increase in demand for credit, a much lower expectation compared to the rise in demand for credit reported in the previous survey. Notably, the increase in credit demand is expected across all firm sizes and loan durations, but much lower than the previous quarter.

The reasons cited by most banks for the expected slow increase in credit demand were largely driven by developments in economic fundamentals, which include.

a) Full re-opening of the economy which calls for more working capital and strategies to grow the SME and retail segments.

b) The need to meet the high standard of living on account of increased commodity and fuel prices.

c) The need for funds to cater for earlier importation of goods to meet demand for the festive season.

The above anticipated increase in demand is expected to be moderated by the anticipated Covid-19 third wave, deteriorating economic situation due to supply chain disruptions, increased costs of doing business and the high cost of funds due to the rise in CBR.

Table 3: Demand expectations for the next three months

	Overall		Loans to SMEs		Large enterprises		Short-term Loans		Long-term Loans	
Bank's expected action	**Jun-22**	**Sep-22**	**Jun-22**	**Sep-22**	**Jun-22**	**Sep-22**	**Jun-22**	**Sep-22**	**Jun-22**	**Sep-22**
Increase(A)	94.3	64.8	85.1	46.3	86.4	57.5	98.3	71.9	90.2	44.9
Unchanged	4.9	21.0	14.1	46.5	13.6	29.0	1.7	21.6	9.0	39.7
Decrease(B)	0.8	14.2	0.8	7.1	0.0	13.5	0.0	6.5	0.8	15.4
Net %(A-B)	**93.5**	**50.6**	**84.3**	**39.2**	**86.4**	**44.0**	**98.3**	**65.4**	**89.3**	**29.4**
Interpretation: Negative-net decrease, positive-net increase										

Source: *Bank of Uganda*

1.2 Households

1.2.1 Credit Standards to Households

The findings revealed that, in the quarter to June 2022, banks eased credit standards to households, as depicted by a net percentage of 17.4 percent, a lower easing from the 27.4 percent registered at the end of the previous quarter (See, Appendix 1). This was largely driven by improved economic activity following fully opening of the economy, but slightly moderated by the rising prices which have affected disposable incomes and ability to service credit facilities.

In the quarter to September 2022, banks expect to tighten credit standards to households as depicted by a net percentage of 11.7 percent, contrary to the net easing anticipated for the quarter to June 2022 of 28.7 percent on a net basis.

The expected tightening of credit standards to the household sector was attributed to; increase in CBR which is expected to heighten the cost of borrowing, possibility of a Covid-19 third wave, the effects of the war in Ukraine and the rising inflation.

1.2.2 Outlook on Terms and Conditions for Credit to Households

All Price terms and conditions for consumer credit are expected to tighten on a net basis over the next three months to September 2022. Similarly, majority of the banks expect to keep their non-price terms and conditions for consumer credit unchanged with a bias towards tightening for size of the loan, maturity period and collateral requirements on a net basis, (See, Appendix 1).

The major reasons cited for the anticipated tightening of all price terms and conditions include increase in the CBR, high non-performing loans and the need to counter the uncertainties resulting from the increase in the prices of goods and services.

Similarly, the expected tightening of all non-price terms and conditions is attributed to; potential Covid-19 related disruptions and the prevailing unfavourable macro-economic environment.

1.2.3 Demand for Credit by Households

Credit demand by households is expected to slightly decrease in the three months to September 2022. Specifically, 32.1 percent of banks anticipate a decrease in households credit demand, compared to the 31.0 percent that expect an increase in the quarter to September 2022.

The anticipated decrease in household credit demand is attributed to the increase in CBR which is expected to trigger a rise in the cost of borrowing, prevailing economic uncertainty and rising inflation leading to lesser disposable income.

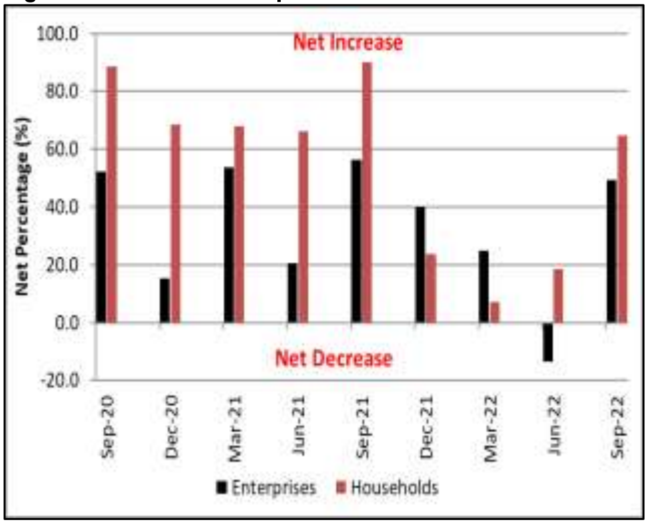
1.2.4 Expected Default Rate on Loans to Enterprises and Households

Overall, 49.2 percent of the banks expect the default rate on loans to enterprises to increase on a net basis in the quarter to September 2022, in contrast to 13.5 percent decrease registered in the previous quarter. The anticipated increase in default rate cuts across all firm sizes and loan durations. The expected rise in default rate on loans to enterprises is mainly attributed to;

a) Delayed payment of contractors by government.
b) Inflationary pressures which may lead to high cost of borrowing.
c) Diminishing business earnings and low cashflows on account of increased operating costs amidst the rising inflation.
d) Uncertainty surrounding the market conditions and customer buying sentiments.

On the side of households, 64.8 percent of banks expect the default rate in this sector to increase on a net basis in the quarter to September 2022, more than triple the 18.4 percent recorded in the previous survey results (see, Appendix 1). This explains the expectations of Banks to tighten credit standards to households in the quarter to September 2022. The anticipated increase in default rate is mainly attributed to the increased cost of living while incomes remain constant, which is expected to affect the repayment capacity of households and decrease their disposable income.

Figure 4: Default rate expectations



Source: *Bank of Uganda*

1.3 Interest Rate Expectations for Q1 FY 2022/23

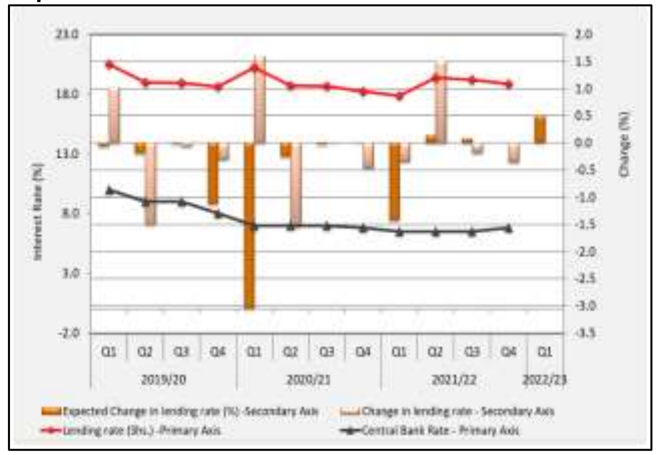
To understand the direction of interest rates from the lender's point of view, banks were asked to indicate the direction and magnitude of the change in their expected lending rates in the quarter to September 2022.

The results indicate that majority of the banks (60.9 percent) expect their lending rates to increase, with 39.1 percent anticipating the rates to remain largely unchanged in the quarter to September 2022.

The lending rate is expected to increase in the quarter to September 2022 when compared to that in the quarter to June 2022, with a growth of 0.49 percentage points (See Figure 5).

The reasons cited for the expected increase in lending rates are the increase in CBR and the high cost of funds.

Figure 5: Changes in interest rates vis-à-vis Net Expectations



Source: *Bank of Uganda*

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.*

1.4 Conclusion

The bank lending survey results indicate that in the quarter to June 2022, credit standards to both enterprises and households eased on a net basis, albeit at a slower pace. In terms of the outlook for the quarter to September 2022, banks indicated that they expect to tighten credit standards to both enterprises and households.

Consequently, the demand for loans by enterprises is expected to increase but at a slower pace, while that of households is expected to marginally decrease in the quarter to September 2022.

The default rate on loans to both enterprises and households is expected to increase in the quarter to September 2022.

Lastly, the survey results indicate that majority of banks expect their lending rates to increase due to the increase in CBR and the high cost of funds.

APPENDICES

Appendix 1: Summary of Bank Lending Survey results-Commercial Banks

Appendix 1: 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 ch
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 hig
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		2019/20		2020/21				2021/22			
Part I: Enterprises		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
loans or credit lines to enterprises											
Overall	Past three months	17.9	91.3	50.6	37.9	12.6	11.5	25.1	12.9	-10.0	-0.1
	Next three months	17.9	62.1	0.4	44.9	-5.0	48.1	8.2	-39.1	-53.4	19.4
SMEs	Past three months	17.1	91.3	50.6	35.6	10.7	11.1	23.6	10.0	-10.6	-8.7
	Next three months	20.6	75.8	-6.4	35.8	-10.1	47.1	7.2	-44.2	-55.1	6.8
Large enterprises	Past three months	25.6	74.1	57.4	45.6	15.4	28.2	26.1	20.2	-0.3	-3.5
	Next three months	22.3	42.5	3.4	46.9	7.7	54.6	22.0	-23.3	-41.0	22.5
Short term loans	Past three months	-0.3	70.7	41.1	28.7	4.1	5.1	3.9	2.2	-17.5	-13.2
	Next three months	31.6	31.4	-22.4	26.6	-10.8	37.9	-8.5	-61.2	-53.5	-10.8
Long term loans	Past three months	13.8	88.5	55.2	39.1	15.0	17.3	18.9	27.1	-9.5	-0.8
	Next three months	28.6	64.5	2.2	45.1	-4.9	48.1	11.6	-27.9	-36.4	17.6
loans or credit lines to enterprises to											
Agriculture (Crops, Livestock, Poultry), Fishing &	Past three months	10.8	36.9	35.1	9.4	13.7	0.3	19.8	-17.0	-5.8	-4.0
Mining and Quarrying	Past three months	12.6	52.3	40.4	17.5	4.9	4.6	18.1	17.7	5.8	3.7
Manufacturing	Past three months	22.4	57.3	42.6	7.5	-7.9	-8.9	5.5	3.9	-14.5	-11.0
Trade	Past three months	20.7	89.7	59.3	22.6	-10.7	-8.1	18.2	3.2	-24.0	-12.8
Transport and Communication	Past three months	21.5	71.0	48.1	26.1	17.3	41.2	36.4	31.8	-20.0	-1.1
Electricity and Water	Past three months	0.9	5.6	-3.9	1.7	-1.8	-1.8	15.9	17.7	-10.0	-10.8
Building, Mortgage, Construction and Real Estate	Past three months	14.7	90.5	71.2	38.9	46.1	48.8	40.4	47.8	22.1	19.6
Business Services	Past three months	-1.6	52.1	58.2	30.3	-0.3	13.4	9.3	1.6	-23.6	-22.0
Community, Social & Other Services	Past three months	10.8	54.0	56.0	32.1	15.6	27.8	29.0	23.3	1.4	-8.1
Personal Loans and Household Loans	Past three months	-13.1	84.9	42.9	-8.0	-26.0	-24.6	7.4	-21.4	-23.9	-10.0
or credit lines to enterprises											
Margin on average loans	Next three months	2.2	-6.3	-10.9	-0.9	-18.1	-12.0	-11.9	-17.1	7.3	41.5
Margin on riskier loans	Next three months	47.0	31.9	59.7	31.7	21.0	41.4	32.8	51.6	44.9	54.8
margin on prime borrowers	Next three months	-34.8	-41.6	-22.4	-21.8	-23.7	-40.8	-35.0	-53.1	-24.2	30.7
Non-interest rate charges	Next three months	-8.7	-7.9	-2.2	-3.2	-14.0	-3.8	-1.1	-3.5	0.3	0.0
Size of the loan or credit line	Next three months	20.6	56.9	44.3	25.3	-17.3	18.2	5.9	-29.3	-14.9	6.7
Collateral requirements	Next three months	46.8	68.2	48.9	33.5	5.5	39.7	42.8	21.6	14.1	18.8
Maturity	Next three months	-1.0	36.7	40.7	24.5	-11.4	7.2	-3.2	11.4	-14.1	1.4
Expected demand for loans or credit lines by enterprises(apart from normal seasonal											
Overall	Next three months	43.7	20.7	64.4	11.7	76.4	-83.2	87.5	87.3	93.5	50.6
SMEs	Next three months	41.9	20.2	66.7	18.6	64.5	-87.8	85.0	85.9	84.3	39.2
Large enterprises	Next three months	39.8	35.9	38.5	-4.0	61.9	-75.1	64.2	79.2	86.4	44.0
Short term loans	Next three months	53.0	33.3	80.4	39.7	84.7	-76.0	94.8	95.5	98.3	65.4
Long term loans	Next three months	41.0	16.2	38.0	-0.9	81.4	-76.3	68.6	67.7	89.3	29.4
Default rate on loans to enterprises											
Overall	Next three months	87.8	52.1	15.2	53.6	20.6	56.4	40.0	25.0	-13.5	49.2
SMEs	Next three months	49.5	52.9	21.4	52.5	27.4	58.0	40.1	27.1	-12.1	64.2
Large enterprises	Next three months	68.8	51.6	16.0	50.1	45.9	47.0	29.3	9.2	-21.8	41.1
Short term loans	Next three months	76.8	55.5	15.3	57.9	34.7	45.1	23.7	1.1	-35.7	36.8
Long term loans	Next three months	72.2	52.1	20.4	56.4	35.0	56.0	38.0	28.2	-11.2	51.2
Period		2019/20		2020/21				2021/22			
Part II: Households		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Credit policy as applied to the approval of loans to households and non-enterprises	Past three months	-26.3	85.9	47.9	-13.9	-8.1	-25.7	20.3	-32.1	-27.4	-17.4
	Next three months	40.2	62.8	-4.0	-5.9	-24.0	41.6	-10.0	-48.9	-28.7	11.7
Demand for loans to households and non-enterprises (for purposes of consumer	Next three months	22.6	23.7	67.8	34.2	63.3	-46.1	61.9	86.2	80.4	-1.1
Terms and conditions for approving loans or credit lines to households											
Margin on average loans	Next three months	-21.2	-16.5	-18.0	1.7	-2.5	1.5	3.6	-1.1	-0.7	31.0
Margin on riskier loans	Next three months	42.3	42.0	32.7	32.0	19.8	52.2	32.4	18.8	36.8	48.3
Margin on prime borrowers	Next three months	-31.0	-10.3	-18.4	-13.2	-7.0	-22.6	-2.5	-7.3	-30.3	13.5
Non-interest rate charges	Next three months	-8.8	-2.9	-0.6	-0.6	0.00	-2.0	-0.8	2.6	0.0	0.0
Size of the loan or credit line	Next three months	6.6	40.8	22.7	29.6	9.6	32.0	0.2	-14.7	-8.6	23.1
Collateral requirements	Next three months	-1.6	36.1	27.4	37.6	22.3	41.5	22.4	14.0	9.6	21.4
Maturity	Next three months	-1.5	24.0	-22.2	22.5	15.4	23.3	-8.8	-3.6	-7.5	7.1
Default rate on loans to households	Next three months	79.1	88.4	68.4	67.9	66.2	90.0	23.8	7.1	18.4	64.8
Period		2019/20		2020/21				2021/22			
Part III: Occassional Questions		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Lending rates expectation											
Increae(+)/Decrease(-)	Next three months	-14.4	-57.8	-23.1	-1.9	-2.2	-37.3	2.7	-4.2	0.0	60.9
Percentage change	Next three months	-1.13	-3.05	-0.25	-0.04	0.00	-1.42	0.14	0.08	0.00	0.49

Note: All figures are on a net basis except where stated. Net percentage balances are calculated by the difference between the reported/expected demand/default rate to be higher than over the

Appendix 2: Summary of Bank Lending Survey results-NBFIs

Appendix 2: Non bank Financial Institutions

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.

Part I: Enterprises		**Sep-19**	**Dec-19**	**Mar-20**	**Jun-20**	**Sep-20**	**Dec-20**	**Mar-21**	**Jun-21**	**Sep-21**	**Dec-21**	**Mar-22**	**Jun-22**
Credit policy as applied to the approval of loans or credit lines to enterprises													
Overall	Past three months	4.4	-21.9	25.2	63.1	29.8	64.1	9.4	26.5	71.8	-3.2	-3.2	-6.7
	Next three months	29.8	45.1	66.8	32.3	41.7	70.7	-31.5	100.0	-32.0	-46.7	-46.9	26.8
SMEs	Past three months	12.8	-13.7	53.1	63.1	40.8	64.1	-48.9	26.5	77.9	24.9	22.8	22.1
	Next three months	28.3	62.5	66.1	49.9	41.7	70.7	-2.3	100.0	18.4	-21.7	-5.4	-6.9
Large enterprises	Past three months	11.6	18.4	26.6	43.9	26.2	32.2	36.7	38.6	69.4	28.1	28.2	29.0
	Next three months	-7.1	1.1	38.9	31.9	27.1	46.3	15.3	74.9	18.4	-21.7	-8.7	0.0
Short term loans	Past three months	-3.1	-32.2	24.7	61.5	39.6	64.1	2.5	25.5	69.4	-6.0	14.2	27.0
	Next three months	7.3	25.5	44.6	25.0	30.9	70.7	-19.8	71.6	-35.0	-46.7	-8.7	0.0
Long term loans	Past three months	-4.4	17.3	25.9	56.7	16.4	33.6	38.5	33.0	69.4	21.7	20.8	31.0
	Next three months	-20.3	29.8	38.2	44.0	27.1	46.3	-22.0	74.9	-32.0	-23.3	3.3	2.0
Credit policy as applied to the approval of loans or credit lines to enterprises to different sectors													
Agriculture (Crops, Livestock, Poultry), Fishing & Forestry	Past three months	-19.9	12.4	-0.2	46.3	-4.7	-19.2	2.5	-11.0	28.1	19.0	31.5	31.0
Mining and Quarrying	Past three months	3.1	0.0	0.0	12.0	27.5	-15.4	6.0	0.0	16.0	20.2	28.2	29.0
Manufacturing	Past three months	0.0	0.0	0.7	17.6	27.5	0.6	35.1	-12.1	16.0	21.7	31.5	27.0
Trade	Past three months	-3.1	13.5	5.1	27.6	47.5	45.3	67.7	-7.8	66.4	2.7	7.5	-6.7
Transport and Communication	Past three months	-1.6	1.1	5.1	62.3	34.1	13.4	38.5	52.8	69.4	27.7	-1.2	1.4
Electricity and Water	Past three months	0.0	0.0	0.0	12.0	19.1	-31.9	0.0	-15.3	16.0	-3.2	31.5	27.0
Building, Mortgage, Construction and Real Estate	Past three months	9.2	-23.0	4.4	62.3	34.1	14.8	9.4	-7.6	31.1	19.0	38.3	31.0
Business Services	Past three months	0.0	0.0	25.9	63.1	34.1	14.8	9.4	52.8	69.4	21.7	-9.9	-6.7
Community, Social & Other Services	Past three months	-8.0	-23.0	3.9	55.5	50.1	39.2	67.7	51.8	91.5	21.7	-1.2	-2.6
Personal Loans and Household Loans	Past three months	-11.1	-23.0	4.4	57.5	-2.3	-11.6	-26.6	4.5	31.1	19.0	31.5	27.0
Terms and conditions for approving loans or credit lines to enterprises													
Margin on average loans	Next three months	11.5	-20.5	22.8	-38.7	-41.8	-2.5	-13.8	-21.1	-22.3	-10.2	0.0	0.0
Margin on riskier loans	Next three months	11.1	25.5	23.3	42.3	43.0	50.3	20.6	43.8	18.9	21.7	12.0	6.1
margin on prime borrowers	Next three months	-17.5	-30.4	-17.5	-45.5	-41.8	-3.8	15.3	-20.1	-25.3	17.5	-8.7	0.0
Non-interest rate charges	Next three months	-8.4	-17.4	4.8	-39.5	-41.8	22.5	44.5	14.5	16.0	-7.5	16.3	0.0
Size of the loan or credit line	Next three months	0.8	1.2	31.7	57.5	36.4	26.4	-10.3	50.0	54.2	17.5	-16.3	0.0
Collateral requirements	Next three months	-8.4	-14.6	-1.1	39.5	37.6	22.6	18.8	17.7	18.9	21.7	3.3	6.1
Maturity	Next three months	0.0	18.5	32.2	40.3	29.8	11.4	44.5	53.3	54.2	19.0	3.3	2.0
Demand for loans or credit lines by enterprises(apart from normal seasonal fluctuations)?													
Overall	Next three months	67.9	-28.7	-98.6	29.8	27.2	40.7	70.9	-62.5	91.0	94.1	91.3	-10.8
SMEs	Next three months	67.9	-28.7	-98.6	29.8	27.2	14.4	70.9	-62.5	66.6	69.1	58.5	27.0
Large enterprises	Next three months	4.7	15.9	-65.3	-1.0	2.7	-40.1	33.9	-38.4	54.2	69.1	58.5	22.9
Short term loans	Next three months	65.6	-12.3	-98.6	29.8	27.2	39.4	98.2	-2.8	91.0	69.1	58.5	-10.8
Long term loans	Next three months	9.0	15.9	-66.0	79.6	18.7	-17.5	33.9	-38.4	68.9	69.1	58.5	22.9
Default rate on loans to enterprises													
Overall	Next three months	-58.8	24.0	100.0	76.0	87.3	100.0	-7.3	100.0	-50.6	-91.4	-79.2	22.1
SMEs	Next three months	-58.4	24.0	100.0	76.0	87.3	100.0	-7.3	49.8	-50.6	-66.5	-46.5	-11.6
Large enterprises	Next three months	-26.6	-18.8	67.5	69.2	72.7	68.1	-44.2	74.9	-50.6	-69.2	-49.8	-17.7
Short term loans	Next three months	-63.2	24.0	99.3	76.0	81.9	92.3	51.0	100.0	-50.6	-91.4	-82.5	16.0
Long term loans	Next three months	-27.7	40.6	71.4	57.2	73.9	69.5	21.8	74.9	-50.6	-66.5	-46.5	-15.7

Period		**Sep-19**	**Dec-19**	**Mar-20**	**Jun-20**	**Sep-20**	**Dec-20**	**Mar-21**	**Jun-21**	**Sep-21**	**Dec-21**	**Mar-22**	**Jun-22**
Part II: Households													
Credit policy as applied to the approval of loans to households and non-enterprises	Past three months	-5.0	-25.9	21.5	51.1	50.7	-15.4	-0.9	2.4	28.1	46.7	3.3	2.0
	Next three months	-23.0	-18.7	45.8	44.4	50.9	-4.2	1.1	32.8	-12.2	-10.7	0.0	0.0
Demand for loans to households and non-enterprises (for purposes of consumer credit)	Next three months	67.8	-3.6	-44.8	76.4	13.7	-28.7	39.9	-38.4	33.5	69.1	41.1	27.3
Terms and conditions for approving loans or credit lines to households													
Margin on average loans	Next three months	3.8	-33.9	1.8	-34.2	-36.4	0.0	18.8	14.5	16.0	-10.2	0.0	0.0
Margin on riskier loans	Next three months	11.9	-21.7	23.3	-27.9	37.6	46.5	20.6	17.7	21.4	23.7	5.3	6.1
Margin on prime borrowers	Next three months	3.8	-30.4	0.6	-28.3	-41.8	-3.8	15.3	14.5	13.0	17.5	0.0	0.0
Non-interest rate charges	Next three months	-8.0	0.0	10.7	-34.2	36.4	0.0	18.8	14.5	16.0	17.5	16.3	0.0
Size of the loan or credit line	Next three months	0.0	4.1	10.7	-42.3	0.0	0.0	18.8	17.7	16.0	20.2	-16.3	0.0
Collateral requirements	Next three months	-8.0	3.0	32.2	-30.3	36.4	18.8	18.8	14.5	16.0	21.7	3.3	2.0
Maturity	Next three months	0.0	0.0	32.2	-11.6	-36.4	-18.8	18.8	21.0	16.0	20.2	0.0	0.0
Default rate on loans to households	Next three months	-20.8	-28.8	67.3	17.7	50.7	69.5	-7.4	73.9	-45.0	-66.3	-41.1	-18.8

(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
(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 len

APPENDIX 3: 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 considers 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 (March-May 2022), 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, 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:

-100 0 +100

← Eased / Decreased   Tightened / Increased →