National Bank of Ukraine

Bank Lending Survey

Q1 2019

Expectations for the next 12 months[1]

The banks expected that lending and funding growth would persist into 2019. A total of 74% of all respondents (with a 41% balance of responses[2]) expected an increase in corporate loans, and 62% (54% balance) projected growth in loans to households. The banks hoped that the quality of corporate and household loans would improve (34% and 30% of the respondents respectively). Some 66% (51%) of the banks expected household deposits to grow. These were the most optimistic expectations in the history of the survey. Meanwhile, 67% (39%) of the respondents expected an increase in corporate deposits.

Demand

Demand for corporate loans grew in Q4 2018 overall, with 49% (24%) of the respondents reporting it. Short-term and hryvnia corporate loans were in the highest demand. Banks believed that demand was mainly fueled by businesses' greater need to replenish their working capital, invest, and restructure debt.

According to 44% (27%) of the respondents, household demand for consumer loans increased, driven by improved consumer sentiment and higher spending on durable goods. At the same time, alternative sources of financing had no impact on household demand for loans, unlike before. 89% banks reported declined or unchanged demand for mortgages. According to the respondents, this was due to availability of loans from other banks.

The banks expected an increase in demand for corporate and consumer loans in Q1 2019, the balances of responses being 13% and 14% respectively. Corporate demand was expected to grow most of all for loans to SMEs (with the balance of responses at 31%). The respondents did not expect major change in demand for mortgages.

According to 23% of the banks, businesses remained highly leveraged in Q4. Of all respondents, 38% referred to the leverage of large businesses as being significant. According to 85% of the banks, the debt burden on SMEs was either low or moderate. Debt burden on households was rated as above average by 15% of the respondents.

Lending Conditions

In Q4 2018, banks have tightened the standards for approving corporate loan applications. This was especially true of loans to large companies and long-term loans. The respondents named worsened expectations, mostly regarding exchange rate and economic growth, as the reason behind it. For the first time in four quarters, the banks have tightened their standards for SMEs, with the balance of responses at 9%. This was due to deteriorated exchange rate expectations and increased collateral risk. The banks intended to slightly ease internal requirements for business lending, mainly SME lending, in Q1 2019.

The banks have been decreasing the approval rate of corporate loan applications for two quarters in a row, while also tightening price and non-price lending terms. Among such terms, increase in interest rates was the main one.

Requirements to borrowers in the consumer lending segment saw no change. In the mortgage segment, 92% of the surveyed banks maintained the same standards for corporate lending. In Q1 2019, the surveyed banks expect a slight tightening in mortgage lending standards and practically no change in consumer lending standards.

The approval rate for consumer loan applications increased in Q4 2018. This was reported by 23% of the respondents (11% balance). However, there was no change in approval rates for mortgage applications (89% of the respondents). About a quarter of the banks reported tighter policy on issuing both the consumer and mortgage loans driven by higher interest rates.

Risks

In large banks estimations, the credit risk grew in Q4 2018, with a 25% balance of responses. In contrasts, interest rate, foreign exchange, and liquidity risks decreased (with balances of responses being (-10%), (-6%), and (-3%) respectively). Operational risk did not change for most of the banks. In Q1 2019, the banks expected credit, foreign exchange, interest rate, and operational risks to grow, and liquidity risk to decrease. They also projected rate risk to remain unchanged.

[1] For the information on the survey, see page 11.

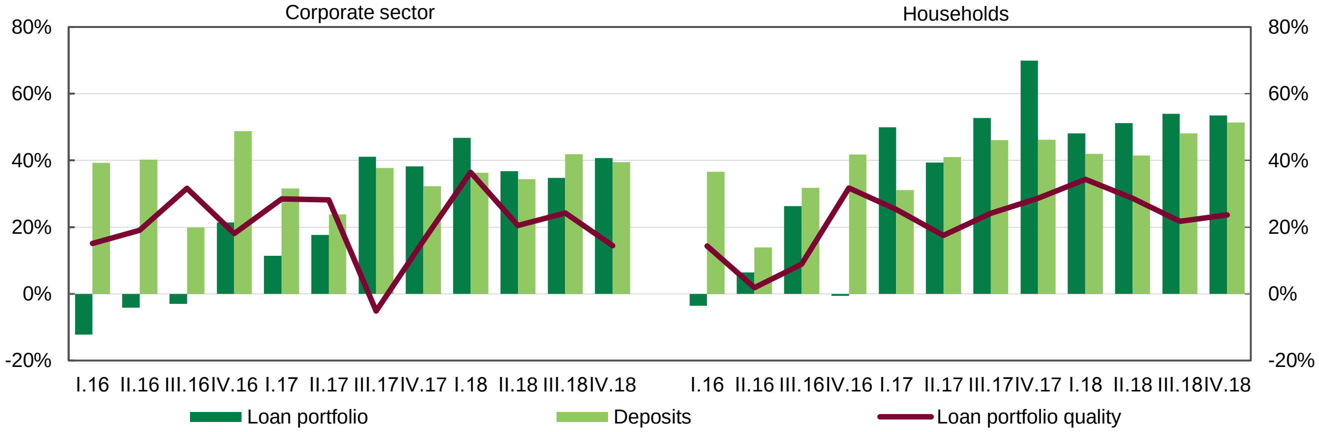
[2] Here and below the respondents' replies are given non-weighted, with one bank equaling one response. The balances of responses are given in brackets (for more details on the methodology, see page 7).

Expectations for the next 12 months

The banks expected that lending and funding growth would persist into 2019. The respondents have been upbeat about retail lending and corporate lending since Q2 2016 and Q4 2016, respectively. Moreover, the banks have been more optimistic regarding retail lending over the last two years, reflecting its faster increase compared to corporate lending. However, 74% (41%) of the surveyed banks projected growth in corporate lending.

A total of 34% respondents (mostly, large banks) expected an improvement in the quality of the corporate loan portfolio, with 30% expecting an improvement in the household loan portfolio. However, most banks expect no changes. Near two thirds of the respondents expected the inflow of retail deposits and corporate funds to continue in 2019. The balances of responses accounted for 39% and 51% respectively. The projected inflow of household deposits is the highest one in the survey's history (see Figure 1).

Figure 1. Expectations of changes in key bank indicators over the next 12 months (balance of responses*)



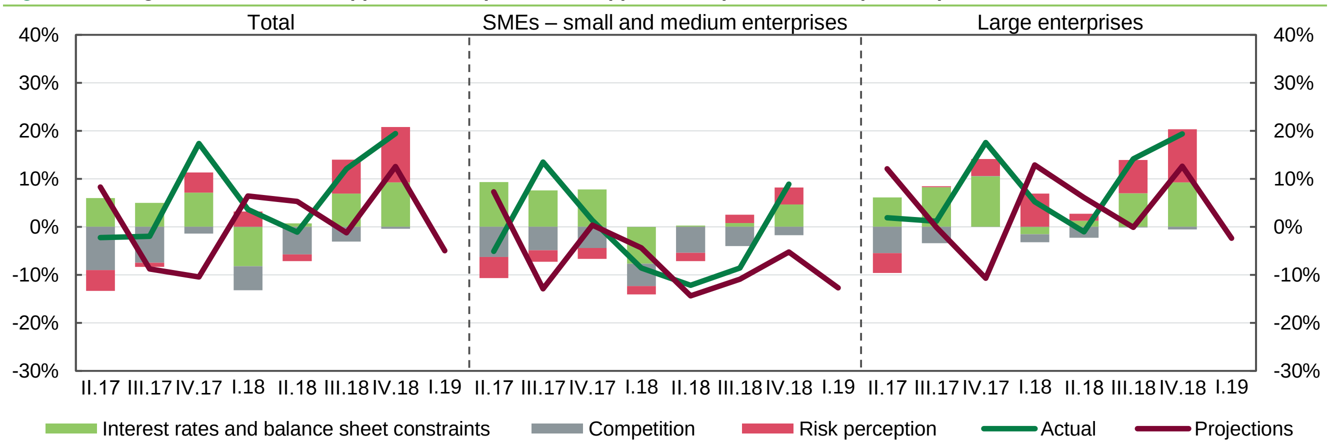
* A positive balance of responses indicates expectations of growth for the respective indicator.

Corporate lending

In Q4 2018, 29% of all respondents said they had marginally increased their internal requirements to corporate borrowers (lending standards), with the balance of responses being 19%. Standards of lending to large enterprises have been tightening for two consecutive quarters (in Q3–Q4 2018, the balance of responses accounted for 14% and 19% respectively), driven primarily by deteriorating expectations, in particular exchange rate and economic growth expectations, increased collateral risk, and decrease in capital.

During this survey, the banks reported a tightening of standards for small- and medium-sized enterprises (SMEs), for the first time in four quarters, with the balance of responses being 9%. According to the respondents, the main drivers were deteriorated exchange rate expectations and increased collateral risk. Yet, stronger competition with other banks remained a driver of an easing in requirements to borrowers (Figure 2).

Figure 2. Changes in standards for approval of corporate loan applications (balance of responses*)



Note: The lines represent actual values and projections, with the factors that prompted the change in the indicator shown in the columns. *Interest rates and balance sheet constraints* are the non-weighted mean of the bank's capitalization and the bank's liquidity position; *Competition* is the non-weighted mean of competition with other banks and competition with non-banks; *Risk perception* is the non-weighted mean of such factors, as expectations of overall economic activity, expectations of the development of industry or an enterprise, inflation expectations, exchange rate expectations, and collateral risk.

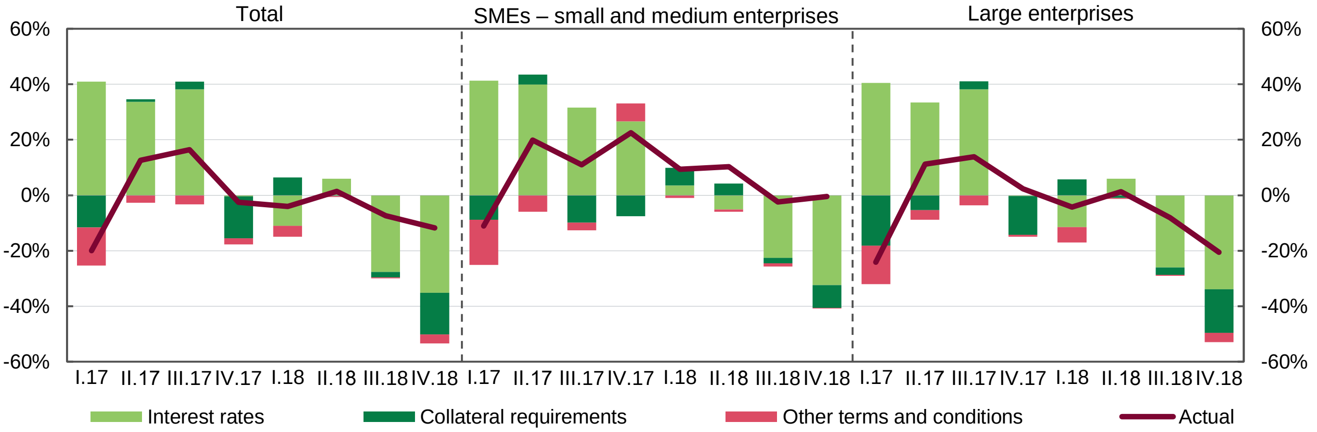
* A positive balance indicates a tightening of standards for approval of loan applications.

In Q4 2018, the banks tightened their application approval criteria for short-term and, especially, long-term loans in hryvnia and foreign currency. The criteria for the long-term loans have been tightening since the beginning of the survey (for more details, see Section III of the Annex to this survey).

The respondents believed that the corporate lending standards would somewhat ease in Q1 2019. An easing in requirements to borrowers was planned mostly by large banks, however, 64% of the respondents did not intend to change their lending standards at all. The largest easing was expected in requirements to loans to SMEs and short-term loans, with the balance of responses being (-13%) and (-9%) respectively. Virtually no changes were expected in approval of applications for long-term, hryvnia and foreign currency, loans.

The rate of approved applications for corporate loans has been decreasing for two quarters in a row, with the balance of responses at (-12%). Most frequently, banks decreased the approval rate for loan applications for long-term and foreign currency loans to large enterprises while tightening price and non-price lending terms. Among such terms, increase in interest rates has been the dominant one for two quarters in a row. There was no change in approval rates for loan applications by SMEs (Figure 3).

Figure 3. Change in approval rates for corporate loan application (balance of responses*)



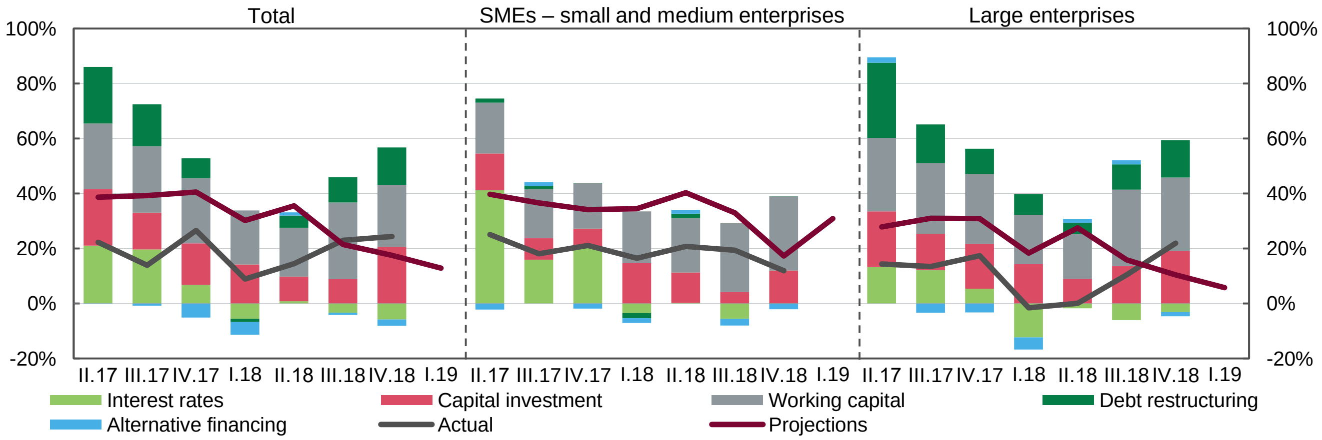
Note: The line represents actual values and projections, with the factors that prompted the change in the indicator shown in the columns.
Interest rates mean the interest rates; *Collateral requirements* mean the collateral requirements; *Other terms and conditions* are the non-weighted mean of the following factors: change in non-interest payments, volume of a loan or a line of credit, loan agreement-related restrictions for borrowers, and loan term.
* A positive balance of responses indicates an increase in the approval rate for loan applications.

Demand for corporate loan increased in Q4 2018. This was stated by 49% of the surveyed banks, with the balance of responses being 24%. These were both loans to SMEs and loans to large companies (Figure 4).

The banks reported the largest increase in demand for short-term and hryvnia loans. According to the respondents, the need for working capital, investment funds, or restructuring funds were the main drivers of the increase. The respondents noted that loans from other banks and higher interest rates held back the increase in demand for corporate loans (Section III of the Annex).

The banks expected demand for all types of corporate loans to grow further in Q1 2019. Corporate demand was expected to rise most of all for loans to SMEs (with the balance of responses at 31%), as well as for hryvnia and short-term loans (the balances of responses being 17% each).

Figure 4. Change in corporate demand for loans (balance of responses*)

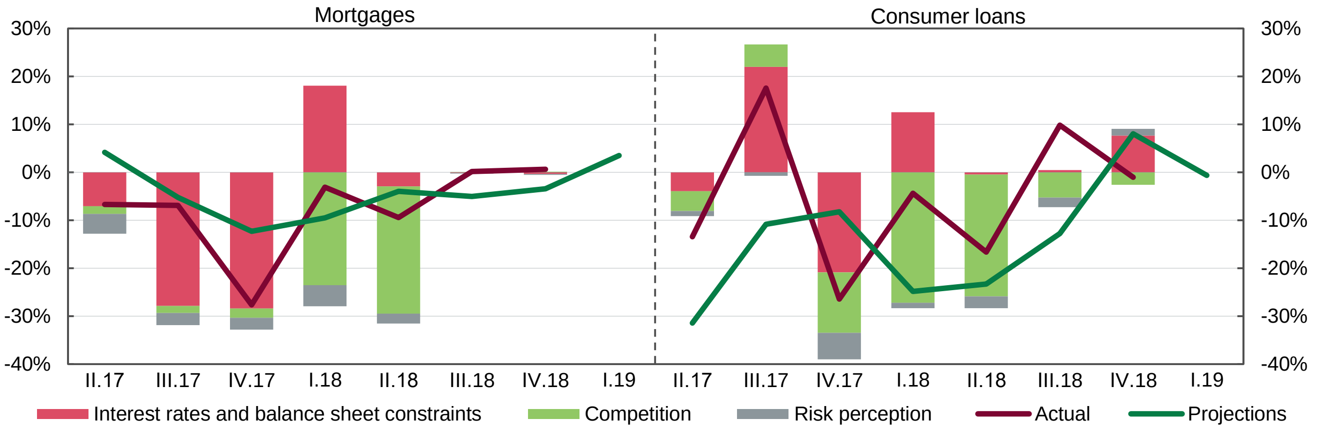


Note: The lines represent actual values and projections, with the factors that prompted the change in the indicator shown in the columns.
Interest rates mean the change in interest rates; *Capital investment* means the need for capital investment; *Working capital* means the need for working capital; *Debt restructuring* means the debt restructuring; *Alternative financing* is the non-weighted mean of the following factors: internal financing, loans from other banks, and asset sales.
*A positive balance of responses indicates an increase in demand.

Lending to households

Lending standards for households did not change in Q4 2018. Some banks reported a tightening of internal lending requirements and underwriting criteria for consumer loans. The main factors were higher cost of funding, balance sheet constraints, and a falling expectations regarding general economic activity, reported for the first time since Q3 2015. However, the impact of these factors was offset by the respondents that eased the consumer lending standards due to competition with other banks and improved repayment ability of consumers. In the mortgage segment, 92% of the surveyed banks reported unchanged lending standards (Figure 5). The surveyed banks expected a slight tightening in mortgage lending standards (23% of the respondents) and practically no change in consumer lending standards (70% of the respondents) in Q1 2019.

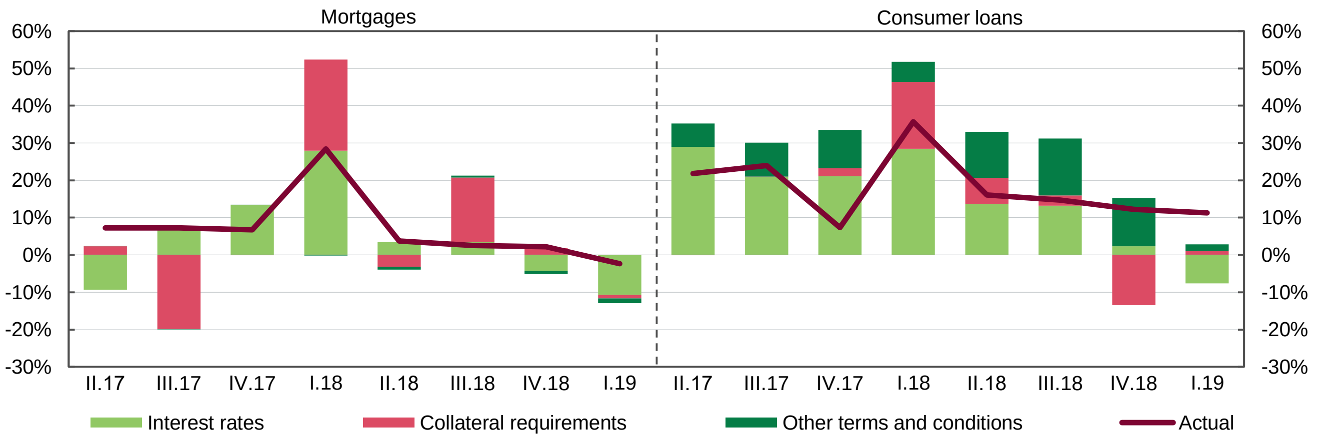
Figure 5. Changes in the criteria for approving retail loan applications (balance of responses*)



Note: The lines represent actual values and projections, with the factors that prompted the change in the indicator shown in the columns.
Interest rates and balance sheet constraints mean the interest rates and balance sheet constraints factor; *Competition* is the non-weighted mean of the competition with other banks and competition with non-banks factors; *Risk perception* is the non-weighted mean of the following factors: expectations of overall economic activity, inflation expectations, exchange rate expectations and expectations on the real estate market (for mortgages); expectations of borrower solvency, and collateral risk (for consumer loans).
* A positive balance indicates a tightening of standards for approval of loan applications.

In Q4, the approval rate for consumer lending increased somewhat: 23% of respondents reported approving more applications, the balance of responses being 11%. This trend has persisted since Q2 2016. At the same time, the approval rate for mortgages remained unchanged according to 89% if respondents. However, this trend has reversed: for the first time since Q3 2016, the balance of responses became negative (-2%). About a quarter of the banks reported tightening their pricing policy on both the consumer loans and mortgages because of higher interest rates (Figure 6).

Figure 6. Change in the number of approved household loan applications (balance of responses*)

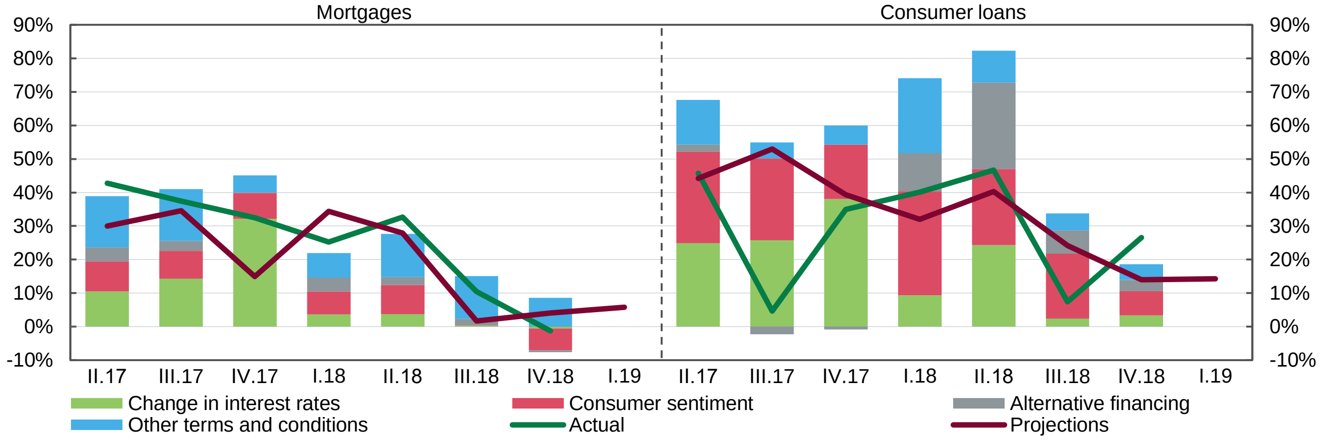


Note: The line represents actual values and projections, with the factors that prompted the change in the indicator shown in the columns.
Interest rates mean the loan rates factor; *Collateral requirements* mean the collateral requirements factor; *Other terms and conditions* are defined as the non-weighted mean of the following factors: loan term, change in non-interest payments, and the loan-to-value ratio (LTV) (for mortgages) and loan size (for consumer loans).
* A positive balance of responses indicates an increase in the number of approved loan applications.

A total of 44% of respondents reported higher demand for consumer loans (the balance of responses being 27%). This trend has persisted since Q3 2015. For the first time since Q2 2016, respondents reported an increase in demand for mortgages (89% of respondents, the balance of responses being (-1%) respectively). Improved consumer sentiment and higher spending on durable goods were cited as the main drivers of the demand for consumer loans. This marked a reversal of the trend – in the previous quarters, the banks had reported availability of credit from other banks to be the main driver. According to the polled banks, decreased demand for mortgages was attributed to improved access for household to recourses in other banks (Figure 7 and Section IV of the Annex).

The banks expected an insignificant increase in demand for consumer loans and mortgages in Q1, continuing the three-year growth trend.

Figure 7. Change in household demand for loans (balance of responses*)

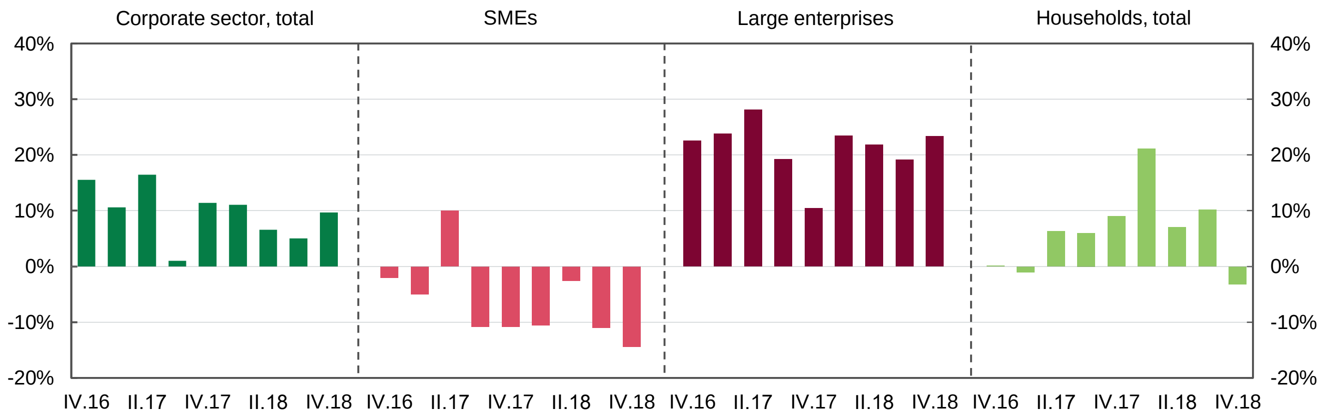


Note: The lines represent actual values and projections, with the factors that prompted the change in the indicator shown in the columns. *Change in interest rates* means the change in interest rates factor; *Consumer sentiment* means the consumer sentiment factor; *Alternative financing* is the non-weighted mean of the households' savings and loans from other banks factors; *Other terms and conditions* (for mortgage loans) mean the development prospects of the real estate market factor; other terms and conditions (for consumer loans) are defined as the non-weighted mean of the following factors: spending on durable goods and purchase of foreign currency.
*A positive balance of responses indicates an increase in demand.

Assessment of the debt burden

In Q4, almost a quarter of the respondents assessed the corporate sector debt burden as being high. 38% of banks said large enterprises were highly leveraged, with a 23% balance of responses. According to 85% of respondents, the debt burden on SMEs was either low or moderate. The balance of responses was (-14%), the lowest reading since the survey began. The debt burden of households continues to decrease. Over 85% of the banks saw it as low or average (Figure 8). For the first time since Q1 2017, the balance of responses turned negative.

Figure 8. Assessment of the current debt burden (balance of responses*)

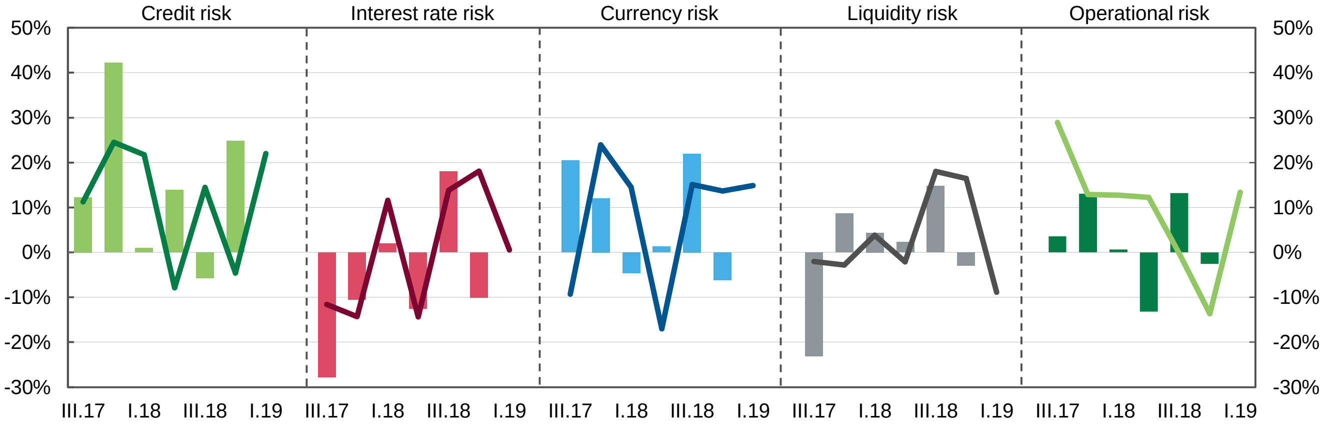


* Higher values for the balance of responses correlate with higher debt loads. A positive value indicates a high debt load, while a negative value indicates a lower debt load.

Risk assessment

The surveyed banks reported that all risks except for credit risk decreased or remained unchanged in Q4. Responses of large banks pushed assessment of credit risk higher (the balance of responses being 25%) and liquidity risks lower (with balances of responses being (-10%), (-6%), and (-3%) respectively). Meanwhile, the liquidity risk declined for the first time in five years. 80% of respondents reported that operational risk has been unchanged. The banks expected an increase in credit, FX, and operational risks in Q1 2019, with 22%, 15%, and 13% response balances, respectively. At the same time, liquidity risk was expected to decrease and interest rate risk to remain unchanged (Figure 9).

Figure 9. Change in banks' risks (balance of responses*)



The columns represent quarterly data, with the lines showing expectations for the next quarter.
*A positive balance of responses indicates an increase in risks.

Annex: Survey Findings

Each respondent bank was represented by a credit manager who filled out an electronic questionnaire. The questionnaire included three types of questions:

- questions with open responses (without multiple choice);
- multiple choice questions;
- multiple choice questions where responses are presented on an ordinal scale.

For questions where responses were on an ordinal scale (e.g., from "significantly increased" to "significantly decreased"), the indicator "balance of responses" was calculated (BR). For the purposes of the survey, the terms used shall have the following meaning:

- lending standards are the internal regulations and criteria governing the lending policies of a bank;
- lending conditions are the lending terms and conditions agreed on between a bank and a borrower.

The questionnaire covers changes in the past three months and expected changes over the next three months (i.e. for the quarter following the reporting quarter).

To calculate aggregated results for all banks, each response is assigned a score based on the respondent's answers and their weight in the total sample. The scores are presented on a range from -1 to 1 depending on the direction of indicator change. Responses indicating a significant change of the indicator are assigned a higher score than responses reflecting an insignificant change. The response "grew considerably" will have a score of 1, and the response "grew slightly" – a score of 0.5. Each score is weighted on the share of the respective respondent in the total sample depending on its share in assets or its loan portfolio of corporate sector/households of this sample. The summary score for all banks is the BR that can also be interpreted as the difference between the weighted share of respondents reporting an "increase" of a certain index, and the weighted share of respondents reporting a "decrease" of the index. The BR can vary within the range of ± 100. A positive balance indicates that respondents generally assess/expect a change in the index (of the standards of loan applications approval/loan applications approval rate/demand for loans/risks, etc.) towards an increase/strengthening compared with the previous quarter/next quarter. Detailed information about how to interpret the balance of responses to each question is provided in the notes to the relevant Figures.

For the questionnaire's data in Excel, please, refer to the official website of the National Bank of Ukraine at:

https://bank.gov.ua/control/en/publish/category?cat_id=20741795

Table 1. **Survey Findings**

Balance of responses	2016				2017				2018			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
1	2	3	4	5	6	7	8	9	10	11	12	13
I. Expectations for the next 12 months: key indicators												
How, in your opinion, will the following corporate readings change at your bank over the next 12 months?												
Loan portfolio	-12.2	-4.2	-3.0	21.4	11.4	17.6	41.1	38.2	46.8	36.7	34.8	40.7
Deposits	39.3	40.2	19.8	48.8	31.6	23.8	37.7	32.3	36.3	34.4	41.9	39.4
Loan Portfolio Quality	15.1	19.1	31.6	18.0	28.4	28.2	-5.1	16.0	36.4	20.5	24.2	14.4
How, in your opinion, will the following retail readings change at your bank over the next 12 months?												
Loan portfolio	-3.6	6.4	26.3	-0.6	49.9	39.4	52.7	70.0	48.1	51.2	54.0	53.5
Deposits	36.6	13.9	31.7	41.7	31.1	41.0	46.1	46.2	42.0	41.5	48.1	51.4
Loan Portfolio Quality	14.4	1.8	8.8	31.7	25.3	17.5	24.1	28.7	34.3	28.6	21.8	23.7
II. Risk assessment												
How did the risks for your banks change within the last quarter?												
Credit risk	14.5	20.0	2.2	18.3	28.4	24.0	12.2	42.2	1.0	13.9	-5.8	24.9
Interest rate risk	-7.1	-18.1	-8.3	9.2	-20.0	-12.0	-27.8	-10.5	1.9	-12.5	18.1	-10.1
Currency risk	-2.8	-14.7	-10.7	22.2	24.0	-15.2	20.5	12.1	-4.6	1.3	22.0	-6.1
Liquidity risk	-10.4	-5.7	-8.0	15.2	-30.3	2.8	-23.1	8.6	4.3	2.3	14.8	-3.0
Operational risk	3.9	10.9	10.2	16.3	14.6	33.5	3.6	13.0	0.6	-13.2	13.2	-2.6
What changes do you expect in the risks for your bank over the next quarter?												
Credit risk	10.9	19.4	11.3	8.1	6.3	11.3	24.5	21.7	-7.9	14.5	-4.6	22.0
Interest rate risk	-10.4	-1.0	-9.3	-9.1	-7.9	-11.6	-14.3	11.6	-14.3	13.8	18.1	0.6
Currency risk	5.3	20.3	7.7	-3.6	-8.4	-9.3	23.9	14.5	-17.0	15.1	13.7	14.9
Liquidity risk	-8.4	-1.9	-4.9	-0.8	10.4	-2.0	-2.8	3.9	-2.1	18.0	16.4	-8.8
Operational risk	18.1	17.0	8.7	8.3	12.1	28.9	12.9	12.7	12.3	-0.2	-13.6	13.4
III. Corporate Loans												
How did the standards for approval of corporate loan applications change within the last quarter?												
Total	-0.9	7.1	0.0	2.0	33.4	-2.2	-1.9	17.4	3.7	-1.1	12.1	19.4
Loans to SMEs	-3.9	-1.8	-9.5	-1.1	16.5	-5.1	13.5	1.4	-8.6	-12.2	-8.5	8.9
Loans to large enterprises	11.0	12.2	10.7	3.9	35.9	1.9	1.2	17.5	5.3	-1.0	14.2	19.4
Short-term loans	-3.6	5.8	7.4	-0.1	21.7	-3.9	-2.6	16.8	-2.1	-3.1	3.1	12.4

1	2	3	4	5	6	7	8	9	10	11	12	13
Long-term loans	16.5	4.1	2.0	3.5	38.2	6.1	11.6	20.2	4.9	1.2	12.5	20.5
Loans in domestic currency	-9.0	-2.9	-1.3	-0.4	17.3	-3.8	-2.6	16.7	-3.0	0.3	6.0	18.2
Loans in foreign currency	39.6	8.1	12.0	4.5	32.9	6.8	13.3	20.7	-0.7	-0.7	6.6	16.1
What was the impact of the factors listed below on changes in standards for approval of corporate loan applications within the last quarter?												
Bank's capitalization	6.5	6.4	1.6	0.3	6.4	12.4	11.6	12.4	-7.1	1.1	0.8	12.8
Bank's liquidity position	-7.1	-0.9	-8.4	-1.0	5.9	-0.4	-1.6	1.9	-9.3	0.4	13.1	5.7
Competition with other banks	-10.9	-1.0	-10.1	-12.6	-11.2	-17.9	-15.3	-3.1	-10.3	-11.9	-6.5	-0.8
Competition with non-bank institutions	-1.1	3.2	0.0	0.0	0.1	0.0	0.4	0.4	0.4	0.4	0.4	0.0
Expectations of general economic activity	3.8	9.9	0.1	-4.6	-3.4	-13.3	1.5	4.9	-5.3	-0.2	1.8	15.5
Inflation expectations	20.8	7.9	2.7	-1.0	-3.2	-1.2	-0.9	6.6	8.9	-1.3	4.8	9.3
Exchange rate expectations	26.9	11.1	4.4	6.1	8.1	8.4	4.8	9.7	11.0	1.9	13.4	16.7
Expectations of industry or a specific enterprise development	-7.6	7.7	2.5	-8.0	-5.7	-12.4	-6.6	3.3	0.6	-9.2	7.0	2.9
Collateral risk	14.3	13.5	5.9	13.5	8.1	-3.1	-3.0	-3.3	0.9	2.0	8.2	13.4
What changes do you expect in the standards for approval of corporate loan applications over the next quarter?												
Total	4.1	-10.4	-4.5	-24.5	8.3	-8.8	-10.4	6.4	5.3	-1.3	12.5	-5.0
Loans to SMEs	-15.7	-19.8	-13.2	-13.2	7.3	-12.9	0.4	-4.4	-14.4	-10.9	-5.2	-12.7
Loans to large enterprises	9.9	-5.1	2.5	-12.5	12.1	-0.1	-10.7	12.9	6.1	-0.1	12.6	-2.3
Short-term loans	-10.3	-22.0	-5.9	-23.7	13.5	-4.4	-16.4	3.5	-13.5	-3.2	8.0	-8.6
Long-term loans	13.6	-1.6	7.6	-8.4	21.7	-6.0	-9.3	15.3	8.2	2.9	16.0	1.9
Loans in domestic currency	-6.2	-11.8	-12.2	-24.7	7.1	-9.1	-15.0	4.7	-12.1	-2.1	13.1	0.3
Loans in foreign currency	12.1	2.3	4.4	-9.0	25.9	1.8	-1.7	16.0	7.9	2.6	7.4	-2.7
How did the approval rate of corporate loan applications change within the past quarter?												
Total	6.3	-6.3	8.3	12.1	-20.0	12.6	16.4	-2.5	-4.1	1.3	-7.3	-11.7
Loans to SMEs	-6.8	-6.4	18.5	7.3	-11.1	19.9	10.9	22.5	9.4	10.3	-2.5	-0.5
Loans to large enterprises	6.6	-8.4	-1.2	-3.3	-24.2	11.3	13.9	2.3	-4.3	1.2	-8.1	-20.6
Short-term loans	0.7	-5.6	8.3	11.3	-18.7	13.3	17.3	-1.6	2.8	2.7	-11.0	-6.4
Long-term loans	-5.5	-0.7	-1.0	-9.7	-24.5	9.8	7.2	-6.0	1.1	-0.7	-11.7	-19.9
Loans in domestic currency	6.6	2.3	15.6	11.2	-13.9	18.5	17.4	3.9	3.3	2.3	-13.8	-5.8
Loans in foreign currency	-9.2	-2.2	-3.1	-9.7	-24.5	2.3	0.6	-6.2	1.2	1.2	-4.5	-15.4
How did price and non-price terms of corporate loans change within the past quarter?												
Total												
Interest rates (increase – stricter conditions	-25.7	-22.3	-31.7	-16.7	-40.9	-33.6	-38.3	0.4	11.1	-6.0	27.7	35.2
Changes in non-interest rate payments	4.6	2.9	7.7	-1.4	-0.2	-1.4	-7.1	0.1	-0.1	0.0	0.4	0.0
Loan or facility amount	3.1	1.1	0.3	6.8	25.8	-3.3	-0.1	5.2	4.1	-2.4	-1.0	1.6
Collateral eligibility requirements	8.3	8.5	16.0	11.7	11.6	-1.0	-2.7	15.1	-6.4	0.3	2.0	15.0
Restrictions imposed by the loan agreement on the borrower	15.3	9.4	13.3	17.3	26.3	23.7	19.4	3.1	12.0	3.5	1.0	10.2
Loan maturity	8.7	7.2	7.0	6.9	2.9	-8.1	0.9	0.8	-0.6	0.2	0.9	1.4
Small- and medium-sized enterprises (SMEs)												
Interest rates (increase – stricter conditions	-19.1	-25.5	-18.3	-13.2	-41.3	-39.9	-31.6	-26.6	-3.5	5.1	22.6	32.4
Changes in non-interest rate	3.7	3.2	7.8	-1.4	-0.2	5.3	-1.1	-6.5	-2.4	0.0	0.5	0.0
Loan or facility amount	5.3	-1.8	-3.7	-3.0	22.8	3.0	0.0	-18.9	-5.1	0.0	7.9	0.2
Collateral eligibility requirements	18.9	9.9	5.4	4.4	8.8	-3.6	9.9	7.6	-6.4	-4.2	2.0	8.1
Restrictions imposed by the loan agreement on the borrower	14.8	8.9	9.6	15.9	40.6	17.7	11.3	5.2	12.1	3.6	-4.6	0.8
Loan maturity	8.9	3.5	3.5	3.6	2.0	-1.9	0.9	-5.7	-0.6	0.1	0.6	0.1
Large enterprises												
Interest rates (increase – stricter conditions	-30.9	-15.3	-31.6	-17.7	-40.5	-33.4	-38.2	0.3	11.5	-5.9	26.0	33.9
Changes in non-interest rate	4.8	3.2	1.5	0.3	-0.2	-1.4	-7.1	0.1	0.0	0.0	0.5	0.0
Loan or facility amount	3.5	1.6	0.3	7.0	26.2	-3.0	-0.1	5.3	4.2	-2.5	-1.0	1.6
Collateral eligibility requirements	8.2	8.3	25.8	11.6	18.2	5.4	-2.9	13.9	-5.7	1.0	2.6	15.8
Restrictions imposed by the loan agreement on the borrower	15.3	9.5	13.3	17.2	26.4	24.1	19.4	3.1	18.7	3.5	1.0	10.3
Loan maturity	8.8	7.4	9.2	6.9	2.9	-6.3	2.4	-5.6	-0.6	0.2	0.9	1.4
How the corporate sector's demand changed within the last quarter, disregarding the seasonal changes?												
Total	25.0	11.3	23.3	17.6	8.8	22.4	13.9	26.6	9.0	14.5	23.1	24.4
Loans to SMEs	28.7	23.3	24.4	16.9	16.9	25.1	18.2	21.2	16.5	20.8	19.4	11.9

1	2	3	4	5	6	7	8	9	10	11	12	13
Loans to large enterprises	18.1	8.6	12.2	3.7	5.4	14.4	13.5	17.4	-1.5	0.1	10.4	22.0
Short-term loans	17.7	10.4	18.2	16.7	4.0	22.4	14.9	24.4	4.5	16.4	23.3	23.1
Long-term loans	7.2	1.5	7.2	-1.8	17.0	12.8	10.8	20.5	12.7	9.7	10.3	22.4
Loans in domestic currency	25.5	11.3	22.2	18.3	10.2	22.4	13.9	26.2	5.5	11.8	23.9	23.3
Loans in foreign currency	-19.9	11.5	2.3	-2.6	-3.4	1.4	2.4	12.8	7.0	8.4	7.8	3.6
What was the impact of the factors listed below on changes in corporate demand for loans within the last quarter?												
Interest rates	15.2	25.7	18.0	14.9	15.7	21.1	19.7	6.8	-5.5	0.8	-3.4	-5.7
Capital investment needs	14.0	8.3	5.9	8.9	8.3	20.6	13.4	15.1	14.2	9.0	8.8	20.6
Working capital needs	36.7	22.5	25.6	17.1	17.4	23.8	24.2	23.8	19.7	17.8	27.9	22.7
Debt restructuring	24.9	12.9	20.3	16.3	17.3	20.6	15.2	7.2	-1.2	4.3	9.2	13.6
Internal financing	2.3	4.1	6.6	8.9	3.8	8.2	-4.4	-5.6	-2.9	9.1	5.4	-1.1
Loans from other banks	-6.0	-8.9	-7.5	1.1	-12.8	-10.0	2.2	-9.7	-10.9	-5.5	-7.5	-5.8
Assets sale	2.1	1.9	1.7	1.8	1.6	1.5	0.0	0.0	0.0	0.0	0.0	0.0
How will the corporate demand for loans change over the next quarter, disregarding the seasonal changes, in your opinion?												
Total	44.4	29.9	20.0	31.6	38.8	39.3	40.6	30.2	35.5	21.5	17.6	12.9
Loans to SMEs	38.5	29.6	26.3	21.0	39.8	36.7	34.2	34.5	40.3	33.0	17.3	31.0
Loans to large enterprises	45.6	23.2	13.1	18.2	27.9	31.0	30.9	18.4	27.6	15.9	10.5	5.8
Short-term loans	45.5	31.9	27.6	30.6	32.3	41.7	41.8	26.4	37.4	21.7	18.1	17.3
Long-term loans	20.0	10.2	2.0	9.5	28.4	34.0	27.6	20.1	25.6	6.5	7.4	9.4
Loans in domestic currency	48.0	33.4	29.8	33.9	40.8	41.1	39.4	33.1	37.5	21.7	18.1	17.2
Loans in foreign currency	-11.9	-1.1	-1.8	-3.0	11.0	16.2	19.1	-2.2	14.8	4.1	1.8	6.5
How do you assess corporates' leverage in the past quarter?												
Total	—	—	13.5	15.5	10.6	16.5	1.0	11.4	11.0	6.6	5.0	9.7
SMEs	—	—	-4.1	-2.1	-4.9	10.0	-10.8	-10.9	-10.6	-2.5	-11.1	-14.4
Large enterprises	—	—	25.7	22.5	23.8	28.1	19.2	10.5	23.5	21.9	19.2	23.3
IV. Loans to households												
How did the standards for approval of retail loan applications changed within the last quarter?												
Mortgages	0.2	-0.5	0.1	-20.5	-7.0	-6.7	-6.9	-27.6	-3.1	-9.5	0.1	0.6
Consumer loans	-8.1	-10.8	-17.4	-4.6	-24.3	-13.5	17.6	-26.4	-4.4	-16.6	9.8	-1.1
What was the impact of the factors listed below on changes in standards for approval of retail loan applications within the last quarter?												
Cost of funding and balance sheet restrictions	—	-7.4	-8.2	-4.4	-9.2	-4.2	-22.5	-19.5	-1.5	-0.8	0.0	5.8
Competition with other banks	—	-9.8	-19.9	-29.1	-10.6	-10.3	-15.5	-17.3	-33.4	-22.0	-10.5	-3.8
Competition with non-bank institutions	—	0.0	0.0	-4.9	-0.3	-3.7	-4.0	-4.1	-18.0	0.3	0.0	-1.2
Expectations of general economic activity	—	-13.7	-17.4	-1.2	-16.8	-4.7	-12.2	-13.1	-14.7	-7.5	-5.4	8.5
Inflation expectations	—	-6.7	-8.2	2.2	-0.1	-1.9	-6.0	-3.9	-8.6	-2.0	-1.6	-0.1
Exchange rate expectations	—	-3.3	-5.0	2.8	0.1	0.4	-6.0	-2.0	0.1	0.7	1.1	1.4
Real estate market expectations	—	-2.9	-2.5	0.1	-3.9	-4.0	-1.9	0.0	-4.5	-1.9	-0.2	-0.1
Borrowers' solvency expectations	—	-8.1	-9.5	-3.0	-5.8	-7.8	-2.9	-14.1	6.4	2.1	-4.4	-3.0
What changes do you expect in the standards for approval of retail loan applications over the next quarter?												
Mortgages	-2.2	-3.3	12.3	-5.7	4.1	-5.2	-12.3	-9.5	-4.0	-5.1	-3.4	3.4
Consumer loans	-19.7	-18.1	-18.3	-13.9	-31.5	-10.8	-8.3	-24.9	-23.3	-12.8	8.0	-0.6
How did the rate of approval of retail loan applications change within the past quarter?												
Mortgages	-0.1	0.0	14.4	21.7	7.3	7.3	6.8	28.4	3.8	2.5	2.2	-2.3
Consumer loans	-2.0	10.2	19.3	6.0	21.8	23.9	7.3	35.7	16.1	14.7	12.2	11.3
How did price and non-price terms of retail loan change within the past quarter?												
Mortgages												
Interest rates on loans	-2.5	-13.8	-2.6	-24.8	9.3	-7.5	-13.4	-28.0	-3.5	-3.5	4.3	10.7
Collateral eligibility requirements	0.1	-0.5	0.0	0.0	-2.3	19.8	0.1	-24.4	3.2	-17.2	-1.8	1.0
Loan maturity	0.1	0.1	-0.1	0.1	0.0	0.0	-0.1	0.4	0.3	0.0	0.0	-0.3
Changes in non-interest rate payments	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	2.2	0.0	3.1	3.2
Loan-to-value ratio (LTV)	0.4	-0.5	-4.1	0.0	0.0	0.2	0.1	0.0	-0.3	-1.7	-0.6	1.0
Consumer loans												
Interest rates on loans	-6.0	-6.3	-4.7	-12.8	-29.0	-20.9	-21.1	-28.5	-13.7	-13.2	-2.3	7.6
Collateral eligibility requirements	0.1	0.0	0.0	0.0	0.0	-0.1	-2.2	-17.9	-6.9	-2.8	13.5	-1.0
Loan maturity	-2.7	-14.2	-9.7	-14.0	-6.5	-7.7	-3.1	-3.5	-12.5	-8.3	-32.8	-1.6
Changes in non-interest rate payments	3.0	-2.9	0.8	-3.1	-3.0	-1.1	-5.4	-3.7	-5.2	-1.5	-9.7	1.0
Loan amount	-15.4	-15.6	-24.3	-11.4	-9.3	-18.3	-22.4	-9.1	-19.5	-35.9	3.8	-4.8

1	2	3	4	5	6	7	8	9	10	11	12	13
How did the households' demand for loans change in the past quarter (not seasonally adjusted)?												
Mortgages	-0.4	14.3	16.9	24.7	15.3	42.8	37.4	32.4	25.2	32.7	10.5	-1.2
Consumer loans	20.2	25.7	15.3	22.4	21.7	45.7	4.6	35.0	40.1	46.7	7.4	26.6
What was the impact of the factors listed below on changes in households' demand for loans in the past quarter?												
Mortgages												
Interest rates	0.0	11.2	2.8	24.8	24.5	10.5	14.3	32.1	3.6	3.7	0.3	-0.5
Real estate market outlook	0.0	0.5	2.7	3.0	12.4	15.2	15.4	5.1	7.4	12.9	12.7	8.6
Consumer confidence	-13.0	0.4	2.7	2.8	6.0	8.9	8.4	7.8	6.8	8.8	0.1	-6.5
Households savings	-12.5	-2.9	0.1	3.1	5.3	7.6	3.2	3.6	6.9	7.0	3.9	6.8
Loans from other banks	0.1	0.0	2.5	0.4	9.0	0.9	2.7	-3.4	1.3	-2.4	0.0	-8.0
Consumer loans												
Interest rates	-7.1	8.9	5.0	9.0	24.0	24.9	25.8	38.1	9.3	24.3	2.3	3.4
Consumer confidence	12.2	8.7	13.8	19.1	13.4	27.2	24.3	16.2	31.0	22.7	19.4	7.2
Spending on durable goods	23.6	13.1	1.5	12.9	19.2	17.5	10.5	12.1	31.6	14.1	9.6	5.9
FX purchase	10.9	8.4	3.3	-2.5	2.0	9.2	-0.9	-0.9	13.4	5.0	0.5	3.4
Households savings	3.6	3.7	1.5	18.9	6.4	5.8	4.6	-0.3	32.1	22.4	1.9	5.8
Loans from other banks	0.0	0.2	1.1	2.5	11.7	-1.6	-9.2	-1.4	-9.4	29.1	12.0	0.8
How will the households' demand for loans change over the next quarter (not seasonally adjusted), in your opinion?												
Mortgages	10.9	6.5	3.9	7.9	30.0	34.6	14.9	34.3	27.9	1.6	4.0	5.8
Consumer loans	21.1	31.4	25.4	23.2	44.2	52.9	39.3	32.0	40.3	24.2	14.0	14.3
How do you assess debt burden on households in the past quarter?												
Total	—	—	2.9	0.1	-1.0	6.3	6.0	9.0	21.1	7.0	10.2	-3.2

Information about Survey

The Ukrainian Bank Lending Survey is an analytical report on the survey of banks compiled by the National Bank of Ukraine on a quarterly basis. The survey aims to promote better understanding of lending market conditions and trends by the central bank and other banking sector stakeholders. It provides general estimates and forecasts of changes in lending standards and conditions for the corporate sector and households, as well as fluctuations in demand for borrowing funds, etc.

This survey assesses the state of the credit market in Q4 2018, and gives respondents' expectations for Q1 2019. This survey of credit managers from 61 banks was conducted between 18 December 2018 and 10 January 2019. All those contacted provided answers to the survey. These banks account for 96% of the banking system's total assets. The survey results reflect the views of respondents, and are not necessarily the assessments or forecasts of the National Bank of Ukraine.

This report, questionnaires and additional background information are available on the official website of the National Bank of Ukraine at: https://bank.gov.ua/control/en/publish/category?cat_id=20741795

The next Bank Lending Survey on expectations of lending conditions for Q2 2019 will be published in April 2019.