National Bank of Ukraine

Bank Lending Survey

Q2 2019

Expectations for the next 12 months[1]

Banks expected lending to pick up and deposits to flow in. Of all respondents, 76%[2] projected the corporate loan portfolio to grow, while 74% expected retail loans to grow. Financial institutions also expected the quality of corporate and retail loans to improve.

For the third consecutive quarter, banks were optimistic about the growth of funding from households. 66% of respondents expected an inflow of deposits, the highest indicator since the bank lending survey had been first held. Meanwhile, 72% of respondents expected an increase in corporate deposits.

Demand

In Q1, demand for corporate loans grew (according to 40% of respondents). The majority of banks (54%) expected no change in demand in the coming three months. For the first time this year, demand for long-term loans exceeded demand for short-term loans, while loans to large enterprises were more popular than those to SMEs. According to banks, this is because of the needs of large businesses for working capital and investment funds.

Household demand for consumer loans increased according to 37% of respondents, mostly banks with large retail loan portfolios. Improved consumer sentiment and higher spending on durable goods were cited as the main drivers of the demand. 90% of surveyed banks reported a decrease in or no change in demand for mortgages. The respondents noted no significant change in the demand drivers.

Financial institutions expect an increase in demand for corporate and consumer loans in Q2. According to their projections, demand from businesses will mostly grow for short-term loans. Large banks mainly expect stronger demand for mortgages.

According to 27% of banks, businesses continued to be highly leveraged in Q1. Of all respondents, 49% referred to the debt burden of large businesses as significant, while 88% believed the debt burden on SMEs was either low or moderate. At the same time, households saw their debt burden reduce further; only 9% of respondents viewed their debt levels as above average.

Lending Conditions

In Q1, banks mostly kept corporate lending standards unchanged. Only 17% of banks with small corporate portfolios reported tightening of their borrower requirements. However, lending standards for SMEs were eased from the previous quarter. The easing was driven by greater competition among banks and economic optimism overall and for individual industries and enterprises. For Q2, financial institutions had no plans to ease lending standards for businesses.

In Q1, 85% of respondents said the number of approved corporate loan applications was unchanged. At the same time, for the third consecutive quarter, banks pointed to stickier price conditions for lending, particularly higher interest rates.

In the mortgage segment, 97% of the surveyed banks maintained the same standards for corporate lending. However, consumer lending standards eased. Respondents expected those trends to persist in Q2.

The approval rate for consumer loan applications increased in Q1 2019 as reported by 26% of surveyed banks. However, the approval rates of mortgage applications remained practically unchanged for the fifth consecutive quarter (as reported by 94% of respondents in Q1). Some banks reported that because of increased interest rates, they had tightened their policy on issuing consumer loans and mortgages.

Risks

According to large banks, the overall risk level decreased in Q1. For the second consecutive quarter, liquidity risk eased the most. Operational, currency, and interest rate risks decreased at a slower pace. Large banks reported a decrease in credit risk. Credit risk and currency risk were expected to decrease further in Q2, while other risks were expected to remain unchanged, according to respondents.

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

[2] Here and below, replies from respondents are not weighted; one bank equals one response.

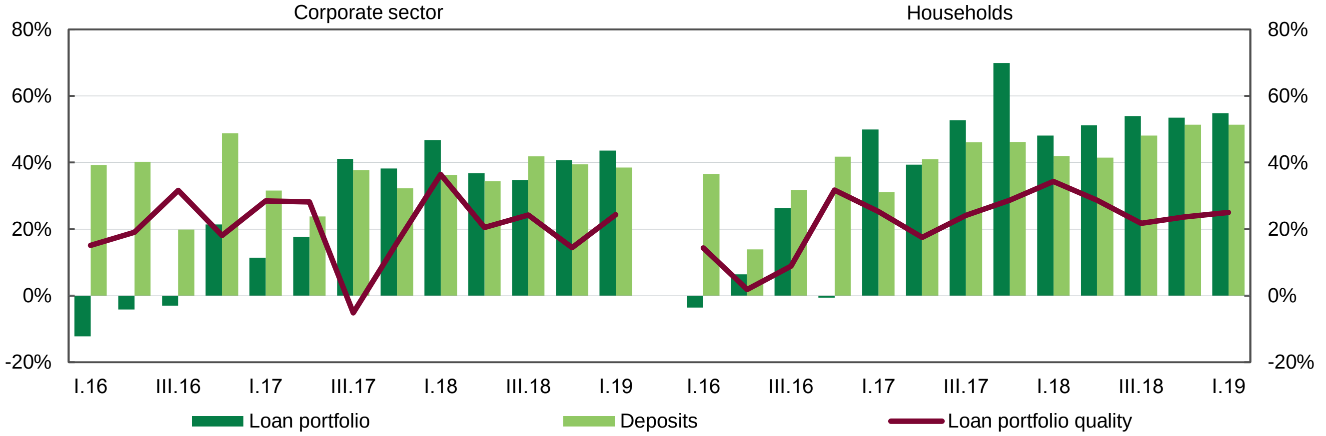
Expectations for the next 12 months

In Q1, expectations remained optimistic: banks expected lending and funding to grow. That trend has persisted for retail lending since Q2 2016 and for corporate lending since Q4 2016. Expectations for retail lending were considerably more optimistic, reflecting the segment's faster growth as compared to corporate lending. However, 76% of respondents (balance of responses – 44%[3]) expected their own corporate loan portfolios to grow.

Large banks mostly expected the quality of corporate and household credit portfolios to improve (26% of respondents). However, most respondents projected no change.

Two-thirds of respondents expected inflows of retail and corporate deposits to continue in the following 12 months. The balance of responses were 51% and 39%, respectively. For the second consecutive quarter, projections for household deposit inflows reached their highest mark since the start of the survey (see Figure 1).

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



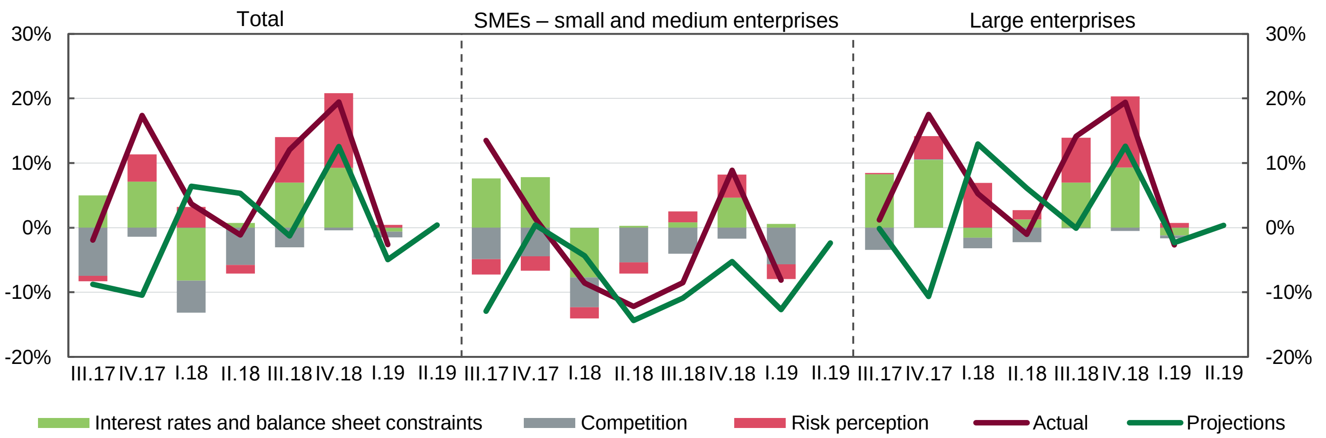
* A positive balance of responses indicates expectations of growth for the respective indicator.

Corporate lending

The current survey showed no change in internal bank requirements to corporate borrowers (lending standards). Only 17% of respondents, mostly banks with small corporate portfolios, reported an increase in lending standards. They also strengthened their requirements on long-term and foreign currency loans (18% and 24% of respondents, respectively).

Requirements on SME borrowers were eased from the previous quarter (balance of responses fell from 9% to (-8%)). The easing was driven by greater competition among banks and economic optimism overall and for individual industries and enterprises. Most banks (83%) kept lending standards unchanged for loans to large enterprises (see Figure 2).

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



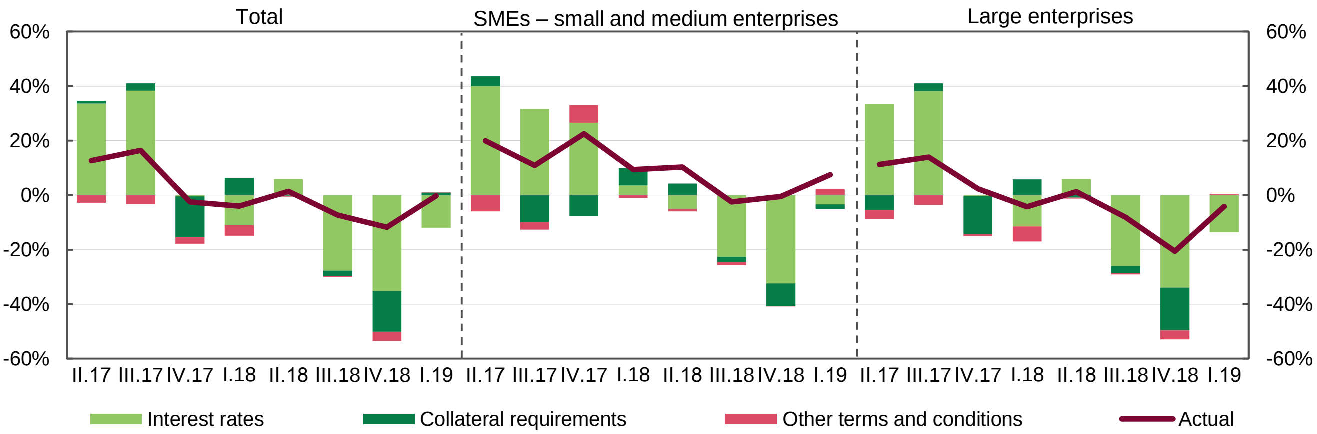
Note: The lines represent actual values and projections, with the factors that prompted the change in the indicator shown in the columns. *Interest rates and balance sheet constraints* are the non-weighted mean of the bank's capitalization and the bank's liquidity position; *Competition* is the non-weighted 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.

[3] The balance of responses (for more details on methodology, see page 7).

Respondents' expectations were quite similar to the Q1 results. Banks generally believed lending standards would remain unchanged in Q2, although 17% of respondents – banks with small corporate loan portfolios – intended to tighten corporate lending requirements. According to bankers, lending standards for short-term loans, hryvnia denominated loans, and loans to SMEs might marginally ease. Nearly a quarter of banks want to slightly increase requirements on foreign currency loans (detailed information is available in Section III of the Appendix to this report).

In Q1, 85% of respondents said the level of approval for corporate loan applications was unchanged. Over the past year, banks have been reluctant while approving loan applications for large enterprises; the balance of responses remained negative (-4%). In contrast to large borrowers, SMEs reversed from descending trend in loan approvals to growth (balance of responses at 8%). Despite some minor fluctuations in corporate loan approval rates, for the third consecutive quarter, banks pointed to tighter price conditions for lending, particularly higher interest rates (see 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.

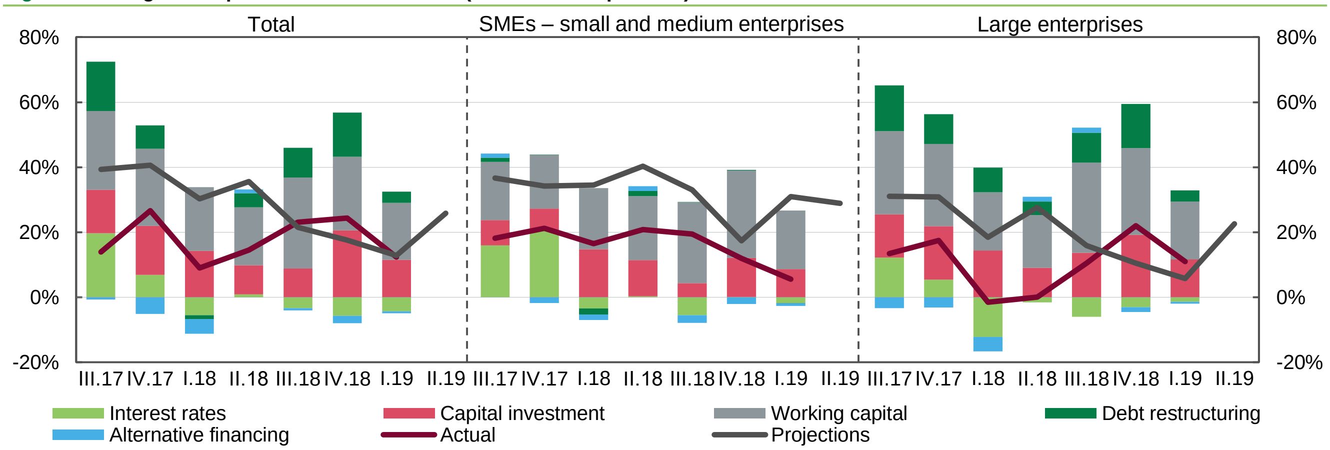
Demand for corporate loans increased in Q1 2019. 40% of surveyed banks reported this trend, with a 12% balance of responses. These were both loans to SMEs and loans to large companies (see Figure 4).

The trend for loan demand from SMEs draws attention. Over the last three months, the balance of responses has dropped by 15 pp. According to respondents, loans from rival banks and higher interest rates were the main drivers.

According to financial institutions, the highest growth in demand was seen for long-term loans and loans to large enterprises. Respondents said working capital needs and investment needs were the main drivers of demand (Section III of the Appendix).

Banks expected demand for all types of corporate loans to grow further in Q2. Corporate demand is expected to rise most for short-term loans (31% balance of responses), loans to SMEs (29%), and for hryvnia loans (24%).

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

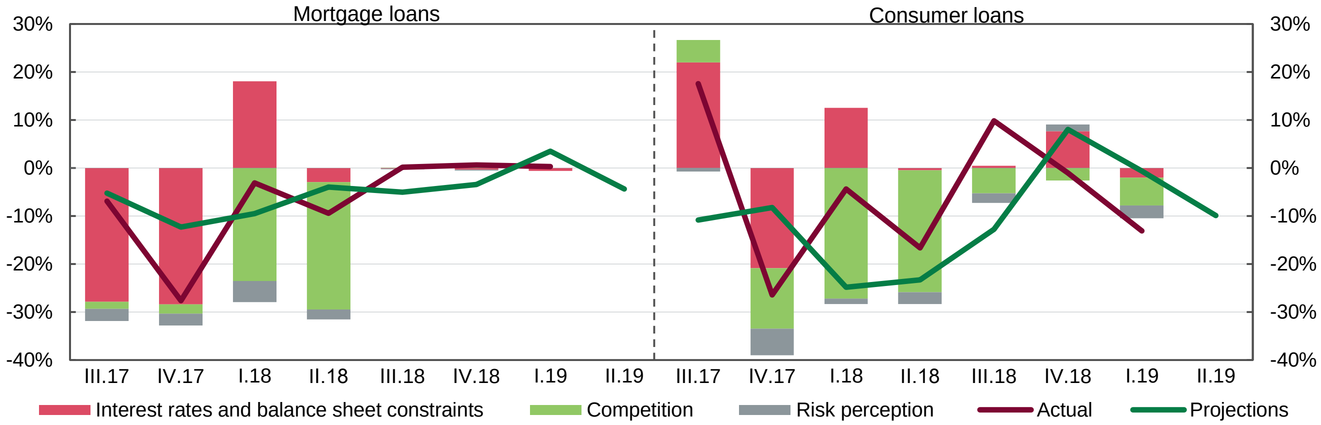


Note: The lines represent actual values and projections, with the factors that prompted the change in the indicator shown in the columns.
Interest rates mean the change in interest rates; *Capital investment* means the need for capital investment; *Working capital* means the need for working capital; *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.

Loans to households

In Q1, standards for households lending were eased for consumer loans and remained unchanged for mortgages. One-fourth of banks reported an easing of internal lending requirements and underwriting criteria for consumer loans. The key drivers behind the easing included greater competition from other banks and nonbank financial institutions, a positive outlook for economic growth, and a greater ability to pay by consumers. In the mortgage segment, 97% of surveyed banks reported unchanged lending standards. That trend was observed for the third consecutive quarter (see Figure 5). Respondents expected a marginal easing in requirements for consumer loans (21% of respondents) and practically no change in mortgage lending requirements (84% of respondents) in Q2 2019.

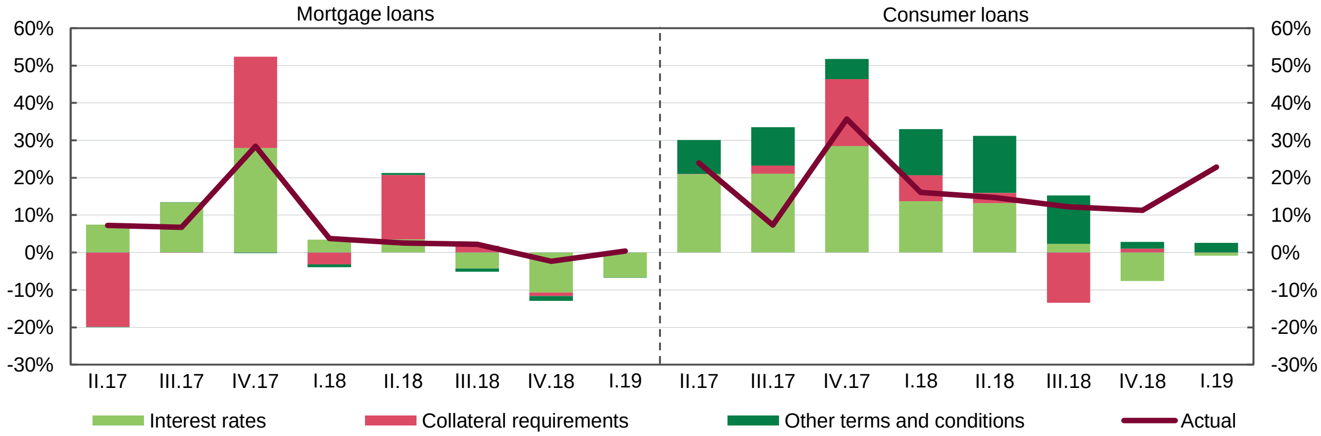
Figure 5. Changes in the criteria for approving retail loan applications (balance of responses*)



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.

This survey showed that the approval rate for consumer lending increased: 26% of respondents reported approving more applications (23% balance of responses). That trend has persisted since Q3 2015. At the same time, the approval rate for mortgage applications remained practically unchanged (according to 94% of respondents in Q1). Some banks reported tighter pricing policy on 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*)



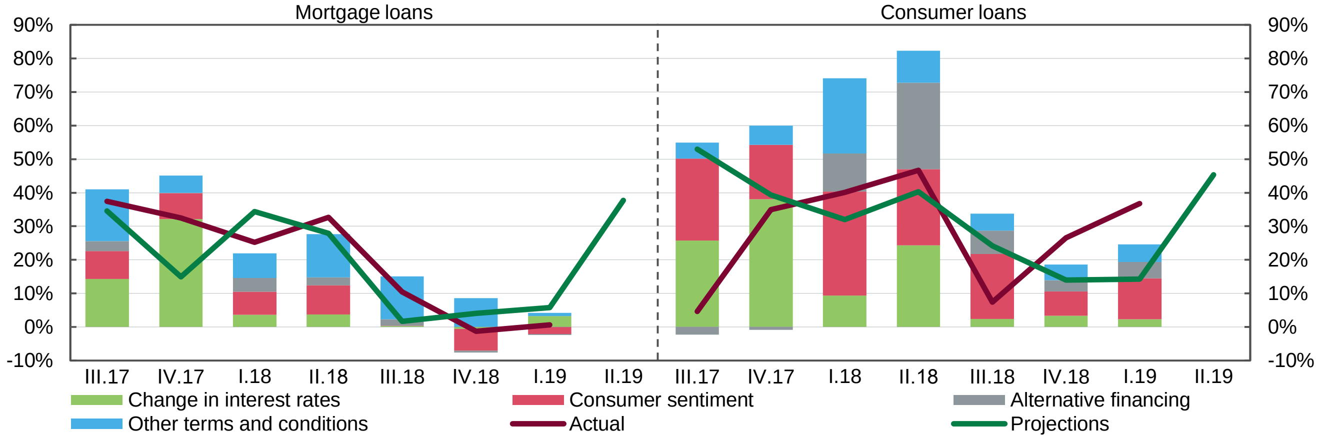
Note: The line represents actual values and projections, with the factors that prompted the change in the indicator shown in the columns.
Interest rates mean the loan rates factor; *Collateral requirements* mean the collateral requirements factor; *Other terms and conditions* are defined as the non-weighted 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.

37% of respondents reported higher demand for consumer loans. This was especially visible at banks with large portfolios of retail loans. The growth in demand for consumer loans has continued since Q3 2015. On the other hand, for the second consecutive quarter, banks reported no change in demand for mortgage loans (84% of respondents).

Improved consumer sentiment and higher spending on durable goods were cited as the main drivers of demand for consumer loans. According to the surveyed banks, none of the drivers of demand for mortgages has changed substantially over Q1 (see Figure 7 and Section IV of the Appendix).

Banks expected demand for consumer and mortgage loans to grow insignificantly in Q2, continuing the nearly four-year growth trend.

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



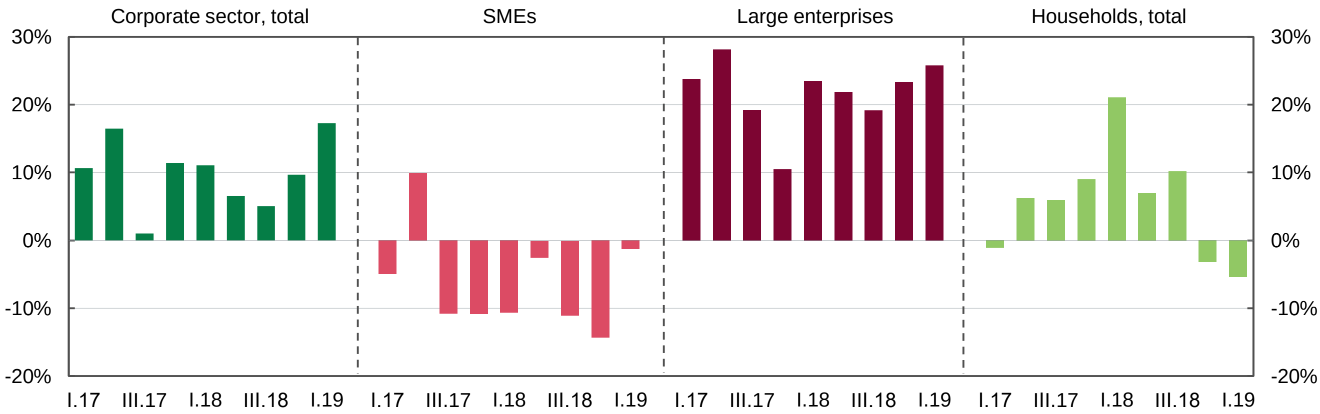
Note: The lines represent actual values and projections, with the factors that prompted the change in the indicator shown in the columns.
Change in interest rates means the change in interest rates factor; *Consumer sentiment* means the consumer sentiment factor; *Alternative financing* is the non-weighted 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 Q1, 27% of respondents assessed corporate sector leverage as significant. The balance of responses for that question (17%) reached the highest level since the surveys began. 49% of banks said large enterprises were highly leveraged (26% balance of responses). According to 88% of respondents, the debt burden on SMEs was either low or moderate.

The debt burden of households continued to decrease. Some 91% of banks viewed it as low or average (see Figure 8). The balance of responses was negative for the second consecutive quarter.

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

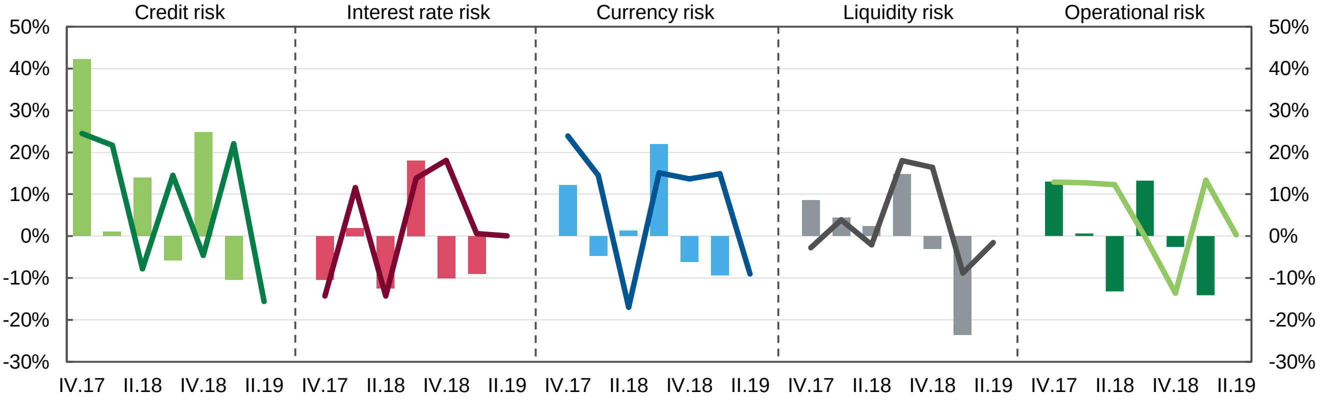


* Higher values for the balance of responses correlate with higher debt loads. A positive value indicates a high debt load, while a negative value indicates a lower debt load.

Risk assessment

According to banks, all risks decreased. Positive responses from large banks contributed most to that assessment. For the second straight quarter, liquidity risk decreased the most (-23%). For the second straight quarter, operational, currency, and interest rate risks decreased, although at a slower pace (with balances of responses at (-14%), (-9%), and (-9%), respectively). Large banks reported a decrease in credit risk, which reduced the general balance to (-10%). However, 30% of respondents reported an increase in this risk. Banks expected their credit and currency risks to decrease in Q2 (balances of responses of (-16%) and (-9%), respectively). At the same time, respondents expected other risks to remain unchanged (see 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				2019
	II	III	IV	I	II	III	IV	I	II	III	IV	I
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	-4.2	-3.0	21.4	11.4	17.6	41.1	38.2	46.8	36.7	34.8	40.7	43.6
Deposits	40.2	19.8	48.8	31.6	23.8	37.7	32.3	36.3	34.4	41.9	39.4	38.5
Loan Portfolio Quality	19.1	31.6	18.0	28.4	28.2	-5.1	16.0	36.4	20.5	24.2	14.4	24.3
How, in your opinion, will the following retail readings change at your bank over the next 12 months?												
Loan portfolio	6.4	26.3	-0.6	49.9	39.4	52.7	70.0	48.1	51.2	54.0	53.5	54.8
Deposits	13.9	31.7	41.7	31.1	41.0	46.1	46.2	42.0	41.5	48.1	51.4	51.4
Loan Portfolio Quality	1.8	8.8	31.7	25.3	17.5	24.1	28.7	34.3	28.6	21.8	23.7	25.0
II. Risk assessment												
How did the risks for your banks change within the last quarter?												
Credit risk	20.0	2.2	18.3	28.4	24.0	12.2	42.2	1.0	13.9	-5.8	24.9	-10.4
Interest rate risk	-18.1	-8.3	9.2	-20.0	-12.0	-27.8	-10.5	1.9	-12.5	18.1	-10.1	-9.0
Currency risk	-14.7	-10.7	22.2	24.0	-15.2	20.5	12.1	-4.6	1.3	22.0	-6.1	-9.4
Liquidity risk	-5.7	-8.0	15.2	-30.3	2.8	-23.1	8.6	4.3	2.3	14.8	-3.0	-23.5
Operational risk	10.9	10.2	16.3	14.6	33.5	3.6	13.0	0.6	-13.2	13.2	-2.6	-14.1
What changes do you expect in the risks for your bank over the next quarter?												
Credit risk	19.4	11.3	8.1	6.3	11.3	24.5	21.7	-7.9	14.5	-4.6	22.0	-15.6
Interest rate risk	-1.0	-9.3	-9.1	-7.9	-11.6	-14.3	11.6	-14.3	13.8	18.1	0.6	0.0
Currency risk	20.3	7.7	-3.6	-8.4	-9.3	23.9	14.5	-17.0	15.1	13.7	14.9	-9.0
Liquidity risk	-1.9	-4.9	-0.8	10.4	-2.0	-2.8	3.9	-2.1	18.0	16.4	-8.8	-1.5
Operational risk	17.0	8.7	8.3	12.1	28.9	12.9	12.7	12.3	-0.2	-13.6	13.4	0.3
III. Corporate Loans												
How did the standards for approval of corporate loan applications change within the last quarter?												
Total	7.1	0.0	2.0	33.4	-2.2	-1.9	17.4	3.7	-1.1	12.1	19.4	-2.6
Loans to SMEs	-1.8	-9.5	-1.1	16.5	-5.1	13.5	1.4	-8.6	-12.2	-8.5	8.9	-8.1
Loans to large enterprises	12.2	10.7	3.9	35.9	1.9	1.2	17.5	5.3	-1.0	14.2	19.4	-2.7
Short-term loans	5.8	7.4	-0.1	21.7	-3.9	-2.6	16.8	-2.1	-3.1	3.1	12.4	-5.2

1	2	3	4	5	6	7	8	9	10	11	12	13
Long-term loans	4.1	2.0	3.5	38.2	6.1	11.6	20.2	4.9	1.2	12.5	20.5	-2.5
Loans in domestic currency	-2.9	-1.3	-0.4	17.3	-3.8	-2.6	16.7	-3.0	0.3	6.0	18.2	-3.9
Loans in foreign currency	8.1	12.0	4.5	32.9	6.8	13.3	20.7	-0.7	-0.7	6.6	16.1	0.7
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	6.4	1.6	0.3	6.4	12.4	11.6	12.4	-7.1	1.1	0.8	12.8	0.1
Bank’s liquidity position	-0.9	-8.4	-1.0	5.9	-0.4	-1.6	1.9	-9.3	0.4	13.1	5.7	-1.3
Competition with other banks	-1.0	-10.1	-12.6	-11.2	-17.9	-15.3	-3.1	-10.3	-11.9	-6.5	-0.8	-1.8
Competition with non-bank institutions	3.2	0.0	0.0	0.1	0.0	0.4	0.4	0.4	0.4	0.4	0.0	0.0
Expectations of general economic activity	9.9	0.1	-4.6	-3.4	-13.3	1.5	4.9	-5.3	-0.2	1.8	15.5	0.3
Inflation expectations	7.9	2.7	-1.0	-3.2	-1.2	-0.9	6.6	8.9	-1.3	4.8	9.3	0.5
Exchange rate expectations	11.1	4.4	6.1	8.1	8.4	4.8	9.7	11.0	1.9	13.4	16.7	1.9
Expectations of industry or a specific enterprise development	7.7	2.5	-8.0	-5.7	-12.4	-6.6	3.3	0.6	-9.2	7.0	2.9	-0.7
Collateral risk	13.5	5.9	13.5	8.1	-3.1	-3.0	-3.3	0.9	2.0	8.2	13.4	0.3
What changes do you expect in the standards for approval of corporate loan applications over the next quarter?												
Total	-10.4	-4.5	-24.5	8.3	-8.8	-10.4	6.4	5.3	-1.3	12.5	-5.0	0.4
Loans to SMEs	-19.8	-13.2	-13.2	7.3	-12.9	0.4	-4.4	-14.4	-10.9	-5.2	-12.7	-2.4
Loans to large enterprises	-5.1	2.5	-12.5	12.1	-0.1	-10.7	12.9	6.1	-0.1	12.6	-2.3	0.4
Short-term loans	-22.0	-5.9	-23.7	13.5	-4.4	-16.4	3.5	-13.5	-3.2	8.0	-8.6	-3.2
Long-term loans	-1.6	7.6	-8.4	21.7	-6.0	-9.3	15.3	8.2	2.9	16.0	1.9	0.8
Loans in domestic currency	-11.8	-12.2	-24.7	7.1	-9.1	-15.0	4.7	-12.1	-2.1	13.1	0.3	-3.1
Loans in foreign currency	2.3	4.4	-9.0	25.9	1.8	-1.7	16.0	7.9	2.6	7.4	-2.7	3.9
How did the approval rate of corporate loan applications change within the past quarter?												
Total	-6.3	8.3	12.1	-20.0	12.6	16.4	-2.5	-4.1	1.3	-7.3	-11.7	-0.3
Loans to SMEs	-6.4	18.5	7.3	-11.1	19.9	10.9	22.5	9.4	10.3	-2.5	-0.5	7.4
Loans to large enterprises	-8.4	-1.2	-3.3	-24.2	11.3	13.9	2.3	-4.3	1.2	-8.1	-20.6	-4.2
Short-term loans	-5.6	8.3	11.3	-18.7	13.3	17.3	-1.6	2.8	2.7	-11.0	-6.4	3.8
Long-term loans	-0.7	-1.0	-9.7	-24.5	9.8	7.2	-6.0	1.1	-0.7	-11.7	-19.9	-2.8
Loans in domestic currency	2.3	15.6	11.2	-13.9	18.5	17.4	3.9	3.3	2.3	-13.8	-5.8	2.5
Loans in foreign currency	-2.2	-3.1	-9.7	-24.5	2.3	0.6	-6.2	1.2	1.2	-4.5	-15.4	-2.7
How did price and non-price terms of corporate loans change within the past quarter?												
Total												
Interest rates (increase – stricter conditions	-22.3	-31.7	-16.7	-40.9	-33.6	-38.3	0.4	11.1	-6.0	27.7	35.2	11.9
Changes in non-interest rate payments	2.9	7.7	-1.4	-0.2	-1.4	-7.1	0.1	-0.1	0.0	0.4	0.0	0.2
Loan or facility amount	1.1	0.3	6.8	25.8	-3.3	-0.1	5.2	4.1	-2.4	-1.0	1.6	-3.7
Collateral eligibility requirements	8.5	16.0	11.7	11.6	-1.0	-2.7	15.1	-6.4	0.3	2.0	15.0	-0.9
Restrictions imposed by the loan agreement on the borrower	9.4	13.3	17.3	26.3	23.7	19.4	3.1	12.0	3.5	1.0	10.2	2.0
Loan maturity	7.2	7.0	6.9	2.9	-8.1	0.9	0.8	-0.6	0.2	0.9	1.4	1.4
Small- and medium-sized enterprises (SMEs)												
Interest rates (increase – stricter conditions	-25.5	-18.3	-13.2	-41.3	-39.9	-31.6	-26.6	-3.5	5.1	22.6	32.4	3.4
Changes in non-interest rate	3.2	7.8	-1.4	-0.2	5.3	-1.1	-6.5	-2.4	0.0	0.5	0.0	0.2
Loan or facility amount	-1.8	-3.7	-3.0	22.8	3.0	0.0	-18.9	-5.1	0.0	7.9	0.2	-2.5
Collateral eligibility requirements	9.9	5.4	4.4	8.8	-3.6	9.9	7.6	-6.4	-4.2	2.0	8.1	1.7
Restrictions imposed by the loan agreement on the borrower	8.9	9.6	15.9	40.6	17.7	11.3	5.2	12.1	3.6	-4.6	0.8	0.9
Loan maturity	3.5	3.5	3.6	2.0	-1.9	0.9	-5.7	-0.6	0.1	0.6	0.1	-7.1
Large enterprises												
Interest rates (increase – stricter conditions	-15.3	-31.6	-17.7	-40.5	-33.4	-38.2	0.3	11.5	-5.9	26.0	33.9	13.6
Changes in non-interest rate	3.2	1.5	0.3	-0.2	-1.4	-7.1	0.1	0.0	0.0	0.5	0.0	0.2
Loan or facility amount	1.6	0.3	7.0	26.2	-3.0	-0.1	5.3	4.2	-2.5	-1.0	1.6	-3.7
Collateral eligibility requirements	8.3	25.8	11.6	18.2	5.4	-2.9	13.9	-5.7	1.0	2.6	15.8	-0.2
Restrictions imposed by the loan agreement on the borrower	9.5	13.3	17.2	26.4	24.1	19.4	3.1	18.7	3.5	1.0	10.3	2.0
Loan maturity	7.4	9.2	6.9	2.9	-6.3	2.4	-5.6	-0.6	0.2	0.9	1.4	0.2
How the corporate sector's demand changed within the last quarter, disregarding the seasonal changes?												
Total	11.3	23.3	17.6	8.8	22.4	13.9	26.6	9.0	14.5	23.1	24.4	12.3
Loans to SMEs	23.3	24.4	16.9	16.9	25.1	18.2	21.2	16.5	20.8	19.4	11.9	5.5

1	2	3	4	5	6	7	8	9	10	11	12	13
Loans to large enterprises	8.6	12.2	3.7	5.4	14.4	13.5	17.4	-1.5	0.1	10.4	22.0	11.0
Short-term loans	10.4	18.2	16.7	4.0	22.4	14.9	24.4	4.5	16.4	23.3	23.1	10.3
Long-term loans	1.5	7.2	-1.8	17.0	12.8	10.8	20.5	12.7	9.7	10.3	22.4	12.7
Loans in domestic currency	11.3	22.2	18.3	10.2	22.4	13.9	26.2	5.5	11.8	23.9	23.3	10.6
Loans in foreign currency	11.5	2.3	-2.6	-3.4	1.4	2.4	12.8	7.0	8.4	7.8	3.6	8.0
What was the impact of the factors listed below on changes in corporate demand for loans within the last quarter?												
Interest rates	25.7	18.0	14.9	15.7	21.1	19.7	6.8	-5.5	0.8	-3.4	-5.7	-4.4
Capital investment needs	8.3	5.9	8.9	8.3	20.6	13.4	15.1	14.2	9.0	8.8	20.6	11.5
Working capital needs	22.5	25.6	17.1	17.4	23.8	24.2	23.8	19.7	17.8	27.9	22.7	17.6
Debt restructuring	12.9	20.3	16.3	17.3	20.6	15.2	7.2	-1.2	4.3	9.2	13.6	3.5
Internal financing	4.1	6.6	8.9	3.8	8.2	-4.4	-5.6	-2.9	9.1	5.4	-1.1	1.0
Loans from other banks	-8.9	-7.5	1.1	-12.8	-10.0	2.2	-9.7	-10.9	-5.5	-7.5	-5.8	-5.4
Assets sale	1.9	1.7	1.8	1.6	1.5	0.0	0.0	0.0	0.0	0.0	0.0	2.7
How will the corporate demand for loans change over the next quarter, disregarding the seasonal changes, in your opinion?												
Total	29.9	20.0	31.6	38.8	39.3	40.6	30.2	35.5	21.5	17.6	12.9	25.8
Loans to SMEs	29.6	26.3	21.0	39.8	36.7	34.2	34.5	40.3	33.0	17.3	31.0	28.9
Loans to large enterprises	23.2	13.1	18.2	27.9	31.0	30.9	18.4	27.6	15.9	10.5	5.8	22.6
Short-term loans	31.9	27.6	30.6	32.3	41.7	41.8	26.4	37.4	21.7	18.1	17.3	30.6
Long-term loans	10.2	2.0	9.5	28.4	34.0	27.6	20.1	25.6	6.5	7.4	9.4	20.0
Loans in domestic currency	33.4	29.8	33.9	40.8	41.1	39.4	33.1	37.5	21.7	18.1	17.2	24.3
Loans in foreign currency	-1.1	-1.8	-3.0	11.0	16.2	19.1	-2.2	14.8	4.1	1.8	6.5	-2.2
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	17.3
SMEs	—	-4.1	-2.1	-4.9	10.0	-10.8	-10.9	-10.6	-2.5	-11.1	-14.4	-1.3
Large enterprises	—	25.7	22.5	23.8	28.1	19.2	10.5	23.5	21.9	19.2	23.3	25.8
IV. Loans to households												
How did the standards for approval of retail loan applications changed within the last quarter?												
Mortgages	-0.5	0.1	-20.5	-7.0	-6.7	-6.9	-27.6	-3.1	-9.5	0.1	0.6	0.3
Consumer loans	-10.8	-17.4	-4.6	-24.3	-13.5	17.6	-26.4	-4.4	-16.6	9.8	-1.1	-13.1
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	-2.4
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	-7.5
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	-4.0
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	-7.1
Inflation expectations	-6.7	-8.2	2.2	-0.1	-1.9	-6.0	-3.9	-8.6	-2.0	-1.6	-0.1	0.0
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	0.0
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	0.0
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	-4.9
What changes do you expect in the standards for approval of retail loan applications over the next quarter?												
Mortgages	-3.3	12.3	-5.7	4.1	-5.2	-12.3	-9.5	-4.0	-5.1	-3.4	3.4	-4.4
Consumer loans	-18.1	-18.3	-13.9	-31.5	-10.8	-8.3	-24.9	-23.3	-12.8	8.0	-0.6	-9.9
How did the rate of approval of retail loan applications change within the past quarter?												
Mortgages	0.0	14.4	21.7	7.3	7.3	6.8	28.4	3.8	2.5	2.2	-2.3	0.4
Consumer loans	10.2	19.3	6.0	21.8	23.9	7.3	35.7	16.1	14.7	12.2	11.3	22.9
How did price and non-price terms of retail loan change within the past quarter?												
Mortgages												
Interest rates on loans	-13.8	-2.6	-24.8	9.3	-7.5	-13.4	-28.0	-3.5	-3.5	4.3	10.7	6.6
Collateral eligibility requirements	-0.5	0.0	0.0	-2.3	19.8	0.1	-24.4	3.2	-17.2	-1.8	1.0	0.0
Loan maturity	0.1	-0.1	0.1	0.0	0.0	-0.1	0.4	0.3	0.0	0.0	-0.3	0.0
Changes in non-interest rate payments	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	2.2	0.0	3.1	3.2	0.0
Loan-to-value ratio (LTV)	-0.5	-4.1	0.0	0.0	0.2	0.1	0.0	-0.3	-1.7	-0.6	1.0	0.0
Consumer loans												
Interest rates on loans	-6.3	-4.7	-12.8	-29.0	-20.9	-21.1	-28.5	-13.7	-13.2	-2.3	7.6	0.8
Collateral eligibility requirements	0.0	0.0	0.0	0.0	-0.1	-2.2	-17.9	-6.9	-2.8	13.5	-1.0	0.0
Loan maturity	-14.2	-9.7	-14.0	-6.5	-7.7	-3.1	-3.5	-12.5	-8.3	-32.8	-1.6	-2.9
Changes in non-interest rate payments	-2.9	0.8	-3.1	-3.0	-1.1	-5.4	-3.7	-5.2	-1.5	-9.7	1.0	-0.9
Loan amount	-15.6	-24.3	-11.4	-9.3	-18.3	-22.4	-9.1	-19.5	-35.9	3.8	-4.8	-3.8

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	14.3	16.9	24.7	15.3	42.8	37.4	32.4	25.2	32.7	10.5	-1.2	0.6
Consumer loans	25.7	15.3	22.4	21.7	45.7	4.6	35.0	40.1	46.7	7.4	26.6	36.8
What was the impact of the factors listed below on changes in households' demand for loans in the past quarter?												
Mortgages												
Interest rates	11.2	2.8	24.8	24.5	10.5	14.3	32.1	3.6	3.7	0.3	-0.5	3.3
Real estate market outlook	0.5	2.7	3.0	12.4	15.2	15.4	5.1	7.4	12.9	12.7	8.6	1.0
Consumer confidence	0.4	2.7	2.8	6.0	8.9	8.4	7.8	6.8	8.8	0.1	-6.5	-2.1
Households savings	-2.9	0.1	3.1	5.3	7.6	3.2	3.6	6.9	7.0	3.9	6.8	4.4
Loans from other banks	0.0	2.5	0.4	9.0	0.9	2.7	-3.4	1.3	-2.4	0.0	-8.0	-5.0
Consumer loans												
Interest rates	8.9	5.0	9.0	24.0	24.9	25.8	38.1	9.3	24.3	2.3	3.4	2.3
Consumer confidence	8.7	13.8	19.1	13.4	27.2	24.3	16.2	31.0	22.7	19.4	7.2	12.2
Spending on durable goods	13.1	1.5	12.9	19.2	17.5	10.5	12.1	31.6	14.1	9.6	5.9	8.2
FX purchase	8.4	3.3	-2.5	2.0	9.2	-0.9	-0.9	13.4	5.0	0.5	3.4	2.4
Households savings	3.7	1.5	18.9	6.4	5.8	4.6	-0.3	32.1	22.4	1.9	5.8	6.3
Loans from other banks	0.2	1.1	2.5	11.7	-1.6	-9.2	-1.4	-9.4	29.1	12.0	0.8	3.4
How will the households' demand for loans change over the next quarter (not seasonally adjusted), in your opinion?												
Mortgages	6.5	3.9	7.9	30.0	34.6	14.9	34.3	27.9	1.6	4.0	5.8	37.7
Consumer loans	31.4	25.4	23.2	44.2	52.9	39.3	32.0	40.3	24.2	14.0	14.3	45.4
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	-5.4

Information about Survey

The Ukrainian Bank Lending Survey is a report based on a quarterly survey of banks by the National Bank of Ukraine. The survey aims to promote better understanding of lending market conditions and trends by the NBU 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 Q1 2019 and provides respondents' expectations for Q2 2019. Credit managers from 50 banks were invited to participate in the survey between 19 March and 10 April 2019. All those invited took part in the survey. The respondent banks account for 98% of the banking system's total assets. The survey's results reflect the views of respondents and do not necessarily reflect any assessments or forecasts by 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 Q3 2019 will be published in July 2019.