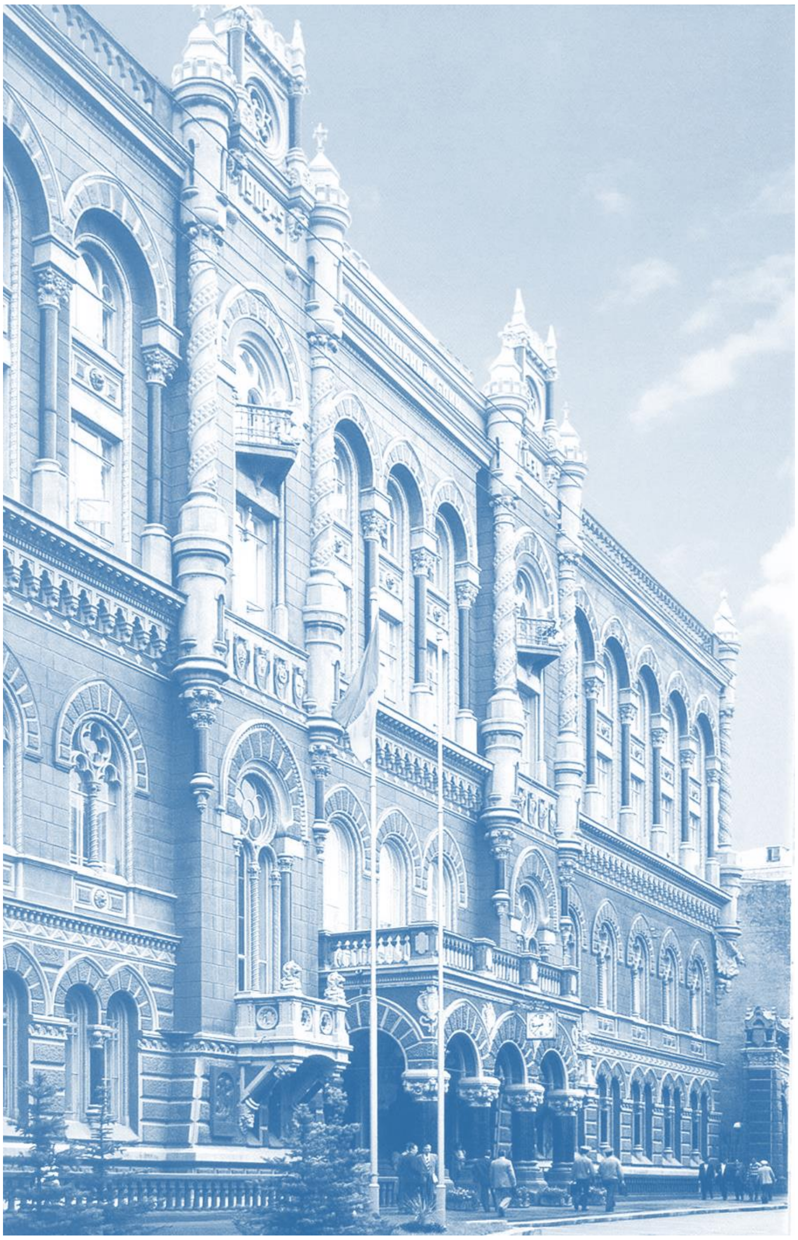
Lending Survey

NATIONAL BANK OF UKRAINE

Q1 2018

January 2018



Lending Survey

Q1 2018 Issue 13 (25)

The Ukrainian 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 2017, and gives respondents' expectations for Q1 2018. This survey of credit managers was conducted between 20 December 2017 and 10 January 2018. Survey answers were provided by all 65 banks contacted. These banks account for 97% 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 at the official website of the National Bank of Ukraine at:

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

The next Lending Survey on expectations of lending conditions for Q2 2018 will be published in April 2018.

This report presents the results of Q4 2017 lending survey and expected changes in Q1 2018. Respondents' replies are presented on a consolidated basis as a balance of responses. The balance of responses can be interpreted as the difference between the weighted percentage of respondents who reported an "increase" of an indicator, and those who reported a "decrease" of the same indicator. Balances of responses can lie between ±100. A positive balance indicates that, on the whole, respondents report that an indicator has increased/strengthened compared to the previous quarter, or expect that it will increase/strengthen in the coming quarter. For a more detailed explanation of the methodology, please refer to the Annex to this report.

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Q1 2018 Issue 13 (25)

KEY INDICATORS FOR THE NEXT 12 MONTHS

- Banks expected lending to pick up in 2018. A total of 72% (78%)[1] of respondents said in late 2017 that corporate lending would grow over the next 12 months, while 67% (97%) of those surveyed expected an increase in consumer lending. Most banks anticipated the quality of the retail and corporate loan portfolio to be unchanged or even improve over 2018. Banks further expected a deposit inflow, with 56% (87%) of respondents projecting a rise in retail deposits, and 63% (70%) expecting a hike in corporate deposits.

LENDING CONDITIONS

- In Q4 2017, most banks maintained the same corporate lending standards. Nevertheless, some large banks tightened their lending standards, mainly for foreign currency and long-term loans. These banks said they would tighten lending standards further in Q1 2018, mostly for foreign currency lending.
- In Q4, several large banks eased retail lending standards, both for consumer and mortgage lending. The easing was due to stronger competition among banks, expected economic upturn, an improvement in borrowers' solvency, and lower funding costs. Banks expected that retail lending standards would soften further in Q1 2018, especially consumer lending standards.
- Q4 2017 saw an increase in loan application approval rates for loans to small and medium enterprises (SMEs) due to a drop in interest rates. At the same time, banks, mainly large ones, imposed stricter collateral requirements and tightened lending conditions outlined in lending agreements.
- There was a significant increase in the approval rate for household loans, largely thanks to lower interest rates and relaxed collateral requirements.

DEMAND

- Demand for corporate loans grew in Q4 2017, as expected, as reported by 44% (54%) of respondents. Growth in demand from SMEs was largely driven by falling interest rates, while that from large businesses was mainly fueled by the need to replenish their working capital and plans to increase fixed investment. Demand increased for all types of loans, especially for short-term and hryvnia loans.
- Demand for mortgages and consumer loans continued to grow (balances of responses of 32% and 35% respectively). The growth was driven, among other things, by a fall in interest rates and improved consumer sentiment.
- Banks expected demand for both corporate (52% (66%) of respondents) and retail loans to rise in Q1 2018. Respondents were most optimistic about consumer loans (46% (62%)), and loans to SMEs (59% (74%)). Some large banks expected stronger demand for mortgages.
- Banks noted the overall deleveraging of businesses (the percentage of banks that referred to the leverage as significant was 26%, down from 34% in Q2 2017), and of SMEs in particular (the balance of responses was -11%). A total of 58% of respondents said the debt burden of households was moderate.

RISKS

- Respondents said that credit risk was the highest one in Q4 2017. Foreign exchange and liquidity risks also increased. In contrast, interest rate risk had remained low for four quarters running, while operational risk had been unchanged. For Q1 2018, banks expected credit, foreign exchange, interest rate and operational risks to grow, and liquidity risk to be unchanged.

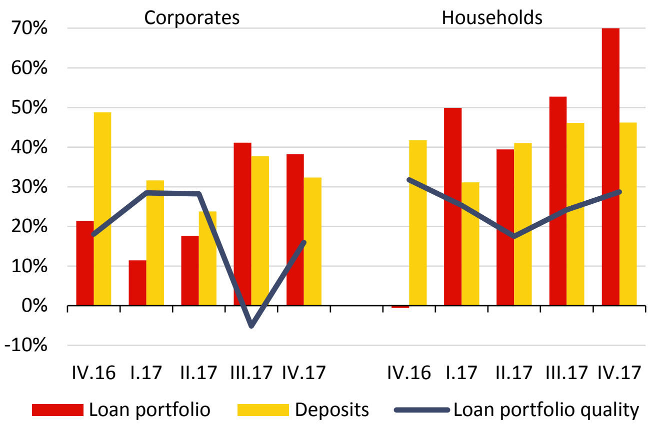
[1]Here and below respondents' replies are given non-weighted, with one bank equaling one response. Weighted responses are given in brackets (for more details, see the annex on page 8).

I. Expectations for the next 12 months

Banks expected lending to pick up in 2018. A total of 67% of respondents said that corporate lending would grow. The balance of responses was 70%, the highest reading since the survey began in Q1 2015. Most respondents (72% in Q4) had been expecting an increase in the corporate loan portfolio for five quarters running, the balance of responses being 38%. Almost all banks projected that the quality of corporate and retail loans would not deteriorate (92% and 95% of respondents respectively). Most banks expected an inflow of corporate and retail deposits over the next 12 months (balances of responses of 32% and 46% respectively) (Figure 1).

Figure 1. Expectations of changes in key bank indicators over the next 12 months.

Balance of responses [1]



[1] A positive balance of responses indicates expectations of growth for the respective indicator.

II. Corporate Loans

In Q4 2017, two thirds of respondents reported the unchanged criteria for approving corporate loan applications. Nevertheless, the balance of responses, at 17%, was positive, due to some large banks tightening their criteria for approving long-term and foreign currency loans, as well as loans to large enterprises. Almost all banks reported that standards for lending to SMEs were unchanged, with the balance of responses being 1%.

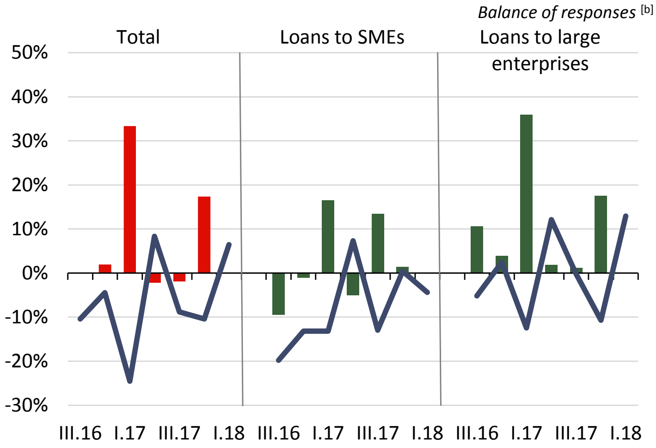
Banks said that a drop in their capital, worsening exchange rate and inflation expectations, and higher collateral risk were the key drivers for introduction of stricter lending criteria for corporate customers. Stronger competition among banks and expectations of economic growth mitigated the effect of these factors on lending standards for SMEs (for more details, see Section III in the Annex).

Large banks intended to tighten lending standards in Q1 2018, especially for foreign currency loans. Meanwhile, respondents said that lending conditions for SMEs would remain the same (67% of respondents) or would even soften (23%) (Figures 2 and 3).

Q4 2017 witnessed a rise in approval rates for loan applications from SMEs, with the balance of responses being 23%. There was no noticeable change in approval rates for loan applications from large businesses – these rates increased slightly for hryvnia loans, while decreasing a little for foreign currency ones (Figures 4 and 5).

Figure 2. Changes in the criteria for approving corporate loan applications[a]

Balance of responses [b]

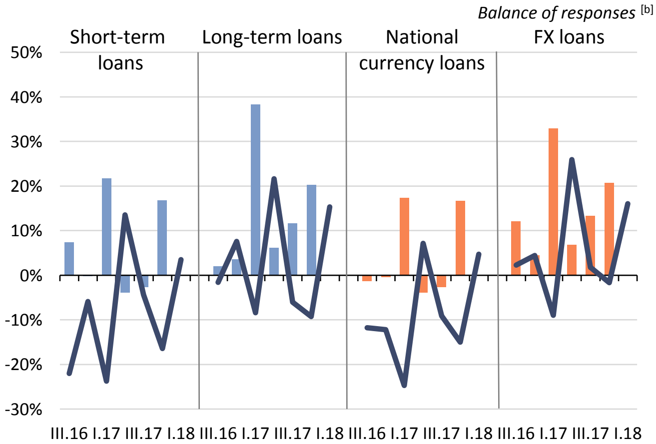


[a] Here and below, bars show the balance of responses for the quarter. A dark line shows expectations in the quarter following the reporting quarter.

[b] A positive balance of responses indicates a tightening of the criteria for loan application approval.

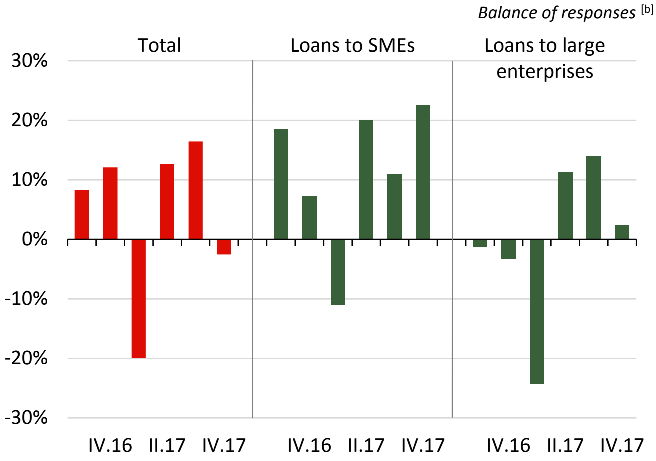
Figure 3. Change in standards for approval of corporate loan applications

Balance of responses [b]



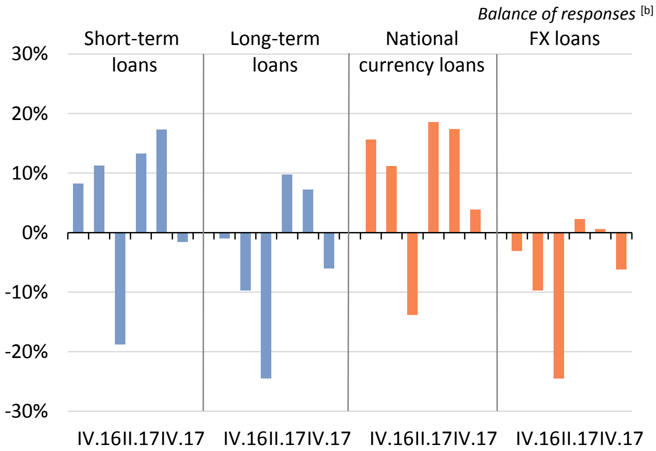
[b] A positive balance of responses indicates a tightening of the criteria for approving loan applications. The columns represent quarterly data, with the lines showing expectations for the next quarter.

Figure 4. Change in the corporate loan application approval rate



[b] A positive balance of responses indicates an increase in the approval rate for loan applications.

Figure 5. Change in the number of approved corporate loan applications



[b] A positive balance of responses indicates an increase in the number of approved loan applications.

A drop in interest rates produced the major support to dynamics of lending to SMEs in Q4 2017. At the same time, banks, mostly large ones, tightened collateral requirements for corporate loans and introduced tougher lending agreement restrictions, for large businesses in particular (for more details, see Section III of the Annex).

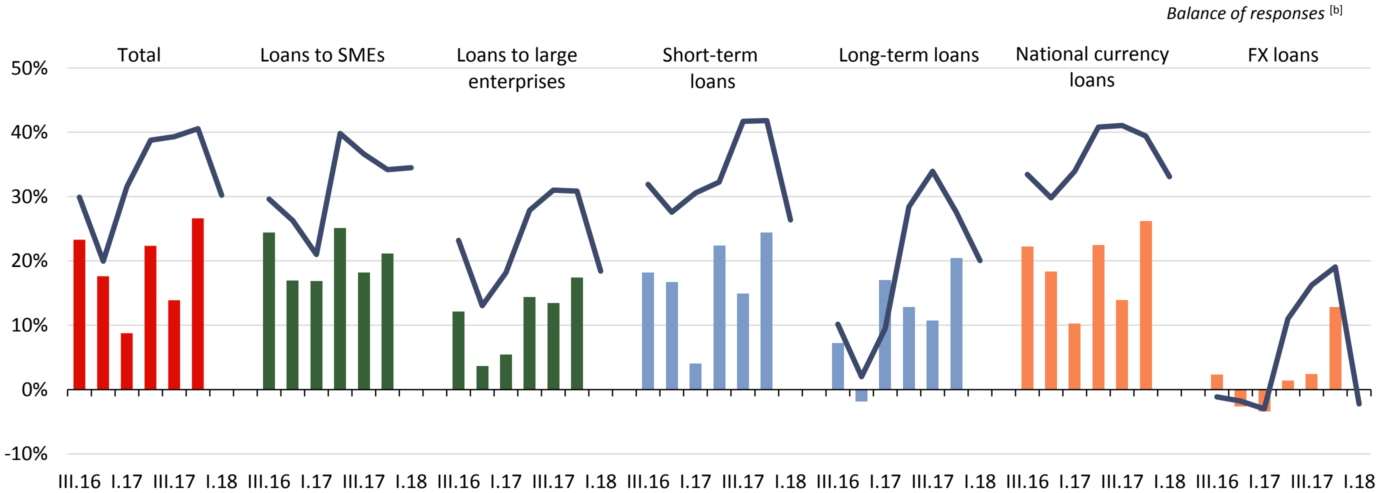
A total of 44% of respondents compared with 40% in the previous quarter reported a rise in demand for corporate loans in Q4 2017. This was the case for all types of corporate loans, especially short-term and hryvnia loans (Figure 6).

Demand for loans from SMEs was driven by a fall in interest rates, while that for loans to large businesses was fueled by working capital and investment needs (for more details, see Section III of the Annex).

Banks expected demand for all types of corporate loans to grow further in Q1 2018.

Although respondents assessed corporate sector leverage as significant in Q4 2017, the proportion of respondents that reported high leverage dropped by 8 pp, to 26%, from Q3 through Q4. The leverage of large businesses remained significant (reported by 38% of respondents). Banks have started to refer to the leverage of SMEs as low, with the balance of responses being -11%.

Figure 6. Change in corporate demand for loans

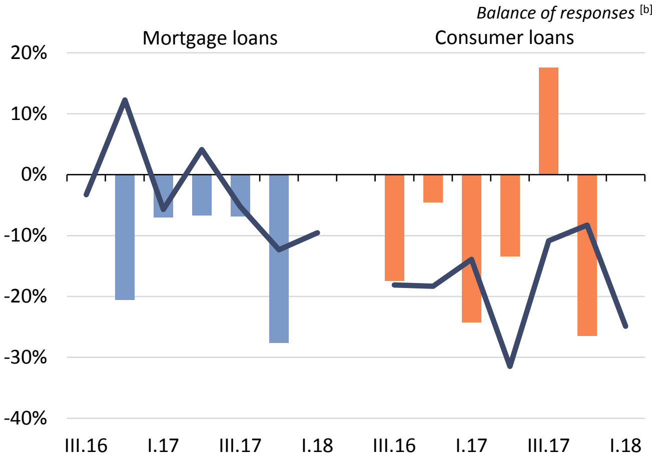


[b] A positive balance of responses indicates an increase in demand. The columns represent quarterly data, with the lines showing expectations for the next quarter.

III. Loans to households

Figure 7 Change in the criteria for approving loan applications

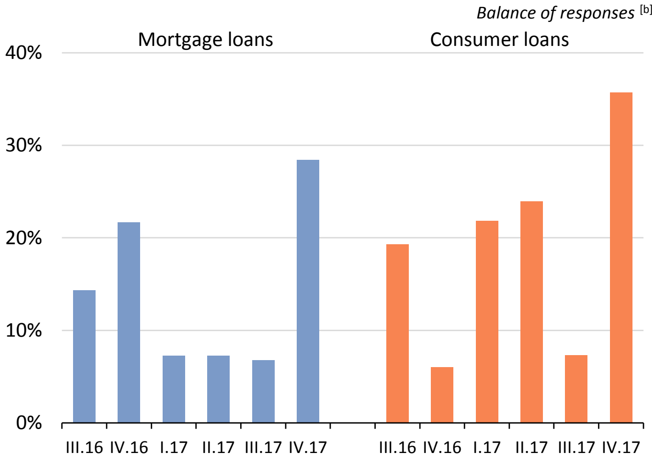
Balance of responses [b]



[b] A positive balance of responses indicates a tightening of the criteria for approving loan applications. The columns represent quarterly data, with the lines showing expectations for the next quarter.

Figure 8 Change in the number of approved household loan applications

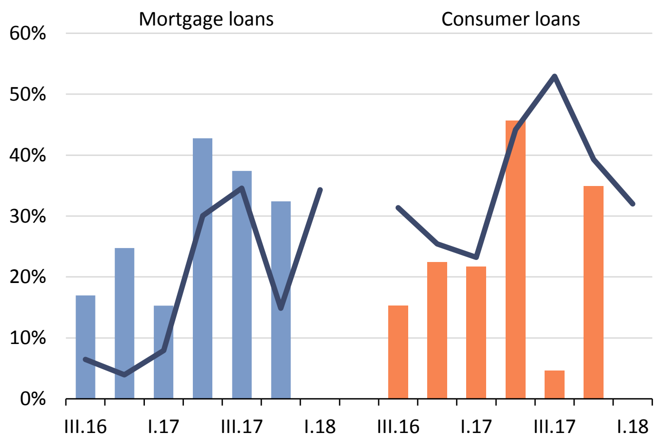
Balance of responses [b]



[b] A positive balance of responses indicates an increase in the number of approved loan applications.

Figure 9 Change in household demand for loans

Balance of responses [b]



[b] A positive balance of responses indicates an increase in demand for loans. The columns represent quarterly data, with the lines showing expectations for the next quarter.

In Q4 2017, some large banks eased their consumer and mortgage lending standards, with the balance of responses being -26% and -28% respectively. This was especially the case for internal lending standards and underwriting criteria for mortgages.

Banks said they had softened their consumer lending standards mainly in response to stronger competition and expected improvement in borrowers' solvency. Meanwhile, lower funding costs and expected economic recovery stimulated large banks to relax their mortgage lending standards.

Banks expected a significant easing in consumer lending standards, and a moderate easing in mortgage lending standards in Q1 2018. This was reported by 34% and 25% of respondents respectively (balances of responses of (-25%) and (-10%)) (Figure 7).

In Q4 2017, banks' approval rates for both mortgage and consumer loan applications increased noticeably. The softening of large banks' lending policies, which was reflected in lower interest rates and relaxed collateral requirements, pushed up the balances of responses to 28% and 36% respectively, the highest figures ever (Figure 8).

Household demand for loans continued to grow. A rise in demand for mortgage and consumer loans was reported by 24% and 41% of respondents respectively. Demand both for mortgage and consumer loans was mainly fueled by lower interest rates and improved consumer sentiment (Figure 9 and Section IV of the Annex).

Banks expected that demand for consumer loans and mortgages would grow further in Q1 2018, the balances of responses being 32% and 34% respectively.

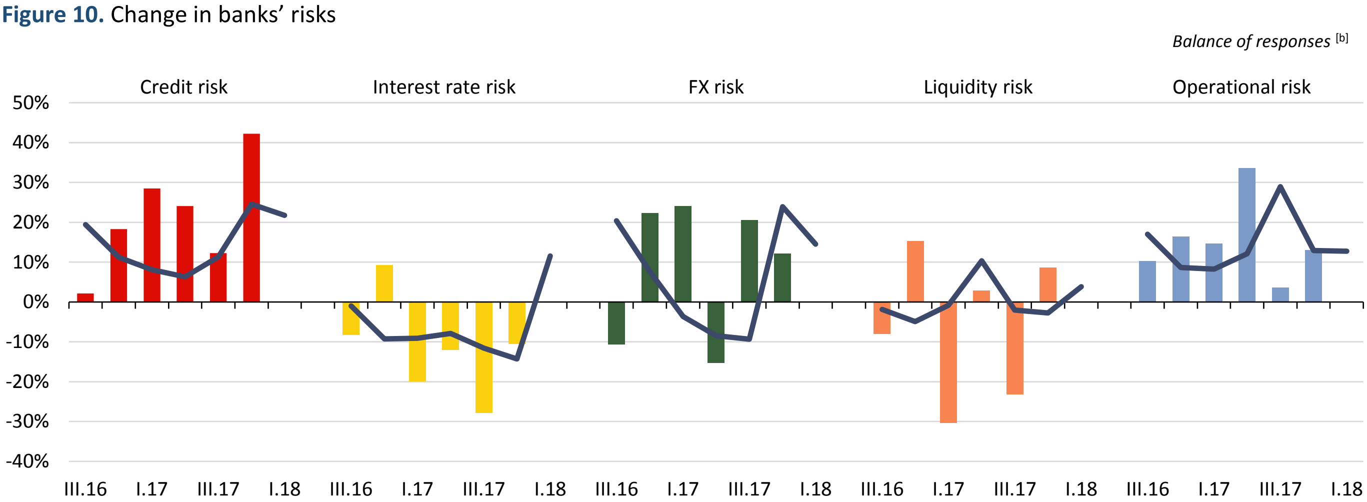
Most banks (58% of respondents) said that the debt burden on households was moderate.

IV. Risk assessment

In Q4, banks reported an increase in credit risk, while the balance of responses came in at 42%, exceeding previous quarter's expectations. Foreign exchange risk had been rising for two quarters running, due to the high volatility of the hryvnia exchange rate. Interest rate risk had been subdued for four quarters running. Some large banks reported an increase in liquidity risk. This resulted in a positive balance of responses (9%) in spite of two thirds of banks reporting no change in this risk. Most banks (81%) said operational risk was unchanged.

Banks expected that credit, foreign exchange and operational risks would grow in Q1 2018, the balances of responses being 22%, 15% and 13% respectively. Respondents also believed that interest rate risk would rise for the first time since mid-2015, and liquidity risk would remain unchanged (Figure 10).

Figure 10. Change in banks' risks



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

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 had the following meaning:

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

The questionnaire covered 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 was assigned a score based on the respondent's answers and their weight in the total sample. The scores were presented on a range from -1 to 1 depending on the direction of indicator change. Responses indicating a significant change of the indicator were assigned a higher score than responses reflecting a slight change. The response "grew considerably" would have a score of 1, and the response "grew slightly" - a score of 0.5. Each score was weighted against the share of the respondent in the total sample depending on its share in assets or its corporate/retail loan portfolio of this sample.

The total score for all banks is a balance of responses 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 balance of responses 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 application approval/loan application approval rate/demand for loans/risks, etc.) towards an increase/strengthening compared with the previous quarter/next quarter. More detailed information about how to read the balance of responses for each question is provided in the footnotes 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

Balance of responses, %

	2013	2014				2015				2016				2017			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
I. Expectations for the next 12 months: key indicators																	
How, in your opinion, will the following corporates' indicators change in your bank over the next 12 months?																	
Loan portfolio	—	—	—	—	—	-18.0	-12.9	3.2	9.7	-12.2	-4.2	-3.0	21.4	11.4	17.6	41.1	38.2
Deposits	—	—	—	—	—	7.0	17.2	30.4	34.9	39.3	40.2	19.8	48.8	31.6	23.8	37.7	32.3
Loan Portfolio Quality	—	—	—	—	—	-9.2	-5.6	5.2	13.9	15.1	19.1	31.6	18.0	28.4	28.2	-5.1	16.0
How, in your opinion, will the following households' indicators change in your bank over the next 12 months?																	
Loan portfolio	—	—	—	—	—	-44.2	-40.3	-31.6	-21.5	-3.6	6.4	26.3	-0.6	49.9	39.4	52.7	70.0
Deposits	—	—	—	—	—	11.1	29.9	23.8	32.4	36.6	13.9	31.7	41.7	31.1	41.0	46.1	46.2
Loan Portfolio Quality	—	—	—	—	—	-28.3	-11.0	18.1	28.4	14.4	1.8	8.8	31.7	25.3	17.5	24.1	28.7
II. Risk assessment																	
How did the risks for your banks change within the last quarter?																	
Credit risk	-3.1	37.6	37.9	37.6	37.0	39.5	38.5	11.4	23.0	14.5	20.0	2.2	18.3	28.4	24.0	12.2	70.0
Interest rate risk	11.1	38.3	19.4	37.0	25.0	24.3	27.9	1.5	0.1	-7.1	-18.1	-8.3	9.2	-20.0	-12.0	-27.8	46.2
Currency risk	14.1	64.3	44.4	60.5	46.0	41.2	15.0	-23.3	13.3	-2.8	-14.7	-10.7	22.2	24.0	-15.2	20.5	28.7
Liquidity risk	16.1	38.1	31.6	2.6	19.5	34.7	7.6	-30.9	-17.3	-10.4	-5.7	-8.0	15.2	-30.3	2.8	-23.1	70.0
Operational risk	-1.1	-2.3	20.1	21.7	2.3	-0.1	11.6	11.6	10.1	3.9	10.9	10.2	16.3	14.6	33.5	3.6	46.2
What changes do you expect in the risks for your bank over the next quarter?																	
Credit risk	2.5	19.6	22.8	27.9	25.9	24.4	22.3	2.2	10.9	10.9	19.4	11.3	8.1	6.3	11.3	24.5	21.7
Interest rate risk	-5.0	15.6	13.5	8.0	16.9	25.1	18.5	-8.9	-8.4	-10.4	-1.0	-9.3	-9.1	-7.9	-11.6	-14.3	11.6
Currency risk	5.7	42.3	-15.1	29.5	29.7	10.5	18.9	-2.0	-3.2	5.3	20.3	7.7	-3.6	-8.4	-9.3	23.9	14.5
Liquidity risk	-3.6	13.4	-6.1	27.1	25.1	-3.9	19.4	9.0	-4.9	-8.4	-1.9	-4.9	-0.8	10.4	-2.0	-2.8	3.9
Operational risk	-6.0	-6.8	-7.4	0.3	-4.5	6.6	9.2	10.3	18.0	18.1	17.0	8.7	8.3	12.1	28.9	12.9	12.7

	Balance of responses, %																
	2013	2014				2015				2016				2017			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
III. Corporate Loans																	
How did the standards for approval of corporate loan applications change within the last quarter?																	
Total	11.3	50.0	56.0	47.1	47.3	42.7	30.2	3.1	16.9	-0.9	7.1	0.0	2.0	33.4	-2.2	-1.9	17.4
Loans to SMEs	0.8	48.2	55.5	45.5	46.4	40.6	25.2	8.5	4.2	-3.9	-1.8	-9.5	-1.1	16.5	-5.1	13.5	1.4
Loans to large enterprises	13.2	39.2	30.2	38.5	35.6	40.4	34.3	7.3	22.2	11.0	12.2	10.7	3.9	35.9	1.9	1.2	17.5
Short-term loans	4.6	45.3	33.5	41.6	43.3	37.4	26.4	1.3	15.5	-3.6	5.8	7.4	-0.1	21.7	-3.9	-2.6	16.8
Long-term loans	18.1	51.8	41.2	42.7	38.9	50.8	37.2	19.7	30.1	16.5	4.1	2.0	3.5	38.2	6.1	11.6	20.2
Loans in domestic currency	5.4	43.7	37.9	41.7	44.0	38.4	27.2	2.2	3.8	-9.0	-2.9	-1.3	-0.4	17.3	-3.8	-2.6	16.7
Loans in foreign currency	17.0	52.8	47.0	51.7	52.0	56.8	44.3	21.9	22.5	39.6	8.1	12.0	4.5	32.9	6.8	13.3	20.7
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	2.4	33.0	28.8	33.1	22.8	26.9	13.5	6.1	13.2	6.5	6.4	1.6	0.3	6.4	12.4	11.6	12.4
Bank's liquidity position	10.3	36.2	23.3	23.6	23.7	22.8	23.8	6.5	7.2	-7.1	-0.9	-8.4	-1.0	5.9	-0.4	-1.6	1.9
Competition with other banks	-6.5	1.5	-0.2	-10.5	-5.9	14.6	0.0	-5.5	-0.5	-10.9	-1.0	-10.1	-12.6	-11.2	-17.9	-15.3	-3.1
Competition with non-bank institutions	0.0	8.6	0.7	3.2	3.8	3.6	0.2	0.9	2.1	-1.1	3.2	0.0	0.0	0.1	0.0	0.4	0.4
Expectations of general economic activity	22.9	62.1	59.3	53.6	49.4	48.9	45.1	33.1	35.5	3.8	9.9	0.1	-4.6	-3.4	-13.3	1.5	4.9
Inflation expectations	12.9	52.2	41.0	47.6	38.1	34.9	36.2	35.3	48.6	20.8	7.9	2.7	-1.0	-3.2	-1.2	-0.9	6.6
Exchange rate expectations	22.1	65.8	62.6	64.8	53.1	45.9	46.6	38.7	41.7	26.9	11.1	4.4	6.1	8.1	8.4	4.8	9.7
Expectations of industry or a specific enterprise development	12.9	42.0	31.4	42.0	34.1	29.3	37.2	32.9	27.4	-7.6	7.7	2.5	-8.0	-5.7	-12.4	-6.6	3.3
Collateral risk	14.3	34.6	24.2	36.5	29.2	26.5	34.1	33.3	23.2	14.3	13.5	5.9	13.5	8.1	-3.1	-3.0	-3.3
What changes do you expect in the standards for approval of corporate loan applications over the next quarter?																	
Total	3.5	35.6	26.5	26.5	26.8	16.8	15.9	3.4	6.6	4.1	-10.4	-4.5	-24.5	8.3	-8.8	-10.4	6.4
Loans to SMEs	-0.2	33.9	25.4	25.8	32.0	16.6	16.7	3.3	-19.3	-15.7	-19.8	-13.2	-13.2	7.3	-12.9	0.4	-4.4
Loans to large enterprises	4.4	37.4	26.3	30.5	26.5	19.8	15.8	7.3	6.7	9.9	-5.1	2.5	-12.5	12.1	-0.1	-10.7	12.9
Short-term loans	2.2	31.0	24.5	19.6	25.4	16.4	13.2	1.0	-7.6	-10.3	-22.0	-5.9	-23.7	13.5	-4.4	-16.4	3.5
Long-term loans	12.0	46.2	34.7	31.0	38.2	27.0	21.1	13.6	20.0	13.6	-1.6	7.6	-8.4	21.7	-6.0	-9.3	15.3
Loans in domestic currency	1.3	30.6	22.6	20.7	24.3	15.2	13.1	1.8	-0.7	-6.2	-11.8	-12.2	-24.7	7.1	-9.1	-15.0	4.7
Loans in foreign currency	8.7	53.9	28.3	31.8	44.0	30.2	20.1	20.6	23.6	12.1	2.3	4.4	-9.0	25.9	1.8	-1.7	16.0
How did the level of approval of corporate loan applications change within the last quarter?																	
Total	-6.2	-33.5	-20.7	-29.5	-18.2	-8.4	-22.8	5.5	-10.3	6.3	-6.3	8.3	12.1	-20.0	12.6	16.4	-2.5
Loans to SMEs	-0.3	-31.5	-16.3	-20.9	-12.9	-5.8	-19.2	4.6	7.5	-6.8	-6.4	18.5	7.3	-11.1	19.9	10.9	22.5
Loans to large enterprises	-2.9	-31.2	-20.0	-27.9	-18.3	-11.7	-22.6	-0.6	-11.3	6.6	-8.4	-1.2	-3.3	-24.2	11.3	13.9	2.3
Short-term loans	-1.2	-22.0	-14.8	-21.3	-12.8	-6.7	-20.6	7.1	10.5	0.7	-5.6	8.3	11.3	-18.7	13.3	17.3	-1.6
Long-term loans	-7.7	-46.2	-32.7	-31.3	-27.4	-20.8	-28.0	-8.9	-31.4	-5.5	-0.7	-1.0	-9.7	-24.5	9.8	7.2	-6.0
Loans in domestic currency	-0.9	-23.4	-11.8	-16.9	-13.0	-8.0	-21.4	6.1	4.3	6.6	2.3	15.6	11.2	-13.9	18.5	17.4	3.9
Loans in foreign currency	-11.3	-48.9	-25.9	-42.9	-26.1	-22.1	-29.6	-17.8	-20.9	-9.2	-2.2	-3.1	-9.7	-24.5	2.3	0.6	-6.2
What changed in price and non-price conditions of approval of applications for loans to the corporate sector within the last quarter?																	
Interest rates (increase - stricter conditions, decrease - softer conditions)																	
Total	26.7	39.4	29.2	31.7	30.6	58.7	43.3	10.5	-19.8	-25.7	-22.3	-31.7	-16.7	-40.9	-33.6	-38.3	0.4
SMEs	18.9	41.2	30.9	30.9	30.2	60.1	39.4	10.0	-20.7	-19.1	-25.5	-18.3	-13.2	-41.3	-39.9	-31.6	-26.6
Large enterprises	25.4	39.1	28.5	30.9	30.8	59.8	42.8	11.1	-13.6	-30.9	-15.3	-31.6	-17.7	-40.5	-33.4	-38.2	0.3
Changes in non-interest rate payments																	
Total	3.6	15.6	12.0	9.1	16.8	11.6	6.7	1.5	2.0	4.6	2.9	7.7	-1.4	-0.2	-1.4	-7.1	0.1
SMEs	3.6	15.8	11.6	7.3	16.0	11.0	5.4	1.5	-3.9	3.7	3.2	7.8	-1.4	-0.2	5.3	-1.1	-6.5
Large enterprises	3.6	14.2	11.6	9.2	15.4	13.0	7.7	1.5	1.4	4.8	3.2	1.5	0.3	-0.2	-1.4	-7.1	0.1
Loan or facility amount																	
Total	6.5	32.8	29.7	44.0	39.7	45.6	27.8	16.4	13.8	3.1	1.1	0.3	6.8	25.8	-3.3	-0.1	5.2
SMEs	1.5	30.4	24.6	34.6	36.7	33.2	24.3	4.0	8.3	5.3	-1.8	-3.7	-3.0	22.8	3.0	0.0	-18.9
Large enterprises	6.4	23.9	29.7	43.9	38.6	48.2	27.8	17.5	14.0	3.5	1.6	0.3	7.0	26.2	-3.0	-0.1	5.3
Collateral eligibility requirements																	
Total	9.2	30.1	32.8	32.3	30.0	35.1	29.5	27.1	17.9	8.3	8.5	16.0	11.7	11.6	-1.0	-2.7	15.1
SMEs	12.2	30.0	32.1	26.2	27.9	36.1	25.6	26.5	17.0	18.9	9.9	5.4	4.4	8.8	-3.6	9.9	7.6
Large enterprises	9.3	30.0	32.9	32.2	28.6	37.5	29.5	16.2	18.2	8.2	8.3	25.8	11.6	18.2	5.4	-2.9	13.9
Restrictions imposed by the loan agreement on the borrower																	
Total	15.0	27.4	30.6	25.3	29.6	18.2	26.6	13.1	15.7	15.3	9.4	13.3	17.3	26.3	23.7	19.4	3.1
SMEs	15.0	25.8	30.8	20.8	25.8	18.2	21.8	11.6	14.4	14.8	8.9	9.6	15.9	40.6	17.7	11.3	5.2
Large enterprises	15.8	27.4	30.8	27.1	26.8	22.1	26.4	13.1	15.8	15.3	9.5	13.3	17.2	26.4	24.1	19.4	3.1

Balance of responses, %

	2013	2014				2015				2016				2017			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Loan maturity																	
Total	6.8	27.8	21.1	29.0	26.1	25.2	15.7	10.1	7.7	8.7	7.2	7.0	6.9	2.9	-8.1	0.9	0.8
SMEs	7.9	23.9	16.0	22.4	21.6	24.1	13.8	10.1	7.8	8.9	3.5	3.5	3.6	2.0	-1.9	0.9	-5.7
Large enterprises	7.0	24.0	22.1	28.9	23.9	28.7	16.4	12.6	8.1	8.8	7.4	9.2	6.9	2.9	-6.3	2.4	-5.6
How the corporate sector's demand changed within the last quarter, disregarding the seasonal changes?																	
Total	7.6	15.7	12.7	21.3	19.7	25.5	3.1	9.4	12.3	25.0	11.3	23.3	17.6	8.8	22.4	13.9	26.6
Loans to SMEs	11.6	15.1	10.4	18.8	23.5	21.5	1.6	10.7	32.4	28.7	23.3	24.4	16.9	16.9	25.1	18.2	21.2
Loans to large enterprises	15.4	11.7	14.7	14.8	19.2	14.9	2.9	9.3	5.7	18.1	8.6	12.2	3.7	5.4	14.4	13.5	17.4
Short-term loans	14.7	20.4	18.9	28.0	26.3	18.8	3.3	11.1	12.7	17.7	10.4	18.2	16.7	4.0	22.4	14.9	24.4
Long-term loans	-14.4	-4.2	9.3	-3.9	10.5	0.2	-8.6	4.7	3.2	7.2	1.5	7.2	-1.8	17.0	12.8	10.8	20.5
Loans in domestic currency	3.1	22.7	18.0	23.6	25.9	24.4	3.7	12.5	18.4	25.5	11.3	22.2	18.3	10.2	22.4	13.9	26.2
Loans in foreign currency	11.3	-13.0	-15.2	-31.9	-36.3	-47.5	-35.4	-19.0	-10.7	-19.9	11.5	2.3	-2.6	-3.4	1.4	2.4	12.8
What was the impact of the factors listed below on changes in corporate demand for loans within the last quarter?																	
Interest rates	-16.1	-23.7	-20.4	-10.4	-11.9	-26.0	-32.4	-18.0	2.1	15.2	25.7	18.0	14.9	15.7	21.1	19.7	6.8
Capital investment needs	2.3	-29.6	-24.6	-18.7	-11.4	-11.1	-0.6	4.9	2.8	14.0	8.3	5.9	8.9	8.3	20.6	13.4	15.1
Working capital needs	5.2	-3.2	0.1	13.8	14.5	28.7	36.2	32.1	22.1	36.7	22.5	25.6	17.1	17.4	23.8	24.2	23.8
Debt restructuring	4.2	10.9	19.0	24.4	15.7	31.4	22.8	19.1	28.2	24.9	12.9	20.3	16.3	17.3	20.6	15.2	7.2
Internal financing	-0.3	-16.5	1.5	2.6	-8.8	4.4	8.1	9.6	4.1	2.3	4.1	6.6	8.9	3.8	8.2	-4.4	-5.6
Loans from other banks	-3.6	-8.7	3.9	5.7	-2.8	6.8	9.5	4.6	8.5	-6.0	-8.9	-7.5	1.1	-12.8	-10.0	2.2	-9.7
Asset sale	-2.3	-9.3	-11.3	-15.0	-13.1	2.0	-1.8	3.2	1.3	2.1	1.9	1.7	1.8	1.6	1.5	0.0	0.0
How will the corporate demand for loans change over the next quarter, disregarding the seasonal changes, in your opinion?																	
Total	24.7	11.8	16.3	8.2	10.3	25.3	9.9	6.0	7.1	44.4	29.9	20.0	31.6	38.8	39.3	40.6	30.2
Loans to SMEs	20.3	7.2	16.9	5.0	16.3	24.3	10.4	5.8	25.6	38.5	29.6	26.3	21.0	39.8	36.7	34.2	34.5
Loans to large enterprises	15.2	11.7	13.1	5.9	7.3	22.6	11.8	-3.8	12.9	45.6	23.2	13.1	18.2	27.9	31.0	30.9	18.4
Short-term loans	24.4	19.4	15.5	16.3	15.2	26.0	11.3	6.7	23.4	45.5	31.9	27.6	30.6	32.3	41.7	41.8	26.4
Long-term loans	5.4	-5.9	8.4	-4.5	0.8	9.5	0.6	6.7	0.9	20.0	10.2	2.0	9.5	28.4	34.0	27.6	20.1
Loans in domestic currency	26.5	16.7	13.4	14.1	13.7	24.2	10.4	8.5	22.1	48.0	33.4	29.8	33.9	40.8	41.1	39.4	33.1
Loans in foreign currency	-4.6	-17.8	-3.7	-29.5	-14.2	-8.7	-29.7	-36.9	-8.2	-11.9	-1.1	-1.8	-3.0	11.0	16.2	19.1	-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
SMEs	—	—	—	—	—	—	—	—	—	—	—	-4.1	-2.1	-4.9	10.0	-10.8	-10.9
Large enterprises	—	—	—	—	—	—	—	—	—	—	—	25.7	22.5	23.8	28.1	19.2	10.5
IV. Loans to households																	
How did the standards for approval of retail loan applications changed within the last quarter?																	
Mortgage loans	-0.8	39.2	22.4	12.6	32.3	25.6	19.0	0.9	-13.4	0.2	-0.5	0.1	-20.5	-7.0	-6.7	-6.9	-27.6
Consumer loans	-4.9	53.3	30.3	34.4	39.6	39.7	19.0	-6.4	-24.5	-8.1	-10.8	-17.4	-4.6	-24.3	-13.5	17.6	-26.4
What was the impact of the factors listed below on changes in standards for approval of retail loan applications within the last quarter?																	
Value of resources and balance sheet restrictions	—	—	—	—	—	22.9	35.7	6.2	5.0	—	-7.4	-8.2	-4.4	-9.2	-4.2	-22.5	-19.5
Competition with other banks	—	—	—	—	—	-2.2	0.8	-2.2	-15.0	—	-9.8	-19.9	-29.1	-10.6	-10.3	-15.5	-17.3
Competition with non-bank institutions	—	—	—	—	—	0.7	-3.5	0.0	-9.4	—	0.0	0.0	-4.9	-0.3	-3.7	-4.0	-4.1
Expectations of general economic activity	—	—	—	—	—	41.8	36.0	16.3	-12.7	—	-13.7	-17.4	-1.2	-16.8	-4.7	-12.2	-13.1
Inflation expectations	—	—	—	—	—	46.2	37.1	19.5	-3.5	—	-6.7	-8.2	2.2	-0.1	-1.9	-6.0	-3.9
Exchange rate expectations	—	—	—	—	—	44.0	29.7	13.7	-2.0	—	-3.3	-5.0	2.8	0.1	0.4	-6.0	-2.0
Real estate market expectations	—	—	—	—	—	33.1	20.5	15.5	-10.1	—	-2.9	-2.5	0.1	-3.9	-4.0	-1.9	0.0
Borrowers' solvency expectations	—	—	—	—	—	48.7	46.3	24.8	-8.6	—	-8.1	-9.5	-3.0	-5.8	-7.8	-2.9	-14.1
What changes do you expect in the standards for approval of retail loan applications over the next quarter?																	
Mortgage loans	8.7	19.5	8.6	14.6	25.4	17.1	-6.6	-13.9	-11.5	-2.2	-3.3	12.3	-5.7	4.1	-5.2	-12.3	-9.5
Consumer loans	-6.0	33.0	8.5	13.9	33.1	21.9	-6.7	-11.2	-5.6	-19.7	-18.1	-18.3	-13.9	-31.5	-10.8	-8.3	-24.9
How did the level of approval of retail loan applications changed within the last quarter?																	
Mortgage loans	-1.9	-35.1	-16.9	-5.6	-41.0	-10.8	-14.9	-3.3	15.0	-0.1	0.0	14.4	21.7	7.3	7.3	6.8	28.4
Consumer loans	-4.1	-59.2	-41.3	-22.3	-45.3	-28.2	-15.4	11.6	28.7	-2.0	10.2	19.3	6.0	21.8	23.9	7.3	35.7
What changed in price and non-price conditions of approval of applications for retail loans within the last quarter?																	
Mortgage loans																	
Interest rates on loans	-1.0	25.8	16.7	9.5	9.0	19.5	38.0	12.2	-3.9	-2.5	-13.8	-2.6	-24.8	9.3	-7.5	-13.4	-28.0
Collateral eligibility requirements	9.9	10.6	11.1	4.0	13.2	6.9	4.5	0.8	0.4	0.1	-0.5	0.0	0.0	-2.3	19.8	0.1	-24.4

	Balance of responses, %																
	2013	**2014**				**2015**				**2016**				**2017**			
	Q4	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Loan maturity	-3.2	2.5	3.4	3.5	0.8	1.7	8.9	0.4	0.5	0.1	0.1	-0.1	0.1	0.0	0.0	-0.1	0.4
Changes in non-interest rate payments	6.3	1.9	2.9	2.3	0.9	3.6	-1.3	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
Loan-to-value ratio (LTV)	-1.3	7.5	6.1	6.3	12.5	6.0	2.4	0.4	0.2	0.4	-0.5	-4.1	0.0	0.0	0.2	0.1	0.0
Consumer loans																	
Interest rates on loans	-8.3	21.5	20.3	32.1	14.4	36.6	46.1	3.5	-15.7	-6.0	-6.3	-4.7	-12.8	-29.0	-20.9	-21.1	-28.5
Collateral eligibility requirements	0.6	4.5	5.6	4.5	15.5	6.9	5.1	-0.8	0.2	0.1	0.0	0.0	0.0	0.0	-0.1	-2.2	-17.9
Loan maturity	-7.5	5.3	3.2	6.0	5.0	0.5	4.9	-0.1	-2.5	-2.7	-14.2	-9.7	-14.0	-6.5	-7.7	-3.1	-3.5
Changes in non-interest rate payments	2.4	3.9	6.1	6.1	13.1	10.0	11.1	6.0	-3.8	3.0	-2.9	0.8	-3.1	-3.0	-1.1	-5.4	-3.7
Loan amount	-5.5	23.3	23.9	8.5	20.5	18.0	7.3	2.6	-11.3	-15.4	-15.6	-24.3	-11.4	-9.3	-18.3	-22.4	-9.1
How the households' demand changed within the last quarter, disregarding the seasonal changes?																	
Mortgage loans	-5.4	-29.7	-31.3	-29.3	-34.3	-23.7	-6.1	-5.2	2.8	-0.4	14.3	16.9	24.7	15.3	42.8	37.4	32.4
Consumer loans	18.9	-6.8	-39.5	-17.8	-37.0	-36.1	-9.0	7.7	23.6	20.2	25.7	15.3	22.4	21.7	45.7	4.6	35.0
What was the impact of the factors listed below on changes in the households' demand for loans within the last quarter?																	
Mortgage loans																	
Interest rates	0.3	-22.1	-26.4	-5.0	-11.5	-5.7	-15.8	-11.2	-9.7	0.0	11.2	2.8	24.8	24.5	10.5	14.3	32.1
Real Estate Market Outlook	-8.5	-15.1	-4.0	-39.8	-16.0	-11.1	-12.7	-4.2	0.4	0.0	0.5	2.7	3.0	12.4	15.2	15.4	5.1
Consumer confidence	-14.3	-24.1	-25.2	-38.1	-13.0	-38.4	-14.1	-10.0	-0.8	-13.0	0.4	2.7	2.8	6.0	8.9	8.4	7.8
Households savings	9.6	-13.4	-41.2	9.4	-2.5	-22.6	1.1	-10.0	-0.2	-12.5	-2.9	0.1	3.1	5.3	7.6	3.2	3.6
Loans from other banks	8.2	5.7	-0.8	-2.8	-2.7	-3.5	1.2	1.4	0.7	0.1	0.0	2.5	0.4	9.0	0.9	2.7	-3.4
Consumer loans																	
Interest rates	17.6	-18.8	-34.6	-8.9	-14.5	-28.6	-18.9	-7.9	2.7	-7.1	8.9	5.0	9.0	24.0	24.9	25.8	38.1
Consumer confidence	5.4	-22.8	-58.5	-28.8	-20.5	-19.1	-27.5	-4.5	8.1	12.2	8.7	13.8	19.1	13.4	27.2	24.3	16.2
Expenses on long-term use goods	8.9	-2.4	-12.6	-26.5	-19.1	6.8	-5.2	7.4	15.5	23.6	13.1	1.5	12.9	19.2	17.5	10.5	12.1
FX purchase	0.8	18.3	-18.5	-23.5	-4.9	5.9	1.1	4.4	7.8	10.9	8.4	3.3	-2.5	2.0	9.2	-0.9	-0.9
Households savings	9.1	-3.1	-44.2	-25.2	-3.6	-26.0	-1.4	-10.1	2.8	3.6	3.7	1.5	18.9	6.4	5.8	4.6	-0.3
Loans from other banks	-6.6	8.8	0.7	-7.9	1.5	-3.0	-1.0	-4.5	5.9	0.0	0.2	1.1	2.5	11.7	-1.6	-9.2	-1.4
How will the households' demand for loans change over the next quarter, disregarding the seasonal changes, in your opinion?																	
Mortgage loans	11.2	-23.0	12.9	-19.6	-12.1	4.1	0.3	-2.5	0.0	10.9	6.5	3.9	7.9	30.0	34.6	14.9	34.3
Consumer loans	21.4	-15.8	24.0	-3.3	5.4	1.3	4.5	17.5	-0.5	21.1	31.4	25.4	23.2	44.2	52.9	39.3	32.0
How do you assess household leverage in the past quarter?																	
Total	—	—	—	—	—	—	—	—	—	—	—	2.9	0.1	-1.0	6.3	6.0	9.0