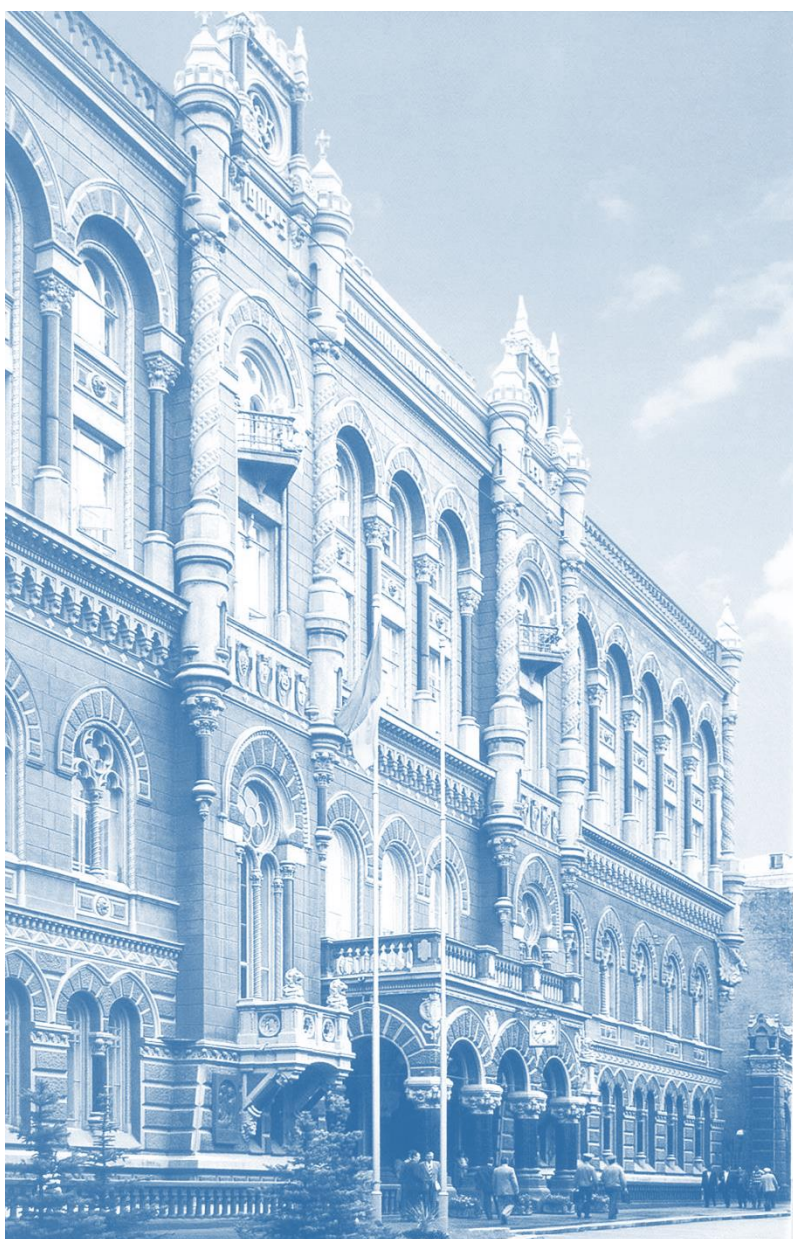


Lending Survey



Q3 2017

July 2017



Lending Survey

Q3 2017 Issue 11 (23)

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. The survey provides general estimates and forecast 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 Q2 2017, and gives respondents' expectations for Q3 2017. Credit managers of 68 banks were invited to participate in the survey between 22 June and 7 July 2017 and all of them provided answers. These banks account for 97% of the banking system's total assets. The survey results reflect the assessments of respondents and are not the assessments or forecasts of the National Bank of Ukraine.

This analytical report, questionnaire data and additional information about the survey 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 Q4 2017 shall be released in October 2017.

The report presents the results of lending survey in Q2 2017 and expected changes in Q3 2017. The 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 a certain indicator, and those who reported a "decrease" of the indicator. The balance of responses can vary within the range of ± 100 . A positive balance indicates that, on the whole, respondents assess/expect the change of indicator towards an increase/strengthening compared with the previous quarter/in the following quarter. For a more detailed explanation of the methodology, please refer to the Annex to this report.

Lending Survey

Q3 2017 Issue 11 (23)

KEY INDICATORS FOR THE NEXT 12 MONTHS

- In Q2, banks were optimistic about lending outlook. Such upbeat assessments had been holding for three consecutive quarters. 62% (77%)¹ of respondents expected a boost in consumer lending, with 68% (65%) of respondents expecting an increase in the corporate sector. Banks anticipated improvement in the quality of both corporate and retail loan portfolios. Expectations on deposit inflows were upbeat as usual, with 56% (85%) of respondents projecting increase in retail deposits and 60% (65%) in corporate deposits.

LENDING CONDITIONS

- In Q2, corporate lending standards generally stayed unchanged, according to 72% (43%) of respondents. Standards eased for short-term loans, hryvnia denominated loans and loans to SMEs, in spite of prudent expectations in the previous quarter. Banks expected the Q3 lending standards to ease for businesses at large. However, no changes anticipated for FX loans and loans to large enterprises.
- In Q2, retail lending standards were being relaxed. The trend has been holding in consumer lending for the past two years, and in mortgage lending – for the third consecutive quarter, driven by stronger competition and expected higher consumer solvency. The majority of banks did not expect lending standards in consumer and mortgage sectors to change in Q3, according to 64% (39%) and 78% (81%) of respondents, respectively.
- Q2 saw an increase in loan application approval rates for all types of corporate loans compared to the previous quarter. The highest rates were reported for hryvnia loans and loans to SMEs. Interest rates had been on a downward path over the past seven quarters. However, growth of banks' credit portfolios was held back by more stringent limitations imposed by loan agreements.
- The rate of approval of households' loan application was going up facilitated by lower interest rate cuts (balance of responses -21%), longer maturities and larger loan amounts (the balance of responses -8% and -18%, respectively). However, stringent collateral requirements restrained mortgage lending.

DEMAND

- Demand for lending from large corporates was rising, as before driven by needs for working capital and investment, lower borrowing costs, and the necessity to restructure debts.
- Demand for consumer and mortgage loans has increased markedly (balance of responses 46% and 43%, respectively) on signs of lower borrowing costs, strengthening consumer confidence, and a revival of real estate market. The demand for FX loans remained unchanged.
- For Q3, banks expected a boost in demand for loans from both businesses (58% (76%) of respondents) and households, particularly for consumer loans (55% (91%)).
- Banks downgraded their leverage assessments both for large enterprises (balance of responses was 28% vs 24% in the previous quarter) and SMEs (10% vs -5%). Household debt burden was estimated as being moderate, according to 62% (68%) of respondents.

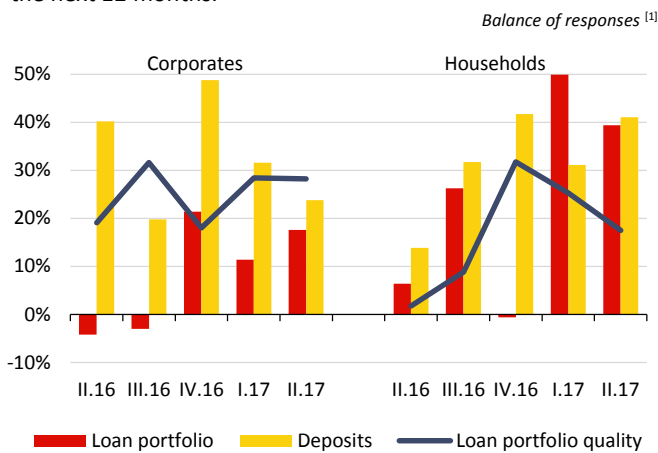
RISKS

- Banks reported higher credit and operational risks in Q2. Interest rate and FX risks subsided, while liquidity risk remained unchanged. Banks expected credit and operational risks to increase in Q3 while FX and interest rate risks are to decrease.

¹ Hereinafter respondents' responses in the plain text are given non-weighted – 1 bank = 1 vote. Weighted responses are in brackets.

I. Expectations for the next 12 months

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

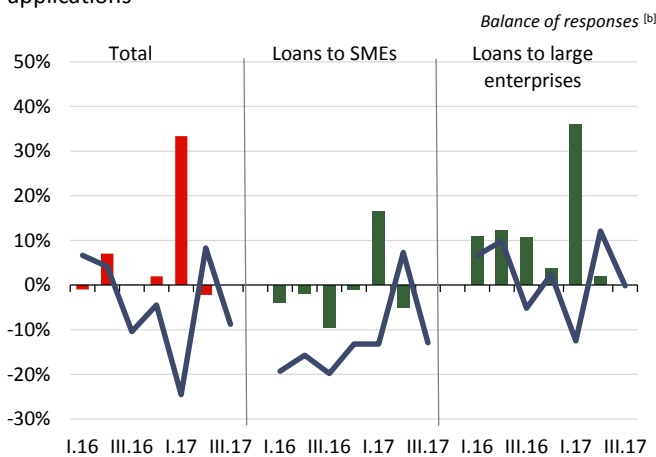


[1] A positive balance of responses indicates expectations of growth for the respective indicator.

Banks remain upbeat about the next 12 months expecting the increase in both loans and deposits, as well as in the quality of retail and corporate credit portfolios. Some 62% of respondents projected consumer lending growth, with the balance of responses of 39%. For the third quarter in a row, most of the banks surveyed expected corporate lending to rise: 68% of respondents (balance of responses 18%). Quality of corporate and retail loan portfolios were expected to improve according to 38% of respondents. More banks were expecting inflow of retail deposits than of corporate deposits (the balances of responses of 41% and 24%, respectively) (Figure 1).

II. Corporate Loans

Figure 2. Changes in standards of approval of corporate loan applications^[a]



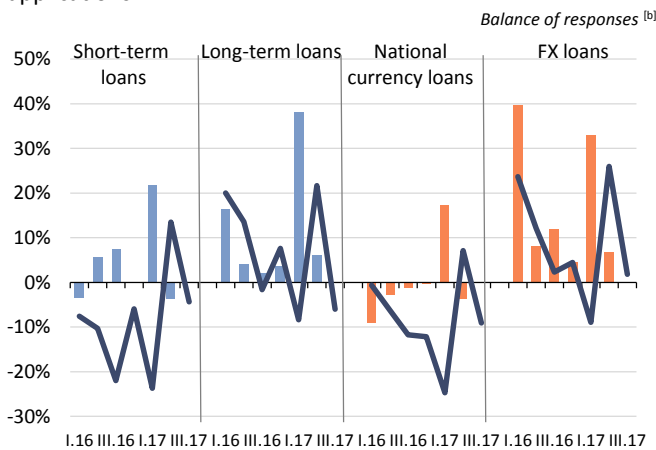
[a] Hereinafter, the bars show the balance of responses for the quarter. A dark line shows expectations in the quarter following the reporting quarter.

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

In Q2, corporate lending standards were broadly unchanged (balance of responses -2%). Respondents' expectations returned to readings of the previous two years after the reported significant tightening of standards in Q1 2017 (balance of responses was 33%).

The survey also showed that the tightening of standards in Q2 had stemmed from worsened FX rate expectations and banks' needs in additional capital. However, stronger competition among banks and expected economic recovery in general and well as in its industries mitigated the effect of the above factors (see Section III of the Annex hereto for more details on specific factors' impact).

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



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

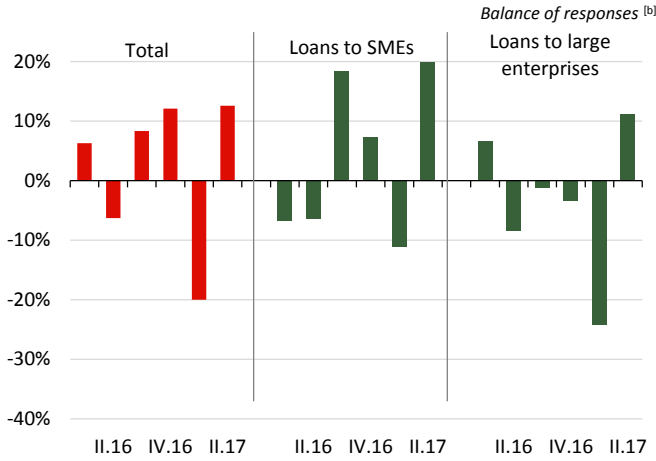
Standards for long-term loans, FX loans and loans to large enterprises have tightened. Standards for short-term loans, hryvnia denominated loans and loans to SMEs have eased.

For Q3, banks project lending standards to ease, primarily for loans to SMEs and hryvnia loans (Figures 2, 3).

Q2 saw an increase in loan application approval rate as compared with the previous quarter, with the balance of responses coming in at 13%. The highest surge in approval rates was marked in short-term loans, hryvnia loans and loans to SMEs (Figures 4, 5).

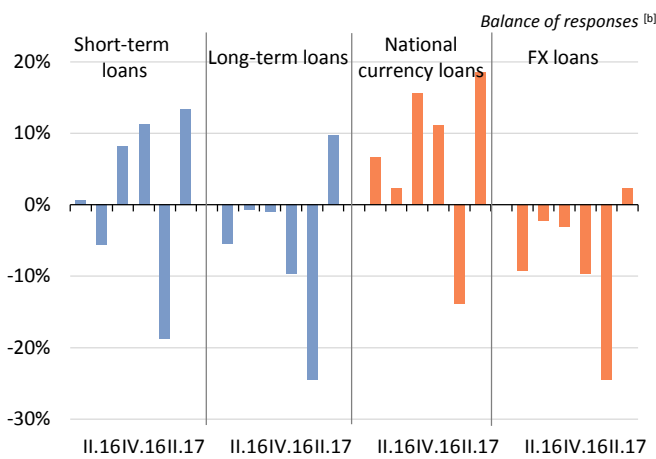
In Q2, lower interest rates, longer maturities and increased loan amounts were driving positive dynamics in banks' loan portfolios, while banks' internal regulations and requirements for borrowers were holding back

Figure 4. Change in corporate loan applications approval rate



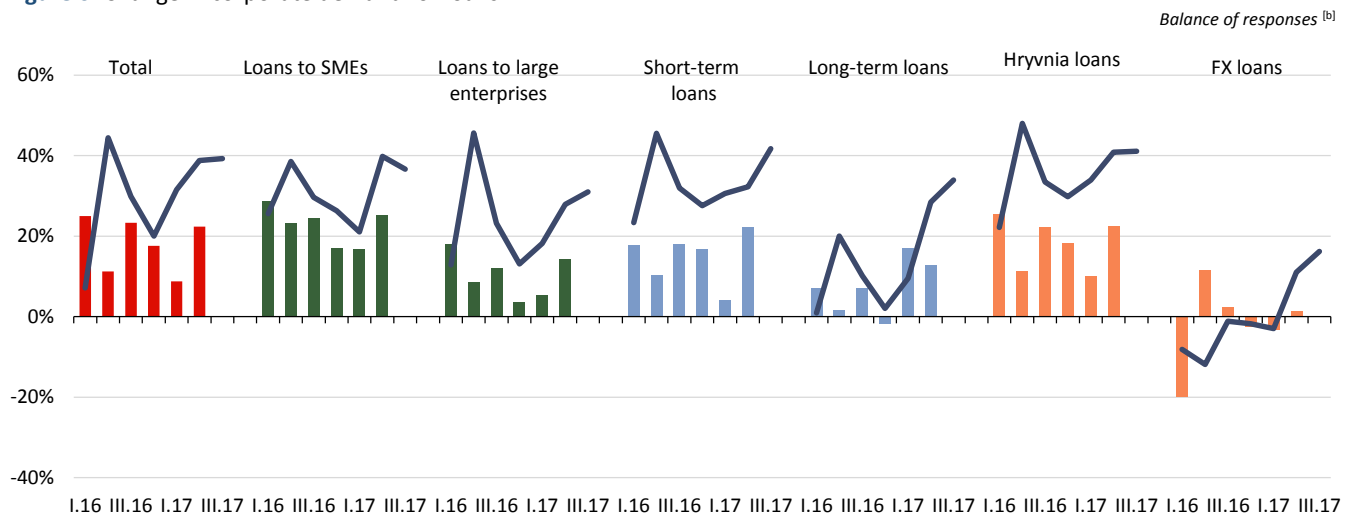
[b] A positive balance of responses indicates an increase in the approval rate for loan applications.

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.

Figure 6. Change in corporate demand for loans



[b] A positive balance of responses indicates an increase in demand.

further growth in approval rates (see Section III of the Annex hereto for more details).

In Q2, the demand for corporate loans expanded further. According to banks' estimates, the demand was higher than in the two previous quarters (the balance of responses 22%). Higher demand was reported for all types of loans, except for FX ones (Figure 6).

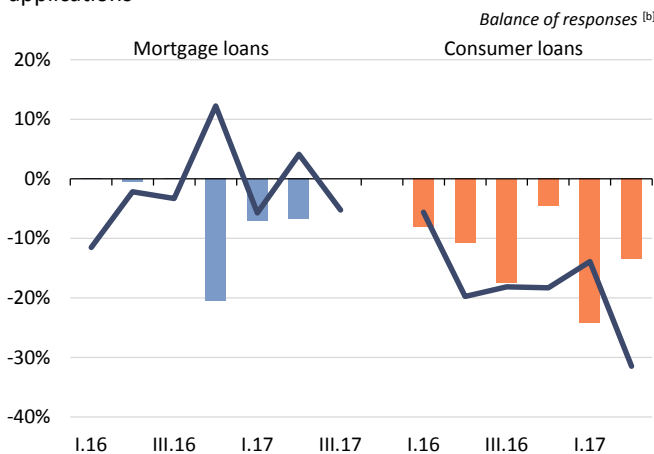
Working capital and investment demand, need to restructure debts, and lower interest rates fueled demand for corporate loans last quarter (see Section III of the Annex to the Survey).

Next quarter may see further growth in demand for all types of corporate loans, according to the banks surveyed.

Also, in Q2, respondents assessed corporate sector leverage as significant (34% of respondents). Leverage of large enterprises remained high (the balance of responses was 47%). Leverage of SMEs was estimated as being at a moderate level, according to 78% of the banks surveyed.

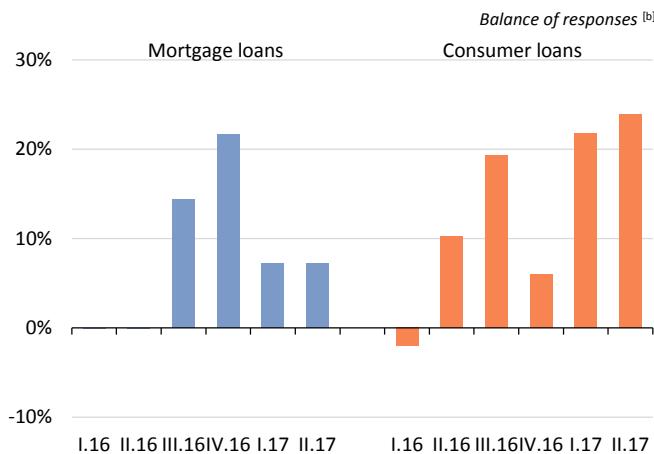
III. Loans to households

Figure 7 Change in standards for approval of households' loan applications



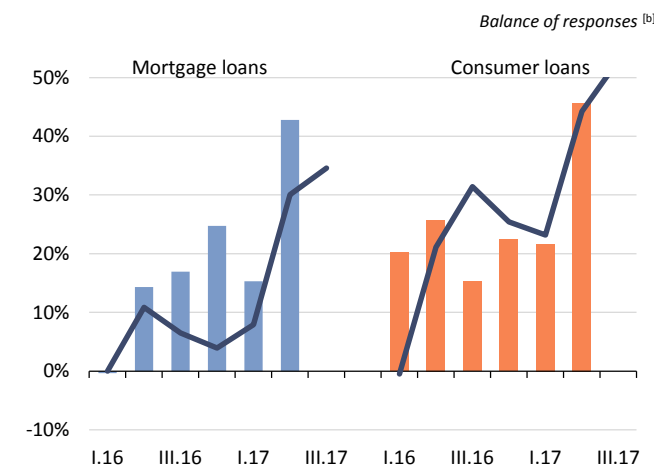
[b] A positive balance of responses indicates tightening of the standards for loan application approval.

Figure 8 Change in the number of approved household loan applications



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

Figure 9 Change in households' demand for loans



[b] A positive balance of responses indicates an increase in demand for loans.

In Q2, consumer lending standards eased (balance of responses -14%). This trend was observed for the second consecutive year. The mortgage lending standards had been relaxing for three quarters in a row, with the balance of responses being at -7%). Banks expected retail lending standards both in consumer and mortgage segments to stay broadly unchanged over the next quarter, according to 64% and 78% of respondents respectively (the balance of responses was -11% and -5%, Figure 7).

Stronger competition among the banks and more solid expected consumer solvency had the biggest impact on retail lending standards in Q2 (Section IV of the Annex).

In Q2, banks were approving more applications for mortgages and consumer loans, with the balances of responses being at 7% and 24%, respectively (Figure 8). As was the case for the corporate sector, such tendency stemmed from lower interest rates of banks, longer maturities and larger loan amounts. Banks reported lowering costs of mortgages but tougher requirements for collateral.

Households' demand for loans continued to go up. Some 31% of those surveyed reported higher demand for mortgages, and 39% of respondents reported increased demand for consumer loans. Lower loan rates and recovery of the real estate market were the main factors behind the increase in demand for mortgages. Consumer confidence, lower lending costs and rising household spending on durable goods were main drivers of growing demand for consumer loans (Figure 9 and Section IV of the Annex to the Survey).

Respondents expected demand for consumer loans and mortgages to grow in Q3, the balance of responses was 53% and 35%, respectively.

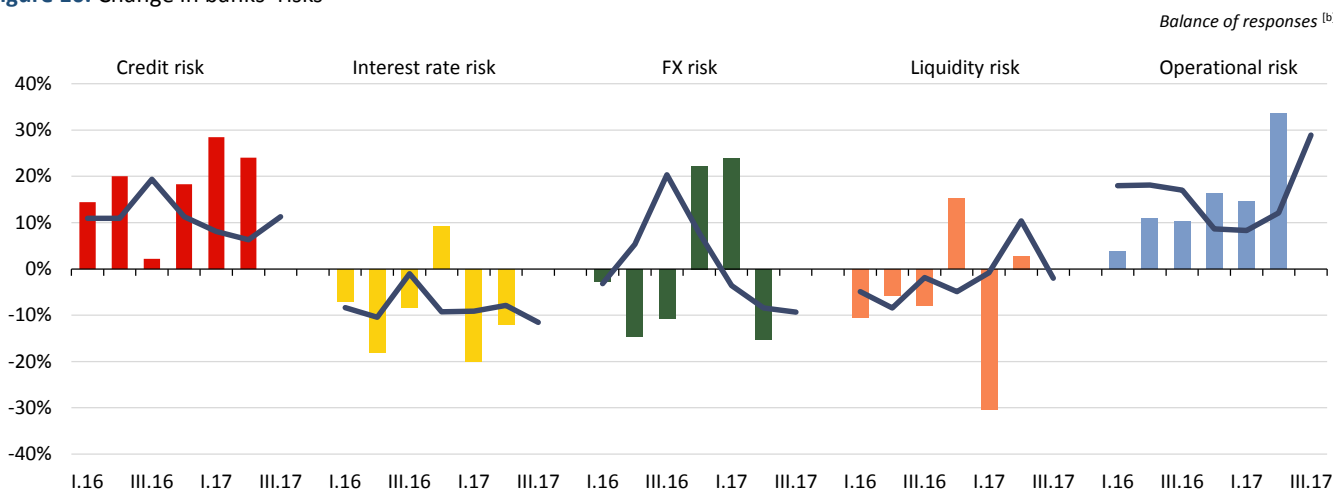
Banks believed that debt burden on household sector somewhat built up in Q2, compared with the previous quarter, however, most of respondents assessed it as being moderate on general. The balance of responses was 62%.

IV. Risk assessment

In Q2, more banks reported increase in operational risk; the survey was conducted amid a massive cyber attack dubbed "Petya.A" (the balance of responses was 34% against the previous quarter's 54%). Credit risk remained at persistently high levels, with only 4% of the banks surveyed reporting a significant increase in the risk throughout Q2. FX risk was reported to have abated in the last quarter, after increasing in the two previous quarters. Seasonal factors were also driving the risk down. Interest rate risk stayed low over the past two quarters. Some 75% of respondents said liquidity risk had not changed.

The banks expected credit and operational risks to increase in the next quarter (19% and 16% of respondents, respectively, the balance of responses was 11% and 29%). Respondents expected interest rate and FX risks to decrease over the next quarter, while liquidity risk was projected to remain unchanged (Figure 10).

Figure 10. Change in banks' risks



[b] A positive balance of responses indicates an increase in risks.

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 the responses are presented in 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 given 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 http://bank.gov.ua/control/uk/publish/category?cat_id=20231434

| | Balance of responses, % | | | | | | | | | | | | | | |
|---|-------------------------|------|-------|------|------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|
| | 2013 | | 2014 | | 2015 | | | | 2016 | | | | 2017 | | |
| | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| 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 |
| Deposits | — | — | — | — | — | 7.0 | 17.2 | 30.4 | 34.9 | 39.3 | 40.2 | 19.8 | 48.8 | 31.6 | 23.8 |
| Loan Portfolio Quality | — | — | — | — | — | -9.2 | -5.6 | 5.2 | 13.9 | 15.1 | 19.1 | 31.6 | 18.0 | 28.4 | 28.2 |
| 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 |
| Deposits | — | — | — | — | — | 11.1 | 29.9 | 23.8 | 32.4 | 36.6 | 13.9 | 31.7 | 41.7 | 31.1 | 41.0 |
| Loan Portfolio Quality | — | — | — | — | — | -28.3 | -11.0 | 18.1 | 28.4 | 14.4 | 1.8 | 8.8 | 31.7 | 25.3 | 17.5 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |

Balance of responses, %

| | 2013 | | 2014 | | 2015 | | | | 2016 | | | | 2017 | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| What changed in price and non-price conditions of approval of applications for loans to the corporate sector within the last quarter? | | | | | | | | | | | | | | | |
| <i>Interest rates (increase - stricter conditions, decrease - softer conditions)</i> | | | | | | | | | | | | | | | |
| 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 |
| 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 |
| 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 |
| <i>Changes in non-interest rate payments</i> | | | | | | | | | | | | | | | |
| 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 |
| 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 |
| 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 |
| <i>Loan or facility amount</i> | | | | | | | | | | | | | | | |
| 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 |

Balance of responses, %

| | 2013 | | 2014 | | 2015 | | | | 2016 | | | | 2017 | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| 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 |
| 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 |
| <i>Collateral eligibility requirements</i> | | | | | | | | | | | | | | | |
| 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 |
| 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 |
| 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 |
| <i>Restrictions imposed by the loan agreement on the borrower</i> | | | | | | | | | | | | | | | |
| 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 |
| 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 |
| 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 |
| <i>Loan maturity</i> | | | | | | | | | | | | | | | |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| How do you assess corporates' leverage in the past quarter? | | | | | | | | | | | | | | | |
| Total | — | — | — | — | — | — | — | — | — | — | — | 13.5 | 15.5 | 10.6 | 16.5 |
| SMEs | — | — | — | — | — | — | — | — | — | — | — | -4.1 | -2.1 | -4.9 | 10.0 |
| Large enterprises | — | — | — | — | — | — | — | — | — | — | — | 25.7 | 22.5 | 23.8 | 28.1 |
| 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 |
| 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 |
| 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 |
| Competition with other banks | — | — | — | — | — | -2.2 | 0.8 | -2.2 | -15.0 | — | -9.8 | -19.9 | -29.1 | -10.6 | -10.3 |
| Competition with non-bank institutions | — | — | — | — | — | 0.7 | -3.5 | 0.0 | -9.4 | — | 0.0 | 0.0 | -4.9 | -0.3 | -3.7 |

Balance of responses, %

| | 2013 | | 2014 | | | 2015 | | | | 2016 | | | | 2017 | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Expectations of general economic activity | — | — | — | — | — | 41.8 | 36.0 | 16.3 | -12.7 | — | -13.7 | -17.4 | -1.2 | -16.8 | -4.7 |
| Inflation expectations | — | — | — | — | — | 46.2 | 37.1 | 19.5 | -3.5 | — | -6.7 | -8.2 | 2.2 | -0.1 | -1.9 |
| Exchange rate expectations | — | — | — | — | — | 44.0 | 29.7 | 13.7 | -2.0 | — | -3.3 | -5.0 | 2.8 | 0.1 | 0.4 |
| Real estate market expectations | — | — | — | — | — | 33.1 | 20.5 | 15.5 | -10.1 | — | -2.9 | -2.5 | 0.1 | -3.9 | -4.0 |
| Borrowers' solvency expectations | — | — | — | — | — | 48.7 | 46.3 | 24.8 | -8.6 | — | -8.1 | -9.5 | -3.0 | -5.8 | -7.8 |
| 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 |
| 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 |
| 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 |
| 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 |
| What changed in price and non-price conditions of approval of applications for retail loans within the last quarter? | | | | | | | | | | | | | | | |
| <i>Mortgage loans</i> | | | | | | | | | | | | | | | |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| <i>Consumer loans</i> | | | | | | | | | | | | | | | |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| What was the impact of the factors listed below on changes in the households' demand for loans within the last quarter? | | | | | | | | | | | | | | | |
| <i>Mortgage loans</i> | | | | | | | | | | | | | | | |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| <i>Consumer loans</i> | | | | | | | | | | | | | | | |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| How do you assess household leverage in the past quarter? | | | | | | | | | | | | | | | |
| Total | — | — | — | — | — | — | — | — | — | — | — | 2.9 | 0.1 | -1.0 | 6.3 |