National Bank of Ukraine

Bank Lending Survey

Q3 2019

Expectations for the next 12 months[1]

The banks believed that lending would increase, with 74%[2] of all respondents expecting corporate loan portfolios to grow, while 70% expect retail loans to grow. Such have been the expectations for retail and corporate lending for almost a year already. Some large banks expected a minor decrease in the quality of their retail loan portfolios. At the same time, respondents anticipated that the quality of corporate loans would not deteriorate. Two thirds of the financial institutions surveyed expected that both corporate and retail deposits would continue to flow in.

Demand

In Q2, demand for corporate loans grew somewhat, as reported by 42% of respondents. Most banks noted increasing demand for loans from SMEs. Demand for hryvnia and short-term loans also rose. These trends resulted from the needs of business for working capital, funds for investments, and the need for large companies to restructure debts. Most banks expected that demand would grow over the next three months.

Household demand for consumer loans has increased, according to banks with large portfolios of retail loans. The increase was driven by improved consumer sentiment and higher spending on durable goods. At the same time, the banks had not seen any changes in demand for mortgages or in factors that influence demand thereon for three quarters in row.

Financial institutions expected an increase in demand for loans, in particular loans to SMEs and consumer loans in Q3. Short-term loans and loans in domestic currency would also be in demand. Mostly large banks expected stronger demand for mortgages.

The banks have improved their assessments of the debt burden on borrowers. In Q2, a fifth of the respondents reported business to be highly leveraged (27% in the previous quarter). The ratio of financial institutions that believed the large businesses to be highly leveraged had fallen. According to 92% of respondents, the debt burden on SMEs was either low or moderate. At the same time, the assessment of the debt burden of households had declined for the third consecutive quarter.

Lending Conditions

In Q2, 92% of banks kept their corporate lending standards mostly unchanged. Only a tenth of respondents reported tighter requirements for large borrowers, or stricter requirements on long-term and FX loans. On the other hand, hryvnia lending standards for SMEs were eased. The easing was driven by greater competition between banks, general economic optimism, and competitive pressure from non-banking institutions. For half a year already, financial institutions had not expected any changes in corporate lending standards.

In Q2, 83% of respondents said the number of approved loan applications remained unchanged. However, for the first time in the last year, the banks reported weakened price conditions for approved loan applications due to a decrease in interest rates.

The banks left unchanged their retail lending standards for both consumer loans and mortgages. Respondents expected this trend to continue in Q3.

The approval rate for consumer loan applications increased in Q2, as reported by 23% of banks with small retail portfolios. In contrast, the approval rate for mortgage applications has remained practically unchanged for six consecutive quarters. The large banks reported that their pricing policies for consumer loans and mortgages tightened due to higher interest rates and stricter requirements on collateral.

Risks

According to the large banks, the overall risk level increased in Q2. Only the exchange-rate risk has remained low, for three quarters in a row. According to 40% of respondents, credit risks rose most notably. Interest, operational and liquidity risks increased somewhat. The surveyed banks expected a slight growth of exchange-rate risk and greater credit and operational risks in Q3. In contrast, interest and liquidity risk may decrease.

[1] See page 11 for information about the Survey.

[2] Hereinafter, respondents' replies are not weighted, with one bank equaling one response.

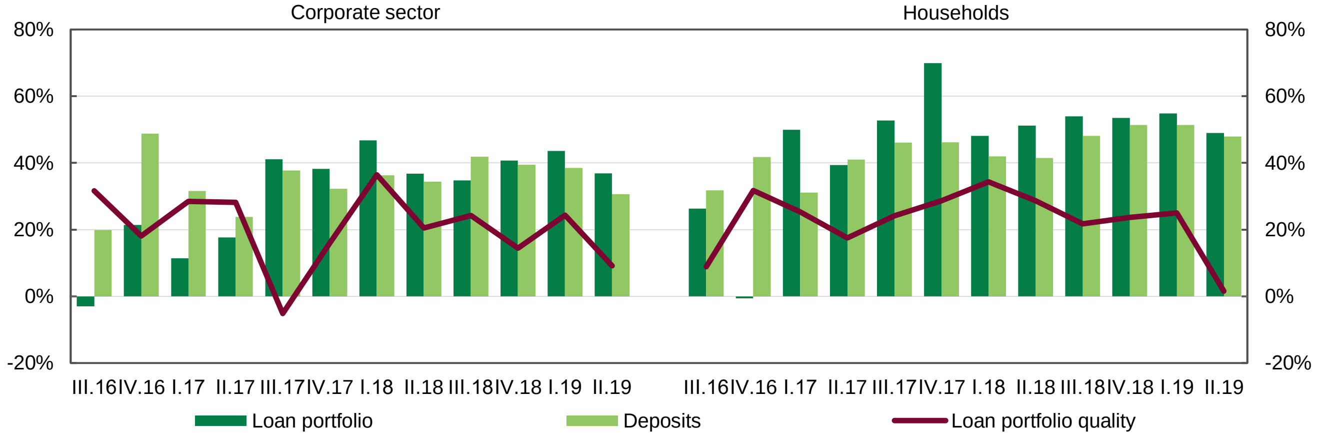
Expectations for the next 12 months

In Q2, banks were optimistic about the growth of funding and lending. Respondents expected a rise in retail and corporate lending (the balance of responses[3] was 49% and 37% respectively). This trend had persisted for 13 consecutive quarters in the retail segment, and for 11 months in the corporate sector.

Some big banks were downbeat about the quality of retail loan portfolio, so the balance of responses was low for the first time in three years, at 2%. At the same time, most respondents did not anticipate a change in the quality of corporate loans.

Two thirds of respondents expected inflows of retail and corporate deposits to continue. The balance of responses was 48% and 31% respectively (Figure 1).

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



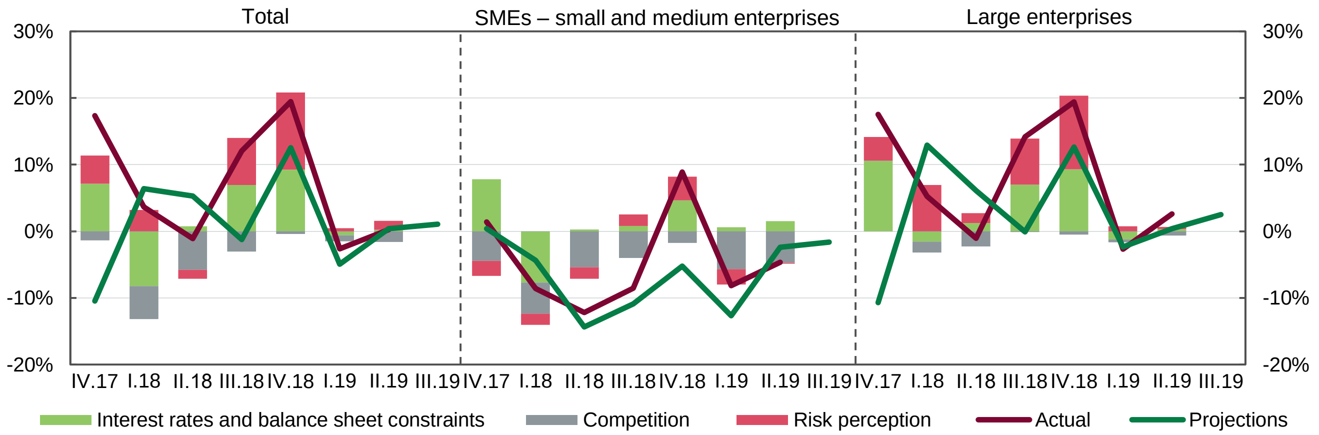
* A positive balance of responses indicates expectations of growth for the respective indicator.

Corporate lending

In Q2, 92% of respondents reported unchanged lending standards for corporate borrowers. At the same time, a fifth of respondents reported easier requirements for SME borrowers, and a tenth of respondents relaxed requirements on SME loans in hryvnia. The same share of respondents tightened standards on long-term and FX loans for large borrowers.

The easing in lending policies, in particular for SMEs, was driven by greater competition between banks, general economic optimism, and competitive pressure from non-banking institutions. Other factors did not effect the change in internal requirements for corporate borrowers (Figure 2).

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



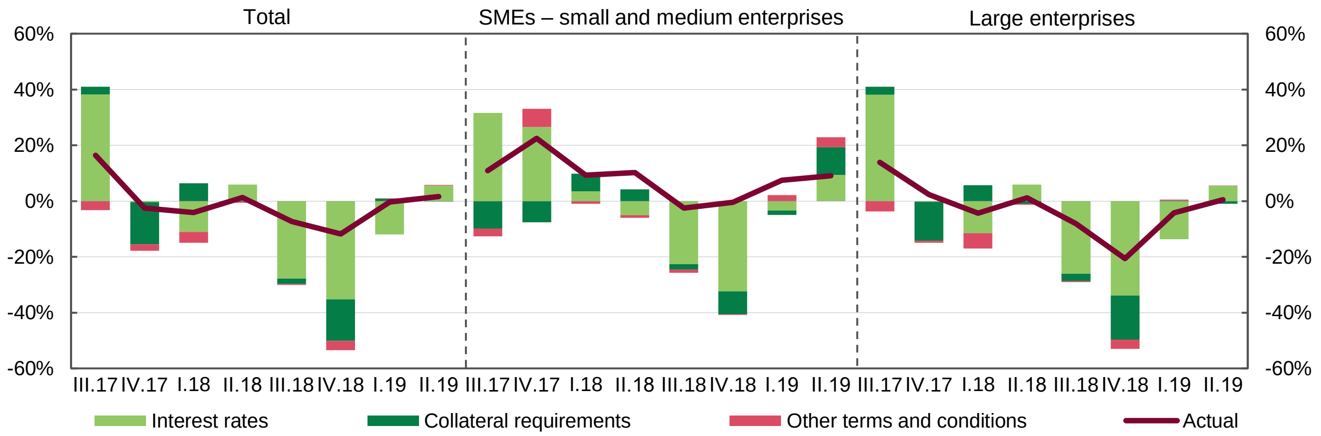
Note: The lines represent actual values and projections, with the factors that prompted the change in the indicator shown in the columns. *Interest rates and balance sheet constraints* are the non-weighted mean of the bank's capitalization and the bank's liquidity position; *Competition* is the non-weighted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

[3] Balance of respondents (see methodology on page 7).

Respondents reported the same expectations for Q3 as for Q2. In general, the banks believed corporate lending standards would remain unchanged in Q3 (75% of respondents). However, 19% of respondents intended to tighten requirements on FX lending, and 16% on long-term lending. According to banks, some easing of lending standards could be expected for SME, short-term, and hryvnia loans (see Section III of the Annex to this report for detailed findings).

83% of respondents said the approval rate for corporate loan applications was unchanged in Q2. Meanwhile, financial institutions noted for the second quarter in a row an increase in the approval rate of loan applications for SMEs, as well as for short-term and hryvnia loans. For the first time in the last year, the banks reported weakened price conditions on approved loan applications due to a decrease in interest rates. Other factors had virtually no impact on the corporate loan approval rate (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.

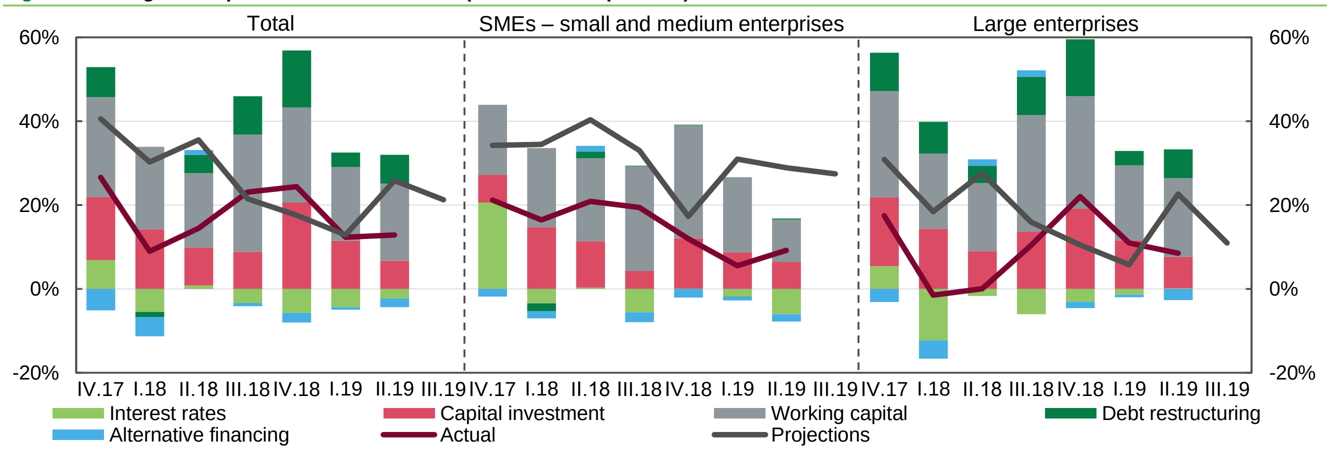
The demand for corporate loans rose in Q2, as reported by 42% of the surveyed banks, with a 13% balance of responses. These were both loans to SMEs and loans to large companies (see Figure 4).

The trend of demand for loans from SMEs became more pronounced, with the balance of responses has moved down over the last year. The needs of businesses for capital investment and working capital should have stimulated demand, but according to the banks demand continued to be depressed by loans from rival banks and higher interest rates.

The demand of big businesses for loans has increased over the past year, although at a slower pace in the two last quarters. Respondents mentioned big businesses' needs for working capital, investment and debt restructuring funds as the main drivers of the demand (see Section III of the Annex).

The banks expected demand for all types of corporate loans to grow further in Q3 2019. Corporate demand was expected to rise the most for SME loans (the balance of responses was 27%), short-term loans (24%), and hryvnia loans (19%).

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

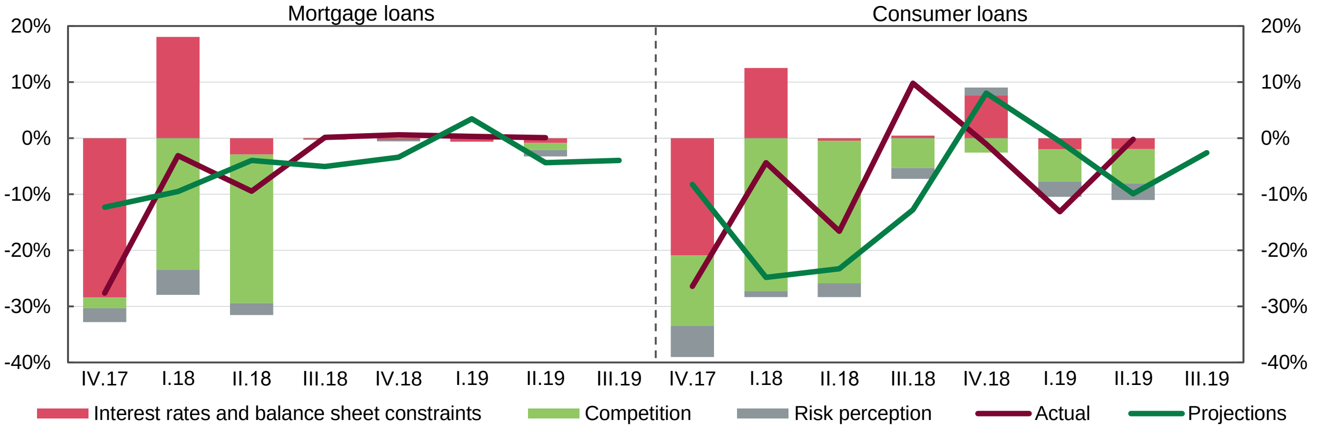


Note: The lines represent actual values and projections, with the factors that prompted the change in the indicator shown in the columns.
Interest rates mean the change in interest rates; *Capital investment* means the need for capital investment; *Working capital* means the need for working capital; *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 Q2, household lending standards for both consumer loans and mortgages remained the same. Only 15% of banks reported the easing of internal lending requirements and underwriting criteria for consumer loans, due to stronger competition from other banks, positive expectations of economic growth, and consumers' improved repayment ability. In the mortgage segment, 97% of the surveyed banks said they had kept lending standards unchanged. This trend has been observed for the last year (see Figure 5). Only a tenth of respondents expected in Q3 a slight easing of requirements in the conditions for obtaining consumer loans and mortgages.

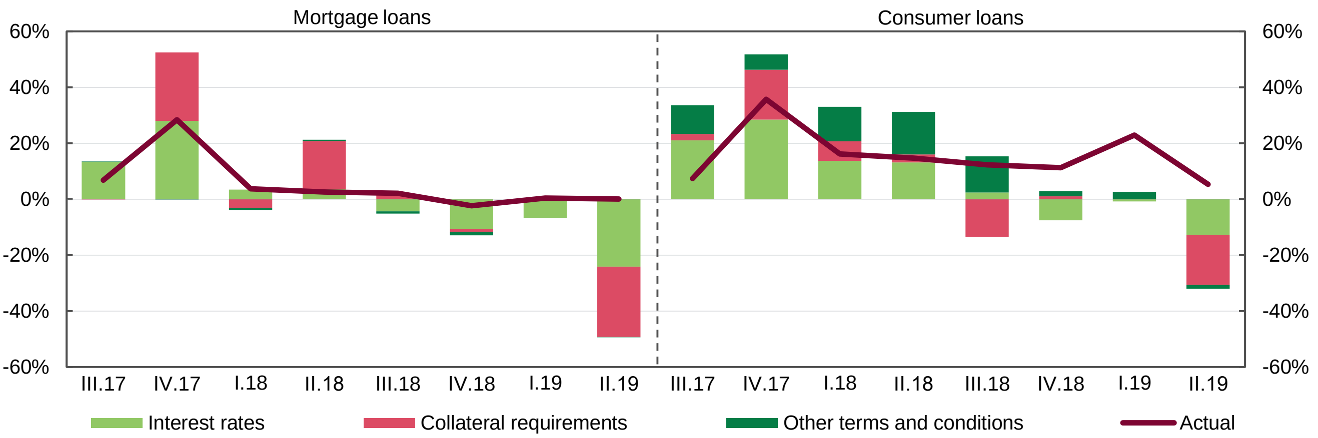
Figure 5. Changes in the criteria for approving retail loan applications (balance of responses*)



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

In the current survey, 23% of respondents said that the approval rate for consumer loan applications had increased slightly – the respondents were mostly banks with small retail loan portfolios. However, some big banks reported that their pricing policy for consumer loans and mortgages had tightened due to an increase in interest rates and stricter requirements on collateral. The approval rate for mortgage applications has remained practically unchanged for six quarters. In Q2, all respondents noted this (Figure 6).

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



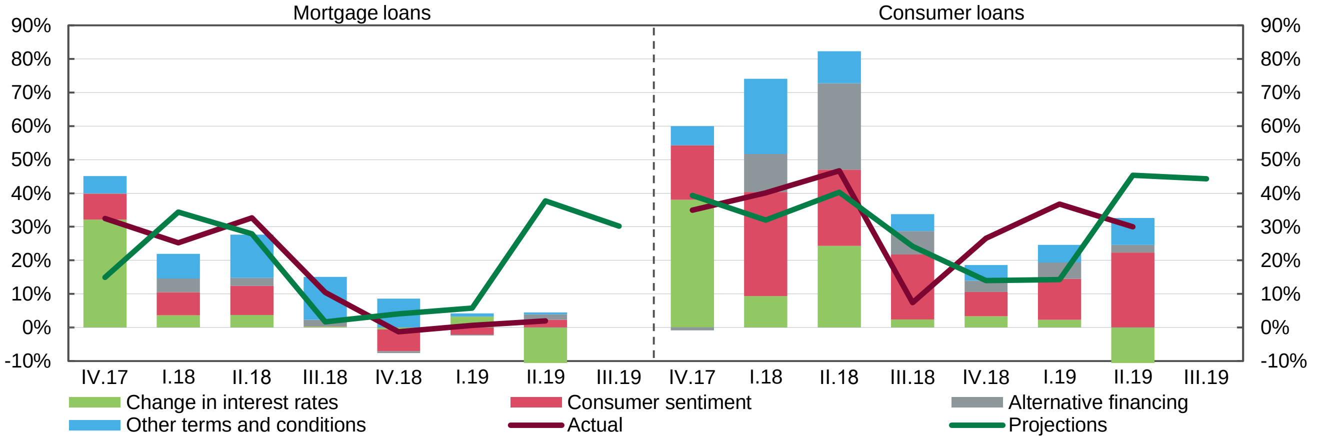
Note: The line represents actual values and projections, with the factors that prompted the change in the indicator shown in the columns. *Interest rates* mean the loan rates factor; *Collateral requirements* mean the collateral requirements factor; *Other terms and conditions* are defined as the non-weighted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

38% of respondents reported higher demand for consumer loans, especially at banks with large retail loan portfolios. The growth in demand for consumer loans has continued since Q3 2015. Although the banks were upbeat in their projections of higher demand for mortgages, respondents have reported no change in demand for three quarters in row already. According to the survey, 84% of respondents said demand for mortgages had not changed.

Improved consumer sentiment and higher spending on durable goods were cited as the main drivers of demand for consumer loans. Regarding retail lending, some top banks reported that the increase in interest rates in Q2 had had a negative effect on demand for both consumer loans and mortgages (Figure 7 and Section IV of the Annex).

The banks expected a slight growth in demand for retail loans in Q3.

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



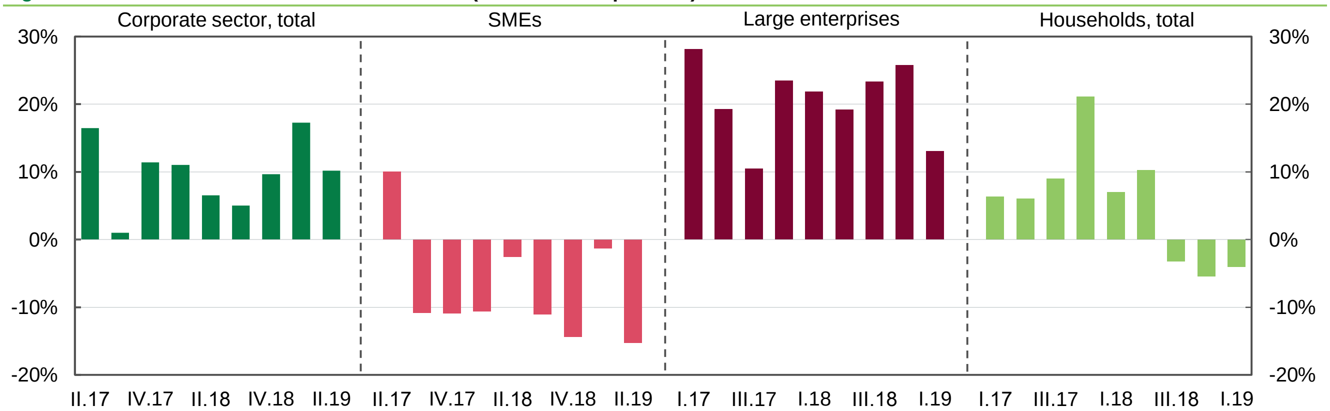
Note: The lines represent actual values and projections, with the factors that prompted the change in the indicator shown in the columns. *Change in interest rates* means the change in interest rates factor; *Consumer sentiment* means the consumer sentiment factor; *Alternative financing* is the non-weighted 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

Some 18% of respondents said the corporate sector was highly leveraged in Q2, while in the previous quarter 27% of respondents believed so. The percentage of banks that assessed the leverage of large enterprises as high also decreased, from 49% in the previous quarter to 39% now. In contrast, according to 92% of respondents the debt burden on SMEs was either low or moderate, with the balance of responses at a record low in the entire survey history.

The debt burden of households continued to decrease. Some 88% of banks considered it low or average. The balance of responses has been negative for three quarters in a row (see Figure 8).

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

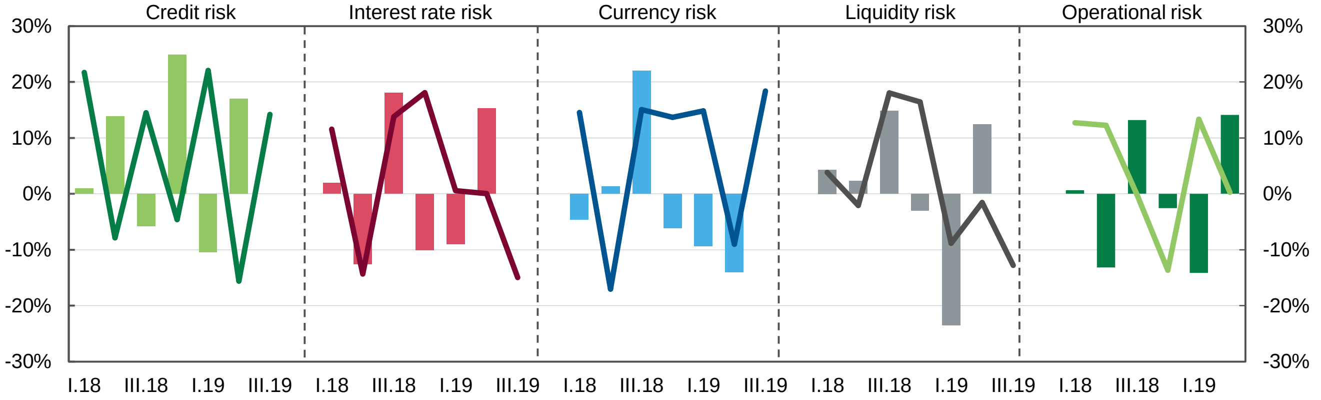


* Higher values for the balance of responses correlate with higher debt loads. A positive value indicates a high debt load, while a negative value indicates a lower debt load.

Risk assessment

The banks, (mostly large ones) believed that all risks had increased, except for the exchange-rate risk, which remained low for the third quarter in a row. Credit risk saw the most notable increase (40% of respondents), despite the banks saying in the previous quarter that they expected it to reduce greatly. Trends were broken for exchange-rate, operational and liquidity risks, which decreased in the previous quarter but have now increased (the balances of responses were 15% and 12% respectively). As for credit risk, the assessments of the large banks determined the final results of the survey for the above risks. The banks expected that in Q3 the exchange-rate risk would be the most significant (the balance of responses was 18%). Credit and operational risks may also increase. At the same time, according to respondents, interest and liquidity risks should drop (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	
	III	IV	I	II	III	IV	I	II	III	IV	I	II
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	-3.0	21.4	11.4	17.6	41.1	38.2	46.8	36.7	34.8	40.7	43.6	36.9
Deposits	19.8	48.8	31.6	23.8	37.7	32.3	36.3	34.4	41.9	39.4	38.5	30.6
Loan Portfolio Quality	31.6	18.0	28.4	28.2	-5.1	16.0	36.4	20.5	24.2	14.4	24.3	9.1
How, in your opinion, will the following retail readings change at your bank over the next 12 months?												
Loan portfolio	26.3	-0.6	49.9	39.4	52.7	70.0	48.1	51.2	54.0	53.5	54.8	49.0
Deposits	31.7	41.7	31.1	41.0	46.1	46.2	42.0	41.5	48.1	51.4	51.4	47.9
Loan Portfolio Quality	8.8	31.7	25.3	17.5	24.1	28.7	34.3	28.6	21.8	23.7	25.0	1.5
II. Risk assessment												
How did the risks for your banks change within the last quarter?												
Credit risk	2.2	18.3	28.4	24.0	12.2	42.2	1.0	13.9	-5.8	24.9	-10.4	17.0
Interest rate risk	-8.3	9.2	-20.0	-12.0	-27.8	-10.5	1.9	-12.5	18.1	-10.1	-9.0	15.3
Currency risk	-10.7	22.2	24.0	-15.2	20.5	12.1	-4.6	1.3	22.0	-6.1	-9.4	-14.0
Liquidity risk	-8.0	15.2	-30.3	2.8	-23.1	8.6	4.3	2.3	14.8	-3.0	-23.5	12.4
Operational risk	10.2	16.3	14.6	33.5	3.6	13.0	0.6	-13.2	13.2	-2.6	-14.1	14.1
What changes do you expect in the risks for your bank over the next quarter?												
Credit risk	11.3	8.1	6.3	11.3	24.5	21.7	-7.9	14.5	-4.6	22.0	-15.6	14.2
Interest rate risk	-9.3	-9.1	-7.9	-11.6	-14.3	11.6	-14.3	13.8	18.1	0.6	0.0	-14.9
Currency risk	7.7	-3.6	-8.4	-9.3	23.9	14.5	-17.0	15.1	13.7	14.9	-9.0	18.4
Liquidity risk	-4.9	-0.8	10.4	-2.0	-2.8	3.9	-2.1	18.0	16.4	-8.8	-1.5	-12.8
Operational risk	8.7	8.3	12.1	28.9	12.9	12.7	12.3	-0.2	-13.6	13.4	0.3	13.9
III. Corporate Loans												
How did the standards for approval of corporate loan applications change within the last quarter?												
Total	0.0	2.0	33.4	-2.2	-1.9	17.4	3.7	-1.1	12.1	19.4	-2.6	0.3
Loans to SMEs	-9.5	-1.1	16.5	-5.1	13.5	1.4	-8.6	-12.2	-8.5	8.9	-8.1	-4.7
Loans to large enterprises	10.7	3.9	35.9	1.9	1.2	17.5	5.3	-1.0	14.2	19.4	-2.7	2.6
Short-term loans	7.4	-0.1	21.7	-3.9	-2.6	16.8	-2.1	-3.1	3.1	12.4	-5.2	-2.2

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

1	2	3	4	5	6	7	8	9	10	11	12	13
Short-term loans	18.2	16.7	4.0	22.4	14.9	24.4	4.5	16.4	23.3	23.1	10.3	10.7
Long-term loans	7.2	-1.8	17.0	12.8	10.8	20.5	12.7	9.7	10.3	22.4	12.7	9.6
Loans in domestic currency	22.2	18.3	10.2	22.4	13.9	26.2	5.5	11.8	23.9	23.3	10.6	13.4
Loans in foreign currency	2.3	-2.6	-3.4	1.4	2.4	12.8	7.0	8.4	7.8	3.6	8.0	7.2
What was the impact of the factors listed below on changes in corporate demand for loans within the last quarter?												
Interest rates	18.0	14.9	15.7	21.1	19.7	6.8	-5.5	0.8	-3.4	-5.7	-4.4	-2.3
Capital investment needs	5.9	8.9	8.3	20.6	13.4	15.1	14.2	9.0	8.8	20.6	11.5	6.7
Working capital needs	25.6	17.1	17.4	23.8	24.2	23.8	19.7	17.8	27.9	22.7	17.6	18.4
Debt restructuring	20.3	16.3	17.3	20.6	15.2	7.2	-1.2	4.3	9.2	13.6	3.5	6.9
Internal financing	6.6	8.9	3.8	8.2	-4.4	-5.6	-2.9	9.1	5.4	-1.1	1.0	-2.0
Loans from other banks	-7.5	1.1	-12.8	-10.0	2.2	-9.7	-10.9	-5.5	-7.5	-5.8	-5.4	-4.2
Assets sale	1.7	1.8	1.6	1.5	0.0	0.0	0.0	0.0	0.0	0.0	2.7	0.0
How will the corporate demand for loans change over the next quarter, disregarding the seasonal changes, in your opinion?												
Total	20.0	31.6	38.8	39.3	40.6	30.2	35.5	21.5	17.6	12.9	25.8	21.3
Loans to SMEs	26.3	21.0	39.8	36.7	34.2	34.5	40.3	33.0	17.3	31.0	28.9	27.4
Loans to large enterprises	13.1	18.2	27.9	31.0	30.9	18.4	27.6	15.9	10.5	5.8	22.6	11.0
Short-term loans	27.6	30.6	32.3	41.7	41.8	26.4	37.4	21.7	18.1	17.3	30.6	23.6
Long-term loans	2.0	9.5	28.4	34.0	27.6	20.1	25.6	6.5	7.4	9.4	20.0	13.7
Loans in domestic currency	29.8	33.9	40.8	41.1	39.4	33.1	37.5	21.7	18.1	17.2	24.3	18.8
Loans in foreign currency	-1.8	-3.0	11.0	16.2	19.1	-2.2	14.8	4.1	1.8	6.5	-2.2	14.3
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	10.2
SMEs	-4.1	-2.1	-4.9	10.0	-10.8	-10.9	-10.6	-2.5	-11.1	-14.4	-1.3	-15.3
Large enterprises	25.7	22.5	23.8	28.1	19.2	10.5	23.5	21.9	19.2	23.3	25.8	13.1
IV. Loans to households												
How did the standards for approval of retail loan applications changed within the last quarter?												
Mortgages	0.1	-20.5	-7.0	-6.7	-6.9	-27.6	-3.1	-9.5	0.1	0.6	0.3	0.1
Consumer loans	-17.4	-4.6	-24.3	-13.5	17.6	-26.4	-4.4	-16.6	9.8	-1.1	-13.1	-0.2
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	-8.2	-4.4	-9.2	-4.2	-22.5	-19.5	-1.5	-0.8	0.0	5.8	-2.4	-2.6
Competition with other banks	-19.9	-29.1	-10.6	-10.3	-15.5	-17.3	-33.4	-22.0	-10.5	-3.8	-7.5	-12.0
Competition with non-bank institutions	0.0	-4.9	-0.3	-3.7	-4.0	-4.1	-18.0	0.3	0.0	-1.2	-4.0	-0.1
Expectations of general economic activity	-17.4	-1.2	-16.8	-4.7	-12.2	-13.1	-14.7	-7.5	-5.4	8.5	-7.1	-5.1
Inflation expectations	-8.2	2.2	-0.1	-1.9	-6.0	-3.9	-8.6	-2.0	-1.6	-0.1	0.0	0.1
Exchange rate expectations	-5.0	2.8	0.1	0.4	-6.0	-2.0	0.1	0.7	1.1	1.4	0.0	0.1
Real estate market expectations	-2.5	0.1	-3.9	-4.0	-1.9	0.0	-4.5	-1.9	-0.2	-0.1	0.0	-1.8
Borrowers' solvency expectations	-9.5	-3.0	-5.8	-7.8	-2.9	-14.1	6.4	2.1	-4.4	-3.0	-4.9	-9.5
What changes do you expect in the standards for approval of retail loan applications over the next quarter?												
Mortgages	12.3	-5.7	4.1	-5.2	-12.3	-9.5	-4.0	-5.1	-3.4	3.4	-4.4	-4.0
Consumer loans	-18.3	-13.9	-31.5	-10.8	-8.3	-24.9	-23.3	-12.8	8.0	-0.6	-9.9	-2.6
How did the rate of approval of retail loan applications change within the past quarter?												
Mortgages	14.4	21.7	7.3	7.3	6.8	28.4	3.8	2.5	2.2	-2.3	0.4	0.0
Consumer loans	19.3	6.0	21.8	23.9	7.3	35.7	16.1	14.7	12.2	11.3	22.9	5.2
How did price and non-price terms of retail loan change within the past quarter?												
Mortgages												
Interest rates on loans	-2.6	-24.8	9.3	-7.5	-13.4	-28.0	-3.5	-3.5	4.3	10.7	6.6	24.1
Collateral eligibility requirements	0.0	0.0	-2.3	19.8	0.1	-24.4	3.2	-17.2	-1.8	1.0	0.0	25.1
Loan maturity	-0.1	0.1	0.0	0.0	-0.1	0.4	0.3	0.0	0.0	-0.3	0.0	0.0
Changes in non-interest rate	-0.1	0.0	0.0	0.0	0.0	0.0	2.2	0.0	3.1	3.2	0.0	0.2
Loan-to-value ratio (LTV)	-4.1	0.0	0.0	0.2	0.1	0.0	-0.3	-1.7	-0.6	1.0	0.0	0.1
Consumer loans												
Interest rates on loans	-4.7	-12.8	-29.0	-20.9	-21.1	-28.5	-13.7	-13.2	-2.3	7.6	0.8	12.8
Collateral eligibility requirements	0.0	0.0	0.0	-0.1	-2.2	-17.9	-6.9	-2.8	13.5	-1.0	0.0	17.8
Loan maturity	-9.7	-14.0	-6.5	-7.7	-3.1	-3.5	-12.5	-8.3	-32.8	-1.6	-2.9	-4.3
Changes in non-interest rate	0.8	-3.1	-3.0	-1.1	-5.4	-3.7	-5.2	-1.5	-9.7	1.0	-0.9	-1.3
Loan amount	-24.3	-11.4	-9.3	-18.3	-22.4	-9.1	-19.5	-35.9	3.8	-4.8	-3.8	9.8
How did the households' demand for loans change in the past quarter (not seasonally adjusted)?												
Mortgages	16.9	24.7	15.3	42.8	37.4	32.4	25.2	32.7	10.5	-1.2	0.6	1.9

1	2	3	4	5	6	7	8	9	10	11	12	13
Consumer loans	15.3	22.4	21.7	45.7	4.6	35.0	40.1	46.7	7.4	26.6	36.8	30.0
What was the impact of the factors listed below on changes in households' demand for loans in the past quarter?												
Mortgages												
Interest rates	2.8	24.8	24.5	10.5	14.3	32.1	3.6	3.7	0.3	-0.5	3.3	-25.0
Real estate market outlook	2.7	3.0	12.4	15.2	15.4	5.1	7.4	12.9	12.7	8.6	1.0	0.6
Consumer confidence	2.7	2.8	6.0	8.9	8.4	7.8	6.8	8.8	0.1	-6.5	-2.1	2.3
Households savings	0.1	3.1	5.3	7.6	3.2	3.6	6.9	7.0	3.9	6.8	4.4	3.7
Loans from other banks	2.5	0.4	9.0	0.9	2.7	-3.4	1.3	-2.4	0.0	-8.0	-5.0	-0.4
Consumer loans												
Interest rates	5.0	9.0	24.0	24.9	25.8	38.1	9.3	24.3	2.3	3.4	2.3	-13.1
Consumer confidence	13.8	19.1	13.4	27.2	24.3	16.2	31.0	22.7	19.4	7.2	12.2	22.3
Spending on durable goods	1.5	12.9	19.2	17.5	10.5	12.1	31.6	14.1	9.6	5.9	8.2	12.3
FX purchase	3.3	-2.5	2.0	9.2	-0.9	-0.9	13.4	5.0	0.5	3.4	2.4	3.6
Households savings	1.5	18.9	6.4	5.8	4.6	-0.3	32.1	22.4	1.9	5.8	6.3	3.9
Loans from other banks	1.1	2.5	11.7	-1.6	-9.2	-1.4	-9.4	29.1	12.0	0.8	3.4	0.7
How will the households' demand for loans change over the next quarter (not seasonally adjusted), in your opinion?												
Mortgages	3.9	7.9	30.0	34.6	14.9	34.3	27.9	1.6	4.0	5.8	37.7	30.2
Consumer loans	25.4	23.2	44.2	52.9	39.3	32.0	40.3	24.2	14.0	14.3	45.4	44.3
How do you assess debt burden on households in the past quarter?												
Total	2.9	0.1	-1.0	6.3	6.0	9.0	21.1	7.0	10.2	-3.2	-5.4	-4.0

Information about the 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 by the NBU and other banking sector stakeholders of lending market conditions and trends. It provides general assessments 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 Q2 2019 and provides respondents' expectations for Q3 2019. Credit managers of 50 banks were invited to participate in the survey between 19 June and 10 July 2019. All those invited took part in the survey. The banks surveyed account for 99% of the banking system's total assets. The survey's results reflect the views of respondents, and do not necessarily reflect assessments or forecasts made 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 Q4 2019, will be published in October 2019.