



مصرف الإمارات العربية المتحدة المركزي
CENTRAL BANK OF THE U.A.E.

Credit Sentiment Survey

Survey Results | 2024 Q1



Credit Sentiment Survey

The Credit Sentiment Survey ("The Survey") is a quarterly publication, which collects information from Senior Credit Officers from all banks and credit-providing financial institutions in the UAE. The information collected is based on qualitative responses to a series of questions relating to credit conditions in the most recent quarter and expectations for the upcoming quarter.

All results and analyses contained in this report constitute the opinions of Survey respondents only, and do not reflect the views of the Central Bank of the UAE ("CBUAE"). Further details about the Survey, along with its questionnaire results for the March quarter, are available in the "About the Survey" section and annexes to this report.¹

¹ Results from the survey are reported as a net balance (expressed as a percentage). The net balance is calculated as the weighted percentage of respondents reporting an increase in demand for loans or appetite to extend loans minus the weighted percentage of respondents reporting a decrease in demand for loans or appetite to extend loans. Responses indicating a modest change are given half the weighting of those reporting a significant change in the surveyed quarter. A positive score indicates growth in demand for loans or appetite to extend loans.

For example, the net balance for loan demand is calculated as $(\% \text{ of Respondents Reporting a Substantial Increase} + 0.5 \times \% \text{ of Respondents Reporting a Moderate Increase}) - (\% \text{ of Respondents Reporting a Substantial Decrease} + 0.5 \times \% \text{ of Respondents Reporting a Moderate Decrease})$. The same calculation applies to other measures, such as appetite to extend loans, changes in terms and conditions, and factors influencing loan demand and credit appetite.

Executive Summary

Results from the March quarter survey point to strong credit demand and supply, consistent with persistent business and consumer credit growth. Demand growth for personal loans reached a record high while many UAE financial institutions were more willing to lend. In recent quarters, improving household credit sentiment points to a solid contribution of consumer spending to economic growth. Similarly, business lending also exhibited positive, but slightly weaker, credit dynamics on the back of persistent investment demand. A supportive economic outlook and resilient real estate market continue to support positive credit sentiment despite the restrictive monetary stance. Going forward, financial institutions' expectations remain positive and support continued credit appetite to cater to steady loan demand growth by both households and corporates.

Lending to Corporates & Small Businesses – March quarter results highlight ongoing strength in demand for business credit, with quarterly growth at its highest in over a year (**Chart 1**). On the supply-side, respondents indicated an ongoing willingness to lend, though appetite is a little softer than a quarter ago. Credit appetite and demand remains robust across all segments of the UAE economy, with stronger sentiment recorded in trade, construction, property development and manufacturing. Current economic conditions and optimism about the outlook continues to support business credit sentiment. This appears to have supported lending for investment purposes and economic stability has supported perceived credit-worthiness of borrowers. Perceptions about the strength of the economy appear to have offset the impact of higher interest rates, though a negative impact is still evident. For the June quarter, survey respondents expect robust credit conditions to be maintained.

Lending to Households – Survey results indicate a significant increase in personal credit demand and higher willingness of banks to offer personal loans (**Chart 2**). Last quarter, personal loan demand reached its highest level on record. Demand was strong across all personal loan segments, with solid demand for housing loans (particularly owner-occupier), car loans and credit cards. Improved economic conditions, seasonal influences and rising real household incomes continue to support personal loan demand. The impact of interest rate increases over the past year appear to have waned according to survey results. Improving asset quality and economic outlook, stable credit-worthiness of borrowers and a solid economic backdrop buoyed financial institutions' willingness to lend. Solid credit sentiment for households is expected to persist into the June quarter.

Chart 1 Change in Supply vs. Demand for Business Loans

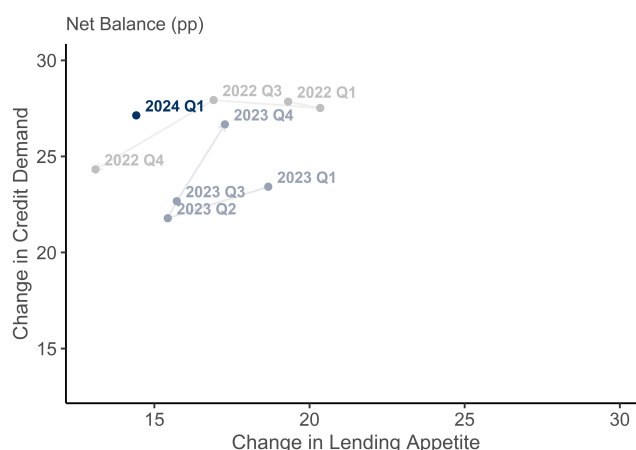
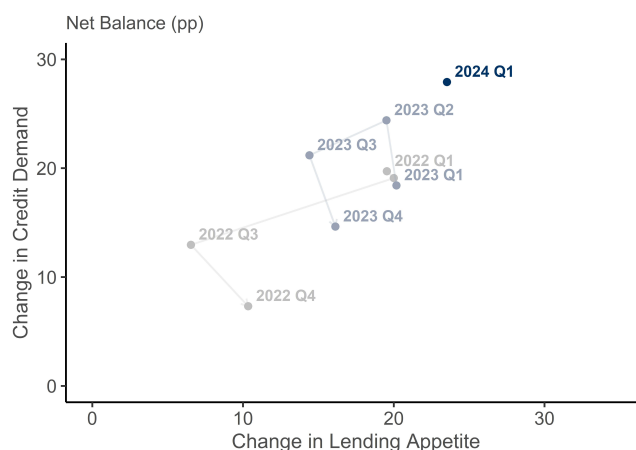


Chart 2 Change in Supply vs. Demand for Personal Loans



Business Lending²

Survey results point to a solid increase in business loan demand in the March quarter, with a net balance of +27.1pp. According to survey results, 45.1% of respondents reported no change, 53.0% reported an increase in demand, while only 1.8% of respondents reported a decrease in demand. By Emirate, a notable increase in credit appetite and demand was observed across all Emirates, with demand strongest in Dubai. Looking ahead, demand for business loans is expected to remain strong over the next three months (Chart 3).

Demand growth was strongest for large firms, with solid growth from small and medium-sized enterprises (SMEs) as well (Chart 4). By country of residence, demand growth was strongest from expats and locals, while growth from non-residents was moderate in comparison.

Looking forward, survey results suggest solid aggregate loan demand, driven by strong demand from large firms, followed by SMEs and government-related entities (GREs).

Credit demand was robust across all industry classifications, with March quarter results above their long-run average across the board (Chart 5). Growth was highest in the retail and wholesale trade sector, followed by construction, property development and manufacturing.

Business loan demand is expected to increase further across all economic sectors over the next three months, primarily in the retail and wholesale trade, property development, construction, and manufacturing sectors.

Chart 3 Change in Demand for Business Loans

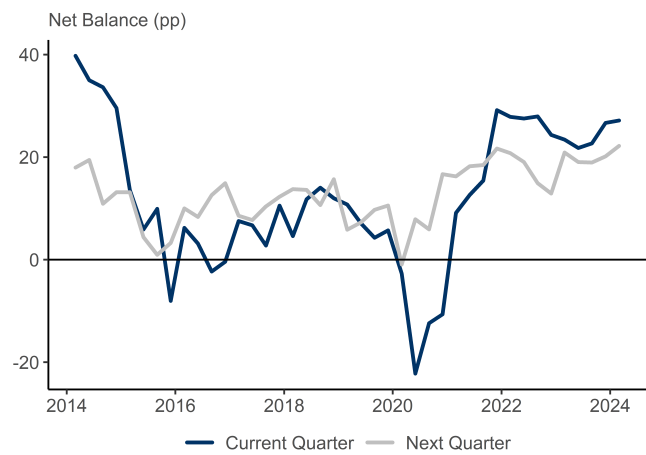


Chart 4 Change in Demand for Business Loans by Type

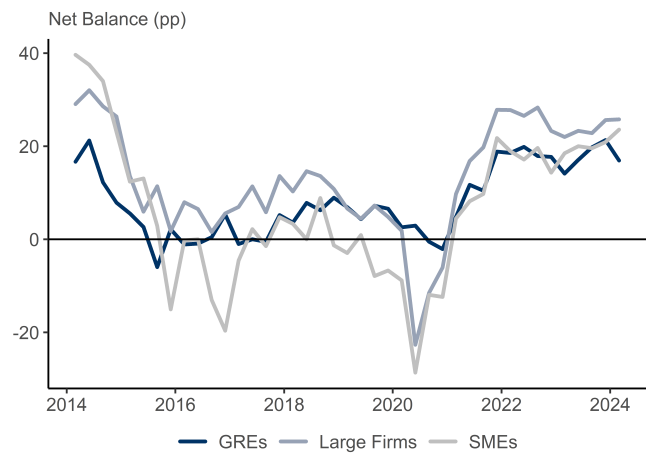
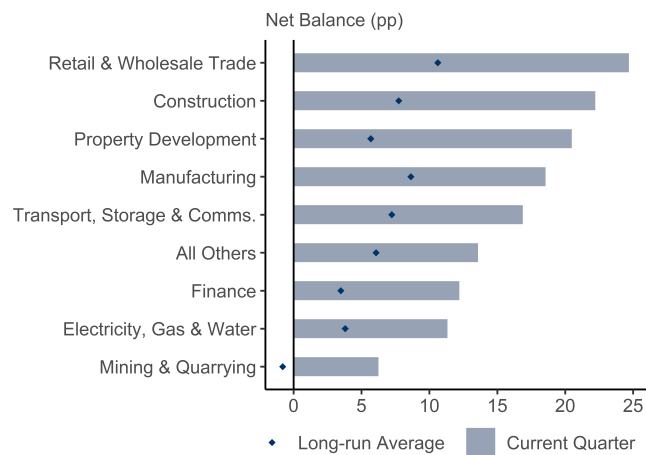


Chart 5 Change in Demand for Business Loans by Industry



² Full survey results are presented in Annex 1 of this report.

Survey respondents cited improved economic conditions, working capital needs, and investment as key drivers for loan demand. By contrast, interest rates negatively influenced demand (Chart 6).

Banks and finance companies’ appetite to extend business loans registered a solid increase, highlighted by a net balance of +14.4pp, which is mainly concentrated in large firms relative to SMEs. For the upcoming quarter, willingness to lend remains strong, as suggested by a net balance of +19.3pp.

The underlying key factors contributing to the change in financial institutions’ willingness to lend were the economic outlook, changes in credit-worthiness of borrowers and risk tolerance, and quality of banks’ asset portfolios. Regulatory changes, along with competition from other financial institutions and cost of funds/balance sheet constraints, exerted a limited net impact on credit appetite.

Most survey respondents indicated that credit terms and conditions on new business loans remained broadly unchanged. Nonetheless, almost one third did report an increase in maximum size of credit lines relative to the previous quarter. Changes in other terms and conditions were more moderate by comparison (Chart 7).

The share of rejected applications for business loans increased marginally compared to the previous quarter, evidenced by a net balance of +1.2pp, though the vast majority reported no change. The increase in the share of rejected applications for loans to SMEs was slightly higher than the share of rejected applications for loans to large firms.

In the March quarter, financial institutions were asked about changes in spreads applied over benchmark rates (such as EIBOR, internal benchmarks or other) for new business loans in the past twelve months. 59.7% of respondents reported no change, 17.0% reported a decrease, while 23.3% of respondents reported an increase. On balance, results would indicate spreads increased marginally in the past twelve months on aggregate.

For the next twelve months, 69.0% of banks and finance companies surveyed expect spreads to remain unchanged, 17.8% expect a decrease, while 13.3% expect an increase.

Financial institutions were also asked what factors contributed to the change in spreads. The main factors contributing to an increase included change in credit-worthiness of borrowers, risk tolerance and funding conditions. By comparison, competition with other financial institutions had a negative impact on spreads.

Chart 6 Factors Influencing Loan Demand

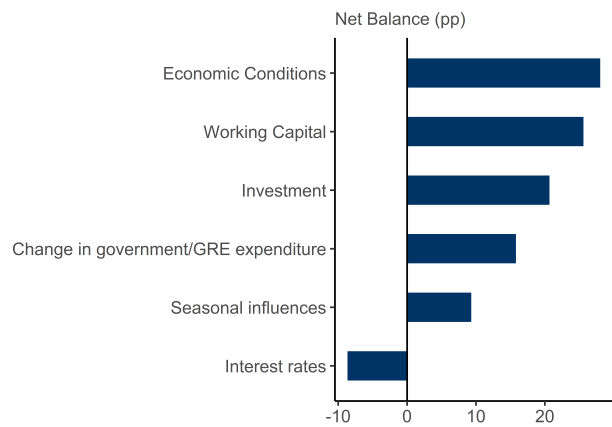
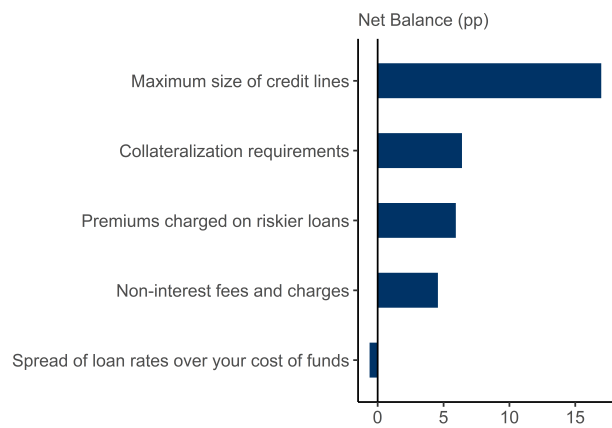


Chart 7 Change in Terms and Conditions on New Loans



Personal Lending³

March quarter results suggest a significant increase in personal loan demand, with a net balance of +27.9pp – the highest level on record. Demand growth was strong in all Emirates, especially in Abu Dhabi. Looking forward, expectations remain positive, supported by a net balance of +31.0pp (Chart 8).

Credit appetite and demand for personal and credit card loans were particularly strong (Chart 9). Reflecting the aggregate result, demand growth for housing – owner occupier loans recorded its strongest result on record. By loan type, demand growth for Shari’ah compliant lending products was stronger than that of the conventional equivalent and was also the strongest on record.

Over the next three months, personal loan demand is expected to increase further across all personal loan categories, mainly in credit cards, personal – other, housing loans (owner-occupier and investment) and car loans.

The main factors supporting the change in personal loan demand were improved economic conditions, followed by rising incomes and seasonal influences. Interestingly, respondents reported that interest rates exerted a positive influence on loan demand. This could possibly reflect easing term interest rates, with benchmarks such as the 3-month EIBOR declining during the quarter.

Survey results point to a substantial increase in financial institutions’ appetite to extend personal loans, with a net balance of +23.5pp, which was evident across all loan categories. The categories registering the highest increases were personal – other, credit cards, housing – owner occupier, and car loans (Chart 10).

Credit appetite over the next three months is expected to remain strong across all personal loan categories, as suggested by a net balance of +24.8pp, primarily for credit cards, personal – other, housing – owner occupier, car loans, and housing – investment.

Chart 8 Change in Demand for Personal Loans

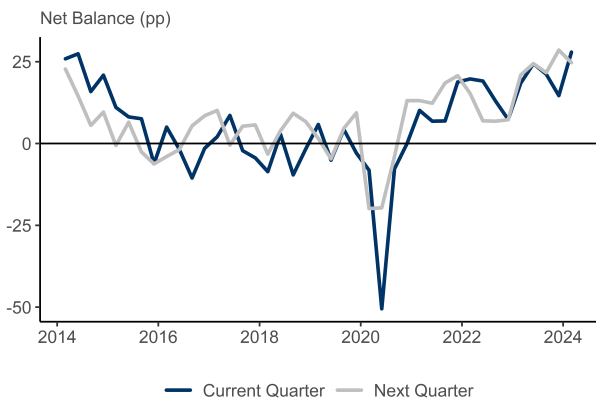


Chart 9 Change in Demand for Housing-Related Loans

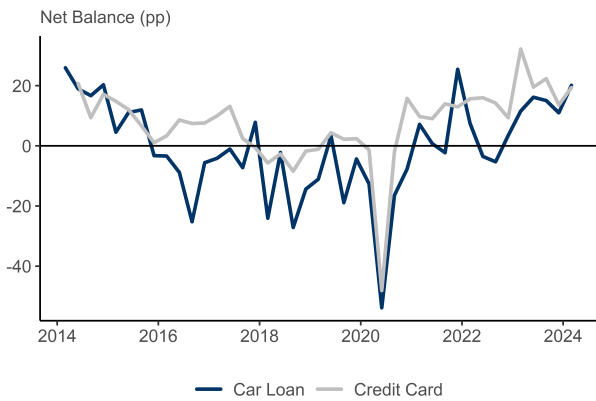
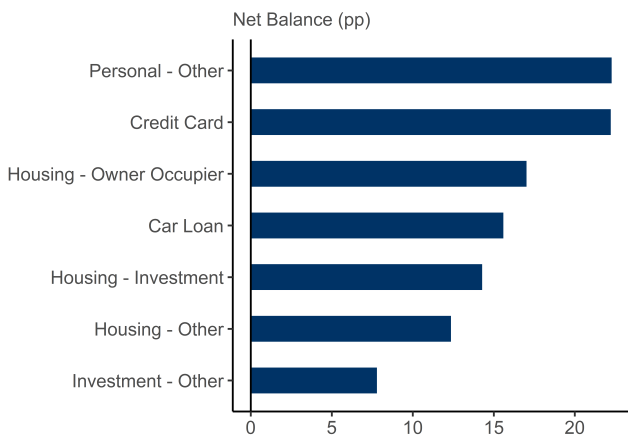


Chart 10 Change in Appetite for Personal Loans



³ Full survey results are presented in Annex 2 to this report

The economic outlook has been the primary driver of banks and finance companies’ appetite to lend, followed by competition from other banks, quality of banks’ asset portfolios, and change in credit-worthiness of borrowers.

Terms and conditions for new personal loans remained broadly unchanged over the past three months, according to most financial institutions. Survey results, on balance, suggest a moderate increase in premiums charged on riskier loans, the maximum LTV ratio and non-interest fees & charges, followed by a marginal increase in the maximum LTI ratio, while the spread of loan rates over cost of funds remained unchanged (Chart 11).

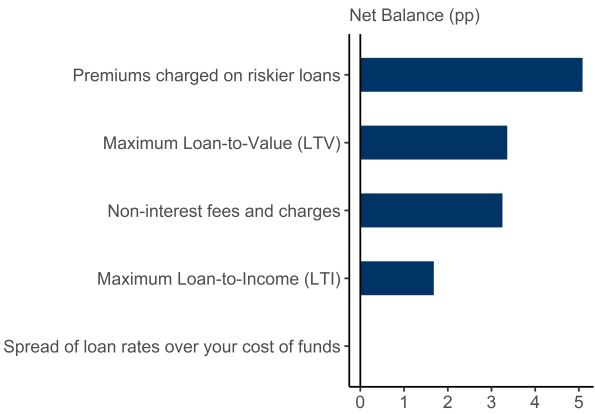
Survey respondents reported a moderate increase in the net share of rejected personal loan applications, highlighted by a net balance of +2.9pp. The increase in the overall share of rejected loan applications is attributable to a decrease in the share of rejected housing-related loans offset by an increase in the share of rejected credit card applications and car loans.

When asked about how the spread of lending rates over applicable benchmark rates (i.e. EIBOR, internal benchmarks or other) for new personal loans changed over the past twelve months, 67.8% of respondents reported no change, 9.1% reported a decrease, while 23.2% of respondents reported an increase.

Over the next twelve months, 61.7% of banks and finance companies surveyed expect the spread to remain unchanged, 20.0% expect a decrease, while 18.3% expect an increase.

The main factors contributing to an increase in the spread of lending rates over benchmark rates for personal loans over the past twelve months were changes in funding conditions, risk tolerance, liquidity conditions and credit-worthiness of borrowers. Competition with other banks and financial institutions contributed to a marginal reduction in the spread, according to survey results.

Chart 11 Change in Terms and Conditions on New Loans



About the Survey

The Credit Sentiment Survey ("The Survey") is a quarterly publication which collects information from all banks and credit-providing financial institutions in the UAE. The Survey was first launched in Q1 2014 as part of the CBUAE's efforts to gauge both supply and demand-side factors influencing the local credit market, and to further understand the linkages between credit sentiment and the broader UAE economy. A series of multiple choice questions were addressed to a sample of Senior Credit Officers (or employees of similar standing) within all financial institutions extending credit within the UAE. Such questions gauge the survey respondents' experiences and expectations with respect to changes in both demand for credit as well as credit availability, for both business and personal lending.

More information on the Survey can be found in Notice No. 107/2014 addressed to all banks and finance companies operating in the UAE.

This report presents the findings of the 2024 Q1 Survey, which was conducted during the period of 14 March – 5 April 2024. The Survey questionnaire results are available in the annexes attached to this report.

The total sample size for the March quarter survey was 311 respondents, with 139 answering questions related to personal credit and 172 answering questions related to business credit. The March quarter sample included responses from Senior Credit Officers, covering Abu Dhabi, Dubai and the Northern Emirates, of all banks and finance companies, conventional and Islamic financial institutions. **These results do not reflect the views of the CBUAE on Credit Sentiment in the UAE and should not be construed as such.**

Results from the survey are reported as a net balance (expressed as a percentage). Taking demand for loans as an example, net balance is calculated as the weighted percentage of respondents reporting an increase in demand for loans minus the weighted percentage of respondents reporting a decrease in demand for loans. Responses indicating a modest change are given half the weighting of those reporting a significant change in the surveyed quarter. A positive net balance measure indicates an increase in demand for loans during the quarter.

For example, the net balance for loan demand = (% of Respondents Reporting a Substantial Increase + 0.5 x % of Respondents Reporting a Moderate Increase) – (% of Respondents Reporting a Substantial Decrease + 0.5 x % of Respondents Reporting a Moderate Decrease). The same calculation applies to other measures, such as appetite to extend loans, changes in terms and conditions, and factors influencing loan demand and credit appetite.

The scheduled publication dates for the upcoming surveys are:

- 2024 Q2 Survey in August 2024
- 2024 Q3 Survey in November 2024
- 2024 Q4 Survey in February 2025
- 2025 Q1 Survey in May 2025

These publications will be available on the CBUAE's website at www.centralbank.ae

Should you have any queries or comments on the Survey results, please communicate with the CBUAE's Monetary Policy Department via: Monetary.Policy@cbae.gov.ae

Annex 1

Business Lending Survey Questionnaire Results⁴

Q1. How has demand for business loans changed relative to the preceding quarter? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
All Firms	0.0	1.8	45.1	50.0	3.0	27.1
Abu Dhabi	0.0	1.8	48.2	48.2	1.8	25.0
Dubai	0.0	1.6	42.6	52.5	3.3	28.7
Northern Emirates	0.0	2.1	44.7	48.9	4.3	27.7
Small and Medium-Sized Enterprises	0.0	2.9	50.0	44.3	2.9	23.6
Large Firms	0.0	2.5	47.8	45.3	4.3	25.8
Government-Related Entities	0.0	2.3	62.3	34.6	0.8	16.9
Conventional	0.0	2.2	46.8	47.5	3.6	26.3
Islamic	0.0	3.3	68.9	24.4	3.3	13.9
Non-resident	0.0	0.0	83.3	16.7	0.0	8.3
Expat	0.0	0.0	59.7	37.4	2.9	21.6
Local	0.0	2.7	58.8	34.5	4.1	19.9

Q2. By economic activity, how has demand for loans from firms changed compared to the preceding quarter? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
Mining and Quarrying	0.0	0.7	86.0	13.2	0.0	6.3
Manufacturing	0.0	4.4	57.2	35.2	3.1	18.6
Electricity, Gas and Water	0.0	5.3	66.7	28.0	0.0	11.3
Construction	0.0	4.6	51.0	39.9	4.6	22.2
Property Development	0.0	2.8	56.3	38.2	2.8	20.5
Retail and Wholesale Trade	0.0	0.0	52.5	45.7	1.9	24.7
Transport, Storage and Communications	0.0	2.5	62.4	33.8	1.3	16.9
Financial Institutions (excluding Banks)	0.0	0.0	75.6	24.4	0.0	12.2
All Others	0.0	2.0	68.9	29.1	0.0	13.6

⁴ All figures are rounded to one decimal place

Q3. How have the following factors affected the change in demand for business loans? (% of total)

	Substantial Contribution to a Fall in Demand	Moderate Contribution to a Fall in Demand	No Impact	Moderate Contribution to an Increase in Demand	Substantial Contribution to an Increase in Demand	Net Balance
Economic Conditions	0.0	1.2	45.7	48.8	4.3	28.0
Working Capital	0.0	0.0	51.2	46.3	2.4	25.6
Investment	0.0	0.6	58.0	40.7	0.6	20.7
Interest Rates	3.1	17.9	72.2	6.8	0.0	-8.6
Seasonal Influences	0.0	1.2	80.7	16.1	1.9	9.3
Change in Government/GRE Expenditure	0.6	0.0	67.7	30.3	1.3	15.8

Q4. How has your institution's appetite to extend loans changed relative to the preceding quarter? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
All Firms	2.5	3.7	58.3	33.7	1.8	14.4
Small and Medium-Sized Enterprises	2.1	4.1	62.8	30.3	0.7	11.7
Large Firms	1.9	3.7	51.9	40.7	1.9	18.5

Q5. How have the following factors affected your institution's appetite to extend business loans? (% of total)

	Substantial Contribution to a Fall in Appetite	Moderate Contribution to a Fall in Appetite	No Impact	Moderate Contribution to an Increase in Appetite	Substantial Contribution to an Increase in Appetite	Net Balance
Change in Risk Tolerance	1.8	3.7	66.9	27.0	0.6	10.4
Cost of Funds/Balance Sheet Constraints	1.9	11.1	71.6	15.4	0.0	0.3
Quality of Bank's Asset Portfolio	2.5	3.7	69.3	24.5	0.0	8.0
Competition from other Banks	0.0	4.9	79.3	15.9	0.0	5.5
Competition from other Financial Institutions	0.0	2.5	88.2	9.3	0.0	3.4
Economic Outlook	0.6	0.6	58.5	38.4	1.8	20.1
Regulatory Changes	0.0	6.1	81.0	12.9	0.0	3.4
Credit-worthiness of Borrowers	1.8	0.6	69.9	26.4	1.2	12.3

Q6. How have the following terms and conditions for new business loans changed? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
Maximum Size of Credit Lines	0.0	0.0	66.7	32.7	0.6	17.0
Spread over Cost of Funds	0.0	17.1	67.1	15.9	0.0	-0.6
Premiums Charged on Riskier Loans	0.0	3.8	80.6	15.6	0.0	5.9
Collateralization Requirements	0.0	6.7	73.8	19.5	0.0	6.4
Non-interest Fees and Charges	0.0	1.2	88.4	10.4	0.0	4.6

Q7. How has the share of rejected business loan applications changed? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
All Firms	0.0	3.7	90.1	6.2	0.0	1.2
Small and Medium-Sized Enterprises	0.0	2.1	88.7	9.2	0.0	3.5
Large Firms	0.0	4.3	87.0	8.7	0.0	2.2

Q8. Over the next quarter, how do you expect demand for business loans to change? (% of total)

	Decrease Substantially	Decrease Moderately	No Change	Increase Moderately	Increase Substantially	Net Balance
All Firms	0.0	1.8	40.5	55.2	2.5	29.1
Small and Medium-Sized Enterprises	0.0	4.2	43.0	50.0	2.8	25.7
Large Firms	0.0	0.0	45.3	52.2	2.5	28.6
Government-Related Entities	0.0	0.0	56.4	42.9	0.8	22.2

Q9. Over the next quarter, how do you expect demand for business loans to change by economic activity? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
Mining and Quarrying	0.0	0.7	84.6	14.7	0.0	7.0
Manufacturing	0.0	0.6	52.5	44.4	2.5	24.4
Electricity, Gas and Water	0.0	0.0	68.7	30.7	0.7	16.0
Construction	0.0	1.3	50.3	45.8	2.6	24.8
Property Development	0.0	1.4	46.2	50.3	2.1	26.6
Retail and Wholesale Trade	0.0	0.6	44.5	51.8	3.0	28.7
Transport, Storage and Communications	0.0	0.6	61.0	38.4	0.0	18.9
Financial Institutions (excluding Banks)	0.0	0.8	75.0	24.2	0.0	11.7
All Others	0.0	2.6	66.5	31.0	0.0	14.2

Q10. Over the next quarter, how do you expect your institution's appetite to extend business loans to change? (% of total)

	Decrease Substantially	Decrease Moderately	No Change	Increase Moderately	Increase Substantially	Net Balance
All Firms	0.0	1.8	58.3	39.3	0.6	19.3
Small and Medium-Sized Enterprises	0.0	2.1	62.0	35.2	0.7	17.3
Large Firms	0.0	1.2	55.9	41.6	1.2	21.4

Q11. How has the spread of lending rates over applicable benchmark rates (i.e. EIBOR, internal benchmarks or other) for new business loans at your institution changed over the past twelve months? (% of total)

	Decreased by 50 bps or more	Decreased by 25 to 50 bps	Decreased by up to 25 bps	No Change	Increased by up to 25 bps	Increased by 25 to 50 bps	Increased by 50 bps or more
All Firms	0.0	3.8	13.2	59.7	8.2	8.2	6.9
Small and Medium-Sized Enterprises	0.0	3.6	3.6	66.7	10.9	2.9	12.3
Large Firms	0.0	5.1	14.0	56.1	10.8	7.0	7.0
Government-Related Entities	2.3	4.6	14.6	70.0	5.4	3.1	0.0
<i>By Type</i>							
Conventional	0.0	5.2	14.9	53.7	10.4	10.4	5.2
Islamic	0.0	5.2	10.4	64.6	9.4	5.2	5.2
<i>By Sector</i>							
Mining and Quarrying	0.0	0.0	1.6	90.7	1.6	4.7	1.6
Manufacturing	0.0	2.6	14.9	62.3	9.7	6.5	3.9
Electricity, Gas and Water	0.0	3.4	9.5	74.8	4.1	4.1	4.1
Construction	0.0	2.7	10.0	65.3	8.7	6.0	7.3
Property Development	0.0	1.4	10.1	64.7	10.1	5.8	7.9
Retail and Wholesale Trade	0.0	3.8	11.9	59.4	8.8	11.3	5.0
Transport, Storage and Communications	0.0	5.2	11.0	68.2	3.9	7.1	4.5
Financial Institutions (excluding Banks)	0.0	2.5	9.9	76.9	3.3	5.0	2.5
All Others	0.0	3.3	8.0	68.0	8.0	8.7	4.0
<i>By Risk Profile</i>							
Low (Equivalent of AECB Rating above 721)	0.0	4.6	8.6	69.1	11.8	5.3	0.7
Medium (Equivalent of AECB Rating Between 596 and 720)	0.0	0.0	7.9	69.7	7.2	13.2	2.0
High (Equivalent of AECB Rating Below 596)	0.0	0.0	2.7	70.3	8.8	8.1	10.1

Q12. How have the following factors impacted the spread of lending rates over benchmark rates at your institution over the previous twelve months? (% of total)

	Substantial Contribution to a Reduction in the Spread	Moderate Contribution to a Reduction in the Spread	No Impact	Moderate Contribution to an Increase in the Spread	Substantial Contribution to an Increase in the Spread	Net Balance
Change in Risk Tolerance	0.0	7.1	69.2	21.8	1.9	9.3
Change in Funding Conditions	0.0	10.4	62.3	26.0	1.3	9.1
Change in Liquidity Conditions	0.6	7.8	69.5	21.4	0.6	6.8
Competition with other Banks and Financial Institutions	2.6	22.2	63.4	11.8	0.0	-7.8
Change in Credit-worthiness of Borrowers	0.0	7.1	67.7	22.6	2.6	10.3

Q13. How do you expect the spread of lending rates over applicable benchmark rates (i.e. EIBOR, internal benchmarks or other) for new business loans at your institution to change over the next twelve months? (% of total)

	Decrease by 25 bps or more	Decrease by up to 25 bps	No Change	Increase by up to 25 bps	Increase by 25 bps or more
All Firms	3.2	14.6	69.0	8.9	4.4
Small and Medium-Sized Enterprises	4.3	5.7	72.3	7.8	9.9
Large Firms	3.2	15.8	66.5	11.4	3.2

Annex 2

Personal Lending Survey Questionnaire Results⁵

Q1. How has demand for personal loans changed relative to the preceding quarter? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
All Households	0.0	2.5	41.7	53.3	2.5	27.9
Abu Dhabi	0.0	0.0	45.0	52.5	2.5	28.8
Dubai	0.0	2.3	41.9	53.5	2.3	27.9
Northern Emirates	0.0	5.4	37.8	54.1	2.7	27.0
Islamic	0.0	0.0	42.4	54.2	3.4	30.5
Conventional	0.0	3.1	49.5	44.3	3.1	23.7
Housing – Owner Occupier	0.0	1.1	52.2	38.9	7.8	26.7
Housing – Investment	1.2	2.3	58.1	33.7	4.7	19.2
Housing – Other (includes refinancing, renovations)	0.0	1.2	69.8	29.1	0.0	14.0
Car Loan	0.0	4.6	52.9	40.2	2.3	20.1
Non-housing Investment	0.0	8.1	70.3	21.6	0.0	6.8
Credit Card	0.0	3.1	60.2	31.6	5.1	19.4
Personal - Other	1.1	1.1	54.3	39.4	4.3	22.3

Q2. How have the following factors affected the change in demand for loans? (% of total)

	Substantial Contribution to a Fall in Demand	Moderate Contribution to a Fall in Demand	No Impact	Moderate Contribution to an Increase in Demand	Substantial Contribution to an Increase in Demand	Net Balance
Economic Conditions	0.0	3.2	54.8	31.7	10.3	24.6
Change in Income	0.0	1.6	67.5	27.8	3.2	16.3
Interest Rates	0.0	4.9	74.8	20.3	0.0	7.7
Seasonal Influences	0.0	4.8	59.2	36.0	0.0	15.6

⁵ All figures are rounded to one decimal place

Q3. How has your institution's appetite to extend personal loans changed relative to the preceding quarter? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
All Households	0.0	0.8	52.1	46.2	0.8	23.5
Housing – Owner Occupier	0.0	2.1	62.8	34.0	1.1	17.0
Housing – Investment	0.0	2.2	67.0	30.8	0.0	14.3
Housing – Other (includes refinancing, renovations)	0.0	1.1	73.0	25.8	0.0	12.4
Car Loan	0.0	3.2	62.4	34.4	0.0	15.6
Non-housing Investment	0.0	1.3	81.8	16.9	0.0	7.8
Credit Card	0.0	2.0	52.5	44.4	1.0	22.2
Personal - Other	0.0	1.0	54.5	43.6	1.0	22.3

Q4. How have the following factors affected your institution's appetite to extend personal loans? (% of total)

	Substantial Contribution to a Fall in Appetite	Moderate Contribution to a Fall in Appetite	No Impact	Moderate Contribution to an Increase in Appetite	Substantial Contribution to an Increase in Appetite	Net Balance
Change in Risk Tolerance	2.4	3.3	79.7	13.8	0.8	3.7
Cost of Funds/Balance Sheet Constraints	2.5	5.8	81.8	9.9	0.0	-0.4
Quality of Bank's Asset Portfolio	2.4	4.0	69.6	20.0	4.0	9.6
Competition from other Banks	0.8	1.6	75.2	20.8	1.6	10.4
Competition from other Financial Institutions	0.8	2.5	81.0	14.9	0.8	6.2
Economic Outlook	0.0	1.6	72.8	24.0	1.6	12.8
Regulatory Changes	0.0	0.8	91.1	6.5	1.6	4.5
Credit-worthiness of Borrowers	2.4	0.8	76.0	20.8	0.0	7.6

Q5. How have the following terms and conditions for new personal loans changed? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
Spread over Cost of Funds	0.0	10.6	78.9	10.6	0.0	0.0
Premiums Charged on Riskier Loans	0.0	0.8	88.1	11.0	0.0	5.1
Non-interest Fees and Charges	0.0	1.6	90.2	8.1	0.0	3.3
Maximum Loan-to-Value	0.0	1.7	89.9	8.4	0.0	3.4
Maximum Loan-to-Income	0.0	1.7	93.3	5.0	0.0	1.7

Q6. How has the share of rejected personal loan applications changed? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
All Households	0.0	3.3	88.3	7.5	0.8	2.9
Housing-related Loans	3.1	6.2	84.5	4.1	2.1	-2.1
Car Loans	0.0	4.1	84.5	8.2	3.1	5.2
Credit Card Applications	0.0	5.8	78.8	13.5	1.9	5.8

Q7. Over the next quarter, how do you expect demand for personal loans to change? (% of total)

	Decrease Substantially	Decrease Moderately	No Change	Increase Moderately	Increase Substantially	Net Balance
All Households	0.0	0.8	39.7	56.2	3.3	31.0
Housing – Owner Occupier	0.0	1.1	44.7	47.9	6.4	29.8
Housing – Investment	0.0	2.2	51.7	40.4	5.6	24.7
Housing – Other (includes refinancing, renovations)	0.0	2.2	73.9	23.9	0.0	10.9
Car Loan	0.0	0.0	57.0	41.9	1.1	22.0
Non-housing Investment	0.0	3.7	74.4	19.5	2.4	10.4
Credit Card	0.0	1.0	33.7	58.2	7.1	35.7
Personal - Other	0.0	1.0	40.0	55.0	4.0	31.0

Q8. Over the next quarter, how do you expect your institution's appetite to extend personal loans to change? (% of total)

	Decrease Substantially	Decrease Moderately	No Change	Increase Moderately	Increase Substantially	Net Balance
All Households	0.0	0.8	48.8	50.4	0.0	24.8
Housing – Owner Occupier	0.0	2.1	56.8	41.1	0.0	19.5
Housing – Investment	0.0	3.3	60.9	35.9	0.0	16.3
Housing – Other (includes refinancing, renovations)	0.0	0.0	78.5	21.5	0.0	10.8
Car Loan	0.0	1.1	64.2	34.7	0.0	16.8
Non-housing Investment	0.0	1.2	78.3	20.5	0.0	9.6
Credit Card	0.0	2.0	47.0	48.0	3.0	26.0
Personal - Other	0.0	0.0	53.4	46.6	0.0	23.3

Q9. How has the spread of lending rates over applicable benchmark rates (i.e. EIBOR, internal benchmarks or other) for new personal loans at your institution changed over the past twelve months? (% of total)

	Decreased by 50 bps or more	Decreased by 25 to 50 bps	Decreased by up to 25 bps	No Change	Increased by up to 25 bps	Increased by 25 to 50 bps	Increased by 50 bps or more
All Households	1.7	0.0	7.4	67.8	9.1	8.3	5.8
Housing – Owner Occupier	2.2	0.0	10.8	71.0	2.2	9.7	4.3
Housing – Investment	2.3	0.0	11.6	69.8	1.2	10.5	4.7
Housing – Other (includes refinancing, renovations)	0.0	0.0	6.7	75.3	3.4	10.1	4.5
Car Loan	0.0	0.0	6.9	69.0	11.5	10.3	2.3
Non-housing Investment	0.0	0.0	7.8	74.0	3.9	11.7	2.6
Credit Card	0.0	0.0	6.3	77.9	7.4	4.2	4.2
Personal - Other	0.0	0.0	5.0	67.3	8.9	11.9	6.9
<i>By Type</i>							
Conventional	2.1	0.0	6.4	70.2	6.4	9.6	5.3
Islamic	2.9	0.0	5.8	63.8	10.1	5.8	11.6
<i>By Risk Profile</i>							
Low (Equivalent of AECB Rating above 721)	1.6	0.8	4.1	75.4	13.1	4.1	0.8
Medium (Equivalent of AECB Rating Between 596 and 720)	1.7	0.0	0.8	76.0	14.0	4.1	3.3
High (Equivalent of AECB Rating Below 596)	0.0	0.8	2.5	73.1	10.9	6.7	5.9

Q10. How have the following factors impacted the spread of lending rates over benchmark rates at your institution over the previous twelve months? (% of total)

	Substantial Contribution to a Reduction in the Spread	Moderate Contribution to a Reduction in the Spread	No Impact	Moderate Contribution to an Increase in the Spread	Substantial Contribution to an Increase in the Spread	Net Balance
Change in Risk Tolerance	0.0	6.8	73.7	18.6	0.8	6.8
Change in Funding Conditions	1.7	4.2	70.8	20.0	3.3	9.6
Change in Liquidity Conditions	1.7	3.3	79.2	15.0	0.8	5.0
Competition with other Banks and Financial Institutions	5.9	8.4	68.1	16.8	0.8	-0.8
Change in Credit-worthiness of Borrowers	0.9	8.5	74.4	15.4	0.9	3.4

Q11. How do you expect the spread of lending rates over applicable benchmark rates (i.e. EIBOR, internal benchmarks or other) for new personal loans at your institution to change over the next twelve months? (% of total)

	Decrease by 25 bps or more	Decrease by up to 25 bps	No Change	Increase by up to 25 bps	Increase by 25 bps or more
All personal lending	1.7	18.3	61.7	17.5	0.8
Housing-related	0.0	27.3	59.6	10.1	3.0
Non-housing	3.9	18.6	63.7	12.7	1.0