

Credit Conditions Survey

Survey Results Q2 2014



Central Bank of Nigeria



Credit Conditions Survey

Q2 2014

As part of its mandate to maintain monetary and financial stability, the Central Bank of Nigeria needs to monitor trends and developments in credit conditions. This quarterly survey of deposit money bank lenders is an input to this work in which lenders were asked about developments in credit conditions in the current and next quarters. The survey covers secured and unsecured lending to households; and lending to non-financial corporations, small businesses and to non-bank financial firms. Along with various data sources and discussions between the lenders and Bank staff, this survey serves as an input into the Monetary Policy document which presents the CBN assessment of the latest trends in lending to the Nigerian economy.

This report presents the results of the 2014 Q2 survey which was conducted from 26th May- June 6th 2014. The results are based on lenders' own responses to the survey and do not necessarily reflect the Bank's views on credit conditions. To calculate aggregate results, each lender is assigned a weighted score based on his response and the bank market share. Lenders who report that credit conditions have changed 'a lot' are assigned twice the score of those who report that conditions have changed 'a little'. The results are analysed by calculating 'net percentage balances' which are scaled to lie between ± 100 .

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Executive Summary

Supply

- The availability of **secured credit to households** increased in Q2, 2014 and a further increase was expected in the next quarter. Market share objectives remained a major factor behind this increase. Lenders further reported that changing liquidity positions and tight wholesale funding conditions also made significant contributions to credit availability in the quarter.
- Lenders reported that the availability of **unsecured credit to households** improved in Q2 2014, and it was expected to improve further in Q3 2014. Lenders reported that changing cost/ availability of funds and market share objectives contributed to the increased availability of unsecured credit in Q2 2014.
- The overall availability of **credit to the corporate** sector improved in the current quarter and was expected to improve further in the next quarter. The most important factors contributing to increased credit availability were changing economic outlook, changing sector specific risk, market share objectives and changing liquidity conditions.

Demand

- Demand for **secured lending** for house purchase and consumer loans increased in Q2 2014, and were expected to increase further in Q3, 2014. Despite the lenders keeping the credit scoring criteria unchanged in the current quarter, the proportion of loan applications approved increased.
- Demand for **unsecured credit card lending and overdraft/personal loans** from households decreased in the current quarter. Demand for both loans was expected to further decrease in Q3, 2014. Despite the tightening in the credit scoring criteria in total unsecured loan applications in Q2, 2014 the proportion of approved households total loan applications increased in the current quarter.
- Lenders reported **increased demand for corporate credit** across all firm sizes in Q2, 2014. It is expected that credit demand would further increase for all businesses in the next quarter. Following the narrow spread between bank rates (on small businesses and medium PNFCs) and MPR, the **proportion of loan applications approved** for small businesses and medium PNFCs increased in Q2, 2014 and further increase is anticipated in the next quarter.

Defaults

- **Secured loan performance**, as measured by default rates and losses given default, improved in the review quarter. Similarly, lenders expected improved performance in the next quarter as both default rates and loss given default are expected to fall further.
- **Unsecured loan performance on credit card loans and overdraft/personal loans** to households, as measured by default rate and losses given default also fell in Q2 2014 and were expected to further fall in the next quarter.
- **Corporate loan performance** was better as default rates and losses given default on lending to all sized businesses fell in Q2, 2014 except for loans to small businesses. However, all corporate loans were expected to perform in the next quarter.

Loan pricing

- Lenders reported that the **overall spreads on secured lending rates** on approved new loans to households relative to MPR narrowed in Q2 2014, but was expected to widen in Q3 2014.
- Lenders reported that **spreads on credit card lending** on approved new loans narrowed in Q2 2014, and were expected to further narrow in Q3, 2014. **Spreads on other unsecured lending products** on

approved new loans such as overdrafts/personal loans narrowed in Q2 2014, and were expected to narrow further in Q3, 2014. Changes in **spreads between bank rates** and MPR on approved new loan applications to the small, medium and large PNFCs and OFCs were mixed in Q2, 2014. While spreads to small businesses and medium PNFCs narrowed, spreads on loans to large PNFCs and OFCs widened in the review quarter.

Risk Management Tools

- **Average credit quality on new secured lending** to households improved in the current quarter and was expected to improve in the next quarter. The **average credit quality of new total unsecured lending** to households improved in the current quarter and was expected to improve in the next quarter. The **average credit quality on newly arranged** PNFCs borrowing facilities improved in Q2, 2014 and was expected to further improve in Q3, 2014.
- The **target hold levels associated with corporate lending** improved in Q2, 2014 and were expected to improve further in Q3, 2014.
- **Loan tenors on new corporate loans and draw down on committed lines** by PNFCs improved in Q2, 2014 and were expected to improve further in Q3, 2014.

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In Q2 2014 relative to the previous quarter, lenders reported increases in credit availability to households and corporates. Lenders also expect further increases in credit availability to households and corporate in the next quarter. Spread on overall secured lending to household relative to Monetary Policy Rate (MPR) narrowed in current quarter, but is expected to widen in the next quarter. However, the spread in unsecured lending narrowed in both quarters. Changes in spreads on newly approved corporate lending were mixed across the business types. Lenders reported that commercial property prices negatively influenced credit availability to the commercial real estate sector in the current quarter, but positively influenced secured lending to private non-financial corporations (PNFCs) in the same quarter. Demand for unsecured credit card lending was up in Q2 2014 and was expected to continue in the next quarter. Demand for corporate lending from small, medium and large PNFCs and other financial corporations (OFCs) increased in Q2 2014 and were expected to increase further in the next quarter. Secured, unsecured and corporate loan performances improved as default rates and losses given default fell in Q2, 2014 and were expected to fall further in Q3, 2014.

Secured lending to households

In the current quarter relative to the previous quarter, lenders reported an increase in the availability of secured credit to households (Question 6). Lenders reported that market share objectives had been a major factor behind this increase, although changing liquidity positions and tight wholesale funding conditions also made some contributions. The expansion of availability for secured credit was expected to continue in the next quarter with market share objectives and changing liquidity positions as the major contributory factors (Question 6).

Despite the lenders keeping the credit scoring criteria unchanged in Q2 2014, the proportion of loan applications approved increased. Lenders however expect credit scoring criteria to be relaxed in the next quarter and consequently, an increase in the proportion of household's loan applications to be approved in Q3, 2014 (Questions 3 & 4).

Maximum Loan to Value (LTV) ratios were expected to remain unchanged in the current and next quarters (Question 5c). Lenders expressed their willingness to lend at 75% or less in both the current and next quarters. However, they expressed their unwillingness to lend at high LTV (more than 75%) in both current and next quarters (Question 10). Consistent with this, average credit quality on new secured lending improved in Q2, 2014 and was expected to further improve in Q3, 2014 (Question 9). Some lenders opined that new update to lending processes and improved risk management practices contributed to improving the quality of the overall lending.

Lenders reported that the overall spreads on secured lending rates to households relative to MPR narrowed in Q2 2014 but are expected to widen in Q3, 2014. Within the total, a narrowing in spreads was reported for both prime and buy to let lending in Q2, 2014. The spreads were however expected to widen in the next quarter. Overall spreads on other lending however, narrowed in the current quarter and were

expected to further narrow in the next quarter (Question 5a).

Households demand for lending for house purchase increased in 2014 Q2 and was expected to also increase further in the next quarter. Of the total demand, increase in households demand for prime lending was reported and was expected to increase in the next quarter. Households demand for buy to let lending declined in the current quarter, and was expected to decline further in Q3, 2014 (Question 1a).

Households demand for consumer loans, mortgage/remortgaging and lending for small businesses increased in Q2 2014 and were expected to increase further in Q3, 2014 (Questions 1b, 1c and 2).

Secured loan performance, as measured by default rates and losses given default declined in Q2, 2014 and lenders expected further decline in Q3, 2014. Some lenders attributed this lower default rate to domiciliation of salary accounts of consumer loan beneficiaries, as well as effective monitoring of risk assets which has helped to reduce significantly the incidence of defaults on loans to households (Questions 7 & 8).

Unsecured lending to households

The availability of unsecured credit provided to households improved in the current quarter relative to the previous quarter and was expected to improve further in the next quarter (Question 6). Lenders reported that, changing cost/availability of funds, market share objectives and changing economic outlook contributed to the changes in credit availability in Q2 2014.

Despite the tightening in the credit scoring criteria in total unsecured loan applications in Q2 2014, the proportion of approved households

total loan applications increased. Though lenders expect tightening of credit scoring criteria next quarter, they are of the opinion that the total loans applications to be approved in Q2, 2014 will decrease (Questions 3c & 4c). Lenders however relaxed credit scoring criteria for granting credit card loan applications which in turn increased the proportion of approved credit card applications in Q2, 2014. A similar trend is expected in Q3, 2014 (Questions 3a & 4a).

Lenders tightened the credit scoring criteria in granting overdraft/personal loan applications in Q2, 2014, and it is expected to remain same in the next quarter. Despite the tightening, the proportion of approved household's overdraft/personal loan applications increased in Q2 2014, but was expected to decline in the next quarter (Questions 3b & 4b).

Lenders reported that spreads on credit card lending, and unsecured overdrafts /personal loans on approved new loan applications narrowed in Q2, 2014 and were expected to also narrow in Q3, 2014 (Questions 5a and b). The limit on unsecured credit cards on approved new loan applications increased in Q2, 2014 and was expected to increase further in the next quarter (Question 5d). The minimum proportion of credit card balances to be paid on approved new loan applications increased in Q2, 2014 but was expected to decline in the next quarter (Question 5e). Maximum maturities on approved new loan applications were shortened in Q2, 2014 and were expected to remain shortened in the next quarter (Question 5f). Some lenders reported that price and non-price terms on approved new loans applications by households were competitively

determined in line with the banks' risk adjusted returns on capital.

Demand for unsecured credit card lending from households decreased in Q2, 2014 and was expected to also decrease in Q3, 2014 (Question 1a). Demand for unsecured overdraft/personal loans decreased in Q2 2014 and was expected to also decrease in Q3 2014 (Question 1b).

Lenders experienced lower default rate on credit card loans and overdraft/personal loans to households in Q2, 2014 and expect lower default rates in Q3, 2014 (Questions 7a & 7b). Losses given default on credit cards and overdraft/personal loans to households fell in Q2, 2014 and were expected to also fall in Q3, 2014 (Questions 8a & 8b).

Lending to corporates and small businesses

Credit conditions in the corporate sector vary by the size of business, so this survey asks lenders to report developments in the corporate sector overall, split by large and medium-sized private non-financial corporations (PNFCs) and small businesses¹.

The overall availability of credit to the corporate sector increased in Q2, 2014 and was expected to also increase in Q3, 2014 (Question 4a). The most important factors contributing to increased credit availability were changing economic outlook, changing sector specific risk, market share

¹ Small businesses are defined as those with an annual turnover of under £5 million. Medium-sized corporates are defined as those with an annual turnover of between £5 million and £100 million. Large corporates are defined as those with an annual turnover of more than £100 million

objective and changing liquidity conditions (Question 4b). Lenders also reported that commercial property prices negatively influenced credit availability to the commercial real estate sector in Q2 and Q3, 2014, but positively influenced secured lending to PNFCs in the current quarter and were expected to have positive impact in Q3, 2014 (Questions 4c1 and c2).

Availability of credit increased across all firm sizes in Q2, 2014 and is expected to further increase in the next quarter (Question 1).

Changes in spreads between bank rates and MPR on approved new loan applications to the small, medium and large PNFCs and OFCs were mixed in Q2, 2014. While the spread on loans to large PNFCs and OFCs widened in the current quarter, the spread on small and medium PNFCs narrowed. Lenders expect that spreads to all firms will widen in the next quarter, except that of the small businesses and large PNFCs which was expected to narrow in Q3, 2014 (Question 6).

Despite the wide spread between bank rates and MPR, the proportion of loan applications approved for small business, medium and large PNFCs increased in Q2 2014 and was expected to also increase in the next quarter (Question 5).

Fees/ commissions on approved new loan applications to all firms were mixed in Q2, 2014. While fees and commission on loans fell for large PNFCs, it rose for small and medium PNFCs, and OFCs. Lenders expect fees and commission to fall for the medium PNFCs and OFCs in Q3 2014, while it will be expected to rise for small and large PNFCs. All firms benefitted from an increase in

maximum credit lines on approved new loan applications in Q2, 2014, and were expected to benefit in the next quarter (Question 6).

Lenders demanded more collateral requirements from all sized firms on approved new loan application in Q2, 2014. However, lenders were expected to demand for more collateral in the next quarter for small and large PNFCs, while less collateral will be expected from medium PNFCs and OFCs. Also, lenders required much stronger loan covenants from all sized firms on approved new loan application in Q2, 2014 and were expected to demand for same in the next quarter (Question 6).

Demand for corporate lending from small, medium and large PNFCs and OFCs increased in Q2, 2014 and was expected to increase in the next quarter. The lenders reported that the demand for secured lending from small businesses in Q2, 2014 were higher in comparison with other business types (Question 2). The most significant factor cited by lenders as the main driver of change in the demand for lending was capital investment in Q2 2014, capital investment

and inventory finance were expected to be the main driver in the next quarter.

Corporate loan performance was better as default rates and losses given default on lending to all sized businesses fell in Q2 2014, except for loans to small businesses, and were expected to also fall in the next quarter (Questions 7 & 8).

The average credit quality on newly arranged PNFCs borrowing facilities improved in Q2, 2014 and was expected to further improve in Q3, 2014. The target hold levels associated with corporate lending (share of risks that lenders wish to hold of deals that they underwrite in the short term) improved in Q2, 2014 and were expected to improve further in Q3, 2014. Also, loan tenors on new corporate loans and draw down on committed lines by PNFCs were expected to follow similar trend (Question 9).

Table 1 Secured Lending To Households Questionnaire Result

| QUESTIONS | | 2013 | | | 2014 | |
|--|------------------------|-------|-------|-------|-------|-------|
| | | Q2 | Q3 | Q4 | Q1 | Q2 |
| 1(a). How has demand for secured lending for House purchase from HOUSEHOLDS changed? | <i>Current quarter</i> | 50.0 | 54.0 | 20.0 | 21.9 | 8.3 |
| | <i>Next quarter</i> | 100.0 | 57.5 | 31.0 | 34.1 | 21.0 |
| <i>of which</i> : Demand for prime lending | <i>Current quarter</i> | 11.1 | 35.0 | 16.3 | 19.2 | 3.0 |
| | <i>Next quarter</i> | 33.0 | 35.8 | 20.4 | 29.0 | 9.9 |
| <i>of which</i> : Demand for buy to let lending | <i>Current quarter</i> | -10.1 | 18.2 | 3.7 | -5.0 | -14.8 |
| | <i>Next quarter</i> | 16.8 | 37.3 | -21.7 | 22.9 | -11.7 |
| <i>of which</i> : Demand for other lending | <i>Current quarter</i> | 10.2 | 25.0 | 24.7 | 26.6 | 30.3 |
| | <i>Next quarter</i> | 45.6 | 38.6 | 22.1 | 32.9 | 49.5 |
| 1(b). How has demand for secured lending for Consumer Loans from HOUSEHOLDS changed? | <i>Current quarter</i> | 32.0 | 57.0 | 42.3 | 37.0 | 31.6 |
| | <i>Next quarter</i> | 59.1 | 42.4 | 42.8 | 53.0 | 49.0 |
| 1(c). How has demand for secured lending for Mortgage/re-mortgate from HOUSEHOLDS changed? | <i>Current quarter</i> | -1.4 | 27.6 | 1.1 | 20.7 | 8.6 |
| | <i>Next quarter</i> | 28.7 | 23.7 | 19.3 | 32.3 | 14.2 |
| 2. How has demand for secured lending for small businesses from HOUSEHOLDS changed? | <i>Current quarter</i> | 28.7 | 15.0 | 26.1 | 28.6 | 44.6 |
| | <i>Next quarter</i> | 46.0 | 36.6 | 15.3 | 42.8 | 38.1 |
| 3. How have credit scoring creteria for granting loan applications by HOUSEHOLDS changed? | <i>Current quarter</i> | -0.1 | 2.5 | 0.8 | 0.3 | 0.0 |
| | <i>Next quarter</i> | -0.4 | 4.2 | 3.7 | 0.3 | -0.3 |
| 4. How has the proportion of HOUSEHOLD loan applications being approved changed? | <i>Current quarter</i> | 30.9 | 35.9 | 14.7 | 35.9 | 30.6 |
| | <i>Next quarter</i> | 55.7 | 41.5 | 31.8 | 29.9 | 32.4 |
| 5(a). How have the overall secured lending spreads changed? | <i>Current quarter</i> | 0.0 | -6.1 | -1.8 | 6.4 | 5.8 |
| | <i>Next quarter</i> | 35.4 | -7.0 | -0.7 | -14.8 | -1.4 |
| <i>of which</i> : Spreads on prime lending | <i>Current quarter</i> | 5.4 | 1.8 | 1.5 | -6.1 | 6.4 |
| | <i>Next quarter</i> | 3.5 | 5.4 | 5.8 | -11.7 | -1.5 |
| <i>of which</i> : Spreads on buy to let lending | <i>Current quarter</i> | 6.4 | 5.2 | -0.7 | 7.2 | 6.7 |
| | <i>Next quarter</i> | 0.7 | 1.5 | -0.3 | -16.5 | -0.9 |
| <i>of which</i> : Spreads on other lending | <i>Current quarter</i> | 6.5 | 6.7 | -0.8 | 9.6 | 13.4 |
| | <i>Next quarter</i> | 0.7 | 0.4 | 7.1 | -18.7 | 4.7 |
| | <i>Current quarter</i> | 10.1 | -2.9 | -6.4 | 2.9 | -0.9 |
| | <i>Next quarter</i> | 5.2 | -3.0 | 0.1 | 4.9 | 0.0 |
| 5(b). How have fees on secured lending changed? | <i>Current quarter</i> | -0.3 | 0.0 | -0.5 | 4.4 | 0.0 |
| | <i>Next quarter</i> | -2.2 | -10.2 | -0.5 | -0.6 | 0.0 |
| 5(c). How have the maximum loan to value ratios changed? | <i>Current quarter</i> | -0.4 | -4.2 | -5.3 | 4.0 | 0.5 |
| | <i>Next quarter</i> | -6.8 | -8.8 | -5.0 | -1.1 | 0.0 |
| 5(d). How have the maximum loan to income ratios changed? | <i>Current quarter</i> | -33.7 | -18.9 | -25.5 | -21.3 | -16.2 |
| | <i>Next quarter</i> | -49.9 | -22.4 | -18.7 | -11.8 | -17.3 |
| <i>Factors contributing to changes in credit availability</i> | | | | | | |
| Changing economic outlook | <i>Current quarter</i> | -33.5 | -22.7 | -14.7 | -14.4 | -11.2 |
| | <i>Next quarter</i> | -52.8 | -10.4 | -18.3 | -11.3 | -9.3 |
| Market share objectives | <i>Current quarter</i> | -51.9 | -34.2 | -33.8 | -29.8 | -23.4 |
| | <i>Next quarter</i> | -63.7 | -19.6 | -32.7 | -23.4 | -18.9 |
| Changing appetite for risk | <i>Current quarter</i> | -38.7 | -34.4 | -5.5 | -7.4 | -7.4 |
| | <i>Next quarter</i> | -54.2 | -22.8 | -11.2 | -7.7 | -10.9 |
| Tight wholesale funding conditions | <i>Current quarter</i> | 0.8 | -15.6 | -5.0 | -4.0 | -17.9 |
| | <i>Next quarter</i> | -1.1 | 2.6 | -9.0 | -7.8 | -6.4 |
| Changing liquidity positions | <i>Current quarter</i> | -26.2 | 1.1 | -18.6 | -9.2 | -22.9 |
| | <i>Next quarter</i> | -48.1 | 19.5 | -15.4 | -24.6 | -13.0 |
| 7. Has the default rate on secured loans to households changed? | <i>Current quarter</i> | -19.8 | 1.5 | 7.5 | -31.9 | -23.9 |
| | <i>Next quarter</i> | -36.8 | -25.1 | -12.8 | -46.0 | -27.0 |
| 8. How have losses given default to households changed? | <i>Current quarter</i> | -27.7 | -3.0 | -2.6 | -23.4 | -24.1 |
| | <i>Next quarter</i> | -32.3 | -18.8 | -16.7 | -23.1 | -16.1 |
| 9. How has the average credit quality of new secured lending to HOUSEHOLDS changed? | <i>Current quarter</i> | 37.7 | 23.7 | 23.0 | 33.8 | 33.7 |
| | <i>Next quarter</i> | 40.7 | 32.8 | 26.3 | 38.9 | 36.9 |
| 10. How has the availability of households secured credit to the following types of borrowers changed: | | | | | | |
| Borrowers with low loan to value ratios (75% or less) | <i>Current quarter</i> | 20.8 | -13.5 | 7.3 | 14.4 | 18.6 |
| | <i>Next quarter</i> | 24.7 | -6.0 | 11.2 | 10.4 | 6.9 |
| Borrowers with high loan to value ratios (more than 75%) | <i>Current quarter</i> | 13.7 | -2.6 | 10.7 | -5.5 | -3.0 |
| | <i>Next quarter</i> | 15.3 | -5.2 | 2.4 | -2.1 | -9.2 |

Table 2 Unsecured Lending To Households Questionnaire Result

| QUESTIONS | | 2013 | | | 2014 | |
|---|------------------------|-------|-------|-------|-------|-------|
| | | Q2 | Q3 | Q4 | Q1 | Q2 |
| 1(a). How has demand for unsecured credit cards lending from HOUSEHOLDS changed? | <i>Current quarter</i> | 28.5 | -3.1 | 18.7 | 20.3 | -19.7 |
| | <i>Next quarter</i> | 34.5 | -13.2 | 25.9 | 19.6 | -25.0 |
| 1(b). How has demand for unsecured overdraft/ personal loans from HOUSEHOLDS changed? | <i>Current quarter</i> | 9.2 | 15.8 | 3.3 | -1.3 | -10.2 |
| | <i>Next quarter</i> | 11.7 | -2.4 | 3.2 | 7.5 | -0.1 |
| 1(c). How has demand for total unsecured lending from HOUSEHOLDS changed? | <i>Current quarter</i> | 7.5 | 15.0 | 2.9 | 1.3 | -16.4 |
| | <i>Next quarter</i> | 7.7 | -3.3 | -6.8 | -1.3 | -16.4 |
| 2(a). How has demand for unsecured credit cards lending from SMALL BUSINESSES changed? | <i>Current quarter</i> | 11.3 | 2.5 | -3.7 | -8.1 | -9.2 |
| | <i>Next quarter</i> | 21.7 | 18.7 | -2.6 | -13.8 | -4.0 |
| 2(b). How has demand for unsecured overdraft/ personal loans from SMALL BUSINESSES changed? | <i>Current quarter</i> | -5.8 | -16.9 | 0.9 | -4.6 | 7.2 |
| | <i>Next quarter</i> | 0.6 | -2.6 | 7.4 | -1.7 | 11.4 |
| 2(c). How has demand for total unsecured lending from SMALL BUSINESSES changed? | <i>Current quarter</i> | -5.8 | -15.4 | -14.1 | -0.6 | -5.0 |
| | <i>Next quarter</i> | -4.4 | 4.5 | -7.3 | -2.9 | -7.4 |
| 3(a). How have credit scoring criteria for granting credit card loan applications by HOUSEHOLDS changed? | <i>Current quarter</i> | 11.1 | -2.1 | 0.6 | -2.9 | -4.8 |
| | <i>Next quarter</i> | -1.5 | 0.0 | 14.3 | -9.0 | -3.0 |
| 3(b). How have credit scoring criteria for granting overdraft/personal loan applications by HOUSEHOLDS changed? | <i>Current quarter</i> | 14.8 | 9.9 | 2.7 | 10.5 | 11.1 |
| | <i>Next quarter</i> | 3.1 | 13.9 | 13.6 | 7.6 | 0.0 |
| 3(c). How have credit scoring criteria for granting total unsecured loan applications by HOUSEHOLDS changed? | <i>Current quarter</i> | 24.2 | 11.6 | 3.0 | 13.4 | 12.3 |
| | <i>Next quarter</i> | 24.2 | 16.5 | 15.0 | 8.0 | 0.0 |
| 4(a). How has the proportion of HOUSEHOLD credit card loan applications being approved changed? | <i>Current quarter</i> | 43.9 | 26.9 | 29.9 | 3.8 | 20.9 |
| | <i>Next quarter</i> | 50.5 | 11.3 | 23.6 | 12.6 | 17.9 |
| 4(b). How has the proportion of HOUSEHOLD overdraft/personal loan applications being approved changed? | <i>Current quarter</i> | 19.1 | 40.1 | 7.3 | 6.0 | 18.7 |
| | <i>Next quarter</i> | 12.4 | 20.4 | -2.8 | 5.8 | -2.3 |
| 4(c). How has the proportion of HOUSEHOLD total loan applications being approved changed? | <i>Current quarter</i> | 12.5 | 33.0 | -5.4 | -3.3 | 3.3 |
| | <i>Next quarter</i> | 12.4 | 20.4 | -2.8 | 5.8 | -2.3 |
| 5(a). How have spreads on credit cards changed? | <i>Current quarter</i> | -5.6 | -7.9 | -4.2 | 9.0 | 6.2 |
| | <i>Next quarter</i> | 2.8 | 4.2 | 9.8 | 6.2 | 5.0 |
| 5(b). How have spreads on overdraft/personal loans changed? | <i>Current quarter</i> | -10.7 | -10.0 | 3.8 | 2.4 | 3.5 |
| | <i>Next quarter</i> | -2.3 | 5.8 | 12.0 | 5.4 | 3.7 |
| 5(c). How have spreads on overall unsecured lending changed? | <i>Current quarter</i> | -10.5 | -10.6 | 4.0 | 7.4 | 4.4 |
| | <i>Next quarter</i> | 0.0 | 6.2 | 12.6 | 5.6 | 5.7 |
| 5(d). How have unsecured credit card limits changed? | <i>Current quarter</i> | -5.5 | 3.0 | 6.0 | -6.7 | -0.2 |
| | <i>Next quarter</i> | -0.6 | 0.0 | -3.4 | 0.0 | -1.2 |
| 5(e). How has the minimum proportion of credit cards balances to be paid changed? | <i>Current quarter</i> | 5.2 | 1.5 | 8.6 | -2.9 | 12.8 |
| | <i>Next quarter</i> | 10.4 | 3.3 | 14.8 | 0.6 | -0.6 |
| 5(f). How have maximum maturities on loans changed? | <i>Current quarter</i> | 11.2 | 3.2 | 6.4 | -1.2 | 4.8 |
| | <i>Next quarter</i> | 2.0 | -1.7 | 9.9 | 1.2 | 14.2 |
| 6. How has the availability of unsecured credit provided to households changed? | <i>Current quarter</i> | -25.6 | -18.4 | -16.2 | -11.7 | -8.3 |
| | <i>Next quarter</i> | -20.7 | -20.0 | -21.6 | -7.0 | -15.5 |
| <i>Factors contributing to changes in credit availability</i> | | | | | | |
| Changing economic outlook | <i>Current quarter</i> | -36.1 | -37.6 | -16.1 | -10.4 | -9.9 |
| | <i>Next quarter</i> | -27.1 | -28.5 | -16.0 | -9.9 | -9.9 |
| Market share objectives | <i>Current quarter</i> | -41.0 | -35.3 | -23.9 | -31.1 | -17.0 |
| | <i>Next quarter</i> | -32.7 | -30.4 | -19.5 | -18.3 | -19.9 |
| Changing appetite for risk | <i>Current quarter</i> | -21.2 | -24.7 | -10.2 | -6.2 | 2.6 |
| | <i>Next quarter</i> | -19.2 | -24.4 | -8.6 | -5.2 | -4.4 |
| Changing cost/ availability of funds | <i>Current quarter</i> | -35.1 | -44.6 | -27.9 | -25.6 | -22.7 |
| | <i>Next quarter</i> | -28.4 | -34.7 | -25.4 | -17.7 | -25.6 |
| 7(a). How has the default rate on credit card loans to households changed? | <i>Current quarter</i> | -10.5 | -29.7 | -43.1 | -26.5 | -21.8 |
| | <i>Next quarter</i> | -35.7 | -23.8 | -20.0 | -20.5 | -22.6 |
| 7(b). How has the default rate on overdraft/ personal loans to households changed? | <i>Current quarter</i> | -19.2 | -19.2 | -27.5 | -35.7 | -4.2 |
| | <i>Next quarter</i> | -45.5 | -24.4 | -28.1 | -20.3 | -27.9 |
| 7(c). How has the default rate on total unsecured loans to households changed? | <i>Current quarter</i> | -10.9 | -23.4 | -30.5 | -35.7 | -7.4 |
| | <i>Next quarter</i> | -32.6 | -25.9 | -29.2 | -20.3 | -29.6 |
| 8(a). How have losses given default on credit card loans to households changed? | <i>Current quarter</i> | 0.0 | -45.3 | -29.6 | -5.8 | -6.2 |
| | <i>Next quarter</i> | -14.9 | -37.5 | -23.2 | -24.9 | -14.1 |
| 8(b). How have losses given default on overdraft/personal loans to households changed? | <i>Current quarter</i> | -5.3 | -34.3 | -22.2 | -22.5 | -7.0 |
| | <i>Next quarter</i> | -21.4 | -29.7 | -28.5 | -28.3 | -20.1 |
| 8(c). How have losses given default on total unsecured loans to households changed? | <i>Current quarter</i> | -5.3 | -33.2 | -24.9 | -22.5 | -7.4 |
| | <i>Next quarter</i> | -21.4 | -31.7 | -24.8 | -27.3 | -21.3 |
| 9(a). How has the average credit quality of new credit card lending to HOUSEHOLDS changed? | <i>Current quarter</i> | 1.0 | 30.0 | -0.5 | -15.8 | 21.9 |
| | <i>Next quarter</i> | 0.8 | 25.1 | -16.9 | -9.2 | 16.6 |
| 9(b). How has the average credit quality of new overdraft/personal lending to HOUSEHOLDS changed? | <i>Current quarter</i> | 9.6 | 26.4 | 19.4 | -2.1 | 13.8 |
| | <i>Next quarter</i> | 11.9 | 28.8 | 19.4 | -6.0 | 20.2 |
| 9(c). How has the average credit quality of new total unsecured lending to HOUSEHOLDS changed? | <i>Current quarter</i> | 9.6 | 26.4 | 24.3 | -2.2 | 15.9 |
| | <i>Next quarter</i> | 11.9 | 28.8 | 24.8 | -6.0 | 26.1 |

Table 3 Corporate Lending Questionnaire Result

| QUESTIONS | | 2013 | | | 2014 | |
|---|------------------------|-------|-------|-------|-------|-------|
| | | Q2 | Q3 | Q4 | Q1 | Q2 |
| 1(a). How has availability of credit provided to small businesses changed? | <i>Current quarter</i> | -34.3 | -28.5 | -36.1 | -27.4 | -40.1 |
| | <i>Next quarter</i> | -46.3 | -21.2 | -39.6 | -32.7 | -45.9 |
| 1(b). How has availability of credit provided to medium PNFs changed? | <i>Current quarter</i> | -31.2 | -21.2 | -28.5 | -20.5 | -28.7 |
| | <i>Next quarter</i> | -51.2 | -24.9 | -31.9 | -28.9 | -26.7 |
| 1(c). How has availability of credit provided to large PNFs changed? | <i>Current quarter</i> | -45.5 | -38.9 | -40.2 | -40.1 | -36.8 |
| | <i>Next quarter</i> | -38.7 | -31.1 | -37.5 | -30.8 | -32.8 |
| 1(d). How has availability of credit provided to OFCs changed? | <i>Current quarter</i> | -13.6 | -19.3 | -13.2 | -6.5 | -18.1 |
| | <i>Next quarter</i> | -19.9 | -16.5 | -23.5 | 3.1 | -15.9 |
| 2(a). How has demand for credit cards lending from SMALL BUSINESSES changed? | <i>Current quarter</i> | 35.1 | 35.3 | 23.5 | 16.4 | 16.2 |
| | <i>Next quarter</i> | 45.4 | 29.0 | 39.1 | 27.1 | 13.2 |
| 2(b). How has demand for overdraft/ personal loans from SMALL BUSINESSES changed? | <i>Current quarter</i> | 43.0 | 41.8 | 37.4 | 31.4 | 50.5 |
| | <i>Next quarter</i> | 48.4 | 38.2 | 40.3 | 27.6 | 36.6 |
| 2(c). How has demand for secured lending from SMALL BUSINESSES changed? | <i>Current quarter</i> | 42.2 | 42.3 | 28.1 | 33.8 | 52.4 |
| | <i>Next quarter</i> | 52.7 | 30.3 | 38.1 | 31.6 | 35.6 |
| 2(d). How has demand for lending from Medium PNFs changed? | <i>Current quarter</i> | 48.7 | 40.4 | 33.4 | 19.3 | 38.5 |
| | <i>Next quarter</i> | 62.3 | 39.0 | 42.9 | 24.5 | 24.2 |
| 2(e). How has demand for lending from Large PNFs changed? | <i>Current quarter</i> | 50.7 | 45.6 | 37.3 | 30.5 | 29.6 |
| | <i>Next quarter</i> | 50.4 | 30.5 | 33.7 | 40.3 | 22.5 |
| | <i>Current quarter</i> | 30.9 | 39.6 | 20.3 | 4.6 | 12.5 |
| 2(f). How has demand for lending from OFCs changed? | <i>Next quarter</i> | 37.3 | 29.8 | 18.3 | 13.9 | 9.4 |
| 3. What have been the main factors contributing to changes in demand for lending? | | | | | | |
| (a1) Merger and acquisition | <i>Current quarter</i> | -6.2 | -38.1 | -22.9 | -11.7 | -12.4 |
| | <i>Next quarter</i> | 5.8 | -20.3 | -27.0 | -13.1 | 4.5 |
| (a2) Capital Investments | <i>Current quarter</i> | 55.3 | 39.5 | 28.2 | 39.2 | 50.9 |
| | <i>Next quarter</i> | 48.5 | 22.7 | 23.7 | 35.6 | 39.9 |
| (a3) Inventory Finance | <i>Current quarter</i> | 57.2 | 50.5 | 38.6 | 41.0 | 37.3 |
| | <i>Next quarter</i> | 61.6 | 41.1 | 40.8 | 42.1 | 39.9 |
| (a4) Balance sheet restructuring | <i>Current quarter</i> | 6.1 | 0.5 | -16.2 | -9.3 | 4.2 |
| | <i>Next quarter</i> | 13.5 | -2.7 | -18.6 | 6.7 | 15.1 |
| (a5) Commercial Real Estate | <i>Current quarter</i> | 17.9 | 1.1 | -3.7 | 7.6 | -16.1 |
| | <i>Next quarter</i> | 17.9 | 1.1 | -3.7 | 7.6 | -16.1 |
| 4(a). How has the overall availability of credit to the corporate sector changed? | <i>Current quarter</i> | -36.9 | -46.1 | -40.6 | -37.0 | -26.2 |
| | <i>Next quarter</i> | -64.7 | -49.0 | -35.3 | -32.2 | -19.0 |
| Of which: Commercial real estate sector | <i>Current quarter</i> | -19.3 | -0.6 | 3.8 | -4.6 | 1.7 |
| | <i>Next quarter</i> | -28.3 | -9.6 | -8.7 | -15.9 | -3.8 |
| 4(b). Factors contributing to changes in credit availability. | | | | | | |
| Changing economic outlook | <i>Current quarter</i> | -63.6 | -53.0 | -44.4 | -32.8 | -38.3 |
| | <i>Next quarter</i> | -51.5 | -28.1 | -39.5 | -23.5 | -17.1 |
| Changing sector specific risks | <i>Current quarter</i> | -47.7 | -40.2 | -44.9 | -29.4 | -32.0 |
| | <i>Next quarter</i> | -50.8 | -26.6 | -38.0 | -26.0 | -26.1 |
| Market share objectives | <i>Current quarter</i> | -44.3 | -37.2 | -37.7 | -32.6 | -27.9 |
| | <i>Next quarter</i> | -38.2 | -30.9 | -39.6 | -20.7 | -22.0 |
| Market pressures from capital markets | <i>Current quarter</i> | 21.4 | 6.7 | 27.8 | 12.6 | 17.9 |
| | <i>Next quarter</i> | 11.5 | 13.5 | 15.5 | 12.0 | 10.5 |
| Changing appetite for risk | <i>Current quarter</i> | -41.7 | -39.5 | -28.6 | -14.2 | -10.1 |
| | <i>Next quarter</i> | -40.9 | -19.3 | -27.8 | -5.6 | -10.5 |
| Tight wholesale funding conditions | <i>Current quarter</i> | -36.5 | -44.3 | -40.6 | -24.5 | -13.9 |
| | <i>Next quarter</i> | -38.0 | -30.1 | -36.9 | -17.2 | -18.1 |
| Changing liquidity conditions | <i>Current quarter</i> | -52.4 | -44.2 | -41.4 | -40.3 | -24.7 |
| | <i>Next quarter</i> | -53.7 | -39.6 | -42.1 | -36.2 | -35.3 |
| 4(c1). How have commercial property prices affected credit availability to the commercial real estate sector? | <i>Current quarter</i> | -4.6 | 10.9 | -7.9 | -6.9 | 9.6 |
| | <i>Next quarter</i> | -5.3 | 11.6 | -13.7 | -17.2 | 3.4 |
| 4(c2). How have commercial property prices affected secured lending to PNFs? | <i>Current quarter</i> | -21.9 | -7.1 | -5.1 | -20.7 | -11.7 |
| | <i>Next quarter</i> | -22.1 | -6.3 | -6.8 | -24.0 | -11.8 |
| 5(a). How has the proportion of loan applications from small businesses being approved changed? | <i>Current quarter</i> | 37.3 | 29.3 | 24.5 | 24.6 | 41.3 |
| | <i>Next quarter</i> | 43.2 | 14.7 | 26.2 | 35.3 | 32.8 |
| 5(b). How has the proportion of loan applications from medium PNFs being approved changed? | <i>Current quarter</i> | 42.3 | 32.0 | 16.8 | 23.7 | 33.2 |
| | <i>Next quarter</i> | 48.8 | 21.3 | 19.0 | 24.2 | 21.2 |
| 5(c). How has the proportion of loan applications from large PNFs being approved changed? | <i>Current quarter</i> | 41.4 | 43.7 | 21.6 | 30.9 | 40.6 |
| | <i>Next quarter</i> | 43.0 | 29.8 | 12.1 | 26.5 | 27.1 |

Table 3 Corporate Lending Questionnaire Result (contd)

| QUESTIONS | | 2013 | | | 2014 | |
|---|------------------------|-------|-------|-------|-------|-------|
| | | Q2 | Q3 | Q4 | Q1 | Q2 |
| 6(a1). How have spreads on loans to small businesses changed? | <i>Current quarter</i> | 9.5 | 7.5 | -18.7 | -8.8 | -6.5 |
| | <i>Next quarter</i> | 9.2 | 4.6 | -3.1 | -0.1 | -5.4 |
| 6(a2). How have fees/commissions on loans to small businesses changed? | <i>Current quarter</i> | 21.1 | 13.2 | 7.5 | -5.5 | -9.9 |
| | <i>Next quarter</i> | 12.9 | 12.1 | 3.8 | 0.3 | -3.9 |
| 6(a3). How have collateral requirements for loans to small businesses changed? | <i>Current quarter</i> | -7.8 | -12.1 | -10.1 | -13.3 | -20.5 |
| | <i>Next quarter</i> | -7.8 | -16.3 | -6.6 | -2.2 | -7.6 |
| 6(a4). How have maximum credit lines for loans to small businesses changed? | <i>Current quarter</i> | -18.6 | -16.8 | -13.5 | -11.1 | -6.4 |
| | <i>Next quarter</i> | -18.8 | -9.6 | -11.7 | -8.2 | -15.2 |
| 6(a5). How have Loan covenants for loans to small businesses changed? | <i>Current quarter</i> | -8.1 | -13.5 | -13.3 | -9.2 | -14.6 |
| | <i>Next quarter</i> | -8.1 | -16.3 | -10.2 | -3.0 | -4.4 |
| 6(b1). How have spreads on loans to medium PNFCs changed? | <i>Current quarter</i> | 13.4 | 8.2 | -13.3 | -4.9 | -8.8 |
| | <i>Next quarter</i> | 0.7 | 1.7 | 0.5 | 1.5 | 4.7 |
| 6(b2). How have fees/commissions on loans to medium PNFCs changed? | <i>Current quarter</i> | 23.3 | 13.8 | 4.8 | -4.5 | -14.3 |
| | <i>Next quarter</i> | 7.5 | 12.1 | 1.0 | 0.3 | 4.6 |
| 6(b3). How have collateral requirements for loans to medium PNFCs changed? | <i>Current quarter</i> | -4.2 | -11.5 | -9.8 | -10.2 | -11.0 |
| | <i>Next quarter</i> | -3.9 | -16.6 | -0.9 | -1.5 | 0.0 |
| 6(b4). How have maximum credit lines for loans to medium PNFCs changed? | <i>Current quarter</i> | -8.4 | -16.2 | -10.7 | -1.1 | -14.6 |
| | <i>Next quarter</i> | -12.3 | -9.6 | -15.3 | -2.5 | -7.8 |
| 6(b5). How have Loan covenants for loans to medium PNFCs changed? | <i>Current quarter</i> | -8.3 | -11.7 | -13.1 | -1.8 | -9.8 |
| | <i>Next quarter</i> | -8.2 | -16.6 | -12.9 | -1.7 | -9.0 |
| 6(c1). How have spreads on loans to large PNFCs changed? | <i>Current quarter</i> | 13.4 | 4.2 | -5.8 | 5.2 | 6.9 |
| | <i>Next quarter</i> | 4.7 | 8.5 | -1.1 | 1.5 | -0.4 |
| 6(c2). How have fees/commissions on loans to large PNFCs changed? | <i>Current quarter</i> | 27.2 | 8.8 | 14.3 | 7.7 | 6.4 |
| | <i>Next quarter</i> | 15.0 | 12.1 | 3.8 | -5.6 | -5.4 |
| 6(c3). How have collateral requirements for loans to large PNFCs changed? | <i>Current quarter</i> | 4.1 | -9.6 | -1.0 | 4.2 | -1.4 |
| | <i>Next quarter</i> | -2.0 | -5.7 | -0.9 | -2.5 | -1.0 |
| 6(c4). How have maximum credit lines for loans to large PNFCs changed? | <i>Current quarter</i> | -16.4 | -4.4 | -21.9 | -6.0 | -11.1 |
| | <i>Next quarter</i> | -24.8 | -8.1 | -21.4 | -7.5 | -9.0 |
| 6(c5). How have Loan covenants for loans to large PNFCs changed? | <i>Current quarter</i> | 0.0 | -11.0 | -13.1 | -2.4 | -9.2 |
| | <i>Next quarter</i> | -6.1 | -6.8 | -9.1 | -2.8 | -8.5 |
| 6(d1). How have spreads on loans to OFCs changed? | <i>Current quarter</i> | 10.5 | 8.4 | -14.8 | 5.7 | 8.6 |
| | <i>Next quarter</i> | 0.2 | 6.9 | -9.4 | 1.2 | 0.0 |
| 6(d2). How have fees/commissions on loans to OFCs changed? | <i>Current quarter</i> | 16.1 | 14.4 | 8.7 | 1.3 | -1.9 |
| | <i>Next quarter</i> | 1.0 | 13.2 | 4.2 | 0.8 | 0.0 |
| 6(d3). How have collateral requirements for loans to OFCs changed? | <i>Current quarter</i> | -5.0 | -5.8 | -1.0 | -9.6 | -0.4 |
| | <i>Next quarter</i> | -5.0 | -1.2 | -1.0 | -2.9 | 0.0 |
| 6(d4). How have maximum credit lines for loans to OFCs changed? | <i>Current quarter</i> | -10.4 | -2.8 | -15.3 | -2.2 | -5.7 |
| | <i>Next quarter</i> | -5.8 | 2.0 | -5.8 | 2.8 | -4.4 |
| 6(d5). How have Loan covenants for loans to OFCs changed? | <i>Current quarter</i> | -5.3 | -5.8 | 0.4 | -2.7 | -4.7 |
| | <i>Next quarter</i> | -5.3 | -1.2 | -1.0 | -3.2 | -4.4 |
| 7(a). How has the default rate on loans to small businesses changed? | <i>Current quarter</i> | -18.3 | -26.0 | -13.0 | -11.5 | 14.3 |
| | <i>Next quarter</i> | -28.9 | -31.8 | -18.0 | -10.6 | -2.7 |
| 7(b). How has the default rate on loans to medium PNFCs changed? | <i>Current quarter</i> | -21.2 | -15.6 | -19.0 | -21.6 | -5.7 |
| | <i>Next quarter</i> | -30.6 | -21.3 | -23.6 | -10.6 | -2.7 |
| 7(c). How has the default rate on loans to large PNFCs changed? | <i>Current quarter</i> | -21.2 | -20.7 | -19.2 | -25.8 | -21.7 |
| | <i>Next quarter</i> | -34.6 | -28.0 | -20.1 | -14.7 | -12.4 |
| 7(d). How has the default rate on loans to OFCs changed? | <i>Current quarter</i> | -14.5 | -22.6 | -11.7 | -16.9 | -10.9 |
| | <i>Next quarter</i> | -34.3 | -26.0 | -20.6 | -10.7 | -12.9 |
| 8(a). How have losses given default on loans to small businesses changed? | <i>Current quarter</i> | -27.9 | -2.9 | -28.0 | -16.1 | -3.4 |
| | <i>Next quarter</i> | -43.6 | -9.6 | -42.7 | -17.0 | -14.2 |
| 8(b). How have losses given default on loans to medium PNFCs changed? | <i>Current quarter</i> | -34.4 | -13.4 | -28.0 | -22.3 | -15.0 |
| | <i>Next quarter</i> | -43.6 | -20.0 | -42.7 | -23.3 | -11.7 |
| 8(c). How have losses given default on loans to large PNFCs changed? | <i>Current quarter</i> | -32.9 | -18.7 | -22.3 | -28.9 | -19.1 |
| | <i>Next quarter</i> | -47.5 | -27.0 | -34.2 | -25.7 | -16.3 |
| 8(d). How have losses given default on loans to OFCs changed? | <i>Current quarter</i> | -16.9 | -21.8 | -16.7 | -19.0 | -24.3 |
| | <i>Next quarter</i> | -33.8 | -23.5 | -28.2 | -18.5 | -14.7 |
| 9(a). Has there been a change in average credit quality on newly arranged PNFCs borrowing facilities? | <i>Current quarter</i> | 18.6 | 24.4 | 23.7 | 8.3 | 10.3 |
| | <i>Next quarter</i> | 22.9 | 17.0 | 29.3 | 15.1 | 13.7 |
| 9(b). Has there been any change in target hold levels associated with corporate lending? | <i>Current quarter</i> | 20.2 | 5.0 | 12.5 | 12.6 | 16.2 |
| | <i>Next quarter</i> | 25.3 | 2.8 | 10.9 | 15.1 | 11.2 |
| 9(c). How have loan tenors on new corporate loans changed? | <i>Current quarter</i> | 15.8 | 10.5 | 2.5 | 11.1 | 11.5 |
| | <i>Next quarter</i> | 16.0 | 2.8 | -0.3 | 13.3 | 3.7 |
| 9(d). Has there been a change in draw down on committed lines by PNFCs? | <i>Current quarter</i> | 17.7 | 24.4 | 16.3 | 2.4 | 7.3 |
| | <i>Next quarter</i> | 18.2 | 17.8 | 20.7 | 11.2 | 2.3 |