



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

Credit Sentiment Survey

Survey Results | 2023 Q3



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 (“CBAUAE”). Further details about the Survey, along with its questionnaire results for the September 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

Survey results for the September quarter point to a positive credit impulse due to stronger loan demand and rising willingness of financial institutions to extend credit. September quarter results continue to reflect healthy sentiment and solid underlying conditions in both the household and corporate sectors. A positive economic outlook and strong real estate market has helped improve overall credit sentiment. Such factors continue to outweigh the impact of higher interest rates, resulting in ongoing demand growth for credit. Higher reserve requirements implemented in April appear to have had little to no impact on overall credit conditions. Looking forward, banks and finance companies' credit outlook for the December quarter remains favorable, with positive expectations for both the supply and demand of credit.

Lending to Corporates & Small Businesses –

Business loan demand increased strongly across all loan categories and Emirates. The increase was most prevalent among large firms, locals, government-related entities (GREs), and small and medium-sized enterprises (SMEs). Growth was exceptionally strong in the manufacturing sector, overtaking the retail and wholesale trade sector which had registered the highest increase for the past three consecutive years. This was followed by solid demand in retail and wholesale trade, construction, and property development. Credit demand was supported by customers' sales, the economic and property market outlook, customers' fixed asset investment, and the change in government expenditure. Improving asset quality and economic outlook, and a change in risk tolerance and credit-worthiness of borrowers boosted financial institutions' appetite to extend business loans. Looking forward, survey results seem to imply that strong credit demand and willingness to provide credit to firms will continue until the end of the year.

Lending to Households –

Survey results indicate rising consumer appetite for credit. Higher personal loan demand was widespread among most loan categories, with the exception of non-housing investment. Indicative of solid consumption expenditure in the UAE, credit cards, personal – other, housing – owner occupier and car loans were the driving forces behind the increase in loan demand. Financial institutions reported that the improved housing and financial market outlook and higher incomes positively influenced credit demand, while changes in interest rates continued to exert a negative influence on demand. As with business loan demand, however, factors related to real economic activity appear to have outweighed interest rates in determining loan demand. In terms of credit availability, survey results pointed to a moderate increase in the willingness of banks and finance companies to extend credit to consumers. The outlook for the December quarter remains positive, with high expectations for both credit demand and credit supply in the personal lending segment.

Business Lending²

Survey results for the September quarter revealed that demand for business loans increased at a solid pace, with a net balance of +22.7. According to survey results, 44.7% of respondents reported no change, 49.6% reported a moderate increase in demand, while only 5.6% of respondents reported a decrease in demand. By Emirate, there was a marked increase in credit appetite and demand across all Emirates, with demand strongest in Dubai. Looking ahead, survey respondents remain optimistic about business loan demand over the next three months, as indicated by a net balance of +28.4 for the quarter ahead (Chart 1).

By market segment, survey respondents noted increased demand across all business loan categories. Loan growth was strongest among large firms, locals, conventional loans, GREs, and SMEs, whereas non-residents registered the lowest increase among the major loan categories (Chart 2).

Looking forward, aggregate loan demand is expected to remain solid, driven by strong demand from large firms, followed by SMEs and GREs.

By sector, business loan demand increased across all economic activities and industries. The increase was strongest in the manufacturing sector, overtaking the retail and wholesale trade sector which had registered the highest increase for the past three consecutive years. This was followed by solid demand in retail and wholesale trade, construction, property development, and transport, storage & communications. In contrast, the increase in demand was relatively soft in the mining and quarrying sector (Chart 3).

For the last quarter of the year, a further increase in demand for business loans is expected across all economic sectors, primarily in the retail and wholesale trade, manufacturing, property development, construction, and transport, storage & communications sectors.

Chart 1 Change in Demand for Business Loans

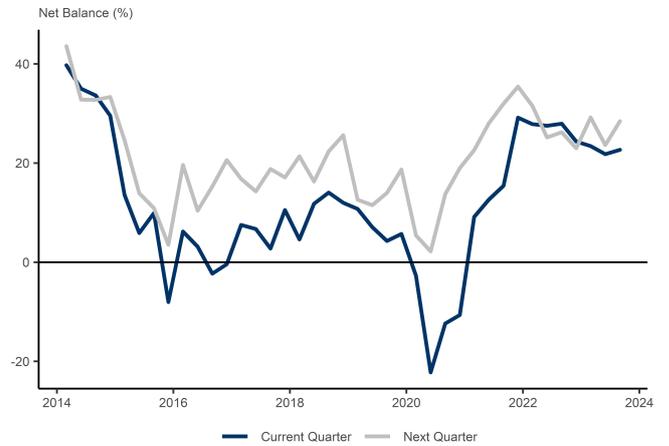


Chart 2 Change in Demand for Business Loans by Type

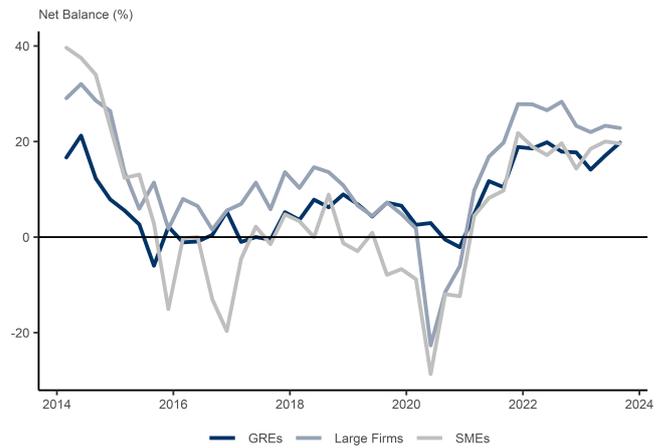
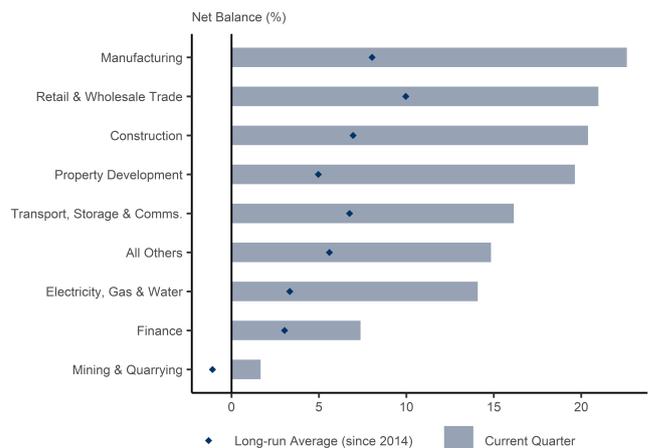


Chart 3 Change in Demand for Business Loans by Industry



² Full survey results are presented in Annex 1 to this report

Amongst the underlying key factors responsible for driving solid demand growth for business loans in the September quarter were customers' sales, the economic and property market outlook, customers' fixed asset investment, and the change in government/GRE expenditure. In contrast, higher interest rates during the quarter had an adverse impact on business loan demand, though a positive economic outlook seems to have offset this (Chart 4).

In terms of willingness to lend, survey respondents reported a considerable increase in appetite to extend business loans, with a net balance of +15.7. The strong willingness to lend is largely concentrated in large firms relative to SMEs. For the upcoming quarter, banks and finance companies' overall appetite to lend remains strong, as suggested by a net balance of +22.0.

The key factors positively influencing the change in banks and finance companies' willingness to lend to firms during the September quarter were the economic outlook, quality of banks' asset portfolios and changes in credit-worthiness of borrowers and risk tolerance. Regulatory changes, along with competition from other banks and financial institutions, exerted a limited net impact on appetite to extend business loans, while cost of funds/balance sheet constraints contributed to a moderate fall in credit appetite.

Most survey respondents reported that terms and conditions for new business loans remained broadly unchanged. However, survey results revealed a slightly higher increase in terms and conditions pertaining to maximum size of credit lines, collateralization requirements, and premiums charged on riskier loans compared to a more moderate increase in the spread over cost of funds and non-interest fees and charges (Chart 5).

Banks and finance companies reported, on balance, that the share of rejected applications for loans to firms increased compared to the previous quarter, highlighted by a net balance of +4.5. The increase in the share of rejected loan applications for loans to large firms was higher than the share of rejected applications for loans to SMEs, which somewhat contrasts with the results related to survey respondents' willingness to lend.

When asked about the impact of change in reserve requirements on demand deposits (from 7% to 11%), 66.9% of the financial institutions surveyed reported that the change did not affect business lending activity, 25.9% reported a minor reduction in lending, 7.2% reported a moderate reduction, and no respondents reported a significant reduction in lending (Chart 6).

Chart 4 Factors Influencing Loan Demand

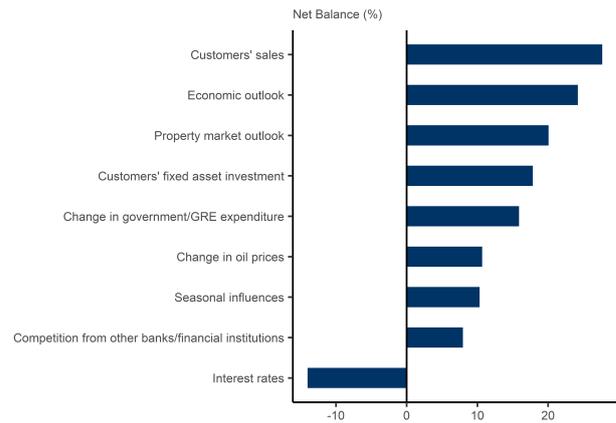


Chart 5 Change in Terms and Conditions on New Loans

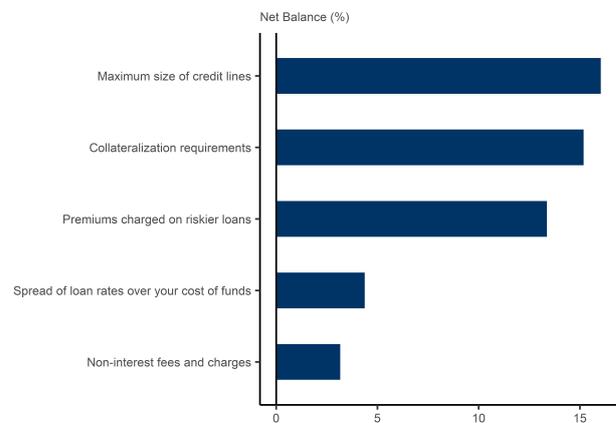
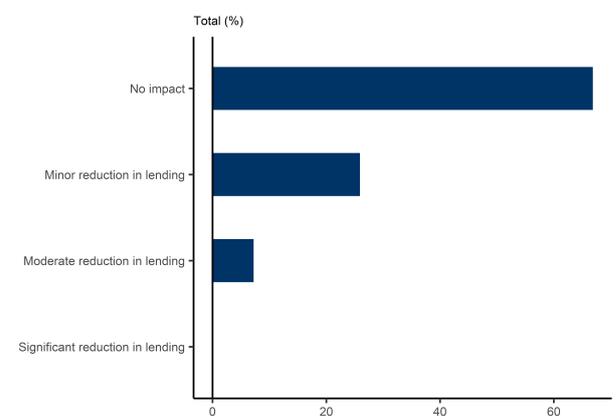
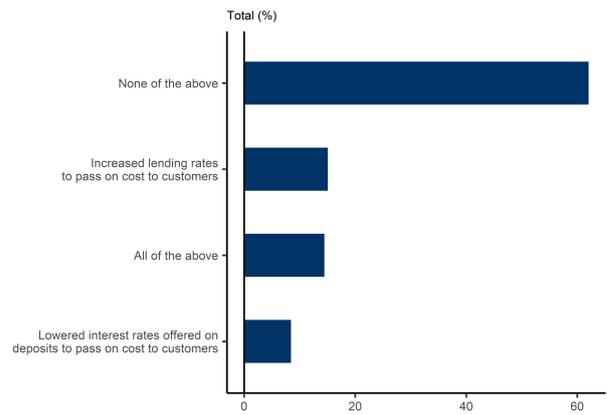


Chart 6 Impact of Change in Reserve Requirements on Lending Activity



When asked about how their institutions responded to the change in reserve requirements, 14.5% of respondents increased business lending rates to pass on cost to customers, 8.4% lowered interest rates offered on deposits to pass on cost to customers, 15.1% lowered deposit rates and increased lending rates, while 62.0% of respondents did neither (Chart 7).

Chart 7 Response to the Change in Reserve Requirements



Personal Lending³

Consumer appetite and demand for personal loans increased at a solid pace, with a net balance of +21.2. Increased personal loan demand stemmed from strong growth across all Emirates, with Northern Emirates recording the strongest growth rate. Looking forward, survey respondents continue to remain highly optimistic about credit demand for personal loans, as suggested by a net balance of +30.1 for the quarter ahead (Chart 8).

By market segment, consumer appetite and demand for personal loans increased across all categories, with the exception of non-housing investment. The growth in demand for personal loans was most significant among credit cards and Islamic loans, followed by conventional loans, personal – other, housing – owner occupier, and car loans (Chart 9).

Looking ahead to the next quarter, survey results suggest an expected increase in demand across all categories of loans, mainly in credit cards, personal – other, car loans, housing – owner occupier, and housing – investment.

When asked about the factors contributing to the change in personal loan demand, survey respondents reported that the improved housing and financial market outlook and higher incomes positively influenced credit demand, while changes in interest rates exerted a negative influence on demand. As with business loan demand, however, factors related to real economic activity appear to have outweighed interest rates in determining loan demand.

With respect to credit availability, a moderate increase in banks and finance companies' willingness to extend personal loans was noted, evidenced by a net balance of +14.4. Growth was registered across all loan categories, of which credit cards, housing – owner occupier, and personal – other recorded the largest increases in credit appetite (Chart 10).

For the upcoming quarter, financial institutions' credit appetite remains solid, as suggested by a net balance of +22.6. Survey respondents expect credit appetite to increase across all loan categories, mainly for credit cards, personal – other, housing – owner occupier, car loans, and housing – investment.

Chart 8 Change in Demand for Personal Loans

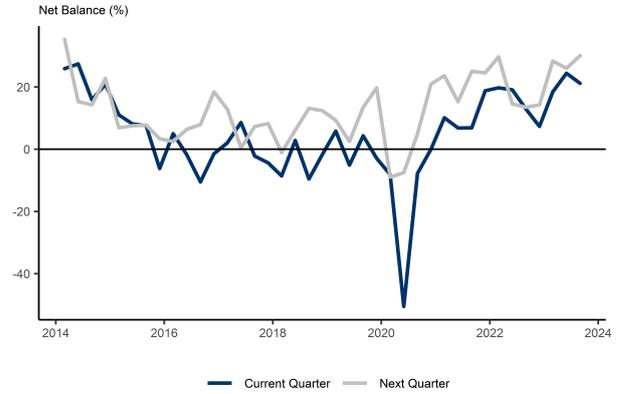


Chart 9 Change in Demand for Housing-Related Loans

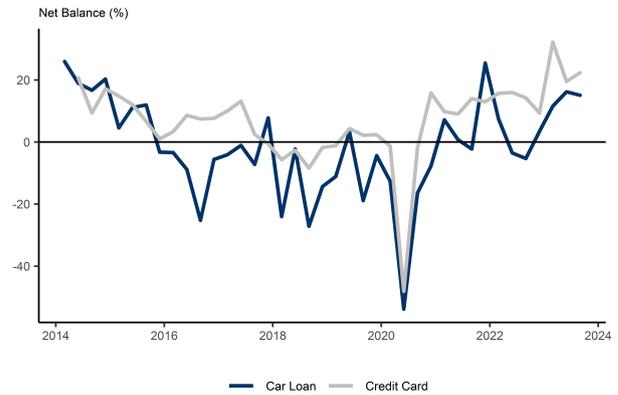
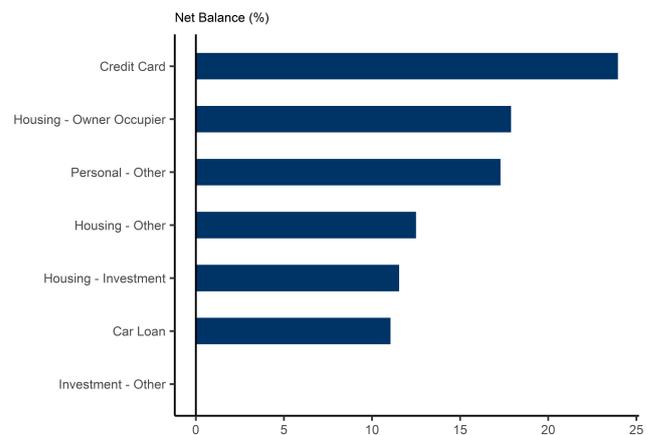


Chart 10 Change in Appetite for Personal Loans



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

The main factors contributing to the change in banks and finance companies' appetite to extend personal loans over the past three months were the economic outlook, quality of banks' asset portfolios, and changes in risk tolerance and credit-worthiness of borrowers.

Most survey respondents reported that terms and conditions for new personal loans remained broadly unchanged. However, survey results, on balance, suggest a moderate increase in premiums charged on riskier loans and non-interest fees and charges, followed by a marginal increase in the maximum LTV/LTI ratios and spread of loan rates over cost of funds (Chart 11).

Survey results highlighted a moderate increase in the share of rejected applications for personal loans, supported by a net balance of +7.3. The increase in the overall share of rejected loan applications is attributable to an increase in the share of rejected credit card applications, followed by an increase in the share of rejected car loans and housing-related loans.

When asked about the impact of change in reserve requirements on demand deposits (from 7% to 11%), 69.0% of survey respondents reported that the change did not affect personal lending activity, 20.2% reported a minor reduction in lending, 10.9% reported a moderate reduction, and no respondents reported a significant reduction in lending (Chart 12).

When asked about how their institutions responded to the change in reserve requirements, 11.6% of respondents increased personal lending rates to pass on cost to customers, 6.2% lowered interest rates offered on deposits to pass on cost to customers, 6.2% lowered deposit rates and increased lending rates, while 76.0% of respondents did neither (Chart 13).

Chart 11 Change in Terms and Conditions on New Loans

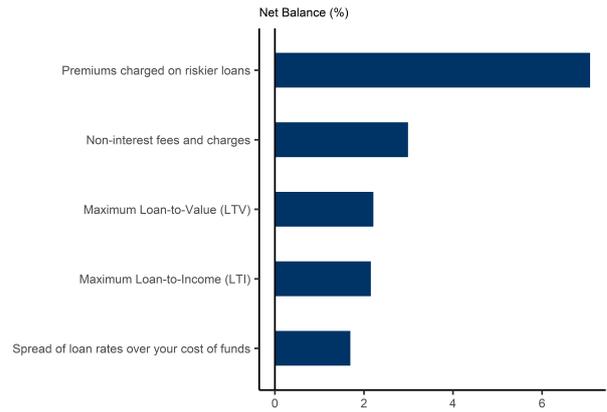


Chart 12 Impact of Change in Reserve Requirements on Lending Activity

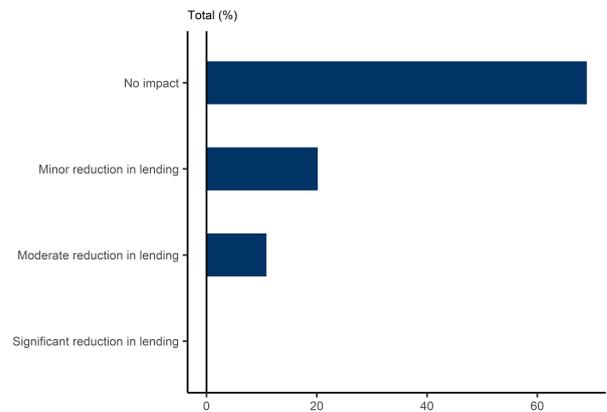
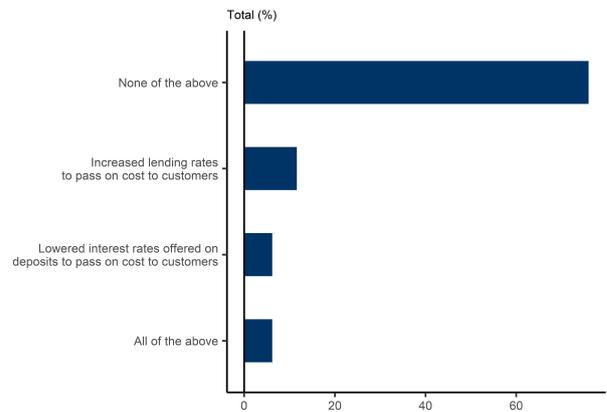


Chart 13 Response to the Change in Reserve Requirements



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 2023 Q3 Survey, which was conducted during the period of 11 September – 11 October 2023. The Survey questionnaire results are available in the annexes attached to this report.

The total sample size for the September quarter survey was 295 respondents, with 129 answering questions related to personal credit and 166 answering questions related to business credit. The September 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:

- 2023 Q4 Survey in January 2024
- 2024 Q1 Survey in April 2024
- 2024 Q2 Survey in July 2024
- 2024 Q3 Survey in October 2024

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@cbuae.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	5.6	44.7	48.4	1.2	22.7
Abu Dhabi	0.0	7.3	43.6	47.3	1.8	21.8
Dubai	0.0	5.0	43.3	51.7	0.0	23.3
Northern Emirates	0.0	4.3	47.8	45.7	2.2	22.8
Small and Medium-Sized Enterprises	0.0	5.6	51.0	42.0	1.4	19.6
Large Firms	0.0	4.4	46.3	48.8	0.6	22.8
Government-Related Entities	0.0	2.3	59.7	34.1	3.9	19.8
Conventional	0.0	5.0	51.1	41.8	2.1	20.6
Islamic	0.0	4.5	67.4	28.1	0.0	11.8
Non-resident	0.0	2.5	76.5	21.0	0.0	9.3
Expat	0.0	6.6	54.0	38.7	0.7	16.8
Local	0.0	4.1	50.3	43.5	2.0	21.8

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	0.8	95.0	4.2	0.0	1.7
Manufacturing	0.0	3.8	49.0	45.2	1.9	22.6
Electricity, Gas and Water	0.0	3.5	64.8	31.7	0.0	14.1
Construction	0.0	3.3	52.6	44.1	0.0	20.4
Property Development	0.0	0.0	61.4	37.9	0.7	19.6
Retail and Wholesale Trade	0.0	6.2	46.3	46.9	0.6	21.0
Transport, Storage and Communications	0.0	3.8	61.4	33.5	1.3	16.1
Financial Institutions (excluding Banks)	0.0	3.3	78.7	18.0	0.0	7.4
All Others	0.0	3.9	63.2	32.3	0.6	14.8

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
Customers' Sales	0.0	4.4	39.6	52.2	3.8	27.7
Customers' Fixed Asset Investment	0.0	2.5	60.5	35.7	1.3	17.8
Competition from Other Financial Institutions	0.0	8.3	69.4	20.4	1.9	8.0
Interest Rates	1.3	36.9	52.2	7.6	1.9	-14.0
Seasonal Influences	0.6	3.1	71.3	25.0	0.0	10.3
Economic Outlook	0.0	3.8	45.9	48.4	1.9	24.2
Property Market Outlook	0.0	0.0	61.8	36.2	2.0	20.1
Change in Government/GRE Expenditure	0.0	2.0	64.9	32.5	0.7	15.9
Change in Oil Prices	0.0	5.7	67.3	27.0	0.0	10.7

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	0.0	3.1	62.9	33.3	0.6	15.7
Small and Medium-Sized Enterprises	1.4	1.4	65.7	30.7	0.7	13.9
Large Firms	0.0	3.2	52.5	42.4	1.9	21.5

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	0.0	8.8	64.8	26.4	0.0	8.8
Cost of Funds/Balance Sheet Constraints	0.6	22.5	63.8	12.5	0.6	-5.0
Quality of Bank's Asset Portfolio	0.6	3.1	66.9	29.4	0.0	12.5
Competition from other Banks	0.6	7.1	80.6	11.0	0.6	1.9
Competition from other Financial Institutions	0.0	5.2	85.6	9.2	0.0	2.0
Economic Outlook	0.0	1.3	59.4	36.3	3.1	20.6
Regulatory Changes	0.0	8.8	77.4	13.2	0.6	2.8
Credit-worthiness of Borrowers	0.0	3.1	69.2	27.7	0.0	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	0.6	69.8	26.4	3.1	16.0
Spread over Cost of Funds	1.3	13.1	63.1	20.6	1.9	4.4
Premiums Charged on Riskier Loans	0.0	1.9	70.1	27.4	0.6	13.4
Collateralization Requirements	0.0	1.9	66.5	31.0	0.6	15.2
Non-interest Fees and Charges	0.6	3.8	84.2	11.4	0.0	3.2

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	2.5	86.0	11.5	0.0	4.5
Small and Medium-Sized Enterprises	0.0	1.4	84.5	14.1	0.0	6.3
Large Firms	0.0	1.9	82.1	16.0	0.0	7.1

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	3.8	38.1	55.6	2.5	28.4
Small and Medium-Sized Enterprises	0.0	2.7	45.9	50.0	1.4	25.0
Large Firms	0.0	3.7	36.0	57.8	2.5	29.5
Government-Related Entities	0.0	3.0	56.1	40.9	0.0	18.9

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	0.8	86.2	13.0	0.0	6.1
Manufacturing	0.0	2.5	46.2	47.5	3.8	26.3
Electricity, Gas and Water	0.0	2.1	59.9	38.0	0.0	18.0
Construction	0.0	2.6	49.0	46.4	2.0	23.9
Property Development	0.0	0.7	53.5	42.3	3.5	24.3
Retail and Wholesale Trade	0.0	4.4	37.5	54.4	3.8	28.8
Transport, Storage and Communications	0.0	1.9	53.2	43.5	1.3	22.1
Financial Institutions (excluding Banks)	0.0	2.3	73.7	24.1	0.0	10.9
All Others	0.0	3.8	59.7	35.8	0.6	16.7

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	0.6	58.4	37.3	3.7	22.0
Small and Medium-Sized Enterprises	1.4	0.7	57.5	38.4	2.1	19.5
Large Firms	0.0	0.0	54.1	40.9	5.0	25.5

Q11. In April, the CBUAE raised Reserve Requirements on Demand Deposits from 7% to 11%. To what extent do you believe this change impacted lending activity at your institution? (% of total)

	All Emirates	Abu Dhabi	Dubai	Other Northern Emirates
Minor reduction in lending	25.9	27.6	29.5	19.1
Moderate reduction in lending	7.2	12.1	4.9	4.3
Significant reduction in lending	0.0	0.0	0.0	0.0
No impact	66.9	60.3	65.6	76.6

Q12. To what extent do you believe the change in Reserve Requirements impacted lending activity at other institutions? (% of total)

	All Emirates	Abu Dhabi	Dubai	Other Northern Emirates
Minor reduction in lending	39.8	39.7	44.3	34.0
Moderate reduction in lending	19.9	24.1	16.4	19.1
Significant reduction in lending	1.8	3.4	1.6	0.0
No impact	38.6	32.8	37.7	46.8

Q13. How did your institution respond to the change in Reserve Requirements? (% of total)

	All Emirates	Abu Dhabi	Dubai	Other Northern Emirates
Lowered interest rates offered on deposits to pass on cost to customers	8.4	8.6	9.8	6.4
Increased lending rates to pass on cost to customers	14.5	13.8	16.4	12.8
All of the above	15.1	17.2	16.4	10.6
None of the above	62.0	60.3	57.4	70.2

Q14. How do you believe other financial institutions responded to the change in Reserve Requirements? (% of total)

	All Emirates	Abu Dhabi	Dubai	Other Northern Emirates
Lowered interest rates offered on deposits to pass on cost to customers	16.3	17.2	18.0	12.8
Increased lending rates to pass on cost to customers	18.7	17.2	19.7	19.1
All of the above	31.3	32.8	32.8	27.7
None of the above	33.7	32.8	29.5	40.4

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	0.8	5.1	48.3	42.4	3.4	21.2
Abu Dhabi	0.0	5.0	55.0	37.5	2.5	18.8
Dubai	2.3	4.7	46.5	41.9	4.7	20.9
Northern Emirates	0.0	5.7	42.9	48.6	2.9	24.3
Islamic	0.0	5.1	49.2	42.4	3.4	22.0
Conventional	0.0	5.4	57.0	33.3	4.3	18.3
Housing – Owner Occupier	1.1	7.6	50.0	38.0	3.3	17.4
Housing – Investment	1.1	9.1	54.5	35.2	0.0	11.9
Housing – Other (includes refinancing, renovations)	0.0	10.2	61.4	28.4	0.0	9.1
Car Loan	3.2	4.3	54.8	34.4	3.2	15.1
Non-housing Investment	0.0	14.8	72.8	12.3	0.0	-1.2
Credit Card	0.0	9.6	40.4	45.7	4.3	22.3
Personal - Other	0.0	6.6	55.7	34.0	3.8	17.5

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
Housing Market Outlook	0.0	2.8	54.1	43.1	0.0	20.2
Financial Market Outlook	0.0	2.6	67.0	30.4	0.0	13.9
Change in Income	0.0	0.9	71.8	24.8	2.6	14.5
Interest Rates	1.8	19.6	67.9	5.4	5.4	-3.6
Competition from other Financial Institutions	0.0	6.8	74.4	18.8	0.0	6.0
Seasonal Influences	0.9	3.5	75.7	20.0	0.0	7.4

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	5.9	59.3	34.7	0.0	14.4
Housing – Owner Occupier	0.0	3.2	57.9	38.9	0.0	17.9
Housing – Investment	0.0	4.4	68.1	27.5	0.0	11.5
Housing – Other (includes refinancing, renovations)	0.0	2.2	70.7	27.2	0.0	12.5
Car Loan	3.2	3.2	62.1	31.6	0.0	11.1
Non-housing Investment	3.5	3.5	82.6	10.5	0.0	0.0
Credit Card	0.0	4.2	47.9	43.8	4.2	24.0
Personal - Other	0.0	1.9	62.6	34.6	0.9	17.3

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	0.0	6.1	69.6	24.3	0.0	9.1
Cost of Funds/Balance Sheet Constraints	0.9	11.3	67.8	19.1	0.9	3.9
Quality of Bank's Asset Portfolio	0.0	6.7	58.0	35.3	0.0	14.3
Competition from other Banks	0.0	5.9	82.2	11.9	0.0	3.0
Competition from other Financial Institutions	0.0	6.0	83.6	10.3	0.0	2.2
Economic Outlook	0.0	3.4	64.4	32.2	0.0	14.4
Regulatory Changes	0.0	0.9	88.9	10.3	0.0	4.7
Credit-worthiness of Borrowers	0.0	2.6	72.6	24.8	0.0	11.1

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	13.6	70.3	15.3	0.8	1.7
Premiums Charged on Riskier Loans	0.0	1.8	83.2	14.2	0.9	7.1
Non-interest Fees and Charges	0.0	1.7	90.6	7.7	0.0	3.0
Maximum Loan-to-Value	0.0	0.9	93.8	5.3	0.0	2.2
Maximum Loan-to-Income	0.0	2.6	90.5	6.9	0.0	2.2

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	0.9	5.2	74.1	18.1	1.7	7.3
Housing-related Loans	1.1	2.1	81.9	14.9	0.0	5.3
Car Loans	1.1	3.2	79.8	14.9	1.1	5.9
Credit Card Applications	2.1	6.3	65.3	25.3	1.1	8.4

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	5.9	30.5	61.0	2.5	30.1
Housing – Owner Occupier	0.0	8.7	31.5	58.7	1.1	26.1
Housing – Investment	0.0	7.8	42.2	48.9	1.1	21.7
Housing – Other (includes refinancing, renovations)	0.0	6.7	58.9	34.4	0.0	13.9
Car Loan	0.0	0.0	50.0	43.6	6.4	28.2
Non-housing Investment	3.6	3.6	69.0	22.6	1.2	7.1
Credit Card	0.0	4.3	30.4	58.7	6.5	33.7
Personal - Other	0.0	1.9	36.8	59.4	1.9	30.7

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	0.9	53.0	46.1	0.0	22.6
Housing – Owner Occupier	0.0	2.2	50.0	47.8	0.0	22.8
Housing – Investment	0.0	2.2	63.4	34.4	0.0	16.1
Housing – Other (includes refinancing, renovations)	0.0	6.7	64.4	28.9	0.0	11.1
Car Loan	3.2	1.1	54.8	37.6	3.2	18.3
Non-housing Investment	3.4	3.4	72.7	20.5	0.0	5.1
Credit Card	0.0	0.0	43.6	53.2	3.2	29.8
Personal - Other	0.0	0.0	51.0	49.0	0.0	24.5

Q9. In April, the CBUAE raised Reserve Requirements on Demand Deposits from 7% to 11%. To what extent do you believe this change impacted lending activity at your institution? (% of total)

	All Emirates	Abu Dhabi	Dubai	Other Northern Emirates
Minor reduction in lending	20.2	20.5	23.4	15.8
Moderate reduction in lending	10.9	15.9	8.5	7.9
Significant reduction in lending	0.0	0.0	0.0	0.0
No impact	69.0	63.6	68.1	76.3

Q10. To what extent do you believe the change in Reserve Requirements impacted lending activity at other institutions? (% of total)

	All Emirates	Abu Dhabi	Dubai	Other Northern Emirates
Minor reduction in lending	27.9	25.0	31.9	26.3
Moderate reduction in lending	24.8	34.1	19.1	21.1
Significant reduction in lending	0.8	2.3	0.0	0.0
No impact	46.5	38.6	48.9	52.6

Q11. How did your institution respond to the change in Reserve Requirements? (% of total)

	All Emirates	Abu Dhabi	Dubai	Other Northern Emirates
Lowered interest rates offered on deposits to pass on cost to customers	6.2	6.8	6.4	5.3
Increased lending rates to pass on cost to customers	11.6	13.6	10.6	10.5
All of the above	6.2	9.1	4.3	5.3
None of the above	76.0	70.5	78.7	78.9

Q12. How do you believe other financial institutions responded to the change in Reserve Requirements? (% of total)

	All Emirates	Abu Dhabi	Dubai	Other Northern Emirates
Lowered interest rates offered on deposits to pass on cost to customers	8.5	9.1	8.5	7.9
Increased lending rates to pass on cost to customers	14.7	13.6	19.1	10.5
All of the above	29.5	31.8	29.8	26.3
None of the above	47.3	45.5	42.6	55.3