



# Credit Sentiment Survey

Survey Results | 2015 Q2

*The Credit Sentiment Survey (“The Survey”) is a quarterly publication which collects information from Senior Credit Officers from all banks and financial institutions extending credit within the UAE. The information collected constitutes 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 analysis contained in this report constitute the aggregate opinions of Survey respondents only. The results contained herein do not reflect the views of the Central Bank and should not be construed as such. 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.<sup>1</sup>*

## > Executive Summary

Consistent with recent quarters, results from the June quarter Credit Sentiment Survey revealed further easing in overall credit conditions through mid-2015. As noted previously, this follows exceptionally strong conditions evident in early-to-mid 2014 and recent results reflect a reversion of conditions towards a more moderate growth path over the medium term.

**Lending to Corporates & Small Businesses** – According to survey respondents, demand growth for business credit continued to moderate in the June quarter. However, with more than one-third of respondents citing an increase in demand, aggregate results were still suggestive of growth. With respect to credit standards, survey respondents reported further tightening with results suggesting a reduced willingness to extend riskier loans. In aggregate, results were indicative of a softening in credit appetite for the corporate sector within the UAE, with softer demand growth for loans and a reduced willingness to lend. However, this follows a period of exceptionally strong appetite for corporate credit among both borrowers and lending institutions.

**Lending to Individuals** – According to survey respondents, demand for personal loans continued to grow during the June quarter, though the pace of demand growth continued to moderate. By emirate, the softening in demand growth was attributable to weakening growth in Abu Dhabi and the Northern Emirates. In contrast, demand growth for personal loans in Dubai strengthened. Survey respondents indicated an easing of credit standards, suggestive of ongoing appetite for lenders in the personal loan segment. In terms of outlook, survey respondents were optimistic on personal lending conditions, with expectations of ongoing demand growth and for recent credit standards to be maintained.

<sup>1</sup> 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 tightening of credit standards) minus the weighted percentage of respondents reporting a decrease in demand for loans (or easing of credit standards). Weightings are determined such that those responses indicating a modest change are given half the weighting of those reporting a significant change in the surveyed quarter. For the demand measures, a positive score indicates growth in demand for loans during the quarter and for the measures on credit availability and standards, a negative score indicates an easing in credit standards during the surveyed quarter.

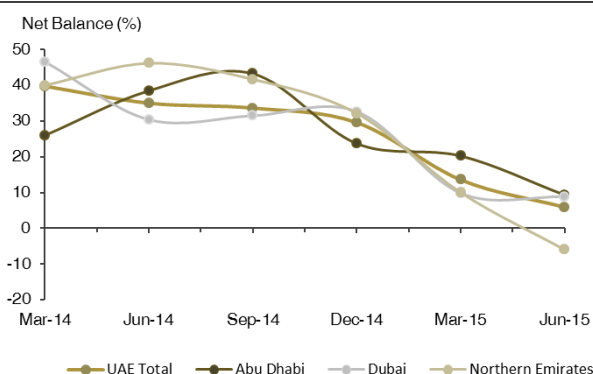
For demand for loans, net balance = (% Reporting Substantial Increase + 0.5 x % Reporting Moderate Increase) – (% Reporting Substantial Decrease + 0.5 x % Reporting Moderate Decrease)

For credit standards, net balance = (% Reporting Significant Tightening + 0.5 x % Reporting Moderate Tightening) – (% Reporting Significant Easing + 0.5 x % Reporting Moderate Easing)

## > Business Lending<sup>2</sup>

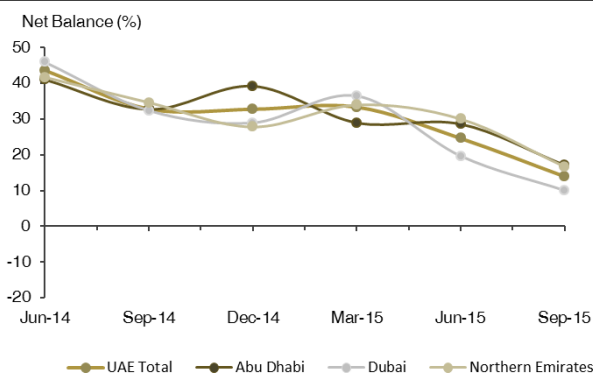
June quarter survey results revealed a further slowing in demand growth for business loans persisting through mid-2015. Nonetheless, a net balance measure<sup>3</sup> of +5.9 was indicative of ongoing demand growth, albeit at a relatively modest pace. By emirate, survey respondents reported a slowdown of demand growth across the board, though with Abu Dhabi and Dubai continuing to report growth. In contrast, survey respondents reported a contraction in demand for business loans in the Northern Emirates (Chart 1).

**Chart 1 Change in Demand for Business Loans by Emirate**



Reflecting the actual experience of survey respondents, expectations for the quarter ahead have also softened. Nonetheless, survey respondents have maintained an optimistic stance, with a net balance measure of +13.9 in aggregate suggesting further demand growth in the September quarter. By emirate, survey respondents were most optimistic in the Northern Emirates, followed by Abu Dhabi and Dubai (Chart 2).

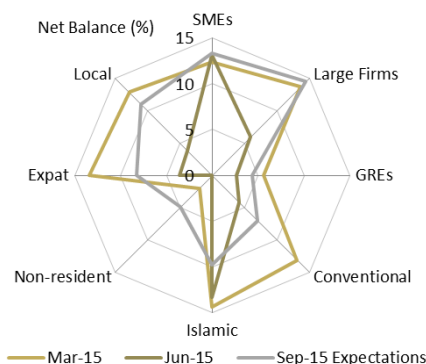
**Chart 2 Change in Demand Expectations for Business Loans**



By market segment, demand growth held up within the SME and Islamic finance categories, with net balance measures largely unchanged from the March quarter. In contrast, demand growth softened across all other categories in the June quarter, with demand growth weakest among GREs<sup>4</sup> and non-residents. In the September quarter, survey

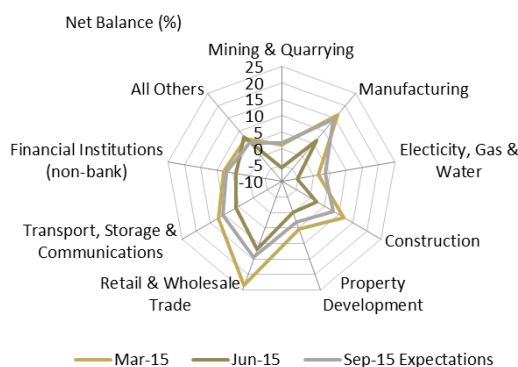
respondents were most optimistic about growth emanating from Large Firms, while expectations regarding SME demand were also solid. In contrast, survey respondents' optimism regarding GRE and non-resident demand in September was relatively modest (Chart 3).

**Chart 3 Change in Demand for Business Loans by Type**



With the exception of the All Others category, demand growth for business loans slowed across all sectors of economic activity through the June quarter. According to the net balance measure, demand growth within the Mining & Quarrying and Electricity, Gas & Water sectors contracted. Notably, survey respondents reported soft demand growth from the Construction sector while demand emanating from the Property Development sector stalled. In contrast, demand growth within the Retail & Wholesale Trade sector held up reasonably well. When asked about the September quarter, survey respondents were most optimistic about prospects for demand growth in the Retail & Wholesale Trade, Manufacturing and Transport, Storage & Communications sectors (Chart 4).

**Chart 4 Change in Demand for Business Loans by Industry**

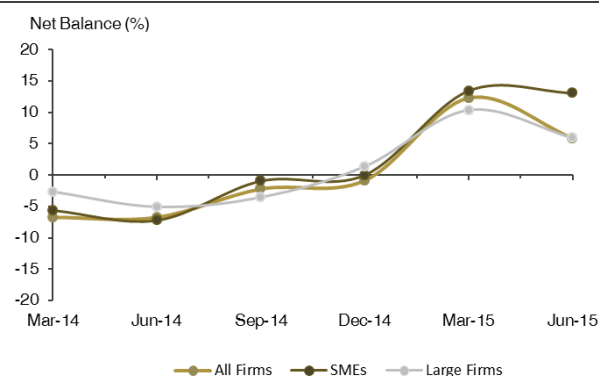


When asked about factors attributable to the change in demand for loans during the quarter, customers' sales and fixed asset investment were considered most important, with around three-quarters of respondents citing such factors. Other important factors included interest rates and the property market outlook with almost two-thirds of respondents reporting such factors. With respect to the outlook for demand, survey respondents cited customers' sales, fixed asset investment and the property market outlook as being the most important determining factors.

<sup>2</sup> Full survey results are presented in Annex 1 of this report  
<sup>3</sup> The 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 fall in demand for loans. For more information, please refer to the About the Survey section  
<sup>4</sup> Government Related Entities

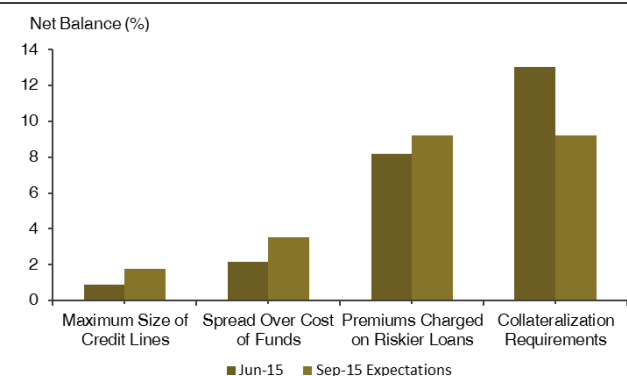
In terms of credit availability, a net balance measure of +12.6 suggested a tightening of credit standards during the June quarter. Such results were broadly consistent regardless of firm size, with respondents reporting a tightening across both SMEs and Large Firms on aggregate (Chart 5). In the quarter ahead, survey respondents expect further tightening, although to a lesser extent than that reported in the June quarter.

Chart 5 Change in Credit Standards



In terms of specific terms and conditions, survey respondents reported a tightening across the board. However, tightening in credit standards occurred most with respect to collateralization requirements and premiums charged on riskier loans. In contrast, the tightening of standards with respect to maximum size of credit lines and spread over cost of funds were relatively modest. In the September quarter, survey respondents expect further tightening across all terms and conditions, particularly with respect to premiums charged on riskier loans and collateralization requirements (Chart 6).

Chart 6 Change in Terms and Conditions

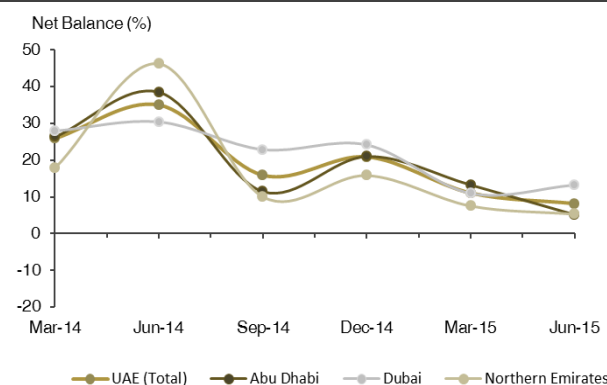


When asked about which factors were attributable to the change in credit standards, almost three quarters of survey respondents cited the economic outlook and industry specific conditions. Quality of their financial institution’s asset portfolio and change in risk tolerance were also considered important, according to around two-thirds of survey respondents.

## > Personal Lending<sup>5</sup>

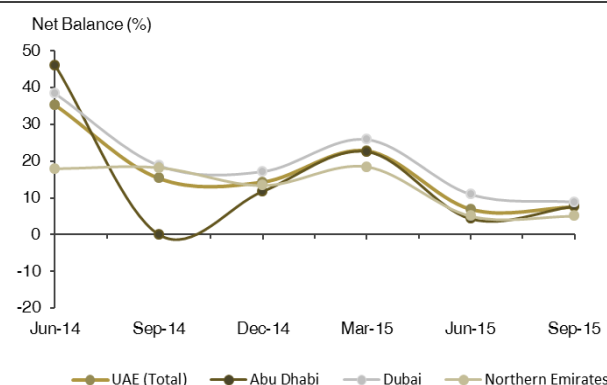
Results from the June quarter survey suggested ongoing demand growth through mid-2015. However, the pace of demand growth further softened with a net balance measure of +8.2, down from +11.0 in the March 2015 quarter. By emirate, survey respondents reported a softening of demand growth in Abu Dhabi and Northern Emirates, while demand growth in Dubai increased and was the strongest among the emirates (Chart 7).

Chart 7 Change in Demand for Personal Loans by Emirate



In terms of the outlook for personal lending, survey respondents have maintained an optimistic stance, with a net balance measure of +7.5 in aggregate suggesting ongoing growth in the September quarter. By emirate, survey respondents were most optimistic in Dubai, while survey respondents in the Northern Emirates were least optimistic (Chart 8).

Chart 8 Change in Demand Expectations for Personal Loans by Emirate

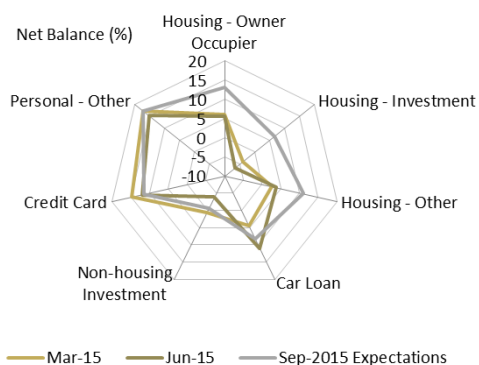


By loan type, demand growth was observed across all categories, except Housing – Investment and Non – Housing Investment. With respect to expectations for the September quarter, survey respondents expect demand growth to accelerate, most notably in Housing – Investment, Housing – Owner Occupiers, Housing – Other purposes, and Non – Housing Investment. In contrast, growth in Car Loan and Credit Card demand is expected to moderate. Demand

<sup>5</sup> Full survey results are presented in Annex 2 of this report

growth for Credit Cards is expected to remain consistent with June quarter results (Chart 9).

**Chart 9 Change in Demand for Personal Loans by Type**

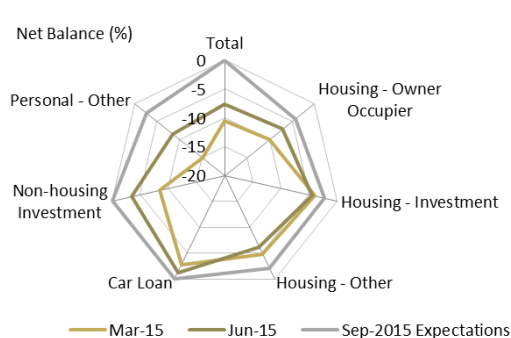


When asked about which factors contributed to the change in demand for loans, the housing market outlook and change in income were considered most important, with around three-quarters of respondents citing such factors. Interest rates, the financial market outlook and competition with other banks or financial institutions also featured prominently. For the September quarter, survey respondents cited interest rates, the housing and financial markets outlook to be the most important factors expected to influence demand growth.

In terms of credit availability, a net balance of -7.6 suggested moderate easing of credit standards in the June quarter. By loan category, the easing in credit standards was evident across the board. Nonetheless, apart from Housing – Investment and Housing – Other purposes, the easing in credit standards in all the other categories was softer than reported in the previous quarter.

In terms of outlook, with a net balance of 0 in aggregate, expectations for the September quarter suggested the credit standards are likely to remain unchanged. By loan-type, survey respondents do not expect any change in credit standards in the Car Loan and Non – Housing Investment categories. In contrast, credit standards are expected to ease in Housing – Owner Occupier, Housing – Investment, Housing – Other purposes, and Personal – Other (Chart 10).

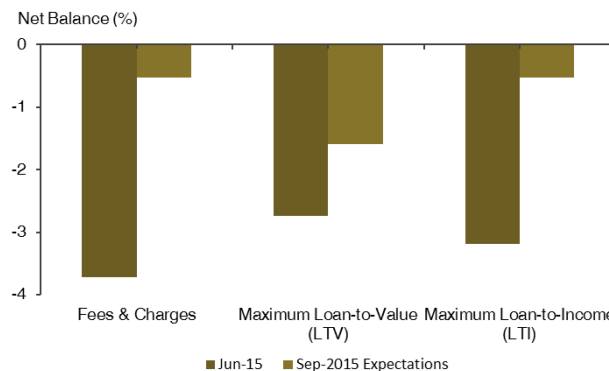
**Chart 10 Change in Credit Standards**



By selected terms and conditions, the easing of credit standards through the June quarter was evident across all

reported categories. With respect to the outlook for the September quarter, survey respondents expect such terms and conditions to continue to ease. Overall, the net balance numbers are marginally negative for such terms and conditions, with more than 90% survey respondents expecting all the selected terms and conditions to be unchanged (Chart 11).

**Chart 11 Change in Selected Terms and Conditions**



When asked about those factors attributable to the easing in credit standards during the June quarter, survey respondents overwhelmingly cited quality of their institution’s asset portfolio, current/anticipated regulatory changes, change in risk tolerance, the economic outlook, and industry or firm specific conditions as being most important.

## About the Survey

The Credit Sentiment Survey (“The Survey”) is a quarterly publication which collects information from all banks and financial institutions extending credit within the UAE. The Survey was first launched in Q1 2014 as part of the Central Bank (“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 2015 Q2 Survey, which was conducted in the period of 17 June – 29 June, 2015. The Survey questionnaire results are available in the annexes attached to this report.

The total sample size for the June quarter survey was 213 respondents, with 94 answering questions related to personal credit and 119 answering questions related to business credit. The March quarter sample included responses from all banks and finance companies, conventional and Islamic financial institutions as well as Senior Credit Officers covering Abu Dhabi, Dubai and the Northern Emirates. **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). The net balance is calculated as the weighted percentage of respondents reporting an increase in demand for loans (or tightening of credit standards) minus the weighted percentage of respondents reporting a decrease in demand for loans (or easing of credit standards). Weightings are determined such that those responses indicating a modest change are given half the weighting of those reporting a significant change in the surveyed quarter. For the demand measures, a positive score indicates growth in demand for loans during the quarter and for the measures on credit availability and standards, a negative score indicates an easing in credit standards during the surveyed quarter.

For demand for loans, net balance = (% Reporting Substantial Increase + 0.5 x % Reporting Moderate Increase) – (% Reporting Substantial Decrease + 0.5 x % Reporting Moderate Decrease)

For credit standards, net balance = (% Reporting Significant Tightening + 0.5 x % Reporting Moderate Tightening) – (% Reporting Significant Easing + 0.5 x % Reporting Moderate Easing)

The scheduled publication dates for the upcoming surveys covering the year 2015 are:

- 2015 Q3 Survey in October 2015
- 2015 Q4 Survey in December 2016
- 2016 Q1 Survey in April 2016

These publications will be available on the CBUAE’s website at [www.centralbank.ae](http://www.centralbank.ae)

Should you have any queries or comments on the Survey results, please communicate with CBUAE’s Monetary & Reserve Management Department via:

[Monetary.Management@cbae.gov.ae](mailto:Monetary.Management@cbae.gov.ae)

## Annex 1

> Business Lending Survey Questionnaires Results<sup>6</sup>

## Q1. How has demand for 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                     | 20.2                 | 41.2      | 35.0                 | 0.8                     | 5.9         |
| Abu Dhabi                    | 0                       | 18.6                 | 44.2      | 37.2                 | 0                       | 9.3         |
| Dubai                        | 0                       | 21.6                 | 41.2      | 35.3                 | 2.0                     | 8.8         |
| Northern Emirates            | 12                      | 20.0                 | 36.0      | 32.0                 | 0                       | -6.0        |
| Small and Medium Enterprises | 0.9                     | 10.3                 | 54.2      | 30.8                 | 3.7                     | 13.1        |
| Large Firms                  | 7.6                     | 10.2                 | 45.8      | 35.6                 | 0.8                     | 5.9         |
| Government Related Entities  | 1.1                     | 7.4                  | 78.7      | 10.6                 | 2.1                     | 2.7         |
| Conventional Loans           | 2.8                     | 15.6                 | 53.2      | 27.5                 | 0.9                     | 4.1         |
| Islamic Finance              | 2.2                     | 4.4                  | 62.2      | 26.7                 | 4.4                     | 13.3        |
| Non-resident                 | 1.1                     | 9.5                  | 77.9      | 11.6                 | 0                       | 0           |
| Expatriate                   | 6.2                     | 10.6                 | 54.0      | 28.3                 | 0.9                     | 3.5         |
| Local                        | 1.7                     | 16.8                 | 55.5      | 24.4                 | 1.7                     | 3.8         |

## 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                     | 5.8                     | 5.8                  | 82.5      | 5.8                  | 0                       | -5.8        |
| Manufacturing                            | 3.4                     | 9.5                  | 58.6      | 27.6                 | 0.9                     | 6.5         |
| Electricity, Gas and Water               | 3.7                     | 7.3                  | 84.4      | 4.6                  | 0                       | -5.0        |
| Construction                             | 4.3                     | 16.5                 | 50.4      | 27.8                 | 0.9                     | 2.2         |
| Property Development                     | 3.8                     | 13.2                 | 62.3      | 20.8                 | 0                       | 0           |
| Retail and Wholesale Trade               | 0.8                     | 16.9                 | 44.1      | 33.9                 | 4.2                     | 11.9        |
| Transport, Storage and Communications    | 1.8                     | 6.1                  | 72.8      | 16.7                 | 2.6                     | 6.1         |
| Financial Institutions (excluding Banks) | 2.1                     | 2.1                  | 81.4      | 14.4                 | 0                       | 4.1         |
| All Others                               | 0.9                     | 5.2                  | 74.1      | 17.2                 | 2.6                     | 7.8         |

## Q3. What factors were attributable to the change in demand for loans? (% of total)

|                                    | Not Important | Somewhat Important | Very Important |
|------------------------------------|---------------|--------------------|----------------|
| Customers' Sales                   | 25.9          | 28.4               | 45.7           |
| Customers' Fixed Asset Investment  | 23.3          | 53.4               | 23.3           |
| Competition with Finance Companies | 61.2          | 31.9               | 6.9            |
| Competition with Banks             | 42.2          | 33.6               | 24.1           |
| Interest Rates                     | 35.3          | 37.1               | 27.6           |
| Seasonal Influences                | 50.0          | 45.7               | 4.3            |
| Property Market Outlook            | 34.5          | 38.8               | 26.7           |

<sup>6</sup> All figures are rounded to one decimal place

**Q4. How have your bank/financial institution's credit standards for firms changed compared to the preceding quarter? (% of total)**

|                              | Tightened Significantly | Tightened Moderately | No Change | Eased Moderately | Eased Significantly | Net Balance |
|------------------------------|-------------------------|----------------------|-----------|------------------|---------------------|-------------|
| All Firms                    | 1.7                     | 26.9                 | 66.4      | 5.0              | 0                   | 12.6        |
| Small and Medium Enterprises | 1.8                     | 25.2                 | 67.6      | 4.5              | 0.9                 | 11.3        |
| Large Firms                  | 1.7                     | 20.2                 | 75.6      | 2.5              | 0                   | 10.5        |

**Q5. What factors were attributable to the change in your bank/financial institution's credit standards? (% of total)**

|  | Not Important | Somewhat Important | Very Important |
|--|---------------|--------------------|----------------|
| Quality of Your Bank's Asset Portfolio | 31.3          | 17.4               | 51.3           |
| Economic Outlook                       | 27.8          | 25.2               | 47.0           |
| Industry or Firm Specific Conditions   | 26.1          | 27.0               | 47.0           |
| Competition from Banks                 | 47.0          | 39.1               | 13.9           |
| Competition from Finance Companies     | 67.8          | 30.4               | 1.7            |
| Change in Tolerance for Risk           | 34.8          | 33.0               | 32.2           |
| Availability/Cost of Funds             | 43.5          | 31.3               | 25.2           |
| Current/Anticipated Regulatory Changes | 35.7          | 20.9               | 43.5           |

**Q6. How have the following terms and conditions changed at your bank/financial institution compared to the preceding quarter? (% of total)**

|                                   | Tightened Significantly | Tightened Moderately | No Change | Eased Moderately | Eased Significantly | Net Balance |
|-----------------------------------|-------------------------|----------------------|-----------|------------------|---------------------|-------------|
| Maximum Size of Credit Lines      | 1.7                     | 14.7                 | 68.1      | 14.7             | 0.9                 | 0.9         |
| Spread Over Your Cost of Funds    | 0.9                     | 17.2                 | 67.2      | 14.7             | 0                   | 2.2         |
| Premiums Charged on Riskier Loans | 1.7                     | 17.2                 | 77.6      | 2.6              | 0.9                 | 8.2         |
| Collateralization Requirements    | 4.2                     | 20.2                 | 73.9      | 0.8              | 0.8                 | 13.0        |

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

|                              | Decrease Substantially | Decrease Moderately | No Change | Increase Moderately | Increase Substantially | Net Balance |
|------------------------------|------------------------|---------------------|-----------|---------------------|------------------------|-------------|
| All Firms                    | 0.9                    | 11.3                | 48.7      | 37.4                | 1.7                    | 13.9        |
| Abu Dhabi                    | 0                      | 9.8                 | 48.8      | 39.0                | 2.4                    | 17.1        |
| Dubai                        | 2.0                    | 14.0                | 48.0      | 34.0                | 2.0                    | 10.0        |
| Northern Emirates            | 0                      | 8.3                 | 50.0      | 41.7                | 0.0                    | 16.7        |
| Small and Medium Enterprises | 0.9                    | 6.8                 | 59.8      | 29.9                | 2.6                    | 13.2        |
| Large Firms                  | 0.9                    | 9.6                 | 50.0      | 38.6                | 0.9                    | 14.5        |
| Government Related Entities  | 0                      | 7.0                 | 77.2      | 15.8                | 0                      | 4.4         |
| Conventional Loans           | 0.9                    | 10.5                | 63.2      | 24.6                | 0.9                    | 7.0         |
| Islamic Finance              | 0                      | 6.2                 | 69.0      | 23.9                | 0.9                    | 9.7         |
| Non-resident                 | 0                      | 4.4                 | 81.4      | 14.2                | 0                      | 4.9         |
| Expat                        | 0.9                    | 8.7                 | 63.5      | 27.0                | 0                      | 8.3         |
| Local                        | 0                      | 9.6                 | 60.5      | 28.1                | 1.8                    | 11.0        |

**Q8. By economic activity, how do you expect demand for loans from firms to change? (% of total)**

|  | Decrease<br>Substantially | Decrease<br>Moderately | No<br>Change | Increase<br>Moderately | Increase<br>Substantially | Net<br>Balance |
|--|---------------------------|------------------------|--------------|------------------------|---------------------------|----------------|
| Mining and Quarrying                     | 0.9                       | 1.8                    | 90.4         | 7.0                    | 0                         | 1.8            |
| Manufacturing                            | 0                         | 6.1                    | 58.8         | 35.1                   | 0                         | 14.5           |
| Electricity, Gas and Water               | 0                         | 4.3                    | 84.6         | 11.1                   | 0                         | 3.4            |
| Construction                             | 0.9                       | 15.4                   | 52.1         | 29.9                   | 1.7                       | 8.1            |
| Property Development                     | 0.9                       | 14.0                   | 64.9         | 18.4                   | 1.8                       | 3.1            |
| Retail and Wholesale Trade               | 0                         | 12.8                   | 49.6         | 33.3                   | 4.3                       | 14.5           |
| Transport, Storage and Communications    | 0                         | 2.6                    | 74.6         | 21.9                   | 0.9                       | 10.5           |
| Financial Institutions (excluding Banks) | 0                         | 0                      | 86.0         | 14.0                   | 0                         | 7.0            |
| All Others                               | 0                         | 0.9                    | 88.9         | 9.4                    | 0.9                       | 5.1            |

**Q9. To what factors do you attribute to the expected change in demand for loans from firms? (% of total)**

|                                    | Not<br>Important | Somewhat<br>Important | Very<br>Important |
|------------------------------------|------------------|-----------------------|-------------------|
| Customers' Sales                   | 35.7             | 20.9                  | 43.5              |
| Customers' Fixed Asset Investment  | 36.5             | 38.3                  | 25.2              |
| Competition with Finance Companies | 73.9             | 21.7                  | 4.3               |
| Competition with Banks             | 60.9             | 26.1                  | 13.0              |
| Interest Rates                     | 46.1             | 35.7                  | 18.3              |
| Seasonal Influences                | 47.0             | 40.0                  | 13.0              |
| Property Market Outlook            | 36.5             | 34.8                  | 28.7              |

**Q10. How do you expect your bank/financial institution's credit standards to change over the coming three months? (% of total)**

|                              | Tighten<br>Significantly | Tighten<br>Moderately | No<br>Change | Ease<br>Moderately | Ease<br>Significantly | Net<br>Balance |
|------------------------------|--------------------------|-----------------------|--------------|--------------------|-----------------------|----------------|
| All Firms                    | 0.9                      | 18.4                  | 72.8         | 7.0                | 0.9                   | 5.7            |
| Small and Medium Enterprises | 0.9                      | 22.8                  | 70.2         | 4.4                | 1.8                   | 8.3            |
| Large Firms                  | 0.9                      | 13.3                  | 79.6         | 4.4                | 1.8                   | 3.5            |

**Q11. To what factors do you attribute the expected change in your bank/financial institutions credit standards? (% of total)**

|  | Not<br>Important | Somewhat<br>Important | Very<br>Important |
|--|------------------|-----------------------|-------------------|
| Quality of Your Bank's Asset Portfolio | 40.9             | 15.7                  | 43.5              |
| Economic Outlook                       | 37.4             | 15.7                  | 47.0              |
| Industry or Firm Specific Conditions   | 36.5             | 21.7                  | 41.7              |
| Competition from Banks                 | 57.4             | 27.8                  | 14.8              |
| Competition from Finance Companies     | 74.8             | 21.7                  | 3.5               |
| Change in Tolerance for Risk           | 41.7             | 28.7                  | 29.6              |
| Availability/Cost of Funds             | 49.6             | 25.2                  | 25.2              |
| Current/Anticipated Regulatory Changes | 43.5             | 14.8                  | 41.7              |
| Regulatory                             | 40.9             | 15.7                  | 43.5              |



**Q12. How do you expect the following terms and conditions at your bank/financial institution to change for borrowing firms over the next quarter? (% of total)**

|                                   | Tighten<br>Significantly | Tighten<br>Moderately | No<br>Change | Ease<br>Moderately | Ease<br>Significantly | Net<br>Balance |
|-----------------------------------|--------------------------|-----------------------|--------------|--------------------|-----------------------|----------------|
| Maximum Size of Credit Lines      | 0.9                      | 8.8                   | 83.3         | 7.0                | 0                     | 1.8            |
| Spread Over Your Cost of Funds    | 0                        | 16.8                  | 73.5         | 9.7                | 0                     | 3.5            |
| Premiums Charged on Riskier Loans | 1.8                      | 18.4                  | 76.3         | 3.5                | 0                     | 9.2            |
| Collateralization Requirements    | 1.8                      | 18.4                  | 76.3         | 3.5                | 0                     | 9.2            |

## Annex 2

> Personal Lending Survey Questionnaires Results<sup>7</sup>

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

|   | Decreased Substantially | Decreased Moderately | No Change | Increased Moderately | Increased Substantially | Net Balance |
|---|-------------------------|----------------------|-----------|----------------------|-------------------------|-------------|
| All Households                                      | 0                       | 17.4                 | 51.1      | 29.3                 | 2.2                     | 8.2         |
| Abu Dhabi   | 0                       | 17.9                 | 53.8      | 28.2                 | 0                       | 5.1         |
| Dubai   | 0                       | 17.6                 | 44.1      | 32.4                 | 5.9                     | 13.2        |
| Northern Emirates                                   | 0                       | 15.8                 | 57.9      | 26.3                 | 0                       | 5.3         |
| Islamic   | 0                       | 12.1                 | 67.0      | 20.9                 | 0                       | 4.4         |
| Conventional  | 0                       | 13.0                 | 69.6      | 15.2                 | 2.2                     | 3.3         |
| Housing – Owner Occupier                            | 0                       | 12.0                 | 65.1      | 22.9                 | 0                       | 5.4         |
| Housing – Investment                                | 1.2                     | 21.7                 | 66.3      | 10.8                 | 0                       | -6.6        |
| Housing – Other (includes refinancing, renovations) | 1.2                     | 9.9                  | 69.1      | 19.8                 | 0                       | 3.7         |
| Car Loan  | 0                       | 4.9                  | 67.9      | 27.2                 | 0                       | 11.1        |
| Non-housing Investment                              | 1.3                     | 7.6                  | 88.6      | 2.5                  | 0                       | -3.8        |
| Credit Card   | 0                       | 6.0                  | 68.7      | 20.5                 | 4.8                     | 12.0        |
| Personal - Other                                    | 0                       | 10.1                 | 57.3      | 24.7                 | 7.9                     | 15.2        |

## Q2. What factors were attributable to the change in demand for loans? (% of total)

|  | Not Important | Somewhat Important | Very Important |
|--|---------------|--------------------|----------------|
| Housing market outlook                                 | 25.5          | 54.3               | 20.2           |
| Financial markets outlook                              | 35.1          | 45.7               | 19.1           |
| Change in income                                       | 27.7          | 43.6               | 28.7           |
| Interest rates   | 31.9          | 25.5               | 42.6           |
| Competition with other banks or financial institutions | 29.8          | 44.7               | 25.5           |
| Seasonal influences                                    | 41.5          | 54.3               | 4.3            |

## Q3. How have your bank/financial institution's credit standards for consumers changed compared to the preceding quarter? (% of total)

|   | Tightened Significantly | Tightened Moderately | No Change | Eased Moderately | Eased Significantly | Net Balance |
|---|-------------------------|----------------------|-----------|------------------|---------------------|-------------|
| All Households                                      | 0                       | 0                    | 84.7      | 15.3             | 0                   | -7.6        |
| Housing – Owner Occupier                            | 0                       | 0                    | 85.9      | 14.1             | 0                   | -7.1        |
| Housing – Investment                                | 0                       | 0                    | 91.4      | 8.6              | 0                   | -4.3        |
| Housing – Other (includes refinancing, renovations) | 0                       | 0                    | 87.7      | 12.3             | 0                   | -6.2        |
| Non-housing Investment                              | 0                       | 0                    | 97.5      | 2.5              | 0                   | -1.3        |
| Car Loan  | 0                       | 0                    | 93.1      | 6.9              | 0                   | -3.5        |
| Personal - Other                                    | 0                       | 0                    | 82.9      | 17.1             | 0                   | -8.6        |

<sup>7</sup> All figures are rounded to one decimal place

**Q4. What factors were attributable to the change in your bank/financial institution's credit standards? (% of total)**

|  | Not Important | Somewhat Important | Very Important |
|--|---------------|--------------------|----------------|
| Quality of Your Bank's Asset Portfolio | 25.5          | 18.1               | 56.4           |
| Economic Outlook                       | 28.7          | 20.2               | 51.1           |
| Customer Specific                      | 30.9          | 30.9               | 38.3           |
| Competition from Banks                 | 35.1          | 41.5               | 23.4           |
| Competition from Finance Companies     | 64.9          | 18.1               | 17.0           |
| Change in Tolerance for Risk           | 30.9          | 25.5               | 43.6           |
| Availability/Cost of Funds             | 39.4          | 44.7               | 16.0           |
| Current/Anticipated Regulatory Changes | 37.2          | 8.5                | 54.3           |

**Q5. How have the following terms and conditions changed at your bank/financial institution compared to the preceding quarter? (% of total)**

|                              | Tightened Significantly | Tightened Moderately | No Change | Eased Moderately | Eased Significantly | Net Balance |
|------------------------------|-------------------------|----------------------|-----------|------------------|---------------------|-------------|
| Fees and Charges             | 0                       | 3.2                  | 86.2      | 10.6             | 0                   | -3.7        |
| Maximum Loan-to-Value (LTV)  | 0                       | 1.1                  | 92.3      | 6.6              | 0                   | -2.7        |
| Maximum Loan-to-Income (LTI) | 0                       | 0                    | 93.6      | 6.4              | 0                   | -3.2        |

**Q6. How do you expect demand for loans from consumers to change over the next quarter? (% of total)**

|   | Decrease Substantially | Decrease Moderately | No Change | Increase Moderately | Increase Substantially | Net Balance |
|---|------------------------|---------------------|-----------|---------------------|------------------------|-------------|
| All Households                                      | 0                      | 11.8                | 61.3      | 26.9                | 0                      | 7.5         |
| Abu Dhabi   | 0                      | 7.7                 | 69.2      | 23.1                | 0                      | 7.7         |
| Dubai   | 0                      | 14.7                | 52.9      | 32.4                | 0                      | 8.8         |
| Northern Emirates                                   | 0                      | 15.0                | 60.0      | 25.0                | 0                      | 5.0         |
| Islamic   | 0                      | 3.3                 | 76.1      | 20.7                | 0                      | 8.7         |
| Conventional  | 0                      | 5.4                 | 78.5      | 14.0                | 2.2                    | 6.5         |
| Housing – Owner Occupier                            | 0                      | 5.4                 | 63.0      | 31.5                | 0                      | 13.0        |
| Housing – Investment                                | 0                      | 5.4                 | 76.1      | 18.5                | 0                      | 6.5         |
| Housing – Other (includes refinancing, renovations) | 0                      | 2.2                 | 76.9      | 17.6                | 3.3                    | 11.0        |
| Car Loan  | 0                      | 2.2                 | 80.2      | 16.5                | 1.1                    | 8.2         |
| Non-housing Investment                              | 0                      | 4.4                 | 93.4      | 1.1                 | 1.1                    | -0.5        |
| Credit Card   | 0                      | 7.7                 | 63.7      | 26.4                | 2.2                    | 11.5        |
| Personal - Other                                    | 0                      | 1.1                 | 67.0      | 28.6                | 3.3                    | 17.0        |

**Q7. What factors do you attribute to the expected change in demand for loans? (% of total)**

|  | Not Important | Somewhat Important | Very Important |
|--|---------------|--------------------|----------------|
| Housing market outlook                                 | 33.0          | 35.1               | 31.9           |
| Financial markets outlook                              | 30.9          | 42.6               | 26.6           |
| Change in income                                       | 34.0          | 30.9               | 35.1           |
| Interest rates   | 33.0          | 27.7               | 39.4           |
| Competition with other banks or financial institutions | 35.1          | 39.4               | 25.5           |
| Seasonal influences                                    | 42.6          | 40.4               | 17.0           |

**Q8. How do you expect credit standards to change at your bank/financial institution? (% of total)**

|   | Tighten<br>Significantly | Tighten<br>Moderately | No<br>Change | Ease<br>Moderately | Ease<br>Significantly | Net<br>Balance |
|---|--------------------------|-----------------------|--------------|--------------------|-----------------------|----------------|
| All Households                                      | 0                        | 8.5                   | 83.0         | 8.5                | 0                     | 0              |
| Housing – Owner Occupier                            | 0                        | 1.1                   | 89.4         | 9.6                | 0                     | -4.3           |
| Housing – Investment                                | 0                        | 6.4                   | 83.0         | 10.6               | 0                     | -2.1           |
| Housing – Other (includes refinancing, renovations) | 0                        | 1.1                   | 93.5         | 5.4                | 0                     | -2.2           |
| Non-housing Investment                              | 0                        | 2.2                   | 96.8         | 0                  | 1.1                   | 0              |
| Car Loan  | 0                        | 8.6                   | 82.8         | 8.6                | 0                     | 0              |
| Personal - Other                                    | 0                        | 7.5                   | 80.6         | 10.8               | 1.1                   | -2.7           |

**Q9. To what factors do you attribute any expected change in your bank/financial institutions credit standards? (% of total)**

|  | Not<br>Important | Somewhat<br>Important | Very<br>Important |
|--|------------------|-----------------------|-------------------|
| Quality of Your Bank's Asset Portfolio | 28.7             | 16.0                  | 55.3              |
| Economic Outlook                       | 27.7             | 33.0                  | 39.4              |
| Industry or Firm Specific Conditions   | 36.2             | 24.5                  | 39.4              |
| Competition from Banks                 | 36.2             | 40.4                  | 23.4              |
| Competition from Finance Companies     | 68.1             | 16.0                  | 16.0              |
| Change in Tolerance for Risk           | 33.0             | 26.6                  | 40.4              |
| Availability/Cost of Funds             | 48.9             | 33.0                  | 18.1              |
| Current/Anticipated Regulatory Changes | 36.2             | 11.7                  | 52.1              |

**Q10. How do you expect the following terms and conditions changes at your bank/financial institution over the quarter? (% of total)**

|                              | Tighten<br>Significantly | Tighten<br>Moderately | No<br>Change | Ease<br>Moderately | Ease<br>Significantly | Net<br>Balance |
|------------------------------|--------------------------|-----------------------|--------------|--------------------|-----------------------|----------------|
| Fees and Charges             | 0                        | 2.1                   | 94.7         | 3.2                | 0                     | -0.5           |
| Maximum Loan-to-Value (LTV)  | 0                        | 0                     | 97.9         | 1.1                | 1.1                   | -1.6           |
| Maximum Loan-to-Income (LTI) | 0                        | 3.2                   | 93.6         | 2.1                | 1.1                   | -0.5           |