



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 March quarter, are available in the “About the Survey” section and annexes to this report.¹

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Annex 2

Personal Lending Survey Questionnaire Results⁵

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

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

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

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

⁵ All figures are rounded to one decimal place

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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