



CENTRAL BANK

of BELIZE

Bi-Annual Credit Conditions Survey

Results for the First Half of 2026

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About the Survey

In March 2026, the Central Bank of Belize issued the first round of its semi-annual Credit Conditions Survey to deposit-taking institutions (DTIs). These institutions, which include domestic banks and credit unions, reported on credit conditions in the second half of 2025 (H2-25) and their outlook for the first half of 2026 (H1-26).

Responses were converted into a diffusion index (DI) to measure relative changes in credit supply and demand from lenders’ perspectives. Qualitative answers were scored on a symmetric five-point Likert scale ranging from -1 to 1, where -1 represents the strongest negative sentiment and 1 the strongest positive sentiment.

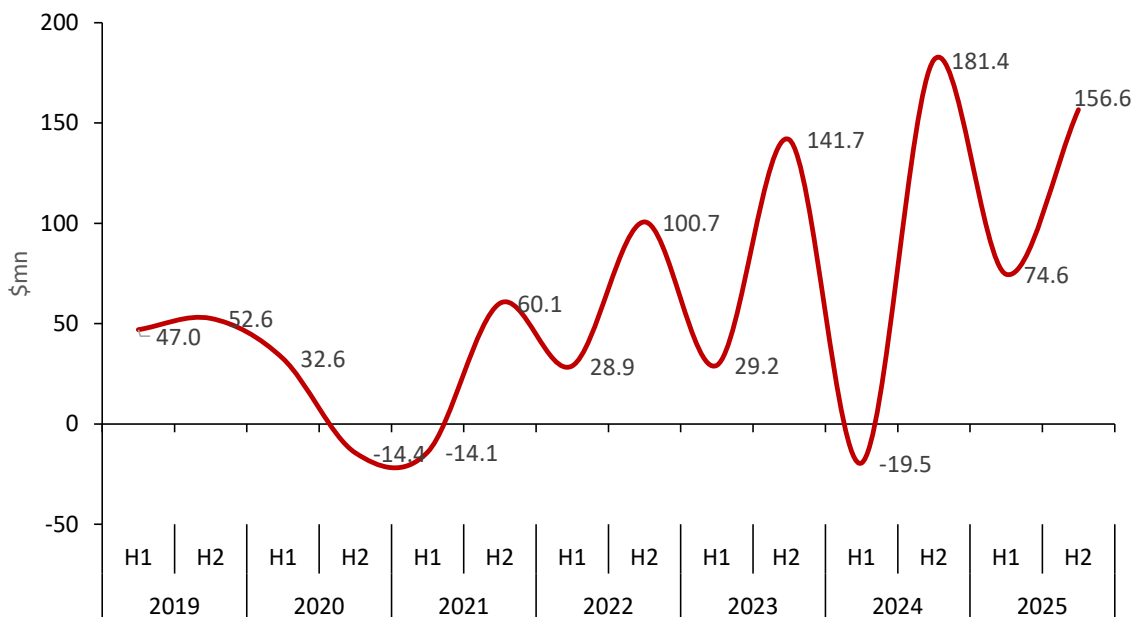
Executive Summary

During the second half of 2025, DTIs reported moderate growth in credit supply alongside strong expansion in overall

credit demand. Consequently, aggregate lending to the private sector increased by \$156.6million between July and December 2025. Among lending institutions, domestic banks' lending posture remained virtually unchanged, however credit unions exhibited a slightly greater willingness to extend credit. Concurrently, credit demand remained robust, particularly for personal and corporate loans, mostly driven by improved consumer confidence and attractive loan promotion activities.

Looking ahead to H1-26, DTIs anticipate continued expansion in their loan portfolios, supported by stronger demand amid rising consumer confidence. Concurrently, credit supply conditions are expected to improve, underpinned by strengthened liquidity and capital positions. The projected increase in lending activity is expected to be driven primarily by heightened lending to MSMEs and households.

Chart 1: Change in DTIs’ Loans and Advances



Overall Credit Conditions

In the second half of 2025, lending to the private sector rose by \$156.6million to \$3.6billion. Domestic banks drove most of this increase, accounting for \$132.9million or 84.9% of the increase, while credit unions contributed the remaining \$23.7million (15.1%). Among domestic banks, most new lending went to the commercial sector, particularly tourism, distribution, and transport services. Credit unions, meanwhile, directed most new lending towards households and agriculture.

Loan Supply

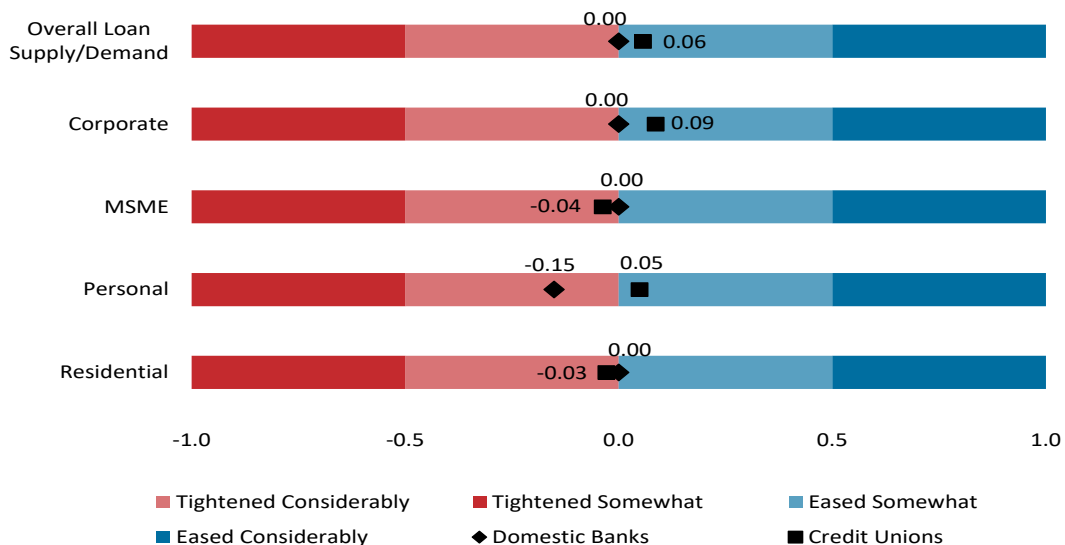
Domestic Banks

Domestic banks reported an overall DI score of 0.00 for credit supply in the second half of 2025, indicating that credit standards were broadly unchanged. This result was indicative of stable lending conditions for three of the four listed categories as loans for

residential, micro, small and medium-sized enterprises (MSMEs), and corporations, each had a DI score of 0.00. However, banks reported that conditions for personal loans tightened slightly, reflected by a DI score of -0.15, owing to shifts in banks' risk appetite and the credit quality of borrowers. Notably, Banks reported that borrower creditworthiness and liquidity conditions had little effect on lending standards in these sectors. At the same time, stronger capital positions and a more favorable economic outlook modestly eased pressure on overall credit standards.

These conditions were reflected in high loan approval rates, with all banks reporting approval ratios above 80.0%. In addition, two of the three respondent banks (66.7%) achieved more than 80.0% of their projected loan growth during the period.

Chart 2: Loan Supply Conditions by Sector, H2-25



Credit Unions

By contrast, credit union lending standards eased moderately in the second half of 2025, with an overall DI score of 0.06. This reflected more accommodative credit conditions for corporate loans (0.09) and personal loans (0.05), while MSME (-0.04) and residential (-0.03) loans tightened. Credit unions attributed the easing mainly to strong capital positions and greater risk appetite, although competition from other financial institutions and a weaker economic outlook dampened lending activity.

Loan approval rates also remained high among credit unions, with 83.3% reporting approval ratios above 80.0%. Only one institution reported a lower approval range of 60.0% to 80.0%. Regarding growth expectations, half of the respondents

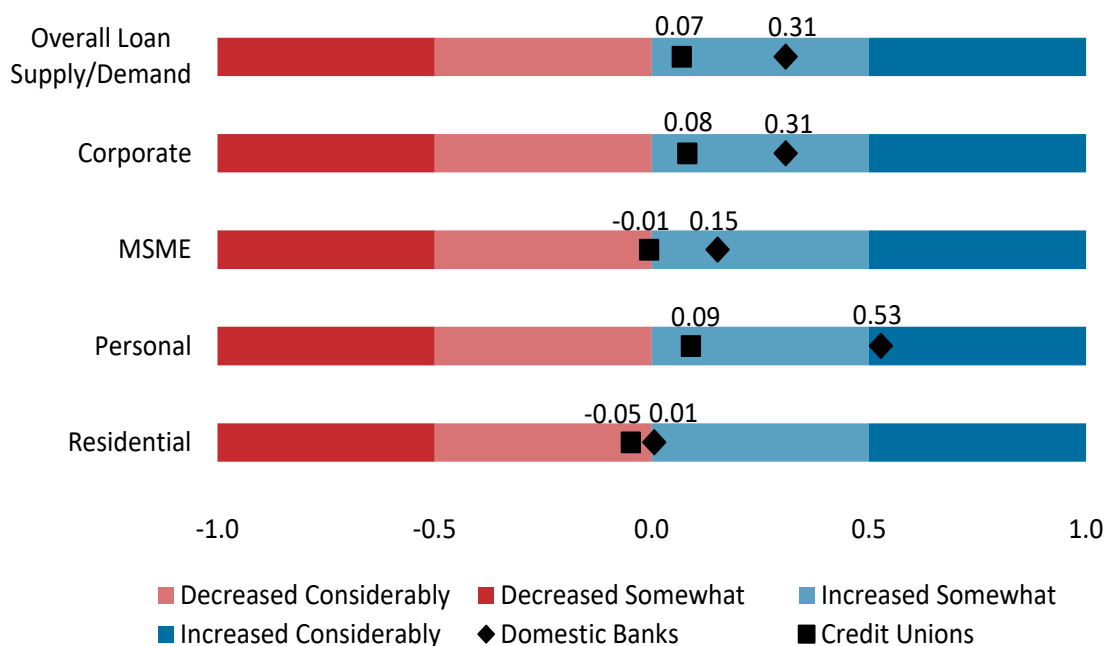
projected loan growth between \$1.0 million and \$5.0 million, while the rest expected growth either between \$5.0 million and \$10.0 million or below \$1.0 million. Notably, only three of the six credit unions achieved more than 80.0% of their lending targets. Two institutions achieved less than 80.0% of their targets, while the remaining institution recorded less than 20.0% of its targeted loan growth.

Loan Demand

Domestic Banks

In H2-25, respondent banks reported a DI score of 0.31 for overall credit demand, indicating a solid appetite for loans during the review period. Demand increased across all sectors, with the strongest growth observed in personal loans (0.53) and corporate loans (0.31). In contrast, demand

Chart 3: Loan Demand Conditions by Sector, H2-25



for MSME loans (0.15) and residential loans (0.01) grew at a more moderate pace.

Domestic banks reported that the drivers of demand varied by loan category. The strong demand for personal loans was primarily attributed to increased loan promotion activities and improved consumer confidence. For corporate loans, demand was mainly driven by financing needs for investment and working capital. Similarly, demand for MSME loans was largely supported by operating capital needs, while demand for residential loans was mostly influenced by improvements in consumer confidence.

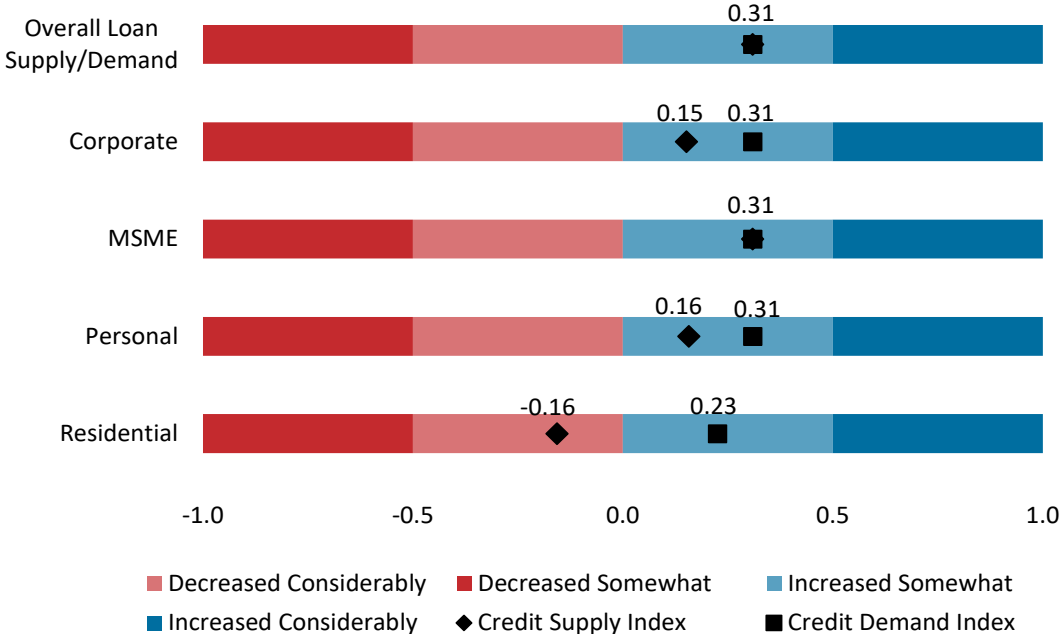
Credit Unions

Credit unions reported a moderate level of loan demand during H2-25 with a DI score of 0.07. Demand conditions remained

relatively stable for personal and corporate loans, which recorded DI scores of 0.09 and 0.08, respectively. Meanwhile, residential and MSME loans registered subdued demand, with negative diffusion indices of -0.05 and -0.01. Demand for personal loans was largely supported by improved consumer confidence, while demand for corporate loans was driven by increased financing needs for investment activities.

Credit unions indicated that interest rate movements and loan promotion initiatives had limited impact on demand for MSME and residential loans, suggesting a highly competitive lending environment in which such measures fell short in influencing borrowing behavior relative to other financial institutions. Notably, feedback from respondent credit unions highlighted several structural and operational factors

Chart 4: Domestic Banks' Loan Supply and Demand Outlook for H1-26



constraining loan demand. Refinancing limitations stemming from eligibility criteria, timing restrictions, high debt-to-income ratios, and insufficient collateral emerged as key impediments, often prompting members to seek external financing and reducing portfolio retention. Additionally, inefficiencies in documentation and collateral processing, particularly for mortgage facilities, contributed to extended turnaround times, thereby influencing borrower decisions and dampening effective demand despite a steady underlying appetite for credit.

Loan Outlook

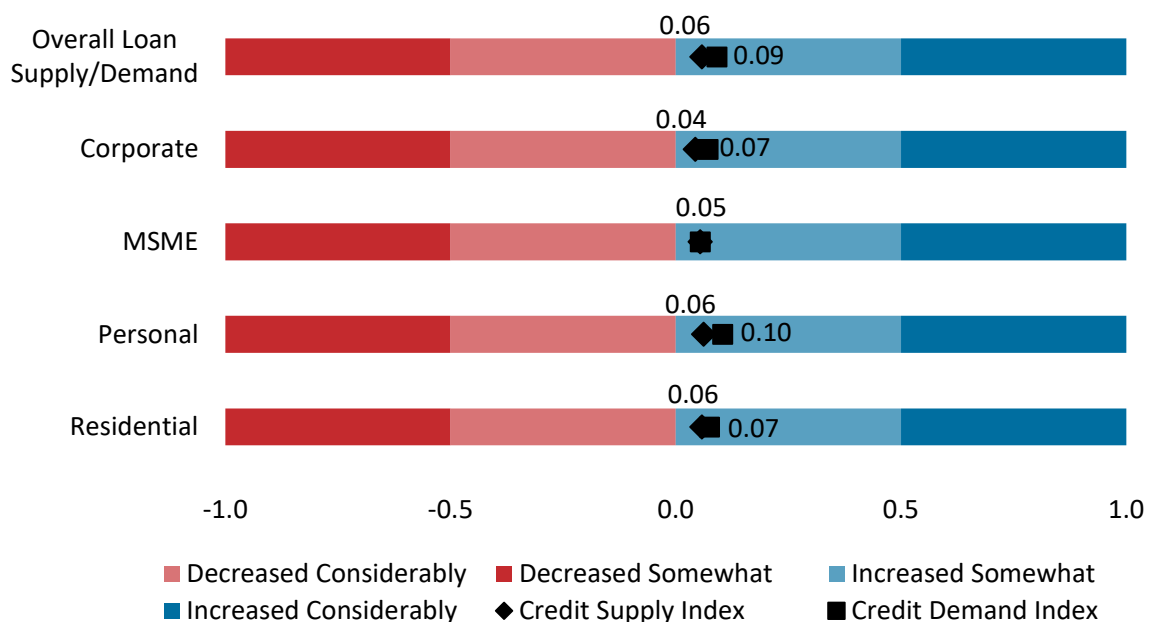
Domestic Banks

Compared to H2-25, domestic banks are expected to ease lending conditions across most loan categories in H1-26, with the exception of residential loans. This anticipated expansion is supported by

favorable liquidity and capital positions, as well as improved foreign exchange conditions. In contrast, the outlook for residential lending reflects a more cautious stance, driven by perceived heightened risks related to borrower creditworthiness and a shift in banks' risk appetite toward this segment.

Furthermore, banks indicated intentions to raise lending rates between 0.1% and 1.0%, particularly for MSME loans. On the demand side, domestic banks anticipate an increase in loan applications across all categories during the first half of 2026. This expected growth is attributed to increased credit demand among MSMEs and corporate entities to support expansion and working capital requirements. Additionally, demand for personal and residential loans is anticipated to be supported by improved consumer confidence and intensified loan

Chart 5: Credit Unions' Loan Supply and Demand Outlook for H1-26



promotion efforts.

Credit Unions

Similarly, credit supply among credit unions is expected to ease across all major loan categories, supported by favorable liquidity positions and greater risk appetite. Loan demand is also projected to increase, on account of improved consumer confidence and more encouraging interest rate conditions.

Respondent credit unions anticipate growth in their loan portfolios, with three of the

six institutions projecting increases in the range of \$1.0million to \$5.0million. One institution expects stronger growth between \$5.0million and \$10.0million, while the remaining institutions anticipate more modest gains of below \$1.0million.

Consistent with this outlook, most credit unions reported that they do not expect to increase lending rates in H1-26. However, with respect to personal loans, three out of six institutions indicated a likelihood of raising interest rates by between 0.1% and 1.0%.