



CENTRAL BANK

of BELIZE

Bi-Annual Credit Conditions Survey

Results for the Second Half of 2025

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About the Survey

The Central Bank distributed the second of its semi-annual Credit Conditions Survey to deposit-taking institutions (DTIs) in August 2025. The DTIs, comprising domestic banks and credit unions, provided feedback on credit conditions during the first half of 2025 (H1-25) and their outlook for the second half of the year (H2-25).

Responses were converted into a diffusion index (DI), indicating relative changes in supply and demand conditions in the domestic credit market from lenders' perspective. Qualitative responses to questions were scored between -1 and 1, with -1 denoting the deepest negative sentiment on a symmetric five-point Likert scale and vice-versa.

Executive Summary

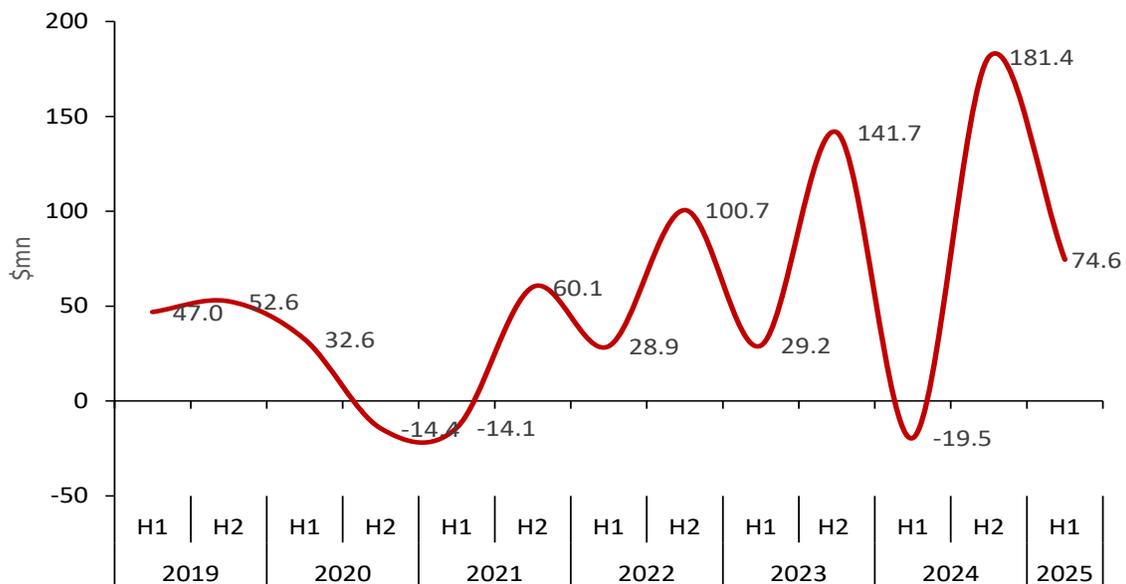
During the first half of 2025, DTIs reported higher demand for loans despite tighter credit standards. As a result, private sector

lending growth slowed to \$74.6mn, down from the second half of 2024. The survey respondents attributed this slowdown to a cautious outlook on potential credit losses, and concerns over borrower creditworthiness. Looking ahead, credit conditions are expected to improve in the second half of 2025, driven by stronger liquidity positions resulting in increased lending across all major loan categories, with personal loans projected to receive the largest share.

Overall Credit Conditions

In the first half of 2025 (H1-25), DTIs' credit to the private sector expanded by \$74.6mn, bringing the total to \$3,459.5mn. This represented a marked slowdown compared to the \$181.4mn growth recorded in the second half of 2024, though it contrasted with the \$19.5mn contraction observed in the same period of 2024 (see Chart 1). Domestic banks accounted for the bulk of the loan growth, contributing 89.4%,

Chart 1: Change in DTIs' Loans and Advances



while credit unions made up the remaining 10.6%. For domestic banks, lending growth was driven primarily by increased financing for tourism and construction, whereas credit union growth was supported by loans to agriculture and real estate.

Loan Supply

Domestic Banks

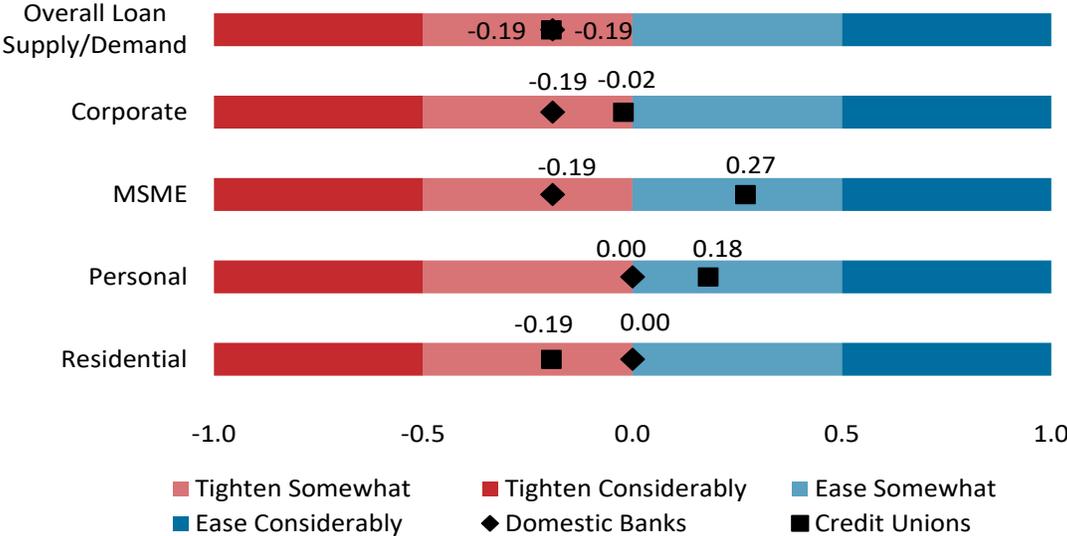
During H1-2025, domestic banks recorded a DI score of -0.19 for credit supply, signaling a tightening of credit standards compared to the second half of 2024 (see Chart 2). Loans to corporations and to micro, small, and medium (MSMEs) both registered negative DI scores of -0.19, while residential and consumer loans remained stable with DI scores of 0.00. The tightening was primarily attributed to concerns about borrower creditworthiness and expectations of credit losses. On the positive side, stronger liquidity positions and a favorable economic outlook were noted as supportive factors.

Despite the more cautious stance, two of the three respondent banks approved over 80.0% of loan applications and achieved more than 80.0% of their projected loan growth during the period.

Credit Unions

In H1-25, credit unions registered a DI score of -0.19, reflecting a tightening of overall credit standards compared with the second half of 2024. This shift was driven by stricter lending criteria for residential (-0.19) and corporate (-0.02) loans, while credit standards eased for MSME (0.27) and personal (0.18) lending. Respondents identified foreign exchange pressures, tight liquidity, and collateral-related risks as the primary factors behind the tightening, whereas stronger risk appetite, a favorable economic outlook, and competition from peer credit unions were noted as drivers of easing in select loan categories. Respondents credit unions indicated they approved over

Chart 2: Loan Supply Conditions by Sector, H1-25



80.0% of loan applications received, however majority reported achieving less than 20.0% of their loan growth targets.

Overall, while both banks and credit unions shared that credit standards tightened in H1-2025, the underpinning factors differed. Despite this challenge, loan approval rates remained strong, with seven of the eight DTIs approving more than 80% of applications. However, performance against growth targets was weaker, as 62.5% of DTIs reported achieving less than 60% of their projected loan growth.

Loan Demand
Domestic Banks

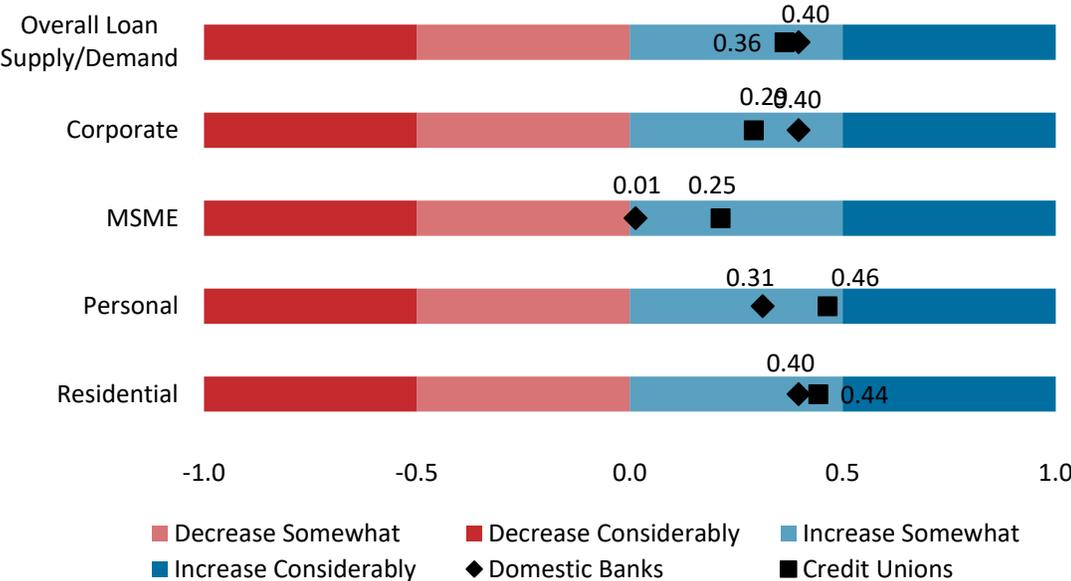
The DI score for overall credit demand in H1-2025 was 0.40, reflecting a notable increase in borrowing appetite during the review period. Demand rose across all

loan categories, with the strongest growth observed in corporate (0.40), residential (0.40), and personal (0.31) loans, while MSME demand remained stable. For corporate loans, financing needs related to investments and working/operating capital were cited as the primary drivers. Residential and personal loan demand was supported by improved consumer confidence and favorable debt refinancing conditions. For MSME’s increased loan demand for current expenses offset decreased demand for the financing of capital investments.

Credit Unions

In H1-2025, credit unions reported an aggregate DI score of 0.36 for overall credit demand, reflecting notable increases across all loan categories. The strongest demand was observed in personal (0.46) and residential (0.44) loans, while corporate

Chart 3: Loan Demand Conditions by Sector, H1-25



(0.29) and MSME (0.21) loans recorded moderate growth. Personal and residential loan demand was supported by improved consumer confidence and favorable debt refinancing conditions. Corporate loan demand was driven primarily by financing needs for capital investments and current expenses, and to a lesser extent, debt restructuring. Meanwhile MSME demand was mainly influenced by financing for business expansion, maintenance of fixed assets, and working capital requirements.

Furthermore, credit unions with greater exposure to the agricultural industry, cited persistent challenges such as the ongoing impact of the diseases and pests, as a major cause of uncertainty.

Loan Outlook
Domestic Banks

Looking ahead to the second half of 2025

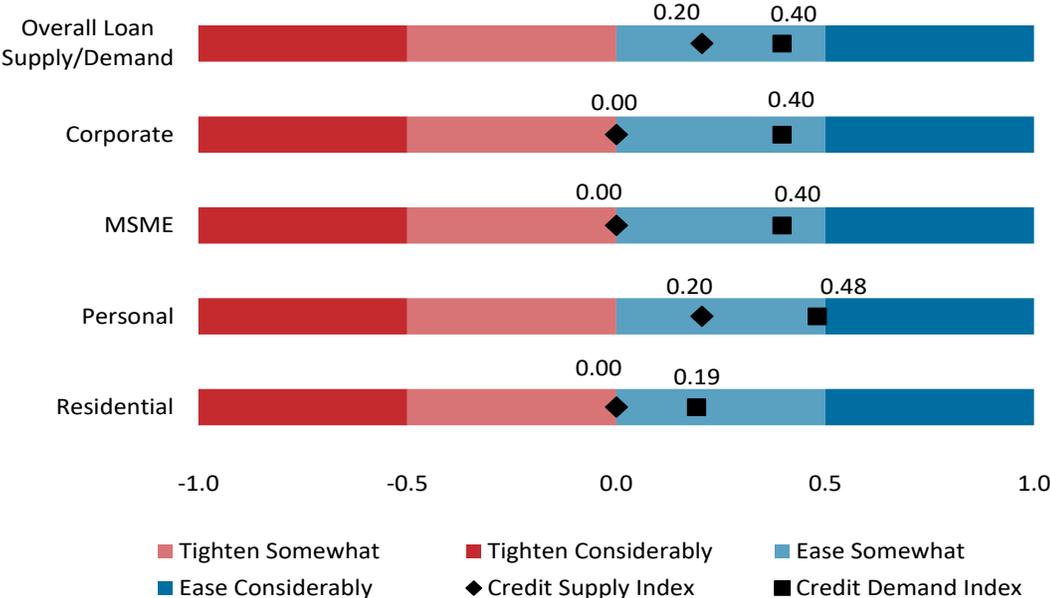
(H2-2025), domestic banks anticipate an easing of credit standards relative to H1-2025, largely supported by stronger liquidity conditions. Loan demand is expected to rise across all categories, fueled largely by stronger consumer and business confidence.

All participating banks reported that they intend to keep lending rates for personal and residential loans unchanged. However, the majority indicated that they intend to increase interest rates 0.1% to 1.0% for commercial loans, particularly impacting MSME’s. Looking ahead, each bank projected loan portfolio growth of at least \$10.0mn in H2-25.

Credit Unions

In H2-2025, credit standards for credit unions are expected to ease across all major loan categories, supported by stronger balance sheets, accommodative economic

Chart 4: Loan Supply and Demand Outlook for H2-25



conditions, and greater risk tolerance. Loan demand is also projected to increase, underpinned mainly by greater consumer and business confidence. All credit unions

anticipate growth in their loan portfolios, with the majority expecting increases between \$1.0mn and \$5.0mn.

Chart 5: Credit Unions' Loan Supply and Demand Outlook for H2-25

