CENTRAL BANK of BELIZE

Bi-Annual Credit Conditions Survey

Results for the Second Half of 2026

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About the Survey

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

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. A positive DI indicates an easing in credit supply, stronger demand, or increasing balances, while a negative DI suggests tightening credit supply, weaker demand, or declining balances. A DI of zero indicates no net change across the panel.

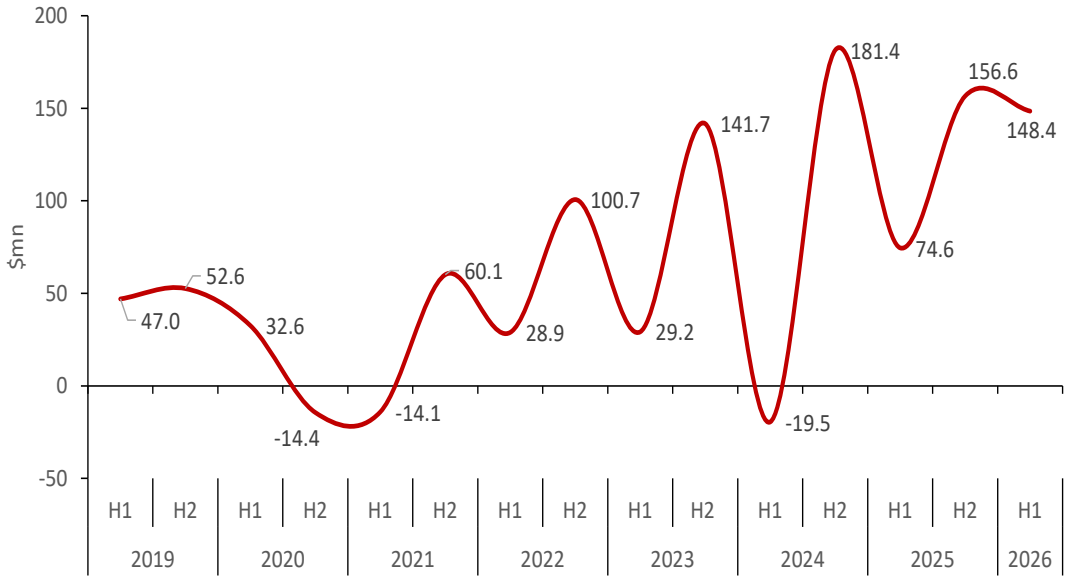
The survey panel comprises four domestic banks and six credit unions, resulting in a total of ten DTI respondents.

Executive Summary

Credit supply conditions tightened modestly during the first half of 2026 compared to the second half of 2025, as domestic banks reported tighter lending standards, while credit unions conditions remained broadly stable. However, credit demand strengthened overall, led by stronger demand for personal loans, mostly driven by improved consumer confidence and attractive loan promotion activities. Consequently, private sector lending grew by $148.4mn between January and June 2026, almost twice the increase recorded in the corresponding period of 2025 ($74.6mn), though slower than the $156.6mn growth in the second half of 2025.

Looking ahead to the second half of 2026, DTIs expect continued growth in their

Chart 1: Change in DTIs' Loans and Advances



loan portfolios, supported by favorable credit supply and demand conditions. On the supply side, lending activity is projected to be driven primarily by the corporate segment, reflecting stronger capital positions, an improved economic outlook, and greater risk appetite among institutions. Meanwhile, credit demand is projected to remain strong across all categories, driven by loan promotional activities, improving consumer confidence, and continued demand for operating capital financing among businesses. *Based on the survey responses, loan growth of $124.5mn is projected for H2-2026.

Overall Credit Conditions

In the first half of 2026, lending to the private sector increased by $148.4mn to $3.76bn. Growth was steady throughout the period, rising by $76.3mn in the first quarter and $72.2mn in the second quarter. Domestic banks accounted for $121.0mn, or 81.5%, of the overall increase. The expansion in domestic bank lending was driven primarily by increased credit extended to distribution, real estate, professional services, utilities, and construction-related activities.

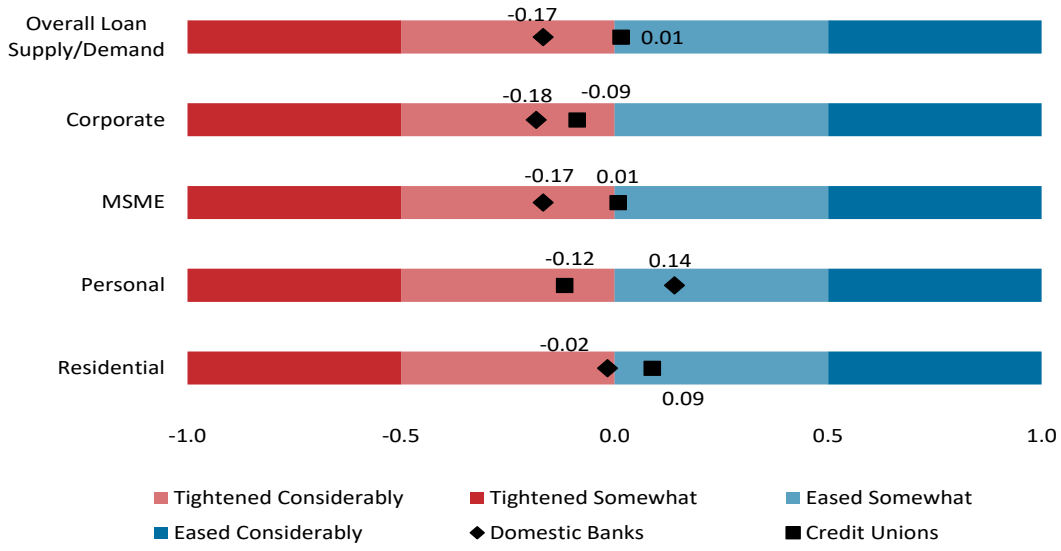
Meanwhile, credit unions contributed the remaining $27.5mn (18.5%), with most new lending directed towards real estate and building and construction activities.

Loan Supply

Domestic Banks

Domestic banks reported an overall supply DI of -0.17 for the first half of 2026, indicating a net tightening of lending criteria. The tightening was concentrated in corporate loans (-0.18) and MSME loans (-0.17), while residential lending tightened marginally (-0.02). Meanwhile, personal lending eased (+0.14). Banks reported that the predominant reason for the tightening were concerns over the general economic

Chart 2: Loan Supply Conditions by Sector, H1-26



situation and outlook (-0.15) and their own risk appetite (-0.17). However, on the positive side, banks' reported that their strong capital positions helped to support lending (+0.16). Notably, they reported that their liquidity positions had a negligible impact on their lending capacity in the first half of 2026.

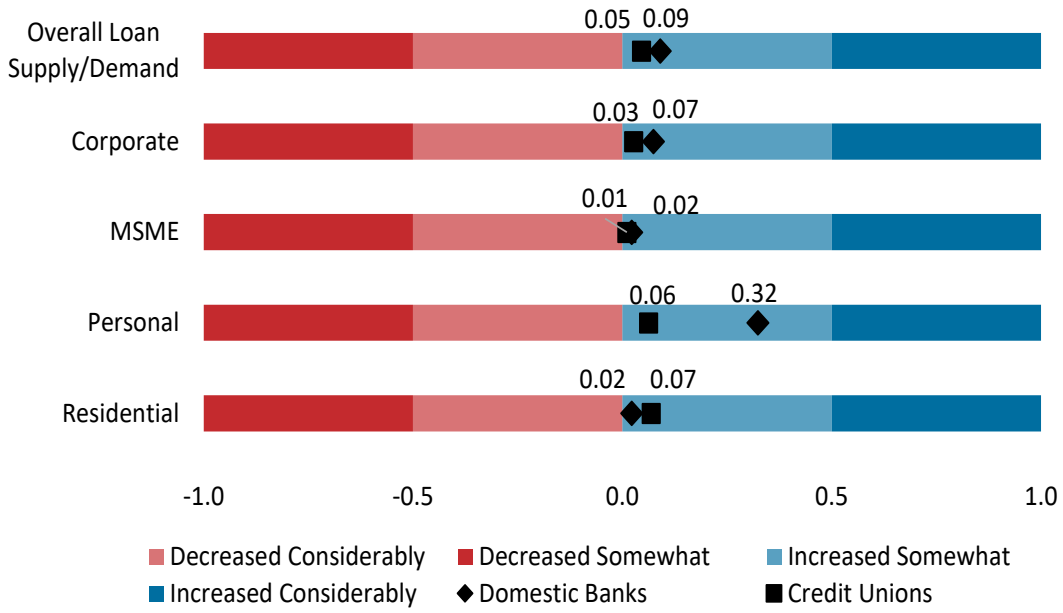
From a sectoral perspective, lenders had a mixed view on the tourism industry, with one respondent indicating a preference to this sector because of stable visitor arrivals and reliable foreign exchange generation; in contrast another respondent highlighted the need to manage their exposure to tourism given the volatility affecting the sector mostly due to the ongoing war in the Middle East and sargassum. In addition, the agricultural sector was highlighted as a high-risk sector, while the utilities sector was deemed a low-risk sector.

Despite the more cautious stance, three of the four 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

During the first half of 2026, credit unions reported a DI score of +0.01, indicating that lending criteria remained largely unchanged compared to the second half of 2025. Lending conditions eased modestly for residential (+0.09) and MSME (+0.01) loans, while standards tightened for personal (-0.12) and corporate (-0.09) lending. Improved liquidity (+0.06) and greater risk appetite (+0.06) supported modest easing in selected loan categories. In contrast, competition from other financial institutions (-0.10) and the general economic conditions (-0.06) were offsetting tightening factors. Respondents also noted that lending criteria

Chart 3: Loan Demand Conditions by Sector, H1-26



were influenced by revised lending practices to comply with regulatory guidance, and stricter collateral requirements to manage risk.

Moreover, almost all credit unions reported approving more than 80.0% of loan applications received. However, loan growth performance was mixed, with about half reporting achievement of less than 20.0% of their loan growth targets, while the remainder reported varying levels of progress.

Overall Supply Conditions

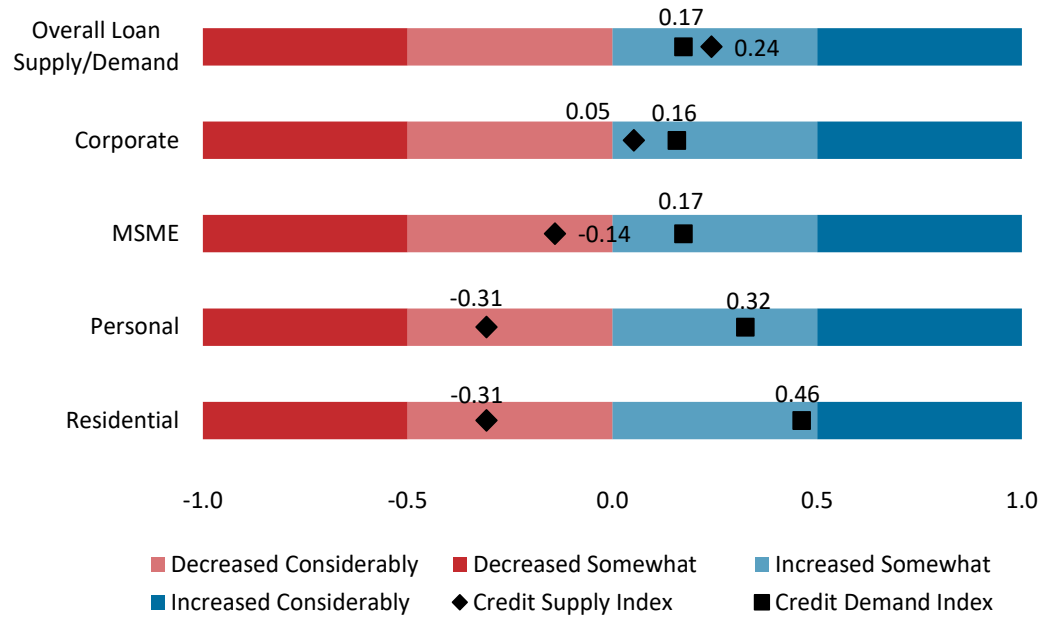
Overall, lending standards diverged across institutions in H1-2026, with domestic banks reporting a net tightening of credit supply while credit unions indicated that lending criteria remained broadly unchanged. Despite generally cautious lending conditions, loan approval rates remained strong, with nearly all respondents approving more than 80.0% of loan applications. However, performance against loan growth targets was mixed, as three of the four banks achieved over 80.0% of their projected loan growth, while about half of credit unions reported attaining less than 20.0% of their targets.

Loan Demand

Domestic Banks

Domestic banks reported an overall demand DI score of +0.09, indicating a modest increase in loan demand across the review period. The strongest growth was in personal loans (+0.32), where demand was driven primarily by loan promotion activities (+0.31) and improved consumer confidence (+0.17). Corporate loan demand increased modestly (+0.07), supported by financing

Chart 4: Domestic Banks' Loan Supply and Demand Outlook for H2-26



needs for working capital and investment each recording a DI score of +0.17. Demand for MSME and residential loans remained stable at +0.02. Residential demand was supported by stronger consumer confidence but moderated by interest rates, while MSME loan demand was driven primarily by working capital financing needs, with interest rate and loan promotional activities having virtually no impact.

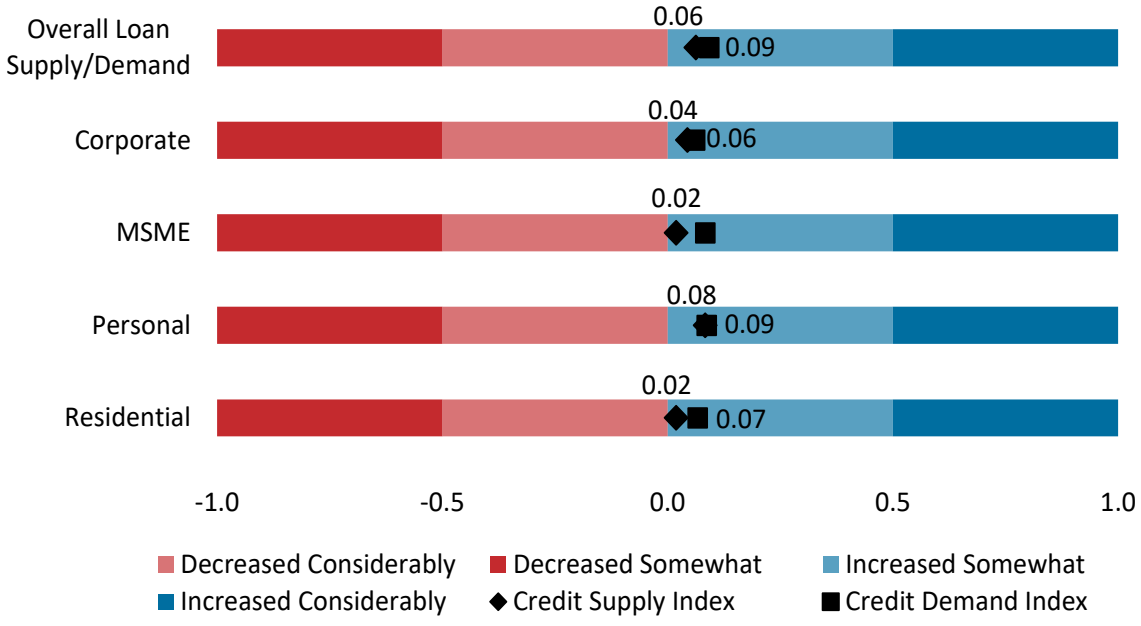
Moreover, respondent banks cited the convenience of online loan applications, as well as refinancing/debt consolidation as additional factors supporting loan demand.

Credit Unions

In H1-2026, credit unions reported an overall demand DI score of +0.05, indicating a more subdued increase in loan demand compared with domestic banks. Residential loans recorded the strongest demand (+0.07), supported by consumer confidence (+0.12), while personal loan demand increased modestly (+0.06), driven by stronger consumer confidence and loan promotional activities. Demand for corporate and MSME loans remained broadly stable, with DI scores of +0.03 and +0.01, respectively. Interest rate movements and loan promotional activities had little influence on demand for MSME and residential loans, suggesting a highly competitive lending environment in which such measures had limited impact on borrowing behavior.

Other factors influencing loan demand during H1-2026 included refinancing and debt consolidation activities. Respondents also noted that loan promotional efforts were primarily geared toward the second half of the year, limiting their impact on demand during the review period.

Chart 5: Credit Unions' Loan Supply and Demand Outlook for H2-26



Overall Demand Conditions

Overall loan demand rose modestly in H1-2026, with domestic banks reporting slightly stronger growth than credit unions. Consumer confidence was the most consistent driver across both lender groups, supporting personal lending at domestic banks and residential lending at credit unions. Refinancing and debt consolidation also supported borrowing at both, while interest rates and promotions had limited influence across several loan categories.

Loan Outlook

Domestic Banks

Looking ahead to the second half of 2026, domestic banks anticipate an overall easing of lending conditions relative to H1-2026. The anticipated easing is driven by corporate lending, supported primarily by stronger liquidity conditions and a more favorable economic outlook. On the demand side, banks expect loan applications to increase across all categories, led by residential and personal loans. The anticipated increase is attributed mainly to expanded loan promotional activities, particularly during the holiday season.

Most banks expect personal lending rates to remain unchanged. For residential, MSME, and corporate loans, interest rate movements are expected to vary in direction across different institutions, by about 100 basis points. All banks expected their loan portfolios to expand, with smaller banks anticipating increases of between $5.0mn and $20.0mn, while larger banks projected growth of $20.0mn or more.

Credit Unions

Looking ahead to the second half of 2026, credit unions anticipate a modest overall easing of lending conditions relative to H1-2026. Easing is expected across all loan categories, with personal lending showing the strongest improvement, supported primarily by stronger liquidity conditions and increased willingness to lend. Notably, other factors expected to influence lending criteria include credit bureau information, economic and weather conditions, interest rates, loan promotions, and members' over-indebtedness.

On the demand side, credit unions expect loan applications to increase across all categories, led by personal and MSME loans. This anticipated growth reflects improved consumer confidence and loan promotional activities, as well as MSMEs' working capital and investment financing needs. However, respondents noted that tourism uncertainty, cost-of-living pressures, and employment conditions could dampen demand, while qualification requirements and collateral constraints may limit access to credit.

Most credit unions expect lending rates for residential, personal MSME lending rates to remain unchanged or to increase between 10-100 basis points. While all credit unions expect corporate lending rates to remain unchanged. All credit unions anticipate their loan portfolios to expand, with half projecting growth of between $1.0mn and $5.0mn, one-third expecting increases of between $5.0mn and $10.0mn, and the

remainder anticipating growth of less than $1.0mn.

Overall Outlook Conditions

Overall, banks and credit unions anticipate an expansion in credit activity in H2 2026 relative to H1 2026, with all ten respondents expecting their loan portfolios to increase. Banks project larger increases in dollar terms, while credit unions anticipate more modest growth. Lending rates are generally expected to remain stable, with some increases, particularly among credit unions. Banks highlight foreign exchange and geopolitical risks, while credit unions emphasize member indebtedness, affordability pressures, qualification and collateral constraints.