

NORGES BANK'S SURVEY OF BANK LENDING

Lower margins on loans to households

2016 Q3
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NORGES BANK

Norges Bank's quarterly bank lending survey is a qualitative survey of banks' assessment of credit demand and credit standards. The nine largest banks in the Norwegian credit market participate in the survey: DNB, Nordea Bank Norge, Danske Bank, Handelsbanken Norge, Sparebank 1 SR-bank, Sparebanken Vest, Sparebank 1 SMN, Sparebank 1 Nord-Norge and Sparebanken Sør. The survey provides information on changes in credit demand, banks' credit standards, including loan conditions and prices, and the factors influencing banks' credit standards and prices. Banks fill out the survey questionnaires immediately after the end of a quarter. The survey was conducted for the first time after the end of 2007 Q4.

The survey distinguishes between lending to households and lending to non-financial enterprises. In each question, banks are asked to compare developments in the past quarter with the quarter that has just come to an end. They are also asked to compare the quarter that has just come to an end with their expectations with regard to the next quarter. The questions are answered by ticking one of five responses: up a lot, up a little, same, down a little, down a lot. The responses have been converted into a numerical scale ranging from +2 to -2 in the charts in this report. For example, if all the banks in the sample have answered that credit demand is up a little, the resulting figure for credit demand will be 1. If all the banks report that credit demand is up a lot, the resulting figure will be 2. Banks' responses are aggregated and weighted by loan volumes. The weights are updated every other year.

Some changes have been made to the questions in the survey and the way the results are reported, effective from 2016 Q3. The changes do not affect the content and have not led to a break in the data series. Norges Bank's *Staff Memo* 17/2016 "[Banks' reports of demand and credit standards since 2008: results from Norges Bank's Survey of Bank Lending](#)" provides an account of the Bank's experience of the lending survey.

Norges Bank's Survey of Bank Lending 2016 Q3

The banks in the survey reported only slight changes in credit markets in Q3. Household credit demand edged up, while credit demand from non-financial enterprises was approximately unchanged. Banks reported approximately unchanged credit standards for households but slightly tighter credit standards for non-financial enterprises. Margins fell somewhat on loans to households, but rose slightly on loans to non-financial enterprises.

Lending to households

Overall household demand for residential mortgages edged up in Q3, after also having risen slightly in Q2 (Chart 1). Demand for first-home mortgages rose a little, while there was a slight fall in demand for fixed-rate mortgages (Chart 3). In Q2, banks had expected household credit demand to be unchanged in Q3 and expect credit demand to remain unchanged in Q4.

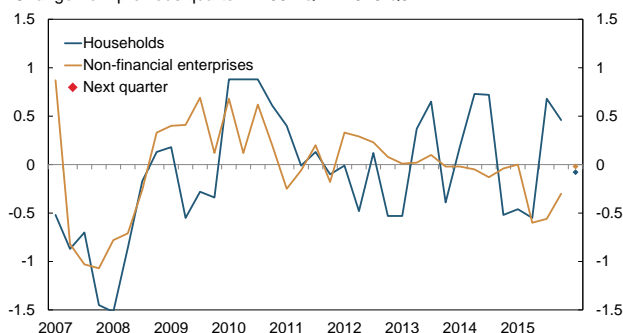
Credit standards for households were reported to be unchanged in Q3 (Charts 2 and 4-6) and changes are not expected in Q4. Loan conditions for households have remained approximately unchanged in recent quarters (Charts 7 and 8). Banks reported that margins on loans to households fell somewhat in Q3 (Charts 9 and 10). Lending margins are expected to remain unchanged in Q4.

Lending to non-financial enterprises

Overall credit demand from non-financial enterprises has fallen slightly in recent quarters (Chart 1). Banks had expected credit demand to be approximately unchanged in Q3 (Chart 11). In the coming quarter, banks expect overall credit demand to remain unchanged, but expect demand for fixed-rate loans to be slightly higher.

Banks reported a slight tightening of credit standards for commercial real estate and for non-financial enterprises as a whole in Q3 (Charts 2 and 12). Credit standards are expected to remain unchanged in Q4. Banks reported that the economic outlook and the sector-specific outlook are factors pulling in the direction of tighter credit standards (Charts 13 and 14), particularly the situation in oil-related industries. Banks have not reported any substantial changes in loan conditions for non-financial enterprises (Charts 15 and 16). Margins on loans to non-financial enterprises were reported to have risen slightly in Q3 (Charts 17 and 18).

Chart 1 Credit demand from households¹⁾ and non-financial enterprises²⁾. Change from previous quarter.³⁾ 2007 Q4 – 2016 Q3



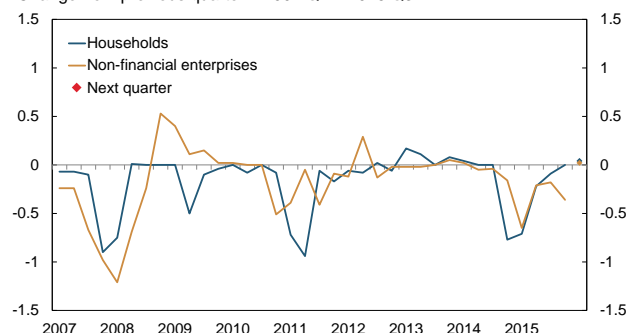
¹⁾ Residential mortgages.

²⁾ Total credit to non-financial enterprises.

³⁾ 2 = Up a lot, 1 = Up a little, 0 = Approx. unchanged, -1 = Down a little, -2 = Down a lot

Source: Norges Bank

Chart 2 Credit standards for households¹⁾ and non-financial enterprises²⁾. Change from previous quarter.³⁾ 2007 Q4 – 2016 Q3



¹⁾ Residential mortgages.

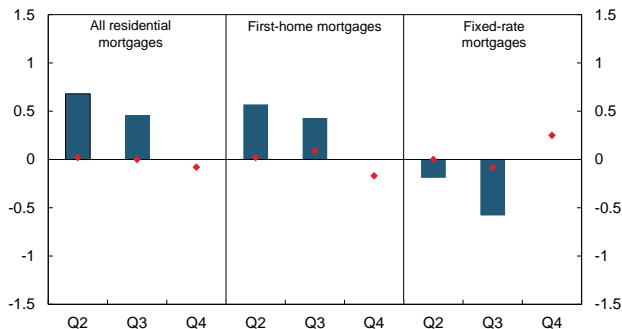
²⁾ Total credit to non-financial enterprises.

³⁾ 2/1 = Much/Somewhat easier to obtain credit, 0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit standards.

Source: Norges Bank

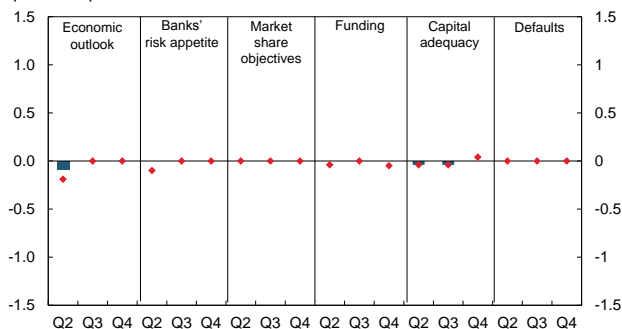
Residential mortgage lending to households

Chart 3 Household residential mortgage demand.¹⁾ Change from previous quarter.²⁾ 2016 Q2 – Q4



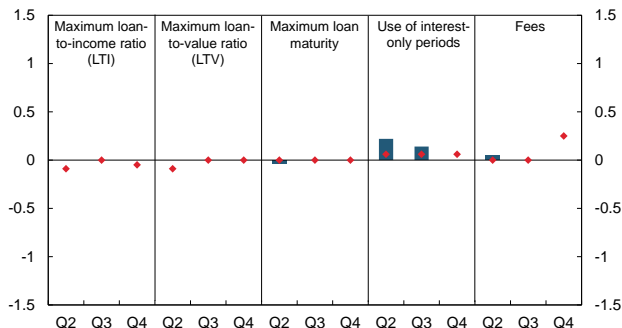
¹⁾ Blue bars show reported developments for the relevant quarter. Red diamonds show expected developments, reported in the previous quarter.
²⁾ 2 = Up a lot, 1 = Up a little, 0 = Approx. unchanged, -1 = Down a little, -2 = Down a lot.
 Source: Norges Bank

Chart 5 Factors affecting credit standards for households.¹⁾ Change from previous quarter.²⁾ 2016 Q2 – Q4



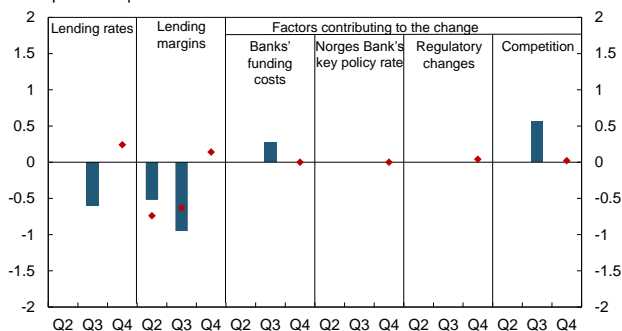
¹⁾ Blue bars show reported developments for the relevant quarter. Red diamonds show expected developments, reported in the previous quarter.
²⁾ 2/1 = Much/Somewhat easier to obtain credit, 0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit standards.
 Source: Norges Bank

Chart 7 Loan conditions for households.¹⁾ Change from previous quarter.²⁾ 2016 Q2 – Q4



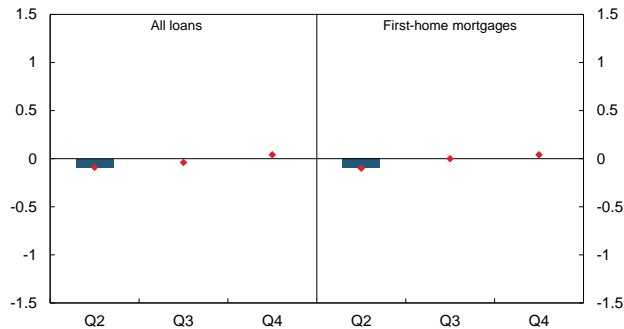
¹⁾ Blue bars show reported developments for the relevant quarter. Red diamonds show expected developments, reported in the previous quarter.
²⁾ 2 = Up a lot, 1 = Up a little, 0 = Approx. unchanged, -1 = Down a little, -2 = Down a lot.
 Source: Norges Bank

Chart 9 Lending rates and lending margins.¹⁾ Lending to households. Change from previous quarter.²⁾ 2016 Q2 – Q4



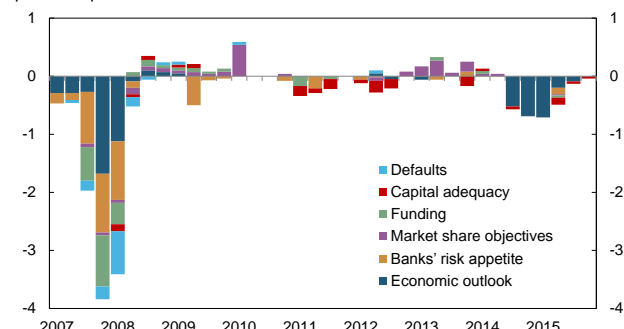
¹⁾ Blue bars show reported developments for the relevant quarter. Red diamonds show expected developments, reported in the previous quarter.
²⁾ 2 = Up a lot, 1 = Up a little, 0 = Approx. unchanged, -1 = Down a little, -2 = Down a lot.
 Source: Norges Bank

Chart 4 Credit standards for households.¹⁾ Change from previous quarter.²⁾ 2016 Q2 – Q4



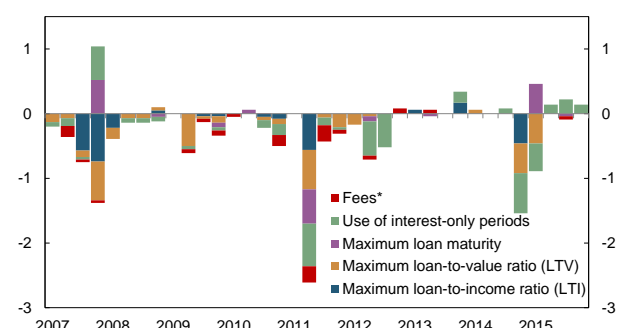
¹⁾ Blue bars show reported developments for the relevant quarter. Red diamonds show expected developments, reported in the previous quarter.
²⁾ 2/1 = Much/Somewhat easier to obtain credit, 0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit standards.
 Source: Norges Bank

Chart 6 Factors affecting credit standards for households.¹⁾ Change from previous quarter.²⁾ 2007 Q4 – 2016 Q3



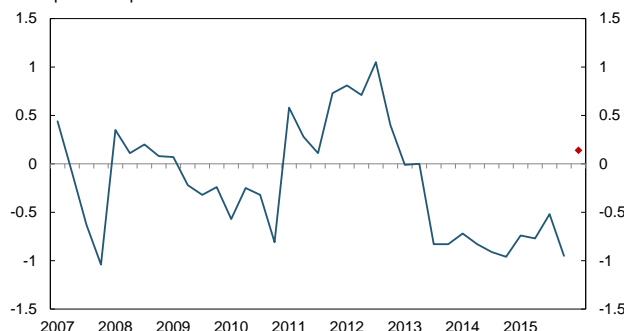
¹⁾ Total response in a quarter from all banks for all six factors. If all banks responded "much easier to obtain credit" on all factors, the resulting figure would be 12. See next footnote.
²⁾ 2/1 = Much/Somewhat easier to obtain credit, 0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit standards.
 Source: Norges Bank

Chart 8 Loan conditions for households.¹⁾ Change from previous quarter.²⁾ 2007 Q4 – 2016 Q3



¹⁾ Total response in a quarter from all banks for all five loan conditions. If all banks responded "up a lot" on all factors, the resulting figure would be 10. See next footnote.
²⁾ 2 = Up a lot, 1 = Up a little, 0 = Approx. unchanged, -1 = Down a little, -2 = Down a lot.
³⁾ As higher fees make it harder to obtain credit, the fee series has been negativised.
 Source: Norges Bank

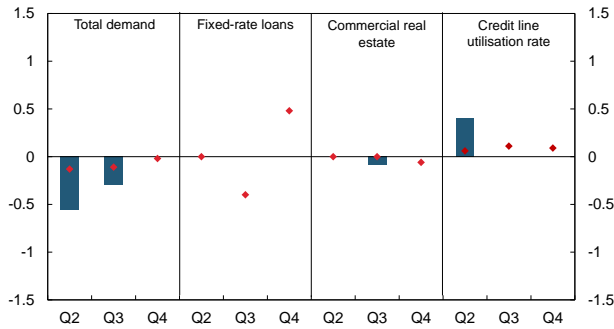
Chart 10 Margin on total residential mortgage lending to households.¹⁾ Change from previous quarter.²⁾ 2007 Q4 – 2016 Q3



¹⁾ The blue line shows reported developments in the relevant quarter. The red diamond shows expected developments for 2016 Q4.
²⁾ 2 = Up a lot, 1 = Up a little, 0 = Approx. unchanged, -1 = Down a little, -2 = Down a lot.
 Source: Norges Bank

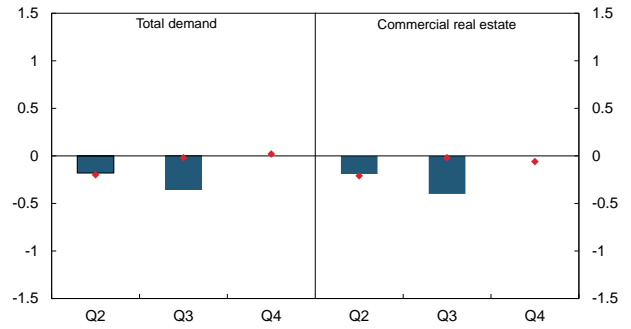
Lending to non-financial enterprises

Chart 11 Credit demand from non-financial enterprises.¹⁾ Change from previous quarter.²⁾ 2016 Q2 – Q4



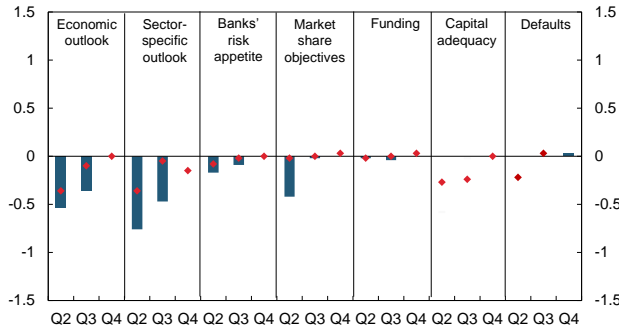
¹⁾ Blue bars show reported developments for the relevant quarter. Red diamonds show expected developments, reported in the previous quarter.
²⁾ 2 = Up a lot, 1 = Up a little, 0 = Approx. unchanged, -1 = Down a little, -2 = Down a lot.
 Source: Norges Bank

Chart 12 Credit standards for non-financial enterprises.¹⁾ Change from previous quarter.²⁾ 2016 Q2 – Q4



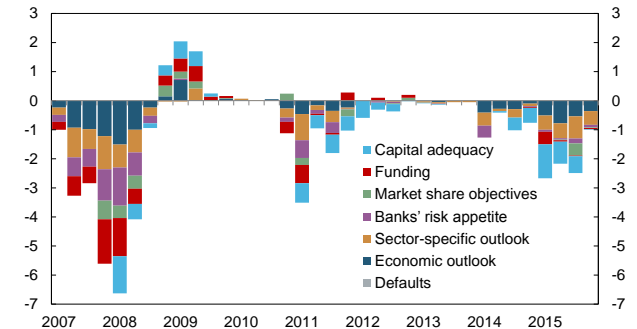
¹⁾ Blue bars show reported developments for the relevant quarter. Red diamonds show expected developments, reported in the previous quarter.
²⁾ 2/1 = Much/Somewhat easier to obtain credit, 0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit standards
 Source: Norges Bank

Chart 13 Factors affecting credit standards for non-financial enterprises.¹⁾ Change from previous quarter.²⁾ 2016 Q2 – Q4



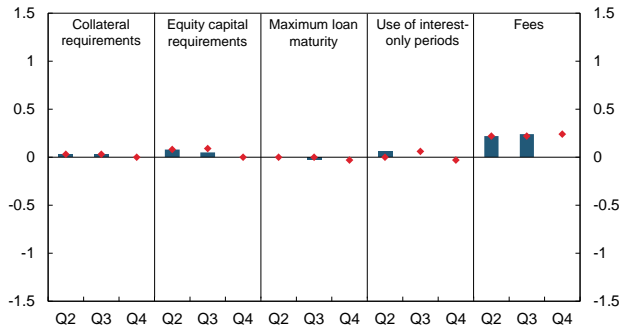
¹⁾ Blue bars show reported developments for the relevant quarter. Red diamonds show expected developments, reported in the previous quarter.
²⁾ 2/1 = Much/Somewhat easier to obtain credit, 0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit standards.
 Source: Norges Bank

Chart 14 Factors affecting credit standards for non-financial enterprises.¹⁾ Change from previous quarter.²⁾ 2007 Q4 – 2016 Q3



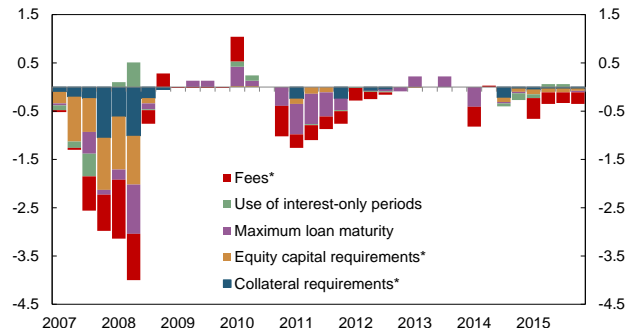
¹⁾ Total response in a quarter from all banks for all seven factors. If all banks responded "much easier to obtain credit" on all factors, the resulting figure would be 14. See next footnote.
²⁾ 2/1 = Much/Somewhat easier to obtain credit, 0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit standards.
 Source: Norges Bank

Chart 15 Loan conditions for non-financial enterprises.¹⁾ Change from previous quarter.²⁾ 2016 Q2 – Q4



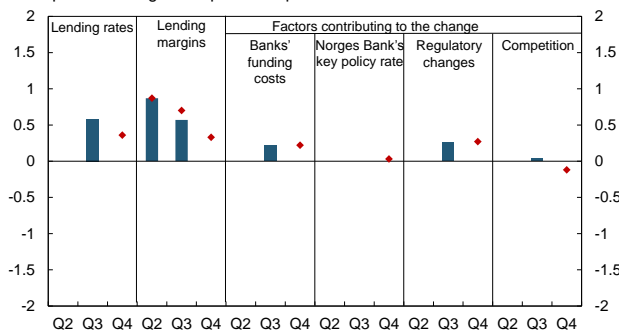
¹⁾ Blue bars show reported developments for the relevant quarter. Red diamonds show expected developments, reported in the previous quarter.
²⁾ 2 = Up a lot, 1 = Up a little, 0 = Approx. unchanged, -1 = Down a little, -2 = Down a lot.
 Source: Norges Bank

Chart 16 Loan conditions for non-financial enterprises.¹⁾ Change from previous quarter.²⁾ 2007 Q4 – 2016 Q3



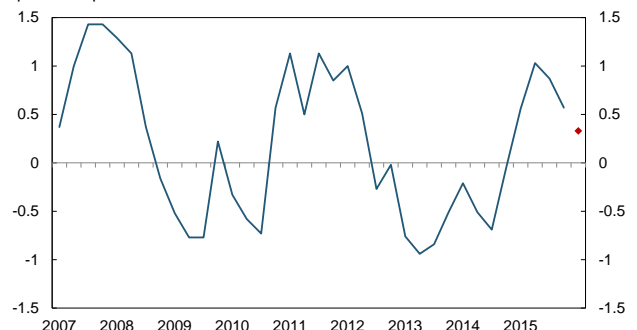
¹⁾ Total response in a quarter from all banks for all five loan conditions. If all banks responded "up a lot" on all factors, the resulting figure would be 10. See next footnote.
²⁾ 2 = Up a lot, 1 = Up a little, 0 = Approx. unchanged, -1 = Down a little, -2 = Down a lot.
³⁾ As and increase in the *-series make it harder to obtain credit, these series have been negativised.
 Source: Norges Bank

Chart 17 Lending rates and lending margins.¹⁾ Loans to non-financial enterprises. Change from previous quarter.²⁾ 2016 Q2 – Q4



¹⁾ Blue bars show reported developments for the relevant quarter. Red diamonds show expected developments, reported in the previous quarter.
²⁾ 2 = Up a lot, 1 = Up a little, 0 = Approx. unchanged, -1 = Down a little, -2 = Down a lot.
 Source: Norges Bank

Chart 18 Margin on total lending to non-financial enterprises.¹⁾ Change from previous quarter.²⁾ 2007 Q4 – 2016 Q3



¹⁾ The blue line shows reported developments in the relevant quarter. The red diamond shows expected developments for Q4 2016.
²⁾ 2 = Up a lot, 1 = Up a little, 0 = Approx. unchanged, -1 = Down a little, -2 = Down a lot.
 Source: Norges Bank