

# NORGES BANK'S SURVEY OF BANK LENDING

## Somewhat higher lending margins

2017 Q2  
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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 ten largest banks in the Norwegian credit market participate in the survey: DNB, Nordea, Danske Bank, Handelsbanken, Sparebank 1 SR-bank, Sparebank 1 SMN, Sparebank 1 Nord-Norge, Sparebanken 1 Østlandet, Sparebanken Vest 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 answer 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 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 2017 Q2

*Credit demand from households rose slightly in 2017 Q2, while credit demand from non-financial enterprises was unchanged. Banks reported minor tightening of credit standards for households in Q2, but no changes in credit standards for enterprises as a whole. Lending margins increased somewhat on loans to households and slightly on loans to enterprises in Q2.*

### Lending to households

Overall household demand for residential mortgages rose slightly in Q2 (Chart 1). Demand for first home mortgages and fixed-rate loans was unchanged (Chart 3). The increase in overall demand in Q2 was broadly as expected in Q1.

Banks reported minor tightening of credit standards for households in Q2, but expect unchanged credit standards in Q3 (Charts 2 and 4). The tightening was primarily due to the changes in the regulation on residential mortgage lending. Other factors were of secondary importance (Charts 5 and 6). There have only been small changes in loan conditions in Q2 (Charts 7 and 8).

Banks reported that lending margins on loans to households increased somewhat in Q2 (Charts 9 and 10), which was not expected in Q1. The increase is explained by lower funding costs. No changes in lending rates and lending margins are expected in Q3.

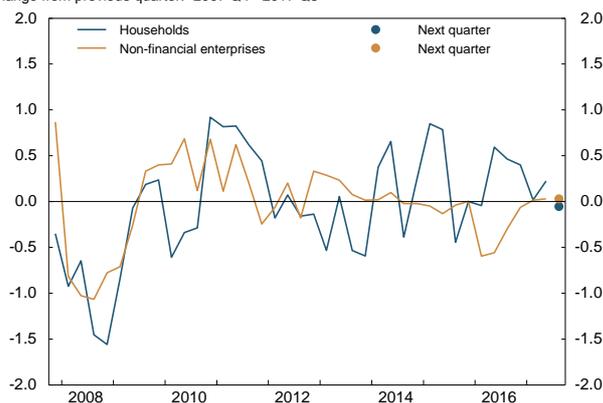
### Lending to non-financial enterprises

Overall credit demand from non-financial enterprises was unchanged in Q2 (Chart 1). Demand for fixed-rate loans and for commercial real estate loans and the credit line utilisation rate were also unchanged (Chart 11), in line with expectations in Q1.

Banks reported unchanged credit standards for enterprises as a whole in Q2 (Charts 2 and 12). Credit standards are expected to be unchanged in Q3. Banks reported a slight tightening of credit standards for commercial real estate, with the sector-specific outlook as an explanatory factor (Charts 13 and 14). Equity capital requirements and fees have risen slightly in Q2 (Charts 15 and 16).

Margins on loans to enterprises were reported to be slightly higher in Q2, with similar increases expected in Q3 (Charts 17 and 18). The increase is explained by lower funding costs. Regulatory changes and competition were also cited.

Chart 1 Credit demand from households<sup>1</sup> and non-financial enterprises<sup>2</sup>. Change from previous quarter.<sup>3</sup> 2007 Q4 - 2017 Q3



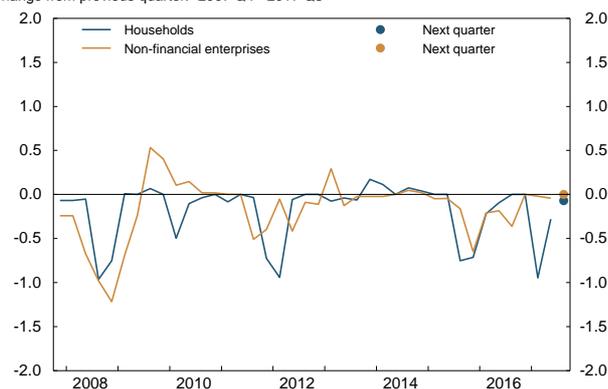
<sup>1</sup> Residential mortgages.

<sup>2</sup> Total credit to non-financial enterprises.

<sup>3</sup> 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.

Source: Norges Bank

Chart 2 Credit standards for households<sup>1</sup> and non-financial enterprises<sup>2</sup>. Change from previous quarter.<sup>3</sup> 2007 Q4 - 2017 Q3



<sup>1</sup> Residential mortgages.

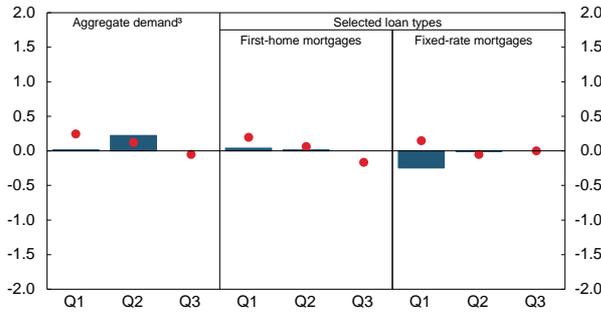
<sup>2</sup> Total credit to non-financial enterprises.

<sup>3</sup> 2/1 = Much/Somewhat easier to obtain credit,

0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit standards.

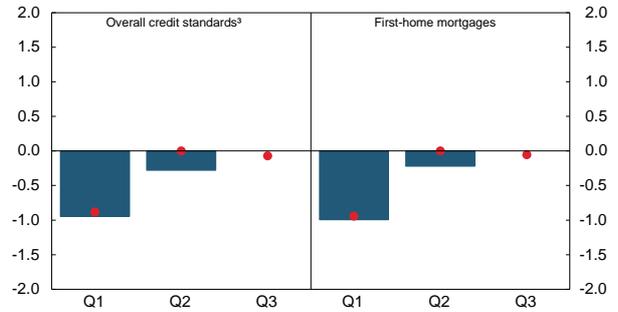
Source: Norges Bank

Chart 3 Household residential mortgage demand.<sup>1</sup>  
Change from previous quarter.<sup>2</sup> 2017 Q1 - 2017 Q3



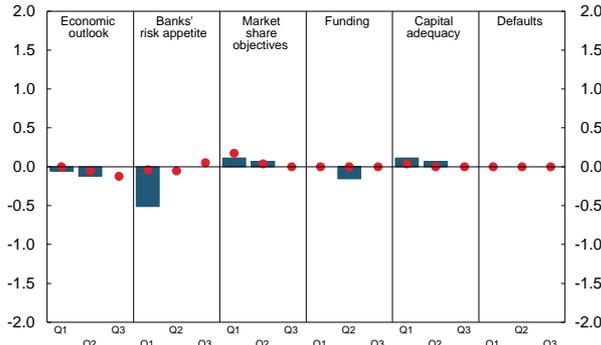
<sup>1</sup> Blue bars show reported developments for the relevant quarter.  
Red dots show expected developments, reported the previous quarter.  
<sup>2</sup> 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.  
<sup>3</sup> Aggregate demand refers to the sum of demand for first-home mortgages, fixed-rate mortgages and all other residential mortgages (the latter is the largest component).  
Source: Norges Bank

Chart 4 Credit standards for households.<sup>1</sup>  
Change from previous quarter.<sup>2</sup> 2017 Q1 - 2017 Q3



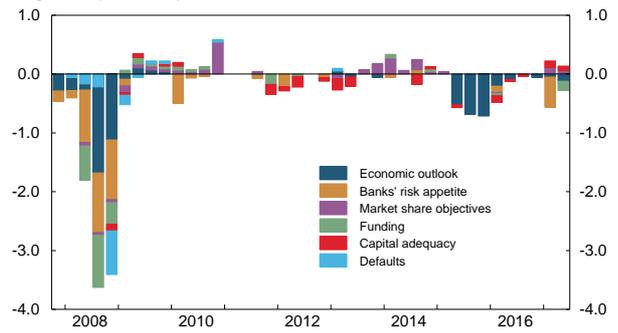
<sup>1</sup> Blue bars show reported developments for the relevant quarter.  
Red dots show expected developments, reported the previous quarter.  
<sup>2</sup> 2/1 = Much/Somewhat easier to obtain credit, 0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit standards.  
<sup>3</sup> Overall credit standards refers to credit standards for first-home mortgages and all other residential mortgages (the latter is the largest component).  
Source: Norges Bank

Chart 5 Factors affecting credit standards.<sup>1</sup>  
Change from previous quarter.<sup>2</sup> 2017 Q1 - 2017 Q3



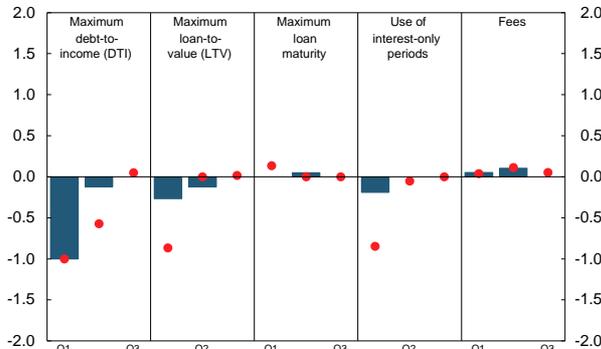
<sup>1</sup> Blue bars show reported developments for the relevant quarter.  
Red dots show expected developments, reported the previous quarter.  
<sup>2</sup> 2/1 = Much/Somewhat easier to obtain credit, 0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit standards.  
Source: Norges Bank

Chart 6 Factors affecting credit standards for households.<sup>1</sup>  
Change from previous quarter.<sup>2</sup> 2007 Q4 - 2017 Q2



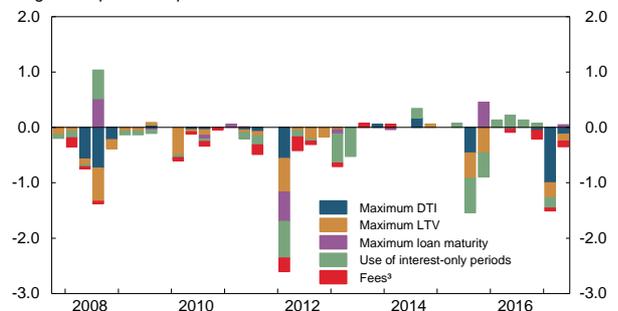
<sup>1</sup> Total response in a quarter from all banks for all six factors.  
If all banks responded "much easier to obtain credit" on all factors, the resulting figure would be 12.  
<sup>2</sup> 2/1 = Much/Somewhat easier to obtain credit, 0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit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

Chart 7 Loan conditions for households.<sup>1</sup>  
Change from previous quarter.<sup>2</sup> 2017 Q1 - 2017 Q3



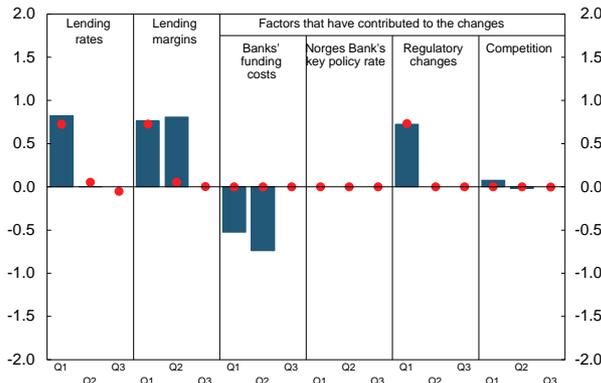
<sup>1</sup> Blue bars show reported developments for the relevant quarter.  
Red dots show expected developments, reported the previous quarter.  
<sup>2</sup> 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.  
Source: Norges Bank

Chart 8 Loan conditions for households.<sup>1</sup>  
Change from previous quarter.<sup>2</sup> 2007 Q4 - 2017 Q2



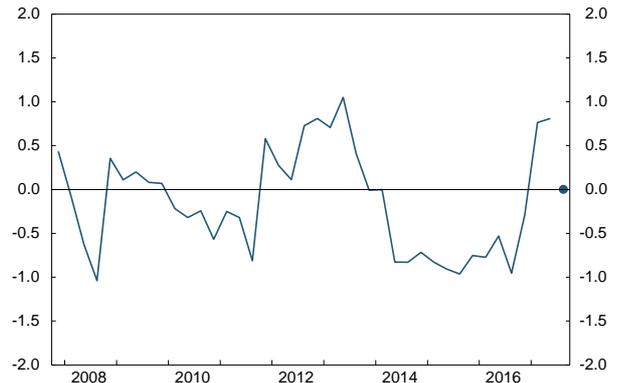
<sup>1</sup> Total response in a quarter from all banks for all six factors.  
If all banks responded "much easier to obtain credit" on all factors, the resulting figure would be 10.  
<sup>2</sup> 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.  
<sup>3</sup> As higher fees make it harder to obtain credit, the fee series has been negativised.  
Source: Norges Bank

Chart 9 Lending rates and lending margins.<sup>1</sup> Lending to households.  
Change from previous quarter.<sup>2</sup> 2017 Q1 - 2017 Q3



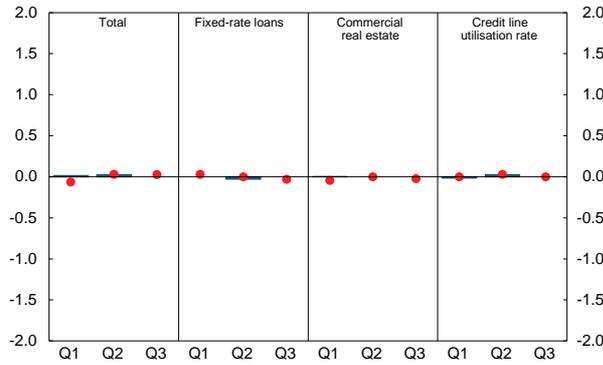
<sup>1</sup> Blue bars show reported developments for the relevant quarter.  
Red dots show expected developments, reported the previous quarter.  
<sup>2</sup> 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.  
Source: Norges Bank

Chart 10 Margin on total residential mortgage loans to households.<sup>1</sup>  
Change from previous quarter.<sup>2</sup> 2007 Q4 - 2017 Q3



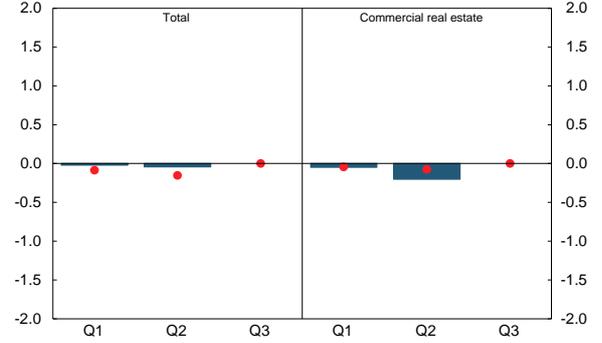
<sup>1</sup> The blue line shows reported developments in the relevant quarter.  
The blue dot shows expected developments for the next quarter.  
<sup>2</sup> 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.  
Source: Norges Bank

Chart 11 Credit demand from non-financial enterprises.<sup>1</sup>  
Change from previous quarter.<sup>2</sup> 2017 Q1 - 2017 Q3



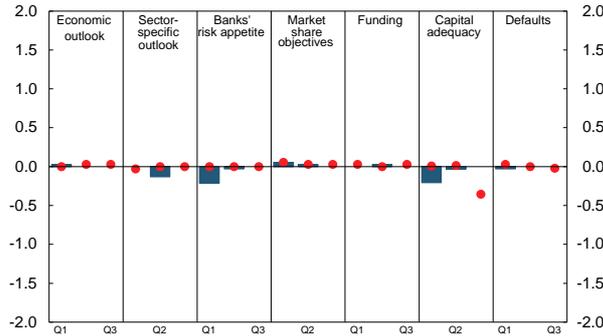
<sup>1</sup> Blue bars show reported developments for the relevant quarter.  
Red dots show expected developments, reported the previous quarter.  
<sup>2</sup> 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.  
Source: Norges Bank

Chart 12 Credit standards for non-financial enterprises.<sup>1</sup>  
Change from previous quarter.<sup>2</sup> 2017 Q1 - 2017 Q3



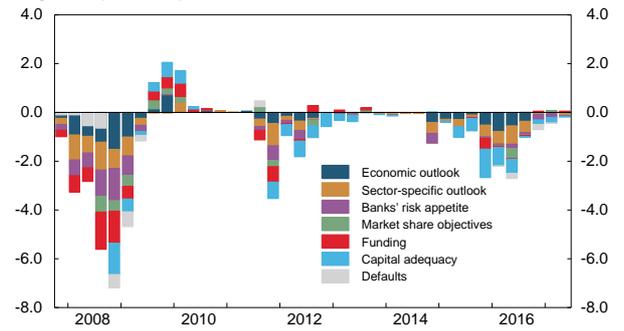
<sup>1</sup> Blue bars show reported developments for the relevant quarter.  
Red dots show expected developments, reported the previous quarter.  
<sup>2</sup> 2 = Much easier to get loans, 1 = Somewhat easier to get loans, 0 = Approx. unchanged, -1 = Somewhat tighter credit standards, -2 = Much tighter credit standards.  
Source: Norges Bank

Chart 13 Factors affecting credit standards for non-financial enterprises.<sup>1</sup>  
Change from previous quarter.<sup>2</sup> 2017 Q1 - 2017 Q3



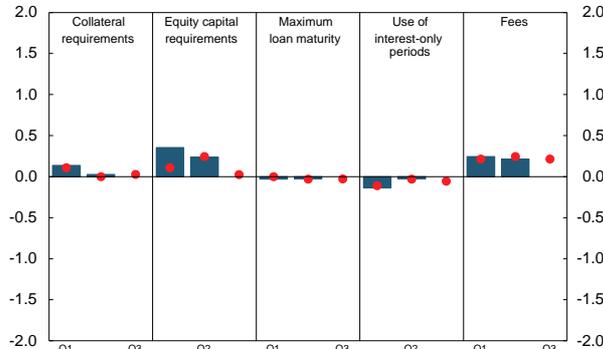
<sup>1</sup> Blue bars show reported developments for the relevant quarter.  
Red dots show expected developments, reported the previous quarter.  
<sup>2</sup> 2/1 = Much/Somewhat easier to obtain credit, 0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit standards.  
Source: Norges Bank

Chart 14 Factors affecting credit standards for non-financial enterprises.<sup>1</sup>  
Change from previous quarter.<sup>2</sup> 2007 Q4 - 2017 Q2



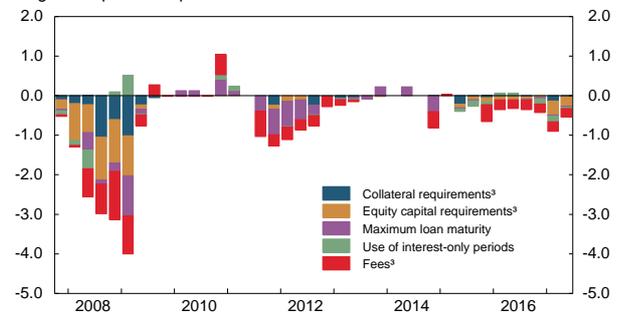
<sup>1</sup> Total response in a quarter from all banks for all six factors.  
If all banks responded "much easier to obtain credit" on all factors, the resulting figure would be 14.  
<sup>2</sup> 2/1 = Much/Somewhat easier to obtain credit, 0 = Approx. unchanged, -1/-2 = Somewhat/Much tighter credit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

Chart 15 Loan conditions for non-financial enterprises.<sup>1</sup>  
Change from previous quarter.<sup>2</sup> 2017 Q1 - 2017 Q3



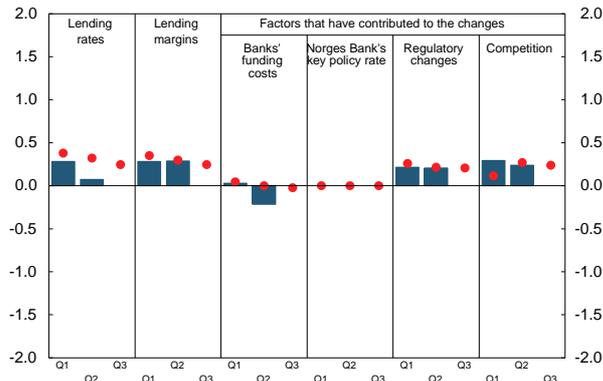
<sup>1</sup> Blue bars show reported developments for the relevant quarter.  
Red dots show expected developments, reported the previous quarter.  
<sup>2</sup> 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.  
Source: Norges Bank

Chart 16 Loan conditions for non-financial enterprises.<sup>1</sup>  
Change from previous quarter.<sup>2</sup> 2007 Q4 - 2017 Q2



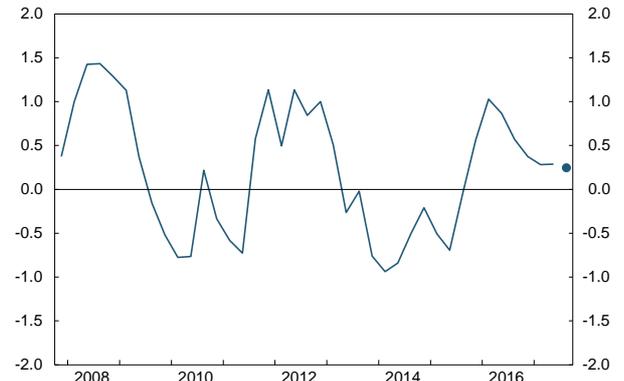
<sup>1</sup> Total response in a quarter from all banks for all six factors.  
If all banks responded "much easier to obtain credit" on all factors, the resulting figure would be 10.  
<sup>2</sup> 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.  
<sup>3</sup> As an increase in the <sup>3</sup>-series makes it harder to obtain credit, these series have been negativised.  
Source: Norges Bank

Chart 17 Lending rates and lending margins.<sup>1</sup> Loans to non-financial enterprises.  
Change from previous quarter.<sup>2</sup> 2017 Q1 - 2017 Q3



<sup>1</sup> Blue bars show reported developments for the relevant quarter.  
Red dots show expected developments, reported the previous quarter.  
<sup>2</sup> 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.  
Source: Norges Bank

Chart 18 Margin on total loans to non-financial enterprises.<sup>1</sup>  
Change from previous quarter.<sup>2</sup> 2007 Q4 - 2017 Q3



<sup>1</sup> The blue line shows reported developments in the relevant quarter.  
The blue dot shows expected developments for the next quarter.  
<sup>2</sup> 2/1 = Up a lot/a little, 0 = Approx. unchanged, -1/-2 = Down a little/a lot.  
Source: Norges Bank