

2013 Q6

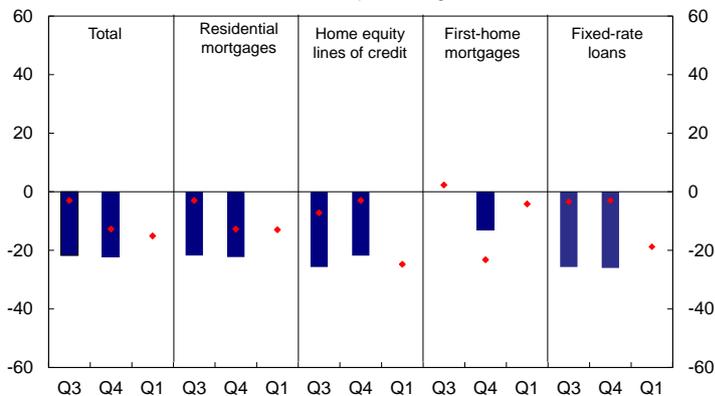
Norges Bank's Survey of Bank Lending

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16 January 2014

Norges Bank's Survey of Bank Lending 2013 Q4¹

Chart 1 Household credit demand. Net percentage balances.^{1), 2)}



1) Net percentage balances are calculated by weighting together the responses in the survey. The blue bars show reported developments for the relevant quarter. The red diamonds show expected developments for that quarter

2) Negative net percentage balances denote falling demand

Source: Norges Bank

Banks report somewhat lower household credit demand in Q4. Overall credit standards for households are reported to have eased slightly and contacts expect approximately unchanged credit standards and somewhat lower credit demand in 2014 Q1.

Banks report approximately unchanged corporate credit demand in Q4. Margins on lending to enterprises have been reduced, but credit standards are otherwise reported to be unchanged. Banks expect unchanged demand and credit standards in Q1.

The charts are explained in the box on the last page.

Lending to households

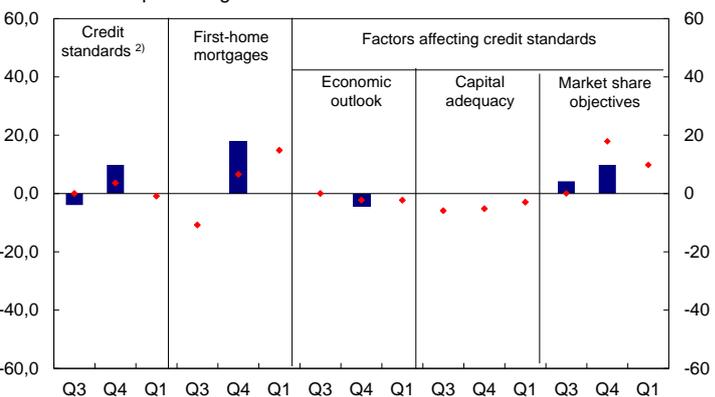
Overall, banks report somewhat lower household credit demand in 2013 Q4 (see Chart 1). The decrease was somewhat larger than expected at the end of Q3. Demand for residential mortgages, home equity lines of credit and fixed-rate loans fell somewhat more than expected, while demand for first-home mortgages fell slightly less than expected. Banks expect a further slight decline in household credit demand in 2014 Q1.

Banks report a slight easing in credit standards for households in Q4 (see Chart 2), approximately as expected at end-Q3. Banks report market share objectives as the reason for easing in Q4. Overall, banks expect unchanged credit standards in Q1. Banks expect that market share objectives in isolation will contribute to some easing of credit standards.

Overall, banks report that margins on lending to households remained unchanged in Q4 (see Chart 3). In the previous survey, banks reported that they expected margins to fall somewhat in Q4. As a whole, banks expect somewhat lower margins on lending to households in Q1, while other credit conditions are expected to remain approximately unchanged.

¹ The survey for 2013 Q4 was conducted in the period 20 December 2013 – 7 January 2014.

Chart 2 Change in credit standards for households. Factors affecting credit standards. Net percentage balances¹⁾

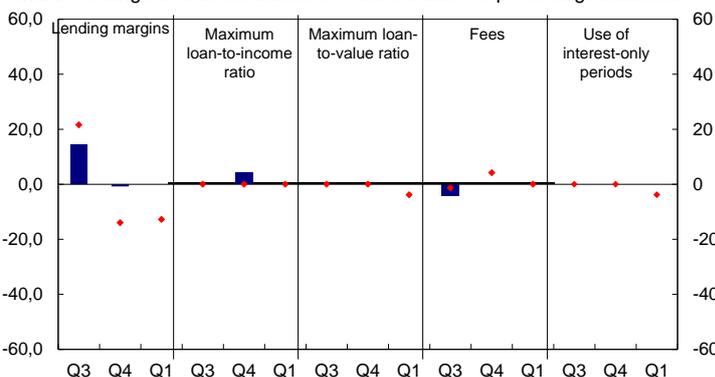


1) See footnote 1 in Chart 1

2) Negative net percentage balances denote tighter credit standards

Source: Norges Bank

Chart 3 Change in loan conditions for households. Net percentage balances^{1), 2)}



1) See footnote 1 in Chart 1

2) Positive net percentage balances for lending margins denote higher lending margins. Positive net percentage balances for lending margins and fees denote tighter credit standards. Negative net percentage balances for maximum LTI ratio, maximum LTV ratio and use of interest-only periods denote tighter credit standards

Source: Norges Bank

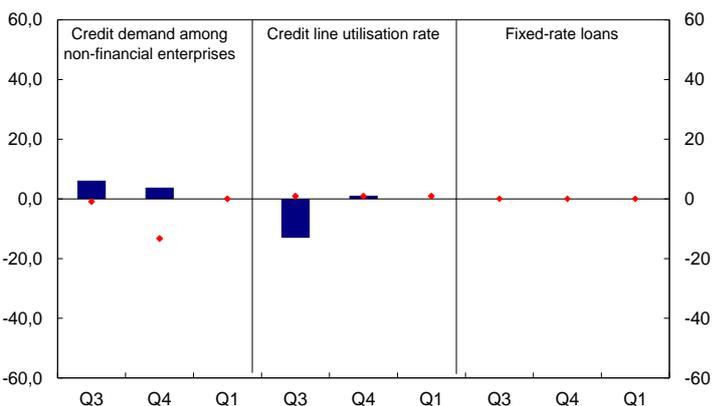
Lending to non-financial enterprises

Overall, banks report that corporate credit demand was virtually unchanged in Q4 (see Chart 4). At the end of Q3, they expected credit demand to be somewhat lower in Q4. Credit line utilisation and demand for fixed-rate loans were as expected unchanged in Q4. Banks expected unchanged corporate credit demand in Q1.

Credit standards for non-financial enterprises are reported to have remained approximately unchanged in Q4 (see Chart 5), as have credit standards for commercial property enterprises. Banks also reported that there were no factors that would imply a change in credit standards in Q4 (see Chart 6). In Q1, banks expect that credit standards will be relaxed slightly for commercial property enterprises, while remaining unchanged for enterprises overall.

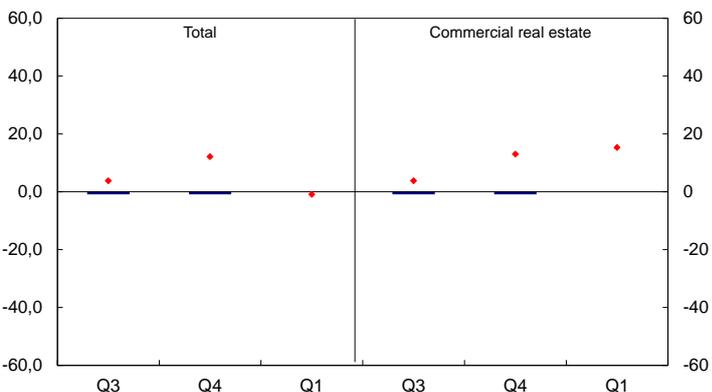
Banks report lower margins on lending to enterprises in Q4 (see Chart 7) approximately as expected in the previous survey. Banks expect lending margins to remain approximately unchanged in Q1.

Chart 4 Credit demand among non-financial enterprises and credit line utilisation rate. Net percentage balances^{1), 2)}



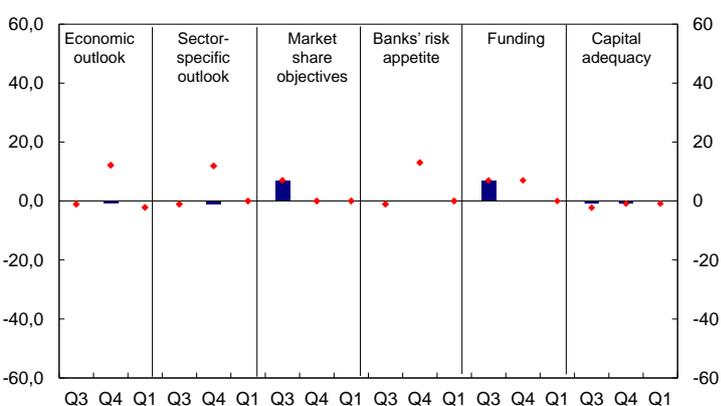
1) See footnote 1 in Chart 1
2) Positive net percentage balances denote increased demand or increased credit line utilisation rate
Source: Norges Bank

Chart 5 Change in credit standards for non-financial enterprises. Net percentage balances^{1), 2)}



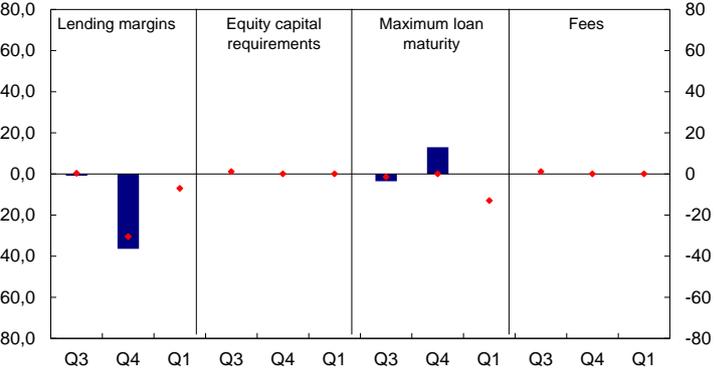
1) See footnote 1 in Chart 1
2) Negative net percentage balances denote tighter credit standards
Source: Norges Bank

Chart 6 Factors affecting credit standards for non-financial enterprises. Net percentage balances^{1), 2)}



1) See footnote 1 in Chart 1
2) Negative net percentage balances denote tighter credit standards
Source: Norges Bank

Chart 7 Change in loan conditions for non-financial enterprises.
 Net percentage balances^{1), 2)}



1) See footnote 1 in Chart 1
 2) Positive net percentage balances for lending margins denote higher lending margins. Positive net percentage balances for lending margins, equity capital requirements and fees denote tighter credit standards. Negative net percentage balances for maximum loan maturity denote tighter credit standards
 Source: Norges Bank

The banks in the survey are asked to assess developments in credit standards and credit demand over the past quarter, compared with the previous quarter. They are also asked to assess expectations over the next quarter, compared with the past quarter.

In the survey, there is a scale of five alternative responses to indicate the degree of change in credit standards, terms and conditions and demand. Banks that report that conditions have changed ‘a lot’ are assigned twice the score of those reporting that conditions have changed ‘a little’. The responses are weighted by the banks’ shares of the change in lending to households and to non-financial enterprises respectively. The resulting net balances are scaled to lie between -100% and 100%. If all the banks in the sample report some tightening of credit standards, the net percentage balance will be -50%. If some of the banks have tightened their credit standards a little without the other banks changing their credit standards, the net percentage balance will lie between 0 and -50%. If all the banks in the sample have substantially tightened their credit standards, the net percentage balance will be -100%.