

2011 Q2

# Norges Bank's Survey of Bank Lending

Higher household and corporate credit  
demand

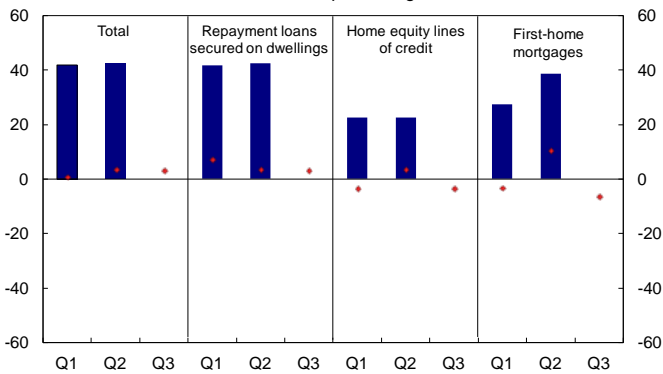
## Norges Bank's Survey of Bank Lending 2011 Q2

*Banks kept credit standards unchanged for both households and enterprises in 2011 Q2. Banks expect unchanged credit standards for households and enterprises in 2011 Q3. Household and corporate credit demand increased somewhat in 2011 Q2. Banks expect approximately unchanged household credit demand and somewhat higher corporate credit demand. Lending margins on both household and corporate loans have fallen further in 2011 Q2.*

Norges Bank's bank lending survey for 2011 Q2 was conducted in the period 27 June – 11 April 2011. Participating banks were asked to assess developments in credit standards and credit demand in 2011 Q2 compared with 2011 Q1 and expected developments in 2011 Q3 compared with 2011 Q2.

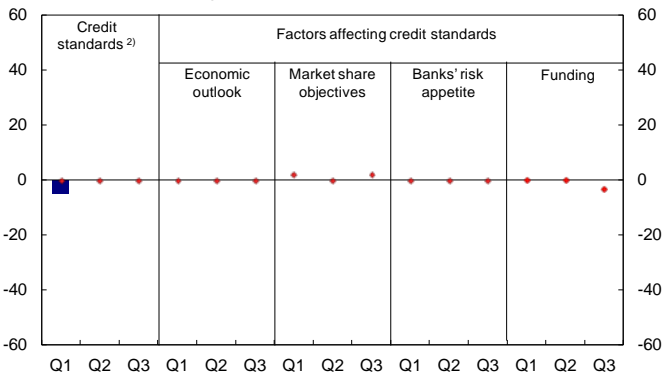
The banks in the survey use a scale of five alternative responses to indicate the degree of change in credit standards, terms and conditions and demand. Banks that report that conditions have changed 'a lot' are assigned twice the score of those reporting that conditions have changed 'a little'. The responses are weighted by the banks' shares of the change in lending to households and to non-financial corporations 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%.

**Chart 1** Household credit demand. Net percentage balances.<sup>1), 2)</sup>



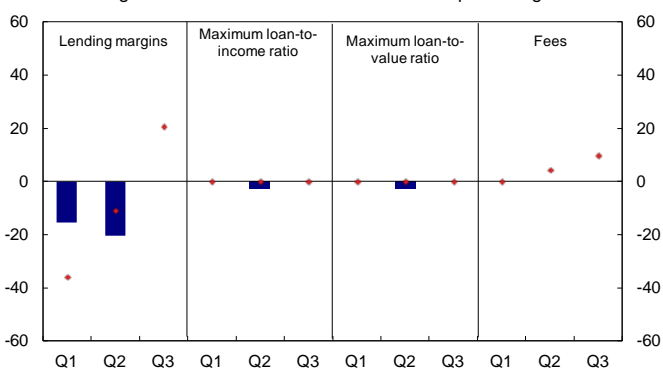
1) Net percentage balances are calculated by weighting together the responses in the survey. The blue bars show developments over the past quarter. The red diamonds show expectations over the next quarter. The red diamonds have been moved forward one quarter  
2) Negative net percentage balances denote falling demand  
Source: Norges Bank

**Chart 2** Change in credit standards for households. Factors affecting credit standards. Net percentage balances<sup>1)</sup>



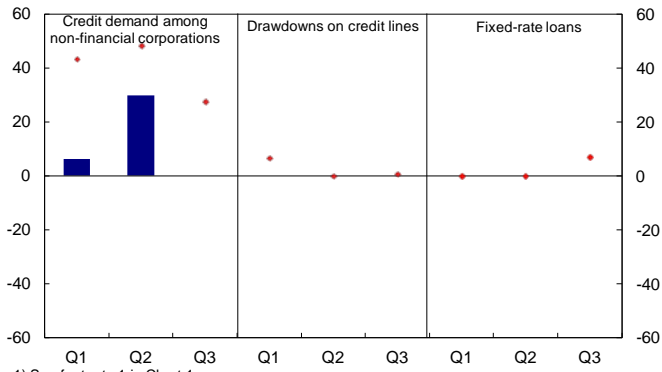
1) See footnote 1 in Chart 1  
2) Negative net percentage balances denote tighter credit standards  
Source: Norges Bank

**Chart 3** Change in loan conditions for households. Net percentage balances<sup>1), 2)</sup>



1) See footnote 1 in Chart 1  
2) Positive net percentage balances for lending margins indicate higher lending margins. Positive net percentage balances for lending margins and fees denote tighter credit standards. Negative net percentage balances for maximum LTI ratio and maximum LTV ratio denote tighter credit standards  
Source: Norges Bank

**Chart 4** Credit demand among non-financial corporations and drawdowns on credit lines. Net percentage balances<sup>1),2)</sup>



1) See footnote 1 in Chart 1  
 2) Positive net percentage balances denote increased demand or increased drawdowns on credit lines  
 Source: Norges Bank

### Lending to households

Banks reported somewhat higher total household credit demand in both 2011 Q1 and 2011 Q2 (see Chart 1). However, in the same quarters, they had expected that demand would be approximately unchanged. The higher demand comprised various types of loans secured on dwellings (repayment loans, home equity lines of credit and first-home mortgages). Banks expect broadly unchanged total household credit demand in 2011 Q3.

Overall credit standards for households were unchanged in 2011 Q2 (see Chart 2). Banks expect unchanged credit standards for households in the period ahead.

Banks reported falling lending margins in 2011 Q2, although to a greater extent than expected (see Chart 3). Lending margins are expected to increase in the period ahead. Fees are also expected to increase somewhat ahead.

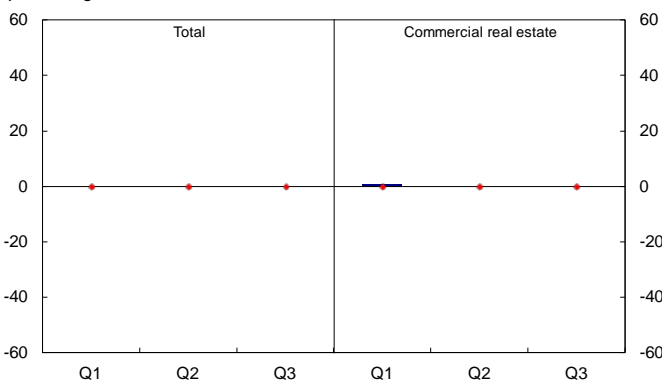
### Lending to enterprises<sup>1</sup>

Banks reported that corporate credit demand increased somewhat in 2011 Q2 (see Chart 4). The increase was smaller than expected. Banks expect a further increase in overall corporate credit demand ahead.

Banks' credit standards for enterprises were unchanged in 2011 Q2 (see Chart 5). Banks expect that capital adequacy ratios may lead to slightly tighter credit standards for enterprises ahead (see Chart 6).

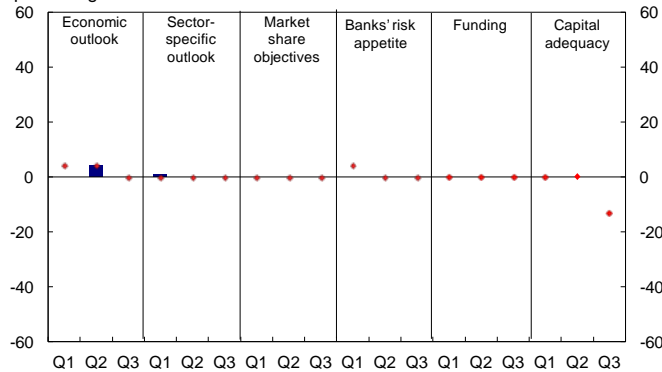
Banks reported somewhat reduced lending margins on corporate loans in 2011 Q2 (see Chart 7). Lending margins are also expected to decline somewhat in 2011 Q3.

**Chart 5** Change in credit standards for non-financial corporations. Net percentage balances<sup>1),2)</sup>



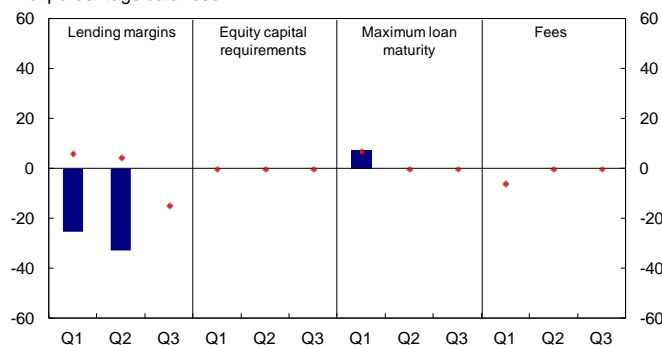
1) See footnote 1 in Chart 1  
 2) Negative net percentage balances denote tighter credit standards  
 Source: Norges Bank

**Chart 6** Factors affecting credit standards for non-financial corporations. Net percentage balances<sup>1),2)</sup>



1) See footnote 1 in Chart 1  
 2) Negative net percentage balances denote that the factor has contributed to tighter credit standards  
 Source: Norges Bank

**Chart 7** Change in loan conditions for non-financial corporations. Net percentage balances<sup>1),2)</sup>



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 indicate tighter credit standards  
 Source: Norges Bank

<sup>1</sup> non-financial corporations