

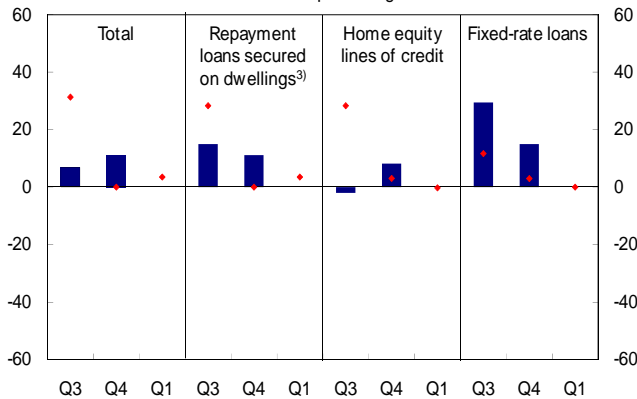
2009 Q4

Norges Bank's Survey of Bank Lending

Easing of credit standards for enterprises

Norges Bank's Survey of Bank Lending 2009 Q4

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

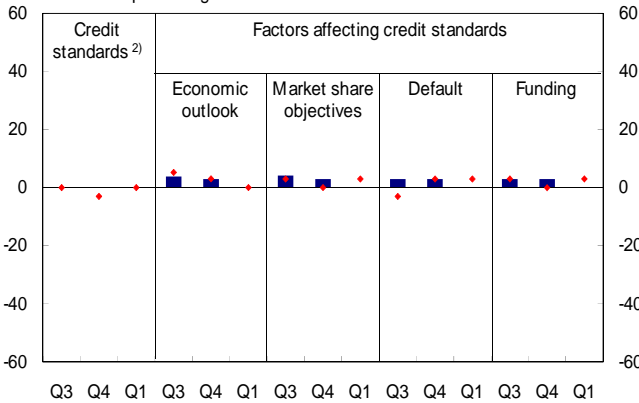


¹⁾ Net percentage balances are calculated by weighting together the responses in the survey. The blue bars show developments over the past quarter. The red diamonds show expectations over the next quarter. The red diamonds have been moved forward one quarter

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 balances¹⁾

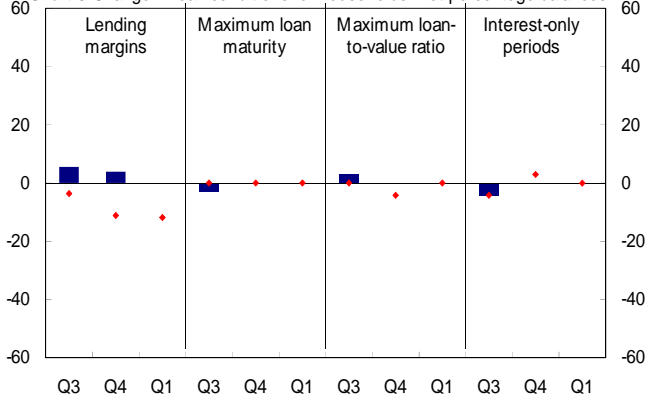


¹⁾ See footnote 1 in Chart 1

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 indicate higher lending margins and therefore tighter credit standards. Negative net percentage balances for maximum LTV ratio, maximum LTV ratio and use of interest-only periods denote tighter credit standards

Source: Norges Bank

Bank credit standards for enterprises were eased further in 2009 Q4. Credit standards for households remained virtually unchanged. Banks expect credit standards to remain unchanged for both enterprises and households in 2010 Q1. Banks reported a rise in credit demand from households and enterprises in 2009 Q4. Banks expect a further increase in credit demand from enterprises and households ahead.

Norges Bank's bank lending survey for 2009 Q4 was conducted in the period 18 December 2009 – 8 January 2010. Participating banks were asked to assess developments in credit standards and credit demand in 2009 Q4 compared with 2009 Q3 and expected developments in 2010 Q1 compared with 2009 Q4.

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%.

Lending to households

Banks reported that total household credit demand increased further in 2009 Q4 (see Chart 1). In the previous quarter they had expected demand ahead to remain unchanged. Household demand for fixed-rate loans continued to move up for the fifth consecutive quarter. Banks expect household credit demand to increase further in 2010 Q1.

All the banks in the survey reported that credit standards for households had remained unchanged in 2009 Q4 (see

Chart 4 Credit demand among non-financial corporations and drawdowns on credit lines. Net percentage balances^{1), 2)}

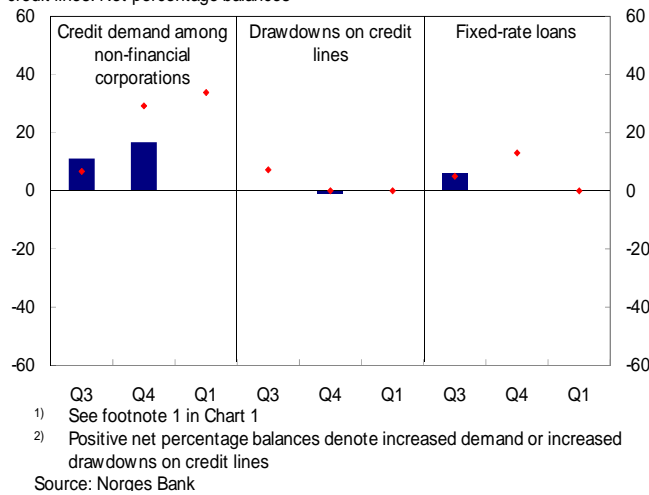
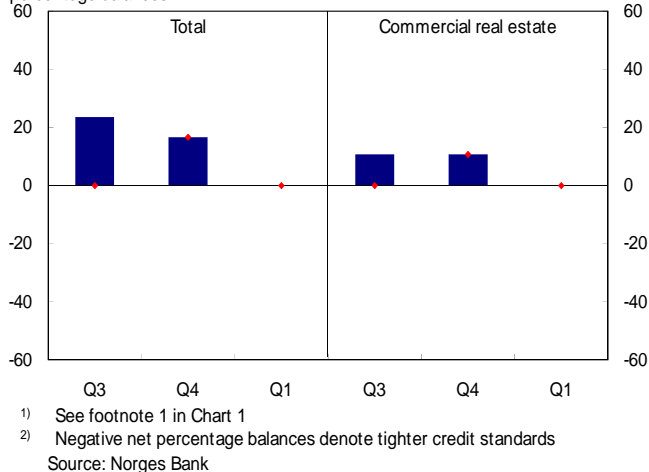


Chart 2). This is the fourth consecutive quarter of unchanged bank credit standards. Most of the banks reported no change in the factors influencing bank credit standards in 2009 Q4. Banks expect credit standards for households to remain approximately unchanged ahead.

Loan conditions for households were approximately unchanged in 2009 Q4 (see Chart 3). Banks expect lending margins to decrease ahead. Other conditions are expected to remain unchanged.

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

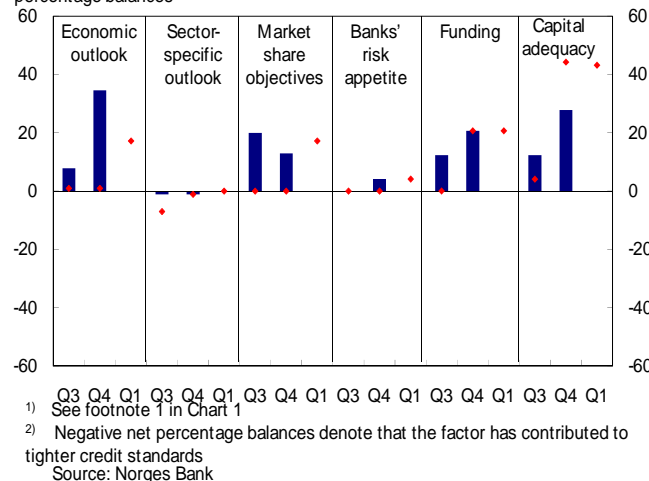


Lending to non-financial corporations

Banks reported a continued increase in total credit demand from non-financial corporations in 2009 Q4, while demand for fixed-rate loans was unchanged in 2009 Q4 (see Chart 4). Drawdowns on credit lines remained approximately unchanged. Banks expect a further increase in credit demand ahead.

Bank credit standards for non-financial corporations were eased further in 2009 Q4 (see Chart 5). In the period ahead, banks expect credit standards for non-financial corporations to remain virtually unchanged. Offshore industries, shipping, shipbuilding, building and construction, commercial real estate and the export industry may continue to experience tight credit standards due to a weak economic outlook.

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



The economic outlook in particular, but also capital adequacy, the funding situation and market share objectives, contributed to the easing of credit standards for non-financial corporations in 2009 Q4 (see Chart 6). In the period ahead, capital adequacy and the funding situation will in particular contribute to credit-standard easing.

The easing of credit standards for non-financial corporations was implemented by reducing lending margins (see Chart 7). Banks expect to further reduce lending margins and fees ahead.

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

