Bank lending survey[1], February 2013

Credit standards remained constant in Q4/2012 for loans granted to companies and for household consumer loans, while the tightening trend continued for mortgage loans. The demand for new loans knew a significant raise from companies, while in case of households it decreased both for mortgage and consumer loans. Banks anticipate for Q1/2013 a decline in loan demand from the companies' sector and in households' demand for mortgage loans, and is expected a stabilization of consumer loans demand.

Table 1. Summary on banks' opinions regarding loan supply and demand developments

Lending segment		Supply		Demand	
		Q4/2012	Q1/2013 (expectations)	Q4/2012	Q1/2013 (expectations)
Household sector	Mortgage	↓	↓	↓	↓
	Consumer	→	↓	↓	→
Companies sector		→	↓	↑	↓

Note: For loan supply, the *up/down/horizontal arrow* denotes the *easing/tightening/constant* credit standards. For loan demand, the *up/down/horizontal* arrow denotes an *increasing/decreasing/constant* demand, as perceived by banks (in the last three months and the expectations for the next three months, respectively). The *blue* colour indicates marginal amplitude changes, while the *red* colour indicates moderate or significant changes.

A. Companies sector

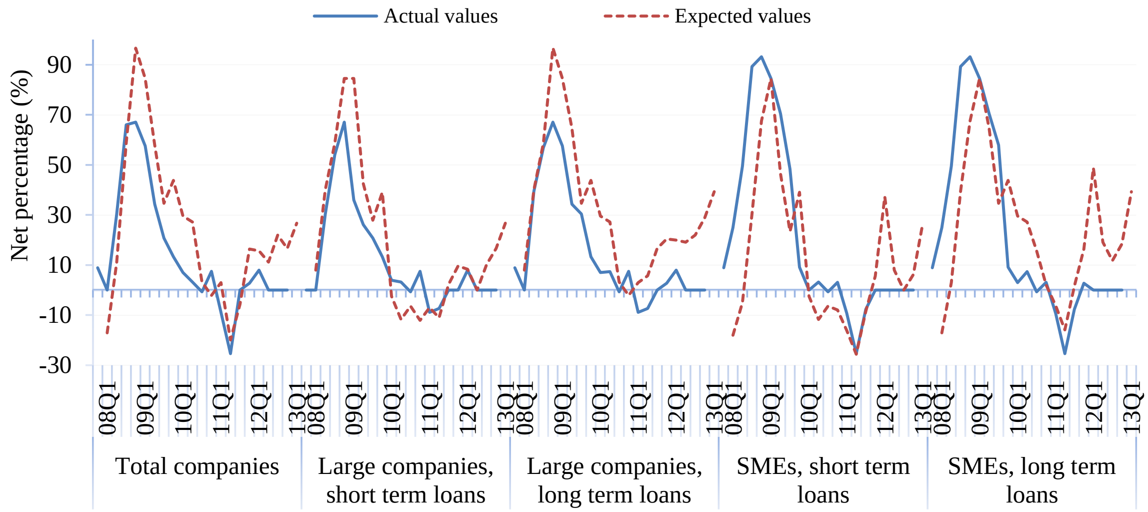
- **Credit standards** remained unchanged in Q4/2012. For Q1/2013 banks anticipate a high amplitude tightening of credit standards, at aggregate level and also segmented by companies' size and loan maturity.
- **Credit terms** maintained broadly unchanged, with some slight mixed changes: margin on average loans to ROBOR 1M was diminished, while tighter contractual clauses or lower maximum loan maturity were introduced.
- **Loan demand** recorded an increase with an elevated magnitude in Q4/2012, due to a rise in the large companies short-term loans demand. The banks estimate for Q1/2013 a declining financing demand from companies.
- **Companies' risk** for almost all economic sectors was perceived by banks on a raising path in Q4/2012. Regarding the risks incurred by the debtor's size, there weren't registered significant changes of the banks' opinion compared to the previous quarter.

[1] See the Annex for details about the characteristics and the terminology of the survey.

B. Household sector

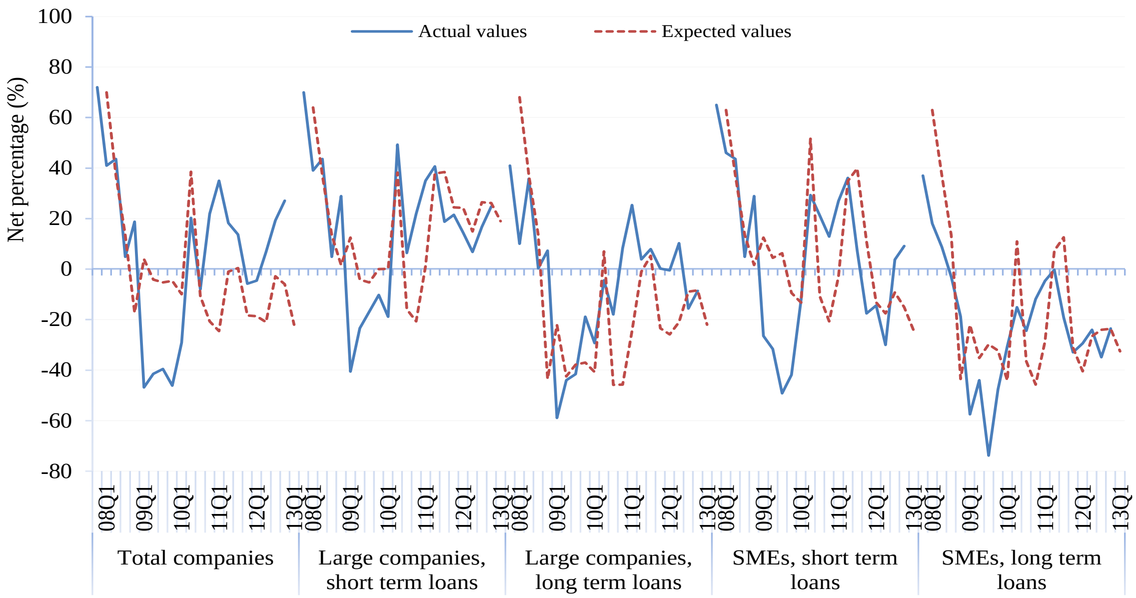
- **Credit standards** were highly tightened in Q4/2012 for mortgage loans, while for consumer credit these were maintained unchanged. For Q1/2013, banks anticipate a marginal tightening for both types of loans.
- **Credit terms** remained constant in Q4/2012 for mortgage loans and also for consumer loans.
- **Loan demand** declined for both mortgage loans and consumer loans. For Q1/2013, credit institutions expect a further decline in case of households' demand for mortgage loans (although with a smaller amplitude) and a stabilization in case of the demand for consumer loans.

Chart 1 – Changes in companies credit standards



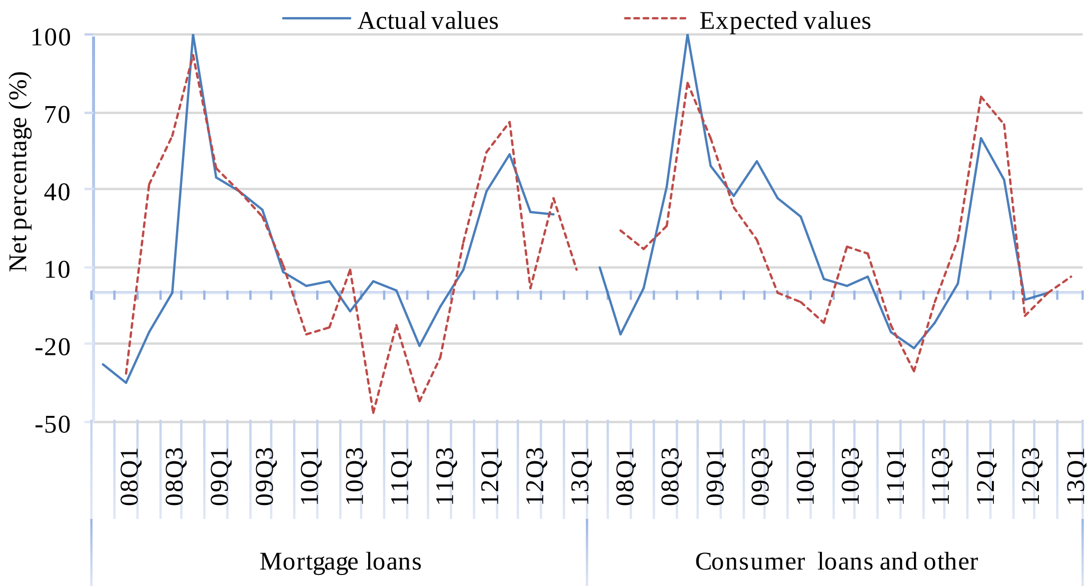
Note: Net percentage - positive values indicate a tightening of lending standards

Chart 2 – Changes in companies loan demand



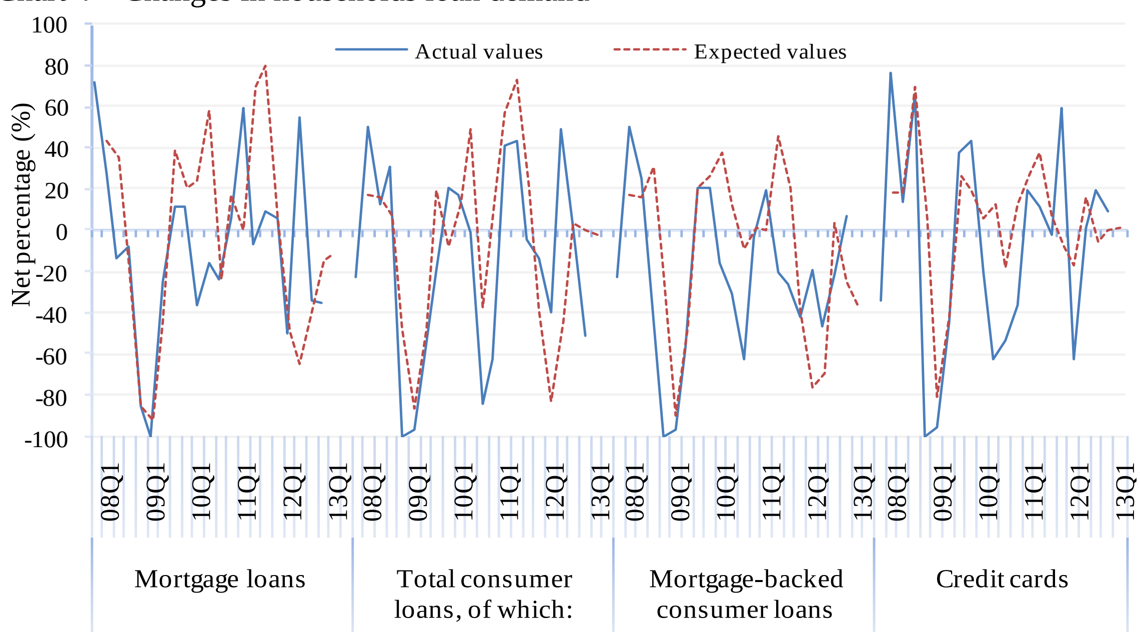
Note: Net percentage - positive values indicate an increase in demand

Chart 3 – Changes in households credit standards



Note: Net percentage - positive values indicate a tightening of lending standards

Chart 4 – Changes in households loan demand



Note: Net percentage - positive values indicate an increase in demand

Annex

The survey is conducted on a quarterly basis by the BNR every January, April, July and October. It is based on a questionnaire (published in the May 2008 analysis) addressed to senior loan officers of a representative sample of banks. The questionnaire is filled in by the first ten banks chosen by their market share for loans to enterprises and households. These banks cumulate approximately 80% of the private credit.
The survey focuses on the opinions regarding the lending policies of the previous quarter, as well as on the expectations regarding the next quarter.

The questionnaire is structured into two sections, following separately the characteristics of loans to: (A) non-financial companies and (B) households. The questions try to clarify the bank lending behavior through the banks` opinions regarding:

- Credit standards (internal credit regulations or criteria that guide the credit policy of the banks).
- Credit terms (loan covenants set up by lenders and borrowers in the credit agreement, such as: interest rate, collateral, maturity etc).
- Risks stemming from the lending process.
- Credit demand.
- Other specific details (expectations regarding the medium price per square meter of a home, debt service burden to household income, loan to value etc).

The answers are analyzed from a **net percentage** perspective**:**

With respect to the questions referring to *credit standards*, the net percentage represents the difference between the share of banks reporting that credit standards have been tightened and the share of banks reporting that they have been eased. A positive net percentage indicates that a larger proportion of banks have tightened credit standards (net tightening), whereas a negative net percentage indicates that a larger proportion of banks have eased credit standards (net easing).

In case of *loan demand* questions, the net percentage represents the difference between the share of banks reporting an increase in loan demand and the share of banks reporting a decline. A positive net percentage indicates that a larger proportion of banks have reported an increase in loan demand, whereas a negative net percentage indicates that a larger proportion of banks have reported a decline in loan demand.
The net percentage is computed by taking into account the market share of the respondent banks. Positive values of the net percentage are explained in the notes of each chart. All other responses are weighted in a similar way.