



# Senior Loan Officer Survey

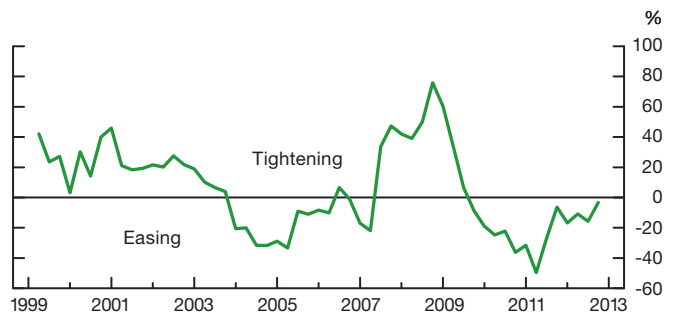
on Business-Lending Practices in Canada Results of the Fourth-Quarter 2012 Survey | Vol. 5.4 | 14 January 2013

This *Senior Loan Officer Survey* (SLOS) focused on changes to business-lending practices in the fourth quarter of 2012.

- The survey results indicate that there was virtually no change in overall business-lending conditions during the fourth quarter of 2012. This follows several consecutive quarters of easing in credit conditions for business borrowers (**Chart 1**). Both the price and non-price aspects of business lending were unchanged during the quarter (**Chart 2**). Note that the balance of opinion indicates only the direction of the change in lending conditions; it does not provide information on the magnitude of the change.
- For corporate and commercial borrowers, responses from senior loan officers indicate that both price and non-price lending conditions remained unchanged after several consecutive quarters of easing. For small-business borrowers, lending conditions eased for the ninth quarter in a row.
- Respondents indicated that competition among lending institutions and from capital markets continued during the fourth quarter but had not intensified since the previous survey.
- The balance of opinion regarding the demand for credit from financial institutions was higher during the fourth quarter. The increase largely reflected a rise in the demand from corporate borrowers to finance mergers and acquisitions and for bridge or replacement financing related to capital markets.

**Chart 1: Senior loan officers reported virtually no change in lending conditions for Canadian non-financial firms...**

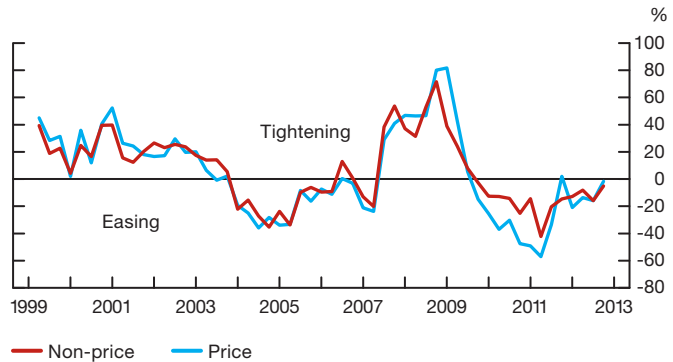
Overall business-lending conditions: Balance of opinion<sup>a</sup>



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the price and non-price dimensions of lending conditions.

**Chart 2: ...in both price and non-price terms**

Price and non-price lending conditions: Balance of opinion<sup>a</sup>



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

Note: Each series is the simple average of the balances of opinion for the small business, commercial and corporate sectors.

The *Senior Loan Officer Survey* collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. The fourth-quarter survey was conducted between 10 and 14 December 2012. Additional information on the survey is available on the Bank of Canada's website.

The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.