



Senior Loan Officer Survey

on Business-Lending Practices in Canada

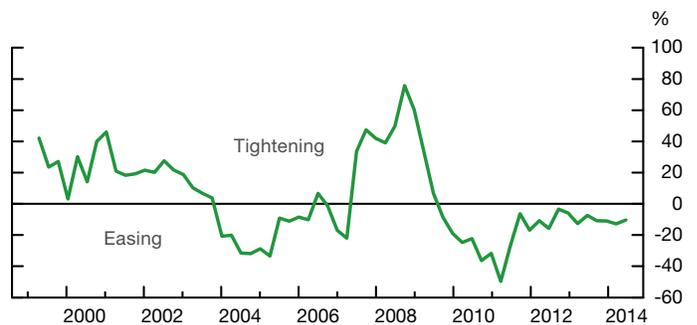
Results of the Third-Quarter 2014 Survey | Vol. 7.3 | 10 October 2014

This *Senior Loan Officer Survey* (SLOS) focused on changes to business-lending practices in the third quarter of 2014.

- The survey results show continued easing in overall business-lending conditions during the third quarter (**Chart 1**), a trend that has been almost uninterrupted since late 2009. The net easing was seen in the price conditions of business lending, while overall non-price conditions were almost unchanged (**Chart 2**).^{1,2}
- While both price and non-price conditions eased for corporate borrowers, commercial borrowers saw an easing in price conditions and no change in non-price conditions. For small business borrowers, price conditions eased, and there was a slight tightening in non-price conditions.
- Senior loan officers again noted ongoing competitive pressures among lending institutions and from capital markets as the primary reason for easing during the third quarter.
- Respondents reported a further improvement in access to capital markets for prime and other investment-grade borrowers and a slight net decrease in access for non-investment-grade borrowers.
- The balance of opinion tilted slightly toward a net increase in the demand for credit from small business and corporate borrowers in the third quarter. Demand from commercial borrowers was reported as nearly unchanged. This follows a positive balance of opinion for demand reported in the second quarter of 2014.

Chart 1: Senior loan officers reported a further easing in lending conditions for Canadian non-financial firms...

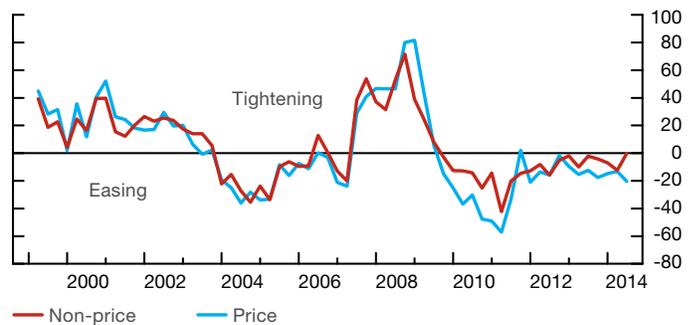
Overall business-lending conditions: Balance of opinion^a



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 terms of price, and almost no change in non-price conditions

Price and non-price lending conditions: Balance of opinion^a



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.

1 The SLOS defines the pricing of credit as spreads over base rates and/or fees rather than as the level of rates.

2 Note that the balance of opinion suggests only the direction of the net change in lending conditions; it does not provide information on the magnitude of the change.

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 third-quarter survey was conducted between 8 and 12 September 2014. 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.