Bank Lending Survey

I/2025

Czech National Bank —— Bank Lending Survey —— I/2025

CZECH NATIONAL BANK

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Introduction

The Bank Lending Survey captures banks' opinions regarding the change in supply and demand for loans to non-financial corporations and households. This document summarises the results of the fifty-first round of the survey, i.e. banks' views on the evolution of the standards and conditions in 2024 Q4 and their expectations in these areas for 2025 Q1. Nineteen banks, accounting for a major share of the bank credit market, took part in the survey, which was conducted between 1 December and 15 December 2024.[1] The CNB's Bank Lending Survey is performed by a team made up of representatives of the Monetary Department and the Financial Stability Department.

[1] The survey contained 22 questions that related to banks' credit standards, terms and conditions for approving loans and demand for loans perceived by banks, including the relevant factors. In the text and charts, the responses to the questions are expressed in the form of net percentages (NP) on the aggregate level. Net percentages are calculated as the difference between the market share of loans provided in the given segment by banks reporting that standards/conditions have been tightened (or demand increased) and the market share of loans provided in the given segment by banks reporting that standards/conditions have been eased (or demand decreased). A positive (negative) net percentage indicates an overall tightening (easing) of standards/conditions or an overall increase (decrease) in demand. Data in Excel files, along with the questionnaire, a glossary and methodological guidelines, is available on the CNB website:

https://www.cnb.cz/en/statistics/bank-lending-survey/

I. SUMMARY

Banks left credit standards and the credit conditions for loans to non-financial corporations unchanged in 2024 Q4. Non-financial corporations' demand for loans as perceived by banks rose in more than half of the banking market, the highest increase since 2021. Some banks already consider the level of domestic interest rates to be a factor contributing to growth in corporate demand for loans. Credit standards and the credit conditions for loans to households for housing and consumption were unchanged. Demand for housing loans increased again, but less broadly than in the previous five quarters. The growth in demand was fostered mainly by slightly lower mortgage interest rates and improved consumer confidence. Demand for consumer credit also rose again, but also less broadly than in the previous period. The continued appetite for loans reflected improved consumer confidence, increased financing of households' consumption expenditures and the encouragement of the sale of consumer credit by banks.

II. CREDIT STANDARDS AND DEMAND FOR LOANS

II.1 NON-FINANCIAL CORPORATIONS

Credit standards representing banks' internal lending policy criteria remained unchanged for loans to non-financial corporations in 2024 Q4. This was also true across loan types, i.e. for loans to large and smaller firms and for loans of all maturities. As regards individual factors, part of the banking market perceived a deterioration in the outlook for certain industries (an NP of 16%). Banks do not expect credit standards to change in 2025 Q1.

The overall **lending conditions** (the arrangements between lender and borrower) were also unchanged. Within their structure, banks adjusted the conditions applying to non-interest charges differently, but the non-interest charges factor had no overall effect. In addition, banks tightened their conditions regarding loan maturities and, conversely, eased conditions on the size of loans and credit lines (an NP of 18% in both cases). Banks lowered average interest margins and margins on risky loans for both large loans and loans to small and medium-sized enterprises (NPs of 16% to 21%).

Total **corporate demand for loans** rose in 2024 Q4 (an NP of 57%, the largest increase since 2021). At individual loan type level, demand for loans to large as well as small and medium-sized enterprises picked up (NPs of 57% and 48% respectively). Demand for short-term loans increased to a similar extent and to a slightly smaller extent for long-term loans (NPs of 48% and 42% respectively). The rise in demand was driven by a greater need to finance fixed investment, working capital and, after a hiatus, the need to finance mergers, acquisitions and corporate restructuring (NPs of 38%, 42% and 27% respectively). For the second time in a row, there was an increase in demand for loans financing fixed investment, slightly more so than in 2024 Q3. According to a small proportion of banks, however, corporations are cautious in investing, as they do not have sufficiently robust outlooks for new orders and future economic developments. Banks now regard the level of domestic interest rates as a factor fostering growth in demand (an NP of 15%). By contrast, the interest of some large corporations in bond financing and the use of internal financing (NPs of 16% and 10% respectively) fostered a decline in demand for loans. About one-third of the banking market expects total demand for loans to rise in 2025 Q1. To a somewhat larger extent, banks expect an increase in demand for short-term loans and loans to SMEs (an NP of 48% in both cases).

Demand for loans to non-resident non-financial corporations recorded an increase (an NP of 32%).

II.2 HOUSEHOLDS

In 2024 Q4, banks left **credit standards for loans to households for house purchase** unchanged and do not expect any changes in 2025 Q1. The overall **lending conditions** stayed the same. Banks' margins remained unchanged in 2024 Q4. Households' **demand for loans for house purchase** rose again in 2024 Q4 (an NP of 36%). As expected by banks, this is about half the Q3 level, and is significantly smaller for the first time in the past six quarters. The increase in demand in 2024 Q4 was driven mainly by slightly lower interest rates and an improvement in consumer confidence (NPs of 42% and 7% respectively). For 2025 Q1, banks expect demand for loans to remain broadly stable after the previous increase, with only 9% of the banking market anticipating further growth.

In 2024 Q4, banks left **credit standards for consumer credit** unchanged. They do not anticipate any changes in 2025 Q1. The overall **lending conditions** were also unchanged. Banks did not indicate any change in the structure of lending conditions or margins. **Demand for consumer credit** rose again, albeit much less broadly (an NP of 56%). The continued appetite for loans reflected improved consumer confidence, increased financing of households' consumption expenditure and continued encouragement by some banks for the sale of consumer credit (NPs of 46%, 18% and 13% respectively). Banks expect demand for consumer credit to grow in 2025 Q1 (an NP of 18%).

Banks eased their credit standards for **loans to sole proprietors** (an NP of 42%) and do not expect them to change in the next quarter. Sole proprietors' demand for loans as perceived by banks increased overall (an NP of 19%). According to banks' expectations, it is also expected to grow in the coming quarter (an NP of 42%).

Additional questions on **expected credit losses** indicate that banks overall expect a drop in credit losses for housing loans in the period ahead (an NP of 6%). By contrast, banks expect an increase in credit losses on loans for consumption and loans to non-financial corporations (NPs of 8% and 16% respectively).

III. GRAPHICAL PRESENTATION OF SUPPLY AND DEMAND CONDITIONS IN SEGMENTS

Chart 1 Changes in credit standards applied to loans to non-financial corporations (questions 1, 2 and 6)

(net percentages, positive value = tightening, negative value = easing)

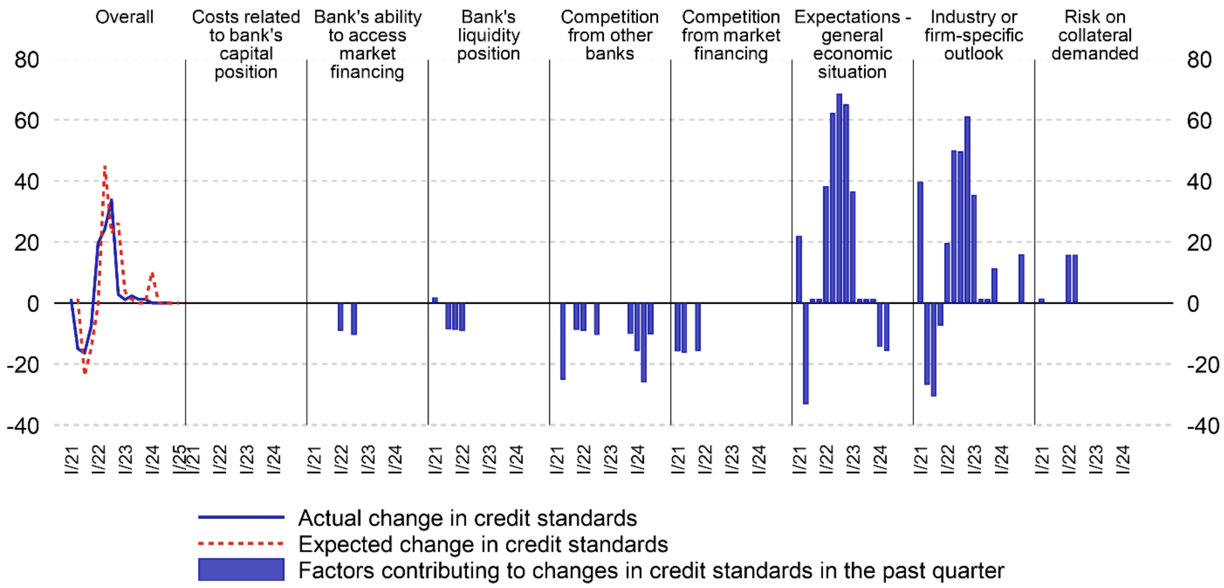


Chart 2 Changes in terms and conditions for approving loans to non-financial corporations (question 3)

(net percentages, positive value = tightening, negative value = easing)

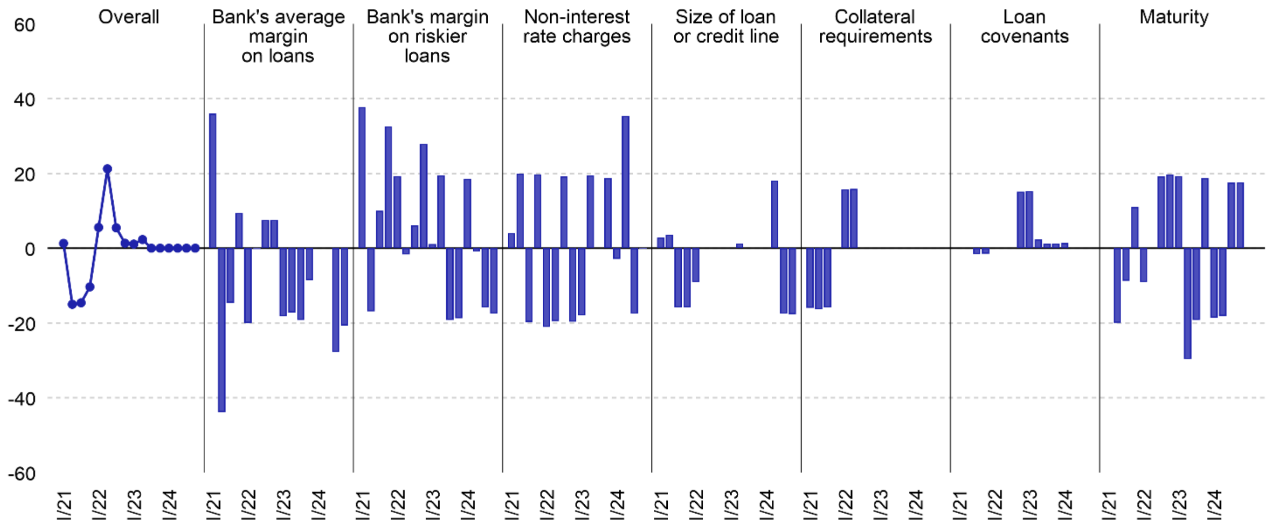


Chart 3 Changes in non-financial corporations' demand for loans (questions 4, 5 and 7)

(net percentages, positive value = demand growth, negative value = demand decrease)

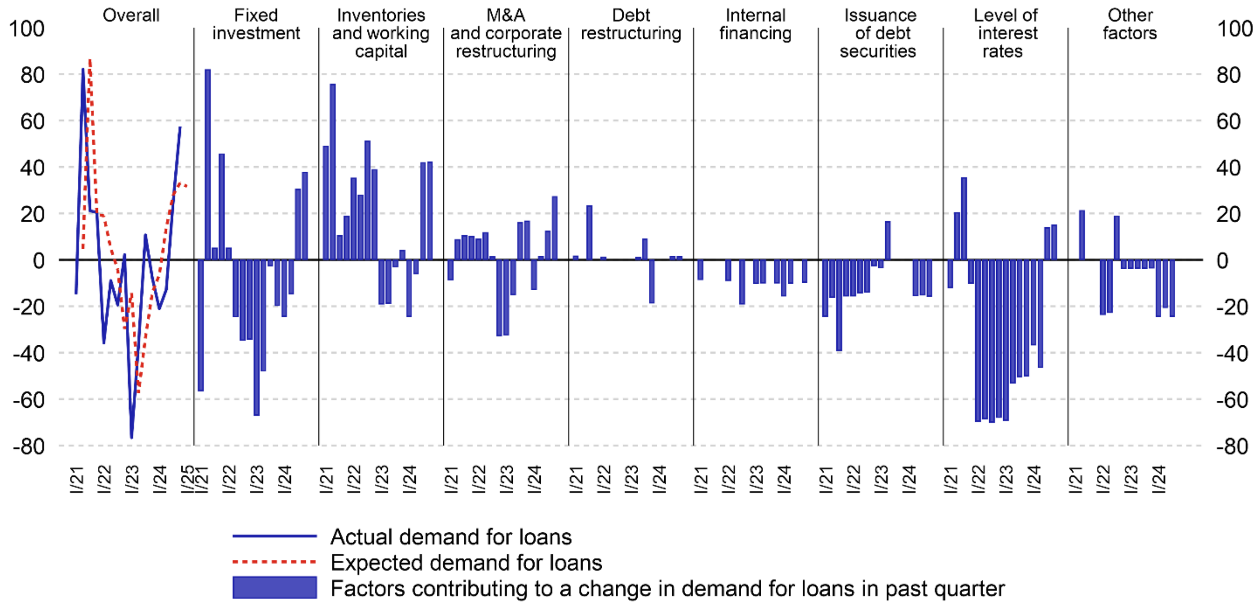


Chart 4 Changes in credit standards applied to loans for house purchase (questions 8, 9 and 16)

(net percentages, positive value = tightening, negative value = easing)

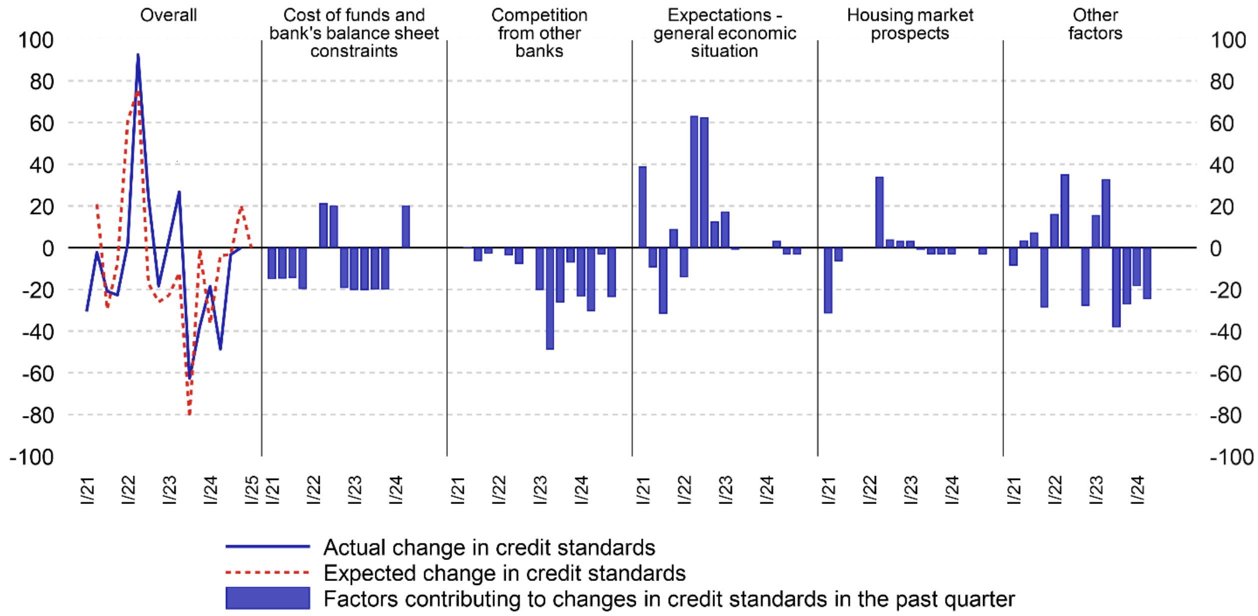


Chart 5 Changes in terms and conditions for approving loans for house purchase (question 10)

(net percentages, positive value = tightening, negative value = easing)

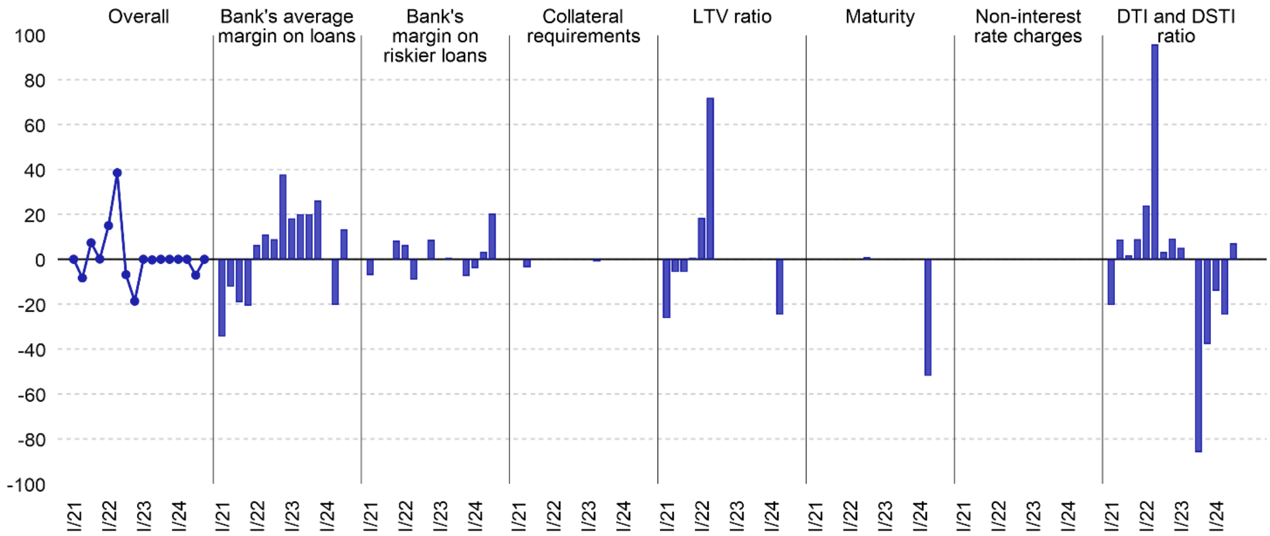


Chart 6 Changes in households' demand for loans for house purchase (questions 13, 14 and 17)

(net percentages, positive value = demand growth, negative value = demand decrease)

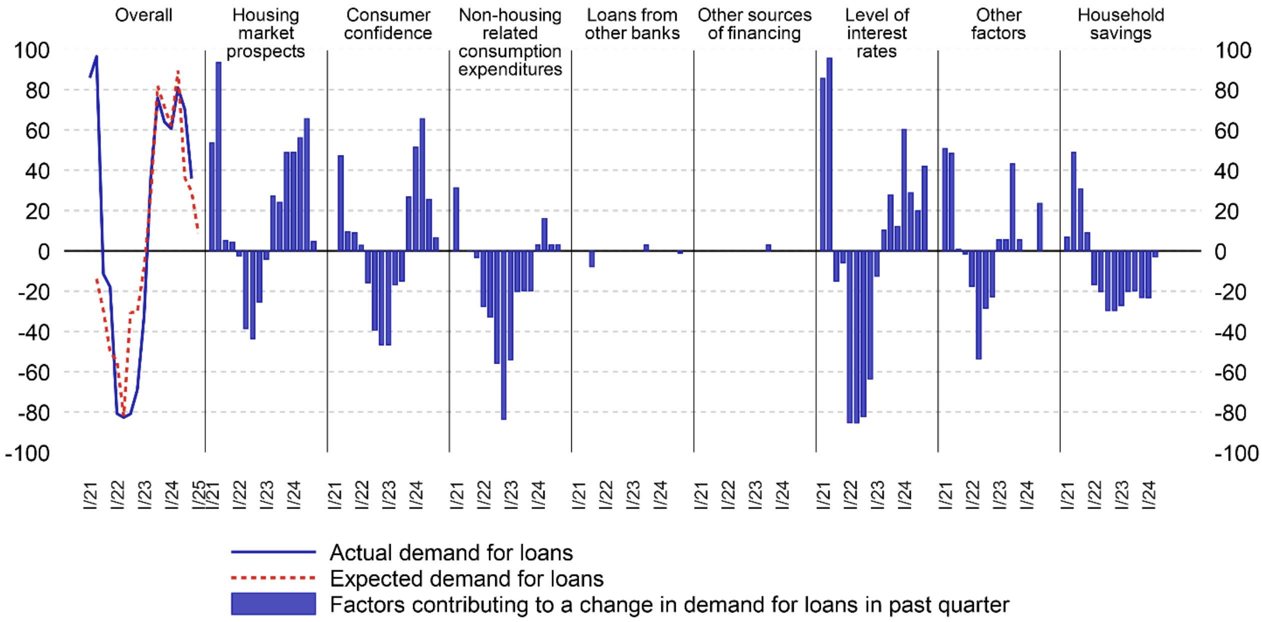


Chart 7 Changes in credit standards applied to consumer credit (questions 8, 11 and 16)

(net percentages, positive value = tightening, negative value = easing)

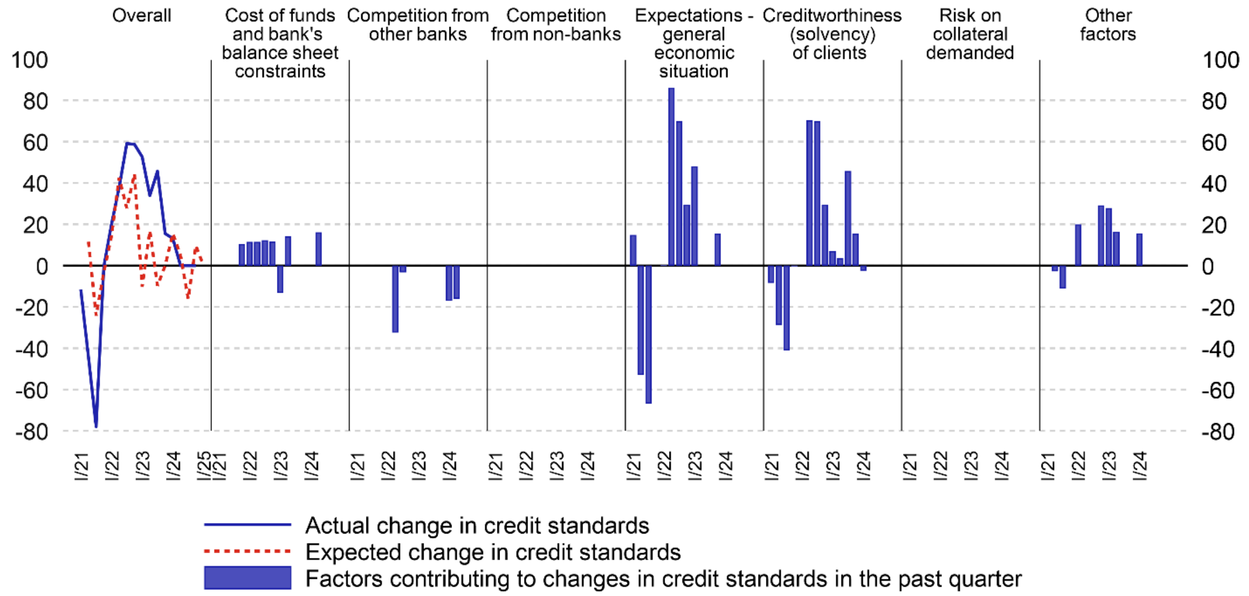


Chart 8 Changes in terms and conditions for approving consumer credit (question 12)

(net percentages, positive value = tightening, negative value = easing)

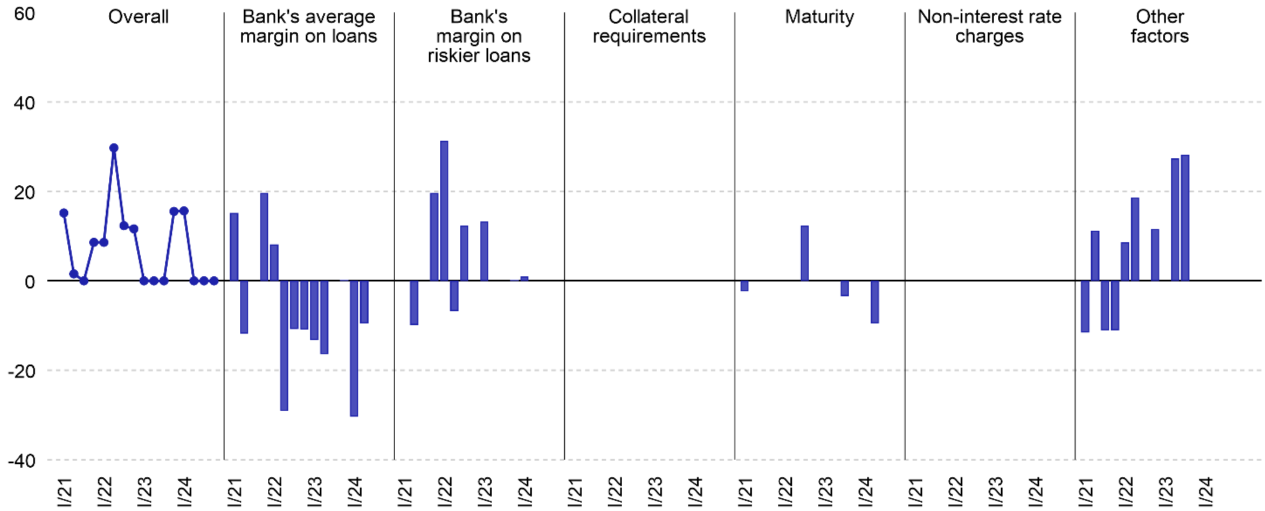
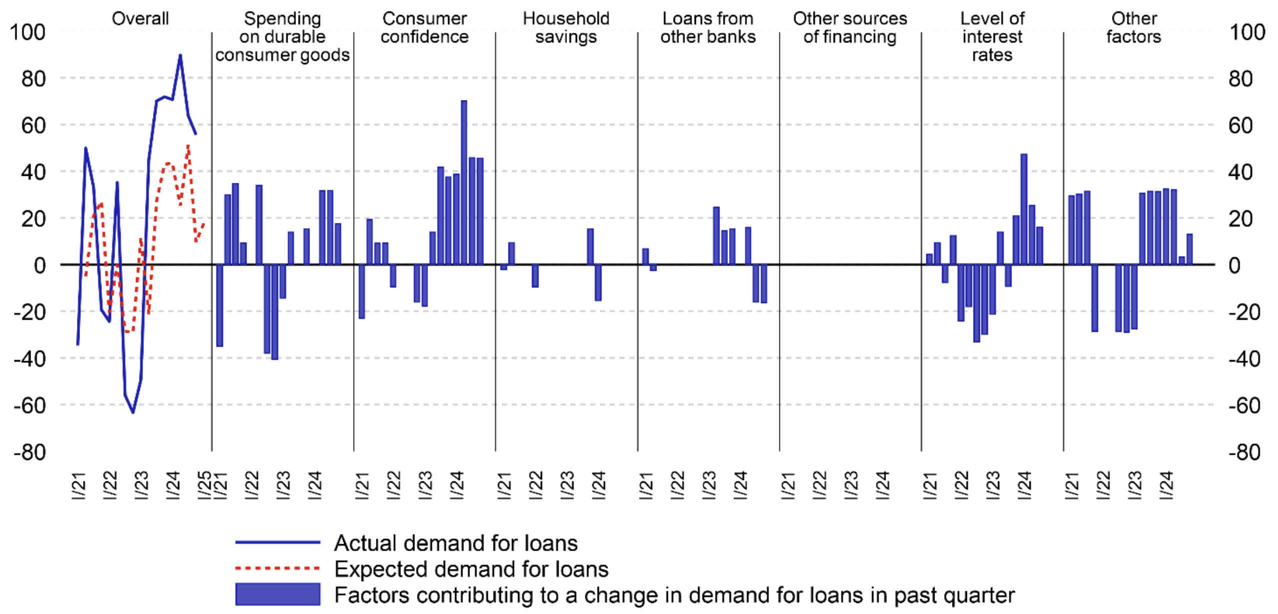


Chart 9 Changes in households' demand for consumer credit (questions 13, 15 and 17)

(net percentages, positive value = demand growth, negative value = demand decrease)



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