







Credit Conditions Survey

March 2026

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Background

- The Reserve Bank of New Zealand's *Credit Conditions Survey* provides a snapshot of changes in credit availability and demand across major lending categories. We produce aggregate indicators from the survey results.
- These indicators are referred to as "net % changes". Aggregate indicators are constructed by assigning each response a score between -100 and 100.
- A positive score indicates that banks observed (or expected) an **increase** in credit demand or availability, or **loosened their lending standards**.
- A negative score indicates the **opposite**. Aggregate indicators are then constructed by weighting bank responses by their market share for the relevant sector.
- Throughout the report white circles with a black outline are used to refer to true zeros in the data.
- Banks responded to this round of the *Credit Conditions Survey* in March 2026. Several respondents noted that their responses do not incorporate the impact of the war in the Middle East, which started at the end of February 2026.

Note: Some data for the September 2025 survey have been revised due to corrections to bank weightings. The overall direction and magnitude are largely unchanged.

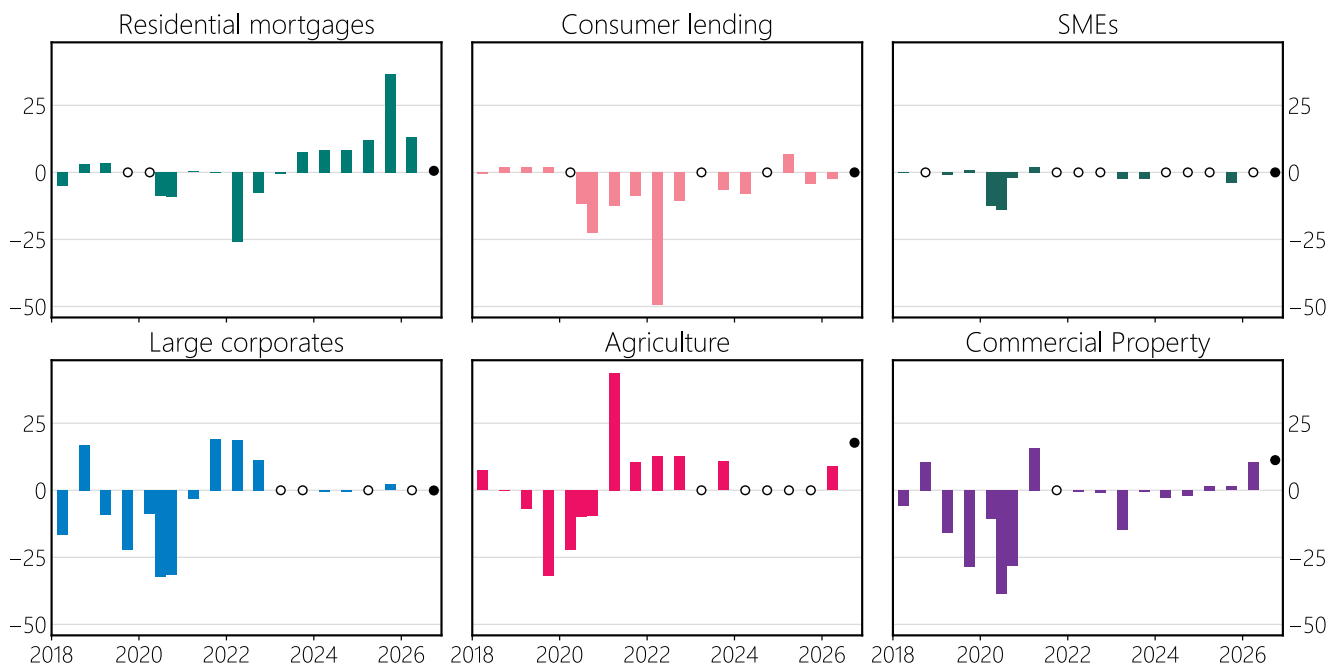


Credit Availability

- Banks reported that credit availability has **increased** over the past six months for residential mortgages, commercial property and agriculture lending.
- Test rates for residential mortgage affordability assessments fell slightly over the period and are now generally between 6.5 and 7.0 percent. The easing in LVR restrictions in December 2025 also supported mortgage credit availability.
- Credit availability remained **unchanged** for small- and medium-sized entities (SMEs) and large corporates, and **declined** slightly for consumer lending.
- Credit availability is expected to **increase** over the next six months for agriculture, commercial property and large corporate lending.
- It is expected to remain **unchanged** over the next six months for residential mortgages, consumer and SME lending.

Changes in credit availability by lending category

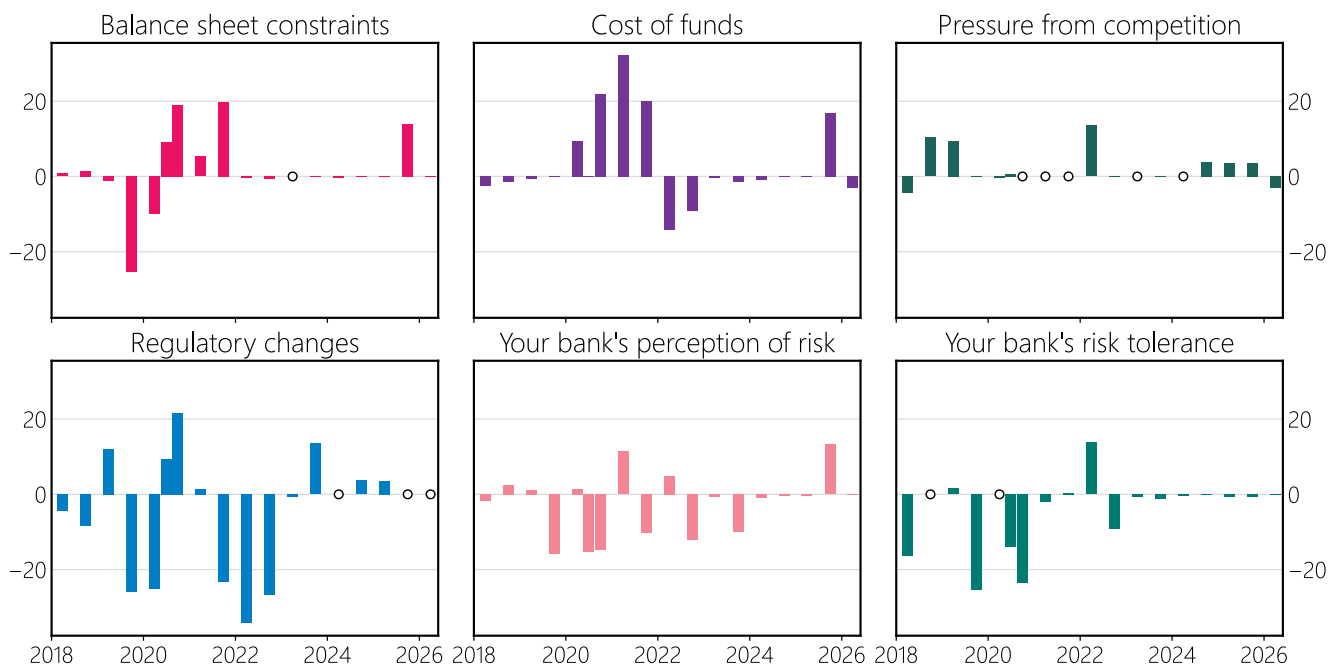
Black dots show expectations for the next six months



Drivers of credit availability

- Banks reported that the cost of funds and pressure from competition had slightly **reduced** credit availability over the past six months.
- They also reported that balance sheet constraints, regulatory changes, perceptions of risk and banks' risk tolerance had **not affected** credit availability.

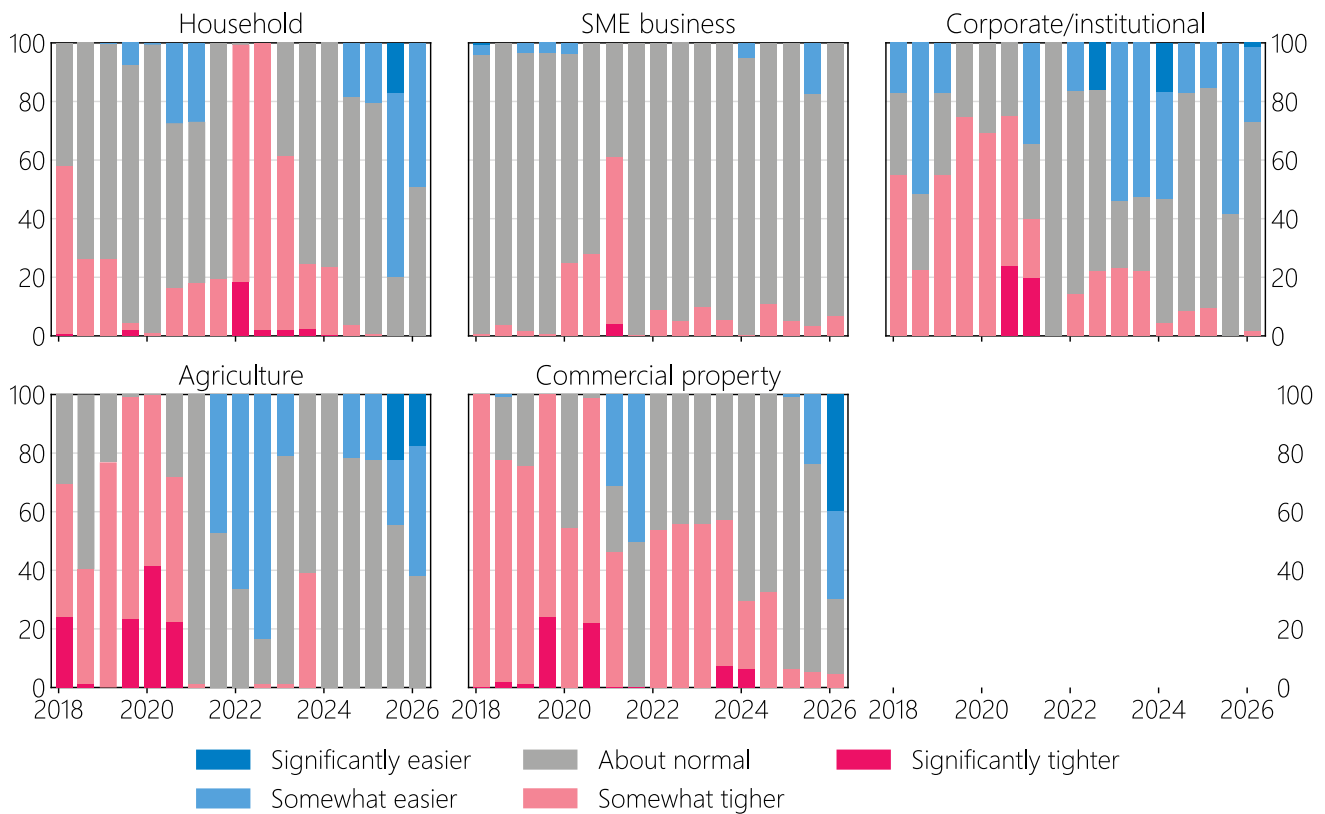
Factors affecting credit availability



Credit availability relative to the last three years

- Banks reported that, on balance, credit availability was **easier** relative to the last three years for all sectors except SMEs.
- The **most significant** easing of credit availability was in the agriculture and commercial property sectors.

Credit availability relative to the last three years





Credit Demand

- Banks reported that credit demand has **increased** over the past six months for residential mortgages, commercial property and large corporates. Demand was supported by lower interest rates and improved borrower affordability.
- Demand for agricultural, SME and consumer lending was broadly **unchanged**.
- Credit demand is expected to **decline** over the next six months for residential mortgages, agricultural, SME and consumer lending. Banks reported that the Middle East conflict could reduce demand due to cost pressures and potentially higher interest rates. Several banks also noted the uncertainty caused by the general election later this year.
- Demand for commercial property lending is expected to remain **unchanged**, while credit demand from large corporates is expected to **increase**, partly reflecting stronger demand for working capital support.

Changes in loan demand by lending category

Black dots show expectations for the next six months

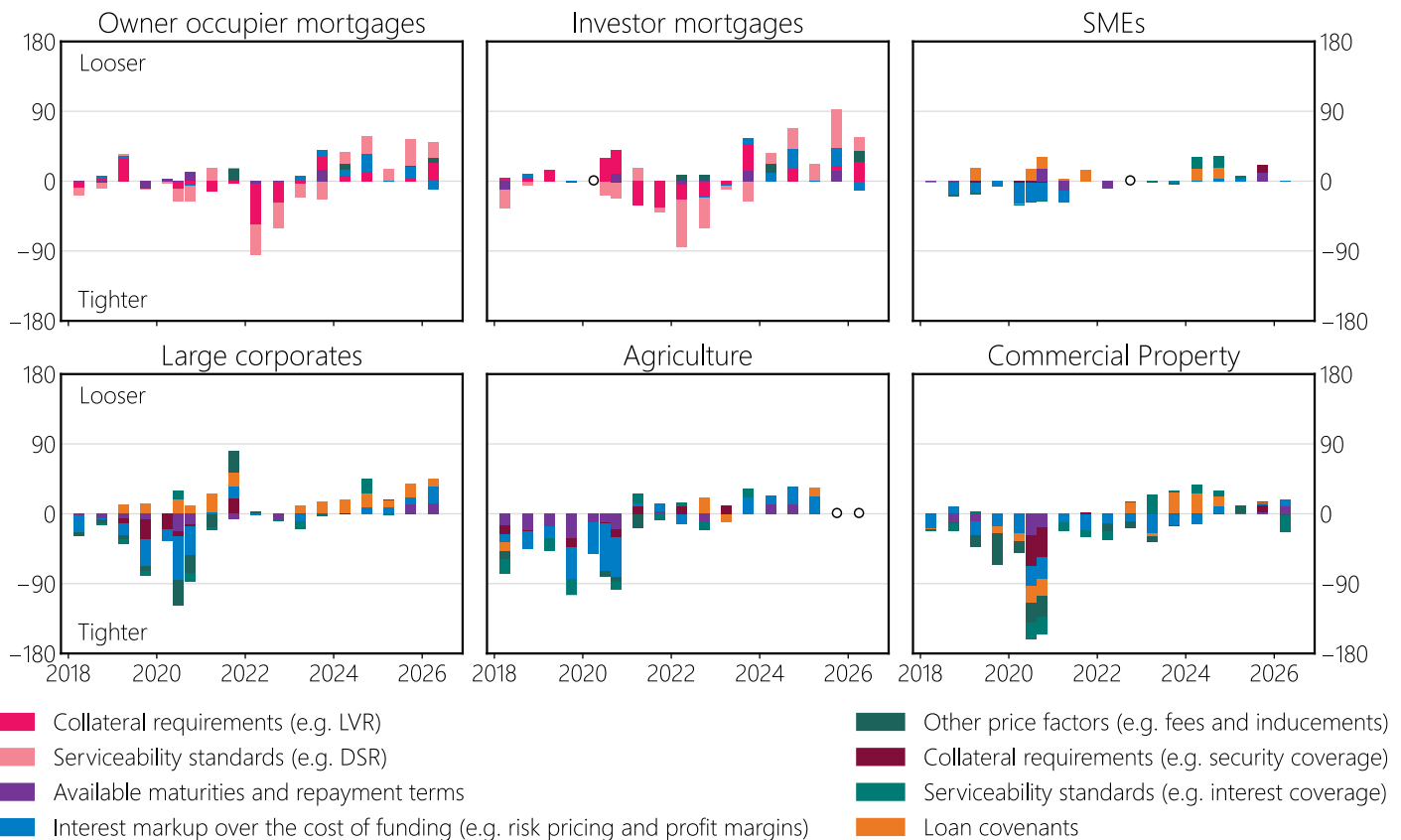




Lending Policies and Credit Terms

- For both owner occupier and investor residential mortgages, collateral requirements and serviceability standards (e.g. test rates in affordability assessments) **eased** over the past six months, offsetting a small **increase** in the interest markup over the cost of funding.
- For large corporates, the interest rate markup over the cost of funding **eased** over the past six months.
- For other sectors, lending policies and credit terms were broadly **unchanged**.

How have lending policies and credit terms evolved over the past six months?

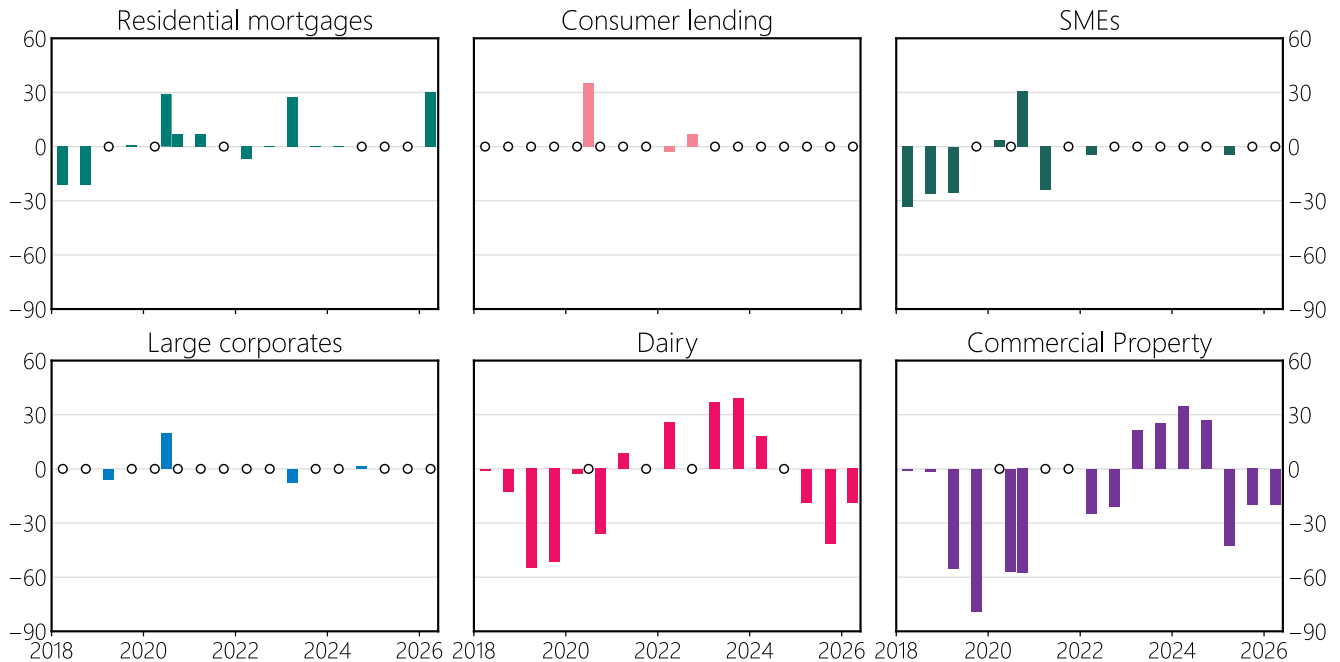




Lending Outside Regular Policy Guidelines

- This question refers to the approval of loans that may not satisfy all of a bank's lending guidelines that apply to most lending.
- Such loans may still be approved in a manner consistent with a bank's risk management framework, but may require referral to staff with higher lending authorities.
- Over the past six months, banks **reduced** the proportion of their lending to the dairy and commercial property sectors that was outside of their regular policy guidelines.
- Residential mortgage lending outside of regular policy guidelines **increased**.
- For other sectors, the proportion of lending outside of regular guidelines was **unchanged**.

Change in the proportion of lending is outside regular policy guidelines





Credit growth forecasts

- This series shows banks' forecasts for credit growth over the next 12 months (bars), alongside actual annual credit growth by sector (lines).
- Banks continue to forecast little credit growth for the agricultural sector over the coming year. This reflects strong sector incomes and the recent capital payout from the sale of Fonterra's consumer brands.
- For the business and household sectors, banks are forecasting slightly below-average credit growth. Banks noted the risk that the conflict in the Middle East could result in lower credit growth than projected.

Annual credit growth forecasts

Black lines show actual reported annual percent credit growth

