Table 2

Senior Loan Officer Opinion Survey on Bank Lending Practices at Selected Branches and Agencies of Foreign Banks in the United States [1]

(Status of Policy as of July 2019)

Questions 1-6 *ask about commercial and industrial (C&I) loans at your bank. Questions 1-3 deal with changes in your bank's lending policies over the past three months. Questions 4-5 deal with changes in demand for C&I loans over the past three months. Question 6 asks about changes in prospective demand for C&I loans at your bank, as indicated by the volume of recent inquiries about the availability of new credit lines or increases in existing lines. If your bank's lending policies have not changed over the past three months, please report them as unchanged even if the policies are either restrictive or accommodative relative to longer-term norms. If your bank's policies have tightened or eased over the past three months, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing policies as changes in policies.*

1. Over the past three months, how have your bank's credit standards for approving applications for C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—changed?

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	4.5
Remained basically unchanged	20	90.9
Eased somewhat	1	4.5
Eased considerably	0	0.0
Total	22	100

2. For applications for C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—that your bank currently is willing to approve, how have the terms of those loans changed over the past three months?

a. Maximum size of credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	2	9.5
Remained basically unchanged	19	90.5
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100

b. Maximum maturity of loans or credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	4.8
Remained basically unchanged	20	95.2
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100

c. Costs of credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	4.8
Remained basically unchanged	19	90.5
Eased somewhat	1	4.8
Eased considerably	0	0.0
Total	21	100

d. Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	3	14.3
Remained basically unchanged	14	66.7
Eased somewhat	4	19.0
Eased considerably	0	0.0
Total	21	100

e. Premiums charged on riskier loans

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	3	14.3
Remained basically unchanged	15	71.4
Eased somewhat	3	14.3
Eased considerably	0	0.0
Total	21	100

f. Loan covenants

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	4.8
Remained basically unchanged	19	90.5
Eased somewhat	1	4.8
Eased considerably	0	0.0
Total	21	100

g. Collateralization requirements

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	9.5
Remained basically unchanged	19	90.5
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100

h. Use of interest rate floors (more use=tightened, less use=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	5.0
Remained basically unchanged	19	95.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	20	100

3. If your bank has tightened or eased its credit standards or its terms for C&I loans or credit lines over the past three months (as described in questions 1 and 2), how important have been the following possible reasons for the change? (Please respond to either A, B, or both as appropriate.)

A. Possible reasons for tightening credit standards or loan terms:

a. Deterioration in your bank's current or expected capital position

	All Respondents	
	Banks	Percent
Not important	4	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	4	100

b. Less favorable or more uncertain economic outlook

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	3	75.0
Very important	1	25.0
Total	4	100

c. Worsening of industry-specific problems (please specify industries)

Responses are not reported when the number of respondents is 3 or fewer.

d. Less aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)

	All Respondents	
	Banks	Percent
Not important	4	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	4	100

e. Reduced tolerance for risk

	All Respondents	
	Banks	Percent
Not important	3	75.0
Somewhat important	1	25.0
Very important	0	0.0
Total	4	100

f. Decreased liquidity in the secondary market for these loans

	All Respondents	
	Banks	Percent
Not important	2	50.0
Somewhat important	2	50.0
Very important	0	0.0
Total	4	100

g. Deterioration in your bank's current or expected liquidity position

	All Respondents	
	Banks	Percent
Not important	4	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	4	100

h. Increased concerns about the effects of legislative changes, supervisory actions, or changes in accounting standards

	All Respondents	
	Banks	Percent
Not important	2	50.0
Somewhat important	1	25.0
Very important	1	25.0
Total	4	100

B. Possible reasons for easing credit standards or loan terms:

a. Improvement in your bank's current or expected capital position

	All Respondents	
	Banks	Percent
Not important	3	75.0
Somewhat important	1	25.0
Very important	0	0.0
Total	4	100

b. More favorable or less uncertain economic outlook

	All Respondents	
	Banks	Percent
Not important	2	50.0
Somewhat important	2	50.0
Very important	0	0.0
Total	4	100

c. Improvement in industry-specific problems (please specify industries)

Responses are not reported when the number of respondents is 3 or fewer.

d. More aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	1	25.0
Very important	3	75.0
Total	4	100

e. Increased tolerance for risk

	All Respondents	
	Banks	Percent
Not important	2	50.0
Somewhat important	2	50.0
Very important	0	0.0
Total	4	100

f. Increased liquidity in the secondary market for these loans

	All Respondents	
	Banks	Percent
Not important	3	75.0
Somewhat important	1	25.0
Very important	0	0.0
Total	4	100

g. Improvement in your bank's current or expected liquidity position

	All Respondents	
	Banks	Percent
Not important	3	75.0
Somewhat important	1	25.0
Very important	0	0.0
Total	4	100

h. Reduced concerns about the effects of legislative changes, supervisory actions, or changes in accounting standards

	All Respondents	
	Banks	Percent
Not important	3	75.0
Somewhat important	1	25.0
Very important	0	0.0
Total	4	100

4. Apart from normal seasonal variation, how has demand for C&I loans changed over the past three months? (Please consider only funds actually disbursed as opposed to requests for new or increased lines of credit.)

	All Respondents	
	Banks	Percent
Substantially stronger	0	0.0
Moderately stronger	0	0.0
About the same	18	85.7
Moderately weaker	3	14.3
Substantially weaker	0	0.0
Total	21	100

5. If demand for C&I loans has strengthened or weakened over the past three months (as described in question 4), how important have been the following possible reasons for the change? (Please respond to either A, B, or both as appropriate.)

A. If stronger loan demand (answer 1 or 2 to question 4), possible reasons:

a. Customer inventory financing needs increased

Responses are not reported when the number of respondents is 3 or fewer.

b. Customer accounts receivable financing needs increased

Responses are not reported when the number of respondents is 3 or fewer.

c. Customer investment in plant or equipment increased

Responses are not reported when the number of respondents is 3 or fewer.

d. Customer internally generated funds decreased

Responses are not reported when the number of respondents is 3 or fewer.

e. Customer merger or acquisition financing needs increased

Responses are not reported when the number of respondents is 3 or fewer.

f. Customer borrowing shifted to your bank from other bank or nonbank sources because these other sources became less attractive

Responses are not reported when the number of respondents is 3 or fewer.

g. Customer precautionary demand for cash and liquidity increased

Responses are not reported when the number of respondents is 3 or fewer.

B. If weaker loan demand (answer 4 or 5 to question 4), possible reasons:

a. Customer inventory financing needs decreased

Responses are not reported when the number of respondents is 3 or fewer.

b. Customer accounts receivable financing needs decreased

Responses are not reported when the number of respondents is 3 or fewer.

c. Customer investment in plant or equipment decreased

Responses are not reported when the number of respondents is 3 or fewer.

d. Customer internally generated funds increased

Responses are not reported when the number of respondents is 3 or fewer.

e. Customer merger or acquisition financing needs decreased

Responses are not reported when the number of respondents is 3 or fewer.

f. Customer borrowing shifted from your bank to other bank or nonbank sources because these other sources became more attractive

Responses are not reported when the number of respondents is 3 or fewer.

g. Customer precautionary demand for cash and liquidity decreased

Responses are not reported when the number of respondents is 3 or fewer.

6. At your bank, apart from seasonal variation, how has the number of inquiries from potential business borrowers regarding the availability and terms of new credit lines or increases in existing lines changed over the past three months? (Please consider only inquiries for additional or increased C&I lines as opposed to the refinancing of existing loans.)

	All Respondents	
	Banks	**Percent**
The number of inquiries has increased substantially	0	0.0
The number of inquiries has increased moderately	2	9.1
The number of inquiries has stayed about the same	19	86.4
The number of inquiries has decreased moderately	1	4.5
The number of inquiries has decreased substantially	0	0.0
Total	22	100

Questions 7-8 *ask about commercial real estate (CRE) loans at your bank, including construction and land development loans and loans secured by nonfarm nonresidential properties. Question 7 deals with changes in your bank's standards over the past three months. Question 8 deals with changes in demand. If your bank's lending standards or terms have not changed over the relevant period, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's standards or terms have tightened or eased over the relevant period, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing standards as changes in standards.*

7. Over the past three months, how have your bank's credit standards for approving applications for CRE loans or credit lines changed?

	All Respondents	
	Banks	**Percent**
Tightened considerably	1	7.7
Tightened somewhat	2	15.4
Remained basically unchanged	9	69.2
Eased somewhat	1	7.7
Eased considerably	0	0.0
Total	13	100

For this question, 6 respondents answered "My bank does not originate CRE loans."

8. Apart from normal seasonal variation, how has demand for CRE loans or credit lines changed over the past three months? (Please consider the number of requests for new spot loans, for disbursement of funds under existing loan commitments, and for new or increased credit lines.)

	All Respondents	
	Banks	**Percent**
Substantially stronger	0	0.0
Moderately stronger	3	23.1
About the same	9	69.2
Moderately weaker	1	7.7
Substantially weaker	0	0.0
Total	13	100

***Question 9** asks you to describe the current level of lending standards at your bank relative to the range of standards that has prevailed between 2005 and the present, a period which likely encompasses a wide range of standards as seen over a credit cycle. For each of the loan categories listed below, please use as reference points the points at which standards at your bank were tightest (most restrictive or least accommodative) and easiest (most accommodative or least restrictive) during this period.*

9. Using the range between the tightest and the easiest that lending standards at your bank have been between 2005 and the present, for each of the loan categories listed below, how would you describe your bank's current level of standards relative to that range?

A. C&I loans or credit lines:

a. Syndicated or club loans (large loans originated by a group of relationship lenders) to investment-grade firms (or unrated firms of similar creditworthiness)

	All Respondents	
	Banks	**Percent**
Near the easiest level	1	4.5
Significantly easier than the midpoint	2	9.1
Somewhat easier than the midpoint	7	31.8
Near the midpoint	12	54.5
Somewhat tighter than the midpoint	0	0.0
Significantly tighter than the midpoint	0	0.0
Near the tightest level	0	0.0
Total	22	100

b. Syndicated or club loans to below-investment-grade firms (or unrated firms of similar creditworthiness)

	All Respondents	
	Banks	**Percent**
Near the easiest level	1	4.5
Significantly easier than the midpoint	2	9.1
Somewhat easier than the midpoint	6	27.3
Near the midpoint	8	36.4
Somewhat tighter than the midpoint	3	13.6
Significantly tighter than the midpoint	1	4.5
Near the tightest level	1	4.5
Total	22	100

c. Non-syndicated loans to large and middle-market firms (annual sales of $50 million or more)

	All Respondents	
	Banks	**Percent**
Near the easiest level	1	5.6
Significantly easier than the midpoint	0	0.0
Somewhat easier than the midpoint	4	22.2
Near the midpoint	7	38.9
Somewhat tighter than the midpoint	5	27.8
Significantly tighter than the midpoint	0	0.0
Near the tightest level	1	5.6
Total	18	100

d. Non-syndicated loans to small firms (annual sales of less than $50 million)

	All Respondents	
	Banks	**Percent**
Near the easiest level	0	0.0
Significantly easier than the midpoint	0	0.0
Somewhat easier than the midpoint	3	21.4
Near the midpoint	5	35.7
Somewhat tighter than the midpoint	5	35.7
Significantly tighter than the midpoint	0	0.0
Near the tightest level	1	7.1
Total	14	100

B. Loans or credit lines secured by commercial real estate:

a. For construction and land development purposes

	All Respondents	
	Banks	**Percent**
Near the easiest level	0	0.0
Significantly easier than the midpoint	0	0.0
Somewhat easier than the midpoint	1	7.7
Near the midpoint	7	53.8
Somewhat tighter than the midpoint	3	23.1
Significantly tighter than the midpoint	1	7.7
Near the tightest level	1	7.7
Total	13	100

b. Secured by nonfarm nonresidential properties

	All Respondents	
	Banks	**Percent**
Near the easiest level	0	0.0
Significantly easier than the midpoint	0	0.0
Somewhat easier than the midpoint	1	7.1
Near the midpoint	9	64.3
Somewhat tighter than the midpoint	2	14.3
Significantly tighter than the midpoint	1	7.1
Near the tightest level	1	7.1
Total	14	100

c. Secured by multifamily residential properties

	All Respondents	
	Banks	**Percent**
Near the easiest level	0	0.0
Significantly easier than the midpoint	0	0.0
Somewhat easier than the midpoint	3	21.4
Near the midpoint	7	50.0
Somewhat tighter than the midpoint	2	14.3
Significantly tighter than the midpoint	1	7.1
Near the tightest level	1	7.1
Total	14	100

C. Lending to nondepository financial institutions:

	All Respondents	
	Banks	Percent
Near the easiest level	0	0.0
Significantly easier than the midpoint	0	0.0
Somewhat easier than the midpoint	2	11.8
Near the midpoint	11	64.7
Somewhat tighter than the midpoint	3	17.6
Significantly tighter than the midpoint	1	5.9
Near the tightest level	0	0.0
Total	17	100

1. As of March 31, 2019, the 22 respondents had combined assets of $1.4 trillion, compared to $2.4 trillion for all foreign-related banking institutions in the United States. The sample is selected from among the largest foreign-related banking institutions in those Federal Reserve Districts where such institutions are common.

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