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 October 2021)

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	0	0.0
Remained basically unchanged	21	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	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	0	0.0
Remained basically unchanged	20	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	20	100

b. Maximum maturity of loans or credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	20	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	20	100

c. Costs of credit lines

	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

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	1	5.0
Remained basically unchanged	16	80.0
Eased somewhat	3	15.0
Eased considerably	0	0.0
Total	20	100

e. Premiums charged on riskier loans

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	5.0
Remained basically unchanged	18	90.0
Eased somewhat	1	5.0
Eased considerably	0	0.0
Total	20	100

f. Loan covenants

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	5.0
Remained basically unchanged	18	90.0
Eased somewhat	1	5.0
Eased considerably	0	0.0
Total	20	100

g. Collateralization requirements

	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

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

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

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

b. Less favorable or more uncertain economic outlook

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

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)

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

e. Reduced tolerance for risk

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

f. Decreased liquidity in the secondary market for these loans

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

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

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

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

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

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

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

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

b. More favorable or less uncertain economic outlook

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

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)

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

e. Increased tolerance for risk

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

f. Increased liquidity in the secondary market for these loans

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

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

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

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

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

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	1	5.3
Moderately stronger	1	5.3
About the same	17	89.5
Moderately weaker	0	0.0
Substantially weaker	0	0.0
Total	19	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 normal 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	1	5.0
The number of inquiries has increased moderately	1	5.0
The number of inquiries has stayed about the same	18	90.0
The number of inquiries has decreased moderately	0	0.0
The number of inquiries has decreased substantially	0	0.0
Total	20	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	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	13	92.9
Eased somewhat	1	7.1
Eased considerably	0	0.0
Total	14	100

For this question, 5 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	4	28.6
About the same	9	64.3
Moderately weaker	1	7.1
Substantially weaker	0	0.0
Total	14	100

Question 9 *asks you to describe the current level of demand for C&I loans at your bank compared to pre-pandemic levels (**end of 2019**), by borrower category.*

9. For each of the loan categories listed below, how would you describe your bank's current level of demand compared to the end of 2019?

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**
Substantially Stronger	2	10.0
Somewhat Stronger	3	15.0
About The Same	15	75.0
Somewhat Weaker	0	0.0
Substantially Weaker	0	0.0
Total	20	100

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

	All Respondents	
	Banks	**Percent**
Substantially Stronger	2	10.0
Somewhat Stronger	4	20.0
About The Same	14	70.0
Somewhat Weaker	0	0.0
Substantially Weaker	0	0.0
Total	20	100

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

	All Respondents	
	Banks	**Percent**
Substantially Stronger	0	0.0
Somewhat Stronger	0	0.0
About The Same	16	84.2
Somewhat Weaker	3	15.8
Substantially Weaker	0	0.0
Total	19	100

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

	All Respondents	
	Banks	Percent
Substantially Stronger	0	0.0
Somewhat Stronger	0	0.0
About The Same	14	87.5
Somewhat Weaker	1	6.2
Substantially Weaker	1	6.2
Total	16	100

e. Loans to very small firms (annual sales of less than $5 million)

	All Respondents	
	Banks	Percent
Substantially Stronger	0	0.0
Somewhat Stronger	0	0.0
About The Same	11	73.3
Somewhat Weaker	2	13.3
Substantially Weaker	2	13.3
Total	15	100

Questions 10-11 *ask about your bank?s outlook for the demand for C&I loans over the next six months compared to current levels, apart from normal seasonal variation*.

10. Assuming that economic activity progresses in line with consensus forecasts, what is your **outlook for the demand for C&I loans over the next six months** compared to current levels, apart from normal seasonal variation?

A. Compared to current levels, over the next six months, demand for C&I loans from **large and middle-market firms** (annual sales of $50 million or more) is likely to:

	All Respondents	
	Banks	**Percent**
Strengthen substantially	0	0.0
Strengthen somewhat	10	50.0
Remain about the same	10	50.0
Weaken somewhat	0	0.0
Weaken substantially	0	0.0
Total	20	100

B. Compared to current conditions, over the next six months, demand for C&I loans from **small firms** (annual sales of less than $50 million) is likely to:

	All Respondents	
	Banks	**Percent**
Strengthen substantially	0	0.0
Strengthen somewhat	0	0.0
Remain about the same	9	100.0
Weaken somewhat	0	0.0
Weaken substantially	0	0.0
Total	9	100

For this question, 10 respondents answered "My bank does not originate this type of loan."

11. Still assuming that economic activity progresses in line with consensus forecasts, what are the **reasons for your outlook for stronger or weaker demand for C&I loans over the next six months**, apart from normal seasonal variation?

A. If **stronger** loan demand (in either question 10A or 10B), possible reasons:

a. Customer inventory financing needs are expected to increase

	All Respondents	
	Banks	**Percent**
Not Important	1	10.0
Somewhat Important	8	80.0
Very Important	1	10.0
Total	10	100

b. Customer accounts receivable financing needs are expected to increase

	All Respondents	
	Banks	**Percent**
Not Important	2	20.0
Somewhat Important	7	70.0
Very Important	1	10.0
Total	10	100

c. Customer investment in plant or equipment are expected to increase

	All Respondents	
	Banks	**Percent**
Not Important	3	30.0
Somewhat Important	6	60.0
Very Important	1	10.0
Total	10	100

d. Customer merger or acquisition financing needs are expected to increase

	All Respondents	
	Banks	**Percent**
Not Important	2	20.0
Somewhat Important	5	50.0
Very Important	3	30.0
Total	10	100

e. Customer precautionary demand for cash and liquidity is expected to increase

	All Respondents	
	Banks	**Percent**
Not Important	5	50.0
Somewhat Important	4	40.0
Very Important	1	10.0
Total	10	100

f. Customer internally generated funds are expected to decrease

	All Respondents	
	Banks	Percent
Not Important	7	70.0
Somewhat Important	2	20.0
Very Important	1	10.0
Total	10	100

g. Customer borrowing is expected to shift to your bank from other bank sources because these other sources become less attractive

	All Respondents	
	Banks	Percent
Not Important	7	70.0
Somewhat Important	3	30.0
Very Important	0	0.0
Total	10	100

h. Customer borrowing is expected to shift to your bank from other nonbank sources because these other sources become less attractive

	All Respondents	
	Banks	Percent
Not Important	8	80.0
Somewhat Important	2	20.0
Very Important	0	0.0
Total	10	100

B. If **weaker** loan demand (in either question 10A or 10B), possible reasons:

a. Customer inventory financing needs are expected to decrease

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

b. Customer accounts receivable financing needs are expected to decrease

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

c. Customer investment in plant or equipment are expected to decrease

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

d. Customer merger or acquisition financing needs are expected to decrease

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

e. Customer precautionary demand for cash and liquidity is expected to decrease

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

f. Customer internally generated funds are expected to increase

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

g. Customer borrowing is expected to shift from your bank to other bank sources because these other sources become more attractive

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

h. Customer borrowing is expected to shift from your bank to other nonbank sources because these other sources become more attractive

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

1. As of June 30, 2021, the 21 respondents had combined assets of $1.5 trillion, compared to $2.6 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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