

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 2023)

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	4	21.1
Remained basically unchanged	15	78.9
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	19	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	1	5.6
Tightened somewhat	3	16.7
Remained basically unchanged	14	77.8
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	18	100

b. Maximum maturity of loans or credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	11.1
Remained basically unchanged	16	88.9
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	18	100

c. Costs of credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	4	22.2
Remained basically unchanged	13	72.2
Eased somewhat	1	5.6
Eased considerably	0	0.0
Total	18	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	16.7
Remained basically unchanged	14	77.8
Eased somewhat	1	5.6
Eased considerably	0	0.0
Total	18	100

e. Premiums charged on riskier loans

	All Respondents	
	Banks	Percent
Tightened considerably	1	5.6
Tightened somewhat	4	22.2
Remained basically unchanged	12	66.7
Eased somewhat	1	5.6
Eased considerably	0	0.0
Total	18	100

f. Loan covenants

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	11.8
Remained basically unchanged	15	88.2
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	17	100

g. Collateralization requirements

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	11.1
Remained basically unchanged	16	88.9
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	18	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	18	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	18	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	3	60.0
Somewhat Important	2	40.0
Very Important	0	0.0
Total	5	100

b. Less favorable or more uncertain economic outlook

	All Respondents	
	Banks	Percent
Not Important	0	0.0
Somewhat Important	2	28.6
Very Important	5	71.4
Total	7	100

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

	All Respondents	
	Banks	Percent
Not Important	2	40.0
Somewhat Important	2	40.0
Very Important	1	20.0
Total	5	100

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

	All Respondents	
	Banks	Percent
Not Important	4	80.0
Somewhat Important	1	20.0
Very Important	0	0.0
Total	5	100

e. Reduced tolerance for risk

	All Respondents	
	Banks	Percent
Not Important	4	66.7
Somewhat Important	2	33.3
Very Important	0	0.0
Total	6	100

f. Decreased liquidity in the secondary market for these loans

	All Respondents	
	Banks	Percent
Not Important	2	33.3
Somewhat Important	4	66.7
Very Important	0	0.0
Total	6	100

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

	All Respondents	
	Banks	Percent
Not Important	3	60.0
Somewhat Important	2	40.0
Very Important	0	0.0
Total	5	100

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

	All Respondents	
	Banks	Percent
Not Important	6	100.0
Somewhat Important	0	0.0
Very Important	0	0.0
Total	6	100

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	0	0.0
Moderately stronger	2	12.5
About the same	11	68.8
Moderately weaker	3	18.8
Substantially weaker	0	0.0
Total	16	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	0	0.0
The number of inquiries has increased moderately	1	6.7
The number of inquiries has stayed about the same	10	66.7
The number of inquiries has decreased moderately	4	26.7
The number of inquiries has decreased substantially	0	0.0
Total	15	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	2	13.3
Tightened somewhat	4	26.7
Remained basically unchanged	9	60.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	15	100

For this question, 3 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	2	13.3
About the same	7	46.7
Moderately weaker	5	33.3
Substantially weaker	1	6.7
Total	15	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? If a different time frame (other than between 2005 and the present) would better encompass the most recent period over which your bank's standards have spanned the range of easiest to tightest, please indicate that reference range in the comment box below.

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	0	0.0
Significantly easier than the midpoint	0	0.0
Somewhat easier than the midpoint	3	16.7
Near the midpoint	11	61.1
Somewhat tighter than the midpoint	3	16.7
Significantly tighter than the midpoint	1	5.6
Near the tightest level	0	0.0
Total	18	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	0	0.0
Significantly easier than the midpoint	0	0.0
Somewhat easier than the midpoint	1	5.6
Near the midpoint	7	38.9
Somewhat tighter than the midpoint	6	33.3
Significantly tighter than the midpoint	1	5.6
Near the tightest level	3	16.7
Total	18	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	0	0.0
Significantly easier than the midpoint	0	0.0
Somewhat easier than the midpoint	1	5.9
Near the midpoint	9	52.9
Somewhat tighter than the midpoint	5	29.4
Significantly tighter than the midpoint	2	11.8
Near the tightest level	0	0.0
Total	17	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	1	7.7
Near the midpoint	7	53.8
Somewhat tighter than the midpoint	2	15.4
Significantly tighter than the midpoint	1	7.7
Near the tightest level	2	15.4
Total	13	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	0	0.0
Near the midpoint	5	41.7
Somewhat tighter than the midpoint	2	16.7
Significantly tighter than the midpoint	3	25.0
Near the tightest level	2	16.7
Total	12	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	0	0.0
Near the midpoint	5	38.5
Somewhat tighter than the midpoint	4	30.8
Significantly tighter than the midpoint	3	23.1
Near the tightest level	1	7.7
Total	13	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	0	0.0
Near the midpoint	5	35.7
Somewhat tighter than the midpoint	6	42.9
Significantly tighter than the midpoint	2	14.3
Near the tightest level	1	7.1
Total	14	100

Question 10 asks how your bank expects its lending standards for select categories of **C&I and CRE loans** to change over the second half of 2023. **Question 11** asks about the reasons why your bank **expects** lending standards to change.

10. Assuming that economic activity progresses in line with consensus forecasts, how does your bank expect its **lending standards** for the following **loan categories** to change **over the second half of 2023** compared to its current standards, apart from normal seasonal variation? (Please refer to the definitions of large and middle-market firms suggested in **question 1**. If your

bank defines firm size differently from the categories suggested in question 1, please use your definitions.)

A. Compared to my bank's current lending standards, over the second half of 2023, my bank expects its **lending standards** for approving applications for **C&I loans or credit lines to large and middle-market firms** to:

	All Respondents	
	Banks	Percent
Tighten considerably	0	0.0
Tighten somewhat	6	33.3
Remain basically unchanged	12	66.7
Ease somewhat	0	0.0
Ease considerably	0	0.0
Total	18	100

For this question, 1 respondent answered "My bank does not originate C&I loans or credit lines to large and middle-market firms"

B. Compared to my bank's current lending standards, over the second half of 2023, my bank expects its **lending standards** for approving applications for **C&I loans or credit lines to small firms** to:

	All Respondents	
	Banks	Percent
Tighten considerably	0	0.0
Tighten somewhat	4	50.0
Remain basically unchanged	4	50.0
Ease somewhat	0	0.0
Ease considerably	0	0.0
Total	8	100

For this question, 11 respondents answered "My bank does not originate C&I loans or credit lines to small firms"

C. Compared to my bank's current lending standards, over the second half of 2023, my bank expects its **lending standards** for approving applications for **construction and land development loans or credit lines** to:

	All Respondents	
	Banks	Percent
Tighten considerably	0	0.0
Tighten somewhat	4	40.0
Remain basically unchanged	6	60.0
Ease somewhat	0	0.0
Ease considerably	0	0.0
Total	10	100

For this question, 8 respondents answered "My bank does not originate construction and land development loans or credit lines"

D. Compared to my bank's current lending standards, over the second half of 2023, my bank expects its **lending standards** for approving applications for **loans secured by nonfarm nonresidential properties** to:

	All Respondents	
	Banks	Percent
Tighten considerably	0	0.0
Tighten somewhat	7	58.3
Remain basically unchanged	5	41.7
Ease somewhat	0	0.0
Ease considerably	0	0.0
Total	12	100

For this question, 7 respondents answered "My bank does not originate loans secured by nonfarm nonresidential properties"

E. Compared to my bank's current lending standards, over the second half of 2023, my bank expects its **lending standards** for approving applications for **loans secured by multifamily residential properties** to:

	All Respondents	
	Banks	Percent
Tighten considerably	0	0.0
Tighten somewhat	6	46.2
Remain basically unchanged	7	53.8
Ease somewhat	0	0.0
Ease considerably	0	0.0
Total	13	100

For this question, 6 respondents answered "My bank does not originate loans secured by multifamily residential properties"

11. If your bank expects to tighten or ease its lending standards for any of the loan categories reported in question 10, how important are the following **possible reasons for the expected change in standards over the second half of 2023?** (Please respond to either A, B or both as appropriate.)

A. Possible reasons for expecting to tighten lending standards:

a. Less favorable or more uncertain economic outlook

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	1	12.5
Very important	7	87.5
Total	8	100

b. Expected deterioration in, or desire to improve, your banks capital position

	All Respondents	
	Banks	Percent
Not important	5	62.5
Somewhat important	3	37.5
Very important	0	0.0
Total	8	100

c. Expected deterioration in, or desire to improve, your banks liquidity position

	All Respondents	
	Banks	Percent
Not important	6	75.0
Somewhat important	2	25.0
Very important	0	0.0
Total	8	100

d. Expected deterioration in customers collateral values

	All Respondents	
	Banks	Percent
Not important	1	11.1
Somewhat important	5	55.6
Very important	3	33.3
Total	9	100

e. Expected reduction in competition from other banks or nonbank lenders

	All Respondents	
	Banks	Percent
Not important	8	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	8	100

f. Expected reduction in risk tolerance

	All Respondents	
	Banks	Percent
Not important	2	25.0
Somewhat important	3	37.5
Very important	3	37.5
Total	8	100

g. Expected reduction in ease of selling loans in the secondary market

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	7	77.8
Very important	2	22.2
Total	9	100

h. Expected deterioration in credit quality of commercial real estate loans

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	3	37.5
Very important	5	62.5
Total	8	100

i. Expected deterioration in credit quality of loans other than commercial real estate loans

	All Respondents	
	Banks	Percent
Not important	2	25.0
Somewhat important	3	37.5
Very important	3	37.5
Total	8	100

j. Increased concerns about deposit outflows at your bank

	All Respondents	
	Banks	Percent
Not important	6	75.0
Somewhat important	2	25.0
Very important	0	0.0
Total	8	100

k. Increased concerns about declines in the market value of your banks fixed-income assets

	All Respondents	
	Banks	Percent
Not important	6	75.0
Somewhat important	1	12.5
Very important	1	12.5
Total	8	100

I. Increased concerns about your banks funding costs

	All Respondents	
	Banks	Percent
Not important	5	71.4
Somewhat important	2	28.6
Very important	0	0.0
Total	7	100

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

	All Respondents	
	Banks	Percent
Not important	7	87.5
Somewhat important	0	0.0
Very important	1	12.5
Total	8	100

B. Possible reasons for expecting to ease lending standards:

a. More favorable or less uncertain economic outlook

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

b. Expected improvement in your banks capital position

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

c. Expected improvement in your banks liquidity position

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

d. Expected improvement in customers collateral values

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

e. Expected increase in competition from other banks or nonbank lenders

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

f. Expected increase in risk tolerance

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

g. Expected increase in ease of selling loans in the secondary market

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

h. Expected improvement in credit quality of commercial real estate loans

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

i. Expected improvement in credit quality of loans other than commercial real estate loans

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

j. Reduced concerns about deposit outflows at your bank

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

k. Reduced concerns about declines in the market value of your banks fixed-income assets

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

l. Reduced concerns about your banks funding costs

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

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

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

1. As of March 31, 2023, the 19 respondents had combined assets of \$1.6 trillion, compared to \$3.1 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. [Return to text](#)