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 January 2020)

***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	2	9.1
Remained basically unchanged	20	90.9
Eased somewhat	0	0.0
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	0	0.0
Remained basically unchanged	19	95.0
Eased somewhat	1	5.0
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	17	85.0
Eased somewhat	2	10.0
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	14	70.0
Eased somewhat	5	25.0
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	3	15.0
Remained basically unchanged	15	75.0
Eased somewhat	2	10.0
Eased considerably	0	0.0
Total	20	100

f. Loan covenants

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	10.0
Remained basically unchanged	17	85.0
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	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	5	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	5	100

b. Less favorable or more uncertain economic outlook

	All Respondents	
	Banks	Percent
Not important	1	20.0
Somewhat important	1	20.0
Very important	3	60.0
Total	5	100

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

	All Respondents	
	Banks	Percent
Not important	3	60.0
Somewhat important	1	20.0
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	2	40.0
Somewhat important	3	60.0
Very important	0	0.0
Total	5	100

f. Decreased liquidity in the secondary market for these loans

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

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

	All Respondents	
	Banks	Percent
Not important	5	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	5	100

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

	All Respondents	
	Banks	Percent
Not important	4	80.0
Somewhat important	0	0.0
Very important	1	20.0
Total	5	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	2	50.0
Somewhat important	2	50.0
Very important	0	0.0
Total	4	100

b. More favorable or less 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. Improvement in industry-specific problems (please specify industries)

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

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	2	50.0
Very important	2	50.0
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	1	25.0
Somewhat important	3	75.0
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	2	50.0
Somewhat important	2	50.0
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	1	25.0
Somewhat important	3	75.0
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	20	90.9
Moderately weaker	2	9.1
Substantially weaker	0	0.0
Total	22	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	1	4.5
The number of inquiries has stayed about the same	20	90.9
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	6.2
Tightened somewhat	0	0.0
Remained basically unchanged	15	93.8
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	16	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	5	31.2
About the same	11	68.8
Moderately weaker	0	0.0
Substantially weaker	0	0.0
Total	16	100

Questions 9-10 *ask how your bank expects its* ***lending standards*** *for select categories of* ***C&I and commercial real loans*** *to change over 2020.* ***Question 11*** *asks about the reasons why your bank expects lending standards to change.*

9. Assuming that economic activity progresses in line with consensus forecasts, how does your bank expect its **lending standards** for the following **C&I loan** categories to change over 2020 compared to its current standards, apart from normal seasonal variation?

A. Compared to my bank's current lending standards, over 2020, 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	0	0.0
Remain basically unchanged	22	100.0
Ease somewhat	0	0.0
Ease considerably	0	0.0
Total	22	100

B. Compared to my bank's current lending standards, over 2020, 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	3	18.8
Remain basically unchanged	13	81.2
Ease somewhat	0	0.0
Ease considerably	0	0.0
Total	16	100

For this question, 6 respondents answered "My bank does not originate C&I loans or credit lines to small firms."

10. Assuming that economic activity progresses in line with consensus forecasts, how does your bank expect its **lending standards** for the following **commercial real estate loan** categories to change over 2020 compared to its current standards, apart from normal seasonal variation?

A. Compared to my bank's current lending standards, over 2020, 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	36.4
Remain basically unchanged	7	63.6
Ease somewhat	0	0.0
Ease considerably	0	0.0
Total	11	100

For this question, 8 respondents answered "6. My bank does not originate construction and land development loans or credit lines."

B. Compared to my bank's current lending standards, over 2020, 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	1	7.1
Remain basically unchanged	13	92.9
Ease somewhat	0	0.0
Ease considerably	0	0.0
Total	14	100

For this question, 5 respondents answered "My bank does not originate loans secured by nonfarm nonresidential properties."

C. Compared to my bank's current lending standards, over 2020, 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	1	9.1
Remain basically unchanged	10	90.9
Ease somewhat	0	0.0
Ease considerably	0	0.0
Total	11	100

For this question, 8 respondents answered "My bank does not originate loans secured by multifamily residential properties."

11. If your bank expects to tighten or ease its credit standards for any of the loan categories reported in questions 9-10, how important are the following possible reasons for the expected change in standards?

A. Possible reasons for expecting to tighten credit standards:

1. Expected deterioration in your bank's capital or liquidity position

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

2. Expected deterioration in collateral values

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

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

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

4. Expected reduction in risk tolerance

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

5. Expected reduction in ease of selling loans in secondary market

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

6. Expected deterioration in credit quality of loan portfolio

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

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

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

B. Possible reasons for expecting to ease credit standards:

1. Expected improvement in your bank's capital or liquidity position

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

2. Expected increase in collateral values

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

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

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

4. Expected increase in risk tolerance

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

5. Expected increase in ease of selling loans in secondary market

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

6. Expected improvement in credit quality of loan portfolio

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

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

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

Questions 12-13 *ask how your bank expects* ***demand*** *for select categories of* ***C&I and commercial real estate loans*** *from your bank to change over 2020.*

12. Assuming that economic activity progresses in line with consensus forecasts, how does your bank expect **demand** for the following categories of **C&I loans** from your bank to change over 2020 compared to its current level, apart from normal seasonal variation?

A. Compared to its current level, over 2020, my bank expects **demand** for **C&I loans or credit lines to large and middle-market firms** from my bank to:

	All Respondents	
	Banks	**Percent**
Strengthen substantially	0	0.0
Strengthen somewhat	1	4.5
Remain basically unchanged	21	95.5
Weaken somewhat	0	0.0
Weaken substantially	0	0.0
Total	22	100

B. Compared to its current level, over 2020, my bank expects **demand** for **C&I loans or credit lines to small firms** from my bank to:

	All Respondents	
	Banks	Percent
Strengthen substantially	0	0.0
Strengthen somewhat	1	6.2
Remain basically unchanged	15	93.8
Weaken somewhat	0	0.0
Weaken substantially	0	0.0
Total	16	100

13. Assuming that economic activity progresses in line with consensus forecasts, how does your bank expect **demand** for the following categories of **commercial real estate loans** from your bank to change over 2020 compared to its current level, apart from normal seasonal variation?

A. Compared to its current level, over 2020, my bank expects **demand** for **construction and land development loans** or credit lines from my bank to:

	All Respondents	
	Banks	Percent
Strengthen substantially	0	0.0
Strengthen somewhat	1	9.1
Remain basically unchanged	8	72.7
Weaken somewhat	1	9.1
Weaken substantially	1	9.1
Total	11	100

B. Compared to its current level, over 2020, my bank expects **demand** for **loans secured by nonfarm nonresidential properties** from my bank to:

	All Respondents	
	Banks	Percent
Strengthen substantially	0	0.0
Strengthen somewhat	1	7.7
Remain basically unchanged	11	84.6
Weaken somewhat	1	7.7
Weaken substantially	0	0.0
Total	13	100

C. Compared to its current level, over 2020, my bank expects **demand** for **loans secured by multifamily residential properties** from my bank to:

	All Respondents	
	Banks	Percent
Strengthen substantially	0	0.0
Strengthen somewhat	0	0.0
Remain basically unchanged	9	90.0
Weaken somewhat	1	10.0
Weaken substantially	0	0.0
Total	10	100

Questions 14-15 ask about your bank's expectations for the behavior of loan delinquencies and charge-offs on selected categories of C&I and commercial real estate loans in 2020.

14. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and charge-offs on your bank's **C&I loans** in the following categories in 2020?

A. The quality of my bank's **syndicated *nonleveraged* C&I loans to large and middle-market firms** over 2020, as measured by my bank's outlook for delinquencies and charge-offs on these loans, is likely to:

	All Respondents	
	Banks	**Percent**
Improve substantially	0	0.0
Improve somewhat	0	0.0
Remain around current levels	22	100.0
Deteriorate somewhat	0	0.0
Deteriorate substantially	0	0.0
Total	22	100

B. The quality of my bank's ***syndicated leveraged* C&I loans to large and middle-market firms** over 2020, as measured by my bank's outlook for delinquencies and charge-offs on these loans, is likely to:

	All Respondents	
	Banks	**Percent**
Improve substantially	0	0.0
Improve somewhat	0	0.0
Remain around current levels	16	76.2
Deteriorate somewhat	5	23.8
Deteriorate substantially	0	0.0
Total	21	100

C. The quality of my bank's ***nonsyndicated* C&I loans to large and middle-market firms** over 2020, as measured by my bank's outlook for delinquencies and charge-offs on these loans, is likely to:

	All Respondents	
	Banks	**Percent**
Improve substantially	0	0.0
Improve somewhat	0	0.0
Remain around current levels	19	90.5
Deteriorate somewhat	2	9.5
Deteriorate substantially	0	0.0
Total	21	100

D. The quality of my bank's **C&I loans to small firms** over 2020, as measured by my bank's outlook for delinquencies and charge-offs on these loans, is likely to:

	All Respondents	
	Banks	**Percent**
Improve substantially	0	0.0
Improve somewhat	0	0.0
Remain around current levels	11	73.3
Deteriorate somewhat	4	26.7
Deteriorate substantially	0	0.0
Total	15	100

15. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and charge-offs on your bank's **commercial real estate loans** in the following categories in 2020?

A. The quality of my bank's **construction and land development loans** over 2020, as measured by my bank's outlook for delinquencies and charge-offs on these loans, is likely to:

	All Respondents	
	Banks	**Percent**
Improve substantially	0	0.0
Improve somewhat	0	0.0
Remain around current levels	13	100.0
Deteriorate somewhat	0	0.0
Deteriorate substantially	0	0.0
Total	13	100

B. The quality of my bank's **loans secured by nonfarm nonresidential properties** over 2020, as measured by my bank's outlook for delinquencies and charge-offs on these loans, is likely to:

	All Respondents	
	Banks	**Percent**
Improve substantially	0	0.0
Improve somewhat	0	0.0
Remain around current levels	15	100.0
Deteriorate somewhat	0	0.0
Deteriorate substantially	0	0.0
Total	15	100

C. The quality of my bank's **loans secured by multifamily residential properties** over 2020, as measured by my bank's outlook for delinquencies and charge-offs on these loans, is likely to:

	All Respondents	
	Banks	**Percent**
Improve substantially	0	0.0
Improve somewhat	0	0.0
Remain around current levels	15	100.0
Deteriorate somewhat	0	0.0
Deteriorate substantially	0	0.0
Total	15	100

1. As of September 30, 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.

Last Update: February 3, 2020