

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 2015)

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	4.3
Remained basically unchanged	21	91.3
Eased somewhat	1	4.3
Eased considerably	0	0.0
Total	23	100.0

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	1	4.3
Remained basically unchanged	17	73.9
Eased somewhat	5	21.7
Eased considerably	0	0.0
Total	23	100.0

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	21	91.3
Eased somewhat	2	8.7
Eased considerably	0	0.0
Total	23	100.0

c. Costs of credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	8.7
Remained basically unchanged	20	87.0
Eased somewhat	1	4.3
Eased considerably	0	0.0
Total	23	100.0

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	13.0
Remained basically unchanged	17	73.9
Eased somewhat	3	13.0
Eased considerably	0	0.0
Total	23	100.0

e. Premiums charged on riskier loans

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	3	13.0
Remained basically unchanged	19	82.6
Eased somewhat	1	4.3
Eased considerably	0	0.0
Total	23	100.0

f. Loan covenants

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	22	95.7
Eased somewhat	1	4.3
Eased considerably	0	0.0
Total	23	100.0

g. Collateralization requirements

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	23	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

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	20	95.2
Eased somewhat	1	4.8
Eased considerably	0	0.0
Total	21	100.0

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?

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 potential 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

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

b. More favorable or less uncertain economic outlook

	All Respondents	
	Banks	Percent
Not important	1	25.0
Somewhat important	3	75.0
Very important	0	0.0
Total	4	100.0

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

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

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	100.0

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	100.0

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	100.0

g. Improvement 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	100.0

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

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

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	4.3
Moderately stronger	4	17.4
About the same	18	78.3
Moderately weaker	0	0.0
Substantially weaker	0	0.0
Total	23	100.0

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?

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

a. Customer inventory financing needs increased

	All Respondents	
	Banks	Percent
Not important	2	40.0
Somewhat important	3	60.0
Very important	0	0.0
Total	5	100.0

b. Customer accounts receivable financing needs increased

	All Respondents	
	Banks	Percent
Not important	2	40.0
Somewhat important	3	60.0
Very important	0	0.0
Total	5	100.0

c. Customer investment in plant or equipment increased

	All Respondents	
	Banks	Percent
Not important	2	40.0
Somewhat important	3	60.0
Very important	0	0.0
Total	5	100.0

d. Customer internally generated funds decreased

	All Respondents	
	Banks	Percent
Not important	4	80.0
Somewhat important	1	20.0
Very important	0	0.0
Total	5	100.0

e. Customer merger or acquisition financing needs increased

	All Respondents	
	Banks	Percent
Not important	2	40.0
Somewhat important	3	60.0
Very important	0	0.0
Total	5	100.0

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

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

g. Customers' precautionary demand for cash and liquidity increased

	All Respondents	
	Banks	Percent
Not important	3	60.0
Somewhat important	2	40.0
Very important	0	0.0
Total	5	100.0

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

a. Customer inventory financing needs decreased

	All Respondents	
	Banks	Percent
Not important	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

b. Customer accounts receivable financing needs decreased

	All Respondents	
	Banks	Percent
Not important	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

c. Customer investment in plant or equipment decreased

	All Respondents	
	Banks	Percent
Not important	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

d. Customer internally generated funds increased

	All Respondents	
	Banks	Percent
Not important	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

e. Customer merger or acquisition financing needs decreased

	All Respondents	
	Banks	Percent
Not important	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

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

	All Respondents	
	Banks	Percent
Not important	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

g. Customers' precautionary demand for cash and liquidity decreased

	All Respondents	
	Banks	Percent
Not important	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

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	5	21.7
The number of inquiries has stayed about the same	18	78.3
The number of inquiries has decreased moderately	0	0.0
The number of inquiries has decreased substantially	0	0.0
Total	23	100.0

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 real estate. 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 changed?

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	9	81.8
Eased somewhat	2	18.2
Eased considerably	0	0.0
Total	11	100.0

8. Apart from normal seasonal variation, how has demand for CRE loans changed over the past three months?

	All Respondents	
	Banks	Percent
Substantially stronger	0	0.0
Moderately stronger	2	18.2
About the same	9	81.8
Moderately weaker	0	0.0
Substantially weaker	0	0.0
Total	11	100.0

Questions 9-10 ask about your bank's expectations for the behavior of loan delinquencies and charge-offs on C&I and CRE loans in 2015.

9. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **C&I loans** in the following categories in 2015? (Please refer to the definitions of large and middle-market firms and of small firms suggested in question 1. If your bank defines firm size differently from the categories suggested in question 1, please use your definitions and indicate what they are.)

A. Outlook for loan quality on my bank's **syndicated nonleveraged** C&I loans to large and middle-market firms:

	All Respondents	
	Banks	Percent
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	2	8.7
Loan quality is likely to remain around current levels	18	78.3
Loan quality is likely to deteriorate somewhat	3	13.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	23	100.0

B. Outlook for loan quality on my bank's **syndicated leveraged** C&I loans to large and middle-market firms:

	All Respondents	
	Banks	Percent
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	2	9.5
Loan quality is likely to remain around current levels	14	66.7
Loan quality is likely to deteriorate somewhat	4	19.0
Loan quality is likely to deteriorate substantially	1	4.8
Total	21	100.0

For this question, 1 respondent answered “My bank does not originate this type of loan.”

C. Outlook for loan quality on my bank's **nonsyndicated** C&I loans to large and middle-market firms:

	All Respondents	
	Banks	Percent
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	0	0.0
Loan quality is likely to remain around current levels	20	95.2
Loan quality is likely to deteriorate somewhat	1	4.8
Loan quality is likely to deteriorate substantially	0	0.0
Total	21	100.0

For this question, 1 respondent answered “My bank does not originate this type of loan.”

D. Outlook for loan quality on my bank's C&I loans to **small firms** :

	All Respondents	
	Banks	Percent
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	0	0.0
Loan quality is likely to remain around current levels	7	77.8
Loan quality is likely to deteriorate somewhat	2	22.2
Loan quality is likely to deteriorate substantially	0	0.0
Total	9	100.0

For this question, 8 respondents answered “My bank does not originate this type of loan.”

10. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **commercial real estate loans** in the following categories in 2015?

A. Outlook for loan quality on my bank's **construction and land development** loans:

	All Respondents	
	Banks	Percent
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	0	0.0
Loan quality is likely to remain around current levels	6	100.0
Loan quality is likely to deteriorate somewhat	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	6	100.0

For this question, 7 respondents answered “My bank does not originate this type of loan.”

B. Outlook for loan quality on my bank's loans secured by **nonfarm nonresidential properties** :

	All Respondents	
	Banks	Percent
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	0	0.0
Loan quality is likely to remain around current levels	7	87.5
Loan quality is likely to deteriorate somewhat	1	12.5
Loan quality is likely to deteriorate substantially	0	0.0
Total	8	100.0

For this question, 6 respondents answered “My bank does not originate this type of loan.”

C. Outlook for loan quality on my bank's loans secured by **multifamily residential properties** :

	All Respondents	
	Banks	Percent
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	0	0.0
Loan quality is likely to remain around current levels	8	100.0
Loan quality is likely to deteriorate somewhat	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	8	100.0

For this question, 5 respondents answered “My bank does not originate this type of loan.”

1. As of September 30, 2014, the 24 respondents had combined assets of \$1.3 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.