

Table 2

Senior Loan Officer Opinion Survey on Bank Lending Practices at Selected Branches and Agencies of Foreign Banks in the United States¹

(Status of Policy as of April 2018)

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	19	86.4
Eased somewhat	2	9.1
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	18	81.8
Eased somewhat	4	18.2
Eased considerably	0	0.0
Total	22	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	22	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	22	100

c. Costs of credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	4.5
Remained basically unchanged	18	81.8
Eased somewhat	3	13.6
Eased considerably	0	0.0
Total	22	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	4.5
Remained basically unchanged	16	72.7
Eased somewhat	5	22.7
Eased considerably	0	0.0
Total	22	100

e. Premiums charged on riskier loans

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	4.5
Remained basically unchanged	19	86.4
Eased somewhat	2	9.1
Eased considerably	0	0.0
Total	22	100

f. Loan covenants

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	19	86.4
Eased somewhat	3	13.6
Eased considerably	0	0.0
Total	22	100

g. Collateralization requirements

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	21	95.5
Eased somewhat	1	4.5
Eased considerably	0	0.0
Total	22	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	85.7
Eased somewhat	3	14.3
Eased considerably	0	0.0
Total	21	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 changes in 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	5	83.3
Somewhat important	1	16.7
Very important	0	0.0
Total	6	100

b. More favorable or less uncertain economic outlook

	All Respondents	
	Banks	Percent
Not important	3	50.0
Somewhat important	3	50.0
Very important	0	0.0
Total	6	100

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

	All Respondents	
	Banks	Percent
Not important	4	66.7
Somewhat important	1	16.7
Very important	1	16.7
Total	6	100

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

	All Respondents	
	Banks	Percent
Not important	1	16.7
Somewhat important	1	16.7
Very important	4	66.7
Total	6	100

e. Increased 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. Increased liquidity in the secondary market for these loans

	All Respondents	
	Banks	Percent
Not important	5	83.3
Somewhat important	1	16.7
Very important	0	0.0
Total	6	100

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

	All Respondents	
	Banks	Percent
Not important	5	83.3
Somewhat important	1	16.7
Very important	0	0.0
Total	6	100

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

	All Respondents	
	Banks	Percent
Not important	4	66.7
Somewhat important	2	33.3
Very important	0	0.0
Total	6	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	2	9.1
About the same	18	81.8
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	1	4.5
The number of inquiries has increased moderately	2	9.1
The number of inquiries has stayed about the same	18	81.8
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 changed?

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	14.3
Remained basically unchanged	12	85.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	14	100

8. Apart from normal seasonal variation, how has demand for CRE loans 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	14.3
About the same	10	71.4
Moderately weaker	2	14.3
Substantially weaker	0	0.0
Total	14	100

9. Over the past year, how has your bank changed the following policies on **construction and land development** loans?

a. Maximum loan size

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	11	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	11	100

b. Maximum loan maturity

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	10	90.9
Eased somewhat	1	9.1
Eased considerably	0	0.0
Total	11	100

c. 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	0	0.0
Remained basically unchanged	9	81.8
Eased somewhat	1	9.1
Eased considerably	1	9.1
Total	11	100

d. Loan-to-value ratios (lower ratios=tightened, higher ratios=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	11	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	11	100

e. Debt service coverage ratios (higher ratios=tightened, lower ratios=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	11	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	11	100

f. Market areas served (reduced market areas=tightened, expanded market areas=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	10	90.9
Eased somewhat	1	9.1
Eased considerably	0	0.0
Total	11	100

g. Length of interest-only payment period (shorter interest-only periods=tightened, longer interest-only periods=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	11	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	11	100

10. Over the past year, how has your bank changed the following policies on loans secured by **nonfarm-nonresidential** properties?

a. Maximum loan size

	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

b. Maximum loan maturity

	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

c. 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	7.1
Remained basically unchanged	10	71.4
Eased somewhat	2	14.3
Eased considerably	1	7.1
Total	14	100

d. Loan-to-value ratios (lower ratios=tightened, higher ratios=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	7.1
Remained basically unchanged	13	92.9
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	14	100

e. Debt service coverage ratios (higher ratios=tightened, lower ratios=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	14	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	14	100

f. Market areas served (reduced market areas=tightened, expanded market areas=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	12	85.7
Eased somewhat	2	14.3
Eased considerably	0	0.0
Total	14	100

g. Length of interest-only payment period (shorter interest-only periods=tightened, longer interest-only periods=eased)

	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

11. Over the past year, how has your bank changed the following policies on loans secured by multifamily residential properties?

a. Maximum loan size

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	14	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	14	100

b. Maximum loan maturity

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	14	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	14	100

c. 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	0	0.0
Remained basically unchanged	12	85.7
Eased somewhat	2	14.3
Eased considerably	0	0.0
Total	14	100

d. Loan-to-value ratios (lower ratios=tightened, higher ratios=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	7.1
Remained basically unchanged	12	85.7
Eased somewhat	1	7.1
Eased considerably	0	0.0
Total	14	100

e. Debt service coverage ratios (higher ratios=tightened, lower ratios=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	14	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	14	100

f. Market areas served (reduced market areas=tightened, expanded market areas=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	12	85.7
Eased somewhat	2	14.3
Eased considerably	0	0.0
Total	14	100

g. Length of interest-only payment period (shorter interest-only periods=tightened, longer interest-only periods=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	14	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	14	100

12. If your bank has tightened or eased its credit policies for CRE loans over the past year (as described in questions 9 through 11 above), how important have been the following possible reasons for the change?

A. Possible reasons for tightening credit policies on CRE loans over the past year:

a. Less favorable or more uncertain outlook for CRE property prices

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

b. Less favorable or more uncertain outlook for vacancy rates or other fundamentals on CRE properties

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

c. Less favorable or more uncertain capitalization rates (the ratio of current net operating income to the original sale price or current market value) on CRE properties

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

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

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

e. Reduced tolerance for risk

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

f. Decreased ability to securitize CRE loans

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

g. Increased concerns about my bank's capital adequacy or 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 regulatory changes or supervisory actions

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

12. If your bank has tightened or eased its credit policies for CRE loans over the past year (as described in questions 9 through 11 above), how important have been the following possible reasons for the change?

B. Possible reasons for easing credit policies on CRE loans over the past year:

a. More favorable or less uncertain outlook for CRE property prices

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

b. More favorable or less uncertain outlook for vacancy rates or other fundamentals on CRE properties

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

c. More favorable or less uncertain capitalization rates (the ratio of current net operating income to the original sale price or current market value) on CRE properties

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

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

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

e. Increased tolerance for risk

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

f. Increased ability to securitize CRE loans

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

g. Reduced concerns about my bank's capital adequacy or 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. Reduced concerns about the effects of regulatory changes or supervisory actions

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

13. If demand for CRE loans from your bank has strengthened or weakened over the past year, how important have been the following possible reasons for the change?

A. Possible reasons for stronger CRE loan demand over the past year:

a. Customers acquisition or development of properties increased

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

b. Customers outlook for rental demand became more favorable or less uncertain

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

c. General level of interest rates decreased

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

d. Customer internally generated funds decreased

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

e. 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	2	50.0
Somewhat important	2	50.0
Very important	0	0.0
Total	4	100

f. Customer precautionary demand for cash and liquidity increased

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

13. If demand for CRE loans from your bank has strengthened or weakened over the past year, how important have been the following possible reasons for the change?

B. Possible reasons for weaker CRE loan demand over the past year:

a. Customers acquisition or development of properties decreased

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

b. Customers outlook for rental demand became less favorable or more uncertain

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

c. General level of interest rates increased

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

d. Customer internally generated funds increased

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

e. 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	1	20.0
Somewhat important	3	60.0
Very important	1	20.0
Total	5	100

f. Customer precautionary demand for cash and liquidity decreased

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

1. As of December 31, 2017, the 22 respondents had combined assets of \$1.4 trillion, compared to \$2.5 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](#)

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