

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 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	7	31.8
Remained basically unchanged	14	63.6
Eased somewhat	1	4.5
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	4	19.0
Remained basically unchanged	17	81.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100

b. Maximum maturity of loans or credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	1	4.8
Tightened somewhat	5	23.8
Remained basically unchanged	15	71.4
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100

c. Costs of credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	4	20.0
Remained basically unchanged	13	65.0
Eased somewhat	3	15.0
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	6	28.6
Remained basically unchanged	11	52.4
Eased somewhat	4	19.0
Eased considerably	0	0.0
Total	21	100

e. Premiums charged on riskier loans

	All Respondents	
	Banks	Percent
Tightened considerably	2	9.5
Tightened somewhat	4	19.0
Remained basically unchanged	14	66.7
Eased somewhat	1	4.8
Eased considerably	0	0.0
Total	21	100

f. Loan covenants

	All Respondents	
	Banks	Percent
Tightened considerably	1	4.8
Tightened somewhat	5	23.8
Remained basically unchanged	15	71.4
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100

g. Collateralization requirements

	All Respondents	
	Banks	Percent
Tightened considerably	1	5.0
Tightened somewhat	4	20.0
Remained basically unchanged	15	75.0
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	1	4.8
Tightened somewhat	2	9.5
Remained basically unchanged	18	85.7
Eased somewhat	0	0.0
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

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

b. Less favorable or more uncertain economic outlook

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

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

	All Respondents	
	Banks	Percent
Not important	1	14.3
Somewhat important	1	14.3
Very important	5	71.4
Total	7	100

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

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

e. Reduced tolerance for risk

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

f. Decreased liquidity in the secondary market for these loans

	All Respondents	
	Banks	Percent
Not important	4	50.0
Somewhat important	3	37.5
Very important	1	12.5
Total	8	100

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

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

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

	All Respondents	
	Banks	Percent
Not important	3	37.5
Somewhat important	5	62.5
Very important	0	0.0
Total	8	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 changes in 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	4	18.2
About the same	9	40.9
Moderately weaker	8	36.4
Substantially weaker	1	4.5
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

	All Respondents	
	Banks	Percent
Not important	2	50.0
Somewhat important	2	50.0
Very important	0	0.0
Total	4	100

g. Customer precautionary demand for cash and liquidity increased

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

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	6	75.0
Somewhat important	1	12.5
Very important	1	12.5
Total	8	100

b. Customer accounts receivable financing needs decreased

	All Respondents	
	Banks	Percent
Not important	5	71.4
Somewhat important	1	14.3
Very important	1	14.3
Total	7	100

c. Customer investment in plant or equipment decreased

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

d. Customer internally generated funds increased

	All Respondents	
	Banks	Percent
Not important	5	62.5
Somewhat important	1	12.5
Very important	2	25.0
Total	8	100

e. Customer merger or acquisition financing needs decreased

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

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	5	62.5
Somewhat important	1	12.5
Very important	2	25.0
Total	8	100

g. Customer precautionary demand for cash and liquidity decreased

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	3	33.3
Very important	6	66.7
Total	9	100

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	2	9.1
The number of inquiries has stayed about the same	15	68.2
The number of inquiries has decreased moderately	5	22.7
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	0	0.0
Tightened somewhat	8	53.3
Remained basically unchanged	7	46.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	15	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	1	6.7
About the same	8	53.3
Moderately weaker	3	20.0
Substantially weaker	3	20.0
Total	15	100

Questions 9-14 ask about the share of loans at your bank that are currently in forbearance across several loan categories, and the terms and conditions of your bank's forbearance policies. "Forbearance" is meant broadly to include troubled debt restructuring, covenant relief, reduction or deferral of required loan payments, or other credit risk mitigation strategies your bank classifies as forbearance.

9. Approximately what fraction of **C&I loans** held by your bank are currently in forbearance?

	All Respondents	
	Banks	Percent
More than 20 percent	0	0.0
More than 10 percent but less than 20 percent	0	0.0
More than 5 percent but less than 10 percent	3	15.0
5 percent or less	14	70.0
No loans in forbearance	3	15.0
Total	20	100

10. If your bank makes forbearance available for some **C&I loans**, please indicate how frequently forbearance incorporates the following terms. Please rate each possible alteration using the following scale: 1=not frequent (Less than 20% of forbearances), 2=somewhat frequent (20-60%), 3=very frequent (Greater than 60%)

a. Payment deferral (reduced amortization or minimum payments)

	All Respondents	
	Banks	Percent
Not frequent (less than 20% of forbearances)	10	71.4
Somewhat frequent (20-60%)	3	21.4
Very frequent (greater than 60%)	1	7.1
Total	14	100

b. Lower interest rates

	All Respondents	
	Banks	Percent
Not frequent (less than 20% of forbearances)	13	92.9
Somewhat frequent (20-60%)	1	7.1
Very frequent (greater than 60%)	0	0.0
Total	14	100

c. Maturity extension

	All Respondents	
	Banks	Percent
Not frequent (less than 20% of forbearances)	9	64.3
Somewhat frequent (20-60%)	4	28.6
Very frequent (greater than 60%)	1	7.1
Total	14	100

d. Principal reduction

	All Respondents	
	Banks	Percent
Not frequent (less than 20% of forbearances)	12	85.7
Somewhat frequent (20-60%)	2	14.3
Very frequent (greater than 60%)	0	0.0
Total	14	100

e. Covenant relief

	All Respondents	
	Banks	Percent
Not frequent (less than 20% of forbearances)	1	6.2
Somewhat frequent (20-60%)	3	18.8
Very frequent (greater than 60%)	12	75.0
Total	16	100

11. If your bank makes forbearance available for some **C&I loans**, please indicate how important the following factors are in determining your bank's willingness to approve a forbearance request or the terms of forbearance. (Please rate each possible factor using the following scale: 1=not important, 2=somewhat important, 3=very important.)

a. Degree of borrower's financial hardships

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	2	12.5
Very important	14	87.5
Total	16	100

b. Borrower's history of loan payments

	All Respondents	
	Banks	Percent
Not important	2	12.5
Somewhat important	2	12.5
Very important	12	75.0
Total	16	100

c. Extent of borrower's relationship with your bank

	All Respondents	
	Banks	Percent
Not important	2	12.5
Somewhat important	8	50.0
Very important	6	37.5
Total	16	100

d. Regulatory or supervisory treatment of loans in forbearance

	All Respondents	
	Banks	Percent
Not important	6	37.5
Somewhat important	4	25.0
Very important	6	37.5
Total	16	100

12. Approximately what fraction of **CRE loans** held by your bank are currently in forbearance?

	All Respondents	
	Banks	Percent
More than 20 percent	1	6.2
More than 10 percent but less than 20 percent	1	6.2
More than 5 percent but less than 10 percent	2	12.5
5 percent or less	5	31.2
No loans in forbearance	7	43.8
Total	16	100

13. If your bank makes forbearance available for some **CRE loans**, please indicate how frequently forbearance incorporates the following terms. Please rate each possible alteration using the following scale: 1=not frequent (Less than 20% of forbearances), 2=somewhat frequent (20-60%), 3=very frequent (Greater than 60%).

a. Payment deferral (reduced amortization or lower minimum payments)

	All Respondents	
	Banks	Percent
Not frequent (less than 20% of forbearances)	3	37.5
Somewhat frequent (20-60%)	3	37.5
Very frequent (greater than 60%)	2	25.0
Total	8	100

b. Lower interest rates

	All Respondents	
	Banks	Percent
Not frequent (less than 20% of forbearances)	8	100.0
Somewhat frequent (20-60%)	0	0.0
Very frequent (greater than 60%)	0	0.0
Total	8	100

c. Maturity extension

	All Respondents	
	Banks	Percent
Not frequent (less than 20% of forbearances)	4	50.0
Somewhat frequent (20-60%)	2	25.0
Very frequent (greater than 60%)	2	25.0
Total	8	100

d. Principal reduction

	All Respondents	
	Banks	Percent
Not frequent (less than 20% of forbearances)	7	87.5
Somewhat frequent (20-60%)	0	0.0
Very frequent (greater than 60%)	1	12.5
Total	8	100

e. Covenant relief

	All Respondents	
	Banks	Percent
Not frequent (less than 20% of forbearances)	0	0.0
Somewhat frequent (20-60%)	5	55.6
Very frequent (greater than 60%)	4	44.4
Total	9	100

f. Release of reserves for debt service payments

	All Respondents	
	Banks	Percent
Not frequent (less than 20% of forbearances)	2	25.0
Somewhat frequent (20-60%)	5	62.5
Very frequent (greater than 60%)	1	12.5
Total	8	100

14. If your bank makes forbearance available for some **CRE loans**, please indicate how important the following factors are in determining your bank's willingness to approve a forbearance request or the terms of forbearance. (Please rate each possible factor using the following scale: 1=not important, 2=somewhat important, 3=very important.)

a. Degree of borrower's financial hardships

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	4	44.4
Very important	5	55.6
Total	9	100

b. Borrower's history of loan payments

	All Respondents	
	Banks	Percent
Not important	3	33.3
Somewhat important	0	0.0
Very important	6	66.7
Total	9	100

c. Extent of borrower's relationship with your bank

	All Respondents	
	Banks	Percent
Not important	1	11.1
Somewhat important	6	66.7
Very important	2	22.2
Total	9	100

d. Regulatory or supervisory treatment of loans in forbearance

	All Respondents	
	Banks	Percent
Not important	3	33.3
Somewhat important	3	33.3
Very important	3	33.3
Total	9	100

Question 15 requests feedback on any other issues you judge to be important but are not addressed in this survey.

1. As of June 30, 2020, the 22 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.

Last Update: November 9, 2020