

## Table 2

### Senior Loan Officer Opinion Survey on Bank Lending Practices at Selected Branches and Agencies of Foreign Banks in the United States <sup>1</sup>

(Status of Policy as of April 2021)

**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	4.8
Remained basically unchanged	18	85.7
Eased somewhat	2	9.5
Eased considerably	0	0.0
<b>Total</b>	21	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	3	15.0
Remained basically unchanged	16	80.0
Eased somewhat	1	5.0
Eased considerably	0	0.0
<b>Total</b>	20	100

b. Maximum maturity of loans or credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	10.5
Remained basically unchanged	17	89.5
Eased somewhat	0	0.0
Eased considerably	0	0.0
<b>Total</b>	19	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
<b>Total</b>	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	3	15.0
Remained basically unchanged	13	65.0
Eased somewhat	4	20.0
Eased considerably	0	0.0
<b>Total</b>	20	100

e. Premiums charged on riskier loans

	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
<b>Total</b>	20	100

f. Loan covenants

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	10.0
Remained basically unchanged	16	80.0
Eased somewhat	2	10.0
Eased considerably	0	0.0
<b>Total</b>	20	100

g. Collateralization requirements

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	10.5
Remained basically unchanged	17	89.5
Eased somewhat	0	0.0
Eased considerably	0	0.0
<b>Total</b>	19	100

h. Use of interest rate floors (more use=tightened, less use=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	10.0
Remained basically unchanged	14	70.0
Eased somewhat	4	20.0
Eased considerably	0	0.0
<b>Total</b>	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

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	4	66.7
Somewhat important	2	33.3
Very important	0	0.0
<b>Total</b>	6	100

b. More favorable or less uncertain economic outlook

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	6	85.7
Very important	1	14.3
<b>Total</b>	7	100

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

	All Respondents	
	Banks	Percent
Not important	2	33.3
Somewhat important	4	66.7
Very important	0	0.0
<b>Total</b>	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	2	33.3
Very important	3	50.0
<b>Total</b>	6	100

e. Increased tolerance for risk

	All Respondents	
	Banks	Percent
Not important	3	50.0
Somewhat important	2	33.3
Very important	1	16.7
<b>Total</b>	<b>6</b>	<b>100</b>

f. Increased liquidity in the secondary market for these loans

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

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

	All Respondents	
	Banks	Percent
Not important	4	66.7
Somewhat important	2	33.3
Very important	0	0.0
<b>Total</b>	<b>6</b>	<b>100</b>

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

	All Respondents	
	Banks	Percent
Not important	6	100.0
Somewhat important	0	0.0
Very important	0	0.0
<b>Total</b>	<b>6</b>	<b>100</b>

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	4.8
Moderately stronger	4	19.0
About the same	16	76.2
Moderately weaker	0	0.0
Substantially weaker	0	0.0
<b>Total</b>	<b>21</b>	<b>100</b>

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

	All Respondents	
	Banks	Percent
Not important	2	50.0
Somewhat important	1	25.0
Very important	1	25.0
<b>Total</b>	<b>4</b>	<b>100</b>

e. Customer merger or acquisition financing needs increased

	All Respondents	
	Banks	Percent
Not important	1	25.0
Somewhat important	1	25.0
Very important	2	50.0
<b>Total</b>	<b>4</b>	<b>100</b>

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

	All Respondents	
	Banks	Percent
Not important	2	50.0
Somewhat important	1	25.0
Very important	1	25.0
<b>Total</b>	<b>4</b>	<b>100</b>

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	4.8
The number of inquiries has increased moderately	4	19.0
The number of inquiries has stayed about the same	16	76.2
The number of inquiries has decreased moderately	0	0.0
The number of inquiries has decreased substantially	0	0.0
<b>Total</b>	21	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	4	26.7
Remained basically unchanged	10	66.7
Eased somewhat	1	6.7
Eased considerably	0	0.0
<b>Total</b>	15	100

For this question, 4 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	4	26.7
About the same	9	60.0
Moderately weaker	2	13.3
Substantially weaker	0	0.0
<b>Total</b>	15	100



This first set of special questions, **Questions 9-10**, asks about changes in your bank's lending policies for approving applications for loans compared to pre-pandemic levels (end of 2019). Specifically, these questions ask about changes in your bank's lending policies for approving applications for **C&I loans** compared to pre-pandemic levels (end of 2019) to investment-grade (having an S&P rating of BBB or above, or the equivalent) and below-investment-grade firms (having an S&P rating of BB or below, or the equivalent).

9. Compared to the end of 2019, 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) within the stated risk category changed? In each case assume that all other firm characteristics are typical for C&I loan applications within that risk category.

A. Investment-grade firms (having an S&P rating of BBB or above, or the equivalent, or unrated firms of similar creditworthiness)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	4.8
Remained basically unchanged	19	90.5
Eased somewhat	1	4.8
Eased considerably	0	0.0
<b>Total</b>	21	100

B. Below-investment-grade firms (having an S&P rating of BB or below, or the equivalent, or unrated firms of similar creditworthiness)

	All Respondents	
	Banks	Percent
Tightened considerably	1	4.8
Tightened somewhat	6	28.6
Remained basically unchanged	12	57.1
Eased somewhat	2	9.5
Eased considerably	0	0.0
<b>Total</b>	21	100

10. Compared to the end of 2019, how has your bank changed the following terms for C&I loans within the stated risk category? In each case assume that all other firm characteristics are typical for C&I loan applications within that risk category. (Please assign each term a number between 1 and 5 using the following scale: 1=tightened considerably, 2=tightened somewhat, 3=remained basically unchanged, 4=eased somewhat, 5=eased considerably.)

A. Investment-grade firms (having an S&P rating of BBB or above, or the equivalent, or unrated firms of similar creditworthiness)

a. Maximum size of credit lines

	All Respondents	
	Banks	Percent
Tightened Considerably	0	0.0
Tightened Somewhat	2	10.0
Remained Basically Unchanged	18	90.0
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	20	100

b. Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)

	All Respondents	
	Banks	Percent
Tightened Considerably	1	4.8
Tightened Somewhat	2	9.5
Remained Basically Unchanged	16	76.2
Eased Somewhat	2	9.5
Eased Considerably	0	0.0
<b>Total</b>	21	100

c. 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
<b>Total</b>	20	100

d. 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
<b>Total</b>	20	100

B. Below-investment-grade firms (having an S&P rating of BB or below, or the equivalent, or unrated firms of similar creditworthiness)

a. Maximum size of credit lines

	All Respondents	
	Banks	Percent
Tightened Considerably	1	5.0
Tightened Somewhat	2	10.0
Remained Basically Unchanged	16	80.0
Eased Somewhat	1	5.0
Eased Considerably	0	0.0
<b>Total</b>	20	100

b. Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)

	All Respondents	
	Banks	Percent
Tightened Considerably	1	4.8
Tightened Somewhat	5	23.8
Remained Basically Unchanged	10	47.6
Eased Somewhat	4	19.0
Eased Considerably	1	4.8
<b>Total</b>	21	100

c. Loan covenants

	All Respondents	
	Banks	Percent
Tightened Considerably	1	5.0
Tightened Somewhat	1	5.0
Remained Basically Unchanged	14	70.0
Eased Somewhat	4	20.0
Eased Considerably	0	0.0
<b>Total</b>	20	100

d. Collateralization requirements

	All Respondents	
	Banks	Percent
Tightened Considerably	1	5.0
Tightened Somewhat	1	5.0
Remained Basically Unchanged	18	90.0
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	20	100

The second set of special questions, **Questions 11-13**, asks how your bank has changed its lending policies over the past year for three different types of **commercial real estate (CRE) loans**: construction and land development loans, loans secured by nonfarm nonresidential properties, and loans secured by multifamily residential properties.

11. 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	2	22.2
Remained Basically Unchanged	7	77.8
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	9	100

B. Maximum loan maturity

	All Respondents	
	Banks	Percent
Tightened Considerably	0	0.0
Tightened Somewhat	1	11.1
Remained Basically Unchanged	8	88.9
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	9	100

C. Spread 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	33.3
Remained Basically Unchanged	5	55.6
Eased Somewhat	1	11.1
Eased Considerably	0	0.0
<b>Total</b>	9	100

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

	All Respondents	
	Banks	Percent
Tightened Considerably	0	0.0
Tightened Somewhat	3	33.3
Remained Basically Unchanged	6	66.7
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	9	100

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

	All Respondents	
	Banks	Percent
Tightened Considerably	0	0.0
Tightened Somewhat	2	22.2
Remained Basically Unchanged	7	77.8
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	9	100

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

	All Respondents	
	Banks	Percent
Tightened Considerably	1	11.1
Tightened Somewhat	2	22.2
Remained Basically Unchanged	6	66.7
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	9	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	1	11.1
Remained Basically Unchanged	8	88.9
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	9	100

For this question, 9 respondents answered "My bank does not originate construction and land development loans."

12. 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	3	25.0
Remained Basically Unchanged	9	75.0
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	12	100

B. Maximum loan maturity

	All Respondents	
	Banks	Percent
Tightened Considerably	0	0.0
Tightened Somewhat	1	8.3
Remained Basically Unchanged	11	91.7
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	12	100

C. Spread 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	25.0
Remained Basically Unchanged	8	66.7
Eased Somewhat	1	8.3
Eased Considerably	0	0.0
<b>Total</b>	12	100

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

	All Respondents	
	Banks	Percent
Tightened Considerably	0	0.0
Tightened Somewhat	5	41.7
Remained Basically Unchanged	7	58.3
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	12	100

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

	All Respondents	
	Banks	Percent
Tightened Considerably	0	0.0
Tightened Somewhat	3	27.3
Remained Basically Unchanged	8	72.7
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	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	4	33.3
Remained Basically Unchanged	8	66.7
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	12	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	2	16.7
Remained Basically Unchanged	10	83.3
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	12	100

For this question, 6 respondents answered "My bank does not originate nonfarm-nonresidential loans."

13. 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	9	100.0
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	9	100

B. Maximum loan maturity

	All Respondents	
	Banks	Percent
Tightened Considerably	0	0.0
Tightened Somewhat	0	0.0
Remained Basically Unchanged	9	100.0
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	9	100

C. Spread 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	33.3
Remained Basically Unchanged	6	66.7
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	<b>9</b>	<b>100</b>

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

	All Respondents	
	Banks	Percent
Tightened Considerably	0	0.0
Tightened Somewhat	2	22.2
Remained Basically Unchanged	7	77.8
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	<b>9</b>	<b>100</b>

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

	All Respondents	
	Banks	Percent
Tightened Considerably	0	0.0
Tightened Somewhat	3	33.3
Remained Basically Unchanged	6	66.7
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	<b>9</b>	<b>100</b>

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

	All Respondents	
	Banks	Percent
Tightened Considerably	0	0.0
Tightened Somewhat	3	33.3
Remained Basically Unchanged	6	66.7
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	<b>9</b>	<b>100</b>



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	1	12.5
Remained Basically Unchanged	7	87.5
Eased Somewhat	0	0.0
Eased Considerably	0	0.0
<b>Total</b>	<b>8</b>	<b>100</b>

For this question, 10 respondents answered "My bank does not originate multifamily loans."

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1. As of December 31, 2020, the 21 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.

Last Update: May 3, 2021