

## PRESS RELEASE

### Loan Officer Survey on Financial Institution Lending

(developments in Q4 2018 and prospects for Q1 2019)

#### 1. Banks

- ☐ It is forecast that domestic banks will maintain their standards on lending to large corporations in the first quarter of 2019, while tightening those for lending to SMEs and households.
- ☐ The credit risks of corporations and households are expected to rise.
- ☐ The demand for household mortgage loans is foreseen declining, while the demand for loans by SMEs and for general purpose loans by households will increase.

#### Domestic Bank Lending Indexes<sup>1)</sup>

	Large corporations			SMEs			Household mortgage loans <sup>2)</sup>			Other household loans <sup>2)</sup>		
	2018		2019	2018		2019	2018		2019	2018		2019
	Q3	Q4	Q1 <sup>3)</sup>	Q3	Q4	Q1 <sup>3)</sup>	Q3	Q4	Q1 <sup>3)</sup>	Q3	Q4	Q1 <sup>3)</sup>
Lending standards	-3	0	0	7	-3	-3	-23	-47	-20	-3	-33	-13
Credit risk	3	3	3	17	27	27	7	10	20	7	10	20
Demand for loans	0	-3	0	10	17	20	-3	-13	-10	7	10	10

Notes: 1) A positive figure means an easing of lending standards, an increase in credit risk or an increase in loan demand, with a negative figure indicating the reverse.

2) The credit risks associated with household mortgage loans and with other household loans are considered to be identical.

3) The indexes for the 1<sup>st</sup> quarter of 2019 are forecasts.

## 2. Non-Bank Financial Institutions

- ☐ It is forecast that non-bank financial institutions in all sectors will tighten their lending standards in the first quarter of 2019.
- ☐ All sectors foresee increases in the credit risks of their borrowers.
- ☐ All sectors except for credit card companies expect the demand for their loans to decrease somewhat.

### **Non-Bank Financial Institution Lending Indexes<sup>1)</sup>**

	Mutual savings banks			Credit card companies			Mutual credit cooperatives			Life insurance companies		
	2018		2019	2018		2019	2018		2019	2018		2019
	Q3	Q4	Q1 <sup>3)</sup>	Q3	Q4	Q1 <sup>3)</sup>	Q3	Q4	Q1 <sup>3)</sup>	Q3	Q4	Q1 <sup>3)</sup>
Lending standards	-14	-23	-17	-6	-19	-6	-33	-39	-38	-7	-14	-13
Credit risk	13	20	24	31	31	13	26	33	40	11	12	26
Demand for loans	-2	-5	-4	-6	-6	0	-4	-8	-10	-9	1	-6

Notes: 1) A positive figure means an easing of lending standards, an increase in credit risk or an increase in loan demand, with a negative figure indicating the reverse.

2) The indexes for the 1<sup>st</sup> quarter of 2019 are forecasts.

## Survey Overview

1. **Survey period:** 26 November to 14 December 2018
2. **Institutions surveyed:** 15 domestic banks, 16 mutual savings banks (MSBs), 8 credit card companies, 10 life insurance companies and 150 mutual credit cooperatives (MCCs) → 199 financial institutions in total
3. **Survey method:** Electronic surveys (mail surveys for MCCs) and interviews
4. **Items surveyed:** Respondents (managers overseeing the loan operations of their respective financial institutions) were asked to score (on a scale of 1 to 5) actual developments in terms of the three survey categories (lending standards, credit risk and demand for loans) over the previous quarter (October to December 2018), and their outlooks for the following quarter (January to March 2019).
5. **Lending index:** An index for each category is calculated by the weighted average of senior loan officers' responses. The index distributions range from -100 to 100, with the baselines being zero.

### Survey Categories and Possible Responses

	1	2	3	4	5
Lending standards	Significant easing	Slight easing	No change	Slight tightening	Significant tightening
Credit risk	Significant increase	Slight increase	No change	Slight decrease	Significant decrease
Demand for loans	Significant increase	Slight increase	No change	Slight decrease	Significant decrease

Lending index = [{percentage of respondents who answered 'significant easing (increase)' × 1.0  
+ percentage of respondents who answered 'slight easing (increase)' × 0.5}  
- {percentage of respondents who answered 'significant tightening (decrease)' × 1.0  
+ percentage of respondents who answered 'slight tightening (decrease)' × 0.5}] × 100

6. **Release:** The survey results are released at the beginning of the month following each quarter-end, i.e. in January, April, July or October.