



URPP Financial Market Regulation



38th Forum Financial Market Regulation of 24 November 2017

Bank Capital, Portfolio Rating Change and Loan Conditions

Banks, in determining their loan conditions given internal and external constraints, typically use models involving ratings. Using unique supervisory data for individual corporate loans in the U.S., the paper shows that exogenous changes in the credit ratings of banks' loan portfolio due to remappings of banks' internal rating system trigger adjustments in loan conditions. The effects are also asymmetric: downward remappings increase spreads by some 40 bp and decrease commitments and maturities, but upward remapping lead to much weaker (but opposite) effects. Furthermore, the authors find the effects are stronger for smaller, riskier, and poorly capitalized banks as well as for borrowers with poorer credit quality and unsecured loans.

Agenda

- 12:15 p.m. [Welcome](#)
Prof. Steven Ongena (University of Zurich, Dept. of Banking & Finance)
- 12:20 p.m. [Presentation](#)
Dr. Stijn Claessens (Head of Financial Stability Policy, BIS)
- 01:30 p.m. [End of the event](#)

This special seminar is held jointly with the Department of Banking & Finance at the University of Zurich, Plattenstrasse 14, 8032 Zürich.

Date: Friday, 24 November 2017
12:15 - 01:30p.m.

Venue: University of Zurich
Main Building
Rämistrasse 71
8006 Zürich
Room KOL-E-21

Name, first name: _____
Title, function: _____
Employer: _____
Street: _____
ZIP, City: _____
Phone: _____
E-Mail: _____

Fee: Attendance is free of charge.

Language: The talk will be held in English.

Registration: Please visit our website: www.finreg.uzh.ch/events, or send an e-mail with the above details to forumfinreg@rwi.uzh.ch.