

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 2012)

*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	2	8.7
Remained basically unchanged	21	91.3
Eased somewhat	0	0.0
Eased considerably	0	0.0
<b>Total</b>	<b>23</b>	<b>100.0</b>

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	13.0
Remained basically unchanged	19	82.6
Eased somewhat	1	4.3
Eased considerably	0	0.0
<b>Total</b>	23	100.0

b. Maximum maturity of loans or credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	4.3
Remained basically unchanged	21	91.3
Eased somewhat	1	4.3
Eased considerably	0	0.0
<b>Total</b>	23	100.0

c. Costs of credit lines

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Tightened considerably	1	4.3
Tightened somewhat	5	21.7
Remained basically unchanged	15	65.2
Eased somewhat	2	8.7
Eased considerably	0	0.0
<b>Total</b>	23	100.0

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

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Tightened considerably	0	0.0
Tightened somewhat	2	9.1
Remained basically unchanged	17	77.3
Eased somewhat	3	13.6
Eased considerably	0	0.0
<b>Total</b>	22	100.0

e. Premiums charged on riskier loans

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
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
<b>Total</b>	22	100.0

f. Loan covenants

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	21	91.3
Eased somewhat	2	8.7
Eased considerably	0	0.0
<b>Total</b>	23	100.0

g. Collateralization requirements

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Tightened considerably	0	0.0
Tightened somewhat	1	4.3
Remained basically unchanged	22	95.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
<b>Total</b>	23	100.0

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

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	19	95.0
Eased somewhat	1	5.0
Eased considerably	0	0.0
<b>Total</b>	20	100.0

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?

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	4	100.0
Somewhat important	0	0.0
Very important	0	0.0
<b>Total</b>	4	100.0

b. Less favorable or more uncertain economic outlook

	All Respondents	
	Banks	Percent
Not important	2	50.0
Somewhat important	0	0.0
Very important	2	50.0
<b>Total</b>	4	100.0

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

	All Respondents	
	Banks	Percent
Not important	2	50.0
Somewhat important	2	50.0
Very important	0	0.0
<b>Total</b>	4	100.0

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

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Not important	4	100.0
Somewhat important	0	0.0
Very important	0	0.0
<b>Total</b>	<b>4</b>	<b>100.0</b>

e. Reduced tolerance for risk

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Not important	2	40.0
Somewhat important	2	40.0
Very important	1	20.0
<b>Total</b>	<b>5</b>	<b>100.0</b>

f. Decreased liquidity in the secondary market for these loans

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Not important	3	75.0
Somewhat important	1	25.0
Very important	0	0.0
<b>Total</b>	<b>4</b>	<b>100.0</b>

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

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Not important	2	50.0
Somewhat important	2	50.0
Very important	0	0.0
<b>Total</b>	4	100.0

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

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Not important	2	50.0
Somewhat important	2	50.0
Very important	0	0.0
<b>Total</b>	4	100.0

B. Possible reasons for easing credit standards or loan terms:

a. Improvement in your bank's current or expected capital position

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Not important	4	100.0
Somewhat important	0	0.0
Very important	0	0.0
<b>Total</b>	4	100.0

b. More favorable or less uncertain economic outlook

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Not important	1	25.0
Somewhat important	2	50.0
Very important	1	25.0
<b>Total</b>	<b>4</b>	<b>100.0</b>

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

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Not important	4	100.0
Somewhat important	0	0.0
Very important	0	0.0
<b>Total</b>	<b>4</b>	<b>100.0</b>

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

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Not important	2	40.0
Somewhat important	3	60.0
Very important	0	0.0
<b>Total</b>	<b>5</b>	<b>100.0</b>



e. Increased tolerance for risk

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Not important	4	100.0
Somewhat important	0	0.0
Very important	0	0.0
<b>Total</b>	4	100.0

f. Increased liquidity in the secondary market for these loans

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Not important	2	50.0
Somewhat important	1	25.0
Very important	1	25.0
<b>Total</b>	4	100.0

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

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Not important	3	75.0
Somewhat important	0	0.0
Very important	1	25.0
<b>Total</b>	4	100.0

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

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Not important	4	100.0
Somewhat important	0	0.0
Very important	0	0.0
<b>Total</b>	4	100.0

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.)

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Substantially stronger	0	0.0
Moderately stronger	0	0.0
About the same	19	86.4
Moderately weaker	3	13.6
Substantially weaker	0	0.0
<b>Total</b>	22	100.0

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?

A. If stronger loan demand (answer 1 or 2 to question 4), possible reasons:

a. Customer inventory financing needs increased

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Not important	0	--
Somewhat important	0	--
Very important	0	--
<b>Total</b>	0	--

b. Customer accounts receivable financing needs increased

	All Respondents	
	Banks	Percent
Not important	0	--
Somewhat important	0	--
Very important	0	--
<b>Total</b>	<b>0</b>	<b>--</b>

c. Customer investment in plant or equipment increased

	All Respondents	
	Banks	Percent
Not important	0	--
Somewhat important	0	--
Very important	0	--
<b>Total</b>	<b>0</b>	<b>--</b>

d. Customer internally generated funds decreased

	All Respondents	
	Banks	Percent
Not important	0	--
Somewhat important	0	--
Very important	0	--
<b>Total</b>	<b>0</b>	<b>--</b>

e. Customer merger or acquisition financing needs increased

	All Respondents	
	Banks	Percent
Not important	0	--
Somewhat important	0	--
Very important	0	--
<b>Total</b>	<b>0</b>	<b>--</b>

f. Customer borrowing shifted to your bank from other bank or nonbank sources because these other sources became less attractive

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Not important	0	--
Somewhat important	0	--
Very important	0	--
<b>Total</b>	0	--

B. If weaker loan demand (answer 4 or 5 to question 4), possible reasons:

a. Customer inventory financing needs decreased

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Not important	2	100.0
Somewhat important	0	0.0
Very important	0	0.0
<b>Total</b>	2	100.0

b. Customer accounts receivable financing needs decreased

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Not important	2	100.0
Somewhat important	0	0.0
Very important	0	0.0
<b>Total</b>	2	100.0

c. Customer investment in plant or equipment decreased

	All Respondents	
	Banks	Percent
Not important	1	50.0
Somewhat important	1	50.0
Very important	0	0.0
<b>Total</b>	<b>2</b>	<b>100.0</b>

d. Customer internally generated funds increased

	All Respondents	
	Banks	Percent
Not important	1	50.0
Somewhat important	1	50.0
Very important	0	0.0
<b>Total</b>	<b>2</b>	<b>100.0</b>

e. Customer merger or acquisition financing needs decreased

	All Respondents	
	Banks	Percent
Not important	1	50.0
Somewhat important	1	50.0
Very important	0	0.0
<b>Total</b>	<b>2</b>	<b>100.0</b>

f. Customer borrowing shifted from your bank to other bank or nonbank credit sources because these other sources became more attractive

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Not important	2	66.7
Somewhat important	1	33.3
Very important	0	0.0
<b>Total</b>	<b>3</b>	<b>100.0</b>

6. At your bank, apart from normal 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.)

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
The number of inquiries has increased substantially	0	0.0
The number of inquiries has increased moderately	4	18.2
The number of inquiries has stayed about the same	15	68.2
The number of inquiries has decreased moderately	3	13.6
The number of inquiries has decreased substantially	0	0.0
<b>Total</b>	<b>22</b>	<b>100.0</b>

The ongoing fiscal and financial strains in Europe may have affected lending conditions for nonfinancial companies that have operations in the United States and significant exposure to European economies, as well as banks headquartered in Europe and their affiliates and subsidiaries. **Question 7** deals with changes in your bank's lending policies toward both types of firms over the past three months. In addition, developments in Europe may have affected these firms' demand for credit from U.S. banks. **Question 8** deals with such changes in demand.

In answering these questions, please consider your bank's C&I lending to all nonfinancial companies with operations in the United States and significant exposure to European economies (for example, please consider your bank's C&I loans both to operations of European firms that are located in the United States and to domestic firms that conduct a significant portion of their business with European firms). With regard to banks, please consider banks headquartered in Europe and affiliates and subsidiaries of European banks regardless of the location of those affiliates and subsidiaries.

7. Over the past three months, how have your bank's credit standards and terms for approving applications for loans or credit lines—other than those to be used to finance mergers and acquisitions—for the following types of firms changed?

A. Nonfinancial companies that have operations in the United States and significant exposure to European economies (as described in the introduction to these special questions)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	4	18.2
Remained basically unchanged	18	81.8
Eased somewhat	0	0.0
Eased considerably	0	0.0
<b>Total</b>	22	100.0

For this question, 1 respondent answered “My bank does not make loans or extend credit lines to nonfinancial companies that have operations in the United States and significant exposure to European economies.”

B. Banks headquartered in Europe and their affiliates and subsidiaries (as described in the introduction to these special questions)

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Tightened considerably	0	0.0
Tightened somewhat	4	23.5
Remained basically unchanged	12	70.6
Eased somewhat	1	5.9
Eased considerably	0	0.0
<b>Total</b>	17	100.0

For this question, 4 respondents answered “My bank does not make loans or extend credit lines to banks headquartered in Europe or their affiliates or subsidiaries.”

8. Over the past three months and apart from normal seasonal variation, how has demand for loans at your bank from the following types of firms changed? (Please consider only funds actually disbursed as opposed to requests for new or increased lines of credit.)

A. Nonfinancial companies with operations in the United States and significant exposures to European economies (as described in the introduction to these special questions)

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Substantially stronger	0	0.0
Moderately stronger	0	0.0
About the same	21	100.0
Moderately weaker	0	0.0
Substantially weaker	0	0.0
<b>Total</b>	21	100.0

For this question, 1 respondent answered “My bank does not make loans or extend credit lines to nonfinancial companies that have operations in the United States and significant exposure to European economies.”



B. Banks headquartered in Europe and their affiliates and subsidiaries (as described in the introduction to these special questions)

	<b>All Respondents</b>	
	<b>Banks</b>	<b>Percent</b>
Substantially stronger	0	0.0
Moderately stronger	0	0.0
About the same	15	88.2
Moderately weaker	2	11.8
Substantially weaker	0	0.0
<b>Total</b>	17	100.0

For this question, 4 respondents answered “My bank does not make loans or extend credit lines to banks headquartered in Europe or their affiliates or subsidiaries.”

*Questions 9-10 ask about commercial real estate (CRE) loans at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate. Question 9 deals with changes in your bank's standards over the past three months. Question 10 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.*

9. 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	1	6.7
Tightened somewhat	0	0.0
Remained basically unchanged	13	86.7
Eased somewhat	1	6.7
Eased considerably	0	0.0
<b>Total</b>	15	100.0

10. Apart from normal seasonal variation, how has demand for CRE loans changed over the past three months?

	All Respondents	
	Banks	Percent
Substantially stronger	0	0.0
Moderately stronger	3	20.0
About the same	9	60.0
Moderately weaker	3	20.0
Substantially weaker	0	0.0
<b>Total</b>	15	100.0

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1. As of December 31, 2011, the 23 respondents had combined assets of \$1.1 trillion, compared to \$2.1 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.