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 January 2011)

***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	0	0.0
Remained basically unchanged	18	85.7
Eased somewhat	3	14.3
Eased considerably	0	0.0
Total	21	100.0

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	1	4.8
Remained basically unchanged	17	81.0
Eased somewhat	3	14.3
Eased considerably	0	0.0
Total	21	100.0

b. Maximum maturity of loans or credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	17	85.0
Eased somewhat	3	15.0
Eased considerably	0	0.0
Total	20	100.0

c. Costs of credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	16	80.0
Eased somewhat	4	20.0
Eased considerably	0	0.0
Total	20	100.0

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	0	0.0
Remained basically unchanged	13	65.0
Eased somewhat	7	35.0
Eased considerably	0	0.0
Total	20	100.0

e. Premiums charged on riskier loans

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	15	75.0
Eased somewhat	5	25.0
Eased considerably	0	0.0
Total	20	100.0

f. Loan covenants

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	18	85.7
Eased somewhat	3	14.3
Eased considerably	0	0.0
Total	21	100.0

g. Collateralization requirements

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	21	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	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	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

b. Less favorable or more uncertain economic outlook

	All Respondents	
	Banks	**Percent**
Not important	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

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

	All Respondents	
	Banks	**Percent**
Not important	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

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

	All Respondents	
	Banks	**Percent**
Not important	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

e. Reduced tolerance for risk

	All Respondents	
	Banks	Percent
Not important	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

f. Decreased liquidity in the secondary market for these loans

	All Respondents	
	Banks	Percent
Not important	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

g. Increase in defaults by borrowers in public debt markets

	All Respondents	
	Banks	Percent
Not important	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

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

	All Respondents	
	Banks	**Percent**
Not important	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

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

	All Respondents	
	Banks	**Percent**
Not important	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

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	6	75.0
Somewhat important	2	25.0
Very important	0	0.0
Total	8	100.0

b. More favorable or less uncertain economic outlook

	All Respondents	
	Banks	**Percent**
Not important	3	37.5
Somewhat important	5	62.5
Very important	0	0.0
Total	8	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	3	37.5
Somewhat important	4	50.0
Very important	1	12.5
Total	8	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	1	11.1
Somewhat important	5	55.6
Very important	3	33.3
Total	9	100.0

e. Increased tolerance for risk

	All Respondents	
	Banks	**Percent**
Not important	6	75.0
Somewhat important	0	0.0
Very important	2	25.0
Total	8	100.0

f. Increased liquidity in the secondary market for these loans

	All Respondents	
	Banks	**Percent**
Not important	4	50.0
Somewhat important	4	50.0
Very important	0	0.0
Total	8	100.0

g. Reduction in defaults by borrowers in public debt markets

	All Respondents	
	Banks	**Percent**
Not important	6	75.0
Somewhat important	2	25.0
Very important	0	0.0
Total	8	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	7	87.5
Somewhat important	0	0.0
Very important	1	12.5
Total	8	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	8	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	8	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.)

	All Respondents	
	Banks	**Percent**
Substantially stronger	0	0.0
Moderately stronger	4	19.0
About the same	15	71.4
Moderately weaker	2	9.5
Substantially weaker	0	0.0
Total	21	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

	All Respondents	
	Banks	**Percent**
Not important	1	33.3
Somewhat important	2	66.7
Very important	0	0.0
Total	3	100.0

b. Customer accounts receivable financing needs increased

	All Respondents	
	Banks	**Percent**
Not important	2	66.7
Somewhat important	1	33.3
Very important	0	0.0
Total	3	100.0

c. Customer investment in plant or equipment increased

	All Respondents	
	Banks	**Percent**
Not important	3	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	3	100.0

d. Customer internally generated funds decreased

	All Respondents	
	Banks	**Percent**
Not important	2	66.7
Somewhat important	1	33.3
Very important	0	0.0
Total	3	100.0

e. Customer merger or acquisition financing needs increased

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	3	100.0
Very important	0	0.0
Total	3	100.0

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	1	33.3
Somewhat important	2	66.7
Very important	0	0.0
Total	3	100.0

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	1	50.0
Somewhat important	1	50.0
Very important	0	0.0
Total	2	100.0

b. Customer accounts receivable financing needs decreased

	All Respondents	
	Banks	**Percent**
Not important	1	50.0
Somewhat important	1	50.0
Very important	0	0.0
Total	2	100.0

c. Customer investment in plant or equipment decreased

	All Respondents	
	Banks	**Percent**
Not important	1	50.0
Somewhat important	0	0.0
Very important	1	50.0
Total	2	100.0

d. Customer internally generated funds increased

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	1	50.0
Very important	1	50.0
Total	2	100.0

e. Customer merger or acquisition financing needs decreased

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	0	0.0
Very important	2	100.0
Total	2	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	1	50.0
Somewhat important	0	0.0
Very important	1	50.0
Total	2	100.0

6. At your bank, 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	5	25.0
The number of inquiries has stayed about the same	15	75.0
The number of inquiries has decreased moderately	0	0.0
The number of inquiries has decreased substantially	0	0.0
Total	20	100.0

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 real estate. 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 changed?

	All Respondents	
	Banks	**Percent**
Tightened considerably	1	7.7
Tightened somewhat	2	15.4
Remained basically unchanged	9	69.2
Eased somewhat	0	0.0
Eased considerably	1	7.7
Total	13	100.0

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

	All Respondents	
	Banks	**Percent**
Substantially stronger	1	7.7
Moderately stronger	3	23.1
About the same	8	61.5
Moderately weaker	1	7.7
Substantially weaker	0	0.0
Total	13	100.0

Question 9 *focuses on changes in your bank's policies on CRE loans over the past year. If your bank's lending policies have not changed over the past year, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's policies have tightened or eased over the past year, please report these changes regardless of how your bank's policies stand relative to longer-term norms.*

9. Over the past year, how has your bank changed the following policies on CRE loans?

a. Maximum loan size

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	8.3
Remained basically unchanged	5	41.7
Eased somewhat	5	41.7
Eased considerably	1	8.3
Total	12	100.0

b. Maximum loan maturity

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	11	91.7
Eased somewhat	1	8.3
Eased considerably	0	0.0
Total	12	100.0

c. 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	1	8.3
Remained basically unchanged	8	66.7
Eased somewhat	3	25.0
Eased considerably	0	0.0
Total	12	100.0

d. Loan-to-value ratios

	All Respondents	
	Banks	**Percent**
Tightened considerably	1	8.3
Tightened somewhat	0	0.0
Remained basically unchanged	9	75.0
Eased somewhat	2	16.7
Eased considerably	0	0.0
Total	12	100.0

e. Requirements for take-out financing

	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
Total	12	100.0

f. Debt-service coverage ratios

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	10	83.3
Eased somewhat	2	16.7
Eased considerably	0	0.0
Total	12	100.0

10. Over the past three months, how has your bank changed the size of credit lines for existing customers with the following types of accounts? Please consider changes made to line sizes during the life of existing credit agreements as well as changes made to line sizes upon renewal or renegotiation of existing agreements.

a. Business credit card accounts

	All Respondents	
	Banks	**Percent**
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	5	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	5	100.0

b. C&I credit lines (excluding business credit card accounts)

	All Respondents	
	Banks	**Percent**
Increased considerably	0	0.0
Increased somewhat	5	23.8
Remained basically unchanged	16	76.2
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	21	100.0

c. Commercial construction lines of credit

	All Respondents	
	Banks	**Percent**
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	7	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	7	100.0

d. Lines of credit for financial firms

	All Respondents	
	Banks	**Percent**
Increased considerably	0	0.0
Increased somewhat	2	14.3
Remained basically unchanged	12	85.7
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	14	100.0

In recent quarters, loan delinquencies and charge-offs have declined in some loan classes while stabilizing or moving higher in other loan classes. ***Questions 11-12*** *ask about your bank's expectations for the behavior of these measures of loan quality in 2011. Question 11 asks about C&I loans to large and middle-market firms and to small firms. Question 12 asks about CRE loans.*

11. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **C&I loans** to large and middle-market firms and to small firms in 2011?

A. Outlook for loan quality on C&I loans to large and middle-market firms:

	All Respondents	
	Banks	**Percent**
Loan quality is likely to improve substantially	2	10.0
Loan quality is likely to improve somewhat	15	75.0
Loan quality is likely to stabilize around current levels	3	15.0
Loan quality is likely to deteriorate somewhat	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	20	100.0

B. Outlook for loan quality on C&I loans to small firms:

	All Respondents	
	Banks	**Percent**
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	5	71.4
Loan quality is likely to stabilize around current levels	2	28.6
Loan quality is likely to deteriorate somewhat	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	7	100.0

For this question, 6 respondents answered “My bank does not originate this type of loan.”

12. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **commercial real estate loans** in 2011?

	All Respondents	
	Banks	**Percent**
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	5	45.5
Loan quality is likely to stabilize around current levels	6	54.5
Loan quality is likely to deteriorate somewhat	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	11	100.0

For this question, 3 respondents answered “My bank does not originate this type of loan.”

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1. As of September 30, 2010, the 22 respondents had combined assets of $1.1 trillion, compared to $2.0 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.