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 2016)

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	1	4.2
Tightened somewhat	2	8.3
Remained basically unchanged	20	83.3
Eased somewhat	1	4.2
Eased considerably	0	0.0
Total	24	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	3	12.5
Remained basically unchanged	16	66.7
Eased somewhat	5	20.8
Eased considerably	0	0.0
Total	24	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	24	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	24	100.0

c. Costs of credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	4	16.7
Remained basically unchanged	20	83.3
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	24	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	5	20.8
Remained basically unchanged	18	75.0
Eased somewhat	1	4.2
Eased considerably	0	0.0
Total	24	100.0

e. Premiums charged on riskier loans

	All Respondents	
	Banks	Percent
Tightened considerably	1	4.2
Tightened somewhat	4	16.7
Remained basically unchanged	17	70.8
Eased somewhat	2	8.3
Eased considerably	0	0.0
Total	24	100.0

f. Loan covenants

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	8.3
Remained basically unchanged	20	83.3
Eased somewhat	2	8.3
Eased considerably	0	0.0
Total	24	100.0

g. Collateralization requirements

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	23	95.8
Eased somewhat	1	4.2
Eased considerably	0	0.0
Total	24	100.0

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

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	4.5
Remained basically unchanged	21	95.5
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	22	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	66.7
Somewhat important	1	16.7
Very important	1	16.7
Total	6	100.0

b. Less favorable or more uncertain economic outlook

	All Respondents	
	Banks	**Percent**
Not important	1	14.3
Somewhat important	5	71.4
Very important	1	14.3
Total	7	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	1	16.7
Somewhat important	3	50.0
Very important	2	33.3
Total	6	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	5	83.3
Somewhat important	0	0.0
Very important	1	16.7
Total	6	100.0

e. Reduced tolerance for risk

	All Respondents	
	Banks	**Percent**
Not important	3	42.9
Somewhat important	4	57.1
Very important	0	0.0
Total	7	100.0

f. Decreased liquidity in the secondary market for these loans

	All Respondents	
	Banks	**Percent**
Not important	3	42.9
Somewhat important	4	57.1
Very important	0	0.0
Total	7	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	5	83.3
Somewhat important	0	0.0
Very important	1	16.7
Total	6	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	4	66.7
Somewhat important	2	33.3
Very important	0	0.0
Total	6	100.0

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

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

Responses are not reported when the number of respondents is 3 or fewer.

b. More favorable or less uncertain economic outlook

Responses are not reported when the number of respondents is 3 or fewer.

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

Responses are not reported when the number of respondents is 3 or fewer.

d. More 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. Increased tolerance for risk

Responses are not reported when the number of respondents is 3 or fewer.

f. Increased liquidity in the secondary market for these loans

Responses are not reported when the number of respondents is 3 or fewer.

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

Responses are not reported when the number of respondents is 3 or fewer.

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

Responses are not reported when the number of respondents is 3 or fewer.

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	16.7
About the same	17	70.8
Moderately weaker	3	12.5
Substantially weaker	0	0.0
Total	24	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	2	50.0
Somewhat important	2	50.0
Very important	0	0.0
Total	4	100.0

b. Customer accounts receivable financing needs increased

	All Respondents	
	Banks	**Percent**
Not important	1	25.0
Somewhat important	2	50.0
Very important	1	25.0
Total	4	100.0

c. Customer investment in plant or equipment increased

	All Respondents	
	Banks	**Percent**
Not important	1	25.0
Somewhat important	3	75.0
Very important	0	0.0
Total	4	100.0

d. Customer internally generated funds decreased

	All Respondents	
	Banks	**Percent**
Not important	3	75.0
Somewhat important	1	25.0
Very important	0	0.0
Total	4	100.0

e. Customer merger or acquisition financing needs increased

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	2	50.0
Very important	2	50.0
Total	4	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	2	50.0
Somewhat important	2	50.0
Very important	0	0.0
Total	4	100.0

g. Customers' precautionary demand for cash and liquidity increased

	All Respondents	
	Banks	Percent
Not important	2	50.0
Somewhat important	2	50.0
Very important	0	0.0
Total	4	100.0

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. Customers' 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 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.)

	All Respondents	
	Banks	**Percent**
The number of inquiries has increased substantially	0	0.0
The number of inquiries has increased moderately	1	4.3
The number of inquiries has stayed about the same	20	87.0
The number of inquiries has decreased moderately	2	8.7
The number of inquiries has decreased substantially	0	0.0
Total	23	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	0	0.0
Tightened somewhat	1	5.9
Remained basically unchanged	16	94.1
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	17	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	5.9
Moderately stronger	4	23.5
About the same	12	70.6
Moderately weaker	0	0.0
Substantially weaker	0	0.0
Total	17	100.0

***Questions 9** asks how your bank expects its lending practices and conditions for **C&I** loans to change over 2016.*

9. Assuming that economic activity progresses in line with consensus forecasts, how does your bank expect the following lending practices and conditions for **C&I loans to large and middle-market firms** to change over 2016 compared to current practices and conditions, apart from normal seasonal variation? (Please refer to the definitions of large and middle-market firms suggested in question 1. If your bank defines firm size differently from the categories suggested in question 1, please use your definitions and indicate what they are.) If your bank does not originate C&I loans to large and middle-market firms, please skip to Question 10.

A. Compared to current practices and conditions, over 2016, my bank expects its **lending standards** for approving applications of C&I loans or credit lines to large and middle-market firms to:

	All Respondents	
	Banks	**Percent**
Tighten substantially	1	4.2
Tighten somewhat	4	16.7
Remain basically unchanged	19	79.2
Ease somewhat	0	0.0
Ease substantially	0	0.0
Total	24	100.0

B. Compared to current practices and conditions, over 2016, my bank expects the average **level of interest rates** on C&I loans to large and middle-market firms to:

	All Respondents	
	Banks	**Percent**
Increase substantially	0	0.0
Increase somewhat	11	45.8
Remain basically unchanged	13	54.2
Decrease somewhat	0	0.0
Decrease substantially	0	0.0
Total	24	100.0

C. Compared to current practices and conditions, over 2016, my bank expects the average **spread of loan rates over my bank's cost of funds** for C&I loans to large and middle-market firms to:

	All Respondents	
	Banks	**Percent**
Increase substantially	0	0.0
Increase somewhat	6	25.0
Remain basically unchanged	17	70.8
Decrease somewhat	1	4.2
Decrease substantially	0	0.0
Total	24	100.0

D. Compared to current practices and conditions, over 2016, my bank expects the average **volume of originations** of C&I loans to large and middle-market firms to:

	All Respondents	
	Banks	**Percent**
Decrease substantially	0	0.0
Decrease somewhat	5	20.8
Remain basically unchanged	16	66.7
Increase somewhat	3	12.5
Increase substantially	0	0.0
Total	24	100.0

Questions 10-12 *ask how your bank expects its lending practices and conditions for selected categories of* ***commercial real estate loans*** *to change over 2016.*

10. Assuming that economic activity progresses in line with consensus forecasts, how does your bank expect the following lending practices and conditions for **construction and land development loans (CLD loans)** to change over 2016 compared to current practices and conditions, apart from normal seasonal variation? If your bank does not originate CLD loans, please skip to Question 11.

A. Compared to current practices and conditions, over 2016, my bank expects its **lending standards** for approving applications of CLD loans to:

	All Respondents	
	Banks	**Percent**
Tighten substantially	1	9.1
Tighten somewhat	3	27.3
Remain basically unchanged	7	63.6
Ease somewhat	0	0.0
Ease substantially	0	0.0
Total	11	100.0

B. Compared to current practices and conditions, over 2016, my bank expects the average **level of interest rates** on CLD loans to:

	All Respondents	
	Banks	**Percent**
Increase substantially	0	0.0
Increase somewhat	8	72.7
Remain basically unchanged	3	27.3
Decrease somewhat	0	0.0
Decrease substantially	0	0.0
Total	11	100.0

C. Compared to current practices and conditions, over 2016, my bank expects the average **spread of loan rates over my bank's cost of funds** for CLD loans to:

	All Respondents	
	Banks	**Percent**
Increase substantially	0	0.0
Increase somewhat	5	45.5
Remain basically unchanged	5	45.5
Decrease somewhat	1	9.1
Decrease substantially	0	0.0
Total	11	100.0

D. Compared to current practices and conditions, over 2016, my bank expects the average **volume of originations** of CLD loans to:

	All Respondents	
	Banks	**Percent**
Decrease substantially	0	0.0
Decrease somewhat	3	27.3
Remain basically unchanged	5	45.5
Increase somewhat	3	27.3
Increase substantially	0	0.0
Total	11	100.0

11. Assuming that economic activity progresses in line with consensus forecasts, how does your bank expect the following lending practices and conditions for **loans secured by nonfarm nonresidential properties (NFNR loans)** to change over 2016 compared to current practices and conditions, apart from normal seasonal variation? If your bank does not originate NFNR loans, please skip to Question 12.

A. Compared to current practices and conditions, over 2016, my bank expects its **lending standards** for approving applications of NFNR loans to:

	All Respondents	
	Banks	Percent
Tighten substantially	0	0.0
Tighten somewhat	4	44.4
Remain basically unchanged	5	55.6
Ease somewhat	0	0.0
Ease substantially	0	0.0
Total	9	100.0

B. Compared to current practices and conditions, over 2016, my bank expects the average **level of interest rates** on NFNR loans to:

	All Respondents	
	Banks	Percent
Increase substantially	0	0.0
Increase somewhat	8	88.9
Remain basically unchanged	1	11.1
Decrease somewhat	0	0.0
Decrease substantially	0	0.0
Total	9	100.0

C. Compared to current practices and conditions, over 2016, my bank expects the average **spread of loan rates over my bank's cost of funds** for NFNR loans to:

	All Respondents	
	Banks	**Percent**
Increase substantially	0	0.0
Increase somewhat	4	50.0
Remain basically unchanged	2	25.0
Decrease somewhat	2	25.0
Decrease substantially	0	0.0
Total	8	100.0

D. Compared to current practices and conditions, over 2016, my bank expects the average **volume of originations** of NFNR loans to:

	All Respondents	
	Banks	**Percent**
Decrease substantially	0	0.0
Decrease somewhat	1	11.1
Remain basically unchanged	6	66.7
Increase somewhat	2	22.2
Increase substantially	0	0.0
Total	9	100.0

12. Assuming that economic activity progresses in line with consensus forecasts, how does your bank expect the following lending practices and conditions for **loans secured by multifamily residential properties (MF loans)** to change over 2016 compared to current practices and conditions, apart from normal seasonal variation? If your bank does not originate MF loans, please skip to Question 13.

A. Compared to current practices and conditions, over 2016, my bank expects its **lending standards** for approving applications of MF loans to:

	All Respondents	
	Banks	Percent
Tighten substantially	0	0.0
Tighten somewhat	3	30.0
Remain basically unchanged	7	70.0
Ease somewhat	0	0.0
Ease substantially	0	0.0
Total	10	100.0

B. Compared to current practices and conditions, over 2016, my bank expects the average **level of interest rates** on MF loans to:

	All Respondents	
	Banks	Percent
Increase substantially	0	0.0
Increase somewhat	6	60.0
Remain basically unchanged	4	40.0
Decrease somewhat	0	0.0
Decrease substantially	0	0.0
Total	10	100.0

C. Compared to current practices and conditions, over 2016, my bank expects the average **spread of loan rates over my bank's cost of funds** for MF loans to:

	All Respondents	
	Banks	**Percent**
Increase substantially	0	0.0
Increase somewhat	4	40.0
Remain basically unchanged	5	50.0
Decrease somewhat	1	10.0
Decrease substantially	0	0.0
Total	10	100.0

D. Compared to current practices and conditions, over 2016, my bank expects the average **volume of originations** of MF loans to:

	All Respondents	
	Banks	**Percent**
Decrease substantially	0	0.0
Decrease somewhat	1	10.0
Remain basically unchanged	8	80.0
Increase somewhat	1	10.0
Increase substantially	0	0.0
Total	10	100.0

Questions 13-14 *ask about your bank's expectations for the behavior of loan delinquencies and charge-offs on selected categories of C&I and CRE loans in 2016.*

13. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and charge-offs on your bank's **C&I loans** in the following categories in 2016? (Please refer to the definitions of large and middle-market firms and of small firms suggested in question 1. If your bank defines firm size differently from the categories suggested in question 1, please use your definitions and indicate what they are.)

A. Outlook for loan quality on my bank's **syndicated nonleveraged** C&I loans to large and middle-market firms:

	All Respondents	
	Banks	**Percent**
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	1	4.2
Loan quality is likely to remain around current levels	19	79.2
Loan quality is likely to deteriorate somewhat	4	16.7
Loan quality is likely to deteriorate substantially	0	0.0
Total	24	100.0

B. Outlook for loan quality on my bank's **syndicated leveraged** C&I loans to large and middle-market firms:

	All Respondents	
	Banks	**Percent**
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	0	0.0
Loan quality is likely to remain around current levels	10	43.5
Loan quality is likely to deteriorate somewhat	13	56.5
Loan quality is likely to deteriorate substantially	0	0.0
Total	23	100.0

For this question, 1 respondent answered “My bank does not originate this type of loan.”

C. Outlook for loan quality on my bank's **nonsyndicated** C&I loans to large and middle-market firms:

	All Respondents	
	Banks	Percent
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	1	4.2
Loan quality is likely to remain around current levels	19	79.2
Loan quality is likely to deteriorate somewhat	4	16.7
Loan quality is likely to deteriorate substantially	0	0.0
Total	24	100.0

D. Outlook for loan quality on my bank's 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	1	11.1
Loan quality is likely to remain around current levels	5	55.6
Loan quality is likely to deteriorate somewhat	3	33.3
Loan quality is likely to deteriorate substantially	0	0.0
Total	9	100.0

For this question, 13 respondents answered “My bank does not originate this type of loan.”

14. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and charge-offs on your bank's **commercial real estate loans** in the following categories in 2016?

A. Outlook for loan quality on my bank's **construction and land development** loans:

	All Respondents	
	Banks	**Percent**
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	0	0.0
Loan quality is likely to remain around current levels	12	100.0
Loan quality is likely to deteriorate somewhat	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	12	100.0

For this question, 8 respondents answered “My bank does not originate this type of loan.”

B. Outlook for loan quality on my bank's loans secured by **nonfarm nonresidential properties**:

	All Respondents	
	Banks	**Percent**
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	0	0.0
Loan quality is likely to remain around current levels	9	100.0
Loan quality is likely to deteriorate somewhat	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	9	100.0

For this question, 7 respondents answered “My bank does not originate this type of loan.”

C. Outlook for loan quality on my bank's loans secured by **multifamily residential properties**:

	All Respondents	
	Banks	**Percent**
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	0	0.0
Loan quality is likely to remain around current levels	10	100.0
Loan quality is likely to deteriorate somewhat	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	10	100.0

For this question, 8 respondents answered “My bank does not originate this type of loan.”

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1. As of September 30, 2015, the 24 respondents had combined assets of $1.3 trillion, compared to $2.4 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.