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 April 2009)

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	2	8.7
Tightened somewhat	5	21.7
Remained basically unchanged	16	69.6
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	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	2	8.7
Tightened somewhat	7	30.4
Remained basically unchanged	12	52.2
Eased somewhat	2	8.7
Eased considerably	0	0.0
Total	23	100.0

b. Maximum maturity of loans or credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	2	8.7
Tightened somewhat	6	26.1
Remained basically unchanged	15	65.2
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

c. Costs of credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	7	30.4
Tightened somewhat	8	34.8
Remained basically unchanged	8	34.8
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	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	6	26.1
Tightened somewhat	9	39.1
Remained basically unchanged	7	30.4
Eased somewhat	1	4.3
Eased considerably	0	0.0
Total	23	100.0

e. Premiums charged on riskier loans

	All Respondents	
	Banks	**Percent**
Tightened considerably	7	30.4
Tightened somewhat	9	39.1
Remained basically unchanged	7	30.4
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

f. Loan covenants

	All Respondents	
	Banks	**Percent**
Tightened considerably	2	8.7
Tightened somewhat	8	34.8
Remained basically unchanged	13	56.5
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

g. Collateralization requirements

	All Respondents	
	Banks	**Percent**
Tightened considerably	2	9.1
Tightened somewhat	6	27.3
Remained basically unchanged	14	63.6
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	6	40.0
Somewhat important	9	60.0
Very important	0	0.0
Total	15	100.0

b. Less favorable or more uncertain economic outlook

	All Respondents	
	Banks	**Percent**
Not important	2	13.3
Somewhat important	3	20.0
Very important	10	66.7
Total	15	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	5	33.3
Somewhat important	5	33.3
Very important	5	33.3
Total	15	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	9	60.0
Somewhat important	5	33.3
Very important	1	6.7
Total	15	100.0

e. Reduced tolerance for risk

	All Respondents	
	Banks	Percent
Not important	2	13.3
Somewhat important	11	73.3
Very important	2	13.3
Total	15	100.0

f. Decreased liquidity in the secondary market for these loans

	All Respondents	
	Banks	Percent
Not important	5	31.3
Somewhat important	4	25.0
Very important	7	43.8
Total	16	100.0

g. Increase in defaults by borrowers in public debt markets

	All Respondents	
	Banks	Percent
Not important	4	26.7
Somewhat important	9	60.0
Very important	2	13.3
Total	15	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	11	78.6
Somewhat important	3	21.4
Very important	0	0.0
Total	14	100.0

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	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

b. More favorable or less uncertain economic outlook

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

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

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

d. More 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. Increased tolerance for risk

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

f. Increased liquidity in the secondary market for these loans

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

g. Reduction in defaults by borrowers in public debt markets

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

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

	All Respondents	
	Banks	**Percent**
Not important	0	--
Somewhat important	0	--
Very important	0	--
Total	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	6	26.1
About the same	11	47.8
Moderately weaker	4	17.4
Substantially weaker	2	8.7
Total	23	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	16.7
Somewhat important	3	50.0
Very important	2	33.3
Total	6	100.0

b. Customer accounts receivable financing needs increased

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

c. Customer investment in plant or equipment increased

	All Respondents	
	Banks	**Percent**
Not important	6	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	6	100.0

d. Customer internally generated funds decreased

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

e. Customer merger or acquisition financing needs increased

	All Respondents	
	Banks	**Percent**
Not important	3	50.0
Somewhat important	2	33.3
Very important	1	16.7
Total	6	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	33.3
Somewhat important	3	50.0
Very important	1	16.7
Total	6	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	2	33.3
Somewhat important	4	66.7
Very important	0	0.0
Total	6	100.0

b. Customer accounts receivable financing needs decreased

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

c. Customer investment in plant or equipment decreased

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

d. Customer internally generated funds increased

	All Respondents	
	Banks	**Percent**
Not important	4	80.0
Somewhat important	1	20.0
Very important	0	0.0
Total	5	100.0

e. Customer merger or acquisition financing needs decreased

	All Respondents	
	Banks	**Percent**
Not important	2	33.3
Somewhat important	1	16.7
Very important	3	50.0
Total	6	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	4	80.0
Somewhat important	1	20.0
Very important	0	0.0
Total	5	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 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	7	30.4
The number of inquiries has stayed about the same	10	43.5
The number of inquiries has decreased moderately	5	21.7
The number of inquiries has decreased substantially	1	4.3
Total	23	100.0

Questions 7-8 *ask about commercial real estate 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 commercial real estate loans changed?

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	5	33.3
Remained basically unchanged	10	66.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	15	100.0

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

	All Respondents	
	Banks	**Percent**
Substantially stronger	0	0.0
Moderately stronger	0	0.0
About the same	10	66.7
Moderately weaker	1	6.7
Substantially weaker	4	26.7
Total	15	100.0

9. 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. (Please rate the degree of change for each type of account using the following scale: 1=increased considerably, 2=increased somewhat, 3=remained basically unchanged, 4=decreased somewhat, 5=decreased considerably.)

a. Business credit card accounts

	All Respondents	
	Banks	**Percent**
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	6	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	6	100.0

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

	All Respondents	
	Banks	**Percent**
Increased considerably	1	4.8
Increased somewhat	2	9.5
Remained basically unchanged	10	47.6
Decreased somewhat	8	38.1
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	1	7.7
Remained basically unchanged	6	46.2
Decreased somewhat	6	46.2
Decreased considerably	0	0.0
Total	13	100.0

d. Lines of credit for financial firms

	All Respondents	
	Banks	Percent
Increased considerably	0	0.0
Increased somewhat	1	7.1
Remained basically unchanged	6	42.9
Decreased somewhat	6	42.9
Decreased considerably	1	7.1
Total	14	100.0

In recent quarters, loan delinquencies and chargeoffs have continued to increase. ***Question 10*** *asks about your bank's expectations for the behavior of these measures of loan quality in 2009.*

10. Assuming that economic activity progresses in line with consensus forecasts, what is your bank's outlook for delinquencies and chargeoffs on existing loans to businesses in 2009?

A. Outlook for loan quality on C&I 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 stabilize around current levels	4	17.4
Loan quality is likely to deteriorate somewhat	13	56.5
Loan quality is likely to deteriorate substantially	6	26.1
Total	23	100.0

B. Outlook for loan quality on commercial real estate 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 stabilize around current levels	2	13.3
Loan quality is likely to deteriorate somewhat	5	33.3
Loan quality is likely to deteriorate substantially	8	53.3
Total	15	100.0

For this question, 4 respondents answered "My bank does not originate this type of loan."

Questions 11-14 *ask about international trade finance at your bank. Question 11 asks whether your bank provides international trade finance. Question 12 deals with changes in your bank's standards and terms over the past six months. Questions 13-14 deal with changes in demand for such credit. 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-terms 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.*

11. Some banks provide international trade finance through letters of credit guaranteeing payment, overdraft facilities, and other mechanisms for facilitating trade. Does your bank provide international trade finance?

	All Respondents	
	Banks	**Percent**
Yes	18	81.8
No	4	18.2
Total	22	100.0

12. If your answer to question 11 was 'Yes,' over the past six months how have your bank's credit standards and terms for providing such finance changed?

	All Respondents	
	Banks	**Percent**
Tightened considerably	2	11.1
Tightened somewhat	6	33.3
Remained basically unchanged	10	55.6
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	18	100.0

13. If your bank provides international trade finance (answer 'Yes' to question 11), and your bank has tightened or eased its credit standards or its terms for credit over the past six months (as described in question 12), how important have been the following possible reasons for the change? (Please respond to either A or B, as appropriate, and rate each possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important)

A. Possible reasons for tightening credit standards or terms:

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

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

b. Less favorable or more uncertain economic outlook for the United States

	All Respondents	
	Banks	**Percent**
Not Important	0	0.0
Somewhat Important	8	100.0
Very Important	0	0.0
Total	8	100.0

c. Less favorable or more uncertain economic outlook abroad

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

d. Increased concern about foreign country risk

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

e. Worsening of industry-specific problems

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

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

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

g. Reduced tolerance for risk

	All Respondents	
	Banks	**Percent**
Not Important	1	12.5
Somewhat Important	6	75.0
Very Important	1	12.5
Total	8	100.0

h. Decreased liquidity in the secondary market for these loans

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

B. Possible reasons for easing credit standards or terms:

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

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

b. More favorable or less uncertain economic outlook for the United States

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

c. More favorable or less uncertain economic outlook abroad

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

d. Decreased concern about foreign country risk

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

e. Improvement in industry-specific problems

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

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

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

g. Increased tolerance for risk

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

h. Increased liquidity in the secondary market for these loans

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

14. If your bank provides international trade finance (answer 'Yes' to question 11), apart from normal seasonal variation, how has demand for trade credit changed over the past six months?

	All Respondents	
	Banks	**Percent**
Substantially stronger	0	0.0
Moderately stronger	4	22.2
About the same	8	44.4
Moderately weaker	4	22.2
Substantially weaker	2	11.1
Total	18	100.0

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1. As of December 31, 2008, the 23 respondents had combined assets of $1.0 trillion, compared to $1.9 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.