Table 2

SENIOR LOAN OFFICER OPINION SURVEY ON BANK LENDING PRACTICES
AT SELECTED BRANCHES AND AGENCIES OF FOREIGN BANKS IN THE UNITED STATES
(Status of policy as of May 1997)

(Number of banks and percent of banks answering question[1])

Questions 1-5 *ask about* ***commercial and industrial loans*** *at your bank: Questions 1-3 deal with changes in your bank's lending policies over the past three months, and questions 4-5 deal with changes in demand over the same period. 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 been eased or tightened 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	Pct
Tightened considerably	0	0.0
Tightened somewhat	6	25.0
Remained basically unchanged	15	62.5
Eased somewhat	3	12.5
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? (Please assign each term a number between 1 and 5 using the following scale: 1=tightened considerably, 2=tightened somewhat, 3=remained basically unchanged, 4=eased somewhat, 5=eased considerably.)

	All Respondents
	Mean
Maximum sizes of credit lines	2.75
Costs of credit lines	3.08
Spreads of loan rates over base rates	2.88
Loan covenants	2.96
Collateralization requirements	2.88
Other	2.88
Total	24

1. As of December 31, 1996, the 24 respondents had combined assets of $189.3 billion, compared to $658.2 billion for all foreign-related banking institutions in the United States.

3. If your bank 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 were the following possible reasons for the change? (Please respond to either A or B or both as appropriate.) (Please rate each possible reason using the following scale: 1=not important, 2=somewhat important, and 3=very important.

A. Possible reasons for tightening credit standards or loan terms:

	All Respondents
	Mean
A deterioration in your parent bank's current or expected capital position	1.86
A less favorable economic outlook	1.14
A worsening of industry-specific problems	1.14
Less aggressive competition from other commercial banks	1.00
Less aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	1.00
Reduced tolerance for risk	1.71
Other	1.43
Number of banks responding	7

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

	All Respondents
	Mean
An improvement in your parent bank's current or expected capital position	1.00
A more favorable economic outlook	1.50
An improvement in industry-specific problems	1.33
More aggressive competition from other commercial banks	2.17
More aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	2.00
Increased tolerance for risk	1.67
Other	1.33
Number of banks responding	6

4. How has demand for C&I loans (actual extensions of credit as opposed to undrawn lines) changed over the past three months (apart from normal seasonal variation)?

	All Respondents	
	Banks	Pct
Substantially stronger	0	0.0
Moderately stronger	2	8.3
About the same	17	70.8
Moderately weaker	4	16.7
Substantially weaker	1	4.2
Total	24	100.0

5.If demand for C&I loans strengthened or weakened over the past three months, how important were the following possible reasons for the change? (Please rate each possible reason using the following scale:1=not important, 2=somewhat important, and 3=very important.)

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

	All Respondents
	Mean
Customer inventory financing needs increased	1.50
Customer investment in plant or equipment increased	1.50
Customer internally generated funds decreased	1.00
Customer borrowing shifted from other sources to your bank because these other sources became less attractive	1.00
Customer merger or acquisition financing increased	2.50
Other	2.00
Number of banks responding	2

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

	All Respondents
	Mean
Customer inventory financing needs decreased	1.20
Customer investment in plant or equipment decreased	1.20
Customer internally generated funds increased	1.80
Customer borrowing shifted from your bank to other sources because these other sources became more attractive	2.00
Customer merger or acquisition financing decreased	2.00
Other	1.40
Number of banks responding	5

Questions 6-10 *ask about* ***commercial real estate loans*** *at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate: Question 6 deals with changes in your bank's credit standards over the past three months, and question 7 deals with changes in demand over the same period. If your bank's credit standards have not changed over the past three months, please report them as unchanged even if the standards are either restrictive or accommodative relative to longer-term norms. If your bank's credit standards have been eased or tightened 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 standards as changes in standards. Questions 8-10 deal with changes in your bank's and your competitors' terms for these loans over the past year.*

6. Over the past three months, how have your bank's credit standards for approving applications for commercial real estate loans changed?

	All Respondents	
	Banks	Pct
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

7. Over the past three months, how has demand for commercial real estate loans changed (apart from normal seasonal variation)?

	All Respondents	
	Banks	Pct
Substantially stronger	1	5.9
Moderately stronger	6	35.3
About the same	10	58.8
Moderately weaker	0	0.0
Substantially weaker	0	0.0
Total	17	100.0

8. Over the past year, how has your bank changed the following terms on commercial real estate loans, including land development loans and loans backed by nonfarm nonresidential real estate? (Please assign each term a number between 1 and 5 using the following scale: 1=tightened considerably, 2=tightened somewhat, 3=remained basically unchanged, 4=eased somewhat, 5=eased considerably.)

	All Respondents
	Mean
Maximum loan size	3.00
Maximum loan maturity	2.94
Spreads of loan rates over your bank's cost of funds	3.19
Loan-to-value ratios	3.00
Requirements for take-out financing	3.06
Debt-service coverage ratios	3.06
Other	3.06
Total	16

9. If your bank tightened or eased its terms on commercial real estate loans over the past year (as described in questions 8), how important were the following possible reasons for the change? (Please respond to either A or B or both as appropriate.) (Please rate each possible reason using the following scale: 1=not important, 2=somewhat important, and 3=very important.)

A. Possible reasons for tightening loan terms:

	All Respondents
	Mean
A less favorable economic outlook	2.00
A worsening of the condition of or the outlook for commercial real estate	3.00
Less aggressive competition from other commercial banks	3.00
Less aggressive competition from nonbank lenders	3.00
Other	1.00
Number of banks responding	1

B. Possible reasons for easing loan terms:

	All Respondents
	Mean
A more favorable economic outlook	1.25
An improvement in the condition of or the outlook for commercial real estate	1.50
More aggressive competition from other commercial banks	2.00
More aggressive competition from nonbank lenders	1.75
A more developed market for securities collateralized by these loans has increased the loans' liquidity	1.75
Other	1.00
Number of banks responding	4

10. Over the past year, how have your competitors' credit standards for or terms on commercial real estate loans changed?

	All Respondents	
	Banks	Pct
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	4	36.4
Eased somewhat	5	45.5
Eased considerably	2	18.2
Total	11	100.0