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DIVISION OF MONETARY AFFAIRS

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TO: HEADS OF RESEARCH AT ALL FEDERAL RESERVE BANKS

Enclosed for distribution to respondents is a national summary of the October 2008 Senior Loan Officer Opinion Survey on Bank Lending Practices.

Enclosures

This document is available on the Federal Reserve Board's web site (http://www.federalreserve.gov/boarddocs/surveys).

The October 2008 Senior Loan Officer Opinion Survey on Bank Lending Practices

The October 2008 Senior Loan Officer Opinion Survey on Bank Lending Practices addressed changes in the supply of, and demand for, bank loans to businesses and households over the past three months.[1] The survey included two sets of special questions: The first set asked domestic and foreign banks about changes in the dollar amount of commercial and industrial (C&I) loans according to whether they were drawn under preexisting commitments; the second set asked domestic banks about changes in credit limits on existing credit card accounts for prime and nonprime borrowers. This article is based on responses from 55 domestic banks and 21 U.S. branches and agencies of foreign banks.

In the current survey, large net fractions of domestic institutions reported having continued to tighten their lending standards and terms on all major loan categories over the previous three months. The net percentages of respondents that reported tightening standards increased relative to the July survey for both C&I and commercial real estate loans, as did the fractions reporting tightening for all price and nonprice terms on C&I loans. Considerable net fractions of foreign institutions also tightened credit standards and terms on loans to businesses over the past three months. Large fractions of domestic banks reported tightening standards on loans to households over the same period. Demand for loans from both businesses and households at domestic institutions continued to weaken, on net, over the past three months.

In response to the special questions, significant net fractions of large domestic banks and U.S. branches and agencies of foreign banks reported increases in C&I loans drawn under preexisting commitments. Moderate fractions of all banks, on net, reported increases in C&I loans not drawn under such commitments. Domestic banks reported reducing credit limits on existing credit card accounts both to prime and to nonprime borrowers, citing a less favorable or more uncertain economic outlook, reduced tolerance for risk, and declines in customer credit scores as important reasons for the decreases.

Lending to Businesses

(Table 1, questions 1-10; Table 2, questions 1-10)

Questions on C&I lending. About 85 percent of domestic banks—up substantially from 60 percent in the July survey—reported having tightened lending standards on C&I loans

[1] Banks received the survey on or after October 2, and their responses were due on October 16.

to large and middle-market firms over the past three months. About 75 percent of such respondents indicated that they had tightened their lending standards on C&I loans to small firms over the same period, a somewhat larger fraction than in the July survey. Significant majorities of domestic respondents indicated that they had tightened price terms on C&I loans to firms of all sizes, with notable fractions reporting considerably tighter terms. On net, about 95 percent of U.S. banks reported having tightened the costs of credit lines to large and medium-sized firms, while nearly 90 percent reported such tightening for smaller firms. Nearly all banks—up from roughly 80 percent in the July survey—noted that they had increased spreads of loan rates over their cost of funds on C&I loans to large and middle-market firms, while about 95 percent of respondents, more than in the July survey, reported having widened spreads on loans to small firms. Substantial fractions of respondents also reported increasing premiums charged on riskier loans to firms of all sizes. In addition, the fraction of domestic respondents that reported having tightened non-price-related lending terms on C&I loans to firms of all sizes over the survey period increased significantly relative to the July survey: Higher fractions of banks reported having reduced both the maximum size and the maximum maturity of loans or credit lines to large and middle-market and to smaller firms. Additionally, roughly 75 percent of respondents reported having tightened covenants on loans to large and middle-market firms, and about 70 percent reported having tightened covenants on loans to small firms.

U.S. branches and agencies of foreign banks also tightened their business lending stance. About 70 percent of the branches and agencies, considerably more than in the July survey, indicated that they had tightened their lending standards on C&I loans over the past three months. Large fractions of foreign respondents reported that they had tightened loan terms, including the premiums charged on riskier loans, the cost of credit lines, and the maximum size of credit lines.

Almost all domestic and foreign respondents pointed to a less favorable or more uncertain economic outlook as a reason for tightening their lending standards and terms on C&I loans over the past three months. Large majorities of respondents indicated that their bank's reduced tolerance for risk and a worsening of industry-specific problems were factors in their decision. Roughly 75 percent of foreign respondents and about 40 percent of domestic respondents noted that a deterioration in their bank's current or expected capital position had contributed to the move toward more stringent lending policies over the past three months, higher fractions than had cited that factor in the July survey.

The October survey suggested a slight further weakening of C&I loan demand over the past three months. On balance, 15 percent of domestic respondents reported a reduction in demand for C&I loans from large and middle-market firms, with about 5 percent reporting a weakening in demand from smaller firms. In contrast, 5 percent, on net, of the U.S. branches and agencies of foreign banks reported an increase in demand for C&I loans.

Substantial majorities of the domestic institutions that experienced weaker loan demand over the past three months pointed to decreases in customers' needs to finance investment in plant and equipment, to finance inventories, and to finance customer accounts receivable as reasons for the weaker demand. In addition, all foreign and a large fraction of domestic respondents pointed to a decrease in customers' needs for merger and acquisition financing as a reason for the lower demand for C&I loans. Among banks that reported an increase in demand, nearly all domestic respondents reported that customer borrowing had shifted to their bank from other bank or nonbank sources because these other sources had become less attractive. In addition, some domestic and foreign respondents indicated that their customers' internally generated funds had decreased. About 10 percent of domestic institutions, on net, reported that inquiries from potential business borrowers had increased during the survey period; in contrast, about 25 percent of foreign respondents, on net, reported a decrease in such inquiries.

Special questions on changes in the dollar amount of outstanding C&I loans. About 40 percent, on net, of domestic respondents reported an increase in the dollar amount of C&I loans drawn under preexisting commitments. Responses, however, differed substantially by bank size, with nearly 65 percent of large banks reporting such an increase, on net, compared with about 5 percent of smaller banks. With respect to C&I loans that were not drawn under previous commitments, roughly 25 percent of large banks reported an increase in the dollar volume of outstanding loans, only slightly lower than the corresponding net percentage for smaller banks, 35 percent. About 65 percent of foreign banks indicated that the dollar amount of outstanding C&I loans drawn under preexisting commitments had increased on net. Forty percent of foreign respondents reported an increase in C&I loans not drawn under such commitments.

Questions on commercial real estate lending. On balance, about 85 percent of domestic banks reported that they had tightened their lending standards on commercial real estate loans (CRE) over the past three months. About 65 percent of foreign banks, up considerably from about 35 percent in the July survey, also indicated that they had tightened their lending standards on CRE loans. On net, about 55 percent of domestic banks—up from 30 percent in the July survey—and 40 percent of foreign banks—down from roughly 45 percent in the July survey—reported weaker demand for such loans.

Lending to Households
(Table 1, Questions 11-22)

Questions on residential real estate lending. Large majorities of domestic respondents reported having tightened their lending standards on prime, nontraditional, and subprime residential mortgages over the previous three months. About 70 percent of domestic respondents—down from about 75 percent in the previous survey—indicated that they had tightened their lending standards on prime mortgages.[2] Responses differed somewhat by bank size, with about 80 percent of the largest banks, but only 55 percent of the smaller banks, reporting tighter standards for prime borrowers. About 90 percent—up slightly from July—of the 29 banks that originated nontraditional residential mortgage loans reported having tightened their lending standards on such loans.[3] All 4 of the banks that responded to the survey's question about lending standards on subprime loans indicated that they had tightened their lending standards on such loans over the past three months.[4] About 50 percent of domestic respondents—a somewhat higher fraction than the roughly 30 percent in the July survey—experienced weaker demand, on net, for prime residential mortgage loans over the past three months. A higher net fraction of large banks than smaller banks reported a decline in demand. About 70 percent of respondents—up from roughly 45 percent in the July survey—indicated weaker demand for nontraditional mortgage loans over the same period. Each of the 4 domestic banks that originated subprime mortgage loans reported weaker demand for such loans over the survey period, compared with 4 of the 7 banks that reported originating subprime loans in the July survey.

On net, about 75 percent of domestic respondents, similar to the fraction in the July survey, noted that they had tightened their lending standards for approving applications for revolving home equity lines of credit (HELOCs) over the past three months. About 25 percent of domestic banks, on net, reported weaker demand for HELOCs over the past

[2] A total of 52 institutions reported that they had originated prime residential mortgages. According to the Call Reports, these 52 banks accounted for about 78 percent of residential real estate loans on the books of all commercial banks as of June 30, 2008.

[3] According to the Call Reports, these 29 institutions accounted for about 62 percent of residential real estate loans on the books of all commercial banks as of June 30, 2008.

[4] According to the Call Reports, these 4 institutions accounted for about 11 percent of residential real estate loans on the books of all commercial banks as of June 30, 2008.

three months, more than double the fraction that had reported weaker demand in the July survey.

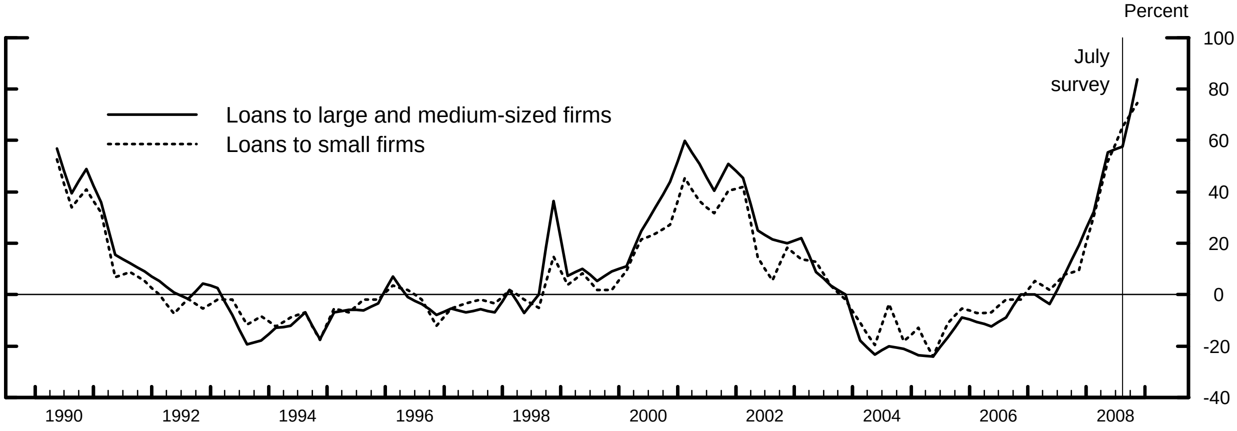
Questions on consumer lending. Large fractions of domestic banks again reported tightening standards on both credit card and other consumer loans. Nearly 60 percent of respondents indicated that they had tightened lending standards on credit card loans, while nearly 65 percent of respondents indicated that they had tightened lending standards on other consumer loans over the past three months. Higher net fractions of large banks reported tightening standards on both categories of consumer loans than did smaller banks. About 50 percent of banks reported having raised minimum required credit scores on credit card accounts over the past three months, and 60 percent reported having raised minimum scores on other consumer loans over the same period, responses that were little changed from the July survey. About 60 percent of respondents also reported having reduced the extent to which credit card accounts were granted to customers who did not meet their bank's credit-scoring thresholds, and a similar fraction of respondents reported a reduction in granting other kinds of consumer loans for that reason. Also, significant net fractions of respondents reportedly raised minimum required down payments, as well as spreads of loan rates, on consumer loans other than credit card loans. Half of domestic banks indicated that they had become either somewhat or much less willing to make consumer installment loans over the past three months, up from 35 percent in the July survey and the largest fraction in more than two decades. About 50 percent of respondents, on net, indicated that they had experienced weaker demand for consumer loans of all types over the past three months, up from 30 percent in the July survey.

Special questions on existing credit card limits. Two special questions asked domestic banks to indicate whether they had raised or lowered credit limits on existing credit card accounts and, if they had lowered limits, to give possible reasons for the change. About 20 percent of domestic banks, on net, reported having reduced credit limits on existing credit card accounts to prime borrowers; about 30 percent of larger banks and 10 percent of smaller banks had lowered such limits. Roughly 60 percent of banks had lowered limits on existing credit card accounts of nonprime borrowers; no banks reported raising limits to those borrowers. About 95 percent of banks that had reduced limits cited a less favorable or more uncertain economic outlook and reduced tolerance for risk as reasons for the action. Large majorities of respondents also cited a decline in customer credit scores and missed payments by customers on credit card loans and other loans at their bank.

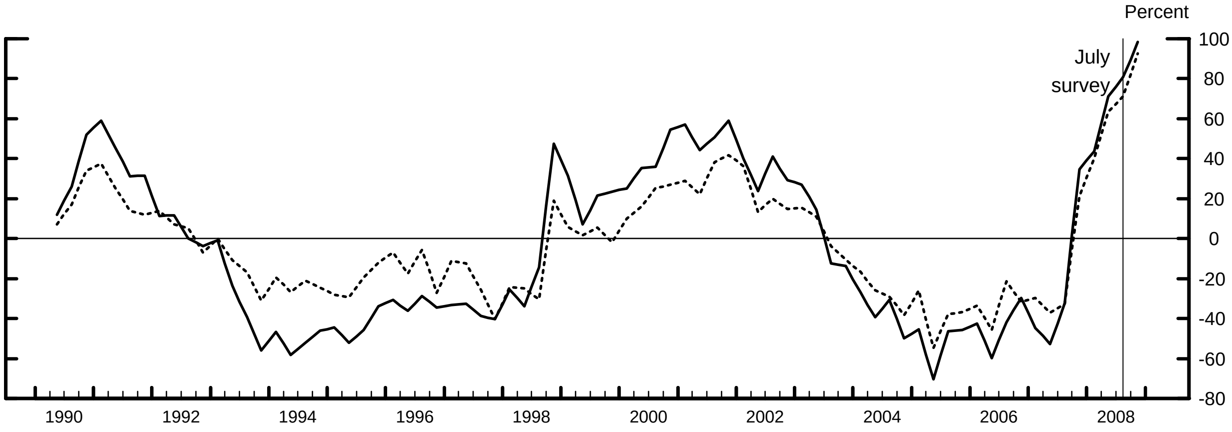
This document was prepared by John Driscoll, Mary Beth Muething, and Tara Rice with the assistance of Robert Kurtzman, Division of Monetary Affairs, Board of Governors of the Federal Reserve System.

Measures of Supply and Demand for C&I Loans, by Size of Firm Seeking Loan

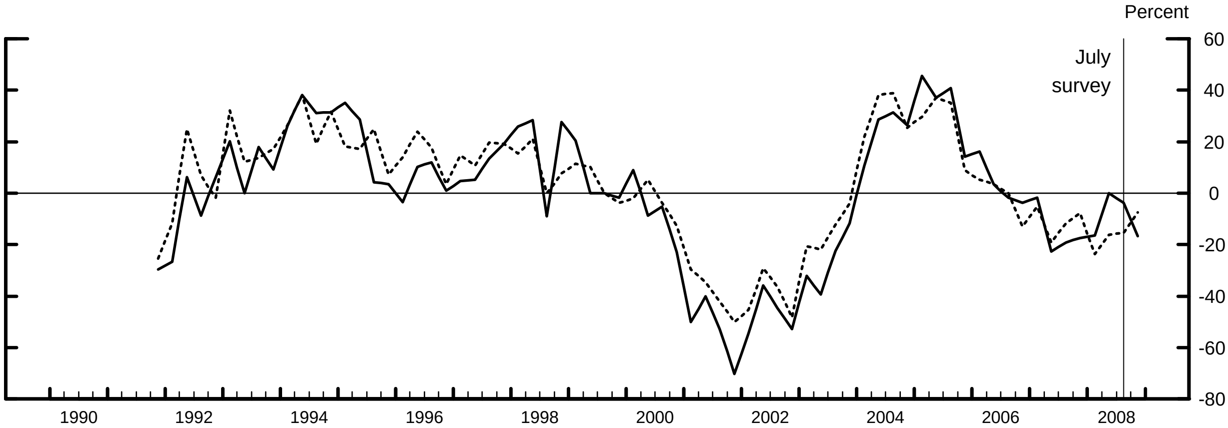
Net Percentage of Domestic Respondents Tightening Standards for C&I Loans



Net Percentage of Domestic Respondents Increasing Spreads of Loan Rates over Banks' Costs of Funds

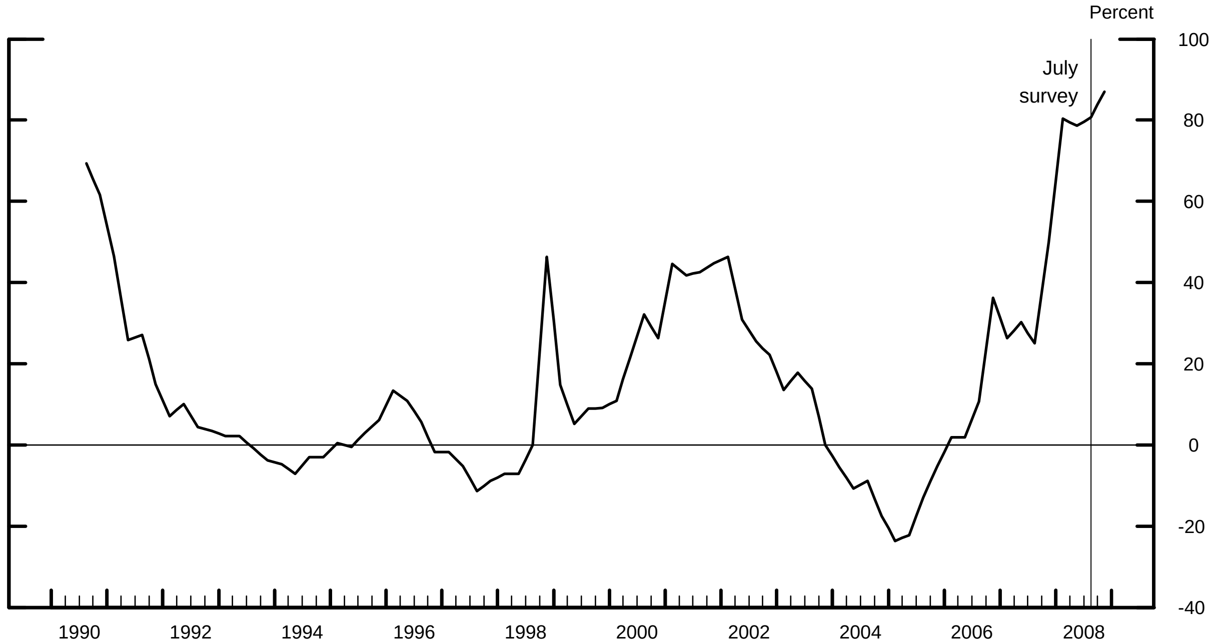


Net Percentage of Domestic Respondents Reporting Stronger Demand for C&I Loans

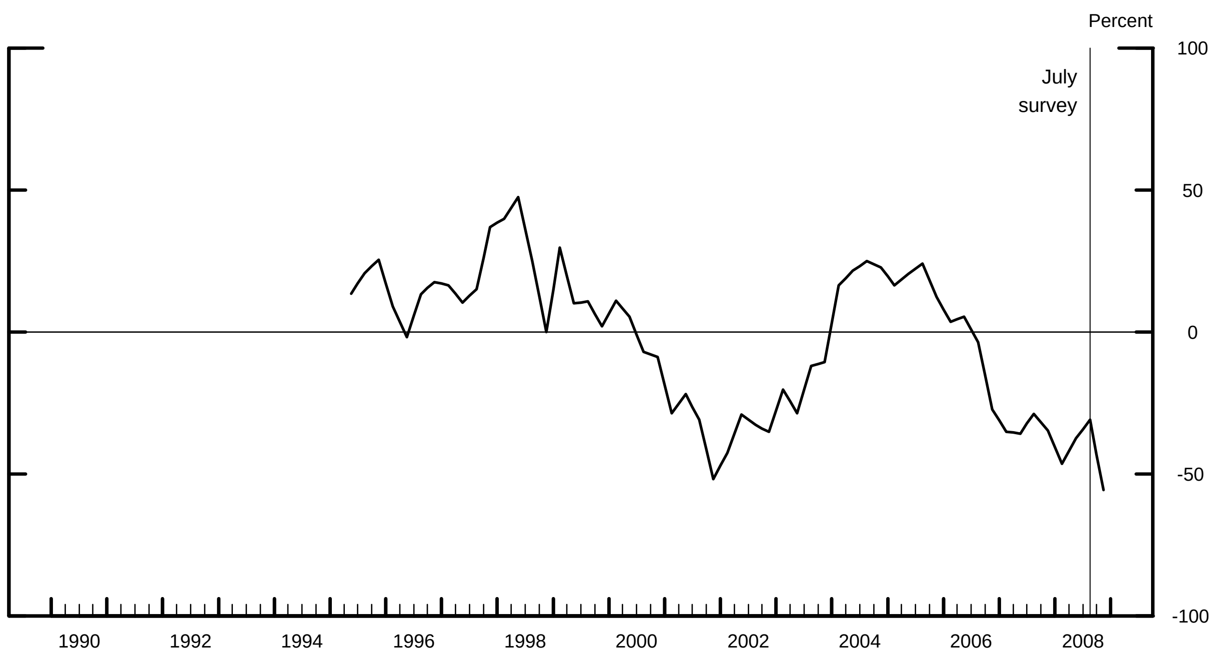


Measures of Supply and Demand for Commercial Real Estate Loans

Net Percentage of Domestic Respondents Tightening Standards for Commercial Real Estate Loans

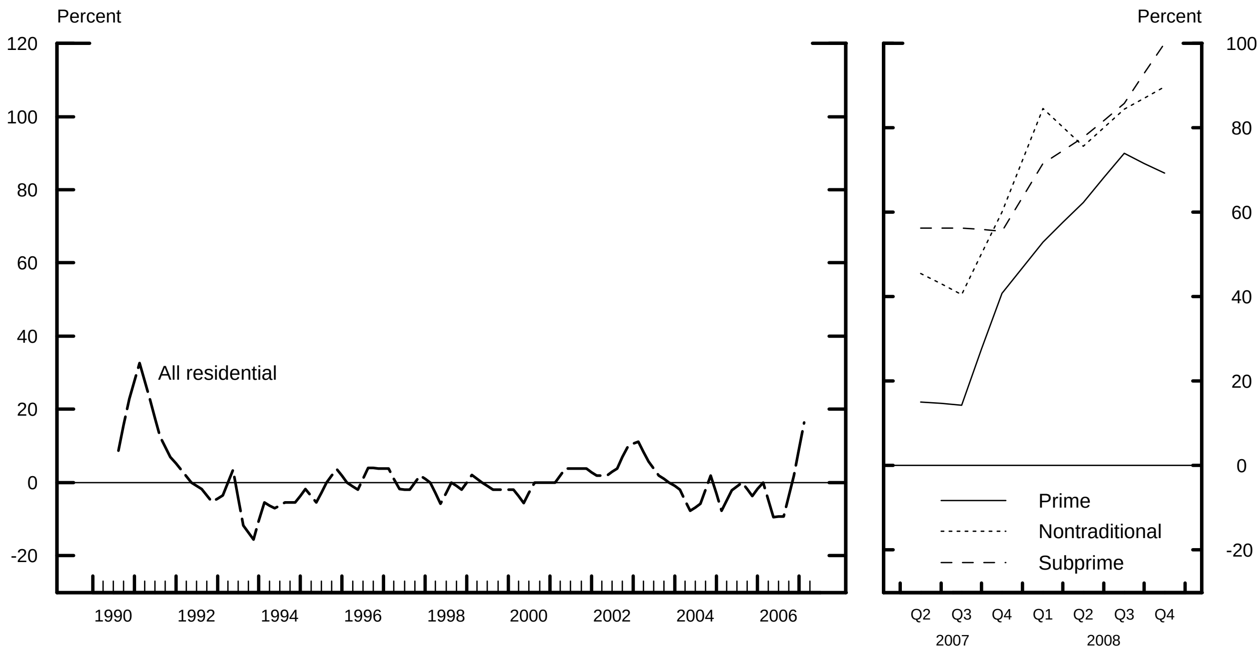


Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial Real Estate Loans



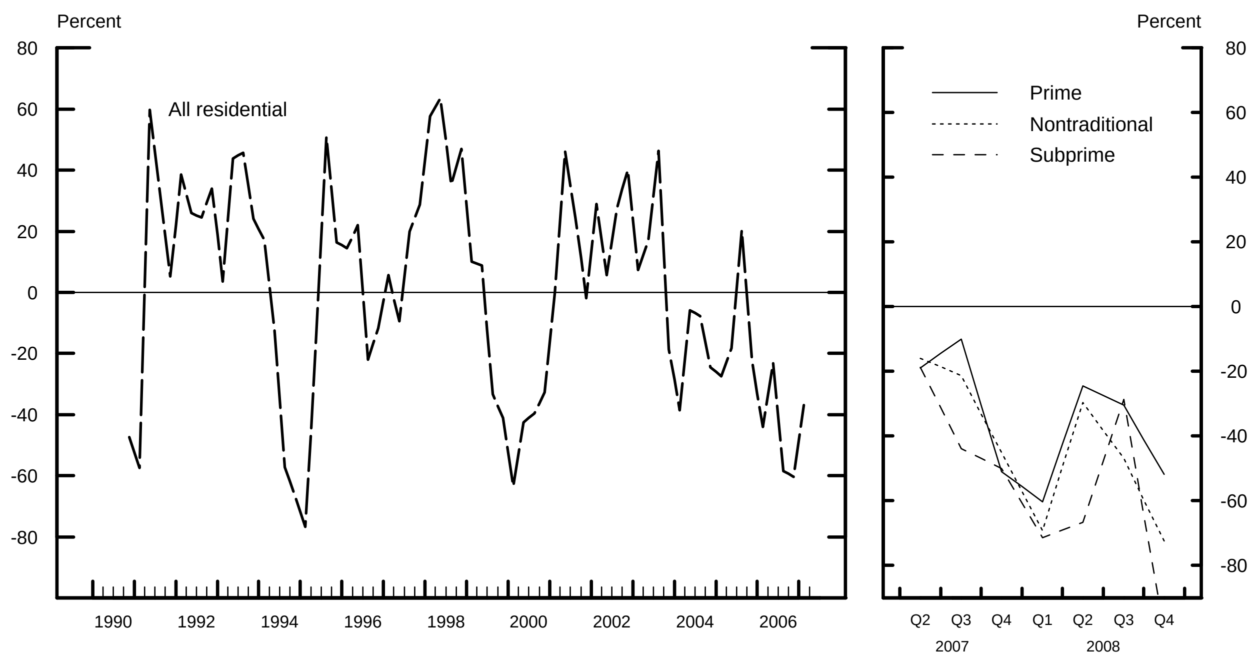
Measures of Supply and Demand for Residential Mortgage Loans

Net Percentage of Domestic Respondents Tightening Standards for Residential Mortgage Loans



Note: For data starting in 2007:Q2, changes in standards for prime, nontraditional, and subprime mortgage loans are reported separately.

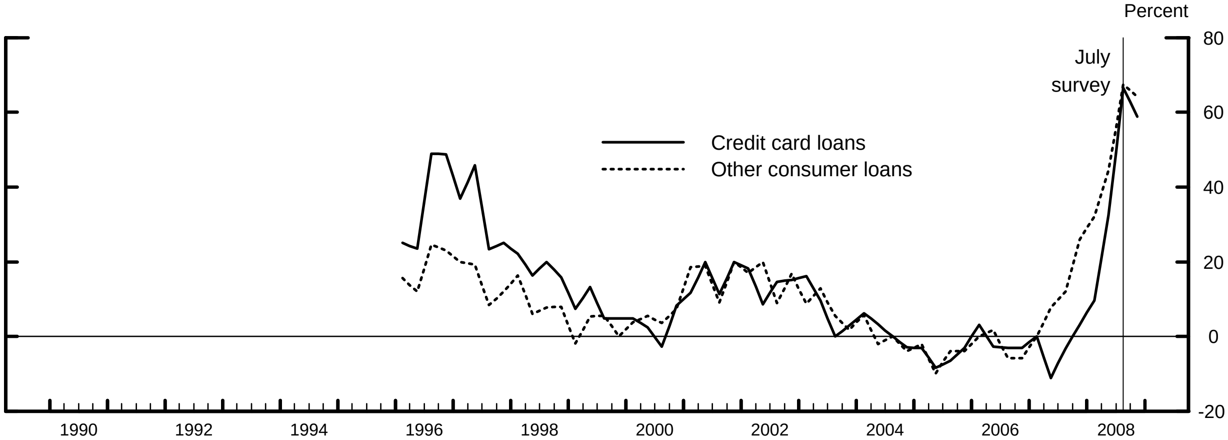
Net Percentage of Domestic Respondents Reporting Stronger Demand for Residential Mortgage Loans



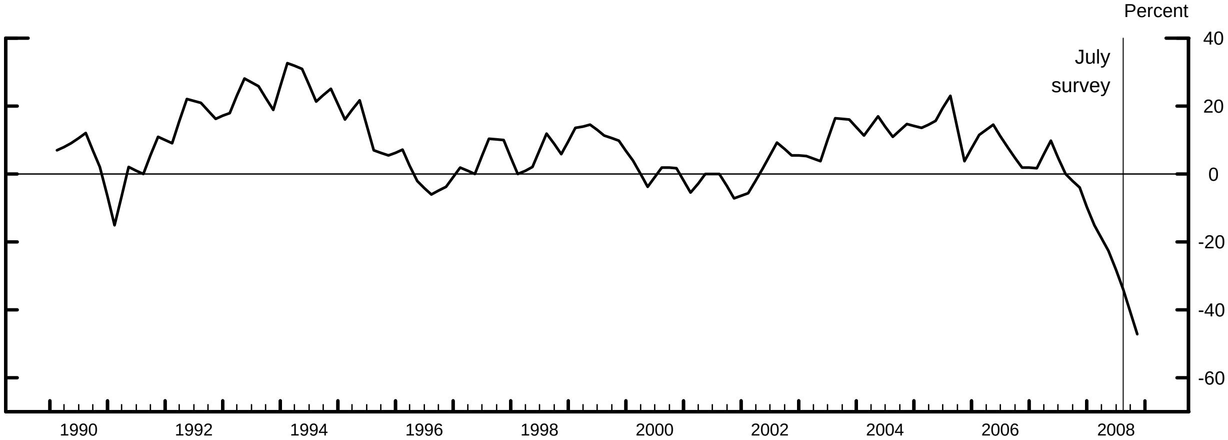
Note: For data starting in 2007:Q2, changes in demand for prime, nontraditional, and subprime mortgage loans are reported separately.

Measures of Supply and Demand for Consumer Loans

Net Percentage of Domestic Respondents Tightening Standards for Consumer Loans



Net Percentage of Domestic Respondents Reporting Increased Willingness to Make Consumer Installment Loans



Net Percentage of Domestic Respondents Reporting Stronger Demand for Consumer Loans

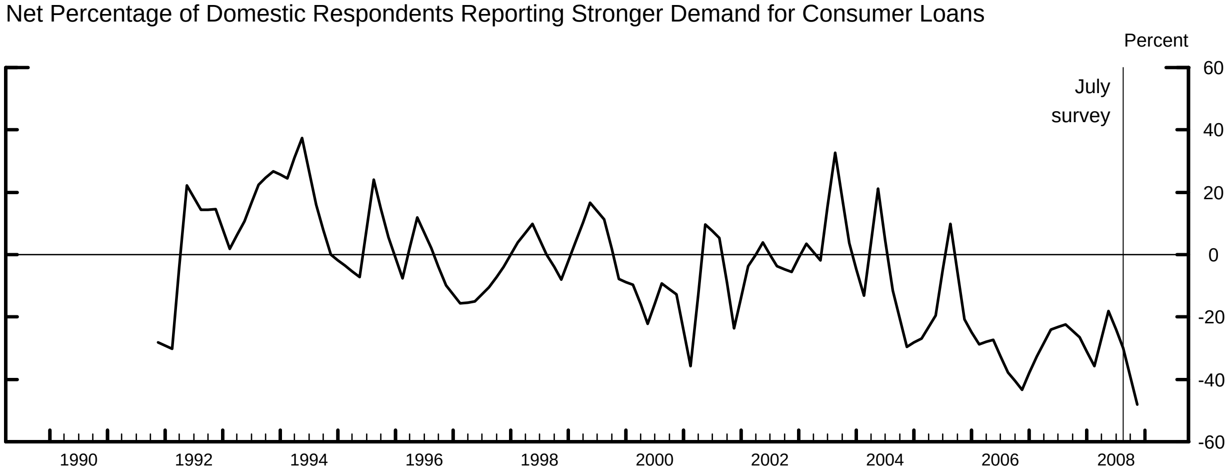


Table 1

Senior Loan Officer Opinion Survey on Bank Lending Practices at Selected Large Banks in the United States [1]

(Status of policy as of October 2008)

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—to large and middle-market firms and to small firms changed? (If your bank defines firm size differently from the categories suggested below, please use your definitions and indicate what they are.)

A. Standards for large and middle-market firms (annual sales of $50 million or more):

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	8	14.5	6	18.8	2	8.7
Tightened somewhat	38	69.1	21	65.6	17	73.9
Remained basically unchanged	9	16.4	5	15.6	4	17.4
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	32	100.0	23	100.0

B. Standards for small firms (annual sales of less than $50 million):

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	9	16.4	5	15.6	4	17.4
Tightened somewhat	32	58.2	18	56.3	14	60.9
Remained basically unchanged	14	25.5	9	28.1	5	21.7
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	32	100.0	23	100.0

2. For applications for C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—from large and middle-market firms and from small firms that your bank currently is willing to approve, how have the terms of those loans changed over the past three months?

A. Terms for large and middle-market firms (annual sales of $50 million or more):

a. Maximum size of credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	6	10.9	3	9.4	3	13.0
Tightened somewhat	32	58.2	22	68.8	10	43.5
Remained basically unchanged	17	30.9	7	21.9	10	43.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	32	100.0	23	100.0

b. Maximum maturity of loans or credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	3	5.5	3	9.4	0	0.0
Tightened somewhat	31	56.4	18	56.3	13	56.5
Remained basically unchanged	21	38.2	11	34.4	10	43.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	32	100.0	23	100.0

c. Costs of credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	20	36.4	15	46.9	5	21.7
Tightened somewhat	32	58.2	16	50.0	16	69.6
Remained basically unchanged	3	5.5	1	3.1	2	8.7
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	32	100.0	23	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	22	40.0	16	50.0	6	26.1
Tightened somewhat	32	58.2	16	50.0	16	69.6
Remained basically unchanged	1	1.8	0	0.0	1	4.3
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	32	100.0	23	100.0

e. Premiums charged on riskier loans

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	27	49.1	16	50.0	11	47.8
Tightened somewhat	21	38.2	13	40.6	8	34.8
Remained basically unchanged	7	12.7	3	9.4	4	17.4
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	32	100.0	23	100.0

f. Loan covenants

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	3	5.5	2	6.3	1	4.3
Tightened somewhat	38	69.1	25	78.1	13	56.5
Remained basically unchanged	14	25.5	5	15.6	9	39.1
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	32	100.0	23	100.0

g. Collateralization requirements

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	3	5.5	2	6.3	1	4.3
Tightened somewhat	30	54.5	17	53.1	13	56.5
Remained basically unchanged	22	40.0	13	40.6	9	39.1
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	32	100.0	23	100.0

B. Terms for small firms (annual sales of less than $50 million):

a. Maximum size of credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	6	10.9	4	12.5	2	8.7
Tightened somewhat	27	49.1	15	46.9	12	52.2
Remained basically unchanged	22	40.0	13	40.6	9	39.1
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	32	100.0	23	100.0

b. Maximum maturity of loans or credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	3	5.5	3	9.4	0	0.0
Tightened somewhat	29	52.7	15	46.9	14	60.9
Remained basically unchanged	23	41.8	14	43.8	9	39.1
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	32	100.0	23	100.0

c. Costs of credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	16	29.1	12	37.5	4	17.4
Tightened somewhat	33	60.0	17	53.1	16	69.6
Remained basically unchanged	6	10.9	3	9.4	3	13.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	32	100.0	23	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	19	34.5	11	34.4	8	34.8
Tightened somewhat	32	58.2	19	59.4	13	56.5
Remained basically unchanged	4	7.3	2	6.3	2	8.7
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	32	100.0	23	100.0

e. Premiums charged on riskier loans

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	21	38.2	12	37.5	9	39.1
Tightened somewhat	25	45.5	15	46.9	10	43.5
Remained basically unchanged	9	16.4	5	15.6	4	17.4
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	32	100.0	23	100.0

f. Loan covenants

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	3	5.5	3	9.4	0	0.0
Tightened somewhat	35	63.6	22	68.8	13	56.5
Remained basically unchanged	17	30.9	7	21.9	10	43.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	32	100.0	23	100.0

g. Collateralization requirements

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	3	5.5	2	6.3	1	4.3
Tightened somewhat	30	54.5	17	53.1	13	56.5
Remained basically unchanged	22	40.0	13	40.6	9	39.1
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	32	100.0	23	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		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	32	61.5	17	54.8	15	71.4
Somewhat important	14	26.9	11	35.5	3	14.3
Very important	6	11.5	3	9.7	3	14.3
Total	52	100.0	31	100.0	21	100.0

b. Less favorable or more uncertain economic outlook

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	1	1.9	0	0.0	1	4.8
Somewhat important	18	34.0	9	28.1	9	42.9
Very important	34	64.2	23	71.9	11	52.4
Total	53	100.0	32	100.0	21	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	10	19.2	4	12.5	6	30.0
Somewhat important	26	50.0	18	56.3	8	40.0
Very important	16	30.8	10	31.3	6	30.0
Total	52	100.0	32	100.0	20	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	27	50.9	14	43.8	13	61.9
Somewhat important	21	39.6	14	43.8	7	33.3
Very important	5	9.4	4	12.5	1	4.8
Total	53	100.0	32	100.0	21	100.0

e. Reduced tolerance for risk

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	7	13.2	3	9.4	4	19.0
Somewhat important	26	49.1	16	50.0	10	47.6
Very important	20	37.7	13	40.6	7	33.3
Total	53	100.0	32	100.0	21	100.0

f. Decreased liquidity in the secondary market for these loans

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	23	43.4	8	25.0	15	71.4
Somewhat important	21	39.6	17	53.1	4	19.0
Very important	9	17.0	7	21.9	2	9.5
Total	53	100.0	32	100.0	21	100.0

g. Increase in defaults by borrowers in public debt markets

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	29	54.7	16	50.0	13	61.9
Somewhat important	23	43.4	16	50.0	7	33.3
Very important	1	1.9	0	0.0	1	4.8
Total	53	100.0	32	100.0	21	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	33	63.5	18	58.1	15	71.4
Somewhat important	13	25.0	9	29.0	4	19.0
Very important	6	11.5	4	12.9	2	9.5
Total	52	100.0	31	100.0	21	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		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	0	--	0	--	0	--
Somewhat important	0	--	0	--	0	--
Very important	0	--	0	--	0	--
Total	0	--	0	--	0	--

b. More favorable or less uncertain economic outlook

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

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

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

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

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

e. Increased tolerance for risk

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

f. Increased liquidity in the secondary market for these loans

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

g. Reduction in defaults by borrowers in public debt markets

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

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

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	0	--	0	--	0	--
Somewhat important	0	--	0	--	0	--
Very important	0	--	0	--	0	--
Total	0	--	0	--	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.)

A. Demand for C&I loans from large and middle-market firms (annual sales of $50 million or more):

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Substantially stronger	2	3.7	2	6.5	0	0.0
Moderately stronger	13	24.1	9	29.0	4	17.4
About the same	15	27.8	6	19.4	9	39.1
Moderately weaker	18	33.3	10	32.3	8	34.8
Substantially weaker	6	11.1	4	12.9	2	8.7
Total	54	100.0	31	100.0	23	100.0

B. Demand for C&I loans from small firms (annual sales of less than $50 million):

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Substantially stronger	1	1.9	1	3.2	0	0.0
Moderately stronger	12	22.2	8	25.8	4	17.4
About the same	24	44.4	11	35.5	13	56.5
Moderately weaker	12	22.2	8	25.8	4	17.4
Substantially weaker	5	9.3	3	9.7	2	8.7
Total	54	100.0	31	100.0	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 4A or 4B), possible reasons:

a. Customer inventory financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	11	78.6	7	77.8	4	80.0
Somewhat important	3	21.4	2	22.2	1	20.0
Very important	0	0.0	0	0.0	0	0.0
Total	14	100.0	9	100.0	5	100.0

b. Customer accounts receivable financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	10	66.7	6	60.0	4	80.0
Somewhat important	5	33.3	4	40.0	1	20.0
Very important	0	0.0	0	0.0	0	0.0
Total	15	100.0	10	100.0	5	100.0

c. Customer investment in plant or equipment increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	10	71.4	6	66.7	4	80.0
Somewhat important	4	28.6	3	33.3	1	20.0
Very important	0	0.0	0	0.0	0	0.0
Total	14	100.0	9	100.0	5	100.0

d. Customer internally generated funds decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	7	46.7	3	30.0	4	80.0
Somewhat important	5	33.3	5	50.0	0	0.0
Very important	3	20.0	2	20.0	1	20.0
Total	15	100.0	10	100.0	5	100.0

e. Customer merger or acquisition financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	13	100.0	8	100.0	5	100.0
Somewhat important	0	0.0	0	0.0	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	13	100.0	8	100.0	5	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	1	6.7	1	10.0	0	0.0
Somewhat important	3	20.0	2	20.0	1	20.0
Very important	11	73.3	7	70.0	4	80.0
Total	15	100.0	10	100.0	5	100.0

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

a. Customer inventory financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	3	12.5	2	14.3	1	10.0
Somewhat important	19	79.2	11	78.6	8	80.0
Very important	2	8.3	1	7.1	1	10.0
Total	24	100.0	14	100.0	10	100.0

b. Customer accounts receivable financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	3	12.5	2	14.3	1	10.0
Somewhat important	19	79.2	11	78.6	8	80.0
Very important	2	8.3	1	7.1	1	10.0
Total	24	100.0	14	100.0	10	100.0

c. Customer investment in plant or equipment decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	1	4.2	1	7.1	0	0.0
Somewhat important	14	58.3	9	64.3	5	50.0
Very important	9	37.5	4	28.6	5	50.0
Total	24	100.0	14	100.0	10	100.0

d. Customer internally generated funds increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	17	70.8	12	85.7	5	50.0
Somewhat important	6	25.0	2	14.3	4	40.0
Very important	1	4.2	0	0.0	1	10.0
Total	24	100.0	14	100.0	10	100.0

e. Customer merger or acquisition financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	4	16.7	1	7.1	3	30.0
Somewhat important	12	50.0	7	50.0	5	50.0
Very important	8	33.3	6	42.9	2	20.0
Total	24	100.0	14	100.0	10	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		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	20	83.3	13	92.9	7	70.0
Somewhat important	2	8.3	0	0.0	2	20.0
Very important	2	8.3	1	7.1	1	10.0
Total	24	100.0	14	100.0	10	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		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
The number of inquiries has increased substantially	7	12.7	5	15.6	2	8.7
The number of inquiries has increased moderately	16	29.1	10	31.3	6	26.1
The number of inquiries has stayed about the same	14	25.5	4	12.5	10	43.5
The number of inquiries has decreased moderately	15	27.3	11	34.4	4	17.4
The number of inquiries has decreased substantially	3	5.5	2	6.3	1	4.3
Total	55	100.0	32	100.0	23	100.0

Questions 7-8 *ask about changes in the dollar amount of outstanding C&I loans at your bank. Question 7 asks about changes in the outstanding dollar amount of C&I loans drawn under preexisting commitments and question 8 asks about changes in the outstanding dollar amount of C&I loans that were not drawn under preexisting commitments.*

7. At your bank, how has the dollar amount of C&I loans outstanding that were drawn under preexisting commitments changed over the past three months?

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Declined considerably	0	0.0	0	0.0	0	0.0
Declined somewhat	5	9.1	1	3.1	4	17.4
Remained basically unchanged	24	43.6	10	31.3	14	60.9
Increased somewhat	21	38.2	17	53.1	4	17.4
Increased considerably	5	9.1	4	12.5	1	4.3
Total	55	100.0	32	100.0	23	100.0

8. At your bank, how has the dollar amount of C&I loans outstanding that were not drawn under preexisting commitments changed over the past three months?

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Declined considerably	0	0.0	0	0.0	0	0.0
Declined somewhat	7	13.0	5	16.1	2	8.7
Remained basically unchanged	24	44.4	13	41.9	11	47.8
Increased somewhat	21	38.9	12	38.7	9	39.1
Increased considerably	2	3.7	1	3.2	1	4.3
Total	54	100.0	31	100.0	23	100.0

Questions 9-10 *ask about commercial real estate loans at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate. Question 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 commercial real estate loans changed?

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	22	40.7	13	41.9	9	39.1
Tightened somewhat	25	46.3	14	45.2	11	47.8
Remained basically unchanged	7	13.0	4	12.9	3	13.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	31	100.0	23	100.0

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

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	2	3.7	1	3.2	1	4.3
Moderately stronger	4	7.4	1	3.2	3	13.0
About the same	12	22.2	8	25.8	4	17.4
Moderately weaker	22	40.7	12	38.7	10	43.5
Substantially weaker	14	25.9	9	29.0	5	21.7
Total	54	100.0	31	100.0	23	100.0

Questions 11-12 *ask about three categories of* ***residential mortgage loans*** *at your bank—prime residential mortgages, nontraditional residential mortgages, and subprime residential mortgages. Question 11 deals with changes in your bank's credit standards for loans in each of these categories over the past three months. Question 12 deals with changes in demand for loans in each of these categories over the same period. If your bank's credit standards have not changed over the relevant period, 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 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.*

For the purposes of this survey, please use the following definitions of these loan categories (note that the loan categories are not mutually exclusive) and include first-lien loans only:

- *The* ***prime*** *category of residential mortgages includes loans made to borrowers that typically had relatively strong, well-documented credit histories, relatively high credit scores, and relatively low debt-to-income ratios at the time of origination. This would include fully amortizing loans that have a fixed rate, a standard adjustable rate, or a common hybrid adjustable rate—those for which the interest rate is initially fixed for a multi-year period and subsequently adjusts more frequently.*

- *The* ***nontraditional*** *category of residential mortgages includes, but is not limited to, adjustable-rate mortgages with multiple payment options, interest-only mortgages, and ``Alt-A'' products such as mortgages with limited income verification and mortgages secured by non-owner-occupied properties. (Please exclude standard adjustable-rate mortgages and common hybrid adjustable-rate mortgages.)*

- *The* ***subprime*** *category of residential mortgages typically includes loans made to borrowers that displayed one or more of the following characteristics at the time of origination: weakened credit histories that include payment delinquencies, chargeoffs, judgments, and/or bankruptcies; reduced repayment capacity as measured by credit scores or debt-to-income ratios; or incomplete credit histories.*

11. Over the past three months, how have your bank's credit standards for approving applications from individuals for mortgage loans to purchase homes changed?

A. Credit standards on mortgage loans that your bank categorizes as prime residential mortgages have:

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	2	3.8	2	6.7	0	0.0
Tightened somewhat	35	67.3	22	73.3	13	59.1
Remained basically unchanged	14	26.9	6	20.0	8	36.4
Eased somewhat	1	1.9	0	0.0	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	30	100.0	22	100.0

B. Credit standards on mortgage loans that your bank categorizes as nontraditional residential mortgages have:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	9	31.0	7	36.8	2	20.0
Tightened somewhat	17	58.6	10	52.6	7	70.0
Remained basically unchanged	3	10.3	2	10.5	1	10.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	29	100.0	19	100.0	10	100.0

For this question, 23 respondents answered “My bank does not originate nontraditional residential mortgages.”

C. Credit standards on mortgage loans that your bank categorizes as subprime residential mortgages have:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	4	100.0	3	100.0	1	100.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	0	0.0	0	0.0	0	0.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	4	100.0	3	100.0	1	100.0

For this question, 46 respondents answered “My bank does not originate subprime residential mortgages.”

12. Apart from normal seasonal variation, how has demand for mortgages to purchase homes changed over the past three months? (Please consider only new originations as opposed to the refinancing of existing mortgages.)

A. Demand for mortgages that your bank categorizes as prime residential mortgages was:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	3	5.8	0	0.0	3	13.6
About the same	19	36.5	12	40.0	7	31.8
Moderately weaker	25	48.1	16	53.3	9	40.9
Substantially weaker	5	9.6	2	6.7	3	13.6
Total	52	100.0	30	100.0	22	100.0

B. Demand for mortgages that your bank categorizes as nontraditional residential mortgages was:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	0	0.0	0	0.0	0	0.0
About the same	8	27.6	4	21.1	4	40.0
Moderately weaker	16	55.2	14	73.7	2	20.0
Substantially weaker	5	17.2	1	5.3	4	40.0
Total	29	100.0	19	100.0	10	100.0

For this question, 23 respondents answered “My bank does not originate nontraditional residential mortgages.”

C. Demand for mortgages that your bank categorizes as subprime residential mortgages was:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	0	0.0	0	0.0	0	0.0
About the same	0	0.0	0	0.0	0	0.0
Moderately weaker	2	50.0	2	66.7	0	0.0
Substantially weaker	2	50.0	1	33.3	1	100.0
Total	4	100.0	3	100.0	1	100.0

For this question, 46 respondents answered "My bank does not originate subprime residential mortgages."

Questions 13-14 *ask about* ***revolving home equity lines of credit*** *at your bank. Question 13 deals with changes in your bank's credit standards over the past three months. Question 14 deals with changes in demand. If your bank's credit standards 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 credit standards 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.*

13. Over the past three months, how have your bank's credit standards for approving applications for revolving home equity lines of credit changed?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	12	23.1	10	33.3	2	9.1
Tightened somewhat	29	55.8	14	46.7	15	68.2
Remained basically unchanged	10	19.2	6	20.0	4	18.2
Eased somewhat	1	1.9	0	0.0	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	30	100.0	22	100.0

14. Apart from normal seasonal variation, how has demand for revolving home equity lines of credit 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		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	10	19.2	6	20.0	4	18.2
About the same	20	38.5	8	26.7	12	54.5
Moderately weaker	20	38.5	14	46.7	6	27.3
Substantially weaker	2	3.8	2	6.7	0	0.0
Total	52	100.0	30	100.0	22	100.0

Questions 15-20 *ask about consumer lending at your bank. Question 15 deals with changes in your bank's willingness to make consumer loans over the past three months. Questions 16-19 deal with changes in credit standards and loan terms over the same period. Question 20 deals with changes in demand for consumer loans over the past three months. 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.*

15. Please indicate your bank's willingness to make consumer installment loans now as opposed to three months ago.

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Much more willing	0	0.0	0	0.0	0	0.0
Somewhat more willing	0	0.0	0	0.0	0	0.0
About unchanged	28	52.8	13	43.3	15	65.2
Somewhat less willing	19	35.8	14	46.7	5	21.7
Much less willing	6	11.3	3	10.0	3	13.0
Total	53	100.0	30	100.0	23	100.0

16. Over the past three months, how have your bank's credit standards for approving applications for credit cards from individuals or households changed?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	5	14.7	3	14.3	2	15.4
Tightened somewhat	15	44.1	11	52.4	4	30.8
Remained basically unchanged	14	41.2	7	33.3	7	53.8
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	34	100.0	21	100.0	13	100.0

17. Over the past three months, how have your bank's credit standards for approving applications for consumer loans other than credit card loans changed?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	8	15.1	5	16.7	3	13.0
Tightened somewhat	26	49.1	16	53.3	10	43.5
Remained basically unchanged	19	35.8	9	30.0	10	43.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	30	100.0	23	100.0

18. Over the past three months, how has your bank changed the following terms and conditions on new or existing credit card accounts for individuals or households?

a. Credit limits

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	3	9.1	1	4.8	2	16.7
Tightened somewhat	17	51.5	13	61.9	4	33.3
Remained basically unchanged	13	39.4	7	33.3	6	50.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	33	100.0	21	100.0	12	100.0

b. Spreads of interest rates charged on outstanding balances over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	2	6.1	0	0.0	2	16.7
Tightened somewhat	7	21.2	6	28.6	1	8.3
Remained basically unchanged	23	69.7	14	66.7	9	75.0
Eased somewhat	1	3.0	1	4.8	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	33	100.0	21	100.0	12	100.0

c. Minimum percent of outstanding balances required to be repaid each month

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	3	9.1	2	9.5	1	8.3
Remained basically unchanged	30	90.9	19	90.5	11	91.7
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	33	100.0	21	100.0	12	100.0

d. Minimum required credit score (increased score=tightened, reduced score=eased)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	3	9.1	1	4.8	2	16.7
Tightened somewhat	14	42.4	11	52.4	3	25.0
Remained basically unchanged	16	48.5	9	42.9	7	58.3
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	33	100.0	21	100.0	12	100.0

e. The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	6	18.2	4	19.0	2	16.7
Tightened somewhat	13	39.4	9	42.9	4	33.3
Remained basically unchanged	14	42.4	8	38.1	6	50.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	33	100.0	21	100.0	12	100.0

19. Over the past three months, how has your bank changed the following terms and conditions on consumer loans other than credit card loans? (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.)

a. Maximum maturity

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	1.9	1	3.3	0	0.0
Tightened somewhat	9	17.3	6	20.0	3	13.6
Remained basically unchanged	42	80.8	23	76.7	19	86.4
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	30	100.0	22	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	9	17.0	4	13.3	5	21.7
Tightened somewhat	30	56.6	19	63.3	11	47.8
Remained basically unchanged	13	24.5	6	20.0	7	30.4
Eased somewhat	1	1.9	1	3.3	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	30	100.0	23	100.0

c. Minimum required downpayment

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	4	7.7	2	6.7	2	9.1
Tightened somewhat	25	48.1	15	50.0	10	45.5
Remained basically unchanged	23	44.2	13	43.3	10	45.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	30	100.0	22	100.0

d. Minimum required credit score (increased score=tightened, reduced score=eased)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	5	9.6	3	10.0	2	9.1
Tightened somewhat	27	51.9	17	56.7	10	45.5
Remained basically unchanged	20	38.5	10	33.3	10	45.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	30	100.0	22	100.0

e. The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	12	23.5	8	26.7	4	19.0
Tightened somewhat	19	37.3	11	36.7	8	38.1
Remained basically unchanged	20	39.2	11	36.7	9	42.9
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	51	100.0	30	100.0	21	100.0

20. Apart from normal seasonal variation, how has demand for consumer loans of all types changed over the past three months?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	1	1.9	1	3.3	0	0.0
Moderately stronger	3	5.8	3	10.0	0	0.0
About the same	19	36.5	8	26.7	11	50.0
Moderately weaker	25	48.1	16	53.3	9	40.9
Substantially weaker	4	7.7	2	6.7	2	9.1
Total	52	100.0	30	100.0	22	100.0

Questions 21-22 *ask about your bank's changes in credit limits on existing credit card accounts for prime and nonprime borrowers.*

21. Over the past three months, how has your bank changed credit limits on existing credit card accounts? (In responding, please consider cancelled accounts as reductions in credit limits.)

A. To prime borrowers:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Lowered limits considerably	0	0.0	0	0.0	0	0.0
Lowered limits somewhat	8	25.0	7	33.3	1	9.1
Limits are little changed	23	71.9	13	61.9	10	90.9
Raised limits somewhat	1	3.1	1	4.8	0	0.0
Raised limits considerably	0	0.0	0	0.0	0	0.0
Total	32	100.0	21	100.0	11	100.0

B. To nonprime borrowers:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Lowered limits considerably	5	19.2	3	16.7	2	25.0
Lowered limits somewhat	11	42.3	9	50.0	2	25.0
Limits are little changed	10	38.5	6	33.3	4	50.0
Raised limits somewhat	0	0.0	0	0.0	0	0.0
Raised limits considerably	0	0.0	0	0.0	0	0.0
Total	26	100.0	18	100.0	8	100.0

22. If you answered 1 or 2 to either part of question 21, how important have been the following possible reasons for the change?

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	13	86.7	10	90.9	3	75.0
Somewhat important	2	13.3	1	9.1	1	25.0
Very important	0	0.0	0	0.0	0	0.0
Total	15	100.0	11	100.0	4	100.0

b. Less favorable or more uncertain economic outlook

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	1	6.3	1	8.3	0	0.0
Somewhat important	4	25.0	3	25.0	1	25.0
Very important	11	68.8	8	66.7	3	75.0
Total	16	100.0	12	100.0	4	100.0

c. Reduced tolerance for risk

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	1	6.3	1	8.3	0	0.0
Somewhat important	9	56.3	8	66.7	1	25.0
Very important	6	37.5	3	25.0	3	75.0
Total	16	100.0	12	100.0	4	100.0

d. Decreased liquidity in securitization markets

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	11	73.3	9	81.8	2	50.0
Somewhat important	1	6.7	0	0.0	1	25.0
Very important	3	20.0	2	18.2	1	25.0
Total	15	100.0	11	100.0	4	100.0

e. Decline in customer credit scores

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	2	13.3	2	18.2	0	0.0
Somewhat important	9	60.0	6	54.5	3	75.0
Very important	4	26.7	3	27.3	1	25.0
Total	15	100.0	11	100.0	4	100.0

f. Customer missed payment(s) on credit card loan(s) at your bank

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	2	13.3	2	18.2	0	0.0
Somewhat important	8	53.3	5	45.5	3	75.0
Very important	5	33.3	4	36.4	1	25.0
Total	15	100.0	11	100.0	4	100.0

g. Customer missed payment(s) on other loan(s) at your bank

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	4	26.7	3	27.3	1	25.0
Somewhat important	7	46.7	4	36.4	3	75.0
Very important	4	26.7	4	36.4	0	0.0
Total	15	100.0	11	100.0	4	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	12	80.0	9	81.8	3	75.0
Somewhat important	2	13.3	2	18.2	0	0.0
Very important	1	6.7	0	0.0	1	25.0
Total	15	100.0	11	100.0	4	100.0

i. Other (please specify)

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

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1. The sample is selected from among the largest banks in each Federal Reserve District. In the table, large banks are defined as those with total domestic assets of $20 billion or more as of June 30, 2008. The combined assets of the 32 large banks totaled $6.0 trillion, compared to $6.2 trillion for the entire panel of 55 banks, and $9.7 trillion for all domestically chartered, federally insured commercial banks.

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 October 2008)

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	5	23.8
Tightened somewhat	10	47.6
Remained basically unchanged	6	28.6
Eased somewhat	0	0.0
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	7	33.3
Tightened somewhat	10	47.6
Remained basically unchanged	4	19.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100.0

b. Maximum maturity of loans or credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	1	4.8
Tightened somewhat	10	47.6
Remained basically unchanged	10	47.6
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100.0

c. Costs of credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	12	57.1
Tightened somewhat	6	28.6
Remained basically unchanged	3	14.3
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	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	12	57.1
Tightened somewhat	5	23.8
Remained basically unchanged	4	19.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100.0

e. Premiums charged on riskier loans

	All Respondents	
	Banks	**Percent**
Tightened considerably	10	50.0
Tightened somewhat	8	40.0
Remained basically unchanged	2	10.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	20	100.0

f. Loan covenants

	All Respondents	
	Banks	Percent
Tightened considerably	2	9.5
Tightened somewhat	11	52.4
Remained basically unchanged	8	38.1
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100.0

g. Collateralization requirements

	All Respondents	
	Banks	Percent
Tightened considerably	2	9.5
Tightened somewhat	9	42.9
Remained basically unchanged	10	47.6
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	5	26.3
Somewhat important	11	57.9
Very important	3	15.8
Total	19	100.0

b. Less favorable or more uncertain economic outlook

	All Respondents	
	Banks	**Percent**
Not important	1	5.3
Somewhat important	3	15.8
Very important	15	78.9
Total	19	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	2	10.5
Somewhat important	9	47.4
Very important	8	42.1
Total	19	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	47.4
Somewhat important	8	42.1
Very important	2	10.5
Total	19	100.0

e. Reduced tolerance for risk

	All Respondents	
	Banks	Percent
Not important	3	15.8
Somewhat important	12	63.2
Very important	4	21.1
Total	19	100.0

f. Decreased liquidity in the secondary market for these loans

	All Respondents	
	Banks	Percent
Not important	5	26.3
Somewhat important	2	10.5
Very important	12	63.2
Total	19	100.0

g. Increase in defaults by borrowers in public debt markets

	All Respondents	
	Banks	**Percent**
Not important	9	47.4
Somewhat important	9	47.4
Very important	1	5.3
Total	19	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	5	29.4
Somewhat important	10	58.8
Very important	2	11.8
Total	17	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	2	9.5
Moderately stronger	4	19.0
About the same	10	47.6
Moderately weaker	4	19.0
Substantially weaker	1	4.8
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	4	80.0
Somewhat important	1	20.0
Very important	0	0.0
Total	5	100.0

b. Customer accounts receivable financing needs increased

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

c. Customer investment in plant or equipment increased

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

d. Customer internally generated funds decreased

	All Respondents	
	Banks	**Percent**
Not important	3	60.0
Somewhat important	2	40.0
Very important	0	0.0
Total	5	100.0

e. Customer merger or acquisition financing needs increased

	All Respondents	
	Banks	**Percent**
Not important	4	80.0
Somewhat important	1	20.0
Very important	0	0.0
Total	5	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	1	16.7
Very important	3	50.0
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	4	80.0
Somewhat important	1	20.0
Very important	0	0.0
Total	5	100.0

b. Customer accounts receivable financing needs decreased

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

c. Customer investment in plant or equipment decreased

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

d. Customer internally generated funds increased

	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 decreased

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	2	40.0
Very important	3	60.0
Total	5	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	3	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	3	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	4	19.0
The number of inquiries has stayed about the same	8	38.1
The number of inquiries has decreased moderately	9	42.9
The number of inquiries has decreased substantially	0	0.0
Total	21	100.0

Questions 7-8 *ask about changes in the dollar amount of outstanding C&I loans at your bank. Question 7 asks about changes in the outstanding dollar amount of C&I loans drawn under preexisting commitments and question 8 asks about changes in the outstanding dollar amount of C&I loans that were not drawn under preexisting commitments.*

7. At your bank, how has the dollar amount of C&I loans outstanding that were drawn under preexisting commitments changed over the past three months?

	All Respondents	
	Banks	**Percent**
Declined considerably	0	0.0
Declined somewhat	1	4.8
Remained basically unchanged	5	23.8
Increased somewhat	14	66.7
Increased considerably	1	4.8
Total	21	100.0

8. At your bank, how has the dollar amount of C&I loans outstanding that were not drawn under preexisting commitments changed over the past three months?

	All Respondents	
	Banks	**Percent**
Declined considerably	0	0.0
Declined somewhat	1	4.8
Remained basically unchanged	11	52.4
Increased somewhat	7	33.3
Increased considerably	2	9.5
Total	21	100.0

Questions 9-10 *ask about commercial real estate loans at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate. Question 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 commercial real estate loans changed?

	All Respondents	
	Banks	**Percent**
Tightened considerably	4	26.7
Tightened somewhat	6	40.0
Remained basically unchanged	5	33.3
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	15	100.0

10. 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	1	6.7
About the same	7	46.7
Moderately weaker	5	33.3
Substantially weaker	2	13.3
Total	15	100.0

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1. As of June 30, 2008, the 21 respondents had combined assets of $1.0 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.