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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 July 2009 Senior Loan Officer Opinion Survey on Bank Lending Practices.

Enclosures

Board of Governors of the Federal Reserve System

The July 2009 Senior Loan Officer Opinion Survey on Bank Lending Practices

The July 2009 Senior Loan Officer Opinion Survey on Bank Lending Practices addressed changes in the supply of, and demand for, loans to businesses and households over the past three months. The survey also included two sets of special questions: The first set asked banks to rank the causes of declines this year in commercial and industrial (C&I) lending, and the second set asked banks about their expectations for lending standards going forward relative to the average level over the past decade. The results reported here are based on responses from 55 domestic banks and 23 U.S. branches and agencies of foreign banks.[1]

In the July survey, domestic banks indicated that they continued to tighten standards and terms over the past three months on all major types of loans to businesses and households, although the net percentages of banks that tightened declined compared with the April survey.[2] Demand for loans continued to weaken across all major categories except for prime residential mortgages. The fractions of domestic banks reporting additional weakening in demand in this survey were slightly lower than those in the April survey for C&I loans and home equity lines of credit, approximately the same for commercial real estate (CRE) and nontraditional residential mortgages, and slightly higher for consumer loans.

In response to a special question, domestic banks pointed to decreased loan demand and deteriorating credit quality as the most important reasons for declines in C&I lending this year. In response to a second special question, most banks reported that they expected their lending standards across all loan categories would remain tighter than their average levels over the past decade until at least the second half of 2010; for below-investment-grade firms and nonprime households, the expected timing is later, with many banks reporting that standards for such borrowers will remain tighter than average for the foreseeable future.

Lending to Businesses

(Table 1, questions 1-9; Table 2, questions 1-9)

Questions on commercial and industrial lending. About 30 percent of domestic respondents, on net, reported tightening standards on C&I loans to large firms over the

[1] Respondent banks received the survey on or after July 14, 2009, and their responses were due on July 28, 2009.

[2] For questions about lending standards, reported net percentages equal the percentage of banks that reported tightening standards ("tightened considerably" or "tightened somewhat") minus the percentage of banks that reported easing standards ("eased considerably" or "eased somewhat"). For questions about demand, reported net percentages equal the percentage of banks that reported stronger demand ("substantially stronger" or "moderately stronger") minus the percentage of banks that reported weaker demand ("substantially weaker" or "moderately weaker").

past three months. That percentage is roughly 10 percentage points lower than in the April survey, continuing the declining trend that began after the measure reached a peak of roughly 85 percent in the November 2008 survey. Standards on C&I loans to small firms were reported as having been tightened by a net fraction of about 35 percent of domestic respondents, down from more than 40 percent in April and from 70 percent in January.

Tightening of the various terms on C&I loans by domestic respondents continued, but in general, the net fractions that reported tightening continued to fall from their late-2008 highs. Approximately 60 percent, on net, reported increasing spreads of loan rates for large firms, compared with 80 percent in April. For small firms, about 65 percent reported increasing spreads, compared with 75 percent in April. These movements contrast with the narrowing in corporate bond spreads over the same period. Significant net fractions of respondents continued to report tightening of other price terms on loans to firms of all sizes; in particular, the costs of credit lines and the premiums charged on riskier loans were reported as having been tightened by net fractions in excess of 50 percent of respondents.

U.S. branches and agencies of foreign banks also reported tightening their business lending stance further over the past three months. For C&I lending, the net percentage that reported having done so was again lower than in the previous survey. About 15 percent of foreign banks, on net, reported tightening credit standards for C&I loans, compared with 30 percent in April and 65 percent in January. Regarding lending terms, about 30 percent of foreign banks, on net, reported increasing the costs of credit lines, compared with 65 percent in April. The net percentage of foreign respondents that reported increasing premiums on riskier loans was 30 percent, down from 70 percent in April. In addition, about 15 percent of foreign banks reported increasing spreads of loan rates over their cost of funds, down from about 60 percent in April.

The predominant reasons that banks gave for tightening credit standards or terms for C&I loans resembled those reported in the previous two surveys. Both domestic and foreign respondents nearly unanimously cited a less favorable or more uncertain economic outlook, and large majorities cited a reduced tolerance for risk. Domestic respondents also widely noted a worsening of industry-specific problems, while foreign respondents were more likely to cite an increase in defaults by borrowers in public debt markets, as well as deterioration in their banks' current or expected capital positions. The net fraction of foreign banks reporting decreased liquidity in the secondary market for C&I loans fell substantially, to 30 percent from about 70 percent in the April survey.

Considerable net fractions of domestic respondents again reported weaker demand for C&I loans from firms of all sizes. About 45 percent of domestic respondents reported weaker demand for C&I loans from large firms, on net, and 55 percent indicated weaker demand from small firms; these figures are somewhat lower than the April figures of 60 and 65 percent for large and small firms, respectively. About one-fourth of reporting foreign banks, on net, indicated weaker demand for C&I loans, in contrast to the April survey, in which these banks reported that demand was about unchanged, on net.

Foreign and domestic respondents that reported weaker demand unanimously cited their customers' decreased financing needs for investment in plant or equipment as a reason for weaker demand for C&I loans over the past three months. The other predominant reasons for weaker demand included decreased needs to finance inventories, accounts receivable, and mergers or acquisitions. On net, about 25 percent of domestic banks reported that inquiries from potential business borrowers had declined during the survey period, a slightly smaller percentage than was reported in April. A little more than 15 percent of foreign banks reported a decline in such inquiries, a higher fraction than in the April survey.

Special question on commercial and industrial lending. The July survey included a special question on C&I lending. To gather information about the effects of changes in supply and demand in the market for C&I loans, the survey asked banks to rank the relative importance of five potential sources of the decline in C&I lending this year. According to domestic banks, the most important factor, on average, was lower loan demand from creditworthy borrowers because their funding needs had declined, followed by a deterioration in the credit quality of potential borrowers. Foreign banks, in contrast, ranked lower loan demand due to reduced funding needs third and listed deteriorating credit quality as the most important reason, followed by tighter bank lending standards. Despite strong corporate bond issuance over the past few months and improved functioning in the commercial paper market, both domestic and foreign banks indicated that one of the two least important factors (among those listed on the survey) was the ability of borrowers to tap other sources of funding. Respondents also indicated that higher loan spreads and fees were relatively unimportant.

Questions on commercial real estate lending. The fraction of domestic respondents that reported tightening standards on CRE loans fell to about 45 percent, compared with 65 percent in April. Still, this fraction is higher than that reported for C&I loans and all consumer lending categories except nontraditional residential mortgages. About 45 percent of foreign banks also reported tightening standards on CRE loans, a slight increase from the figure reported in April. The net percentage of domestic respondents that reported weaker demand for CRE loans fell slightly—to roughly 65 percent—but it remained large by historical standards and relative to other loan categories. About 45 percent of foreign respondents also reported weaker demand, a slight increase from the April survey.

Lending to Households
(Table 1, questions 10-19)

Questions on residential real estate lending. After holding nearly flat in the April survey, the net percentage of domestic banks that tightened standards on prime residential real estate loans fell to roughly 20 percent. This measure peaked at a level of about 75 percent one year ago. For the second consecutive survey, domestic banks reported increased demand from prime borrowers for residential mortgages; however, the net fraction fell to 15 percent from 35 percent in April. The net fraction of respondents that tightened standards on nontraditional residential mortgages fell to roughly 45 percent, from 65 percent in April. The net fraction that reported weaker demand for such mortgages was little changed at around 15 percent.

The net fraction of domestic banks that reported tightening their lending standards on home equity lines of credit fell to roughly 30 percent, from 50 percent in the April survey; and the fraction of banks reporting weaker demand for home equity lines of credit decreased to about 15 percent, from 30 percent in the April survey.

Questions on consumer lending. For the second consecutive survey, domestic banks reported little change in their willingness to make consumer installment loans. The net fraction of domestic banks that reported tightening credit card lending standards fell significantly from nearly 60 percent to around 35 percent. Similarly, the net fraction of domestic banks that reported tighter standards on consumer loans other than credit cards declined to 35 percent, from 45 percent in April. For both credit card and other consumer loans, domestic banks continued to report tightening of loan terms and conditions, although the net fractions of banks that tightened were not as high as in April. The net fraction of domestic banks reporting weaker demand for all types of consumer loans rose a few percentage points, to about 20 percent.

Questions on Existing Credit Lines
(Table 1, question 20; Table 2, question 10)

As in the April survey, significant net fractions of respondents reported decreasing the sizes of credit lines for existing customers on all types of business and consumer accounts surveyed. Nevertheless, these net percentages edged down for all categories of credit lines.

Special Questions on the Levels of Lending Standards
(Table 1, question 21; Table 2, question 11)

A set of special questions asked domestic banks about the levels of their current lending standards relative to their average levels over the past decade (the levels are referred to below as longer-term averages) and about their expectations for these relative levels in the future. Most of the recurring survey questions ask banks about changes in the levels of their lending standards over the past three months rather than about the levels of their lending standards. Because recent survey responses have indicated a widespread tightening of standards, these special questions were intended to elicit information about whether banks have responded to the current economic downturn by increasing the levels of their lending standards above longer-term averages and, if so, whether the elevated levels of standards are expected to persist for some time.

For C&I loans to investment-grade firms, 55 percent of the respondents reported that their standards were tighter than longer-term average levels but were expected to return to average levels by the end of 2011 or earlier. In addition, 25 percent of respondents indicated that standards on investment-grade C&I loans were not tighter than longer-term averages. Around 20 percent of respondents indicated that they expected C&I lending standards for both investment-grade and non-investment-grade C&I loans to remain tighter than their longer-term average levels for the foreseeable future.

With respect to CRE lending standards, nearly all banks indicated that current standards were tighter than their longer-term average levels. Around 40 percent expected standards to return to longer-term average levels by the second half of 2010 or in 2011 for both investment-grade and non-investment-grade lending. However, 40 percent indicated that standards for investment-grade CRE lending would remain tighter than their longer-term average levels for the foreseeable future, and about 55 percent expected this outcome for non-investment-grade CRE loans.

For prime and nonprime residential real estate lending (including home equity lines of credit), roughly 90 percent of respondents reported that lending standards were currently tighter than longer-term average levels. For prime residential real estate lending, of the respondents that reported that standards were currently tighter than longer-term average levels, about one-half expected standards to return to those levels by the end of 2011, with most of those expecting a return by the second half of 2010. The fraction that indicated standards would indefinitely remain tighter than their longer-term average levels for the foreseeable future was slightly more than 40 percent. The comparable measure for nonprime standards was about 60 percent.

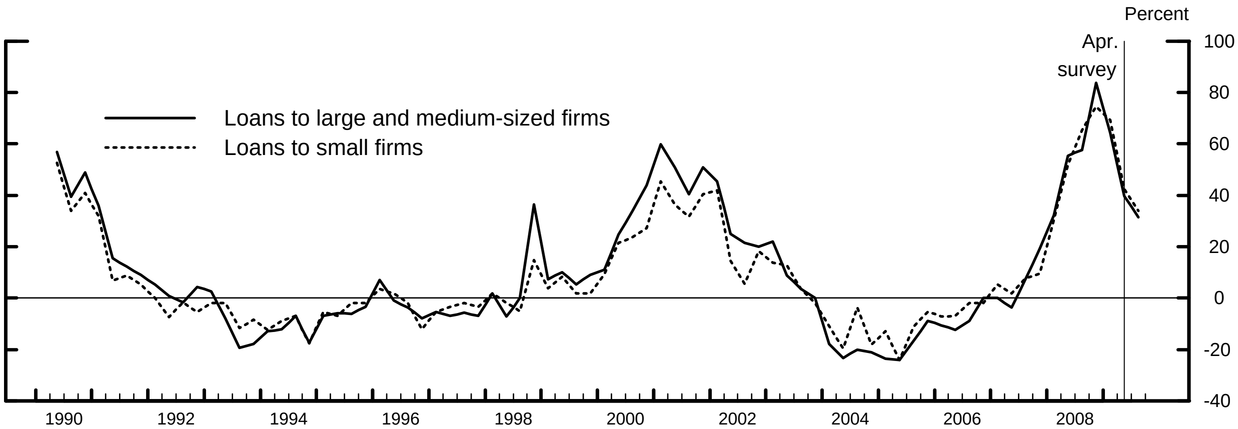
With respect to prime credit card borrowers, roughly one-third of respondents expected standards to remain tighter than their longer-term average levels for the foreseeable future, whereas one-fourth expected a return to longer-term average levels in 2011, and one-fourth expected a return earlier than 2011. Lending standards for nonprime credit card borrowers were expected to remain tight for a longer period, with two-thirds of respondents not expecting a return to longer-term average levels for the foreseeable future.

When asked about expected lending standards for other consumer loans, 25 percent of respondents reported that standards for such loans to prime borrowers were not tighter than longer-term average levels, and about 20 percent reported the same for nonprime borrowers. Another 50 percent of respondents indicated that standards for other consumer loans to prime borrowers were tighter than longer-term average levels but would return to such levels by the end of 2011 or earlier, and another 25 percent said the same applied to such loans to nonprime borrowers.

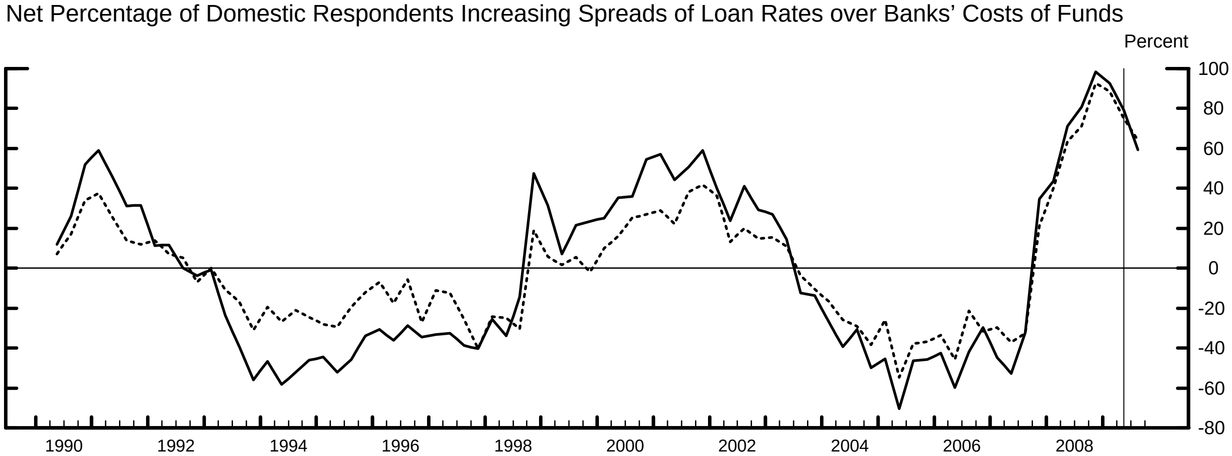
This document was prepared by Mary Beth Muething and Jonathan Rose with the assistance of Michael Levere, Division of Monetary Affairs, Board of Governors of the Federal Reserve System.

Measures of Supply and Demand for Commercial and Industrial Loans, by Size of Firm Seeking Loan

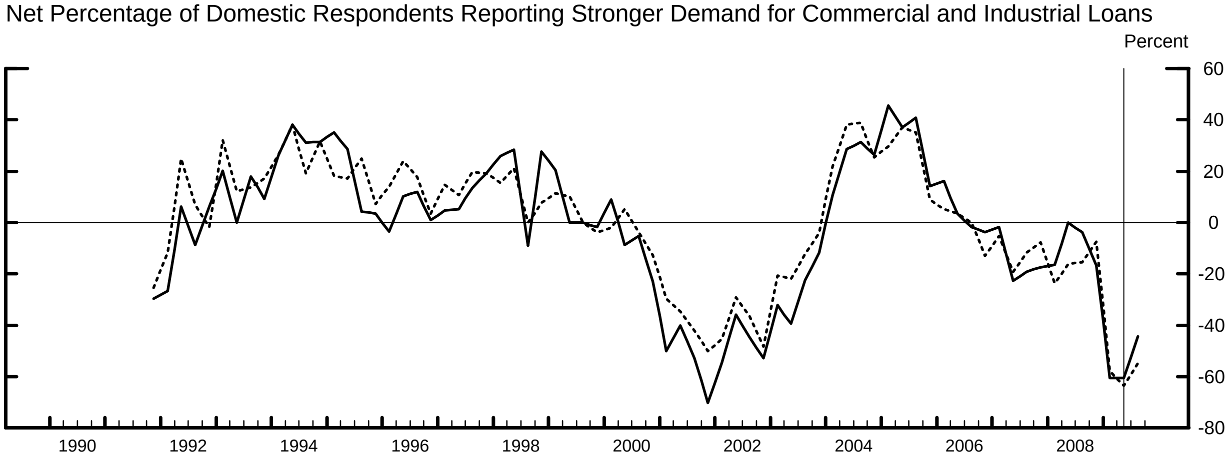
Net Percentage of Domestic Respondents Tightening Standards for Commercial and Industrial Loans



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

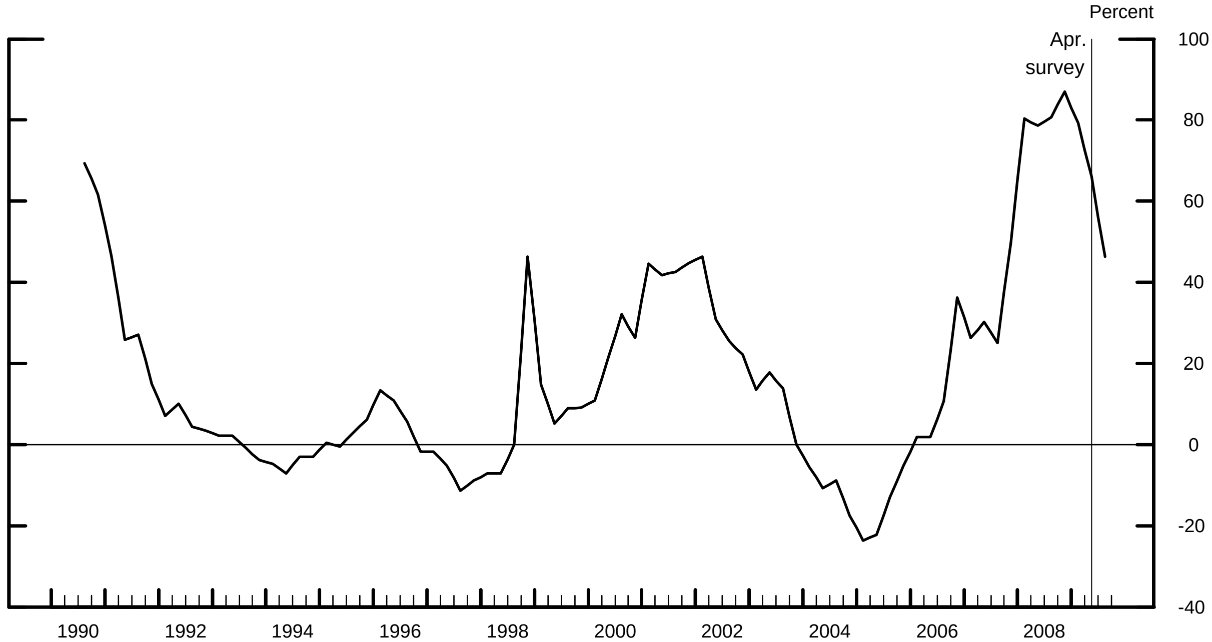


Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial and Industrial Loans

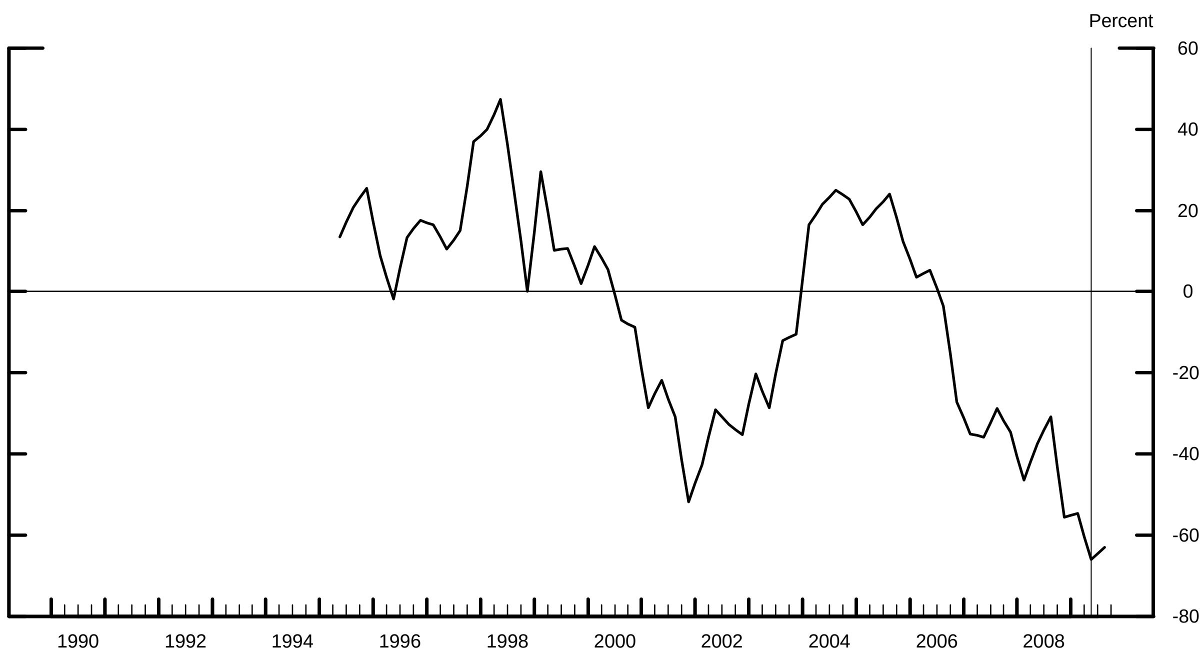


Measures of Supply and Demand for Commercial Real Estate Loans

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

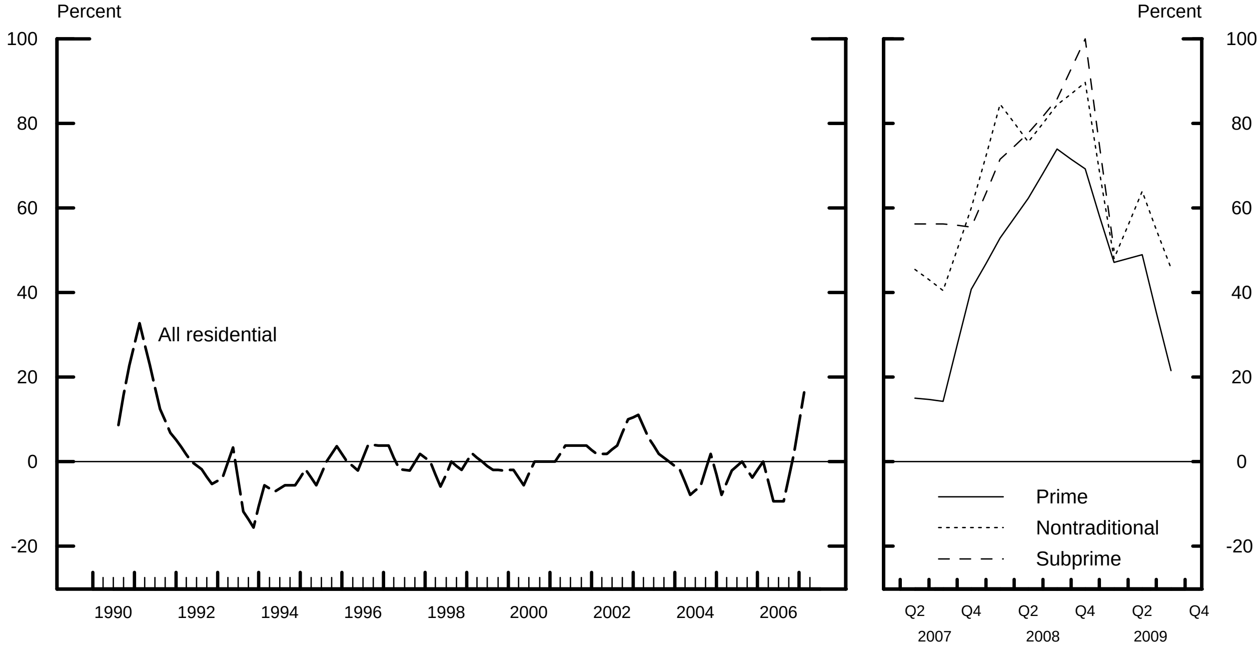


Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial Real Estate Loans



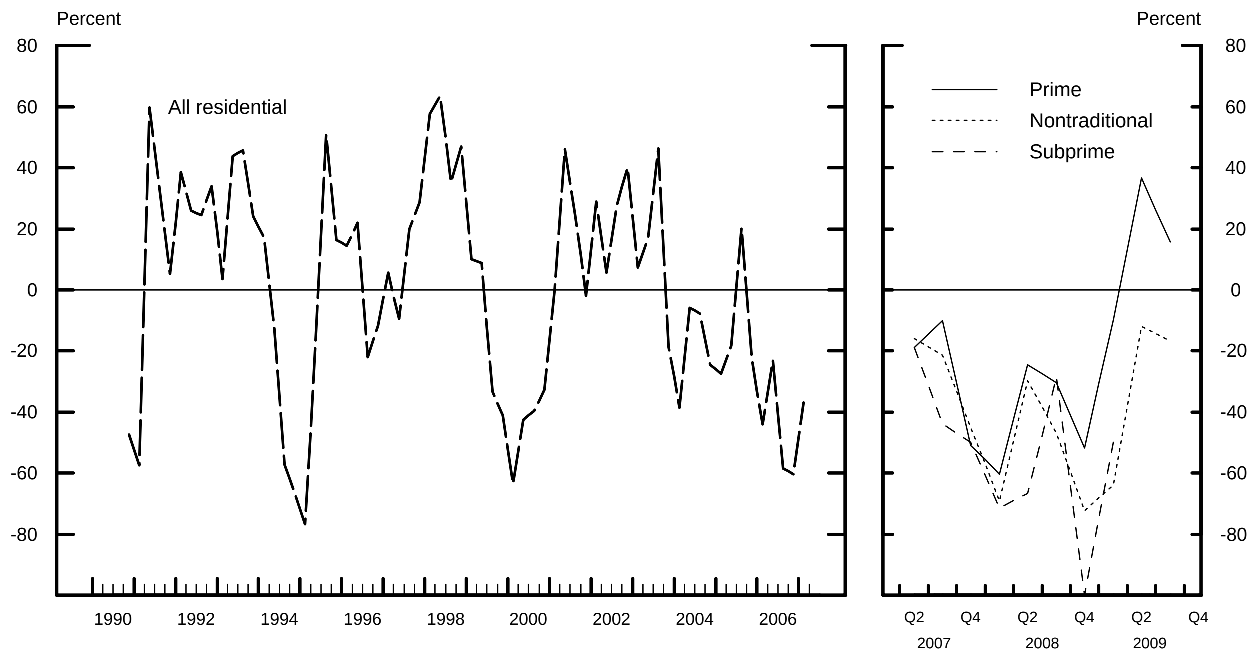
Measures of Supply and Demand for Residential Mortgage Loans

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.

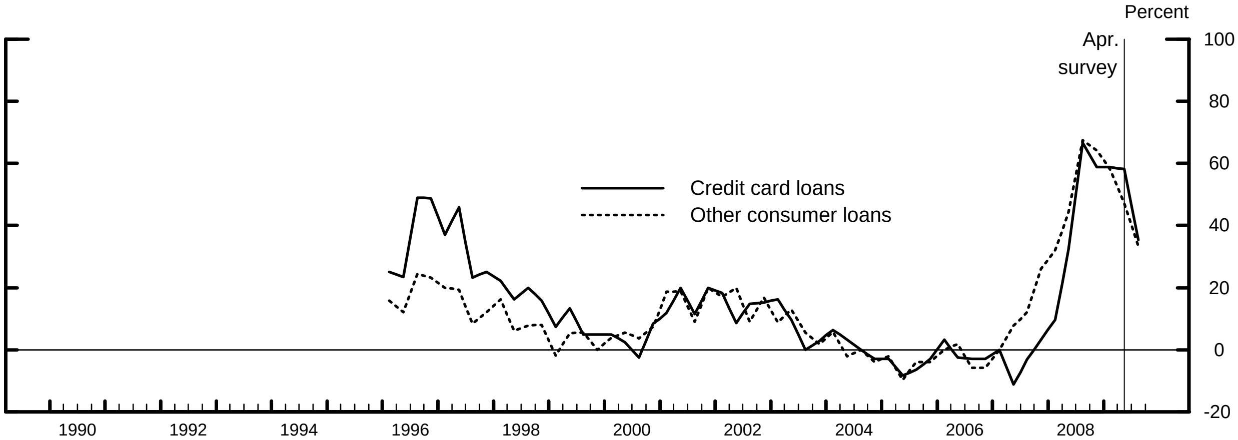
Net Percentage of Domestic Respondents Reporting Stronger Demand for Residential Mortgage Loans



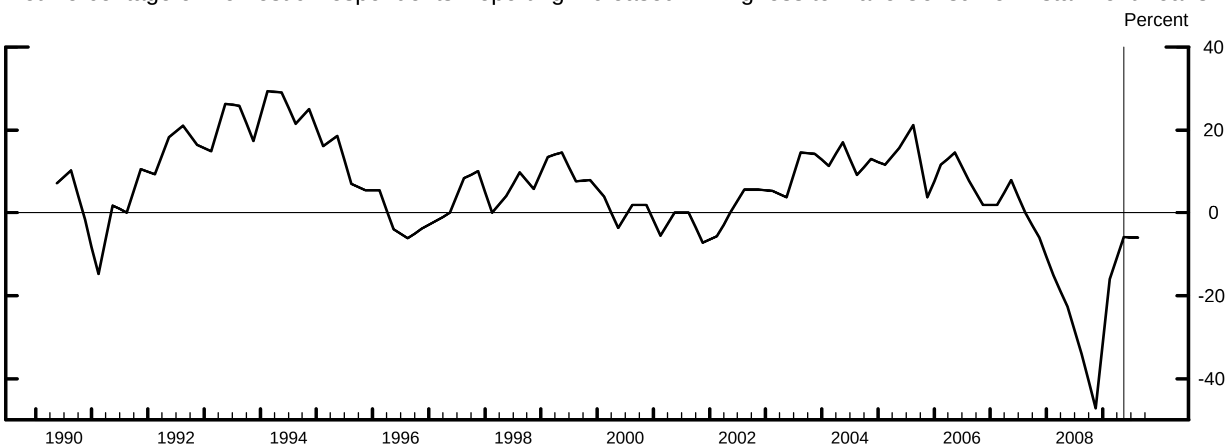
Note: For data starting in 2007:Q2, changes in demand for prime, nontraditional, and subprime mortgage loans are reported separately.

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

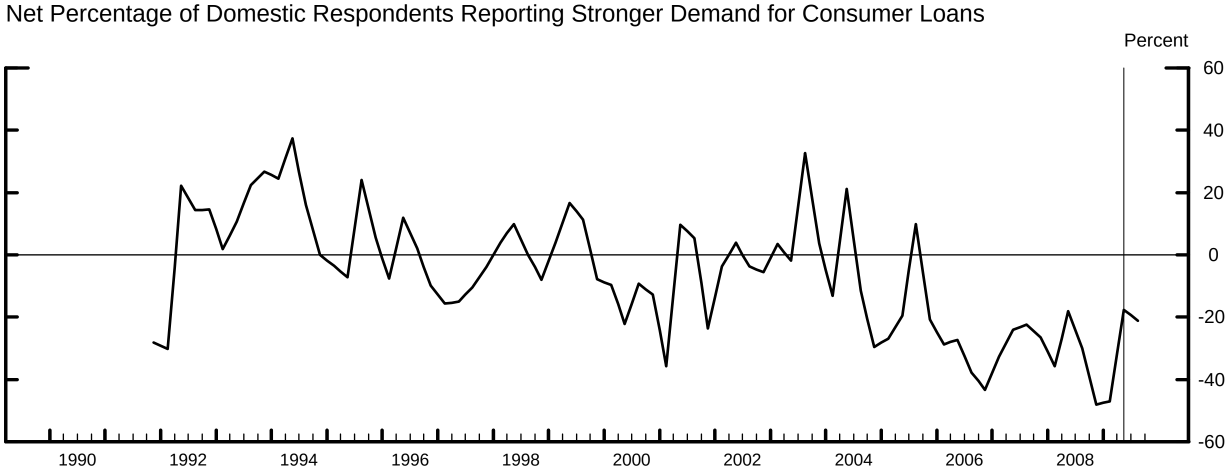


Table 1

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

(Status of policy as of July 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—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	0	0.0	0	0.0	0	0.0
Tightened somewhat	19	35.2	9	30.0	10	41.7
Remained basically unchanged	33	61.1	19	63.3	14	58.3
Eased somewhat	2	3.7	2	6.7	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	30	100.0	24	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	0	0.0	0	0.0	0	0.0
Tightened somewhat	19	35.8	9	31.0	10	41.7
Remained basically unchanged	33	62.3	19	65.5	14	58.3
Eased somewhat	1	1.9	1	3.4	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	29	100.0	24	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	1	1.9	1	3.3	0	0.0
Tightened somewhat	18	33.3	7	23.3	11	45.8
Remained basically unchanged	35	64.8	22	73.3	13	54.2
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	30	100.0	24	100.0

b. Maximum maturity of loans or credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	2	3.7	2	6.7	0	0.0
Tightened somewhat	10	18.5	7	23.3	3	12.5
Remained basically unchanged	40	74.1	19	63.3	21	87.5
Eased somewhat	2	3.7	2	6.7	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	30	100.0	24	100.0

c. Costs of credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	5	9.3	2	6.7	3	12.5
Tightened somewhat	26	48.1	13	43.3	13	54.2
Remained basically unchanged	22	40.7	14	46.7	8	33.3
Eased somewhat	1	1.9	1	3.3	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	30	100.0	24	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	6	11.1	2	6.7	4	16.7
Tightened somewhat	29	53.7	14	46.7	15	62.5
Remained basically unchanged	16	29.6	12	40.0	4	16.7
Eased somewhat	3	5.6	2	6.7	1	4.2
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	30	100.0	24	100.0

e. Premiums charged on riskier loans

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	11	20.4	7	23.3	4	16.7
Tightened somewhat	20	37.0	9	30.0	11	45.8
Remained basically unchanged	21	38.9	12	40.0	9	37.5
Eased somewhat	2	3.7	2	6.7	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	30	100.0	24	100.0

f. Loan covenants

	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	19	35.2	9	30.0	10	41.7
Remained basically unchanged	34	63.0	20	66.7	14	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	54	100.0	30	100.0	24	100.0

g. Collateralization requirements

	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	21	38.9	9	30.0	12	50.0
Remained basically unchanged	33	61.1	21	70.0	12	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	54	100.0	30	100.0	24	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	1	1.9	1	3.4	0	0.0
Tightened somewhat	12	23.1	4	13.8	8	34.8
Remained basically unchanged	39	75.0	24	82.8	15	65.2
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	29	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	5.7	3	10.3	0	0.0
Tightened somewhat	8	15.1	5	17.2	3	12.5
Remained basically unchanged	42	79.2	21	72.4	21	87.5
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	29	100.0	24	100.0

c. Costs of credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	4	7.5	1	3.4	3	12.5
Tightened somewhat	28	52.8	14	48.3	14	58.3
Remained basically unchanged	21	39.6	14	48.3	7	29.2
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	29	100.0	24	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	5	9.4	1	3.4	4	16.7
Tightened somewhat	29	54.7	14	48.3	15	62.5
Remained basically unchanged	19	35.8	14	48.3	5	20.8
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	29	100.0	24	100.0

e. Premiums charged on riskier loans

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	10	18.9	5	17.2	5	20.8
Tightened somewhat	21	39.6	11	37.9	10	41.7
Remained basically unchanged	22	41.5	13	44.8	9	37.5
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	29	100.0	24	100.0

f. Loan covenants

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	1	1.9	1	3.4	0	0.0
Tightened somewhat	17	32.1	7	24.1	10	41.7
Remained basically unchanged	35	66.0	21	72.4	14	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	53	100.0	29	100.0	24	100.0

g. Collateralization requirements

	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	19	35.8	9	31.0	10	41.7
Remained basically unchanged	34	64.2	20	69.0	14	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	53	100.0	29	100.0	24	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	24	63.2	13	65.0	11	61.1
Somewhat important	14	36.8	7	35.0	7	38.9
Very important	0	0.0	0	0.0	0	0.0
Total	38	100.0	20	100.0	18	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	2.6	1	5.0	0	0.0
Somewhat important	18	47.4	11	55.0	7	38.9
Very important	19	50.0	8	40.0	11	61.1
Total	38	100.0	20	100.0	18	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	7	18.9	3	15.8	4	22.2
Somewhat important	19	51.4	11	57.9	8	44.4
Very important	11	29.7	5	26.3	6	33.3
Total	37	100.0	19	100.0	18	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	23	62.2	10	52.6	13	72.2
Somewhat important	13	35.1	9	47.4	4	22.2
Very important	1	2.7	0	0.0	1	5.6
Total	37	100.0	19	100.0	18	100.0

e. Reduced tolerance for risk

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	8	21.6	5	26.3	3	16.7
Somewhat important	22	59.5	12	63.2	10	55.6
Very important	7	18.9	2	10.5	5	27.8
Total	37	100.0	19	100.0	18	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	26	70.3	12	63.2	14	77.8
Somewhat important	8	21.6	7	36.8	1	5.6
Very important	3	8.1	0	0.0	3	16.7
Total	37	100.0	19	100.0	18	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	25	67.6	11	57.9	14	77.8
Somewhat important	11	29.7	7	36.8	4	22.2
Very important	1	2.7	1	5.3	0	0.0
Total	37	100.0	19	100.0	18	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	32	86.5	17	89.5	15	83.3
Somewhat important	4	10.8	2	10.5	2	11.1
Very important	1	2.7	0	0.0	1	5.6
Total	37	100.0	19	100.0	18	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	2	50.0	2	50.0	0	--
Somewhat important	2	50.0	2	50.0	0	--
Very important	0	0.0	0	0.0	0	--
Total	4	100.0	4	100.0	0	--

b. More favorable or less uncertain economic outlook

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	2	50.0	2	50.0	0	--
Somewhat important	2	50.0	2	50.0	0	--
Very important	0	0.0	0	0.0	0	--
Total	4	100.0	4	100.0	0	--

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	4	100.0	4	100.0	0	--
Somewhat important	0	0.0	0	0.0	0	--
Very important	0	0.0	0	0.0	0	--
Total	4	100.0	4	100.0	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	0	0.0	0	--
Somewhat important	4	100.0	4	100.0	0	--
Very important	0	0.0	0	0.0	0	--
Total	4	100.0	4	100.0	0	--

e. Increased tolerance for risk

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	3	75.0	3	75.0	0	--
Somewhat important	1	25.0	1	25.0	0	--
Very important	0	0.0	0	0.0	0	--
Total	4	100.0	4	100.0	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	2	50.0	2	50.0	0	--
Somewhat important	2	50.0	2	50.0	0	--
Very important	0	0.0	0	0.0	0	--
Total	4	100.0	4	100.0	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	4	100.0	4	100.0	0	--
Somewhat important	0	0.0	0	0.0	0	--
Very important	0	0.0	0	0.0	0	--
Total	4	100.0	4	100.0	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	4	100.0	4	100.0	0	--
Somewhat important	0	0.0	0	0.0	0	--
Very important	0	0.0	0	0.0	0	--
Total	4	100.0	4	100.0	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	0	0.0	0	0.0	0	0.0
Moderately stronger	7	13.0	6	20.0	1	4.2
About the same	16	29.6	5	16.7	11	45.8
Moderately weaker	27	50.0	16	53.3	11	45.8
Substantially weaker	4	7.4	3	10.0	1	4.2
Total	54	100.0	30	100.0	24	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	0	0.0	0	0.0	0	0.0
Moderately stronger	3	5.7	3	10.3	0	0.0
About the same	18	34.0	7	24.1	11	45.8
Moderately weaker	28	52.8	16	55.2	12	50.0
Substantially weaker	4	7.5	3	10.3	1	4.2
Total	53	100.0	29	100.0	24	100.0

5. If demand for C&I loans has strengthened or weakened over the past three months (as described in question 4), how important have been the following possible reasons for the change?

A. If stronger loan demand (answer 1 or 2 to question 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	5	71.4	5	83.3	0	0.0
Somewhat important	1	14.3	0	0.0	1	100.0
Very important	1	14.3	1	16.7	0	0.0
Total	7	100.0	6	100.0	1	100.0

b. Customer accounts receivable financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	5	71.4	5	83.3	0	0.0
Somewhat important	2	28.6	1	16.7	1	100.0
Very important	0	0.0	0	0.0	0	0.0
Total	7	100.0	6	100.0	1	100.0

c. Customer investment in plant or equipment increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	6	85.7	5	83.3	1	100.0
Somewhat important	1	14.3	1	16.7	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	7	100.0	6	100.0	1	100.0

d. Customer internally generated funds decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	2	28.6	2	33.3	0	0.0
Somewhat important	4	57.1	3	50.0	1	100.0
Very important	1	14.3	1	16.7	0	0.0
Total	7	100.0	6	100.0	1	100.0

e. Customer merger or acquisition financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	4	57.1	3	50.0	1	100.0
Somewhat important	3	42.9	3	50.0	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	7	100.0	6	100.0	1	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	2	28.6	1	16.7	1	100.0
Somewhat important	3	42.9	3	50.0	0	0.0
Very important	2	28.6	2	33.3	0	0.0
Total	7	100.0	6	100.0	1	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	8.8	0	0.0	3	23.1
Somewhat important	25	73.5	16	76.2	9	69.2
Very important	6	17.6	5	23.8	1	7.7
Total	34	100.0	21	100.0	13	100.0

b. Customer accounts receivable financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	2	5.9	0	0.0	2	15.4
Somewhat important	27	79.4	17	81.0	10	76.9
Very important	5	14.7	4	19.0	1	7.7
Total	34	100.0	21	100.0	13	100.0

c. Customer investment in plant or equipment decreased

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	0	0.0	0	0.0	0	0.0
Somewhat important	20	58.8	13	61.9	7	53.8
Very important	14	41.2	8	38.1	6	46.2
Total	34	100.0	21	100.0	13	100.0

d. Customer internally generated funds increased

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	21	61.8	12	57.1	9	69.2
Somewhat important	12	35.3	8	38.1	4	30.8
Very important	1	2.9	1	4.8	0	0.0
Total	34	100.0	21	100.0	13	100.0

e. Customer merger or acquisition financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	9	26.5	6	28.6	3	23.1
Somewhat important	18	52.9	11	52.4	7	53.8
Very important	7	20.6	4	19.0	3	23.1
Total	34	100.0	21	100.0	13	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	26	78.8	16	76.2	10	83.3
Somewhat important	5	15.2	3	14.3	2	16.7
Very important	2	6.1	2	9.5	0	0.0
Total	33	100.0	21	100.0	12	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	0	0.0	0	0.0	0	0.0
The number of inquiries has increased moderately	11	20.4	6	20.0	5	20.8
The number of inquiries has stayed about the same	18	33.3	11	36.7	7	29.2
The number of inquiries has decreased moderately	22	40.7	12	40.0	10	41.7
The number of inquiries has decreased substantially	3	5.6	1	3.3	2	8.3
Total	54	100.0	30	100.0	24	100.0

According to the Federal Reserve's H.8 statistical release, "Assets and Liabilities of Commercial Banks in the United States," C&I loans have contracted sharply over the first six months of 2009. ***Question 7*** *asks about the possible reasons for the declines in C&I loans over the first half of this year.*

7. If C&I lending has declined at your bank this year, please rank, in order of their importance, the following possible reasons for the decline. Please assign the most important reason a rank of 1, and the next most important reason a rank of 2, etc. (Disregard any increases in C&I loans that may owe to the merger of your bank with another institution. If C&I lending at your bank has not declined this year, please leave this question blank.)

	All Respondents	Large Banks	Other Banks
	Mean	**Mean**	**Mean**
Loan demand from creditworthy borrowers (customers that have met your bank's lending standards) has fallen because their funding needs have declined	1.8	1.5	2.1
Loan demand from creditworthy borrowers has fallen because they have tapped other sources of funding (e.g., bond market, nonbank lenders, internal funds)	4.3	4.1	4.5
Higher spreads and fees that your bank has charged on loans have reduced creditworthy firms' appetite for credit	3.8	3.8	3.9
Deteriorating credit quality has reduced the number of firms that your bank views as creditworthy	2.1	2.2	1.9
Tighter lending standards at your bank have reduced the number of firms that your bank views as creditworthy	3.1	3.4	2.6
Other	-	-	-
Number of respondents	47	26	21

Questions 8-9 *ask about commercial real estate loans at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate. Question 8 deals with changes in your bank's standards over the past three months. Question 9 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.*

8. 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	6	11.1	2	6.7	4	16.7
Tightened somewhat	19	35.2	12	40.0	7	29.2
Remained basically unchanged	29	53.7	16	53.3	13	54.2
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	30	100.0	24	100.0

9. 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	0	0.0	0	0.0	0	0.0
Moderately stronger	4	7.4	1	3.3	3	12.5
About the same	12	22.2	7	23.3	5	20.8
Moderately weaker	26	48.1	13	43.3	13	54.2
Substantially weaker	12	22.2	9	30.0	3	12.5
Total	54	100.0	30	100.0	24	100.0

Questions 10-11 *ask about three categories of* ***residential mortgage loans*** *at your bank—prime residential mortgages, nontraditional residential mortgages, and subprime residential mortgages. Question 10 deals with changes in your bank's credit standards for loans in each of these categories over the past three months. Question 11 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.*

10. 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	3.9	2	7.1	0	0.0
Tightened somewhat	9	17.6	7	25.0	2	8.7
Remained basically unchanged	40	78.4	19	67.9	21	91.3
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	28	100.0	23	100.0

For this question, 1 respondent answered “My bank does not originate prime residential mortgages.”

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	3	12.5	2	11.8	1	14.3
Tightened somewhat	8	33.3	5	29.4	3	42.9
Remained basically unchanged	13	54.2	10	58.8	3	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	24	100.0	17	100.0	7	100.0

For this question, 28 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:

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

11. 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	4	7.8	3	10.7	1	4.3
Moderately stronger	16	31.4	7	25.0	9	39.1
About the same	19	37.3	11	39.3	8	34.8
Moderately weaker	9	17.6	6	21.4	3	13.0
Substantially weaker	3	5.9	1	3.6	2	8.7
Total	51	100.0	28	100.0	23	100.0

For this question, 1 respondent answered “My bank does not originate prime residential mortgages.”

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	1	4.2	1	5.9	0	0.0
Moderately stronger	2	8.3	2	11.8	0	0.0
About the same	14	58.3	12	70.6	2	28.6
Moderately weaker	4	16.7	0	0.0	4	57.1
Substantially weaker	3	12.5	2	11.8	1	14.3
Total	24	100.0	17	100.0	7	100.0

For this question, 28 respondents answered “My bank does not originate nontraditional residential mortgages.”

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

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

Questions 12-13 *ask about* ***revolving home equity lines of credit*** *at your bank. Question 12 deals with changes in your bank's credit standards over the past three months. Question 13 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.*

12. 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	2	3.8	1	3.4	1	4.2
Tightened somewhat	17	32.1	10	34.5	7	29.2
Remained basically unchanged	32	60.4	16	55.2	16	66.7
Eased somewhat	2	3.8	2	6.9	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	29	100.0	24	100.0

13. 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	8	15.1	4	13.8	4	16.7
About the same	30	56.6	16	55.2	14	58.3
Moderately weaker	11	20.8	7	24.1	4	16.7
Substantially weaker	4	7.5	2	6.9	2	8.3
Total	53	100.0	29	100.0	24	100.0

Questions 14-19 *ask about consumer lending at your bank. Question 14 deals with changes in your bank's willingness to make consumer loans over the past three months. Questions 15-18 deal with changes in credit standards and loan terms over the same period. Question 19 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.*

14. 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	2	4.0	1	3.8	1	4.2
About unchanged	43	86.0	21	80.8	22	91.7
Somewhat less willing	4	8.0	3	11.5	1	4.2
Much less willing	1	2.0	1	3.8	0	0.0
Total	50	100.0	26	100.0	24	100.0

15. 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	2	5.9	2	10.0	0	0.0
Tightened somewhat	10	29.4	7	35.0	3	21.4
Remained basically unchanged	22	64.7	11	55.0	11	78.6
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	20	100.0	14	100.0

16. 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	2	3.9	2	7.4	0	0.0
Tightened somewhat	15	29.4	7	25.9	8	33.3
Remained basically unchanged	34	66.7	18	66.7	16	66.7
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	27	100.0	24	100.0

17. 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	9.4	3	15.8	0	0.0
Tightened somewhat	13	40.6	10	52.6	3	23.1
Remained basically unchanged	16	50.0	6	31.6	10	76.9
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	32	100.0	19	100.0	13	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	6.3	1	5.3	1	7.7
Tightened somewhat	7	21.9	6	31.6	1	7.7
Remained basically unchanged	21	65.6	11	57.9	10	76.9
Eased somewhat	2	6.3	1	5.3	1	7.7
Eased considerably	0	0.0	0	0.0	0	0.0
Total	32	100.0	19	100.0	13	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	1	3.1	1	5.3	0	0.0
Remained basically unchanged	31	96.9	18	94.7	13	100.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	32	100.0	19	100.0	13	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	0	0.0	0	0.0	0	0.0
Tightened somewhat	13	40.6	10	52.6	3	23.1
Remained basically unchanged	19	59.4	9	47.4	10	76.9
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	32	100.0	19	100.0	13	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	2	6.3	1	5.3	1	7.7
Tightened somewhat	7	21.9	6	31.6	1	7.7
Remained basically unchanged	23	71.9	12	63.2	11	84.6
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	32	100.0	19	100.0	13	100.0

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

a. Maximum maturity

	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	8	16.0	5	18.5	3	13.0
Remained basically unchanged	41	82.0	21	77.8	20	87.0
Eased somewhat	1	2.0	1	3.7	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	27	100.0	23	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	2	4.0	1	3.7	1	4.3
Tightened somewhat	13	26.0	8	29.6	5	21.7
Remained basically unchanged	32	64.0	17	63.0	15	65.2
Eased somewhat	3	6.0	1	3.7	2	8.7
Eased considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	27	100.0	23	100.0

c. Minimum required downpayment

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	2	4.0	1	3.7	1	4.3
Tightened somewhat	13	26.0	7	25.9	6	26.1
Remained basically unchanged	35	70.0	19	70.4	16	69.6
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	27	100.0	23	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	1	2.0	1	3.7	0	0.0
Tightened somewhat	16	32.0	9	33.3	7	30.4
Remained basically unchanged	33	66.0	17	63.0	16	69.6
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	27	100.0	23	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	3	6.0	2	7.4	1	4.3
Tightened somewhat	11	22.0	6	22.2	5	21.7
Remained basically unchanged	36	72.0	19	70.4	17	73.9
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	27	100.0	23	100.0

19. 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	0	0.0	0	0.0	0	0.0
Moderately stronger	5	9.6	2	7.1	3	12.5
About the same	31	59.6	20	71.4	11	45.8
Moderately weaker	16	30.8	6	21.4	10	41.7
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	52	100.0	28	100.0	24	100.0

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

a. Home equity lines of credit

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Increased considerably	0	0.0	0	0.0	0	0.0
Increased somewhat	1	2.0	1	3.7	0	0.0
Remained basically unchanged	32	62.7	14	51.9	18	75.0
Decreased somewhat	15	29.4	10	37.0	5	20.8
Decreased considerably	3	5.9	2	7.4	1	4.2
Total	51	100.0	27	100.0	24	100.0

b. Consumer credit card accounts

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Increased considerably	0	0.0	0	0.0	0	0.0
Increased somewhat	1	3.0	1	5.0	0	0.0
Remained basically unchanged	16	48.5	7	35.0	9	69.2
Decreased somewhat	15	45.5	11	55.0	4	30.8
Decreased considerably	1	3.0	1	5.0	0	0.0
Total	33	100.0	20	100.0	13	100.0

c. Business credit card accounts

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Increased considerably	0	0.0	0	0.0	0	0.0
Increased somewhat	1	3.0	1	4.8	0	0.0
Remained basically unchanged	24	72.7	12	57.1	12	100.0
Decreased somewhat	8	24.2	8	38.1	0	0.0
Decreased considerably	0	0.0	0	0.0	0	0.0
Total	33	100.0	21	100.0	12	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Increased considerably	0	0.0	0	0.0	0	0.0
Increased somewhat	1	2.0	1	3.8	0	0.0
Remained basically unchanged	35	71.4	17	65.4	18	78.3
Decreased somewhat	13	26.5	8	30.8	5	21.7
Decreased considerably	0	0.0	0	0.0	0	0.0
Total	49	100.0	26	100.0	23	100.0

e. Commercial construction lines of credit

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Increased considerably	0	0.0	0	0.0	0	0.0
Increased somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	28	57.1	11	42.3	17	73.9
Decreased somewhat	10	20.4	8	30.8	2	8.7
Decreased considerably	11	22.4	7	26.9	4	17.4
Total	49	100.0	26	100.0	23	100.0

f. Lines of credit for financial firms

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Increased considerably	1	2.6	0	0.0	1	6.3
Increased somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	19	48.7	9	39.1	10	62.5
Decreased somewhat	13	33.3	9	39.1	4	25.0
Decreased considerably	6	15.4	5	21.7	1	6.3
Total	39	100.0	23	100.0	16	100.0

21. While large fractions of respondents to this survey in recent quarters have reported that they have tightened their lending standards on most major loan categories, strains on banks appear to be easing. The macroeconomic outlook is related to how quickly banks become more willing lenders. If your bank's current level of lending standards is tighter than its average level over the past decade for any of the loan categories listed below, when do you expect that your bank's lending standards will return to their long-run norms, assuming that economic activity progresses according to consensus forecasts?

A. Investment-grade firms (or unrated firms of similar creditworthiness):

a. C&I loans

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
By the end of 2009	1	2.3	1	4.0	0	0.0
In the first half of 2010	5	11.4	3	12.0	2	10.5
In the second half of 2010	16	36.4	9	36.0	7	36.8
In 2011	2	4.5	2	8.0	0	0.0
I expect my bank's lending standards to remain tighter than their longer-run average levels for the foreseeable future	9	20.5	5	20.0	4	21.1
My bank's current level of lending standards is not tighter than its average level over the past decade	11	25.0	5	20.0	6	31.6
Total	44	100.0	25	100.0	19	100.0

b. Commercial mortgages

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
By the end of 2009	0	0.0	0	0.0	0	0.0
In the first half of 2010	1	2.2	1	3.8	0	0.0
In the second half of 2010	10	22.2	5	19.2	5	26.3
In 2011	9	20.0	6	23.1	3	15.8
I expect my bank’s lending standards to remain tighter than their longer-run average levels for the foreseeable future	18	40.0	12	46.2	6	31.6
My bank’s current level of lending standards is not tighter than its average level over the past decade	7	15.6	2	7.7	5	26.3
Total	45	100.0	26	100.0	19	100.0

B. Below-investment-grade firms (or unrated firms of similar creditworthiness):

a. C&I loans

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
By the end of 2009	0	0.0	0	0.0	0	0.0
In the first half of 2010	2	4.2	1	3.7	1	4.8
In the second half of 2010	14	29.2	5	18.5	9	42.9
In 2011	15	31.3	10	37.0	5	23.8
I expect my bank’s lending standards to remain tighter than their longer-run average levels for the foreseeable future	11	22.9	7	25.9	4	19.0
My bank’s current level of lending standards is not tighter than its average level over the past decade	6	12.5	4	14.8	2	9.5
Total	48	100.0	27	100.0	21	100.0

b. Commercial mortgages

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
By the end of 2009	0	0.0	0	0.0	0	0.0
In the first half of 2010	0	0.0	0	0.0	0	0.0
In the second half of 2010	5	10.2	1	3.6	4	19.0
In 2011	14	28.6	8	28.6	6	28.6
I expect my bank’s lending standards to remain tighter than their longer-run average levels for the foreseeable future	26	53.1	18	64.3	8	38.1
My bank’s current level of lending standards is not tighter than its average level over the past decade	4	8.2	1	3.6	3	14.3
Total	49	100.0	28	100.0	21	100.0

C. Prime household borrowers:

a. Residential real estate (include home equity lines of credit)

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
By the end of 2009	1	2.1	0	0.0	1	5.0
In the first half of 2010	3	6.3	3	10.7	0	0.0
In the second half of 2010	13	27.1	7	25.0	6	30.0
In 2011	6	12.5	3	10.7	3	15.0
I expect my bank’s lending standards to remain tighter than their longer-run average levels for the foreseeable future	20	41.7	12	42.9	8	40.0
My bank’s current level of lending standards is not tighter than its average level over the past decade	5	10.4	3	10.7	2	10.0
Total	48	100.0	28	100.0	20	100.0

b. Credit card loans

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
By the end of 2009	1	3.2	0	0.0	1	8.3
In the first half of 2010	3	9.7	3	15.8	0	0.0
In the second half of 2010	4	12.9	3	15.8	1	8.3
In 2011	8	25.8	3	15.8	5	41.7
I expect my bank’s lending standards to remain tighter than their longer-run average levels for the foreseeable future	10	32.3	7	36.8	3	25.0
My bank’s current level of lending standards is not tighter than its average level over the past decade	5	16.1	3	15.8	2	16.7
Total	31	100.0	19	100.0	12	100.0

c. Other consumer loans

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
By the end of 2009	1	2.1	0	0.0	1	4.8
In the first half of 2010	3	6.3	3	11.1	0	0.0
In the second half of 2010	11	22.9	7	25.9	4	19.0
In 2011	9	18.8	3	11.1	6	28.6
I expect my bank’s lending standards to remain tighter than their longer-run average levels for the foreseeable future	12	25.0	7	25.9	5	23.8
My bank’s current level of lending standards is not tighter than its average level over the past decade	12	25.0	7	25.9	5	23.8
Total	48	100.0	27	100.0	21	100.0

D. Nonprime household borrowers:

a. Residential real estate (include home equity lines of credit)

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
By the end of 2009	0	0.0	0	0.0	0	0.0
In the first half of 2010	1	3.8	1	5.9	0	0.0
In the second half of 2010	3	11.5	3	17.6	0	0.0
In 2011	4	15.4	2	11.8	2	22.2
I expect my bank’s lending standards to remain tighter than their longer-run average levels for the foreseeable future	15	57.7	9	52.9	6	66.7
My bank’s current level of lending standards is not tighter than its average level over the past decade	3	11.5	2	11.8	1	11.1
Total	26	100.0	17	100.0	9	100.0

b. Credit card loans

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
By the end of 2009	0	0.0	0	0.0	0	0.0
In the first half of 2010	1	5.6	1	6.7	0	0.0
In the second half of 2010	1	5.6	1	6.7	0	0.0
In 2011	2	11.1	1	6.7	1	33.3
I expect my bank’s lending standards to remain tighter than their longer-run average levels for the foreseeable future	12	66.7	10	66.7	2	66.7
My bank’s current level of lending standards is not tighter than its average level over the past decade	2	11.1	2	13.3	0	0.0
Total	18	100.0	15	100.0	3	100.0

c. Other consumer loans

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
By the end of 2009	0	0.0	0	0.0	0	0.0
In the first half of 2010	1	3.6	1	5.3	0	0.0
In the second half of 2010	2	7.1	2	10.5	0	0.0
In 2011	4	14.3	2	10.5	2	22.2
I expect my bank’s lending standards to remain tighter than their longer-run average levels for the foreseeable future	16	57.1	11	57.9	5	55.6
My bank’s current level of lending standards is not tighter than its average level over the past decade	5	17.9	3	15.8	2	22.2
Total	28	100.0	19	100.0	9	100.0

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 March 31, 2009. The combined assets of the 31 large banks totaled $6.0 trillion, compared to $6.3 trillion for the entire panel of 55 banks, and $10.5 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 July 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	0	0.0
Tightened somewhat	4	17.4
Remained basically unchanged	19	82.6
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	0	0.0
Tightened somewhat	5	21.7
Remained basically unchanged	16	69.6
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	0	0.0
Tightened somewhat	4	17.4
Remained basically unchanged	19	82.6
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	0	0.0
Tightened somewhat	7	30.4
Remained basically unchanged	16	69.6
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	1	4.3
Tightened somewhat	5	21.7
Remained basically unchanged	14	60.9
Eased somewhat	3	13.0
Eased considerably	0	0.0
Total	23	100.0

e. Premiums charged on riskier loans

	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

f. Loan covenants

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	8	34.8
Remained basically unchanged	14	60.9
Eased somewhat	1	4.3
Eased considerably	0	0.0
Total	23	100.0

g. Collateralization requirements

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	6	26.1
Remained basically unchanged	17	73.9
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	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	
	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

	All Respondents	
	Banks	Percent
Not important	1	14.3
Somewhat important	3	42.9
Very important	3	42.9
Total	7	100.0

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

	All Respondents	
	Banks	Percent
Not important	4	57.1
Somewhat important	2	28.6
Very important	1	14.3
Total	7	100.0

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

	All Respondents	
	Banks	Percent
Not important	5	71.4
Somewhat important	2	28.6
Very important	0	0.0
Total	7	100.0

e. Reduced tolerance for risk

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

f. Decreased liquidity in the secondary market for these loans

	All Respondents	
	Banks	Percent
Not important	5	71.4
Somewhat important	2	28.6
Very important	0	0.0
Total	7	100.0

g. Increase in defaults by borrowers in public debt markets

	All Respondents	
	Banks	Percent
Not important	1	16.7
Somewhat important	4	66.7
Very important	1	16.7
Total	6	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	6	85.7
Somewhat important	1	14.3
Very important	0	0.0
Total	7	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	1	50.0
Somewhat important	1	50.0
Very important	0	0.0
Total	2	100.0

b. More favorable or less uncertain economic outlook

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

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

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

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

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

e. Increased tolerance for risk

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

f. Increased liquidity in the secondary market for these loans

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

g. Reduction in defaults by borrowers in public debt markets

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

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

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

4. Apart from normal seasonal variation, how has demand for C&I loans changed over the past three months? (Please consider only funds actually disbursed as opposed to requests for new or increased lines of credit.)

	All Respondents	
	Banks	**Percent**
Substantially stronger	0	0.0
Moderately stronger	3	13.0
About the same	11	47.8
Moderately weaker	8	34.8
Substantially weaker	1	4.3
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	50.0
Somewhat important	1	50.0
Very important	0	0.0
Total	2	100.0

b. Customer accounts receivable financing needs increased

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

c. Customer investment in plant or equipment increased

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

d. Customer internally generated funds decreased

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

e. Customer merger or acquisition financing needs increased

	All Respondents	
	Banks	**Percent**
Not important	1	50.0
Somewhat important	1	50.0
Very important	0	0.0
Total	2	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	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	2	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	22.2
Somewhat important	6	66.7
Very important	1	11.1
Total	9	100.0

b. Customer accounts receivable financing needs decreased

	All Respondents	
	Banks	**Percent**
Not important	3	33.3
Somewhat important	6	66.7
Very important	0	0.0
Total	9	100.0

c. Customer investment in plant or equipment decreased

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	7	77.8
Very important	2	22.2
Total	9	100.0

d. Customer internally generated funds increased

	All Respondents	
	Banks	Percent
Not important	6	66.7
Somewhat important	3	33.3
Very important	0	0.0
Total	9	100.0

e. Customer merger or acquisition financing needs decreased

	All Respondents	
	Banks	Percent
Not important	4	44.4
Somewhat important	1	11.1
Very important	4	44.4
Total	9	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	57.1
Somewhat important	3	42.9
Very important	0	0.0
Total	7	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	3	13.0
The number of inquiries has stayed about the same	13	56.5
The number of inquiries has decreased moderately	4	17.4
The number of inquiries has decreased substantially	3	13.0
Total	23	100.0

According to the Federal Reserve's H.8 statistical release, "Assets and Liabilities of Commercial Banks in the United States," C&I loans have contracted sharply over the first six months of 2009. ***Question 7*** *asks about the possible reasons for the declines in C&I loans over the first half of this year.*

7. If C&I lending has declined at your bank this year, please rank, in order of their importance, the following possible reasons for the decline. Please assign the most important reason a rank of 1, and the next most important reason a rank of 2, etc. (Disregard any increases in C&I loans that may owe to the merger of your bank with another institution. If C&I lending at your bank has not declined this year, please leave this question blank.)

	All Respondents
	Mean
Loan demand from creditworthy borrowers (customers that have met your bank's lending standards) has fallen because their funding needs have declined	3.4
Loan demand from creditworthy borrowers has fallen because they have tapped other sources of funding (e.g., bond market, nonbank lenders, internal funds)	3.8
Higher spreads and fees that your bank has charged on loans have reduced creditworthy firms' appetite for credit	3.9
Deteriorating credit quality has reduced the number of firms that your bank views as creditworthy	2.3
Tighter lending standards at your bank have reduced the number of firms that your bank views as creditworthy	2.8
Other	4.8
Number of respondents	16

Questions 8-9 *ask about commercial real estate loans at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate. Question 8 deals with changes in your bank's standards over the past three months. Question 9 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.*

8. 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	3	21.4
Tightened somewhat	3	21.4
Remained basically unchanged	8	57.1
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	14	100.0

9. 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	8	57.1
Moderately weaker	3	21.4
Substantially weaker	3	21.4
Total	14	100.0

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

a. Business credit card accounts

	All Respondents	
	Banks	**Percent**
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	4	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	4	100.0

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

	All Respondents	
	Banks	**Percent**
Increased considerably	0	0.0
Increased somewhat	1	4.8
Remained basically unchanged	11	52.4
Decreased somewhat	9	42.9
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	4	30.8
Decreased somewhat	4	30.8
Decreased considerably	4	30.8
Total	13	100.0

d. Lines of credit for financial firms

	All Respondents	
	Banks	Percent
Increased considerably	1	5.9
Increased somewhat	0	0.0
Remained basically unchanged	8	47.1
Decreased somewhat	5	29.4
Decreased considerably	3	17.6
Total	17	100.0

11. While large fractions of respondents to this survey in recent quarters have reported that they have tightened their lending standards on most major loan categories, strains on banks appear to be easing. The macroeconomic outlook is related to how quickly banks become more willing lenders. If your bank's current level of lending standards is tighter than its average level over the past decade for any of the loan categories listed below, when do you expect that your bank's lending standards will return to their long-run norms, assuming that economic activity progresses according to consensus forecasts?

A. Investment-grade firms (or unrated firms of similar creditworthiness):

a. C&I loans

	All Respondents	
	Banks	**Percent**
By the end of 2009	1	4.5
In the first half of 2010	5	22.7
In the second half of 2010	4	18.2
In 2011	3	13.6
I expect my bank's lending standards to remain tighter than their longer-run average levels for the foreseeable future	3	13.6
My bank's current level of lending standards is not tighter than its average level over the past decade	6	27.3
Total	22	100.0

b. Commercial mortgages

	All Respondents	
	Banks	Percent
By the end of 2009	1	7.1
In the first half of 2010	2	14.3
In the second half of 2010	2	14.3
In 2011	2	14.3
I expect my bank's lending standards to remain tighter than their longer-run average levels for the foreseeable future	5	35.7
My bank's current level of lending standards is not tighter than its average level over the past decade	2	14.3
Total	14	100.0

B. Below-investment-grade firms (or unrated firms of similar creditworthiness):

a. C&I loans

	All Respondents	
	Banks	Percent
By the end of 2009	0	0.0
In the first half of 2010	0	0.0
In the second half of 2010	5	23.8
In 2011	4	19.0
I expect my bank's lending standards to remain tighter than their longer-run average levels for the foreseeable future	8	38.1
My bank's current level of lending standards is not tighter than its average level over the past decade	4	19.0
Total	21	100.0

b. Commercial mortgages

	All Respondents	
	Banks	Percent
By the end of 2009	0	0.0
In the first half of 2010	0	0.0
In the second half of 2010	3	20.0
In 2011	2	13.3
I expect my bank’s lending standards to remain tighter than their longer-run average levels for the foreseeable future	8	53.3
My bank’s current level of lending standards is not tighter than its average level over the past decade	2	13.3
Total	15	100.0

1. As of March 31, 2009, 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.