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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 April 2008 Senior Loan Officer Opinion Survey on Bank Lending Practices.

Enclosures

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

The April 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] Special questions in the survey queried banks about changes in terms on home equity lines of credit and about their student loan programs. This article is based on responses from 56 domestic banks and 21 U.S. branches and agencies of foreign banks.

In the April survey, domestic and foreign institutions reported having further tightened their lending standards and terms on a broad range of loan categories over the previous three months. The net fractions of domestic banks reporting tighter lending standards were close to, or above, historical highs for nearly all loan categories in the survey. Compared with the January survey, the net fractions of banks that tightened lending standards increased significantly for consumer and commercial and industrial (C&I) loans. Demand for bank loans from both businesses and households reportedly weakened further, on net, over the past three months, although by less than had been the case over the previous survey period.

Business Lending
(Table 1, questions 1-8; Table 2, questions 1-8)

Questions on C&I loans. About 55 percent of domestic banks—up from about 30 percent in the January survey—reported tightening lending standards on C&I loans to large and middle-market firms over the past three months. Significant majorities of respondents reported tightening price terms on C&I loans to these firms, and in particular, on net, about 70 percent of banks—up from about 45 percent in the January survey—indicated that they had increased spreads of loan rates over their cost of funds. In addition, smaller but significant net fractions of domestic banks reported tightening non-price-related terms on C&I loans to these firms over the past three months.

Regarding C&I loans to small firms, about 50 percent of domestic respondents reported tightening their lending standards on such loans over the survey period, compared with about 30 percent who reported doing so in the January survey. On net, about 65 percent of banks—up from about 40 percent in the January survey—also noted that they had increased spreads of C&I loan rates over their cost of funds for these firms. In addition,

[1] Banks received the survey in early April, and their responses were due on April 17.

large net fractions of domestic respondents reported tightening other price-related terms, and smaller fractions tightened non-price-related terms on C&I loans to small firms.

About 60 percent of U.S. branches and agencies of foreign banks—a slightly smaller fraction than in January—noted that they had tightened lending standards on C&I loans over the past three months, and very large majorities also reported that they had tightened price terms on such loans. In particular, around 80 percent of foreign banks—about the same as in the January survey—reported increasing spreads of loan rates over their cost of funds. Finally, large fractions of foreign respondents reported tightening selected non-price-related terms over the past three months.

Substantial majorities of domestic and foreign respondents pointed to a less favorable or more uncertain economic outlook and to a worsening of industry-specific problems as reasons for tightening their lending standards and terms on C&I loans over the past three months. In addition, significant majorities of respondents cited their banks' reduced tolerance for risk and decreased liquidity in the secondary market for these loans. About 35 percent of domestic banks and 45 percent of foreign institutions—somewhat larger fractions than in the January survey—noted that concerns about their banks' current or expected capital position had contributed to more-stringent lending policies over the past three months.

On net, about 15 percent of large domestic banks reported that demand for C&I loans from large and middle-market firms had increased over the past three months, but a similar net fraction of these banks reported weaker demand from small firms. In contrast, about 20 percent of small domestic banks, on net, reported weaker demand for C&I loans from all types of firms over the past three months. Finally, about 25 percent of foreign banks, on balance, reported weaker demand for C&I loans over the survey period.

The vast majority of large domestic banks that reported stronger loan demand from large and middle-market firms indicated that customer borrowing shifted to their banks from other bank or nonbank sources, as these other sources became less attractive for such borrowers. Substantial majorities of domestic and foreign institutions that reportedly experienced weaker loan demand over the past three months pointed to a decrease in customers' needs to finance investment in plant and equipment. In addition, as reasons for a lower demand for C&I loans, the majority of domestic banks indicated that customers' needs to finance inventories had declined, and all foreign respondents noted a decrease in customers' needs for merger and acquisition financing. Regarding future business, about 20 percent of large domestic banks, on net, reported an increase in the number of inquiries from potential business borrowers over the past three months. In contrast, tiny net fractions of small domestic banks and foreign institutions indicated that inquiries from potential business borrowers had declined during the survey period.

Questions on commercial real estate loans. About 80 percent of domestic banks and 55 percent of foreign banks—fractions similar to those in the January survey—reported tightening their lending standards on commercial real estate loans over the past three months. Concerning loan demand, about 35 percent of domestic banks and 45 percent of foreign institutions reported weaker demand, on net, for commercial real estate loans over the past three months.

Lending to Households
(Table 1, questions 9-26)

Questions on residential real estate loans. Majorities of domestic respondents reported that they had tightened their lending standards on prime, nontraditional, and subprime residential mortgages over the past three months. About 60 percent of domestic respondents—a somewhat larger fraction than in the January survey—indicated that they had tightened their lending standards on prime mortgages.[2] Of the 37 banks that originated nontraditional residential mortgage loans, about 75 percent—a somewhat smaller fraction than in the January survey—reported a tightening of their lending standards on such loans over the past three months.[3] Finally, 7 of the 9 banks that originated subprime mortgage loans—a somewhat higher proportion than in the January survey—indicated that they had tightened their lending standards on such loans.[4]

About 25 percent of domestic respondents, on net, experienced weaker demand for prime residential mortgage loans over the past three months, and 30 percent indicated weaker demand for nontraditional mortgage loans over the same period. The net fractions of respondents that reportedly experienced weaker demand for these two types of loans in the current survey were significantly smaller than in the January survey. Finally, about 65 percent of domestic respondents—a net fraction similar to that in the January survey—reported weaker demand for subprime loans.

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[2] A total of 53 institutions reported that they originated prime residential mortgages. According to Call Reports, these 53 banks accounted for about 80 percent of residential real estate loans on the books of all commercial banks as of December 31, 2007.
[3] According to Call Reports, these 37 institutions accounted for about 75 percent of residential real estate loans on the books of all commercial banks as of December 31, 2007.
[4] According to Call Reports, these 9 institutions accounted for about 50 percent of residential real estate loans on the books of all commercial banks as of December 31, 2007.

About 70 percent of domestic respondents—a somewhat higher fraction than in the January survey—indicated that they had tightened their lending standards for approving applications for home equity lines of credit (HELOCs) over the past three months. Regarding demand for these lines, about 20 percent of domestic banks, on net, reported weaker demand over the past three months.

Special questions on existing HELOCs. About 50 percent of domestic respondents reported having tightened terms on existing HELOCs over the past six months. Nearly all respondents pointed to declines in the value of the collateral significantly below the appraised value for the purposes of the HELOCs as reasons for tightening terms on these lines. Large majorities of respondents also cited increased defaults of material obligations under loan agreements, as well as significant changes in borrowers' financial circumstances, as additional reasons for tightening terms on the existing HELOCs.

Questions on consumer loans. About 30 percent of domestic banks—up from around 10 percent in the January survey—reported that they had tightened their lending standards on credit card loans over the past three months. In addition, significant net fractions of respondents indicated that they had reduced the extent to which such loans were granted to customers who did not meet credit-scoring thresholds, reduced credit limits on credit card loans, and increased minimum required credit scores. On net, about 25 percent of domestic banks—up from around 15 percent in the January survey—expressed a diminished willingness relative to three months earlier to make consumer installment loans. About 45 percent of domestic banks—up from around 30 percent in the January survey—reported tightening lending standards on consumer loans other than credit card loans. Similar fractions of respondents indicated that they had widened spreads of loan rates over their banks' cost of funds and had reduced the extent to which such loans were granted to customers who did not meet credit-scoring thresholds. Regarding loan demand, about 20 percent of respondents, on net, indicated that they had experienced weaker demand for consumer loans of all types over the previous three months, down notably from around 35 percent in the January survey.

Special questions on student loan programs. In the April survey, 29 domestic banks reported that they had originated student loans under the Federal Family Education Loan Program (FFELP) in the fall of 2007.[5] Of these, about 40 percent, on net, expected that their commitments to provide these loans for the fall of 2008 will decrease relative to

[5] According to Call Reports, these 29 banks accounted for about 60 percent of the assets on the books of all domestic commercial banks as of December 31, 2007. For additional information on the FFELP see: www.ed.gov/programs/ffel/index.html.

those made last year. In addition, about 45 percent of respondents, on net, expected the number of schools for which they will provide financing under the FFELP to decline relative to 2007, and about 60 percent of respondents expected to reduce the amount of borrower benefits on these loans relative to those provided in 2007.

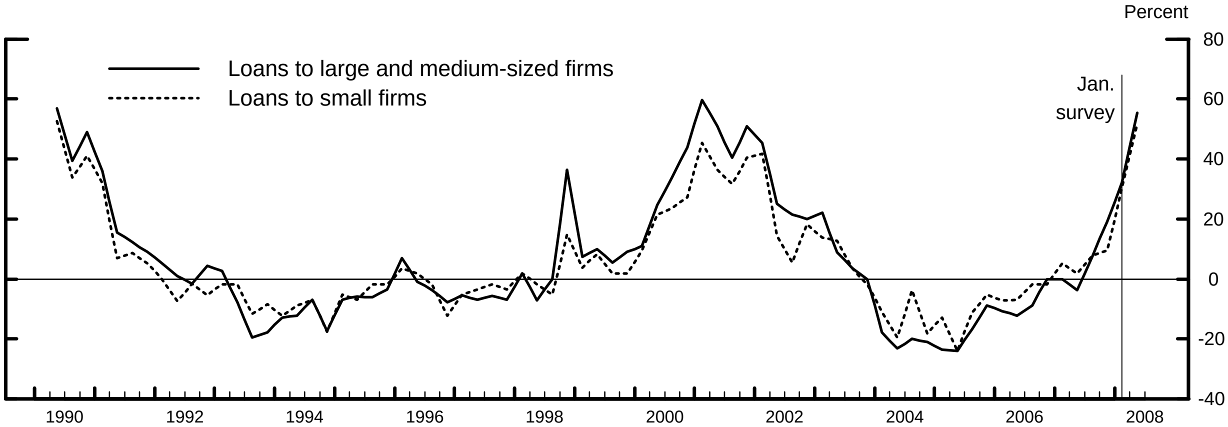
Of the 20 banks that reported originating private-credit (non-FFELP) student loans in the fall of 2007, about 15 percent, on net, expected their commitments to provide these loans for the fall of 2008 to decline relative to 2007.[6] In addition, about 40 percent of respondents expected a decline in the number of schools for which their banks will provide private-credit student loans this fall. Finally, about 55 percent of banks anticipated that, compared with 2007, they will increase private-credit student loan rate spreads over their cost of funds. Similar fractions of respondents also expected to tighten credit standards on private-credit student loans for the fall of 2008.

This document was prepared by David Lucca with the assistance of Oren Ziv, Division of Monetary Affairs, Board of Governors of the Federal Reserve System.

[6] According to Call Reports, these 20 banks accounted for about 55 percent of assets on the books of all domestic commercial banks as of December 31, 2007.

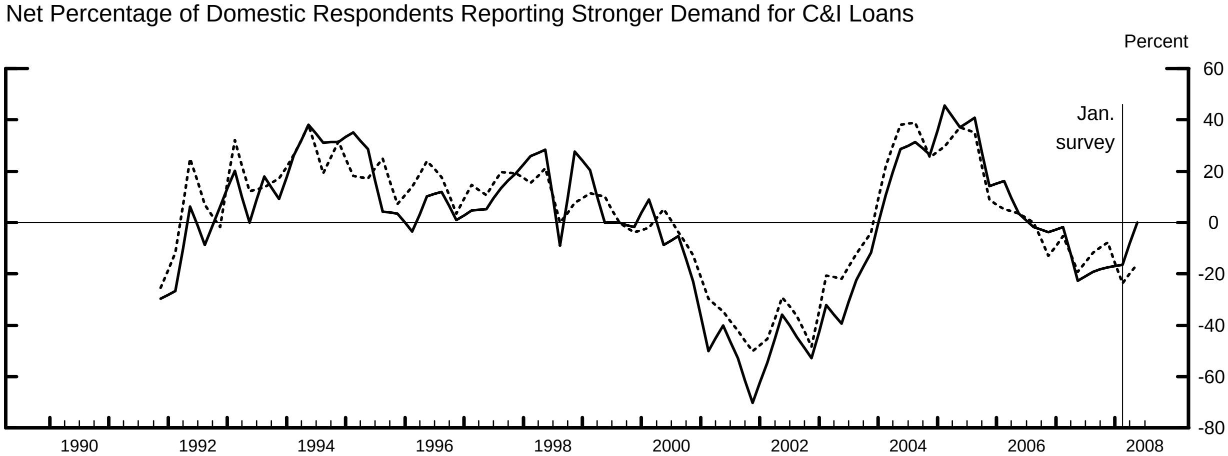
Measures of Supply and Demand for C&I Loans, by Size of Firm Seeking Loan

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



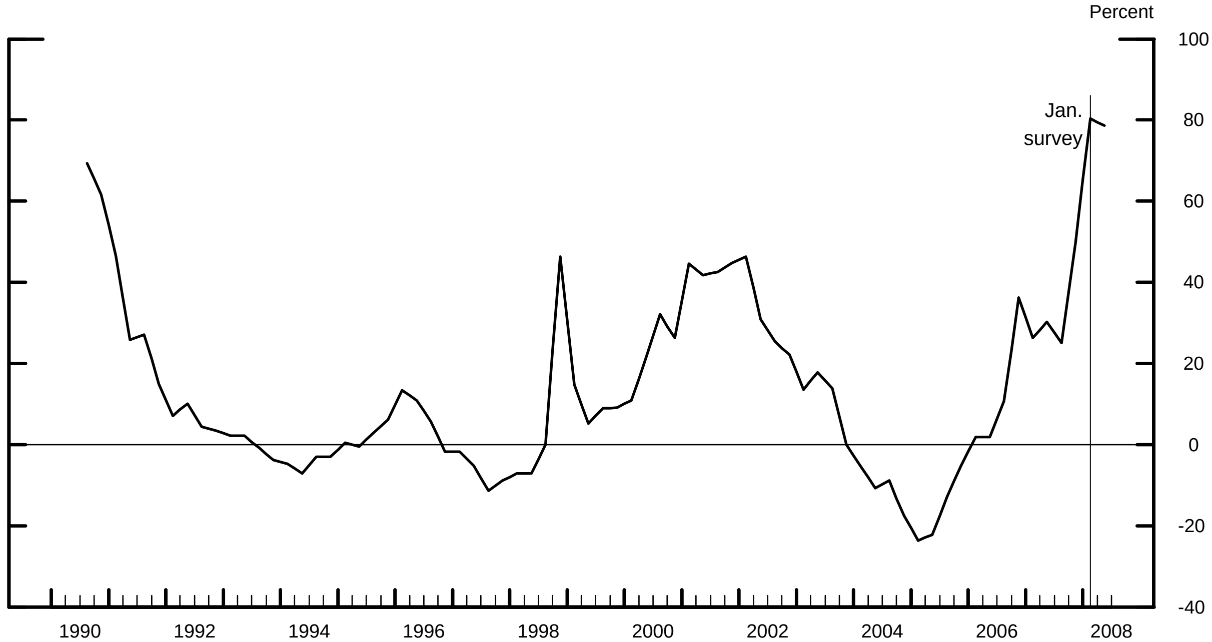
Net Percentage of Domestic Respondents Increasing Spreads of Loan Rates over Banks' Costs of Funds

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

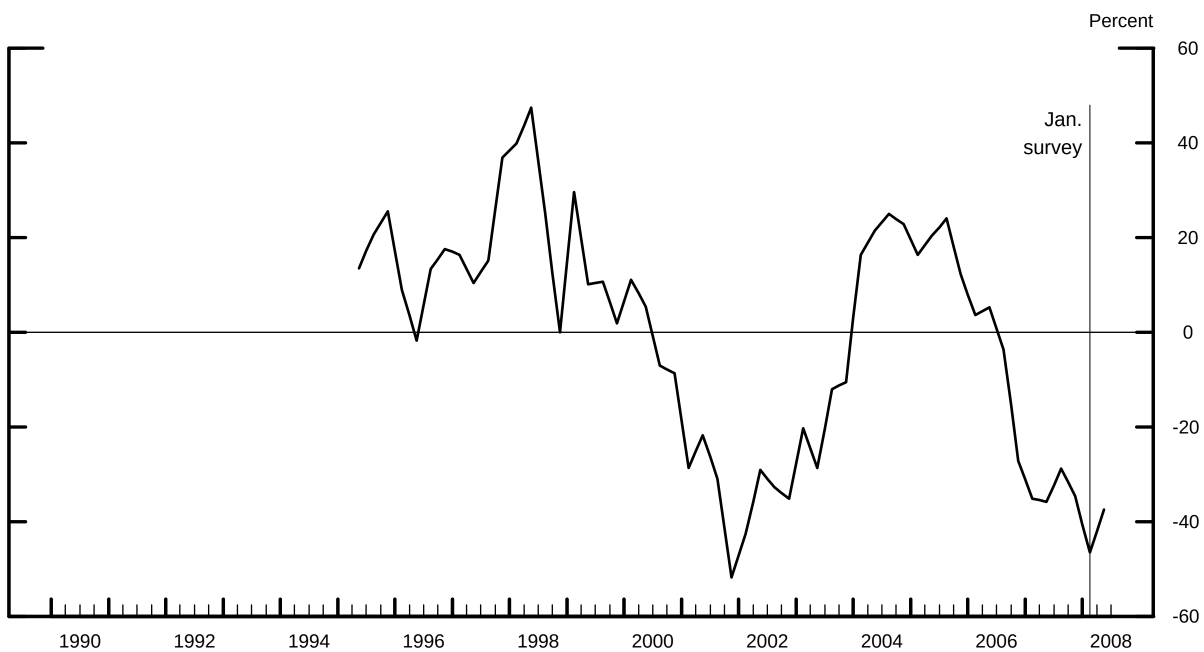


Measures of Supply and Demand for Commercial Real Estate Loans

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

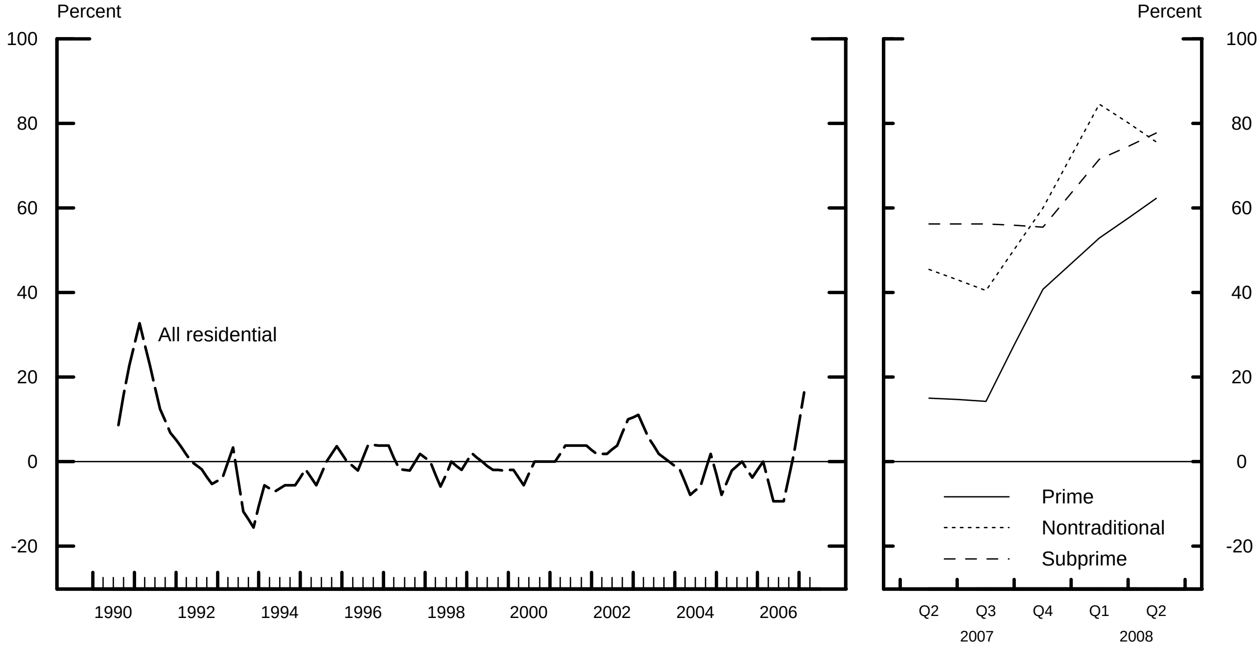


Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial Real Estate Loans



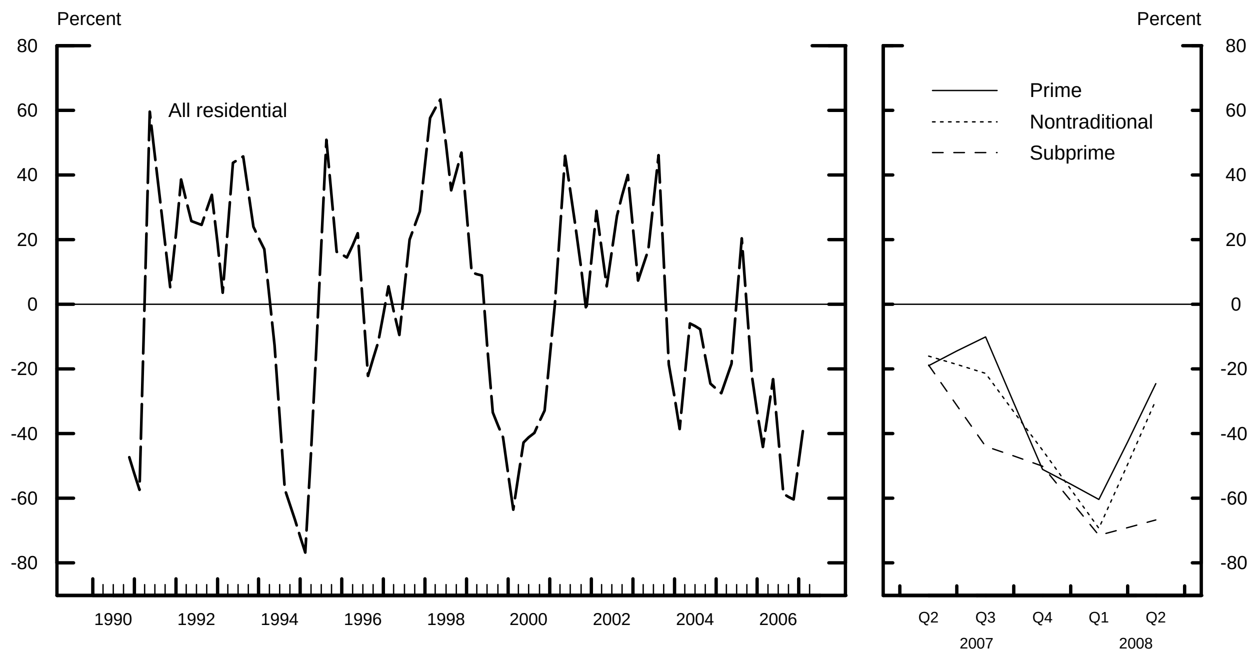
Measures of Supply and Demand for Residential Mortgage Loans

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.

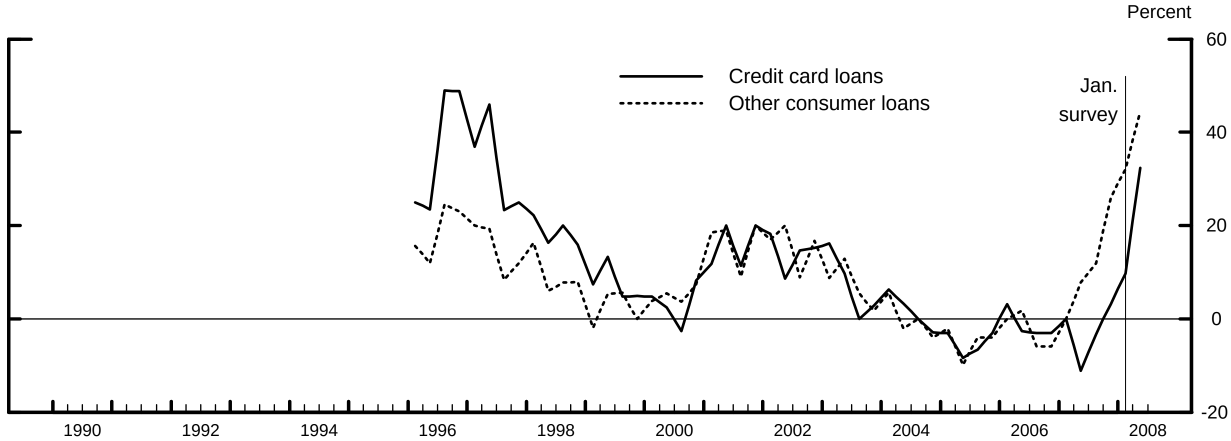
Net Percentage of Domestic Respondents Reporting Stronger Demand for Residential Mortgage Loans



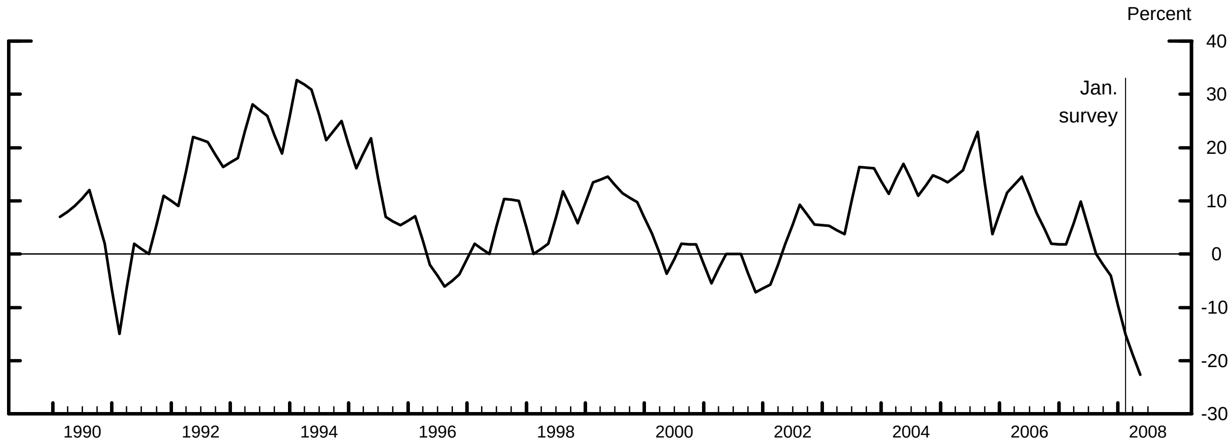
Note. For data starting in 2007:Q2, changes in demand for prime, nontraditional, and subprime mortgage loans are reported separately.

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

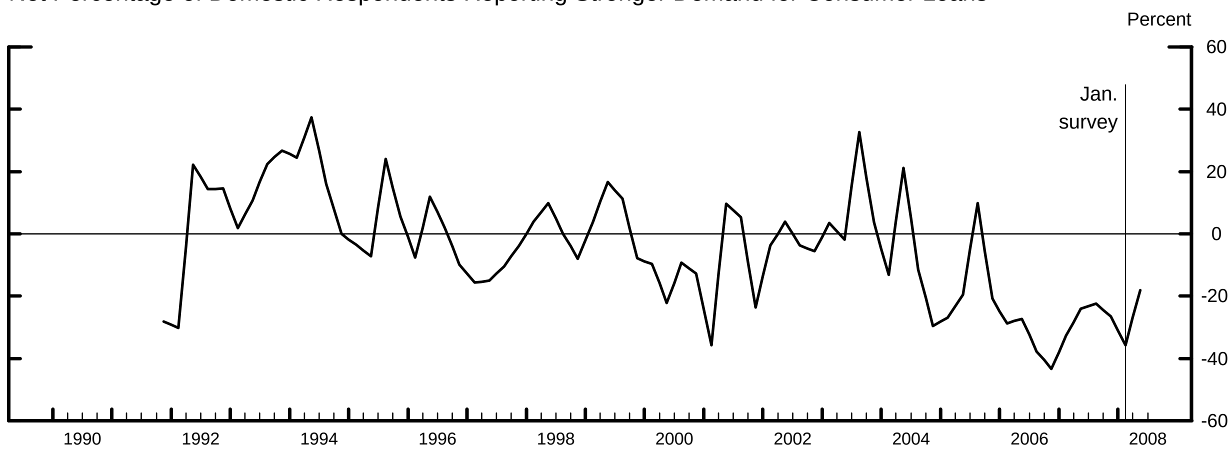


Table 1

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

(Status of policy as of April 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	2	3.6	1	3.1	1	4.2
Tightened somewhat	29	51.8	16	50.0	13	54.2
Remained basically unchanged	25	44.6	15	46.9	10	41.7
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	32	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	1	1.8	0	0.0	1	4.2
Tightened somewhat	28	50.0	17	53.1	11	45.8
Remained basically unchanged	27	48.2	15	46.9	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	56	100.0	32	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	1.8	1	3.1	0	0.0
Tightened somewhat	18	32.7	9	28.1	9	39.1
Remained basically unchanged	36	65.5	22	68.8	14	60.9
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	1	1.8	1	3.1	0	0.0
Tightened somewhat	18	32.7	12	37.5	6	26.1
Remained basically unchanged	36	65.5	19	59.4	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	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	2	3.6	2	6.3	0	0.0
Tightened somewhat	32	58.2	20	62.5	12	52.2
Remained basically unchanged	20	36.4	9	28.1	11	47.8
Eased somewhat	1	1.8	1	3.1	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	3	5.5	2	6.3	1	4.3
Tightened somewhat	38	69.1	24	75.0	14	60.9
Remained basically unchanged	12	21.8	5	15.6	7	30.4
Eased somewhat	2	3.6	1	3.1	1	4.3
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	12	21.8	8	25.0	4	17.4
Tightened somewhat	25	45.5	17	53.1	8	34.8
Remained basically unchanged	16	29.1	6	18.8	10	43.5
Eased somewhat	2	3.6	1	3.1	1	4.3
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	1	1.8	1	3.1	0	0.0
Tightened somewhat	24	43.6	15	46.9	9	39.1
Remained basically unchanged	30	54.5	16	50.0	14	60.9
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	0	0.0	0	0.0	0	0.0
Tightened somewhat	16	29.1	12	37.5	4	17.4
Remained basically unchanged	39	70.9	20	62.5	19	82.6
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	0	0.0	0	0.0	0	0.0
Tightened somewhat	12	21.8	7	21.9	5	21.7
Remained basically unchanged	43	78.2	25	78.1	18	78.3
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

b. Maximum maturity of loans or credit lines

	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	23.6	9	28.1	4	17.4
Remained basically unchanged	42	76.4	23	71.9	19	82.6
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	1	1.8	1	3.1	0	0.0
Tightened somewhat	29	52.7	17	53.1	12	52.2
Remained basically unchanged	24	43.6	13	40.6	11	47.8
Eased somewhat	1	1.8	1	3.1	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	2	3.6	1	3.1	1	4.3
Tightened somewhat	34	61.8	22	68.8	12	52.2
Remained basically unchanged	18	32.7	8	25.0	10	43.5
Eased somewhat	1	1.8	1	3.1	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	8	14.5	4	12.5	4	17.4
Tightened somewhat	22	40.0	17	53.1	5	21.7
Remained basically unchanged	24	43.6	10	31.3	14	60.9
Eased somewhat	1	1.8	1	3.1	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	0	0.0	0	0.0	0	0.0
Tightened somewhat	15	27.3	8	25.0	7	30.4
Remained basically unchanged	40	72.7	24	75.0	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	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	0	0.0	0	0.0	0	0.0
Tightened somewhat	12	21.8	7	21.9	5	21.7
Remained basically unchanged	43	78.2	25	78.1	18	78.3
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

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? (Please respond to either A, B, or both as appropriate.)

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	31	67.4	19	67.9	12	66.7
Somewhat important	10	21.7	6	21.4	4	22.2
Very important	5	10.9	3	10.7	2	11.1
Total	46	100.0	28	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	3	6.5	2	7.1	1	5.6
Somewhat important	20	43.5	12	42.9	8	44.4
Very important	23	50.0	14	50.0	9	50.0
Total	46	100.0	28	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	12	26.1	6	21.4	6	33.3
Somewhat important	21	45.7	14	50.0	7	38.9
Very important	13	28.3	8	28.6	5	27.8
Total	46	100.0	28	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	25	54.3	14	50.0	11	61.1
Somewhat important	19	41.3	13	46.4	6	33.3
Very important	2	4.3	1	3.6	1	5.6
Total	46	100.0	28	100.0	18	100.0

e. Reduced tolerance for risk

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	10	21.7	7	25.0	3	16.7
Somewhat important	30	65.2	19	67.9	11	61.1
Very important	6	13.0	2	7.1	4	22.2
Total	46	100.0	28	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	21	45.7	11	39.3	10	55.6
Somewhat important	18	39.1	12	42.9	6	33.3
Very important	7	15.2	5	17.9	2	11.1
Total	46	100.0	28	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	31	67.4	21	75.0	10	55.6
Somewhat important	13	28.3	7	25.0	6	33.3
Very important	2	4.3	0	0.0	2	11.1
Total	46	100.0	28	100.0	18	100.0

h. Increased concern about your bank's current or expected liquidity position

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	34	77.3	20	76.9	14	77.8
Somewhat important	6	13.6	4	15.4	2	11.1
Very important	4	9.1	2	7.7	2	11.1
Total	44	100.0	26	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	1	50.0	1	50.0	-	-
Somewhat important	1	50.0	1	50.0	-	-
Very important	0	0.0	0	0.0	-	-
Total	2	100.0	2	100.0	-	-

b. More favorable or less uncertain economic outlook

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

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

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

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	2	100.0	2	100.0	-	-
Somewhat important	0	0.0	0	0.0	-	_
Very important	0	0.0	0	0.0	-	-
Total	2	100.0	2	100.0	-	-

e. Increased tolerance for risk

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

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	100.0	2	100.0	-	-
Somewhat important	0	0.0	0	0.0	-	-
Very important	0	0.0	0	0.0	-	-
Total	2	100.0	2	100.0	-	-

g. Reduction in defaults by borrowers in public debt markets

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

h. Reduced concern about your bank's current or expected liquidity position

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	2	100.0	2	100.0	-	-
Somewhat important	0	0.0	0	0.0	-	-
Very important	0	0.0	0	0.0	-	-
Total	2	100.0	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.)

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	5	8.9	4	12.5	1	4.2
Moderately stronger	10	17.9	7	21.9	3	12.5
About the same	26	46.4	15	46.9	11	45.8
Moderately weaker	13	23.2	6	18.8	7	29.2
Substantially weaker	2	3.6	0	0.0	2	8.3
Total	56	100.0	32	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	1	1.8	0	0.0	1	4.2
Moderately stronger	6	10.7	4	12.5	2	8.3
About the same	33	58.9	20	62.5	13	54.2
Moderately weaker	14	25.0	8	25.0	6	25.0
Substantially weaker	2	3.6	0	0.0	2	8.3
Total	56	100.0	32	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? (Please respond to either A, B, or both as appropriate.)

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	13	68.4	11	84.6	2	33.3
Somewhat important	4	21.1	1	7.7	3	50.0
Very important	2	10.5	1	7.7	1	16.7
Total	19	100.0	13	100.0	6	100.0

b. Customer accounts receivable financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	13	68.4	10	76.9	3	50.0
Somewhat important	5	26.3	2	15.4	3	50.0
Very important	1	5.3	1	7.7	0	0.0
Total	19	100.0	13	100.0	6	100.0

c. Customer investment in plant or equipment increased

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	13	68.4	10	76.9	3	50.0
Somewhat important	6	31.6	3	23.1	3	50.0
Very important	0	0.0	0	0.0	0	0.0
Total	19	100.0	13	100.0	6	100.0

d. Customer internally generated funds decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	11	57.9	8	61.5	3	50.0
Somewhat important	7	36.8	4	30.8	3	50.0
Very important	1	5.3	1	7.7	0	0.0
Total	19	100.0	13	100.0	6	100.0

e. Customer merger or acquisition financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	15	78.9	10	76.9	5	83.3
Somewhat important	3	15.8	3	23.1	0	0.0
Very important	1	5.3	0	0.0	1	16.7
Total	19	100.0	13	100.0	6	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	2	11.1	1	8.3	1	16.7
Somewhat important	7	38.9	4	33.3	3	50.0
Very important	9	50.0	7	58.3	2	33.3
Total	18	100.0	12	100.0	6	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	8	40.0	3	37.5	5	41.7
Somewhat important	10	50.0	4	50.0	6	50.0
Very important	2	10.0	1	12.5	1	8.3
Total	20	100.0	8	100.0	12	100.0

b. Customer accounts receivable financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	10	50.0	4	50.0	6	50.0
Somewhat important	9	45.0	4	50.0	5	41.7
Very important	1	5.0	0	0.0	1	8.3
Total	20	100.0	8	100.0	12	100.0

c. Customer investment in plant or equipment decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	5	25.0	2	25.0	3	25.0
Somewhat important	12	60.0	5	62.5	7	58.3
Very important	3	15.0	1	12.5	2	16.7
Total	20	100.0	8	100.0	12	100.0

d. Customer internally generated funds increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	12	60.0	5	62.5	7	58.3
Somewhat important	8	40.0	3	37.5	5	41.7
Very important	0	0.0	0	0.0	0	0.0
Total	20	100.0	8	100.0	12	100.0

e. Customer merger or acquisition financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	13	65.0	6	75.0	7	58.3
Somewhat important	6	30.0	2	25.0	4	33.3
Very important	1	5.0	0	0.0	1	8.3
Total	20	100.0	8	100.0	12	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	17	85.0	8	100.0	9	75.0
Somewhat important	1	5.0	0	0.0	1	8.3
Very important	2	10.0	0	0.0	2	16.7
Total	20	100.0	8	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	3	5.4	1	3.1	2	8.3
The number of inquiries has increased moderately	14	25.0	11	34.4	3	12.5
The number of inquiries has stayed about the same	28	50.0	15	46.9	13	54.2
The number of inquiries has decreased moderately	10	17.9	5	15.6	5	20.8
The number of inquiries has decreased substantially	1	1.8	0	0.0	1	4.2
Total	56	100.0	32	100.0	24	100.0

Questions 7-8 *ask about commercial real estate loans at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate. Question 7 deals with changes in your bank's standards over the last three months. Question 8 deals with changes in demand. If your bank's lending standards or terms have not changed over the relevant period, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's standards or terms have tightened or eased over the relevant period, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing standards as changes in standards.*

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	6	10.7	5	15.6	1	4.2
Tightened somewhat	38	67.9	19	59.4	19	79.2
Remained basically unchanged	12	21.4	8	25.0	4	16.7
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	32	100.0	24	100.0

8. 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	3.6	2	6.3	0	0.0
Moderately stronger	6	10.7	4	12.5	2	8.3
About the same	19	33.9	10	31.3	9	37.5
Moderately weaker	21	37.5	11	34.4	10	41.7
Substantially weaker	8	14.3	5	15.6	3	12.5
Total	56	100.0	32	100.0	24	100.0

Questions 9-10 *ask about three categories of* ***residential mortgage loans*** *at your bank—prime residential mortgages, nontraditional residential mortgages, and subprime residential mortgages. Question 9 deals with changes in your bank's credit standards for loans in each of these categories over the past three months. Question 10 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.*

9. 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	8	15.1	5	16.7	3	13.0
Tightened somewhat	25	47.2	17	56.7	8	34.8
Remained basically unchanged	20	37.7	8	26.7	12	52.2
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	30	100.0	23	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	12	32.4	8	32.0	4	33.3
Tightened somewhat	16	43.2	11	44.0	5	41.7
Remained basically unchanged	9	24.3	6	24.0	3	25.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	37	100.0	25	100.0	12	100.0

For this question, 15 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	44.4	3	50.0	1	33.3
Tightened somewhat	3	33.3	2	33.3	1	33.3
Remained basically unchanged	2	22.2	1	16.7	1	33.3
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	9	100.0	6	100.0	3	100.0

For this question, 43 respondents answered “My bank does not originate subprime residential mortgages.”

10. 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	7.5	3	10.0	1	4.3
Moderately stronger	9	17.0	8	26.7	1	4.3
About the same	14	26.4	5	16.7	9	39.1
Moderately weaker	21	39.6	11	36.7	10	43.5
Substantially weaker	5	9.4	3	10.0	2	8.7
Total	53	100.0	30	100.0	23	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	1	2.7	1	4.0	0	0.0
Moderately stronger	4	10.8	4	16.0	0	0.0
About the same	16	43.2	9	36.0	7	58.3
Moderately weaker	9	24.3	5	20.0	4	33.3
Substantially weaker	7	18.9	6	24.0	1	8.3
Total	37	100.0	25	100.0	12	100.0

For this question, 16 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	1	11.1	0	0.0	1	33.3
About the same	1	11.1	1	16.7	0	0.0
Moderately weaker	4	44.4	3	50.0	1	33.3
Substantially weaker	3	33.3	2	33.3	1	33.3
Total	9	100.0	6	100.0	3	100.0

For this question, 43 respondents answered “My bank does not originate subprime residential mortgages.”

***Questions 11-12** ask about **revolving home equity lines of credit** at your bank. Question 11 deals with changes in your bank's credit standards over the last three months. Question 12 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.*

11. 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	22.2	9	30.0	3	12.5
Tightened somewhat	26	48.1	16	53.3	10	41.7
Remained basically unchanged	16	29.6	5	16.7	11	45.8
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

12. 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	1	1.9	1	3.3	0	0.0
Moderately stronger	9	16.7	6	20.0	3	12.5
About the same	24	44.4	10	33.3	14	58.3
Moderately weaker	15	27.8	10	33.3	5	20.8
Substantially weaker	5	9.3	3	10.0	2	8.3
Total	54	100.0	30	100.0	24	100.0

Questions 13-14 *focus on changes in your bank's terms on* ***existing*** *revolving home equity lines of credit (HELOCs) over the past* ***six months.*** *If your bank's terms on existing HELOCs have not changed over the past six months, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's terms on existing HELOCs have tightened or eased over the past six months, please so report them regardless of how they stand relative to longer-term norms.*

13. Over the past six months, how have terms on **existing** HELOCs at your bank changed?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	3	5.6	3	10.0	0	0.0
Tightened somewhat	23	42.6	13	43.3	10	41.7
Remained basically unchanged	28	51.9	14	46.7	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

14. If your bank has tightened terms on its **existing** HELOCs over the past six months (answers 1 or 2 to question 13), how important have been the following possible reasons for the change?

a. Declines in the value of collateral significantly below the appraised value for the purposes of the HELOCs

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	1	4.0	1	6.7	0	0.0
Somewhat important	9	36.0	3	20.0	6	60.0
Very important	15	60.0	11	73.3	4	40.0
Total	25	100.0	15	100.0	10	100.0

b. Increased defaults of material obligations under loan agreements

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	7	28.0	4	26.7	3	30.0
Somewhat important	13	52.0	7	46.7	6	60.0
Very important	5	20.0	4	26.7	1	10.0
Total	25	100.0	15	100.0	10	100.0

c. Sufficient changes in borrowers’ financial circumstances such that my bank has a reasonable belief that borrowers will be unable to fulfill the plan’s payment obligations

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	6	24.0	3	20.0	3	30.0
Somewhat important	12	48.0	6	40.0	6	60.0
Very important	7	28.0	6	40.0	1	10.0
Total	25	100.0	15	100.0	10	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	1	1.9	1	3.4	0	0.0
About unchanged	39	73.6	20	69.0	19	79.2
Somewhat less willing	13	24.5	8	27.6	5	20.8
Much less willing	0	0.0	0	0.0	0	0.0
Total	53	100.0	29	100.0	24	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	0	0.0	0	0.0	0	0.0
Tightened somewhat	12	32.4	9	45.0	3	17.6
Remained basically unchanged	25	67.6	11	55.0	14	82.4
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	37	100.0	20	100.0	17	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	0	0.0	0	0.0	0	0.0
Tightened somewhat	24	44.4	15	50.0	9	37.5
Remained basically unchanged	30	55.6	15	50.0	15	62.5
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

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	0	0.0	0	0.0	0	0.0
Tightened somewhat	11	29.7	9	42.9	2	12.5
Remained basically unchanged	26	70.3	12	57.1	14	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	37	100.0	21	100.0	16	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	0	0.0	0	0.0	0	0.0
Tightened somewhat	9	24.3	7	33.3	2	12.5
Remained basically unchanged	28	75.7	14	66.7	14	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	37	100.0	21	100.0	16	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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	36	97.3	20	95.2	16	100.0
Eased somewhat	1	2.7	1	4.8	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	37	100.0	21	100.0	16	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	2.7	0	0.0	1	6.3
Tightened somewhat	11	29.7	8	38.1	3	18.8
Remained basically unchanged	24	64.9	13	61.9	11	68.8
Eased somewhat	1	2.7	0	0.0	1	6.3
Eased considerably	0	0.0	0	0.0	0	0.0
Total	37	100.0	21	100.0	16	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	5.4	1	4.8	1	6.3
Tightened somewhat	12	32.4	9	42.9	3	18.8
Remained basically unchanged	23	62.2	11	52.4	12	75.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	37	100.0	21	100.0	16	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?

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	5	9.3	5	16.1	0	0.0
Remained basically unchanged	48	88.9	25	80.6	23	100.0
Eased somewhat	1	1.9	1	3.2	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	31	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	3	5.6	2	6.5	1	4.3
Tightened somewhat	22	40.7	14	45.2	8	34.8
Remained basically unchanged	29	53.7	15	48.4	14	60.9
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

c. Minimum required downpayment

	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	14	26.4	9	30.0	5	21.7
Remained basically unchanged	38	71.7	20	66.7	18	78.3
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	30	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	0	0.0	0	0.0	0	0.0
Tightened somewhat	20	37.0	14	45.2	6	26.1
Remained basically unchanged	34	63.0	17	54.8	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	54	100.0	31	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	5	9.3	2	6.5	3	13.0
Tightened somewhat	19	35.2	9	29.0	10	43.5
Remained basically unchanged	30	55.6	20	64.5	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	54	100.0	31	100.0	23	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	0	0.0	0	0.0	0	0.0
Moderately stronger	9	16.4	7	22.6	2	8.3
About the same	27	49.1	17	54.8	10	41.7
Moderately weaker	19	34.5	7	22.6	12	50.0
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	55	100.0	31	100.0	24	100.0

The student loan market has been under strain in recent months. ***Questions 21-26*** *ask about student loan programs at your bank.*

Please respond to questions 21-23 only if your bank provided student loans under the Federal Family Education Loan Program (FFELP) in 2007.

21. How do you expect your bank's commitments to provide student loans under the FFELP for the fall of 2008 to compare with commitments made last year for the fall of 2007? (Please compare approximate total dollar amounts.)

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase considerably	1	3.4	1	5.9	0	0.0
Increase somewhat	3	10.3	2	11.8	1	8.3
Remain basically unchanged	9	31.0	5	29.4	4	33.3
Decrease somewhat	5	17.2	4	23.5	1	8.3
Decrease considerably	11	37.9	5	29.4	6	50.0
Total	29	100.0	17	100.0	12	100.0

22. If your bank plans to originate student loans under the FFELP in the fall of 2008, how do you expect the number of schools for which your bank will provide financing to change this year relative to 2007?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase considerably	0	0.0	0	0.0	0	0.0
Increase somewhat	3	11.1	2	12.5	1	9.1
Remain basically unchanged	9	33.3	4	25.0	5	45.5
Decrease somewhat	6	22.2	6	37.5	0	0.0
Decrease considerably	9	33.3	4	25.0	5	45.5
Total	27	100.0	16	100.0	11	100.0

23. If your bank plans to originate student loans under the FFELP in the fall of 2008, how do you expect the amount of borrower benefits provided by your bank (for example, fee rebates and interest rate reductions for on-time payments) to change this year relative to 2007?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase considerably	0	0.0	0	0.0	0	0.0
Increase somewhat	0	0.0	0	0.0	0	0.0
Remain basically unchanged	11	40.7	7	43.8	4	36.4
Decrease somewhat	7	25.9	3	18.8	4	36.4
Decrease considerably	9	33.3	6	37.5	3	27.3
Total	27	100.0	16	100.0	11	100.0

Please respond to questions 24-26 only if your bank provided private credit (non-FFELP) student loans in 2007.

24. How do you expect your bank's commitments to provide private credit (non-FFELP) student loans for the fall of 2008 to compare with commitments made last year for the fall of 2007? (Please compare approximate total dollar amounts.)

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase considerably	2	10.0	1	6.3	1	25.0
Increase somewhat	3	15.0	3	18.8	0	0.0
Remain basically unchanged	7	35.0	4	25.0	3	75.0
Decrease somewhat	4	20.0	4	25.0	0	0.0
Decrease considerably	4	20.0	4	25.0	0	0.0
Total	20	100.0	16	100.0	4	100.0

25. If your bank plans to originate private credit (non-FFELP) student loans in the fall of 2008, how do you expect the number of schools for which your bank will provide financing to change this year relative to 2007?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase considerably	0	0.0	0	0.0	0	0.0
Increase somewhat	2	11.1	2	13.3	0	0.0
Remain basically unchanged	7	38.9	4	26.7	3	100.0
Decrease somewhat	5	27.8	5	33.3	0	0.0
Decrease considerably	4	22.2	4	26.7	0	0.0
Total	18	100.0	15	100.0	3	100.0

26. If your bank plans to originate private credit (non-FFELP) student loans in the fall of 2008, how do you expect the following standards and terms on these loans to change this year relative to 2007?

a. Conditions for requiring cosigners

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	2	13.3	2	14.3	0	0.0
Tightened somewhat	6	40.0	6	42.9	0	0.0
Remain basically unchanged	7	46.7	6	42.9	1	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	15	100.0	14	100.0	1	100.0

b. Other credit standards for borrowers or cosigners

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	2	13.3	2	14.3	0	0.0
Tightened somewhat	7	46.7	7	50.0	0	0.0
Remain basically unchanged	6	40.0	5	35.7	1	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	15	100.0	14	100.0	1	100.0

c. Spreads of loan rates over my 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	1	6.7	1	7.1	0	0.0
Tightened somewhat	7	46.7	7	50.0	0	0.0
Remain basically unchanged	7	46.7	6	42.9	1	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	15	100.0	14	100.0	1	100.0

d. Non-price related terms

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	2	14.3	2	15.4	0	0.0
Tightened somewhat	2	14.3	2	15.4	0	0.0
Remain basically unchanged	10	71.4	9	69.2	1	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	14	100.0	13	100.0	1	100.0

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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 December 31, 2007. The combined assets of the 32 large banks totaled $5.8 trillion, compared to $6.1 trillion for the entire panel of 56 banks, and $9.5 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 April 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	3	14.3
Tightened somewhat	10	47.6
Remained basically unchanged	8	38.1
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	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

b. Maximum maturity of loans or credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	6	28.6
Remained basically unchanged	15	71.4
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	2	9.5
Tightened somewhat	14	66.7
Remained basically unchanged	5	23.8
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	3	14.3
Tightened somewhat	14	66.7
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	6	28.6
Tightened somewhat	9	42.9
Remained basically unchanged	6	28.6
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100.0

f. Loan covenants

	All Respondents	
	Banks	**Percent**
Tightened considerably	3	14.3
Tightened somewhat	7	33.3
Remained basically unchanged	11	52.4
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100.0

g. Collateralization requirements

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	4	19.0
Remained basically unchanged	17	81.0
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	9	52.9
Somewhat important	5	29.4
Very important	3	17.6
Total	17	100.0

b. Less favorable or more uncertain economic outlook

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	8	47.1
Very important	9	52.9
Total	17	100.0

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

	All Respondents	
	Banks	Percent
Not important	4	23.5
Somewhat important	7	41.2
Very important	6	35.3
Total	17	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	7	41.2
Somewhat important	9	52.9
Very important	1	5.9
Total	17	100.0

e. Reduced tolerance for risk

	All Respondents	
	Banks	Percent
Not important	3	17.6
Somewhat important	12	70.6
Very important	2	11.8
Total	17	100.0

f. Decreased liquidity in the secondary market for these loans

	All Respondents	
	Banks	Percent
Not important	4	23.5
Somewhat important	6	35.3
Very important	7	41.2
Total	17	100.0

g. Increase in defaults by borrowers in public debt markets

	All Respondents	
	Banks	Percent
Not important	7	41.2
Somewhat important	9	52.9
Very important	1	5.9
Total	17	100.0

h. Increased concern about your bank's current or expected liquidity position

	All Respondents	
	Banks	Percent
Not important	11	64.7
Somewhat important	4	23.5
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	-	-
Somewhat important	-	-
Very important	-	-
Total	-	-

b. More favorable or less uncertain economic outlook

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

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

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

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

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

e. Increased tolerance for risk

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

f. Increased liquidity in the secondary market for these loans

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

g. Reduction in defaults by borrowers in public debt markets

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

h. Reduced concern about your bank's current or expected liquidity position

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

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	14.3
About the same	10	47.6
Moderately weaker	7	33.3
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	0	0.0
Somewhat important	3	100.0
Very important	0	0.0
Total	3	100.0

b. Customer accounts receivable financing needs increased

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	3	100.0
Very important	0	0.0
Total	3	100.0

c. Customer investment in plant or equipment increased

	All Respondents	
	Banks	Percent
Not important	1	33.3
Somewhat important	2	66.7
Very important	0	0.0
Total	3	100.0

d. Customer internally generated funds decreased

	All Respondents	
	Banks	Percent
Not important	1	33.3
Somewhat important	1	33.3
Very important	1	33.3
Total	3	100.0

e. Customer merger or acquisition financing needs increased

	All Respondents	
	Banks	Percent
Not important	2	66.7
Somewhat important	1	33.3
Very important	0	0.0
Total	3	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	0	0.0
Somewhat important	1	33.3
Very important	2	66.7
Total	3	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	57.1
Somewhat important	3	42.9
Very important	0	0.0
Total	7	100.0

b. Customer accounts receivable financing needs decreased

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

c. Customer investment in plant or equipment decreased

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

d. Customer internally generated funds increased

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

e. Customer merger or acquisition financing needs decreased

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	2	28.6
Very important	5	71.4
Total	7	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	7	100.0
Somewhat important	0	0.0
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	4	19.0
The number of inquiries has stayed about the same	12	57.1
The number of inquiries has decreased moderately	5	23.8
The number of inquiries has decreased substantially	0	0.0
Total	21	100.0

Questions 7-8 *ask about commercial real estate loans at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate. Question 7 deals with changes in your bank's standards over the last three months. Question 8 deals with changes in demand. If your bank's lending standards or terms have not changed over the relevant period, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's standards or terms have tightened or eased over the relevant period, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing standards as changes in standards.*

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

	All Respondents	
	Banks	**Percent**
Tightened considerably	5	33.3
Tightened somewhat	3	20.0
Remained basically unchanged	7	46.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	15	100.0

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

	All Respondents	
	Banks	**Percent**
Substantially stronger	0	0.0
Moderately stronger	1	6.7
About the same	6	40.0
Moderately weaker	4	26.7
Substantially weaker	4	26.7
Total	15	100.0

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1. As of December 31, 2007, the 21 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.