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TO: HEADS OF RESEARCH AT ALL FEDERAL RESERVE BANKS

Enclosed for distribution to respondents is a national summary of the January 2011 Senior Loan Officer Opinion Survey on Bank Lending Practices.

Enclosures

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

The January 2011 Senior Loan Officer Opinion Survey on Bank Lending Practices

The January 2011 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. The survey included three sets of special questions: the first set asked banks about changes in their credit policies on commercial real estate (CRE) loans over the past year; the second set asked banks about factors affecting recent growth in closed-end residential real estate loans; and the third set asked banks about their outlook for credit quality in 2011. This summary is based on responses from 57 domestic banks and 22 U.S. branches and agencies of foreign banks.[1]

Overall, the January survey indicated that a modest net fraction of banks continued to ease standards and terms for commercial and industrial (C&I) loans over the fourth quarter while banks reported small mixed changes in their lending policies for other types of loans to businesses and households.[2] Similarly, the respondents reported a moderate increase in demand for C&I loans but little change, on balance, in demand for other types of loans.

Regarding loans to businesses, survey respondents, particularly large banks, reported having eased standards and most terms on C&I loans, especially to large and middle-market firms.[3] Banks mainly pointed to a more favorable or less uncertain economic outlook and increased competition from other banks or nonbank lenders as reasons for easing. By contrast, standards on CRE loans were reportedly about unchanged.

Changes in standards and terms on loans to households were small and mixed. Banks again reported an increased willingness to make consumer installment loans, and a small net fraction of respondents reported easing standards for approving consumer credit card applications. However, a few banks, on net, reported having tightened terms on, or having reduced the sizes of credit lines on existing consumer credit card accounts. A modest net fraction of respondents reported having tightened standards on nontraditional residential mortgage loans, while banks on net reported little change in standards on prime residential mortgage loans or home equity lines of credit (HELOCs).

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[1] Respondent banks received the survey on or after December 22, 2010, and their responses were due by January 11, 2011.

[2] For questions that ask about lending standards or terms, reported net percentages equal the percentage of banks that reported having tightened standards ("tightened considerably" or "tightened somewhat") minus the percentage of banks that reported having eased standards ("eased considerably" or "eased somewhat"). For questions that ask about demand, reported net fractions 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").

[3] Large and middle-market firms are generally defined as firms with annual sales of more than $50 million. Large banks are defined as banks with assets greater than or equal to $20 billion as of October 31, 2010.

Demand increased, on net, for business loans, including C&I loans, particularly for large or middle-market firms. A smaller net fraction of banks reported increased demand for CRE loans. Moderate net fractions of banks reported decreased demand for all types of residential mortgage loans. In addition, banks, on net, did not indicate much change in demand for consumer loans.

Business Lending
(Table 1, questions 1-9, 22; Table 2, questions 1-10)

Questions on commercial and industrial loans. The January survey found that a modest net fraction of domestic respondents continued to ease standards on C&I loans to large and middle-market firms. Few banks reported changing standards on such loans to small firms. The banks that eased standards were almost all large banks. In addition, a few branches and agencies of foreign banks reported having eased standards on C&I loans, while none of those institutions tightened standards.

Positive net fractions of banks eased most terms on C&I loans, with larger net fractions easing terms for loans to large and middle-market firms than for loans to small firms. Compared with the October survey, somewhat more banks reported having reduced spreads of loan rates over their bank's cost of funds, with about 45 percent of banks, on net, trimming spreads on loans to large and middle-market firms and 30 percent, on net, narrowing spreads on loans to small firms. Somewhat smaller net fractions of banks lowered the cost of credit lines and lengthened the maximum maturity for loans to firms of all sizes. The sizes of existing C&I credit lines and business credit card accounts were reportedly little changed.

Of banks that reported having eased standards or terms on C&I loans, large majorities pointed to increased competition from other banks and nonbank lenders, as well as to a more favorable or less uncertain economic outlook, as reasons for the changes. Between 20 percent and 30 percent of respondents also cited reductions in defaults by borrowers in the public debt market, increased tolerance for risk, and industry-specific improvements.

Reports of strengthened demand for C&I loans were more widespread than in the previous survey. About 30 percent of banks, on net, reported greater demand from large and middle-market firms, and about 5 percent reported strengthened demand from small firms. In addition, compared with the October survey, a larger fraction of banks reported an increase in inquiries from business borrowers for new or increased credit lines. Of the banks reporting stronger demand, about 75 percent indicated that the increased demand was partly due to funding needs for merger and acquisition activity, and more than half noted reduced borrowing from other banks or nonbank sources. Somewhat less than half of the banks also noted increased financing needs for inventories, accounts receivable, and investment in plant and equipment. Foreign institutions also reported a moderate net increase in demand and in inquiries regarding lines of credit, in line with the previous survey.

Questions on commercial real estate lending. Domestic respondents reported no net change in standards on CRE loans in the fourth quarter, though a few foreign institutions reported having tightened standards. Roughly 20 percent of banks, on net, indicated that they had reduced the sizes of lines of credit for commercial construction, about the same as in the previous survey. About 10 percent of domestic banks, on net, reported increased demand for CRE loans, the strongest reading since early 2006. Foreign banks also reported that demand had strengthened, on net.

Special question on commercial real estate lending. In response to a special question that has been repeated on an annual basis since 2001, domestic banks indicated that they had tightened some terms on CRE loans over 2010. However, the tightening was less widespread than that reported in 2009, and almost no banks reported having tightened terms considerably. About 40 percent of domestic banks, on net, reported having tightened loan-to-value ratios, and moderately smaller fractions tightened debt service coverage ratios and maximum loan sizes. Spreads, maximum maturities, and requirements for takeout financing were reportedly little changed on net. Moderate net fractions of foreign banks indicated that they had eased some terms, including maximum loan sizes, spreads, and requirements on debt-service coverage ratios.

Lending to Households
(Table 1, questions 10-21)

Questions on residential real estate lending. Standards on prime closed-end residential real estate loans were little changed, on balance, over the fourth quarter. In contrast, standards on nontraditional mortgage loans were reportedly tightened by about 15 percent of banks. The net fraction of banks tightening standards on nontraditional mortgage loans has now increased a bit for two consecutive quarters, after having fallen to nearly zero during the first half of 2010. Banks reported little net change in standards for, or the sizes of, HELOCs.

Demand reportedly weakened somewhat, on net, for both prime and nontraditional closed-end residential real estate loans as well as for HELOCs. Reported demand for closed-end loans has now declined for two consecutive surveys after having increased during parts of 2009 and 2010.

Special questions on factors affecting recent closed-end residential real estate loan growth. According to the Federal Reserve's weekly H.8 statistical release, "Assets and Liabilities of Commercial Banks in the United States," banks' aggregate holdings of closed-end residential real estate loans increased steadily over the second half of 2010.[4] A special survey question

[4] The H.8 statistical release can be found at http://www.federalreserve.gov/releases/h8/current/default.htm.

asked respondents to assess the contribution of various possible factors to the recent increase in their closed-end residential real estate loan holdings.

About 45 percent of the respondents indicated that they had experienced recent growth in their residential mortgage portfolios. The majority of banks that recorded such an increase noted the relative attractiveness of the risk-adjusted returns on these loans compared with other assets and reported having become more willing to expand their overall balance sheets via this category of loan. About one-third of the banks also reported having originated a larger volume of loans that are not eligible for guarantee by the Federal Housing Administration or do not conform to standards required for sale to the government sponsored enterprises (GSEs), Federal National Mortgage Association and Federal Home Loan Mortgage Corporation. Banks were somewhat less likely to credit their accumulations of closed-end residential mortgages to reductions in charge-offs or paydowns, or to originations of GSE-eligible loans that had exceeded their banks' capacity to process such loans for sale to the GSEs. Only two banks attributed their loan accumulations in part to repurchases from the GSEs or other securitization pools.

An additional special question asked respondents whether they expected their holdings of closed-end residential real estate loans to increase over the first half of 2011. About 35 percent of banks, on net, reported expectations that such loan holdings would increase.

Questions on consumer lending. A small net fraction of banks reported having eased standards on consumer credit card and non-credit-card loans in the fourth quarter, about the same as in the past two surveys. The net fraction of banks that reported an increased willingness to make consumer installment loans remained elevated.

Banks reported little change, on net, in most terms on consumer loans, with the exception of spreads on non-credit-card loans and minimum credit scores on credit card loans, which were eased by small net fractions of banks. A similar fraction of banks reported cutting back the sizes of consumer credit card lines. Banks were somewhat split regarding changes in demand for consumer loans, and on net they reported little change.

Special Questions on Banks' Outlook for Asset Quality in 2011.
(Table 1, questions 23-25; Table 2, questions 11-12)

The January survey included a set of special questions that asked banks about their outlook for delinquencies and charge-offs across major loan categories in the current year, assuming that economic activity progresses in line with consensus forecasts. This special question has been asked once each year during the past five years. In the January survey, expectations were significantly more upbeat than in past years. Moderate to large net fractions of banks reported that they expected improvements in delinquency and charge-off rates during 2011 in every major loan category.

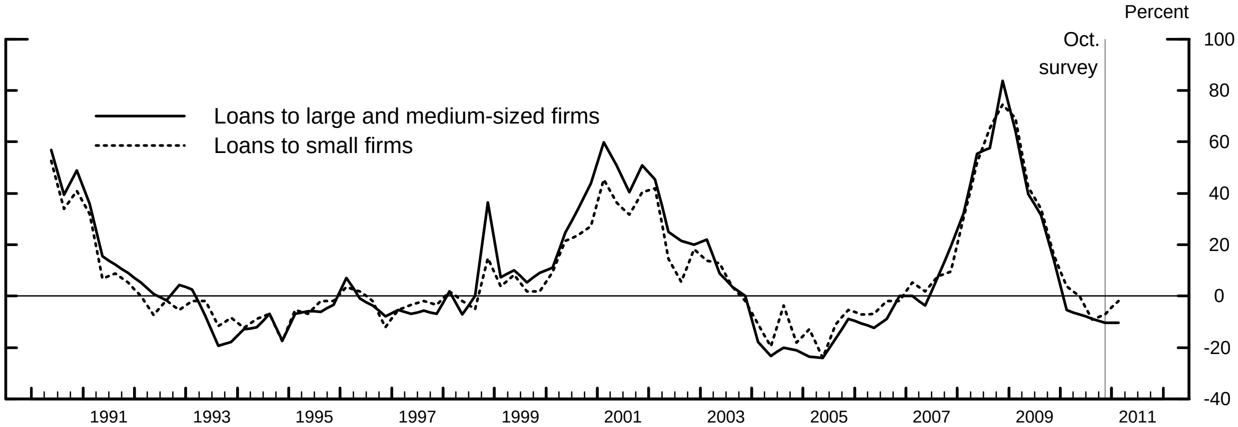
The responses indicated that banks were least likely to expect improvement in the quality of residential real estate loans this year. About 20 percent of banks, on net, reportedly expect improvement in nontraditional closed-end loans, and about 35 percent of banks indicated they expect improvement in HELOCs. Almost 40 percent of respondents expected improvement for prime closed-end loans. Large banks were somewhat more likely than small banks to report expectations of improvement in the quality of residential real estate loans.

The survey also found that about 50 percent of banks, on net, expected improvement this year in the quality of consumer loans, including both credit card loans and other consumer loans. Similarly, about 55 percent of banks, particularly large banks, expected improvement in the quality of CRE loans.

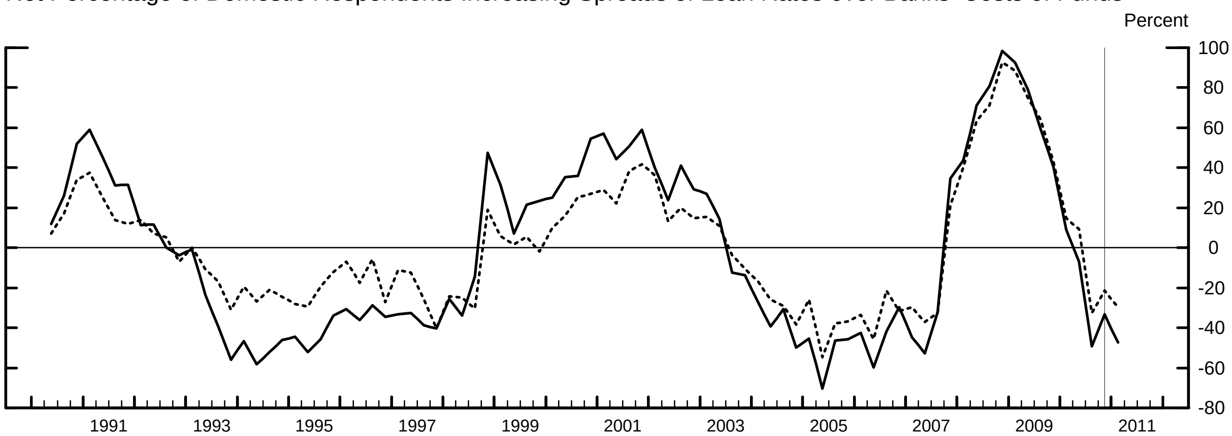
A large share of respondents reported that they expect an improvement this year in the quality of C&I loans. About 80 percent of respondents expected improvements in C&I loans to large and middle-market firms, and about 70 percent expected improvements in C&I loans to small firms. Moreover, about 10 percent expected the quality of C&I loans to large and middle-market firms to improve “substantially” (as opposed to improve “somewhat”) this year. In addition, under the assumption that economic activity progressed in line with consensus forecasts, no bank reported that they expect deterioration in the quality of C&I loans to firms of any size this year.

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

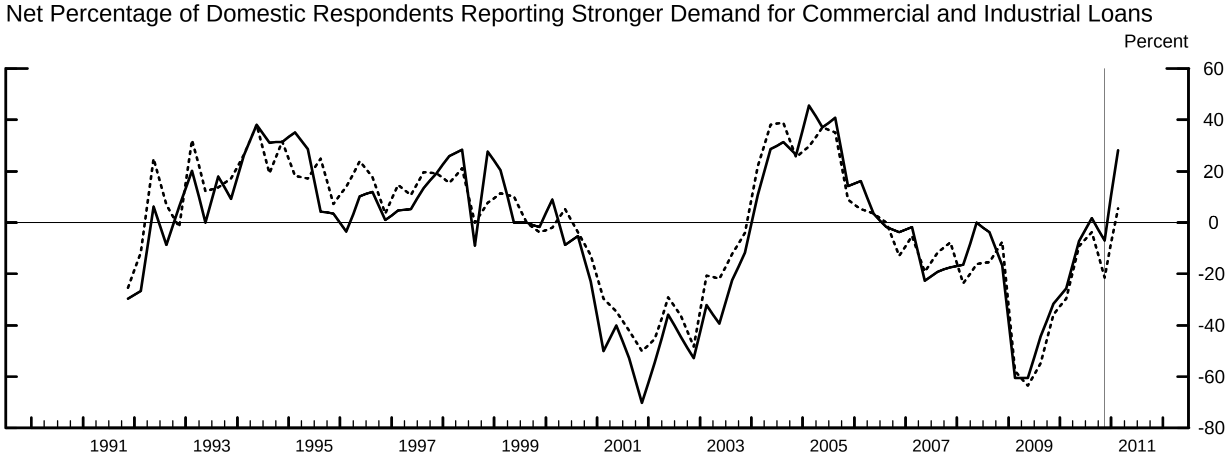
Net Percentage of Domestic Respondents Tightening Standards for Commercial and Industrial Loans



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

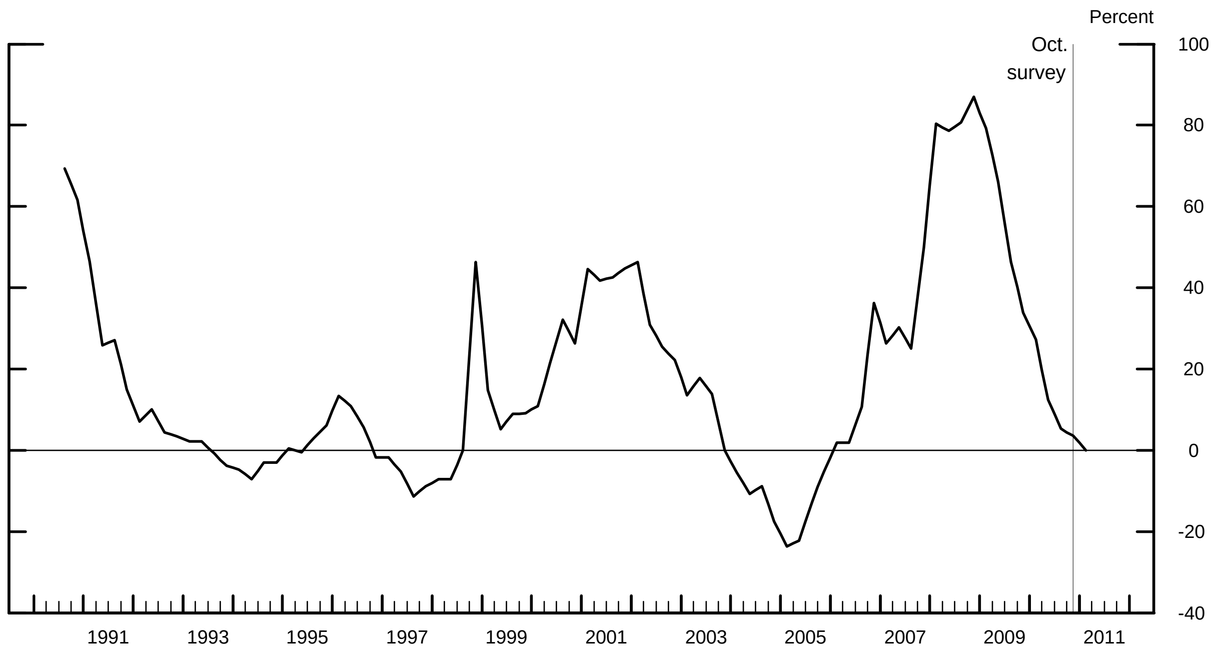


Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial and Industrial Loans

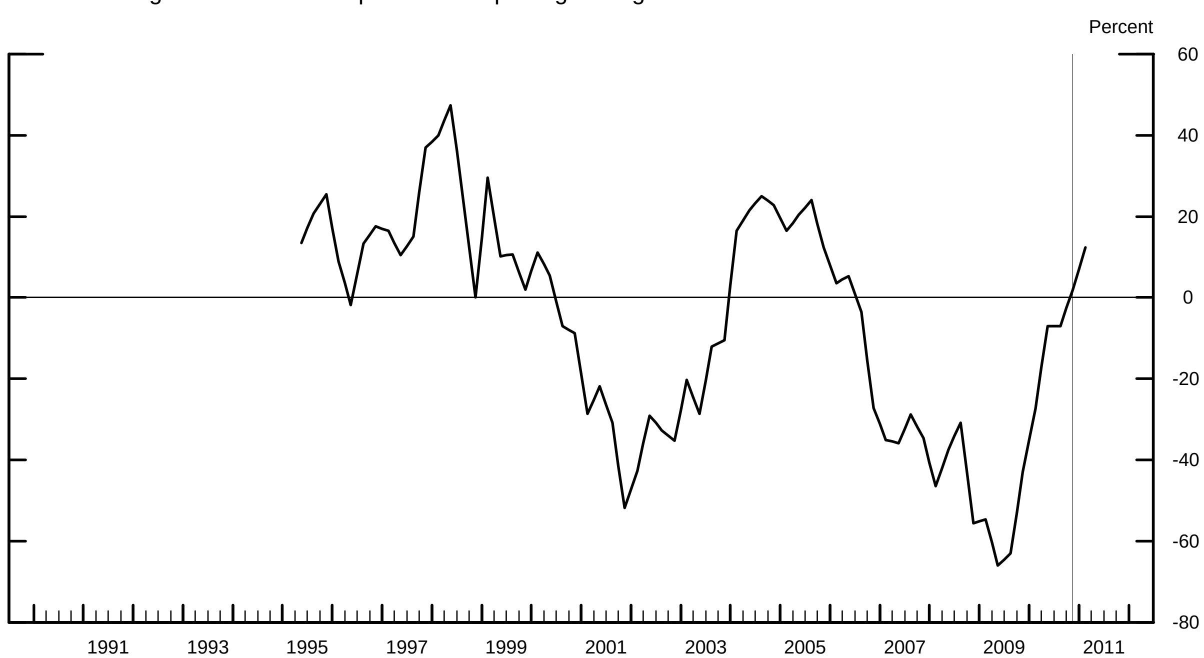


Measures of Supply and Demand for Commercial Real Estate Loans

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

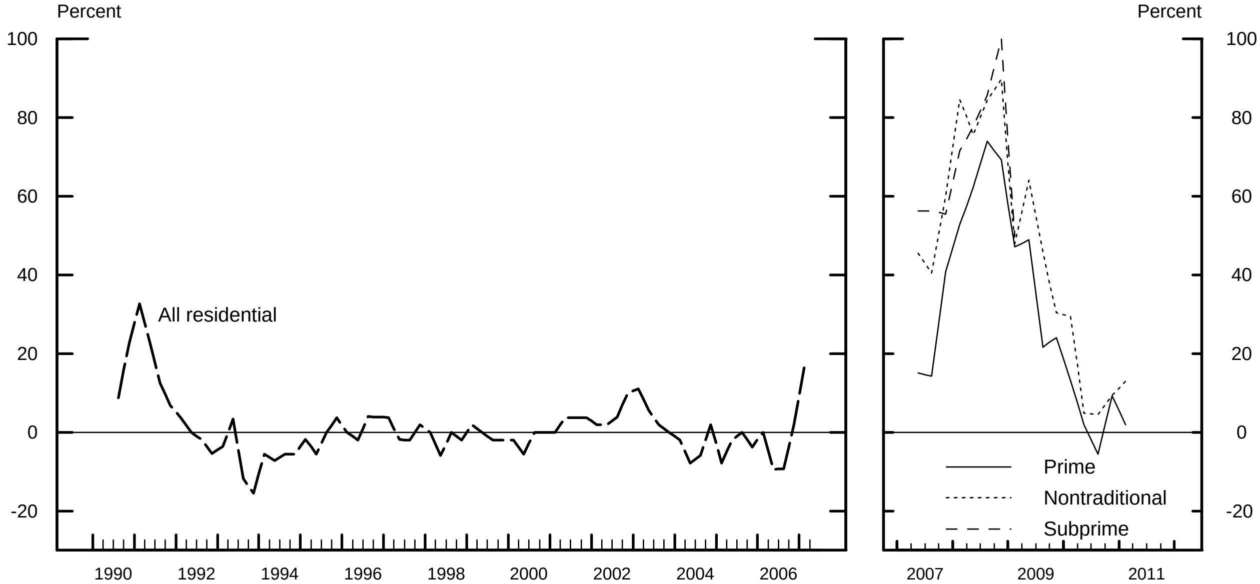


Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial Real Estate Loans



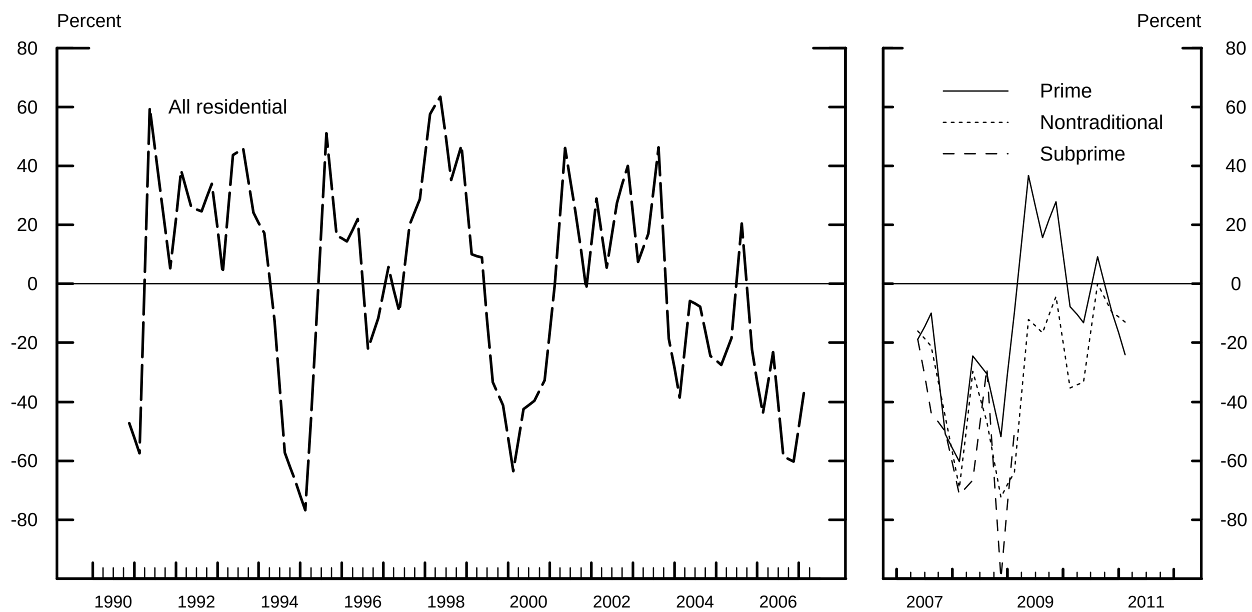
Measures of Supply and Demand for Residential Mortgage Loans

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. Series are not reported when the number of respondents is three or fewer.

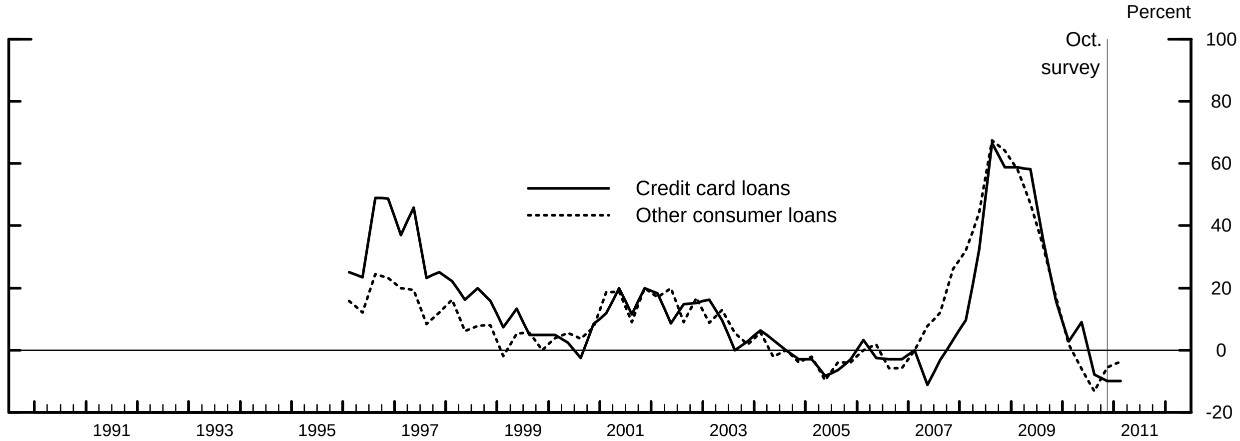
Net Percentage of Domestic Respondents Reporting Stronger Demand for Residential Mortgage Loans



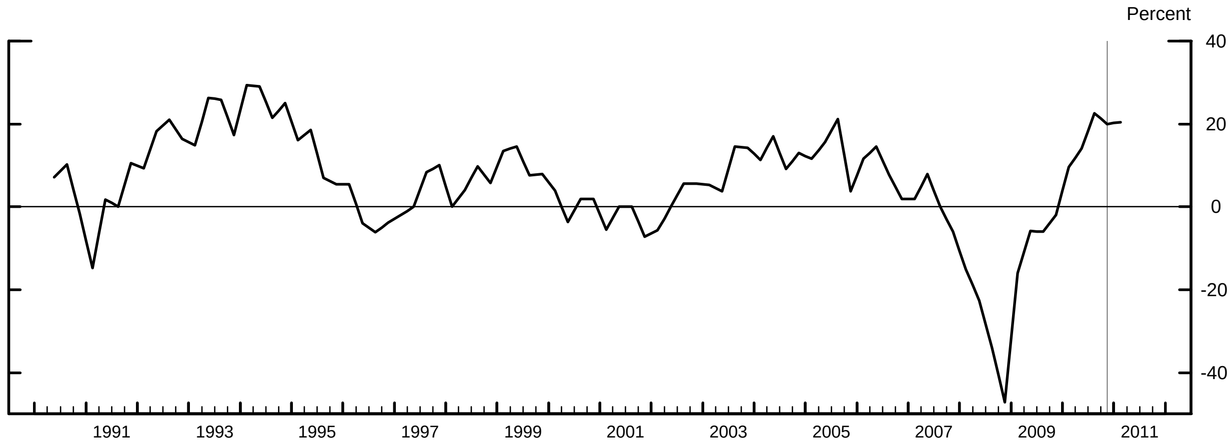
Note: For data starting in 2007:Q2, changes in demand for prime, nontraditional, and subprime mortgage loans are reported separately. Series are not reported when the number of respondents is three or fewer.

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

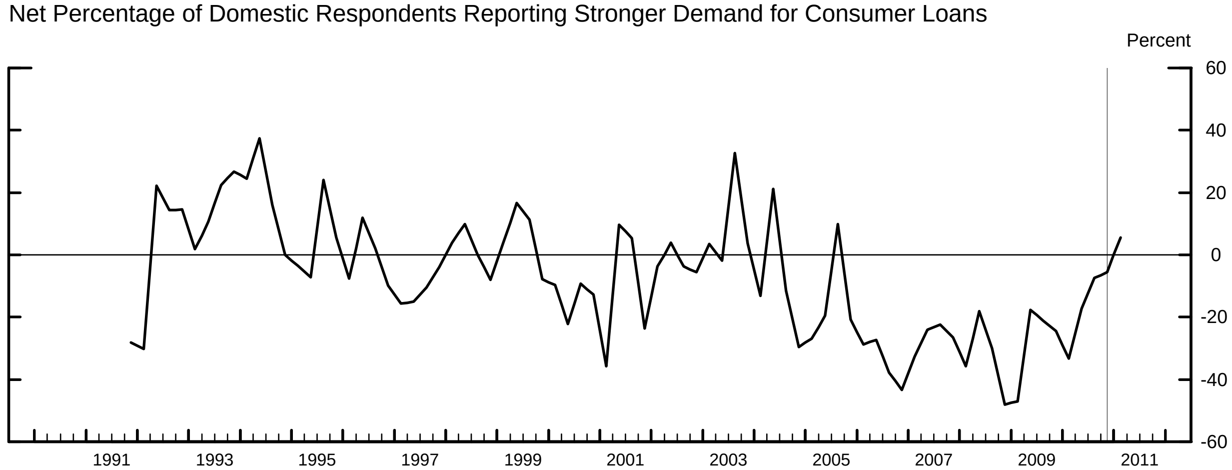


Table 1

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

(Status of policy as of January 2011)

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	1	1.8	0	0.0	1	4.0
Remained basically unchanged	49	86.0	26	81.3	23	92.0
Eased somewhat	7	12.3	6	18.8	1	4.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	32	100.0	25	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	2	3.7	1	3.4	1	4.0
Remained basically unchanged	49	90.7	25	86.2	24	96.0
Eased somewhat	3	5.6	3	10.3	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	29	100.0	25	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	0	0.0	0	0.0	0	0.0
Tightened somewhat	2	3.5	1	3.1	1	4.0
Remained basically unchanged	48	84.2	24	75.0	24	96.0
Eased somewhat	7	12.3	7	21.9	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	32	100.0	25	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	1	1.8	0	0.0	1	4.0
Remained basically unchanged	42	73.7	19	59.4	23	92.0
Eased somewhat	14	24.6	13	40.6	1	4.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	32	100.0	25	100.0

c. Costs 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	2	3.5	2	6.3	0	0.0
Remained basically unchanged	38	66.7	18	56.3	20	80.0
Eased somewhat	17	29.8	12	37.5	5	20.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	32	100.0	25	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	0	0.0	0	0.0	0	0.0
Tightened somewhat	4	7.0	2	6.3	2	8.0
Remained basically unchanged	22	38.6	8	25.0	14	56.0
Eased somewhat	29	50.9	20	62.5	9	36.0
Eased considerably	2	3.5	2	6.3	0	0.0
Total	57	100.0	32	100.0	25	100.0

e. Premiums charged on riskier loans

	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	4	7.0	0	0.0	4	16.0
Remained basically unchanged	45	78.9	25	78.1	20	80.0
Eased somewhat	8	14.0	7	21.9	1	4.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	32	100.0	25	100.0

f. Loan covenants

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	1.8	0	0.0	1	4.0
Tightened somewhat	3	5.3	1	3.1	2	8.0
Remained basically unchanged	44	77.2	23	71.9	21	84.0
Eased somewhat	9	15.8	8	25.0	1	4.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	32	100.0	25	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	4	7.0	1	3.1	3	12.0
Remained basically unchanged	51	89.5	30	93.8	21	84.0
Eased somewhat	2	3.5	1	3.1	1	4.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	32	100.0	25	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	2	3.7	1	3.4	1	4.0
Remained basically unchanged	50	92.6	26	89.7	24	96.0
Eased somewhat	2	3.7	2	6.9	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	29	100.0	25	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	2	3.7	1	3.4	1	4.0
Remained basically unchanged	47	87.0	24	82.8	23	92.0
Eased somewhat	5	9.3	4	13.8	1	4.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	29	100.0	25	100.0

c. Costs 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	2	3.7	1	3.4	1	4.0
Remained basically unchanged	41	75.9	20	69.0	21	84.0
Eased somewhat	11	20.4	8	27.6	3	12.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	29	100.0	25	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	0	0.0	0	0.0	0	0.0
Tightened somewhat	5	9.3	2	6.9	3	12.0
Remained basically unchanged	28	51.9	14	48.3	14	56.0
Eased somewhat	21	38.9	13	44.8	8	32.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	29	100.0	25	100.0

e. Premiums charged on riskier loans

	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	6	11.1	2	6.9	4	16.0
Remained basically unchanged	47	87.0	26	89.7	21	84.0
Eased somewhat	1	1.9	1	3.4	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	29	100.0	25	100.0

f. Loan covenants

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	1.9	0	0.0	1	4.0
Tightened somewhat	2	3.7	1	3.4	1	4.0
Remained basically unchanged	49	90.7	26	89.7	23	92.0
Eased somewhat	2	3.7	2	6.9	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	29	100.0	25	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	3	5.6	1	3.4	2	8.0
Remained basically unchanged	51	94.4	28	96.6	23	92.0
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	29	100.0	25	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	9	75.0	5	71.4	4	80.0
Somewhat important	3	25.0	2	28.6	1	20.0
Very important	0	0.0	0	0.0	0	0.0
Total	12	100.0	7	100.0	5	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	25.0	2	28.6	1	20.0
Somewhat important	8	66.7	4	57.1	4	80.0
Very important	1	8.3	1	14.3	0	0.0
Total	12	100.0	7	100.0	5	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	5	41.7	3	42.9	2	40.0
Somewhat important	7	58.3	4	57.1	3	60.0
Very important	0	0.0	0	0.0	0	0.0
Total	12	100.0	7	100.0	5	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	9	75.0	5	71.4	4	80.0
Somewhat important	3	25.0	2	28.6	1	20.0
Very important	0	0.0	0	0.0	0	0.0
Total	12	100.0	7	100.0	5	100.0

e. Reduced tolerance for risk

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	4	33.3	3	42.9	1	20.0
Somewhat important	5	41.7	2	28.6	3	60.0
Very important	3	25.0	2	28.6	1	20.0
Total	12	100.0	7	100.0	5	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	7	58.3	5	71.4	2	40.0
Somewhat important	3	25.0	1	14.3	2	40.0
Very important	2	16.7	1	14.3	1	20.0
Total	12	100.0	7	100.0	5	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	8	66.7	5	71.4	3	60.0
Somewhat important	4	33.3	2	28.6	2	40.0
Very important	0	0.0	0	0.0	0	0.0
Total	12	100.0	7	100.0	5	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	11	91.7	6	85.7	5	100.0
Somewhat important	1	8.3	1	14.3	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	12	100.0	7	100.0	5	100.0

i. Increased concerns about the effects of legislative changes, supervisory actions, or changes in accounting standards

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	6	46.2	3	42.9	3	50.0
Somewhat important	6	46.2	3	42.9	3	50.0
Very important	1	7.7	1	14.3	0	0.0
Total	13	100.0	7	100.0	6	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	26	86.7	18	81.8	8	100.0
Somewhat important	3	10.0	3	13.6	0	0.0
Very important	1	3.3	1	4.5	0	0.0
Total	30	100.0	22	100.0	8	100.0

b. More favorable or less uncertain economic outlook

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	6	20.0	4	18.2	2	25.0
Somewhat important	22	73.3	17	77.3	5	62.5
Very important	2	6.7	1	4.5	1	12.5
Total	30	100.0	22	100.0	8	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	23	76.7	17	77.3	6	75.0
Somewhat important	6	20.0	4	18.2	2	25.0
Very important	1	3.3	1	4.5	0	0.0
Total	30	100.0	22	100.0	8	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	6.7	1	4.5	1	12.5
Somewhat important	14	46.7	11	50.0	3	37.5
Very important	14	46.7	10	45.5	4	50.0
Total	30	100.0	22	100.0	8	100.0

e. Increased tolerance for risk

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	22	73.3	14	63.6	8	100.0
Somewhat important	8	26.7	8	36.4	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	30	100.0	22	100.0	8	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	24	80.0	17	77.3	7	87.5
Somewhat important	4	13.3	4	18.2	0	0.0
Very important	2	6.7	1	4.5	1	12.5
Total	30	100.0	22	100.0	8	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	21	72.4	14	66.7	7	87.5
Somewhat important	8	27.6	7	33.3	1	12.5
Very important	0	0.0	0	0.0	0	0.0
Total	29	100.0	21	100.0	8	100.0

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	27	87.1	19	86.4	8	88.9
Somewhat important	1	3.2	0	0.0	1	11.1
Very important	3	9.7	3	13.6	0	0.0
Total	31	100.0	22	100.0	9	100.0

i. Reduced concerns about the effects of legislative changes, supervisory actions, or changes in accounting standards

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	25	86.2	18	85.7	7	87.5
Somewhat important	4	13.8	3	14.3	1	12.5
Very important	0	0.0	0	0.0	0	0.0
Total	29	100.0	21	100.0	8	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	1	1.8	1	3.1	0	0.0
Moderately stronger	19	33.3	16	50.0	3	12.0
About the same	33	57.9	15	46.9	18	72.0
Moderately weaker	3	5.3	0	0.0	3	12.0
Substantially weaker	1	1.8	0	0.0	1	4.0
Total	57	100.0	32	100.0	25	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	7	13.0	4	13.8	3	12.0
About the same	43	79.6	25	86.2	18	72.0
Moderately weaker	3	5.6	0	0.0	3	12.0
Substantially weaker	1	1.9	0	0.0	1	4.0
Total	54	100.0	29	100.0	25	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	12	54.5	10	55.6	2	50.0
Somewhat important	10	45.5	8	44.4	2	50.0
Very important	0	0.0	0	0.0	0	0.0
Total	22	100.0	18	100.0	4	100.0

b. Customer accounts receivable financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	12	54.5	10	55.6	2	50.0
Somewhat important	10	45.5	8	44.4	2	50.0
Very important	0	0.0	0	0.0	0	0.0
Total	22	100.0	18	100.0	4	100.0

c. Customer investment in plant or equipment increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	12	54.5	11	61.1	1	25.0
Somewhat important	10	45.5	7	38.9	3	75.0
Very important	0	0.0	0	0.0	0	0.0
Total	22	100.0	18	100.0	4	100.0

d. Customer internally generated funds decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	18	81.8	14	77.8	4	100.0
Somewhat important	4	18.2	4	22.2	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	22	100.0	18	100.0	4	100.0

e. Customer merger or acquisition financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	5	22.7	3	16.7	2	50.0
Somewhat important	11	50.0	9	50.0	2	50.0
Very important	6	27.3	6	33.3	0	0.0
Total	22	100.0	18	100.0	4	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	10	47.6	8	47.1	2	50.0
Somewhat important	9	42.9	7	41.2	2	50.0
Very important	2	9.5	2	11.8	0	0.0
Total	21	100.0	17	100.0	4	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	0	0.0	0	--	0	0.0
Somewhat important	3	75.0	0	--	3	75.0
Very important	1	25.0	0	--	1	25.0
Total	4	100.0	0	--	4	100.0

b. Customer accounts receivable financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	0	0.0	0	--	0	0.0
Somewhat important	3	75.0	0	--	3	75.0
Very important	1	25.0	0	--	1	25.0
Total	4	100.0	0	--	4	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
Somewhat important	2	50.0	0	--	2	50.0
Very important	2	50.0	0	--	2	50.0
Total	4	100.0	0	--	4	100.0

d. Customer internally generated funds increased

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

e. Customer merger or acquisition financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	3	75.0	0	--	3	75.0
Somewhat important	0	0.0	0	--	0	0.0
Very important	1	25.0	0	--	1	25.0
Total	4	100.0	0	--	4	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	3	75.0	0	--	3	75.0
Somewhat important	1	25.0	0	--	1	25.0
Very important	0	0.0	0	--	0	0.0
Total	4	100.0	0	--	4	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 or increased 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	1	1.8	1	3.1	0	0.0
The number of inquiries has increased moderately	23	40.4	18	56.3	5	20.0
The number of inquiries has stayed about the same	31	54.4	13	40.6	18	72.0
The number of inquiries has decreased moderately	1	1.8	0	0.0	1	4.0
The number of inquiries has decreased substantially	1	1.8	0	0.0	1	4.0
Total	57	100.0	32	100.0	25	100.0

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

7. Over the past three months, how have your bank's credit standards for approving applications for CRE 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	6	10.5	2	6.3	4	16.0
Remained basically unchanged	45	78.9	25	78.1	20	80.0
Eased somewhat	5	8.8	4	12.5	1	4.0
Eased considerably	1	1.8	1	3.1	0	0.0
Total	57	100.0	32	100.0	25	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	2	3.5	2	6.3	0	0.0
Moderately stronger	14	24.6	12	37.5	2	8.0
About the same	32	56.1	16	50.0	16	64.0
Moderately weaker	7	12.3	2	6.3	5	20.0
Substantially weaker	2	3.5	0	0.0	2	8.0
Total	57	100.0	32	100.0	25	100.0

***Question 9** focuses on changes in your bank's policies on CRE loans over the past year. If your bank's lending policies have not changed over the past year, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's policies have tightened or eased over the past year, please report these changes regardless of how your bank's policies stand relative to longer-term norms.*

9. Over the past year, how has your bank changed the following policies on CRE loans?

a. Maximum loan size

	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	13	22.8	7	21.9	6	24.0
Remained basically unchanged	38	66.7	20	62.5	18	72.0
Eased somewhat	5	8.8	4	12.5	1	4.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	32	100.0	25	100.0

b. Maximum loan maturity

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	2	3.5	2	6.3	0	0.0
Tightened somewhat	8	14.0	2	6.3	6	24.0
Remained basically unchanged	39	68.4	22	68.8	17	68.0
Eased somewhat	8	14.0	6	18.8	2	8.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	32	100.0	25	100.0

c. 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	1	1.8	0	0.0	1	4.0
Tightened somewhat	12	21.1	8	25.0	4	16.0
Remained basically unchanged	33	57.9	15	46.9	18	72.0
Eased somewhat	10	17.5	8	25.0	2	8.0
Eased considerably	1	1.8	1	3.1	0	0.0
Total	57	100.0	32	100.0	25	100.0

d. Loan-to-value ratios

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	2	3.5	1	3.1	1	4.0
Tightened somewhat	22	38.6	9	28.1	13	52.0
Remained basically unchanged	32	56.1	21	65.6	11	44.0
Eased somewhat	1	1.8	1	3.1	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	32	100.0	25	100.0

e. Requirements for take-out financing

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	3	5.3	0	0.0	3	12.0
Remained basically unchanged	54	94.7	32	100.0	22	88.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	32	100.0	25	100.0

f. Debt-service coverage ratios

	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	31.6	8	25.0	10	40.0
Remained basically unchanged	34	59.6	19	59.4	15	60.0
Eased somewhat	4	7.0	4	12.5	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	32	100.0	25	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	0	0.0	0	0.0	0	0.0
Tightened somewhat	2	3.7	1	3.3	1	4.2
Remained basically unchanged	51	94.4	28	93.3	23	95.8
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

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	1	4.3	0	0.0	1	25.0
Tightened somewhat	2	8.7	2	10.5	0	0.0
Remained basically unchanged	20	87.0	17	89.5	3	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	23	100.0	19	100.0	4	100.0

For this question, 32 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	2	3.7	1	3.3	1	4.2
Moderately stronger	2	3.7	1	3.3	1	4.2
About the same	33	61.1	20	66.7	13	54.2
Moderately weaker	15	27.8	7	23.3	8	33.3
Substantially weaker	2	3.7	1	3.3	1	4.2
Total	54	100.0	30	100.0	24	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	0	0.0	0	0.0	0	0.0
Moderately stronger	0	0.0	0	0.0	0	0.0
About the same	20	87.0	17	89.5	3	75.0
Moderately weaker	3	13.0	2	10.5	1	25.0
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	23	100.0	19	100.0	4	100.0

For this question, 32 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	0	0.0	0	0.0	0	0.0
Tightened somewhat	5	9.1	2	6.7	3	12.0
Remained basically unchanged	47	85.5	26	86.7	21	84.0
Eased somewhat	3	5.5	2	6.7	1	4.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	30	100.0	25	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	1	1.8	0	0.0	1	4.0
Moderately stronger	4	7.3	2	6.7	2	8.0
About the same	38	69.1	22	73.3	16	64.0
Moderately weaker	11	20.0	6	20.0	5	20.0
Substantially weaker	1	1.8	0	0.0	1	4.0
Total	55	100.0	30	100.0	25	100.0

According to the Federal Reserve's H.8 statistical release, ``Assets and Liabilities of Commercial Banks in the United States,'' closed-end one-to-four family residential real estate loans on banks' books have increased steadily since August 2010. ***Question 14*** *asks about the possible reasons for this recent increase in closed-end residential real estate loans.* ***Question 15*** *asks about how holdings of residential real estate loans at your bank are expected to change in the first half of 2011.*

14. If your bank's holdings of closed-end residential real estate loans have increased since August 2010, how important have been the following possible reasons for the increase? (Please disregard any increases in closed-end residential real estate loans that may owe to a merger of your bank with another institution. If your bank's holdings of closed-end residential real estate loans have not increased since August 2010, please leave this question blank.)

a. Your bank has originated a larger volume of loans that are not eligible to be guaranteed by the Federal Housing Authority (FHA) or do not conform to standards required for sale to the government sponsored enterprises (GSEs), Federal National Mortgage Association and Federal Home Loan Mortgage Corporation (for example, loans above the conforming loan limit or loans on non-owner-occupied properties)

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	17	68.0	9	69.2	8	66.7
Somewhat important	5	20.0	2	15.4	3	25.0
Very important	3	12.0	2	15.4	1	8.3
Total	25	100.0	13	100.0	12	100.0

b. Your bank has pursued fewer FHA endorsements leading to securitization or sold fewer loans to the GSEs due to actions they have taken that reduce the profitability of loan sales and securitizations relative to holding loans in portfolio (for example, due to the recent rise in fees charged by the FHA and changes in terms at the GSEs)

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	22	88.0	11	84.6	11	91.7
Somewhat important	3	12.0	2	15.4	1	8.3
Very important	0	0.0	0	0.0	0	0.0
Total	25	100.0	13	100.0	12	100.0

c. Your bank has become willing to hold a larger share of its asset portfolio in GSE- or FHA-eligible loans, because the risk-adjusted return on such loans has increased relative to other loan or other asset classes (please specify)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	13	48.1	8	53.3	5	41.7
Somewhat important	9	33.3	5	33.3	4	33.3
Very important	5	18.5	2	13.3	3	25.0
Total	27	100.0	15	100.0	12	100.0

d. Your bank has become more willing to grow its balance sheet by holding GSE- or FHA-eligible loans in portfolio for investment purposes

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	8	30.8	5	35.7	3	25.0
Somewhat important	9	34.6	4	28.6	5	41.7
Very important	9	34.6	5	35.7	4	33.3
Total	26	100.0	14	100.0	12	100.0

e. As a result of the high level of refinancing in recent months, your bank's originations of GSE-eligible loans has exceeded your bank's capacity to process such loans for sale to the GSEs, but these loans will eventually be sold or securitized

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	21	80.8	11	78.6	10	83.3
Somewhat important	5	19.2	3	21.4	2	16.7
Very important	0	0.0	0	0.0	0	0.0
Total	26	100.0	14	100.0	12	100.0

f. Your bank has increased its repurchases of loans that had previously been originated and sold or securitized (include loans repurchased from the GSEs and other MBS investors)

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	23	92.0	11	84.6	12	100.0
Somewhat important	1	4.0	1	7.7	0	0.0
Very important	1	4.0	1	7.7	0	0.0
Total	25	100.0	13	100.0	12	100.0

g. Demand from the GSEs to purchase conforming loans from your bank has decreased

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	24	96.0	12	92.3	12	100.0
Somewhat important	1	4.0	1	7.7	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	25	100.0	13	100.0	12	100.0

h. Charge-offs or paydowns of your bank's existing closed-end residential real estate loan portfolio have decreased

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	21	80.8	10	71.4	11	91.7
Somewhat important	4	15.4	3	21.4	1	8.3
Very important	1	3.8	1	7.1	0	0.0
Total	26	100.0	14	100.0	12	100.0

15. Assuming that economic activity progresses in line with consensus forecasts, how does your bank expect its holdings of closed-end residential real estate loans to change over the first half of 2011? (Please disregard any increases in closed-end residential real estate loans that may owe to a merger of your bank with another institution.)

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Holdings will increase significantly	4	7.7	2	6.7	2	9.1
Holdings will increase somewhat	22	42.3	12	40.0	10	45.5
Holdings will stay about the same	19	36.5	12	40.0	7	31.8
Holdings will decrease somewhat	7	13.5	4	13.3	3	13.6
Holdings will decrease significantly	0	0.0	0	0.0	0	0.0
Total	52	100.0	30	100.0	22	100.0

Questions 16-21 *ask about consumer lending at your bank. Question 16 deals with changes in your bank's willingness to make consumer loans over the past three months. Questions 17-20 deal with changes in credit standards and loan terms over the same period. Question 21 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.*

16. 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	11	20.4	7	24.1	4	16.0
About unchanged	43	79.6	22	75.9	21	84.0
Somewhat less willing	0	0.0	0	0.0	0	0.0
Much less willing	0	0.0	0	0.0	0	0.0
Total	54	100.0	29	100.0	25	100.0

17. 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	1	2.5	1	4.3	0	0.0
Remained basically unchanged	34	85.0	17	73.9	17	100.0
Eased somewhat	5	12.5	5	21.7	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	40	100.0	23	100.0	17	100.0

18. 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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	52	96.3	28	96.6	24	96.0
Eased somewhat	2	3.7	1	3.4	1	4.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	29	100.0	25	100.0

19. 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	4	10.8	4	18.2	0	0.0
Remained basically unchanged	29	78.4	14	63.6	15	100.0
Eased somewhat	4	10.8	4	18.2	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	37	100.0	22	100.0	15	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	2	5.4	2	9.1	0	0.0
Remained basically unchanged	35	94.6	20	90.9	15	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	37	100.0	22	100.0	15	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	2	5.4	2	9.1	0	0.0
Remained basically unchanged	35	94.6	20	90.9	15	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	37	100.0	22	100.0	15	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	2	5.4	2	9.1	0	0.0
Remained basically unchanged	30	81.1	15	68.2	15	100.0
Eased somewhat	5	13.5	5	22.7	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	37	100.0	22	100.0	15	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	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	36	100.0	21	100.0	15	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	36	100.0	21	100.0	15	100.0

20. 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	2	3.8	1	3.4	1	4.2
Remained basically unchanged	48	90.6	26	89.7	22	91.7
Eased somewhat	2	3.8	2	6.9	0	0.0
Eased considerably	1	1.9	0	0.0	1	4.2
Total	53	100.0	29	100.0	24	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	0	0.0	0	0.0	0	0.0
Tightened somewhat	3	5.7	1	3.4	2	8.3
Remained basically unchanged	42	79.2	23	79.3	19	79.2
Eased somewhat	8	15.1	5	17.2	3	12.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	29	100.0	24	100.0

c. Minimum required down payment

	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	1.9	0	0.0	1	4.2
Remained basically unchanged	51	96.2	28	96.6	23	95.8
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

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	3	5.7	1	3.4	2	8.3
Remained basically unchanged	49	92.5	27	93.1	22	91.7
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

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	0	0.0	0	0.0	0	0.0
Tightened somewhat	3	5.7	2	6.9	1	4.2
Remained basically unchanged	49	92.5	26	89.7	23	95.8
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

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	1	1.9	0	0.0	1	4.0
Moderately stronger	8	14.8	4	13.8	4	16.0
About the same	39	72.2	23	79.3	16	64.0
Moderately weaker	5	9.3	2	6.9	3	12.0
Substantially weaker	1	1.9	0	0.0	1	4.0
Total	54	100.0	29	100.0	25	100.0

Question 22 *asks about changes in the sizes of credit lines to households and businesses at your bank over the past three months. If the sizes of credit lines at your bank have not changed, please report them as unchanged even if they are either larger or smaller than longer-term norms. If the sizes of credit lines at your bank have increased or decreased, please so report them regardless of whether they are larger or smaller than longer-term norms.*

22. 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	1	1.9	1	3.4	0	0.0
Increased somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	51	94.4	27	93.1	24	96.0
Decreased somewhat	2	3.7	1	3.4	1	4.0
Decreased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	29	100.0	25	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	2	5.4	1	4.5	1	6.7
Remained basically unchanged	31	83.8	19	86.4	12	80.0
Decreased somewhat	4	10.8	2	9.1	2	13.3
Decreased considerably	0	0.0	0	0.0	0	0.0
Total	37	100.0	22	100.0	15	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	3	7.7	1	4.2	2	13.3
Remained basically unchanged	34	87.2	21	87.5	13	86.7
Decreased somewhat	2	5.1	2	8.3	0	0.0
Decreased considerably	0	0.0	0	0.0	0	0.0
Total	39	100.0	24	100.0	15	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	1	1.9	1	3.4	0	0.0
Increased somewhat	4	7.5	2	6.9	2	8.3
Remained basically unchanged	45	84.9	24	82.8	21	87.5
Decreased somewhat	3	5.7	2	6.9	1	4.2
Decreased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	29	100.0	24	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	1	1.9	1	3.4	0	0.0
Remained basically unchanged	39	75.0	21	72.4	18	78.3
Decreased somewhat	7	13.5	5	17.2	2	8.7
Decreased considerably	5	9.6	2	6.9	3	13.0
Total	52	100.0	29	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	0	0.0	0	0.0	0	0.0
Increased somewhat	3	6.5	2	6.9	1	5.9
Remained basically unchanged	39	84.8	24	82.8	15	88.2
Decreased somewhat	3	6.5	2	6.9	1	5.9
Decreased considerably	1	2.2	1	3.4	0	0.0
Total	46	100.0	29	100.0	17	100.0

In recent quarters, loan delinquencies and charge-offs have declined in some loan classes while stabilizing or moving higher in other loan classes. ***Questions 23-25*** *ask about your bank's expectations for the behavior of these measures of loan quality in 2011. Question 23 asks about C&I loans to large and middle-market firms and to small firms. Question 24 asks about CRE loans, and question 25 asks about loans to households.*

23. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **C&I loans** to large and middle-market firms and to small firms in 2011?

A. Outlook for loan quality on C&I loans to large and middle-market firms:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Loan quality is likely to improve substantially	5	9.1	4	13.3	1	4.0
Loan quality is likely to improve somewhat	40	72.7	23	76.7	17	68.0
Loan quality is likely to stabilize around current levels	10	18.2	3	10.0	7	28.0
Loan quality is likely to deteriorate somewhat	0	0.0	0	0.0	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	55	100.0	30	100.0	25	100.0

B. Outlook for loan quality on C&I loans to small firms:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Loan quality is likely to improve substantially	1	1.9	1	3.6	0	0.0
Loan quality is likely to improve somewhat	37	69.8	20	71.4	17	68.0
Loan quality is likely to stabilize around current levels	15	28.3	7	25.0	8	32.0
Loan quality is likely to deteriorate somewhat	0	0.0	0	0.0	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	53	100.0	28	100.0	25	100.0

For this question, 2 respondents answered “My bank does not originate this type of loan.”

24. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **commercial real estate loans** in 2011?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Loan quality is likely to improve substantially	3	5.4	3	9.7	0	0.0
Loan quality is likely to improve somewhat	31	55.4	19	61.3	12	48.0
Loan quality is likely to stabilize around current levels	19	33.9	8	25.8	11	44.0
Loan quality is likely to deteriorate somewhat	3	5.4	1	3.2	2	8.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	56	100.0	31	100.0	25	100.0

25. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **loans to households** in 2011?

A. Outlook for loan quality on prime residential mortgage loans:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Loan quality is likely to improve substantially	1	1.8	1	3.3	0	0.0
Loan quality is likely to improve somewhat	25	45.5	16	53.3	9	36.0
Loan quality is likely to stabilize around current levels	25	45.5	11	36.7	14	56.0
Loan quality is likely to deteriorate somewhat	4	7.3	2	6.7	2	8.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	55	100.0	30	100.0	25	100.0

For this question, 2 respondents answered “My bank does not originate this type of loan.”

B. Outlook for loan quality on nontraditional residential mortgage loans:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Loan quality is likely to improve substantially	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	9	33.3	7	35.0	2	28.6
Loan quality is likely to stabilize around current levels	14	51.9	9	45.0	5	71.4
Loan quality is likely to deteriorate somewhat	4	14.8	4	20.0	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	27	100.0	20	100.0	7	100.0

For this question, 29 respondents answered “My bank does not originate this type of loan.”

C. Outlook for loan quality on subprime residential mortgage loans:

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

D. Outlook for loan quality on revolving home equity lines of credit:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Loan quality is likely to improve substantially	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	22	40.0	14	46.7	8	32.0
Loan quality is likely to stabilize around current levels	30	54.5	15	50.0	15	60.0
Loan quality is likely to deteriorate somewhat	3	5.5	1	3.3	2	8.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	55	100.0	30	100.0	25	100.0

For this question, 2 respondents answered “My bank does not originate this type of loan.”

E. Outlook for loan quality on credit card loans:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Loan quality is likely to improve substantially	2	5.4	2	9.5	0	0.0
Loan quality is likely to improve somewhat	19	51.4	12	57.1	7	43.8
Loan quality is likely to stabilize around current levels	15	40.5	7	33.3	8	50.0
Loan quality is likely to deteriorate somewhat	1	2.7	0	0.0	1	6.3
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	37	100.0	21	100.0	16	100.0

For this question, 14 respondents answered “My bank does not originate this type of loan.”

F. Outlook for loan quality on consumer loans other than credit cards:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Loan quality is likely to improve substantially	1	1.9	1	3.4	0	0.0
Loan quality is likely to improve somewhat	24	45.3	14	48.3	10	41.7
Loan quality is likely to stabilize around current levels	27	50.9	13	44.8	14	58.3
Loan quality is likely to deteriorate somewhat	1	1.9	1	3.4	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	53	100.0	29	100.0	24	100.0

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

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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 September 30, 2010. The combined assets of the 32 large banks totaled $6.7 trillion, compared to $7.0 trillion for the entire panel of 57 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 January 2011)

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	0	0.0
Remained basically unchanged	18	85.7
Eased somewhat	3	14.3
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	0	0.0
Tightened somewhat	1	4.8
Remained basically unchanged	17	81.0
Eased somewhat	3	14.3
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	0	0.0
Remained basically unchanged	17	85.0
Eased somewhat	3	15.0
Eased considerably	0	0.0
Total	20	100.0

c. Costs of credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	16	80.0
Eased somewhat	4	20.0
Eased considerably	0	0.0
Total	20	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	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	13	65.0
Eased somewhat	7	35.0
Eased considerably	0	0.0
Total	20	100.0

e. Premiums charged on riskier loans

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	15	75.0
Eased somewhat	5	25.0
Eased considerably	0	0.0
Total	20	100.0

f. Loan covenants

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	18	85.7
Eased somewhat	3	14.3
Eased considerably	0	0.0
Total	21	100.0

g. Collateralization requirements

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	21	100.0
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	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

b. Less favorable or more uncertain economic outlook

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

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

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

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

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

e. Reduced tolerance for risk

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

f. Decreased liquidity in the secondary market for these loans

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

g. Increase in defaults by borrowers in public debt markets

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

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

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

i. Increased concerns about the potential effects of legislative changes, supervisory actions, or accounting standards

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

b. More favorable or less uncertain economic outlook

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

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

	All Respondents	
	Banks	**Percent**
Not important	3	37.5
Somewhat important	4	50.0
Very important	1	12.5
Total	8	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	1	11.1
Somewhat important	5	55.6
Very important	3	33.3
Total	9	100.0

e. Increased tolerance for risk

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

f. Increased liquidity in the secondary market for these loans

	All Respondents	
	Banks	**Percent**
Not important	4	50.0
Somewhat important	4	50.0
Very important	0	0.0
Total	8	100.0

g. Reduction in defaults by borrowers in public debt markets

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

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

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

i. Reduced concerns about the potential effects of legislative changes, supervisory actions, or accounting standards

	All Respondents	
	Banks	**Percent**
Not important	8	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	8	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	4	19.0
About the same	15	71.4
Moderately weaker	2	9.5
Substantially weaker	0	0.0
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	1	33.3
Somewhat important	2	66.7
Very important	0	0.0
Total	3	100.0

b. Customer accounts receivable 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

c. Customer investment in plant or equipment increased

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

d. Customer internally generated funds decreased

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

e. Customer merger or acquisition 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

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	1	33.3
Somewhat important	2	66.7
Very important	0	0.0
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	1	50.0
Somewhat important	1	50.0
Very important	0	0.0
Total	2	100.0

b. Customer accounts receivable financing needs decreased

	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 decreased

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

d. Customer internally generated funds increased

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

e. Customer merger or acquisition financing needs decreased

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	0	0.0
Very important	2	100.0
Total	2	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	1	50.0
Somewhat important	0	0.0
Very important	1	50.0
Total	2	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 or increased 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	5	25.0
The number of inquiries has stayed about the same	15	75.0
The number of inquiries has decreased moderately	0	0.0
The number of inquiries has decreased substantially	0	0.0
Total	20	100.0

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

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

	All Respondents	
	Banks	**Percent**
Tightened considerably	1	7.7
Tightened somewhat	2	15.4
Remained basically unchanged	9	69.2
Eased somewhat	0	0.0
Eased considerably	1	7.7
Total	13	100.0

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

	All Respondents	
	Banks	**Percent**
Substantially stronger	1	7.7
Moderately stronger	3	23.1
About the same	8	61.5
Moderately weaker	1	7.7
Substantially weaker	0	0.0
Total	13	100.0

Question 9 *focuses on changes in your bank's policies on CRE loans over the past year. If your bank's lending policies have not changed over the past year, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's policies have tightened or eased over the past year, please report these changes regardless of how your bank's policies stand relative to longer-term norms.*

9. Over the past year, how has your bank changed the following policies on CRE loans?

a. Maximum loan size

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	8.3
Remained basically unchanged	5	41.7
Eased somewhat	5	41.7
Eased considerably	1	8.3
Total	12	100.0

b. Maximum loan maturity

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	11	91.7
Eased somewhat	1	8.3
Eased considerably	0	0.0
Total	12	100.0

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

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	8.3
Remained basically unchanged	8	66.7
Eased somewhat	3	25.0
Eased considerably	0	0.0
Total	12	100.0

d. Loan-to-value ratios

	All Respondents	
	Banks	**Percent**
Tightened considerably	1	8.3
Tightened somewhat	0	0.0
Remained basically unchanged	9	75.0
Eased somewhat	2	16.7
Eased considerably	0	0.0
Total	12	100.0

e. Requirements for take-out financing

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	8.3
Remained basically unchanged	11	91.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	12	100.0

f. Debt-service coverage ratios

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	10	83.3
Eased somewhat	2	16.7
Eased considerably	0	0.0
Total	12	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	5	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	5	100.0

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

	All Respondents	
	Banks	**Percent**
Increased considerably	0	0.0
Increased somewhat	5	23.8
Remained basically unchanged	16	76.2
Decreased somewhat	0	0.0
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	0	0.0
Remained basically unchanged	7	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	7	100.0

d. Lines of credit for financial firms

	All Respondents	
	Banks	**Percent**
Increased considerably	0	0.0
Increased somewhat	2	14.3
Remained basically unchanged	12	85.7
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	14	100.0

In recent quarters, loan delinquencies and charge-offs have declined in some loan classes while stabilizing or moving higher in other loan classes. ***Questions 11-12*** *ask about your bank's expectations for the behavior of these measures of loan quality in 2011. Question 11 asks about C&I loans to large and middle-market firms and to small firms. Question 12 asks about CRE loans.*

11. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **C&I loans** to large and middle-market firms and to small firms in 2011?

A. Outlook for loan quality on C&I loans to large and middle-market firms:

	All Respondents	
	Banks	**Percent**
Loan quality is likely to improve substantially	2	10.0
Loan quality is likely to improve somewhat	15	75.0
Loan quality is likely to stabilize around current levels	3	15.0
Loan quality is likely to deteriorate somewhat	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	20	100.0

B. Outlook for loan quality on C&I loans to small firms:

	All Respondents	
	Banks	**Percent**
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	5	71.4
Loan quality is likely to stabilize around current levels	2	28.6
Loan quality is likely to deteriorate somewhat	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	7	100.0

For this question, 6 respondents answered “My bank does not originate this type of loan.”

12. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **commercial real estate loans** in 2011?

	All Respondents	
	Banks	**Percent**
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	5	45.5
Loan quality is likely to stabilize around current levels	6	54.5
Loan quality is likely to deteriorate somewhat	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	11	100.0

For this question, 3 respondents answered “My bank does not originate this type of loan.”

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1. As of September 30, 2010, the 22 respondents had combined assets of $1.1 trillion, compared to $2.0 trillion for all foreign related banking institutions in the United States. The sample is selected from among the largest foreign-related banking institutions in those Federal Reserve Districts where such institutions are common.