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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 2012 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 2012 Senior Loan Officer Opinion Survey on Bank Lending Practices

The January 2012 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 lending to firms with European exposures; the second set asked banks about changes in their lending policies on commercial real estate (CRE) loans over the past year; and the third set asked banks about their outlook for credit quality in 2012. This summary is based on responses from 56 domestic banks and 23 U.S. branches and agencies of foreign banks.[1]

Overall, in the January survey, domestic banks reported that their lending standards had changed little and that they had experienced somewhat stronger loan demand, on net, over the past three months. Foreign respondents, which mainly lend to businesses, reported a net tightening of their lending standards while loan demand was about unchanged.[2]

Regarding business loans, domestic banks reported, on balance, little change in standards on commercial and industrial (C&I) loans but a continued easing of pricing terms on such loans during the fourth quarter. Domestic banks reportedly experienced stronger demand for C&I loans from firms of all sizes on net. The net fraction of banks reporting increased demand from small firms rose to its highest level since 2005.[3] Foreign respondents reported having tightened both standards and terms on C&I loans, on net, and they indicated that loan demand had been about unchanged over the past three months. Domestic banks continued to report little change in their standards for CRE loans, but modest net fractions had eased some loan terms over the past year. Moderate net fractions of domestic banks reported that demand for CRE loans had strengthened in the fourth quarter. Modest net fractions of foreign respondents reported having tightened standards for CRE loans. Foreign respondents also reported, on balance, little change in demand for such loans.

On the household side, lending standards and demand for loans to purchase residential real estate were reportedly little changed over the fourth quarter on net. Standards on home equity lines of credit (HELOCs) were about unchanged, while demand for such loans weakened on balance. Moderate net fractions of banks reported that they had eased

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[1] Respondent banks received the survey on or after December 21, 2011, and responses were due by January 10, 2012.

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

[3] The survey suggests that respondents define *large and middle-market firms* as firms with annual sales of $50 million or more and *small firms* as those with annual sales of less than $50 million.

standards on all types of consumer loans over the past three months, and some banks also eased terms on auto loans. Demand for credit card and auto loans reportedly had increased somewhat, while demand for other types of consumer loans was about unchanged.

Business Lending
(Table 1, questions 1-13; Table 2, questions 1-12)

Questions on commercial and industrial lending. Domestic banks reported that their credit standards on C&I loans to firms of all sizes were little changed over the fourth quarter on net. In contrast, U.S. branches and agencies of foreign banks reportedly tightened their standards on C&I loans for the second consecutive quarter on balance.

A large net fraction of domestic banks reportedly eased pricing terms on C&I loans to firms of all sizes over the past three months. A moderate net fraction of banks also indicated a reduction in their use of interest rate floors. Domestic banks that reported having eased terms on C&I loans unanimously cited increased competition from other banks and nonbank lenders as a reason for having done so. The handful of banks that reported having tightened standards or at least one C&I loan term primarily cited a less favorable or more uncertain economic outlook and increased concerns about legislative, supervisory, or accounting policies.

Meanwhile, foreign survey respondents reported that they continued to tighten terms on C&I loans on net. Moderate net fractions of foreign respondents reduced the maximum size of credit lines, increased the cost of such credit lines, and reduced the maximum maturity of C&I loans. Foreign respondents that reported having tightened their standards or terms on C&I loans unanimously cited a less favorable or more uncertain economic outlook, and 80 percent cited a deterioration in their current or expected liquidity position.

Reports from domestic banks of stronger demand for C&I loans outnumbered reports of weaker demand, in contrast to the net weakening of loan demand reported in the previous survey. About 15 percent of domestic banks, on net, reported increased demand for C&I loans from small firms, the largest net percentage that has been reported since 2005. Similarly, domestic banks reported a net increase in the number of inquiries from potential business borrowers regarding new or increased credit lines. Domestic banks that saw weaker demand for C&I loans and those that saw stronger demand both cited changes in customers' funding needs related to inventories, accounts receivable, and mergers and acquisitions as important factors underlying the change in demand. Of domestic banks reporting weaker loan demand, about 85 percent cited customers' reduced funding needs for capital investment. Foreign respondents experienced little change, on net, in demand for C&I loans.

Special questions on lending to firms with European exposures. A set of special questions in the January survey asked respondents about lending to banks headquartered in Europe and their affiliates and subsidiaries (regardless of the location of the affiliates and subsidiaries) as well as to nonfinancial firms that have operations in the United States and significant exposures to European economies (regardless of the location of the firms). These questions were also asked in the previous survey, conducted in October 2011. An additional special question asked domestic banks if they had experienced increased business because of reduced competition from European banks.

Large fractions of domestic and foreign respondents again reported having tightened standards on loans to European banks or their affiliates and subsidiaries. There was more widespread tightening of standards than in the previous survey on loans to nonfinancial firms that have operations in the United States and significant exposures to European economies. Demand for credit was reportedly little changed, on net, from European banks (or their affiliates and subsidiaries) and from nonfinancial firms with significant European exposures.

A new special question asked if domestic respondents had experienced an increase in business over the past six months as a result of decreased competition from European banks (or their affiliates and subsidiaries). About half of the respondents who reported competing with European banks noted such an increase in business.

Questions on commercial real estate lending. Domestic banks continued to report little change in their standards on CRE loans. A moderate net fraction of foreign survey respondents reportedly tightened their standards on such loans. Moderate fractions of domestic banks reported that demand for CRE loans had strengthened, on net, over the past three months. In contrast, the foreign respondents reported that demand for CRE loans was little changed over that period.

Special question on commercial real estate lending. The January survey also included a question regarding changes in terms on CRE loans over the past year (repeated annually since 2001). During the past 12 months, on net, some domestic banks reportedly eased maximum CRE loan sizes and many domestic banks trimmed loan rate spreads. A few large domestic banks, on balance, reported that they had lengthened maximum loan maturities.[4] Other terms for CRE loans were reportedly little changed. The January results were the first in five years to find a net easing in some of the CRE loan terms covered in the survey.

Foreign respondents reported having tightened some terms and eased others on CRE loans over the past year. On balance, about 15 percent of foreign respondents reported that they had tightened debt service coverage ratios, but about 15 percent reported that they had increased maximum loan sizes. Other terms for CRE loans were reportedly little changed on balance.

[4] *Large banks* are defined as banks with assets greater than or equal to $20 billion as of September 30, 2011, and *other banks* as those with assets of less than $20 billion.

Lending to Households
(Table 1, questions 14-27)

Questions on residential real estate lending. Most banks reported that lending standards for, and demand from, prime borrowers for residential real estate loans to purchase homes were little changed over the past three months. In addition, most banks continued to report little change in their lending standards for HELOCs, a pattern seen since the beginning of 2011. Meanwhile, the demand for such loans continued to weaken on net.

Questions on consumer lending. As in the previous three surveys, small fractions of domestic banks reported having eased standards on credit card, auto, and other consumer loans. Modest net fractions of banks continued to report having narrowed loan rate spreads and lengthened maximum maturities on auto loans. However, other terms across the categories of consumer loans were little changed on net.

A few banks, on balance, reported stronger demand for auto loans, with such reports coming primarily from large banks. A few small banks reported stronger demand for credit card loans. Demand for other consumer loans was reportedly about unchanged.

Special questions on banks' outlook for asset quality in 2012.
(Table 1, questions 28-30; Table 2, questions 13-14)

The January survey contained 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. These questions have been asked once each year for the past six years. Overall, between 15 and 60 percent of domestic banks, on net, expected improvements in delinquency and charge-off rates during 2012 in the major loan categories included in the survey. Expectations for improvement in 2012 were less widespread than they were a year ago, but last year's expectations were the highest in the history of the question.

In this year's survey, banks were least likely to forecast improvement in the quality of consumer loans, likely in part because measures of consumer loan quality are already quite positive. About 20 percent of banks, on net, expected improvement in credit card loans, and a similar fraction projected improvement in other consumer loans.

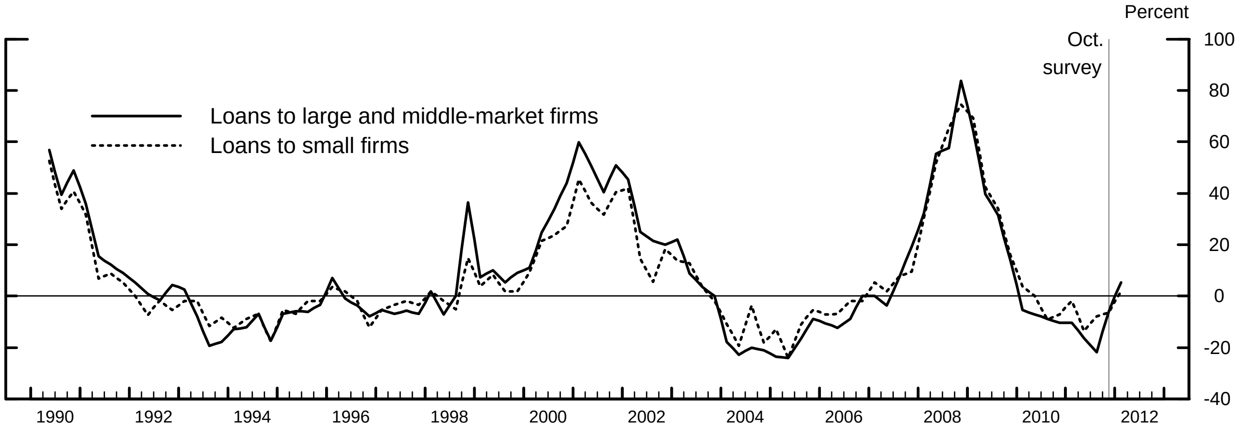
Expectations for improvements this year in the asset quality of prime residential real estate loans and for HELOCs stayed roughly the same as last year, with a bit more than one-third of the respondents anticipating an improvement in the quality of such loans. More survey respondents expect the asset quality of nontraditional residential real estate loans to improve in 2012 than did last year. About 55 percent of banks, on net, anticipate that delinquency and charge-off rates on such nontraditional loans will decline this year compared with about 20 percent of the respondents to last year's survey.

Regarding the outlook for the quality of business loans, about 50 percent of domestic banks, on net, expect a decline in the delinquency and charge-off rates on their C&I loans both to large and middle-market firms and to small firms. Smaller domestic respondents were more likely to expect improvements in C&I loan quality this year than their larger counterparts. About 60 percent of domestic banks indicated that they expect improvement in the quality of CRE loans this year. In contrast, foreign respondents, on net, anticipated no improvement in the quality of their C&I loans this year, and about 25 percent of these respondents forecast improvement in the quality of their CRE loans.

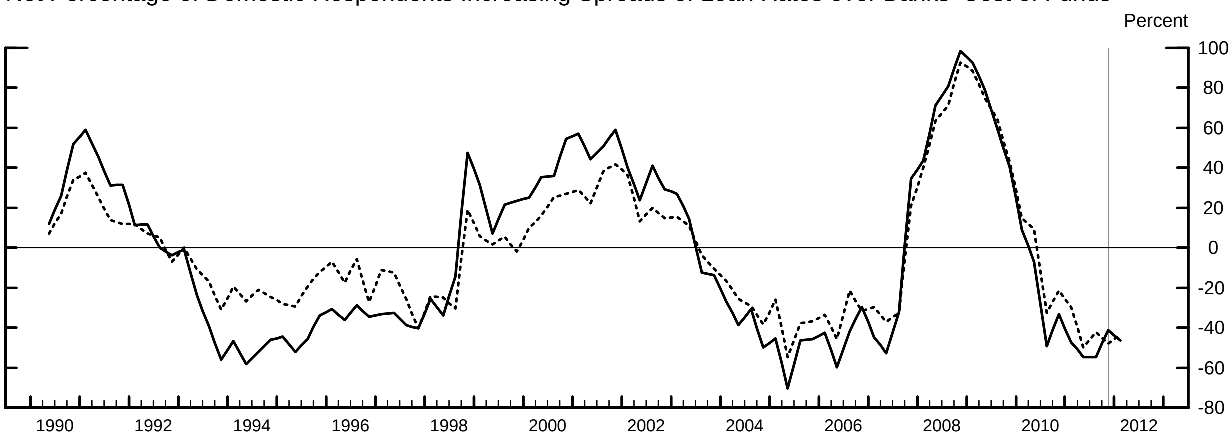
This document was prepared by Cindy Vojtech with the assistance of Sam Levine, Division of Monetary Affairs, Board of Governors of the Federal Reserve System.

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

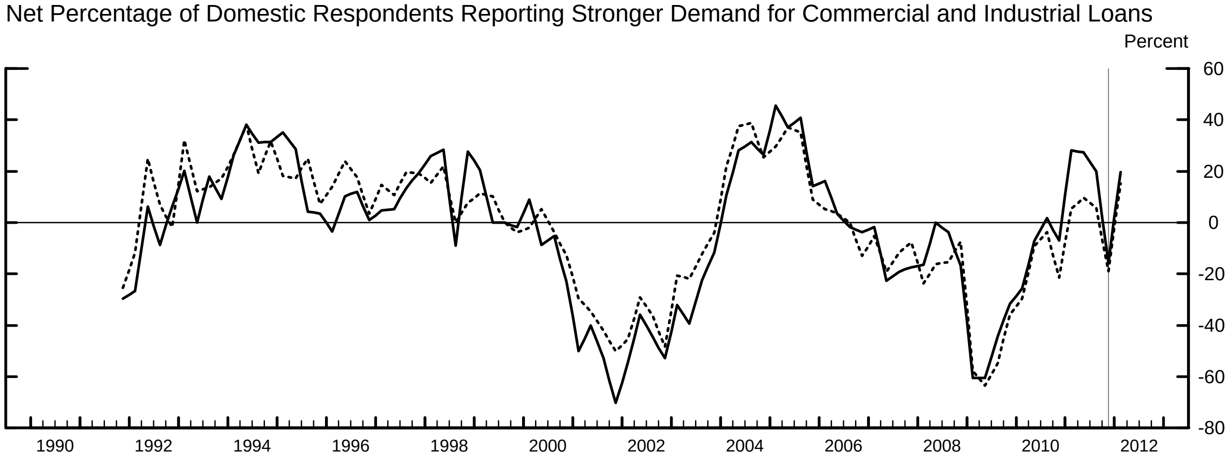
Net Percentage of Domestic Respondents Tightening Standards for Commercial and Industrial Loans



Net Percentage of Domestic Respondents Increasing Spreads of Loan Rates over Banks’ Cost of Funds

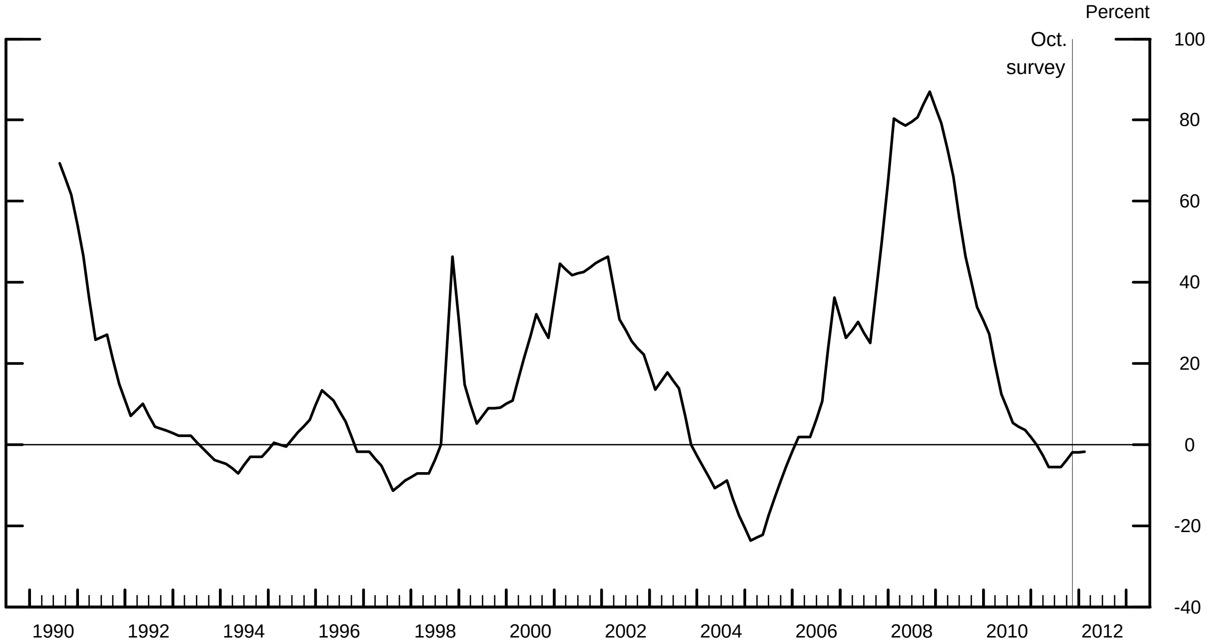


Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial and Industrial Loans

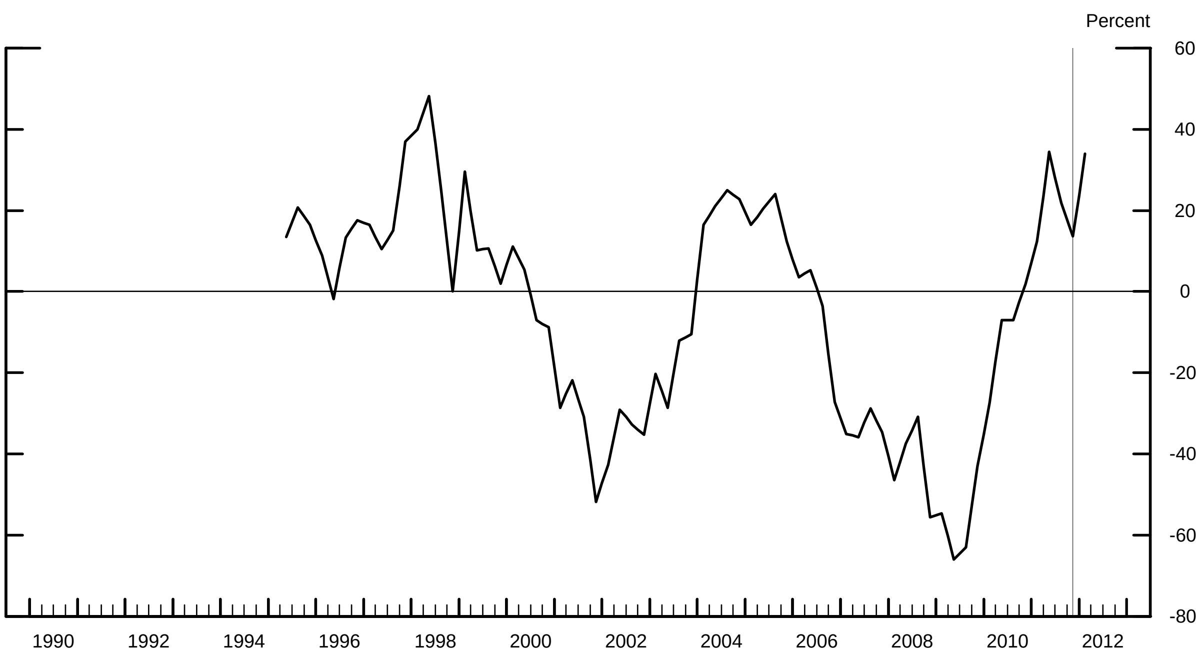


Measures of Supply and Demand for Commercial Real Estate Loans

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

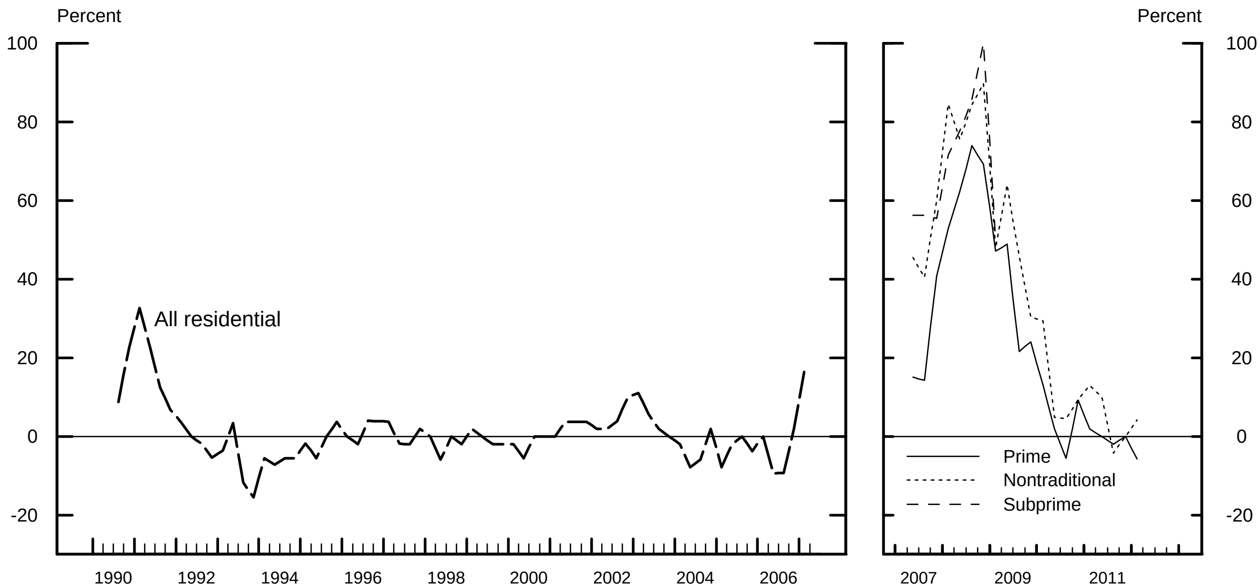


Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial Real Estate Loans



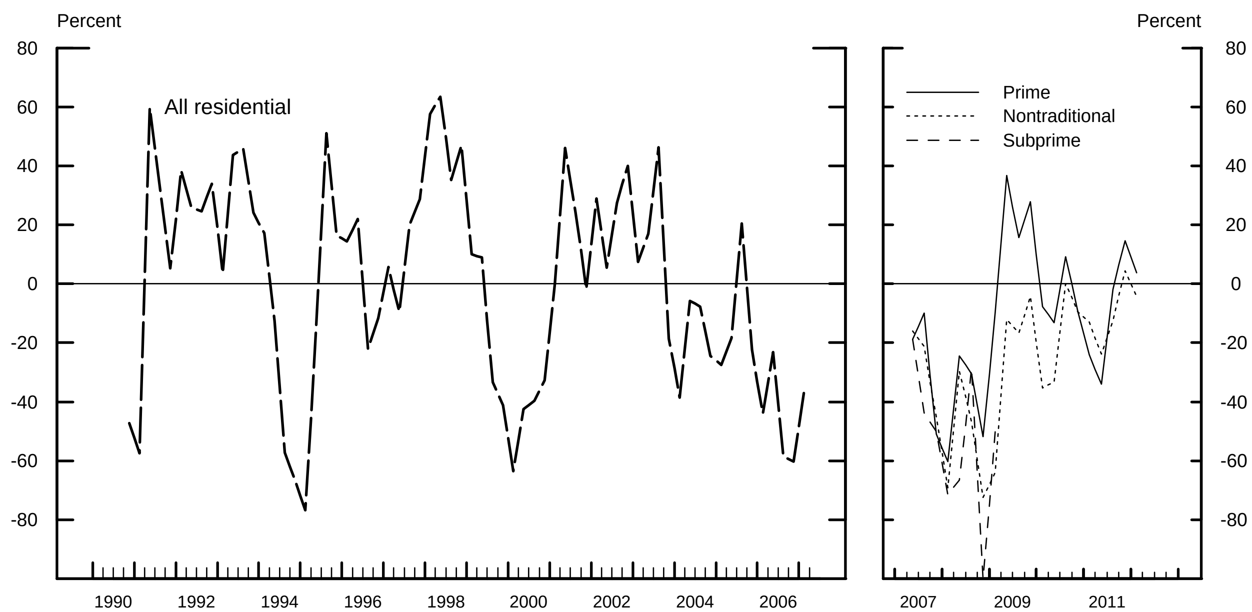
Measures of Supply and Demand for Residential Mortgage Loans

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.

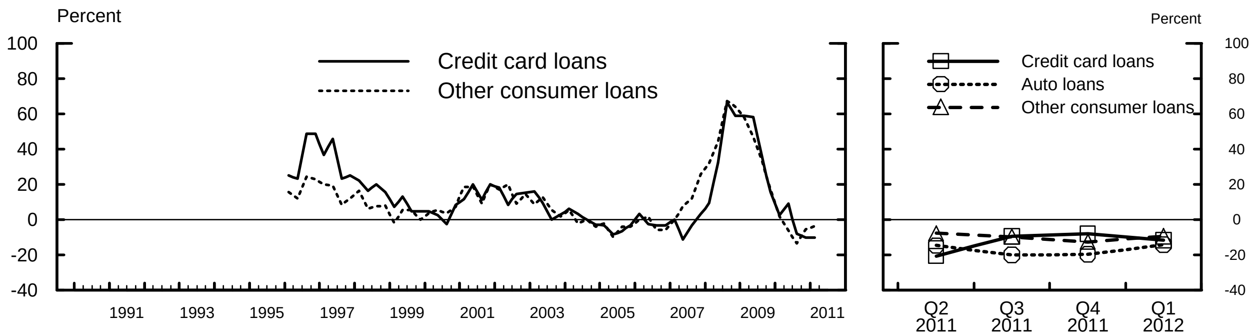
Net Percentage of Domestic Respondents Reporting Stronger Demand for Residential Mortgage Loans



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.

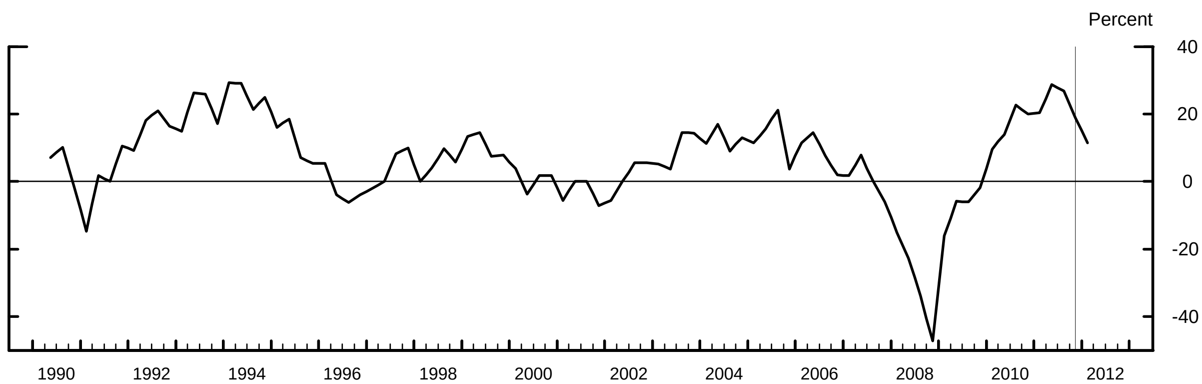
Measures of Supply and Demand for Consumer Loans

Net Percentage of Domestic Respondents Tightening Standards for Consumer Loans

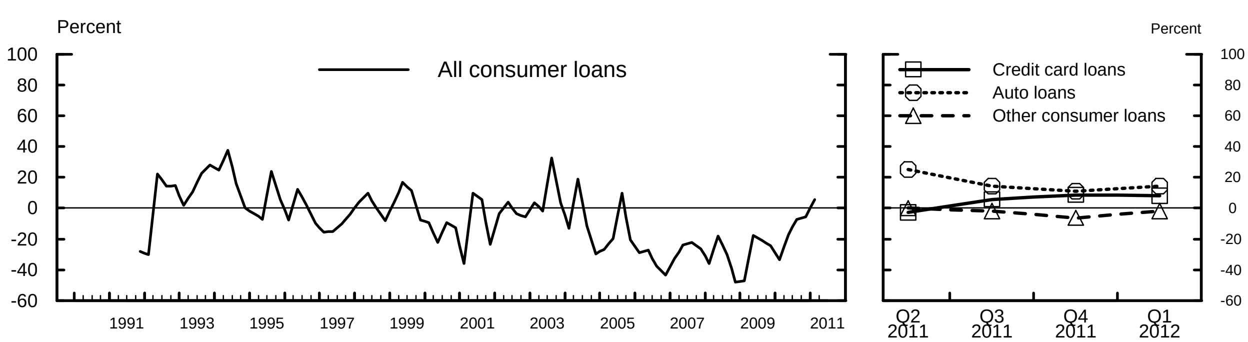


Note: For data starting in 2011:Q2, changes in standards for auto loans and consumer loans excluding credit card and auto loans are reported separately. In 2011:Q2 only, new and used auto loans are reported separately and equally weighted to calculate the auto loans series.

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



Net Percentage of Domestic Respondents Reporting Stronger Demand for Consumer Loans



Note: For data starting in 2011:Q2, changes in demand for credit card loans, auto loans, and consumer loans excluding credit card and auto loans are reported separately.

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 2012)

***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	3	5.4	2	5.9	1	4.5
Remained basically unchanged	53	94.6	32	94.1	21	95.5
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	34	100.0	22	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	3.8	1	3.2	1	4.5
Remained basically unchanged	50	94.3	29	93.5	21	95.5
Eased somewhat	1	1.9	1	3.2	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	31	100.0	22	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	4	7.1	3	8.8	1	4.5
Remained basically unchanged	45	80.4	25	73.5	20	90.9
Eased somewhat	7	12.5	6	17.6	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	34	100.0	22	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	1	2.9	0	0.0
Remained basically unchanged	50	89.3	28	82.4	22	100.0
Eased somewhat	5	8.9	5	14.7	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	34	100.0	22	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	1	1.8	1	2.9	0	0.0
Remained basically unchanged	40	71.4	25	73.5	15	68.2
Eased somewhat	15	26.8	8	23.5	7	31.8
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	34	100.0	22	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	1	1.8	1	2.9	0	0.0
Remained basically unchanged	28	50.0	19	55.9	9	40.9
Eased somewhat	27	48.2	14	41.2	13	59.1
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	34	100.0	22	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	5	8.9	4	11.8	1	4.5
Remained basically unchanged	48	85.7	28	82.4	20	90.9
Eased somewhat	3	5.4	2	5.9	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	34	100.0	22	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	3	5.4	2	5.9	1	4.5
Remained basically unchanged	48	85.7	28	82.4	20	90.9
Eased somewhat	5	8.9	4	11.8	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	34	100.0	22	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	2	3.6	1	2.9	1	4.5
Remained basically unchanged	53	94.6	32	94.1	21	95.5
Eased somewhat	1	1.8	1	2.9	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	34	100.0	22	100.0

h. Use of interest rate floors (more use=tightened, less use=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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	34	63.0	20	62.5	14	63.6
Eased somewhat	17	31.5	11	34.4	6	27.3
Eased considerably	3	5.6	1	3.1	2	9.1
Total	54	100.0	32	100.0	22	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	3.8	1	3.2	1	4.5
Remained basically unchanged	49	92.5	29	93.5	20	90.9
Eased somewhat	2	3.8	1	3.2	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	31	100.0	22	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	1.9	1	3.2	0	0.0
Remained basically unchanged	49	92.5	27	87.1	22	100.0
Eased somewhat	3	5.7	3	9.7	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	31	100.0	22	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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	43	81.1	26	83.9	17	77.3
Eased somewhat	10	18.9	5	16.1	5	22.7
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	31	100.0	22	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	1	1.9	1	3.2	0	0.0
Remained basically unchanged	28	52.8	16	51.6	12	54.5
Eased somewhat	24	45.3	14	45.2	10	45.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	31	100.0	22	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	2	3.8	1	3.2	1	4.5
Remained basically unchanged	48	90.6	28	90.3	20	90.9
Eased somewhat	3	5.7	2	6.5	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	31	100.0	22	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	3	5.7	2	6.5	1	4.5
Remained basically unchanged	45	84.9	25	80.6	20	90.9
Eased somewhat	5	9.4	4	12.9	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	31	100.0	22	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	1	1.9	1	3.2	0	0.0
Remained basically unchanged	49	92.5	27	87.1	22	100.0
Eased somewhat	3	5.7	3	9.7	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	31	100.0	22	100.0

h. Use of interest rate floors (more use=tightened, less use=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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	34	65.4	20	66.7	14	63.6
Eased somewhat	16	30.8	9	30.0	7	31.8
Eased considerably	2	3.8	1	3.3	1	4.5
Total	52	100.0	30	100.0	22	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	6	75.0	4	66.7	2	100.0
Somewhat important	2	25.0	2	33.3	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	8	100.0	6	100.0	2	100.0

b. Less favorable or more uncertain economic outlook

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	1	12.5	1	16.7	0	0.0
Somewhat important	6	75.0	4	66.7	2	100.0
Very important	1	12.5	1	16.7	0	0.0
Total	8	100.0	6	100.0	2	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	6	75.0	5	83.3	1	50.0
Somewhat important	2	25.0	1	16.7	1	50.0
Very important	0	0.0	0	0.0	0	0.0
Total	8	100.0	6	100.0	2	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	6	75.0	4	66.7	2	100.0
Somewhat important	2	25.0	2	33.3	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	8	100.0	6	100.0	2	100.0

e. Reduced tolerance for risk

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	3	37.5	3	50.0	0	0.0
Somewhat important	3	37.5	2	33.3	1	50.0
Very important	2	25.0	1	16.7	1	50.0
Total	8	100.0	6	100.0	2	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	6	75.0	4	66.7	2	100.0
Somewhat important	1	12.5	1	16.7	0	0.0
Very important	1	12.5	1	16.7	0	0.0
Total	8	100.0	6	100.0	2	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	7	87.5	5	83.3	2	100.0
Somewhat important	1	12.5	1	16.7	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	8	100.0	6	100.0	2	100.0

h. 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	3	37.5	2	33.3	1	50.0
Somewhat important	3	37.5	3	50.0	0	0.0
Very important	2	25.0	1	16.7	1	50.0
Total	8	100.0	6	100.0	2	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	30	100.0	18	100.0	12	100.0
Somewhat important	0	0.0	0	0.0	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	30	100.0	18	100.0	12	100.0

b. More favorable or less uncertain economic outlook

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	22	73.3	11	61.1	11	91.7
Somewhat important	8	26.7	7	38.9	1	8.3
Very important	0	0.0	0	0.0	0	0.0
Total	30	100.0	18	100.0	12	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	25	86.2	15	83.3	10	90.9
Somewhat important	4	13.8	3	16.7	1	9.1
Very important	0	0.0	0	0.0	0	0.0
Total	29	100.0	18	100.0	11	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	0	0.0	0	0.0	0	0.0
Somewhat important	17	54.8	8	42.1	9	75.0
Very important	14	45.2	11	57.9	3	25.0
Total	31	100.0	19	100.0	12	100.0

e. Increased tolerance for risk

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	25	83.3	13	72.2	12	100.0
Somewhat important	5	16.7	5	27.8	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	30	100.0	18	100.0	12	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	15	83.3	9	75.0
Somewhat important	5	16.7	2	11.1	3	25.0
Very important	1	3.3	1	5.6	0	0.0
Total	30	100.0	18	100.0	12	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	26	86.7	17	94.4	9	75.0
Somewhat important	3	10.0	1	5.6	2	16.7
Very important	1	3.3	0	0.0	1	8.3
Total	30	100.0	18	100.0	12	100.0

h. 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	29	96.7	17	94.4	12	100.0
Somewhat important	1	3.3	1	5.6	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	30	100.0	18	100.0	12	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	0	0.0	1	4.5
Moderately stronger	16	28.6	11	32.4	5	22.7
About the same	33	58.9	19	55.9	14	63.6
Moderately weaker	6	10.7	4	11.8	2	9.1
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	56	100.0	34	100.0	22	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	14	26.4	8	25.8	6	27.3
About the same	33	62.3	19	61.3	14	63.6
Moderately weaker	6	11.3	4	12.9	2	9.1
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	53	100.0	31	100.0	22	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	7	35.0	6	46.2	1	14.3
Somewhat important	13	65.0	7	53.8	6	85.7
Very important	0	0.0	0	0.0	0	0.0
Total	20	100.0	13	100.0	7	100.0

b. Customer accounts receivable financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	7	35.0	6	46.2	1	14.3
Somewhat important	13	65.0	7	53.8	6	85.7
Very important	0	0.0	0	0.0	0	0.0
Total	20	100.0	13	100.0	7	100.0

c. Customer investment in plant or equipment increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	9	45.0	8	61.5	1	14.3
Somewhat important	10	50.0	5	38.5	5	71.4
Very important	1	5.0	0	0.0	1	14.3
Total	20	100.0	13	100.0	7	100.0

d. Customer internally generated funds decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	17	89.5	11	84.6	6	100.0
Somewhat important	2	10.5	2	15.4	0	0.0
Very important	0	0.0	0	0.0	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	5	26.3	3	23.1	2	33.3
Somewhat important	12	63.2	8	61.5	4	66.7
Very important	2	10.5	2	15.4	0	0.0
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	10	50.0	5	38.5	5	71.4
Somewhat important	8	40.0	6	46.2	2	28.6
Very important	2	10.0	2	15.4	0	0.0
Total	20	100.0	13	100.0	7	100.0

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

a. Customer inventory financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	3	42.9	2	40.0	1	50.0
Somewhat important	4	57.1	3	60.0	1	50.0
Very important	0	0.0	0	0.0	0	0.0
Total	7	100.0	5	100.0	2	100.0

b. Customer accounts receivable financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	3	42.9	2	40.0	1	50.0
Somewhat important	4	57.1	3	60.0	1	50.0
Very important	0	0.0	0	0.0	0	0.0
Total	7	100.0	5	100.0	2	100.0

c. Customer investment in plant or equipment decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	1	14.3	0	0.0	1	50.0
Somewhat important	4	57.1	4	80.0	0	0.0
Very important	2	28.6	1	20.0	1	50.0
Total	7	100.0	5	100.0	2	100.0

d. Customer internally generated funds increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	2	33.3	1	25.0	1	50.0
Somewhat important	4	66.7	3	75.0	1	50.0
Very important	0	0.0	0	0.0	0	0.0
Total	6	100.0	4	100.0	2	100.0

e. Customer merger or acquisition financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	2	28.6	2	40.0	0	0.0
Somewhat important	3	42.9	2	40.0	1	50.0
Very important	2	28.6	1	20.0	1	50.0
Total	7	100.0	5	100.0	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		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	6	85.7	5	100.0	1	50.0
Somewhat important	1	14.3	0	0.0	1	50.0
Very important	0	0.0	0	0.0	0	0.0
Total	7	100.0	5	100.0	2	100.0

6. At your bank, apart from seasonal variation, 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	2.9	0	0.0
The number of inquiries has increased moderately	12	21.4	8	23.5	4	18.2
The number of inquiries has stayed about the same	37	66.1	21	61.8	16	72.7
The number of inquiries has decreased moderately	6	10.7	4	11.8	2	9.1
The number of inquiries has decreased substantially	0	0.0	0	0.0	0	0.0
Total	56	100.0	34	100.0	22	100.0

The ongoing fiscal and financial strains in Europe may have affected lending conditions for nonfinancial companies that have operations in the United States and significant exposure to European economies, as well as banks headquartered in Europe and their affiliates and subsidiaries. ***Question 7*** *deals with changes in your bank's lending policies toward both types of firms over the past three months. In addition, developments in Europe may have affected these firms' demand for credit from U.S. banks.* ***Questions 8-9*** *deal with such changes in demand.* ***Question 10*** *asks about increases in business as a result of change in competition from European banks and their affiliates and subsidiaries.*

In answering these questions, please consider your bank's C&I lending to all nonfinancial companies with operations in the United States and significant exposure to European economies (that is, please consider your bank's C&I loans both to European firms that are located in the United States and to domestic firms that conduct a significant portion of their business with European firms). With regard to banks, please consider your bank's lending, or extension of credit lines, to banks headquartered in Europe and to the affiliates and subsidiaries of European banks regardless of the location of those affiliates and subsidiaries.

7. Over the past three months, how have your bank's credit standards and terms for approving applications for loans or credit lines—other than those to be used to finance mergers and acquisitions—for the following types of firms changed?

A. Nonfinancial companies that have operations in the United States and significant exposure to European economies (as described in the introduction to these special questions)

	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	37.1	13	46.4	0	0.0
Remained basically unchanged	22	62.9	15	53.6	7	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	35	100.0	28	100.0	7	100.0

For this question, 21 respondents answered “My bank does not make loans or extend credit lines to nonfinancial companies that have operations in the United States and significant exposure to European economies.”

B. Banks headquartered in Europe and their affiliates and subsidiaries (as described in the introduction to these special questions)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	5	19.2	5	21.7	0	0.0
Tightened somewhat	10	38.5	10	43.5	0	0.0
Remained basically unchanged	11	42.3	8	34.8	3	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	26	100.0	23	100.0	3	100.0

For this question, 30 respondents answered “My bank does not make loans or extend credit lines to banks headquartered in Europe or their affiliates or subsidiaries.”

8. Over the past three months and apart from normal seasonal variation, how has demand for loans at your bank from the following types of firms changed? (Please consider only funds actually disbursed as opposed to requests for new or increased lines of credit.)

A. Nonfinancial companies with operations in the United States and significant exposures to European economies (as described in the introduction to these special questions)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	3	8.6	3	10.7	0	0.0
About the same	29	82.9	22	78.6	7	100.0
Moderately weaker	3	8.6	3	10.7	0	0.0
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	35	100.0	28	100.0	7	100.0

For this question, 21 respondents answered “My bank does not make loans or extend credit lines to nonfinancial companies that have operations in the United States and significant exposure to European economies.”

B. Banks headquartered in Europe and their affiliates and subsidiaries (as described in the introduction to these special questions)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	1	3.8	1	4.3	0	0.0
Moderately stronger	2	7.7	2	8.7	0	0.0
About the same	21	80.8	18	78.3	3	100.0
Moderately weaker	1	3.8	1	4.3	0	0.0
Substantially weaker	1	3.8	1	4.3	0	0.0
Total	26	100.0	23	100.0	3	100.0

For this question, 30 respondents answered “My bank does not make loans or extend credit lines to banks headquartered in Europe or their affiliates or subsidiaries.”

9. Over the past three months, how has the number of inquiries at your bank regarding the availability and terms of new credit lines or increases in existing lines from the following types of firms changed? (Please consider only inquiries for additional or increased lines as opposed to the refinancing of existing loans.)

A. Nonfinancial companies with operations in the United States and significant exposures to European economies (as described in the introduction to these special questions)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
The number of inquiries has increased substantially	0	0.0	0	0.0	0	0.0
The number of inquiries has increased moderately	4	11.4	4	14.3	0	0.0
The number of inquiries has stayed about the same	29	82.9	22	78.6	7	100.0
The number of inquiries has decreased moderately	2	5.7	2	7.1	0	0.0
The number of inquiries has decreased substantially	0	0.0	0	0.0	0	0.0
Total	35	100.0	28	100.0	7	100.0

For this question, 21 respondents answered “My bank does not make loans or extend credit lines to nonfinancial companies that have operations in the United States and significant exposure to European economies.”

B. Banks headquartered in Europe and their affiliates and subsidiaries (as described in the introduction to these special questions)

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
The number of inquiries has increased substantially	1	4.0	1	4.3	0	0.0
The number of inquiries has increased moderately	2	8.0	2	8.7	0	0.0
The number of inquiries has stayed about the same	20	80.0	18	78.3	2	100.0
The number of inquiries has decreased moderately	1	4.0	1	4.3	0	0.0
The number of inquiries has decreased substantially	1	4.0	1	4.3	0	0.0
Total	25	100.0	23	100.0	2	100.0

For this question, 30 respondents answered “My bank does not make loans or extend credit lines to banks headquartered in Europe or their affiliates or subsidiaries.”

10. Over the past six months, to what extent has your bank experienced an increase in business, with either foreign or domestic customers, as a result of decreased competition from European banks and their affiliates and subsidiaries?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
My bank has not experienced a decrease in competition from European banks	4	7.3	3	9.1	1	4.5
My bank does not compete with European banks for our business	22	40.0	5	15.2	17	77.3
Such decreased competition has not appreciably increased business	12	21.8	9	27.3	3	13.6
Such decreased competition has increased business to some extent	16	29.1	15	45.5	1	4.5
Such decreased competition has increased business to a considerable extent	1	1.8	1	3.0	0	0.0
Total	55	100.0	33	100.0	22	100.0

For this question, 1 respondent answered “Other (please specify).”

Questions 11-12 *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 11 deals with changes in your bank's standards over the past three months. Question 12 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.*

11. 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	4	7.1	3	8.8	1	4.5
Remained basically unchanged	47	83.9	26	76.5	21	95.5
Eased somewhat	4	7.1	4	11.8	0	0.0
Eased considerably	1	1.8	1	2.9	0	0.0
Total	56	100.0	34	100.0	22	100.0

12. 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	0	0.0	0	0.0	0	0.0
Moderately stronger	22	39.3	16	47.1	6	27.3
About the same	31	55.4	16	47.1	15	68.2
Moderately weaker	3	5.4	2	5.9	1	4.5
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	56	100.0	34	100.0	22	100.0

Question 13 *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 accomodative 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.*

13. 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	0	0.0	0	0.0	0	0.0
Tightened somewhat	3	5.4	1	2.9	2	9.1
Remained basically unchanged	41	73.2	24	70.6	17	77.3
Eased somewhat	12	21.4	9	26.5	3	13.6
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	34	100.0	22	100.0

b. Maximum loan 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	4	7.3	2	5.9	2	9.5
Remained basically unchanged	42	76.4	24	70.6	18	85.7
Eased somewhat	8	14.5	7	20.6	1	4.8
Eased considerably	1	1.8	1	2.9	0	0.0
Total	55	100.0	34	100.0	21	100.0

c. Spread 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	1	2.9	0	0.0
Tightened somewhat	2	3.6	2	5.9	0	0.0
Remained basically unchanged	26	47.3	13	38.2	13	61.9
Eased somewhat	24	43.6	16	47.1	8	38.1
Eased considerably	2	3.6	2	5.9	0	0.0
Total	55	100.0	34	100.0	21	100.0

d. Loan-to-value ratios

	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	7.3	2	5.9	2	9.5
Remained basically unchanged	49	89.1	30	88.2	19	90.5
Eased somewhat	1	1.8	1	2.9	0	0.0
Eased considerably	1	1.8	1	2.9	0	0.0
Total	55	100.0	34	100.0	21	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	1	1.8	0	0.0	1	4.8
Remained basically unchanged	53	96.4	33	97.1	20	95.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	1	1.8	1	2.9	0	0.0
Total	55	100.0	34	100.0	21	100.0

f. Debt-service coverage ratios

	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	5.4	2	5.9	1	4.5
Remained basically unchanged	51	91.1	30	88.2	21	95.5
Eased somewhat	1	1.8	1	2.9	0	0.0
Eased considerably	1	1.8	1	2.9	0	0.0
Total	56	100.0	34	100.0	22	100.0

Questions 14-15 *ask about three categories of* ***residential mortgage loans*** *at your bank—prime residential mortgages, nontraditional residential mortgages, and subprime residential mortgages. Question 14 deals with changes in your bank's credit standards for loans in each of these categories over the past three months. Question 15 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.*

14. 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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	50	94.3	31	93.9	19	95.0
Eased somewhat	3	5.7	2	6.1	1	5.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	33	100.0	20	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	1	5.3	0	0.0
Tightened somewhat	1	4.3	1	5.3	0	0.0
Remained basically unchanged	20	87.0	16	84.2	4	100.0
Eased somewhat	1	4.3	1	5.3	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, 31 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.

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

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

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	11	20.8	9	27.3	2	10.0
About the same	33	62.3	18	54.5	15	75.0
Moderately weaker	9	17.0	6	18.2	3	15.0
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	53	100.0	33	100.0	20	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	3	13.0	3	15.8	0	0.0
About the same	16	69.6	12	63.2	4	100.0
Moderately weaker	3	13.0	3	15.8	0	0.0
Substantially weaker	1	4.3	1	5.3	0	0.0
Total	23	100.0	19	100.0	4	100.0

For this question, 31 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 16-17 *ask about* ***revolving home equity lines of credit*** *at your bank. Question 16 deals with changes in your bank's credit standards over the past three months. Question 17 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.*

16. 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	3	5.5	2	6.1	1	4.5
Remained basically unchanged	49	89.1	28	84.8	21	95.5
Eased somewhat	3	5.5	3	9.1	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	3	5.5	1	3.0	2	9.1
About the same	39	70.9	25	75.8	14	63.6
Moderately weaker	13	23.6	7	21.2	6	27.3
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	100.0

Questions 18-27 *ask about consumer lending at your bank. Question 18 deals with changes in your bank's willingness to make consumer loans over the past three months. Questions 19-24 deal with changes in credit standards and loan terms over the same period. Questions 25-27deal 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.*

18. 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	1	1.9	1	3.3	0	0.0
Somewhat more willing	5	9.6	2	6.7	3	13.6
About unchanged	46	88.5	27	90.0	19	86.4
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	52	100.0	30	100.0	22	100.0

19. 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	2.3	1	3.7	0	0.0
Remained basically unchanged	36	83.7	20	74.1	16	100.0
Eased somewhat	6	14.0	6	22.2	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	43	100.0	27	100.0	16	100.0

20. Over the past three months, how have your bank's credit standards for approving applications for auto loans to individuals or households changed? (Please include loans arising from retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use, whether new or used. Please exclude loans to finance fleet sales, personal cash loans secured by automobiles already paid for, loans to finance the purchase of commercial vehicles and farm equipment, and lease 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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	43	86.0	23	82.1	20	90.9
Eased somewhat	7	14.0	5	17.9	2	9.1
Eased considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	28	100.0	22	100.0

21. Over the past three months, how have your bank's credit standards for approving applications for consumer loans other than credit card and auto 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	48	90.6	26	83.9	22	100.0
Eased somewhat	5	9.4	5	16.1	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	31	100.0	22	100.0

22. 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	2	5.4	2	8.3	0	0.0
Remained basically unchanged	32	86.5	19	79.2	13	100.0
Eased somewhat	3	8.1	3	12.5	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	37	100.0	24	100.0	13	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	2	5.4	2	8.3	0	0.0
Remained basically unchanged	34	91.9	21	87.5	13	100.0
Eased somewhat	1	2.7	1	4.2	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	37	100.0	24	100.0	13	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	2.7	1	4.2	0	0.0
Remained basically unchanged	35	94.6	23	95.8	12	92.3
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	1	2.7	0	0.0	1	7.7
Total	37	100.0	24	100.0	13	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	35	94.6	22	91.7	13	100.0
Eased somewhat	2	5.4	2	8.3	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	37	100.0	24	100.0	13	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	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	23	95.8	13	100.0
Eased somewhat	1	2.7	1	4.2	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	37	100.0	24	100.0	13	100.0

23. Over the past three months, how has your bank changed the following terms and conditions on loans to individuals or households to purchase autos?

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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	44	89.8	25	89.3	19	90.5
Eased somewhat	5	10.2	3	10.7	2	9.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	49	100.0	28	100.0	21	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	1	2.0	1	3.6	0	0.0
Remained basically unchanged	36	73.5	20	71.4	16	76.2
Eased somewhat	12	24.5	7	25.0	5	23.8
Eased considerably	0	0.0	0	0.0	0	0.0
Total	49	100.0	28	100.0	21	100.0

c. Minimum required down payment (higher=tightened, lower=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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	46	93.9	26	92.9	20	95.2
Eased somewhat	3	6.1	2	7.1	1	4.8
Eased considerably	0	0.0	0	0.0	0	0.0
Total	49	100.0	28	100.0	21	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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	48	98.0	27	96.4	21	100.0
Eased somewhat	1	2.0	1	3.6	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	49	100.0	28	100.0	21	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	45	93.8	24	88.9	21	100.0
Eased somewhat	3	6.3	3	11.1	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	48	100.0	27	100.0	21	100.0

24. Over the past three months, how has your bank changed the following terms and conditions on consumer loans *other than* credit card and auto 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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	50	98.0	30	96.8	20	100.0
Eased somewhat	1	2.0	1	3.2	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	51	100.0	31	100.0	20	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	2	3.9	1	3.2	1	5.0
Remained basically unchanged	43	84.3	26	83.9	17	85.0
Eased somewhat	6	11.8	4	12.9	2	10.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	51	100.0	31	100.0	20	100.0

c. Minimum required down payment (higher=tightened, lower=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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	48	94.1	28	90.3	20	100.0
Eased somewhat	3	5.9	3	9.7	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	51	100.0	31	100.0	20	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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	50	98.0	30	96.8	20	100.0
Eased somewhat	1	2.0	1	3.2	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	51	100.0	31	100.0	20	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	49	96.1	29	93.5	20	100.0
Eased somewhat	2	3.9	2	6.5	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	51	100.0	31	100.0	20	100.0

25. Apart from normal seasonal variation, how has demand from individuals or households for credit card loans changed over the past three months?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	5	13.5	3	12.5	2	15.4
About the same	30	81.1	19	79.2	11	84.6
Moderately weaker	2	5.4	2	8.3	0	0.0
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	37	100.0	24	100.0	13	100.0

26. Apart from normal seasonal variation, how has demand from individuals or households for auto loans changed over the past three months?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	13	26.5	9	32.1	4	19.0
About the same	30	61.2	16	57.1	14	66.7
Moderately weaker	6	12.2	3	10.7	3	14.3
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	49	100.0	28	100.0	21	100.0

27. Apart from normal seasonal variation, how has demand from individuals or households for consumer loans other than credit card and auto loans changed over the past three months?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	4	7.7	1	3.2	3	14.3
About the same	43	82.7	27	87.1	16	76.2
Moderately weaker	5	9.6	3	9.7	2	9.5
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	52	100.0	31	100.0	21	100.0

In recent quarters, loan delinquencies and charge-offs have improved by varying degrees depending on loan class. ***Questions 28-30*** *ask about your bank's expectations for the behavior of these measures of loan quality in 2012. Question 28 asks about C&I loans to large and middle-market firms and to small firms. Question 29 asks about CRE loans, and question 30 asks about loans to households.*

28. 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 2012?

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	1	1.8	0	0.0	1	4.5
Loan quality is likely to improve somewhat	32	58.2	19	57.6	13	59.1
Loan quality is likely to stabilize around current levels	20	36.4	12	36.4	8	36.4
Loan quality is likely to deteriorate somewhat	2	3.6	2	6.1	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	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	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	29	54.7	15	48.4	14	63.6
Loan quality is likely to stabilize around current levels	21	39.6	13	41.9	8	36.4
Loan quality is likely to deteriorate somewhat	3	5.7	3	9.7	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	53	100.0	31	100.0	22	100.0

For this question, 1 respondent answered “My bank does not originate this type of loan.”

29. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **CRE loans** in 2012?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Loan quality is likely to improve substantially	1	1.8	1	3.0	0	0.0
Loan quality is likely to improve somewhat	31	56.4	20	60.6	11	50.0
Loan quality is likely to stabilize around current levels	23	41.8	12	36.4	11	50.0
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	33	100.0	22	100.0

30. 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 2012?

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	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	23	44.2	17	53.1	6	30.0
Loan quality is likely to stabilize around current levels	27	51.9	13	40.6	14	70.0
Loan quality is likely to deteriorate somewhat	2	3.8	2	6.3	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	52	100.0	32	100.0	20	100.0

For this question, 1 respondent 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	13	59.1	11	61.1	2	50.0
Loan quality is likely to stabilize around current levels	8	36.4	6	33.3	2	50.0
Loan quality is likely to deteriorate somewhat	1	4.5	1	5.6	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	22	100.0	18	100.0	4	100.0

For this question, 31 respondents answered “My bank does not originate this type of loan.”

C. Outlook for loan quality on subprime 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	.
Loan quality is likely to improve somewhat	2	50.0	2	50.0	0	.
Loan quality is likely to stabilize around current levels	1	25.0	1	25.0	0	.
Loan quality is likely to deteriorate somewhat	1	25.0	1	25.0	0	.
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	.
Total	4	100.0	4	100.0	0	.

For this question, 49 respondents answered “My bank does not originate this type of loan.”

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	21	38.9	15	46.9	6	27.3
Loan quality is likely to stabilize around current levels	30	55.6	14	43.8	16	72.7
Loan quality is likely to deteriorate somewhat	3	5.6	3	9.4	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	54	100.0	32	100.0	22	100.0

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	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	8	21.6	5	20.8	3	23.1
Loan quality is likely to stabilize around current levels	27	73.0	18	75.0	9	69.2
Loan quality is likely to deteriorate somewhat	2	5.4	1	4.2	1	7.7
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	37	100.0	24	100.0	13	100.0

For this question, 13 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	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	13	25.5	6	20.0	7	33.3
Loan quality is likely to stabilize around current levels	35	68.6	21	70.0	14	66.7
Loan quality is likely to deteriorate somewhat	3	5.9	3	10.0	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	51	100.0	30	100.0	21	100.0

For this question, 3 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, 2011. The combined assets of the 34 large banks totaled $7.2 trillion, compared to $7.5 trillion for the entire panel of 56 banks, and $10.9 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 2012)

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	1	4.3
Tightened somewhat	4	17.4
Remained basically unchanged	18	78.3
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

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

a. Maximum size of credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	2	8.7
Tightened somewhat	7	30.4
Remained basically unchanged	12	52.2
Eased somewhat	2	8.7
Eased considerably	0	0.0
Total	23	100.0

b. Maximum maturity of loans or credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	4	17.4
Remained basically unchanged	19	82.6
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

c. Costs of credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	6	27.3
Remained basically unchanged	15	68.2
Eased somewhat	1	4.5
Eased considerably	0	0.0
Total	22	100.0

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

	All Respondents	
	Banks	**Percent**
Tightened considerably	1	4.5
Tightened somewhat	3	13.6
Remained basically unchanged	14	63.6
Eased somewhat	4	18.2
Eased considerably	0	0.0
Total	22	100.0

e. Premiums charged on riskier loans

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	4	18.2
Remained basically unchanged	18	81.8
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	22	100.0

f. Loan covenants

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	4.3
Remained basically unchanged	22	95.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

g. Collateralization requirements

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	4.3
Remained basically unchanged	22	95.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

h. Use of interest rate floors (more use=tightened, less use=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	5.0
Remained basically unchanged	18	90.0
Eased somewhat	1	5.0
Eased considerably	0	0.0
Total	20	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	4	44.4
Somewhat important	3	33.3
Very important	2	22.2
Total	9	100.0

b. Less favorable or more uncertain economic outlook

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	7	70.0
Very important	3	30.0
Total	10	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	6	66.7
Somewhat important	3	33.3
Very important	0	0.0
Total	9	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	77.8
Somewhat important	2	22.2
Very important	0	0.0
Total	9	100.0

e. Reduced tolerance for risk

	All Respondents	
	Banks	**Percent**
Not important	5	55.6
Somewhat important	2	22.2
Very important	2	22.2
Total	9	100.0

f. Decreased liquidity in the secondary market for these loans

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

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

	All Respondents	
	Banks	**Percent**
Not important	2	20.0
Somewhat important	6	60.0
Very important	2	20.0
Total	10	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	4	50.0
Somewhat important	3	37.5
Very important	1	12.5
Total	8	100.0

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

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

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

b. More favorable or less uncertain economic outlook

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

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

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

e. Increased tolerance for risk

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

f. Increased liquidity in the secondary market for these loans

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

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

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

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

	All Respondents	
	Banks	Percent
Not important	1	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	1	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	17.4
About the same	15	65.2
Moderately weaker	4	17.4
Substantially weaker	0	0.0
Total	23	100.0

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

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

a. Customer inventory financing needs increased

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

b. Customer accounts receivable financing needs increased

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

c. Customer investment in plant or equipment increased

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

d. Customer internally generated funds decreased

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

e. Customer merger or acquisition financing needs increased

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

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

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	2	50.0
Very important	2	50.0
Total	4	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	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	4	100.0

b. Customer accounts receivable financing needs decreased

	All Respondents	
	Banks	Percent
Not important	3	75.0
Somewhat important	1	25.0
Very important	0	0.0
Total	4	100.0

c. Customer investment in plant or equipment decreased

	All Respondents	
	Banks	**Percent**
Not important	1	25.0
Somewhat important	3	75.0
Very important	0	0.0
Total	4	100.0

d. Customer internally generated funds increased

	All Respondents	
	Banks	**Percent**
Not important	3	75.0
Somewhat important	1	25.0
Very important	0	0.0
Total	4	100.0

e. Customer merger or acquisition financing needs decreased

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	3	75.0
Very important	1	25.0
Total	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	
	Banks	**Percent**
Not important	3	75.0
Somewhat important	1	25.0
Very important	0	0.0
Total	4	100.0

6. At your bank, apart from normal seasonal variation, 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	4	18.2
The number of inquiries has stayed about the same	17	77.3
The number of inquiries has decreased moderately	1	4.5
The number of inquiries has decreased substantially	0	0.0
Total	22	100.0

The ongoing fiscal and financial strains in Europe may have affected lending conditions for nonfinancial companies that have operations in the United States and significant exposure to European economies, as well as banks headquartered in Europe and their affiliates and subsidiaries. ***Question 7*** *deals with changes in your bank's lending policies toward both types of firms over the past three months. In addition, developments in Europe may have affected these firms' demand for credit from U.S. banks.* ***Questions 8-9*** *deal with such changes in demand.*

In answering these questions, please consider your bank's C&I lending to all nonfinancial companies with operations in the United States and significant exposure to European economies (that is, please consider your bank's C&I loans both to European firms that are located in the United States and to domestic firms that conduct a significant portion of their business with European firms). With regard to banks, please consider your bank's lending, or extension of credit lines, to banks headquartered in Europe and to the affiliates and subsidiaries of European banks regardless of the location of those affiliates and subsidiaries.

7. Over the past three months, how have your bank's credit standards and terms for approving applications for loans or credit lines—other than those to be used to finance mergers and acquisitions—for the following types of firms changed?

A. Nonfinancial companies that have operations in the United States and significant exposure to European economies (as described in the introduction to these special questions)

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	7	31.8
Remained basically unchanged	15	68.2
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	22	100.0

For this question, 1 respondent answered “My bank does not make loans or extend credit lines to nonfinancial companies that have operations in the United States and significant exposure to European economies.”

B. Banks headquartered in Europe and their affiliates and subsidiaries (as described in the introduction to these special questions)

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	10	71.4
Remained basically unchanged	4	28.6
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	14	100.0

For this question, 6 respondents answered “My bank does not make loans or extend credit lines to banks headquartered in Europe or their affiliates or subsidiaries.”

8. Over the past three months and apart from normal seasonal variation, how has demand for loans at your bank from the following types of firms changed? (Please consider only funds actually disbursed as opposed to requests for new or increased lines of credit.)

A. Nonfinancial companies with operations in the United States and significant exposures to European economies (as described in the introduction to these special questions)

	All Respondents	
	Banks	**Percent**
Substantially stronger	0	0.0
Moderately stronger	0	0.0
About the same	21	100.0
Moderately weaker	0	0.0
Substantially weaker	0	0.0
Total	21	100.0

For this question, 1 respondent answered “My bank does not make loans or extend credit lines to nonfinancial companies that have operations in the United States and significant exposure to European economies.”

B. Banks headquartered in Europe and their affiliates and subsidiaries (as described in the introduction to these special questions)

	All Respondents	
	Banks	**Percent**
Substantially stronger	0	0.0
Moderately stronger	2	13.3
About the same	12	80.0
Moderately weaker	1	6.7
Substantially weaker	0	0.0
Total	15	100.0

For this question, 6 respondents answered "My bank does not make loans or extend credit lines to banks headquartered in Europe or their affiliates or subsidiaries."

9. Over the past three months, how has the number of inquiries at your bank regarding the availability and terms of new credit lines or increases in existing lines from the following types of firms changed? (Please consider only inquiries for additional or increased lines as opposed to the refinancing of existing loans.)

A. Nonfinancial companies with operations in the United States and significant exposures to European economies (as described in the introduction to these special questions)

	All Respondents	
	Banks	**Percent**
The number of inquiries has increased substantially	0	0.0
The number of inquiries has increased moderately	1	4.8
The number of inquiries has stayed about the same	20	95.2
The number of inquiries has decreased moderately	0	0.0
The number of inquiries has decreased substantially	0	0.0
Total	21	100.0

For this question, 1 respondent answered "My bank does not make loans or extend credit lines to nonfinancial companies that have operations in the United States and significant exposure to European economies."

B. Banks headquartered in Europe and their affiliates and subsidiaries (as described in the introduction to these special questions)

	All Respondents	
	Banks	**Percent**
The number of inquiries has increased substantially	0	0.0
The number of inquiries has increased moderately	3	20.0
The number of inquiries has stayed about the same	12	80.0
The number of inquiries has decreased moderately	0	0.0
The number of inquiries has decreased substantially	0	0.0
Total	15	100.0

For this question, 6 respondents answered “My bank does not make loans or extend credit lines to banks headquartered in Europe or their affiliates or subsidiaries.”

Questions 10-11 *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 10 deals with changes in your bank's standards over the past three months. Question 11 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.*

10. 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	0	0.0
Tightened somewhat	2	14.3
Remained basically unchanged	12	85.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	14	100.0

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

	All Respondents	
	Banks	**Percent**
Substantially stronger	0	0.0
Moderately stronger	2	15.4
About the same	10	76.9
Moderately weaker	0	0.0
Substantially weaker	1	7.7
Total	13	100.0

Question 12 *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 accomodative 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.*

12. 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	1	7.7
Tightened somewhat	0	0.0
Remained basically unchanged	9	69.2
Eased somewhat	2	15.4
Eased considerably	1	7.7
Total	13	100.0

b. Maximum loan maturity

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	2	15.4
Remained basically unchanged	10	76.9
Eased somewhat	1	7.7
Eased considerably	0	0.0
Total	13	100.0

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

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

d. Loan-to-value ratios

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	2	15.4
Remained basically unchanged	10	76.9
Eased somewhat	1	7.7
Eased considerably	0	0.0
Total	13	100.0

e. Requirements for take-out financing

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

In recent quarters, loan delinquencies and charge-offs have improved by varying degrees depending on loan class. ***Questions 13-14*** *ask about your bank's expectations for the behavior of these measures of loan quality in 2012. Question 13 asks about C&I loans to large and middle-market firms and to small firms. Question 14 asks about CRE loans.*

13. 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 2012?

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	0	0.0
Loan quality is likely to improve somewhat	4	18.2
Loan quality is likely to stabilize around current levels	14	63.6
Loan quality is likely to deteriorate somewhat	4	18.2
Loan quality is likely to deteriorate substantially	0	0.0
Total	22	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	1	20.0
Loan quality is likely to stabilize around current levels	3	60.0
Loan quality is likely to deteriorate somewhat	1	20.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	5	100.0

For this question, 12 respondents answered “My bank does not originate this type of loan.”

14. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **CRE loans** in 2012?

	All Respondents	
	Banks	**Percent**
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	3	23.1
Loan quality is likely to stabilize around current levels	10	76.9
Loan quality is likely to deteriorate somewhat	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	13	100.0

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

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1. As of September 30, 2011, the 23 respondents had combined assets of $1.2 trillion, compared to $2.2 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.