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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 2014 Senior Loan Officer Opinion Survey on Bank Lending Practices.

Enclosures:

January 2014 Senior Loan Officer Opinion Survey on Bank Lending Practices

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

The January 2014 Senior Loan Officer Opinion Survey on Bank Lending Practices

The January 2014 Senior Loan Officer Opinion Survey on Bank Lending Practices addressed changes in the standards and terms on, and demand for, bank loans to businesses and households over the past three months. Domestic banks, on balance, reported having eased their lending standards on many types of business and consumer loans and having experienced increases in loan demand, on average, over the past three months. The survey contained two sets of special questions. The first set asked about effects of the supervisory guidance on leveraged lending issued on March 21, 2013. The second set of questions asked banks about the outlook for loan performance for different categories of lending over 2014. This summary is based on the responses from 75 domestic banks and 21 U.S. branches and agencies of foreign banks.[1]

Regarding loans to businesses, the January survey results generally indicated that, on balance, banks eased their lending policies for commercial and industrial (C&I) loans to firms of all sizes and experienced stronger demand for such loans over the past three months.[2] Almost all domestic banks that eased their C&I lending policies cited increased competition for such loans as an important reason for having done so. A modest fraction of foreign respondents indicated, on net, that they had eased standards on C&I loans, and a moderate net fraction of such banks reported that demand for C&I loans had increased somewhat. In response to the special questions on the supervisory guidance on leveraged lending, a number of large domestic and foreign banks indicated that they had tightened standards on such loans. Those banks also reported that some leveraged loans had been curtailed or significantly altered by the guidance, but a majority of them believed that affected borrowers would be able to turn to other sources of funding.

On net, domestic institutions also reported having eased standards for most types of commercial real estate (CRE) loans and having experienced stronger demand for such loans. A modest net fraction of foreign respondents indicated that they had eased standards on CRE loans in the aggregate, while a large net fraction of such banks indicated that they had experienced stronger demand for such loans.

Changes in standards and terms on, and demand for, loans to households were mixed. The survey results indicated that a modest fraction of large banks had eased standards on prime residential real estate loans, but a similar fraction of small banks had tightened standards on such loans. A moderate fraction of banks reported, on balance, weaker demand for prime mortgage loans to purchase homes, and a large net fraction reported weaker demand for nontraditional mortgage loans. Demand for home equity lines of credit (HELOCs) was little changed. Respondents indicated that they had eased standards on credit card

[1] Respondent banks received the survey on or after December 30, 2013, and responses were due by January 14, 2014.

[2] For questions that ask about lending standards or terms, reported net fractions equal the fraction of banks that reported having tightened (“tightened considerably” or “tightened somewhat”) minus the fraction of banks that reported having eased (“eased considerably” or “eased somewhat”). For questions that ask about loan 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”).

loans, auto loans, and other consumer loans. Most banks reported little change in most terms on consumer loans, with the exception of credit card limits and loan rate spreads on auto loans, which modest fractions of banks reported having eased on balance. Modest net fractions of banks reported increases in demand for all types of consumer loans.

Survey respondents were asked about their expectations for loan delinquency and charge-off rates in 2014, assuming that economic activity progresses in line with consensus forecasts. Both domestic and foreign respondents generally indicated that they anticipated improvements in the performance of business loans. Domestic banks also reported that they expected improved performance for most types of loans to households, with the exception of auto loans to subprime borrowers, for which they expected increasing delinquency and charge-off rates in 2014.

Business Lending
(Table 1, questions 1–17; Table 2, questions 1–13)

Questions on commercial and industrial lending. A modest fraction of domestic survey respondents, on net, indicated that they had eased their standards for C&I loans to large and middle-market firms over the fourth quarter of 2013.[3] Standards on loans to small firms remained basically unchanged. On balance, banks reported having eased almost all terms on C&I loans, regardless of firm size. In particular, a large net fraction of respondents indicated that they had decreased spreads on C&I loan rates over their bank's cost of funds for all firm sizes. In addition, moderate net fractions of banks reported having reduced the cost of credit lines and decreased the use of interest rate floors for all firm sizes. A moderate fraction of banks also reported, on net, that they had eased loan covenants, though primarily to large and middle-market firms.

Among domestic respondents that reported having eased either standards or terms on C&I loans over the past three months, the majority of banks cited more-aggressive competition from other banks or nonbank lenders as an important reason for having done so. In addition, about half of respondents that reported having eased their C&I loan policies cited a more favorable or less uncertain economic outlook as a reason for having done so, a larger fraction than in the October 2013 survey. About one-fourth of domestic respondents that eased C&I standards or terms indicated increased tolerance for risk was an important reason for the easing.

Modest net fractions of banks reported having experienced stronger demand for C&I loans from firms of all sizes. Banks reporting stronger loan demand most often cited as reasons increases in customers' need to finance mergers or acquisitions or to fund investment in plant or equipment, inventories, and accounts receivable. About half of banks experiencing stronger demand also cited shifts in customer borrowing to their bank from other bank or nonbank sources because those sources became less attractive.

[3] The survey asks respondents separately about their standards for and demand from large and middle-market firms, which are generally defined as firms with annual sales of $50 million or more, and small firms, those with annual sales of less than $50 million.

Almost all foreign banks reported that they had kept their C&I lending standards basically unchanged over the past three months, except for two respondents, which reported having eased standards somewhat. However, on balance, foreign banks generally reported that they had eased terms on such loans. A moderate net fraction of the foreign banks indicated that demand for C&I loans had strengthened over the past three months.

Special questions on leveraged lending. The January survey contained a set of special questions about the reaction of banks to supervisory guidance on leveraged lending issued on March 21, 2013.

In response to, or in anticipation of, the supervisory guidance, a number of large domestic and foreign survey respondents tightened standards on such loans, and no bank reported having eased standards. On net, a moderate fraction of large domestic banks and a modest fraction of foreign banks increased maximum debt-to-EBITDA (earnings before interest, taxes, depreciation, and amortization) restrictions. Almost all large domestic and foreign banks indicated that the fraction of C&I loans on their books they considered to be leveraged loans was less than 20 percent. In addition, all but two large domestic banks judged that 20 percent or less of leveraged loans that typically had been underwritten or participated in by their bank had been or would be curtailed or significantly altered by the supervisory guidance, and all but one foreign bank said that 10 percent or less of their leveraged loans would be similarly affected. Nevertheless, moderate net fractions of large domestic banks reported that the guidance was resulting in somewhat decreased dollar volumes on all of the broad categories of loans that were queried in the survey, such as by borrowers' use of funds or by firm size. About 40 percent of foreign institutions reported that the guidance was resulting in somewhat decreased dollar volumes for borrowing for leveraged buyout purposes or capital distributions. A somewhat smaller fraction of foreign banks reported decreased dollar volumes for mergers and acquisition purposes. On net, a moderate fraction of foreign institutions reported that the guidance was resulting in a decrease in the dollar value of leveraged loans to middle-market firms, and only a few such institutions indicated any change in leveraged loans to large firms. A majority of both large domestic and foreign respondents believed that it was at least somewhat likely that affected borrowers would be able to turn to other sources of funding.

Questions on commercial real estate lending. Starting with the October 2013 survey, the questions regarding CRE loans at domestic banks were asked separately for the three major CRE loan categories—construction and land development loans, loans secured by nonfarm nonresidential structures, and loans secured by multifamily residential structures. Small net fractions of domestic banks reported that they had eased standards on each of the three categories of CRE loans. Moderate net fractions of banks also indicated that they had experienced stronger demand for all subcategories of CRE loans.

Modest fractions of foreign banks reported having eased their lending standards on their combined portfolio of CRE loans, on balance, and a large net fraction of foreign respondents reported having experienced stronger demand for such loans over the past three months.

Lending to Households
(Table 1, questions 18–31)

Questions on residential real estate lending. A small net fraction of large banks reported that they had eased standards on prime residential mortgages over the past three months, while a modest net fraction of small banks indicated that they had tightened standards on such loans. On balance, a small number of banks reported having tightened standards on nontraditional residential mortgages. Banks reported having experienced weaker demand for prime and nontraditional mortgages on balance. Few banks reported having changed their standards on HELOCs, and on net, respondents indicated that they had experience little change in demand for such loans.

Questions on consumer lending. A modest fraction of domestic banks, on balance, indicated that they were more willing to make consumer installment loans as compared with the previous quarter. Very few banks reported having changed their standards for approving applications for credit cards, and a modest net fraction of banks reported having eased their standards for auto loans. Most terms on credit cards were little changed except for credit limits, which a modest net fraction of banks reported having eased. A modest fraction of banks, on balance, reported having reduced the loan rate spreads on auto loans. Most banks reported that they had kept their standards and terms on other consumer loans unchanged.

Only modest fractions of banks, on net, reported having experienced an increase in demand for auto loans, credit card loans, and other consumer loans over the past three months.

Special questions on banks' outlook for loan performance in 2014
(Table 1, questions 32-35; Table 2, questions 14-15)

The January survey contained a set of special questions on respondents' expectations for loan performance in 2014, assuming that economic activity progresses in line with consensus forecasts (these questions have been repeated annually, with some changes in loan categories, since 2006). Overall, modest to large fractions of domestic banks, on net, expected improvements in delinquency and charge-off rates during 2014 for most loan categories included in the survey, with the notable exception of subprime auto loans.

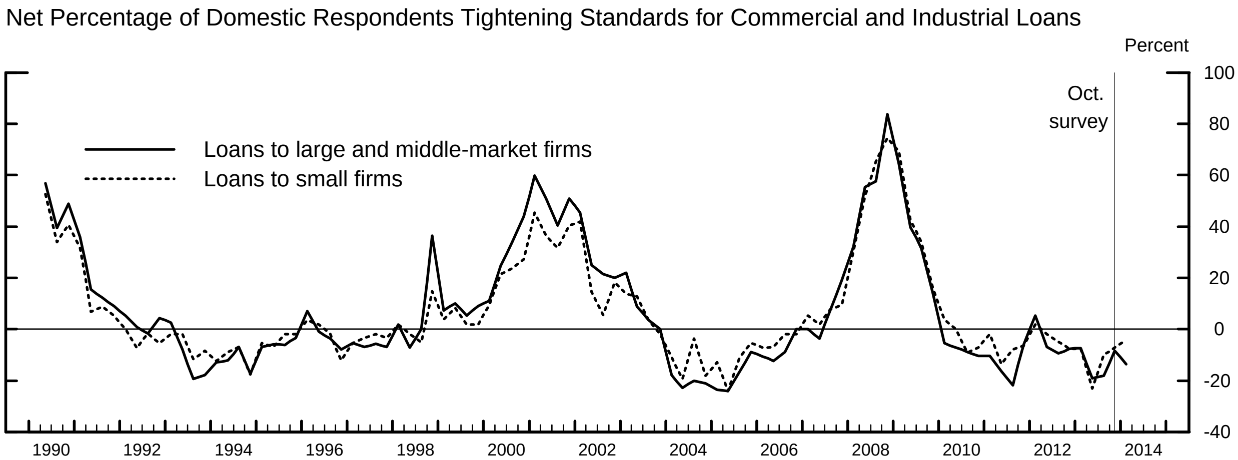
Regarding the outlook for the performance of business loans, about 20 to 40 percent of domestic banks, on net, reported that they expect delinquency and charge-off rates on most types of C&I loans to firms of all sizes to decline in 2014, except for syndicated leveraged loans, for which respondents expect little change in performance. These responses indicate that expectations of improvement in the quality of C&I loans are somewhat less widespread than in the 2013 survey, which is largely consistent with the already low delinquency and charge-off rates on such loans by historical standards. About half of domestic banks indicated that they expect delinquency and charge-off rates on construction and land development loans to decline in 2014, with smaller fractions expecting improvements in performance for the other major categories of CRE lending—loans secured by nonfarm nonresidential properties or by multifamily residential properties. Foreign respondents reported anticipating little improvement in the performance of C&I loans to large and middle-market firms this year. Regarding CRE loans, about one-third of foreign respondents forecast improvement in the performance of those secured by nonfarm nonresidential properties, and a similar fraction expected little change in the performance of other types of such loans.

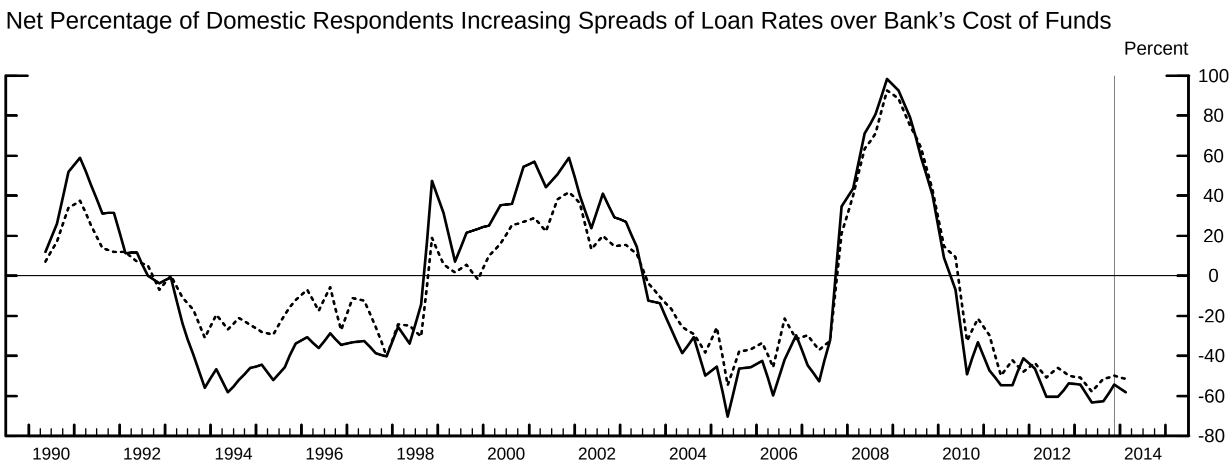
About 40 percent of domestic banks, on net, expect the delinquency and charge-off rates on prime and nontraditional residential real estate loans to improve in 2014, up somewhat from the fractions reported in last year's survey. About one-third of respondents expect improvements in the credit quality of HELOCs.

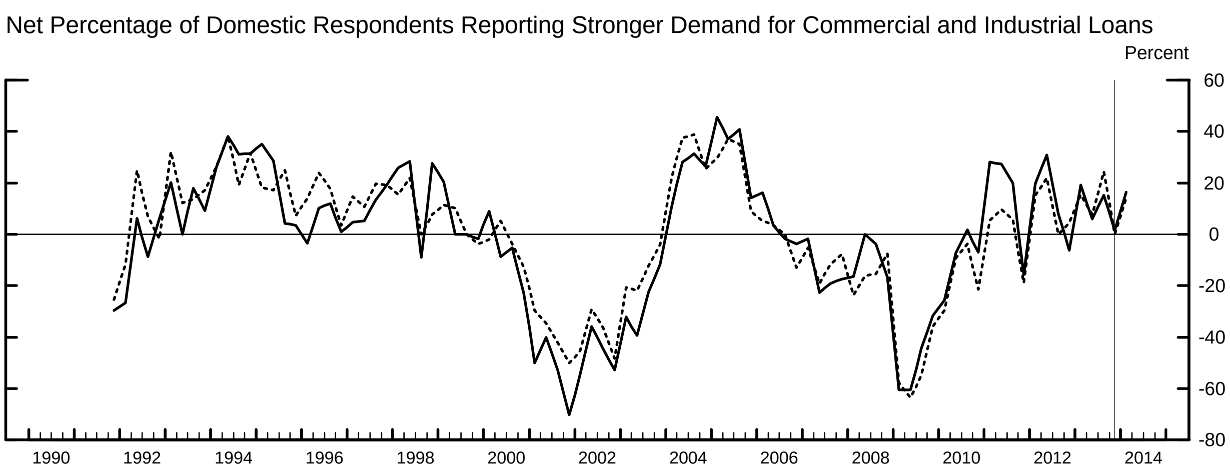
On balance, about 15 to 20 percent of banks indicated that they expect improvement in loan performance for credit card loans, auto loans to prime borrowers, and other consumer loans. However, the majority of the 12 banks answering the special question on the outlook for the performance of subprime auto loans reported that they anticipate some deterioration in delinquency and charge-off rates on such loans.

This document was prepared by John C. Driscoll, with the assistance of Michael Massare, Jane Brittingham, Nathan Lloyd, Amanda Ng, and Shaily Patel, 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

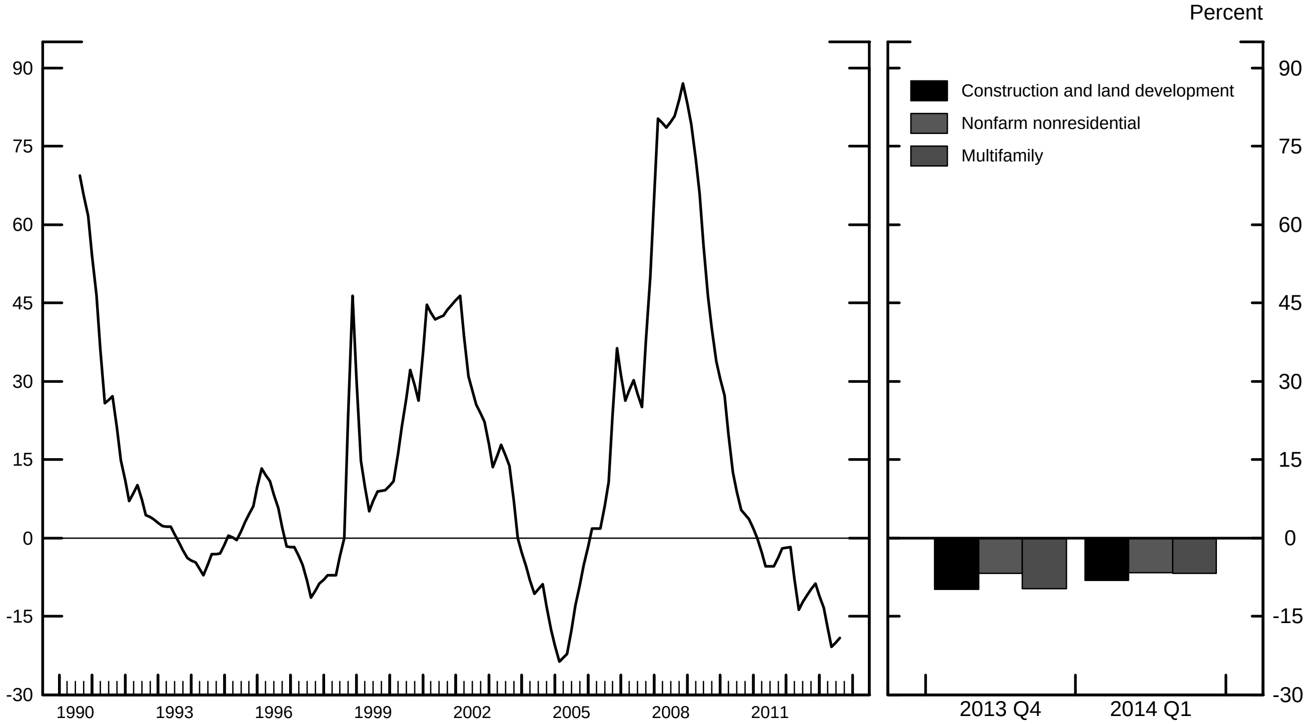




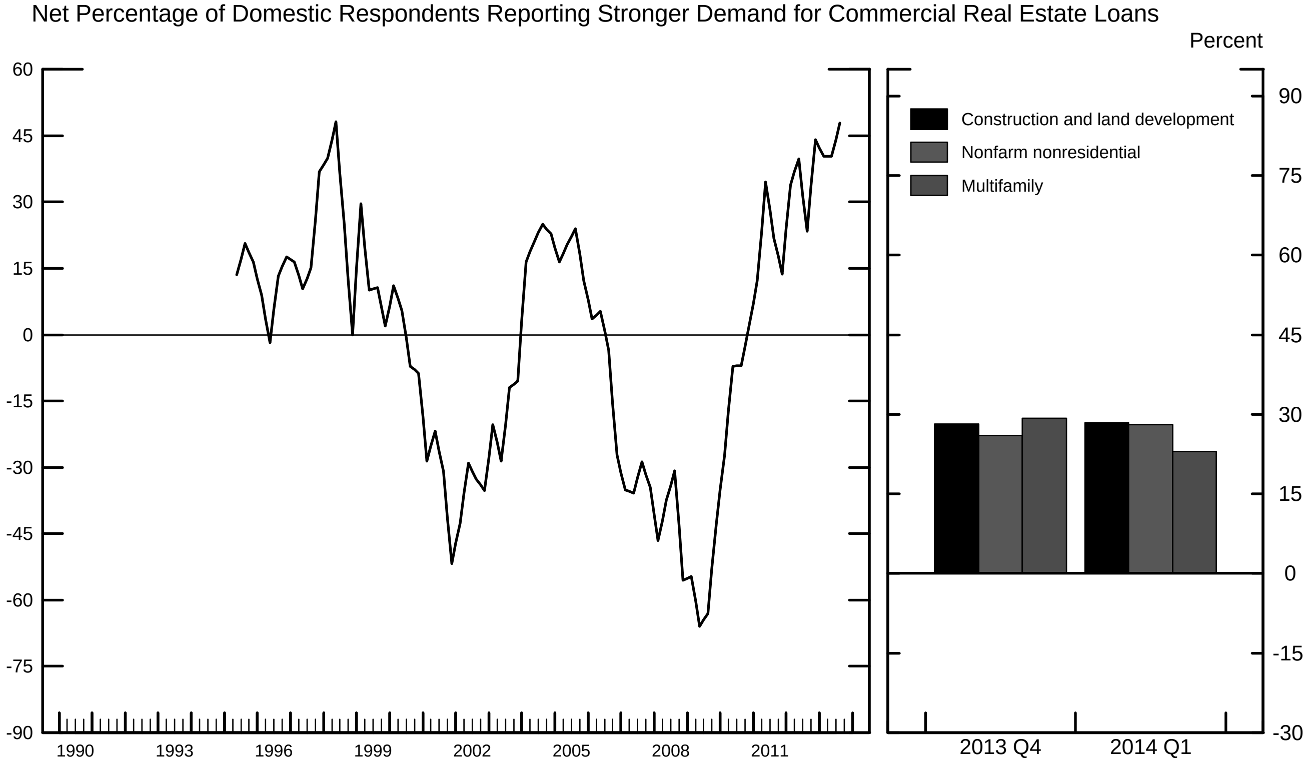


Measures of Supply and Demand for Commercial Real Estate Loans

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

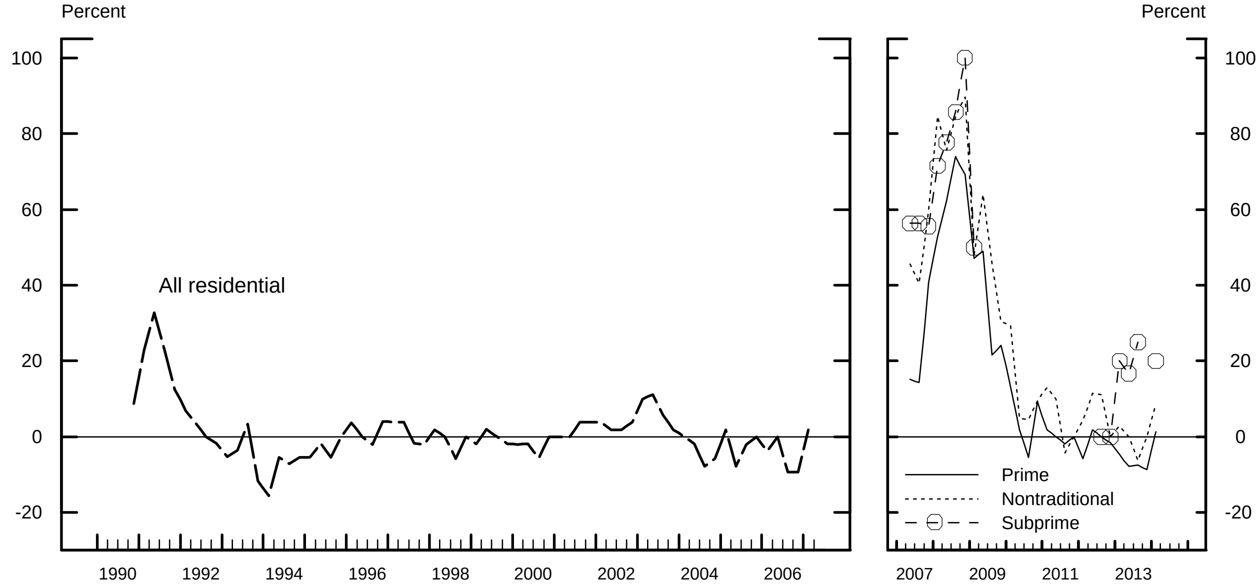


Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial Real Estate Loans



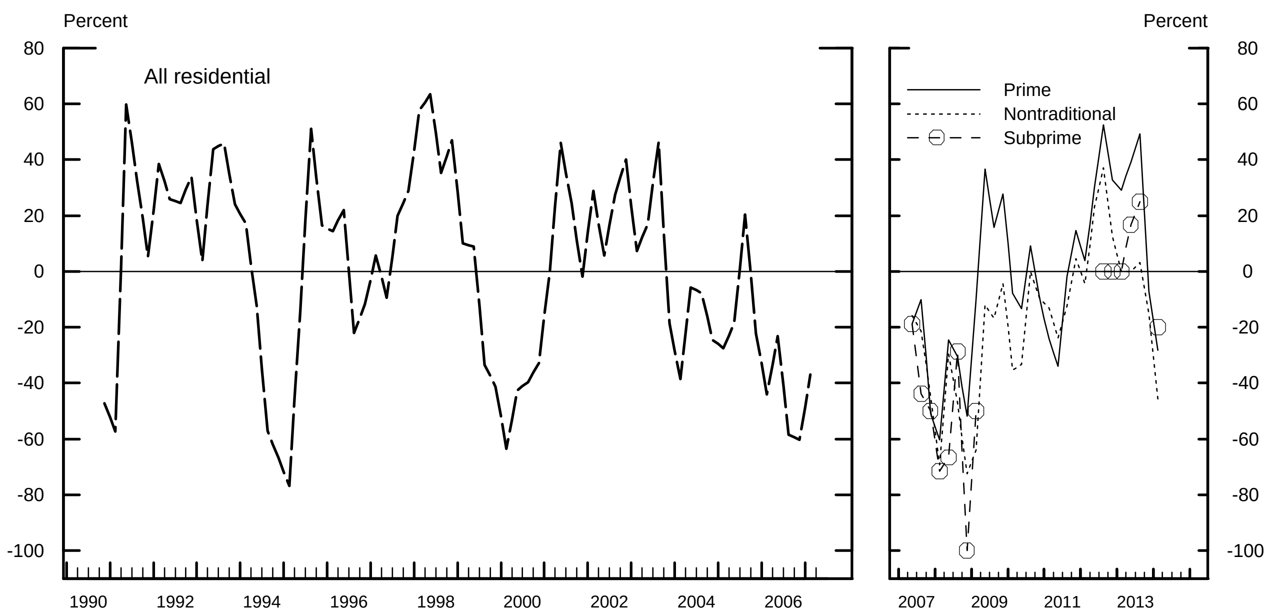
Measures of Supply and Demand for Residential Mortgage Loans

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.

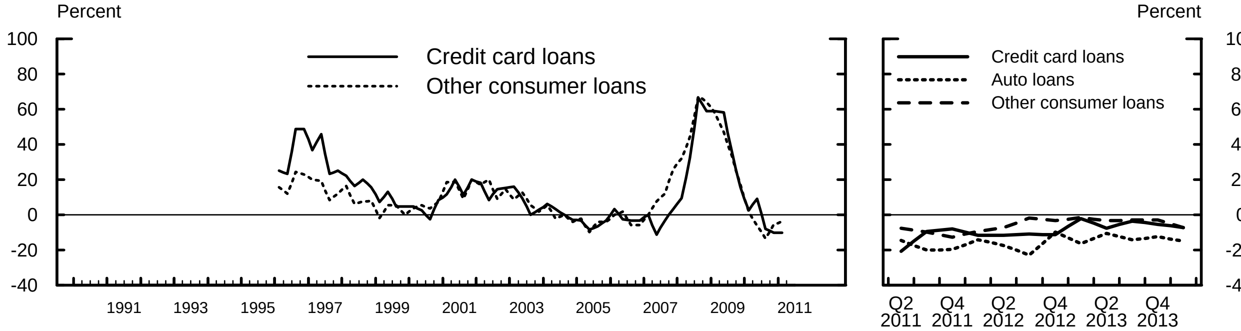
Net Percentage of Domestic Respondents Reporting Stronger Demand for Residential Mortgage Loans



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.

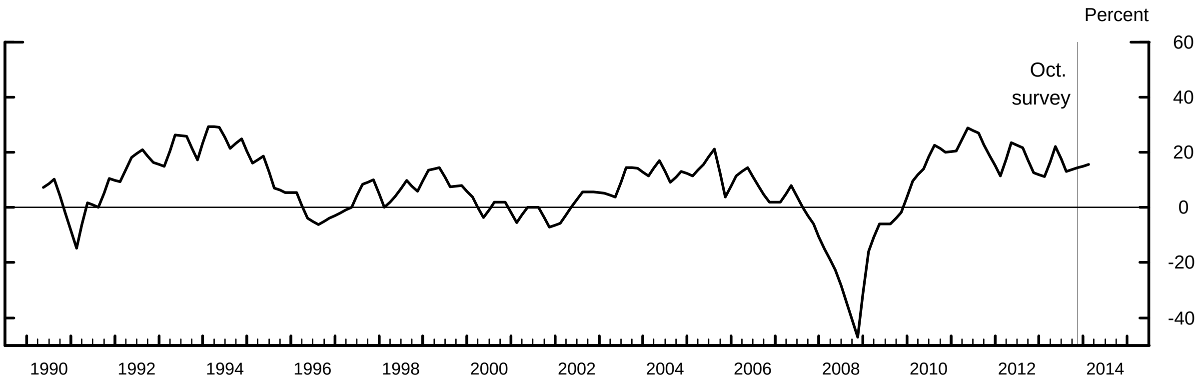
Measures of Supply and Demand for Consumer Loans

Net Percentage of Domestic Respondents Tightening Standards for Consumer Loans

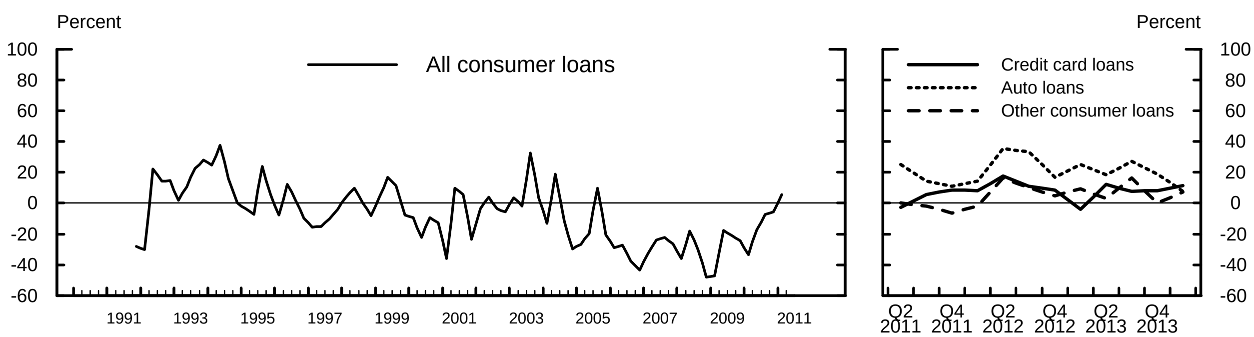


Note: For data starting in 2011:Q2, changes in standards for auto loans and consumer loans excluding credit card and auto loans are reported separately. In 2011:Q2 only, new and used auto loans are reported separately and equally weighted to calculate the auto loans series.

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 2014)

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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	63	86.3	34	85.0	29	87.9
Eased somewhat	10	13.7	6	15.0	4	12.1
Eased considerably	0	0.0	0	0.0	0	0.0
Total	73	100.0	40	100.0	33	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	1	1.4	0	0.0	1	2.9
Remained basically unchanged	67	93.1	36	97.3	31	88.6
Eased somewhat	4	5.6	1	2.7	3	8.6
Eased considerably	0	0.0	0	0.0	0	0.0
Total	72	100.0	37	100.0	35	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	1	1.4	1	2.5	0	0.0
Remained basically unchanged	57	79.2	28	70.0	29	90.6
Eased somewhat	14	19.4	11	27.5	3	9.4
Eased considerably	0	0.0	0	0.0	0	0.0
Total	72	100.0	40	100.0	32	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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	63	87.5	34	85.0	29	90.6
Eased somewhat	9	12.5	6	15.0	3	9.4
Eased considerably	0	0.0	0	0.0	0	0.0
Total	72	100.0	40	100.0	32	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	52	72.2	25	62.5	27	84.4
Eased somewhat	20	27.8	15	37.5	5	15.6
Eased considerably	0	0.0	0	0.0	0	0.0
Total	72	100.0	40	100.0	32	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	2	2.8	0	0.0	2	6.3
Remained basically unchanged	26	36.1	13	32.5	13	40.6
Eased somewhat	44	61.1	27	67.5	17	53.1
Eased considerably	0	0.0	0	0.0	0	0.0
Total	72	100.0	40	100.0	32	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	3	4.2	0	0.0	3	9.4
Remained basically unchanged	58	80.6	32	80.0	26	81.3
Eased somewhat	10	13.9	7	17.5	3	9.4
Eased considerably	1	1.4	1	2.5	0	0.0
Total	72	100.0	40	100.0	32	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	1	1.4	0	0.0	1	3.1
Remained basically unchanged	51	70.8	26	65.0	25	78.1
Eased somewhat	19	26.4	13	32.5	6	18.8
Eased considerably	1	1.4	1	2.5	0	0.0
Total	72	100.0	40	100.0	32	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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	66	91.7	37	92.5	29	90.6
Eased somewhat	6	8.3	3	7.5	3	9.4
Eased considerably	0	0.0	0	0.0	0	0.0
Total	72	100.0	40	100.0	32	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	1	1.4	0	0.0	1	3.1
Remained basically unchanged	46	64.8	26	66.7	20	62.5
Eased somewhat	19	26.8	10	25.6	9	28.1
Eased considerably	5	7.0	3	7.7	2	6.3
Total	71	100.0	39	100.0	32	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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	62	88.6	30	83.3	32	94.1
Eased somewhat	8	11.4	6	16.7	2	5.9
Eased considerably	0	0.0	0	0.0	0	0.0
Total	70	100.0	36	100.0	34	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	1.4	0	0.0	1	2.9
Remained basically unchanged	61	87.1	30	83.3	31	91.2
Eased somewhat	8	11.4	6	16.7	2	5.9
Eased considerably	0	0.0	0	0.0	0	0.0
Total	70	100.0	36	100.0	34	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	52	74.3	24	66.7	28	82.4
Eased somewhat	18	25.7	12	33.3	6	17.6
Eased considerably	0	0.0	0	0.0	0	0.0
Total	70	100.0	36	100.0	34	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	2	2.9	0	0.0	2	5.9
Remained basically unchanged	30	42.9	13	36.1	17	50.0
Eased somewhat	38	54.3	23	63.9	15	44.1
Eased considerably	0	0.0	0	0.0	0	0.0
Total	70	100.0	36	100.0	34	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	3	4.3	0	0.0	3	8.8
Remained basically unchanged	61	87.1	33	91.7	28	82.4
Eased somewhat	6	8.6	3	8.3	3	8.8
Eased considerably	0	0.0	0	0.0	0	0.0
Total	70	100.0	36	100.0	34	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	2	2.9	0	0.0	2	5.9
Remained basically unchanged	52	74.3	25	69.4	27	79.4
Eased somewhat	16	22.9	11	30.6	5	14.7
Eased considerably	0	0.0	0	0.0	0	0.0
Total	70	100.0	36	100.0	34	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	2.9	0	0.0	2	5.9
Remained basically unchanged	63	90.0	33	91.7	30	88.2
Eased somewhat	5	7.1	3	8.3	2	5.9
Eased considerably	0	0.0	0	0.0	0	0.0
Total	70	100.0	36	100.0	34	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	1	1.5	0	0.0	1	2.9
Remained basically unchanged	46	67.6	23	67.6	23	67.6
Eased somewhat	18	26.5	9	26.5	9	26.5
Eased considerably	3	4.4	2	5.9	1	2.9
Total	68	100.0	34	100.0	34	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	100.0	1	100.0	5	100.0
Somewhat important	0	0.0	0	0.0	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	6	100.0	1	100.0	5	100.0

b. Less favorable or more uncertain economic outlook

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	4	66.7	1	100.0	3	60.0
Somewhat important	2	33.3	0	0.0	2	40.0
Very important	0	0.0	0	0.0	0	0.0
Total	6	100.0	1	100.0	5	100.0

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

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

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	6	100.0	1	100.0	5	100.0
Somewhat important	0	0.0	0	0.0	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	6	100.0	1	100.0	5	100.0

e. Reduced tolerance for risk

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	1	16.7	1	100.0	0	0.0
Somewhat important	4	66.7	0	0.0	4	80.0
Very important	1	16.7	0	0.0	1	20.0
Total	6	100.0	1	100.0	5	100.0

f. Decreased liquidity in the secondary market for these loans

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	6	100.0	1	100.0	5	100.0
Somewhat important	0	0.0	0	0.0	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	6	100.0	1	100.0	5	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	6	100.0	1	100.0	5	100.0
Somewhat important	0	0.0	0	0.0	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	6	100.0	1	100.0	5	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	50.0	1	100.0	2	40.0
Somewhat important	1	16.7	0	0.0	1	20.0
Very important	2	33.3	0	0.0	2	40.0
Total	6	100.0	1	100.0	5	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	42	87.5	25	86.2	17	89.5
Somewhat important	5	10.4	4	13.8	1	5.3
Very important	1	2.1	0	0.0	1	5.3
Total	48	100.0	29	100.0	19	100.0

b. More favorable or less uncertain economic outlook

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	23	46.9	12	40.0	11	57.9
Somewhat important	22	44.9	17	56.7	5	26.3
Very important	4	8.2	1	3.3	3	15.8
Total	49	100.0	30	100.0	19	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	40	81.6	26	86.7	14	73.7
Somewhat important	7	14.3	3	10.0	4	21.1
Very important	2	4.1	1	3.3	1	5.3
Total	49	100.0	30	100.0	19	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	2	4.1	1	3.3	1	5.3
Somewhat important	14	28.6	7	23.3	7	36.8
Very important	33	67.3	22	73.3	11	57.9
Total	49	100.0	30	100.0	19	100.0

e. Increased tolerance for risk

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	36	73.5	22	73.3	14	73.7
Somewhat important	11	22.4	8	26.7	3	15.8
Very important	2	4.1	0	0.0	2	10.5
Total	49	100.0	30	100.0	19	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	41	83.7	25	83.3	16	84.2
Somewhat important	6	12.2	4	13.3	2	10.5
Very important	2	4.1	1	3.3	1	5.3
Total	49	100.0	30	100.0	19	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	46	93.9	29	96.7	17	89.5
Somewhat important	2	4.1	1	3.3	1	5.3
Very important	1	2.0	0	0.0	1	5.3
Total	49	100.0	30	100.0	19	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	45	93.8	29	96.7	16	88.9
Somewhat important	2	4.2	1	3.3	1	5.6
Very important	1	2.1	0	0.0	1	5.6
Total	48	100.0	30	100.0	18	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	0	0.0	0	0.0	0	0.0
Moderately stronger	17	23.3	9	22.5	8	24.2
About the same	51	69.9	27	67.5	24	72.7
Moderately weaker	5	6.8	4	10.0	1	3.0
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	73	100.0	40	100.0	33	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	19.7	5	13.9	9	25.7
About the same	53	74.6	29	80.6	24	68.6
Moderately weaker	4	5.6	2	5.6	2	5.7
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	71	100.0	36	100.0	35	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	8	40.0	5	45.5	3	33.3
Somewhat important	11	55.0	6	54.5	5	55.6
Very important	1	5.0	0	0.0	1	11.1
Total	20	100.0	11	100.0	9	100.0

b. Customer accounts receivable financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	8	40.0	6	54.5	2	22.2
Somewhat important	11	55.0	5	45.5	6	66.7
Very important	1	5.0	0	0.0	1	11.1
Total	20	100.0	11	100.0	9	100.0

c. Customer investment in plant or equipment increased

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	5	23.8	4	36.4	1	10.0
Somewhat important	15	71.4	7	63.6	8	80.0
Very important	1	4.8	0	0.0	1	10.0
Total	21	100.0	11	100.0	10	100.0

d. Customer internally generated funds decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	17	85.0	8	72.7	9	100.0
Somewhat important	3	15.0	3	27.3	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	20	100.0	11	100.0	9	100.0

e. Customer merger or acquisition financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	9	45.0	4	36.4	5	55.6
Somewhat important	9	45.0	6	54.5	3	33.3
Very important	2	10.0	1	9.1	1	11.1
Total	20	100.0	11	100.0	9	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	7	63.6	3	33.3
Somewhat important	8	40.0	3	27.3	5	55.6
Very important	2	10.0	1	9.1	1	11.1
Total	20	100.0	11	100.0	9	100.0

g. Customers' precautionary demand for cash and liquidity increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	17	85.0	9	81.8	8	88.9
Somewhat important	3	15.0	2	18.2	1	11.1
Very important	0	0.0	0	0.0	0	0.0
Total	20	100.0	11	100.0	9	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	50.0	3	75.0	0	0.0
Somewhat important	3	50.0	1	25.0	2	100.0
Very important	0	0.0	0	0.0	0	0.0
Total	6	100.0	4	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	4	66.7	4	100.0	0	0.0
Somewhat important	2	33.3	0	0.0	2	100.0
Very important	0	0.0	0	0.0	0	0.0
Total	6	100.0	4	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	16.7	1	25.0	0	0.0
Somewhat important	5	83.3	3	75.0	2	100.0
Very important	0	0.0	0	0.0	0	0.0
Total	6	100.0	4	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	3	50.0	2	50.0	1	50.0
Very important	1	16.7	1	25.0	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	33.3	1	25.0	1	50.0
Somewhat important	2	33.3	1	25.0	1	50.0
Very important	2	33.3	2	50.0	0	0.0
Total	6	100.0	4	100.0	2	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	6	100.0	4	100.0	2	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	6	100.0	4	100.0	2	100.0

g. Customers' precautionary demand for cash and liquidity decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	4	66.7	2	50.0	2	100.0
Somewhat important	1	16.7	1	25.0	0	0.0
Very important	1	16.7	1	25.0	0	0.0
Total	6	100.0	4	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	0	0.0	0	0.0	0	0.0
The number of inquiries has increased moderately	18	24.0	8	20.0	10	28.6
The number of inquiries has stayed about the same	51	68.0	29	72.5	22	62.9
The number of inquiries has decreased moderately	6	8.0	3	7.5	3	8.6
The number of inquiries has decreased substantially	0	0.0	0	0.0	0	0.0
Total	75	100.0	40	100.0	35	100.0

On March 21, 2013, federal bank regulators released interagency guidance outlining high-level principles related to safe-and-sound leveraged lending activities (letter SR 13-3).[2] *The guidance applies to all financial institutions supervised by the Federal Reserve that engage in leveraged lending activities, and became effective on May 21, 2013. Please answer the following questions in light of the supervisory guidance. Question 7 asks what percentage of C&I loans currently on your bank's books you currently consider leveraged. Question 8 asks how your bank has changed its lending policies for leveraged loans generally in anticipation of, or as a result of, the release of the supervisory guidance. Question 9 asks about the fraction of leveraged lending that is subject to the supervisory guidance. Question 10 asks about how your bank's underwriting or purchases of participations in various categories of leveraged lending have been affected by the supervisory guidance. Question 11 asks about your assessment of the likelihood of various possibilities for firms which otherwise would have borrowed from your bank.*

7. Approximately what percentage of C&I loans currently on your bank's books do you consider to be leveraged loans? (Please report the approximate share of total C&I loans that you currently consider to be leveraged regardless of whether they have been or are potentially affected by the supervisory guidance).

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
More than 0 percent and less than 5 percent	32	51.6	13	33.3	19	82.6
More than 5 percent and less than 10 percent	23	37.1	19	48.7	4	17.4
More than 10 percent and less than 20 percent	6	9.7	6	15.4	0	0.0
More than 20 percent and less than 35 percent	1	1.6	1	2.6	0	0.0
More than 35 percent and less than 60 percent	0	0.0	0	0.0	0	0.0
More than 60 percent	0	0.0	0	0.0	0	0.0
Total	62	100.0	39	100.0	23	100.0

For this question, 13 respondents answered “My bank does not currently have any C&I loans that it considers to be leveraged loans on its books.”

8. How has your bank changed its lending policies for leveraged loans generally —that is, for all leveraged loans—in anticipation of or as a result of the release of the supervisory guidance?

a. Credit standards

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	15	25.9	11	28.9	4	20.0
Remained basically unchanged	43	74.1	27	71.1	16	80.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	58	100.0	38	100.0	20	100.0

For this question, 13 respondents answered “My bank is generally not active.”

b. Price-related terms (higher fees and wider spreads=tightened; lower fees and 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	6	10.3	4	10.5	2	10.0
Remained basically unchanged	50	86.2	32	84.2	18	90.0
Eased somewhat	2	3.4	2	5.3	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	58	100.0	38	100.0	20	100.0

For this question, 13 respondents answered “My bank is generally not active.”

c. 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	5	8.6	4	10.5	1	5.0
Remained basically unchanged	52	89.7	33	86.8	19	95.0
Eased somewhat	1	1.7	1	2.6	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	58	100.0	38	100.0	20	100.0

For this question, 13 respondents answered “My bank is generally not active.”

d. Maximum loan tenor

	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	5.2	1	2.6	2	10.0
Remained basically unchanged	54	93.1	36	94.7	18	90.0
Eased somewhat	1	1.7	1	2.6	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	58	100.0	38	100.0	20	100.0

For this question, 13 respondents answered “My bank is generally not active.”

e. Collateralization requirements

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	4	6.9	2	5.3	2	10.0
Remained basically unchanged	53	91.4	35	92.1	18	90.0
Eased somewhat	1	1.7	1	2.6	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	58	100.0	38	100.0	20	100.0

For this question, 13 respondents answered “My bank is generally not active.”

f. Total number of covenants (more=tightened; fewer=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	11	19.0	8	21.1	3	15.0
Remained basically unchanged	45	77.6	28	73.7	17	85.0
Eased somewhat	2	3.4	2	5.3	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	58	100.0	38	100.0	20	100.0

For this question, 13 respondents answered “My bank is generally not active.”

g. Maximum debt to EBITDA restrictions

	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	17	29.3	12	31.6	5	25.0
Remained basically unchanged	39	67.2	24	63.2	15	75.0
Eased somewhat	2	3.4	2	5.3	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	58	100.0	38	100.0	20	100.0

For this question, 13 respondents answered “My bank is generally not active.”

9. Approximately what fraction of the dollar value of leveraged loans that typically had been underwritten or participated in by your bank do you judge has been or will be curtailed or significantly altered by the supervisory guidance?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
More than 0 percent and less than 5 percent	9	39.1	6	31.6	3	75.0
More than 5 percent and less than 10 percent	6	26.1	6	31.6	0	0.0
More than 10 percent and less than 20 percent	6	26.1	5	26.3	1	25.0
More than 20 percent and less than 35 percent	2	8.7	2	10.5	0	0.0
More than 35 percent and less than 60 percent	0	0.0	0	0.0	0	0.0
More than 60 percent	0	0.0	0	0.0	0	0.0
Total	23	100.0	19	100.0	4	100.0

For this question, 50 respondents answered “No material quantity of loans that my bank typically would have underwritten or participated in is affected by this guidance.”

10. Please indicate how the dollar volume of your bank's underwriting (regardless of whether the underwriting is best efforts or firm commitment) or purchasing of participations in some leveraged loans for each of the following categories has been or will be affected by the supervisory guidance.

A. By borrowers' use of funds:

a. For leveraged buyout purposes or capital distributions

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Decreased substantially	1	2.7	1	3.4	0	0.0
Decreased somewhat	13	35.1	10	34.5	3	37.5
Remained basically unchanged	22	59.5	17	58.6	5	62.5
Increased somewhat	1	2.7	1	3.4	0	0.0
Increased substantially	0	0.0	0	0.0	0	0.0
Total	37	100.0	29	100.0	8	100.0

b. For mergers and acquisitions purposes

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Decreased substantially	0	0.0	0	0.0	0	0.0
Decreased somewhat	11	29.7	9	31.0	2	25.0
Remained basically unchanged	24	64.9	18	62.1	6	75.0
Increased somewhat	2	5.4	2	6.9	0	0.0
Increased substantially	0	0.0	0	0.0	0	0.0
Total	37	100.0	29	100.0	8	100.0

c. For refinancing purposes

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Decreased substantially	0	0.0	0	0.0	0	0.0
Decreased somewhat	8	21.1	5	17.2	3	33.3
Remained basically unchanged	29	76.3	23	79.3	6	66.7
Increased somewhat	1	2.6	1	3.4	0	0.0
Increased substantially	0	0.0	0	0.0	0	0.0
Total	38	100.0	29	100.0	9	100.0

d. For investment or other general purposes

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Decreased substantially	0	0.0	0	0.0	0	0.0
Decreased somewhat	9	24.3	6	21.4	3	33.3
Remained basically unchanged	28	75.7	22	78.6	6	66.7
Increased somewhat	0	0.0	0	0.0	0	0.0
Increased substantially	0	0.0	0	0.0	0	0.0
Total	37	100.0	28	100.0	9	100.0

B. By size of firm:

a. Large firms

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Decreased substantially	0	0.0	0	0.0	0	0.0
Decreased somewhat	9	25.0	7	25.0	2	25.0
Remained basically unchanged	26	72.2	20	71.4	6	75.0
Increased somewhat	1	2.8	1	3.6	0	0.0
Increased substantially	0	0.0	0	0.0	0	0.0
Total	36	100.0	28	100.0	8	100.0

b. Middle-market firms

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Decreased substantially	1	2.7	1	3.6	0	0.0
Decreased somewhat	9	24.3	6	21.4	3	33.3
Remained basically unchanged	26	70.3	20	71.4	6	66.7
Increased somewhat	1	2.7	1	3.6	0	0.0
Increased substantially	0	0.0	0	0.0	0	0.0
Total	37	100.0	28	100.0	9	100.0

c. Small firms

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Decreased substantially	1	2.9	1	3.8	0	0.0
Decreased somewhat	9	25.7	6	23.1	3	33.3
Remained basically unchanged	24	68.6	18	69.2	6	66.7
Increased somewhat	1	2.9	1	3.8	0	0.0
Increased substantially	0	0.0	0	0.0	0	0.0
Total	35	100.0	26	100.0	9	100.0

11. If you answered that your bank "decreased substantially" or "decreased somewhat" its underwriting or purchasing of participations in some categories of leveraged loans (answers 1 or 2 to one or more loan categories in question 10), please indicate how likely the following possibilities are for the firms which would have borrowed from your bank.

a. Affected firms will generally be able to turn to other sources of funding (such as borrowing from institutions that are not subject to the leveraged lending supervisory guidance or increasing their reliance on the high-yield bond market)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Much less likely	0	0.0	0	0.0	0	0.0
Somewhat less likely	3	17.6	3	21.4	0	0.0
About as likely	2	11.8	0	0.0	2	66.7
Somewhat more likely	6	35.3	6	42.9	0	0.0
Much more likely	5	29.4	5	35.7	0	0.0
Unknown	1	5.9	0	0.0	1	33.3
Total	17	100.0	14	100.0	3	100.0

b. Affected firms will reduce their demand for all sources of financing of investment in plant or equipment

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Much less likely	5	29.4	5	35.7	0	0.0
Somewhat less likely	2	11.8	2	14.3	0	0.0
About as likely	3	17.6	2	14.3	1	33.3
Somewhat more likely	5	29.4	4	28.6	1	33.3
Much more likely	0	0.0	0	0.0	0	0.0
Unknown	2	11.8	1	7.1	1	33.3
Total	17	100.0	14	100.0	3	100.0

c. Affected firms will reduce their demand for all sources of financing of merger and acquisitions, leveraged buyouts, or capital distribution activities

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Much less likely	3	17.6	3	21.4	0	0.0
Somewhat less likely	3	17.6	3	21.4	0	0.0
About as likely	4	23.5	3	21.4	1	33.3
Somewhat more likely	5	29.4	4	28.6	1	33.3
Much more likely	0	0.0	0	0.0	0	0.0
Unknown	2	11.8	1	7.1	1	33.3
Total	17	100.0	14	100.0	3	100.0

d. Affected firms will reduce their demand for all sources of financing of other activities (for example, inventory accumulation)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Much less likely	4	23.5	4	28.6	0	0.0
Somewhat less likely	3	17.6	3	21.4	0	0.0
About as likely	3	17.6	2	14.3	1	33.3
Somewhat more likely	5	29.4	4	28.6	1	33.3
Much more likely	0	0.0	0	0.0	0	0.0
Unknown	2	11.8	1	7.1	1	33.3
Total	17	100.0	14	100.0	3	100.0

Questions 12-17 *ask about changes in standards and demand over the* ***past three months*** *for three different types of CRE loans at your bank: construction and land development loans, loans secured by nonfarm nonresidential properties, and loans secured by multifamily residential properties. Please report changes in enforcement of existing policies as changes in policies.*

12. Over the past three months, how have your bank's credit standards for approving new applications for construction and land development loans or credit lines 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	4.1	0	0.0	3	8.6
Remained basically unchanged	62	83.8	32	82.1	30	85.7
Eased somewhat	9	12.2	7	17.9	2	5.7
Eased considerably	0	0.0	0	0.0	0	0.0
Total	74	100.0	39	100.0	35	100.0

13. Over the past three months, how have your bank's credit standards for approving new applications for loans secured by nonfarm nonresidential properties 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	2	2.7	0	0.0	2	5.7
Remained basically unchanged	66	88.0	34	85.0	32	91.4
Eased somewhat	7	9.3	6	15.0	1	2.9
Eased considerably	0	0.0	0	0.0	0	0.0
Total	75	100.0	40	100.0	35	100.0

14. Over the past three months, how have your bank's credit standards for approving new applications for loans secured by multifamily residential properties changed?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	1	1.4	0	0.0	1	2.9
Tightened somewhat	6	8.1	1	2.6	5	14.3
Remained basically unchanged	55	74.3	29	74.4	26	74.3
Eased somewhat	12	16.2	9	23.1	3	8.6
Eased considerably	0	0.0	0	0.0	0	0.0
Total	74	100.0	39	100.0	35	100.0

15. Apart from normal seasonal variation, how has demand for construction and land development loans changed over the past three months? (Please consider the number of requests for new spot loans, for disbursement of funds under existing loan commitments, and for new or increased credit lines.)

	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	24	32.4	10	25.6	14	40.0
About the same	47	63.5	28	71.8	19	54.3
Moderately weaker	2	2.7	1	2.6	1	2.9
Substantially weaker	1	1.4	0	0.0	1	2.9
Total	74	100.0	39	100.0	35	100.0

16. Apart from normal seasonal variation, how has demand for loans secured by nonfarm nonresidential properties changed over the past three months? (Please consider the number of requests for new spot loans, for disbursement of funds under existing loan commitments, and for new or increased credit lines.)

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	2	2.7	2	5.0	0	0.0
Moderately stronger	21	28.0	8	20.0	13	37.1
About the same	50	66.7	30	75.0	20	57.1
Moderately weaker	1	1.3	0	0.0	1	2.9
Substantially weaker	1	1.3	0	0.0	1	2.9
Total	75	100.0	40	100.0	35	100.0

17. Apart from normal seasonal variation, how has demand for loans secured by multifamily residential properties changed over the past three months? (Please consider the number of requests for new spot loans, for disbursement of funds under existing loan commitments, and for new or increased credit lines.)

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	2	2.7	1	2.6	1	2.9
Moderately stronger	21	28.4	9	23.1	12	34.3
About the same	45	60.8	26	66.7	19	54.3
Moderately weaker	5	6.8	3	7.7	2	5.7
Substantially weaker	1	1.4	0	0.0	1	2.9
Total	74	100.0	39	100.0	35	100.0

Questions 18-19 *ask about three categories of* ***residential mortgage loans*** *at your bank—prime residential mortgages, nontraditional residential mortgages, and subprime residential mortgages. Question 18 deals with changes in your bank's credit standards for loans in each of these categories over the past three months. Question 19 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.*

18. 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	1	1.4	1	2.8	0	0.0
Tightened somewhat	6	8.5	1	2.8	5	14.3
Remained basically unchanged	58	81.7	28	77.8	30	85.7
Eased somewhat	6	8.5	6	16.7	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	71	100.0	36	100.0	35	100.0

For this question, 1 respondents 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	0	0.0	0	0.0	0	0.0
Tightened somewhat	6	17.1	3	15.0	3	20.0
Remained basically unchanged	26	74.3	14	70.0	12	80.0
Eased somewhat	3	8.6	3	15.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	35	100.0	20	100.0	15	100.0

For this question, 37 respondents answered “My bank does not originate nontraditional residential mortgages.”

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

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	20.0	0	0.0	1	33.3
Remained basically unchanged	4	80.0	2	100.0	2	66.7
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	5	100.0	2	100.0	3	100.0

For this question, 67 respondents answered “My bank does not originate subprime residential mortgages.”

19. 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	14	19.7	3	8.3	11	31.4
About the same	23	32.4	12	33.3	11	31.4
Moderately weaker	26	36.6	16	44.4	10	28.6
Substantially weaker	8	11.3	5	13.9	3	8.6
Total	71	100.0	36	100.0	35	100.0

For this question, 1 respondents 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	8.6	0	0.0	3	20.0
About the same	13	37.1	7	35.0	6	40.0
Moderately weaker	17	48.6	11	55.0	6	40.0
Substantially weaker	2	5.7	2	10.0	0	0.0
Total	35	100.0	20	100.0	15	100.0

For this question, 37 respondents answered “My bank does not originate nontraditional residential mortgages.”

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

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	1	20.0	0	0.0	1	33.3
About the same	2	40.0	2	100.0	0	0.0
Moderately weaker	2	40.0	0	0.0	2	66.7
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	5	100.0	2	100.0	3	100.0

For this question, 67 respondents answered “My bank does not originate subprime residential mortgages.”

Questions 20-21 *ask about* ***revolving home equity lines of credit*** *at your bank. Question 20 deals with changes in your bank's credit standards over the past three months. Question 21 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.*

20. 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	4.2	0	0.0	3	9.1
Remained basically unchanged	63	88.7	35	92.1	28	84.8
Eased somewhat	5	7.0	3	7.9	2	6.1
Eased considerably	0	0.0	0	0.0	0	0.0
Total	71	100.0	38	100.0	33	100.0

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

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	1	1.4	1	2.6	0	0.0
Moderately stronger	11	15.5	7	18.4	4	12.1
About the same	45	63.4	22	57.9	23	69.7
Moderately weaker	13	18.3	7	18.4	6	18.2
Substantially weaker	1	1.4	1	2.6	0	0.0
Total	71	100.0	38	100.0	33	100.0

Questions 22-31 *ask about consumer lending at your bank. Question 22 deals with changes in your bank's willingness to make consumer loans over the past three months. Questions 23-28 deal with changes in credit standards and loan terms over the same period. Questions 29-31deal 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.*

22. 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	2	2.8	1	2.8	1	2.9
Somewhat more willing	10	14.1	3	8.3	7	20.0
About unchanged	58	81.7	31	86.1	27	77.1
Somewhat less willing	1	1.4	1	2.8	0	0.0
Much less willing	0	0.0	0	0.0	0	0.0
Total	71	100.0	36	100.0	35	100.0

23. 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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	53	93.0	30	96.8	23	88.5
Eased somewhat	4	7.0	1	3.2	3	11.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	31	100.0	26	100.0

24. 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	56	83.6	26	78.8	30	88.2
Eased somewhat	10	14.9	6	18.2	4	11.8
Eased considerably	0	0.0	0	0.0	0	0.0
Total	67	100.0	33	100.0	34	100.0

25. 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	66	93.0	36	100.0	30	85.7
Eased somewhat	5	7.0	0	0.0	5	14.3
Eased considerably	0	0.0	0	0.0	0	0.0
Total	71	100.0	36	100.0	35	100.0

26. 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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	45	88.2	27	90.0	18	85.7
Eased somewhat	6	11.8	3	10.0	3	14.3
Eased considerably	0	0.0	0	0.0	0	0.0
Total	51	100.0	30	100.0	21	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	1	2.0	1	3.3	0	0.0
Remained basically unchanged	49	96.1	28	93.3	21	100.0
Eased somewhat	1	2.0	1	3.3	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	51	100.0	30	100.0	21	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	50	98.0	29	96.7	21	100.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	1	2.0	1	3.3	0	0.0
Total	51	100.0	30	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	94.1	28	93.3	20	95.2
Eased somewhat	2	3.9	1	3.3	1	4.8
Eased considerably	1	2.0	1	3.3	0	0.0
Total	51	100.0	30	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	1	2.0	1	3.3	0	0.0
Remained basically unchanged	49	96.1	29	96.7	20	95.2
Eased somewhat	1	2.0	0	0.0	1	4.8
Eased considerably	0	0.0	0	0.0	0	0.0
Total	51	100.0	30	100.0	21	100.0

27. 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	63	95.5	29	90.6	34	100.0
Eased somewhat	3	4.5	3	9.4	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	66	100.0	32	100.0	34	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	4	6.1	2	6.3	2	5.9
Remained basically unchanged	51	77.3	25	78.1	26	76.5
Eased somewhat	11	16.7	5	15.6	6	17.6
Eased considerably	0	0.0	0	0.0	0	0.0
Total	66	100.0	32	100.0	34	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	62	93.9	30	93.8	32	94.1
Eased somewhat	4	6.1	2	6.3	2	5.9
Eased considerably	0	0.0	0	0.0	0	0.0
Total	66	100.0	32	100.0	34	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	63	95.5	30	93.8	33	97.1
Eased somewhat	3	4.5	2	6.3	1	2.9
Eased considerably	0	0.0	0	0.0	0	0.0
Total	66	100.0	32	100.0	34	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	1	1.5	1	3.1	0	0.0
Remained basically unchanged	63	95.5	31	96.9	32	94.1
Eased somewhat	2	3.0	0	0.0	2	5.9
Eased considerably	0	0.0	0	0.0	0	0.0
Total	66	100.0	32	100.0	34	100.0

28. 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	70	98.6	36	100.0	34	97.1
Eased somewhat	1	1.4	0	0.0	1	2.9
Eased considerably	0	0.0	0	0.0	0	0.0
Total	71	100.0	36	100.0	35	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	2.8	2	5.6	0	0.0
Remained basically unchanged	64	90.1	32	88.9	32	91.4
Eased somewhat	4	5.6	1	2.8	3	8.6
Eased considerably	1	1.4	1	2.8	0	0.0
Total	71	100.0	36	100.0	35	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	70	98.6	36	100.0	34	97.1
Eased somewhat	1	1.4	0	0.0	1	2.9
Eased considerably	0	0.0	0	0.0	0	0.0
Total	71	100.0	36	100.0	35	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	70	98.6	36	100.0	34	97.1
Eased somewhat	1	1.4	0	0.0	1	2.9
Eased considerably	0	0.0	0	0.0	0	0.0
Total	71	100.0	36	100.0	35	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	3	4.2	2	5.6	1	2.9
Remained basically unchanged	67	94.4	34	94.4	33	94.3
Eased somewhat	1	1.4	0	0.0	1	2.9
Eased considerably	0	0.0	0	0.0	0	0.0
Total	71	100.0	36	100.0	35	100.0

29. 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	10	18.9	6	20.0	4	17.4
About the same	39	73.6	21	70.0	18	78.3
Moderately weaker	4	7.5	3	10.0	1	4.3
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	53	100.0	30	100.0	23	100.0

30. 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	1	1.5	0	0.0	1	3.0
Moderately stronger	11	16.9	7	21.9	4	12.1
About the same	46	70.8	21	65.6	25	75.8
Moderately weaker	7	10.8	4	12.5	3	9.1
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	65	100.0	32	100.0	33	100.0

31. 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	10	14.3	5	13.9	5	14.7
About the same	55	78.6	27	75.0	28	82.4
Moderately weaker	4	5.7	3	8.3	1	2.9
Substantially weaker	1	1.4	1	2.8	0	0.0
Total	70	100.0	36	100.0	34	100.0

Questions 32-35 *ask about your bank's expectations for the behavior of loan delinquencies and charge-offs on C&I, CRE, residential real estate, and consumer loans in 2014.*

32. 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** in the following categories in 2014? (Please refer to the definitions of large and middle-market firms and of small firms suggested in question 1. If your bank defines firm size differently from the categories suggested in question 1, please use your definitions and indicate what they are.)

A. Outlook for loan quality on my bank's **syndicated nonleveraged** 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	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	15	24.2	9	23.7	6	25.0
Loan quality is likely to remain around current levels	45	72.6	27	71.1	18	75.0
Loan quality is likely to deteriorate somewhat	2	3.2	2	5.3	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	62	100.0	38	100.0	24	100.0

For this question, 10 respondents answered “My bank does not originate this type of loan.”

B. Outlook for loan quality on my bank's **syndicated leveraged** 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	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	9	17.3	6	16.7	3	18.8
Loan quality is likely to remain around current levels	36	69.2	24	66.7	12	75.0
Loan quality is likely to deteriorate somewhat	7	13.5	6	16.7	1	6.3
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	52	100.0	36	100.0	16	100.0

For this question, 18 respondents answered “My bank does not originate this type of loan.”

C. Outlook for loan quality on my bank's **nonsyndicated** 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	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	26	35.1	10	25.6	16	45.7
Loan quality is likely to remain around current levels	45	60.8	26	66.7	19	54.3
Loan quality is likely to deteriorate somewhat	3	4.1	3	7.7	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	74	100.0	39	100.0	35	100.0

D. Outlook for loan quality on my bank's 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	31	43.7	12	33.3	19	54.3
Loan quality is likely to remain around current levels	35	49.3	20	55.6	15	42.9
Loan quality is likely to deteriorate somewhat	5	7.0	4	11.1	1	2.9
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	71	100.0	36	100.0	35	100.0

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

33. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **commercial real estate loans** in the following categories in 2014?

A. Outlook for loan quality on my bank's **construction and land development** loans:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Loan quality is likely to improve substantially	1	1.4	1	2.7	0	0.0
Loan quality is likely to improve somewhat	34	47.2	14	37.8	20	57.1
Loan quality is likely to remain around current levels	37	51.4	22	59.5	15	42.9
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	72	100.0	37	100.0	35	100.0

B. Outlook for loan quality on my bank's loans secured by **nonfarm nonresidential properties** :

	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	39.7	18	47.4	11	31.4
Loan quality is likely to remain around current levels	44	60.3	20	52.6	24	68.6
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	73	100.0	38	100.0	35	100.0

C. Outlook for loan quality on my bank's loans secured by **multifamily residential properties** :

	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	14	19.7	6	16.2	8	23.5
Loan quality is likely to remain around current levels	54	76.1	29	78.4	25	73.5
Loan quality is likely to deteriorate somewhat	3	4.2	2	5.4	1	2.9
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	71	100.0	37	100.0	34	100.0

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

34. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **residential real estate loans** in 2014? (Please refer to the definitions of residential mortgage loan categories used in questions 18-19.)

A. Outlook for loan quality on my bank's **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	34	47.9	21	58.3	13	37.1
Loan quality is likely to remain around current levels	36	50.7	15	41.7	21	60.0
Loan quality is likely to deteriorate somewhat	1	1.4	0	0.0	1	2.9
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	71	100.0	36	100.0	35	100.0

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

B. Outlook for loan quality on my bank's **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	15	41.7	11	61.1	4	22.2
Loan quality is likely to remain around current levels	21	58.3	7	38.9	14	77.8
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	36	100.0	18	100.0	18	100.0

For this question, 36 respondents answered “My bank does not originate this type of loan.”

C. Outlook for loan quality on my bank's **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	0.0
Loan quality is likely to improve somewhat	2	33.3	2	50.0	0	0.0
Loan quality is likely to remain around current levels	4	66.7	2	50.0	2	100.0
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	6	100.0	4	100.0	2	100.0

For this question, 66 respondents answered “My bank does not originate this type of loan.”

D. Outlook for loan quality on my bank's **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	28	40.6	16	44.4	12	36.4
Loan quality is likely to remain around current levels	36	52.2	17	47.2	19	57.6
Loan quality is likely to deteriorate somewhat	5	7.2	3	8.3	2	6.1
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	69	100.0	36	100.0	33	100.0

For this question, 5 respondents answered “My bank does not originate this type of loan.”

35. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **consumer loans** in 2014?

A. Outlook for loan quality on my bank's **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	12	22.6	5	16.7	7	30.4
Loan quality is likely to remain around current levels	37	69.8	22	73.3	15	65.2
Loan quality is likely to deteriorate somewhat	4	7.5	3	10.0	1	4.3
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	53	100.0	30	100.0	23	100.0

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

B. Outlook for loan quality on my bank's **auto loans to prime borrowers** :

	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	14	21.2	6	18.8	8	23.5
Loan quality is likely to remain around current levels	47	71.2	21	65.6	26	76.5
Loan quality is likely to deteriorate somewhat	5	7.6	5	15.6	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	66	100.0	32	100.0	34	100.0

For this question, 5 respondents answered “My bank does not originate this type of loan.”

C. Outlook for loan quality on my bank's **auto loans to subprime borrowers** :

	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	0	0.0	0	0.0	0	0.0
Loan quality is likely to remain around current levels	5	41.7	2	28.6	3	60.0
Loan quality is likely to deteriorate somewhat	7	58.3	5	71.4	2	40.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	12	100.0	7	100.0	5	100.0

For this question, 56 respondents answered "My bank does not originate this type of loan."

D. Outlook for loan quality on my bank's loans **other than** credit card and auto 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	15	21.7	7	19.4	8	24.2
Loan quality is likely to remain around current levels	53	76.8	29	80.6	24	72.7
Loan quality is likely to deteriorate somewhat	1	1.4	0	0.0	1	3.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	69	100.0	36	100.0	33	100.0

For this question, 5 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, 2013. The combined assets of the 40 large banks totaled $8.2 trillion, compared to $8.4 trillion for the entire panel of 75 banks, and $ 11.9 trillion for all domestically chartered, federally insured commercial banks.Return to text

2. The text of the letter is available at: http://www.federalreserve.gov/bankinforeg/srletters/sr1303.htm. Return to text

Last update: February 3, 2014

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 2014)

Questions 1-6 *ask about commercial and industrial (C&I) loans at your bank. Questions 1-3 deal with changes in your bank's lending policies over the past three months. Questions 4-5 deal with changes in demand for C&I loans over the past three months. Question 6 asks about changes in prospective demand for C&I loans at your bank, as indicated by the volume of recent inquiries about the availability of new credit lines or increases in existing lines. If your bank's lending policies have not changed over the past three months, please report them as unchanged even if the policies are either restrictive or accommodative relative to longer-term norms. If your bank's policies have tightened or eased over the past three months, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing policies as changes in policies.*

1. Over the past three months, how have your bank's credit standards for approving applications for C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—changed?

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	19	90.5
Eased somewhat	2	9.5
Eased considerably	0	0.0
Total	21	100.0

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

a. Maximum size of credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	17	81.0
Eased somewhat	4	19.0
Eased considerably	0	0.0
Total	21	100.0

b. Maximum maturity of loans or credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	17	85.0
Eased somewhat	3	15.0
Eased considerably	0	0.0
Total	20	100.0

c. Costs of credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	19	95.0
Eased somewhat	1	5.0
Eased considerably	0	0.0
Total	20	100.0

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

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

e. Premiums charged on riskier loans

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	18	90.0
Eased somewhat	2	10.0
Eased considerably	0	0.0
Total	20	100.0

f. Loan covenants

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

g. Collateralization requirements

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	20	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	20	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	0	0.0
Remained basically unchanged	18	94.7
Eased somewhat	1	5.3
Eased considerably	0	0.0
Total	19	100.0

3. If your bank has tightened or eased its credit standards or its terms for C&I loans or credit lines over the past three months (as described in questions 1 and 2), how important have been the following possible reasons for the change?

A. Possible reasons for tightening credit standards or loan terms:

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

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

b. Less favorable or more uncertain economic outlook

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

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

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

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

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

e. Reduced tolerance for risk

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

f. Decreased liquidity in the secondary market for these loans

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

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

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

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

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

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

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

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

b. More favorable or less uncertain economic outlook

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

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

	All Respondents	
	Banks	**Percent**
Not important	7	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	7	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	4	57.1
Very important	3	42.9
Total	7	100.0

e. Increased tolerance for risk

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

f. Increased liquidity in the secondary market for these loans

	All Respondents	
	Banks	**Percent**
Not important	5	71.4
Somewhat important	1	14.3
Very important	1	14.3
Total	7	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	5	71.4
Somewhat important	1	14.3
Very important	1	14.3
Total	7	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	7	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	7	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	5	23.8
About the same	16	76.2
Moderately weaker	0	0.0
Substantially weaker	0	0.0
Total	21	100.0

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

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

a. Customer inventory financing needs increased

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

b. Customer accounts receivable financing needs increased

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

c. Customer investment in plant or equipment increased

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

d. Customer internally generated funds decreased

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

e. Customer merger or acquisition financing needs increased

	All Respondents	
	Banks	Percent
Not important	1	20.0
Somewhat important	2	40.0
Very important	2	40.0
Total	5	100.0

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

	All Respondents	
	Banks	Percent
Not important	5	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	5	100.0

g. Customers' precautionary demand for cash and liquidity increased

	All Respondents	
	Banks	Percent
Not important	3	60.0
Somewhat important	1	20.0
Very important	1	20.0
Total	5	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	0	--
Somewhat important	0	--
Very important	0	--
Total	0	--

b. Customer accounts receivable financing needs decreased

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

c. Customer investment in plant or equipment decreased

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

d. Customer internally generated funds increased

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

e. Customer merger or acquisition financing needs decreased

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

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

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

g. Customers’ precautionary demand for cash and liquidity decreased

	All Respondents	
	Banks	**Percent**
Not important	0	--
Somewhat important	0	--
Very important	0	--
Total	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	3	14.3
The number of inquiries has stayed about the same	17	81.0
The number of inquiries has decreased moderately	1	4.8
The number of inquiries has decreased substantially	0	0.0
Total	21	100.0

On March 21, 2013, federal bank regulators released interagency guidance outlining high-level principles related to safe-and-sound leveraged lending activities (letter SR 13-3).[2] *The guidance applies to all financial institutions supervised by the Federal Reserve that engage in leveraged lending activities, and became effective on May 21, 2013. Please answer the following questions in light of the supervisory guidance. Question 7 asks what percentage of C&I loans currently on your bank's books you currently consider leveraged. Question 8 asks how your bank has changed its lending policies for leveraged loans generally in anticipation of, or as a result of, the release of the supervisory guidance. Question 9 asks about the fraction of leveraged lending that is subject to the supervisory guidance. Question 10 asks about how your bank's underwriting or purchases of participations in various categories of leveraged lending have been affected by the supervisory guidance. Question 11 asks about your assessment of the likelihood of various possibilities for firms which otherwise would have borrowed from your bank.*

7. Approximately what percentage of C&I loans currently on your bank's books do you consider to be leveraged loans? (Please report the approximate share of total C&I loans that you currently consider to be leveraged regardless of whether they have been or are potentially affected by the supervisory guidance).

	All Respondents	
	Banks	**Percent**
More than 0 percent and less than 5 percent	9	52.9
More than 5 percent and less than 10 percent	4	23.5
More than 10 percent and less than 20 percent	2	11.8
More than 20 percent and less than 35 percent	2	11.8
More than 35 percent and less than 60 percent	0	0.0
More than 60 percent	0	0.0
Total	17	100.0

For this question, 3 respondents answered “My bank does not currently have any C&I loans that it considers to be leveraged loans on its books.”

8. How has your bank changed its lending policies for leveraged loans generally —that is, for all leveraged loans—in anticipation of or as a result of the release of the supervisory guidance?

a. Credit standards

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	7	41.2
Remained basically unchanged	10	58.8
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	17	100.0

For this question, 2 respondents answered “My bank is generally not active.”

b. Price-related terms (higher fees and wider spreads=tightened; lower fees and narrower spreads=eased)

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	5.9
Remained basically unchanged	15	88.2
Eased somewhat	1	5.9
Eased considerably	0	0.0
Total	17	100.0

For this question, 2 respondents answered “My bank is generally not active.”

c. Maximum loan size

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	2	11.8
Remained basically unchanged	15	88.2
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	17	100.0

For this question, 2 respondents answered “My bank is generally not active.”

d. Maximum loan tenor

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	17	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	17	100.0

For this question, 2 respondents answered “My bank is generally not active.”

e. Collateralization requirements

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	17	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	17	100.0

For this question, 2 respondents answered “My bank is generally not active.”

f. Total number of covenants (more=tightened; fewer=eased)

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	5.9
Remained basically unchanged	14	82.4
Eased somewhat	2	11.8
Eased considerably	0	0.0
Total	17	100.0

For this question, 2 respondents answered “My bank is generally not active.”

g. Maximum debt to EBITDA restrictions

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	3	17.6
Remained basically unchanged	12	70.6
Eased somewhat	2	11.8
Eased considerably	0	0.0
Total	17	100.0

For this question, 2 respondents answered “My bank is generally not active.”

9. Approximately what fraction of the dollar value of leveraged loans that typically had been underwritten or participated in by your bank do you judge has been or will be curtailed or significantly altered by the supervisory guidance?

	All Respondents	
	Banks	Percent
More than 0 percent and less than 5 percent	5	62.5
More than 5 percent and less than 10 percent	2	25.0
More than 10 percent and less than 20 percent	1	12.5
More than 20 percent and less than 35 percent	0	0.0
More than 35 percent and less than 60 percent	0	0.0
More than 60 percent	0	0.0
Total	8	100.0

For this question, 11 respondents answered “No material quantity of loans that my bank typically would have underwritten or participated in is affected by this guidance.”

10. Please indicate how the dollar volume of your bank's underwriting (regardless of whether the underwriting is best efforts or firm commitment) or purchasing of participations in some leveraged loans for each of the following categories has been or will be affected by the supervisory guidance.

A. By borrowers' use of funds:

a. For leveraged buyout purposes or capital distributions

	All Respondents	
	Banks	**Percent**
Decreased substantially	1	7.1
Decreased somewhat	5	35.7
Remained basically unchanged	8	57.1
Increased somewhat	0	0.0
Increased substantially	0	0.0
Total	14	100.0

b. For mergers and acquisitions purposes

	All Respondents	
	Banks	**Percent**
Decreased substantially	1	7.1
Decreased somewhat	2	14.3
Remained basically unchanged	11	78.6
Increased somewhat	0	0.0
Increased substantially	0	0.0
Total	14	100.0

c. For refinancing purposes

	All Respondents	
	Banks	**Percent**
Decreased substantially	0	0.0
Decreased somewhat	0	0.0
Remained basically unchanged	14	100.0
Increased somewhat	0	0.0
Increased substantially	0	0.0
Total	14	100.0

d. For investment or other general purposes

	All Respondents	
	Banks	**Percent**
Decreased substantially	0	0.0
Decreased somewhat	0	0.0
Remained basically unchanged	14	100.0
Increased somewhat	0	0.0
Increased substantially	0	0.0
Total	14	100.0

B. By size of firm:

a. Large firms

	All Respondents	
	Banks	**Percent**
Decreased substantially	0	0.0
Decreased somewhat	1	7.1
Remained basically unchanged	13	92.9
Increased somewhat	0	0.0
Increased substantially	0	0.0
Total	14	100.0

b. Middle-market firms

	All Respondents	
	Banks	**Percent**
Decreased substantially	1	7.1
Decreased somewhat	2	14.3
Remained basically unchanged	11	78.6
Increased somewhat	0	0.0
Increased substantially	0	0.0
Total	14	100.0

c. Small firms

	All Respondents	
	Banks	**Percent**
Decreased substantially	1	10.0
Decreased somewhat	0	0.0
Remained basically unchanged	8	80.0
Increased somewhat	1	10.0
Increased substantially	0	0.0
Total	10	100.0

11. If you answered that your bank "decreased substantially" or "decreased somewhat" its underwriting or purchasing of participations in some categories of leveraged loans (answers 1 or 2 to one or more loan categories in question 10), please indicate how likely the following possibilities are for the firms which would have borrowed from your bank.

a. Affected firms will generally be able to turn to other sources of funding (such as borrowing from institutions that are not subject to the leveraged lending supervisory guidance or increasing their reliance on the high-yield bond market)

	All Respondents	
	Banks	**Percent**
Much less likely	1	16.7
Somewhat less likely	0	0.0
About as likely	1	16.7
Somewhat more likely	2	33.3
Much more likely	2	33.3
Unknown	0	0.0
Total	6	100.0

b. Affected firms will reduce their demand for all sources of financing of investment in plant or equipment

	All Respondents	
	Banks	**Percent**
Much less likely	2	33.3
Somewhat less likely	1	16.7
About as likely	3	50.0
Somewhat more likely	0	0.0
Much more likely	0	0.0
Unknown	0	0.0
Total	6	100.0

c. Affected firms will reduce their demand for all sources of financing of merger and acquisitions, leveraged buyouts, or capital distribution activities

	All Respondents	
	Banks	**Percent**
Much less likely	2	33.3
Somewhat less likely	0	0.0
About as likely	2	33.3
Somewhat more likely	1	16.7
Much more likely	1	16.7
Unknown	0	0.0
Total	6	100.0

d. Affected firms will reduce their demand for all sources of financing of other activities (for example, inventory accumulation)

	All Respondents	
	Banks	**Percent**
Much less likely	3	50.0
Somewhat less likely	0	0.0
About as likely	3	50.0
Somewhat more likely	0	0.0
Much more likely	0	0.0
Unknown	0	0.0
Total	6	100.0

Questions 12-13 *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 12 deals with changes in your bank's standards over the past three months. Question 13 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.*

12. 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	0	0.0
Remained basically unchanged	12	92.3
Eased somewhat	1	7.7
Eased considerably	0	0.0
Total	13	100.0

13. 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	6	46.2
About the same	7	53.8
Moderately weaker	0	0.0
Substantially weaker	0	0.0
Total	13	100.0

Questions 14-15 *ask about your bank's expectations for the behavior of loan delinquencies and charge-offs on C&I, CRE, residential real estate, and consumer loans in 2014.*

14. 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** in the following categories in 2014? (Please refer to the definitions of large and middle-market firms and of small firms suggested in question 1. If your bank defines firm size differently from the categories suggested in question 1, please use your definitions and indicate what they are.)

A. Outlook for loan quality on my bank's **syndicated nonleveraged** 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	2	9.5
Loan quality is likely to remain around current levels	19	90.5
Loan quality is likely to deteriorate somewhat	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	21	100.0

B. Outlook for loan quality on my bank's **syndicated leveraged** 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	1	5.0
Loan quality is likely to remain around current levels	17	85.0
Loan quality is likely to deteriorate somewhat	2	10.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	20	100.0

C. Outlook for loan quality on my bank's **nonsyndicated** 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	1	4.8
Loan quality is likely to remain around current levels	20	95.2
Loan quality is likely to deteriorate somewhat	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	21	100.0

D. Outlook for loan quality on my bank's 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	10.0
Loan quality is likely to remain around current levels	9	90.0
Loan quality is likely to deteriorate somewhat	0	0.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	10	100.0

For this question, 9 respondents answered “My bank does not originate this type of loan.”

15. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **commercial real estate loans** in the following categories in 2014?

A. Outlook for loan quality on my bank's **construction and land development** loans:

	All Respondents	
	Banks	**Percent**
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	1	12.5
Loan quality is likely to remain around current levels	6	75.0
Loan quality is likely to deteriorate somewhat	1	12.5
Loan quality is likely to deteriorate substantially	0	0.0
Total	8	100.0

For this question, 5 respondents answered "My bank does not originate this type of loan."

B. Outlook for loan quality on my bank's loans secured by **nonfarm nonresidential properties** :

	All Respondents	
	Banks	**Percent**
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	4	40.0
Loan quality is likely to remain around current levels	5	50.0
Loan quality is likely to deteriorate somewhat	1	10.0
Loan quality is likely to deteriorate substantially	0	0.0
Total	10	100.0

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

C. Outlook for loan quality on my bank's loans secured by **multifamily residential properties** :

	All Respondents	
	Banks	**Percent**
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	0	0.0
Loan quality is likely to remain around current levels	7	87.5
Loan quality is likely to deteriorate somewhat	1	12.5
Loan quality is likely to deteriorate substantially	0	0.0
Total	8	100.0

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

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1. As of September 30, 2013, the 21 respondents had combined assets of $1.2 trillion, compared to $2.4 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. Return to text

2. The text of the letter is available at: http://www.federalreserve.gov/bankinforeg/srletters/sr1303.htm. Return to text

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