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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 2009 Senior Loan Officer Opinion Survey on Bank Lending Practices.

Enclosures

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

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

The January 2009 Senior Loan Officer Opinion Survey on Bank Lending Practices addressed changes in the supply of, and demand for, loans to businesses and households over the past three months.[1] The survey also included three sets of special questions: The first set asked banks about changes in lending policies on commercial real estate loans over the past year and new extensions of such loans over the second half of 2008; the second set queried banks about changes in the size of existing credit lines for businesses and households; and the third set asked banks about the use of interest rate floors in floating-rate loan agreements with both businesses and households. This article is based on responses from 53 domestic banks and 23 U.S. branches and agencies of foreign banks.

In the January survey, the net fractions of respondents that reported having tightened their lending policies on all major loan categories over the previous three months stayed very elevated. Relative to the October survey, these net fractions generally edged down slightly or remained unchanged. Respondents indicated that demand for loans from both businesses and households continued to weaken, on balance, over the survey period.

In response to the special questions on commercial real estate lending, significant net fractions of both foreign and domestic institutions reported having tightened over the past year all loan policies about which they were queried. At the same time, about 15 percent of domestic banks, on net, indicated that the shutdown of the securitization market for commercial mortgage-backed securities (CMBS) since the middle of 2008 has led to an increase in the extension of new commercial real estate loans at their bank. Regarding the other special questions, banks reported having reduced credit limits on existing credit lines over the last three months across a wide range of loan types. Banks also reported an increase in the use of interest rate floors in new loan agreements during 2008.

Questions on Lending to Businesses

(Table 1, questions 1-10; Table 2, questions 1-10)

Commercial and industrial lending. About 65 percent of domestic banks reported having tightened lending standards on commercial and industrial (C&I) loans to large and middle-market firms over the past three months. This percentage was down from the reported tightening in the October survey but still above the previous peaks reported in

[1] Respondent banks received the survey on or after December 30, 2008, and their responses were due January 13, 2009.

1990 and 2001. At about 70 percent, the fraction of domestic respondents that tightened standards on C&I loans to small firms was only slightly lower than that found in the October survey. Significant majorities of domestic respondents indicated that they had further tightened price terms on C&I loans to firms of all sizes over the past three months. Around 90 percent of domestic banks indicated that they had increased spreads of loan rates over their cost of funds for C&I loans to large and middle-market firms and to small firms—fractions slightly lower than those in the October survey. Likewise, very large fractions of banks reported having charged higher premiums on riskier loans and having increased the costs of credit lines to firms of all sizes over the survey period.

On net, the fractions of banks that reported having tightened nonprice terms on C&I loans to large and middle-market firms over the past three months stayed at an elevated level but declined relative to the October survey. Large fractions of banks again noted that they had reduced both maximum size and the maximum maturity of loans or credit lines to firms of all sizes. In addition, about 70 percent of all domestic respondents reported having tightened covenants on C&I loans to large and middle-market firms and about 60 percent reported having done so on such loans to small firms.

U.S. branches and agencies of foreign banks also tightened their business lending stance further over the past three months. About 65 percent of foreign institutions, a slightly smaller percentage than in October, indicated in the January survey that they had firmed their lending standards on C&I loans. Large fractions of foreign respondents had tightened price and nonprice terms on C&I loans over the survey period, including increasing the premiums charged on riskier loans, raising the cost of credit lines, and reducing the maximum size of credit lines. The majority of foreign banks also reported that they had imposed more-restrictive covenants and collateralization requirements on C&I loans.

All domestic and foreign respondents pointed to a less favorable or more uncertain economic outlook as a reason for tightening their lending standards and terms on C&I loans over the past three months. Most respondents indicated that a worsening of industry-specific problems and their bank's reduced tolerance for risk were also important factors in their decision to tighten C&I lending policies. In contrast, only about 25 percent of the domestic respondents that had tightened standards or terms noted that a deterioration in their bank's current or expected capital position had contributed to the change, in comparison with approximately 40 percent in the October survey. High net percentages of foreign respondents gave as reasons for tightening standards and terms on C&I loans decreased liquidity in the secondary market for C&I loans (75 percent) and an increase in defaults by borrowers in public debt markets (70 percent).

On balance, domestic and foreign respondents reported a further weakening of demand for C&I loans over the past three months. On net, about 60 percent of domestic respondents reported a reduction in demand for such loans from firms of all sizes, compared with about 15 percent of respondents that, on net, had reported a decrease in C&I loan demand in the October survey. About 25 percent, on net, of U.S. branches and agencies of foreign banks saw a decrease in demand for C&I loans over the past three months, compared with the 5 percent of respondents, on net, in the October survey.

Substantial majorities of the domestic institutions that had experienced weaker demand for C&I loans over the past three months pointed to decreases in their customers' needs to finance investment in plant and equipment, to finance mergers and acquisitions, to finance inventories, and to finance customer accounts receivable as reasons for the weaker demand. Among the few domestic respondents that saw an increase in loan demand over the past three months, all indicated that business borrowing had shifted to their bank from other bank or nonbank sources because the other sources had become less attractive. In addition, over 30 percent of domestic and foreign institutions, on net, reported that inquiries from potential business borrowers had decreased during the survey period.

Commercial real estate lending. On balance, about 80 percent of domestic banks reported that they had tightened their lending standards on commercial real estate (CRE) loans over the past three months, slightly less than the roughly 85 percent that reported doing so in the October survey. Fifty percent of foreign respondents also indicated that they had tightened their lending standards on CRE loans. On net, about 55 percent of domestic and foreign respondents reported weaker demand for CRE loans over the survey period.

In response to special questions on CRE lending, significant net fractions of banks reported having tightened many lending policies on CRE loans. Over 2008 as a whole, about 95 percent of domestic banks increased their loan-rate spreads, and about 80 percent tightened their loan-to-value ratios. About 75 percent of foreign respondents, on net, reported wider loan-rate spreads, and about 65 percent, on net, had reduced their loan-to-value ratios. About 30 percent of the domestic respondents indicated that the shutdown of the CMBS securitization market had led to an increase in CRE lending at their bank over the second half of 2008, whereas about 15 percent indicated that the shutdown of the CMBS securitization market had reduced the volume of their CRE lending.

Questions on Lending to Households
(Table 1, questions 11-20)

Residential real estate lending. Smaller, though still substantial, fractions of domestic respondents reported having tightened lending standards on prime and nontraditional residential mortgages in the January survey. About 45 percent of domestic respondents indicated that they had tightened their lending standards on prime mortgages over the past three months, and almost 50 percent of the 25 banks that originated nontraditional residential mortgage loans over the survey period reported having tightened their lending standards on such loans. About 10 percent of domestic respondents saw weaker demand, on net, for prime residential mortgage loans over the past three months, a significantly lower fraction than the roughly 50 percent that so reported in the October survey. About 65 percent of respondents—a slightly lower percentage than in the October survey—reportedly experienced weaker demand for nontraditional mortgage loans over the same period. Only four banks reported making subprime mortgage loans over the past three months.

On net, about 60 percent of domestic respondents, down from 75 percent in the October survey, noted that they had tightened their lending standards for approving applications for revolving home equity lines of credit (HELOCs) over the past three months. Twenty percent of domestic banks, on net, reported weaker demand for HELOCs over the past three months, slightly less than the percentage that had reported weaker demand in the October survey.

Consumer lending. Large fractions of domestic banks continued to report a tightening of policies on both credit card and other consumer loans over the past three months. Nearly 60 percent of respondents indicated that they had tightened lending standards on credit card and other consumer loans, about the same fractions as in the October survey. Close to 55 percent of respondents reported having reduced the extent to which both credit card accounts and other consumer loans were granted to customers who did not meet credit-scoring thresholds. Roughly 45 percent of the respondents also reported having raised minimum required credit scores on credit card accounts and other consumer loans, a proportion slightly lower than posted in the October survey. About 45 percent of banks reported having lowered credit limits for either new or existing credit card customers, down from the 60 percent that reported doing so in the October survey.

On net, about 15 percent of domestic banks indicated that they had become either somewhat or much less willing to make consumer installment loans over the past three months, a notable change from the roughly 45 percent that so indicated in the October survey. About 45 percent of respondents, on net, reported that they had experienced weaker demand for consumer loans of all types, similar to the fraction in the October survey.

Special Questions
(Table 1, questions 21-23; Table 2, questions 11-13)

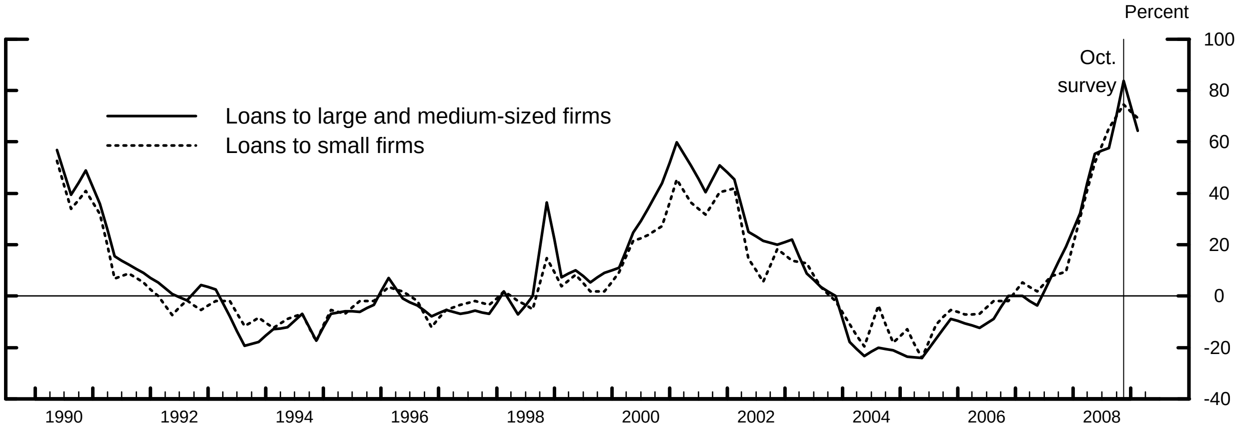
Existing credit lines. The January survey included a special question that queried banks on how they had changed the sizes of credit lines for existing customers for a number of account types over the past three months. On net, domestic banks reported that they had reduced the size of existing credit lines for all major types of business and household accounts. Regarding existing accounts for businesses, roughly 60 percent, on balance, reported a decrease in the limits on commercial construction lines of credit, about 50 percent indicated a decrease in the limits on credit lines extended to financial firms, about 30 percent indicated a decrease in credit limits on business credit card accounts, and roughly 25 percent noted a decrease in the size of C&I credit lines. On net, large fractions of foreign banks also decreased limits on commercial construction lines of credit, credit lines extended to financial firms, and C&I credit lines. Regarding accounts for households, about 40 percent of domestic banks reported having reduced the sizes of existing home equity lines of credit, on net, and approximately 35 percent reported having trimmed existing consumer credit card account limits.

Use of interest rate floors. The January survey also included special questions regarding the use of interest rate floors in floating-rate loan agreements during 2008. Eighty percent of domestic banks cited an increase in their use of interest rate floors in such agreements with businesses last year, while about 45 percent of domestic banks cited an increase in the use of such rate floors on loans to households over the same period. No domestic bank reported a reduction in the use of interest rate floors on loans to businesses or households last year. Large fractions of domestic banks, however, noted that less than 5 percent of their outstanding loans—to both households and businesses—currently had interest rate floors that were binding, and only a small number of respondents indicated that the majority of their outstanding loans to households or businesses had binding rate floors.

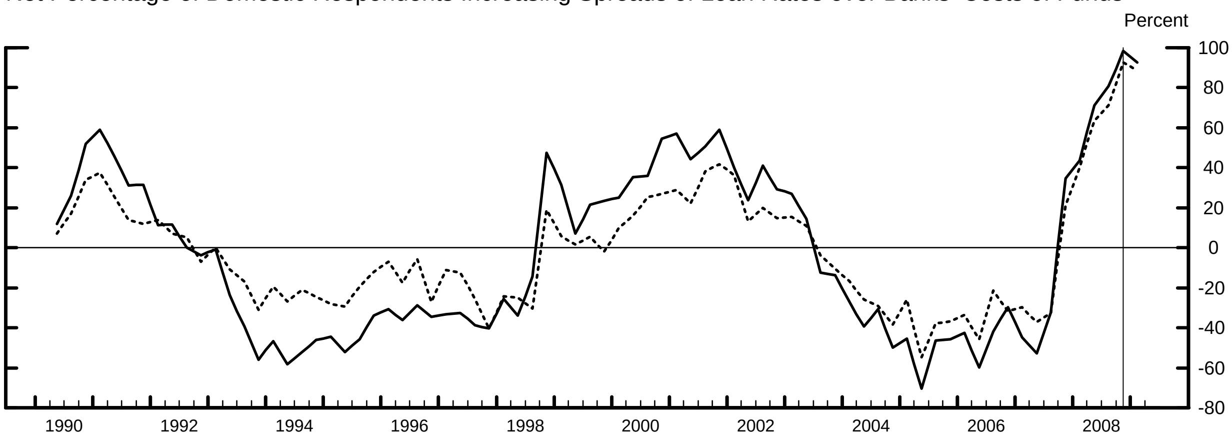
This document was prepared by Seung Lee and Tara Rice with the assistance of Robert Kurtzman, Division of Monetary Affairs, Board of Governors of the Federal Reserve System.

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

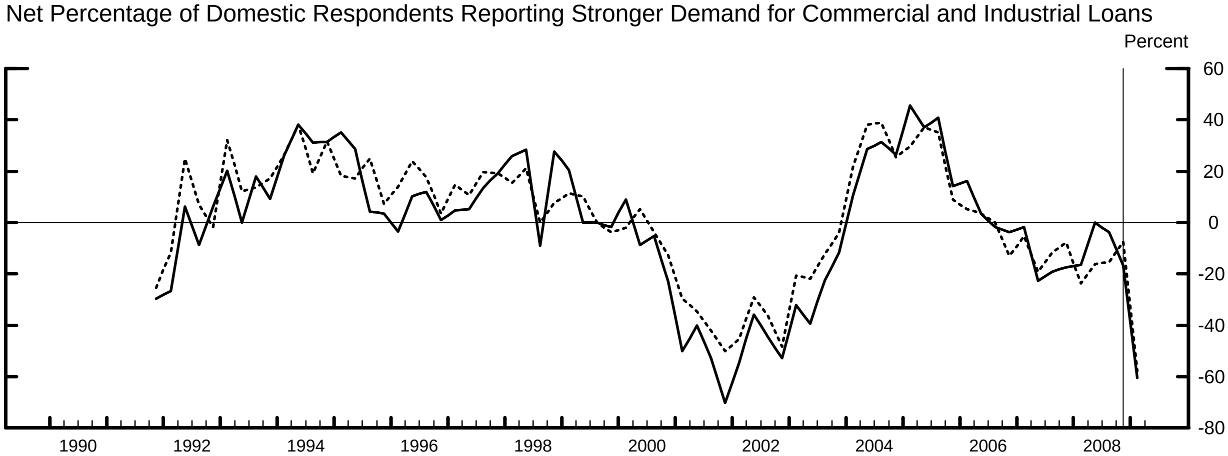
Net Percentage of Domestic Respondents Tightening Standards for Commercial and Industrial Loans



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

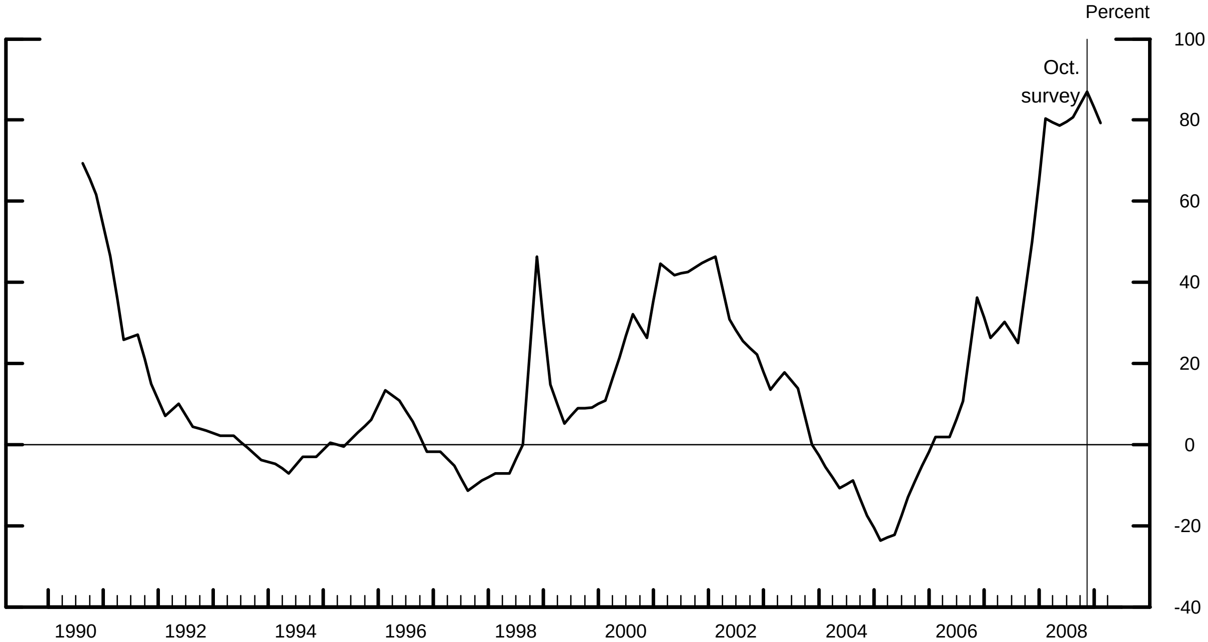


Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial and Industrial Loans

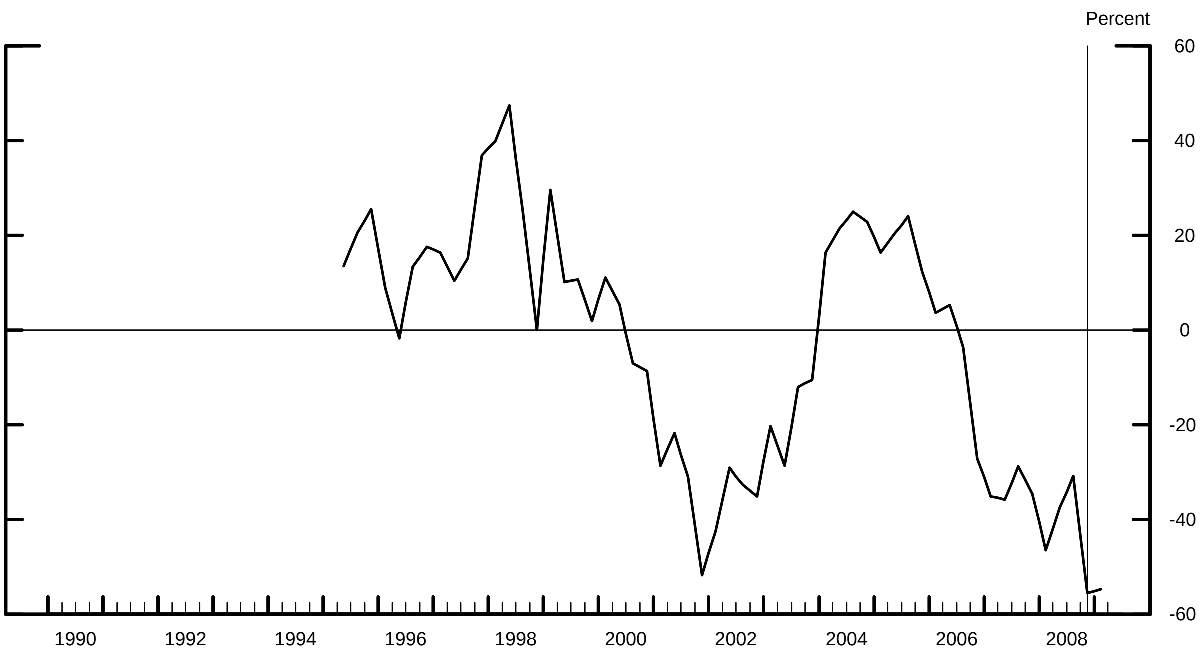


Measures of Supply and Demand for Commercial Real Estate Loans

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

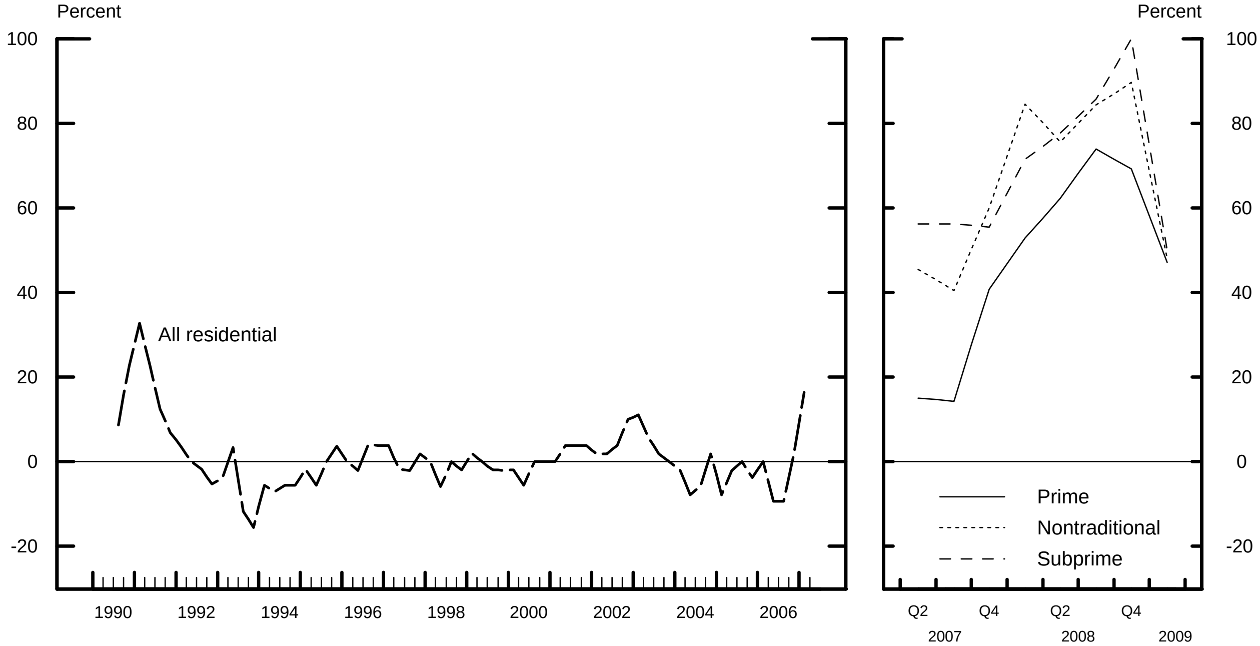


Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial Real Estate Loans



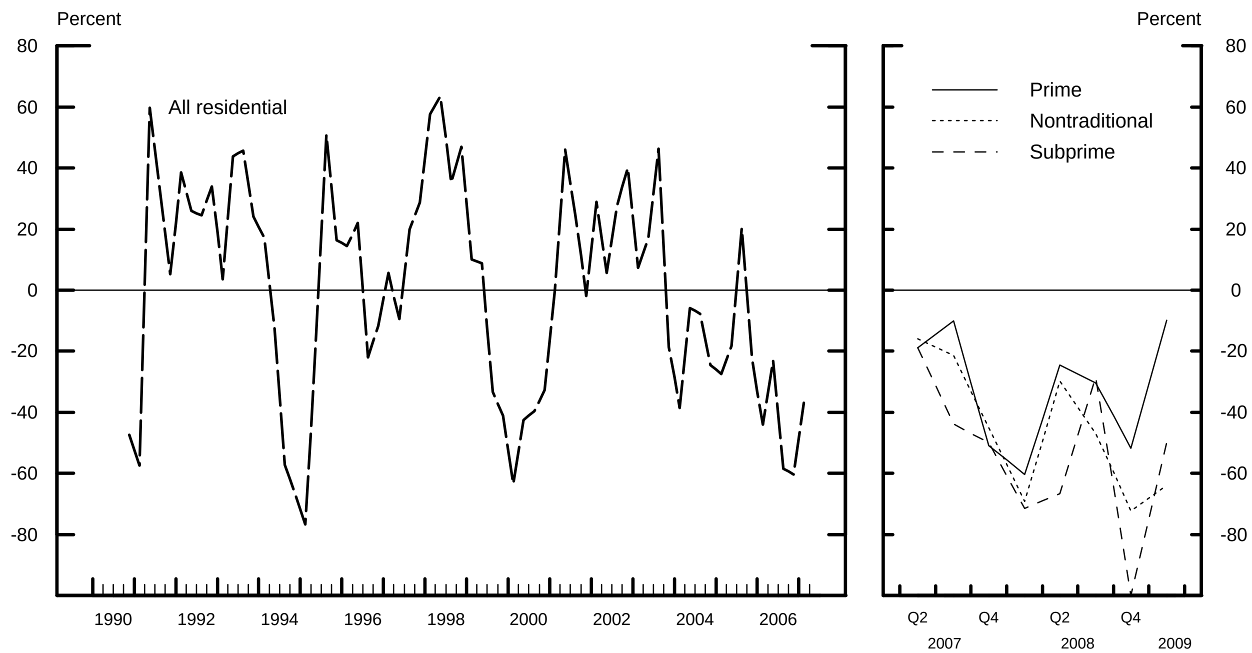
Measures of Supply and Demand for Residential Mortgage Loans

Net Percentage of Domestic Respondents Tightening Standards for Residential Mortgage Loans



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

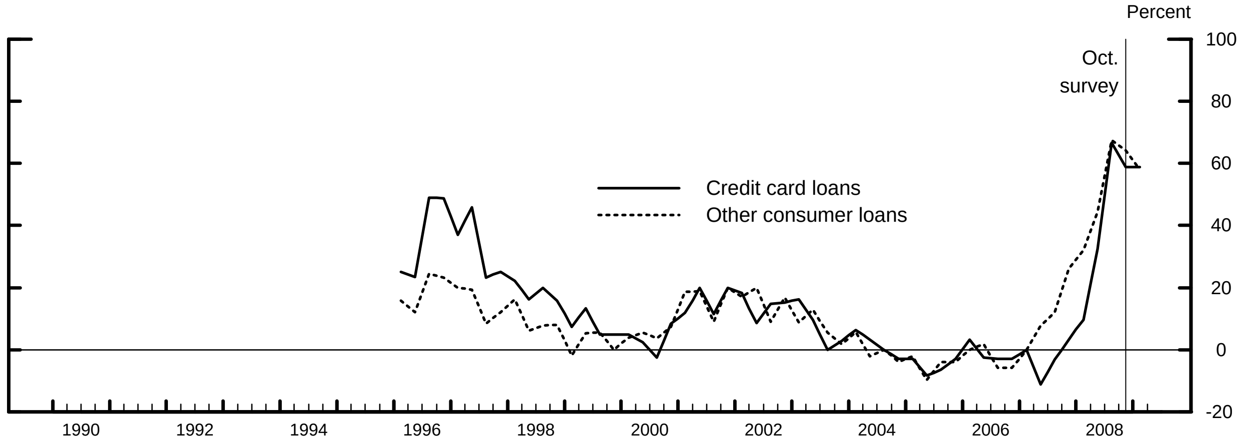
Net Percentage of Domestic Respondents Reporting Stronger Demand for Residential Mortgage Loans



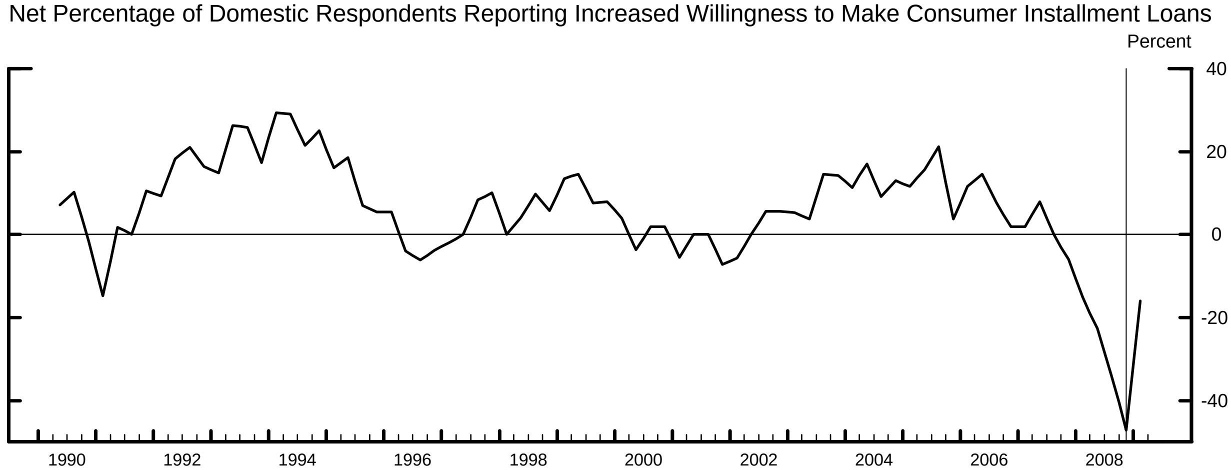
Note: For data starting in 2007:Q2, changes in demand for prime, nontraditional, and subprime mortgage loans are reported separately.

Measures of Supply and Demand for Consumer Loans

Net Percentage of Domestic Respondents Tightening Standards for Consumer Loans



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



Net Percentage of Domestic Respondents Reporting Stronger Demand for Consumer Loans

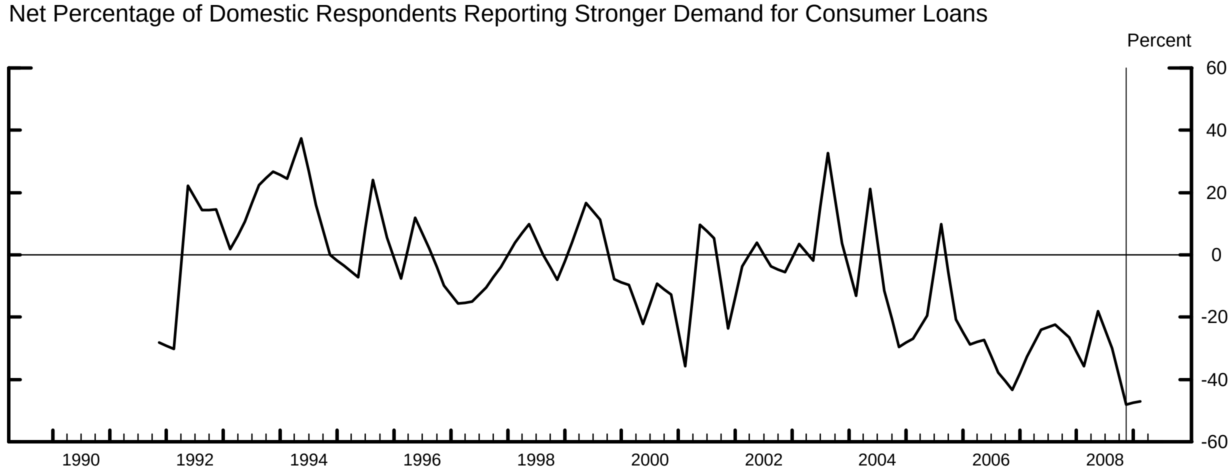


Table 1

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

(Status of policy as of January 2009)

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

1. Over the past three months, how have your bank's credit standards for approving applications for C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—to large and middle-market firms and to small firms changed? (If your bank defines firm size differently from the categories suggested below, please use your definitions and indicate what they are.)

A. Standards for large and middle-market firms (annual sales of $50 million or more):

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	5	9.4	4	13.8	1	4.2
Tightened somewhat	29	54.7	15	51.7	14	58.3
Remained basically unchanged	19	35.8	10	34.5	9	37.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	29	100.0	24	100.0

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	4	7.7	3	10.7	1	4.2
Tightened somewhat	32	61.5	16	57.1	16	66.7
Remained basically unchanged	16	30.8	9	32.1	7	29.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	28	100.0	24	100.0

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

A. Terms for large and middle-market firms (annual sales of $50 million or more):

a. Maximum size of credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	3	5.7	3	10.3	0	0.0
Tightened somewhat	25	47.2	16	55.2	9	37.5
Remained basically unchanged	25	47.2	10	34.5	15	62.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	29	100.0	24	100.0

b. Maximum maturity of loans or credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	3	5.7	3	10.3	0	0.0
Tightened somewhat	20	37.7	13	44.8	7	29.2
Remained basically unchanged	30	56.6	13	44.8	17	70.8
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	29	100.0	24	100.0

c. Costs of credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	13	24.5	7	24.1	6	25.0
Tightened somewhat	32	60.4	19	65.5	13	54.2
Remained basically unchanged	8	15.1	3	10.3	5	20.8
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	29	100.0	24	100.0

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	15	28.3	8	27.6	7	29.2
Tightened somewhat	34	64.2	19	65.5	15	62.5
Remained basically unchanged	4	7.5	2	6.9	2	8.3
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	29	100.0	24	100.0

e. Premiums charged on riskier loans

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	22	41.5	12	41.4	10	41.7
Tightened somewhat	24	45.3	13	44.8	11	45.8
Remained basically unchanged	7	13.2	4	13.8	3	12.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	29	100.0	24	100.0

f. Loan covenants

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	1.9	1	3.4	0	0.0
Tightened somewhat	37	69.8	24	82.8	13	54.2
Remained basically unchanged	15	28.3	4	13.8	11	45.8
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	29	100.0	24	100.0

g. Collateralization requirements

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	1.9	1	3.4	0	0.0
Tightened somewhat	29	54.7	18	62.1	11	45.8
Remained basically unchanged	23	43.4	10	34.5	13	54.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	29	100.0	24	100.0

B. Terms for small firms (annual sales of less than $50 million):

a. Maximum size of credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	3	5.8	3	10.7	0	0.0
Tightened somewhat	19	36.5	13	46.4	6	25.0
Remained basically unchanged	30	57.7	12	42.9	18	75.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	28	100.0	24	100.0

b. Maximum maturity of loans or credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	3	5.8	3	10.7	0	0.0
Tightened somewhat	18	34.6	13	46.4	5	20.8
Remained basically unchanged	31	59.6	12	42.9	19	79.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	28	100.0	24	100.0

c. Costs of credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	9	17.3	4	14.3	5	20.8
Tightened somewhat	32	61.5	19	67.9	13	54.2
Remained basically unchanged	11	21.2	5	17.9	6	25.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	28	100.0	24	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	10	19.2	4	14.3	6	25.0
Tightened somewhat	36	69.2	21	75.0	15	62.5
Remained basically unchanged	6	11.5	3	10.7	3	12.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	28	100.0	24	100.0

e. Premiums charged on riskier loans

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	19	36.5	11	39.3	8	33.3
Tightened somewhat	24	46.2	12	42.9	12	50.0
Remained basically unchanged	9	17.3	5	17.9	4	16.7
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	28	100.0	24	100.0

f. Loan covenants

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	2	3.8	2	7.1	0	0.0
Tightened somewhat	29	55.8	17	60.7	12	50.0
Remained basically unchanged	21	40.4	9	32.1	12	50.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	28	100.0	24	100.0

g. Collateralization requirements

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	1.9	1	3.6	0	0.0
Tightened somewhat	28	53.8	17	60.7	11	45.8
Remained basically unchanged	23	44.2	10	35.7	13	54.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	28	100.0	24	100.0

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

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

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	36	73.5	18	66.7	18	81.8
Somewhat important	11	22.4	7	25.9	4	18.2
Very important	2	4.1	2	7.4	0	0.0
Total	49	100.0	27	100.0	22	100.0

b. Less favorable or more uncertain economic outlook

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	0	0.0	0	0.0	0	0.0
Somewhat important	14	28.6	5	18.5	9	40.9
Very important	35	71.4	22	81.5	13	59.1
Total	49	100.0	27	100.0	22	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	4	8.2	1	3.7	3	13.6
Somewhat important	24	49.0	13	48.1	11	50.0
Very important	21	42.9	13	48.1	8	36.4
Total	49	100.0	27	100.0	22	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	22	44.9	11	40.7	11	50.0
Somewhat important	22	44.9	11	40.7	11	50.0
Very important	5	10.2	5	18.5	0	0.0
Total	49	100.0	27	100.0	22	100.0

e. Reduced tolerance for risk

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	7	14.3	5	18.5	2	9.1
Somewhat important	29	59.2	14	51.9	15	68.2
Very important	13	26.5	8	29.6	5	22.7
Total	49	100.0	27	100.0	22	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	27	55.1	12	44.4	15	68.2
Somewhat important	16	32.7	11	40.7	5	22.7
Very important	6	12.2	4	14.8	2	9.1
Total	49	100.0	27	100.0	22	100.0

g. Increase in defaults by borrowers in public debt markets

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	28	57.1	13	48.1	15	68.2
Somewhat important	21	42.9	14	51.9	7	31.8
Very important	0	0.0	0	0.0	0	0.0
Total	49	100.0	27	100.0	22	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	43	87.8	25	92.6	18	81.8
Somewhat important	4	8.2	1	3.7	3	13.6
Very important	2	4.1	1	3.7	1	4.5
Total	49	100.0	27	100.0	22	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	0	--	0	--	0	--
Somewhat important	0	--	0	--	0	--
Very important	0	--	0	--	0	--
Total	0	--	0	--	0	--

b. More favorable or less uncertain economic outlook

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

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

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

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

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

e. Increased tolerance for risk

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

f. Increased liquidity in the secondary market for these loans

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

g. Reduction in defaults by borrowers in public debt markets

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

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

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

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

A. Demand for C&I loans from large and middle-market firms (annual sales of $50 million or more):

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	1	1.9	1	3.4	0	0.0
Moderately stronger	4	7.5	3	10.3	1	4.2
About the same	11	20.8	5	17.2	6	25.0
Moderately weaker	29	54.7	15	51.7	14	58.3
Substantially weaker	8	15.1	5	17.2	3	12.5
Total	53	100.0	29	100.0	24	100.0

B. Demand for C&I loans from small firms (annual sales of less than $50 million):

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	1	1.9	1	3.6	0	0.0
Moderately stronger	3	5.8	2	7.1	1	4.2
About the same	14	26.9	7	25.0	7	29.2
Moderately weaker	28	53.8	15	53.6	13	54.2
Substantially weaker	6	11.5	3	10.7	3	12.5
Total	52	100.0	28	100.0	24	100.0

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

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

a. Customer inventory financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	3	50.0	3	60.0	0	0.0
Somewhat important	3	50.0	2	40.0	1	100.0
Very important	0	0.0	0	0.0	0	0.0
Total	6	100.0	5	100.0	1	100.0

b. Customer accounts receivable financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	3	50.0	3	60.0	0	0.0
Somewhat important	3	50.0	2	40.0	1	100.0
Very important	0	0.0	0	0.0	0	0.0
Total	6	100.0	5	100.0	1	100.0

c. Customer investment in plant or equipment increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	5	83.3	4	80.0	1	100.0
Somewhat important	1	16.7	1	20.0	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	6	100.0	5	100.0	1	100.0

d. Customer internally generated funds decreased

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

e. Customer merger or acquisition financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	6	100.0	5	100.0	1	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	5	100.0	1	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	0	0.0	0	0.0	0	0.0
Somewhat important	3	50.0	2	40.0	1	100.0
Very important	3	50.0	3	60.0	0	0.0
Total	6	100.0	5	100.0	1	100.0

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

a. Customer inventory financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	7	18.9	4	19.0	3	18.8
Somewhat important	23	62.2	12	57.1	11	68.8
Very important	7	18.9	5	23.8	2	12.5
Total	37	100.0	21	100.0	16	100.0

b. Customer accounts receivable financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	7	18.9	4	19.0	3	18.8
Somewhat important	23	62.2	12	57.1	11	68.8
Very important	7	18.9	5	23.8	2	12.5
Total	37	100.0	21	100.0	16	100.0

c. Customer investment in plant or equipment decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	2	5.4	2	9.5	0	0.0
Somewhat important	17	45.9	7	33.3	10	62.5
Very important	18	48.6	12	57.1	6	37.5
Total	37	100.0	21	100.0	16	100.0

d. Customer internally generated funds increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	29	80.6	17	85.0	12	75.0
Somewhat important	4	11.1	1	5.0	3	18.8
Very important	3	8.3	2	10.0	1	6.3
Total	36	100.0	20	100.0	16	100.0

e. Customer merger or acquisition financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	6	16.2	3	14.3	3	18.8
Somewhat important	17	45.9	7	33.3	10	62.5
Very important	14	37.8	11	52.4	3	18.8
Total	37	100.0	21	100.0	16	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	32	88.9	18	90.0	14	87.5
Somewhat important	4	11.1	2	10.0	2	12.5
Very important	0	0.0	0	0.0	0	0.0
Total	36	100.0	20	100.0	16	100.0

6. At your bank, how has the number of inquiries from potential business borrowers regarding the availability and terms of new credit lines or increases in existing lines changed over the past three months? (Please consider only inquiries for additional C&I lines as opposed to the refinancing of existing loans.)

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
The number of inquiries has increased substantially	2	3.8	1	3.4	1	4.2
The number of inquiries has increased moderately	7	13.2	4	13.8	3	12.5
The number of inquiries has stayed about the same	16	30.2	9	31.0	7	29.2
The number of inquiries has decreased moderately	20	37.7	11	37.9	9	37.5
The number of inquiries has decreased substantially	8	15.1	4	13.8	4	16.7
Total	53	100.0	29	100.0	24	100.0

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

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

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	11	20.8	5	17.2	6	25.0
Tightened somewhat	31	58.5	19	65.5	12	50.0
Remained basically unchanged	11	20.8	5	17.2	6	25.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	29	100.0	24	100.0

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

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	2	3.8	1	3.4	1	4.2
Moderately stronger	6	11.3	3	10.3	3	12.5
About the same	8	15.1	1	3.4	7	29.2
Moderately weaker	24	45.3	16	55.2	8	33.3
Substantially weaker	13	24.5	8	27.6	5	20.8
Total	53	100.0	29	100.0	24	100.0

Questions 9-10 *ask for additional information about commercial real estate lending at your bank. Question 9 focuses on changes in your bank's policies on commercial real estate loans over the past year. If your bank's lending policies have not changed over the past year, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's policies have tightened or eased over the past year, please so report them regardless of how they stand relative to longer-term norms. Question 10 focuses on new extensions of commercial real estate loans at your bank over the second half of 2008.*

9. Over the past year, how has your bank changed the following policies on commercial real estate loans? (Please assign each policy a number between 1 and 5 using the following scale: 1=tightened considerably, 2=tightened somewhat, 3=remained basically unchanged, 4=eased somewhat, 5=eased considerably.)

a. Maximum loan size

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	10	19.2	5	17.9	5	20.8
Tightened somewhat	23	44.2	13	46.4	10	41.7
Remained basically unchanged	19	36.5	10	35.7	9	37.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	28	100.0	24	100.0

b. Maximum loan maturity

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	4	7.7	2	7.1	2	8.3
Tightened somewhat	21	40.4	12	42.9	9	37.5
Remained basically unchanged	27	51.9	14	50.0	13	54.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	28	100.0	24	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	24	45.3	16	55.2	8	33.3
Tightened somewhat	27	50.9	12	41.4	15	62.5
Remained basically unchanged	2	3.8	1	3.4	1	4.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	29	100.0	24	100.0

d. Loan-to-value ratios

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	12	23.1	8	28.6	4	16.7
Tightened somewhat	29	55.8	15	53.6	14	58.3
Remained basically unchanged	11	21.2	5	17.9	6	25.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	28	100.0	24	100.0

e. Requirements for take-out financing

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	6	11.8	2	7.4	4	16.7
Tightened somewhat	10	19.6	6	22.2	4	16.7
Remained basically unchanged	34	66.7	18	66.7	16	66.7
Eased somewhat	1	2.0	1	3.7	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	51	100.0	27	100.0	24	100.0

f. Debt-service coverage ratios

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	6	11.5	2	7.1	4	16.7
Tightened somewhat	30	57.7	18	64.3	12	50.0
Remained basically unchanged	16	30.8	8	28.6	8	33.3
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	28	100.0	24	100.0

10. With yield spreads on commercial mortgage-backed securities (CMBS) soaring in the second half of 2008, gross issuance of CMBS came to a halt. How has the shutdown of this securitization market affected the volume of new extensions of commercial real estate loans at your bank over the second half of 2008? (Please check one.)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Has led to a considerable increase in the volume of my bank’s commercial real estate lending	3	5.7	2	6.9	1	4.2
Has led to some increase in the volume of my bank’s commercial real estate lending	13	24.5	8	27.6	5	20.8
Has had little effect on the volume of my bank’s commercial real estate lending	30	56.6	13	44.8	17	70.8
Has led to some reduction in the volume of my bank’s commercial real estate lending	4	7.5	3	10.3	1	4.2
Has led to a considerable reduction in the volume of my bank’s commercial real estate lending	3	5.7	3	10.3	0	0.0
Total	53	100.0	29	100.0	24	100.0

Questions 11-12 *ask about three categories of* ***residential mortgage loans*** *at your bank—prime residential mortgages, nontraditional residential mortgages, and subprime residential mortgages. Question 11 deals with changes in your bank's credit standards for loans in each of these categories over the past three months. Question 12 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.*

11. 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	3	5.9	2	7.1	1	4.3
Tightened somewhat	21	41.2	10	35.7	11	47.8
Remained basically unchanged	27	52.9	16	57.1	11	47.8
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	51	100.0	28	100.0	23	100.0

B. Credit standards on mortgage loans that your bank categorizes as nontraditional residential mortgages have:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	3	12.0	1	5.6	2	28.6
Tightened somewhat	9	36.0	7	38.9	2	28.6
Remained basically unchanged	13	52.0	10	55.6	3	42.9
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	25	100.0	18	100.0	7	100.0

For this question, 26 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	1	25.0	1	25.0	0	.
Tightened somewhat	1	25.0	1	25.0	0	.
Remained basically unchanged	2	50.0	2	50.0	0	.
Eased somewhat	0	0.0	0	0.0	0	.
Eased considerably	0	0.0	0	0.0	0	.
Total	4	100.0	4	100.0	0	.

For this question, 46 respondents answered “My bank does not originate subprime residential mortgages.”

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

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	2	3.9	1	3.6	1	4.3
Moderately stronger	14	27.5	6	21.4	8	34.8
About the same	14	27.5	9	32.1	5	21.7
Moderately weaker	15	29.4	8	28.6	7	30.4
Substantially weaker	6	11.8	4	14.3	2	8.7
Total	51	100.0	28	100.0	23	100.0

B. Demand for mortgages that your bank categorizes as nontraditional residential mortgages was:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	0	0.0	0	0.0	0	0.0
About the same	9	36.0	6	33.3	3	42.9
Moderately weaker	10	40.0	6	33.3	4	57.1
Substantially weaker	6	24.0	6	33.3	0	0.0
Total	25	100.0	18	100.0	7	100.0

For this question, 26 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	.
Moderately stronger	0	0.0	0	0.0	0	.
About the same	2	50.0	2	50.0	0	.
Moderately weaker	0	0.0	0	0.0	0	.
Substantially weaker	2	50.0	2	50.0	0	.
Total	4	100.0	4	100.0	0	.

For this question, 47 respondents answered “My bank does not originate subprime residential mortgages.”

Questions 13-14 *ask about* ***revolving home equity lines of credit*** *at your bank. Question 13 deals with changes in your bank's credit standards over the past three months. Question 14 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.*

13. 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	7	13.5	6	21.4	1	4.2
Tightened somewhat	23	44.2	11	39.3	12	50.0
Remained basically unchanged	22	42.3	11	39.3	11	45.8
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	28	100.0	24	100.0

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

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	1	1.9	0	0.0	1	4.2
Moderately stronger	10	19.2	4	14.3	6	25.0
About the same	20	38.5	11	39.3	9	37.5
Moderately weaker	13	25.0	7	25.0	6	25.0
Substantially weaker	8	15.4	6	21.4	2	8.3
Total	52	100.0	28	100.0	24	100.0

Questions 15-20 *ask about consumer lending at your bank. Question 15 deals with changes in your bank's willingness to make consumer loans over the past three months. Questions 16-19 deal with changes in credit standards and loan terms over the same period. Question 20 deals with changes in demand for consumer loans over the past three months. If your bank's lending policies have not changed over the past three months, please report them as unchanged even if the policies are either restrictive or accommodative relative to longer-term norms. If your bank's policies have tightened or eased over the past three months, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing policies as changes in policies.*

15. Please indicate your bank's willingness to make consumer installment loans now as opposed to three months ago.

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Much more willing	0	0.0	0	0.0	0	0.0
Somewhat more willing	2	4.0	0	0.0	2	8.7
About unchanged	38	76.0	23	85.2	15	65.2
Somewhat less willing	8	16.0	3	11.1	5	21.7
Much less willing	2	4.0	1	3.7	1	4.3
Total	50	100.0	27	100.0	23	100.0

16. Over the past three months, how have your bank's credit standards for approving applications for credit cards from individuals or households changed?

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	2	5.9	1	5.0	1	7.1
Tightened somewhat	18	52.9	12	60.0	6	42.9
Remained basically unchanged	14	41.2	7	35.0	7	50.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	34	100.0	20	100.0	14	100.0

17. Over the past three months, how have your bank's credit standards for approving applications for consumer loans other than credit card loans changed?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	3	6.0	2	7.4	1	4.3
Tightened somewhat	26	52.0	13	48.1	13	56.5
Remained basically unchanged	21	42.0	12	44.4	9	39.1
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	27	100.0	23	100.0

18. Over the past three months, how has your bank changed the following terms and conditions on new or existing credit card accounts for individuals or households?

a. Credit limits

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	2	6.3	2	11.1	0	0.0
Tightened somewhat	13	40.6	8	44.4	5	35.7
Remained basically unchanged	17	53.1	8	44.4	9	64.3
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	32	100.0	18	100.0	14	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	2	6.3	0	0.0	2	14.3
Tightened somewhat	11	34.4	9	50.0	2	14.3
Remained basically unchanged	18	56.3	8	44.4	10	71.4
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	1	3.1	1	5.6	0	0.0
Total	32	100.0	18	100.0	14	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	3	9.4	2	11.1	1	7.1
Remained basically unchanged	29	90.6	16	88.9	13	92.9
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	32	100.0	18	100.0	14	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	15	46.9	9	50.0	6	42.9
Remained basically unchanged	17	53.1	9	50.0	8	57.1
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	32	100.0	18	100.0	14	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	4	12.5	2	11.1	2	14.3
Tightened somewhat	14	43.8	9	50.0	5	35.7
Remained basically unchanged	14	43.8	7	38.9	7	50.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	32	100.0	18	100.0	14	100.0

19. Over the past three months, how has your bank changed the following terms and conditions on consumer loans other than credit card loans? (Please assign *each* term a number between 1 and 5 using the following scale: 1=tightened considerably, 2=tightened somewhat, 3=remained basically unchanged, 4=eased somewhat, 5=eased considerably.)

a. Maximum maturity

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	2	4.0	1	3.7	1	4.3
Tightened somewhat	10	20.0	5	18.5	5	21.7
Remained basically unchanged	38	76.0	21	77.8	17	73.9
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	27	100.0	23	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	3	6.0	1	3.7	2	8.7
Tightened somewhat	24	48.0	12	44.4	12	52.2
Remained basically unchanged	20	40.0	12	44.4	8	34.8
Eased somewhat	2	4.0	1	3.7	1	4.3
Eased considerably	1	2.0	1	3.7	0	0.0
Total	50	100.0	27	100.0	23	100.0

c. Minimum required downpayment

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	2.0	1	3.7	0	0.0
Tightened somewhat	15	30.0	7	25.9	8	34.8
Remained basically unchanged	34	68.0	19	70.4	15	65.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	27	100.0	23	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	3	6.0	2	7.4	1	4.3
Tightened somewhat	21	42.0	11	40.7	10	43.5
Remained basically unchanged	26	52.0	14	51.9	12	52.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	27	100.0	23	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	7	14.0	5	18.5	2	8.7
Tightened somewhat	20	40.0	11	40.7	9	39.1
Remained basically unchanged	23	46.0	11	40.7	12	52.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	27	100.0	23	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	5	9.8	1	3.7	4	16.7
About the same	17	33.3	9	33.3	8	33.3
Moderately weaker	24	47.1	15	55.6	9	37.5
Substantially weaker	5	9.8	2	7.4	3	12.5
Total	51	100.0	27	100.0	24	100.0

21. Over the past three months, how has your bank changed the size of credit lines for existing customers with the following types of accounts? Please consider changes made to line sizes during the life of existing credit agreements as well as changes made to line sizes upon renewal or renegotiation of existing agreements. (Please rate the degree of change for each type of account using the following scale: 1=increased considerably, 2=increased somewhat, 3=remained basically unchanged, 4=decreased somewhat, 5=decreased considerably.)

a. Home equity lines of credit

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Increased considerably	0	0.0	0	0.0	0	0.0
Increased somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	29	58.0	15	57.7	14	58.3
Decreased somewhat	16	32.0	8	30.8	8	33.3
Decreased considerably	5	10.0	3	11.5	2	8.3
Total	50	100.0	26	100.0	24	100.0

b. Consumer credit card accounts

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Increased considerably	0	0.0	0	0.0	0	0.0
Increased somewhat	1	2.9	1	5.3	0	0.0
Remained basically unchanged	20	58.8	10	52.6	10	66.7
Decreased somewhat	11	32.4	6	31.6	5	33.3
Decreased considerably	2	5.9	2	10.5	0	0.0
Total	34	100.0	19	100.0	15	100.0

c. Business credit card accounts

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Increased considerably	0	0.0	0	0.0	0	0.0
Increased somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	27	69.2	14	58.3	13	86.7
Decreased somewhat	11	28.2	9	37.5	2	13.3
Decreased considerably	1	2.6	1	4.2	0	0.0
Total	39	100.0	24	100.0	15	100.0

d. Commercial and industrial credit lines (excluding business credit card accounts)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Increased considerably	0	0.0	0	0.0	0	0.0
Increased somewhat	1	2.0	1	3.7	0	0.0
Remained basically unchanged	35	70.0	19	70.4	16	69.6
Decreased somewhat	14	28.0	7	25.9	7	30.4
Decreased considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	27	100.0	23	100.0

e. Commercial construction lines of credit

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Increased considerably	0	0.0	0	0.0	0	0.0
Increased somewhat	1	2.0	1	3.8	0	0.0
Remained basically unchanged	17	34.7	7	26.9	10	43.5
Decreased somewhat	23	46.9	15	57.7	8	34.8
Decreased considerably	8	16.3	3	11.5	5	21.7
Total	49	100.0	26	100.0	23	100.0

f. Lines of credit for financial firms

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Increased considerably	0	0.0	0	0.0	0	0.0
Increased somewhat	1	2.4	1	4.3	0	0.0
Remained basically unchanged	19	46.3	6	26.1	13	72.2
Decreased somewhat	14	34.1	12	52.2	2	11.1
Decreased considerably	7	17.1	4	17.4	3	16.7
Total	41	100.0	23	100.0	18	100.0

Questions 22-25 *ask about the use of interest rate floors on loans to businesses and households at your bank.*

22. During 2008, to what degree did your bank change the frequency with which it includes loan rate floors in floating rate loan agreements involving loans to **businesses** ?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Increased considerably	24	48.0	9	33.3	15	65.2
Increased somewhat	16	32.0	12	44.4	4	17.4
Remained unchanged	10	20.0	6	22.2	4	17.4
Decreased somewhat	0	0.0	0	0.0	0	0.0
Decreased considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	27	100.0	23	100.0

23. During 2008, to what degree did your bank change the frequency with which it includes loan rate floors in floating rate loan agreements involving loans to **households** ?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Increased considerably	7	13.7	3	11.1	4	16.7
Increased somewhat	15	29.4	8	29.6	7	29.2
Remained unchanged	29	56.9	16	59.3	13	54.2
Decreased somewhat	0	0.0	0	0.0	0	0.0
Decreased considerably	0	0.0	0	0.0	0	0.0
Total	51	100.0	27	100.0	24	100.0

24. What percentage of the total dollar volume of outstanding loans to **businesses** at your bank has interest rate floors that are currently binding?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Less than 5 percent	23	46.9	16	61.5	7	30.4
Between 5 and 15 percent	9	18.4	2	7.7	7	30.4
Between 15 and 25 percent	8	16.3	3	11.5	5	21.7
Between 25 and 50 percent	6	12.2	4	15.4	2	8.7
50 percent or more	3	6.1	1	3.8	2	8.7
Total	49	100.0	26	100.0	23	100.0

25. What percentage of the total dollar volume of outstanding loans to **households** at your bank has interest rate floors that are currently binding?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Less than 5 percent	24	50.0	15	57.7	9	40.9
Between 5 and 15 percent	6	12.5	5	19.2	1	4.5
Between 15 and 25 percent	6	12.5	1	3.8	5	22.7
Between 25 and 50 percent	5	10.4	3	11.5	2	9.1
50 percent or more	7	14.6	2	7.7	5	22.7
Total	48	100.0	26	100.0	22	100.0

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1. The sample is selected from among the largest banks in each Federal Reserve District. In the table, large banks are defined as those with total domestic assets of $20 billion or more as of September 30, 2008. The combined assets of the 29 large banks totaled $5.9 trillion, compared to $6.2 trillion for the entire panel of 53 banks, and 10.4 trillion for all domestically chartered, federally insured commercial banks.

Table 2

Senior Loan Officer Opinion Survey on Bank Lending Practices at Selected Branches and Agencies of Foreign Banks in the United States [1]

(Status of policy as of January 2009)

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

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

	All Respondents	
	Banks	**Percent**
Tightened considerably	6	26.1
Tightened somewhat	9	39.1
Remained basically unchanged	8	34.8
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

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

a. Maximum size of credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	4	17.4
Tightened somewhat	14	60.9
Remained basically unchanged	5	21.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

b. Maximum maturity of loans or credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	1	4.3
Tightened somewhat	12	52.2
Remained basically unchanged	10	43.5
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

c. Costs of credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	6	26.1
Tightened somewhat	12	52.2
Remained basically unchanged	5	21.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

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

	All Respondents	
	Banks	Percent
Tightened considerably	7	30.4
Tightened somewhat	11	47.8
Remained basically unchanged	4	17.4
Eased somewhat	1	4.3
Eased considerably	0	0.0
Total	23	100.0

e. Premiums charged on riskier loans

	All Respondents	
	Banks	Percent
Tightened considerably	11	47.8
Tightened somewhat	7	30.4
Remained basically unchanged	5	21.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

f. Loan covenants

	All Respondents	
	Banks	Percent
Tightened considerably	4	17.4
Tightened somewhat	11	47.8
Remained basically unchanged	8	34.8
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

g. Collateralization requirements

	All Respondents	
	Banks	Percent
Tightened considerably	4	17.4
Tightened somewhat	9	39.1
Remained basically unchanged	10	43.5
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

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

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

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

	All Respondents	
	Banks	**Percent**
Not important	7	35.0
Somewhat important	10	50.0
Very important	3	15.0
Total	20	100.0

b. Less favorable or more uncertain economic outlook

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	5	25.0
Very important	15	75.0
Total	20	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	2	10.0
Somewhat important	8	40.0
Very important	10	50.0
Total	20	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	12	60.0
Somewhat important	6	30.0
Very important	2	10.0
Total	20	100.0

e. Reduced tolerance for risk

	All Respondents	
	Banks	**Percent**
Not important	2	10.0
Somewhat important	11	55.0
Very important	7	35.0
Total	20	100.0

f. Decreased liquidity in the secondary market for these loans

	All Respondents	
	Banks	**Percent**
Not important	5	25.0
Somewhat important	7	35.0
Very important	8	40.0
Total	20	100.0

g. Increase in defaults by borrowers in public debt markets

	All Respondents	
	Banks	**Percent**
Not important	6	30.0
Somewhat important	11	55.0
Very important	3	15.0
Total	20	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	8	42.1
Somewhat important	9	47.4
Very important	2	10.5
Total	19	100.0

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

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

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

b. More favorable or less uncertain economic outlook

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

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

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

e. Increased tolerance for risk

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

f. Increased liquidity in the secondary market for these loans

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

g. Reduction in defaults by borrowers in public debt markets

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

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

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

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

	All Respondents	
	Banks	**Percent**
Substantially stronger	0	0.0
Moderately stronger	4	17.4
About the same	9	39.1
Moderately weaker	8	34.8
Substantially weaker	2	8.7
Total	23	100.0

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

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

a. Customer inventory financing needs increased

	All Respondents	
	Banks	**Percent**
Not important	1	25.0
Somewhat important	2	50.0
Very important	1	25.0
Total	4	100.0

b. Customer accounts receivable financing needs increased

	All Respondents	
	Banks	**Percent**
Not important	1	25.0
Somewhat important	2	50.0
Very important	1	25.0
Total	4	100.0

c. Customer investment in plant or equipment increased

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

d. Customer internally generated funds decreased

	All Respondents	
	Banks	**Percent**
Not important	1	25.0
Somewhat important	1	25.0
Very important	2	50.0
Total	4	100.0

e. Customer merger or acquisition financing needs increased

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

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

	All Respondents	
	Banks	**Percent**
Not important	1	25.0
Somewhat important	1	25.0
Very important	2	50.0
Total	4	100.0

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

a. Customer inventory financing needs decreased

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

b. Customer accounts receivable financing needs decreased

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

c. Customer investment in plant or equipment decreased

	All Respondents	
	Banks	**Percent**
Not important	2	22.2
Somewhat important	4	44.4
Very important	3	33.3
Total	9	100.0

d. Customer internally generated funds increased

	All Respondents	
	Banks	**Percent**
Not important	7	77.8
Somewhat important	1	11.1
Very important	1	11.1
Total	9	100.0

e. Customer merger or acquisition financing needs decreased

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

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

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

6. At your bank, how has the number of inquiries from potential business borrowers regarding the availability and terms of new credit lines or increases in existing lines changed over the past three months? (Please consider only inquiries for additional C&I lines as opposed to the refinancing of existing loans.)

	All Respondents	
	Banks	**Percent**
The number of inquiries has increased substantially	1	4.3
The number of inquiries has increased moderately	3	13.0
The number of inquiries has stayed about the same	8	34.8
The number of inquiries has decreased moderately	8	34.8
The number of inquiries has decreased substantially	3	13.0
Total	23	100.0

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

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

	All Respondents	
	Banks	**Percent**
Tightened considerably	5	31.3
Tightened somewhat	3	18.8
Remained basically unchanged	8	50.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	16	100.0

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

	All Respondents	
	Banks	**Percent**
Substantially stronger	0	0.0
Moderately stronger	1	6.3
About the same	5	31.3
Moderately weaker	5	31.3
Substantially weaker	5	31.3
Total	16	100.0

Questions 9-10 *ask for additional information about commercial real estate lending at your bank. Question 9 focuses on changes in your bank's policies on commercial real estate loans over the past year. If your bank's lending policies have not changed over the past year, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's policies have tightened or eased over the past year, please so report them regardless of how they stand relative to longer-term norms. Question 10 focuses on new extensions of commercial real estate loans at your bank over the second half of 2008.*

9. Over the past year, how has your bank changed the following policies on commercial real estate loans? (Please assign each policy a number between 1 and 5 using the following scale: 1=tightened considerably, 2=tightened somewhat, 3=remained basically unchanged, 4=eased somewhat, 5=eased considerably.)

a. Maximum loan size

	All Respondents	
	Banks	**Percent**
Tightened considerably	6	37.5
Tightened somewhat	2	12.5
Remained basically unchanged	8	50.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	16	100.0

b. Maximum loan maturity

	All Respondents	
	Banks	**Percent**
Tightened considerably	4	25.0
Tightened somewhat	2	12.5
Remained basically unchanged	10	62.5
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	16	100.0

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

	All Respondents	
	Banks	Percent
Tightened considerably	8	50.0
Tightened somewhat	4	25.0
Remained basically unchanged	4	25.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	16	100.0

d. Loan-to-value ratios

	All Respondents	
	Banks	Percent
Tightened considerably	7	43.8
Tightened somewhat	3	18.8
Remained basically unchanged	6	37.5
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	16	100.0

e. Requirements for take-out financing

	All Respondents	
	Banks	Percent
Tightened considerably	3	18.8
Tightened somewhat	5	31.3
Remained basically unchanged	8	50.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	16	100.0

f. Debt-service coverage ratios

	All Respondents	
	Banks	Percent
Tightened considerably	5	31.3
Tightened somewhat	5	31.3
Remained basically unchanged	6	37.5
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	16	100.0

10. With yield spreads on commercial mortgage-backed securities (CMBS) soaring in the second half of 2008, gross issuance of CMBS came to a halt. How has the shutdown of this securitization market affected the volume of new extensions of commercial real estate loans at your bank over the second half of 2008? (Please check one.)

	All Respondents	
	Banks	Percent
Has led to a considerable increase in the volume of my bank's commercial real estate lending	0	0.0
Has led to some increase in the volume of my bank's commercial real estate lending	1	6.3
Has had little effect on the volume of my bank's commercial real estate lending	8	50.0
Has led to some reduction in the volume of my bank's commercial real estate lending	1	6.3
Has led to a considerable reduction in the volume of my bank's commercial real estate lending	6	37.5
Total	16	100.0

11. Over the past three months, how has your bank changed the size of credit lines for existing customers with the following types of accounts? Please consider changes made to line sizes during the life of existing credit agreements as well as changes made to line sizes upon renewal or renegotiation of existing agreements. (Please rate the degree of change for each type of account using the following scale: 1=increased considerably, 2=increased somewhat, 3=remained basically unchanged, 4=decreased somewhat, 5=decreased considerably.)

a. Business credit card accounts

	All Respondents	
	Banks	**Percent**
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	6	100.0
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	6	100.0

b. Commercial and industrial credit lines (excluding business credit card accounts)

	All Respondents	
	Banks	**Percent**
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	12	52.2
Decreased somewhat	11	47.8
Decreased considerably	0	0.0
Total	23	100.0

c. Commercial construction lines of credit

	All Respondents	
	Banks	**Percent**
Increased considerably	0	0.0
Increased somewhat	1	8.3
Remained basically unchanged	2	16.7
Decreased somewhat	2	16.7
Decreased considerably	7	58.3
Total	12	100.0

d. Lines of credit for financial firms

	All Respondents	
	Banks	**Percent**
Increased considerably	0	0.0
Increased somewhat	0	0.0
Remained basically unchanged	7	38.9
Decreased somewhat	5	27.8
Decreased considerably	6	33.3
Total	18	100.0

Questions 12-13 *ask about the use of interest rate floors on loans to businesses at your bank.*

12. During 2008, to what degree did your bank change the frequency with which it includes loan rate floors in floating rate loan agreements involving loans to businesses?

	All Respondents	
	Banks	**Percent**
Increased considerably	4	17.4
Increased somewhat	9	39.1
Remained unchanged	10	43.5
Decreased somewhat	0	0.0
Decreased considerably	0	0.0
Total	23	100.0

13. What percentage of the total dollar volume of outstanding loans to businesses at your bank has interest rate floors that are currently binding?

	All Respondents	
	Banks	**Percent**
Less than 5 percent	19	86.4
Between 5 and 15 percent	1	4.5
Between 15 and 25 percent	2	9.1
Between 25 and 50 percent	0	0.0
50 percent or more	0	0.0
Total	22	100.0

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1. As of September 30, 2008, the 23 respondents had combined assets of $1.0 trillion, compared to $1.9 trillion for all foreign related banking institutions in the United States. The sample is selected from among the largest foreign-related banking institutions in those Federal Reserve Districts where such institutions are common.