

Federal Reserve Bank of San Francisco  
101 Market Street, San Francisco, California 94105

September 25, 2007

**BANKING SUPERVISION AND REGULATION:  
SURVEY ON BANK LENDING PRACTICES**

To State Member Banks, Bank  
Holding Companies, U.S. Branches  
and Agencies of Foreign Banks,  
and Others Concerned,  
in the Twelfth Federal Reserve District

**Senior Loan Officer Opinion Survey on Bank Lending Practices**

The 2007 Senior Loan Officer Opinion Survey on Bank Lending Practices addressed changes in the supply of, and demand for, bank loans to businesses and households over the past three months. The survey contained a set of special questions that asked banks about their involvement in, and their assessment of the outlook for, the syndicated loan market. As in the April survey, banks were queried separately about changes in standards and demand for prime, nontraditional, and subprime residential mortgages. This article is based on responses from fifty-three domestic banks and twenty foreign banking institutions.

Both domestic and foreign institutions indicated that they had eased terms on commercial and industrial (C&I) loans over the past three months, while a small net fraction of banks reported having tightened credit standards on such loans over the same period. Respondents also noted in the survey that they had tightened standards on commercial real estate loans. Regarding the demand for business loans, a moderate net fraction of domestic institutions reported weaker demand for C&I loans over the past three months. Branches and agencies of foreign institutions, by contrast, experienced stronger demand for such loans, on balance, over the same period. Both domestic and foreign institutions noted that the demand for commercial real estate loans had weakened, on net, since April.

With regard to loans to households, a small net fraction of domestic institutions reported having tightened lending standards on prime residential mortgages over the past three months, whereas considerable net fractions of these respondents indicated that they had further tightened lending standards on nontraditional and subprime mortgage loans. Moderate fractions of domestic banks, on balance, reportedly experienced weaker demand for prime and nontraditional residential mortgages over the past three months, but a notable net fraction of banks reported that they had seen weaker demand for subprime residential mortgages over the same period. A significant net percentage of domestic banks also reported weaker demand for consumer loans over the past three months.

To learn more about the senior loan officer opinion survey on bank lending practices, please visit the following link: <http://www.federalreserve.gov/boarddocs/SnLoanSurvey/200708/default.htm>

**Additional Information**

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

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**Attachment:** [Full Report of the Senior Loan Officer Opinion Survey on Bank Lending Practices](#)