Table 1

SENIOR LOAN OFFICER OPINION SURVEY ON BANK LENDING PRACTICES
AT SELECTED LARGE BANKS IN THE UNITED STATES
(Status of policy as of August 2000[1])

Questions 1-5 *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, and questions 4-5 deal with changes in demand over the same period. 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	Pct	Banks	Pct	Banks	Pct
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	19	33.9	13	41.9	6	24.0
Remained basically unchanged	37	66.1	18	58.1	19	76.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	31	100.0	25	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Tightened considerably	1	1.8	0	0.0	1	4.0
Tightened somewhat	12	21.8	7	23.3	5	20.0
Remained basically unchanged	42	76.4	23	76.7	19	76.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	30	100.0	25	100.0

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 March 31, 2000. The combined assets of the 31 large banks totaled $2.44 trillion, compared to $2.68 trillion for the entire panel of 56 banks, and $5.08 trillion for all domestically chartered, federally insured commercial banks.

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? (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. Terms for large and middle-market firms (annual sales of more than $50 million)

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Maximum size of credit lines	2.80	2.77	2.84
Costs of credit lines	2.64	2.61	2.68
Spreads of loan rates over your bank’s cost of funds (wider spreads=tightened, narrower spreads=eased)	2.63	2.58	2.68
The premiums charged on riskier loans	2.43	2.42	2.44
Loan covenants	2.71	2.71	2.72
Collateralization requirements	2.73	2.74	2.72
Other	2.98	2.97	3.00
Number of banks responding	56	31	25

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

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Maximum size of credit lines	2.91	2.90	2.92
Costs of credit lines	2.75	2.80	2.68
Spreads of loan rates over your bank’s cost of funds (wider spreads=tightened, narrower spreads=eased)	2.75	2.87	2.60
The premiums charged on riskier loans	2.64	2.73	2.52
Loan covenants	2.80	2.83	2.76
Collateralization requirements	2.75	2.80	2.68
Other	2.98	3.00	2.96
Number of banks responding	55	30	25

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? (Please respond to either A, B, or both as appropriate and rate each possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

A. Possible reasons for tightening credit standards or loan terms

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
A deterioration in your bank's current or expected capital position	1.08	1.00	1.17
A less favorable or more uncertain economic outlook	2.08	2.15	2.00
A worsening of industry-specific problems	1.71	1.75	1.67
Less aggressive competition from other banks	1.13	1.10	1.17
Less aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	1.08	1.05	1.11
A reduced tolerance for risk	1.87	1.90	1.83
Decreased liquidity in the secondary market for these loans	1.47	1.65	1.28
An increase in defaults by below-investment-grade borrowers in public debt markets.	1.53	1.65	1.39
Other	1.05	1.05	1.06
Number of banks responding	38	20	18

B. Possible reasons for easing credit standards or loan terms

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
An improvement in your bank's current or expected capital position	1.00	1.00	1.00
A more favorable or less uncertain economic outlook	1.25	1.00	1.50
An improvement in industry-specific problems	1.25	1.00	1.50
More aggressive competition from other banks	2.00	2.50	1.50
More aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	1.75	2.00	1.50
An increased tolerance for risk	1.00	1.00	1.00
Increased liquidity in the secondary market for these loans	1.00	1.00	1.00
Other	1.00	1.00	1.00
Number of banks responding	4	4	2

4. Apart from normal seasonal variation, how has demand for C&I loans changed over the past three months? (Please consider only actual disbursements of funds 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	Pct	Banks	Pct	Banks	Pct
Substantially stronger	1	1.8	0	0.0	1	4.0
Moderately stronger	10	17.9	5	16.1	5	20.0
About the same	31	55.4	19	61.3	12	48.0
Moderately weaker	14	25.0	7	22.6	7	28.0
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	56	100.0	31	100.0	25	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	9	16.4	4	13.3	5	20.0
About the same	35	63.6	22	73.3	13	52.0
Moderately weaker	11	20.0	4	13.3	7	28.0
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	55	100.0	30	100.0	25	100.0

5. If demand for C&I loans has strengthened or weakened over the past three months (as described in question 4), how important have been the following possible reasons for the change? (Please respond to either A, B, or both as appropriate and rate each possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

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

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Customer inventory financing needs increased	1.64	1.50	1.83
Customer accounts receivable financing needs increased	1.64	1.50	1.83
Customer investment in plant or equipment increased	1.64	1.38	2.00
Customer internally generated funds decreased	1.36	1.38	1.33
Customer merger or acquisition financing needs increased	1.86	1.75	2.00
Customer borrowing shifted from other sources to your bank because these other sources became less attractive	1.71	1.63	1.83
Other	1.14	1.00	1.33
Number of banks responding	14	8	6

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

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Customer inventory financing needs decreased	1.67	1.57	1.75
Customer accounts receivable financing needs decreased	1.67	1.43	1.88
Customer investment in plant or equipment decreased	1.80	1.57	2.00
Customer internally generated funds increased	1.40	1.14	1.63
Customer merger or acquisition financing needs decreased	1.80	2.29	1.38
Customer borrowing shifted from your bank to other sources because these other sources became more attractive	1.20	1.00	1.38
Other	1.27	1.29	1.25
Number of banks responding	15	7	8

Recent data indicate an increase in the share of C&I loans that are secured by collateral. ***Questions 6-7*** *ask about such loans at your bank.*

6. About what percentage of the dollar volume of C&I loans currently held by your bank is collateralized? (Please note that business loans secured by real estate are classified as commercial real estate loans rather than C&I loans.)

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

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
More than 75 percent	20	36.4	7	23.3	13	52.0
50 to 75 percent	19	34.5	10	33.3	9	36.0
25 to 50 percent	13	23.6	10	33.3	3	12.0
Less than 25 percent	3	5.5	3	10.0	0	0.0
Total	55	100.0	30	100.0	25	100.0

B. Loans to small firms (annual sales of less than $50 million):

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
More than 75 percent	42	77.8	21	72.4	21	84.0
50 to 75 percent	11	20.4	7	24.1	4	16.0
25 to 50 percent	1	1.9	1	3.4	0	0.0
Less than 25 percent	0	0.0	0	0.0	0	0.0
Total	54	100.0	29	100.0	25	100.0

7. With respect to C&I loans at your bank that are secured by collateral, what is the approximate percentage distribution of the collateral provided across the following assets? (Percentages may not add to 100 due to rounding.)

A. Collateral used to secure loans to large and middle-market firms (annual sales of $50 million or more):

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
U.S. government or agency securities	1.5	0.9	2.1
Other financial instruments (e.g., corporate bonds, letters of credit, CDs, etc.)	4.5	4.8	4.2
Equity of subsidiaries (for loans made to holding companies)	9.0	14.4	3.4
Inventories	20.5	19.0	22.1
Accounts receivable	35.4	33.6	37.3
Capital equipment	19.5	17.5	21.7
Other	9.5	9.8	9.2
Number of banks responding	49	25	24

B. Collateral used to secure loans to small firms (annual sales of less than $50 million):

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
U.S. government or agency securities	2.3	2.9	1.6
Other financial instruments (e.g., corporate bonds, letters of credit, CDs, etc.)	5.4	5.2	5.5
Inventories	22.6	22.0	23.2
Accounts receivable	34.1	32.2	36.1
Capital equipment	24.1	22.8	25.5
Other	11.5	14.8	8.1
Number of banks responding	49	25	24

Questions 8 and 9 *ask about* ***commercial real estate loans*** *at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate. Question 8 deals with changes in your bank's standards over the last three months, and question 9 deals with changes in demand over the same period. If your bank's lending standards or terms have not changed over the past three months, 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 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 standards as changes in standards.*

8. 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	Pct	Banks	Pct	Banks	Pct
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	18	32.1	10	32.3	8	32.0
Remained basically unchanged	38	67.9	21	67.7	17	68.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	31	100.0	25	100.0

9. 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	Pct	Banks	Pct	Banks	Pct
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	9	16.1	5	16.1	4	16.0
About the same	34	60.7	20	64.5	14	56.0
Moderately weaker	13	23.2	6	19.4	7	28.0
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	56	100.0	31	100.0	25	100.0

***Questions 10-12** ask about **residential mortgage loans** at your bank. Question 10 deals with changes in your bank's credit standards over the past three months, and question 11 deals with changes in demand over the same period. Question 12 asks about the reasons behind the recent growth in residential real estate loans held by banks. If your bank's credit standards have not changed over the past three months, 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 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 standards as changes in standards.*

10. Over the past three months, how have your bank's credit standards for approving applications from individuals for mortgage loans to purchase homes changed?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	1.9	1	3.6	0	0.0
Remained basically unchanged	51	96.2	26	92.9	25	100.0
Eased somewhat	1	1.9	1	3.6	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	28	100.0	25	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	4	7.5	3	10.7	1	4.0
About the same	24	45.3	15	53.6	9	36.0
Moderately weaker	25	47.2	10	35.7	15	60.0
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	53	100.0	28	100.0	25	100.0

12. Despite some recent indications that the market for residential real estate has cooled and responses to Senior Loan Officer Opinion Surveys since late 1999 indicating that many banks have experienced declining demand for mortgages to purchase homes, growth of residential real estate loans held by banks has remained very strong this year. How important have been the following possible reasons for growth of residential real estate loans at your bank this year? (Please rate each possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Strong customer demand reflecting robust sales of homes in your market area	2.04	1.92	2.17
Reduced securitization of these loans because the cost of funding these loans through the secondary market has risen relative to on-balance-sheet funding costs	1.29	1.36	1.22
Reduced securitization of these loans because of an increase in the share of loans that do not meet the conforming loan limits set by the GSEs, owing to the size of the loans	1.31	1.32	1.30
Reduced securitization of these loans because of an increase in the share of loans that do not meet the conforming loan standards set by the GSEs, owing to low downpayments	1.17	1.04	1.30
Reduced securitization of these loans because of an increase in the share of ARMs, whose duration better matches that of your bank's liabilities	1.58	1.68	1.48
Reduced securitization of these loans because of an increase in the share of hybrid ARMs (such as those fixed for 3, 5, 7, or 10 years) that are more difficult to securitize	1.46	1.64	1.26
Other	1.08	1.08	1.09
Number of banks responding	48	25	23

***Questions 13-18** ask about **consumer lending** at your bank. Questions 13-15 deal with changes in your bank's willingness to make, and in its credit standards for, consumer loans over the past three months. Questions 16-17 deal with changes in loan terms over the same period, and question 18 deals with changes in demand over the same period. 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.*

13. 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	Pct	Banks	Pct	Banks	Pct
Much more willing	0	0.0	0	0.0	0	0.0
Somewhat more willing	1	1.9	1	3.4	0	0.0
About unchanged	53	98.1	28	96.6	25	100.0
Somewhat less willing	0	0.0	0	0.0	0	0.0
Much less willing	0	0.0	0	0.0	0	0.0
Total	54	100.0	29	100.0	25	100.0

14. 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	Pct	Banks	Pct	Banks	Pct
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	2.6	1	5.3	0	0.0
Remained basically unchanged	35	92.1	16	84.2	19	100.0
Eased somewhat	1	2.6	1	5.3	0	0.0
Eased considerably	1	2.6	1	5.3	0	0.0
Total	38	100.0	19	100.0	19	100.0

15. 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	Pct	Banks	Pct	Banks	Pct
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	3	5.6	2	6.9	1	4.0
Remained basically unchanged	50	92.6	26	89.7	24	96.0
Eased somewhat	1	1.9	1	3.4	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	29	100.0	25	100.0

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

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Credit limits	2.97	2.94	3.00
Spreads of interest rates charged on outstanding balances over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.97	2.88	3.05
Minimum percent of outstanding balances required to be repaid each month	2.97	3.00	2.95
Other	2.95	2.89	3.00
Number of banks responding	37	18	19

17. Over the past three months, how has your bank changed the following terms 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.)

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Maximum maturity	3.04	3.03	3.04
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.91	2.83	3.00
Minimum required down payment	2.96	3.00	2.92
Other	3.00	3.00	3.00
Number of banks responding	54	29	25

18. 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	Pct	Banks	Pct	Banks	Pct
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	7	13.0	1	3.4	6	24.0
About the same	35	64.8	21	72.4	14	56.0
Moderately weaker	11	20.4	7	24.1	4	16.0
Substantially weaker	1	1.9	0	0.0	1	4.0
Total	54	100.0	29	100.0	25	100.0

I*n recent years, syndicated lending has expanded rapidly. More recently, delinquency rates on such loans have picked up.* ***Questions 19-21*** *ask about your bank's activities in the market for syndicated loans.*

19. Approximately what percentage of outstanding C&I loans at your bank is accounted for by syndicated loans? (Please consider only funds actually disbursed as opposed to unused lines of credit. Also, please include both syndicated loans arranged by your bank, those arranged by other banks, and participations of syndicated loans that your bank has purchased.)

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
More than 50 percent	7	12.5	7	22.6	0	0.0
35 to 50 percent	4	7.1	4	12.9	0	0.0
20 to 35 percent	10	17.9	7	22.6	3	12.0
5 to 20 percent	20	35.7	9	29.0	11	44.0
Less than 5 percent	15	26.8	4	12.9	11	44.0
Total	56	100.0	31	100.0	25	100.0

20. Of the syndicated loans on your bank's books, approximately what percentage is considered highly leveraged (made to below-investment-grade borrowers where the LIBOR spread is 250 basis points or more)?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
More than 50 percent	3	5.5	1	3.2	2	8.3
25 to 50 percent	10	18.2	9	29.0	1	4.2
15 to 25 percent	6	10.9	3	9.7	3	12.5
5 to 15 percent	18	32.7	13	41.9	5	20.8
Less than 5 percent	18	32.7	5	16.1	13	54.2
Total	55	100.0	31	100.0	24	100.0

21. At your bank, how does the delinquency rate on outstanding syndicated loans compare with the delinquency rate on other C&I loans?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Much higher	0	0.0	0	0.0	0	0.0
Somewhat higher	7	13.2	4	12.9	3	13.6
About the same	30	56.6	20	64.5	10	45.5
Somewhat lower	10	18.9	3	9.7	7	31.8
Much lower	6	11.3	4	12.9	2	9.1
Total	53	100.0	31	100.0	22	100.0