

Table 1

SENIOR LOAN OFFICER OPINION SURVEY ON BANK LENDING PRACTICES  
AT SELECTED LARGE BANKS IN THE UNITED STATES<sup>1</sup>  
(Status of policy as of August 2001)

**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. Questions 4-5 deal with changes in demand for C&I 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.

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?

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	1	1.8	1	3.0	0	0.0
Tightened somewhat	22	38.6	16	48.5	6	25.0
Remained basically unchanged	34	59.6	16	48.5	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
<b>Total</b>	<b>57</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>

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	0	0.0	0	0.0	0	0.0
Tightened somewhat	18	31.6	13	39.4	5	20.8
Remained basically unchanged	39	68.4	20	60.6	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
<b>Total</b>	<b>57</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>

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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 June 30, 2000. The combined assets of the 33 large banks totaled \$2.75 trillion, compared to \$2.99 trillion for the entire panel of 57 banks, and \$5.49 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 \$50 million or more):

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Maximum size of credit lines	2.61	2.64	2.58
Costs of credit lines	2.53	2.45	2.63
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.49	2.45	2.54
Premiums charged on riskier loans	2.35	2.24	2.50
Loan covenants	2.68	2.61	2.79
Collateralization requirements	2.77	2.73	2.83
Other	2.96	2.94	3.00
Number of banks responding	57	33	24

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	2.85	2.87	2.83
Costs of credit lines	2.73	2.68	2.79
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.62	2.58	2.67
Premiums charged on riskier loans	2.51	2.42	2.63
Loan covenants	2.78	2.71	2.88
Collateralization requirements	2.75	2.71	2.79
Other	2.98	2.97	3.00
Number of banks responding	55	31	24

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
Deterioration in your bank's current or expected capital position	1.14	1.08	1.24
Less favorable or more uncertain economic outlook	2.33	2.42	2.18
Worsening of industry-specific problems	2.14	2.31	1.88
Less aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	1.44	1.42	1.47
Reduced tolerance for risk	1.84	1.85	1.82
Decreased liquidity in the secondary market for these loans	1.30	1.35	1.24
Increase in defaults by borrowers in public debt markets	1.58	1.65	1.47
Other	1.02	1.04	1.00
Number of banks responding	43	26	17

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

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Improvement in your bank's current or expected capital position	1.00	1.00	1.00
More favorable or less uncertain economic outlook	2.00	3.00	1.50
Improvement in industry-specific problems	2.00	3.00	1.50
More aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	1.00	1.00	1.00
Increased tolerance for risk	1.33	2.00	1.00
Increased liquidity in the secondary market for these loans	1.33	2.00	1.00
Reduction in defaults by borrowers in public debt markets	1.33	2.00	1.00
Other	1.00	1.00	1.00
Number of banks responding	3	1	2

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	Pct	Banks	Pct	Banks	Pct
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	4	7.0	2	6.1	2	8.3
About the same	19	33.3	9	27.3	10	41.7
Moderately weaker	33	57.9	21	63.6	12	50.0
Substantially weaker	1	1.8	1	3.0	0	0.0
<b>Total</b>	<b>57</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>

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	3	5.3	1	3.0	2	8.3
About the same	27	47.4	15	45.5	12	50.0
Moderately weaker	26	45.6	16	48.5	10	41.7
Substantially weaker	1	1.8	1	3.0	0	0.0
<b>Total</b>	<b>57</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>

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	1.20	1.00	1.33
Customer accounts receivable financing needs increased	1.20	1.00	1.33
Customer investment in plant or equipment increased	1.00	1.00	1.00
Customer internally generated funds decreased	1.60	2.00	1.33
Customer merger or acquisition financing needs increased	1.00	1.00	1.00
Customer borrowing shifted to your bank from other bank or nonbank sources because these other sources became less attractive	2.00	2.00	2.00
Other	1.00	1.00	1.00
Number of banks responding	5	2	3

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	1.76	1.76	1.75
Customer accounts receivable financing needs decreased	1.68	1.68	1.67
Customer investment in plant or equipment decreased	2.19	2.24	2.08
Customer internally generated funds increased	1.24	1.20	1.33
Customer merger or acquisition financing needs decreased	2.05	2.04	2.08
Customer borrowing shifted from your bank to other bank or nonbank credit sources because these other sources became more attractive	1.27	1.16	1.50
Other	1.14	1.16	1.08
Number of banks responding	37	25	12

Over the past year, many firms in the telecommunications and other high-technology sectors posted widespread losses and there have been numerous credit defaults. **Questions 6-10** ask about bank lending to these **technology companies** over the past year. When assigning a technology company to one of the industry categories specified below, please do so on the basis of the company's main line of business. Question 6 asks about the share of technology company obligations in your bank's loan portfolio. Questions 7-8 ask about delinquency and charge-off rates on loans to technology firms. Questions 9-10 ask about changes over the past year in your bank's credit standards and loan terms for technology companies.

6. Approximately what is the percentage share of outstanding C&I loans at your bank that falls into the following industry categories? (Percentages may not sum to 100 due to rounding.)<sup>2</sup>

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Telecommunications service providers	3.3	3.4	1.6
Telecommunications equipment manufacturers	1.3	1.4	0.5
Internet commerce	0.5	0.5	0.1
Semiconductors	1.2	1.2	0.3
Computer hardware, software, and other high-tech sectors	2.5	2.6	1.1
All other C&I loans	91.6	91.2	96.5
Number of banks responding	56	32	24

7. For each of these industry categories, approximately what is the percentage of the outstanding C&I loans at your bank that is more than 30 days past due or not accruing interest?

8. Approximately what percentage of the loans outstanding in each of the same industry categories as of a year ago have since been charged off?

The results for questions 7 and 8 are not reported, because the number of banks that responded was insufficient to make the aggregate information meaningful.

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2. Responses have been weighted by outstanding C&I loans.

9. Over the past year, how have your bank's credit standards for approving applications for C&I loans or credit lines to technology companies (firms in industry categories (a)-(e) in question 6) changed *relative* to credit standards on C&I loans or credit lines to non-technology companies?

A. Standards for investment-grade technology companies *relative* to standards for investment-grade non-technology companies:

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Tightened considerably more	9	19.1	7	24.1	2	11.1
Tightened somewhat more	17	36.2	11	37.9	6	33.3
Tightened about the same	21	44.7	11	37.9	10	55.6
Tightened less	0	0.0	0	0.0	0	0.0
Standards have eased for high-tech firms	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>47</b>	<b>100.0</b>	<b>29</b>	<b>100.0</b>	<b>18</b>	<b>100.0</b>

B. Standards for below-investment-grade technology companies *relative* to standards for below-investment-grade non-technology companies:

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Tightened considerably more	21	43.8	14	50.0	7	35.0
Tightened somewhat more	12	25.0	6	21.4	6	30.0
Tightened about the same	15	31.3	8	28.6	7	35.0
Tightened less	0	0.0	0	0.0	0	0.0
Standards have eased for high-tech firms	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>48</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>

10. For applications for C&I loans or credit lines from technology companies (firms in industry categories (a)-(e) in questions 6-8) that your bank currently is willing to approve, how have the terms of those loans changed over the past year *relative* to terms on C&I loans or credit lines to non-technology companies? (Please assign each category a number between 1 and 5 using the following scale: 1=tightened considerably more, 2=tightened somewhat more, 3=tightened about the same, 4=tightened less, 5=terms have eased for high-tech firms.)

A. Terms for investment-grade technology companies *relative* to terms for investment-grade non-technology companies:

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Price-related terms (fees and spreads)	2.36	2.36	2.35
Nonprice terms (covenants, collateral requirements, etc.)	2.33	2.36	2.29
Number of banks responding	45	28	17

B. Terms for below-investment-grade technology companies *relative* to terms for below-investment-grade non-technology companies:

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Price-related terms (fees and spreads)	1.94	1.96	1.90
Nonprice terms (covenants, collateral requirements, etc.)	1.85	1.92	1.76
Number of banks responding	47	26	21



**Questions 11-12** ask about **commercial real estate loans** at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate. Question 11 deals with changes in your bank's standards over the last three months and question 12 deals with changes in demand over the same period. If your bank's lending standards or terms have not changed over the relevant period, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's standards or terms have tightened or eased over the relevant period, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing standards as changes in standards.

11. Over the past three months, how have your bank's credit standards for approving applications for 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	23	42.6	12	40.0	11	45.8
Remained basically unchanged	31	57.4	18	60.0	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
<b>Total</b>	<b>54</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>

12. 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	4	7.3	2	6.5	2	8.3
About the same	30	54.5	16	51.6	14	58.3
Moderately weaker	20	36.4	12	38.7	8	33.3
Substantially weaker	1	1.8	1	3.2	0	0.0
<b>Total</b>	<b>55</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>

**Questions 13-14** ask about **residential mortgage loans** at your bank. Question 13 deals with changes in your bank's credit standards over the past three months, and question 14 deals with changes in demand over the same period. 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.

13. 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	2	3.8	1	3.2	1	4.5
Remained basically unchanged	51	96.2	30	96.8	21	95.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>53</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>

14. 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	19	35.8	13	41.9	6	27.3
About the same	28	52.8	15	48.4	13	59.1
Moderately weaker	6	11.3	3	9.7	3	13.6
Substantially weaker	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>53</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>

**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	Pct	Banks	Pct	Banks	Pct
Much more willing	0	0.0	0	0.0	0	0.0
Somewhat more willing	2	3.6	1	3.2	1	4.2
About unchanged	51	92.7	28	90.3	23	95.8
Somewhat less willing	2	3.6	2	6.5	0	0.0
Much less willing	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>55</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>

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	Pct	Banks	Pct	Banks	Pct
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	4	11.4	3	15.0	1	6.7
Remained basically unchanged	31	88.6	17	85.0	14	93.3
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>35</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>15</b>	<b>100.0</b>

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	Pct	Banks	Pct	Banks	Pct
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	6	10.9	6	19.4	0	0.0
Remained basically unchanged	48	87.3	24	77.4	24	100.0
Eased somewhat	1	1.8	1	3.2	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>55</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>

18. 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	2.91	2.94	2.86
Spreads of interest rates charged on outstanding balances over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.97	2.89	3.07
Minimum percent of outstanding balances required to be repaid each month	3.00	3.00	3.00
Minimum required credit score (increased score=tightened, reduced score=eased)	2.88	2.83	2.93
Other	3.00	3.00	3.00
Number of banks responding	32	18	14

19. 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	3.00	3.00	3.00
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.84	2.71	3.00
Minimum required down payment	2.96	2.94	3.00
Minimum required credit score (increased score=tightened, reduced score=eased)	2.85	2.84	2.88
Other	3.02	3.03	3.00
Number of banks responding	55	31	24

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	Pct	Banks	Pct	Banks	Pct
Substantially stronger	2	3.6	1	3.2	1	4.2
Moderately stronger	11	20.0	5	16.1	6	25.0
About the same	32	58.2	20	64.5	12	50.0
Moderately weaker	9	16.4	5	16.1	4	16.7
Substantially weaker	1	1.8	0	0.0	1	4.2
Total	55	100.0	31	100.0	24	100.0