

Table 1

SENIOR LOAN OFFICER OPINION SURVEY ON BANK LENDING PRACTICES
AT SELECTED LARGE BANKS IN THE UNITED STATES¹
(Status of policy as of January 2002)

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	0	0.0	1	4.2
Tightened somewhat	24	43.6	17	54.8	7	29.2
Remained basically unchanged	30	54.5	14	45.2	16	66.7
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	31	100.0	24	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	0	0.0	0	0.0	0	0.0
Tightened somewhat	23	41.8	15	48.4	8	33.3
Remained basically unchanged	32	58.2	16	51.6	16	66.7
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	31	100.0	24	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 September 30, 2001. The combined assets of the 31 large banks totaled \$2.64 trillion, compared to \$2.89 trillion for the entire panel of 55 banks, and \$5.71 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	2.62	2.55	2.71
Costs of credit lines	2.69	2.52	2.92
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.60	2.52	2.71
Premiums charged on riskier loans	2.40	2.26	2.58
Loan covenants	2.62	2.55	2.71
Collateralization requirements	2.62	2.58	2.67
Other	2.96	2.94	3.00
Number of banks responding	55	31	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	2.84	2.81	2.88
Costs of credit lines	2.78	2.65	2.96
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.64	2.58	2.71
Premiums charged on riskier loans	2.56	2.45	2.71
Loan covenants	2.60	2.55	2.67
Collateralization requirements	2.62	2.55	2.71
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	1.03	1.05	1.00
Less favorable or more uncertain economic outlook	2.39	2.52	2.24
Worsening of industry-specific problems	2.03	2.24	1.76
Less aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	1.32	1.29	1.35
Reduced tolerance for risk	1.87	1.95	1.76
Decreased liquidity in the secondary market for these loans	1.32	1.38	1.24
Increase in defaults by borrowers in public debt markets	1.53	1.67	1.35
Other	1.03	1.00	1.06
Number of banks responding	38	21	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	0.00
More favorable or less uncertain economic outlook	1.00	1.00	0.00
Improvement in industry-specific problems	1.00	1.00	0.00
More aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	2.00	2.00	0.00
Increased tolerance for risk	1.00	1.00	0.00
Increased liquidity in the secondary market for these loans	1.00	1.00	0.00
Reduction in defaults by borrowers in public debt markets	1.00	1.00	0.00
Other	2.00	2.00	0.00
Number of banks responding	2	2	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	Pct	Banks	Pct	Banks	Pct
Substantially stronger	1	1.8	0	0.0	1	4.2
Moderately stronger	3	5.5	1	3.2	2	8.3
About the same	17	30.9	10	32.3	7	29.2
Moderately weaker	32	58.2	18	58.1	14	58.3
Substantially weaker	2	3.6	2	6.5	0	0.0
Total	55	100.0	31	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	Pct	Banks	Pct	Banks	Pct
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	3	5.5	0	0.0	3	12.5
About the same	24	43.6	15	48.4	9	37.5
Moderately weaker	27	49.1	16	51.6	11	45.8
Substantially weaker	1	1.8	0	0.0	1	4.2
Total	55	100.0	31	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? (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	1.75	1.00	2.00
Customer accounts receivable financing needs increased	1.75	1.00	2.00
Customer investment in plant or equipment increased	1.50	1.00	1.67
Customer internally generated funds decreased	1.75	2.00	1.67
Customer merger or acquisition financing needs increased	1.00	1.00	1.00
Customer borrowing shifted to your bank from other bank or nonbank credit sources because these other sources became less attractive	1.25	2.00	1.00
Other	1.00	1.00	1.00
Number of banks responding	4	1	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	1.97	2.09	1.79
Customer accounts receivable financing needs decreased	1.92	2.04	1.71
Customer investment in plant or equipment decreased	2.43	2.52	2.29
Customer internally generated funds increased	1.49	1.61	1.29
Customer merger or acquisition financing needs decreased	2.05	2.22	1.79
Customer borrowing shifted from your bank to other bank or nonbank credit sources because these other sources became more attractive	1.22	1.17	1.29
Other	1.14	1.00	1.36
Number of banks responding	37	23	14

Questions 6-10 ask about **commercial real estate loans** at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate. Question 6 deals with changes in your bank's standards over the last three months. Questions 7-8 ask about changes in terms over the past year. Questions 9-10 deal with changes in demand. If your bank's lending 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 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.

6. 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	1	1.9	0	0.0	1	4.2
Tightened somewhat	24	44.4	16	53.3	8	33.3
Remained basically unchanged	29	53.7	14	46.7	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	54	100.0	30	100.0	24	100.0

7. Over the **past year**, how have the following terms on commercial real estate loans changed? (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 loan size	2.65	2.67	2.63
Maximum loan maturity	2.76	2.77	2.75
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.56	2.43	2.71
Loan-to-value ratios	2.57	2.57	2.58
Requirements for take-out financing	2.70	2.67	2.75
Debt-service coverage ratios	2.48	2.37	2.63
Other	2.93	2.87	3.00
Number of banks responding	54	30	24

8. If your bank has tightened or eased its terms for commercial real estate loans over the **past year** (as described in question 7), 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 commercial real estate loan terms:

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Less favorable economic outlook	2.51	2.59	0.00
Worsening of the condition of or the outlook for commercial real estate in the markets where your bank operates	2.15	2.23	0.00
Less aggressive competition from other commercial banks	1.05	1.05	0.00
Less aggressive competition from nonbank lenders	1.10	1.05	0.00
Reduced tolerance for risk	1.95	2.00	0.00
Increased concern about take-out financing	1.54	1.45	0.00
Less liquid market for securities collateralized by these loans	1.21	1.27	0.00
Other	1.03	1.00	0.00
Number of banks responding	39	22	0

B. Possible reasons for easing commercial real estate loan terms:

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
More favorable economic outlook	2.00	2.00	0.00
Improvement in the condition of or the outlook for commercial real estate in the markets where your bank operates	2.00	2.00	0.00
More aggressive competition from other commercial banks	1.00	1.00	0.00
More aggressive competition from nonbank lenders	2.00	2.00	0.00
Increased tolerance for risk	1.00	1.00	0.00
Reduced concern about take-out financing	1.00	1.00	0.00
More liquid market for securities collateralized by these loans	1.00	1.00	0.00
Other	1.00	1.00	0.00
Number of banks responding	1	1	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	4	7.4	1	3.3	3	12.5
About the same	23	42.6	13	43.3	10	41.7
Moderately weaker	23	42.6	14	46.7	9	37.5
Substantially weaker	4	7.4	2	6.7	2	8.3
Total	54	100.0	30	100.0	24	100.0

10. Please indicate how demand for commercial real estate loans in each of the following sectors has changed over the **past year**. (Please rate each sector according to the following scale: 1=substantially stronger, 2=moderately stronger, 3=about the same, 4=moderately weaker, 5=substantially weaker.)

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Office buildings	3.96	4.00	3.92
Industrial structures	3.48	3.50	3.46
Warehouses	3.41	3.50	3.29
Retail establishments	3.61	3.63	3.58
Hotels	3.98	3.93	4.04
Multi-family or apartment homes	2.87	3.00	2.71
Other	2.96	3.03	2.88
Number of banks responding	54	30	24

Questions 11-15 ask about **residential mortgage loans** at your bank. Question 11 deals with changes in your bank's credit standards over the past three months, and question 12 deals with changes in demand over the same period. Questions 13-15 ask about the behavior of customers that refinanced their mortgage loans at your bank over the past six months. 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.

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?

	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	0	0.0	1	4.3
Remained basically unchanged	51	98.1	29	100.0	22	95.7
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	29	100.0	23	100.0

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.)

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Substantially stronger	1	1.9	1	3.4	0	0.0
Moderately stronger	20	38.5	9	31.0	11	47.8
About the same	25	48.1	15	51.7	10	43.5
Moderately weaker	6	11.5	4	13.8	2	8.7
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	52	100.0	29	100.0	23	100.0

13. Over the past six months, there has been a wave of demand for loans to refinance existing mortgages. A portion of customers who refinance their mortgages increase the size of the loan at the time of the refinancing. Over the past **six months**, about what percentage of your bank's customers have refinanced their mortgage and increased their outstanding loan balance?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Less than 10 percent	7	14.0	2	7.1	5	22.7
Between 10 and 20 percent	17	34.0	10	35.7	7	31.8
Between 20 and 30 percent	13	26.0	8	28.6	5	22.7
Between 30 and 40 percent	4	8.0	3	10.7	1	4.5
Between 40 and 50 percent	4	8.0	2	7.1	2	9.1
More than 50 percent	5	10.0	3	10.7	2	9.1
Total	50	100.0	28	100.0	22	100.0

14. For customers who increased the outstanding balance of their mortgages when refinancing in the past **six months**, what was the typical increase as a percentage of the original outstanding balance?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Less than 5 percent	0	0.0	0	0.0	0	0.0
Between 5 and 10 percent	19	38.8	11	40.7	8	36.4
Between 10 and 15 percent	20	40.8	9	33.3	11	50.0
Between 15 and 20 percent	7	14.3	6	22.2	1	4.5
Between 20 and 25 percent	3	6.1	1	3.7	2	9.1
More than 25 percent	0	0.0	0	0.0	0	0.0
Total	49	100.0	27	100.0	22	100.0

15. To the best of your knowledge, what percentage of your customers that refinanced and increased the outstanding balance on their mortgages in the past **six months** used the additional funds for the following purposes? (Please assign a number to each possible purpose using the following scale: 1=a negligible percentage, 2=less than 15 percent, 3=between 15 and 30 percent, 4=between 30 and 50 percent, 5=more than 50 percent.)

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Repayment of other debt	3.60	3.62	3.59
Home improvements	2.52	2.54	2.50
Consumer expenditures	2.13	2.23	2.00
Business or real estate investments	1.40	1.23	1.59
Financial investments	1.50	1.35	1.68
Other	1.31	1.23	1.41
Number of banks responding	48	26	22

Questions 16-21 ask about **consumer lending** at your bank. Question 16 deals with changes in your bank's willingness to make consumer loans over the past three months. Questions 17-20 deal with changes in credit standards and loan terms over the same period. Question 21 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.

16. 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	0	0.0	0	0.0	0	0.0
About unchanged	50	94.3	27	93.1	23	95.8
Somewhat less willing	3	5.7	2	6.9	1	4.2
Much less willing	0	0.0	0	0.0	0	0.0
Total	53	100.0	29	100.0	24	100.0

17. 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	1	3.0	0	0.0	1	7.1
Tightened somewhat	5	15.2	4	21.1	1	7.1
Remained basically unchanged	27	81.8	15	78.9	12	85.7
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	33	100.0	19	100.0	14	100.0

18. 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	9	17.0	5	17.2	4	16.7
Remained basically unchanged	44	83.0	24	82.8	20	83.3
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

19. 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? (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	2.89	2.81	3.00
Spreads of interest rates charged on outstanding balances over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.93	2.88	3.00
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)	2.79	2.75	2.83
The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)	2.82	2.88	2.75
Other	2.93	3.00	2.85
Number of banks responding	29	16	13

20. 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.)

	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)	2.88	2.79	3.00
Minimum required down payment	2.96	2.93	3.00
Minimum required credit score (increased score=tightened, reduced score=eased)	2.76	2.75	2.78
The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)	2.67	2.64	2.70
Other	3.02	3.00	3.04
Number of banks responding	51	28	23

21. 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	4	7.7	2	7.1	2	8.3
Moderately stronger	8	15.4	5	17.9	3	12.5
About the same	26	50.0	14	50.0	12	50.0
Moderately weaker	14	26.9	7	25.0	7	29.2
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	52	100.0	28	100.0	24	100.0

Questions 22-25 ask about **the performance of loans to households** at your bank. Question 22 asks about the extent of your bank's participation in the "subprime" lending market during the past year. Questions 23 and 24 ask how your bank's credit scoring models have performed over the past year. Question 25 asks about your expectations for the performance of loans to households over the next year.

22. At year end, what percentage of the dollar volume of loans to households either on your bank's books at year end, or securitized by your bank and still outstanding, qualified as "subprime"?

A. Residential mortgage loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
No subprime mortgage loans held or securitized	22	44.9	13	44.8	9	45.0
Less than 5 percent	20	40.8	12	41.4	8	40.0
Between 5 and 10 percent	4	8.2	2	6.9	2	10.0
Between 10 and 20 percent	3	6.1	2	6.9	1	5.0
Between 20 and 30 percent	0	0.0	0	0.0	0	0.0
More than 30 percent	0	0.0	0	0.0	0	0.0
Total	49	100.0	29	100.0	20	100.0

B. Credit card loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
No subprime credit card loans held or securitized	33	80.5	18	75.0	15	88.2
Less than 5 percent	5	12.2	3	12.5	2	11.8
Between 5 and 10 percent	2	4.9	2	8.3	0	0.0
Between 10 and 20 percent	1	2.4	1	4.2	0	0.0
Between 20 and 30 percent	0	0.0	0	0.0	0	0.0
More than 30 percent	0	0.0	0	0.0	0	0.0
Total	41	100.0	24	100.0	17	100.0

C. Consumer loans other than credit card loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
No subprime consumer loans held or securitized	32	62.7	17	58.6	15	68.2
Less than 5 percent	14	27.5	10	34.5	4	18.2
Between 5 and 10 percent	3	5.9	1	3.4	2	9.1
Between 10 and 20 percent	2	3.9	1	3.4	1	4.5
Between 20 and 30 percent	0	0.0	0	0.0	0	0.0
More than 30 percent	0	0.0	0	0.0	0	0.0
Total	51	100.0	29	100.0	22	100.0

23. Given the actual performance of the economy over the past year, how does the quality of your bank's loans to households (taking account of both current delinquency rates and credit losses over the past year) compare with what would have been predicted a year ago based on your bank's credit scoring models at that time?

A. Quality of standard residential mortgage loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Much better than would have been predicted	0	0.0	0	0.0	0	0.0
Somewhat better than would have been predicted	8	16.3	4	14.3	4	19.0
Within typical prediction errors of the models	35	71.4	21	75.0	14	66.7
Somewhat worse than would have been predicted	6	12.2	3	10.7	3	14.3
Much worse than would have been predicted	0	0.0	0	0.0	0	0.0
Total	49	100.0	28	100.0	21	100.0

B. Quality of subprime residential mortgage loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Much better than would have been predicted	0	0.0	0	0.0	0	0.0
Somewhat better than would have been predicted	3	11.1	1	6.3	2	18.2
Within typical prediction errors of the models	13	48.1	9	56.3	4	36.4
Somewhat worse than would have been predicted	11	40.7	6	37.5	5	45.5
Much worse than would have been predicted	0	0.0	0	0.0	0	0.0
Total	27	100.0	16	100.0	11	100.0

C. Quality of standard credit card loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Much better than would have been predicted	0	0.0	0	0.0	0	0.0
Somewhat better than would have been predicted	1	3.3	0	0.0	1	9.1
Within typical prediction errors of the models	19	63.3	12	63.2	7	63.6
Somewhat worse than would have been predicted	10	33.3	7	36.8	3	27.3
Much worse than would have been predicted	0	0.0	0	0.0	0	0.0
Total	30	100.0	19	100.0	11	100.0

D. Quality of subprime credit card loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Much better than would have been predicted	0	0.0	0	0.0	0	0.0
Somewhat better than would have been predicted	0	0.0	0	0.0	0	0.0
Within typical prediction errors of the models	4	44.4	3	42.9	1	50.0
Somewhat worse than would have been predicted	4	44.4	3	42.9	1	50.0
Much worse than would have been predicted	1	11.1	1	14.3	0	0.0
Total	9	100.0	7	100.0	2	100.0

E. Quality of other standard consumer loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Much better than would have been predicted	0	0.0	0	0.0	0	0.0
Somewhat better than would have been predicted	5	9.8	1	3.4	4	18.2
Within typical prediction errors of the models	26	51.0	15	51.7	11	50.0
Somewhat worse than would have been predicted	20	39.2	13	44.8	7	31.8
Much worse than would have been predicted	0	0.0	0	0.0	0	0.0
Total	51	100.0	29	100.0	22	100.0

F. Quality of other subprime consumer loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Much better than would have been predicted	0	0.0	0	0.0	0	0.0
Somewhat better than would have been predicted	3	14.3	0	0.0	3	33.3
Within typical prediction errors of the models	4	19.0	3	25.0	1	11.1
Somewhat worse than would have been predicted	13	61.9	8	66.7	5	55.6
Much worse than would have been predicted	1	4.8	1	8.3	0	0.0
Total	21	100.0	12	100.0	9	100.0

24. If the quality of loans to households is better or worse than your credit scoring models would have predicted a year ago given the performance of the economy (as described in question 23), how important have been the following possible reasons for the deviations? (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 worse loan quality than the models would have predicted (answer 4 or 5 to any part of question 23):

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Lack of cyclical experience in the data used to estimate the models	1.57	1.72	1.30
Rise in bankruptcy filings triggered by proposed bankruptcy reform legislation	2.29	2.44	2.00
Distortions to the economy caused by the terrorist attacks	1.89	1.83	2.00
Other	1.36	1.28	1.50
Number of banks responding	28	18	10

B. Possible reasons for better loan quality than the models would have predicted (answer 1 or 2 to any part of question 23):

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Lack of cyclical experience in the data used to estimate the models	1.42	1.50	1.38
Unexpectedly high levels of mortgage refinancing have eased some consumers' debt-service burdens	1.92	1.75	2.00
Improved or more aggressive monitoring of customers' credit conditions	1.75	1.25	2.00
Other	1.33	1.50	1.25
Number of banks responding	12	4	8

25. Assuming that consensus forecasts of a return to a sustainable rate of growth by the second half of next year materialize, how do you expect the quality of your bank's loans to households (taking account of both delinquency rates and credit losses over the year) to change over the next twelve months?

A. Quality of standard residential mortgage loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Much improved	0	0.0	0	0.0	0	0.0
Somewhat improved	14	28.0	10	34.5	4	19.0
Basically unchanged	32	64.0	15	51.7	17	81.0
Somewhat worse	4	8.0	4	13.8	0	0.0
Much worse	0	0.0	0	0.0	0	0.0
Total	50	100.0	29	100.0	21	100.0

B. Quality of subprime residential mortgage loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Much improved	0	0.0	0	0.0	0	0.0
Somewhat improved	9	32.1	5	31.3	4	33.3
Basically unchanged	16	57.1	9	56.3	7	58.3
Somewhat worse	3	10.7	2	12.5	1	8.3
Much worse	0	0.0	0	0.0	0	0.0
Total	28	100.0	16	100.0	12	100.0

C. Quality of standard credit card loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Much improved	1	3.4	1	5.9	0	0.0
Somewhat improved	8	27.6	5	29.4	3	25.0
Basically unchanged	18	62.1	9	52.9	9	75.0
Somewhat worse	1	3.4	1	5.9	0	0.0
Much worse	1	3.4	1	5.9	0	0.0
Total	29	100.0	17	100.0	12	100.0

D. Quality of subprime credit card loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Much improved	0	0.0	0	0.0	0	0.0
Somewhat improved	4	44.4	3	42.9	1	50.0
Basically unchanged	4	44.4	3	42.9	1	50.0
Somewhat worse	1	11.1	1	14.3	0	0.0
Much worse	0	0.0	0	0.0	0	0.0
Total	9	100.0	7	100.0	2	100.0

E. Quality of other standard consumer loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Much improved	0	0.0	0	0.0	0	0.0
Somewhat improved	17	33.3	12	41.4	5	22.7
Basically unchanged	27	52.9	12	41.4	15	68.2
Somewhat worse	7	13.7	5	17.2	2	9.1
Much worse	0	0.0	0	0.0	0	0.0
Total	51	100.0	29	100.0	22	100.0

F. Quality of other subprime consumer loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Much improved	0	0.0	0	0.0	0	0.0
Somewhat improved	9	42.9	6	50.0	3	33.3
Basically unchanged	8	38.1	4	33.3	4	44.4
Somewhat worse	4	19.0	2	16.7	2	22.2
Much worse	0	0.0	0	0.0	0	0.0
Total	21	100.0	12	100.0	9	100.0