Table 1

SPECIAL SENIOR LOAN OFFICER OPINION SURVEY ON BANK LENDING PRACTICES
AT SELECTED LARGE BANKS IN THE UNITED STATES
(Status of policy as of March 2001[1])

Conditions in financial markets have changed in several important ways since the beginning of the year, including two monetary easings by the Federal Reserve and changes in some market risk premiums. We are interested in developments in the supply of and demand for ***commercial and industrial*** *(C&I) loans at your bank over this period. Questions 1-3 deal with changes in your bank's lending policies since the beginning of the year. Questions 4-5 deal with changes in demand for C&I loans over the same period. If your bank's lending policies have not changed since the beginning of the year, 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 this period, 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. Since the beginning of the year, 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	1	1.9	1	3.3	0	0.0
Tightened somewhat	27	50.0	14	46.7	13	54.2
Remained basically unchanged	26	48.1	15	50.0	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	54	100.0	30	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	43.4	11	37.9	12	50.0
Remained basically unchanged	30	56.6	18	62.1	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	53	100.0	29	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, 2000. The combined assets of the 30 large banks totaled $2.53 trillion, compared to $2.77 trillion for the entire panel of 54 banks, and $5.29 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 since the beginning of the year? (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	2.55	2.55	2.54
Costs of credit lines	2.55	2.41	2.71
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.53	2.41	2.67
Premiums charged on riskier loans	2.19	2.17	2.21
Loan covenants	2.47	2.38	2.58
Collateralization requirements	2.51	2.48	2.54
Other	2.96	2.93	3.00
Number of banks responding	53	29	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	2.71	2.71	2.71
Costs of credit lines	2.75	2.75	2.75
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.69	2.71	2.67
Premiums charged on riskier loans	2.33	2.43	2.21
Loan covenants	2.63	2.64	2.63
Collateralization requirements	2.62	2.68	2.54
Other	2.94	2.89	3.00
Number of banks responding	52	28	24

3. If your bank has tightened or eased its credit standards or its terms for C&I loans or credit lines since the beginning of the year (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	1.15	1.00	1.33
Less favorable or more uncertain economic outlook	2.48	2.41	2.56
Worsening of industry-specific problems	2.23	2.23	2.22
Less aggressive competition from other banks	1.30	1.36	1.22
Less aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	1.18	1.18	1.17
Reduced tolerance for risk	2.18	2.14	2.22
Decreased liquidity in the secondary market for these loans	1.63	1.68	1.56
Increase in defaults by below-investment-grade borrowers in public debt markets.	1.85	1.91	1.78
Other	1.20	1.36	1.00
Number of banks responding	40	22	18

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	0.00	1.00
More favorable or less uncertain economic outlook	1.00	0.00	1.00
Improvement in industry-specific problems	1.00	0.00	1.00
More aggressive competition from other banks	2.50	0.00	2.50
More aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	2.00	0.00	2.00
Increased tolerance for risk	1.00	0.00	1.00
Increased liquidity in the secondary market for these loans	1.00	0.00	1.00
Other	1.00	0.00	1.00
Number of banks responding	2	0	2

4. Apart from normal seasonal variation, how has demand for C&I loans changed since the beginning of the year? (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	7.4	2	6.7	2	8.3
About the same	24	44.4	13	43.3	11	45.8
Moderately weaker	23	42.6	12	40.0	11	45.8
Substantially weaker	3	5.6	3	10.0	0	0.0
Total	54	100.0	30	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	4	7.5	2	6.9	2	8.3
About the same	31	58.5	15	51.7	16	66.7
Moderately weaker	18	34.0	12	41.4	6	25.0
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	53	100.0	29	100.0	24	100.0

5. If demand for C&I loans has strengthened or weakened since the beginning of the year (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	1.57	1.25	2.00
Customer accounts receivable financing needs increased	1.57	1.25	2.00
Customer investment in plant or equipment increased	1.71	1.50	2.00
Customer internally generated funds decreased	2.14	2.00	2.33
Customer merger or acquisition financing needs increased	1.43	1.00	2.00
Customer borrowing shifted to your bank from other credit sources because these other sources became less attractive	1.71	1.50	2.00
Other	1.29	1.50	1.00
Number of banks responding	7	4	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	1.70	1.63	1.82
Customer accounts receivable financing needs decreased	1.74	1.63	1.91
Customer investment in plant or equipment decreased	2.44	2.50	2.36
Customer internally generated funds increased	1.11	1.13	1.09
Customer merger or acquisition financing needs decreased	2.26	2.63	1.73
Customer borrowing shifted from your bank to other credit sources because these other sources became more attractive	1.00	1.00	1.00
Other	1.15	1.25	1.00
Number of banks responding	27	16	11

Table 2

SPECIAL SENIOR LOAN OFFICER OPINION SURVEY ON BANK LENDING PRACTICES
AT SELECTED BRANCHES AND AGENCIES OF FOREIGN BANKS IN THE UNITED STATES
(Status of policy as of March 2001[1])

Conditions in financial markets have changed in several important ways since the beginning of the year, including two monetary easings by the Federal Reserve and changes in some market risk premiums. We are interested in developments in the supply of and demand for commercial and industrial (C&I) loans at your bank over this period. Questions 1-3 deal with changes in your bank's lending policies since the beginning of the year. Questions 4-5 deal with changes in demand for C&I loans over the same period. If your bank's lending policies have not changed since the beginning of the year, 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 this period, 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. Since the beginning of the year, 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	Pct
Tightened considerably	0	0.0
Tightened somewhat	10	45.5
Remained basically unchanged	12	54.5
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	22	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 since the beginning of the year? (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
	Mean
Maximum size of credit lines	2.68
Costs of credit lines	2.68
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.59
Premiums charged on riskier loans	2.41
Loan covenants	2.45
Collateralization requirements	2.50
Other	2.95
Total	22

1. As of September 30, 2000, the 22 respondents had combined assets of $266 billion, compared to $838 billion 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.

3. If your bank has tightened or eased its credit standards or its terms for C&I loans or credit lines since the beginning of the year (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
	Mean
Deterioration in your bank's current or expected capital position	1.29
Less favorable or more uncertain economic outlook	2.18
Worsening of industry-specific problems	2.29
Less aggressive competition from other commercial banks	1.24
Less aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	1.24
Reduced tolerance for risk	1.71
Decreased liquidity in the secondary market for these loans	1.82
Increase in defaults by below-investment-grade borrowers in public debt markets.	1.94
Other	1.24
Number of banks responding	17

B. Possible reasons for easing credit standards or loan terms

	All Respondents
	Mean
Improvement in your bank's current or expected capital position	0.00
More favorable or less uncertain economic outlook	0.00
Improvement in industry-specific problems	0.00
More aggressive competition from other commercial banks	0.00
More aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	0.00
Increased tolerance for risk	0.00
Increased liquidity in the secondary market for these loans	0.00
Other	0.00
Number of banks responding	0

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

	All Respondents	
	Banks	Pct
Substantially stronger	0	0.0
Moderately stronger	2	9.1
About the same	13	59.1
Moderately weaker	6	27.3
Substantially weaker	1	4.5
Total	22	100.0

5. If demand for C&I loans has strengthened or weakened since the beginning of the year (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 4), possible reasons:

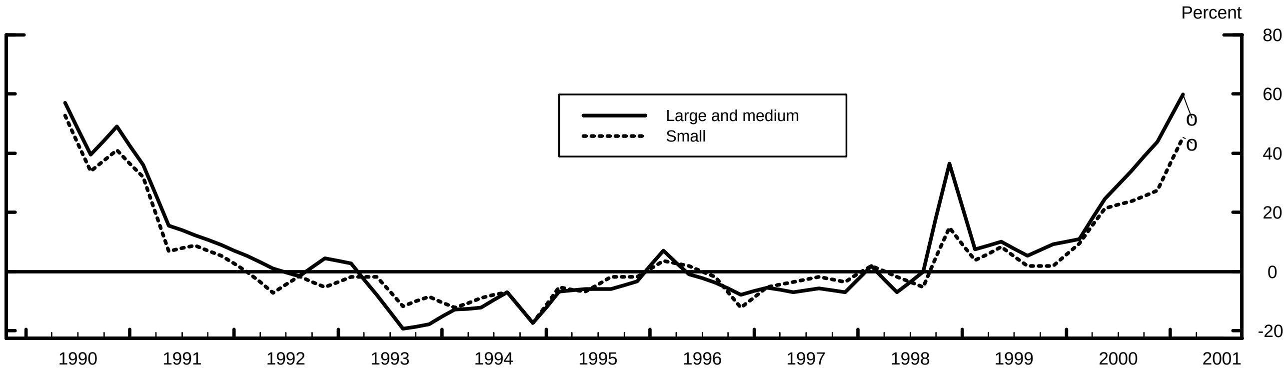
	All Respondents
	Mean
Customer inventory financing needs increased	1.00
Customer accounts receivable financing needs increased	1.00
Customer investment in plant or equipment increased	1.00
Customer internally generated funds decreased	1.50
Customer merger or acquisition financing needs increased	1.50
Customer borrowing shifted to your bank from other credit sources because these other sources became less attractive	1.50
Other	1.50
Number of banks responding	2

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

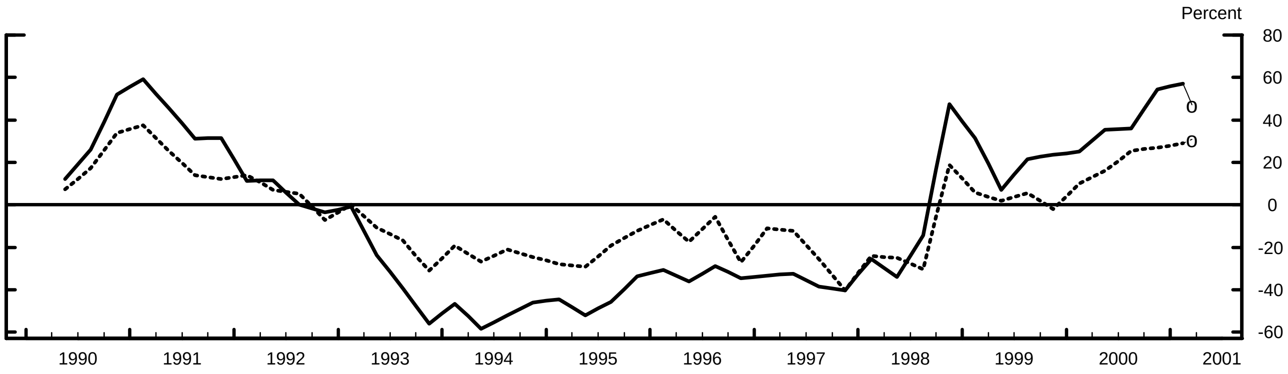
	All Respondents
	Mean
Customer inventory financing needs decreased	1.57
Customer accounts receivable financing needs decreased	1.57
Customer investment in plant or equipment decreased	2.29
Customer internally generated funds increased	1.43
Customer merger or acquisition financing needs decreased	2.14
Customer borrowing shifted from your bank to other credit sources because these other sources became more attractive	1.29
Other	1.14
Number of banks responding	7

Measures of Supply and Demand for C&I Loans, by Size of Firm Seeking Loan

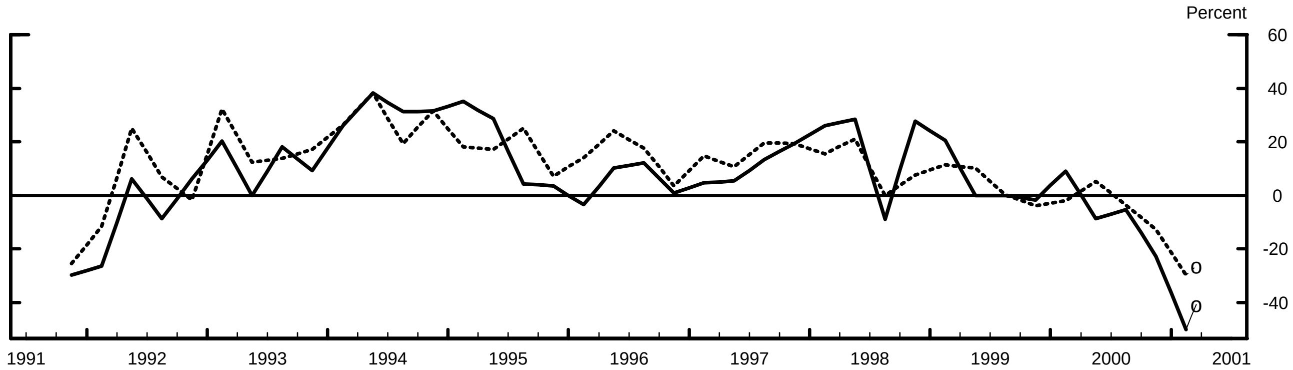
Net Percentage of Domestic Respondents Tightening Standards for C&I Loans



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



Net Percentage of Domestic Respondents Reporting Stronger Demand for C&I Loans



Note. 'o' indicates March 2001 observation.