Table 1

SENIOR LOAN OFFICER OPINION SURVEY ON BANK LENDING PRACTICES
AT SELECTED LARGE BANKS IN THE UNITED STATES
(Status of policy as of May 2001[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. 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	0	0.0	0	0.0	0	0.0
Tightened somewhat	28	50.9	17	53.1	11	47.8
Remained basically unchanged	27	49.1	15	46.9	12	52.2
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	32	100.0	23	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	20	36.4	12	37.5	8	34.8
Remained basically unchanged	35	63.6	20	62.5	15	65.2
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	32	100.0	23	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 June 30, 2000. The combined assets of the 32 large banks totaled $2.61 trillion, compared to $2.85 trillion for the entire panel of 55 banks, and $5.43 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	2.65	2.65	2.65
Costs of credit lines	2.50	2.39	2.65
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.52	2.45	2.61
Premiums charged on riskier loans	2.37	2.29	2.48
Loan covenants	2.57	2.58	2.57
Collateralization requirements	2.65	2.58	2.74
Other	3.00	3.00	3.00
Number of banks responding	54	31	23

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	2.84	2.87
Costs of credit lines	2.76	2.71	2.83
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.76	2.77	2.74
Premiums charged on riskier loans	2.57	2.55	2.61
Loan covenants	2.63	2.61	2.65
Collateralization requirements	2.74	2.74	2.74
Other	3.00	3.00	3.00
Number of banks responding	54	31	23

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	1.26	1.29	1.21
Less favorable or more uncertain economic outlook	2.52	2.57	2.43
Worsening of industry-specific problems	2.29	2.25	2.36
Less aggressive competition from other banks	1.21	1.25	1.14
Less aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	1.10	1.11	1.07
Reduced tolerance for risk	2.02	2.00	2.07
Decreased liquidity in the secondary market for these loans	1.55	1.61	1.43
Increase in defaults by below-investment-grade borrowers in public debt markets.	1.60	1.71	1.36
Other	1.10	1.11	1.07
Number of banks responding	42	28	14

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	2.67	2.67	0.00
More aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	1.67	1.67	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
Other	1.00	1.00	0.00
Number of banks responding	3	3	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	0	0.0	0	0.0	0	0.0
Moderately stronger	5	9.1	3	9.4	2	8.7
About the same	23	41.8	10	31.3	13	56.5
Moderately weaker	25	45.5	19	59.4	6	26.1
Substantially weaker	2	3.6	0	0.0	2	8.7
Total	55	100.0	32	100.0	23	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	7.3	1	3.1	3	13.0
About the same	28	50.9	16	50.0	12	52.2
Moderately weaker	22	40.0	14	43.8	8	34.8
Substantially weaker	1	1.8	1	3.1	0	0.0
Total	55	100.0	32	100.0	23	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	1.71	1.75	1.67
Customer accounts receivable financing needs increased	1.71	1.75	1.67
Customer investment in plant or equipment increased	1.29	1.00	1.67
Customer internally generated funds decreased	2.00	2.25	1.67
Customer merger or acquisition financing needs increased	1.86	2.25	1.33
Customer borrowing shifted to your bank from other sources because these other sources became less attractive	1.71	2.00	1.33
Other	1.50	1.80	1.00
Number of banks responding	8	5	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	1.56	1.48	1.78
Customer accounts receivable financing needs decreased	1.56	1.52	1.67
Customer investment in plant or equipment decreased	2.15	2.12	2.22
Customer internally generated funds increased	1.26	1.20	1.44
Customer merger or acquisition financing needs decreased	2.09	2.16	1.89
Customer borrowing shifted from your bank to other credit sources because these other sources became more attractive	1.29	1.36	1.11
Other	1.03	1.00	1.11
Number of banks responding	34	25	9

In recent months, the market for commercial paper has been hit by numerous credit downgrades and even a few defaults. As a result, there have been several reports of firms tapping into bank sponsored back-up lines of credit. ***Question 6-10*** *ask about* ***commercial paper back-up lines of credit****. Questions 6-8 ask about changes over the past year in your bank's lending policies for these credit lines. Questions 9-10 ask about your bank's assessment of current pricing policies and the longer-term outlook for commercial paper back-up lines of credit.*

6. Over the *past year*, how has your bank changed its standards for approving applications for commercial paper back-up lines of credit from nonfinancial firms?

A. For nonfinancial firms with an A1/P1 commercial paper rating such standards have::

	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	15	34.1	9	29.0	6	46.2
Remained basically unchanged	29	65.9	22	71.0	7	53.8
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	44	100.0	31	100.0	13	100.0

B. For nonfinancial firms with an A2/P2 commercial paper rating such standards have:

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Tightened considerably	4	9.1	3	9.7	1	7.7
Tightened somewhat	21	47.7	15	48.4	6	46.2
Remained basically unchanged	19	43.2	13	41.9	6	46.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	44	100.0	31	100.0	13	100.0

7. For applications for commercial paper back-up lines of credit from nonfinancial firms that your bank currently is willing to approve, how have each of the following terms changed over the *past 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. For nonfinancial firms with an A1/P1 commercial paper rating:

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Maximum size of credit lines	2.45	2.39	2.62
Length of commitment	2.52	2.48	2.62
Fees associated with credit lines (tightened=higher fees, eased=lower fees)	2.36	2.32	2.46
Spread of loan rates over your cost of funds (tightened=higher spread, eased=lower spread)	2.30	2.26	2.38
Material adverse change clauses	2.70	2.65	2.85
Other	3.00	3.00	3.00
Number of banks responding	44	31	13

B. For nonfinancial firms with an A2/P2 commercial paper rating:

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Maximum size of credit lines	2.09	1.97	2.38
Length of commitment	2.30	2.26	2.38
Fees associated with credit lines (tightened=higher fees, eased=lower fees)	2.20	2.16	2.31
Spread of loan rates over your cost of funds (tightened=higher spread, eased=lower spread)	2.18	2.13	2.31
Material adverse change clauses	2.66	2.65	2.69
Other	3.00	3.00	3.00
Number of banks responding	44	31	13

8. If your bank has changed standards or terms on commercial paper back-up lines of credit over the *past year* (as described in questions 6 and 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 standards or terms on back-up facilities:

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Heightened concern about possible deterioration in the credit quality of issuers	2.44	2.46	2.38
Less aggressive competition from other banks	1.47	1.54	1.25
Opportunities for additional business associated with back-up lines have diminished	1.81	1.67	2.25
Higher probability of lines being drawn due to less certain conditions in commercial paper markets	2.16	2.13	2.25
Other	1.13	1.17	1.00
Number of banks responding	32	24	8

B. Possible reasons for easing standards or terms on back-up facilities:

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Reduced concern about possible deterioration in the credit quality of issuers	1.00	1.00	0.00
More aggressive competition from other banks	1.00	1.00	0.00
Opportunities for additional business associated with back-up lines have increased	2.00	2.00	0.00
Lower probability of lines being drawn due to more certain conditions in commercial paper markets	1.00	1.00	0.00
Other	3.00	3.00	0.00
Number of banks responding	2	2	0

9. At your bank, are commercial paper back-up lines of credit generally profitable when evaluated on a stand-alone basis?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Yes	1	2.3	0	0.0	1	7.7
No, but this business is attractive because associated business opportunities make commercial paper back-up lines profitable overall.	34	77.3	25	80.6	9	69.2
No, and even taking associated business opportunities into account, commercial paper back-up lines are generally no longer profitable. Over the longer-term, their pricing will have to increase to make them so.	9	20.5	6	19.4	3	23.1
Total	44	100.0	31	100.0	13	100.0

10. If your bank expects to increase pricing on commercial paper back-up lines because they are not generally profitable even when taking associated business opportunities into account (answer 3 to Question 9), how do you expect the volume of such business to be affected over the longer-term?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
The resulting decline in the volume of business is likely to be fairly minor	3	33.3	1	16.7	2	66.7
The resulting decline in the volume of business is likely to be moderate	4	44.4	4	66.7	0	0.0
The resulting decline in the volume of business is likely to be fairly considerable.	2	22.2	1	16.7	1	33.3
Total	9	100.0	6	100.0	3	100.0

Questions 11-13 *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. Questions 12-13 deal with changes in demand over the past three months. 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	1	1.8	1	3.1	0	0.0
Tightened somewhat	22	40.0	11	34.4	11	47.8
Remained basically unchanged	32	58.2	20	62.5	12	52.2
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	32	100.0	23	100.0

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	5	9.1	3	9.4	2	8.7
About the same	33	60.0	20	62.5	13	56.5
Moderately weaker	16	29.1	9	28.1	7	30.4
Substantially weaker	1	1.8	0	0.0	1	4.3
Total	55	100.0	32	100.0	23	100.0

13. Please indicate how demand for commercial real estate loans in each of the following sectors has changed over the past three months. (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	3.42	3.47	3.35
Industrial structures	3.25	3.25	3.26
Warehouses	3.20	3.16	3.26
Retail establishments	3.35	3.31	3.39
Hotels	3.38	3.34	3.43
Multi-family or apartment homes	2.91	2.84	3.00
Other	3.02	3.03	3.00
Number of banks responding	55	32	23

Questions 14-16 *ask about* ***residential mortgage loans*** *at your bank. Question14 deals with changes in your bank's credit standards over the past three months, and question 15 deals with changes in demand over the same period. Question 16 deals with changes in your bank's lending terms over the past year. 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.*

14. 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	2	6.7	0	0.0
Remained basically unchanged	50	96.2	28	93.3	22	100.0
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	30	100.0	22	100.0

15. 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	6	11.5	3	10.0	3	13.6
Moderately stronger	21	40.4	12	40.0	9	40.9
About the same	22	42.3	13	43.3	9	40.9
Moderately weaker	3	5.8	2	6.7	1	4.5
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	52	100.0	30	100.0	22	100.0

16. Over the *past year*, how have the following terms on mortgage loans to purchase homes 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 size of mortgage	3.20	3.17	3.23
Maximum maturity	2.96	2.93	3.00
Loan origination fee	2.94	2.90	3.00
Spreads of mortgage rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.82	2.76	2.91
Maximum length of extended interest-rate locks (shorter=tightened, longer=eased)	3.00	3.00	3.00
Minimum downpayment (higher=tightened, lower=eased)	3.00	3.00	3.00
Maximum number of discount points available (less=tightened, more=eased)	2.98	3.00	2.95
Minimum required credit score (increased score=tightened, reduced score=eased)	2.98	2.97	3.00
Other	2.98	2.97	3.00
Number of banks responding	51	29	22

***Questions 17-23** ask about **consumer lending** at your bank. Question 17 deals with changes in your bank's willingness to make consumer loans over the past three months. Questions 18-22 deal with changes in credit standards and loan terms over the same period. Question 23 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.*

17. 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	0	0.0	1	4.3
About unchanged	51	96.2	29	96.7	22	95.7
Somewhat less willing	1	1.9	1	3.3	0	0.0
Much less willing	0	0.0	0	0.0	0	0.0
Total	53	100.0	30	100.0	23	100.0

18. 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	7	20.0	6	31.6	1	6.3
Remained basically unchanged	28	80.0	13	68.4	15	93.8
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	35	100.0	19	100.0	16	100.0

19. 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	11	20.8	8	26.7	3	13.0
Remained basically unchanged	41	77.4	22	73.3	19	82.6
Eased somewhat	1	1.9	0	0.0	1	4.3
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	30	100.0	23	100.0

20. 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	2.81	2.69	2.93
Spreads of interest rates charged on outstanding balances over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.94	2.88	3.00
Minimum percent of outstanding balances required to be repaid each month	2.97	2.94	3.00
Minimum required credit score (increased score=tightened, reduced score=eased)	2.84	2.69	3.00
Other	2.94	3.00	2.88
Number of banks responding	32	16	16

21. 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	2.93	3.09
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.72	2.67	2.78
Minimum required down payment	2.87	2.83	2.91
Minimum required credit score (increased score=tightened, reduced score=eased)	2.75	2.67	2.87
Other	2.94	2.93	2.96
Number of banks responding	53	30	23

22. If your bank has tightened or eased its credit standards or its terms for any type of consumer loan over the past three months (as described in Questions 18-21), 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
Recent or expected increase in delinquency rates	1.92	1.94	1.86
The debt-service burden of your bank's customers has risen to worrisome levels	1.63	1.59	1.71
Less aggressive competition from other lenders (bank or nonbank)	1.42	1.41	1.43
Reduced tolerance for risk	1.50	1.59	1.29
Reduced liquidity in the secondary market for these loans	1.13	1.12	1.14
Anticipated adverse effect of bankruptcy reform legislation	1.58	1.53	1.71
Other	1.22	1.25	1.14
Number of banks responding	24	17	7

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

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Recent or expected decrease in delinquency rates	1.00	1.00	1.00
The debt-service burden of your bank's customers remains comfortable	1.25	1.00	1.33
More aggressive competition from other lenders (bank or nonbank)	1.50	1.00	1.67
Increased tolerance for risk	1.00	1.00	1.00
Increased liquidity in the secondary market for these loans	1.25	1.00	1.33
Anticipated beneficial effect of bankruptcy reform legislation	1.00	1.00	1.00
Other	1.50	2.00	1.33
Number of banks responding	4	1	3

23. 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	3	5.8	3	10.0	0	0.0
Moderately stronger	12	23.1	5	16.7	7	31.8
About the same	27	51.9	14	46.7	13	59.1
Moderately weaker	10	19.2	8	26.7	2	9.1
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	52	100.0	30	100.0	22	100.0

Table 2

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 May 2001[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. 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--changed?

	All Respondents	
	Banks	Pct
Tightened considerably	2	9.5
Tightened somewhat	12	57.1
Remained basically unchanged	7	33.3
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100.0

2. For applications for C&I loans or credit lines--other than those to be used to finance mergers and acquisitions--from 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.)

	All Respondents
	Mean
Maximum size of credit lines	2.43
Costs of credit lines	2.38
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.48
Premiums charged on riskier loans	2.24
Loan covenants	2.52
Collateralization requirements	2.57
Other	2.81
Total	21

1. As of June 30, 2000, the 21 respondents had combined assets of $264 billion, compared to $880 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 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
	Mean
Deterioration in your bank's current or expected capital position	1.19
Less favorable or more uncertain economic outlook	2.38
Worsening of industry-specific problems	2.38
Less aggressive competition from other commercial banks	1.19
Less aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	1.14
Reduced tolerance for risk	2.14
Decreased liquidity in the secondary market for these loans	1.76
Increase in defaults by below-investment-grade borrowers in public debt markets.	2.10
Other	1.00
Number of banks responding	21

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
Reduction in defaults by borrowers in public debt markets	0.00
Other	0.00
Number of banks responding	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.)

	All Respondents	
	Banks	Pct
Substantially stronger	0	0.0
Moderately stronger	2	9.5
About the same	15	71.4
Moderately weaker	4	19.0
Substantially weaker	0	0.0
Total	21	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 4), possible reasons:

	All Respondents
	Mean
Customer inventory financing needs increased	1.50
Customer accounts receivable financing needs increased	1.50
Customer investment in plant or equipment increased	1.50
Customer internally generated funds decreased	2.00
Customer merger or acquisition financing needs increased	2.00
Customer borrowing shifted to your bank from other sources because these other sources became less attractive	2.00
Other	1.00
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	1.75
Customer accounts receivable financing needs decreased	1.75
Customer investment in plant or equipment decreased	2.25
Customer internally generated funds increased	1.75
Customer merger or acquisition financing needs decreased	2.25
Customer borrowing shifted from your bank to other credit sources because these other sources became more attractive	1.50
Other	1.50
Number of banks responding	4

In recent months, the market for commercial paper has been hit by numerous credit downgrades and even a few defaults. As a result, there have been several reports of firms tapping into bank sponsored back-up lines of credit. ***Question 6-10*** *ask about* ***commercial paper back-up lines of credit****. Questions 6-8 ask about changes over the past year in your bank's lending policies for these credit lines. Questions 9-10 ask about your bank's assessment of current pricing policies and the longer-term outlook for commercial paper back-up lines of credit.*

6. Over the past year, how has your bank changed its standards for approving applications for commercial paper back-up lines of credit from nonfinancial firms?

A. For nonfinancial firms with an A1/P1 commercial paper rating such standards have:

	All Respondents	
	Banks	Pct
Tightened considerably	3	14.3
Tightened somewhat	4	19.0
Remained basically unchanged	14	66.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100.0

B. For nonfinancial firms with an A2/P2 commercial paper rating such standards have:

	All Respondents	
	Banks	Pct
Tightened considerably	6	30.0
Tightened somewhat	8	40.0
Remained basically unchanged	6	30.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	20	100.0

7. For applications for commercial paper back-up lines of credit from nonfinancial firms that your bank currently is willing to approve, how have each of the following terms changed over the *past 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. For nonfinancial firms with an A1/P1 commercial paper rating:

	All Respondents
	Mean
Maximum size of credit lines	2.58
Length of commitment	2.58
Fees associated with credit lines (tightened=higher fees, eased=lower fees)	2.32
Spread of loan rates over your cost of funds (tightened=higher spread, eased=lower spread)	2.32
Material adverse change clauses	2.84
Other	2.89
Number of banks responding	19

B. For nonfinancial firms with an A2/P2 commercial paper rating:

	All Respondents
	Mean
Maximum size of credit lines	2.15
Length of commitment	2.20
Fees associated with credit lines (tightened=higher fees, eased=lower fees)	2.10
Spread of loan rates over your cost of funds (tightened=higher spread, eased=lower spread)	2.10
Material adverse change clauses	2.70
Other	2.80
Number of banks responding	20

8. If your bank has changed standards or terms on commercial paper back-up lines of credit over the *past year* (as described in questions 6 and 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 standards or terms on back-up facilities:

	All Respondents
	Mean
Heightened concern about possible deterioration in the credit quality of issuers	2.56
Less aggressive competition from other banks	1.17
Opportunities for additional business associated with back-up lines have diminished	1.67
Higher probability of lines being drawn due to less certain conditions in commercial paper markets	2.28
Other	1.11
Number of banks responding	18

B. Possible reasons for easing standards or terms on back-up facilities:

	All Respondents
	Mean
Reduced concern about possible deterioration in the credit quality of issuers	0.00
More aggressive competition from other banks	0.00
Opportunities for additional business associated with back-up lines have increased	0.00
Lower probability of lines being drawn due to more certain conditions in commercial paper markets	0.00
Other	0.00
Number of banks responding	0

9. At your bank, are commercial paper back-up lines of credit generally profitable when evaluated on a stand-alone basis?

	All Respondents	
	Banks	Pct
Yes	1	5.0
No, but this business is attractive because associated business opportunities make commercial paper back-up lines profitable overall.	11	55.0
No, and even taking associated business opportunities into account, commercial paper back-up lines are generally no longer profitable. Over the longer-term, their pricing will have to increase to make them so.	8	40.0
Total	20	100.0

10. If your bank expects to increase pricing on commercial paper back-up lines because they are not generally profitable even when taking associated business opportunities into account (answer 3 to Question 9), how do you expect the volume of such business to be affected over the longer-term?

	All Respondents	
	Banks	Pct
The resulting decline in the volume of business is likely to be fairly minor	0	0.0
The resulting decline in the volume of business is likely to be moderate	7	87.5
The resulting decline in the volume of business is likely to be fairly considerable.	1	12.5
Total	8	100.0

Questions 11-13 *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. Questions 12-13 deal with changes in demand over the past three months. 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	
	Banks	Pct
Tightened considerably	0	0.0
Tightened somewhat	1	8.3
Remained basically unchanged	11	91.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	12	100.0

12. Apart from normal seasonal variation, how has demand for commercial real estate loans changed over the past three months?

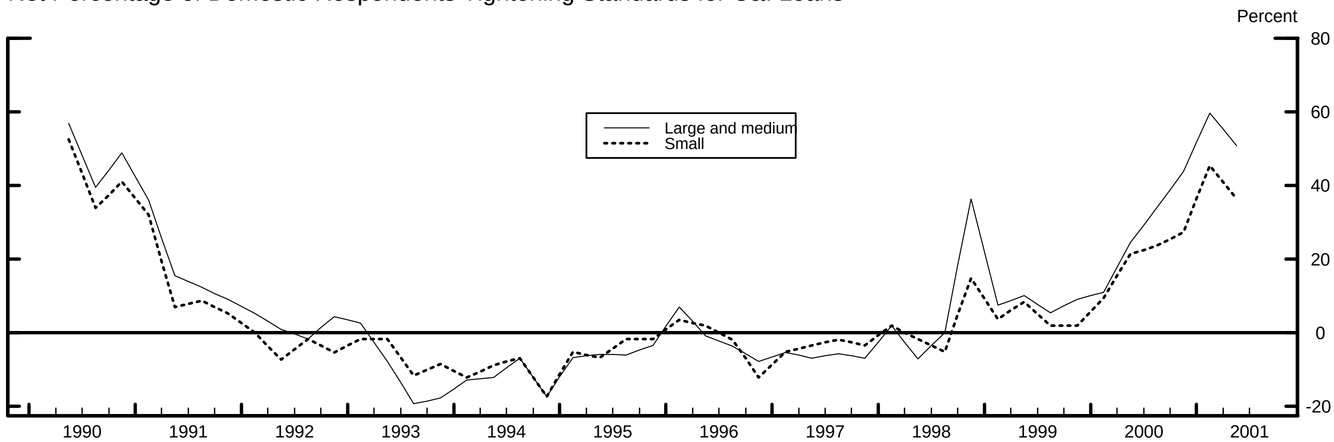
	All Respondents	
	Banks	Pct
Substantially stronger	0	0.0
Moderately stronger	1	8.3
About the same	8	66.7
Moderately weaker	3	25.0
Substantially weaker	0	0.0
Total	12	100.0

13. Please indicate how demand for commercial real estate loans in each of the following sectors has changed over the past three months. (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.)

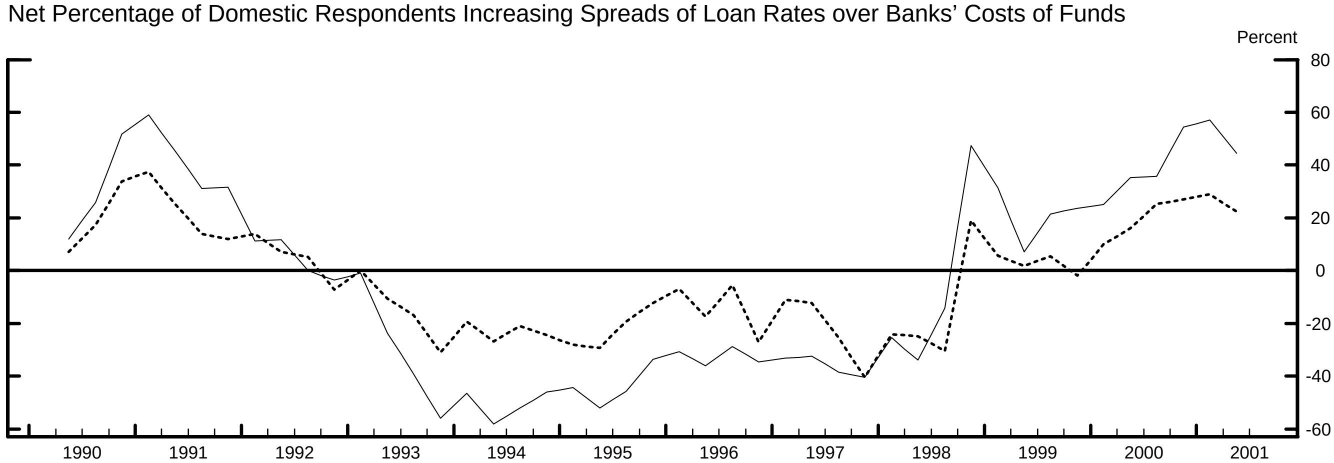
	All Respondents
	Mean
Office buildings	3.40
Industrial structures	2.90
Warehouses	3.00
Retail establishments	3.00
Hotels	3.30
Mulit-family or apartment homes	2.90
Other	3.00
Number of banks responding	10

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

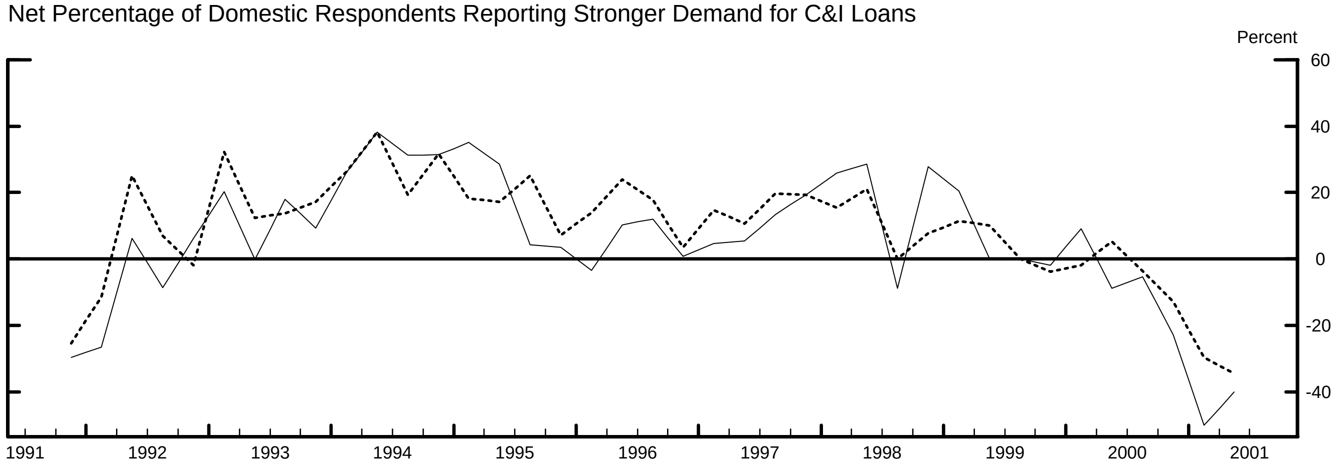
Net Percentage of Domestic Respondents Tightening Standards for C&I Loans



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



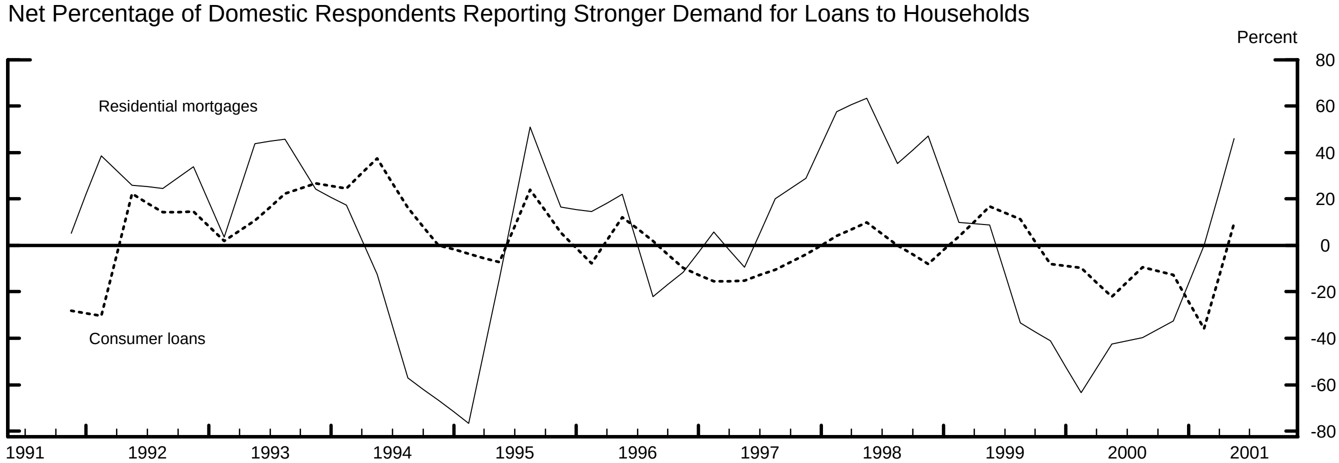
Net Percentage of Domestic Respondents Reporting Stronger Demand for C&I Loans



Measures of Supply and Demand for Loans to Households

Net Percentage of Domestic Respondents Tightening Standards on Consumer Loans

Net Percentage of Domestic Respondents Reporting Stronger Demand for Loans to Households



Net Percentage of Domestic Respondents Tightening Standards for Mortgages to Individuals