

Table 1

SENIOR LOAN OFFICER OPINION SURVEY ON BANK LENDING PRACTICES
AT SELECTED LARGE BANKS IN THE UNITED STATES
(Status of policy as of January 2001¹)

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? 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	3	5.3	3	9.4	0	0.0
Tightened somewhat	31	54.4	17	53.1	14	56.0
Remained basically unchanged	23	40.4	12	37.5	11	44.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	32	100.0	25	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Tightened considerably	2	3.6	2	6.7	0	0.0
Tightened somewhat	23	41.8	13	43.3	10	40.0
Remained basically unchanged	30	54.5	15	50.0	15	60.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	30	100.0	25	100.0

1. The sample is selected from among the largest banks in each Federal Reserve District. In the table, large banks are defined as those with total domestic assets of \$20 billion or more as of June 30, 2000. The combined assets of the 32 large banks totaled \$2.53 trillion, compared to \$2.77 trillion for the entire panel of 57 banks, and \$5.21 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	2.55	2.50	2.63
Costs of credit lines	2.48	2.25	2.79
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.39	2.13	2.75
Premiums charged on riskier loans	2.09	1.91	2.33
Loan covenants	2.43	2.38	2.50
Collateralization requirements	2.48	2.41	2.58
Other	2.98	2.97	3.00
Number of banks responding	56	32	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	2.83	2.83	2.83
Costs of credit lines	2.75	2.64	2.88
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.71	2.64	2.79
Premiums charged on riskier loans	2.31	2.25	2.38
Loan covenants	2.56	2.54	2.58
Collateralization requirements	2.65	2.61	2.71
Other	2.98	2.96	3.00
Number of banks responding	53	29	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	1.15	1.12
Less favorable or more uncertain economic outlook	2.40	2.38	2.41
Worsening of industry-specific problems	2.16	2.31	1.94
Less aggressive competition from other banks	1.35	1.50	1.12
Less aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	1.19	1.23	1.12
Reduced tolerance for risk	2.05	2.12	1.94
Decreased liquidity in the secondary market for these loans	1.70	1.81	1.53
An increase in defaults by below-investment-grade borrowers in public debt markets.	1.84	2.00	1.59
Other	1.00	1.00	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	0.00
More favorable or less uncertain economic outlook	1.50	1.50	0.00
Improvement in industry-specific problems	1.50	1.50	0.00
More aggressive competition from other banks	2.50	2.50	0.00
More aggressive competition from 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
Other	1.50	1.50	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	0	0.0	0	0.0	0	0.0
Moderately stronger	2	3.6	1	3.1	1	4.2
About the same	24	42.9	11	34.4	13	54.2
Moderately weaker	27	48.2	18	56.3	9	37.5
Substantially weaker	3	5.4	2	6.3	1	4.2
Total	56	100.0	32	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	7.4	2	6.7	2	8.3
About the same	30	55.6	14	46.7	16	66.7
Moderately weaker	19	35.2	14	46.7	5	20.8
Substantially weaker	1	1.9	0	0.0	1	4.2
Total	54	100.0	30	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	1.83	1.67	2.00
Customer accounts receivable financing needs increased	1.67	1.67	1.67
Customer investment in plant or equipment increased	1.17	1.00	1.33
Customer internally generated funds decreased	2.00	1.67	2.33
Customer merger or acquisition financing needs increased	1.17	1.00	1.33
Customer borrowing shifted to your bank from the commercial paper market because of unusual year-end pressures on lower-rated commercial paper rates	1.33	1.67	1.00
Customer borrowing shifted to your bank from credit sources other than the commercial paper market because these other sources became less attractive	1.33	1.67	1.00
Other	1.00	1.00	1.00
Number of banks responding	6	3	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	1.45	1.80
Customer accounts receivable financing needs decreased	1.59	1.55	1.70
Customer investment in plant or equipment decreased	2.22	2.18	2.30
Customer internally generated funds increased	1.28	1.32	1.20
Customer merger or acquisition financing needs decreased	2.13	2.32	1.70
Customer borrowing shifted from your bank to other credit sources because these other sources became more attractive	1.25	1.27	1.20
Other	1.03	1.05	1.00
Number of banks responding	32	22	10

Since late 1998, this survey has consistently shown many respondent banks --- in some instances a sizeable majority --- to be tightening lending standards and terms on C&I loans. **Question 6-8** ask how your bank's C&I customers responded to the tightening of lending standards and terms they may have encountered at your bank over the past year.

6. Looking back at credit requests your bank has received from its C&I customers during the *past year*, please indicate the approximate percentage of these customers that responded to tighter lending standards and terms in each of the following ways:

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Customers borrowed as planned at your bank despite tighter lending standards and terms	65.60	61.10	71.00
Customers borrowed somewhat less than planned at your bank because of tighter lending standards and terms	17.90	19.30	16.30
Customers borrowed significantly less than planned at your bank because of tighter lending standards and terms	6.10	7.18	4.79
Customers did not borrow at all at your bank because of tighter lending standards and terms	10.40	12.40	7.92
Number of banks responding	53	29	24

7. For those customers whose activities you follow closely and which either curtailed or cancelled their planned borrowing at your bank because of tighter lending standards and terms (answers (b) (c) or (d) to question 6), what is the approximate distribution of these customers across the following categories?

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Customers whose spending plans were little affected and were financed either by borrowing elsewhere or by selling liquid assets	53.70	52.80	55.00
Customers whose spending plans were cut back moderately	28.30	27.20	29.80
Customers whose spending plans were cut back significantly	11.10	12.90	8.50
Customers whose spending plans were cut back altogether	6.94	7.07	6.75
Number of banks responding	49	29	20

8. For customers who either curtailed or cancelled their spending plans because of tighter lending standards and terms at your bank (answers (b) (c) or (d) to question 7), by how much were the following customer groups affected? (Rate each possible reason using the following scale: 1=significantly affected, 2=moderately affected, 3=largely unaffected.)

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Customers seeking to finance inventories	2.40	2.50	2.25
Customers seeking to finance plant and equipment purchases	2.02	1.93	2.15
Customers seeking to lease equipment or vehicles	2.38	2.36	2.40
Customers seeking to finance mergers and acquisitions	1.69	1.57	1.85
Number of banks responding	48	28	20

Questions 9-12 ask about **commercial real estate loans** at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate. Question 9 deals with changes in your bank's standards over the last three months. Questions 10-11 ask about changes in terms over the past year. Question 12 deals 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.

9. 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	25	44.6	12	38.7	13	52.0
Remained basically unchanged	31	55.4	19	61.3	12	48.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	31	100.0	25	100.0

10. 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	2.74	2.69	2.80
Maximum loan maturity	2.72	2.78	2.64
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.49	2.47	2.52
Loan-to-value ratios	2.81	2.88	2.72
Requirements for take-out financing	2.72	2.81	2.60
Debt-service coverage ratios	2.60	2.59	2.60
Other	2.89	2.81	3.00
Number of banks responding	57	32	25

11. If your bank has tightened or eased its terms for commercial real estate loans over the past year (as described in question 10), 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	2.40	2.50	2.26
Worsening of the condition of or the outlook for commercial real estate in the markets where your bank operates	1.91	1.92	1.89
Less aggressive competition from other commercial banks	1.33	1.38	1.26
Less aggressive competition from nonbank lenders	1.23	1.21	1.26
Reduced tolerance for risk	2.02	2.00	2.05
Increased concern about take-out financing	1.63	1.63	1.63
Less liquid market for securities collateralized by these loans	1.40	1.54	1.21
Other	1.02	1.04	1.00
Number of banks responding	43	24	19

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

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
More favorable economic outlook	1.00	1.00	1.00
Improvement in the condition of or the outlook for commercial real estate in the markets where your bank operates	1.00	1.00	1.00
More aggressive competition from other commercial banks	2.00	2.00	2.00
More aggressive competition from nonbank lenders	2.00	2.00	2.00
Increased tolerance for risk	1.00	1.00	1.00
Reduced concern about take-out financing	1.00	1.00	1.00
More liquid market for securities collateralized by these loans	1.00	1.00	1.00
Other	1.75	1.50	2.00
Number of banks responding	4	2	2

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	6	10.7	2	6.5	4	16.0
About the same	28	50.0	18	58.1	10	40.0
Moderately weaker	20	35.7	10	32.3	10	40.0
Substantially weaker	2	3.6	1	3.2	1	4.0
Total	56	100.0	31	100.0	25	100.0

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	1	2.0	1	3.7	0	0.0
Remained basically unchanged	48	96.0	25	92.6	23	100.0
Eased somewhat	1	2.0	1	3.7	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	27	100.0	23	100.0

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	1	2.0	0	0.0	1	4.3
Moderately stronger	14	28.0	10	37.0	4	17.4
About the same	20	40.0	8	29.6	12	52.2
Moderately weaker	14	28.0	9	33.3	5	21.7
Substantially weaker	1	2.0	0	0.0	1	4.3
Total	50	100.0	27	100.0	23	100.0

Questions 15-21 ask about **consumer lending** at your bank. Questions 15-17 deal with changes in your bank's willingness to make, and in its credit standards for, consumer loans over the past three months. Questions 18-19 deal with changes in loan terms over the same period. Question 20 asks about potential changes in consumer lending policies at your bank through the end of 2001. 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.

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	1	1.9	1	3.4	0	0.0
About unchanged	49	90.7	26	89.7	23	92.0
Somewhat less willing	4	7.4	2	6.9	2	8.0
Much less willing	0	0.0	0	0.0	0	0.0
Total	54	100.0	29	100.0	25	100.0

16. Over the past three months, how 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	11.8	2	12.5	2	11.1
Remained basically unchanged	30	88.2	14	87.5	16	88.9
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	34	100.0	16	100.0	18	100.0

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	1	1.9	1	3.4	0	0.0
Tightened somewhat	11	20.4	6	20.7	5	20.0
Remained basically unchanged	40	74.1	20	69.0	20	80.0
Eased somewhat	2	3.7	2	6.9	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	29	100.0	25	100.0

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	2.88
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	3.03	3.06	3.00
Other	3.00	3.00	3.00
Number of banks responding	33	17	16

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	3.02	3.04	3.00
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.73	2.75	2.71
Minimum required down payment	2.87	2.82	2.92
Other	2.92	3.00	2.83
Number of banks responding	52	28	24

20. From now through the end of the year, how would you expect standards and terms on consumer credit card and other loans at your bank to change, assuming that the economy expands at a sustainable rate over this period?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Tighten considerably	0	0.0	0	0.0	0	0.0
Tighten somewhat	10	20.0	4	15.4	6	25.0
Remain basically unchanged	38	76.0	20	76.9	18	75.0
Ease somewhat	2	4.0	2	7.7	0	0.0
Ease considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	26	100.0	24	100.0

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	0	0.0	0	0.0	0	0.0
Moderately stronger	3	5.7	1	3.6	2	8.0
About the same	28	52.8	15	53.6	13	52.0
Moderately weaker	20	37.7	11	39.3	9	36.0
Substantially weaker	2	3.8	1	3.6	1	4.0
Total	53	100.0	28	100.0	25	100.0

Lease financing has been expanding rapidly at commercial banks since the late 1990s. Questions 22-24 ask about sources of growth in your bank's leases in recent years and possible reasons for the relatively rapid growth. (In answering, please limit your responses to leasing activities at your bank, including its subsidiaries. Your answers should not reflect leasing activities that may exist at affiliated nonbank subsidiaries of your bank's holding company.)

22. What is the approximate distribution of outstanding leases at your bank across the following customer categories?²

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Consumer leases	32.20	31.40	41.30
Leases to nonfinancial corporations	61.10	61.80	53.60
Leases to financial corporations	6.65	6.78	5.11
Number of banks responding	47	28	19

23. If leases have grown as a share of your bank's loan and lease portfolio over the last few years, what has been the contribution of the following customer categories? (Please rate each possible category using the following scale: 1=not important, 2=somewhat important, 3=very important.)²

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Consumer leases	1.58	1.51	2.19
Leases to nonfinancial corporations	2.48	2.44	2.76
Leases to financial corporations	1.31	1.33	1.16
Leases have not grown as a share of your bank's lease and loan portfolio	1.00	1.00	1.02
Number of banks responding	39	22	17

24. If leases have grown as a share of your bank's loan and lease portfolio over the last few years, what have been the most important factors explaining their relatively rapid growth? (Please rate each possible factor using the following scale: 1=not important, 2=somewhat important, 3=very important.)²

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Rapid growth in types of business capital investment for which lease financing is commonly used	2.19	2.20	2.14
Rapid growth in types of consumer expenditures that may be financed by leasing	1.41	1.38	1.65
A more competitive leasing market, which has increased the attractiveness of leasing as opposed to borrowing	1.66	1.63	1.88
Acquisitions of leasing assets by your bank through purchases from third parties or from transfers from affiliated nonbank subsidiaries of your bank's holding company	1.73	1.78	1.30
Leases have not grown as a share of your bank's lease and loan portfolio	1.11	1.13	1.00
Other	1.41	1.45	1.12
Number of banks responding	38	22	16

2. Responses weighted by amount of leases outstanding at respondent banks as of September 30, 2000.