

Table 1

Senior Loan Officer Opinion Survey on Bank Lending Practices at Selected Large Banks in the United States ¹

(Status of policy as of April 2006)

*Questions 1-6 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. Question 6 asks about changes in prospective demand for C&I loans at your bank, as indicated by the volume of recent inquiries about the availability of new credit lines or increases in existing lines. 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	Percent	Banks	Percent	Banks	Percent
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	2	3.5	0	0.0	2	9.1
Remained basically unchanged	46	80.7	28	80.0	18	81.8
Eased somewhat	9	15.8	7	20.0	2	9.1
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	35	100.0	22	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	4	7.0	0	0.0	4	18.2
Remained basically unchanged	45	78.9	31	88.6	14	63.6
Eased somewhat	8	14.0	4	11.4	4	18.2
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	35	100.0	22	100.0

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	3.16	3.26	3.00
Maximum maturity of loans or credit lines	3.21	3.29	3.09
Costs of credit lines	3.42	3.60	3.14
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	3.65	3.80	3.41
Premiums charged on riskier loans	3.18	3.31	2.95
Loan covenants	3.18	3.37	2.86
Collateralization requirements	3.14	3.23	3.00
Other (please specify)	3.00	3.00	3.00
Number of banks responding	57	35	22

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	3.09	3.14	3.00
Maximum maturity of loans or credit lines	3.11	3.11	3.09
Costs of credit lines	3.30	3.46	3.05
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	3.49	3.57	3.36
Premiums charged on riskier loans	3.09	3.20	2.91
Loan covenants	3.04	3.14	2.86
Collateralization requirements	3.04	3.09	2.95
Other (please specify)	3.00	3.00	3.00
Number of banks responding	57	35	22

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	1.00	1.00	1.00
Less favorable or more uncertain economic outlook	1.75	1.50	1.83
Worsening of industry-specific problems (please specify industries)	1.67	2.00	1.50
Less aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	1.00	1.00	1.00
Reduced tolerance for risk	1.63	1.50	1.67
Decreased liquidity in the secondary market for these loans	1.13	1.00	1.17
Increase in defaults by borrowers in public debt markets	1.13	1.00	1.17
Other (please specify)	0.00	0.00	0.00
Number of banks responding	9	3	6

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

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Improvement in your bank's current or expected capital position	1.00	1.00	1.00
More favorable or less uncertain economic outlook	1.19	1.12	1.33
Improvement in industry-specific problems (please specify industries)	1.08	1.08	1.08
More aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	2.67	2.77	2.46
Increased tolerance for risk	1.41	1.48	1.25
Increased liquidity in the secondary market for these loans	1.47	1.54	1.33
Reduction in defaults by borrowers in public debt markets	1.14	1.16	1.08
Other (please specify)	0.00	0.00	0.00
Number of banks responding	39	26	13

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	Percent	Banks	Percent	Banks	Percent
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	11	19.3	7	20.0	4	18.2
About the same	37	64.9	24	68.6	13	59.1
Moderately weaker	9	15.8	4	11.4	5	22.7
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	57	100.0	35	100.0	22	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	Percent	Banks	Percent	Banks	Percent
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	9	15.8	3	8.6	6	27.3
About the same	41	71.9	28	80.0	13	59.1
Moderately weaker	7	12.3	4	11.4	3	13.6
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	57	100.0	35	100.0	22	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	1.88	1.80	2.00
Customer accounts receivable financing needs increased	1.88	1.80	2.00
Customer investment in plant or equipment increased	2.06	2.10	2.00
Customer internally generated funds decreased	1.19	1.20	1.17
Customer merger or acquisition financing needs increased	2.00	2.18	1.67
Customer borrowing shifted to your bank from other bank or nonbank sources because these other sources became less attractive	1.50	1.50	1.50
Other (please specify)	2.00	2.00	0.00
Number of banks responding	17	11	6

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	1.40	1.00	1.80
Customer accounts receivable financing needs decreased	1.20	1.00	1.40
Customer investment in plant or equipment decreased	1.70	1.40	2.00
Customer internally generated funds increased	2.00	1.80	2.20
Customer merger or acquisition financing needs decreased	1.50	1.80	1.20
Customer borrowing shifted from your bank to other bank or nonbank credit sources because these other sources became more attractive	1.60	1.40	1.80
Other (please specify)	3.00	0.00	3.00
Number of banks responding	10	5	5

6. At your bank, how has the number of inquiries from potential business borrowers regarding the availability and terms of new credit lines or increases in existing lines changed over the past three months? (Please consider only inquiries for additional C&I lines as opposed to the refinancing of existing loans.)

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
The number of inquiries has increased substantially	0	0.0	0	0.0	0	0.0
The number of inquiries has increased moderately	14	24.6	8	22.9	6	27.3
The number of inquiries has stayed about the same	35	61.4	25	71.4	10	45.5
The number of inquiries has decreased moderately	8	14.0	2	5.7	6	27.3
The number of inquiries has decreased substantially	0	0.0	0	0.0	0	0.0
Total	57	100.0	35	100.0	22	100.0

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

7. 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	Percent	Banks	Percent	Banks	Percent
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	5	8.8	3	8.6	2	9.1
Remained basically unchanged	48	84.2	32	91.4	16	72.7
Eased somewhat	4	7.0	0	0.0	4	18.2
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	35	100.0	22	100.0

8. 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	Percent	Banks	Percent	Banks	Percent
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	12	21.1	7	20.0	5	22.7
About the same	36	63.2	25	71.4	11	50.0
Moderately weaker	9	15.8	3	8.6	6	27.3
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	57	100.0	35	100.0	22	100.0

Questions 9-10 ask about **residential mortgage loans** at your bank. Question 9 deals with changes in your bank's credit standards over the past three months, and question 10 deals with changes in demand over the same period. 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.

9. 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	Percent	Banks	Percent	Banks	Percent
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	1.9	1	3.0	0	0.0
Remained basically unchanged	46	86.8	27	81.8	19	95.0
Eased somewhat	6	11.3	5	15.2	1	5.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	33	100.0	20	100.0

10. 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	Percent	Banks	Percent	Banks	Percent
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	9	17.3	4	12.5	5	25.0
About the same	22	42.3	13	40.6	9	45.0
Moderately weaker	20	38.5	14	43.8	6	30.0
Substantially weaker	1	1.9	1	3.1	0	0.0
Total	52	100.0	32	100.0	20	100.0

Questions 11-16 ask about **consumer lending** at your bank. Question 11 deals with changes in your bank's willingness to make consumer loans over the past three months. Questions 12-15 deal with changes in credit standards and loan terms over the same period. Question 16 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.

11. 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	Percent	Banks	Percent	Banks	Percent
Much more willing	0	0.0	0	0.0	0	0.0
Somewhat more willing	8	14.5	4	11.8	4	19.0
About unchanged	47	85.5	30	88.2	17	81.0
Somewhat less willing	0	0.0	0	0.0	0	0.0
Much less willing	0	0.0	0	0.0	0	0.0
Total	55	100.0	34	100.0	21	100.0

12. 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	Percent	Banks	Percent	Banks	Percent
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	2	5.1	1	4.5	1	5.9
Remained basically unchanged	34	87.2	19	86.4	15	88.2
Eased somewhat	3	7.7	2	9.1	1	5.9
Eased considerably	0	0.0	0	0.0	0	0.0
Total	39	100.0	22	100.0	17	100.0

13. 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	Percent	Banks	Percent	Banks	Percent
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	6	10.9	5	14.7	1	4.8
Remained basically unchanged	44	80.0	25	73.5	19	90.5
Eased somewhat	5	9.1	4	11.8	1	4.8
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	34	100.0	21	100.0

14. 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	3.13	3.24	3.00
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	2.68	2.53	2.86
Minimum required credit score (increased score=tightened, reduced score=eased)	3.03	3.00	3.07
The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)	3.00	3.00	3.00
Other (please specify)	0.00	0.00	0.00
Number of banks responding	31	17	14

15. 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	3.13	3.15	3.10
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	3.05	3.06	3.05
Minimum required downpayment	3.05	3.00	3.14
Minimum required credit score (increased score=tightened, reduced score=eased)	3.02	3.00	3.05
The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)	2.96	2.97	2.95
Other (please specify)	2.50	2.00	3.00
Number of banks responding	55	34	21

16. 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	Percent	Banks	Percent	Banks	Percent
Substantially stronger	1	1.8	1	2.9	0	0.0
Moderately stronger	6	10.9	5	14.7	1	4.8
About the same	26	47.3	12	35.3	14	66.7
Moderately weaker	18	32.7	13	38.2	5	23.8
Substantially weaker	4	7.3	3	8.8	1	4.8
Total	55	100.0	34	100.0	21	100.0

In 1999, the Federal Reserve surveyed commercial banks about the minimum required payment on outstanding credit card balances. The purpose of **questions 17-23** is to update the information on this topic. Your responses will help the Federal Reserve estimate households' financial obligations ratio.

If your bank calculates the minimum required payment on credit card balances of individuals or households simply as a percentage of total outstanding balances, please answer **question 17** and then proceed to **question 21**.

If your bank does not calculate the minimum required payment on credit card balances of individuals or households simply as a percentage of total outstanding balances, please answer questions 18-20 and then proceed to **question 21**.

17. If your bank calculates the minimum required payment on credit card balances of individuals or households simply as a percentage of total outstanding balances, approximately what is that percentage?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Less than or equal to 1.5 percent	1	4.8	0	0.0	1	8.3
More than 1.5 percent but less than or equal to 2.0 percent	5	23.8	2	22.2	3	25.0
More than 2.0 percent but less than or equal to 2.5 percent	5	23.8	1	11.1	4	33.3
More than 2.5 percent but less than or equal to 3.0 percent	6	28.6	4	44.4	2	16.7
More than 3.0 percent but less than or equal to 3.5 percent	2	9.5	1	11.1	1	8.3
More than 3.5 percent but less than or equal to 4.0 percent	1	4.8	1	11.1	0	0.0
More than 4.0 percent	1	4.8	0	0.0	1	8.3
Total	21	100.0	9	100.0	12	100.0

The purpose of **questions 18-20** is to estimate the portion of minimum required payments on credit cards that is attributable to each of three components: fees, finance charges, and principal balances. The sum of these three components should approximate your total required minimum payment as a percentage of total outstanding balances. (Please note that questions 18-20 should only be answered if your bank does not calculate the minimum required payment on credit card balances of individuals or households simply as a percentage of outstanding balances.)

18. For credit card balances of individuals or households: On average over the past three months, what was the approximate ratio of fees that your bank required to be paid to total outstanding balances? (Please exclude finance charges; include only items such as late fees, over-the-limit fees, cash-advance fees, etc.)

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Less than or equal to 0.10 percent	3	37.5	2	28.6	1	100.0
More than 0.10 percent but less than or equal to 0.20 percent	3	37.5	3	42.9	0	0.0
More than 0.20 percent but less than or equal to 0.30 percent	0	0.0	0	0.0	0	0.0
More than 0.30 percent but less than or equal to 0.40 percent	0	0.0	0	0.0	0	0.0
More than 0.40 percent but less than or equal to 0.50 percent	1	12.5	1	14.3	0	0.0
More than 0.50 percent	1	12.5	1	14.3	0	0.0
Total	8	100.0	7	100.0	1	100.0

19. For credit card balances of individuals or households: On average over the past three months, what was the approximate ratio of finance charges that your bank required to be paid to total outstanding balances?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Less than or equal to 0.5 percent	0	0.0	0	0.0	0	0.0
More than 0.50 percent but less than or equal to 1.00 percent	3	37.5	3	42.9	0	0.0
More than 1.00 percent but less than or equal to 1.25 percent	2	25.0	1	14.3	1	100.0
More than 1.25 percent but less than or equal to 1.50 percent	2	25.0	2	28.6	0	0.0
More than 1.50 percent but less than or equal to 2.00 percent	0	0.0	0	0.0	0	0.0
More than 2.00 percent	1	12.5	1	14.3	0	0.0
Total	8	100.0	7	100.0	1	100.0

20. For credit card balances of individuals or households: On average over the past three months, what was the approximate ratio of principal balances that your bank required to be paid to total outstanding balances? (If your bank includes a flat dollar amount of principal balances in the minimum required payment, please convert that dollar amount to the approximate percentage defined above)

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Less than or equal to 0.5 percent	0	0.0	0	0.0	0	0.0
More than 0.5 percent but less than or equal to 1.0 percent	4	50.0	4	57.1	0	0.0
More than 1.0 percent but less than or equal to 1.5 percent	2	25.0	1	14.3	1	100.0
More than 1.5 percent but less than or equal to 2.0 percent	1	12.5	1	14.3	0	0.0
More than 2.0 percent but less than or equal to 2.5 percent	1	12.5	1	14.3	0	0.0
More than 2.5 percent	0	0.0	0	0.0	0	0.0
Total	8	100.0	7	100.0	1	100.0

Regardless of how your bank calculates the minimum required payment on credit card balances of individuals and households, please answer **questions 21-23**.

21. On average, what portion of individuals and households paid the minimum amount that your bank requires on outstanding credit card balances last month?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Less than or equal to 5 percent	4	14.8	3	21.4	1	7.7
More than 5 percent but less than or equal to 10 percent	11	40.7	7	50.0	4	30.8
More than 10 percent but less than or equal to 15 percent	4	14.8	2	14.3	2	15.4
More than 15 percent but less than or equal to 20 percent	1	3.7	1	7.1	0	0.0
More than 20 percent but less than or equal to 25 percent	3	11.1	0	0.0	3	23.1
More than 25 percent but less than or equal to 30 percent	0	0.0	0	0.0	0	0.0
More than 30 percent	4	14.8	1	7.1	3	23.1
Total	27	100.0	14	100.0	13	100.0

22. On average, what portion of individuals and households paid the minimum amount that your bank requires on outstanding credit card balances in each of the last three months?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Less than or equal to 5 percent	7	25.9	6	42.9	1	7.7
More than 5 percent but less than or equal to 10 percent	10	37.0	6	42.9	4	30.8
More than 10 percent but less than or equal to 15 percent	2	7.4	0	0.0	2	15.4
More than 15 percent but less than or equal to 20 percent	2	7.4	1	7.1	1	7.7
More than 20 percent but less than or equal to 25 percent	1	3.7	0	0.0	1	7.7
More than 25 percent but less than or equal to 30 percent	1	3.7	0	0.0	1	7.7
More than 30 percent	4	14.8	1	7.1	3	23.1
Total	27	100.0	14	100.0	13	100.0

23. How has your bank's minimum required payment on credit card balances of individuals or households changed over the past year?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Declined substantially	0	0.0	0	0.0	0	0.0
Declined somewhat	1	3.7	1	7.1	0	0.0
Remained unchanged	16	59.3	5	35.7	11	84.6
Increased somewhat	7	25.9	5	35.7	2	15.4
Increased substantially	3	11.1	3	21.4	0	0.0
Total	27	100.0	14	100.0	13	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 December 31, 2005. The combined assets of the 35 large banks totaled \$4.63 trillion, compared to \$4.85 trillion for the entire panel of 57 banks, and \$7.89 trillion for all domestically chartered, federally insured commercial banks.