

Table 1

**Senior Loan Officer Opinion Survey on Bank Lending Practices  
at Selected Large Banks in the United States <sup>1</sup>**

(Status of policy as of July 2005)

*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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	45	83.3	26	78.8	19	90.5
Eased somewhat	8	14.8	6	18.2	2	9.5
Eased considerably	1	1.9	1	3.0	0	0.0
<b>Total</b>	54	100.0	33	100.0	21	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	1	1.9	0	0.0	1	4.8
Remained basically unchanged	46	85.2	27	81.8	19	90.5
Eased somewhat	6	11.1	5	15.2	1	4.8
Eased considerably	1	1.9	1	3.0	0	0.0
<b>Total</b>	54	100.0	33	100.0	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 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):

	<b>All Respondents</b>	<b>Large Banks</b>	<b>Other Banks</b>
	<b>Mean</b>	<b>Mean</b>	<b>Mean</b>
Maximum size of credit lines	3.24	3.33	3.10
Maximum maturity of loans or credit lines	3.24	3.33	3.10
Costs of credit lines	3.52	3.64	3.33
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	3.46	3.42	3.52
Premiums charged on riskier loans	3.22	3.24	3.19
Loan covenants	3.19	3.21	3.14
Collateralization requirements	3.15	3.12	3.19
Other (please specify)	0.00	0.00	0.00
<b>Number of banks responding</b>	54	33	21

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

	<b>All Respondents</b>	<b>Large Banks</b>	<b>Other Banks</b>
	<b>Mean</b>	<b>Mean</b>	<b>Mean</b>
Maximum size of credit lines	3.08	3.09	3.05
Maximum maturity of loans or credit lines	3.13	3.16	3.10
Costs of credit lines	3.32	3.38	3.24
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	3.38	3.31	3.48
Premiums charged on riskier loans	3.08	3.13	3.00
Loan covenants	3.08	3.13	3.00
Collateralization requirements	3.04	3.06	3.00
Other (please specify)	3.50	3.50	0.00
<b>Number of banks responding</b>	53	32	21

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	1.17	1.00	1.33
Less favorable or more uncertain economic outlook	1.33	1.00	1.67
Worsening of industry-specific problems (please specify industries)	1.67	2.00	1.33
Less aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	1.17	1.00	1.33
Reduced tolerance for risk	1.17	1.00	1.33
Decreased liquidity in the secondary market for these loans	1.17	1.00	1.33
Increase in defaults by borrowers in public debt markets	1.17	1.00	1.33
Other (please specify)	3.00	3.00	0.00
<b>Number of banks responding</b>	6	3	3

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

	<b>All Respondents</b>	<b>Large Banks</b>	<b>Other Banks</b>
	<b>Mean</b>	<b>Mean</b>	<b>Mean</b>
Improvement in your bank's current or expected capital position	1.18	1.09	1.40
More favorable or less uncertain economic outlook	1.55	1.48	1.70
Improvement in industry-specific problems (please specify industries)	1.30	1.35	1.20
More aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	2.64	2.57	2.80
Increased tolerance for risk	1.58	1.65	1.40
Increased liquidity in the secondary market for these loans	1.31	1.36	1.20
Reduction in defaults by borrowers in public debt markets	1.36	1.43	1.20
Other (please specify)	3.00	3.00	3.00
<b>Number of banks responding</b>	33	23	10

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	1	1.9	0	0.0	1	4.8
Moderately stronger	27	50.0	17	51.5	10	47.6
About the same	20	37.0	13	39.4	7	33.3
Moderately weaker	6	11.1	3	9.1	3	14.3
Substantially weaker	0	0.0	0	0.0	0	0.0
<b>Total</b>	54	100.0	33	100.0	21	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	1	1.9	1	3.0	0	0.0
Moderately stronger	22	40.7	13	39.4	9	42.9
About the same	27	50.0	17	51.5	10	47.6
Moderately weaker	4	7.4	2	6.1	2	9.5
Substantially weaker	0	0.0	0	0.0	0	0.0
<b>Total</b>	54	100.0	33	100.0	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 4A or 4B), possible reasons:

	<b>All Respondents</b>	<b>Large Banks</b>	<b>Other Banks</b>
	<b>Mean</b>	<b>Mean</b>	<b>Mean</b>
Customer inventory financing needs increased	1.97	1.95	2.00
Customer accounts receivable financing needs increased	2.00	1.95	2.08
Customer investment in plant or equipment increased	1.91	1.95	1.85
Customer internally generated funds decreased	1.19	1.16	1.25
Customer merger or acquisition financing needs increased	1.94	2.05	1.75
Customer borrowing shifted to your bank from other bank or nonbank sources because these other sources became less attractive	1.61	1.58	1.67
Other (please specify)	1.00	1.00	0.00
<b>Number of banks responding</b>	32	19	13



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

	<b>All Respondents</b>	<b>Large Banks</b>	<b>Other Banks</b>
	<b>Mean</b>	<b>Mean</b>	<b>Mean</b>
Customer inventory financing needs decreased	1.86	2.00	1.67
Customer accounts receivable financing needs decreased	1.83	2.00	1.50
Customer investment in plant or equipment decreased	2.00	2.25	1.67
Customer internally generated funds increased	1.67	1.75	1.50
Customer merger or acquisition financing needs decreased	1.86	2.00	1.67
Customer borrowing shifted from your bank to other bank or nonbank credit sources because these other sources became more attractive	1.71	1.75	1.67
Other (please specify)	2.00	0.00	2.00
<b>Number of banks responding</b>	7	4	3

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	1	1.9	0	0.0	1	4.8
The number of inquiries has increased moderately	16	30.8	11	35.5	5	23.8
The number of inquiries has stayed about the same	32	61.5	19	61.3	13	61.9
The number of inquiries has decreased moderately	3	5.8	1	3.2	2	9.5
The number of inquiries has decreased substantially	0	0.0	0	0.0	0	0.0
<b>Total</b>	52	100.0	31	100.0	21	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	3	5.6	2	6.1	1	4.8
Remained basically unchanged	41	75.9	23	69.7	18	85.7
Eased somewhat	10	18.5	8	24.2	2	9.5
Eased considerably	0	0.0	0	0.0	0	0.0
<b>Total</b>	54	100.0	33	100.0	21	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	16	29.6	10	30.3	6	28.6
About the same	35	64.8	22	66.7	13	61.9
Moderately weaker	3	5.6	1	3.0	2	9.5
Substantially weaker	0	0.0	0	0.0	0	0.0
<b>Total</b>	54	100.0	33	100.0	21	100.0

**Questions 9-18** 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. Questions 11-15 ask about non-traditional residential mortgages such as those with alternative payment options or limited income verification. Questions 16-18 ask about the share of residential mortgages that have been used to finance second homes or investment properties. 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	2	4.1	2	6.5	0	0.0
Remained basically unchanged	45	91.8	28	90.3	17	94.4
Eased somewhat	2	4.1	1	3.2	1	5.6
Eased considerably	0	0.0	0	0.0	0	0.0
<b>Total</b>	49	100.0	31	100.0	18	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	1	2.0	1	3.2	0	0.0
Moderately stronger	16	32.7	10	32.3	6	33.3
About the same	25	51.0	16	51.6	9	50.0
Moderately weaker	7	14.3	4	12.9	3	16.7
Substantially weaker	0	0.0	0	0.0	0	0.0
<b>Total</b>	49	100.0	31	100.0	18	100.0

11. About what share of the dollar volume of residential mortgages currently on your bank's books could be categorized as non-traditional mortgage products? (Non-traditional mortgage products include, but are not limited to, adjustable-rate mortgages with multiple payment options, interest-only mortgages, and the so-called "Alt-A" products such as mortgages with limited income verification and mortgages secured by non-owner-occupied properties. Please exclude standard adjustable-rate mortgages and common hybrid adjustable-rate mortgages--those for which the interest rate is initially fixed for a multi-year period and subsequently adjusts more frequently.)

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Less than 5 percent	18	38.3	6	21.4	12	63.2
Between 5 percent and 15 percent	15	31.9	9	32.1	6	31.6
Between 16 percent and 25 percent	7	14.9	7	25.0	0	0.0
Between 26 percent and 50 percent	6	12.8	5	17.9	1	5.3
More than 50 percent	1	2.1	1	3.6	0	0.0
<b>Total</b>	47	100.0	28	100.0	19	100.0

12. Over the past twelve months, about what share of the dollar volume of residential mortgages originated by your bank could be categorized as non-traditional mortgage products (as defined in question 11)?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Less than 5 percent	16	34.8	6	21.4	10	55.6
Between 5 percent and 15 percent	10	21.7	5	17.9	5	27.8
Between 16 percent and 25 percent	9	19.6	8	28.6	1	5.6
Between 26 percent and 50 percent	8	17.4	6	21.4	2	11.1
Between 51 percent and 75 percent	3	6.5	3	10.7	0	0.0
More than 75 percent	0	0.0	0	0.0	0	0.0
<b>Total</b>	46	100.0	28	100.0	18	100.0

13. How did the share of non-traditional residential mortgages originated by your bank over the past twelve months (as answered in question 12) compare with the share of such loans originated during the previous twelve-month period?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Substantially higher	6	12.2	6	19.4	0	0.0
Moderately higher	21	42.9	15	48.4	6	33.3
About the same	22	44.9	10	32.3	12	66.7
Moderately lower	0	0.0	0	0.0	0	0.0
Substantially lower	0	0.0	0	0.0	0	0.0
<b>Total</b>	49	100.0	31	100.0	18	100.0

14. Over the past twelve months, about what share of the dollar volume of non-traditional mortgage originations (as answered in question 12) did your bank securitize?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Less than 25 percent	39	86.7	24	82.8	15	93.8
Between 25 percent and 50 percent	1	2.2	1	3.4	0	0.0
Between 51 percent and 75 percent	2	4.4	2	6.9	0	0.0
More than 75 percent	3	6.7	2	6.9	1	6.3
<b>Total</b>	45	100.0	29	100.0	16	100.0

15. Is your bank more or less likely to securitize non-traditional mortgage products (as defined in question 11) than traditional mortgage products?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Substantially more likely	3	6.5	2	6.7	1	6.3
Somewhat more likely	6	13.0	5	16.7	1	6.3
About as likely	20	43.5	13	43.3	7	43.8
Somewhat less likely	8	17.4	7	23.3	1	6.3
Substantially less likely	9	19.6	3	10.0	6	37.5
<b>Total</b>	46	100.0	30	100.0	16	100.0

16. About what share of the dollar volume of residential mortgages currently on your bank's books were used to finance purchases of second homes or homes for investment purposes?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Less than 5 percent	20	41.7	8	27.6	12	63.2
Between 5 percent and 10 percent	20	41.7	15	51.7	5	26.3
Between 11 percent and 15 percent	3	6.3	3	10.3	0	0.0
Between 16 percent and 25 percent	5	10.4	3	10.3	2	10.5
More than 25 percent	0	0.0	0	0.0	0	0.0
<b>Total</b>	48	100.0	29	100.0	19	100.0

17. Over the past twelve months, about what share of the dollar volume of residential mortgages originated by your bank were used to finance purchases of second homes or homes for investment purposes?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Less than 5 percent	20	41.7	9	30.0	11	61.1
Between 5 percent and 10 percent	18	37.5	13	43.3	5	27.8
Between 11 percent and 20 percent	7	14.6	5	16.7	2	11.1
Between 21 percent and 30 percent	3	6.3	3	10.0	0	0.0
Between 31 percent and 50 percent	0	0.0	0	0.0	0	0.0
More than 50 percent	0	0.0	0	0.0	0	0.0
<b>Total</b>	48	100.0	30	100.0	18	100.0

18. How did the share of mortgages originated by your bank over the past twelve months that were used to finance purchases of second homes or homes for investment purposes (as answered in question 17) compare with the share of such loans originated during the previous twelve-month period?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Substantially higher	0	0.0	0	0.0	0	0.0
Moderately higher	12	25.0	9	30.0	3	16.7
About the same	36	75.0	21	70.0	15	83.3
Moderately lower	0	0.0	0	0.0	0	0.0
Substantially lower	0	0.0	0	0.0	0	0.0
<b>Total</b>	48	100.0	30	100.0	18	100.0



**Questions 19-24** ask about **consumer lending** at your bank. Question 19 deals with changes in your bank's willingness to make consumer loans over the past three months. Questions 20-23 deal with changes in credit standards and loan terms over the same period. Question 24 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.

19. 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	1	1.9	1	3.1	0	0.0
Somewhat more willing	10	19.2	6	18.8	4	20.0
About unchanged	41	78.8	25	78.1	16	80.0
Somewhat less willing	0	0.0	0	0.0	0	0.0
Much less willing	0	0.0	0	0.0	0	0.0
<b>Total</b>	52	100.0	32	100.0	20	100.0

20. 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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	29	93.5	17	100.0	12	85.7
Eased somewhat	2	6.5	0	0.0	2	14.3
Eased considerably	0	0.0	0	0.0	0	0.0
<b>Total</b>	31	100.0	17	100.0	14	100.0

21. 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	1	2.0	1	3.1	0	0.0
Remained basically unchanged	47	92.2	29	90.6	18	94.7
Eased somewhat	3	5.9	2	6.3	1	5.3
Eased considerably	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>51</b>	<b>100.0</b>	<b>32</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>

22. 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	3.11	3.14	3.07
Spreads of interest rates charged on outstanding balances over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.89	2.79	3.00
Minimum percent of outstanding balances required to be repaid each month	2.75	2.64	2.86
Minimum required credit score (increased score=tightened, reduced score=eased)	3.04	3.07	3.00
The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)	2.96	3.07	2.86
Other (please specify)	3.00	2.50	4.00
<b>Number of banks responding</b>	<b>28</b>	<b>14</b>	<b>14</b>

23. 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	3.06	3.03	3.10
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	3.06	2.97	3.20
Minimum required downpayment	3.02	3.00	3.05
Minimum required credit score (increased score=tightened, reduced score=eased)	3.06	3.09	3.00
The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)	2.98	3.00	2.95
Other (please specify)	3.00	3.00	0.00
<b>Number of banks responding</b>	52	32	20

24. 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	2.0	1	3.2	0	0.0
Moderately stronger	13	25.5	7	22.6	6	30.0
About the same	28	54.9	16	51.6	12	60.0
Moderately weaker	8	15.7	7	22.6	1	5.0
Substantially weaker	1	2.0	0	0.0	1	5.0
<b>Total</b>	51	100.0	31	100.0	20	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 March 31, 2005. The combined assets of the 33 large banks totaled \$3.97 trillion, compared with \$4.18 trillion for the entire panel of 54 banks and \$7.34 trillion for all domestically-chartered, federally insured commercial banks.