Board of Governors of the Federal Reserve System

The May 1999 Senior Loan Officer Opinion Survey on Bank Lending Practices

(Note: Data in the following survey were slightly revised after the May 21 release. Counts for responses to some questions were updated, but the overall conclusions of the survey were not affected. Numbers that changed are noted in bold.)

The May 1999 Senior Loan Officer Opinion Survey on Bank Lending Practices again focused on changes over the past three months in the supply and demand for bank loans to businesses and households. A substantial set of additional questions, some of which were also asked in either the May or November 1998 survey, concerned Year 2000 issues.

In general, the tightening of standards and terms for business loans in evidence since the fall of 1998 has eased considerably. As in the most recent survey, in January, only a few domestic banks, on net, reported having tightened credit standards for commercial and industrial loans. Credit terms, which in recent surveys had been reported tightened, were generally unchanged in May, although risk premiums were again increased. The number of branches and agencies of foreign banks reporting tightened lending standards and terms for commercial and industrial loans was much lower than in recent surveys. Few banks, domestic or foreign, reported increased demand for commercial and industrial loans by large and middle-market firms, but some domestic banks reported increased demand from smaller firms.

Standards were reported to have tightened for commercial real estate loans, but by a smaller fraction of both domestic and foreign banks than in recent surveys; demand for these loans was up at some domestic banks but little changed, on net, at foreign banks.

A number of banks indicated they had tightened credit card lending standards. However, few banks changed credit standards for other consumer loans, or terms on consumer loans of all types. Demand for consumer loans was reported to have increased since the previous survey.

Most domestic and foreign respondents indicated that customer Year 2000 preparedness is part of their loan underwriting, review, and documentation processes. A substantial majority of respondent banks have largely completed Year 2000 preparedness reviews of their material customers, a notable advance from last fall. Most banks reported that only a small portion of those customers they have evaluated were not making satisfactory progress toward Year 2000 preparedness, and relatively few customers have been downgraded because of inadequate Year 2000 preparedness.

Respondents, domestic and foreign, reported little demand to date for special contingency lines of credit related to Year 2000, but many expected demand for such lines to increase somewhat as the year progresses. Almost all domestic respondents, but less than half the foreign ones, reported that they are willing to extend such credit lines, although in some cases with tighter standards or terms. Lines of credit that are up for renewal and will extend beyond year end have been little affected by Year 2000 concerns at domestic banks, but are subject to tighter standards and terms at the branches and agencies of foreign banks.

Lending to Businesses
(Table 1, questions 1-7; Table 2, questions 1-7)

About 10 percent of domestic respondents reported having tightened lending standards for large, middle-market, and small firms over the past three months, a slight uptick from the January survey.[1] However, the general tightening of lending terms that had been apparent in recent surveys was absent in May, except for increased premiums on riskier loans, which were reported, on net, by one-fifth of domestic banks. Branches and agencies of foreign banks continued to report tightened credit standards and terms on commercial and industrial loans in larger proportions than domestic banks, but in fewer numbers than in previous surveys. About a quarter of the foreign respondents indicated they had tightened standards; more than 40 percent reported higher charges for credit lines, wider spreads of loan rates over the bank's cost of funds, and increased premiums on riskier loans. Those domestic and foreign banks reporting tighter standards or terms cited as key reasons a reduced tolerance for risk, industry-specific-problems, or a less favorable or more uncertain economic outlook.

Evidence of demand for commercial and industrial loans at domestic banks was mixed: On net, no banks reported a change in demand from large and middle-market firms, whereas approximately 20 percent, on net, reported stronger demand in the January survey; 10 percent, on net, reported increased demand from small firms, about the same as in January. Banks pointed to changes in customers' merger and acquisition financing, plant and equipment purchases, and borrowing from other lending sources as important reasons for changes in loan demand. Branches and agencies of foreign banks characterized loan demand as little changed, on balance.

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1. Figures that are net are so reported.

Credit standards on commercial real estate loans were tightened by 5 percent of domestic respondents, on net, down from 15 percent in the January survey. About **10** percent, on net, reported increased demand for commercial real estate loans, down from 30 percent in January. Only a few branches and agencies reported having tightened standards on commercial real estate loans, and demand for these loans was reported to have been essentially unchanged. In the January survey, more than half of these banks, on net, reported having tightened standards for these loans, while a quarter, on net, reported increased demand.

Lending to Households
(Table 1, questions 8-15)

About **15** percent of banks reported increased willingness to extend consumer installment loans, about the same as in recent surveys. In contrast, standards for credit card loans were tightened by about **13** percent of respondents, somewhat more than in the January survey, and a few banks, on net, also reported having tightened credit standards for consumer loans other than credit card loans, reversing the small net easing reported in the January survey. However, terms for credit card loans, which were tightened by some banks in January, were reported as essentially unchanged in May as were terms of other consumer loans. Demand for consumer loans of all types increased at **17** percent of respondent banks, on net, up from January. Credit standards for home mortgage loans were reported as unchanged, while about **9** percent of respondents, on net, reported increased demand for home mortgages, about the same as in January.

Year 2000
(Table 1, questions 16-33; Table 2, questions 8-25)

Virtually all respondents reported that they include Year 2000 preparedness as part of their underwriting or loan review standards and documentation, and more than a quarter of domestic and a smaller percentage of foreign respondents reported having rejected at least a few loan applications because of inadequate Year 2000 preparedness. The rejection percentage for each banking group was about double that reported in the May 1998 survey.

About 75 percent of domestic respondents and all foreign respondents said they include Year 2000 covenants, conditions, representations, or warranties in loan documentation for at least some loans to customers not already Year 2000 compliant, up from 40 percent (domestic respondents) and 35 percent (foreign respondents) in May 1998.[2]

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2. At least part of the increase may be due to more inclusive wording of the question in response to comments from respondents the last time it was used. Specifically, the May 1998 survey only asked about

(continued...)

Only **7** percent of domestic banks reported that they had evaluated fewer than 75 percent of their material business customers for Year 2000 preparedness, down from 15 percent in November and 88 percent a year ago.[3] Just over half of domestic respondents and **more than two-thirds** of foreign respondents had evaluated 95 percent or more of these customers. Two-thirds of domestic banks, up from one-half in November, reported that fewer than 5 percent of their material customers were making unsatisfactory progress on preparedness, and very few customers have been downgraded for this reason. The foreign responses with respect to customer preparedness were similar.

A subset of the Year 2000 questions addressed the issues of demand for and supply of credit that will extend beyond year-end. Banks reported very little demand to date for new credit lines or extensions of existing credit lines that are specifically related to firms' Year 2000 contingency preparations (Year 2000 contingency lines of credit) but many expect to receive a moderate number of such requests. What demand banks have seen is in large part from other banks. About half of domestic banks were willing to extend Year 2000 contingency lines of credit to both new and existing customers, and all but a few of the remaining respondents were willing to make such lines available to existing customers. By contrast, three-fifths of foreign respondents were unwilling to extend these loans, and none were willing to extend them to new customers.

Those banks expressing reluctance or unwillingness to extend Year 2000 lines of credit listed a variety of reasons, including concerns about the impact of additional lending on capital ratios and concerns about repayment prospects related to Year 2000 effects on customers. About 40 percent of domestic banks and about **55** percent of foreign banks willing to extend Year 2000 contingency lines of credit indicated that these lines will have tighter standards than other credits. **Sixty-nine** percent of domestic banks willing to extend these loans reported that they would be priced no differently than other loans. Most of the remaining third of respondents expected to charge a premium of 25 basis points or less.

Few domestic respondents expect to impose tighter standards and terms for credit-line renewals that are not specifically meant to meet year-end funding needs but that would extend beyond year-end. Many foreign respondents, by contrast, expect to impose tighter loan standards and terms for such loans, including limited usage around year-end.
More than half of the domestic and foreign banks thought that actual usage of existing lines of credit will be stronger than normal around year-end. Banks expected credit

2. (...continued)
covenants with no mention of conditions, representations, or warranties.

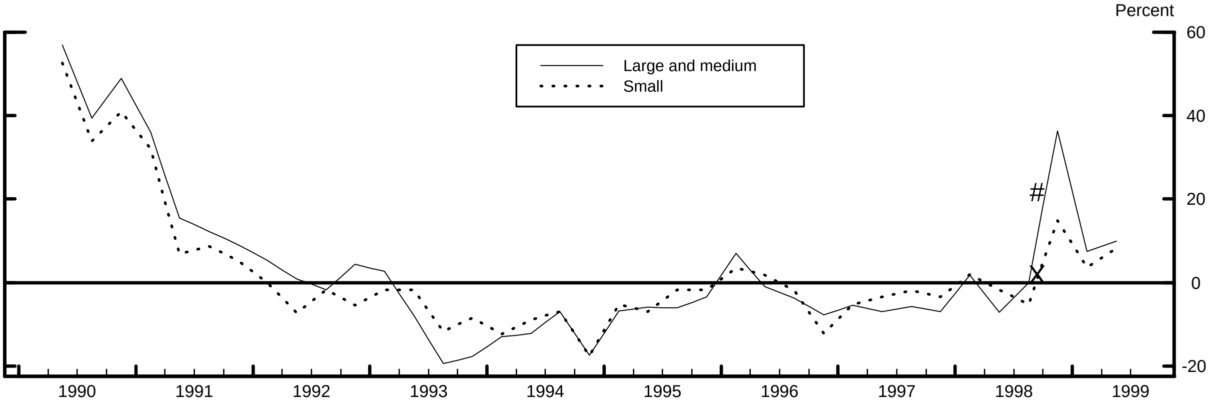
3. A material business customer is one that represents a material risk as indicated, for example, by the size of the overall relationship with the customer, the customer's risk rating, the complexity of the customer's operating and information technology systems, and the degree of the customer's reliance on these systems.

demand to be boosted by increased financing needs for inventory or accounts receivable and by market disruptions affecting borrowing elsewhere.

This document was prepared by William E. Watkins with the research assistance of Douglas M. Conover, Division of Monetary Affairs, Board of Governors of the Federal Reserve System.

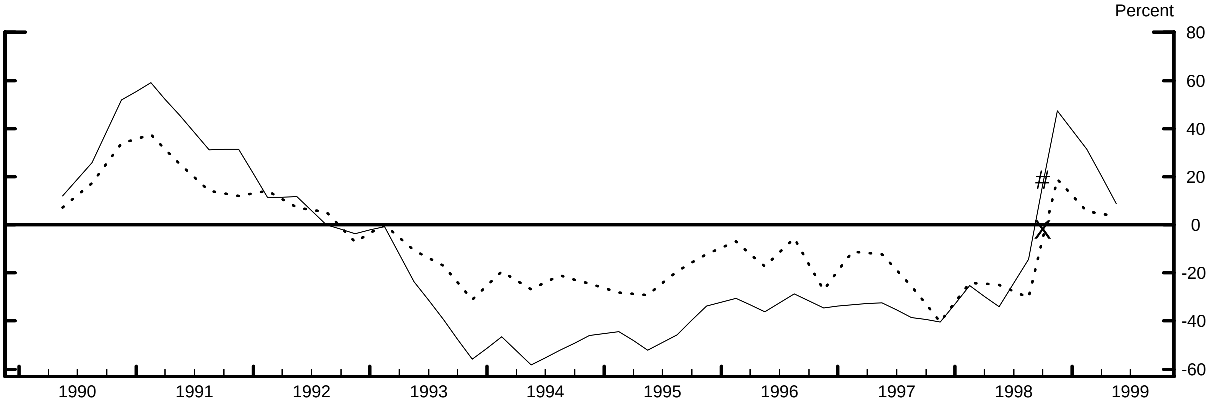
Measures of Supply and Demand for C&I Loans, by Size of Firm Seeking Loan

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



Result for September survey (large and medium).
X Result for September survey (small).

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



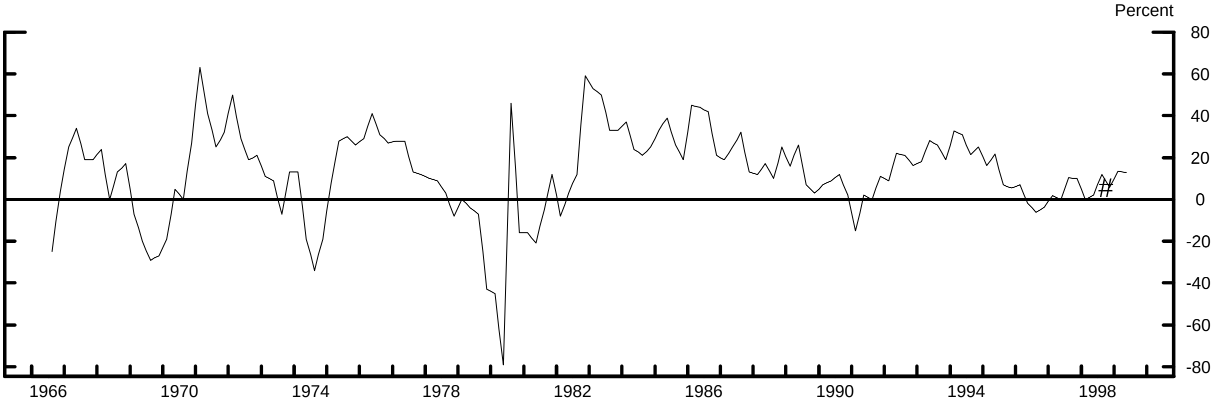
Result for September survey (large and medium).
X Result for September survey (small).

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

Result for September survey (large and medium).
X Result for September survey (small).

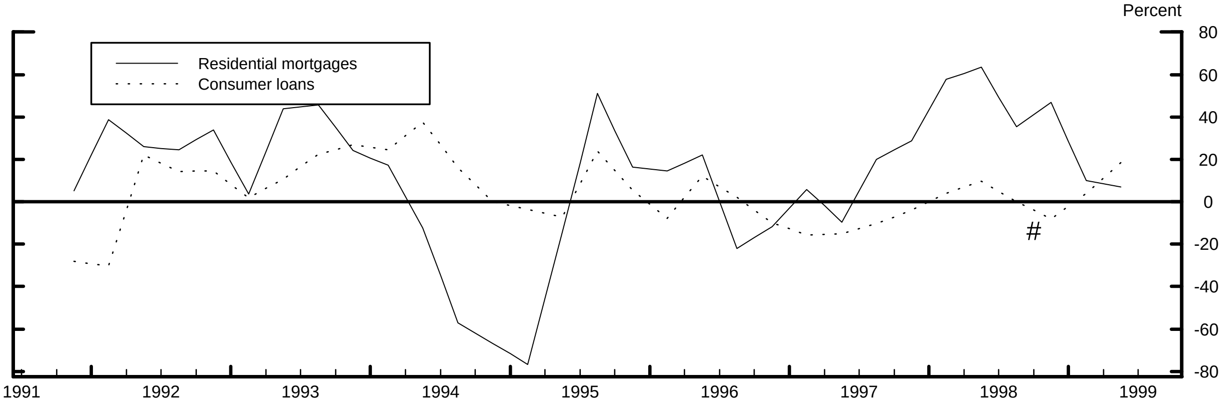
Measures of Supply and Demand for Loans to Households

Net Percentage of Domestic Respondents Indicating More Willingness to Make Consumer Installment Loans



Result for September survey.

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



Result for September survey (consumer loans).

Net Percentage of Domestic Respondents Tightening Standards for Mortgages to Individuals

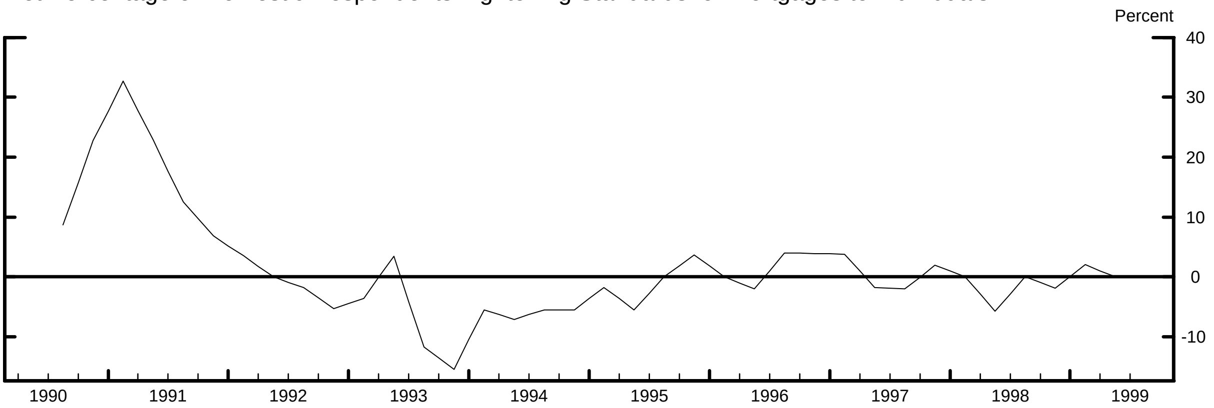


Table 1

SENIOR LOAN OFFICER OPINION SURVEY ON BANK LENDING PRACTICES
AT SELECTED LARGE BANKS IN THE UNITED STATES
(Status of policy as of May 1999)

Note: Data in this table were slightly revised after the May 21 release. Counts for responses to some questions were updated, but the overall conclusions of the survey were not affected. Any numbers that changed are noted by asterisks.

(Number of banks and percentage of banks answering question)
(By volume of total domestic assets as of December 31, 1998[1])

Questions 1-5 *ask about* ***commercial and industrial loans*** *at your bank: Questions 1-3 with changes in your bank's lending policies over the past three months, and questions 4 and 5 deal with changes in demand over the same period. 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 standards as changes in standards.*

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 more 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	6	10.0	3	10.0	3	10.0
Remained basically unchanged	54	90.0	27	90.0	27	90.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	60	100.0	30	100.0	30	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	5	8.3	1	3.3	4	13.3
Remained basically unchanged	55	91.7	29	96.7	26	86.7
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	60	100.0	30	100.0	30	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, 1998. The combined assets of the 30 large banks totaled $1.92 trillion, compared to $2.20 trillion for the entire panel of sixty banks, and $ 4.70 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	2.95 *	2.86 *	3.03
Costs of credit lines	2.95	2.96	2.93
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.91 *	2.93 *	2.90
The premiums charged on riskier loans	2.79	2.86	2.72
Loan covenants	2.96	2.93	3.00
Collateralization requirements	2.96	3.00	2.93
Other	3.00	3.00	3.00
Number of banks responding	57	28	29

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	3.04	3.00	3.07
Costs of credit lines	2.96	3.00	2.93
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.98 *	2.93 *	3.03
The premiums charged on riskier loans	2.75	2.79	2.72
Loan covenants	2.96	2.89	3.03
Collateralization requirements	3.00	3.00	3.00
Other	3.00	3.00	3.00
Number of banks responding	57	28	29

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 or B or both as appropriate.) (Please 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
A deterioration in your bank's current or expected capital position	1.11	1.00 *	1.20 *
A less favorable or more uncertain economic outlook	1.67 *	1.75 *	1.60 *
A worsening of industry-specific problems	1.67 *	1.75 *	1.60 *
Less aggressive competition from other banks	1.11	1.08 *	1.13 *
Less aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	1.07 *	1.08 *	1.07 *
A reduced tolerance for risk	1.85 *	1.67 *	2.00 *
Decreased liquidity in the secondary market for these loans	1.19 *	1.08 *	1.27 *
Other	1.12 *	1.18 *	1.07 *
Number of banks responding	27 *	12 *	15

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

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
An improvement in your bank's current or expected capital position	1.00	1.00 *	1.00 *
A more favorable or less uncertain economic outlook	1.40 *	1.50 *	1.33 *
An improvement in industry-specific problems	1.33 *	1.33 *	1.33 *
More aggressive competition from other banks	2.40 *	2.00 *	2.67 *
More aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	2.27 *	2.00 *	2.44 *
An increased tolerance for risk	1.20 *	1.00 *	1.33 *
Increased liquidity in the secondary market for these loans	1.27 *	1.50 *	1.11 *
Other	1.13 *	1.13 *	1.22 *
Number of banks responding	15 *	6 *	9

4. How has demand for C&I loans (actual extensions of credit as opposed to undrawn lines) changed over the past three months (apart from normal seasonal variation)?

A. Demand for C&I loans from large and middle-market firms (annual sales of more than $50 million)

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Substantially stronger	1	1.7	0	0.0	1	3.4
Moderately stronger	10	16.9	4	13.3	6	20.7
About the same	37	62.7	21	70.0	16	55.2
Moderately weaker	11	18.6	5	16.7	6	20.7
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	59	100.0	30	100.0	29	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	1	1.7	0	0.0	1	3.4
Moderately stronger	11	18.6	4	13.3	7	24.1
About the same	41	69.5	24	80.0	17	58.6
Moderately weaker	6	10.2	2	6.7	4	13.8
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	59	100.0	30	100.0	29	100.0

5. If demand for C&I loans has strengthened or weakened over the past three months (as described in questions 4), how important have been the following possible reasons for the change? (Please respond to either A or B or both as appropriate.) (Please 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 A or B), possible reasons:

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Customer inventory financing needs increased.	1.40 *	1.33 *	1.44 *
Customer investment in plant or equipment increased.	1.80 *	1.50 *	2.00 *
Customer internally generated funds decreased.	1.27 *	1.00 *	1.44 *
Customer borrowing shifted from other sources to your bank because these other sources became less attractive.	1.53 *	1.67 *	1.44 *
Customer merger or acquisition financing increased.	1.80 *	2.17 *	1.56 *
Other	1.13 *	1.00 *	1.22 *
Number of banks responding	15 *	6 *	9

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

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Customer inventory financing needs decreased.	1.36	1.33	1.38
Customer investment in plant or equipment decreased.	1.57	1.33	1.75
Customer internally generated funds increased.	1.64	1.67	1.63
Customer borrowing shifted from your bank to other sources because these other sources became more attractive.	1.64	1.67	1.63
Customer merger or acquisition financing decreased.	1.64	1.83	1.50
Other	1.36	1.67	1.13
Number of banks responding	14	6	8

Questions 6 and 7 *ask about* ***commercial real estate loans*** *at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate: Question 6 deals with changes in your bank's lending policies over the past three months, and question 7 deals with changes in demand over the same period. 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 standards as changes in standards.*

6. 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	1.7	1	3.4	0	0.0
Tightened somewhat	5	8.5	3	10.3	2	6.7
Remained basically unchanged	50	84.7	23	79.3	27	90.0
Eased somewhat	3	5.1	2	6.9	1	3.3
Eased considerably	0	0.0	0	0.0	0	0.0
Total	59	100.0	29	100.0	30	100.0

7. Over the past three months, how has demand for commercial real estate loans changed (apart from normal seasonal variation)?

	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	14	23.7	5	17.2	9	30.0
About the same	37 *	62.7 *	18 *	62.1 *	19	63.3
Moderately weaker	8	13.6	6	20.7	2	6.7
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	59	100.0	29	100.0	30	100.0

Questions 8 and 9 *ask about* ***home mortgage loans*** *at your bank: Question 8 deals with changes in your bank's credit standards over the past three months, and question 9 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.*

8. 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	1.8	1	3.8	0	0.0
Remained basically unchanged	54	96.4	25	96.2	29	96.7
Eased somewhat	1	1.8	0	0.0	1	3.3
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	26	100.0	30	100.0

9. Over the past three months, how has demand for mortgage loans to purchase homes (as opposed to refinancing existing mortgages) changed (apart from normal seasonal variation)?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Substantially stronger	4	7.1	1	3.8	3	10.0
Moderately stronger	12 *	21.4 *	6 *	23.1 *	6	20.0
About the same	29 *	51.8 *	14 *	53.8 *	15	50.0
Moderately weaker	11	19.6	5	19.2	6	20.0
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	56	100.0	26	100.0	30	100.0

Questions 10-15 *ask about* ***consumer lending*** *at your bank: Questions 10-12 deal with changes in your bank's willingness to make, and in its credit standards for, consumer loans over the past three months; questions 13 and 14 deal with changes in loan terms over the same period; and question 15 deals with changes in demand over the same period. 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.*

10. 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	0	0.0	0	0.0	0	0.0
Somewhat more	8	14.5	2	7.7	6	20.7
About unchanged	47 *	85.5 *	24 *	92.3 *	23	79.3
Somewhat less	0 *	0.0 *	0 *	0.0 *	0	0.0
Much less	0	0.0	0	0.0	0	0.0
Total	55	100.0	26	100.0	29	100.0

11. 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	6 *	13.3 *	3 *	13.0 *	3	13.6
Remained basically unchanged	39 *	86.7 *	20 *	87.0 *	19	86.4
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	45	100.0	23	100.0	22	100.0

12. 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	1.8	1	3.8	0	0.0
Tightened somewhat	6	10.9	3	11.5	3	10.3
Remained basically unchanged	44	80.0	21	80.8	23	79.3
Eased somewhat	4	7.3	1	3.8	3	10.3
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	26	100.0	29	100.0

13. 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	3.02	2.95	3.09
Spreads of interest rates charged on outstanding balances over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	3.00	3.00	3.00
Minimum percent of outstanding balances required to be repaid each month	3.02	3.05	3.00
Other	2.98 *	2.95 *	3.00
Number of banks responding	45	23	22

14. Over the past three months, how has your bank changed the following terms on consumer loans excluding credit card loans? (Please assign each term a number between 1 (tightened considerably) and 5 (eased considerably) as in question 18.)

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Maximum maturity	3.05 *	3.04 *	3.07
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	3.02 *	2.92 *	3.10
Minimum required down payment	3.00 *	3.00 *	3.00
Other	3.06 *	3.04 *	3.07
Number of banks responding	55	26	29

15. Over the past three months, how has demand for consumer loans of all types changed (apart from normal seasonal variation)?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Substantially stronger	1 *	1.9 *	0 *	0.0 *	1	3.4
Moderately stronger	11 *	20.4 *	6 *	24.0 *	5	17.2
About the same	39 *	72.2 *	17 *	68.0 *	22	75.9
Moderately weaker	3	5.6	2	8.0	1	3.4
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	54	100.0	25	100.0	29	100.0

Questions 16-33 *ask about how your bank is managing risks resulting from any Year 2000* ***problems*** *of its customers and about demand for and bank policy regarding business credit over the year-end.*

16. Is your customers' Year 2000 preparedness included as part of your bank's underwriting or loan review standards?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Underwriting standards	4 *	6.8 *	2 *	6.9 *	2	6.7
Loan review standards	0	0.0	0	0.0	0	0.0
Both	54 *	91.5 *	26 *	89.7 *	28	93.3
Neither	1 *	1.7 *	1 *	3.4 *	0	0.0
Total	59	100.0	29	100.0	30	100.0

17. Has your bank rejected any loan applications because of the applicant's inadequate Year 2000 preparedness?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Yes, many times	1	1.7	1	3.4	0	0.0
Yes, a few times	14 *	23.7 *	7 *	24.1 *	7	23.3
Rarely or never	44 *	74.6 *	21 *	72.4 *	23	76.7
Total	59	100.0	29	100.0	30	100.0

18. Does your bank include covenants, conditions, representations, or warranties specifically related to Year 2000 preparedness in any of its loan documentation with business customers that are not already Year 2000 compliant?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Yes, for almost all new loans to such customers	31	52.5	17	58.6	14	46.7
Yes, for some new loans to such customers	14	23.7	8	27.6	6	20.0
Rarely or never	14	23.7	4	13.8	10	33.3
Total	59	100.0	29	100.0	30	100.0

19. At this time, what percentage of your bank's material business customers has been evaluated for Year 2000 preparedness?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Less than 50 percent	0 *	0.0 *	0 *	0.0 *	0	0.0
At least 50 percent but less than 75 percent	4	6.8	2	6.9	2	6.7
At least 75 percent but less than 90 percent	14	23.7	7	24.1	7	23.3
At least 90 percent but less than 95 percent	10 *	16.9 *	6 *	20.7 *	4	13.3
At least 95 percent	31	52.5	14	48.3	17	56.7
Total	59	100.0	29	100.0	30	100.0

20. What percentage of your bank's material business customers that have been evaluated for Year 2000 preparedness was not making satisfactory progress toward achieving Year 2000 preparedness at the time of the most recent evaluation?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Less than 5 percent	39 *	66.1 *	17 *	58.6 *	22	73.3
At least 5 percent but less than 10 percent	11	18.6	8	27.6	3	10.0
At least 10 percent but less than 15 percent	7 *	11.9 *	3 *	10.3 *	4	13.3
At least 15 percent but less than 30 percent	2	3.4	1	3.4	1	3.3
At least 30 percent	0	0.0	0	0.0	0	0.0
Total	59	100.0	29	100.0	30	100.0

21. Among all of your bank's material business customers (including those, if any, that have not yet been evaluated), what percentage has your bank downgraded because of the borrowers' inadequate Year 2000 preparation?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Less than 1 percent	43	72.9	24	82.8	19	63.3
At least 1 percent but less than 3 percent	9	15.3	4	13.8	5	16.7
At least 3 percent but less than 5 percent	6	10.2	1	3.4	5	16.7
At least 5 percent but less than 10 percent	1	1.7	0	0.0	1	3.3
At least 10 percent	0	0.0	0	0.0	0	0.0
Total	59	100.0	29	100.0	30	100.0

22. To date, has your bank experienced any requests from nonfinancial firms for new credit lines or extensions of existing credit lines that are specifically related to firms' Year 2000 contingency preparations? Such lines are sometimes referred to as Year 2000 contingency lines of credit.

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
A substantial number	0 *	0.0 *	0 *	0.0 *	0	0.0
A moderate number	3	5.1	1	3.4	2	6.7
A negligible number	56 *	94.9 *	28 *	96.6 *	28	93.3
Total	59	100.0	29	100.0	30	100.0

23. To date, has your bank experienced any requests for Year 2000 contingency lines of credit (as defined in question 22) from financial firms?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
A substantial number	1 *	1.7 *	0 *	0.0 *	1	3.3
A moderate number	5	8.5	1	3.4	4	13.3
A negligible number	53 *	89.8 *	28 *	96.6 *	25	83.3
Total	59	100.0	29	100.0	30	100.0

24. If your bank has received at least a moderate number of requests from financial firms for Year 2000 contingency lines of credit (answer 1 or 2 to question 23), which of the following are important sources of these requests? (Please select all that apply.)

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Insurance companies	1 *	16.7 *	0 *	0.0 *	1	20.0
Finance companies	0 *	0.0 *	0 *	0.0 *	0	0.0
Mutual funds	0 *	0.0 *	0 *	0.0 *	0	0.0
Brokerages	0 *	0.0 *	0 *	0.0 *	0	0.0
REITs	1	16.7 *	1	100.0 *	0	0.0
Domestic banks	5	83.3 *	0	0.0	5	100.0
Branches and agencies of foreign banks	1 *	16.7 *	0 *	0.0 *	1	20.0
Credit unions	2	33.3 *	0	0.0	2	40.0
Savings and loans institutions	1	16.7 *	0	0.0	1	20.0
Other	0	0.0	0	0.0	0	0.0
Total responding to 24	6 *		1 *		5	

25. Looking ahead, does your bank expect to receive requests for Year 2000 contingency lines of credit from either financial or nonfinancial firms?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
A substantial number	1 *	1.7 *	0 *	0.0 *	1	3.3
A moderate number	23	39.0	12	41.4	11	36.7
A negligible number	35 *	59.3 *	17 *	58.6 *	18	60.0
Total	59	100.0	29	100.0	30	100.0

26. Is your bank willing to extend Year 2000 contingency lines of credit?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Yes, to existing and new borrowers	29 *	49.2 *	15 *	51.7 *	14	46.7
Yes, but only to existing borrowers	27 *	45.8 *	12 *	41.4 *	15	50.0
No	3	5.1	2	6.9	1	3.3
Total	59	100.0	29	100.0	30	100.0

27. If your bank is not willing to extend Year 2000 contingency lines of credit or is limiting such lines only to existing borrowers (answer 2 or 3 to question 26), why? (Please select all that apply.)

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Anticipated difficulty of funding credit lines over year-end	9	32.1	4	33.3	5	31.3
Concerns about the effect of additional lending on capital ratios	11	39.3	5	41.7	6	37.5
Concerns about repayment prospects related to Year 2000 effects on customers	11	39.3	2	16.7	9	56.3
Heightened concerns about credit quality generally	7	25.0	3	25.0	4	25.0
Other	3	10.7 *	3	25.0 *	0	0.0
Total responding to 27	28		12		16	

28. If your bank is willing to extend Year 2000 contingency lines of credit (answer 1 or 2 to question 26), how do your credit standards for these facilities compare to standards for credit lines extended for general business purposes?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Substantially tighter	6	10.7	1	3.6	5	17.9
Moderately tighter	17 *	30.4 *	9 *	32.1 *	8	28.6
Essentially the same	33 *	58.9 *	18 *	64.3 *	15	53.6
Total	56	100.0	28	100.0	28	100.0

29. If your bank is willing to extend Year 2000 contingency lines of credit (answer 1 or 2 to question 26), how will loans taken down under such facilities be priced relative to loans under credit lines extended for general business purposes?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
No difference in pricing	36 *	69.2 *	20 *	80.0 *	16	59.3
A premium of 10 basis points or less	2 *	3.8 *	1 *	4.0 *	1	3.7
A premium of 11 to 25 basis points	9 *	17.3 *	4 *	16.0 *	5	18.5
A premium of 26 to 50 basis points	5	9.6	0	0.0	5	18.5
A premium of 51 basis points or more	0	0.0	0	0.0	0	0.0
Total	52	100.0	25	100.0	27	100.0

30. If your bank's credit standards or terms are generally tighter for Year 2000 contingency lines than for other business lines of credit (as described in questions 28 and 29), is the relative tightness applied

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Mainly to nonfinancial firms	3	7.9 *	1	6.7 *	2	8.7
Mainly to financial firms	3 *	7.9 *	1 *	6.7 *	2	8.7
About equally to nonfinancial and financial firms	21 *	55.3 *	7 *	46.7 *	14	60.9
Your bank's standards and terms of Year 2000 contingency lines are not generally tighter than the standards and terms of other business lines of credit.	11 *	28.9 *	6 *	40.0 *	5	21.7
Total	38 *	100.0	15 *	100.0	23	100.0

31. How has your bank's strategy to manage its Year 2000 risks affected the standards and terms it applies to customer requests to renew expiring credit lines that would extend over year-end, but are not specifically meant to meet year-end funding needs? (Please select all that apply.)

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
No effect on either standards or terms	51 *	86.4 *	24 *	82.8 *	27	90.0
Standards are tighter.	6	10.2	3	10.3	3	10.0
The size of lines is smaller.	0	0.0	0	0.0	0	0.0
Spreads over base rates and/or fees are higher.	0	0.0	0	0.0	0	0.0
Advances around year-end will require additional or more liquid collateral.	1	1.7	1	3.4	0	0.0
Usage of the lines around year-end will be limited.	1	1.7	1	3.4	0	0.0
Drawdowns around year-end will entail a rate premium.	2	3.4	1	3.4	1	3.3
Other	3	5.1	2	6.9	1	3.3
Total responding to 31	59 *		29 *		30	

32. How do you expect drawdowns of existing business credit lines at your bank around year-end to compare to normal year-end drawdowns?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Much stronger than normal	2	3.4	1	3.4	1	3.3
Somewhat stronger than normal	37 *	62.7 *	19 *	65.5 *	18	60.0
About normal	20 *	33.9 *	9 *	31.0 *	11	36.7
Somewhat weaker than normal	0	0.0	0	0.0	0	0.0
Much weaker than normal	0	0.0	0	0.0	0	0.0
Total	59	100.0	29	100.0	30	100.0

33. If your bank expects demand for business credit to be stronger than normal around year-end (answer 1 or 2 to question 32), what do you think will be the reasons for the stronger demand? (Please rate each possible reason using the following scale: 1=not a reason, 2=a somewhat important reason, 3=a very important reason.)

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Increased customer inventory financing needs	1.93 *	2.05 *	1.80 *
Increased customer accounts receivable financing needs	1.80 *	1.81 *	1.80 *
The cost of borrowing elsewhere may exceed the cost of borrowing at your bank.	1.07 *	1.14 *	1.00 *
Market disruptions may make borrowing elsewhere difficult or impossible.	1.67 *	1.71 *	1.62 *
Other	1.15 *	1.14 *	1.16 *
Total	42 *	21 *	21

Optional: Question 34 *requests feedback on any issues you judge to be important but are not addressed on this survey.*

34. Are there any recent developments in lending practices not addressed in this survey that you find particularly significant? Your response will help us stay abreast of breaking issues and in choosing questions for future surveys. There is no need to reply if you have nothing you would like to add.

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 1999)

Note: Data in this table were slightly revised after the May 21 release. Counts for responses to some questions were updated, but the overall conclusions of the survey were not affected. Any numbers that changed are noted by asterisks.

(Number of banks and percentage of banks answering question[1])

Questions 1-5 *ask about* ***commercial and industrial loans*** *at your bank: Questions 1-3 deal with changes in your bank's lending policies over the past three months, and questions 4 and 5 deal with changes in demand over the same period. 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 standards as changes in standards.*

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	1	4.5
Tightened somewhat	5	22.7
Remained basically unchanged	16	72.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	22	100.0

2. For applications for C&I loans or credit lines--other than those to be used to finance mergers and acquisitions--that your bank currently is willing to approve, how have the terms of those loans changed 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	2.73
Costs of credit lines	2.45
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.45
The premiums charged on riskier loans	2.45
Loan covenants	2.82
Collateralization requirements	2.68
Other	3.00
Total	22

1. As of December 31, 1998, the twenty-two respondents had combined assets of $206 billion, compared to $782 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 1-2), how important have been the following possible reasons for the change? (Please respond to either A or B or both as appropriate.) (Please 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
A deterioration in your parent bank's current or expected capital position	1.62 *
A less favorable or more uncertain economic outlook	1.62 *
A worsening of industry-specific problems	1.77 *
Less aggressive competition from other commercial banks	1.38 *
Less aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	1.38 *
A reduced tolerance for risk	1.62 *
Decreased liquidity in the secondary market for these loans	1.46 *
Other	1.23
Number of banks responding	13

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

	All Respondents
	Mean
An improvement in your parent bank's current or expected capital position	1.00
A more favorable or less uncertain economic outlook	1.00
An improvement in industry-specific problems	1.00 *
More aggressive competition from other commercial banks	1.00
More aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	1.00
An increased tolerance for risk	1.00
Increased liquidity in the secondary market for these loans	1.00
Other	1.00
Number of banks responding	1 *

4. How has demand for C&I loans (actual extensions of credit as opposed to undrawn lines) changed over the past three months (apart from normal seasonal variation)?

	All Respondents	
	Banks	Pct
Substantially stronger	0	0.0
Moderately stronger	4	18.2 *
About the same	16 *	72.7 *
Moderately weaker	1	4.5 *
Substantially weaker	1	4.5 *
Total	22 *	100.0

5. If demand for C&I loans has strengthened or weakened over the past three months, how important have been the following possible reasons for the change? (Please rate each possible reason using the following scale:1=not important, 2=somewhat important, 3=very important.)

A. If stronger loan demand (answer 1 or 2 to question 4), possible reasons:

	All Respondents
	Mean
Customer inventory financing needs increased.	1.00
Customer investment in plant or equipment increased.	1.20
Customer internally generated funds decreased.	1.20
Customer borrowing shifted from other sources to your bank because these other sources became less attractive.	1.40
Customer merger or acquisition financing increased.	2.20
Other	1.00
Number of banks responding	5

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

	All Respondents
	Mean
Customer inventory financing needs decreased.	1.00 *
Customer investment in plant or equipment decreased.	1.50
Customer internally generated funds increased.	1.00
Customer borrowing shifted from your bank to other sources because these other sources became more attractive.	1.00
Customer merger or acquisition financing decreased.	1.50
Other	2.00
Number of banks responding	2 *

Questions 6 and 7 *ask about* ***commercial real estate loans*** *at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate: Questions 6 deals with changes in your bank's lending policies over the past three months, and question 7 deals with changes in demand over the same period. 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 standards as changes in standards.*

6. 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	1	7.7
Tightened somewhat	2	15.4
Remained basically unchanged	10	76.9
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	13	100.0

7. Over the past three months, how has demand for commercial real estate loans changed (apart from normal seasonal variation)?

	All Respondents	
	Banks	Pct
Substantially stronger	0	0.0
Moderately stronger	3	23.1
About the same	7	53.8
Moderately weaker	2	15.4
Substantially weaker	1	7.7
Total	13	100.0

Questions 8-25 *ask about how your bank is managing risks resulting from any Year 2000* ***problems*** *of its customers and about demand for and bank policy regarding business credit over the year-end.*

8. Is your customers' Year 2000 preparedness included as part of your bank's underwriting or loan review standards?

	All Respondents	
	Banks	Pct
Underwriting standards	1	4.5 *
Loan review standards	2	9.1 *
Both	19	86.4 *
Neither	0	0.0
Total	22 *	100.0

9. Has your bank rejected any loan applications because of the applicant's inadequate Year 2000 preparedness?

	All Respondents	
	Banks	Pct
Yes, many times	0	0.0
Yes, a few times	3	13.6 *
Rarely or never	19 *	86.4 *
Total	22 *	100.0

10. Does your bank include covenants, conditions, representations, or warranties specifically related to Year 2000 preparedness in any of its loan documentation with business customers that are not already Year 2000 compliant?

	All Respondents	
	Banks	Pct
Yes, for almost all new loans to such customers	12	60.0*
Yes, for some new loans to such customers	8 *	40.0 *
Rarely or never	0	0.0
Total	20 *	100.0

11. At this time, what percentage of your bank's material business customers has been evaluated for Year 2000 preparedness?

	All Respondents	
	Banks	Pct
Less than 50 percent	0	0.0
At least 50 percent but less than 75 percent	1	4.5 *
At least 75 percent but less than 90 percent	4	18.2 *
At least 90 percent but less than 95 percent	2 *	9.1 *
At least 95 percent	15	68.2 *
Total	22 *	100.0

12. What percentage of your bank's material business customers that have been evaluated for Year 2000 preparedness was not making satisfactory progress toward achieving Year 2000 preparedness at the time of the most recent evaluation?

	All Respondents	
	Banks	Pct
Less than 5 percent	14 *	63.6 *
At least 5 percent but less than 10 percent	5	22.7 *
At least 10 percent but less than 15 percent	2	9.1 *
At least 15 percent but less than 30 percent	1	4.5 *
At least 30 percent	0	0.0
Total	22 *	100.0

13. Among all of your bank's material business customers (including those, if any, that have not yet been evaluated), what percentage has your bank downgraded because of the borrowers' inadequate Year 2000 preparation?

	All Respondents	
	Banks	Pct
Less than 1 percent	15 *	68.2 *
At least 1 percent but less than 3 percent	7	31.8 *
At least 3 percent but less than 5 percent	0	0.0
At least 5 percent but less than 10 percent	0	0.0
At least 10 percent	0	0.0
Total	22 *	100.0

14. To date, has your bank experienced any requests from nonfinancial firms for new credit lines or extensions of existing credit lines that are specifically related to firms' Year 2000 contingency preparations? Such lines are sometimes referred to as Year 2000 contingency lines of credit.

	All Respondents	
	Banks	Pct
A substantial number	0	0.0
A moderate number	0	0.0
A negligible number	21	100.0
Total	21	100.0

15. To date, has your bank experienced any requests for Year 2000 contingency lines of credit (as defined in question 14) from financial firms?

	All Respondents	
	Banks	Pct
A substantial number	0	0.0
A moderate number	0	0.0
A negligible number	21	100.0
Total	21	100.0

16. If your bank has received at least a moderate number of requests from financial firms for Year 2000 contingency lines of credit (answer 1 or 2 to question 15), which of the following are important sources of these requests? (Please select all that apply.)

	All Respondents	
	Banks	Pct
Insurance companies	0	0.0
Finance companies	0	0.0
Mutual funds	0	0.0
Brokerages	0	0.0
REITs	0	0.0
Domestic banks	0	0.0
Branches and agencies of foreign banks	0	0.0
Credit unions	0	0.0
Savings and loans institutions	0	0.0
Other	0	0.0
Total responding to 16	0	

17. Looking ahead, does your bank expect to receive requests for Year 2000 contingency lines of credit from either financial or nonfinancial firms?

	All Respondents	
	Banks	Pct
A substantial number	0	0.0
A moderate number	4 *	18.2 *
A negligible number	18	81.8 *
Total	22 *	100.0

18. Is your bank willing to extend Year 2000 contingency lines of credit?

	All Respondents	
	Banks	Pct
Yes, to existing and new borrowers	0	0.0
Yes, but only to existing borrowers	8 *	40.0 *
No	12	60.0 *
Total	20 *	100.0

19. If your bank is not willing to extend Year 2000 contingency lines of credit or is limiting such lines only to existing borrowers (answer 2 or 3 to question 18), why? (Please select all that apply.)

	All Respondents	
	Banks	Pct
Anticipated difficulty of funding credit lines over year-end	5	31.3 *
Concerns about the effect of additional lending on capital ratios	4 *	23.5 *
Concerns about repayment prospects related to Year 2000 effects on customers	5	31.3 *
Heightened concerns about credit quality generally	2	12.5 *
Other	4	25.0
Total responding to 19	16 *	

20. If your bank is willing to extend Year 2000 contingency lines of credit (answer 1 or 2 to question 18), how do your credit standards for these facilities compare to standards for credit lines extended for general business purposes?

	All Respondents	
	Banks	Pct
Substantially tighter	3	33.3
Moderately tighter	2 *	22.2 *
Essentially the same	4 *	44.4 *
Total	9	100.0

21. If your bank is willing to extend Year 2000 contingency lines of credit (answer 1 or 2 to question 18), how will loans taken down under such facilities be priced relative to loans under credit lines extended for general business purposes?

	All Respondents	
	Banks	Pct
No difference in pricing	2	25.0 *
A premium of 10 basis points or less	2	25.0 *
A premium of 11 to 25 basis points	1	12.5 *
A premium of 26 to 50 basis points	2 *	25.0 *
A premium of 51 basis points or more	1	12.5 *
Total	8 *	100.0

22. If your bank's credit standards or terms are generally tighter for Year 2000 contingency lines than for other business lines of credit (as described in questions 20 and 21), is the relative tightness applied

	All Respondents	
	Banks	Pct
Mainly to nonfinancial firms	1 *	10.0 *
Mainly to financial firms	0	0.0
About equally to nonfinancial and financial firms	7	70.0
Your bank's standards and terms of Year 2000 contingency lines are not generally tighter than the standards and terms of other business lines of credit.	2 *	20.0 *
Total	10	100.0

23. How has your bank's strategy to manage its Year 2000 risks affected the standards and terms it applies to customer requests to renew expiring credit lines that would extend over year-end, but are not specifically meant to meet year-end funding needs? (Please select all that apply.)

	All Respondents	
	Banks	Pct
No effect on either standards or terms	10 *	50.0 *
Standards are tighter.	6	30.0
The size of lines is smaller.	2	10.0
Spreads over base rates and/or fees are higher.	4	20.0
Advances around year-end will require additional or more liquid collateral.	1	5.0
Usage of the lines around year-end will be limited.	6	30.0
Drawdowns around year-end will entail a rate premium.	3 *	15.0 *
Other	2	10.0
Total responding to 23	20	

24. How do you expect drawdowns of existing business credit lines at your bank around year-end to compare to normal year-end drawdowns?

	All Respondents	
	Banks	Pct
Much stronger than normal	1	5.0 *
Somewhat stronger than normal	10 *	50.0 *
About normal	9	45.0 *
Somewhat weaker than normal	0	0.0
Much weaker than normal	0	0.0
Total	20 *	100.0

25. If your bank expects demand for business credit to be stronger than normal around year-end (answer 1 or 2 to question 24), what do you think will be the reasons for the stronger demand? (Please rate each possible reason using the following scale: 1=not a reason, 2=a somewhat important reason, 3=a very important reason.)

	All Respondents
	Mean
Increased customer inventory financing needs	1.55 *
Increased customer accounts receivable financing needs	1.36 *
The cost of borrowing elsewhere may exceed the cost of borrowing at your bank.	1.09 *
Market disruptions may make borrowing elsewhere difficult or impossible.	1.83 *
Other	1.18 *
	12 *

Optional: Question 26 *requests feedback on any issues you judge to be important but are not addressed on this survey.*

26. Are there any recent developments in lending practices not addressed in this survey that you find particularly significant? Your response will help us stay abreast of breaking issues and in choosing questions for future surveys. There is no need to reply if you have nothing you would like to add.