August 1999

Senior Loan Officer Opinion Survey on Bank Lending Practices

Note: Some data for the May 1999 survey were slightly revised after their May 21 release, but the survey's overall conclusions were not affected. The summary of the May survey currently available on this web site reflects the revised results.

The August 1999 Senior Loan Officer Opinion Survey on Bank Lending Practices focused primarily on changes over the past three months in the supply of and demand for bank loans to businesses and households. Additional questions addressed Year 2000 (Y2K) issues and loan quality. Loan officers from fifty-six large domestic banks and twenty-two U.S. branches and agencies of foreign banks participated in the survey. The responses suggest that banks became somewhat more cautious lenders over the past quarter but show no widespread reduction in credit availability.

The results indicate a continued slight firming of business lending practices. For domestic banks, this has taken the form more of a tightening of terms on C&I loans, particularly risk premiums and loan rate spreads, as only a few reported that they had strengthened underwriting standards. In contrast, large proportions of the branches and agencies tightened both standards and terms on C&I loans. Similarly, for commercial real estate loans, a small fraction of domestic banks and a larger fraction of branches and agencies raised standards.

The survey found little evidence of any changes in standards and terms on loans to households. A small net fraction indicated greater willingness to make consumer installment loans, and virtually no banks indicated any change in standards for or terms on credit card and other consumer loans. Demand for consumer loans was also reported to be about unchanged, but many banks said that demand for home mortgages had decreased.

To a large extent, respondents said they were willing to extend special contingency lines of credit over year-end, at least to existing customers, but most had not received requests for such lines. The banks were not, in general, tightening terms and standards on renewals of existing lines over year-end. Those banks limiting credit lines over year-end were chiefly concerned about Y2K effects on borrowers' repayment prospects, although several were also worried about the effects of borrowing on capital ratios, and about possible difficulties they might encounter in funding draws on credit lines over year-end. A large majority of the respondents appeared willing to use the Federal Reserve's recently announced Special Liquidity Facility. Those expressing reluctance to use the facility cited as reasons difficulties with collateral procedures and a resistance by senior management to borrowing at the discount window.

A number of respondents indicated that over the past year the performance of their business loan portfolios had become more sensitive to a period of economic weakness, primarily because of a weaker financial condition of borrowers, but also because of eased lending standards and terms. Banks assessed the sensitivity of their household loan portfolio to an economic slowdown to have changed little over the past year.

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

About 5 percent of domestic bank respondents said that over the past three months they had tightened *standards* on C&I loans to large and middle-market borrowers (down from 10 percent in May), and nearly 25 percent of the branch and agency respondents said that they had tightened (about the same as in May). The survey found virtually no change, on net, in standards on loans to small businesses. On net, about a fourth of the domestic banks and more than half of the branches and agencies reported tightening *terms* on C&I loans, particularly risk premiums, spreads of loan rates over the banks' cost of funds, and costs of credit lines. The net percentages tightening terms increased a bit relative to those recorded on the May survey. However, in the case of both standards and terms, the net percentages tightening are significantly lower than those reported last fall. Loan officers most commonly cited a worsening of industry-specific problems, a less favorable or more uncertain economic outlook, and a reduced tolerance for risk as reasons for having tightened.

On net, no domestic bank respondents said that demand for C&I loans had changed over the preceding three months (neither from large and middle-market firms nor from small businesses). The branch and agency responses also showed virtually no change in demand. Those respondents reporting a change in demand generally attributed it to variation in their customers' merger and acquisition and plant and equipment financing needs.

As in May, less than 10 percent of domestic bank respondents, on net, reported tighter standards on commercial real estate loans. By contrast, nearly 40 percent of branch and agency respondents tightened standards on these loans, a larger percentage than in May. About 10 percent, on net, of the domestic bank respondents said that demand for commercial mortgages had increased over the past three months; branch and agency respondents also reported little change in demand. Only about half of the foreign bank respondents answered the questions on commercial real estate loans, likely reflecting the departure of many of the branches and agencies from this line of business.

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

As in recent quarters, banks appear not to have made any significant adjustments to their consumer lending policies following the pronounced tightening that began in the mid-1990s. About 10 percent of the respondents, on net, said their willingness to make consumer installment loans had gone up over the preceding three months. Only two banks tightened standards on credit cards; and three, on net, tightened standards on other consumer loans. Terms on these loans were also reported as little changed. About 10 percent of the banks, on net, reported stronger demand for consumer loans.

The survey also found little evidence of changed standards for home mortgages, with one bank, on net, easing. A large net percentage--35 percent--said that demand for home mortgages had decreased, whereas in May respondents had reported increased demand. Even though the question specifically asks about demand for mortgages for purchasing homes as opposed to refinancing existing mortgages, the reported decrease in demand still may reflect, in part, a decline in refinancing activity.

Year 2000
(Table 1, questions 16-27; table 2, questions 8-19)

The respondents reported continued progress toward mitigating the Year 2000 risks posed by their customers. More than 90 percent of the domestic banks, up from 70 percent in May, had evaluated the Y2K preparedness of at least 90 percent of their material business customers. About 80 percent of branches and agencies had evaluated 90 percent of their customers, up only a little from May. About 95 percent of the banks surveyed stated that less than 5 percent of their customers that had been evaluated were not making satisfactory progress toward achieving Y2K preparedness.

The survey results indicate that requests for Year 2000 contingency lines of credit have been limited to date. Relatively small percentages of the domestic bank respondents had received requests for such lines from nonfinancial and financial firms--10 percent and 20 percent, respectively. These percentages, however, are about twice as large as those found in May. Branch and agency respondents were less likely to have received requests for such lines. Requests for contingency lines came from many different types of financial firms, with the largest number of respondents having received requests from domestic commercial banks, followed by finance companies, mutual funds, securities dealers and brokerages, and savings and loans. Some of the loan officers noted that although they have received relatively few requests to date for contingency lines, the requests they had received were, in some cases, substantial, and they thought that more requests may be forthcoming.

All the domestic bank respondents were willing to extend Y2K contingency lines, but nearly two-thirds--a larger fraction than in May--would do so only for existing customers. About a third of the branches and agencies were unwilling to extend contingency lines; the remainder were willing to extend such lines only to existing customers. A fourth of the domestic banks, up from about 15 percent in May, had tightened standards or terms on renewals of existing lines that extended into next year but were not specifically meant to meet year-end funding needs. Those banks that were tightening policies on renewals were raising spreads or fees, tightening standards, requiring a rate premium for advances around year-end, or pricing lines off of their own cost of funds rather than off independent indexes (such as LIBOR). By contrast, two-thirds of the branches and agencies were adjusting policies on renewals, including limiting the usage of lines over year-end. Those respondents (domestic and foreign) that were unwilling to extend Year 2000 contingency lines of credit, were limiting such lines to existing customers, or had tightened standards or terms on renewals of existing lines gave a variety of reasons for their reluctance. Most commonly, they were concerned about Y2K effects on borrowers' repayment prospects, difficulty funding draws on credit lines over year-end, the effect of borrowing on capital ratios, and also about credit quality generally.

Several questions addressed the willingness of respondents to use the Century Date Change Special Liquidity Facility (SLF), which will make discount window credit readily available to depository institutions in sound financial condition at a 150 basis point premium over the FOMC's target federal funds rate between October 1, 1999, and April 7, 2000. Nearly 70 percent of the domestic and foreign respondents said they would not be likely to borrow overnight funds in the market at a rate greater than that charged by the SLF. Of the institutions that would pay more for funds to avoid borrowing from the SLF, a third thought it likely they would pay more than 50 basis points in excess of the SLF rate to do so. Those that would be willing to pay a premium to avoid borrowing at the SLF cited as the reasons difficulties with collateral procedures and limitations on the amount of collateral the institution has available to pledge, resistance by senior management to borrowing at the discount window, and concern that use of the facility would be viewed negatively either by bank regulators or by market participants.[1] Over 80 percent of the respondents said that the existence of the SLF had not changed their willingness to extend Year 2000 contingency lines of credit.

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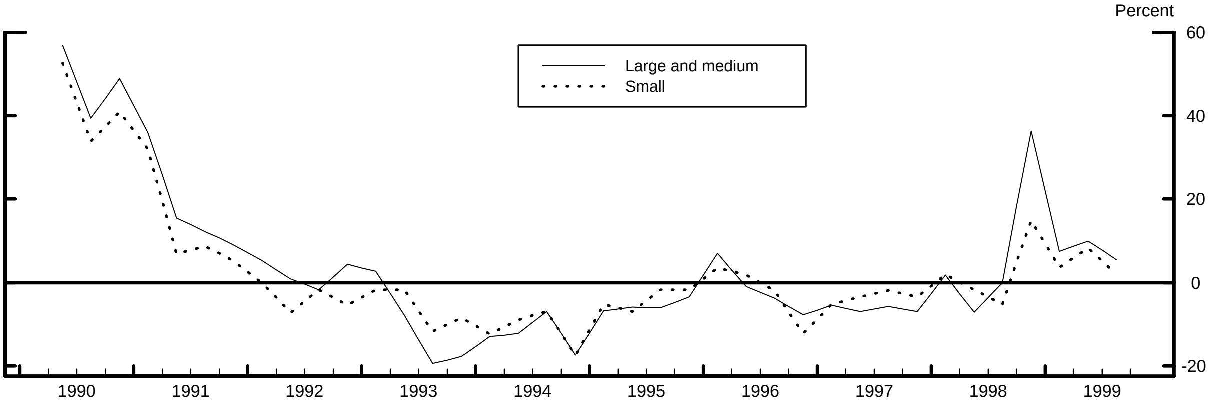
1. As noted in the questionnaire, absent signs of financial trouble, use of the Special Liquidity Facility will not be taken as an indication of underlying problems and will not trigger intensified oversight by supervisory authorities. As also noted, the Federal Reserve treats information on individual bank borrowing at the discount window as confidential.

Loan Quality
(Table 1, questions 28-29; table 2, questions 20-21)

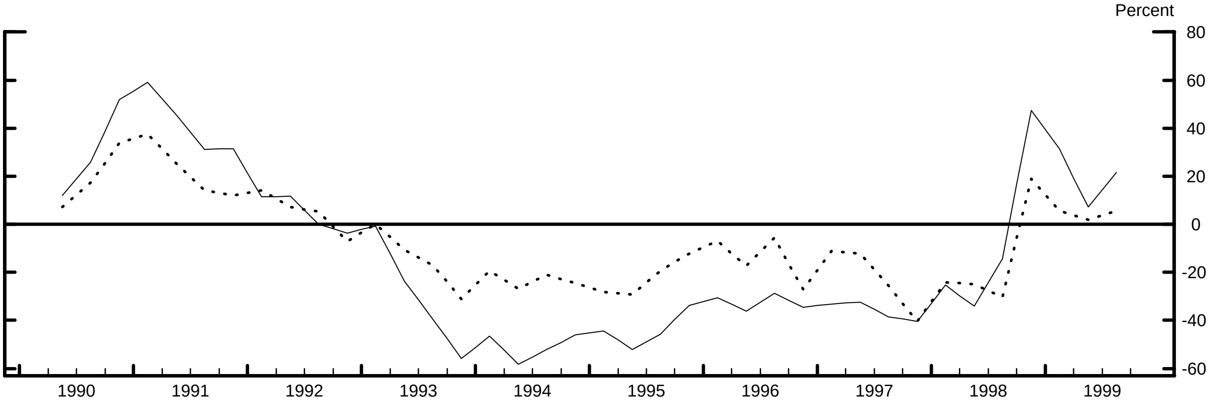
Two special questions addressed changes in loan quality over the past year. On net, the domestic respondents said that the delinquency and charge-off rates of their credit card and other consumer loans had not become more sensitive to a period of economic weakness over the past year, although a few said their residential real estate loans had become more sensitive. A small net percentage of the domestic and foreign respondents, about 15 percent, judged their commercial real estate loans to have become more sensitive to a downturn. However, about a third of the domestic and foreign respondents, on net, said that their C&I loan portfolios had become more sensitive. Domestic banks most commonly attributed the heightened sensitivity of their C&I loan portfolios to borrowers' greater financial leverage, and also noted borrowers' narrower profit margins and banks' eased lending standards and terms. Branches and agencies stressed in addition a shift in the composition of borrowers toward riskier credits.

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

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



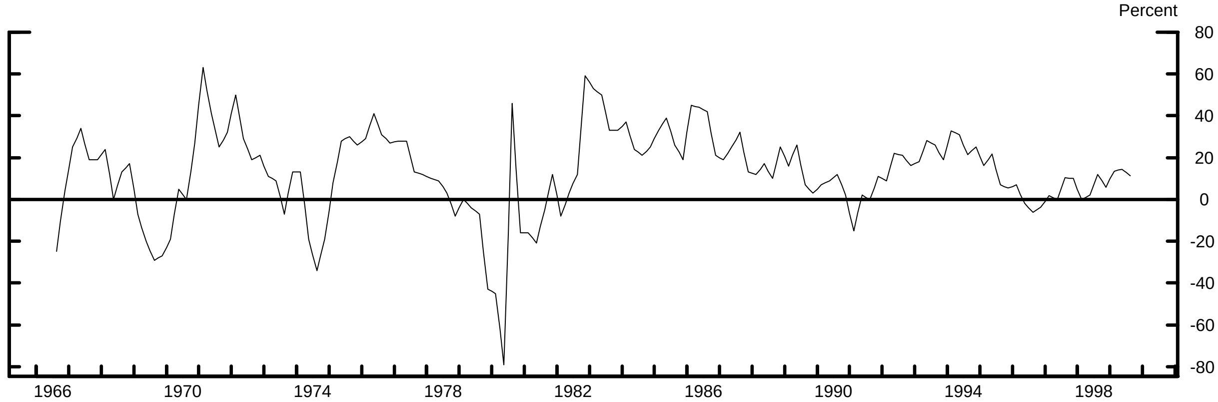
Net Percentage of Domestic Respondents Increasing Spreads of Loan Rates over Banks' Costs of Funds



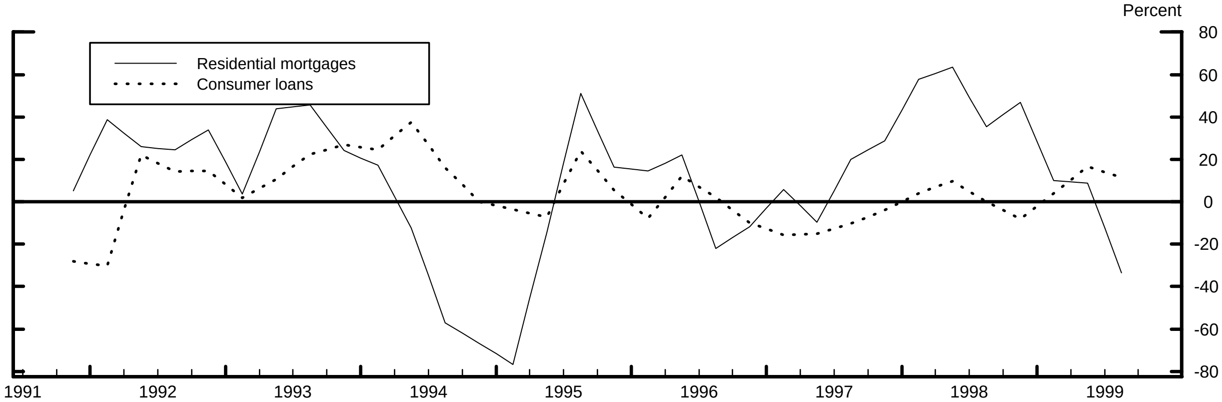
Net Percentage of Domestic Respondents Reporting Stronger Demand for C&I Loans

Measures of Supply and Demand for Loans to Households

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



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



Net Percentage of Domestic Respondents Tightening Standards for Mortgages to Individuals

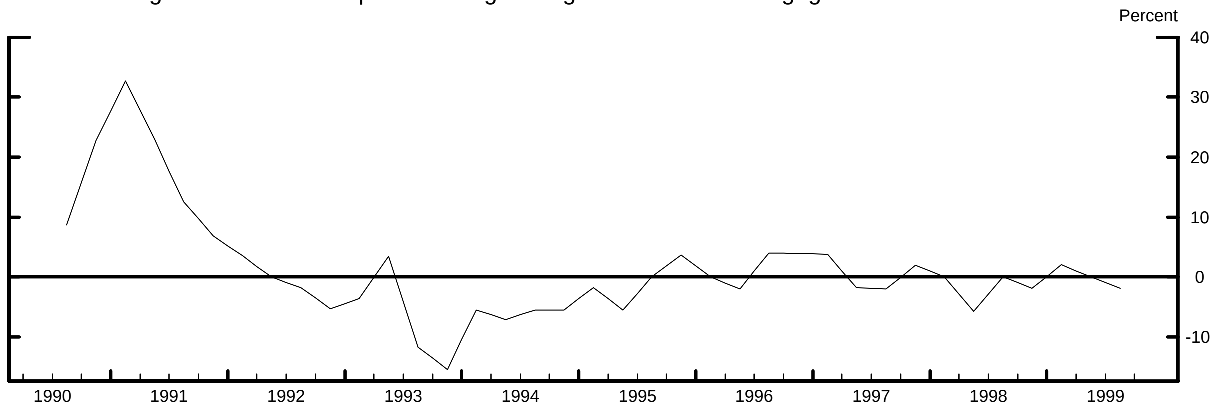


Table 1

SENIOR LOAN OFFICER OPINION SURVEY ON BANK LENDING PRACTICES
AT SELECTED LARGE BANKS IN THE UNITED STATES
(Status of policy as of August 1999[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 policies as changes in policies.*

1. Over the past three months, how have your bank's credit standards for approving applications for C&I loans or credit lines--other than those to be used to finance mergers and acquisitions--to large and middle-market firms and to small firms changed? If your bank defines firm size differently from the categories suggested below, please use your definitions and indicate what they are.

A. Standards for large and middle-market firms (annual sales of $50 million or more)

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	3	5.4	1	3.4	2	7.4
Remained basically unchanged	53	94.6	28	96.6	25	92.6
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	29	100.0	27	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	3	5.6	0	0.0	3	11.1
Remained basically unchanged	49	90.7	27	100.0	22	81.5
Eased somewhat	2	3.7	0	0.0	2	7.4
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	27	100.0	27	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, 1999. The combined assets of the 29 large banks totaled $1.83 trillion, compared to $2.08 trillion for the entire panel of 56 banks, and $ 4.64 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	3.00	2.93	3.07
Costs of credit lines	2.82	2.69	2.96
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.79	2.69	2.89
The premiums charged on riskier loans	2.73	2.72	2.74
Loan covenants	3.00	2.97	3.04
Collateralization requirements	2.98	3.00	2.96
Other	3.00	3.00	3.00
Number of banks responding	56	29	27

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

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Maximum size of credit lines	2.98	3.04	2.93
Costs of credit lines	2.93	2.96	2.89
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.94	3.00	2.89
The premiums charged on riskier loans	2.76	2.85	2.67
Loan covenants	3.02	3.04	3.00
Collateralization requirements	2.98	3.04	2.93
Other	3.00	3.04	2.96
Number of banks responding	54	27	27

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	1.04	1.07	1.00
A less favorable or more uncertain economic outlook	1.70	1.57	1.89
A worsening of industry-specific problems	1.74	1.64	1.89
Less aggressive competition from other banks	1.09	1.14	1.00
Less aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	1.04	1.07	1.00
A reduced tolerance for risk	1.61	1.36	2.00
Decreased liquidity in the secondary market for these loans	1.30	1.36	1.22
Other	1.22	1.21	1.22
Number of banks responding	23	14	9

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	1.09	1.00	1.13
A more favorable or less uncertain economic outlook	1.09	1.00	1.13
An improvement in industry-specific problems	1.18	1.00	1.25
More aggressive competition from other banks	2.18	2.00	2.25
More aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	1.55	1.00	1.75
An increased tolerance for risk	1.18	1.00	1.25
Increased liquidity in the secondary market for these loans	1.18	1.33	1.13
Other	1.09	1.09	1.00
Number of banks responding	11	3	8

4. How has demand for C&I loans (actual disbursements of funds as opposed to requests for new or increased lines of credit) 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 $50 million or more)

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	9	16.1	5	17.2	4	14.8
About the same	38	67.9	20	69.0	18	66.7
Moderately weaker	9	16.1	4	13.8	5	18.5
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	56	100.0	29	100.0	27	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	1.9	0	0.0	1	3.8
Moderately stronger	3	5.7	2	7.4	1	3.8
About the same	45	84.9	22	81.5	23	88.5
Moderately weaker	4	7.5	3	11.1	1	3.8
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	53	100.0	27	100.0	26	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 4A or 4B), possible reasons:

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Customer inventory financing needs increased	1.33	1.20	1.50
Customer accounts receivable financing needs incresed	1.44	1.40	1.50
Customer investment in plant or equipment increased	1.78	1.60	2.00
Customer internally generated funds decreased	1.00	1.00	1.00
Customer borrowing shifted from other sources to your bank because these other sources became less attractive	1.67	1.40	2.00
Customer merger or acquisition financing increased	2.11	2.20	2.00
Other	1.22	1.40	1.00
Number of banks responding	9	5	4

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	1.45	1.33	1.60
Customer accounts receivable financing needs decreased	1.45	1.33	1.60
Customer investment in plant or equipment decreased	1.73	1.67	1.80
Customer internally generated funds increased	1.64	1.50	1.80
Customer borrowing shifted from your bank to other sources because these other sources became more attractive	1.36	1.33	1.40
Customer merger or acquisition financing decreased	1.91	2.00	1.80
Other	1.18	1.00	1.40
Number of banks responding	11	6	5

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 standards over the last three months, and question 7 deals with changes in demand over the same period. If your bank's lending 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 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.*

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	1.8	1	3.4	0	0.0
Tightened somewhat	4	7.1	2	6.9	2	7.4
Remained basically unchanged	51	91.1	26	89.7	25	92.6
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	29	100.0	27	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	13	23.2	3	10.3	10	37.0
About the same	36	64.3	22	75.9	14	51.9
Moderately weaker	5	8.9	2	6.9	3	11.1
Substantially weaker	2	3.6	2	6.9	0	0.0
Total	56	100.0	29	100.0	27	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	0	0.0	0	0.0	0	0.0
Remained basically unchanged	53	98.1	26	96.3	27	100.0
Eased somewhat	1	1.9	1	3.7	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	27	100.0	27	100.0

9. Over the past three months, how has demand for mortgages 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	0	0.0	0	0.0	0	0.0
Moderately stronger	6	11.1	3	11.1	3	11.1
About the same	24	44.4	13	48.1	11	40.7
Moderately weaker	19	35.2	8	29.6	11	40.7
Substantially weaker	5	9.3	3	11.1	2	7.4
Total	54	100.0	27	100.0	27	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	2	3.8	1	3.7	1	3.8
Somewhat more	3	5.7	1	3.7	2	7.7
About unchanged	47	88.7	24	88.9	23	88.5
Somewhat less	1	1.9	1	3.7	0	0.0
Much less	0	0.0	0	0.0	0	0.0
Total	53	100.0	27	100.0	26	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	2	4.8	1	4.2	1	5.6
Remained basically unchanged	40	95.2	23	95.8	17	94.4
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	42	100.0	24	100.0	18	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	0	0.0	0	0.0	0	0.0
Tightened somewhat	5	9.4	2	7.4	3	11.5
Remained basically unchanged	46	86.8	24	88.9	22	84.6
Eased somewhat	2	3.8	1	3.7	1	3.8
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	27	100.0	26	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	3.03	3.00	3.05
Spreads of interest rates charged on outstanding balances over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.95	2.90	3.00
Minimum percent of outstanding balances required to be repaid each month	3.00	3.00	3.00
Other	3.00	3.00	3.00
Number of banks responding	40	21	19

14. Over the past three months, how has your bank changed the following terms on consumer loans other than credit card loans? (Please assign each term a number between 1 (tightened considerably) and 5 (eased considerably) as in question 13.)

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Maximum maturity	3.02	3.04	3.00
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.92	2.96	2.88
Minimum required down payment	2.98	3.00	2.96
Other	3.00	3.00	3.00
Number of banks responding	52	26	26

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	2	3.8	2	7.4	0	0.0
Moderately stronger	8	15.1	4	14.8	4	15.4
About the same	39	73.6	18	66.7	21	80.8
Moderately weaker	4	7.5	3	11.1	1	3.8
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	53	100.0	27	100.0	26	100.0

Questions 16-23 *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. At this time, what percentage of your bank's material business customers[2] have been evaluated for Year 2000 preparedness?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
Less than 75 percent	2	3.6	2	6.9	0	0.0
At least 75 percent but less than 90 percent	3	5.4	2	6.9	1	3.7
At least 90 percent but less than 95 percent	10	17.9	6	20.7	4	14.8
At least 95 percent	41	73.2	19	65.5	22	81.5
Total	56	100.0	29	100.0	27	100.0

17. What percentage of your bank's material business customers that have been evaluated for Year 2000 preparedness *were 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 2 percent	34	60.7	14	48.3	20	74.1
At least 2 percent but less than 5 percent	19	33.9	13	44.8	6	22.2
At least 5 percent but less than 10 percent	3	5.4	2	6.9	1	3.7
At least 10 percent but less than 15 percent	0	0.0	0	0.0	0	0.0
At least 15 percent	0	0.0	0	0.0	0	0.0
Total	56	100.0	29	100.0	27	100.0

18. To date, how many requests has your bank experienced 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	5	8.9	3	10.3	2	7.4
A negligible number	51	91.1	26	89.7	25	92.6
Total	56	100.0	29	100.0	27	100.0

2. A material business customer is one that represents a material risk exposure, 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.

19. To date, how many requests has your bank experienced for Year 2000 contingency lines of credit (as defined in question 18) from *financial* firms?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
A substantial number	1	1.8	0	0.0	1	3.7
A moderate number	10	17.9	4	13.8	6	22.2
A negligible number	45	80.4	25	86.2	20	74.1
Total	56	100.0	29	100.0	27	100.0

20. 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 19), 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	2	18.2	2	50.0	0	0.0
Finance companies	4	36.4	3	75.0	1	14.3
Mutual funds	3	27.3	2	50.0	1	14.3
Securities dealers and brokerages	3	27.3	3	75.0	0	0.0
REITs	0	0.0	0	0.0	0	0.0
Domestic banks	8	72.7	2	50.0	6	85.7
Branches and agencies of foreign banks	1	9.1	1	25.0	0	0.0
Credit unions	2	18.2	0	0.0	2	28.6
Savings and loans institutions	3	27.3	0	0.0	3	42.9
Mortgage banks	0	0.0	0	0.0	0	0.0
Other	2	18.2	1	25.0	1	14.3
Number of banks responding	11	100.0	4	100.0	7	100.0

21. 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 customers	18	32.1	7	24.1	11	40.7
Yes, but only to existing customers	38	67.9	22	75.9	16	59.3
No	0	0.0	0	0.0	0	0.0
Total	56	100.0	29	100.0	27	100.0

22. How has your bank's strategy to manage its own 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	42	75.0	20	69.0	22	81.5
Standards are tighter	4	7.1	3	10.3	1	3.7
The sizes of lines are smaller	2	3.6	1	3.4	1	3.7
Spreads over base rates or fees are higher	5	8.9	3	10.3	2	7.4
Advances around year-end will require additional or more liquid collateral	2	3.6	1	3.4	1	3.7
Usage of the lines around year-end will be limited	3	5.4	1	3.4	2	7.4
Advances around year-end will entail a rate premium	4	7.1	3	10.3	1	3.7
Lines are being priced relative to your bank's cost of funds rather than independent indexes (such as LIBOR)	4	7.1	1	3.4	3	11.1
Other	6	10.7	5	17.2	1	3.7
Number of banks responding	56	100.0	29	100.0	27	100.0

23. 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 21), or has tightened standards or terms on other lines of credit extending over year-end (as described in question 22), 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	12	34.3	7	31.8	5	38.5
Concerns about the effects of additional lending on capital ratios	12	34.3	7	31.8	5	38.5
Concerns about repayment prospects related to Year 2000 effects on customers	17	48.6	10	45.5	7	53.8
Heightened concerns about credit quality generally	10	28.6	5	22.7	5	38.5
Other	10	28.6	7	31.8	3	23.1
Number of banks responding	35	100.0	22	100.0	13	100.0

Recently, the Federal Reserve announced the creation of a ***Century Date Change Special Liquidity Facility*** *that will make Federal Reserve credit readily available to depository institutions in sound financial condition at a 150 basis point premium over the Federal Open Market Committee's target federal funds rate. The facility will be available from October 1, 1999 to April 7, 2000.* ***Questions 24 and 25*** *ask about your bank's willingness to use the facility.* ***Questions 26 and 27*** *ask about the impact of the facility on your bank's willingness to extend Year 2000 contingency lines of credit.*

24. During the period when the Special Liquidity Facility is available, is it likely that your bank would nonetheless find it attractive to borrow overnight funds elsewhere at an interest rate higher than that charged by the facility?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
No	39	70.9	20	69.0	19	73.1
Yes, but not at a rate more than 25 basis points over the facility rate	7	12.7	5	17.2	2	7.7
Yes, but not at a rate more than 50 basis points over the facility rate	5	9.1	2	6.9	3	11.5
Yes, at a rate more than 50 basis points over the facility rate	4	7.3	2	6.9	2	7.7
Total	55	100.0	29	100.0	26	100.0

25. If it is likely that your bank would find it attractive to borrow overnight funds at a rate higher than that charged by the Special Liquidity Facility (an answer of 2, 3, or 4 to question 24), how important are the following reasons? (Please rate each possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
The "haircuts" the Federal Reserve applies when valuing collateral	1.56	1.78	1.29
The range of collateral that the Federal Reserve accepts	1.75	1.89	1.57
Other collateral requirements the Federal Reserve imposes	1.25	1.44	1.00
Limitations on the amount of collateral your bank has available to pledge	1.81	2.11	1.43
A resistance within your bank's senior management to borrowing from the discount window	2.00	1.89	2.14
Concern that use of the facility would be viewed negatively by bank regulators[3]	1.69	1.44	2.00
Concern that use of the facility would be viewed negatively by market participants[4]	1.75	1.89	1.57
Other	1.38	1.67	1.00
Number of banks responding	16	9	7

3. Absent signs of financial trouble, use of the Special Liquidity Facility will not be taken as an indication of underlying problems and will not trigger intensified oversight by supervisory authorities. See the Federal Reserve System's request for public comment on the Special Liquidity Facility, Docket R-1038.

4. The Federal Reserve treats information on individual bank borrowing at the discount window as confidential.

26. How has the availability of the Special Liquidity Facility changed your bank's willingness to extend Year 2000 lines of credit to *depository* institutions?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
The availability of the facility has increased the willingness of your bank to extend such lines	7	13.0	7	25.0	0	0.0
The availability of the facility has not affected the willingness of your bank to extend such lines	45	83.3	20	71.4	25	96.2
The availability of the facility has reduced the willingness of your bank to extend such lines	2	3.7	1	3.6	1	3.8
Total	54	100.0	28	100.0	26	100.0

27. How has the availability of the Special Liquidity Facility changed your bank's willingness to extend Year 2000 lines of credit to *nondepository* institutions?

	All Respondents		Large Banks		Other Banks	
	Banks	Pct	Banks	Pct	Banks	Pct
The availability of the facility has increased the willingness of your bank to extend such lines	9	16.7	9	32.1	0	0.0
The availability of the facility has not affected the willingness of your bank to extend such lines	44	81.5	18	64.3	26	100.0
The availability of the facility has reduced the willingness of your bank to extend such lines	1	1.9	1	3.6	0	0.0
Total	54	100.0	28	100.0	26	100.0

***Questions 28 and 29** deal with changes in **loan quality** at your bank over the past year.*

28. How has the sensitivity of the delinquency and charge-off rates on the following types of loans held in your bank's portfolio to a period of economic weakness changed over the past year? (Please assign each loan type a number between 1 and 5 using the following scale: 1=increased substantially, 2=increased somewhat, 3=remained basically unchanged, 4=decreased somewhat, 5=decreased substantially.)

	All Respondents		Large Banks		Other Banks	
	Banks	Mean	Banks	Mean	Banks	Mean
Commercial and industrial loans (including merger and acquisition financing)	54	2.70	28	2.64	26	2.77
Commercial real estate loans	51	2.86	25	2.88	26	2.85
Residential real estate loans (including home equity loans)	51	2.86	24	2.96	27	2.78
Consumer loans excluding credit cards	51	2.96	24	3.08	27	2.85
Credit card loans	36	2.97	18	2.94	18	3.00

29. If your bank's commercial and industrial loan portfolio has become more sensitive to a period of economic weakness over the past year (an answer of 1 or 2 to question 28a), how important are the following reasons for the increase? (Please rate each possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
Prevailing lending standards and terms have eased	1.77	1.73	1.82
The credit-risk mix of borrowers has changed	1.55	1.45	1.64
The financial leverage of borrowers has increased	1.95	2.00	1.91
Overcapacity has led to narrower profit margins in some industries	1.82	1.82	1.82
Cash-flow projections of borrowers have weakened	1.68	1.73	1.64
The aging or seasoning of a large volume of loans made earlier	1.50	1.64	1.36
Other	1.27	1.36	1.18
Number of banks responding	22	11	11

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 August 1999[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 policies as changes in policies.*

1. Over the past three months, how have your bank's credit standards for approving applications for C&I loans or credit lines--other than those to be used to finance mergers and acquisitions--changed?

	All Respondents	
	Banks	Pct
Tightened considerably	0	0.0
Tightened somewhat	5	22.7
Remained basically unchanged	17	77.3
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	2.95
Costs of credit lines	2.62
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.33
The premiums charged on riskier loans	2.48
Loan covenants	2.76
Collateralization requirements	2.76
Other	2.90
Total	21

1. As of March 31, 1999, the 22 respondents had combined assets of $200 billion, compared to $757 billion for all foreign-related banking institutions in the United States. The sample is selected from among the largest foreign-related banking institutions in those Federal Reserve Districts where such institutions are common.

3. If your bank has tightened or eased its credit standards or its terms for C&I loans or credit lines over the past three months (as described in questions 1 and 2), how important have been the following possible reasons for the change? (Please respond to either A 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	1.33
A less favorable or more uncertain economic outlook	1.92
A worsening of industry-specific problems	1.92
Less aggressive competition from other commercial banks	1.33
Less aggressive competition from nonbank lenders (other financial intermediaries or the capital markets)	1.17
A reduced tolerance for risk	1.58
Decreased liquidity in the secondary market for these loans	1.50
Other	1.08
Number of banks responding	12

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	2.00
A more favorable or less uncertain economic outlook	1.33
An improvement in industry-specific problems	1.00
More aggressive competition from other commercial banks	1.33
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	1.33
Other	1.00
Number of banks responding	4

4. How has demand for C&I loans (actual disbursements of funds as opposed to requests for new or increased lines of credit) changed over the past three months (apart from normal seasonal variation)?

	All Respondents	
	Banks	Pct
Substantially stronger	0	0.0
Moderately stronger	3	13.6
About the same	17	77.3
Moderately weaker	2	9.1
Substantially weaker	0	0.0
Total	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 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	1.25
Customer accounts receivable financing needs increased	1.25
Customer investment in plant or equipment increased	1.25
Customer internally generated funds decreased	1.50
Customer borrowing shifted from other sources to your bank because these other sources became less attractive	1.25
Customer merger or acquisition financing increased	2.00
Other	1.25
Number of banks responding	4

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

	All Respondents
	Mean
Customer inventory financing needs decreased	2.50
Customer accounts receivable financing needs decreased	2.00
Customer investment in plant or equipment decreased	2.50
Customer internally generated funds increased	2.00
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	1.00
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 standards over the last three months, and question 7 deals with changes in demand over the same period. If your bank's lending 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 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.*

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	4	30.8
Remained basically unchanged	8	61.5
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	1	7.7
About the same	10	76.9
Moderately weaker	2	15.4
Substantially weaker	0	0.0
Total	13	100.0

Questions 8-15 *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. At this time, what percentage of your bank's material business customers[2] have been evaluated for Year 2000 preparedness?

	All Respondents	
	Banks	Pct
Less than 75 percent	1	4.5
At least 75 percent but less than 90 percent	3	13.6
At least 90 percent but less than 95 percent	2	9.1
At least 95 percent	16	72.7
Total	22	100.0

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

	All Respondents	
	Banks	Pct
Less than 2 percent	15	68.2
At least 2 percent but less than 5 percent	6	27.3
At least 5 percent but less than 10 percent	1	4.5
At least 10 percent but less than 15 percent	0	0.0
At least 15 percent	0	0.0
Total	22	100.0

10. To date, how many requests has your bank experienced 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	22	100.0
Total	22	100.0

2. A material business customer is one that represents a material risk exposure, 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.

11. To date, how many requests has your bank experienced for Year 2000 contingency lines of credit (as defined in question 10) from *financial* firms?

	All Respondents	
	Banks	Pct
A substantial number	0	0.0
A moderate number	2	10.0
A negligible number	18	90.0
Total	20	100.0

12. 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 11), 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
Securities dealers and brokerages	1	50.0
REITs	0	0.0
Domestic banks	0	0.0
Branches and agencies of foreign banks	1	50.0
Credit unions	0	0.0
Savings and loans institutions	0	0.0
Mortgage banks	0	0.0
Other	0	0.0
Number of banks responding	2	100.0

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

	All Respondents	
	Banks	Pct
Yes, to existing and new customers	0	0.0
Yes, but only to existing customers	12	63.2
No	7	36.8
Total	19	100.0

14. How has your bank's strategy to manage its own 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	7	31.8
Standards are tighter	6	27.3
The sizes of lines are smaller	2	9.1
Spreads over base rates or fees are higher	6	27.3
Advances around year-end will require additional or more liquid collateral	0	0.0
Usage of the lines around year-end will be limited	7	31.8
Advances around year-end will entail a rate premium	3	13.6
Lines are being priced relative to your bank's cost of funds rather than independent indexes (such as LIBOR)	4	18.2
Other	2	9.1
Number of banks responding	22	100.0

15. 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 13), or has tightened standards or terms on other lines of credit extending over year-end (as described in question 14), why? (Please select all that apply.)

	All Respondents	
	Banks	Pct
Anticipated difficulty of funding credit lines over year-end	11	55.0
Concerns about the effects of additional lending on capital ratios	8	40.0
Concerns about repayment prospects related to Year 2000 effects on customers	5	25.0
Heightened concerns about credit quality generally	5	25.0
Other	3	15.0
Number of banks responding	20	100.0

*Recently, the Federal Reserve announced the creation of a **Century Date Change Special Liquidity Facility** that will make Federal Reserve credit readily available to depository institutions in sound financial condition at a 150 basis point premium over the Federal Open Market Committee's target federal funds rate. The facility will be available from October 1, 1999 to April 7, 2000. **Questions 16 and 17** ask about your bank's willingness to use the facility. **Questions 18 and 19** ask about the impact of the facility on your bank's willingness to extend Year 2000 contingency lines of credit.*

16. During the period when the Special Liquidity Facility is available, is it likely that your bank would nonetheless find it attractive to borrow overnight funds elsewhere at an interest rate higher than that charged by the facility?

	All Respondents	
	Banks	Pct
No	9	60.0
Yes, but not at a rate more than 25 basis points over the facility rate	2	13.3
Yes, but not at a rate more than 50 basis points over the facility rate	0	0.0
Yes, at a rate more than 50 basis points over the facility rate	4	26.7
Total	15	100.0

17. If it is likely that your bank would find it attractive to borrow overnight funds at a rate higher than that charged by the Special Liquidity Facility (an answer of 2, 3, or 4 to question 16), how important are the following reasons? (Please rate each possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

	All Respondents
	Mean
The "haircuts" the Federal Reserve applies when valuing collateral	1.67
The range of collateral that the Federal Reserve accepts	2.00
Other collateral requirements the Federal Reserve imposes	1.20
Limitations on the amount of collateral your bank has available to pledge	2.83
A resistance within your bank's senior management to borrowing from the discount window	1.83
Concern that use of the facility would be viewed negatively by bank regulators[3]	1.50
Concern that use of the facility would be viewed negatively by market participants[4]	2.00
Other	2.00
Total	6

3. Absent signs of financial trouble, use of the Special Liquidity Facility will not be taken as an indication of underlying problems and will not trigger intensified oversight by supervisory authorities. See the Federal Reserve System's request for public comment on the Special Liquidity Facility, Docket R-1038.

4. The Federal Reserve treats information on individual bank borrowing at the discount window as confidential.

18. How has the availability of the Special Liquidity Facility changed your bank's willingness to extend Year 2000 lines of credit to *depository* institutions?

	All Respondents	
	Banks	Pct
The availability of the facility has increased the willingness of your bank to extend such lines	2	11.1
The availability of the facility has not affected the willingness of your bank to extend such lines	16	88.9
The availability of the facility has reduced the willingness of your bank to extend such lines	0	0.0
Total	18	100.0

19. How has the availability of the Special Liquidity Facility changed your bank's willingness to extend Year 2000 lines of credit to *non-depository* institutions?

	All Respondents	
	Banks	Pct
The availability of the facility has increased the willingness of your bank to extend such lines	1	5.6
The availability of the facility has not affected the willingness of your bank to extend such lines	17	94.4
The availability of the facility has reduced the willingness of your bank to extend such lines	0	0.0
Total	18	100.0

Questions 20 and 21 deal with changes in **loan quality** at your bank over the past year.

20. How has the sensitivity of the delinquency rates on the following types of loans held in your bank's portfolio to a period of economic weakness changed over the past year? (Please assign each loan type a number between 1 and 5 using the following scale: 1=increased substantially, 2=increased somewhat, 3=remained basically unchanged 4=decreased somewhat, 5=decreased substantially.

	All Respondents	
	Banks	Mean
Commercial and industrial loans (including merger and acquisition financing)	22	2.64
Commercial real estate loans	14	2.93

21. If your bank's commercial and industrial loan portfolio has become more sensitive to a period of economic weakness over the past year (an answer of 1 or 2 to question 20a), how important are the following reasons for the increase? (Please rate each possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

	All Respondents
	Mean
Prevailing lending standards and terms have eased	1.60
The credit-risk mix of borrowers has changed	1.80
The financial leverage of borrowers has increased	1.60
Overcapacity has led to narrower profit margins in some industries	1.67
Cash-flow projections of borrowers have weakened	1.89
The aging or seasoning of a large volume of loans made earlier	1.44
Other	1.20
Total	10