SENIOR FINANCIAL OFFICER AND LOAN OFFICER SURVEYS[1]

August 1991

Summary

In view of the unusual weakness of the monetary aggregates and bank credit in recent months, the System recently conducted two surveys of large commercial banks, requesting information on retail deposit behavior, loan demand, and lending standards and terms.

The Senior Financial Officer Survey found that many banks recently experienced weaker than usual retail deposit growth. The most commonly given reasons for this weaker growth were the more attractive returns on nondeposit instruments, the condition of the local economy, and measures taken by banks to reduce or offset the cost of attracting deposits. Most banks did not intend to step up their pursuit of retail deposits over the remainder of the year, and some anticipated taking further steps to reduce deposit costs. On the asset side, banks reported weaker demand for some types of business loans in recent months, with reduced inventory and fixed investment financing given most often as reasons. In the home mortgage and consumer lending markets, however, the balance tipped toward those reporting stronger demands for credit.

At the same time, results from the Senior Loan Officer Survey show a further reduction in the net share of banks that had tightened credit availability over the last three months. The waning of the trend toward tightening was most evident at foreign-related institutions. And although lending standards for residential mortgages were tightened slightly on balance, there was little indication that banks had changed their willingness to provide consumer credit. Standards for commercial real estate lending, however, continued to be tightened at about the same pace as reported in the May survey.

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[1] Prepared by the Division of Monetary Affairs (Brian Reid and James A. Wilcox, with research assistance by Douglas Carpenter and Thomas Allard).

Senior Financial Officer Survey

Statistical results of the Senior Financial Officer Survey are given in Table 1.

Retail Deposit Growth

Nearly half of the institutions characterized retail deposit growth as having been unusually weak since the end of May**,** while only a few banks reported unusually strong growth. The most frequently cited reason for the unusually slow growth was the more attractive returns available on nondeposit instruments, such as bond funds and Treasury securities: Of the banks experiencing unusually weak deposit growth, about three-quarters considered this a factor. In addition, half of these banks attributed some of the weakness to changes in their own deposit rates, fee structures, or promotional expenditures. Indeed, banks with slow deposit growth more often reported that they had lowered their deposit rates relative to other banks in their market, had increased fees, or had reduced advertising and other promotional efforts. Banks with lower capital-asset ratios also were somewhat more likely to have taken such steps. Other reasons for slow deposit growth—including the condition of the local economy, rates and terms offered by other depositories, concerns about deposit safety, and changes in their own promotion of nondeposit investments—also were given, but less frequently.

Several questions on the survey dealt with possible reasons for changes in banks' demands for retail deposits. About 20 percent of respondents indicated that increased deposit insurance premiums had reduced somewhat their demands for retail deposits. A larger share, about a third of the surveyed banks, reported that the weak pace of asset growth had decreased their demands for retail deposits, and about half said it had reduced their demands for wholesale liabilities. These results held for banks with weak retail deposit growth as well as those institutions with unchanged or strong growth. Only a handful of the twenty-five banks that had acquired retail deposits from failed depository institutions indicated that this had made them less aggressive in seeking additional deposits. And all of the banks that were seeking funds less aggressively also were experiencing weaker retail deposit growth.

It would appear that banks do not anticipate a sizable acceleration of asset growth over the remainder of the year, since very few intend to pursue retail deposits more aggressively. Most banks expected to make no change in either their relative deposit rates or fees. A minority expected to reduce rates and to increase fees. On balance, banks expected not to make changes in promotional expenditures and other expenditures on retail deposit-taking, such as those for branch operations. Those intending to compete less aggressively were split about evenly between those currently experiencing weak growth and those not. However, 40 percent expect to acquire deposits from failed thrifts over the balance of the year.

Loan Demand

Weak loan demand was the most common reason given for weak asset growth since May, while securitization and steps taken to restrain lending also were listed by some banks. About a quarter of the banks indicated that the demand for business loans from large corporate customers was weaker in recent months, whereas only a few banks reported stronger loan demand from large firms. Most of the banks attributed this weakness to decreased inventory and fixed investment financing needs: a few cited increased customer financing at other banks or from nonbank institutions and capital markets. Loan demand on the part of middle-market firms also appears to be off somewhat in recent months, but to a lesser extent than for large corporate customers. More banks reported stronger demand for this category than had for large corporate customers.

Loan demand for small business customers was about the same as usual, with roughly the same number of respondents reporting increased as decreased demand. Those banks that cited weaker loan demand from small businesses attributed the decline to decreased financing needs, with only a few citing financing at other banks. By contrast, those citing stronger growth typically mentioned decreased customer financing at other banks but were less likely to report increased need for financing inventories or fixed investment.

Banks experiencing weak retail deposit growth were slightly more likely to report weaker business loan demand, especially among their large corporate borrowers. But the somewhat stronger demands for home mortgages in recent months were apparent at banks with weak as well as unchanged or strong retail deposit growth. On balance, the demand for consumer loans was unchanged.

Senior Loan Officer Survey

Statistical results of the Senior Loan Officer Survey are given in Tables 2 and 3.

Nonmerger-Related C&I Loans

Although lending standards for non-merger-related business loans again were tightened on balance, a smaller number of banks reported tightening than in the May survey. Of those domestic banks that did report tightening in the August survey, none mentioned pressures on capital positions, while six of the thirteen banks in this category cited regulatory pressures. As in previous surveys, however, concerns about the economic outlook and industry-specific problems remained the principal reasons given by domestic banks for the additional tightening over the prior three months.

The number of banks reporting additional tightening of terms on bank loans that were being made continued the decline reported in the May survey. A significant minority of banks increased the costs of credit lines and the spreads of loan rates over base rate. A number of banks also reported more stringent collateral requirements, loan covenants, and credit line sizes.

Commercial Real Estate

Between one-fourth and one-third of domestic respondents reported having tightened lending standards for commercial real estate over the prior three months, about the same fraction as in the May survey. There was a modest increase in domestic respondents indicating that they had tightened standards for approving construction and land development loans. However, the pace of tightening remains considerably below that observed in the January survey.

Household Loans

Credit standards for approving mortgage applications from individuals to purchase homes continued to be tightened, but the number of banks that tightened them was smaller than in the May survey. The willingness to make consumer loans was about unchanged on balance, as it was in the May survey, with a few banks reporting increased willingness and a few decreased willingness to lend to consumers.

Longer-Term Changes in Bank Lending Practices

On balance, about half of domestic banks reported that they had tightened their credit standards for consumer installment loans over the past year. Although few banks noted changes in the maximum size of such loans, almost one-third reported increased collateral or downpayment requirements. About 60 percent of respondent banks tightened credit standards for credit card loans. Tightened standards on home equity lines of credit were reported by more than 40 percent of respondent banks, with about the same number having raised collateral requirements.

About two-thirds of domestic and foreign respondent banks increased their interest rate spreads over funding costs for mini-perm and construction loans that have come due in the last 12 months and have been temporarily extended.[2] Of those domestic banks reporting tightened credit standards for approving construction and land development loans in the last year, more than four-fifths tightened lending policies with respect to at least one of the following: preleasing (share of units under lease commitments prior to loan), borrower equity, or collateral. About seven out of ten domestic respondents imposed wider spreads of loan rates over costs of funds. Smaller fractions of foreign banks changed these aspects of lending policies.

Over the past two years, appraisal policies for commercial mortgages also have changed. About 90 percent of respondent banks indicated that more time is now assumed to be needed for

[2] Mini-perm loans finance the construction of properties and are secured by real estate. Their maturities frequently extend up to seven or eight years, and they are intended to come due sometime after the completion of the project being financed. According to the June 1991 Senior Loan Officer Opinion Survey, mini-perm loans accounted for around 23 percent of domestic respondent banks' real estate loan portfolios and 44 percent at foreign banks.

stabilized occupancy rates to be achieved. About four-fifths of respondent banks have lowered their projections of rental fees for the next five years. More than half of the respondents also have lowered their projections of rental fees that will prevail more than five years hence. Most respondent banks in the August survey report using higher capitalization rates to evaluate projects, with about one-fifth opting for considerably higher rates. In addition, more than half of the respondent banks report having lowered maximum loan-to-value ratios, with nearly one-quarter of the respondent large banks having lowered them considerably.[3]

Loan Sales

After having grown rapidly in the second half of the 1980s, more recently the outstanding volume of loans sold has declined. A year ago, surveyed domestic banks reported an aggregate of $80 billion of outstanding C&I loans sold or participated to others, about 15 percent above the figure the year before that. By contrast, in the August survey, domestic respondents report $59.5 billion of outstanding C&I loans sold, a decline of about 25 percent from the year ago level. In part, this decline reflected the inability of some banks that had reported outstanding loans in the August 1990 survey to do so this year. For those banks that reported in both surveys, the decline in volume of loans sold was 12 percent. U.S. branches and agencies of foreign banks have purchased a substantial share of loans sold. Merger-related loans fell to about 35 percent of outstanding loans sold, down from 37 percent last year and 45 percent two years ago. Loans made to investment-grade borrowers fell from 44 percent a year ago to 24 percent in the latest survey, and the share of these loans that was nonperforming was 2-3/4 percent, down from 3-1/2 percent in the August 1990 survey. At branches and agencies of foreign banks, the outstanding volume of loans sold was little changed from the year-earlier level at $7-3/4 billion. Loans sold that were made to investment-grade customers constituted 18 percent of the total, compared to 32 percent a year earlier.

[3] Large banks are defined in this survey as those having more than $10 billion in assets.

Table l

SENIOR FINANCIAL OFFICER OPINION SURVEY
AT SELECTED LARGE BANKS IN THE UNITED STATES
(Survey taken August 9-13, 1991)
(Number of banks and percent of banks answering question)

In view of the unusual weakness of the monetary aggregates and bank credit in recent months, the Federal Reserve is seeking information from depository institutions on factors that may have contributed to this weakness, on institutions' plans for liability management over the remainder of the year, and on the strength of loan demand in recent months.

1. Please characterize retail deposit growth at your institution since the end of May.

Number of banks (Percent)

	Unusually Weak	About normal	Unusually strong	Total Banks
All Respondents	26 (44.8)	26 (44.8)	6 (10.3)	58
Capital ratio: 8% and over	17 (37.8)	23 (51.1)	5 (11.1)	45
Capital ratio: under 8%	9 (69.2)	3 (23.1)	1 (7.7)	13
Asset size: $10.0 bil. and over	14 (42.4)	16 (48.5)	3 (9.1)	33
Asset size: under $10.0 bil.	23 (48.0)	10 (40.0)	3 (12.0)	25

2. To what do you attribute the characterization in question 1? (Circle all that apply.)

a. Changes by your institution in deposit rates, fees, or promotion and advertising.
b. Economic conditions in your deposit area.
c. The returns available on nondeposit instruments, such as bond mutual funds or Treasury securities.
d. The rates and terms offered by other banking or thrift institutions in your retail deposit market.
e. Depositor concerns about the safety of deposits in banks.
f. Changes in promotion of deposit investments through your offices, such as investments through a broker or a family of mutual funds with which you have established a relationship.
g. Other. (Please specify.)

Number of banks (Percent)

	Changes in your deposit rates	Economic conditions in your deposit area	Returns on nondeposit instruments	The rates and terms offered by other depositories
All Respondents	23 (39.0)	26 (44.1)	33 (55.9)	18 (30.5)
Capital ratio: 8% and over	16 (34.8)	20 (43.5)	24 (52.2)	16 (34.8)
Capital ratio: under 8%	7 (53.8)	6 (46.2)	9 (69.2)	2 (15.4)
Asset size: $10.0 bil. and over	11 (32.4)	16 (47.1)	22 (64.7)	11 (32.4)
Asset size: under $10.0 bil.	12 (48.0)	10 (40.0)	11 (44.0)	7 (28.0)
Question 1: Unusually weak	13 (50.0)	10 (38.5)	20 (76.9)	7 (26.9)

Number of banks (Percent)

	Depositor concerns about safety	Changes in Promotion	Other	Total banks
All Respondents	18 (30.5)	8 (13.6)	8 (13.6)	59
Capital ratio: 8% and over	12 (26.1)	5 (10.9)	8 (17.4)	46
Capital ratio: under 8%	6 (46.2)	3 (23.1)	0 (0.0)	13
Asset size: $10.0 bil. and over	10 (29.4)	4 (11.8)	6 (17.6)	34
Asset size: under $10.0 bil.	8 (32.0)	4 (16.0)	2 (8.0)	25
Question 1: Unusually weak	7 (26.9)	5 (19.2)	3 (11.5)	26

3. On balance since May 31, how has your institution adjusted its

a. rates on money market deposit accounts relative to the average rates in your market?

Number of banks (Percent)

	Increased	Unchanged	Decreased	Total banks
All respondents	4 (7.0)	38 (66.7)	15 (26.3)	57
Capital ratio: 8% and over	3 (6.8)	31 (70.5)	10 (22.7)	44
Capital ratio: under 8%	1 (7.7)	7 (53.8)	5 (38.5)	13
Asset size: $10.0 bil. and over	2 (6.2)	26 (81.2)	4 (12.5)	32
Asset size: under $10.0 bil.	2 (8.0)	12 (48.0)	11 (44.0)	25

b. rates on retail certificates of deposit relative to the average rates in your market.

Number of banks (Percent)

	Increased	Unchanged	Decreased	Total banks
All respondents	5 (8.8)	38 (66.7)	14 (24.6)	57
Capital ratio: 8% and over	4 (9.1)	31 (70.5)	9 (20.5)	44
Capital ratio: under 8%	1 (7.7)	7 (53.8)	5 (38.5)	13
Asset size: $10.0 bil. and over	2 (6.2)	25 78.1)	5 (15.6)	32
Asset size: under $10.0 bil.	3 (12.0)	13 (52.0)	9 (36.0)	25

c. retail deposit account service fees.

Number of banks (Percent)

	Increased	Unchanged	Decreased	Total banks
All respondents	4 (7.0)	53 (93.0)	0 (0.0)	57
Capital ratio: 8% and over	1 (2.3)	43 (97.7)	0 (0.0)	44
Capital ratio: under 8%	3 (23.1)	10 (76.9)	0 (0.0)	13
Asset size: $10.0 bil. and over	1 (3.1)	31 (96.9)	0 (0.0)	32
Asset size: under $10.0 bil.	3 (12.0)	22 (88.0)	0 (0.0)	25

d. expenditures on advertising and other promotional efforts designed to attract retail deposits?

Number of banks (Percent)

	Increased	Unchanged	Decreased	Total banks
All respondents	9 (15.8)	37 (64.9)	11 (19.3)	57
Capital ratio: 8% and over	8 (18.2)	27 (61.4)	9 (20.5)	44
Capital ratio: under 8%	1 (7.7)	10 (76.9)	2 (15.4)	13
Asset size: $10.0 bil. and over	7 (21.9)	19 (59.4)	6 (18.8)	32
Asset size: under $10.0 bil.	2 (8.0)	18 (72.0)	5 (20.0)	25

e. other expenditures on retail deposit taking, such as those for branch operations?

Number of banks (Percent)

	Increased	Unchanged	Decreased	Total banks
All respondents	3 (5.4)	47 (83.9)	6 (10.7)	56
Capital ratio: 8% and over	1 (4.7)	38 (88.4)	3 (7.0)	43
Capital ratio: under 8%	3 (7.7)	9 (69.2)	3 (23.1)	13
Asset size: $10.0 bil. and over	2 (6.5)	26 (83.9)	3 (9.7)	31
Asset size: under $10.0 bil.	1 (4.0)	21 (84.0)	3 (12.0)	25

4. If your institution has acquired retail deposits since the end of May from failed depository institutions through insured deposit transfers or purchase and assumption transactions, how have these acquisitions affected your institution's aggressiveness in seeking additional retail deposits?

Number of banks (Percent)

	Decreased aggressiveness	No effect	Increased aggressiveness	Total banks
All respondents	4 (16.0)	20 (80.0)	1 (4.0)	25
Capital ratio: 8% and over	2 (10.5)	16 (84.2)	1 (5.3)	19
Capital ratio: under 8%	2 (33.3)	4 (66.7)	0 (0.0)	6
Asset size: $10.0 bil. and over	0 (0.0)	17 (100.0)	0 (0.0)	17
Asset size: under $10.0 bil.	4 (50.0)	3 (37.5)	1 (12.5)	8

5. How have increased deposit insurance premiums influenced your desired growth rate of retail deposits?

Number of banks (Percent)

	Reduced substantially	Reduced moderately	Left unchanged	Total banks
All respondents	0 (0.0)	13 (22.0)	46 (78.0)	59
Capital ratio: 8% and over	0 (0.0)	11 (23.9)	35 (76.1)	46
Capital ratio: under 8%	0 (0.0)	2 (15.4)	11 (84.6)	13
Asset size: $10.0 bil. and over	0 (0.0)	6 (17.6)	28 (82.4)	34
Asset size: under $10.0 bil.	0 (0.0)	7 (28.0)	18 (72.0)	25

6. Has the pace of asset growth at your institution since the end of May affected your desired rate of retail deposit growth?

   a. Yes, strong asset growth has <u>substantially</u> increased our desired rate of retail deposit growth.
   b. Yes, strong asset growth has <u>moderately</u> increased our desired rate of retail deposit growth.
   c. No, asset growth has not affected our desired rate of retail deposit growth.
   d. Yes, weak asset growth has <u>moderately</u> decreased our desired rate of retail deposit growth.
   e. Yes, weak asset growth has <u>substantially</u> decreased our desired rate of retail deposit growth.

Number of banks (Percent)

	Yes, substantially increased	Yes, moderately increased	No	Yes, moderately decreased	Yes, substantially decreased	Total banks
All respondents	0 (0.0)	1 (1.8)	36 (63.2)	17 (29.8)	3 (5.3)	57
Capital ratio: 8% and over	0 (0.0)	0 (0.0)	27 (61.4)	15 (34.1)	2 (4.5)	44
Capital ratio: under 8%	0 (0.0)	1 (7.7)	9 (69.2)	2 (15.4)	1 (7.7)	13
Asset size: $10.0 bil. and over	0 (0.0)	1 (3.1)	21 (65.6)	10 (31.3)	0 (0.0)	32
Asset size: under $10.0 bil.	0 (0.0)	0 (0.0)	15 (60.0)	7 (28.0)	3 (12.0)	25

7. Has the pace of asset growth at your institution since the end of May affected your desired growth rate for wholesale liabilities?

   a. Yes, strong asset growth has substantially increased our desired growth rate for wholesale liabilities.
   b. Yes, strong asset growth has moderately increased our desired growth rate for wholesale liabilities.
   c. No, asset growth has not affected our desired growth rate for wholesale liabilities.
   d. Yes, weak asset growth has moderately decreased our desired growth rate for wholesale liabilities.
   e. Yes, weak asset growth has substantially decreased our desired growth rate for wholesale liabilities.

Number of banks (Percent)

	Yes, substantially increased	Yes, moderately increased	No	Yes, moderately decreased	Yes, substantially decreased	Total banks
All respondents	0 (0.0)	2 (3.4)	26 (44.1)	16 (27.1)	14 (23.7)	59
Capital ratio: 8% and over	0 (0.0)	2 (4.3)	20 (43.5)	12 (26.1)	11 (23.9)	46
Capital ratio: under 8%	0 (0.0)	0 (7.7)	9 (46.2)	4 (30.8)	3 (23.1)	13
Asset size: $10.0 bil. and over	0 (0.0)	1 (2.9)	15 (44.1)	6 (17.6)	11 (32.4)	34
Asset size: under $10.0 bil.	0 (0.0)	1 (4.0)	11 (44.0)	10 (28.0)	3 (12.0)	25

8. If your asset growth since the end of May has been weak, do you attribute it to (circle all that apply):

Number of banks (Percent)

	Weak loan demand?	Securiti-zation?	Steps taken to restrain lending?	Other?	Total banks
All respondents	45 (76.3)	6 (10.2)	14 (23.7)	9 (15.3)	59
Capital ratio: 8% and over	38 (82.6)	2 (4.3)	10 (21.7)	6 (13.0)	46
Capital ratio: under 8%	7 (53.8)	4 (30.8)	4 (30.8)	3 (23.1)	13
Asset size: $10.0 bil. and over	28 (82.4)	5 (14.7)	7 (20.6)	6 (17.6)	34
Asset size: under $10.0 bil.	17 (68.0)	1 (4.0)	7 (28.0)	3 (12.0)	25

9. Over the remainder of the year, how would your institution be most likely to adjust its

a. rates on money market deposit accounts relative to the average rates in your market?

Number of banks (Percent)

	Increased	No change	Decreased	Total banks
All respondents	1 (1.7)	44 (75.9)	13 (22.4)	58
Capital ratio: 8% and over	0 (0.0)	34 (75.6)	11 (24.5)	45
Capital ratio: under 8%	1 (7.7)	10 (76.9)	2 (15.4)	13
Asset size: $10.0 bil. and over	1 (3.0)	26 (78.8)	6 (18.2)	33
Asset size: under $10.0 bil.	0 (0.0)	18 (72.0)	7 (28.0)	25

b. rates on retail certificates of deposit relative to the average rates in your market?

Number of banks (Percent)

	Increased	No change	Decreased	Total banks
All respondents	2 (3.4)	42 (72.4)	14 (24.1)	58
Capital ratio: 8% and over	1 (2.2)	32 (71.1)	12 (26.7)	45
Capital ratio: under 8%	1 (7.7)	10 (76.9)	2 (15.4)	13
Asset size: $10.0 bil. and over	1 (3.0)	27 (81.8)	5 (15.2)	33
Asset size: under $10.0 bil.	1 (4.0)	15 (60.0)	9 (36.0)	25

c. retail deposit account service fees?

Number of banks (Percent)

	Increased	No change	Decreased	Total banks
All respondents	12 (20.7)	46 (79.3)	0 (0.0)	58
Capital ratio: 8% and over	10 (22.2)	35 (77.8)	0 (0.0)	45
Capital ratio: under 8%	2 (15.4)	11 (84.6)	0 (0.0)	13
Asset size: $10.0 bil. and over	9 (27.3)	24 (72.7)	0 (0.0)	33
Asset size: under $10.0 bil.	3 (12.0)	22 (88.0)	0 (0.0)	25

d. expenditures on advertising and other promotional efforts designed to attract retail deposits?

Number of banks (Percent)

	Increased	No change	Decreased	Total banks
All respondents	10 (17.2)	41 (70.7)	7 (12.1)	58
Capital ratio: 8% and over	4 (8.9)	35 (77.6)	6 (13.3)	45
Capital ratio: under 8%	6 (46.2)	6 (46.2)	1 (7.7)	13
Asset size: $10.0 bil. and over	6 (18.2)	21 (63.6)	6 (18.2)	33
Asset size: under $10.0 bil.	4 (16.0)	20 (80.0)	1 (3.0)	25

e. other expenditures on retail deposit taking, such as those for branch operations?

Number of banks (Percent)

	Increased	No change	Decreased	Total banks
All respondents	7 (12.3)	45 (78.9)	5 (8.8)	57
Capital ratio: 8% and over	3 (6.8)	38 (86.4)	3 (6.8)	44
Capital ratio: under 8%	4 (30.8)	7 (53.8)	2 (15.4)	13
Asset size: $10.0 bil. and over	3 (9.4)	26 (81.2)	3 (9.4)	32
Asset size: under $10.0 bil.	4 (16.0)	19 (76.0)	2 (8.0)	25

10. Is your institution likely to acquire retail deposits from failed institutions over the remainder of the year?

Number of banks (Percent)

	Yes	No	Total banks
All respondents	24 (40.7)	34 (57.6)	59
Capital ratio: 8% and over	18 (39.1)	28 (60.9)	46
Capital ratio: under 8%	6 (46.2)	6 (46.2)	13
Asset size: $10.0 bil. and over	17 (50.0)	17 (50.0)	34
Asset size: under $10.0 bil.	7 (28.0)	17 (68.0)	25

The next nine questions ask for your characterization of the demand for various types of loans. For these questions, please consider a middle market firm to be a firm with annual sales between $50 and $250 million. “Large corporate customers” are those that are larger than middle market customers, while “small businesses” are those that are smaller. If you prefer to use your institution’s definitions and they differ from those stated here, please indicate the definition used.

(By volume of total domestic assets, in $ billions, as of March 31, 1991)

11. Please characterize the demand for business loans from large corporate customers in June and July compared with demand in the preceding three months. Apart from normal seasonal variation, this loan demand in June and July was:

Number of banks (Percent)

	Substantially stronger	Moderately stronger	About the same	Moderately weaker	Substantially weaker	Total banks
All respondents	0 (0.0)	3 (5.2)	41 (70.7)	13 (22.4)	1 (1.7)	58
$10.0 and over	0 (0.0)	2 (5.9)	19 (55.9)	12 (35.3)	1 (2.9)	34
Under $10.0	0 (0.0)	1 (4.2)	22 (91.7)	1 (4.2)	0 (0.0)	24

12. If large corporate customer loan demand was either weaker or stronger in June and July, please check all primary reasons that apply.

    a. Inventory financing needs

Number of banks (Percent)

	Increased	Decreased	Total banks
All respondents	2 (3.4)	11 (18.6)	59
$10.0 and over	1 (2.9)	8 (23.5)	34
Under $10.0	1 (4.0)	3 (12.0)	25

b. Investment in plant or equipment

Number of banks (Percent)

	Increased	Decreased	Total banks
All respondents	1 (1.7)	10 (16.9)	59
$10.0 and over	0 (0.0)	8 (23.5)	34
Under $10.0	1 (4.0)	2 (8.0)	25

c. Customer financing at other banks

Number of banks (Percent)

	Increased	Decreased	Total banks
All respondents	4 (6.8)	1 (1.7)	59
$10.0 and over	2 (5.9)	1 (2.9)	34
Under $10.0	2 (8.0)	0 (0.0)	25

d. Customer financing from nonbank financial institutions or in capital markets

Number of banks (Percent)

	Increased	Decreased	Total banks
All respondents	4 (6.8)	3 (5.1)	59
$10.0 and over	3 (8.8)	2 (5.9)	34
Under $10.0	1 (4.0)	1 (4.0)	25

e. Other. (Please specify.)

Number of banks (Percent)

	Increased	Decreased	Total banks
All respondents	1 (1.7)	1 (1.7)	59
$10.0 and over	1 (2.9)	1 (2.9)	34
Under $10.0	0 (0.0)	0 (0.0)	25

13. Please characterize the demand for business loans from middle market firms in June and July compared with demand in the preceding three months. Apart from normal seasonal variation, this loan demand in June and July was:

Number of banks (Percent)

	Substantially stronger	Moderately stronger	About the same	Moderately weaker	Substantially weaker	Total banks
All respondents	0 (0.0)	7 (12.5)	38 (67.9)	11 (19.6)	0 (0.0)	56
$10.0 and over	0 (0.0)	4 (12.9)	19 (61.3)	8 (25.8)	0 (0.0)	31
Under $10.0	0 (0.0)	3 (12.0)	19 (76.0)	3 (12.0)	0 (0.0)	25

14. If middle market customer loan demand was either weaker or stronger in June and July, please check all primary reasons that apply.

a. Inventory financing needs

Number of banks (Percent)

	Increased	Decreased	Total banks
All respondents	4 (6.8)	9 (15.3)	59
$10.0 and over	2 (5.9)	5 (14.7)	34
Under $10.0	2 (8.0)	4 (16.0)	25

b. Investment in plant or equipment

Number of banks (Percent)

	Increased	Decreased	Total banks
All respondents	3 (5.1)	9 (15.3)	59
$10.0 and over	2 (5.9)	5 (14.7)	34
Under $10.0	1 (4.0)	4 (16.0)	25

c. Customer financing at other banks

Number of banks (Percent)

	Increased	Decreased	Total banks
All respondents	2 (3.4)	5 (8.5)	59
$10.0 and over	1 (2.9)	2 (5.9)	34
Under $10.0	1 (4.0)	3 (12.0)	25

d. Customer financing from nonbank financial institutions or in capital market

Number of banks (Percent)

	Increased	Decreased	Total banks
All respondents	2 (3.4)	3 (5.1)	59
$10.0 and over	0 (0.0)	1 (2.9)	34
Under $10.0	2 (8.0)	2 (8.0)	25

e. Other. (Please specify.)

Number of banks (Percent)

	Increased	Decreased	Total banks
All respondents	1 (1.7)	2 (3.4)	59
$10.0 and over	1 (2.9)	2 (5.9)	34
Under $10.0	0 (0.0)	0 (0.0)	25

15. Please characterize the demand for business loans from small businesses in June and July compared with demand in the preceding three months. Apart from normal seasonal variation, this loan demand in June and July was:

Number of banks (Percent)

	Substantially stronger	Moderately stronger	About the same	Moderately weaker	Substantially weaker	Total banks
All respondents	0 (0.0)	9 (15.5)	41 (70.7)	8 (13.8)	0 (0.0)	58
$10.0 and over	0 (0.0)	7 (21.2)	23 (69.7)	3 (9.1)	0 (0.0)	33
Under $10.0	0 (0.0)	2 (8.0)	18 (72.0)	5 (20.0)	0 (0.0)	25

16. If small business loan demand was either weaker or strong in June and July, please check all primary reasons that apply.

    a. Inventory financing needs

Number of banks (Percent)

	Increased	Decreased	Total banks
All respondents	2 (3.4)	6 (10.2)	59
$10.0 and over	1 (2.9)	3 (8.8)	34
Under $10.0	1 (4.0)	3 (12.0)	25

    b. Investment in plant or equipment

Number of banks (Percent)

	Increased	Decreased	Total banks
All respondents	4 (6.8)	4 (6.8)	59
$10.0 and over	3 (8.8)	1 (2.9)	34
Under $10.0	1 (4.0)	3 (12.0)	25

c. Customer financing at other banks

Number of banks (Percent)

	Increased	Decreased	Total banks
All respondents	2 (3.4)	6 (10.2)	59
$10.0 and over	1 (2.9)	3 (8.8)	34
Under $10.0	1 (4.0)	3 (12.0)	25

d. Customer financing from nonbank financial institutions or in capital markets

Number of banks (Percent)

	Increased	Decreased	Total banks
All respondents	0 (0.0)	4 (6.8)	59
$10.0 and over	0 (0.0)	1 (2.9)	34
Under $10.0	0 (0.0)	3 (12.0)	25

e. Other. (Please specify.)

Number of banks (Percent)

	Increased	Decreased	Total banks
All respondents	1 (1.7)	3 (5.1)	59
$10.0 and over	0 (0.0)	1 (3.9)	34
Under $10.0	1 (4.0)	2 (8.0)	25

17. Please characterize the demand for residential mortgages to purchase homes in June and July compared with demand in the preceding three months. Apart from normal seasonal variation, this loan demand in June and July was:

Number of banks (Percent)

	Substantially stronger	Moderately stronger	About the same	Moderately weaker	Substantially weaker	Total banks
All respondents	3 (5.4)	19 (33.9)	18 (32.1)	14 (25.0)	2 (3.6)	56
$10.0 and over	2 (6.2)	10 (31.3)	11 (34.4)	8 (25.0)	1 (3.1)	32
Under $10.0	1 (4.2)	9 (37.5)	7 (29.2)	6 (25.0)	1 (4.2)	24

18. Please characterize the demand for home equity lines of credit in June and July with demand in the preceding three months. Apart from normal seasonal variation, this loan demand in June and July was:

Number of banks (Percent)

	Substantially stronger	Moderately stronger	About the same	Moderately weaker	Substantially weaker	Total banks
All respondents	1 (1.9)	9 (16.7)	36 (66.7)	7 (13.0)	1 (1.9)	54
$10.0 and over	1 (3.1)	3 (9.4)	22 (68.7)	6 (18.8)	0 (0.0)	32
Under $10.0	0 (0.0)	6 (27.3)	14 (63.6)	1 (4.5)	1 (4.5)	22

19. Please characterize the demand for consumer installment loans in June and July with demand in the preceding three months. Apart from normal seasonal variation, this loan demand in June and July was:

Number of banks (Percent)

	Substantially stronger	Moderately stronger	About the same	Moderately weaker	Substantially weaker	Total banks
All respondents	0 (0.0)	17 (29.3)	27 (46.6)	13 (22.4)	1 (1.7)	58
$10.0 and over	0 (0.0)	7 (21.2)	17 (51.5)	9 (27.3)	0 (0.0)	33
Under $10.0	0 (0.0)	10 (40.0)	10 (40.0)	4 (16.0)	1 (4.0)	25

Table 2
SENIOR LOAN OFFICER OPINION SURVEY ON BANK LENDING PRACTICES
AT SELECTED LARGE BANKS IN THE UNITED STATES
(Status of policy as of August 1991)
(Number of banks and percent of banks answering question)
(By volume of total domestic assets, in $ billions, as of March 31, 1991)[1]
(By type of bank)

NOTE: Questions on this survey dealing with changes in lending policies over the last three months also have appeared on these quarterly surveys since mid-1990. In answering these questions, please keep in mind that they refer to changes in policy rather than actual policy stance so that, for example, a restrictive lending stance that has been in place since the survey taken three months ago should be reported as an "unchanged" policy on this survey.

1. In the last 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—from large corporate, middle market, and small business customers changed. (Please report changes in enforcement of existing standards as changes in standards). The middle market has been categorized as consisting of firms with annual sales of between $50 and $250 million: in answering this question, refer either to this definition or to any other that may be employed at your bank; please indicate the definition used if it is other than the one suggested. "Large" borrowers would then be those larger than middle market customers and "small" borrowers those that are smaller.

    a. for large firms

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	0 (0.0)	7 (11.9)	51 (86.4)	1 (1.7)	0 (0.0)	59
$10.0 and over	0 (0.0)	5 (16.7)	25 (83.3)	0 (0.0)	0 (0.0)	30
Under $10.0	0 (0.0)	2 (6.9)	26 (89.7)	1 (3.4)	0 (0.0)	29

[1] As of March 31, 1991, 30 respondents had domestic assets of $10 billion or more; combined assets of these banks totaled $740 billion, compared to $935 billion for the entire panel of 60 banks, and $3.0 trillion for all domestically chartered federally insured commercial banks.

Note: In question 2 "mean" refers to average rank, with 1 most important, 2 next most important and so on.

b. for middle market firms

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total Banks
All respondents	0 (0.0)	10 (17.9)	44 (78.6)	2 (3.6)	0 (0.0)	56
$10.0 and over	0 (0.0)	5 (18.5)	21 (77.8)	1 (3.7)	0 (0.0)	27
Under $10.0	0 (0.0)	5 (17.2)	23 (79.3)	1 (3.4)	0 (0.0)	29

c. for small businesses

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total Banks
All respondents	0 (0.0)	8 (14.0)	46 (80.7)	3 (5.3)	0 (0.0)	57
$10.0 and over	0 (0.0)	5 (17.9)	22 (78.6)	1 (3.6)	0 (0.0)	28
Under $10.0	0 (0.0)	3 (10.3)	24 (82.8)	2 (6.9)	0 (0.0)	29

2. If your bank's credit standards for approving applications for C&I loans or credit lines from either large corporate, middle market, or small business customers—other than those being used for finance mergers and acquisitions—have been tightened in the last three months (answers i. or ii. To questions 1.a, 1.b, or 1.c) what were the main reasons? (Please rank.)

   i. Current pressures on your bank's capital position
   ii. Pressures on your bank's capital position expected to develop owing to a deterioration in the quality of your loan portfolio or other factors
   iii. A less favorable economic outlook
   iv. Industry specific problems
   v. Regulatory pressures
   vi. Increase in the attractiveness of holding other types of assets (please specify which)
   vii. Other (please specify)

Number of banks (Mean)

	Pressures on bank's capital position	Deterioration in quality of loan portfolio	Less favorable economic outlook	Industry specific problems
All respondents	0 (0)	4 (1.3)	9 (1.7)	8 (2.1)
$10.0 and over	0 (0)	2 (1.0)	7 (1.7)	4 (1.8)
Under $10.0	0 (0)	2 (1.5)	2 (1.5)	4 (2.5)

Number of banks (Mean)[2]

	Regulatory pressures	Increased attractive-ness of other assets	Other	Total banks
All respondents	6 (3.0)	0 (0)	4 (2.0)	13
$10.0 and over	4 (2.5)	0 (0)	2 (2.5)	8
Under $10.0	2 (4.0)	0 (0)	2 (1.5)	5

3. With respect to applications for C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—from large corporate firms that your bank currently is willing to approve, please indicate how terms have changed in the last three months with respect to:

a. maximum size of credit lines

Number of banks (Percent)

	Decreased considerably	Decreased somewhat	Basically unchanged	Increased somewhat	Increased considerably	Total banks
All respondents	0 (0.0)	13 (22.0)	45 (76.3)	1 (1.7)	0 (0.0)	59
$10.0 and over	0 (0.0)	6 (20.0)	24 (80.0)	0 (0.0)	0 (0.0)	30
Under $10.0	0 (0.0)	7 (24.1)	21 (72.4)	1 (3.4)	0 (0.0)	29

b. costs of credit lines

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	0 (0.0)	24 (40.7)	32 (54.2)	3 (5.1)	0 (0.0)	59
$10.0 and over	0 (0.0)	13 (43.3)	15 (50.0)	2 (6.7)	0 (0.0)	30
Under $10.0	0 (0.0)	11 (37.9)	17 (58.6)	1 (3.4)	0 (0.0)	29

c. spreads of loan rates over base rates

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	0 (0.0)	22 (37.3)	35 (59.3)	2 (3.4)	0 (0.0)	59
$10.0 and over	0 (0.0)	11 (36.7)	24 (63.3)	0 (0.0)	0 (0.0)	30
Under $10.0	0 (0.0)	11 (37.9)	21 (55.2)	2 (6.9)	0 (0.0)	29

d. loan covenants

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	0 (0.0)	12 (20.7)	45 (77.6)	1 (1.7)	0 (0.0)	58
$10.0 and over	0 (0.0)	8 (27.6)	20 (69.0)	1 (3.4)	0 (0.0)	29
Under $10.0	0 (0.0)	4 (13.8)	25 (86.2)	0 (0.0)	0 (0.0)	29

e. collateralization requirements

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	0 (0.0)	9 (15.5)	48 (82.8)	1 (1.7)	0 (0.0)	58
$10.0 and over	0 (0.0)	5 (17.2)	24 (82.8)	0 (0.0)	0 (0.0)	29
Under $10.0	0 (0.0)	4 (13.8)	24 (82.8)	1 (3.4)	0 (0.0)	29

4. With respect to applications of C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—from middle market firms that your bank currently is willing to approve, please indicate how terms have changed in the last three months with respect to:

a. maximum size of credit lines

Number of banks (Percent)

	Decreased considerably	Decreased somewhat	Basically unchanged	Increased somewhat	Increased considerably	Total banks
All respondents	0 (0.0)	10 (17.9)	46 (82.1)	0 (0.0)	0 (0.0)	56
$10.0 and over	0 (0.0)	4 (14.8)	23 (85.2)	0 (0.0)	0 (0.0)	27
Under $10.0	0 (0.0)	6 (20.7)	23 (79.3)	0 (0.0)	0 (0.0)	29

b. costs of credit lines

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	0 (0.0)	17 (30.4)	38 (67.9)	1 (1.8)	0 (0.0)	56
$10.0 and over	0 (0.0)	7 (25.9)	19 (70.4)	1 (3.7)	0 (0.0)	27
Under $10.0	0 (0.0)	10 (34.5)	19 (65.5)	0 (0.0)	0 (0.0)	29

c. spreads of loan rates over base rates

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	0 (0.0)	16 (28.6)	40 (71.4)	0 (0.0)	0 (0.0)	56
$10.0 and over	0 (0.0)	6 (22.2)	21 (77.8)	0 (0.0)	0 (0.0)	27
Under $10.0	0 (0.0)	10 (34.5)	19 (65.5)	0 (0.0)	0 (0.0)	29

d. loan covenants

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	1 (1.8)	8 (14.3)	46 (82.1)	1 (1.8)	0 (0.0)	56
$10.0 and over	0 (0.0)	3 (11.1)	23 (85.2)	1 (3.7)	0 (0.0)	27
Under $10.0	1 (3.4)	5 (17.2)	23 (79.3)	0 (0.0)	0 (0.0)	29

e. collateralization requirements

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	1 (1.8)	7 (12.5)	47 (83.9)	1 (1.8)	0 (0.0)	56
$10.0 and over	1 (3.7)	2 (7.4)	23 (85.2)	1 (3.7)	0 (0.0)	27
Under $10.0	0 (0.0)	5 (17.2)	23 (82.8)	0 (0.0)	0 (0.0)	29

5. With respect to applications for C&I loans or credit lines from small businesses that your bank currently is willing to approve, please indicate how terms have changed in the last three months with respect to:

a. maximum size of credit lines

Number of banks (Percent)

	Decreased considerably	Decreased somewhat	Basically unchanged	Increased somewhat	Increased considerably	Total banks
All respondents	0 (0.0)	3 (5.3)	54 (94.7)	0 (0.0)	0 (0.0)	57
$10.0 and over	0 (0.0)	1 (3.6)	23 (96.4)	0 (0.0)	0 (0.0)	28
Under $10.0	0 (0.0)	2 (6.9)	23 (93.1)	0 (0.0)	0 (0.0)	29

b. costs of credit lines

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	0 (0.0)	9 (15.8)	45 (78.9)	3 (5.3)	0 (0.0)	57
$10.0 and over	0 (0.0)	5 (17.9)	21 (75.0)	2 (7.1)	0 (0.0)	28
Under $10.0	0 (0.0)	4 (13.8)	24 (82.8)	1 (3.4)	0 (0.0)	29

c. spreads of loan rates over base rates

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	0 (0.0)	9 (15.8)	47 (82.5)	1 (1.8)	0 (0.0)	57
$10.0 and over	0 (0.0)	5 (17.9)	23 (82.1)	0 (0.0)	0 (0.0)	28
Under $10.0	0 (0.0)	4 (13.8)	24 (82.8)	1 (3.4)	0 (0.0)	29

d. loan covenants

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	0 (0.0)	8 (14.0)	48 (84.2)	1 (1.8)	0 (0.0)	57
$10.0 and over	0 (0.0)	2 (7.1)	23 (89.3)	1 (3.6)	0 (0.0)	28
Under $10.0	0 (0.0)	5 (20.7)	23 (79.3)	0 (0.0)	0 (0.0)	29

e. collateralization requirements

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	0 (0.0)	9 (15.8)	47 (82.5)	1 (1.8)	0 (0.0)	57
$10.0 and over	0 (0.0)	3 (10.7)	24 (85.7)	1 (3.6)	0 (0.0)	28
Under $10.0	0 (0.0)	6 (20.7)	23 (79.3)	0 (0.0)	0 (0.0)	29

6. In the last three months, how have your bank's credit standards changed from approving applications from construction and land development loans? (Please report changes in <u>enforcement</u> of existing standards as changes in standards.)

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	3 (5.2)	14 (24.1)	40 (69.0)	1 (1.7)	0 (0.0)	58
$10.0 and over	1 (3.3)	8 (26.7)	21 (70.0)	0 (0.0)	0 (0.0)	30
Under $10.0	2 (7.1)	6 (21.4)	19 (67.9)	1 (3.6)	0 (0.0)	28

7. Apart from construction and land development loans, in the last three months, how have your bank's credit standards changed for approving applications for nonfarm nonresidential real estate loans used to finance: (Please report changes in <u>enforcement</u> of existing standards as changes in standards):

    a. commercial office buildings

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	2 (3.4)	14 (24.1)	42 (72.4)	0 (0.0)	0 (0.0)	58
$10.0 and over	0 (0.0)	9 (30.0)	21 (70.0)	0 (0.0)	0 (0.0)	30
Under $10.0	2 (7.1)	5 (17.9)	21 (75.0)	0 (0.0)	0 (0.0)	28

    b. industrial structures

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	1 (1.7)	14 (24.1)	43 (74.1)	0 (0.0)	0 (0.0)	58
$10.0 and over	0 (0.0)	10 (33.3)	20 (66.7)	0 (0.0)	0 (0.0)	30
Under $10.0	1 (3.6)	4 (14.3)	23 (82.1)	0 (0.0)	0 (0.0)	28

c. other nonfarm nonresidential purposes

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	1 (1.7)	15 (25.9)	42 (72.4)	0 (0.0)	0 (0.0)	58
$10.0 and over	0 (0.0)	10 (33.3)	20 (66.7)	0 (0.0)	0 (0.0)	30
Under $10.0	1 (3.6)	5 (17.9)	19 (78.6)	0 (0.0)	0 (0.0)	28

8. a. In the last three months, how have your bank's credit standards changed for approving mortgage applications from individuals to purchase homes? (Please report changes in <u>enforcement</u> of existing standards as changes in standards.)

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	0 (0.0)	8 (14.3)	47 (83.9)	1 (1.8)	0 (0.0)	56
$10.0 and over	0 (0.0)	6 (20.7)	23 (79.3)	0 (0.0)	0 (0.0)	29
Under $10.0	0 (0.0)	2 (7.4)	24 (88.9)	1 (3.7)	0 (0.0)	27

b. If your bank has tightened its standards for approving mortgage loan applications from individuals (responses i, or ii, to question 8a.) Please indicate which of the following measures this involved (more than one may apply):

Number of banks (Percent)

	Higher income standards to qualify	Higher down-payments	More stringent appraisal requirements	Other	Total banks
All respondents	2 (25.0)	1 (12.5)	3 (37.5)	4 (50.0)	8
$10.0 and over	1 (16.7)	1 (16.7)	2 (33.3)	4 (66.7)	6
Under $10.0	1 (50.0)	0 (0.0)	1 (50.0)	0 (0.0)	2

9. a. Please indicate your bank's willingness to make general purpose loans to individuals now as opposed to three months ago. "Loans to individuals" here include standard consumer installment loans plus loans taken down under home equity lines of credit.

Number of banks (Percent)

	Much more	Somewhat more	About unchanged	Somewhat less	Much less	Total banks
All respondents	0 (0.0)	4 (7.1)	49 (87.5)	3 (5.4)	0 (0.0)	56
$10.0 and over	0 (0.0)	3 (10.7)	23 (82.1)	2 (7.1)	0 (0.0)	28
Under $10.0	0 (0.0)	1 (3.6)	26 (92.9)	1 (3.6)	0 (0.0)	28

b. Please indicate your bank's willingness to make consumer installment loans now as opposed to three months ago?

Number of banks (Percent)

	Much more	Somewhat more	About unchanged	Somewhat less	Much less	Total banks
All respondents	0 (0.0)	3 (5.5)	49 (89.1)	3 (5.5)	0 (0.0)	55
$10.0 and over	0 (0.0)	2 (7.4)	22 (81.5)	3 (11.1)	0 (0.0)	27
Under $10.0	0 (0.0)	1 (3.6)	27 (96.4)	0 (0.0)	0 (0.0)	28

NOTE: Questions 10 to 15 refer to changes in your bank's policies over periods of a year or more.

10. With respect to consumer installment loans, please indicate how your bank's policies have changed in the last year with respect to:

    a. standards of creditworthiness for approving loans

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	1 (1.8)	28 (50.9)	24 (43.6)	2 (3.6)	0 (0.0)	55
$10.0 and over	0 (0.0)	13 (48.1)	14 (51.9)	0 (0.0)	0 (0.0)	27
Under $10.0	1 (3.6)	15 (53.6)	10 (35.7)	2 (7.1)	0 (0.0)	28

    b. maximum size of loan

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	0 (0.0)	3 (5.5)	47 (85.5)	5 (9.1)	0 (0.0)	55
$10.0 and over	0 (0.0)	0 (0.0)	23 (85.2)	4 (14.8)	0 (0.0)	27
Under $10.0	0 (0.0)	3 (10.7)	24 (85.7)	1 (3.6)	0 (0.0)	28

    c. collateral or downpayment requirements

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	0 (0.0)	18 (32.7)	37 (67.3)	0 (0.0)	0 (0.0)	55
$10.0 and over	0 (0.0)	8 (29.6)	19 (70.4)	0 (0.0)	0 (0.0)	27
Under $10.0	0 (0.0)	10 (35.7)	18 (64.3)	0 (0.0)	0 (0.0)	28

d. advertising

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	1 (1.9)	16 (29.6)	28 (51.9)	6 (11.1)	3 (5.6)	54
$10.0 and over	0 (0.0)	9 (34.6)	13 (50.0)	3 (11.5)	1 (3.8)	26
Under $10.0	1 (3.6)	7 (25.0)	13 (53.6)	3 (10.7)	2 (7.1)	28

11. With respect to credit cards, please indicate how your bank's policies have changed in the last year with respect to:

a. standard of creditworthiness for approving loans

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	2 (4.7)	24 (55.8)	17 (39.5)	0 (0.0)	0 (0.0)	43
$10.0 and over	1 (4.8)	12 (57.1)	8 (38.1)	0 (0.0)	0 (0.0)	21
Under $10.0	1 (4.5)	12 (54.5)	9 (40.9)	0 (0.0)	0 (0.0)	22

b. maximum size of line

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	1 (2.3)	1 (2.3)	36 (83.7)	4 (9.3)	1 (2.3)	43
$10.0 and over	0 (0.0)	0 (0.0)	17 (81.0)	3 (14.3)	1 (4.8)	21
Under $10.0	1 (4.5)	1 (4.5)	18 (86.4)	1 (4.5)	0 (0.0)	22

c. advertising

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	1 (2.3)	5 (11.6)	31 (72.1)	5 (11.6)	1 (2.3)	43
$10.0 and over	1 (4.8)	3 (14.3)	14 (66.7)	2 (9.5)	1 (4.8)	21
Under $10.0	0 (0.0)	2 (9.1)	17 (77.3)	3 (13.6)	0 (0.0)	22

12. With respect to home equity lines of credit, please indicate how your bank's policies have changed in the last year with respect to:

a. standards of creditworthiness for approving loans

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	1 (2.0)	21 (41.2)	29 (56.9)	0 (0.0)	0 (0.0)	51
$10.0 and over	1 (3.7)	11 (40.7)	15 (55.6)	0 (0.0)	0 (0.0)	27
Under $10.0	0 (0.0)	10 (41.7)	14 (58.3)	0 (0.0)	0 (0.0)	24

b. maximum size of line

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	0 (0.0)	1 (2.0)	42 (82.4)	7 (13.7)	1 (2.0)	51
$10.0 and over	0 (0.0)	0 (0.0)	14 (81.5)	4 (14.8)	1 (3.7)	27
Under $10.0	0 (0.0)	1 (4.2)	20 (83.3)	3 (12.5)	0 (0.0)	24

c. collateral evaluation standards

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	1 (2.0)	20 (39.2)	30 (58.8)	0 (0.0)	0 (0.0)	51
$10.0 and over	1 (3.7)	12 (44.4)	14 (51.9)	0 (0.0)	0 (0.0)	27
Under $10.0	0 (0.0)	8 (33.3)	16 (66.7)	0 (0.0)	0 (0.0)	24

d. advertising

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	2 (4.1)	11 (22.4)	30 (61.2)	5 (10.2)	1 (2.0)	49
$10.0 and over	1 (3.8)	6 (23.1)	17 (65.4)	1 (3.8)	1 (3.8)	26
Under $10.0	1 (4.3)	5 (21.7)	13 (56.5)	4 (17.4)	0 (0.0)	23

13. For mini-perm and construction loans that have come due <u>in the last 12 months</u> and have been temporarily extended by your bank, how have the rates on these loans compared to those on the original loans? (Mini-perm loans are secured by real estate and are intended to come due some time after the completion of the project they are financing; they may have original maturities of up to seven or eight years.)

Number of banks (Percent)

	Much higher spread over funding costs	Somewhat higher spread over funding costs	Spread over market rates about the same	Somewhat lower spread over funding costs	Much lower spread over funding costs	Total banks
All respondents	5 (8.6)	34 (58.6)	18 (31.0)	1 (1.7)	0 (0.0)	58
$10.0 and over	5 (17.2)	17 (58.6)	6 (20.7)	1 (3.4)	0 (0.0)	29
Under $10.0	0 (0.0)	17 (58.6)	12 (41.4)	0 (0.0)	0 (0.0)	29

14. If your bank has tightened its credit standards for approving construction and land development loans in the last year, please indicate which of the following measures was involved (more than one may apply):

Number of banks (Percent)

	More stringent policies with respect to preleasing	More stringent policies with respect to equity	Wider spreads of loan rates over costs of funds	Tighter collateral requirements	Other	Total banks
All respondents	39 (88.6)	43 (97.7)	31 (70.5)	37 (84.1)	12 (27.3)	44
$10.0 and over	21 (87.5)	23 (95.8)	19 (79.2)	21 (87.5)	9 (37.5)	24
Under $10.0	18 (90.0)	20 (100.0)	12 (60.0)	16 (80.0)	3 (15.0)	20

15. With respect to the appraisals accepted or made by your bank, and the loan approval process used by your bank in making commercial mortgages, please compare your bank's experience and policies today with those of two years ago with respect to:

a. projections or assumptions regarding occupancy rates: amount of time assumed to be necessary to achieve stabilized occupancy.

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	30 (50.8)	23 (39.0)	5 (8.5)	1 (1.7)	0 (0.0)	59
$10.0 and over	17 (56.7)	11 (36.7)	2 (6.7)	0 (0.0)	0 (0.0)	30
Under $10.0	13 (44.8)	12 (41.4)	3 (10.3)	1 (3.4)	0 (0.0)	29

b. projections of rental fees for the first five years: projected rates per square foot have been

Number of banks (Percent)

	Raised considerably	Raised somewhat	Basically unchanged	Lowered somewhat	Lowered considerably	Total banks
All respondents	0 (0.0)	3 (5.1)	11 (18.6)	29 (49.2)	16 (27.1)	59
$10.0 and over	0 (0.0)	2 (6.7)	3 (10.0)	14 (46.7)	11 (36.7)	30
Under $10.0	0 (0.0)	1 (3.4)	8 (27.6)	15 (51.7)	5 (17.2)	29

c. projections of rental fees after first five years: projected rates per square foot have been

Number of banks (Percent)

	Raised considerably	Raised somewhat	Basically unchanged	Lowered somewhat	Lowered considerably	Total banks
All respondents	1 (1.8)	4 (7.0)	20 (35.1)	25 (43.9)	7 (12.3)	57
$10.0 and over	0 (0.0)	2 (6.9)	10 (34.5)	12 (41.4)	5 (17.2)	29
Under $10.0	1 (3.6)	2 (7.1)	10 (35.7)	13 (46.4)	2 (7.1)	28

d. the discount or capitalization rate used to estimate the present value of the project to be financed.

Number of banks (Percent)

	Considerably higher today than two years ago	Somewhat higher today than two years ago	About the same today as two years ago	Somewhat lower today than two years ago	Considerably lower today than two years ago	Total banks
All respondents	15 (25.4)	33 (55.9)	6 (10.2)	5 (8.5)	0 (0.0)	59
$10.0 and over	10 (33.3)	17 (56.7)	2 (6.7)	1 (3.3)	0 (0.0)	30
Under $10.0	5 (17.2)	16 (55.2)	4 (13.8)	4 (13.8)	0 (0.0)	29

e. maximum loan to value ratios.

Number of banks (Percent)

	Considerably higher today than two years ago	Somewhat higher today than two years ago	About the same today as two years ago	Somewhat lower today than two years ago	Considerably lower today than two years ago	Total banks
All respondents	1 (1.7)	2 (3.4)	13 (22.4)	30 (51.7)	12 (20.7)	58
$10.0 and over	1 (3.3)	0 (0.0)	6 (20.0)	14 (46.7)	9 (30.0)	30
Under $10.0	0 (0.0)	2 (7.1)	7 (25.0)	16 (57.1)	3 (10.7)	28

16. Approximately what was the dollar volume of commercial and industrial loans outstanding on June 30, 1991, that your bank had originated and then sold to others through participations or assignments? (Exclude sales and participations of any C&I loans that for purposes of the Call Report were retained on your books because, for example, they were sold with recourse.)

Number of banks (Percent)

	$0-100 mil.	$101-250 mil.	$251-500 mil.	$501 mil.-$1 bil.	Over $1 bil.	Total banks	Total amount ($ bil.)
All respondents	21 (38.2)	7 (12.7)	7 (12.7)	7 (12.7)	13 (23.6)	55	65.2
$10.0 and over	5 (18.5)	1 (3.7)	5 (18.5)	4 (14.8)	12 (44.4)	27	59.8
Under $10.0	16 (57.1)	6 (21.4)	2 (7.1)	3 (10.7)	1 (3.6)	28	5.4

17. Of the outstanding C&I loans that were sold or participated to others as reported in question 16:

a. Please indicate the approximate percentage distribution of these loans by purchasers. (Percentages should add to 100.)

Number of banks (Mean percent) [2] [Amount in $ billions] [3]

	Domestic commercial banks with assets less than $2 billion	Domestic commercial banks with assets greater than $2 billion	Foreign banks: agencies and branches	Foreign banks: foreign offices
All respondents	38 (3.6) [2.1]	44 (24.0) [14.1]	26 (33.5) [19.6]	10 (6.0) [3.5]
$10.0 and over	20 (2.4) [1.3]	23 (20.4) [10.9]	17 (35.3) [18.8]	8 (6.5) [3.5]
Under $10.0	19 (15.1) [0.8]	21 (60.3) [3.1]	9 (15.3) [0.8]	2 (0.5) [0.0]

	Nonfinancial Corp.	Other	Total banks	Amount ($ bil.)
All respondents	19 (4.8) [2.8]	17 (28.1) [16.5]	48	58.6
$10.0 and over	13 (4.8) [2.6]	12 (30.5) [16.3]	24	53.4
Under $10.0	6 (5.5) [0.3]	5 (3.2) [0.2]	24	5.2

[2] Mean percent items are weighted by amount reported in question 16.
[3] Amount in $ billions items are the reported percentage times the amount reported in question 16. Items may not add due to rounding.

b. About what percent of these loans were nonperforming?

Number of banks (Percent)

	0%	0.01-2.5%	2.5-5%	6-10%	Over 10%	Mean pct.[4]	Total banks
All respondents	15 (31.3)	10 (20.8)	10 (20.8)	6 (12.5)	7 (14.6)	2.8	48
$10.0 and over	5 (20.8)	6 (25.0)	4 (16.7)	4 (16.7)	5 (20.8)	2.4	24
Under $10.0	16 (41.7)	4 (16.7)	6 (25.0)	2 (8.3)	2 (8.3)	7.2	24

c. About what percent of these loans represented lending to publicly rated, investment-grade borrowers?

Number of banks (Percent)

	0-20%	21-40%	41-60%	61-80%	Mean pct.[5]	Total banks	Total amount ($ bil.)
All respondents	30 (62.5)	9 (18.8)	6 (12.5)	3 (6.2)	24.2	48	58.6
$10.0 and over	13 (54.2)	6 (25.0)	3 (12.5)	2 (8.3)	24.9	24	53.4
Under $10.0	17 (70.8)	3 (12.5)	3 (12.5)	1 (4.2)	16.2	24	5.2

d. Around what percent of these loans represented financings for mergers and acquisitions? (Note: Merger-related loans include those made to finance leveraged buyouts, other mergers and acquisitions, and defensive restructurings—such as equity or debt buybacks—related to mergers and acquisitions.)

Number of banks (Percent)

	0-20%	21-40%	41-60%	61-80%	81-100%	Mean pct.[6]	Total banks	Total amount ($ bil.)
All respondents	27 (56.2)	12 (25.0)	6 (12.5)	2 (4.2)	1 (2.1)	35.1	48	58.6
$10.0 and over	12 (50.0)	5 (20.8)	4 (16.7)	2 (8.3)	1 (4.2)	36.6	24	53.4
Under $10.0	15 (62.5)	7 (29.2)	2 (8.3)	0 (0)	0 (0)	20.3	24	5.2

[4] Weighted by amount reported in question 16.
[5] Weighted by amount reported in question 16.
[6] Weighted by amount reported in question 16.

Table 3
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 1991)
(Number of banks and percent of banks answering questions)
(By volume of total domestic assets, in $ billions, as of March 31, 1991)[1]

NOTE: Questions on this survey dealing with changes in lending policies over the last three months also have appeared on these quarterly surveys since mid-1990. In answering these questions, please keep in mind that they refer to changes in policy rather than actual policy stance so that, for example, a restrictive lending stance that has been in place since the survey taken three months ago should be reported as an "unchanged" policy on this survey.

1. In the last 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—from large corporate, middle market and small business customers changed. (Please report changes in enforcement of existing standards as changes in standards. The middle market has been categorized as consisting of firms with annual sales of between $50 and $250 million: in answering this question, refer either to this definition or to any other that may be employed at your bank: please indicate the definition used if it is other than the one suggested. "Large" borrowers would then be those larger than middle market customers and "small" borrowers those that are smaller.

    a. for large firms

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	1 (5.6)	0 (0.0)	15 (83.3)	2 (11.1)	0 (0.0)	18

    b. for middle market firms

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	1 (5.9)	1 (5.9)	14 (82.4)	1 (5.9)	0 (0.0)	17

[1] As of March 31, 1991, respondents had combined assets of $85 billion, compared to $400 billion for all foreign-related banking institutions in the United States.

Note: In question 2 "mean" refers to average rank, with 1 most important, 2 next most important and so on.

c. for small businesses

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	1 (11.1)	1 (11.1)	7 (77.8)	0 (0.0)	0 (0.0)	9

2. If your bank's credit standards for approving applications for C&I loans or credit lines from either large corporate, middle market, or small business customers—other than those being used for finance mergers and acquisitions—have been tightened in the last three months (answers i. or ii. to questions 1.a, 1.b, or 1.c) what were the main reasons? (Please rank.)

   i. current pressures on your bank's capital position
   ii. pressures on your bank's capital position expected to develop owing to a deterioration in the quality of your loan portfolio or other factors
   iii. a less favorable economic outlook
   iv. industry specific problems
   v. regulatory pressures
   vi. increase in the attractiveness of holding other types of assets (please specify which)
   vii. other (please specify)

Number of banks (Mean)

	Pressures on bank's capital position	Deterioration in quality of loan portfolio	Less favorable economic outlook	Industry specific problems	Regula-tory pressures	Increased attractive-ness of other assets	Other	Total banks
All respondents	1 (1.0)	1 (3.0)	2 (2.0)	1 (1.0)	0 (0)	0 (0)	0 (0)	2

3. With respect to applications for C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—from large corporate firms that your bank currently is willing to approve, please indicate how terms have changed in the last three months with respect to:

a. maximum size of credit lines

Number of banks (Percent)

	Decreased considerably	Decreased somewhat	Basically unchanged	Increased somewhat	Increased considerably	Total banks
All respondents	1 (5.6)	3 (16.7)	13 (72.2)	1 (5.6)	0 (0.0)	18

b. costs of credit lines

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	0 (0.0)	5 (27.8)	13 (72.2)	0 (0.0)	0 (0.0)	18

c. spreads of loan rates over base rates

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	1 (5.6)	5 (27.8)	11 (61.1)	1 (5.6)	0 (0.0)	18

d. loan covenants

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	1 (5.6)	2 (11.1)	15 (83.3)	0 (0.0)	0 (0.0)	18

e. collateralization requirements

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	1 (5.6)	3 (16.7)	14 (77.8)	0 (0.0)	0 (0.0)	18

4. With respect to applications of C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—from middle market firms that your bank currently is willing to approve, please indicate how terms have changed in the last three months with respect to:

a. maximum size of credit lines

Number of banks (Percent)

	Decreased considerably	Decreased somewhat	Basically unchanged	Increased somewhat	Increased considerably	Total banks
All respondents	1 (5.9)	3 (17.6)	13 (76.5)	0 (0.0)	0 (0.0)	17

b. costs of credit lines

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	1 (5.9)	4 (23.5)	12 (70.6)	0 (0.0)	0 (0.0)	17

c. spreads of loan rates over base rates

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	1 (6.2)	6 (37.5)	9 (56.2)	0 (0.0)	0 (0.0)	16

d. loan covenants

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	1 (5.9)	7 (41.2)	9 (52.9)	0 (0.0)	0 (0.0)	17

e. collateralization requirements

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	1 (5.9)	3 (17.6)	13 (76.5)	0 (0.0)	0 (0.0)	17

5. With respect to applications for C&I loans or credit lines from small businesses that your bank currently is willing to approve, please indicate how terms have changed in the last three months with respect to:

a. maximum size of credit lines

Number of banks (Percent)

	Decreased considerably	Decreased somewhat	Basically unchanged	Increased somewhat	Increased considerably	Total banks
All respondents	1 (12.5)	2 (25.0)	5 (62.5)	0 (0.0)	0 (0.0)	8

b. costs of credit lines

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	1 (12.5)	2 (25.0)	5 (62.5)	0 (0.0)	0 (0.0)	8

c. spreads of loan rates over base rates

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	1 (12.5)	4 (50.0)	3 (37.5)	0 (0.0)	0 (0.0)	8

d. loan covenants

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	1 (12.5)	2 (25.0)	5 (62.5)	0 (0.0)	0 (0.0)	8

e. collateralization requirements

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	1 (12.5)	2 (25.0)	5 (62.5)	0 (0.0)	0 (0.0)	8

6. In the last three months, how have your bank's credit standards changed for approving applications for construction and land development loans? (Please report changes in <u>enforcement</u> of existing standards as changes in standards.)

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	2 (11.8)	1 (5.9)	14 (82.4)	0 (0.0)	0 (0.0)	17

7. Apart from construction and land development loans, in the last three months, how have your bank's credit standards changed for approving applications for nonfarm nonresidential real estate loans used to finance (Please report changes in enforcement of existing standards as changes in standards):

    a. commercial office buildings

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	2 (11.8)	1 (5.9)	14 (82.4)	0 (0.0)	0 (0.0)	17

    b. industrial structures

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	2 (11.8)	1 (5.9)	14 (82.4)	0 (0.0)	0 (0.0)	17

    c. other nonfarm nonresidential purposes

Number of banks (Percent)

	Tightened considerably	Tightened somewhat	Basically unchanged	Eased somewhat	Eased considerably	Total banks
All respondents	2 (13.3)	1 (6.7)	12 (80.0)	0 (0.0)	0 (0.0)	15

NOTE: Question 8 through 10 refer to changes in your bank's policies over periods of a year or more.

8. For mini-perm and construction loans that have come due in the last 12 months and have been temporarily extended by your bank, how have the rates on these loans compared to those on the original loans? (Mini-perm loans are secured by real estate and are intended to come due some time after the completion of the project they are financing; they may have original maturities of up to seven or eight years.)

Number of banks (Percent)

	Much higher spread over funding costs	Somewhat higher spread over funding costs	Spread over market rates about the same	Somewhat lower spread over funding costs	Much lower spread over funding costs	Total banks
All respondents	5 (35.7)	4 (28.6)	5 (35.7)	0 (0.0)	0 (0.0)	14

9. If your bank has tightened its credit standards for approving construction and land development loans in the last year, please indicate which of the following measures was involved (more than one may apply):

Number of banks (Percent)

	More stringent policies with respect to pre-leasing	More stringent policies with respect to borrower equity	Wider spreads of loan rates over costs of funds	Tighter collateral require-ments	Other	Total banks
All respondents	12 (70.6)	13 (76.5)	10 (58.8)	21 (70.6)	5 (29.4)	17

10. With respect to the appraisals accepted or made by your bank, and the loan approval process used by your bank in making commercial mortgages, please compare your bank's experience and policies today with those of two years ago with respect to:

    a. projections or assumptions regarding occupancy rates: amount of time assumed to be necessary to achieve stabilized occupancy.

Number of banks (Percent)

	Increased considerably	Increased somewhat	Basically unchanged	Decreased somewhat	Decreased considerably	Total banks
All respondents	6 (33.3)	9 (50.0)	2 (11.1)	0 (0.0)	0 (0.0)	18

b. projections of rental fees for the first five years: projected rates per square foot have been

Number of banks (Percent)

	Raised considerably	Raised somewhat	Basically unchanged	Lowered somewhat	Lowered considerably	Total banks
All respondents	0 (0.0)	0 (0.0)	3 (16.7)	12 (66.7)	3 (16.7)	18

c. projections of rental fees after first five years: projected rates per square foot have been

Number of banks (Percent)

	Raised considerably	Raised somewhat	Basically unchanged	Lowered somewhat	Lowered considerably	Total banks
All respondents	0 (0.0)	0 (0.0)	5 (27.8)	13 (72.2)	0 (0.0)	18

d. the discount or capitalization rate used to estimate the present value of the project to be financed.

Number of banks (Percent)

	Considerably higher today than two years ago	Somewhat higher today than two years ago	About the same today as two years ago	Somewhat lower today than two years ago	Considerably lower today than two years ago	Total banks
All respondents	2 (11.1)	10 (55.6)	3 (16.7)	2 (11.1)	1 (5.6)	18

e. maximum loan to value ratios.

Number of banks (Percent)

	Considerably higher today than two years ago	Somewhat higher today than two years ago	About the same today as two years ago	Somewhat lower today than two years ago	Considerably lower today than two years ago	Total banks
All respondents	0 (0.0)	0 (0.0)	4 (22.2)	8 (44.4)	6 (33.3)	18

11. Approximately what was the dollar volume of commercial and industrial loans outstanding on June 30, 1991 that your bank had originated and then sold to others through participations or assignments? (Exclude sales and participations of any C&I loans that for purposes of the Call Report were retained on your books because, for example, they were sold with recourse.)

Number of banks (Percent)

	$0-100 mil.	$101-250 mil.	$251-500 mil.	$501 mil. - $1 bil.	Over $1 bil.	Total banks	Total amount ($ bil.)
All respondents	7 (41.2)	2 (11.8)	1 (5.9)	5 (29.4)	2 (11.8)	17	7.7

12. Of the outstanding C&I loans that were sold or participated to others as reported in question 11:

a. Please indicate the approximate percentage distribution of these loans by purchasers.

Number of banks (Mean percent) [2] [Amount in $ billions] [3]

	Domestic commercial banks with assets less than $2 billion	Domestic commercial banks with assets greater than $2 billion	Foreign banks: agencies and branches	Foreign banks: foreign offices
All respondents	5 (1.1) [0.1]	11 (12.0) [0.9]	13 (66.2) [5.1]	4 (10.7) [0.8]

	Nonfinancial Corp.	Other	Total banks	Amount ($ bil.)
All respondents	6 (8.5) [0.7]	3 (1.5) [0.1]	17	7.7

b. About what percent of these loans were nonperforming?

Number of banks (Percent)

	0%	2.5-5%	6-10%	Over 10%	Mean pct.	Total banks
All respondents	10 (66.7)	2 (13.3)	1 (6.7)	2 (13.3)	4.1	15

[2] Mean percent items are weighted by amount reported in question 11.
[3] Amount in $ billions items are the reported percentage times the amount reported in question 11. Components may not add due to rounding.

c. About what percent of these loans represented lending to publicly rated, investment-grade borrowers?

Number of banks (Percent)

	0-20%	21-40%	41-60%	61-80%	80-100%	Mean pct.[4]	Total banks	Total amount ($ bil.)
All respondents	11 (73.3)	1 (6.7)	1 (6.7)	1 (6.7)	1 (6.7)	18.0	15	6.8

d. Around what percent of these loans represented financings for mergers and acquisitions? (Note: Merger-related loans include those made to finance leveraged buyouts, other mergers and acquisitions, and defensive restructurings—such as equity or debt buybacks—related to mergers and acquisitions.)

Number of banks (Percent)

	0-20%	21-40%	80-100%	Mean pct.	Total banks	Total amount ($ bil.)
All respondents	7 (46.7)	4 (26.7)	4 (26.7)	22.0	15	6.8

[4] Weighted by amount reported in question 11.