Table 1

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

(Status of policy as of January 2007)

***Questions 1-6** ask about **commercial and industrial** (C&I) loans at your bank. Questions 1-3 deal with changes in your bank's lending policies over the past three months. Questions 4-5 deal with changes in demand for C&I loans over the past three months. Question 6 asks about changes in prospective demand for C&I loans at your bank, as indicated by the volume of recent inquiries about the availability of new credit lines or increases in existing lines. If your bank's lending policies have not changed over the past three months, please report them as unchanged even if the policies are either restrictive or accommodative relative to longer-term norms. If your bank's policies have tightened or eased over the past three months, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing policies as changes in policies.*

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

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

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	3	5.3	1	2.7	2	10.0
Remained basically unchanged	51	89.5	34	91.9	17	85.0
Eased somewhat	3	5.3	2	5.4	1	5.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	37	100.0	20	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	4	7.1	2	5.6	2	10.0
Remained basically unchanged	51	91.1	34	94.4	17	85.0
Eased somewhat	1	1.8	0	0.0	1	5.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	36	100.0	20	100.0

2. For applications for C&I loans or credit lines--other than those to be used to finance mergers and acquisitions--from large and middle-market firms and from small firms that your bank currently is willing to approve, how have the terms of those loans changed over the past three months? (Please assign *each* term a number between 1 and 5 using the following scale: 1=tightened considerably, 2=tightened somewhat, 3=remained basically unchanged, 4=eased somewhat, 5=eased considerably.)

a. Terms for large and middle-market firms (annual sales of $50 million or more):

	All Respondents	**Large Banks**	**Other Banks**
	Mean	**Mean**	**Mean**
Maximum size of credit lines	3.05	3.11	2.95
Maximum maturity of loans or credit lines	3.04	3.03	3.05
Costs of credit lines	3.16	3.22	3.05
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	3.45	3.42	3.50
Premiums charged on riskier loans	3.09	3.08	3.10
Loan covenants	3.18	3.28	3.00
Collateralization requirements	3.04	3.06	3.00
Other (please specify)	2.75	2.50	3.00
Number of banks responding	56	36	20

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

	All Respondents	Large Banks	Other Banks
	Mean	**Mean**	**Mean**
Maximum size of credit lines	3.04	3.09	2.95
Maximum maturity of loans or credit lines	3.06	3.06	3.05
Costs of credit lines	3.11	3.15	3.05
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	3.30	3.26	3.35
Premiums charged on riskier loans	3.04	3.06	3.00
Loan covenants	3.04	3.09	2.95
Collateralization requirements	3.00	3.00	3.00
Other (please specify)	3.00	3.00	3.00
Number of banks responding	54	34	20

3. If your bank has tightened or eased its credit standards or its terms for C&I loans or credit lines over the past three months (as described in questions 1 and 2), how important have been the following possible reasons for the change? (Please respond to either A, B, or both as appropriate and rate *each* possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

a. Possible reasons for tightening credit standards or loan terms:

	All Respondents	**Large Banks**	**Other Banks**
	Mean	**Mean**	**Mean**
Deterioration in your bank's current or expected capital position	1.38	1.50	1.00
Less favorable or more uncertain economic outlook	1.77	1.80	1.67
Worsening of industry-specific problems (please specify industries)	1.69	1.80	1.33
Less aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	1.46	1.40	1.67
Reduced tolerance for risk	1.69	1.60	2.00
Decreased liquidity in the secondary market for these loans	1.23	1.30	1.00
Increase in defaults by borrowers in public debt markets	1.15	1.20	1.00
Other (please specify)	2.67	2.67	0.00
Number of banks responding	14	11	3

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

	All Respondents	Large Banks	Other Banks
	Mean	**Mean**	**Mean**
Improvement in your bank's current or expected capital position	1.10	1.09	1.14
More favorable or less uncertain economic outlook	1.24	1.23	1.29
Improvement in industry-specific problems (please specify industries)	1.03	1.05	1.00
More aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	2.66	2.59	2.86
Increased tolerance for risk	1.17	1.23	1.00
Increased liquidity in the secondary market for these loans	1.14	1.18	1.00
Reduction in defaults by borrowers in public debt markets	1.21	1.27	1.00
Other (please specify)	1.00	1.00	1.00
Number of banks responding	29	22	7

4. Apart from normal seasonal variation, how has demand for C&I loans changed over the past three months? (Please consider only funds actually disbursed as opposed to requests for new or increased lines of credit.)

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	11	19.3	9	24.3	2	10.0
About the same	34	59.6	20	54.1	14	70.0
Moderately weaker	12	21.1	8	21.6	4	20.0
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	57	100.0	37	100.0	20	100.0

b. Demand for C&I loans from small firms (annual sales of less than $50 million):

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	9	16.1	8	22.2	1	5.0
About the same	35	62.5	19	52.8	16	80.0
Moderately weaker	12	21.4	9	25.0	3	15.0
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	56	100.0	36	100.0	20	100.0

5. If demand for C&I loans has strengthened or weakened over the past three months (as described in question 4), how important have been the following possible reasons for the change? (Please respond to either A, B, or both as appropriate and rate *each* possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

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

	All Respondents	**Large Banks**	**Other Banks**
	Mean	**Mean**	**Mean**
Customer inventory financing needs increased	1.69	1.55	2.50
Customer accounts receivable financing needs increased	1.54	1.36	2.50
Customer investment in plant or equipment increased	1.85	1.73	2.50
Customer internally generated funds decreased	1.31	1.27	1.50
Customer merger or acquisition financing needs increased	2.31	2.36	2.00
Customer borrowing shifted to your bank from other bank or nonbank sources because these other sources became less attractive	1.46	1.55	1.00
Other (please specify)	3.00	3.00	0.00
Number of banks responding	13	11	2

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	1.50	1.58	1.25
Customer accounts receivable financing needs decreased	1.56	1.67	1.25
Customer investment in plant or equipment decreased	1.88	2.00	1.50
Customer internally generated funds increased	1.38	1.42	1.25
Customer merger or acquisition financing needs decreased	1.25	1.25	1.25
Customer borrowing shifted from your bank to other bank or nonbank credit sources because these other sources became more attractive	1.56	1.50	1.75
Other (please specify)	2.00	3.00	1.00
Number of banks responding	16	12	4

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

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
The number of inquiries has increased substantially	0	0.0	0	0.0	0	0.0
The number of inquiries has increased moderately	8	14.0	5	13.5	3	15.0
The number of inquiries has stayed about the same	38	66.7	26	70.3	12	60.0
The number of inquiries has decreased moderately	11	19.3	6	16.2	5	25.0
The number of inquiries has decreased substantially	0	0.0	0	0.0	0	0.0
Total	57	100.0	37	100.0	20	100.0

Questions 7-8 *ask about* ***commercial real estate loans*** *at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate. Question 7 deals with changes in your bank's standards over the last three months. Question 8 deals with changes in demand. If your bank's lending standards or terms have not changed over the relevant period, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's standards or terms have tightened or eased over the relevant period, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing standards as changes in standards.*

7. Over the past three months, how have your bank's credit standards for approving applications for commercial real estate loans changed?

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	19	33.3	12	32.4	7	35.0
Remained basically unchanged	34	59.6	22	59.5	12	60.0
Eased somewhat	4	7.0	3	8.1	1	5.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	57	100.0	37	100.0	20	100.0

8. Apart from normal seasonal variation, how has demand for commercial real estate loans changed over the past three months?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	3	5.3	1	2.7	2	10.0
About the same	31	54.4	20	54.1	11	55.0
Moderately weaker	22	38.6	15	40.5	7	35.0
Substantially weaker	1	1.8	1	2.7	0	0.0
Total	57	100.0	37	100.0	20	100.0

Questions 9-10 *focus on changes in your bank's terms on* **commercial real estate loans** *over the* **past year** *. If your bank's lending terms have not changed over the past year, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's lending terms have tightened or eased over the past year, please so report them regardless of how they stand relative to longer-term norms.*

9. Over the **past year** , how have the following terms on commercial real estate loans changed? (Please assign *each* term a number between 1 and 5 using the following scale: 1=tightened considerably, 2=tightened somewhat, 3=remained basically unchanged, 4=eased somewhat, 5=eased considerably.)

	All Respondents	**Large Banks**	**Other Banks**
	Mean	**Mean**	**Mean**
Maximum loan size	3.09	3.14	3.00
Maximum loan maturity	3.07	3.08	3.05
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	3.58	3.57	3.60
Loan-to-value ratios	3.04	3.03	3.05
Requirements for take-out financing	3.02	3.03	3.00
Debt-service coverage ratios	3.09	3.11	3.05
Other (please specify)	2.11	2.25	1.00
Number of banks responding	57	37	20

10. If your bank has tightened or eased its terms for commercial real estate loans over the **past year** (as described in question 9), how important have been the following possible reasons for the change? (Please respond to either A, B, or both as appropriate and rate *each* possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

a. Possible reasons for tightening commercial real estate loan terms:

	All Respondents	**Large Banks**	**Other Banks**
	Mean	**Mean**	**Mean**
Less favorable economic outlook	2.05	2.20	1.67
Worsening of the condition of, or the outlook for, commercial real estate in the markets where your bank operates	2.00	2.13	1.67
Less aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	1.14	1.20	1.00
Reduced tolerance for risk	1.76	1.80	1.67
Less liquid market for securities collateralized by these loans	1.14	1.20	1.00
The federal banking agencies' guidance on concentrations in commercial real estate lending	1.33	1.40	1.17
Other (please specify)	2.33	2.33	0.00
Number of banks responding	21	15	6

b. Possible reasons for easing commercial real estate loan terms:

	All Respondents	Large Banks	Other Banks
	Mean	Mean	Mean
More favorable economic outlook	1.28	1.26	1.33
Improvement in the condition of, or the outlook for, commercial real estate in the markets where your bank operates	1.38	1.39	1.33
More aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	2.50	2.39	2.78
Increased tolerance for risk	1.13	1.13	1.11
More liquid market for securities collateralized by these loans	1.47	1.48	1.44
The federal banking agencies' guidance on concentrations in commercial real estate lending	1.06	1.09	1.00
Other (please specify)	2.00	2.00	0.00
Number of banks responding	32	23	9

Questions 11-12 *ask about* ***residential mortgage loans*** *at your bank. Question 11 deals with changes in your bank's credit standards over the past three months, and question 12 deals with changes in demand over the same period. If your bank's credit standards have not changed over the relevant period, please report them as unchanged even if the standards are either restrictive or accommodative relative to longer-term norms. If your bank's credit standards have tightened or eased over the relevant period, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing standards as changes in standards.*

11. Over the past three months, how have your bank's credit standards for approving applications from individuals for mortgage loans to purchase homes changed?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	10	18.2	8	22.2	2	10.5
Remained basically unchanged	44	80.0	28	77.8	16	84.2
Eased somewhat	1	1.8	0	0.0	1	5.3
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	36	100.0	19	100.0

12. Apart from normal seasonal variation, how has demand for mortgages to purchase homes changed over the past three months? (Please consider only new originations as opposed to the refinancing of existing mortgages.)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	3	5.6	3	8.3	0	0.0
About the same	28	51.9	15	41.7	13	72.2
Moderately weaker	22	40.7	18	50.0	4	22.2
Substantially weaker	1	1.9	0	0.0	1	5.6
Total	54	100.0	36	100.0	18	100.0

Questions 13-18 *ask about* ***consumer lending*** *at your bank. Question 13 deals with changes in your bank's willingness to make consumer loans over the past three months. Questions 14-17 deal with changes in credit standards and loan terms over the same period. Question 18 deals with changes in demand for consumer loans over the past three months. If your bank's lending policies have not changed over the past three months, please report them as unchanged even if the policies are either restrictive or accommodative relative to longer-term norms. If your bank's policies have tightened or eased over the past three months, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing policies as changes in policies.*

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

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Much more willing	0	0.0	0	0.0	0	0.0
Somewhat more willing	2	3.6	2	5.7	0	0.0
About unchanged	52	94.5	33	94.3	19	95.0
Somewhat less willing	1	1.8	0	0.0	1	5.0
Much less willing	0	0.0	0	0.0	0	0.0
Total	55	100.0	35	100.0	20	100.0

14. Over the past three months, how have your bank's credit standards for approving applications for credit cards from individuals or households changed?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	2	5.7	2	9.5	0	0.0
Remained basically unchanged	31	88.6	18	85.7	13	92.9
Eased somewhat	2	5.7	1	4.8	1	7.1
Eased considerably	0	0.0	0	0.0	0	0.0
Total	35	100.0	21	100.0	14	100.0

15. Over the past three months, how have your bank's credit standards for approving applications for consumer loans other than credit card loans changed?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	3	5.5	2	5.7	1	5.0
Remained basically unchanged	49	89.1	30	85.7	19	95.0
Eased somewhat	3	5.5	3	8.6	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	35	100.0	20	100.0

16. Over the past three months, how has your bank changed the following terms and conditions on new or existing credit card accounts for individuals or households? (Please assign *each* term a number between 1 and 5 using the following scale: 1=tightened considerably, 2=tightened somewhat, 3=remained basically unchanged, 4=eased somewhat, 5=eased considerably.)

	All Respondents	**Large Banks**	**Other Banks**
	Mean	**Mean**	**Mean**
Credit limits	3.06	3.05	3.08
Spreads of interest rates charged on outstanding balances over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	3.09	3.00	3.23
Minimum percent of outstanding balances required to be repaid each month	2.94	2.90	3.00
Minimum required credit score (increased score=tightened, reduced score=eased)	2.97	2.90	3.08
The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)	2.94	2.95	2.92
Other (please specify)	0.00	0.00	0.00
Number of banks responding	34	21	13

17. Over the past three months, how has your bank changed the following terms and conditions on consumer loans other than credit card loans? (Please assign *each* term a number between 1 and 5 using the following scale: 1=tightened considerably, 2=tightened somewhat, 3=remained basically unchanged, 4=eased somewhat, 5=eased considerably.)

	All Respondents	**Large Banks**	**Other Banks**
	Mean	**Mean**	**Mean**
Maximum maturity	3.07	3.09	3.05
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	3.00	2.89	3.20
Minimum required downpayment	3.02	3.03	3.00
Minimum required credit score (increased score=tightened, reduced score=eased)	2.98	2.97	3.00
The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)	2.89	2.86	2.95
Other (please specify)	2.00	2.00	0.00
Number of banks responding	55	35	20

18. Apart from normal seasonal variation, how has demand for consumer loans of all types changed over the past three months?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	4	7.3	3	8.6	1	5.0
About the same	29	52.7	17	48.6	12	60.0
Moderately weaker	21	38.2	14	40.0	7	35.0
Substantially weaker	1	1.8	1	2.9	0	0.0
Total	55	100.0	35	100.0	20	100.0

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 took effect on October 17, 2005. After a jump in the fourth quarter of 2005, chargeoffs on credit card loans fell to relatively low levels in 2006. ***Questions 19-20*** *ask for your assessment of the effects of the bankruptcy reform legislation.*

19. How has your bank changed its lending policy for credit card loans in response to the bankruptcy reform legislation? (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 standards	2.94	2.95	2.93
Price-related terms (higher fees and wider spreads=tightened; lower fees and narrower spreads=eased)	3.00	3.00	3.00
Non-price-related terms	3.00	3.00	3.00
Number of banks responding	36	21	15

20. After accounting for changes in standards and terms, how is the bankruptcy reform legislation expected to affect your bank's chargeoffs on new credit card loans in the long term? Chargeoffs will be:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
About the same	26	76.5	15	75.0	11	78.6
Moderately lower	6	17.6	3	15.0	3	21.4
Substantially lower	2	5.9	2	10.0	0	0.0
Total	34	100.0	20	100.0	14	100.0

In recent quarters, delinquencies and chargeoffs on loans to both businesses and households have been low relative to longer-term norms. ***Questions 21-22*** *ask about your bank's expectations for the behavior of these measures of loan quality in 2007.*

21. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **loans to businesses** in 2007?

a. Outlook for loan quality on C&I loans:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Loan quality is likely to improve substantially	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	0	0.0	0	0.0	0	0.0
Loan quality is likely to stabilize around current levels	29	54.7	17	51.5	12	60.0
Loan quality is likely to deteriorate somewhat	24	45.3	16	48.5	8	40.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	53	100.0	33	100.0	20	100.0

b. Outlook for loan quality on commercial real estate loans:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Loan quality is likely to improve substantially	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	2	3.7	2	5.9	0	0.0
Loan quality is likely to stabilize around current levels	27	50.0	13	38.2	14	70.0
Loan quality is likely to deteriorate somewhat	25	46.3	19	55.9	6	30.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	54	100.0	34	100.0	20	100.0

22. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **loans to households** in 2007?

a. Outlook for loan quality on credit card loans:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Loan quality is likely to improve substantially	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	1	2.9	1	5.0	0	0.0
Loan quality is likely to stabilize around current levels	20	58.8	9	45.0	11	78.6
Loan quality is likely to deteriorate somewhat	13	38.2	10	50.0	3	21.4
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	34	100.0	20	100.0	14	100.0

b. Outlook for loan quality on consumer loans other than credit cards:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Loan quality is likely to improve substantially	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	1	1.9	1	2.9	0	0.0
Loan quality is likely to stabilize around current levels	32	59.3	17	50.0	15	75.0
Loan quality is likely to deteriorate somewhat	20	37.0	15	44.1	5	25.0
Loan quality is likely to deteriorate substantially	1	1.9	1	2.9	0	0.0
Total	54	100.0	34	100.0	20	100.0

c. Outlook for loan quality on *traditional* residential mortgage loans:*

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Loan quality is likely to improve substantially	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	2	3.8	2	5.9	0	0.0
Loan quality is likely to stabilize around current levels	29	54.7	13	38.2	16	84.2
Loan quality is likely to deteriorate somewhat	22	41.5	19	55.9	3	15.8
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	53	100.0	34	100.0	19	100.0

d. Outlook for loan quality on *nontraditional* residential mortgage loans:†

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Loan quality is likely to improve substantially	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	1	2.1	1	3.1	0	0.0
Loan quality is likely to stabilize around current levels	22	45.8	12	37.5	10	62.5
Loan quality is likely to deteriorate somewhat	21	43.8	16	50.0	5	31.3
Loan quality is likely to deteriorate substantially	4	8.3	3	9.4	1	6.3
Total	48	100.0	32	100.0	16	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 September 30, 2006. The combined assets of the 37 large banks totaled $5.04 trillion, compared to $5.25 trillion for the entire panel of 57 banks, and $8.37 trillion for all domestically chartered, federally insured commercial banks.

*Traditional mortgage products include fixed-rate mortgages, standard adjustable-rate mortgages, and common hybrid adjustable-rate mortgages—that is, mortgages for which the interest rate is initially fixed for a multi-year period and subsequently adjusts more frequently.

†Nontraditional mortgage products include, but are not limited to, adjustable-rate mortgages with multiple payment options, interest-only mortgages, and "Alt-A" products such as mortgages with limited income verification and mortgages secured by non-owner-occupied properties.