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 2006)

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

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

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	50	89.3	30	85.7	20	95.2
Eased somewhat	6	10.7	5	14.3	1	4.8
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	35	100.0	21	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	52	92.9	32	91.4	20	95.2
Eased somewhat	4	7.1	3	8.6	1	4.8
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	35	100.0	21	100.0

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

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

	All Respondents	Large Banks	Other Banks
	Mean	**Mean**	**Mean**
Maximum size of credit lines	3.18	3.26	3.05
Maximum maturity of loans or credit lines	3.25	3.29	3.19
Costs of credit lines	3.29	3.47	3.00
Spreads of loan rates over your bank’s cost of funds (wider spreads=tightened, narrower spreads=eased)	3.44	3.55	3.29
Premiums charged on riskier loans	3.07	3.26	2.76
Loan covenants	3.18	3.32	2.95
Collateralization requirements	3.07	3.12	3.00
Other (please specify)	4.00	4.00	0.00
Number of banks responding	55	34	21

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	3.11	3.15	3.05
Maximum maturity of loans or credit lines	3.18	3.21	3.14
Costs of credit lines	3.20	3.35	2.95
Spreads of loan rates over your bank’s cost of funds (wider spreads=tightened, narrower spreads=eased)	3.35	3.48	3.14
Premiums charged on riskier loans	3.05	3.18	2.86
Loan covenants	3.17	3.32	2.90
Collateralization requirements	3.05	3.09	3.00
Other (please specify)	3.00	3.00	0.00
Number of banks responding	55	34	21

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

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

	All Respondents	Large Banks	Other Banks
	Mean	**Mean**	**Mean**
Deterioration in your bank's current or expected capital position	1.17	1.25	1.00
Less favorable or more uncertain economic outlook	1.58	1.63	1.50
Worsening of industry-specific problems (please specify industries)	1.83	1.88	1.75
Less aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	1.33	1.50	1.00
Reduced tolerance for risk	1.67	1.75	1.50
Decreased liquidity in the secondary market for these loans	1.33	1.50	1.00
Increase in defaults by borrowers in public debt markets	1.25	1.25	1.25
Other (please specify)	0.00	0.00	0.00
Number of banks responding	12	8	4

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	1.05	1.25
More favorable or less uncertain economic outlook	1.30	1.23	1.50
Improvement in industry-specific problems (please specify industries)	1.20	1.23	1.13
More aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	2.55	2.61	2.38
Increased tolerance for risk	1.45	1.52	1.25
Increased liquidity in the secondary market for these loans	1.32	1.39	1.13
Reduction in defaults by borrowers in public debt markets	1.23	1.27	1.13
Other (please specify)	1.00	1.00	0.00
Number of banks responding	31	23	8

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	16	28.6	9	25.7	7	33.3
About the same	33	58.9	21	60.0	12	57.1
Moderately weaker	7	12.5	5	14.3	2	9.5
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	56	100.0	35	100.0	21	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	11	19.6	7	20.0	4	19.0
About the same	37	66.1	22	62.9	15	71.4
Moderately weaker	8	14.3	6	17.1	2	9.5
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	56	100.0	35	100.0	21	100.0

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

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

	All Respondents	Large Banks	Other Banks
	Mean	**Mean**	**Mean**
Customer inventory financing needs increased	1.83	1.73	2.00
Customer accounts receivable financing needs increased	1.94	1.82	2.14
Customer investment in plant or equipment increased	1.83	1.91	1.71
Customer internally generated funds decreased	1.22	1.27	1.14
Customer merger or acquisition financing needs increased	1.89	2.00	1.71
Customer borrowing shifted to your bank from other bank or nonbank sources because these other sources became less attractive	1.78	1.82	1.71
Other (please specify)	3.00	0.00	3.00
Number of banks responding	18	11	7

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	1.27	1.25	1.33
Customer accounts receivable financing needs decreased	1.27	1.25	1.33
Customer investment in plant or equipment decreased	1.64	1.88	1.00
Customer internally generated funds increased	1.73	1.88	1.33
Customer merger or acquisition financing needs decreased	1.27	1.38	1.00
Customer borrowing shifted from your bank to other bank or nonbank credit sources because these other sources became more attractive	1.55	1.50	1.67
Other (please specify)	0.00	0.00	0.00
Number of banks responding	11	8	3

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
The number of inquiries has increased substantially	0	0.0	0	0.0	0	0.0
The number of inquiries has increased moderately	15	27.3	11	32.4	4	19.0
The number of inquiries has stayed about the same	35	63.6	20	58.8	15	71.4
The number of inquiries has decreased moderately	5	9.1	3	8.8	2	9.5
The number of inquiries has decreased substantially	0	0.0	0	0.0	0	0.0
Total	55	100.0	34	100.0	21	100.0

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

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

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	5	8.9	3	8.6	2	9.5
Remained basically unchanged	47	83.9	28	80.0	19	90.5
Eased somewhat	4	7.1	4	11.4	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	35	100.0	21	100.0

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

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	9	16.1	5	14.3	4	19.0
About the same	40	71.4	27	77.1	13	61.9
Moderately weaker	7	12.5	3	8.6	4	19.0
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	56	100.0	35	100.0	21	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	3.25	3.37	3.05
Maximum loan maturity	3.20	3.23	3.14
Spreads of loan rates over your bank’s cost of funds (wider spreads=tightened, narrower spreads=eased)	3.30	3.29	3.33
Loan-to-value ratios	3.23	3.31	3.10
Requirements for take-out financing	3.07	3.09	3.05
Debt-service coverage ratios	3.09	3.20	2.90
Other (please specify)	3.00	3.00	3.00
Number of banks responding	56	35	21

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	1.69	2.00	1.29
Worsening of the condition of, or the outlook for, commercial real estate in the markets where your bank operates	1.94	1.90	2.00
Less aggressive competition from other commercial banks	1.27	1.38	1.14
Less aggressive competition from nonbank lenders	1.20	1.25	1.14
Reduced tolerance for risk	1.53	1.38	1.71
Increased concern about take-out financing	1.13	1.00	1.29
Less liquid market for securities collateralized by these loans	1.07	1.00	1.14
Other (please specify)	2.50	3.00	2.33
Number of banks responding	17	10	7

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

	All Respondents	Large Banks	Other Banks
	Mean	**Mean**	**Mean**
More favorable economic outlook	1.36	1.38	1.29
Improvement in the condition of, or the outlook for, commercial real estate in the markets where your bank operates	1.50	1.52	1.43
More aggressive competition from other commercial banks	2.55	2.55	2.57
More aggressive competition from nonbank lenders	1.97	2.00	1.86
Increased tolerance for risk	1.24	1.27	1.14
Reduced concern about take-out financing	1.19	1.20	1.14
More liquid market for securities collateralized by these loans	1.32	1.43	1.00
Other (please specify)	0.00	0.00	0.00
Number of banks responding	29	22	7

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	4	8.0	3	9.4	1	5.6
Remained basically unchanged	42	84.0	25	78.1	17	94.4
Eased somewhat	4	8.0	4	12.5	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	32	100.0	18	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	1	2.0	1	3.1	0	0.0
About the same	26	52.0	16	50.0	10	55.6
Moderately weaker	21	42.0	13	40.6	8	44.4
Substantially weaker	2	4.0	2	6.3	0	0.0
Total	50	100.0	32	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	6	11.5	3	9.4	3	15.0
About unchanged	46	88.5	29	90.6	17	85.0
Somewhat less willing	0	0.0	0	0.0	0	0.0
Much less willing	0	0.0	0	0.0	0	0.0
Total	52	100.0	32	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	6.3	1	5.9	1	6.7
Remained basically unchanged	29	90.6	16	94.1	13	86.7
Eased somewhat	1	3.1	0	0.0	1	6.7
Eased considerably	0	0.0	0	0.0	0	0.0
Total	32	100.0	17	100.0	15	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	5.8	2	6.3	1	5.0
Remained basically unchanged	46	88.5	27	84.4	19	95.0
Eased somewhat	3	5.8	3	9.4	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	32	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	3.07	3.13	3.00
Spreads of interest rates charged on outstanding balances over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.93	2.80	3.07
Minimum percent of outstanding balances required to be repaid each month	2.73	2.53	2.93
Minimum required credit score (increased score=tightened, reduced score=eased)	3.00	2.93	3.07
The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)	2.90	2.87	2.93
Other (please specify)	3.00	3.00	3.00
Number of banks responding	30	15	15

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	3.02	3.03	3.00
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	3.02	2.97	3.11
Minimum required downpayment	3.02	3.03	3.00
Minimum required credit score (increased score=tightened, reduced score=eased)	3.04	3.09	2.95
The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)	2.94	2.94	2.94
Other (please specify)	3.00	3.00	3.00
Number of banks responding	51	32	19

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	7.7	3	9.4	1	5.0
About the same	29	55.8	18	56.3	11	55.0
Moderately weaker	18	34.6	10	31.3	8	40.0
Substantially weaker	1	1.9	1	3.1	0	0.0
Total	52	100.0	32	100.0	20	100.0

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 took effect on October 17, 2005. The new law led to a significant spike in bankruptcy filings in September and mid-October of last year. ***Questions 19-20*** *ask for your assessment of the effect of this spike on chargeoffs on credit card loans in the fourth quarter of 2005.*

19. If your bank experienced an increase in chargeoffs on credit card loans in the fourth quarter of 2005 as the result of the new bankruptcy law, approximately what portion of credit card chargeoffs at your bank in the fourth quarter was accounted for by this increase?

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Less than 20 percent	13	50.0	6	42.9	7	58.3
Between 20 percent and 40 percent	7	26.9	3	21.4	4	33.3
Between 40 percent and 60 percent	3	11.5	2	14.3	1	8.3
Between 60 percent and 80 percent	0	0.0	0	0.0	0	0.0
Between 80 percent and 100 percent	3	11.5	3	21.4	0	0.0
Total	26	100.0	14	100.0	12	100.0

20. Approximately what portion of the fourth-quarter increase in credit card chargeoffs at your bank (as defined in question 19) was accounted for by households or individuals that filed ahead of the October 17, 2005, deadline but who would have likely filed anyway at some point later in 2005 or during 2006?

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Less than 20 percent	9	36.0	4	28.6	5	45.5
Between 20 percent and 40 percent	5	20.0	2	14.3	3	27.3
Between 40 percent and 60 percent	2	8.0	1	7.1	1	9.1
Between 60 percent and 80 percent	3	12.0	3	21.4	0	0.0
Between 80 percent and 100 percent	6	24.0	4	28.6	2	18.2
Total	25	100.0	14	100.0	11	100.0

Over the past several years, delinquencies and chargeoffs on loans to both businesses and households have declined in the aggregate. ***Questions 21-22*** *ask about your bank's expectations for the behavior of these measures of loan quality in 2006.*

21. Assuming that economic activity progresses in line with consensus forecasts, what is your bank's outlook for delinquencies and chargeoffs on loans to businesses in 2006?

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	4	7.8	1	3.3	3	14.3
Loan quality is likely to stabilize around current levels	30	58.8	19	63.3	11	52.4
Loan quality is likely to deteriorate somewhat	17	33.3	10	33.3	7	33.3
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	51	100.0	30	100.0	21	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	4	7.8	1	3.3	3	14.3
Loan quality is likely to stabilize around current levels	28	54.9	16	53.3	12	57.1
Loan quality is likely to deteriorate somewhat	19	37.3	13	43.3	6	28.6
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	51	100.0	30	100.0	21	100.0

22. Assuming that economic activity progresses in line with consensus forecasts, what is your bank's outlook for delinquencies and chargeoffs on loans to households in 2006?

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	4	11.8	3	15.8	1	6.7
Loan quality is likely to stabilize around current levels	19	55.9	10	52.6	9	60.0
Loan quality is likely to deteriorate somewhat	10	29.4	6	31.6	4	26.7
Loan quality is likely to deteriorate substantially	1	2.9	0	0.0	1	6.7
Total	34	100.0	19	100.0	15	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	2	3.8	0	0.0	2	10.0
Loan quality is likely to stabilize around current levels	39	75.0	24	75.0	15	75.0
Loan quality is likely to deteriorate somewhat	11	21.2	8	25.0	3	15.0
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	52	100.0	32	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	0	0.0	0	0.0	0	0.0
Loan quality is likely to stabilize around current levels	44	88.0	26	83.9	18	94.7
Loan quality is likely to deteriorate somewhat	6	12.0	5	16.1	1	5.3
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	50	100.0	31	100.0	19	100.0

d. Outlook for loan quality on non-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	0	0.0	0	0.0	0	0.0
Loan quality is likely to stabilize around current levels	29	59.2	16	51.6	13	72.2
Loan quality is likely to deteriorate somewhat	19	38.8	15	48.4	4	22.2
Loan quality is likely to deteriorate substantially	1	2.0	0	0.0	1	5.6
Total	49	100.0	31	100.0	18	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, 2005. The combined assets of the 35 large banks totaled $4.54 trillion, compared to $4.75 trillion for the entire panel of 56 banks, and $7.75 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.

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