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 April 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	2	3.8	0	0.0	2	11.8
Remained basically unchanged	47	88.7	32	88.9	15	88.2
Eased somewhat	4	7.5	4	11.1	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	36	100.0	17	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	2	3.8	1	2.9	1	5.9
Remained basically unchanged	49	94.2	33	94.3	16	94.1
Eased somewhat	1	1.9	1	2.9	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	35	100.0	17	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	3.09	3.17	2.94
Maximum maturity of loans or credit lines	3.09	3.17	2.94
Costs of credit lines	3.26	3.36	3.06
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	3.57	3.61	3.47
Premiums charged on riskier loans	3.17	3.25	3.00
Loan covenants	3.25	3.36	3.00
Collateralization requirements	3.11	3.17	3.00
Other (please specify)	3.50	3.50	0.00
Number of banks responding	53	36	17

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	3.06	3.09	3.00
Maximum maturity of loans or credit lines	3.08	3.09	3.06
Costs of credit lines	3.20	3.29	3.00
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	3.41	3.44	3.35
Premiums charged on riskier loans	3.14	3.24	2.94
Loan covenants	3.12	3.21	2.94
Collateralization requirements	3.08	3.15	2.94
Other (please specify)	3.33	3.50	3.00
Number of banks responding	51	34	17

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	1.00	1.00	1.00
Less favorable or more uncertain economic outlook	1.43	1.44	1.40
Worsening of industry-specific problems (please specify industries)	1.43	1.67	1.00
Less aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	1.29	1.22	1.40
Reduced tolerance for risk	1.50	1.56	1.40
Decreased liquidity in the secondary market for these loans	1.14	1.11	1.20
Increase in defaults by borrowers in public debt markets	1.07	1.11	1.00
Other (please specify)	3.00	3.00	0.00
Number of banks responding	14	9	5

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	1.04	1.00	1.14
More favorable or less uncertain economic outlook	1.07	1.10	1.00
Improvement in industry-specific problems (please specify industries)	1.14	1.10	1.29
More aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	2.50	2.62	2.14
Increased tolerance for risk	1.25	1.29	1.14
Increased liquidity in the secondary market for these loans	1.57	1.71	1.14
Reduction in defaults by borrowers in public debt markets	1.14	1.14	1.14
Other (please specify)	0.00	0.00	0.00
Number of banks responding	28	21	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	8	15.1	5	13.9	3	17.6
About the same	25	47.2	18	50.0	7	41.2
Moderately weaker	20	37.7	13	36.1	7	41.2
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	53	100.0	36	100.0	17	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	8	15.4	5	14.3	3	17.6
About the same	26	50.0	17	48.6	9	52.9
Moderately weaker	17	32.7	12	34.3	5	29.4
Substantially weaker	1	1.9	1	2.9	0	0.0
Total	52	100.0	35	100.0	17	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	1.42	1.38	1.50
Customer accounts receivable financing needs increased	1.25	1.25	1.25
Customer investment in plant or equipment increased	1.33	1.13	1.75
Customer internally generated funds decreased	1.17	1.13	1.25
Customer merger or acquisition financing needs increased	2.17	2.38	1.75
Customer borrowing shifted to your bank from other bank or nonbank sources because these other sources became less attractive	1.17	1.00	1.50
Other (please specify)	0.00	0.00	0.00
Number of banks responding	12	8	4

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

	All Respondents	**Large Banks**	**Other Banks**
	Mean	**Mean**	**Mean**
Customer inventory financing needs decreased	1.57	1.60	1.50
Customer accounts receivable financing needs decreased	1.57	1.60	1.50
Customer investment in plant or equipment decreased	1.83	2.07	1.38
Customer internally generated funds increased	1.91	2.07	1.63
Customer merger or acquisition financing needs decreased	1.48	1.60	1.25
Customer borrowing shifted from your bank to other bank or nonbank credit sources because these other sources became more attractive	1.83	1.60	2.25
Other (please specify)	0.00	0.00	0.00
Number of banks responding	23	15	8

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	1	1.9	1	2.8	0	0.0
The number of inquiries has increased moderately	8	15.1	4	11.1	4	23.5
The number of inquiries has stayed about the same	29	54.7	20	55.6	9	52.9
The number of inquiries has decreased moderately	15	28.3	11	30.6	4	23.5
The number of inquiries has decreased substantially	0	0.0	0	0.0	0	0.0
Total	53	100.0	36	100.0	17	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	18	34.0	10	27.8	8	47.1
Remained basically unchanged	33	62.3	24	66.7	9	52.9
Eased somewhat	2	3.8	2	5.6	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	36	100.0	17	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	5.7	0	0.0	3	17.6
About the same	28	52.8	20	55.6	8	47.1
Moderately weaker	20	37.7	14	38.9	6	35.3
Substantially weaker	2	3.8	2	5.6	0	0.0
Total	53	100.0	36	100.0	17	100.0

Questions 9-10 *ask about three categories of* ***residential mortgage loans*** *at your bank--prime residential mortgages, nontraditional residential mortgages, and subprime residential mortgages. Question 9 deals with changes in your bank's credit standards for loans in each of these categories over the past three months. Question 10 deals with changes in demand for loans in each of these categories 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.*

For the purposes of this survey, please use the following definitions of these loan categories (note that the loan categories are not mutually exclusive) and include first-lien loans only:

- *The* ***prime*** *category of residential mortgages includes loans made to borrowers that typically had relatively strong, well-documented credit histories, relatively high credit scores, and relatively low debt-to-income ratios at the time of origination. This would include fully amortizing loans that have a fixed rate, a standard adjustable rate, or a common hybrid adjustable rate--those for which the interest rate is initially fixed for a multi-year period and subsequently adjusts more frequently.*

- *The* ***nontraditional*** *category of residential mortgages includes, but is 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. (Please exclude standard adjustable-rate mortgages and common hybrid adjustable-rate mortgages.)*

- *The* ***subprime*** *category of residential mortgages typically includes loans made to borrowers that displayed one or more of the following characteristics at the time of origination: weakened credit histories that include payment delinquencies, chargeoffs, judgments, and/or bankruptcies; reduced repayment capacity as measured by credit scores or debt-to-income ratios; or incomplete credit histories.*

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

a. Credit standards on mortgage loans that your bank categorizes as ***prime*** residential mortgages have:

	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	8	15.1	5	13.9	3	17.6
Remained basically unchanged	45	84.9	31	86.1	14	82.4
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	36	100.0	17	100.0

b. Credit standards on mortgage loans that your bank categorizes as ***nontraditional*** residential mortgages have:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	5	11.4	5	16.7	0	0.0
Tightened somewhat	15	34.1	12	40.0	3	21.4
Remained basically unchanged	24	54.5	13	43.3	11	78.6
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	44	100.0	30	100.0	14	100.0

For this question, 9 respondents answered “My bank does not originate nontraditional residential mortgages.”

c. Credit standards on mortgage loans that your bank categorizes as ***subprime*** residential mortgages have:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	5	31.3	5	55.6	0	0.0
Tightened somewhat	4	25.0	1	11.1	3	42.9
Remained basically unchanged	7	43.8	3	33.3	4	57.1
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	16	100.0	9	100.0	7	100.0

For this question, 37 respondents answered “My bank does not originate subprime residential mortgages.”

10. 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.)

a. Demand for mortgages that your bank categorizes as ***prime*** residential mortgages was:

	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	7	13.2	4	11.1	3	17.6
About the same	29	54.7	19	52.8	10	58.8
Moderately weaker	15	28.3	11	30.6	4	23.5
Substantially weaker	2	3.8	2	5.6	0	0.0
Total	53	100.0	36	100.0	17	100.0

b. Demand for mortgages that your bank categorizes as ***nontraditional*** residential mortgages was:

	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	7	15.9	6	20.0	1	7.1
About the same	23	52.3	13	43.3	10	71.4
Moderately weaker	13	29.5	10	33.3	3	21.4
Substantially weaker	1	2.3	1	3.3	0	0.0
Total	44	100.0	30	100.0	14	100.0

For this question, 9 respondents answered “My bank does not originate nontraditional residential mortgages.”

c. Demand for mortgages that your bank categorizes as ***subprime*** residential mortgages was:

	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	2	12.5	1	11.1	1	14.3
About the same	9	56.3	4	44.4	5	71.4
Moderately weaker	3	18.8	3	33.3	0	0.0
Substantially weaker	2	12.5	1	11.1	1	14.3
Total	16	100.0	9	100.0	7	100.0

For this question, 37 respondents answered “My bank does not originate subprime residential mortgages.”

Questions 11-16 *ask about* ***consumer lending*** *at your bank. Question 11 deals with changes in your bank's willingness to make consumer loans over the past three months. Questions 12-15 deal with changes in credit standards and loan terms over the same period. Question 16 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.*

11. 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	1	2.0	1	2.9	0	0.0
Somewhat more willing	5	9.8	1	2.9	4	23.5
About unchanged	43	84.3	32	94.1	11	64.7
Somewhat less willing	2	3.9	0	0.0	2	11.8
Much less willing	0	0.0	0	0.0	0	0.0
Total	51	100.0	34	100.0	17	100.0

12. 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	5.6	1	4.8	1	6.7
Remained basically unchanged	28	77.8	15	71.4	13	86.7
Eased somewhat	6	16.7	5	23.8	1	6.7
Eased considerably	0	0.0	0	0.0	0	0.0
Total	36	100.0	21	100.0	15	100.0

13. 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	7	13.7	3	8.6	4	25.0
Remained basically unchanged	41	80.4	31	88.6	10	62.5
Eased somewhat	3	5.9	1	2.9	2	12.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	51	100.0	35	100.0	16	100.0

14. 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	3.13	3.05	3.27
Spreads of interest rates charged on outstanding balances over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.90	2.80	3.09
Minimum percent of outstanding balances required to be repaid each month	3.00	3.00	3.00
Minimum required credit score (increased score=tightened, reduced score=eased)	3.06	3.10	3.00
The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)	3.03	3.00	3.09
Other (please specify)	3.00	3.00	0.00
Number of banks responding	32	21	11

15. 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	3.04	3.03	3.06
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.86	2.82	2.94
Minimum required downpayment	2.98	3.00	2.94
Minimum required credit score (increased score=tightened, reduced score=eased)	2.88	2.91	2.82
The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)	2.96	3.00	2.88
Other (please specify)	2.33	2.50	2.00
Number of banks responding	51	34	17

16. 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	6	12.0	4	12.1	2	11.8
About the same	26	52.0	14	42.4	12	70.6
Moderately weaker	16	32.0	13	39.4	3	17.6
Substantially weaker	2	4.0	2	6.1	0	0.0
Total	50	100.0	33	100.0	17	100.0

1. The sample is selected from among the largest banks in each Federal Reserve District. In the table, large banks are defined as those with total domestic assets of $20 billion or more as of December 31, 2006. The combined assets of the 36 large banks totaled $5.26 trillion, compared to $5.44 trillion for the entire panel of 53 banks, and $8.72 trillion for all domestically chartered, federally insured commercial banks.