

2005 Survey of Credit Underwriting Practices
National Credit Committee
June 2005

Commercial Lending Portfolios

Agricultural Lending

Twenty-eight of the 71 banks in the survey were engaged in some form of agricultural lending.

Changes in Underwriting Standards in Agricultural Loan Portfolios
(Percent of Banks)

	Eased	Unchanged	Tightened
1999	3	79	18
2000	3	71	26
2001	3	71	26
2002	0	70	30
2003	0	67	33
2004	0	93	7
2005	0	93	7

Changes in Level of Credit Risk in Agricultural Loan Portfolios
(Percent of Banks)

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1999	0	6	42	49	3
2000	0	15	41	44	0
2001	0	17	43	34	6
2002	0	7	63	30	0
2003	0	11	48	41	0
2004	0	10	59	31	0
2005	4	17	69	10	0
Future 12 Months	0	7	79	14	0

Asset-Based Loans

Thirty-three of 71 banks in the survey were engaged in asset-based lending.

Changes in Underwriting Standards in Asset-Based Loan Portfolios
(Percent of Banks)

	Eased	Unchanged	Tightened
1999	10	78	12
2000	11	67	22

2001	5	53	42
2002	3	66	31
2003	0	58	42
2004	16	71	13
2005	30	67	3

Changes in Level of Credit Risk in Asset-Based Loan Portfolios
(Percent of Banks)

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1999	0	10	66	24	0
2000	0	8	62	30	0
2001	5	8	42	45	0
2002	0	0	50	50	0
2003	3	26	42	29	0
2004	3	29	55	13	0
2005	0	24	52	24	0
Future 12 Months	0	3	55	42	0

Commercial Real Estate Lending-Commercial Construction

Sixty-three of the 71 banks in the survey were engaged in commercial construction lending.

Changes in Underwriting Standards in Commercial Construction Loan Portfolios
(Percent of Banks)

	Eased	Unchanged	Tightened
2003	2	61	37
2004	10	75	15
2005	29	63	8

Changes in Level of Credit Risk in Commercial Construction Loan Portfolios
(Percent of Banks)

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
2003	0	7	46	42	5
2004	0	7	59	34	0
2005	2	6	65	27	0
Future 12 Months	0	5	60	35	0

Commercial Real Estate Lending-Residential Construction

Fifty-seven of the 71 banks in the survey were engaged in residential construction lending.

Changes in Underwriting Standards in Residential Construction Loan Portfolios
(Percent of Banks)

	Eased	Unchanged	Tightened
2003	0	76	24
2004	5	86	9
2005	21	72	7

Changes in Level of Credit Risk in Residential Construction Loan Portfolios
(Percent of Banks)

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
2003	0	2	62	34	2
2004	0	4	76	18	2
2005	2	5	65	28	0
Future 12 Months	0	4	49	47	0

Commercial Real Estate Lending-Other

Sixty-six of the 71 banks in the survey were engaged in other commercial real estate lending.

Changes in Underwriting Standards in Other Commercial Real Estate Loan Portfolios
(Percent of Banks)

	Eased	Unchanged	Tightened
2003	5	71	24
2004	8	83	9
2005	24	65	11

Changes in Level of Credit Risk in Other Commercial Real Estate Loan Portfolios
(Percent of Banks)

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
2003	0	5	48	43	4
2004	0	12	66	20	2
2005	2	9	65	24	0
Future 12 Months	0	3	55	42	0

International Lending

Fifteen of the 71 banks in the survey were active in international lending.

Changes in Underwriting Standards in International Loan Portfolios
(Percent of Banks)

	Eased	Unchanged	Tightened
1999	4	54	42
2000	14	72	14
2001	29	57	14
2002	11	61	28
2003	6	55	39
2004	11	61	28
2005	27	73	0

Changes in Level of Credit Risk in International Loan Portfolios
(Percent of Banks)

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1999	8	8	42	38	4
2000	0	33	53	14	0
2001	0	14	53	33	0
2002	0	22	39	28	11
2003	0	6	55	33	6
2004	6	33	55	6	0
2005	0	20	73	7	0
Future 12 Months	0	0	67	33	0

Middle Market Lending

Fifty-five of the 71 banks in the survey were engaged in middle market lending.

Changes in Underwriting Standards in Middle Market Loan Portfolios
(Percent of Banks)

	Eased	Unchanged	Tightened
1999	18	73	9
2000	18	66	16
2001	11	48	41
2002	0	60	40
2003	6	63	31
2004	14	81	5
2005	28	67	5

Changes in Level of Credit Risk in Middle Market Loan Portfolios
(Percent of Banks)

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1999	0	8	56	36	0
2000	0	2	50	46	2
2001	0	2	35	59	4
2002	2	8	22	66	2
2003	0	13	39	44	4
2004	0	28	52	18	2
2005	4	26	54	16	0
Future 12 Months	0	9	46	45	0

Small Business Lending

Fifty-five of the 71 banks in the survey are lending in the small business market.

Changes in Underwriting Standards in Small Business Loan Portfolios (Percent of Banks)

	Eased	Unchanged	Tightened
1999	13	75	12
2000	8	73	19
2001	5	63	32
2002	2	66	32
2003	4	65	31
2004	11	74	15
2005	13	81	6

Changes in Level of Credit Risk in Small Business Loan Portfolios (Percent of Banks)

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1999	0	8	67	23	2
2000	0	3	72	22	3
2001	0	3	60	37	0
2002	0	2	56	40	2
2003	0	4	56	38	2
2004	0	15	72	13	0
2005	0	11	70	19	0
Future 12 Months	0	4	63	33	0

Structured Finance

Eighteen of the 71 banks in the survey provided structured finance loans.

Changes in Underwriting Standards in Structured Finance Loan Portfolios
(Percent of Banks)

	Eased	Unchanged	Tightened
1999	24	44	32
2000	35	45	20
2001	0	4	96
2002	0	44	56
2003	0	48	52
2004	15	85	0
2005	32	68	0

Changes in Level of Credit Risk in Structured Finance Loan Portfolios
(Percent of Banks)

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1999	0	4	36	56	4
2000	0	0	20	80	0
2001	0	4	8	46	42
2002	0	7	26	52	15
2003	10	33	28	29	0
2004	15	40	40	5	0
2005	5	27	58	5	5
Future 12 Months	0	5	63	32	0

Syndicated/National Credits

Forty-one of the 71 banks in the survey were active in the syndicated/national credit market.

Changes in Underwriting Standards in Syndicated/National Credit Portfolios
(Percent of Banks)

	Eased	Unchanged	Tightened
1999	18	50	32
2000	22	61	17
2001	0	34	66
2002	0	45	55
2003	3	49	48
2004	17	66	17
2005	32	68	0

Changes in Level of Credit Risk in Syndicated/National Credit Portfolios
(Percent of Banks)

	Declined	Declined	Unchanged	Increased	Increased
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	Significantly	Somewhat		Somewhat	Significantly
1999	0	0	45	45	10
2000	0	0	36	61	3
2001	0	6	17	63	14
2002	0	8	29	53	10
2003	5	27	33	30	5
2004	17	36	36	11	0
2005	5	27	49	19	0
Future 12 Months	0	5	56	39	0