

**2004 Survey of Credit Underwriting Practices  
National Credit Committee  
September 2004**

**Commercial Lending Portfolios**

***Agricultural Lending***

Twenty-nine of the 72 banks in the survey were engaged in some form of agricultural lending.

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

	<b>Eased</b>	<b>Unchanged</b>	<b>Tightened</b>
<b>1997</b>	8	79	13
<b>1998</b>	18	74	8
<b>1999</b>	3	79	18
<b>2000</b>	3	71	26
<b>2001</b>	3	71	26
<b>2002</b>	0	70	30
<b>2003</b>	0	67	33
<b>2004</b>	0	93	7

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

	<b>Declined Significantly</b>	<b>Declined Somewhat</b>	<b>Unchanged</b>	<b>Increased Somewhat</b>	<b>Increased Significantly</b>
<b>1999</b>	0	6	42	49	3
<b>2000</b>	0	15	41	44	0
<b>2001</b>	0	17	43	34	6
<b>2002</b>	0	7	63	30	0
<b>2003</b>	0	11	48	41	0
<b>2004</b>	0	10	59	31	0
<b>Future 12 Months</b>	0	17	66	17	0

***Asset-Based Loans***

Thirty-one of the surveyed banks were engaged in this type of lending.

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

	<b>Eased</b>	<b>Unchanged</b>	<b>Tightened</b>
<b>1999</b>	10	78	12
<b>2000</b>	11	67	22
<b>2001</b>	5	53	42
<b>2002</b>	3	66	31

<b>2003</b>	0	58	42
<b>2004</b>	16	71	13

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

	<b>Declined Significantly</b>	<b>Declined Somewhat</b>	<b>Unchanged</b>	<b>Increased Somewhat</b>	<b>Increased Significantly</b>
<b>1999</b>	0	10	66	24	0
<b>2000</b>	0	8	62	30	0
<b>2001</b>	5	8	42	45	0
<b>2002</b>	0	0	50	50	0
<b>2003</b>	3	26	42	29	0
<b>2004</b>	3	29	55	13	0
<b>Future 12 Months</b>	0	13	64	23	0

### ***Commercial Real Estate Lending-Commercial Construction***

Fifty-nine of the 72 banks in the survey were engaged in commercial real estate lending.

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

	<b>Eased</b>	<b>Unchanged</b>	<b>Tightened</b>
<b>2003</b>	2	61	37
<b>2004</b>	10	75	15

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

	<b>Declined Significantly</b>	<b>Declined Somewhat</b>	<b>Unchanged</b>	<b>Increased Somewhat</b>	<b>Increased Significantly</b>
<b>2003</b>	0	7	46	42	5
<b>2004</b>	0	7	59	34	0
<b>Future 12 Months</b>	0	5	70	25	0

### ***Commercial Real Estate Lending-Residential Construction***

Fifty-five of the 72 banks in the survey were engaged in residential construction real estate lending.

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

	Eased	Unchanged	Tightened
<b>2003</b>	0	76	24
<b>2004</b>	5	86	9

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

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
<b>2003</b>	0	2	62	34	2
<b>2004</b>	0	4	76	18	2
<b>Future 12 Months</b>	0	4	69	27	0

### ***Commercial Real Estate Lending-Other***

Sixty-five of the 72 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
<b>2003</b>	5	71	24
<b>2004</b>	8	83	9

**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
<b>2003</b>	0	5	48	43	4
<b>2004</b>	0	12	66	20	2
<b>Future 12 Months</b>	0	8	68	23	1

### ***International Lending***

Only 18 of the 72 banks in the survey were active in international lending.

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

	Eased	Unchanged	Tightened
<b>1999</b>	4	54	42

<b>2000</b>	14	72	14
<b>2001</b>	29	57	14
<b>2002</b>	11	61	28
<b>2003</b>	6	55	39
<b>2004</b>	11	61	28

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

	<b>Declined Significantly</b>	<b>Declined Somewhat</b>	<b>Unchanged</b>	<b>Increased Somewhat</b>	<b>Increased Significantly</b>
<b>1999</b>	8	8	42	38	4
<b>2000</b>	0	33	53	14	0
<b>2001</b>	0	14	53	33	0
<b>2002</b>	0	22	39	28	11
<b>2003</b>	0	6	55	33	6
<b>2004</b>	6	33	55	6	0
<b>Future 12 Months</b>	6	11	61	22	0

### ***Middle Market Lending***

Fifty-six of the 72 banks in the survey were engaged in middle market lending.

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

	<b>Eased</b>	<b>Unchanged</b>	<b>Tightened</b>
<b>1999</b>	18	73	9
<b>2000</b>	18	66	16
<b>2001</b>	11	48	41
<b>2002</b>	0	60	40
<b>2003</b>	6	63	31
<b>2004</b>	14	81	5

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

	<b>Declined Significantly</b>	<b>Declined Somewhat</b>	<b>Unchanged</b>	<b>Increased Somewhat</b>	<b>Increased Significantly</b>
<b>1999</b>	0	8	56	36	0
<b>2000</b>	0	2	50	46	2
<b>2001</b>	0	2	35	59	4
<b>2002</b>	2	8	22	66	2
<b>2003</b>	0	13	39	44	4
<b>2004</b>	0	28	52	18	2

<b>Future 12 Months</b>	2	16	57	25	0
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## ***Small Business Lending***

Fifty-four of the 72 banks in the survey are lending in the small business market.

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

	<b>Eased</b>	<b>Unchanged</b>	<b>Tightened</b>
<b>1999</b>	13	75	12
<b>2000</b>	8	73	19
<b>2001</b>	5	63	32
<b>2002</b>	2	66	32
<b>2003</b>	4	65	31
<b>2004</b>	11	74	15

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

	<b>Declined Significantly</b>	<b>Declined Somewhat</b>	<b>Unchanged</b>	<b>Increased Somewhat</b>	<b>Increased Significantly</b>
<b>1999</b>	0	8	67	23	2
<b>2000</b>	0	3	72	22	3
<b>2001</b>	0	3	60	37	0
<b>2002</b>	0	2	56	40	2
<b>2003</b>	0	4	56	38	2
<b>2004</b>	0	15	72	13	0
<b>Future 12 Months</b>	0	13	57	30	0

## ***Structured Finance***

Twenty of the 72 banks in the survey provided structured finance loans.

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

	<b>Eased</b>	<b>Unchanged</b>	<b>Tightened</b>
<b>1999</b>	24	44	32
<b>2000</b>	35	45	20
<b>2001</b>	0	4	96
<b>2002</b>	0	44	56
<b>2003</b>	0	48	52
<b>2004</b>	15	85	0

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

	<b>Declined Significantly</b>	<b>Declined Somewhat</b>	<b>Unchanged</b>	<b>Increased Somewhat</b>	<b>Increased Significantly</b>
<b>1999</b>	0	4	36	56	4
<b>2000</b>	0	0	20	80	0
<b>2001</b>	0	4	8	46	42
<b>2002</b>	0	7	26	52	15
<b>2003</b>	10	33	28	29	0
<b>2004</b>	15	40	40	5	0
<b>Future 12 Months</b>	0	40	50	10	0

***Syndicated/National Credits***

Thirty-six of the 72 banks in the survey were active in the syndicated/national credit market.

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

	<b>Eased</b>	<b>Unchanged</b>	<b>Tightened</b>
<b>1999</b>	18	50	32
<b>2000</b>	22	61	17
<b>2001</b>	0	34	66
<b>2002</b>	0	45	55
<b>2003</b>	3	49	48
<b>2004</b>	17	66	17

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

	<b>Declined Significantly</b>	<b>Declined Somewhat</b>	<b>Unchanged</b>	<b>Increased Somewhat</b>	<b>Increased Significantly</b>
<b>1999</b>	0	0	45	45	10
<b>2000</b>	0	0	36	61	3
<b>2001</b>	0	6	17	63	14
<b>2002</b>	0	8	29	53	10
<b>2003</b>	5	27	33	30	5
<b>2004</b>	17	36	36	11	0
<b>Future 12 Months</b>	0	31	58	11	0