

2003 Survey of Credit Underwriting Practices National Credit Committee September 2003

Commercial Lending Portfolios

Agricultural Lending

Twenty-seven of the 66 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
1997	8	79	13
1998	18	74	8
1999	3	79	18
2000	3	71	26
2001	3	71	26
2002	0	70	30
2003	0	67	33

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

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1997	0	17	66	17	0
1998	0	13	64	23	0
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
Future 12 Months	0	8	70	22	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)

	Eased	Unchanged	Tightened

1999	10	78	12
2000	11	67	22
2001	5	53	42
2002	3	66	31
2003	0	58	42

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
Future 12 Months	0	13	61	26	0

Commercial Real Estate Loans

This product was separated into three products in this year's survey.

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

	Eased	Unchanged	Tightened
1997	38	52	10
1998	43	51	6
1999	23	60	17
2000	21	58	21
2001	10	50	40
2002	0	52	48

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

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1997	0	12	57	28	3
1998	0	9	59	32	0
1999	0	7	51	40	2
2000	0	8	65	27	0
2001	0	6	53	39	2

2002	0	5	38	57	0
Future 12 Months	2	7	27	64	0

Commercial Real Estate Lending-Commercial Construction

Fifty-seven of the 66 banks in the survey were engaged in commercial real estate lending.

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

	Eased	Unchanged	Tightened
2003	2	61	37

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
Future 12 Months	0	3	44	53	0

Commercial Real Estate Lending-Residential Construction

Fifty of the 66 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
2003	0	76	24

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
Future 12 Months	0	2	42	56	0

Months					
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Commercial Real Estate Lending-Other

Fifty-eight of the 66 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

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
Future 12 Months	0	5	40	55	0

International Lending

Only 18 of the 66 banks in the survey were active in international lending.

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

	Eased	Unchanged	Tightened
1997	34	63	3
1998	5	53	42
1999	4	54	42
2000	14	72	14
2001	29	57	14
2002	11	61	28
2003	6	55	39

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

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1997	0	7	70	23	0
1998	5	9	42	42	2
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
Future 12 Months	6	6	50	38	0

Middle Market Lending

Fifty-four of the 66 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
1997	42	55	3
1998	47	50	3
1999	18	73	9
2000	18	66	16
2001	11	48	41
2002	0	60	40
2003	6	63	31

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

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1997	0	8	64	28	0
1998	0	4	61	35	0
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
Future 12 Months	0	13	39	48	0

Small Business Lending

Fifty-two of the 66 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
1997	15	69	16
1998	24	72	4
1999	13	75	12
2000	8	73	19
2001	5	63	32
2002	2	66	32
2003	4	65	31

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

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1997	0	9	70	20	1
1998	0	6	68	25	1
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
Future 12 Months	0	12	38	50	0

Structured Finance

Twenty-one of the 66 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

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
Future 12 Months	0	33	29	38	0

Syndicated/National Credits

Thirty-seven of the 66 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
1997	50	44	6
1998	54	37	9
1999	18	50	32
2000	22	61	17
2001	0	34	66
2002	0	45	55
2003	3	49	48

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

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1997	0	8	52	40	0
1998	0	2	48	50	0
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
Future 12 Months	3	14	51	32	0

*NA (not available) responses excluded.