Office of the
Comptroller of the Currency

2016 Survey of Credit Underwriting Practices

Office of the Comptroller of the Currency
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Updated January 5, 2017:

This report contains corrected data on page 7, table 2.

Contents

Introduction

The Office of the Comptroller of the Currency (OCC) conducted its 22nd "Survey of Credit Underwriting Practices" for commercial and retail credit products offered by national banks and federal savings associations (collectively, banks). The survey covers the 12-month period ending June 30, 2016, and this report shows results of this year's survey along with the previous 13 years to provide perspective over that period.[1]

The 2016 survey includes OCC examiners' assessments of underwriting practices (customary activities including formal underwriting standards of risk acceptance) and quantity and direction of credit risk. The survey's data come from examiners' assessments of 93 banks, with aggregate total assets of $10.2 trillion, gross loans of $5.2 trillion, and unfunded commitments of $5.3 trillion as of March 31, 2016. Each bank had total assets of $3 billion or more, and the 93 banks collectively represented 92 percent of the total assets, 90 percent of gross loans, and 85 percent of unfunded commitments in the federal banking system.

Examiners assessed underwriting practices on 18 lending products. Eleven were commercial credit products; seven were retail credit products. Examiners performed assessments when a lending product represented 2 percent or more of a bank's committed loan portfolio or exceeded $10 billion in total commitments. In aggregate, the examiner assessments covered $8.9 trillion in total commitments across the 93 banks. The OCC's Large Bank operating unit supervises 19 of these banks, and the OCC's Midsize and Community Bank operating unit supervises 29 midsize and 45 community banks in this survey. This report includes first-time assessments for one midsize bank and seven community banks. The table below provides information on the commercial and retail credit products reported by examiners. Eighty-six of the 93 banks offered at least one commercial product, while 90 banks offered at least one retail product.

Commercial Credit and Retail Credit Products by Product Type

Commercial credit products		
Product type	Banks with products	Aggregate total commitment in billions[a]
Agricultural	12	$46.7
Asset-based	24	$199.3
Commercial leasing	17	$124.3
Commercial real estate (CRE) construction	54	$135.0
Residential construction	16	$5.2
Other CRE	82	$644.8
International	8	$677.9
Large corporate	40	$1,286.3
Leveraged	29	$557.2
Middle market	57	$811.8
Small business	41	$200.5

Retail credit products		
Product type	Banks with products	Aggregate total commitment in billions[a]
Affordable housing	37	$35.0
Conventional home equity	64	$589.0
High loan-to-value home equity	2	$24.2
Credit cards	25	$1,962.7
Direct consumer lending	21	$168.5
Indirect consumer lending	21	$310.7
Residential first mortgages	85	$1,086.7

[a] These figures are from bank management information system reports and rounded to the nearest billions.

[1] Some data tables and figures cover shorter periods, as questions were added to the survey over the years or changes were made in OCC information technology systems.

As used in this report, underwriting practices include repayment terms; pricing; risk selection; covenants; and collateral requirements under which banks approve, extend, or renew credit. Examiners' conclusions that underwriting practices for a particular loan category eased, tightened, or were unchanged do not necessarily indicate that a bank adjusted all of the formal underwriting standards for that particular product. Rather, such conclusions signify that the adjustments had the net effect of easing, tightening, or leaving unchanged the aggregate conditions under which a bank extended credit.

Examiners' assessments indicate the aggregate perceived level of risk in underwriting as conservative, moderate, or liberal. The assessments consider all elements of underwriting, such as appropriateness of loan structures, adequacy of and adherence to internal policies, adequacy of risk selection processes and decisions, and appropriateness of loan controls. Conservative assessments are indicative of underwriting practices in lending policies, pricing, risk selection, structures, and controls that are commensurate with a lower risk appetite, and adherence to policy standards is strong and effective. Moderate assessments are indicative of underwriting practices in lending policies, pricing, risk selection, structures, and controls that are commensurate with a reasonable risk appetite, and adherence to lending policies is satisfactory. Liberal assessments are indicative of underwriting practices in lending policies, pricing, risk selection, structures, and controls that are commensurate with a high or aggressive risk appetite, and adherence to lending policies is insufficient or weak resulting in significant exceptions to policy.

Part I of this report summarizes the overall results of the survey. Part II presents figures for commercial and retail portfolios and for all surveyed credit products. Part III presents data tables with trends in underwriting practices for products not summarized in part I. Part III also provides the trends in changes in the quantity of credit risk for all surveyed loan products.[2]

[2] Some percentages in data tables and figures may not add to 100 percent because of rounding.

Part I: Overall Results

Primary Findings

- Banks continue to ease underwriting practices in response to competitive pressures, expanding credit risk appetites, and a desire for loan growth.
- While overall underwriting practices remain satisfactory, an increasing tolerance for looser underwriting has resulted in continued movement from more conservative underwriting practices to more moderate underwriting practices, a trend consistent with past credit cycles.
- Credit risk has increased since the 2015 survey in commercial and retail lending activities, and examiners expect the levels of credit risk in these areas to increase over the next 12 months. Primary areas of concern are aggressive growth rates, weaknesses in concentration risk management, deterioration in energy related portfolios, and the continued general easing of underwriting practices.

Trends in Underwriting Practices

Underwriting practices eased over the past year, the fourth consecutive year for which examiners identified more easing than tightening. Underwriting eased in 28 percent of banks offering commercial loan products and in 28 percent of banks offering retail loan products. These survey results compare with easing of 30 percent and 27 percent, respectively, for these categories in 2015.

Examiners reported that the leading reasons for eased underwriting practices since the 2015 survey are increased competition, higher credit risk appetites, and perceived improvements in general economic conditions. Banks generally tighten underwriting practices when the economy contracts and ease underwriting practices when the economy expands. Since 2012, examiners have cited these reasons, along with the existence of abundant market liquidity, for the eased underwriting practices.

Examiners noted easing in many underwriting factors. Commercial easing occurred most often in pricing, guarantor requirements, and loan covenants. The largest increases in commercial easing were in guarantor requirements, up from 34 percent of banks to 42 percent, and loan covenants, up from 14 percent to 40 percent. On the retail side, easing occurred most often in collateral requirements, loan size, and debt-to-income requirements, with the biggest increases in collateral requirements and loan size factors.

The easing of underwriting practices was most prevalent in consumer, conventional home equity, commercial construction, and residential real estate loans. Compared with the results of the 2015 survey, examiners noted double-digit increases in the percentage of banks that eased underwriting practices in these products. Examiners noted that many banks are interested in expanding lending in these products. If such trends continue, increasing credit risk could accelerate.

Figure A: Year-Over-Year Easing in Underwriting Factors for Commercial Credit Products

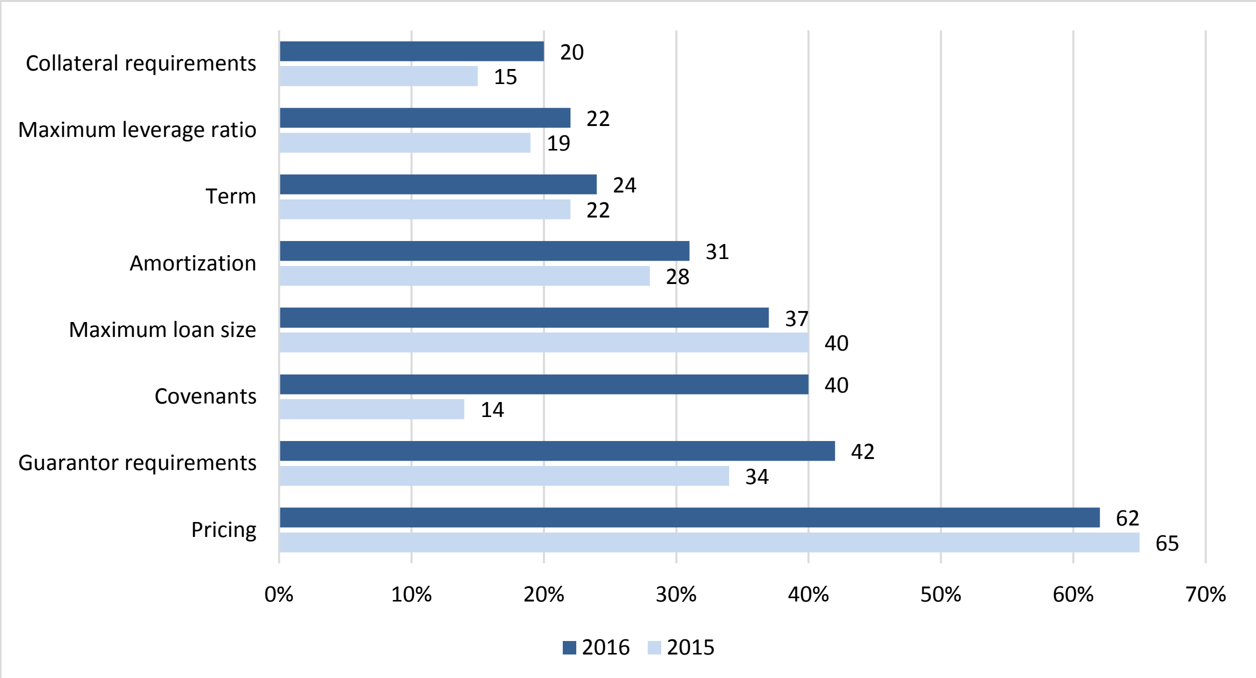
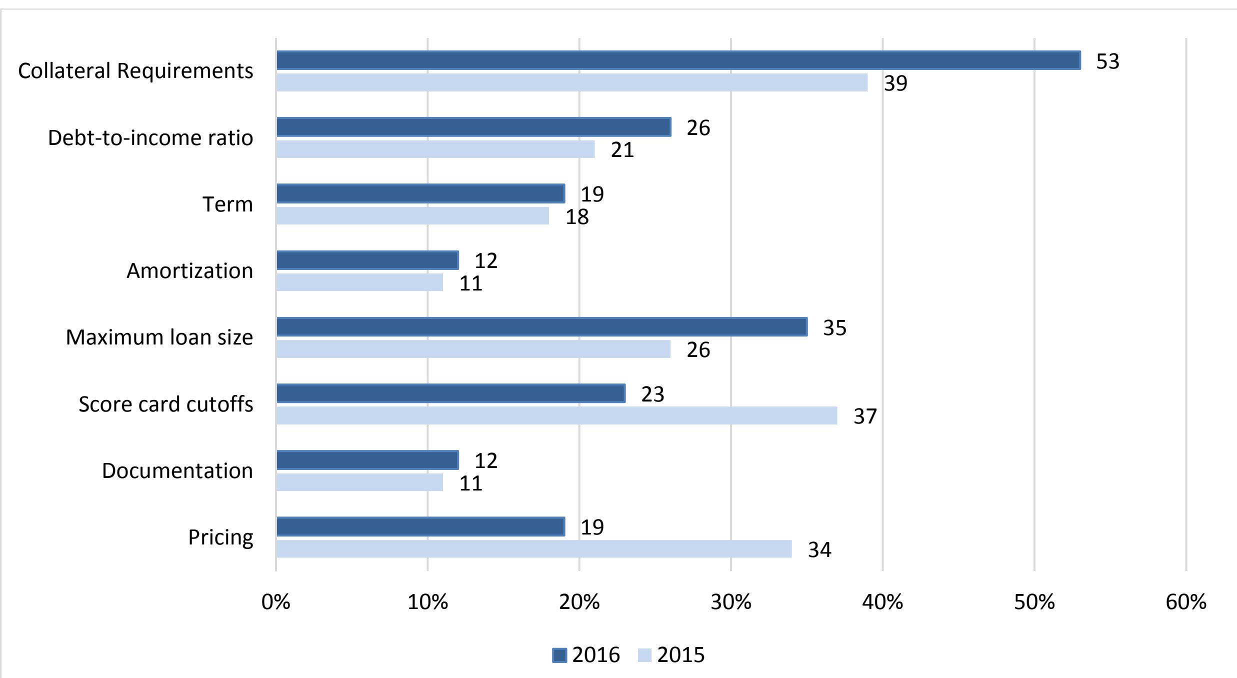
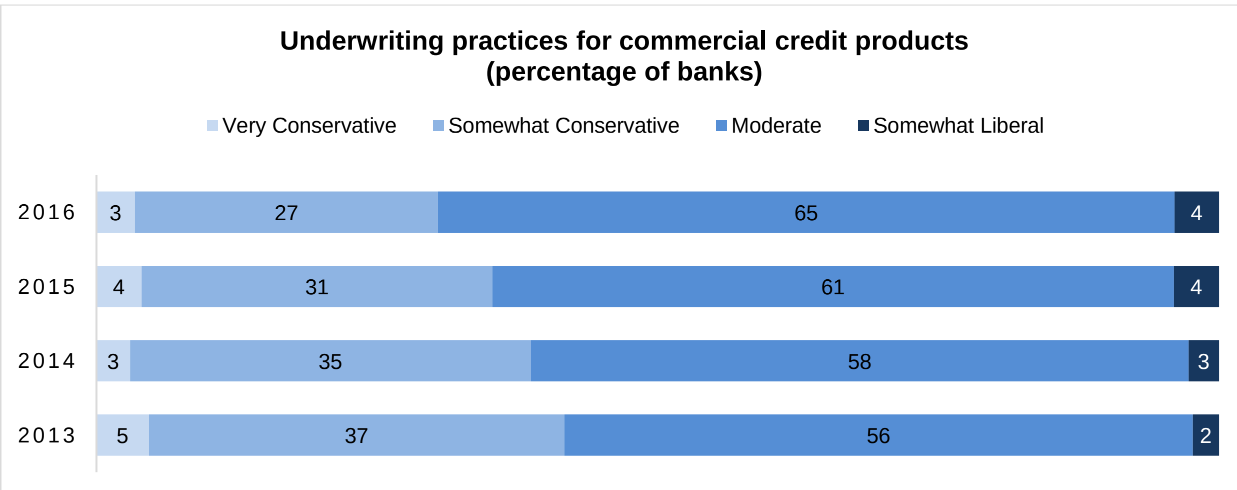


Figure B: Year-Over-Year Easing in Underwriting Factors for Retail Credit Products



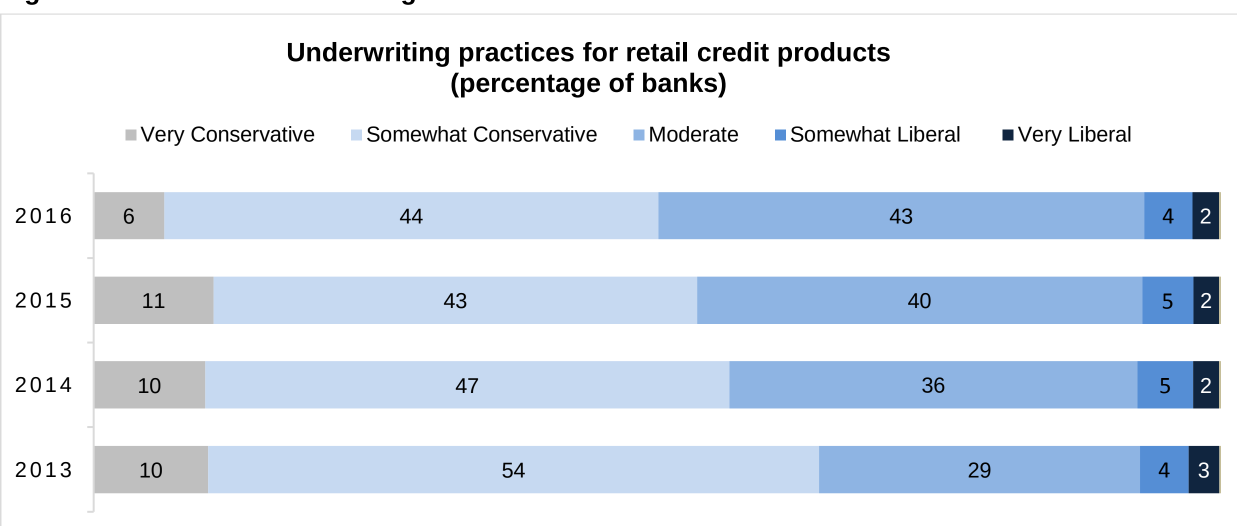
Examiners noted that, in aggregate, underwriting practices remain satisfactory. Ninety-six percent of the banks with commercial products were assessed as having conservative or moderate underwriting practices, consistent with the 2015 survey. This year continued a trend of fewer banks assessed with conservative underwriting practices and more banks assessed with moderate underwriting practices. Banks with commercial products assessed with moderate practices now represent 65 percent of the total, up from 56 percent three years ago. This trend indicates a shift toward an increasing risk appetite. This survey also indicates that while a significant number of banks continue to ease their underwriting practices, the degree of that easing has not resulted in practices that are considered liberal. Only 4 percent of the banks with commercial products were assessed as having liberal underwriting practices, consistent with last year. A similar pattern is observed in banks with retail products as 43 percent of banks were assessed with moderate underwriting practices compared to 29 percent three years ago. A majority of the banks that were assessed as moving from conservative to moderate underwriting practices are midsize or community banks.

Figure C: Trends in Underwriting Practices for Commercial Credit Products



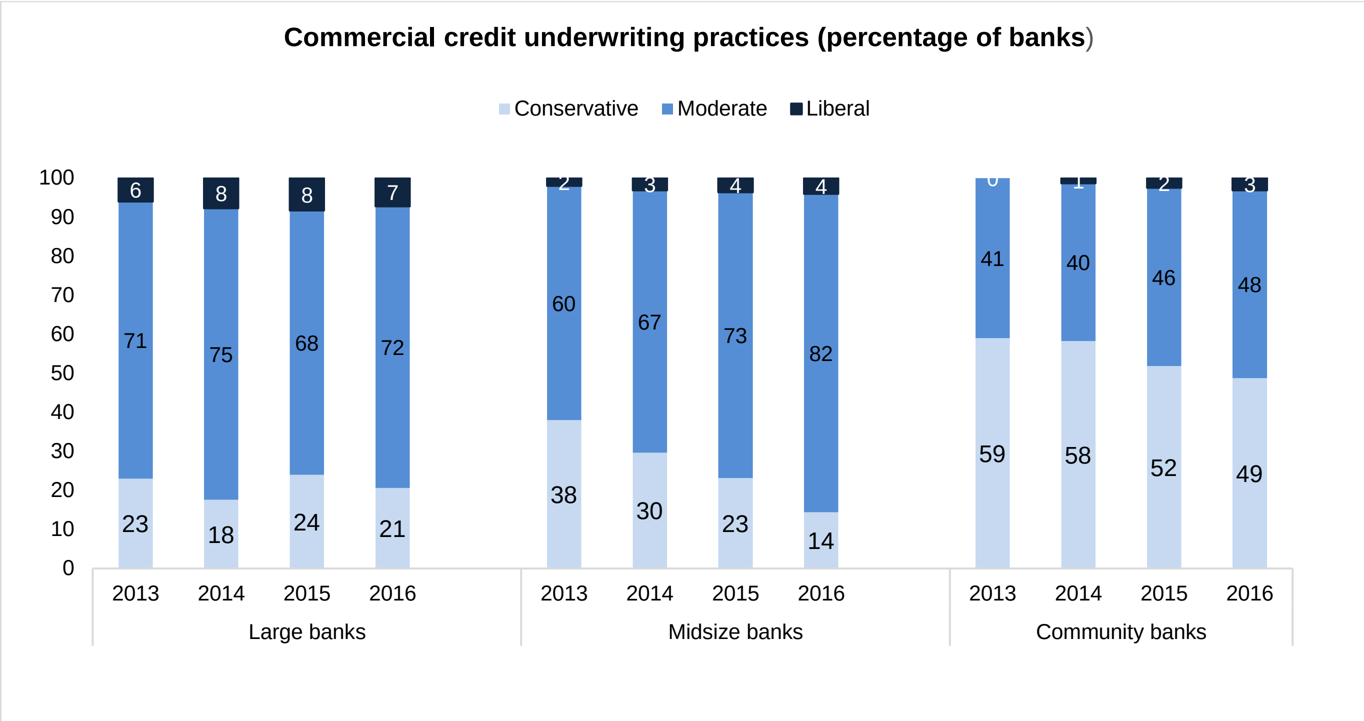
Note: Some percentages in data tables and figures may not add to 100 percent because of rounding.

Figure D: Trends in Underwriting Practices for Retail Credit Products



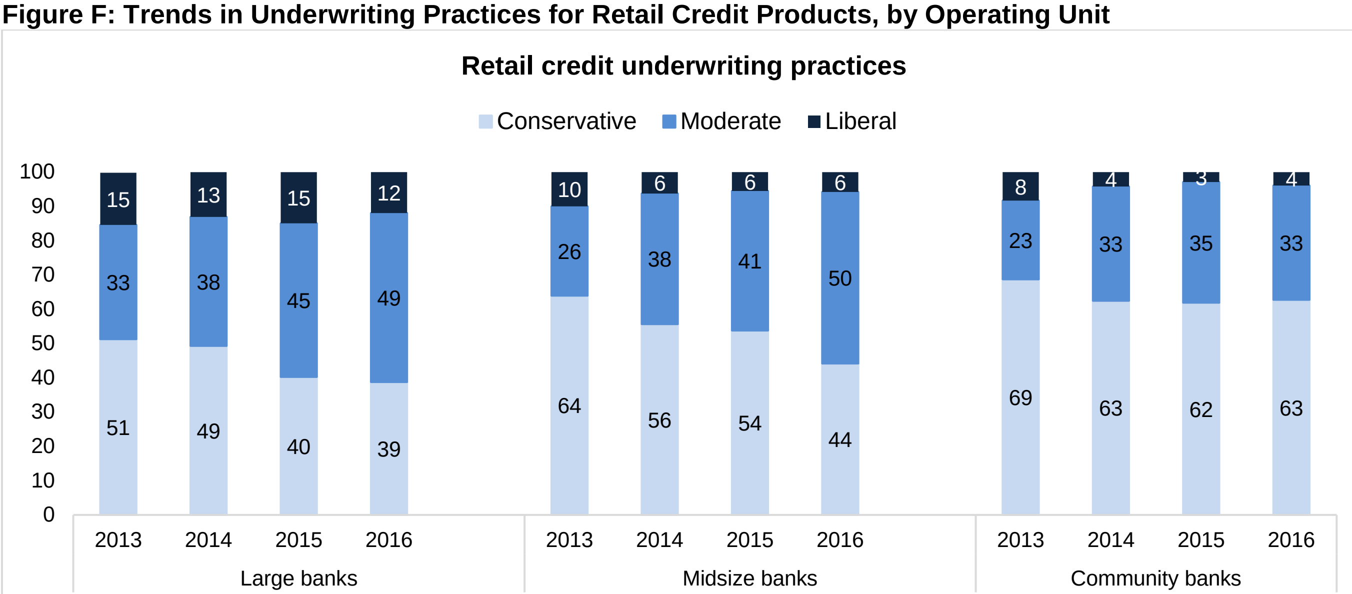
Note: Very liberal practices include instances where a bank did not have written underwriting policies.

Figure E: Trends in Underwriting Practices for Commercial Credit Products by Operating Unit



Note: Liberal percentage includes cases where a bank did not have written policies.

Figure F: Trends in Underwriting Practices for Retail Credit Products, by Operating Unit



Note: Liberal percentage includes cases where the bank did not have written policies.

Examiners reported that the liberal underwriting practices noted in figures E and F were isolated to the five loan products shown in table 1. These loan products represent portfolios in which banks may have existing or growing concentrations by volume.

Table 1: Lending Products With Liberal Underwriting Practices (Commercial and Retail Credit)

Loan products	Percentage of banks originating loan product	Percentage of banks having liberal underwriting practices (based on subset of banks that originate loan product)
Indirect consumer	23%	24%
Leveraged	34%	17%
Credit cards	28%	8%
Other CRE	95%	7%
Direct consumer	23%	5%

Examiners noted that almost all banks had written underwriting policies for each of the commonly assessed products. About 98 percent of the banks with commercial products tracked underwriting exceptions, compared with 96 percent of banks with retail products. While examiners identified a nominal increase in approved underwriting policy exceptions from 20 percent to 22 percent in commercial products, and a modest increase in underwriting exceptions from 5 percent to 11 percent in retail products, the support provided for these exceptions weakened. Examiners noted that exceptions are not as well supported as they were last year. Satisfactory support for underwriting standard exceptions declined from 51 percent to 42 percent of banks where commercial product exceptions are tracked, whereas banks with retail products slightly increased the level of support provided for approving underwriting exceptions. In addition, examiners identified a few banks that did not have written underwriting standards for some products.

Hold Versus Sell Originations

Many banks originate loans for sale in addition to holding loans for investment. Examiners reported that underwriting practices for commercial loans held for investment are generally the same as for loans that are to be sold. For retail products, examiners noted nearly a third of the banks apply different underwriting practices to loans to be sold than those they maintain on the balance sheet. This difference is most noticeable in the residential real estate product as 38 percent of banks have different underwriting requirements for factors including loan size, collateral, terms, debt-to-income ratio, scorecard cutoff, documentation, and pricing.

Table 2: Underwriting Practices Differ for Originate to Hold Versus Originate to Sell Products

Product	Underwritten differently				
	2012	2013	2014	2015	2016
CRE—other	1%	0%	15%	19%	19%
Large corporate	3%	0%	0%	0%	7%
Leveraged loans	15%	13%	9%	7%	9%
Residential real estate	54%	56%	45%	48%	38%

Trends in Credit Risk

Examiners viewed the quantity of credit risk as having increased in 40 percent of banks with commercial products, compared with 30 percent in 2015, and in 22 percent of banks with retail products, compared with 16 percent in 2015. In the next 12 months, examiners expect the quantity of credit risk to increase somewhat in 52 percent of commercial products and 36 percent in retail products. Examiners noted that approximately 24 percent of the banks introduced new types of loan products since the 2015 survey, and 23 percent of the banks plan to engage in new products in the next 12 months.

Although credit risk is expected to increase in the next year, excessive credit risk is a concern in only a small number of banks. Examiners expressed concern with the level of credit risk in 6 percent of banks with commercial products and 3 percent of banks with retail products. These levels are consistent with the 2015 survey. In banks where the level of credit risk is a concern, examiners' concerns were primarily in the products of large corporate loans, other CRE loans, international credits, leveraged loans, and indirect consumer loans.

For the most part, banks still rely on loan sales and credit derivatives to manage credit risk, but to a lesser extent than for the 2015 survey. According to examiners, derivatives are used by 69 percent of the banks as a risk management tool, compared with 75 percent of the banks in 2015, while 80 percent of banks use loan sales to manage credit risk, compared with 84 percent in 2015.

Examiners commented in the 2016 survey on what they considered to be the most important credit related issues they are witnessing. These issues include the following:

- Magnitude of growth in many products, especially CRE, commercial and industrial, and indirect consumer lending portfolios during the past 15 to 18 months.
- Quality of the administration of the leveraged lending portfolios given growth, deficient processes to identify and report leveraged loans, and need to strengthen risk management practices.
- Impact of volatile commodity prices on the direct and indirect exposure to certain credit portfolios (energy and agriculture).
- Competition for loans between banks and nonbanks is pressuring underwriting standards and practices across multiple credit products.
- Rising level of credit underwriting exceptions and shift from conservative to moderate underwriting practices in many banks, especially banks that have eased underwriting standards and practices year over year.
- Adequacy of concentration risk management in banks with rapid growth and high risk appetites.
- Adequacy and effectiveness of systems, processes, and controls in credit administration given the growth, levels of concentrations, and easing underwriting practices.
- Evaluation and due diligence banks conduct before exploring new product lines.

Trends in Commercial Underwriting Practices

Table 3: Trends in Underwriting Practices for Commercial Credit Products

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Eased	34%	31%	26%	6%	0%	2%	20%	14%	28%	34%	30%	28%
Unchanged	54%	63%	58%	42%	14%	33%	48%	70%	64%	61%	64%	66%
Tightened	12%	6%	16%	52%	86%	65%	32%	16%	8%	5%	6%	6%

Refer to figure 1 in part II to view the trends in credit quality for commercial credit products.

The 28 percent of banks with eased commercial credit underwriting is slightly lower than the 30 percent in 2015 and 34 percent in 2014. This easing trend over the past three years is similar to the degree of easing in the years preceding the 2008 financial crisis. The majority (94 percent) of banks that eased their commercial underwriting practices were assessed to have eased somewhat versus eased significantly. The most notable degree of commercial credit easing occurred in large and midsize banks, driven largely by lower pricing, reduced guarantor requirements, and weaker loan covenants.

Six percent of banks tightened underwriting in the category of Other CRE Lending, the first increase for this product in seven years. Underwriting of large corporate loans eased in 25 percent of banks in 2016 and 31 percent of banks in 2015, percentages higher than in any of the previous 10 years. The percentage of banks with eased underwriting in leveraged lending declined for the third straight year. The 17 percent of banks tightening in this product is the highest level of tightening for any commercial product in this year's survey.

The following tables provide data for selected commercial credit products. Part II of this report provides data for all commercial products. Part III provides trends in underwriting practices for products not covered in tables 3 through 10, along with trends in changes in the quantity of credit risk for all commercial products.

Table 4: CRE Lending: Commercial Construction Lending

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Eased	29%	32%	28%	8%	0%	3%	3%	5%	18%	33%	20%	26%
Unchanged	63%	56%	59%	43%	20%	25%	61%	75%	71%	65%	76%	70%
Tightened	8%	12%	13%	49%	80%	72%	36%	20%	11%	2%	4%	4%

Refer to data table 25 in part III to view the trends in the quantity of credit risk in this portfolio.

Table 5: CRE Lending: Residential Construction Lending

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Eased	21%	25%	17%	2%	0%	0%	0%	0%	0%	12%	0%	6%
Unchanged	72%	64%	50%	36%	8%	36%	63%	79%	92%	88%	100%	94%
Tightened	7%	11%	33%	62%	92%	64%	37%	21%	8%	0%	0%	0%

Refer to data table 26 in part III to view the trends in the quantity of credit risk in this portfolio.

Table 6: Other CRE Lending

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Eased	24%	32%	20%	2%	2%	2%	9%	12%	24%	37%	36%	28%
Unchanged	65%	60%	73%	73%	22%	38%	58%	76%	68%	59%	62%	66%
Tightened	11%	8%	7%	25%	76%	60%	33%	12%	8%	4%	2%	6%

Refer to data table 27 in part III to view the trends in the quantity of credit risk in this portfolio.

Table 7: Large Corporate Lending

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Eased	13%	19%	11%	11%	0%	0%	12%	9%	21%	18%	31%	25%
Unchanged	81%	76%	76%	72%	36%	34%	55%	82%	79%	80%	65%	70%
Tightened	6%	5%	13%	17%	64%	66%	33%	9%	0%	2%	4%	5%

Refer to data table 31 in part III to view the trends in the quantity of credit risk in this portfolio.

Table 8: Leveraged Lending

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Eased	32%	61%	67%	20%	0%	0%	37%	38%	53%	48%	21%	17%
Unchanged	68%	31%	33%	20%	31%	25%	44%	62%	47%	40%	62%	66%
Tightened	0%	8%	0%	60%	69%	75%	19%	0%	0%	12%	17%	17%

Refer to data table 28 in part III to view the trends in the quantity of credit risk in this portfolio.

Table 9: Middle Market Lending

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Eased	28%	31%	33%	6%	0%	0%	19%	22%	22%	28%	22%	26%
Unchanged	67%	66%	60%	69%	33%	50%	64%	70%	70%	67%	73%	70%
Tightened	5%	3%	7%	25%	67%	50%	17%	8%	8%	5%	5%	4%

Refer to data table 32 in part III to view the trends in the quantity of credit risk in this portfolio.

Table 10: Small Business Lending

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Eased	13%	19%	11%	11%	0%	0%	12%	9%	21%	18%	14%	12%
Unchanged	81%	76%	76%	72%	36%	34%	55%	82%	79%	80%	80%	85%
Tightened	6%	5%	13%	17%	64%	66%	33%	9%	0%	2%	6%	2%

Refer to data table 33 in part III to view the trends in the quantity of credit risk in this portfolio.

Trends in Retail Underwriting Practices

Table 11: Trends in Underwriting Practices for Retail Credit Products

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Eased	28%	28%	20%	0%	0%	0%	7%	15%	22%	22%	27%	28%
Unchanged	62%	65%	67%	32%	17%	26%	63%	63%	68%	68%	72%	71%
Tightened	10%	7%	13%	68%	83%	74%	30%	22%	10%	10%	1%	1%

Refer to figure 6 in part II to review the trends in credit quality for retail credit products.

Underwriting practices for retail products have continued to ease since 2011. Twenty-eight percent of banks eased retail lending practices since the previous survey, the highest level since 2006. Only 1 percent of banks tightened, which, with the exception of the 2015 survey, is the lowest volume of more conservative underwriting in more than a decade. Examiners identified eased lending practices in all retail products with the exception of the high loan-to-value home equity lending product. The greatest level of easing occurred in credit cards and indirect lending. For credit cards, lenders have been easing underwriting score cut-off standards and have been incrementally increasing initial line assignments. For indirect lending, lenders have eased score cut-off standards while increasing both advance rates and acceptable loan-to-value ratios. At times, these easing practices have often occurred simultaneously, resulting in a layering of credit risk. For residential lending, 15 percent of banks eased practices, a level not seen since 2007. Examiners attributed the easing to changes in the competitive environment, market strategy, risk appetite, and product performance.

The following tables provide data for selected retail credit products. Part II of this report provides data for all retail products. Part III provides trends in underwriting practices for products not covered in tables 11 through 17, along with trends in changes in the quantity of credit risk for all commercial products.

Table 12: Residential Real Estate Lending

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Eased	22%	26%	19%	0%	0%	5%	8%	10%	11%	10%	13%	15%
Unchanged	73%	69%	67%	44%	27%	36%	52%	65%	76%	70%	81%	84%
Tightened	5%	5%	14%	56%	73%	59%	40%	25%	13%	20%	6%	1%

Refer to data table 41 in part III to view the trends in the quantity of credit risk in this portfolio.

Table 13: Conventional Home Equity Lending

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Eased	27%	34%	19%	2%	0%	5%	9%	18%	5%	11%	6%	11%
Unchanged	62%	64%	65%	46%	22%	35%	55%	68%	73%	70%	81%	80%
Tightened	11%	2%	16%	52%	78%	60%	36%	14%	22%	19%	13%	9%

Refer to data table 36 in part III to view the trends in the quantity of credit risk in this portfolio.

Table 14: High Loan-to-Value Home Equity Lending

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Eased	24%	37%	22%	6%	0%	0%	0%	17%	0%	0%	0%	0%
Unchanged	56%	63%	61%	6%	7%	13%	50%	17%	50%	67%	33%	100%
Tightened	20%	0%	17%	88%	93%	87%	50%	66%	50%	33%	67%	0%

Refer to data table 39 in part III to view the trends in the quantity of credit risk in this portfolio.

Table 15: Credit Card Lending

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Eased	7%	19%	16%	18%	0%	0%	25%	35%	33%	31%	32%	32%
Unchanged	74%	56%	79%	47%	32%	19%	31%	50%	54%	65%	56%	68%
Tightened	19%	25%	5%	35%	68%	81%	44%	15%	13%	4%	12%	0%

Refer to data table 37 in part III to view the trends in the quantity of credit risk in this portfolio.

Table 16: Direct Consumer Lending

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Eased	6%	3%	8%	6%	4%	0%	10%	12%	8%	19%	9%	19%
Unchanged	82%	91%	87%	72%	28%	68%	75%	88%	85%	81%	86%	81%
Tightened	12%	6%	5%	22%	68%	32%	15%	0%	7%	0%	5%	0%

Refer to data table 38 in part III to view the trends in the quantity of credit risk in this portfolio.

Table 17: Indirect Consumer Lending

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Eased	25%	35%	16%	20%	0%	5%	37%	60%	63%	38%	43%	38%
Unchanged	61%	52%	75%	56%	26%	33%	47%	35%	29%	58%	44%	52%
Tightened	14%	13%	9%	24%	74%	62%	16%	5%	8%	4%	13%	10%

Refer to data table 40 in part III to view the trends in the quantity of credit risk in this portfolio.

Part II: Figures

Some percentages used to create the figures may not add to 100 because of rounding. All results are measured as a percentage of responses.

Figure 1: Trends in Underwriting Practices for Commercial Credit Products

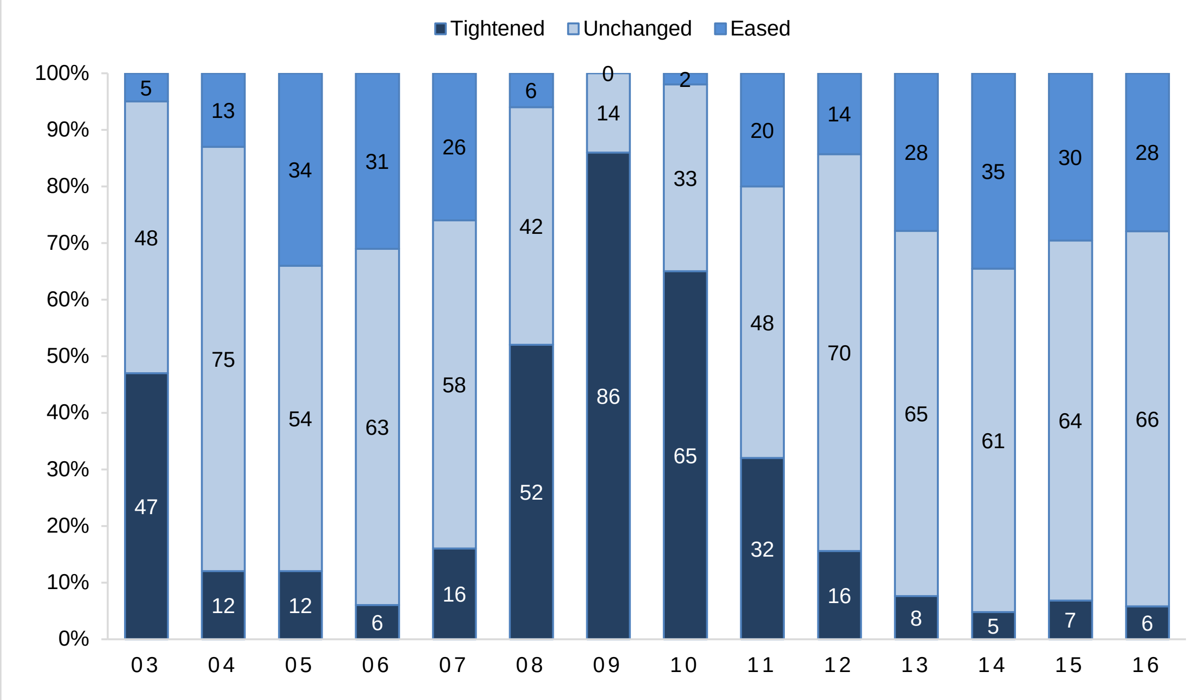


Figure 2: Trends in Underwriting Practices by Commercial Credit Product Type

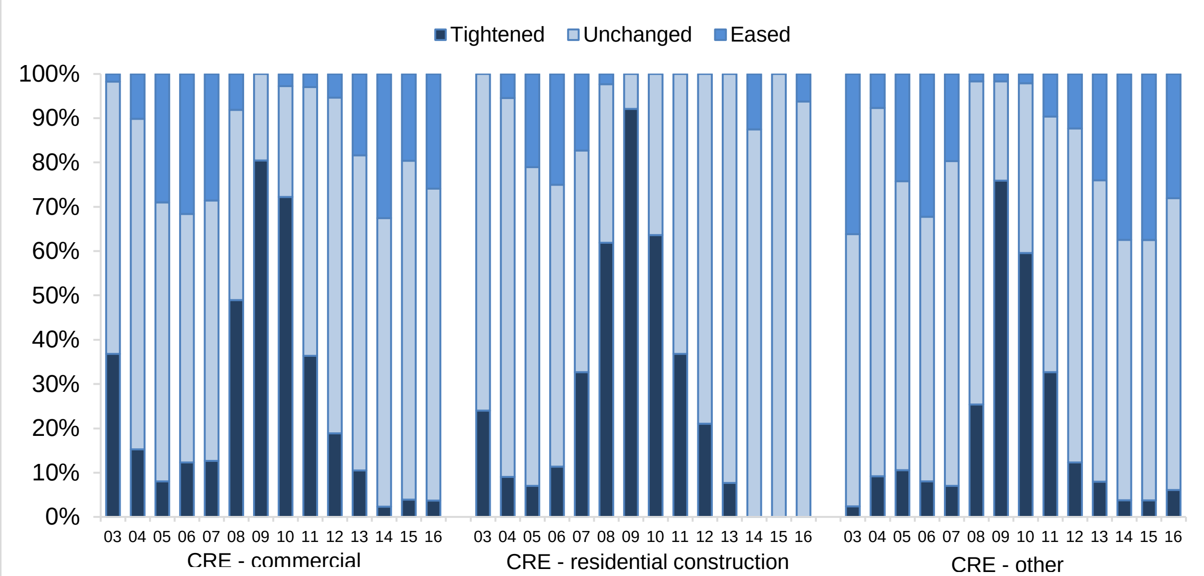
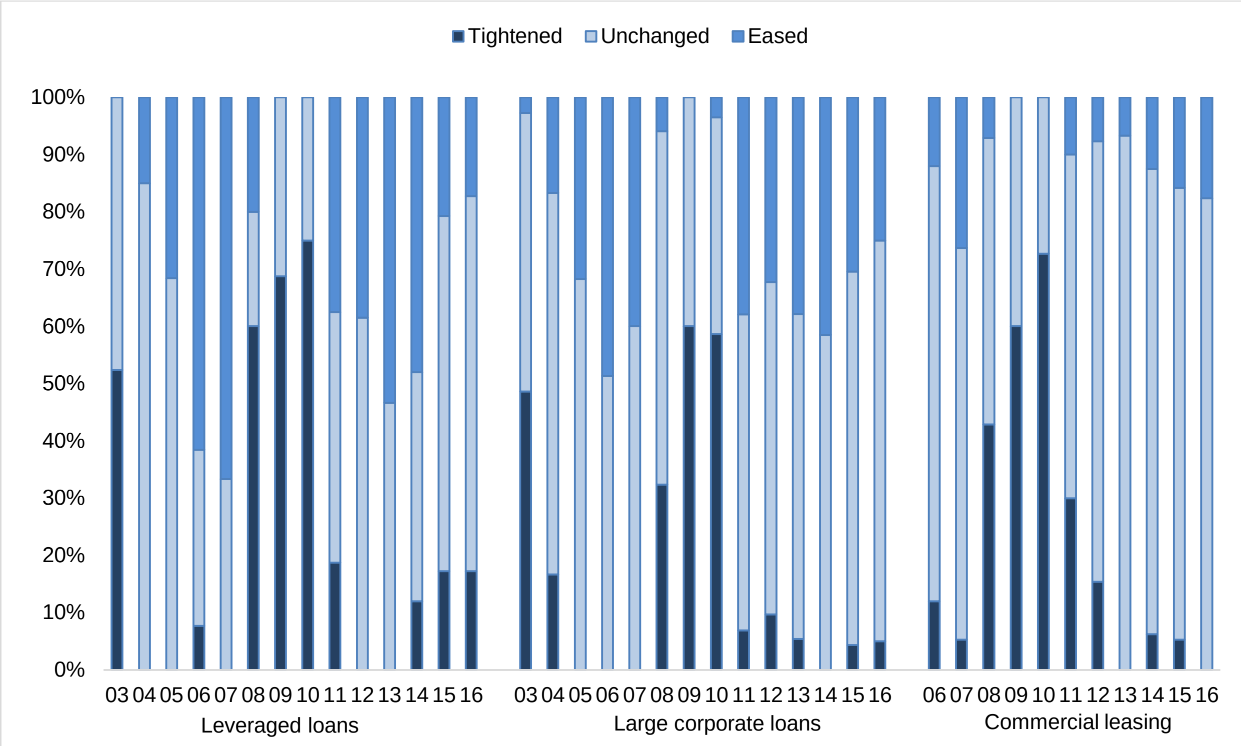


Figure 2 (cont.): Trends in Underwriting Practices by Commercial Credit Product Type



Note: The OCC started collecting commercial leasing data in 2006.

Figure 2 (cont.): Trends in Underwriting Practices by Commercial Credit Product Type

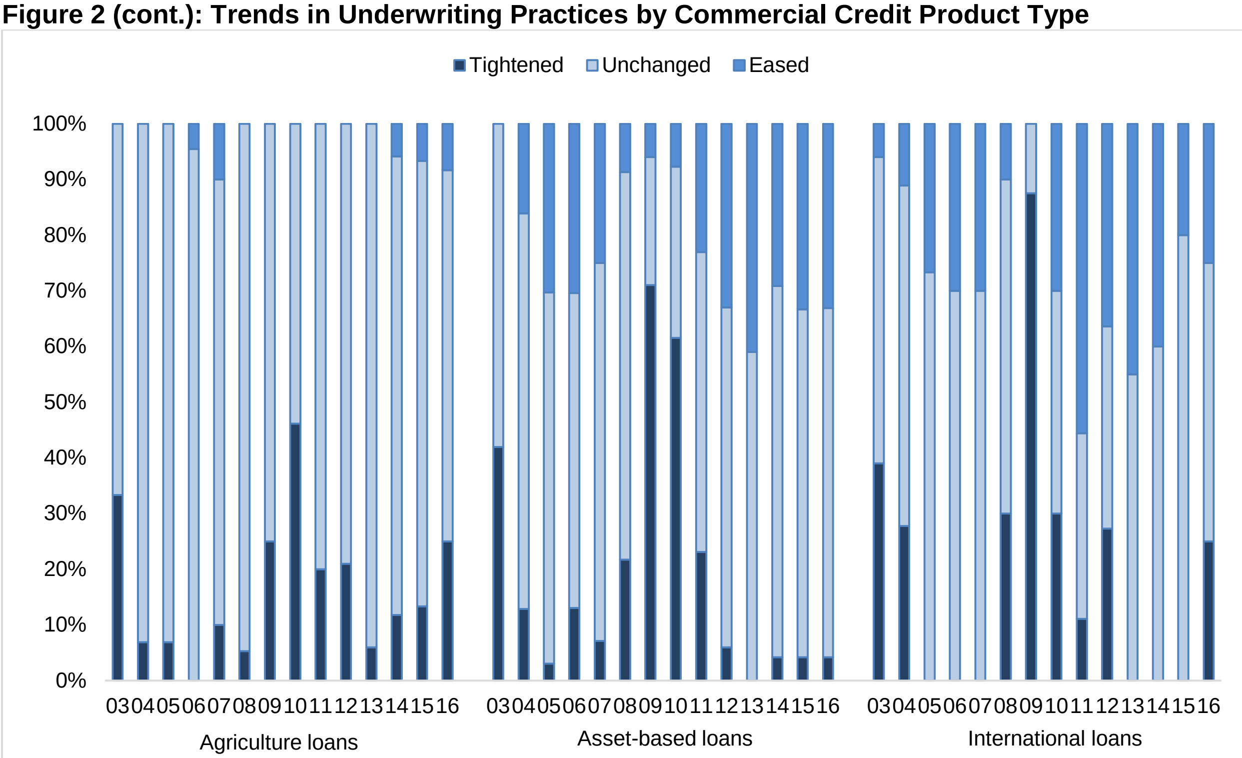


Figure 2 (cont.): Trends in Underwriting Practices by Commercial Credit Product Type

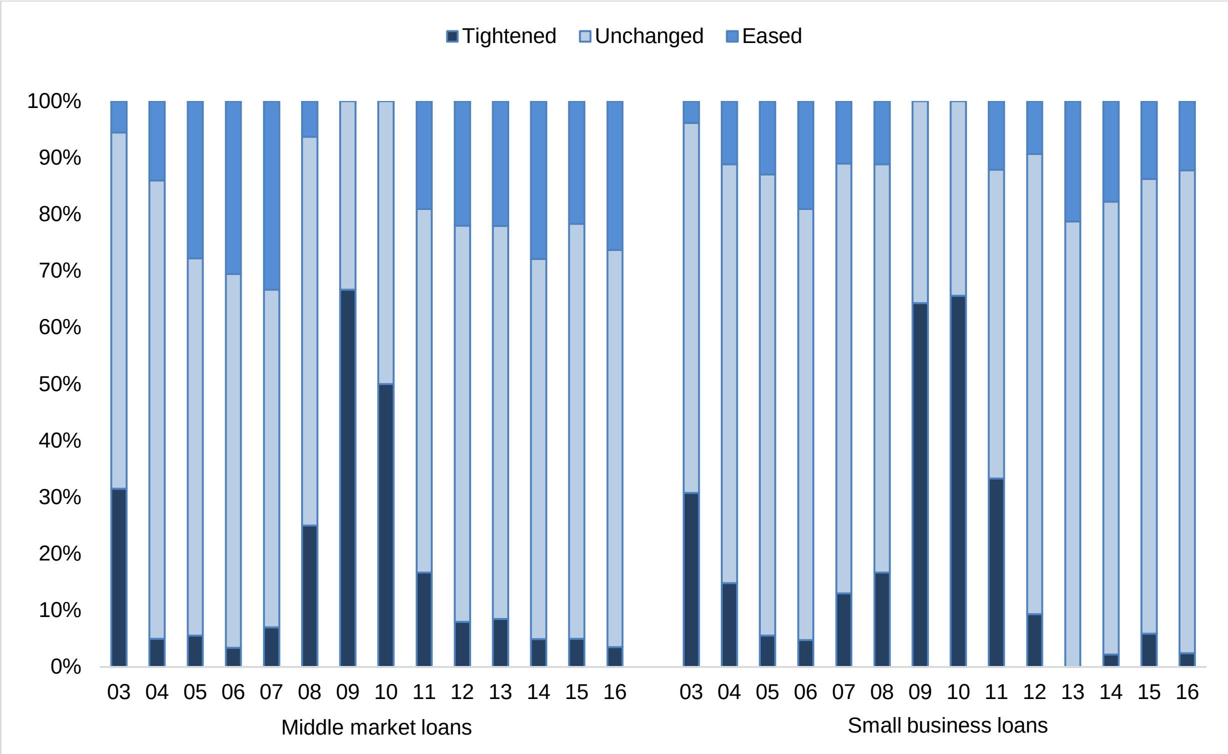


Figure 3: Commercial Credit Risk—12-Month Change in Quantity of Credit Risk

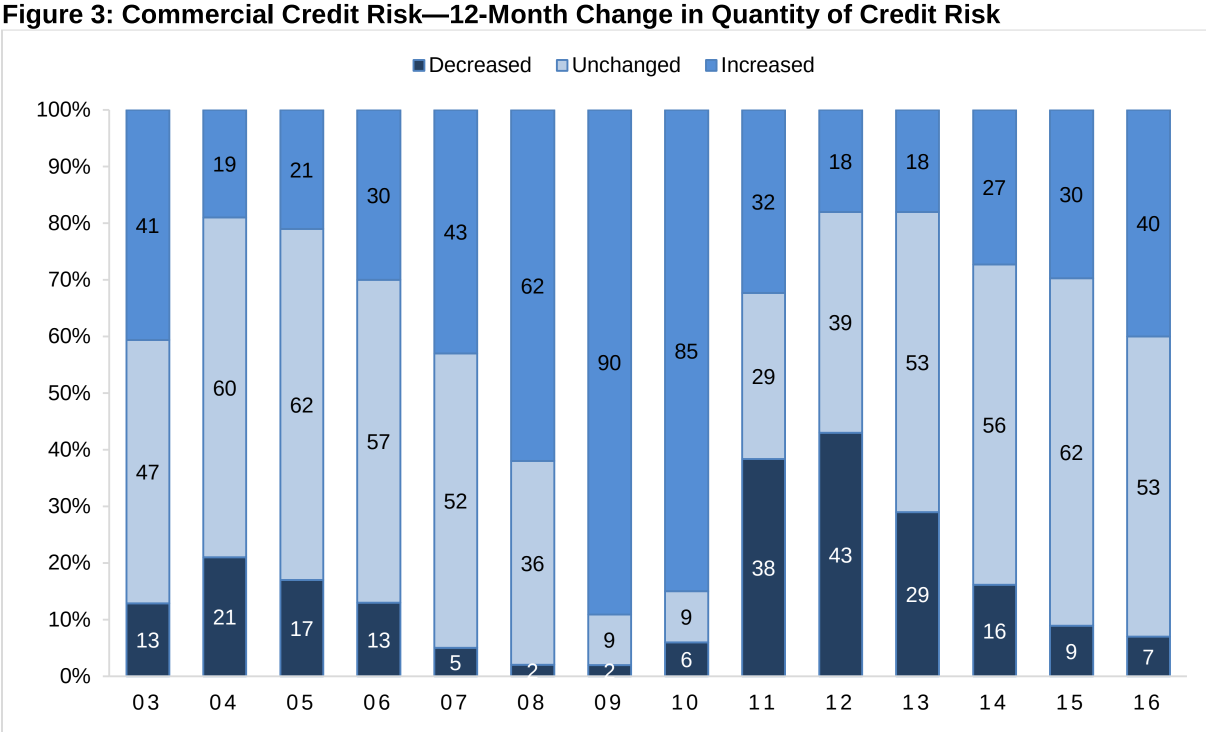


Figure 4: Commercial Credit Risk—12-Month Change in Quantity of Credit Risk by Product Type

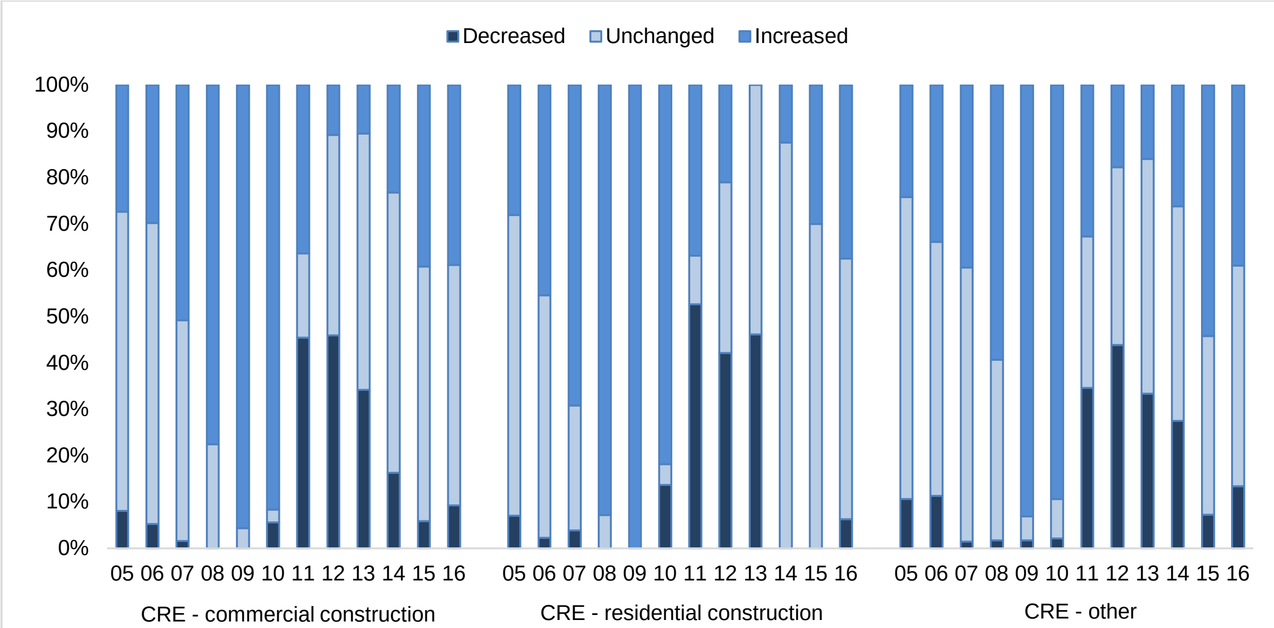


Figure 4 (cont.): Commercial Credit Risk—12-Month Change in Quantity of Credit Risk by Product Type

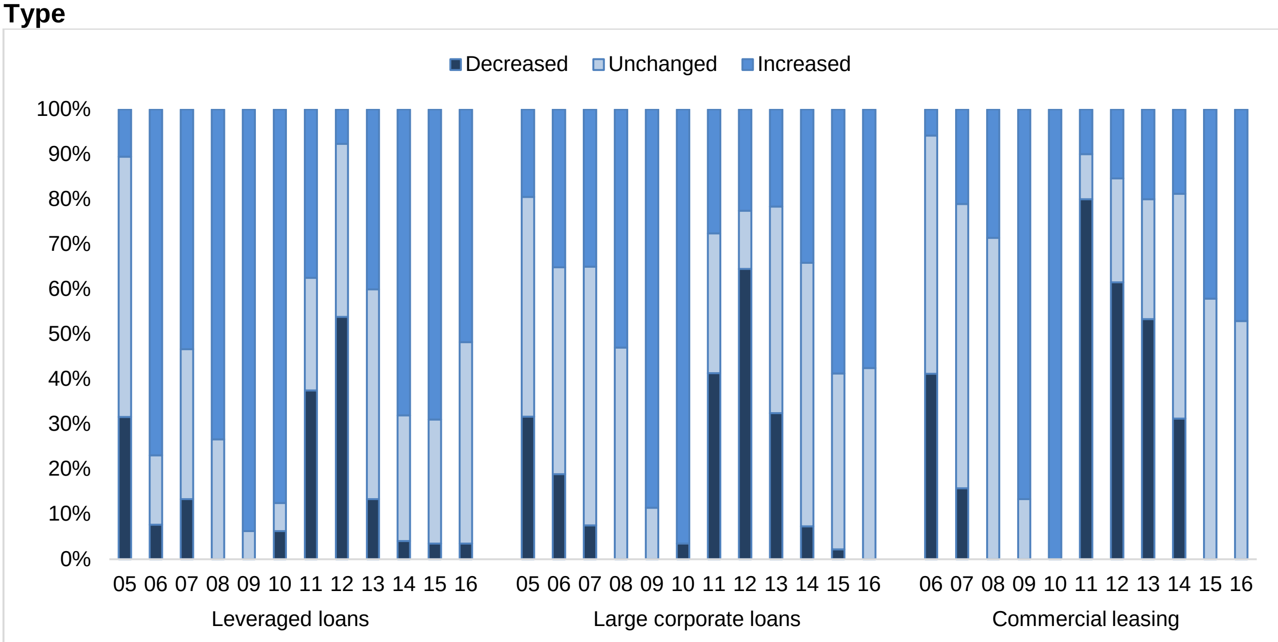


Figure 4 (cont.): Commercial Credit Risk—12-Month Change in Quantity of Credit Risk by Product Type

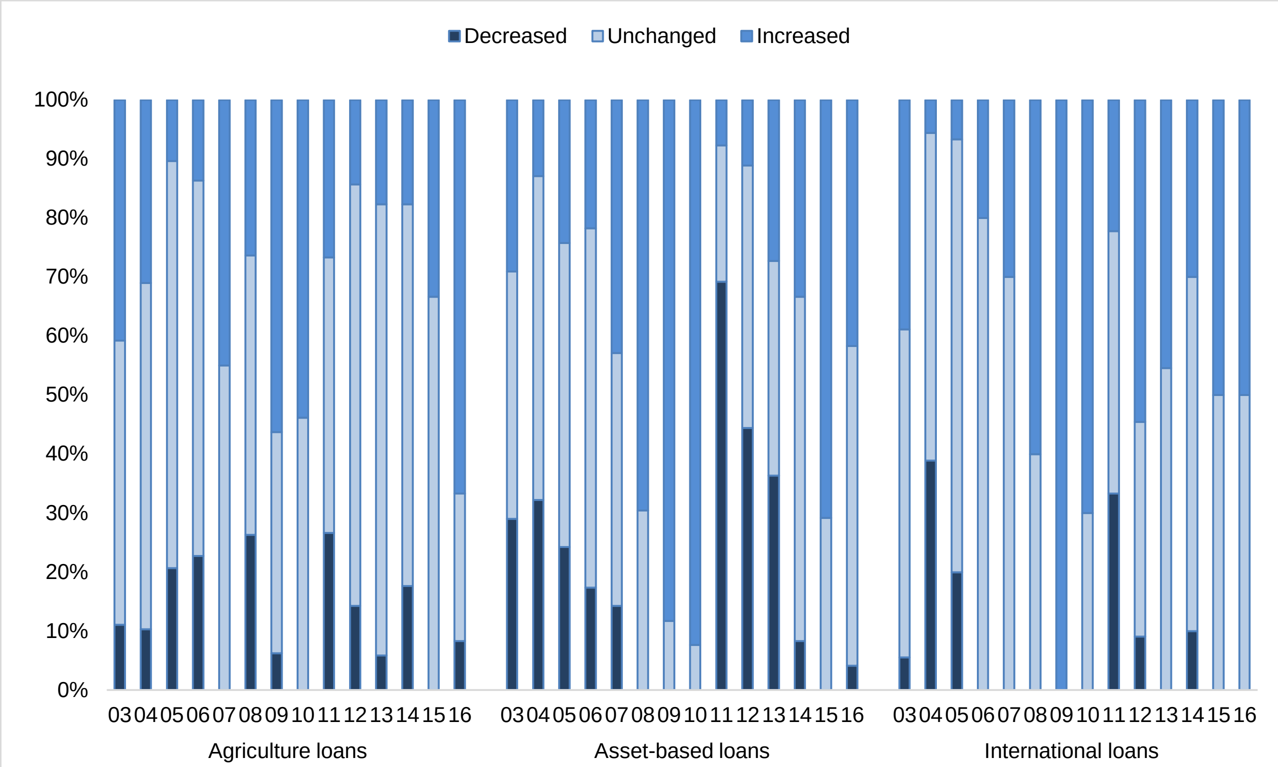


Figure 4 (cont.): Commercial Credit Risk—12-Month Change in Quantity of Credit Risk by Product Type

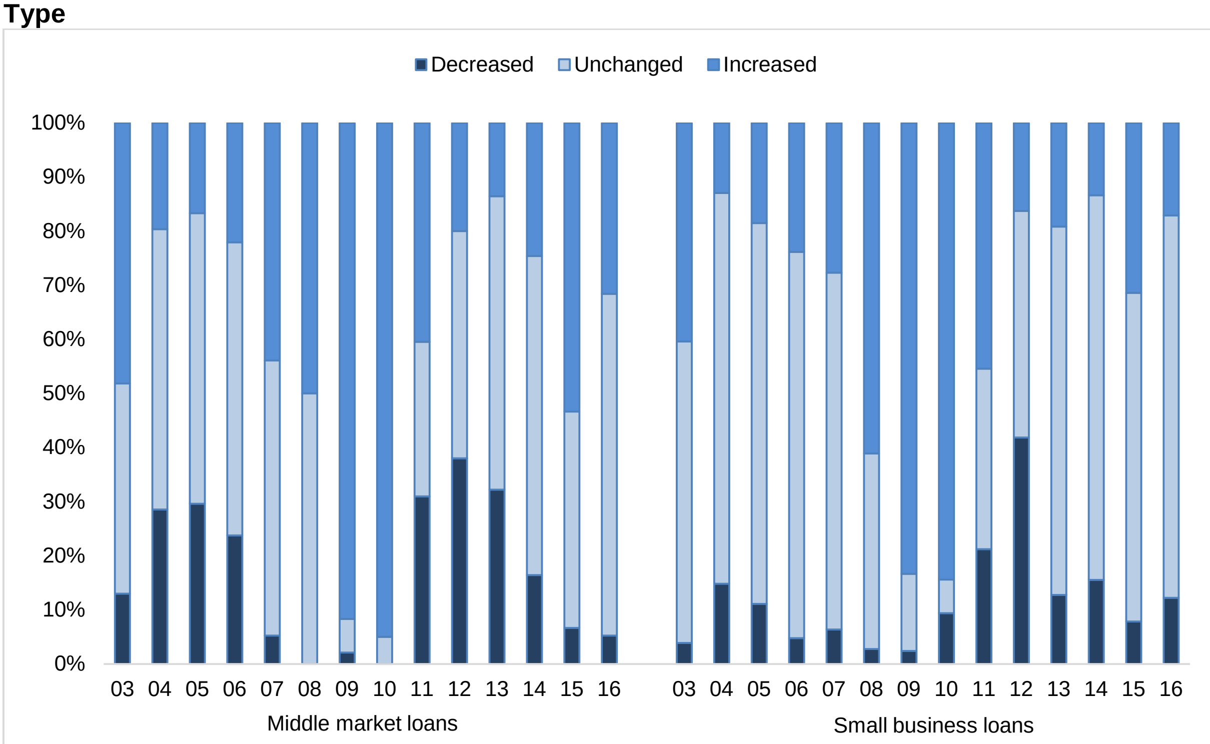


Figure 5: Commercial Credit Risk—Forecasted 12-Month Change in Quantity of Credit Risk

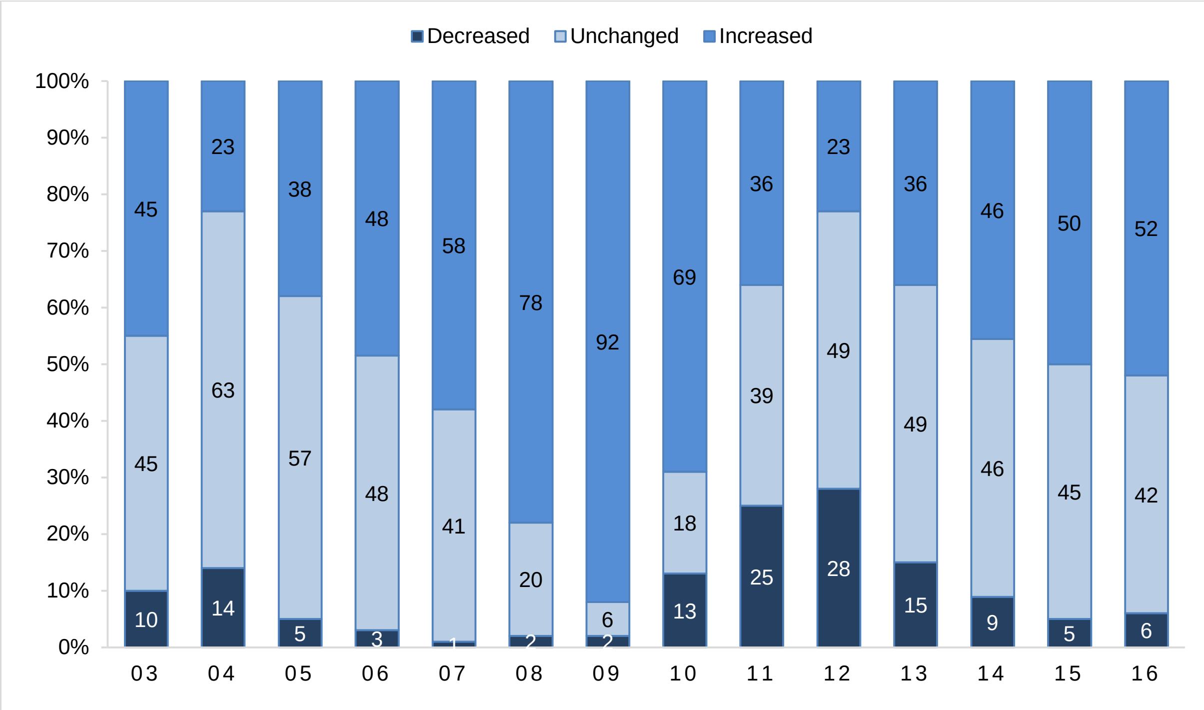


Figure 6: Trends in Underwriting Practices for Retail Credit Products

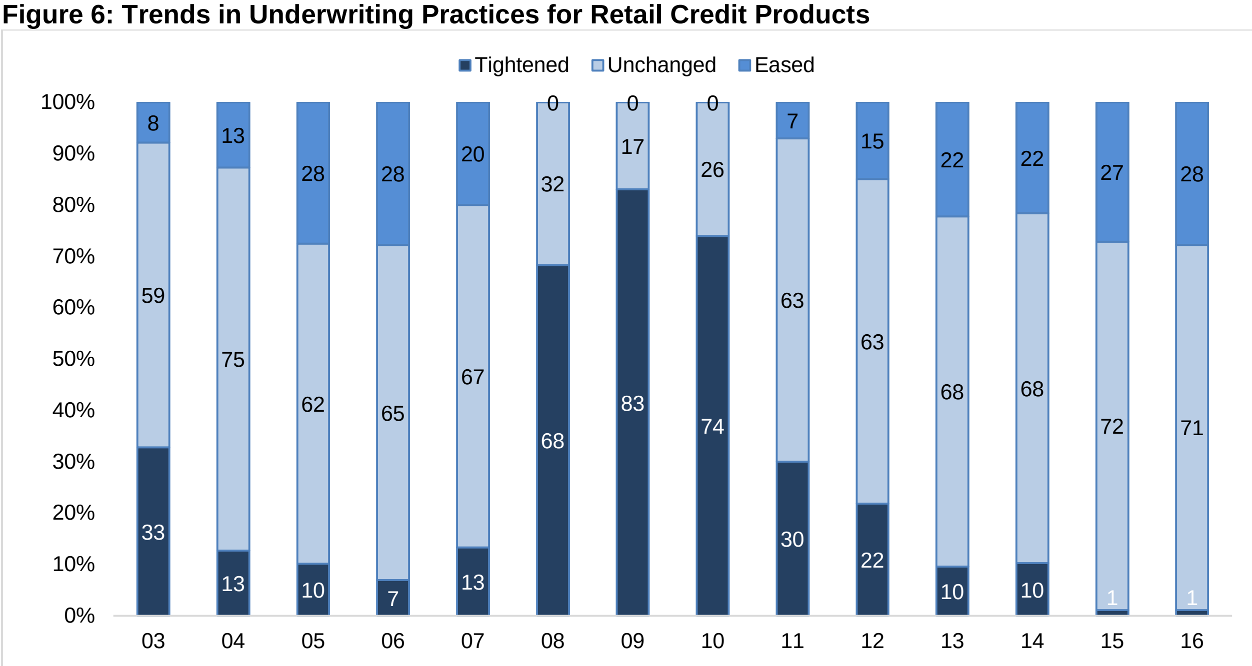


Figure 7: Trends in Underwriting Practices by Retail Credit Product Type

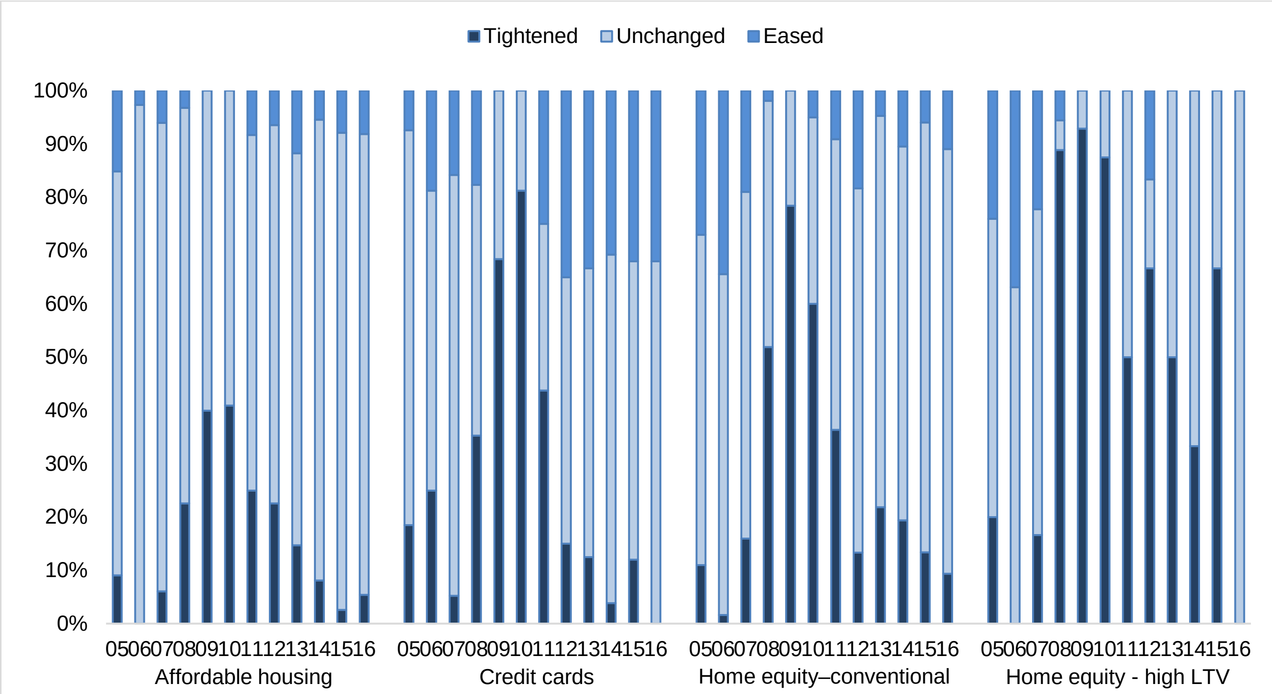


Figure 7 (cont.): Trends in Underwriting Practices by Retail Credit Product Type

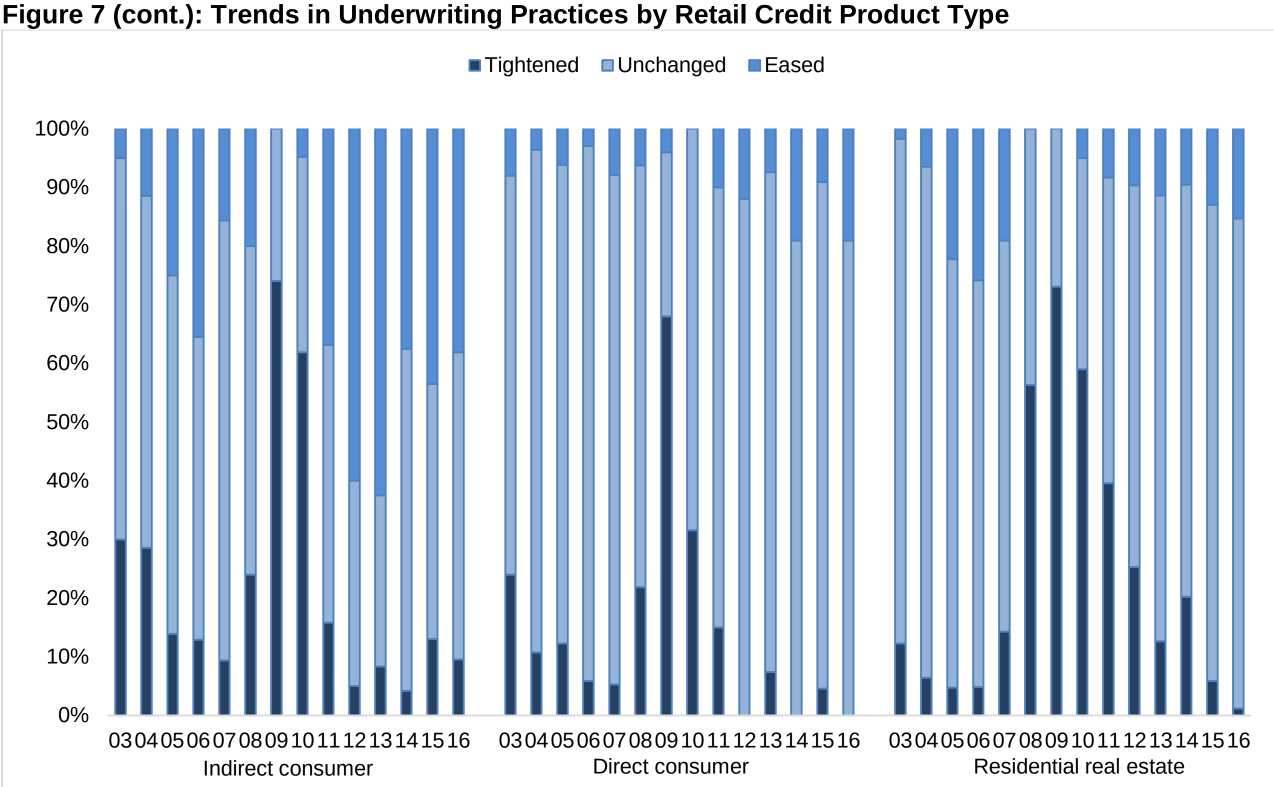


Figure 8: Retail Credit Risk—12-Month Change in Quantity of Credit Risk

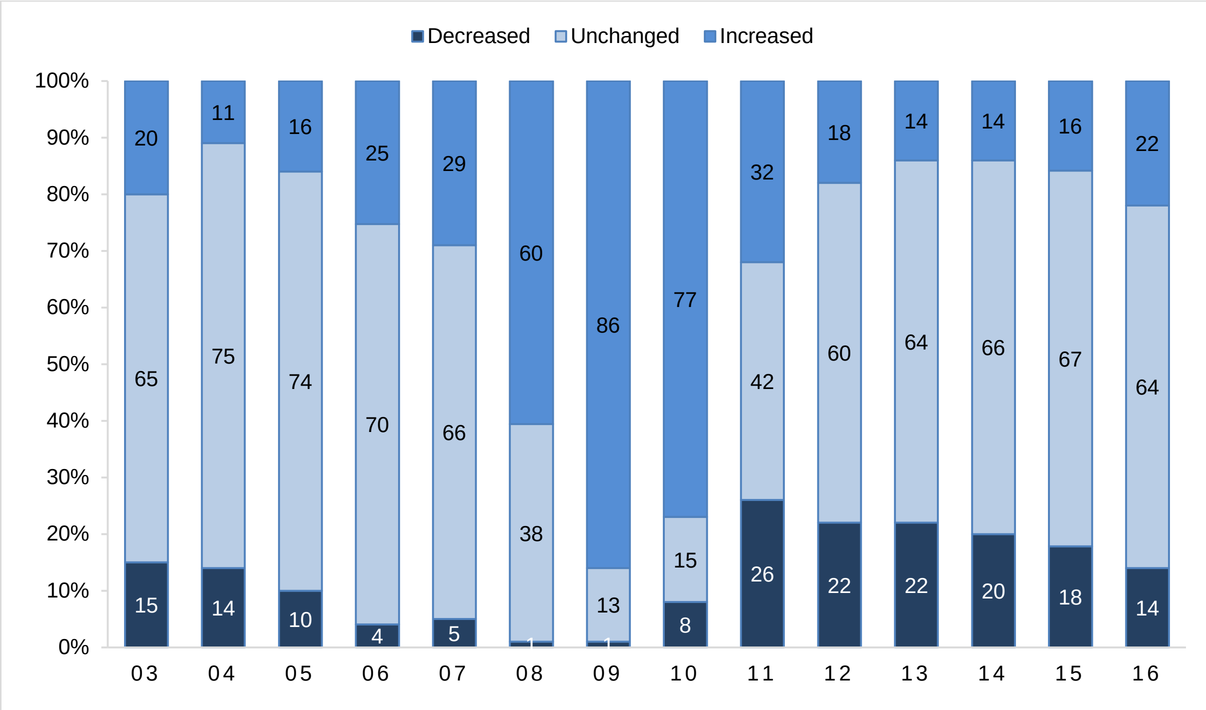


Figure 9: 12-Month Change in Quantity of Retail Credit Risk by Product Type

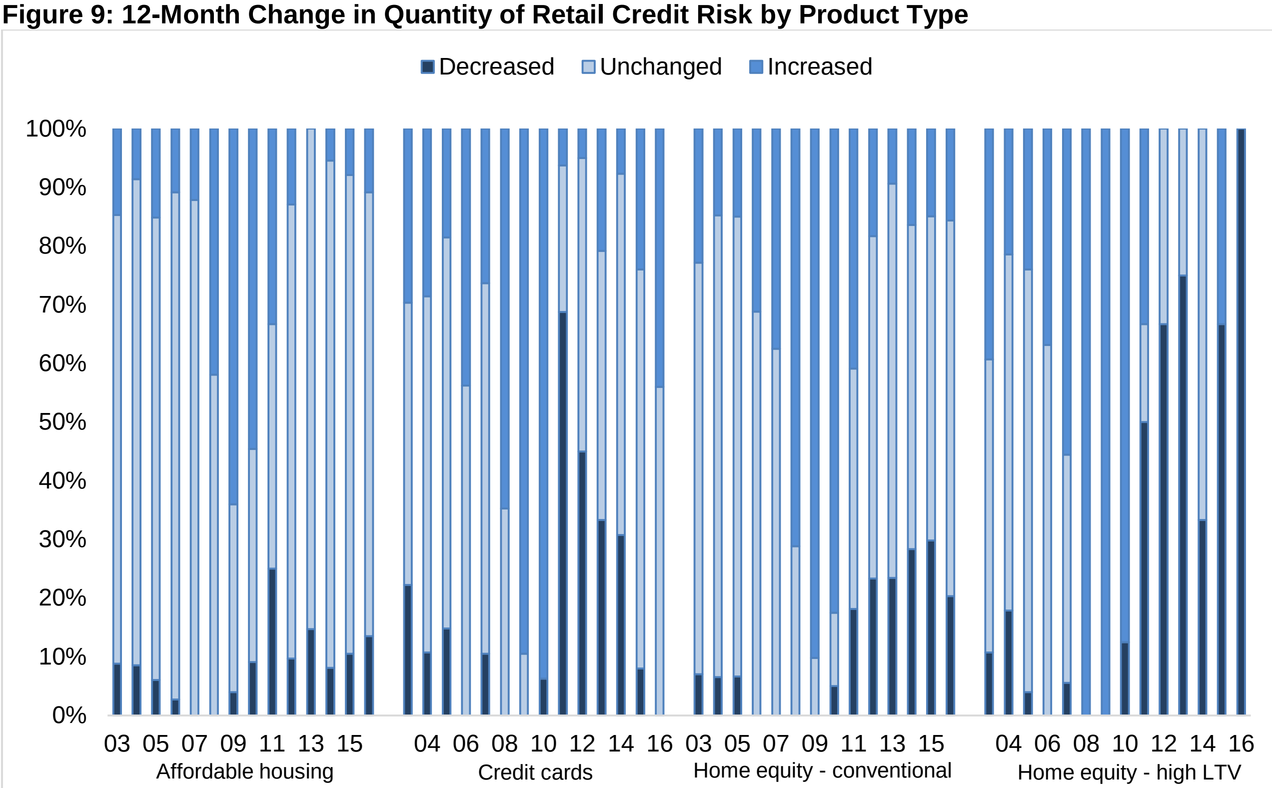


Figure 9 (cont.): 12-Month Change in Quantity of Retail Credit Risk by Product Type

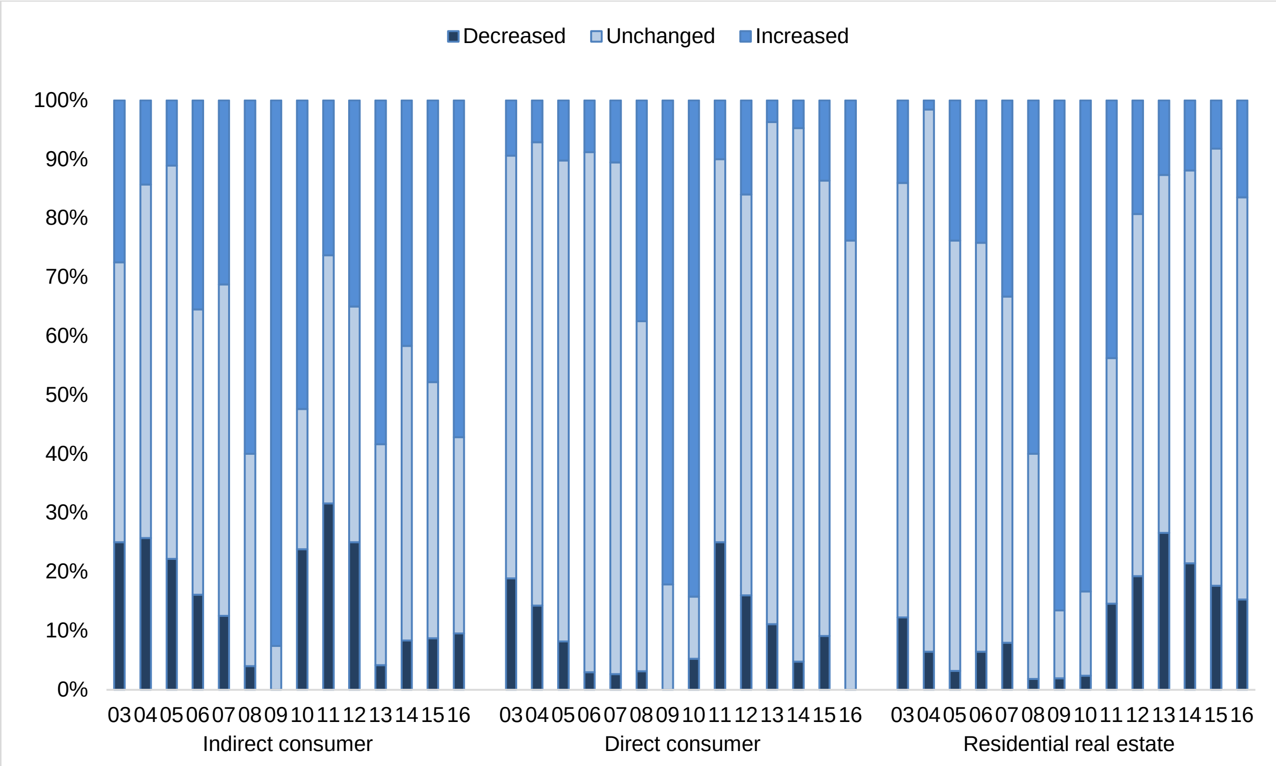
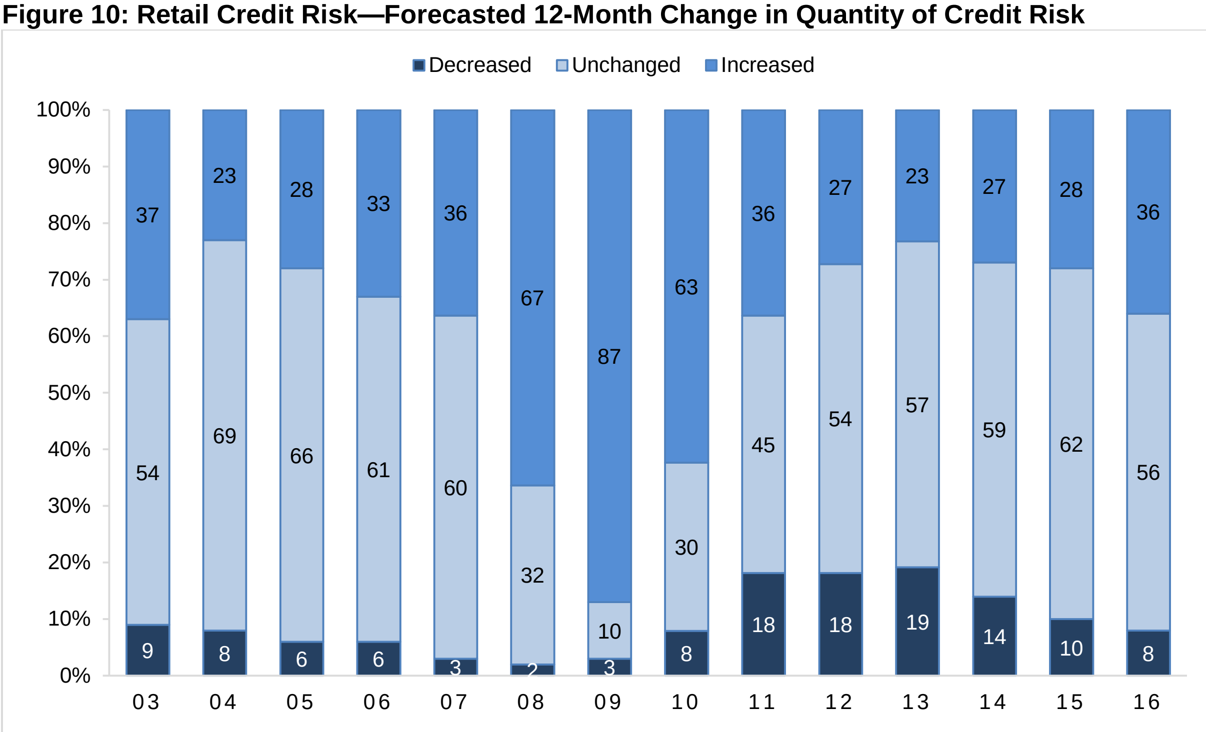


Figure 10: Retail Credit Risk—Forecasted 12-Month Change in Quantity of Credit Risk



Part III: Data Tables

Some percentages in tables and figures do not add to 100 because of rounding. All tables are represented as a percentage of responses.

A. Commercial Lending Portfolios

Table 18: Changes in Underwriting Practices in Agricultural Loan Portfolios

Year	Eased	Unchanged	Tightened
2003	0%	67%	33%
2004	0%	93%	7%
2005	0%	93%	7%
2006	5%	95%	0%
2007	10%	80%	10%
2008	0%	95%	5%
2009	0%	75%	25%
2010	0%	54%	46%
2011	0%	80%	20%
2012	0%	79%	21%
2013	0%	94%	6%
2014	6%	82%	12%
2015	7%	80%	13%
2016	8%	67%	25%

Table 19: Changes in Quantity of Credit Risk in Agricultural Loan Portfolios

Year	Declined significantly	Declined somewhat	Unchanged	Increased somewhat	Increased significantly
2003	0%	11%	48%	41%	0%
2004	0%	10%	59%	31%	0%
2005	4%	17%	69%	10%	0%
2006	0%	23%	63%	14%	0%
2007	0%	0%	55%	45%	0%
2008	0%	26%	47%	26%	0%
2009	0%	6%	38%	56%	0%
2010	0%	0%	46%	31%	23%
2011	0%	27%	46%	27%	0%
2012	7%	7%	72%	14%	0%
2013	0%	6%	76%	18%	0%
2014	0%	18%	65%	18%	0%
2015	0%	0%	60%	40%	0%
2016	0%	8%	25%	67%	0%
Expected in next 12 months	0%	17%	33%	50%	0%

Table 20: Changes in Underwriting Practices in Asset-Based Loan Portfolios

Year	Eased	Unchanged	Tightened
2003	0%	58%	42%
2004	16%	71%	13%
2005	30%	67%	3%
2006	30%	57%	13%
2007	25%	68%	7%
2008	8%	70%	22%
2009	6%	23%	71%
2010	8%	31%	61%
2011	23%	54%	23%
2012	33%	61%	6%
2013	41%	59%	0%
2014	29%	67%	4%
2015	33%	63%	4%
2016	33%	63%	4%

Table 21: Changes in Quantity of Credit Risk in Asset-Based Loan Portfolios

Year	Declined significantly	Declined somewhat	Unchanged	Increased somewhat	Increased significantly
2003	3%	26%	42%	29%	0%
2004	3%	29%	55%	13%	0%
2005	0%	24%	52%	24%	0%
2006	0%	17%	61%	22%	0%
2007	0%	14%	43%	43%	0%
2008	0%	0%	30%	70%	0%
2009	0%	0%	12%	70%	18%
2010	0%	0%	8%	77%	15%
2011	0%	69%	23%	8%	0%
2012	11%	33%	45%	11%	0%
2013	0%	36%	37%	27%	0%
2014	0%	8%	58%	33%	0%
2015	0%	8%	63%	29%	0%
2016	0%	4%	54%	29%	13%
Expected in next 12 months	0%	0%	50%	50%	0%

Table 22: Changes in Underwriting Practices in Commercial Leasing Loan Portfolios

Year	Eased	Unchanged	Tightened
2006	12%	76%	12%
2007	26%	69%	5%
2008	7%	50%	43%
2009	0%	40%	60%
2010	0%	27%	73%
2011	10%	60%	30%
2012	8%	77%	15%
2013	7%	93%	0%
2014	13%	81%	6%
2015	16%	79%	5%
2016	18%	82%	0%

Table 23: Changes in Quantity of Credit Risk in Commercial Leasing Loan Portfolios

Year	Declined significantly	Declined somewhat	Unchanged	Increased somewhat	Increased significantly
2006	6%	35%	53%	6%	0%
2007	0%	16%	63%	21%	0%
2008	0%	0%	71%	29%	0%
2009	0%	0%	13%	80%	7%
2010	0%	0%	0%	55%	45%
2011	0%	80%	10%	10%	0%
2012	0%	62%	23%	15%	0%
2013	6%	47%	27%	20%	0%
2014	0%	31%	50%	19%	0%
2015	0%	5%	79%	16%	0%
2016	0%	0%	53%	41%	6%
Expected in next 12 months	0%	0%	47%	53%	0%

Table 24: Changes in Quantity of Credit Risk in Commercial Construction Loan Portfolios

Year	Declined significantly	Declined somewhat	Unchanged	Increased somewhat	Increased significantly
2003	0%	7%	46%	42%	5%
2004	0%	7%	59%	34%	0%
2005	2%	5%	65%	28%	0%
2006	0%	5%	65%	30%	0%
2007	0%	2%	48%	49%	1%
2008	0%	0%	22%	69%	8%
2009	0%	0%	5%	54%	41%
2010	0%	5%	3%	50%	42%
2011	6%	40%	18%	33%	3%
2012	8%	38%	43%	8%	3%
2013	10%	24%	55%	11%	0%
2014	0%	16%	61%	21%	2%
2015	0%	12%	59%	29%	0%
2016	0%	9%	52%	37%	2%
Expected in next 12 months	0%	0%	50%	50%	0%

Table 25: Changes in Quantity of Credit Risk in Residential Construction Loan Portfolios

Year	Declined significantly	Declined somewhat	Unchanged	Increased somewhat	Increased significantly
2003	0%	2%	62%	34%	2%
2004	0%	4%	76%	18%	2%
2005	2%	6%	65%	27%	0%
2006	0%	2%	52%	46%	0%
2007	0%	4%	27%	63%	6%
2008	0%	0%	7%	48%	45%
2009	0%	0%	0%	34%	66%
2010	5%	9%	4%	41%	41%
2011	5%	47%	11%	32%	5%
2012	10%	32%	37%	21%	0%
2013	0%	46%	54%	0%	0%
2014	0%	0%	87%	13%	0%
2015	0%	10%	70%	20%	0%
2016	0%	6%	56%	38%	0%
Expected in next 12 months	0%	13%	50%	38%	0%

Table 26: Changes in Quantity of Credit Risk in Other CRE Loan Portfolios

Year	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%
2006	1%	10%	55%	34%	0%
2007	0%	2%	59%	38%	1%
2008	0%	2%	38%	58%	2%
2009	0%	2%	5%	67%	26%
2010	0%	2%	9%	55%	34%
2011	2%	33%	33%	23%	9%
2012	8%	36%	38%	15%	3%
2013	6%	27%	51%	15%	1%
2014	1%	26%	46%	27%	0%
2015	0%	14%	53%	33%	0%
2016	0%	13%	48%	39%	0%
Expected in next 12 months	0%	1%	40%	58%	0%

Table 27: Changes in Quantity of Credit Risk in Leveraged Loan Portfolios

Year	Declined significantly	Declined somewhat	Unchanged	Increased somewhat	Increased significantly
2003	10%	33%	28%	29%	0%
2004	15%	40%	40%	5%	0%
2005	5%	27%	58%	5%	5%
2006	0%	8%	15%	69%	8%
2007	0%	13%	34%	53%	0%
2008	0%	0%	27%	53%	20%
2009	0%	0%	6%	63%	31%
2010	0%	6%	6%	63%	25%
2011	0%	38%	25%	31%	6%
2012	8%	46%	38%	8%	0%
2013	0%	13%	47%	40%	0%
2014	0%	4%	28%	64%	4%
2015	0%	4%	55%	38%	3%
2016	0%	3%	45%	48%	3%
Expected in next 12 months	0%	3%	41%	55%	0%

Table 28: Changes in Underwriting Practices in International Loan Portfolios

Year	Eased	Unchanged	Tightened
2003	6%	55%	39%
2004	11%	61%	28%
2005	27%	73%	0%
2006	30%	70%	0%
2007	30%	70%	0%
2008	10%	60%	30%
2009	0%	13%	87%
2010	30%	40%	30%
2011	56%	33%	11%
2012	36%	36%	27%
2013	45%	55%	0%
2014	40%	60%	0%
2015	20%	80%	0%
2016	25%	50%	25%

Table 29: Changes in Quantity of Credit Risk in International Loan Portfolios

Year	Declined significantly	Declined somewhat	Unchanged	Increased somewhat	Increased significantly
2003	0%	6%	55%	33%	6%
2004	6%	33%	55%	6%	0%
2005	0%	20%	73%	7%	0%
2006	0%	0%	80%	20%	0%
2007	0%	0%	70%	30%	0%
2008	0%	0%	40%	40%	20%
2009	0%	0%	0%	63%	37%
2010	0%	0%	30%	50%	20%
2011	0%	33%	45%	22%	0%
2012	0%	9%	36%	55%	0%
2013	0%	0%	55%	45%	0%
2014	0%	10%	60%	30%	0%
2015	0%	0%	60%	40%	0%
2016	0%	0%	50%	38%	13%
Expected in next 12 months	0%	0%	38%	63%	0%

Table 30: Changes in Quantity of Credit Risk in Large Corporate Loan Portfolios

Year	Declined significantly	Declined somewhat	Unchanged	Increased somewhat	Increased significantly
2003	5%	27%	33%	30%	5%
2004	17%	36%	36%	11%	0%
2005	5%	27%	49%	19%	0%
2006	0%	19%	46%	32%	3%
2007	0%	8%	57%	35%	0%
2008	0%	0%	47%	47%	6%
2009	0%	0%	12%	77%	11%
2010	0%	3%	0%	76%	21%
2011	0%	41%	31%	28%	0%
2012	10%	55%	13%	19%	3%
2013	0%	32%	46%	22%	0%
2014	0%	7%	59%	34%	0%
2015	0%	2%	61%	37%	0%
2016	0%	0%	43%	48%	10%
Expected in next 12 months	0%	8%	33%	60%	0%

Table 31: Changes in Quantity of Credit Risk in Middle Market Loan Portfolios

Year	Declined significantly	Declined somewhat	Unchanged	Increased somewhat	Increased significantly
2003	0%	13%	39%	44%	4%
2004	0%	28%	52%	18%	2%
2005	4%	26%	54%	16%	0%
2006	0%	24%	54%	20%	2%
2007	0%	5%	51%	44%	0%
2008	0%	0%	50%	48%	2%
2009	0%	2%	6%	88%	4%
2010	0%	0%	5%	73%	22%
2011	0%	31%	29%	38%	2%
2012	4%	34%	42%	16%	4%
2013	0%	32%	54%	12%	2%
2014	0%	16%	59%	25%	0%
2015	0%	7%	61%	30%	2%
2016	0%	5%	63%	32%	0%
Expected in next 12 months	2%	11%	39%	49%	0%

Table 32: Changes in Quantity of Credit Risk in Small Business Loan Portfolios

Year	Declined significantly	Declined somewhat	Unchanged	Increased somewhat	Increased significantly
2003	0%	4%	56%	38%	2%
2004	0%	15%	72%	13%	0%
2005	0%	11%	70%	19%	0%
2006	0%	5%	71%	22%	2%
2007	2%	4%	66%	26%	2%
2008	0%	3%	36%	58%	3%
2009	0%	2%	14%	72%	12%
2010	0%	9%	6%	66%	19%
2011	0%	21%	33%	46%	0%
2012	2%	40%	42%	16%	0%
2013	0%	13%	68%	19%	0%
2014	0%	16%	71%	13%	0%
2015	0%	14%	74%	12%	0%
2016	0%	12%	71%	17%	0%
Expected in next 12 months	0%	12%	44%	44%	0%

B. Retail Lending Portfolios

Table 33: Changes in Underwriting Practices in Affordable Housing Loan Portfolios

Year	Eased	Unchanged	Tightened
2003	3%	88%	9%
2004	6%	86%	8%
2005	15%	76%	9%
2006	3%	97%	0%
2007	6%	88%	6%
2008	3%	74%	23%
2009	0%	60%	40%
2010	0%	59%	41%
2011	8%	67%	25%
2012	6%	71%	23%
2013	12%	73%	15%
2014	5%	87%	8%
2015	8%	89%	3%
2016	8%	86%	5%

Table 34: Changes in Quantity of Credit Risk in Affordable Housing Loan Portfolios

Year	Declined significantly	Declined somewhat	Unchanged	Increased somewhat	Increased significantly
2003	0%	9%	76%	15%	0%
2004	0%	9%	82%	9%	0%
2005	0%	6%	79%	15%	0%
2006	0%	3%	86%	11%	0%
2007	0%	0%	88%	12%	0%
2008	0%	0%	58%	35%	6%
2009	0%	4%	32%	52%	12%
2010	0%	9%	36%	46%	9%
2011	0%	25%	42%	33%	0%
2012	0%	10%	77%	13%	0%
2013	3%	12%	85%	0%	0%
2014	3%	5%	87%	5%	0%
2015	0%	10%	82%	8%	0%
2016	0%	14%	76%	11%	0%
Expected in next 12 months	0%	5%	76%	19%	0%

Table 35: Changes in Quantity of Credit Risk in Conventional Home Equity Loan Portfolios

Year	Declined significantly	Declined somewhat	Unchanged	Increased somewhat	Increased significantly
2003	4%	4%	69%	23%	0%
2004	0%	6%	79%	13%	2%
2005	0%	7%	78%	15%	0%
2006	0%	0%	69%	29%	2%
2007	0%	0%	63%	34%	3%
2008	0%	0%	29%	52%	19%
2009	0%	0%	10%	63%	27%
2010	0%	5%	12%	73%	10%
2011	0%	18%	41%	41%	0%
2012	0%	23%	58%	18%	0%
2013	0%	24%	67%	9%	0%
2014	0%	28%	56%	16%	0%
2015	0%	30%	55%	15%	0%
2016	2%	19%	64%	16%	0%
Expected in next 12 months	2%	8%	64%	27%	0%

Table 36: Changes in Quantity of Credit Risk in Credit Card Loan Portfolios

Year	Declined significantly	Declined somewhat	Unchanged	Increased somewhat	Increased significantly
2003	0%	22%	48%	30%	0%
2004	0%	11%	61%	25%	3%
2005	0%	15%	67%	18%	0%
2006	0%	0%	56%	44%	0%
2007	0%	11%	63%	26%	0%
2008	0%	0%	35%	65%	0%
2009	0%	0%	10%	53%	37%
2010	0%	6%	0%	63%	31%
2011	0%	69%	25%	0%	6%
2012	15%	30%	50%	5%	0%
2013	0%	33%	46%	17%	4%
2014	0%	31%	62%	8%	0%
2015	0%	8%	68%	24%	0%
2016	0%	8%	56%	44%	0%
Expected in next 12 months	0%	4%	32%	64%	0%

Table 37: Changes in Quantity of Credit Risk in Direct Consumer Loan Portfolios

Year	Declined significantly	Declined somewhat	Unchanged	Increased somewhat	Increased significantly
2003	2%	17%	72%	7%	2%
2004	2%	13%	78%	7%	0%
2005	0%	8%	82%	10%	0%
2006	0%	3%	88%	9%	0%
2007	0%	3%	87%	10%	0%
2008	0%	3%	59%	38%	0%
2009	0%	0%	18%	68%	14%
2010	0%	5%	11%	74%	10%
2011	0%	25%	65%	10%	0%
2012	4%	12%	68%	16%	0%
2013	0%	11%	85%	4%	0%
2014	0%	5%	90%	5%	0%
2015	0%	9%	77%	14%	0%
2016	0%	0%	76%	19%	5%
Expected in next 12 months	0%	5%	62%	33%	0%

Table 38: Changes in Quantity of Credit Risk in High Loan-to-Value Home Equity Loan Portfolios

Year	Declined significantly	Declined somewhat	Unchanged	Increased somewhat	Increased significantly
2003	0%	11%	50%	36%	3%
2004	0%	18%	61%	18%	3%
2005	0%	4%	72%	24%	0%
2006	0%	0%	63%	37%	0%
2007	0%	6%	39%	55%	0%
2008	0%	0%	0%	56%	44%
2009	0%	0%	0%	36%	64%
2010	0%	13%	0%	50%	37%
2011	17%	33%	17%	33%	0%
2012	0%	67%	33%	0%	0%
2013	0%	75%	25%	0%	0%
2014	0%	33%	67%	0%	0%
2015	0%	67%	0%	33%	0%
2016	0%	100%	0%	0%	0%
Expected in next 12 months	0%	100%	0%	0%	0%

Table 39: Changes in Quantity of Credit Risk in Indirect Consumer Loan Portfolios

Year	Declined significantly	Declined somewhat	Unchanged	Increased somewhat	Increased significantly
2003	5%	20%	47%	28%	0%
2004	0%	26%	60%	14%	0%
2005	3%	19%	67%	8%	3%
2006	6%	10%	48%	36%	0%
2007	0%	3%	87%	10%	0%
2008	0%	4%	36%	60%	0%
2009	0%	0%	7%	74%	19%
2010	0%	24%	24%	47%	5%
2011	0%	32%	42%	26%	0%
2012	0%	25%	40%	35%	0%
2013	0%	4%	38%	58%	0%
2014	4%	4%	50%	38%	4%
2015	0%	9%	43%	48%	0%
2016	0%	10%	33%	57%	0%
Expected in next 12 months	0%	14%	10%	76%	0%

Table 40: Changes in Quantity of Credit Risk in Residential Real Estate Loan Portfolios

Year	Declined significantly	Declined somewhat	Unchanged	Increased somewhat	Increased significantly
2003	0%	12%	74%	12%	2%
2004	0%	6%	92%	2%	0%
2005	0%	3%	73%	24%	0%
2006	0%	7%	69%	24%	0%
2007	2%	6%	59%	33%	0%
2008	2%	0%	38%	55%	5%
2009	0%	2%	12%	69%	17%
2010	0%	3%	14%	57%	26%
2011	0%	15%	42%	39%	4%
2012	1%	18%	62%	19%	0%
2013	1%	25%	61%	13%	0%
2014	1%	20%	67%	12%	0%
2015	1%	17%	74%	8%	0%
2016	1%	14%	68%	16%	0%
Expected in next 12 months	1%	6%	60%	33%	0%