

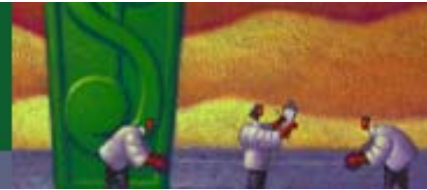


Western
Independent
Bankers

Troubled Asset Forum

Managing Troubled Loans

JUNE 23-24 | SAN FRANCISCO, CA



Welcome

Kerry F. Curtis

SVP, Research & Program Development, WIB

Community Banker Survey - Main Causes of the Credit Crisis

Top 5 Reasons

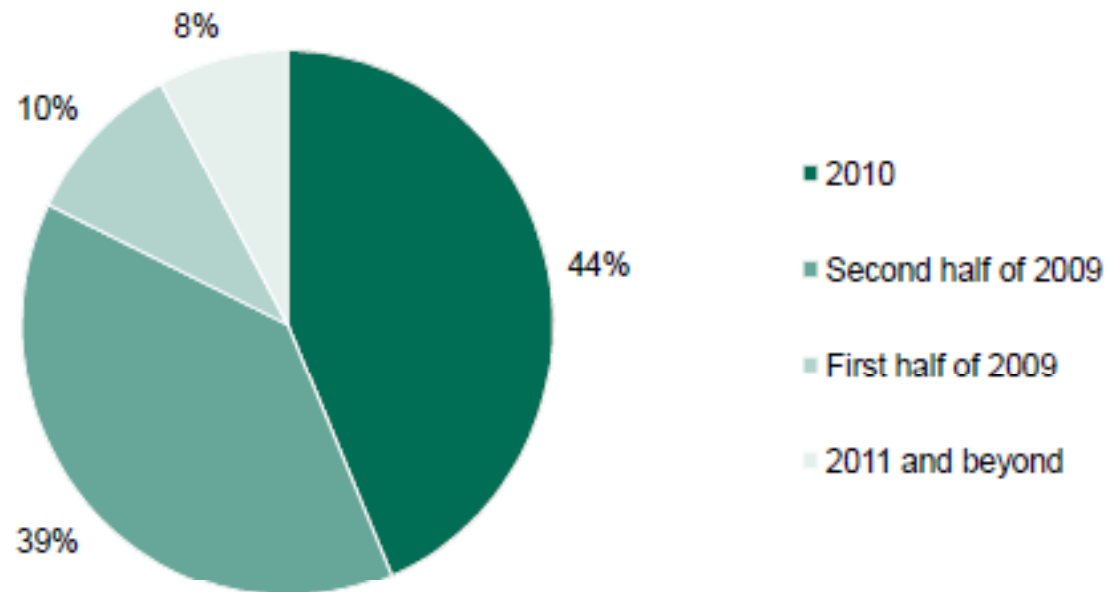
- Lax underwriting standards 54%
- Political emphasis on increasing home ownership 46%
- Lack of oversight of the mortgage industry 44%
- Inadequate understanding of risks 40%
- Lack of oversight of Fannie Mae & Freddie Mac 39%

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Community Banker Survey - When Will the Credit Crisis Abate?



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Community Banker Survey – Top Bank Risk Concerns for 2009

High Risk

- **Credit Risk** 48%
- Interest Rate Risk 35%
- Portfolio/Market Risk 33%
- Reputation Risk 18%
- Online Security Risk 17%

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Community Banker Survey - Underwriting & Lending Changes

Underwriting Changes

- Greater focus on risk management 68%
- More borrower info required 50%

Impact of financial crisis on lending

- Strong negative impact 15%
- Some negative impact 47%
- No impact 16%
- Some positive impact 18%
- Strong positive impact 3%

ICBA/Aite Group, LLC survey – Feb 2009



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Bank Closures Today – A Long Way from Historical Highs

- **Since 1980**
 - **3044 Bank Failures**
- **Between 1982-1992 at least 100 failures each year**
 - **1988 - 470**
 - **1989 - 534**
 - **1990 - 381**
- **Between 1993-2007**
 - **120**
- **2008**
 - **30**
- **2009**
 - **40 so far this year**
 - **Predictions range from 100 to 500**

Community Bank Survey – The Good News

Reputation among Business Customers

Credit Crisis has had a positive impact on almost 50% of small banks

- Strong Positive Impact 11%
- Some Positive Impact 37%

ICBA/Aite Group, LLC survey – Feb. 2009



Community Bank Survey - The Good News

Opportunities in the Crisis

- Increase in deposits as a result of new customer acquisition **55%**
- Existing customers maintain higher balances **51%**
- Better positions your bank to compete with larger banks **41%**
- Growth in business deposit accounts **29%**
- Increase penetration into the small business market **21%**

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