sblf | small business lending fund

Results of the Third Annual SBLF Lending Survey

August 2015

OVERVIEW

Small businesses are a vital part of the American economy and their success is a critical component of the economic recovery. Established by the Small Business Jobs Act of 2010 (the Act), the Small Business Lending Fund (SBLF) is a dedicated fund designed to provide capital to qualified community banks[1] and community development loan funds (CDLFs) in order to encourage small business lending. The purpose of the SBLF is to encourage Main Street banks and small businesses to work together, help create jobs, and promote economic growth in communities across the nation.

This report provides information from participants on their small business lending, use of SBLF funding, loan demand, credit standards, obstacles to small business lending, and outreach to small businesses in their communities. For the year ended June 30, 2014, SBLF participants reported the following on small business lending.

- **SBLF participants have increased small business lending by an estimated 76,311 additional loans as of March 31, 2015.** As reported in the *July 2015 SBLF Lending Growth Report*, SBLF participants have increased their small business lending by $15.4 billion over a $31.3 billion baseline. Based on benchmarks from the lending survey, this $15.4 billion increase represents an estimated 76,311 additional loans to small businesses, an increase of 36 percent over last year.

- **Nearly 80 percent of small business loans made by SBLF participants were made in amounts of $250,000 or less.** Nearly half of all loans (49 percent) carried a term of more than two years. A majority of loans (60 percent) used an adjustable rate, with an average rate of 3.8 percent at the time of origination, the same as last year.

- **Small businesses in a wide array of industries have benefited from the increased lending by SBLF participants.** Companies in the service sectors received the largest estimated percentage of new loans. Every region[2] of the country has benefited, with participants in the South and Midwest reporting the largest estimated increases in the number of small business loans (34,900 and 25,200 loans, respectively), followed by the West (9,700 loans) and the Northeast (6,600 loans). In last year's survey, participants reported that companies in the service and retail sectors received the largest estimated percentage of new loans.

- **Over 90 percent of participants reported for the third year in a row that they were able to increase small business lending with SBLF funding.** Participants also reported that SBLF funding supported other business lending (55 percent) and non-business lending (33 percent). These uses of SBLF funding were broadly consistent across geographic regions. In last year's survey, participants reported that SBLF funding also supported other business lending (57 percent) and non-business lending (33 percent).

[1] In this report, the terms "banks" and "community banks" encompass banks, thrifts, and bank and thrift holding companies with consolidated assets of less than $10 billion.

[2] In this report, the Midwest region includes: IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, and WI. The Northeast region includes: CT, ME, MA, NH, NJ, NY, PA, VT. The South region includes: AL, AR, DE, DC, FL, GA, KY, LA, MD, MS, NC, OK, SC, TN, TX, VA, and WV. The West region includes: AZ, CA, CO, ID, MT, NM, NV, OR, UT, WA, and WY.

- **SBLF participants reported that demand for small business loans remains strong.** Thirty-nine percent of SBLF participants reported stronger loan demand, 57 percent reported no change, and four percent reported weaker demand, vs. 36 percent stronger demand, 55 percent unchanged, and 9 percent weaker demand last year. Participants also reported a net increase in the number of inquiries from small business borrowers regarding the availability and terms of new lending.

- **Participants reported that they have generally not changed credit underwriting standards, although some institutions have reduced the interest rate spread charged to borrowers, among other items.** A significant majority of participants (91 percent) reported that credit standards for approving small business lending remain basically unchanged, with five percent reporting eased standards and four percent reporting tightened standards, for a net change of one percent overall eased credit standards. Participants also reported that some terms for loans that they are willing to approve have changed over the year, with the largest net percentage (31 percent) reporting smaller, or narrower spreads. A significant majority of participants reported that returns, collateral, and risks have been obstacles to increasing small business lending.

- **Ninety-two percent of SBLF participants reported engaging in outreach or advertising activities targeting women, veteran, or minority communities and 32 percent of their outreach spending was allocated to activities targeting these groups.** Among SBLF participants, 83 percent report that they are members of or participate in community organizations and/or trade associations that target women, veteran, or minority communities and 59 percent used paid advertisement or notices in print, radio, or electronic media to target women, veteran, or minority communities. Of the $15 million that SBLF participants reported spending on small business lending outreach activities, 32 percent was allocated to outreach activities targeting women, veteran, and minority communities.

- **Eighty-one percent of banks that provided an anticipated redemption date expect to exit the program by the end of Q1 2016, the quarter in which the statutorily-required bank step up rate of nine percent begins.**[3] Ninety-six percent of CDLFs that provided an anticipated redemption date expect to exit by the end of Q3 2019, the quarter in which the CDLF step up rate of nine percent begins.[4]

- **Ninety-seven percent of the participants who reported a factor that influenced their institution's anticipated timing for exiting the SBLF program cited the step up rate as the reason for redeeming.** Fifty-six percent of participants reported that they plan to replace the SBLF capital with retained earnings.

[3] Four banks have a step up rate in Q4 2015; the step up rate for S corporations and mutual institutions is 13.8 percent. The rate step-ups are required by the Small Business Jobs Act ("the Act," P.L. 111-240), which established the SBLF. Specifically, Section 4103 (d)(5)(E) increases the dividend or interest rate for an SBLF bank to nine percent at the end of the four and one-half year period that begins on the date of the capital investment under the Program. Section 4013 (d)(5)(I) increases the interest rate for an SBLF CDLF to nine percent after an eight-year period.
[4] Institutions were given the option of providing a response of N/A in this year's survey if they did not wish to provide Treasury with an anticipated redemption date. 50 participants responded N/A to this question in the Third Annual SBLF Lending Survey.

BACKGROUND

The SBLF Lending Survey is an annual information collection required of all institutions participating in the program. Under Section 3.1(c)(ii)(D) of the Securities Purchase Agreement, institutions participating in the SBLF are required to complete an annual survey. This report is published by Treasury using aggregated survey responses.

This report includes the results of the program's third annual survey. The survey was distributed to SBLF participants in January 2015 and covers small business lending activities during the period from July 1, 2013 to June 30, 2014. The survey included 16 questions on topics including small business lending policies and practices, use of SBLF funding, outreach to small businesses, and repayment of SBLF funding. Responses were received from the 272 institutions participating in SBLF as of the survey administration, including 224 community banks and 48 CDLFs . Please see "Appendix A" for additional information regarding the methodology employed in this report.

Treasury invested over $4.0 billion in 332 institutions through the SBLF program. These amounts included investments of $3.9 billion in 281 community banks and $104 million in 51 CDLFs. Collectively, these institutions operate in over 3,000 locations across 47 states and the District of Columbia.

The initial disbursement of SBLF funding occurred on June 21, 2011, with subsequent transactions completed thereafter until the program's September 27, 2011 statutory funding deadline. As of June 30, 2015, 67 institutions with aggregate investments of $1.05 billion fully redeemed their SBLF securities and exited the program, and 33 institutions partially redeemed $340 million (or 53 percent of their SBLF securities) though continue to participate in the program.

The SBLF program encourages lending to small businesses by providing capital to community banks and CDLFs with less than $10 billion in assets.

- For community banks, the SBLF program is structured to encourage small business lending through a dividend or interest rate incentive structure. The initial rate payable on SBLF capital is, at most, five percent, and the rate falls to one percent if a bank's small business lending increases by 10 percent or more.[5] Banks that increase their lending by amounts less than 10 percent pay rates between two percent and four percent. If a bank's lending does not increase in the first two years, however, the rate increases to seven percent. If a bank has not repaid the SBLF funding after four and a half years, the rate increases to nine percent.

- For CDLFs, the SBLF program is structured to encourage small business lending through access to low-cost capital at a two percent interest rate. These non-profit loan funds play a critical role in distressed communities across the country that lack access to mainstream financial services. CDLFs engage in activities including offering microloans to entrepreneurs, providing mezzanine debt to growing small businesses, and financing community facilities like charter schools and health clinics.

As established in the Act and described above, the SBLF program operates through an indirect mechanism to achieve policy outcomes. The additional lending capacity provided by SBLF capital – coupled with the program's dividend or

[5] The initial interest rate paid by S corporations and mutual institutions is, at most, 7.7 percent. If these institutions increase their small business lending by 10 percent or more, then the rate falls to as low as 1.5 percent. These interest rates equate to after-tax effective rates (assuming a 35% tax rate) equivalent to the dividend rate paid by C corporation participants.

interest rate incentives in the case of community banks – encourages institutions to increase small business lending. Because of the program's structure, increases in small business lending cannot be directly linked to the use of SBLF funds. However, the program's impact can be observed indirectly. For additional information regarding the methodology employed in this report, please see Appendix A.

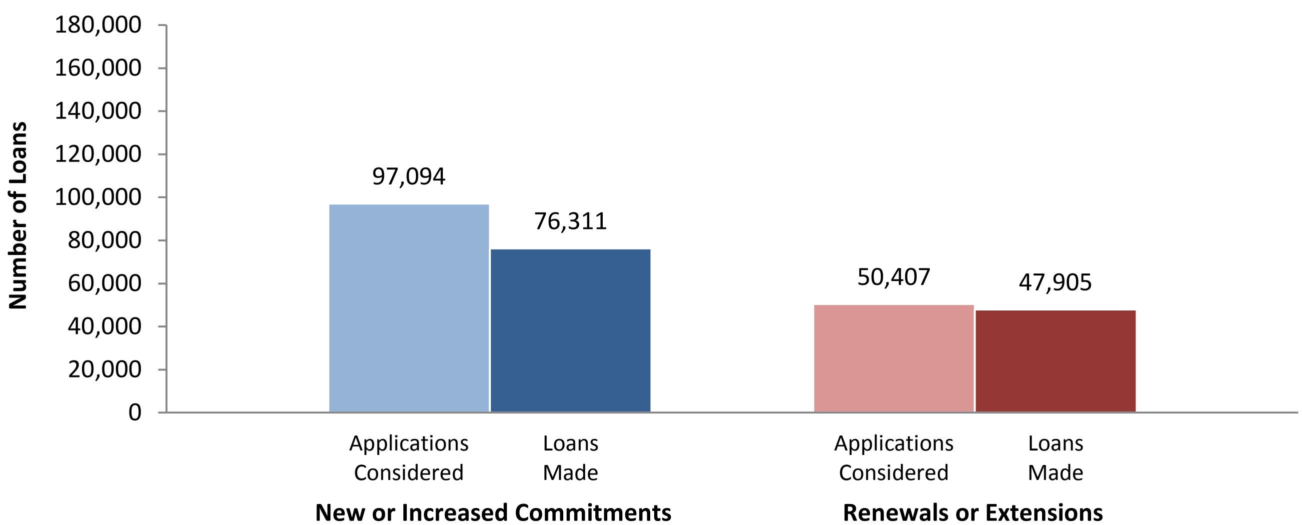
SMALL BUSINESS LENDING BY PARTICIPANTS

As reported in the *July 2015 SBLF Lending Growth Report*, SBLF participants increased their small business lending by $15.4 billion over a $31.3 billion baseline as of March 31, 2015. Based on the average loan size reported by participants, this $15.4 billion increase represents an estimated 76,311 additional loans to small businesses, with approximately 80 percent of those loans made in amounts of $250,000 or less.[6] Small businesses in a wide array of industries have benefited from the increased lending by SBLF participants, with companies in the service sector receiving the largest estimated percentage of new loans. Every region of the country has benefited, with participants in the South and Midwest reporting the largest estimated increases in the number of small business loans (34,900 and 25,200 loans, respectively), followed by the West (9,700 loans) and the Northeast (6,600 loans). The following section includes additional detail on small business lending by participants, including loan applications, number and dollar value of loans made, loan terms, and interest rates.

Small Business Loans Considered and Made by Participants

For the year ended June 30, 2014, participants reported that they approved and funded over 80 percent of the applications they considered for small business loans, including 79 percent of the applications for new lending commitments or increases in outstanding lending commitments and 95 percent of the applications for renewals or extensions.[7] The following graph shows the number of small business loan applications considered and loans made by participants.

Number of Small Business Loan Applications Considered and Loans Made
(From July 1, 2013 to June 30, 2014)



Loans Made as a Percentage of Applications Considered	79%	95%

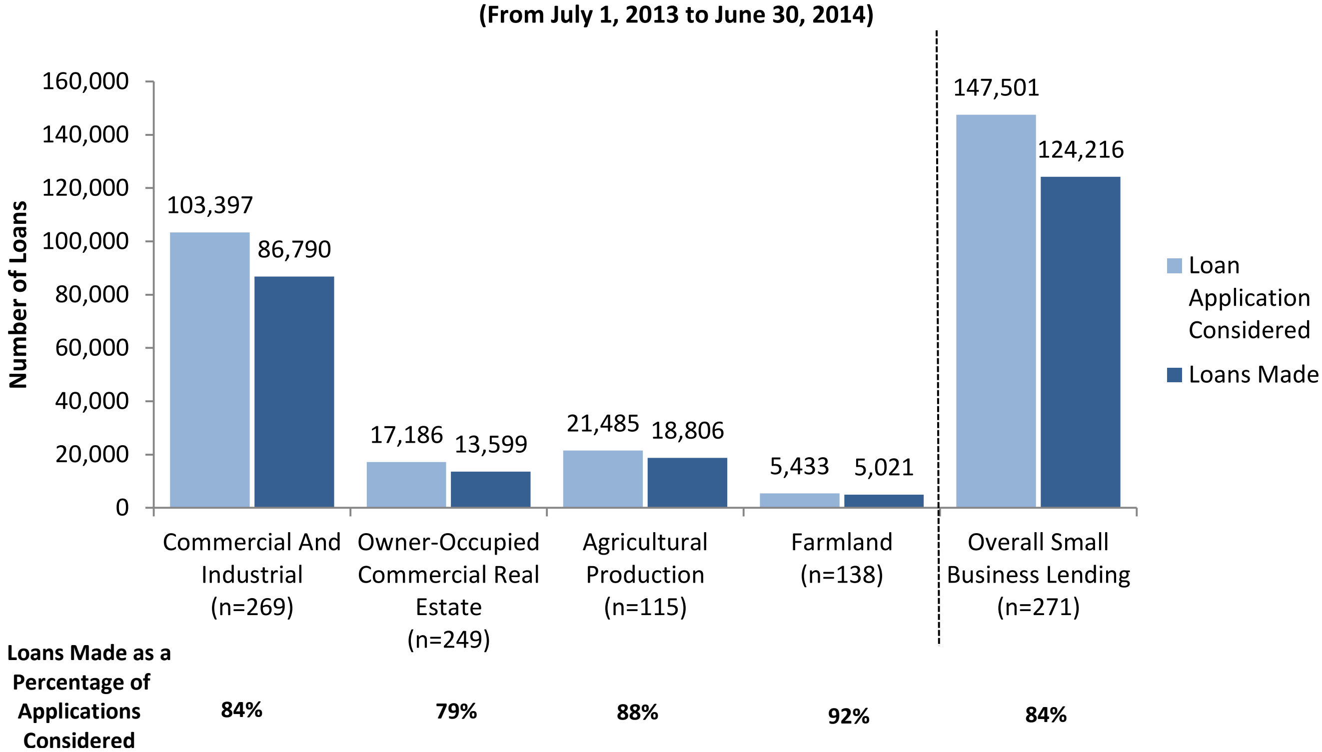
[6] The number of additional small business loans is calculated by dividing each participant's change in small business lending as of December 31, 2014 by the average loan size the participant reported on its SBLF lending survey for the year ended June 30, 2014 and aggregating the resulting loan counts. The resulting aggregate is rounded to the nearest hundred loans.

[7] Lending commitments include loans (or credit lines) that were closed over the past year, whether or not they were funded.

Of the total number of loans made, approximately 60 percent were for loans that represent new or increased commitments by participants. These results were similar across the four categories of small business lending, with the largest percentage of new loans or increased funding commitments coming from agricultural production (69 percent), followed by farmland (61 percent), owner-occupied commercial real estate (61 percent), and commercial and industrial (60 percent).

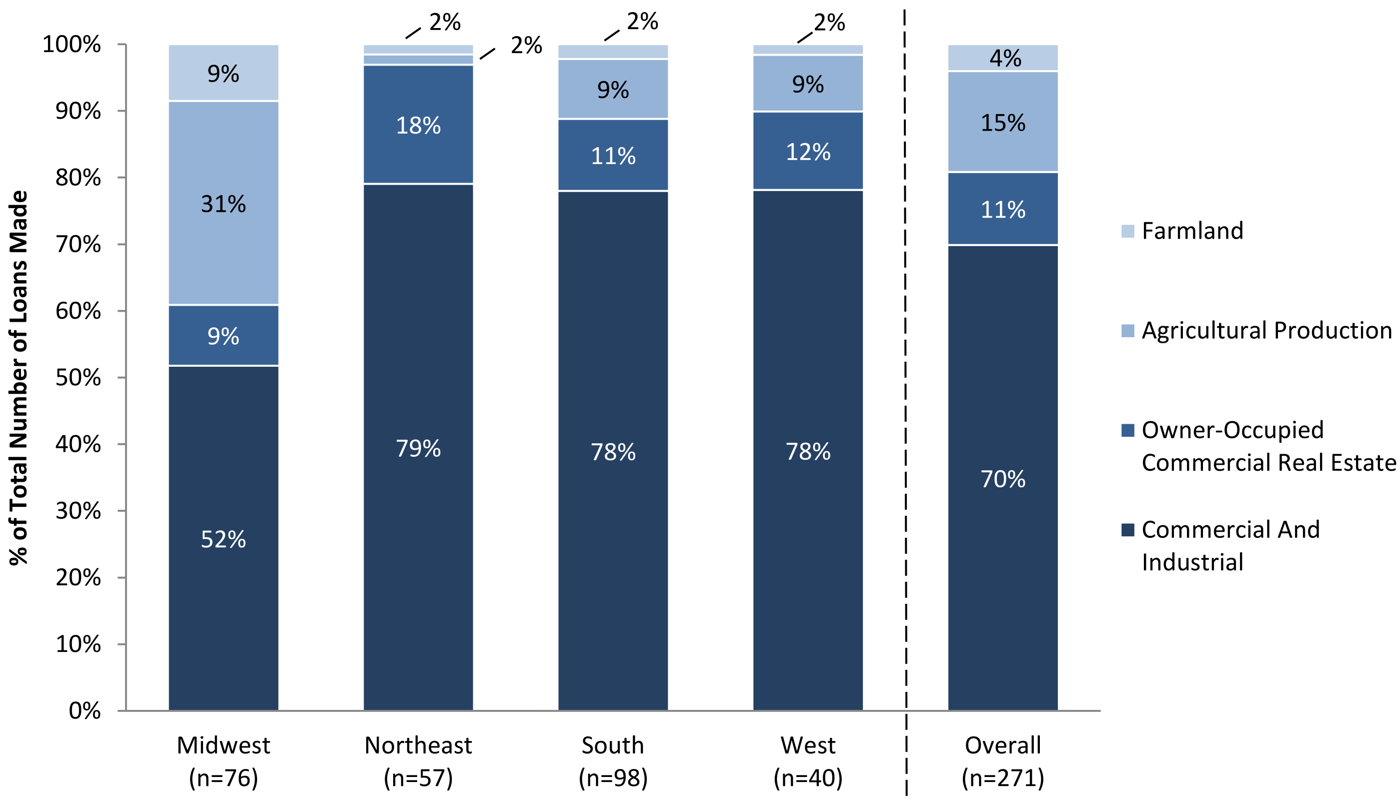
Approximately 70 percent of all small business loan applications considered and 70 percent of small business loans made were for commercial and industrial purposes. Loans supporting farmland and agricultural production evidenced the highest percentage of loans made as a fraction of applications considered at 92 percent and 88 percent, respectively. The following graph shows the total number of small business loan applications considered and made across the four categories of small business lending.

Number of Small Business Loan Applications Considered and Loans Made by Loan Type
(From July 1, 2013 to June 30, 2014)



Small Business Loans by Loan Type and Regional Geography
Participants reported that the largest percentage of small business loans they made by number were commercial and industrial loans (70 percent), followed by agricultural production (15 percent), owner-occupied commercial real estate (11 percent), and farmland (four percent). The percentages were similar across regional geography, although institutions in the Midwest made a relatively smaller percentage of commercial and industrial loans (52 percent) and a relatively larger percentage of loans supporting agricultural production and farmland (31 percent and nine percent, respectively). The following graph shows the percentage of small business loans made across the four categories of small business lending by regional geography.

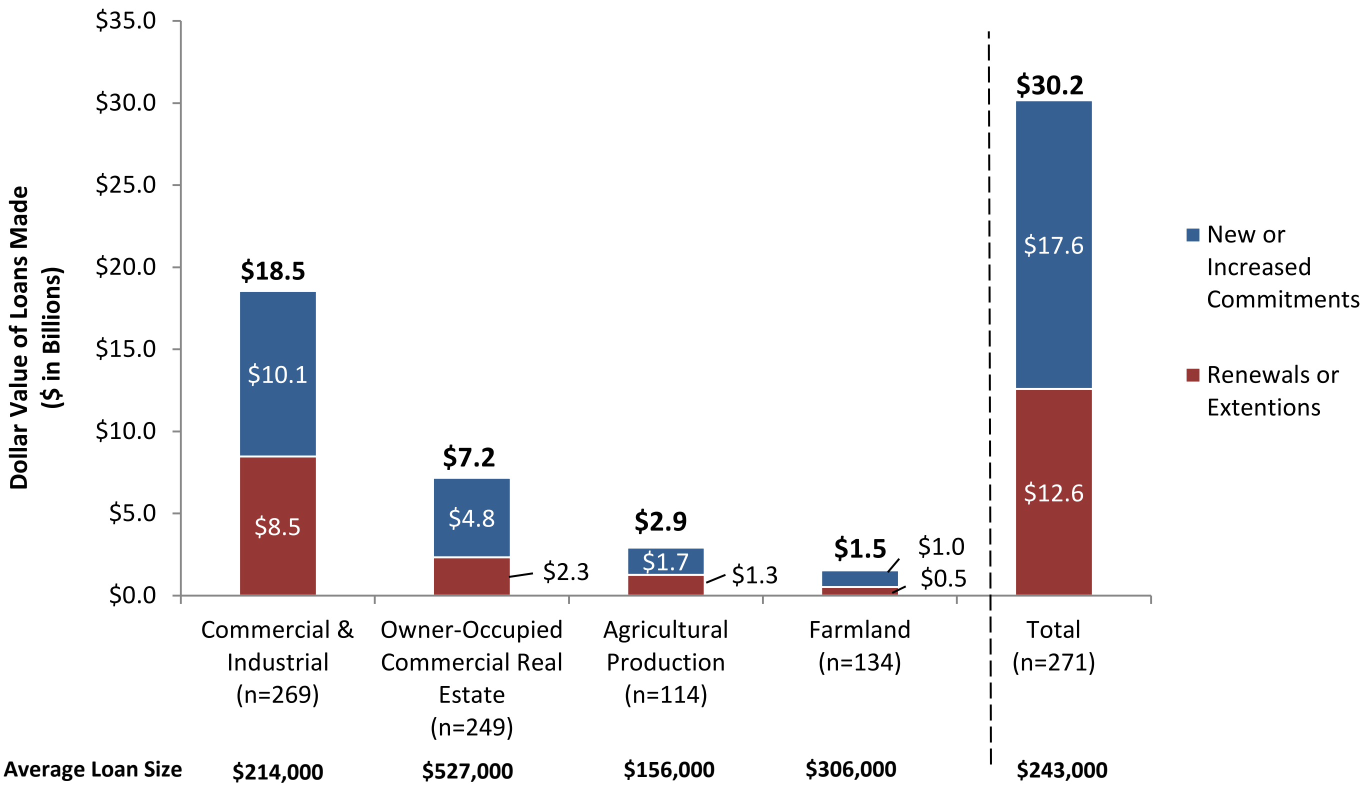
Percentage of Small Business Loans Made by Loan Type and Regional Geography
(From July 1, 2013 to June 30, 2014)



Dollar Value of Small Business Loans Made by Participants
For the year ended June 30, 2014, participants reported extending approximately $30.2 billion in loans that qualified as small business lending. This lending includes approximately $17.6 billion (58 percent) in new or increased lending commitments and $12.6 billion (42 percent) in renewals or extensions. Across the four categories of small business lending, participants reported $18.5 billion in commercial and industrial loans (61 percent), $7.2 billion in owner-occupied commercial real estate loans (24 percent), $2.9 billion in agricultural production loans (10 percent), and $1.5 billion in farmland loans (5 percent).

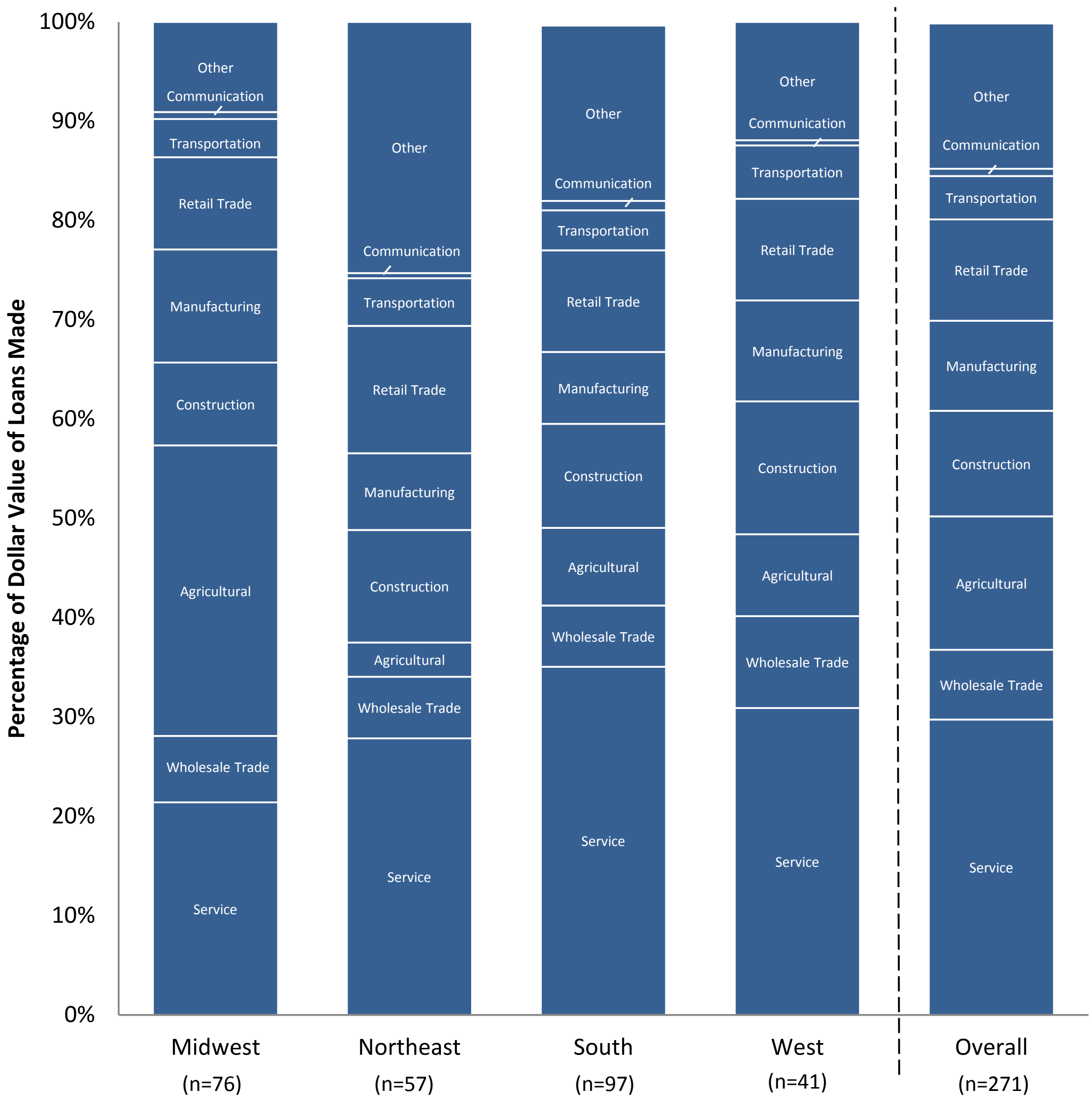
Participants also reported that owner-occupied commercial real estate loans had the largest average dollar value at approximately $527,000, followed by farmland loans at $306,000, commercial and industrial loans at $214,000, and agricultural production loans at $156,000. The following graph shows the dollar value of small business loans made by participants across the four categories of small business lending.

Small Business Lending by Loan Type
(From July 1, 2013 to June 30, 2014)



New or Increased Small Business Lending by Industry
As noted, participants reported that they have made $17.6 billion in new or increased small business loan commitments. The following graph shows the percentage of the dollar value of loans made across industries by regional geography.

Percentage of New Small Business Lending Across Industries by Regional Geography
(From July 1, 2013 to June 30, 2014)

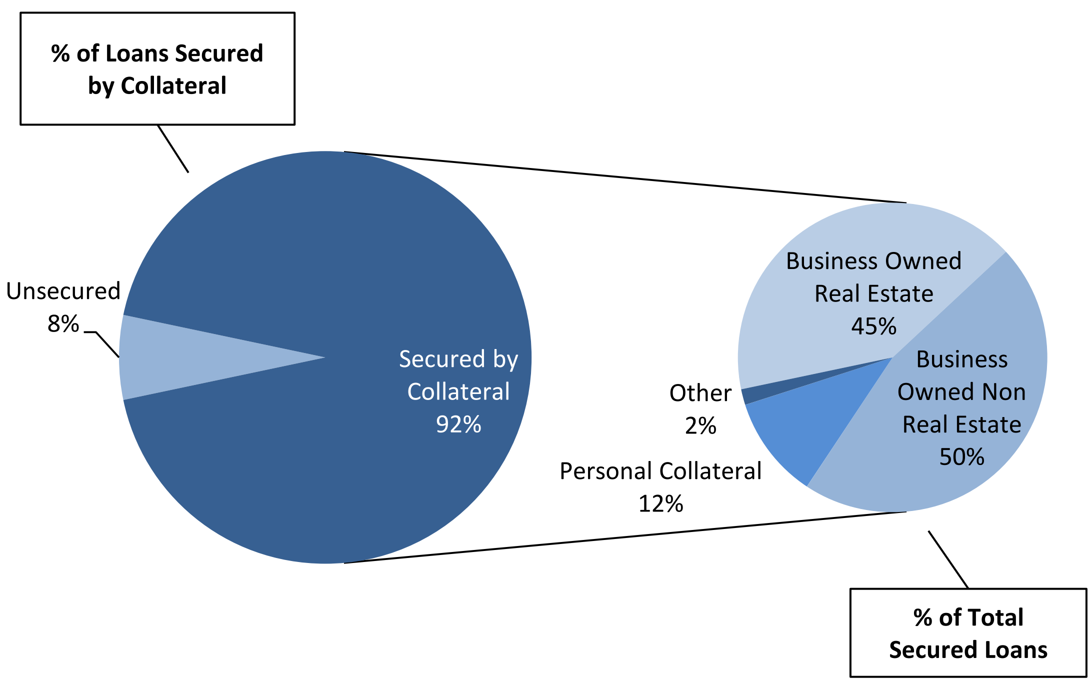


The participants that noted "other" categories of small businesses indicated in their qualitative descriptions that these included real estate, recreation, mining, energy, healthcare, finance and education, among others.

Percentage of Total Dollar Value and Category of Loans Secured by Collateral

For the year ended June 30, 2014, participants reported extending approximately $30.2 billion in loans that qualified as small business lending. This lending includes approximately 92% of the total dollar value of those loans (or credit lines) that qualify as small business lending and that were approved and funded by the institution that were secured by collateral. For those loans (or credit lines) that were made by SBLF institutions that were secured by collateral, participants estimated that those loans were primarily secured by the following categories of collateral: business-owned non-real estate (50 percent), business-owned real estate (45 percent), and personal collateral (12 percent).[8]

Percentage of Total Dollar Value of Funded Loans (or Credit Lines) Secured by Collateral and the Categories of Collateral Used to Secure those Loans (or Credit Lines)
(From July 1, 2013 to June 30, 2014)

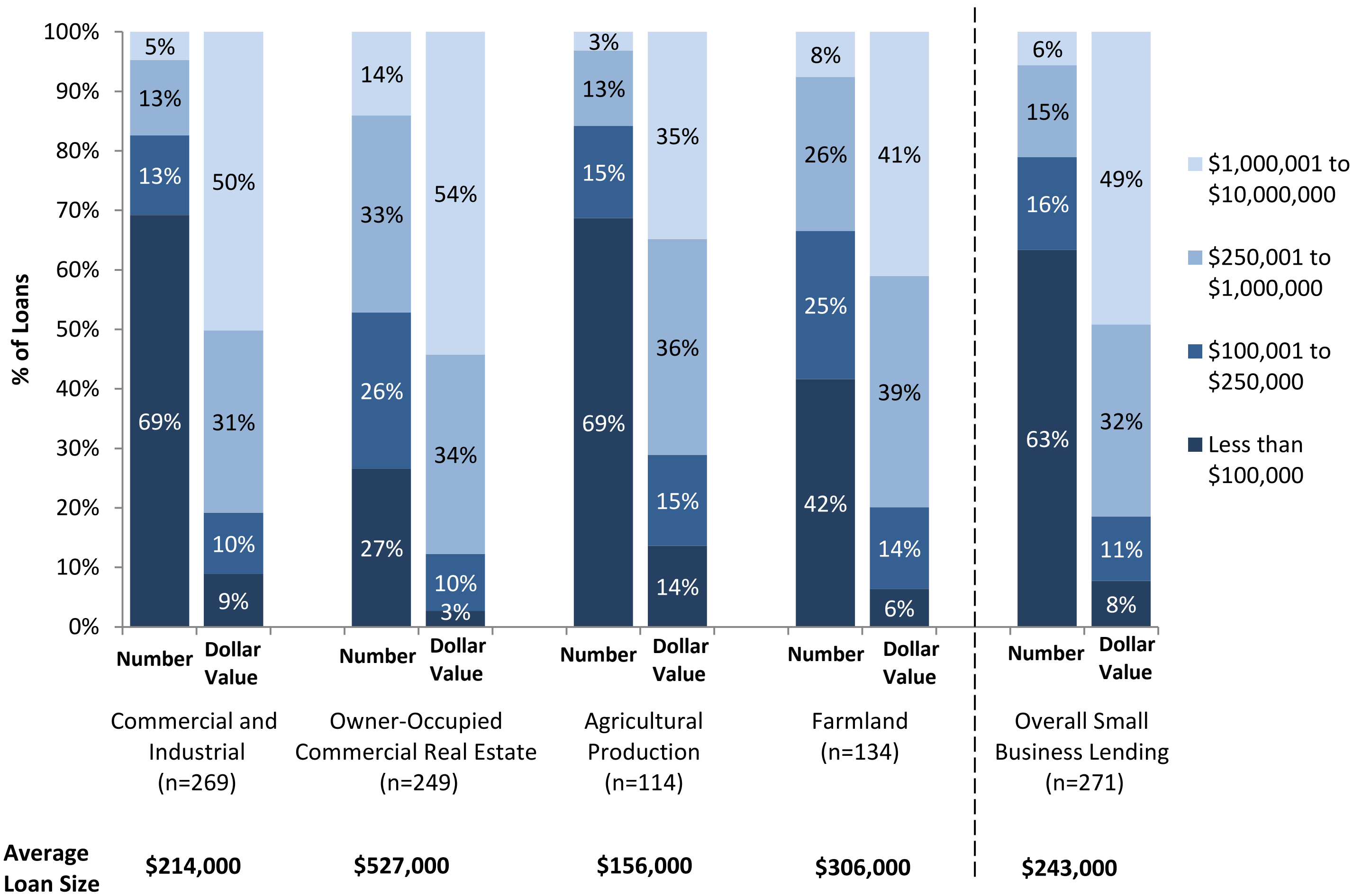


[8] The sum of the percentages were allowed to exceed 100 percent, since some loans were secured by more than one type of collateral.

Small Business Loans Made by Loan Size

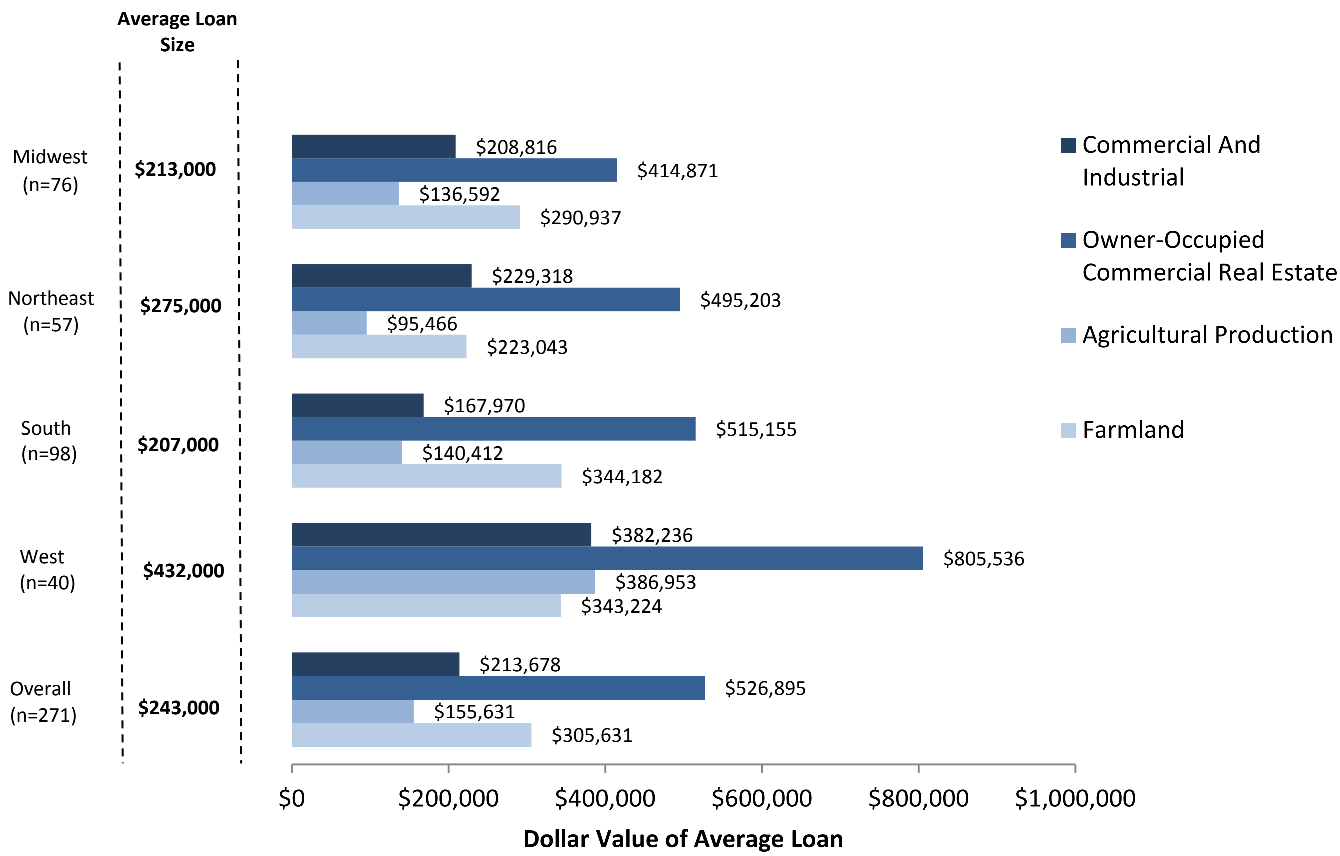
For the year ended June 30, 2014, participants reported that approximately 79 percent of the 124,216 loans they made were for dollar values of $250,000 or less, representing approximately $5.6 billion in small business lending. Similarly, approximately 94 percent of the loans were for $1 million or less, representing $15.3 billion in small business lending. The following graph shows the relationship between the percentage of the number and dollar value of small business loans by size across the four categories of small business lending.

Percentage of Small Business Loans Made by Loan Size and Loan Type
(From July 1, 2013 to June 30, 2014)



By regional geography, participants reported the largest average dollar value of small business loans in the West ($432,000), followed by the Northeast ($275,000) and the Midwest and South ($213,000 and $207,000, respectively). The significantly larger average in the West reflects a higher dollar value associated with owner-occupied commercial real estate loans with an average dollar value of $805,536 compared to $515,155 in the South, $495,203 in the Northeast, and $414,871 in the Midwest. The following graph shows the average dollar value of each of the four categories of small business loans by regional geography.

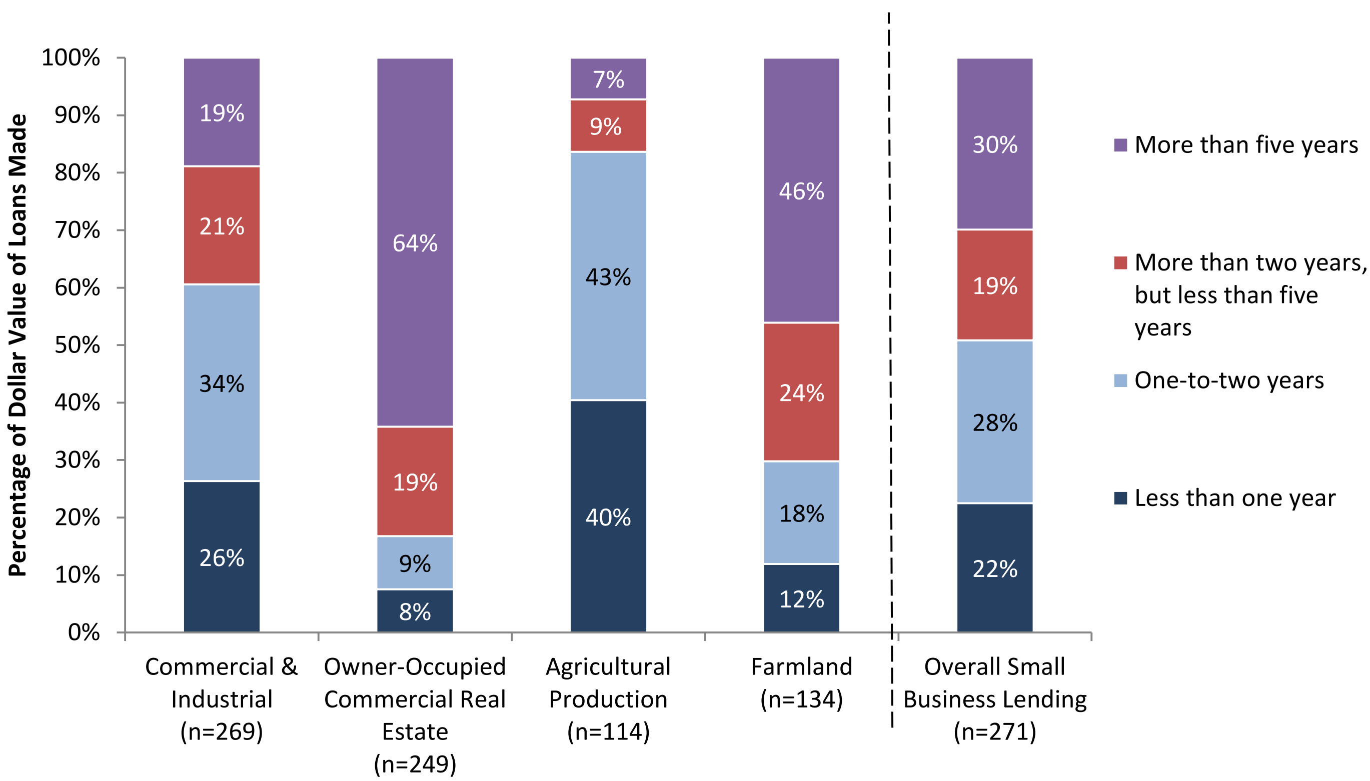
Average Dollar Value of Small Business Loans by Loan Type and Regional Geography
(From July 1, 2013 to June 30, 2014)



Length of Term for Small Business Loans

For the year ended June 30, 2014, participants reported that 49 percent of the small business loans they made were for a term of more than two years, 28 percent were for one to two years, and 22 percent were for less than one year. These varied significantly among loan type, with a larger percentage of secured loans (owner-occupied commercial real estate and farmland) evidencing longer terms. The following graph shows the percentage of the dollar value of small business loans by length of term across the four categories of small business lending.

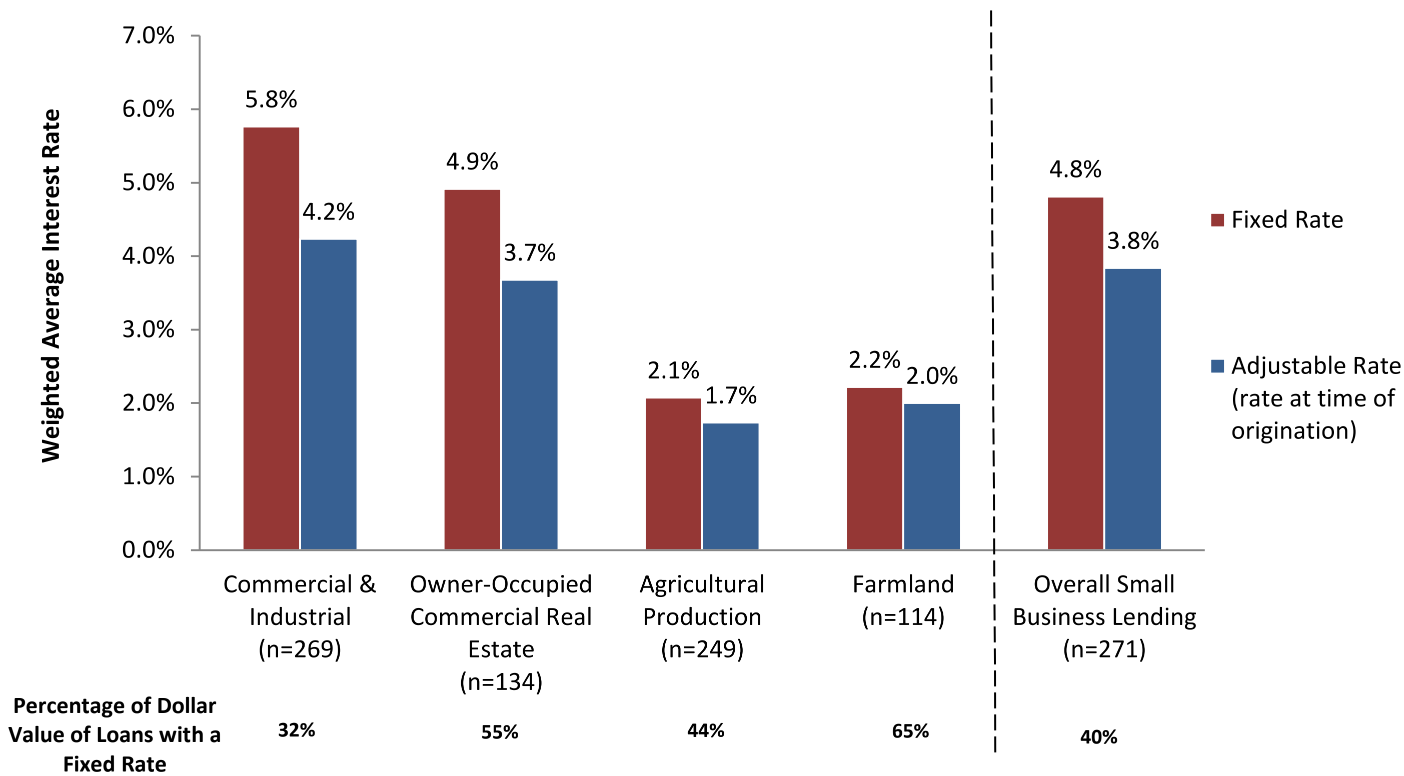
Percentage of Small Business Loans Made by Length of Term and Loan Type
(From July 1, 2013 to June 30, 2014)



Weighted Average Interest Rates for Small Business Loans

For the year ended June 30, 2014, participants reported that 60 percent of their small business lending had an adjustable interest rate at the time of origination, with 40 percent using a fixed rate. The weighted average interest rate[9] for adjustable rate loans was approximately 3.8 percent, while the weighted average fixed rate was 4.8 percent. These results were similar across the four categories of small business lending, with commercial and industrial lending reporting slightly higher interest rates and agricultural production and farmland lending reporting slightly lower rates. The following graph shows the weighted average interest rates for small business loans across the four categories of small business lending.

Weighted Average Interest Rates for Small Business Loans by Loan Type
(From July 1, 2013 to June 30, 2014)

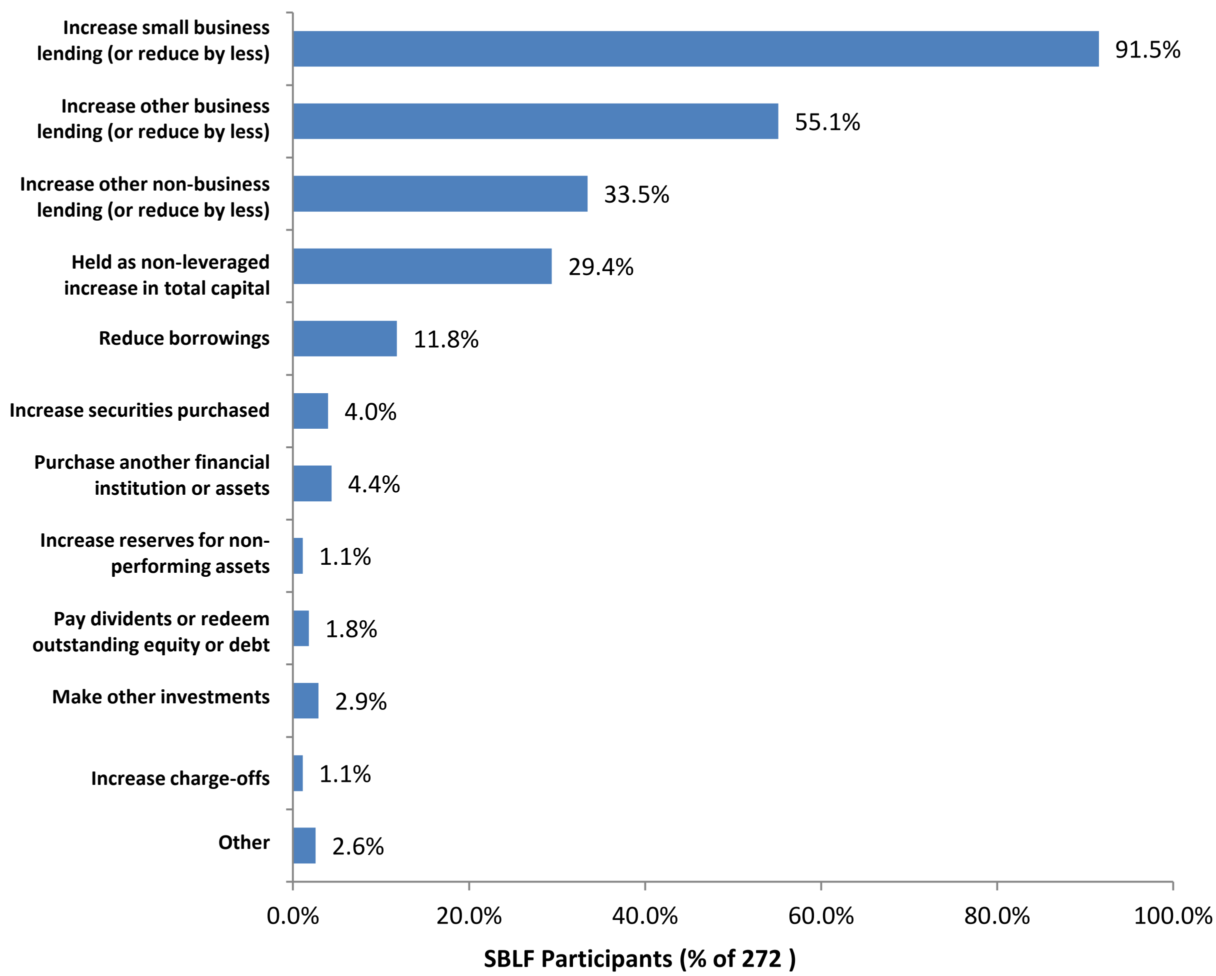


[9] To calculate the weighted average rates on overall small business lending, Treasury calculated the average rate in each category and weighted the results by the dollar amount of lending in each category.

PARTICIPANT USE OF SBLF FUNDING

For the year ended June 30, 2014, a significant majority of participants (almost 92 percent) reported that they were able to increase small business lending (or reduce it by less than otherwise would have occurred) with SBLF funding. In addition, 55 percent of participants reported that they were able to increase other business lending and 34 percent reported they were able to increase non-business lending (or, in each case, reduce it by less than otherwise would have occurred) with SBLF funding.[10] The following graph shows the percentage of participants that reported action(s) that they were able to take that may not have been taken without SBLF funding.

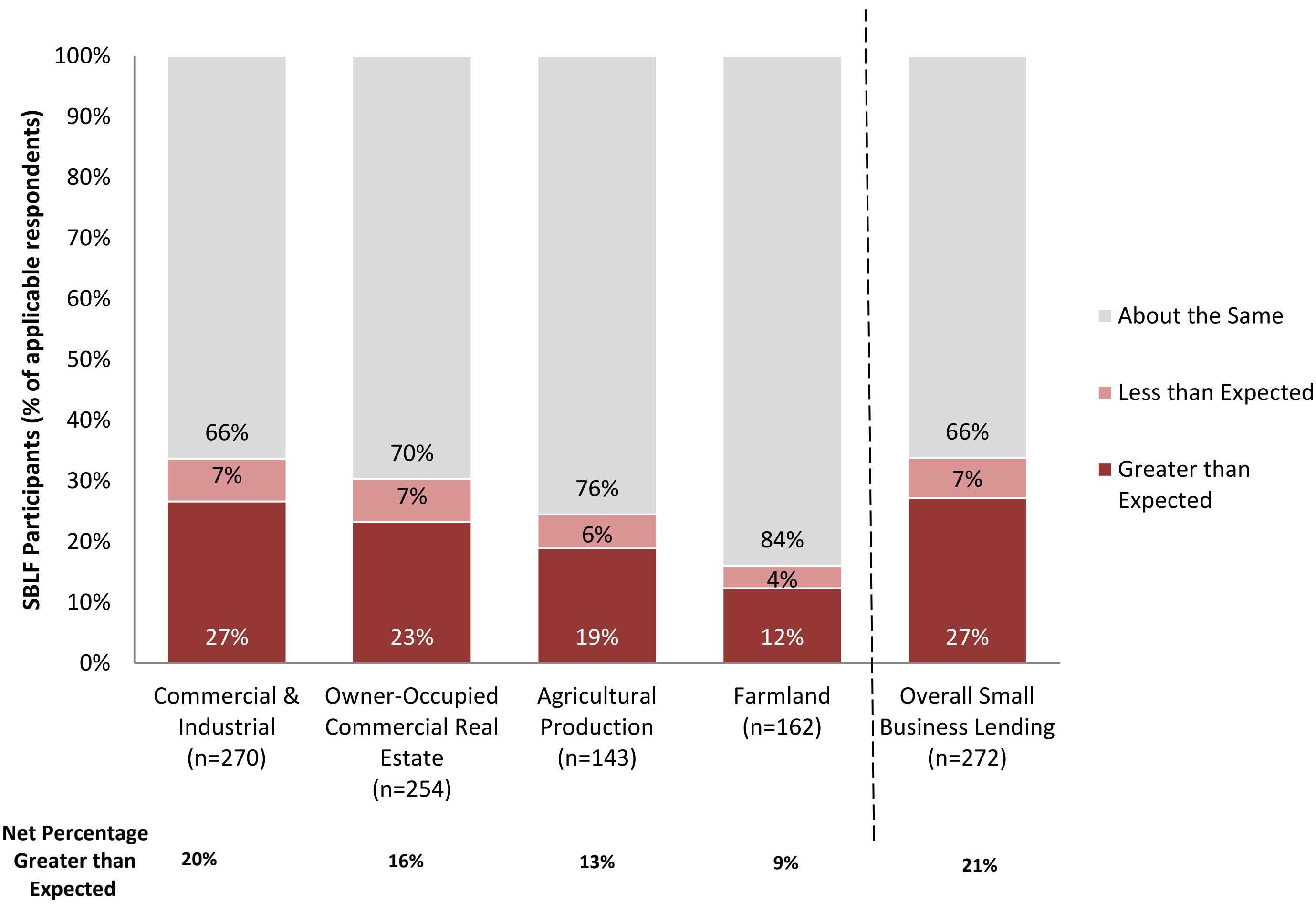
Actions Taken by SBLF Participants
(From July 1, 2013 to June 30, 2014)



[10] The question noted that cash associated with SBLF funding may not be readily distinguishable from other cash sources and that institutions may need to estimate how the SBLF funding was deployed or how many dollars were allocated to each use.

Net Percentage Increase of Lending Relative to Expectations Since SBLF Investment
For the year ended June 30, 2014, more than a quarter of participants (27 percent) reported that they were able to increase small business lending by more than they expected with SBLF funding since the time of investment. In addition, 66 percent of participants reported that their institution increased business lending by about the same amount as it expected over this period, and seven percent reported an increase in their small business lending by less than expected. The following graph shows the percentage of participants' responses relative to their expectations at the time they received the SBLF investment.

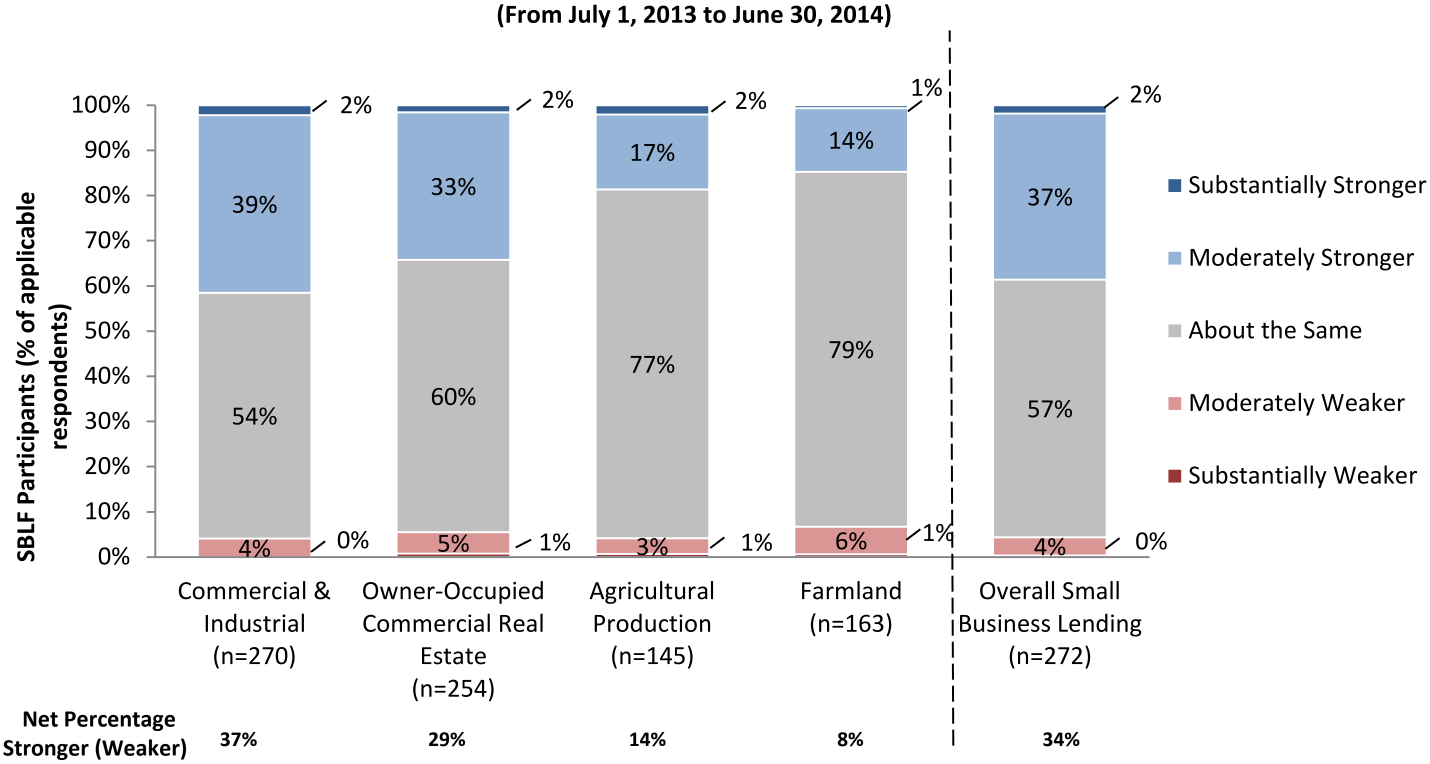
Actions Taken by Participants' Percentage Change in Qualified Small Business Lending
(From July 1, 2013 to June 30, 2014)



DEMAND FOR SMALL BUSINESS LENDING

For the year ended June 30, 2014, participants reported net stronger demand for small business lending, with 39 percent reporting stronger demand compared to four percent reporting weaker demand (net 34 percent reporting stronger demand).[11] The results are similar across the four categories of small business lending, with the largest net percentages of participants reporting stronger demand for commercial and industrial loans (net 37 percent) and owner-occupied commercial real estate loans (net 29 percent). Participants also reported net stronger demand for agricultural production and farmland loans (net 14 percent and net eight percent, respectively). The following graph shows the percentage of participants that reported changes in demand for small business lending by loan type.

Changes in Demand for Small Business Lending by Loan Type[12]
(From July 1, 2013 to June 30, 2014)



Across regional geography, the largest net percentage of participants reporting stronger demand was in the West (net 41 percent), followed by the South (net 39 percent), the Midwest (net 34 percent), and the Northeast (net 21 percent).

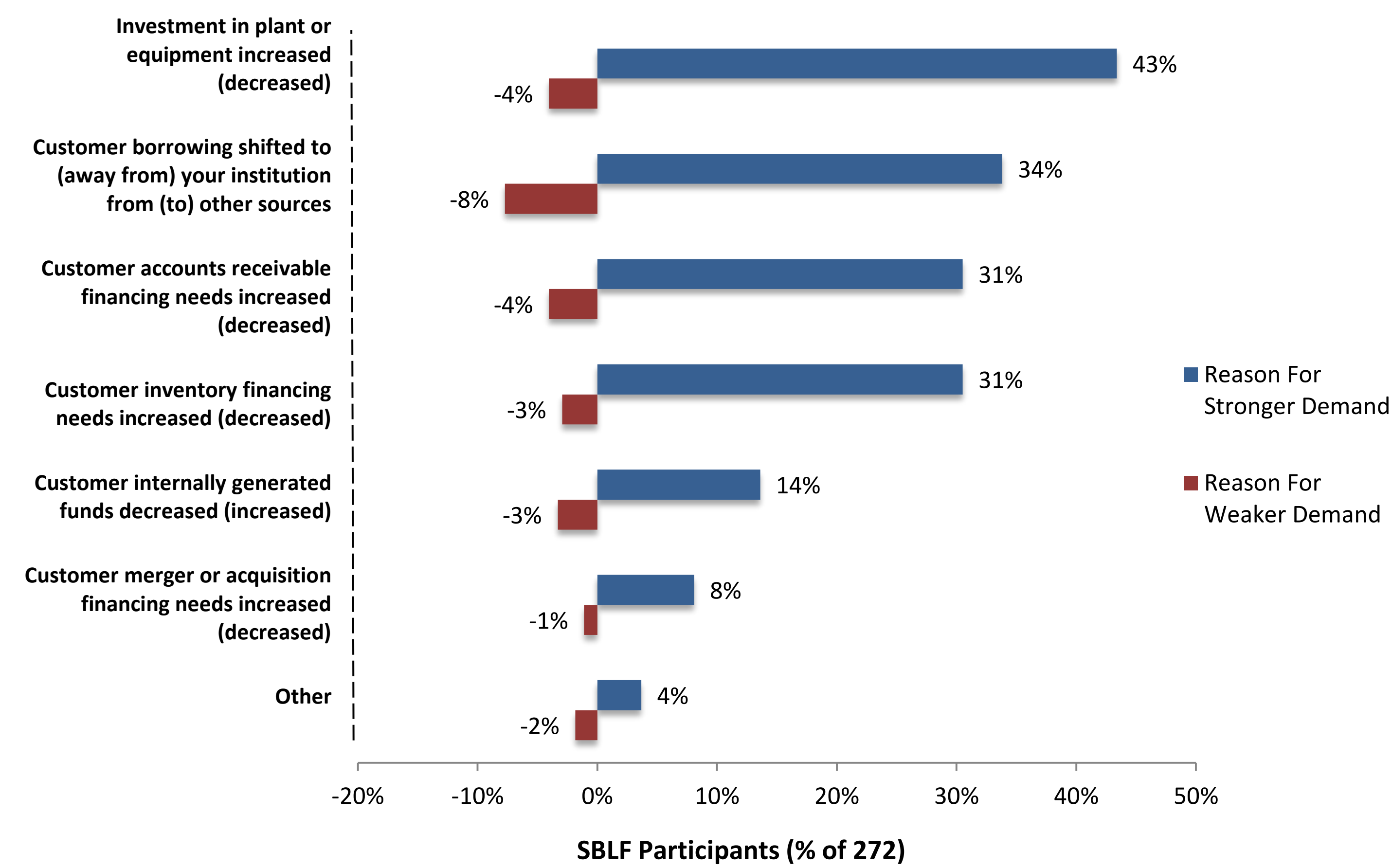
[11] For questions that ask about loan demand in this report, reported net percentages equal the percentage of participants that reported stronger demand ("substantially stronger" or "moderately stronger") minus the percentage of participants that reported weaker demand ("substantially weaker" or "moderately weaker").

[12] In responding to the survey, participants reported on changes in loan demand for each of the four small business loan types and, separately, for overall small business lending. In some cases, participants reported that demand for overall small business lending was "moderately stronger," but did not attribute the stronger demand to one of the four loan types.

Reasons for Changes in Small Business Loan Demand

Of the 105 participants (39 percent) that reported stronger demand for small business lending, the most commonly cited reasons were that the borrowers (i) increased their investment in plant or equipment, (ii) shifted their borrowing from a less attractive source, and (iii) increased their accounts receivable financing. The 12 participants (four percent) that reported weaker demand for small business lending most commonly cited reasons were that borrowers (i) shifted their borrowing to a more attractive source, (ii) decreased investment in plant or equipment, and (iii) customer accounts receivable financing needs decreased. The following graph shows the percentages of participants that reported certain reasons for change in small business loan demand, with positive figures indicating the responses of institutions that reported stronger demand and negative figures showing the responses of institutions that reported weaker demand.

Percentage of Participants Reporting Reasons for Change in Small Business Loan Demand[13]
(From July 1, 2013 to June 30, 2014)

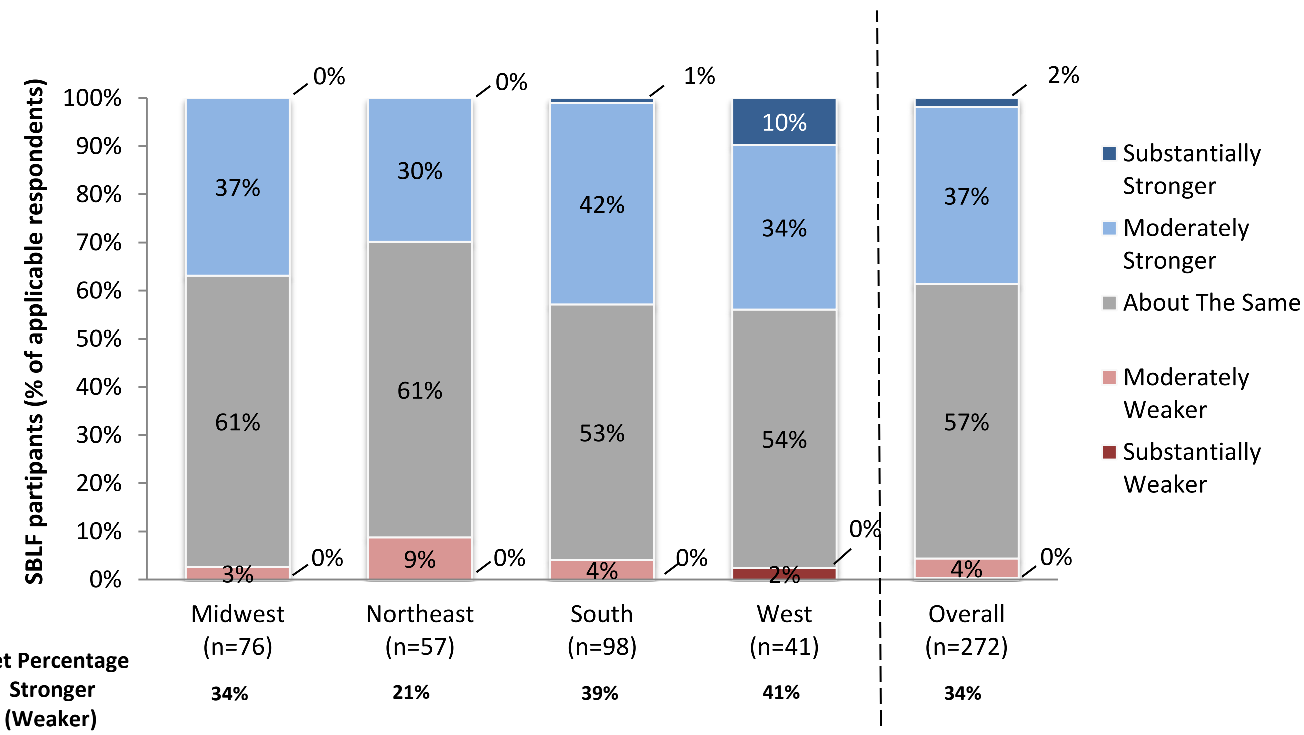


[13] The percentages sum vertically to greater than 100 percent because participants could choose multiple answers. The percentages sum horizontally to less than 100 percent because no single answer was selected by all participants.

Changes in the Number of Inquiries from Potential Small Business Borrowers

For the year ended June 30, 2014, participants reported a net increase in the number of inquiries from small business borrowers regarding the availability and terms of new lending, with 39 percent reporting an increase in inquiries and nine percent reporting a decrease (net 34 percent reporting an increase in inquiries). These results were similar across geographic regions, with the largest net percentage of participants in the West reporting increases in inquiries (net 41 percent), followed by the Midwest (net 34 percent), the South (net 39 percent), and the Northeast (net 21 percent). The following graph shows the percentage of participants reporting changes in the number of inquiries they received from small business borrowers by regional geography.

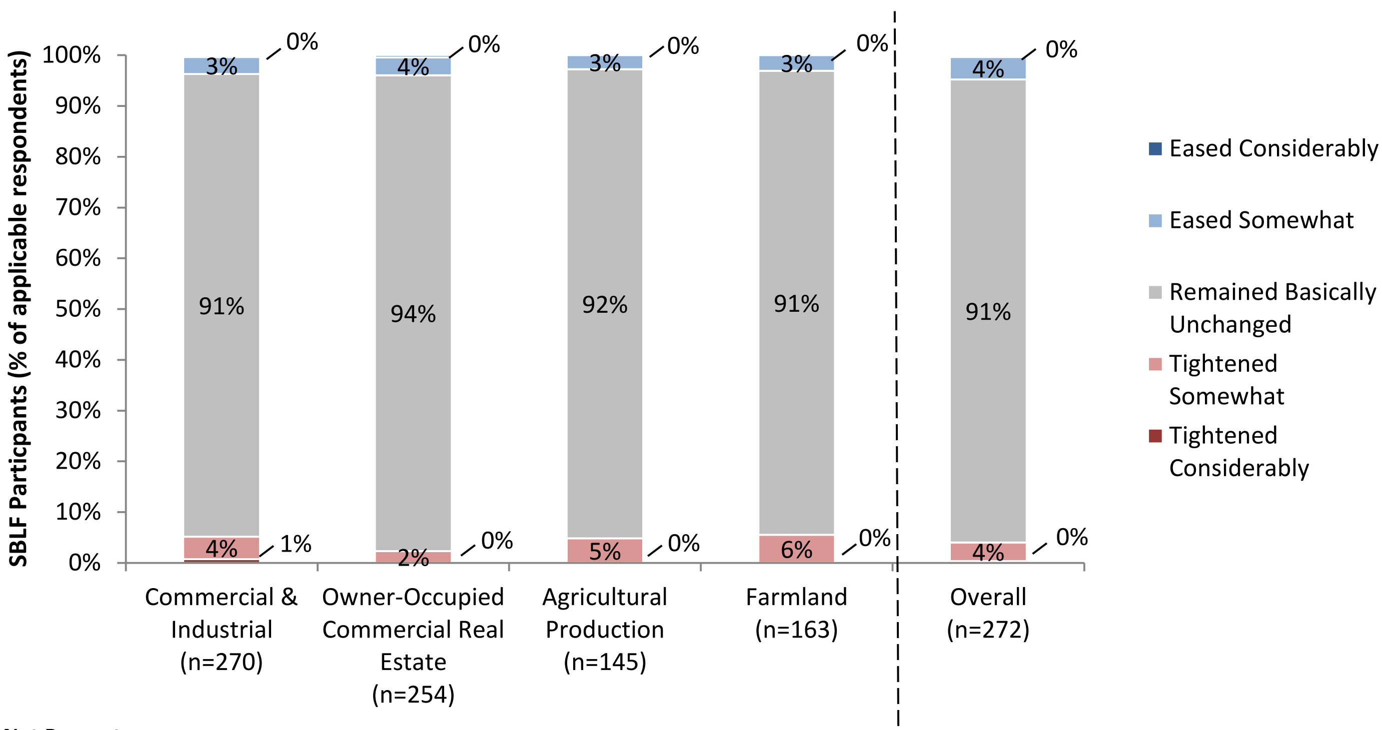
Changes in the Number of Inquiries from Small Business Borrowers by Regional Geography
(From July 1, 2013 to June 30, 2014)



CREDIT STANDARDS FOR SMALL BUSINESS LENDING

For the year ended June 30, 2014, a significant majority of SBLF participants (91 percent) reported credit standards for approving small business loan applications remain basically unchanged, with four percent reporting eased standards and four percent reporting tightened standards, or a net one percent reporting eased standards.[14] The results are similar across the four categories of small business lending, with 91 percent of participants reporting unchanged credit standards for each loan type. The following graph shows the percentage of participants that reported changes in credit standards for small business lending by loan type.

Changes in Credit Standards for Small Business Lending by Loan Type[15]
(From July 1, 2013 to June 30, 2014)



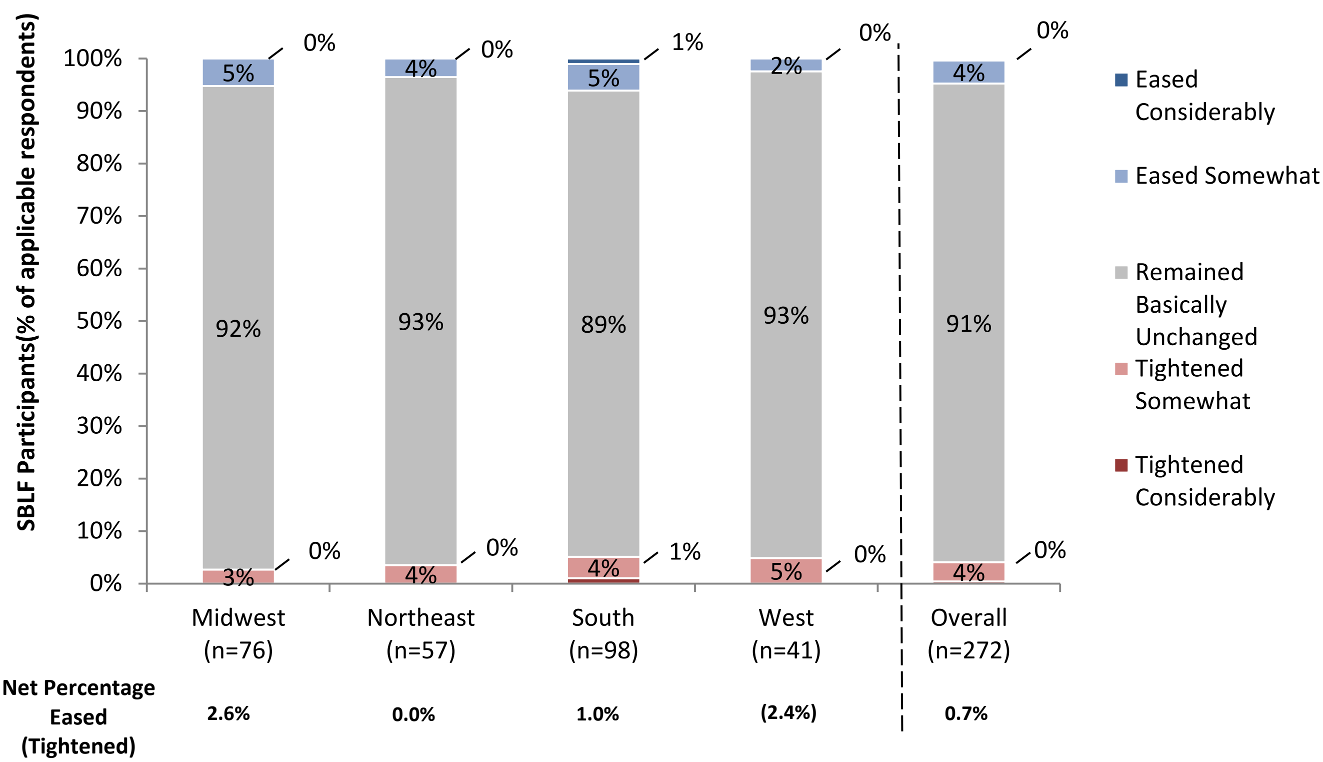
Net Percentage Eased (Tightened)	(1.5%)	1.6%	(2.1%)	(2.5%)	0.7%

[14] For questions that ask about credit standards in this report, reported net percentages equal the percentage of participants that reported having eased credit standards or terms ("eased considerably" or "eased somewhat") minus the percentage of participants that reported having tightened credit standards or terms ("tightened considerably" or "tightened somewhat"). Note that percentages do not add to 100% due to rounding.

[15] In responding to the survey, participants reported on changes in credit standards for each of the four small business loan types and, separately, for overall small business lending. In some cases, participants reported that credit standards for overall small business lending had "eased somewhat," but did not attribute the eased standards to one of the four loan types.

By regional geography, a significant majority of participants in each region reported that credit standards for approving small business loan applications remained basically unchanged, with participants in the Midwest reporting a net three percent eased and participants in the South and Northeast reporting net changes of less than one percent eased; participants in the West reported net changes of less than three percent tightened.

Changes in Credit Standards for Small Business Lending by Regional Geography
(From July 1, 2013 to June 30, 2014)



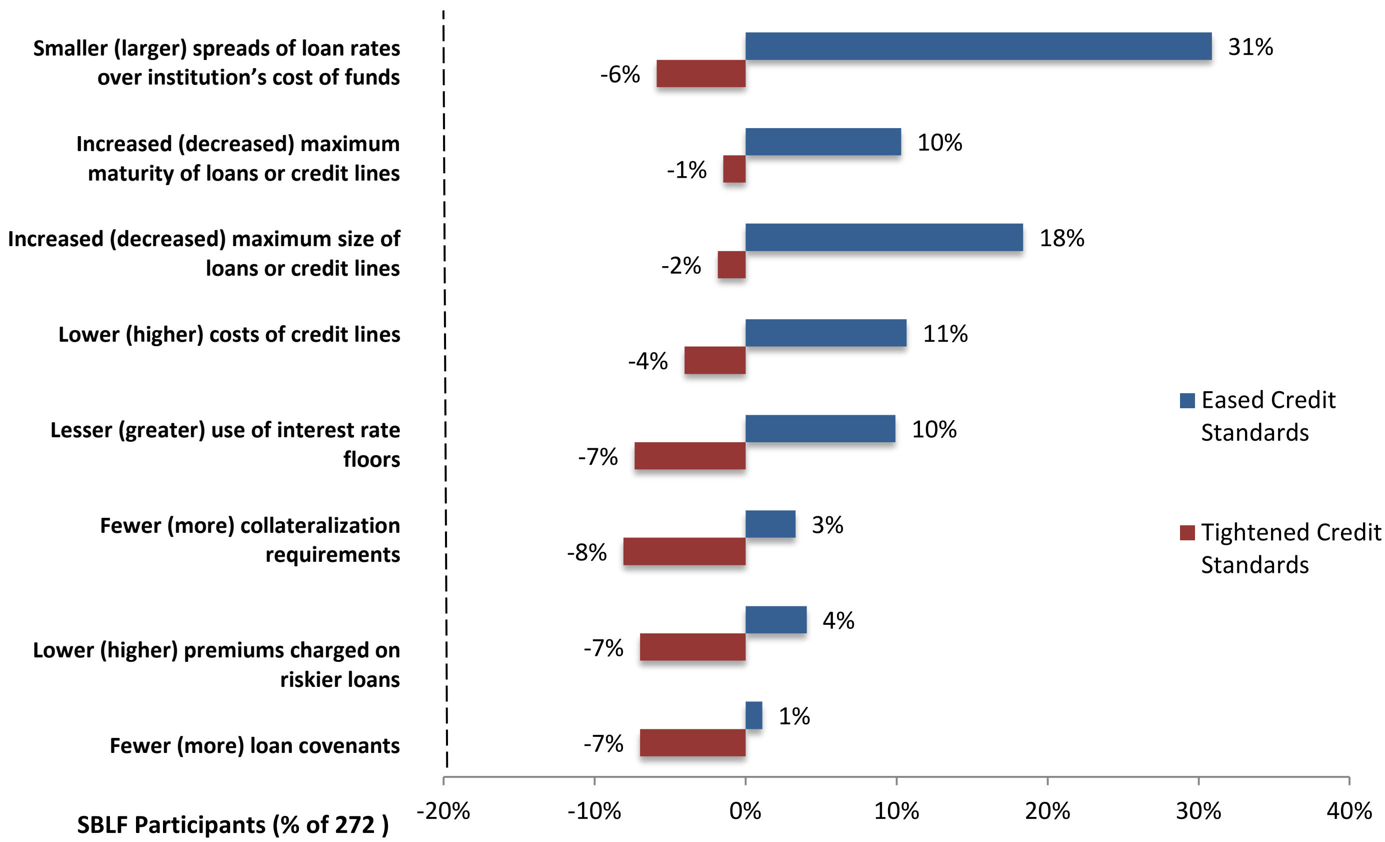
Reasons for Changes in Credit Standards

Nearly half of SBLF participants (48 percent) reported that standards for approving small business loan terms or applications eased during the time period covered by the Lending Survey, with the most commonly cited reasons for the change being (i) more aggressive competition from other financial institutions, (ii) more favorable or less uncertain economic outlook, and (iii) an improvement in the participant's current or expected capital position. The 75 participants (28 percent) that reported tightened standards for approving small business loan applications or loan terms most commonly cited (i) reduced tolerance for risk, (ii) increased concerns about the effects of legislative changes, supervisory actions, or changes in accounting standards, and (iii) less favorable or more uncertain economic outlook.

Changes in Certain Terms for Small Business Loans

Participants reported that some terms for loans that they are willing to approve have changed over the year, with the largest percentage (31 percent) reporting smaller, or narrower spreads. More often than not, participants also reported eased terms related to loan maturity and lower credit line costs and tightened terms related to more collateralization requirements, more loan covenants, and higher premiums. The following graph shows the percentage of participants that reported eased and tightened standards related to certain terms of small business loans, with positive figures indicating the responses of institutions that reported eased credit standards and negative figures showing the responses of institutions that reported tightened credit standards.

Percentage of Participants Reporting Change in Certain Terms for Small Business Loans[16]
(From July 1, 2013 to June 30, 2014)

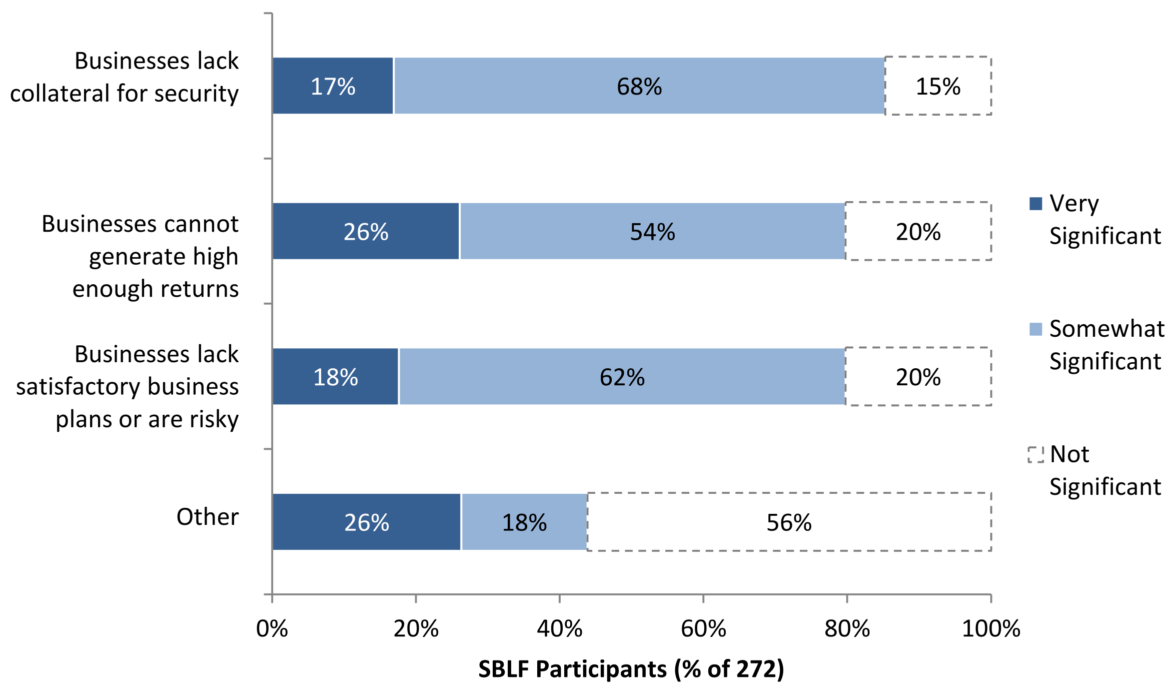


[16] The percentages sum vertically to greater than 100 percent because participants could choose multiple answers. The percentages sum horizontally to less than 100 percent because no single answer was selected by all participants.

OBSTACLES TO SMALL BUSINESS LENDING

For the year ended June 30, 2014, a significant majority of participants reported that returns, collateral, and risks have been obstacles to increasing small business lending. In total, 85 percent of participants reported that collateral is an obstacle to small business lending in that some small businesses lack the collateral or assets that would be required as security for loans. Similarly, 80 percent of the participants reported that businesses' economic returns are an obstacle to small business lending in that some small businesses cannot generate high enough returns to attract risk investors or have insufficiently high levels of profitability, liquidity, or financial stability, among other factors. In addition, approximately 80 percent reported that some small businesses lack satisfactory business plans or are risky for other reasons. The following graph shows the significance of returns, collateral, and risks as obstacles to increasing small business lending as reported by participants.

Obstacles to Increasing Small Business Lending
(From July 1, 2013 to June 30, 2014)[17]



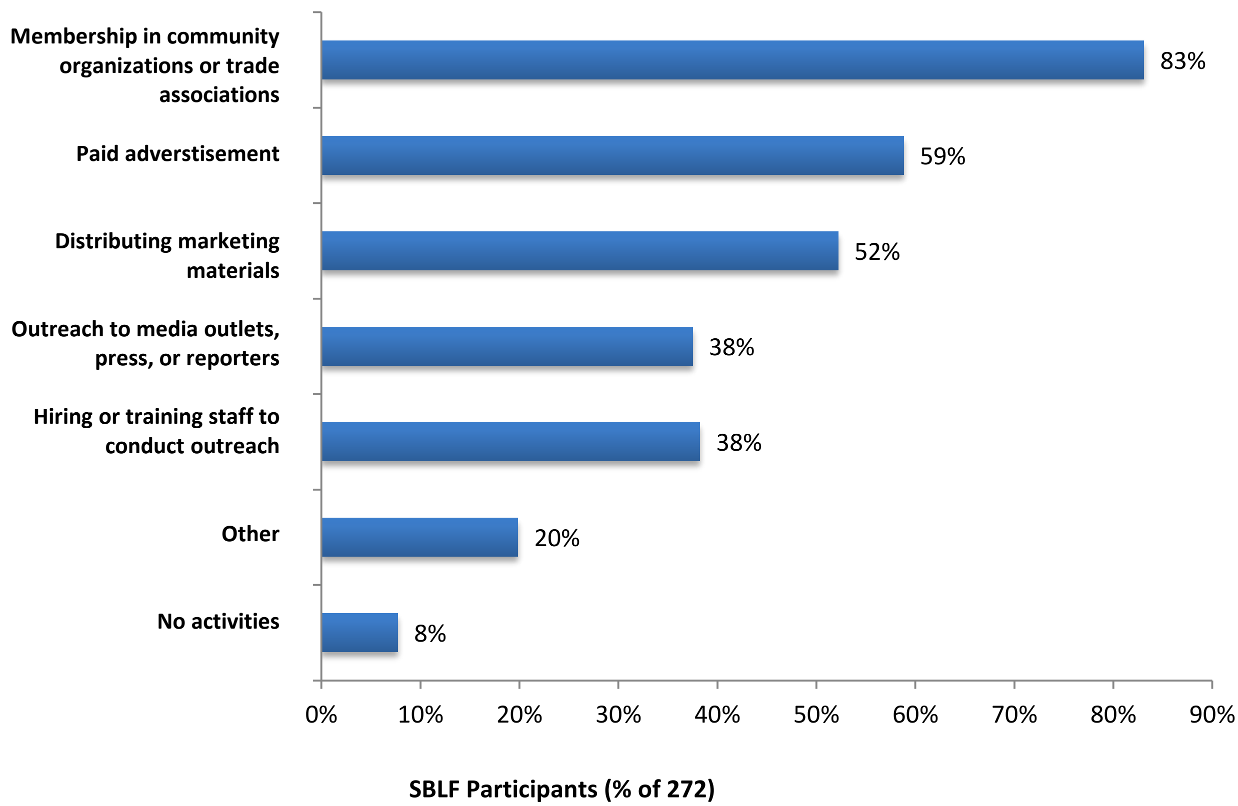
Twenty-four participants cited "other" obstacles to small business lending with nearly half noting poor credit history or lack of equity. Other less commonly mentioned obstacles included increased competition from other lending institutions, lack of demand and lack of business experience.

[17] The percentages above are based on the number of participants that provided a response about the given obstacle. All are a percentage of 272 except for 'Other' which is a percentage of 57.

OUTREACH TO SMALL BUSINESSES

For the year ended June 30, 2014, 92 percent of participants reported engaging in outreach or advertising activities targeting women, veteran, or minority communities. In total, 83 percent of SBLF participants reported that they are members of, or participate in, community organizations and/or trade associations that target women, veteran, or minority communities; 59 percent reported using paid advertisement or notices in print, radio, or electronic media to target women, veteran, or minority communities; and, 52 percent indicated that they distributed marketing materials targeting women, veteran, or minority communities. The following graph shows the percentage of participants that reported engaging in certain outreach and advertising activities targeting women, veteran, or minority communities.

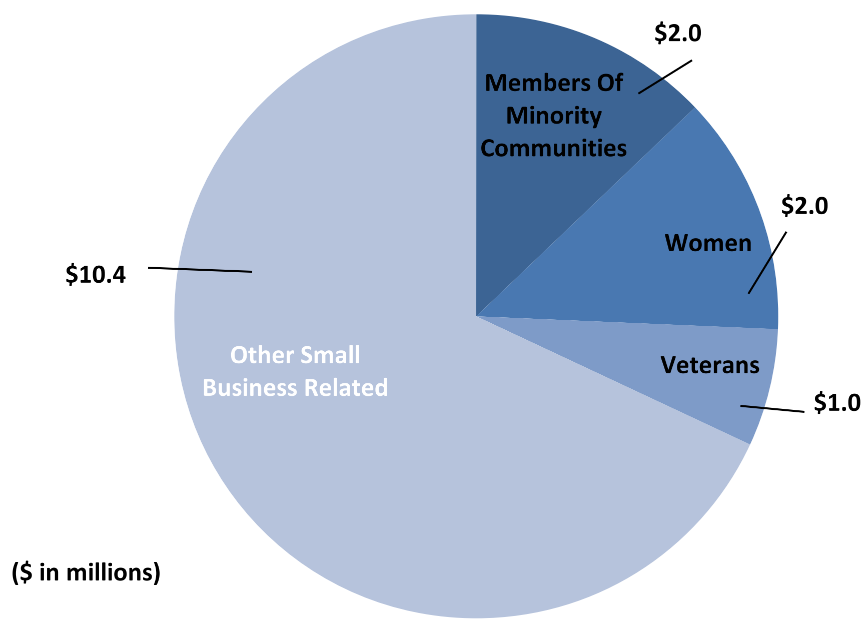
Outreach and Advertising Activities Targeting Women, Veteran, or Minority Communities
(From July 1, 2013 to June 30, 2014)



The 54 participants (20 percent) that indicated “other” outreach activities most commonly cited (i) conference and event sponsorships, (ii) hosting of, or participation in, workshops and receptions, and (iii) direct outreach and social media.

In aggregate, participants reported expenditures of $15.4 million associated with small business-related outreach activities. Ninety-two percent of SBLF participants reported engaging in outreach or advertising activities targeting women, veteran, or minority communities. In total, these participants allocated approximately $5.0 million (32 percent) to activities targeting those groups.

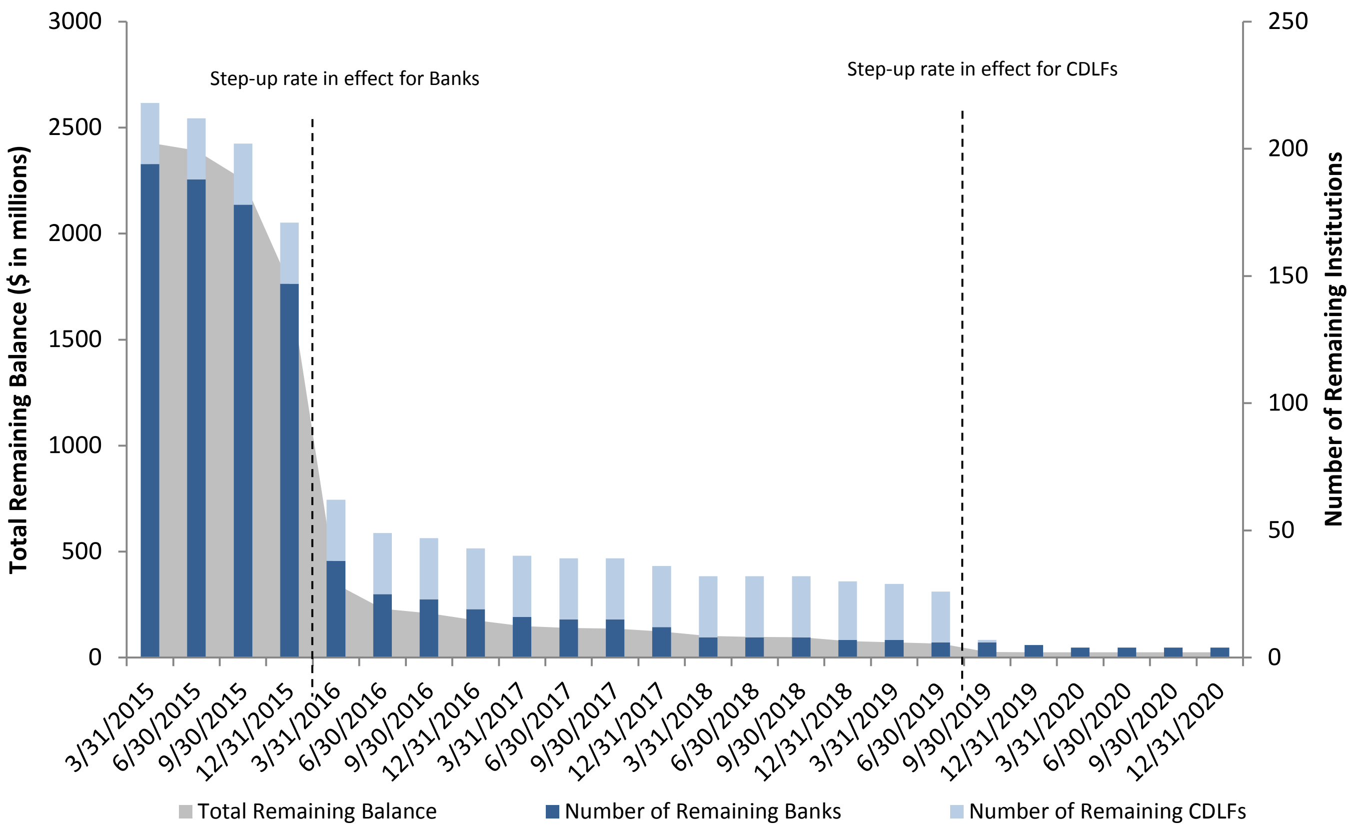
Dollar Value of Outreach Activities Targeting Women, Veteran, or Minority Communities
(From July 1, 2013 to June 30, 2014)



REPAYMENT OF SBLF FUNDING

For the year ended June 30, 2014, SBLF participants reported the estimated calendar quarter and year in which they anticipated fully redeeming Treasury's investment and exiting the SBLF program.[18] In total, 222 SBLF participants (82 percent) reported an anticipated date for redeeming Treasury's investment; 160 out of 198 banks who responded (81 percent) reported that they are planning to redeem in full by the end of Q1 2016. After Q1 2016, 38 of those banks (19 percent) will remain in the program. Twenty-three out of 24 CDLFs who reported (96 percent) plan to redeem in full by the end of Q3 2019; after Q3 2019, only 1 of those CDLFs (4 percent) will remain in the program. The following graph shows the number of participants and associated lending amounts based on reported estimated SBLF program exit.

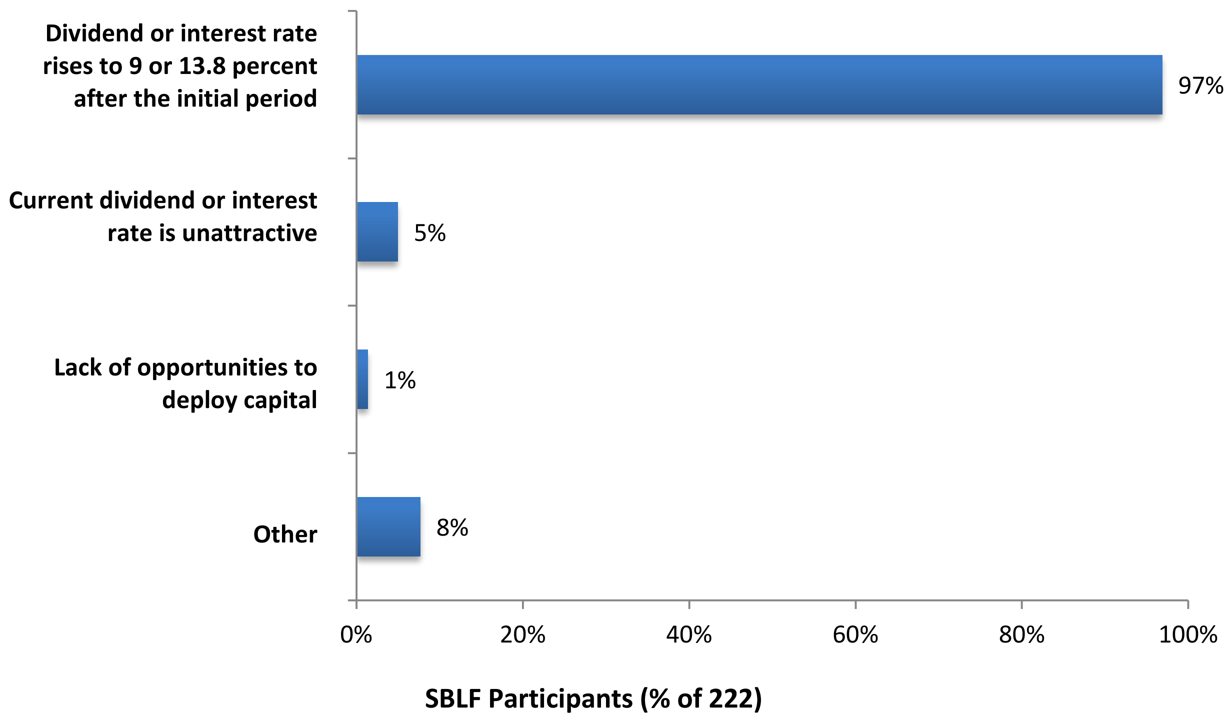
SBLF Participants and Lending Dollar Value Remaining in Program Based on Estimated Redemption Quarter (From July 1, 2013 to June 30, 2014)[19]



[18] For SBLF bank participants, the step up rate occurs in Q1 2016; for SBLF CDLF participants, the step up rate occurs in Q3 2019.
[19] Institutions were given the option of providing a response of N/A in this year's survey if they did not wish to provide Treasury with an anticipated redemption date. 50 participants responded N/A to this question in the Third Annual Lending Survey. This chart does not include data for those 50 participants.

The 222 participants (71 percent) that reported an anticipated date of redemption from the SBLF Program most commonly cited (i) dividend or interest rate rises to nine percent after the initial period (97 percent), (ii) current dividend or interest rate is unattractive (five percent), and (iii) other, as the factors that most influence their anticipated timing for exiting the SBLF program.

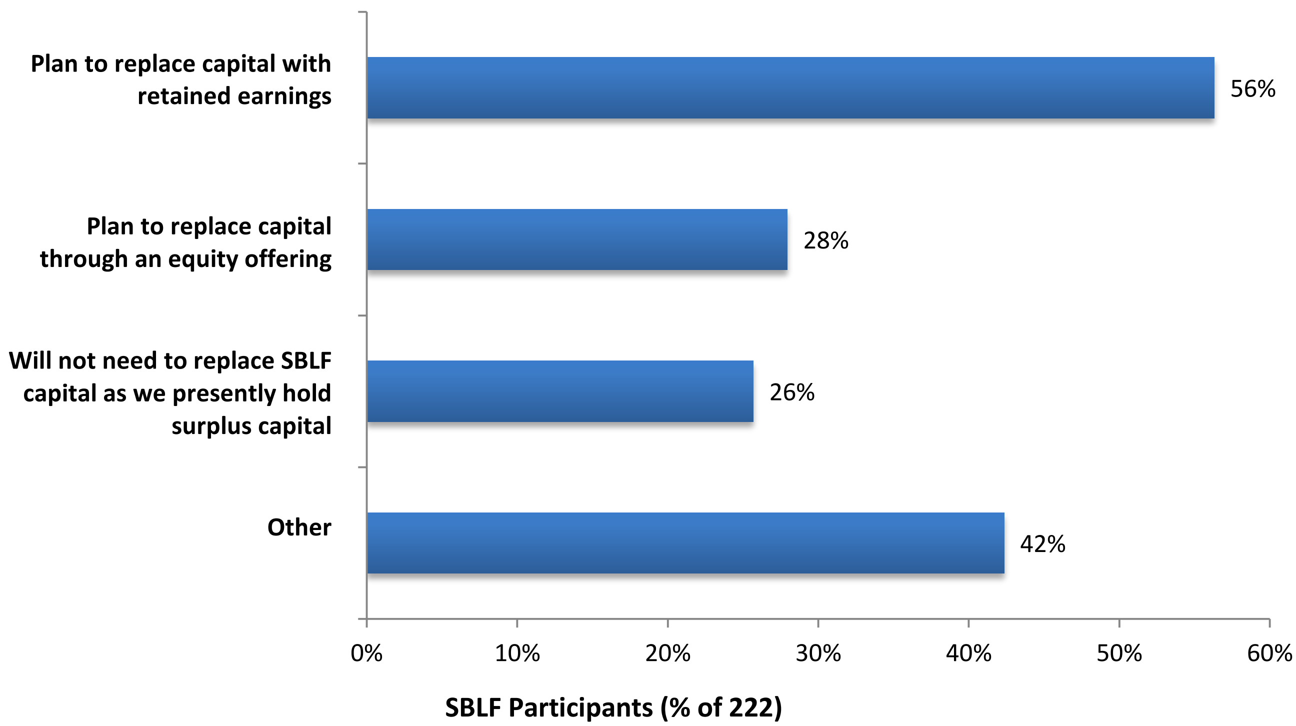
Leading Factor(s) for Institutions Exiting the SBLF Program
(From July 1, 2013 to June 30, 2014)



The eight percent of participants that indicated "other" most commonly cited (i) ability to raise capital, (ii) merger with another bank, and (iii) favorable economic conditions.

The 222 participants (71 percent) that reported an anticipated date of redemption from the SBLF Program most commonly plan to replace the invested SBLF capital with (i) retained earnings (56 percent), or (ii) other means (42 percent). Twenty-six percent of respondents do not plan on replacing the SBLF capital as they presently hold surplus capital, and 28 percent plan to replace the SBLF capital through an equity offering.

How Program Participants Plan to Replace SBLF Capital
(From July 1, 2013 to June 30, 2014)



The 42 percent of participants that indicated “other” most commonly cited (i) combination of debt and equity, (ii) borrowing at the holding company level, and (iii) bank stock.

APPENDIX A: SURVEY METHODOLOGY

The SBLF Lending Survey is an annual information collection required of all institutions participating in the SBLF program. The survey document was distributed to participants in February 2015 and covers lending from July 1, 2013 to June 30, 2014. Treasury asked that participants complete the survey by March 6, 2015. Responses were received from 272 participating institutions, including 224 community banks and 48 CDLFs. Institutions submitting incomplete responses received e-mails and phone calls from Treasury as reminders to complete the survey.

Measurement of Small Business Lending

The Act defines "small business lending" as business loans that are (i) $10 million or less in amount to businesses with $50 million or less in revenue and (ii) included in one of the following categories:

- Commercial and industrial loans
- Owner-occupied nonfarm, nonresidential real estate loans ("owner-occupied commercial real estate")
- Loans to finance agricultural production and other loans to farmers ("agricultural production")
- Loans secured by farmland ("farmland")

The SBLF program terms provide for additional adjustments to the calculation of small business lending relating to net charge-offs and portions of loans guaranteed by the U.S. government or for which risk has been assumed by third parties, as well as mergers and acquisitions and purchases of loans.

Changes in small business lending are calculated as the difference between the level of loans outstanding as of December 31, 2014 and the baseline amount. Participants report their baseline and changes in small business lending by submitting quarterly supplemental reports to Treasury. The most recent supplemental report includes lending information as of December 31, 2014.

Survey Design and Review

Treasury developed and designed the survey in 2012. A notice soliciting public comments was published in the Federal Register in April 2012 and one comment was received. The Third Annual Lending Survey was a revised and slightly modified version of the second, the content of which is addressed below.

The Third Annual Lending Survey included 16 questions on topics including small business lending policies and practices, the use of SBLF funding, outreach to small businesses, and repayment of SBLF Funding. The following includes additional information on the survey questions.

- Questions 1-5. The language used in these questions is based on similar questions in the Federal Reserve's July 2013 Senior Loan Officer Opinion Survey (SLOOS), which is administered quarterly. Questions 1-3 request information from participants on changes in their credit standards for loans and credit lines that qualify as small business lending relative to longer-term norms. Questions 4-5 request information regarding changes in demand for loans and credit lines that qualify as small business lending relative to longer-term norms.

- Question 6. This question requests information from participants regarding possible obstacles to increasing small business lending over the year.

- Question 7. This question contains several parts and requests information from participants regarding the number, dollar value, length of term, and interest rates of loans or credit lines that the participant made over the year. The information is collected across each of the four categories of small business lending.

- Question 8. This question requests information from participants regarding the percentage of the total dollar value of new loan commitments or increases in outstanding loan commitments that qualify as small business lending that the participant has extended to small business borrowers in each of eight industries, as defined by the North American Industry Classification System (NAICS).

- Question 9. This question requests information from participants regarding the percentage of the total dollar value of approved and funded loans that qualify as small business lending that were secured by collateral and those that were not. The question also requests information from participants on the category type of collateral used to secure those loans.

- Question 10. This question requests information from participants regarding their use of SBLF funding. The survey notes that the cash associated with the SBLF funding may not be readily distinguishable from other cash sources and that participants may need to estimate how the SBLF funding was deployed or how many SBLF dollars were allocated to each use.

- Question 11. This question requests information from participants regarding their increase or decrease in small business lending at the time it received the SBLF investment versus expectations; the survey solicited this information across four industry categories and for overall small business lending.

- Questions 12-13. These questions request information on outreach activities that participants engaged in over the year with respect to activities targeting women, veterans, and members of minority communities, as well as small business lending outreach more broadly.

- Questions 14-16. These questions request information from participants regarding , their anticipated partial and full redemption quarter and year, the factors that most influence their anticipated exit timing, and the participants' plans to replace the SBLF capital. Banks were given the option of not providing ("N/A") a response in this year's survey if they did not wish to provide Treasury with an anticipated redemption date.

Review of Individual Survey Responses

Treasury validated certain elements of each survey response to assess completeness and reasonableness. This review included assessing whether the participant had answered each question on the survey and whether the information provided by the participant was internally consistent in certain respects.

The validation process was conditional in certain instances based on the participant's response to a preceding question. For example, if a participant reported that its credit standards had "eased considerably," Treasury confirmed that the participant also answered the related question about the reason for the eased standards. Similarly, if a participant selected "other" as an obstacle to small business lending, Treasury confirmed that the participant described one or more obstacles in a written response.

Treasury also completed a series of arithmetic validations for certain survey responses. For example, if a participant reported that it had made $50 million in small business loans over the year, Treasury confirmed that the sum of the total dollar value of small business loans made in each of the four categories of small business lending was also $50 million. Similarly, if a participant reported that it considered 100 small business loan applications, Treasury confirmed that the reported total number of small business loans made was 100 or less.

In addition, Treasury compared the volume of lending reported on each survey with the lending balances reported by the participant on its quarterly supplemental reports. In some cases, it was clear that participants had not reported dollar values in thousands; as appropriate, these dollar values were divided by 1,000 prior to aggregation.

Review of Aggregate Survey Results

Following the receipt of completed surveys from program participants, Treasury aggregated the responses and reviewed certain aggregate results for reasonableness. For example, Treasury compared the aggregate results of Questions 1-5 to the results from similar questions related to credit standards and loan demand for commercial and industrial loans in the Federal Reserve's July 2014 SLOOS. Treasury found that the results of this survey were broadly consistent with the SLOOS survey results. For example, a significant majority of SLOOS participants reported that credit standards remain basically unchanged and a net percentage reported stronger loan demand.

The aggregate results of Question 6 were compared to similar information on obstacles to small business lending reported in the Federal Reserve Bank of New York's Small Business Borrowers Poll (SBBP).

Treasury similarly assessed the reasonableness of aggregate results for Questions 7 and 8. In reviewing the aggregate responses to Question 7, Treasury performed a roll-forward analysis of reported small business loan stocks to assess the reasonableness of the reported new and renewal lending commitments over the year ended June 30, 2014. As of June 30, 2014, participants reported approximately $46.5 billion in small business lending, representing a $300 million decrease over the $46.8 billion reported as of June 30, 2013. Treasury found that the aggregate lending activity reported by participants over the year ended June 30, 2014 was broadly consistent with the results indicated by the roll-forward analysis.

The results of Question 8 were compared to information on small business lending by business category reported in the U.S. Census Bureau's Survey of Business Owners (SBO). In both cases, the results were broadly consistent.

The results of Question 9 were compared to collateral information from the Federal Reserve Bank of Cleveland and the results were broadly consistent.

In reviewing the aggregate responses to Questions 10-13, we compared the responses to the 2013 Lending Survey responses and were very satisfied with the assumption of reasonableness for the consistency of the responses.

Questions 14-16 were new to the Lending Survey and will be used as a benchmark for comparison to subsequent surveys.

Rounding

Throughout this report, due to rounding, percentages of a whole may not sum to exactly 100 percent. Also due to rounding, the results presented in the written report may differ slightly from the results shown in "Appendix B."

APPENDIX B: SURVEY RESULTS

The information in this appendix is a summary of the results from the SBLF Lending Survey.

Question 1) Over the year ended June 30, 2014, how have your institution's credit standards for approving applications for loans (or credit lines) that qualify as small business lending - other than those used to finance mergers and acquisitions – changed?

	N/A	Tightened considerably		Tightened somewhat		Remained unchanged		Eased somewhat		Eased Considerably	
	#	#	%	#	%	#	%	#	%	#	%
Commercial and industrial loans	2	2	1%	12	4%	246	91%	9	3%	1	0%
Midwest	0	0	0%	3	4%	71	93%	2	3%	0	0%
Northeast	1	1	2%	1	2%	51	91%	3	5%	0	0%
South	0	1	1%	6	6%	86	88%	4	4%	1	1%
West	1	0	0%	2	5%	38	95%	0	0%	0	0%
Owner-occupied nonfarm, nonresidential real estate	18	0	0%	6	2%	238	94%	9	4%	1	0%
Midwest	5	0	0%	2	3%	68	96%	1	1%	0	0%
Northeast	4	0	0%	1	2%	49	92%	3	6%	0	0%
South	3	0	0%	2	2%	88	93%	4	4%	1	1%
West	6	0	0%	1	3%	33	94%	1	3%	0	0%
Loans to finance agricultural production and other loans to farmers	127	0	0%	7	5%	134	92%	4	3%	0	0%
Midwest	26	0	0%	6	12%	43	86%	1	2%	0	0%
Northeast	38	0	0%	0	0%	19	100%	0	0%	0	0%
South	40	0	0%	1	2%	54	93%	3	5%	0	0%
West	23	0	0%	0	0%	18	100%	0	0%	0	0%
Loans secured by farmland	109	0	0%	9	6%	149	91%	5	3%	0	0%
Midwest	19	0	0%	8	14%	48	84%	1	2%	0	0%
Northeast	32	0	0%	0	0%	25	100%	0	0%	0	0%
South	34	0	0%	1	2%	59	92%	4	6%	0	0%
West	24	0	0%	0	0%	17	100%	0	0%	0	0%
Overall small business lending	0	1	0%	10	4%	248	91%	12	4%	1	0%
Midwest	0	0	0%	2	3%	70	92%	4	5%	0	0%
Northeast	0	0	0%	2	4%	53	93%	2	4%	0	0%
South	0	1	1%	4	4%	87	89%	5	5%	1	1%
West	0	0	0%	2	5%	38	93%	1	2%	0	0%

Question 2) For applications for loans (or credit lines) that qualify as small business lending – other than those used to finance mergers and acquisitions – that your institution currently is willing to approve, how have the terms of those loans changed over the year ended June 30, 2014?

	Tightened		Tightened		Remained		Eased somewhat		Eased	
	#	%	#	%	#	%	#	%	#	%
Maximum size of loans (or credit lines)	1	0%	4	1%	217	80%	47	17%	3	1%
Maximum maturity of loans (or credit lines)	0	0%	4	1%	240	88%	28	10%	0	0%
Costs of loans (or credit lines)	0	0%	11	4%	232	85%	29	11%	0	0%
Spreads of rates over your institution's cost of funds (wider spreads=tightened, narrower spreads=eased)	0	0%	16	6%	172	63%	83	31%	1	0%
Premiums charged on riskier loans (or credit lines)	0	0%	19	7%	242	89%	11	4%	0	0%
Covenants	1	0%	18	7%	250	92%	3	1%	0	0%
Collateralization requirements	0	0%	22	8%	241	89%	9	3%	0	0%
Use of interest rate floors (more use=tightened, less use=eased)	1	0%	19	7%	225	83%	25	9%	2	1%

Question 3) If your institution has tightened or eased its credit standards or terms for approving and funding loans (or credit lines) that qualify as small business lending over the year ended June 30, 2014, how important have been the following possible reasons for the change?

A) If your institution's answer to any part of question (1) or question (2) is "tightened considerably" or "tightened somewhat," how important have been the following possible reasons for the change?

	Not important		Somewhat		Very important	
	#	%	#	%	#	%
Deterioration in your institution's current or expected capital position	65	87%	9	12%	1	1%
Less favorable or more uncertain economic outlook	41	55%	26	35%	8	11%
Worsening of industry-specific problems (please specify industries in space below)	53	71%	12	16%	10	13%
Less aggressive competition from other financial institutions	66	88%	7	9%	2	3%
Reduced tolerance for risk	33	44%	35	47%	7	9%
Decreased liquidity in the secondary market for these loans (or credit lines)	72	96%	3	4%	0	0%
Deterioration in your institution's current or expected liquidity position	63	84%	11	15%	1	1%
Increased concerns about the effects of legislative changes, supervisory actions, or changes in accounting standards	39	52%	28	37%	8	11%

B) If your institution's answer to any part of question (1) or question (2) is "eased considerably" or "eased somewhat," how important have been the following possible reasons for the change?

	Not important		Somewhat		Very important	
	#	%	#	%	#	%
Improvement in your institution's current or expected capital position	83	64%	39	30%	8	6%
More favorable or less uncertain economic outlook	61	47%	60	47%	8	6%
Improvement in industry-specific problems (please specify industries in space below)	113	88%	14	11%	2	2%
More aggressive competition from other financial institutions	21	16%	62	48%	46	36%
Increased tolerance for risk	97	75%	29	22%	3	2%
Increased liquidity in the secondary market for these loans (or credit lines)	118	91%	11	9%	0	0%
Improvement in your institution's current or expected liquidity position	90	70%	36	28%	3	2%
Reduced concerns about the effects of legislative changes, supervisory actions, or changes in accounting standards	117	91%	10	8%	2	2%

Question 4) How has demand for loans (or credit lines) that qualify as small business lending changed over the year ended June 30, 2014? (Please consider inquiries and applications for new, renewal, increases in outstanding, or extensions of outstanding loans or credit lines.)

	Not applicable	Substantially stronger		Moderately stronger		About the same		Moderately weaker		Substantially weaker	
	#	#	%	#	%	#	%	#	%	#	%
Commercial and industrial loans	2	6	2%	106	39%	147	54%	11	4%	0	0%
Midwest	0	0	0%	30	39%	44	58%	2	3%	0	0%
Northeast	1	0	0%	19	34%	32	57%	5	9%	0	0%
South	0	2	2%	42	43%	51	52%	3	3%	0	0%
West	1	4	10%	15	38%	20	50%	1	3%	0	0%
Owner-occupied nonfarm, nonresidential real estate	18	4	2%	83	33%	153	60%	12	5%	2	1%
Midwest	5	0	0%	23	32%	45	63%	3	4%	0	0%
Northeast	4	0	0%	16	30%	31	58%	5	9%	1	2%
South	3	1	1%	34	36%	57	60%	3	3%	0	0%
West	6	3	9%	10	29%	20	57%	1	3%	1	3%
Loans to finance agricultural production and other loans to farmers	127	3	2%	24	17%	112	77%	5	3%	1	1%
Midwest	26	2	4%	13	26%	32	64%	3	6%	0	0%
Northeast	38	0	0%	2	11%	16	84%	0	0%	1	5%
South	40	0	0%	7	12%	50	86%	1	2%	0	0%
West	23	1	6%	2	11%	14	78%	1	6%	0	0%
Loans secured by farmland	109	1	1%	23	14%	128	79%	10	6%	1	1%
Midwest	19	1	2%	11	19%	39	68%	6	11%	0	0%
Northeast	32	0	0%	1	4%	23	92%	0	0%	1	4%
South	34	0	0%	10	16%	51	80%	3	5%	0	0%
West	24	0	0%	1	6%	15	88%	1	6%	0	0%
Overall small business lending	0	5	2%	100	37%	155	57%	11	4%	1	0%
Midwest	0	0	0%	28	37%	46	61%	2	3%	0	0%
Northeast	0	0	0%	17	30%	35	61%	5	9%	0	0%
South	0	1	1%	41	42%	52	53%	4	4%	0	0%
West	0	4	10%	14	34%	22	54%	0	0%	1	2%

Question 5) If demand for loans (or credit lines) that qualify as small business lending has strengthened or weakened over the year ended June 30, 2014, how important have been the following possible reasons for the change?

A) If your institution's answer to any part of question (4) is "substantially stronger" or "moderately stronger," how important have been the following possible reasons for the change?

	Not important		Somewhat		Very important	
	#	%	#	%	#	%
Customer inventory financing needs increased	62	43%	77	53%	6	4%
Customer accounts receivable financing needs increased	62	43%	78	54%	5	3%
Customer investment in plant or equipment increased	27	19%	106	73%	12	8%
Customer internally generated funds decreased	108	74%	32	22%	5	3%
Customer merger or acquisition financing needs increased	123	85%	22	15%	0	0%
Customer borrowing shifted to your institution from other bank or nonbank sources because these other sources became less attractive	53	37%	83	57%	9	6%
Other	35	78%	4	9%	6	13%

B) If your institution's answer to any part of question (4) is "substantially weaker" or "moderately weaker," how important have been the following possible reasons for the change?

	Not important		Somewhat		Very important	
	#	%	#	%	#	%
Customer inventory financing needs decreased	34	81%	8	19%	0	0%
Customer accounts receivable financing needs decreased	31	74%	11	26%	0	0%
Customer investment in plant or equipment decreased	31	74%	8	19%	3	7%
Customer internally generated funds increased	33	79%	8	19%	1	2%
Customer merger or acquisition financing needs decreased	39	93%	2	5%	1	2%
Customer borrowing shifted from your institution to other bank or nonbank credit sources because these other sources became more attractive	21	50%	10	24%	11	26%
Other	16	76%	2	10%	3	14%

Question 6) For applications for loans (or credit lines) that qualify as small business lending and that your institution did not approve over the year ended June 30, 2014, how significant were the following possible obstacles?

	Not significant		Somewhat significant		Very significant	
	#	%	#	%	#	%
Collateral – applicants lacked the assets required for use as security	40	15%	186	68%	46	17%
Returns – applicants did not generate high enough returns to attract risk investors or had insufficiently high levels of profitability, liquidity, or stability	55	20%	146	54%	71	26%
Risks – applicants lacked satisfactory business plans or were risky for other reasons	55	20%	169	62%	48	18%
Other	32	56%	10	18%	15	26%

Question 7) This question asks for information on loans (or credit lines) that your institution considered or approved and funded over the year ended June 30, 2014 and that qualify as small business lending. The information requested is from your institution's lending data on the volume of loans (or credit lines) it considered or approved and funded from July 1, 2013 to June 30, 2014. Like other questions on this survey, the information requested in this question is not reported on your institution's call reports and cannot be calculated from information reported on those call reports. The definition of small business lending is included on the first page of this survey. Among other things, this definition excludes any government guaranteed portion of loans (or credit lines).

7)A & 7)B

	Commercial and industrial loans	Owner-occupied nonfarm, nonresidential real estate loans	Loans to finance agricultural production and other loans to farmers	Loans secured by farmland	Total
Total number of loan applications					
New or increases in outstanding credit	66,696	11,663	15,260	3,475	97,094
Renewals or extensions of outstanding credit	36,701	5,523	6,225	1,958	50,407
All commitments	103,397	17,186	21,485	5,433	147,501
Total number of loans made					
New or increases in outstanding credit	52,064	8,277	12,884	3,086	76,311
Renewals or extensions of outstanding credit	34,726	5,322	5,922	1,935	47,905
All commitments	86,790	13,599	18,806	5,021	124,216
Percentage of loans made					
All commitments	84%	79%	88%	92%	84%

	Midwest	Northeast	South	West	Total
Total number of loan applications					
New or increases in outstanding credit	29,902	8,498	44,942	13,752	97,094
Renewals or extensions of outstanding credit	14,486	2,834	25,592	7,495	50,407
All commitments	44,388	11,332	70,534	21,247	147,501
Total number of loans made					
New or increases in outstanding credit	25,163	6,550	34,854	9,744	76,311
Renewals or extensions of outstanding credit	13,773	2,729	25,060	6,343	47,905
All commitments	38,936	9,279	59,914	16,087	124,216
Percentage of loans made					
All commitments	88%	82%	85%	76%	84%

7)C

	Commercial and industrial loans	Owner-occupied nonfarm, nonresidential real estate loans	Loans to finance agricultural production and other loans to farmers	Loans secured by farmland	Total
Total dollar value of loans made (in thousands)					
New or increases in outstanding credit	$10,078,551	$4,837,450	$1,666,275	$1,008,419	$17,590,695
Renewals or extensions of outstanding credit	$8,466,543	$2,327,801	$1,260,513	$526,155	$12,581,012
All commitments	$18,545,094	$7,165,251	$2,926,788	$1,534,574	$30,171,707
Percentage of total dollar value of loans made					
New or increases in outstanding credit	54%	68%	57%	66%	58%
Renewals or extensions of outstanding credit	46%	32%	43%	34%	42%
All commitments	100%	100%	100%	100%	100%
Average dollar value of loans made					
All commitments	$213,678	$526,895	$155,631	$305,631	$242,897

	Midwest	Northeast	South	West	Total
Total dollar value of loans made (in thousands)					
New or increases in outstanding credit	4,890,107	1,665,351	7,293,416	3,741,820	17,590,695
Renewals or extensions of outstanding credit	3,384,445	882,369	5,109,961	3,204,237	12,581,012
All commitments	8,274,552	2,547,720	12,403,377	6,946,057	30,171,707
Percentage of total dollar value of loans made					
New or increases in outstanding credit	59%	65%	59%	54%	58%
Renewals or extensions of outstanding credit	41%	35%	41%	46%	42%
All commitments	100%	100%	100%	100%	100%
Average dollar value of loans made					
All commitments	$212,517	$274,568	$207,020	$431,781	$242,897

7)D & 7)E

	Commercial and industrial loans		Owner-occupied nonfarm, nonresidential real estate loans		Loans to finance agricultural production and other loans to farmers		Loans secured by farmland		Total	
Total number and percent of loans made by size	#	%	#	%	#	%	#	%	#	%
$100,000 or less	60,079	69%	3,619	27%	12,918	69%	2,091	42%	78,707	63%
More than $100,000 up to $250,000	11,623	13%	3,568	26%	2,914	15%	1,251	25%	19,356	16%
More than $250,000 up to $1,000,000	11,013	13%	4,502	33%	2,387	13%	1,300	26%	19,202	15%
More than $1,000,000 up to $10,000,000	4,076	5%	1,910	14%	587	3%	379	8%	6,952	6%
Total	86,791	100%	13,599	100%	18,806	100%	5,021	100%	124,217	100%
Total dollar value (in thousands) and percent of loans made by size										
$100,000 or less	$1,648,342	9%	$191,060	3%	$399,327	14%	$98,392	6%	$2,337,120	8%
More than $100,000 up to $250,000	$1,908,274	10%	$687,133	10%	$446,398	15%	$209,955	14%	$3,251,759	11%
More than $250,000 up to $1,000,000	$5,679,879	31%	$2,401,180	34%	$1,061,432	36%	$596,671	39%	$9,739,162	32%
More than $1,000,000 up to $10,000,000	$9,308,595	50%	$3,885,870	54%	$1,019,623	35%	$629,555	41%	$14,843,643	49%
Total	$18,545,089	100%	$7,165,243	100%	$2,926,779	100%	$1,534,574	100%	$30,171,685	100%

	Midwest		Northeast		South		West		Total	
Total number and percent of loans made by size	#	%	#	%	#	%	#	%	#	%
$100,000 or less	23,900	61%	5,440	59%	42,142	70%	7,225	45%	78,707	63%
More than $100,000 up to $250,000	6,934	18%	1,742	19%	7,639	13%	3,041	19%	19,356	16%
More than $250,000 up to $1,000,000	6,081	16%	1,577	17%	7,467	12%	4,077	25%	19,202	15%
More than $1,000,000 up to $10,000,000	2,021	5%	520	6%	2,667	4%	1,744	11%	6,952	6%
Total	38,936	100%	9,279	100%	59,915	100%	16,087	100%	124,217	100%
Total dollar value (in thousands) and percent of loans made by size										
$100,000 or less	805,769	10%	226,167	9%	1,032,097	8%	273,088	4%	2,337,120	8%
More than $100,000 up to $250,000	1,049,216	13%	303,054	12%	1,379,295	11%	520,195	7%	3,251,759	11%
More than $250,000 up to $1,000,000	2,720,869	33%	829,106	33%	3,852,293	31%	2,336,894	34%	9,739,162	32%
More than $1,000,000 up to $10,000,000	3,698,681	45%	1,189,396	47%	6,139,692	50%	3,815,875	55%	14,843,643	49%
Total	8,274,534	100%	2,547,722	100%	12,403,376	100%	6,946,052	100%	30,171,685	100%

7)F

	Commercial and industrial loans	Owner-occupied nonfarm, nonresidential real estate loans	Loans to finance agricultural production and other loans to farmers	Loans secured by farmland	Total
Total dollar value of loans made by length of term (in thousands)					
Less than one year	$4,882,481	$538,639	$1,182,532	$182,831	$6,786,483
One to two years	$6,355,218	$662,047	$1,265,278	$274,621	$8,557,164
More than two years, but less than five years	$3,803,952	$1,366,327	$267,298	$369,650	$5,807,226
More than five years	$3,503,438	$4,598,234	$211,680	$707,470	$9,020,822
Total	$18,545,090	$7,165,246	$2,926,787	$1,534,572	$30,171,695
Percentage of total dollar value of loans made by length of term					
Less than one year	26%	8%	40%	12%	22%
One to two years	34%	9%	43%	18%	28%
More than two years, but less than five years	21%	19%	9%	24%	19%
More than five years	19%	64%	7%	46%	30%
Total	100%	100%	100%	100%	100%

	Midwest	Northeast	South	West	Total
Total dollar value of loans made by length of term (in thousands)					
Less than one year	$1,835,381	$462,753	$2,656,225	$1,832,124	$6,786,483
One to two years	$2,659,775	$596,521	$3,598,031	$1,702,836	$8,557,164
More than two years, but less than five years	$1,794,582	$321,080	$2,573,171	$1,118,393	$5,807,226
More than five years	$1,984,808	$1,167,372	$3,575,944	$2,292,699	$9,020,822
Total	$8,274,545	$2,547,726	$12,403,371	$6,946,052	$30,171,695
Percentage of total dollar value of loans made by length of term					
Less than one year	22%	18%	21%	26%	22%
One to two years	32%	23%	29%	25%	28%
More than two years, but less than five years	22%	13%	21%	16%	19%
More than five years	24%	46%	29%	33%	30%
Total	100%	100%	100%	100%	100%

7)G & 7)H

	Commercial and industrial loans	Owner-occupied nonfarm, nonresidential real estate loans	Loans to finance agricultural production and other loans to farmers	Loans secured by farmland	Total
Total dollar value of loans made by type of interest rate (in thousands)					
Fixed	$5,981,328	$3,935,641	$1,289,419	$990,977	$12,197,365
Adjustable Rate (at time of origination)	$12,563,763	$3,229,611	$1,637,371	$543,598	$17,974,343
Total	$18,545,091	$7,165,253	$2,926,790	$1,534,574	$30,171,708
Percentage of total dollar value of loans made by type of interest rate					
Fixed	32%	55%	44%	65%	40%
Adjustable Rate (at time of origination)	68%	45%	56%	35%	60%
Total	100%	100%	100%	100%	100%
Interest rate of loans made by type (weighted average)					
Fixed	5.76%	4.92%	2.07%	2.22%	4.81%
Adjustable Rate (at time of origination)	4.23%	3.68%	1.73%	2.00%	3.84%
Total	4.73%	4.36%	1.88%	2.14%	4.23%

	Midwest	Northeast	South	West	Total
Total dollar value of loans made by type of interest rate (in thousands)					
Fixed	$4,449,475	$994,900	$5,277,148	$1,475,842	$12,197,365
Adjustable Rate (at time of origination)	$3,825,078	$1,552,827	$7,126,229	$5,470,210	$17,974,343
Total	$8,274,553	$2,547,726	$12,403,377	$6,946,052	$30,171,708
Percentage of total dollar value of loans made by type of interest rate					
Fixed	54%	39%	43%	21%	40%
Adjustable Rate (at time of origination)	46%	61%	57%	79%	60%
Total	100%	100%	100%	100%	100%
Interest rate of loans made by type (weighted average)					
Fixed	4.29%	6.29%	5.04%	4.97%	4.86%
Adjustable Rate (at time of origination)	3.76%	3.83%	3.90%	4.18%	3.95%
Total	4.04%	4.79%	4.39%	4.35%	4.32%

Question 8) Over the year ended June 30, 2014, estimate the percentage of the total dollar value of loans (or credit lines) that qualify as small business lending that your institution has approved and funded in each of the following categories of businesses, as defined by the North American Industry Classification System (NAICS). Please include owner-occupied nonfarm, nonresidential real estate loans (or credit lines) that qualify as small business lending in the industry category in which the occupant participates. The sum of the percentages should total 100 percent.

	Overall Average	Midwest Average	Northeast Average	South Average	West Average
Manufacturing	9%	11%	8%	7%	10%
Construction	11%	8%	11%	11%	13%
Transportation	4%	4%	5%	4%	5%
Communication	1%	1%	1%	1%	1%
Wholesale trade	7%	7%	6%	6%	9%
Retail	10%	9%	13%	10%	10%
Service	30%	21%	28%	35%	31%
Agricultural	13%	29%	3%	8%	8%
Other	15%	9%	25%	18%	12%
Total	100%	100%	100%	100%	100%

Question 9) Over the year ended June 30, 2014, estimate the percentages of the total dollar value of loans (or credit lines) that qualify as small business lending and that your institution has approved and funded that are secured by collateral and those that are not. The sum of the percentages should total 100 percent.

	Overall Average	Midwest Average	Northeast Average	South Average	West Average
Secured by Collateral	92%	96%	93%	90%	89%
Unsecured by Collateral	8%	4%	7%	10%	11%
Total	100%	100%	100%	100%	100%

B) For those loans (or credit lines) made by your institution over year ended June 30, 2014 that are secured by collateral, estimate the percentages of those loans in each of the following categories. For loans (or credit lines) that are secured by more than one type of collateral, please include these in all categories that apply. The sum of the percentages may exceed 100 percent.

	Overall Average	Midwest Average	Northeast Average	South Average	West Average
Secured by business-owned real estate collateral	45%	41%	57%	43%	42%
Secured by business-owned non-real estate collateral	50%	55%	43%	49%	55%
Secured by personal collateral	12%	12%	14%	10%	10%
Other	2%	3%	2%	2%	1%

Question 10) Over the year ended June 30, 2014, what action(s) was your institution able to take that your institution may not have taken without the SBLF funding? Please select all responses in the following chart that apply to your institution. In the space below the chart, elaborate on each action(s) as appropriate.

	Overall	Midwest	Northeast	South	West
	#	#	#	#	#
Increase small business lending or reduce it by less than otherwise would have occurred	249	72	52	88	37
Increase other business lending or reduce it by less than otherwise would have occurred	150	48	35	49	18
Increase other non-business lending or reduce it by less than otherwise would have occurred	91	25	19	36	11
Increase securities purchased (e.g., ABS, MBS)	11	5	2	3	1
Make other investments	8	3	0	4	1
Increase reserves for non-performing assets	3	2	0	1	0
Reduce borrowings	32	11	6	9	6
Increase charge-offs	3	2	0	1	0
Purchase another financial institution or purchase assets from another financial institution	12	7	0	3	2
Held as non-leveraged increase in total capital	80	30	10	29	11
Pay dividends or redeem outstanding equity or debt	5	3	1	0	1
Other	7	1	3	1	2

	Overall	Midwest	Northeast	South	West
	%	%	%	%	%
Increase small business lending or reduce it by less than otherwise would have occurred	92%	95%	91%	90%	90%
Increase other business lending or reduce it by less than otherwise would have occurred	55%	63%	61%	50%	44%
Increase other non-business lending or reduce it by less than otherwise would have occurred	33%	33%	33%	37%	27%
Increase securities purchased (e.g., ABS, MBS)	4%	7%	4%	3%	2%
Make other investments	3%	4%	0%	4%	2%
Increase reserves for non-performing assets	1%	3%	0%	1%	0%
Reduce borrowings	12%	14%	11%	9%	15%
Increase charge-offs	1%	3%	0%	1%	0%
Purchase another financial institution or purchase assets from another financial institution	4%	9%	0%	3%	5%
Held as non-leveraged increase in total capital	29%	39%	18%	30%	27%
Pay dividends or redeem outstanding equity or debt	2%	4%	2%	0%	2%
Other	3%	1%	5%	1%	5%

Question 11) As of June 30, 2014, for each of the following categories of loans (or credit lines), has your institution increased its small business lending by greater than, less than, or about the same amount as it expected over this period at the time it received the SBLF investment?

	Not Applicable		Greater than expected		Less than expected		About the same	
	#	%	#	%	#	%	#	%
Commercial and industrial	2	1%	72	26%	19	7%	179	66%
Owner-occupied nonfarm, nonresidential real estate	18	7%	59	22%	18	7%	177	65%
Agricultural production	129	47%	27	10%	8	3%	108	40%
Secured by farmland	110	40%	20	7%	6	2%	136	50%
Overall small business lending	0	0%	74	27%	18	7%	180	66%

Question 12) Over the year ended June 30, 2014, which of the following outreach and advertising activities designed to target small businesses owned by members of minority communities, women, and/or veterans has your institution engaged in? Please select all responses in the following chart that apply to your institution or select "(g)" for no activities.

	#	%
Paid advertisement or notices in print, radio, TV, or electronic media communications	160	59%
Outreach to media outlets, press, or reporters	102	38%
Membership or participation in community organizations and/or trade associations	226	83%
Distributing marketing materials targeted to these groups	142	52%
Hiring or training staff to conduct outreach to these groups	104	38%
Other	54	20%
No activities	21	8%

Question 13) Please estimate your institution's total expenditures over the year ended June 30, 2014 associated with outreach and advertising activities to small businesses. Your estimate should include expenditures on activities designed to target small businesses owned by members of minority communities, women, and/or veterans. Separately, estimate the dollar value of your institution's total expenditures that were designed to target small businesses owned by members of minority communities, women, and veterans, respectively. For activities designed to target more than one of these groups, divide the expenditures between the groups as appropriate.

	Total expenditures
All small businesses	$15,244,633
Small businesses owned by members of minority communities	$1,960,103
Small businesses owned by women	$1,954,028
Small businesses owned by veterans	$958,346

Question 14) If your institution plans to redeem Treasury's investment, provide an estimate of the calendar quarter, year, and percent of total outstanding Treasury investment for each of the expected redemptions. If your institution does not anticipate redeeming Treasury's investment, please indicate this by selecting N/A below and leaving blank questions (15) and (16).

	Q1		Q2		Q3		Q4		Total	
	#	%	#	%	#	%	#	%	#	%
2015	10	4%	12	4%	14	5%	41	15%	77	28%
2016	120	44%	17	6%	3	1%	5	2%	145	53%
2017	7	3%	2	1%	1	0%	3	1%	13	5%
2018	4	1%	1	0%	1	0%	4	1%	10	4%
2019	2	1%	3	1%	19	7%	2	1%	27	10%
2020	0	0%	0	0%	0	0%	0	0%	0	0%
2021	0	0%	0	0%	0	0%	0	0%	0	0%

Question 15) What factor(s) most influence your institution's anticipated timing for redeeming Treasury's investment and exiting the SBLF program? If multiple reasons exist, please select each applicable option provided below and provide any reason not include in "Other".

	Number of Institutions	
	#	%
Dividend or interest rate rises to 9 percent after the initial period (or 13.8 percent for S corps and mutuals)	215	97%
Current dividend or interest rate is unattractive	11	5%
Lack of opportunities to deploy capital	3	1%
Other	17	8%

Question 16) When your institution exits the SBLF program, how does it plan to replace the SBLF capital? If multiple reasons exist, please select each applicable option provided below and provide any reason not included in "Other".

	Number of Institutions	
	#	%
Plan to replace capital through an equity offering	62	28%
Plan to replace capital with retained earnings	125	56%
Will not need to replace SBLF capital as we presently hold surplus capital	57	26%
Other	94	42%