

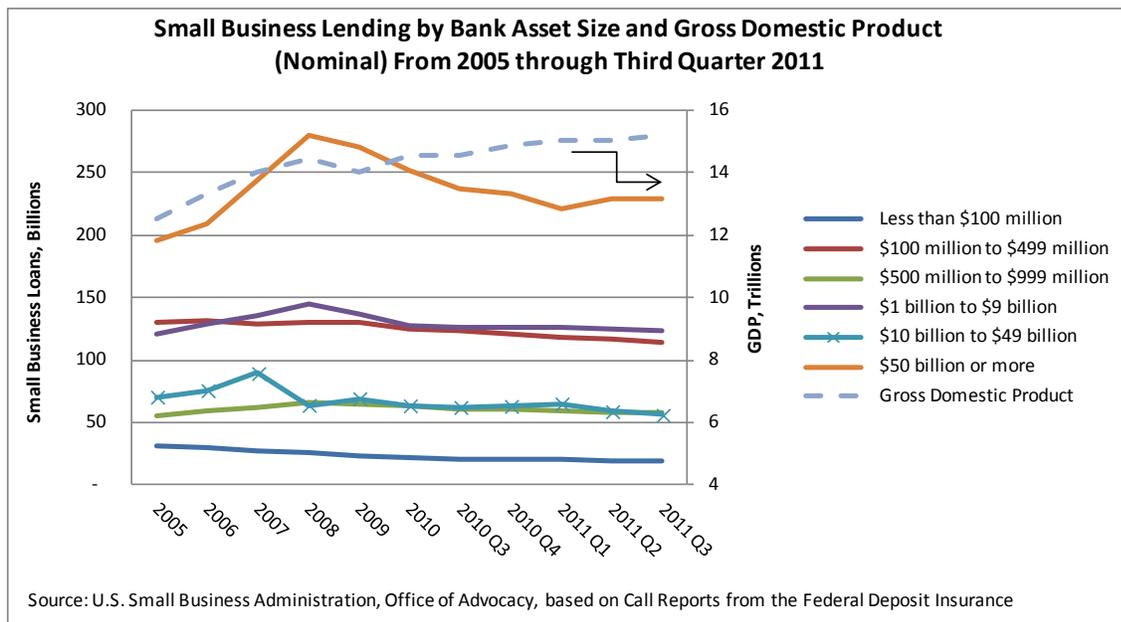
## Small Business Lending: Third Quarter 2011

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Financial conditions in the third quarter continued to be supportive of economic growth. Nonetheless, demand for commercial and industrial (C&I) loans remained weak particularly from large and medium-size firms, according to the Senior Loan Officers' Survey. At the same time, fewer banks were easing terms on their C&I loans to both large and small firms.

Small business loans outstanding (\$1 million or less) declined by 1.2 percent, from \$606.9 billion in June 2011 to \$599.7 billion in September 2011. The largest percentage declines were in commercial real estate loans of all sizes held by lenders with \$10 billion to \$50 billion in assets. Moderate increases were realized in all types of small business loans offered by megalenders (\$50 billion or more in assets), except C&I loans of \$100,000 or less.

Loans outstanding to small businesses declined in all lender asset sizes except megalenders (see chart). Loans by megalenders to small businesses increased by 3.6 percent between the first and second quarters of 2011, but remained relatively flat in the third quarter. In addition, megabanks' lending to the micro business market has been uneven since 2008, which suggests they may be retracting from credit card markets. Overall, the results indicate that small business lending appears to be stable when compared to previous quarters and other economic indicators.



The *Quarterly Lending Bulletin* is produced in the Office of Economic Research of the Office of Advocacy. Thanks to George Haynes for his review. Direct questions to [victoria.williams@sba.gov](mailto:victoria.williams@sba.gov) or (202) 205-6533. See the Advocacy publication, *Small Business Lending in the United States, 2009-2010*, for state rankings of small business lenders: [www.sba.gov/content/banking-study-2010](http://www.sba.gov/content/banking-study-2010); and for answers to *Frequently Asked Questions about Small Business Finance* see [www.sba.gov/advocacy/9601](http://www.sba.gov/advocacy/9601).