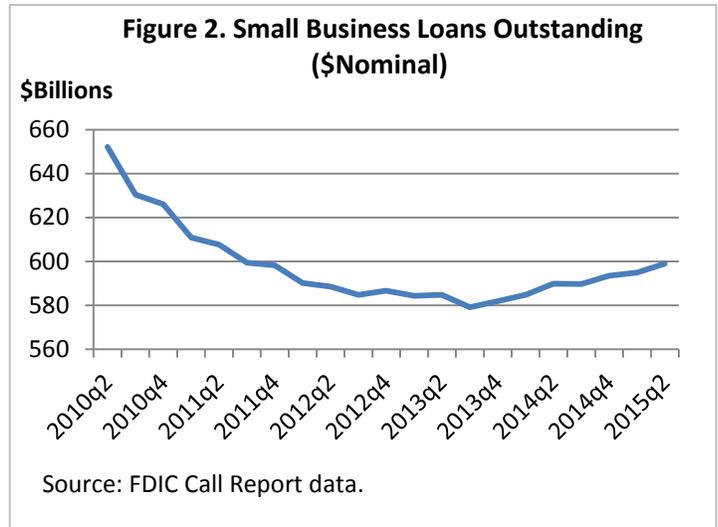
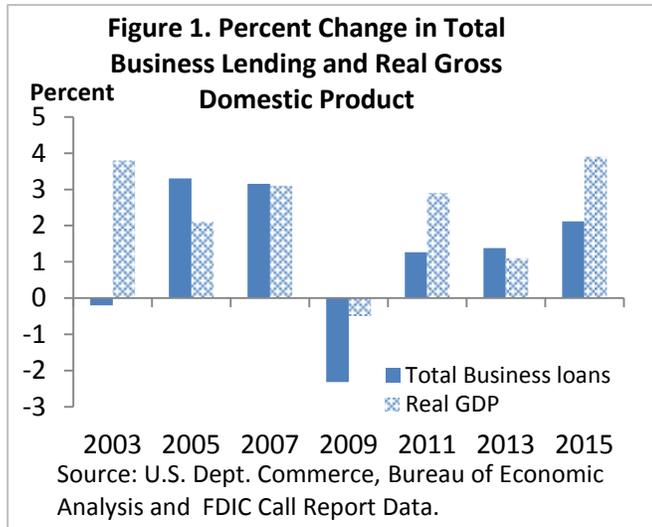




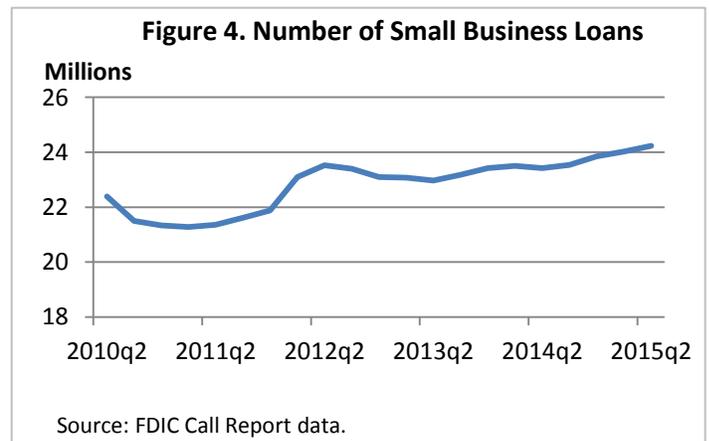
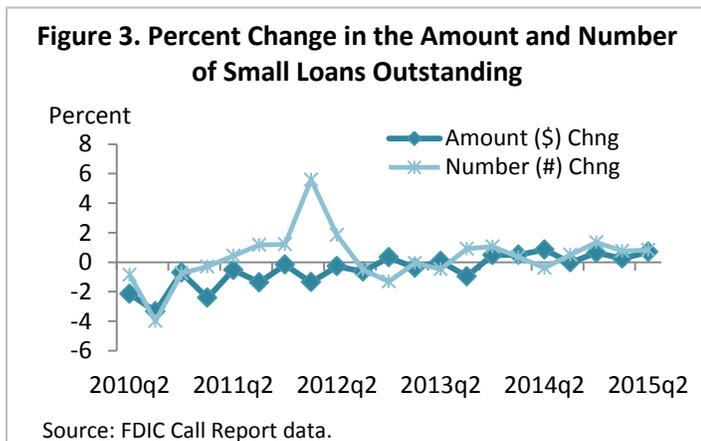
Small Business Lending: Second Quarter 2015

Financial conditions remained supportive of economic growth during the first half of 2015, and business owners continued to take advantage of the relatively low interest rates. In the second quarter of 2015, total business lending grew at a solid pace (Figure 1). This was especially true for the portion of business loans known as commercial industrial loans.¹



Loans Outstanding

Small business lending by traditional depository institutions remained fairly stable through the first half of 2015. In the second quarter of 2015, 24.2 million loans worth \$599 billion were outstanding to small businesses. The dollar values are back to levels seen in the later half of 2011, which averaged \$598.8 billion (Figure 2). Both the number and value of small business loans continued to remain positive during the second quarter of 2015 (Figures 3 & 4). Almost half, or \$298.4 billion, of small business lending was generated by community banks.²

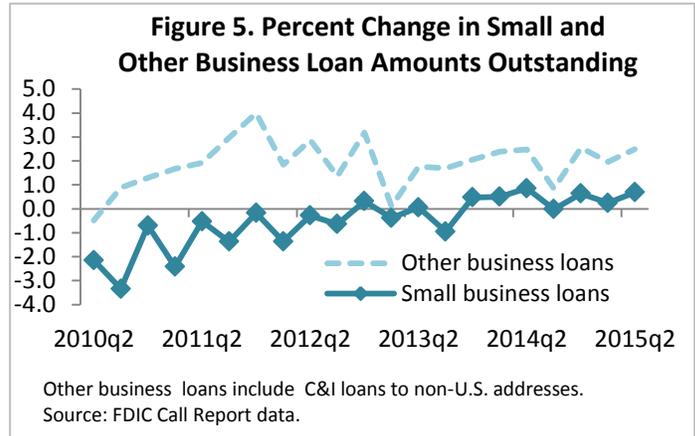
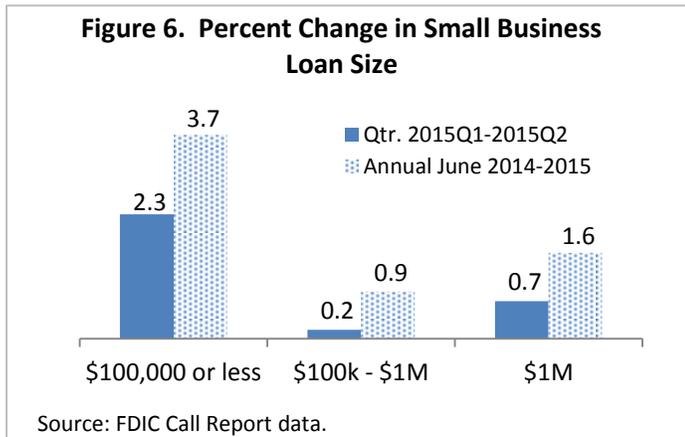


¹Total business lending consists of both large (loans exceeding \$1 million) and small business loans (loans \$1 million or less) outstanding by traditional lenders.) Business loans consist of two loan categories: commercial industrial loans (C&I) and nonfarm nonresidential loans also known as commercial real estate loans (CRE).

² See FDIC's Quarterly Banking Profile <https://www.fdic.gov/bank/analytical/qbp/2015jun/qbp.pdf>

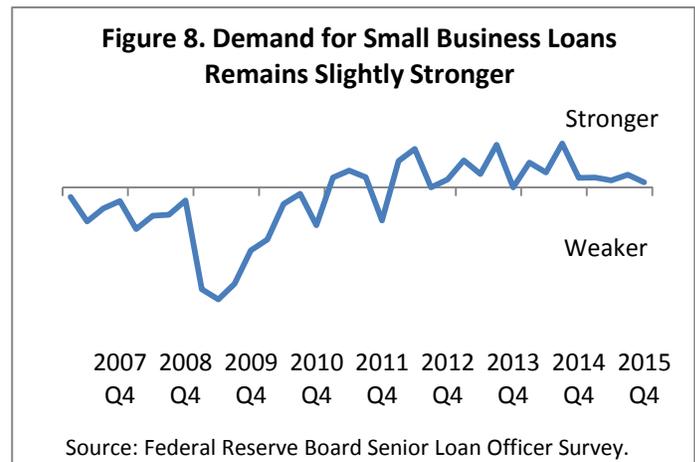
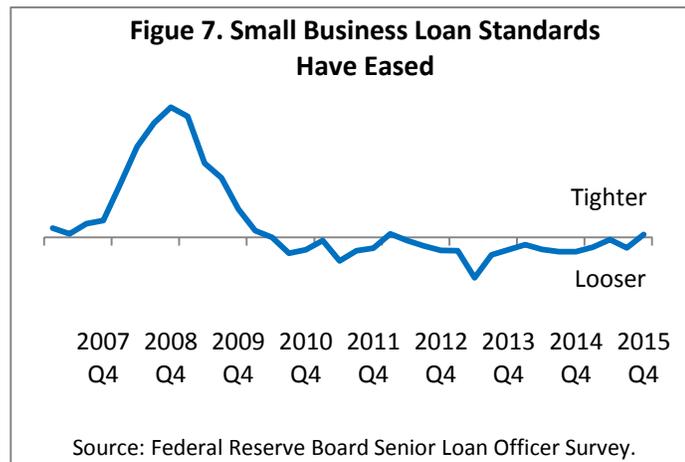
The growth rates for both small loans and other business lending (large domestic business loans exceeding \$ 1 million and loans to non-U.S. addresses) have been uneven since 2010.³ Other business loans recovered much earlier than small business loans and continued to stay positive. The recovery for small business lending has been relatively slow but steady, and moved into positive territory in the last quarter of 2013 (Figures 2 & 5).

Loan Sizes & Categories



In general, the share of small C&I loans under \$1 million (a portion of small business loans) has consistently increased since 2011, and represents 52 percent of the dollar value of these loans. All subcategories of small business loan sizes increased in the second quarter of 2015.⁴ During the second quarter, the most loan activity was in the smallest size categories (Figure 6). These loans made up one quarter of the value of outstanding small business loans. A closer look reveals that small commercial industrial loans (under \$100k) generated all the loan activity in that size category.

Loan Standards and Demand



Relative to the previous quarter, respondents in the Federal Reserve Board’s Senior Loan Officer Opinion Survey, reported a slight tightening in lending standards for C&I loans to firms of all sizes (Figure 7). Bankers also reported that their lending standards on all commercial real estate loans remained unchanged.

Demand for C&I loans changed little from the previous quarter and remained positive (Figure 8). Those bankers that reported weaker loan demand cited decreased investment in plant or equipment as the most common reason. Those that reported stronger demand attributed it to a shift in borrowing away from other banks and sources of financing. A possible reason for this change could be that small business owners are paying down their loan balances then taking out new loans. By contrast, bankers indicated that they experienced stronger demand for all CRE loans. In summary, small businesses appear to be regaining their financial foothold after a long recovery.

³ “Other” includes large domestic business loans and loans to non-U.S. addresses. Loans to non-U.S. addresses accounted for 15 percent. Thus, 85 percent of Other loans were large domestic business loans.

⁴ The subcategories based on Figure 4 in this bulletin are: loans \$100k or less, \$100k - \$1M.

The [Quarterly Lending Bulletin](#) is produced in the Office of Economic Research of the SBA Office of Advocacy. Direct questions to advocacy@sba.gov or (202) 205-6533. See the Advocacy publication, [Small Business Lending in the United States 2013](#), for state rankings of small business lenders, and see [Frequently Asked Questions about Small Business Finance](#) for basic information about the financial ecosystem.

