

## Small Business Lending: Fourth Quarter 2012

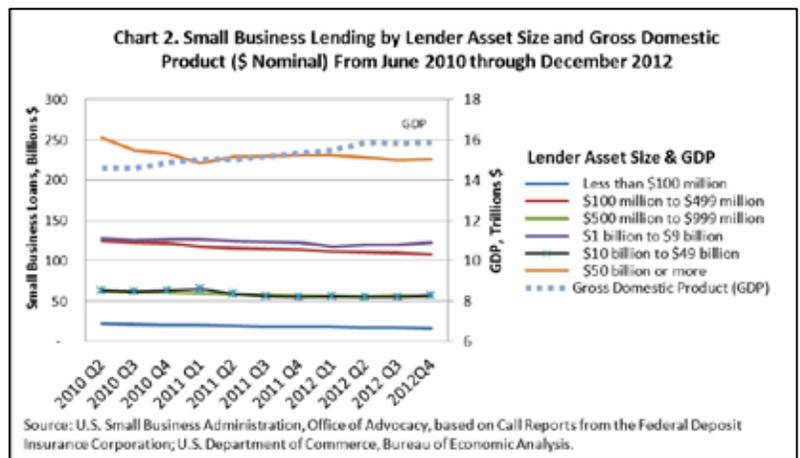
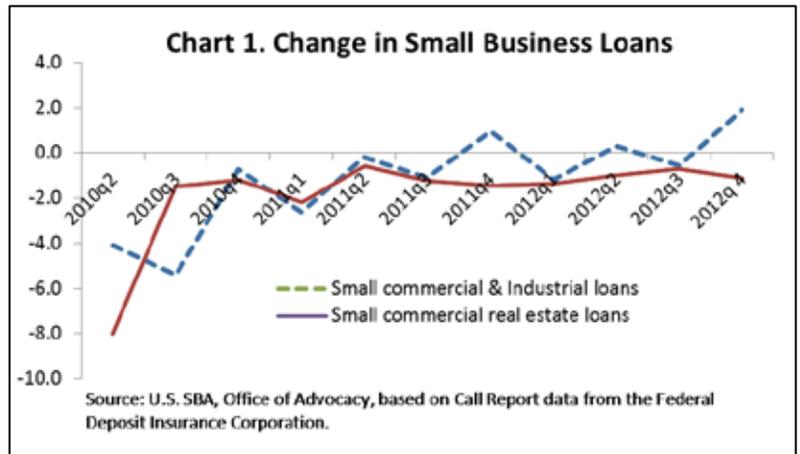
*Small Business Lending Up for the First Time in Ten Quarters*

BY VICTORIA WILLIAMS, ECONOMIST

While small businesses are recovering from the economic recession, they continue to face a meek lending environment. Both small and large business lending are only slightly improving, but small business lending has increased for the first time in ten quarters by 0.4 percent. According to the latest Call Report data from the Federal Deposit Insurance Corporation (FDIC), small business lending increased from \$584.1 billion in September 2012 to \$586 billion in December 2012.

The economy continues to strengthen due to improving financial conditions and low interest rates. Lenders reported easing lending standards on both commercial and industrial (C&I) loans, and commercial real estate loans (CRE). Lending terms were loosened for (C&I) loans. Although lenders also reported increased demand for both types of loans, conditions for CRE loans remained relatively tight. In fact, overall small business lending continued to be slowed by CRE loans, which have yet to turn upward (Chart 1).<sup>1</sup>

All loan size categories (under \$1 million, \$100,000 to \$1 million, and under \$100,000) saw small increases in the fourth quarter of 2012. Among the depository lending community, the larger institutions of \$1 billion or more helped offset the declines in lending by the smaller lending depository institutions (Chart 2). Small business lending by institutions with assets of \$50 billion or more followed the general trend and remained unchanged. Overall, gross domestic product maintained solid growth.



<sup>1</sup> January 2013, Senior Loan Officer Opinion Survey. Visit <http://www.federalreserve.gov/boarddocs/SnLoanSurvey/>