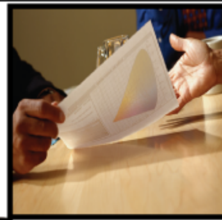
Phoenix Management Services
"Lending Climate in America" Survey



1st Quarter 2011
Summary, Trends and Implications

PHOENIX
"LENDING CLIMATE IN AMERICA"
QUARTERLY SURVEY

SUMMARY, TRENDS AND IMPLICATIONS

1. **Respondents were asked: Due to the recent increase in oil and energy prices, how concerned are you that increasing raw material costs will translate in to tighter margins and decreased working capital for Corporate America?**

   Sixty-two percent of respondents are "Somewhat Concerned" relating to the recent surge in oil and energy prices as increases in those highly dependent raw materials may compress overall margins for businesses. Twenty-nine percent are "Very Concerned" given the sensitive macroeconomic environment and the consequential margin impact. Seven percent of Lenders are "Not Concerned" in regards to the recent increase in oil and energy prices and its consequential impact on margin. The final two percent chose "Other" as the answer to the aforementioned question.

2. **Cash flow financing for small and lower middle market companies has been less prevalent in recent years due to decreased earnings and more stringent lender requirements. In the current economic environment, asset-based lending ("ABL") deals have become a more practical alternative for small to middle market companies. With improving consumer confidence and lending environments does it make sense to anticipate a shift back towards more cash flow financings in the near term?**

   Thirty-seven percent of Lenders believe that while the credit markets have improved, lenders are still wary of smaller deals and the perceived risk. It will be some time before we see a significant shift away from the current run rate of ABL deals in the space. Thirty-five percent of respondents believe given the improving credit environment, small and middle market firms should expect an easier path to securing cash flow financing in the future. Seventeen percent responded that the paradigm shift will remain in place as the majority of small and middle market firms cannot meet necessary cash flow lending requirements. Seven percent chose "Other" as their response to the question. One respondent in the "Other" category believes ABL covenant-light structures may become more prevalent in the near term. The final four percent believe earnings stability will drive an increase in cash flow financing deals this year.

3. **Recent reports indicate that the U.S. trade deficit shrank in November 2010 with strong demand from China and Germany. President Obama's goal is to double exports over 5 years, which in real terms has not occurred since 1949. What do you feel is the most important driver in the attempt to double U.S. exports by 2016?**

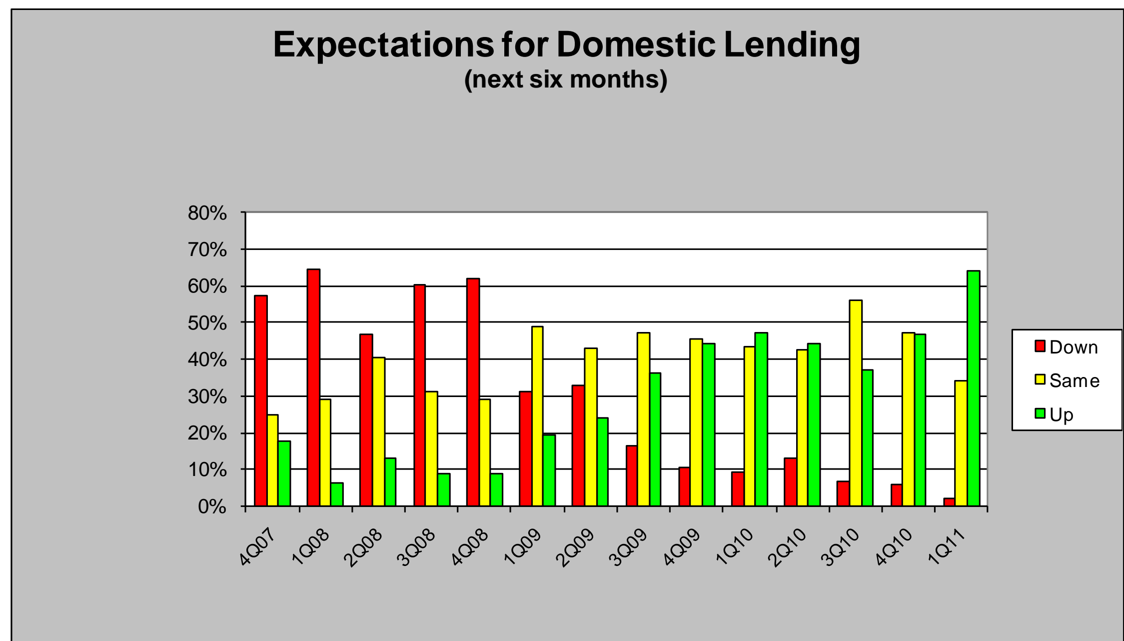
   Over one third (thirty-four percent) of respondents agreed that the best catalyst in order to double U.S. exports by 2016 is a push for improved trade relationships with Brazil, India, Russia & China as these countries are projected to account for sizable gross domestic product gains through 2015. Twenty-three percent want to see increased regulatory and political pressure on countries that maintain trade barriers such as tariffs, legislature or other factors that prevent U.S. firms from entering foreign markets. Twenty-one percent opined that maintaining an inexpensive U.S. dollar relative to other currencies is the best way to double exports for the U.S. Fifteen percent believe the government needs to increase fiscal incentives for U.S. based businesses (currently only one in three manufacturers exports goods) in order to

double exports in the next five years. The final seven percent chose “Other” as their response. The “Other” category included a response to provide better information to domestic producers on potential overseas buyers.

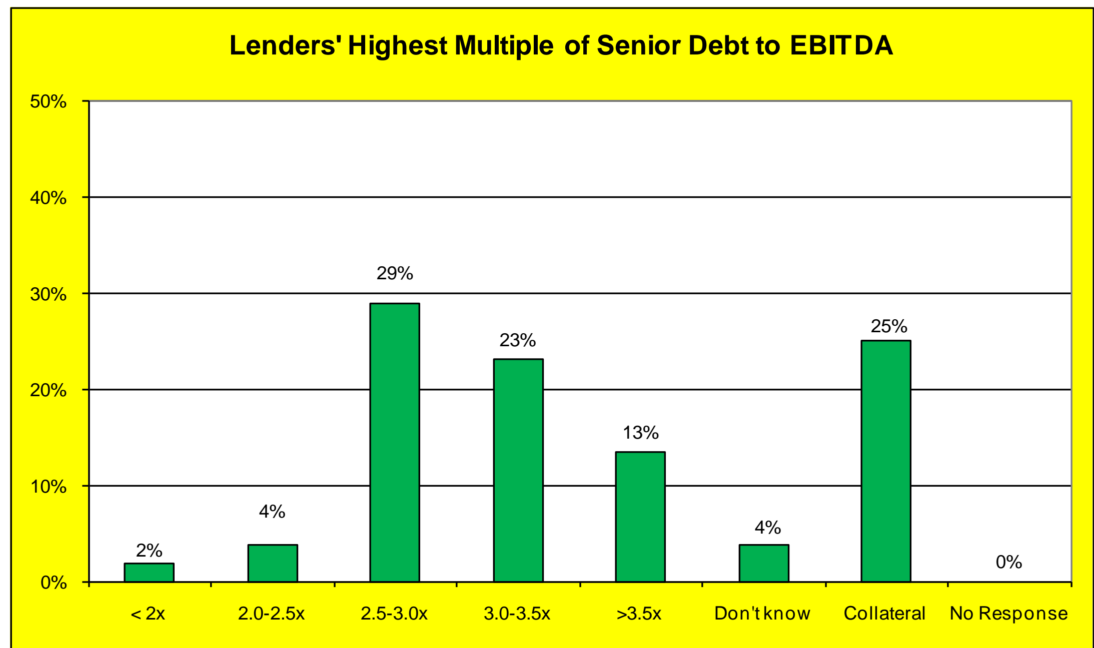
4. **Corporate bankruptcies and default levels dropped in 2010 versus 2008-2009 due to a favorable interest rate environment which allowed for a greater number of re-financings and "amend and extend" loan provisions rather than pursuing in and out-of-court restructurings. Lenders were asked what is your expectation for 2011 in regards to companies being able to refinance maturing debt versus restructuring?**

   An overwhelming seventy-three percent of respondents believe re-financings will continue to be a more practical and achievable alternative for companies with maturing debt in 2011 as the credit markets will continue to improve throughout the year. Fifteen percent think if the Federal Reserve begins to push up interest rates in order to combat inflation, a larger percentage of companies will be unable to successfully refinance their debt and will be forced to engage in a restructuring. The remaining twelve percent said although the improved credit markets have resulted in a greater number of re-financings compared to a year ago, the increasing level of debt maturity expected in 2011 will inevitably lead to a greater number of in and out-of-court debt restructurings.

5. **Domestic lending expectations signal a sizable boost for growth compared to the previous quarter.** The overall index for all domestic lending segments increased by twenty-one percentage points in comparison to last quarter’s survey. Respondents indicated that, on average for all domestic lending categories; sixty-four percent have expectations for increased loan demand (versus forty-seven percent in the prior quarter). All four lending categories in the survey including; Corporate, Middle Market, Small Business and International, yielded improved expectations compared to the previous quarter.



6. **Senior Debt to EBITDA ratios remained relatively steady regarding senior loan multiples compared to the previous survey.** Twenty-three percent of lenders indicated their financial institution would consider a loan request with a Senior Debt to EBITDA multiple as high as 3.0-3.5x, down four percentage points from the previous survey. Twenty-nine percent opined that their institution would only consider a loan request with a leverage ratio of 2.5-3.0x, six percentage points higher than Q4 2010. The percentage of lenders which indicated their institution would consider a loan request with a multiple greater than 3.5x was at thirteen percent, down two percentage points from the previous survey. The percentage of lenders which indicated they are collateral lenders and do not utilize cash flow as a lending metric totaled twenty-five percent; two percentage points lower than the previous survey. Four percent responded they would consider a loan request only in the 2.0x-2.5x bandwidth (previous survey: 8 percent). Another four percent answered "Do Not Know" in response to the question. Two percent of lenders would only consider a loan request with a leverage ratio less than 2.0x (previous survey: 0 percent).

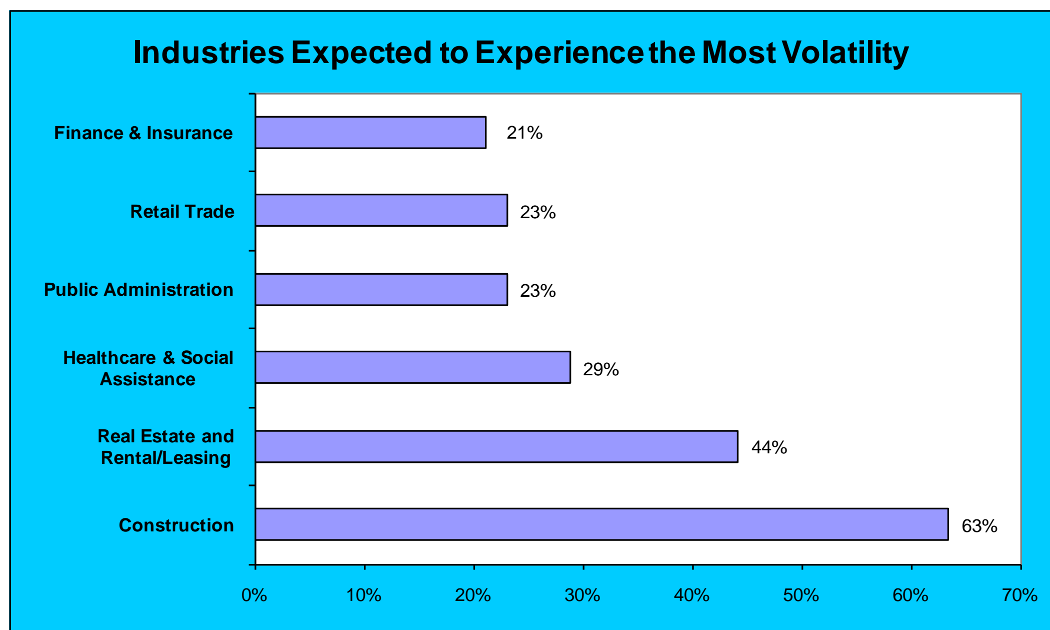


7. **Fifty percent of the respondents believe their institution's senior debt to EBITDA ratio will experience no change in the next six month compared to forty percent that shared the same sentiment last quarter.** Twenty-one percent of respondents believe that the highest senior debt to EBITDA multiple will increase less than 0.5x (unchanged from the previous quarter), while eight percent anticipate the multiple will increase greater than 0.5x over the next six months (unchanged from the previous quarter). Fifty percent of lenders believe no change will be made in the near term compared to forty percent in the previous quarter. No respondents suggested that the multiple would decline at their financial institution over the next six months. Fifteen percent of respondents indicated they were collateral lenders and did not specifically focus on that multiple (twenty-nine percent in the previous survey). Four percent of lenders responded that they did not know which direction their financial institution was headed in the near term. The final two percent of lenders did not submit a response.

8. **"Unstable Energy Prices" was the chief concern as potentially having the strongest impact on the economy in the short term.** When asked to choose two factors that could have the strongest potential to affect the economy in the next six

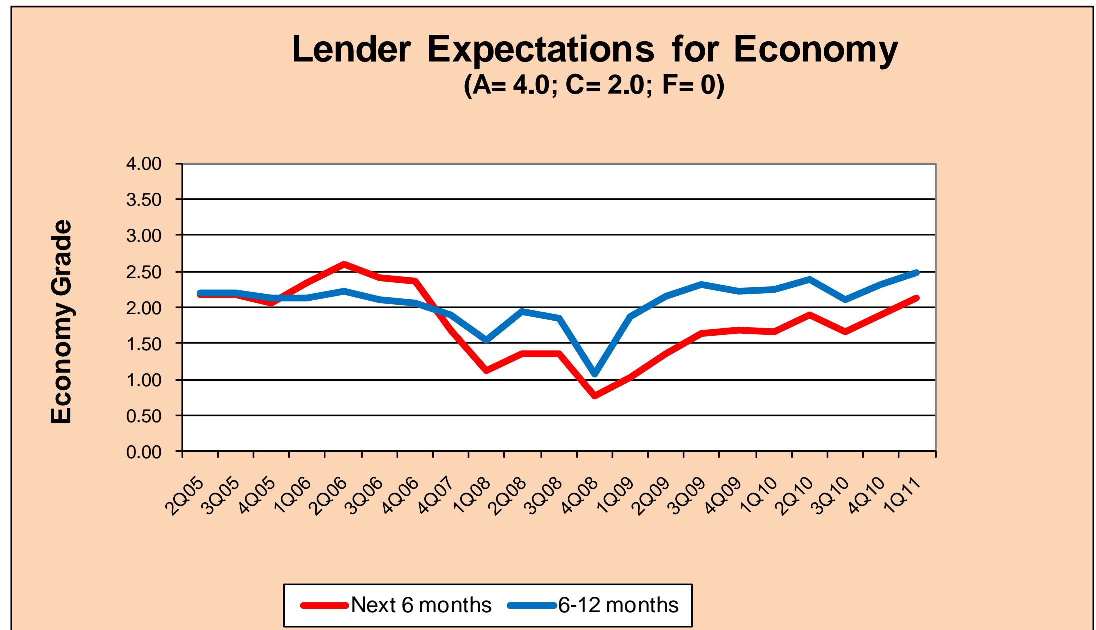
months, fifty-six percent chose unstable energy prices as having the greatest potential, which is double the percentage from the previous survey. Forty-two percent believe the continuing sluggish housing market to have the strongest impact on the economy. Thirty-seven percent are concerned that the increasing U.S. budget deficit could have the greatest impact on the economy in the next six months. Nineteen percent chose constrained liquidity in the capital markets as potentially having the strongest impact on the economy. Seventeen percent still caution concerns surrounding the stability of the stock market as potentially having the biggest impact on the economy in the next six months. The remaining fifteen percent chose "Other" factors which included: Inflation, unemployment rate, unexpected geopolitical events, crash in commodities, and lack of investment.

9. **For the third consecutive quarter, respondents anticipate the Construction industry to experience the most volatility in the next six months**. When asked to identify three industries that will experience the most volatility in the next six months, sixty-three percent chose the Construction industry as likely to experience the most volatility. Forty-four percent of lenders chose the Real Estate and Rental/Leasing industry. These two industries were the top two responses in the previous survey. Twenty-nine percent of lenders believe the Health Care & Social Assistance industry will experience the most volatility, up four points from the previous survey. Twenty-three percent of respondents chose both the Retail Trade and Public Assistance industries to experience the most volatility in the near term. Twenty-one percent chose the Manufacturing industry to experience the highest volatility.

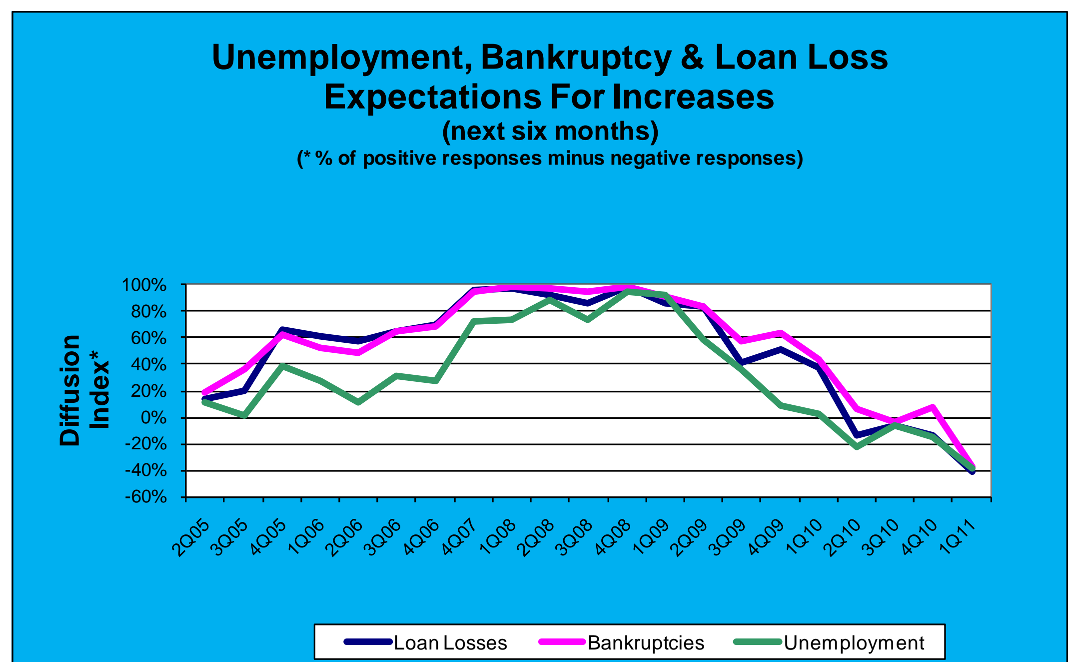


10. **Fifty-eight percent of respondents' customers anticipate making new capital investments in the next six months (up twenty percentage points from the previous survey).** Forty-two percent responded their customers are planning on making an acquisition; lower by two percentage points from the previous quarter. Forty-two percent also anticipate their customers to introduce new products or services in the next six months; thirteen percentage points higher than in Q4 2010. Thirty-eight percent believe their customers will hire new employees during the next six months which is thirteen percentage points higher than in the previous quarter. Thirty-seven percent believe their customers will enter new markets in the near term while thirty-one percent expect their customers to begin to raise new capital. Four percent believe their customers will conduct "Other" activities in the near term, which included "Being Acquired".

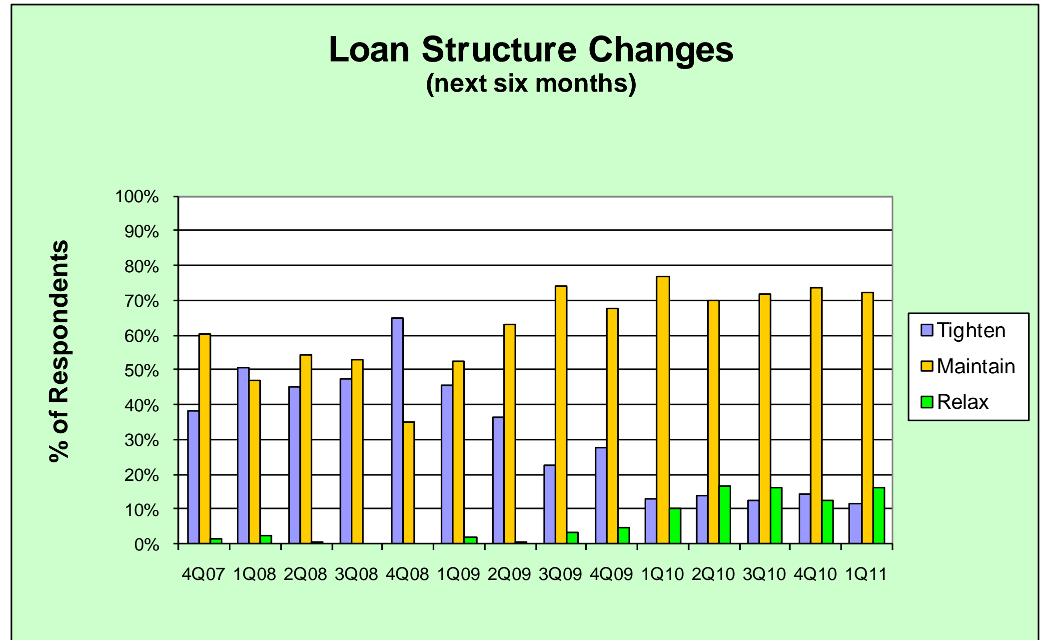
11. **Lenders expectations for the economy continue to signal an improvement in growth expectations for the next six to twelve months compared to the previous survey.** Lenders expect the economy to perform at a "C to C+" level for the next six months, which is an improvement from the "D+" level demonstrated in the previous survey. Growth expectation trends during the past four quarters of the survey have increased by approximately fifty basis points or one half of a letter grade.



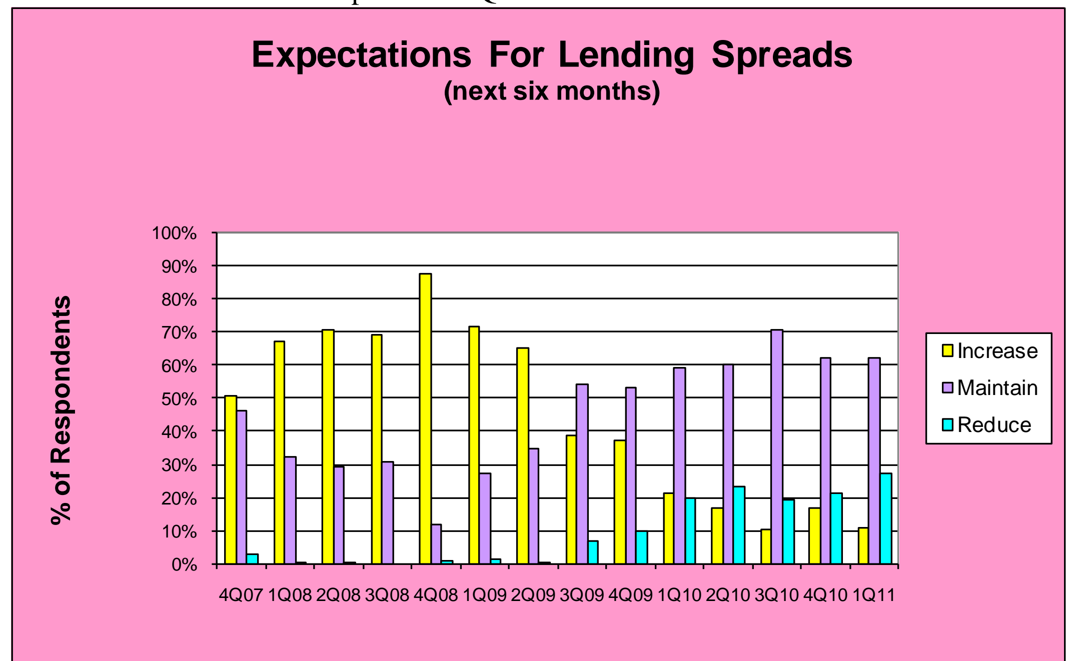
12. **Lenders expectations of macroeconomic indicators showed significant signs of improvement in all categories.** Lenders expectations towards loan losses improved by twenty-eight percentage points on the diffusion index from growing sentiment that loan losses will decrease in the near term. Unemployment also exhibited signs of improvement as forty-five percent of respondents believe the rate of unemployment will decline in the near term compared to only nineteen percent in the previous quarter. Expectations of an increase in bankruptcies fell dramatically, as forty-three percent of respondents believe the number of bankruptcies will decrease in the near term compared to only twenty-seven percent in the previous quarter.



13. **Lenders expectations of a change to relax their loan structures improved versus the previous quarter.** The percentage of respondents planning to relax their loan structure increased to sixteen percent, four percentage points higher compared to the previous quarter. Lenders who expect to tighten their loan structures declined by two percentage points versus the previous quarter (twelve percent in current survey versus fourteen percent in Q4 2010). Seventy-two percent of lenders anticipate maintaining their loan structures in the next six months, only one percentage point lower compared to the previous quarter.



14. **Lenders expecting to decrease their interest rate spread jumped by eight percentage points compared to the previous quarter.** Twenty-seven percent of respondents (versus twenty-one percent in the previous quarter) anticipate easing lending spreads from their current levels. The percentage of lenders expecting to maintain their current credit spreads remained unchanged at sixty-two percent. Only eleven percent of lenders anticipate increasing their credit spreads in the next six months versus seventeen percent in Q4 2010.



Phoenix Management Services
"Lending Climate in America"
1st Quarter 2011

Survey Results

1. Impact of Increasing Raw Material Costs on Corporate America

As oil and coal prices near recent highs, how concerned are you that increasing raw material costs will translate in to tighter margins and decreased working capital for corporate America?

- Sixty-two percent of respondents are "Somewhat Concerned" that recent increases in energy prices will translate into higher general prices.
- Twenty-nine percent are "Very Concerned" that increases in energy prices will have a noticeable impact on businesses' margins.
- Seven percent are "Not Concerned" in regards to the recent increase in oil and energy prices and its consequential impact on margin.
- The final two percent of respondents chose "Other" in response to the question.

2. Cash Flow Financing for Small and Middle Market Companies

Cash flow financing for small and lower middle market companies has been less prevalent in recent years due to decreased earnings and more stringent lender requirements. In the current economic environment, asset-based lending ("ABL") deals have become a more practical alternative for small to middle market companies. With improving consumer confidence and lending environments does it make sense to anticipate a shift back towards more cash flow financings in the near term?

- Thirty-seven percent of lenders believe that while the credit markets have improved, lenders are still wary of smaller deals and the perceived risk. It will be some time before we see a significant shift away from the current run rate of ABL deals in the space.
- Thirty-four percent agreed that given the improving credit environment small and middle market firms should expect an easier path to securing cash flow financing in the future.
- Seventeen percent believe the paradigm shift will remain in place as the majority of small and middle market firms cannot meet necessary cash flow lending requirements.
- Eight percent of the participants chose "Other" as their response to the question.
- The final four percent believe that earnings stability will drive an increase in cash flow financing deals this year.

3. Ability to Double U.S. Exports over the Next 5 Years.

Recent reports indicate that the U.S. trade deficit shrank in November 2010 with strong demand from China and Germany. President Obama's goal is to double exports over 5 years, which in real terms has not occurred since 1949. What do you feel is the most important driver in the attempt to double U.S. exports by 2016?

- Thirty-five percent believe that a push for improved trade relationships with Brazil, India, Russia & China is the most important catalyst in order to double exports by 2016 as these countries are projected to account for sizable gross domestic product gains through the next five years.
- Twenty-three percent opined that an increase in regulatory and political pressure is needed on countries that maintain trade barriers such as tariffs, legislature or other factors that prevent U.S. firms from entering foreign markets.
- Twenty-one percent believe an inexpensive U.S. dollar relative to other currencies would be the most successful driver in successfully doubling exports in the next 5 years.
- Fifteen percent of lenders responded that an increase fiscal incentives for U.S. based businesses to export is the best way to achieve higher exports (currently only 1 in 3 manufacturers exports goods).
- Six percent of lenders chose “Other” as their response to the question.

4. Refinancing Maturing Debt in 2011 versus Restructuring

Corporate bankruptcies and default levels dropped in 2010 versus 2008-2009 due to a favorable interest rate environment which allowed for a greater number of re-financings and "amend and extend" loan provisions rather than pursuing in and out-of-court restructurings. What is your expectation for 2011 in regards to companies being able to refinance maturing debt versus restructuring?

- Seventy-three percent believe re-financings will continue to be a more practical and achievable alternative for companies with maturing debt in 2011 as the credit markets will continue to improve throughout the year.
- Fifteen-percent agreed that if the Federal Reserve begins to push up interest rates in order to combat inflation, a larger percentage of companies will be unable to successfully refinance their debt and will be forced to engage in a restructuring.
- Twelve percent opined that although the improved credit markets have resulted in a greater number of re-financings compared to a year ago, the increasing level of debt maturity expected in 2011 will inevitably lead to a greater number of in and out-of-court debt restructurings.

5. Highest Senior Debt to EBITDA Multiple Institutions Would Consider

Respondents were asked the highest multiple of Senior Debt to EBITDA their financial institution would consider with regard to a loan request.

- Twenty-nine percent believed their institution would consider a loan request with a Senior Debt to EBITDA multiple as high as the 2.5x – 3.0x range (previous survey: 23 percent).
- Twenty-five percent of respondents replied they are collateral lenders and, therefore, do not make credit decisions based on cash flow/leverage multiples (previous survey: 27 percent).

- Twenty-three percent indicated their institution would consider a loan request with a leverage multiple as high as the 3.0x – 3.5x range (previous survey: 27 percent).

- Thirteen percent of lenders opined their financial institution would consider a loan request with a leverage multiple of greater than 3.5x (previous survey: 15 percent).

- Four percent believed their institution would consider a loan request with a Senior Debt to EBITDA multiple as high as the 2.0x – 2.5x range (previous survey: 8 percent).

- Two percent indicated their institution would only consider a loan request with a leverage multiple lower than 2.0x (previous survey: 0 percent).

- The final four percent chose the response "Do Not Know" as their answer to the question.

6. Anticipated Change in Senior Debt to EBITDA Multiple

Respondents were asked, over the next six months, how the Senior Debt to EBITDA multiple would change at their financial institution.

- Fifty percent indicated that the Senior Debt to EBITDA multiple will not change at their financial institution over the next six months (previous survey: 40 percent).

- Twenty-one percent of lenders believe that the leverage multiple will increase less than 0.5x during the next six months (previous survey: 21 percent).

- Fifteen percent of respondents replied they are collateral lenders and, therefore, do not make credit decisions based on cash flow/leverage multiples (previous survey: 29 percent).

- Eight percent conclude that the leverage multiple will increase greater than 0.5x during the next six months (previous survey: 8 percent).

- Four percent chose the response "Do Not Know" as their answer to the question.

- The remaining two percent did not respond to the question.

7. Factors with Strongest Potential to Affect Near-Term Economy

Respondents were asked, over the next six months, which TWO factors had the strongest potential to affect the economy.

- Fifty-six percent concluded that unstable energy prices have the strongest potential to affect the economy during the next six months (previous survey: 23 percent).

- Forty-two percent designated the housing market as the factor with the strongest potential to affect the near-term economy (previous survey: 44 percent).

- Thirty-seven percent of respondents selected the U.S. budget deficit as having the strongest potential to affect the economy over the next six months (previous survey: 40 percent).

- Nineteen percent indicated constrained liquidity in the capital markets as the factor with the strongest potential to affect the near-term economy (previous survey: 31 percent).

- Seventeen percent opined that the stability of the stock market has the strongest potential to affect the economy during the next six months (previous survey: 15 percent).

- Fifteen percent chose "Other" factors as having the strongest potential to affect the economy during the next six months (previous survey: 23 percent).

8. Industries Expected to Experience Greatest Volatility

Respondents were asked, over the next six months, which industries will experience the most volatility (i.e. Chapter 11 filings, mergers and acquisitions, declining profits, etc.). Respondents were asked to select the top three industries.

- Sixty-three percent designated the Construction industry as the industry expected to weather the greatest volatility in the near term (previous survey: 63 percent).

- Forty-four percent responded that the Real Estate and Rental/Leasing industry would experience the most volatility during the next six months (previous survey: 62 percent)

- Twenty-nine percent of respondents chose the Healthcare and Social Assistance industry to experience the greatest volatility (previous survey: 25 percent).

- Twenty-three percent believe the Retail Trade industry would experience the most volatility over the next six months (previous survey: 19 percent).

- Twenty-three percent chose the Public Administration industry percent to have the most volatility over the next six months (previous survey: 17 percent).

- Twenty-one percent of respondents believe the Finance and Insurance industry will experience the greatest volatility over the next six months (previous survey: 46 percent).

- Nineteen percent opined the Manufacturing industry would experience the most volatility (previous survey: 21 percent).

- Twelve percent believe the Arts, Entertainment and Recreation industry will experience the greatest volatility in the next six months (previous survey: 10 percent).

- Twelve percent agreed that the Accommodation & Food Service industry will experience the greatest volatility in the next six months (previous survey: 2 percent).

- The balance of the industry choices registered ten percent or less from the respondents.

9. Customers' Plans in the Next Six to Twelve Months

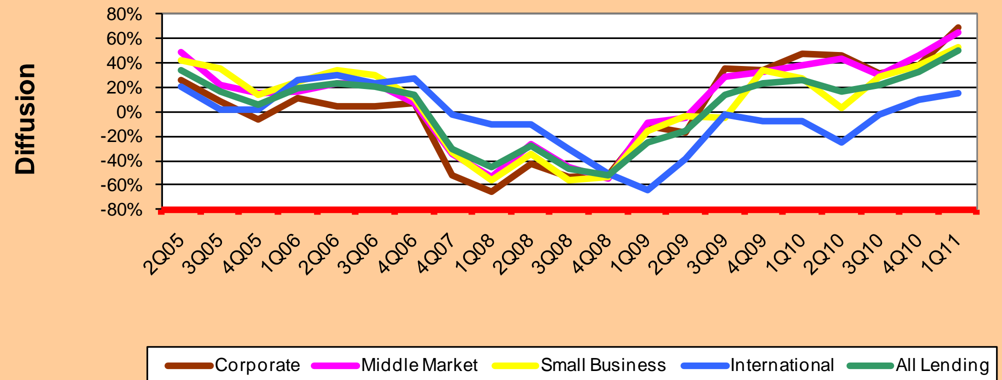
Respondents were asked which of the following actions their customers planned in the next six months. Lenders were asked to designate all potential customer actions that applied.

- Fifty-eight percent of lenders believe their customers will be making new capital investments (previous survey: 38 percent).
- Forty-two percent of lenders indicated their customers are planning on making an acquisition in the next six months (previous survey: 44 percent).
- Forty-two percent of lenders believe their customers are planning on introducing new products or services (previous survey: 29 percent).
- Thirty-eight percent of respondents indicated their customers plan on hiring new employees in the next six months (previous survey: 25 percent).
- Thirty-seven percent responded their customers are planning on entering new markets in the near term (previous survey: 19 percent).
- Thirty-one percent indicated their customers are planning on raising additional capital in the near term (previous survey: 40 percent).
- Four percent of lenders believe their customers are planning "other" initiatives in the next six months (previous survey: 10 percent).

10. Economic Indicators

Respondents were asked whether they expected the following economic indicators to be up, down, or remain the same over the next six months.

- Respondents' sentiment regarding lending economic indicators was optimistic as the overall indicator experienced a strong gain of seventeen percentage points from the previous quarter and thirty three points higher than three quarters prior. The diffusion index for all domestic lending segments equaled positive 62 percentage points – an increase of nineteen percentage points versus last quarter. Corporate, Middle Market and Small Business lending expectations experienced significant gains from the previous survey; as Corporate lending increased by thirty-one percentage points and Middle Market and Small Business lending increased by nineteen and fifteen percentage points, respectively. Expectations for International lending also yielded an increase from the previous quarter, rising six percentage points in the diffusion index.



	1Q/2011			4Q/2010		
	Up	Down	Same	Up	Down	Same
Corporate Lending	71%	2%	27%	42%	4%	54%
Middle Market Lending	67%	2%	31%	50%	4%	46%
Small Business Lending	55%	2%	43%	48%	10%	42%
International Lending	25%	10%	65%	24%	14%	62%

- All of the macroeconomic indicators yielded positive trends as loan losses, bankruptcies, unemployment and bank failures all showed significant signs of improvement compared to the previous quarter. Expectations of interest rate increases rose in the current survey as fifty-three percent of lenders believe rates will increase in the near term compared to only twenty-three percent in the previous quarter.

	1Q/2011			4Q/2010		
	Up	Down	Same	Up	Down	Same
Loan Losses	10%	51%	39%	27%	40%	43%
Bankruptcies	6%	43%	51%	35%	27%	38%
Interest Rates	53%	0%	47%	23%	4%	73%
Unemployment	4%	19%	77%	4%	19%	77%
Bank Failures	6%	45%	49%	37%	17%	46%

11. U.S. Economy Grade – Next Six Months

Respondents were asked how they expected the U.S. economy to perform during the next six months on a grading scale of A through F.

- Respondents voiced a more favorable outlook on the near term performance of the U.S. economy versus sentiment in the previous quarter. The percentage of respondents who expect the economy to perform at a "B" level or better during the next six months increased by fifteen percentage points from only eight percent in Q4 2010 to twenty-three percent in the current quarter. The percentage of lenders who believe the

economy will languish at a "D" level or worse improved by nine percentage points from the previous survey (10 percent in Q1 2011 versus 19 percent in Q4 2010).

Grade	1Q/2011	4Q/2010
A	0%	0%
B	23%	8%
C	67%	73%
D	10%	19%
F	0%	0%
Weighted Average Grade	2.13	1.88

12. U.S. Economy Grade – Beyond the Next Six Months

Respondents were asked how they expected the U.S. economy to perform beyond the next six months ("out" six months) on a grading scale of A through F.

- Further improvement for the economy resonated as lenders expectations for the U.S. economy's performance in the "out six months" period improved compared to the previous survey, from a weighted average input of 2.48 in the current survey compared to a grade of 2.31 in Q4 2010. Eight percent of lenders believe the economy will perform at an "A" level in the "out six months" period versus no respondents voicing this sentiment in the previous quarter.

Grade	1Q/2011	4Q/2010
A	8%	0%
B	38%	44%
C	50%	42%
D	2%	14%
F	2%	0%
Weighted Average	2.48	2.31

13. Customers' Future Growth Expectations

Lenders assessed their customers' growth expectations for the next six months to a year.

- The percentage of respondents indicating their customers have "moderate" growth expectations for the next six months to one year was higher from the previous survey at eighty-five percent (79 percent in Q4 2010). In the previous survey, there were no respondents convinced that their customers have "strong" growth expectations for the next six months to a year compared to six percent in the current survey. Lenders expectations of their customers experiencing "no growth" improved by eleven percentage points compared to the previous quarter.

Indication	1Q/2011	4Q/2010
Very Strong	0%	0%
Strong	6%	0%
Moderate	85%	79%
No Growth	9%	21%

14. Loan Structure

Respondents were asked whether their financial institutions planned to tighten, relax, or maintain their loan structures (collateral requirements, guarantees, advance rates, loan covenants, etc.) in each of four different-sized loan categories.

- According to the survey results, seventy-two percent of lenders anticipate maintaining their loan structures in the near term loan structures, which is only one percent less than expectations in the previous quarter. Lenders who believe that loan structures would tighten in the near term decreased by two percentage points to twelve percent down from fourteen percent in the previous quarter. Those lenders who expect to relax their loan structures increased by three percentage points versus Q4 2010.

	1Q/2011			4Q/2010		
	Tighten	Maintain	Relax	Tighten	Maintain	Relax
Loans> $25 million	12%	71%	16%	14%	66%	21%
$15 – 25 million	13%	70%	17%	16%	71%	14%
$5-15 million	10%	77%	13%	13%	80%	7%
Under $5 million	11%	70%	19%	15%	77%	8%
Overall Average	12%	72%	16%	14%	73%	13%

15. Interest Rate Spread

Lenders were asked whether their financial institutions planned to reduce, maintain or increase their interest rate spreads and fee structures on similar credit quality loans.

- Sixty two percent of respondents plan to maintain their current interest rate spreads and fee structures on all sizes of loans – unchanged from the previous quarter. Twenty seven percent of lenders agreed that they intend on reducing their spreads in the near term; a six percentage point increase compared to the previous quarter. Lenders who anticipate increasing their interest rate spreads declined by 6 points from the previous quarter.

	1Q/2011			4Q/2010		
	Reduce	Maintain	Increase	Reduce	Maintain	Increase
Loans> $25 million	35%	56%	8%	27%	59%	14%
$15 – 25 million	32%	57%	11%	27%	57%	16%
$5-15 million	19%	69%	13%	18%	64%	18%
Under $5 million	22%	65%	12%	12%	67%	20%
Overall Average	27%	62%	11%	21%	62%	17%

16. The Fed and Interest Rates

Respondents were asked in what direction the Fed would move interest rates and by how much in the coming six months.

- Thirty nine percent of respondents believe that the Fed will increase interest rates during the next six months, an expectation that is higher by twenty five percentage points compared to the previous quarter. Fifty seven percent of lenders believe interest rates will remain unchanged in the coming six months versus the previous survey at seventy seven percent. Only four percent agree that the Fed will decrease interest rates in the near term versus seven percent during last quarter's survey.

Bps Change	1Q/2011	4Q/2010
-More than 1.0	0%	0%
-1.0	0%	0%
-.75	0%	0%
-.50	0%	0%
-.25	4%	7%
0	57%	79%
+.25	21%	8%
+.50	12%	4%
+.75	4%	2%
+1.0	2%	0%
More than 1.0	0%	0%
Weighted Average	+ 15 basis points	+ 03 basis points

17. Current Competition

Respondents were asked to identify the segment of the industry from which they were experiencing the most competition.

- Local Commercial/Community banks served as the primary source of competition at sixty five percent versus fifty four percent in the previous quarter. Factor lending institutions and Money Center Banks tied for the second highest source of competition at 12 percent followed by Regional Banks at six percent. Commercial Finance Organizations came in as the lowest threat of competition at four percent of the vote.

	1Q/2011	4Q/2010
Money Center Banks	12%	15%
Local Commercial/ Community Banks	65%	54%
Factors	12%	17%
Regional Banks	6%	10%
Commercial Finance Organizations	4%	2%
Other	2%	2%