Phoenix Management Services
“Lending Climate in America” Survey





PHOENIX MANAGEMENT SERVICES

4th Quarter 2011
Summary, Trends and Implications

PHOENIX
"LENDING CLIMATE IN AMERICA"
QUARTERLY SURVEY

4th Quarter 2011

SUMMARY, TRENDS AND IMPLICATIONS

1. **Federal Reserve Governor Daniel Tarullo recently called for large scale purchases of mortgage bonds in an effort to revive U.S. growth. Respondents were asked: "What is your stance on another round of asset buying to revive growth"?**

   Forty four percent of respondents believe that any action that expands the Fed's $2.86 trillion balance sheet would only be appropriate if it is believed that the economy is in danger of a prolonged recession. Twenty nine percent of lenders noted that this course of action would be more likely to raise inflation and/or inflation expectations rather than stimulate growth and therefore would not be a prudent economic revival effort. Fifteen percent of respondents answered that this is an appropriate action by the Fed as mortgage backed securities are widely traded assets in a sector whose recovery is critical for the economy. The final twelve percent believe that this immediate capital stimulus into the economic system would prove to have a more immediate positive impact compared to related legislation which could take months to have an impact on the general economy.

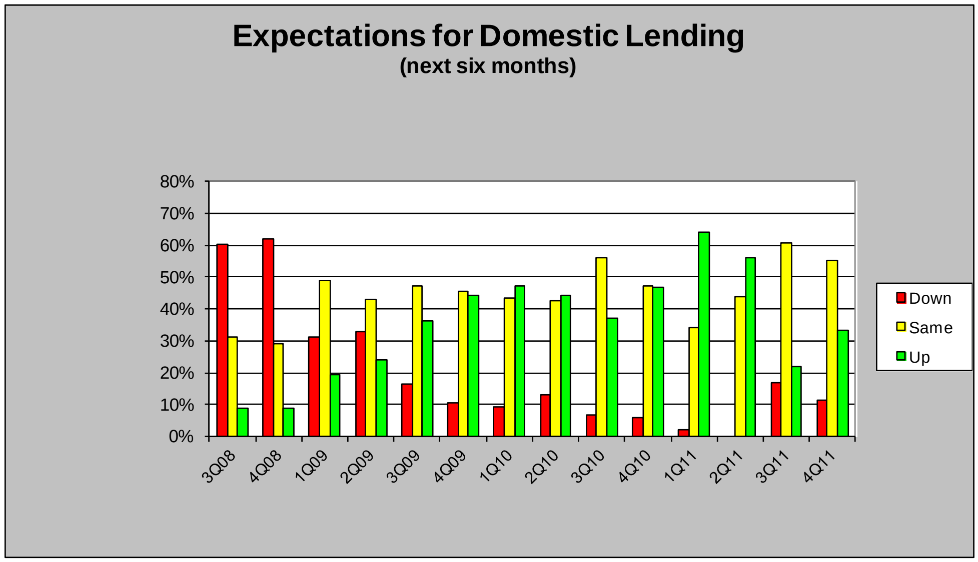
2. **Retail sales in the U.S. rose 1.1% in September 2011. This was more than forecasted and the largest increase since February. The National Retail Federation projects an increase of 2.8% this holiday season. How will retail sales fare in the coming months heading into the holiday season?**

   Just over half of the respondents (fifty one percent) said that due to the lackluster job market, unstable commodity prices and overall economic uncertainties, retail sales will be less than the 2.8% projection. Forty four percent of lenders agreed that households will continue to remain cautious and conservative in their spending decisions and the 2.8% increase is an appropriate estimate. The remaining five percent of respondents believe that the rise in September retail sales is a sign of improved consumer confidence and retail sales should increase from a year ago and be greater than the 2.8% projected spike in holiday spending.

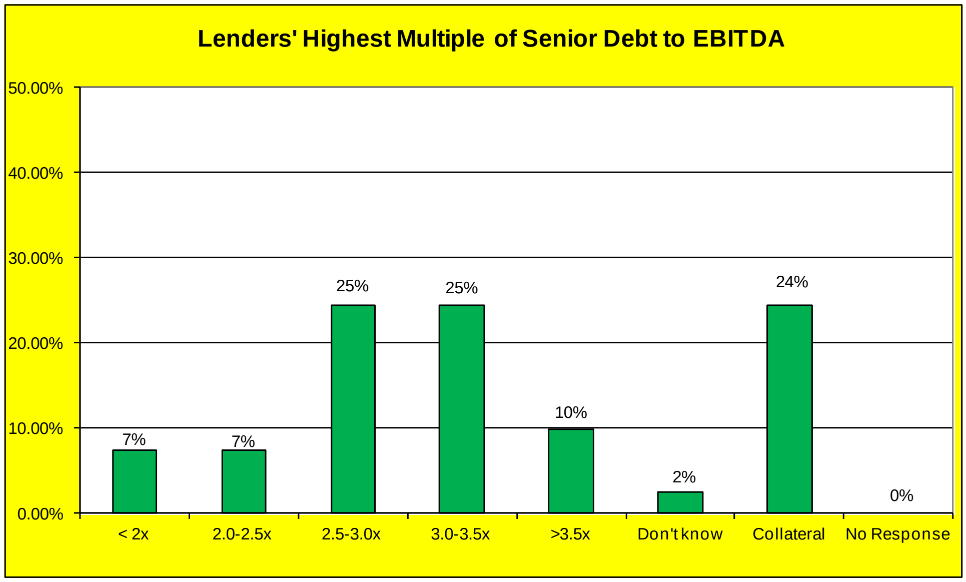
3. **State and Federal officials are pushing a plan that would allow many "underwater borrowers" to refinance. Under the plan, refinancing of mortgages would become available to some borrowers whose houses are worth less than their loans, as long as they are current on their mortgage payments and the mortgage is owned by the bank. Respondents were asked their opinion on this proposal.**

   Twenty seven percent of lenders believe it would provide a much needed boost to the economy and benefit borrowers who have worked hard to stay current on their loans even though the loan is worth more than the home's value. Twenty seven percent opined that the program would be costly for the banks as they will be forced to give up interest income on loans from borrowers that are current on their loan payments and based on their payment history, unlikely to default. Twenty four percent responded that if this proposed plan is not extended to underwater borrowers, the projected rate of foreclosures in the near term could threaten economic growth for years to come. Twelve percent of lenders stated if the program is extended, the additional leverage held by the government would add unbearable strain to an existing unsustainable fiscal deficit level. The remaining ten percent of respondents chose "Other" as their impression on the subject matter.

4. **Domestic lending expectations experienced a modest bounce-back in Q4 2011 versus the negative outlook rendered in the previous quarter.** The overall index for all domestic lending segments increased by seventeen percentage points on the diffusion index compared to last quarter's survey. Respondents indicated that, on average for all domestic lending categories; thirty three percent have expectations for increased loan demand (versus twenty two percent in the prior quarter). Eleven percent of lenders in Q4 2011 anticipate overall domestic lending to decline, which is compared to seventeen percent from the previous quarter. All three major domestic commercial lending categories including corporate, middle market and small business yielded higher expectations for domestic lending in Q4 2011 versus the prior quarter.



5. **Senior Debt to EBITDA ratios showed signs of tightening compared to the previous survey.** Ten percent of lenders indicated that they would consider a loan with senior leverage higher than 3.5x, which is seven percentage points lower than the previous survey. Twenty five 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 thirteen percentage points from the previous survey. Twenty five percent opined that their institution would only consider a loan request with a leverage ratio of 2.5-3.0x, thirteen percentage points lower than in the previous quarter. Seven percent of lenders will only consider senior leverage ratios between 2.0-2.5x, compared to only three percent in the previous survey. Seven percent of lenders agreed on a 2.0x multiple as the maximum ratio they would consider, which compares to two percent from Q3 2011. The percentage of lenders which indicated they are collateral lenders and do not utilize cash flow as a lending metric totaled twenty four percent; five percentage points lower than the previous survey. Two percent of lenders "Did Not Know" how their senior leverage ratios would change at their institutions.

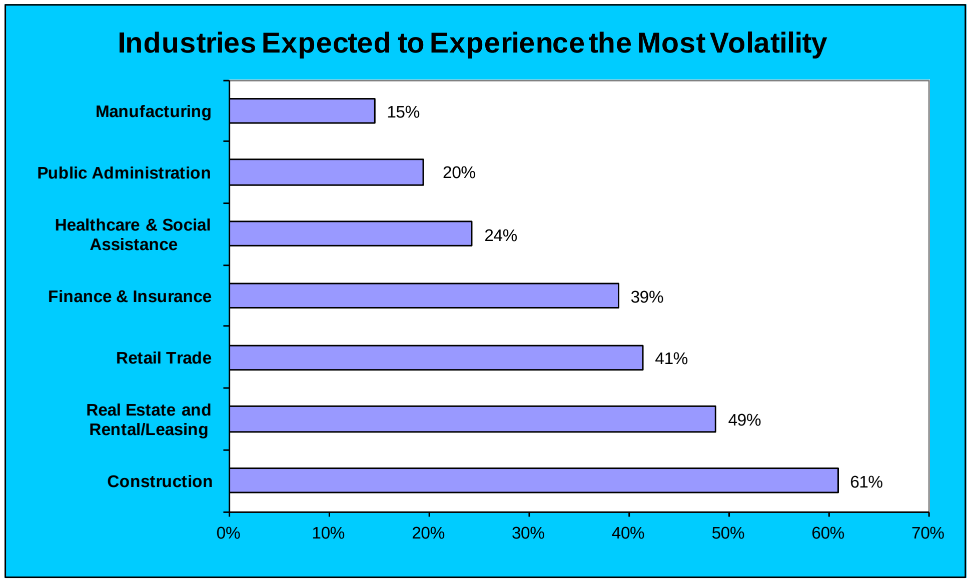


6. **Over half (fifty six percent) of the respondents believe their institution's senior debt to EBITDA ratio will experience no change in the next six month compared to fifty four percent that shared the same sentiment last quarter.** Only two percent of respondents believe that the highest senior debt to EBITDA multiple will increase greater than 0.5x (down three percentage points from the previous quarter), while twelve percent anticipate the multiple will increase less than 0.5x over the next six months (up by two percentage points from the previous quarter). Only three percent of respondents suggested that the multiple would decline at their financial institution over the next six months (eight percent in the previous quarter). Twenty four percent of respondents indicated they were collateral lenders and did not specifically focus on that multiple (up one point from the previous survey). Three percent of lenders specified that they "Do Not Know" how senior leverage ratios will change at their financial institutions in the short term.

7. **Consistent with the previous quarter, "Sluggish Housing Markets" remained as 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, sixty one percent (versus forty eight percent in the previous quarter) chose the sluggish housing markets as having the greatest potential. Forty six percent believe the increasing U.S. budget deficit will have the strongest impact on the economy, higher by nine percentage points from Q3 2011. Twenty two percent are concerned that the constrained liquidity in the capital markets could have the greatest impact on the economy in the next six months, down by one percentage point from the previous quarter. Twenty four percent believe that the stability of the stock market could have the biggest impact on the economy, lower by eleven percentage points versus the previous survey. Fifteen percent chose unstable energy prices as potentially having the strongest impact on the economy, lower by six percentage points versus the previous survey. Seven percent of lenders chose "Other" factors as potentially having the strongest impact on the economy in the short term.

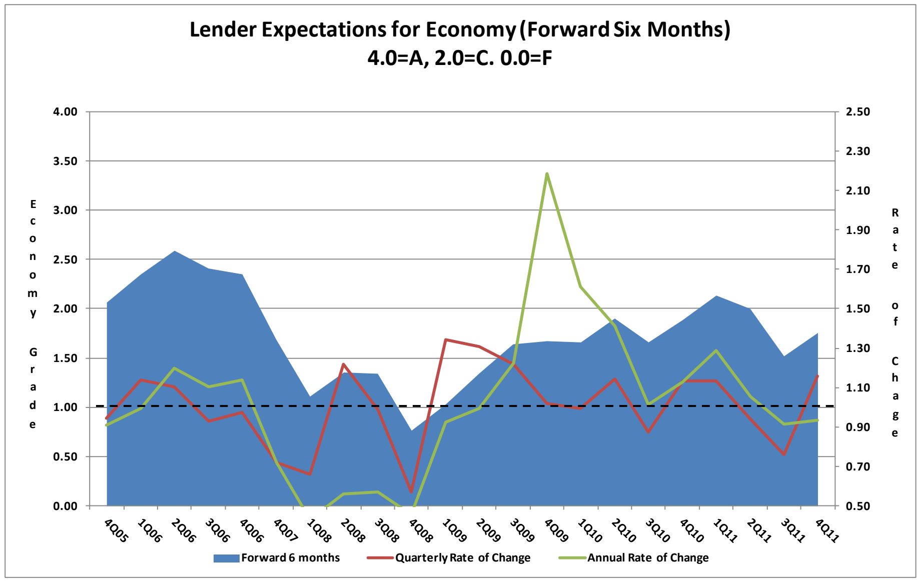
8. **For the sixth consecutive quarter, respondents anticipate the Construction industry to experience the most volatility in the next six months**. When asked to identify three industries that will experience the most volatility in the next six months, sixty one percent chose the Construction industry as likely to experience the most volatility. Forty nine percent of lenders chose the Real Estate and Rental/Leasing industry. These two industries were the top two responses in the previous two quarters. Forty one percent believe the retail trade industry will experience the most volatility in the next six months. Thirty nine percent of respondents chose the Finance and Insurance industry. Twenty four

percent of lenders anticipate the Healthcare & Social Assistance industry to experience significant volatility over the next six months. Twenty percent chose Public Administration as the industry to experience the most volatility in the next six month period. Fifteen percent believe the Manufacturing industry will experience the most volatility in the next six months. The remaining industries yielded responses of less than ten percent.



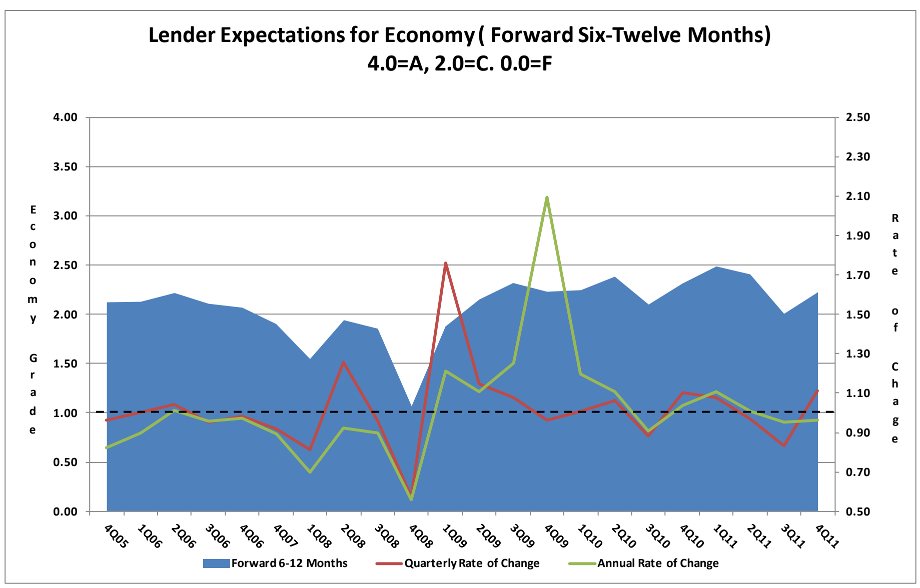
9. **For the second straight quarter, respondents' customers making new capital investments in the next six months was the leading growth expectation in the survey (thirty nine percent).** Thirty two percent of lenders anticipate their customers to introduce new products or services in the next six months; eight percentage points lower than in Q3 2011. Twenty nine percent responded their customers are planning on making an acquisition; lower by six percentage points from the previous quarter. Twenty seven percent expect their customers to begin to raise new capital compared to twenty nine percent from the previous quarter. Twenty two percent of lenders believe their customers will hire new employees during the next six months which is three percentage point decline from the previous quarter. Twenty percent believe their customers will enter new markets in the near term; lower by fifteen percentage points from the previous quarter. Five percent of respondents believe their customers will conduct "Other" activities in the near term.

10. **Lenders expectations for the economy's growth prospects in the next six months yielded an uptick compared to the previous survey.** As a result of the current economic outlook, lenders economic growth expectations increased by approximately a quarter of a letter grade, or 25 basis points, to "D+" levels compared to the previous survey. Seventy one percent of lenders believe the economy will perform at a "C" level or better over the next six months, compared to only fifty two percent in the previous survey. The quarterly rate of change signifies a 16% increase versus Q3 2011, while the annual rate of change yields a 7% decline compared to the same quarter in the prior year.



** Rate of Change of 1.0 is at equilibrium and signifies "no change" from the corresponding prior period of comparison.*

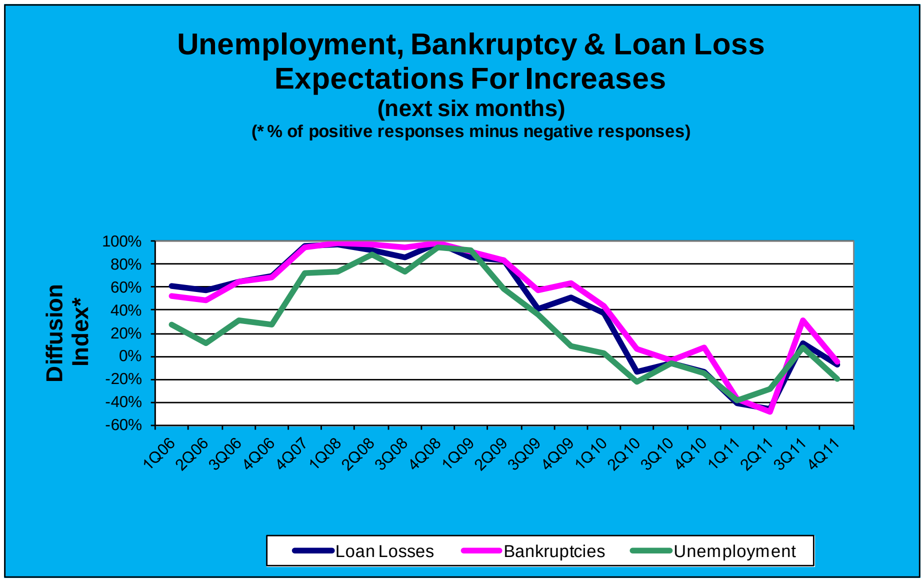
11. **Lenders expectations for the economy's growth expectations for the out period six to twelve months also signal signs of recovery compared to the previous survey.** Consistent with lenders' growth expectations for the next six month period compared to the previous quarter, the growth expectations for the out period also increased by approximately 25 basis points from a "C" level in Q3 2011 near to a "C+" level in the current quarter. Eighty eight percent of lenders believe the economy will perform at a "C" level or better in the six to twelve month out period, compared to seventy nine percent in the previous quarter. The quarterly rate of change yielded an eleven percent increase versus the prior quarter, while the annual rate of change experienced a four percent decrease versus the prior year period.



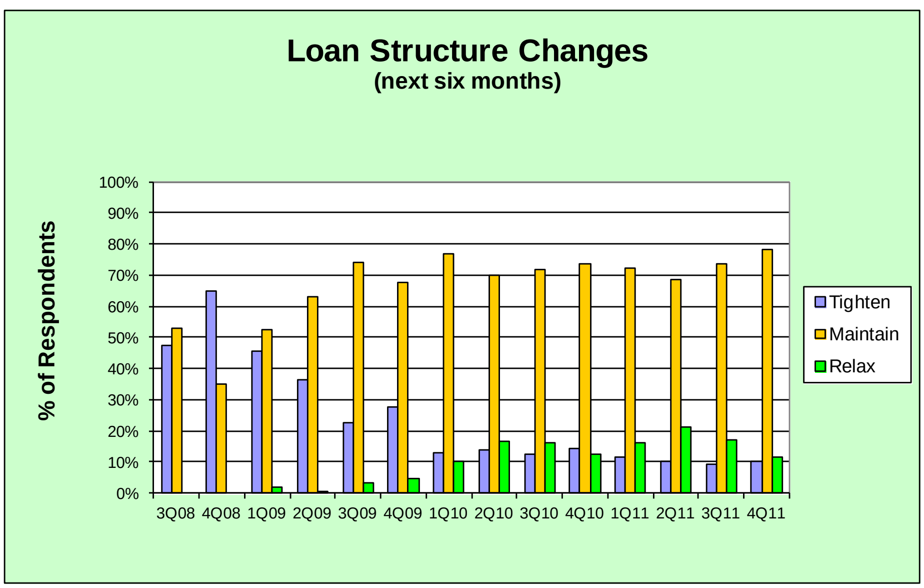
** Rate of Change of 1.0 is at equilibrium and signifies "no change" from the corresponding prior period of comparison.*

12. **Lenders expectations towards macroeconomic indicators weakened compared to the previous quarter.** Lenders expectations regarding economic indicators including loan losses, bankruptcies and unemployment all declined versus the previous quarter. Expectations of loan losses deteriorated by nineteen percentage points on the diffusion index as twenty seven percent of lenders believe loan losses will increase in the next six months compared to seventeen percent in the previous survey. Fifty four percent of lenders believe loan losses will remain the same which is unchanged from Q3 2011.

Bankruptcy expectations for the next six month period also declined as thirty two percent of lenders anticipate bankruptcy rates to worsen compared to only twelve percent in the previous quarter. As a result of the short term uncertainly, expectations of the Fed holding interest rates steady increased in the survey as ninety eight percent of respondents agreed that interest rates will remain the same for the next six months, compared to eighty three percent in Q3 2011.

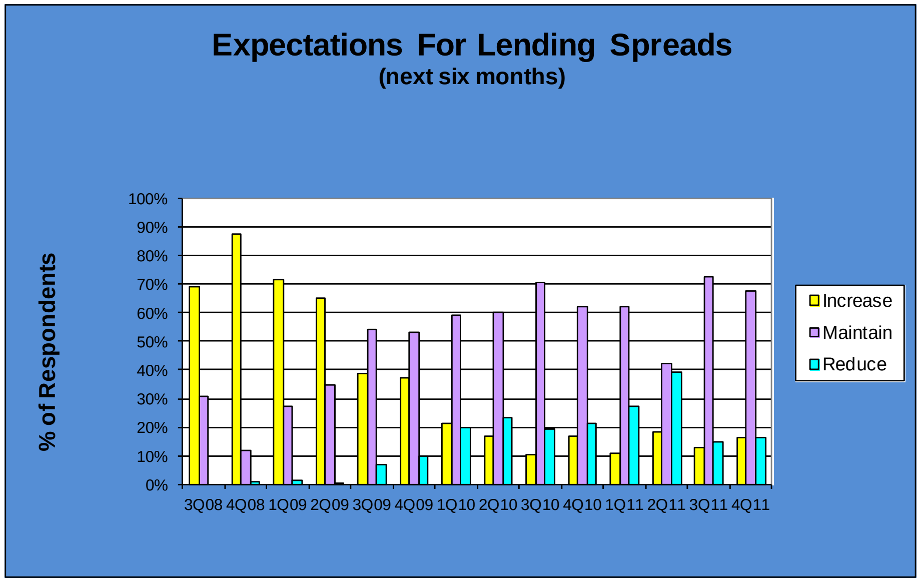


13. **Lender sentiment of maintaining their current loan structures increased slightly from the previous quarter.** The percentage of respondents planning to maintain their loan structure increased to seventy eight percent, four percentage points higher compared to the previous quarter. Lenders who expect to tighten their loan structures increased by only one percentage point versus the previous quarter (ten percent in current survey versus nine percent in Q3 2011). The rate of lenders expecting to relax their loan structures declined to twelve percent, five percentage points lower than the previous survey.



14. **Lenders expecting to maintain their interest rate spread decreased by five percentage points compared to the previous quarter.** Sixty eight percent of respondents (versus seventy three percent in the previous quarter) anticipate maintaining lending spreads from their current levels. The percentage of lenders expecting to reduce their current credit spreads increased by two percentage points, up to sixteen percent, in comparison to the

previous survey. Sixteen percent of lenders anticipate increasing their credit spreads in the next six months versus thirteen percent in Q3 2011.



Phoenix Management Services
"Lending Climate in America"
4th Quarter 2011

Survey Results

1. Call from Fed Governor for Government Interaction to Repurchase Mortgage Bonds in order to Stimulate Growth

Federal Reserve Governor Daniel Tarullo recently called for large scale purchases of mortgage bonds in an effort to revive U.S. growth.

Lenders were asked: What is your stance on another round of asset buying to revive growth?

- Forty four percent of respondents believe that any action that expands the Fed's $2.86 trillion balance sheet would only be appropriate if it is believed that the economy is in danger of a prolonged recession.
- Twenty nine percent agreed that this course of action would be more likely to raise inflation and/or inflation expectations rather than stimulate growth and therefore would not be a prudent economic revival effort.
- Fifteen percent believe this is an appropriate action by the Fed as mortgage backed securities are widely traded assets in a sector whose recovery is critical for the economy.
- The remaining twelve percent of lenders opined that this immediate capital stimulus into the economic system would prove to have an immediate positive impact compared to related legislation which could take months to have an impact on the general economy.

2. Holiday Season 2011 Retail Sales Expectations

Retail sales in the U.S. rose 1.1% in September 2011. This was more than forecasted and the largest increase since February. The National Retail Federation projects an increase of 2.8% this holiday season. How will retail sales fare in the coming months heading into the holiday season?

Lenders were asked: How will retail sales fare in the coming months heading into the holiday season?

- Fifty one percent of respondents believe that due to the lackluster job market, unstable commodity prices and overall economic uncertainties, retail sales will be less than the 2.8% projections.
- Forty four percent of lenders agreed that households will continue to remain cautious and conservative in their spending decisions and the 2.8% expected increase seems to be an appropriate estimate.
- The remaining five percent believe the rise in September 2011 retail sales is a sign that consumer confidence is improving and retail sales should increase from a year prior and be greater than the 2.8% projected increase.

3. Refinancing for "Underwater Borrowers"

State and Federal officials are pushing a plan that would allow many "underwater borrowers" to refinance. Under the plan, refinancing of mortgages would become available to some borrowers whose houses are worth less than their loans, as long as they are current on their mortgage payments and the mortgage is owned by a bank.

Lenders were asked: What is your opinion of this proposal?

- Twenty seven percent of respondents believe it would provide a much needed boost to the economy and benefit borrowers who have worked hard to stay current on their loans even though the loan is worth more than the home's value.

- Twenty seven percent agreed that the program would be costly for the banks as they will be forced to give up interest income on loans from borrowers that are current on their loan payments and based on their payment history, unlikely to default.

- Twenty four percent of lenders are concerned that if this plan is not extended to underwater borrowers, the projected rate of foreclosures in the near term could threaten economic growth for years to come.

- Twelve percent of respondents believe if the program is extended, the additional leverage held by the government would add unbearable strain to an existing unsustainable fiscal deficit.

- The remaining ten percent chose "Other" as their response to the question.

4. Highest Senior Debt to EBITDA Leverage 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.

- Ten percent of lenders opined their financial institution would consider a loan request with a leverage multiple of greater than 3.5x (previous survey: 17 percent).

- Twenty five percent indicated their institution would consider a loan request with a leverage multiple as high as the 3.0x – 3.5x range (previous survey: 37 percent).

- Twenty five 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: 9 percent).

- Seven percent of lenders believed their institution would consider a loan request with a Senior Debt to EBITDA multiple as high as 2.0x – 2.5x range (previous survey: 4 percent).

- Seven percent of lenders indicated that their financial institution would only consider a loan request with a Senior Debt to EBITDA ratio of less than 2.0x (previous survey: 0 percent).

- Twenty four 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).

- Two percent of lenders “Did not Know” in response to how their institution’s senior leverage ratio would change.

5. 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.

- Two percent conclude that the leverage multiple will increase greater than 0.5x during the next six months (previous survey: 5 percent).

- Twelve percent of lenders believe that the leverage multiple will increase less than 0.5x during the next six months (previous survey: 10 percent).

- Fifty six percent indicated that the Senior Debt to EBITDA multiple will not change at their financial institution over the next six months (previous survey: 54 percent).

- Three percent conclude that the leverage multiple will decrease less than 0.5x during the next six months (previous survey: 8 percent).

- Twenty four percent of respondents replied they are collateral lenders and, therefore, do not make credit decisions based on cash flow/leverage multiples (previous survey: 23 percent).

- Three percent of lenders responded “Do Not Know” regarding how senior leverage ratios would change at their financial institution in the next six months.

6. 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.

- Sixty one percent designated the housing market as the factor with the strongest potential to affect the near-term economy (previous survey: 48 percent).

- Forty six 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: 37 percent).

- Twenty four percent opined that the stability of the stock market has the strongest potential to affect the economy during the next six months (previous survey: 35 percent).

- Twenty two percent indicated constrained liquidity in the capital markets as the factor with the strongest potential to affect the near-term economy (previous survey: 23 percent).

- Fifteen percent concluded that unstable energy prices have the strongest potential to affect the economy during the next six months (previous survey: 21 percent).

- Seven percent chose “Other” factors as having the strongest potential to affect the economy during the next six months (previous survey: 12 percent).

7. 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 one percent designated the Construction industry as the industry expected to weather the greatest volatility in the near term (previous survey: 52 percent).
- Forty nine percent responded that the Real Estate and Rental/Leasing industry would experience the most volatility during the next six months (previous survey: 48 percent).
- Forty one percent believe the Retail Trade industry would experience the most volatility over the next six months (previous survey: 46 percent).
- Thirty nine percent of respondents believe the Finance and Insurance industry will experience the greatest volatility over the next six months (previous survey: 35 percent).
- Twenty four percent of respondents chose the Healthcare and Social Assistance industry to experience the greatest volatility (previous survey: 21 percent).
- Twenty percent of respondents believe the Public Administration industry will experience significant volatility in the next six months (previous survey: 12 percent).
- Fifteen percent of lenders believe the Manufacturing industry to experience the greatest volatility (previous survey: 25 percent).
- The balance of the industry choices registered ten percent or less from the respondents.

8. 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.

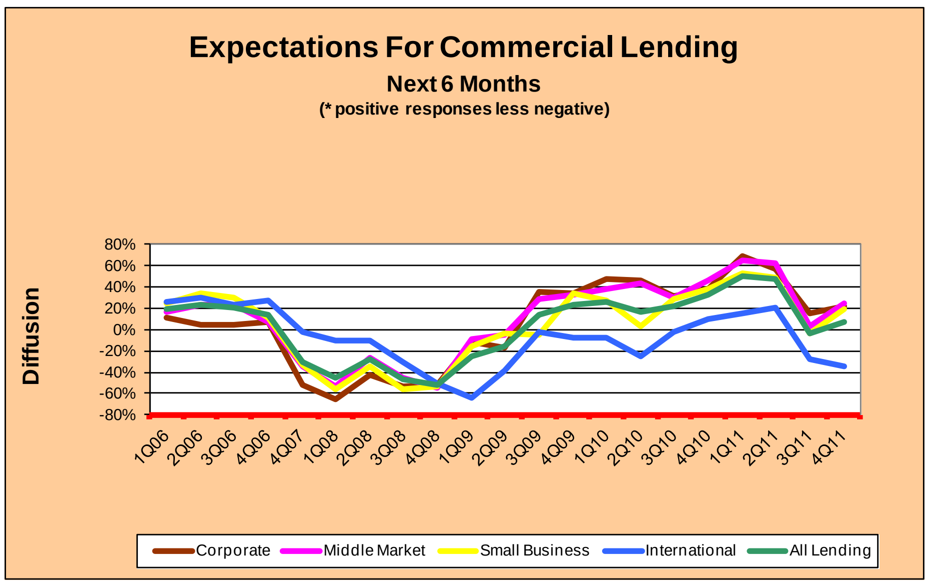
- Thirty nine percent of lenders believe their customers will be making new capital investments (previous survey: 44 percent).
- Thirty two percent of lenders believe their customers are planning on introducing new products or services (previous survey: 40 percent).
- Twenty nine percent of lenders indicated their customers are planning on making an acquisition in the next six months (previous survey: 35 percent).
- Twenty seven percent indicated their customers are planning on raising additional capital in the near term (previous survey: 29 percent).
- Twenty two percent of respondents indicated their customers plan on hiring new employees in the next six months (previous survey: 25 percent).
- Twenty percent responded their customers are planning on entering new markets in the near term (previous survey: 35 percent).

- Twelve percent of lenders believe their customers are planning "Other" initiatives in the next six months (previous survey: 8 percent).

9. 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.

- Overall sentiment regarding lending economic indicators experienced modest improvement versus the previous quarter, however still lower than the heightened expectations in Q1-Q2 2011. Twenty seven percent of the respondents believe the lending environment is improving compared to only twenty percent of respondents from the previous quarter. This compares to optimistic sentiment levels of 45%-55% in the first half of 2011. The overall lending diffusion index for all lending categories was higher by eleven percentage points in comparison to the previous quarter. The diffusion index for all types of domestic lending categories were higher versus the previous quarter, while expectations for international lending continued its negative trend due to the deepening European debt crisis.



	4Q/2011			3Q/2011		
	Up	Down	Same	Up	Down	Same
Corporate Lending	32%	10%	58%	31%	15%	54%
Middle Market Lending	32%	7%	61%	13%	10%	77%
Small Business Lending	37%	17%	46%	22%	26%	52%
International Lending	10%	44%	46%	12%	40%	48%

- Expectations for near term loan losses, bankruptcies and unemployment yielded negative sentiment in Q4 2011 in comparison to the previous survey. Concerns regarding unemployment continue to resonate as only seven percent of lenders believe unemployment will improve versus twenty three percent in the previous quarter. Due to weakening macroeconomic sentiment, expectations of interest rates being maintained increased to ninety eight percent, versus eighty three percent in the previous quarter.

	4Q/2011			3Q/2011		
	Up	Down	Same	Up	Down	Same
Loan Losses	19%	27%	54%	29%	17%	54%
Bankruptcies	27%	32%	41%	42%	12%	46%
Interest Rates	2%	0%	98%	12%	6%	82%
Unemployment	7%	27%	66%	23%	15%	62%

10. 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. In the current quarter, seventy one percent of respondents believe the economy will perform at a "C" level or better, which is nineteen percentage points higher than the previous quarter. The percentage of lenders who believe the economy will languish at a "D" level or worse declined by nineteen percentage points from the previous survey (29 percent in Q4 2011 versus 48 percent in Q3 2011).

Grade	4Q/2011	3Q/2011
A	0%	0%
B	5%	0%
C	66%	52%
D	29%	48%
F	0%	0%
Weighted Average Grade	1.76	1.52

11. 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.

- Lenders expectations for the U.S. economy's performance in the "out six months" period also improved compared to the previous survey, from a weighted average input of 2.22 in the current survey compared to a grade of 2.00 in Q3 2011. Thirty four percent of lenders believe the economy will perform at a "B" level or higher compared to only twenty one percent in the previous survey.

Grade	4Q/2011	3Q/2011
A	0%	0%
B	34%	21%
C	54%	58%
D	12%	21%
F	0%	0%
Weighted Average	2.22	2.00

12. 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 increased by sixteen percentage points from sixty percent in the previous survey to seventy six percent in Q4 2011. Lenders expectations for their customers to experience “no growth” declined dramatically to twenty two percent versus thirty eight percent in the previous quarter. In the current survey two percent of lenders indicated customer growth expectations as “very strong” versus zero percent in the previous survey.

Indication	4Q/2011	3Q/2011
Very Strong	2%	0%
Strong	0%	2%
Moderate	76%	60%
No Growth	22%	38%

13. 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 eight percent of lenders anticipate maintaining their loan structures in the near term, four percentage points higher than expectations in the previous quarter. Lenders who believe that loan structures would tighten in the near term increased by only one percentage point to ten percent up from nine percent in the previous quarter. Those lenders who expect to relax their loan structures declined by five percentage points to twelve percent in the current quarter.

	4Q/2011			3Q/2011		
	Tighten	Maintain	Relax	Tighten	Maintain	Relax
Loans> $25 million	14%	67%	19%	5%	80%	15%
$15 – 25 million	11%	81%	8%	4%	79%	17%
$5-15 million	8%	86%	6%	10%	72%	18%
Under $5 million	8%	79%	13%	18%	66%	18%
Overall Average	10%	78%	12%	9%	74%	17%

14. 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.

- A majority of respondents (seventy two percent) plan to maintain their current interest rate spreads and fee structures on all sizes of loans – higher by four percentage points from the previous quarter. Fifteen percent of lenders agreed that they intend on reducing their spreads in the near term; a one percentage point decrease compared to the previous quarter. Lenders who anticipate increasing their interest rate spreads declined to thirteen percent, lower by three points from the previous quarter.

	4Q/2011			3Q/2011		
	Reduce	Maintain	Increase	Reduce	Maintain	Increase
Loans> $25 million	22%	70%	8%	22%	70%	8%
$15 – 25 million	13%	79%	9%	13%	79%	9%
$5-15 million	16%	67%	16%	16%	67%	16%
Under $5 million	8%	75%	18%	8%	75%	18%
Overall Average	15%	72%	13%	16%	68%	16%

15. 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.

- Consistent with the previous survey, a significant majority of lenders, eighty eight percent, believe that the Fed will not change during the next six months, an expectation that is lower by only two percentage points compared to the previous quarter. Seven percent of lenders believe interest rates will increase in the coming six months versus the previous survey at six percent. Five percent of lenders believe that the Fed will decrease interest rates in the near term versus four percent during last quarter's survey.

Bps Change	4Q/2011	3Q/2011
-More than 1.0	2%	0%
-1.0	0%	0%
-.75	0%	0%
-.50	0%	0%
-.25	3%	4%
0	88%	90%
+.25	7%	6%
+.50	0%	0%
+.75	0%	0%
+1.0	0%	0%
More than 1.0	0%	0%
Weighted Average	-0.02 basis points	+ 0 basis points

16. Current Competition

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

- Regional banks served as the primary source of competition at fifty six percent versus forty eight percent in the previous quarter. Local Commercial/Community Banks, at twenty two percent, served as the second highest source of competition followed by Money Center Banks at fifteen percent. Commercial Finance Organizations along with Factors came in as the lowest threat of competition at two percent of the vote and the final three percent of respondents indicated they were from "Other" segments of the industry.

	4Q/2011	3Q/2011
Money Center Banks	15%	17%
Local Commercial/ Community Banks	22%	15%
Factors	2%	2%
Regional Banks	56%	48%
Commercial Finance Organizations	2%	15%
Other	3%	2%