Phoenix Management Services
"Lending Climate in America" Survey

3rd Quarter 2012
Summary, Trends and Implications

PHOENIX
"LENDING CLIMATE IN AMERICA"
QUARTERLY SURVEY

3rd Quarter 2012

SUMMARY, TRENDS AND IMPLICATIONS

1. **Recently, Knight Capital Group, Inc. incurred a trading loss that crippled the business and left management searching for a financial lifeline to continue operations. It was revealed the source of the loss was a software error that processed erroneous trades. This event is the latest in a series of equity market issues that has caused public apprehension (Facebook IPO, JPMorgan's rogue trader and the "Flash Crash"). Which response suggests how you feel about the domestic equity market and regulation?**

   This question yielded a balanced response from survey takers. The majority response, "Public apprehension is due to nonsystematic risk factors. Firms involved in equity capital markets need to do a better job with quality assurance, risk management and compliance in order to maintain the integrity of the system" received thirty four percent of total responses. Twenty five percent of respondents believe that "The structure of domestic equity markets needs to be simplified. The present system is too complex, which leads to continued functional problems". An equal number of lenders, eighteen percent, chose both "Regulators need to assume a more active role, public trust should be paramount and without a change in regulatory authority and statutes these problems will reoccur" and "The advent and continued embrace of technology has had an incredible net benefit to the industry and capital markets. The recent tech related errors will be used as a training tool to prevent future issues from derailing equity capital markets transactions". Five percent of respondents had "Other" feelings about domestic equity markets and regulation.

2. **Which election year hot button issue will most influence your vote this November?**

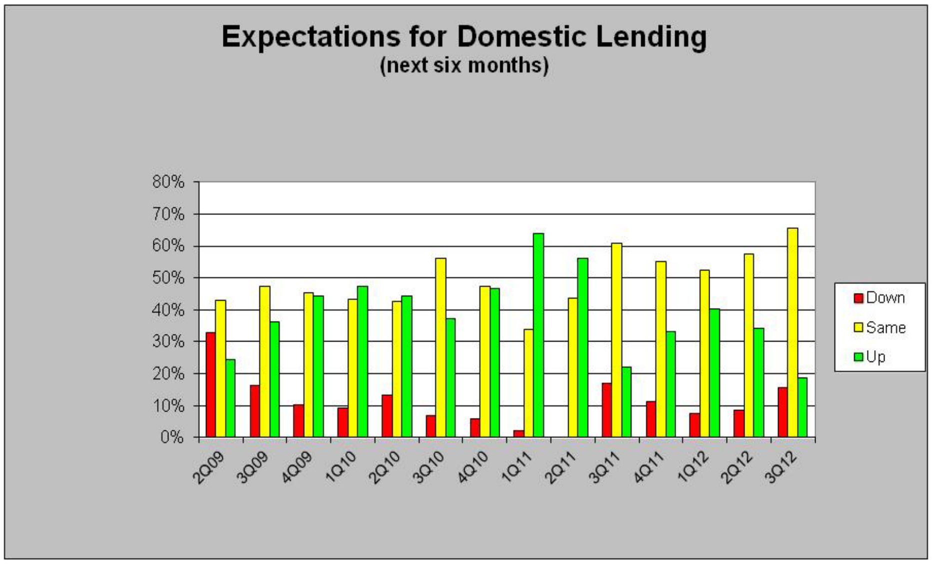
   According to survey results, "Economic Performance" is the most influential voting issue among lenders, capturing forty four percent of total responses. "Fiscal Policy/Taxation" followed suit with thirty six percent of all responses. Rounding out the top three, "entitlement programs (Social Security, Medicare, Medicaid, etc.)" garnered nine percent of survey responses. "Social Issues" finished just behind with seven percent of all respondents finding this issue the most influential. Two percent of individuals chose "Stock Market Performance" and "Other".

3. **For the two months ended July 31, 2012, Federal Reserve data shows bank deposits increased to $8.88 trillion with business lending also increasing, totaling $7.11 trillion. The $1.77 trillion gap between the two is a record and has grown at a 15% clip since May 2012. What are your thoughts going forward about the deposit and lending relationship?**

   Fifty seven percent of lenders believe that "Given the current uncertain macro environment, deposits will continue to increase while lending will remain consistent, widening the gap between the two". Thirty four percent of lenders feel that "The gap between bank deposits and business lending will remain consistent over the next six months". Seven percent of survey takers agree that "Banks will shed treasury holdings in favor of earning lending revenue, thus reducing the gap between bank held deposits and business lending in the near term". The remaining two percent of respondents have "Other" feelings about the bank deposits and business lending relationship going forward.

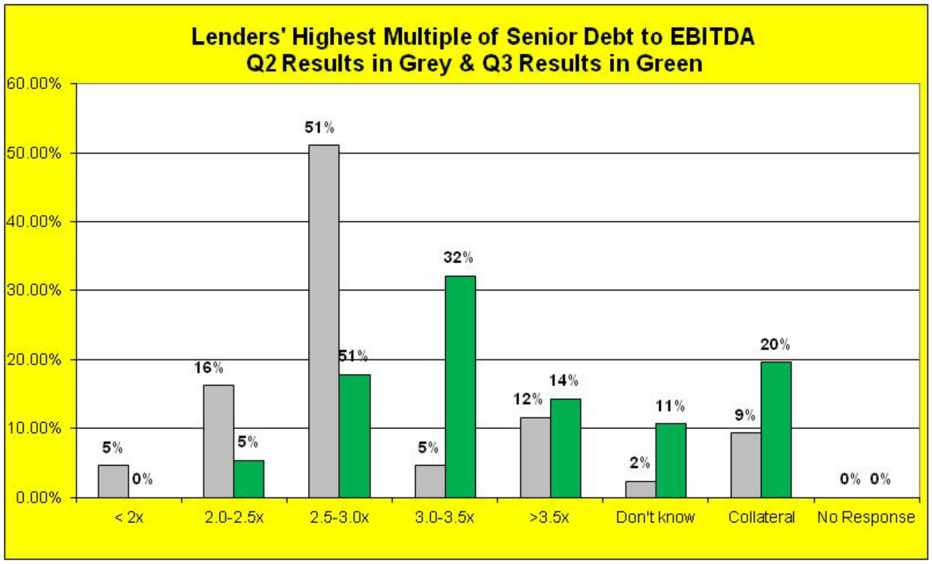
4. **Growth expectations decline, while stagnation appears to be on the rise.** This quarter's diffusion index decreased twenty three percentage points relative to last quarter. Looking at the same period six months ago shows a decrease in the diffusions index of thirty percentage points. Interestingly, retracing historical survey results to the same period in 2011, lenders showed similar

subdued expectations. Respondents indicated that on average for all domestic lending categories, nineteen percent expect increased loan demand (compared to thirty four percent in the prior quarter). Sixteen percent of lenders this quarter feel that an overall domestic lending slow down is imminent (only nine percent of lenders felt this way the previous quarter). Corporate, middle market, small business lending and international lending criteria were universally expected to decline, driving overall domestic negativity.



5. **Financial leverage ratios for cash flow lending expand in the 3rd quarter according to survey results.**

Total responses in the 3.0-3.5x debt to EBITDA leverage category posted the largest percentage point gain of any leverage category this quarter. Lender responses in the 3.0-3.5x category increased twenty seven percentage points relative to last quarter's survey (thirty two percent in the current survey versus five percent in Q2). Twenty percent of surveyed lenders indicated that collateral supersedes senior debt to EBITDA ratio when considering a loan request. Last quarter, nine percent of lenders focused on collateral. Conversely, eighteen percent of lenders indicated that they would consider a loan with a senior leverage ratio between 2.5-3.0x, which is thirty three percentage points lower than last quarter (51%). Fourteen percent of lenders responded that their institution would consider senior debt to EBITDA ratios in excess of 3.5x, this leverage metric increased from twelve percent last quarter. Five percent of lenders would consider providing senior term loans in the 2-2.5x ratio category, an eleven percentage point decrease relative to Q2 2012 (16%). There were zero responses in the 2.0x category (last quarter had five percent of responses). Eleven percent of those individuals surveyed did not know the highest leverage ratio their firm would consider for a loan request.

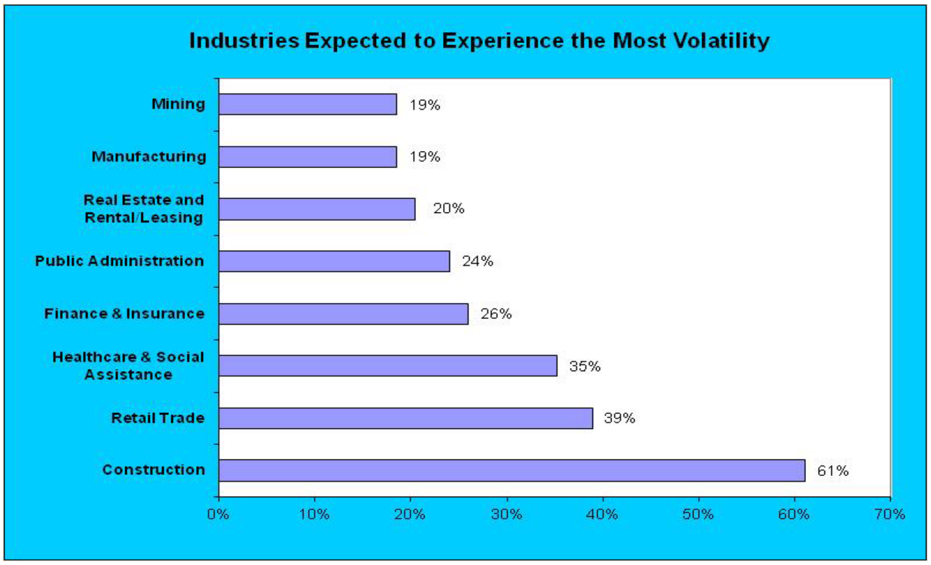


6. **The majority (fifty four percent) of respondents believe their institution's senior debt to EBITDA ratio will experience no change in the next six months compared to sixty five percent that shared the same sentiment last quarter.** Twenty one percent of respondents indicated they were collateral lenders and did not specifically focus on senior debt to EBITDA multiple (up twelve percentage points from the previous survey). Eleven percent of lenders specified that they do not know how senior leverage ratios will change at their financial institutions in the next six months. Nine percent of lenders anticipate the multiple will increase less than 0.5x over the next six months (seven percentage point decrease from Q2 2012).Three percent of respondents suggested that the multiple would decline at their financial institution over the next six months (a slight increase from last quarter's two percent response). Two percent of respondents believe that the highest senior debt to EBITDA multiple will increase by greater than 0.5x (lower by one percentage point from the previous quarter).

7. **Looming U.S. fiscal deadline and uncertainty regarding energy prices are chief concerns among lenders over the next several months.** When asked to choose two factors that could have the strongest potential to affect the economy in the next six months, sixty six percent (versus forty nine percent in the previous quarter) chose the U.S. budget deficit. Unstable energy price concerns were the second greatest response, with thirty nine percent of those polled showing concern (thirty percent in the last survey). Twenty seven percent of lenders had economic concerns other than those listed; this result is a four percentage point increase from last quarter (twenty three percent of responses). Sluggish housing markets and constrained liquidity in capital markets each saw the same percentage of lender choices, eighteen percent. Last quarter, forty seven percent of survey takers believed a sluggish housing economy would have the greatest potential to affect the economy in the near term and nineteen percent believed constrained liquidity would do the same. Stability in the stock market garnered sixteen percent of responses, a decrease of five percentage points from last quarter. The war in Iraq was the least concern of lenders this quarter, with two percent of total responses.

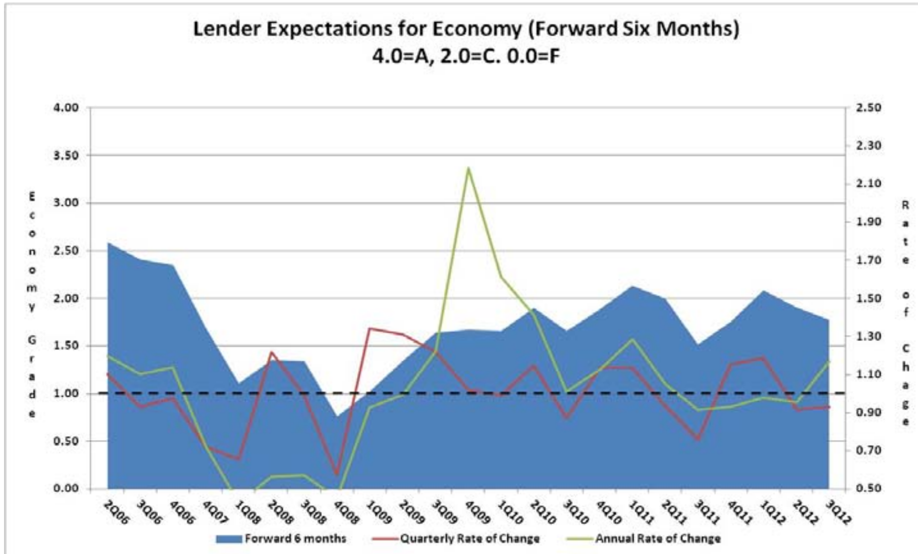
8. **For the eighth consecutive quarter, respondents anticipate the construction industry to experience the most volatility in the next six months**. When asked to identify three industries that will experience the most volatility in the next six months, sixty one percent (up from fifty six percent in the previous survey) chose the construction industry as likely to experience the most volatility. Thirty nine percent of respondents feel that retail trade will experience significant volatility in the short term, last quarter twenty three percent of survey takers chose this industry. The healthcare and social assistance industry received third place honors, with thirty five percent of all respondent's choices. Last quarter, sixteen percent of lenders believed this industry would experience challenges ahead. The finance and insurance industry experience the largest percentage point drop this quarter, twenty six percent of survey respondents chose this industry, compared to forty seven percent last quarter. Rounding out the top five, twenty four percent of respondents are

of the opinion that public administration will face short term headwinds (last quarter, sixteen percent of lenders chose this industry). This quarter's remaining responses include real estate and rental/leasing with twenty percent. Manufacturing and mining both had nineteen percent of total responses, agriculture, forestry, fishing and hunting garnered seventeen percent. Transportation and warehousing had eleven percent of all responses. The remaining industries yielded responses of less than ten percent.



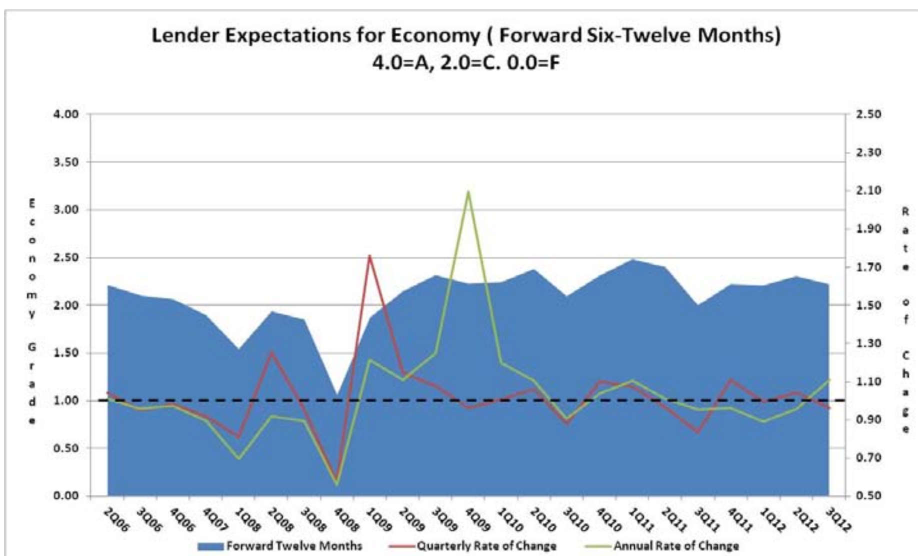
9. **Lenders' customers are still optimistic about undertaking new capital investments in the next six months (forty eight percent this quarter versus forty four percent in Q2).** Forty four percent of customers plan on making an acquisition in the next six months, a seven percentage point increase from last quarter. Thirty seven percent of lenders believe their customers will introduce new products or services, a quarterly reduction of five percentage points. Twenty six percent of lenders believe their customers will both raise additional capital and enter new markets during the next six months. Last quarter, entering new markets garnered thirty five percent of all responses (a nine percentage point drop this quarter), while raising capital maintained the same percentage this quarter as last. Somewhat disappointing in this quarter, only twenty percent of lender's customers anticipate new hires. Last quarter this choice received thirty five percent of all responses, a drop of fifteen percentage points quarter over quarter. Seventeen percent of respondents believe their customers will conduct "Other" activities in the near term, another significant quarterly increase of fifteen percentage points.

10. **Q3 2012 economic performance grade for the next six months continues to slip.** Economic growth sentiment dropped for the second consecutive quarter, receiving an overall "C-" grade, falling slightly by thirteen basis points relative to the prior quarter. The majority of lenders (seventy six percent) still see the economy performing at a "C" level or better over the next six months, compared to seventy seven percent in the previous survey. Twenty four percent of respondents agreed that the economy will perform at a "D" grade or better in the next six months a slight bump from the twenty three percent who felt the same way last quarter. The percentage of lenders who believe the economy will perform at a "B" level or higher dropped ten percentage points this quarter to only two percent of respondents. Of note, zero lenders anticipate an "F" grade. The quarterly and year-over-year rates of change both signaled slight increases relative to their respective time periods.



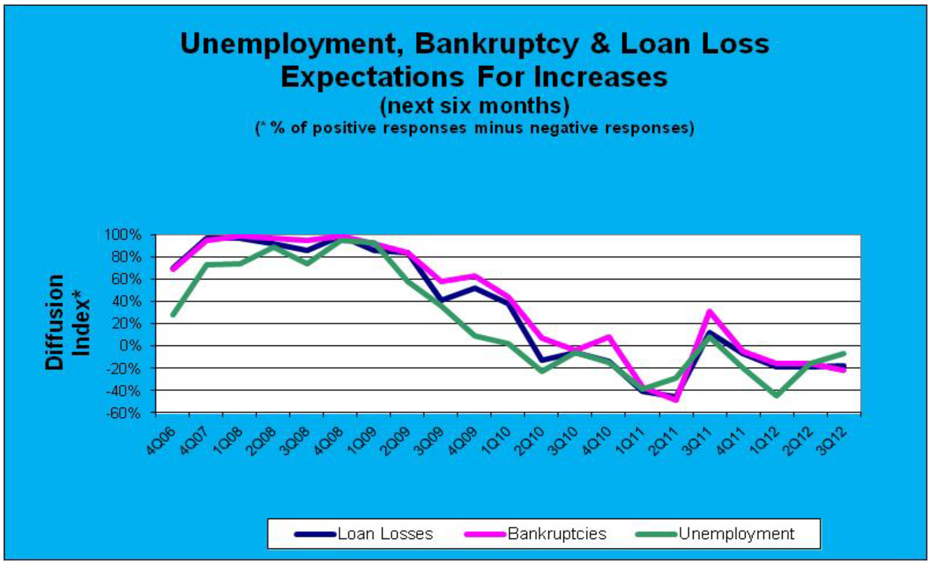
** Rate of Change of 1.0 is at equilibrium and signifies "no change" from the corresponding prior period of comparison.*

11. **Longer term outlook maintains economic performance expectations.** Lenders growth expectations for the U.S. economy beyond six months contracted by eight basis points according to survey results. This quarter yielded a "C" grade compared to the "C+" level from last quarter. Ninety percent of lenders believe the economy will perform at a "C" level or better in the six to twelve month period, compared to ninety five percent in the previous quarter.

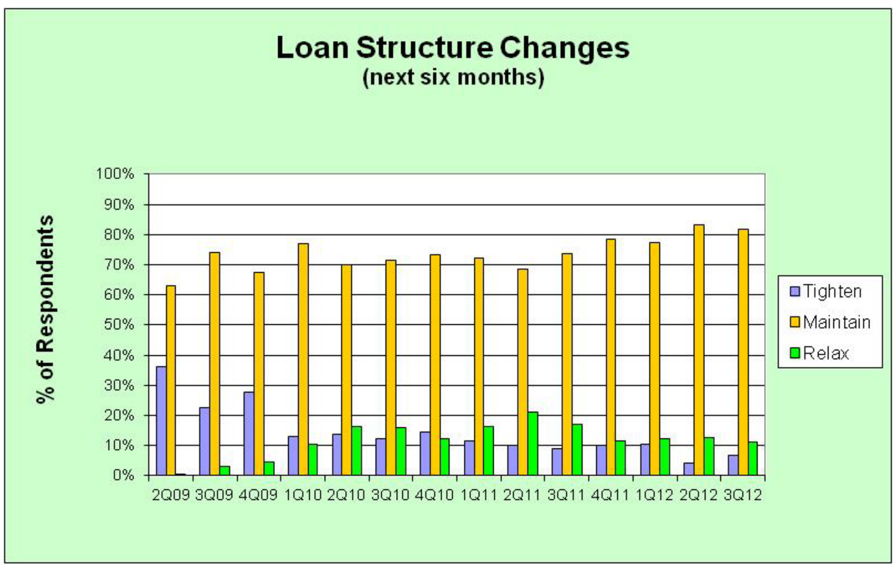


** Rate of Change of 1.0 is at equilibrium and signifies "no change" from the corresponding prior period of comparison.*

12. **Lenders this quarter are more polarized in their opinions of macro lending trends than in the prior quarter.** Highlights include unemployment increasing for the first time since Q3 2011. Loan Losses and Bankruptcies had more opinionated responses this quarter with an increase in perceived losses and bankruptcies, but also an increase in lenders expecting fewer bankruptcies and loan losses.



13. **Lenders anticipate maintaining their current loan structures.** The percentage of respondents planning to maintain their loan structure remained within one percentage point of last quarter's results, totaling eighty two percent of respondents. Lenders who expect to tighten their loan structures increased three percentage points this quarter. Lenders anticipating relaxing their client's loan structures decreased two percentage points.



14. **Interest rate spreads continue to remain relatively static according to survey results.** Seventy four percent of respondents (versus seventy one percent in the previous quarter) anticipate maintaining lending spreads at their current levels. The percentage of lenders expecting to reduce their current credit spreads retracted seven percentage points, representing thirteen percent of total responses this quarter. Thirteen percent of lenders anticipate increasing their credit spreads in the next six months versus nine percent in Q2 2012. These survey results suggest a mild spread increase trend going forward.


Expectations For Lending Spreads
(next six months)
% of Respondents
80%
70%
60%
50%
40%
30%
20%
10%
0%
2Q09
3Q09
4Q09
1Q10
2Q10
3Q10
4Q10
1Q11
2Q11
3Q11
4Q11
1Q12
2Q12
3Q12
Increase
Maintain
Reduce

Phoenix Management Services
"Lending Climate in America"

3rd Quarter 2012

Survey Results

1. Firm compliance and quality control essential to restoring public confidence in domestic equity markets.

Recently, Knight Capital Group, Inc. incurred a trading loss that crippled the business and left management searching for a financial lifeline to continue operations. It was revealed the source of the loss was a software error that processed erroneous trades. This event is the latest in a series of equity market issues that has caused public apprehension (Facebook IPO, JPMorgan's rogue trader and the "Flash Crash").

Lenders were asked: Which response suggests how you feel about the domestic equity market and regulation?

- Thirty four percent believe public apprehension is due to nonsystematic risk factors. Firms involved in equity capital markets need to do a better job with quality assurance, risk management and compliance in order to maintain the integrity of the system.
- Twenty five percent feel that the structure of domestic equity markets needs to be simplified. The present system is too complex, which leads to continued functional problems.
- Eighteen percent of respondents think regulators need to assume a more active role, public trust should be paramount and without a change in regulatory authority and statutes these problems will reoccur.
- Eighteen percent are of the opinion that the advent and continued embrace of technology has had an incredible net benefit to the industry and capital markets. The recent tech related errors will be used as a training tool to prevent future issues from derailing equity capital markets transactions.
- Five percent have other feelings regarding the domestic equity market and regulation.

2. Economic Performance, Fiscal Policy and Taxation highlight most influential issues for lending community preceding national elections.

Lenders were asked: Which election year hot button issue will most influence your vote this November?

- Forty four percent of respondents agreed with economic performance.
- Thirty six percent decided that fiscal policy/taxation was most influential to them.
- Nine percent felt entitlement programs (Social Security, Medicare, Medicaid, etc.) were the most important election issue.
- Seven percent believe that social issues will drive their vote this November.
- Two percent feel that stock market performance will decide who receives their vote.

- Two percent feel that other issues or concerns will influence their vote this year.

- Zero percent believe foreign policy will be the most influential issue to them in this election.

3. Deposits poised to increase while lending remains stagnant

For the two months ended July 31, 2012, Federal Reserve data shows bank deposits increased to $8.88 trillion with business lending also increasing, totaling $7.11 trillion. The $1.77 trillion gap between the two is a record and has grown at a 15% clip since May 2012.

Lenders were asked: What are your thoughts going forward about the deposit and lending relationship?

- Fifty seven percent are of the opinion that given the current uncertain macro environment, deposits will continue to increase while lending will remain consistent, widening the gap between the two.

- Thirty four percent sense the gap between bank deposits and business lending will remain consistent over the next six months..

- Seven percent of lenders believe banks will shed treasury holdings in favor of earning lending revenue, thus reducing the gap between bank held deposits and business lending in the near term.

- Two percent responded with thoughts other than those listed

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.

- Thirty two percent indicated their institution would consider a loan request with a leverage multiple as high as the 3.0x – 3.5x range (previous survey: 5 percent).

- Twenty percent of respondents replied they are collateral lenders and, therefore, do not make credit decisions based on cash flow/leverage multiples (previous survey: 9 percent).

- Eighteen 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: 51 percent).

- Fourteen percent of lenders opined their financial institution would consider a loan request with a leverage multiple of greater than 3.5x (previous survey: 12 percent).

- Eleven percent of lenders either “did not know” or did not respond with regard to how their institution’s senior leverage ratio would change.

- Five 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: 16 percent).

- Zero 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: 5 percent).

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.

- Fifty four percent indicated that the Senior Debt to EBITDA multiple will not change at their financial institution over the next six months (previous survey: 65 percent).
- Twenty one percent of respondents replied they are collateral lenders and, therefore, do not make credit decisions based on cash flow/leverage multiples (previous survey: 9 percent).
- Eleven percent of lenders responded "Do Not Know" regarding how senior leverage ratios would change at their financial institution in the next six months.
- Nine percent of lenders believe that the leverage multiple will increase less than 0.5x during the next six months (previous survey: 16 percent).
- Three percent conclude that the leverage multiple will decrease less than 0.5x during the next six months (previous survey: 2 percent).
- Two percent conclude that the leverage multiple will increase greater than 0.5x during the next six months (previous survey: 5 percent).

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 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: 49 percent).
- Thirty nine percent concluded that unstable energy prices have the strongest potential to affect the economy during the next six months (previous survey: 37 percent).
- Twenty seven percent chose "Other" factors as having the strongest potential to affect the economy during the next six months (previous survey: 23 percent).
- Eighteen percent designated the sluggish housing market as the factor with the strongest potential to affect the near-term economy (previous survey: 47 percent).
- Eighteen percent indicated constrained liquidity in the capital markets as the factor with the strongest potential to affect the near-term economy (previous survey: 19 percent).
- Sixteen percent opined that the stability of the stock market has the strongest potential to affect the economy during the next six months (previous survey: 21 percent).
- Two percent indicated the war in Iraq as the factor with the strongest potential to affect the near-term economy (previous survey: 0 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 have the greatest volatility in the near term (previous survey: 56 percent).

- Thirty nine percent believe the retail trade industry would experience the most volatility over the next six months (previous survey: 23 percent).

- Thirty five percent of respondents chose the healthcare and social assistance industry to experience the greatest volatility (previous survey: 16 percent).

- Twenty six percent of respondents believe the finance and insurance industry will experience the greatest volatility over the next six months (previous survey: 47 percent).

- Twenty four percent of lenders feel that the public administration industry will face increasing volatility in the near term (previous survey: 16 percent).

- Twenty percent responded that the real estate and rental/leasing industry would experience the most volatility during the next six months (previous survey: 44 percent).

- Nineteen percent of lenders believe the manufacturing industry to experience the greatest volatility (previous survey: 19 percent).

- Nineteen percent of respondents believe the mining industry will experience significant volatility in the next six months (previous survey: 9 percent).

- Seventeen percent of survey takers are of the opinion agriculture, forestry, fishing and hunting will experience significant volatility in the short term (previous survey: 0 percent).

- Eleven percent of respondents chose the transportation and warehousing industry to experience the most turbulence in the next six months (previous survey: 9 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.

- Forty eight percent of lenders believe their customers will be making new capital investments (previous survey: 44 percent).

- Forty four percent of lenders indicated their customers are planning on making an acquisition in the next six months (previous survey: 37 percent).

- Thirty seven percent of lenders believe their customers are planning on introducing new products or services (previous survey: 42 percent).

- Twenty six percent responded their customers are planning on entering new markets in the near term (previous survey: 35 percent).

- Twenty six percent indicated their customers are planning on raising additional capital in the near term (previous survey: 26 percent).

- Twenty percent of respondents indicated their customers plan on hiring new employees in the next six months (previous survey: 35 percent).

- Seventeen percent of lenders believe their customers are planning "Other" initiatives in the next six months (previous survey: 2 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 another quarterly reduction. Eighteen percent of respondents view the lending environment as improving compared to twenty eight percent of respondents from the previous quarter. The overall lending diffusion index for all lending categories was lower by seventeen percentage points compared to Q2 2012. The domestic lending diffusion index was dramatically lower as well this quarter. The index decreased by twenty three percentage points relative to last quarter.

	3Q/2012			2Q/2012		
	Up	Down	Same	Up	Down	Same
Corporate Lending	24%	18%	58%	30%	12%	58%
Middle Market Lending	16%	17%	67%	28%	7%	65%
Small Business Lending	16%	13%	71%	44%	7%	49%
International Lending	15%	43%	42%	10%	37%	53%

- This quarter illustrated a shift in lender opinions, specifically more individuals felt the categories in the table below were going to move one way or another in the short term. In many cases this quarter's results showed increases in both negative and positive trends in the lending environment. For instance, loan losses were up eleven percentage points from last quarter, but those who feel loan losses will decline also increased ten percentage points.

	3Q/2012			2Q/2012		
	Up	Down	Same	Up	Down	Same
Loan Losses	20%	38%	42%	9%	28%	63%
Bankruptcies	15%	36%	49%	7%	23%	70%
Interest Rates	5%	22%	73%	5%	7%	88%
Unemployment	15%	22%	63%	7%	23%	70%

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.

- Responses slipped again this quarter with respect to the economic growth grade point average. In the current quarter, seventy four percent of respondents believe the economy will perform at a "C" level, which represents an increase of nine percentage points from the previous quarter. The largest driver of the weighted average grade reduction was the nine percentage point decrease in lenders who feel the economy will perform at an "A" or "B" level in the next six months.

Grade	3Q/2012	2Q/2012
A	0%	2%
B	2%	9%
C	74%	65%
D	24%	23%
F	0%	0%
Weighted Average Grade	1.78	1.91

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 on a grading scale of A through F.

- Lenders expectations for the U.S. economy's performance in the longer term experienced a slight retraction relative to the previous quarter. The weighted average fell eight basis points and eighty nine percent of lenders feel as though in the longer term the economy will performed a "C" or better level (compared to ninety five percent last quarter).

Grade	3Q/2012	2Q/2012
A	0%	0%
B	34%	37%
C	55%	58%
D	9%	3%
F	2%	2%
Weighted Average	2.22	2.30

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 three percentage points in Q3 2012. Lenders expectations for their customers to experience "no growth" showed a slim increase this quarter, while strong growth expectations experienced a four percentage point pull back from last quarter.

Indication	3Q/2012	2Q/2012
Very Strong	0%	0%
Strong	3%	7%
Moderate	84%	81%
No Growth	13%	12%

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.

- Similar to last quarter, eighty two percent of lenders anticipate maintaining their loan structures in the near term. This quarter did show a slight shift towards tightening loan standards, according to survey results.

	3Q/2012			2Q/2012		
	Tighten	Maintain	Relax	Tighten	Maintain	Relax
Loans> $25 million	6%	79%	15%	0%	83%	17%
$15 – 25 million	4%	85%	11%	3%	85%	12%
$5-15 million	6%	85%	9%	2%	86%	12%
Under $5 million	13%	78%	9%	12%	79%	9%
Overall Average	7%	82%	11%	4%	83%	13%

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.

- The majority of respondents (seventy four percent) plan to maintain their current interest rate spreads and fee structures on all sizes of loans. This quarter did highlight a continuing trend towards anticipated spread and fee increases (the last two quarterly surveys have produced increased lender responses suggesting adjustments).

	3Q/2012			2Q/2012		
	Reduce	Maintain	Increase	Reduce	Maintain	Increase
Loans> $25 million	19%	72%	9%	27%	63%	10%
$15 – 25 million	17%	74%	9%	24%	68%	8%
$5-15 million	11%	74%	15%	20%	73%	7%
Under $5 million	6%	75%	19%	7%	80%	13%
Overall Average	13%	74%	13%	20%	71%	9%

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 four percent, believe that the Fed will not change interest rate during the next six months. Two percent of lenders believe interest rates will increase in the coming six months, which is ten percentage points lower than last quarter. This quarter's survey did display a jump (fifteen percent vs. two percent last quarter) in lenders who feel the Fed will take action, moving interest rates lower.

Bps Change	**3Q/2012**	**2Q/2012**
-More than 1.0	0%	0%
-1.0	0%	0%
-.75	0%	0%
-.50	4%	0%
-.25	11%	2%
0	84%	86%
+.25	2%	7%
+.50	0%	5%
+.75	0%	0%
+1.0	0%	0%
More than 1.0	0%	0%
Weighted Average	- 0.04 basis points	+ 0.03 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 again served as the overwhelming source of competition for survey takers. This quarter had an increase in competition from local commercial and community banks (an increase of fourteen percentage points), while other financing sources remained largely consistent quarter over quarter.

	3Q/2012	**2Q/2012**
Money Center Banks	14%	16%
Local Commercial/ Community Banks	23%	9%
Factors	0%	0%
Regional Banks	54%	63%
Commercial Finance Organizations	7%	7%
Other	2%	5%