Phoenix Management Services
“Lending Climate in America” Survey

PHOENIX
MANAGEMENT SERVICES

2nd Quarter 2013
Summary, Trends and Implications

PHOENIX
"LENDING CLIMATE IN AMERICA"
QUARTERLY SURVEY

2nd Quarter 2013

SUMMARY, TRENDS AND IMPLICATIONS

1. **Automatic spending cuts, known as the sequestration, went into effect on March 1, 2013, as Congress was unable to find common ground on budget cuts for a 10-year period. The $85 billion in cuts will span across many sectors of government spending affecting some industries more than others. Effects of the sequester are now being felt and the debate continues over what the ultimate impact on the economy will be. What are your thoughts on how the sequester will impact the U.S. economy going forward?**

The majority of lenders surveyed believe there will be minimal economic impact to the U.S. economy from the sequestration. The highest percentage, forty-seven percent, believes the economy will be able to withstand cuts of only two percent of the entire budget. Additionally, these same lenders think that Washington has a spending problem which the sequestration is beginning to address. The next highest contingent, at twenty-three percent, believes the impact will be minimal as well, and would give the Federal Reserve more reason to continue its easy money policy. Nineteen percent of the lenders feel the politicians in Washington DC could have used a more focused approach to the spending cuts. These lenders believe the defense industry will be impacted the most by the spending cuts but the rest of the economy should remain relatively unscathed. The remaining eleven percent of lenders are more pessimistic in their views. These lenders believe the spending cuts could have a ripple effect throughout the economy and the impact could be greater than the $85 billion in cuts based on the multiplier effect of government spending.

2. **In 2008, during the height of the financial crisis the FDIC implemented the unlimited federal insurance on non-interest bearing bank deposits known as the Transaction Account Guarantee Program, which the FDIC allowed to expire at the end of 2012. The unlimited insurance amount has been reset to the $250,000 level. As corporate cash remains at historically high levels for corporations, how do you envision them putting this cash to use?**

The majority of lenders surveyed believe their corporate customers have been hoarding cash to protect against another financial downturn. Forty-two percent of those surveyed believe their customers' cash balances will be used for acquisitions and capital investments over the next couple of years. Twenty-eight percent of the lenders believe that cash balances will be used to return cash to shareholders instead of the pursuit of strategic alternatives. There were a contingency of lenders who think corporations will continue to invest cash in historically safe havens. Eleven percent of the lenders believe their corporate customers will put cash into the national banks across the country as those will remain protected by the government because of their "Too Big to Fail" nature. Similarly, another eleven percent believe that corporate cash will be put into the money market industry which have historically low yields but have stronger credit ratings.

3. **Many economists pin the U.S. recession and slow recovery on the decline in household wealth resulting from high leverage and a sharp decline in housing prices. Housing prices and residential investment have seen a strong recovery in the past few months. March 2013 house prices were up 12% year over year, the largest increase since November 2005. Permits for new residential construction were up 17% in**

March compared to the prior year. What impact do you believe the recovery in housing will have on U.S. economic activity going forward?

Lenders were mixed whether housing would be a driving force of economic activity or not. Forty-three percent of the lenders surveyed think housing will be a significant component of the economic recovery due to household spending and price appreciation. On the other hand, thirty-four percent believe there remain threats to the housing recovery. These lenders believe the housing recovery so far has been led by investors and all cash buyers who tend to have shorter investment horizons which could increase selling pressure in the near future. Similarly, there were six percent of lenders who believe the housing recovery will be muted due to the lack of credit on consumer's home equity. There were also lenders who shared their own response on the situation such as:

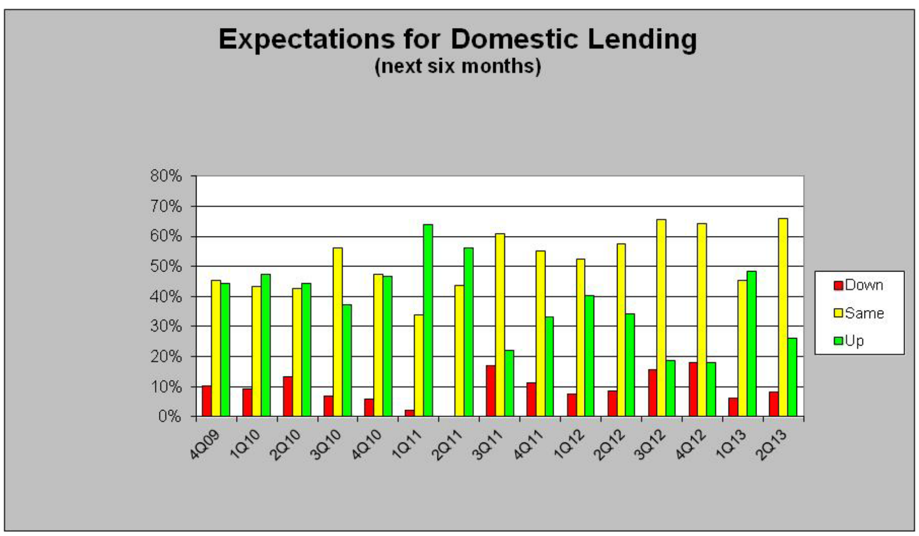
"It will be a positive factor, but not enough to carry the economy"

"Modest support to a continuing moderate recovery in personal spending"

"Positive short-term impact, but long-term recovery is fragile"

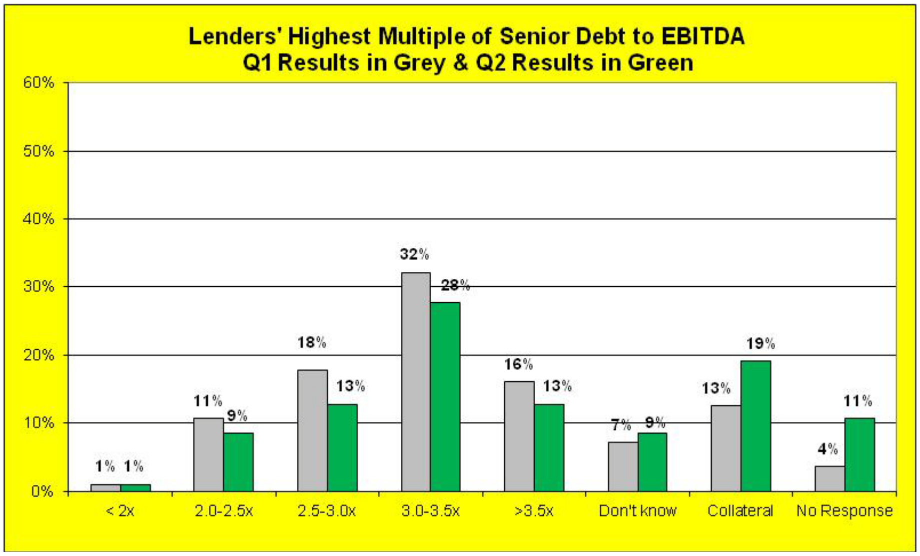
4. **Lenders moderate their optimism on domestic lending over the next six months.**

This quarter's diffusion index has decreased compared to last quarter's dramatic increase in lender sentiment. The diffusion index decreased to eighteen percent this quarter from forty-two percent in 1Q 2013. The diffusion index reading of eighteen percent is still substantially higher than the lows reached during the 3Q 2012 and 4Q 2012 surveys. Twenty-six percent of respondents feel that domestic lending will increase versus forty-eight percent in the 1Q 2013. Eight percent of lenders think domestic lending will decrease compared to six percent in the prior quarter. Sixty-six percent of lenders believe that domestic lending will remain the same over the next six months.



5. **Leverage ratio impact on loan consideration remains consistent quarter over quarter.**

Lender responses in the 3.0-3.5x category still maintained the largest percentage of responses. This category decreased four percentage points relative to last quarter's survey (twenty-eight percent in the current survey versus thirty-two percent in 1Q 2013). Nineteen percent of surveyed lenders indicated that collateral supersedes senior debt to EBITDA ratio when considering a loan request, an increase of six percentage points from last quarter. Thirteen percent of lenders also indicated that they would consider a loan with a senior leverage ratio between 2.5-3.0x, which represents a six percentage point decrease over last quarter. Thirteen percent of lenders responded that their institution would consider senior debt to EBITDA ratios in excess of 3.5x, this leverage metric decreased from sixteen percent of all responses last quarter. Nine percent of lenders would consider providing senior term loans in the 2-2.5x ratio category, a two percentage point decrease from last quarter's eleven percent. Nine percent of those surveyed did not know the highest leverage ratio their institution would consider.



6. **Senior debt to EBITDA lending ratios to remain consistent for the next six months according to survey results.**

The highest number (forty-five percent) of respondents believe their institution will experience no change in leverage ratios over the next six months compared to fifty-seven percent that shared the same sentiment last quarter, a substantial decrease. Fifteen percent of respondents indicated they were collateral lenders and did not specifically focus on senior debt to EBITDA multiple (up two percentage points from the previous survey). Fifteen percent of lenders believe there will be an increase of less than 0.5x, up from eleven percent in the prior quarter. Nine percent of lenders specified that they do not know how senior leverage ratios will change at their financial institutions in the next six months.

7. **US Budget deficit and the sluggish housing market are the biggest risk factors facing the economy.**

When asked to choose two factors that could have the strongest potential to affect the economy in the next six months, fifty-three percent (versus sixty-one percent in the previous quarter) chose the U.S. budget deficit. A sluggish housing market was the second greatest response, with thirty-two percent of those polled showing concern (thirty-one percent chose this factor in the last survey). Stability in the stock market garnered twenty-eight percent of responses compared to twenty percent last quarter. Twenty-one percent of lenders cited unstable energy prices as a concern for possible headwinds. Constrained liquidity in capital markets rounded out the remaining risk factors with thirteen percent of total responses. Lenders wrote in responses such as:

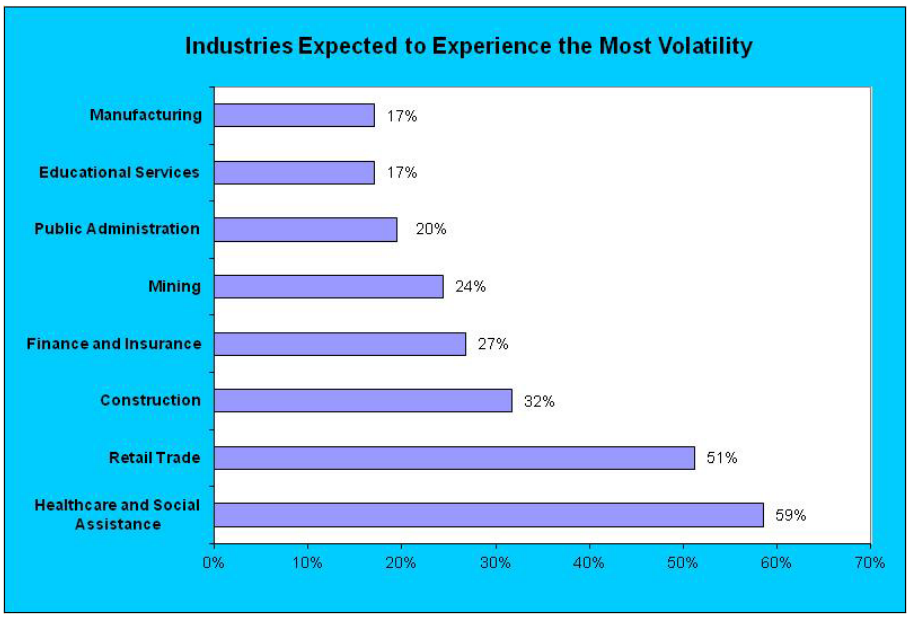
"New war in the Middle East or Asia"

"Obamacare"

"European Debt Crisis"

8. Lenders believe volatility lies ahead for Healthcare and Retail Sectors.

When asked to identify three industries that will experience the most volatility in the next six months, fifty-nine percent of lenders agree that Healthcare and Social Assistance will experience the greatest volatility, an increase of twenty-eight percent from the prior quarter's survey. Retail Trade followed next with fifty-one percent of those polled thinking the Retail Industry could experience volatility over the next six months. The Construction industry garnered thirty-two percent of the vote, a slight uptick in the volatility rankings after coming in at twenty-six percent in the prior quarter. Finance and Insurance followed close behind with twenty-seven percent of those polled (a decrease of one percentage point from last quarter). Mining increased eleven percent from the prior quarter to arrive at twenty-four percent of the survey. Similar to the Healthcare and Social Assistance industry, twenty percent of the lenders believe the Public Administration sector could be volatile in the upcoming months. Rounding out the industries receiving greater than ten percent of responses included manufacturing and educational services. The remaining industries yielded responses of ten percent or less.



9. Borrowers maintain plans for new capital investment and acquisitions for future growth.

Making new capital investments ranked highest amongst responses, staying constant at forty-four percent of the lenders surveyed. The other significant expectation, at thirty-seven percent (down five percentage points from last quarter) of the survey, is the expectation for lender's customers to start making acquisitions. Thirty-four percent of lenders believe their customers will enter new markets during the next six months, a one percentage point decrease. Thirty-two percent of lenders believe companies will start hiring new employees and introducing new products or services to the market. Raising additional capital garnered seventeen percent of the responses. Twelve percent of our lenders surveyed wrote in their own actions, of which a few are highlighted below:

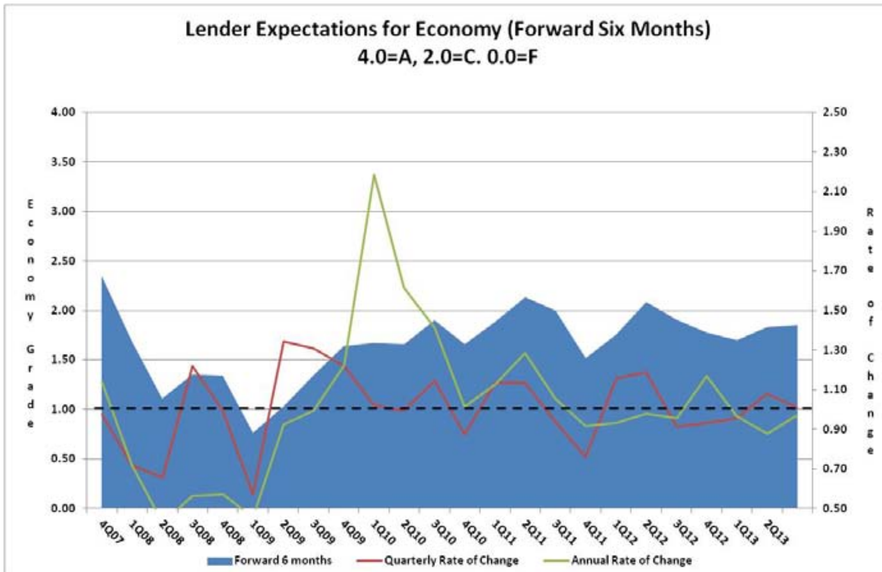
"Maintaining market share"

"Continued out sourcing"

"Sitting tight"

10. Near term economic performance remains flat for the quarter.

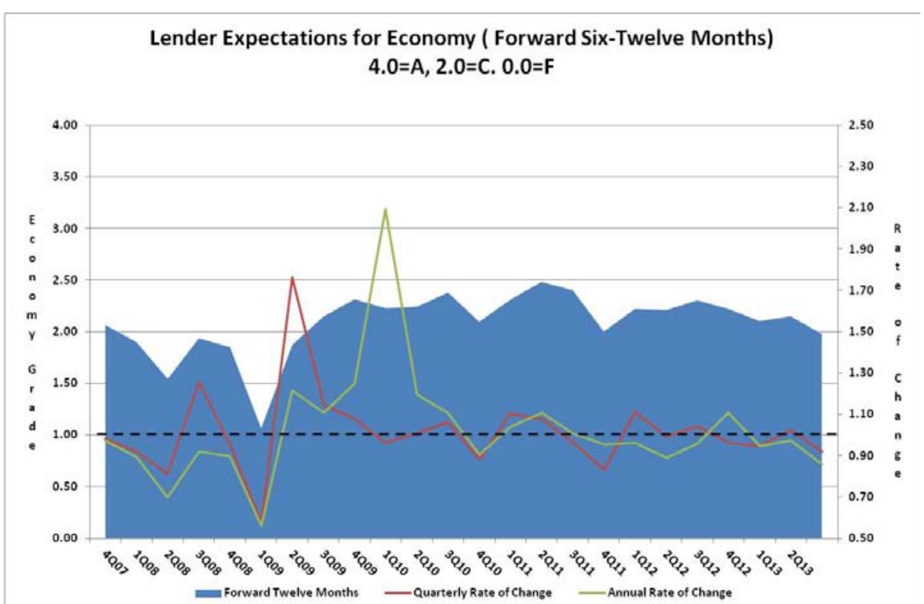
Economic growth sentiment remained an overall "C-" grade this quarter, as the index remained essentially flat at 1.85, rising just two basis points from the 1Q 2013 results. The majority of lenders (sixty-six percent) still believe the economy will perform at a "C" level over the next six months, compared to seventy-four percent in the previous survey. Twenty-four percent of respondents agreed that the economy will perform at a "D" grade in the next six months. Ten percent of lenders believe the economy will perform at a "B" level. Since more lenders responded with a "D" grade rather than a "B", the overall weighted average grade remained a "C-".



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

11. Longer term economic growth outlook trends lower.

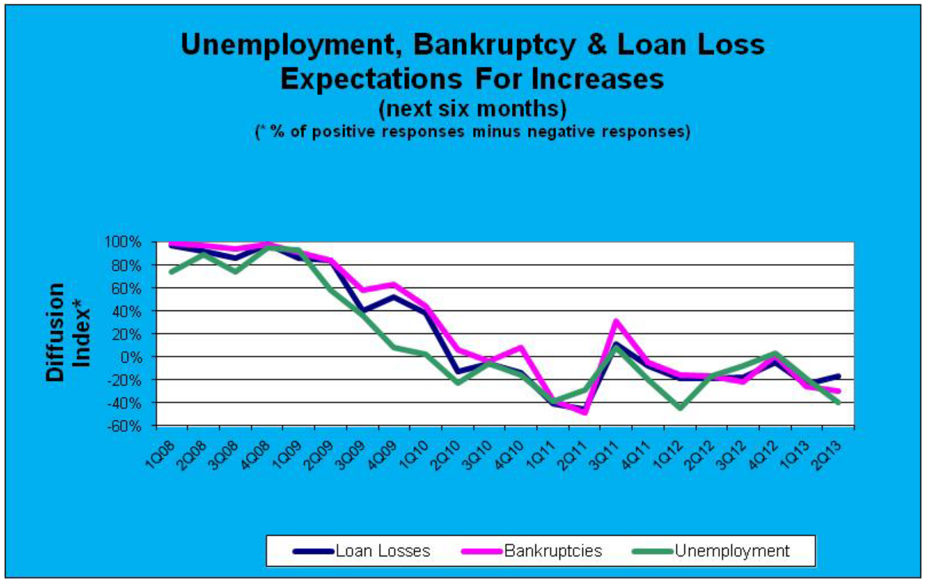
Lenders growth expectations for the U.S. economy beyond six months shrank by seventeen basis points according to survey results. This quarter yielded a "C-" grade at 1.98, which is below the "C" received last quarter. Seventy-eight percent of lenders believe the economy will perform at a "C" level or better in the six to twelve month period, compared to eighty-seven percent in the previous quarter. This was the first time this reading was below 2.0 for the first time since winter of 2009.



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

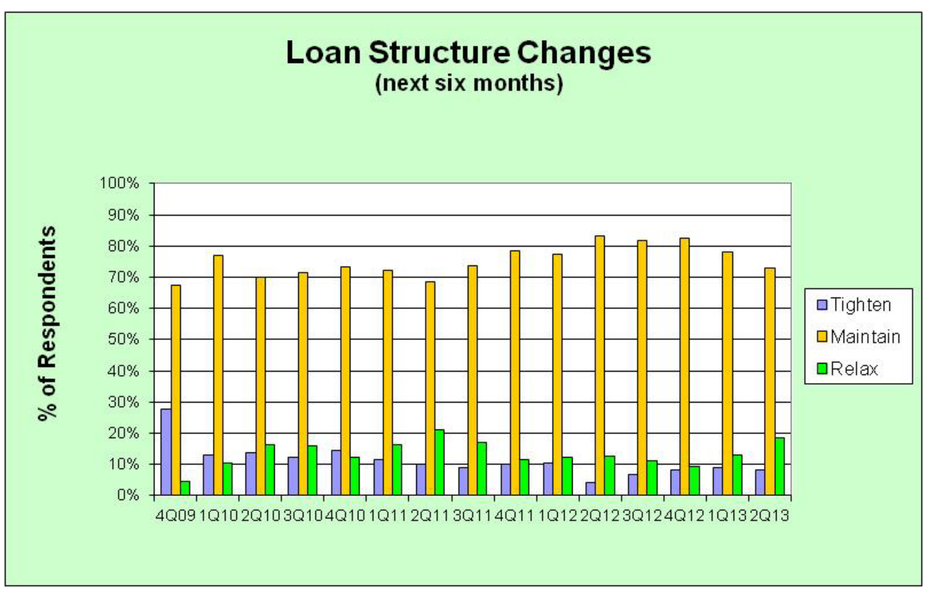
12. Lenders expect Unemployment, Bankruptcies and Loan Losses to decrease in the next six months.

All three of these categories have negative diffusion indexes of forty, twenty-nine, and seventeen percentage points, respectively. The negative diffusion indexes show that lender sentiment continues to show trend toward economic recovery.



13. Lenders expect to relax loan structures further.

The percentage of respondents planning to maintain their current loan structures decreased by five percentage points compared to 1Q 2013. Lenders who expect to tighten their loan structures decreased one percentage point with the prior quarter. Lenders anticipating relaxing their client's loan structures increased by five percentage points from thirteen percent in 1Q 2013.



14. Lenders expect lending spreads to continue to fall.

Fifty-eight percent of respondents (versus sixty-five percent in the previous quarter) anticipate maintaining lending spreads at their current levels. The percentage of lenders expecting to reduce their current credit spreads increased nine percentage points, representing thirty percent of total responses this quarter. This number is up from eleven percent just six months ago, and demonstrates the continued spread compression in the market. Thirteen percent of lenders anticipate increasing their credit spreads in the next six months which was flat compared to the first quarter of 2013.

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Survey Results

1. Lenders mostly agree the Sequestration will have little economic impact throughout 2013.

Congress was unable to come to agreement on discretionary spending cuts before the automatic sequester of the Budget Control Act of 2011 took effect.

Lenders were asked: How do you think the automatic spending cuts are going to impact the US economy?

- Forty-seven percent believe the impact to GDP will be nominal and the sequester will begin to address the spending problems in Washington.
- Twenty-three percent believe the sequestration will not have a serious impact to the U.S. economy; however, it gives the Federal Reserve more reason to continue its aggressive easy-money policies which will continue to prop up the housing and stock markets.
- Nineteen percent think the sequestration will adversely impact the defense industry as the largest hit sector but the remaining impact to the broader economy should be minimal.
- Nine percent believe the ripple effect of the spending cuts will be greater than the $85 billion and GDP and stock market will be adversely impacted more than current expectations.

2. Lenders believe their corporate customers will continue to stockpile cash to protect against uncertainty and will eventually put that cash to use in the form of acquisitions or return to shareholders.

In 2008, at the height of the financial crisis, the FDIC enacted the Transaction Account Guarantee Program which allowed unlimited insurance on checking accounts at US Commercial Banks. As a result of the program, corporate cash poured in US banks and corporations cleaned up their balance sheets. The TAG Program expired December 31, 2012.

Lenders were asked: How do their institutions expect to see this cash that has amassed over the life of the TAG Program to be put to use?

- Forty-three percent believe higher cash holdings are a sign that customers are conserving cash in order to weather economic uncertainty, which they will eventually use for acquisitions and capital investments in the next couple years.
- Twenty-seven percent thought customers have been stock piling cash in order to protect against another downturn, and will look to return cash to shareholders.
- Eleven percent of lenders believe their customers will put cash into the money market industry in order to protect principal however, sacrifice yield.
- Eleven percent of lenders believe customers will amass cash at the nation's biggest banks to offset banks fees and protect principal.

3. Lenders were split in their opinions on whether the housing market will play a role in the economic recovery.

Housing prices and residential investment have seen a strong recovery in the past few months. March 2013 house prices were up 12% year over year, the largest increase since November 2005. Permits for new residential construction were up 17% in March compared to the prior year.

Lenders were asked: What impact do you believe the recovery in housing will have on U.S. economic activity going forward?

- Forty-three percent believe the housing recovery will be a significant driver in the economic recovery as houses are a significant component of household wealth and consumers will be more inclined to spend on either home improvements or consumption.

- Thirty-four percent believe the current housing recovery is misleading and has risks that lie ahead. The housing market appears to be driven by investors and all cash-buyers who will not be in the housing market for the long-term.

- Nine percent believe payroll numbers have given consumers the security to borrow for expensive capital expenditures. Any macro setback regarding consumer confidence will immediately prevent further monthly increases.

- Six percent believe the housing recovery will have a limited affect on the economy as most borrowers that consume aggressively out of home equity have low credit scores and have been shut out of mortgage markets since the recession due to new lending standards.

- Six percent have other opinions regarding the housing recovery and its economic impact.

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.

- Twenty-eight percent indicated their institution would consider a loan request with a leverage multiple as high as the 3.0x – 3.5x range (previous survey: 32 percent).

- Thirteen 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: 18 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: 16 percent).

- Nineteen percent of respondents replied they are collateral lenders and, therefore, do not make credit decisions based on cash flow/leverage multiples (previous survey: 13 percent).

- Eight 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: 11 percent).

- Nine percent of lenders either “did not know” or did not respond with regard to how their institution’s senior leverage ratio would change. (previous survey: 7 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: 0 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.

- Forty-five percent indicated that the Senior Debt to EBITDA multiple will not change at their financial institution over the next six months (previous survey: 57 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: 13 percent).
- Fifteen percent of lenders believe that the leverage multiple will increase less than 0.5x during the next six months (previous survey: 11 percent).
- Nine percent of lenders responded "Do Not Know" regarding how senior leverage ratios would change at their financial institution in the next six months. (previous survey: 7 percent)
- Four percent conclude that the leverage multiple will increase greater than 0.5x during the next six months (previous survey: 5 percent).
- Two percent conclude that the leverage multiple will decrease less than 0.5x during the next six months (previous survey: 4 percent).
- Zero percent believe that the leverage multiple will decrease greater than 0.5x during the next six months (previous survey: 0 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.

- Fifty-three 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: 61 percent).
- Thirty-two percent designated the sluggish housing market as the factor with the strongest potential to affect the near-term economy (previous survey: 19 percent).
- Twenty-eight percent opined that the stability of the stock market has the strongest potential to affect the economy during the next six months (previous survey: 20 percent).
- Twenty-one percent concluded that unstable energy prices have the strongest potential to affect the economy during the next six months (previous survey: 59 percent).
- Nineteen percent chose "other" factors as having the strongest potential to affect the economy during the next six months (previous survey: 13 percent).
- Thirteen percent indicated constrained liquidity in the capital markets as the factor with the strongest potential to affect the near-term economy (previous survey: 7 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.

- Fifty-nine percent of respondents chose the Healthcare and Social Assistance industry to experience the greatest volatility (previous survey: 32 percent).
- Fifty-one percent believe the Retail Trade industry will experience the most volatility over the next six months (previous survey: 49 percent).
- Thirty-two percent designated the Construction industry as the industry expected to have the greatest volatility in the near term (previous survey: 26 percent).
- Twenty-seven percent of respondents believe the Finance and Insurance industry will experience the greatest volatility over the next six months (previous survey: 26 percent).
- Twenty-four percent of respondents believe the Mining industry will experience significant volatility in the next six months (previous survey: 13 percent).
- Twenty percent of lenders feel that the Public Administration industry will face increasing volatility in the near term (previous survey: 30 percent).
- Seventeen percent of lenders believe the Manufacturing industry to experience the greatest volatility (previous survey: 15 percent).
- Seventeen percent of survey takers are of the opinion Educational Services will experience significant volatility in the short term (previous survey: 15 percent).
- Ten percent responded that the Real Estate and Rental/Leasing industry would experience the most volatility during the next six months (previous survey: 8 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-four percent of lenders believe their customers will be making new capital investments (previous survey: 44 percent).
- Thirty-seven percent of lenders indicated their customers are planning on making an acquisition in the next six months (previous survey: 42 percent).
- Thirty-four percent responded their customers are planning on entering new markets in the near term (previous survey: 35 percent).
- Thirty-two percent of respondents indicated their customers plan on hiring new employees in the next six months (previous survey: 29 percent).
- Thirty-two percent of lenders believe their customers are planning on introducing new products or services (previous survey: 56 percent).

- Seventeen percent indicated their customers are planning on raising additional capital in the near term (previous survey: 29 percent).

- Twelve percent of lenders believe their customers are planning "other" initiatives in the next six months (previous survey: 12 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 moderated relative to the big jump in the first quarter of 2013. Twenty-two percent of respondents view the entire lending universe as improving compared to forty-one percent of respondents from the previous quarter. The overall lending diffusion decreased to ten percent from thirty percent in the prior quarters survey. The domestic lending diffusion index was equally lower as well this quarter. The index decreased to eighteen percentage points compared to last quarter's forty-two percentage points.

	2Q/2013 Up	2Q/2013 Down	2Q/2013 Same	1Q/2013 Up	1Q/2013 Down	1Q/2013 Same
Corporate Lending	27%	10%	63%	45%	9%	45%
Middle Market Lending	27%	7%	66%	48%	4%	48%
Small Business Lending	24%	7%	68%	52%	6%	43%
International Lending	10%	23%	67%	17%	23%	60%

- This quarter the lenders expectations stayed mostly flat with regards to loan losses and bankruptcies. There was a slight decrease in the expectation for interest rates to go up and an increase in expectations that the unemployment rate would decrease.

	2Q/2013 Up	2Q/2013 Down	2Q/2013 Same	1Q/2013 Up	1Q/2013 Down	1Q/2013 Same
Loan Losses	15%	32%	54%	15%	39%	46%
Bankruptcies	10%	39%	51%	9%	35%	56%
Interest Rates	12%	0%	88%	19%	0%	81%

Unemployment	5%	45%	50%		11%	30%	59%

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 stayed mostly flat this quarter with respect to the economic growth grade point average. In the current quarter, sixty-three percent of respondents believe the economy will perform at a "C" level, which represents a decrease of eleven percentage points from the previous quarter. The grade-point average remained at the "C-" level as one-third of the lenders thought the U.S. economy would perform a "D" grade over the next six months.

Grade	2Q/2013	1Q/2013
A	0%	0%
B	3%	6%
C	63%	74%
D	33%	19%
F	0%	2%
Weighted Average Grade	1.85	1.83

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 declined somewhat substantially. The weighted average decreased seventeen basis points and for the first time since the winter of 2009, the weighted average grade is below 2.0. Seventy-nine percent of lenders feel as though the economy will perform at a "C" or better level beyond the next six months (compared to eighty-seven percent last quarter).

Grade	2Q/2013	1Q/2013
A	0%	0%
B	20%	30%
C	59%	57%
D	22%	11%
F	0%	2%
Weighted Average	1.98	2.15

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 from 1Q2012. Lenders expectations for their customers to experience "no growth" decreased by three percentage points to ten percent, while two percent of the lenders anticipate strong growth expectations for their customers.
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Indication	**2Q/2013**	**1Q/2013**
Very Strong	0%	0%
Strong	2%	2%
Moderate	88%	85%
No Growth	10%	13%

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, the vast majority of respondents anticipate maintaining the current loan structures in place. However, this quarter did show a further shift towards loosening loan standards, according to survey results. This was the highest loosening response since the 2Q2011

	2Q/2013			**1Q/2013**		
	Tighten	Maintain	Relax	Tighten	Maintain	Relax
Loans> $25 million	6%	69%	25%	9%	71%	20%
$15 – 25 million	8%	77%	15%	6%	83%	10%
$5-15 million	10%	74%	15%	10%	76%	14%
Under $5 million	10%	72%	18%	10%	82%	8%
Overall Average	8%	73%	18%	9%	78%	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, fifty-seven percent, plan to maintain their current interest rate spreads and fee structures; however that is an eight percent decrease from the prior quarter. On average thirteen percent expect to increase rates while thirty percent are expecting further reductions in pricing.

	2Q/2013			**1Q/2013**		
	Reduce	Maintain	Increase	Reduce	Maintain	Increase
Loans> $25 million	39%	53%	8%	28%	65%	7%
$15 – 25 million	29%	61%	11%	25%	65%	10%
$5-15 million	29%	55%	16%	17%	67%	17%
Under $5 million	22%	62%	16%	16%	65%	20%
Overall Average	30%	57%	13%	21%	65%	13%

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, ninety-five percent, believe that the Fed will not change interest rates during the next six months. The percentage of participants that believe the Fed will increase rates decreased six percentage points this survey.

Bps Change	2Q/2013	1Q/2013
-More than 1.0	0%	0%
-1.0	0%	0%
-.75	0%	0%
-.50	0%	0%
-.25	0%	2%
0	95%	87%
+.25	5%	11%
+.50	0%	0%
+.75	0%	0%
+1.0	0%	0%
More than 1.0	0%	0%
Weighted Average	0.01 basis points	0.02 basis points

16. Current Competition

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

- Similar to last quarter, local commercial/community banks served as the greatest competition for lenders this quarter with forty-five percent of all responses. Factor competition also continued to increase this quarter relative to the single digits earlier in the year.

	2Q/2013	1Q/2013
Money Center Banks	17%	11%
Local Commercial/ Community Banks	41%	45%
Factors	32%	22%
Regional Banks	7%	15%
Commercial Finance Organizations	0%	0%
Other	2%	7%