Phoenix Management Services
"Lending Climate in America" Survey

PHOENIX MANAGEMENT SERVICES

3rd Quarter 2013
Summary, Trends and Implications

PHOENIX
"LENDING CLIMATE IN AMERICA"
QUARTERLY SURVEY

3rd Quarter 2013

SUMMARY, TRENDS AND IMPLICATIONS

1. **This summer the U.S. has continued to recover from the depths of the economic crisis, however, the fall is jam-packed with events that will have far reaching economic implications. Which of the following upcoming events do you think will have the greatest economic impact?**

The majority of lenders, fifty-five percent surveyed, believe the greatest impact this Fall will come from the indication that the Federal Reserve will begin to taper Quantitative Easing prior to the end of the year. As we now know, the Federal Reserve decided against tapering in September, much to the markets surprise. It will be interesting to monitor when the Federal Reserve will begin to extract itself from the bond markets. In keeping with the Federal Reserve, fifteen percent of the respondents surveyed believe the appointment of the next Federal Reserve Chairman or woman, will have the greatest impact to the economy. It appears Janet Yellen is the favorite to take-over after Larry Summers unexpectedly dropped out of the race a couple weeks back. The next highest contingent of respondents, sixteen percent, believes the upcoming battle over raising the debt ceiling will have the greatest impact on the U.S. economy. Similarly, eleven percent of the lenders believe the Republican House of Representatives' plan to defund Obamacare and thereby force a government shutdown, will have the largest impact on the economy. Lastly, we did have some lenders write in their own responses, which included:

> "Sequestration cuts from the beginning of the year will negatively impact the economy"

> "The lack of full-time job creation will be the biggest impact to the U.S. economy"

2. **Since Ben Bernanke signaled that the Federal Reserve may begin to slow asset purchases sooner than expected, domestic interest rates have increased dramatically from near record lows. Which of the following will be the most likely impact of higher domestic interest rates?**

The 10-Year Treasury Note bottomed in November 2012 at 1.56% and nearly touched that level again at the beginning of May 2013. These interest rate levels are historically low and the notion that the Federal Reserve may not forever have its 'foot on the gas pedal', so to speak, sent the 10-Year Treasury Note all the way to 3.01% at the beginning of September. Based on these facts, the vast majority of respondents, sixty-nine percent, believe the recent increase in interest rates will manifest itself in a slow-down of the recently surging U.S. housing market. Another eighteen percent of the respondents believe higher interest rates will lead to a stronger U.S. Dollar, which will negatively impact exports. The smallest contingent of lenders, believe higher interest rates will put negative pressure on U.S. equities. There were also lenders who shared their responses such as:

> "Higher rates will continue to deteriorate the Treasury's ability to refinance US Bonds and Notes"

> "Will lead to a general economic slowdown"

> "No impact, the rise in rates has not been substantial enough yet"

3. **Many of the nation's largest retailers such as Wal-Mart, Macy's, and Nordstrom announced 2nd quarter earnings that have fallen short of Wall Street expectations, and many are lowering their guidance for the remainder of the year. Which of the following do you feel provides the best explanation of this recent performance?**

Weaker-than-expected results from retail powerhouses such as Wal-Mart, Macy's and Nordstrom goes to show the continued shaky ground consumer spending stands on since the financial crisis. When asked to explain the recent misses, the highest percentage, forty-five percent, of lenders believe consumers have pulled back their purchases due to a prolonged weakness in consumer spending.
Thirty-one percent of lenders attribute the earnings miss from these retail industry stalwarts to crowding out from the resurgent housing and auto industries. Americans are purchasing cars at pre-recession levels in part due to a record high average age for vehicles on the road of 11.4 years. The smallest contingent of lenders, at thirteen percent, believe the earnings miss was a one-time event and expects the retail consumer industry to perform strongly during the upcoming holiday season. This is contrary to recent reports from industry publications that project less hiring in anticipation of weaker holiday sales. Some perspectives from lenders outside of the multiple choice selections included:

"Consumers are reducing debt burdens, paying off credit card debt"

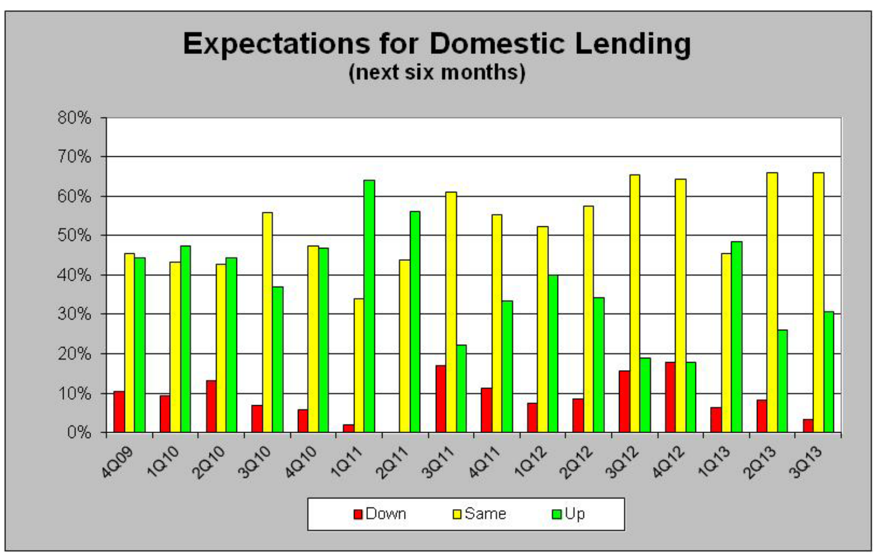
"Uncertainty of this administration causes weak consumer confidence"

"Subpar recovery due to regulation and taxes"

"Wall Street expectations were too high"

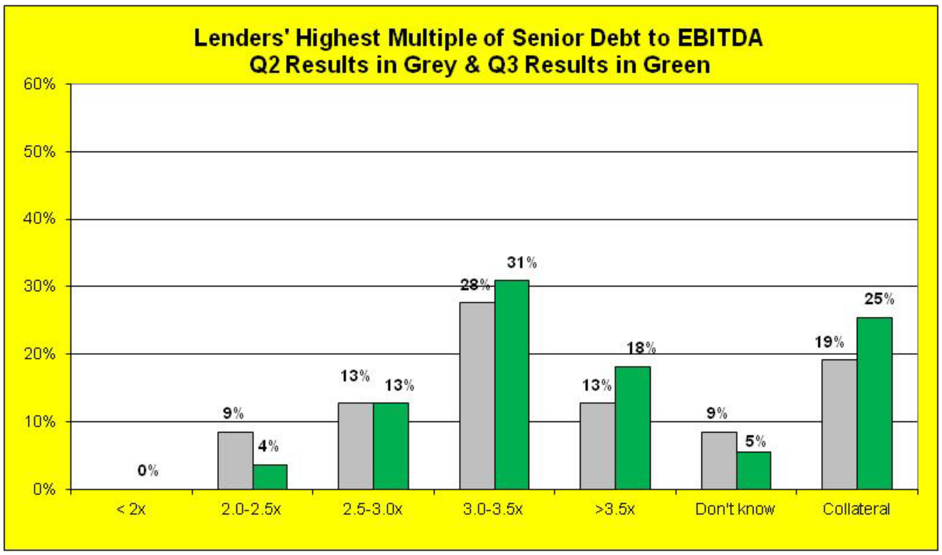
4. **Lenders have brighter outlook on domestic lending over the next six months.**

This quarter's diffusion index, which measures lenders sentiment towards U.S. commercial lending, showed a moderate increase compared to last quarter's significant decrease. The diffusion index increased to twenty-seven percent this quarter from eighteen percent in 2Q 2013. The reversal of sentiment by the lenders is a strong indication that banks are still eager to lend. Thirty-one percent of respondents feel domestic lending will increase versus twenty-six percent in the 2Q 2013. Three percent of lenders think domestic lending will decrease compared to six percent in the previous quarter. Sixty-six percent of lenders believe that domestic lending will remain the same over the next six months.



5. **Leverage multiples continue to increase.**

The 3.0-3.5x category once again has the largest percentage of responses. This category increased three percentage points relative to last quarter's survey (thirty-one percent in the current survey versus twenty-eight percent in 2Q 2013). Twenty-five percent of surveyed lenders indicated that collateral supersedes senior debt to EBITDA ratio when considering a loan request, an increase of twelve percentage points during the last two quarters. Eighteen percent of lenders responded that their institution would consider senior debt to EBITDA ratios in excess of 3.5x, up from thirteen percent in the prior quarter. The exact same percentage of lenders, thirteen percent, indicated that they would consider a loan with a senior leverage ratio between 2.5-3.0x. Four percent of lenders would consider providing senior term loans in the 2-2.5x ratio category, a seven percentage point decrease from last two quarters eleven percent.



6. **Senior debt to EBITDA leverage ratios are expected to remain stable over the next six months.**

The highest number (fifty-eight percent) of respondents believe their institution will experience no change in leverage ratios over the next six months compared to forty-five percent that shared the same sentiment last quarter. Twenty percent of respondents indicated they were collateral lenders and did not specifically focus on senior debt to EBITDA multiple (up five percentage points from the previous survey). Five percent of lenders believe there will be an increase of less than 0.5x, while four percent believe they will increase leverage ratios greater than 0.5x compared to fifteen and four percent, respectively, in the previous quarter. There were zero lenders that expected to lower leverage multiples over the next six months.

7. **Lenders say sluggish housing market and the U.S. budget deficit are the biggest risk factors facing the economy.**

When asked to choose two factors that could have the strongest potential to negatively affect the economy in the next six months, fifty-three percent chose a sluggish housing market compared to thirty-two percent in the previous month. It is clear the rebound in home prices and rise in interest rates have lenders worried about the state of housing. The U.S. budget deficit was the second greatest response, with forty-seven percent of those polled showing concern (fifty-three percent chose this factor in the last survey). Stability in the stock market garnered twenty-seven percent of responses, essentially flat with last quarter's twenty-eight percent. Twenty-four 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 sixteen percent of total responses. Lenders wrote in responses such as:

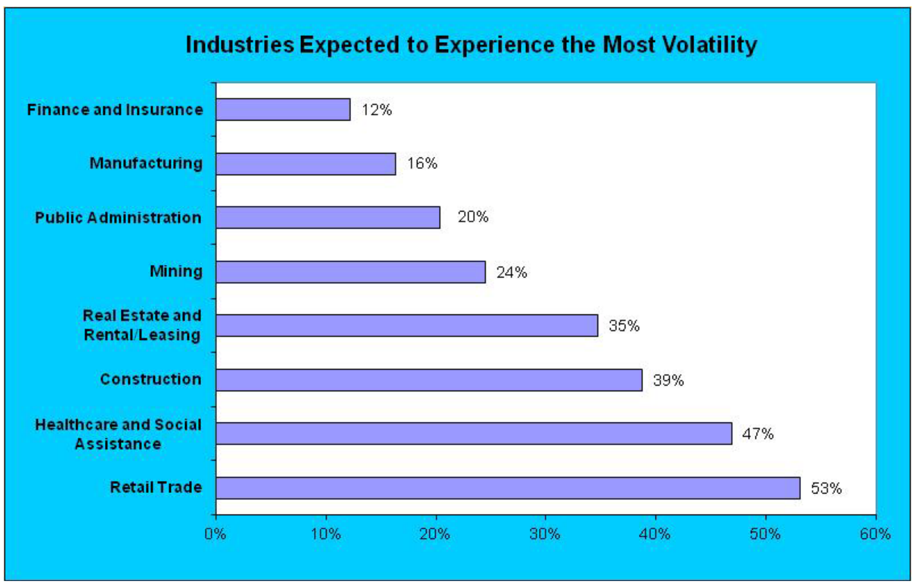
"The Syria / Middle East conflict will impact the economy this fall"

"Regulation diverting resources away from productive uses"

"Currency weakness / instability will negatively impact the U.S. economy"

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

When asked to identify three industries that will experience the most volatility in the next six months, fifty-three percent of lenders agree that Retail Trade will experience the greatest volatility, an increase of two percent from the prior quarter's survey. Healthcare followed next with forty-seven percent of those polled. The Construction industry garnered thirty-nine percent of the vote, a slight uptick in the volatility rankings after coming in at thirty-two percent in the prior quarter. The Real Estate Sector followed Construction, with thirty-five percent of lenders anticipating volatility, up from thirty-two percent. Mining remained the same from the prior quarter, collecting twenty-four percent of survey responses. The Public Administration industry garnered twenty percent of the lender responses. The Manufacturing and Finance Sectors round out the industries receiving greater than ten percent of responses. 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. Another significant expectation, at thirty-five percent (down two percentage points from last quarter) of the survey, is the expectation for lender's customers to start making acquisitions. Additionally, thirty-five percent of lenders believe their customers will enter new markets during the next six months, a one percentage point increase. Another thirty-five percent of lenders believe their borrowers will introduce new products or services to the market. Raising additional capital garnered twenty-five percent of the responses. Hiring new employees saw a substantial decrease of fourteen percentage points this survey for a total of eighteen percent of those surveyed. Five percent of our lenders surveyed wrote in their own actions, of which a few are highlighted below:

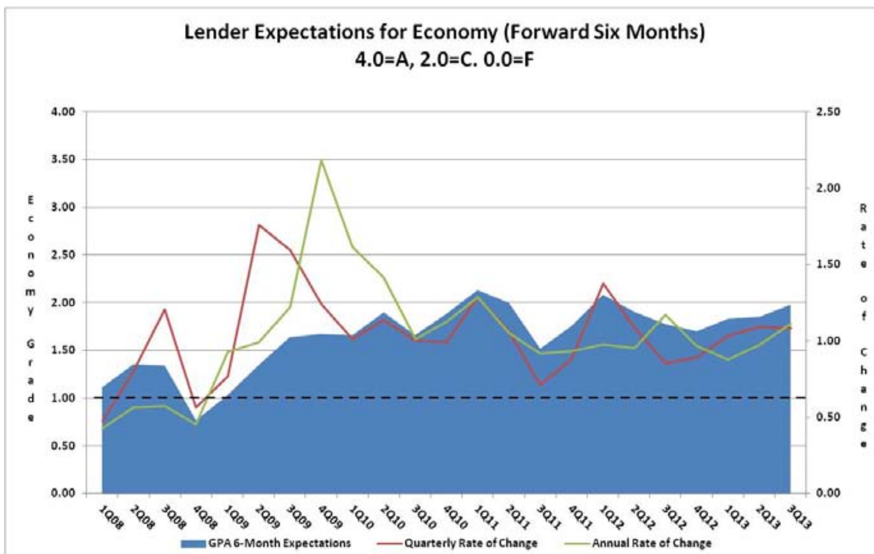
"Our customers are planning expense reduction"

"A few of our customers are exploring strategic mergers"

"Customers are planning actions required to maintain market position"

10. Near term economic performance expectations improve in this quarter's survey.

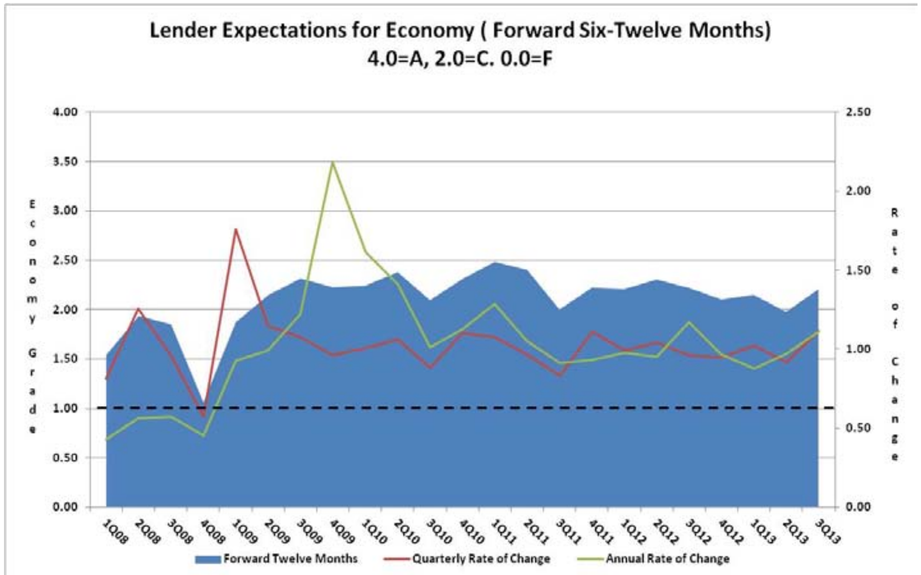
Economic growth sentiment remained an overall "C-" grade this quarter; however the index increased to 1.98 from 1.85, an increase of fourteen basis points from the 2Q 2013 results. The vast majority of lenders (eighty-six percent) still believe the economy will perform at a "C" level over the next six months, compared to sixty-six percent in the previous survey. Eight percent of respondents agreed that the economy will perform at a "D" grade in the next six months down from twenty-four percent. Six percent of lenders believe the economy will perform at a "B" level down from ten percent. Since a higher percentage of lenders responded with a "D" grade rather than a "B", the overall weighted average grade remained a "C-", however it is clear the sentiment is trending in the positive direction.



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

11. Lenders are more optimistic about the long term prospects for the U.S. economy.

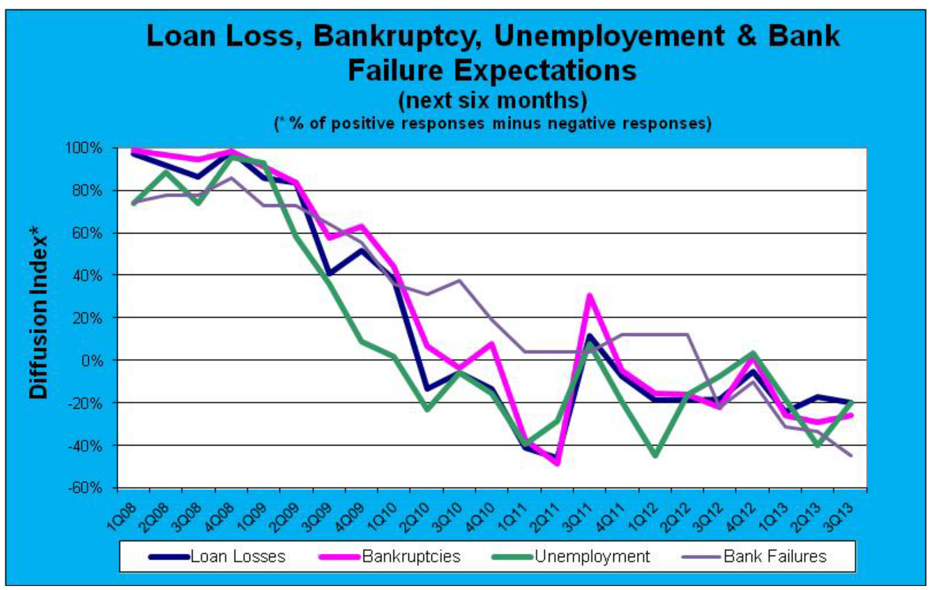
Lenders growth expectations for the U.S. economy beyond six months increased relative to the previous survey by twenty-two basis points. This quarter yielded a "C" grade at 2.20, which is higher than the "C-" received last quarter. Forty-one percent of lenders believe the economy will perform at a "B" level in the next six to twelve months, which is twenty-one percentage points higher than the previous quarter. Thirty-nine percent of lenders believe the economy will perform at a "C" level in the six to twelve month period, compared to fifty-nine percent in the previous quarter. 2Q 2013 was the first time the long-term economic GPA reading was below 2.0 since winter of 2009, so it is reassuring to see lenders become more optimistic on the future of the U.S. economy.



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

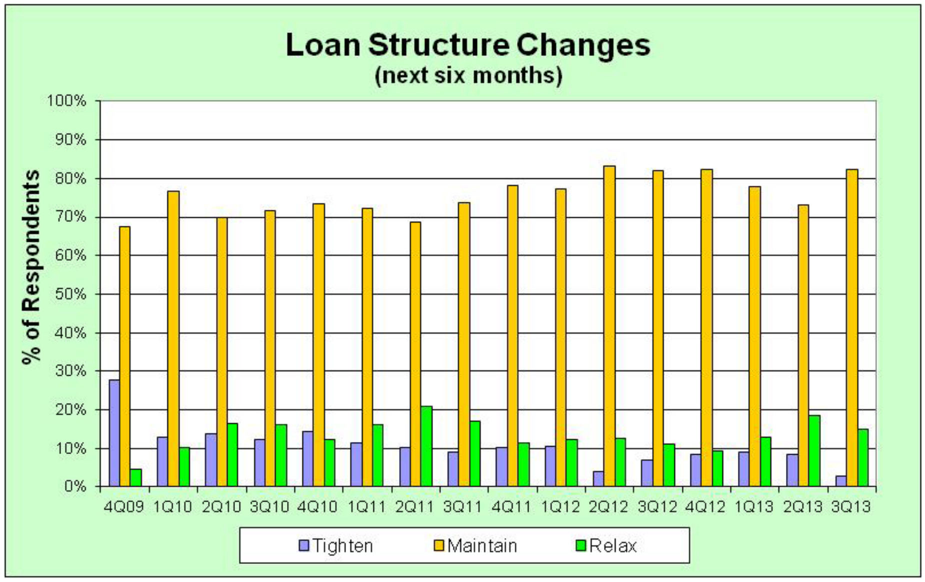
12. Lenders expect Loan Losses, Bankruptcies, Unemployment and Bank Failures to decrease in the next six months.

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



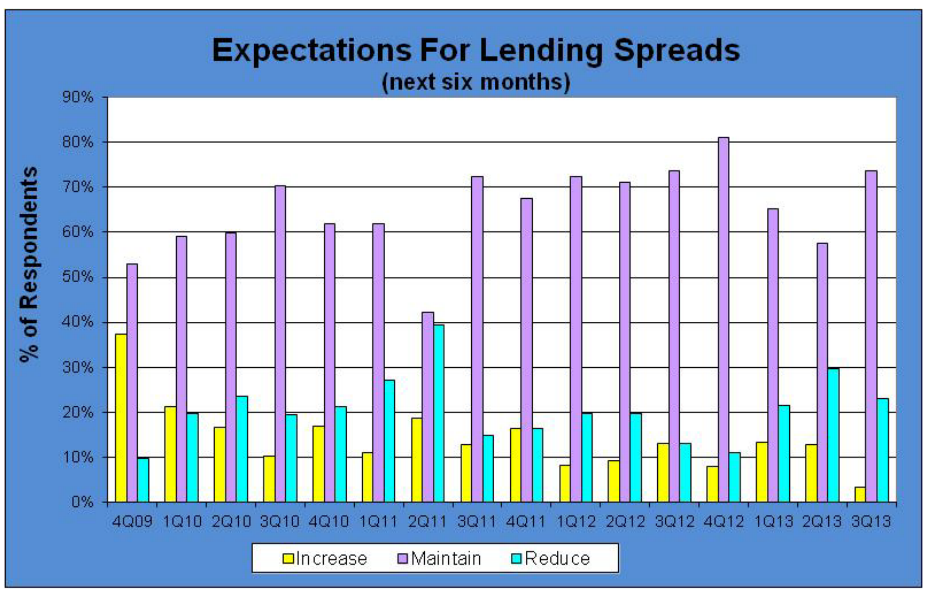
13. Lenders are expecting to maintain Loan Structures, and an all-time low expect to tighten structure.

The percentage of respondents planning to maintain their current loan structures increased by nine percentage points compared to 2Q 2013 to eighty-two percent. Lenders who expect to tighten their loan structures decreased by five percentage points with the prior quarter to three percent of those surveyed. This is the lowest response for tightening we have ever received on the Quarterly Lending Survey. Fifteen percent of lenders anticipate relaxing their client's loan structures a decrease of three percentage points.



14. Lenders expect lending spreads to continue to narrow.

Seventy-four percent of respondents (versus fifty-eight percent in the previous quarter) anticipate maintaining lending spreads at their current levels. The percentage of lenders expecting to reduce their current credit spreads decreased seven percentage points, representing twenty-three percent of total responses this quarter. Only three percent of lenders anticipate increasing their credit spreads in the next six months which similar to Loan Structures is an all-time low for the Quarterly Lending Survey.



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Survey Results

1. Lenders believe the eventual end of the easy money policy from the Federal Reserve will have the biggest impact on the economy this fall.

The fall is jam-packed with economic related events ranging from the end of QE, debt ceiling negotiations, a new Federal Reserve Chair, and an Obamacare fight.

Lenders were asked: Which of the choices above are going to have the greatest impact on the US economy?

- Fifty-five percent believe recent indication the Federal Reserve will begin to taper its Quantitative Easing program is the most impactful.
- Sixteen percent think another round of Debt Ceiling debates in Washington D.C. will cause economic harm.
- Fifteen percent of the surveys believe the new appointment of the Federal Reserve will have the greatest impact on the U.S. economy
- Eleven percent fear the Republicans threatening to defund Obamacare leading to a government shutdown is the most important economic issue.
- Four percent of the lenders wrote in their own response to the question.

2. A vast majority of lenders believe the impact of higher interest rates will manifest itself through a sluggish housing market.

Since Ben Bernanke signaled that the Federal Reserve may begin to slow asset purchases sooner than expected, domestic interest rates have increased dramatically from near record lows.

Lenders were asked: Which of the following will be the most likely impact of higher domestic interest rates?

- Seventy percent believe higher interest rates will lead to a slower U.S. housing recovery due to higher mortgage rates.
- Eighteen percent think the U.S. dollar will strengthen versus foreign currencies and exports will struggle.
- Six percent of the respondents wrote in their own response to the question.
- Four percent of lenders believe higher rates will put negative pressure on the U.S. equities.

3. Lenders are mixed on whether the consumer is weakening or focusing on other big ticket purchases.

Many of the nation's largest retailers such as Wal-Mart, Macy's, and Nordstrom announced 2nd quarter earnings that have fallen short of Wall Street expectations, and many are lowering their guidance for the remainder of the year.

Lenders were asked: Which of the following do you feel provides the best explanation of this recent performance?

- Forty-six percent believe consumers are pulling their purchases back and starting to show signs of weakness.
- Thirty-one percent believe weakness was attributable to crowding out by autos and housing purchases.
- Thirteen percent think earnings misses were a onetime event and performance should be strong heading into the holiday season.
- Seven percent of the respondents wrote in their own 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.

- Thirty-one percent indicated their institution would consider a loan request with a leverage multiple as high as the 3.0x – 3.5x range (previous survey: 28 percent).
- Twenty-five percent of respondents replied they are collateral lenders and, therefore, do not make credit decisions based on cash flow/leverage multiples (previous survey: 19 percent).
- Eighteen percent of lenders opined their financial institution would consider a loan request with a leverage multiple of greater than 3.5x (previous survey: 13 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: 13 percent).
- Six 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: 9 percent)
- Four 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: 8 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.

- Fifty-eight percent indicated that the Senior Debt to EBITDA multiple will not change at their financial institution over the next six months (previous survey: 45 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: 15 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: 9 percent)

- Five percent of lenders believe that the leverage multiple will increase less than 0.5x during the next six months (previous survey: 15 percent).

- Four percent conclude that the leverage multiple will increase greater than 0.5x during the next six months (previous survey: 4 percent).

- Zero percent conclude that the leverage multiple will decrease less than 0.5x during the next six months (previous survey: 2 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 designated the sluggish housing market as the factor with the strongest potential to affect the near-term economy (previous survey: 32 percent).

- Forty-seven percent of respondents selected the U.S. budget deficit as having the strongest potential to affect the economy over the next six months (previous survey: 53 percent).

- Twenty-seven percent opined that the stability of the stock market has the strongest potential to affect the economy during the next six months (previous survey: 28 percent).

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

- Sixteen percent indicated constrained liquidity in the capital markets as the factor with the strongest potential to affect the near-term economy (previous survey: 13 percent).

- Eight percent chose "other" factors as having the strongest potential to affect the economy during the next six months (previous survey: 19 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-three percent believe the Retail Trade industry will experience the most volatility over the next six months (previous survey: 51 percent).

- Forty-seven percent of respondents chose the Healthcare and Social Assistance industry to experience the greatest volatility (previous survey: 59 percent).

- Thirty-nine percent designated the Construction industry as the industry expected to have the greatest volatility in the near term (previous survey: 32 percent).

- Thirty-five percent responded that the Real Estate and Rental/Leasing industry would experience the most volatility during the next six months (previous survey: 10 percent).

- Twenty-four percent of respondents believe the Mining industry will experience significant volatility in the next six months (previous survey: 24 percent).

- Twenty percent of lenders feel that the Public Administration industry will face increasing volatility in the near term (previous survey: 20 percent).

- Sixteen percent of lenders believe the Manufacturing industry to experience the greatest volatility (previous survey: 17 percent).

- Twelve percent of respondents believe the Finance and Insurance industry will experience the greatest volatility over the next six months (previous survey: 27 percent).

- Ten percent of survey takers are of the opinion Educational Services will experience significant volatility in the short term (previous survey: 17 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-five percent of lenders indicated their customers are planning on making an acquisition in the next six months (previous survey: 37 percent).

- Thirty-five percent responded their customers are planning on entering new markets in the near term (previous survey: 34 percent).

- Thirty-five percent of lenders believe their customers are planning on introducing new products or services (previous survey: 32 percent).

- Twenty-five percent indicated their customers are planning on raising additional capital in the near term (previous survey: 17 percent).

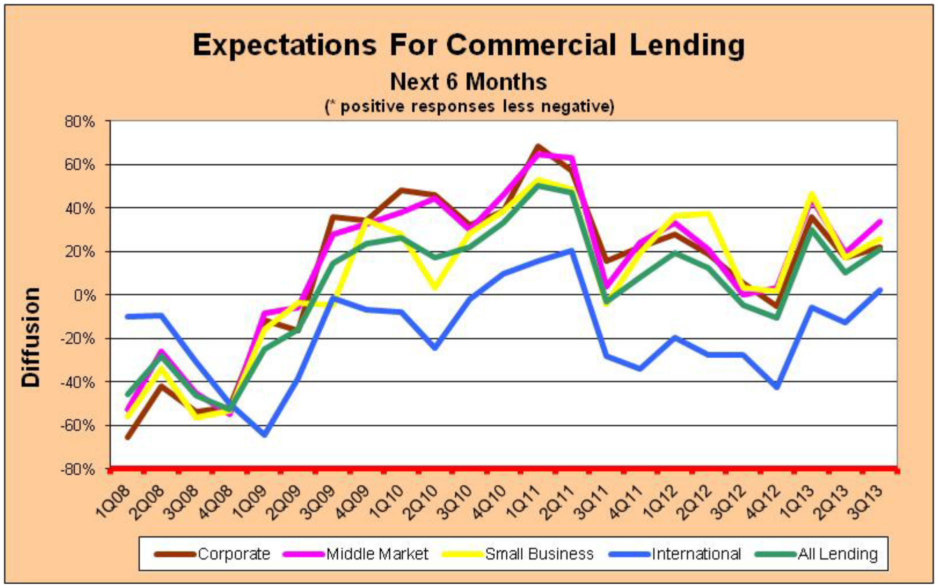
- Eighteen percent of respondents indicated their customers plan on hiring new employees in the next six months (previous survey: 32 percent).

- Five 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.

- After the big pullback in 2Q 2013, lenders reversed their sentiment slightly towards the positive side. Twenty-eight percent of respondents view the entire lending universe as improving compared to twenty-two percent of respondents from the previous quarter. The overall lending diffusion increased to eleven percentage points from ten percent in the prior quarter's survey. The domestic lending diffusion index was higher as well this quarter, increasing nine percentage points. The diffusion index for international lending finally turned positive at two percent, the first time this reading has been positive since 2Q 2011.



	3Q/2013			2Q/2013		
	Up	Down	Same	Up	Down	Same
Corporate Lending	28%	6%	66%	27%	10%	63%
Middle Market Lending	34%	0%	66%	27%	7%	66%
Small Business Lending	30%	4%	66%	24%	7%	68%
International Lending	20%	18%	61%	10%	23%	67%

- This quarter the lenders expectations stayed mostly flat with regards to loan losses, bankruptcies, unemployment and bank failures. There was a dramatic increase in the expectation for interest rates to go up and an increase most likely due to the comments by the Federal Reserve about tapering its QE program.

	3Q/2013			2Q/2013		
	Up	Down	Same	Up	Down	Same
Loan Losses	12%	32%	56%	15%	32%	54%
Bankruptcies	8%	34%	58%	10%	39%	51%
Interest Rates	76%	4%	20%	12%	0%	88%
Unemployment	6%	26%	68%	5%	45%	50%
Bank Failures	2%	47%	51%	8%	41%	51%

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.

- Lenders were more optimistic on the U.S. economy this quarter, bumping its GPA up thirteen basis points to 1.98. In the current quarter, eighty-six percent of respondents believe the economy will perform at a "C" level, which represents an increase of eighteen percentage points from the previous quarter. The grade-point average remained at the "C-" level as a slightly higher percentage of lenders thought the economy would perform at a "D" level rather than a "B" level.

Grade	3Q/2013	2Q/2013
A	0%	0%
B	6%	3%
C	86%	63%
D	8%	33%
F	0%	0%
Weighted Average Grade	1.98	1.85

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 rebounded substantially bouncing back to its highest reading in the last twelve months. The weighted average GPA increased twenty-two basis points. Thirty-nine percent of lenders feel as though the economy will perform at a "C" or better level beyond the next six months (compared to seventy-nine percent last quarter). Lenders who believe the economy will perform at a "B" over the next twelve months increased dramatically to forty-one percent, a twenty-one percentage point increase over the last quarter's survey.

Grade	3Q/2013	2Q/2013
A	0%	0%
B	41%	20%
C	39%	59%
D	20%	22%
F	0%	0%
Weighted Average	2.20	1.98

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 decreased by two percentage points from 2Q 2012. It appears as though some lenders that used to favor "moderate" or "no growth" switched to "strong" growth over the course of the next twelve months. This is another encouraging sign from lenders on the U.S. economy.

Indication	3Q/2013	2Q/2013
Very Strong	0%	0%
Strong	8%	2%
Moderate	86%	88%
No Growth	6%	10%

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.

- On an Overall Average basis, this is the lowest response for tightening we have ever received on the Quarterly Lending Survey. While many of the lenders expect to maintain the loan structures they have currently, it is certainly noteworthy how few anticipate tightening to occur.

	3Q/2013			2Q/2013		
	Tighten	Maintain	Relax	Tighten	Maintain	Relax
Loans> $25 million	2%	78%	20%	6%	69%	25%
$15 – 25 million	2%	78%	20%	8%	77%	15%
$5-15 million	2%	87%	11%	10%	74%	15%
Under $5 million	4%	87%	9%	10%	72%	18%
Overall Average	3%	82%	15%	8%	73%	18%

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.

- Similar to loan structures, lenders' expectations to not increase interest rate spread is at an all time low, with only three percent of lenders expecting to raise the spread.

	3Q/2013			2Q/2013		
	Reduce	Maintain	Increase	Reduce	Maintain	Increase
Loans> $25 million	27%	73%	0%	39%	53%	8%
$15 – 25 million	29%	71%	0%	29%	61%	11%
$5-15 million	22%	73%	4%	29%	55%	16%
Under $5 million	15%	77%	8%	22%	62%	16%
Overall Average	23%	74%	3%	30%	57%	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.

- It is clear lenders are anticipating the Federal Reserve to take action with regards to its monetary policy after the comments from Ben Bernanke about the Fed tapering its quantitative easing program. For the past two years, lenders have expected the Fed to keep rates in the 0.00-0.25 percent range. Now that the Fed has delayed its September taper, it will be interesting to track the lenders future Federal Reserve expectations.

Bps Change	**3Q/2013**	**2Q/2013**
-More than 1.0	0%	0%
-1.0	0%	0%
-.75	0%	0%

-.50	0%	0%
-.25	2%	0%
0	34%	95%
+.25	40%	5%
+.50	14%	0%
+.75	0%	0%
+1.0	6%	0%
More than 1.0	2%	0%
Weighted Average	0.26 basis points	0.01 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 fifty-one percent of all responses. Factor competition decreased this quarter after increasing for the past couple quarters.

	3Q/2013	**2Q/2013**
Money Center Banks	18%	17%
Local Commercial/ Community Banks	51%	41%
Factors	18%	32%
Regional Banks	8%	7%
Commercial Finance Organizations	0%	0%
Other	4%	2%