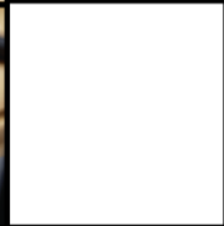
Phoenix Management Services
"Lending Climate in America" Survey



2nd Quarter 2014
Summary, Trends and Implications

PHOENIX
"LENDING CLIMATE IN AMERICA"
QUARTERLY SURVEY

2nd Quarter 2014

SUMMARY, TRENDS AND IMPLICATIONS

1. **Many in the finance world have often lived by the saying, 'Don't fight the Fed". As the Fed continues to scale back its Quantitative Easing program by $10 billion a month, which of the following do you think are the most likely economic impacts from the Feds move out of the market?**

   The lenders surveyed this quarter were split on the impact the Federal Reserve would have on markets. The highest percentage of lenders, at thirty-seven percent, believe the Fed's impact will take hold in the Treasury Market, with 10-year Treasury rates finishing the year above 3.0%. While this is a commonly held thought, rates have moved in the opposite direction and now currently sit in the 2.5% range. The next highest contingent, garnering one-third of the responses, were the lenders who believe the Federal Reserve was able to maneuver its balance sheet with a deft hand and the economy will now be able to support GDP growth on its own. The next highest response rate, at eighteen percent, believe the stock markets will be negatively impacted by the Fed stopping its quantitative easing program to the tune of a 10-20% pullback. Eight percent of lenders believe the impact of the Fed's withdrawal will be most felt on emerging markets, which will be negatively impacted by the escape of "hot money". The remainder of lenders wrote in their responses and included some of the following thoughts:

   "More of what we're seeing today, long-term rates will rise, but not greater than 3% on the 10 year."

   "It will be a controlled withdrawal and will not hinder the steady growth."

2. **It appears as though the credit freeze is beginning to thaw. As the mortgage refinancing business starts to run on fumes, banks and nonbanks are competing for a smaller pool of new origination customers. Mortgage lenders have reported requiring down payments as low as 3% in some cases in addition to lowering consumers credit scores. What do you take away from the reemergence of this type of lending?**

   While there were four choices to choose from, there was a very clear divide in the lenders surveyed. The answer that received the highest percentage response, at forty-nine percent of the respondents, was that large banks would mostly shy away from these aggressive lending practices and nonbank lenders would fill this void as they have less regulatory hurdles to deal with. The next highest contingent, garnering forty-one percent of responses, was the return of these trends in the mortgage industry will have a negative impact on consumers and banks alike. A small amount of lenders, at two percent, believe

consumers have de-levered since the financial crisis and will be in a better position to handle higher monthly mortgage payments. The remaining five percent of respondents wrote in their own responses, which include some of the following responses:

"Those who cannot remember the past are condemned to repeat it..."

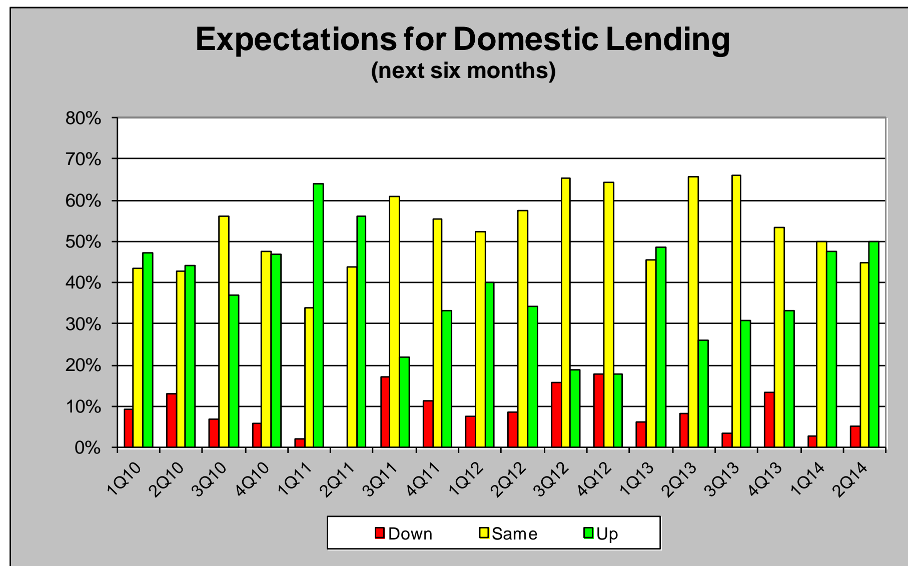
"They better be "Qualified Residential Mortgages""

3. **U.S. retail sales rose 1.1 percent in March, their largest gain in 1-1/2 years. The sales figures coupled with average job growth of 195,000 per month in February and March suggests the economy found momentum at the end of the first quarter. How do you view the recent positive trend in these economic indicators?**

The majority of lenders, fifty-nine percent, were not overly impressed by the improvement in retail sales and job growth in the early part of the Spring. They believe this is just another swing in a choppy economy. The second highest contingent, at twenty-two percent, is more optimistic about the economic indicators improvement and they believe it could be a trend for the remainder of the year. At ten percent of the responses, the next group of lenders are optimistic however, wary of rising energy and food prices impeding future growth. The answer that garnered the lowest response at four percent of respondents happened to be the most optimistic. This group believes that the consumer is the linchpin of the economy and the recent strong consumer readings indicate the economy and GDP will grow at its fastest rate since the recession ended.

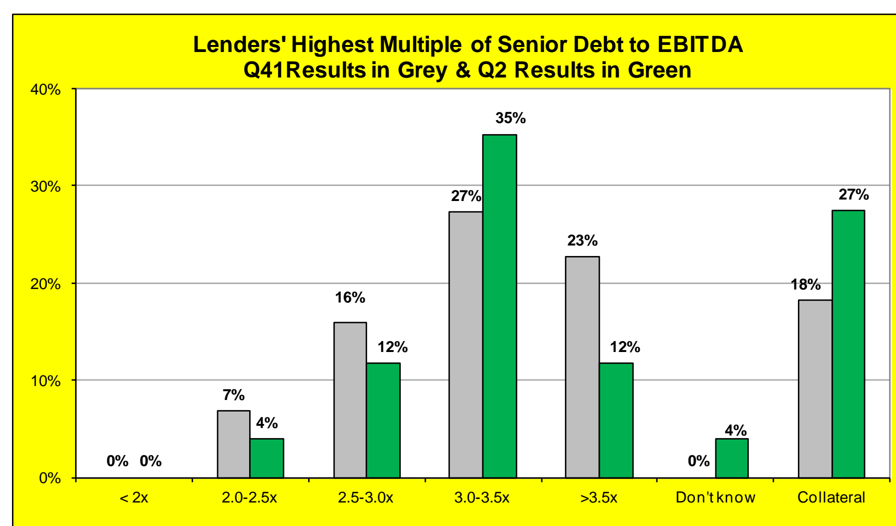
4. **Lenders remain equally bullish on domestic lending over the next six months.**

This quarter's diffusion index, which measures lenders sentiment towards U.S. commercial lending, was equal to last quarter's strong reading of forty-five percent. The high level of confidence in lender's domestic sentiment is an indication that banks continue to be encouraged by the economic environment in the U.S. There was a three percentage point uptick by lenders who believe domestic lending will increase over the next six months. This was the highest reading for an increase in domestic lending since 2Q 2011. There was a two percentage point increase by those lenders who believe domestic lending to decrease but that reading still sits at near all-time lows, garnering only five percent of the responses.



5. Lenders leverage multiple expectations come down from the prior quarter.

Lenders indicated in the 1Q 2014 survey their institutions were approaching leverage multiples very aggressively. There appears to be a slight pullback in those lofty leverage multiple expectations. In 2Q 2014, the highest percentage of lenders, at thirty-five percent, indicated that the highest senior debt to EBITDA ratio their institution would consider is in the 3.0-3.5x range versus twenty-seven percent in 1Q 2014. The greater than 3.5x range saw a dramatic decrease in responses, falling from twenty-three percent of the responses to twelve percent in 2Q 2014. Twenty-seven percent of lenders indicated that collateral supersedes senior debt to EBITDA ratio when considering a loan request, a fairly substantial increase of nine percentage points from the last quarter. The 2.5-3.0x range, which was sixteen percent for 1Q 2014, continued to see deterioration garnering only twelve percent of the responses. Additionally, only four percent of respondents believe their institutions highest leverage multiple in the 2.0-2.5x range. In total it appears that lenders have pared back their lofty leverage multiple expectations from 1Q 2014 but relative to historical standards are still willing to get aggressive on debt to EBITDA multiples.



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

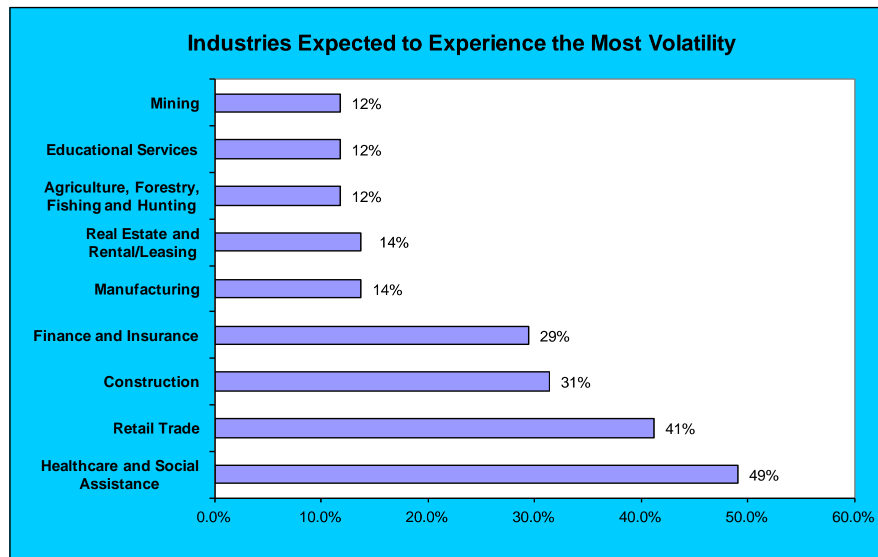
   The highest number, forty-five percent of respondents, believe their institution will experience no change in leverage ratios over the next six months compared to forty-eight percent that shared the same sentiment last quarter. Twenty-five percent of respondents indicated they were collateral lenders and did not specifically focus on senior debt to EBITDA multiples (up seven percentage points from the previous survey). Ten and eight percent of lenders believe there will be an increase of greater than 0.5x and less than 0.5x-, respectively compared to five and seven percent in the previous quarter. The diffusion index increased a meaningful 10 percentage points from last survey's reading of six percentage points.

7. **Lenders believe housing remains the biggest threat to continued economic success.**

   When asked to choose two factors that could have the strongest potential to negatively affect the economy in the next six months, forty-seven percent chose a sluggish housing market compared to fifty percent in the previous quarter. Unstable energy prices and stability of the stock market both garnered twenty-nine percent of the responses. Unstable energy prices increased four percentage points while stability of the stock market decreased three percentage points from the previous quarter. The U.S. budget deficit moved down to fourth amongst responses with twenty-two percent of responses. This is a steep drop from sixty-four percent response rate two quarters ago. It is evident the lenders believe Washington has begun to get its finances in order. Constrained liquidity in capital markets rounded out the remaining risk factors with eight percent of total responses.

8. **Lenders continue to 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, forty-nine percent of lenders agree that Healthcare and Social Assistance will experience the greatest volatility, an increase of six percentage points from the prior quarter's survey. Retail Trade followed next garnering forty-one percent of those polled, a decrease of fourteen percentage points versus the prior quarter. The Construction industry garnered thirty-one percent of votes, a modest increase from the twenty-nine percent reading in the prior quarter. Finance and Insurance followed with twenty-nine percent, an eight percentage point increase from the prior period of twenty-one percent. The Real Estate and Manufacturing industries both garnered fourteen percent of the responses, in a very similar position to the prior quarter. Educational Services, Mining, and Agriculture rounded out the industries who garnered greater than ten percent of the responses for most expected volatility.

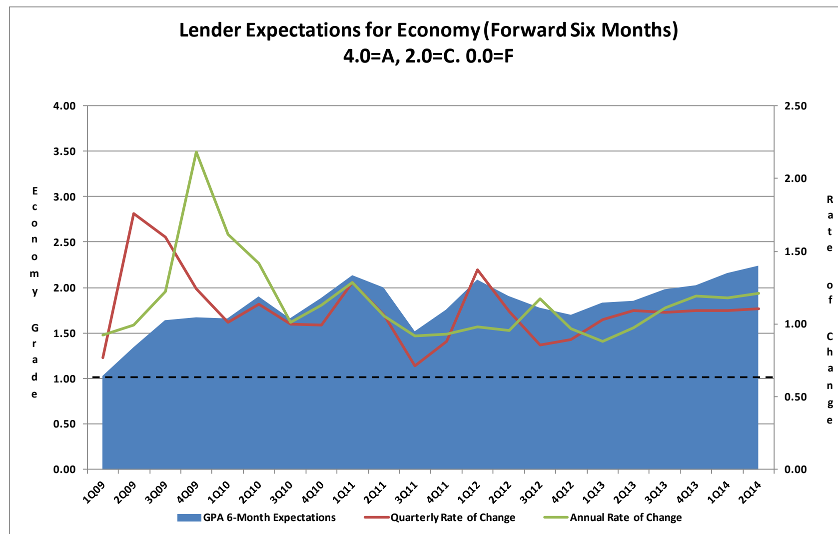


9. Borrowers maintain plans for new capital investment and acquisitions for future growth.

Making new capital investments ranked highest amongst responses, at forty-seven percent of the lenders surveyed. Thirty-nine percent (down two percentage points from last quarter) of respondents expect borrowers to start making acquisitions. Introducing new products or services was the third highest response, garnering thirty-five percent of the responses, down one percentage point from the prior quarter. Additionally, twenty-nine percent of lenders believe their borrowers will start raising additional capital and hiring new employees, a five and three percentage point decrease over the prior quarter, respectively. Thirty-seven percent of lenders expect their customers to begin entering new markets, which is a twelve percentage point increase versus last quarter.

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

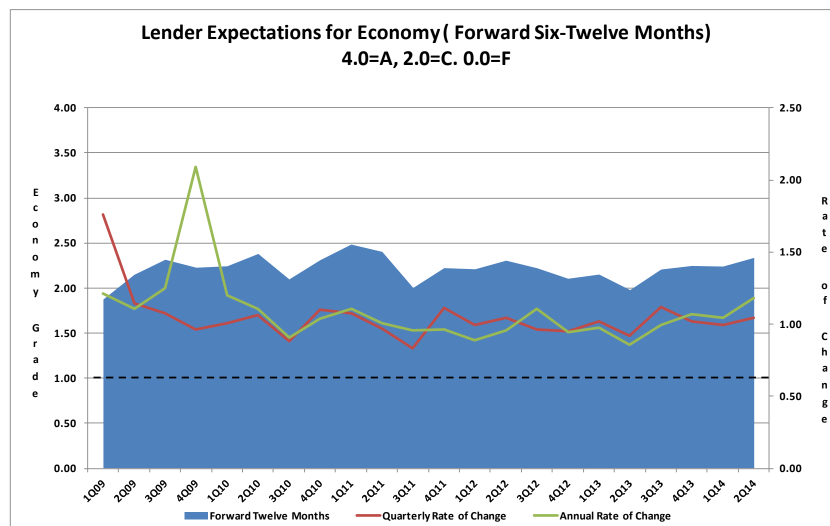
Economic growth sentiment remained at an overall "C" grade this quarter, however the indexes GPA increased to 2.24 from 2.16, an increase of eight basis points from the 1Q 2014 results. The vast majority of lenders (sixty-three percent) believe the economy will perform at a "C" level or lower over the next six months, compared to seventy-six percent in the previous survey. There was a fourteen percentage point increase of lenders who believe the economy will perform at a "B" grade over the next six months.



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

11. Lenders long term prospects for the U.S. economy continue to improve.

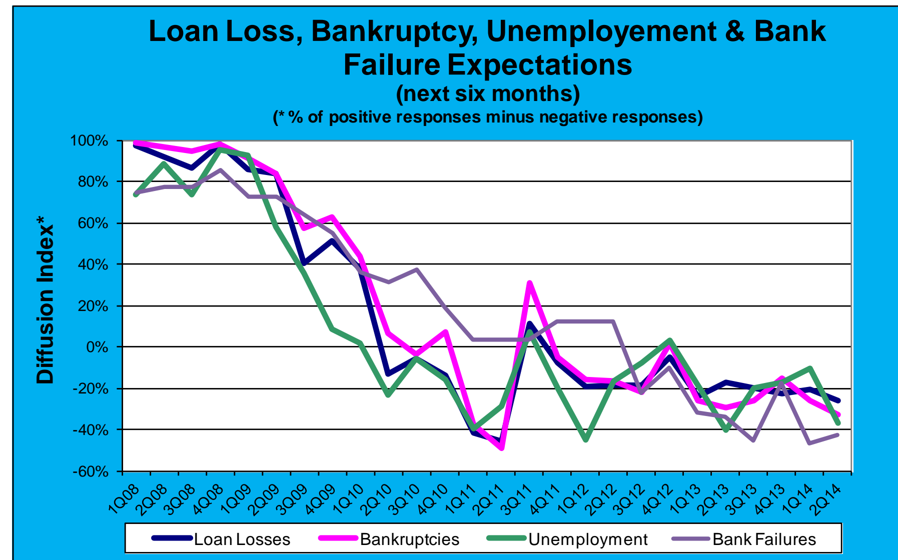
Lenders growth expectations for the U.S. economy beyond six months improved relative to the previous survey, however still yield a "C" grade at a 2.33 GPA. Forty-seven percent of lenders believe the economy will perform at a "B" level in the next six to twelve months, which is eighteen percentage points higher than the previous quarter. Forty percent of lenders believe the economy will perform at a "C" level in the next six to twelve month period, compared to sixty-six percent in the previous quarter. Following a reading below 2.0 in 2Q 2013 (which was the lowest reading since winter 2009) it is encouraging to see lenders remain optimistic on the long term prospects for the U.S. economy.



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

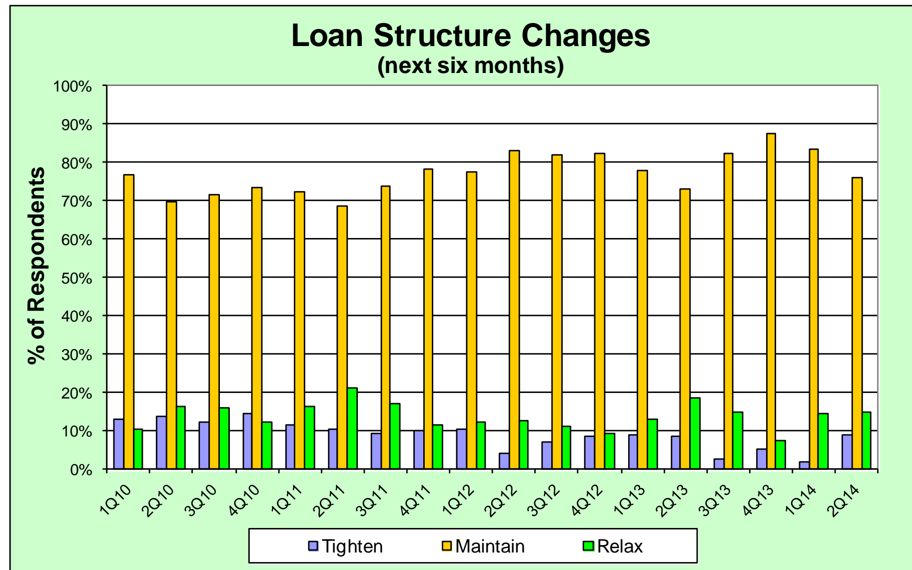
12. **Lenders continue to have very low expectations for increasing Loan Losses, Bankruptcies, Unemployment, and Bank Failures over the next six months.**

All four of these categories have negative diffusion indexes of twenty-six, thirty-three, thirty-seven, and forty-two percentage points, respectively. The negative diffusion indexes in these categories show lenders continue to believe there will be limited negative news in these four categories, and readings in all categories remain near all-time lows for the survey.



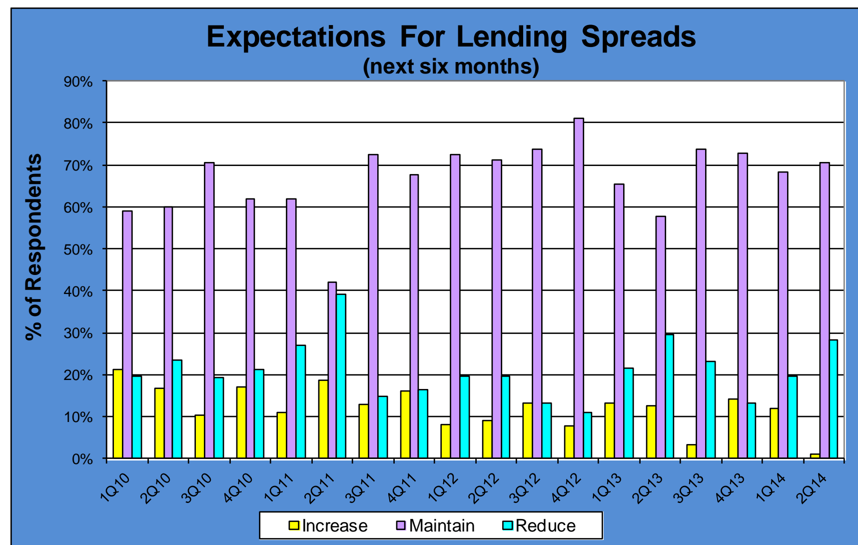
13. **Lenders do not plan to tighten loan structures over the next six months.**

The percentage of respondents planning to maintain their current loan structures decreased by eight percentage points to seventy-six percent compared to 1Q 2014 of eighty-four percent. Lenders who expect to tighten their loan structures increased by seven percentage points compared with the prior quarter of two percent of those surveyed. Fifteen percent of lenders anticipate relaxing their client's loan structures the same amount as the prior quarter. While not as aggressive as the previous quarters survey, the majority of lenders are still planning to maintain or loosening their loan structures.



14. Record low level of lenders expect to increase lending spreads.

Seventy-one percent of respondents (versus sixty-eight percent in the previous quarter) anticipate maintaining lending spreads at their current levels. One percent of lenders anticipate increasing their credit spreads in the next six months, down eleven percentage points from the previous quarter, the lowest level ever recorded in the survey's history. The percentage of lenders expecting to reduce their current credit spreads increased eight percentage points, representing twenty-eight percent of total responses this quarter.



Phoenix Management Services
"Lending Climate in America"
2nd Quarter 2014

Survey Results

1. Lenders were divided on the Fed's impact between rising interest rates and large no effect on the economy.

Lenders were asked: As the Fed continues to scale back its Quantitative Easing program by $10 billion a month, which of the following do you think are the most likely economic impacts from the Feds move out of the market?

- Thirty-seven percent believe the 10-year Treasury Note will move back above 3.0% by the end of 2014.
- Thirty-three percent think there will largely be no effect, the Fed deftly maneuvered through the economic crisis and the economy is now able to support GDP growth without the Fed's assistance.
- Eighteen percent of the respondents believe the Stock Market will experience a 10-20% pull back as the Fed stops pumping money into markets.
- Eight percent of the lenders think Emerging Markets will be rocked by market volatility as risk and yield seekers begin to bring money back to the U.S.
- Four percent of lenders wrote in their own response.

2. Lenders were mixed on the impact on the reemergence of subprime lending.

It appears as though the credit freeze is beginning to thaw. As the mortgage refinancing business starts to run on fumes, banks and nonbanks are competing for a smaller pool of new origination customers. Mortgage lenders have reported requiring down payments as low as 3% in some cases in addition to lowering consumers credit scores.

Lenders were asked: What do you take away from the reemergence of this type of lending?

- Forty-nine percent believe nonbank lenders, who have less regulatory hurdles, will pursue this business while the large banks will stay away from the risky mortgage lending practices that got them into trouble prior to 2008.
- Forty-one percent think it will have a negative impact on banks and consumers alike. This is the cyclical nature of the mortgage lending business.
- Eight percent of lenders wrote in their own response to the question.

- Two percent think consumers have de-levered since the financial crisis and their personal situation in addition to job prospects put them in a better position to support mortgage payments.

3. Lenders are wary about recent economic data that suggests the economy is back on stable footing.

U.S. retail sales rose 1.1 percent in March, their largest gain in 1-1/2 years. The sales figures coupled with average job growth of 195,000 per month in February and March suggests the economy found momentum at the end of the first quarter.

Lenders were asked: How do you view the recent positive trend in these economic indicators?

- Fifty-eight percent believe March retail sales gains were barely above the fourth quarter level and does not represent the return of strong growth rather only another turn in a choppy economy.

- Twenty-two percent believe the upbeat retail sales report is an indicator that the economy is set to accelerate in the second quarter after an unusually cold and snowy winter hindered activity early in the year.

- Ten percent think we are in the midst of a solid and steady expansionary period. However, rising energy and food prices and a tighter labor market are impediments to growth.

- Four percent believe the consumer represents the linchpin of economic growth and recent data suggests the consumer is back and GDP will grow at its fastest rate since the recession ended.

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-five percent believed their institution would consider a loan request with a Senior Debt to EBITDA multiple as high as the 3.01x – 3.50x range (previous survey: 27 percent).

- Twenty-seven percent of respondents replied they are collateral lenders and, therefore, do not make credit decisions based on cash flow/leverage multiples (previous survey: 18 percent).

- Twelve percent of lenders opined their financial institution would consider a loan request with leverage multiples of greater than 3.5x (previous survey: 23 percent).

- Twelve percent indicated their institution would consider a loan request with leverage multiples as high as the 2.51x – 3.00x range (previous survey: 16 percent).

- Four percent of lenders believed their institution would consider a loan request with a Senior Debt to EBITDA multiple as high as 2.01x – 2.50x range (previous survey: 7 percent).

- Four 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: 0 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: 48 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: 18 percent).

- Ten 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: 12 percent).

- Ten percent of lenders believe that the leverage multiple will increase less than 0.5x during the next six months (previous survey: 7 percent).

- Eight 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: 2 percent).

- Zero percent believe that the leverage multiple will decrease greater than 0.5x during the next six months (previous survey: 2 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.

- Forty-seven percent designated the sluggish housing market as the factor with the strongest potential to affect the near-term economy (previous survey: 50 percent).

- Twenty-nine percent opined that the stability of the stock market has the strongest potential to affect the economy during the next six months (previous survey: 32 percent).

- Twenty-nine percent concluded that unstable energy prices have the strongest potential to affect the economy during the next six months (previous survey: 25 percent).

- Twenty-seven percent chose "other" factors as having the strongest potential to affect the economy during the next six months (previous survey: 27 percent).

- Twenty-two 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: 30 percent).

- Eight 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.

- Forty-nine percent of respondents chose the Healthcare and Social Assistance industry to experience the greatest volatility (previous survey: 43 percent).

- Forty-one percent believe the Retail Trade industry will experience the most volatility over the next six months (previous survey: 55 percent).

- Thirty-one percent designated the Construction industry as the industry expected to have the greatest volatility in the near term (previous survey: 30 percent).

- Twenty-nine percent of respondents believe the Finance and Insurance industry will experience the greatest volatility over the next six months (previous survey: 21 percent).

- Fourteen percent responded that the Real Estate and Rental/Leasing industry would experience the most volatility during the next six months (previous survey: 14 percent).

- Fourteen percent of lenders feel that the Manufacturing industry will face increasing volatility in the near term (previous survey: 11 percent).

- Twelve percent of survey takers are of the opinion Educational Services will experience significant volatility in the short term (previous survey: 18 percent).

- Twelve percent of respondents believe the Mining industry will experience significant volatility in the next six months (previous survey: 14 percent).

- Twelve percent of respondents believe the Agriculture industry will experience significant volatility in the next six months (previous survey: 11 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-seven percent of lenders believe their customers will be making new capital investments (previous survey: 43 percent).

- Thirty-nine percent of lenders indicated their customers are planning on making an acquisition in the next six months (previous survey: 39 percent).

- Thirty-seven responded their customers are planning on entering new markets in the near term (previous survey: 20 percent).

- Thirty-five percent of lenders believe their customers are planning on introducing new products or services (previous survey: 9 percent).

- Twenty-nine percent indicated their customers are planning on raising additional capital in the near term (previous survey: 27 percent).

- Twenty-nine percent of respondents indicated their customers plan on hiring new employees in the next six months (previous survey: 27 percent).

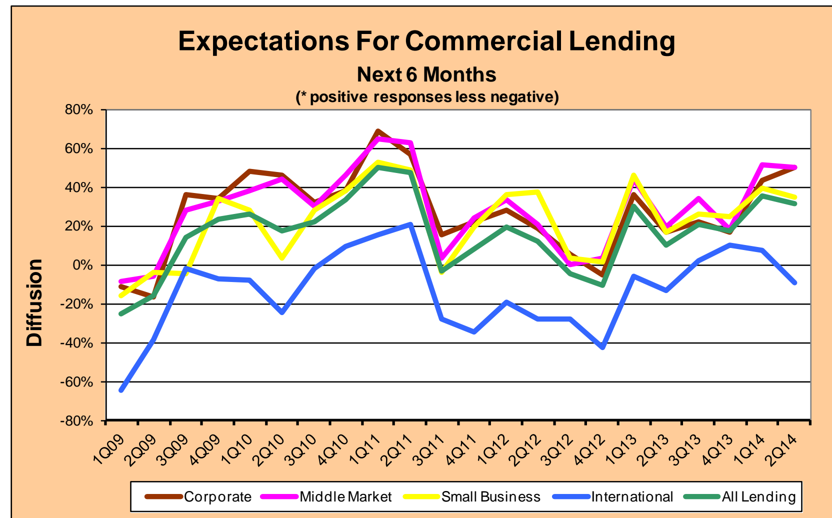
- Ten percent of lenders believe their customers are planning "other" initiatives in the next six months (previous survey: 5 percent).

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.

- Expectations remained relatively stable during 2Q 2014, as lenders expect increases in the corporate lending category but decreases in international, middle market, and small business. Forty-one percent of respondents view the entire lending universe as improving compared to thirty-two percent of respondents in the previous quarter.

The overall lending diffusion index decreased to thirty-one percent from thirty-six percent in the prior quarter's survey. The domestic lending diffusion index was unchanged this quarter. The diffusion index for international lending had a pull back in its diffusion index to negative nine percent from last quarter's positive eight percent.



	2Q/2014			1Q/2014		
	Up	Down	Same	Up	Down	Same
Corporate Lending	52%	2%	46%	46%	3%	51%
Middle Market Lending	52%	2%	46%	51%	0%	49%
Small Business Lending	46%	11%	43%	45%	5%	50%
International Lending	16%	24%	60%	26%	18%	56%

- Lenders continued to expect bankruptcies to remain at historically low levels over the next six months with ninety-one percent of lenders believing the metric will remain the same or go down. It appears as though lenders believe interest rates will go up at some point in the near future as our survey showed a diffusion index of fifty percent versus thirty-one in the prior quarter.

	2Q/2014			1Q/2014		
	Up	Down	Same	Up	Down	Same
Loan Losses	9%	35%	57%	8%	28%	64%
Bankruptcies	9%	41%	50%	8%	33%	59%
Interest Rates	52%	2%	46%	31%	0%	69%
Unemployment	9%	46%	46%	10%	21%	69%
Bank Failures	0%	42%	58%	0%	46%	54%

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 continued to be more optimistic on the U.S. economy this quarter, bumping its GPA up an additional eight basis points to 2.24. In the current quarter, sixty-three percent of respondents believe the economy will perform at a "C" level, which represents a decrease of thirteen percentage points from the previous quarter. The grade-point average remained at the "C" level even though there was a large shift in lenders attitude towards the economy, which manifested itself in fourteen more percentage points in the "B" level responses relative to last quarter.

Grade	2Q/2014	1Q/2014
A	0%	3%
B	30%	16%
C	63%	76%
D	7%	5%
F	0%	0%
Weighted Average Grade	2.24	2.16

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 improved relative to the prior quarter. The weighted average GPA was stronger at 2.33, which is a "C' grade. Forty percent of lenders feel as though the economy will perform at a "C" level beyond the next six months (compared to sixty-six percent last quarter). Lenders who believe the economy will perform at a "B" over the next twelve months increased to forty-seven percent from twenty-nine percent. The remaining thirteen percent of lenders believe over the next six to twelve months the economy will perform at a "D" grade.

Grade	2Q/2014	1Q/2014
A	0%	0%
B	47%	29%
C	40%	66%
D	13%	5%
F	0%	0%
Weighted Average	2.33	2.24

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 one percentage point compared to 1Q 2014. Eleven percent of lenders now ascribe "strong growth" for their borrower's growth in the next six months, down two percentage points from the prior quarter. Likewise, there was a slight one percentage point increase seen in lenders favoring "no growth" which increased one percentage point to nine percent.

Indication	2Q/2014	1Q/2014
Very Strong	0%	0%
Strong	11%	13%
Moderate	80%	79%
No Growth	9%	8%

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.

- Many lenders are content right now and plan to maintain their current loan structure. However, there was an increase in the percentage of lenders indicating they are looking to tighten loan structures in the near future. This indicates borrowers may have stricter covenants, at least for the near future.

	2Q/2014			1Q/2014		
	Tighten	Maintain	Relax	Tighten	Maintain	Relax
Loans> $25 million	10%	78%	12%	0%	77%	23%
$15 – 25 million	5%	81%	14%	0%	86%	14%
$5-15 million	7%	74%	19%	3%	89%	8%
Under $5 million	14%	72%	14%	5%	82%	13%
Overall Average	9%	76%	15%	2%	84%	15%

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.

- It appears as though when analyzing loan spreads, almost no lenders expect to increase the interest rate spread on loans they are making. The only category in

which lenders expected some increase in pricing, was the under $5 million category and that category only garnered four percent of the responses. We anticipate borrowers will continue to benefit from competitive pricing based on the responses from the survey.

	2Q/2014			1Q/2014		
	Reduce	Maintain	Increase	Reduce	Maintain	Increase
Loans> $25 million	32%	68%	0%	34%	60%	6%
$15 – 25 million	29%	71%	0%	22%	72%	6%
$5-15 million	30%	70%	0%	14%	73%	14%
Under $5 million	22%	73%	4%	9%	68%	24%
Overall Average	28%	71%	1%	20%	68%	12%

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.

There is more certainty of the Feds monetary policy with the recent announcement of tapering of QE by $10b a month, many lenders are now expecting rates to slowly increase over the next six months. As Janet Yellen (the Fed Chairman) is now fully at the helm, it will be interesting to see if lenders expectations for interest rates change in future surveys.

Bps Change	2Q/2014	1Q/2014
-More than 1.0	0%	0%
-1.0	0%	0%
-.75	0%	0%
-.50	0%	0%
-.25	0%	0%
0	57%	68%
+.25	27%	24%
+.50	7%	5%
+.75	7%	3%
+1.0	2%	0%
More than 1.0	0%	0%
Weighted Average	0.11 basis points	0.11 basis points

16. Current Competition

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

- Money center banks and local commercial banks saw an increase in the number of responses. However it is still noteworthy that the top two (Regional banks and local commercial / community banks) still register roughly seventy percent of responses.

	2Q/2014	1Q/2014
Money Center Banks	18%	8%
Local Commercial/ Community Banks	27%	21%
Factors	2%	0%
Regional Banks	42%	58%
Commercial Finance Organizations	2%	8%
Other	4%	5%