Office of Advocacy
U.S. Small Business Administration

Small Business Lending in the United States, 1999 Edition

A Directory of Small Business Lending Reported by Commercial Banks in June 1999

Published February 2000. This report contains research prepared by the Office of Advocacy of the U.S. Small Business Administration. The opinions and recommendations made herein do not necessarily reflect official policies or statements of the U.S. Small Business Administration or any agency of the U.S. Government. For further information, contact the Office of Advocacy, U.S. Small Business Administration, Mail Code 3112, Washington, DC 20416. The complete study is available on the Internet's World Wide Web at *http://www.sba.gov/advo/stats/lending/* or on microfiche from the National Technical Information Service, Springfield, VA 22161, tel. (703) 487-4650.

Foreword

I am pleased to release our sixth annual report on small firm lending by the nation's commercial banks. This report is designed to help small firms locate likely loan sources, and to stimulate bank competition for small firm customers. Banks, leading suppliers of credit to small firms, account for 54 percent of total traditional small firm credit used.

The Office of Advocacy's latest "small-business-friendly banks" study contains a description of the study's two data bases (Part 1) as well as analyses of the June 1999 call report data (Part 2) and data gathered under the revised Community Reinvestment Act regulations (Part 3). This year's study covers the lending activity of 8,659 individual reporting commercial banks—307 fewer than were in the 1998 report, although the number of bank branches increased.

In June 1999, commercial banks had $1.1 trillion in business loans outstanding (commercial and industrial and commercial mortgage loans), of which 35 percent—$398 billion—was in small business loans of less than $1 million. Total business loans outstanding increased by $122 billion or 12.0 percent in 1999, while small firm lending increased by $28 billion or 7.6 percent. Commercial banks help maintain the health of small firms, but the declining small firm share raises concerns about the adequacy of small firm commercial bank credit, especially for firms looking to grow. Among other findings of particular interest are the following:

- Small firm loan dollars increased at a slower rate than large firm lending (7.6 percent versus 14.6 percent). Loans outstanding in small-loan categories increased by 2.5 percent (loans under $100,000), 6.3 percent ($100,000 to $250,000), and 11.2 percent ($250,000 to $1 million).
- Most troubling in initial reviews of the call report data was that the number of small firm loans declined by 116,000 after increasing dramatically for two years. However, the decrease was the result of a divestiture in which loans were transferred to a non-bank financial intermediary (and reclassified out of the data base). After adjustment for the divestiture, the number of small firm loans increased by 10 percent, a significant increase but a decline from the past two years' average 23 percent increase.
- As interstate bank mergers increase, so does the small firm loan volume from out-of-state banks or bank holding companies (BHCs). Such banks may appear in CRA data, but not in call report data. For example, call report data identify six banks headquartered in the District of Columbia, but CRA data identify 26 banks—nearly all headquartered out of the district—lending to DC small firms.

Changes in banking markets—mergers, interstate branching, and interest rate fluctuations—will have more significant effects on small firms than on large corporations, which can more often obtain capital from the equity, commercial bond, and money markets. Structural changes likely to inhibit small firm access to bank credit should be monitored closely.

In June 2000, top researchers will lead an Advocacy conference on how the changing banking structure is affecting small firm credit markets. Contact the office for advance details or a copy of the conference report.

Banks participating in the SBA's lending programs that use secondary markets extensively may have artificially low "small business friendliness" scores because only the nonguaranteed portion of guaranteed loans will appear in the bank's loan portfolios. SBA preferred or certified lenders are small-business-friendly, and small firms should certainly seek them out.

Thanks to all who helped fine-tune this effort—members of the U.S. House of Representatives and Senate Committees on Small Business and Banking, and many other users. Additional comments are welcome. Visit the Web site at http://www.sba.gov/advo/stats/lending/.

Jere W. Glover
Chief Counsel for Advocacy

Contents

Part 1: Introduction

Small businesses are the keystone of the U.S. economy. America's small businesses—some 24 million strong, based on business tax return data—employ about 52 percent of the private work force, contribute 51 percent of private sector output, create most of the new jobs, and produce 55 percent of innovations.[1] By keeping the market-based system efficient, they make an indispensable contribution to U.S. global competitiveness.

Access to credit is vital for small business survival, and a key supplier of credit to small firms is the commercial banking system. Some 67 percent of all small firms that borrow from traditional sources obtain their money from commercial banks, according to the 1993 National Survey of Small Business Finances (NSSBF). Of a total of $668 billion in small business credit outstanding from traditional sources in 1993, commercial banks supplied 54 percent, a much larger share than the 13 percent supplied by finance companies, the next most prominent lender.[2]

As firms grow, their reliance on the commercial banking system increases. Of the small firms that borrow from traditional credit sources, according to Office of Advocacy analysis of the NSSBF data, the following obtain their financing from commercial banks:

- 59 percent of firms with 0 employees,
- 64 percent of firms with 1–4 employees,
- 68 percent of firms with 5-9 employees,
- 73 percent of firms with 10–19 employees,
- 84 percent of firms with 20-99 employees,
- 86 percent of firms with 100–499 employees.

It is critical to the health and growth of a small business to know which banks are meeting the credit needs of small firms and which banks are investing elsewhere. Such information helps small businesses save precious time and shop efficiently for credit—and it also helps banks gain access to new investment opportunities.

Studies using 1994-1996 banking data showed that banks that were small-business-friendly were more profitable than those that made few small business loans.[3] These insights cast doubt on an operating principle of many banks—that loans to small businesses are riskier and less profitable.

This sixth annual edition of *Small Business Lending in the United States* provides current banking data to small firms and the banks that serve them. Like the earlier studies, this edition contains an analysis of call report data filed by banks with their regulating agencies in June. And for the second time, this report offers new data from the Community Reinvestment Act (CRA) data base.

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[1]Office of Advocacy, U.S. Small Business Administration, *Small Business Answer Card, 1998*. See also Joel Popkin and Company, *The Small Business Share of Private, Nonfarm Gross Domestic Product*, report no. PB97-180723 prepared for the Office of Advocacy, U.S. Small Business Administration (Springfield, Va.: National Technical Information Service, February 1997).

[2]While NSSBF does not separate out SBA lending, both banks and finance companies are active participants in SBA's business loan guarantee programs. However, the value of SBA business loans outstanding is less than 10 percent of the total stock of commercial bank loans; that is, most small business bank loans are not SBA guaranteed loans.

[3]James Kolari, Robert Berney and Charles Ou, "Small Business Lending and Bank Profitability," *Journal of Entrepreneurial and Small Business Finance, Vol. 5, No.1* (1997), 1-15. These results were confirmed by Prof. Ralph C. Kimball in "Specialization, Risk and Capital in Banking," *New England Economic Review* (November/December 1997).

New this year is a change in the order of the presentation to try to reduce the confusion between the two data bases. Part 1 provides a general introduction with a comparison of the two data sources. Part 2 discusses the small business lending behavior of all commercial banks that file call reports. Part 3 discusses lending behavior of a smaller set of commercial banks that submit CRA reports.

Table 1 now identifies the list of the top small-business-friendly banks.[4] The list includes the top 10 banks or the top 10 percent, whichever is smaller, and the top banks by their asset size classification. (Ties may increase the number.) More detailed information is provided in the data appendix.

The appendix tables now provide information on the small business lending behavior of every reporting commercial bank (Table A.1) in each state and the CRA reporting banks with more than $1 million in lending in the state (Table A.2). These listings are designed to help depositors and borrowers identify which banks are more likely to make small business loans.

A Comparison of the Data Sets

The call report and CRA data complement each other, but are not comparable, in that they provide different kinds of loan information, are identified differently by location, and cover different categories of banks (Table A). CRA data reflect the loans being made during a given year, while the call reports measure all the loans outstanding as of June 30, 1999 (flow of credit versus the stock of credit). The call reports attribute all lending of a banking organization to the state where the bank's headquarters is located, while the CRA data report actual lending in a given state. For example, in the call report data base, Wells Fargo is shown as located in California, but the CRA data base shows Wells Fargo lending in all 50 states.

Table A. Comparison of Call Report and CRA Data Bases Used in 1999 Lending Studies

	Call Report Data	CRA Data
Loan information provided	Stock of business loans outstanding as of June 1999	Flow of business loans over entire calendar year 1998
How location is identified	Bank headquartered in the state	Lending activity in the state by all CRA reporting banks
Categories of banks covered	All reporting commercial banks and bank holding companies	Banks with $250 million or more in assets or members of bank holding companies with more than $1 billion in assets

In addition, only the larger banks or bank holding companies (BHCs) are required to report under CRA. Unfortunately the CRA data do not include other information about bank performance, so only the amount of loans being made can be reported. Basing rankings solely on the total amount of small business loans, and leaving out the ratios of small business loans to bank assets or total business loans, biases the results in favor of larger banks.

One major finding in the CRA data is that many small business loans are made by banks headquartered in other states. For example, call report data identify six banks headquartered in the District of Columbia, whereas the 1998 CRA data identify 26 banks lending more than $1 million to small businesses in DC. For Massachusetts, there are 46 call report banks and 106 CRA reporting banks. Data on the number of filing banks for all states can be found in Table 2.

[4]This was Table 2 in the previous edition. Tables 1 and 3 of the earlier edition have become Appendix Tables A.1 and A.2.

The 1999 Study Definitions

For this study, the definition of a small business loan is a loan under $1 million. This is the definition used by most financial regulatory agencies and other researchers. Total rankings of banks on their lending in smaller loan sizes (less than $250,000 and less than $100,000) are still available in the final two columns of Appendix Table A.1, for comparisons with earlier studies and for the benefit of the small firm seeking smaller loans.

The banks subject to CRA reporting requirements make more than two-thirds (69.6 percent) of small business loans, nearly all (96.8 percent) of the largest loans over $1 million, and more than half (56.2 percent) of the smallest loans under $100,000 (Table B).

Table B. Small Business Loans Outstanding from Call Report and CRA-Covered Banks* (Billions of Dollars)

Loan Size	Call Report Banks	Banks Subject to CRA	CRA/CRB Percent
<$100,000	$111.5	$62.7	56.2
<$250,000	187.8	117.3	62.5
<$1 Million	370.8	258.2	69.6
>$1 Million	649.4	628.3	96.8
Total Business Loans	1,020.2	886.5	86.9

*Call report banks include all commercial banks that filed call reports in 1998, while CRA reporting banks are all banks with more than $250 million in assets or that are part of a bank holding company with more than $1 billion in assets that filed for calendar year 1997.

Limitations of the Study

It is important to note that call report and CRA data tell only a part of the story about lending to small business, namely the commercial banking part. Small businesses certainly have access to other sources of credit, such as their suppliers, finance companies, family and friends. Additionally, some lending information may not be reported in call reports or CRA data, or may not be discernible as small business financing. For example:

- Banks may provide lines of credit to small firms. If the line of credit is not used, it will not be reported as a loan.
- Banks may issue consumer credit cards or other consumer credit to small firms for working capital (e.g., for office equipment). They may report these as either small business or consumer loans.
- Loans to small firms are often in the form of a second mortgage on the business owner's home and/or personal lines of credit.
- Small business owners may use their personal credit cards to finance their businesses.[5]
- Banks may make loans to small businesses under their consumer loan divisions, classifying the loans as consumer loans.
- Banks may send business owners to subsidiary finance companies that are not required to file call reports.
- SBA-guaranteed loans sold in the secondary market are recorded in the number of small business loans made by banks, but only the non-guaranteed portion of these loans is included in the dollar value of small loans in the call report.

[5]The NSSBF found that 27.6 percent of small businesses used business credit cards and 39.2 percent used personal credit cards for business purposes.

- In filing call reports. multi-state bank holding companies may file consolidated reports rather than separately reporting the lending operations of a member bank in a given state.
- When mergers or acquisitions occur among banks or other financial intermediaries the reported amount of lending may appear to change, when all that is happening is that loans are being transferred among financial intermediaries.
- When mergers occur, the lending activity of a given bank or the bank's holding company affiliate becomes difficult to track and year-to-year comparisons become questionable.

Additionally, call reports do not reflect a major factor affecting a bank's small business lending activities—the demand or lack of demand for small business loans. Banks of similar lending capacities and similar desires to serve the small business community may end up with significantly different ranking results because of differences in small business demand.

Despite these limitations, the call report and CRA data are useful in that they are the only publicly available sources of information on the small business lending patterns of individual banks.

Related Studies and Future Efforts

The Office of Advocacy continues to conduct research using the call report and CRA data. The Office of Advocacy is also publishing 1999 editions of *Micro-Business-Friendly Banks in the United States*, which rank-orders the top banks in each state in terms of their microlending (loans of less than $100,000), and *The Bank Holding Company Study*, which ranks multi-billion-dollar BHCs according to the dollar amount of small business loans issued.

Also available from the Office of Advocacy are individual state studies titled *Small Farm Lending in the United States* and a national study, *Small Farm Lending by Bank Holding Companies*, using the 1998 call reports.

A Note about SBA Lending Programs

Small businesses seeking loans should also seek out banks that participate in the SBA's loan programs. SBA participating banks that utilize secondary markets extensively may receive artificially low rankings in this study, as only the non-guaranteed amount will appear in a bank's loan portfolio. All SBA preferred or certified lenders should certainly be considered small-business-friendly.[6]

Accessing the Study

All editions of Advocacy lending studies are on the Internet at: *http://www.sba.gov/advo/stats/lending/*

Paper and microfiche copies are also available for purchase from the National Technical Information Service, telephone (703) 487-4650.

Suggestions

Send written comments or suggestions to the Office of Advocacy, U.S. Small Business Administration, Mail Code 3112, 409 Third St., S.W., Washington, D.C. 20416, or by fax to (202) 205-6928. Technical questions may be addressed to Dr. Robert E. Berney or Dr. Charles Ou, at (202) 205-6530 or by e-mail: *Robert.Berney@sba.gov* or *Charles.Ou@sba.gov*.

[6]Some 7,000 lending institutions participate in SBA's loan guarantee programs; 400 of these are SBA preferred lenders and have been given full authority to issue loans guaranteed by SBA. More than 1,000 SBA certified lenders perform the primary analyses for SBA lending but are not authorized to approve the loans. All SBA lenders are clearly friendly to small businesses. (See the SBA Web site for the list of preferred and certified lenders at http://www.sba.gov.)

Part 2: Using the Call Reports

In 1991, Congress, recognizing the importance of small business to the U.S. economy, mandated that financial institutions report small business loan information to federal banking authorities as part of their call reports. Beginning in June 1993, federal banking regulators collected appropriate information from commercial banking institutions on all commercial loans under $1 million.

In 1994, the Office of Advocacy first analyzed the call report information reported by banks in order to help small businesses locate the financial institutions most likely to make small business loans. The first study used the June 1994 call report data; reports have been published every year since.

The top small-business-friendly banks in the state are listed in Table 1 (p. 8). The list includes the top 10 banks or the top 10 percent, whichever number is smaller, and the top bank in each bank asset size classification. (Ties may increase the number.) Appendix Table A.1 provides information on the small business lending behavior of every commercial bank in the state that submits call reports.

The Call Report Data

Call reports, officially known as *Consolidated Reports of Condition and Income*, are quarterly reports filed by financial institutions with their appropriate bank regulators. The call reports provide detailed information on the current status of a financial institution. Section 122 of the Federal Deposit Insurance Corporation Improvement Act of 1991 requires financial institutions to report on an annual basis the number and amount of small business loans.

The call reports on which Tables 1, 2 and Appendix Table A.1 are based provide various bank data, including the number and dollar amount of loans outstanding by loan size for business loans of less than $1 million. These data enable researchers to evaluate commercial banks' small business lending activities.

Four variables were used to create a score for the small business lending activities of individual banks: (1) the ratio of small business loans to total assets, (2) the ratio of small business loans to total business loans, (3) the dollar value of small business loans, and (4) the number of small business loans.

A bank's score in a category is its decile ranking multiplied by 2.5. The decile ranking is a measure of where the individual bank falls in the distribution of all banks within a state for any given variable. Decile rankings range from 1 to 10. Banks in the top 10 percent of all banks in the state receive the maximum score of 10; banks in the lowest 10 percent in the category receive a score of 1. Banks that do not lend to small businesses (loans under $1 million) receive a 0.

Starting in the 1998 report, to allow for a top score of 100 rather than 40, each score was multiplied by 2.5. Thus, a bank's final score in any category is its decile ranking score times 2.5. A bank's total score is the sum of the scores in all four categories.

Small banks tend to score higher in some categories than larger banks, and vice versa. For example, smaller banks have a higher percentage of total assets in small business loans, but larger banks lead in the sheer number and value of small loans.

To summarize, the 1999 tables using call report information retain the major features of the 1998 study:

- Four criteria are again used in the total score.
- Data are provided on a state-by-state basis, a format that is most

relevant to those relying on local bank credit markets.

- Five bank asset size classes are used.
- To the extent possible, credit card banks were not ranked.[7]
- Scores can range from 0 to 100, rather than 0 to 40. The decile values were multiplied by 2.5 to give this score.

The 1999 Study: Findings

The dollar value of small business lending continued to increase in 1999, but at a slower rate than lending to large businesses. Small business loans[8] under $1 million outstanding in June 1999 amounted to $398 billion, an increase of $28 billion or 7.6 percent over the 1998 level (Table C). Total business loans outstanding in 1999 totaled $1.1 trillion, an increase of $123 billion or 12.0 percent. Clearly the small business share was declining.

The growth in small business loans was at 2.5 percent for loans under $100,000, 6.3 percent for loans of $100,000 to $250,000, and 11.2 percent for loans of $250,000 to $1 million (Table D).[9] These growth rates were smaller than the growth rates for larger loans (>$1 million), up 14.6 percent.

The growth rates for the two smallest categories were lower than they were in 1997-1998. Only in the largest small business loan

Table C. Dollar Amount and Number of Small Business Loans, 1998 and 1999   (Dollars in Billions, Numbers in Millions)

Loan Size		*1998**	*1999*	*Percent Change*
Under $100,000	Dollars	$111.1	$113.9	2.5
	Number	7.02	7.73	10.1
Under $250,000	Dollars	$187.4	$195.0	4.0
	Number	7.67	8.41	9.7
Under $1 Million	Dollars	$370.5	$398.5	7.6
	Number	8.21	9.00	9.6
Total Business Loans		$1,019.2	$1,142.3	12.1

*So that 1998-1999 trends could be shown, 1998 figures were revised to exclude the credit card operation of Mountain West Financial, which was purchased by a non-bank financial intermediary and thus excluded from 1999 data.

Table D. Change in the Dollar Amount of Business Loans by Loan Size, 1995-1999 (Percent)

Loan Size	95-96	96-97[1]	97-98[1]	98-99[2]
<$100,000	4.8	2.9	3.0	2.5
$100,000-250,000	5.7	5.2	8.1	6.3
$250,000-$1 Million	5.7	5.7	7.7	11.2
>$1 Million	5.1	11.5	13.0	14.6

[1]Changes for 1996-1997 and 1997-1998 were estimated based on revised estimates for Keycorp in 1997.

[2] So that 1998-1999 trends could be shown, 1998 figures were revised to exclude the credit card operation of Mountain West Financial, which was purchased by a non-bank financial intermediary and thus excluded from 1999 data.

[7]Banks with a credit-card-loans-to-total-assets ratio in excess of 0.25 were considered credit card banks. Large businesses issue credit cards to their employees; their charges would appear as small loans.

[8]Small business loans outstanding as reported by banks should include those portions of small business loans made under the SBA's business loan guaranty programs that are not sold and remain on the bank's books.

[9]Changes for 1996-1997 and 1997-1998 were estimated based on revised estimates for Keycorp in 1997.

category ($250,000 to $1 million) did growth rates increase, while large loans (>$1 million) have increased annually in the six-year history of this report.[10] The concern is raised that small firms may not be obtaining the credit they need to grow with the economy.

The number of small business loans appeared to decline by 116,000 or 1.3 percent from 1998 to 1999. Searching for a possible error in the data, researchers found that all of the decline was attributable to the divestiture of Mountain West Financial by Morgan Stanley-Dean Witter Discover Bank. When Mountain West Financial, a credit card bank, was purchased by a non-bank financial intermediary, all of the small business loans dropped out of the call report data base, which covers only bank lending. The data were subsequently adjusted to remove this transaction and reveal the 1998-1999 trend for all commercial banks.

The number of small business loans actually increased, especially in the largest sizes (Table E). Loans of less than $100,000 increased by 10.1 percent; those of $100,000 to $250,000 increased by 5.4 percent; and those of $250,000 to $1 million were up 7.6 percent.

Bank consolidations continued to affect the relative importance of banks of different sizes in the small business loan market.[11] The number of commercial banks filing call reports continued to decline, by 377 in 1997, 327 in 1998, and 307 in 1999 (Table F). While the number of very small banks (with assets of less than $100 million) has declined since 1995, most of the disappearing small banks either grew into the next size category, merged, or were acquired by larger banks. Most other bank categories increased from 1998 to 1999.[12] Table 2 lists by state the number of banks making call reports.

Table E. Percent Change in the Number of Small Business Loans by Loan Size, 1995-1999

Loan Size	95-96	96-97[1]	97-98[1]	98-99[2]
<$100,000	8.8	26.6	19.3	10.1
$100,000-$250,000	6.0	8.6	1.8	5.4
$250,000-$1 Million	7.5	8.0	1.4	7.6

[1]Changes for 1996-1997 and 1997-1998 were estimated based on revised estimates for Keycorp in 1997.

[2]So that 1998-1999 trends could be shown, 1998 figures were revised to exclude the credit card operation of Mountain West Financial, which was purchased by a non-bank financial intermediary and thus excluded from 1999 data.

Table F. Number of Reporting Banks by Asset Size, 1995-1999

Bank Asset Size	1995	1996	1997	1998	1999
<$100 Million	6,980	6,465	6,047	5,644	5,302
$100 Million-$500 Million	2,521	2,548	2,590	2,656	2,683
$500 Million-$1 Billion	256	260	292	303	290
$1 Billion-$10 Billion	326	326	300	302	309
>$10 Billion	66	71	64	61	75
Total	10,149	9,670	9,293	8,966	8,659

[10] The average SBA-guaranteed loan approved in fiscal year 1999 was $228,000, up from $213,000 in 1998. There is growing concern at SBA that smaller loans are becoming harder to get.

[11] Caution: changes in the number of reporting banks could be caused by the financial reporting consolidation of BHCs.

[12] For a recent discussion of the issues see: Loretta J. Master, "Banking Industry Consolidation: What's a Small Business to Do?" *Business Review*, Federal Reserve Bank of Philadelphia, (January/February, 1999), 3-16; and Timothy J. Yeager, "Down, But Not Out: The Future of Community Banks," *The Regional Economist*, Federal Reserve Bank of St. Louis, October 1999, 5-9.

Part 3: Using the CRA Data

The Community Reinvestment Act (CRA), enacted in 1977, is designed to encourage banks to meet the credit needs of the local communities from which they obtain deposited funds. In 1994 the federal banking supervisory agencies revised the regulations implementing the CRA. The revisions included a requirement that banks report data on small business lending by census tract.[13]

To minimize the paperwork burden on small banks, the bank regulatory authorities require only banks with assets over $250 million or any member banks of a bank holding company (BHC) with assets over $1 billion to provide this information. This means that only 18 percent of banks are required to file, but these banks make some two-thirds of the loans to small businesses.

Given the interstate mergers currently occurring in the banking industry, the CRA data will become even more important in understanding small business lending activities by banks and BHCs in a given state. The weakness of this data set is that there is no financial information on the banks, so the ratio analysis used in the rankings of Part 2 cannot be repeated here.

In 1998, 668 banks and 405 BHCs made 2.5 million small business loans valued at $158 billion. In 1997, 667 BHCs reported 2.3 million loans for $135 billion.

[13]For more information about the history of the CRA, see "Home Purchase Lending in Low Income Neighborhoods and to Low Income Borrowers," *Federal Reserve Bulletin*, February 1995, 71-105 and "New Information on Lending to Small Businesses and Small Farms: The 1996 CRA Data," *Federal Reserve Bulletin,* January 1998, 1-35.

Appendix Table A.2 lists, by location of the lending activity, the dollar amount of small business lending that is occurring. This table will be an important supplement to Appendix Table A.1 in helping small firms locate the large banks most likely to lend to them.

The CRA data in this report contain information on lending to small businesses for calendar year 1998. The lending information is classified by the borrower's location rather than the location of the bank headquarters, as is the case in the call reports. In addition, whereas call reports provide data on the number of loans outstanding as of June 30 (that is, the stock of loans), CRA data show all the loans made in the calendar year, or the flow of loans. And whereas call reports provide information on all commercial banks, CRA data cover only the larger banks. Consequently, a different perspective on small business lending is provided.

This year, data are reported for both independent banks and BHCs. For BHCs, only consolidated CRA information is reported. Total small business lending by the BHC in the state is then derived for the state lending statistics and listed under the name of the ultimate lending bank or BHC.

To reiterate, the CRA section of this report shows:

- Loans made in calendar year 1998, not the outstanding loans as of June 1999 shown in the call reports.
- Data only for banks with more than $250 million in assets and all member banks of bank holding companies with more than $1 billion in assets. (Call reports cover all commercial banks.)
- Data by location of lending covering only the banks that made more than $1 million in loans in a state in calendar year 1998.

Data Appendix: Ranking Banks within the States

Table A.1, using call report data, lists all banks with headquarters in the state in June 1999. Table A.2, using CRA data, lists the banks and BHCs that report lending of at least $1 million in the state.

Table A.1 Small Business Lending in the State Using Call Report Data

1. Total Score: The total found in the first column is the score of the commercial bank in the state in which it is listed. The number is the aggregate measure of small business lending activity based on the sum of the scores in columns 2 through 5. Each of the component scores is multiplied by 2.5 to bring the best possible score to 100. A total score of 100, for example, means that the bank is in the top decile or the top 10 percent of banks in each of the four categories, while a total score of 10 indicates that the bank is in the bottom 10 percent in each category. A score of 0 indicates that there is no evidence of the bank making small business loans.

2. Score Based on the Ratio of Small Business Loans to Total Assets (SBL/TA): This column shows each bank's score for the ratio of small business loans (<$1 million) to total assets. A score of 25 (10 x 2.5) means that the bank is in the top decile or top 10 percent of the banks headquartered in the state with respect to the small business loan-to-asset distribution. The bank is willing to place a large portion of its assets in small business lending. Thus it has an exceptional record of lending to small businesses.

3. Score Based on the Ratio of the Dollar Amount of Small Business Loans to Total Business Loans (SBL/TBL): The bank's score for the ratio of small business loans (<$1 million) to total business loans. Banks that make business loans predominately to small firms will rank high in this category.

4. Score Based on the Total Dollar Amount of Small Business Loans (SBL$): The score of the dollar value of small business loans (<$1 million) outstanding from the bank. Larger banks will score well in this column and in column 5 because their size allows them to make many small loans, even if their commitment to small business lending, as shown by the ratios in columns 2 and 3, is low.

5. Score Based on the Total Number of Small Business Loans (SBL#): The bank's decile score for the total number of small business loans (<$1 million) outstanding.

6. Bank Asset Size (Bnk Asset Sz.): The asset size class of the reporting bank:

- Under $100 million (<$100M)
- $100 million to under $500 million ($100M–$500M)
- $500 million to under $1 billion ($500M–$1B)
- $1 billion to under $10 billion ($1B–$10B)
- $10 billion and over (>$10B)

7. Dollar Amount of Small Business Loans (SBL$): The dollar value (in thousands) of small business loans of less than $1 million.

8. Number of Small Business Loans (SBL#): The number of small business loans of less than $1 million made by the bank.

9. Total Score for Mid-Sized Small Business Loans (Total Score<$250K): This score is based on the bank's four scores with respect to mid-sized loans—those under $250,000. The number is comparable to the number in column 1. A firm looking for a loan of between $100,000 and $250,000 might be well served by a bank ranking high in this column.

10. Total Score of Micro-Small Business Loans (Total Score<$100K): The total score of the commercial bank based on its micro-lending—that is, the sum of its four scores with respect to "micro" loans of less than $100,000. A firm looking for a loan of less than $100,000 might do well to seek out a bank that ranks high in this column.

Table A.2 Small Business Lending in the State Using CRA Data

Table A.2 is formatted differently from the tables displaying call report data. The table lists the bank name—the name of the ultimate owning bank or bank holding company—as well as the home state of the bank. It provides the dollar amount and number of small business loans under $1 million, mid-sized small business loans under $250,000, and micro-loans under $100,000. Only banks with small business loan totals in excess of $1 million in a given state in 1998 are listed.

1. Amount of Small Business Loans (SBL$<$1M): The dollar amount, in thousands, of loans under $1 million made in 1997.

2. Number of Small Business Loans (SBL#<$1M): The number of loans of less than $1 million made in 1997.

3. Bank Asset Size (Bk Size): The total assets of the owning bank by size category.

- $1 billion to under $10 billion ($1B-10B)
- $10 billion to $50 billion ($10B-50B)
- $50 billion and over (>$50B)

5. Dollar Amount of Mid-Sized Small Business Loans ($<$250k): The dollar amount, in thousands, of mid-sized business loans of less than $250,000.

6. Number of Mid-Sized Loans (#<$250K): The number of mid-sized business loans.

7. Dollar Amount Micro-Business Loans ($<100k): The dollar amount, in thousands, of loans of less than $100,000.

8. Number of Micro-Business Loans (#<$100k): The number of loans of less than $250,000.

9. Credit Card Banks (Credit Cd/TA). The ratio of credit card loans to total assets. Where this percentage is greater than .25, the data are reported and the bank is not ranked. These loans may reflect credit card activity of individual employees of large firms or the credit card activity of small firms. Because the CRA report does not distinguish among these types of loans, the summary total statistic in column 1 may be biased, making some banks appear more small-business-friendly than they are if they were ranked. However, since some of these credit card banks are making loans to small businesses with credit cards, they may be a ready source of small business credit.