



Office of Advocacy

U.S. Small Business Administration

The Bank Holding Company Study

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

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Foreword

I am pleased to release the latest edition of *The Bank Holding Company Study*. The study sheds light on the role of bank holding companies in lending to the small business sector. By identifying the relative importance of small loans in large banks' portfolios, these data help small firms identify the 55 most "small-business-friendly" of the 57 large bank holding companies (BHCs) with more than \$10 billion in assets. (Two BHCs listed in the report are not ranked with the other 55 because they are defined in this study as "credit card banks," that is, credit card loans exceed 25 percent of bank assets.)

With the rapid pace of bank consolidations, the centralization of small loan approvals through credit-scoring models, and the consolidation of accounting operations by major banks over the past two years, the study of large BHCs is more relevant than ever to an accurate appraisal of the small business lending climate in the United States.

This edition of the Office of Advocacy's BHC study contains a description of the two data bases (Part 1), as well as analyses of the June 1999 call report data (Part 2) and data gathered under the Community Reinvestment Act (CRA) (Part 3). Among the highlights of the study are the following:

- Of the \$398 billion in small business loans (loans of less than \$1 million) outstanding from all banks as of June 1999, \$172 billion—43 percent—was loaned by the 57 large BHCs. These BHCs had 69 percent of total domestic bank assets in the United States.
- Dollars in small business lending grew more rapidly among the largest BHCs (by 21 percent) than in commercial banks overall

(7.6 percent). The 21 percent growth rate represents an increase from the 14.5 percent growth rate in 1997-1998.

- While BHCs are lenders of growing importance to small business, the more rapid increase in BHC lending may be as much the result of consolidations as of a change in BHC lending behavior: BHC assets increased by 23.5 percent over the period; the comparable increase in commercial banks overall was 7 percent.
- The 21 percent growth in dollars lent to small firms actually lagged behind the 31 percent growth in total business loans.
- The ratio of small business to total business loan dollars declined from 24 percent in 1998 to 22 percent in 1999 in these BHCs. Even more telling, as BHCs have merged and expanded, the ratio of small business to total business loans in banks overall has dropped from 40 percent in 1994 to 35 percent in 1999.
- The number of small business loans in BHCs increased by 40 percent between 1998 and 1999, compared with a 22 percent increase in 1997-1998. In commercial banks overall, the increase was just 9.6 percent. Reasons include the growth in BHC assets and the fact that large BHCs continued to promote credit cards and expand lines of credit for small firms. A contributing factor is BHCs' use of credit scoring methods to reduce transaction costs. Again, BHCs are lenders of growing importance to small firms.
- The top five small-business-friendly lenders, based on call reports covering loans outstanding as of June 1999 (Part 2), were BB&T, U.S. Bancorp, Union Planters Corp., Regions Financial, and Wells Fargo.
- The top five lenders in the 1998 CRA data base, based on the dollar amount of loans in calendar 1998 (Part 3), were Wells

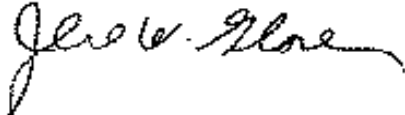
Fargo, Bank of America, Bank One, SunTrust, and Chase Manhattan.

The Office of Advocacy's two annual companion reports to the BHC study are *Small Business Lending in the United States* and *Micro-Business-Friendly Banks in the United States*. The first rank-orders within each state all 8,659 U.S. banks on their small firm lending, as well as large banks' small firm lending under the CRA program. The second lists the top banks in each state in loans of \$100,000 or less. These reports, and *Small Farm Lending in the United States* and *Small Farm Lending by Bank Holding Companies*, are available on the Internet at:

<http://www.sba.gov/advo/stats/lending/>.

Banks, including BHC subsidiaries, that participate in the U.S. Small Business Administration's (SBA) loan programs and use secondary markets extensively may have artificially low "small business friendliness" rankings because only the nonguaranteed portion of guaranteed loans will appear in the bank's loan portfolio. SBA preferred or certified lenders should be considered small-business-friendly, as should all banks making SBA loans. Small firms should certainly seek them out.

Thanks to all who helped fine-tune this effort. Comments and suggestions are valuable and truly welcome.



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Part 1 Introduction

This edition of *The Bank Holding Company Study*, the Office of Advocacy's fifth, is a companion to a more comprehensive study, *Small Business Lending in the United States*, the "small-business-friendly banks" study.¹

This study helps small businesses identify large BHCs that are "small-business-friendly" and makes the market for small business loans more transparent by providing information not otherwise available. With the rapid pace of bank mergers and the consolidation of accounting operations by major banks over the past two years, the study of large BHCs is more relevant than ever to an accurate appraisal of the U.S. small business lending climate.

In the last decade, the commercial banking industry has been restructured from a system of primarily local and state banks to a more regional and national banking system. While the number of commercial banks declined by more than 300, the number of BHCs in this report with domestic assets of at least \$10 billion has remained constant at 57.

Table 1 ranks the BHCs on their national performance based on four variables: 1) the ratio of small business loans to total assets,

¹ The small business lending study ranks, state-by-state, all 8,659 U.S. commercial banks that reported small firm lending data in June 1999 call reports filed with federal banking regulators. Call reports, officially known as *Consolidated Reports of Condition and Income for U.S. Banks*, are quarterly reports filed by financial institutions with bank regulators. 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 annually the number and amount of small firm loans.

2) the ratio of small business loans to total business loans, 3) the total dollar amount of small business loans and 4) the total number of small business loans. Each bank is ranked from 1 to 55 on each of these variables, which then are totaled. (Two credit card banks are unranked.²)

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.

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

² When the ratio of credit card loans to total assets exceeds 0.25, the bank is listed as a credit card bank. Credit card loans may be the credit card accounts of individual employees, including owners, of large firms or of small firms. As the call report information does not distinguish among these types of loans, including banks with large amounts of credit card debt in the ranking may make them appear more small-business-friendly than they are.

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

	Call Report Data	CRA Data
Loan data 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

leaving out the ratios of small business loans to bank assets or total business loans, biases the results in favor of larger banks.

In this study, a small business loan is a loan under \$1 million. This is the definition used by most 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 displayed in the final two columns of Table 1.

Limitations of the Study

Call report and CRA data tell only the commercial banking part of the story about lending to small firms. Small firms certainly have access to other sources of credit, including suppliers, finance companies, family and friends. And some lending information may not be reported in call reports or CRA data, or may not be discernible as small firm 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 forms of consumer credit to small businesses for working capital (for example, to buy office equipment). Banks may report these as either small business or consumer loans.
- Small business owners may use their personal credit cards to finance their businesses.³
- Loans to small firms are often in the form of a second mortgage on the owner's home or a personal line of credit.
- Large banks lend to small firms through their consumer loan divisions, classifying the loans as consumer loans.
- Large banks may send the business owner to a subsidiary finance company that is not required to file a call report.
- 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.
- When mergers or acquisitions occur among banks and 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, following the lending activity of a given bank or the bank's holding company affiliate becomes difficult to track, making year-to-year comparisons questionable.
- Call reports do not reflect a major factor affecting a bank's small business lending activities—the demand or lack of

³The National Survey of Small Business Finances found that 27.6 percent of small businesses used business credit cards and 39.2 percent used personal credit cards for business purposes in 1993.

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 demand.

Despite these limitations, the call report and CRA data provide useful information and a fairly accurate picture of lending to small businesses in the U.S. economy. And they are currently the only source of small business lending information publicly available on individual bank lending patterns.

Part 2 The Call Report Data

According to data from call reports filed with bank regulators, \$172 billion of the \$398 billion in small business loans outstanding from all banks in June 1999 was from the 57 large BHCs.⁴ As a group, these BHCs accounted for 43 percent of small business loans under \$1 million and 69 percent of total domestic bank assets in the United States.

These large BHCs continued to participate in the small business loan market in 1999. However, the growth in dollars lent—up 21 percent for loans under \$1 million—lagged behind the 31 percent growth in their total business loans (Table B).⁵

The number of loans under \$1 million increased by 40 percent in the large BHCs in 1999.⁶ These banks continued to promote credit cards and lines of credit for small firms and to use credit scoring models in their credit reviews.

The rates of increase in both the number and dollar amount of loans are larger than the comparable rates of increase in all Table

⁴ These numbers are not comparable to the numbers in last year's study, as the total and changes are for the currently existing 57 large BHCs. In a market that changes with every merger and acquisition, it is not always clear whether all the components of a BHC have been correctly accounted for. For example, one BHC had an increase in small business loans of 937 percent; another had a decrease of 70 percent. Four BHCs had asset growth of more than 100 percent.

⁵ U. S. Small Business Administration, Office of Advocacy, *Small Business Lending in the United States* (1999).

⁶ *Small Business Lending in the United States: A Directory of Small Business Lending by United States Commercial Banks Reported in June 1999* (Washington, D.C.: U.S. Small Business Administration, February 2000).

B. Assets, Loans, and Small Business Lending of 57 Large Bank Holding Companies, June 1998 and June 1999 (Dollars in Billions, Numbers in Millions)*

Loan Sizes	1999	1998	Percent Change 1998-1999
<\$100,000 (Billions of Dollars)	39.6	30.1	31.4
<\$100,000 (Millions of Loans)	3.0	2.0	47.3
<\$250,000 (Billions of Dollars)	74.3	60.8	22.2
<\$250,000 (Millions of Loans)	3.3	2.3	43.2
<\$1 Million (Billions of Dollars)	171.7	141.8	21.0
<\$1 Million (Millions of Loans)	3.6	2.6	40.0
Total Business Loans (Billions of Dollars)	790.5	602.3	31.2
Total Assets (Billions of Dollars)	3,277.1	2,653.4	23.5

*These numbers are not comparable to the numbers in last year's study as the total and changes are for the currently existing 57 BHCs. With all the mergers and acquisitions, it is not always clear whether all the components of the BHCs have been correctly accounted for.

commercial banks, implying that the large BHCs are becoming more dominant in small business lending. Reasons for this trend include growth in the size of BHCs, both internally and through mergers. The assets of BHCs increased by 23.5 percent, compared with 7 percent in commercial banks overall.

All of the growth in small business loans appears to come from the 57 large BHCs covered in this report, which increased their lending by 21.0 percent (Table C). However, these BHCs are rapidly acquiring other banks and their loan portfolios; their assets increased even faster than small business lending—by 23.5 percent. And while the dollar amount of small loans from all other banks declined by \$1.9 billion or 0.8 percent, the 17.4 Table

C. Small Business Loan and Asset Growth in Large BHCs and All Other Banks, June 1998 to June 1999 (Billions of Dollars)

	Small Business Loans under \$1 Million		Bank Assets	
	Large BHCs	All Other	Large BHCs	All Other
1999	171.7	226.8	3,277	1,459
1998	141.8	228.7	2,653	1,766
Change (Billions of Dollars)	29.9	-1.9	624	-307
Change (Percent)	21.0	-0.8	23.5	-17.4

percent decline in assets in these banks might lead one to expect much larger declines in small firm lending. That is, these banks maintained small firm lending at within one percent of the previous level, despite the steep decline in assets as a result of mergers and acquisitions. Thus, the importance of smaller banks in small business lending continues, although this fact tends to be lost in the post-merger numbers.

Small businesses may be obtaining more credit with the restructuring of the banking system, but lending to large businesses is growing even more rapidly. The ratio of small business loans to total business loans in the BHCs continued to decline, from 24 percent in 1998 to 22 percent in 1999. While this small business loan ratio is significantly higher in banks overall, at 35 percent, that ratio represents a decline from 40 percent in 1994.

The top five small-business-friendly lenders in 1999, based on call report data and using the ranking method used in previous years are: BB&T (2nd in 1998), U.S. Bancorp (8th in 1998), Union

Planters (13th in 1998), Regions Financial (54th in 1998)⁷ and Wells Fargo (4th in 1998; it now includes Norwest which was 1st in 1998). (See Table 1 for more information.)

Explanation of Columns in Table 1: Small Business Lending of Large BHCs Using Call Report Data, 1999

This table uses call report data to rank the small business friendliness of the large BHCs on the basis of four criteria that measure the small business lending emphases in a bank's loan portfolio. Small business loans (SBLs) are defined as loans under \$1 million.

- 1. Total Rank.** Summary rankings of BHCs. A simple ranking of 1 through 55 is derived from the data found in columns 2 through 5 (summed and divided by four).⁸
- 2. Ratio of Small Business Loans to Total Assets (SBL/TA).** The ratio of the dollar value of small business loans under \$1 million to total bank assets for each bank holding company. For the 55 large BHCs, the ratios of small business loans to total assets ranged from near 0 percent to 21 percent.
- 3. Ratio of Small Business Loans to Total Business Loans (SBL/TBL).** For the 55 large BHCs, the ratios of the value of small business lending to total business lending ranged from 0 percent to 70 percent.

⁷ The information reported in 1998 by Regions Financial is questionable when compared with data reported in 1997 and 1999.

⁸ Two of the 57 BHCs are "credit card banks" and are not ranked. See the explanation for column 11.

- 4. Total Dollar Amount of Small Business Lending by the BHC (SBL\$).** The total dollar amount (in thousands) of small business loans of less than \$1 million.
- 5. Total Number of Small Business Loans (SBL#).** The number of small business loans of less than \$1 million.
- 6. BHC Asset Size Class.** Asset size class of the BHC:
 - \$10 billion to under \$50 billion (\$10B–\$50B)
 - \$50 billion and over (>\$50B)
- 7. Total Rank of Micro-Small Business Loans (<\$100k).** As in column 1, the total ranking of the BHC's lending, but for loans of less than \$100,000.
- 8. Total Rank of Mid-Sized Small Business Loans (<\$250k).** As in column 1, the total ranking of the BHC's lending in loans of less than \$250,000.
- 9. Growth in Total Assets (% GTA).** Percentage growth of the BHC's total assets from 1998 to 1999.
- 10. Growth in Small Business Loans (%GSBL\$).** The percentage growth in the BHC's small business loan dollars in loans under \$1 million from 1998 to 1999.
- 11. Credit Card Loans to Total Assets (CRD/TA).** The ratio of the dollar value of credit card loans to total assets. When this measure exceeds 0.25, the bank is listed as a credit card bank. Credit card loans may be the credit card accounts of individual employees, including owners, of small or large firms. As the call report information 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.

Table 1 Small Business Lending by Multi-Billion-Dollar BHCs, June 1999

Bank Name	HQ Location	HQ State	Small Business Lending (< \$ 1 M)					BK SIZE	Total	Total	%G	%G	CRD/
			Total Rank	SBL/TA	SBL/TBL	SBL(\$)	SBL(#)		Rank	Rank	TA	SBL	TA
			(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)
BB&T CORPORATION	WINSTON-SALEM	NC	1	0.111	0.531	4,384,103	105,826	\$10B-\$50	2	1	31.4	18.8	0.02
U.S. BANCORP	MINNEAPOLIS	MN	2	0.106	0.294	7,841,223	227,865	>\$50B	3	4	4.6	33.0	0.08
UNION PLANTERS CORPORATION	MEMPHIS	TN	3	0.115	0.479	3,656,063	56,660	\$10B-\$50	5	4	74.5	99.5	0.00
REGIONS FINANCIAL CORPORATION	BIRMINGHAM	AL	4	0.101	0.487	4,044,749	57,196	\$10B-\$50	4	3	55.6	1485.3	0.01
WELLS FARGO & COMPANY	SAN FRANCISCO	CA	5	0.078	0.336	13,867,813	358,763	>\$50B	1	2	151.5	117.0	0.04
ZIONS BANCORPORATION	SALT LAKE CITY	UT	6	0.140	0.430	2,444,152	50,137	\$10B-\$50	21	12	51.8	40.2	0.00
SYNOVUS FINANCIAL CORP.	COLUMBUS	GA	7	0.200	0.649	2,321,559	29,105	\$10B-\$50	8	7	20.9	16.7	0.02
HUNTINGTON BANCSHARES INCORP	COLUMBUS	OH	8	0.113	0.402	3,165,399	44,583	\$10B-\$50	17	11	-0.8	-3.4	0.02
FIRST AMERICAN CORPORATION	NASHVILLE	TN	8	0.118	0.488	2,515,899	27,060	\$10B-\$50	7	7	13.9	6.1	0.01
SOUTHTRUST CORPORATION	BIRMINGHAM	AL	10	0.115	0.323	4,585,285	34,674	\$10B-\$50	29	22	15.4	1.6	0.01
COLONIAL BANCGROUP INC. TH	MONTGOMERY	AL	11	0.209	0.698	2,251,725	19,841	\$10B-\$50	5	6	22.8	40.4	0.00
NATIONAL CITY CORPORATION	CLEVELAND	OH	12	0.079	0.293	6,727,433	125,981	>\$50B	9	10	4.4	-2.2	0.02
FIRSTSTAR CORPORATION	MILWAUKEE	WI	13	0.088	0.327	3,620,192	140,216	\$10B-\$50	11	9	.	51.4	0.03
MARSHALL & ILSLEY CORPORATION	MILWAUKEE	WI	14	0.116	0.427	2,682,281	27,931	\$10B-\$50	14	15	12.1	7.2	0.01
KEYCORP	CLEVELAND	OH	15	0.072	0.254	5,705,445	67,573	>\$50B	19	15	4.7	2.2	0.02
BANK ONE CORPORATION	CHICAGO	IL	15	0.051	0.205	12,682,740	166,863	>\$50B	17	17	93.4	61.5	0.03
COMPASS BANCSHARES INC.	BIRMINGHAM	AL	17	0.089	0.428	1,601,797	47,927	\$10B-\$50	12	14	20.3	30.0	0.02
AMSOUTH BANCORPORATION	BIRMINGHAM	AL	17	0.093	0.399	1,907,516	35,270	\$10B-\$50	14	12	2.8	6.8	0.01
SUNTRUST BANKS INC.	ATLANTA	GA	19	0.062	0.216	5,800,563	73,473	>\$50B	25	18	53.4	45.0	0.02
M&T BANK CORPORATION	BUFFALO	NY	20	0.103	0.340	2,192,523	23,583	\$10B-\$50	22	23	5.0	13.0	0.00
BANK OF AMERICA CORPORATION	CHARLOTTE	NC	20	0.032	0.143	16,240,414	509,648	>\$50B	13	19	79.2	33.9	0.02
MERCANTILE BANCORPORATION IN	SAINT LOUIS	MO	22	0.077	0.333	2,717,011	31,238	\$10B-\$50	23	21	15.0	18.7	0.00
WACHOVIA CORPORATION	WINSTON-SALEM	NC	23	0.065	0.187	4,068,899	83,530	>\$50B	25	26	0.6	-0.5	0.09
FIRST UNION CORPORATION	CHARLOTTE	NC	24	0.041	0.155	8,228,151	75,475	>\$50B	30	29	-3.4	-18.8	0.02
HIBERNIA CORPORATION	NEW ORLEANS	LA	25	0.083	0.264	1,225,492	63,224	\$10B-\$50	9	19	14.6	12.3	0.01
COMERICA INCORPORATED	DETROIT	MI	26	0.092	0.154	3,470,833	27,626	\$10B-\$50	41	39	4.7	12.2	0.01
FIRST SECURITY CORPORATION	SALT LAKE CITY	UT	27	0.076	0.425	1,700,502	18,471	\$10B-\$50	27	27	14.9	19.9	0.01
FIRST TENNESSEE NATIONAL COR	MEMPHIS	TN	27	0.081	0.423	1,506,548	24,493	\$10B-\$50	24	25	12.1	-2.4	0.03
OLD KENT FINANCIAL CORPORATION	GRAND RAPIDS	MI	27	0.097	0.348	1,541,997	16,735	\$10B-\$50	39	35	16.2	15.5	0.00
ASSOCIATED BANC-CORP	GREEN BAY	WI	30	0.093	0.454	1,095,296	11,018	\$10B-\$50	34	34	141.2	23.0	0.01
CITIGROUP INC.	NEW YORK	NY	30	0.019	0.156	2,709,159	398,886	>\$50B	14	24	.	33.3	0.10
CHASE MANHATTAN CORPORATION	NEW YORK	NY	32	0.018	0.127	4,185,455	135,564	>\$50B	20	27	-3.6	9.6	0.05
FIFTH THIRD BANCORP	CINCINNATI	OH	32	0.063	0.382	1,977,620	15,445	\$10B-\$50	39	36	18.0	-8.0	0.01
HSBC BK USA	BUFFALO	NY	34	0.065	0.215	2,114,103	31,349	\$10B-\$50	36	31	6.8	6.4	0.04
COMMERCE BANCSHARES INC.	KANSAS CITY	MO	35	0.090	0.358	1,002,949	15,171	\$10B-\$50	28	30	7.2	8.5	0.04
FLEET FINANCIAL GROUP INC.	BOSTON	MA	36	0.035	0.108	4,072,627	45,736	>\$50B	33	33	4.5	-13.6	0.07
PNC BANK CORP.	PITTSBURGH	PA	37	0.043	0.141	3,107,401	38,829	>\$50B	30	31	-7.3	-22.9	0.00
NORTH FORK BANCORPORATION I	MELVILLE	NY	38	0.073	0.479	830,813	10,342	\$10B-\$50	32	37	21.1	8.3	0.00
ALLFIRST BK	BALTIMORE	MD	39	0.075	0.261	1,218,236	15,180	\$10B-\$50	38	38	-2.8	-16.2	0.00
MICHIGAN NB	FARMINGTON HILLS	MI	40	0.100	0.193	1,077,650	9,061	\$10B-\$50	46	44	4.8	-2.2	0.02
SUMMIT BANCORP.	PRINCETON	NJ	41	0.055	0.213	1,830,883	13,910	\$10B-\$50	45	42	6.3	-10.3	0.00
PACIFIC CENTURY FINANCIAL CO	HONOLULU	HI	42	0.074	0.261	821,796	15,093	\$10B-\$50	37	40	3.2	8.0	0.02
MELLON BANK CORPORATION	PITTSBURGH	PA	43	0.035	0.127	1,644,361	26,305	\$10B-\$50	42	41	2.1	7.5	0.00
UNION BK OF CA NA	SAN FRANCISCO	CA	44	0.049	0.104	1,707,452	17,920	\$10B-\$50	44	46	-0.4	0.9	0.00

Table 1 Small Business Lending by Multi-Billion-Dollar BHCs, June 1999

Bank Name	HQ Location	HQ State	Small Business Lending (< \$ 1 M)					BK SIZE	Total Rank (<\$100K)	Total Rank (<\$250K)	%G TA	%G SBL	CRD/TA
			Total Rank	SBL/TA	SBL/TBL	SBL(\$)	SBL(#)						
			(1)	(2)	(3)	(4)	(5)						
LASALLE BK NA	CHICAGO	IL	45	0.036	0.094	1,575,046	25,044	\$10B-\$50	35	43	19.2	9.0	0.00
BANCWEST CORPORATION	HONOLULU	HI	46	0.054	0.209	815,266	14,487	\$10B-\$50	42	45	94.6	64.6	0.01
BANK OF NEW YORK COMPANY IN	NEW YORK	NY	47	0.025	0.240	1,142,652	12,077	\$10B-\$50	47	47	4.7	-0.2	0.00
TCF FINANCIAL CORPORATION	WAYZATA	MN	48	0.025	0.307	261,792	1,242	\$10B-\$50	52	50	10.1	1.6	0.00
BANKBOSTON CORPORATION	BOSTON	MA	49	0.029	0.080	1,514,328	9,130	>\$50B	48	49	-0.7	-8.1	0.02
HARRIS T&SB	CHICAGO	IL	50	0.033	0.129	848,064	8,527	\$10B-\$50	49	48	10.3	-8.8	0.00
NORTHERN TRUST CORPORATION	CHICAGO	IL	51	0.025	0.135	652,748	4,217	\$10B-\$50	50	51	-3.0	13.6	0.00
REPUBLIC NEW YORK CORPORATIO	NEW YORK	NY	52	0.009	0.143	265,853	3,024	\$10B-\$50	51	52	-3.7	2.2	0.00
STATE STREET CORPORATION	BOSTON	MA	53	0.005	0.064	159,314	1,420	\$10B-\$50	53	53	16.9	241.2	0.00
J.P. MORGAN & CO. INCORPORAT	NEW YORK	NY	54	0.000	0.004	14,365	58	>\$50B	54	54	6.1	-61.7	0.00
BANKERS TC	NEW YORK	NY	55	0.000	0.002	12,000	44	\$10B-\$50	54	55	.	-39.7	0.00
MBNA CORPORATION	WILMINGTON	DE	N	0.014	1.000	321,974	137,286	\$10B-\$50	56	99	21.7	32.5	0.53
GREENWOOD TC	GREENWOOD	DE	N	0.000	1.000	1,427	7	\$10B-\$50	56	99	-9.0	21.1	0.93

Source: U.S. Small Business Administration, Office of Advocacy, Office of Economic Research. From Call report data.

Part 3 The CRA Data

A regulatory change under the Community Reinvestment Act (CRA) made available a new data base that shows the geographical distribution of small loans to businesses. To minimize the paperwork burden on small banks, the bank regulatory authorities require only banks with assets over \$250 million or member banks of a bank holding company with assets over \$1 billion to provide this information. Only 18 percent of banks must file under this requirement, but they make some two-thirds of the loans to small businesses.

The CRA data report the location where the loans are made rather than the location of the bank headquarters. For example, six banks (including none of the 57 BHCs) are headquartered in the District of Columbia, but there are 26 BHCs making more than \$1 million in CRA loans there. So the small business owner has many more choices than are apparent in the call report data.

This edition of the BHC lending study reports on the latest CRA data available for small business loans made in calendar year 1998. Table 2 ranks banks listed in Table 1 using the CRA data.⁹ Here, BHCs are ranked by the dollar amount of the loans made in 1998 rather than by the four-criteria scoring method used in Table 1, because comparable statistics on the volumes of total assets and total business loans are not available for ratio calculations. Consequently, larger banks dominate the list.

The top five small-business-friendly BHCs in the 1998 CRA data base, ranked by the dollar amount of loans under \$1 million are:

Wells Fargo, with \$8.1 billion in small business loans; Bank of America, with \$7.9 billion; Bank One, with \$6.7 billion; SunTrust Banks, with \$4.4 billion; and Chase Manhattan, with \$4.3 billion. (See Table 2 for the complete list.)

Explanation of Columns in Table 2: Small Business Lending of Large BHCs Using CRA Data, 1998

Table 2 uses CRA data to rank-order the 55 largest BHCs by their dollar amount of lending to small businesses and is formatted slightly differently from Table 1. The table lists both the BHC's name and the headquarters state.

1. **Ranking (Rank):** Based on total dollars in small business loans
2. **Dollar Amount of Small Business Loans (SBL\$):** The dollar amount of loans (in thousands) of less than \$1 million made in 1998.
3. **Number of Small Business Loans (SBL#):** The number of loans of less than \$1 million made in 1998.
4. **Bank Asset Size (Bk Size):** The same asset size classes as are used in Table 1:
 - \$10 billion to \$50 billion (\$10B-\$50B)
 - \$50 billion and over (>\$50B)
5. **Number of States with Loans (No. of States w Loans):** The number of states in which the BHC lends.

⁹ Bankers Trust of New York and Greenwood Trust Company of Delaware were not in the CRA data base and are not included here; however, the credit card banks excluded from rankings in Table 1 are ranked here.

6. **States with Largest Loan Volume :** The five states where the BHC made the largest dollar value of loans.
7. **Dollar Amount of Micro-Loans (SBL\$<100 k):** The dollar amount (in thousands) of loans of less than \$100,000.
8. **Number of Micro-Loans (SBL# <100 k):** The number of loans of less than \$100,000).
9. **Dollar Amount of Mid-Sized Small Business Loans (SBL\$ <250 k):** The dollar amount (in thousands) of loans of less than \$250,000.
10. **Number of Mid-Sized Small Business Loans (SBL# <250k):** The number of loans of less than \$250,000.

Table 2 Top Lending Multi-Billion-Dollar BHCs in Small Business Loans under the CRA Reporting Program, 1998

Bank Name	HQ State	Rank	SBL\$	SBL#	BK Size	No. of States w	States with Largest Loan	SBL\$	SBL#	SBL\$	SBL#
			(<\$1M)	(<\$1M)		Loans	Volume	(<\$100K)	(<\$100K)	(<\$250K)	(<\$250K)
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
WELLS FARGO & COMPANY	CA	1	8,067.6	157,299	>\$50B	51	CA MN TX CO IA	3,098.9	142,507	4,526.7	150,495
BANK OF AMERICA CORPORATION	NC	2	7,858.8	117,014	>\$50B	50	CA FL TX WA MO	2,670.9	102,399	3,954.3	109,738
BANK ONE CORPORATION	IL	3	6,651.8	61,742	>\$50B	51	MI IN IL OH TX	1,450.6	47,018	2,779.1	54,560
SUNTRUST BANKS INC.	GA	4	4,395.4	42,654	>\$50B	49	FL GA VA TN MD	951.9	32,325	1,916.1	37,874
CHASE MANHATTAN CORPORATION	NY	5	4,306.6	70,558	>\$50B	50	NY TX NJ CT CA	2,163.8	64,812	2,700.1	67,719
U.S. BANCORP	MN	6	4,009.7	85,926	>\$50B	51	WA OR MN CO CA	1,732.4	79,437	2,324.3	82,767
REGIONS FINANCIAL CORPORATION	AL	7	3,451.0	42,067	\$10B-\$50B	39	AL GA AR LA TX	954.5	33,911	1,753.0	38,668
FIRST UNION CORPORATION	NC	8	3,148.6	31,911	>\$50B	51	FL PA NJ NC VA	681.1	24,892	1,294.9	28,402
NATIONAL CITY CORPORATION	OH	9	3,080.6	27,037	>\$50B	32	OH MI PA IN KY	673.5	19,777	1,360.6	23,693
KEYCORP	OH	10	2,701.3	26,047	>\$50B	46	WA NY OH OR ME	610.1	19,868	1,187.6	23,166
WACHOVIA CORPORATION	NC	11	2,448.4	25,299	>\$50B	43	NC GA VA SC FL	510.6	19,908	946.7	22,536
HSBC BK USA	NY	12	2,365.3	16,122	\$10B-\$50B	49	NY TX CA PA MA	290.2	10,719	725.9	13,119
COMERICA INCORPORATED	MI	13	2,352.4	10,943	\$10B-\$50B	39	MI CA TX FL OH	256.1	5,733	675.7	8,025
MARSHALL & ILSLEY CORPORATION	WI	14	2,299.6	15,828	\$10B-\$50B	28	WI AZ IL MN MI	399.5	10,124	922.7	13,132
BB&T CORPORATION	NC	15	2,274.8	30,955	\$10B-\$50B	31	NC SC VA MD DC	733.0	25,773	1,273.8	28,964
FIRSTAR CORPORATION	WI	16	2,061.3	21,250	\$10B-\$50B	42	WI OH IA IL KY	436.7	16,619	844.7	18,982
SOUTHTRUST CORPORATION	AL	17	1,942.5	16,804	\$10B-\$50B	28	AL FL GA SC NC	403.9	11,965	869.2	14,669
UNION BK OF CA NA	CA	18	1,901.3	13,001	\$10B-\$50B	27	CA OR WA NY TX	250.7	8,814	588.6	10,627
PNC BANK CORP.	PA	19	1,579.5	15,863	>\$50B	37	PA NJ KY OH DE	393.1	12,344	724.4	14,242
CITIGROUP INC.	NY	20	1,456.4	16,442	>\$50B	48	NY CA IL FL CT	520.4	13,102	946.0	15,417
FLEET FINANCIAL GROUP INC.	MA	21	1,447.2	13,481	>\$50B	32	NY MA CT NJ RI	402.3	10,405	710.7	12,115
SYNOVUS FINANCIAL CORP.	GA	22	1,419.9	17,867	\$10B-\$50B	22	GA SC AL FL TN	419.1	14,367	771.7	16,561
MERCANTILE BANCORPORATION IN	MO	23	1,412.9	15,270	\$10B-\$50B	40	MO IL IN KS AR	351.2	11,995	655.3	13,779
HUNTINGTON BANCSHARES INCORP	OH	24	1,402.0	14,239	\$10B-\$50B	32	OH MI FL IN WV	338.8	10,992	645.1	12,754
OLD KENT FINANCIAL CORPORATION	MI	25	1,357.2	11,958	\$10B-\$50B	21	MI IL IN FL OH	316.9	8,497	681.5	10,571
UNION PLANTERS CORPORATION	TN	26	1,236.6	19,798	\$10B-\$50B	36	TN MS KY MO AR	427.6	17,053	707.1	18,721
ZIONS BANCORPORATION	UT	27	1,231.4	8,487	\$10B-\$50B	38	CA UT AZ NV ID	207.0	5,669	445.9	7,000
FIFTH THIRD BANCORP	OH	28	1,154.3	7,429	\$10B-\$50B	34	OH KY IL FL MI	185.6	4,641	428.2	6,040
FIRST AMERICAN CORPORATION	TN	29	1,141.1	14,103	\$10B-\$50B	30	TN MS LA AR KY	307.6	11,559	545.8	12,948
COMPASS BANCSHARES INC.	AL	30	1,093.0	9,713	\$10B-\$50B	29	TX AL FL AZ TN	248.9	7,259	460.4	8,485
COMMERCE BANCSHARES INC.	MO	31	1,029.2	11,245	\$10B-\$50B	32	MO KS IL OK WV	264.5	8,916	483.9	10,185
M&T BANK CORPORATION	NY	32	946.7	6,607	\$10B-\$50B	21	NY PA NJ CT MA	143.4	4,563	304.2	5,446
SUMMIT BANCORP.	NJ	33	896.3	6,376	\$10B-\$50B	19	NJ PA CT NY MD	141.8	4,388	313.0	5,326
MELLON BANK CORPORATION	PA	34	886.5	14,671	\$10B-\$50B	27	PA CA FL NJ DE	238.0	12,616	444.3	13,806
AMSOUTH BANCORPORATION	AL	35	763.5	8,524	\$10B-\$50B	29	AL FL TN GA MS	219.2	6,701	399.9	7,786
LASALLE BK NA	IL	36	709.7	4,122	\$10B-\$50B	25	IL NY NJ WI IN	102.6	2,664	209.6	3,254
FIRST TENNESSEE NATIONAL COR	TN	37	607.6	6,257	\$10B-\$50B	30	TN MS AR GA NC	150.1	4,809	289.3	5,621
BANKBOSTON CORPORATION	MA	38	588.4	12,625	>\$50B	31	MA CT RI NH ME	181.2	11,449	291.1	12,049

Table 2 Top Lending Multi-Billion-Dollar BHCs in Small Business Loans under the CRA Reporting Program, 1998

Bank Name	HQ State	Rank	SBL\$ (<\$1M)	SBL# (<\$1M)	BK Size	No. of States w Loans	States with Largest Loan Volume	SBL\$ (<\$100K)	SBL# (<\$100K)	SBL\$ (<\$250K)	SBL# (<\$250K)
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
HARRIS T&SB	IL	39	585.6	4,398	\$10B-\$50B	40	IL AZ CA MA GA	114.4	2,955	247.1	3,727
MICHIGAN NB	MI	40	549.5	2,822	\$10B-\$50B	16	MI IN CA MD OH	59.7	1,459	176.8	2,111
FIRST SECURITY CORPORATION	UT	41	542.5	4,866	\$10B-\$50B	20	ID UT NV NM OR	125.2	3,451	276.8	4,325
ASSOCIATED BANC-CORP	WI	42	507.0	4,336	\$10B-\$50B	8	WI IL MI MN GA	103.9	3,143	208.4	3,777
COLONIAL BANCGROUP INC. TH	AL	43	494.4	5,874	\$10B-\$50B	17	AL FL GA TN NV	131.0	4,648	251.5	5,369
ALLFIRST BK	MD	44	390.9	2,910	\$10B-\$50B	29	MD PA VA DC NC	81.8	1,902	181.5	2,485
NORTH FORK BANCORPORATION I	NY	45	375.0	3,470	\$10B-\$50B	7	NY NJ FL CT WA	90.1	2,694	153.6	3,034
PACIFIC CENTURY FINANCIAL CO	HI	46	358.0	2,800	\$10B-\$50B	20	HI CA AZ NY MI	71.9	2,033	138.0	2,400
BANK OF NEW YORK COMPANY IN	NY	47	301.0	3,266	\$10B-\$50B	9	NY NJ CT FL PA	108.9	2,648	172.9	3,006
MBNA CORPORATION	DE	48	289.2	32,118	\$10B-\$50B	51	CA TX NY FL PA	285.5	32,097	288.8	32,117
HIBERNIA CORPORATION	LA	49	269.5	7,539	\$10B-\$50B	17	LA TX AR MS CA	165.3	7,145	212.9	7,415
NORTHERN TRUST CORPORATION	IL	50	254.9	1,325	\$10B-\$50B	28	FL IL AZ TX CA	36.8	741	87.9	1,022
BANCWEST CORPORATION	HI	51	253.4	3,599	\$10B-\$50B	16	CA HI OR CO OH	83.2	3,133	124.9	3,362
REPUBLIC NEW YORK CORPORATION	NY	52	225.5	1,999	\$10B-\$50B	16	NY CA NJ FL TX	61.1	1,538	104.3	1,786
TCF FINANCIAL CORPORATION	MN	53	118.7	416	\$10B-\$50B	8	MI MN WI IL OH	7.7	145	29.4	258
STATE STREET CORPORATION	MA	54	11.6	35	\$10B-\$50B	4	MA NY NH ME	0.6	11	2.0	18
J.P. MORGAN & CO. INCORPORAT	NY	55	5.5	16	>\$50B	5	CA NY PA VA GA	0.5	6	0.7	7

Note: Bankers Trust and Greenwood TC did not report any figures for 1998 under the CRA program.

Source: U.S. Small Business Administration, Office of Advocacy, Office of Economic Research. From CRA data

Conclusion

The good news for small firms in the BHC study is that the number and dollar amount of small firm loans are increasing more rapidly in BHCs than in the banking sector overall. However, since assets of BHCs are increasing more rapidly than assets in the rest of the commercial banking sector, it is not clear whether the large changes in small business lending are significant.

Less encouraging is the finding that large business lending is increasing faster than small business lending. The question is whether the share going to small business is adequate. Also, the ratios of small business loans to assets and small business loans to total business loans continue to decline. When the supply of credit stops expanding and/or when bank growth slows, small business owners may have a more difficult time obtaining the credit they need to start or expand a business.

Suggestions

Suggestions on how to improve the study are welcome. Send written comments to the Office of Advocacy, U.S. Small Business Administration, Mail Code 3112, 409 Third Street, S.W., Washington, DC 20416, or fax comments to (202) 205-6928. Technical questions may be addressed to Dr. Robert Berney or Dr. Charles Ou, Office of Advocacy, U.S. Small Business Administration, telephone (202) 205-6966. E-mail addresses: Robert.Berney@sba.gov or Charles.Ou@sba.gov.

Accessing the Study

All editions of *The Bank Holding Company Study*, as well as *Small Business Lending in the United States*, *Micro-Business-Friendly Banks in the United States*, *Small-Farm Lending in the United States*, and *Small Farm Lending by Bank Holding Companies* are available at the following Internet address:

- <http://www.sba.gov/advo/stats/lending/>

Paper and microfiche copies of the banking studies are available for purchase from the National Technical Information Service, Springfield, VA 22161, telephone (703) 487-4650.