

## Small Business Lending in the United States, 2010-2011

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Office of Advocacy, Office of Economic Research, 2011, [167] pages.

The availability of credit is paramount to small business health, growth, and survival. Annually, the Office of Advocacy prepares the study of Small Business Lending in the United States that examines the lending environment of depository lending institutions. This report is intended to inform prospective lenders, policymakers, business owners, and lending institutions of developments in the small business loan markets.

The study relies on two types of data reported by depository institutions to their regulatory agencies and made available for analysis—The Call Report data and the Community Reinvestment Act (CRA) Reports. The lenders are ranked on their overall small business lending nationally and on a state-by-state basis.

The first section of Part One looks at the changes in the Call Report data; the second reviews developments based on the CRA database. Listings of the top small and micro business lenders in the 50 states, the District of Columbia, and some U.S. territories are found in Part Two of the report.

All small business lenders filing reports in the U.S. economy are examined. The data does not allow differentiation between SBA loans and all small business loans. This report includes cooperative banks in addition to savings banks, savings and loan associations, and commercial banks.

### Overall Findings

Overall lending and borrowing by financial depository institutions and small businesses was weaker in 2011 than in the previous year, as borrowers and lenders continued to postpone new borrowing and lending in reaction to an uncertain economy.

### Highlights

- While business lending in amounts of more than \$1 million turned upward, small business lending under \$1 million remained restrained. Small business loans outstanding in June 2011 were valued at \$606.9 billion, down 6.9 percent from \$652.2 billion the previous year. The dollar volume of borrowing by large corporations in loan sizes over \$1 million increased by 5.8 percent in 2011, compared with an 8.9 percent drop in 2010.
- Borrowing declined for both types of small business loans—commercial real estate (CRE) and commercial and industrial (C&I) loans under \$1 million—but at a slower rate for CRE. The value of the smallest C&I business loans or micro loans (less than \$100,000) declined by 12.7 percent, from \$137.2 billion in June 2010 to \$119.8 billion in June 2011. CRE and C&I micro loans combined were valued at \$139.5 billion in 2011.
- Megabanks—those with \$50 billion or more in assets—accounted for 38 percent of small business loans outstanding and for 51 percent of the total decline in small business loans.
- The number of multi-billion-dollar lenders with assets over \$10 billion was down from 94 in June 2010 to 92 in June 2011. Their share of total assets, however, grew from 76.7 percent to 77.3 percent during the same period.
- The CRA data on small business lending mirror the results in the Call Report data. In 2010, 774 CRA-reporting institutions extended 4.3 million loans of less than \$1 million, for a total of \$178.8 billion in small business loans; this compares with a 2009 total of 6.2 million loans

valued at \$205.7 billion made by 799 depository lending institutions.

## Scope and Methodology

The study uses two types of data to analyze the lending environment of depository financial institutions for the years 2010-2011. The Call Reports include information on the amount and number of outstanding loans as of June 2011, and the Community Reinvestment Act (CRA) data cover loans made in 2010. The reported data are available only by the size of the loan, not by the size of the business; thus, small business loans are defined as business loans under \$1 million; macro business loans are defined as loans between \$100,000 and \$1 million; and micro business loans are defined as loans under \$100,000. Several variables from the Call Reports are used to analyze developments in the lending activities of these institutions. Because of the changing number of lending institutions required to file CRA reports, year-to-year changes in these institutions' activities are more difficult to interpret than they are for the Call Reports.

Depository lenders with total domestic assets of more than \$10 billion are ranked and reported separately, on the assumption that they serve a national market. Lenders are ranked by state based on the designated headquarters of the reporting lending institution. Two ranking methods are used depending upon the availability of data. For lending institutions for which information on total assets and total business loans are available (those filing Call Reports), four criteria are used as the basis for a lender's performance ranking.

For the analysis of state lending based on CRA data, lenders were listed in order of the dollar amount of small business loans made in each state in 2010 in descending order, so large institutions appear at the top. Simple rankings were used for multi-billion-dollar lending institutions because only a small number of lenders are involved.

This report was peer-reviewed consistent with Advocacy's data quality guidelines. More information on this process can be obtained by contacting the director of economic research by email at [advocacy@sba.gov](mailto:advocacy@sba.gov) or by phone at (202) 205-6533.

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