

Small Business Lending in the United States, 2017

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Expanded state-by-state data (Excel format)

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Small Business Lending in the United States, 2017 provides information on developments and trends in the credit markets for small firms, characteristics of the small business loan market, and state-by-state ratings of small business lending activity. This annual report relies on the Consolidated Reports of Condition and Income (Call Reports) for 2017 and the Community Reinvestment Act (CRA) reports for 2016. The report defines small business loans as commercial loans of \$1 million or less. These are made up of commercial real estate (CRE) and commercial and industrial (C&I) loans.

Please note that this report examines all small business lenders filing Call Reports and submitting to the CRA, but data provided does not make it possible to distinguish SBA-guaranteed lenders or SBA-guaranteed loans.

Overall Findings

Bank lending to small businesses continued to grow in both number and value in 2017, but at a slower pace than the previous year. Growth in small business loans outstanding was driven by C&I loans from medium and large lenders. Small business lending by minority lenders declined from a year earlier.

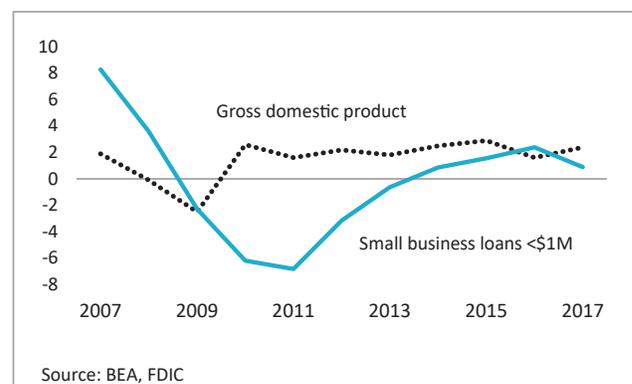
Highlights

Small Business Lending by All Banks for the Year Ending June 2017

Growth in small business loans outstanding was positive (0.8 percent) in 2017, but weaker than the prior year (2.5 percent) (**Figure 1**). Loans under \$100,000 increased by 4.0 percent while all other loan size categories declined.

Small business loans as a share of total loans has been on a downward trend, which is also the case for the share of assets that large lenders hold in their small business loan portfolio (**Figure 2**). Lenders with \$10 billion or more in assets accounted for 53.2

Figure 1. Small Business Loan Growth (Percent)



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percent of all small business lending, but the share of small business loans in their portfolios has been declining.

Community banks were active in the small business lending market and experienced gains in both CRE and C&I loans, with small CRE loans leading the pace.

Small business lending by two categories of lenders declined, those with assets under \$500 million and those with \$1 billion to \$9.9 billion in assets. Two other categories increased: lenders with assets of \$500 million to \$9.9 million (middle market lenders) and \$10 billion or more (large lenders).

The growth in the number of small business loans outstanding has been uneven, but positive in the last few years. Small business loans numbered 26.4 million in June 2017; an increase of 1.4 percent from the prior year—a smaller growth compared to a 7.6 percent increase between 2015 and 2016. The number of small business loans in the last five years increased by 15 percent (Table 1).

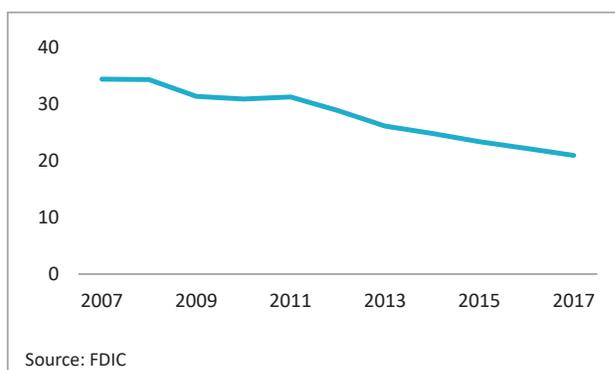
Small Business Lending by Minority Lenders

Minority depository institutions designated as bank holding companies and independent lenders numbered 156 in 2017 and accounted for \$13.6 billion in small business loans outstanding in June 2017.

Minority depository institutions' small business loans outstanding declined in both number (-16.4 percent) and value (-3.8 percent) in June 2017. In contrast, the values of MDI's large business loans and total business loans grew at 5.3 and 3.6 percent respectively during this period.

Minority depository institutions' small business lending by bank size varied. Lenders with assets under \$100 million, \$500 million to \$999 million,

Figure 2. Small Business Loans as a Share of Total Loans (Percent)



and \$10 billion to \$49 billion had increases in small business loans outstanding, (11.2, 8.8 and 31.9 percent respectively).

Small Business Lending Trends in the CRA Report Data, January–December 2016

A total of 611 lending institutions submitted CRA reports in 2016. Data from the Bank Call Reports indicates that CRA reporters accounted for 72 percent of the value of small business loans outstanding, and over 86 percent of the industry's total domestic assets. CRA reports are required for lenders with more than \$1 billion in assets; thus, they do not capture all the lenders represented in the Call Report data.

CRA lending institutions extended a total of 7.4 million small business loans valued at roughly \$257 billion in 2016. The smallest CRA loans (under \$100,000) made up about 40 percent of the value of total small business loan originations in 2016, accounting for 94.6 percent of the number of all small business CRA loans.

Table 1. Number and Change in Small Business Loans, 2013-2017

	Number of loans (millions)		Percent change	
	2013	2017	2016-2017	2013-2017
Commercial real estate	1.35	1.26	-1.7	-6.7
Commercial and industrial	21.62	25.18	1.6	16.4
Total small business loans	22.97	26.43	1.4	15.1

Source: FDIC

Lending Research Tools

In addition to the report on national small business lending trends, extensive data tables list the top small business lenders in each state. Small business stakeholders can use the data tables as a research tool.

Table 3A, 3B and 3C provide lists of the top small business lenders in each state using four ranking factors. They list the top 10 in-state lenders or the top 10 percent, whichever number is smaller. These tables are based on Call Report data that is keyed to the lenders' headquarters location rather than the location of the lending activity. A significant amount of lending activity by large lenders takes place in states other than the one in which the headquarters are located.

The expanded Tables 3A and 4 provide this information for all lenders. These are only available in Excel spreadsheets. To find lenders in your state, select the worksheets labeled [State_expanded 3a](#). Click on the drop down in column A, and select one state.

Tables 4A, B and C list the top lenders for each state using CRA data. These tables only include larger lenders, but they are sorted by the state in which the borrower is located. Further details about the rankings and the data are contained in the Data Description Appendix.

Scope and Methodology

The lending activities and patterns of depository institutions for are covered in this report. Two types of data are used in the analysis:

- The Consolidated Reports of Condition and Income (Call Reports) from the Federal Deposit Insurance Corporation provide information on loan balances for all reporting depository institutions from July 1, 2016–June 30, 2017, and
- The Community Reinvestment Act reports from the Federal Financial Institutions Examination Council provide information for loan originations and purchases from January–December 2016.

Foreign depository institutions are excluded. The data is aggregated and categorized into various small business loan size categories and bank asset sizes. Bank holding company data is used for consolidating the data. Developments in lending activities over time are analyzed using Call Report statistics for several variables. Because of the changing number of banks required to report under the CRA, year-to-year changes in the lending activities for this group of banks are more difficult to interpret.

The appendix to the report contains six extensive sets of tables ranking lenders by various factors, as well as providing other specific lending details by state. The rankings are based on four factors for each lender:

- The ratio of small loans to total assets. This is called the “total asset ratio” or TA ratio, and it is calculated for three small loan sizes: \$1 million or less, \$100,000 or less, and \$100,000–\$1 million.
- The ratio of small loans to total business loans (the “total business loan ratio” or TBL ratio), for the three small loan size categories.
- The value of loans \$1 million or less, for the three loan size categories.
- The number of small loans in the three loan size categories.

This report was peer-reviewed consistent with Advocacy's data quality guidelines. More information on this process can be obtained by contacting the Office of Economic Research at 202-205-6533. Questions or feedback should be emailed to advocacy@sba.gov.

Related Research from Advocacy

“Financing Patterns and Credit Market Experiences: A Comparison by Race and Ethnicity for U.S. Employer Firms” Alicia Robb, February 2018. This report examines racial and ethnic differences in the financing patterns, access to capital, and credit market experiences of U.S. employer firms.

“Dissecting Access to Capital” Michael McManus, September 2017.

This fact sheet provides information on startup capital used by employer firms, based on the 2015 Annual Survey of Entrepreneurs.

“What is the Status of Bank Credit to Small Businesses?” Victoria Williams, February 2019.

This fact sheet examines FDIC data and finds that small business lending growth lagged behind large business lending growth from 2016 to 2017. While small banks had higher shares of small business loans relative to their assets than large banks did, large banks issued the majority of small business loans overall.

READ THE FULL REPORT ONLINE

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