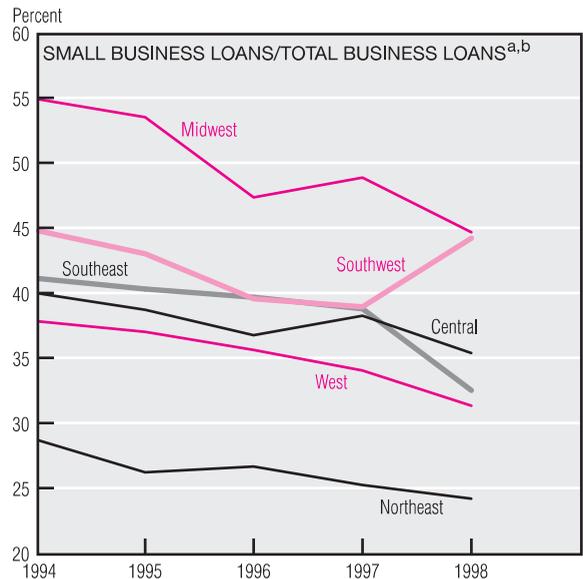
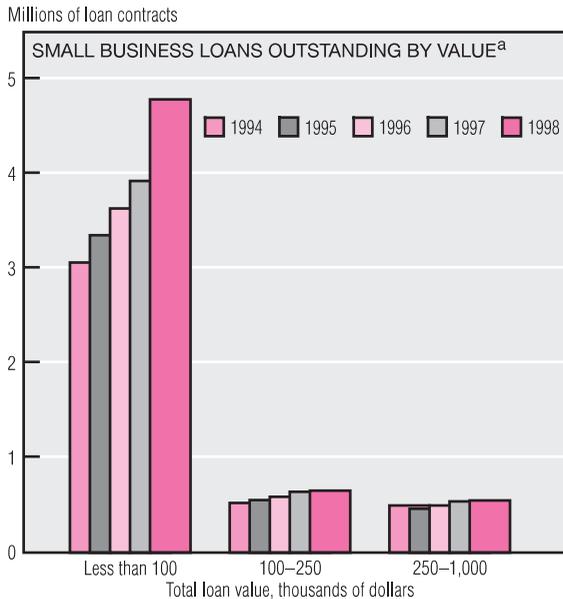
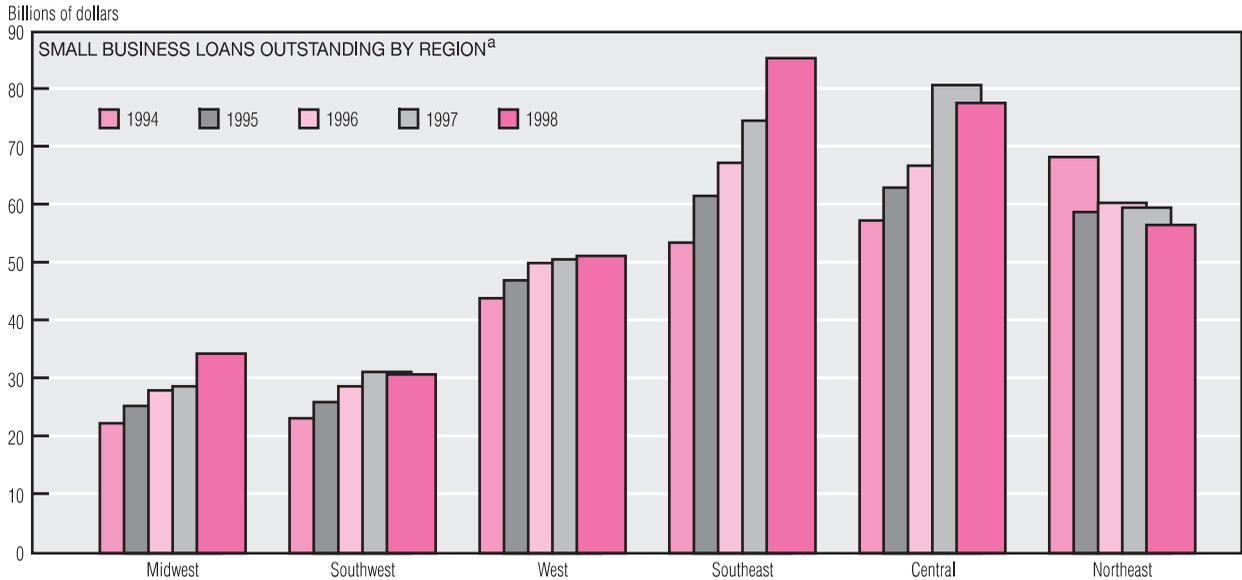


Small Business Lending



a. Small business loans (for \$1 million or less) secured by nonfarm, nonresidential properties, plus commercial and industrial loans to U.S. addresses.
 b. Dollar value of all small business loans as a fraction of total business lending.
 NOTE: All data are for FDIC-insured domestic commercial banks.
 SOURCE: Federal Financial Institutions Examination Council, *Consolidated Reports of Condition and Income*, June 1994-98.

Since 1994, banks have been required to report the volume of their small business loans (defined as loans of less than \$1 million). The total volume of such lending has grown steadily over the past five years, from \$269 billion in 1994 to \$336 billion in 1998, a rise of almost 25%.

The Northeast is a striking exception to this growth trend. There, small business lending has declined in four of the past five years.

Interestingly, the fastest-growing

segment of this market is for loans of less than \$100,000, which number 4.79 million in 1998, a jump of 22% from the previous year. Of course, the largest loans (those with principal amounts of more than \$250,000) still account for over half of all small business lending—\$181 billion out of a total \$336 billion in 1998 (not shown in chart).

Caution is warranted in interpreting these data, however. Banks report their lending based on the office

through which the loan is booked rather than the location of the borrower. Recent merger activity, therefore, may cause shifts in lending across regions when there is no actual change in the credit available to borrowers in those regions. Such apparent shifts may be partly responsible for the strong lending growth posted in the Southeast and Central regions, given the aggressive acquisition strategies of many banks headquartered there.