

Small Balance Loan Research

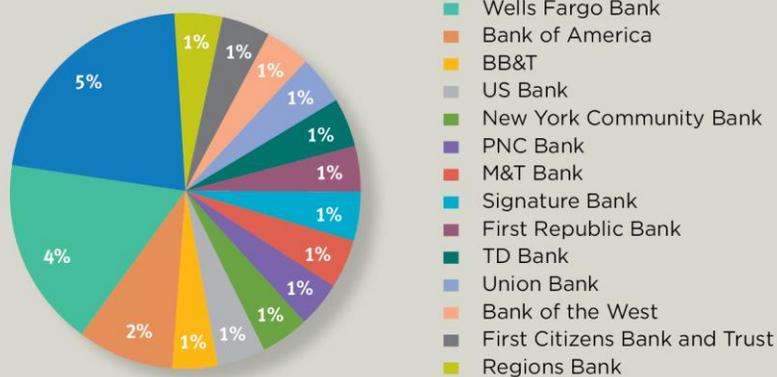
National Overview - 2nd Quarter, 2013

September 2013

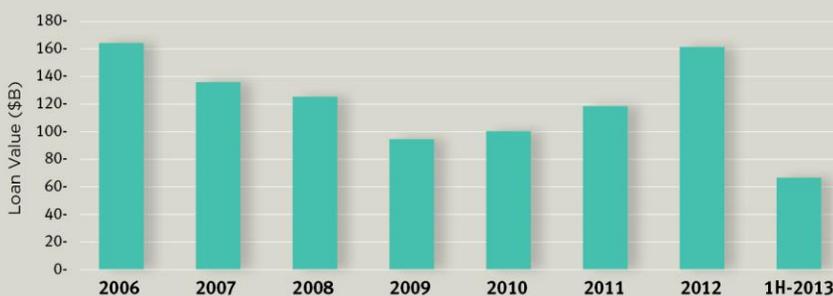
TOP 15 SMALL BALANCE COMMERCIAL LENDERS – 2ND QUARTER 2013 | Loans under \$5M

Lender Name	Ranking		Ranking Change	Market Share % 2013-2Q
	2012-2Q	2013-2Q		
JP Morgan Chase Bank	1	1	0	5
Wells Fargo Bank	2	2	0	4
Bank of America	3	3	0	2
BB&T	5	4	-1	1
US Bank	6	5	-1	1
New York Community Bank	4	6	2	1
PNC Bank	10	7	-3	1
M&T Bank	11	8	-3	1
Signature Bank	9	9	0	1
First Republic Bank	12	10	-2	1
TD Bank	7	11	4	1
Union Bank	19	12	-7	1
Bank of the West	13	13	0	1
First Citizens Bank and Trust	20	14	-6	1
Regions Bank	23	15	-8	1
Sovereign Bank	14	23	9	<1
Capital One	15	17	2	1
Private Individuals	8	NA	NA	<1

MARKET SHARE (%)



SMALL-BALANCE ORIGINATIONS TREND | Loans under \$5 Million



Source: Boxwood Means, Inc.

NATIONAL OVERVIEW

- Small balance commercial (SBC) loan originations represent a massive market totaling over \$160 billion in 2012. These commercial and multifamily loans with principal amounts under \$5 million are predominate in the CRE portfolios of commercial banks nationwide.
- SBC originations totaled \$67.1 billion through the first half of 2013. Though representing healthy production by historical standards, this recent six-month total was still 11% below the sum posted during the same period last year.
- In fact, origination volume of \$29.7 billion during second quarter fell 21% sequentially and was 27% below the 2nd quarter, 2012 total. The decrease in volume suggests that private investors and owner-users pulled back on loan deals as Treasury yields began to rise in May.
- Refinance loans accounted for 77% of the volume with purchase mortgages responsible for the remainder. This ratio is relatively unchanged from last year.
- The SBC lending space has traditionally been very fragmented and remains so. The top 15 lenders - all commercial banks - accounted for only 23% of total volume in the most recent quarter. By contrast, the top 5 residential lenders command close to 50% of total originations.
- The league table for the top 5 SBC lenders shows no material change in market shares year over year. However, the sizable moves by Regions Bank, Union Bank and First Citizens Bank into the top 15 bracket are notable, as is the retreat by Sovereign Bank.

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