

Board of the Governors of the Federal Reserve System



Instructions for the Preparation of

Small Business Lending Survey

Reporting Form FR 2028D

Effective December 2017

INSTRUCTIONS FOR PREPARATION OF

Small Business Lending Survey

General Instructions

Purpose of the Survey

The Federal Reserve System uses data from this survey on United States (U.S.) chartered commercial bank nonfarm small business lending, including costs, terms, standards, and reasons for their changes, to assess and analyze developments in small business credit markets. Aggregate information on small business loans is published in a quarterly statistical release on the Federal Reserve Bank of Kansas City's website and through a link on the Federal Reserve Board's website.

Survey Scope

This survey covers commercial and industrial (C&I) loans made to U.S. nonfarm small businesses. The survey period covers the most recent calendar quarter.

For the purpose of this survey, U.S. nonfarm small businesses are those nonfarm businesses domiciled in the U.S. with no more than \$5 million in total annual revenues. Domiciled U.S. businesses encompass borrowers domiciled in the fifty states of the U.S., the District of Columbia, or U.S. territories and possessions, including U.S. offices or subsidiaries of non-U.S. (foreign) businesses. For further detail, please refer to the Glossary entry for "domicile" in the Instructions for the quarterly condition report (FFIEC 031 & 041, https://www.ffiec.gov/ffiec_report_forms.htm).

The definition of C&I loans corresponds to that used for Item 4 of Schedule RC-C, Part I, of the quarterly condition report (FFIEC 031, 041, & 051). For FFIEC 031, 041, and 051 reporters, C&I loans to U.S. small businesses are included in Item 4.a of Schedule RC-C, Part I excluding items noted below. For banks with foreign offices (FFIEC 031 reporters), include all such loans that are booked at U.S. (domes-

tic) offices of the reporting bank (Column B of the FFIEC 031).

Include:

- Overnight loans.
- Construction and land development loans that are not secured by real estate.

Exclude:

- Loans denominated in non-U.S. currencies.
- Loans made by an international division, international operations subsidiary, or Edge or Agreement subsidiary of your institution.
- Loans made to non-U.S. addressees (business firms domiciled outside of the fifty states of the United States, the District of Columbia, or U.S. territories and possessions).
- Loans secured by real estate, even if for commercial and industrial purposes.
- Intercompany loans.
- Loans to financial institutions.
- Loans resulting from unplanned overdrafts to deposit accounts.
- Loans held for trading purposes.

Preparation of Survey

The survey will be submitted quarterly using the Federal Reserve Bank of New York's Statistics Survey Application. The transmission period would begin the first business day of the second month of each quarter (February, May, August and November) and conclude 14 days later. Data provided on the survey would be

General Instructions

based on loan activity over the previous quarter. All dollar amounts should be reported in thousands.

INSTRUCTIONS FOR PREPARATION OF

Small Business Lending Survey

Line Item Instructions

1. Check “no” if your institution does *not* use more than one base rate for C&I loans to U.S. small businesses. If “no” is checked, complete question 2.

Check “yes” if your institution uses more than one base rate for C&I loans to U.S. small businesses. If “yes” is checked, complete question 3.

2. Enter the base rate your institution uses (i.e., prime rate, Libor, Federal Home Loan Bank rate, U.S. Treasury rate, Proprietary rate, Other rate).

3. Indicate the three most commonly used base rates, ranked by the total dollar value of outstanding loans to small businesses based on each base rate as of the end of the most recent calendar quarter.

Item 4 Outstanding term C&I loans to U.S. small businesses broken out by fixed rate and variable rate as of the last calendar day of the most recent calendar quarter.

4a. **Number.** The total number of term loans.

4b. **Outstanding dollar amount.** The total face amount of term loans in thousands of dollars *even if held at fair value*.

4c. **Weighted average interest rate.** Sum the outstanding face amount of each term loan multiplied by its stated nominal rate of interest – not the effective rate or Annual Percentage Rate (APR). Divide the sum by the outstanding dollar amount (column 4b.). Report the rate in percent to three decimal places; for example, if the average interest rate is 2-¼ percent, enter “2.250”. See appendix for example.

4d. **Weighted average base rate.** Sum the outstanding face amount of each term loan priced with a base rate multiplied by its base rate. Divide the sum by the total outstanding face amount of loans priced with a base

rate. Report the rate in percent to three decimal places; for example, if the average interest rate is 2-¼ percent, enter “2.250”. See appendix for example.

4e. **Weighted average maturity.** Sum the outstanding face amount of each term loan multiplied by its remaining maturity (in months). Divide the sum by the outstanding dollar amount (column 4b.). Report the weighted average maturity in months to two decimal places; for example, if the average maturity is 18-½ months, enter “18.50”. See appendix for example.

4f. **Maximum maturity.** Report the maximum maturity in months.

4g. **Number secured.** The total number of term loans secured by collateral of any kind.

4h. **Dollar amount secured.** The outstanding face amount of term loans in thousands of dollars secured by collateral of any kind.

4i. **Number with U.S. Small Business Administration (SBA) guarantees.**¹ The total number of term loans with all or a portion of the loan guaranteed by the SBA.

4j. **Dollar amount with SBA guarantees.** The outstanding face amount of term loans in thousands of dollars, even if held at fair value, with all or a portion of the loan guaranteed by the SBA.

4k. **Number with other guarantees.** The total number of term loans with all or a portion of the loan guaranteed by an entity other than the SBA.

4l. **Dollar amount with other guarantees.** The outstanding face amount of term loans in thousands of dollars,

1. For more information on SBA loan programs, see <https://www.sba.gov/loans-grants/see-what-sba-offers/sba-loan-programs>.

Line Item Instructions

even if held at fair value, with all or a portion of the loan guaranteed by an entity other than the SBA.

4m. **Number with interest rate floor.** The total number of term loans that utilize interest rate floors in the loan terms.

4n. **Number at interest rate floor.** The total number of term loans for which the nominal rate of interest equals the interest rate floor.

4o. **Dollar amount at interest rate floor.** The outstanding face amount of term loans in thousands of dollars, even if held at fair value, for which the nominal rate of interest equals the interest rate floor.

4p. **Weighted average interest rate floor.** Sum the outstanding face amount of each term loan with an interest rate floor multiplied by its floor. Divide the sum by the total outstanding face amount of loans with an interest rate floor. Report the rate in percent to three decimal places; for example, if the average interest rate is 2-¼ percent, enter “2.250”. See appendix for example.

Item 5 Outstanding C&I loans made under a commitment (formal or informal) to U.S. small businesses broken out by fixed rate and variable rate as of the last calendar day of the most recent calendar quarter.

Commitments are broadly defined to include all promises to lend that are expressly conveyed, orally or in writing, to the borrower. Commitments generally fall into two types of arrangements: formal commitments and informal lines of credit.

A formal commitment is a commitment for which a bank has charged a fee or other consideration or otherwise has a legally binding commitment. It is usually evidenced by a binding contract, to lend a specified amount, frequently at a predetermined spread over a specific base rate. It requires that the borrower meet covenants in the contract and pay a fee on the unused credit available. These include revolving credits under which the borrower may draw and repay loans for the duration of the contract.

A line of credit is defined as an informal arrangement under which the lender agrees to lend within a set credit limit and to quote a rate on demand for a take-down amount and maturity requested by the borrower. These arrangements may not be legally binding.

Authorizations or internal guidance lines, where the customer is not informed of the amount, are *not* to be considered as commitments.

5a. **Number.** The total number of commitments.

5b. **Commitment dollar amount.** The total face amount of *unused and used* commitments in thousands of dollars.

5c. **Outstanding dollar amount.** The total face amount of *used* commitments in thousands of dollars.

5d. **Weighted average interest rate.** Sum the face amount of each *used* loan commitment multiplied by its stated nominal rate of interest – not the effective rate or APR. Divide the sum by the outstanding dollar amount (column 5c.). Report the rate in percent to three decimal places; for example, if the average interest rate is 2-¼ percent, enter “2.250”. See appendix for example.

5e. **Weighted average base rate.** Sum the outstanding face amount of each *used* loan commitment priced with a base rate multiplied by its base rate. Divide the sum by the total outstanding face amount of *used* loan commitments priced with a base rate. Report the rate in percent to three decimal places; for example, if the average interest rate is 2-¼ percent, enter “2.250”. See appendix for example.

5f. **Number secured.** The total number of commitments secured by collateral of any kind.

5g. **Dollar amount secured.** The total face amount of *unused and used* commitments in thousands of dollars secured by collateral of any kind.

5h. **Number with SBA guarantees.** The total number of commitments with all or a portion of the loan guaranteed by the SBA.

5i. **Dollar amount with SBA guarantees.** The total face amount of *unused and used* commitments in thousands of dollars, even if held at fair value, with either all or a portion of the loan guaranteed by the SBA.

5j. **Number with other guarantees.** The total number of commitments with all or a portion of the loan guaranteed by an entity other than the SBA.

5k. **Dollar amount with other guarantees.** The total face amount of *unused and used* commitments in thousands of dollars, even if held at fair value, with either all or a

Line Item Instructions

portion of the loan guaranteed by an entity other than the SBA.

5l. Number with interest rate floor. The total number of commitments that utilize interest rate floors in the loan terms.

5m. Number at interest rate floor. The total number of commitments for which the nominal rate of interest equals the interest rate floor.

5n. Dollar amount at interest rate floor. The outstanding face amount of *used* commitments in thousands of dollars for which the nominal rate of interest equals the interest rate floor.

5o. Weighted average interest rate floor. Sum the outstanding face amount of each *used* loan commitment with an interest rate floor multiplied by its floor. Divide the sum by the total outstanding face amount of *used* loan commitments with an interest rate floor. Report the rate in percent to three decimal places; for example, if the average interest rate is 2-¼ percent, enter “2.250”. See appendix for example.

6a. Net drawdowns on C&I commitments (formal or informal) broken out by fixed rate and variable rate to U.S. small businesses during the most recent calendar quarter. Enter the *net* face amount of loans drawn in thousands of dollars.

Item 7 New term C&I loans broken out by fixed rate and variable rate to U.S. small business made during the most recent calendar quarter.

Enter the amount of loans in thousands of dollars. Include all term C&I loans to U.S. small businesses entered into your books or loan system during the most recent calendar quarter, even if the loans were approved or disbursed in the prior calendar quarter. Exclude loans approved or disbursed but not entered into your institution’s books or loan system during the most recent calendar quarter.

Also include:

- Renewals of term loans.
- Conversions of commitment into term loans.

Exclude:

- Loans purchased in the secondary loan market.

- Purchased factored loans (that is, purchased accounts receivable).

7a. Number. The total number of term loans.

7b. Outstanding dollar amount. The total face amount of term loans in thousands of dollars *even if held at fair value*.

7c. Weighted average interest rate. Sum the outstanding face amount of each term loan multiplied by its stated nominal rate of interest – not the effective rate or APR. Divide the sum by the outstanding dollar amount (column 7b.). Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter “2.250.” See appendix for example.

7d. Weighted average base rate. Sum the outstanding face amount of each term loan priced with a base rate multiplied by its base rate. Divide the sum by the total outstanding face amount of loans priced with a base rate. Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter “2.250.” See appendix for example.

7e. Weighted average maturity. Sum the outstanding face amount of each term loan multiplied by its remaining maturity (in months). Divide the sum by the outstanding dollar amount (column 7b.). Report the weighted average maturity in months to two decimal places; for example, if the average maturity is 18½ months, enter “18.50.” See appendix for example.

7f. Maximum maturity. Report the maximum maturity in months.

7g. Number secured. The total number of term loans secured by collateral of any kind.

7h. Dollar amount secured. The outstanding face amount of term loans in thousands of dollars secured by collateral of any kind.

7i. Number with SBA guarantees. The total number of term loans with all or a portion of the loan guaranteed by the SBA.

7j. Dollar amount with SBA guarantees. The outstanding face amount of term loans in thousands of dollars, even if held at fair value, with all or a portion of the loan guaranteed by the SBA.

Line Item Instructions

7k. **Number with other guarantees.** The total number of term loans with all or a portion of the loan guaranteed by an entity other than the SBA.

7l. **Dollar amount with other guarantees.** The outstanding face amount of term loans in thousands of dollars, even if held at fair value, with all or a portion of the loan guaranteed by an entity other than the SBA.

7m. **Number with interest rate floor.** The total number of term loans that utilize interest rate floors in the loan terms.

7n. **Number at interest rate floor.** The total number of term loans for which the nominal rate of interest equals the interest rate floor.

7o. **Dollar amount at interest rate floor.** The outstanding face amount of term loans in thousands of dollars, even if held at fair value, for which the nominal rate of interest equals the interest rate floor.

7p. **Weighted average interest rate floor.** Sum the outstanding face amount of each term loan with an interest rate floor multiplied by its floor. Divide the sum by the total outstanding face amount of loans with an interest rate floor. Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter “2.250.” See appendix for example.

Item 8 New term C&I loans with SBA guarantees.

Check “yes” if your bank made new term C&I loans with SBA guarantees to U.S. small businesses that were sold during the most recent calendar quarter and that your bank is still servicing. If “yes” is checked, complete question 9.

Check “no” if your bank did *not* sell new term C&I loans with SBA guarantees to U.S. small businesses during the most recent calendar quarter. If “no” is checked, skip to question 10.

Item 9 New term C&I loans with SBA guarantees to U.S. small businesses made and sold during the most recent calendar quarter and the bank is still servicing.

Enter the amount of loans in thousands of dollars.

9a. **Number.** The total number of term loans sold.

9b. **Sold dollar amount.** The total dollar amount of term loans sold in thousands of dollars.

9c. **Weighted average interest rate.** Sum the dollar amount of each sold term loan multiplied by its stated nominal rate of interest – not the effective rate or APR. Divide the sum by the sold dollar amount (column 9b.). Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter “2.250.” See appendix for example.

9d. **Weighted average base rate.** Sum the dollar amount of each sold term loan priced with a base rate multiplied by its base rate. Divide the sum by the outstanding total amount of sold loans priced with a base rate. Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter “2.250.” See appendix for example.

9e. **Weighted average maturity.** Sum the dollar amount of each sold term loan multiplied by its maturity (in months). Divide the sum by the sold dollar amount (column 9b.). Report the weighted average maturity in months to two decimal places; for example, if the average maturity is 18½ months, enter “18.50.” See appendix for example.

9f. **Maximum maturity.** Report the maximum maturity in months.

Item 10 New C&I loans made under a commitment (formal or informal) broken out by fixed rate and variable rate to U.S. small businesses during the most recent calendar quarter.

Enter the amount of loans in thousands of dollars. Include all C&I commitments to U.S. small businesses entered into your books or loan system during the most recent calendar quarter, even if the loans were approved or disbursed in the prior calendar quarter. Exclude loans approved or disbursed but not entered into your institution’s books or loan system during the most recent calendar quarter.

Also include:

- Renewals of or increases in commitments.

Exclude:

- Drawdowns on existing commitments (these should be included in the response to question 6).

10a. **Number.** The total number of commitments.

Line Item Instructions

10b. **Commitment dollar amount.** The total face amount of *unused and used* commitments in thousands of dollars.

10c. **Outstanding dollar amount.** The total face amount of *used* commitments in thousands of dollars.

10d. **Weighted average interest rate.** Sum the face amount of each *used* loan commitment multiplied by its stated nominal rate of interest – not the effective rate or APR. Divide the sum by the outstanding dollar amount (column 10c.). Report the rate in percent to three decimal places; for example, if the average interest rate is $2\frac{1}{4}$ percent, enter “2.250.” See appendix for example.

10e. **Weighted average base rate.** Sum the outstanding face amount of each *used* loan commitment priced with a base rate multiplied by its base rate. Divide the sum by the total outstanding face amount of *used* loan commitments priced with a base rate. Report the rate in percent to three decimal places; for example, if the average interest rate is $2\frac{1}{4}$ percent, enter “2.250.” See appendix for example.

10f. **Number secured.** The total number of commitments secured by collateral of any kind.

10g. **Dollar amount secured.** The total face amount of *unused and used* commitments in thousands of dollars secured by collateral of any kind.

10h. **Number with SBA guarantees.** The total number of commitments with all or a portion of the loan guaranteed by the SBA.

10i. **Dollar amount with SBA guarantees.** The total face amount of *unused and used* commitments in thousands of dollars, even if held at fair value, with either all or a portion of the loan guaranteed by the SBA.

10j. **Number with other guarantees.** The total number of commitments with all or a portion of the loan guaranteed by an entity other than the SBA.

10k. **Dollar amount with other guarantees.** The total face amount of *unused and used* commitments in thousands of dollars, even if held at fair value, with either all or a portion of the loan guaranteed by an entity other than the SBA.

10l. **Number with interest rate floor.** The total number of commitments that utilize interest rate floors in the loan terms.

10m. **Number at interest rate floor.** The total number of commitments for which the nominal rate of interest equals the interest rate floor.

10n. **Dollar amount at interest rate floor.** The outstanding face amount of *used* commitments in thousands of dollars for which the nominal rate of interest equals the interest rate floor.

10o. **Weighted average interest rate floor.** Sum the outstanding face amount of each *used* loan commitment with an interest rate floor multiplied by its floor. Divide the sum by the total outstanding face amount of *used* loan commitments with an interest rate floor. Report the rate in percent to three decimal places; for example, if the average interest rate is $2\frac{1}{4}$ percent, enter “2.250.” See appendix for example.

Item 11 Select one answer to indicate how credit line usage has changed during the most recent calendar quarter. No quantitative analysis is necessary in answering this question.

Item 12 Select one answer per row to indicate the importance of each reason for the change in credit line usage during the most recent calendar quarter. No quantitative analysis is necessary in answering this question.

Item 13 Select one answer to indicate how loan demand for U.S. small business C&I loans has changed during the most recent calendar quarter. Loan demand is defined as the amount of inquires via loan applications or informal walk-in inquiries. No quantitative analysis is necessary in answering this question.

Item 14 Include all C&I loan applications received from U.S. small businesses during the most recent calendar quarter. An application is defined as a formal document outlining the essential attributes regarding the financial position of the borrower on which the lender bases the decision to lend. Exclude informal walk-in inquires (these should be considered in the response to question 13). Applications approved include all loans that your bank intends to make whether or not the loan terms have been finalized, funds have been disbursed, or the loan has been entered into your institution’s books or loan system.

14a. **Number.** The total number.

Line Item Instructions

14b. **Dollar amount.** The total amount in thousands of dollars.

Item 15 Check “yes” if your institution tracks lending in low and moderate income (LMI) tracts for Community Reinvestment Act (CRA) purposes or voluntarily for other reasons.

If “yes” is checked, complete question 16.

Check “no” if your institution does *not* track lending in low and moderate income (LMI) tracts for Community Reinvestment Act (CRA) purposes or voluntarily for other reasons. If “no” is checked, skip to question 17.²

Item 16 Include all C&I loan applications received from U.S. small businesses located in low and moderate income (LMI) tracts during the most recent calendar quarter.

16a. **Number.** The total number.

16b. **Dollar amount.** The total amount in thousands of dollars.

Item 17 Select one answer per column to rank the most common reasons for denying U.S. small businesses C&I loans during the most recent calendar quarter. No quantitative analysis is necessary in answering this question.

Item 18 Select one answer to indicate how credit standards for loans to U.S. small businesses have changed during the most recent calendar quarter. Credit standards are the internal policies and guidelines an institution uses to determine whether a borrower meets desired credit quality criteria. No quantitative analysis is necessary in answering this question.

2. For further information about CRA, see <https://www.ffiec.gov/cra/default.htm>.

Item 19 Select one answer per row to indicate how C&I loan terms have changed during the most recent calendar quarter. No quantitative analysis is necessary in answering this question.

Item 20 Select one answer per row to indicate the importance of each reason for tightening credit standards or terms during the most recent calendar quarter. No quantitative analysis is necessary in answering this question.

Item 21 If two or more reasons are classified as very important in question 20, and one of the reasons is the most important, identify that reason. No quantitative analysis is necessary in answering this question.

Item 22 Select one answer per row to indicate the importance of each reason for easing credit standards or terms during the most recent calendar quarter. No quantitative analysis is necessary in answering this question.

Item 23 If two or more reasons are classified as very important in question 22, and one of the reasons is the most important, identify that reason. No quantitative analysis is necessary in answering this question.

Item 24 Select one answer to indicate how the credit quality of applicants has changed during the most recent calendar quarter. Credit quality is defined as the attributes a bank uses to assess a borrower’s credit quality and probability of default. The criteria includes, but is not limited to, credit scores, quality of collateral, personal wealth, debt to income ratio, and forecasted business growth. No quantitative analysis is necessary in answering this question.

Item 25 Select one answer per row to indicate how credit quality has changed during the most recent calendar quarter. No quantitative analysis is necessary in answering this question.

Line Item Instructions

Appendix: Weighted Average Calculation Examples

| Outstanding dollar amount (thousands) | Interest rate | Base rate | Interest rate floor | Remaining maturity (months) |
|---------------------------------------|---------------|-----------|---------------------|-----------------------------|
| 500 | 4.25 | 2 | 3.5 | 18 |
| 420 | 4.1 | n.a. | n.a. | 4 |
| 290 | 4.3 | 2.15 | 3.75 | 10 |

Weighted average interest rate = $(500*4.25 + 420*4.10 + 290*4.30)/(500 + 420 + 290) = 4.210$

Weighted average base rate = $(500*2.00 + 290*2.15)/(500 + 290) = 2.055$

Weighted average interest rate floor = $(500*3.50 + 290*3.75)/(500 + 290) = 3.592$

Weighted average maturity = $(500*18 + 420*4 + 290*10)/(500 + 420 + 290) = 11.22$