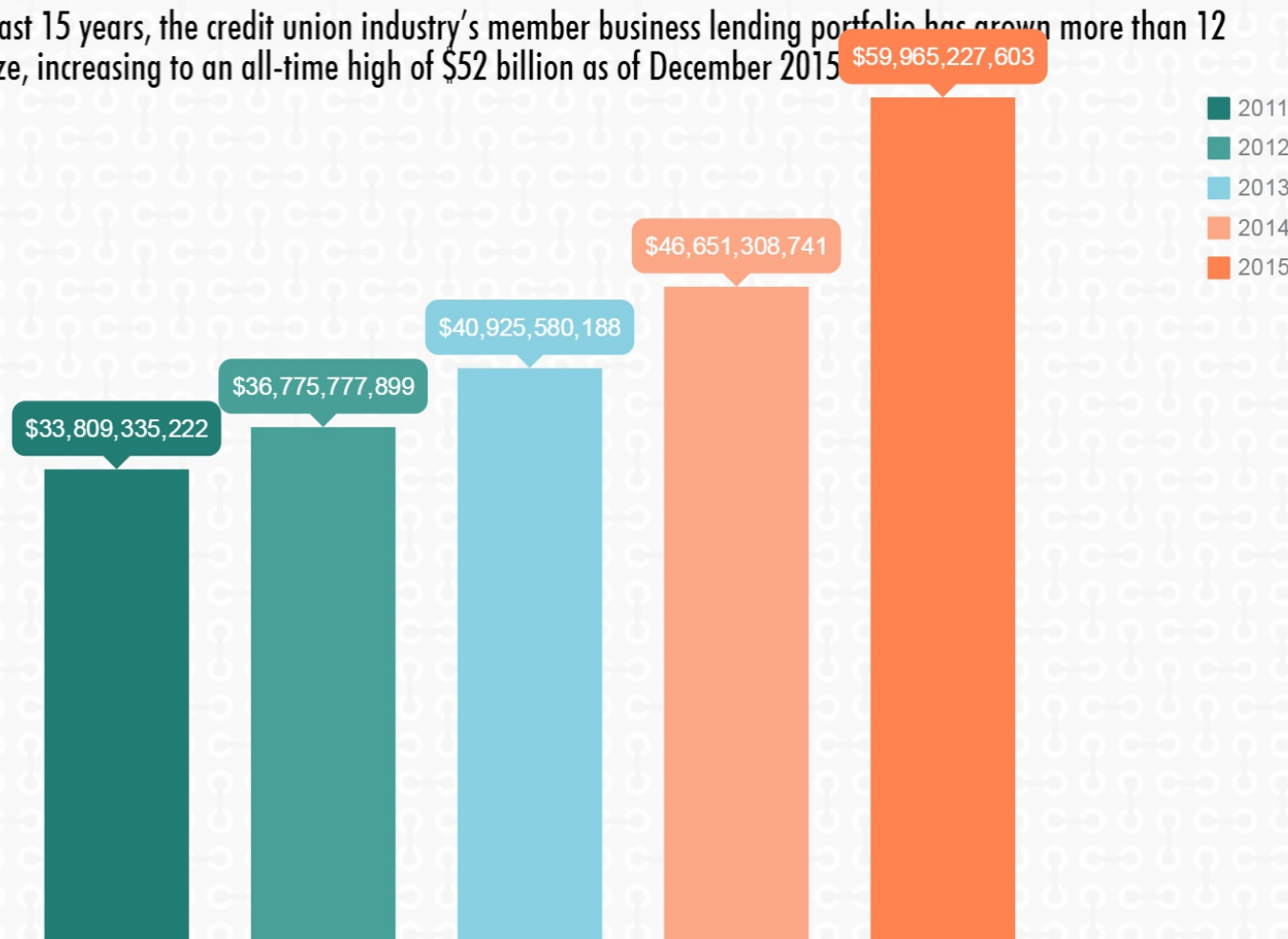


# The Story Behind The Business Boom

The demand for member business loans and services is growing, and offering MBL options is one way remain competitive in the financial industry.

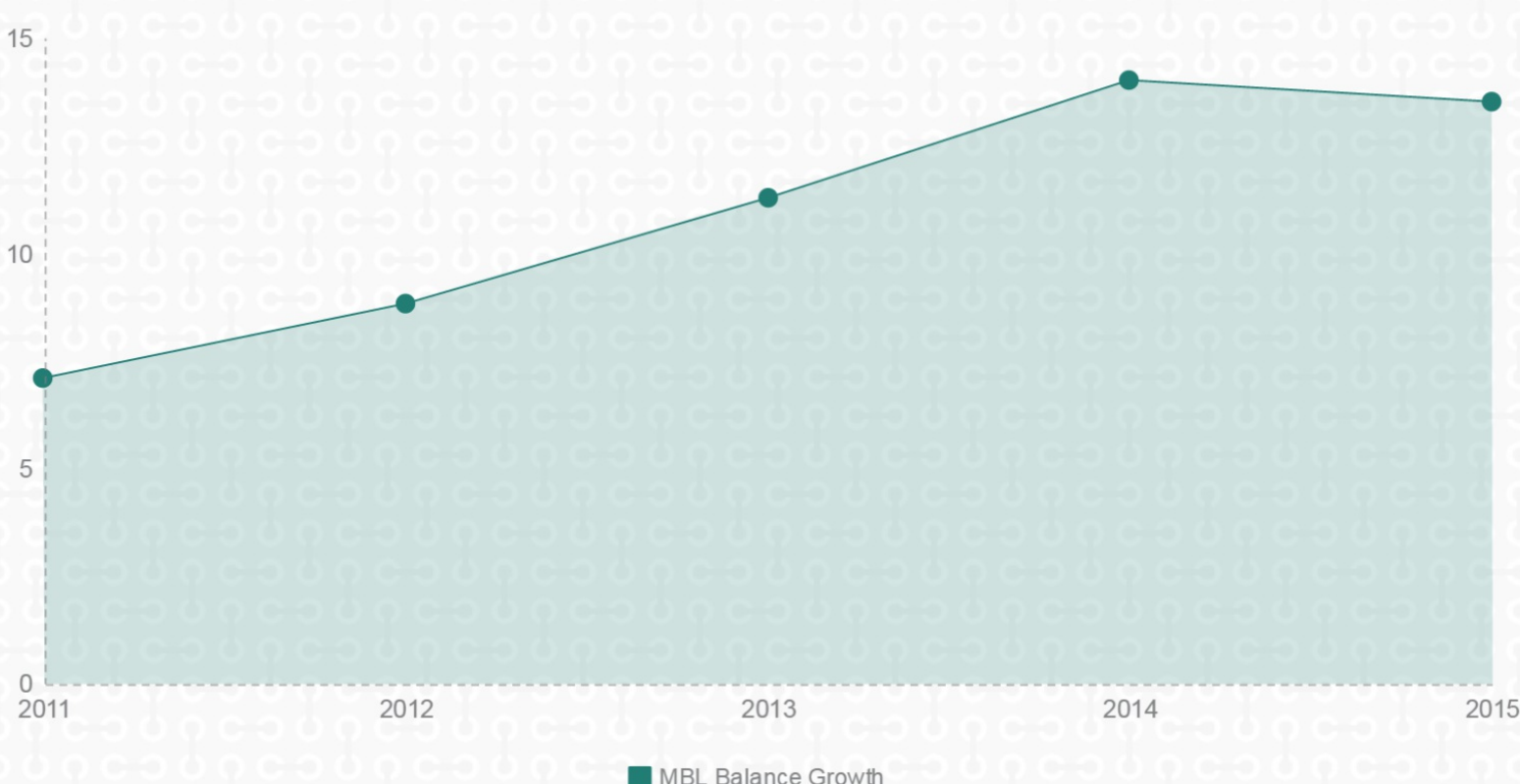
## MBL Loan Balances

Over the past 15 years, the credit union industry's member business lending portfolio has grown more than 12 times in size, increasing to an all-time high of \$52 billion as of December 2015.



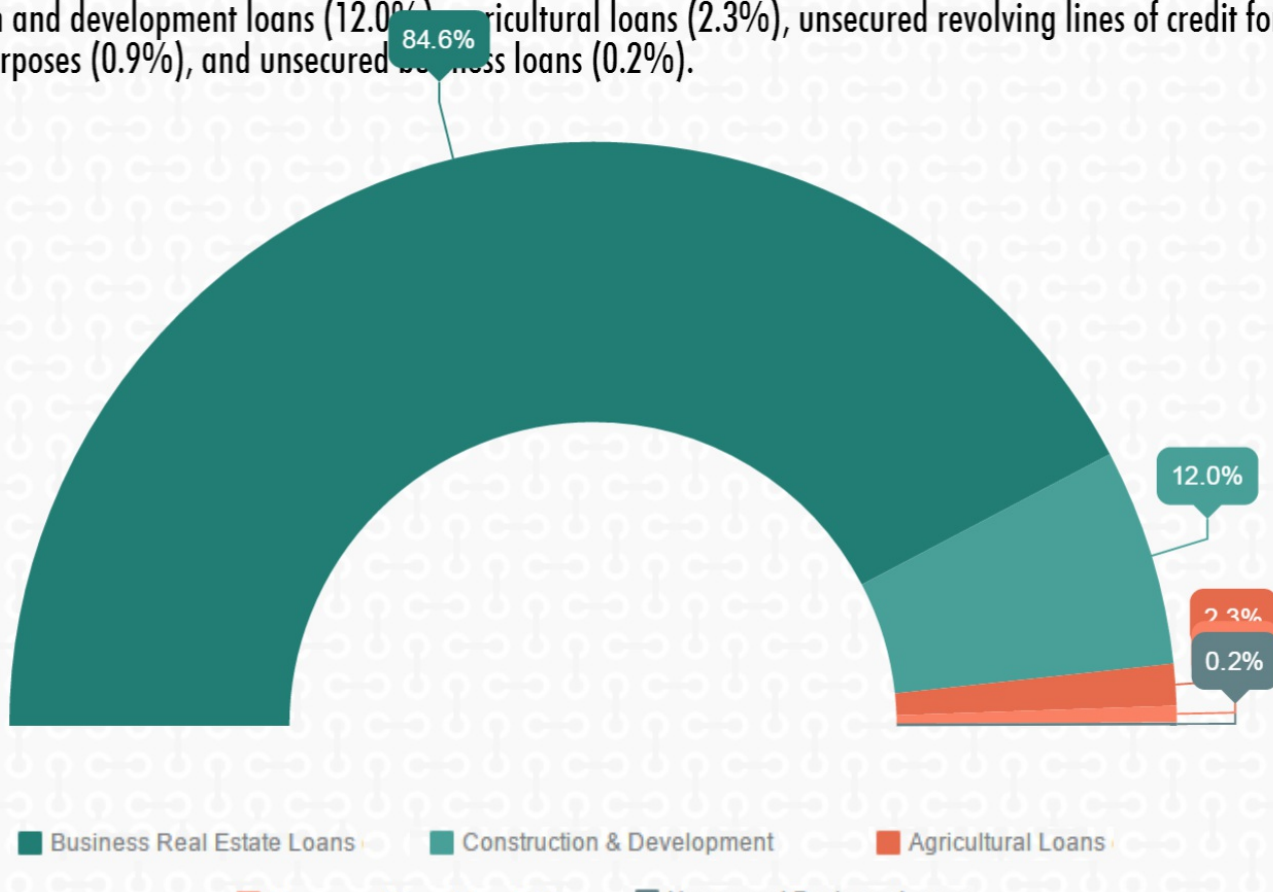
## MBL Loan Growth

2015 was a milestone year for credit unions. Loan balances expanded across every major lending category with member business loans outstanding posting the second highest year-end growth rate in the portfolio, 13.5%. Additionally, member business loans accounted for 6.7% of total loans in 2015.



## MBL Portfolio Composition

At the end of the fourth quarter, 84.6% of all member business loans were backed by real estate followed by construction and development loans (12.0%), agricultural loans (2.3%), unsecured revolving lines of credit for business purposes (0.9%), and unsecured business loans (0.2%).



## MBL Fast Facts

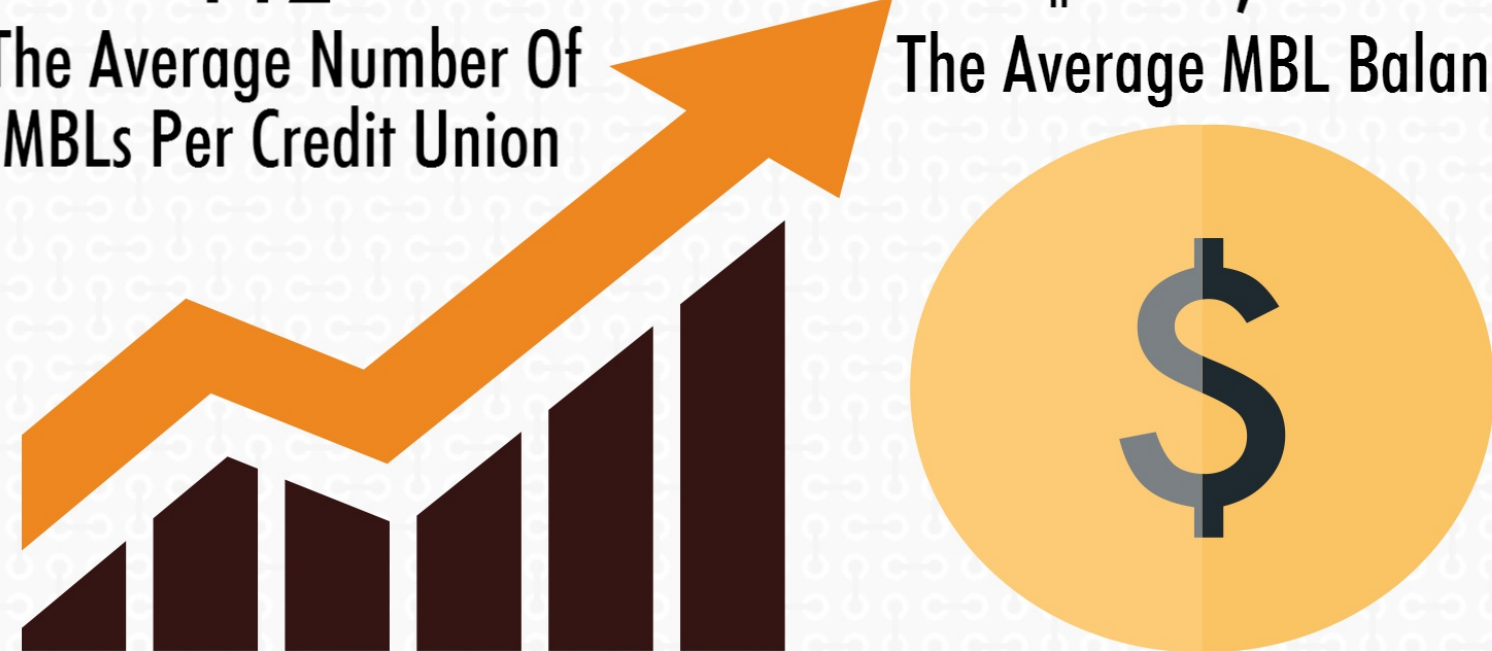
Both the average number of and balances for MBLs on credit unions' balance sheets were trending upward as of December 2015.

112

The Average Number Of MBLs Per Credit Union

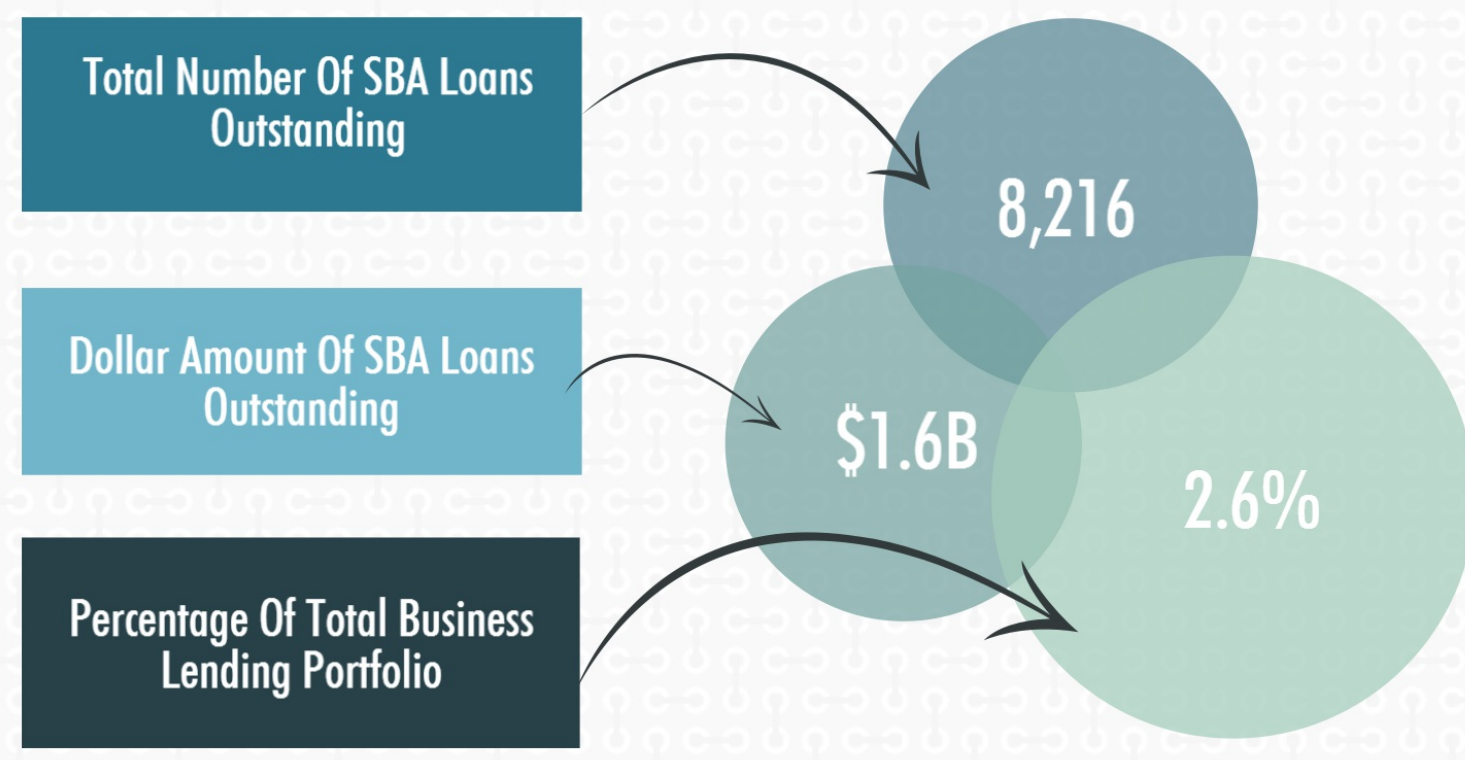
\$222,854

The Average MBL Balance



## Spotlight On SBA Lending

SBA lending is becoming an integral part of the credit union business loan portfolio. Since 2010, the outstanding balance of SBA loans has more than doubled from \$713 million to \$1.6 billion. The average SBA loan is now \$253,149, up from \$108,058 in 2010.



## Regulatory Impact

Government agencies are making business lending more attractive to credit unions and the members they serve.

The NCUA is addressing common operational challenges involving personal guarantees, loan-to-value limits, construction and development loans, and loan participations, which should have a positive impact on the business lending portfolio.

Additionally, the Small Business Administration partnered with the NCUA in February 2015 to expand business lending to credit union members. Specifically, the guaranteed portion of SBA loans does not count toward the business loan cap as a percentage of assets, which encourages credit unions to issue new small-dollar loans.

## Beyond Business Loans

As programs mature, growth will naturally slow down. New product and service offerings for business services members, including business checking accounts, business credit cards, or ancillary services such as payroll services, might stimulate growth in credit unions' core business loan products.

Source:

**CALLAHAN**  
ASSOCIATES  
the credit union company