

Greenwich Commercial Lending Market Insight - Q3 2021

Credit Relationships Hold Steady Despite Tepid Growth

August 10, 2021

Executive Summary:

Despite Growth Headwinds, Lender Relationships Hold Firm

Data from our recently completed study of bank commercial credit executives shows that:

- Lenders maintained or grew credit relationships on nearly 93% of obligors during the pandemic
- Obligor experienced minimal declines to existing credit relationships during that same period
- Despite this stability, the majority of growing or new credit relationships have been tied to PPP

As the commercial loan market heads into the second half of 2021, several key themes persist—especially, a lack of bilateral loan growth and low utilization. Despite growth headwinds, lenders maintained their existing credit relationships throughout most of the pandemic period, leading into the summer months of 2021 with a large portion of growth tied to Paycheck Protection Program (PPP) lending.

To analyze retention rates during the pandemic period, Coalition Greenwich reviewed changes to the total credit relationships of borrowers with their existing lenders over the last 18 months. Looking specifically at the six months ending in June 2021, lenders either maintained or grew credit relationships on 92% of their obligors, when reviewing borrowers who held active credit relationships with their banks at the end of 2020. This level of stability mimicked the six-month performance observed in both the first and second halves of 2020, where 94% of obligors maintained or grew relationships.

Methodology:

Greenwich Commercial Loan Analytics is a unique offering backed by our market-leading dataset of commercial loan transactions used to help measure a bank's relative performance compared to independent, third-party metrics. Our experience in cleansing and standardizing commercial loan data, combined with our strong business knowledge and analytical methods, enables us to understand detailed pricing levels and trends nationwide. Our clients are principally top 40 U.S. commercial banks by asset size, with Coalition Greenwich collecting data on nearly 1.3 million loans monthly from bank contributors.

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