

BUSINESSPULSE

First Quarter, 2022



POWERED BY
BARLOW RESEARCH ASSOCIATES, INC.



The Live Oak BusinessPulse, fielded by Barlow Research Associates, is an invitation-only economic survey administered online or via fax, fielded for two weeks during the first month of each quarter.



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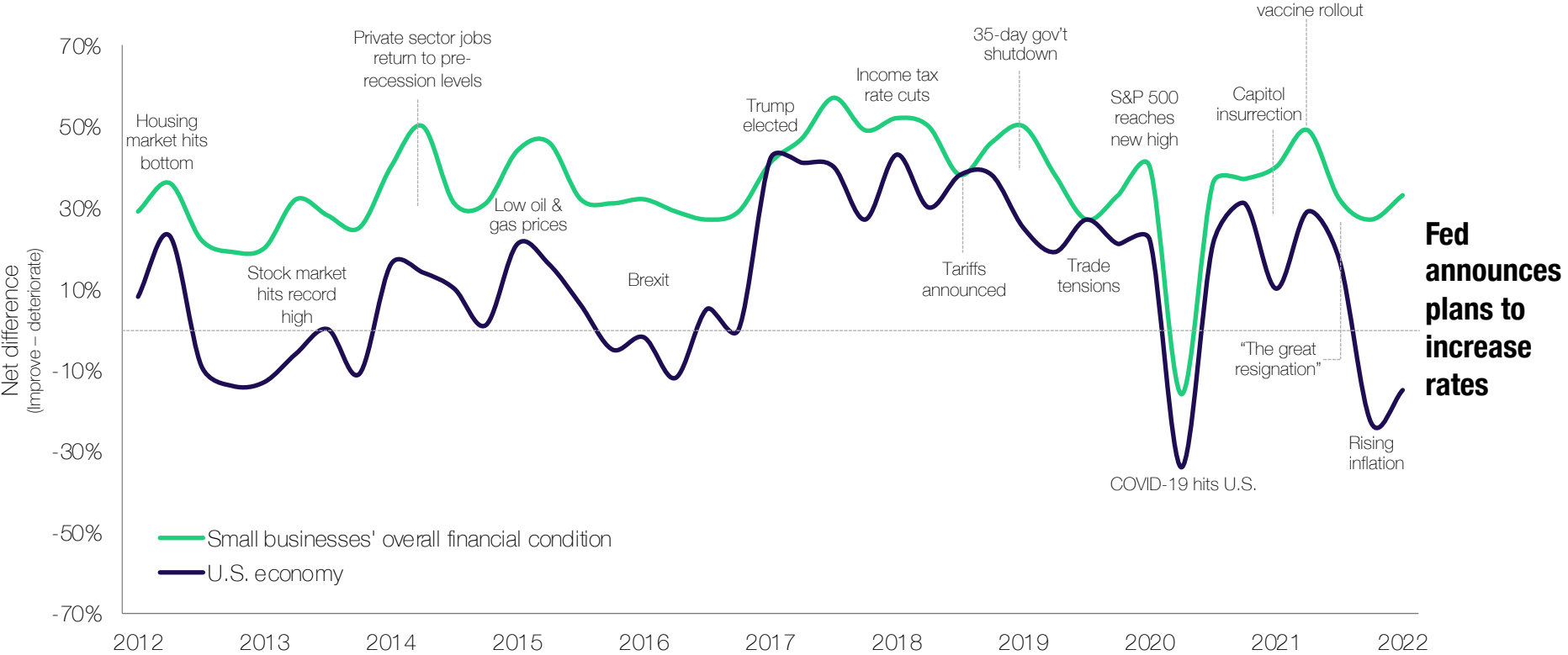
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Small business confidence has improved but many remain pessimistic about the U.S economy

SMALL BUSINESS EXPECTATIONS ABOUT THEIR OVERALL FINANCIAL CONDITION & U.S. ECONOMY

Next 12 months net difference



Fed announces plans to increase rates

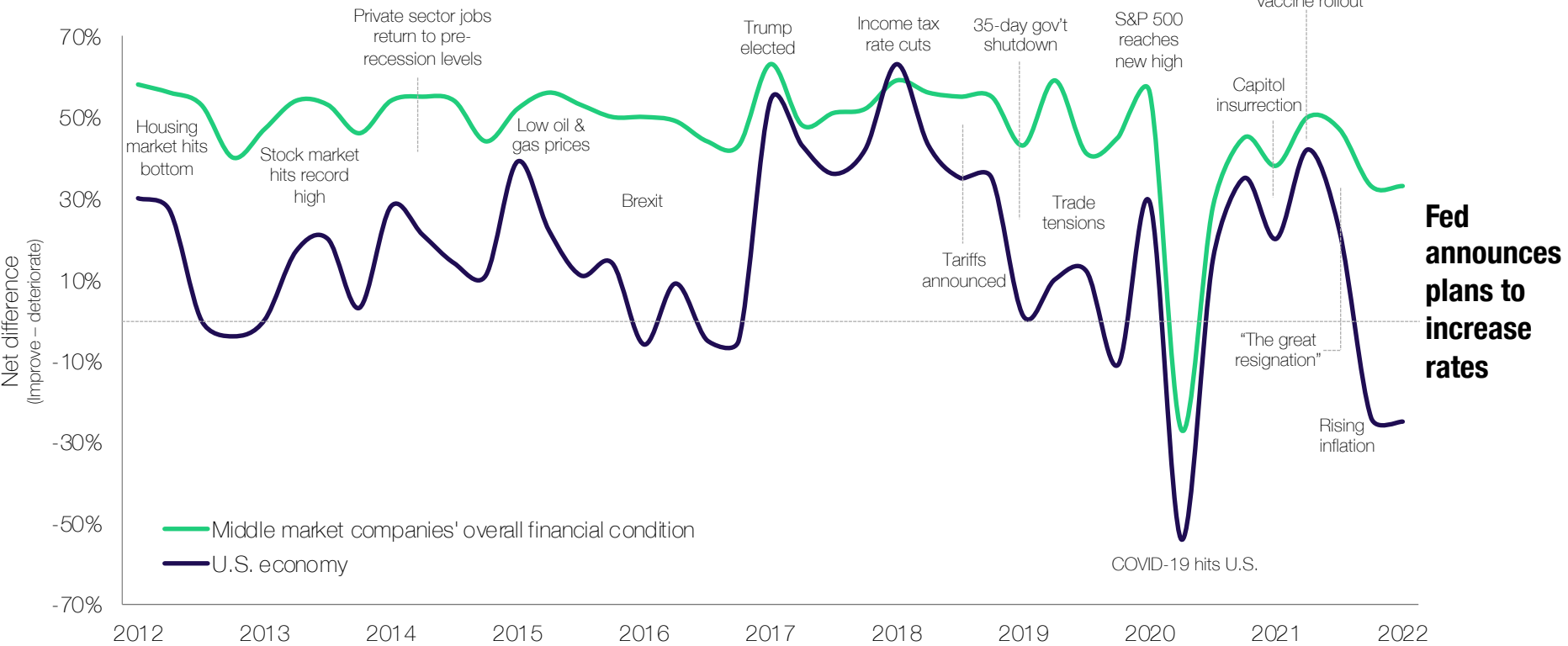
Q: During the next 12 months, do you expect your company's overall financial condition to...

\$100K-<\$10MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

Financial condition and U.S. economy expectations flattened at the beginning of 2022

MIDDLE MARKET EXPECTATIONS ABOUT THEIR OVERALL FINANCIAL CONDITION & U.S. ECONOMY

Next 12 months net difference



Q: During the next 12 months, do you expect your company's overall financial condition to...

\$10MM-<500MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

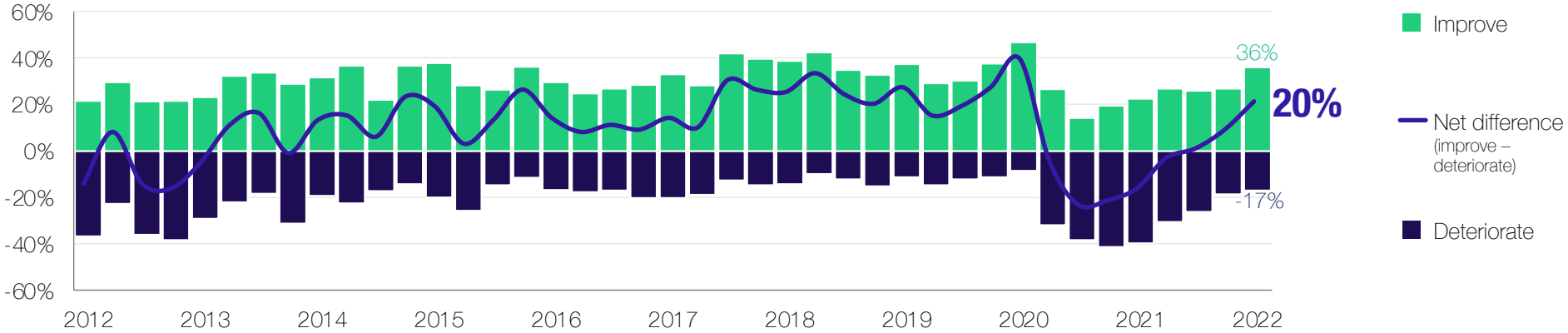
01

Retrospective economic position

Small businesses' financial conditions continued improve, and have nearly normalized to pre-pandemic levels

SMALL BUSINESS FINANCIAL CONDITION

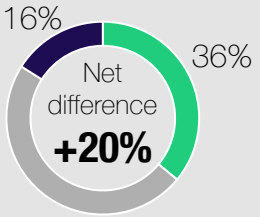
Past 12 months



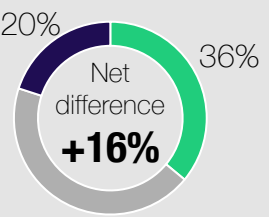
Net difference
+20%

12 pts. from last quarter
37 pts. from one year ago

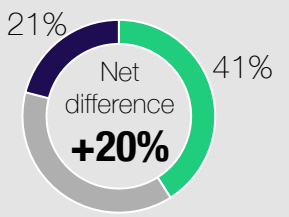
\$100K-<\$500K



\$500K-<\$2.5MM



\$2.5MM-<\$10MM



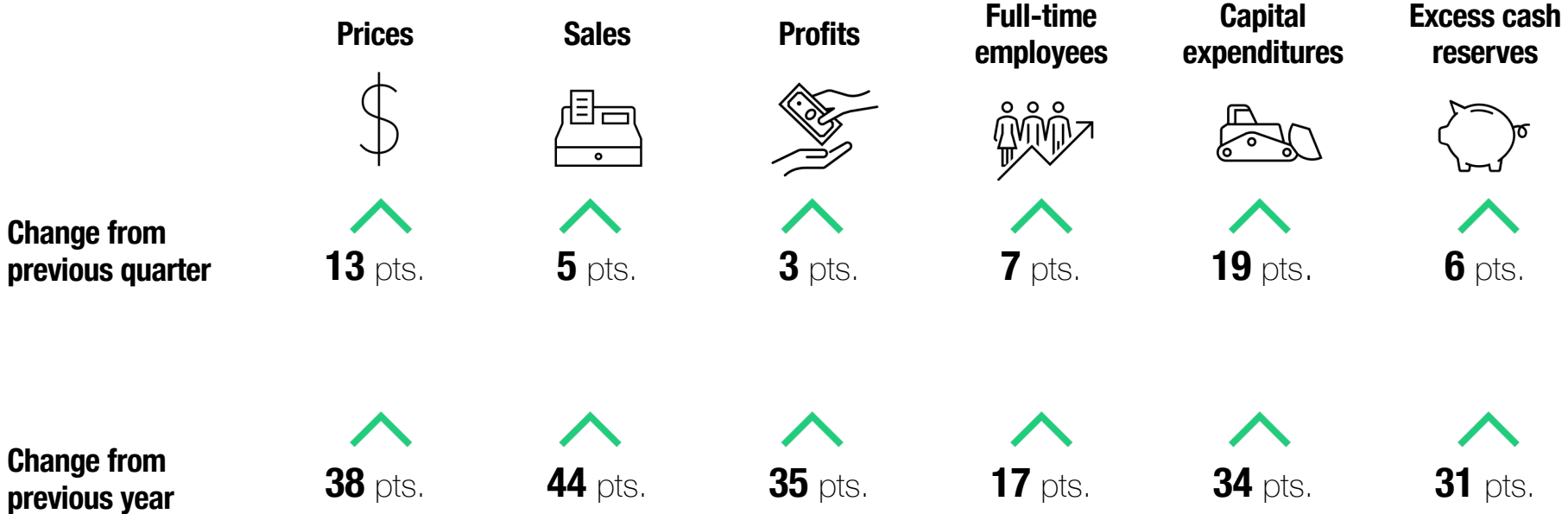
Q: During the last 12 months, did your company's overall financial condition...

\$100K-<\$10MM
 BusinessPulse Quarterly Trending Data (ending 1Q2022)

Small businesses have increased capital expenditures and prices

SMALL BUSINESS NET DIFFERENCE CHANGES

Past 12 months



Net difference: increased – decreased

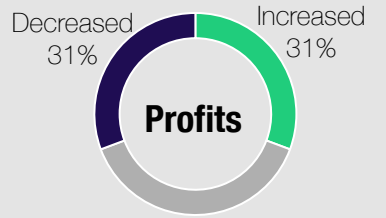
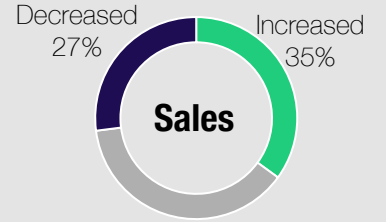
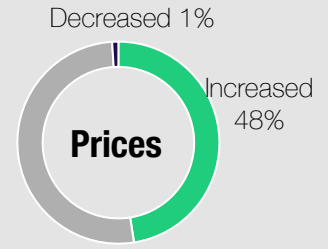
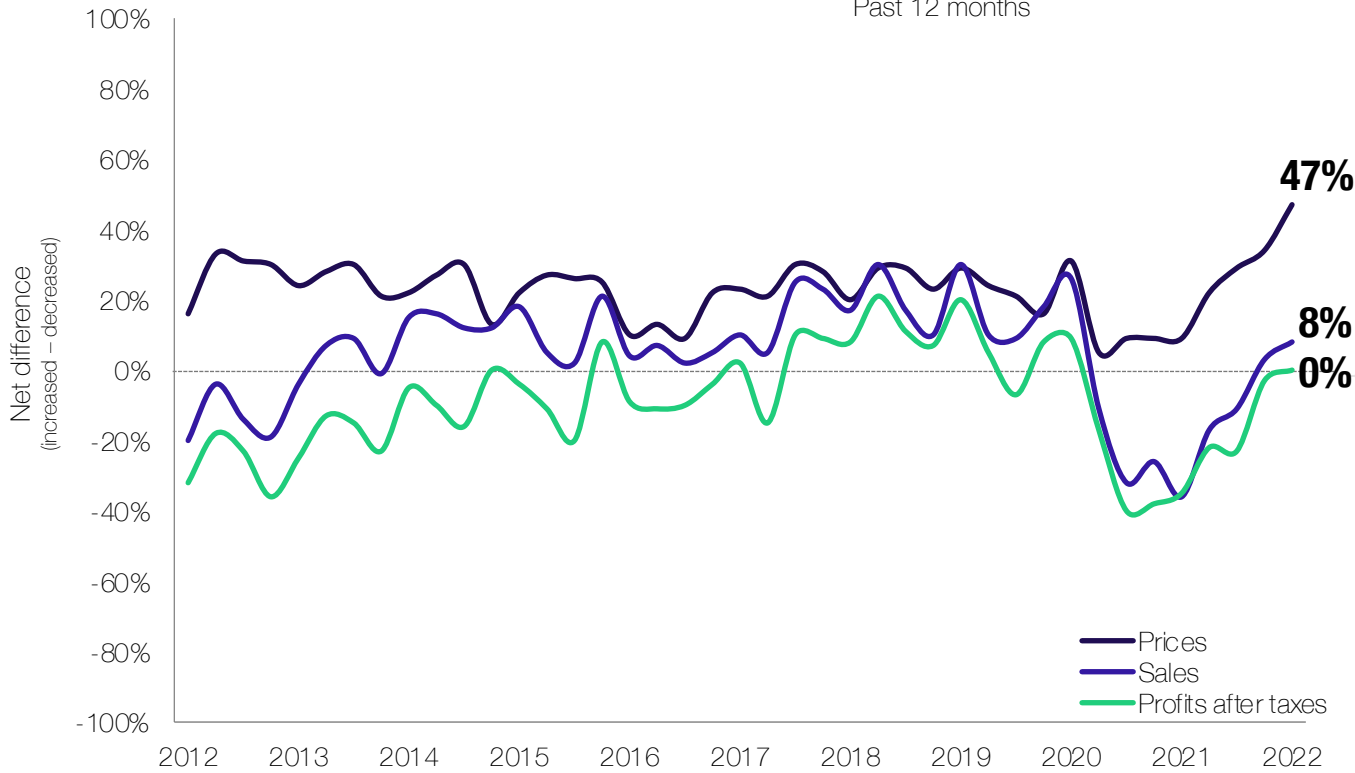
Q: During the last 12 months, did your company's overall financial condition...

\$100K-<\$10MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

Small business net difference prices have reached their highest level in a decade

SMALL BUSINESS PRICES, SALES & PROFITS

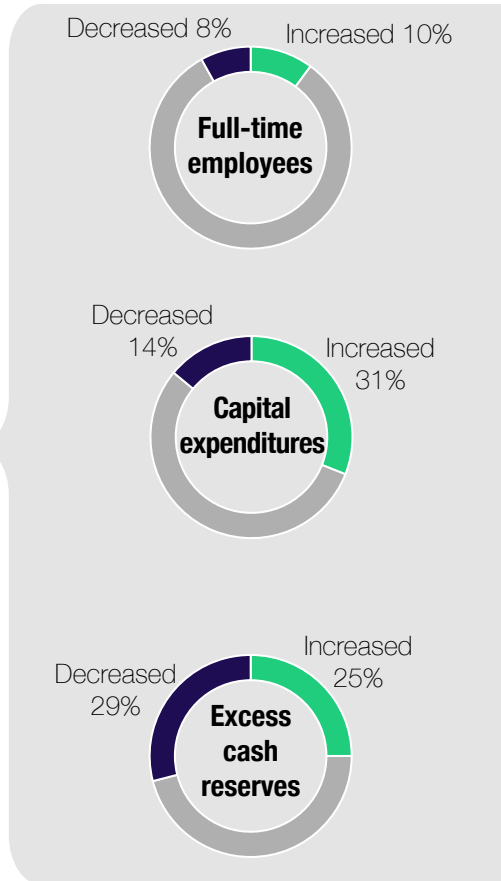
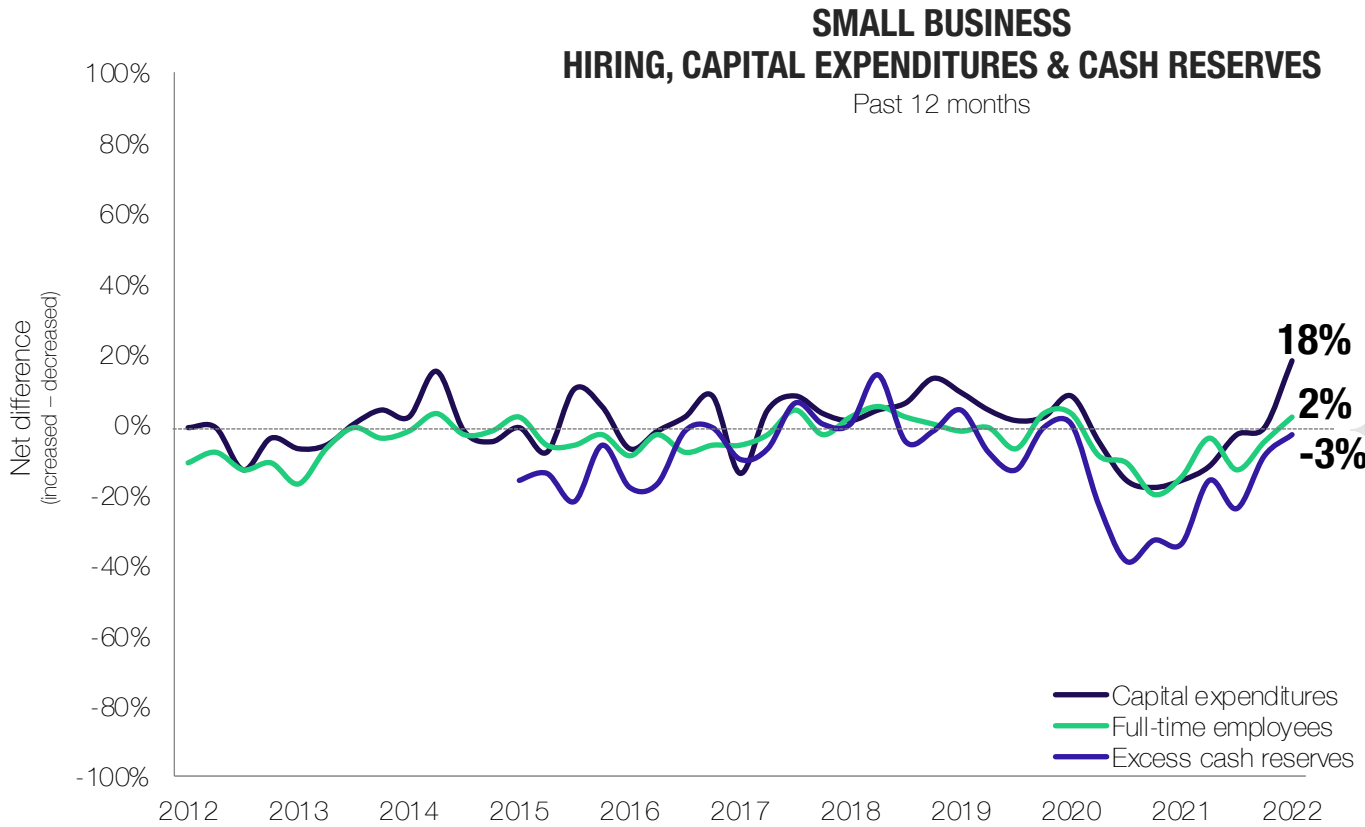
Past 12 months



Q: During the last 12 months, did your company's...

\$100K-<\$10MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

Small businesses have increased their investments in capital expenditures



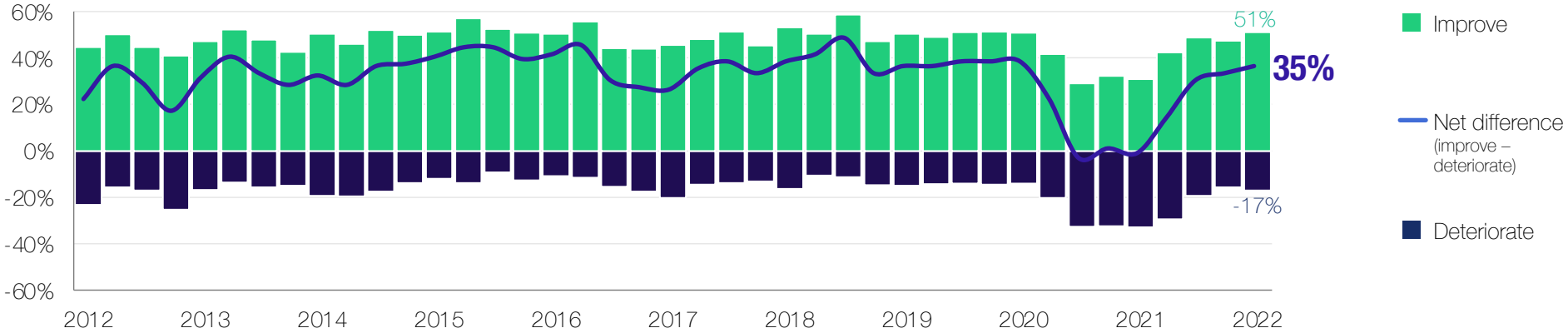
Q: During the last 12 months, did your company's...

\$100K-<\$10MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

The financial conditions of middle market companies have stabilized

MIDDLE MARKET FINANCIAL CONDITION

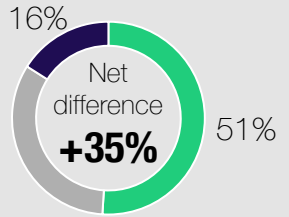
Past 12 months



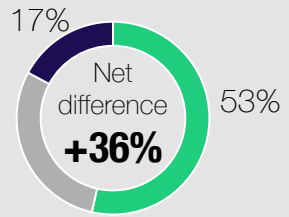
Net difference
+35%

3 pts. from last quarter
37 pts. from one year ago

\$10MM-<\$50MM



\$50MM-<\$500MM



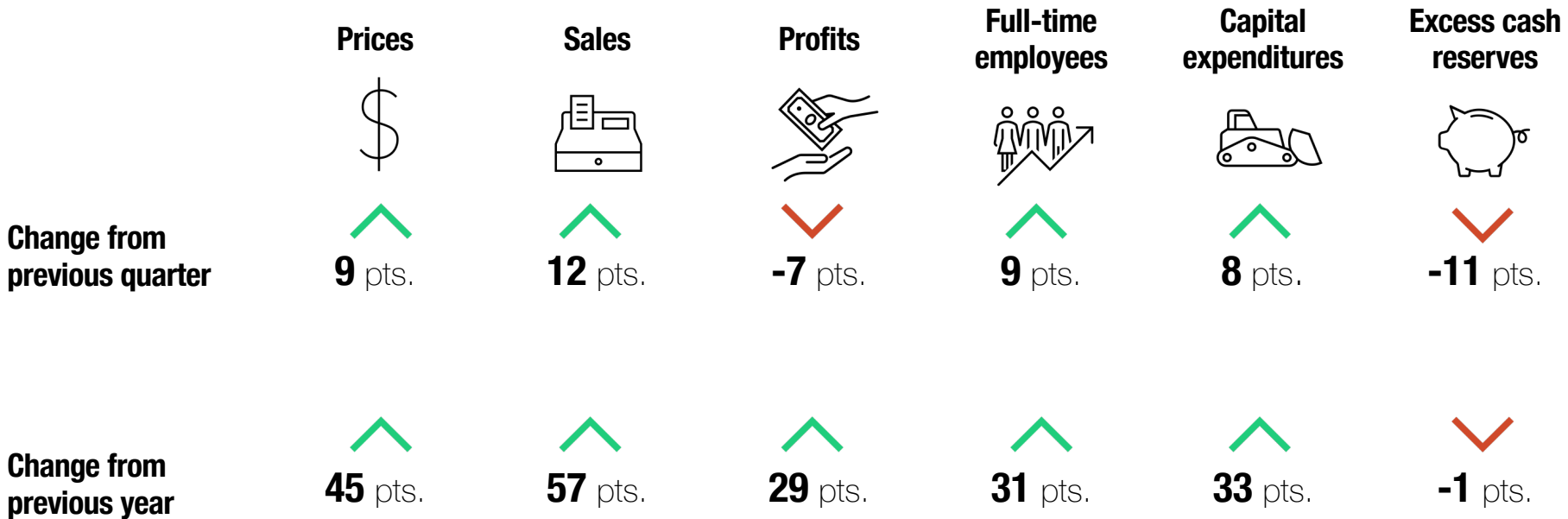
Q: During the last 12 months, did your company's overall financial condition...

\$10MM-<\$500MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

Middle market net difference prices have increased substantially over the past year, while excess cash reserves have dropped from last quarter

MIDDLE MARKET NET DIFFERENCE CHANGES

Past 12 months



Net difference: increased – decreased

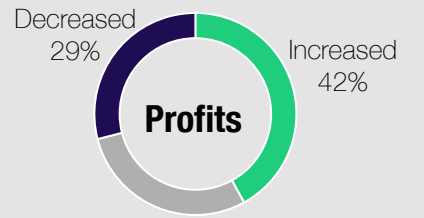
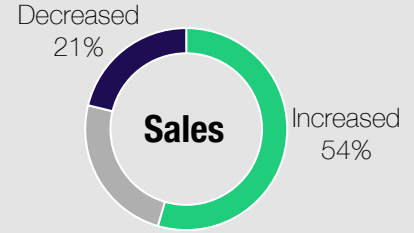
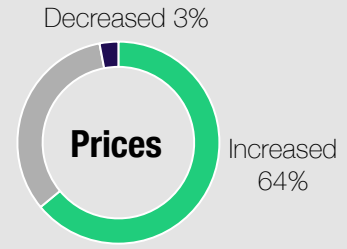
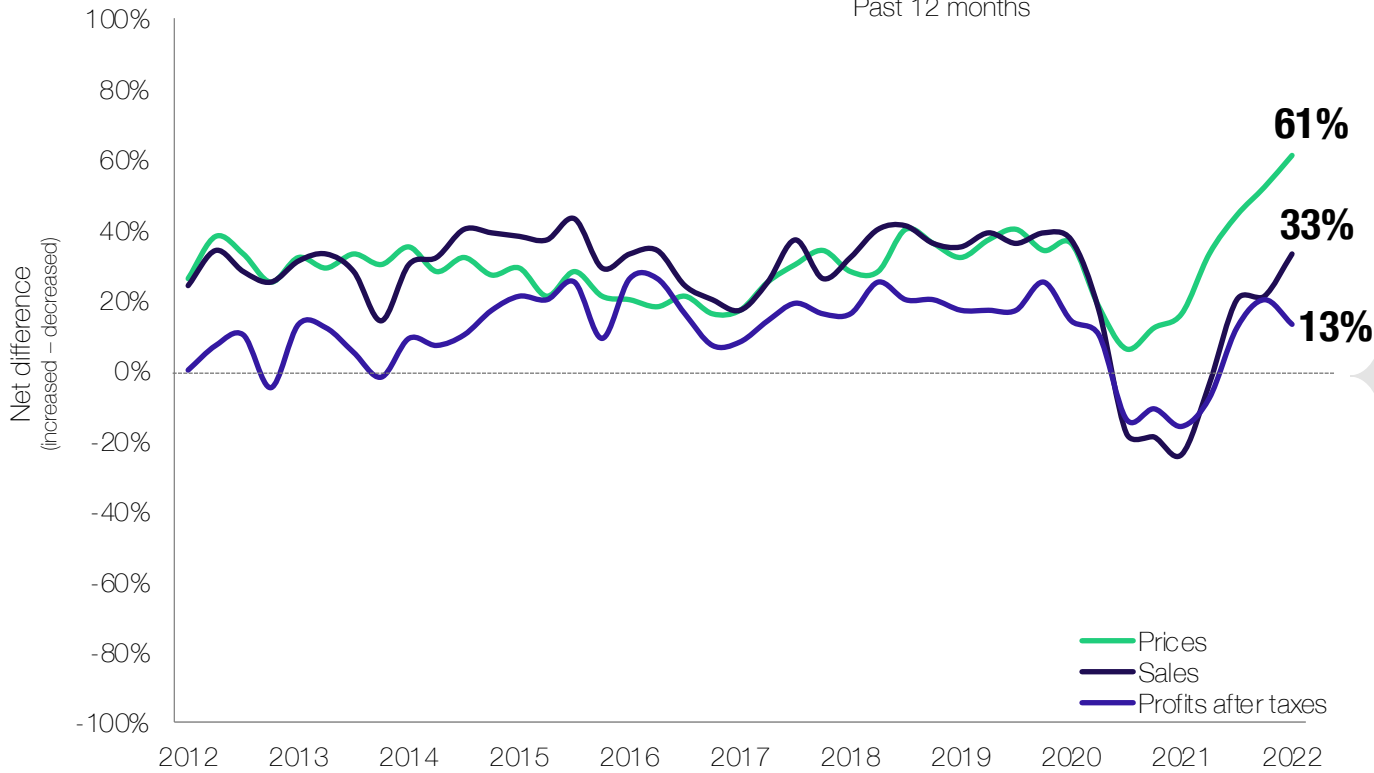
Q: During the last 12 months, did your company's overall financial condition...

\$10MM-<\$500MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

Most middle market companies have increased prices over the past 12 months; fortunately, sales have also improved

MIDDLE MARKET PRICES, SALES & PROFITS

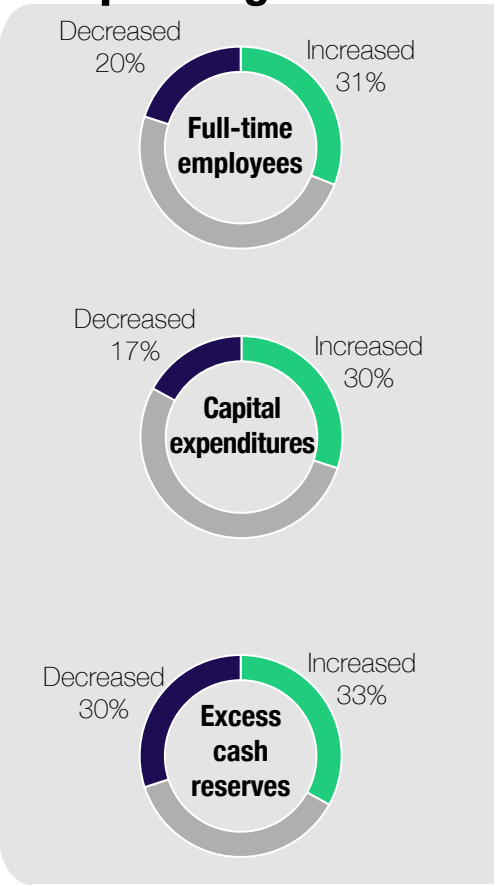
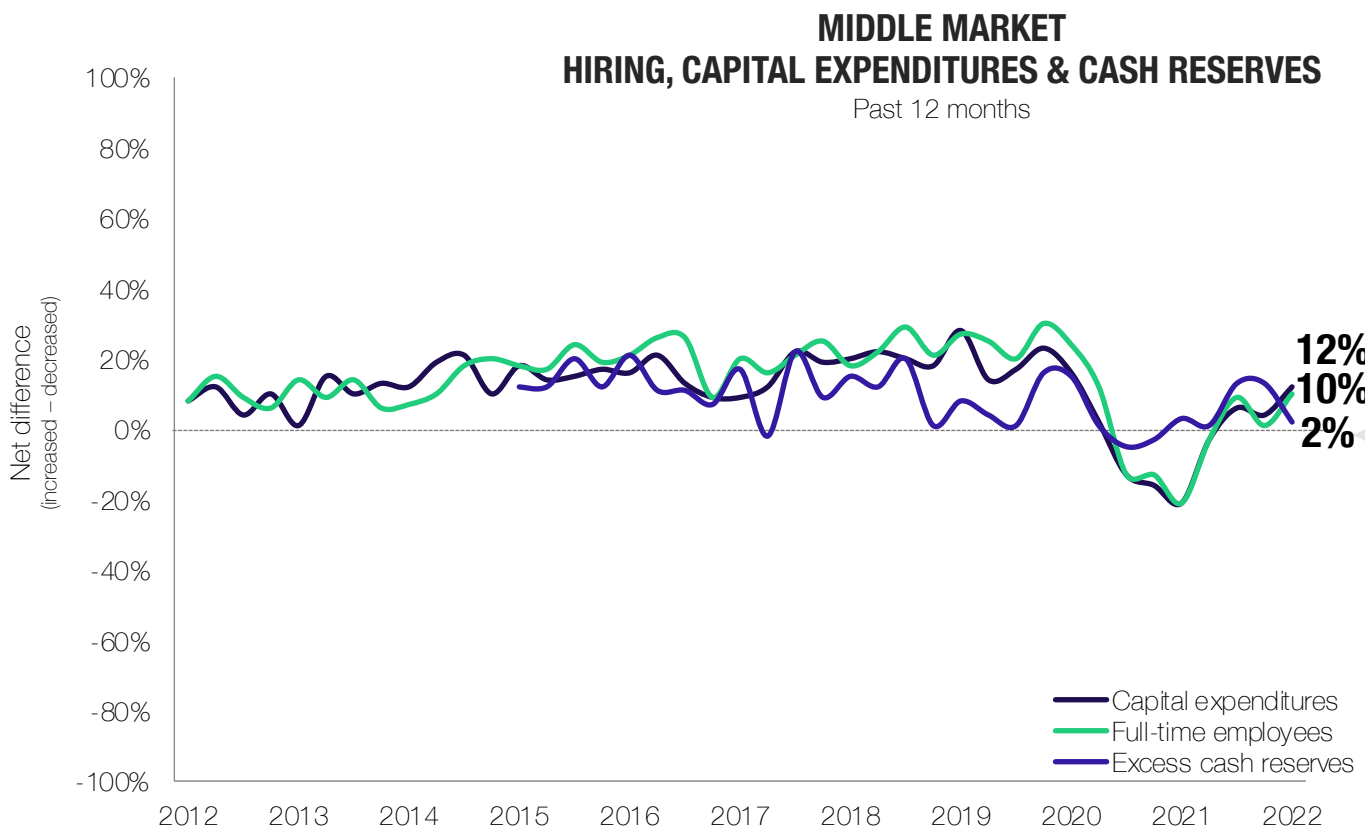
Past 12 months



Q: During the last 12 months, did your company's...

\$10MM-\$500MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

A decrease in excess cash and an increase in capital expenditures suggests that middle market companies are likely relying on some of their own capital for spending



Q: During the last 12 months, did your company's...
 \$10MM-\$500MM
 BusinessPulse Quarterly Trending Data (ending 1Q2022)

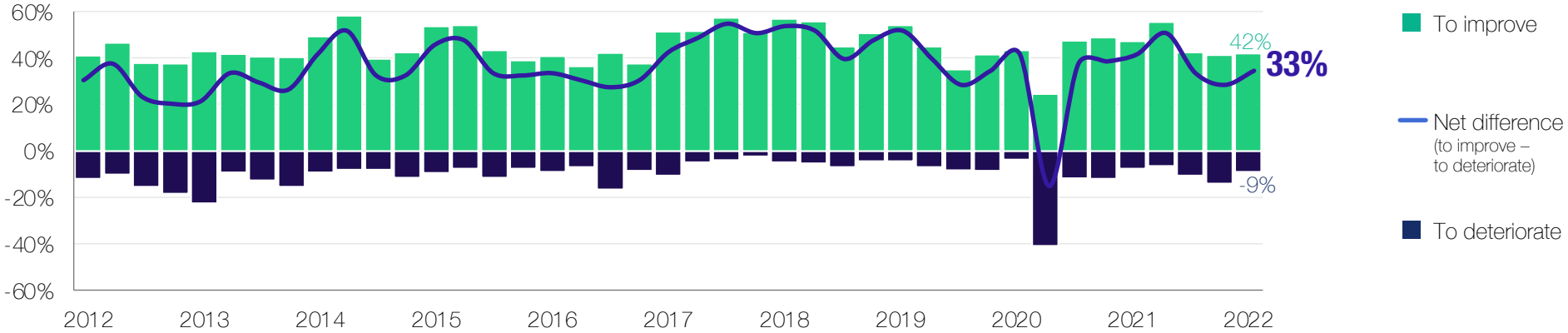
02

Expected economic position

Few small businesses anticipate their financial conditions to deteriorate over the next 12 months

SMALL BUSINESS EXPECTED FINANCIAL CONDITION

Next 12 months



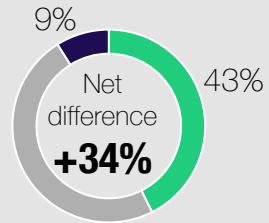
Net difference
+33%



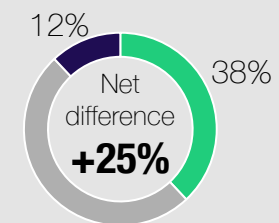
6 pts. from last quarter

-7 pts. from one year ago

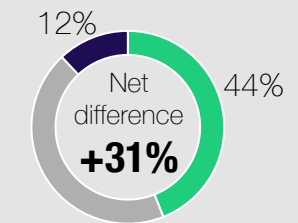
\$100K-<\$500K



\$500K-<\$2.5MM



\$2.5MM-<\$10MM



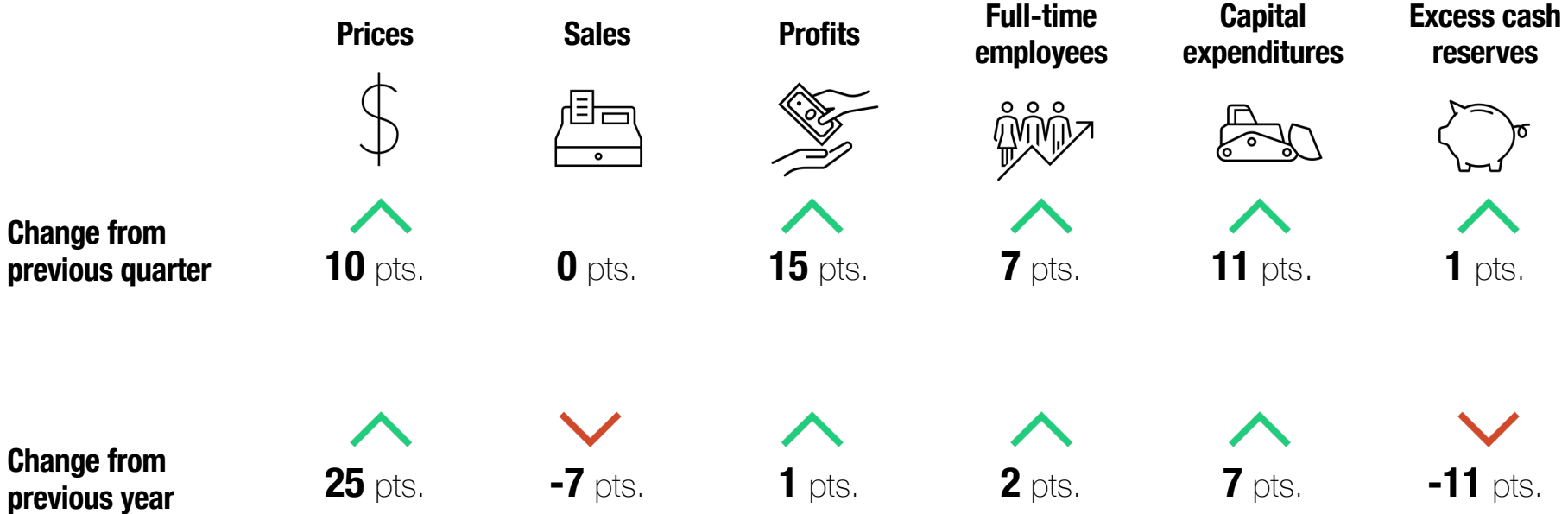
Q: During the next 12 months, do you expect your company's overall financial condition to...

\$100K-<\$10MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

Increased price expectations continue in the beginning of 2022

SMALL BUSINESS NET DIFFERENCE CHANGES

Next 12 months

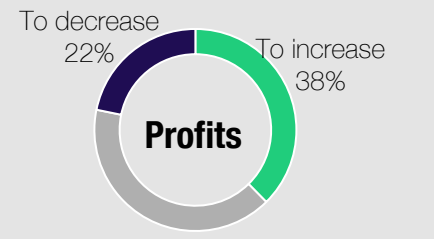
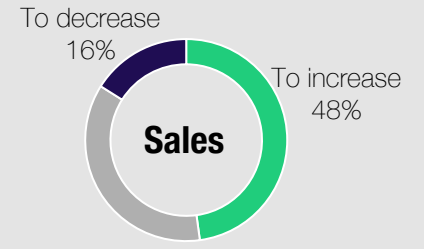
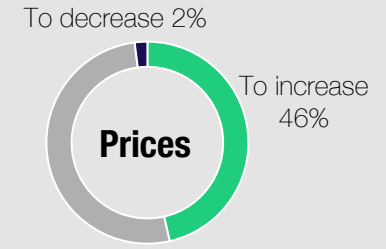
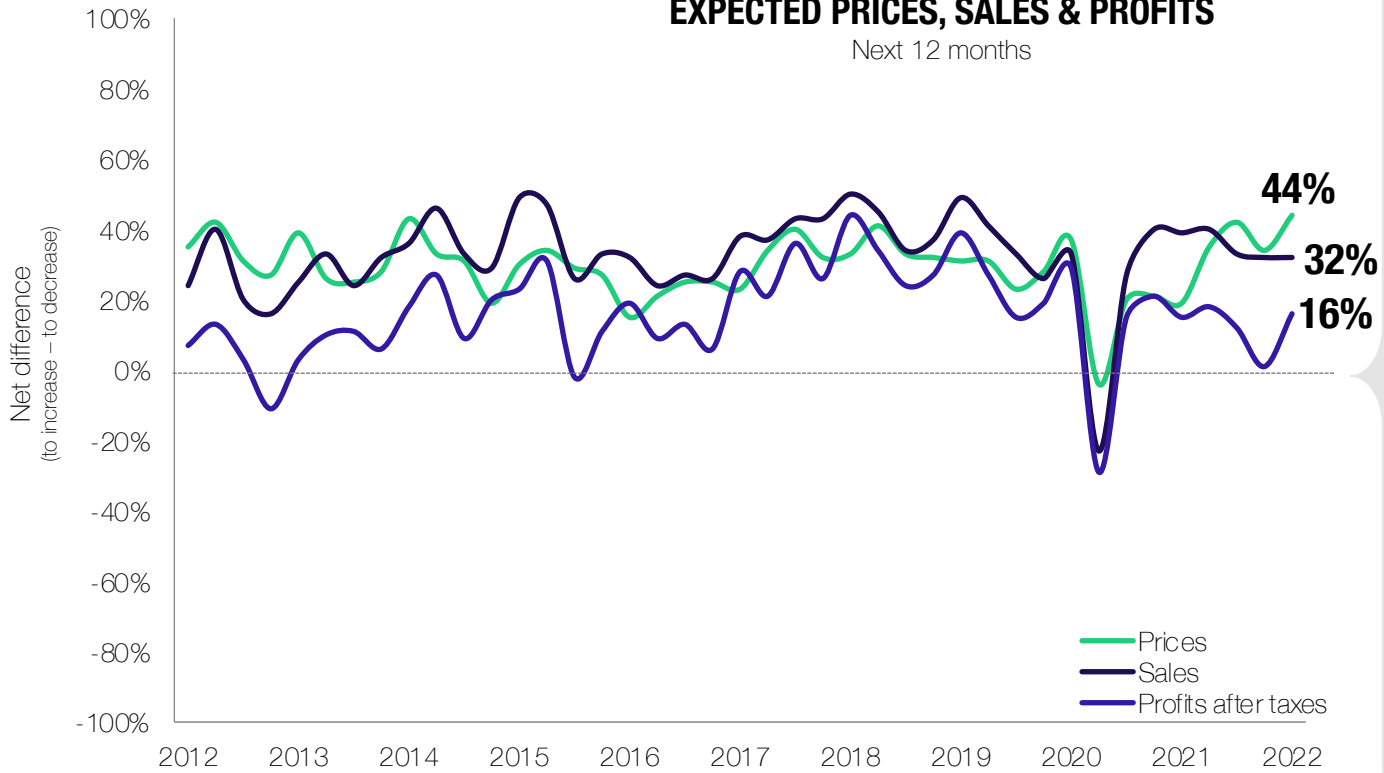


Net difference: to increase – to decrease

Q: During the next 12 months, do you expect your company's...
 \$100K-<\$10MM
 BusinessPulse Quarterly Trending Data (ending 1Q2022)

Small business price expectations continued to climb, and profits began to recover from a low point at the end of 2021

**SMALL BUSINESS
EXPECTED PRICES, SALES & PROFITS**
Next 12 months

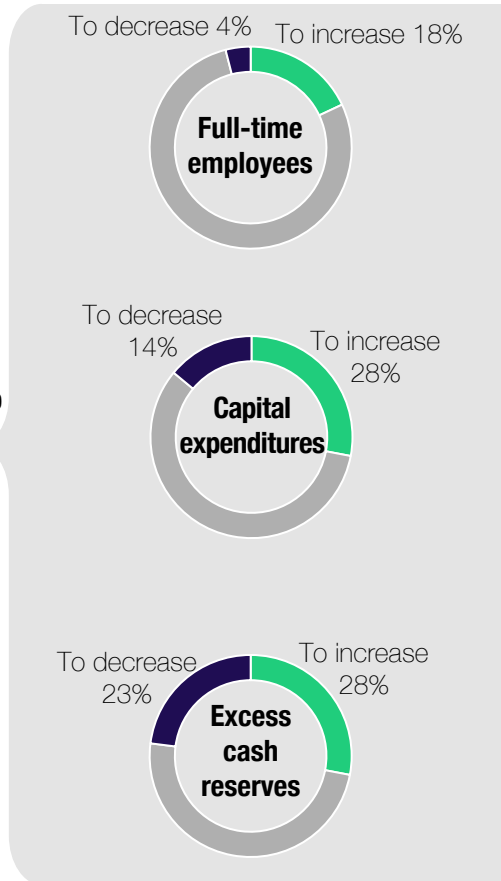
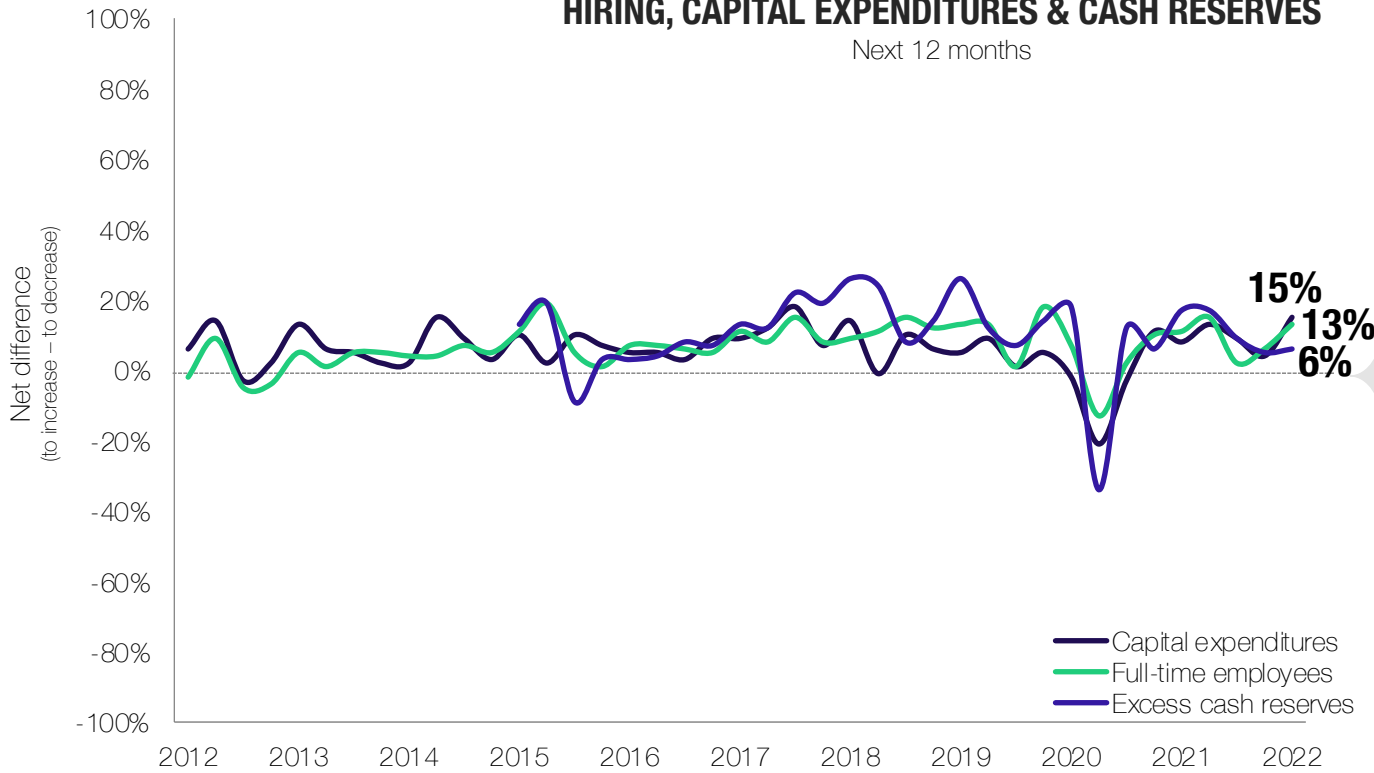


Q: During the next 12 months, do you expect your company's...

\$100K-<\$10MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

Small business grew more optimistic about capital spending and increasing their full-time employees

**SMALL BUSINESS EXPECTED
HIRING, CAPITAL EXPENDITURES & CASH RESERVES**
Next 12 months

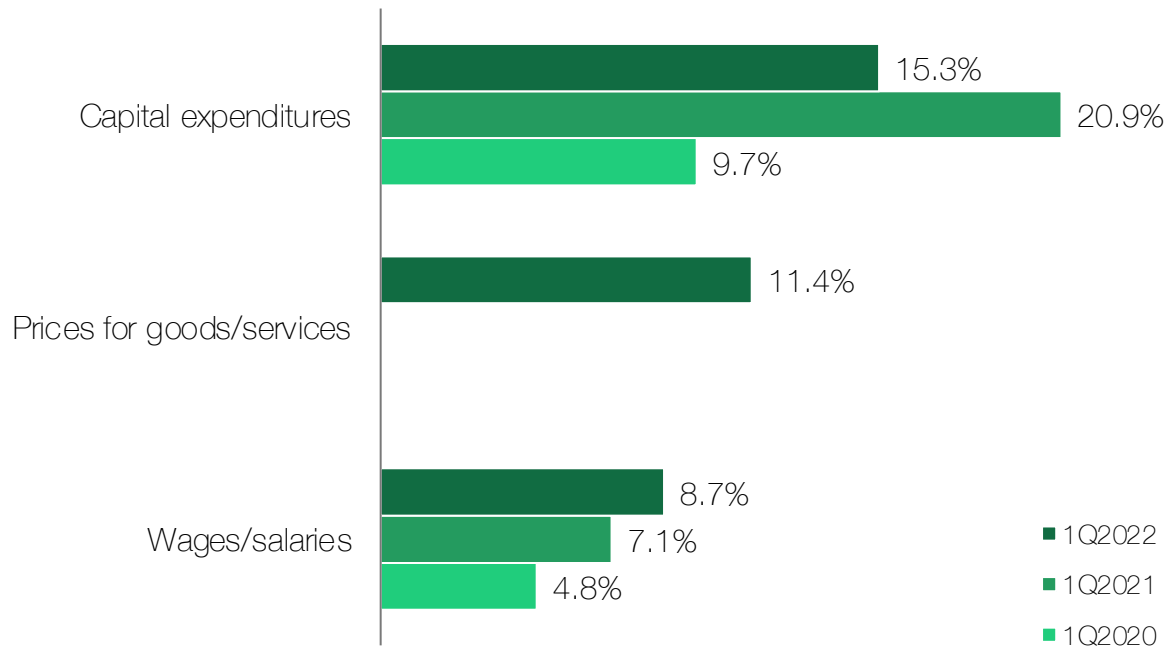


Q: During the next 12 months, do you expect your company's...

\$100K-<\$10MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

Small businesses anticipate prices for goods/services to increase 11.4% on average; expectations for capital expenditure increases also remain elevated

AVG. EXPECTED SMALL BUSINESS WAGE, PRICE AND CAPITAL EXPENDITURE INCREASES



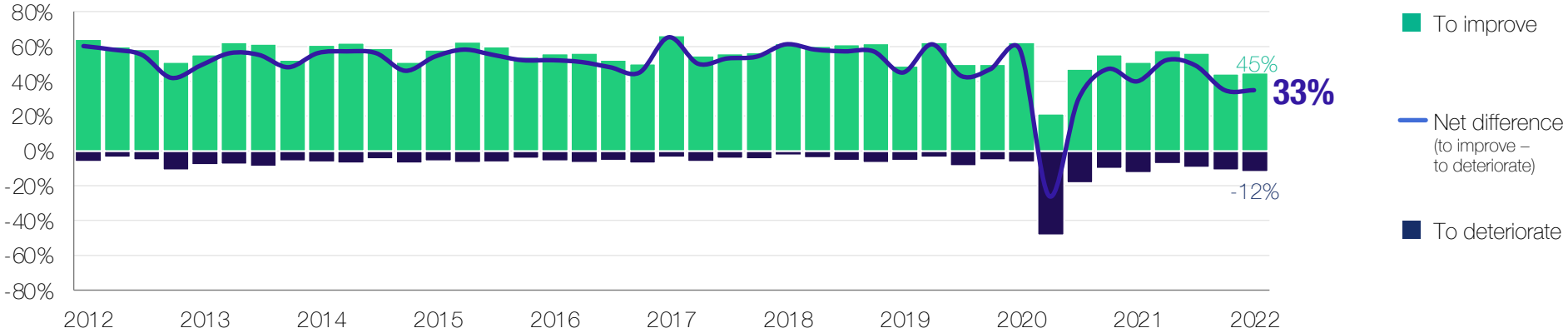
Q: During the next 12 months, what is the average increase your company plans to implement regarding...

Based on those anticipating an increase; data not collected on price increases for goods/services in 2020 & 2021
\$100K-<\$10MM
BusinessPulse First Quarter Data

Expected financial condition confidence is down from one year ago in the middle market

MIDDLE MARKET EXPECTED FINANCIAL CONDITION

Next 12 months



Net difference

+33%

0 pts. from last quarter

-5 pts. from one year ago

\$10MM-<\$50MM

Net difference **+33%**

\$50MM-<\$500MM

Net difference **+35%**

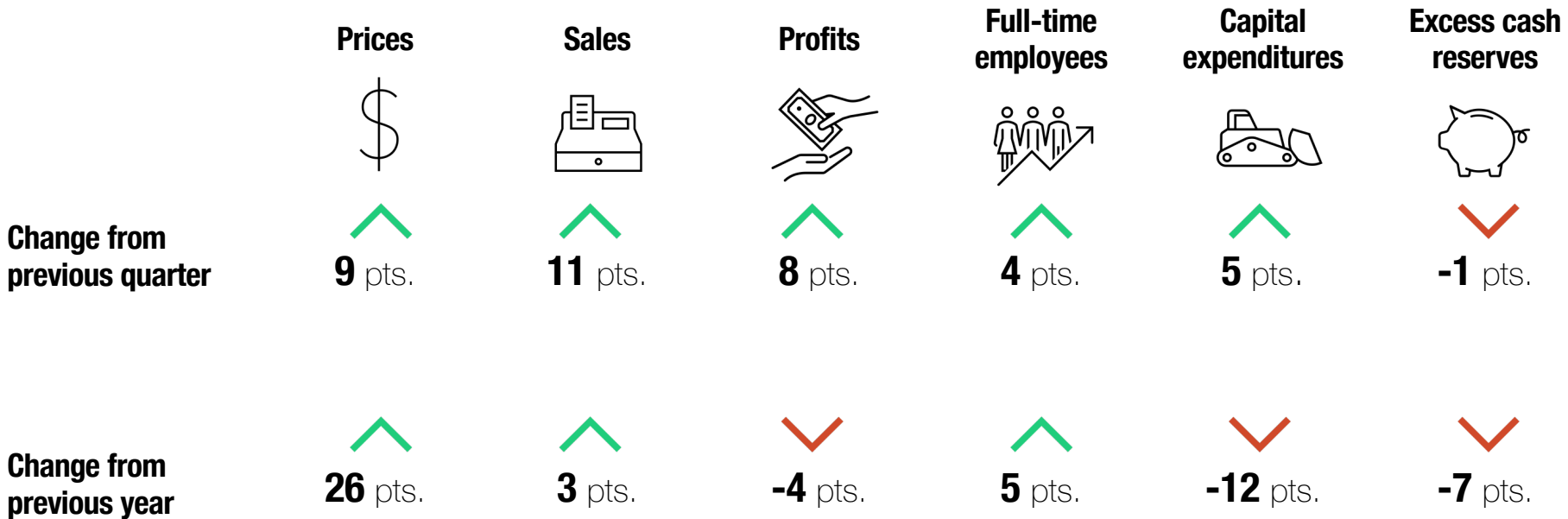
Q: During the next 12 months, do you expect your company's overall financial condition to...

\$10MM-<\$500MM
 BusinessPulse Quarterly Trending Data (ending 1Q2022)

Middle market companies are not as flush with cash as they were in 2021

MIDDLE MARKET NET DIFFERENCE CHANGES

Next 12 months

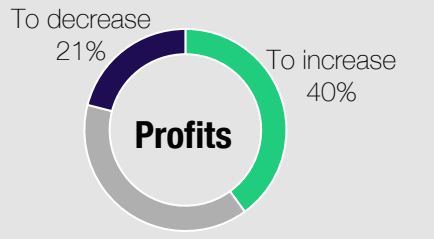
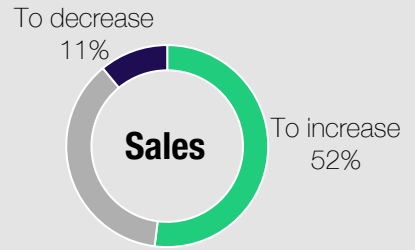
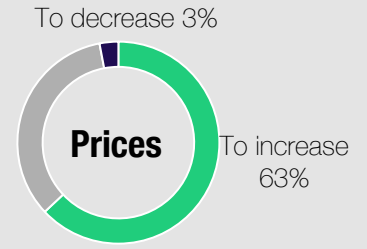
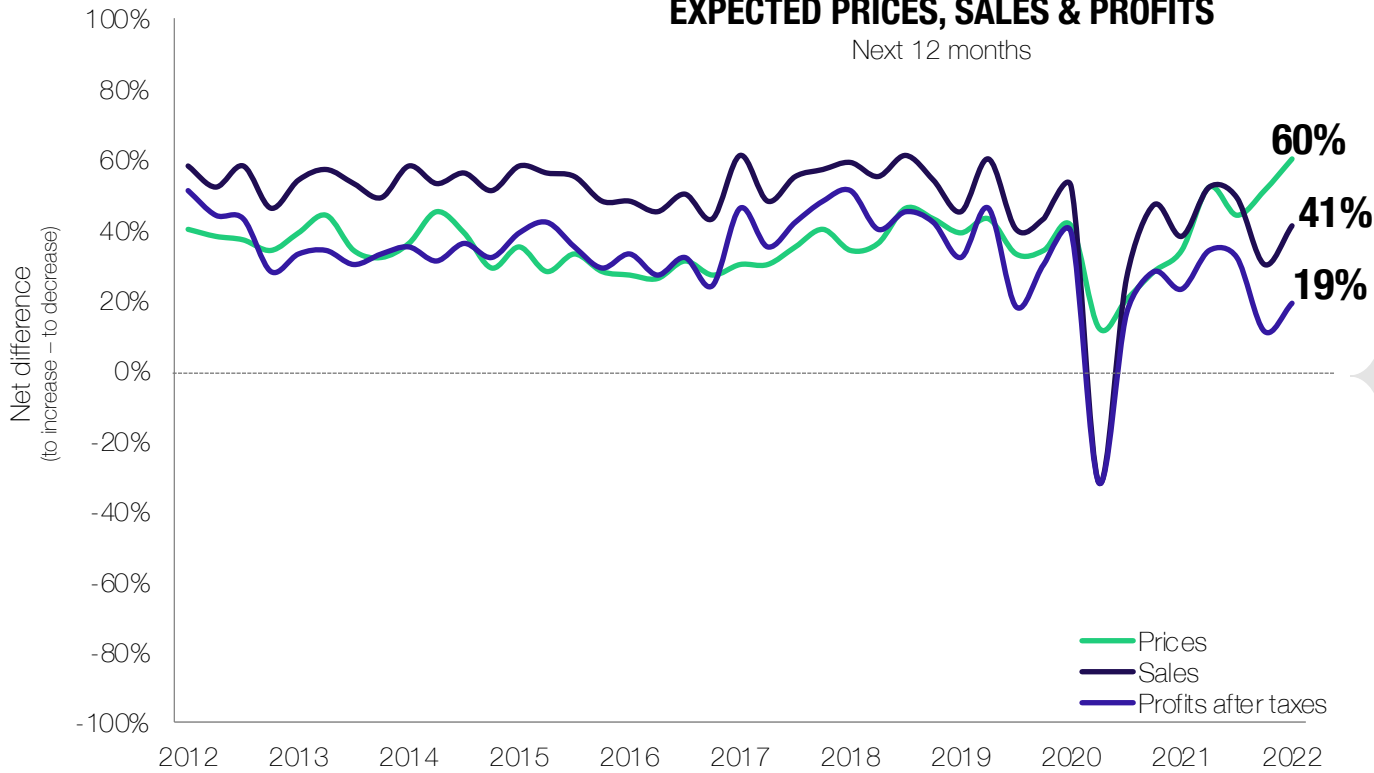


Net difference: to increase – to decrease

Q: During the next 12 months, do you expect your company's...
 \$10MM-<\$500MM
 BusinessPulse Quarterly Trending Data (ending 1Q2022)

Middle market companies continued to plan pricing increases over the next 12 months

**MIDDLE MARKET
EXPECTED PRICES, SALES & PROFITS**
Next 12 months

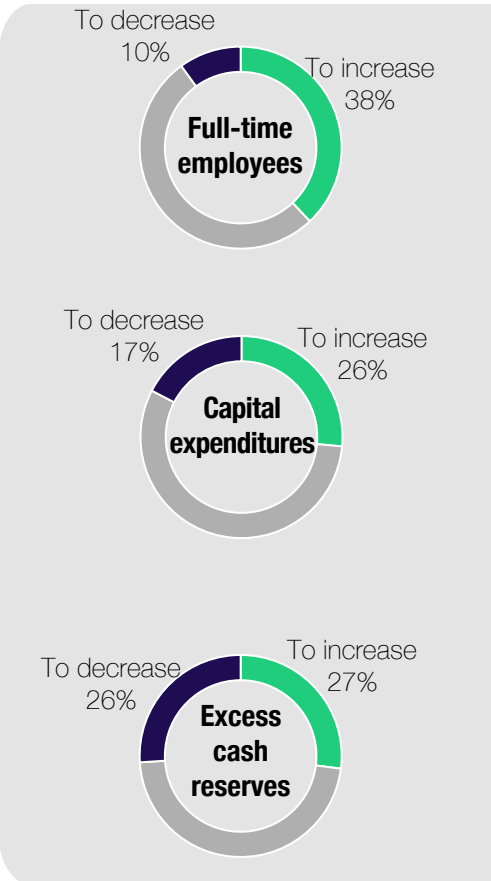
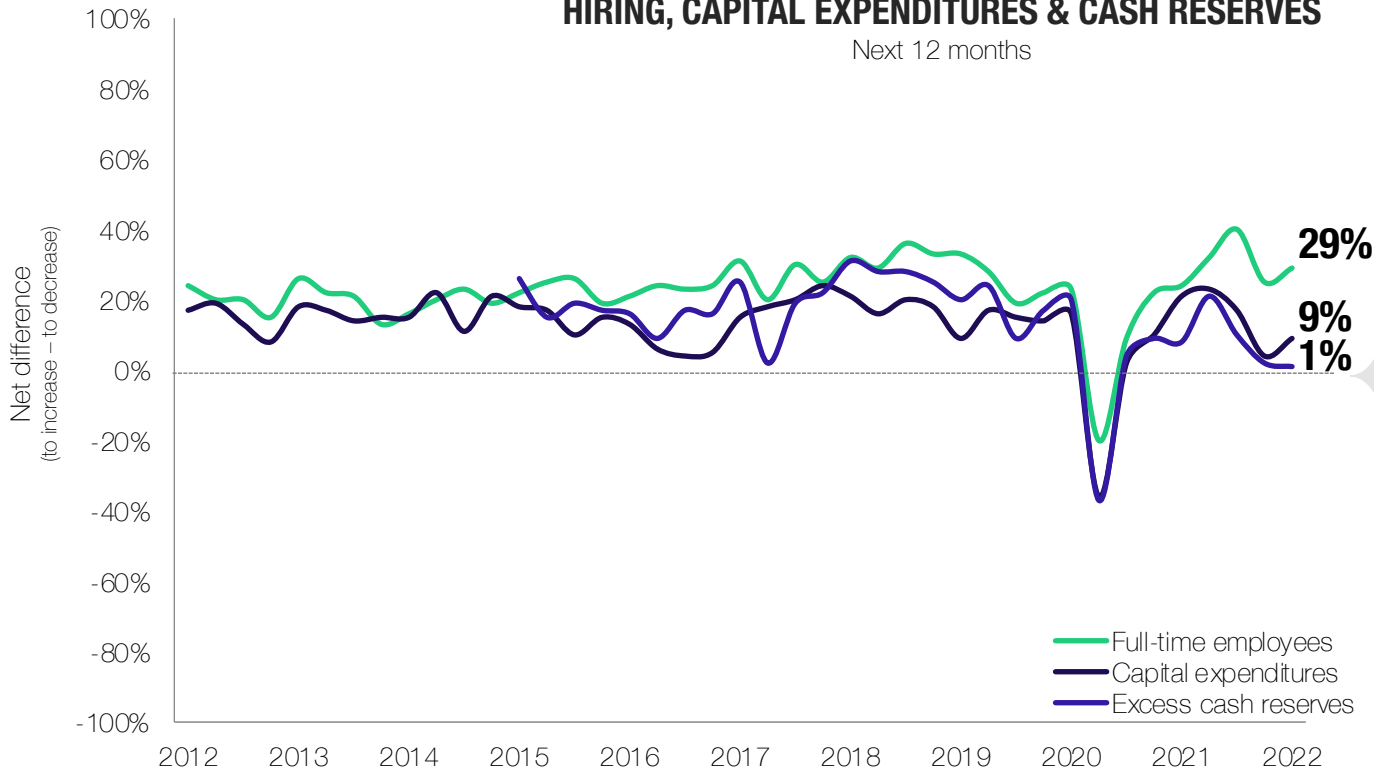


Q: During the next 12 months, do you expect your company's...

\$10MM - \$500MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

Middle market companies grew more optimistic about adding full-time employees over the next 12 months

**MIDDLE MARKET EXPECTED
HIRING, CAPITAL EXPENDITURES & CASH RESERVES**
Next 12 months

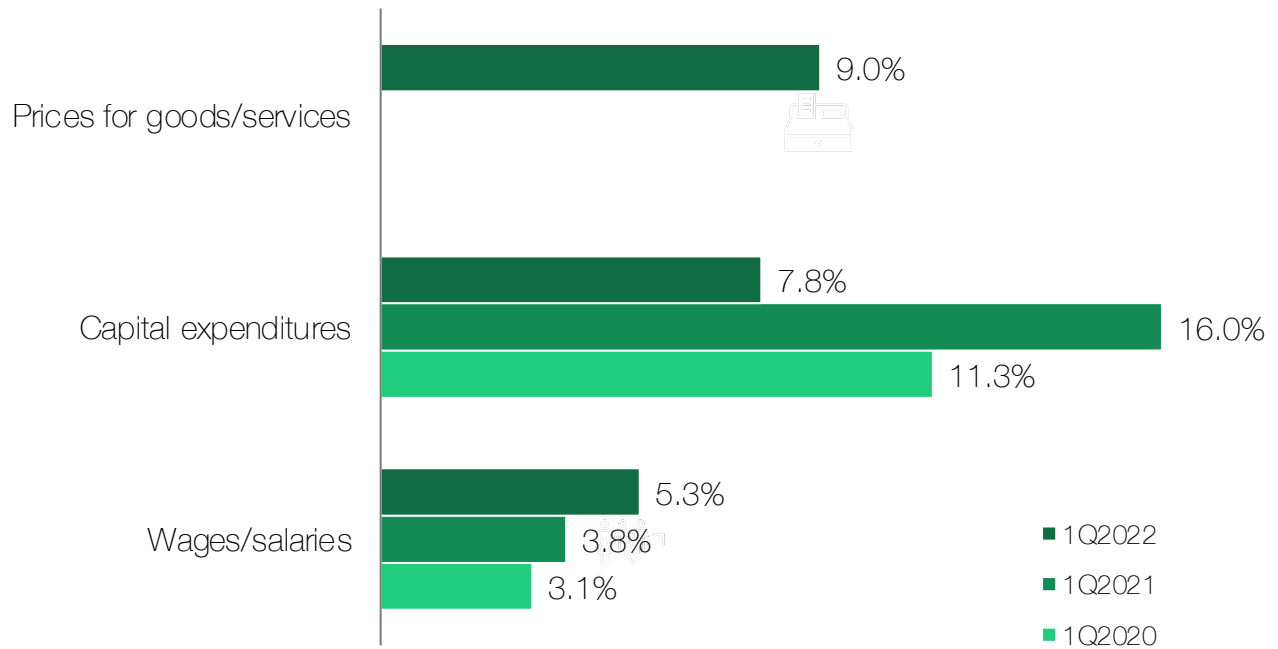


Q: During the next 12 months, do you expect your company's...

\$10MM-\$500MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

Middle market companies planning capital expenditures expect less of an investment over the next 12 months compared to 2021 & 2020

AVG. EXPECTED MIDDLE MARKET WAGE, PRICE AND CAPITAL EXPENDITURE INCREASES



Q: During the next 12 months, what is the average increase your company plans to implement regarding...

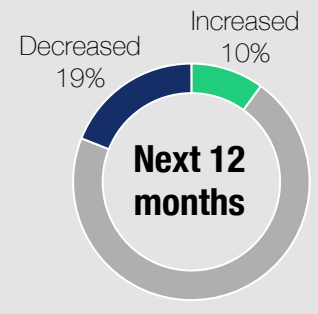
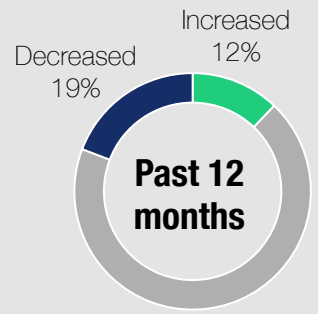
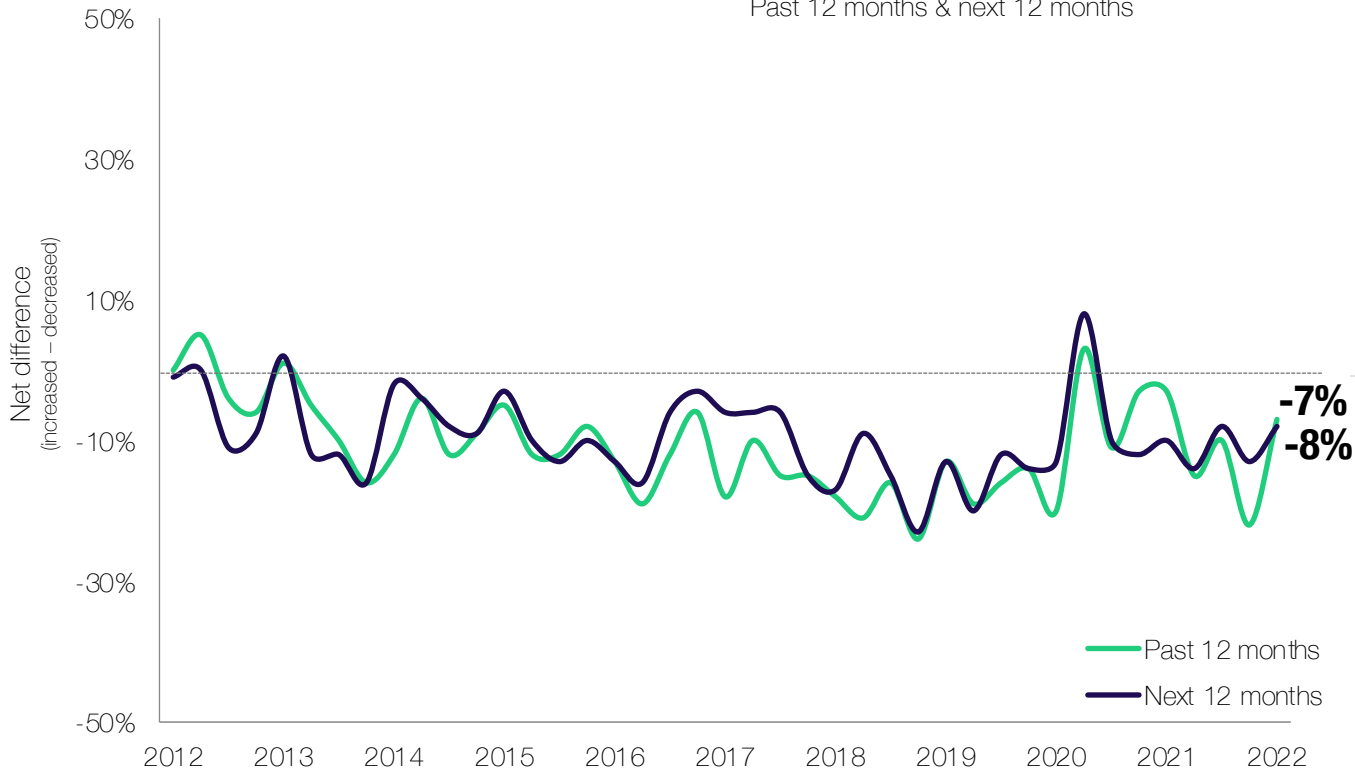
Based on those anticipating an increase; data not collected on price increases for goods/services in 2020 & 2021
 \$10MM-<\$500MM
 BusinessPulse First Quarter Data

03

Credit outlook

Only approximately one in ten small businesses had an increased need for bank loans or expect to need bank loans

SMALL BUSINESS NEED FOR BANK LOANS
Past 12 months & next 12 months

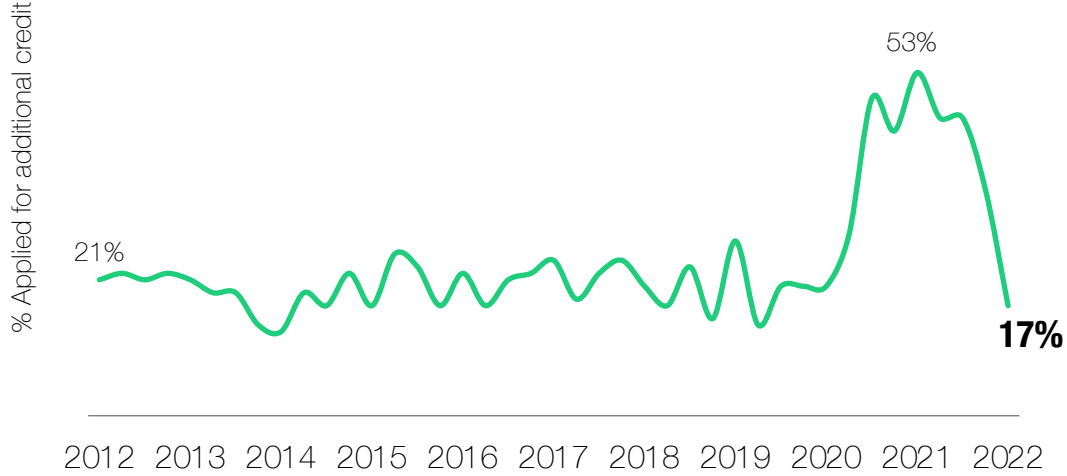


Q: During the last 12 months, did your company's need for bank loans...
Q: During the next 12 months, do you expect your company's need for bank loans...
 \$100K-<\$10MM
 BusinessPulse Quarterly Trending Data (ending 1Q2022)

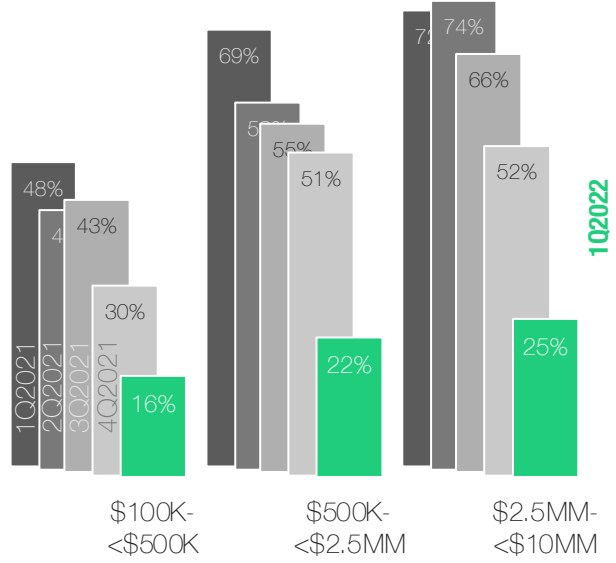
Small business demand for additional credit normalized following PPP

SMALL BUSINESS APPLICATIONS FOR ADDITIONAL CREDIT Past 12 months

ADDITIONAL CREDIT APPLICATION TREND Including government relief



CHANGE FROM 1Q2021

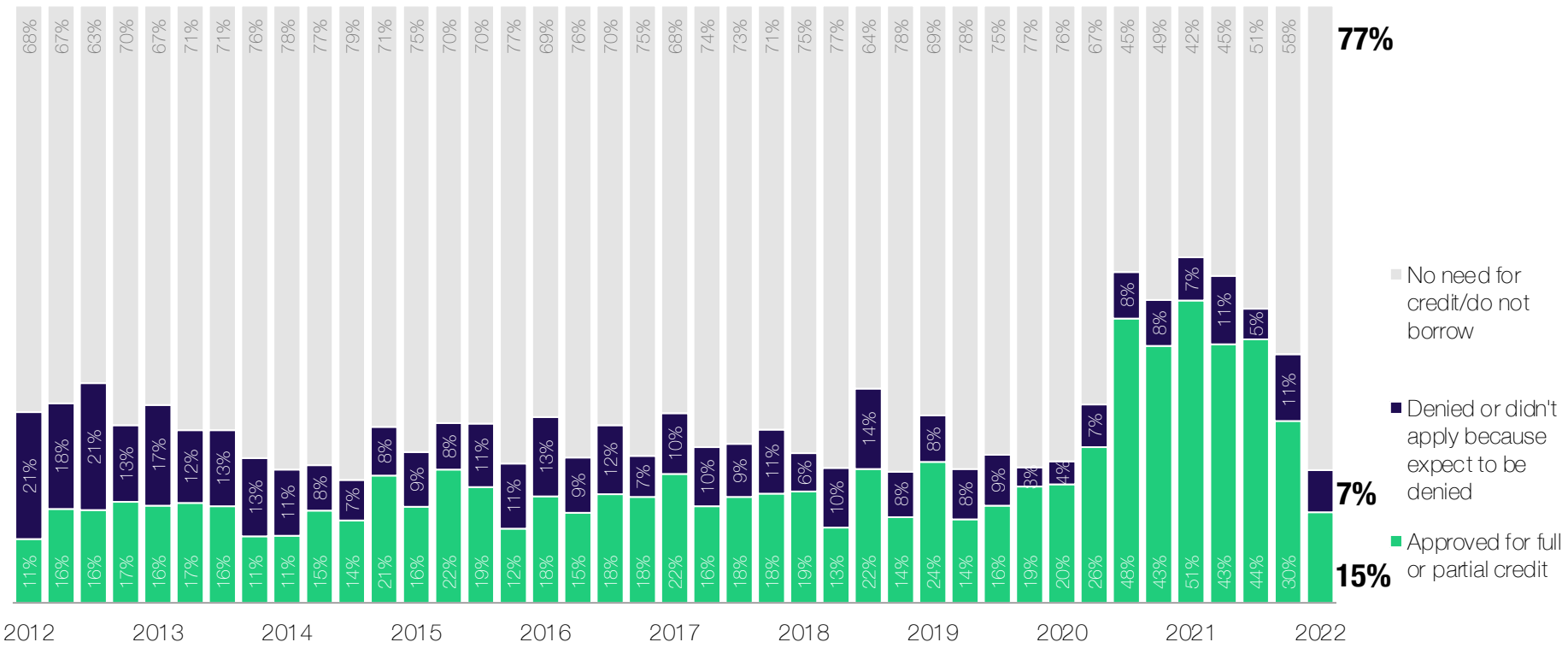


Q: During the last 12 months, has your company applied for additional credit or loans from a financial institution?

\$100K-<\$10MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

Nearly eight in ten small businesses had no need for additional credit or do not borrow

SMALL BUSINESS OUTCOMES FOR ADDITIONAL CREDIT

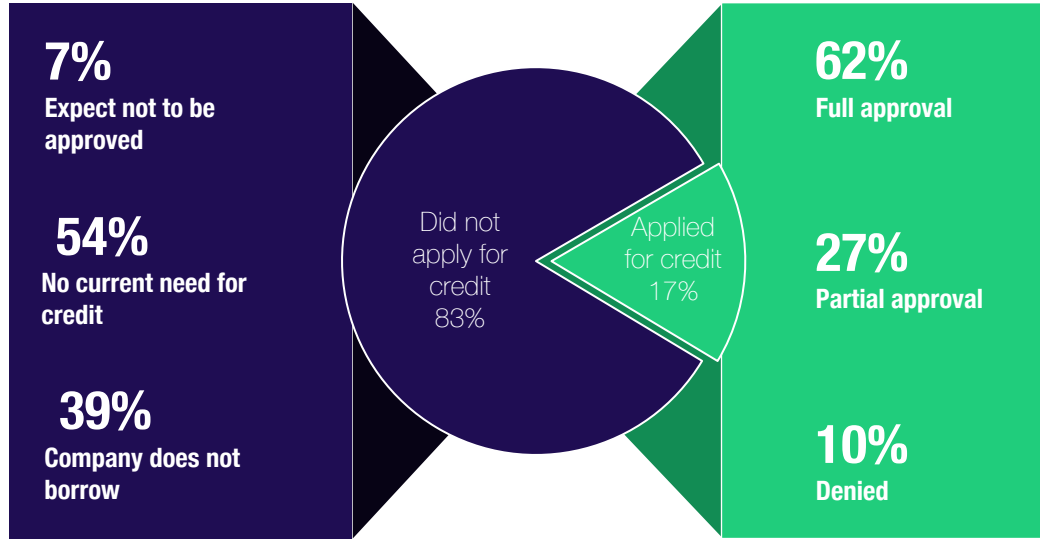


Q: During the last 12 months, has your company applied for additional credit or loans from a financial institution?

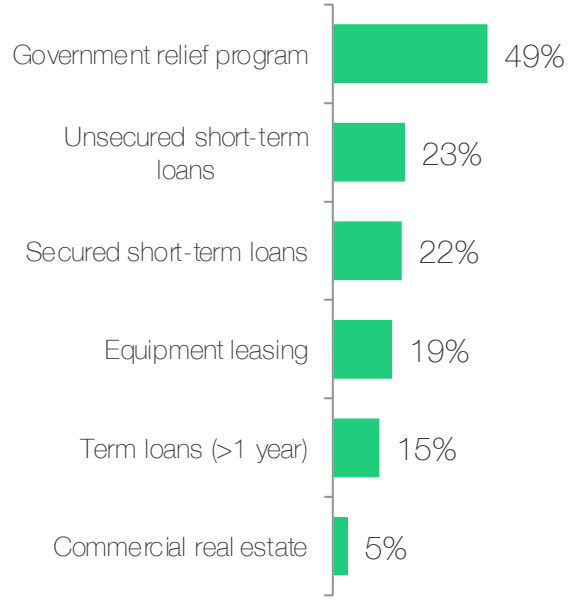
\$100K-<\$10MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

Approximately one in ten small businesses that applied for additional credit were denied

SMALL BUSINESS CREDIT APPLICATION OUTCOME



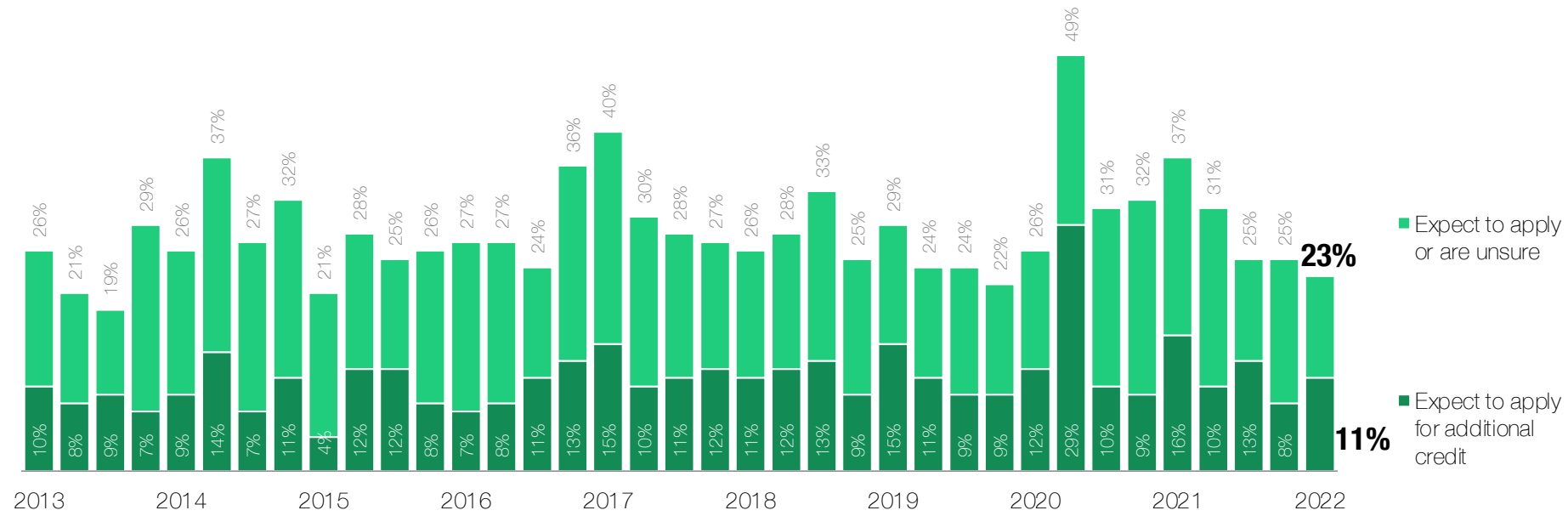
TYPE OF ADDITIONAL CREDIT ATTEMPTING TO ACQUIRE*



\$100K-<\$10MM
 *Base: those that applied for additional credit
 BusinessPulse 1Q2022 Data

Expectations to apply for additional credit remained relatively flat over the past three quarters

SMALL BUSINESS EXPECTATIONS TO APPLY FOR ADDITIONAL CREDIT



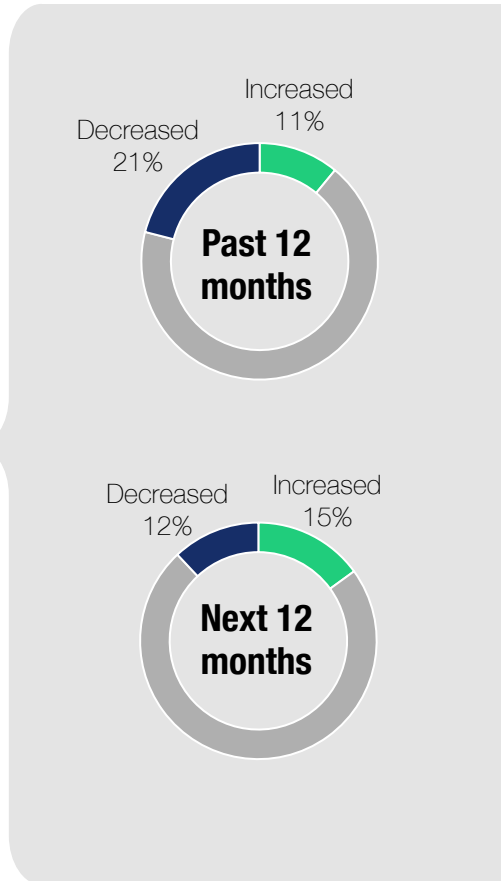
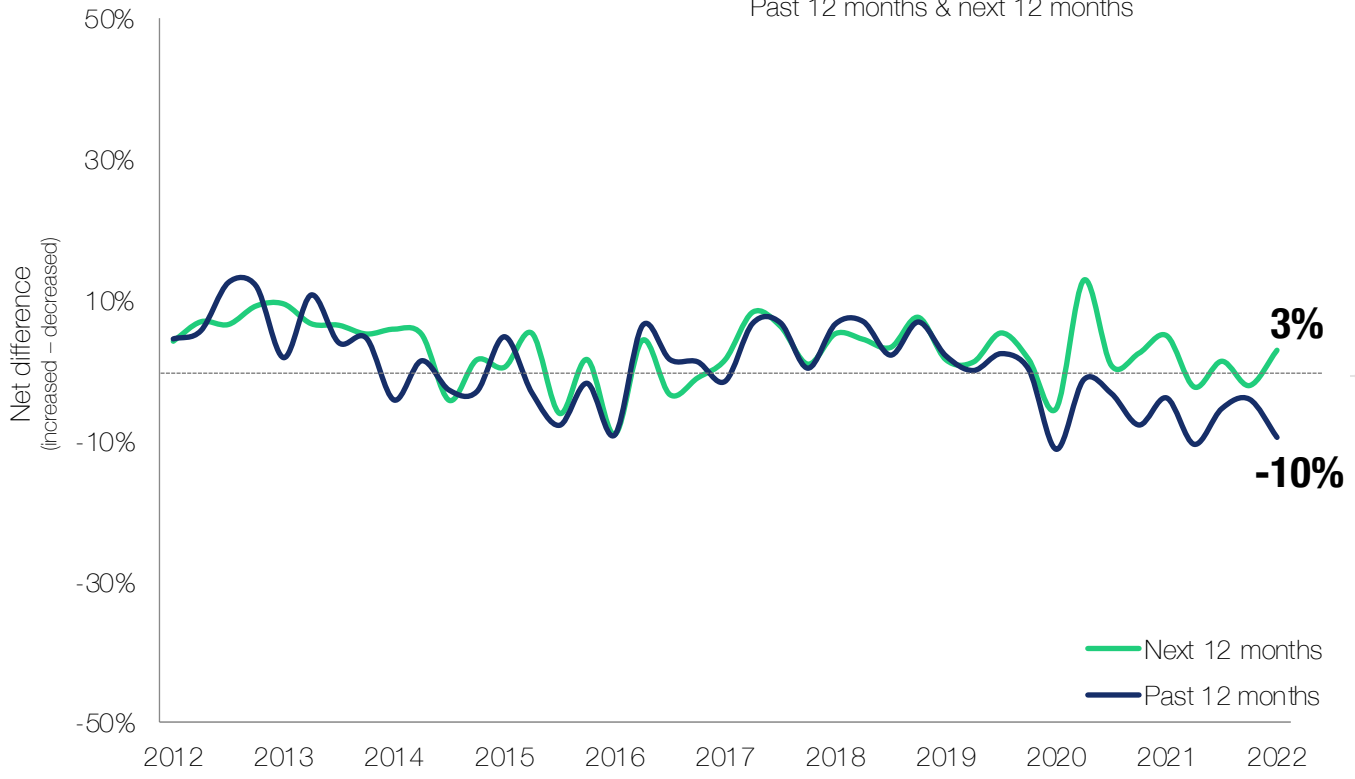
Q: During the next 12 months, do you expect your company to apply for additional credit or loans from any financial institution?

\$100K-<\$10MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

Middle market companies expected need for bank loans ticked up in the first quarter of 2022

MIDDLE MARKET NEED FOR BANK LOANS

Past 12 months & next 12 months



Q: During the last 12 months, did your company's need for bank loans...

Q: During the next 12 months, do you expect your company's need for bank loans...

\$10MM-<\$500MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

Following the PPP spike, middle market demand for additional credit returned to historical levels

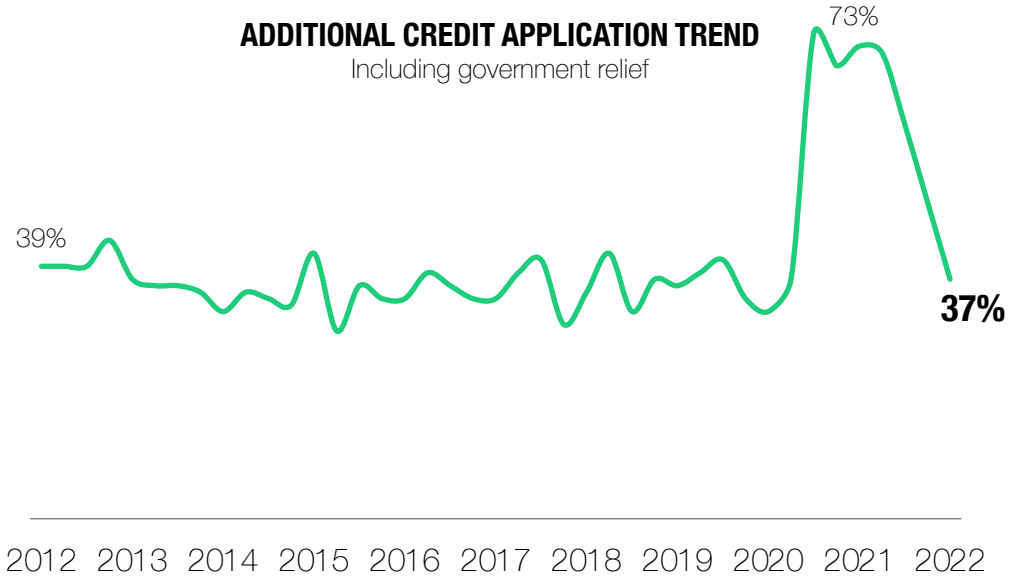
MIDDLE MARKET APPLICATIONS FOR ADDITIONAL CREDIT

Past 12 months

ADDITIONAL CREDIT APPLICATION TREND

Including government relief

% Applied for additional credit



CHANGE FROM 1Q2021

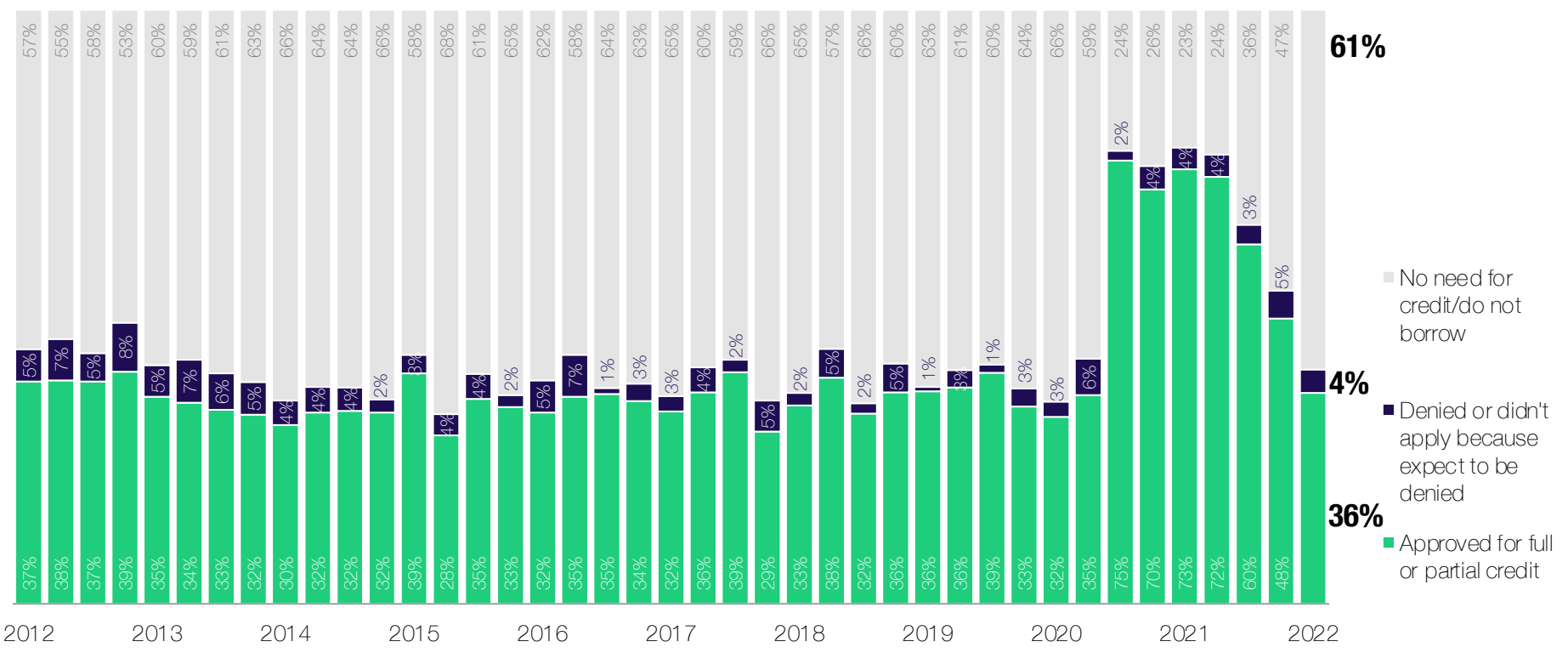


Q: During the last 12 months, has your company applied for additional credit or loans from a financial institution?

\$10MM-<\$500MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

Over a third of middle market companies applied for additional credit and were approved

MIDDLE MARKET OUTCOMES FOR ADDITIONAL CREDIT

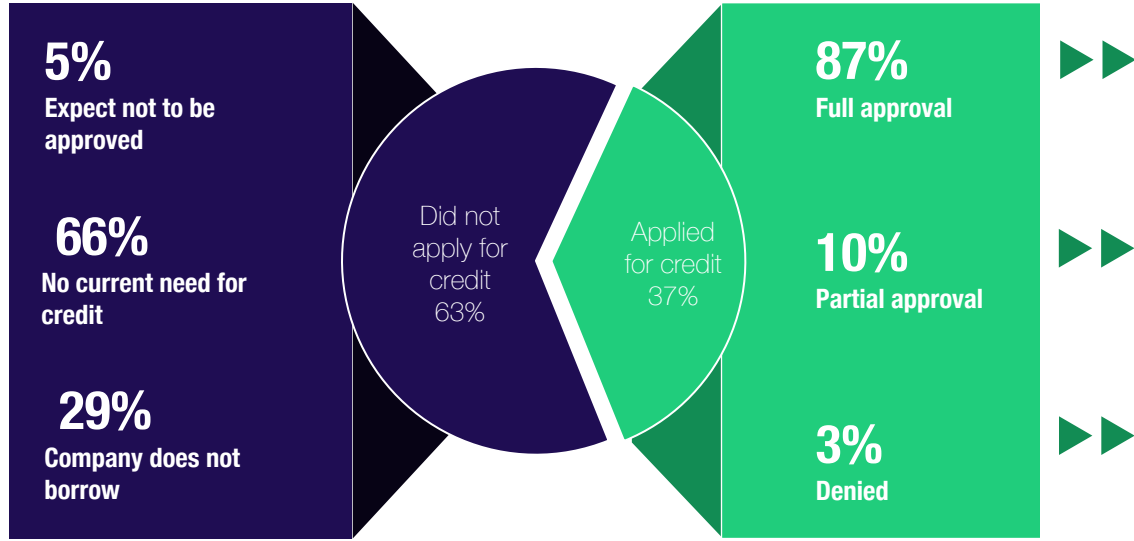


Q: During the last 12 months, has your company applied for additional credit or loans from a financial institution?

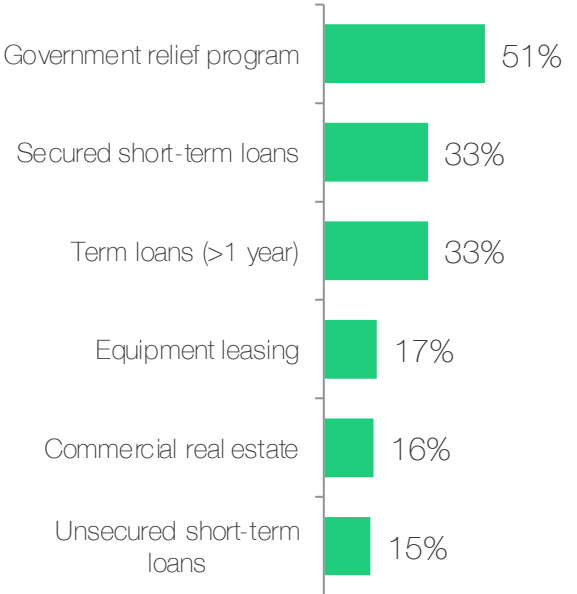
\$10MM-<\$500MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)

Secured short-term loans and term loans once again became among the most common types of additional credit for which middle market companies applied

MIDDLE MARKET CREDIT APPLICATION OUTCOME



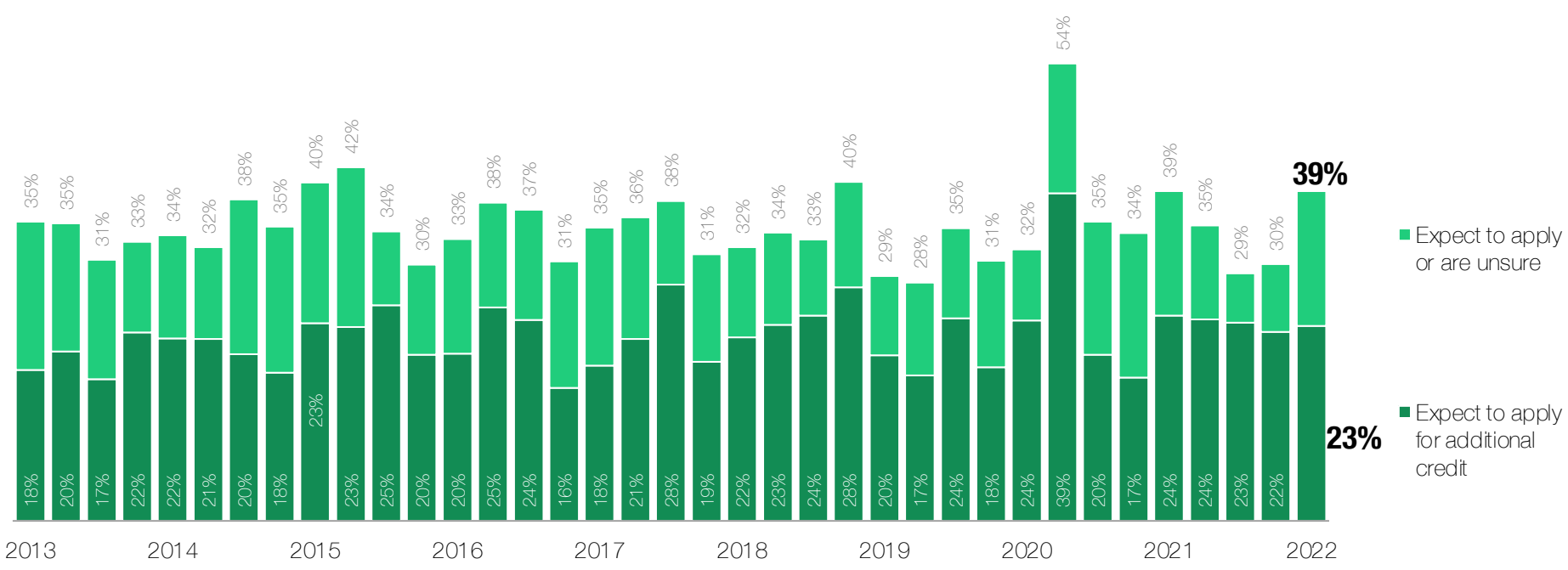
TYPE OF ADDITIONAL CREDIT ATTEMPTING TO ACQUIRE*



\$10MM-<\$500MM
 *Base: those that applied for additional credit
 BusinessPulse 1Q2022 Data

The percentage of middle market companies that expect to apply for additional credit or are unsure increased in 1Q2022

MIDDLE MARKET EXPECTATIONS TO APPLY FOR ADDITIONAL CREDIT



Q: During the next 12 months, do you expect your company to apply for additional credit or loans from any financial institution?

\$10MM-<\$500MM
BusinessPulse Quarterly Trending Data (ending 1Q2022)



Methodology

This BusinessPulse report contains data from surveys conducted in the first quarter of 2022 by Barlow Research, involving a sample of 473 small businesses and 383 middle market companies. Companies surveyed include all SIC categories except depository institutions, U.S. postal services, private households, bank holding companies and commercial non-physical research. (All Pulse Survey respondents previously participated in Barlow Research's small business or middle market banking surveys.)

Small Business (\$100K-<\$10MM)

473

Respondents
by mail or online

41.5%

Response rate

±4.51% at 95%
Max error factor

Fielding period

January 5 – January 19, 2022

Middle Market (\$10MM-<\$500MM)

383

Respondents
by mail or online

33.6%

Response rate

±5.01% at 95%
Max error factor

Weighted

By geography and sales volume

