

2016 CBIA/Farmington Bank 2nd Quarter Economic & Credit Availability Survey

117 respondents, margin of error +/- 9.2%. Response rate is 6.5% In the field 9/9-9/23, 2016

Company Performance

	4Q2014	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016	2Q2016
1) Current outlook for firm							
Improve significantly	6%	6%	3%	3%	6%	6%	6%
Improve somewhat	33%	33%	31%	31%	24%	24%	29%
Remain stable	48%	51%	52%	48%	57%	49%	49%
Worsen somewhat	11%	8%	13%	15%	11%	18%	16%
Worsen significantly	1%	3%	0%	2%	2%	1%	1%

Performance Indicators

2(a) Size of firm's workforce

Improve significantly	2%	1%	1%	1%	1%	3%	2%
Improve somewhat	26%	27%	22%	22%	23%	26%	30%
Remain stable	62%	58%	67%	60%	63%	58%	53%
Worsen somewhat	11%	12%	10%	16%	13%	14%	14%
Worsen significantly	0%	2%	0%	0%	1%	0%	1%

2(b) Capital investments

Yes	57%	57%	56%	59%	62%	61%	69%
No	43%	43%	44%	41%	38%	40%	31%

Foreign Trade

3) What percentage of your firm's sales are generated by exports?

0%		65	57	62	63	61	62
1-5%		18%	19%	20%	18%	18%	16%
6-15%		9%	16%	9%	12%	14%	15%
16-25%		3%	3%	4%	2%	3%	0%
Over 25%		5%	6%	5%	5%	5%	7%

Credit/Financing

4) What types of financing has your firm used in the last three months to meet your credit needs?

Bank loan/line of credit	81%	84%	84%	81%	83%	84%	94%
Vendor credit	22%	31%	23%	17%	21%	24%	15%
Private loan	11%	13%	23%	16%	10%	18%	18%
Government-sponsored loan program	3%	8%	10%	5%	6%	2%	9%
Public issuance of stock	0%	0%	0%	0%	2%	0%	0%
Private placement of stock	0%	0%	0%	0%	0%	0%	0%
Leasing	12%	19%	9%	17%	10%	11%	12%
Private placement of debt	4%	4%	0%	2%	2%	2%	0%
Credit cards	20%	25%	22%	24%	19%	20%	12%
Earning of business	15%	16%	10%	11%	27%	24%	21%
Other	4%	1%	6%	5%	6%	0%	6%

5) What type of financing do you need most?

Working capital day-to-day operations, bridg	35%	29%	31%	31%	28%	26%	25%
Capital for machinery and equipment purchas	19%	19%	17%	18%	22%	13%	14%
Capital for expansion of existing plant or offic	8%	6%	7%	7%	7%	8%	7%
Capital for research and development	1%	1%	2%	1%	1%	0%	0%
Capital for new product or service developme	4%	4%	4%	4%	5%	3%	7%
None/not applicable	42%	49%	47%	44%	45%	48%	46%
Other	3%	1%	3%	2%	2%	2%	1%

6) Is credit availability a problem for your firm?

Yes	15%	15%	13%	17%	14%	12%	13%
No	85%	85%	87%	83%	86%	88%	87%

7) Has your firm used financing in the last three months specifically to meet your credit needs?

Yes	34%	41%	35%	31%	29%	30%	30%
No	66%	59%	65%	69%	71%	70%	70%

8) In the last three months, has your primary lending institution changed the terms of any loan you have?

Yes	9%	6%	9%	6%	6%	5%	8%
No	91%	94%	91%	94%	94%	95%	92%

Current Credit Conditions

9) How would you characterize the current lending climate in Connecticut?

Excellent	6%	9%	4%	7%	7%	5%	10%
Good	24%	27%	24%	24%	28%	20%	25%
Average	50%	50%	51%	50%	48%	56%	49%
Fair	16%	11%	15%	13%	12%	13%	13%
Poor	5%	3%	6%	6%	4%	6%	3%

9A) What are your expectations for Connecticut's lending climate over the next 3 months?

Excellent	7%	9%	4%	7%	6%	5%	6%
Good	22%	26%	23%	24%	25%	19%	28%
Average	50%	47%	53%	49%	48%	49%	48%
Fair	16%	14%	14%	15%	17%	21%	15%
Poor	5%	4%	6%	4%	4%	6%	3%

9B) During the last 3 months, was your firm able to satisfy its borrowing needs?

Yes	82%	85%	80%	79%	87%	80%	95%
Partially	11%	9%	14%	15%	6%	13%	2%
No	7%	6%	5%	6%	6%	7%	3%

Demographic Information

10) Which best describes your firm?

Construction	11	10	6	5	9	8	7
Manufacturing	36	37	46	44	42	42	52
Retail trade	7	7	6	8	6	5	7
Wholesale trade	8	8	4	5	8	7	7
Information technology	4	3	3	2	4	3	1
Finance, insurance, and real estate	6	5	7	6	6	6	5

Business and professional services	13	14	9	13	13	10	12
Education	0	0	1	0	1	2	0
Leisure and hospitality	1	1	3	2	2	2	1
Government	0	0	0	0	0	0	0
Other	6	9	11	9	7	10	5
Medical	8	6	4	5	3	6	4

11) How many people are employed at your Connecticut operations?

Fewer than 10	20	19	20	22	19	16	15
10 to 49	55	56	55	55	53	57	56
50 to 99	13	13	13	13	17	14	20
100 to 249	7	6	7	4	6	5	5
250 to 499	4	3	2	4	2	6	4
500 or more	1	3	4	2	2	2	0

12) In which county is your firm's primary Connecticut location?

Fairfield	16	16	13	15	15	14	12
Hartford	35	38	37	33	38	39	42
Litchfield	7	6	7	7	5	5	5
Middlesex	9	7	10	12	9	11	12
New Haven	22	22	26	24	25	23	23
New London	6	5	4	4	3	1	0
Tolland	3	2	3	3	3	4	3
Windham	2	3	1	1	1	3	3

13) What are your sales for the current fiscal year?

Less than \$500,000	2	5	6	2	1	6	2
\$500,000 to \$999,999	9	7	9	9	4	7	5
\$1 million to \$2.9 million	34	31	30	31	30	29	19
\$3 million to \$4.9 million	14	14	11	13	17	13	22
\$5 million to \$9.9 million	18	16	17	18	23	20	21
\$10 million to \$24.9 million	12	15	14	16	12	12	22
\$25 million or more	11	12	13	11	12	13	10

Question of the Quarter

1) Do you have operations outside Connecticut?

Yes	29%
No	71%

1 (a) If yes, are you making investments outside Connecticut and in what key areas?

Environmental compliance	44%
Facilities	41%
Hiring	40%
Security	35%
Technology	34%
Training	33%
Equipment	28%
R&D	25%
Energy efficiency	17%

1 (b) Why is your firm making these investments?

Top Three Reasons

- Opportunity to be nearer customers
- Better business climate
- Taxes and regulations in Connecticut