PayNet®

Press Contact: Jamie Born, Senior Director,
Corporate Communications, PayNet, Inc.
847-853-6117 / jborn@paynet.com

U.S. Small Business Investment Drops
Private Company Growth Contracts for Third Consecutive Month

Chicago, IL (June 1, 2017) — The April 2017 Thomson Reuters/PayNet Small Business Lending Index (SBLI) dropped to 123.1, down 8% percent from 133.7 in March 2017. Compared to April 2016, the SBLI is down 5% which is the third consecutive year-over-year decline.

 "This report was a big disappointment. Small businesses have pulled back investment in 10 of the past 12 months," states William Phelan, president of PayNet, Inc. "At a time when growth is becoming more focused on large cap technology companies, a significant portion of the U.S. economy made up of *main street* businesses like farming, medicine, transportation & warehousing, and construction are finding tougher business conditions.."

Borrowing in Health Care services fell 14% due in part to continued uncertainty regarding the future direction of the sector. However, a positive trend is showing in Construction (+4%), Accommodation & Foods (+2%), and Arts & Entertainment (+11%).

Small business financial health is at the highest level of risk in more than four years. The Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) 31-90 days past due increased to 1.36% in April 2017 from 1.33% in March 2017. Compared to April 2016, delinquency increased 11% by 14 bps.

Within the industry sectors, Construction and Transportation exhibited higher delinquencies of 8 bps and 11 bps respectively, while Agriculture showed a 4 bps decrease.

The national default rate continues to grow at a steady, moderate pace. At 1.9%, it remains 34% below 2005-2006 averages.

"This month's report is a tale of two economies – large dominant techs expanding versus main street pulling back," Phelan noted. "Time will tell which market is the more accurate reflection of the underlying economic fundamentals."

About
PayNet Inc. is the leading provider of credit ratings on small businesses enabling lenders to manage credit risk, grow earning assets and operate credit at lower cost. PayNet maintains the largest proprietary database of small business loans, leases and lines of credit encompassing over 23 million contracts worth over $1.5 Trillion. Using state-of-the-art analytics, PayNet converts raw data into real-time marketing intelligence and predictive information that subscribing lenders use to make informed small business financial decisions and improve their business strategy. For more information visit www.paynet.com.

Thomson Reuters/PayNet Small Business Lending Index (SBLI)
The Small Business Lending Index (SBLI) is based on new commercial loan and lease originations by major U.S. lenders in PayNet's proprietary database. This index measures the volume of loans to small businesses normalized to January 2005. Small businesses generally respond to changes in economic conditions more rapidly than do larger businesses, so this statistic is a leading indicator of the economy and predicts changes in GDP between 2-5 months.

Thomson Reuters/PayNet Small Business Delinquency Index (SBDI)
The Small Business Delinquency Index (SBDI) measures the financial stress of small businesses with $1mm or less in credit outstanding.

PayNet Small Business Default Index (SBDFI)
The PayNet Small Business Default Index (SBDFI) measures small business defaults and signal insolvency across multiple sectors of the economy at the national, state and industry levels. Default is a point-in-time measurement of borrowers that have failed to remain current and as such is a vital piece of information to assess risk exposure and evaluate the health of the overall economy