PAYNET DATA UPDATE FOR THE SMALL BUSINESS ECONOMY
Small Businesses Economy Set to Support GDP Growth

(CHICAGO, IL —February 4, 2014) —The December PayNet small business trends show a strong finish to 2013 that will help sustain growth in the U.S. economy in the 1st quarter of 2014. The Thomson Reuters/PayNet Small Business Lending Index (SBLI) extended its string of year over year increases registering 121.6 in December, a 5% increase over last year and a 6% increase over November, which was restated to 114.6 from a preliminary value of 111.4. When small businesses invest as shown in this report, they are expressing visible optimism for future profits.

At the same time, loan delinquencies increased in this latest report signaling an end to the best part of the credit cycle. The Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) increased slightly to 1.47%. Even so, credit quality remains very high; this latest uptick signals small businesses are willing to take more financial risks as shown in the increased SBLI. "Small businesses are hitting a bunch of singles and doubles, rather than swinging for the fences. This steady growth is the type needed to avoid over expansion," says William Phelan, president of PayNet.

PayNet Inc. is the leading provider of credit ratings on small businesses enabling lenders to achieve optimal risk management, growth and operational efficiencies. PayNet maintains the largest proprietary database of small business loans, leases and lines of credit encompassing over 21 Million contracts worth over $1 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 sbinsights.net.

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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's Small Business Delinquency Index (SBDI)
The Small Business Lending Index (SBLI) measures the financial stress of small businesses with $1mm or less in credit outstanding.

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