U.S. Small Business Lending Remains Stable in February
Loan Delinquencies Indicate Credit Risk Rising To Normal Levels

(CHICAGO, IL — March 31, 2015) —The February release of the Thomson Reuters/PayNet Small Business Lending Index (SBLI), which is a leading economic indicator of GDP, increased 7% over February 2014. The SBLI decreased 3% from 122.4 in January 2015 to 119.2 in February 2015.

"While not in a boom phase, small business credit shows a solid increase that is in keeping with an expanding economy. High, single digit investment means organic growth in production of goods and services," states William Phelan, president of PayNet. "Small businesses are finding increased demand from consumers and businesses to buy more of their goods. When small businesses are investing, the current business cycle continues to expand."

Financial health of small businesses remains strong despite a slight increase in near- term delinquency rates. The Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) 31-90 days past due increased 4 bps from 1.23% in January 2015 to 1.27% in February 2015. As compared to one year ago, delinquency is up 7% (8 bps). The SBDI 91-180 days past due remained flat at 0.30% from January 2015 to February 2015.

"Credit risk is still well below normal levels, so these current increases indicate a shift to normal risk taking conditions. Severe days past due are a lagging indicator, so we expect to see this measure rise 3-4 basis points over the next few months. Construction, Agriculture and Manufacturing businesses show the largest rises in loan delinquencies. Transportation shows no increase over its all-time low loan delinquency rate." said Phelan.

Small business bolsters the U.S. economy at a time when overseas markets are slowing and the U.S. dollar makes exports more expensive. As a result, probabilities of default on small and medium sized businesses are projected to continue lower in 2015 than long run averages.

About

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 23 Million contracts worth over $1.2 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 paynetonline.com.

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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 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.

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