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U.S. Small Business Investment Increases
Private Company Growth Turns Positive

Chicago, IL (July 10, 2017) — The May 2017 Thomson Reuters/PayNet Small Business Lending Index (SBLI) increased to 137.0, up 9% from 125.4 in April 2017. Compared to May 2016, the SBLI is up 3% and it is at the highest level since June 2016.

 "Expansion by small businesses in May brings positive news," states William Phelan, president of PayNet. "It's good to see some growth finally out of the private companies, after decreases for 9 of the last 13 months"

Consumer oriented sectors have been the primary growth drivers, with Accommodation and Food Services up (2%) and Arts, Entertainment, and Recreation up (11%).

Borrowing in Healthcare has been experiencing negative investment growth (-13%) while Transportation pullback is actually lessening, although originations declined (-14%).

Small business financial health improved slightly. The Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) 31-90 days past due decreased to 1.34% in May 2017 from 1.36% in April 2017. Compared to May 2016, delinquency increased 8%, equivalent to 10 bps.

Within the industry sectors, Health Care showed a 4 bp decrease in delinquency and General Industries showed a 3 bp decrease while Agriculture and Construction showed 2 bp increases and Transportation showed a 9 bp increase in delinquency.

Default rates remain quite well behaved across most geographies and sectors based on the PayNet Small Business Default Index. The national default rate of 1.9% is still 34% below 2005-06 averages, and the rate of increase continues to moderate.

"Small businesses still have untapped potential and capability to invest," Phelan added. "But more uncertainty means negligible growth from private companies for the next quarter."

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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