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U.S. Small Business Investment Remains Tepid

Lower Private Company Growth Reflects Economic Uncertainty

Chicago, IL (August 1, 2017) — The June 2017 Thomson Reuters/PayNet Small Business Lending Index (SBLI) increased to 139.9, up 1% from 138.3 in May 2017. Compared to June 2016, the Index remains flat.

“June marked another month of weak small business investment and declining delinquency rates,” states William Phelan, president of PayNet, Inc. “Policy uncertainty is leading to economic uncertainty which is becoming the new norm for private businesses that are taking less chances.”

Sectors of the economy that dragged growth down during 2015 and 2016 are starting to see improvements in growth; especially prevalent Mining.

Growth leadership is becoming increasingly diversified between consumer-facing and globally-oriented industries with Accommodations & Food Services (+4%) and Construction (+4%).

Other sectors are exhibiting no evidence of strength with Healthcare (-13%), Finance (-4%) and Transportation (-13%).

Small business financial health improved marginally. The Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) 31-90 days past due decreased to 1.32% in June 2017, down from 1.34% in May 2017. Compared to one year ago, delinquency increased 4%.

Within the industry sectors, Transportation showed a 4 bp increase in delinquency, Construction showed a 4 bp decrease and Agriculture showed a 3 bp decrease since May 2017.

Small business default trends continue to improve. The PayNet Small Business Default Index (SBDFI) increased just 16 basis points since June 2016 to 1.86%, and remains 34% below 2005-06 averages.

“Private companies are learning to live with the uncertainty,” Phelan added. “The result is that investment will remain tepid, financial health strong and defaults below average.”

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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