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U.S. Small Business Hasn't Turned the Corner *Modest Investment with Strong Financial Health*

Chicago, IL (October 6, 2017) — The August 2017 Thomson Reuters/PayNet Small Business Lending Index (SBLI) increased 8% to 134.2 in August 2017 from 123.8 in July 2017. Compared to August 2016, the SBLI increased 1%.

Top growth sectors driving investment expansion by small businesses are found in the Construction (+5.6%) and Accommodation & Food Services (+5.9%) businesses which together represent over 13% of the small business economy. Arts, Entertainment & Recreation (+10.0%) remains the top growing sector among small businesses. In a big turnaround, Mining (+3.2%) and Wholesale Trade (+3.0%) are now both positive for the first time in the last several years.

“Small business originations growth and delinquency continue to show a mixed bag,” states William Phelan, president of PayNet, Inc.

After many months of double-digit contractions, growth in the Health Care sector has stabilized dramatically, and has been slightly positive in recent months with a 0.2% increase.

The Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) 31-90 days past due decreased to 1.33% in August 2017 from 1.35% in July 2017. Compared to one year ago, delinquency increased by 1 bp.

Transportation showed a 10 bp decrease in delinquency. Increases in delinquency are shown in both Agriculture (2 bps) and Construction (1 bp).

The PayNet Small Business Default Index (SBDFI) at 1.84% is 35% below pre-crisis readings, and has been receding in recent months. Much of the improvement in recent months has come from two formerly high-risk sectors experiencing improvements in default rates. Mining default rates have declined close to 1%-point over the last year, and Transportation default rates have been declining at a 0.6% annualized rate over the last three months.

“Conditions are in place for small businesses to drive GDP growth resulting from exceptional financial health,” Phelan added.

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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