

## Biz2Credit Small Business Lending Index™

### Biz2Credit Small Business Lending Index™ Finds Loan Approval Rates in February 2021 Changed Little from January, But Dropped Dramatically from February 2020



As Small Business Businesses Apply for PPP Funding, Approval Percentages for Traditional Loans Plummet

Small business loan approval percentages at big banks (\$10 billion+ in assets) rose slightly to 13.3% in February from 13.2% in January 2021, according to the latest Biz2Credit Small Business Lending Index™ released today. In comparison, one year ago in February 2020, big banks approved 28.3% of the funding requests they received.

### Loan Approval in Big Banks

Big banks (\$10 billion+ in assets) rose slightly to 13.3% in February from 13.2% in January 2021



"Traditional big bank lending inched up ever so slightly in February. Most of the big banks are willing to make Paycheck Protection Program (PPP) loans that are backed by the government, so there is very little risk to them" said Biz2Credit CEO Rohit Arora, one of the nation's leading experts in small business finance. "The big banks are less willing to make term loans or SBA 7(a) loans to anyone but their own customers or companies that are not truly small."

**Rohit Arora, Biz2Credit CEO**

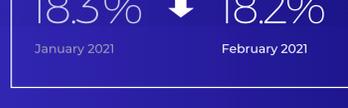
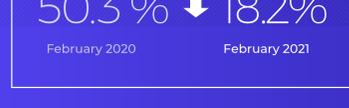


Biz2Credit, which has been the leading processor of PPP applications in the country since mid-January, finds that PPP loan requests represent the overwhelming percentage of applications made via the online platform in 2021.

The Bureau of Labor Statistics reported nonfarm payroll employment rose by 379,000 in February, and the unemployment rate was little changed at 6.2% in its Jobs Report issued Friday, March 5, 2021. The labor market continued to reflect the impact of the coronavirus (COVID-19) pandemic. In February, most of the job gains occurred in leisure and hospitality, with smaller gains in temporary help services, health care and social assistance, retail trade and manufacturing. Many of these jobs are created by small businesses

### Loan Approval in Small Banks

Small banks' approvals slipped a notch to 18.2% in February, compared to the 18.3% approval rate in January 2021.

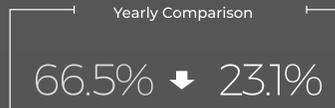


"Approvals of traditional business loans and SBA loans at small banks are less than half of what they were a year ago," Arora said. "Many businesses are hurting right now. Most that are coming to us qualify for PPP funding because their revenues dropped dramatically in 2020 after the pandemic hit."

**Rohit Arora, Biz2Credit CEO**

### Institutional lenders

Institutional lenders approved 23.1% of funding requests in February, up one-tenth of a percent from the 23.0% approval rate for business funding in January.



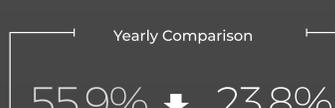
"These figures highlight the challenges for small companies in search of capital. In February 2020, institutional lenders approved nearly two-thirds (66.5%) of their funding requests, and alternative lenders granted nearly six-in-ten applications,"



**Rohit Arora, Biz2Credit CEO**

### Alternative lenders

Alternative lenders rose one-tenth of a percent from 23.7% in January 2021 to 23.8% in February 2021.



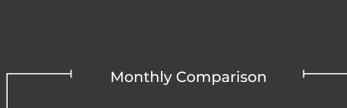
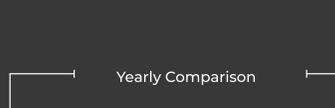
"Business owners are still hurting, and millions of them are applying for PPP loans," Arora continued. "The companies that did not experience 25% decline in revenues are ineligible for the PPP and thus have to apply for more traditional types of funding. Securing capital is a challenge for them at the moment."



**Rohit Arora, Biz2Credit CEO**

### Credit unions

Credit unions slipped two-tenths of a percent from 20.5% approval rate in January to 20.3% in February 2021.



"Like bank lenders, credit union approval percentages are dramatically lower than they were a year ago"



**Rohit Arora, Biz2Credit CEO**

#### About the Biz2Credit Small Business Lending Index

Biz2Credit analyzed loan requests from companies in business more than two years with credit scores above 680. The results are based on primary data submitted by more than 1,000 small business owners who applied for funding on Biz2Credit's platform.

#### About Biz2Credit

Founded in 2007, Biz2Credit has arranged more than \$3 billion in small business financing. The company is expanding its industry-leading technology in custom digital platform solutions for banks and other financial institutions, investors, and service providers. Visit [www.biz2credit.com](http://www.biz2credit.com) or Twitter @Biz2Credit, Facebook, and LinkedIn.