

Biz2Credit Small Business Lending Index™ Loan Approval Percentages at Small Banks, Alternative Lenders and Credit Unions Continue to Decline

February 2015

According to the Biz2Credit Small Business Lending Index™, a monthly analysis of 1,000 loan applications on Biz2Credit.com

 **12.5%**

Big bank approvals

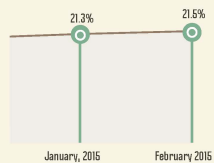
In a year to year comparison, big bank approval rates have increased by more than 12% in February 2015 from 19.1% approval rates in February 2014

60.7%

Institutional Lenders,

Institutional lenders granted 60.7% of funding requests by small business owners in February, an increase from 60.5% in January 2015. Approval rates by institutional lenders have increased each month ever since Biz2Credit began monitoring this category of lenders one year ago.

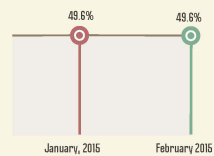
"Institutional lenders are willing to offer more loans that are financially appealing to small business owners. The high approval rate in this category of lenders is a reflection of their strong investment in technology advancements, which enables them to quickly assess the risk of default. Thus, they are incredibly efficient; only a miniscule 0.77 percent of loans made by institutional lenders on our platform have defaulted." ~ Biz2Credit CEO Rohit Arora



Loan approvals at Big banks

Big banks (\$10 billion+ in assets) approved 21.5% of small business loan requests in February 2015, up from 21.3% in January. Further, loan approval rates at big banks have increased consistently for 10 out of the last 11 months, and a year-to-year comparison shows that they have increased by 12.5%.

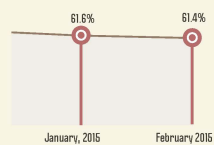
"Big banks are starting to grant more conventional loans. This allows them to keep fixed loan expenses down compared to SBA-backed loans, which are not primarily being done at smaller banks. The investment in digitization at big banks has helped expedite the small business loan approval process." ~ Biz2Credit CEO Rohit Arora



Loan approvals at Small banks

For the fourth consecutive month, small banks denied more than half of their loan requests to small business owners, as lending approval rates at small banks remained stagnant at 49.6% in February. After reaching an all-time Index high in May 2014, lending approval rates at small banks have gradually declined.

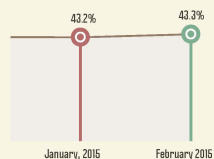
"Smaller banks are better at offering SBA loans, but those loans take time to process. Creditworthy customers who seek quick funding are turning to other types of funding that take less time to process. This leaves smaller banks with less attractive borrowers than they had a year ago and explains why approval percentages are dropping." ~ Biz2Credit CEO Rohit Arora



Small business loan approvals by Alternative lenders

Approval rates at alternative lenders -- merchant cash advance companies, factors, and other non-bank institutions -- dropped for the 13th consecutive month to 61.4% in February, from 61.6% in January. Their drop has coincided with the emergence of institutional lenders.

"Alternative lenders have been impacted most by the emergence of institutional players. As the economy continues to improve, small businesses with good credit standing don't have to borrow money at high interest rates often associated with alternative lenders. Small business owners were often obligated to pay high interest rates during the 'credit crunch' when they were desperate for money. However, this is no longer the case." ~ Biz2Credit CEO Rohit Arora



Credit union approvals of small business loans

Credit unions granted 43.3% of loan applications in January, a slight increase from the record low approval rate of 43.2% in January 2015. However, they are still struggling to increase their presence in the small business finance marketplace.

About the Biz2Credit Small Business Lending Index™

Biz2Credit analyzed loan requests ranging from \$25,000 to \$3 million from companies in business more than two years with an average credit score above 680. Unlike other surveys, the results are based on primary data submitted by more than 1,000 small business owners who applied for funding on Biz2Credit's online lending platform, which connects business borrowers and lenders.