

BOOM IN TECHNOLOGY AND ECOMMERCE SPARK SMALL BUSINESS LOAN APPROVAL PERCENTAGES IN FEBRUARY 2018

COMMERCIAL LOANS SPUR STRONG MONTH AS SMALL BUSINESS LOAN APPROVALS HIT POST-RECESSION HEIGHTS

The monthly analysis examined more than 1,000 credit applications from small businesses on Biz2Credit.com.

Small business loan approval rates for big banks (25.4%) hit another new high last month.



LOAN APPROVALS AT BIG BANKS

Big banks (assets of \$10 billion+) are granting more than one-quarter of the small business loan applications they receive. The 25.4% approval percentage, up one-tenth of a percent from January 2018, represents another new benchmark for big banks.

↑ YEARLY COMPARISON



↑ MONTHLY COMPARISON



“There is a lot of demand to fund commercial real estate. While mall construction has essentially halted, ecommerce has caused a boom in the construction of warehouses and other industrial buildings. Banks weren't lending to commercial, but now commercial loans are really picking up. There was relatively little construction of industrial buildings in the last 8-9 years. The prime rate has gone up, and commercial loans and SBA loans are variable rate loans. Thus, it has become profitable for banks to lend. Banks are lending at 7 percent now, and with the Fed expected to raise rates again, the rates may go to 8 percent. Meanwhile, the cost of capital hasn't gone up much, so spreads are going up, and the banks have more incentive to close loans.”

- Biz2Credit CEO Rohit Arora



LOAN APPROVALS AT SMALL BANKS

Small business loan approval rates climbed slightly at regional and community banks. Small banks approved 49.2% of the funding requests they received in February, up one-tenth from the month prior. Many of the loans processed by small banks are SBA loans.

↑ YEARLY COMPARISON



↑ MONTHLY COMPARISON



“The SBA made changes, and down payments for commercial real estate went down from 20 percent to 10 percent. That has spurred SBA lending. Another factor is that SBA loan defaults are less than one percent. Meanwhile, the SBA's 75 percent guarantee is still in place. Small banks are also selling the loans on the secondary market, which also adds to their profits.”

- Biz2Credit CEO Rohit Arora



LOAN APPROVALS AT INSTITUTIONAL LENDERS

Institutional lenders reached a new Index record 64.4%, up one-tenth from January. These lenders (pension funds, insurance companies, and others), continue to be important players in small business lending.

↑ YEARLY COMPARISON



↑ MONTHLY COMPARISON



“Institutional investors are a reliable source for small business lending. They offer interest rates and terms that make them very competitive with banks.”

- Biz2Credit CEO Rohit Arora



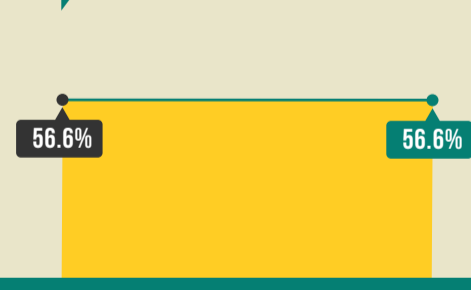
SMALL BUSINESS LOAN APPROVALS BY ALTERNATIVE LENDERS

Loan approval rates among alternative lenders remained at 56.6%. Approvals have dipped slowly each month for almost two years, except for a small uptick in November 2017.

↓ YEARLY COMPARISON



→ MONTHLY COMPARISON



“Alternative (non-bank) lenders remain a source of funding for businesses that have bad credit histories or that need money in a hurry. If you have less than stellar creditworthiness, an alternative lender may be the best and sometimes the only option.”

- Biz2Credit CEO Rohit Arora



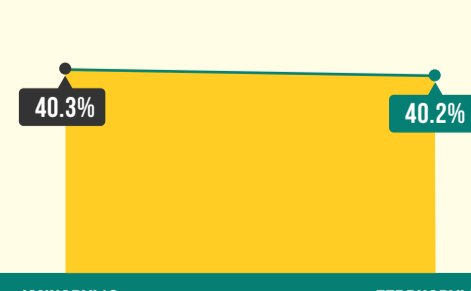
CREDIT UNION APPROVALS

Credit unions approved 40.2% of loan applications in February, a one-tenth of a percent drop from January and a new record low for the Biz2Credit Small Business Lending Index.

↓ YEARLY COMPARISON



↓ MONTHLY COMPARISON



“Credit union lending to small businesses has stalled, and competitors that have invested financial technology clearly have an advantage. I expect this trend to continue unless credit unions more fully embrace FinTech.”

- Biz2Credit CEO Rohit Arora

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.