

# SMALL BUSINESS LOAN APPROVAL PERCENTAGES HIT RECORD HIGHS FOR BANKS AND INSTITUTIONAL LENDER IN MAY 2018

STRONG ECONOMY AND JOB GROWTH REFLECTED IN FIGURES

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



## LOAN APPROVALS AT BIG BANKS

Big banks (assets of \$10 billion+) are granting nearly three-in-ten small business loan applications, according to Biz2Credit figures. The 25.9% approval percentage, up two-tenths of a percent from April 2018, represents a post-recession high point for big banks.

### ↑ YEARLY COMPARISON



### ↑ MONTHLY COMPARISON



“May was another strong month for banks as they have benefitted from the overall strength of the economy. The unemployment rate hit an 18-year low, and average hourly pay rose 2.7 percent from a year prior. Notably, the Labor Department reported employment in construction continued on an upward trend in May with more than 25,000 new jobs created. There were also large increases in manufacturing, transportation and warehousing jobs. The U.S. economy is strong right now.”

- Biz2Credit CEO Rohit Arora



## LOAN APPROVALS AT SMALL BANKS

Small business loan approval rates rose at regional and community banks. Small banks granted 49.4% of the funding requests they received in May, up two-tenths from April. It represents the highest figure for small banks since May 2015.

### ↑ YEARLY COMPARISON



### ↑ MONTHLY COMPARISON



“Small banks make a lot of SBA loans, which help small businesses expand. Many of these companies are involved in manufacturing, transportation, and construction. Small businesses involved in those sectors need capital for growth, and smaller banks are now granting nearly half of their loan applications”

- Biz2Credit CEO Rohit Arora



## LOAN APPROVALS AT INSTITUTIONAL LENDERS

Institutional lenders set yet another new Index record 64.7%, up one-tenth of a percent from April. These lenders (pension funds, insurance companies, and others), have become important players in small business lending.

### ↑ YEARLY COMPARISON



### ↑ MONTHLY COMPARISON



“Institutional investors are seeking high yields, and small business lending. Foreign investors are continuing to become involved. Small business lending is becoming a very important asset class for institutional lenders, who are able to offer funding at reasonable interest rates and term lengths.”

- Biz2Credit CEO Rohit Arora



## SMALL BUSINESS LOAN APPROVALS BY ALTERNATIVE LENDERS

Loan approval rates among alternative lenders remained at 56.4% from April. Approval percentages have slipped every month for almost two years, with the exception of a small uptick in November 2017.

### ↓ YEARLY COMPARISON



### ➡ MONTHLY COMPARISON



“Even in a robust economy, there are still companies that don't qualify for traditional small business loans because they have not been in business long or have poor credit histories. Alternative lenders fill this niche; they are willing to provide funding, albeit at higher interest rates.”

- Biz2Credit CEO Rohit Arora



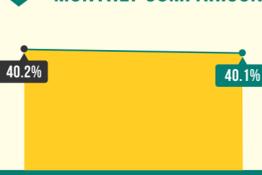
## CREDIT UNION APPROVALS

Credit unions approved 40.1% of loan applications in May, a one-tenth of a percent drop from April, which had set a record low for the Biz2Credit Small Business Lending Index.

### ↓ YEARLY COMPARISON



### ↓ MONTHLY COMPARISON



“Credit union lending to small business has stagnated. Not much has changed for them in the past couple of years.”

- 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.