



SMALL BUSINESS LENDING TRENDS

3rd Quarter, 2020



Overall Observations

The third quarter has shown some interesting trends as government assistance programs such as the Paycheck Protection Program (PPP) stopped dispersing new funds. While changes during Q3 2020 appear positive in nature, some of these numbers may still be supported by liquidity infusion provided by PPP and other programs as well as assistance measures offered by lending organizations to borrowers. The fourth quarter and early 2021 should provide a more clear view of the long-term outlook, but this may be further delayed if additional rounds of assistance are approved.

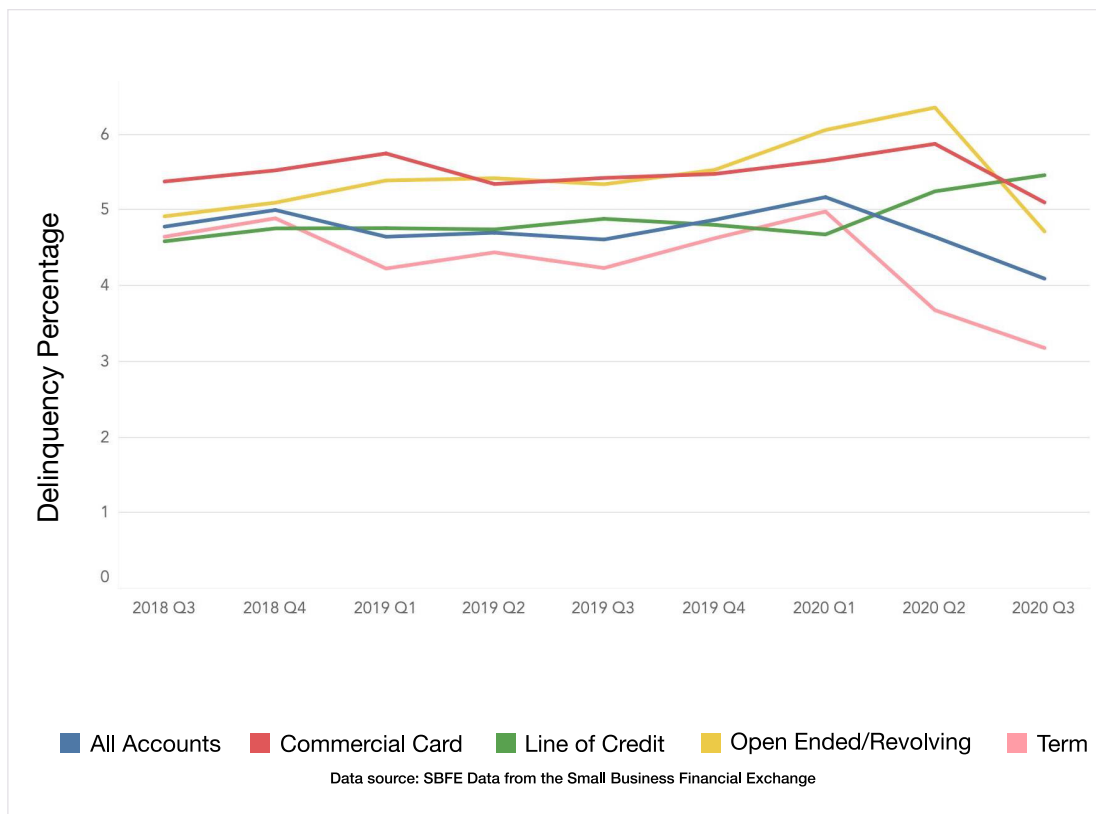
Methodology

The base of the Small Business Lending Trends is data reported to the Small Business Financial Exchange™ (SBFE®). The SBFE Data™ includes information on small businesses and their payment performance on commercial credit accounts contributed by SBFE member organizations. SBFE's membership includes banks, credit unions, alternative lenders, captive finance companies, independent finance companies, leasing companies and more. The methodology for each metric is included in the narrative for each respective report.



DELINQUENCY

Delinquency Percentages: All Accounts and Account Types



- Delinquency percentages declined for most account types for Q3 2020.
- While Q2 2020 is the high point during the analyzed period for unsecured account types, the data indicates significant improvement in payment performance for a good portion of small businesses represented within SBFE Data during Q3 2020.
- Term delinquency continues to decline as the influx of PPP accounts increased the total outstandings for term loans, while not adding to delinquency totals.

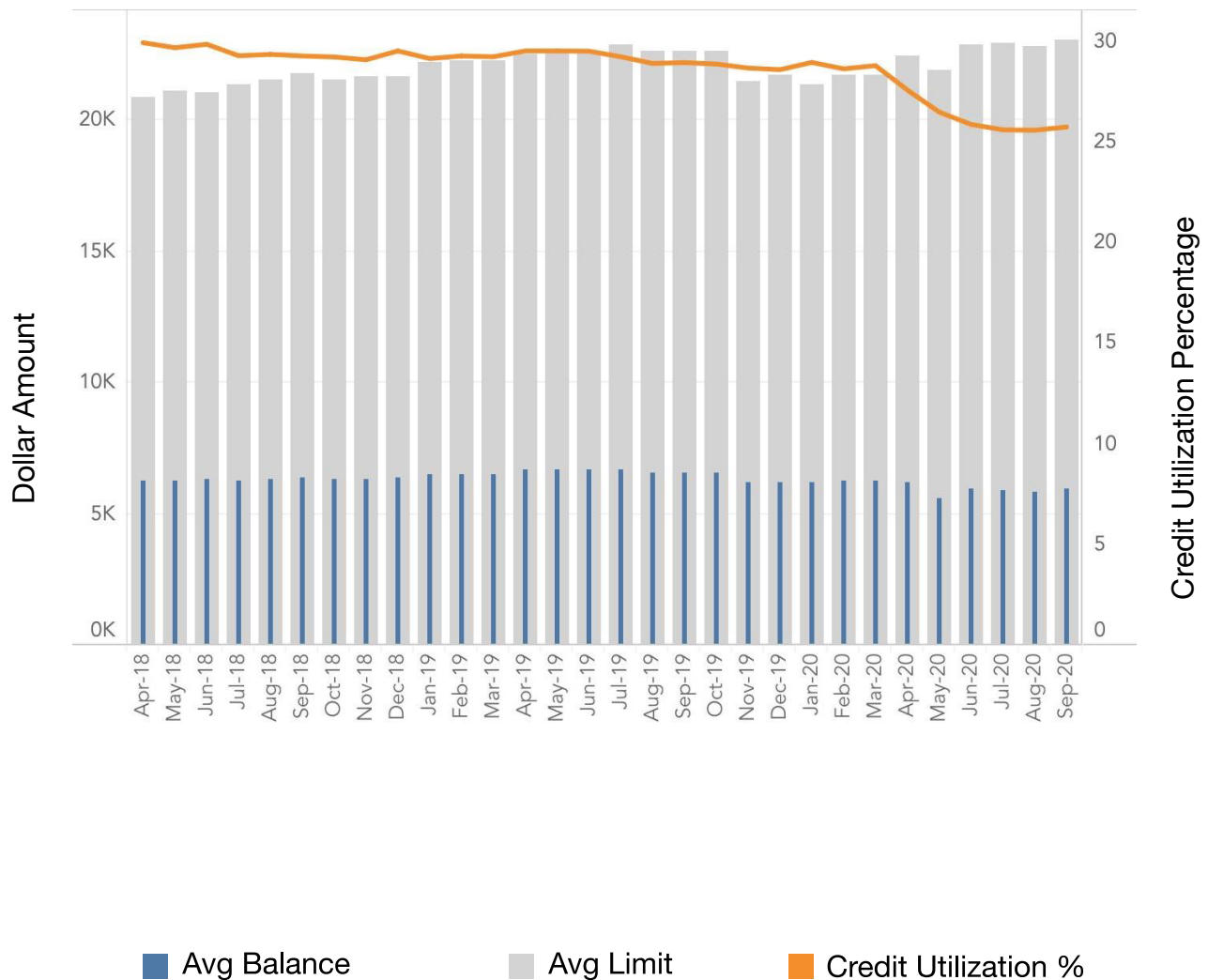
Methodology:

Calculated using the total outstanding balances of all open accounts 30 days or more past due divided by the total outstanding balances of all open accounts reported. Delinquencies are calculated monthly then averaged quarterly. Delinquency trends also include delinquent accounts in a non-accrual status in order to provide an accurate reflection of all 30+ day delinquent activity and provide insight into the health of small businesses.



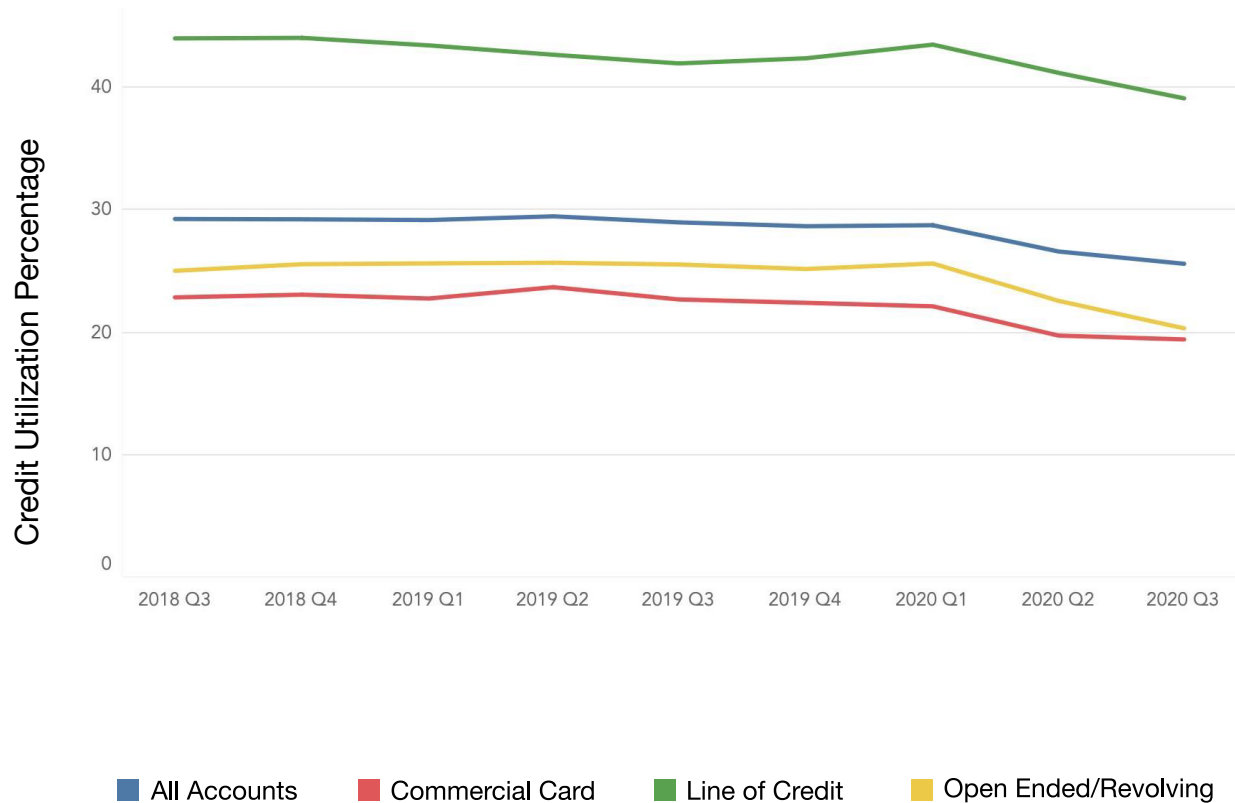
UTILIZATION

Credit Utilization Trend: All Revolving Account Types



Data source: SBFE Data from the Small Business Financial Exchange

Credit Utilization Percentage: Revolving Account Types



Data source: SBFE Data from the Small Business Financial Exchange

- Quarterly credit utilization rates continue to decline for all account types, and are now at a low point for the two year period that has been depicted.
- From a monthly standpoint, utilization has appeared to stabilize after the last 3 months, with a slight upturn in the most recent month of September.
- While utilization ratios have declined, both balances and limits appear to be on the upswing from previous quarter. Limits have increased at a quicker rate, leading to downward shift in utilization ratio.

Methodology:

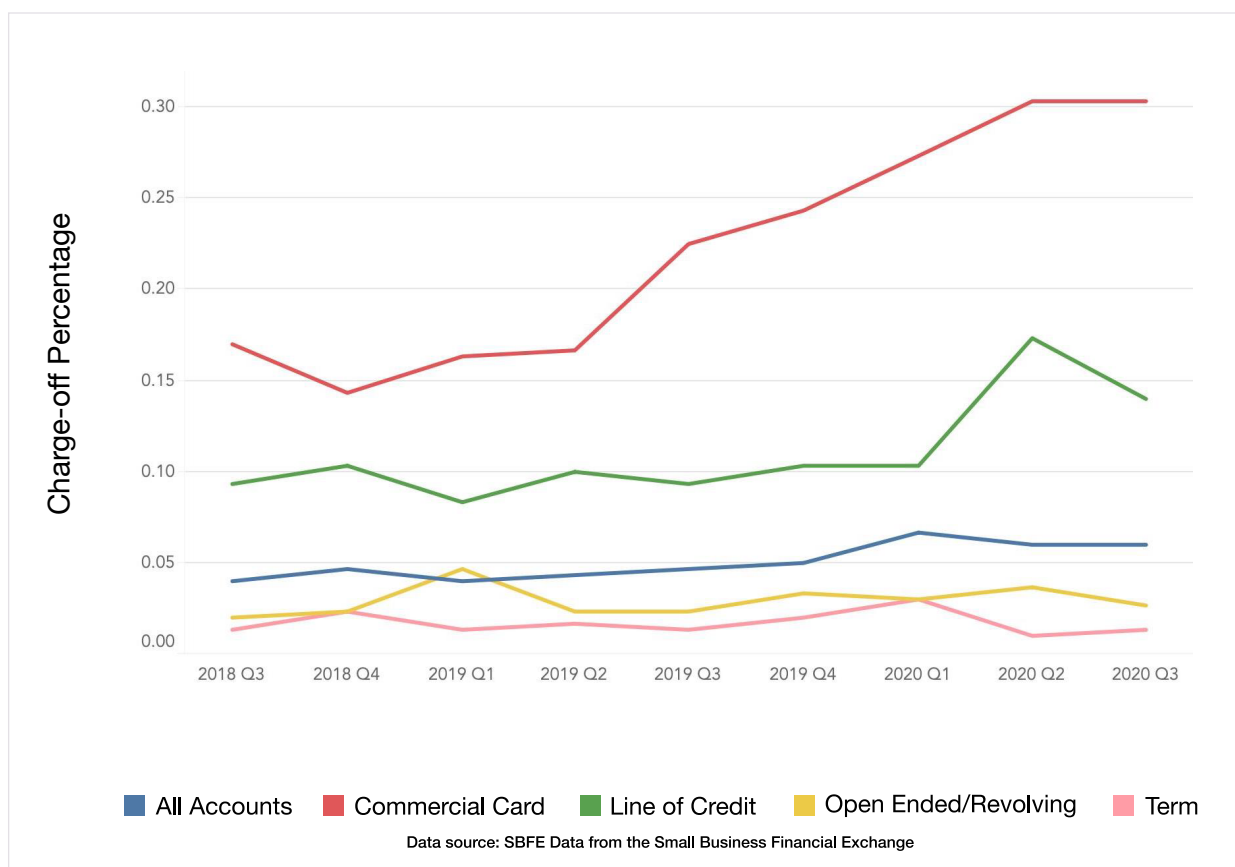
Calculated using the outstanding balance of revolving account types divided by the credit limit for those accounts.

Utilization is calculated monthly then averaged quarterly.



CHARGE OFF

Charge-off Percentages: All Accounts and Account Types



- Charge-off figures in Q3 2020 were consistent with the previous quarter for commercial card, line of credit, and term.
- 2020 shows higher charge-off rates when compared to previous years.

Methodology:

Calculated using the total balances of accounts charged-off during a given month divided by the total outstanding balances of all accounts reported. Charge-offs are calculated monthly then averaged quarterly.



CONTACT US



info@sbfe.org

www.sbfe.org

The Small Business Financial Exchange, familiarly known as SBFE®, is a trade association for small business lenders striving to be the trusted advocate for the safe and secure growth of small businesses. We do this by gathering and protecting the largest aggregation of small business payment data in the US today and leveraging the power of that data to help the small business industry build a true and accurate picture of small business.



www.consumerbankers.com

The Consumer Bankers Association is the only national financial trade group focused exclusively on retail banking and personal financial services — banking services geared toward consumers and small businesses. As the recognized voice on retail banking issues, CBA provides leadership, education, research, and federal representation for its members. CBA members include the nation's largest bank holding companies as well as regional and super-community banks that collectively hold two-thirds of the total assets of depository institutions.