

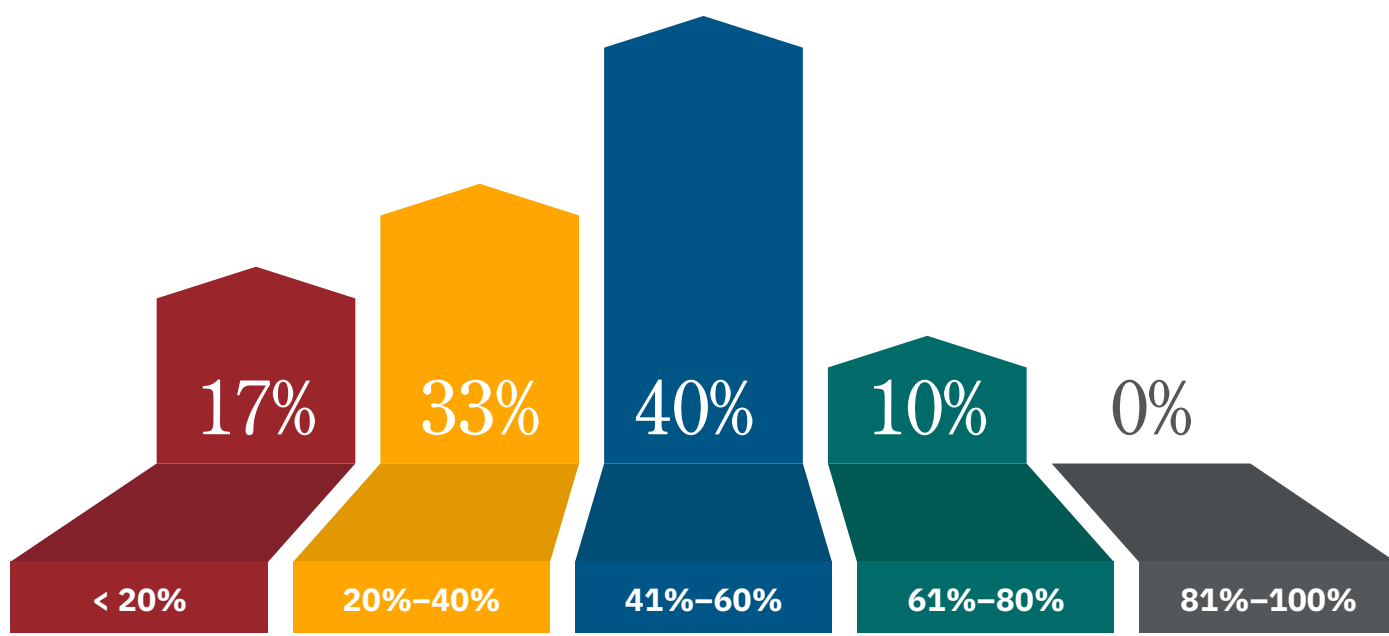
Lending Climate

IN AMERICA

For almost 25 years, Phoenix Management Services has administered a quarterly survey to lenders from commercial banks, finance companies, credit funds, and other lending institutions **to identify the latest economic issues, business drivers, and credit trends impacting lending in America.**

Top 5 Takeaways from the Second Quarter 2020

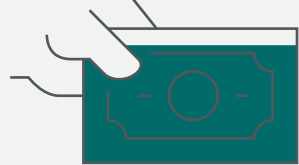
1 Q1 2021 Return to Pre-Crisis Operation Level



As the COVID-19 crisis continues to impact business performance, the majority of lenders believe that **less than half of all borrowers that received Federal Stimulus funds will return to or exceed pre-crisis operation by Q1 2021.**

2 Economic Impact of Federal Stimulus

91%

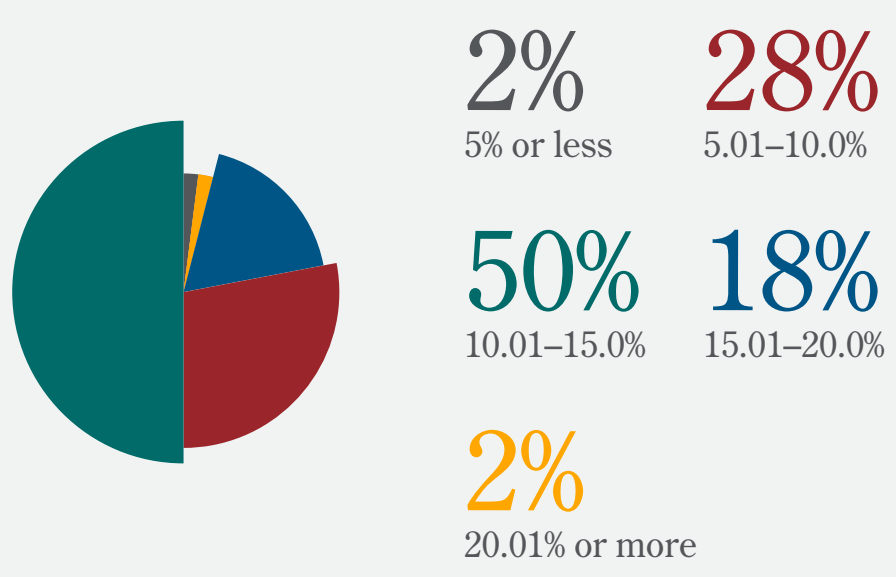


of lenders believe federal stimulus efforts have been **effective or slightly effective.**

To offer relief due to the economic impact of the COVID-19 pandemic, the federal government has provided trillions of dollars of stimulus to buffer the economy. While the majority of lenders believe these efforts will have a positive impact on the economy, **very few believe they will be very effective (7%).**

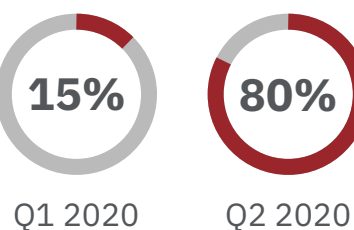
3 Predicted EOY Unemployment Rate

As of April 16, 2020, 22 million Americans had applied for unemployment aid in a 4 week time period, **equating to a real unemployment rate of nearly 18%.** When asked what the unemployment rate would be by 12/31/20, the majority of lenders predicted between 10.01 – 15.0%.

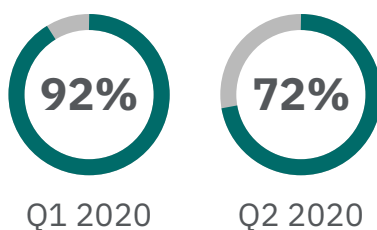


4 Top 3 Industries Expected to Experience Volatility

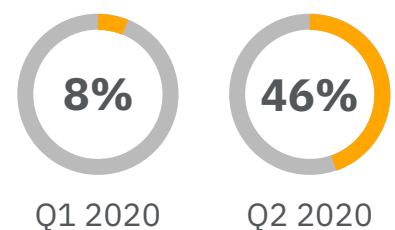
Accommodation and Food Services



Retail Trade

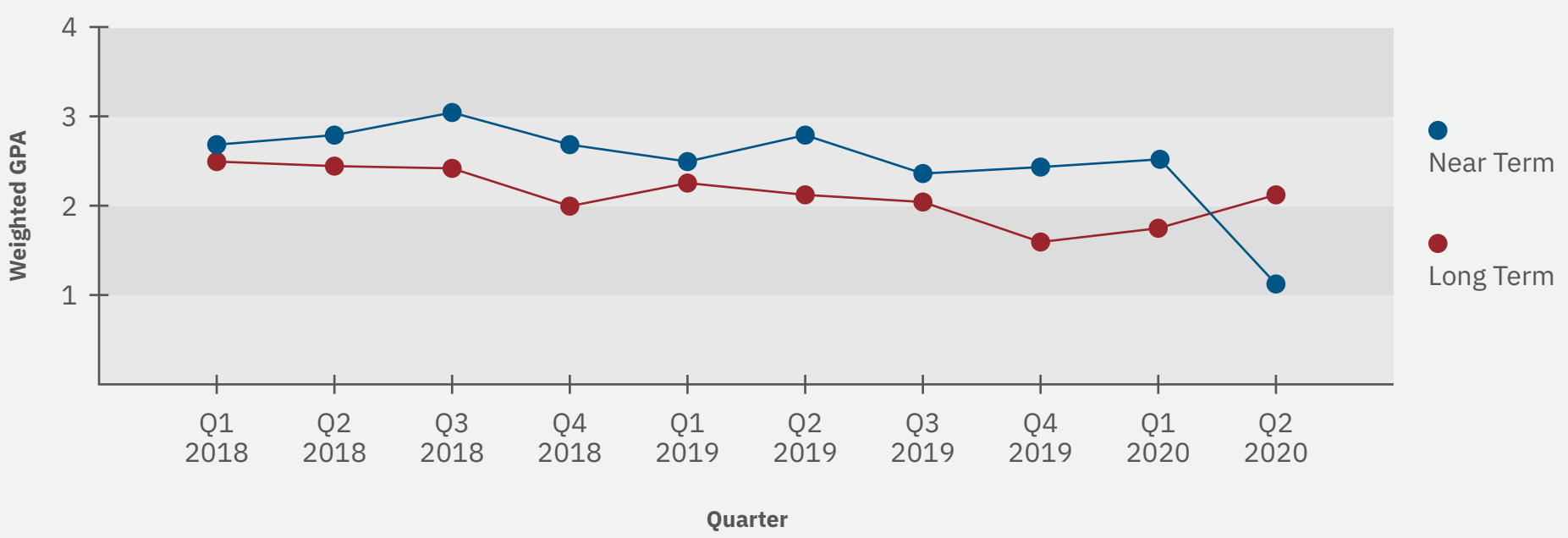


Arts, Entertainment, and Recreation



While in the early days of the pandemic, Retail Trade was considered the most volatile industry by lenders, **Accommodation and Food Services have eclipsed this sector with a staggering quarter over quarter increase of 65 percentage points.**

5 U.S. Economic Performance Grade



Confidence in the near-term economy (next 6 months) decreased by over 50%, reaching an 11-year low of a 1.18 GPA. However, while near-term performance waned, a modest improvement of 45 percentage points is predicted in the long term (beyond the next 6 months).

The COVID-19 crisis has had devastating consequences for the U.S. economy, unemployment rate, and business performance. Lenders forecast that in the near-term, economic outlook will remain bleak, but in the long term, performance will begin to improve marginally—although likely will not return to levels achieved in 2019 for some time.

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ABOUT PHOENIX

For over 35+ years, Phoenix has provided smarter, operationally focused solutions for middle market companies in transition. Phoenix Management Services® provides turnaround, crisis and interim management, specialized advisory and operational implementation services for both distressed and growth oriented companies. Phoenix Transaction Advisory Services® provides quality of earnings, management/organizational review, business integration, sell-side business preparation and other transaction related support. Phoenix Capital Resources® provides seamless investment banking solutions including M&A advisory, complex restructurings and capital placements. Phoenix Capital Resources is a U.S. registered broker-dealer and member of FINRA and SIPC. Proven. Results.® For additional information visit our website or email marketing@phoenixmanagement.com.