

Lending Climate

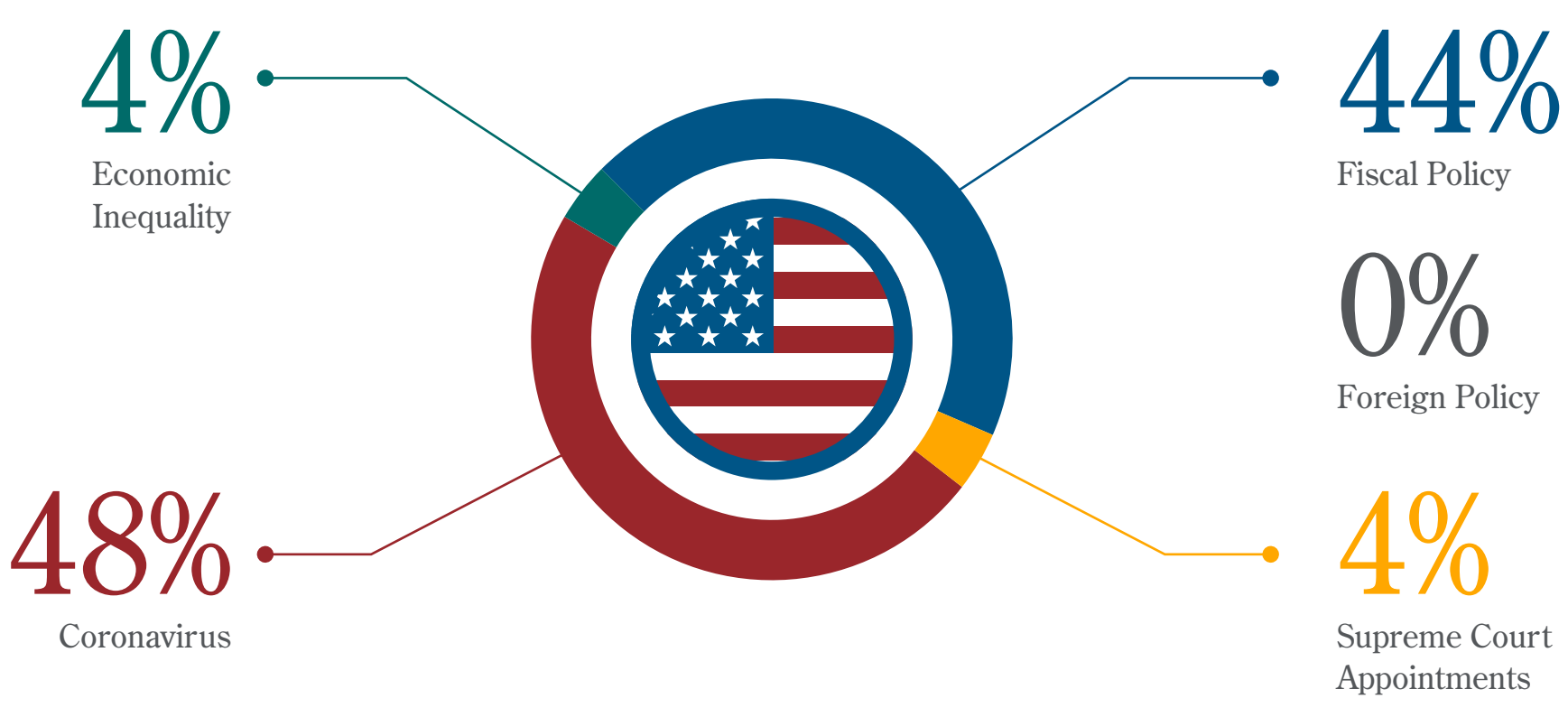
IN AMERICA

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 Third Quarter 2020

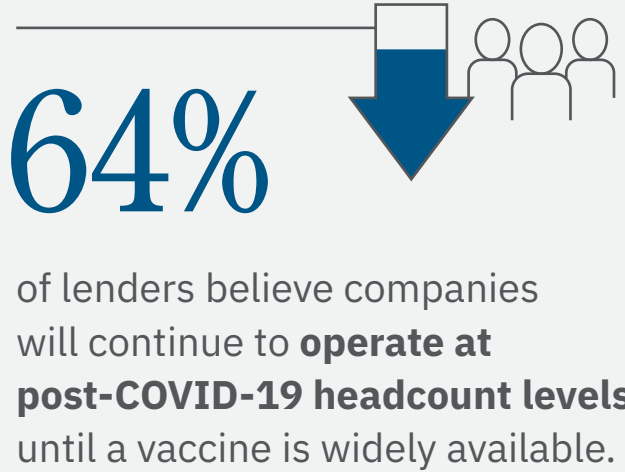
*Survey results were tabulated September 24, 2020. Any events since this time (i.e. passing of Justice Ginsburg or any other current news stories have not been factored in).

1 Most Important 2020 Election Issue



When asked which issue they believe will be most important in the upcoming U.S. presidential election, **nearly all lenders indicated that either COVID-19 or fiscal policy will be the driving factor for the election results.**

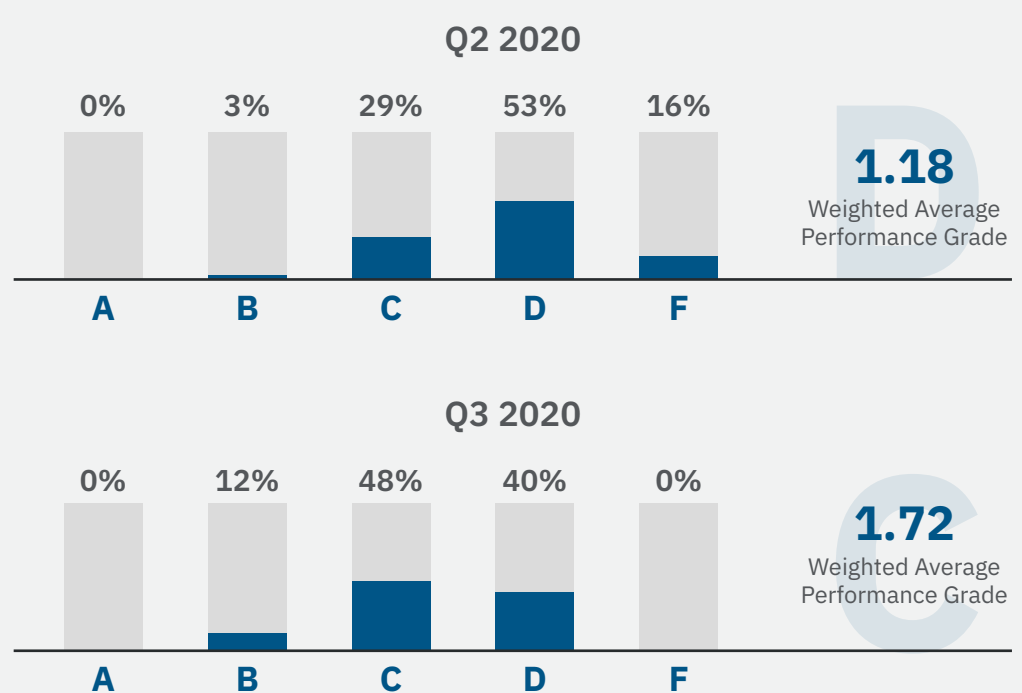
2 COVID-19 Vaccine Impact on Headcount



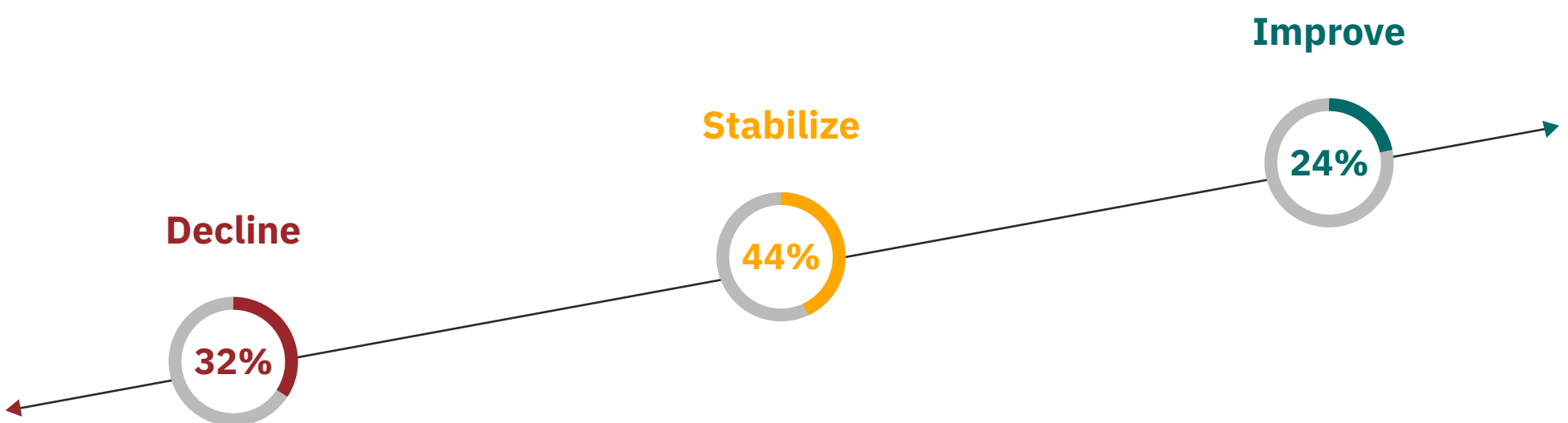
Millions of workers were furloughed between March and June of 2020, and 22% have been permanently laid off. Yet, more than half of lenders believe **headcount levels will remain low until there is widespread availability of the vaccine.**

3 U.S. Economy Near-Term Performance Grade

Optimism in the U.S. economy in the near-term recovered by 54 percentage points in Q3 2020 from its 11-year record low the previous quarter, **indicating a more positive outlook for the economy in the next six months.**

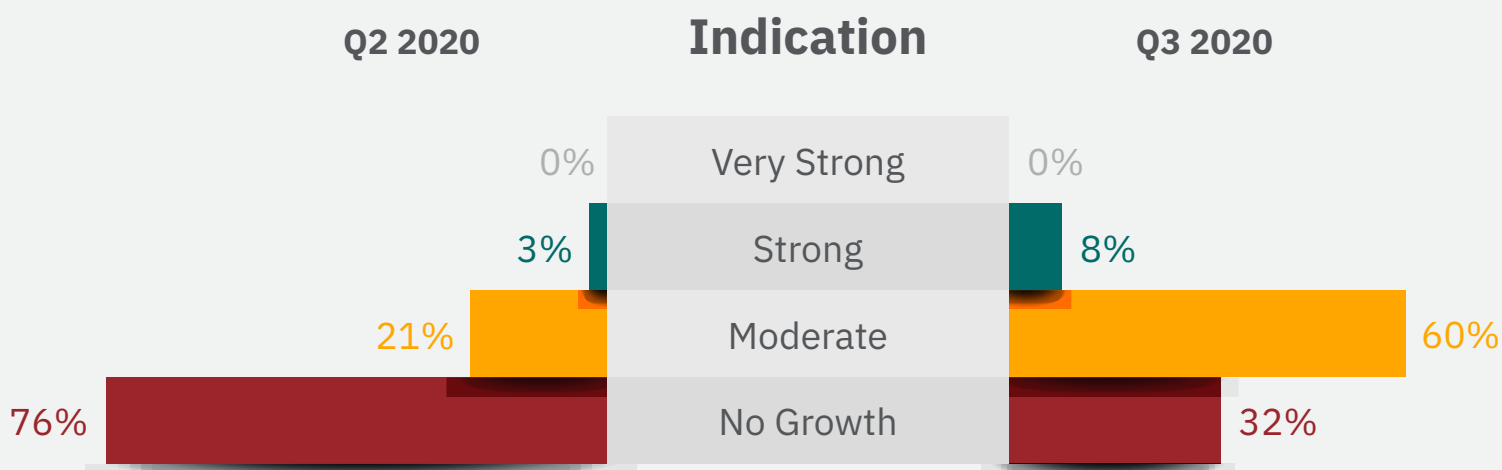


4 Loan Portfolio Predications for Q4 2020



The majority of lenders expect their loan portfolios to remain stable in Q4 2020 as compared to Q3 2020, assuming the status quo regarding COVID-19 (i.e. no major increases in cases or deaths and no vaccine) from a risk rating perspective.

5 Customer Growth Expectations



While the majority of lenders (76%) in Q2 2020 indicated that their customers would have no growth in the next six months, **68% of lenders in Q3 2020 forecasted there would be moderate or strong growth for their customers in the near term.**

COVID-19 continued to have a major effect on performance in Q3 2020, and is predicted to remain a critical factor for unemployment until a vaccine is widely available. Yet, lender outlook is more favorable in Q3 2020 than in the previous quarter predictions, with forecasts for economic performance in the near term and long term continuing to trend more positively.

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