

Lending Climate

IN AMERICA

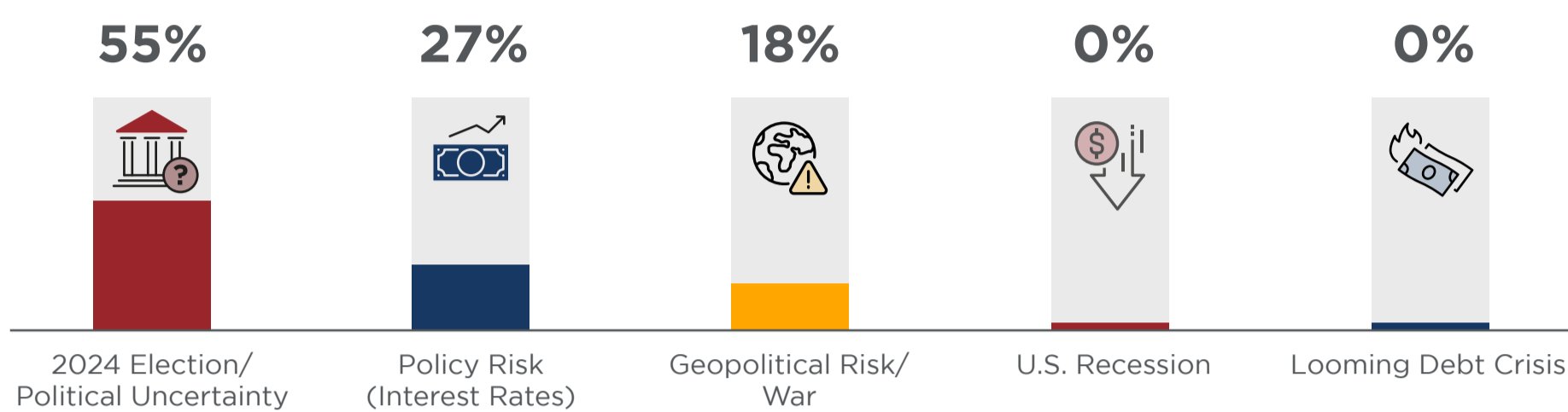
For more than 25 years, Phoenix Management Services has administered a quarterly survey to lenders from commercial banks, finance companies, credit funds, and other lending institutions to identify the latest economic issues, business drivers, and credit trends impacting lending in America.

Top 5 Takeaways from the First Quarter 2024

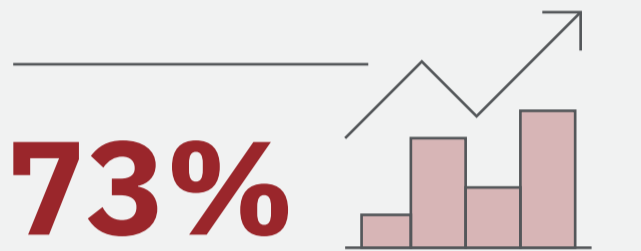
*Survey results tabulated March 8th, 2024

1 Macroeconomic Headwind

When asked which macroeconomic headwind is most concerning heading into 2024, the leading answer (55%) was the 2024 Election/Political Uncertainty.



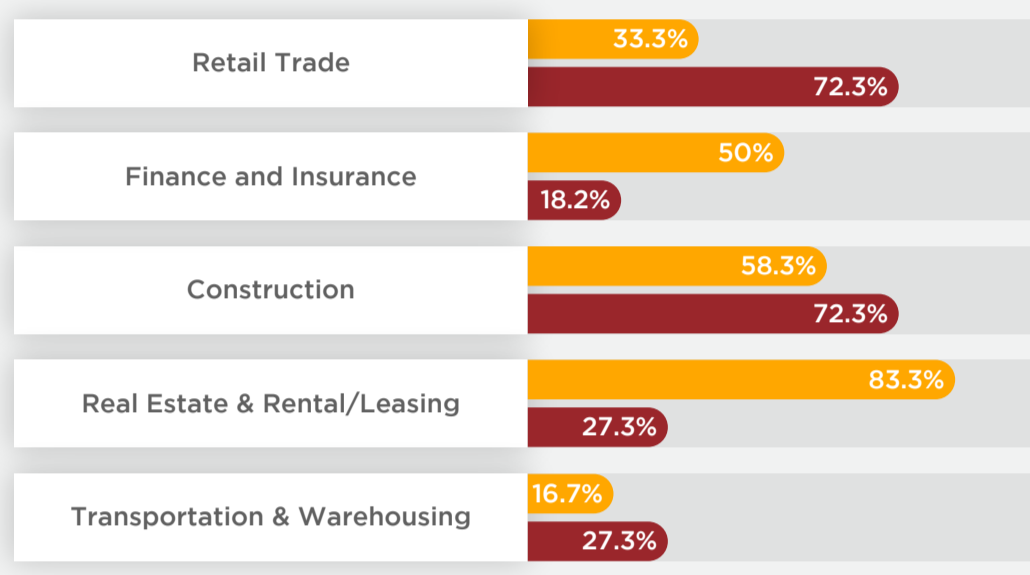
2 Bankruptcy Expectations



of lenders expect an increase in the number of bankruptcies in 2024 and believe this increase represents an indication/precursor to a recession.

27% believe bankruptcies will not increase in 2024 and the U.S. will avoid a recession.

3 Industries Expected to Experience Volatility

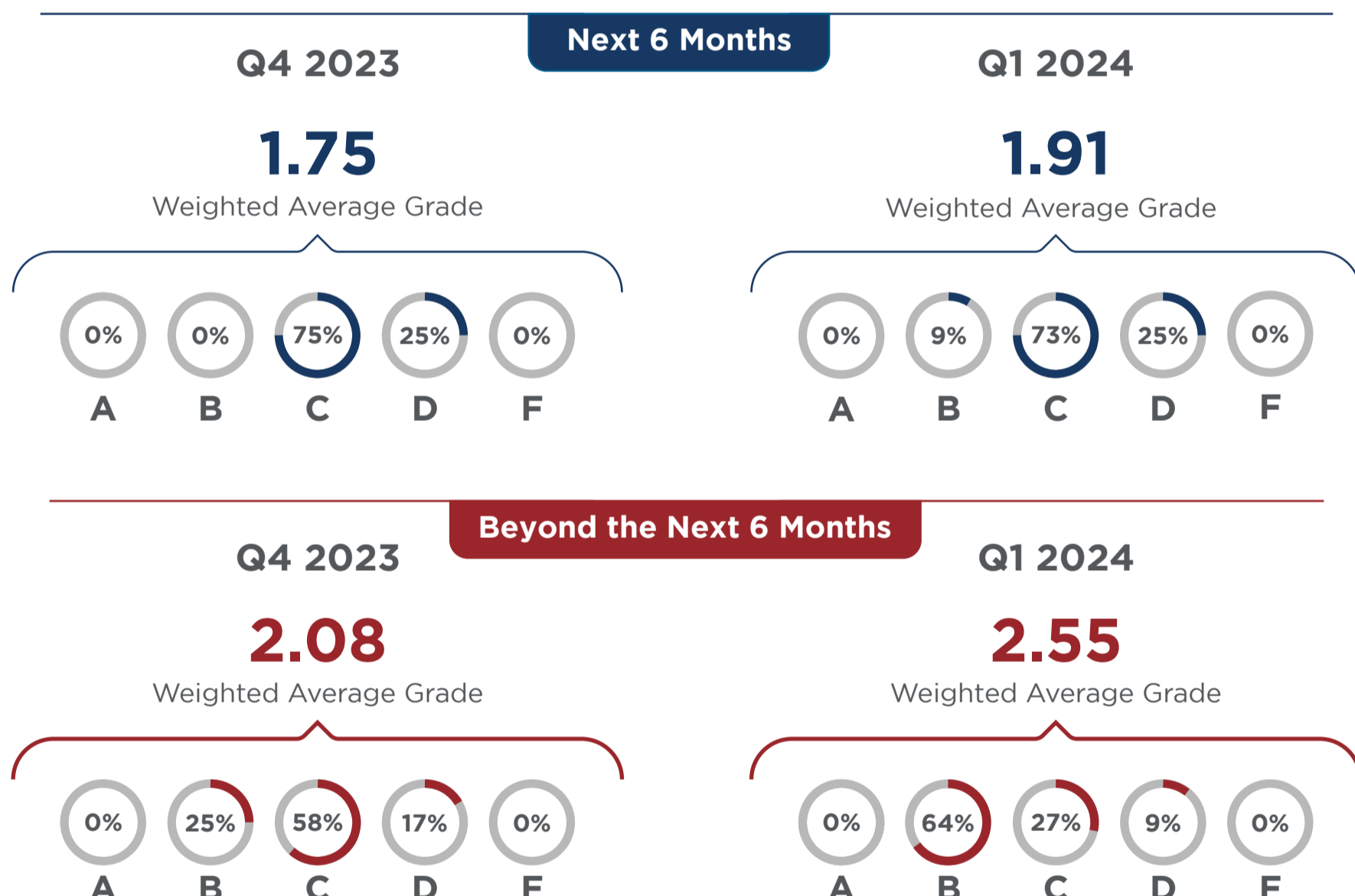


When asked which industries would experience volatility like Chapter 11 filings, M&A, and declining profits over the next six months, the majority of lenders believe retail and construction will experience the most volatility.

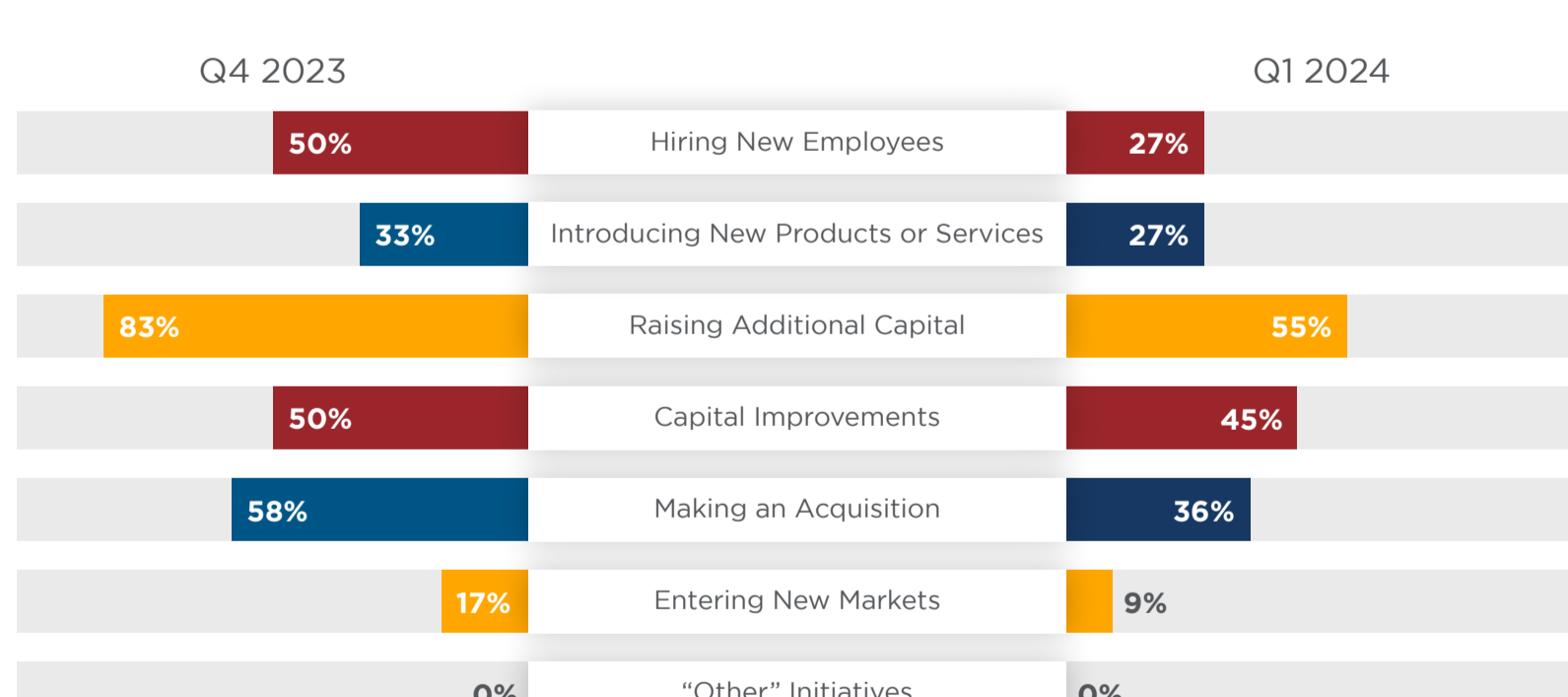
Q4 2023 | Q1 2024

4 U.S. Economic Performance Grade

Lender optimism on the U.S. economy increased slightly to 1.91 in Q1 2024 from 1.75 in Q4 2023. The majority of lenders (73%) believe the economy will perform at a "C" level during the next six months. Lenders' expectations for the economy's performance in the long term, however, increased dramatically—75% of lenders think the economy will perform at either a "B" or "C" level beyond the next six months.



5 Customers' 6-12 Month Plans



Lenders assessed potential customer actions and designated that customer plans had shifted moving into Q1 2024. 55% of customers were focused on raising additional capital, compared to 83% in Q4 2023. Additionally, customers hiring new employees decreased from 50% to 27%, while introducing new product or services decreased from 33% to 27%.

Lenders assessed their customers' growth expectations for the next six months to one year and found customers' "moderate" growth expectations decreased 19 percentage points to 64%. There was no change in the percentage of lenders that ascribed to very strong growth (0%). 27% percent of lenders ascribed to no growth, with the remaining indicating a level of strong growth.

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