

# Lending Climate

IN AMERICA

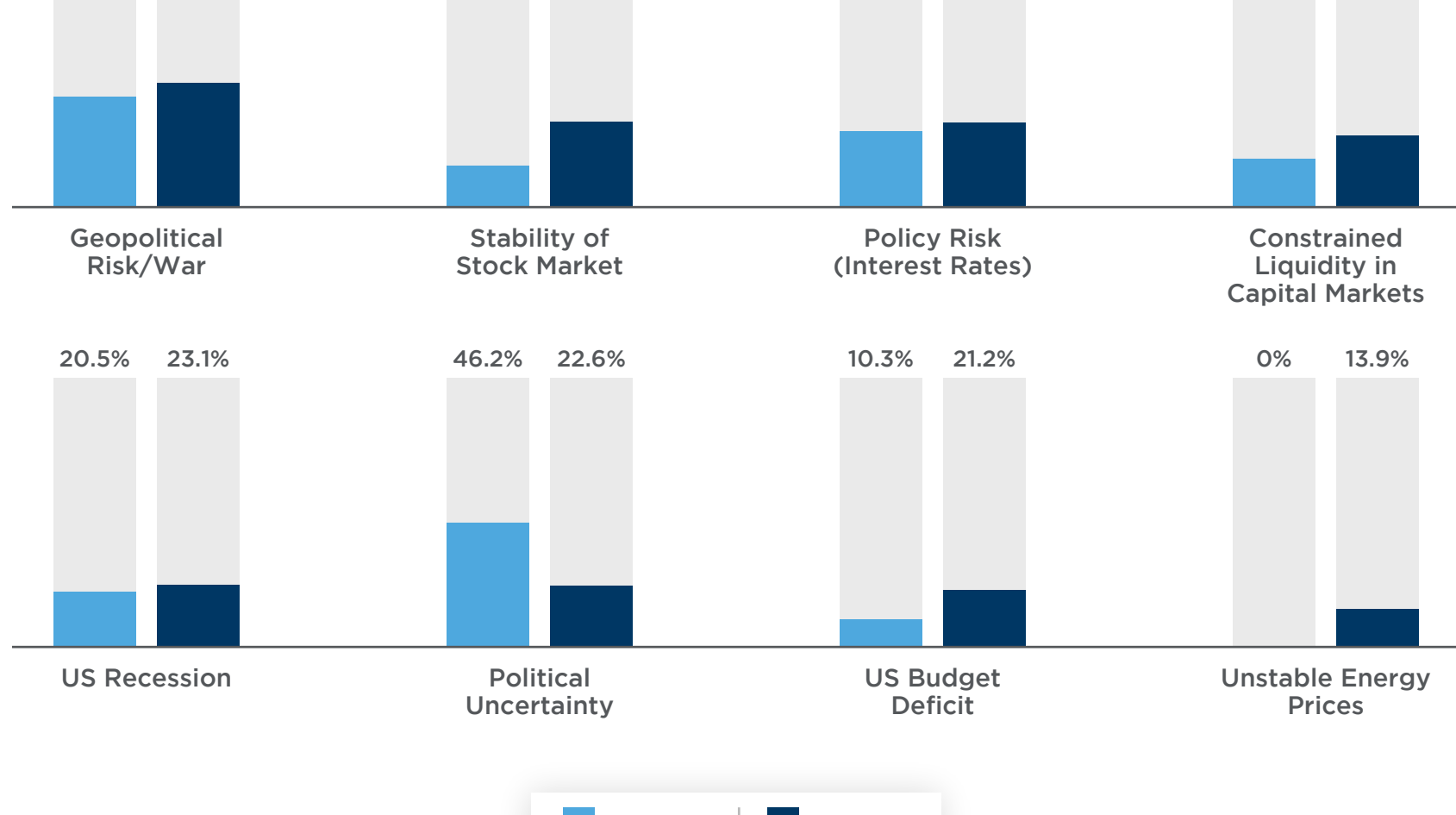
For more than 35 years, our strategic advisory experts have administered a quarterly survey to lenders from commercial banks, finance companies, credit funds, and other lending institutions to identify the latest economic issues, business drivers, and credit trends impacting lending in America.

## Top Takeaways from the First Quarter 2026

\*Survey results tabulated March 30, 2026

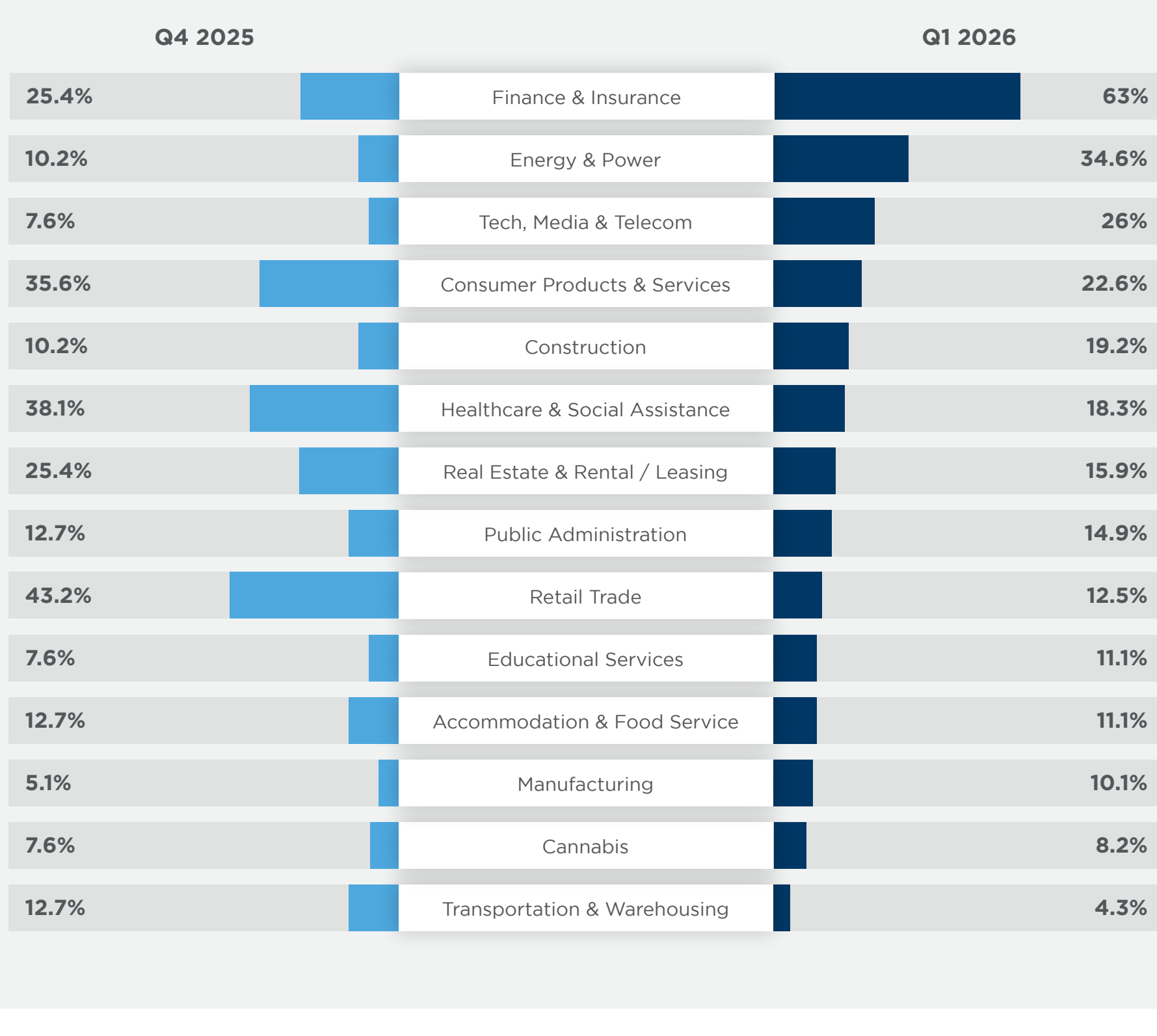
### 1 Factors Affecting Near-Term Economy

Lenders were asked which factors had the strongest potential to affect the economy in the next six months. **46.2% of respondents believe that geopolitical risk/war has the greatest potential, compared to 41% in Q4 2025.** Additionally, **geopolitical risk/war has the greatest potential, and tech, media, and telecom will experience the most volatility.** 63% of lenders in Q1 believe the finance and insurance sector will experience the most volatility, compared to 25.4% in Q4 2025.



### 2 Industries Expected to Experience the Greatest Volatility

When asked which industries are expected to experience the most volatility over the next six months (e.g., Chapter 11 filings, declining profits, M&As, etc.), **many lenders responded that finance and insurance; energy and power; and tech, media, and telecom will experience the most volatility.** 63% of lenders in Q1 believe the finance and insurance sector will experience the most volatility, compared to 25.4% in Q4 2025.



### 3 US Economic Performance Grade

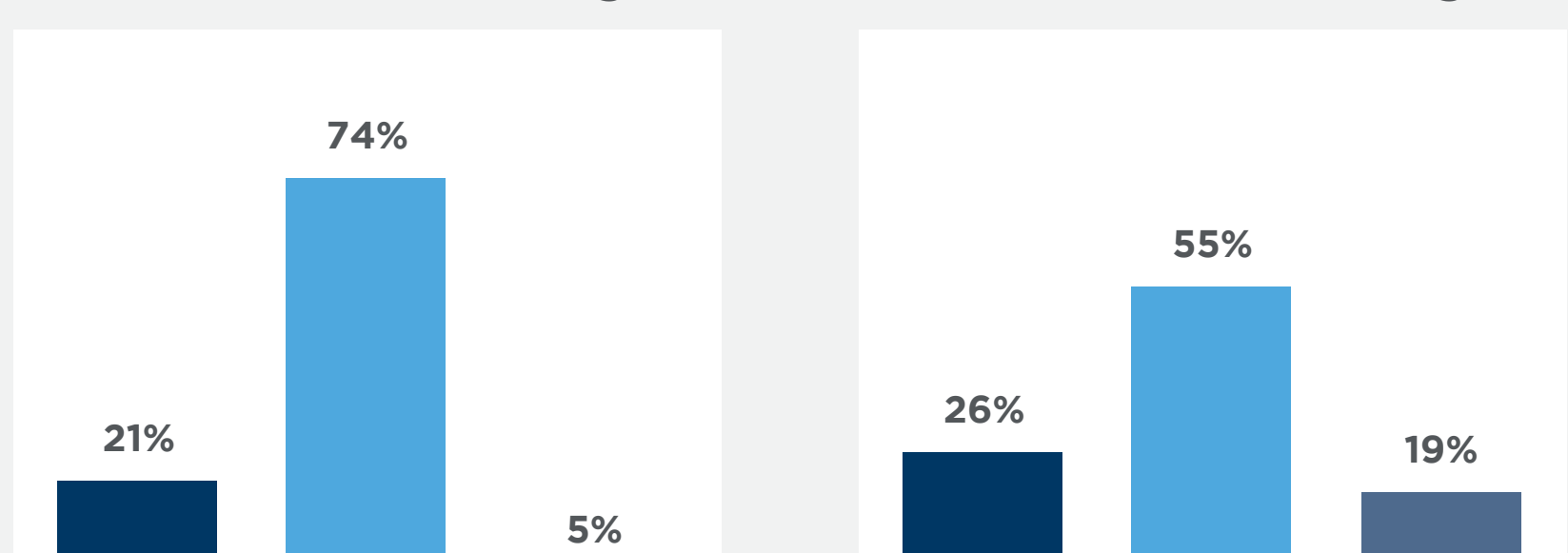
Lender optimism in the US economy in the near-term declined this quarter compared to Q4 2025. While 17.8% of lenders believe the economy will perform at an "A" level during the next six months, the majority of lenders expect a "C" level or below. Lenders' expectations for the economy's performance in the long-term were largely unchanged. Although 18.3% of lenders believe the economy will perform at an "A" level beyond the next six months, this was offset by a continued shift toward lower grades. 32.7% of lenders believe the economy will perform at a "B" level beyond the next six months, while 49% expect it to perform at a "C" level or below.



### 4 Loan Structures

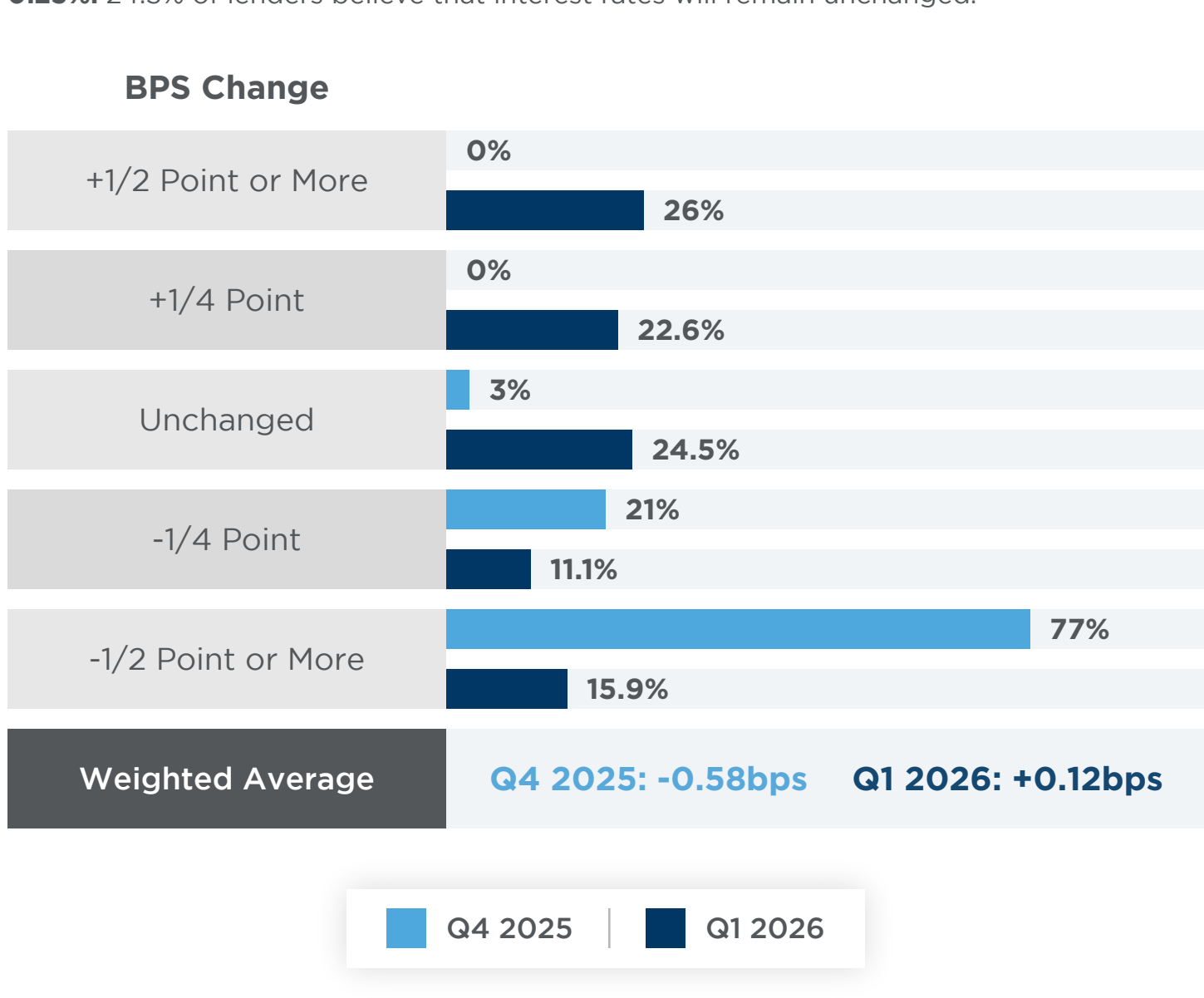
Lenders were asked whether their financial institutions planned to tighten, relax, or maintain their loan structures (collateral requirements, guarantees, advance rates, loan covenants, etc.).

**While a majority of the surveyed lenders (55%) plan to maintain their current loan structure, this still represents a decrease from 74% of respondents in Q4 2025.**



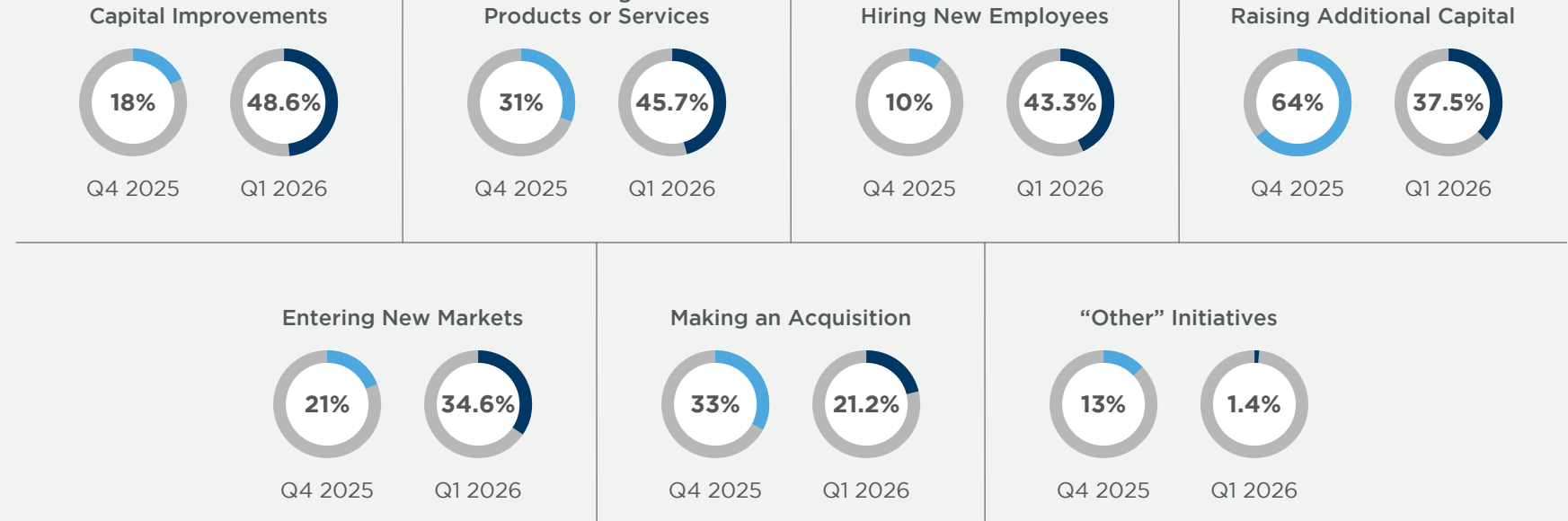
### 5 Interest Rate Expectations

Lenders were asked in what direction they thought the Fed would move interest rates and by how much in the coming six months. **In Q1 2026, 26% of respondents believe the Fed will increase interest rates by at least 0.5%, while 22.6% anticipate rates will increase by 0.25%.** 24.5% of lenders believe that interest rates will remain unchanged.



### 6 Customers' Plans in the Next 6 to 12 Months

Lenders were asked what actions they believe their customers have planned over the next six to twelve months. **48.6% of customers are focused on capital improvements, compared to 18% in Q4 2025.** Additionally, customers introducing new products or services increased from 31% to 45.7%, while hiring new employees also increased from 10% to 43.3%.



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