Lending Climate

IN AMERICA

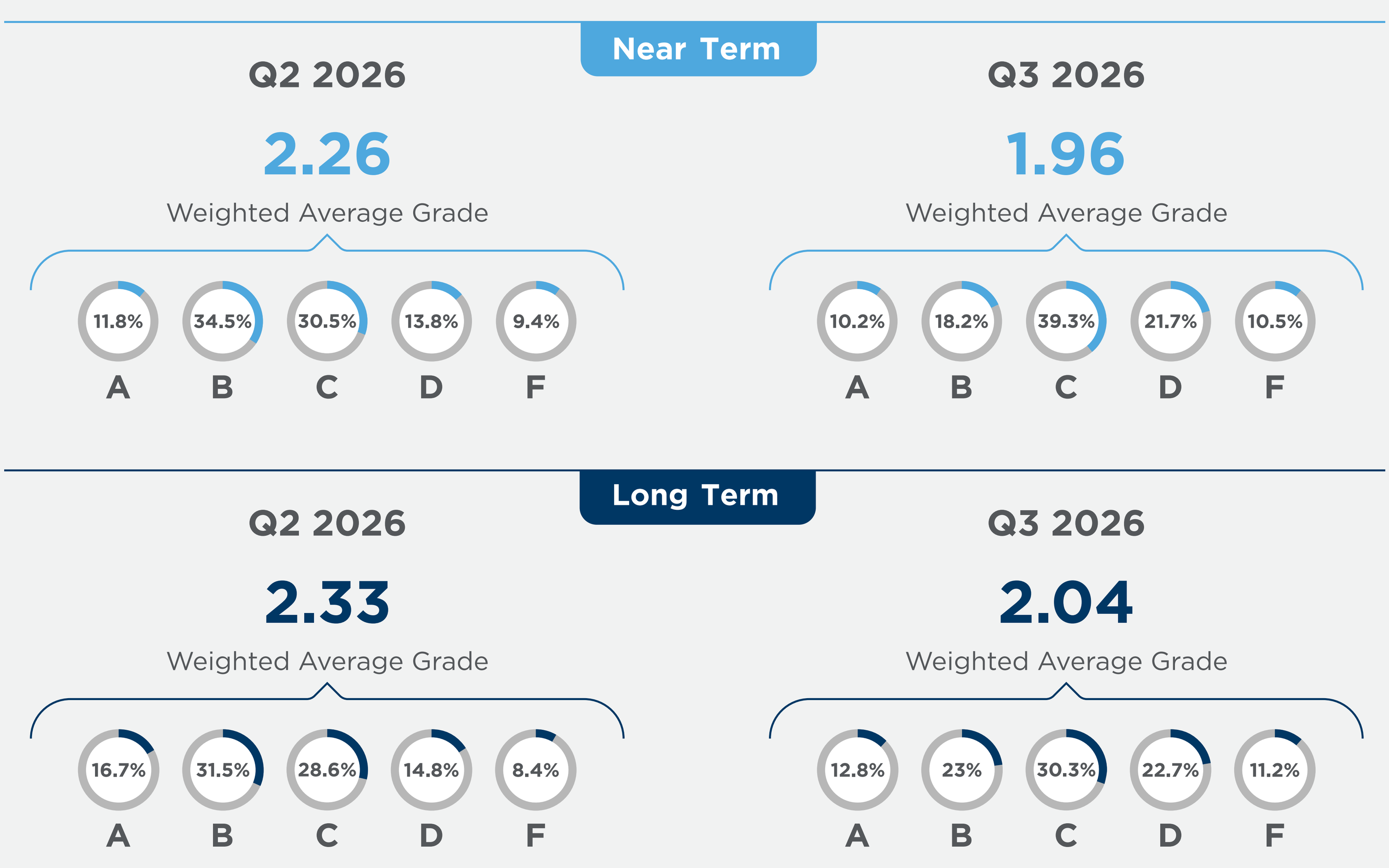
For more than 35 years, our strategic advisory experts have conducted a quarterly survey for lenders from commercial banks, finance companies, private credit funds, and other lending institutions **to identify the latest economic issues, business drivers, and credit trends impacting lending in America.**

Top Takeaways from the Third Quarter 2026

*Survey results tabulated July 27, 2026.

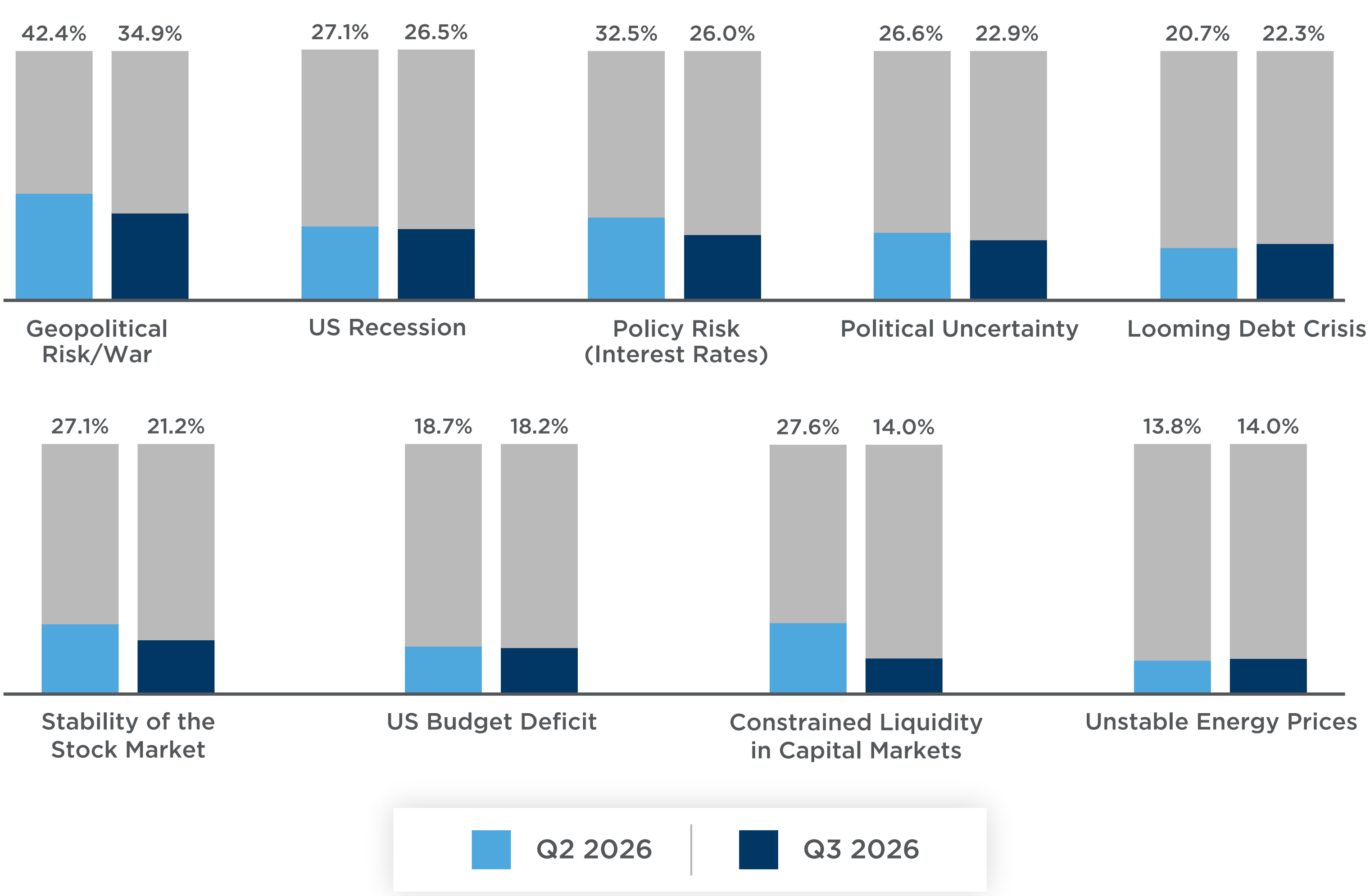
1 US Economic Performance Grade

Lender sentiment weakened in Q3 2026 as the weighted average economic performance grade declined from 2.26 to 1.96. **The results reflect a more cautious outlook for the US economy and a notable decline in optimism compared with late 2025.**



2 Factors Affecting Near-Term Economy

Concerns about geopolitical instability and war remained the leading issue, cited by 34.9% of respondents, though the percentage declined slightly from Q2 2026. The other factors that lenders are watching are the possibility of a US recession at 26.5% and policy risk (including interest rate-related concerns) at 26.0%. **The findings indicate a shift toward recession-related concerns, while risks tied to capital market liquidity, stock market stability, and political uncertainty have become less pronounced than in previous quarters.**



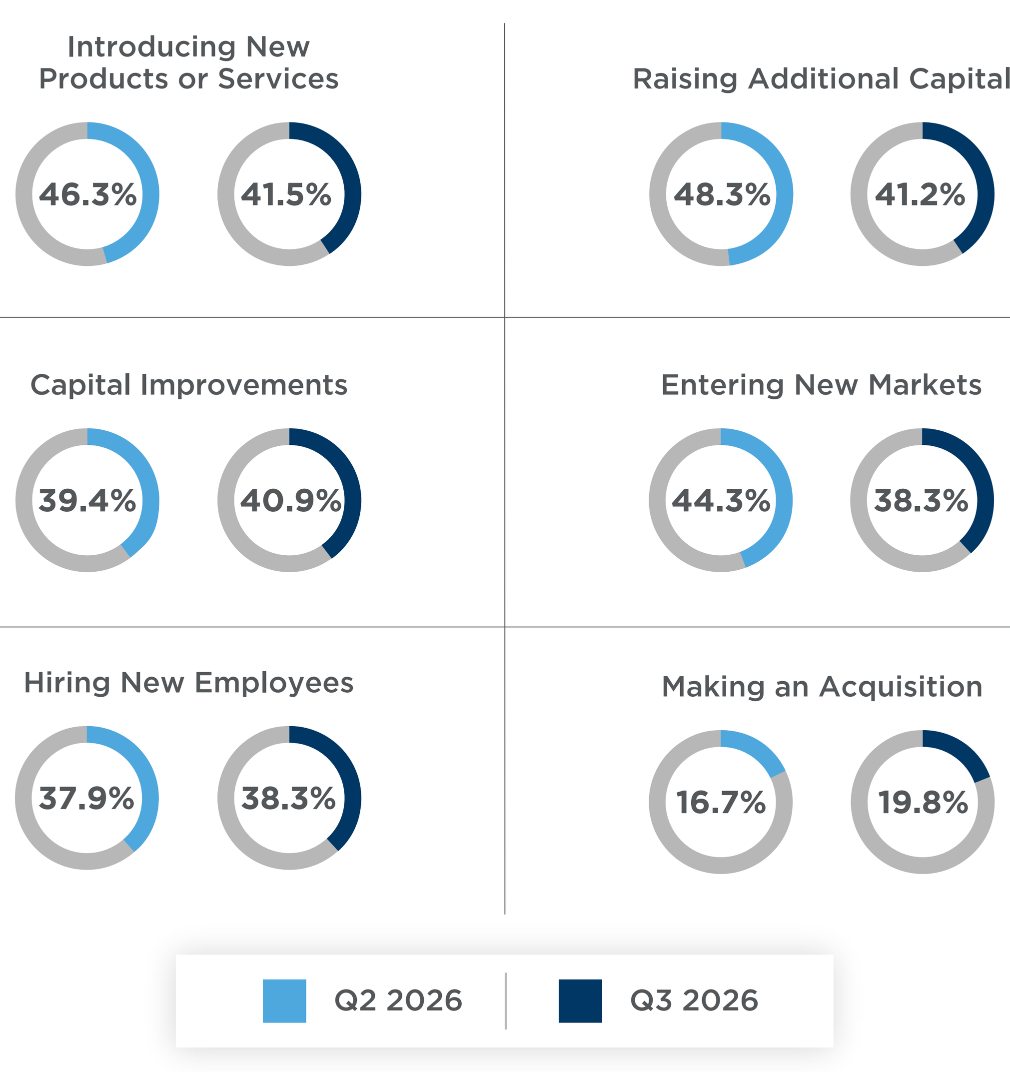
3 Industries Expected to Experience the Greatest Volatility

Financial services remained the industry most frequently cited as likely to experience the greatest volatility over the next six months at 40.3%, despite declining from 54.2% in Q2 2026. While concerns about volatility in this sector declined from Q2 2026 levels, **lenders continue to anticipate uncertainty across a broad range of industries, suggesting that perceived risks remain widespread rather than concentrated in a single sector.**

Q2 2026		Q3 2026
54.2%	Financial Services	40.3%
34.0%	Energy & Power	29.3%
26.1%	Consumer Products & Services	25.7%
22.7%	Agriculture	22.1%
17.7%	Real Estate	20.3%
14.3%	Food & Beverage	20.0%
22.2%	Healthcare	17.6%
14.8%	Education	16.1%
13.3%	Cyber	13.4%
17.7%	Government	13.1%
12.3%	Technology, Media & Telecom	13.1%
14.8%	Construction	12.8%
10.3%	Retail, Restaurant & Hospitality	12.5%
9.4%	Insurance	11.9%
14.3%	Aerospace & Aviation	10.8%
10.8%	Industrial & Manufacturing	8.7%
10.3%	Cannabis	7.8%
7.9%	Private Equity	5.4%
5.9%	Transportation Infrastructure	4.5%

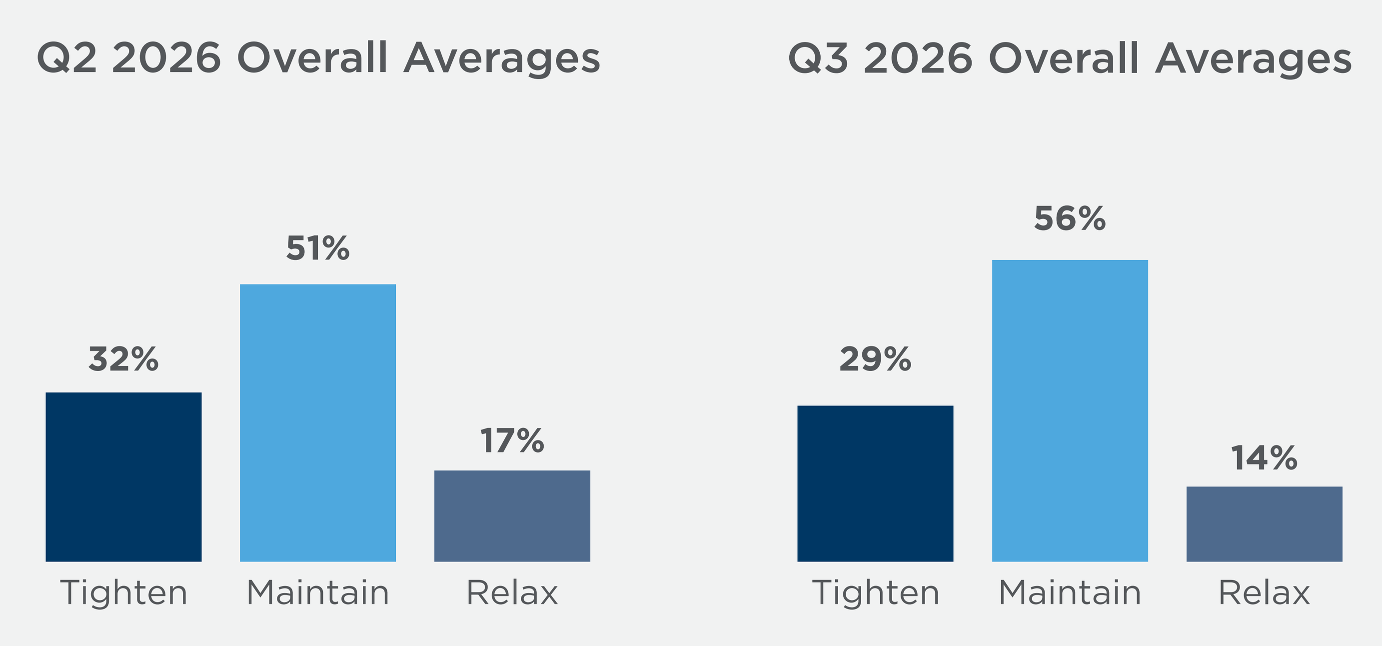
4 Customers' Plans in the Next 6 to 12 Months

Lenders expect their customers will continue to prioritize organic growth and strategic investment over acquisitions. **Introducing new products or services remained respondents' top strategic priority at 41.5%, followed by raising additional capital, investing in capital improvements, entering new markets, and hiring new employees.** These responses indicate an emphasis on operational strengthening and long-term growth rather than acquisition-driven expansion.



5 Loan Structures

Lenders were asked whether their institutions planned to tighten, relax, or maintain their existing loan structures, including collateral requirements, guarantees, advance rates, and loan covenants. While the majority (56%) of lenders expect to maintain existing structures across all loan sizes in Q3 2026, that figure remains well below the 74% reported in Q4 2025. Meanwhile, 29% of lenders expect to tighten structures, and 14% of lenders expect to relax terms. **The results suggest that lenders are adopting a more selective and risk-adjusted approach to underwriting, rather than applying a broadly uniform credit posture across their portfolios.**



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SAG has grown into a leading national provider of turnaround and restructuring expertise, spanning bankruptcy advisory, receiverships, Assignments for the Benefit of Creditors (ABC), and interim management, as well as financial advisory, operational performance improvement, investment banking, transaction support, and dispute resolution services.

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