JS|HELD

Lending Climate

IN AMERICA

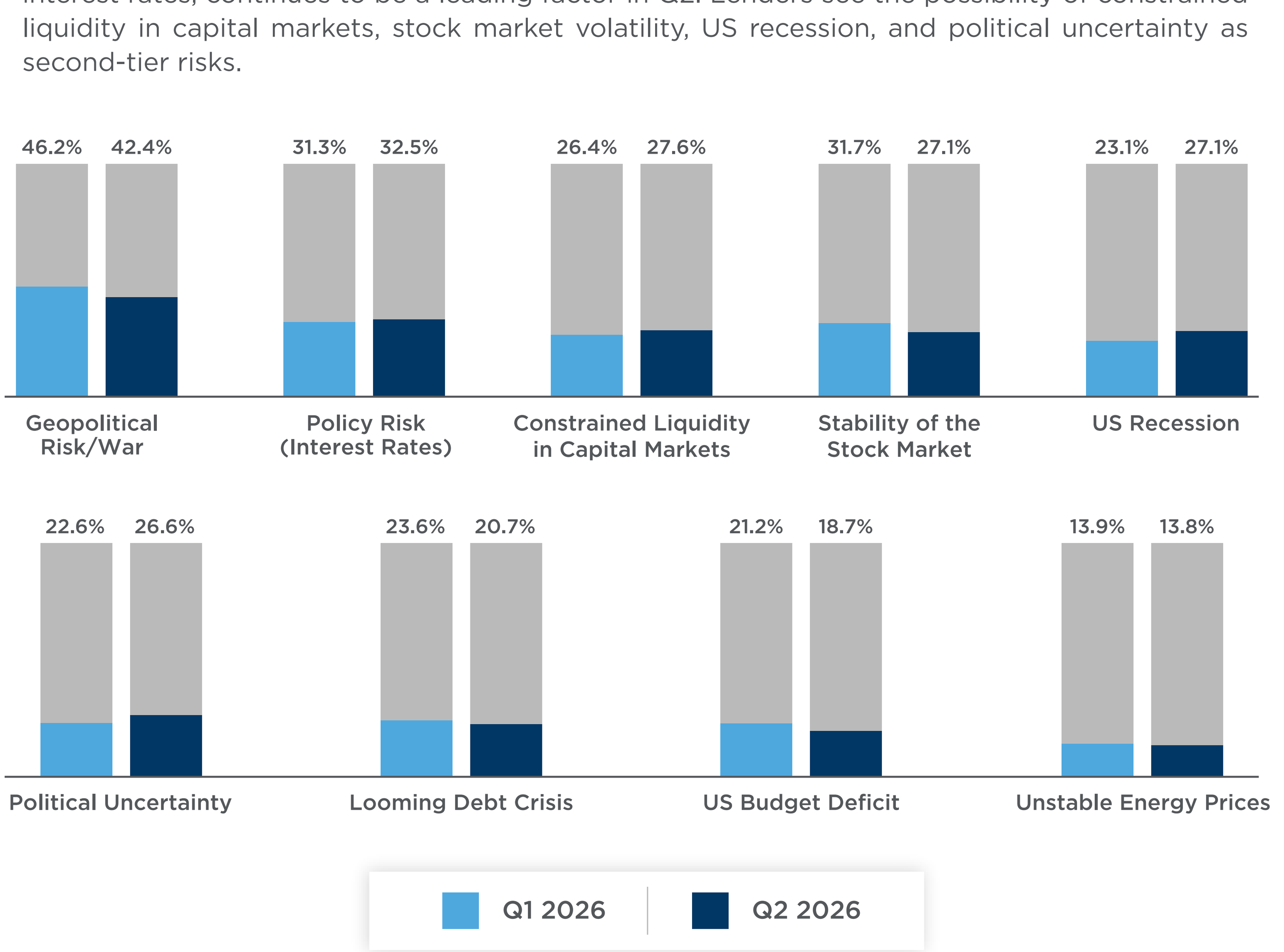
For more than 35 years, our strategic advisory experts have administered a quarterly survey to lenders from commercial banks, finance companies, credit funds, and other lending institutions **to identify the latest economic issues, business drivers, and credit trends impacting lending in America.**

Top Takeaways from the Second Quarter 2026

*Survey results tabulated May 13, 2026.

1 Factors Affecting Near-Term Economy

Lenders were asked which factors had the strongest potential to affect the US economy in the next six months. **Geopolitical risk remains the dominant factor.** Policy risk, encompassing interest rates, continues to be a leading factor in Q2. Lenders see the possibility of constrained liquidity in capital markets, stock market volatility, US recession, and political uncertainty as second-tier risks.



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&A activity), **lenders' expectations remain concentrated in the financial and energy sectors, signaling continued pressure in rate-sensitive and capital-intensive sectors.** While lenders believe the finance and insurance sector will again experience the most volatility (54.2%), that was significantly lower than in Q1 (63%).

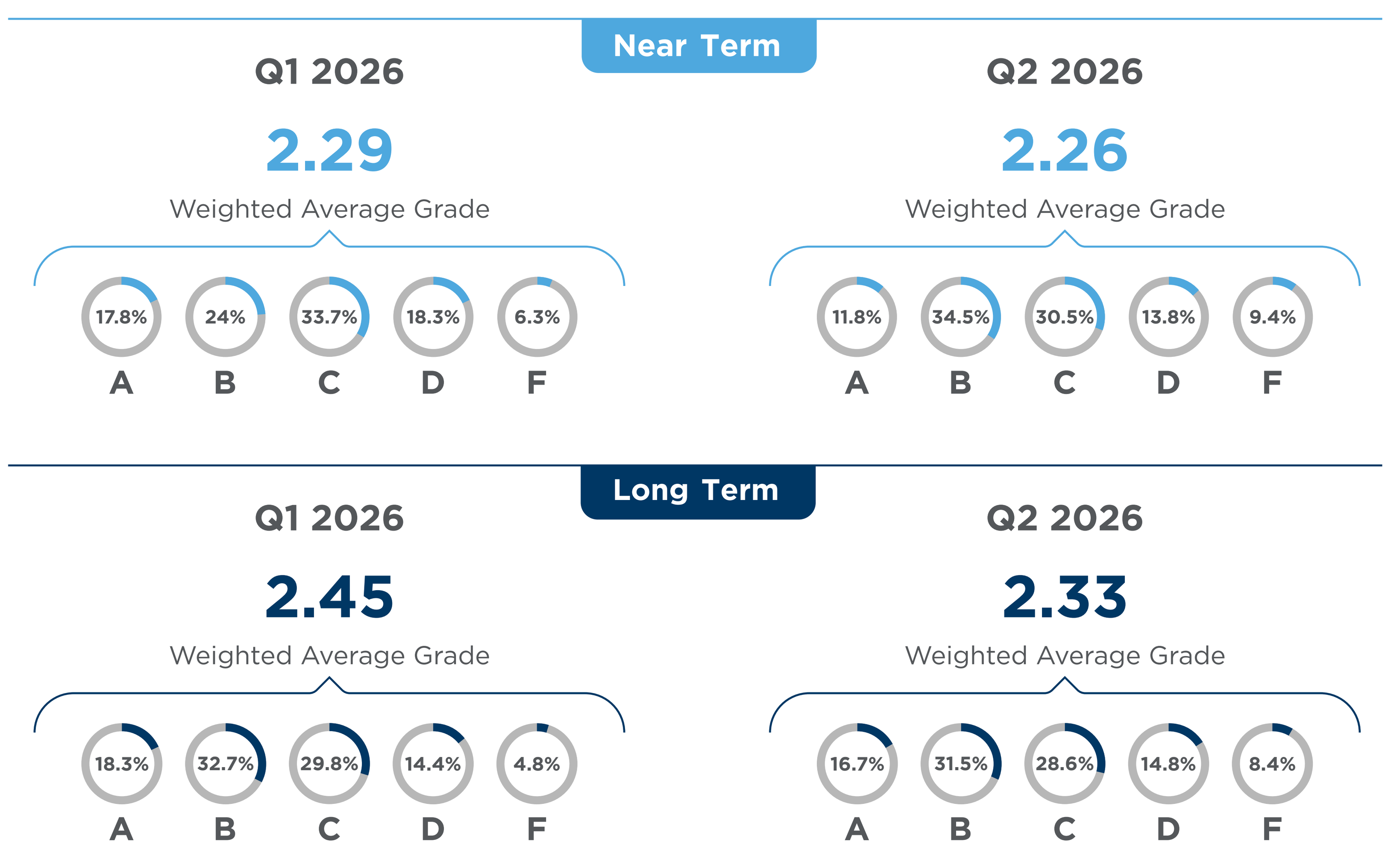
Q1 2026		Q2 2026
63%	Finance & Insurance	54.2%
34.6%	Energy & Power	34%
22.6%	Consumer Products & Services	26.1%
12.5%	Agriculture	22.7%
18.3%	Healthcare & Social Assistance	22.2%
15.9%	Real Estate & Rental / Leasing	17.7%
14.9%	Public Administration	17.7%
19.2%	Construction	14.8%
11.1%	Educational Services	14.8%
11.1%	Accommodation & Food Service	14.3%
26%	Tech, Media & Telecom	12.3%
10.1%	Manufacturing	10.8%
12.5%	Retail Trade	10.3%
8.2%	Cannabis	10.3%
4.3%	Transportation & Warehousing	5.9%

3 Customers' Plans in the Next 6 to 12 Months

Customers are shifting their focus from M&A to organic growth, with capital-raising activity rising to 48.3% in Q2 from 37.5% in Q1. Additionally, expectations about capital improvements in new projects dipped significantly to 39.4% in Q2 from 48.6% in Q1. Lenders' expectations regarding customers planning to hire new employees fell modestly in Q2 to 37.9% from 43.3% in Q1.

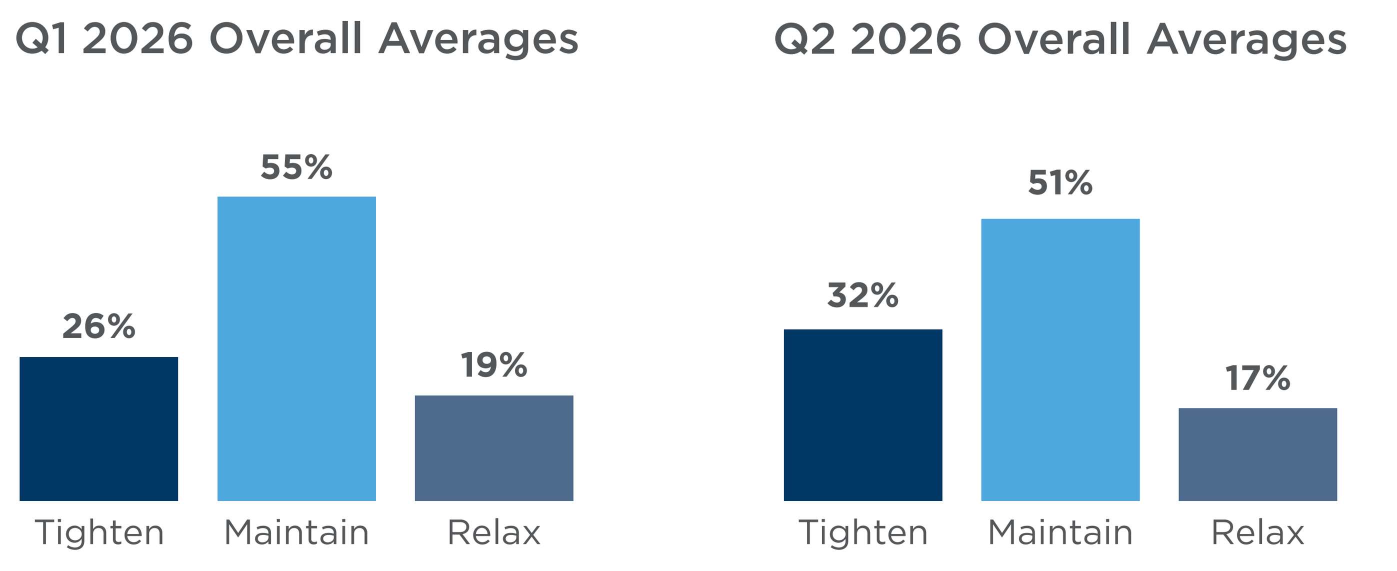
4 US Economic Performance Grade

Lender sentiment on the economy weakened into early 2026 but is showing signs of stabilization, though confidence remains below late-2025 levels. **A smaller percentage of lenders believe the economy will perform at an "A" level, dropping to 11.8% in Q2 from 17.8% in Q1. The majority of lenders expect a "B" level or below over the next six months.** Beyond the next six months, the majority of lenders expect the US economy to perform at a "B" level.



5 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.). **Although a majority of lenders surveyed plan to maintain their current loan structure (51%), this represents a continued decrease from respondents in Q1 (55%) and Q4 of 2025 (74%).** Lenders are moving away from a "maintain" stance toward a mix of tightening and selective easing, particularly in smaller loans.



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