



Lending Climate

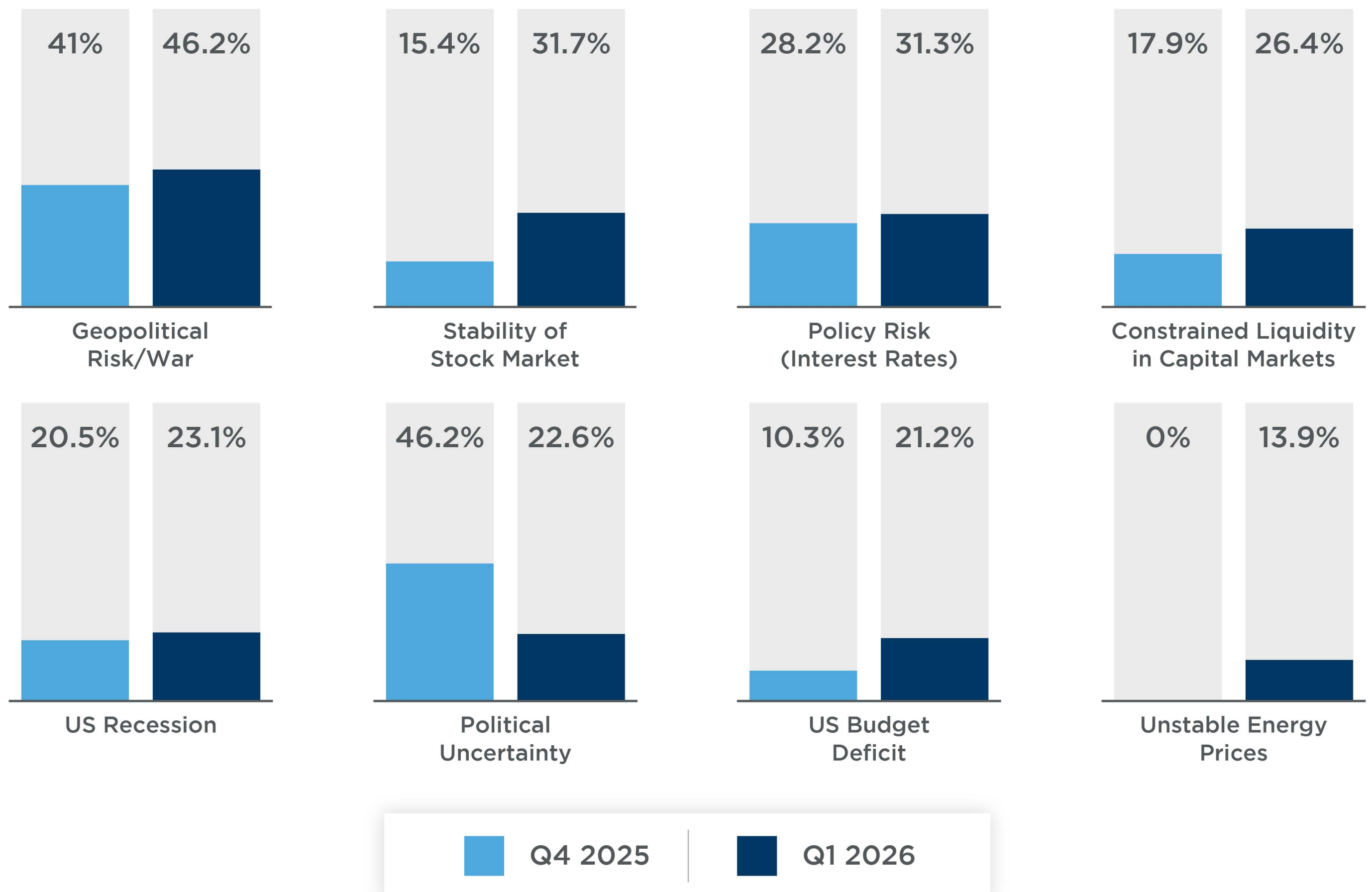
— IN AMERICA —

Top Takeaways from the First Quarter 2026

*Survey results tabulated March 30, 2026

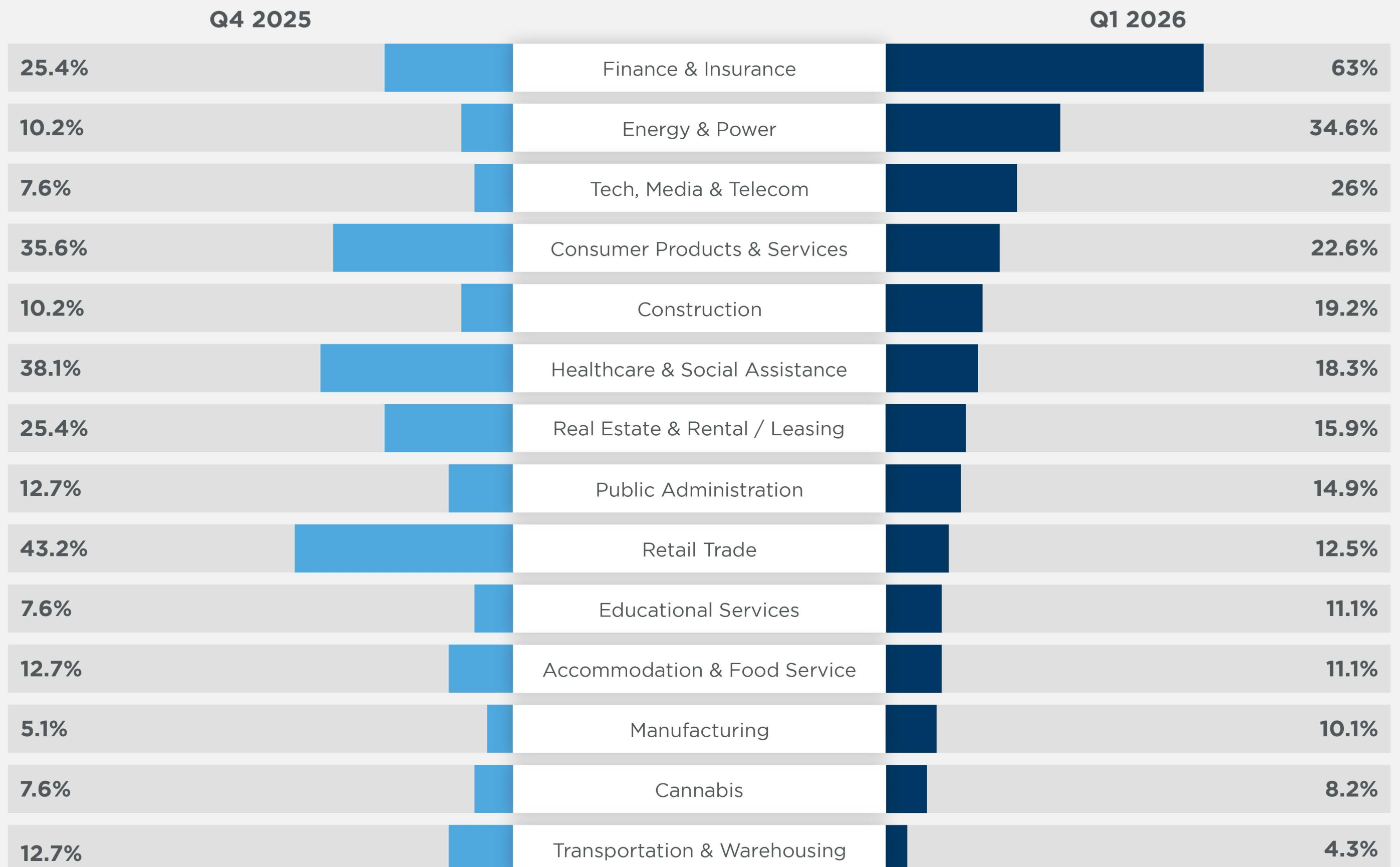
Factors Affecting Near-Term Economy

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, respondents who believed the stability of the stock market would be a major driver influencing the near-term economy increased from 15.4% in Q4 2025 to 31.7% in Q1.



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.



US Economic Performance Grade

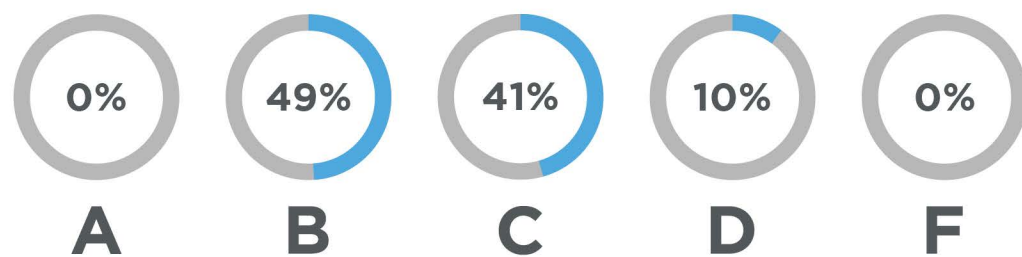
Lender optimism in the US economy in the near-term declined this quarter compared to Q4 2025. **While 17.8% of lenders believe the economy will perform at an “A” level during the next six months, the majority of lenders expect a “C” level or below.** Lenders’ expectations for the economy’s performance 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.**

Near-Term

Q4 2025

2.38

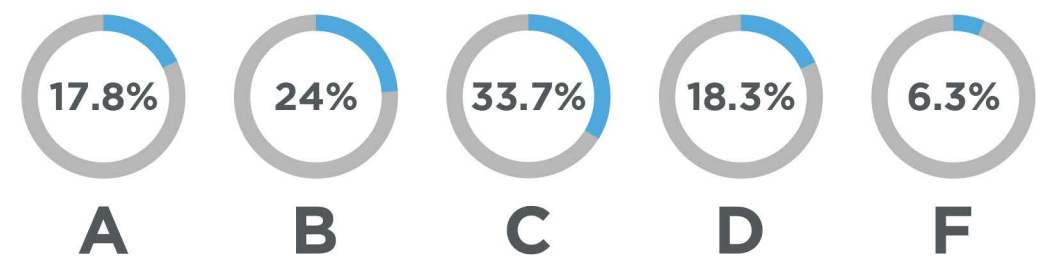
Weighted Average Grade



Q1 2026

2.29

Weighted Average Grade

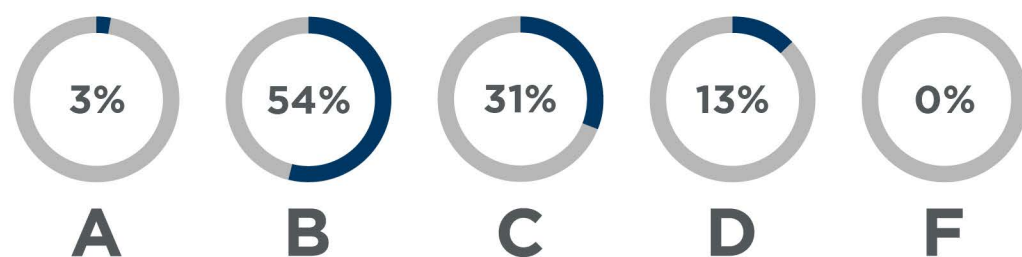


Long-Term

Q4 2025

2.46

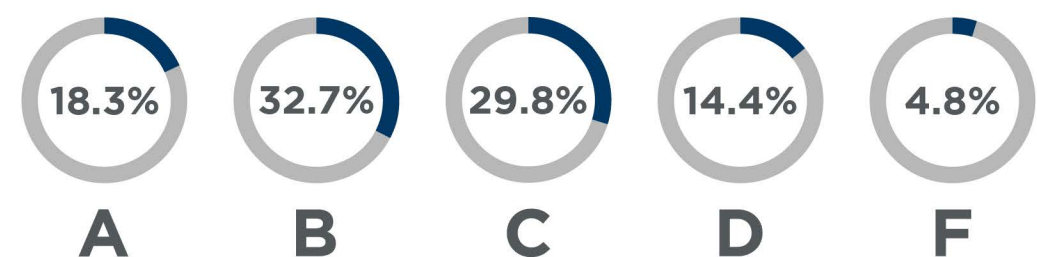
Weighted Average Grade



Q1 2026

2.45

Weighted Average Grade

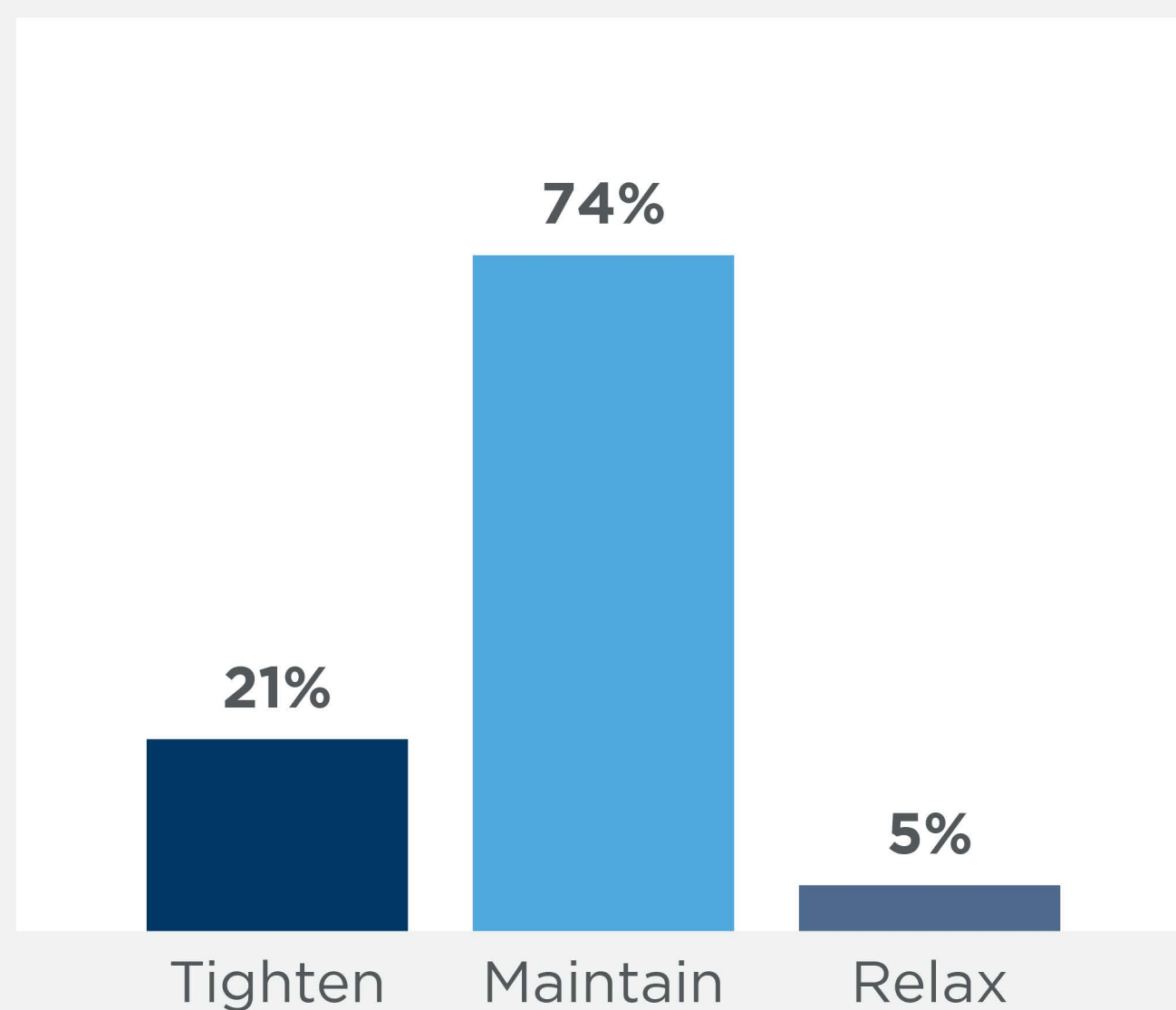


4 Loan Structures

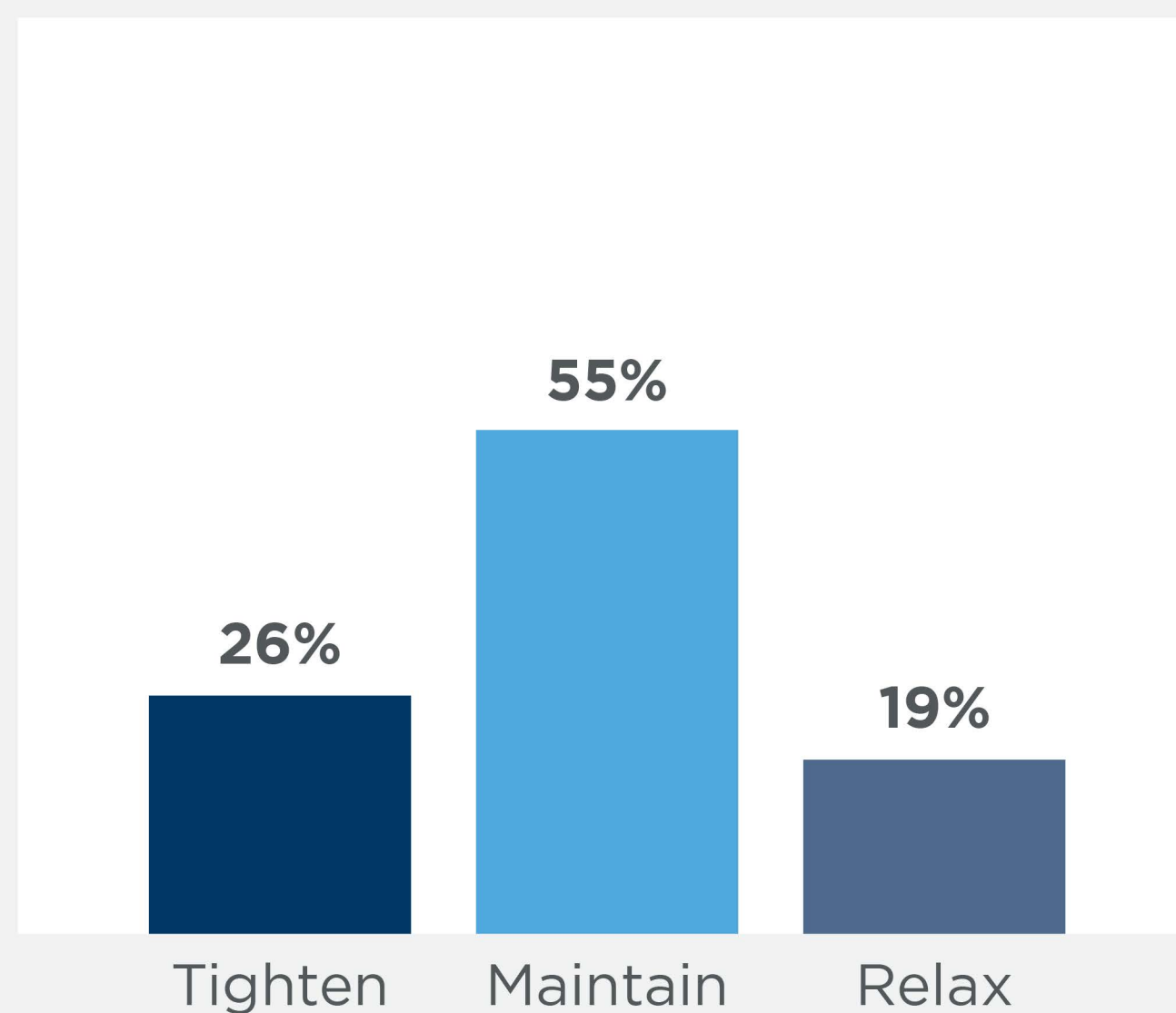
Lenders were asked whether their financial institutions planned to tighten, relax, or maintain their loan structures (collateral requirements, guarantees, advance rates, loan covenants, etc.).

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.

Q4 2025 Overall Averages

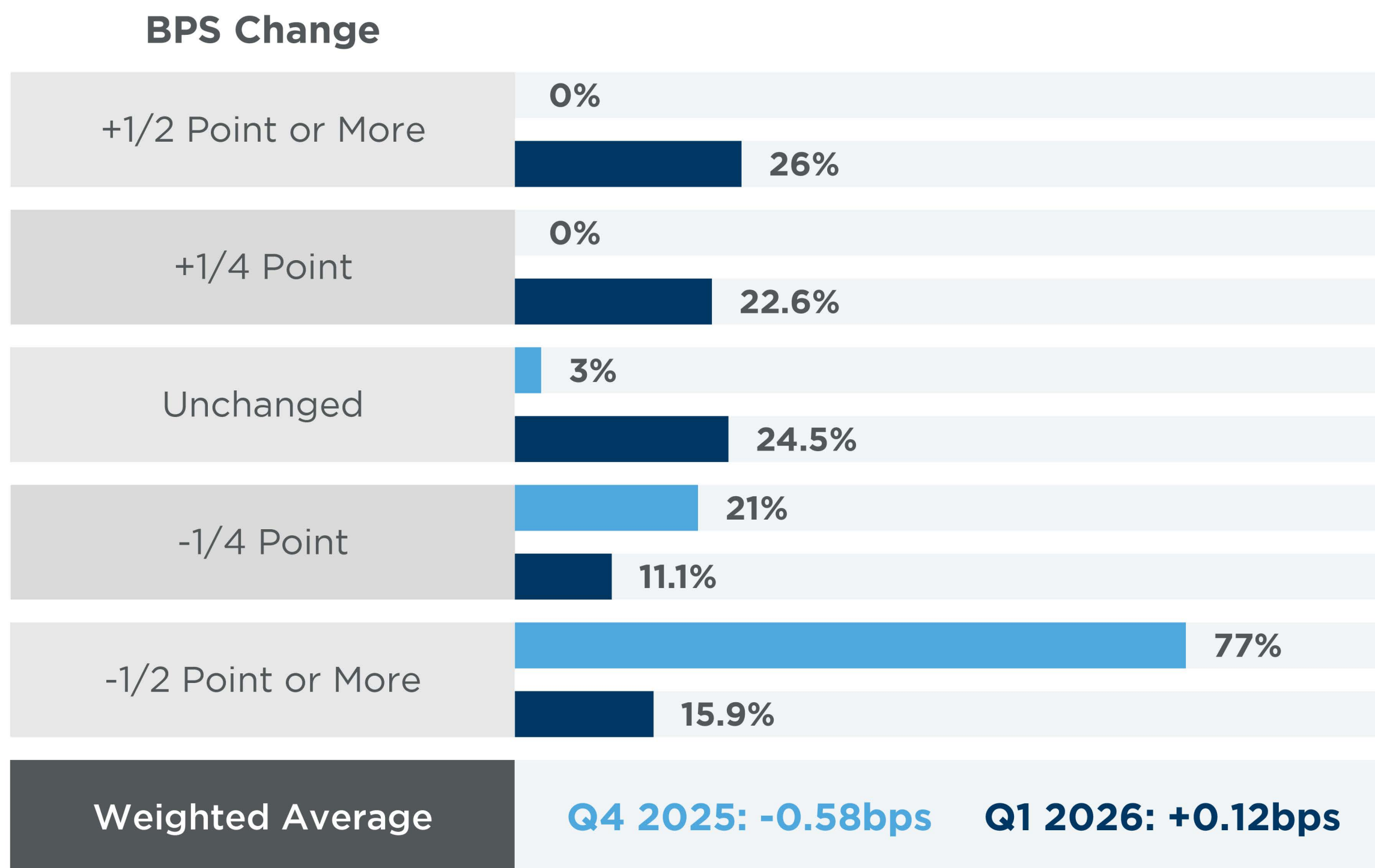


Q1 2026 Overall Averages



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, 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.



Q4 2025

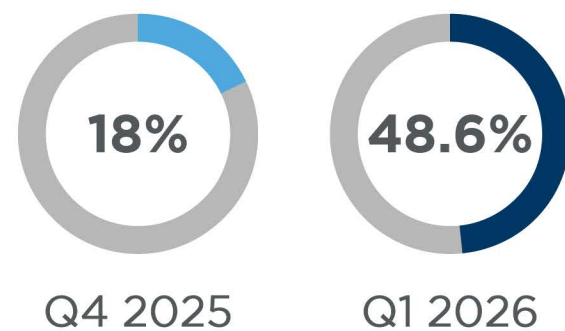


Q1 2026

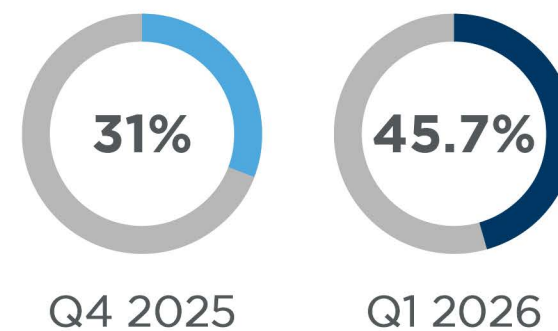
Customers' Plans in the Next 6 to 12 Months

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%.

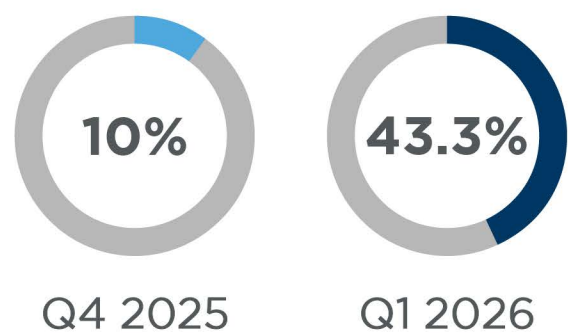
Capital Improvements



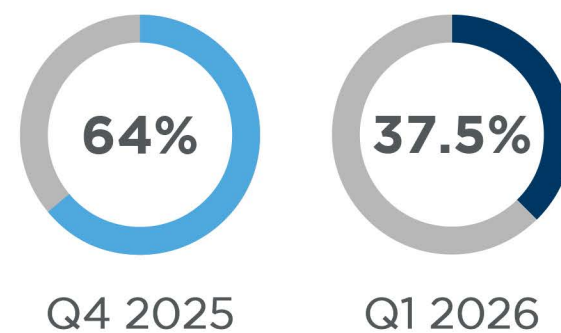
Introducing New Products or Services



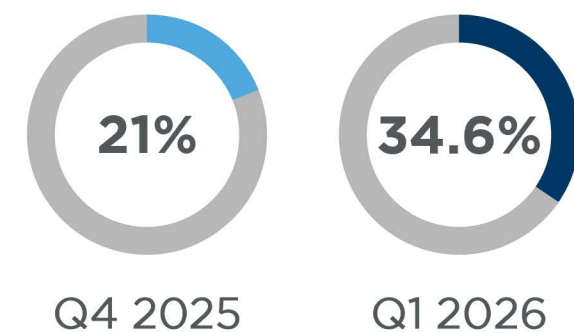
Hiring New Employees



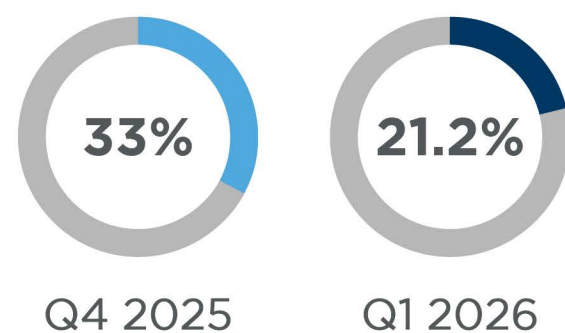
Raising Additional Capital



Entering New Markets



Making an Acquisition



"Other" Initiatives

