CEREBRO CAPITAL

Cerebro Capital Non-Bank Lending Quarterly Survey

Cerebro Capital fielded surveys in October 2020 and January 2021 to non-bank lenders that are part of Cerebro's lender network. Cerebro questions focused only on Middle-Market C&I loans and were compared to Federal Reserve Senior Loan Officer Survey responses for large and mid-size businesses. Comparison questions from the Federal Reserve survey are included below each table where there was an equivalent question asked of commercial banks.

Data for Commercial Banks was sourced from:
Federal Reserve Senior Loan Officer Survey October 2020; Table 1
Federal Reserve Senior Loan Officer Survey Jan 2021; Table 1

Cerebro Survey Questions:

1. **Looking back over the past three months, how have your lending institution's credit standards changed for C&I loans?**

	Federal Reserve 3Q20 Commercial Banks (n=69)	**Cerebro 3Q20 Non-Banks (n=77)**	**Federal Reserve 4Q20 Commercial Banks (n=73)**	**Cerebro 4Q20 Non-Banks (n=64)**
Tightened considerably	0%	7.79%	0%	3.13%
Tightened somewhat	40.6%	41.56%	17.8%	17.19%
Remained basically unchanged	56.5%	45.45%	69.9%	57.81%
Eased somewhat	2.9%	5.19%	12.3%	20.31%
Eased considerably	0%	0.00%	0%	1.56%

Corresponding Federal Reserve Question
Over the past three months, how have your bank's credit standards for approving applications for C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—to large and middle-market firms and to small firms changed?

1a. Because your lending institution has tightened its credit standards for C&I loans over the past three months, how important have the following possible reasons been for the change?

Deterioration in your lending institution's current or expected capital position

	Federal Reserve 3Q20 Commercial Banks (n=42)	**Cerebro 3Q20** Non-Banks (n=34)	**Federal Reserve 4Q20** Commercial Banks (n=31)	**Cerebro 4Q20** Non-Banks (n=11)
Not Important	73.8%	64.71%	83.9%	72.73%
Somewhat Important	23.8%	23.53%	12.9%	27.27%
Very Important	2.4%	11.76%	3.2%	0%

Less favorable or more uncertain economic outlook

	Federal Reserve 3Q20 Commercial Banks (n=46)	**Cerebro 3Q20** Non-Banks (n=34)	**Federal Reserve 4Q20** Commercial Banks (n=29)	**Cerebro 4Q20** Non-Banks (n=11)
Not Important	8.7%	5.88%	3.4%	9.09%
Somewhat Important	28.3%	44.12.%	41.4%	63.64%
Very Important	63%	50%	55.2%	27.27%

Worsening of industry-specific problems

	Federal Reserve 3Q20 Commercial Banks (n=31)	**Cerebro 3Q20** Non-Banks (n=16)	**Federal Reserve 4Q20** Commercial Banks (n=17)	**Cerebro 4Q20** Non-Banks (n=6)
Not Important	4.4%	0%	20.7%	9.09%
Somewhat Important	26.7%	52.94%	20.7%	36.36%
Very Important	68.9%	47.06%	58.6%	54.55%

Less aggressive competition from other lenders (other financial intermediaries or the capital markets)

	Federal Reserve 3Q20 Commercial Banks (n=45)	**Cerebro 3Q20** Non-Banks (n=34)	**Federal Reserve 4Q20** Commercial Banks (n=31)	**Cerebro 4Q20** Non-Banks (n=11)
Not Important	73.3%	47.06%	67.7%	36.36%
Somewhat Important	24.4%	47.06%	29%	45.45%
Very Important	2.2%	5.88%	3.2%	18.18%

Reduced tolerance for risk

	Federal Reserve 3Q20 Commercial Banks (n=45)	**Cerebro 3Q20 Non-Banks (n=34)**	**Federal Reserve 4Q20 Commercial Banks (n=31)**	**Cerebro 4Q20 Non-Banks (n=11)**
Not Important	31.1%	17.65%	35.5%	9.09%
Somewhat Important	55.6%	67.65%	61.3%	72.73%
Very Important	13.3%	14.71%	3.2%	18.18%

Decreased liquidity in the secondary market for these loans

	Federal Reserve 3Q20 Commercial Banks (n=45)	**Cerebro 3Q20 Non-Banks (n=34)**	**Federal Reserve 4Q20 Commercial Banks (n=31)**	**Cerebro 4Q20 Non-Banks (n=11)**
Not Important	82.2%	76.47%	74.2%	81.82%
Somewhat Important	15.6%	20.59%	22.6%	18.18%
Very Important	2.2%	2.94%	3.2%	0%

Deterioration in your lending institution's current or expected liquidity position

	Federal Reserve 3Q20 Commercial Banks (n=44)	**Cerebro 3Q20 Non-Banks (n=34)**	**Federal Reserve 4Q20 Commercial Banks (n=30)**	**Cerebro 4Q20 Non-Banks (n=11)**
Not Important	88.6%	70.59%	93.3%	90.91%
Somewhat Important	11.4%	17.65%	3.3%	9.09%
Very Important	0%	11.76%	3.3%	0%

Increased concerns about the effects of legislative changes, supervisory actions, or changes in accounting standards

	Federal Reserve 3Q20 Commercial Banks (n=45)	**Cerebro 3Q20 Non-Banks (n=34)**	**Federal Reserve 4Q20 Commercial Banks (n=31)**	**Cerebro 4Q20 Non-Banks (n=11)**
Not Important	71.1%	38.24%	58.1%	45.45%
Somewhat Important	22.2%	52.94%	35.5%	45.45%
Very Important	6.7%	8.882%	6.5%	9.09%

Corresponding Federal Reserve Question
If your bank has tightened or eased its credit standards or its terms for C&I loans or credit lines over the past three months (as described in questions 1 and 2), how important have been the following possible reasons for the change?
A. Possible reasons for tightening credit standards or loan terms

1b. Because your lending institution has eased its credit standards for C&I loans over the past three months, how important have the following possible reasons been for the change?

Improvement in your lending institution's current or expected capital position

	Federal Reserve 3Q20 Commercial Banks (n=16)	Cerebro 3Q20 Non-Banks (n=4)	Federal Reserve 4Q20 Commercial Banks (n=17)	Cerebro 4Q20 Non-Banks (n=14)
Not Important	14	1	13	7
Somewhat Important	2	2	4	5
Very Important	0	1	0	2

More favorable or less uncertain economic outlook

	Federal Reserve 3Q20 Commercial Banks (n=16)	Cerebro 3Q20 Non-Banks (n=4)	Federal Reserve 4Q20 Commercial Banks (n=18)	Cerebro 4Q20 Non-Banks (n=14)
Not Important	10	0	3	0
Somewhat Important	4	2	9	10
Very Important	2	2	6	4

Improvement in industry-specific problems

	Federal Reserve 3Q20 Commercial Banks (n=14)	Cerebro 3Q20 Non-Banks (n=4)	Federal Reserve 4Q20 Commercial Banks (n=16)	Cerebro 4Q20 Non-Banks (n=14)
Not Important	9	0	9	3
Somewhat Important	4	3	5	8
Very Important	1	1	2	3

More aggressive competition from other lenders (other financial intermediaries or the capital markets)

	Federal Reserve 3Q20 Commercial Banks (n=16)	Cerebro 3Q20 Non-Banks (n=4)	Federal Reserve 4Q20 Commercial Banks (n=18)	Cerebro 4Q20 Non-Banks (n=14)
Not Important	4	0	5	4
Somewhat Important	7	1	8	5
Very Important	5	3	5	5

Increased tolerance for risk

	Federal Reserve 3Q20 Commercial Banks (n=16)	**Cerebro 3Q20** Non-Banks (n=4)	**Federal Reserve 4Q20** Commercial Banks (n=17)	**Cerebro 4Q20** Non-Banks (n=14)
Not Important	14	2	16	1
Somewhat Important	2	2	1	9
Very Important	0	0	0	4

Increased liquidity in the secondary market for these loans

	Federal Reserve 3Q20 Commercial Banks (n=16)	**Cerebro 3Q20** Non-Banks (n=4)	**Federal Reserve 4Q20** Commercial Banks (n=17)	**Cerebro 4Q20** Non-Banks (n=14)
Not Important	12	2	10	11
Somewhat Important	4	2	7	3
Very Important	0	0	0	0

Improvement in your lending institution's current or expected liquidity position

	Federal Reserve 3Q20 Commercial Banks (n=15)	**Cerebro 3Q20** Non-Banks (n=4)	**Federal Reserve 4Q20** Commercial Banks (n=17)	**Cerebro 4Q20** Non-Banks (n=14)
Not Important	12	0	12	6
Somewhat Important	3	3	4	6
Very Important	0	1	1	2

Reduced concerns about the effects of legislative changes, supervisory actions, or changes in accounting standards

	Federal Reserve 3Q20 Commercial Banks (n=16)	**Cerebro 3Q20** Non-Banks (n=4)	**Federal Reserve 4Q20** Commercial Banks (n=16)	**Cerebro 4Q20** Non-Banks (n=14)
Not Important	15	2	13	8
Somewhat Important	1	1	3	5
Very Important	0	1	0	1

Corresponding Federal Reserve Question
If your bank has tightened or eased its credit standards or its terms for C&I loans or credit lines over the past three months (as described in questions 1 and 2), how important have been the following possible reasons for the change?
B. Possible reasons for easing credit standards or loan terms:

2. (Q3 Non-Bank Lending Survey) Looking back over the past three months, how has demand for draws on existing C&I term loan commitments and/or draws on (existing) lines of credit changed?

	Federal Reserve 3Q20 Commercial Banks (n=68)	Cerebro 3Q20 Non-Banks (n=71)	Federal Reserve 4Q20 Commercial Banks (n=72)	DID NOT ASK THE SAME QUESTION IN Q4 NON-BANK SURVEY
Substantially stronger	2.9%	11.27%	1.4%	
Moderately stronger	14.7%	23.94%	26.4%	
About the same	29.4%	46.48%	33.3%	
Moderately weaker	48.5%	12.68%	37.5%	
Substantially weaker	4.4%	5.3%	1.4%	

Corresponding Federal Reserve Question
Apart from normal seasonal variation, how has demand for C&I loans changed over the past three months? (Please consider only funds actually disbursed as opposed to requests for new or increased lines of credit.)

2. (Q4 Non-Bank Lending Survey) Looking back over the past three months, how has the number of inquiries from potential corporate borrowers regarding the availability and terms of new credit lines or increases in existing lines changed?

	Federal Reserve 4Q20 Commercial Banks (n=72)	Cerebro 4Q20 Non-Banks (n=61)
The number of inquiries has increased substantially	0%	14.75%
The number of inquiries has increased moderately	26.4%	55.74%
The number of inquiries has stayed about the same	43.1%	21.31%
The number of inquiries has decreased moderately	29.2%	6.56%
The number of inquiries has decreased substantially	1.4%	1.64%

Corresponding Federal Reserve Question
At your bank, apart from seasonal variation, how has the number of inquiries from potential business borrowers regarding the availability and terms of new credit lines or increases in existing lines changed over the past three months? (Please consider only inquiries for additional or increased C&I lines as opposed to the refinancing of existing loans.)

2a. If demand for C&I loans has strengthened over the past three months, how important have the following possible reasons been for the change?

Customer inventory financing needs increased

	Federal Reserve 3Q20 Commercial Banks (n=15)	Cerebro 3Q20 Non-Banks (n=25)	Federal Reserve 4Q20 Commercial Banks (n=19)	Cerebro 4Q20 Non-Banks (n=43)
Not Important	73.3%	28%	63.2%	37.21%
Somewhat Important	20%	64%	36.8%	46.51%
Very Important	6.7%	8%	0%	16.28%

Customer accounts receivable financing needs increased

	Federal Reserve 3Q20 Commercial Banks (n=15)	Cerebro 3Q20 Non-Banks (n=25)	Federal Reserve 4Q20 Commercial Banks (n=19)	Cerebro 4Q20 Non-Banks (n=43)
Not Important	73.3%	36%	68.4%	39.53%
Somewhat Important	20%	40%	21.1%	44.19%
Very Important	6.7%	24%	10.5%	16.28%

Customer investment in plant or equipment increased

	Federal Reserve 3Q20 Commercial Banks (n=15)	Cerebro 3Q20 Non-Banks (n=25)	Federal Reserve 4Q20 Commercial Banks (n=19)	Cerebro 4Q20 Non-Banks (n=43)
Not Important	73.3%	72%	57.9%	51.16%
Somewhat Important	26.7%	20%	36.8%	34.88%
Very Important	0%	8%	5.3%	13.95%

Customer internally generated funds decreased

	Federal Reserve 3Q20 Commercial Banks (n=15)	Cerebro 3Q20 Non-Banks (n=25)	Federal Reserve 4Q20 Commercial Banks (n=19)	Cerebro 4Q20 Non-Banks (n=43)
Not Important	46.7%	32%	57.9%	30.23%
Somewhat Important	40%	28%	42.1%	46.51%
Very Important	13.3%	40%	0%	23.26%

Customer merger or acquisition financing needs increased

	Federal Reserve 3Q20 Commercial Banks (n=15)	**Cerebro 3Q20** Non-Banks (n=25)	**Federal Reserve 4Q20** Commercial Banks (n=19)	**Cerebro 4Q20** Non-Banks (n=43)
Not Important	46.7%	52%	21.1%	27.91%
Somewhat Important	33.3%	32%	47.4%	37.21%
Very Important	20%	16%	31.6%	34.88%

Customer borrowing shifted to your lending institution from other lender sources because these other sources became less attractive

	Federal Reserve 3Q20 Commercial Banks (n=15)	**Cerebro 3Q20** Non-Banks (n=25)	**Federal Reserve 4Q20** Commercial Banks (n=19)	**Cerebro 4Q20** Non-Banks (n=43)
Not Important	60%	20%	47.4%	20.93%
Somewhat Important	33.3%	40%	36.8%	44.19%
Very Important	6.7%	40%	15.8%	34.88%

Customer precautionary demand for cash and liquidity increased

	Federal Reserve 3Q20 Commercial Banks (n=15)	**Cerebro 3Q20** Non-Banks (n=25)	**Federal Reserve 4Q20** Commercial Banks (n=18)	**Cerebro 4Q20** Non-Banks (n=43)
Not Important	33.3%	20%	83.3%	18.60%
Somewhat Important	60%	28%	16.7%	55.81%
Very Important	6.7%	52%	0%	25.58%

Corresponding Federal Reserve Question
If demand for C&I loans has strengthened or weakened over the past three months (as described in question 4), how important have been the following possible reasons for the change?

A. If stronger loan demand (answer 1 or 2 to question 4A or 4B), possible reasons

2b. If demand for C&I loans has weakened over the past three months, how important have the following possible reasons been for the change?

Customer inventory financing needs decreased

	Federal Reserve 3Q20 Commercial Banks (n=39)	**Cerebro 3Q20** Non-Banks (n=12)	**Federal Reserve 4Q20** Commercial Banks (n=15)	**Cerebro 4Q20** Non-Banks (n=5)
Not Important	30.8%	41.67%	33.3%	60%
Somewhat Important	48.7%	41.67%	51.9%	20%
Very Important	20.5%	16.67%	14.8%	20%

Customer accounts receivable financing needs decreased

	Federal Reserve 3Q20 Commercial Banks (n=38)	**Cerebro 3Q20** Non-Banks (n=12)	**Federal Reserve 4Q20** Commercial Banks (n=27)	**Cerebro 4Q20** Non-Banks (n=5)
Not Important	36.8%	8.33%	37%	40%
Somewhat Important	42.1%	58.33%	51.9%	20%
Very Important	21.1%	33.33%	11.1%	40%

Customer investment in plant or equipment decreased

	Federal Reserve 3Q20 Commercial Banks (n=40)	**Cerebro 3Q20** Non-Banks (n=12)	**Federal Reserve 4Q20** Commercial Banks (n=28)	**Cerebro 4Q20** Non-Banks (n=5)
Not Important	15%	50%	21.4%	80%
Somewhat Important	57.5%	33.33%	53.6%	20%
Very Important	27.5%	16.67%	25%	0%

Customer internally generated funds increased

	Federal Reserve 3Q20 Commercial Banks (n=39)	**Cerebro 3Q20** Non-Banks (n=12)	**Federal Reserve 4Q20** Commercial Banks (n=28)	**Cerebro 4Q20** Non-Banks (n=5)
Not Important	53.8%	50%	46.4%	20%
Somewhat Important	43.6%	16.67%	53.6%	60%
Very Important	2.6%	33.33%	0%	20%

Customer merger or acquisition financing needs decreased

	Federal Reserve 3Q20 Commercial Banks (n=38)	**Cerebro 3Q20** Non-Banks (n=12)	**Federal Reserve 4Q20** Commercial Banks (n=27)	**Cerebro 4Q20** Non-Banks (n=5)
Not Important	44.7%	66.67%	59.3%	20%
Somewhat Important	36.8%	0%	37%	60%
Very Important	18.4%	33.33%	3.7%	20%

Customer borrowing shifted from your lending institution to other lender sources because these other sources became more attractive

	Federal Reserve 3Q20 Commercial Banks (n=38)	**Cerebro 3Q20** Non-Banks (n=12)	**Federal Reserve 4Q20** Commercial Banks (n=27)	**Cerebro 4Q20** Non-Banks (n=5)
Not Important	81.6%	25%	80%	20%
Somewhat Important	15.8%	33.33%	20%	80%
Very Important	2.6%	41.67%	0%	0%

Customer precautionary demand for cash and liquidity decreased

	Federal Reserve 3Q20 Commercial Banks (n=40)	**Cerebro 3Q20** Non-Banks (n=12)	**Federal Reserve 4Q20** Commercial Banks (n=28)	**Cerebro 4Q20** Non-Banks (n=5)
Not Important	52.5%	25%	42.9%	0%
Somewhat Important	22.5%	50%	39.3%	60%
Very Important	25%	25%	17.9%	40%

Corresponding Federal Reserve Question
If demand for C&I loans has strengthened or weakened over the past three months (as described in question 4), how important have been the following possible reasons for the change?

B. If weaker loan demand (answer 4 or 5 to question 4A or 4B), possible reasons

3. Looking back over the past three months, for applications for C&I loans that your lending institution is currently willing to approve, how have the terms of those loans changed?

Maximum size of loans

	Federal Reserve 3Q20 Commercial Banks (n=68)	Cerebro 3Q20 Non-Banks (n=70)	Federal Reserve 4Q20 Commercial Banks (n=73)	Cerebro 4Q20 Non-Banks (n=60)
Tightened considerably	2.9%	2.86%	0%	1.67%
Tightened somewhat	10.3%	21.43%	11%	11.67%
Remained basically unchanged	80.9%	67.14%	78.1%	63.33%
Eased somewhat	5.9%	8.57%	11%	20%
Eased considerably	0%	0%	0%	3.33%

Maximum maturity of loans

	Federal Reserve 3Q20 Commercial Banks (n=68)	Cerebro 3Q20 Non-Banks (n=70)	Federal Reserve 4Q20 Commercial Banks (n=73)	Cerebro 4Q20 Non-Banks (n=60)
Tightened considerably	0%	1.43%	0%	3.33%
Tightened somewhat	14.7%	8.57%	9.6%	3.33%
Remained basically unchanged	80.9%	85.71%	83.6%	76.67%
Eased somewhat	4.4%	2.86%	6.8%	11.67%
Eased considerably	0%	1.43%	0%	5%

Costs of loans

	Federal Reserve 3Q20 Commercial Banks (n=18)	Cerebro 3Q20 Non-Banks (n=24)	Federal Reserve 4Q20 Commercial Banks (n=9)	Cerebro 4Q20 Non-Banks (n=11)
Tightened considerably	0%	1.43%	0%	1.67%
Tightened somewhat	26.5%	34.29%	12.5%	18.33%
Remained basically unchanged	63.2%	45.71%	80.6%	51.67%
Eased somewhat	10.3%	17.14%	6.9%	25%
Eased considerably	0%	1.43%	0%	3.33%

Spreads of loan rates over your lending institution's cost of funds (wider spreads=tightened, narrower spreads=eased)

	Federal Reserve 3Q20 Commercial Banks (n=68)	**Cerebro 3Q20** Non-Banks (n=70)	**Federal Reserve 4Q20** Commercial Banks (n=72)	**Cerebro 4Q20** Non-Banks (n=60)
Tightened considerably	0%	2.86%	0%	3.33%
Tightened somewhat	29.4%	30%	19.4%	23.33%
Remained basically unchanged	54.4%	55.71%	59.7%	50%
Eased somewhat	16.2%	8.57%	20.8%	21.67%
Eased considerably	0%	2.86%	0%	1.67%

Premiums charged on riskier loans

	Federal Reserve 3Q20 Commercial Banks (n=69)	**Cerebro 3Q20** Non-Banks (n=70)	**Federal Reserve 4Q20** Commercial Banks (n=73)	**Cerebro 4Q20** Non-Banks (n=60)
Tightened considerably	5.8%	10%	1.4%	5%
Tightened somewhat	30.4%	45.71%	21.9%	33.33%
Remained basically unchanged	56.5%	38.57%	71.2%	46.67%
Eased somewhat	7.2%	5.71%	5.5%	15%
Eased considerably	0%	0%	0%	0%
TOTAL	100%	100%	100%	100%

Loan covenants

	Federal Reserve 3Q20 Commercial Banks (n=68)	**Cerebro 3Q20** Non-Banks (n=70)	**Federal Reserve 4Q20** Commercial Banks (n=73)	**Cerebro 4Q20** Non-Banks (n=60)
Tightened considerably	1.5%	4.29%	0%	1.67%
Tightened somewhat	33.8%	30%	13.7%	20%
Remained basically unchanged	60.3%	64.29%	78.1%	63.33%
Eased somewhat	4.4%	1.43%	6.8%	15%
Eased considerably	0%	0%	1.4%	0%

Collateralization requirements

	Federal Reserve 3Q20 Commercial Banks (n=68)	Cerebro 3Q20 Non-Banks (n=70)	Federal Reserve 4Q20 Commercial Banks (n=73)	Cerebro 4Q20 Non-Banks (n=60)
Tightened considerably	0%	7.14%	0%	3.33%
Tightened somewhat	27.9%	17.14%	8.2%	18.33%
Remained basically unchanged	70.6%	75.71%	89%	70%
Eased somewhat	1.5%	0%	2.7%	6.67%
Eased considerably	0%	0%	0%	1.67%

Use of interest rate floors (more use=tightened, less use=eased)

	Federal Reserve 3Q20 Commercial Banks (n=68)	Cerebro 3Q20 Non-Banks (n=70)	Federal Reserve 4Q20 Commercial Banks (n=71)	Cerebro 4Q20 Non-Banks (n=60)
Tightened considerably	11.8%	5.71%	2.8%	3.33%
Tightened somewhat	36.8%	11.43%	22.5%	20%
Remained basically unchanged	47.1%	77.14%	69%	68.33%
Eased somewhat	4.4%	5.71%	5.6%	5%
Eased considerably	0%	0%	0%	3.33%

Corresponding Federal Reserve Question
For applications for C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—from large and middle-market firms and from small firms that your bank currently is willing to approve, how have the terms of those loans changed over the past three months?

4. How do you anticipate lending standards for C&I loans at your lending institution to change over the next 6 (12) months, compared to its current standards, apart from normal seasonal variation?

	Cerebro 3Q20 (6 months) Non-Banks (n=69)	**Federal Reserve 4Q20 (12 months)** Commercial Banks (n=73)	**Cerebro 4Q20 (12 Months)** Non-Banks (n=60)
Tightened considerably	1.45%	0%	0%
Tightened somewhat	23.19%	11%	3.33%
Remained basically unchanged	52.17%	79.5%	51.67%
Eased somewhat	23.19%	9.6%	40%
Eased considerably	0%	0%	5%

Corresponding Federal Reserve Question
No similar question asked in 3Q20.
4Q20 27. Assuming that economic activity progresses in line with consensus forecasts, how does your bank expect its **lending standards** for the following **C&I loan** categories to change over 2021 compared with its current standards, apart from normal seasonal variation? (Please refer to the definitions of large and middle-market firms suggested in question 1. If your bank defines firm size differently from the categories suggested in question 1, please use your definitions.)
A. Compared with my bank's current lending standards, over 2021, my bank expects its **lending standards** for approving applications for **C&I loans or credit lines to large and middle-market firms** to:

4a. If you expect your lending institution to tighten its credit standards for C&I loans, how important are the following possible reasons for the expected change in standards?

Expected deterioration in your lending institution's capital or liquidity position

	Cerebro 3Q20 Non-Banks (n=17)	**Federal Reserve 4Q20** Commercial Banks (n=17)	**Cerebro 4Q20** Non-Banks (n=2)
Not Important	9	13	2
Somewhat Important	4	4	0
Very Important	4	0	0

Expected deterioration in collateral values

	Cerebro 3Q20 Non-Banks (n=17)	**Federal Reserve 4Q20 Commercial Banks (n=17)**	**Cerebro 4Q20 Non-Banks (n=2)**
Not Important	3	5	1
Somewhat Important	8	10	1
Very Important	6	2	0

Expected reduction in competition from other lenders

	Cerebro 3Q20 Non-Banks (n=17)	**Federal Reserve 4Q20 Commercial Banks (n=16)**	**Cerebro 4Q20 Non-Banks (n=2)**
Not Important	6	8	1
Somewhat Important	9	8	0
Very Important	2	0	1

Expected reduction in risk tolerance

	Cerebro 3Q20 Non-Banks (n=17)	**Federal Reserve 4Q20 Commercial Banks (n=17)**	**Cerebro 4Q20 Non-Banks (n=2)**
Not Important	2	5	0
Somewhat Important	10	10	1
Very Important	5	2	1

Expected reduction in ease of selling loans in secondary market

	Cerebro 3Q20 Non-Banks (n=17)	**Federal Reserve 4Q20 Commercial Banks (n=17)**	**Cerebro 4Q20 Non-Banks (n=2)**
Not Important	9	12	1
Somewhat Important	7	5	1
Very Important	1	0	0

Expected deterioration in credit quality of loan portfolio

	Cerebro 3Q20 Non-Banks (n=17)	Federal Reserve 4Q20 Commercial Banks (n=17)	Cerebro 4Q20 Non-Banks (n=2)
Not Important	3	4	0
Somewhat Important	9	9	1
Very Important	5	4	1

Increased concerns about the effects of legislative changes, supervisory actions, or changes in accounting standards

	Cerebro 3Q20 Non-Banks (n=17)	Federal Reserve 4Q20 Commercial Banks (n=17)	Cerebro 4Q20 Non-Banks (n=2)
Not Important	5	6	0
Somewhat Important	6	9	1
Very Important	6	2	1

Corresponding Federal Reserve Question
No similar question asked in 3Q20.
4Q20 31. If your bank expects to tighten or ease its credit standards for any of the loan categories reported in questions 27-30, how important are the following possible reasons for the expected change in standards?
A. Possible reasons for expecting to tighten credit standards:

4b. If you expect your lending institution to ease its credit standards for C&I loans, how important are the following possible reasons for the expected change in standards?

Expected improvement in your lending institution's capital or liquidity position

	Cerebro 3Q20 Non-Banks (n=16)	Federal Reserve 4Q20 Commercial Banks (n=22)	Cerebro 4Q20 Non-Banks (n=27)
Not Important	43.75%	68.2%	37.04%
Somewhat Important	43.75%	27.3%	33.33%
Very Important	12.50%	4.5%	29.63%

Expected increase in collateral values

	Cerebro 3Q20 Non-Banks (n=16)	**Federal Reserve 4Q20** Commercial Banks (n=21)	**Cerebro 4Q20** Non-Banks (n=27)
Not Important	37.50%	52.4%	40.74%
Somewhat Important	37.50%	33.3%	40.74%
Very Important	25%	14.3%	18.52%

Expected increase in competition from other lenders

	Cerebro 3Q20 Non-Banks (n=16)	**Federal Reserve 4Q20** Commercial Banks (n=22)	**Cerebro 4Q20** Non-Banks (n=27)
Not Important	25%	59.1%	22.22%
Somewhat Important	62.50%	36.4%	25.93%
Very Important	12.50%	4.5%	51.85%

Expected increase in risk tolerance

	Cerebro 3Q20 Non-Banks (n=16)	**Federal Reserve 4Q20** Commercial Banks (n=21)	**Cerebro 4Q20** Non-Banks (n-27)
Not Important	25%	42.9%	7.41%
Somewhat Important	68.75%	42.9%	70.37%
Very Important	6.25%	14.3%	22.22%

Expected increase in ease of selling loans in secondary market

	Cerebro 3Q20 Non-Banks (n=16)	**Federal Reserve 4Q20** Commercial Banks (n=21)	**Cerebro 4Q20** Non-Banks (n=27)
Not Important	62.50%	81%	70.37%
Somewhat Important	31.25%	19%	29.63%
Very Important	6.25%	0%	0%

Expected improvement in credit quality of loan portfolio

	Cerebro 3Q20 Non-Banks (n=16)	**Federal Reserve 4Q20 Commercial Banks (n=22)**	**Cerebro 4Q20 Non-Banks (n=27)**
Not Important	31.25%	27.3%	29.63%
Somewhat Important	50%	50%	59.26%
Very Important	18.75%	22.7%	11.11%

Reduced concerns about the effects of legislative changes, supervisory actions, or changes in accounting standards

	Cerebro 3Q20 Non-Banks (n=16)	**Federal Reserve 4Q20 Commercial Banks (n=22)**	**Cerebro 4Q20 Non-Banks (n=27)**
Not Important	37.50%	72.7%	59.26%
Somewhat Important	56.25%	27.3%	33.33%
Very Important	6.25%	0%	7.41%

Corresponding Federal Reserve Question
No similar question asked in 3Q20.
4Q20 31. If your bank expects to tighten or ease its credit standards for any of the loan categories reported in questions 27-30, how important are the following possible reasons for the expected change in standards?
A. Possible reasons for expecting to credit standards:

5. Looking ahead over the next six (12) months, how are changes in the macroeconomy likely to impact your lending business? Please check all that you feel apply:

	Cerebro 3Q20 (6 months) Non-Banks (n=68)	**Cerebro 4Q20 (12 months)** Non-Banks (n=60)
The macroeconomic environment has minimal effect on our lending decisions.	23.53%	21.67%
We anticipate relaxing our credit standards as the macroeconomy strengthens.	25%	28.33%
We anticipate tightening our credit standards as the macroeconomy weakens.	30.88%	13.33%
We are anticipating a weakening economy that will disadvantage our competitors and this, in turn, will provide us with expanding opportunities to extend credit.	63.24%	35%
We anticipate a strengthening economy that will likely lead to an expanding supply of credit and less attractive opportunities for our institution to extend credit.	11.76%	36.67%

Corresponding Federal Reserve Question
No similar question asked in 3Q20.

6. Over the next 6 (12) months, how do you expect demand for C&I loans from your lending institution to change compared to its current level, apart from normal seasonal variation?

	Cerebro 3Q20 (6 months) Non-Banks (n=68)	**Federal Reserve 4Q20** Commercial Banks (n=67)	**Cerebro 4Q20 (12 months)** Non-Banks (n=60)
Strengthen substantially	19.12%	0%	8.33%
Strengthen somewhat	57.35%	46.3%	65%
Remain basically unchanged	22.06%	50.7%	20%
Weaken somewhat	1.47%	3%	6.67%
Weaken substantially	0%	0%	0%

Corresponding Federal Reserve Question
No similar question asked in 3Q20.
4Q20 Q32. Assuming that economic activity progresses in line with consensus forecasts, how does your bank expect **demand** for the following categories of **C&I loans** from your bank to change over 2021 compared with its current level, apart from normal seasonal variation?

A. Compared with its current level, over 2021, my bank expects **demand** for **C&I loans or credit lines to large and middle-market firms** from my bank to:

7. Over the next 6 (12) months, what is your outlook for delinquencies and charge-offs on your lending institution's C&I loans?

	Cerebro 3Q20 (6 months) **Non-Banks** **(n=68)**	**Federal Reserve 4Q20** **Commercial Banks** **(n=70)**	**Cerebro 4Q20 (12 months)** **Non-Banks** **(n=60)**
Improve substantially	2.94%	0%	10%
Improve somewhat	14.71%	31.4%	16.67%
Remain around current levels	60.29%	51.4%	58.33%
Deteriorate somewhat	22.06%	17.1%	15%
Deteriorate substantially	0%	0%	0%

Corresponding Federal Reserve Question
No similar question asked in 3Q20.
4Q20 36. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and charge-offs on your bank's **C&I loans** in the following categories in 2021? C. The quality of my bank's ***nonsyndicated*** **C&I loans to large and middle-market firms** over 2021, as measured by my bank's outlook for delinquencies and charge-offs on these loans, is likely to: