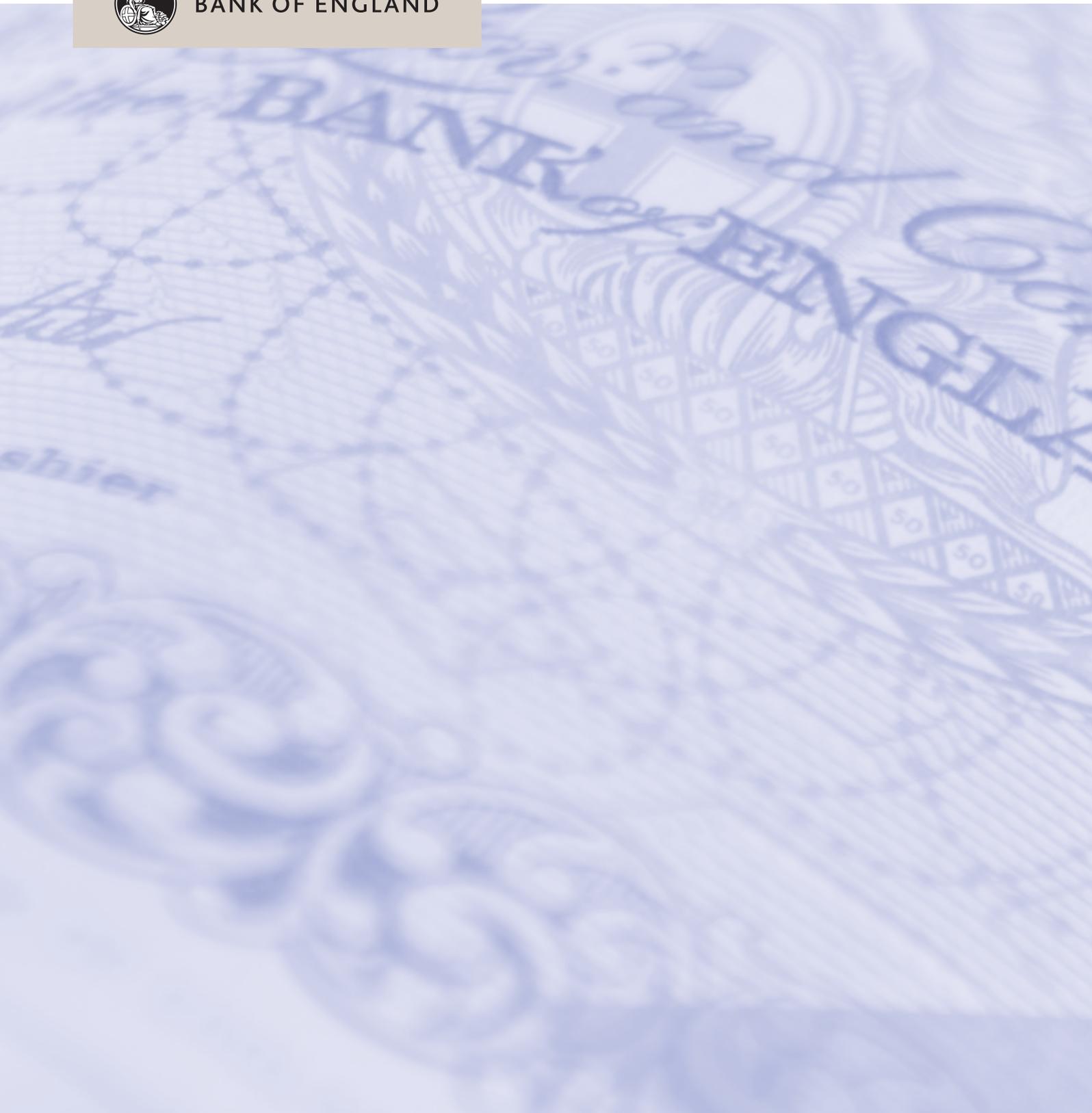


Trends in Lending

September 2010



BANK OF ENGLAND





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Trends in Lending

September 2010

This publication presents the Bank of England's assessment of the latest trends in lending to the UK economy. It draws mainly on long-established official data sources, such as the existing monetary and financial statistics collected by the Bank. These data are supplemented by the results of a new data set, established by the Bank in late 2008, to provide more timely data covering aspects of lending to the UK corporate and household sectors.⁽¹⁾

The data set covers the major UK lenders:⁽²⁾ Banco Santander, Barclays, HSBC, Lloyds Banking Group, Nationwide and Royal Bank of Scotland. Together they accounted for around 65% of the stock of lending to businesses, 45% of the stock of consumer credit, and 75% of the stock of mortgage lending at the end of 2009. These data have provided a useful input to discussions between the major UK lenders and Bank staff, giving staff a better understanding of the business developments driving the figures and this intelligence is reflected in the report. The report also draws on intelligence gathered by the Bank's network of Agents and from market contacts, as well as the results of other surveys. The focus of the report is on lending, but broader credit market developments, such as those relating to trade credit or capital market issuance, may be discussed where relevant.

The report covers official data up to July 2010, supplemented by data from the major UK lenders and intelligence gathered up to end-August 2010. Unless stated otherwise, the data reported cover lending in both sterling and foreign currency, expressed in sterling terms. The major UK lenders' data are provided to the Bank on a 'best endeavours' basis. This, together with their relative timeliness, means that they may not be as accurate as established data sets. As a result, care is needed in interpreting the major UK lenders' data presented in this report.

(1) For a fuller background please refer to the first edition of *Trends in Lending* available at: www.bankofengland.co.uk/publications/other/monetary/TrendsApril09.pdf.

(2) Membership of the group of major UK lenders is based on the provision of credit to UK-resident companies and individuals, regardless of the country of ownership.

Summary of responses to the consultation on the proposed changes to *Trends in Lending* and the associated data collection

The Bank of England announced a consultation on proposed changes to *Trends in Lending* and the associated data collection in the July 2010 *Trends in Lending*,⁽¹⁾ with details provided in an article in the July 2010 edition of *Bankstats*.⁽²⁾ There have been a limited number of responses from users to these proposals, though the Bank has received comments from individual lenders and from the British Bankers' Association on the proposals regarding the bank lending data sets.

As a result, *Trends in Lending* will move to a quarterly frequency from the October 2010 edition, with the subsequent publication in January 2011, though selected data sets will be updated on the *Trends in Lending* website⁽³⁾ on a monthly basis. The Bank will provide details of the planned changes to the associated data collections in a *Bankstats* article⁽⁴⁾ on 29 October 2010.

(1) Available at www.bankofengland.co.uk/publications/other/monetary/TrendsJuly10.pdf.

(2) Available at www.bankofengland.co.uk/statistics/ms/articles/art2jul10.pdf.

(3) See www.bankofengland.co.uk/publications/other/monetary/trendsinlending.htm.

(4) *Bankstats* articles are available at www.bankofengland.co.uk/statistics/ms/articles.htm.

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Executive summary

The flow of net [lending to UK businesses](#) remained negative in July. Some indicators of corporate distress, such as the liquidations rate, eased in 2010 Q2. Contacts of the Bank's network of Agents noted that while credit conditions were easing for larger businesses, they remained tight for smaller firms. Most major UK lenders reported that demand for credit remained subdued. The spread over Libor of the effective interest rate on new lending to companies was broadly unchanged in July.

The flow of net [mortgage lending](#) by all UK-resident mortgage lenders slowed in July. In August, gross lending for house purchase was little changed and mortgage approvals for house purchase decreased slightly, according to data from the major UK lenders. The mortgage arrears rate fell further in 2010 Q2 and some major UK lenders expected it to be broadly stable in the coming months. Advertised mortgage rates fell slightly in August.

The flow of net [consumer credit](#) increased in July, though the annual growth rate of the stock of lending remained close to zero. Effective interest rates on consumer credit were little changed in July. The write-off rate on consumer credit increased further in 2010 Q2, although the rate of personal insolvencies edged a little lower in England and Wales.

1 Lending to UK businesses

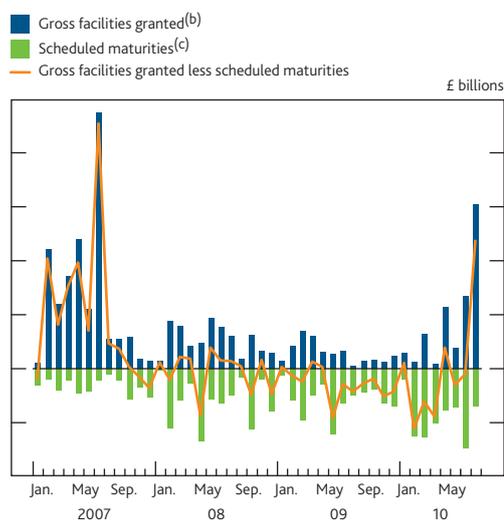
The flow of net lending to UK businesses remained negative in July. Some indicators of corporate distress, such as the liquidations rate, eased in 2010 Q2. Contacts of the Bank's network of Agents noted that while credit conditions were easing for larger businesses, they remained tight for smaller firms. Most major UK lenders reported that demand for credit remained subdued. The spread over Libor of the effective interest rate on new lending to companies was broadly unchanged in July.

Table 1.A Lending to UK businesses^(a)

	Averages				2010			
	2007	2008	2009	2010 Q1	Apr.	May	June	July
Net monthly flow (£ billions)	7.5	3.9	-3.9	-3.4	-1.0	-1.7	-3.2	-2.5
Three-month annualised growth rate (per cent)	20.9	10.7	-7.6	-7.1	-3.4	-4.9	-4.5	-5.6
Twelve-month growth rate (per cent)	16.8	17.9	-1.8	-9.3	-8.6	-8.1	-7.9	-5.7

(a) Lending by UK monetary financial institutions to PNFCS. Data cover lending in both sterling and foreign currency, expressed in sterling terms. Seasonally adjusted.

Chart 1.1 Estimates of syndicated lending facilities granted to UK businesses^(a)



Sources: Dealogic and Bank calculations.

- (a) Defined broadly as PNFCS. Data cover lending facilities in both sterling and foreign currency, expressed in sterling terms. Non seasonally adjusted.
 (b) New syndicated lending facilities excluding cancelled or withdrawn facilities.
 (c) Scheduled maturities of syndicated lending facilities excluding cancelled or withdrawn facilities, translated into sterling. Actual maturities will also reflect the effects of refinancing and prepayments, exchange rate changes and other effects.

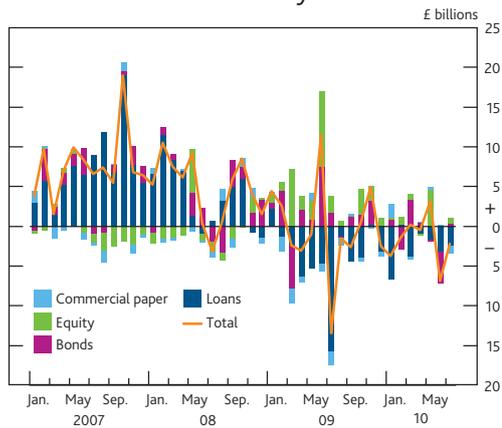
Recent lending data

Official data covering lending by all UK-resident banks and building societies indicated that the stock of lending to businesses contracted by £2.5 billion in July (**Table 1.A**). The annual rate of contraction in the stock of loans eased somewhat. Net lending by the major UK lenders remained subdued in August, though was slightly stronger than in recent months.

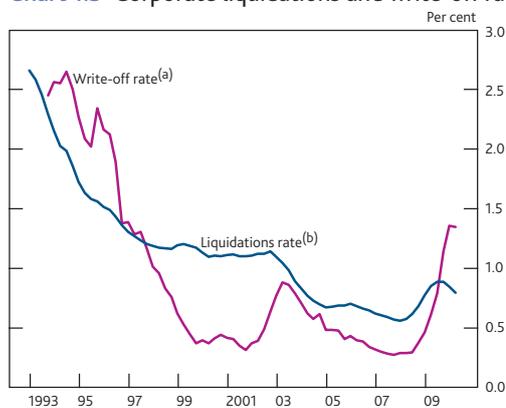
Net lending flows to UK businesses have remained subdued since the end of 2008. Similarly, the value of new syndicated lending facilities granted in the UK market over the year to July remained below the values seen in the period 2003–07. Dealogic data indicate that the value of new syndicated lending facilities granted to UK businesses rose sharply in August (**Chart 1.1**). Most of the increase was accounted for by the facility granted to one natural resources company, BHP Billiton, in relation to an announced acquisition bid.

Net capital market issuance by UK businesses slowed in 2010 H1 and, particularly in the case of equity issuance, was markedly lower than the same period a year earlier. Capital market issuance was subdued in July such that the net amount of funds raised by UK businesses from UK-resident banks and capital markets was negative (**Chart 1.2**), and net capital issuance was negative in August. However, in recent discussions, the major UK lenders noted that sentiment in capital markets continued to improve and they reported increased issuance activity in early September. Looking forward, the major UK lenders anticipated some recovery in mergers and acquisitions activity which might support capital market issuance.

There has been an easing in some indicators of corporate financial distress such as the corporate liquidations rate in 2010 Q2 (**Chart 1.3**). Most lenders reported that write-offs in recent months were below or in line with their expectations. Looking forward, the major UK lenders expected write-offs and insolvencies to be stable, but were cautious about the

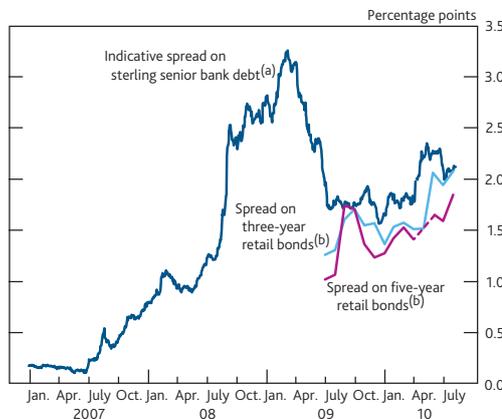
Chart 1.2 Net funds raised by UK businesses^(a)

(a) Funds raised by PNFs from UK monetary financial institutions and capital markets. Data cover funds raised in both sterling and foreign currency, expressed in sterling terms. Loans are seasonally adjusted. Bond, equity and commercial paper issuance are non seasonally adjusted.

Chart 1.3 Corporate liquidations and write-off rates

Sources: The Insolvency Service and Bank calculations.

- (a) Write-off rate on lending by UK monetary financial institutions to PNFs. The series has been calculated as annualised quarterly write-offs divided by the corresponding loans outstanding at the end of the previous quarter, and is expressed as a four-quarter moving average. Series starts in 1993 Q4. Lending in both sterling and foreign currency, expressed in sterling terms. Non seasonally adjusted.
- (b) Calculated as the total number of liquidations in the previous four quarters divided by the average number of active registered companies over the previous four quarters. Since the Enterprise Act 2002, a number of administrations have subsequently converted to creditors' voluntary liquidations. These are not included in the data. Data relate to England and Wales. Seasonally adjusted.

Chart 1.4 Indicative spreads on senior bank debt and retail bonds

Sources: Bank of England and JPMorgan Chase & Co.

- (a) Sterling only. Spreads over asset swaps. Series is based on debt issuance by UK and non-UK banks and financial corporations. Data are up to 7 September 2010.
- (b) Sterling only. Spread over the relevant swap rate. The three-year and five-year retail bond rates are weighted averages of rates from banks and building societies within the Bank of England's normal quoted rate sample with products meeting the specific criteria (see www.bankofengland.co.uk/mfsd/iadb/notesiadb/household_int.htm). The series for the five-year bond is not published for May 2010 as only two or fewer institutions in the sample offered products in that period.

prospects with a number of lenders indicating that the future path of Bank Rate and wider economic conditions could significantly affect the outlook. Indicators of distress in the real estate sector were said by most major UK lenders to be stable, though many loans remained in breach of loan to value covenants. A box on page 7 provides an update on lending to the real estate sector.

The major UK lenders reported loan availability was broadly unchanged on the month. Contacts of the Bank's network of Agents noted that while credit conditions were easing for larger businesses, they remained tight for smaller firms. Contacts of the Bank's Agents and most major UK lenders reported that demand for credit remained subdued.

Corporate loan pricing

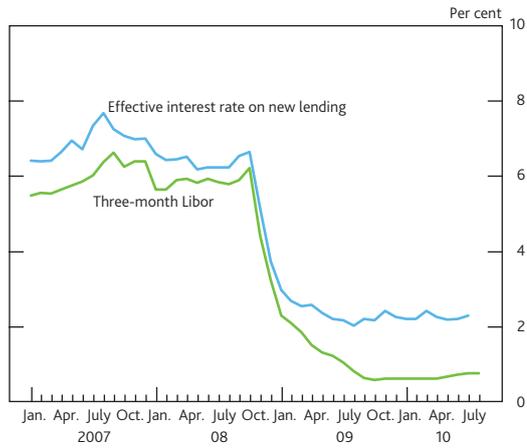
The total cost of bank finance to a company can be decomposed into the fees charged by the lender to provide facilities, the spread over a given reference rate (typically three-month Libor or Bank Rate) at which loans are offered, and the prevailing level of that reference rate in the financial markets.

Previous editions of *Trends in Lending* have discussed the increase in spreads over reference rates on new facilities since the start of the financial crisis. To some extent, elevated spreads reflect heightened credit risk and a repricing of risk. But they are also likely to reflect the relatively high cost to banks of raising longer-term funding. Most major UK lenders reported that conditions in longer-term funding markets had improved through August and in early September. An indicative measure of the spread over swap rates on sterling senior bank debt had fallen back since its recent highs in June, though remained elevated and above the level seen earlier this year (Chart 1.4). Some major UK lenders reported that issuance of senior bank debt had increased in the early part of September, though they remained cautious about future wholesale funding market conditions.

Spreads on retail deposits — such as those over equivalent-maturity swap rates for three and five-year fixed-rate bonds — have also remained elevated (Chart 1.4). In recent discussions, the major UK lenders reported that competition for retail deposits remained intense.

Loan pricing for businesses had yet to reflect the increase in spreads since April on longer-term wholesale and retail funding, according to the major UK lenders. Some major UK lenders reported that spreads on lending to larger corporates continued to fall. In some contrast, indicative spreads over Bank Rate on new facilities to small and medium-sized enterprises have been broadly unchanged in recent months, according to survey data from the Department for Business, Innovation and Skills. The spread over three-month Libor of the Bank's measure of the effective

Chart 1.5 Effective interest rate on new lending to UK businesses^(a)



(a) PNFCS. Sterling only. The Bank's effective interest rates series comprise data from 24 UK monetary financial institutions. Data for three-month Libor are to end-August and for the effective rate to end-July.

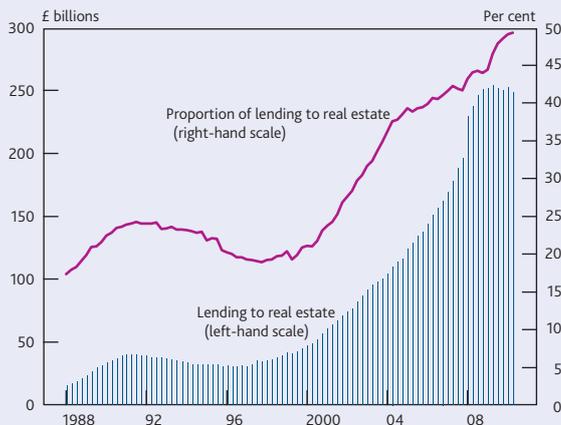
interest rate on new corporate borrowing was broadly unchanged in July (Chart 1.5).

Recent trends in lending to the real estate sector

Lending to the real estate sector comprises loans to companies who develop, buy, sell and rent real estate.⁽¹⁾ The June 2009 edition of *Trends in Lending* provided an assessment of lending to this sector following the start of the financial crisis.⁽²⁾ This box looks at trends in lending to the real estate sector over the past year.

Following a prolonged period of strong growth during which the share of real estate lending in the total stock of loans to UK businesses rose rapidly (**Chart A**), lending to the real estate sector has weakened markedly since the start of the financial crisis. The annual rate of growth in the stock of lending fell from around 20% in 2008 Q1 to around -3% in 2010 Q2, with both the major UK and foreign lenders contributing to that slowdown (**Chart B**). In 2010 Q2, the stock of lending to the real estate sector contracted at its fastest annual rate since 1998 Q1.

Chart A Lending to the real estate sector, amounts outstanding^(a)

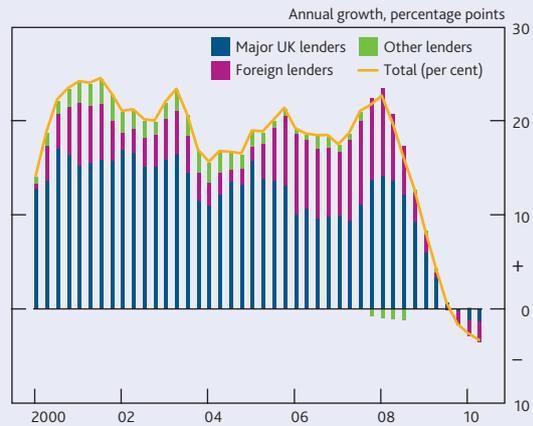


(a) Lending by monetary financial institutions for development, buying, selling and renting of real estate. Data cover lending in both sterling and foreign currency, expressed in sterling terms. Non seasonally adjusted. Proportion of lending to real estate is calculated as a percentage of lending to PNFCS.

Nonetheless, real estate lending has continued to increase as a share of total corporate lending, to around half of the total stock of corporate loans by 2010 Q2, as lending to the other sectors has fallen more rapidly. The major UK lenders reported that the relative resilience of real estate lending partly reflected that commercial real estate companies typically relied on loans of a longer maturity. In addition, commercial real estate companies were said by some lenders to be generally more leveraged but also less able to reduce their working capital — through inventory management — to generate cash and pay down debt.

In discussions during the past year, the major UK lenders reported that there had been an increase in investor demand for commercial property but that was largely limited to prime

Chart B Contributions to growth in the stock of lending to the real estate sector^(a)



(a) Lending by monetary financial institutions for development, buying, selling and renting of real estate. Annual growth rate in the stock of lending. Data cover lending in both sterling and foreign currency, expressed in sterling terms. Non seasonally adjusted. Other lenders are calculated as a residual.

properties. Most lenders reported that this rise in investment demand had been driven by cash-rich investors and so had not led to a significant pickup in demand for bank loans, which remained muted. Contacts of the Bank's network of Agents continued to report that private sector commercial construction activity remained weak over the past year and saw little improvement in the pipeline of new projects.

On the supply side, lenders indicated a slight increase in credit availability to the commercial real estate sector in the Bank of England's *Credit Conditions Surveys* during the first half of 2010. In recent discussions, however, the major UK lenders reported that their appetite to lend remained limited to loans backed by prime properties.

For existing loans, a number of major UK lenders reiterated that they were generally accommodating breaches of loan to value covenants provided that rental incomes were sufficient to service the debt. Market contacts reported that, to date, income streams had held up better than expected. However, the Royal Institution of Chartered Surveyors' 2010 Q2 *UK Commercial Market Survey* continued to show that a balance of surveyors expected rents to decline over the next quarter. Consistent with that, some lenders noted downside risks to rental incomes, which, if they materialised, could make the refinancing of some real estate loans more difficult.

In recent discussions, the major UK lenders said that new real estate lending had largely reflected the refinancing of existing loans. Looking forward, they expected lending to the commercial real estate sector to remain subdued in the coming months.

(1) This includes housing associations.

(2) See the box on 'Recent trends in lending to the real estate sector' in *Trends in Lending*, June 2009, available at www.bankofengland.co.uk/publications/other/monetary/TrendsJune09.pdf.

2 Mortgage lending

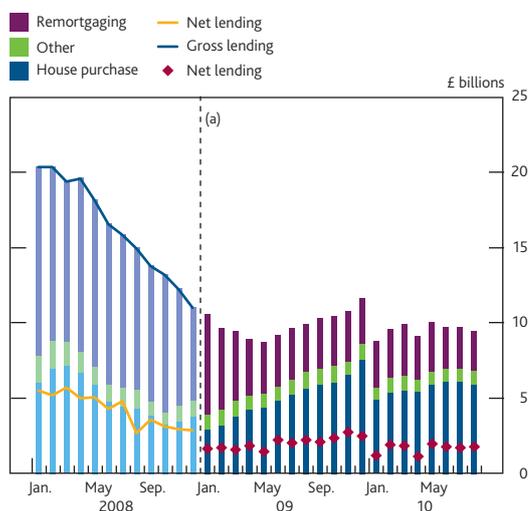
The flow of net mortgage lending by all UK-resident mortgage lenders slowed in July. In August, gross lending for house purchase was little changed and mortgage approvals for house purchase decreased slightly, according to data from the major UK lenders. The mortgage arrears rate fell further in 2010 Q2 and some major UK lenders expected it to be broadly stable in the coming months. Advertised mortgage rates fell slightly in August.

Table 2.A Secured lending to individuals^(a)

	Averages				2010			
	2007	2008	2009	2010 Q1	Apr.	May	June	July
Net monthly flow (£ billions)	9.0	3.4	0.9	1.0	0.6	0.7	0.5	0.1
Three-month annualised growth rate (per cent)	10.4	4.1	0.9	1.3	0.7	0.4	0.6	0.4
Twelve-month growth rate (per cent)	11.0	6.9	1.4	1.0	0.8	0.9	0.9	1.0

(a) Sterling lending by UK monetary financial institutions and other lenders to UK individuals. Seasonally adjusted.

Chart 2.1 Mortgage lending by the major UK lenders^(a)



(a) The split in 2008 is estimated using gross lending data and the split of loan approval values between house purchase, remortgaging and other advances. The split from 2009 onwards is reported data from the major UK lenders, rather than estimated data. Data cover lending in both sterling and foreign currency, expressed in sterling terms. Seasonally adjusted.

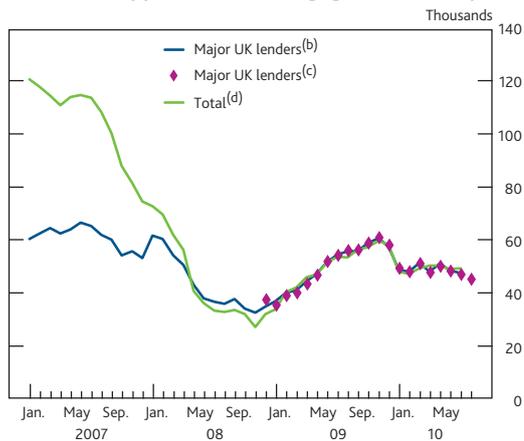
Recent lending data

The flow of net sterling mortgage lending by all UK-resident mortgage lenders slowed in July to £0.1 billion, though the annual rate of growth in the stock of lending was broadly stable at 1.0% (Table 2.A). According to data from the major UK lenders, net mortgage lending flows were little changed in August (Chart 2.1).

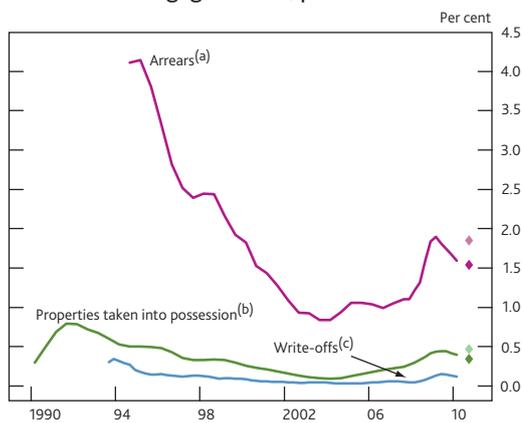
Data provided by the major UK lenders also include a split of gross lending between house purchase and the refinancing of existing mortgages (remortgaging). As in recent months, gross mortgage lending for house purchase was little changed in August (Chart 2.1). Remortgaging activity continued to be weak.

In the official data, total mortgage approvals for house purchase were unchanged in July. Data from the major UK lenders indicated that their mortgage approvals for house purchase decreased slightly in August and were the lowest since April 2009 (Chart 2.2). The Royal Institution of Chartered Surveyors' new buyer enquiries balance remained negative in August, indicating a weakening in demand for house purchase. The major UK lenders reported that demand for secured credit continued to be subdued.

On the supply side, some major UK lenders reported that secured credit availability was unchanged in August, though according to the Bank of England's *Credit Conditions Survey*, secured credit availability to households had increased a little over the year to 2010 Q2. That increase could have partly reflected improvements in some indicators of mortgage distress. Data from the Council of Mortgage Lenders (CML) indicated that the mortgage arrears rate fell further in 2010 Q2 (Chart 2.3). The write-off rate on mortgages — the ratio of write-offs on secured loans to the stock of secured lending — edged lower in 2010 Q2. Claims for possessions issued in the courts continued to fall in 2010 Q2 and the number of properties taken into possession fell slightly. Some major UK lenders reported that indicators of mortgage distress

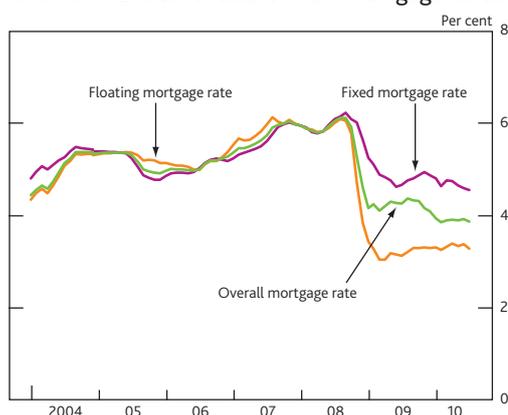
Chart 2.2 Approvals for mortgages for house purchase^(a)

- (a) Seasonally adjusted.
 (b) Gross approvals data covering lending in both sterling and euros.
 (c) Gross approvals from additional, more timely, data reported by the major UK lenders since late 2008. Data cover lending in all currencies.
 (d) UK monetary financial institutions and other lenders. These data are net of cancellations and hence the total can fall below the gross approvals data shown for the major UK lenders. Data cover lending in sterling only.

Chart 2.3 Mortgage arrears, possessions and write-off rates

Sources: CML and Bank calculations.

- (a) Mortgages in arrears of 2.5% or more of the outstanding mortgage balance. Series is expressed as the proportion of the number of outstanding mortgages. Data are available from 1994 Q4, are semi-annual up to end-2007 and quarterly since then. The light magenta diamond shows the CML forecast for end-2010 made in November 2009 and the dark magenta diamond shows the latest forecast made in August for end-2010. Non seasonally adjusted.
 (b) Properties taken into possession over the preceding year. Series is expressed as the proportion of the number of outstanding mortgages. Data are semi-annual up to end-2007 and quarterly since then. The light green diamond shows the CML forecast for end-2010 made in November 2009 and the dark green diamond shows the latest forecast made in August for end-2010. Non seasonally adjusted.
 (c) Write-off rate on mortgage lending by UK monetary financial institutions to individuals. For more details see Chart 1.3 footnote (a).

Chart 2.4 Effective rates on new mortgage lending^(a)

- (a) Sterling only. The Bank's effective rate interest rates series comprise data from 24 UK monetary financial institutions.

had been lower than anticipated, partly reflecting that Bank Rate had been lower than expected. The CML revised down its forecasts for mortgage arrears and possessions for end-2010 compared to its forecast in November 2009 (Chart 2.3). Looking forward, some major UK lenders expected these indicators of mortgage distress to be broadly stable for the remainder of 2010.

Mortgage pricing

The Bank's measure of the effective new fixed mortgage rate has fallen since the start of 2010 (Chart 2.4), which the major UK lenders reported primarily reflected a fall in swap rates. In contrast, the Bank's measure of the effective floating mortgage rate has remained broadly unchanged over this period. As a result, the popularity of fixed-rate mortgages has risen somewhat in recent months. Looking forward, some major UK lenders noted that they expected the popularity of fixed-rate mortgages to remain broadly unchanged in the coming months, though this was conditional on swap rates not rising from their current low levels.

Advertised mortgage rates fell slightly in August. That is consistent with reports from some major UK lenders of some increase in competition.

3 Consumer credit

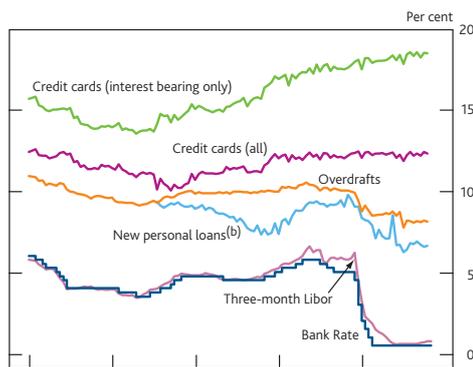
The flow of net consumer credit increased in July, though the annual growth rate of the stock of lending remained close to zero. Effective interest rates on consumer credit were little changed in July. The write-off rate on consumer credit increased further in 2010 Q2, although the rate of personal insolvencies edged a little lower in England and Wales.

Table 3.A Consumer credit^(a)

	Averages				2010			
	2007	2008	2009	2010 Q1	Apr.	May	June	July
Net monthly flow (£ billions)	1.1	0.9	-0.1	0.3	-0.1	0.4	-0.1	0.2
Three-month annualised growth rate (per cent)	6.5	5.2	-0.2	1.1	0.8	0.8	0.4	0.9
Twelve-month growth rate (per cent)	6.1	6.3	1.7	0.0	-0.1	0.1	0.0	0.2

(a) Sterling lending by UK monetary financial institutions and other lenders to UK individuals. Seasonally adjusted.

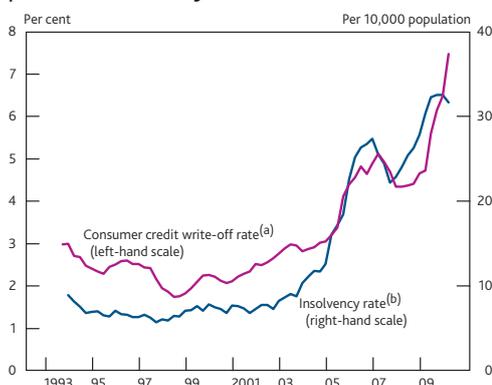
Chart 3.1 Effective interest rates on consumer credit^(a)



(a) Sterling only. The Bank's effective interest rates series comprise data from 24 UK monetary financial institutions. The rate for personal loans is for new business. For the other series the rates shown are for the stock of lending, as comparable data for new lending are not available. Data for Bank Rate and three-month Libor are to end-August and for effective rates to end-July. Non seasonally adjusted.

(b) Only available from January 2004.

Chart 3.2 Write-off rate on consumer credit and personal insolvency rate



Sources: The Insolvency Service, ONS and Bank calculations.

(a) Write-off rate on consumer lending by UK monetary financial institutions to individuals. For more details see [Chart 1.3](#) footnote (a).

(b) Individual insolvencies, including Bankruptcy Orders, Individual Voluntary Arrangements and Debt Relief Orders for England and Wales. The series has been calculated as the ratio of annualised quarterly individual insolvencies over quarterly ONS data on the population aged 16+ for England and Wales and expressed per 10,000 population. Insolvency procedures only apply to persons aged 18+, however population estimates have been used for those aged 16+ as quarterly estimates for those aged 18+ are not readily available. Non seasonally adjusted.

Recent lending data

Total net consumer credit flows turned positive in July following a slight contraction in June ([Table 3.A](#)). The three-month annualised growth rate of the stock of lending increased to 0.9% in July from 0.4% in June; however the annual rate of growth remained close to zero. The slight increase in the flow of total consumer lending on the month was driven by an increase in net credit card lending. In recent discussions, the major UK lenders reported that net lending flows for consumer credit remained weak in August, and no significant changes in credit availability or demand were reported.

Consumer credit pricing

Effective interest rates on overdrafts, credit cards and new personal loans were little changed in July ([Chart 3.1](#)). However, spreads on consumer credit — over Bank Rate and Libor — remained significantly wider than in late 2008, which is reported partly to reflect heightened credit risk on consumer credit.

The write-off rate on consumer credit increased further in 2010 Q2, although the rate of personal insolvencies edged a little lower in England and Wales ([Chart 3.2](#)). More generally, the write-off rate on consumer credit remains much higher than in the 1990s — in contrast to the write-off rate on mortgage lending ([Chart 2.3](#)) — partly reflecting a continuation of increases in the consumer credit write-off rate which started prior to the financial crisis. The major UK lenders have suggested a number of potential explanations for this longer-term increase, including an earlier relaxation of lending criteria, changing attitudes to bankruptcy among borrowers and changes to legislation. Looking ahead, most major UK lenders expected indicators of distress to stabilise.

Abbreviations

- CML** — Council of Mortgage Lenders.
Libor — London interbank offered rate (see below).
LTV ratio — loan to value ratio (see below).
ONS — Office for National Statistics.
PNFCs — private non-financial corporations (see below).

Glossary

Arrears rate	The number of loans in arrears divided by the number of loans outstanding.
Bank Rate	The official rate paid on commercial bank reserves by the Bank of England.
Businesses	Private non-financial corporations.
Consumer credit	Borrowing by UK individuals to finance expenditure on goods and/or services. Consumer credit is split into two components: credit card lending and 'other' lending (mainly overdrafts and other loans/advances).
Effective interest rates	The weighted average of calculated interest rates on various types of sterling deposit and loan accounts. The calculated annual rate is derived from the deposit or loan interest flow during the period, divided by the average stock of deposit or loan during the period.
Facility	An agreement in which a lender sets out the conditions on which it is prepared to advance a specified amount to a borrower within a defined period.
Gross lending	The total value of new loans advanced by an institution in a given period.
Liquidations rate	The number of corporate liquidations divided by the number of companies.
Loan approvals	Lenders' firm offers to advance credit.
Loan to value (LTV) ratio	Ratio of outstanding loan amount to the market value of the asset against which the loan is secured (normally residential or commercial property).
London interbank offered rate (Libor)	The rate of interest at which banks borrow funds from each other, in marketable size, in the London interbank market.
Major UK lenders	Banco Santander, Barclays, HSBC, Lloyds Banking Group, Nationwide and Royal Bank of Scotland.

Monetary financial institutions	A statistical grouping comprising banks and building societies.
Mortgage lending	Lending to households, secured against the value of their dwellings.
Net lending	The difference between gross lending and gross repayments of debt in a given period.
Personal insolvency rate	The number of individual insolvencies divided by the adult population.
Possessions rate	The number of properties taken into possession divided by the number of mortgages outstanding.
Private non-financial corporations (PNFCs)	All corporations whose primary activity is non-financial, and that are not controlled by central or local government.
Reference rate	The rate on which loans are set, with an agreed margin over the reference rate (typically this will be Bank Rate, Libor or a swap rate).
Remortgaging	A process whereby borrowers repay their current mortgage in favour of a new one secured on the same property. A remortgage would represent the financing of an existing property by a different mortgage lender.
Swap rate	The fixed rate of interest in a swap contract in which floating-rate interest payments are exchanged for fixed-rate interest payments. Swap rates are a key factor in the setting of fixed mortgage rates.
Write-off rate	The value of loans that are written off by lenders as a proportion of the stock of loans.

Symbols and conventions

Except where otherwise stated the source of data in charts is the Bank of England.

On the horizontal axes of graphs, larger ticks denote the first observation within the relevant period, eg data for the first quarter of the year.