

Credit Conditions Survey

Survey results | 2009 Q4



BANK OF ENGLAND





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Credit Conditions Survey

2009 Q4

As part of its mission to maintain monetary stability and financial stability, the Bank needs to understand trends and developments in credit conditions. This survey of bank and non-bank lenders is an input to this work. Lenders are asked about the past three months and the coming three months. The survey covers secured and unsecured lending to households; and lending to non-financial corporations, small businesses, and to non-bank financial firms.

This report presents the results of the 2009 Q4 survey. The 2009 Q4 survey was conducted between 16 November and 4 December.

Additional background information on the survey can be found in the 2007 Q3 *Quarterly Bulletin* article 'The Bank of England Credit Conditions Survey'.

This report, covering the results of the 2009 Q4 survey, and copies of the questionnaires are available on the Bank's website at www.bankofengland.co.uk/publications/other/monetary/creditconditions.htm.

The publication dates in 2010 for future Credit Conditions Surveys are:

2010 Q1 survey on 1 April 2010.

2010 Q2 survey on 1 July 2010.

2010 Q3 survey on 30 September 2010.



BANK OF ENGLAND

Credit Conditions Survey

2009 Q4

Supply

- A net balance of lenders reported that they had increased the [availability of secured credit to households](#) in the three months to early December 2009, driven in part by improvements in the economic outlook. A further slight increase in the availability of secured credit was expected over the next three months.
- [Unsecured credit availability to households](#) had continued to fall, but was expected to stabilise over the next three months.
- A net balance of lenders reported continued improvement in [corporate credit availability](#) over the past three months, with a further increase expected in 2010 Q1.

Demand

- A further increase in demand for [secured lending for house purchase](#) was reported, but demand for [secured lending for remortgaging](#) had fallen in 2009 Q4. Demand for secured lending for both house purchase and remortgaging was expected to be broadly unchanged in 2010 Q1.
- Household demand for [unsecured credit](#) had continued to fall over the past three months, though demand was expected to rise over the next three months.
- Demand for credit by [private non-financial corporations](#) (PNFCs) was weaker than anticipated, driven by reduced demand from larger firms. Demand from PNFCs was expected to rise over the next three months.

Defaults

- Lenders reported that default rates on [secured lending to households](#) were stable over the past three months, while losses given default had fallen unexpectedly. Default rates on secured lending were expected to rise over the next quarter.
- Contrary to expectations of a rise, default rates on [unsecured lending to households](#) had fallen slightly, with further falls anticipated. But losses given default had continued to rise.
- Default rates and losses given default on [lending to private non-financial corporations](#) had continued to increase, and were expected to rise further.

Terms and conditions

- Spreads on [secured lending to households](#) were reported to have stabilised, with a reduction in spreads expected over the next three months. There had been some increase in maximum loan to value ratios in 2009 Q4, with other non-price terms remaining broadly stable.
- Spreads on [unsecured lending to households](#) had risen a little over the past quarter.
- Lenders reported that spreads and fees on [corporate lending](#) had reduced slightly over the past three months, with further easing of price terms expected over the next quarter. Non-price terms had remained broadly unchanged.

This report presents the results of the 2009 Q4 survey. The 2009 Q4 survey was conducted between 16 November and 4 December. The results are based on lenders' own responses to the survey. They do not necessarily reflect the Bank's views on credit conditions. To calculate aggregate results, each lender is assigned a score based on their response. Lenders who report that credit conditions have changed 'a lot' are assigned twice the score of those who report that conditions have changed 'a little'. These scores are then weighted by lenders' market shares. The results are

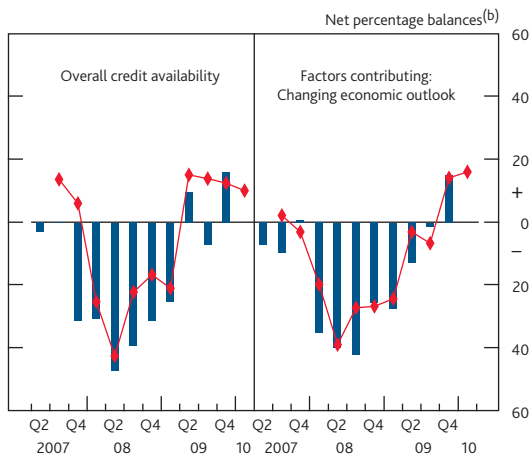
analysed by calculating 'net percentage balances' — the difference between the weighted balance of lenders reporting that, for example, demand was higher/lower or terms and conditions were tighter/looser. The net percentage balances are scaled to lie between ± 100 .

This report, and copies of the questionnaires are available on the Bank's website at www.bankofengland.co.uk/publications/other/monetary/creditconditions.htm.

Credit Conditions Survey

Based on lenders' own responses, the survey suggested that the availability of secured credit to households had increased somewhat in the three months to early December, driven in part by improvements in the economic outlook and in prospects for house prices. But the availability of unsecured credit to households had continued to fall. For corporates, a net balance of lenders reported that credit availability had increased over the past three months. Credit availability was expected to improve further in 2010 Q1 for corporates and for secured lending to households and to stabilise for household unsecured credit. Demand for secured lending for house purchase had risen over the past three months, while demand for household unsecured credit and corporate credit had weakened. Default rates had remained stable on secured lending to households and had fallen unexpectedly on unsecured lending. Corporate default rates had continued to rise. Spreads on overall secured lending to households had stabilised in 2009 Q4, while spreads on unsecured credit had continued to rise. Lenders reported that corporate spreads had narrowed slightly on the quarter. Spreads in general were expected to narrow over the next three months.

Chart 1 Household secured credit availability^(a)



(a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question. The blue bars show the responses over the previous three months. The red diamonds show the expectations over the next three months. Expectations balances have been moved forward one quarter so that they can be compared with the actual outcomes in the following quarter.

(b) A positive balance indicates that more secured credit is available, or that the change in the factor described has served to increase credit availability.

The Q4 Credit Conditions Survey was conducted between 16 November and 4 December 2009. The survey included some additional questions about the impact of factors associated with recent developments in financial markets.⁽¹⁾ Extra questions on lending to small businesses were also introduced. The questions and the associated aggregate responses are provided in the annexes.

Secured lending to households

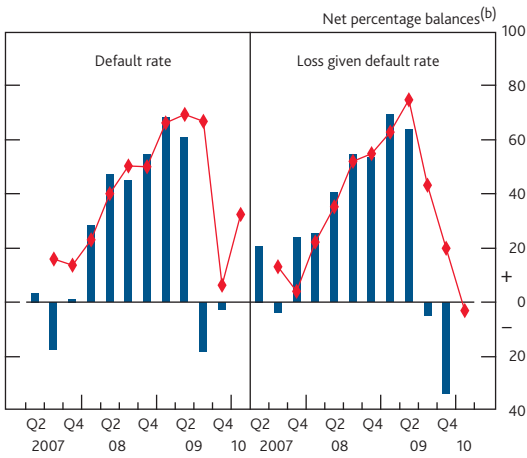
In the three months to early December, a net balance of lenders reported that there had been some increase in the availability of new secured credit to households (**Chart 1**). The reported increase in credit availability was greater for borrowers with loan to value (LTV) ratios above 75%.

Increased credit availability was attributed in part to improved prospects for house prices. Changes in the economic outlook more generally had also contributed to increased credit availability over the quarter, having borne down on credit conditions since the beginning of 2008. In addition, a net balance of mortgage lenders reported that an improvement in the cost and availability of funding had contributed to the increase in credit availability.

A small net balance of lenders anticipated a further increase in secured credit availability in 2010 Q1. This was supported by

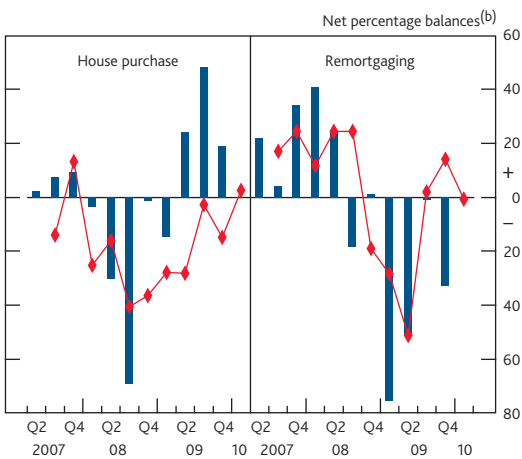
(1) For further discussion of recent developments in financial markets, see the 'Markets and operations' article in the 2009 Q4 *Quarterly Bulletin*.

Chart 2 Default rates and loss given default rates on secured loans to households^(a)



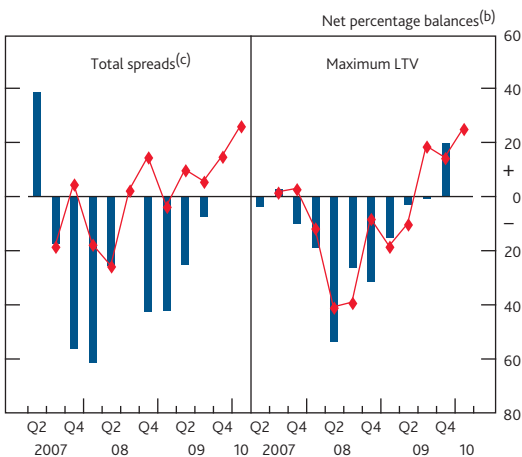
(a) See footnote (a) of Chart 1.
 (b) A positive balance indicates an increase in default rates or loss given default rates.

Chart 3 Demand for household secured lending^(a)



(a) See footnote (a) of Chart 1.
 (b) A positive balance indicates an increase in demand.

Chart 4 Terms on household secured lending^(a)



(a) See footnote (a) of Chart 1.
 (b) A positive balance indicates that spreads have become narrower, such that it is cheaper for households to borrow, or that maximum LTV ratios have increased.
 (c) Spreads are over Bank Rate for variable-rate mortgages and the relevant swap rate for fixed-rate mortgages.

expectations of a continued improvement in the economy, funding conditions and house prices.

Consistent with an improved outlook for house prices, an unexpected reduction in losses given default on secured lending to households was reported over the past three months (Chart 2). Default rates were reported to be broadly unchanged in 2009 Q4, having fallen unexpectedly in the previous quarter. But default rates were expected to increase over the next three months, albeit by less than was seen in the first half of 2009. Related to that, some lenders commented that they remained concerned about the impact of unemployment on the default rate.

Household demand for secured lending for house purchase was reported to have increased in the three months to early December, driven by increased demand for prime lending (Chart 3). This was the third consecutive quarter in which demand for house purchase had increased contrary to lenders' expectations. In contrast, demand for remortgaging was reported to have fallen in 2009 Q4. Lenders expected diminished demand for buy-to-let mortgages over the next three months but broadly stable demand for all other types of household secured lending.

Lenders reported a stabilisation in secured lending spreads over the past three months (Chart 4). Within this, spreads on buy-to-let mortgages were reported to have narrowed slightly, while prime mortgage spreads had increased a little. Consistent with expectations of increased credit availability and stable demand, spreads on mortgage lending were expected to narrow over the next three months.

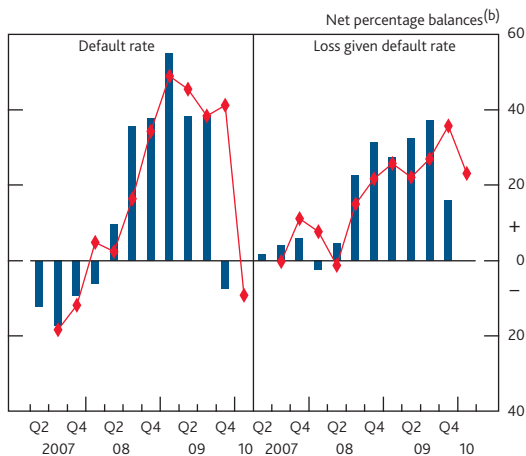
Alongside the reported increase in credit availability for borrowers with LTV ratios above 75%, a net balance of lenders reported an increase in their maximum LTV ratios for the first time in over two years. Lenders expected a further increase in maximum LTV ratios over the next three months. Other non-price terms on secured lending, including credit scoring criteria and maximum loan to income ratios, were reported to be broadly unchanged on the quarter and were expected to remain stable.

Unsecured lending to households

Lenders reported a continued reduction in the amount of unsecured credit provided to households, broadly in line with expectations. A small net balance of lenders cited diminished appetite for risk and for market share as factors contributing to this reduced availability. The availability of unsecured credit was expected to stabilise over the next three months.

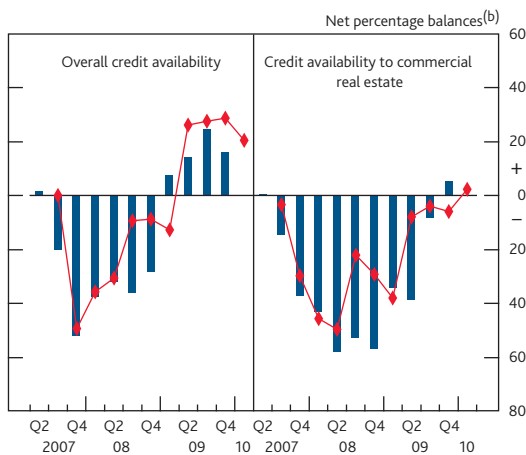
Household demand for unsecured credit was reported to have continued to decline over the past three months. Demand was expected to increase over the next three months, though some

Chart 5 Default rates and loss given default rates on unsecured lending to households^(a)



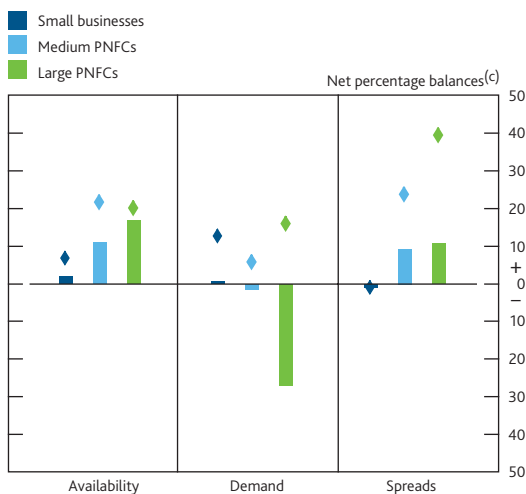
(a) See footnote (a) of Chart 1.
(b) A positive balance indicates an increase in default rates or loss given default rates.

Chart 6 Corporate credit availability^(a)



(a) See footnote (a) of Chart 1.
(b) A positive balance indicates that more corporate credit is available.

Chart 7 Credit conditions across firm sizes reported in the 2009 Q4 survey^{(a)(b)}



(a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question.
(b) The bars in this chart show the net percentage balance reported over the three months to early December. The diamonds show the associated expectations for the next three months.
(c) In the first panel, a positive balance indicates that more credit is available. In the second panel, a positive balance indicates an increase in demand. In the third panel, a positive balance indicates that spreads over reference rates have become narrower, such that all else being equal it is cheaper for corporates to borrow.

lenders commented that this expectation was driven in part by seasonal demand for credit cards.

A small net balance of lenders reported that default rates on unsecured credit had fallen, contrary to expectations of a continued rise (Chart 5). This applied to both credit card and other unsecured lending and was the first reduction in unsecured default rates reported since 2008 Q1. Lenders expected a further slight reduction in default rates in the next three months. Losses given default were reported to have continued to rise over the past quarter, but by less than expected for credit card lending.

Spreads on credit card lending were reported to be broadly unchanged in the three months to early December, while spreads on other unsecured loans had continued to increase in line with expectations. Non-price terms for unsecured credit, including credit scoring criteria and credit card limits, were also reported to have tightened over the past three months.

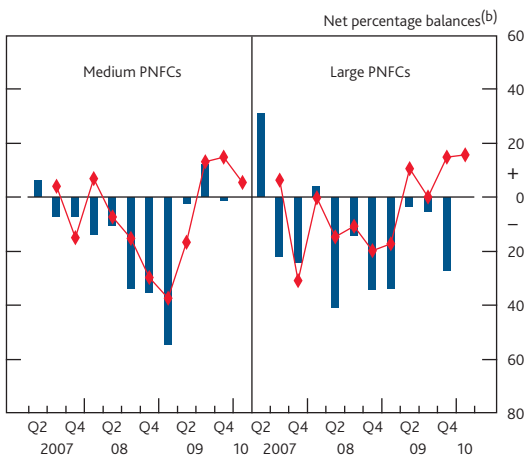
Lending to corporates and small businesses

In the three months to early December, a net balance of lenders reported that credit availability to the corporate sector had increased, albeit by a little less than expected (Chart 6). Alongside increased overall corporate credit availability, lenders reported a slight increase in credit availability to the commercial real estate sector for the first time since the survey began in 2007 Q2. For the second consecutive quarter, the impact of the economic outlook on corporate credit availability was reported to be broadly unchanged, having borne down on credit availability since 2007 Q2.

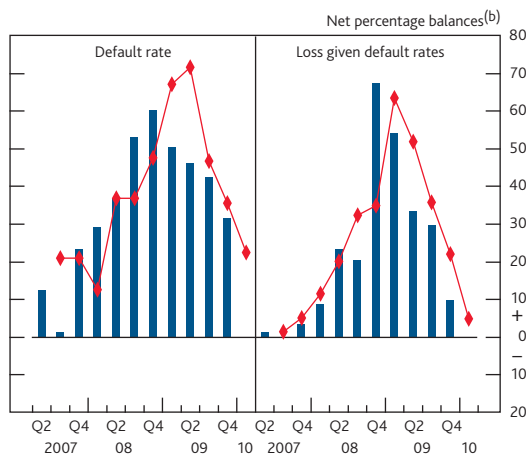
Credit availability over the past three months was reported to have increased for both medium and large-sized private non-financial corporations (PNFCs), with a greater increase reported for larger firms. Consistent with that, lenders reported that one factor contributing to improved credit availability was increased competition from capital markets, which offer an alternative source of finance to larger corporates.

In the 2009 Q4 survey, lenders were asked some additional questions about credit conditions for small businesses.⁽¹⁾ These new questions enable a comparison of changes in credit conditions for firms of different sizes, but cannot be used to compare the overall tightness of credit conditions across firm sizes. Lenders reported that credit availability for small firms was broadly unchanged over the past three months, in contrast to increased availability reported for larger firms over the same period (Chart 7). Over the next three months, credit availability was expected to

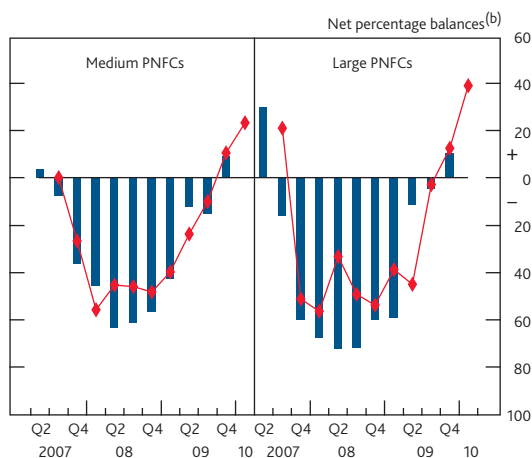
(1) The additional questions and associated aggregate responses are given in the annex on page 16. Small businesses were defined as those with annual turnover of under £1 million. For continuity, the definition of medium-sized PNFCs was unchanged, including all those with annual turnover of under £25 million.

Chart 8 Demand for corporate lending^(a)

(a) See footnote (a) of Chart 1.
 (b) A positive balance indicates an increase in demand.

Chart 9 Default rates on lending to medium PNFCs^(a)

(a) See footnote (a) of Chart 1.
 (b) A positive balance indicates an increase in default rates.

Chart 10 Spreads over Libor on lending to corporates^(a)

(a) See footnote (a) of Chart 1.
 (b) A positive balance indicates that spreads have become narrower, such that all else being equal it is cheaper for corporates to borrow.

increase across all firm sizes, although to a lesser extent for small businesses.

Demand for credit from other financial corporations was reported to have fallen and was expected to fall further over the next three months. For PNFCs, the demand for new credit facilities by small and medium-sized firms was reported to have remained broadly unchanged over the past three months, while demand from large PNFCs had fallen unexpectedly (**Chart 8**).⁽¹⁾ That was consistent with larger firms having greater access to alternative sources of finance.

Lenders reported that the main factors contributing to the fall in demand for corporate credit were continued weakness in appetite for capital investment and, contrary to lenders' expectations, weakness in mergers and acquisitions. Demand for balance sheet restructuring also fell, having supported demand for the previous five quarters. A small net balance of lenders reported that the commercial real estate sector had made a positive contribution to corporate credit demand for the second consecutive quarter.

Lenders expected credit demand from PNFCs to increase somewhat in 2010 Q1, driven in part by renewed appetite for mergers and acquisitions. This increase in demand was expected for PNFCs of all sizes.

Over the past three months, default rates were reported to have risen further for all PNFCs, broadly in line with expectations (**Chart 9**). Lenders reported that losses given default had also continued to rise, but by a little less than anticipated. Default rates and losses given default were expected to rise again in the next quarter, though by less than in recent surveys.

Alongside reports of increased credit availability and lower-than-expected demand, a small net balance of lenders reported that spreads had narrowed over the past three months for medium and large PNFCs (**Chart 10**). A slight reduction in fees and commissions was also reported. These improvements in price terms were the first to be reported since 2007 Q2. A further improvement in price terms was expected over the next three months, most notably in spreads on lending to large PNFCs. For small businesses, price terms were reported to be stable on the quarter, with no changes expected over the next three months. Non-price terms and conditions were reported to be broadly unchanged for PNFCs of all sizes and were expected to remain stable in 2010 Q1.

(1) The new question on small business demand asked corporate lenders for their overall perspective on changes in demand over the past three months. Small business demand was reported to be stable overall. Existing questions on small business demand split into secured credit, credit card and other unsecured credit were maintained, though they are not directly comparable due to differences in the sample and weights. Lenders reported a slight increase in demand for secured credit from small businesses, with little change in unsecured credit demand.

Annex 1

Secured lending to households questionnaire results

To calculate aggregate results, each lender is assigned a score based on their response. Lenders who report that credit conditions have changed 'a lot' are assigned twice the score of those who report that conditions have changed 'a little'. These scores are then weighted by lenders' market shares. The results are analysed by calculating 'net percentage balances' — the difference between the weighted balance of lenders reporting that, for example, demand was higher/lower or terms and conditions were tighter/looser. The net percentage balances are scaled to lie between ± 100 . This annex reports the net percentage balance of respondents for each question in the secured lending questionnaire.

Positive balances indicate that lenders, on balance, reported/expected demand/credit availability/defaults to be higher than over the previous/current three-month period, or that the terms and conditions on which credit was provided became cheaper or looser respectively.

		Net percentage balances ^(a)											
		2007			2008				2009				
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
How has the availability of secured credit provided to households changed?	Past three months	-2.9	0.1	-31.2	-30.7	-47.0	-39.3	-31.1	-25.2	9.7	-7.2	15.8	
	Next three months	13.4	5.8	-25.3	-42.5	-22.3	-16.8	-21.2	14.8	13.6	12.3	9.9	
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	-7.2	-9.6	0.5	-35.3	-39.8	-42.2	-25.7	-27.3	-13.1	-1.2	14.9	
	Next three months	2.1	-3.3	-19.9	-38.9	-27.4	-26.8	-24.5	-3.3	-6.8	13.9	15.8	
market share objectives	Past three months	20.0	21.3	-7.6	5.7	7.3	-0.1	-5.5	-28.0	-3.6	-6.5	5.3	
	Next three months	29.6	19.7	-25.5	-11.1	3.8	-2.9	-5.7	0.0	-2.4	4.7	7.0	
changing appetite for risk	Past three months	1.8	-1.5	-35.2	-33.2	-30.3	-24.2	-23.0	-40.4	-2.5	-4.5	0.0	
	Next three months	13.4	14.3	-28.0	-46.5	-24.8	-20.1	-18.5	-8.9	5.2	5.3	0.9	
changing cost/availability of funds	Past three months	-9.3	10.0	-12.5	-12.2	-21.4	-11.4	-22.7	-19.0	9.1	-12.3	11.3	
	Next three months	13.3	-15.1	-17.3	-6.7	-3.2	4.8	-9.3	9.5	-0.5	3.2	10.6	
How have credit scoring criteria for granting loan applications by households changed?	Past three months	-2.4	-5.7	-32.3	-43.9	-47.5	-39.3	-42.0	-35.9	-40.1	-1.2	4.2	
	Next three months	19.5	3.1	-41.0	-45.9	-38.2	-24.8	-19.2	-17.3	6.2	-1.3	-1.0	
How has the proportion of household loan applications being approved changed?	Past three months	-5.3	-2.7	-21.5	-6.8	-38.1	-18.6	-43.5	-43.2	-28.1	13.6	6.2	
	Next three months	9.5	5.6	-3.8	-21.2	-33.3	-16.6	-32.6	-44.2	-4.4	0.6	1.0	
Has there been any change in the use of securitisations associated with secured lending to households?	Past three months	13.3	-9.1	-34.7	-33.8	4.8	42.1	43.4	-10.9	-2.4	4.7	15.6	
	Next three months	4.1	-20.5	-37.7	-36.6	-20.1	-34.8	-18.6	-13.9	7.2	23.6	15.6	
Has there been any change in 'target hold' levels associated with secured lending to households?	Past three months	-6.6	2.6	1.3	29.1	-2.8	8.5	n.a.*	n.a.*	0.0	0.0	0.0	
	Next three months	13.3	5.9	2.2	29.1	4.3	8.5	n.a.*	n.a.*	0.0	0.0	0.0	
How has the default rate on secured loans to households changed?	Past three months	3.5	-17.5	1.3	28.6	47.3	44.8	54.6	68.2	60.7	-18.2	-2.7	
	Next three months	16.1	13.8	23.0	40.1	50.4	50.1	66.1	69.2	66.7	6.3	32.3	
How have losses given default on secured loans to households changed?	Past three months	20.7	-3.9	24.0	25.3	40.5	54.6	53.4	69.3	63.8	-5.2	-33.7	
	Next three months	13.2	4.1	22.1	35.3	51.9	54.7	62.8	74.6	43.2	20.0	-3.2	
How has demand for secured lending for house purchase from households changed?	Past three months	2.1	7.5	9.4	-3.8	-30.2	-69.1	-1.2	-15.0	24.1	48.3	19.0	
	Next three months	-14.0	13.2	-25.2	-16.1	-40.5	-36.5	-27.8	-28.0	-2.9	-14.7	2.6	
<i>of which: demand for prime lending</i>	Past three months	-3.3	-3.8	4.4	-1.1	-38.6	-50.8	-3.3	-14.1	19.1	41.5	11.3	
	Next three months	-14.0	15.8	-17.6	-13.5	-39.2	-33.3	-27.6	-28.9	-2.9	-22.3	-4.9	
<i>of which: demand for buy-to-let lending</i>	Past three months	14.1	10.2	14.7	6.9	10.4	-28.6	-35.1	-29.6	-8.8	-2.7	-0.9	
	Next three months	-0.1	-4.9	-30.9	-5.8	-16.9	-6.6	-26.3	-28.9	-14.9	-1.8	-17.4	
<i>of which: demand for other lending</i>	Past three months	n.a.*	4.8	15.0	17.5	-36.4	-46.2	-17.9	-25.8	-35.6	n.a.*	-6.0	
	Next three months	n.a.*	-30.4	-21.1	6.8	-29.2	-7.9	-12.1	-7.4	-8.4	n.a.*	-1.6	

		Net percentage balances ^(a)											
		2007			2008				2009				
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
How has demand for secured lending for remortgaging from households changed?	Past three months	22.0	4.3	34.2	40.8	24.0	-18.5	1.5	-75.3	-50.9	-1.1	-32.7	
	Next three months	17.1	24.3	11.6	24.4	24.3	-19.1	-28.5	-51.0	1.9	14.1	-0.7	
How has demand for other lending secured on dwellings from households changed?	Past three months	2.0	-17.6	-17.1	-0.9	-26.1	-60.8	-24.8	-66.3	4.2	1.3	-1.9	
	Next three months	2.3	-16.2	-17.1	7.5	-20.0	-43.3	-18.5	-51.3	-10.6	0.0	0.0	
How have overall secured lending spreads changed?^(a)	Past three months	38.5	-17.6	-56.2	-61.4	-25.8	0.0	-42.8	-42.2	-25.2	-7.5	-0.1	
	Next three months	-18.7	4.3	-17.9	-26.0	2.1	14.3	-4.0	9.5	5.3	14.5	25.7	
<i>of which: spreads on prime lending^(a)</i>	Past three months	42.1	-17.0	-53.2	-58.1	-25.0	4.0	-40.6	-33.5	-25.2	-7.5	-8.4	
	Next three months	-18.7	5.0	-9.8	-24.9	-5.5	16.4	-4.1	4.1	-0.8	14.3	25.7	
<i>of which: spreads on buy-to-let lending^(a)</i>	Past three months	20.8	3.1	-54.5	-61.6	-66.4	-2.9	-52.9	-33.6	-35.0	-8.5	8.6	
	Next three months	-4.9	-5.8	-15.8	-25.6	3.8	17.4	2.8	8.0	-12.6	7.4	24.3	
<i>of which: spreads on other lending^(a)</i>	Past three months	-1.1	4.4	-53.8	-70.8	-31.2	-5.2	-20.8	-26.9	n.a.*	n.a.*	0.0	
	Next three months	-3.4	-4.5	-12.0	-28.6	1.2	6.7	-3.3	-2.9	n.a.*	n.a.*	22.5	
How have fees on secured lending changed?^(a)	Past three months	5.9	3.4	-2.7	-1.9	-12.3	-7.3	-7.5	-0.7	-0.7	1.0	-11.3	
	Next three months	-2.5	-6.1	-3.8	-3.8	-3.5	-3.0	-0.8	0.2	0.9	-16.2	19.9	
How have maximum loan to value ratios changed?	Past three months	-4.0	2.8	-10.2	-18.9	-53.8	-26.6	-31.4	-15.2	-3.4	-0.7	19.9	
	Next three months	1.3	2.6	-11.9	-41.2	-39.4	-8.6	-18.7	-10.5	18.2	13.9	24.7	
How have maximum loan to income ratios changed?	Past three months	-4.4	-1.4	-3.3	-11.5	3.5	-1.7	-15.9	2.7	-5.8	0.0	0.0	
	Next three months	-4.4	3.1	2.1	-13.1	-6.5	-7.7	-18.2	7.4	0.0	5.5	4.3	

* Data are unpublished for this question as too few responses were received.

(a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question by their market shares. Positive balances indicate that lenders, on balance, reported/expected demand/credit availability/defaults to be higher than over the previous/current three-month period, or that the terms and conditions on which credit was provided became cheaper or looser respectively.

(b) A positive balance indicates that the changes in the factors described have served to increase credit availability.

Additional questions

		Net percentage balances ^(a)								
		2007	2008				2009			
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
How have the following factors affected overall household secured credit availability?^(b)										
Tighter wholesale funding conditions:	Past three months	-52.7	-48.7	-37.7	-15.0	-14.8	-2.9	-2.3	-4.0	8.7
	Next three months	-28.0	-46.5	-38.8	-25.4	-16.8	16.8	-2.4	-4.1	7.8
Actual, or potential, need to support ABCP conduits, structured investment vehicles or money market mutual funds:	Past three months	-43.3	-29.6	-4.8	-3.9	2.8	-3.2	n.a.*	n.a.*	25.4
	Next three months	-9.8	-31.5	-14.9	-3.9	2.8	-3.2	n.a.*	n.a.*	25.4
Reduced ability to transfer credit risk off balance sheet and/or tighter conditions for raising capital:	Past three months	-34.9	-34.9	-17.0	-4.9	0.0	0.0	n.a.*	0.0	0.0
	Next three months	-21.6	-44.9	-13.0	-3.6	-11.9	13.2	n.a.*	7.3	0.0
Expectations for house prices:	Past three months	-7.0	-43.0	-55.0	-58.5	-50.2	-52.5	-17.0	19.2	28.9
	Next three months	-38.2	-46.1	-69.2	-60.5	-44.7	-34.7	-15.4	17.6	7.9
How has the availability of household secured credit to the following types of borrower changed?										
Borrowers with low LTVs (75% or less):	Past three months	n.a.**	n.a.**	n.a.**	12.7	-9.9	4.1	3.6	5.2	10.6
	Next three months	n.a.**	n.a.**	n.a.**	6.3	-0.6	4.9	9.1	3.1	2.0
Borrowers with high LTVs (more than 75%):	Past three months	n.a.**	n.a.**	n.a.**	-59.5	-55.3	-56.6	-2.6	-1.1	24.2
	Next three months	n.a.**	n.a.**	n.a.**	-38.5	-27.1	-21.0	18.8	5.9	9.7
How has the average credit quality of new secured lending to households changed?^(c)	Past three months	n.a.**	n.a.**	n.a.**	23.5	18.9	-14.9	18.0	15.2	9.8
	Next three months	n.a.**	n.a.**	n.a.**	22.6	10.0	-1.7	0.1	23.8	0.0
What percentage of your existing secured loan book is contractually committed to passing on any further cuts in Bank Rate?	Median ^(d)	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	47.4	n.a.**	n.a.**	n.a.**

* Data are unpublished for this question as too few responses were received.

** Additional question not asked in survey.

(a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question by their market shares. Positive balances indicate that lenders, on balance, reported/expected demand/credit availability/defaults to be higher than over the previous/current three-month period, or that the terms and conditions on which credit was provided became cheaper or looser respectively.

(b) A positive balance indicates that the changes in the factors described have served to increase credit availability.

(c) A positive balance indicates an improvement in the credit quality of new borrowing.

(d) Unlike the other questions in this survey, lenders were asked to select the numerical range that reflected the percentage of their existing loan book contractually committed to passing on any further cuts in Bank Rate (0%–20%, 20%–40%, 40%–60%, 60%–80%, 80%–100%). A weighted median response, based on lenders' market shares, was then calculated assuming that lenders' responses were uniformly distributed across each numerical range.

Annex 2

Unsecured lending to households questionnaire results

To calculate aggregate results, each lender is assigned a score based on their response. Lenders who report that credit conditions have changed 'a lot' are assigned twice the score of those who report that conditions have changed 'a little'. These scores are then weighted by lenders' market shares. The results are analysed by calculating 'net percentage balances' — the difference between the weighted balance of lenders reporting that, for example, demand was higher/lower or terms and conditions were tighter/looser. The net percentage balances are scaled to lie between ± 100 . This annex reports the net percentage balance of respondents for each question in the unsecured lending questionnaire.

Positive balances indicate that lenders, on balance, reported/expected demand/credit availability/defaults to be higher than over the previous/current three-month period, or that the terms and conditions on which credit was provided became cheaper or looser respectively.

		Net percentage balances ^(a)											
		2007			2008				2009				
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
How has the availability of unsecured credit provided to households changed?	Past three months	-14.3	-10.2	-13.6	-21.1	-24.0	-27.5	-30.5	-17.1	-13.4	-9.0	-16.2	
	Next three months	4.9	-2.9	-7.0	-13.7	-25.3	-32.0	-37.4	-2.3	-6.9	-12.1	-1.7	
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	-8.0	-13.4	-11.9	-17.9	-19.6	-34.7	-24.1	-25.5	3.2	-10.6	3.0	
	Next three months	-2.6	-12.2	-23.2	-10.8	-32.7	-35.4	-29.3	-16.7	-4.4	-9.9	0.0	
market share objectives	Past three months	6.5	-0.8	7.5	-0.7	0.5	-5.3	-9.0	-3.4	-8.5	6.0	-4.3	
	Next three months	13.6	-3.6	-2.5	-1.2	0.5	-5.3	-9.4	-2.3	5.7	-4.5	0.9	
changing appetite for risk	Past three months	-3.4	-8.0	-14.3	-8.3	-9.3	-28.0	-17.4	-19.1	-1.9	-24.7	-4.3	
	Next three months	1.4	-11.7	-18.7	-16.6	-21.0	-32.3	-37.3	-9.9	-1.6	-14.3	-3.6	
changing cost/availability of funds	Past three months	17.4	1.0	1.2	-1.6	0.3	-5.0	-7.4	-2.3	-0.7	-11.3	0.0	
	Next three months	18.8	0.0	-10.2	-1.4	-1.1	-5.5	-7.4	-2.7	-2.7	-10.4	-9.0	
How have credit scoring criteria for granting credit card loan applications by households changed?	Past three months	-15.0	-7.8	7.9	-16.6	4.5	-33.1	-26.7	-60.9	-24.2	-26.7	-17.1	
	Next three months	-1.0	-13.7	-16.4	0.2	-34.3	-41.4	-46.8	-16.2	-20.5	-34.1	-8.0	
How have credit scoring criteria for granting other unsecured loan applications by households changed?	Past three months	-12.0	19.9	-8.5	-20.8	-26.7	-31.6	-35.0	-50.4	-42.4	-48.7	-29.1	
	Next three months	-5.6	-24.2	-24.2	-21.8	-48.6	-26.4	-54.3	-41.7	-31.9	-19.4	-7.4	
How have credit scoring criteria for granting total unsecured loan applications by households changed?	Past three months	-14.2	-0.8	3.7	-17.7	-3.0	-32.8	-28.5	-58.8	-27.6	-30.5	-19.1	
	Next three months	-2.2	-16.3	-18.3	-5.2	-37.8	-37.9	-48.5	-21.3	-22.6	-31.5	-7.9	
How has the proportion of credit card loan applications from households being approved changed?	Past three months	33.2	15.1	10.0	-6.7	-16.3	-15.8	4.5	-29.1	-21.7	-1.3	-12.3	
	Next three months	6.1	-2.5	-26.3	-7.6	-9.2	-46.0	-43.8	-12.4	-11.4	-19.4	0.0	
How has the proportion of other unsecured loan applications from households being approved changed?	Past three months	6.1	14.8	-17.7	-24.9	-11.3	-31.1	-36.4	-38.0	-35.5	-5.0	-29.9	
	Next three months	2.6	-18.1	-28.5	-26.8	-27.2	-13.5	-46.6	-27.3	-15.3	-3.1	-0.2	
How has the proportion of total unsecured loan applications from households being approved changed?	Past three months	25.9	15.0	3.0	-11.2	-15.1	-19.3	-4.3	-30.8	-24.2	-1.9	-15.1	
	Next three months	5.2	-6.4	-26.9	-12.4	-13.5	-38.5	-44.4	-15.4	-12.1	-16.6	0.0	
How has the default rate on credit card loans to households changed?	Past three months	-14.6	-20.8	-8.8	-10.0	6.4	33.9	34.6	61.0	38.4	40.5	-4.9	
	Next three months	-17.3	-13.3	9.0	2.1	17.3	36.9	50.1	49.3	37.3	43.0	-8.0	
How has the default rate on other unsecured loans to households changed?	Past three months	-6.0	-6.5	-11.4	5.5	19.2	40.9	49.0	30.1	37.3	28.3	-19.8	
	Next three months	-20.8	-7.5	-7.6	3.2	13.7	25.7	44.1	30.1	42.1	31.9	-15.5	
How has the default rate on total unsecured loans to households changed?	Past three months	-12.3	-17.2	-9.5	-6.2	9.5	35.5	37.7	54.8	38.2	38.4	-7.3	
	Next three months	-18.2	-11.8	4.8	2.4	16.4	34.3	48.8	45.5	38.2	41.1	-9.2	

		Net percentage balances ^(a)											
		2007			2008				2009				
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
How have losses given default on credit card loans to households changed?	Past three months	-2.9	5.9	5.2	-3.7	3.9	25.3	36.7	28.0	30.3	38.2	13.5	
	Next three months	-3.7	12.8	4.6	-3.0	13.3	21.4	25.6	24.1	27.9	39.0	23.5	
How have losses given default on other unsecured loans to households changed?	Past three months	13.9	-1.4	8.8	1.4	7.2	12.6	12.3	25.1	41.2	31.8	29.0	
	Next three months	8.8	5.8	17.2	4.3	20.3	22.4	25.7	14.1	22.8	20.2	20.8	
How have losses given default on total unsecured loans to households changed?	Past three months	1.6	4.1	6.1	-2.4	4.7	22.4	31.4	27.4	32.3	37.1	16.0	
	Next three months	-0.3	11.0	7.8	-1.2	15.0	21.6	25.6	22.1	26.9	35.8	23.1	
How has demand for credit card lending from households changed?	Past three months	1.2	-2.2	10.5	-11.0	23.1	-14.6	13.0	-23.5	-27.0	-11.4	-15.1	
	Next three months	5.2	3.2	-5.9	5.1	1.2	-6.1	-20.4	-17.9	-10.5	-4.1	42.7	
How has demand for other unsecured lending from households changed?	Past three months	-20.4	-4.9	-11.7	7.8	-44.8	-17.9	-36.8	-25.6	-12.8	-3.1	-19.0	
	Next three months	1.3	-4.5	2.3	-23.3	-12.0	7.3	-12.0	-24.9	9.6	-15.8	5.1	
How has demand for total unsecured lending from households changed?	Past three months	-4.6	-2.9	4.9	-6.4	6.7	-15.4	2.3	-23.9	-24.4	-10.0	-15.7	
	Next three months	4.2	1.2	-3.8	-1.9	-2.0	-3.0	-18.6	-19.3	-6.8	-6.1	36.6	
How have spreads on credit cards changed? ^(a)	Past three months	6.6	16.2	-3.5	-4.8	-4.4	-8.3	1.8	-24.7	-5.8	-13.9	-1.5	
	Next three months	5.7	0.4	-1.2	-11.9	-3.2	-10.9	21.0	-1.6	19.0	0.7	13.5	
How have spreads on other unsecured lending products changed? ^(a)	Past three months	-6.9	6.7	-15.8	-21.5	-18.6	-12.6	-34.8	-35.0	-39.3	-18.0	-24.8	
	Next three months	-2.9	-16.0	-18.8	-4.0	-4.4	-4.6	-11.2	-16.2	8.5	-24.0	14.6	
How have overall unsecured lending spreads changed? ^(a)	Past three months	3.0	13.8	-6.6	-8.9	-7.8	-9.3	-6.1	-26.7	-12.0	-14.6	-5.3	
	Next three months	3.4	-3.7	-5.7	-10.0	-3.5	-9.5	14.0	-4.5	17.1	-3.6	13.7	
How have credit card limits changed?	Past three months	-10.4	25.1	16.8	13.9	-15.0	-24.3	-21.4	-17.4	-16.1	-30.2	-13.8	
	Next three months	12.7	-2.7	7.9	-2.3	-12.7	-15.2	-25.1	-27.9	-16.6	-14.4	-2.7	
How has the minimum proportion of credit card balances to be paid changed? ^(a)	Past three months	-4.6	-2.9	3.2	-4.7	0.1	-7.0	-3.7	-12.0	-6.2	-6.1	-6.1	
	Next three months	11.0	8.5	-0.1	-5.2	-9.4	4.1	-26.1	-10.5	0.0	0.0	8.9	
How have maximum maturities on loans changed? ^(c)	Past three months	2.5	0.0	2.3	-3.7	8.0	14.8	10.3	-18.5	-15.6	-1.6	-10.5	
	Next three months	0.0	0.9	0.0	0.0	10.3	14.8	8.3	-15.2	-17.2	-3.6	0.0	

(a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question by their market shares. Positive balances indicate that lenders, on balance, reported/expected demand/credit availability/defaults to be higher than over the previous/current three-month period, or that the terms and conditions on which credit was provided became cheaper or looser respectively.

(b) A positive balance indicates that the changes in the factors described have served to increase credit availability.

(c) A positive balance indicates an increase in maximum maturities on new loans. This sign convention was changed in 2009 Q4 and was applied to the back data accordingly.

Annex 3

Corporate lending questionnaire results

To calculate aggregate results, each lender is assigned a score based on their response. Lenders who report that credit conditions have changed 'a lot' are assigned twice the score of those who report that conditions have changed 'a little'. These scores are then weighted by lenders' market shares. The results are analysed by calculating 'net percentage balances' — the difference between the weighted balance of lenders reporting that, for example, demand was higher/lower or terms and conditions were tighter/looser. The net percentage balances are scaled to lie between ± 100 . This annex reports the net percentage balance of respondents for each question in the corporate lending questionnaire, including specific questions for private non-financial corporations (PNFCs) and other financial corporations (OFCs).

Positive balances indicate that lenders, on balance, reported/expected demand/credit availability/defaults to be higher than over the previous/current three-month period, or that the terms and conditions on which credit was provided became cheaper or looser respectively.

		Net percentage balances ^(a)											
		2007			2008				2009				
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
How has the availability of credit provided to the corporate sector overall changed?	Past three months	1.8	-20.2	-51.8	-37.3	-32.1	-36.2	-28.2	7.8	14.3	24.8	16.3	
	Next three months	0.0	-49.3	-35.7	-30.7	-9.2	-8.8	-12.8	26.3	27.7	28.9	20.5	
<i>of which:</i> commercial real estate sector	Past three months	0.8	-14.7	-37.1	-43.0	-58.2	-52.8	-57.0	-34.4	-38.7	-8.1	5.6	
	Next three months	-3.2	-29.8	-45.6	-49.5	-22.2	-29.1	-38.1	-8.0	-3.9	-5.9	2.4	
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	-4.5	-11.2	-45.1	-37.4	-44.3	-53.0	-44.8	-49.7	-12.7	0.3	4.3	
	Next three months	-16.2	-48.4	-46.7	-22.5	-29.2	-45.6	-40.5	-17.2	0.0	3.1	-0.9	
changing sector-specific risks	Past three months	-29.5	-25.7	-38.8	-1.6	-41.1	-42.9	-49.8	-21.9	-2.3	2.3	16.5	
	Next three months	-15.5	-37.3	-45.5	-10.7	-17.5	-42.2	-32.9	-13.6	-6.9	-3.1	23.2	
market share objectives	Past three months	21.0	0.0	-27.4	-7.4	-6.8	-20.2	-21.6	5.9	10.9	9.5	0.0	
	Next three months	4.1	0.0	-29.9	-16.8	-3.9	-19.2	-19.6	5.9	11.8	13.3	2.8	
market pressures from capital markets	Past three months	25.1	-31.6	-38.2	21.2	-19.9	-19.3	-13.0	6.4	2.2	0.7	5.6	
	Next three months	0.2	-50.1	-23.3	-7.4	-21.9	-18.3	-7.1	0.4	5.1	0.8	3.9	
changing appetite for risk	Past three months	1.1	-17.5	-33.9	10.5	-39.9	-43.0	-36.1	-19.9	0.0	0.8	0.1	
	Next three months	-12.3	-27.7	-33.5	-3.5	-7.9	-18.9	-36.1	-18.0	0.0	1.6	0.0	
changing cost/availability of funds	Past three months	-25.1	-33.7	-45.2	4.8	-29.6	-34.5	-55.2	0.5	12.9	32.5	-7.6	
	Next three months	-10.8	-42.2	-41.6	1.6	-8.9	-21.6	-21.0	16.5	26.5	21.4	6.7	
How has the proportion of loan applications from medium PNFCs being approved changed?	Past three months	-20.9	-21.6	-29.2	-16.1	-25.7	-30.5	-43.6	-29.1	3.5	11.8	1.7	
	Next three months	-10.2	-26.4	-28.7	-13.9	-17.1	-10.8	-37.8	-25.9	8.6	17.1	1.3	
How has the proportion of loan applications from large PNFCs being approved changed?	Past three months	3.4	-16.0	-29.1	-35.1	-24.2	-17.0	-40.1	-22.4	5.4	3.2	5.6	
	Next three months	-2.0	-20.7	-26.4	-22.3	-14.3	-4.3	-28.0	-17.3	7.3	11.9	6.0	
Has there been any change in the use of cash securitisations associated with corporate lending?	Past three months	7.7	-1.5	-75.8	-27.1	1.2	-2.4	-3.6	24.0	n.a.*	9.9	10.5	
	Next three months	21.3	-68.8	-54.0	-18.8	1.2	-2.4	1.1	1.2	n.a.*	0.0	7.4	
Has there been any change in the use of derivatives/synthetic securitisations associated with corporate lending?	Past three months	3.9	1.0	-36.7	-13.4	-1.4	5.8	1.9	3.1	9.0	5.8	-1.0	
	Next three months	15.9	-40.1	-32.1	-13.7	6.1	5.8	-1.5	-1.5	-2.4	-1.8	-1.0	
Has there been any change in 'target hold' levels associated with corporate lending?	Past three months	37.3	18.5	11.3	17.3	28.0	33.0	37.1	16.4	24.6	15.3	0.5	
	Next three months	18.8	3.8	32.7	33.2	14.6	16.5	16.6	19.0	30.8	0.0	31.3	

		Net percentage balances ^(a)											
		2007			2008				2009				
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
How have loan tenors on new corporate loans changed? ^(c)	Past three months	0.7	5.5	-13.6	-17.6	-25.4	-5.1	-38.9	-23.0	-22.4	-0.6	-10.7	
	Next three months	9.1	-13.3	-8.1	-21.0	-16.2	-7.7	-16.9	-0.5	-20.5	13.1	18.2	
How has the default rate on loans to medium PNFCs changed?	Past three months	12.4	1.3	23.3	29.2	37.0	53.1	60.2	50.5	46.3	42.5	31.8	
	Next three months	21.0	21.0	12.7	37.0	36.8	47.6	67.0	71.7	46.8	35.6	22.5	
How has the default rate on loans to large PNFCs changed?	Past three months	-3.9	0.0	1.1	24.4	29.6	36.3	47.4	35.2	48.0	34.8	40.8	
	Next three months	19.2	2.0	2.8	36.8	36.1	45.1	62.0	51.8	45.2	37.1	27.0	
How have losses given default on loans to medium PNFCs changed?	Past three months	1.5	0.0	3.4	8.7	23.4	20.6	67.6	54.2	33.4	29.8	9.9	
	Next three months	1.5	5.1	11.5	20.1	32.3	34.9	63.5	51.8	35.8	22.0	5.0	
How have losses given default on loans to large PNFCs changed?	Past three months	0.0	0.0	1.8	0.0	14.4	13.3	46.9	41.8	30.8	28.8	14.8	
	Next three months	0.0	1.2	0.7	15.1	23.1	27.9	40.6	31.7	24.3	23.0	13.0	
How has demand for lending from medium PNFCs changed?	Past three months	6.0	-7.3	-7.2	-13.8	-10.4	-33.8	-35.5	-54.5	-2.1	12.3	-1.4	
	Next three months	4.1	-15.0	6.9	-7.2	-15.2	-29.8	-37.3	-16.6	13.0	14.9	5.5	
How has demand for lending from large PNFCs changed?	Past three months	30.9	-21.9	-24.4	4.1	-40.7	-14.0	-34.4	-33.6	-3.6	-5.3	-27.1	
	Next three months	6.4	-31.0	-0.2	-14.6	-10.7	-19.7	-17.2	10.5	0.0	14.9	15.7	
How has demand from institutional investors/pension funds changed?	Past three months	0.0	-4.5	38.5	2.1	-20.0	-9.3	-23.6	-1.5	-1.5	-1.2	-6.9	
	Next three months	0.0	5.4	35.8	16.1	-3.3	-21.6	-6.1	-1.5	-1.5	-2.6	-1.7	
How has demand from securities dealers changed?	Past three months	n.a.*	n.a.*	24.1	-11.7	-8.6	n.a.*	-35.6	-6.6	n.a.*	n.a.*	-28.7	
	Next three months	n.a.*	n.a.*	24.1	3.0	-1.7	n.a.*	-3.8	-6.6	n.a.*	n.a.*	-0.3	
How has demand from hedge funds changed?	Past three months	-1.0	n.a.*	54.8	23.3	2.9	-3.2	n.a.*	-16.3	n.a.*	n.a.*	-66.5	
	Next three months	-1.0	n.a.*	43.3	15.0	10.4	-3.2	n.a.*	-3.7	n.a.*	n.a.*	-58.8	
How has demand from structured finance vehicles changed?	Past three months	6.7	-4.9	46.0	-48.9	-63.7	-19.6	-31.9	-2.3	n.a.*	n.a.*	-48.7	
	Next three months	6.2	-1.7	31.4	-0.2	-18.6	-3.6	-5.1	-2.3	n.a.*	n.a.*	-42.7	
How has demand from other OFCs changed?	Past three months	0.0	-1.7	17.9	-1.3	-25.7	-17.4	-21.2	n.a.*	0.0	9.2	-11.2	
	Next three months	0.0	3.9	17.8	-4.5	-5.3	-17.4	-6.1	n.a.*	0.0	7.7	-19.9	
What have been the main factors contributing to changes in demand for lending:^(b)													
mergers and acquisitions	Past three months	45.3	15.5	-53.7	6.7	-32.8	-41.8	-48.1	-24.5	-9.4	-6.4	-21.0	
	Next three months	27.3	-66.8	-22.6	-5.0	-8.4	-27.0	-41.7	-22.3	4.7	19.2	22.3	
capital investment	Past three months	-1.9	-12.6	-15.4	-16.4	-27.2	-50.1	-66.0	-61.4	-40.7	-25.9	-20.7	
	Next three months	-4.2	-27.5	-8.3	-10.6	-15.1	-51.7	-47.5	-28.4	-24.2	-6.6	-5.2	
inventory finance	Past three months	-11.2	-20.0	-14.0	9.6	1.9	9.0	11.4	-23.4	-6.9	1.4	-12.7	
	Next three months	-15.9	-21.5	-1.1	9.9	-0.7	4.0	12.6	-19.9	-6.2	19.7	6.5	
balance sheet restructuring	Past three months	4.7	-40.3	-26.7	2.4	-7.0	19.2	24.0	35.2	37.4	15.7	-19.1	
	Next three months	1.9	-48.8	-7.0	6.0	9.8	19.3	36.8	40.4	28.8	24.6	21.7	
commercial real estate	Past three months	21.5	-31.1	-15.9	-23.2	-28.2	-55.7	-55.8	-46.4	-53.4	6.9	9.5	
	Next three months	-4.5	-46.5	-22.9	-10.2	-21.9	-36.3	-37.0	-13.9	-24.4	-14.7	5.9	
How have spreads on loans to medium PNFCs changed? ^(a)	Past three months	3.6	-7.8	-36.6	-45.7	-63.4	-61.5	-56.7	-42.7	-12.2	-15.2	9.2	
	Next three months	0.0	-26.8	-55.9	-45.4	-46.0	-48.1	-39.8	-23.7	-10.0	10.7	23.4	
How have fees/commissions on loans to medium PNFCs changed? ^(a)	Past three months	0.7	-4.7	-30.3	-40.7	-62.2	-59.8	-53.0	-41.5	-11.9	-18.2	7.3	
	Next three months	0.0	-21.1	-51.9	-44.6	-48.1	-43.8	-37.7	-23.7	-11.0	11.7	10.7	

		Net percentage balances ^(a)											
		2007			2008				2009				
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
How have collateral requirements for loans to medium PNFCs changed?^(a)	Past three months	-7.5	0.0	-11.9	-21.5	-17.9	-20.8	-22.8	-9.6	-7.3	-14.0	-3.5	
	Next three months	0.0	-10.0	-15.6	-19.5	-1.8	-17.6	-15.2	-10.3	-5.4	0.0	-1.7	
How have maximum credit lines for medium PNFCs changed?	Past three months	3.6	0.0	-21.1	-30.6	-27.2	-30.1	-25.4	-13.9	3.6	0.0	-2.3	
	Next three months	3.1	-24.5	-21.1	-25.9	-18.5	-20.3	-17.6	-9.8	-6.7	4.5	0.4	
How have loan covenants for medium PNFCs changed?^(a)	Past three months	14.8	-1.1	-20.6	-35.6	-37.1	-35.8	-22.5	-32.9	-27.1	-14.0	-4.2	
	Next three months	-1.3	-29.3	-37.8	-25.4	-42.2	-12.8	-14.9	-27.8	-6.5	0.0	-2.2	
How have spreads on loans to large PNFCs changed?^(a)	Past three months	29.8	-16.4	-60.1	-67.6	-72.5	-71.9	-60.1	-59.0	-11.2	-4.4	10.6	
	Next three months	21.2	-51.2	-56.4	-33.2	-49.4	-53.9	-38.7	-45.0	-2.9	12.5	39.2	
How have fees/commissions on loans to large PNFCs changed?^(a)	Past three months	26.1	-7.1	-52.5	-49.6	-68.4	-71.9	-57.4	-51.2	-6.8	-7.4	10.8	
	Next three months	20.4	-35.5	-59.3	-42.1	-49.4	-50.7	-36.0	-45.0	-3.8	11.7	9.6	
How have collateral requirements for loans to large PNFCs changed?^(a)	Past three months	22.8	13.1	-16.8	-1.7	-15.8	-26.5	-26.0	-6.7	-3.5	-14.0	-4.0	
	Next three months	0.0	-6.5	-12.9	4.7	-8.2	-16.5	-15.4	-5.8	-1.6	0.0	-0.9	
How have maximum credit lines for large PNFCs changed?	Past three months	20.6	10.5	-36.4	-49.0	-44.2	-24.3	-21.3	-12.4	7.4	12.2	2.2	
	Next three months	6.3	-47.0	-16.8	-12.4	-13.3	-6.1	-22.3	-1.3	-2.8	17.6	0.0	
How have loan covenants for large PNFCs changed?^(a)	Past three months	36.4	4.9	-46.3	-48.1	-40.1	-26.0	-22.9	-37.1	-24.2	-14.0	-4.9	
	Next three months	20.9	-48.2	-35.6	-23.3	-28.4	-10.9	-10.2	-21.3	-5.2	6.4	5.4	
How have spreads on loans to OFCs changed?^(a)	Past three months	19.7	-27.7	-72.1	-54.8	-68.7	-66.8	-58.0	-47.9	-40.7	-8.1	14.1	
	Next three months	19.5	-82.2	-70.7	-41.7	-42.7	-45.2	-39.5	-25.6	-21.9	-0.9	13.8	
How have fees/commissions on loans to OFCs changed?^(a)	Past three months	18.4	-11.8	-64.4	-50.8	-69.9	-51.4	-56.5	-37.8	-34.2	-15.6	14.2	
	Next three months	18.4	-42.4	-62.9	-38.9	-46.6	-47.4	-34.7	-25.6	-21.9	-11.2	10.8	
How have collateral requirements for loans to OFCs changed?^(a)	Past three months	10.9	-1.4	-35.7	-29.7	-10.3	-23.9	-54.5	-27.5	-32.2	-18.9	-2.6	
	Next three months	0.0	-45.1	-34.3	-12.4	-3.9	-17.8	-34.1	-19.0	-20.3	-18.9	-2.6	
How have maximum credit lines for OFCs changed?	Past three months	4.4	-13.1	-37.4	-52.5	-46.3	-23.2	-69.2	-46.4	-25.7	-20.2	23.3	
	Next three months	4.4	-54.8	-38.4	-34.5	-18.7	-23.2	-41.2	-31.1	-23.0	-20.2	23.3	

* Data are unpublished for this question as too few responses were received.

(a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question by their market shares. Positive balances indicate that lenders, on balance, reported/expected demand/credit availability/defaults to be higher than over the previous/current three-month period, or that the terms and conditions on which credit was provided became cheaper or looser respectively.

(b) A positive balance indicates that the changes in the factors described have served to increase credit availability/demand.

(c) A positive balance indicates an increase in new corporate loan tenors. This sign convention was changed in 2009 Q3 and was applied to the back data accordingly.

Additional questions

		Net percentage balances ^(a)								
		2007	2008				2009			
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
How have the following factors affected overall PNFCs' credit availability?^(b)										
Tighter wholesale funding conditions:	Past three months	-59.0	-12.9	-28.0	-13.1	-13.8	-28.7	-7.6	5.4	-4.9
	Next three months	-51.1	10.0	-9.7	-1.0	-11.3	-6.7	-7.0	1.3	-2.3
Actual, or potential, need to support ABCP conduits, structured investment vehicles or money market mutual funds:	Past three months	-2.2	16.2	-7.2	-8.8	-2.3	-2.4	-10.3	-13.2	-36.4
	Next three months	8.9	17.8	-7.2	4.7	-2.3	9.1	-12.6	-16.1	-11.6
Reduced ability to transfer credit risk off balance sheet and/or tighter conditions for raising capital:	Past three months	-47.2	-19.3	-30.9	-20.3	-22.7	-12.3	-21.4	-6.7	-4.0
	Next three months	-49.3	-5.3	-8.3	-9.3	-6.7	1.0	-37.2	-6.7	-2.6
Has there been a change in drawdowns on committed lines by PNFCs?	Past three months	20.3	5.0	11.8	11.3	38.2	6.2	-40.3	-10.0	-16.8
	Next three months	33.8	12.8	18.6	6.4	29.0	9.7	-12.4	-13.8	-18.9
Has there been a change in average credit quality on newly arranged PNFC borrowing facilities? ^(c)	Past three months	n.a.**	5.5	14.4	16.6	12.5	1.5	-1.4	-4.6	11.1
	Next three months	n.a.**	7.0	14.4	18.4	7.4	-4.6	-1.4	-4.5	15.0
How have commercial property prices affected credit availability to the commercial real estate sector, and/or secured lending to PNFCs?	Past three months	n.a.**	-20.9	-49.1	-58.2	-56.7	-48.1	-46.2	7.4	-8.1
	Next three months	n.a.**	-9.0	-44.4	-43.0	-45.2	-15.5	-21.8	-5.7	16.8
Has there been a change in the amount of secured lending to PNFCs, such as asset-based lending, relative to unsecured PNFC lending?	Past three months	n.a.**	n.a.**	11.0	15.7	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**
	Next three months	n.a.**	n.a.**	11.0	8.0	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**
Has there been a change in the availability of letters of credit to PNFCs for use in international trade?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	-2.2	0.7	0.3	0.0	11.6
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	5.5	-6.5	5.4	0.0	26.0
Has there been a change in the availability of trade credit instruments (invoice financing, factoring, trade credit insurance etc) to PNFCs for domestic business activities?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	1.2	-11.4	16.2	5.9	0.3
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	8.9	-1.5	4.7	4.7	0.3
What percentage of your existing PNFC loan book is contractually committed to passing on any further cuts in Bank Rate?	Median ^(d)	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	32.0	n.a.**	n.a.**	n.a.**
How has the availability of credit provided to medium PNFCs changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	15.0	11.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	19.7	21.4
How has the availability of credit provided to large PNFCs changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	25.6	16.9
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	27.8	19.8

** Additional question not asked in survey.

- (a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question by their market shares. Positive balances indicate that lenders, on balance, reported/expected demand/credit availability/defaults to be higher than over the previous/current three-month period, or that the terms and conditions on which credit was provided became cheaper or looser respectively.
- (b) A positive balance indicates that the changes in the factors described have served to increase credit availability.
- (c) A positive balance indicates an improvement in the credit quality of new borrowing.
- (d) Unlike the other questions in this survey, lenders were asked to select the numerical range that reflected the percentage of their existing loan book contractually committed to passing on any further cuts in Bank Rate (0%–20%, 20%–40%, 40%–60%, 60%–80%, 80%–100%). A weighted median response, based on lenders' market shares, was then calculated assuming that lenders' responses were uniformly distributed across each numerical range.

Additional questions on lending to small businesses^(a)

		Net percentage balances ^(b)											
		2007			2008				2009				
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
How has the availability of credit provided to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	1.9
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	6.4
How has the proportion of loan applications from small businesses being approved changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-6.4
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	2.8
How has the default rate on loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	38.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	38.7
How have losses given default on loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	6.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	12.2
How has overall demand for lending from small businesses changed? ^(c)	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	0.6
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	12.3
How has demand for credit card lending from small businesses changed? ^(c)	Past three months	14.7	-4.9	5.2	-1.6	20.1	4.4	4.2	17.3	21.7	14.3	3.5	
	Next three months	0.9	-2.4	19.7	-1.6	1.9	13.0	9.1	32.3	32.2	18.8	8.2	
How has demand for other unsecured lending from small businesses changed? ^(c)	Past three months	2.6	-11.4	-9.2	-14.5	-5.5	-16.2	-52.1	2.6	-26.7	9.0	-6.8	
	Next three months	2.6	-9.2	-10.5	-13.9	-19.0	-19.1	-15.8	-8.5	18.1	10.7	10.2	
How has demand for total unsecured lending from small businesses changed? ^(c)	Past three months	11.8	-6.7	0.2	-5.3	13.8	-0.1	-8.8	14.2	12.3	13.3	1.7	
	Next three months	1.3	-4.2	9.4	-5.2	-3.2	6.1	3.4	23.7	29.5	17.4	8.6	
How has demand for secured lending from small businesses changed? ^(c)	Past three months	39.1	47.8	10.3	-5.0	-15.1	-40.6	-34.0	6.7	-16.0	11.2	15.0	
	Next three months	55.5	47.8	18.6	-14.4	-34.7	-10.3	-26.9	27.1	21.0	13.1	15.0	
How have spreads on loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-1.1
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-1.3
How have fees/commissions on loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-1.7
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0
How have collateral requirements for loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-3.4
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0
How have maximum credit lines for small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0
How have loan covenants for small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	0.0

** Additional question not asked in survey.

- (a) Additional questions on lending to small businesses were introduced in the 2009 Q4 survey. Small businesses were defined as those with annual turnover of less than £1 million in all of the new questions, consistent with the existing questions on small business demand. In line with existing guidance, answers relating to medium-sized PNFs in the main survey continued to include any firm with annual turnover of less than £25 million.
- (b) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question by their market shares. Positive balances indicate that lenders, on balance, reported/expected demand/credit availability/defaults to be higher than over the previous/current three-month period, or that the terms and conditions on which credit was provided became cheaper or looser respectively.
- (c) The new question on small business demand asked corporate lenders for their overall perspective on any change in demand over the past three months. Existing questions on small business demand split into secured credit, credit card and other unsecured credit were maintained, though the aggregate results are not directly comparable due to differences in the sample and weights.