

Credit Conditions Survey

Survey results | 2010 Q1



BANK OF ENGLAND





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Credit Conditions Survey

2010 Q1

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 2010 Q1 survey. The 2010 Q1 survey was conducted between 22 February and 12 March.

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 2010 Q1 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 Q2 survey on 1 July 2010.

2010 Q3 survey on 30 September 2010.



BANK OF ENGLAND

Credit Conditions Survey

2010 Q1

Supply

- Lenders reported that the [availability of secured credit to households](#) was broadly unchanged in the three months to mid-March 2010. The level of credit availability was not expected to change significantly over the next three months.
- [Unsecured credit availability to households](#) was reported to have stabilised. Lenders expected availability to increase over the coming quarter.
- The overall [availability of credit to corporates](#) was reported to have continued to increase in 2010 Q1. A further increase in availability was expected in Q2.

Demand

- Demand for [secured lending both for house purchase and for remortgaging](#) was reported to have fallen over the past three months, due to the effects of temporary factors, but was expected to increase over the next quarter as those effects waned.
- Lenders reported that demand for [unsecured credit](#) had also fallen, in particular for credit card lending. Lenders expected demand to increase in 2010 Q2.
- Demand for credit by [private non-financial corporations](#) (PNFCs) in 2010 Q1 rose more strongly than anticipated for small and medium-sized businesses and was unchanged for large PNFCs. Demand was expected to rise further over the coming quarter.

Defaults

- Contrary to expectations of a rise, default rates on [secured lending to households](#) were reported to have fallen over the previous quarter. Losses given default also fell, by more than lenders had expected. Default rates and loss given default rates on secured lending were expected to remain broadly unchanged in Q2.
- Default rates on [unsecured lending to households](#) fell by more than had been expected while losses given default continued to rise.
- Default rates on [lending to private non-financial corporations](#) fell unexpectedly over the past three months for medium and large firms and were unchanged for small businesses. Loss given default rates were generally stable.

Terms and conditions

- Lenders reported that spreads on [secured lending to households](#) had stabilised, with little change expected over the next three months. Maximum loan to value ratios had continued to increase while other non-price terms remained stable.
- Terms on [unsecured lending to households](#) had tightened in 2010 Q1, especially for non credit card lending, but were expected to stabilise in Q2.
- Spreads and fees on [corporate lending](#) had narrowed for medium and large PNFCs over the past three months while they had widened slightly for small businesses.

This report presents the results of the 2010 Q1 survey. The 2010 Q1 survey was conducted between 22 February and 12 March. 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

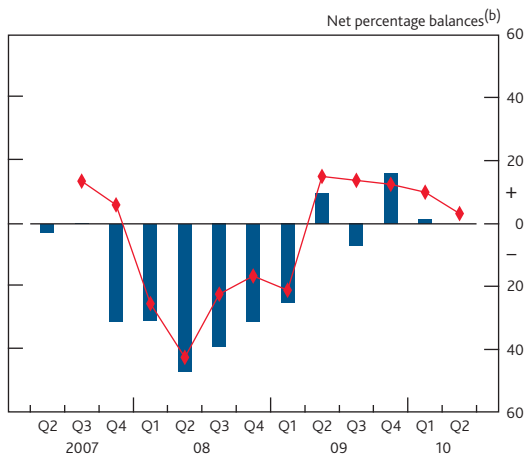
analysed by calculating 'net percentage balances' — the difference between the weighted balance of lenders reporting that, for example, demand was higher/lower or terms and conditions were tighter/looser. The net percentage balances are scaled to lie between ± 100 .

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 and unsecured credit to households had remained broadly unchanged over the three months to mid-March. Lenders did not anticipate much change in the availability of secured credit over the next quarter but unsecured credit availability was expected to increase. The availability of credit for corporates was reported to have continued to rise in 2010 Q1 and a further increase was expected in Q2. Household demand for secured lending was reported to have fallen over the past three months, largely reflecting temporary factors. Demand for credit card lending had also fallen. Demand for bank credit from small and medium-sized businesses had increased while demand from large businesses was unchanged. Default rates in 2010 Q1 were lower than expected on lending to households and to corporates. Spreads on secured lending to households were reported to have stabilised but there had been some further widening in spreads on unsecured credit. Price terms on lending to households were expected to remain broadly unchanged over the next three months. For corporates, spreads on bank credit had narrowed for medium and large businesses but widened a little for small businesses. That trend was expected to continue in 2010 Q2. Tenors on new corporate loans were reported to have increased for the first time in over two years.

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 outturns in the following quarter.

(b) A positive balance indicates that more secured credit is available.

The Q1 Credit Conditions Survey was conducted between 22 February and 12 March 2010. The survey included some additional questions about lending to small businesses, which were introduced in the 2009 Q4 survey. Some questions about the impact of factors associated with recent developments in financial markets, first included in the 2007 Q3 survey, were also included again.⁽¹⁾ The questions and the associated aggregate responses are provided in the annexes.

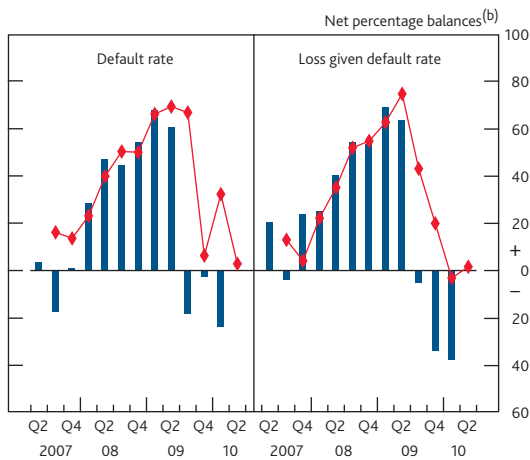
Secured lending to households

In the three months to mid-March, a net balance of lenders reported that the amount of new secured credit made available to households was broadly unchanged (**Chart 1**). Within that, credit availability had increased for borrowers with high loan to value (LTV) ratios but was stable for those with low LTV ratios. Loan approval rates were also reported to have remained unchanged, having risen slightly over the second half of 2009. No single factor was cited as having weighed on the availability of credit in 2010 Q1.

Over the next three months, the availability of secured credit was expected to remain broadly unchanged. That reflected lenders' expectations that there would be little change in conditions in the housing market over that period.

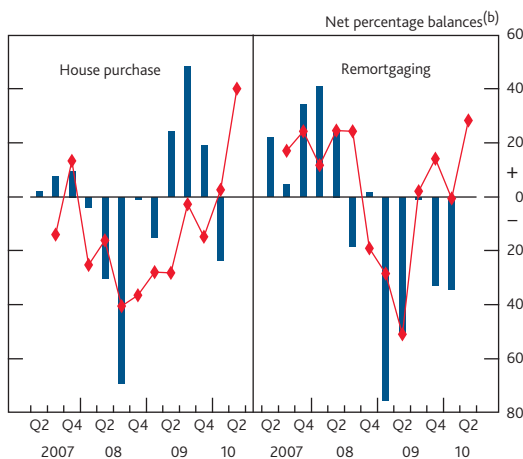
(1) For further discussion of recent developments in financial markets, see the 'Markets and operations' article in the 2010 Q1 *Quarterly Bulletin*.

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



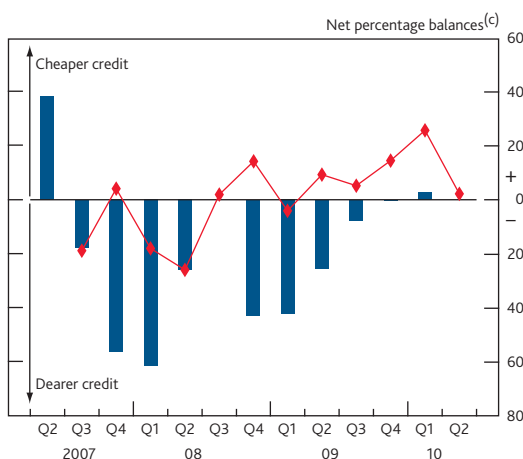
(a) See footnote (a) to Chart 1.
(b) A positive balance indicates an increase in default rates or in loss given default rates.

Chart 3 Demand for household secured lending^(a)



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

Chart 4 Spreads on household secured lending^{(a)(b)}



(a) See footnote (a) to Chart 1.
(b) Spreads are over Bank Rate for variable-rate mortgages and the relevant swap rate for fixed-rate mortgages.
(c) A positive balance indicates that spreads have narrowed such that, all else being equal, it is cheaper for households to borrow.

Lenders reported that the default rate on secured lending to households fell unexpectedly in 2010 Q1 (**Chart 2**). Losses given defaults also decreased, and by more than had been anticipated. Both the default rate and the loss given default rate were expected to remain unchanged in 2010 Q2.

In contrast to the availability of secured credit, household demand for secured lending for house purchase was reported to have fallen in the three months to mid-March, having risen over the previous three quarters (**Chart 3**). Some lenders commented that much of the fall in demand in Q1 was driven by temporary factors, such as the cold weather and the ending of the stamp duty holiday. Lenders expected demand for secured lending to increase over the next three months as the effects from these temporary factors waned. Demand for remortgaging was reported to have fallen in 2010 Q1, for a fifth consecutive quarter.

Despite lower-than-expected demand, spreads on secured lending were reported to be broadly unchanged in 2010 Q1 (**Chart 4**). Lenders expected spreads to remain at similar levels over the next three months, having expected them to narrow throughout 2009. A net balance of lenders reported that maximum LTV ratios had increased for a second consecutive quarter. Lenders expected a further small increase in maximum LTV ratios in 2010 Q2. Other non-price terms on secured lending, such as maximum loan to income multiples, were reported to have been broadly stable over the past three months; little change was expected over the next quarter.

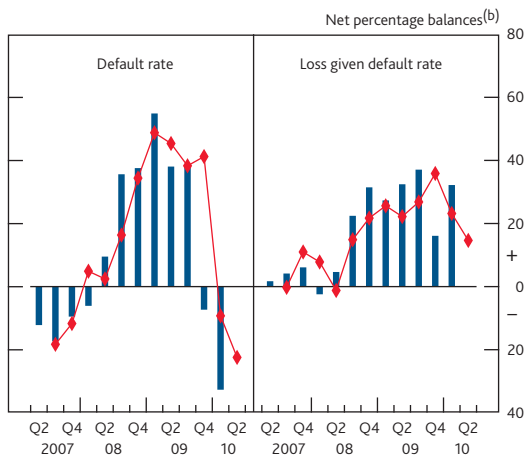
Unsecured lending to households

The amount of unsecured credit made available to households was reported to be little changed in 2010 Q1. But lenders expected availability to increase in Q2, driven by an increase in their risk appetite, as the economic outlook improved. Lenders also reported that credit scoring criteria had tightened over the past three months and were expected to tighten further for non credit card unsecured lending over the coming quarter, such that any increases in availability would be limited to better-quality borrowers. Consistent with that, approval rates on unsecured lending were expected to fall in Q2.

Default rates on unsecured lending were reported to have fallen markedly over the past three months and by more than lenders had anticipated (**Chart 5**). That trend was expected to continue over the next three months. In contrast, lenders reported that losses given default had risen over the past three months. Further increases in loss given default rates for unsecured lending were expected.

Household demand for credit card lending was reported to have fallen over the past three months while demand for other unsecured lending was broadly unchanged. Demand for

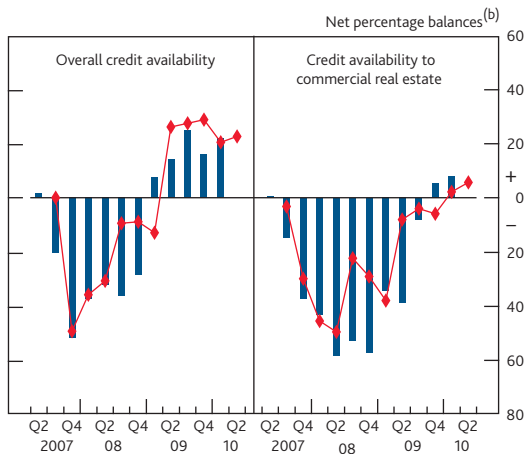
Chart 5 Default rates and loss given default rates on unsecured lending to households^(a)



(a) See footnote (a) to Chart 1.

(b) A positive balance indicates an increase in default rates or in loss given default rates.

Chart 6 Corporate credit availability^(a)



(a) See footnote (a) to Chart 1.

(b) A positive balance indicates that more corporate credit is available.

unsecured lending was expected to increase over the next three months.

Lenders reported that spreads on credit card lending had been stable over the past three months while spreads on other unsecured lending increased. Non-price terms, such as credit card limits, were also reported to have tightened somewhat over that period. But both price and non-price terms were expected to remain unchanged over the coming quarter.

Lending to corporates and small businesses

Lenders reported that the amount of credit made available to corporates had increased over the three months to mid-March, in line with expectations (Chart 6). Within that, the availability of credit to the commercial real estate sector was reported to have increased for a second consecutive quarter, although by less than for the corporate sector as a whole. The proportion of loan applications being approved in 2010 Q1 rose across private non-financial corporations (PNFCs) of all sizes and the average credit quality on PNFCs' newly arranged borrowing facilities increased.

Lenders reported that the increase in credit availability had been supported by slight improvements in their funding costs and by an improved economic outlook for businesses. The provision of credit to the corporate real estate sector and secured lending to PNFCs had been largely unaffected by changes in commercial property prices over the past three months.

Over the next three months, the availability of credit to the corporate sector was expected to increase further, supported by expected improvement in the economic outlook for businesses.

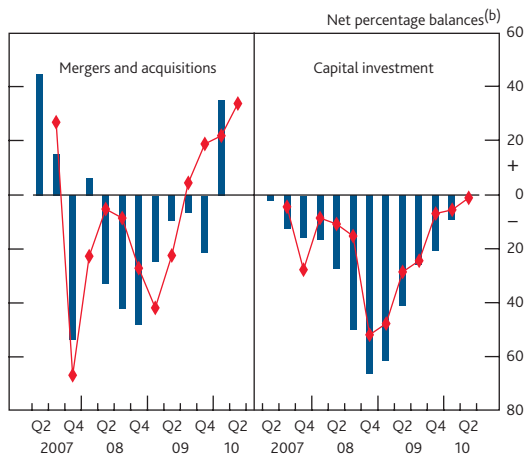
The 2010 Q1 survey included some additional questions about credit conditions for small businesses.⁽¹⁾ These questions, which were introduced in the 2009 Q4 survey, enable a comparison of changes in credit conditions for businesses of different sizes, although they cannot be used to make comparisons of the overall tightness of credit conditions.

Over the past three months, lenders reported that the amount of credit made available to small businesses was little changed. In contrast, credit availability was reported to have increased for medium and large-sized PNFCs by broadly similar amounts. Over the next three months, lenders expected credit availability to increase for all businesses, although to a lesser extent for large PNFCs.

Demand for new credit facilities from large PNFCs was reported to have remained unchanged over the past three

(1) The additional questions and associated aggregate responses are given in the annex on page 17. Small businesses are defined as those with an annual turnover of under £1 million. For continuity, the definition of medium-sized PNFCs is unchanged and includes all businesses with an annual turnover of under £25 million.

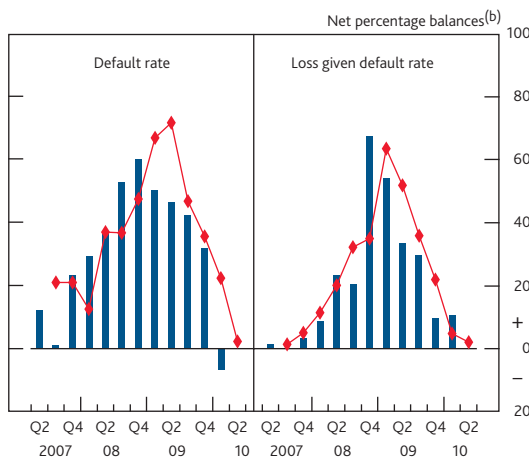
Chart 7 Drivers of changes in demand for corporate lending^(a)



(a) See footnote (a) to Chart 1.

(b) A positive balance indicates that the change in the factor described has served to increase businesses' demand for bank credit.

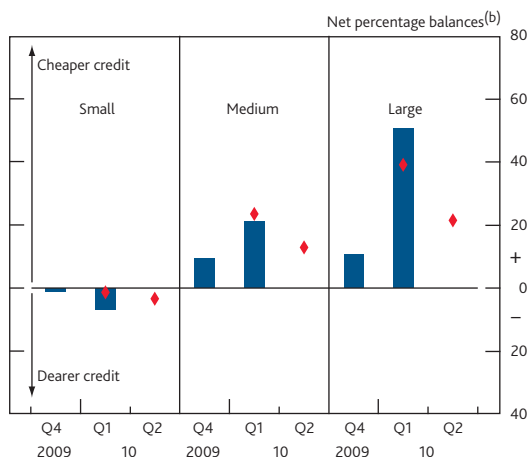
Chart 8 Default rates on lending to medium PNFCs^(a)



(a) See footnote (a) to Chart 1.

(b) A positive balance indicates an increase in default rates or in loss given default rates.

Chart 9 Spreads over reference rates on lending by firm size^(a)



(a) See footnote (a) to Chart 1.

(b) A positive balance indicates that spreads over reference rates have narrowed such that, all else being equal, it is cheaper for corporates to borrow.

months, having fallen in every quarter since 2008 Q1. Demand from small and medium businesses was reported to have increased by more than had been expected. Lenders commented that increases in demand were driven mainly by businesses seeking to refinance existing facilities and, to a lesser extent, by increases in merger and acquisition activity and inventory finance. Demand for credit to finance capital expenditure remained subdued (Chart 7). Consistent with weak investment intentions, lenders reported that PNFCs' drawdowns on committed lines fell in 2010 Q1.

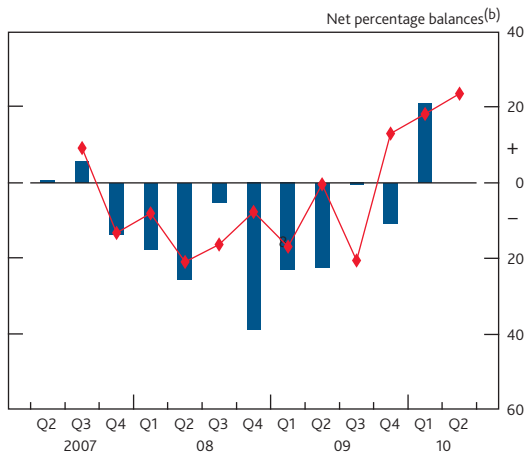
Over the next three months, lenders expected demand from small and medium businesses to increase further. Demand from large PNFCs was also anticipated to increase a little, as it had been in 2009. Lenders remarked that the strength of any pickup in demand would depend on the extent to which uncertainty about prospects for the UK economy were resolved.

Demand for new credit from other financial corporations (OFCs) was stable over the past three months. Lenders did not anticipate much change in demand for credit from OFCs over the next three months.

Default rates for medium and large PNFCs were reported to have fallen unexpectedly in 2010 Q1 (Chart 8). That is the first time that a fall in default rates has been recorded since the survey began in 2007 Q2. Lenders reported that default rates for small businesses were also lower than expected, remaining broadly stable. Losses on loans in default were generally unchanged across PNFCs of all sizes. Over the next three months, default rates for medium and large PNFCs were expected to stabilise. But lenders anticipated rising default rates among small businesses. Lenders did not anticipate much change in losses given default.

Lenders reported that spreads on new lending to medium and large PNFCs had continued to narrow over the three months to mid-March (Chart 9). Commissions and fees were also reported to have fallen. Lenders cited increased competition, both within the corporate bank credit market and from capital markets, as having put downward pressure on spreads. Spreads were also reported to be generally lower for better-quality corporate borrowers who had the ability to provide lenders with ancillary business. Consistent with increased competition, some lenders commented that the limited number of attractive lending opportunities was beginning to feed through into pricing levels. In contrast, price terms on new lending to small businesses were reported to have tightened somewhat, consistent with unchanged availability and higher-than-expected demand.

Spreads, fees and commissions on new lending to OFCs were reported to have improved over the past three months. Lenders expected that improvement in pricing to continue.

Chart 10 Loan tenors on lending to corporates^(a)

(a) See footnote (a) to Chart 1.

(b) A positive balance indicates that loan tenors have lengthened such that, all else being equal, it is easier for corporates to borrow.

Lenders reported that non-price terms and conditions for small and medium-sized businesses were broadly unchanged in 2010 Q1 and were expected to remain stable in Q2. But for large PNFCs, lenders reported that maximum credit lines had increased and that loan covenants were expected to ease over the coming quarter. Loan tenors on new corporate loans were reported to have increased in Q1 for the first time in over two years (**Chart 10**). Lenders anticipated a further lengthening in tenors over the next three months.

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				2010
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
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	1.3
	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	3.2
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	0.0
	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	-9.8
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	5.6
	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	7.3
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	-0.3
	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	1.0
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	0.1
	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	2.2
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	-1.3
	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	0.0
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	-3.9
	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	3.0
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	15.8
	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	15.8
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	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	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	-23.6
	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	3.0
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	-37.7
	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	1.8

		Net percentage balances ^(a)											
		2007			2008				2009			2010	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
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	-23.5
	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	39.8
<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	-23.5
	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	39.8
<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	-32.8
	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	26.6
<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	-31.7
	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	34.7
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	-34.4
	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	28.3
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	-21.4
	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	38.0
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	2.9
	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	2.3
<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	3.9
	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	2.3
<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	4.9
	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	0.0
<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	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	0.0
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	0.0
	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	0.0
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	10.1
	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	10.8
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	4.7
	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	0.0

* 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			2010
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
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	5.7
	Next three months	-28.0	-46.5	-38.8	-25.4	-16.8	16.8	-2.4	-4.1	7.8	-11.1
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	0.0
	Next three months	-9.8	-31.5	-14.9	-3.9	2.8	-3.2	n.a.*	n.a.*	25.4	0.0
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	0.0
	Next three months	-21.6	-44.9	-13.0	-3.6	-11.9	13.2	n.a.*	7.3	0.0	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	10.5
	Next three months	-38.2	-46.1	-69.2	-60.5	-44.7	-34.7	-15.4	17.6	7.9	-10.5
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	1.9
	Next three months	n.a.**	n.a.**	n.a.**	6.3	-0.6	4.9	9.1	3.1	2.0	5.6
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	22.6
	Next three months	n.a.**	n.a.**	n.a.**	-38.5	-27.1	-21.0	18.8	5.9	9.7	5.7
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	0.0
	Next three months	n.a.**	n.a.**	n.a.**	22.6	10.0	-1.7	0.1	23.8	0.0	7.0
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.**	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				2010
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
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	-1.5
	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	16.1
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	11.2
	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	6.0
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	6.4
	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	2.7
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	-0.6
	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	19.7
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	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	0.0
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	-15.7
	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	0.0
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	-15.9
	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	-25.6
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	-15.7
	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	-3.9
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	5.0
	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	-4.3
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	-4.9
	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	-25.6
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	3.5
	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	-7.6

		Net percentage balances ^(a)											
		2007			2008				2009				2010
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
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	-32.4
	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	-21.7
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	-34.8
	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	-26.8
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	-32.8
	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	-22.5
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	35.2
	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	13.9
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	15.6
	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	19.4
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	32.2
	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	14.7
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	-30.9
	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	13.0
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	-2.6
	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	5.8
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	-26.6
	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	11.9
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	-0.6
	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	0.6
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	-20.7
	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	-2.0
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	-3.7
	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	0.2
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	-10.0
	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	-0.7
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	-7.1
	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	0.0
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	0.0
	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	-2.8

(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				2010
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
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	21.9
	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	22.7
<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	7.8
	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	5.9
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	24.7
	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	20.4
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	18.9
	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	23.9
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	-1.4
	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	4.7
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	-4.4
	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	3.5
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	-1.6
	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	1.4
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	10.4
	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	1.6
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	12.0
	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	0.7
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	8.8
	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	0.8
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	-1.5
	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	19.3
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	-4.1
	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	-4.1
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	8.3
	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	17.8

		Net percentage balances ^(a)											
		2007			2008				2009				2010
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
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	21.1
	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	23.5
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	-6.6
	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	2.4
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	-15.2
	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	4.6
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	10.9
	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	2.2
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	0.0
	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	-4.4
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	15.0
	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	18.9
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	1.9
	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	6.3
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	-1.2
	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	-8.0
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	0.0
	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	13.2
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	n.a.*
	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	n.a.*
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	n.a.*
	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	n.a.*
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	0.0
	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	7.0
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	35.2
	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	34.2
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	-9.1
	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	-0.7
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	15.0
	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	21.0
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	-1.1
	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	0.9
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	8.4
	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	2.7
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	21.0
	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	12.8
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	8.2
	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	12.0

		Net percentage balances ^(a)											
		2007			2008				2009			2010	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
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	-3.1
	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	-0.9
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	0.7
	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	3.5
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	-3.6
	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	-1.2
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	50.7
	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	21.5
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	18.6
	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	21.5
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	-2.0
	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	-0.1
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	19.5
	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	9.8
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	5.4
	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	25.1
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	41.6
	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	20.0
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	21.6
	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	21.3
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	-22.5
	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	-1.3
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	-6.4
	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	5.0

* 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				2010
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
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	-6.5
	Next three months	-51.1	10.0	-9.7	-1.0	-11.3	-6.7	-7.0	1.3	-2.3	0.7
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	13.2 [†]	16.4
	Next three months	8.9	17.8	-7.2	4.7	-2.3	9.1	-12.6	-16.1	-11.6	19.8
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	13.0
	Next three months	-49.3	-5.3	-8.3	-9.3	-6.7	1.0	-37.2	-6.7	-2.6	11.4
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	-15.6
	Next three months	33.8	12.8	18.6	6.4	29.0	9.7	-12.4	-13.8	-18.9	-2.6
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	20.3
	Next three months	n.a.**	7.0	14.4	18.4	7.4	-4.6	-1.4	-4.5	15.0	23.2
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	-2.0
	Next three months	n.a.**	-9.0	-44.4	-43.0	-45.2	-15.5	-21.8	-5.7	16.8	14.2
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.**	n.a.**
	Next three months	n.a.**	n.a.**	11.0	8.0	n.a.**	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	5.5
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	5.5	-6.5	5.4	0.0	26.0	5.5
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	1.7
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	8.9	-1.5	4.7	4.7	0.3	0.8
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.**	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	16.1
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	19.7	21.4	24.8
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	16.8
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	27.8	19.8	12.3

** Additional question not asked in survey.

† The net percentage balances for this question in 2009 Q4 have been revised due to changes in the underlying data.

(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			2010		
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
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	-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.**	6.4	26.1
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	32.3
	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	23.2
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	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.**	38.7	24.2
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	4.1
	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.**	12.2	10.9
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	21.4
	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.**	12.3	27.2
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	16.5	
	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	25.2	
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	13.4	
	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	27.0	
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	16.0	
	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	25.5	
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	19.4	
	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	19.4	
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	-6.8
	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	-3.4
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	-6.8
	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	-3.4
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	-2.1
	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.**	-2.0	-0.7
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	-2.6
	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.**	-2.0	-1.3
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	-5.6
	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.**	0.0	-4.1

** 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.