

Credit Conditions Survey

Survey results | 2010 Q2



BANK OF ENGLAND





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Credit Conditions Survey

2010 Q2

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 Q2 survey. The 2010 Q2 survey was conducted between 20 May and 9 June.

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 Q2 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 Q3 survey on 30 September 2010.



Credit Conditions Survey

2010 Q2

Supply

- Lenders reported that the [availability of secured credit to households](#) had risen slightly in the three months to early June 2010. But availability was expected to fall back in the next three months, in part reflecting some lenders' expectations that wholesale funding market conditions might tighten in that period.
- [Unsecured credit availability to households](#) was reported to have remained broadly unchanged for a second consecutive quarter.
- The overall [availability of credit to corporates](#) was reported to have increased in 2010 Q2, although by less than lenders had expected. Availability was expected to increase slightly in the next three months.

Demand

- Demand for [secured lending for house purchase](#) was reported to have fallen somewhat in the past three months. Demand for [secured lending for remortgaging](#) was reported to have risen for the first time since 2008 Q4, but only a small balance of lenders was anticipating demand to increase further in the next three months.
- Lenders reported that demand for [unsecured credit](#) increased in 2010 Q2, especially for non credit card lending. Lenders expected demand for credit card lending to stabilise in the next quarter and demand for non credit card lending to fall back a little.
- In the past three months, demand for credit from [private non-financial corporations \(PNFCs\)](#) rose among small businesses but fell unexpectedly among large companies. Lenders expected demand from small businesses to rise further in the next three months, but anticipated a continued contraction in demand from large companies.

Defaults

- The default rate and losses given default on [secured loans to households](#) were reported to have fallen unexpectedly in the previous quarter. Abstracting from one-off effects, the default rate and losses given default were expected to remain stable in the coming quarter.
- In line with lenders' expectations, default rates on [unsecured loans to households](#) fell in 2010 Q2 while losses given default continued to rise. But, for the first time since 2008 Q1, lenders were not expecting losses given default for credit card lending to rise further in the coming quarter.
- Default rates on [loans to private non-financial corporations](#) fell unexpectedly over the past three months among medium and large companies but rose for small businesses. Losses given default fell sharply among small businesses.

Terms and conditions

- Lenders reported that spreads on [secured lending to households](#) had narrowed in 2010 Q2 and were expected to narrow further in Q3. Maximum loan to value ratios rose for a third consecutive quarter, but lenders were not anticipating that trend to continue in the next three months.
- Terms on [unsecured lending to households](#) had been stable in the past three months. Lenders reported some relaxation in scoring criteria for credit card lending, the first instance of such a loosening in credit conditions since 2008 Q2.
- Spreads on [corporate lending](#) continued to fall for medium and large PNFCs in the past quarter while they were broadly unchanged for small businesses. Lenders expected price terms to improve modestly for large PNFCs in the coming quarter but remain broadly stable for small and medium businesses.

This report presents the results of the 2010 Q2 survey. The 2010 Q2 survey was conducted between 20 May and 9 June. 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

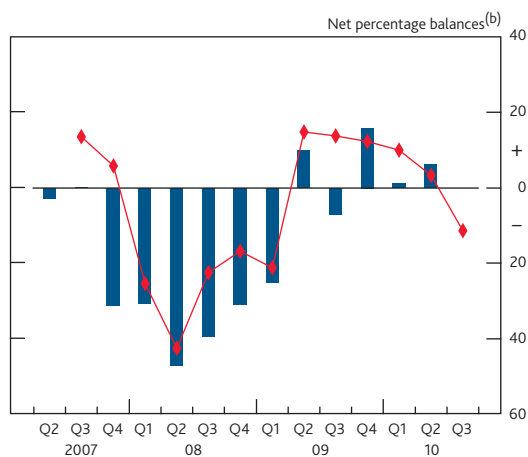
calculating 'net percentage balances' — the difference between the weighted balance of lenders reporting that, for example, demand was higher/lower or terms and conditions were tighter/looser. The net percentage balances are scaled to lie between ± 100 .

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

In the three months to early June, a small net balance of lenders reported that the amount of secured credit made available to households had increased. But little change was reported in the availability of unsecured credit. Lenders expected the availability of secured credit to fall back in the next three months, in part reflecting expectations that wholesale funding markets might tighten in that period. The amount of credit made available to the corporate sector overall was reported to have increased in the past three months, although by less than had been expected in the 2010 Q1 survey. Household demand for secured lending for house purchase was reported to have weakened in 2010 Q2. Demand for bank credit from large companies had also fallen unexpectedly in the past quarter, while demand from small businesses rose further. Lenders reported that, in the past three months, default rates had fallen unexpectedly for both secured loans to households and loans to larger businesses, and had risen by less than expected for loans to small businesses. Spreads were reported to have decreased on secured lending to households in the past three months. Spreads fell further on new lending to larger companies but were little changed on lending to small businesses.

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 Q2 Credit Conditions Survey was conducted between 20 May and 9 June 2010. Additional questions on lending to small businesses, introduced in the 2009 Q4 survey, were included again. The questions and the associated aggregate responses are provided in the annexes.

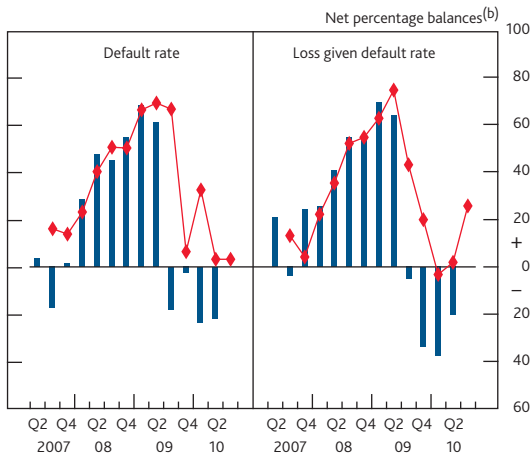
Secured lending to households

In the three months to early June, a small net balance of lenders reported that the amount of new secured credit made available to households had increased (**Chart 1**). As in the 2010 Q1 survey, increases in credit availability were reported to have been limited to borrowers with high loan to value (LTV) ratios: the availability of credit was broadly unchanged for borrowers with low LTV ratios. Lenders attributed increases in credit availability to various factors, including a desire to increase market share and expectations for house prices.

The availability of secured credit was expected to decrease in the next three months. That in part reflected lenders' expectations that wholesale funding market conditions might tighten in that period.

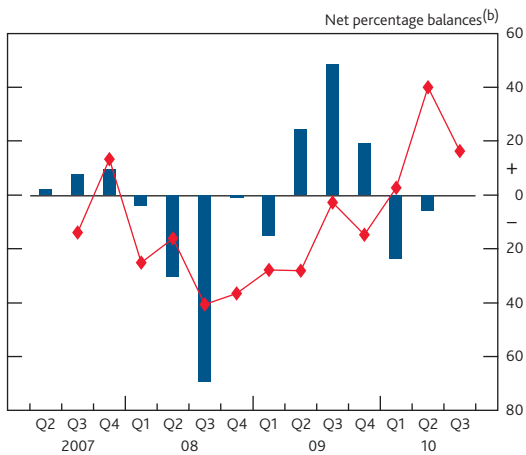
Lenders reported that both the default rate and losses given default on secured loans to households fell unexpectedly in 2010 Q2, continuing the downward trend evident since 2009 H2 (**Chart 2**). The default rate was expected to remain broadly unchanged in the coming quarter, while some lenders noted that much of the anticipated rise in losses given default

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



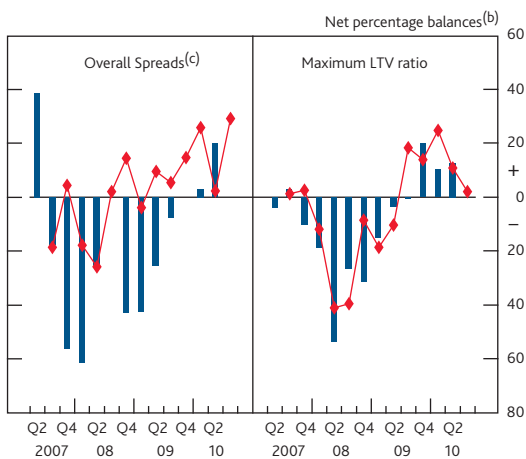
(a) See footnote (a) to Chart 1.
(b) A positive balance indicates an increase in the default rate or in the loss given default rate.

Chart 3 Household demand for secured lending^(a)



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

Chart 4 Terms on secured lending to households^(a)



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

reflected one-off changes in methods for accounting for anticipated losses. But many lenders commented that a deterioration in the economic outlook could cause the default rate to rise once more.

In contrast to the slight increase in credit availability, household demand for secured lending for house purchase was reported to have weakened for a second consecutive quarter in 2010 Q2 (**Chart 3**). Lenders had expected demand to increase in the past three months, as the temporary effects from factors such as cold weather and the ending of the stamp duty holiday waned. But, for some, that anticipated rebound in demand had not materialised. To explain the weakness in demand, those lenders cited continued uncertainty about the outlook for interest rates, employment and the macroeconomy more generally. Demand for secured lending for remortgaging was reported to have risen in Q2, for the first time since the end of 2008. But lenders were not anticipating further increases in remortgaging demand given that many existing customers were borrowing at attractively low standard variable rates.

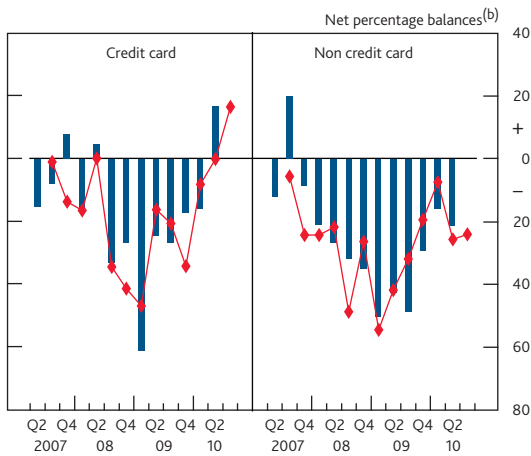
Consistent with the movements in availability and demand, spreads on secured lending were reported to have narrowed by more than anticipated in the past three months (**Chart 4**). Spreads were expected to narrow further in the coming quarter, which lenders commented was primarily driven by increased competition. Maximum LTV ratios were reported to have increased for a third consecutive quarter in 2010 Q2, although lenders were not anticipating that trend to continue in Q3. Lenders reported that other non-price terms on secured lending, such as maximum loan to income multiples, were broadly unchanged in the past three months and were expected to remain stable in the coming quarter.

Unsecured lending to households

The amount of unsecured credit made available to households was reported to be little changed in 2010 Q2, contrary to lenders' expectations that it would increase. A small net balance of lenders expected availability to increase in the next three months, driven by an increase in their risk appetite. Credit scoring criteria were reported to have tightened as expected for non credit card unsecured lending in the past quarter, with further tightening expected in Q3 (**Chart 5**). But lenders reported some relaxation in scoring criteria for credit card lending, the first instance of such a loosening in credit conditions since 2008 Q2.

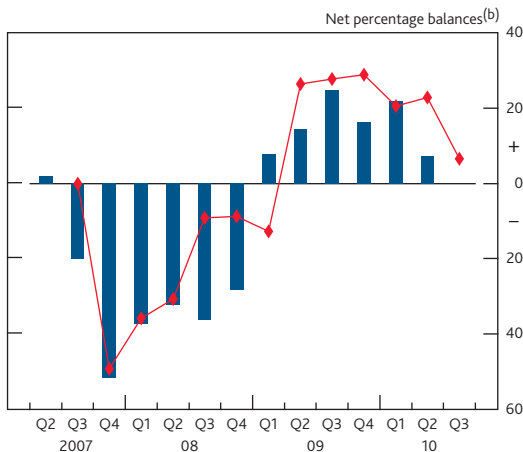
Default rates on unsecured loans were reported to have fallen in the past three months, for a third successive survey, and were expected to fall further in the next three months. Some lenders attributed that to the tightening in credit scoring criteria reported in previous surveys. In contrast, lenders reported that losses given default had continued to rise in 2010 Q2. On balance, losses given default were expected to stabilise in the next three months. But, as for secured lending,

Chart 5 Credit scoring criteria for unsecured lending to households^(a)



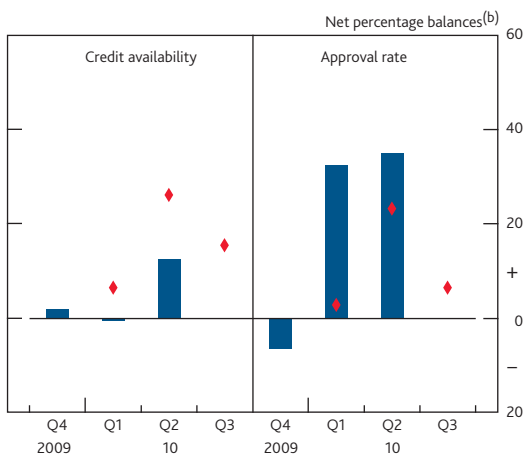
(a) See footnote (a) to Chart 1.
 (b) A positive balance indicates a loosening of credit scoring criteria.

Chart 6 Corporate credit availability^(a)



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

Chart 7 Small business credit availability and approval rate on loan applications^(a)



(a) See footnote (a) to Chart 1.
 (b) A positive balance indicates that more corporate credit is available or an increase in the approval rate.

some lenders commented that default rates and losses given default could rise if the economic environment deteriorated.

Household demand for unsecured lending was reported to have risen in the past three months, especially for non credit card lending. Many lenders attributed that increase in demand to marketing activity, including a drive to increase cross-sales from their existing current account customers. Lenders expected demand for credit card lending to stabilise in the next three months and demand for non credit card lending to fall back a little.

Despite the reported increase in demand, spreads on unsecured lending were reported to have been broadly unchanged in 2010 Q2. That could reflect an increase in the quality of borrowers which some lenders commented they had seen. Non-price terms, such as credit card limits, were also reported to have remained largely unchanged in the past three months and were expected to change little in the coming quarter.

Lending to corporates and small businesses

Lenders reported that the amount of credit made available to the corporate sector overall in the three months to early June increased by less than had been expected in the 2010 Q1 survey (Chart 6). Within that, the availability of trade credit instruments for domestic business activities was reported to have risen. But the availability of credit to the commercial real estate sector was reported to be little changed. Some lenders commented that concerns about a potential deterioration in macroeconomic conditions had weighed against increases in availability.

The availability of credit to the corporate sector was expected to increase a little more in the next three months. Lenders were also anticipating a further increase in the availability of trade credit instruments. Some lenders, however, commented that continued uncertainty about the macroeconomic outlook would continue to constrain availability.

The 2010 Q2 survey included 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.

Lenders reported that the amount of credit made available to small businesses had increased in the past three months (Chart 7). The availability of credit for medium and large private non-financial corporates (PNFCs) was also reported to

(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.

have risen. The average credit quality of PNFCs' newly arranged borrowing facilities was reported to have been broadly stable in 2010 Q2. Lenders reported that approval rates had remained broadly the same for larger companies, although approval rates for small businesses were reported to have increased.

In the next three months, credit availability was expected to increase further for small businesses, but lenders were not anticipating much increase in the amount of credit made available to medium and large PNFCs. Approval rates were expected to rise modestly for firms of all sizes.

Demand for new credit facilities from small businesses was reported to have strengthened in 2010 Q2. In contrast, lenders reported that demand from medium and, in particular, large PNFCs had fallen unexpectedly in the past three months (**Chart 8**). Lenders commented that demand for credit had been dampened somewhat by continued uncertainty about the macroeconomic outlook, with increases in demand driven mainly by businesses seeking to refinance maturing facilities or reprice existing facilities. Demand for credit to finance capital expenditure remained subdued and the increase in merger and acquisition activity reported in the 2010 Q1 survey had not been sustained in Q2. Consistent with muted investment intentions, lenders reported that PNFCs' drawdowns on committed lines fell in the past three months.

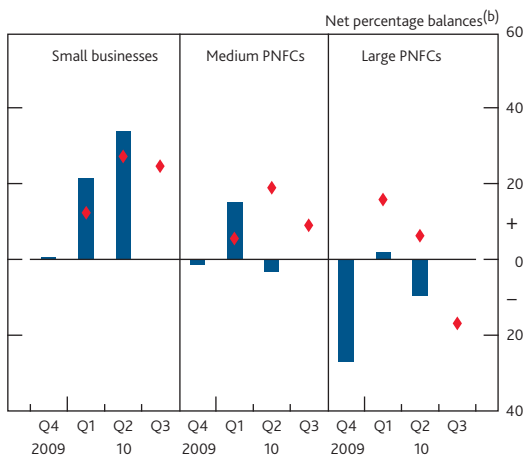
In the next three months, lenders expected demand from small businesses to increase further. Lenders were also anticipating a slight increase in demand from medium PNFCs but demand from large PNFCs was expected to continue to contract, perhaps reflecting that large firms have access to alternative sources of funds such as capital markets.

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.

Lenders reported that the default rate for small businesses had risen in 2010 Q2, but by a little less than expected, and that losses given default fell unexpectedly. Default rates for medium and large PNFCs were reported to have fallen sharply, contrary to expectations, and losses given default had stabilised in line with expectations (**Chart 9**). Lenders expected losses given default on loans to small businesses to rise in Q3. Default rates for businesses of all sizes and losses given default on lending to larger companies were expected to stabilise.

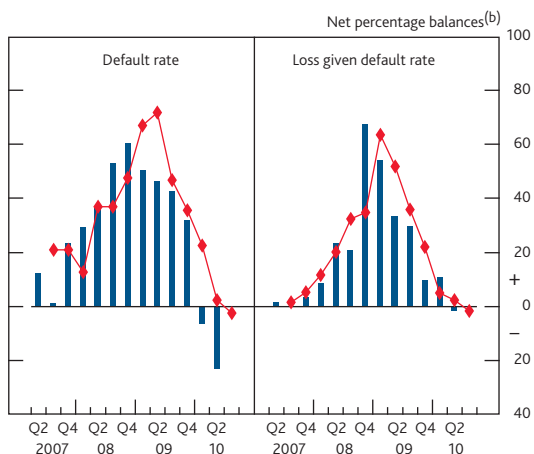
Lenders reported that price and non-price terms on new lending to small businesses were little changed in the three months to early June. But spreads were reported to have narrowed further on new lending to large and, to a lesser

Chart 8 Corporate demand for lending by size of business^(a)



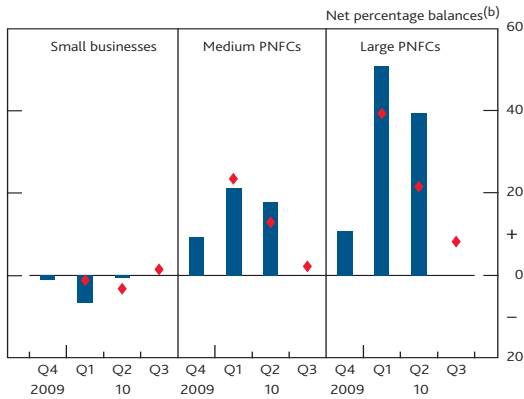
(a) See footnote (a) to Chart 1.
(b) A positive balance indicates an increase in demand.

Chart 9 Default rate and loss given default rate on loans to medium PNFCs^(a)



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

Chart 10 Spreads over reference rates on lending to corporates by size of business^(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.

extent, medium PNFCs (**Chart 10**). For large PNFCs, fees and commissions were also reported to have fallen and there had been a further slight increase in maximum credit lines. Lenders commented that increased competition was continuing to put downward pressure on both price and non-price terms, especially for better-quality corporate borrowers.

In the next three months, price and non-price terms were expected to remain broadly unchanged for small businesses and medium PNFCs. Lenders anticipated further modest improvements in price terms for large PNFCs, but the recent easing in non-price terms was not expected to continue.

Loan tenors on new corporate loans were reported to have increased for a second consecutive quarter in 2010 Q2.

Lenders anticipated a further lengthening in tenors in the next three months, albeit to a much lesser extent.

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.

The first Credit Conditions Survey was conducted in 2007 Q2 and additional questions have been included since 2007 Q4. A full set of results is available in Excel on the Bank's website at www.bankofengland.co.uk/publications/other/monetary/creditconditions.htm.

		Net percentage balances ^(a)											
		2007		2008				2009				2010	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the availability of secured credit provided to households changed?	Past three months	0.1	-31.2	-30.7	-47.0	-39.3	-31.1	-25.2	9.7	-7.2	15.8	1.3	6.3
	Next three months	5.8	-25.3	-42.5	-22.3	-16.8	-21.2	14.8	13.6	12.3	9.9	3.2	-11.4
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	-9.6	0.5	-35.3	-39.8	-42.2	-25.7	-27.3	-13.1	-1.2	14.9	0.0	0.0
	Next three months	-3.3	-19.9	-38.9	-27.4	-26.8	-24.5	-3.3	-6.8	13.9	15.8	-9.8	2.2
market share objectives	Past three months	21.3	-7.6	5.7	7.3	-0.1	-5.5	-28.0	-3.6	-6.5	5.3	5.6	11.3
	Next three months	19.7	-25.5	-11.1	3.8	-2.9	-5.7	0.0	-2.4	4.7	7.0	7.3	1.8
changing appetite for risk	Past three months	-1.5	-35.2	-33.2	-30.3	-24.2	-23.0	-40.4	-2.5	-4.5	0.0	-0.3	1.1
	Next three months	14.3	-28.0	-46.5	-24.8	-20.1	-18.5	-8.9	5.2	5.3	0.9	1.0	0.8
changing cost/availability of funds	Past three months	10.0	-12.5	-12.2	-21.4	-11.4	-22.7	-19.0	9.1	-12.3	11.3	0.1	1.1
	Next three months	-15.1	-17.3	-6.7	-3.2	4.8	-9.3	9.5	-0.5	3.2	10.6	2.2	3.8
How have credit scoring criteria for granting loan applications by households changed?	Past three months	-5.7	-32.3	-43.9	-47.5	-39.3	-42.0	-35.9	-40.1	-1.2	4.2	-1.3	-8.8
	Next three months	3.1	-41.0	-45.9	-38.2	-24.8	-19.2	-17.3	6.2	-1.3	-1.0	0.0	-5.2
How has the proportion of household loan applications being approved changed?	Past three months	-2.7	-21.5	-6.8	-38.1	-18.6	-43.5	-43.2	-28.1	13.6	6.2	-3.9	0.3
	Next three months	5.6	-3.8	-21.2	-33.3	-16.6	-32.6	-44.2	-4.4	0.6	1.0	3.0	-0.6
Has there been any change in the use of securitisations associated with secured lending to households?	Past three months	-9.1	-34.7	-33.8	4.8	42.1	43.4	-10.9	-2.4	4.7	15.6	15.8	0.0
	Next three months	-20.5	-37.7	-36.6	-20.1	-34.8	-18.6	-13.9	7.2	23.6	15.6	15.8	1.6
Has there been any change in 'target hold' levels associated with secured lending to households?	Past three months	2.6	1.3	29.1	-2.8	8.5	n.a.*	n.a.*	0.0	0.0	0.0	0.0	0.0
	Next three months	5.9	2.2	29.1	4.3	8.5	n.a.*	n.a.*	0.0	0.0	0.0	0.0	0.0
How has the default rate on secured loans to households changed?	Past three months	-17.5	1.3	28.6	47.3	44.8	54.6	68.2	60.7	-18.2	-2.7	-23.6	-21.9
	Next three months	13.8	23.0	40.1	50.4	50.1	66.1	69.2	66.7	6.3	32.3	3.0	3.0
How have losses given default on secured loans to households changed?	Past three months	-3.9	24.0	25.3	40.5	54.6	53.4	69.3	63.8	-5.2	-33.7	-37.7	-20.2
	Next three months	4.1	22.1	35.3	51.9	54.7	62.8	74.6	43.2	20.0	-3.2	1.8	25.7

		Net percentage balances ^(a)											
		2007		2008				2009				2010	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has demand for secured lending for house purchase from households changed?	Past three months	7.5	9.4	-3.8	-30.2	-69.1	-1.2	-15.0	24.1	48.3	19.0	-23.5	-5.8
	Next three months	13.2	-25.2	-16.1	-40.5	-36.5	-27.8	-28.0	-2.9	-14.7	2.6	39.8	16.4
<i>of which: demand for prime lending</i>	Past three months	-3.8	4.4	-1.1	-38.6	-50.8	-3.3	-14.1	19.1	41.5	11.3	-23.5	-5.8
	Next three months	15.8	-17.6	-13.5	-39.2	-33.3	-27.6	-28.9	-2.9	-22.3	-4.9	39.8	10.3
<i>of which: demand for buy-to-let lending</i>	Past three months	10.2	14.7	6.9	10.4	-28.6	-35.1	-29.6	-8.8	-2.7	-0.9	-32.8	2.3
	Next three months	-4.9	-30.9	-5.8	-16.9	-6.6	-26.3	-28.9	-14.9	-1.8	-17.4	26.6	14.5
<i>of which: demand for other lending</i>	Past three months	4.8	15.0	17.5	-36.4	-46.2	-17.9	-25.8	-35.6	n.a.*	-6.0	-31.7	30.8
	Next three months	-30.4	-21.1	6.8	-29.2	-7.9	-12.1	-7.4	-8.4	n.a.*	-1.6	34.7	22.1
How has demand for secured lending for remortgaging from households changed?	Past three months	4.3	34.2	40.8	24.0	-18.5	1.5	-75.3	-50.9	-1.1	-32.7	-34.4	14.2
	Next three months	24.3	11.6	24.4	24.3	-19.1	-28.5	-51.0	1.9	14.1	-0.7	28.3	4.9
How has demand for other lending secured on dwellings from households changed?	Past three months	-17.6	-17.1	-0.9	-26.1	-60.8	-24.8	-66.3	4.2	1.3	-1.9	-21.4	n.a.*
	Next three months	-16.2	-17.1	7.5	-20.0	-43.3	-18.5	-51.3	-10.6	0.0	0.0	38.0	n.a.*
How have overall secured lending spreads changed?^(a)	Past three months	-17.6	-56.2	-61.4	-25.8	0.0	-42.8	-42.2	-25.2	-7.5	-0.1	2.9	19.8
	Next three months	4.3	-17.9	-26.0	2.1	14.3	-4.0	9.5	5.3	14.5	25.7	2.3	28.9
<i>of which: spreads on prime lending^(a)</i>	Past three months	-17.0	-53.2	-58.1	-25.0	4.0	-40.6	-33.5	-25.2	-7.5	-8.4	3.9	20.9
	Next three months	5.0	-9.8	-24.9	-5.5	16.4	-4.1	4.1	-0.8	14.3	25.7	2.3	30.3
<i>of which: spreads on buy-to-let lending^(a)</i>	Past three months	3.1	-54.5	-61.6	-66.4	-2.9	-52.9	-33.6	-35.0	-8.5	8.6	4.9	15.9
	Next three months	-5.8	-15.8	-25.6	3.8	17.4	2.8	8.0	-12.6	7.4	24.3	0.0	22.7
<i>of which: spreads on other lending^(a)</i>	Past three months	4.4	-53.8	-70.8	-31.2	-5.2	-20.8	-26.9	n.a.*	n.a.*	0.0	0.0	23.4
	Next three months	-4.5	-12.0	-28.6	1.2	6.7	-3.3	-2.9	n.a.*	n.a.*	22.5	0.0	22.8
How have fees on secured lending changed?^(a)	Past three months	3.4	-2.7	-1.9	-12.3	-7.3	-7.5	-0.7	-0.7	1.0	-11.3	0.0	0.0
	Next three months	-6.1	-3.8	-3.8	-3.5	-3.0	-0.8	0.2	0.9	-16.2	19.9	0.0	4.7
How have maximum loan to value ratios changed?	Past three months	2.8	-10.2	-18.9	-53.8	-26.6	-31.4	-15.2	-3.4	-0.7	19.9	10.1	12.5
	Next three months	2.6	-11.9	-41.2	-39.4	-8.6	-18.7	-10.5	18.2	13.9	24.7	10.8	1.9
How have maximum loan to income ratios changed?	Past three months	-1.4	-3.3	-11.5	3.5	-1.7	-15.9	2.7	-5.8	0.0	0.0	4.7	0.0
	Next three months	3.1	2.1	-13.1	-6.5	-7.7	-18.2	7.4	0.0	5.5	4.3	0.0	-0.6

* 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	Q2
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	1.1
	Next three months	-28.0	-46.5	-38.8	-25.4	-16.8	16.8	-2.4	-4.1	7.8	-11.1	-12.6
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	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	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	-0.8
	Next three months	-21.6	-44.9	-13.0	-3.6	-11.9	13.2	n.a.*	7.3	0.0	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	29.0
	Next three months	-38.2	-46.1	-69.2	-60.5	-44.7	-34.7	-15.4	17.6	7.9	-10.5	6.9
How has the availability of household secured credit to the following types of borrower changed?												
Borrowers with low loan to value ratios (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	0.6
	Next three months	n.a.**	n.a.**	n.a.**	6.3	-0.6	4.9	9.1	3.1	2.0	5.6	7.2
Borrowers with high loan to value ratios (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	18.3
	Next three months	n.a.**	n.a.**	n.a.**	-38.5	-27.1	-21.0	18.8	5.9	9.7	5.7	-6.9
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	5.6
	Next three months	n.a.**	n.a.**	n.a.**	22.6	10.0	-1.7	0.1	23.8	0.0	7.0	-1.5
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.**	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.

The first Credit Conditions Survey was conducted in 2007 Q2. A full set of results is available in Excel on the Bank's website at www.bankofengland.co.uk/publications/other/monetary/creditconditions.htm.

		Net percentage balances ^(a)											
		2007		2008				2009				2010	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the availability of unsecured credit provided to households changed?	Past three months	-10.2	-13.6	-21.1	-24.0	-27.5	-30.5	-17.1	-13.4	-9.0	-16.2	-1.5	-0.6
	Next three months	-2.9	-7.0	-13.7	-25.3	-32.0	-37.4	-2.3	-6.9	-12.1	-1.7	16.1	7.8
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	-13.4	-11.9	-17.9	-19.6	-34.7	-24.1	-25.5	3.2	-10.6	3.0	11.2	0.7
	Next three months	-12.2	-23.2	-10.8	-32.7	-35.4	-29.3	-16.7	-4.4	-9.9	0.0	6.0	17.9
market share objectives	Past three months	-0.8	7.5	-0.7	0.5	-5.3	-9.0	-3.4	-8.5	6.0	-4.3	6.4	3.5
	Next three months	-3.6	-2.5	-1.2	0.5	-5.3	-9.4	-2.3	5.7	-4.5	0.9	2.7	3.6
changing appetite for risk	Past three months	-8.0	-14.3	-8.3	-9.3	-28.0	-17.4	-19.1	-1.9	-24.7	-4.3	-0.6	-0.1
	Next three months	-11.7	-18.7	-16.6	-21.0	-32.3	-37.3	-9.9	-1.6	-14.3	-3.6	19.7	18.3
changing cost/availability of funds	Past three months	1.0	1.2	-1.6	0.3	-5.0	-7.4	-2.3	-0.7	-11.3	0.0	0.0	0.0
	Next three months	0.0	-10.2	-1.4	-1.1	-5.5	-7.4	-2.7	-2.7	-10.4	-9.0	0.0	0.0
How have credit scoring criteria for granting credit card loan applications by households changed?	Past three months	-7.8	7.9	-16.6	4.5	-33.1	-26.7	-60.9	-24.2	-26.7	-17.1	-15.7	16.5
	Next three months	-13.7	-16.4	0.2	-34.3	-41.4	-46.8	-16.2	-20.5	-34.1	-8.0	0.0	16.5
How have credit scoring criteria for granting other unsecured loan applications by households changed?	Past three months	19.9	-8.5	-20.8	-26.7	-31.6	-35.0	-50.4	-42.4	-48.7	-29.1	-15.9	-21.2
	Next three months	-24.2	-24.2	-21.8	-48.6	-26.4	-54.3	-41.7	-31.9	-19.4	-7.4	-25.6	-24.0
How have credit scoring criteria for granting total unsecured loan applications by households changed?	Past three months	-0.8	3.7	-17.7	-3.0	-32.8	-28.5	-58.8	-27.6	-30.5	-19.1	-15.7	11.0
	Next three months	-16.3	-18.3	-5.2	-37.8	-37.9	-48.5	-21.3	-22.6	-31.5	-7.9	-3.9	10.6
How has the proportion of credit card loan applications from households being approved changed?	Past three months	15.1	10.0	-6.7	-16.3	-15.8	4.5	-29.1	-21.7	-1.3	-12.3	5.0	12.4
	Next three months	-2.5	-26.3	-7.6	-9.2	-46.0	-43.8	-12.4	-11.4	-19.4	0.0	-4.3	15.0
How has the proportion of other unsecured loan applications from households being approved changed?	Past three months	14.8	-17.7	-24.9	-11.3	-31.1	-36.4	-38.0	-35.5	-5.0	-29.9	-4.9	-5.6
	Next three months	-18.1	-28.5	-26.8	-27.2	-13.5	-46.6	-27.3	-15.3	-3.1	-0.2	-25.6	-19.5

		Net percentage balances ^(a)											
		2007		2008				2009				2010	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the proportion of total unsecured loan applications from households being approved changed?	Past three months	15.0	3.0	-11.2	-15.1	-19.3	-4.3	-30.8	-24.2	-1.9	-15.1	3.5	9.7
	Next three months	-6.4	-26.9	-12.4	-13.5	-38.5	-44.4	-15.4	-12.1	-16.6	0.0	-7.6	10.0
How has the default rate on credit card loans to households changed?	Past three months	-20.8	-8.8	-10.0	6.4	33.9	34.6	61.0	38.4	40.5	-4.9	-32.4	-20.2
	Next three months	-13.3	9.0	2.1	17.3	36.9	50.1	49.3	37.3	43.0	-8.0	-21.7	-19.5
How has the default rate on other unsecured loans to households changed?	Past three months	-6.5	-11.4	5.5	19.2	40.9	49.0	30.1	37.3	28.3	-19.8	-34.8	-31.9
	Next three months	-7.5	-7.6	3.2	13.7	25.7	44.1	30.1	42.1	31.9	-15.5	-26.8	-24.8
How has the default rate on total unsecured loans to households changed?	Past three months	-17.2	-9.5	-6.2	9.5	35.5	37.7	54.8	38.2	38.4	-7.3	-32.8	-21.9
	Next three months	-11.8	4.8	2.4	16.4	34.3	48.8	45.5	38.2	41.1	-9.2	-22.5	-20.3
How have losses given default on credit card loans to households changed?	Past three months	5.9	5.2	-3.7	3.9	25.3	36.7	28.0	30.3	38.2	13.5	35.2	16.5
	Next three months	12.8	4.6	-3.0	13.3	21.4	25.6	24.1	27.9	39.0	23.5	13.9	-5.0
How have losses given default on other unsecured loans to households changed?	Past three months	-1.4	8.8	1.4	7.2	12.6	12.3	25.1	41.2	31.8	29.0	15.6	26.1
	Next three months	5.8	17.2	4.3	20.3	22.4	25.7	14.1	22.8	20.2	20.8	19.4	10.1
How have losses given default on total unsecured loans to households changed?	Past three months	4.1	6.1	-2.4	4.7	22.4	31.4	27.4	32.3	37.1	16.0	32.2	17.9
	Next three months	11.0	7.8	-1.2	15.0	21.6	25.6	22.1	26.9	35.8	23.1	14.7	-2.8
How has demand for credit card lending from households changed?	Past three months	-2.2	10.5	-11.0	23.1	-14.6	13.0	-23.5	-27.0	-11.4	-15.1	-30.9	13.9
	Next three months	3.2	-5.9	5.1	1.2	-6.1	-20.4	-17.9	-10.5	-4.1	42.7	13.0	2.5
How has demand for other unsecured lending from households changed?	Past three months	-4.9	-11.7	7.8	-44.8	-17.9	-36.8	-25.6	-12.8	-3.1	-19.0	-2.6	25.8
	Next three months	-4.5	2.3	-23.3	-12.0	7.3	-12.0	-24.9	9.6	-15.8	5.1	5.8	-8.1
How has demand for total unsecured lending from households changed?	Past three months	-2.9	4.9	-6.4	6.7	-15.4	2.3	-23.9	-24.4	-10.0	-15.7	-26.6	15.6
	Next three months	1.2	-3.8	-1.9	-2.0	-3.0	-18.6	-19.3	-6.8	-6.1	36.6	11.9	1.0
How have spreads on credit cards changed? ^(a)	Past three months	16.2	-3.5	-4.8	-4.4	-8.3	1.8	-24.7	-5.8	-13.9	-1.5	-0.6	-0.2
	Next three months	0.4	-1.2	-11.9	-3.2	-10.9	21.0	-1.6	19.0	0.7	13.5	0.6	-8.6
How have spreads on other unsecured lending products changed? ^(a)	Past three months	6.7	-15.8	-21.5	-18.6	-12.6	-34.8	-35.0	-39.3	-18.0	-24.8	-20.7	-3.9
	Next three months	-16.0	-18.8	-4.0	-4.4	-4.6	-11.2	-16.2	8.5	-24.0	14.6	-2.0	-8.8
How have overall unsecured lending spreads changed? ^(a)	Past three months	13.8	-6.6	-8.9	-7.8	-9.3	-6.1	-26.7	-12.0	-14.6	-5.3	-3.7	-0.8
	Next three months	-3.7	-5.7	-10.0	-3.5	-9.5	14.0	-4.5	17.1	-3.6	13.7	0.2	-8.7
How have credit card limits changed?	Past three months	25.1	16.8	13.9	-15.0	-24.3	-21.4	-17.4	-16.1	-30.2	-13.8	-10.0	0.3
	Next three months	-2.7	7.9	-2.3	-12.7	-15.2	-25.1	-27.9	-16.6	-14.4	-2.7	-0.7	6.1
How has the minimum proportion of credit card balances to be paid changed? ^(a)	Past three months	-2.9	3.2	-4.7	0.1	-7.0	-3.7	-12.0	-6.2	-6.1	-6.1	-7.1	-7.5
	Next three months	8.5	-0.1	-5.2	-9.4	4.1	-26.1	-10.5	0.0	0.0	8.9	0.0	0.0
How have maximum maturities on loans changed? ^(c)	Past three months	0.0	2.3	-3.7	8.0	14.8	10.3	-18.5	-15.6	-1.6	-10.5	0.0	-7.2
	Next three months	0.9	0.0	0.0	10.3	14.8	8.3	-15.2	-17.2	-3.6	0.0	-2.8	-7.2

(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.

The first Credit Conditions Survey was conducted in 2007 Q2 and additional questions have been included since 2007 Q4. A full set of results is available in Excel on the Bank's website at www.bankofengland.co.uk/publications/other/monetary/creditconditions.htm.

		Net percentage balances ^(a)											
		2007		2008				2009				2010	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the availability of credit provided to the corporate sector overall changed?	Past three months	-20.2	-51.8	-37.3	-32.1	-36.2	-28.2	7.8	14.3	24.8	16.3	21.9	7.1
	Next three months	-49.3	-35.7	-30.7	-9.2	-8.8	-12.8	26.3	27.7	28.9	20.5	22.7	6.5
<i>of which: commercial real estate sector</i>	Past three months	-14.7	-37.1	-43.0	-58.2	-52.8	-57.0	-34.4	-38.7	-8.1	5.6	7.8	3.5
	Next three months	-29.8	-45.6	-49.5	-22.2	-29.1	-38.1	-8.0	-3.9	-5.9	2.4	5.9	4.4
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	-11.2	-45.1	-37.4	-44.3	-53.0	-44.8	-49.7	-12.7	0.3	4.3	24.7	2.9
	Next three months	-48.4	-46.7	-22.5	-29.2	-45.6	-40.5	-17.2	0.0	3.1	-0.9	20.4	-10.1
changing sector-specific risks	Past three months	-25.7	-38.8	-1.6	-41.1	-42.9	-49.8	-21.9	-2.3	2.3	16.5	18.9	-12.3
	Next three months	-37.3	-45.5	-10.7	-17.5	-42.2	-32.9	-13.6	-6.9	-3.1	23.2	23.9	-16.7
market share objectives	Past three months	0.0	-27.4	-7.4	-6.8	-20.2	-21.6	5.9	10.9	9.5	0.0	-1.4	-0.3
	Next three months	0.0	-29.9	-16.8	-3.9	-19.2	-19.6	5.9	11.8	13.3	2.8	4.7	8.6
market pressures from capital markets	Past three months	-31.6	-38.2	21.2	-19.9	-19.3	-13.0	6.4	2.2	0.7	5.6	-4.4	-1.1
	Next three months	-50.1	-23.3	-7.4	-21.9	-18.3	-7.1	0.4	5.1	0.8	3.9	3.5	6.5
changing appetite for risk	Past three months	-17.5	-33.9	10.5	-39.9	-43.0	-36.1	-19.9	0.0	0.8	0.1	-1.6	0.0
	Next three months	-27.7	-33.5	-3.5	-7.9	-18.9	-36.1	-18.0	0.0	1.6	0.0	1.4	1.4
changing cost/availability of funds	Past three months	-33.7	-45.2	4.8	-29.6	-34.5	-55.2	0.5	12.9	32.5	-7.6	10.4	-1.1
	Next three months	-42.2	-41.6	1.6	-8.9	-21.6	-21.0	16.5	26.5	21.4	6.7	1.6	-0.8
How has the proportion of loan applications from medium PNFCs being approved changed?	Past three months	-21.6	-29.2	-16.1	-25.7	-30.5	-43.6	-29.1	3.5	11.8	1.7	12.0	3.5
	Next three months	-26.4	-28.7	-13.9	-17.1	-10.8	-37.8	-25.9	8.6	17.1	1.3	0.7	7.4
How has the proportion of loan applications from large PNFCs being approved changed?	Past three months	-16.0	-29.1	-35.1	-24.2	-17.0	-40.1	-22.4	5.4	3.2	5.6	8.8	6.5
	Next three months	-20.7	-26.4	-22.3	-14.3	-4.3	-28.0	-17.3	7.3	11.9	6.0	0.8	6.5
Has there been any change in the use of cash securitisations associated with corporate lending?	Past three months	-1.5	-75.8	-27.1	1.2	-2.4	-3.6	24.0	n.a.*	9.9	10.5	-1.5	0.0
	Next three months	-68.8	-54.0	-18.8	1.2	-2.4	1.1	1.2	n.a.*	0.0	7.4	19.3	0.0
Has there been any change in the use of derivatives/synthetic securitisations associated with corporate lending?	Past three months	1.0	-36.7	-13.4	-1.4	5.8	1.9	3.1	9.0	5.8	-1.0	-4.1	-2.8
	Next three months	-40.1	-32.1	-13.7	6.1	5.8	-1.5	-1.5	-2.4	-1.8	-1.0	-4.1	-3.2

		Net percentage balances ^(a)											
		2007		2008				2009				2010	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Has there been any change in 'target hold' levels associated with corporate lending?	Past three months	18.5	11.3	17.3	28.0	33.0	37.1	16.4	24.6	15.3	0.5	8.3	9.3
	Next three months	3.8	32.7	33.2	14.6	16.5	16.6	19.0	30.8	0.0	31.3	17.8	7.4
How have loan tenors on new corporate loans changed? ^(c)	Past three months	5.5	-13.6	-17.6	-25.4	-5.1	-38.9	-23.0	-22.4	-0.6	-10.7	21.1	39.5
	Next three months	-13.3	-8.1	-21.0	-16.2	-7.7	-16.9	-0.5	-20.5	13.1	18.2	23.5	6.6
How has the default rate on loans to medium PNFCs changed?	Past three months	1.3	23.3	29.2	37.0	53.1	60.2	50.5	46.3	42.5	31.8	-6.6	-23.0
	Next three months	21.0	12.7	37.0	36.8	47.6	67.0	71.7	46.8	35.6	22.5	2.4	-2.5
How has the default rate on loans to large PNFCs changed?	Past three months	0.0	1.1	24.4	29.6	36.3	47.4	35.2	48.0	34.8	40.8	-15.2	-16.6
	Next three months	2.0	2.8	36.8	36.1	45.1	62.0	51.8	45.2	37.1	27.0	4.6	3.8
How have losses given default on loans to medium PNFCs changed?	Past three months	0.0	3.4	8.7	23.4	20.6	67.6	54.2	33.4	29.8	9.9	10.9	-1.6
	Next three months	5.1	11.5	20.1	32.3	34.9	63.5	51.8	35.8	22.0	5.0	2.2	-1.6
How have losses given default on loans to large PNFCs changed?	Past three months	0.0	1.8	0.0	14.4	13.3	46.9	41.8	30.8	28.8	14.8	0.0	-2.3
	Next three months	1.2	0.7	15.1	23.1	27.9	40.6	31.7	24.3	23.0	13.0	-4.4	-1.6
How has demand for lending from medium PNFCs changed?	Past three months	-7.3	-7.2	-13.8	-10.4	-33.8	-35.5	-54.5	-2.1	12.3	-1.4	15.0	-3.2
	Next three months	-15.0	6.9	-7.2	-15.2	-29.8	-37.3	-16.6	13.0	14.9	5.5	18.9	8.9
How has demand for lending from large PNFCs changed?	Past three months	-21.9	-24.4	4.1	-40.7	-14.0	-34.4	-33.6	-3.6	-5.3	-27.1	1.9	-9.6
	Next three months	-31.0	-0.2	-14.6	-10.7	-19.7	-17.2	10.5	0.0	14.9	15.7	6.3	-16.8
How has demand from institutional investors/pension funds changed?	Past three months	-4.5	38.5	2.1	-20.0	-9.3	-23.6	-1.5	-1.5	-1.2	-6.9	-1.2	1.1
	Next three months	5.4	35.8	16.1	-3.3	-21.6	-6.1	-1.5	-1.5	-2.6	-1.7	-8.0	1.1
How has demand from securities dealers changed?	Past three months	n.a.*	24.1	-11.7	-8.6	n.a.*	-35.6	-6.6	n.a.*	n.a.*	-28.7	0.0	0.0
	Next three months	n.a.*	24.1	3.0	-1.7	n.a.*	-3.8	-6.6	n.a.*	n.a.*	-0.3	13.2	1.3
How has demand from hedge funds changed?	Past three months	n.a.*	54.8	23.3	2.9	-3.2	n.a.*	-16.3	n.a.*	n.a.*	-66.5	n.a.*	n.a.*
	Next three months	n.a.*	43.3	15.0	10.4	-3.2	n.a.*	-3.7	n.a.*	n.a.*	-58.8	n.a.*	n.a.*
How has demand from structured finance vehicles changed?	Past three months	-4.9	46.0	-48.9	-63.7	-19.6	-31.9	-2.3	n.a.*	n.a.*	-48.7	n.a.*	n.a.*
	Next three months	-1.7	31.4	-0.2	-18.6	-3.6	-5.1	-2.3	n.a.*	n.a.*	-42.7	n.a.*	n.a.*
How has demand from other OFCs changed?	Past three months	-1.7	17.9	-1.3	-25.7	-17.4	-21.2	n.a.*	0.0	9.2	-11.2	0.0	0.0
	Next three months	3.9	17.8	-4.5	-5.3	-17.4	-6.1	n.a.*	0.0	7.7	-19.9	7.0	0.0
What have been the main factors contributing to changes in demand for lending:^(b)													
mergers and acquisitions	Past three months	15.5	-53.7	6.7	-32.8	-41.8	-48.1	-24.5	-9.4	-6.4	-21.0	35.2	-5.6
	Next three months	-66.8	-22.6	-5.0	-8.4	-27.0	-41.7	-22.3	4.7	19.2	22.3	34.2	1.1
capital investment	Past three months	-12.6	-15.4	-16.4	-27.2	-50.1	-66.0	-61.4	-40.7	-25.9	-20.7	-9.1	-1.2
	Next three months	-27.5	-8.3	-10.6	-15.1	-51.7	-47.5	-28.4	-24.2	-6.6	-5.2	-0.7	0.7
inventory finance	Past three months	-20.0	-14.0	9.6	1.9	9.0	11.4	-23.4	-6.9	1.4	-12.7	15.0	1.8
	Next three months	-21.5	-1.1	9.9	-0.7	4.0	12.6	-19.9	-6.2	19.7	6.5	21.0	1.8
balance sheet restructuring	Past three months	-40.3	-26.7	2.4	-7.0	19.2	24.0	35.2	37.4	15.7	-19.1	-1.1	-13.4
	Next three months	-48.8	-7.0	6.0	9.8	19.3	36.8	40.4	28.8	24.6	21.7	0.9	-1.4
commercial real estate	Past three months	-31.1	-15.9	-23.2	-28.2	-55.7	-55.8	-46.4	-53.4	6.9	9.5	8.4	1.0
	Next three months	-46.5	-22.9	-10.2	-21.9	-36.3	-37.0	-13.9	-24.4	-14.7	5.9	2.7	7.2

		Net percentage balances ^(a)											
		2007		2008				2009				2010	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How have spreads on loans to medium PNFCs changed?^(a)	Past three months	-7.8	-36.6	-45.7	-63.4	-61.5	-56.7	-42.7	-12.2	-15.2	9.2	21.0	17.8
	Next three months	-26.8	-55.9	-45.4	-46.0	-48.1	-39.8	-23.7	-10.0	10.7	23.4	12.8	2.2
How have fees/commissions on loans to medium PNFCs changed?^(a)	Past three months	-4.7	-30.3	-40.7	-62.2	-59.8	-53.0	-41.5	-11.9	-18.2	7.3	8.2	1.8
	Next three months	-21.1	-51.9	-44.6	-48.1	-43.8	-37.7	-23.7	-11.0	11.7	10.7	12.0	0.3
How have collateral requirements for loans to medium PNFCs changed?^(a)	Past three months	0.0	-11.9	-21.5	-17.9	-20.8	-22.8	-9.6	-7.3	-14.0	-3.5	-3.1	-1.6
	Next three months	-10.0	-15.6	-19.5	-1.8	-17.6	-15.2	-10.3	-5.4	0.0	-1.7	-0.9	0.0
How have maximum credit lines for medium PNFCs changed?	Past three months	0.0	-21.1	-30.6	-27.2	-30.1	-25.4	-13.9	3.6	0.0	-2.3	0.7	3.4
	Next three months	-24.5	-21.1	-25.9	-18.5	-20.3	-17.6	-9.8	-6.7	4.5	0.4	3.5	3.6
How have loan covenants for medium PNFCs changed?^(a)	Past three months	-1.1	-20.6	-35.6	-37.1	-35.8	-22.5	-32.9	-27.1	-14.0	-4.2	-3.6	-0.2
	Next three months	-29.3	-37.8	-25.4	-42.2	-12.8	-14.9	-27.8	-6.5	0.0	-2.2	-1.2	0.0
How have spreads on loans to large PNFCs changed?^(a)	Past three months	-16.4	-60.1	-67.6	-72.5	-71.9	-60.1	-59.0	-11.2	-4.4	10.6	50.7	39.3
	Next three months	-51.2	-56.4	-33.2	-49.4	-53.9	-38.7	-45.0	-2.9	12.5	39.2	21.5	8.2
How have fees/commissions on loans to large PNFCs changed?^(a)	Past three months	-7.1	-52.5	-49.6	-68.4	-71.9	-57.4	-51.2	-6.8	-7.4	10.8	18.6	35.4
	Next three months	-35.5	-59.3	-42.1	-49.4	-50.7	-36.0	-45.0	-3.8	11.7	9.6	21.5	10.5
How have collateral requirements for loans to large PNFCs changed?^(a)	Past three months	13.1	-16.8	-1.7	-15.8	-26.5	-26.0	-6.7	-3.5	-14.0	-4.0	-2.0	-1.6
	Next three months	-6.5	-12.9	4.7	-8.2	-16.5	-15.4	-5.8	-1.6	0.0	-0.9	-0.1	0.0
How have maximum credit lines for large PNFCs changed?	Past three months	10.5	-36.4	-49.0	-44.2	-24.3	-21.3	-12.4	7.4	12.2	2.2	19.5	9.9
	Next three months	-47.0	-16.8	-12.4	-13.3	-6.1	-22.3	-1.3	-2.8	17.6	0.0	9.8	3.7
How have loan covenants for large PNFCs changed?^(a)	Past three months	4.9	-46.3	-48.1	-40.1	-26.0	-22.9	-37.1	-24.2	-14.0	-4.9	5.4	-0.9
	Next three months	-48.2	-35.6	-23.3	-28.4	-10.9	-10.2	-21.3	-5.2	6.4	5.4	25.1	0.0
How have spreads on loans to OFCs changed?^(a)	Past three months	-27.7	-72.1	-54.8	-68.7	-66.8	-58.0	-47.9	-40.7	-8.1	14.1	41.6	21.8
	Next three months	-82.2	-70.7	-41.7	-42.7	-45.2	-39.5	-25.6	-21.9	-0.9	13.8	20.0	-12.9
How have fees/commissions on loans to OFCs changed?^(a)	Past three months	-11.8	-64.4	-50.8	-69.9	-51.4	-56.5	-37.8	-34.2	-15.6	14.2	21.6	20.3
	Next three months	-42.4	-62.9	-38.9	-46.6	-47.4	-34.7	-25.6	-21.9	-11.2	10.8	21.3	-12.9
How have collateral requirements for loans to OFCs changed?^(a)	Past three months	-1.4	-35.7	-29.7	-10.3	-23.9	-54.5	-27.5	-32.2	-18.9	-2.6	-22.5	0.0
	Next three months	-45.1	-34.3	-12.4	-3.9	-17.8	-34.1	-19.0	-20.3	-18.9	-2.6	-1.3	0.0
How have maximum credit lines for OFCs changed?	Past three months	-13.1	-37.4	-52.5	-46.3	-23.2	-69.2	-46.4	-25.7	-20.2	23.3	-6.4	1.5
	Next three months	-54.8	-38.4	-34.5	-18.7	-23.2	-41.2	-31.1	-23.0	-20.2	23.3	5.0	12.1

* 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	Q2
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	0.0
	Next three months	-51.1	10.0	-9.7	-1.0	-11.3	-6.7	-7.0	1.3	-2.3	0.7	-1.7
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	21.3
	Next three months	8.9	17.8	-7.2	4.7	-2.3	9.1	-12.6	-16.1	-11.6	19.8	21.3
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	7.2
	Next three months	-49.3	-5.3	-8.3	-9.3	-6.7	1.0	-37.2	-6.7	-2.6	11.4	-6.4
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	-7.0
	Next three months	33.8	12.8	18.6	6.4	29.0	9.7	-12.4	-13.8	-18.9	-2.6	5.2
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	5.9
	Next three months	n.a.**	7.0	14.4	18.4	7.4	-4.6	-1.4	-4.5	15.0	23.2	-7.2
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	5.4
	Next three months	n.a.**	-9.0	-44.4	-43.0	-45.2	-15.5	-21.8	-5.7	16.8	14.2	5.4
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.**	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.**	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	1.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	5.5	-6.5	5.4	0.0	26.0	5.5	1.8
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	8.8
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	8.9	-1.5	4.7	4.7	0.3	0.8	20.7
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.**	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	8.1
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	19.7	21.4	24.8	6.5
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	6.9
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	27.8	19.8	12.3	6.2

** Additional question not asked in survey.

† The net percentage balances for this question in 2009 Q4 were revised after publication 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		
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
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.**	1.9	-0.6	12.6
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	6.4	26.1	15.5
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.**	-6.4	32.3	34.9
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	2.8	23.2	6.5
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.**	38.0	2.0	15.7
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	38.7	24.2	-3.6
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.**	6.0	4.1	-23.5
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	12.2	10.9	13.1
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.**	0.6	21.4	33.7
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	12.3	27.2	24.6
How has demand for credit card lending from small businesses changed? ^(c)	Past three months	-4.9	5.2	-1.6	20.1	4.4	4.2	17.3	21.7	14.3	3.5	16.5	24.4	
	Next three months	-2.4	19.7	-1.6	1.9	13.0	9.1	32.3	32.2	18.8	8.2	25.2	24.4	
How has demand for other unsecured lending from small businesses changed? ^(c)	Past three months	-11.4	-9.2	-14.5	-5.5	-16.2	-52.1	2.6	-26.7	9.0	-6.8	13.4	35.6	
	Next three months	-9.2	-10.5	-13.9	-19.0	-19.1	-15.8	-8.5	18.1	10.7	10.2	27.0	-3.6	
How has demand for total unsecured lending from small businesses changed? ^(c)	Past three months	-6.7	0.2	-5.3	13.8	-0.1	-8.8	14.2	12.3	13.3	1.7	16.0	26.2	
	Next three months	-4.2	9.4	-5.2	-3.2	6.1	3.4	23.7	29.5	17.4	8.6	25.5	20.0	
How has demand for secured lending from small businesses changed? ^(c)	Past three months	47.8	10.3	-5.0	-15.1	-40.6	-34.0	6.7	-16.0	11.2	15.0	19.4	18.0	
	Next three months	47.8	18.6	-14.4	-34.7	-10.3	-26.9	27.1	21.0	13.1	15.0	19.4	18.0	
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.**	-1.1	-6.8	-0.7
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-1.3	-3.4	1.4
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.**	-1.7	-6.8	-0.7
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-3.4	-1.4
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.**	-3.4	-2.1	0.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-0.7	-1.4
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.**	-2.0	-2.6	1.4
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-1.3	1.4
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.**	-2.0	-5.6	17.2
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	0.0	-4.1	15.8

** 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 PNFCs 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.