

Credit Conditions Survey

Survey results | 2010 Q3



BANK OF ENGLAND





BANK OF ENGLAND

Credit Conditions Survey

2010 Q3

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 Q3 survey. The 2010 Q3 survey was conducted between 13 August and 3 September.

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 Q3 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 2011 for future Credit Conditions Surveys are:

- 2010 Q4 survey on 6 January 2011
- 2011 Q1 survey on 31 March 2011
- 2011 Q2 survey on 30 June 2011
- 2011 Q3 survey on 29 September 2011



BANK OF ENGLAND

Credit Conditions Survey

2010 Q3

Supply

- Lenders reported that the [availability of secured credit to households](#) had risen slightly in the three months to early September 2010 despite a tightening in wholesale funding conditions. Availability was expected to remain broadly unchanged in the next three months.
- [Unsecured credit availability to households](#) was reported to have remained broadly unchanged for a third consecutive quarter, but some lenders expected availability to increase somewhat in the next quarter.
- The overall [availability of credit to corporates](#) was reported to have increased for a seventh consecutive quarter, with a larger increase reported in availability to small businesses than for larger companies. Overall availability was not expected to change in Q4.

Demand

- Lenders reported that demand for [secured lending for house purchase](#) had fallen slightly in Q3, in contrast to expectations of a rise. Demand for [secured lending for remortgaging](#) was broadly unchanged in Q3 and was not expected to change in Q4.
- Demand for [credit card lending](#) fell unexpectedly over the previous three months, while demand for [non credit card lending](#) rose unexpectedly. Lenders expected demand for credit card lending to increase over the next three months and demand for non credit card lending to stabilise.
- In Q3, demand for credit from medium and large [private non-financial corporations](#) (PNFCs) was broadly unchanged. Demand from large corporates was expected to fall in the next quarter. Among small businesses demand fell unexpectedly over the previous three months, but was not expected to change over the next three months.

Defaults

- The default rate and losses given default on [secured loans to households](#) were reported to have continued to fall, contrary to expectations. The default rate was expected to fall further in the next quarter, but losses given default were not expected to change.
- Default rates on [unsecured loans to households](#) fell for the fourth consecutive quarter and default rates on credit card lending were expected to fall further in Q4. Losses given default in Q3 rose unexpectedly for credit card lending, but fell unexpectedly for non credit card lending. Losses given defaults for unsecured lending were expected to fall slightly in Q4.
- Default rates on [loans to private non-financial corporations](#) fell unexpectedly over the previous three months among medium and large companies and were expected to fall further over the next three months, as were losses given default. For small businesses, the default rate fell slightly, while losses given default were expected to rise in Q4.

Terms and conditions

- Lenders reported that spreads on [secured lending to households](#) had fallen for a second consecutive quarter in Q3 and were expected to fall further in Q4. Credit scoring criteria had been tightened slightly for the second consecutive quarter and were expected to tighten further over the coming quarter.
- Spreads on [unsecured lending to households](#) rose slightly in Q3, but a further rise was not expected in Q4. Lenders reported a continued tightening in credit scoring criteria for non credit card lending, though further tightening was not expected in Q4.
- Spreads on [corporate lending](#) fell for the fourth consecutive quarter for large PNFCs in Q3, but were unchanged for medium PNFCs and for small businesses.

This report presents the results of the 2010 Q3 survey. The 2010 Q3 survey was conducted between 13 August and 3 September. 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 September, a small net balance of lenders reported that the amount of secured credit made available to households had risen, but that there had been little change in the availability of unsecured credit. The amount of credit made available to the corporate sector overall had risen in the past three months. Within that, some lenders reported that there had been a larger increase for small businesses. Demand for secured lending for house purchase and for unsecured credit card lending fell over the previous quarter. Lenders reported that demand from small businesses had fallen unexpectedly, but demand for loans from larger businesses had not changed. Across all types of lending to both households and businesses, lenders reported that default rates had fallen in Q3 and losses given defaults were also generally lower. Spreads were reported to have fallen again on secured lending to households and lending to larger companies, but were little changed on lending to small businesses.

The Q3 Credit Conditions Survey was conducted between 13 August and 3 September 2010.

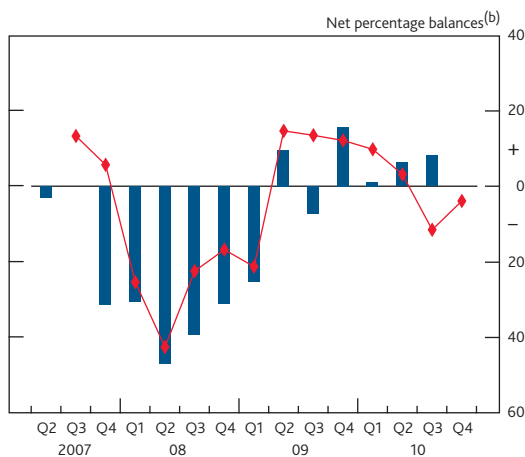
Secured lending to households

In the three months to early September, a small net balance of lenders reported that there had been an increase in the amount of new secured credit made available to households, contrary to expectations (**Chart 1**). That occurred despite some tightening in wholesale funding conditions. Some lenders commented that heightened concerns about the outcome of the stress tests on the European banking sector undertaken by the Committee of European Banking Supervisors had tightened funding conditions temporarily during the previous quarter. Following the release of the stress-test results, lenders commented that funding costs had fallen somewhat.

Lenders did not expect a further increase in the availability of secured credit to households over the next three months, reporting that the outlook for the economy was expected to constrain availability. Over the previous four quarters there had been consecutive increases in the availability of new secured lending at loan to value (LTV) ratios greater than 75% and increases in the maximum LTV on which new secured lending is granted. But further increases were not expected over the next quarter.

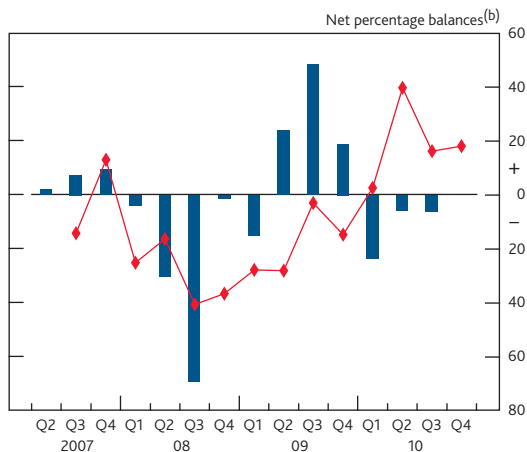
Households' demand for secured credit to finance a new house purchase fell unexpectedly for the third consecutive quarter in 2010 Q3, but was expected to pick up over the coming quarter (**Chart 2**). But within that, demand for secured lending to finance buy-to-let investments rose slightly, in line with

Chart 1 Household secured credit availability^(a)

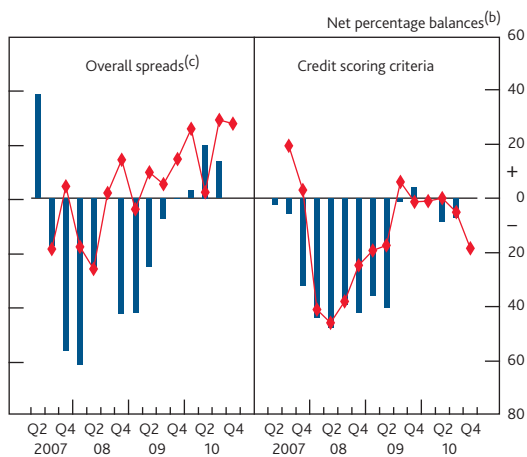


(a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question. The blue bars show the responses over the previous three months. The red diamonds show the expectations over the next three months. Expectations balances have been moved forward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

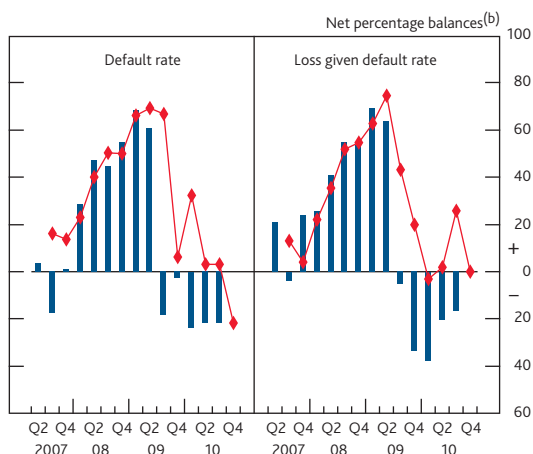
(b) A positive balance indicates that more secured credit is available.

Chart 2 Household demand for secured lending^(a)

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

Chart 3 Terms on secured lending to households^(a)

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

Chart 4 Default rate and loss given default rate on secured loans 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.

expectations, and for the first time since 2008 Q3. A further increase in demand in Q4 was not expected. Demand for remortgaging was broadly unchanged in Q3, in line with expectations, and was not expected to pick up in Q4. Some lenders commented that demand for remortgaging was expected to remain weak while some existing mortgagors benefited from the low level of standard variable rates relative to new lending rates, and while others were unable to refinance given the current LTV on their mortgage following the fall in house prices during the recession.

Consistent with higher availability and lower demand, lenders reported that spreads had fallen over the previous quarter (**Chart 3**). That marked the second consecutive quarter of falling spreads, and lenders expected spreads to fall further in Q4. Some lenders reported that the fall in spreads was most marked for new low LTV lending as lenders competed to attract lower-risk borrowers.

Lenders reported, however, that they had tightened credit scoring criteria somewhat for the second consecutive quarter and expected to tighten credit scoring criteria further over the next quarter (**Chart 3**). Some lenders commented that the changes reflected a more cautious approach to assessing the ability of households undertaking higher LTV mortgages to meet mortgage payments or lending to the self-employed. Consistent with this, a net balance of lenders reported that the loan approval rate was expected to fall in Q4 for the first time since early 2009. The average credit quality on new lending improved somewhat for the second consecutive quarter and was expected to improve further in Q4.

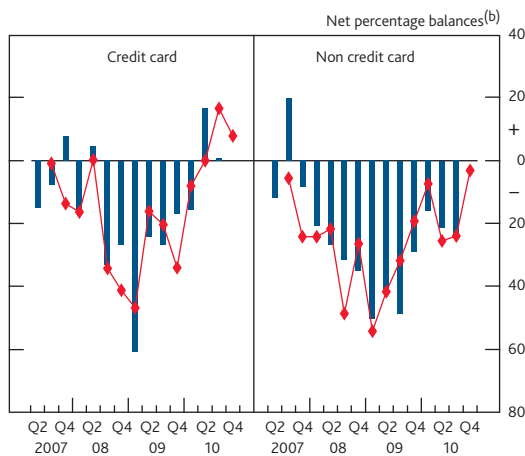
Lenders reported that both default rates and losses given default continued to fall in Q3, contrary to expectations (**Chart 4**). While default rates were expected to fall again in Q4, some lenders commented that the outlook for defaults would be influenced by the impact of prospective fiscal tightening, the outlook for unemployment and the pace of increases in Bank Rate. Losses given default were not expected to change in Q4.

Unsecured lending to households

Lenders reported that the amount of unsecured credit made available to households was broadly unchanged in 2010 Q3, but was expected to increase in Q4. Credit card limits were broadly unchanged in Q3 and were not expected to change significantly in Q4.

Lenders had expected some easing in credit scoring criteria for credit cards over the previous quarter, but there had been little change (**Chart 5**). Lenders continued to expect a slight easing over the next quarter. In contrast, there was a further tightening of credit scoring criteria for non credit card lending in Q3, though for the first time since the onset of the financial

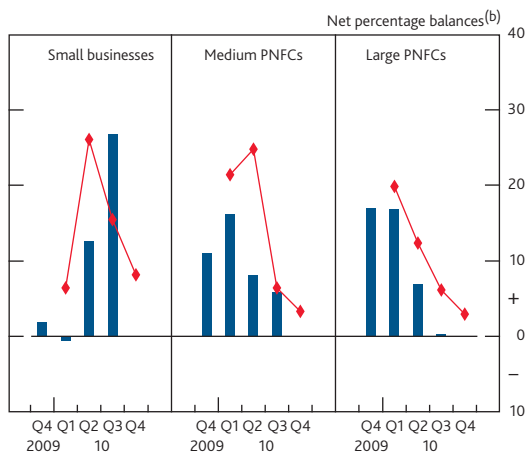
Chart 5 Credit scoring criteria for unsecured lending to households^(a)



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

(b) A positive balance indicates a loosening of credit scoring criteria.

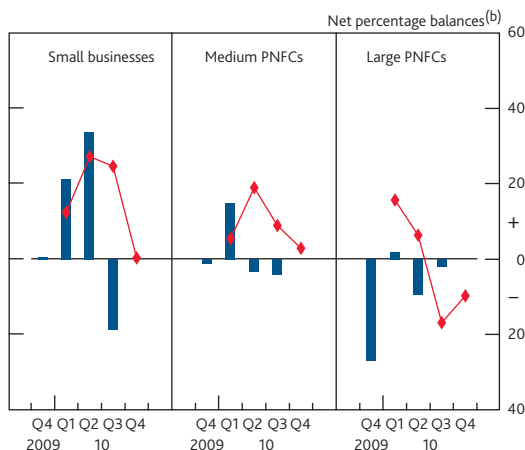
Chart 6 Corporate credit availability by size of business^(a)



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

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

Chart 7 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.

crisis lenders did not expect to significantly tighten credit scoring criteria again over the next quarter.

Demand for credit card lending fell unexpectedly in Q3, but was expected to pick up in Q4. In contrast, demand for non credit card lending was unexpectedly higher in Q3, though further increases were not expected.

Default rates for unsecured lending continued to fall in Q3. Lenders expected default rates on credit card lending to fall further in Q4, but no change was expected for non credit card lending. Loss given default rates in Q3 rose unexpectedly for credit card lending, but fell unexpectedly for non credit card lending. Lenders expected loss given default rates on all types of unsecured lending to fall in Q4.

Despite a fall in demand, spreads on credit card lending increased a little over the previous three months. However, for non credit card lending, an increase in spreads was consistent with higher demand. Over the next three months, lenders expected spreads on credit card lending to remain unchanged, while spreads on non credit card lending were expected to fall.

Lending to corporates and small businesses

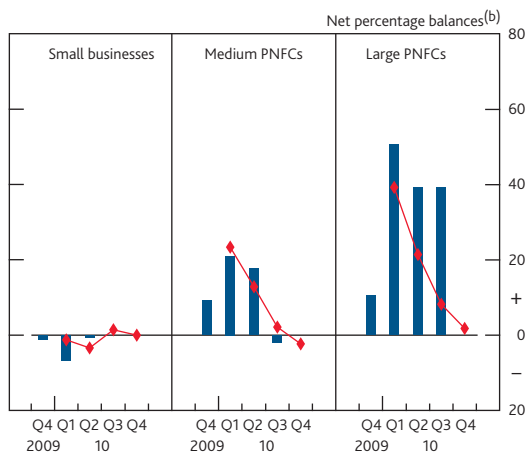
Alongside the regular questions on the overall corporate sector and on medium and large private non-financial corporations (PNFCs), the 2010 Q3 survey included additional questions about credit conditions for small businesses.⁽¹⁾ These questions, which were introduced in the 2009 Q4 survey, enable a 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 the corporate sector overall had increased slightly over the previous quarter. Within that, some lenders reported that an increase in the amount of credit made available to small businesses and a slight increase for medium-sized PNFCs, but availability to large PNFCs was unchanged (Chart 6). Lenders reported one factor contributing to the rise in availability was a desire to increase market share. Some lenders expected a further increase in availability of credit to small businesses over the next quarter, but few lenders expected any change in availability for medium and large PNFCs.

Demand for credit was broadly unchanged for medium and large PNFCs in Q3, but lenders reported it had fallen for small businesses, contrary to expectations (Chart 7). Some lenders commented that better management of working capital together with some improvement in profitability had generally dampened demand, and the uncertain economic environment

(1) The additional questions and associated aggregate responses are given in the annex on page 16. 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.

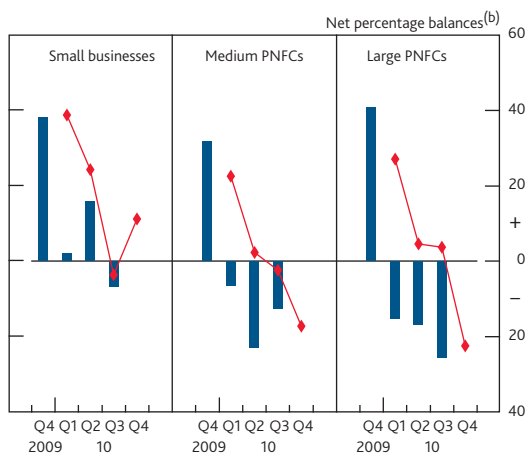
Chart 8 Spreads over reference rates on lending to corporates by size of business^(a)



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

(b) A positive balance indicates that spreads over reference rates have fallen such that it is cheaper for corporates to borrow.

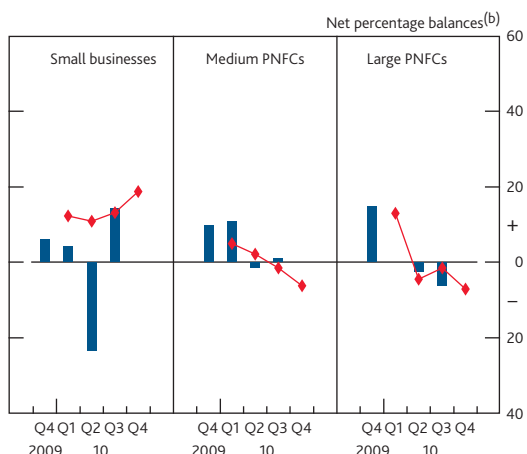
Chart 9 Default rates on loans by size of business^(a)



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

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

Chart 10 Losses given defaults on loans by size of business^(a)



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

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

was constraining investment-related demand for new lending. Separately, lenders reported some increase in demand for credit card lending from small businesses, but a fall in demand for secured lending. Lenders expected demand from large PNFCs to fall slightly in Q4, commenting that availability of alternative sources of finance from bond markets and non-resident lenders would reduce demand for credit from UK lenders. An unexpected increase in mergers and acquisitions (M&A) activity was noted as one factor contributing to both an increase in demand in Q3 and was expected to contribute to an increase in demand in Q4. Some lenders commented that a rise in M&A activity could increase the demand for bridging loans from large PNFCs ahead of issuance of new bonds, but that such facilities would be temporary. There continued to be little evidence of capital investment intentions contributing to demand.

Despite little change in availability or demand, spreads fell for large PNFCs in Q3 for the fourth consecutive quarter, possibly reflecting competition from capital markets and non-resident lenders (Chart 8). But spreads were not expected to fall further in Q4. For medium PNFCs, spreads had not changed in Q3 and were not expected to change in Q4. For small businesses, spreads were reported to have remained unchanged despite an increase in availability of credit and a fall in demand in Q3.

Default rates for large and medium PNFCs continued to fall in Q3, contrary to expectations, and were expected to fall further in Q4 (Chart 9). However, default rates for small businesses were little changed in Q3 and were expected to rise slightly in Q4. Losses given default were broadly unchanged on loans to large and medium PNFCs in Q3, but were higher on loans to small businesses (Chart 10). Lenders expected loss given default rates to fall slightly in Q4 for loans to medium and large PNFCs, and rise for loans to small businesses.

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		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How has the availability of secured credit provided to households changed?	Past three months	-31.2	-30.7	-47.0	-39.3	-31.1	-25.2	9.7	-7.2	15.8	1.3	6.3	8.3
	Next three months	-25.3	-42.5	-22.3	-16.8	-21.2	14.8	13.6	12.3	9.9	3.2	-11.4	-3.9
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	0.5	-35.3	-39.8	-42.2	-25.7	-27.3	-13.1	-1.2	14.9	0.0	0.0	2.0
	Next three months	-19.9	-38.9	-27.4	-26.8	-24.5	-3.3	-6.8	13.9	15.8	-9.8	2.2	-8.9
market share objectives	Past three months	-7.6	5.7	7.3	-0.1	-5.5	-28.0	-3.6	-6.5	5.3	5.6	11.3	9.6
	Next three months	-25.5	-11.1	3.8	-2.9	-5.7	0.0	-2.4	4.7	7.0	7.3	1.8	8.9
changing appetite for risk	Past three months	-35.2	-33.2	-30.3	-24.2	-23.0	-40.4	-2.5	-4.5	0.0	-0.3	1.1	1.0
	Next three months	-28.0	-46.5	-24.8	-20.1	-18.5	-8.9	5.2	5.3	0.9	1.0	0.8	6.6
changing cost/availability of funds	Past three months	-12.5	-12.2	-21.4	-11.4	-22.7	-19.0	9.1	-12.3	11.3	0.1	1.1	5.9
	Next three months	-17.3	-6.7	-3.2	4.8	-9.3	9.5	-0.5	3.2	10.6	2.2	3.8	4.6
How have credit scoring criteria for granting loan applications by households changed?	Past three months	-32.3	-43.9	-47.5	-39.3	-42.0	-35.9	-40.1	-1.2	4.2	-1.3	-8.8	-7.4
	Next three months	-41.0	-45.9	-38.2	-24.8	-19.2	-17.3	6.2	-1.3	-1.0	0.0	-5.2	-18.4
How has the proportion of household loan applications being approved changed?	Past three months	-21.5	-6.8	-38.1	-18.6	-43.5	-43.2	-28.1	13.6	6.2	-3.9	0.3	0.6
	Next three months	-3.8	-21.2	-33.3	-16.6	-32.6	-44.2	-4.4	0.6	1.0	3.0	-0.6	-10.3
Has there been any change in the use of securitisations associated with secured lending to households?	Past three months	-34.7	-33.8	4.8	42.1	43.4	-10.9	-2.4	4.7	15.6	15.8	0.0	17.4
	Next three months	-37.7	-36.6	-20.1	-34.8	-18.6	-13.9	7.2	23.6	15.6	15.8	1.6	-5.7
Has there been any change in 'target hold' levels associated with secured lending to households?	Past three months	1.3	29.1	-2.8	8.5	n.a.*	n.a.*	0.0	0.0	0.0	0.0	0.0	0.0
	Next three months	2.2	29.1	4.3	8.5	n.a.*	n.a.*	0.0	0.0	0.0	0.0	0.0	0.0
How has the default rate on secured loans to households changed?	Past three months	1.3	28.6	47.3	44.8	54.6	68.2	60.7	-18.2	-2.7	-23.6	-21.9	-21.8
	Next three months	23.0	40.1	50.4	50.1	66.1	69.2	66.7	6.3	32.3	3.0	3.0	-21.8
How have losses given default on secured loans to households changed?	Past three months	24.0	25.3	40.5	54.6	53.4	69.3	63.8	-5.2	-33.7	-37.7	-20.2	-16.8
	Next three months	22.1	35.3	51.9	54.7	62.8	74.6	43.2	20.0	-3.2	1.8	25.7	-0.1

		Net percentage balances ^(a)												
		2007		2008				2009				2010		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
How has demand for secured lending for house purchase from households changed?	Past three months	9.4	-3.8	-30.2	-69.1	-1.2	-15.0	24.1	48.3	19.0	-23.5	-5.8	-6.1	
	Next three months	-25.2	-16.1	-40.5	-36.5	-27.8	-28.0	-2.9	-14.7	2.6	39.8	16.4	18.1	
<i>of which: demand for prime lending</i>	Past three months	4.4	-1.1	-38.6	-50.8	-3.3	-14.1	19.1	41.5	11.3	-23.5	-5.8	-6.1	
	Next three months	-17.6	-13.5	-39.2	-33.3	-27.6	-28.9	-2.9	-22.3	-4.9	39.8	10.3	18.1	
<i>of which: demand for buy-to-let lending</i>	Past three months	14.7	6.9	10.4	-28.6	-35.1	-29.6	-8.8	-2.7	-0.9	-32.8	2.3	12.9	
	Next three months	-30.9	-5.8	-16.9	-6.6	-26.3	-28.9	-14.9	-1.8	-17.4	26.6	14.5	-1.5	
<i>of which: demand for other lending</i>	Past three months	15.0	17.5	-36.4	-46.2	-17.9	-25.8	-35.6	n.a.*	-6.0	-31.7	30.8	3.4	
	Next three months	-21.1	6.8	-29.2	-7.9	-12.1	-7.4	-8.4	n.a.*	-1.6	34.7	22.1	-2.8	
How has demand for secured lending for remortgaging from households changed?	Past three months	34.2	40.8	24.0	-18.5	1.5	-75.3	-50.9	-1.1	-32.7	-34.4	14.2	2.2	
	Next three months	11.6	24.4	24.3	-19.1	-28.5	-51.0	1.9	14.1	-0.7	28.3	4.9	3.5	
How has demand for other lending secured on dwellings from households changed?	Past three months	-17.1	-0.9	-26.1	-60.8	-24.8	-66.3	4.2	1.3	-1.9	-21.4	n.a.*	-1.2	
	Next three months	-17.1	7.5	-20.0	-43.3	-18.5	-51.3	-10.6	0.0	0.0	38.0	n.a.*	0.0	
How have overall secured lending spreads changed?^(a)	Past three months	-56.2	-61.4	-25.8	0.0	-42.8	-42.2	-25.2	-7.5	-0.1	2.9	19.8	13.6	
	Next three months	-17.9	-26.0	2.1	14.3	-4.0	9.5	5.3	14.5	25.7	2.3	28.9	27.6	
<i>of which: spreads on prime lending^(a)</i>	Past three months	-53.2	-58.1	-25.0	4.0	-40.6	-33.5	-25.2	-7.5	-8.4	3.9	20.9	13.6	
	Next three months	-9.8	-24.9	-5.5	16.4	-4.1	4.1	-0.8	14.3	25.7	2.3	30.3	28.7	
<i>of which: spreads on buy-to-let lending^(a)</i>	Past three months	-54.5	-61.6	-66.4	-2.9	-52.9	-33.6	-35.0	-8.5	8.6	4.9	15.9	-0.6	
	Next three months	-15.8	-25.6	3.8	17.4	2.8	8.0	-12.6	7.4	24.3	0.0	22.7	16.7	
<i>of which: spreads on other lending^(a)</i>	Past three months	-53.8	-70.8	-31.2	-5.2	-20.8	-26.9	n.a.*	n.a.*	0.0	0.0	23.4	19.9	
	Next three months	-12.0	-28.6	1.2	6.7	-3.3	-2.9	n.a.*	n.a.*	22.5	0.0	22.8	19.9	
How have fees on secured lending changed?^(a)	Past three months	-2.7	-1.9	-12.3	-7.3	-7.5	-0.7	-0.7	1.0	-11.3	0.0	0.0	11.9	
	Next three months	-3.8	-3.8	-3.5	-3.0	-0.8	0.2	0.9	-16.2	19.9	0.0	4.7	1.0	
How have maximum loan to value ratios changed?	Past three months	-10.2	-18.9	-53.8	-26.6	-31.4	-15.2	-3.4	-0.7	19.9	10.1	12.5	7.7	
	Next three months	-11.9	-41.2	-39.4	-8.6	-18.7	-10.5	18.2	13.9	24.7	10.8	1.9	-0.5	
How have maximum loan to income ratios changed?	Past three months	-3.3	-11.5	3.5	-1.7	-15.9	2.7	-5.8	0.0	0.0	4.7	0.0	0.0	
	Next three months	2.1	-13.1	-6.5	-7.7	-18.2	7.4	0.0	5.5	4.3	0.0	-0.6	4.6	

* 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	Q3
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	-14.1
	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	0.0
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	n.a.*
	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	n.a.*
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	-2.0
	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	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	-1.4
	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	9.2
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	-6.4
	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	-1.4
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	7.4
	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	-14.3
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	8.6
	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	16.2
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.**	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		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How has the availability of unsecured credit provided to households changed?	Past three months	-13.6	-21.1	-24.0	-27.5	-30.5	-17.1	-13.4	-9.0	-16.2	-1.5	-0.6	3.5
	Next three months	-7.0	-13.7	-25.3	-32.0	-37.4	-2.3	-6.9	-12.1	-1.7	16.1	7.8	15.0
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	-11.9	-17.9	-19.6	-34.7	-24.1	-25.5	3.2	-10.6	3.0	11.2	0.7	6.8
	Next three months	-23.2	-10.8	-32.7	-35.4	-29.3	-16.7	-4.4	-9.9	0.0	6.0	17.9	0.9
market share objectives	Past three months	7.5	-0.7	0.5	-5.3	-9.0	-3.4	-8.5	6.0	-4.3	6.4	3.5	6.7
	Next three months	-2.5	-1.2	0.5	-5.3	-9.4	-2.3	5.7	-4.5	0.9	2.7	3.6	6.1
changing appetite for risk	Past three months	-14.3	-8.3	-9.3	-28.0	-17.4	-19.1	-1.9	-24.7	-4.3	-0.6	-0.1	5.5
	Next three months	-18.7	-16.6	-21.0	-32.3	-37.3	-9.9	-1.6	-14.3	-3.6	19.7	18.3	12.7
changing cost/availability of funds	Past three months	1.2	-1.6	0.3	-5.0	-7.4	-2.3	-0.7	-11.3	0.0	0.0	0.0	0.0
	Next three months	-10.2	-1.4	-1.1	-5.5	-7.4	-2.7	-2.7	-10.4	-9.0	0.0	0.0	0.9
How have credit scoring criteria for granting credit card loan applications by households changed?	Past three months	7.9	-16.6	4.5	-33.1	-26.7	-60.9	-24.2	-26.7	-17.1	-15.7	16.5	0.9
	Next three months	-16.4	0.2	-34.3	-41.4	-46.8	-16.2	-20.5	-34.1	-8.0	0.0	16.5	7.8
How have credit scoring criteria for granting other unsecured loan applications by households changed?	Past three months	-8.5	-20.8	-26.7	-31.6	-35.0	-50.4	-42.4	-48.7	-29.1	-15.9	-21.2	-24.1
	Next three months	-24.2	-21.8	-48.6	-26.4	-54.3	-41.7	-31.9	-19.4	-7.4	-25.6	-24.0	-3.3
How have credit scoring criteria for granting total unsecured loan applications by households changed?	Past three months	3.7	-17.7	-3.0	-32.8	-28.5	-58.8	-27.6	-30.5	-19.1	-15.7	11.0	-2.6
	Next three months	-18.3	-5.2	-37.8	-37.9	-48.5	-21.3	-22.6	-31.5	-7.9	-3.9	10.6	6.3
How has the proportion of credit card loan applications from households being approved changed?	Past three months	10.0	-6.7	-16.3	-15.8	4.5	-29.1	-21.7	-1.3	-12.3	5.0	12.4	21.0
	Next three months	-26.3	-7.6	-9.2	-46.0	-43.8	-12.4	-11.4	-19.4	0.0	-4.3	15.0	7.1
How has the proportion of other unsecured loan applications from households being approved changed?	Past three months	-17.7	-24.9	-11.3	-31.1	-36.4	-38.0	-35.5	-5.0	-29.9	-4.9	-5.6	-26.9
	Next three months	-28.5	-26.8	-27.2	-13.5	-46.6	-27.3	-15.3	-3.1	-0.2	-25.6	-19.5	-3.3

		Net percentage balances ^(a)											
		2007		2008				2009				2010	
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How has the proportion of total unsecured loan applications from households being approved changed?	Past three months	3.0	-11.2	-15.1	-19.3	-4.3	-30.8	-24.2	-1.9	-15.1	3.5	9.7	14.3
	Next three months	-26.9	-12.4	-13.5	-38.5	-44.4	-15.4	-12.1	-16.6	0.0	-7.6	10.0	5.6
How has the default rate on credit card loans to households changed?	Past three months	-8.8	-10.0	6.4	33.9	34.6	61.0	38.4	40.5	-4.9	-32.4	-20.2	-40.1
	Next three months	9.0	2.1	17.3	36.9	50.1	49.3	37.3	43.0	-8.0	-21.7	-19.5	-15.9
How has the default rate on other unsecured loans to households changed?	Past three months	-11.4	5.5	19.2	40.9	49.0	30.1	37.3	28.3	-19.8	-34.8	-31.9	-33.2
	Next three months	-7.6	3.2	13.7	25.7	44.1	30.1	42.1	31.9	-15.5	-26.8	-24.8	0.0
How has the default rate on total unsecured loans to households changed?	Past three months	-9.5	-6.2	9.5	35.5	37.7	54.8	38.2	38.4	-7.3	-32.8	-21.9	-39.2
	Next three months	4.8	2.4	16.4	34.3	48.8	45.5	38.2	41.1	-9.2	-22.5	-20.3	-13.7
How have losses given default on credit card loans to households changed?	Past three months	5.2	-3.7	3.9	25.3	36.7	28.0	30.3	38.2	13.5	35.2	16.5	25.2
	Next three months	4.6	-3.0	13.3	21.4	25.6	24.1	27.9	39.0	23.5	13.9	-5.0	-11.8
How have losses given default on other unsecured loans to households changed?	Past three months	8.8	1.4	7.2	12.6	12.3	25.1	41.2	31.8	29.0	15.6	26.1	-10.1
	Next three months	17.2	4.3	20.3	22.4	25.7	14.1	22.8	20.2	20.8	19.4	10.1	-7.4
How have losses given default on total unsecured loans to households changed?	Past three months	6.1	-2.4	4.7	22.4	31.4	27.4	32.3	37.1	16.0	32.2	17.9	20.3
	Next three months	7.8	-1.2	15.0	21.6	25.6	22.1	26.9	35.8	23.1	14.7	-2.8	-11.2
How has demand for credit card lending from households changed?	Past three months	10.5	-11.0	23.1	-14.6	13.0	-23.5	-27.0	-11.4	-15.1	-30.9	13.9	-14.9
	Next three months	-5.9	5.1	1.2	-6.1	-20.4	-17.9	-10.5	-4.1	42.7	13.0	2.5	29.5
How has demand for other unsecured lending from households changed?	Past three months	-11.7	7.8	-44.8	-17.9	-36.8	-25.6	-12.8	-3.1	-19.0	-2.6	25.8	9.5
	Next three months	2.3	-23.3	-12.0	7.3	-12.0	-24.9	9.6	-15.8	5.1	5.8	-8.1	3.3
How has demand for total unsecured lending from households changed?	Past three months	4.9	-6.4	6.7	-15.4	2.3	-23.9	-24.4	-10.0	-15.7	-26.6	15.6	-11.5
	Next three months	-3.8	-1.9	-2.0	-3.0	-18.6	-19.3	-6.8	-6.1	36.6	11.9	1.0	25.8
How have spreads on credit cards changed? ^(a)	Past three months	-3.5	-4.8	-4.4	-8.3	1.8	-24.7	-5.8	-13.9	-1.5	-0.6	-0.2	-6.4
	Next three months	-1.2	-11.9	-3.2	-10.9	21.0	-1.6	19.0	0.7	13.5	0.6	-8.6	0.0
How have spreads on other unsecured lending products changed? ^(a)	Past three months	-15.8	-21.5	-18.6	-12.6	-34.8	-35.0	-39.3	-18.0	-24.8	-20.7	-3.9	-17.4
	Next three months	-18.8	-4.0	-4.4	-4.6	-11.2	-16.2	8.5	-24.0	14.6	-2.0	-8.8	12.6
How have overall unsecured lending spreads changed? ^(a)	Past three months	-6.6	-8.9	-7.8	-9.3	-6.1	-26.7	-12.0	-14.6	-5.3	-3.7	-0.8	-7.9
	Next three months	-5.7	-10.0	-3.5	-9.5	14.0	-4.5	17.1	-3.6	13.7	0.2	-8.7	1.8
How have credit card limits changed?	Past three months	16.8	13.9	-15.0	-24.3	-21.4	-17.4	-16.1	-30.2	-13.8	-10.0	0.3	0.8
	Next three months	7.9	-2.3	-12.7	-15.2	-25.1	-27.9	-16.6	-14.4	-2.7	-0.7	6.1	4.8
How has the minimum proportion of credit card balances to be paid changed? ^(a)	Past three months	3.2	-4.7	0.1	-7.0	-3.7	-12.0	-6.2	-6.1	-6.1	-7.1	-7.5	-15.6
	Next three months	-0.1	-5.2	-9.4	4.1	-26.1	-10.5	0.0	0.0	8.9	0.0	0.0	0.0
How have maximum maturities on loans changed? ^(c)	Past three months	2.3	-3.7	8.0	14.8	10.3	-18.5	-15.6	-1.6	-10.5	0.0	-7.2	0.0
	Next three months	0.0	0.0	10.3	14.8	8.3	-15.2	-17.2	-3.6	0.0	-2.8	-7.2	-15.3

(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		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
How has the availability of credit provided to the corporate sector overall changed?	Past three months	-51.8	-37.3	-32.1	-36.2	-28.2	7.8	14.3	24.8	16.3	21.9	7.1	7.8	
	Next three months	-35.7	-30.7	-9.2	-8.8	-12.8	26.3	27.7	28.9	20.5	22.7	6.5	3.4	
<i>of which: commercial real estate sector</i>	Past three months	-37.1	-43.0	-58.2	-52.8	-57.0	-34.4	-38.7	-8.1	5.6	7.8	3.5	6.4	
	Next three months	-45.6	-49.5	-22.2	-29.1	-38.1	-8.0	-3.9	-5.9	2.4	5.9	4.4	3.0	
Factors contributing to changes in credit availability:^(b)														
changing economic outlook	Past three months	-45.1	-37.4	-44.3	-53.0	-44.8	-49.7	-12.7	0.3	4.3	24.7	2.9	0.8	
	Next three months	-46.7	-22.5	-29.2	-45.6	-40.5	-17.2	0.0	3.1	-0.9	20.4	-10.1	0.6	
changing sector-specific risks	Past three months	-38.8	-1.6	-41.1	-42.9	-49.8	-21.9	-2.3	2.3	16.5	18.9	-12.3	0.0	
	Next three months	-45.5	-10.7	-17.5	-42.2	-32.9	-13.6	-6.9	-3.1	23.2	23.9	-16.7	0.0	
market share objectives	Past three months	-27.4	-7.4	-6.8	-20.2	-21.6	5.9	10.9	9.5	0.0	-1.4	-0.3	7.2	
	Next three months	-29.9	-16.8	-3.9	-19.2	-19.6	5.9	11.8	13.3	2.8	4.7	8.6	15.3	
market pressures from capital markets	Past three months	-38.2	21.2	-19.9	-19.3	-13.0	6.4	2.2	0.7	5.6	-4.4	-1.1	-1.6	
	Next three months	-23.3	-7.4	-21.9	-18.3	-7.1	0.4	5.1	0.8	3.9	3.5	6.5	-4.3	
changing appetite for risk	Past three months	-33.9	10.5	-39.9	-43.0	-36.1	-19.9	0.0	0.8	0.1	-1.6	0.0	3.0	
	Next three months	-33.5	-3.5	-7.9	-18.9	-36.1	-18.0	0.0	1.6	0.0	1.4	1.4	0.7	
changing cost/availability of funds	Past three months	-45.2	4.8	-29.6	-34.5	-55.2	0.5	12.9	32.5	-7.6	10.4	-1.1	3.0	
	Next three months	-41.6	1.6	-8.9	-21.6	-21.0	16.5	26.5	21.4	6.7	1.6	-0.8	2.6	
How has the proportion of loan applications from medium PNFCs being approved changed?	Past three months	-29.2	-16.1	-25.7	-30.5	-43.6	-29.1	3.5	11.8	1.7	12.0	3.5	0.7	
	Next three months	-28.7	-13.9	-17.1	-10.8	-37.8	-25.9	8.6	17.1	1.3	0.7	7.4	1.4	
How has the proportion of loan applications from large PNFCs being approved changed?	Past three months	-29.1	-35.1	-24.2	-17.0	-40.1	-22.4	5.4	3.2	5.6	8.8	6.5	2.5	
	Next three months	-26.4	-22.3	-14.3	-4.3	-28.0	-17.3	7.3	11.9	6.0	0.8	6.5	1.8	
Has there been any change in the use of cash securitisations associated with corporate lending?	Past three months	-75.8	-27.1	1.2	-2.4	-3.6	24.0	n.a.*	9.9	10.5	-1.5	0.0	0.0	
	Next three months	-54.0	-18.8	1.2	-2.4	1.1	1.2	n.a.*	0.0	7.4	19.3	0.0	0.0	
Has there been any change in the use of derivatives/synthetic securitisations associated with corporate lending?	Past three months	-36.7	-13.4	-1.4	5.8	1.9	3.1	9.0	5.8	-1.0	-4.1	-2.8	-3.1	
	Next three months	-32.1	-13.7	6.1	5.8	-1.5	-1.5	-2.4	-1.8	-1.0	-4.1	-3.2	-3.1	

		Net percentage balances ^(a)												
		2007	2008				2009				2010			
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Has there been any change in 'target hold' levels associated with corporate lending?	Past three months	11.3	17.3	28.0	33.0	37.1	16.4	24.6	15.3	0.5	8.3	9.3	0.5	
	Next three months	32.7	33.2	14.6	16.5	16.6	19.0	30.8	0.0	31.3	17.8	7.4	6.7	
How have loan tenors on new corporate loans changed? ^(c)	Past three months	-13.6	-17.6	-25.4	-5.1	-38.9	-23.0	-22.4	-0.6	-10.7	21.1	39.5	12.7	
	Next three months	-8.1	-21.0	-16.2	-7.7	-16.9	-0.5	-20.5	13.1	18.2	23.5	6.6	-4.9	
How has the default rate on loans to medium PNFCs changed?	Past three months	23.3	29.2	37.0	53.1	60.2	50.5	46.3	42.5	31.8	-6.6	-23.0	-12.5	
	Next three months	12.7	37.0	36.8	47.6	67.0	71.7	46.8	35.6	22.5	2.4	-2.5	-17.1	
How has the default rate on loans to large PNFCs changed?	Past three months	1.1	24.4	29.6	36.3	47.4	35.2	48.0	34.8	40.8	-15.2	-16.6	-25.6	
	Next three months	2.8	36.8	36.1	45.1	62.0	51.8	45.2	37.1	27.0	4.6	3.8	-22.5	
How have losses given default on loans to medium PNFCs changed?	Past three months	3.4	8.7	23.4	20.6	67.6	54.2	33.4	29.8	9.9	10.9	-1.6	0.9	
	Next three months	11.5	20.1	32.3	34.9	63.5	51.8	35.8	22.0	5.0	2.2	-1.6	-6.1	
How have losses given default on loans to large PNFCs changed?	Past three months	1.8	0.0	14.4	13.3	46.9	41.8	30.8	28.8	14.8	0.0	-2.3	-6.2	
	Next three months	0.7	15.1	23.1	27.9	40.6	31.7	24.3	23.0	13.0	-4.4	-1.6	-7.2	
How has demand for lending from medium PNFCs changed?	Past three months	-7.2	-13.8	-10.4	-33.8	-35.5	-54.5	-2.1	12.3	-1.4	15.0	-3.2	-4.2	
	Next three months	6.9	-7.2	-15.2	-29.8	-37.3	-16.6	13.0	14.9	5.5	18.9	8.9	2.8	
How has demand for lending from large PNFCs changed?	Past three months	-24.4	4.1	-40.7	-14.0	-34.4	-33.6	-3.6	-5.3	-27.1	1.9	-9.6	-2.0	
	Next three months	-0.2	-14.6	-10.7	-19.7	-17.2	10.5	0.0	14.9	15.7	6.3	-16.8	-9.7	
How has demand from institutional investors/pension funds changed?	Past three months	38.5	2.1	-20.0	-9.3	-23.6	-1.5	-1.5	-1.2	-6.9	-1.2	1.1	4.1	
	Next three months	35.8	16.1	-3.3	-21.6	-6.1	-1.5	-1.5	-2.6	-1.7	-8.0	1.1	4.1	
How has demand from securities dealers changed?	Past three months	24.1	-11.7	-8.6	n.a.*	-35.6	-6.6	n.a.*	n.a.*	-28.7	0.0	0.0	0.0	
	Next three months	24.1	3.0	-1.7	n.a.*	-3.8	-6.6	n.a.*	n.a.*	-0.3	13.2	1.3	0.0	
How has demand from hedge funds changed?	Past three months	54.8	23.3	2.9	-3.2	n.a.*	-16.3	n.a.*	n.a.*	-66.5	n.a.*	n.a.*	n.a.*	
	Next three months	43.3	15.0	10.4	-3.2	n.a.*	-3.7	n.a.*	n.a.*	-58.8	n.a.*	n.a.*	n.a.*	
How has demand from structured finance vehicles changed?	Past three months	46.0	-48.9	-63.7	-19.6	-31.9	-2.3	n.a.*	n.a.*	-48.7	n.a.*	n.a.*	-5.1	
	Next three months	31.4	-0.2	-18.6	-3.6	-5.1	-2.3	n.a.*	n.a.*	-42.7	n.a.*	n.a.*	-5.1	
How has demand from other OFCs changed?	Past three months	17.9	-1.3	-25.7	-17.4	-21.2	n.a.*	0.0	9.2	-11.2	0.0	0.0	0.0	
	Next three months	17.8	-4.5	-5.3	-17.4	-6.1	n.a.*	0.0	7.7	-19.9	7.0	0.0	0.0	
What have been the main factors contributing to changes in demand for lending:^(b)														
mergers and acquisitions	Past three months	-53.7	6.7	-32.8	-41.8	-48.1	-24.5	-9.4	-6.4	-21.0	35.2	-5.6	27.3	
	Next three months	-22.6	-5.0	-8.4	-27.0	-41.7	-22.3	4.7	19.2	22.3	34.2	1.1	31.2	
capital investment	Past three months	-15.4	-16.4	-27.2	-50.1	-66.0	-61.4	-40.7	-25.9	-20.7	-9.1	-1.2	-3.2	
	Next three months	-8.3	-10.6	-15.1	-51.7	-47.5	-28.4	-24.2	-6.6	-5.2	-0.7	0.7	2.3	
inventory finance	Past three months	-14.0	9.6	1.9	9.0	11.4	-23.4	-6.9	1.4	-12.7	15.0	1.8	-5.7	
	Next three months	-1.1	9.9	-0.7	4.0	12.6	-19.9	-6.2	19.7	6.5	21.0	1.8	3.2	
balance sheet restructuring	Past three months	-26.7	2.4	-7.0	19.2	24.0	35.2	37.4	15.7	-19.1	-1.1	-13.4	3.4	
	Next three months	-7.0	6.0	9.8	19.3	36.8	40.4	28.8	24.6	21.7	0.9	-1.4	-9.4	
commercial real estate	Past three months	-15.9	-23.2	-28.2	-55.7	-55.8	-46.4	-53.4	6.9	9.5	8.4	1.0	6.5	
	Next three months	--22.9	-10.2	-21.9	-36.3	-37.0	-13.9	-24.4	-14.7	5.9	2.7	7.2	3.1	

		Net percentage balances ^(a)											
		2007	2008				2009				2010		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How have spreads on loans to medium PNFCs changed?^(a)	Past three months	-36.6	-45.7	-63.4	-61.5	-56.7	-42.7	-12.2	-15.2	9.2	21.0	17.8	-2.0
	Next three months	-55.9	-45.4	-46.0	-48.1	-39.8	-23.7	-10.0	10.7	23.4	12.8	2.2	-2.3
How have fees/commissions on loans to medium PNFCs changed?^(a)	Past three months	-30.3	-40.7	-62.2	-59.8	-53.0	-41.5	-11.9	-18.2	7.3	8.2	1.8	2.1
	Next three months	-51.9	-44.6	-48.1	-43.8	-37.7	-23.7	-11.0	11.7	10.7	12.0	0.3	-2.3
How have collateral requirements for loans to medium PNFCs changed?^(a)	Past three months	-11.9	-21.5	-17.9	-20.8	-22.8	-9.6	-7.3	-14.0	-3.5	-3.1	-1.6	0.0
	Next three months	-15.6	-19.5	-1.8	-17.6	-15.2	-10.3	-5.4	0.0	-1.7	-0.9	0.0	0.0
How have maximum credit lines for medium PNFCs changed?	Past three months	-21.1	-30.6	-27.2	-30.1	-25.4	-13.9	3.6	0.0	-2.3	0.7	3.4	-10.0
	Next three months	-21.1	-25.9	-18.5	-20.3	-17.6	-9.8	-6.7	4.5	0.4	3.5	3.6	-1.7
How have loan covenants for medium PNFCs changed?^(a)	Past three months	-20.6	-35.6	-37.1	-35.8	-22.5	-32.9	-27.1	-14.0	-4.2	-3.6	-0.2	12.9
	Next three months	-37.8	-25.4	-42.2	-12.8	-14.9	-27.8	-6.5	0.0	-2.2	-1.2	0.0	1.0
How have spreads on loans to large PNFCs changed?^(a)	Past three months	-60.1	-67.6	-72.5	-71.9	-60.1	-59.0	-11.2	-4.4	10.6	50.7	39.3	39.3
	Next three months	-56.4	-33.2	-49.4	-53.9	-38.7	-45.0	-2.9	12.5	39.2	21.5	8.2	1.8
How have fees/commissions on loans to large PNFCs changed?^(a)	Past three months	-52.5	-49.6	-68.4	-71.9	-57.4	-51.2	-6.8	-7.4	10.8	18.6	35.4	26.0
	Next three months	-59.3	-42.1	-49.4	-50.7	-36.0	-45.0	-3.8	11.7	9.6	21.5	10.5	6.1
How have collateral requirements for loans to large PNFCs changed?^(a)	Past three months	-16.8	-1.7	-15.8	-26.5	-26.0	-6.7	-3.5	-14.0	-4.0	-2.0	-1.6	0.0
	Next three months	-12.9	4.7	-8.2	-16.5	-15.4	-5.8	-1.6	0.0	-0.9	-0.1	0.0	0.7
How have maximum credit lines for large PNFCs changed?	Past three months	-36.4	-49.0	-44.2	-24.3	-21.3	-12.4	7.4	12.2	2.2	19.5	9.9	3.7
	Next three months	-16.8	-12.4	-13.3	-6.1	-22.3	-1.3	-2.8	17.6	0.0	9.8	3.7	-0.2
How have loan covenants for large PNFCs changed?^(a)	Past three months	-46.3	-48.1	-40.1	-26.0	-22.9	-37.1	-24.2	-14.0	-4.9	5.4	-0.9	7.0
	Next three months	-35.6	-23.3	-28.4	-10.9	-10.2	-21.3	-5.2	6.4	5.4	25.1	0.0	14.4
How have spreads on loans to OFCs changed?^(a)	Past three months	-72.1	-54.8	-68.7	-66.8	-58.0	-47.9	-40.7	-8.1	14.1	41.6	21.8	-16.0
	Next three months	-70.7	-41.7	-42.7	-45.2	-39.5	-25.6	-21.9	-0.9	13.8	20.0	-12.9	-16.0
How have fees/commissions on loans to OFCs changed?^(a)	Past three months	-64.4	-50.8	-69.9	-51.4	-56.5	-37.8	-34.2	-15.6	14.2	21.6	20.3	-19.1
	Next three months	-62.9	-38.9	-46.6	-47.4	-34.7	-25.6	-21.9	-11.2	10.8	21.3	-12.9	-19.1
How have collateral requirements for loans to OFCs changed?^(a)	Past three months	-35.7	-29.7	-10.3	-23.9	-54.5	-27.5	-32.2	-18.9	-2.6	-22.5	0.0	0.0
	Next three months	-34.3	-12.4	-3.9	-17.8	-34.1	-19.0	-20.3	-18.9	-2.6	-1.3	0.0	0.0
How have maximum credit lines for OFCs changed?	Past three months	-37.4	-52.5	-46.3	-23.2	-69.2	-46.4	-25.7	-20.2	23.3	-6.4	1.5	0.0
	Next three months	-38.4	-34.5	-18.7	-23.2	-41.2	-31.1	-23.0	-20.2	23.3	5.0	12.1	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/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	Q3		
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	4.2		
	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	-7.7		
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	25.4		
	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	13.4		
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	-2.1		
	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	-6.6		
Has there been a change in drawdowns on committed lines by PNFCs?	Past three months	20.3	5.0	11.8	11.3	38.2	6.2	-40.3	-10.0	-16.8	-15.6	-7.0	-7.6		
	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	-0.9		
Has there been a change in average credit quality on newly arranged PNFC borrowing facilities? ^(c)	Past three months	n.a.**	5.5	14.4	16.6	12.5	1.5	-1.4	-4.6	11.1	20.3	5.9	5.0		
	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	-1.0		
How have commercial property prices affected credit availability to the commercial real estate sector, and/or secured lending to PNFCs?	Past three months	n.a.**	-20.9	-49.1	-58.2	-56.7	-48.1	-46.2	7.4	-8.1	-2.0	5.4	0.0		
	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	-5.2		
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.**	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.**	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	0.0		
	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	0.0		
Has there been a change in the availability of trade credit instruments (invoice financing, factoring, trade credit insurance etc) to PNFCs for domestic business activities?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	1.2	-11.4	16.2	5.9	0.3	1.7	8.8	9.4		
	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	11.4		
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.**	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	5.8		
	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	3.3		
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	0.3		
	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	2.9		

** 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			
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
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.**	1.9	-0.6	12.6	26.8
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	6.4	26.1	15.5	8.1
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.**	-6.4	32.3	34.9	-9.2
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	2.8	23.2	6.5	-2.1
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.**	38.0	2.0	15.7	-6.8
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	38.7	24.2	-3.6	11.3
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.**	6.0	4.1	-23.5	14.2
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	12.2	10.9	13.1	18.6
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.**	0.6	21.4	33.7	-18.6
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	12.3	27.2	24.6	0.2
How has demand for credit card lending from small businesses changed? ^(c)	Past three months	5.2	-1.6	20.1	4.4	4.2	17.3	21.7	14.3	3.5	16.5	24.4	14.4	
	Next three months	19.7	-1.6	1.9	13.0	9.1	32.3	32.2	18.8	8.2	25.2	24.4	6.3	
How has demand for other unsecured lending from small businesses changed? ^(c)	Past three months	-9.2	-14.5	-5.5	-16.2	-52.1	2.6	-26.7	9.0	-6.8	13.4	35.6	0.8	
	Next three months	-10.5	-13.9	-19.0	-19.1	-15.8	-8.5	18.1	10.7	10.2	27.0	-3.6	7.5	
How has demand for total unsecured lending from small businesses changed? ^(c)	Past three months	0.2	-5.3	13.8	-0.1	-8.8	14.2	12.3	13.3	1.7	16.0	26.2	12.3	
	Next three months	9.4	-5.2	-3.2	6.1	3.4	23.7	29.5	17.4	8.6	25.5	20.0	6.5	
How has demand for secured lending from small businesses changed? ^(c)	Past three months	10.3	-5.0	-15.1	-40.6	-34.0	6.7	-16.0	11.2	15.0	19.4	18.0	-13.5	
	Next three months	18.6	-14.4	-34.7	-10.3	-26.9	27.1	21.0	13.1	15.0	19.4	18.0	0.0	
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.**	-1.1	-6.8	-0.7	0.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-1.3	-3.4	1.4	0.0
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.**	-1.7	-6.8	-0.7	0.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-3.4	-1.4	0.0
How have collateral requirements for loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-3.4	-2.1	0.0	0.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-0.7	-1.4	0.0
How have maximum credit lines for small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-2.6	1.4	1.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-1.3	1.4	0.0
How have loan covenants for small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-5.6	17.2	12.4
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	0.0	-4.1	15.8	0.0

** Additional question not asked in survey.

- (a) Additional questions on lending to small businesses were introduced in the 2009 Q4 survey. Small businesses were defined as those with annual turnover of less than £1 million in all of the new questions, consistent with the existing questions on small business demand. In line with existing guidance, answers relating to medium-sized 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.