

# Credit Conditions Survey

Survey results | 2010 Q4



BANK OF ENGLAND





BANK OF ENGLAND

# Credit Conditions Survey

2010 Q4

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

This report presents the results of the 2010 Q4 survey. The 2010 Q4 survey was conducted between 12 November and 7 December.

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

This report, covering the results of the 2010 Q4 survey, and copies of the questionnaires are available on the Bank's website at [www.bankofengland.co.uk/publications/other/monetary/creditconditions.htm](http://www.bankofengland.co.uk/publications/other/monetary/creditconditions.htm).

The publication dates in 2011 for future Credit Conditions Surveys are:

2011 Q1 survey on 31 March 2011

2011 Q2 survey on 30 June 2011

2011 Q3 survey on 29 September 2011



# Credit Conditions Survey

2010 Q4

## Supply

- Lenders reported that the [availability of secured credit to households](#) was broadly unchanged in the three months to early December 2010 and was expected to remain at a similar level over the next three months. Some lenders reported that availability had been constrained somewhat by expectations for house prices.
- [Unsecured credit availability to households](#) was reported to have fallen a little in the previous quarter, but lenders expected that availability would increase a little in the next quarter.
- The overall [availability of credit to corporates](#) was broadly unchanged in 2010 Q4, following a period of rising availability for most of the previous two years, and was expected to remain broadly unchanged in 2011 Q1. Lenders reported that the availability of credit to small businesses had increased a little in 2010 Q4, for the third consecutive quarter, and expected a further increase over the coming quarter.

## Demand

- Lenders reported that demand for [secured lending for house purchase](#) had fallen markedly in 2010 Q4 and was expected to fall further in 2011 Q1. Demand for [secured lending for remortgaging](#) was reported to have risen in 2010 Q4, but this was not expected to continue into the next quarter.
- Over the previous three months, households' demand for [credit card lending](#) was reported to have been unchanged while demand for [non credit card lending](#) fell. Lenders expected that demand for unsecured lending would increase a little over the next three months.
- Demand for credit from medium and large [private non-financial corporations \(PNFCs\)](#) was reported to be broadly unchanged in 2010 Q4. Demand from large companies was expected to rise in 2011 Q1. Among small businesses, overall demand for credit was unchanged over the previous quarter, but was expected to fall over the next quarter.

## Defaults

- Lenders reported that the default rate on [secured loans to households](#) remained broadly unchanged in 2010 Q4. However, losses given default rose for the first time since 2009 Q2, and were expected to rise a little further over the next quarter.
- Default rates on [unsecured loans to households](#) were reported to have fallen for the fifth consecutive quarter. Losses given default for credit card lending fell over the previous quarter but rose unexpectedly for non credit card lending.
- Over the previous three months, default rates on [loans to PNFCs](#) fell for large companies, but were unchanged for medium companies. Default rates and losses given default were expected to fall over the next three months for large and medium PNFCs. For small businesses, the default rate and losses given default rose in 2010 Q4 and were expected to increase further over the next quarter.

## Terms and conditions

- Lenders reported that spreads on [secured lending to households](#) had fallen in 2010 Q4, but were expected to rise a little in 2011 Q1. Credit scoring criteria stabilised after two quarters of slight tightening.
- Spreads on [non credit card lending](#) fell in 2010 Q4, while spreads on credit card lending were unchanged. Spreads on unsecured lending were expected to fall a little in 2011 Q1. Lenders expected some easing of credit scoring criteria in 2011 Q1.
- Over the previous quarter, spreads on [corporate lending](#) continued to fall for large companies, but were unchanged for medium PNFCs and rose for small businesses. Lenders reported that covenants had tightened for small businesses in 2010 Q4.

This report presents the results of the 2010 Q4 survey. The 2010 Q4 survey was conducted between 12 November and 7 December. The results are based on lenders' own responses to the survey. They do not necessarily reflect the Bank's views on credit conditions. To calculate aggregate results, each lender is assigned a score based on their response. Lenders who report that credit conditions have changed 'a lot' are assigned twice the score of those who report that conditions have changed 'a little'. These scores are then weighted by lenders' market shares. The results are

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

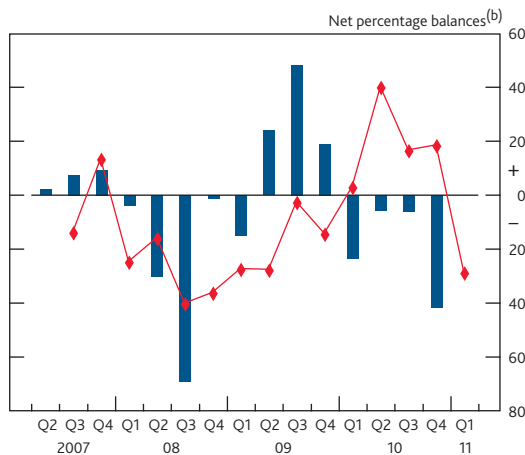
This report, and copies of the questionnaires are available on the Bank's website at [www.bankofengland.co.uk/publications/other/monetary/creditconditions.htm](http://www.bankofengland.co.uk/publications/other/monetary/creditconditions.htm).

# Credit Conditions Survey

In the three months to early December, lenders reported that demand for secured lending for house purchase had fallen markedly. Availability of secured lending was broadly unchanged, but lenders reported that the outlook for house price inflation had constrained availability a little over the previous quarter. Lenders reported that corporate credit availability and demand were little changed in 2010 Q4. The falls in spreads on new lending to households and corporates reported in recent quarters generally continued in 2010 Q4, but lenders did not expect spreads for most types of new lending to fall further in 2011 Q1. Default rates and the losses realised following default had continued to fall across most types of lending to both households and businesses. Though for small businesses lenders reported that both default rates and losses given default had risen a little.

The 2010 Q4 Credit Conditions Survey was conducted between 12 November and 7 December 2010.

**Chart 1** Household demand for secured lending to finance a new house purchase<sup>(a)</sup>

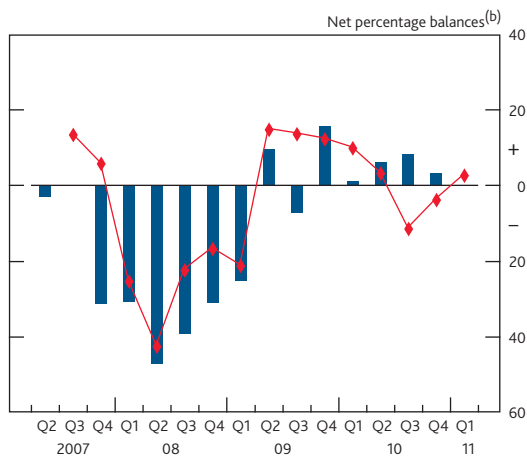


- (a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question. The blue bars show the responses over the previous three months. The red diamonds show the expectations over the next three months. Expectations balances have been moved forward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

## Secured lending to households

In the three months to December, a net balance of lenders reported that households' demand for secured credit to finance a new house purchase fell markedly and was expected to fall further over the next three months (**Chart 1**). This fall was largely accounted for by prime lending, which lenders commented reflected a recent fall in house prices, a general weakening of sentiment towards the housing market and uncertainty over the economic outlook associated with the impact of the Government's *Comprehensive Spending Review*. Some lenders also commented that an inability of prospective mortgagors to raise sufficient deposits was constraining demand. But while the fall in demand for prime lending was marked, it was not as sharp as lenders reported in the depths of the recession. In contrast to the fall in demand for prime lending, demand for secured lending for remortgaging rose. But this rise was not expected to continue over the next quarter. And while demand for secured lending to finance buy-to-let investments rose slightly, a further increase in demand over the next quarter was not expected.

The amount of secured credit made available to households was little changed over the previous quarter, in line with expectations (**Chart 2**). Some lenders reported that availability had been dampened somewhat by expectations for house prices. Lenders commented that the outlook for house price inflation, and the housing market more generally, had weakened in 2010 Q4. Lenders also reported that slightly tighter wholesale funding conditions had reduced availability somewhat. In late November, towards the end of the survey period, wider developments in euro-area financial markets

**Chart 2 Household secured credit availability<sup>(a)</sup>**

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

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

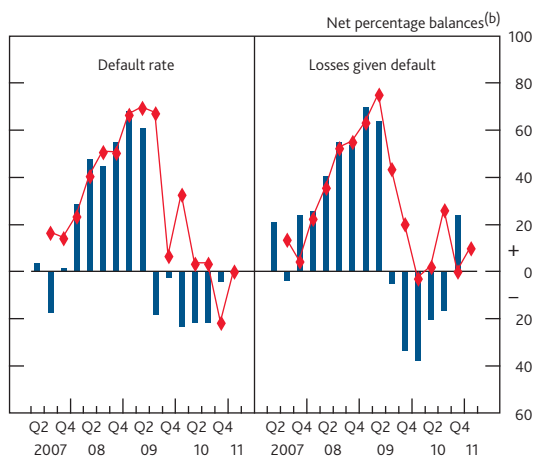
spilled over into lenders' wholesale funding markets. Some lenders commented that long-term wholesale funding costs had risen and bond issuance conditions had become somewhat more difficult. Though conditions had not been as difficult as in 2010 Q2, when there had been uncertainty over the robustness of the European banking sector. In the 2010 Q3 survey lenders had reported that the economic outlook might restrain availability somewhat in 2010 Q4, but in the event that had not materialised.

Lenders expected that the level of availability of secured credit to households would remain broadly unchanged over the next quarter. However, lenders expected that the two factors that had dampened availability in 2010 Q4 — expectations of further falls in house prices and tighter wholesale funding conditions — would again act to limit availability in 2011 Q1. And lenders again expected that the outlook for the economy would constrain availability over the next quarter. Partly offsetting these factors, for a fifth consecutive quarter lenders expected that a desire to increase market share would increase availability over the next quarter.

Consistent with the weakening outlook for house price inflation, lenders reported that the availability of new secured lending at high loan to value (LTV) ratios (greater than 75% LTV) had decreased slightly in 2010 Q4, while the availability of new secured lending at low LTV ratios had increased.

In the 2010 Q3 survey, lenders had expected that credit scoring criteria would be tightened in Q4, and had commented that this reflected a more cautious approach to assessing the ability of either households undertaking higher LTV mortgages or of the self-employed to meet mortgage payments. But lenders reported that credit scoring criteria were not tightened in 2010 Q4 and were not expected to change in 2011 Q1. However, looking further ahead, some lenders commented that there might be some tightening in affordability criteria as Bank Rate increased. This would reduce disposable income for household mortgagors and could reduce net rental income for buy-to-let landlords. And certain credit scoring criteria might be tightened in response to the *OFT Guide on Irresponsible Lending* and the *FSA Mortgage Market Review*.

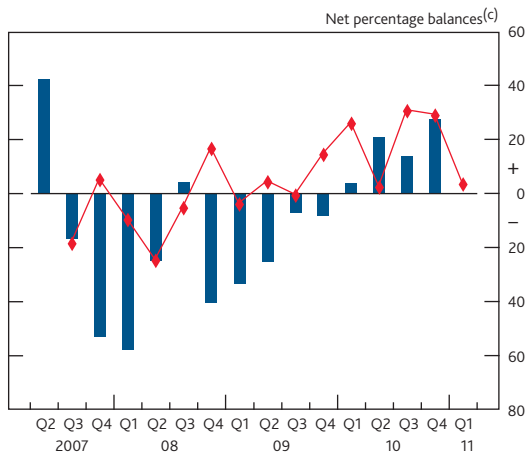
Lenders reported that default rates on secured loans to households were broadly unchanged in 2010 Q4, having fallen consistently during the earlier part of 2010, and that losses given default rose (Chart 3). Lenders commented that the rise in losses given default reflected a weakening in house prices and an increase in losses on specialist lending. Losses given default were expected to rise a little further, while default rates were expected to remain stable over the coming quarter. In line with the 2010 Q3 survey, some lenders commented that, going forward, default rates would be influenced by changes in the level of unemployment, the evolution of Bank Rate and the impact of the fiscal tightening. In addition to the

**Chart 3 Default rate and losses given default on secured loans to households<sup>(a)</sup>**

(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 4 Spreads on prime secured lending to households<sup>(a)(b)</sup>**



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

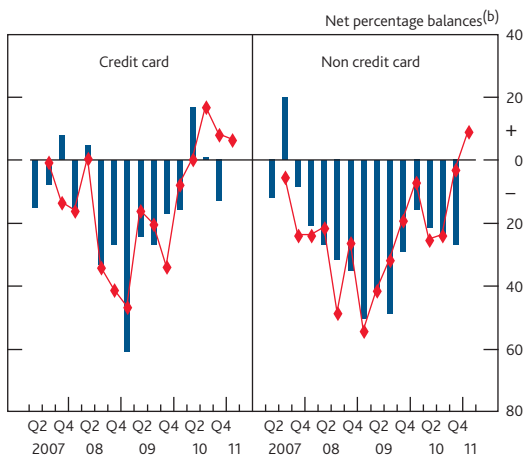
general effects on households' disposable income from spending cuts and tax increases as part of the planned fiscal tightening, in the 2010 Q4 survey lenders commented that there would be a specific effect on households from a prospective further reduction in the Government's income support for mortgage interest (ISMI).

Changes in availability and demand may influence the spreads that lenders charge borrowers for new loans. Consistent with lower demand and broadly unchanged availability, lenders reported that spreads on secured lending to households had fallen over the previous quarter, more so for prime lending (Chart 4). However, lenders expected that spreads would remain broadly unchanged in 2011 Q1.

**Unsecured lending to households**

Lenders reported that the amount of unsecured credit made available to households had fallen slightly over the previous quarter, but was expected to increase over the next quarter. Lenders reported that lower risk appetite had limited availability in 2010 Q4. Credit card limits were unchanged for a third consecutive quarter, but were expected to fall a little in 2011 Q1.

**Chart 5 Credit scoring criteria for unsecured lending to households<sup>(a)</sup>**



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

Lenders reported that there had been some tightening in credit scoring criteria in 2010 Q4 (Chart 5). Credit scoring criteria for non credit card lending have been tightened consistently over the previous three years. However, lenders expected that there would be a slight easing in credit scoring criteria for unsecured lending over the next quarter for the first time since the Credit Conditions Survey began in 2007. Some lenders commented that this reflected an expected increase in risk appetite for unsecured lending.

Over the previous quarter, lenders reported that demand for credit card lending was unchanged and had fallen for non credit card lending. Lenders expected that demand for overall unsecured lending would increase a little over the next quarter.

Default rates for unsecured lending fell for the fifth consecutive quarter in 2010 Q4, exceeding expectations at the time of the Q3 survey. Lenders expected that default rates on non credit card lending would fall further over the next quarter, and a small net balance of lenders expected that there would be an increase in default rates on credit card lending.

Lenders reported that losses given default for credit card lending fell in 2010 Q4, and expected that there would be a further small fall in 2011 Q1. But lenders reported that losses given default rose for non credit card lending in 2010 Q4 having fallen in Q3 following a sustained period of increase, and expected little change over the next quarter.

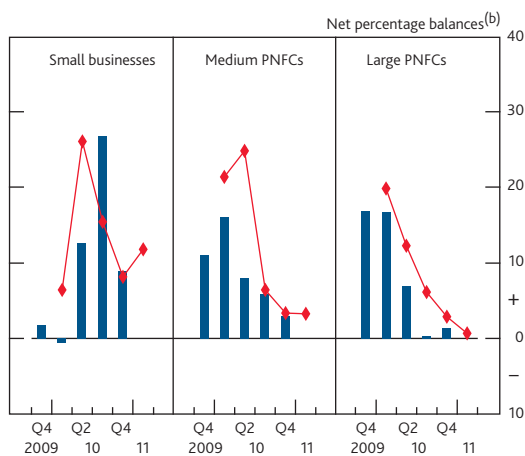
Despite a small fall in reported availability and no change in demand, spreads on credit card lending were broadly

unchanged over the previous three months. It is possible that the fall in default rates offset the upward pressure on spreads from a fall in availability. For non credit card lending, lenders reported that spreads had fallen, consistent with a fall in demand and a slight fall in availability. Over the next three months, lenders expected that spreads on overall unsecured lending would rise a little.

### Lending to corporates and small businesses

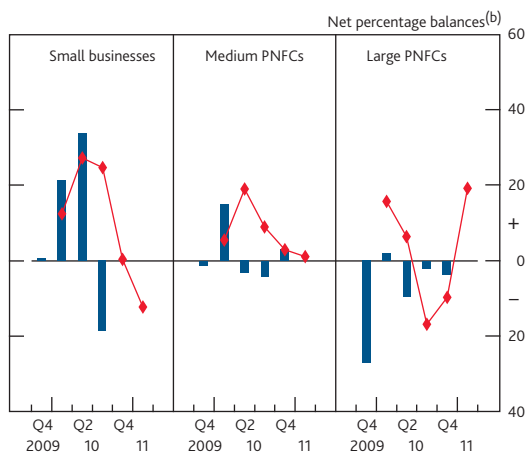
Credit conditions in the corporate sector may vary by the size of business, so this survey asks lenders to report developments in the corporate sector overall split by large and medium-sized PNFCs and small businesses.<sup>(1)</sup>

**Chart 6 Corporate credit availability by firm size<sup>(a)</sup>**



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

**Chart 7 Corporate demand for credit by firm size<sup>(a)</sup>**



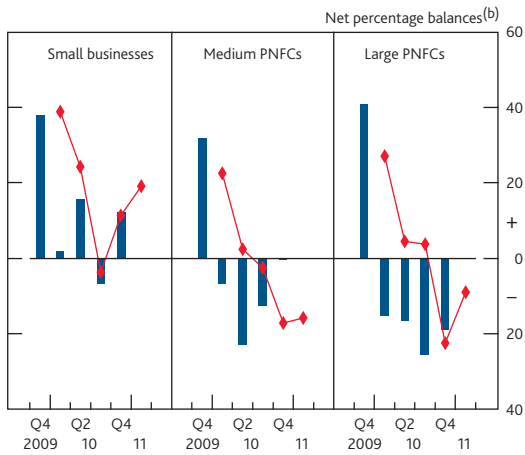
(a) See footnote (a) to Chart 1.  
(b) A positive balance indicates an increase in demand.

Lenders reported that the amount of credit made available to the corporate sector had remained broadly unchanged over the previous quarter. Within that, lenders again reported that there had been some difference in credit availability by size of business (Chart 6). Credit availability for medium and large PNFCs remained unchanged. For the third consecutive quarter a net balance of lenders reported that there had been a further increase in the amount of credit made available to small businesses, though the pace of increase had fallen between 2010 Q3 and Q4. This pattern of availability was expected to persist into 2011 Q1. For a second consecutive quarter, some lenders reported that one factor contributing to the rise in overall availability was a desire to increase market share. Offsetting this, a net balance of lenders reported that, for the first time in several quarters, overall credit availability to corporates was being constrained by reduced ability to transfer credit risk off balance sheet and/or tighter conditions for capital raising. A couple of lenders commented that securitisation markets had become more difficult over the previous quarter as conditions in financial markets had deteriorated a little. And the amount of capital available for lending had been somewhat tighter and more uncertain following the Basel III announcement in September. Though it was difficult to assess the prospective impact of Basel III, lenders commented that capital would constrain net new lending to some extent going forward. For the first quarter since 2009 Q2, lenders reported that commercial real estate prices were constraining availability in the previous quarter and were expected to continue to do so over the next quarter. Lenders commented that this reflected the weaker outlook for commercial property prices, particularly for secondary and tertiary properties.

Demand for credit was broadly unchanged for businesses of all sizes in 2010 Q4 (Chart 7). Over the next quarter, lenders expected that demand for credit by large PNFCs would increase, in part reflecting an expected rise in mergers and

(1) Small businesses are defined as those with an annual turnover of under £1 million. Medium-sized PNFCs include all businesses with an annual turnover of under £25 million.

**Chart 8** Default rates on loans by firm size<sup>(a)</sup>

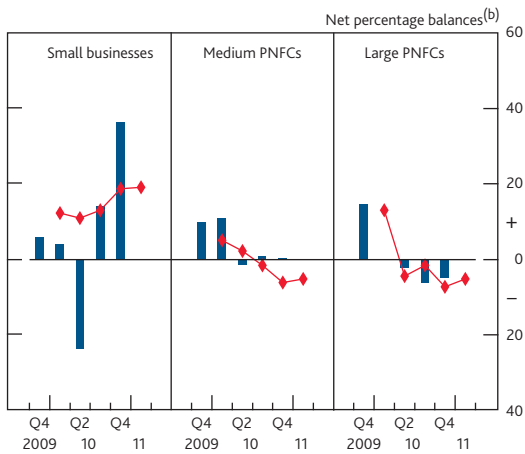


(a) See footnote (a) to Chart 1.  
 (b) A positive balance indicates an increase in default rates.

acquisitions activity. The expected increase is the highest reported net balance for demand from credit by large PNFCs since the survey began in 2007. Demand from medium PNFCs was not expected to change and demand from small businesses was expected to fall. For the third consecutive quarter there was little reported evidence of capital investment intentions contributing to overall demand for credit by corporates.

Lenders reported that default rates continued to fall for large PNFCs, were unchanged for medium PNFCs and rose for small businesses in 2010 Q4 (Chart 8). This same pattern held for losses given default (Chart 9). Recent developments in default rates and losses given default were broadly expected to continue into the next quarter.

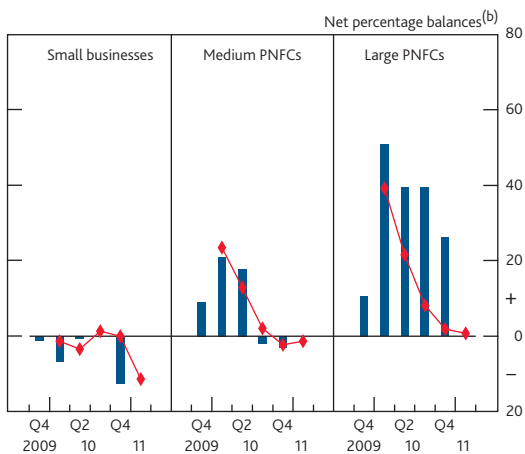
**Chart 9** Losses given default on loans by firm size<sup>(a)</sup>



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

Spreads continued to fall for large PNFCs in 2010 Q4, despite little change in availability or demand (Chart 10). But for the first time in a year, spreads were not expected to fall further over the coming quarter, possibly reflecting an expectation of higher demand coupled with unchanged availability. For medium PNFCs, spreads had not changed in 2010 Q4, consistent with broadly unchanged availability and demand, and were not expected to change in 2011 Q1. For small businesses, spreads had risen in 2010 Q4, despite a reported increase in the availability of credit and no change in demand. It is possible that downward pressure on spreads from increased availability was offset by higher than expected increases in losses given default in 2010 Q4.

**Chart 10** Spreads over reference rates on lending to corporates by firm size<sup>(a)</sup>



(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.



## 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  $\pm 100$ . 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](http://www.bankofengland.co.uk/publications/other/monetary/creditconditions.htm).

		Net percentage balances <sup>(a)</sup>											
		2008				2009				2010			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>How has the availability of secured credit provided to households changed?</b>	Past three months	-30.7	-47.0	-39.3	-31.1	-25.2	9.7	-7.2	15.8	1.3	6.3	8.3	3.4
	Next three months	-42.5	-22.3	-16.8	-21.2	14.8	13.6	12.3	9.9	3.2	-11.4	-3.9	2.7
<b>Factors contributing to changes in credit availability:<sup>(b)</sup></b>													
changing economic outlook	Past three months	-35.3	-39.8	-42.2	-25.7	-27.3	-13.1	-1.2	14.9	0.0	0.0	2.0	0.0
	Next three months	-38.9	-27.4	-26.8	-24.5	-3.3	-6.8	13.9	15.8	-9.8	2.2	-8.9	-9.9
market share objectives	Past three months	5.7	7.3	-0.1	-5.5	-28.0	-3.6	-6.5	5.3	5.6	11.3	9.6	8.3
	Next three months	-11.1	3.8	-2.9	-5.7	0.0	-2.4	4.7	7.0	7.3	1.8	8.9	7.1
changing appetite for risk	Past three months	-33.2	-30.3	-24.2	-23.0	-40.4	-2.5	-4.5	0.0	-0.3	1.1	1.0	-0.9
	Next three months	-46.5	-24.8	-20.1	-18.5	-8.9	5.2	5.3	0.9	1.0	0.8	6.6	1.4
changing cost/availability of funds	Past three months	-12.2	-21.4	-11.4	-22.7	-19.0	9.1	-12.3	11.3	0.1	1.1	5.9	1.4
	Next three months	-6.7	-3.2	4.8	-9.3	9.5	-0.5	3.2	10.6	2.2	3.8	4.6	0.0
<b>How have credit scoring criteria for granting loan applications by households changed?</b>	Past three months	-43.9	-47.5	-39.3	-42.0	-35.9	-40.1	-1.2	4.2	-1.3	-8.8	-7.4	-1.6
	Next three months	-45.9	-38.2	-24.8	-19.2	-17.3	6.2	-1.3	-1.0	0.0	-5.2	-18.4	0.0
<b>How has the proportion of household loan applications being approved changed?</b>	Past three months	-6.8	-38.1	-18.6	-43.5	-43.2	-28.1	13.6	6.2	-3.9	0.3	0.6	0.5
	Next three months	-21.2	-33.3	-16.6	-32.6	-44.2	-4.4	0.6	1.0	3.0	-0.6	-10.3	-9.8
<b>Has there been any change in the use of securitisations associated with secured lending to households?</b>	Past three months	-33.8	4.8	42.1	43.4	-10.9	-2.4	4.7	15.6	15.8	0.0	17.4	11.9
	Next three months	-36.6	-20.1	-34.8	-18.6	-13.9	7.2	23.6	15.6	15.8	1.6	-5.7	0.0
<b>Has there been any change in 'target hold' levels associated with secured lending to households?</b>	Past three months	29.1	-2.8	8.5	n.a.*	n.a.*	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Next three months	29.1	4.3	8.5	n.a.*	n.a.*	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>How has the default rate on secured loans to households changed?</b>	Past three months	28.6	47.3	44.8	54.6	68.2	60.7	-18.2	-2.7	-23.6	-21.9	-21.8	-4.5
	Next three months	40.1	50.4	50.1	66.1	69.2	66.7	6.3	32.3	3.0	3.0	-21.8	-0.3
<b>How have losses given default on secured loans to households changed?</b>	Past three months	25.3	40.5	54.6	53.4	69.3	63.8	-5.2	-33.7	-37.7	-20.2	-16.8	23.8
	Next three months	35.3	51.9	54.7	62.8	74.6	43.2	20.0	-3.2	1.8	25.7	-0.1	9.6

		Net percentage balances <sup>(a)</sup>											
		2008				2009				2010			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>How has demand for secured lending for house purchase from households changed?</b>	Past three months	-3.8	-30.2	-69.1	-1.2	-15.0	24.1	48.3	19.0	-23.5	-5.8	-6.1	-41.5
	Next three months	-16.1	-40.5	-36.5	-27.8	-28.0	-2.9	-14.7	2.6	39.8	16.4	18.1	-29.0
<i>of which: demand for prime lending</i>	Past three months	-1.1	-38.6	-50.8	-3.3	-14.1	19.1	41.5	11.3	-23.5	-5.8	-6.1	-36.8
	Next three months	-13.5	-39.2	-33.3	-27.6	-28.9	-2.9	-22.3	-4.9	39.8	10.3	18.1	-29.0
<i>of which: demand for buy-to-let lending</i>	Past three months	6.9	10.4	-28.6	-35.1	-29.6	-8.8	-2.7	-0.9	-32.8	2.3	12.9	11.4
	Next three months	-5.8	-16.9	-6.6	-26.3	-28.9	-14.9	-1.8	-17.4	26.6	14.5	-1.5	-1.0
<i>of which: demand for other lending</i>	Past three months	17.5	-36.4	-46.2	-17.9	-25.8	-35.6	n.a.*	-6.0	-31.7	30.8	3.4	-32.1
	Next three months	6.8	-29.2	-7.9	-12.1	-7.4	-8.4	n.a.*	-1.6	34.7	22.1	-2.8	-32.1
<b>How has demand for secured lending for remortgaging from households changed?</b>	Past three months	40.8	24.0	-18.5	1.5	-75.3	-50.9	-1.1	-32.7	-34.4	14.2	2.2	16.7
	Next three months	24.4	24.3	-19.1	-28.5	-51.0	1.9	14.1	-0.7	28.3	4.9	3.5	-2.0
<b>How has demand for other lending secured on dwellings from households changed?</b>	Past three months	-0.9	-26.1	-60.8	-24.8	-66.3	4.2	1.3	-1.9	-21.4	n.a.*	-1.2	0.0
	Next three months	7.5	-20.0	-43.3	-18.5	-51.3	-10.6	0.0	0.0	38.0	n.a.*	0.0	0.0
<b>How have overall secured lending spreads changed?<sup>(a)</sup></b>	Past three months	-61.4	-25.8	0.0	-42.8	-42.2	-25.2	-7.5	-0.1	2.9	19.8	13.6	27.6
	Next three months	-26.0	2.1	14.3	-4.0	9.5	5.3	14.5	25.7	2.3	28.9	27.6	-6.6
<i>of which: spreads on prime lending<sup>(a)</sup></i>	Past three months	-58.1	-25.0	4.0	-40.6	-33.5	-25.2	-7.5	-8.4	3.9	20.9	13.6	27.6
	Next three months	-24.9	-5.5	16.4	-4.1	4.1	-0.8	14.3	25.7	2.3	30.3	28.7	3.3
<i>of which: spreads on buy-to-let lending<sup>(a)</sup></i>	Past three months	-61.6	-66.4	-2.9	-52.9	-33.6	-35.0	-8.5	8.6	4.9	15.9	-0.6	10.6
	Next three months	-25.6	3.8	17.4	2.8	8.0	-12.6	7.4	24.3	0.0	22.7	16.7	7.9
<i>of which: spreads on other lending<sup>(a)</sup></i>	Past three months	-70.8	-31.2	-5.2	-20.8	-26.9	n.a.*	n.a.*	0.0	0.0	23.4	19.9	0.0
	Next three months	-28.6	1.2	6.7	-3.3	-2.9	n.a.*	n.a.*	22.5	0.0	22.8	19.9	0.0
<b>How have fees on secured lending changed?<sup>(a)</sup></b>	Past three months	-1.9	-12.3	-7.3	-7.5	-0.7	-0.7	1.0	-11.3	0.0	0.0	11.9	10.9
	Next three months	-3.8	-3.5	-3.0	-0.8	0.2	0.9	-16.2	19.9	0.0	4.7	1.0	-5.8
<b>How have maximum loan to value ratios changed?</b>	Past three months	-18.9	-53.8	-26.6	-31.4	-15.2	-3.4	-0.7	19.9	10.1	12.5	7.7	-1.6
	Next three months	-41.2	-39.4	-8.6	-18.7	-10.5	18.2	13.9	24.7	10.8	1.9	-0.5	2.6
<b>How have maximum loan to income ratios changed?</b>	Past three months	-11.5	3.5	-1.7	-15.9	2.7	-5.8	0.0	0.0	4.7	0.0	0.0	0.0
	Next three months	-13.1	-6.5	-7.7	-18.2	7.4	0.0	5.5	4.3	0.0	-0.6	4.6	0.0

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

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

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

## Additional questions

		Net percentage balances <sup>(a)</sup>											
		2008				2009				2010			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>How have the following factors affected overall household secured credit availability?<sup>(b)</sup></b>													
Tighter wholesale funding conditions	Past three months	-48.7	-37.7	-15.0	-14.8	-2.9	-2.3	-4.0	8.7	5.7	1.1	-14.1	-6.3
	Next three months	-46.5	-38.8	-25.4	-16.8	16.8	-2.4	-4.1	7.8	-11.1	-12.6	0.0	-13.2
Actual, or potential, need to support ABCP conduits, structured investment vehicles or money market mutual funds	Past three months	-29.6	-4.8	-3.9	2.8	-3.2	n.a.*	n.a.*	25.4	0.0	0.0	n.a.*	n.a.*
	Next three months	-31.5	-14.9	-3.9	2.8	-3.2	n.a.*	n.a.*	25.4	0.0	0.0	n.a.*	n.a.*
Reduced ability to transfer credit risk off balance sheet and/or tighter conditions for raising capital	Past three months	-34.9	-17.0	-4.9	0.0	0.0	n.a.*	0.0	0.0	0.0	-0.8	-2.0	0.0
	Next three months	-44.9	-13.0	-3.6	-11.9	13.2	n.a.*	7.3	0.0	0.0	0.0	0.0	0.0
Expectations for house prices	Past three months	-43.0	-55.0	-58.5	-50.2	-52.5	-17.0	19.2	28.9	10.5	29.0	-1.4	-12.5
	Next three months	-46.1	-69.2	-60.5	-44.7	-34.7	-15.4	17.6	7.9	-10.5	6.9	9.2	-19.1
<b>How has the availability of household secured credit to the following types of borrower changed?</b>													
Borrowers with low loan to value ratios (75% or less)	Past three months	n.a.**	n.a.**	12.7	-9.9	4.1	3.6	5.2	10.6	1.9	0.6	-6.4	14.8
	Next three months	n.a.**	n.a.**	6.3	-0.6	4.9	9.1	3.1	2.0	5.6	7.2	-1.4	2.1
Borrowers with high loan to value ratios (more than 75%)	Past three months	n.a.**	n.a.**	-59.5	-55.3	-56.6	-2.6	-1.1	24.2	22.6	18.3	7.4	-5.4
	Next three months	n.a.**	n.a.**	-38.5	-27.1	-21.0	18.8	5.9	9.7	5.7	-6.9	-14.3	9.1
<b>How has the average credit quality of new secured lending to households changed?<sup>(c)</sup></b>													
	Past three months	n.a.**	n.a.**	23.5	18.9	-14.9	18.0	15.2	9.8	0.0	5.6	8.6	1.6
	Next three months	n.a.**	n.a.**	22.6	10.0	-1.7	0.1	23.8	0.0	7.0	-1.5	16.2	1.9
<b>What percentage of your existing secured loan book is contractually committed to passing on any further cuts in Bank Rate?</b>													
	Median <sup>(d)</sup>	n.a.**	n.a.**	n.a.**	n.a.**	47.4	n.a.**	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  $\pm 100$ . 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](http://www.bankofengland.co.uk/publications/other/monetary/creditconditions.htm).

		Net percentage balances <sup>(a)</sup>											
		2008				2009				2010			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>How has the availability of unsecured credit provided to households changed?</b>	Past three months	-21.1	-24.0	-27.5	-30.5	-17.1	-13.4	-9.0	-16.2	-1.5	-0.6	3.5	-7.7
	Next three months	-13.7	-25.3	-32.0	-37.4	-2.3	-6.9	-12.1	-1.7	16.1	7.8	15.0	18.2
<b>Factors contributing to changes in credit availability:<sup>(b)</sup></b>													
changing economic outlook	Past three months	-17.9	-19.6	-34.7	-24.1	-25.5	3.2	-10.6	3.0	11.2	0.7	6.8	0.0
	Next three months	-10.8	-32.7	-35.4	-29.3	-16.7	-4.4	-9.9	0.0	6.0	17.9	0.9	6.9
market share objectives	Past three months	-0.7	0.5	-5.3	-9.0	-3.4	-8.5	6.0	-4.3	6.4	3.5	6.7	0.7
	Next three months	-1.2	0.5	-5.3	-9.4	-2.3	5.7	-4.5	0.9	2.7	3.6	6.1	12.0
changing appetite for risk	Past three months	-8.3	-9.3	-28.0	-17.4	-19.1	-1.9	-24.7	-4.3	-0.6	-0.1	5.5	-8.8
	Next three months	-16.6	-21.0	-32.3	-37.3	-9.9	-1.6	-14.3	-3.6	19.7	18.3	12.7	19.1
changing cost/availability of funds	Past three months	-1.6	0.3	-5.0	-7.4	-2.3	-0.7	-11.3	0.0	0.0	0.0	0.0	0.0
	Next three months	-1.4	-1.1	-5.5	-7.4	-2.7	-2.7	-10.4	-9.0	0.0	0.0	0.9	10.9
<b>How have credit scoring criteria for granting credit card loan applications by households changed?</b>	Past three months	-16.6	4.5	-33.1	-26.7	-60.9	-24.2	-26.7	-17.1	-15.7	16.5	0.9	-13.0
	Next three months	0.2	-34.3	-41.4	-46.8	-16.2	-20.5	-34.1	-8.0	0.0	16.5	7.8	6.2
<b>How have credit scoring criteria for granting other unsecured loan applications by households changed?</b>	Past three months	-20.8	-26.7	-31.6	-35.0	-50.4	-42.4	-48.7	-29.1	-15.9	-21.2	-24.1	-26.9
	Next three months	-21.8	-48.6	-26.4	-54.3	-41.7	-31.9	-19.4	-7.4	-25.6	-24.0	-3.3	8.8
<b>How have credit scoring criteria for granting total unsecured loan applications by households changed?</b>	Past three months	-17.7	-3.0	-32.8	-28.5	-58.8	-27.6	-30.5	-19.1	-15.7	11.0	-2.6	-14.8
	Next three months	-5.2	-37.8	-37.9	-48.5	-21.3	-22.6	-31.5	-7.9	-3.9	10.6	6.3	6.6
<b>How has the proportion of credit card loan applications from households being approved changed?</b>	Past three months	-6.7	-16.3	-15.8	4.5	-29.1	-21.7	-1.3	-12.3	5.0	12.4	21.0	9.7
	Next three months	-7.6	-9.2	-46.0	-43.8	-12.4	-11.4	-19.4	0.0	-4.3	15.0	7.1	6.4
<b>How has the proportion of other unsecured loan applications from households being approved changed?</b>	Past three months	-24.9	-11.3	-31.1	-36.4	-38.0	-35.5	-5.0	-29.9	-4.9	-5.6	-26.9	-16.8
	Next three months	-26.8	-27.2	-13.5	-46.6	-27.3	-15.3	-3.1	-0.2	-25.6	-19.5	-3.3	8.8

		Net percentage balances <sup>(a)</sup>											
		2008				2009				2010			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
How has the proportion of total unsecured loan applications from households being approved changed?	Past three months	-11.2	-15.1	-19.3	-4.3	-30.8	-24.2	-1.9	-15.1	3.5	9.7	14.3	6.2
	Next three months	-12.4	-13.5	-38.5	-44.4	-15.4	-12.1	-16.6	0.0	-7.6	10.0	5.6	6.7
How has the default rate on credit card loans to households changed?	Past three months	-10.0	6.4	33.9	34.6	61.0	38.4	40.5	-4.9	-32.4	-20.2	-40.1	-30.4
	Next three months	2.1	17.3	36.9	50.1	49.3	37.3	43.0	-8.0	-21.7	-19.5	-15.9	7.3
How has the default rate on other unsecured loans to households changed?	Past three months	5.5	19.2	40.9	49.0	30.1	37.3	28.3	-19.8	-34.8	-31.9	-33.2	-40.3
	Next three months	3.2	13.7	25.7	44.1	30.1	42.1	31.9	-15.5	-26.8	-24.8	0.0	-10.1
How has the default rate on total unsecured loans to households changed?	Past three months	-6.2	9.5	35.5	37.7	54.8	38.2	38.4	-7.3	-32.8	-21.9	-39.2	-31.7
	Next three months	2.4	16.4	34.3	48.8	45.5	38.2	41.1	-9.2	-22.5	-20.3	-13.7	5.0
How have losses given default on credit card loans to households changed?	Past three months	-3.7	3.9	25.3	36.7	28.0	30.3	38.2	13.5	35.2	16.5	25.2	-37.0
	Next three months	-3.0	13.3	21.4	25.6	24.1	27.9	39.0	23.5	13.9	-5.0	-11.8	-8.9
How have losses given default on other unsecured loans to households changed?	Past three months	1.4	7.2	12.6	12.3	25.1	41.2	31.8	29.0	15.6	26.1	-10.1	13.4
	Next three months	4.3	20.3	22.4	25.7	14.1	22.8	20.2	20.8	19.4	10.1	-7.4	3.3
How have losses given default on total unsecured loans to households changed?	Past three months	-2.4	4.7	22.4	31.4	27.4	32.3	37.1	16.0	32.2	17.9	20.3	-30.4
	Next three months	-1.2	15.0	21.6	25.6	22.1	26.9	35.8	23.1	14.7	-2.8	-11.2	-7.3
How has demand for credit card lending from households changed?	Past three months	-11.0	23.1	-14.6	13.0	-23.5	-27.0	-11.4	-15.1	-30.9	13.9	-14.9	-0.5
	Next three months	5.1	1.2	-6.1	-20.4	-17.9	-10.5	-4.1	42.7	13.0	2.5	29.5	8.2
How has demand for other unsecured lending from households changed?	Past three months	7.8	-44.8	-17.9	-36.8	-25.6	-12.8	-3.1	-19.0	-2.6	25.8	9.5	-12.8
	Next three months	-23.3	-12.0	7.3	-12.0	-24.9	9.6	-15.8	5.1	5.8	-8.1	3.3	13.7
How has demand for total unsecured lending from households changed?	Past three months	-6.4	6.7	-15.4	2.3	-23.9	-24.4	-10.0	-15.7	-26.6	15.6	-11.5	-2.2
	Next three months	-1.9	-2.0	-3.0	-18.6	-19.3	-6.8	-6.1	36.6	11.9	1.0	25.8	8.9
How have spreads on credit cards changed? <sup>(a)</sup>	Past three months	-4.8	-4.4	-8.3	1.8	-24.7	-5.8	-13.9	-1.5	-0.6	-0.2	-6.4	0.2
	Next three months	-11.9	-3.2	-10.9	21.0	-1.6	19.0	0.7	13.5	0.6	-8.6	0.0	-8.6
How have spreads on other unsecured lending products changed? <sup>(a)</sup>	Past three months	-21.5	-18.6	-12.6	-34.8	-35.0	-39.3	-18.0	-24.8	-20.7	-3.9	-17.4	10.4
	Next three months	-4.0	-4.4	-4.6	-11.2	-16.2	8.5	-24.0	14.6	-2.0	-8.8	12.6	8.2
How have overall unsecured lending spreads changed? <sup>(a)</sup>	Past three months	-8.9	-7.8	-9.3	-6.1	-26.7	-12.0	-14.6	-5.3	-3.7	-0.8	-7.9	1.5
	Next three months	-10.0	-3.5	-9.5	14.0	-4.5	17.1	-3.6	13.7	0.2	-8.7	1.8	-6.4
How have credit card limits changed?	Past three months	13.9	-15.0	-24.3	-21.4	-17.4	-16.1	-30.2	-13.8	-10.0	0.3	0.8	-0.1
	Next three months	-2.3	-12.7	-15.2	-25.1	-27.9	-16.6	-14.4	-2.7	-0.7	6.1	4.8	-8.6
How has the minimum proportion of credit card balances to be paid changed? <sup>(a)</sup>	Past three months	-4.7	0.1	-7.0	-3.7	-12.0	-6.2	-6.1	-6.1	-7.1	-7.5	-15.6	-8.1
	Next three months	-5.2	-9.4	4.1	-26.1	-10.5	0.0	0.0	8.9	0.0	0.0	0.0	-14.0
How have maximum maturities on loans changed? <sup>(c)</sup>	Past three months	-3.7	8.0	14.8	10.3	-18.5	-15.6	-1.6	-10.5	0.0	-7.2	0.0	0.0
	Next three months	0.0	10.3	14.8	8.3	-15.2	-17.2	-3.6	0.0	-2.8	-7.2	-15.3	-2.1

(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  $\pm 100$ . 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](http://www.bankofengland.co.uk/publications/other/monetary/creditconditions.htm).

		Net percentage balances <sup>(a)</sup>											
		2008				2009				2010			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>How has the availability of credit provided to the corporate sector overall changed?</b>	Past three months	-37.3	-32.1	-36.2	-28.2	7.8	14.3	24.8	16.3	21.9	7.1	7.8	3.2
	Next three months	-30.7	-9.2	-8.8	-12.8	26.3	27.7	28.9	20.5	22.7	6.5	3.4	4.8
<i>of which: commercial real estate sector</i>	Past three months	-43.0	-58.2	-52.8	-57.0	-34.4	-38.7	-8.1	5.6	7.8	3.5	6.4	3.0
	Next three months	-49.5	-22.2	-29.1	-38.1	-8.0	-3.9	-5.9	2.4	5.9	4.4	3.0	2.1
<b>Factors contributing to changes in credit availability:<sup>(b)</sup></b>													
changing economic outlook	Past three months	-37.4	-44.3	-53.0	-44.8	-49.7	-12.7	0.3	4.3	24.7	2.9	0.8	0.9
	Next three months	-22.5	-29.2	-45.6	-40.5	-17.2	0.0	3.1	-0.9	20.4	-10.1	0.6	2.1
changing sector-specific risks	Past three months	-1.6	-41.1	-42.9	-49.8	-21.9	-2.3	2.3	16.5	18.9	-12.3	0.0	13.3
	Next three months	-10.7	-17.5	-42.2	-32.9	-13.6	-6.9	-3.1	23.2	23.9	-16.7	0.0	0.7
market share objectives	Past three months	-7.4	-6.8	-20.2	-21.6	5.9	10.9	9.5	0.0	-1.4	-0.3	7.2	6.1
	Next three months	-16.8	-3.9	-19.2	-19.6	5.9	11.8	13.3	2.8	4.7	8.6	15.3	6.2
market pressures from capital markets	Past three months	21.2	-19.9	-19.3	-13.0	6.4	2.2	0.7	5.6	-4.4	-1.1	-1.6	0.9
	Next three months	-7.4	-21.9	-18.3	-7.1	0.4	5.1	0.8	3.9	3.5	6.5	-4.3	0.0
changing appetite for risk	Past three months	10.5	-39.9	-43.0	-36.1	-19.9	0.0	0.8	0.1	-1.6	0.0	3.0	1.5
	Next three months	-3.5	-7.9	-18.9	-36.1	-18.0	0.0	1.6	0.0	1.4	1.4	0.7	0.7
changing cost/availability of funds	Past three months	4.8	-29.6	-34.5	-55.2	0.5	12.9	32.5	-7.6	10.4	-1.1	3.0	-1.3
	Next three months	1.6	-8.9	-21.6	-21.0	16.5	26.5	21.4	6.7	1.6	-0.8	2.6	0.0
<b>How has the proportion of loan applications from medium PNFCs being approved changed?</b>	Past three months	-16.1	-25.7	-30.5	-43.6	-29.1	3.5	11.8	1.7	12.0	3.5	0.7	0.0
	Next three months	-13.9	-17.1	-10.8	-37.8	-25.9	8.6	17.1	1.3	0.7	7.4	1.4	-1.4
<b>How has the proportion of loan applications from large PNFCs being approved changed?</b>	Past three months	-35.1	-24.2	-17.0	-40.1	-22.4	5.4	3.2	5.6	8.8	6.5	2.5	0.0
	Next three months	-22.3	-14.3	-4.3	-28.0	-17.3	7.3	11.9	6.0	0.8	6.5	1.8	0.0
<b>Has there been any change in the use of cash securitisations associated with corporate lending?</b>	Past three months	-27.1	1.2	-2.4	-3.6	24.0	n.a.*	9.9	10.5	-1.5	0.0	0.0	0.0
	Next three months	-18.8	1.2	-2.4	1.1	1.2	n.a.*	0.0	7.4	19.3	0.0	0.0	0.0
<b>Has there been any change in the use of derivatives/synthetic securitisations associated with corporate lending?</b>	Past three months	-13.4	-1.4	5.8	1.9	3.1	9.0	5.8	-1.0	-4.1	-2.8	-3.1	-2.7
	Next three months	-13.7	6.1	5.8	-1.5	-1.5	-2.4	-1.8	-1.0	-4.1	-3.2	-3.1	-2.7

		Net percentage balances <sup>(a)</sup>											
		2008				2009				2010			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Has there been any change in 'target hold' levels associated with corporate lending?	Past three months	17.3	28.0	33.0	37.1	16.4	24.6	15.3	0.5	8.3	9.3	0.5	-2.8
	Next three months	33.2	14.6	16.5	16.6	19.0	30.8	0.0	31.3	17.8	7.4	6.7	-2.8
How have loan tenors on new corporate loans changed? <sup>(c)</sup>	Past three months	-17.6	-25.4	-5.1	-38.9	-23.0	-22.4	-0.6	-10.7	21.1	39.5	12.7	-7.4
	Next three months	-21.0	-16.2	-7.7	-16.9	-0.5	-20.5	13.1	18.2	23.5	6.6	-4.9	1.5
How has the default rate on loans to medium PNFCs changed?	Past three months	29.2	37.0	53.1	60.2	50.5	46.3	42.5	31.8	-6.6	-23.0	-12.5	-0.5
	Next three months	37.0	36.8	47.6	67.0	71.7	46.8	35.6	22.5	2.4	-2.5	-17.1	-15.7
How has the default rate on loans to large PNFCs changed?	Past three months	24.4	29.6	36.3	47.4	35.2	48.0	34.8	40.8	-15.2	-16.6	-25.6	-18.9
	Next three months	36.8	36.1	45.1	62.0	51.8	45.2	37.1	27.0	4.6	3.8	-22.5	-9.0
How have losses given default on loans to medium PNFCs changed?	Past three months	8.7	23.4	20.6	67.6	54.2	33.4	29.8	9.9	10.9	-1.6	0.9	0.3
	Next three months	20.1	32.3	34.9	63.5	51.8	35.8	22.0	5.0	2.2	-1.6	-6.1	-5.1
How have losses given default on loans to large PNFCs changed?	Past three months	0.0	14.4	13.3	46.9	41.8	30.8	28.8	14.8	0.0	-2.3	-6.2	-5.0
	Next three months	15.1	23.1	27.9	40.6	31.7	24.3	23.0	13.0	-4.4	-1.6	-7.2	-5.2
How has demand for lending from medium PNFCs changed?	Past three months	-13.8	-10.4	-33.8	-35.5	-54.5	-2.1	12.3	-1.4	15.0	-3.2	-4.2	3.1
	Next three months	-7.2	-15.2	-29.8	-37.3	-16.6	13.0	14.9	5.5	18.9	8.9	2.8	1.1
How has demand for lending from large PNFCs changed?	Past three months	4.1	-40.7	-14.0	-34.4	-33.6	-3.6	-5.3	-27.1	1.9	-9.6	-2.0	-3.7
	Next three months	-14.6	-10.7	-19.7	-17.2	10.5	0.0	14.9	15.7	6.3	-16.8	-9.7	19.1
How has demand from institutional investors/pension funds changed?	Past three months	2.1	-20.0	-9.3	-23.6	-1.5	-1.5	-1.2	-6.9	-1.2	1.1	4.1	-1.0
	Next three months	16.1	-3.3	-21.6	-6.1	-1.5	-1.5	-2.6	-1.7	-8.0	1.1	4.1	0.0
How has demand from securities dealers changed?	Past three months	-11.7	-8.6	n.a.*	-35.6	-6.6	n.a.*	n.a.*	-28.7	0.0	0.0	0.0	7.1
	Next three months	3.0	-1.7	n.a.*	-3.8	-6.6	n.a.*	n.a.*	-0.3	13.2	1.3	0.0	8.3
How has demand from hedge funds changed?	Past three months	23.3	2.9	-3.2	n.a.*	-16.3	n.a.*	n.a.*	-66.5	n.a.*	n.a.*	n.a.*	-5.5
	Next three months	15.0	10.4	-3.2	n.a.*	-3.7	n.a.*	n.a.*	-58.8	n.a.*	n.a.*	n.a.*	-4.0
How has demand from structured finance vehicles changed?	Past three months	-48.9	-63.7	-19.6	-31.9	-2.3	n.a.*	n.a.*	-48.7	n.a.*	n.a.*	-5.1	-4.4
	Next three months	-0.2	-18.6	-3.6	-5.1	-2.3	n.a.*	n.a.*	-42.7	n.a.*	n.a.*	-5.1	-3.2
How has demand from other OFCs changed?	Past three months	-1.3	-25.7	-17.4	-21.2	n.a.*	0.0	9.2	-11.2	0.0	0.0	0.0	0.0
	Next three months	-4.5	-5.3	-17.4	-6.1	n.a.*	0.0	7.7	-19.9	7.0	0.0	0.0	0.0
<b>What have been the main factors contributing to changes in demand for lending:<sup>(b)</sup></b>													
mergers and acquisitions	Past three months	6.7	-32.8	-41.8	-48.1	-24.5	-9.4	-6.4	-21.0	35.2	-5.6	27.3	5.2
	Next three months	-5.0	-8.4	-27.0	-41.7	-22.3	4.7	19.2	22.3	34.2	1.1	31.2	35.2
capital investment	Past three months	-16.4	-27.2	-50.1	-66.0	-61.4	-40.7	-25.9	-20.7	-9.1	-1.2	-3.2	0.0
	Next three months	-10.6	-15.1	-51.7	-47.5	-28.4	-24.2	-6.6	-5.2	-0.7	0.7	2.3	-0.8
inventory finance	Past three months	9.6	1.9	9.0	11.4	-23.4	-6.9	1.4	-12.7	15.0	1.8	-5.7	2.2
	Next three months	9.9	-0.7	4.0	12.6	-19.9	-6.2	19.7	6.5	21.0	1.8	3.2	0.7
balance sheet restructuring	Past three months	2.4	-7.0	19.2	24.0	35.2	37.4	15.7	-19.1	-1.1	-13.4	3.4	1.5
	Next three months	6.0	9.8	19.3	36.8	40.4	28.8	24.6	21.7	0.9	-1.4	-9.4	2.2
commercial real estate	Past three months	-23.2	-28.2	-55.7	-55.8	-46.4	-53.4	6.9	9.5	8.4	1.0	6.5	-18.3
	Next three months	-10.2	-21.9	-36.3	-37.0	-13.9	-24.4	-14.7	5.9	2.7	7.2	3.1	-20.4

		Net percentage balances <sup>(a)</sup>											
		2008				2009				2010			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>How have spreads on loans to medium PNFCs changed?<sup>(a)</sup></b>	Past three months	-45.7	-63.4	-61.5	-56.7	-42.7	-12.2	-15.2	9.2	21.0	17.8	-2.0	-3.0
	Next three months	-45.4	-46.0	-48.1	-39.8	-23.7	-10.0	10.7	23.4	12.8	2.2	-2.3	-1.3
<b>How have fees/commissions on loans to medium PNFCs changed?<sup>(a)</sup></b>	Past three months	-40.7	-62.2	-59.8	-53.0	-41.5	-11.9	-18.2	7.3	8.2	1.8	2.1	17.7
	Next three months	-44.6	-48.1	-43.8	-37.7	-23.7	-11.0	11.7	10.7	12.0	0.3	-2.3	11.5
<b>How have collateral requirements for loans to medium PNFCs changed?<sup>(a)</sup></b>	Past three months	-21.5	-17.9	-20.8	-22.8	-9.6	-7.3	-14.0	-3.5	-3.1	-1.6	0.0	-0.8
	Next three months	-19.5	-1.8	-17.6	-15.2	-10.3	-5.4	0.0	-1.7	-0.9	0.0	0.0	0.0
<b>How have maximum credit lines for medium PNFCs changed?</b>	Past three months	-30.6	-27.2	-30.1	-25.4	-13.9	3.6	0.0	-2.3	0.7	3.4	-10.0	2.9
	Next three months	-25.9	-18.5	-20.3	-17.6	-9.8	-6.7	4.5	0.4	3.5	3.6	-1.7	2.9
<b>How have loan covenants for medium PNFCs changed?<sup>(a)</sup></b>	Past three months	-35.6	-37.1	-35.8	-22.5	-32.9	-27.1	-14.0	-4.2	-3.6	-0.2	12.9	1.8
	Next three months	-25.4	-42.2	-12.8	-14.9	-27.8	-6.5	0.0	-2.2	-1.2	0.0	1.0	-5.1
<b>How have spreads on loans to large PNFCs changed?<sup>(a)</sup></b>	Past three months	-67.6	-72.5	-71.9	-60.1	-59.0	-11.2	-4.4	10.6	50.7	39.3	39.3	26.2
	Next three months	-33.2	-49.4	-53.9	-38.7	-45.0	-2.9	12.5	39.2	21.5	8.2	1.8	0.8
<b>How have fees/commissions on loans to large PNFCs changed?<sup>(a)</sup></b>	Past three months	-49.6	-68.4	-71.9	-57.4	-51.2	-6.8	-7.4	10.8	18.6	35.4	26.0	34.8
	Next three months	-42.1	-49.4	-50.7	-36.0	-45.0	-3.8	11.7	9.6	21.5	10.5	6.1	13.1
<b>How have collateral requirements for loans to large PNFCs changed?<sup>(a)</sup></b>	Past three months	-1.7	-15.8	-26.5	-26.0	-6.7	-3.5	-14.0	-4.0	-2.0	-1.6	0.0	-0.8
	Next three months	4.7	-8.2	-16.5	-15.4	-5.8	-1.6	0.0	-0.9	-0.1	0.0	0.7	0.0
<b>How have maximum credit lines for large PNFCs changed?</b>	Past three months	-49.0	-44.2	-24.3	-21.3	-12.4	7.4	12.2	2.2	19.5	9.9	3.7	5.7
	Next three months	-12.4	-13.3	-6.1	-22.3	-1.3	-2.8	17.6	0.0	9.8	3.7	-0.2	3.7
<b>How have loan covenants for large PNFCs changed?<sup>(a)</sup></b>	Past three months	-48.1	-40.1	-26.0	-22.9	-37.1	-24.2	-14.0	-4.9	5.4	-0.9	7.0	19.0
	Next three months	-23.3	-28.4	-10.9	-10.2	-21.3	-5.2	6.4	5.4	25.1	0.0	14.4	0.7
<b>How have spreads on loans to OFCs changed?<sup>(a)</sup></b>	Past three months	-54.8	-68.7	-66.8	-58.0	-47.9	-40.7	-8.1	14.1	41.6	21.8	-16.0	33.3
	Next three months	-41.7	-42.7	-45.2	-39.5	-25.6	-21.9	-0.9	13.8	20.0	-12.9	-16.0	1.0
<b>How have fees/commissions on loans to OFCs changed?<sup>(a)</sup></b>	Past three months	-50.8	-69.9	-51.4	-56.5	-37.8	-34.2	-15.6	14.2	21.6	20.3	-19.1	32.6
	Next three months	-38.9	-46.6	-47.4	-34.7	-25.6	-21.9	-11.2	10.8	21.3	-12.9	-19.1	1.0
<b>How have collateral requirements for loans to OFCs changed?<sup>(a)</sup></b>	Past three months	-29.7	-10.3	-23.9	-54.5	-27.5	-32.2	-18.9	-2.6	-22.5	0.0	0.0	0.9
	Next three months	-12.4	-3.9	-17.8	-34.1	-19.0	-20.3	-18.9	-2.6	-1.3	0.0	0.0	0.0
<b>How have maximum credit lines for OFCs changed?</b>	Past three months	-52.5	-46.3	-23.2	-69.2	-46.4	-25.7	-20.2	23.3	-6.4	1.5	0.0	19.8
	Next three months	-34.5	-18.7	-23.2	-41.2	-31.1	-23.0	-20.2	23.3	5.0	12.1	0.0	4.9

\* 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 <sup>(a)</sup>											
		2008				2009				2010			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>How have the following factors affected overall PNFCs' credit availability?<sup>(b)</sup></b>													
Tighter wholesale funding conditions	Past three months	-12.9	-28.0	-13.1	-13.8	-28.7	-7.6	5.4	-4.9	-6.5	0.0	4.2	-6.4
	Next three months	10.0	-9.7	-1.0	-11.3	-6.7	-7.0	1.3	-2.3	0.7	-1.7	-7.7	3.3
Actual, or potential, need to support ABCP conduits, structured investment vehicles or money market mutual funds	Past three months	16.2	-7.2	-8.8	-2.3	-2.4	-10.3	-13.2	13.2 <sup>†</sup>	16.4	21.3	25.4	-48.8
	Next three months	17.8	-7.2	4.7	-2.3	9.1	-12.6	-16.1	-11.6	19.8	21.3	13.4	-50.4
Reduced ability to transfer credit risk off balance sheet and/or tighter conditions for raising capital	Past three months	-19.3	-30.9	-20.3	-22.7	-12.3	-21.4	-6.7	-4.0	13.0	7.2	-2.1	-33.8
	Next three months	-5.3	-8.3	-9.3	-6.7	1.0	-37.2	-6.7	-2.6	11.4	-6.4	-6.6	-27.7
<b>Has there been a change in drawdowns on committed lines by PNFCs?</b>	Past three months	5.0	11.8	11.3	38.2	6.2	-40.3	-10.0	-16.8	-15.6	-7.0	-7.6	0.0
	Next three months	12.8	18.6	6.4	29.0	9.7	-12.4	-13.8	-18.9	-2.6	5.2	-0.9	0.0
<b>Has there been a change in average credit quality on newly arranged PNFC borrowing facilities?<sup>(c)</sup></b>	Past three months	5.5	14.4	16.6	12.5	1.5	-1.4	-4.6	11.1	20.3	5.9	5.0	13.5
	Next three months	7.0	14.4	18.4	7.4	-4.6	-1.4	-4.5	15.0	23.2	-7.2	-1.0	12.9
<b>How have commercial property prices affected credit availability to the commercial real estate sector, and/or secured lending to PNFCs?</b>	Past three months	-20.9	-49.1	-58.2	-56.7	-48.1	-46.2	7.4	-8.1	-2.0	5.4	0.0	-24.5
	Next three months	-9.0	-44.4	-43.0	-45.2	-15.5	-21.8	-5.7	16.8	14.2	5.4	-5.2	-23.7
<b>Has there been a change in the amount of secured lending to PNFCs, such as asset-based lending, relative to unsecured PNFC lending?</b>	Past three months	n.a.**	11.0	15.7	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**
	Next three months	n.a.**	11.0	8.0	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**
<b>Has there been a change in the availability of letters of credit to PNFCs for use in international trade?</b>	Past three months	n.a.**	n.a.**	n.a.**	-2.2	0.7	0.3	0.0	11.6	5.5	1.0	0.0	13.7
	Next three months	n.a.**	n.a.**	n.a.**	5.5	-6.5	5.4	0.0	26.0	5.5	1.8	0.0	13.7
<b>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?</b>	Past three months	n.a.**	n.a.**	n.a.**	1.2	-11.4	16.2	5.9	0.3	1.7	8.8	9.4	-10.7
	Next three months	n.a.**	n.a.**	n.a.**	8.9	-1.5	4.7	4.7	0.3	0.8	20.7	11.4	-10.9
<b>What percentage of your existing PNFC loan book is contractually committed to passing on any further cuts in Bank Rate?</b>	Median <sup>(d)</sup>	n.a.**	n.a.**	n.a.**	n.a.**	32.0	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**
<b>How has the availability of credit provided to medium PNFCs changed?</b>	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	15.0	11.0	16.1	8.1	5.8	3.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	19.7	21.4	24.8	6.5	3.3	3.3
<b>How has the availability of credit provided to large PNFCs changed?</b>	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	25.6	16.9	16.8	6.9	0.3	1.4
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	27.8	19.8	12.3	6.2	2.9	0.7

\*\* 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<sup>(a)</sup>

		Net percentage balances <sup>(b)</sup>												
		2008				2009				2010				
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
How has the availability of credit provided to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	1.9	-0.6	12.6	26.8	8.9
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	6.4	26.1	15.5	8.1	11.8
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.**	-6.4	32.3	34.9	-9.2	6.8
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	2.8	23.2	6.5	-2.1	-12.3
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.**	38.0	2.0	15.7	-6.8	12.3
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	38.7	24.2	-3.6	11.3	19.1
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.**	6.0	4.1	-23.5	14.2	36.3
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	12.2	10.9	13.1	18.6	19.1
How has overall demand for lending from small businesses changed? <sup>(c)</sup>	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	0.6	21.4	33.7	-18.6	0.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	12.3	27.2	24.6	0.2	-12.3
How has demand for credit card lending from small businesses changed? <sup>(c)</sup>	Past three months	-1.6	20.1	4.4	4.2	17.3	21.7	14.3	3.5	16.5	24.4	14.4	-7.6	
	Next three months	-1.6	1.9	13.0	9.1	32.3	32.2	18.8	8.2	25.2	24.4	6.3	36.4	
How has demand for other unsecured lending from small businesses changed? <sup>(c)</sup>	Past three months	-14.5	-5.5	-16.2	-52.1	2.6	-26.7	9.0	-6.8	13.4	35.6	0.8	-8.6	
	Next three months	-13.9	-19.0	-19.1	-15.8	-8.5	18.1	10.7	10.2	27.0	-3.6	7.5	-6.2	
How has demand for total unsecured lending from small businesses changed? <sup>(c)</sup>	Past three months	-5.3	13.8	-0.1	-8.8	14.2	12.3	13.3	1.7	16.0	26.2	12.3	-7.8	
	Next three months	-5.2	-3.2	6.1	3.4	23.7	29.5	17.4	8.6	25.5	20.0	6.5	27.7	
How has demand for secured lending from small businesses changed? <sup>(c)</sup>	Past three months	-5.0	-15.1	-40.6	-34.0	6.7	-16.0	11.2	15.0	19.4	18.0	-13.5	-26.5	
	Next three months	-14.4	-34.7	-10.3	-26.9	27.1	21.0	13.1	15.0	19.4	18.0	0.0	19.4	
How have spreads on loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-1.1	-6.8	-0.7	0.0	-12.6
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-1.3	-3.4	1.4	0.0	-11.3
How have fees/commissions on loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-1.7	-6.8	-0.7	0.0	-11.3
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-3.4	-1.4	0.0	-11.3
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.**	-3.4	-2.1	0.0	0.0	0.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-0.7	-1.4	0.0	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.**	-2.0	-2.6	1.4	1.0	0.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-1.3	1.4	0.0	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.**	-2.0	-5.6	17.2	12.4	-25.6
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	0.0	-4.1	15.8	0.0	3.0

\*\* 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.