

Credit Conditions Survey

Survey results | 2011 Q1



BANK OF ENGLAND





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Credit Conditions Survey

2011 Q1

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

This report presents the results of the 2011 Q1 survey. The 2011 Q1 survey was conducted between 11 February and 8 March.

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

This report, covering the results of the 2011 Q1 survey, and copies of the questionnaires are available on the Bank's website at www.bankofengland.co.uk/publications/other/monetary/creditconditions.htm.

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

2011 Q2 survey on 30 June 2011

2011 Q3 survey on 29 September 2011



Credit Conditions Survey

2011 Q1

Supply

- The [availability of secured credit to households](#) was reported to have been broadly unchanged in the three months to early March 2011. Lenders expected availability to increase in the next three months.
- Lenders reported that the [availability of unsecured credit to households](#) had increased a little in 2011 Q1, though by less than expected. Availability was expected to increase further in Q2.
- Overall [availability of credit to corporates](#) was reported to have increased a little in 2011 Q1. But this increase was concentrated among large [private non-financial corporations \(PNFCs\)](#); availability to small businesses and medium-sized PNFCs was broadly unchanged. Lenders expected availability to increase a little in Q2.

Demand

- Lenders reported that demand for [secured lending for house purchase](#) had fallen markedly once again in 2011 Q1, but only a small net balance of lenders expected demand to fall any further over the next three months. Demand for [secured lending for remortgaging](#) increased notably over the previous quarter and was expected to continue to increase in the coming quarter.
- Demand for [credit card lending](#) was reported to have been unchanged over the previous three months. Demand for [non credit card lending](#) fell unexpectedly for the second consecutive quarter, but was again expected to increase in the next three months.
- Lenders reported that demand for [credit from the corporate sector](#) varied by the size of business in 2011 Q1. Demand increased from large companies, was broadly unchanged from medium-sized PNFCs and fell sharply from small businesses. However, lenders expected demand from small businesses to increase in the coming quarter.

Defaults

- Lenders reported that the default rate on [secured loans to households](#) increased unexpectedly over the previous quarter, and was expected to increase further over the next three months. Losses given default were reported to have increased in 2011 Q1, and were expected to increase a little further in Q2.
- Default rates on [unsecured loans](#) were reported to have fallen for the sixth successive quarter. But losses given default on credit card loans increased in 2011 Q1, and were expected to increase in the coming quarter. For non credit card loans, losses given default were broadly unchanged in 2011 Q1.
- Over the previous three months, default rates on [loans to PNFCs](#) fell for medium and large companies, but rose for small businesses. In the same period, losses given default fell a little for medium and large companies, but increased for small businesses. Lenders broadly expected the same pattern in both default rates and losses given default to continue in the coming quarter.

Terms and conditions

- Lenders reported that spreads on [secured lending to households](#) had fallen in 2011 Q1, in contrast with expectations of a slight increase. Spreads were expected to continue to fall in the coming quarter.
- Spreads on [credit card lending](#) were reported to have increased slightly in the previous three months, but fallen significantly on [other unsecured lending products](#). Spreads on [unsecured lending](#) were not expected to change in the coming quarter. Lenders reported that credit scoring criteria had loosened a little on credit card lending, but had tightened on non credit card lending. Lenders expected that credit scoring criteria would be tightened somewhat in the coming quarter.
- Spreads on lending to medium and large [PNFCs](#) were reported to have fallen unexpectedly over the previous quarter. But spreads had increased on lending to small businesses, in line with expectations. Over the coming quarter, spreads were expected to fall a little for large PNFCs, remain unchanged for medium PNFCs and increase for small businesses.

This report presents the results of the 2011 Q1 survey. The 2011 Q1 survey was conducted between 11 February and 8 March. The results are based on lenders' own responses to the survey. They do not necessarily reflect the Bank's views on credit conditions. To calculate aggregate results, each lender is assigned a score based on their response. Lenders who report that credit conditions have changed 'a lot' are assigned twice the score of those who report that conditions have changed 'a little'. These scores are then weighted by lenders' market shares. The results are analysed by

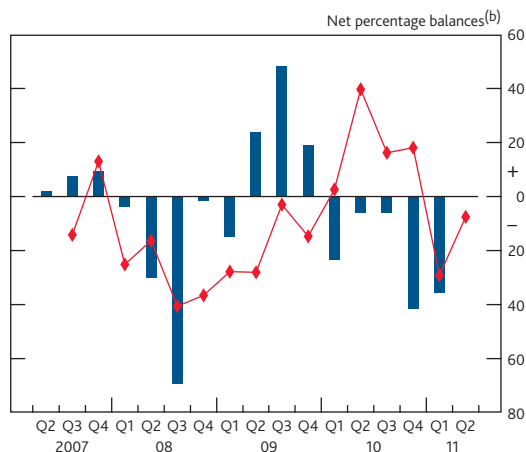
calculating 'net percentage balances' — the difference between the weighted balance of lenders reporting that, for example, demand was higher/lower or terms and conditions were tighter/looser. The net percentage balances are scaled to lie between ± 100 .

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

Credit Conditions Survey

In the three months to early March, lenders reported that the amount of secured credit made available to households was broadly unchanged, but that there had been a slight increase in the availability of unsecured credit. The amount of credit made available to the corporate sector was reported to have increased slightly in the previous quarter. But this increase was concentrated among large PNFCs; availability to small businesses and medium-sized PNFCs was broadly unchanged. Lenders reported that demand for secured lending for house purchase had again fallen markedly over the previous quarter. Households' demand for credit card lending was reported to have not changed, while demand for non credit card lending fell. Lenders reported that demand for credit had increased from large PNFCs, was unchanged from medium-sized PNFCs and had fallen for small businesses. Default rates and losses given default were reported to have increased on secured loans to households and for small businesses. But default rates were reported to have fallen on unsecured loans and on loans to medium-sized and large PNFCs. Spreads were reported to have fallen for secured and non credit card unsecured lending to households and on lending to medium and large PNFCs, but increased on lending to small businesses.

Chart 1 Household demand for secured lending to finance a new house purchase^(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 an increase in demand.

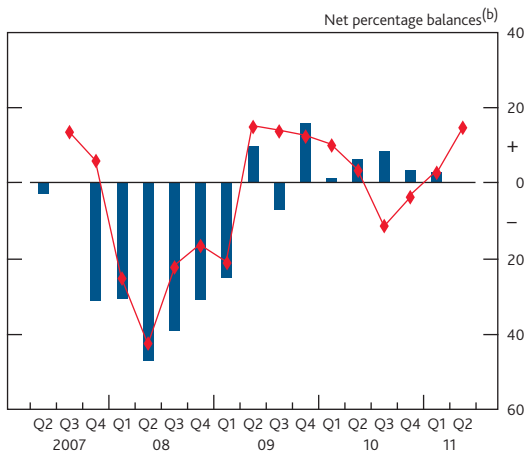
The 2011 Q1 Credit Conditions Survey was conducted between 11 February and 8 March 2011.

Secured lending to households

In the three months to early March, a net balance of lenders reported a marked decline in households' demand for secured credit to finance a new house purchase (**Chart 1**). This fall was in line with expectations, and represented the second successive fall in households' demand for secured credit. The decline was once again mostly driven by a fall in demand for prime lending. Some lenders expected demand to fall a little further over the next three months.

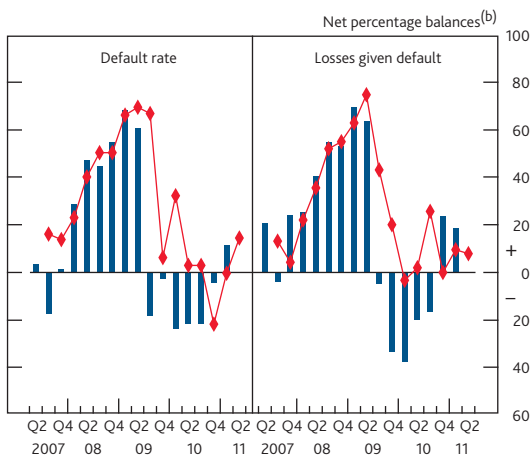
In contrast, demand for secured lending for remortgaging, which lenders had expected to remain unchanged, increased notably in 2011 Q1. Lenders commented that the pickup in remortgaging activity appeared to be linked to expectations of an increase in Bank Rate. Demand for buy-to-let lending unexpectedly rose a little, which lenders noted may have been a response to increased rental demand against a backdrop of limited availability to first-time buyers and uncertainty over the outlook for the economy. Lenders expected further increases in demand for remortgaging and buy-to-let lending of similar magnitudes in the coming quarter.

Lenders reported that the amount of secured credit made available to households was broadly unchanged over the previous quarter, as expected (**Chart 2**). But within that, some lenders reported that slightly tighter conditions in wholesale

Chart 2 Household secured credit availability^(a)

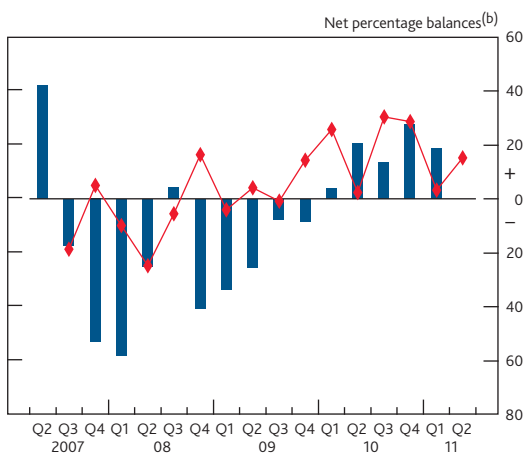
(a) See footnote (a) to Chart 1.

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

Chart 3 Default rate and losses given default 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.

Chart 4 Spreads on prime secured lending to households^{(a)(b)}

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

(b) Spreads are over Bank Rate for variable-rate mortgages and the relevant swap rate for fixed-rate mortgages.

(c) A positive balance indicates that spreads have fallen such that, all else being equal, it is cheaper for households to borrow.

funding markets and the outlook for house price inflation had acted to constrain availability, but a desire to increase market share had contributed positively to availability.

The availability of secured credit to households was expected to increase in 2011 Q2. Some lenders expected that market share objectives and an improvement in the cost or availability of funds would contribute to increased availability. However, a negative outlook for house prices and, to a lesser extent, the economy in general was expected to constrain availability.

Despite weak prospects for house prices, lenders reported that there had been an increase in availability to borrowers with high loan to value (LTV) ratios (greater than 75% LTV) over the previous three months. And lenders expected that they would continue to increase availability to borrowers with high LTV ratios over next three months, as well as increase maximum LTV ratios a little. Maximum loan to income ratios were also expected to increase in the coming quarter. Lenders commented that risk appetite towards borrowers with high LTV ratios had increased as competition had limited margins on lending to borrowers with low LTV ratios.

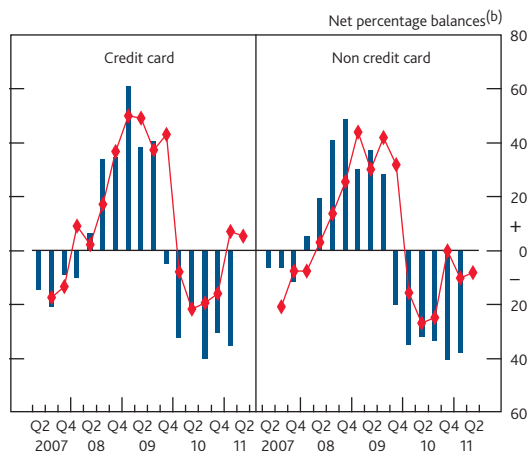
Lenders reported that credit scoring criteria and approval rates were unchanged in 2011 Q1. But the average credit quality of new secured lending to households had increased somewhat, suggesting an improvement in the credit quality of applicants.

In the 2010 Q4 survey, lenders had expected the default rate on secured loans to households to stabilise in 2011 Q1, after having fallen during 2010. But lenders reported that the default rate had increased in 2011 Q1, and was expected to increase again in the coming quarter (Chart 3). Lenders expressed concerns over the potential impact of increases in Bank Rate on default rates. Losses given default were also reported to have increased in the previous quarter, and were expected to increase a little further in the next three months. Some lenders commented that they expected falling house prices to exert upward pressure on losses given default in the coming quarter.

Consistent with lower demand and unchanged availability, lenders reported that spreads on secured lending to households had fallen over the previous quarter (Chart 4). That represented the fourth consecutive quarter of reported falling spreads.

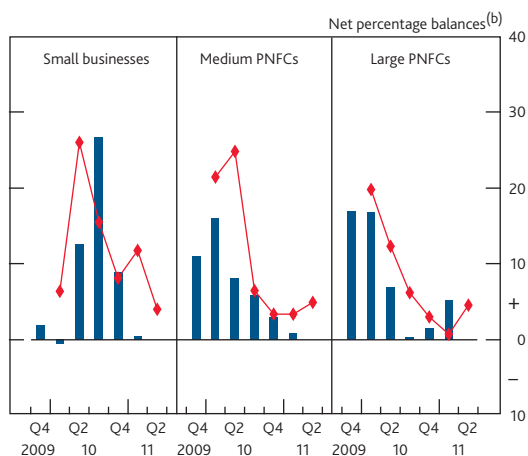
Unsecured lending to households

The amount of unsecured credit made available to households was reported to have increased a little in the previous three months. Some lenders reported that market share objectives and an increased appetite for risk contributed to the increase in credit availability. Lenders expected the same factors to contribute to a further increase in credit availability in the next

Chart 5 Default rate on unsecured loans to households^(a)

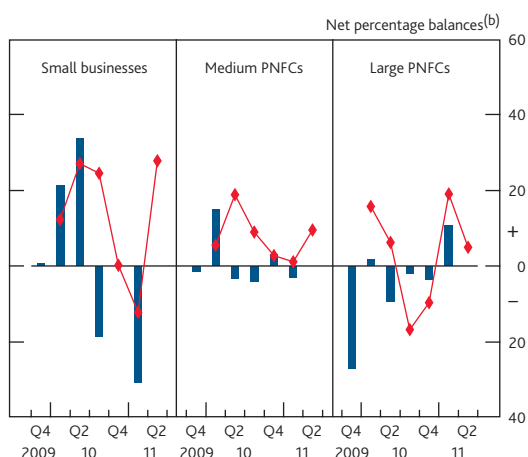
(a) See footnote (a) to Chart 1.

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

Chart 6 Corporate credit availability by firm size^(a)

(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^(a)

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

(b) A positive balance indicates an increase in demand.

three months, with many lenders commenting on competitive pricing and offers.

Demand for credit card lending was broadly unchanged in 2011 Q1 but was expected to increase a little in the coming quarter. Lenders reported that demand for non credit card lending had fallen in 2011 Q1 but was expected to increase in the next three months.

Credit scoring criteria on non credit card lending were reported to have tightened in 2011 Q1. In contrast, lenders reported that there had been a slight loosening in credit scoring criteria on credit card lending over the same period, in line with expectations. And the proportion of credit card loan applications being approved had increased.

Lenders reported a further fall in the default rate on both credit card and non credit card loans (**Chart 5**). Lenders reported that losses given default for credit card loans had increased slightly in the previous quarter, despite expectations of a slight fall, and were expected to continue to increase in the next three months. Losses given default on non credit card loans to households were little changed and were not expected to change in the coming quarter.

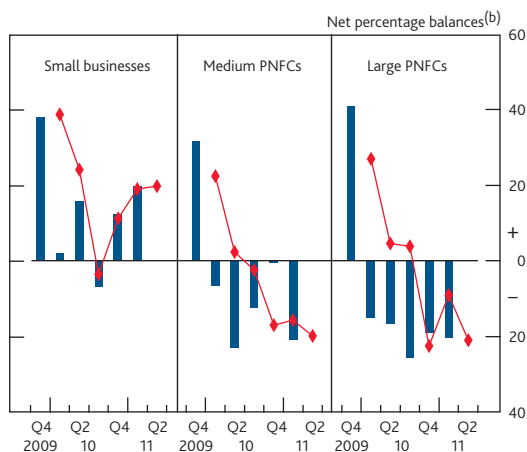
Despite no change in demand and a slight increase in availability, spreads on credit card lending were reported to have increased a little in the previous quarter. One possible explanation is that the effect of an unexpected increase in losses given default more than offset the downward pressure on spreads from increased availability. Lenders reported that spreads on non credit card lending had fallen in 2011 Q1, consistent with a fall in demand and small increase in availability. Lenders did not expect spreads on unsecured lending to change over the next quarter.

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.⁽¹⁾

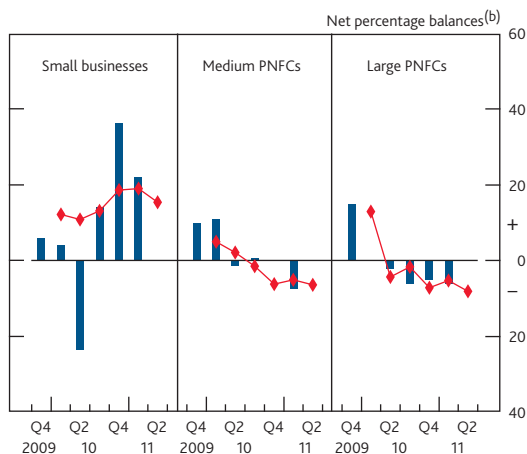
The amount of credit made available to the corporate sector was reported to have increased a little in 2011 Q1. Within that, availability had increased slightly for large PNFCs, but was unchanged for small businesses and medium PNFCs (**Chart 6**). And lenders reported an increase in the availability of trade credit instruments to PNFCs. Some lenders attributed increased credit availability to market share objectives and increased appetite for risk, but noted that slightly tighter

(1) Small businesses are defined as those with an annual turnover of under £1 million. The definition of medium-sized PNFCs is unchanged and includes all businesses with an annual turnover of under £25 million.

Chart 8 Default rates on loans by firm size^(a)

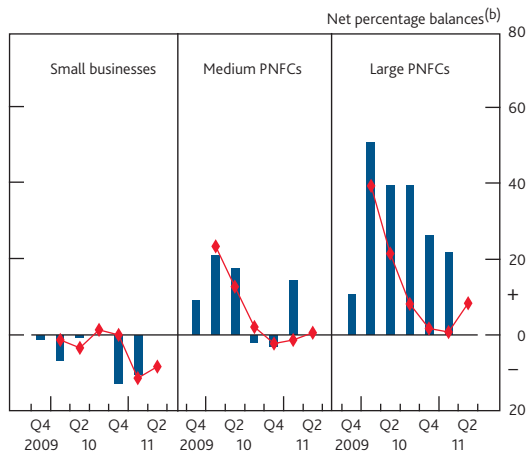
(a) See footnote (a) to Chart 1.

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

Chart 9 Losses given default on loans by firm size^(a)

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

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

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

wholesale funding conditions were limiting availability. These factors were expected to persist in the coming quarter.

Lenders reported that in 2011 Q1 demand for credit had increased from large PNFCs, while demand from medium PNFCs was broadly unchanged (Chart 7). As expected, an increase in mergers and acquisitions (M&A) activity was cited as the main factor contributing to increased demand. For the fourth consecutive quarter there was little reported evidence of capital investment intentions contributing to corporate credit demand. Demand from small businesses fell sharply in Q1, but lenders expected an increase in the coming quarter. Lenders attributed the fall in small business demand to seasonal and weather-related factors as well as heightened uncertainty surrounding the effects of the fiscal consolidation.

Availability to the commercial real estate sector was reported to have fallen in 2011 Q1, and was expected to fall a little further in Q2. However, commercial property prices were reported to have had little effect on availability to the sector. Lenders commented that refinancing requirements and uncertainty over future prices had acted to constrain availability. Lenders also reported that the commercial real estate market was not an important factor in determining the overall demand for credit from PNFCs.

The default rate on loans to PNFCs was reported to have fallen over the previous three months for medium and large companies, but to have risen for small businesses (Chart 8). This pattern of outturns was broadly as expected. Lenders reported that losses given default fell slightly for medium and large companies, but rose for small businesses (Chart 9). Some lenders commented that a deterioration of their assessment of borrower creditworthiness and a weakening in the wider economy contributed to the pickup in the default rate for small businesses. Lenders expected the developments in both default rates and losses given default in 2011 Q1 to continue in the coming quarter.

Lenders reported that spreads on lending to large PNFCs had fallen for the sixth consecutive quarter in 2011 Q1 (Chart 10). Spreads on lending to medium PNFCs were also reported to have fallen. But lenders reported an increase in spreads on lending to small businesses in the same period. It is possible that for both medium and large PNFCs falls in the default rate and in losses given default for some lenders exerted downward pressure on spreads. For small businesses, some lenders commented that an increase in operating costs had led to a rise in spreads. Further, fees/commissions on lending were reported to have fallen in 2011 Q1 for medium and large PNFCs, but had risen slightly for small businesses. Over the coming quarter, spreads were expected to fall a little for large PNFCs, remain unchanged for medium PNFCs and increase a little for 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)											
		2008			2009				2010				2011
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
How has the availability of secured credit provided to households changed?	Past three months	-47.0	-39.3	-31.1	-25.2	9.7	-7.2	15.8	1.3	6.3	8.3	3.4	2.8
	Next three months	-22.3	-16.8	-21.2	14.8	13.6	12.3	9.9	3.2	-11.4	-3.9	2.7	14.6
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	-39.8	-42.2	-25.7	-27.3	-13.1	-1.2	14.9	0.0	0.0	2.0	0.0	1.1
	Next three months	-27.4	-26.8	-24.5	-3.3	-6.8	13.9	15.8	-9.8	2.2	-8.9	-9.9	-8.2
market share objectives	Past three months	7.3	-0.1	-5.5	-28.0	-3.6	-6.5	5.3	5.6	11.3	9.6	8.3	7.2
	Next three months	3.8	-2.9	-5.7	0.0	-2.4	4.7	7.0	7.3	1.8	8.9	7.1	17.9
changing appetite for risk	Past three months	-30.3	-24.2	-23.0	-40.4	-2.5	-4.5	0.0	-0.3	1.1	1.0	-0.9	1.4
	Next three months	-24.8	-20.1	-18.5	-8.9	5.2	5.3	0.9	1.0	0.8	6.6	1.4	0.9
changing cost/availability of funds	Past three months	-21.4	-11.4	-22.7	-19.0	9.1	-12.3	11.3	0.1	1.1	5.9	1.4	0.9
	Next three months	-3.2	4.8	-9.3	9.5	-0.5	3.2	10.6	2.2	3.8	4.6	0.0	12.1
How have credit scoring criteria for granting loan applications by households changed?	Past three months	-47.5	-39.3	-42.0	-35.9	-40.1	-1.2	4.2	-1.3	-8.8	-7.4	-1.6	0.0
	Next three months	-38.2	-24.8	-19.2	-17.3	6.2	-1.3	-1.0	0.0	-5.2	-18.4	0.0	2.7
How has the proportion of household loan applications being approved changed?	Past three months	-38.1	-18.6	-43.5	-43.2	-28.1	13.6	6.2	-3.9	0.3	0.6	0.5	0.4
	Next three months	-33.3	-16.6	-32.6	-44.2	-4.4	0.6	1.0	3.0	-0.6	-10.3	-9.8	12.8
Has there been any change in the use of securitisations associated with secured lending to households?	Past three months	4.8	42.1	43.4	-10.9	-2.4	4.7	15.6	15.8	0.0	17.4	11.9	0.0
	Next three months	-20.1	-34.8	-18.6	-13.9	7.2	23.6	15.6	15.8	1.6	-5.7	0.0	18.2
Has there been any change in 'target hold' levels associated with secured lending to households?	Past three months	-2.8	8.5	n.a.*	n.a.*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.a.*
	Next three months	4.3	8.5	n.a.*	n.a.*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.a.*
How has the default rate on secured loans to households changed?	Past three months	47.3	44.8	54.6	68.2	60.7	-18.2	-2.7	-23.6	-21.9	-21.8	-4.5	11.5
	Next three months	50.4	50.1	66.1	69.2	66.7	6.3	32.3	3.0	3.0	-21.8	-0.3	14.3
How have losses given default on secured loans to households changed?	Past three months	40.5	54.6	53.4	69.3	63.8	-5.2	-33.7	-37.7	-20.2	-16.8	23.8	18.7
	Next three months	51.9	54.7	62.8	74.6	43.2	20.0	-3.2	1.8	25.7	-0.1	9.6	8.0

		Net percentage balances ^(a)											
		2008			2009				2010				2011
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
How has demand for secured lending for house purchase from households changed?	Past three months	-30.2	-69.1	-1.2	-15.0	24.1	48.3	19.0	-23.5	-5.8	-6.1	-41.5	-35.6
	Next three months	-40.5	-36.5	-27.8	-28.0	-2.9	-14.7	2.6	39.8	16.4	18.1	-29.0	-7.4
<i>of which: demand for prime lending</i>	Past three months	-38.6	-50.8	-3.3	-14.1	19.1	41.5	11.3	-23.5	-5.8	-6.1	-36.8	-18.1
	Next three months	-39.2	-33.3	-27.6	-28.9	-2.9	-22.3	-4.9	39.8	10.3	18.1	-29.0	12.7
<i>of which: demand for buy-to-let lending</i>	Past three months	10.4	-28.6	-35.1	-29.6	-8.8	-2.7	-0.9	-32.8	2.3	12.9	11.4	6.2
	Next three months	-16.9	-6.6	-26.3	-28.9	-14.9	-1.8	-17.4	26.6	14.5	-1.5	-1.0	8.9
<i>of which: demand for other lending</i>	Past three months	-36.4	-46.2	-17.9	-25.8	-35.6	n.a.*	-6.0	-31.7	30.8	3.4	-32.1	-30.1
	Next three months	-29.2	-7.9	-12.1	-7.4	-8.4	n.a.*	-1.6	34.7	22.1	-2.8	-32.1	0.0
How has demand for secured lending for remortgaging from households changed?	Past three months	24.0	-18.5	1.5	-75.3	-50.9	-1.1	-32.7	-34.4	14.2	2.2	16.7	31.1
	Next three months	24.3	-19.1	-28.5	-51.0	1.9	14.1	-0.7	28.3	4.9	3.5	-2.0	26.3
How has demand for other lending secured on dwellings from households changed?	Past three months	-26.1	-60.8	-24.8	-66.3	4.2	1.3	-1.9	-21.4	n.a.*	-1.2	0.0	-12.0
	Next three months	-20.0	-43.3	-18.5	-51.3	-10.6	0.0	0.0	38.0	n.a.*	0.0	0.0	0.0
How have overall secured lending spreads changed?^(a)	Past three months	-25.8	0.0	-42.8	-42.2	-25.2	-7.5	-0.1	2.9	19.8	13.6	27.6	18.8
	Next three months	2.1	14.3	-4.0	9.5	5.3	14.5	25.7	2.3	28.9	27.6	-6.6	15.3
<i>of which: spreads on prime lending^(a)</i>	Past three months	-25.0	4.0	-40.6	-33.5	-25.2	-7.5	-8.4	3.9	20.9	13.6	27.6	18.8
	Next three months	-5.5	16.4	-4.1	4.1	-0.8	14.3	25.7	2.3	30.3	28.7	3.3	15.3
<i>of which: spreads on buy-to-let lending^(a)</i>	Past three months	-66.4	-2.9	-52.9	-33.6	-35.0	-8.5	8.6	4.9	15.9	-0.6	10.6	9.6
	Next three months	3.8	17.4	2.8	8.0	-12.6	7.4	24.3	0.0	22.7	16.7	7.9	9.6
<i>of which: spreads on other lending^(a)</i>	Past three months	-31.2	-5.2	-20.8	-26.9	n.a.*	n.a.*	0.0	0.0	23.4	19.9	0.0	n.a.*
	Next three months	1.2	6.7	-3.3	-2.9	n.a.*	n.a.*	22.5	0.0	22.8	19.9	0.0	n.a.*
How have fees on secured lending changed?^(a)	Past three months	-12.3	-7.3	-7.5	-0.7	-0.7	1.0	-11.3	0.0	0.0	11.9	10.9	7.6
	Next three months	-3.5	-3.0	-0.8	0.2	0.9	-16.2	19.9	0.0	4.7	1.0	-5.8	-11.4
How have maximum loan to value ratios changed?	Past three months	-53.8	-26.6	-31.4	-15.2	-3.4	-0.7	19.9	10.1	12.5	7.7	-1.6	1.4
	Next three months	-39.4	-8.6	-18.7	-10.5	18.2	13.9	24.7	10.8	1.9	-0.5	2.6	7.6
How have maximum loan to income ratios changed?	Past three months	3.5	-1.7	-15.9	2.7	-5.8	0.0	0.0	4.7	0.0	0.0	0.0	0.0
	Next three months	-6.5	-7.7	-18.2	7.4	0.0	5.5	4.3	0.0	-0.6	4.6	0.0	15.7

* 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)											
		2008			2009				2010				2011
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
How have the following factors affected overall household secured credit availability?^(b)													
Tighter wholesale funding conditions	Past three months	-37.7	-15.0	-14.8	-2.9	-2.3	-4.0	8.7	5.7	1.1	-14.1	-6.3	-11.5
	Next three months	-38.8	-25.4	-16.8	16.8	-2.4	-4.1	7.8	-11.1	-12.6	0.0	-13.2	2.5
Actual, or potential, need to support ABCP conduits, structured investment vehicles or money market mutual funds	Past three months	-4.8	-3.9	2.8	-3.2	n.a.*	n.a.*	25.4	0.0	0.0	n.a.*	n.a.*	n.a.*
	Next three months	-14.9	-3.9	2.8	-3.2	n.a.*	n.a.*	25.4	0.0	0.0	n.a.*	n.a.*	n.a.*
Reduced ability to transfer credit risk off balance sheet and/or tighter conditions for raising capital	Past three months	-17.0	-4.9	0.0	0.0	n.a.*	0.0	0.0	0.0	-0.8	-2.0	0.0	0.0
	Next three months	-13.0	-3.6	-11.9	13.2	n.a.*	7.3	0.0	0.0	0.0	0.0	0.0	0.0
Expectations for house prices	Past three months	-55.0	-58.5	-50.2	-52.5	-17.0	19.2	28.9	10.5	29.0	-1.4	-12.5	-14.3
	Next three months	-69.2	-60.5	-44.7	-34.7	-15.4	17.6	7.9	-10.5	6.9	9.2	-19.1	-19.6
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.**	12.7	-9.9	4.1	3.6	5.2	10.6	1.9	0.6	-6.4	14.8	-5.4
	Next three months	n.a.**	6.3	-0.6	4.9	9.1	3.1	2.0	5.6	7.2	-1.4	2.1	4.8
Borrowers with high loan to value ratios (more than 75%)	Past three months	n.a.**	-59.5	-55.3	-56.6	-2.6	-1.1	24.2	22.6	18.3	7.4	-5.4	14.8
	Next three months	n.a.**	-38.5	-27.1	-21.0	18.8	5.9	9.7	5.7	-6.9	-14.3	9.1	28.6
How has the average credit quality of new secured lending to households changed?^(c)													
	Past three months	n.a.**	23.5	18.9	-14.9	18.0	15.2	9.8	0.0	5.6	8.6	1.6	9.0
	Next three months	n.a.**	22.6	10.0	-1.7	0.1	23.8	0.0	7.0	-1.5	16.2	1.9	5.1
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.**	47.4	n.a.**	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 ± 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)											
		2008			2009				2010				2011
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
How has the availability of unsecured credit provided to households changed?	Past three months	-24.0	-27.5	-30.5	-17.1	-13.4	-9.0	-16.2	-1.5	-0.6	3.5	-7.7	6.2
	Next three months	-25.3	-32.0	-37.4	-2.3	-6.9	-12.1	-1.7	16.1	7.8	15.0	18.2	10.3
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	-19.6	-34.7	-24.1	-25.5	3.2	-10.6	3.0	11.2	0.7	6.8	0.0	-1.3
	Next three months	-32.7	-35.4	-29.3	-16.7	-4.4	-9.9	0.0	6.0	17.9	0.9	6.9	-1.2
market share objectives	Past three months	0.5	-5.3	-9.0	-3.4	-8.5	6.0	-4.3	6.4	3.5	6.7	0.7	8.9
	Next three months	0.5	-5.3	-9.4	-2.3	5.7	-4.5	0.9	2.7	3.6	6.1	12.0	13.0
changing appetite for risk	Past three months	-9.3	-28.0	-17.4	-19.1	-1.9	-24.7	-4.3	-0.6	-0.1	5.5	-8.8	7.9
	Next three months	-21.0	-32.3	-37.3	-9.9	-1.6	-14.3	-3.6	19.7	18.3	12.7	19.1	12.7
changing cost/availability of funds	Past three months	0.3	-5.0	-7.4	-2.3	-0.7	-11.3	0.0	0.0	0.0	0.0	0.0	-2.0
	Next three months	-1.1	-5.5	-7.4	-2.7	-2.7	-10.4	-9.0	0.0	0.0	0.9	10.9	7.8
How have credit scoring criteria for granting credit card loan applications by households changed?	Past three months	4.5	-33.1	-26.7	-60.9	-24.2	-26.7	-17.1	-15.7	16.5	0.9	-13.0	7.6
	Next three months	-34.3	-41.4	-46.8	-16.2	-20.5	-34.1	-8.0	0.0	16.5	7.8	6.2	-7.3
How have credit scoring criteria for granting other unsecured loan applications by households changed?	Past three months	-26.7	-31.6	-35.0	-50.4	-42.4	-48.7	-29.1	-15.9	-21.2	-24.1	-26.9	-11.8
	Next three months	-48.6	-26.4	-54.3	-41.7	-31.9	-19.4	-7.4	-25.6	-24.0	-3.3	8.8	-4.6
How have credit scoring criteria for granting total unsecured loan applications by households changed?	Past three months	-3.0	-32.8	-28.5	-58.8	-27.6	-30.5	-19.1	-15.7	11.0	-2.6	-14.8	5.1
	Next three months	-37.8	-37.9	-48.5	-21.3	-22.6	-31.5	-7.9	-3.9	10.6	6.3	6.6	-7.0
How has the proportion of credit card loan applications from households being approved changed?	Past three months	-16.3	-15.8	4.5	-29.1	-21.7	-1.3	-12.3	5.0	12.4	21.0	9.7	20.0
	Next three months	-9.2	-46.0	-43.8	-12.4	-11.4	-19.4	0.0	-4.3	15.0	7.1	6.4	2.1
How has the proportion of other unsecured loan applications from households being approved changed?	Past three months	-11.3	-31.1	-36.4	-38.0	-35.5	-5.0	-29.9	-4.9	-5.6	-26.9	-16.8	2.5
	Next three months	-27.2	-13.5	-46.6	-27.3	-15.3	-3.1	-0.2	-25.6	-19.5	-3.3	8.8	8.9

		Net percentage balances ^(a)											
		2008			2009				2010				2011
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
How has the proportion of total unsecured loan applications from households being approved changed?	Past three months	-15.1	-19.3	-4.3	-30.8	-24.2	-1.9	-15.1	3.5	9.7	14.3	6.2	17.8
	Next three months	-13.5	-38.5	-44.4	-15.4	-12.1	-16.6	0.0	-7.6	10.0	5.6	6.7	2.9
How has the default rate on credit card loans to households changed?	Past three months	6.4	33.9	34.6	61.0	38.4	40.5	-4.9	-32.4	-20.2	-40.1	-30.4	-35.2
	Next three months	17.3	36.9	50.1	49.3	37.3	43.0	-8.0	-21.7	-19.5	-15.9	7.3	5.3
How has the default rate on other unsecured loans to households changed?	Past three months	19.2	40.9	49.0	30.1	37.3	28.3	-19.8	-34.8	-31.9	-33.2	-40.3	-37.8
	Next three months	13.7	25.7	44.1	30.1	42.1	31.9	-15.5	-26.8	-24.8	0.0	-10.1	-8.2
How has the default rate on total unsecured loans to households changed?	Past three months	9.5	35.5	37.7	54.8	38.2	38.4	-7.3	-32.8	-21.9	-39.2	-31.7	-35.5
	Next three months	16.4	34.3	48.8	45.5	38.2	41.1	-9.2	-22.5	-20.3	-13.7	5.0	3.6
How have losses given default on credit card loans to households changed?	Past three months	3.9	25.3	36.7	28.0	30.3	38.2	13.5	35.2	16.5	25.2	-37.0	7.0
	Next three months	13.3	21.4	25.6	24.1	27.9	39.0	23.5	13.9	-5.0	-11.8	-8.9	12.3
How have losses given default on other unsecured loans to households changed?	Past three months	7.2	12.6	12.3	25.1	41.2	31.8	29.0	15.6	26.1	-10.1	13.4	-2.5
	Next three months	20.3	22.4	25.7	14.1	22.8	20.2	20.8	19.4	10.1	-7.4	3.3	-1.2
How have losses given default on total unsecured loans to households changed?	Past three months	4.7	22.4	31.4	27.4	32.3	37.1	16.0	32.2	17.9	20.3	-30.4	5.8
	Next three months	15.0	21.6	25.6	22.1	26.9	35.8	23.1	14.7	-2.8	-11.2	-7.3	10.5
How has demand for credit card lending from households changed?	Past three months	23.1	-14.6	13.0	-23.5	-27.0	-11.4	-15.1	-30.9	13.9	-14.9	-0.5	-0.3
	Next three months	1.2	-6.1	-20.4	-17.9	-10.5	-4.1	42.7	13.0	2.5	29.5	8.2	6.2
How has demand for other unsecured lending from households changed?	Past three months	-44.8	-17.9	-36.8	-25.6	-12.8	-3.1	-19.0	-2.6	25.8	9.5	-12.8	-13.0
	Next three months	-12.0	7.3	-12.0	-24.9	9.6	-15.8	5.1	5.8	-8.1	3.3	13.7	24.1
How has demand for total unsecured lending from households changed?	Past three months	6.7	-15.4	2.3	-23.9	-24.4	-10.0	-15.7	-26.6	15.6	-11.5	-2.2	-1.9
	Next three months	-2.0	-3.0	-18.6	-19.3	-6.8	-6.1	36.6	11.9	1.0	25.8	8.9	8.5
How have spreads on credit cards changed? ^(a)	Past three months	-4.4	-8.3	1.8	-24.7	-5.8	-13.9	-1.5	-0.6	-0.2	-6.4	0.2	-6.1
	Next three months	-3.2	-10.9	21.0	-1.6	19.0	0.7	13.5	0.6	-8.6	0.0	-8.6	1.5
How have spreads on other unsecured lending products changed? ^(a)	Past three months	-18.6	-12.6	-34.8	-35.0	-39.3	-18.0	-24.8	-20.7	-3.9	-17.4	10.4	22.1
	Next three months	-4.4	-4.6	-11.2	-16.2	8.5	-24.0	14.6	-2.0	-8.8	12.6	8.2	2.1
How have overall unsecured lending spreads changed? ^(a)	Past three months	-7.8	-9.3	-6.1	-26.7	-12.0	-14.6	-5.3	-3.7	-0.8	-7.9	1.5	-2.5
	Next three months	-3.5	-9.5	14.0	-4.5	17.1	-3.6	13.7	0.2	-8.7	1.8	-6.4	1.5
How have credit card limits changed?	Past three months	-15.0	-24.3	-21.4	-17.4	-16.1	-30.2	-13.8	-10.0	0.3	0.8	-0.1	11.8
	Next three months	-12.7	-15.2	-25.1	-27.9	-16.6	-14.4	-2.7	-0.7	6.1	4.8	-8.6	-0.7
How has the minimum proportion of credit card balances to be paid changed? ^(a)	Past three months	0.1	-7.0	-3.7	-12.0	-6.2	-6.1	-6.1	-7.1	-7.5	-15.6	-8.1	-5.2
	Next three months	-9.4	4.1	-26.1	-10.5	0.0	0.0	8.9	0.0	0.0	0.0	-14.0	0.3
How have maximum maturities on loans changed? ^(c)	Past three months	8.0	14.8	10.3	-18.5	-15.6	-1.6	-10.5	0.0	-7.2	0.0	0.0	-2.0
	Next three months	10.3	14.8	8.3	-15.2	-17.2	-3.6	0.0	-2.8	-7.2	-15.3	-2.1	0.0

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

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

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

Annex 3

Corporate lending questionnaire results

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

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

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)											
		2008			2009				2010				2011
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
How has the availability of credit provided to the corporate sector overall changed?	Past three months	-32.1	-36.2	-28.2	7.8	14.3	24.8	16.3	21.9	7.1	7.8	3.2	6.9
	Next three months	-9.2	-8.8	-12.8	26.3	27.7	28.9	20.5	22.7	6.5	3.4	4.8	7.8
<i>of which: commercial real estate sector</i>	Past three months	-58.2	-52.8	-57.0	-34.4	-38.7	-8.1	5.6	7.8	3.5	6.4	3.0	-13.7
	Next three months	-22.2	-29.1	-38.1	-8.0	-3.9	-5.9	2.4	5.9	4.4	3.0	2.1	-6.5
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	-44.3	-53.0	-44.8	-49.7	-12.7	0.3	4.3	24.7	2.9	0.8	0.9	0.7
	Next three months	-29.2	-45.6	-40.5	-17.2	0.0	3.1	-0.9	20.4	-10.1	0.6	2.1	6.8
changing sector-specific risks	Past three months	-41.1	-42.9	-49.8	-21.9	-2.3	2.3	16.5	18.9	-12.3	0.0	13.3	-0.8
	Next three months	-17.5	-42.2	-32.9	-13.6	-6.9	-3.1	23.2	23.9	-16.7	0.0	0.7	0.7
market share objectives	Past three months	-6.8	-20.2	-21.6	5.9	10.9	9.5	0.0	-1.4	-0.3	7.2	6.1	9.2
	Next three months	-3.9	-19.2	-19.6	5.9	11.8	13.3	2.8	4.7	8.6	15.3	6.2	10.3
market pressures from capital markets	Past three months	-19.9	-19.3	-13.0	6.4	2.2	0.7	5.6	-4.4	-1.1	-1.6	0.9	-4.4
	Next three months	-21.9	-18.3	-7.1	0.4	5.1	0.8	3.9	3.5	6.5	-4.3	0.0	1.7
changing appetite for risk	Past three months	-39.9	-43.0	-36.1	-19.9	0.0	0.8	0.1	-1.6	0.0	3.0	1.5	8.2
	Next three months	-7.9	-18.9	-36.1	-18.0	0.0	1.6	0.0	1.4	1.4	0.7	0.7	7.6
changing cost/availability of funds	Past three months	-29.6	-34.5	-55.2	0.5	12.9	32.5	-7.6	10.4	-1.1	3.0	-1.3	0.0
	Next three months	-8.9	-21.6	-21.0	16.5	26.5	21.4	6.7	1.6	-0.8	2.6	0.0	1.6
How has the proportion of loan applications from medium PNFCs being approved changed?	Past three months	-25.7	-30.5	-43.6	-29.1	3.5	11.8	1.7	12.0	3.5	0.7	0.0	3.7
	Next three months	-17.1	-10.8	-37.8	-25.9	8.6	17.1	1.3	0.7	7.4	1.4	-1.4	-1.0
How has the proportion of loan applications from large PNFCs being approved changed?	Past three months	-24.2	-17.0	-40.1	-22.4	5.4	3.2	5.6	8.8	6.5	2.5	0.0	4.4
	Next three months	-14.3	-4.3	-28.0	-17.3	7.3	11.9	6.0	0.8	6.5	1.8	0.0	5.8
Has there been any change in the use of cash securitisations associated with corporate lending?	Past three months	1.2	-2.4	-3.6	24.0	n.a.*	9.9	10.5	-1.5	0.0	0.0	0.0	-1.3
	Next three months	1.2	-2.4	1.1	1.2	n.a.*	0.0	7.4	19.3	0.0	0.0	0.0	0.0
Has there been any change in the use of derivatives/synthetic securitisations associated with corporate lending?	Past three months	-1.4	5.8	1.9	3.1	9.0	5.8	-1.0	-4.1	-2.8	-3.1	-2.7	-4.4
	Next three months	6.1	5.8	-1.5	-1.5	-2.4	-1.8	-1.0	-4.1	-3.2	-3.1	-2.7	-3.6

		Net percentage balances ^(a)											
		2008			2009				2010				2011
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Has there been any change in 'target hold' levels associated with corporate lending?	Past three months	28.0	33.0	37.1	16.4	24.6	15.3	0.5	8.3	9.3	0.5	-2.8	-5.7
	Next three months	14.6	16.5	16.6	19.0	30.8	0.0	31.3	17.8	7.4	6.7	-2.8	-0.4
How have loan tenors on new corporate loans changed? ^(c)	Past three months	-25.4	-5.1	-38.9	-23.0	-22.4	-0.6	-10.7	21.1	39.5	12.7	-7.4	-0.5
	Next three months	-16.2	-7.7	-16.9	-0.5	-20.5	13.1	18.2	23.5	6.6	-4.9	1.5	1.1
How has the default rate on loans to medium PNFCs changed?	Past three months	37.0	53.1	60.2	50.5	46.3	42.5	31.8	-6.6	-23.0	-12.5	-0.5	-21.1
	Next three months	36.8	47.6	67.0	71.7	46.8	35.6	22.5	2.4	-2.5	-17.1	-15.7	-19.9
How has the default rate on loans to large PNFCs changed?	Past three months	29.6	36.3	47.4	35.2	48.0	34.8	40.8	-15.2	-16.6	-25.6	-18.9	-20.2
	Next three months	36.1	45.1	62.0	51.8	45.2	37.1	27.0	4.6	3.8	-22.5	-9.0	-21.1
How have losses given default on loans to medium PNFCs changed?	Past three months	23.4	20.6	67.6	54.2	33.4	29.8	9.9	10.9	-1.6	0.9	0.3	-7.3
	Next three months	32.3	34.9	63.5	51.8	35.8	22.0	5.0	2.2	-1.6	-6.1	-5.1	-6.4
How have losses given default on loans to large PNFCs changed?	Past three months	14.4	13.3	46.9	41.8	30.8	28.8	14.8	0.0	-2.3	-6.2	-5.0	-6.3
	Next three months	23.1	27.9	40.6	31.7	24.3	23.0	13.0	-4.4	-1.6	-7.2	-5.2	-8.2
How has demand for lending from medium PNFCs changed?	Past three months	-10.4	-33.8	-35.5	-54.5	-2.1	12.3	-1.4	15.0	-3.2	-4.2	3.1	-3.1
	Next three months	-15.2	-29.8	-37.3	-16.6	13.0	14.9	5.5	18.9	8.9	2.8	1.1	9.5
How has demand for lending from large PNFCs changed?	Past three months	-40.7	-14.0	-34.4	-33.6	-3.6	-5.3	-27.1	1.9	-9.6	-2.0	-3.7	10.6
	Next three months	-10.7	-19.7	-17.2	10.5	0.0	14.9	15.7	6.3	-16.8	-9.7	19.1	5.0
How has demand from institutional investors/pension funds changed?	Past three months	-20.0	-9.3	-23.6	-1.5	-1.5	-1.2	-6.9	-1.2	1.1	4.1	-1.0	1.1
	Next three months	-3.3	-21.6	-6.1	-1.5	-1.5	-2.6	-1.7	-8.0	1.1	4.1	0.0	1.1
How has demand from securities dealers changed?	Past three months	-8.6	n.a.*	-35.6	-6.6	n.a.*	n.a.*	-28.7	0.0	0.0	0.0	7.1	1.2
	Next three months	-1.7	n.a.*	-3.8	-6.6	n.a.*	n.a.*	-0.3	13.2	1.3	0.0	8.3	9.4
How has demand from hedge funds changed?	Past three months	2.9	-3.2	n.a.*	-16.3	n.a.*	n.a.*	-66.5	n.a.*	n.a.*	n.a.*	-5.5	n.a.*
	Next three months	10.4	-3.2	n.a.*	-3.7	n.a.*	n.a.*	-58.8	n.a.*	n.a.*	n.a.*	-4.0	n.a.*
How has demand from structured finance vehicles changed?	Past three months	-63.7	-19.6	-31.9	-2.3	n.a.*	n.a.*	-48.7	n.a.*	n.a.*	-5.1	-4.4	-1.4
	Next three months	-18.6	-3.6	-5.1	-2.3	n.a.*	n.a.*	-42.7	n.a.*	n.a.*	-5.1	-3.2	-1.4
How has demand from other OFCs changed?	Past three months	-25.7	-17.4	-21.2	n.a.*	0.0	9.2	-11.2	0.0	0.0	0.0	0.0	-5.0
	Next three months	-5.3	-17.4	-6.1	n.a.*	0.0	7.7	-19.9	7.0	0.0	0.0	0.0	0.0
What have been the main factors contributing to changes in demand for lending:^(b)													
mergers and acquisitions	Past three months	-32.8	-41.8	-48.1	-24.5	-9.4	-6.4	-21.0	35.2	-5.6	27.3	5.2	20.0
	Next three months	-8.4	-27.0	-41.7	-22.3	4.7	19.2	22.3	34.2	1.1	31.2	35.2	8.2
capital investment	Past three months	-27.2	-50.1	-66.0	-61.4	-40.7	-25.9	-20.7	-9.1	-1.2	-3.2	0.0	0.0
	Next three months	-15.1	-51.7	-47.5	-28.4	-24.2	-6.6	-5.2	-0.7	0.7	2.3	-0.8	-0.9
inventory finance	Past three months	1.9	9.0	11.4	-23.4	-6.9	1.4	-12.7	15.0	1.8	-5.7	2.2	0.6
	Next three months	-0.7	4.0	12.6	-19.9	-6.2	19.7	6.5	21.0	1.8	3.2	0.7	6.2
balance sheet restructuring	Past three months	-7.0	19.2	24.0	35.2	37.4	15.7	-19.1	-1.1	-13.4	3.4	1.5	2.8
	Next three months	9.8	19.3	36.8	40.4	28.8	24.6	21.7	0.9	-1.4	-9.4	2.2	2.8
commercial real estate	Past three months	-28.2	-55.7	-55.8	-46.4	-53.4	6.9	9.5	8.4	1.0	6.5	-18.3	-3.4
	Next three months	-21.9	-36.3	-37.0	-13.9	-24.4	-14.7	5.9	2.7	7.2	3.1	-20.4	5.6

		Net percentage balances ^(a)											
		2008			2009				2010				2011
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
How have spreads on loans to medium PNFCs changed? ^(a)	Past three months	-63.4	-61.5	-56.7	-42.7	-12.2	-15.2	9.2	21.0	17.8	-2.0	-3.0	14.3
	Next three months	-46.0	-48.1	-39.8	-23.7	-10.0	10.7	23.4	12.8	2.2	-2.3	-1.3	0.6
How have fees/commissions on loans to medium PNFCs changed? ^(a)	Past three months	-62.2	-59.8	-53.0	-41.5	-11.9	-18.2	7.3	8.2	1.8	2.1	17.7	14.5
	Next three months	-48.1	-43.8	-37.7	-23.7	-11.0	11.7	10.7	12.0	0.3	-2.3	11.5	0.3
How have collateral requirements for loans to medium PNFCs changed? ^(a)	Past three months	-17.9	-20.8	-22.8	-9.6	-7.3	-14.0	-3.5	-3.1	-1.6	0.0	-0.8	-0.6
	Next three months	-1.8	-17.6	-15.2	-10.3	-5.4	0.0	-1.7	-0.9	0.0	0.0	0.0	0.9
How have maximum credit lines for medium PNFCs changed?	Past three months	-27.2	-30.1	-25.4	-13.9	3.6	0.0	-2.3	0.7	3.4	-10.0	2.9	-8.6
	Next three months	-18.5	-20.3	-17.6	-9.8	-6.7	4.5	0.4	3.5	3.6	-1.7	2.9	5.1
How have loan covenants for medium PNFCs changed? ^(a)	Past three months	-37.1	-35.8	-22.5	-32.9	-27.1	-14.0	-4.2	-3.6	-0.2	12.9	1.8	1.3
	Next three months	-42.2	-12.8	-14.9	-27.8	-6.5	0.0	-2.2	-1.2	0.0	1.0	-5.1	-1.4
How have spreads on loans to large PNFCs changed? ^(a)	Past three months	-72.5	-71.9	-60.1	-59.0	-11.2	-4.4	10.6	50.7	39.3	39.3	26.2	21.7
	Next three months	-49.4	-53.9	-38.7	-45.0	-2.9	12.5	39.2	21.5	8.2	1.8	0.8	8.4
How have fees/commissions on loans to large PNFCs changed? ^(a)	Past three months	-68.4	-71.9	-57.4	-51.2	-6.8	-7.4	10.8	18.6	35.4	26.0	34.8	21.9
	Next three months	-49.4	-50.7	-36.0	-45.0	-3.8	11.7	9.6	21.5	10.5	6.1	13.1	7.1
How have collateral requirements for loans to large PNFCs changed? ^(a)	Past three months	-15.8	-26.5	-26.0	-6.7	-3.5	-14.0	-4.0	-2.0	-1.6	0.0	-0.8	13.8
	Next three months	-8.2	-16.5	-15.4	-5.8	-1.6	0.0	-0.9	-0.1	0.0	0.7	0.0	1.8
How have maximum credit lines for large PNFCs changed?	Past three months	-44.2	-24.3	-21.3	-12.4	7.4	12.2	2.2	19.5	9.9	3.7	5.7	18.6
	Next three months	-13.3	-6.1	-22.3	-1.3	-2.8	17.6	0.0	9.8	3.7	-0.2	3.7	18.8
How have loan covenants for large PNFCs changed? ^(a)	Past three months	-40.1	-26.0	-22.9	-37.1	-24.2	-14.0	-4.9	5.4	-0.9	7.0	19.0	19.8
	Next three months	-28.4	-10.9	-10.2	-21.3	-5.2	6.4	5.4	25.1	0.0	14.4	0.7	18.4
How have spreads on loans to OFCs changed? ^(a)	Past three months	-68.7	-66.8	-58.0	-47.9	-40.7	-8.1	14.1	41.6	21.8	-16.0	33.3	6.8
	Next three months	-42.7	-45.2	-39.5	-25.6	-21.9	-0.9	13.8	20.0	-12.9	-16.0	1.0	1.7
How have fees/commissions on loans to OFCs changed? ^(a)	Past three months	-69.9	-51.4	-56.5	-37.8	-34.2	-15.6	14.2	21.6	20.3	-19.1	32.6	1.7
	Next three months	-46.6	-47.4	-34.7	-25.6	-21.9	-11.2	10.8	21.3	-12.9	-19.1	1.0	1.7
How have collateral requirements for loans to OFCs changed? ^(a)	Past three months	-10.3	-23.9	-54.5	-27.5	-32.2	-18.9	-2.6	-22.5	0.0	0.0	0.9	1.9
	Next three months	-3.9	-17.8	-34.1	-19.0	-20.3	-18.9	-2.6	-1.3	0.0	0.0	0.0	1.0
How have maximum credit lines for OFCs changed?	Past three months	-46.3	-23.2	-69.2	-46.4	-25.7	-20.2	23.3	-6.4	1.5	0.0	19.8	6.1
	Next three months	-18.7	-23.2	-41.2	-31.1	-23.0	-20.2	23.3	5.0	12.1	0.0	4.9	6.8

* 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)											
		2008			2009				2010				2011
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
How have the following factors affected overall PNFCs' credit availability?^(b)													
Tighter wholesale funding conditions	Past three months	-28.0	-13.1	-13.8	-28.7	-7.6	5.4	-4.9	-6.5	0.0	4.2	-6.4	-9.3
	Next three months	-9.7	-1.0	-11.3	-6.7	-7.0	1.3	-2.3	0.7	-1.7	-7.7	3.3	-6.8
Actual, or potential, need to support ABCP conduits, structured investment vehicles or money market mutual funds	Past three months	-7.2	-8.8	-2.3	-2.4	-10.3	-13.2	13.2 [†]	16.4	21.3	25.4	-48.8	0.0
	Next three months	-7.2	4.7	-2.3	9.1	-12.6	-16.1	-11.6	19.8	21.3	13.4	-50.4	0.0
Reduced ability to transfer credit risk off balance sheet and/or tighter conditions for raising capital	Past three months	-30.9	-20.3	-22.7	-12.3	-21.4	-6.7	-4.0	13.0	7.2	-2.1	-33.8	1.2
	Next three months	-8.3	-9.3	-6.7	1.0	-37.2	-6.7	-2.6	11.4	-6.4	-6.6	-27.7	-1.2
Has there been a change in drawdowns on committed lines by PNFCs?	Past three months	11.8	11.3	38.2	6.2	-40.3	-10.0	-16.8	-15.6	-7.0	-7.6	0.0	-5.5
	Next three months	18.6	6.4	29.0	9.7	-12.4	-13.8	-18.9	-2.6	5.2	-0.9	0.0	-6.6
Has there been a change in average credit quality on newly arranged PNFC borrowing facilities? ^(c)	Past three months	14.4	16.6	12.5	1.5	-1.4	-4.6	11.1	20.3	5.9	5.0	13.5	7.2
	Next three months	14.4	18.4	7.4	-4.6	-1.4	-4.5	15.0	23.2	-7.2	-1.0	12.9	4.0
How have commercial property prices affected credit availability to the commercial real estate sector, and/or secured lending to PNFCs?	Past three months	-49.1	-58.2	-56.7	-48.1	-46.2	7.4	-8.1	-2.0	5.4	0.0	-24.5	-4.9
	Next three months	-44.4	-43.0	-45.2	-15.5	-21.8	-5.7	16.8	14.2	5.4	-5.2	-23.7	-2.2
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	11.0	15.7	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**
	Next three months	11.0	8.0	n.a.**	n.a.**	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.**	-2.2	0.7	0.3	0.0	11.6	5.5	1.0	0.0	13.7	-2.4
	Next three months	n.a.**	n.a.**	5.5	-6.5	5.4	0.0	26.0	5.5	1.8	0.0	13.7	6.6
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.**	1.2	-11.4	16.2	5.9	0.3	1.7	8.8	9.4	-10.7	15.2
	Next three months	n.a.**	n.a.**	8.9	-1.5	4.7	4.7	0.3	0.8	20.7	11.4	-10.9	9.4
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.**	32.0	n.a.**	n.a.**	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.**	15.0	11.0	16.1	8.1	5.8	3.0	0.9
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	19.7	21.4	24.8	6.5	3.3	3.3	4.9
How has the availability of credit provided to large PNFCs changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	25.6	16.9	16.8	6.9	0.3	1.4	5.2
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	27.8	19.8	12.3	6.2	2.9	0.7	4.5

** 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)											
		2008			2009				2010				2011
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
How has the availability of credit provided to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	1.9	-0.6	12.6	26.8	8.9	0.4
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	6.4	26.1	15.5	8.1	11.8	4.0
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.**	-6.4	32.3	34.9	-9.2	6.8	11.7
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	2.8	23.2	6.5	-2.1	-12.3	-1.6
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.**	38.0	2.0	15.7	-6.8	12.3	19.7
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	38.7	24.2	-3.6	11.3	19.1	19.7
How have losses given default on loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	6.0	4.1	-23.5	14.2	36.3	22.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	12.2	10.9	13.1	18.6	19.1	15.5
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.**	0.6	21.4	33.7	-18.6	0.0	-30.6
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	12.3	27.2	24.6	0.2	-12.3	27.9
How has demand for credit card lending from small businesses changed? ^(c)	Past three months	20.1	4.4	4.2	17.3	21.7	14.3	3.5	16.5	24.4	14.4	-7.6	-20.9
	Next three months	1.9	13.0	9.1	32.3	32.2	18.8	8.2	25.2	24.4	6.3	36.4	50.0
How has demand for other unsecured lending from small businesses changed? ^(c)	Past three months	-5.5	-16.2	-52.1	2.6	-26.7	9.0	-6.8	13.4	35.6	0.8	-8.6	n.a.*
	Next three months	-19.0	-19.1	-15.8	-8.5	18.1	10.7	10.2	27.0	-3.6	7.5	-6.2	n.a.*
How has demand for total unsecured lending from small businesses changed? ^(c)	Past three months	13.8	-0.1	-8.8	14.2	12.3	13.3	1.7	16.0	26.2	12.3	-7.8	-18.7
	Next three months	-3.2	6.1	3.4	23.7	29.5	17.4	8.6	25.5	20.0	6.5	27.7	47.0
How has demand for secured lending from small businesses changed? ^(c)	Past three months	-15.1	-40.6	-34.0	6.7	-16.0	11.2	15.0	19.4	18.0	-13.5	-26.5	-26.9
	Next three months	-34.7	-10.3	-26.9	27.1	21.0	13.1	15.0	19.4	18.0	0.0	19.4	27.4
How have spreads on loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-1.1	-6.8	-0.7	0.0	-12.6	-8.3
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-1.3	-3.4	1.4	0.0	-11.3	-8.3
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.**	-1.7	-6.8	-0.7	0.0	-11.3	-8.1
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-3.4	-1.4	0.0	-11.3	-6.1
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.**	-3.4	-2.1	0.0	0.0	0.0	-3.3
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-0.7	-1.4	0.0	0.0	-3.3
How have maximum credit lines for small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-2.6	1.4	1.0	0.0	0.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-1.3	1.4	0.0	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.**	-2.0	-5.6	17.2	12.4	-25.6	-3.3
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	0.0	-4.1	15.8	0.0	3.0	0.0

** Additional question not asked in survey.

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