

Credit Conditions Survey

Survey results | 2011 Q2



BANK OF ENGLAND





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Credit Conditions Survey

2011 Q2

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

This report presents the results of the 2011 Q2 survey. The 2011 Q2 survey was conducted between 17 May and 9 June.

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

This report, covering the results of the 2011 Q2 survey, and copies of the questionnaires are available on the Bank's website at www.bankofengland.co.uk/publications/other/monetary/creditconditions.htm.

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

2011 Q3 survey on 28 September 2011*

* This publication date has been amended from the previously advised date of 29 September 2011.



Credit Conditions Survey

2011 Q2

Supply

- The availability of **secured credit to households** was reported to have been broadly unchanged in the three months to early June 2011. Lenders expected availability to remain flat in the next three months.
- Lenders reported that the **availability of unsecured credit to households** was little changed in 2011 Q2. Availability was expected to increase in Q3.
- The availability of **credit to corporates** of all sizes was reported to have been broadly unchanged in 2011 Q2. And availability was expected to remain broadly unchanged in Q3.

Demand

- Lenders reported that demand for **secured lending for house purchase** had increased a little in 2011 Q2, after having fallen in the previous two quarters. But lenders expected demand to fall in the coming quarter. Demand for **buy-to-let lending** was reported to have risen substantially in Q2 and was expected to continue to increase in Q3.
- Demand for **unsecured lending** was reported to have been broadly unchanged over the past three months. Lenders reported that they expected a slight increase in demand for **credit card lending** in the next three months.
- Lenders reported a moderate increase in demand for **credit from large companies** and a more marked increase from **small and medium-sized businesses** in 2011 Q2. Lenders did not expect demand for credit from the corporate sector to continue to increase in Q3.

Defaults

- Lenders reported that the default rate on **secured loans to households** was broadly unchanged over the previous quarter, but that it was expected to increase in the coming quarter. Losses given default were reported to have increased for the third consecutive quarter in 2011 Q2 and were expected to increase again in Q3.
- Default rates on **unsecured loans** were reported to have fallen for the seventh successive quarter. But losses given default on **credit card loans** increased in 2011 Q2 and were expected to increase further in Q3.
- Over the previous three months, default rates on loans to private non-financial corporations (PNFCs) fell a little for **large companies and small businesses** and were unchanged for **medium-sized companies**. Lenders expected default rates to continue to fall a little for large and medium-sized PNFCs but increase slightly for small businesses. Losses given default were reported to have fallen a little for large and medium-sized companies and to have fallen more markedly for small businesses.

Terms and conditions

- Lenders reported that spreads on **secured lending to households** were broadly unchanged in 2011 Q2. Lenders expected secured lending spreads to fall in Q3.
- Spreads on **credit card lending** were reported to have been unchanged over the previous quarter, and were not expected to change in the coming quarter. Spreads on **other unsecured lending** products were reported to have fallen slightly in 2011 Q2, and were expected to fall further in Q3. Lenders reported that credit scoring criteria were broadly unchanged on **credit card lending** but had been loosened on **non credit card lending**.
- Spreads on **lending to medium and large PNFCs** were reported to have fallen over the previous quarter, and were expected to continue to fall over the coming quarter. For **small businesses**, spreads were reported to have been broadly unchanged in 2011 Q2, but were expected to increase in Q3.

This report presents the results of the 2011 Q2 survey. The 2011 Q2 survey was conducted between 17 May and 9 June. The results are based on lenders' own responses to the survey. They do not necessarily reflect the Bank's views on credit conditions. To calculate aggregate results, each lender is assigned a score based on their response. Lenders who report that credit conditions have changed 'a lot' are assigned twice the score of those who report that conditions have changed 'a little'. These scores are then weighted by lenders' market shares. The results are analysed by

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

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

Credit Conditions Survey

In the three months to early June, lenders reported that the availability of credit to households and corporates was broadly unchanged. Demand for secured lending for house purchase was reported to have increased a little, having sharply declined for two quarters. Within that, demand for buy-to-let lending increased markedly. Lenders reported that demand for unsecured lending was broadly unchanged. Demand for credit from the corporate sector was reported to have increased. Lenders reported that default rates on secured loans to households were broadly unchanged, but fell on unsecured loans. Losses given default increased on both secured and unsecured lending to households. Default rates fell a little on loans to large and small businesses and losses given default were reported to have fallen for small businesses. Spreads were reported to have been broadly unchanged on lending to households and for small businesses, and to have fallen a little on lending to medium and large PNFs.

The Q2 Credit Conditions Survey was conducted between 17 May and 9 June 2011.

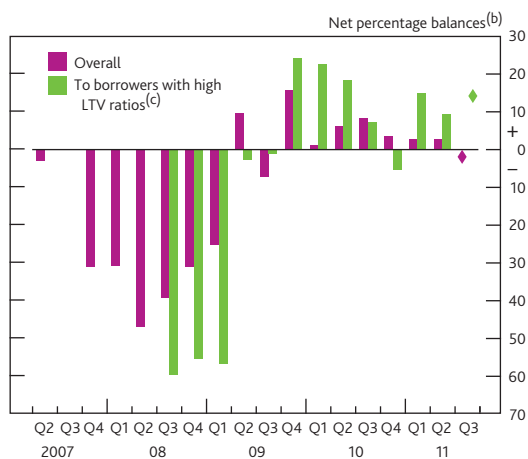
Secured lending to households

In the three months to early June, lenders reported that the amount of secured credit made available to households, which had been expected to increase, was broadly unchanged (**Chart 1**). Lenders reported that an easing in the cost/availability of funds had not materialised as anticipated three months ago. A desire to increase market share had contributed positively to availability, but a negative outlook for house prices had acted to constrain availability. Despite weak prospects for house prices, lenders reported that availability to borrowers with high loan to value (LTV) ratios (greater than 75% LTV) had increased somewhat.

The availability of secured credit to households was expected to remain unchanged in 2011 Q3. Lenders expected that prospects for house prices, and, to a lesser extent, the economy in general and conditions in wholesale funding markets would constrain availability. But market share objectives were expected to exert some upward pressure on availability. And availability was expected to increase once again to borrowers with high LTV ratios.

Lenders reported a slight increase in demand for secured credit for house purchase over the previous three months (**Chart 2**). The increase was in contrast to previous expectations of a continued fall in demand. Lenders expected demand to decrease over the next three months.

Chart 1 Household secured credit availability^(a)

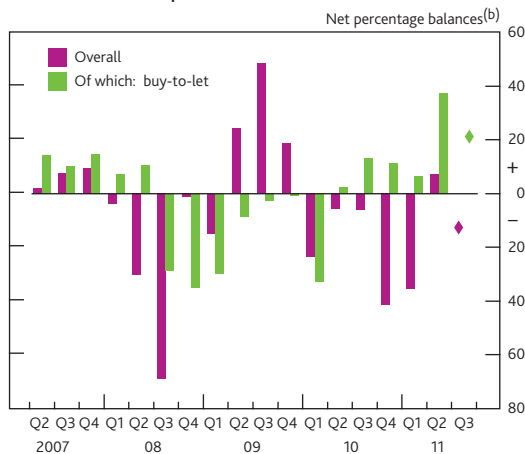


(a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question. The magenta and green bars show the responses over the previous three months. The corresponding diamonds show the expectations over the next three months.

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

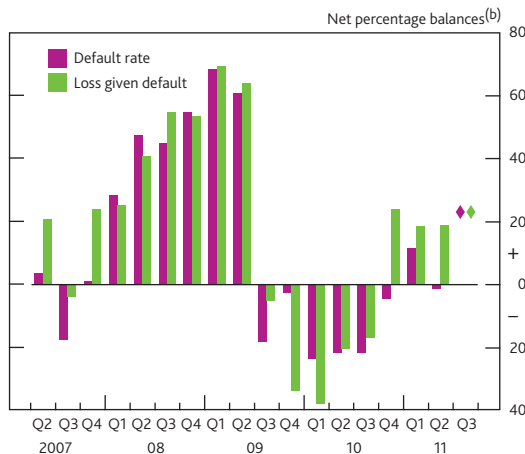
(c) This question was introduced in 2008 Q3.

Chart 2 Household demand for secured lending to finance a house purchase^(a)



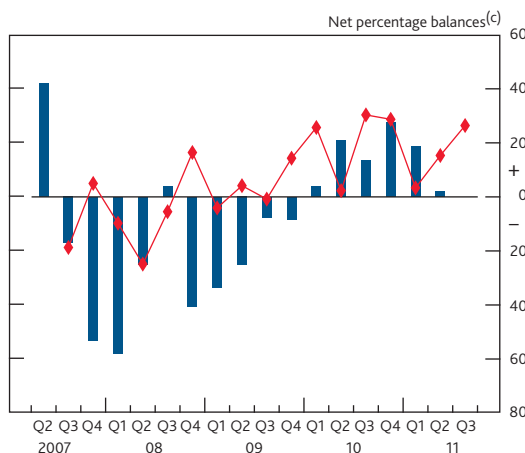
(a) See footnote (a) to Chart 1.
(b) A positive balance indicates an increase in demand.

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) 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) 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.

The reported increase in demand was driven by a marked pickup in demand for buy-to-let lending, which was expected to continue in the coming quarter. Lenders noted that increased competition in the buy-to-let market had contributed to the rise in demand. Demand for prime lending had stabilised in Q2 after falling markedly for two quarters, and was not expected to change in Q3. And demand for secured lending for remortgaging, which had been expected to increase, was broadly unchanged.

Lenders reported that credit scoring criteria for, and the credit quality of, new secured lending to households were little changed in 2011 Q2. But approval rates had increased somewhat, suggesting an improvement in the credit quality of applicants.

The default rate on secured loans to households was broadly unchanged in 2011 Q2 (**Chart 3**), in contrast to expectations of an increase. However, lenders expected the default rate to rise in the coming quarter. Losses given default were reported to have increased for the third quarter in a row in 2011 Q2. And losses given default were expected to increase again in Q3.

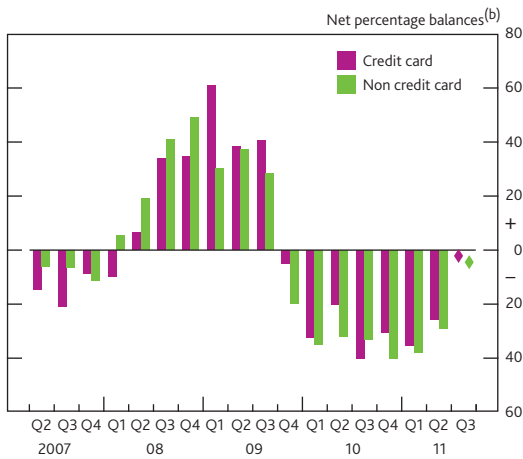
Lenders reported that spreads on secured lending to households were broadly unchanged over the previous quarter (**Chart 4**), despite increased demand and unchanged availability. It is possible that lenders, expecting demand to fall back in Q3, did not alter spreads in response to the pickup in Q2. And lenders may have also implemented any tightening in the price terms of secured credit through fees, which increased a little for the fourth consecutive quarter. But, on buy-to-let lending, lenders reported that spreads fell in 2011 Q2, and commented that spreads had been compressed by increased competition. In the coming quarter, lenders expected secured lending spreads to fall on both prime and buy-to-let lending.

Unsecured lending to households

The amount of unsecured credit made available to households was reported to have been broadly unchanged in the past three months. In the 2011 Q1 survey, lenders had reported that market share objectives and risk appetite were expected to increase availability. But, in the event, neither was reported to have materialised in Q2. Lenders expected availability to increase in the coming quarter as a result a desire to increase market share.

Demand for credit card and other unsecured lending was broadly unchanged in 2011 Q2. Lenders reported that they expected demand for credit card lending to increase a little in Q3, but expected demand for non credit card lending to remain unchanged.

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

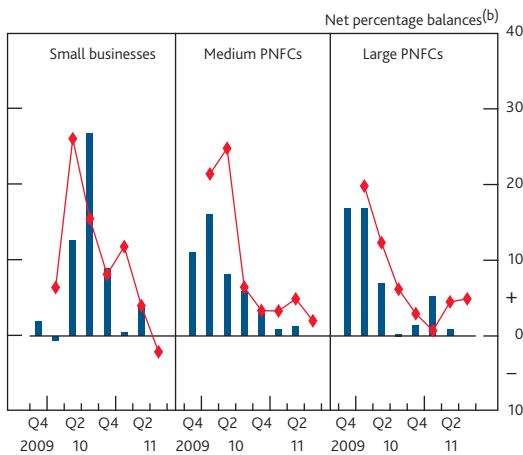


(a) See footnote (a) to Chart 1.
 (b) A positive balance indicates an increase in the default rate.

Credit scoring criteria for non credit card loans were reported to have been loosened in 2011 Q2, in contrast with expectations of little change. That marked the first easing in credit scoring criteria following more than three years of progressive tightening. And the proportion of non credit card applications being approved had also increased a little. Lenders commented that there had been a targeted increase in acceptance rates in order to expand lending slightly. But lenders expected criteria for non credit card loans to tighten a little in Q3. For credit card loans, credit scoring criteria were broadly unchanged and approval rates fell a little over the past three months. Lenders expected approval rates on credit card loan applications to increase a little in the next three months.

Lenders reported a fall in the default rate on credit card loans for the sixth consecutive quarter and on non credit card loans for the seventh consecutive quarter (**Chart 5**). Losses given default for credit card loans had increased in 2011 Q2 as expected, and were expected to continue to increase in Q3. Losses given default for non credit card loans were, as expected, broadly unchanged.

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



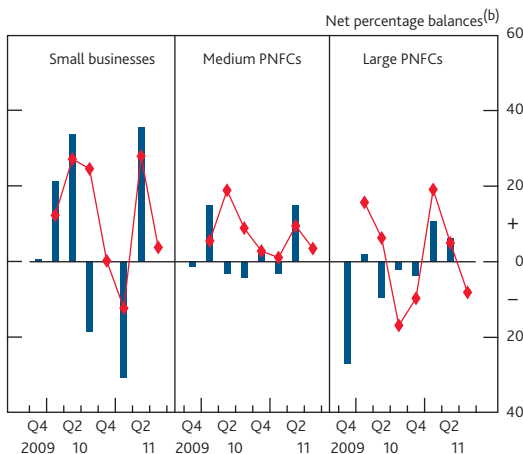
(a) See footnote (a) to Chart 4.
 (b) A positive balance indicates that more corporate credit is available.

Lenders reported that spreads on credit card lending were broadly unchanged in 2011 Q2. Spreads on non credit card lending were reported to have fallen somewhat, despite little change in demand or availability. It is possible that the marked fall in the default rate exerted downward pressure on spreads. Lenders expected spreads to fall markedly in the coming quarter on non credit card lending, but remain unchanged on credit card lending.

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⁾

Chart 7 Corporate demand for credit by firm size^(a)

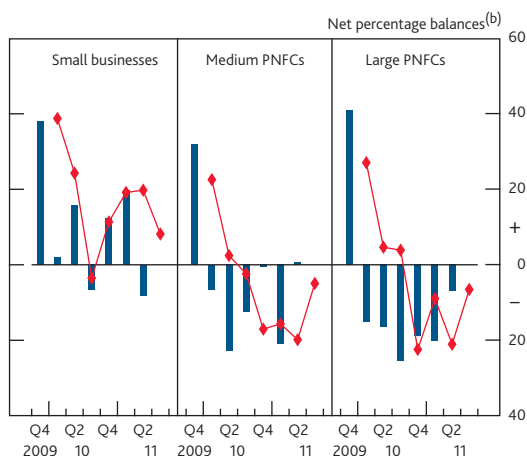


(a) See footnote (a) to Chart 4.
 (b) A positive balance indicates an increase in demand.

Lenders reported that the amount of credit made available to the corporate sector was broadly unchanged in 2011 Q2 for businesses of all sizes (**Chart 6**). At the time of the Q1 survey, lenders had expected market share objectives and risk appetite to increase availability. But, in the event, that had not materialised. Neither market share objectives nor a moderate increase in risk appetite had acted to increase availability as had previously been expected. Lenders expected availability to remain broadly unchanged across the corporate sector in Q3.

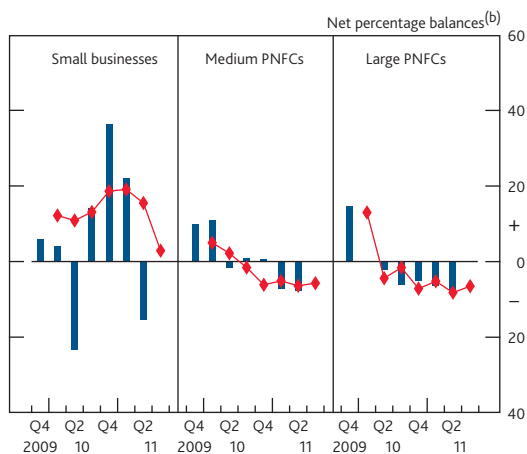
Lenders reported that in 2011 Q2 demand for credit had increased a little from large PNFCs, and increased markedly from medium-sized and small businesses (**Chart 7**). This was broadly in line with expectations at the time of the Q1 survey. But mergers and acquisitions (M&A) activity, capital

⁽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)

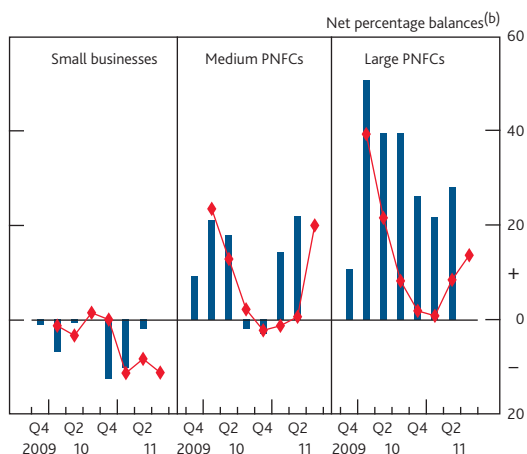
(a) See footnote (a) to Chart 4.

(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 4.

(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 4.

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

investment and balance sheet restructuring all contributed negatively to demand for lending. Some lenders commented that much of the demand for credit from the corporate sector was for working capital purposes. And lenders attributed the pickup in demand from small businesses to proactive marketing strategies and seasonal factors.

The availability of credit to the commercial real estate sector was reported to have increased in 2011 Q2, in contrast to expectations of a slight decline. And availability was expected to increase further in Q3. But commercial property prices were reported to have restricted availability to the sector. Lenders commented that, although the outlook for commercial property prices remained weak and the market subdued, there had been a moderate increase in availability to certain high quality borrowers.

The default rate on loans to large and small businesses was reported to have fallen a little over the previous three months (**Chart 8**). Losses given default were reported to have fallen somewhat across the corporate sector (**Chart 9**), particularly for small businesses. Lenders broadly expected both the default rate and losses given default to fall moderately in Q3 for large and medium-sized PNFCs. But for small businesses, default rates were expected to increase a little and losses given default to remain unchanged.

Lenders reported that spreads on lending to large and medium-sized PNFCs fell unexpectedly in 2011 Q2 (**Chart 10**). Spreads on lending to small businesses were broadly unchanged. Fees and commissions were reported to have fallen again for large and medium-sized PNFCs. And covenants were reported to have loosened for the fourth quarter in a row for large corporates. Lenders commented that competition for limited lending opportunities had exerted downward pressure on spreads. And it is possible that a small improvement in the average credit quality on newly arranged facilities further reduced spreads a little. Over the coming quarter, spreads were expected to continue to fall for large and medium-sized PNFCs, but increase for small businesses. Some lenders commented that they expected to raise spreads in response to a slight worsening in the credit quality of applicants and a small increase in funding costs.

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	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the availability of secured credit provided to households changed?	Past three months	-39.3	-31.1	-25.2	9.7	-7.2	15.8	1.3	6.3	8.3	3.4	2.8	2.9
	Next three months	-16.8	-21.2	14.8	13.6	12.3	9.9	3.2	-11.4	-3.9	2.7	14.6	-1.9
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	-42.2	-25.7	-27.3	-13.1	-1.2	14.9	0.0	0.0	2.0	0.0	1.1	0.0
	Next three months	-26.8	-24.5	-3.3	-6.8	13.9	15.8	-9.8	2.2	-8.9	-9.9	-8.2	-8.7
market share objectives	Past three months	-0.1	-5.5	-28.0	-3.6	-6.5	5.3	5.6	11.3	9.6	8.3	7.2	18.7
	Next three months	-2.9	-5.7	0.0	-2.4	4.7	7.0	7.3	1.8	8.9	7.1	17.9	7.3
changing appetite for risk	Past three months	-24.2	-23.0	-40.4	-2.5	-4.5	0.0	-0.3	1.1	1.0	-0.9	1.4	0.0
	Next three months	-20.1	-18.5	-8.9	5.2	5.3	0.9	1.0	0.8	6.6	1.4	0.9	4.1
changing cost/availability of funds	Past three months	-11.4	-22.7	-19.0	9.1	-12.3	11.3	0.1	1.1	5.9	1.4	0.9	1.5
	Next three months	4.8	-9.3	9.5	-0.5	3.2	10.6	2.2	3.8	4.6	0.0	12.1	1.2
How have credit scoring criteria for granting loan applications by households changed?	Past three months	-39.3	-42.0	-35.9	-40.1	-1.2	4.2	-1.3	-8.8	-7.4	-1.6	0.0	4.4
	Next three months	-24.8	-19.2	-17.3	6.2	-1.3	-1.0	0.0	-5.2	-18.4	0.0	2.7	-0.5
How has the proportion of household loan applications being approved changed?	Past three months	-18.6	-43.5	-43.2	-28.1	13.6	6.2	-3.9	0.3	0.6	0.5	0.4	9.6
	Next three months	-16.6	-32.6	-44.2	-4.4	0.6	1.0	3.0	-0.6	-10.3	-9.8	12.8	-0.5
Has there been any change in the use of securitisations associated with secured lending to households?	Past three months	42.1	43.4	-10.9	-2.4	4.7	15.6	15.8	0.0	17.4	11.9	0.0	2.1
	Next three months	-34.8	-18.6	-13.9	7.2	23.6	15.6	15.8	1.6	-5.7	0.0	18.2	7.3
Has there been any change in 'target hold' levels associated with secured lending to households?	Past three months	8.5	n.a.*	n.a.*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.a.*	n.a.*
	Next three months	8.5	n.a.*	n.a.*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.a.*	n.a.*
How has the default rate on secured loans to households changed?	Past three months	44.8	54.6	68.2	60.7	-18.2	-2.7	-23.6	-21.9	-21.8	-4.5	11.5	-1.5
	Next three months	50.1	66.1	69.2	66.7	6.3	32.3	3.0	3.0	-21.8	-0.3	14.3	23.0
How have losses given default on secured loans to households changed?	Past three months	54.6	53.4	69.3	63.8	-5.2	-33.7	-37.7	-20.2	-16.8	23.8	18.7	18.9
	Next three months	54.7	62.8	74.6	43.2	20.0	-3.2	1.8	25.7	-0.1	9.6	8.0	23.0

		Net percentage balances ^(a)											
		2008		2009				2010				2011	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has demand for secured lending for house purchase from households changed?	Past three months	-69.1	-1.2	-15.0	24.1	48.3	19.0	-23.5	-5.8	-6.1	-41.5	-35.6	7.1
	Next three months	-36.5	-27.8	-28.0	-2.9	-14.7	2.6	39.8	16.4	18.1	-29.0	-7.4	-12.7
<i>of which: demand for prime lending</i>	Past three months	-50.8	-3.3	-14.1	19.1	41.5	11.3	-23.5	-5.8	-6.1	-36.8	-18.1	0.3
	Next three months	-33.3	-27.6	-28.9	-2.9	-22.3	-4.9	39.8	10.3	18.1	-29.0	12.7	2.3
<i>of which: demand for buy-to-let lending</i>	Past three months	-28.6	-35.1	-29.6	-8.8	-2.7	-0.9	-32.8	2.3	12.9	11.4	6.2	37.0
	Next three months	-6.6	-26.3	-28.9	-14.9	-1.8	-17.4	26.6	14.5	-1.5	-1.0	8.9	21.1
<i>of which: demand for other lending</i>	Past three months	-46.2	-17.9	-25.8	-35.6	n.a.*	-6.0	-31.7	30.8	3.4	-32.1	-30.1	0.0
	Next three months	-7.9	-12.1	-7.4	-8.4	n.a.*	-1.6	34.7	22.1	-2.8	-32.1	0.0	0.0
How has demand for secured lending for remortgaging from households changed?	Past three months	-18.5	1.5	-75.3	-50.9	-1.1	-32.7	-34.4	14.2	2.2	16.7	31.1	2.1
	Next three months	-19.1	-28.5	-51.0	1.9	14.1	-0.7	28.3	4.9	3.5	-2.0	26.3	4.3
How has demand for other lending secured on dwellings from households changed?	Past three months	-60.8	-24.8	-66.3	4.2	1.3	-1.9	-21.4	n.a.*	-1.2	0.0	-12.0	-6.7
	Next three months	-43.3	-18.5	-51.3	-10.6	0.0	0.0	38.0	n.a.*	0.0	0.0	0.0	-16.0
How have overall secured lending spreads changed?^(a)	Past three months	0.0	-42.8	-42.2	-25.2	-7.5	-0.1	2.9	19.8	13.6	27.6	18.8	0.9
	Next three months	14.3	-4.0	9.5	5.3	14.5	25.7	2.3	28.9	27.6	-6.6	15.3	17.7
<i>of which: spreads on prime lending^(a)</i>	Past three months	4.0	-40.6	-33.5	-25.2	-7.5	-8.4	3.9	20.9	13.6	27.6	18.8	2.1
	Next three months	16.4	-4.1	4.1	-0.8	14.3	25.7	2.3	30.3	28.7	3.3	15.3	26.4
<i>of which: spreads on buy-to-let lending^(a)</i>	Past three months	-2.9	-52.9	-33.6	-35.0	-8.5	8.6	4.9	15.9	-0.6	10.6	9.6	17.2
	Next three months	17.4	2.8	8.0	-12.6	7.4	24.3	0.0	22.7	16.7	7.9	9.6	12.7
<i>of which: spreads on other lending^(a)</i>	Past three months	-5.2	-20.8	-26.9	n.a.*	n.a.*	0.0	0.0	23.4	19.9	0.0	n.a.*	n.a.*
	Next three months	6.7	-3.3	-2.9	n.a.*	n.a.*	22.5	0.0	22.8	19.9	0.0	n.a.*	n.a.*
How have fees on secured lending changed?^(a)	Past three months	-7.3	-7.5	-0.7	-0.7	1.0	-11.3	0.0	0.0	11.9	10.9	7.6	6.9
	Next three months	-3.0	-0.8	0.2	0.9	-16.2	19.9	0.0	4.7	1.0	-5.8	-11.4	1.4
How have maximum loan to value ratios changed?	Past three months	-26.6	-31.4	-15.2	-3.4	-0.7	19.9	10.1	12.5	7.7	-1.6	1.4	1.2
	Next three months	-8.6	-18.7	-10.5	18.2	13.9	24.7	10.8	1.9	-0.5	2.6	7.6	4.7
How have maximum loan to income ratios changed?	Past three months	-1.7	-15.9	2.7	-5.8	0.0	0.0	4.7	0.0	0.0	0.0	0.0	0.0
	Next three months	-7.7	-18.2	7.4	0.0	5.5	4.3	0.0	-0.6	4.6	0.0	15.7	4.5

* 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	
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How have the following factors affected overall household secured credit availability?^(b)														
Tighter wholesale funding conditions	Past three months		-15.0	-14.8	-2.9	-2.3	-4.0	8.7	5.7	1.1	-14.1	-6.3	-11.5	2.9
	Next three months		-25.4	-16.8	16.8	-2.4	-4.1	7.8	-11.1	-12.6	0.0	-13.2	2.5	-9.1
Actual, or potential, need to support ABCP conduits, structured investment vehicles or money market mutual funds	Past three months		-3.9	2.8	-3.2	n.a.*	n.a.*	25.4	0.0	0.0	n.a.*	n.a.*	n.a.*	n.a.*
	Next three months		-3.9	2.8	-3.2	n.a.*	n.a.*	25.4	0.0	0.0	n.a.*	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		-4.9	0.0	0.0	n.a.*	0.0	0.0	0.0	-0.8	-2.0	0.0	0.0	0.0
	Next three months		-3.6	-11.9	13.2	n.a.*	7.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expectations for house prices	Past three months		-58.5	-50.2	-52.5	-17.0	19.2	28.9	10.5	29.0	-1.4	-12.5	-14.3	-27.5
	Next three months		-60.5	-44.7	-34.7	-15.4	17.6	7.9	-10.5	6.9	9.2	-19.1	-19.6	-27.7
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		12.7	-9.9	4.1	3.6	5.2	10.6	1.9	0.6	-6.4	14.8	-5.4	1.3
	Next three months		6.3	-0.6	4.9	9.1	3.1	2.0	5.6	7.2	-1.4	2.1	4.8	0.8
Borrowers with high loan to value ratios (more than 75%)	Past three months		-59.5	-55.3	-56.6	-2.6	-1.1	24.2	22.6	18.3	7.4	-5.4	14.8	9.4
	Next three months		-38.5	-27.1	-21.0	18.8	5.9	9.7	5.7	-6.9	-14.3	9.1	28.6	14.2
How has the average credit quality of new secured lending to households changed?^(c)														
	Past three months		23.5	18.9	-14.9	18.0	15.2	9.8	0.0	5.6	8.6	1.6	9.0	3.8
	Next three months		22.6	10.0	-1.7	0.1	23.8	0.0	7.0	-1.5	16.2	1.9	5.1	1.2
What percentage of your existing secured loan book is contractually committed to passing on any further cuts in Bank Rate?														
	Median ^(d)		n.a.**	n.a.**	47.4	n.a.**	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	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the availability of unsecured credit provided to households changed?	Past three months	-27.5	-30.5	-17.1	-13.4	-9.0	-16.2	-1.5	-0.6	3.5	-7.7	6.2	1.1
	Next three months	-32.0	-37.4	-2.3	-6.9	-12.1	-1.7	16.1	7.8	15.0	18.2	10.3	12.2
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	-34.7	-24.1	-25.5	3.2	-10.6	3.0	11.2	0.7	6.8	0.0	-1.3	1.2
	Next three months	-35.4	-29.3	-16.7	-4.4	-9.9	0.0	6.0	17.9	0.9	6.9	-1.2	-4.6
market share objectives	Past three months	-5.3	-9.0	-3.4	-8.5	6.0	-4.3	6.4	3.5	6.7	0.7	8.9	1.8
	Next three months	-5.3	-9.4	-2.3	5.7	-4.5	0.9	2.7	3.6	6.1	12.0	13.0	23.2
changing appetite for risk	Past three months	-28.0	-17.4	-19.1	-1.9	-24.7	-4.3	-0.6	-0.1	5.5	-8.8	7.9	0.3
	Next three months	-32.3	-37.3	-9.9	-1.6	-14.3	-3.6	19.7	18.3	12.7	19.1	12.7	4.7
changing cost/availability of funds	Past three months	-5.0	-7.4	-2.3	-0.7	-11.3	0.0	0.0	0.0	0.0	0.0	-2.0	0.0
	Next three months	-5.5	-7.4	-2.7	-2.7	-10.4	-9.0	0.0	0.0	0.9	10.9	7.8	5.4
How have credit scoring criteria for granting credit card loan applications by households changed?	Past three months	-33.1	-26.7	-60.9	-24.2	-26.7	-17.1	-15.7	16.5	0.9	-13.0	7.6	-0.4
	Next three months	-41.4	-46.8	-16.2	-20.5	-34.1	-8.0	0.0	16.5	7.8	6.2	-7.3	4.9
How have credit scoring criteria for granting other unsecured loan applications by households changed?	Past three months	-31.6	-35.0	-50.4	-42.4	-48.7	-29.1	-15.9	-21.2	-24.1	-26.9	-11.8	16.7
	Next three months	-26.4	-54.3	-41.7	-31.9	-19.4	-7.4	-25.6	-24.0	-3.3	8.8	-4.6	-7.7
How have credit scoring criteria for granting total unsecured loan applications by households changed?	Past three months	-32.8	-28.5	-58.8	-27.6	-30.5	-19.1	-15.7	11.0	-2.6	-14.8	5.1	1.8
	Next three months	-37.9	-48.5	-21.3	-22.6	-31.5	-7.9	-3.9	10.6	6.3	6.6	-7.0	3.3
How has the proportion of credit card loan applications from households being approved changed?	Past three months	-15.8	4.5	-29.1	-21.7	-1.3	-12.3	5.0	12.4	21.0	9.7	20.0	-7.6
	Next three months	-46.0	-43.8	-12.4	-11.4	-19.4	0.0	-4.3	15.0	7.1	6.4	2.1	6.3
How has the proportion of other unsecured loan applications from households being approved changed?	Past three months	-31.1	-36.4	-38.0	-35.5	-5.0	-29.9	-4.9	-5.6	-26.9	-16.8	2.5	6.6
	Next three months	-13.5	-46.6	-27.3	-15.3	-3.1	-0.2	-25.6	-19.5	-3.3	8.8	8.9	8.5

		Net percentage balances ^(a)											
		2008		2009				2010				2011	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the proportion of total unsecured loan applications from households being approved changed?	Past three months	-19.3	-4.3	-30.8	-24.2	-1.9	-15.1	3.5	9.7	14.3	6.2	17.8	-5.8
	Next three months	-38.5	-44.4	-15.4	-12.1	-16.6	0.0	-7.6	10.0	5.6	6.7	2.9	6.6
How has the default rate on credit card loans to households changed?	Past three months	33.9	34.6	61.0	38.4	40.5	-4.9	-32.4	-20.2	-40.1	-30.4	-35.2	-25.6
	Next three months	36.9	50.1	49.3	37.3	43.0	-8.0	-21.7	-19.5	-15.9	7.3	5.3	-2.2
How has the default rate on other unsecured loans to households changed?	Past three months	40.9	49.0	30.1	37.3	28.3	-19.8	-34.8	-31.9	-33.2	-40.3	-37.8	-29.2
	Next three months	25.7	44.1	30.1	42.1	31.9	-15.5	-26.8	-24.8	0.0	-10.1	-8.2	-4.4
How has the default rate on total unsecured loans to households changed?	Past three months	35.5	37.7	54.8	38.2	38.4	-7.3	-32.8	-21.9	-39.2	-31.7	-35.5	-26.0
	Next three months	34.3	48.8	45.5	38.2	41.1	-9.2	-22.5	-20.3	-13.7	5.0	3.6	-2.5
How have losses given default on credit card loans to households changed?	Past three months	25.3	36.7	28.0	30.3	38.2	13.5	35.2	16.5	25.2	-37.0	7.0	11.3
	Next three months	21.4	25.6	24.1	27.9	39.0	23.5	13.9	-5.0	-11.8	-8.9	12.3	12.7
How have losses given default on other unsecured loans to households changed?	Past three months	12.6	12.3	25.1	41.2	31.8	29.0	15.6	26.1	-10.1	13.4	-2.5	-2.2
	Next three months	22.4	25.7	14.1	22.8	20.2	20.8	19.4	10.1	-7.4	3.3	-1.2	-8.3
How have losses given default on total unsecured loans to households changed?	Past three months	22.4	31.4	27.4	32.3	37.1	16.0	32.2	17.9	20.3	-30.4	5.8	9.6
	Next three months	21.6	25.6	22.1	26.9	35.8	23.1	14.7	-2.8	-11.2	-7.3	10.5	9.9
How has demand for credit card lending from households changed?	Past three months	-14.6	13.0	-23.5	-27.0	-11.4	-15.1	-30.9	13.9	-14.9	-0.5	-0.3	-1.1
	Next three months	-6.1	-20.4	-17.9	-10.5	-4.1	42.7	13.0	2.5	29.5	8.2	6.2	5.7
How has demand for other unsecured lending from households changed?	Past three months	-17.9	-36.8	-25.6	-12.8	-3.1	-19.0	-2.6	25.8	9.5	-12.8	-13.0	-4.2
	Next three months	7.3	-12.0	-24.9	9.6	-15.8	5.1	5.8	-8.1	3.3	13.7	24.1	-1.2
How has demand for total unsecured lending from households changed?	Past three months	-15.4	2.3	-23.9	-24.4	-10.0	-15.7	-26.6	15.6	-11.5	-2.2	-1.9	-1.5
	Next three months	-3.0	-18.6	-19.3	-6.8	-6.1	36.6	11.9	1.0	25.8	8.9	8.5	4.8
How have spreads on credit cards changed? ^(a)	Past three months	-8.3	1.8	-24.7	-5.8	-13.9	-1.5	-0.6	-0.2	-6.4	0.2	-6.1	-1.4
	Next three months	-10.9	21.0	-1.6	19.0	0.7	13.5	0.6	-8.6	0.0	-8.6	1.5	0.0
How have spreads on other unsecured lending products changed? ^(a)	Past three months	-12.6	-34.8	-35.0	-39.3	-18.0	-24.8	-20.7	-3.9	-17.4	10.4	22.1	8.4
	Next three months	-4.6	-11.2	-16.2	8.5	-24.0	14.6	-2.0	-8.8	12.6	8.2	2.1	24.8
How have overall unsecured lending spreads changed? ^(a)	Past three months	-9.3	-6.1	-26.7	-12.0	-14.6	-5.3	-3.7	-0.8	-7.9	1.5	-2.5	-0.1
	Next three months	-9.5	14.0	-4.5	17.1	-3.6	13.7	0.2	-8.7	1.8	-6.4	1.5	3.2
How have credit card limits changed?	Past three months	-24.3	-21.4	-17.4	-16.1	-30.2	-13.8	-10.0	0.3	0.8	-0.1	11.8	-1.7
	Next three months	-15.2	-25.1	-27.9	-16.6	-14.4	-2.7	-0.7	6.1	4.8	-8.6	-0.7	12.6
How has the minimum proportion of credit card balances to be paid changed? ^(a)	Past three months	-7.0	-3.7	-12.0	-6.2	-6.1	-6.1	-7.1	-7.5	-15.6	-8.1	-5.2	-18.7
	Next three months	4.1	-26.1	-10.5	0.0	0.0	8.9	0.0	0.0	0.0	-14.0	0.3	-6.2
How have maximum maturities on loans changed? ^(c)	Past three months	14.8	10.3	-18.5	-15.6	-1.6	-10.5	0.0	-7.2	0.0	0.0	-2.0	0.0
	Next three months	14.8	8.3	-15.2	-17.2	-3.6	0.0	-2.8	-7.2	-15.3	-2.1	0.0	-9.4

(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	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the availability of credit provided to the corporate sector overall changed?	Past three months	-36.2	-28.2	7.8	14.3	24.8	16.3	21.9	7.1	7.8	3.2	6.9	4.1
	Next three months	-8.8	-12.8	26.3	27.7	28.9	20.5	22.7	6.5	3.4	4.8	7.8	3.4
<i>of which: commercial real estate sector</i>	Past three months	-52.8	-57.0	-34.4	-38.7	-8.1	5.6	7.8	3.5	6.4	3.0	-13.7	14.0
	Next three months	-29.1	-38.1	-8.0	-3.9	-5.9	2.4	5.9	4.4	3.0	2.1	-6.5	17.8
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	-53.0	-44.8	-49.7	-12.7	0.3	4.3	24.7	2.9	0.8	0.9	0.7	0.3
	Next three months	-45.6	-40.5	-17.2	0.0	3.1	-0.9	20.4	-10.1	0.6	2.1	6.8	6.5
changing sector-specific risks	Past three months	-42.9	-49.8	-21.9	-2.3	2.3	16.5	18.9	-12.3	0.0	13.3	-0.8	0.1
	Next three months	-42.2	-32.9	-13.6	-6.9	-3.1	23.2	23.9	-16.7	0.0	0.7	0.7	0.0
market share objectives	Past three months	-20.2	-21.6	5.9	10.9	9.5	0.0	-1.4	-0.3	7.2	6.1	9.2	3.9
	Next three months	-19.2	-19.6	5.9	11.8	13.3	2.8	4.7	8.6	15.3	6.2	10.3	3.2
market pressures from capital markets	Past three months	-19.3	-13.0	6.4	2.2	0.7	5.6	-4.4	-1.1	-1.6	0.9	-4.4	10.4
	Next three months	-18.3	-7.1	0.4	5.1	0.8	3.9	3.5	6.5	-4.3	0.0	1.7	10.4
changing appetite for risk	Past three months	-43.0	-36.1	-19.9	0.0	0.8	0.1	-1.6	0.0	3.0	1.5	8.2	0.1
	Next three months	-18.9	-36.1	-18.0	0.0	1.6	0.0	1.4	1.4	0.7	0.7	7.6	-0.7
changing cost/availability of funds	Past three months	-34.5	-55.2	0.5	12.9	32.5	-7.6	10.4	-1.1	3.0	-1.3	0.0	4.9
	Next three months	-21.6	-21.0	16.5	26.5	21.4	6.7	1.6	-0.8	2.6	0.0	1.6	-1.5
How has the proportion of loan applications from medium PNFCs being approved changed?	Past three months	-30.5	-43.6	-29.1	3.5	11.8	1.7	12.0	3.5	0.7	0.0	3.7	-0.8
	Next three months	-10.8	-37.8	-25.9	8.6	17.1	1.3	0.7	7.4	1.4	-1.4	-1.0	-0.8
How has the proportion of loan applications from large PNFCs being approved changed?	Past three months	-17.0	-40.1	-22.4	5.4	3.2	5.6	8.8	6.5	2.5	0.0	4.4	-0.8
	Next three months	-4.3	-28.0	-17.3	7.3	11.9	6.0	0.8	6.5	1.8	0.0	5.8	-0.8
Has there been any change in the use of cash securitisations associated with corporate lending?	Past three months	-2.4	-3.6	24.0	n.a.*	9.9	10.5	-1.5	0.0	0.0	0.0	-1.3	9.4
	Next three months	-2.4	1.1	1.2	n.a.*	0.0	7.4	19.3	0.0	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	5.8	1.9	3.1	9.0	5.8	-1.0	-4.1	-2.8	-3.1	-2.7	-4.4	4.0
	Next three months	5.8	-1.5	-1.5	-2.4	-1.8	-1.0	-4.1	-3.2	-3.1	-2.7	-3.6	-4.0

		Net percentage balances ^(a)											
		2008		2009				2010				2011	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Has there been any change in 'target hold' levels associated with corporate lending?	Past three months	33.0	37.1	16.4	24.6	15.3	0.5	8.3	9.3	0.5	-2.8	-5.7	-11.0
	Next three months	16.5	16.6	19.0	30.8	0.0	31.3	17.8	7.4	6.7	-2.8	-0.4	11.0
How have loan tenors on new corporate loans changed? ^(c)	Past three months	-5.1	-38.9	-23.0	-22.4	-0.6	-10.7	21.1	39.5	12.7	-7.4	-0.5	3.1
	Next three months	-7.7	-16.9	-0.5	-20.5	13.1	18.2	23.5	6.6	-4.9	1.5	1.1	18.5
How has the default rate on loans to medium PNFCs changed?	Past three months	53.1	60.2	50.5	46.3	42.5	31.8	-6.6	-23.0	-12.5	-0.5	-21.1	0.7
	Next three months	47.6	67.0	71.7	46.8	35.6	22.5	2.4	-2.5	-17.1	-15.7	-19.9	-5.0
How has the default rate on loans to large PNFCs changed?	Past three months	36.3	47.4	35.2	48.0	34.8	40.8	-15.2	-16.6	-25.6	-18.9	-20.2	-7.1
	Next three months	45.1	62.0	51.8	45.2	37.1	27.0	4.6	3.8	-22.5	-9.0	-21.1	-6.6
How have losses given default on loans to medium PNFCs changed?	Past three months	20.6	67.6	54.2	33.4	29.8	9.9	10.9	-1.6	0.9	0.3	-7.3	-7.7
	Next three months	34.9	63.5	51.8	35.8	22.0	5.0	2.2	-1.6	-6.1	-5.1	-6.4	-5.7
How have losses given default on loans to large PNFCs changed?	Past three months	13.3	46.9	41.8	30.8	28.8	14.8	0.0	-2.3	-6.2	-5.0	-6.3	-7.8
	Next three months	27.9	40.6	31.7	24.3	23.0	13.0	-4.4	-1.6	-7.2	-5.2	-8.2	-6.5
How has demand for lending from medium PNFCs changed?	Past three months	-33.8	-35.5	-54.5	-2.1	12.3	-1.4	15.0	-3.2	-4.2	3.1	-3.1	14.9
	Next three months	-29.8	-37.3	-16.6	13.0	14.9	5.5	18.9	8.9	2.8	1.1	9.5	3.5
How has demand for lending from large PNFCs changed?	Past three months	-14.0	-34.4	-33.6	-3.6	-5.3	-27.1	1.9	-9.6	-2.0	-3.7	10.6	6.3
	Next three months	-19.7	-17.2	10.5	0.0	14.9	15.7	6.3	-16.8	-9.7	19.1	5.0	-8.1
How has demand from institutional investors/pension funds changed?	Past three months	-9.3	-23.6	-1.5	-1.5	-1.2	-6.9	-1.2	1.1	4.1	-1.0	1.1	15.0
	Next three months	-21.6	-6.1	-1.5	-1.5	-2.6	-1.7	-8.0	1.1	4.1	0.0	1.1	0.0
How has demand from securities dealers changed?	Past three months	n.a.*	-35.6	-6.6	n.a.*	n.a.*	-28.7	0.0	0.0	0.0	7.1	1.2	-7.2
	Next three months	n.a.*	-3.8	-6.6	n.a.*	n.a.*	-0.3	13.2	1.3	0.0	8.3	9.4	0.0
How has demand from hedge funds changed?	Past three months	-3.2	n.a.*	-16.3	n.a.*	n.a.*	-66.5	n.a.*	n.a.*	n.a.*	-5.5	n.a.*	n.a.*
	Next three months	-3.2	n.a.*	-3.7	n.a.*	n.a.*	-58.8	n.a.*	n.a.*	n.a.*	-4.0	n.a.*	n.a.*
How has demand from structured finance vehicles changed?	Past three months	-19.6	-31.9	-2.3	n.a.*	n.a.*	-48.7	n.a.*	n.a.*	-5.1	-4.4	-1.4	10.8
	Next three months	-3.6	-5.1	-2.3	n.a.*	n.a.*	-42.7	n.a.*	n.a.*	-5.1	-3.2	-1.4	38.2
How has demand from other OFCs changed?	Past three months	-17.4	-21.2	n.a.*	0.0	9.2	-11.2	0.0	0.0	0.0	0.0	-5.0	n.a.*
	Next three months	-17.4	-6.1	n.a.*	0.0	7.7	-19.9	7.0	0.0	0.0	0.0	0.0	n.a.*
What have been the main factors contributing to changes in demand for lending:^(b)													
mergers and acquisitions	Past three months	-41.8	-48.1	-24.5	-9.4	-6.4	-21.0	35.2	-5.6	27.3	5.2	20.0	-9.4
	Next three months	-27.0	-41.7	-22.3	4.7	19.2	22.3	34.2	1.1	31.2	35.2	8.2	-7.9
capital investment	Past three months	-50.1	-66.0	-61.4	-40.7	-25.9	-20.7	-9.1	-1.2	-3.2	0.0	0.0	-14.0
	Next three months	-51.7	-47.5	-28.4	-24.2	-6.6	-5.2	-0.7	0.7	2.3	-0.8	-0.9	-7.4
inventory finance	Past three months	9.0	11.4	-23.4	-6.9	1.4	-12.7	15.0	1.8	-5.7	2.2	0.6	-0.1
	Next three months	4.0	12.6	-19.9	-6.2	19.7	6.5	21.0	1.8	3.2	0.7	6.2	7.4
balance sheet restructuring	Past three months	19.2	24.0	35.2	37.4	15.7	-19.1	-1.1	-13.4	3.4	1.5	2.8	-15.8
	Next three months	19.3	36.8	40.4	28.8	24.6	21.7	0.9	-1.4	-9.4	2.2	2.8	-16.6
commercial real estate	Past three months	-55.7	-55.8	-46.4	-53.4	6.9	9.5	8.4	1.0	6.5	-18.3	-3.4	-0.1
	Next three months	-36.3	-37.0	-13.9	-24.4	-14.7	5.9	2.7	7.2	3.1	-20.4	5.6	5.5

		Net percentage balances ^(a)											
		2008		2009				2010				2011	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How have spreads on loans to medium PNFCs changed? ^(a)	Past three months	-61.5	-56.7	-42.7	-12.2	-15.2	9.2	21.0	17.8	-2.0	-3.0	14.3	21.9
	Next three months	-48.1	-39.8	-23.7	-10.0	10.7	23.4	12.8	2.2	-2.3	-1.3	0.6	19.9
How have fees/commissions on loans to medium PNFCs changed? ^(a)	Past three months	-59.8	-53.0	-41.5	-11.9	-18.2	7.3	8.2	1.8	2.1	17.7	14.5	19.2
	Next three months	-43.8	-37.7	-23.7	-11.0	11.7	10.7	12.0	0.3	-2.3	11.5	0.3	18.0
How have collateral requirements for loans to medium PNFCs changed? ^(a)	Past three months	-20.8	-22.8	-9.6	-7.3	-14.0	-3.5	-3.1	-1.6	0.0	-0.8	-0.6	-2.8
	Next three months	-17.6	-15.2	-10.3	-5.4	0.0	-1.7	-0.9	0.0	0.0	0.0	0.9	-1.4
How have maximum credit lines for medium PNFCs changed?	Past three months	-30.1	-25.4	-13.9	3.6	0.0	-2.3	0.7	3.4	-10.0	2.9	-8.6	-11.1
	Next three months	-20.3	-17.6	-9.8	-6.7	4.5	0.4	3.5	3.6	-1.7	2.9	5.1	1.6
How have loan covenants for medium PNFCs changed? ^(a)	Past three months	-35.8	-22.5	-32.9	-27.1	-14.0	-4.2	-3.6	-0.2	12.9	1.8	1.3	4.9
	Next three months	-12.8	-14.9	-27.8	-6.5	0.0	-2.2	-1.2	0.0	1.0	-5.1	-1.4	1.9
How have spreads on loans to large PNFCs changed? ^(a)	Past three months	-71.9	-60.1	-59.0	-11.2	-4.4	10.6	50.7	39.3	39.3	26.2	21.7	27.9
	Next three months	-53.9	-38.7	-45.0	-2.9	12.5	39.2	21.5	8.2	1.8	0.8	8.4	13.6
How have fees/commissions on loans to large PNFCs changed? ^(a)	Past three months	-71.9	-57.4	-51.2	-6.8	-7.4	10.8	18.6	35.4	26.0	34.8	21.9	16.6
	Next three months	-50.7	-36.0	-45.0	-3.8	11.7	9.6	21.5	10.5	6.1	13.1	7.1	15.3
How have collateral requirements for loans to large PNFCs changed? ^(a)	Past three months	-26.5	-26.0	-6.7	-3.5	-14.0	-4.0	-2.0	-1.6	0.0	-0.8	13.8	-2.8
	Next three months	-16.5	-15.4	-5.8	-1.6	0.0	-0.9	-0.1	0.0	0.7	0.0	1.8	-1.4
How have maximum credit lines for large PNFCs changed?	Past three months	-24.3	-21.3	-12.4	7.4	12.2	2.2	19.5	9.9	3.7	5.7	18.6	2.3
	Next three months	-6.1	-22.3	-1.3	-2.8	17.6	0.0	9.8	3.7	-0.2	3.7	18.8	15.2
How have loan covenants for large PNFCs changed? ^(a)	Past three months	-26.0	-22.9	-37.1	-24.2	-14.0	-4.9	5.4	-0.9	7.0	19.0	19.8	16.5
	Next three months	-10.9	-10.2	-21.3	-5.2	6.4	5.4	25.1	0.0	14.4	0.7	18.4	10.6
How have spreads on loans to OFCs changed? ^(a)	Past three months	-66.8	-58.0	-47.9	-40.7	-8.1	14.1	41.6	21.8	-16.0	33.3	6.8	22.8
	Next three months	-45.2	-39.5	-25.6	-21.9	-0.9	13.8	20.0	-12.9	-16.0	1.0	1.7	1.0
How have fees/commissions on loans to OFCs changed? ^(a)	Past three months	-51.4	-56.5	-37.8	-34.2	-15.6	14.2	21.6	20.3	-19.1	32.6	1.7	1.0
	Next three months	-47.4	-34.7	-25.6	-21.9	-11.2	10.8	21.3	-12.9	-19.1	1.0	1.7	1.0
How have collateral requirements for loans to OFCs changed? ^(a)	Past three months	-23.9	-54.5	-27.5	-32.2	-18.9	-2.6	-22.5	0.0	0.0	0.9	1.9	-4.6
	Next three months	-17.8	-34.1	-19.0	-20.3	-18.9	-2.6	-1.3	0.0	0.0	0.0	1.0	0.0
How have maximum credit lines for OFCs changed?	Past three months	-23.2	-69.2	-46.4	-25.7	-20.2	23.3	-6.4	1.5	0.0	19.8	6.1	5.3
	Next three months	-23.2	-41.2	-31.1	-23.0	-20.2	23.3	5.0	12.1	0.0	4.9	6.8	5.3

* 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	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How have the following factors affected overall PNFCs' credit availability?^(b)													
Tighter wholesale funding conditions	Past three months	-13.1	-13.8	-28.7	-7.6	5.4	-4.9	-6.5	0.0	4.2	-6.4	-9.3	-2.8
	Next three months	-1.0	-11.3	-6.7	-7.0	1.3	-2.3	0.7	-1.7	-7.7	3.3	-6.8	5.6
Actual, or potential, need to support ABCP conduits, structured investment vehicles or money market mutual funds	Past three months	-8.8	-2.3	-2.4	-10.3	-13.2	13.2 [†]	16.4	21.3	25.4	-48.8	0.0	24.3
	Next three months	4.7	-2.3	9.1	-12.6	-16.1	-11.6	19.8	21.3	13.4	-50.4	0.0	24.3
Reduced ability to transfer credit risk off balance sheet and/or tighter conditions for raising capital	Past three months	-20.3	-22.7	-12.3	-21.4	-6.7	-4.0	13.0	7.2	-2.1	-33.8	1.2	9.7
	Next three months	-9.3	-6.7	1.0	-37.2	-6.7	-2.6	11.4	-6.4	-6.6	-27.7	-1.2	8.6
Has there been a change in drawdowns on committed lines by PNFCs?	Past three months	11.3	38.2	6.2	-40.3	-10.0	-16.8	-15.6	-7.0	-7.6	0.0	-5.5	-19.5
	Next three months	6.4	29.0	9.7	-12.4	-13.8	-18.9	-2.6	5.2	-0.9	0.0	-6.6	-12.7
Has there been a change in average credit quality on newly arranged PNFC borrowing facilities? ^(c)	Past three months	16.6	12.5	1.5	-1.4	-4.6	11.1	20.3	5.9	5.0	13.5	7.2	5.0
	Next three months	18.4	7.4	-4.6	-1.4	-4.5	15.0	23.2	-7.2	-1.0	12.9	4.0	3.6
How have commercial property prices affected credit availability to the commercial real estate sector, and/or secured lending to PNFCs?	Past three months	-58.2	-56.7	-48.1	-46.2	7.4	-8.1	-2.0	5.4	0.0	-24.5	-4.9	-16.3
	Next three months	-43.0	-45.2	-15.5	-21.8	-5.7	16.8	14.2	5.4	-5.2	-23.7	-2.2	-16.3
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	15.7	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**
	Next three months	8.0	n.a.**	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.**	-2.2	0.7	0.3	0.0	11.6	5.5	1.0	0.0	13.7	-2.4	-2.0
	Next three months	n.a.**	5.5	-6.5	5.4	0.0	26.0	5.5	1.8	0.0	13.7	6.6	-2.0
Has there been a change in the availability of trade credit instruments (invoice financing, factoring, trade credit insurance etc) to PNFCs for domestic business activities?	Past three months	n.a.**	1.2	-11.4	16.2	5.9	0.3	1.7	8.8	9.4	-10.7	15.2	2.2
	Next three months	n.a.**	8.9	-1.5	4.7	4.7	0.3	0.8	20.7	11.4	-10.9	9.4	5.9
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.**	32.0	n.a.**	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.**	15.0	11.0	16.1	8.1	5.8	3.0	0.9	1.3
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	19.7	21.4	24.8	6.5	3.3	3.3	4.9	2.0
How has the availability of credit provided to large PNFCs changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	25.6	16.9	16.8	6.9	0.3	1.4	5.2	0.8
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	27.8	19.8	12.3	6.2	2.9	0.7	4.5	4.9

** Additional question not asked in survey.

† The net percentage balances for this question in 2009 Q4 were revised after publication due to changes in the underlying data.

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

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

(c) A positive balance indicates an improvement in the credit quality of new borrowing.

(d) Unlike the other questions in this survey, lenders were asked to select the numerical range that reflected the percentage of their existing loan book contractually committed to passing on any further cuts in Bank Rate (0%–20%, 20%–40%, 40%–60%, 60%–80%, 80%–100%). A weighted median response, based on lenders' market shares, was then calculated assuming that lenders' responses were uniformly distributed across each numerical range.

Additional questions on lending to small businesses^(a)

		Net percentage balances ^(b)											
		2008		2009			2010			2011			
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the availability of credit provided to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	1.9	-0.6	12.6	26.8	8.9	0.4	4.1
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	6.4	26.1	15.5	8.1	11.8	4.0	-2.1
How has the proportion of loan applications from small businesses being approved changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-6.4	32.3	34.9	-9.2	6.8	11.7	-6.1
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	2.8	23.2	6.5	-2.1	-12.3	-1.6	7.4
How has the default rate on loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	38.0	2.0	15.7	-6.8	12.3	19.7	-8.2
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	38.7	24.2	-3.6	11.3	19.1	19.7	8.1
How have losses given default on loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	6.0	4.1	-23.5	14.2	36.3	22.0	-15.5
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	12.2	10.9	13.1	18.6	19.1	15.5	2.9
How has overall demand for lending from small businesses changed? ^(c)	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	0.6	21.4	33.7	-18.6	0.0	-30.6	35.5
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	12.3	27.2	24.6	0.2	-12.3	27.9	3.8
How has demand for credit card lending from small businesses changed? ^(c)	Past three months	4.4	4.2	17.3	21.7	14.3	3.5	16.5	24.4	14.4	-7.6	-20.9	-29.6
	Next three months	13.0	9.1	32.3	32.2	18.8	8.2	25.2	24.4	6.3	36.4	50.0	27.7
How has demand for other unsecured lending from small businesses changed? ^(c)	Past three months	-16.2	-52.1	2.6	-26.7	9.0	-6.8	13.4	35.6	0.8	-8.6	n.a.*	21.2
	Next three months	-19.1	-15.8	-8.5	18.1	10.7	10.2	27.0	-3.6	7.5	-6.2	n.a.*	8.9
How has demand for total unsecured lending from small businesses changed? ^(c)	Past three months	-0.1	-8.8	14.2	12.3	13.3	1.7	16.0	26.2	12.3	-7.8	-18.7	-21.5
	Next three months	6.1	3.4	23.7	29.5	17.4	8.6	25.5	20.0	6.5	27.7	47.0	24.7
How has demand for secured lending from small businesses changed? ^(c)	Past three months	-40.6	-34.0	6.7	-16.0	11.2	15.0	19.4	18.0	-13.5	-26.5	-26.9	34.9
	Next three months	-10.3	-26.9	27.1	21.0	13.1	15.0	19.4	18.0	0.0	19.4	27.4	0.0
How have spreads on loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-1.1	-6.8	-0.7	0.0	-12.6	-8.3	-2.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-1.3	-3.4	1.4	0.0	-11.3	-8.3	-11.2
How have fees/commissions on loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-1.7	-6.8	-0.7	0.0	-11.3	-8.1	2.8
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-3.4	-1.4	0.0	-11.3	-6.1	0.0
How have collateral requirements for loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-3.4	-2.1	0.0	0.0	0.0	-3.3	-2.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-0.7	-1.4	0.0	0.0	-3.3	-2.0
How have maximum credit lines for small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-2.6	1.4	1.0	0.0	0.0	-2.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-1.3	1.4	0.0	0.0	0.0	-2.0
How have loan covenants for small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-5.6	17.2	12.4	-25.6	-3.3	-2.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	0.0	-4.1	15.8	0.0	3.0	0.0	-2.0

** 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.