

Credit Conditions Survey

Survey results | 2011 Q3



BANK OF ENGLAND





BANK OF ENGLAND

Credit Conditions Survey

2011 Q3

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

This report presents the results of the 2011 Q3 survey. The 2011 Q3 survey was conducted between 16 August and 7 September.

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

This report, covering the results of the 2011 Q3 survey, and copies of the questionnaires are available on the Bank's website at www.bankofengland.co.uk/publications/other/monetary/creditconditions.htm.

The publication dates in 2012 for future Credit Conditions Surveys are:

- 2011 Q4 survey on 5 January 2012
- 2012 Q1 survey on 29 March 2012
- 2012 Q2 survey on 28 June 2012
- 2012 Q3 survey on 26 September 2012



Credit Conditions Survey

2011 Q3

Supply

- The availability of **secured credit to households** was reported to have increased slightly in the three months to early September 2011. Lenders expected availability to increase a little further in the next three months.
- Lenders reported that the availability of **unsecured credit to households** had also increased in 2011 Q3. Availability was expected to be broadly unchanged in Q4.
- The availability of **credit to corporates** was reported to have been broadly unchanged for **large and medium-sized companies** and slightly higher for **small businesses** in 2011 Q3. Availability was expected to remain broadly unchanged in Q4 for corporate of all sizes.
- In both the household and corporate surveys, lenders pointed to adverse wholesale funding conditions as a key factor which might constrain future lending. More recent discussions with some of the major lenders suggested that although these factors had not yet led to reduced credit availability, a period of sustained tight funding conditions could act to constrain their ability to extend loans going forward.

Demand

- Lenders reported that demand for **secured lending for house purchase** had increased in 2011 Q3. Lenders expected demand to be broadly unchanged in the coming quarter. Demand for **prime lending** was reported to have picked up for the first time since 2009 while demand for **buy-to-let lending** was reported to have risen substantially in Q3.
- Demand for **unsecured lending** was reported to have been broadly unchanged over the past three months. Lenders expected a pickup in demand for unsecured lending in the next three months.
- Lenders reported a fall in demand for credit from **small businesses and large companies**, although demand from **medium-sized companies** was reported to have picked up a little. Demand for credit from the corporate sector was expected to fall across companies of all sizes in Q4.

Defaults

- Lenders reported that the default rate on **secured loans to households** fell over the previous quarter and was expected to be broadly unchanged in the coming quarter. Losses given default were reported to have been broadly unchanged in 2011 Q3 but were expected to increase in Q4.
- Default rates on **unsecured lending** were reported to have fallen sharply in Q3, marking the eighth successive quarter in which lenders reported a fall. Losses given default were also reported to have fallen. In Q4, default rates and losses given default were expected to fall further.
- Over the past three months, default rates and losses given default on loans to private non-financial corporations (PNFCs) fell — to varying degrees — for **companies of all sizes**. Default rates and, to a lesser extent, losses given default were expected to pick up in Q4 for **large and medium-sized companies** and remain unchanged for **small businesses**.

Terms and conditions

- Lenders reported that spreads on **secured lending to households** decreased in 2011 Q3. Lenders expected secured lending spreads to fall further in Q4.
- Spreads on **credit card lending** were reported to have fallen slightly over the previous quarter and were not expected to change in the coming quarter. Spreads on **other unsecured lending** products were reported to have increased in 2011 Q3 but were expected to fall in Q4.
- Spreads on **lending to medium-sized and large PNFCs** were reported to have fallen in Q3 and were expected to continue to fall over the coming quarter. For **small businesses**, spreads were reported to have been broadly unchanged in 2011 Q3, but were expected to increase slightly in Q4.

This report presents the results of the 2011 Q3 survey. The 2011 Q3 survey was conducted between 16 August and 7 September. The results are based on lenders' own responses to the survey. They do not necessarily reflect the Bank's views on credit conditions. To calculate aggregate results, each lender is assigned a score based on their response. Lenders who report that credit conditions have changed 'a lot' are assigned twice the score of those who report that conditions have changed 'a little'. These scores are then weighted by lenders' market shares. The results are analysed by

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

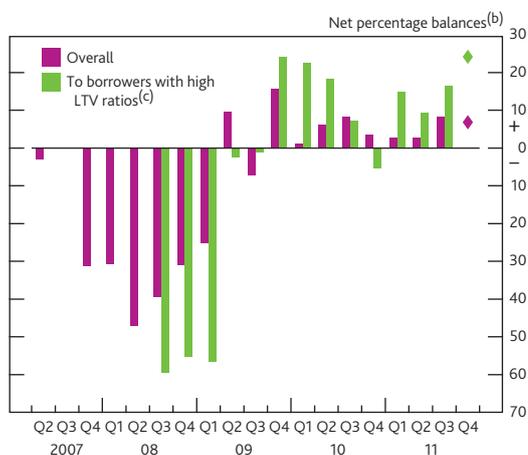
This report, and copies of the questionnaires are available on the Bank's website at www.bankofengland.co.uk/publications/other/monetary/creditconditions.htm.

Credit Conditions Survey

In the three months to early September, lenders reported a slight increase in the availability of secured credit as well as an increase in the availability of unsecured credit to households. Demand for secured lending for house purchase was also reported to have increased, reflecting a pickup in demand for both prime and buy-to-let lending. Demand for unsecured lending was broadly unchanged over the past three months but expected to increase in the next three months. Lenders reported that default rates for secured and unsecured loans to households had fallen. Spreads were reported to have fallen for secured and credit card loans but picked up on other unsecured loans. For the corporate sector, the availability of credit was reported to be broadly unchanged for large and medium-sized companies and to have increased a little for small companies. Demand for credit varied by size of business over the past three months but was expected to fall in the coming three months across the corporate sector. Lenders reported falls — to varying degrees — in default rates and losses given default for companies of all sizes but these measures were expected to pick up for large and medium-sized companies in the next three months. Spreads on lending were reported to have fallen for large and medium-sized companies but to have been broadly unchanged for small businesses.

The Q3 Credit Conditions Survey was conducted between 16 August and 7 September 2011. In both the household and corporate surveys, lenders pointed to tight wholesale funding conditions as a key factor which might constrain future lending, although overall credit availability was not expected to deteriorate in Q4. But more recent discussions with some of the major lenders have suggested that, if difficult wholesale funding conditions were sustained, banks' ability to extend loans in the future could be affected.

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.

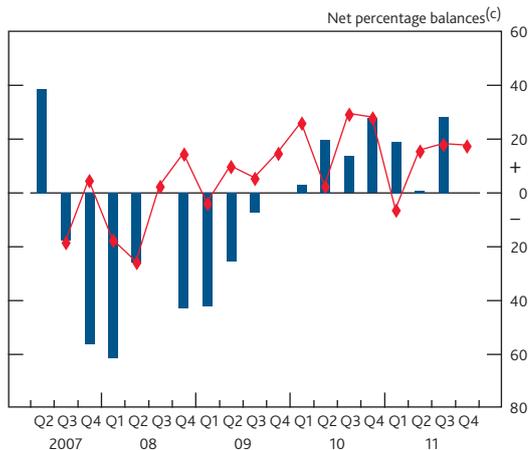
(c) This question was introduced in 2008 Q3.

Secured lending to households

In the three months to early September, lenders reported that the cost/availability of funds — particularly wholesale funding — and expectations for house prices were both pulling down on credit availability. However, despite this, the overall amount of secured credit made available to households was reported to have increased slightly (**Chart 1**). Lenders reported a desire to increase market share and a slight increase in risk appetite as some of the factors supporting this modest pickup. Moreover, consistent with the reported increase in risk appetite, the survey responses showed a pickup in credit availability to borrowers with high loan to value (LTV) ratios (greater than 75% LTV).

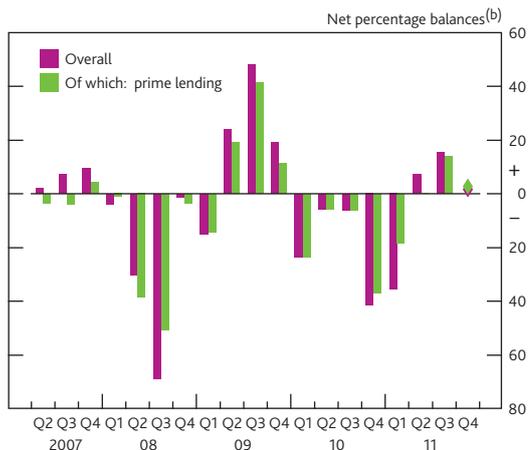
Overall availability of secured credit to households was expected to increase slightly in 2011 Q4. Availability to borrowers with high LTV ratios was expected to increase for

Chart 2 Spreads on overall secured lending to households^{(a)(b)}



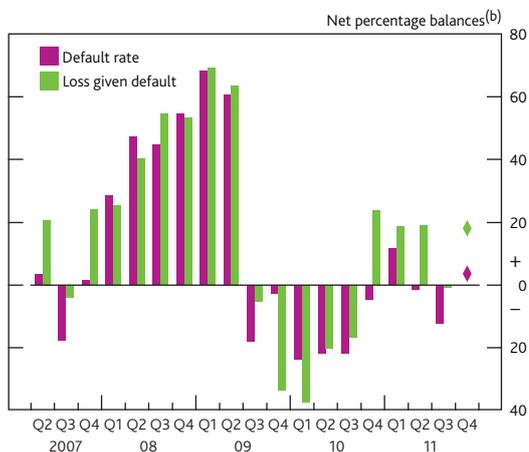
- (a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question. The blue bars show the responses over the previous three months. The red diamonds show the expectations over the next three months. Expectations balances have been moved forward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

Chart 3 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 4 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.

the fourth successive quarter. Lenders expected that a further increase in risk appetite would contribute positively towards credit availability despite expectations that house prices, the cost/availability of funds and a weak economic outlook in general would all act to constrain availability.

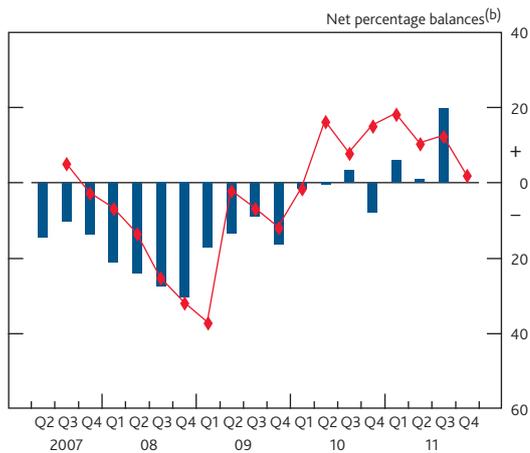
Lenders reported that overall spreads on secured lending rates to households — relative to Bank Rate or the relevant swap rate — fell over the previous quarter and were expected to fall further in Q4 (Chart 2). Both the reported fall in spreads for Q3 — which was in line with expectations — and the expected fall in Q4 were concentrated on prime lending. Spreads on buy-to-let lending, on the other hand, were reported to have been broadly flat in Q3 — in contrast to an expectation of a fall at the time of the previous survey.

Demand for secured credit for house purchase was reported to have increased over the previous three months (Chart 3). For the second consecutive quarter, the increase contrasted with the previous survey expectation of a fall in demand. Lenders reported the first increase in demand for prime lending since the end of 2009 as well as a continued pickup in demand for buy-to-let lending. Lenders commented that demand had responded to falls in bank lending spreads, driven by heightened competition in the banking sector. However, demand for secured lending for remortgaging was reported to have decreased in Q3. Lenders expected total demand for secured lending to be broadly unchanged over the next three months.

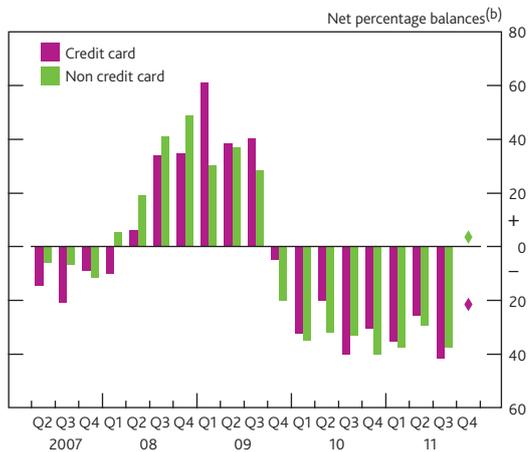
The default rate on secured loans to households fell in 2011 Q3 (Chart 4), in contrast to expectations of an increase. Lenders now expected the default rate to remain broadly unchanged in the coming quarter. Losses given default were reported to have been broadly unchanged in 2011 Q3 but were expected to increase in Q4. Lenders reported that approval rates for loan applications, and the average credit quality of households applying for new secured lending, were reported to be broadly unchanged in Q3 and were expected to remain unchanged in Q4.

Unsecured lending to households

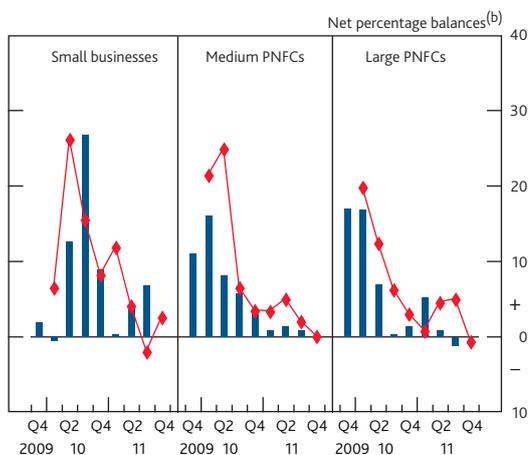
The amount of unsecured credit made available to households was reported to have increased in the past three months, with the largest net balance of lenders reporting an increase since the survey began in 2007 (Chart 5). Lenders cited a slight increase in risk appetite as contributing positively to credit availability. In addition, some lenders noted that increases in limits on credit card loans driven by improved monitoring of risk had also impacted positively on credit availability. However, upwards pressure from market share objectives, which had been expected in the 2011 Q2 survey, was reported not to have materialised in Q3. Lenders expected availability to be broadly unchanged in Q4.

Chart 5 Household total unsecured credit availability^(a)

(a) See footnote (a) to Chart 2.
 (b) A positive balance indicates an increase in the credit availability.

Chart 6 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 7 Corporate credit availability by firm size^(a)

(a) See footnote (a) to Chart 2.
 (b) A positive balance indicates that more corporate credit is available.

Demand for total unsecured lending was reported to have been broadly unchanged in 2011 Q3 for the fourth consecutive quarter. However, lenders expected demand for credit card lending to pick up sharply in Q4, while demand for non credit card lending was expected to pick up more modestly. Underlying this view, lenders cited an expectation that marketing campaigns would elicit a pickup in demand over the coming quarter.

Credit scoring criteria for non credit card unsecured loans were reported to have loosened in 2011 Q3 and were expected to ease on all unsecured lending in Q4. The proportion of total unsecured loan applications that were approved — which had picked up throughout most of 2010 but had fallen back slightly in 2011 Q2 — was reported to have been broadly unchanged in Q3. Lenders expected approval rates to increase again in Q4 both for credit card and other unsecured loans. Moreover, credit card limits and the maximum maturities on loans were both reported to have increased in 2011 Q3.

Lenders reported a fall in the default rate on unsecured loans for the eighth consecutive quarter (**Chart 6**). The Q3 survey showed the largest net balance of responders reporting a fall in the default rate since the survey began. Moreover, credit card default rates were expected to fall further in Q4 — although some lenders noted that these falls may begin to attenuate as the impact of past tightening in lending standards starts to wane from now on. Losses given default on unsecured loans were also reported to have fallen back in Q3 and were expected to fall further in Q4.

Lenders reported that spreads on credit card lending eased slightly in 2011 Q3. Spreads were expected to be broadly unchanged in the next three months. Spreads on other unsecured lending, having declined for three successive quarters, were reported to have picked up in Q3. However, spreads were expected to shrink markedly in Q4.

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⁾

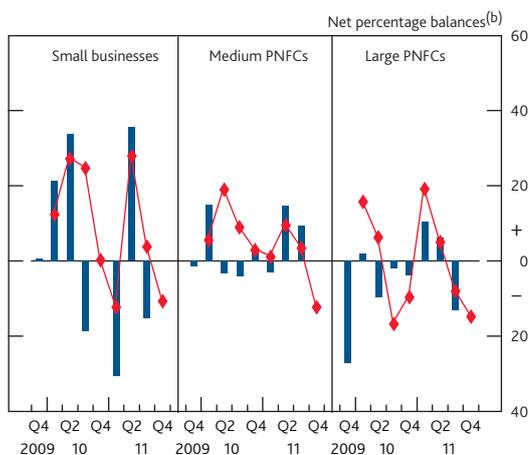
Lenders reported that the amount of credit made available to the corporate sector was little changed in 2011 Q3 for large and medium-sized companies and increased slightly for small businesses (**Chart 7**). However some lenders noted that uncertainty surrounding future growth prospects had led to differentiation between industries perceived to be more or less risky in the current economic climate. Tighter wholesale funding conditions were considered to have acted as a drag on

(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.

credit availability in Q3 and were expected to continue to do so in Q4. However, overall credit availability was expected to remain broadly unchanged in Q4. Some lenders noted that this could reflect lags in the pass-through from wholesale funding conditions to new loan prices or availability.

Loan tenors on new corporate loans were reported to have fallen over the past quarter and are expected to fall a little further over the coming quarter. For small businesses, despite a small increase in the reported amount of credit made available in Q3, lenders reported that loan covenants and collateral requirements had become more stringent and that these terms were expected to tighten further in Q4.

Chart 8 Corporate demand for credit by firm size^(a)



(a) See footnote (a) to Chart 2.

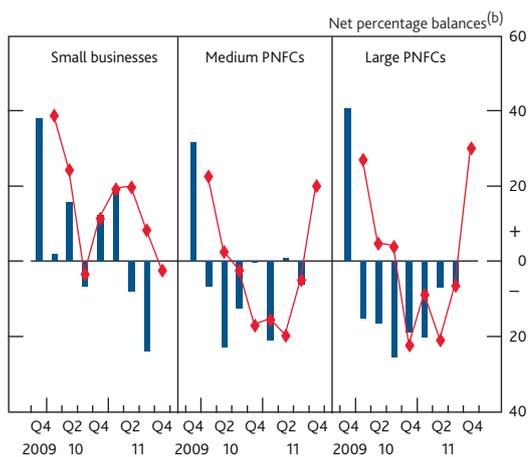
(b) A positive balance indicates an increase in demand.

On balance, the latest survey paints a somewhat gloomier picture for credit demand from the corporate sector than for households. Lenders did report a slight pickup in demand from medium-sized companies in Q3 — in part, noted to reflect demand to replenish working capital following the depletion of cash reserves. But demand from small and large PNFCs was reported to be weaker than the previous quarter. Moreover, lenders expected a fall in demand across firms of all sizes in Q4 (**Chart 8**). Lenders commented that companies are reluctant to hold increased levels of debt against a backdrop of a more uncertain economic outlook and a fall in consumer confidence.

Both the default rate and losses given default were reported to have fallen — to varying degrees — across firms of all sizes over the previous three months (**Chart 9**). For small businesses, the improvements in these metrics had not been anticipated at the time of the Q2 survey and they were expected to remain broadly stable over the coming three months. In the case of large and medium-sized firms, however, these falls had been anticipated. And a pickup in both default rates and losses given defaults was expected over the next three months. Some lenders noted that this expectation was consistent with some corporates having used up their room for remedial action such that default rates could be higher in the future.

Lenders reported that spreads on lending to large and medium-sized PNFCs continued to compress in 2011 Q3 and were expected to decline further in Q4. Spreads on lending to small businesses were broadly unchanged in Q3 but expected to pick up slightly in Q4. Fees and commissions for large and medium-sized PNFCs were reported to have fallen again in Q3, as they had done for much of the period since the end of 2009, and were expected to fall further in Q4.

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



(a) See footnote (a) to Chart 2.

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

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		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How has the availability of secured credit provided to households changed?	Past three months	-31.1	-25.2	9.7	-7.2	15.8	1.3	6.3	8.3	3.4	2.8	2.9	8.4
	Next three months	-21.2	14.8	13.6	12.3	9.9	3.2	-11.4	-3.9	2.7	14.6	-1.9	6.9
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	-25.7	-27.3	-13.1	-1.2	14.9	0.0	0.0	2.0	0.0	1.1	0.0	5.0
	Next three months	-24.5	-3.3	-6.8	13.9	15.8	-9.8	2.2	-8.9	-9.9	-8.2	-8.7	-11.2
market share objectives	Past three months	-5.5	-28.0	-3.6	-6.5	5.3	5.6	11.3	9.6	8.3	7.2	18.7	14.9
	Next three months	-5.7	0.0	-2.4	4.7	7.0	7.3	1.8	8.9	7.1	17.9	7.3	-1.0
changing appetite for risk	Past three months	-23.0	-40.4	-2.5	-4.5	0.0	-0.3	1.1	1.0	-0.9	1.4	0.0	7.0
	Next three months	-18.5	-8.9	5.2	5.3	0.9	1.0	0.8	6.6	1.4	0.9	4.1	5.5
changing cost/availability of funds	Past three months	-22.7	-19.0	9.1	-12.3	11.3	0.1	1.1	5.9	1.4	0.9	1.5	-7.3
	Next three months	-9.3	9.5	-0.5	3.2	10.6	2.2	3.8	4.6	0.0	12.1	1.2	-8.7
How have credit scoring criteria for granting loan applications by households changed?	Past three months	-42.0	-35.9	-40.1	-1.2	4.2	-1.3	-8.8	-7.4	-1.6	0.0	4.4	-5.8
	Next three months	-19.2	-17.3	6.2	-1.3	-1.0	0.0	-5.2	-18.4	0.0	2.7	-0.5	-2.0
How has the proportion of household loan applications being approved changed?	Past three months	-43.5	-43.2	-28.1	13.6	6.2	-3.9	0.3	0.6	0.5	0.4	9.6	2.8
	Next three months	-32.6	-44.2	-4.4	0.6	1.0	3.0	-0.6	-10.3	-9.8	12.8	-0.5	0.0
Has there been any change in the use of securitisations associated with secured lending to households?	Past three months	43.4	-10.9	-2.4	4.7	15.6	15.8	0.0	17.4	11.9	0.0	2.1	-15.2
	Next three months	-18.6	-13.9	7.2	23.6	15.6	15.8	1.6	-5.7	0.0	18.2	7.3	13.0
Has there been any change in 'target hold' levels associated with secured lending to households?	Past three months	n.a.*	n.a.*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.a.*	n.a.*	n.a.*
	Next three months	n.a.*	n.a.*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.a.*	n.a.*	n.a.*
How has the default rate on secured loans to households changed?	Past three months	54.6	68.2	60.7	-18.2	-2.7	-23.6	-21.9	-21.8	-4.5	11.5	-1.5	-12.3
	Next three months	66.1	69.2	66.7	6.3	32.3	3.0	3.0	-21.8	-0.3	14.3	23.0	3.6
How have losses given default on secured loans to households changed?	Past three months	53.4	69.3	63.8	-5.2	-33.7	-37.7	-20.2	-16.8	23.8	18.7	18.9	-0.8
	Next three months	62.8	74.6	43.2	20.0	-3.2	1.8	25.7	-0.1	9.6	8.0	23.0	18.0

		Net percentage balances ^(a)												
		2008		2009				2010				2011		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
How has demand for secured lending for house purchase from households changed?	Past three months	-1.2	-15.0	24.1	48.3	19.0	-23.5	-5.8	-6.1	-41.5	-35.6	7.1	15.3	
	Next three months	-27.8	-28.0	-2.9	-14.7	2.6	39.8	16.4	18.1	-29.0	-7.4	-12.7	1.6	
<i>of which: demand for prime lending</i>	Past three months	-3.3	-14.1	19.1	41.5	11.3	-23.5	-5.8	-6.1	-36.8	-18.1	0.3	14.1	
	Next three months	-27.6	-28.9	-2.9	-22.3	-4.9	39.8	10.3	18.1	-29.0	12.7	2.3	2.8	
<i>of which: demand for buy-to-let lending</i>	Past three months	-35.1	-29.6	-8.8	-2.7	-0.9	-32.8	2.3	12.9	11.4	6.2	37.0	37.8	
	Next three months	-26.3	-28.9	-14.9	-1.8	-17.4	26.6	14.5	-1.5	-1.0	8.9	21.1	1.8	
<i>of which: demand for other lending</i>	Past three months	-17.9	-25.8	-35.6	n.a.*	-6.0	-31.7	30.8	3.4	-32.1	-30.1	0.0	-4.1	
	Next three months	-12.1	-7.4	-8.4	n.a.*	-1.6	34.7	22.1	-2.8	-32.1	0.0	0.0	-4.1	
How has demand for secured lending for remortgaging from households changed?	Past three months	1.5	-75.3	-50.9	-1.1	-32.7	-34.4	14.2	2.2	16.7	31.1	2.1	-14.0	
	Next three months	-28.5	-51.0	1.9	14.1	-0.7	28.3	4.9	3.5	-2.0	26.3	4.3	9.5	
How has demand for other lending secured on dwellings from households changed?	Past three months	-24.8	-66.3	4.2	1.3	-1.9	-21.4	n.a.*	-1.2	0.0	-12.0	-6.7	-2.1	
	Next three months	-18.5	-51.3	-10.6	0.0	0.0	38.0	n.a.*	0.0	0.0	0.0	-16.0	0.0	
How have overall secured lending spreads changed?^(a)	Past three months	-42.8	-42.2	-25.2	-7.5	-0.1	2.9	19.8	13.6	27.6	18.8	0.9	28.2	
	Next three months	-4.0	9.5	5.3	14.5	25.7	2.3	28.9	27.6	-6.6	15.3	17.7	17.3	
<i>of which: spreads on prime lending^(a)</i>	Past three months	-40.6	-33.5	-25.2	-7.5	-8.4	3.9	20.9	13.6	27.6	18.8	2.1	28.2	
	Next three months	-4.1	4.1	-0.8	14.3	25.7	2.3	30.3	28.7	3.3	15.3	26.4	17.3	
<i>of which: spreads on buy-to-let lending^(a)</i>	Past three months	-52.9	-33.6	-35.0	-8.5	8.6	4.9	15.9	-0.6	10.6	9.6	17.2	1.8	
	Next three months	2.8	8.0	-12.6	7.4	24.3	0.0	22.7	16.7	7.9	9.6	12.7	1.4	
<i>of which: spreads on other lending^(a)</i>	Past three months	-20.8	-26.9	n.a.*	n.a.*	0.0	0.0	23.4	19.9	0.0	n.a.*	n.a.*	n.a.*	
	Next three months	-3.3	-2.9	n.a.*	n.a.*	22.5	0.0	22.8	19.9	0.0	n.a.*	n.a.*	-2.9	
How have fees on secured lending changed?^(a)	Past three months	-7.5	-0.7	-0.7	1.0	-11.3	0.0	0.0	11.9	10.9	7.6	6.9	-6.7	
	Next three months	-0.8	0.2	0.9	-16.2	19.9	0.0	4.7	1.0	-5.8	-11.4	1.4	6.7	
How have maximum loan to value ratios changed?	Past three months	-31.4	-15.2	-3.4	-0.7	19.9	10.1	12.5	7.7	-1.6	1.4	1.2	2.8	
	Next three months	-18.7	-10.5	18.2	13.9	24.7	10.8	1.9	-0.5	2.6	7.6	4.7	4.9	
How have maximum loan to income ratios changed?	Past three months	-15.9	2.7	-5.8	0.0	0.0	4.7	0.0	0.0	0.0	0.0	0.0	0.2	
	Next three months	-18.2	7.4	0.0	5.5	4.3	0.0	-0.6	4.6	0.0	15.7	4.5	0.0	

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

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

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

Additional questions

		Net percentage balances ^(a)											
		2008		2009				2010				2011	
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How have the following factors affected overall household secured credit availability?^(b)													
Tighter wholesale funding conditions	Past three months	-14.8	-2.9	-2.3	-4.0	8.7	5.7	1.1	-14.1	-6.3	-11.5	2.9	-20.9
	Next three months	-16.8	16.8	-2.4	-4.1	7.8	-11.1	-12.6	0.0	-13.2	2.5	-9.1	-12.7
Actual, or potential, need to support ABCP conduits, structured investment vehicles or money market mutual funds	Past three months	2.8	-3.2	n.a.*	n.a.*	25.4	0.0	0.0	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
	Next three months	2.8	-3.2	n.a.*	n.a.*	25.4	0.0	0.0	n.a.*	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	0.0	0.0	n.a.*	0.0	0.0	0.0	-0.8	-2.0	0.0	0.0	0.0	0.0
	Next three months	-11.9	13.2	n.a.*	7.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expectations for house prices	Past three months	-50.2	-52.5	-17.0	19.2	28.9	10.5	29.0	-1.4	-12.5	-14.3	-27.5	-6.8
	Next three months	-44.7	-34.7	-15.4	17.6	7.9	-10.5	6.9	9.2	-19.1	-19.6	-27.7	-16.2
How has the availability of household secured credit to the following types of borrower changed?													
Borrowers with low loan to value ratios (75% or less)	Past three months	-9.9	4.1	3.6	5.2	10.6	1.9	0.6	-6.4	14.8	-5.4	1.3	1.4
	Next three months	-0.6	4.9	9.1	3.1	2.0	5.6	7.2	-1.4	2.1	4.8	0.8	4.8
Borrowers with high loan to value ratios (more than 75%)	Past three months	-55.3	-56.6	-2.6	-1.1	24.2	22.6	18.3	7.4	-5.4	14.8	9.4	16.5
	Next three months	-27.1	-21.0	18.8	5.9	9.7	5.7	-6.9	-14.3	9.1	28.6	14.2	24.2
How has the average credit quality of new secured lending to households changed?^(c)													
	Past three months	18.9	-14.9	18.0	15.2	9.8	0.0	5.6	8.6	1.6	9.0	3.8	3.9
	Next three months	10.0	-1.7	0.1	23.8	0.0	7.0	-1.5	16.2	1.9	5.1	1.2	4.5
What percentage of your existing secured loan book is contractually committed to passing on any further cuts in Bank Rate?													
	Median ^(d)	n.a.**	47.4	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		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How has the availability of unsecured credit provided to households changed?	Past three months	-30.5	-17.1	-13.4	-9.0	-16.2	-1.5	-0.6	3.5	-7.7	6.2	1.1	19.9
	Next three months	-37.4	-2.3	-6.9	-12.1	-1.7	16.1	7.8	15.0	18.2	10.3	12.2	1.9
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	-24.1	-25.5	3.2	-10.6	3.0	11.2	0.7	6.8	0.0	-1.3	1.2	-6.9
	Next three months	-29.3	-16.7	-4.4	-9.9	0.0	6.0	17.9	0.9	6.9	-1.2	-4.6	-6.3
market share objectives	Past three months	-9.0	-3.4	-8.5	6.0	-4.3	6.4	3.5	6.7	0.7	8.9	1.8	3.5
	Next three months	-9.4	-2.3	5.7	-4.5	0.9	2.7	3.6	6.1	12.0	13.0	23.2	2.7
changing appetite for risk	Past three months	-17.4	-19.1	-1.9	-24.7	-4.3	-0.6	-0.1	5.5	-8.8	7.9	0.3	7.2
	Next three months	-37.3	-9.9	-1.6	-14.3	-3.6	19.7	18.3	12.7	19.1	12.7	4.7	7.5
changing cost/availability of funds	Past three months	-7.4	-2.3	-0.7	-11.3	0.0	0.0	0.0	0.0	0.0	-2.0	0.0	-0.9
	Next three months	-7.4	-2.7	-2.7	-10.4	-9.0	0.0	0.0	0.9	10.9	7.8	5.4	-0.4
How have credit scoring criteria for granting credit card loan applications by households changed?	Past three months	-26.7	-60.9	-24.2	-26.7	-17.1	-15.7	16.5	0.9	-13.0	7.6	-0.4	2.6
	Next three months	-46.8	-16.2	-20.5	-34.1	-8.0	0.0	16.5	7.8	6.2	-7.3	4.9	12.7
How have credit scoring criteria for granting other unsecured loan applications by households changed?	Past three months	-35.0	-50.4	-42.4	-48.7	-29.1	-15.9	-21.2	-24.1	-26.9	-11.8	16.7	25.0
	Next three months	-54.3	-41.7	-31.9	-19.4	-7.4	-25.6	-24.0	-3.3	8.8	-4.6	-7.7	11.6
How have credit scoring criteria for granting total unsecured loan applications by households changed?	Past three months	-28.5	-58.8	-27.6	-30.5	-19.1	-15.7	11.0	-2.6	-14.8	5.1	1.8	5.4
	Next three months	-48.5	-21.3	-22.6	-31.5	-7.9	-3.9	10.6	6.3	6.6	-7.0	3.3	12.6
How has the proportion of credit card loan applications from households being approved changed?	Past three months	4.5	-29.1	-21.7	-1.3	-12.3	5.0	12.4	21.0	9.7	20.0	-7.6	-2.9
	Next three months	-43.8	-12.4	-11.4	-19.4	0.0	-4.3	15.0	7.1	6.4	2.1	6.3	19.3
How has the proportion of other unsecured loan applications from households being approved changed?	Past three months	-36.4	-38.0	-35.5	-5.0	-29.9	-4.9	-5.6	-26.9	-16.8	2.5	6.6	20.5
	Next three months	-46.6	-27.3	-15.3	-3.1	-0.2	-25.6	-19.5	-3.3	8.8	8.9	8.5	19.5

		Net percentage balances ^(a)												
		2008		2009				2010				2011		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
How has the proportion of total unsecured loan applications from households being approved changed?	Past three months	-4.3	-30.8	-24.2	-1.9	-15.1	3.5	9.7	14.3	6.2	17.8	-5.8	0.1	
	Next three months	-44.4	-15.4	-12.1	-16.6	0.0	-7.6	10.0	5.6	6.7	2.9	6.6	19.3	
How has the default rate on credit card loans to households changed?	Past three months	34.6	61.0	38.4	40.5	-4.9	-32.4	-20.2	-40.1	-30.4	-35.2	-25.6	-41.8	
	Next three months	50.1	49.3	37.3	43.0	-8.0	-21.7	-19.5	-15.9	7.3	5.3	-2.2	-21.4	
How has the default rate on other unsecured loans to households changed?	Past three months	49.0	30.1	37.3	28.3	-19.8	-34.8	-31.9	-33.2	-40.3	-37.8	-29.2	-37.6	
	Next three months	44.1	30.1	42.1	31.9	-15.5	-26.8	-24.8	0.0	-10.1	-8.2	-4.4	3.6	
How has the default rate on total unsecured loans to households changed?	Past three months	37.7	54.8	38.2	38.4	-7.3	-32.8	-21.9	-39.2	-31.7	-35.5	-26.0	-41.3	
	Next three months	48.8	45.5	38.2	41.1	-9.2	-22.5	-20.3	-13.7	5.0	3.6	-2.5	-18.2	
How have losses given default on credit card loans to households changed?	Past three months	36.7	28.0	30.3	38.2	13.5	35.2	16.5	25.2	-37.0	7.0	11.3	-14.6	
	Next three months	25.6	24.1	27.9	39.0	23.5	13.9	-5.0	-11.8	-8.9	12.3	12.7	-9.1	
How have losses given default on other unsecured loans to households changed?	Past three months	12.3	25.1	41.2	31.8	29.0	15.6	26.1	-10.1	13.4	-2.5	-2.2	-11.8	
	Next three months	25.7	14.1	22.8	20.2	20.8	19.4	10.1	-7.4	3.3	-1.2	-8.3	0.0	
How have losses given default on total unsecured loans to households changed?	Past three months	31.4	27.4	32.3	37.1	16.0	32.2	17.9	20.3	-30.4	5.8	9.6	-14.2	
	Next three months	25.6	22.1	26.9	35.8	23.1	14.7	-2.8	-11.2	-7.3	10.5	9.9	-8.0	
How has demand for credit card lending from households changed?	Past three months	13.0	-23.5	-27.0	-11.4	-15.1	-30.9	13.9	-14.9	-0.5	-0.3	-1.1	4.9	
	Next three months	-20.4	-17.9	-10.5	-4.1	42.7	13.0	2.5	29.5	8.2	6.2	5.7	24.8	
How has demand for other unsecured lending from households changed?	Past three months	-36.8	-25.6	-12.8	-3.1	-19.0	-2.6	25.8	9.5	-12.8	-13.0	-4.2	-4.6	
	Next three months	-12.0	-24.9	9.6	-15.8	5.1	5.8	-8.1	3.3	13.7	24.1	-1.2	7.8	
How has demand for total unsecured lending from households changed?	Past three months	2.3	-23.9	-24.4	-10.0	-15.7	-26.6	15.6	-11.5	-2.2	-1.9	-1.5	3.7	
	Next three months	-18.6	-19.3	-6.8	-6.1	36.6	11.9	1.0	25.8	8.9	8.5	4.8	22.6	
How have spreads on credit cards changed?^(a)	Past three months	1.8	-24.7	-5.8	-13.9	-1.5	-0.6	-0.2	-6.4	0.2	-6.1	-1.4	7.2	
	Next three months	21.0	-1.6	19.0	0.7	13.5	0.6	-8.6	0.0	-8.6	1.5	0.0	0.1	
How have spreads on other unsecured lending products changed?^(a)	Past three months	-34.8	-35.0	-39.3	-18.0	-24.8	-20.7	-3.9	-17.4	10.4	22.1	8.4	-10.4	
	Next three months	-11.2	-16.2	8.5	-24.0	14.6	-2.0	-8.8	12.6	8.2	2.1	24.8	32.3	
How have overall unsecured lending spreads changed?^(a)	Past three months	-6.1	-26.7	-12.0	-14.6	-5.3	-3.7	-0.8	-7.9	1.5	-2.5	-0.1	5.0	
	Next three months	14.0	-4.5	17.1	-3.6	13.7	0.2	-8.7	1.8	-6.4	1.5	3.2	4.1	
How have credit card limits changed?	Past three months	-21.4	-17.4	-16.1	-30.2	-13.8	-10.0	0.3	0.8	-0.1	11.8	-1.7	13.3	
	Next three months	-25.1	-27.9	-16.6	-14.4	-2.7	-0.7	6.1	4.8	-8.6	-0.7	12.6	27.7	
How has the minimum proportion of credit card balances to be paid changed?^(a)	Past three months	-3.7	-12.0	-6.2	-6.1	-6.1	-7.1	-7.5	-15.6	-8.1	-5.2	-18.7	-7.3	
	Next three months	-26.1	-10.5	0.0	0.0	8.9	0.0	0.0	0.0	-14.0	0.3	-6.2	0.0	
How have maximum maturities on loans changed?^(c)	Past three months	10.3	-18.5	-15.6	-1.6	-10.5	0.0	-7.2	0.0	0.0	-2.0	0.0	13.6	
	Next three months	8.3	-15.2	-17.2	-3.6	0.0	-2.8	-7.2	-15.3	-2.1	0.0	-9.4	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	
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How has the availability of credit provided to the corporate sector overall changed?	Past three months	-28.2	7.8	14.3	24.8	16.3	21.9	7.1	7.8	3.2	6.9	4.1	3.9
	Next three months	-12.8	26.3	27.7	28.9	20.5	22.7	6.5	3.4	4.8	7.8	3.4	2.4
<i>of which: commercial real estate sector</i>	Past three months	-57.0	-34.4	-38.7	-8.1	5.6	7.8	3.5	6.4	3.0	-13.7	14.0	2.3
	Next three months	-38.1	-8.0	-3.9	-5.9	2.4	5.9	4.4	3.0	2.1	-6.5	17.8	0.6
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	-44.8	-49.7	-12.7	0.3	4.3	24.7	2.9	0.8	0.9	0.7	0.3	-2.2
	Next three months	-40.5	-17.2	0.0	3.1	-0.9	20.4	-10.1	0.6	2.1	6.8	6.5	-8.3
changing sector-specific risks	Past three months	-49.8	-21.9	-2.3	2.3	16.5	18.9	-12.3	0.0	13.3	-0.8	0.1	-4.2
	Next three months	-32.9	-13.6	-6.9	-3.1	23.2	23.9	-16.7	0.0	0.7	0.7	0.0	-4.2
market share objectives	Past three months	-21.6	5.9	10.9	9.5	0.0	-1.4	-0.3	7.2	6.1	9.2	3.9	0.1
	Next three months	-19.6	5.9	11.8	13.3	2.8	4.7	8.6	15.3	6.2	10.3	3.2	0.1
market pressures from capital markets	Past three months	-13.0	6.4	2.2	0.7	5.6	-4.4	-1.1	-1.6	0.9	-4.4	10.4	5.6
	Next three months	-7.1	0.4	5.1	0.8	3.9	3.5	6.5	-4.3	0.0	1.7	10.4	21.2
changing appetite for risk	Past three months	-36.1	-19.9	0.0	0.8	0.1	-1.6	0.0	3.0	1.5	8.2	0.1	13.3
	Next three months	-36.1	-18.0	0.0	1.6	0.0	1.4	1.4	0.7	0.7	7.6	-0.7	-3.0
changing cost/availability of funds	Past three months	-55.2	0.5	12.9	32.5	-7.6	10.4	-1.1	3.0	-1.3	0.0	4.9	1.1
	Next three months	-21.0	16.5	26.5	21.4	6.7	1.6	-0.8	2.6	0.0	1.6	-1.5	0.9
How has the proportion of loan applications from medium PNFCs being approved changed?	Past three months	-43.6	-29.1	3.5	11.8	1.7	12.0	3.5	0.7	0.0	3.7	-0.8	0.6
	Next three months	-37.8	-25.9	8.6	17.1	1.3	0.7	7.4	1.4	-1.4	-1.0	-0.8	3.0
How has the proportion of loan applications from large PNFCs being approved changed?	Past three months	-40.1	-22.4	5.4	3.2	5.6	8.8	6.5	2.5	0.0	4.4	-0.8	-4.8
	Next three months	-28.0	-17.3	7.3	11.9	6.0	0.8	6.5	1.8	0.0	5.8	-0.8	2.3
Has there been any change in the use of cash securitisations associated with corporate lending?	Past three months	-3.6	24.0	n.a.*	9.9	10.5	-1.5	0.0	0.0	0.0	-1.3	9.4	0.0
	Next three months	1.1	1.2	n.a.*	0.0	7.4	19.3	0.0	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	1.9	3.1	9.0	5.8	-1.0	-4.1	-2.8	-3.1	-2.7	-4.4	4.0	-15.9
	Next three months	-1.5	-1.5	-2.4	-1.8	-1.0	-4.1	-3.2	-3.1	-2.7	-3.6	-4.0	-2.8

		Net percentage balances ^(a)											
		2008	2009				2010				2011		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Has there been any change in 'target hold' levels associated with corporate lending?	Past three months	37.1	16.4	24.6	15.3	0.5	8.3	9.3	0.5	-2.8	-5.7	-11.0	1.7
	Next three months	16.6	19.0	30.8	0.0	31.3	17.8	7.4	6.7	-2.8	-0.4	11.0	5.9
How have loan tenors on new corporate loans changed? ^(c)	Past three months	-38.9	-23.0	-22.4	-0.6	-10.7	21.1	39.5	12.7	-7.4	-0.5	3.1	-11.8
	Next three months	-16.9	-0.5	-20.5	13.1	18.2	23.5	6.6	-4.9	1.5	1.1	18.5	-6.9
How has the default rate on loans to medium PNFCs changed?	Past three months	60.2	50.5	46.3	42.5	31.8	-6.6	-23.0	-12.5	-0.5	-21.1	0.7	-6.2
	Next three months	67.0	71.7	46.8	35.6	22.5	2.4	-2.5	-17.1	-15.7	-19.9	-5.0	20.0
How has the default rate on loans to large PNFCs changed?	Past three months	47.4	35.2	48.0	34.8	40.8	-15.2	-16.6	-25.6	-18.9	-20.2	-7.1	-6.3
	Next three months	62.0	51.8	45.2	37.1	27.0	4.6	3.8	-22.5	-9.0	-21.1	-6.6	30.1
How have losses given default on loans to medium PNFCs changed?	Past three months	67.6	54.2	33.4	29.8	9.9	10.9	-1.6	0.9	0.3	-7.3	-7.7	-5.3
	Next three months	63.5	51.8	35.8	22.0	5.0	2.2	-1.6	-6.1	-5.1	-6.4	-5.7	6.3
How have losses given default on loans to large PNFCs changed?	Past three months	46.9	41.8	30.8	28.8	14.8	0.0	-2.3	-6.2	-5.0	-6.3	-7.8	-5.5
	Next three months	40.6	31.7	24.3	23.0	13.0	-4.4	-1.6	-7.2	-5.2	-8.2	-6.5	6.5
How has demand for lending from medium PNFCs changed?	Past three months	-35.5	-54.5	-2.1	12.3	-1.4	15.0	-3.2	-4.2	3.1	-3.1	14.9	9.2
	Next three months	-37.3	-16.6	13.0	14.9	5.5	18.9	8.9	2.8	1.1	9.5	3.5	-12.3
How has demand for lending from large PNFCs changed?	Past three months	-34.4	-33.6	-3.6	-5.3	-27.1	1.9	-9.6	-2.0	-3.7	10.6	6.3	-13.2
	Next three months	-17.2	10.5	0.0	14.9	15.7	6.3	-16.8	-9.7	19.1	5.0	-8.1	-14.9
How has demand from institutional investors/pension funds changed?	Past three months	-23.6	-1.5	-1.5	-1.2	-6.9	-1.2	1.1	4.1	-1.0	1.1	15.0	-3.0
	Next three months	-6.1	-1.5	-1.5	-2.6	-1.7	-8.0	1.1	4.1	0.0	1.1	0.0	0.0
How has demand from securities dealers changed?	Past three months	-35.6	-6.6	n.a.*	n.a.*	-28.7	0.0	0.0	0.0	7.1	1.2	-7.2	-2.1
	Next three months	-3.8	-6.6	n.a.*	n.a.*	-0.3	13.2	1.3	0.0	8.3	9.4	0.0	0.0
How has demand from hedge funds changed?	Past three months	n.a.*	-16.3	n.a.*	n.a.*	-66.5	n.a.*	n.a.*	n.a.*	-5.5	n.a.*	n.a.*	n.a.*
	Next three months	n.a.*	-3.7	n.a.*	n.a.*	-58.8	n.a.*	n.a.*	n.a.*	-4.0	n.a.*	n.a.*	n.a.*
How has demand from structured finance vehicles changed?	Past three months	-31.9	-2.3	n.a.*	n.a.*	-48.7	n.a.*	n.a.*	-5.1	-4.4	-1.4	10.8	-3.7
	Next three months	-5.1	-2.3	n.a.*	n.a.*	-42.7	n.a.*	n.a.*	-5.1	-3.2	-1.4	38.2	0.0
How has demand from other OFCs changed?	Past three months	-21.2	n.a.*	0.0	9.2	-11.2	0.0	0.0	0.0	0.0	-5.0	n.a.*	-1.5
	Next three months	-6.1	n.a.*	0.0	7.7	-19.9	7.0	0.0	0.0	0.0	0.0	n.a.*	-3.3
What have been the main factors contributing to changes in demand for lending:^(b)													
mergers and acquisitions	Past three months	-48.1	-24.5	-9.4	-6.4	-21.0	35.2	-5.6	27.3	5.2	20.0	-9.4	3.0
	Next three months	-41.7	-22.3	4.7	19.2	22.3	34.2	1.1	31.2	35.2	8.2	-7.9	-6.8
capital investment	Past three months	-66.0	-61.4	-40.7	-25.9	-20.7	-9.1	-1.2	-3.2	0.0	0.0	-14.0	-7.7
	Next three months	-47.5	-28.4	-24.2	-6.6	-5.2	-0.7	0.7	2.3	-0.8	-0.9	-7.4	-12.2
inventory finance	Past three months	11.4	-23.4	-6.9	1.4	-12.7	15.0	1.8	-5.7	2.2	0.6	-0.1	-2.4
	Next three months	12.6	-19.9	-6.2	19.7	6.5	21.0	1.8	3.2	0.7	6.2	7.4	-0.6
balance sheet restructuring	Past three months	24.0	35.2	37.4	15.7	-19.1	-1.1	-13.4	3.4	1.5	2.8	-15.8	10.6
	Next three months	36.8	40.4	28.8	24.6	21.7	0.9	-1.4	-9.4	2.2	2.8	-16.6	-3.1
commercial real estate	Past three months	-55.8	-46.4	-53.4	6.9	9.5	8.4	1.0	6.5	-18.3	-3.4	-0.1	1.8
	Next three months	-37.0	-13.9	-24.4	-14.7	5.9	2.7	7.2	3.1	-20.4	5.6	5.5	2.5

		Net percentage balances ^(a)											
		2008		2009				2010				2011	
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How have spreads on loans to medium PNFCs changed?^(a)	Past three months	-56.7	-42.7	-12.2	-15.2	9.2	21.0	17.8	-2.0	-3.0	14.3	21.9	22.6
	Next three months	-39.8	-23.7	-10.0	10.7	23.4	12.8	2.2	-2.3	-1.3	0.6	19.9	18.0
How have fees/commissions on loans to medium PNFCs changed?^(a)	Past three months	-53.0	-41.5	-11.9	-18.2	7.3	8.2	1.8	2.1	17.7	14.5	19.2	20.6
	Next three months	-37.7	-23.7	-11.0	11.7	10.7	12.0	0.3	-2.3	11.5	0.3	18.0	19.2
How have collateral requirements for loans to medium PNFCs changed?^(a)	Past three months	-22.8	-9.6	-7.3	-14.0	-3.5	-3.1	-1.6	0.0	-0.8	-0.6	-2.8	-4.4
	Next three months	-15.2	-10.3	-5.4	0.0	-1.7	-0.9	0.0	0.0	0.0	0.9	-1.4	0.0
How have maximum credit lines for medium PNFCs changed?	Past three months	-25.4	-13.9	3.6	0.0	-2.3	0.7	3.4	-10.0	2.9	-8.6	-11.1	0.8
	Next three months	-17.6	-9.8	-6.7	4.5	0.4	3.5	3.6	-1.7	2.9	5.1	1.6	-5.3
How have loan covenants for medium PNFCs changed?^(a)	Past three months	-22.5	-32.9	-27.1	-14.0	-4.2	-3.6	-0.2	12.9	1.8	1.3	4.9	-2.0
	Next three months	-14.9	-27.8	-6.5	0.0	-2.2	-1.2	0.0	1.0	-5.1	-1.4	1.9	-5.3
How have spreads on loans to large PNFCs changed?^(a)	Past three months	-60.1	-59.0	-11.2	-4.4	10.6	50.7	39.3	39.3	26.2	21.7	27.9	17.0
	Next three months	-38.7	-45.0	-2.9	12.5	39.2	21.5	8.2	1.8	0.8	8.4	13.6	9.5
How have fees/commissions on loans to large PNFCs changed?^(a)	Past three months	-57.4	-51.2	-6.8	-7.4	10.8	18.6	35.4	26.0	34.8	21.9	16.6	15.7
	Next three months	-36.0	-45.0	-3.8	11.7	9.6	21.5	10.5	6.1	13.1	7.1	15.3	13.2
How have collateral requirements for loans to large PNFCs changed?^(a)	Past three months	-26.0	-6.7	-3.5	-14.0	-4.0	-2.0	-1.6	0.0	-0.8	13.8	-2.8	-2.1
	Next three months	-15.4	-5.8	-1.6	0.0	-0.9	-0.1	0.0	0.7	0.0	1.8	-1.4	0.0
How have maximum credit lines for large PNFCs changed?	Past three months	-21.3	-12.4	7.4	12.2	2.2	19.5	9.9	3.7	5.7	18.6	2.3	4.5
	Next three months	-22.3	-1.3	-2.8	17.6	0.0	9.8	3.7	-0.2	3.7	18.8	15.2	3.0
How have loan covenants for large PNFCs changed?^(a)	Past three months	-22.9	-37.1	-24.2	-14.0	-4.9	5.4	-0.9	7.0	19.0	19.8	16.5	17.4
	Next three months	-10.2	-21.3	-5.2	6.4	5.4	25.1	0.0	14.4	0.7	18.4	10.6	7.5
How have spreads on loans to OFCs changed?^(a)	Past three months	-58.0	-47.9	-40.7	-8.1	14.1	41.6	21.8	-16.0	33.3	6.8	22.8	9.5
	Next three months	-39.5	-25.6	-21.9	-0.9	13.8	20.0	-12.9	-16.0	1.0	1.7	1.0	9.2
How have fees/commissions on loans to OFCs changed?^(a)	Past three months	-56.5	-37.8	-34.2	-15.6	14.2	21.6	20.3	-19.1	32.6	1.7	1.0	1.8
	Next three months	-34.7	-25.6	-21.9	-11.2	10.8	21.3	-12.9	-19.1	1.0	1.7	1.0	14.9
How have collateral requirements for loans to OFCs changed?^(a)	Past three months	-54.5	-27.5	-32.2	-18.9	-2.6	-22.5	0.0	0.0	0.9	1.9	-4.6	-1.3
	Next three months	-34.1	-19.0	-20.3	-18.9	-2.6	-1.3	0.0	0.0	0.0	1.0	0.0	-0.7
How have maximum credit lines for OFCs changed?	Past three months	-69.2	-46.4	-25.7	-20.2	23.3	-6.4	1.5	0.0	19.8	6.1	5.3	-0.4
	Next three months	-41.2	-31.1	-23.0	-20.2	23.3	5.0	12.1	0.0	4.9	6.8	5.3	-6.5

* 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/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		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How have the following factors affected overall PNFCs' credit availability?^(b)													
Tighter wholesale funding conditions	Past three months	-13.8	-28.7	-7.6	5.4	-4.9	-6.5	0.0	4.2	-6.4	-9.3	-2.8	-19.0
	Next three months	-11.3	-6.7	-7.0	1.3	-2.3	0.7	-1.7	-7.7	3.3	-6.8	5.6	-39.6
Actual, or potential, need to support ABCP conduits, structured investment vehicles or money market mutual funds	Past three months	-2.3	-2.4	-10.3	-13.2	13.2 [†]	16.4	21.3	25.4	-48.8	0.0	24.3	-14.9
	Next three months	-2.3	9.1	-12.6	-16.1	-11.6	19.8	21.3	13.4	-50.4	0.0	24.3	-23.9
Reduced ability to transfer credit risk off balance sheet and/or tighter conditions for raising capital	Past three months	-22.7	-12.3	-21.4	-6.7	-4.0	13.0	7.2	-2.1	-33.8	1.2	9.7	-14.0
	Next three months	-6.7	1.0	-37.2	-6.7	-2.6	11.4	-6.4	-6.6	-27.7	-1.2	8.6	-21.0
Has there been a change in drawdowns on committed lines by PNFCs?	Past three months	38.2	6.2	-40.3	-10.0	-16.8	-15.6	-7.0	-7.6	0.0	-5.5	-19.5	9.8
	Next three months	29.0	9.7	-12.4	-13.8	-18.9	-2.6	5.2	-0.9	0.0	-6.6	-12.7	11.9
Has there been a change in average credit quality on newly arranged PNFC borrowing facilities?^(c)	Past three months	12.5	1.5	-1.4	-4.6	11.1	20.3	5.9	5.0	13.5	7.2	5.0	5.2
	Next three months	7.4	-4.6	-1.4	-4.5	15.0	23.2	-7.2	-1.0	12.9	4.0	3.6	5.2
How have commercial property prices affected credit availability to the commercial real estate sector, and/or secured lending to PNFCs?	Past three months	-56.7	-48.1	-46.2	7.4	-8.1	-2.0	5.4	0.0	-24.5	-4.9	-16.3	-1.2
	Next three months	-45.2	-15.5	-21.8	-5.7	16.8	14.2	5.4	-5.2	-23.7	-2.2	-16.3	-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	n.a.**	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	n.a.**	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	-2.2	0.7	0.3	0.0	11.6	5.5	1.0	0.0	13.7	-2.4	-2.0	-2.6
	Next three months	5.5	-6.5	5.4	0.0	26.0	5.5	1.8	0.0	13.7	6.6	-2.0	0.0
Has there been a change in the availability of trade credit instruments (invoice financing, factoring, trade credit insurance etc) to PNFCs for domestic business activities?	Past three months	1.2	-11.4	16.2	5.9	0.3	1.7	8.8	9.4	-10.7	15.2	2.2	-0.1
	Next three months	8.9	-1.5	4.7	4.7	0.3	0.8	20.7	11.4	-10.9	9.4	5.9	2.4
What percentage of your existing PNFC loan book is contractually committed to passing on any further cuts in Bank Rate?	Median ^(d)	n.a.**	32.0	n.a.**	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.**	15.0	11.0	16.1	8.1	5.8	3.0	0.9	1.3	0.8
	Next three months	n.a.**	n.a.**	n.a.**	19.7	21.4	24.8	6.5	3.3	3.3	4.9	2.0	0.0
How has the availability of credit provided to large PNFCs changed?	Past three months	n.a.**	n.a.**	n.a.**	25.6	16.9	16.8	6.9	0.3	1.4	5.2	0.8	-1.1
	Next three months	n.a.**	n.a.**	n.a.**	27.8	19.8	12.3	6.2	2.9	0.7	4.5	4.9	-0.7

** Additional question not asked in survey.

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

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

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

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

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

Additional questions on lending to small businesses^(a)

		Net percentage balances ^(b)												
		2008		2009				2010				2011		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
How has the availability of credit provided to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	1.9	-0.6	12.6	26.8	8.9	0.4	4.1	6.8	
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	6.4	26.1	15.5	8.1	11.8	4.0	-2.1	2.5	
How has the proportion of loan applications from small businesses being approved changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	-6.4	32.3	34.9	-9.2	6.8	11.7	-6.1	3.0	
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	2.8	23.2	6.5	-2.1	-12.3	-1.6	7.4	0.0	
How has the default rate on loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	38.0	2.0	15.7	-6.8	12.3	19.7	-8.2	-24.0	
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	38.7	24.2	-3.6	11.3	19.1	19.7	8.1	-2.5	
How have losses given default on loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	6.0	4.1	-23.5	14.2	36.3	22.0	-15.5	-10.2	
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	12.2	10.9	13.1	18.6	19.1	15.5	2.9	0.7	
How has overall demand for lending from small businesses changed? ^(c)	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	0.6	21.4	33.7	-18.6	0.0	-30.6	35.5	-15.4	
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	12.3	27.2	24.6	0.2	-12.3	27.9	3.8	-10.7	
How has demand for credit card lending from small businesses changed? ^(c)	Past three months	4.2	17.3	21.7	14.3	3.5	16.5	24.4	14.4	-7.6	-20.9	-29.6	-29.1	
	Next three months	9.1	32.3	32.2	18.8	8.2	25.2	24.4	6.3	36.4	50.0	27.7	5.9	
How has demand for other unsecured lending from small businesses changed? ^(c)	Past three months	-52.1	2.6	-26.7	9.0	-6.8	13.4	35.6	0.8	-8.6	n.a.*	21.2	-17.4	
	Next three months	-15.8	-8.5	18.1	10.7	10.2	27.0	-3.6	7.5	-6.2	n.a.*	8.9	0.2	
How has demand for total unsecured lending from small businesses changed? ^(c)	Past three months	-8.8	14.2	12.3	13.3	1.7	16.0	26.2	12.3	-7.8	-18.7	-21.5	-27.3	
	Next three months	3.4	23.7	29.5	17.4	8.6	25.5	20.0	6.5	27.7	47.0	24.7	5.0	
How has demand for secured lending from small businesses changed? ^(c)	Past three months	-34.0	6.7	-16.0	11.2	15.0	19.4	18.0	-13.5	-26.5	-26.9	34.9	-21.6	
	Next three months	-26.9	27.1	21.0	13.1	15.0	19.4	18.0	0.0	19.4	27.4	0.0	0.0	
How have spreads on loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	-1.1	-6.8	-0.7	0.0	-12.6	-8.3	-2.0	-2.5	
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	-1.3	-3.4	1.4	0.0	-11.3	-8.3	-11.2	-6.9	
How have fees/commissions on loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	-1.7	-6.8	-0.7	0.0	-11.3	-8.1	2.8	0.0	
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-3.4	-1.4	0.0	-11.3	-6.1	0.0	-6.9	
How have collateral requirements for loans to small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	-3.4	-2.1	0.0	0.0	0.0	-3.3	-2.0	-14.8	
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-0.7	-1.4	0.0	0.0	-3.3	-2.0	-13.5	
How have maximum credit lines for small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-2.6	1.4	1.0	0.0	0.0	-2.0	-2.6	
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-1.3	1.4	0.0	0.0	0.0	-2.0	-13.5	
How have loan covenants for small businesses changed?	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	-2.0	-5.6	17.2	12.4	-25.6	-3.3	-2.0	-14.8	
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	0.0	-4.1	15.8	0.0	3.0	0.0	-2.0	-13.5	

** 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.