

# Credit Conditions Survey

Survey results | 2012 Q1



BANK OF ENGLAND





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# Credit Conditions Survey

2012 Q1

As part of its mission to maintain monetary stability and financial stability, the Bank needs to understand trends and developments in credit conditions. This quarterly 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. Along with various data sources and discussions between the major UK lenders and Bank staff, this survey serves as an input into the quarterly *Trends in Lending* publication which presents the Bank of England's assessment of the latest trends in lending to the UK economy.

This report presents the results of the 2012 Q1 survey. The 2012 Q1 survey was conducted between 13 February and 7 March 2012.

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 2012 Q1 survey, and copies of the questionnaires are available on the Bank's website at [www.bankofengland.co.uk/publications/Pages/other/monetary/creditconditions.aspx](http://www.bankofengland.co.uk/publications/Pages/other/monetary/creditconditions.aspx).

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

2012 Q2 survey on 28 June 2012

2012 Q3 survey on 26 September 2012



# Credit Conditions Survey

2012 Q1

## Supply

- The availability of **secured credit to households** was reported to have been broadly unchanged in the three months to early March 2012. Lenders expected availability to fall slightly in the next three months.
- Lenders reported that the availability of **unsecured credit to households** was broadly unchanged in 2012 Q1. Availability was expected to decrease in 2012 Q2.
- The overall availability of credit to the corporate sector was reported to have been broadly unchanged for **small, medium and large companies** in 2012 Q1. Availability was expected to remain unchanged for firms of all sizes in the next three months.
- In contrast, lenders reported that the amount of credit made available to the commercial real estate sector had decreased slightly in the past three months and was expected to fall significantly during Q2.

## Demand

- Lenders reported that demand for **prime lending for house purchase** had increased in 2012 Q1, but the demand for buy-to-let lending had decreased slightly. In the coming quarter, lenders expected overall demand for **secured lending for house purchase** to increase.
- Demand for **credit card lending** was reported to have decreased over the past three months, whereas demand for other unsecured lending had increased. Lenders expected overall demand for **unsecured lending** to be broadly unchanged in the next three months.
- Lenders reported that credit demand from **small businesses** fell in 2012 Q1 but was expected to increase in Q2. Demand from **large and medium-sized companies** was reported to have fallen slightly over the past three months and while demand from medium-sized companies was expected to increase in Q2, a further slight reduction in demand was expected from large companies.

## Defaults

- Lenders reported that the default rate on **secured loans to households** fell slightly over the previous quarter and was expected to be broadly unchanged in 2012 Q1. Losses given default were reported to have fallen slightly in 2012 Q1 but were expected to increase significantly in the coming quarter.
- Default rates on **unsecured lending** to households were reported to have fallen sharply in Q1, continuing the trend that had been observed throughout 2010 and 2011. However, overall default rates were expected to stabilise over the coming three months. Losses given default on total unsecured lending were reported to have fallen in Q1 and were expected to fall slightly further in Q2.
- Lenders reported a pickup in default rates on loans to **medium-sized firms** during Q1, with a further marked increase expected in the coming three months. Defaults rates for **large firms** had increased slightly in the past three months, and a further small increase was expected during Q2. In contrast, default rates on loans to **small businesses** were broadly unchanged, and no change was expected in the next three months. Lenders reported an increase in losses given default on loans to small, medium and large companies in the past three months. Losses given default were expected to increase significantly during Q2 for medium and large companies, but were expected to be broadly unchanged for small businesses.

## Terms and conditions

- Lenders reported that spreads on **secured lending to households** — relative to Bank Rate or the appropriate swap rate — widened markedly in 2012 Q1. Lenders expected a further significant widening of spreads in Q2.
- Spreads on overall **unsecured lending** were reported to have been broadly unchanged over the previous quarter. Lenders expected spreads to remain unchanged in 2012 Q2.
- Spreads were reported to have widened significantly on lending to **large and medium-sized companies** in Q1, and further widening was expected over the next three months. Spreads on lending to **small businesses** had widened slightly during Q1 and a further slight widening was expected in Q2.

This report presents the results of the 2012 Q1 survey. The 2012 Q1 survey was conducted between 13 February and 7 March 2012. The results are based on lenders' own responses to the survey. They do not necessarily reflect the Bank's views on credit conditions. To calculate aggregate results, each lender is assigned a score based on their response. Lenders who report that credit conditions have changed 'a lot' are assigned twice the score of those who report that conditions have changed 'a little'. These scores are then weighted by lenders' market shares. The results are analysed by

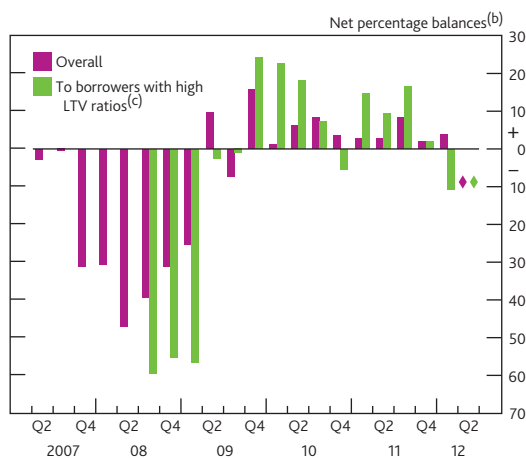
calculating 'net percentage balances' — the difference between the weighted balance of lenders reporting that, for example, demand was higher/lower or terms and conditions were tighter/looser. The net percentage balances are scaled to lie between  $\pm 100$ .

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

# Credit Conditions Survey

In the three months to early March, lenders reported little change in the amount of credit made available to households and companies. Lenders expected credit availability to decrease for households in the coming quarter, but remain unchanged for firms of all sizes. Demand for household secured lending was reported to have increased, and was expected to rise further. But household demand for unsecured credit and demand from small, medium and large companies fell. And while demand for bank credit was expected to increase for small and medium-sized businesses it was expected to fall for large firms. Default rates fell on secured and unsecured household loans, and were expected to stabilise in the next three months. But default rates for large and medium-sized firms had increased and were expected to rise further. Spreads on secured lending to households and lending to large and medium-sized firms increased markedly over the quarter, and lenders expected a further increase in the coming three months.

**Chart 1 Household secured credit availability<sup>(a)</sup>**



(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.

The 2012 Q1 Credit Conditions Survey was conducted between 13 February and 7 March 2012.

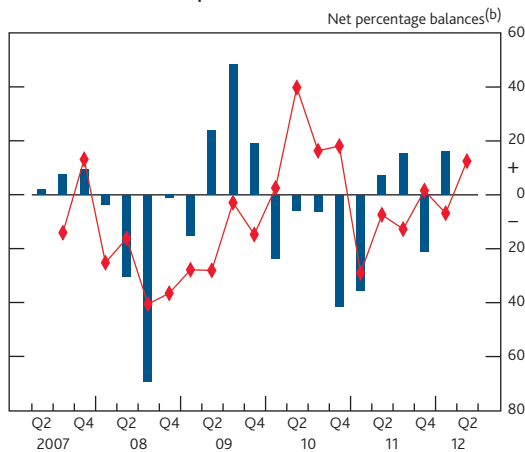
## Secured lending to households

In the three months to early March, lenders reported that the overall availability of secured credit provided to households was broadly unchanged (**Chart 1**), compared with the previous survey expectation of a slight increase. Lenders reported that while credit availability had increased slightly for borrowers with low loan to value (LTV) ratios, availability had decreased for borrowers with high LTV ratios. And over the past three months, credit scoring criteria had been tightened and there had been a fall in the proportion of loan applications being approved.

Overall availability of secured credit was expected to fall slightly in 2012 Q2, with this decrease affecting both borrowers with high and low LTV ratios. This was the first time lenders had reported a fall in expected secured credit availability since 2010 Q2, reflecting the tightening in wholesale funding conditions since mid-2011 and bank balance sheet pressures. Other factors such as changing risk appetite, market share objectives and expectations of house prices were also expected to pull down on credit availability. Consistent with the reduction in credit availability, lenders expected credit scoring criteria for granting loan applications to be tightened further in Q2, and for the average credit quality of new secured lending to increase significantly.

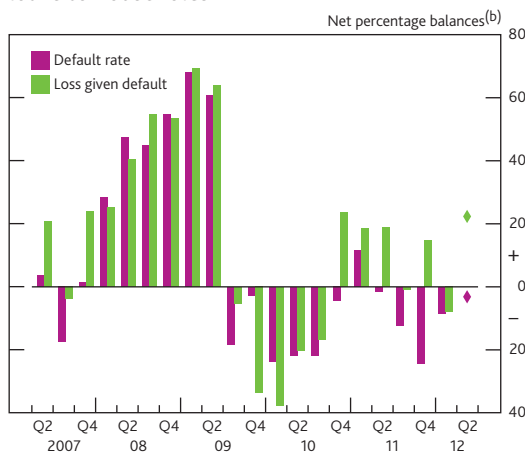
Overall demand for secured lending for house purchases was reported to have increased over the previous three months (**Chart 2**), reflecting higher demand for prime lending, at least

**Chart 2** Household demand for overall secured lending to finance a house purchase<sup>(a)</sup>



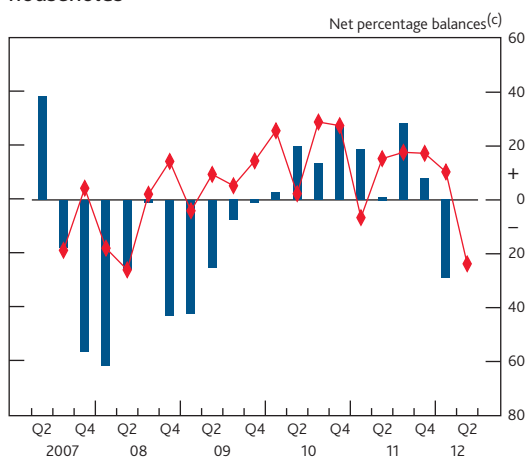
- (a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question. The blue bars show the responses over the previous three months. The red diamonds show the expectations over the next three months. Expectations balances have been moved forward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

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



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

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



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

partly associated with the forthcoming end of the stamp duty holiday. Demand for prime lending was expected to increase in the next three months. In contrast, lenders reported that demand for buy-to-let lending fell slightly for the first time in eight quarters, but was expected to increase in the next three months.

The default rate on secured loans to households fell slightly in 2012 Q1, and was expected to be broadly unchanged over the next three months (Chart 3). Lenders reported that losses given default on secured lending had fallen slightly in the past three months, in contrast to the previous survey expectation of a slight increase. However, losses given default were expected to increase significantly in Q2.

Lenders reported that overall spreads on secured lending rates to households — relative to Bank Rate or the relevant swap rate — widened markedly over the previous quarter (Chart 4), the first reported widening of spreads since 2009 Q3. The widening was concentrated on spreads on prime lending, although spreads on buy-to-let lending also increased. Lenders commented that higher funding costs since mid-2011 and pressures on profitability had contributed to the widening in spreads across lenders.

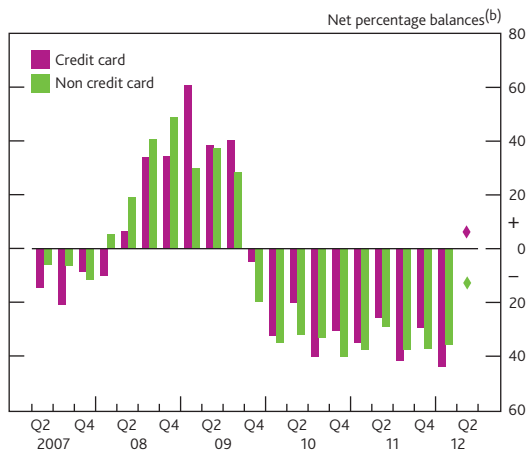
A further significant widening in overall spreads on secured lending rates was expected over the coming quarter. Again, lenders expected this to be concentrated on spreads on prime lending, while spreads on buy-to-let lending were expected to narrow slightly. Lenders noted this reflected the pass-through of elevated funding costs, which had been exerting downward pressure on margins over the recent past.

### Unsecured lending to households

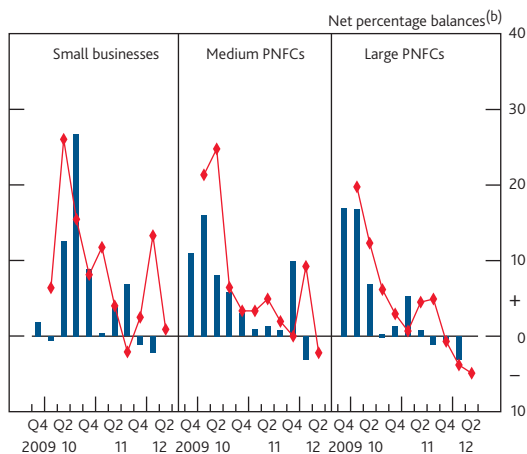
The total amount of unsecured credit made available to households was reported to have been broadly unchanged in the past three months, in contrast to the previous survey expectation of a slight increase. Factors contributing to unsecured credit availability were reported to be unchanged and there was no change in credit scoring criteria or approval rates. But lenders did report that there had been a significant increase in credit card limits.

Overall availability of unsecured credit was expected to decrease in the next three months. This was the first time lenders had reported a fall in expected unsecured credit availability since 2009 Q3. Credit scoring criteria were expected to be broadly unchanged but lenders expected the proportion of total unsecured loan approvals to fall slightly, reflecting an expected fall in credit card loan approvals.

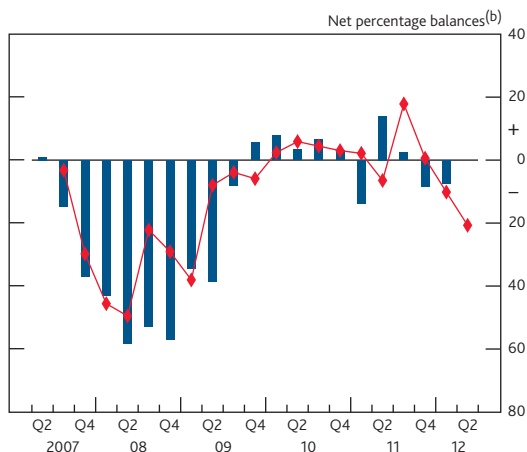
While demand for credit card lending had fallen in the past three months, demand for other unsecured lending had increased, leaving total unsecured loan demand only slightly lower. Overall demand for unsecured lending was expected to

**Chart 5** Default rate on unsecured loans to households<sup>(a)</sup>

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

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

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

**Chart 7** Commercial real estate credit availability<sup>(a)</sup>

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

be broadly unchanged in Q2. Lenders reported that customers continued to repay balances and reduce credit card expenditure, and were reluctant to make large purchases at the present time.

Lenders reported a marked fall in default rates for the ninth consecutive quarter (**Chart 5**), in contrast to the previous survey expectation of little change. However, overall default rates were expected to stabilise over the coming three months: rising slightly for credit card lending, but falling for other unsecured lending. Losses given default on credit card loans were reported to have fallen significantly, and were expected to fall further in Q2 along with losses given default on other unsecured lending.

Lenders reported that spreads on credit card lending had been broadly unchanged over the past three months and were expected to remain unchanged in Q2. Spreads on other unsecured lending were reported to have narrowed in Q1 and were expected to narrow further over the next three months.

### Lending to corporates and small businesses

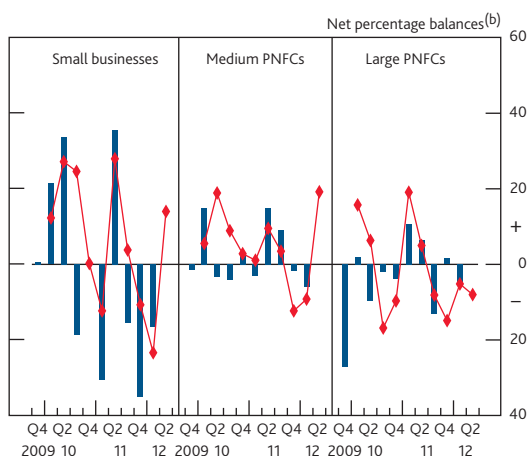
Credit conditions in the corporate sector may vary by the size of business, so this survey asks lenders to report developments in the corporate sector overall split by large and medium-sized private non-financial companies (PNFCs) and small businesses.<sup>(1)</sup>

Lenders reported that the total amount of credit made available to small, medium and large companies was broadly unchanged in the past three months (**Chart 6**), in contrast to the previous survey expectation of an increase to small and medium-sized firms. Lenders reported that the changing economic outlook had slightly pulled down credit availability. However, banks had responded to increased capital market issuance by firms by pushing up slightly on credit availability in Q1, particularly for larger firms. Looking ahead to Q2, availability was expected to remain broadly unchanged for firms of all sizes although lenders noted that tighter wholesale funding conditions since mid-2011 were expected to have a slightly negative effect on corporate credit availability.

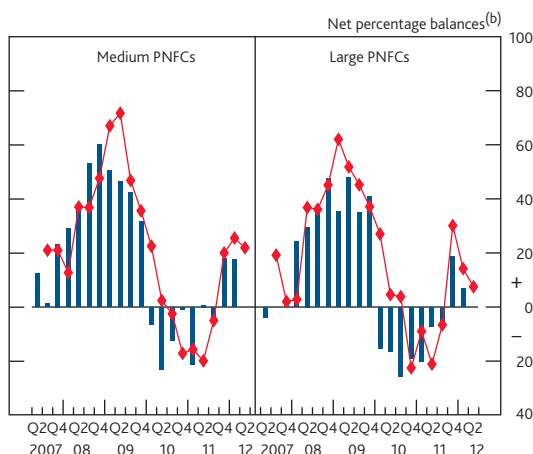
Lenders reported that the amount of credit made available to the commercial real estate sector had decreased slightly in the past three months and was expected to fall significantly during Q2 (**Chart 7**). Commercial property prices had been a negative drag on availability during Q1 and were expected to contribute negatively to availability during the next three months.

Lenders reported that demand for credit had fallen for small companies in the three months to early March but was

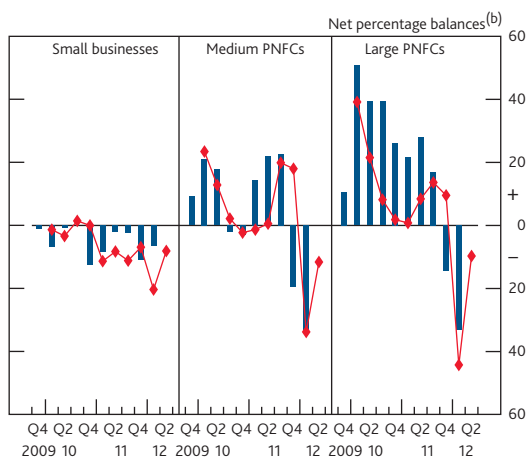
(1) Small businesses are defined as those with an annual turnover of under £1 million. The definition of medium-sized PNFCs is unchanged and includes all businesses with an annual turnover of under £25 million.

**Chart 8 Corporate demand for credit by firm size<sup>(a)</sup>**

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

**Chart 9 Default rates on loans to large and medium-sized companies<sup>(a)</sup>**

(a) See footnote (a) to Chart 2.  
 (b) A positive balance indicates an increase in default rates.

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

(a) See footnote (a) to Chart 2.  
 (b) A positive balance indicates that spreads have fallen such that, all else being equal, it is cheaper for companies to borrow.

expected to increase in Q2 (**Chart 8**). Demand from large and medium-sized companies fell slightly in Q1, and while demand from medium-sized PNFCs was expected to increase in Q2 a further small decrease in demand was expected for large companies. Lenders reported that a number of factors were weighing on demand, and noted that companies remained cautious with regard to both capital expenditure and mergers and acquisitions.

Lenders reported a pickup in default rates on loans to medium-sized firms during Q1, with a further marked increase expected in the coming three months (**Chart 9**). Default rates for large firms had increased slightly in the past three months, and a further small increase was expected during Q2. In contrast, default rates on loans to small businesses were broadly unchanged, and no change was expected in the next three months. Lenders reported an increase in losses given default on loans to small, medium and large companies in the past three months. Losses given default were expected to increase significantly during Q2 for large and medium-sized companies, but were expected to be broadly unchanged for small businesses. Lenders commented that the outlook for defaults and losses given default was sector specific: falls in asset values in some sectors would likely lead to higher losses given default.

Lenders reported some tightening in price and non-price lending terms during Q1, with further tightening expected in Q2. As expected in the previous survey, spreads were reported to have widened significantly on lending to large and medium-sized corporates in Q1, and further widening was expected over the next three months (**Chart 10**). Spreads on lending to small business had also widened slightly during Q1 with a further slight widening expected in Q2. Fees had also risen on lending to large and medium-sized companies during Q1, and were expected to increase slightly in the next three months. Loan covenants had been tightened for medium-sized corporates during Q1. And Lenders reported that maximum credit lines had fallen for medium and large companies, with a further small reduction expected in Q2. But lenders commented that utilisation rates were decreasing, and undrawn commitments were coming under scrutiny for companies that had built up cash surpluses. An increased focus on the risk-adjusted return on capital from corporate lending was cited as a reason for the tightening of some terms. However, it was noted that changes in terms on new lending varied by sector, with tightening seen across riskier sectors, while terms for other sectors had remained broadly stable and were expected to remain so.

## Annex 1

### Secured lending to households questionnaire results

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

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

The first Credit Conditions Survey was conducted in 2007 Q2 and additional questions have been included since 2007 Q4. A full set of results is available in Excel on the Bank's website at [www.bankofengland.co.uk/publications/Pages/other/monetary/creditconditions.aspx](http://www.bankofengland.co.uk/publications/Pages/other/monetary/creditconditions.aspx).

		Net percentage balances <sup>(a)</sup>											
		2009			2010				2011				2012
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>How has the availability of secured credit provided to households changed?</b>	Past three months	9.7	-7.2	15.8	1.3	6.3	8.3	3.4	2.8	2.9	8.4	1.9	3.8
	Next three months	13.6	12.3	9.9	3.2	-11.4	-3.9	2.7	14.6	-1.9	6.9	7.6	-8.7
<b>Factors contributing to changes in credit availability:<sup>(b)</sup></b>													
changing economic outlook	Past three months	-13.1	-1.2	14.9	0.0	0.0	2.0	0.0	1.1	0.0	5.0	-1.6	-8.6
	Next three months	-6.8	13.9	15.8	-9.8	2.2	-8.9	-9.9	-8.2	-8.7	-11.2	-9.9	-8.6
market share objectives	Past three months	-3.6	-6.5	5.3	5.6	11.3	9.6	8.3	7.2	18.7	14.9	-1.5	-11.6
	Next three months	-2.4	4.7	7.0	7.3	1.8	8.9	7.1	17.9	7.3	-1.0	7.6	-18.9
changing appetite for risk	Past three months	-2.5	-4.5	0.0	-0.3	1.1	1.0	-0.9	1.4	0.0	7.0	7.8	-7.2
	Next three months	5.2	5.3	0.9	1.0	0.8	6.6	1.4	0.9	4.1	5.5	0.0	-18.7
changing cost/availability of funds	Past three months	9.1	-12.3	11.3	0.1	1.1	5.9	1.4	0.9	1.5	-7.3	-13.5	-0.6
	Next three months	-0.5	3.2	10.6	2.2	3.8	4.6	0.0	12.1	1.2	-8.7	-8.3	-7.4
<b>How have credit scoring criteria for granting loan applications by households changed?</b>	Past three months	-40.1	-1.2	4.2	-1.3	-8.8	-7.4	-1.6	0.0	4.4	-5.8	-1.4	-10.1
	Next three months	6.2	-1.3	-1.0	0.0	-5.2	-18.4	0.0	2.7	-0.5	-2.0	-19.1	-14.3
<b>How has the proportion of household loan applications being approved changed?</b>	Past three months	-28.1	13.6	6.2	-3.9	0.3	0.6	0.5	0.4	9.6	2.8	-9.7	-17.8
	Next three months	-4.4	0.6	1.0	3.0	-0.6	-10.3	-9.8	12.8	-0.5	0.0	-16.0	-2.6
<b>Has there been any change in the use of securitisations associated with secured lending to households?</b>	Past three months	-2.4	4.7	15.6	15.8	0.0	17.4	11.9	0.0	2.1	-15.2	7.5	-7.2
	Next three months	7.2	23.6	15.6	15.8	1.6	-5.7	0.0	18.2	7.3	13.0	-6.0	5.4
<b>Has there been any change in 'target hold' levels associated with secured lending to households?</b>	Past three months	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.a.*	n.a.*	n.a.*	0.0	1.0
	Next three months	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.a.*	n.a.*	n.a.*	0.0	1.0
<b>How has the default rate on secured loans to households changed?</b>	Past three months	60.7	-18.2	-2.7	-23.6	-21.9	-21.8	-4.5	11.5	-1.5	-12.3	-24.4	-8.4
	Next three months	66.7	6.3	32.3	3.0	3.0	-21.8	-0.3	14.3	23.0	3.6	-15.0	-3.3
<b>How have losses given default on secured loans to households changed?</b>	Past three months	63.8	-5.2	-33.7	-37.7	-20.2	-16.8	23.8	18.7	18.9	-0.8	14.6	-8.0
	Next three months	43.2	20.0	-3.2	1.8	25.7	-0.1	9.6	8.0	23.0	18.0	9.7	22.4



		Net percentage balances <sup>(a)</sup>											
		2009			2010				2011				2012
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>How has demand for secured lending for house purchase from households changed?</b>	Past three months	24.1	48.3	19.0	-23.5	-5.8	-6.1	-41.5	-35.6	7.1	15.3	-21.2	16.2
	Next three months	-2.9	-14.7	2.6	39.8	16.4	18.1	-29.0	-7.4	-12.7	1.6	-6.8	12.5
<i>of which: demand for prime lending</i>	Past three months	19.1	41.5	11.3	-23.5	-5.8	-6.1	-36.8	-18.1	0.3	14.1	-21.2	11.8
	Next three months	-2.9	-22.3	-4.9	39.8	10.3	18.1	-29.0	12.7	2.3	2.8	-6.8	12.5
<i>of which: demand for buy-to-let lending</i>	Past three months	-8.8	-2.7	-0.9	-32.8	2.3	12.9	11.4	6.2	37.0	37.8	12.7	-5.3
	Next three months	-14.9	-1.8	-17.4	26.6	14.5	-1.5	-1.0	8.9	21.1	1.8	-6.3	19.8
<i>of which: demand for other lending</i>	Past three months	-35.6	n.a.*	-6.0	-31.7	30.8	3.4	-32.1	-30.1	0.0	-4.1	n.a.*	n.a.*
	Next three months	-8.4	n.a.*	-1.6	34.7	22.1	-2.8	-32.1	0.0	0.0	-4.1	n.a.*	n.a.*
<b>How has demand for secured lending for remortgaging from households changed?</b>	Past three months	-50.9	-1.1	-32.7	-34.4	14.2	2.2	16.7	31.1	2.1	-14.0	-10.6	5.6
	Next three months	1.9	14.1	-0.7	28.3	4.9	3.5	-2.0	26.3	4.3	9.5	-4.3	9.6
<b>How has demand for other lending secured on dwellings from households changed?</b>	Past three months	4.2	1.3	-1.9	-21.4	n.a.*	-1.2	0.0	-12.0	-6.7	-2.1	-20.2	0.0
	Next three months	-10.6	0.0	0.0	38.0	n.a.*	0.0	0.0	0.0	-16.0	0.0	0.0	0.0
<b>How have overall secured lending spreads changed?<sup>(a)</sup></b>	Past three months	-25.2	-7.5	-0.1	2.9	19.8	13.6	27.6	18.8	0.9	28.2	7.9	-29.0
	Next three months	5.3	14.5	25.7	2.3	28.9	27.6	-6.6	15.3	17.7	17.3	10.4	-23.7
<i>of which: spreads on prime lending<sup>(a)</sup></i>	Past three months	-25.2	-7.5	-8.4	3.9	20.9	13.6	27.6	18.8	2.1	28.2	7.9	-29.0
	Next three months	-0.8	14.3	25.7	2.3	30.3	28.7	3.3	15.3	26.4	17.3	10.4	-23.7
<i>of which: spreads on buy-to-let lending<sup>(a)</sup></i>	Past three months	-35.0	-8.5	8.6	4.9	15.9	-0.6	10.6	9.6	17.2	1.8	9.9	-10.6
	Next three months	-12.6	7.4	24.3	0.0	22.7	16.7	7.9	9.6	12.7	1.4	2.7	6.7
<i>of which: spreads on other lending<sup>(a)</sup></i>	Past three months	n.a.*	n.a.*	0.0	0.0	23.4	19.9	0.0	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
	Next three months	n.a.*	n.a.*	22.5	0.0	22.8	19.9	0.0	n.a.*	n.a.*	-2.9	n.a.*	n.a.*
<b>How have fees on secured lending changed?<sup>(a)</sup></b>	Past three months	-0.7	1.0	-11.3	0.0	0.0	11.9	10.9	7.6	6.9	-6.7	0.0	1.4
	Next three months	0.9	-16.2	19.9	0.0	4.7	1.0	-5.8	-11.4	1.4	6.7	0.0	-1.6
<b>How have maximum loan to value ratios changed?</b>	Past three months	-3.4	-0.7	19.9	10.1	12.5	7.7	-1.6	1.4	1.2	2.8	11.5	4.9
	Next three months	18.2	13.9	24.7	10.8	1.9	-0.5	2.6	7.6	4.7	4.9	9.8	-9.1
<b>How have maximum loan to income ratios changed?</b>	Past three months	-5.8	0.0	0.0	4.7	0.0	0.0	0.0	0.0	0.0	0.2	-5.0	0.0
	Next three months	0.0	5.5	4.3	0.0	-0.6	4.6	0.0	15.7	4.5	0.0	-5.0	-8.6

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

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

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

## Additional questions

		Net percentage balances <sup>(a)</sup>											
		2009			2010				2011				2012
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>How have the following factors affected overall household secured credit availability?<sup>(b)</sup></b>													
Tighter wholesale funding conditions	Past three months	-2.3	-4.0	8.7	5.7	1.1	-14.1	-6.3	-11.5	2.9	-20.9	-26.9	-20.0
	Next three months	-2.4	-4.1	7.8	-11.1	-12.6	0.0	-13.2	2.5	-9.1	-12.7	-21.9	-20.8
Actual, or potential, need to support ABCP conduits, structured investment vehicles or money market mutual funds	Past three months	n.a.*	n.a.*	25.4	0.0	0.0	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	0.0	n.a.*
	Next three months	n.a.*	n.a.*	25.4	0.0	0.0	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	16.7	n.a.*
Reduced ability to transfer credit risk off balance sheet and/or tighter conditions for raising capital	Past three months	n.a.*	0.0	0.0	0.0	-0.8	-2.0	0.0	0.0	0.0	0.0	-2.6	-23.6
	Next three months	n.a.*	7.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-14.9	-18.0
Expectations for house prices	Past three months	-17.0	19.2	28.9	10.5	29.0	-1.4	-12.5	-14.3	-27.5	-6.8	-6.8	1.4
	Next three months	-15.4	17.6	7.9	-10.5	6.9	9.2	-19.1	-19.6	-27.7	-16.2	-9.3	-11.5
<b>How has the availability of household secured credit to the following types of borrower changed?</b>													
Borrowers with low loan to value ratios (75% or less)	Past three months	3.6	5.2	10.6	1.9	0.6	-6.4	14.8	-5.4	1.3	1.4	-1.8	9.8
	Next three months	9.1	3.1	2.0	5.6	7.2	-1.4	2.1	4.8	0.8	4.8	-4.5	-6.3
Borrowers with high loan to value ratios (more than 75%)	Past three months	-2.6	-1.1	24.2	22.6	18.3	7.4	-5.4	14.8	9.4	16.5	2.1	-10.7
	Next three months	18.8	5.9	9.7	5.7	-6.9	-14.3	9.1	28.6	14.2	24.2	13.3	-8.6
<b>How has the average credit quality of new secured lending to households changed?<sup>(c)</sup></b>													
	Past three months	18.0	15.2	9.8	0.0	5.6	8.6	1.6	9.0	3.8	3.9	0.0	2.7
	Next three months	0.1	23.8	0.0	7.0	-1.5	16.2	1.9	5.1	1.2	4.5	-5.5	24.5
<b>What percentage of your existing secured loan book is contractually committed to passing on any further cuts in Bank Rate?</b>	Median <sup>(d)</sup>	n.a.**	n.a.**	n.a.**	n.a.**	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  $\pm 100$ . This annex reports the net percentage balance of respondents for each question in the unsecured lending questionnaire.

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

The first Credit Conditions Survey was conducted in 2007 Q2. A full set of results is available in Excel on the Bank's website at [www.bankofengland.co.uk/publications/Pages/other/monetary/creditconditions.aspx](http://www.bankofengland.co.uk/publications/Pages/other/monetary/creditconditions.aspx).

		Net percentage balances <sup>(a)</sup>											
		2009			2010				2011				2012
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>How has the availability of unsecured credit provided to households changed?</b>	Past three months	-13.4	-9.0	-16.2	-1.5	-0.6	3.5	-7.7	6.2	1.1	19.9	12.5	4.7
	Next three months	-6.9	-12.1	-1.7	16.1	7.8	15.0	18.2	10.3	12.2	1.9	7.0	-10.4
<b>Factors contributing to changes in credit availability:<sup>(b)</sup></b>													
changing economic outlook	Past three months	3.2	-10.6	3.0	11.2	0.7	6.8	0.0	-1.3	1.2	-6.9	0.0	3.4
	Next three months	-4.4	-9.9	0.0	6.0	17.9	0.9	6.9	-1.2	-4.6	-6.3	-2.4	-1.4
market share objectives	Past three months	-8.5	6.0	-4.3	6.4	3.5	6.7	0.7	8.9	1.8	3.5	-2.9	-1.5
	Next three months	5.7	-4.5	0.9	2.7	3.6	6.1	12.0	13.0	23.2	2.7	-2.2	-3.5
changing appetite for risk	Past three months	-1.9	-24.7	-4.3	-0.6	-0.1	5.5	-8.8	7.9	0.3	7.2	1.8	-0.5
	Next three months	-1.6	-14.3	-3.6	19.7	18.3	12.7	19.1	12.7	4.7	7.5	4.5	1.5
changing cost/availability of funds	Past three months	-0.7	-11.3	0.0	0.0	0.0	0.0	0.0	-2.0	0.0	-0.9	-1.1	-0.8
	Next three months	-2.7	-10.4	-9.0	0.0	0.0	0.9	10.9	7.8	5.4	-0.4	0.2	0.0
<b>How have credit scoring criteria for granting credit card loan applications by households changed?</b>	Past three months	-24.2	-26.7	-17.1	-15.7	16.5	0.9	-13.0	7.6	-0.4	2.6	5.2	5.7
	Next three months	-20.5	-34.1	-8.0	0.0	16.5	7.8	6.2	-7.3	4.9	12.7	4.1	0.8
<b>How have credit scoring criteria for granting other unsecured loan applications by households changed?</b>	Past three months	-42.4	-48.7	-29.1	-15.9	-21.2	-24.1	-26.9	-11.8	16.7	25.0	10.6	-1.9
	Next three months	-31.9	-19.4	-7.4	-25.6	-24.0	-3.3	8.8	-4.6	-7.7	11.6	2.2	2.5
<b>How have credit scoring criteria for granting total unsecured loan applications by households changed?</b>	Past three months	-27.6	-30.5	-19.1	-15.7	11.0	-2.6	-14.8	5.1	1.8	5.4	5.8	4.7
	Next three months	-22.6	-31.5	-7.9	-3.9	10.6	6.3	6.6	-7.0	3.3	12.6	3.9	1.0
<b>How has the proportion of credit card loan applications from households being approved changed?</b>	Past three months	-21.7	-1.3	-12.3	5.0	12.4	21.0	9.7	20.0	-7.6	-2.9	-1.2	3.8
	Next three months	-11.4	-19.4	0.0	-4.3	15.0	7.1	6.4	2.1	6.3	19.3	3.4	-7.6
<b>How has the proportion of other unsecured loan applications from households being approved changed?</b>	Past three months	-35.5	-5.0	-29.9	-4.9	-5.6	-26.9	-16.8	2.5	6.6	20.5	10.7	0.3
	Next three months	-15.3	-3.1	-0.2	-25.6	-19.5	-3.3	8.8	8.9	8.5	19.5	14.1	0.0

		Net percentage balances <sup>(a)</sup>											
		2009			2010				2011				2012
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>How has the proportion of total unsecured loan applications from households being approved changed?</b>	Past three months	-24.2	-1.9	-15.1	3.5	9.7	14.3	6.2	17.8	-5.8	0.1	0.3	3.4
	Next three months	-12.1	-16.6	0.0	-7.6	10.0	5.6	6.7	2.9	6.6	19.3	4.7	-6.6
<b>How has the default rate on credit card loans to households changed?</b>	Past three months	38.4	40.5	-4.9	-32.4	-20.2	-40.1	-30.4	-35.2	-25.6	-41.8	-29.3	-43.8
	Next three months	37.3	43.0	-8.0	-21.7	-19.5	-15.9	7.3	5.3	-2.2	-21.4	-0.7	6.4
<b>How has the default rate on other unsecured loans to households changed?</b>	Past three months	37.3	28.3	-19.8	-34.8	-31.9	-33.2	-40.3	-37.8	-29.2	-37.6	-37.4	-35.9
	Next three months	42.1	31.9	-15.5	-26.8	-24.8	0.0	-10.1	-8.2	-4.4	3.6	-8.5	-12.7
<b>How has the default rate on total unsecured loans to households changed?</b>	Past three months	38.2	38.4	-7.3	-32.8	-21.9	-39.2	-31.7	-35.5	-26.0	-41.3	-30.3	-42.8
	Next three months	38.2	41.1	-9.2	-22.5	-20.3	-13.7	5.0	3.6	-2.5	-18.2	-1.7	3.9
<b>How have losses given default on credit card loans to households changed?</b>	Past three months	30.3	38.2	13.5	35.2	16.5	25.2	-37.0	7.0	11.3	-14.6	-10.7	-21.5
	Next three months	27.9	39.0	23.5	13.9	-5.0	-11.8	-8.9	12.3	12.7	-9.1	-15.6	-7.6
<b>How have losses given default on other unsecured loans to households changed?</b>	Past three months	41.2	31.8	29.0	15.6	26.1	-10.1	13.4	-2.5	-2.2	-11.8	6.5	0.0
	Next three months	22.8	20.2	20.8	19.4	10.1	-7.4	3.3	-1.2	-8.3	0.0	0.0	-13.6
<b>How have losses given default on total unsecured loans to households changed?</b>	Past three months	32.3	37.1	16.0	32.2	17.9	20.3	-30.4	5.8	9.6	-14.2	-8.5	-18.7
	Next three months	26.9	35.8	23.1	14.7	-2.8	-11.2	-7.3	10.5	9.9	-8.0	-13.6	-8.4
<b>How has demand for credit card lending from households changed?</b>	Past three months	-27.0	-11.4	-15.1	-30.9	13.9	-14.9	-0.5	-0.3	-1.1	4.9	-7.5	-10.8
	Next three months	-10.5	-4.1	42.7	13.0	2.5	29.5	8.2	6.2	5.7	24.8	-16.0	-1.6
<b>How has demand for other unsecured lending from households changed?</b>	Past three months	-12.8	-3.1	-19.0	-2.6	25.8	9.5	-12.8	-13.0	-4.2	-4.6	-37.7	16.5
	Next three months	9.6	-15.8	5.1	5.8	-8.1	3.3	13.7	24.1	-1.2	7.8	9.1	4.1
<b>How has demand for total unsecured lending from households changed?</b>	Past three months	-24.4	-10.0	-15.7	-26.6	15.6	-11.5	-2.2	-1.9	-1.5	3.7	-11.4	-7.3
	Next three months	-6.8	-6.1	36.6	11.9	1.0	25.8	8.9	8.5	4.8	22.6	-12.8	-0.9
<b>How have spreads on credit cards changed?<sup>(a)</sup></b>	Past three months	-5.8	-13.9	-1.5	-0.6	-0.2	-6.4	0.2	-6.1	-1.4	7.2	1.5	2.3
	Next three months	19.0	0.7	13.5	0.6	-8.6	0.0	-8.6	1.5	0.0	0.1	-11.1	1.5
<b>How have spreads on other unsecured lending products changed?<sup>(a)</sup></b>	Past three months	-39.3	-18.0	-24.8	-20.7	-3.9	-17.4	10.4	22.1	8.4	-10.4	21.8	17.1
	Next three months	8.5	-24.0	14.6	-2.0	-8.8	12.6	8.2	2.1	24.8	32.3	5.1	16.7
<b>How have overall unsecured lending spreads changed?<sup>(a)</sup></b>	Past three months	-12.0	-14.6	-5.3	-3.7	-0.8	-7.9	1.5	-2.5	-0.1	5.0	4.1	4.2
	Next three months	17.1	-3.6	13.7	0.2	-8.7	1.8	-6.4	1.5	3.2	4.1	-9.0	3.5
<b>How have credit card limits changed?</b>	Past three months	-16.1	-30.2	-13.8	-10.0	0.3	0.8	-0.1	11.8	-1.7	13.3	21.2	20.7
	Next three months	-16.6	-14.4	-2.7	-0.7	6.1	4.8	-8.6	-0.7	12.6	27.7	5.6	0.8
<b>How has the minimum proportion of credit card balances to be paid changed?<sup>(a)</sup></b>	Past three months	-6.2	-6.1	-6.1	-7.1	-7.5	-15.6	-8.1	-5.2	-18.7	-7.3	-7.6	-8.0
	Next three months	0.0	0.0	8.9	0.0	0.0	0.0	-14.0	0.3	-6.2	0.0	0.0	0.0
<b>How have maximum maturities on loans changed?<sup>(c)</sup></b>	Past three months	-15.6	-1.6	-10.5	0.0	-7.2	0.0	0.0	-2.0	0.0	13.6	-13.8	-2.2
	Next three months	-17.2	-3.6	0.0	-2.8	-7.2	-15.3	-2.1	0.0	-9.4	0.0	-13.8	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  $\pm 100$ . This annex reports the net percentage balance of respondents for each question in the corporate lending questionnaire, including specific questions for private non-financial corporations (PNFCs) and other financial corporations (OFCs).

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

The first Credit Conditions Survey was conducted in 2007 Q2 and additional questions have been included since 2007 Q4. A full set of results is available in Excel on the Bank's website at [www.bankofengland.co.uk/publications/Pages/other/monetary/creditconditions.aspx](http://www.bankofengland.co.uk/publications/Pages/other/monetary/creditconditions.aspx).

		Net percentage balances <sup>(a)</sup>											
		2009			2010				2011				2012
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>How has the availability of credit provided to the corporate sector overall changed?</b>	Past three months	14.3	24.8	16.3	21.9	7.1	7.8	3.2	6.9	4.1	3.9	11.0	-2.6
	Next three months	27.7	28.9	20.5	22.7	6.5	3.4	4.8	7.8	3.4	2.4	8.1	-6.4
<i>of which: commercial real estate sector</i>	Past three months	-38.7	-8.1	5.6	7.8	3.5	6.4	3.0	-13.7	14.0	2.3	-8.4	-7.5
	Next three months	-3.9	-5.9	2.4	5.9	4.4	3.0	2.1	-6.5	17.8	0.6	-10.2	-20.7
<b>Factors contributing to changes in credit availability:<sup>(b)</sup></b>													
changing economic outlook	Past three months	-12.7	0.3	4.3	24.7	2.9	0.8	0.9	0.7	0.3	-2.2	-16.7	-8.4
	Next three months	0.0	3.1	-0.9	20.4	-10.1	0.6	2.1	6.8	6.5	-8.3	-15.5	-3.6
changing sector-specific risks	Past three months	-2.3	2.3	16.5	18.9	-12.3	0.0	13.3	-0.8	0.1	-4.2	-16.0	-3.1
	Next three months	-6.9	-3.1	23.2	23.9	-16.7	0.0	0.7	0.7	0.0	-4.2	-12.5	-1.9
market share objectives	Past three months	10.9	9.5	0.0	-1.4	-0.3	7.2	6.1	9.2	3.9	0.1	14.7	-2.1
	Next three months	11.8	13.3	2.8	4.7	8.6	15.3	6.2	10.3	3.2	0.1	13.5	-1.5
market pressures from capital markets	Past three months	2.2	0.7	5.6	-4.4	-1.1	-1.6	0.9	-4.4	10.4	5.6	0.2	8.3
	Next three months	5.1	0.8	3.9	3.5	6.5	-4.3	0.0	1.7	10.4	21.2	2.9	-1.3
changing appetite for risk	Past three months	0.0	0.8	0.1	-1.6	0.0	3.0	1.5	8.2	0.1	13.3	-2.6	-3.1
	Next three months	0.0	1.6	0.0	1.4	1.4	0.7	0.7	7.6	-0.7	-3.0	0.0	-1.9
changing cost/availability of funds	Past three months	12.9	32.5	-7.6	10.4	-1.1	3.0	-1.3	0.0	4.9	1.1	-6.6	-1.6
	Next three months	26.5	21.4	6.7	1.6	-0.8	2.6	0.0	1.6	-1.5	0.9	3.4	-3.9
<b>How has the proportion of loan applications from medium PNFCs being approved changed?</b>	Past three months	3.5	11.8	1.7	12.0	3.5	0.7	0.0	3.7	-0.8	0.6	-8.1	-4.6
	Next three months	8.6	17.1	1.3	0.7	7.4	1.4	-1.4	-1.0	-0.8	3.0	-3.4	0.9
<b>How has the proportion of loan applications from large PNFCs being approved changed?</b>	Past three months	5.4	3.2	5.6	8.8	6.5	2.5	0.0	4.4	-0.8	-4.8	1.3	-3.8
	Next three months	7.3	11.9	6.0	0.8	6.5	1.8	0.0	5.8	-0.8	2.3	-1.3	-1.8
<b>Has there been any change in the use of cash securitisations associated with corporate lending?</b>	Past three months	n.a.*	9.9	10.5	-1.5	0.0	0.0	0.0	-1.3	9.4	0.0	1.3	0.0
	Next three months	n.a.*	0.0	7.4	19.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Has there been any change in the use of derivatives/synthetic securitisations associated with corporate lending?</b>	Past three months	9.0	5.8	-1.0	-4.1	-2.8	-3.1	-2.7	-4.4	4.0	-15.9	-1.9	-1.9
	Next three months	-2.4	-1.8	-1.0	-4.1	-3.2	-3.1	-2.7	-3.6	-4.0	-2.8	-1.9	7.0

		Net percentage balances <sup>(a)</sup>											
		2009			2010				2011				2012
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Has there been any change in 'target hold' levels associated with corporate lending?	Past three months	24.6	15.3	0.5	8.3	9.3	0.5	-2.8	-5.7	-11.0	1.7	10.7	24.2
	Next three months	30.8	0.0	31.3	17.8	7.4	6.7	-2.8	-0.4	11.0	5.9	13.1	12.4
How have loan tenors on new corporate loans changed? <sup>(c)</sup>	Past three months	-22.4	-0.6	-10.7	21.1	39.5	12.7	-7.4	-0.5	3.1	-11.8	8.8	-10.0
	Next three months	-20.5	13.1	18.2	23.5	6.6	-4.9	1.5	1.1	18.5	-6.9	-14.2	-2.3
How has the default rate on loans to medium PNFCs changed?	Past three months	46.3	42.5	31.8	-6.6	-23.0	-12.5	-0.5	-21.1	0.7	-6.2	18.0	17.7
	Next three months	46.8	35.6	22.5	2.4	-2.5	-17.1	-15.7	-19.9	-5.0	20.0	25.5	21.9
How has the default rate on loans to large PNFCs changed?	Past three months	48.0	34.8	40.8	-15.2	-16.6	-25.6	-18.9	-20.2	-7.1	-6.3	18.6	6.9
	Next three months	45.2	37.1	27.0	4.6	3.8	-22.5	-9.0	-21.1	-6.6	30.1	14.2	7.5
How have losses given default on loans to medium PNFCs changed?	Past three months	33.4	29.8	9.9	10.9	-1.6	0.9	0.3	-7.3	-7.7	-5.3	2.1	11.6
	Next three months	35.8	22.0	5.0	2.2	-1.6	-6.1	-5.1	-6.4	-5.7	6.3	19.3	21.5
How have losses given default on loans to large PNFCs changed?	Past three months	30.8	28.8	14.8	0.0	-2.3	-6.2	-5.0	-6.3	-7.8	-5.5	0.0	7.0
	Next three months	24.3	23.0	13.0	-4.4	-1.6	-7.2	-5.2	-8.2	-6.5	6.5	20.7	20.3
How has demand for lending from medium PNFCs changed?	Past three months	-2.1	12.3	-1.4	15.0	-3.2	-4.2	3.1	-3.1	14.9	9.2	-1.6	-5.9
	Next three months	13.0	14.9	5.5	18.9	8.9	2.8	1.1	9.5	3.5	-12.3	-9.2	19.2
How has demand for lending from large PNFCs changed?	Past three months	-3.6	-5.3	-27.1	1.9	-9.6	-2.0	-3.7	10.6	6.3	-13.2	1.5	-5.2
	Next three months	0.0	14.9	15.7	6.3	-16.8	-9.7	19.1	5.0	-8.1	-14.9	-5.2	-8.0
How has demand from institutional investors/pension funds changed?	Past three months	-1.5	-1.2	-6.9	-1.2	1.1	4.1	-1.0	1.1	15.0	-3.0	0.0	3.2
	Next three months	-1.5	-2.6	-1.7	-8.0	1.1	4.1	0.0	1.1	0.0	0.0	0.0	3.2
How has demand from securities dealers changed?	Past three months	n.a.*	n.a.*	-28.7	0.0	0.0	0.0	7.1	1.2	-7.2	-2.1	-1.5	-2.2
	Next three months	n.a.*	n.a.*	-0.3	13.2	1.3	0.0	8.3	9.4	0.0	0.0	-1.5	-2.2
How has demand from hedge funds changed?	Past three months	n.a.*	n.a.*	-66.5	n.a.*	n.a.*	n.a.*	-5.5	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
	Next three months	n.a.*	n.a.*	-58.8	n.a.*	n.a.*	n.a.*	-4.0	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
How has demand from structured finance vehicles changed?	Past three months	n.a.*	n.a.*	-48.7	n.a.*	n.a.*	-5.1	-4.4	-1.4	10.8	-3.7	-15.6	0.0
	Next three months	n.a.*	n.a.*	-42.7	n.a.*	n.a.*	-5.1	-3.2	-1.4	38.2	0.0	-2.4	-1.5
How has demand from other OFCs changed?	Past three months	0.0	9.2	-11.2	0.0	0.0	0.0	0.0	-5.0	n.a.*	-1.5	n.a.*	n.a.*
	Next three months	0.0	7.7	-19.9	7.0	0.0	0.0	0.0	0.0	n.a.*	-3.3	n.a.*	n.a.*
<b>What have been the main factors contributing to changes in demand for lending:<sup>(b)</sup></b>													
mergers and acquisitions	Past three months	-9.4	-6.4	-21.0	35.2	-5.6	27.3	5.2	20.0	-9.4	3.0	-0.9	-19.6
	Next three months	4.7	19.2	22.3	34.2	1.1	31.2	35.2	8.2	-7.9	-6.8	-1.8	-3.3
capital investment	Past three months	-40.7	-25.9	-20.7	-9.1	-1.2	-3.2	0.0	0.0	-14.0	-7.7	-3.4	-19.1
	Next three months	-24.2	-6.6	-5.2	-0.7	0.7	2.3	-0.8	-0.9	-7.4	-12.2	-3.2	-1.6
inventory finance	Past three months	-6.9	1.4	-12.7	15.0	1.8	-5.7	2.2	0.6	-0.1	-2.4	0.7	-14.6
	Next three months	-6.2	19.7	6.5	21.0	1.8	3.2	0.7	6.2	7.4	-0.6	0.7	-0.6
balance sheet restructuring	Past three months	37.4	15.7	-19.1	-1.1	-13.4	3.4	1.5	2.8	-15.8	10.6	-0.1	-11.1
	Next three months	28.8	24.6	21.7	0.9	-1.4	-9.4	2.2	2.8	-16.6	-3.1	1.6	3.0
commercial real estate	Past three months	-53.4	6.9	9.5	8.4	1.0	6.5	-18.3	-3.4	-0.1	1.8	-1.1	-19.5
	Next three months	-24.4	-14.7	5.9	2.7	7.2	3.1	-20.4	5.6	5.5	2.5	-1.4	-17.0

		Net percentage balances <sup>(a)</sup>											
		2009			2010				2011				2012
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>How have spreads on loans to medium PNFCs changed?<sup>(a)</sup></b>	Past three months	-12.2	-15.2	9.2	21.0	17.8	-2.0	-3.0	14.3	21.9	22.6	-19.6	-33.1
	Next three months	-10.0	10.7	23.4	12.8	2.2	-2.3	-1.3	0.6	19.9	18.0	-33.8	-11.6
<b>How have fees/commissions on loans to medium PNFCs changed?<sup>(a)</sup></b>	Past three months	-11.9	-18.2	7.3	8.2	1.8	2.1	17.7	14.5	19.2	20.6	-8.4	-18.8
	Next three months	-11.0	11.7	10.7	12.0	0.3	-2.3	11.5	0.3	18.0	19.2	-20.9	-7.3
<b>How have collateral requirements for loans to medium PNFCs changed?<sup>(a)</sup></b>	Past three months	-7.3	-14.0	-3.5	-3.1	-1.6	0.0	-0.8	-0.6	-2.8	-4.4	-1.2	-4.8
	Next three months	-5.4	0.0	-1.7	-0.9	0.0	0.0	0.0	0.9	-1.4	0.0	-2.5	-6.9
<b>How have maximum credit lines for medium PNFCs changed?</b>	Past three months	3.6	0.0	-2.3	0.7	3.4	-10.0	2.9	-8.6	-11.1	0.8	-4.0	-12.4
	Next three months	-6.7	4.5	0.4	3.5	3.6	-1.7	2.9	5.1	1.6	-5.3	-1.6	-7.7
<b>How have loan covenants for medium PNFCs changed?<sup>(a)</sup></b>	Past three months	-27.1	-14.0	-4.2	-3.6	-0.2	12.9	1.8	1.3	4.9	-2.0	-3.7	-14.9
	Next three months	-6.5	0.0	-2.2	-1.2	0.0	1.0	-5.1	-1.4	1.9	-5.3	-16.2	0.0
<b>How have spreads on loans to large PNFCs changed?<sup>(a)</sup></b>	Past three months	-11.2	-4.4	10.6	50.7	39.3	39.3	26.2	21.7	27.9	17.0	-14.4	-33.0
	Next three months	-2.9	12.5	39.2	21.5	8.2	1.8	0.8	8.4	13.6	9.5	-44.2	-9.7
<b>How have fees/commissions on loans to large PNFCs changed?<sup>(a)</sup></b>	Past three months	-6.8	-7.4	10.8	18.6	35.4	26.0	34.8	21.9	16.6	15.7	-3.7	-19.8
	Next three months	-3.8	11.7	9.6	21.5	10.5	6.1	13.1	7.1	15.3	13.2	-29.6	-6.7
<b>How have collateral requirements for loans to large PNFCs changed?<sup>(a)</sup></b>	Past three months	-3.5	-14.0	-4.0	-2.0	-1.6	0.0	-0.8	13.8	-2.8	-2.1	-3.2	-0.7
	Next three months	-1.6	0.0	-0.9	-0.1	0.0	0.7	0.0	1.8	-1.4	0.0	-1.9	-0.7
<b>How have maximum credit lines for large PNFCs changed?</b>	Past three months	7.4	12.2	2.2	19.5	9.9	3.7	5.7	18.6	2.3	4.5	0.1	-10.1
	Next three months	-2.8	17.6	0.0	9.8	3.7	-0.2	3.7	18.8	15.2	3.0	-1.6	-7.6
<b>How have loan covenants for large PNFCs changed?<sup>(a)</sup></b>	Past three months	-24.2	-14.0	-4.9	5.4	-0.9	7.0	19.0	19.8	16.5	17.4	-8.8	1.9
	Next three months	-5.2	6.4	5.4	25.1	0.0	14.4	0.7	18.4	10.6	7.5	-21.8	-0.7
<b>How have spreads on loans to OFCs changed?<sup>(a)</sup></b>	Past three months	-40.7	-8.1	14.1	41.6	21.8	-16.0	33.3	6.8	22.8	9.5	-16.5	-16.1
	Next three months	-21.9	-0.9	13.8	20.0	-12.9	-16.0	1.0	1.7	1.0	9.2	-30.4	-24.7
<b>How have fees/commissions on loans to OFCs changed?<sup>(a)</sup></b>	Past three months	-34.2	-15.6	14.2	21.6	20.3	-19.1	32.6	1.7	1.0	1.8	-2.1	-8.6
	Next three months	-21.9	-11.2	10.8	21.3	-12.9	-19.1	1.0	1.7	1.0	14.9	-16.1	-22.5
<b>How have collateral requirements for loans to OFCs changed?<sup>(a)</sup></b>	Past three months	-32.2	-18.9	-2.6	-22.5	0.0	0.0	0.9	1.9	-4.6	-1.3	-3.0	-7.5
	Next three months	-20.3	-18.9	-2.6	-1.3	0.0	0.0	0.0	1.0	0.0	-0.7	-3.0	-6.9
<b>How have maximum credit lines for OFCs changed?</b>	Past three months	-25.7	-20.2	23.3	-6.4	1.5	0.0	19.8	6.1	5.3	-0.4	-9.1	-6.2
	Next three months	-23.0	-20.2	23.3	5.0	12.1	0.0	4.9	6.8	5.3	-6.5	-9.1	-5.5

\* 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 <sup>(a)</sup>											
		2009			2010				2011				2012
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>How have the following factors affected overall PNFCs' credit availability?<sup>(b)</sup></b>													
Tighter wholesale funding conditions	Past three months	-7.6	5.4	-4.9	-6.5	0.0	4.2	-6.4	-9.3	-2.8	-19.0	-42.6	2.1
	Next three months	-7.0	1.3	-2.3	0.7	-1.7	-7.7	3.3	-6.8	5.6	-39.6	-49.4	-5.8
Actual, or potential, need to support ABCP conduits, structured investment vehicles or money market mutual funds	Past three months	-10.3	-13.2	13.2 <sup>†</sup>	16.4	21.3	25.4	-48.8	0.0	24.3	-14.9	0.0	11.9
	Next three months	-12.6	-16.1	-11.6	19.8	21.3	13.4	-50.4	0.0	24.3	-23.9	-62.7	-9.8
Reduced ability to transfer credit risk off balance sheet and/or tighter conditions for raising capital	Past three months	-21.4	-6.7	-4.0	13.0	7.2	-2.1	-33.8	1.2	9.7	-14.0	-25.1	-4.0
	Next three months	-37.2	-6.7	-2.6	11.4	-6.4	-6.6	-27.7	-1.2	8.6	-21.0	-21.0	0.6
<b>Has there been a change in drawdowns on committed lines by PNFCs?</b>	Past three months	-40.3	-10.0	-16.8	-15.6	-7.0	-7.6	0.0	-5.5	-19.5	9.8	14.0	-2.4
	Next three months	-12.4	-13.8	-18.9	-2.6	5.2	-0.9	0.0	-6.6	-12.7	11.9	15.3	4.9
<b>Has there been a change in average credit quality on newly arranged PNFC borrowing facilities?<sup>(c)</sup></b>	Past three months	-1.4	-4.6	11.1	20.3	5.9	5.0	13.5	7.2	5.0	5.2	8.3	19.7
	Next three months	-1.4	-4.5	15.0	23.2	-7.2	-1.0	12.9	4.0	3.6	5.2	3.9	15.1
<b>How have commercial property prices affected credit availability to the commercial real estate sector, and/or secured lending to PNFCs?</b>	Past three months	-46.2	7.4	-8.1	-2.0	5.4	0.0	-24.5	-4.9	-16.3	-1.2	-1.0	-16.7
	Next three months	-21.8	-5.7	16.8	14.2	5.4	-5.2	-23.7	-2.2	-16.3	-2.2	-1.0	-16.3
<b>Has there been a change in the amount of secured lending to PNFCs, such as asset-based lending, relative to unsecured PNFC lending?</b>	Past three months	n.a.**	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.**
<b>Has there been a change in the availability of letters of credit to PNFCs for use in international trade?</b>	Past three months	0.3	0.0	11.6	5.5	1.0	0.0	13.7	-2.4	-2.0	-2.6	5.7	0.0
	Next three months	5.4	0.0	26.0	5.5	1.8	0.0	13.7	6.6	-2.0	0.0	0.0	0.9
<b>Has there been a change in the availability of trade credit instruments (invoice financing, factoring, trade credit insurance etc) to PNFCs for domestic business activities?</b>	Past three months	16.2	5.9	0.3	1.7	8.8	9.4	-10.7	15.2	2.2	-0.1	0.0	3.3
	Next three months	4.7	4.7	0.3	0.8	20.7	11.4	-10.9	9.4	5.9	2.4	0.9	1.5
<b>What percentage of your existing PNFC loan book is contractually committed to passing on any further cuts in Bank Rate?</b>	Median <sup>(d)</sup>	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**
<b>How has the availability of credit provided to medium PNFCs changed?</b>	Past three months	n.a.**	15.0	11.0	16.1	8.1	5.8	3.0	0.9	1.3	0.8	9.9	-3.1
	Next three months	n.a.**	19.7	21.4	24.8	6.5	3.3	3.3	4.9	2.0	0.0	9.2	-2.2
<b>How has the availability of credit provided to large PNFCs changed?</b>	Past three months	n.a.**	25.6	16.9	16.8	6.9	0.3	1.4	5.2	0.8	-1.1	-0.7	-3.1
	Next three months	n.a.**	27.8	19.8	12.3	6.2	2.9	0.7	4.5	4.9	-0.7	-3.8	-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<sup>(a)</sup>

		Net percentage balances <sup>(b)</sup>											
		2009			2010				2011				2012
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
How has the availability of credit provided to small businesses changed?	Past three months	n.a.**	n.a.**	1.9	-0.6	12.6	26.8	8.9	0.4	4.1	6.8	-1.2	-2.2
	Next three months	n.a.**	n.a.**	6.4	26.1	15.5	8.1	11.8	4.0	-2.1	2.5	13.3	0.9
How has the proportion of loan applications from small businesses being approved changed?	Past three months	n.a.**	n.a.**	-6.4	32.3	34.9	-9.2	6.8	11.7	-6.1	3.0	-1.9	-2.0
	Next three months	n.a.**	n.a.**	2.8	23.2	6.5	-2.1	-12.3	-1.6	7.4	0.0	0.0	0.9
How has the default rate on loans to small businesses changed?	Past three months	n.a.**	n.a.**	38.0	2.0	15.7	-6.8	12.3	19.7	-8.2	-24.0	-14.7	1.4
	Next three months	n.a.**	n.a.**	38.7	24.2	-3.6	11.3	19.1	19.7	8.1	-2.5	1.8	-1.3
How have losses given default on loans to small businesses changed?	Past three months	n.a.**	n.a.**	6.0	4.1	-23.5	14.2	36.3	22.0	-15.5	-10.2	-19.6	8.6
	Next three months	n.a.**	n.a.**	12.2	10.9	13.1	18.6	19.1	15.5	2.9	0.7	1.0	-2.3
How has overall demand for lending from small businesses changed? <sup>(c)</sup>	Past three months	n.a.**	n.a.**	0.6	21.4	33.7	-18.6	0.0	-30.6	35.5	-15.4	-35.1	-16.6
	Next three months	n.a.**	n.a.**	12.3	27.2	24.6	0.2	-12.3	27.9	3.8	-10.7	-23.4	14.0
How has demand for credit card lending from small businesses changed? <sup>(c)</sup>	Past three months	21.7	14.3	3.5	16.5	24.4	14.4	-7.6	-20.9	-29.6	-29.1	-1.5	-1.5
	Next three months	32.2	18.8	8.2	25.2	24.4	6.3	36.4	50.0	27.7	5.9	15.6	20.9
How has demand for other unsecured lending from small businesses changed? <sup>(c)</sup>	Past three months	-26.7	9.0	-6.8	13.4	35.6	0.8	-8.6	n.a.*	21.2	-17.4	-25.4	-15.8
	Next three months	18.1	10.7	10.2	27.0	-3.6	7.5	-6.2	n.a.*	8.9	0.2	-15.6	15.8
How has demand for total unsecured lending from small businesses changed? <sup>(c)</sup>	Past three months	12.3	13.3	1.7	16.0	26.2	12.3	-7.8	-18.7	-21.5	-27.3	-5.1	-3.7
	Next three months	29.5	17.4	8.6	25.5	20.0	6.5	27.7	47.0	24.7	5.0	10.9	20.1
How has demand for secured lending from small businesses changed? <sup>(c)</sup>	Past three months	-16.0	11.2	15.0	19.4	18.0	-13.5	-26.5	-26.9	34.9	-21.6	-9.8	-20.1
	Next three months	21.0	13.1	15.0	19.4	18.0	0.0	19.4	27.4	0.0	0.0	-9.8	17.7
How have spreads on loans to small businesses changed?	Past three months	n.a.**	n.a.**	-1.1	-6.8	-0.7	0.0	-12.6	-8.3	-2.0	-2.5	-11.1	-6.4
	Next three months	n.a.**	n.a.**	-1.3	-3.4	1.4	0.0	-11.3	-8.3	-11.2	-6.9	-20.3	-8.1
How have fees/commissions on loans to small businesses changed?	Past three months	n.a.**	n.a.**	-1.7	-6.8	-0.7	0.0	-11.3	-8.1	2.8	0.0	-7.0	0.0
	Next three months	n.a.**	n.a.**	-2.0	-3.4	-1.4	0.0	-11.3	-6.1	0.0	-6.9	0.0	-8.1
How have collateral requirements for loans to small businesses changed?	Past three months	n.a.**	n.a.**	-3.4	-2.1	0.0	0.0	0.0	-3.3	-2.0	-14.8	0.0	0.0
	Next three months	n.a.**	n.a.**	-2.0	-0.7	-1.4	0.0	0.0	-3.3	-2.0	-13.5	0.0	0.0
How have maximum credit lines for small businesses changed?	Past three months	n.a.**	n.a.**	-2.0	-2.6	1.4	1.0	0.0	0.0	-2.0	-2.6	0.0	0.0
	Next three months	n.a.**	n.a.**	-2.0	-1.3	1.4	0.0	0.0	0.0	-2.0	-13.5	0.0	0.9
How have loan covenants for small businesses changed?	Past three months	n.a.**	n.a.**	-2.0	-5.6	17.2	12.4	-25.6	-3.3	-2.0	-14.8	-2.6	-2.8
	Next three months	n.a.**	n.a.**	0.0	-4.1	15.8	0.0	3.0	0.0	-2.0	-13.5	0.0	-0.9

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

\*\* 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.