

Credit Conditions Survey

Survey results | 2012 Q2



BANK OF ENGLAND





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Credit Conditions Survey

2012 Q2

As part of its mission to maintain monetary stability and financial stability, the Bank needs to understand trends and developments in credit conditions. This 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 Q2 survey. The 2012 Q2 survey was conducted between 14 May and 31 May 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 Q2 survey, and copies of the questionnaires are available on the Bank's website at www.bankofengland.co.uk/publications/Pages/other/monetary/creditconditions.aspx.

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

2012 Q3 survey on 26 September 2012



Credit Conditions Survey

2012 Q2

Supply

- The availability of **secured credit to households** was reported to have been unchanged in the three months to end-May 2012. While lenders expected availability to remain unchanged in the next three months, they expected the availability to borrowers with high loan to value ratios to decline markedly.
- Lenders reported that the availability of **unsecured credit to households** increased slightly in 2012 Q2. Availability was expected to increase slightly in 2012 Q3.
- The overall availability of credit to the corporate sector was reported to have been broadly unchanged for **small, medium and large companies** in 2012 Q2. 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, although it was expected to remain unchanged in Q3.

Demand

- Lenders reported that demand for **prime lending for house purchase** had increased significantly in 2012 Q2, at least partly reflecting a pick-up ahead of the end of the stamp duty holiday. Demand for **buy-to-let** lending was unchanged. In the coming quarter, lenders expected overall demand for **secured lending for house purchase** to be broadly unchanged.
- 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 that pattern to reverse in Q3, with total unsecured loan demand slightly higher.
- Lenders reported that demand for credit from **small companies** had risen in the three months to end-May 2012. But demand from **medium-sized firms** was unchanged and demand from **large companies** fell. Demand was expected to be unchanged for small firms, to increase for medium-sized firms and to fall slightly for large firms.

Defaults

- Lenders reported that the default rate on **secured loans to households** fell slightly in the three months to end-May. And losses given default on secured lending were broadly unchanged in Q2. Defaults and losses given default on secured lending were expected to be broadly unchanged in Q3.
- Lenders reported that default rates on total **unsecured lending** decreased in the past three months, and were expected to stabilise in Q3. Lenders also reported a fall in losses given default on total unsecured lending, with a further small fall expected in Q3.
- Lenders reported that default rates on loans to **small firms** fell during Q2, and were expected to fall slightly further in the next three months. And defaults on lending to **large firms** had fallen slightly but were expected to increase in Q3. Losses given default on loans to small businesses increased slightly in the three months to end-May and were expected to be unchanged in Q3. In contrast, lenders reported that losses given default on loans to large and **medium-sized corporates** were unchanged, but were expected to increase in the next three months.

Terms and conditions

- The elevated cost of wholesale funding for banks has continued to be passed through to spreads on secured household lending, and lending to firms.
- Lenders reported that overall spreads on **secured lending to households** — relative to Bank Rate or the appropriate swap rate — widened markedly in 2012 Q2. Lenders expected a further significant widening of spreads in Q3.
- Spreads on overall **unsecured lending** were reported to have been broadly unchanged over the previous quarter. Lenders expected spreads to remain unchanged in 2012 Q3.
- Lenders reported that spreads had widened significantly on lending to **medium-sized firms**, had widened for **small firms** but were unchanged for **large firms**. Spreads were expected to rise markedly on lending to firms of all sizes, and other financial corporations, in the next three months.

This report presents the results of the 2012 Q2 survey. The 2012 Q2 survey was conducted between 14 May and 31 May 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 ± 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.

Credit Conditions Survey

Spreads on secured household lending and lending to small and medium firms rose during Q2, and a further marked widening of spreads was expected across secured household and corporate lending in the next three months, as the elevated cost of bank funding is passed through to borrowers. Lenders reported that the availability of credit for secured household and corporate lending was broadly unchanged in the three months to end-May, with the outlook for the economy and tightness in wholesale funding markets reported to be weighing on the availability of secured household credit. Availability was expected to be broadly flat for corporate and secured household credit in the coming three months, and to increase slightly for unsecured household credit. Household demand for secured credit had increased substantially in the three months to end-May, at least partly reflecting a pick-up prior to the end of the stamp duty holiday. And while demand for credit from small firms had increased, household demand for unsecured credit and demand from medium and large firms, remained weak. Lenders expected household demand for total unsecured borrowing to increase slightly in the coming three months along with demand from medium-sized firms, but otherwise demand was expected to be subdued. Lenders continued to be positively surprised by the performance of corporate and household debt, with default rates and losses given default generally lower than expectations in the previous survey.

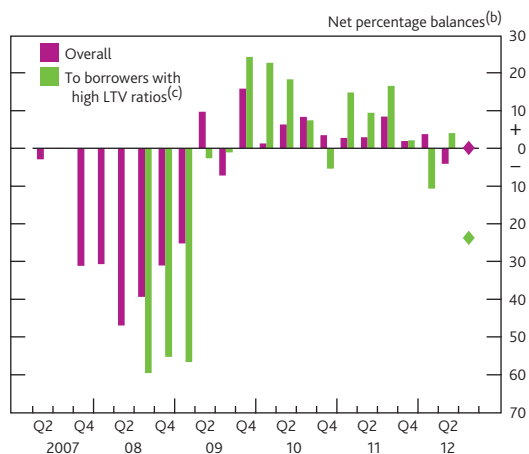
The 2012 Q2 Credit Conditions Survey was conducted between 14 May and 31 May 2012. This was prior to the announcements at the recent Mansion House dinner, that the Bank would be commencing operations under the Extended Collateral Term Repo Facility and that the Bank would be working with the Treasury on a 'funding for lending' scheme.

Secured lending to households

In the three months to end-May, 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 fall. The proportion of loan applications being approved fell significantly over the past three months, and the average credit quality of new lending increased. Taken together, this would be consistent with a tightening of credit scoring criteria by some lenders over the past three months. However, because other lenders did not tighten their credit scoring criteria, aggregate credit scoring criteria remained broadly unchanged during Q2. While headline availability was unchanged, lenders reported that the economic outlook and tight wholesale funding conditions were weighing on availability, with the latter having a marked negative effect. In contrast, market share objectives were reported to be pushing up on availability.

Lenders expected the overall availability of secured credit to remain unchanged in 2012 Q3. However, lenders expected the

Chart 1 Household secured credit availability^(a)

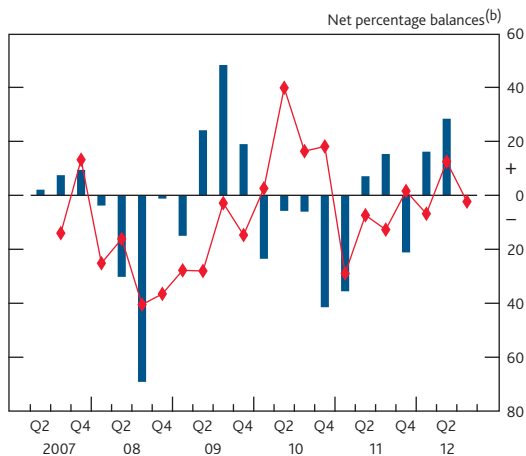


(a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question. The magenta and green bars show the responses over the previous three months. The corresponding diamonds show the expectations over the next three months.

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

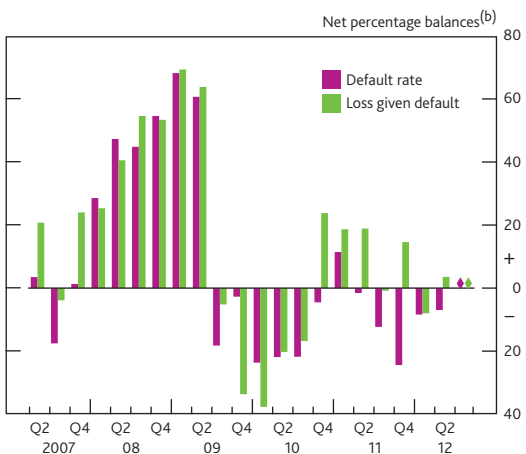
(c) This question was introduced in 2008 Q3.

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



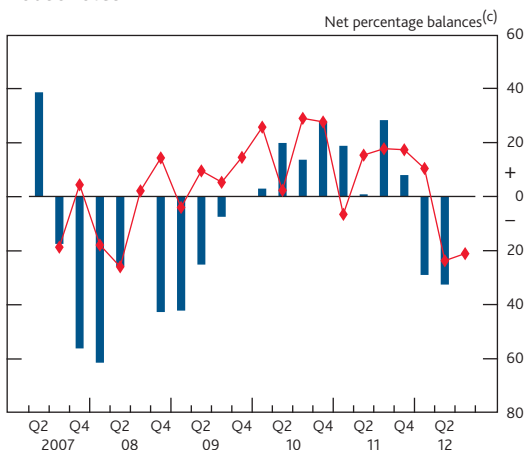
(a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question. The blue bars show the responses over the previous three months. The red diamonds show the expectations over the next three months. Expectations balances have been moved forward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



(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^{(a)(b)}



(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.

availability of secured credit to borrowers with high loan to value (LTV) ratios to decline markedly. The economic outlook and tightness in wholesale funding markets were expected to continue to weigh on availability, and expectations of house prices were also expected to impact negatively on credit availability. Lenders expected credit scoring criteria to be tightened slightly over the next three months. And, consistent with that, the proportion of secured loans being approved was expected to fall, and the average credit quality of new lending to increase.

Overall demand for secured lending for house purchases was reported to have increased significantly over the previous three months (Chart 2), reflecting a marked rise in demand for prime lending. Lenders noted this may have partly reflected demand being brought forward ahead of the end of the stamp duty holiday (which ended 24 March 2012). In contrast, demand for buy-to-let lending (which was not eligible for the stamp duty exemption) was unchanged during Q2. Overall demand for lending was expected to be broadly unchanged in the next three months.

The default rate on secured loans to households fell slightly in the three months to end-May (Chart 3), compared with the previous survey expectation that default rates would be broadly unchanged. And losses given default on secured lending were broadly unchanged in Q2, compared to the previous survey expectation of a marked increase. Defaults and losses given default on secured lending were expected to be broadly unchanged in Q3.

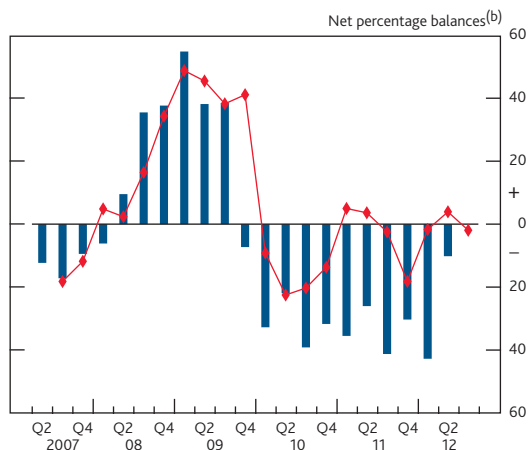
Lenders reported that overall spreads on secured lending rates to households — relative to Bank Rate or the relevant swap rate — widened markedly over the previous quarter (Chart 4). The widening in spreads was concentrated on prime lending, with lenders noting that this reflected pass-through of higher wholesale funding costs.

Lenders expected a further significant widening in overall spreads on secured lending over the coming quarter. Again, lenders expected this to be concentrated on spreads on prime lending, with spreads on buy-to-let lending widening only slightly. Tight wholesale funding conditions were expected to continue to exert upward pressure on spreads.

Unsecured lending to households

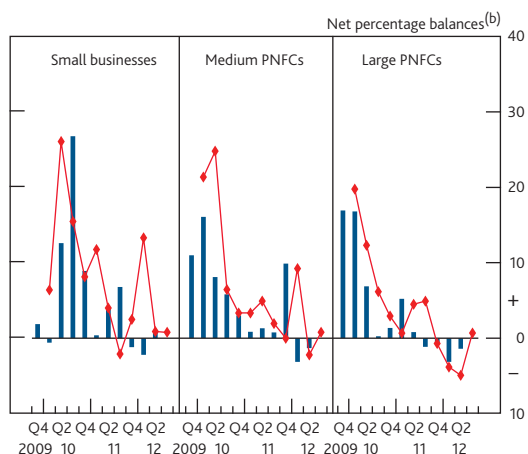
The total amount of unsecured credit made available to households was reported to have increased slightly in the past three months, in contrast to the previous survey expectation of a fall. Market share objectives and increased risk appetite were reported to have contributed positively to credit availability. Lenders reported credit scoring criteria for credit card lending had been slightly loosened in the three months to end-May. Consistent with that, the average credit quality of new credit card lending fell slightly.

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



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

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



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

Overall availability of unsecured credit was expected to increase a little further in the next three months. Credit scoring criteria for other unsecured lending were expected to loosen slightly, and lenders expected the proportion of other unsecured borrowing applications being approved to increase. Lenders also expected credit card limits to increase in Q3.

While demand for other unsecured lending had increased, this had been more than offset by a decline in demand for credit card lending, leaving total unsecured loan demand lower. Lenders expected that pattern to reverse in Q3, with demand for credit card lending increasing, demand for other unsecured lending falling and total unsecured loan demand slightly higher.

Lenders continued to report that performance of unsecured loans had been better than expected. Following ten consecutive quarters of falls in default rates, lenders reported that default rates on total unsecured lending had decreased again in the past three months, and were expected to stabilise in Q3 (Chart 5). Lenders also reported a fall in losses given default on total unsecured lending, with a further small fall expected in Q3.

Lenders reported that spreads on credit card lending had been unchanged over the past three months and were expected to remain unchanged in Q3. Spreads on other unsecured lending were reported to have narrowed slightly in Q2 and were expected to narrow slightly over the next three months. Lenders noted that increased competition had mitigated the effect of increased funding costs on spreads.

Lending to corporates and small businesses

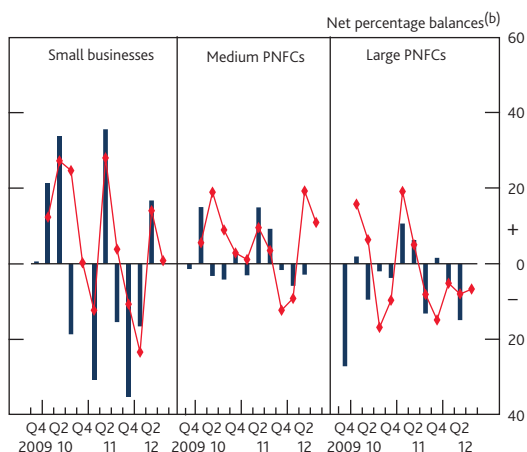
Credit conditions in the corporate sector may vary by the size of business, so this survey asks lenders to report developments in the corporate sector overall split by large and medium-sized private non-financial companies (PNFCs) and small businesses.⁽¹⁾

Lenders reported that the total amount of credit made available to small, medium and large companies was unchanged in the past three months (Chart 6). The proportion of loan applications from small business being approved rose, but was unchanged for medium and large firms, and the average credit quality of newly arranged PNFC borrowing facilities increased.

Availability of credit to firms of all sizes was expected to remain unchanged in Q3. Market share objectives were expected to have a slightly positive effect on credit availability while tight wholesale funding conditions were expected to have a marked negative effect.

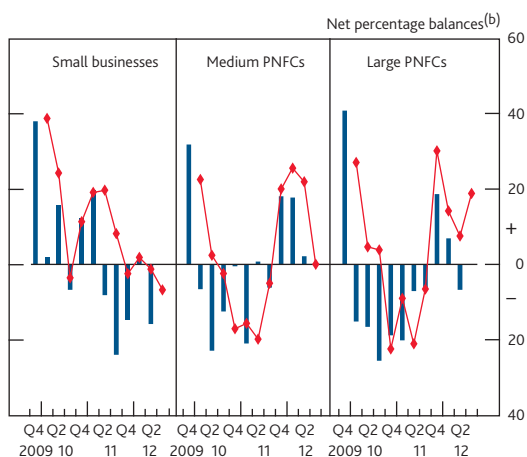
Credit availability to the commercial real estate sector fell slightly during Q2, and lenders reported that commercial

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

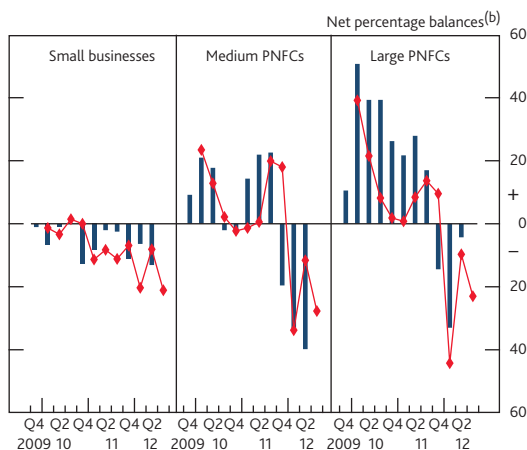
(a) See footnote (a) to Chart 2.

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

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

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

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

Chart 9 Spreads over reference rates on lending to corporates by firm size^(a)

(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.

property prices continued to negatively affect availability. Lenders noted they were taking a cautious and selective approach to this sector. Availability of credit to the commercial real estate sector was expected to be broadly unchanged in Q3, despite a continued negative effect on availability from commercial property prices.

Lenders reported that demand for credit from small companies had risen in the three months to end-May (Chart 7). But demand from medium-sized firms was unchanged and demand from large companies fell. Demand was expected to be unchanged for small firms, to increase for medium-sized firms and to fall slightly for large firms. A range of factors were reported to be weighing on demand with a lack of merger and acquisition activity and capital investment, driven by uncertainty over the euro area, the most significant. Demand for credit was noted to vary by sector for large and medium-sized firms.

Lenders reported a mixed picture for corporate debt performance. Defaults and losses given default on loans to firms in the past three months were generally better than the previous survey expectations. Lenders reported that default rates on loans to small firms fell during Q2 (Chart 8), and were expected to fall slightly further in the next three months. Defaults on loans to medium-sized firms were unchanged, and were expected to remain so. And defaults on lending to large firms had fallen slightly but were expected to increase in Q3. Losses given default on loans to small businesses increased slightly in the three months to end-May and were expected to be unchanged in Q3. In contrast, lenders reported that losses given default on loans to large and medium-sized corporates were unchanged, but were expected to increase in the next three months.

Lenders reported some tightening in price terms during Q2 with further substantial tightening expected in Q3. There was also some tightening in non-price terms in the three months to end-May, but no change was expected in Q3. Lenders reported that spreads had widened significantly on lending to medium-sized firms, had widened for small firms but were unchanged for large firms (Chart 9). Lenders noted that competition between lenders, and with capital markets, was exerting downward pressure on spreads and fees for the highest quality credits and largest firms, despite increases in bank funding costs. Spreads were expected to rise markedly on lending to firms of all sizes, and other financial corporations (OFCs), in the next three months. Lenders reported that fees and commissions on loans to medium-sized companies had risen substantially in Q2, and while these had remained unchanged for small and large firms, fees and commissions on lending to all sizes of firms were expected to increase in the next three months. There was also some tightening in non-price terms in the three months to end-May, with lenders reporting a tightening in loan covenants on lending to medium-sized companies, and a slight tightening in collateral requirements for, and maximum credit lines to, OFCs.

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/Pages/other/monetary/creditconditions.aspx.

		Net percentage balances ^(a)											
		2009		2010				2011				2012	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the availability of secured credit provided to households changed?	Past three months	-7.2	15.8	1.3	6.3	8.3	3.4	2.8	2.9	8.4	1.9	3.8	-4.1
	Next three months	12.3	9.9	3.2	-11.4	-3.9	2.7	14.6	-1.9	6.9	7.6	-8.7	0.1
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	-1.2	14.9	0.0	0.0	2.0	0.0	1.1	0.0	5.0	-1.6	-8.6	-10.5
	Next three months	13.9	15.8	-9.8	2.2	-8.9	-9.9	-8.2	-8.7	-11.2	-9.9	-8.6	-9.0
market share objectives	Past three months	-6.5	5.3	5.6	11.3	9.6	8.3	7.2	18.7	14.9	-1.5	-11.6	16.9
	Next three months	4.7	7.0	7.3	1.8	8.9	7.1	17.9	7.3	-1.0	7.6	-18.9	1.1
changing appetite for risk	Past three months	-4.5	0.0	-0.3	1.1	1.0	-0.9	1.4	0.0	7.0	7.8	-7.2	1.6
	Next three months	5.3	0.9	1.0	0.8	6.6	1.4	0.9	4.1	5.5	0.0	-18.7	0.0
tight wholesale funding conditions	Past three months	-4.0	8.7	5.7	1.1	-14.1	-6.3	-11.5	2.9	-20.9	-26.9	-20.0	-20.4
	Next three months	-4.1	7.8	-11.1	-12.6	0.0	-13.2	2.5	-9.1	-12.7	-21.9	-20.8	-18.3
expectations for house prices	Past three months	19.2	28.9	10.5	29.0	-1.3	-12.5	-14.3	-27.5	-6.8	-6.8	1.4	-1.6
	Next three months	17.6	7.9	-10.5	6.9	9.2	-19.1	-19.6	-27.7	-16.2	-9.3	-11.5	-10.7
How has the availability of household secured credit to the following types of borrower changed?													
Borrowers with low loan to value ratios (75% or less)	Past three months	5.2	10.6	1.9	0.6	-6.4	14.8	-5.4	1.3	1.4	-1.8	9.8	5.3
	Next three months	3.1	2.0	5.6	7.2	-1.4	2.1	4.8	0.8	4.8	-4.5	-6.3	1.2
Borrowers with high loan to value ratios (more than 75%)	Past three months	-1.1	24.2	22.6	18.3	7.4	-5.4	14.8	9.4	16.5	2.1	-10.7	4.0
	Next three months	5.9	9.7	5.7	-6.9	-14.3	9.1	28.6	14.2	24.2	13.3	-8.6	-23.7
How have credit scoring criteria for granting loan applications by households changed?	Past three months	-1.2	4.2	-1.3	-8.8	-7.4	-1.6	0.0	4.4	-5.8	-1.4	-10.1	-2.8
	Next three months	-1.3	-1.0	0.0	-5.2	-18.4	0.0	2.7	-0.5	-2.0	-19.1	-14.3	-9.9
How has the proportion of household loan applications being approved changed?	Past three months	13.6	6.2	-3.9	0.3	0.6	0.5	0.4	9.6	2.8	-9.7	-17.8	-26.2
	Next three months	0.6	1.0	3.0	-0.6	-10.3	-9.8	12.8	-0.5	0.0	-16.0	-2.6	-24.1
How has the average credit quality of new secured lending to households changed?^(c)	Past three months	15.2	9.8	0.0	5.6	8.6	1.6	9.0	3.8	3.9	0.0	2.7	12.1
	Next three months	23.8	0.0	7.0	-1.5	16.2	1.9	5.1	1.2	4.5	-5.5	24.5	18.8

		Net percentage balances ^(a)											
		2009		2010				2011				2012	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the default rate on secured loans to households changed?	Past three months	-18.2	-2.7	-23.6	-21.9	-21.8	-4.5	11.5	-1.5	-12.3	-24.4	-8.4	-7.0
	Next three months	6.3	32.3	3.0	3.0	-21.8	-0.3	14.3	23.0	3.6	-15.0	-3.3	1.5
How have losses given default on secured loans to households changed?	Past three months	-5.2	-33.7	-37.7	-20.2	-16.8	23.8	18.7	18.9	-0.8	14.6	-8.0	3.6
	Next three months	20.0	-3.2	1.8	25.7	-0.1	9.6	8.0	23.0	18.0	9.7	22.4	1.5
How has demand for secured lending for house purchase from households changed?	Past three months	48.3	19.0	-23.5	-5.8	-6.1	-41.5	-35.6	7.1	15.3	-21.2	16.2	28.4
	Next three months	-14.7	2.6	39.8	16.4	18.1	-29.0	-7.4	-12.7	1.6	-6.8	12.5	-2.3
<i>of which: demand for prime lending</i>	Past three months	41.5	11.3	-23.5	-5.8	-6.1	-36.8	-18.1	0.3	14.1	-21.2	11.8	38.3
	Next three months	-22.3	-4.9	39.8	10.3	18.1	-29.0	12.7	2.3	2.8	-6.8	12.5	-2.3
<i>of which: demand for buy-to-let lending</i>	Past three months	-2.7	-0.9	-32.8	2.3	12.9	11.4	6.2	37.0	37.8	12.7	-5.3	-1.6
	Next three months	-1.8	-17.4	26.6	14.5	-1.5	-1.0	8.9	21.1	1.8	-6.3	19.8	4.0
<i>of which: demand for other lending</i>	Past three months	n.a.*	-6.0	-31.7	30.8	3.4	-32.1	-30.1	0.0	-4.1	n.a.*	n.a.*	n.a.*
	Next three months	n.a.*	-1.6	34.7	22.1	-2.8	-32.1	0.0	0.0	-4.1	n.a.*	n.a.*	n.a.*
How has demand for secured lending for remortgaging from households changed?	Past three months	-1.1	-32.7	-34.4	14.2	2.2	16.7	31.1	2.1	-14.0	-10.6	5.6	9.9
	Next three months	14.1	-0.7	28.3	4.9	3.5	-2.0	26.3	4.3	9.5	-4.3	9.6	8.7
How have overall secured lending spreads changed?	Past three months	-7.5	-0.1	2.9	19.8	13.6	27.6	18.8	0.9	28.2	7.9	-29.0	-32.5
	Next three months	14.5	25.7	2.3	28.9	27.6	-6.6	15.3	17.7	17.3	10.4	-23.7	-21.1
<i>of which: spreads on prime lending</i>	Past three months	-7.5	-8.4	3.9	20.9	13.6	27.6	18.8	2.1	28.2	7.9	-29.0	-32.5
	Next three months	14.3	25.7	2.3	30.3	28.7	3.3	15.3	26.4	17.3	10.4	-23.7	-21.1
<i>of which: spreads on buy-to-let lending</i>	Past three months	-8.5	8.6	4.9	15.9	-0.6	10.6	9.6	17.2	1.8	9.9	-10.6	-6.6
	Next three months	7.4	24.3	0.0	22.7	16.7	7.9	9.6	12.7	1.4	2.7	6.7	-6.9
<i>of which: spreads on other lending</i>	Past three months	n.a.*	0.0	0.0	23.4	19.9	0.0	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
	Next three months	n.a.*	22.5	0.0	22.8	19.9	0.0	n.a.*	n.a.*	-2.9	n.a.*	n.a.*	n.a.*
How have fees on secured lending changed?	Past three months	1.0	-11.3	0.0	0.0	11.9	10.9	7.6	6.9	-6.7	0.0	1.4	0.0
	Next three months	-16.2	19.9	0.0	4.7	1.0	-5.8	-11.4	1.4	6.7	0.0	-1.6	0.0
How have maximum loan to value ratios changed?	Past three months	-0.7	19.9	10.1	12.5	7.7	-1.6	1.4	1.2	2.8	11.5	4.9	6.4
	Next three months	13.9	24.7	10.8	1.9	-0.5	2.6	7.6	4.7	4.9	9.8	-9.1	-1.7
How have maximum loan to income ratios changed?	Past three months	0.0	0.0	4.7	0.0	0.0	0.0	0.0	0.0	0.2	-5.0	0.0	6.8
	Next three months	5.5	4.3	0.0	-0.6	4.6	0.0	15.7	4.5	0.0	-5.0	-8.6	0.0
What percentage of your existing secured loan book is contractually committed to passing on any further cuts in Bank Rate?	Median ^(d)	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**

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

** Additional question not asked in survey.

- (a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question by their market shares. Positive balances indicate that lenders, on balance, reported/expected demand/credit availability/defaults to be higher than over the previous/current three-month period, or that the terms and conditions on which credit was provided became cheaper or looser respectively.
- (b) A positive balance indicates that the changes in the factors described have served to increase credit availability.
- (c) A positive balance indicates an improvement in the credit quality of new borrowing.
- (d) Unlike the other questions in this survey, lenders were asked to select the numerical range that reflected the percentage of their existing loan book contractually committed to passing on any further cuts in Bank Rate (0%–20%, 20%–40%, 40%–60%, 60%–80%, 80%–100%). A weighted median response, based on lenders' market shares, was then calculated assuming that lenders' responses were uniformly distributed across each numerical range.

Annex 2

Unsecured lending to households questionnaire results

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

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

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

		Net percentage balances ^(a)											
		2009		2010				2011				2012	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the availability of unsecured credit provided to households changed?	Past three months	-9.0	-16.2	-1.5	-0.6	3.5	-7.7	6.2	1.1	19.9	12.5	4.7	8.1
	Next three months	-12.1	-1.7	16.1	7.8	15.0	18.2	10.3	12.2	1.9	7.0	-10.4	5.6
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	-10.6	3.0	11.2	0.7	6.8	0.0	-1.3	1.2	-6.9	0.0	3.4	-1.7
	Next three months	-9.9	0.0	6.0	17.9	0.9	6.9	-1.2	-4.6	-6.3	-2.4	-1.4	-2.2
market share objectives	Past three months	6.0	-4.3	6.4	3.5	6.7	0.7	8.9	1.8	3.5	-2.9	-1.5	7.6
	Next three months	-4.5	0.9	2.7	3.6	6.1	12.0	13.0	23.2	2.7	-2.2	-3.5	10.7
changing appetite for risk	Past three months	-24.7	-4.3	-0.6	-0.1	5.5	-8.8	7.9	0.3	7.2	1.8	-0.5	7.3
	Next three months	-14.3	-3.6	19.7	18.3	12.7	19.1	12.7	4.7	7.5	4.5	1.5	6.1
changing cost/availability of funds	Past three months	-11.3	0.0	0.0	0.0	0.0	0.0	-2.0	0.0	-0.9	-1.1	-0.8	-0.7
	Next three months	-10.4	-9.0	0.0	0.0	0.9	10.9	7.8	5.4	-0.4	0.2	0.0	-11.9
How have credit scoring criteria for granting credit card loan applications by households changed?	Past three months	-26.7	-17.1	-15.7	16.5	0.9	-13.0	7.6	-0.4	2.6	5.2	5.7	8.4
	Next three months	-34.1	-8.0	0.0	16.5	7.8	6.2	-7.3	4.9	12.7	4.1	0.8	3.6
How have credit scoring criteria for granting other unsecured loan applications by households changed?	Past three months	-48.7	-29.1	-15.9	-21.2	-24.1	-26.9	-11.8	16.7	25.0	10.6	-1.9	3.9
	Next three months	-19.4	-7.4	-25.6	-24.0	-3.3	8.8	-4.6	-7.7	11.6	2.2	2.5	8.6
How have credit scoring criteria for granting total unsecured loan applications by households changed?	Past three months	-30.5	-19.1	-15.7	11.0	-2.6	-14.8	5.1	1.8	5.4	5.8	4.7	7.8
	Next three months	-31.5	-7.9	-3.9	10.6	6.3	6.6	-7.0	3.3	12.6	3.9	1.0	4.3
How has the proportion of credit card loan applications from households being approved changed?	Past three months	-1.3	-12.3	5.0	12.4	21.0	9.7	20.0	-7.6	-2.9	-1.2	3.8	-1.4
	Next three months	-19.4	0.0	-4.3	15.0	7.1	6.4	2.1	6.3	19.3	3.4	-7.6	-2.0
How has the proportion of other unsecured loan applications from households being approved changed?	Past three months	-5.0	-29.9	-4.9	-5.6	-26.9	-16.8	2.5	6.6	20.5	10.7	0.3	-2.3
	Next three months	-3.1	-0.2	-25.6	-19.5	-3.3	8.8	8.9	8.5	19.5	14.1	0.0	14.8
How has the proportion of total unsecured loan applications from households being approved changed?	Past three months	-1.9	-15.1	3.5	9.7	14.3	6.2	17.8	-5.8	0.1	0.3	3.4	-1.5
	Next three months	-16.6	0.0	-7.6	10.0	5.6	6.7	2.9	6.6	19.3	4.7	-6.6	0.1

		Net percentage balances ^(a)											
		2009		2010				2011				2012	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the average credit quality of new credit card lending to households changed? ^(c)	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.**	-6.7
	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.**	7.7
How has the average credit quality of new other unsecured lending to households changed? ^(c)	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.**	5.4
	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.**	-8.6
How has the average credit quality of new total unsecured lending to households changed? ^(c)	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.**	-5.2
	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.**	5.7
How has the default rate on credit card loans to households changed?	Past three months	40.5	-4.9	-32.4	-20.2	-40.1	-30.4	-35.2	-25.6	-41.8	-29.3	-43.8	-7.1
	Next three months	43.0	-8.0	-21.7	-19.5	-15.9	7.3	5.3	-2.2	-21.4	-0.7	6.4	-2.2
How has the default rate on other unsecured loans to households changed?	Past three months	28.3	-19.8	-34.8	-31.9	-33.2	-40.3	-37.8	-29.2	-37.6	-37.4	-35.9	-31.7
	Next three months	31.9	-15.5	-26.8	-24.8	0.0	-10.1	-8.2	-4.4	3.6	-8.5	-12.7	0.0
How has the default rate on total unsecured loans to households changed?	Past three months	38.4	-7.3	-32.8	-21.9	-39.2	-31.7	-35.5	-26.0	-41.3	-30.3	-42.8	-10.2
	Next three months	41.1	-9.2	-22.5	-20.3	-13.7	5.0	3.6	-2.5	-18.2	-1.7	3.9	-2.0
How have losses given default on credit card loans to households changed?	Past three months	38.2	13.5	35.2	16.5	25.2	-37.0	7.0	11.3	-14.6	-10.7	-21.5	-13.2
	Next three months	39.0	23.5	13.9	-5.0	-11.8	-8.9	12.3	12.7	-9.1	-15.6	-7.6	-7.6
How have losses given default on other unsecured loans to households changed?	Past three months	31.8	29.0	15.6	26.1	-10.1	13.4	-2.5	-2.2	-11.8	6.5	0.0	-21.9
	Next three months	20.2	20.8	19.4	10.1	-7.4	3.3	-1.2	-8.3	0.0	0.0	-13.6	-8.6
How have losses given default on total unsecured loans to households changed?	Past three months	37.1	16.0	32.2	17.9	20.3	-30.4	5.8	9.6	-14.2	-8.5	-18.7	-14.3
	Next three months	35.8	23.1	14.7	-2.8	-11.2	-7.3	10.5	9.9	-8.0	-13.6	-8.4	-7.7
How has demand for credit card lending from households changed?	Past three months	-11.4	-15.1	-30.9	13.9	-14.9	-0.5	-0.3	-1.1	4.9	-7.5	-10.8	-16.5
	Next three months	-4.1	42.7	13.0	2.5	29.5	8.2	6.2	5.7	24.8	-16.0	-1.6	12.5
How has demand for other unsecured lending from households changed?	Past three months	-3.1	-19.0	-2.6	25.8	9.5	-12.8	-13.0	-4.2	-4.6	-37.7	16.5	18.7
	Next three months	-15.8	5.1	5.8	-8.1	3.3	13.7	24.1	-1.2	7.8	9.1	4.1	-17.0
How has demand for total unsecured lending from households changed?	Past three months	-10.0	-15.7	-26.6	15.6	-11.5	-2.2	-1.9	-1.5	3.7	-11.4	-7.3	-12.1
	Next three months	-6.1	36.6	11.9	1.0	25.8	8.9	8.5	4.8	22.6	-12.8	-0.9	8.8
How have spreads on credit cards changed?	Past three months	-13.9	-1.5	-0.6	-0.2	-6.4	0.2	-6.1	-1.4	7.2	1.5	2.3	0.0
	Next three months	0.7	13.5	0.6	-8.6	0.0	-8.6	1.5	0.0	0.1	-11.1	1.5	0.0
How have spreads on other unsecured lending products changed?	Past three months	-18.0	-24.8	-20.7	-3.9	-17.4	10.4	22.1	8.4	-10.4	21.8	17.1	5.7
	Next three months	-24.0	14.6	-2.0	-8.8	12.6	8.2	2.1	24.8	32.3	5.1	16.7	6.6
How have overall unsecured lending spreads changed?	Past three months	-14.6	-5.3	-3.7	-0.8	-7.9	1.5	-2.5	-0.1	5.0	4.1	4.2	0.7
	Next three months	-3.6	13.7	0.2	-8.7	1.8	-6.4	1.5	3.2	4.1	-9.0	3.5	0.8
How have credit card limits changed?	Past three months	-30.2	-13.8	-10.0	0.3	0.8	-0.1	11.8	-1.7	13.3	21.2	20.7	-2.2
	Next three months	-14.4	-2.7	-0.7	6.1	4.8	-8.6	-0.7	12.6	27.7	5.6	0.8	13.5
How has the minimum proportion of credit card balances to be paid changed?	Past three months	-6.1	-6.1	-7.1	-7.5	-15.6	-8.1	-5.2	-18.7	-7.3	-7.6	-8.0	5.7
	Next three months	0.0	8.9	0.0	0.0	0.0	-14.0	0.3	-6.2	0.0	0.0	0.0	-6.5
How have maximum maturities on loans changed? ^(d)	Past three months	-1.6	-10.5	0.0	-7.2	0.0	0.0	-2.0	0.0	13.6	-13.8	-2.2	-2.3
	Next three months	-3.6	0.0	-2.8	-7.2	-15.3	-2.1	0.0	-9.4	0.0	-13.8	0.0	0.0

** 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) A positive balance indicates an increase in maximum maturities on new loans. The 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/Pages/other/monetary/creditconditions.aspx.

		Net percentage balances ^(a)											
		2009		2010				2011				2012	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the availability of credit provided to the corporate sector overall changed?	Past three months	24.8	16.3	21.9	7.1	7.8	3.2	6.9	4.1	3.9	11.0	-2.6	-3.2
	Next three months	28.9	20.5	22.7	6.5	3.4	4.8	7.8	3.4	2.4	8.1	-6.4	0.7
<i>of which: commercial real estate sector</i>	Past three months	-8.1	5.6	7.8	3.5	6.4	3.0	-13.7	14.0	2.3	-8.4	-7.5	-7.1
	Next three months	-5.9	2.4	5.9	4.4	3.0	2.1	-6.5	17.8	0.6	-10.2	-20.7	-0.3
How have commercial property prices affected credit availability to the commercial real estate sector, and/or secured lending to PNFCs?	Past three months	7.4	-8.1	-2.0	5.4	0.0	-24.5	-4.9	-16.3	-1.2	-1.0	-16.7	-15.0
	Next three months	-5.7	16.8	14.2	5.4	-5.2	-23.7	-2.2	-16.3	-2.2	-1.0	-16.3	-17.8
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	0.3	4.3	24.7	2.9	0.8	0.9	0.7	0.3	-2.2	-16.7	-8.4	-4.2
	Next three months	3.1	-0.9	20.4	-10.1	0.6	2.1	6.8	6.5	-8.3	-15.5	-3.6	-3.4
changing sector-specific risks	Past three months	2.3	16.5	18.9	-12.3	0.0	13.3	-0.8	0.1	-4.2	-16.0	-3.1	-2.8
	Next three months	-3.1	23.2	23.9	-16.7	0.0	0.7	0.7	0.0	-4.2	-12.5	-1.9	-4.9
market share objectives	Past three months	9.5	0.0	-1.4	-0.3	7.2	6.1	9.2	3.9	0.1	14.7	-2.1	4.0
	Next three months	13.3	2.8	4.7	8.6	15.3	6.2	10.3	3.2	0.1	13.5	-1.5	5.6
market pressures from capital markets	Past three months	0.7	5.6	-4.4	-1.1	-1.6	0.9	-4.4	10.4	5.6	0.2	8.3	-0.3
	Next three months	0.8	3.9	3.5	6.5	-4.3	0.0	1.7	10.4	21.2	2.9	-1.3	-4.3
changing appetite for risk	Past three months	0.8	0.1	-1.6	0.0	3.0	1.5	8.2	0.1	13.3	-2.6	-3.1	-3.8
	Next three months	1.6	0.0	1.4	1.4	0.7	0.7	7.6	-0.7	-3.0	0.0	-1.9	-0.5
tight wholesale funding conditions	Past three months	5.4	-4.9	-6.5	0.0	4.2	-6.4	-9.3	-2.8	-19.0	-42.6	2.1	0.0
	Next three months	1.3	-2.3	0.7	-1.7	-7.7	3.3	-6.8	5.6	-39.6	-49.4	-5.8	-25.1
How has the availability of credit provided to small businesses changed?^(c)	Past three months	n.a.**	1.9	-0.6	12.6	26.8	8.9	0.4	4.1	6.8	-1.2	-2.2	0.8
	Next three months	n.a.**	6.4	26.1	15.5	8.1	11.8	4.0	-2.1	2.5	13.3	0.9	0.8
How has the availability of credit provided to medium PNFCs changed?	Past three months	15.0	11.0	16.1	8.1	5.8	3.0	0.9	1.3	0.8	9.9	-3.1	-1.3
	Next three months	19.7	21.4	24.8	6.5	3.3	3.3	4.9	2.0	0.0	9.2	-2.2	0.8
How has the availability of credit provided to large PNFCs changed?	Past three months	25.6	16.9	16.8	6.9	0.3	1.4	5.2	0.8	-1.1	-0.7	-3.1	-1.4
	Next three months	27.8	19.8	12.3	6.2	2.9	0.7	4.5	4.9	-0.7	-3.8	-4.9	0.7

		Net percentage balances ^(a)											
		2009		2010				2011				2012	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the proportion of loan applications from small businesses being approved changed?	Past three months	n.a.**	-6.4	32.3	34.9	-9.2	6.8	11.7	-6.1	3.0	-1.9	-2.0	14.5
	Next three months	n.a.**	2.8	23.2	6.5	-2.1	-12.3	-1.6	7.4	0.0	0.0	0.9	0.8
How has the proportion of loan applications from medium PNFCs being approved changed?	Past three months	11.8	1.7	12.0	3.5	0.7	0.0	3.7	-0.8	0.6	-8.1	-4.6	2.0
	Next three months	17.1	1.3	0.7	7.4	1.4	-1.4	-1.0	-0.8	3.0	-3.4	0.9	0.0
How has the proportion of loan applications from large PNFCs being approved changed?	Past three months	3.2	5.6	8.8	6.5	2.5	0.0	4.4	-0.8	-4.8	1.3	-3.8	-1.0
	Next three months	11.9	6.0	0.8	6.5	1.8	0.0	5.8	-0.8	2.3	-1.3	-1.8	-1.6
Has there been a change in average credit quality on newly arranged PNFC borrowing facilities? ^(d)	Past three months	-4.6	11.1	20.3	5.9	5.0	13.5	7.2	5.0	5.2	8.3	19.7	12.7
	Next three months	-4.5	15.0	23.2	-7.2	-1.0	12.9	4.0	3.6	5.2	3.9	15.1	12.7
Has there been any change in 'target hold' levels associated with corporate lending?	Past three months	15.3	0.5	8.3	9.3	0.5	-2.8	-5.7	-11.0	1.7	10.7	24.2	13.1
	Next three months	0.0	31.3	17.8	7.4	6.7	-2.8	-0.4	11.0	5.9	13.1	12.4	-0.3
How have loan tenors on new corporate loans changed? ^(e)	Past three months	-0.6	-10.7	21.1	39.5	12.7	-7.4	-0.5	3.1	-11.8	8.8	-10.0	-1.5
	Next three months	13.1	18.2	23.5	6.6	-4.9	1.5	1.1	18.5	-6.9	-14.2	-2.3	-1.3
Has there been a change in draw-downs on committed lines by PNFCs?	Past three months	-10.0	-16.8	-15.6	-7.0	-7.6	0.0	-5.5	-19.5	9.8	14.0	-2.4	-0.1
	Next three months	-13.8	-18.9	-2.6	5.2	-0.9	0.0	-6.6	-12.7	11.9	15.3	4.9	1.5
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.**
How has the default rate on loans to small businesses changed?	Past three months	n/a**	38.0	2.0	15.7	-6.8	12.3	19.7	-8.2	-24.0	-14.7	1.4	-15.9
	Next three months	n.a.**	38.7	24.2	-3.6	11.3	19.1	19.7	8.1	-2.5	1.8	-1.3	-6.8
How has the default rate on loans to medium PNFCs changed?	Past three months	42.5	31.8	-6.6	-23.0	-12.5	-0.5	-21.1	0.7	-6.2	18.0	17.7	2.1
	Next three months	35.6	22.5	2.4	-2.5	-17.1	-15.7	-19.9	-5.0	20.0	25.5	21.9	0.0
How has the default rate on loans to large PNFCs changed?	Past three months	34.8	40.8	-15.2	-16.6	-25.6	-18.9	-20.2	-7.1	-6.3	18.6	6.9	-6.8
	Next three months	37.1	27.0	4.6	3.8	-22.5	-9.0	-21.1	-6.6	30.1	14.2	7.5	18.8
How has loss given default on loans to small businesses changed?	Past three months	n.a.**	6.0	4.1	-23.5	14.2	36.3	22.0	-15.5	-10.2	-19.6	8.6	5.9
	Next three months	n.a.**	12.2	10.9	13.1	18.6	19.1	15.5	2.9	0.7	1.0	-2.3	0.0
How have losses given default on loans to medium PNFCs changed?	Past three months	29.8	9.9	10.9	-1.6	0.9	0.3	-7.3	-7.7	-5.3	2.1	11.6	2.2
	Next three months	22.0	5.0	2.2	-1.6	-6.1	-5.1	-6.4	-5.7	6.3	19.3	21.5	14.8
How have losses given default on loans to large PNFCs changed?	Past three months	28.8	14.8	0.0	-2.3	-6.2	-5.0	-6.3	-7.8	-5.5	0.0	7.0	0.0
	Next three months	23.0	13.0	-4.4	-1.6	-7.2	-5.2	-8.2	-6.5	6.5	20.7	20.3	13.3
How has demand for credit card lending from small businesses changed? ^(f)	Past three months	14.3	3.5	16.5	24.4	14.4	-7.6	-20.9	-29.6	-29.1	-1.5	-1.5	10.4
	Next three months	18.8	8.2	25.2	24.4	6.3	36.4	50.0	27.7	5.9	15.6	20.9	-1.4
How has demand for other unsecured lending from small businesses changed? ^(f)	Past three months	9.0	-6.8	13.4	35.6	0.8	-8.6	n/a*	21.2	-17.4	-25.4	-15.8	12.1
	Next three months	10.7	10.2	27.0	-3.6	7.5	-6.2	n/a*	8.9	0.2	-15.6	15.8	0.0
How has demand for total unsecured lending from small businesses changed? ^(f)	Past three months	13.3	1.7	16.0	26.2	12.3	-7.8	-18.7	-21.5	-27.3	-5.1	-3.7	10.6
	Next three months	17.4	8.6	25.5	20.0	6.5	27.7	47.0	24.7	5.0	10.9	20.1	-1.2
How has demand for secured lending from small businesses changed? ^(f)	Past three months	11.2	15.0	19.4	18.0	-13.5	-26.5	-26.9	34.9	-21.6	-9.8	-20.1	15.3
	Next three months	13.1	15.0	19.4	18.0	0.0	19.4	27.4	0.0	0.0	-9.8	17.7	0.0

		Net percentage balances ^(a)											
		2009		2010				2011				2012	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has overall demand for lending from small businesses changed?^(f)	Past three months	n.a.**	0.6	21.4	33.7	-18.6	0.0	-30.6	35.5	-15.4	-35.1	-16.6	16.7
	Next three months	n.a.**	12.3	27.2	24.6	0.2	-12.3	27.9	3.8	-10.7	-23.4	14.0	0.8
How has demand for lending from medium PNFCs changed?	Past three months	12.3	-1.4	15.0	-3.2	-4.2	3.1	-3.1	14.9	9.2	-1.6	-5.9	-2.9
	Next three months	14.9	5.5	18.9	8.9	2.8	1.1	9.5	3.5	-12.3	-9.2	19.2	10.9
How has demand for lending from large PNFCs changed?	Past three months	-5.3	-27.1	1.9	-9.6	-2.0	-3.7	10.6	6.3	-13.2	1.5	-5.2	-14.9
	Next three months	14.9	15.7	6.3	-16.8	-9.7	19.1	5.0	-8.1	-14.9	-5.2	-8.0	-6.7
How has demand for lending from OFCs changed?	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.**	-2.4
	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.**	0.0
What have been the main factors contributing to changes in demand for lending:^(b)													
mergers and acquisitions	Past three months	-6.4	-21.0	35.2	-5.6	27.3	5.2	20.0	-9.4	3.0	-0.9	-19.6	-27.8
	Next three months	19.2	22.3	34.2	1.1	31.2	35.2	8.2	-7.9	-6.8	-1.8	-3.3	3.4
capital investment	Past three months	-25.9	-20.7	-9.1	-1.2	-3.2	0.0	0.0	-14.0	-7.7	-3.4	-19.1	-11.3
	Next three months	-6.6	-5.2	-0.7	0.7	2.3	-0.8	-0.9	-7.4	-12.2	-3.2	-1.6	-1.3
inventory finance	Past three months	1.4	-12.7	15.0	1.8	-5.7	2.2	0.6	-0.1	-2.4	0.7	-14.6	-9.9
	Next three months	19.7	6.5	21.0	1.8	3.2	0.7	6.2	7.4	-0.6	0.7	-0.6	0.0
balance sheet restructuring	Past three months	15.7	-19.1	-1.1	-13.4	3.4	1.5	2.8	-15.8	10.6	-0.1	-11.1	-6.1
	Next three months	24.6	21.7	0.9	-1.4	-9.4	2.2	2.8	-16.6	-3.1	1.6	3.0	1.2
commercial real estate	Past three months	6.9	9.5	8.4	1.0	6.5	-18.3	-3.4	-0.1	1.8	-1.1	-19.5	-6.5
	Next three months	-14.7	5.9	2.7	7.2	3.1	-20.4	5.6	5.5	2.5	-1.4	-17.0	-3.8
How have spreads on loans to small businesses changed?	Past three months	n.a.**	-1.1	-6.8	-0.7	0.0	-12.6	-8.3	-2.0	-2.5	-11.1	-6.4	-13.1
	Next three months	n.a.**	-1.3	-3.4	1.4	0.0	-11.3	-8.3	-11.2	-6.9	-20.3	-8.1	-21.1
How have fees/commissions on loans to small businesses changed?	Past three months	n.a.**	-1.7	-6.8	-0.7	0.0	-11.3	-8.1	2.8	0.0	-7.0	0.0	-1.4
	Next three months	n.a.**	-2.0	-3.4	-1.4	0.0	-11.3	-6.1	0.0	-6.9	0.0	-8.1	-12.9
How have collateral requirements for loans to small businesses changed?	Past three months	n.a.**	-3.4	-2.1	0.0	0.0	0.0	-3.3	-2.0	-14.8	0.0	0.0	0.0
	Next three months	n.a.**	-2.0	-0.7	-1.4	0.0	0.0	-3.3	-2.0	-13.5	0.0	0.0	0.0
How have maximum credit lines for small businesses changed?	Past three months	n.a.**	-2.0	-2.6	1.4	1.0	0.0	0.0	-2.0	-2.6	0.0	0.0	0.0
	Next three months	n.a.**	-2.0	-1.3	1.4	0.0	0.0	0.0	-2.0	-13.5	0.0	0.9	0.0
How have loan covenants for small businesses changed?	Past three months	n.a.**	-2.0	-5.6	17.2	12.4	25.6	-3.3	-2.0	-14.8	-2.6	-2.8	-3.7
	Next three months	n.a.**	0.0	-4.1	15.8	0.0	-3.0	0.0	-2.0	-13.5	0.0	-0.9	-0.8
How have spreads on loans to medium PNFCs changed?	Past three months	-15.2	9.2	21.0	17.8	-2.0	-3.0	14.3	21.9	22.6	-19.6	-33.1	-39.8
	Next three months	10.7	23.4	12.8	2.2	-2.3	-1.3	0.6	19.9	18.0	-33.8	-11.6	-27.7
How have fees/commissions on loans to medium PNFCs changed?	Past three months	-18.2	7.3	8.2	1.8	2.1	17.7	14.5	19.2	20.6	-8.4	-18.8	-21.8
	Next three months	11.7	10.7	12.0	0.3	-2.3	11.5	0.3	18.0	19.2	-20.9	-7.3	-15.4
How have collateral requirements for loans to medium PNFCs changed?	Past three months	-14.0	-3.5	-3.1	-1.6	0.0	-0.8	-0.6	-2.8	-4.4	-1.2	-4.8	-0.7
	Next three months	0.0	-1.7	-0.9	0.0	0.0	0.0	0.9	-1.4	0.0	-2.5	-6.9	-1.9
How have maximum credit lines for medium PNFCs changed?	Past three months	0.0	-2.3	0.7	3.4	-10.0	2.9	-8.6	-11.1	0.8	-4.0	-12.4	-3.3
	Next three months	4.5	0.4	3.5	3.6	-1.7	2.9	5.1	1.6	-5.3	-1.6	-7.7	-1.2
How have loan covenants for medium PNFCs changed?	Past three months	-14.0	-4.2	-3.6	-0.2	12.9	1.8	1.3	4.9	-2.0	-3.7	-14.9	-15.3
	Next three months	0.0	-2.2	-1.2	0.0	1.0	-5.1	-1.4	1.9	-5.3	-16.2	0.0	-1.2

		Net percentage balances ^(a)											
		2009		2010				2011				2012	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How have spreads on loans to large PNFCs changed?	Past three months	-4.4	10.6	50.7	39.3	39.3	26.2	21.7	27.9	17.0	-14.4	-33.0	-4.3
	Next three months	12.5	39.2	21.5	8.2	1.8	0.8	8.4	13.6	9.5	-44.2	-9.7	-23.0
How have fees/commissions on loans to large PNFCs changed?	Past three months	-7.4	10.8	18.6	35.4	26.0	34.8	21.9	16.6	15.7	-3.7	-19.8	-2.9
	Next three months	11.7	9.6	21.5	10.5	6.1	13.1	7.1	15.3	13.2	-29.6	-6.7	-10.5
How have collateral requirements for loans to large PNFCs changed?	Past three months	-14.0	-4.0	-2.0	-1.6	0.0	-0.8	13.8	-2.8	-2.1	-3.2	-0.7	0.0
	Next three months	0.0	-0.9	-0.1	0.0	0.7	0.0	1.8	-1.4	0.0	-1.9	-0.7	-0.5
How have maximum credit lines for large PNFCs changed?	Past three months	12.2	2.2	19.5	9.9	3.7	5.7	18.6	2.3	4.5	0.1	-10.1	-3.4
	Next three months	17.6	0.0	9.8	3.7	-0.2	3.7	18.8	15.2	3.0	-1.6	-7.6	0.0
How have loan covenants for large PNFCs changed?	Past three months	-14.0	-4.9	5.4	-0.9	7.0	19.0	19.8	16.5	17.4	-8.8	1.9	0.8
	Next three months	6.4	5.4	25.1	0.0	14.4	0.7	18.4	10.6	7.5	-21.8	-0.7	-0.5
How have spreads on loans to OFCs changed?	Past three months	-8.1	14.1	41.6	21.8	-16.0	33.3	6.8	22.8	9.5	-16.5	-16.1	-3.6
	Next three months	-0.9	13.8	20.0	-12.9	-16.0	1.0	1.7	1.0	9.2	-30.4	-24.7	-22.1
How have fees/commissions on loans to OFCs changed?	Past three months	-15.6	14.2	21.6	20.3	-19.1	32.6	1.7	1.0	1.8	-2.1	-8.6	-2.1
	Next three months	-11.2	10.8	21.3	-12.9	-19.1	1.0	1.7	1.0	14.9	-16.1	-22.5	-8.6
How have collateral requirements for loans to OFCs changed?	Past three months	-18.9	-2.6	-22.5	0.0	0.0	0.9	1.9	-4.6	-1.3	-3.0	-7.5	-8.4
	Next three months	-18.9	-2.6	-1.3	0.0	0.0	0.0	1.0	0.0	-0.7	-3.0	-6.9	-2.1
How have maximum credit lines for OFCs changed?	Past three months	-20.2	23.3	-6.4	1.5	0.0	19.8	6.1	5.3	-0.4	-9.1	-6.2	-9.4
	Next three months	-20.2	23.3	5.0	12.1	0.0	4.9	6.8	5.3	-6.5	-9.1	-5.5	-0.8
What percentage of your existing PNFC loan book is contractually committed to passing on any further cuts in Bank Rate?	Median ^(g)	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/demand.
- (c) 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.
- (d) A positive balance indicates an improvement in the credit quality of new borrowing.
- (e) A positive balance indicates an increase in new corporate loan tenors. The sign convention was changed in 2009 Q3 and was applied to the back data accordingly.
- (f) 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.
- (g) 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.