

Credit Conditions Survey

Survey results | 2012 Q3



BANK OF ENGLAND





BANK OF ENGLAND

Credit Conditions Survey

2012 Q3

As part of its mission to maintain monetary stability and financial stability, the Bank needs to understand trends and developments in credit conditions. This 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 Q3 survey. The 2012 Q3 survey was conducted between 14 August and 4 September 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 Q3 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 Q3

Supply

- The availability of **secured credit to households** was reported to have increased significantly in the three months to beginning-September 2012. A further significant increase was expected over the next three months, with the Funding for Lending Scheme cited as an important contributing factor.
- Lenders reported that the availability of **unsecured credit to households** had remained unchanged in 2012 Q3, but was expected to increase slightly in 2012 Q4.
- The overall availability of credit to the corporate sector was reported to have remained unchanged for **small, medium and large companies** in 2012 Q3, and was expected to remain unchanged for firms of all sizes in the next three months.

Demand

- Lenders reported that demand for **prime lending for house purchase** had increased slightly in 2012 Q3, while demand for **buy-to-let** lending had fallen slightly. In the coming quarter, lenders expected overall demand for **secured lending for house purchase** to increase slightly further.
- Demand for overall **unsecured lending** was reported to have remained unchanged over the past three months. Lenders expected demand to increase slightly in 2012 Q4.
- Lenders reported that demand for credit from **small and large companies** had fallen in the three months to beginning-September 2012, although demand from **medium-sized firms** was unchanged. Demand was expected to increase slightly from medium-sized firms in Q4, but demand from large and small firms was expected to remain unchanged.

Defaults

- Lenders reported that the default rate on **secured loans to households** fell slightly in the three months to beginning-September, but losses given default on secured lending were broadly unchanged. Both defaults and losses given default on secured lending were expected to remain unchanged in Q4.
- Default rates and losses given default on total **unsecured lending** remained unchanged in 2012 Q3, and were expected to remain unchanged in Q4. Within total unsecured lending, however, the performance of **other unsecured lending** had improved: default rates and losses given default fell, and losses given default were expected to fall further next quarter.
- Lenders reported that default rates on loans to **small and large firms** rose during Q3, and were expected to rise slightly further in Q4. Default rates for medium-sized firms were also expected to rise. Losses given default on loans to large businesses increased in Q3, and were expected to increase for large and medium-sized firms in Q4.

Terms and conditions

- Lenders reported that overall spreads on **secured lending to households** — relative to Bank Rate or the appropriate swap rate — widened in 2012 Q3. Lenders expected this pattern to reverse in Q4, with a marked tightening in spreads.
- Spreads on overall **unsecured lending** had remained broadly unchanged, although spreads on **other unsecured lending** had widened. Lenders expected a tightening in other unsecured spreads and a slight tightening in credit card spreads in Q4.
- Lenders reported that spreads on lending to **medium-sized firms** had widened slightly, but had remained unchanged for **small and large firms**. And spreads were expected to widen slightly for small firms in Q4, but to remain unchanged for medium and large firms.

This report presents the results of the 2012 Q3 survey. The 2012 Q3 survey was conducted between 14 August and 4 September 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

In the three months to beginning-September, lenders reported a marked increase in the amount of secured credit made available to households, but little change in the availability of credit for unsecured household and corporate lending. This pattern was expected to continue in the coming quarter, with the exception of slightly higher unsecured credit availability for households. Lenders commented that the Funding for Lending Scheme should help to improve the availability of secured credit to households. One element of the increase in availability was an expected tightening of spreads on secured lending to households over the next three months. Spreads on unsecured lending to households were also expected to tighten slightly, but spreads were expected to widen slightly or remain unchanged for the corporate sector. Lenders reported a slight rise in overall demand for secured credit from households, but a fall in credit demand from small and large firms over the past three months. However, demand was expected to increase slightly for secured and unsecured household lending, and for lending to medium-sized firms, over the next three months. Loan performance had been mixed, with falls in default rates on secured and other unsecured household loans over the past three months, although lenders expected corporate default rates to increase across business size over the coming quarter.

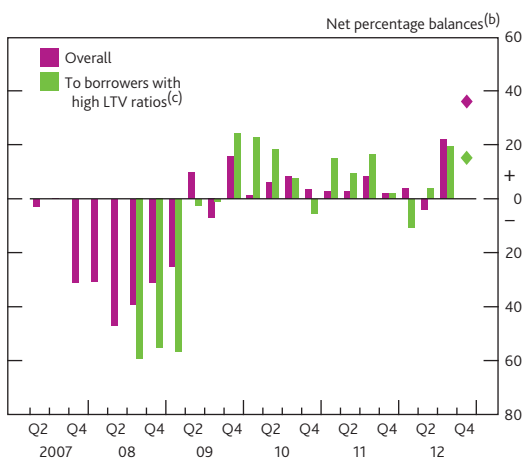
The 2012 Q3 Credit Conditions Survey was conducted between 14 August and 4 September 2012.

Secured lending to households

In the three months to beginning-September, lenders reported that the overall availability of secured credit to households had increased significantly (**Chart 1**), in contrast to the previous survey expectation of no change. This was the largest reported increase in availability since the survey began in 2007. Over the past twelve months, wholesale funding conditions have been reported to be acting as a significant drag on credit availability. However for Q3, lenders reported that this factor contributed positively along with market share objectives, although expectations for house prices were reported to have pushed down on availability. The increase in availability of secured credit was reported to be concentrated on borrowers at higher loan to value (LTV) ratios (more than 75%), in part reflecting changes in lenders' affordability criteria and increased availability for first-time buyers.

Other indicators pointed to slightly tighter conditions for secured household lending. Credit scoring criteria tightened over the quarter, consistent with the slight reported increase in the average credit quality of new lending. But the proportion of secured loans being approved was reported to have remained unchanged.

Chart 1 Household secured credit availability^(a)

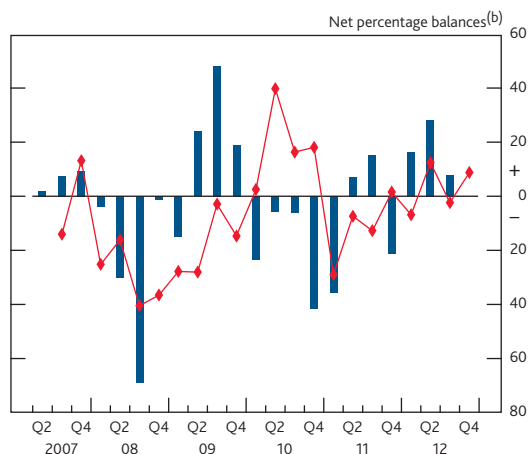


(a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question. The magenta and green bars show the responses over the previous three months. The corresponding diamonds show the expectations over the next three months.

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

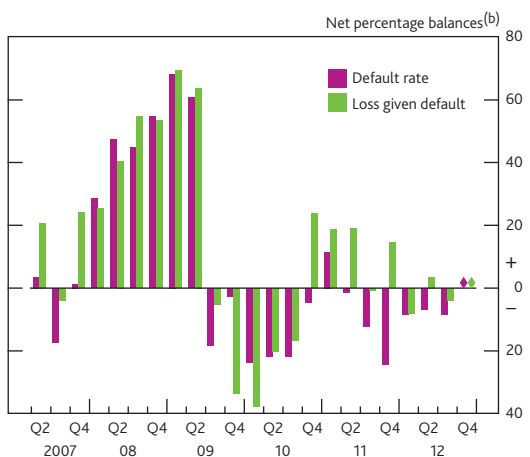
(c) This question was introduced in 2008 Q3.

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



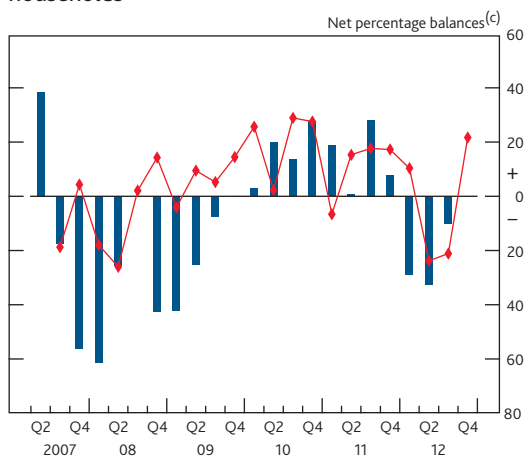
(a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question. The blue bars show the responses over the previous three months. The red diamonds show the expectations over the next three months. Expectations balances have been moved forward 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 was expected to increase significantly further over the next three months, to borrowers spread across LTV ratios. The Funding for Lending Scheme was widely cited as contributing towards the expected improvement in secured credit availability. Market share objectives were also expected to contribute positively towards credit availability in Q4, although wholesale funding conditions were expected to push down slightly on availability. Lenders did not expect a change in credit scoring criteria or the average credit quality of new lending.

Overall demand for secured lending for house purchase increased a little over the past quarter (Chart 2). This was driven by demand for prime lending, while demand for buy-to-let had fallen slightly. In contrast to the increase in demand for secured lending for house purchase, demand for remortgaging fell in Q3. Lenders expected overall demand for secured credit for house purchase to rise slightly further in Q4, especially in the buy-to-let sector, while demand for remortgaging was expected to remain unchanged.

Default rates on secured loans to households continued to fall for the fifth consecutive quarter (Chart 3). Losses given default were broadly unchanged, and lenders expected defaults and losses given default to remain unchanged in Q4.

Lenders reported that overall spreads on secured lending rates to households — relative to Bank Rate or the relevant swap rate — had widened over the past three months (Chart 4). The widening in spreads was concentrated on prime lending. Over the coming quarter however, lenders expected a tightening in spreads for both prime and buy-to-let lending, partly driven by the lower cost of funding available under the Funding for Lending Scheme.

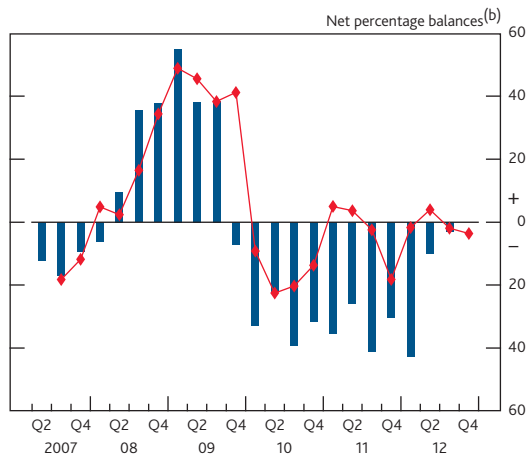
Unsecured lending to households

The total amount of unsecured credit made available to households was reported to be broadly unchanged over the past three months, in contrast to the previous survey expectation of a slight rise. Lenders reported that risk appetite and market share objectives for unsecured lending had remained broadly unchanged. For other unsecured lending, credit scoring criteria had loosened slightly, consistent with the higher proportion of applicants approved.

Overall availability of unsecured credit was expected to increase slightly over the next three months. Lenders reported that this reflected market share objectives and increased appetite for risk. In addition, lenders expected a slight loosening in credit scoring criteria and a slight increase in the proportion of loan approvals for credit card borrowers.

Demand for overall unsecured lending remained unchanged over the past three months, but was expected to rise slightly in Q4. Several lenders commented that demand for unsecured

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.

lending reflected a variety of new marketing initiatives, as well as a reaction to changes in terms and products offered.

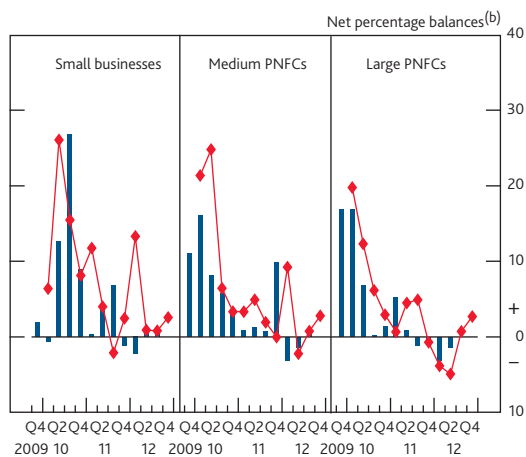
The performance of total unsecured loans remained broadly unchanged in Q3, with no change reported in default rates or losses given default (Chart 5). Default rates and losses given default were expected to remain unchanged in Q4. Within the total, however, the performance of other unsecured loans had improved, with a continuing fall in default rates and losses given default. Losses given default were expected to fall further next quarter for other unsecured lending. While default rates on credit card loans had been broadly stable in Q3, losses given default for credit card loans had risen slightly and were expected to rise a little further in Q4.

Spreads on overall unsecured lending had remained unchanged in Q3, although spreads on other unsecured lending products had widened. Over the coming quarter, however, lenders expected a tightening in spreads on other unsecured lending and a slight tightening in spreads on credit card lending.

Lending to corporates and small businesses

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

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



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

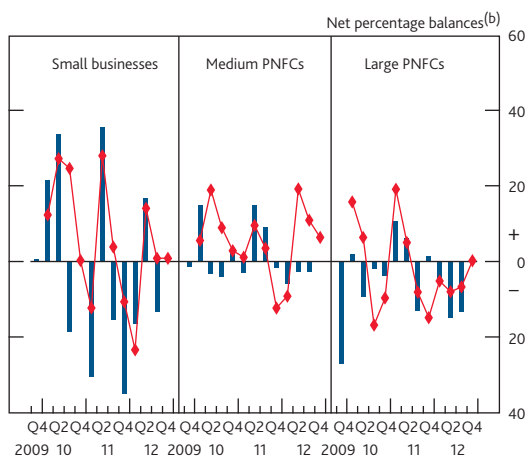
(b) A positive balance indicates that more corporate credit is available.

Lenders reported that there had been no change in the amount of credit made available to small, medium and large firms respectively over the past three months (Chart 6). The only significant factors reported to have affected credit availability were positive pressures from capital markets and negative pressures arising from tighter wholesale funding conditions. However, the negative impact of wholesale funding conditions on availability had been less than expected in the previous survey.

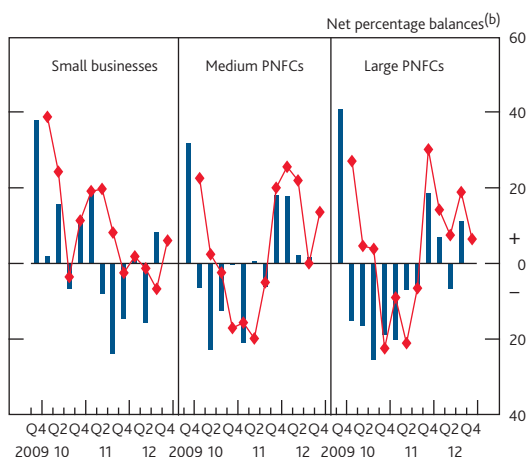
Looking ahead to Q4, lenders continued to expect no change in credit availability to the corporate sector overall, although wholesale funding conditions were expected to have a positive impact on credit availability. Lenders reported that their risk appetite for corporate lending was expected to remain unchanged. The proportion of loan applications approved for medium-sized firms was expected to rise over the coming quarter, although the proportion approved for small and large firms was expected to remain unchanged.

Credit availability to the commercial real estate sector remained broadly unchanged in Q3, but was expected to increase slightly in Q4. Commercial property prices, however,

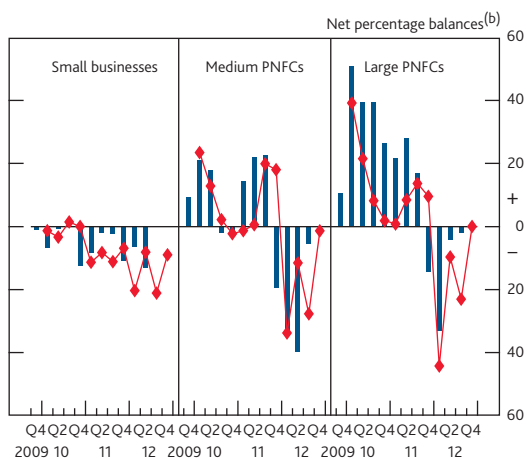
(1) Small businesses are defined as those with an annual turnover of under £1 million. Medium-sized corporates are defined as those with an annual turnover of between £1 million and £25 million. Large corporates are defined as those with an annual turnover of more than £25 million.

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.

continued to exert a negative influence on credit availability. In addition, some lenders noted that the regulatory capital impact of moving to a 'slotting' approach could potentially reduce their appetite for commercial real estate lending.⁽¹⁾

Lenders reported that demand for credit from small and large businesses had fallen in Q3, although demand from medium-sized firms was unchanged (Chart 7). A range of factors were reported to be weighing on demand, in particular a lack of merger and acquisition activity and capital investment, as firms have remained cautious given the current economic environment and uncertainty relating to the euro area. Affordability of debt service was commented to be a key issue for small businesses. Most existing demand was attributed to continued balance sheet restructuring. Demand for credit was expected to remain unchanged from small and large firms, but to increase slightly from medium-sized firms, in Q4.

Corporate loan performance had remained the same or worsened over the past three months (Chart 8). Lenders reported higher default rates and losses given default for large firms, and slightly higher default rates for small firms. Default rates and losses given default were expected to rise across firm size in Q4, with the exception of losses given default for small firms which were expected to remain unchanged. Weak consumer spending and limited options for restructuring and alternative financing were cited as contributing towards rising default rates and losses given default.

Lenders reported that spreads had widened slightly for medium-sized firms in Q3, but had remained unchanged for small, large and other financial corporations (Chart 9). However, spreads had risen by much less than expected in the previous survey across corporates of all sizes. Spreads were expected to widen slightly for small businesses over the next three months, but to remain unchanged for medium and large firms. A narrowing of spreads was expected on lending to other financial corporations. The past quarter had also seen some tightening in non-price terms for small businesses, with an increase in fees and commissions. In Q4, however, the maximum size of credit lines was expected to increase for medium-sized firms. Some lenders commented that the commercial real estate market had seen a particularly large increase in spreads and fees.

(1) Under a 'slotting' approach, banks' internal models are not used to generate capital requirements. Rather, commercial real estate loans are capital-weighted according to how they are assigned to one of four risk buckets, under criteria set by the Financial Services Authority.

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		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How has the availability of secured credit provided to households changed?	Past three months	15.8	1.3	6.3	8.3	3.4	2.8	2.9	8.4	1.9	3.8	-4.1	21.9
	Next three months	9.9	3.2	-11.4	-3.9	2.7	14.6	-1.9	6.9	7.6	-8.7	0.1	36.1
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	14.9	0.0	0.0	2.0	0.0	1.1	0.0	5.0	-1.6	-8.6	-10.5	-2.8
	Next three months	15.8	-9.8	2.2	-8.9	-9.9	-8.2	-8.7	-11.2	-9.9	-8.6	-9.0	6.9
market share objectives	Past three months	5.3	5.6	11.3	9.6	8.3	7.2	18.7	14.9	-1.5	-11.6	16.9	8.4
	Next three months	7.0	7.3	1.8	8.9	7.1	17.9	7.3	-1.0	7.6	-18.9	1.1	11.3
changing appetite for risk	Past three months	0.0	-0.3	1.1	1.0	-0.9	1.4	0.0	7.0	7.8	-7.2	1.6	8.1
	Next three months	0.9	1.0	0.8	6.6	1.4	0.9	4.1	5.5	0.0	-18.7	0.0	1.7
tight wholesale funding conditions	Past three months	8.7	5.7	1.1	-14.1	-6.3	-11.5	2.9	-20.9	-26.9	-20.0	-20.4	9.2
	Next three months	7.8	-11.1	-12.6	0.0	-13.2	2.5	-9.1	-12.7	-21.9	-20.8	-18.3	-5.3
expectations for house prices	Past three months	28.9	10.5	29.0	-1.3	-12.5	-14.3	-27.5	-6.8	-6.8	1.4	-1.6	-10.0
	Next three months	7.9	-10.5	6.9	9.2	-19.1	-19.6	-27.7	-16.2	-9.3	-11.5	-10.7	-1.9
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	10.6	1.9	0.6	-6.4	14.8	-5.4	1.3	1.4	-1.8	9.8	5.3	2.7
	Next three months	2.0	5.6	7.2	-1.4	2.1	4.8	0.8	4.8	-4.5	-6.3	1.2	12.6
Borrowers with high loan to value ratios (more than 75%)	Past three months	24.2	22.6	18.3	7.4	-5.4	14.8	9.4	16.5	2.1	-10.7	4.0	19.6
	Next three months	9.7	5.7	-6.9	-14.3	9.1	28.6	14.2	24.2	13.3	-8.6	-23.7	15.2
How have credit scoring criteria for granting loan applications by households changed?	Past three months	4.2	-1.3	-8.8	-7.4	-1.6	0.0	4.4	-5.8	-1.4	-10.1	-2.8	-11.4
	Next three months	-1.0	0.0	-5.2	-18.4	0.0	2.7	-0.5	-2.0	-19.1	-14.3	-9.9	0.0
How has the proportion of household loan applications being approved changed?	Past three months	6.2	-3.9	0.3	0.6	0.5	0.4	9.6	2.8	-9.7	-17.8	-26.2	-0.9
	Next three months	1.0	3.0	-0.6	-10.3	-9.8	12.8	-0.5	0.0	-16.0	-2.6	-24.1	6.2
How has the average credit quality of new secured lending to households changed?^(c)	Past three months	9.8	0.0	5.6	8.6	1.6	9.0	3.8	3.9	0.0	2.7	12.1	8.1
	Next three months	0.0	7.0	-1.5	16.2	1.9	5.1	1.2	4.5	-5.5	24.5	18.8	0.0

		Net percentage balances ^(a)												
		2009		2010				2011				2012		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
How has the default rate on secured loans to households changed?	Past three months	-2.7	-23.6	-21.9	-21.8	-4.5	11.5	-1.5	-12.3	-24.4	-8.4	-7.0	-8.4	
	Next three months	32.3	3.0	3.0	-21.8	-0.3	14.3	23.0	3.6	-15.0	-3.3	1.5	1.7	
How have losses given default on secured loans to households changed?	Past three months	-33.7	-37.7	-20.2	-16.8	23.8	18.7	18.9	-0.8	14.6	-8.0	3.6	-4.0	
	Next three months	-3.2	1.8	25.7	-0.1	9.6	8.0	23.0	18.0	9.7	22.4	1.5	1.7	
How has demand for secured lending for house purchase from households changed?	Past three months	19.0	-23.5	-5.8	-6.1	-41.5	-35.6	7.1	15.3	-21.2	16.2	28.4	7.7	
	Next three months	2.6	39.8	16.4	18.1	-29.0	-7.4	-12.7	1.6	-6.8	12.5	-2.3	8.8	
<i>of which: demand for prime lending</i>	Past three months	11.3	-23.5	-5.8	-6.1	-36.8	-18.1	0.3	14.1	-21.2	11.8	38.3	8.6	
	Next three months	-4.9	39.8	10.3	18.1	-29.0	12.7	2.3	2.8	-6.8	12.5	-2.3	8.8	
<i>of which: demand for buy-to-let lending</i>	Past three months	-0.9	-32.8	2.3	12.9	11.4	6.2	37.0	37.8	12.7	-5.3	-1.6	-9.2	
	Next three months	-17.4	26.6	14.5	-1.5	-1.0	8.9	21.1	1.8	-6.3	19.8	4.0	13.5	
<i>of which: demand for other lending</i>	Past three months	-6.0	-31.7	30.8	3.4	-32.1	-30.1	0.0	-4.1	n.a.*	n.a.*	n.a.*	n.a.*	
	Next three months	-1.6	34.7	22.1	-2.8	-32.1	0.0	0.0	-4.1	n.a.*	n.a.*	n.a.*	n.a.*	
How has demand for secured lending for remortgaging from households changed?	Past three months	-32.7	-34.4	14.2	2.2	16.7	31.1	2.1	-14.0	-10.6	5.6	9.9	-18.1	
	Next three months	-0.7	28.3	4.9	3.5	-2.0	26.3	4.3	9.5	-4.3	9.6	8.7	-0.3	
How have overall secured lending spreads changed?	Past three months	-0.1	2.9	19.8	13.6	27.6	18.8	0.9	28.2	7.9	-29.0	-32.5	-10.1	
	Next three months	25.7	2.3	28.9	27.6	-6.6	15.3	17.7	17.3	10.4	-23.7	-21.1	21.7	
<i>of which: spreads on prime lending</i>	Past three months	-8.4	3.9	20.9	13.6	27.6	18.8	2.1	28.2	7.9	-29.0	-32.5	-10.1	
	Next three months	25.7	2.3	30.3	28.7	3.3	15.3	26.4	17.3	10.4	-23.7	-21.1	21.7	
<i>of which: spreads on buy-to-let lending</i>	Past three months	8.6	4.9	15.9	-0.6	10.6	9.6	17.2	1.8	9.9	-10.6	-6.6	1.9	
	Next three months	24.3	0.0	22.7	16.7	7.9	9.6	12.7	1.4	2.7	6.7	-6.9	12.7	
<i>of which: spreads on other lending</i>	Past three months	0.0	0.0	23.4	19.9	0.0	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	
	Next three months	22.5	0.0	22.8	19.9	0.0	n.a.*	n.a.*	-2.9	n.a.*	n.a.*	n.a.*	n.a.*	
How have fees on secured lending changed?	Past three months	-11.3	0.0	0.0	11.9	10.9	7.6	6.9	-6.7	0.0	1.4	0.0	0.0	
	Next three months	19.9	0.0	4.7	1.0	-5.8	-11.4	1.4	6.7	0.0	-1.6	0.0	1.8	
How have maximum loan to value ratios changed?	Past three months	19.9	10.1	12.5	7.7	-1.6	1.4	1.2	2.8	11.5	4.9	6.4	9.3	
	Next three months	24.7	10.8	1.9	-0.5	2.6	7.6	4.7	4.9	9.8	-9.1	-1.7	-0.1	
How have maximum loan to income ratios changed?	Past three months	0.0	4.7	0.0	0.0	0.0	0.0	0.0	0.2	-5.0	0.0	6.8	6.9	
	Next three months	4.3	0.0	-0.6	4.6	0.0	15.7	4.5	0.0	-5.0	-8.6	0.0	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		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How has the availability of unsecured credit provided to households changed?	Past three months	-16.2	-1.5	-0.6	3.5	-7.7	6.2	1.1	19.9	12.5	4.7	8.1	-4.2
	Next three months	-1.7	16.1	7.8	15.0	18.2	10.3	12.2	1.9	7.0	-10.4	5.6	6.8
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	3.0	11.2	0.7	6.8	0.0	-1.3	1.2	-6.9	0.0	3.4	-1.7	0.0
	Next three months	0.0	6.0	17.9	0.9	6.9	-1.2	-4.6	-6.3	-2.4	-1.4	-2.2	-1.8
market share objectives	Past three months	-4.3	6.4	3.5	6.7	0.7	8.9	1.8	3.5	-2.9	-1.5	7.6	-4.2
	Next three months	0.9	2.7	3.6	6.1	12.0	13.0	23.2	2.7	-2.2	-3.5	10.7	6.8
changing appetite for risk	Past three months	-4.3	-0.6	-0.1	5.5	-8.8	7.9	0.3	7.2	1.8	-0.5	7.3	1.8
	Next three months	-3.6	19.7	18.3	12.7	19.1	12.7	4.7	7.5	4.5	1.5	6.1	5.8
changing cost/availability of funds	Past three months	0.0	0.0	0.0	0.0	0.0	-2.0	0.0	-0.9	-1.1	-0.8	-0.7	1.8
	Next three months	-9.0	0.0	0.0	0.9	10.9	7.8	5.4	-0.4	0.2	0.0	-11.9	1.1
How have credit scoring criteria for granting credit card loan applications by households changed?	Past three months	-17.1	-15.7	16.5	0.9	-13.0	7.6	-0.4	2.6	5.2	5.7	8.4	0.8
	Next three months	-8.0	0.0	16.5	7.8	6.2	-7.3	4.9	12.7	4.1	0.8	3.6	5.7
How have credit scoring criteria for granting other unsecured loan applications by households changed?	Past three months	-29.1	-15.9	-21.2	-24.1	-26.9	-11.8	16.7	25.0	10.6	-1.9	3.9	8.6
	Next three months	-7.4	-25.6	-24.0	-3.3	8.8	-4.6	-7.7	11.6	2.2	2.5	8.6	2.7
How have credit scoring criteria for granting total unsecured loan applications by households changed?	Past three months	-19.1	-15.7	11.0	-2.6	-14.8	5.1	1.8	5.4	5.8	4.7	7.8	1.7
	Next three months	-7.9	-3.9	10.6	6.3	6.6	-7.0	3.3	12.6	3.9	1.0	4.3	5.4
How has the proportion of credit card loan applications from households being approved changed?	Past three months	-12.3	5.0	12.4	21.0	9.7	20.0	-7.6	-2.9	-1.2	3.8	-1.4	2.6
	Next three months	0.0	-4.3	15.0	7.1	6.4	2.1	6.3	19.3	3.4	-7.6	-2.0	6.5
How has the proportion of other unsecured loan applications from households being approved changed?	Past three months	-29.9	-4.9	-5.6	-26.9	-16.8	2.5	6.6	20.5	10.7	0.3	-2.3	15.2
	Next three months	-0.2	-25.6	-19.5	-3.3	8.8	8.9	8.5	19.5	14.1	0.0	14.8	2.7
How has the proportion of total unsecured loan applications from households being approved changed?	Past three months	-15.1	3.5	9.7	14.3	6.2	17.8	-5.8	0.1	0.3	3.4	-1.5	4.0
	Next three months	0.0	-7.6	10.0	5.6	6.7	2.9	6.6	19.3	4.7	-6.6	0.1	6.1

		Net percentage balances ^(a)												
		2009		2010				2011				2012		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
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	2.6
	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	5.7
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	5.7
	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.**	-8.6	-2.7
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	2.9
	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	4.8
How has the default rate on credit card loans to households changed?	Past three months	-4.9	-32.4	-20.2	-40.1	-30.4	-35.2	-25.6	-41.8	-29.3	-43.8	-7.1	-0.4	
	Next three months	-8.0	-21.7	-19.5	-15.9	7.3	5.3	-2.2	-21.4	-0.7	6.4	-2.2	-4.1	
How has the default rate on other unsecured loans to households changed?	Past three months	-19.8	-34.8	-31.9	-33.2	-40.3	-37.8	-29.2	-37.6	-37.4	-35.9	-31.7	-21.7	
	Next three months	-15.5	-26.8	-24.8	0.0	-10.1	-8.2	-4.4	3.6	-8.5	-12.7	0.0	0.0	
How has the default rate on total unsecured loans to households changed?	Past three months	-7.3	-32.8	-21.9	-39.2	-31.7	-35.5	-26.0	-41.3	-30.3	-42.8	-10.2	-2.9	
	Next three months	-9.2	-22.5	-20.3	-13.7	5.0	3.6	-2.5	-18.2	-1.7	3.9	-2.0	-3.6	
How have losses given default on credit card loans to households changed?	Past three months	13.5	35.2	16.5	25.2	-37.0	7.0	11.3	-14.6	-10.7	-21.5	-13.2	6.8	
	Next three months	23.5	13.9	-5.0	-11.8	-8.9	12.3	12.7	-9.1	-15.6	-7.6	-7.6	6.8	
How have losses given default on other unsecured loans to households changed?	Past three months	29.0	15.6	26.1	-10.1	13.4	-2.5	-2.2	-11.8	6.5	0.0	-21.9	-16.0	
	Next three months	20.8	19.4	10.1	-7.4	3.3	-1.2	-8.3	0.0	0.0	-13.6	-8.6	-16.9	
How have losses given default on total unsecured loans to households changed?	Past three months	16.0	32.2	17.9	20.3	-30.4	5.8	9.6	-14.2	-8.5	-18.7	-14.3	4.1	
	Next three months	23.1	14.7	-2.8	-11.2	-7.3	10.5	9.9	-8.0	-13.6	-8.4	-7.7	4.0	
How has demand for credit card lending from households changed?	Past three months	-15.1	-30.9	13.9	-14.9	-0.5	-0.3	-1.1	4.9	-7.5	-10.8	-16.5	4.1	
	Next three months	42.7	13.0	2.5	29.5	8.2	6.2	5.7	24.8	-16.0	-1.6	12.5	7.3	
How has demand for other unsecured lending from households changed?	Past three months	-19.0	-2.6	25.8	9.5	-12.8	-13.0	-4.2	-4.6	-37.7	16.5	18.7	0.0	
	Next three months	5.1	5.8	-8.1	3.3	13.7	24.1	-1.2	7.8	9.1	4.1	-17.0	9.2	
How has demand for total unsecured lending from households changed?	Past three months	-15.7	-26.6	15.6	-11.5	-2.2	-1.9	-1.5	3.7	-11.4	-7.3	-12.1	3.6	
	Next three months	36.6	11.9	1.0	25.8	8.9	8.5	4.8	22.6	-12.8	-0.9	8.8	7.5	
How have spreads on credit cards changed?	Past three months	-1.5	-0.6	-0.2	-6.4	0.2	-6.1	-1.4	7.2	1.5	2.3	0.0	0.0	
	Next three months	13.5	0.6	-8.6	0.0	-8.6	1.5	0.0	0.1	-11.1	1.5	0.0	5.7	
How have spreads on other unsecured lending products changed?	Past three months	-24.8	-20.7	-3.9	-17.4	10.4	22.1	8.4	-10.4	21.8	17.1	5.7	-13.9	
	Next three months	14.6	-2.0	-8.8	12.6	8.2	2.1	24.8	32.3	5.1	16.7	6.6	12.6	
How have overall unsecured lending spreads changed?	Past three months	-5.3	-3.7	-0.8	-7.9	1.5	-2.5	-0.1	5.0	4.1	4.2	0.7	-1.6	
	Next three months	13.7	0.2	-8.7	1.8	-6.4	1.5	3.2	4.1	-9.0	3.5	0.8	6.5	
How have credit card limits changed?	Past three months	-13.8	-10.0	0.3	0.8	-0.1	11.8	-1.7	13.3	21.2	20.7	-2.2	7.0	
	Next three months	-2.7	-0.7	6.1	4.8	-8.6	-0.7	12.6	27.7	5.6	0.8	13.5	5.7	
How has the minimum proportion of credit card balances to be paid changed?	Past three months	-6.1	-7.1	-7.5	-15.6	-8.1	-5.2	-18.7	-7.3	-7.6	-8.0	5.7	-12.3	
	Next three months	8.9	0.0	0.0	0.0	-14.0	0.3	-6.2	0.0	0.0	0.0	-6.5	5.7	
How have maximum maturities on loans changed? ^(d)	Past three months	-10.5	0.0	-7.2	0.0	0.0	-2.0	0.0	13.6	-13.8	-2.2	-2.3	0.0	
	Next three months	0.0	-2.8	-7.2	-15.3	-2.1	0.0	-9.4	0.0	-13.8	0.0	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		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How has the availability of credit provided to the corporate sector overall changed?	Past three months	16.3	21.9	7.1	7.8	3.2	6.9	4.1	3.9	11.0	-2.6	-3.2	-5.5
	Next three months	20.5	22.7	6.5	3.4	4.8	7.8	3.4	2.4	8.1	-6.4	0.7	2.6
<i>of which: commercial real estate sector</i>	Past three months	5.6	7.8	3.5	6.4	3.0	-13.7	14.0	2.3	-8.4	-7.5	-7.1	-3.0
	Next three months	2.4	5.9	4.4	3.0	2.1	-6.5	17.8	0.6	-10.2	-20.7	-0.3	5.2
How have commercial property prices affected credit availability to the commercial real estate sector, and/or secured lending to PNFCs?	Past three months	-8.1	-2.0	5.4	0.0	-24.5	-4.9	-16.3	-1.2	-1.0	-16.7	-15.0	-21.7
	Next three months	16.8	14.2	5.4	-5.2	-23.7	-2.2	-16.3	-2.2	-1.0	-16.3	-17.8	-12.3
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	4.3	24.7	2.9	0.8	0.9	0.7	0.3	-2.2	-16.7	-8.4	-4.2	1.0
	Next three months	-0.9	20.4	-10.1	0.6	2.1	6.8	6.5	-8.3	-15.5	-3.6	-3.4	-3.0
changing sector-specific risks	Past three months	16.5	18.9	-12.3	0.0	13.3	-0.8	0.1	-4.2	-16.0	-3.1	-2.8	-3.8
	Next three months	23.2	23.9	-16.7	0.0	0.7	0.7	0.0	-4.2	-12.5	-1.9	-4.9	-1.7
market share objectives	Past three months	0.0	-1.4	-0.3	7.2	6.1	9.2	3.9	0.1	14.7	-2.1	4.0	2.8
	Next three months	2.8	4.7	8.6	15.3	6.2	10.3	3.2	0.1	13.5	-1.5	5.6	2.8
market pressures from capital markets	Past three months	5.6	-4.4	-1.1	-1.6	0.9	-4.4	10.4	5.6	0.2	8.3	-0.3	6.9
	Next three months	3.9	3.5	6.5	-4.3	0.0	1.7	10.4	21.2	2.9	-1.3	-4.3	0.5
changing appetite for risk	Past three months	0.1	-1.6	0.0	3.0	1.5	8.2	0.1	13.3	-2.6	-3.1	-3.8	-1.4
	Next three months	0.0	1.4	1.4	0.7	0.7	7.6	-0.7	-3.0	0.0	-1.9	-0.5	0.5
tight wholesale funding conditions	Past three months	-4.9	-6.5	0.0	4.2	-6.4	-9.3	-2.8	-19.0	-42.6	2.1	0.0	-10.4
	Next three months	-2.3	0.7	-1.7	-7.7	3.3	-6.8	5.6	-39.6	-49.4	-5.8	-25.1	21.5
How has the availability of credit provided to small businesses changed?^(c)	Past three months	1.9	-0.6	12.6	26.8	8.9	0.4	4.1	6.8	-1.2	-2.2	0.8	0.8
	Next three months	6.4	26.1	15.5	8.1	11.8	4.0	-2.1	2.5	13.3	0.9	0.8	2.6
How has the availability of credit provided to medium PNFCs changed?	Past three months	11.0	16.1	8.1	5.8	3.0	0.9	1.3	0.8	9.9	-3.1	-1.3	0.9
	Next three months	21.4	24.8	6.5	3.3	3.3	4.9	2.0	0.0	9.2	-2.2	0.8	2.8
How has the availability of credit provided to large PNFCs changed?	Past three months	16.9	16.8	6.9	0.3	1.4	5.2	0.8	-1.1	-0.7	-3.1	-1.4	0.0
	Next three months	19.8	12.3	6.2	2.9	0.7	4.5	4.9	-0.7	-3.8	-4.9	0.7	2.7

		Net percentage balances ^(a)												
		2009		2010				2011				2012		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
How has the proportion of loan applications from small businesses being approved changed?	Past three months	-6.4	32.3	34.9	-9.2	6.8	11.7	-6.1	3.0	-1.9	-2.0	14.5	-1.5	
	Next three months	2.8	23.2	6.5	-2.1	-12.3	-1.6	7.4	0.0	0.0	0.9	0.8	0.0	
How has the proportion of loan applications from medium PNFCs being approved changed?	Past three months	1.7	12.0	3.5	0.7	0.0	3.7	-0.8	0.6	-8.1	-4.6	2.0	-2.4	
	Next three months	1.3	0.7	7.4	1.4	-1.4	-1.0	-0.8	3.0	-3.4	0.9	0.0	14.4	
How has the proportion of loan applications from large PNFCs being approved changed?	Past three months	5.6	8.8	6.5	2.5	0.0	4.4	-0.8	-4.8	1.3	-3.8	-1.0	-1.2	
	Next three months	6.0	0.8	6.5	1.8	0.0	5.8	-0.8	2.3	-1.3	-1.8	-1.6	0.7	
Has there been a change in average credit quality on newly arranged PNFC borrowing facilities? ^(d)	Past three months	11.1	20.3	5.9	5.0	13.5	7.2	5.0	5.2	8.3	19.7	12.7	0.2	
	Next three months	15.0	23.2	-7.2	-1.0	12.9	4.0	3.6	5.2	3.9	15.1	12.7	-6.0	
Has there been any change in 'target hold' levels associated with corporate lending?	Past three months	0.5	8.3	9.3	0.5	-2.8	-5.7	-11.0	1.7	10.7	24.2	13.1	1.3	
	Next three months	31.3	17.8	7.4	6.7	-2.8	-0.4	11.0	5.9	13.1	12.4	-0.3	4.8	
How have loan tenors on new corporate loans changed? ^(e)	Past three months	-10.7	21.1	39.5	12.7	-7.4	-0.5	3.1	-11.8	8.8	-10.0	-1.5	-7.0	
	Next three months	18.2	23.5	6.6	-4.9	1.5	1.1	18.5	-6.9	-14.2	-2.3	-1.3	-5.5	
Has there been a change in draw-downs on committed lines by PNFCs?	Past three months	-16.8	-15.6	-7.0	-7.6	0.0	-5.5	-19.5	9.8	14.0	-2.4	-0.1	-2.0	
	Next three months	-18.9	-2.6	5.2	-0.9	0.0	-6.6	-12.7	11.9	15.3	4.9	1.5	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	38.0	2.0	15.7	-6.8	12.3	19.7	-8.2	-24.0	-14.7	1.4	-15.9	8.3	
	Next three months	38.7	24.2	-3.6	11.3	19.1	19.7	8.1	-2.5	1.8	-1.3	-6.8	6.0	
How has the default rate on loans to medium PNFCs changed?	Past three months	31.8	-6.6	-23.0	-12.5	-0.5	-21.1	0.7	-6.2	18.0	17.7	2.1	1.6	
	Next three months	22.5	2.4	-2.5	-17.1	-15.7	-19.9	-5.0	20.0	25.5	21.9	0.0	13.5	
How has the default rate on loans to large PNFCs changed?	Past three months	40.8	-15.2	-16.6	-25.6	-18.9	-20.2	-7.1	-6.3	18.6	6.9	-6.8	11.3	
	Next three months	27.0	4.6	3.8	-22.5	-9.0	-21.1	-6.6	30.1	14.2	7.5	18.8	6.4	
How has loss given default on loans to small businesses changed?	Past three months	6.0	4.1	-23.5	14.2	36.3	22.0	-15.5	-10.2	-19.6	8.6	5.9	0.0	
	Next three months	12.2	10.9	13.1	18.6	19.1	15.5	2.9	0.7	1.0	-2.3	0.0	0.0	
How have losses given default on loans to medium PNFCs changed?	Past three months	9.9	10.9	-1.6	0.9	0.3	-7.3	-7.7	-5.3	2.1	11.6	2.2	0.7	
	Next three months	5.0	2.2	-1.6	-6.1	-5.1	-6.4	-5.7	6.3	19.3	21.5	14.8	15.1	
How have losses given default on loans to large PNFCs changed?	Past three months	14.8	0.0	-2.3	-6.2	-5.0	-6.3	-7.8	-5.5	0.0	7.0	0.0	14.1	
	Next three months	13.0	-4.4	-1.6	-7.2	-5.2	-8.2	-6.5	6.5	20.7	20.3	13.3	5.7	
How has demand for credit card lending from small businesses changed? ^(f)	Past three months	3.5	16.5	24.4	14.4	-7.6	-20.9	-29.6	-29.1	-1.5	-1.5	10.4	0.5	
	Next three months	8.2	25.2	24.4	6.3	36.4	50.0	27.7	5.9	15.6	20.9	-1.4	10.4	
How has demand for other unsecured lending from small businesses changed? ^(f)	Past three months	-6.8	13.4	35.6	0.8	-8.6	n/a*	21.2	-17.4	-25.4	-15.8	12.1	n.a.*	
	Next three months	10.2	27.0	-3.6	7.5	-6.2	n/a*	8.9	0.2	-15.6	15.8	0.0	n.a.*	
How has demand for total unsecured lending from small businesses changed? ^(f)	Past three months	1.7	16.0	26.2	12.3	-7.8	-18.7	-21.5	-27.3	-5.1	-3.7	10.6	-2.2	
	Next three months	8.6	25.5	20.0	6.5	27.7	47.0	24.7	5.0	10.9	20.1	-1.2	11.8	
How has demand for secured lending from small businesses changed? ^(f)	Past three months	15.0	19.4	18.0	-13.5	-26.5	-26.9	34.9	-21.6	-9.8	-20.1	15.3	-1.5	
	Next three months	15.0	19.4	18.0	0.0	19.4	27.4	0.0	0.0	-9.8	17.7	0.0	17.2	

		Net percentage balances ^(a)												
		2009	2010				2011				2012			
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
How has overall demand for lending from small businesses changed?^(f)	Past three months	0.6	21.4	33.7	-18.6	0.0	-30.6	35.5	-15.4	-35.1	-16.6	16.7	-13.4	
	Next three months	12.3	27.2	24.6	0.2	-12.3	27.9	3.8	-10.7	-23.4	14.0	0.8	0.8	
How has demand for lending from medium PNFCs changed?	Past three months	-1.4	15.0	-3.2	-4.2	3.1	-3.1	14.9	9.2	-1.6	-5.9	-2.9	-2.8	
	Next three months	5.5	18.9	8.9	2.8	1.1	9.5	3.5	-12.3	-9.2	19.2	10.9	6.3	
How has demand for lending from large PNFCs changed?	Past three months	-27.1	1.9	-9.6	-2.0	-3.7	10.6	6.3	-13.2	1.5	-5.2	-14.9	-13.3	
	Next three months	15.7	6.3	-16.8	-9.7	19.1	5.0	-8.1	-14.9	-5.2	-8.0	-6.7	0.2	
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	-21.0	35.2	-5.6	27.3	5.2	20.0	-9.4	3.0	-0.9	-19.6	-27.8	-10.7	
	Next three months	22.3	34.2	1.1	31.2	35.2	8.2	-7.9	-6.8	-1.8	-3.3	3.4	-10.2	
capital investment	Past three months	-20.7	-9.1	-1.2	-3.2	0.0	0.0	-14.0	-7.7	-3.4	-19.1	-11.3	-9.3	
	Next three months	-5.2	-0.7	0.7	2.3	-0.8	-0.9	-7.4	-12.2	-3.2	-1.6	-1.3	-6.5	
inventory finance	Past three months	-12.7	15.0	1.8	-5.7	2.2	0.6	-0.1	-2.4	0.7	-14.6	-9.9	-7.8	
	Next three months	6.5	21.0	1.8	3.2	0.7	6.2	7.4	-0.6	0.7	-0.6	0.0	0.7	
balance sheet restructuring	Past three months	-19.1	-1.1	-13.4	3.4	1.5	2.8	-15.8	10.6	-0.1	-11.1	-6.1	7.2	
	Next three months	21.7	0.9	-1.4	-9.4	2.2	2.8	-16.6	-3.1	1.6	3.0	1.2	-0.8	
commercial real estate	Past three months	9.5	8.4	1.0	6.5	-18.3	-3.4	-0.1	1.8	-1.1	-19.5	-6.5	-5.2	
	Next three months	5.9	2.7	7.2	3.1	-20.4	5.6	5.5	2.5	-1.4	-17.0	-3.8	-12.3	
How have spreads on loans to small businesses changed?	Past three months	-1.1	-6.8	-0.7	0.0	-12.6	-8.3	-2.0	-2.5	-11.1	-6.4	-13.1	0.0	
	Next three months	-1.3	-3.4	1.4	0.0	-11.3	-8.3	-11.2	-6.9	-20.3	-8.1	-21.1	-9.0	
How have fees/commissions on loans to small businesses changed?	Past three months	-1.7	-6.8	-0.7	0.0	-11.3	-8.1	2.8	0.0	-7.0	0.0	-1.4	-12.7	
	Next three months	-2.0	-3.4	-1.4	0.0	-11.3	-6.1	0.0	-6.9	0.0	-8.1	-12.9	0.0	
How have collateral requirements for loans to small businesses changed?	Past three months	-3.4	-2.1	0.0	0.0	0.0	-3.3	-2.0	-14.8	0.0	0.0	0.0	0.0	
	Next three months	-2.0	-0.7	-1.4	0.0	0.0	-3.3	-2.0	-13.5	0.0	0.0	0.0	0.0	
How have maximum credit lines for small businesses changed?	Past three months	-2.0	-2.6	1.4	1.0	0.0	0.0	-2.0	-2.6	0.0	0.0	0.0	0.0	
	Next three months	-2.0	-1.3	1.4	0.0	0.0	0.0	-2.0	-13.5	0.0	0.9	0.0	0.0	
How have loan covenants for small businesses changed?	Past three months	-2.0	-5.6	17.2	12.4	25.6	-3.3	-2.0	-14.8	-2.6	-2.8	-3.7	0.0	
	Next three months	0.0	-4.1	15.8	0.0	-3.0	0.0	-2.0	-13.5	0.0	-0.9	-0.8	0.0	
How have spreads on loans to medium PNFCs changed?	Past three months	9.2	21.0	17.8	-2.0	-3.0	14.3	21.9	22.6	-19.6	-33.1	-39.8	-5.5	
	Next three months	23.4	12.8	2.2	-2.3	-1.3	0.6	19.9	18.0	-33.8	-11.6	-27.7	-1.4	
How have fees/commissions on loans to medium PNFCs changed?	Past three months	7.3	8.2	1.8	2.1	17.7	14.5	19.2	20.6	-8.4	-18.8	-21.8	-2.2	
	Next three months	10.7	12.0	0.3	-2.3	11.5	0.3	18.0	19.2	-20.9	-7.3	-15.4	0.0	
How have collateral requirements for loans to medium PNFCs changed?	Past three months	-3.5	-3.1	-1.6	0.0	-0.8	-0.6	-2.8	-4.4	-1.2	-4.8	-0.7	0.0	
	Next three months	-1.7	-0.9	0.0	0.0	0.0	0.9	-1.4	0.0	-2.5	-6.9	-1.9	0.0	
How have maximum credit lines for medium PNFCs changed?	Past three months	-2.3	0.7	3.4	-10.0	2.9	-8.6	-11.1	0.8	-4.0	-12.4	-3.3	-1.0	
	Next three months	0.4	3.5	3.6	-1.7	2.9	5.1	1.6	-5.3	-1.6	-7.7	-1.2	12.5	
How have loan covenants for medium PNFCs changed?	Past three months	-4.2	-3.6	-0.2	12.9	1.8	1.3	4.9	-2.0	-3.7	-14.9	-15.3	0.0	
	Next three months	-2.2	-1.2	0.0	1.0	-5.1	-1.4	1.9	-5.3	-16.2	0.0	-1.2	0.0	

		Net percentage balances ^(a)											
		2009		2010				2011				2012	
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How have spreads on loans to large PNFCs changed?	Past three months	10.6	50.7	39.3	39.3	26.2	21.7	27.9	17.0	-14.4	-33.0	-4.3	-2.0
	Next three months	39.2	21.5	8.2	1.8	0.8	8.4	13.6	9.5	-44.2	-9.7	-23.0	0.0
How have fees/commissions on loans to large PNFCs changed?	Past three months	10.8	18.6	35.4	26.0	34.8	21.9	16.6	15.7	-3.7	-19.8	-2.9	-2.7
	Next three months	9.6	21.5	10.5	6.1	13.1	7.1	15.3	13.2	-29.6	-6.7	-10.5	0.0
How have collateral requirements for loans to large PNFCs changed?	Past three months	-4.0	-2.0	-1.6	0.0	-0.8	13.8	-2.8	-2.1	-3.2	-0.7	0.0	0.0
	Next three months	-0.9	-0.1	0.0	0.7	0.0	1.8	-1.4	0.0	-1.9	-0.7	-0.5	-0.5
How have maximum credit lines for large PNFCs changed?	Past three months	2.2	19.5	9.9	3.7	5.7	18.6	2.3	4.5	0.1	-10.1	-3.4	-1.1
	Next three months	0.0	9.8	3.7	-0.2	3.7	18.8	15.2	3.0	-1.6	-7.6	0.0	0.7
How have loan covenants for large PNFCs changed?	Past three months	-4.9	5.4	-0.9	7.0	19.0	19.8	16.5	17.4	-8.8	1.9	0.8	0.0
	Next three months	5.4	25.1	0.0	14.4	0.7	18.4	10.6	7.5	-21.8	-0.7	-0.5	0.0
How have spreads on loans to OFCs changed?	Past three months	14.1	41.6	21.8	-16.0	33.3	6.8	22.8	9.5	-16.5	-16.1	-3.6	0.6
	Next three months	13.8	20.0	-12.9	-16.0	1.0	1.7	1.0	9.2	-30.4	-24.7	-22.1	13.9
How have fees/commissions on loans to OFCs changed?	Past three months	14.2	21.6	20.3	-19.1	32.6	1.7	1.0	1.8	-2.1	-8.6	-2.1	-0.3
	Next three months	10.8	21.3	-12.9	-19.1	1.0	1.7	1.0	14.9	-16.1	-22.5	-8.6	0.0
How have collateral requirements for loans to OFCs changed?	Past three months	-2.6	-22.5	0.0	0.0	0.9	1.9	-4.6	-1.3	-3.0	-7.5	-8.4	-6.6
	Next three months	-2.6	-1.3	0.0	0.0	0.0	1.0	0.0	-0.7	-3.0	-6.9	-2.1	0.0
How have maximum credit lines for OFCs changed?	Past three months	23.3	-6.4	1.5	0.0	19.8	6.1	5.3	-0.4	-9.1	-6.2	-9.4	6.3
	Next three months	23.3	5.0	12.1	0.0	4.9	6.8	5.3	-6.5	-9.1	-5.5	-0.8	-1.0
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 between £1 million and £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.