

Credit Conditions Survey

Survey results | 2012 Q4



BANK OF ENGLAND





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Credit Conditions Survey

2012 Q4

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 Q4 survey. The 2012 Q4 survey was conducted between 20 November and 11 December 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 Q4 survey, and copies of the questionnaires are available on the Bank's website at

www.bankofengland.co.uk/publications/Pages/other/monetary/creditconditions.aspx.



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Supply

- The availability of [secured credit to households](#) was reported to have increased significantly in the three months to mid-December 2012, driven in part by the Funding for Lending Scheme. A further significant increase was expected over the next three months.
- Lenders reported that the availability of [unsecured credit to households](#) also rose slightly in 2012 Q4, with a further increase anticipated in 2013 Q1.
- The overall availability of [credit to the corporate sector](#) was reported to have increased significantly in Q4. [Large and medium-sized companies](#) experienced the largest increase in credit availability, with a slight increase for [small companies](#). The overall availability of credit to the corporate sector was expected to increase further over the next three months.

Demand

- Demand for [secured lending for house purchase](#) was reported to have increased in Q4, and lenders expected a further increase in 2013 Q1. This rise in demand was spread across demand for [prime lending](#) and [buy-to-let lending](#).
- Demand for both [credit card](#) and [other unsecured lending](#) increased significantly in Q4. Demand for other unsecured lending was expected to rise significantly further in 2013 Q1, while credit card demand was expected to remain unchanged.
- Lenders reported a slight increase in demand for credit from [medium-sized companies](#) in Q4, but a reduction in credit demand from [small companies](#). Looking forward, demand for credit was expected to increase slightly from small and medium-sized firms in 2013 Q1, but demand from large firms was expected to remain broadly unchanged.

Defaults

- Lenders reported that default rates on [secured loans to households](#) had continued to fall slightly in the three months to mid-December, but losses given default on secured lending had risen slightly. Both defaults and losses given default on secured lending were expected to remain broadly unchanged in 2013 Q1.
- Default rates on [total unsecured loans](#) fell in Q4, with a further slight fall expected in 2013 Q1. However, losses given default on total unsecured loans had risen slightly, but were expected to be broadly unchanged over the coming quarter.
- Lenders reported a rise in default rates on loans to [firms of all sizes](#) during Q4, and default rates were expected to rise slightly further in 2013 Q1. Losses given default had also risen for large and medium-sized firms, but were expected to remain broadly unchanged over the next quarter for firms of all sizes.

Loan pricing

- Lenders reported that overall spreads on [secured lending to households](#) — relative to Bank Rate or the appropriate swap rate — tightened significantly in Q4, and were expected to tighten significantly further in 2013 Q1.
- Spreads on [credit card lending](#) had remained unchanged in Q4, although spreads on [other unsecured lending](#) had tightened significantly. This pattern was set to continue over the next quarter, with expectations of a further slight tightening of spreads on other unsecured lending, but unchanged spreads on credit card lending.
- Lenders reported that spreads on lending to [large and medium-sized firms](#) had tightened significantly over the last quarter, but had remained broadly unchanged for [small firms](#). A further tightening in spreads was expected for medium-sized firms, and a slight tightening for large firms, in 2013 Q1. Spreads on lending to small firms were expected to remain unchanged.

This report presents the results of the 2012 Q4 survey. The 2012 Q4 survey was conducted between 20 November and 11 December 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 mid-December, lenders reported a significant increase in the amount of credit made available to the secured household and corporate sectors, and a slight increase in the availability of unsecured credit to households. The Funding for Lending Scheme was widely cited as contributing towards the increase in secured and corporate credit availability. Lenders expected a further increase in the availability of credit to all sectors over the coming quarter. Consistent with the sharp increase in credit availability, spreads on lending to the secured household and corporate sectors had tightened significantly, and were expected to tighten further next quarter, with the exception of lending to small businesses. Spreads on credit card lending to households had remained unchanged, while spreads on other unsecured lending had tightened significantly, and were expected to tighten slightly again next quarter. Consistent with the reported falls in spreads, demand had increased across all household lending, although corporate credit demand had been more subdued, with a reduction in demand for lending from small businesses. Demand was generally expected to increase over the next quarter, except in the cases of credit card loans and lending to large businesses. Loan performance had been mixed, with a slight reduction in default rates on secured loans and a reduction in default rates on total unsecured household loans, but a rise in default rates on loans to corporates. This pattern was set to continue into the next quarter, although default rates on secured lending to households were expected to stabilise.

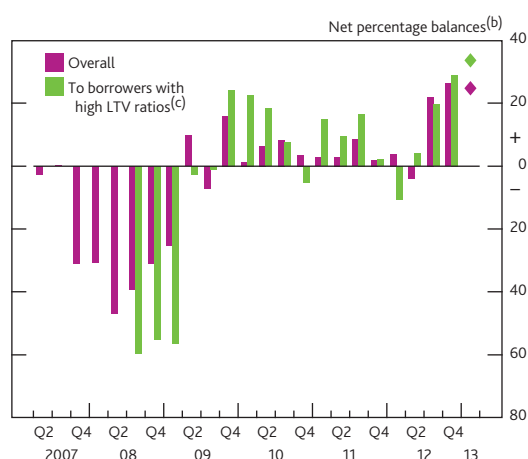
The 2012 Q4 Credit Conditions Survey was conducted between 20 November and 11 December 2012.

Secured lending to households

In the three months to mid-December, lenders reported a significant increase in the overall availability of secured credit to households (**Chart 1**). Lenders noted that the Funding for Lending Scheme had been an important factor behind this increase, consistent with a reported easing in wholesale funding conditions pushing up significantly on credit availability. Market share objectives had also contributed significantly to the increase in credit availability. The rise in credit availability was spread across borrowers at loan to value (LTV) ratios above and below 75%, and some lenders commented that the supply of credit to first time buyers had risen. However, aggregate credit scoring criteria remained broadly unchanged, suggesting that lenders were unwilling to increase risk appetite beyond current scoring criteria.

The availability of secured credit was expected to increase significantly further in 2013 Q1, again driven by market share objectives and a slight continued easing in wholesale funding conditions, as well as, for some lenders, increased appetite for risk. The increase in availability was expected to occur across LTV ratios. Some lenders expected to tighten credit scoring

Chart 1 Household secured credit availability^(a)

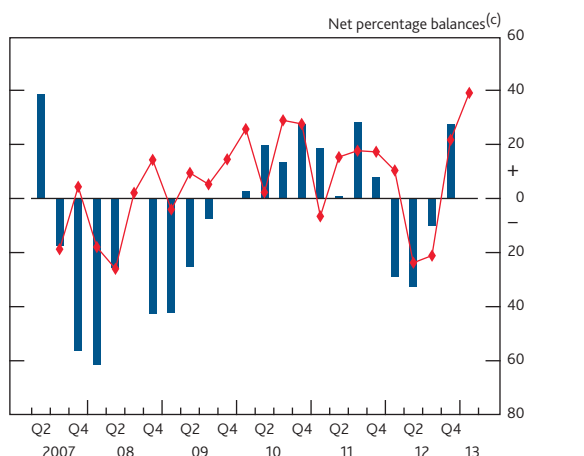


(a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question. The magenta and green bars show the responses over the previous three months. The corresponding diamonds show the expectations over the next three months.

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

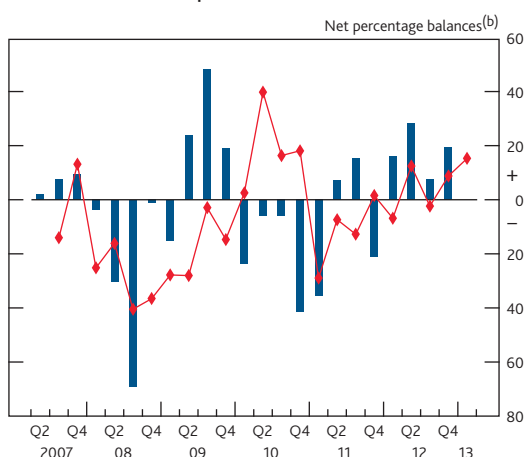
(c) This question was introduced in 2008 Q3.

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



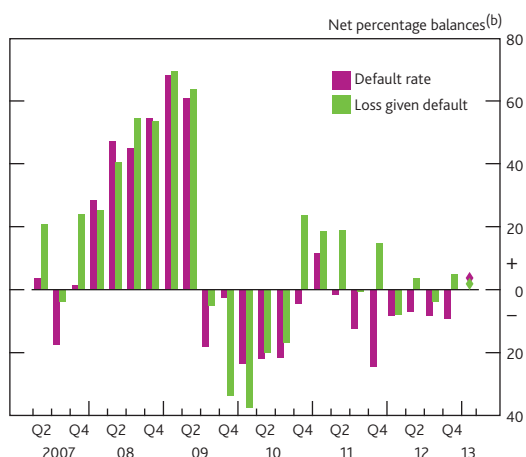
- (a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question. The blue bars show the responses over the previous three months. The red diamonds show the expectations over the next three months. Expectations balances have been moved forward one quarter so that they can be compared with the actual outturns in the following quarter.
- (b) Spreads are over Bank Rate for variable-rate mortgages and the relevant swap rate for fixed-rate mortgages.
- (c) A positive balance indicates that spreads have fallen such that, all else being equal, it is cheaper for households to borrow.

Chart 3 Household demand for overall secured lending to finance a house purchase^(a)



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

Chart 4 Default rate and losses given default on secured loans to households^(a)



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

criteria slightly, reflecting their desire to ensure that any increase in lending would adhere to risk appetite. This is consistent with expectations for a further slight increase in average credit quality on new secured lending.

Lenders reported that overall spreads on secured lending rates to households — relative to Bank Rate or the relevant swap rate — tightened significantly in 2012 Q4 (**Chart 2**), and were expected to tighten significantly further in 2013 Q1. Lenders commented that this tightening was partly due to the cheaper funding available under the Funding for Lending Scheme, as well as increased competition between lenders. In addition, lenders expected an increase in maximum LTV ratios.

Demand for secured lending for house purchase (**Chart 3**) rose in Q4, consistent with the reported tightening in lending spreads. This rise in demand was spread across prime and buy-to-let lending. Lenders also reported increased demand for remortgaging, consistent with reports of a slight rise in the credit quality of new secured lending. A continued increase in demand for house purchase and remortgaging was expected in 2013 Q1.

Lenders reported an unchanged proportion of secured loan applications being approved, both for Q4 and looking ahead to 2013 Q1, consistent with the pickup in both demand and supply.

Lenders reported that default rates on secured loans to households had fallen slightly for the sixth consecutive quarter, although losses given default had risen slightly (**Chart 4**). Both were expected to remain broadly unchanged next quarter.

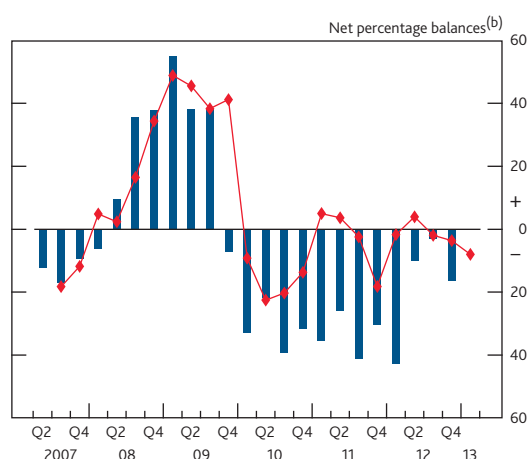
Unsecured lending to households

The total amount of unsecured credit made available to households rose slightly over the past three months, driven by small changes in market share objectives, appetite for risk and reduced cost of funds. Credit availability was expected to rise further next quarter, reflected predominately in changing market share objectives.

The average credit quality of new credit card lending fell in Q4, which some lenders attributed to an increase in competition in the marketplace. Consistent with this, the approval rate of credit card loan applications fell. In contrast, lenders expected a significant increase in the proportion of credit card loan applications approved in 2013 Q1. Some lenders expected a slight rise in credit quality of new credit card lending over this period, while others expected to loosen credit scoring criteria.

Credit scoring criteria had been loosened in Q4 for other unsecured lending. Consistent with that, the proportion of other unsecured loan applications approved rose sharply. Looking ahead to 2013 Q1, both credit scoring criteria and the proportion of loan approvals for other unsecured lending were expected to remain unchanged.

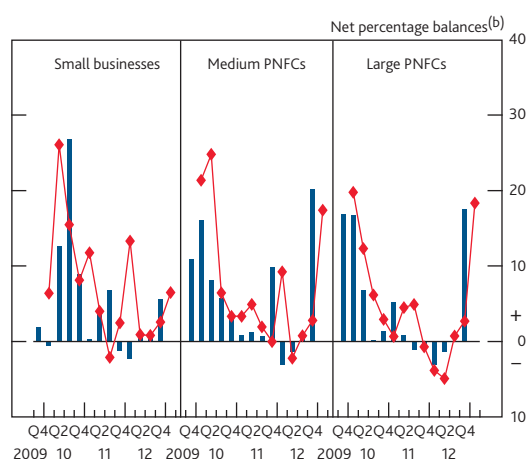
Chart 5 Default rate on total unsecured loans to households^(a)



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

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

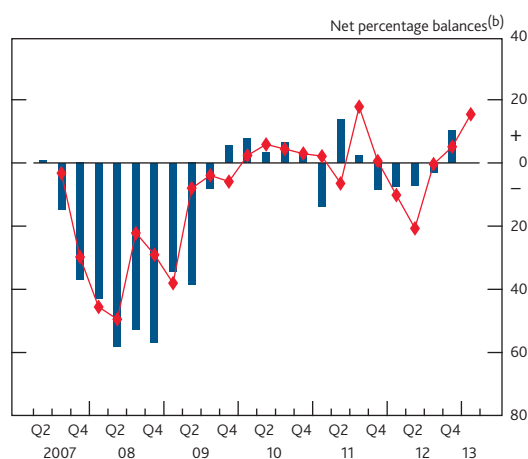
Chart 6 Corporate credit availability by firm size^(a)



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

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

Chart 7 Corporate credit availability: commercial real estate^(a)



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

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

Demand for both credit card and other unsecured lending rose significantly in Q4, which some lenders attributed to an increased number of competitive offers and marketing campaigns, as well as a rise in student applications. While lenders expected demand for credit card lending to stabilise in 2013 Q1, demand for other unsecured lending was expected to rise significantly.

Default rates on total unsecured lending fell in Q4 (Chart 5), reflected in a fall in default rates on credit card loans and a slight fall in default rates on other unsecured loans. Losses given default on total unsecured loans had risen slightly, driven by a slight rise in losses given default on credit card loans. Over the coming quarter, default rates on total unsecured lending were expected to fall slightly, driven by a slight fall in credit card default rates. Losses given default on total unsecured loans were expected to remain broadly unchanged. However, within the total, losses given default were expected to fall on other unsecured loans and to rise slightly on credit card loans.

Lenders reported that spreads on credit card lending remained unchanged in Q4, although credit card limits rose slightly. In contrast, spreads on other unsecured lending tightened significantly, in part due to competitor pricing and marketing campaigns. This pattern was set to continue in 2013 Q1, with spreads on credit card lending expected to remain unchanged, but a slight further tightening in spreads predicted for other unsecured lending.

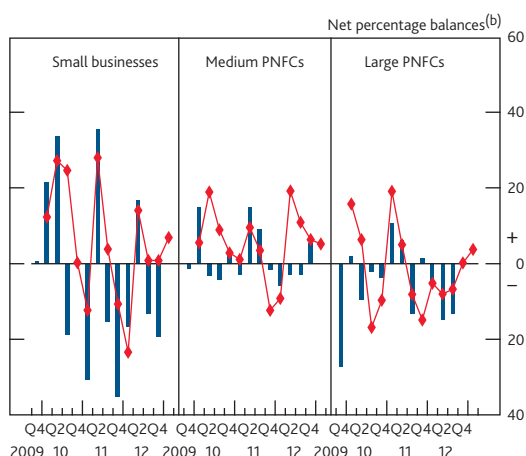
Lending to corporates and small businesses

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⁾

Overall credit availability to the corporate sector was reported to have increased significantly in Q4, the first reported rise in availability for a year. This was reflected in a significant increase in availability for medium-sized firms, an increase in availability for large firms, and a slight increase for small firms (Chart 6). Lenders commented that the Funding for Lending Scheme had been important in increasing credit availability to the corporate sector, consistent with reports of an easing in wholesale funding conditions pushing up slightly on credit availability. In contrast to the easing in credit availability, loan tenors had been reduced.

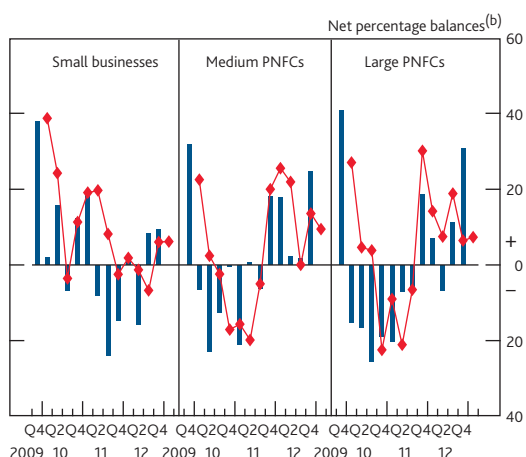
Looking ahead to 2013 Q1, lenders expected a further increase in credit availability to the corporate sector as a whole. This mainly reflected an increase in credit availability for large and medium-sized firms, driven by reports of slight market pressures from capital markets and slightly improved wholesale funding conditions. In addition, lenders expected a small increase in approval rates on lending to large and medium-sized firms.

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

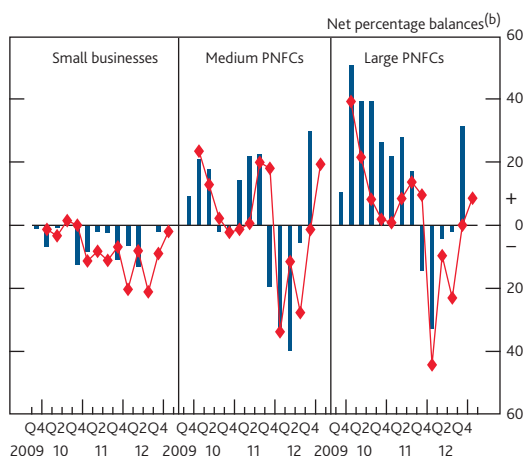
(a) See footnote (a) to Chart 2.

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

Chart 9 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 10 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.

Credit availability to the commercial real estate sector increased over the past quarter (**Chart 7**), and a further increase was expected in 2013 Q1, although commercial property prices continued to exert a significant negative influence on credit availability. Lenders commented that much of the increase in credit availability for commercial real estate was directed at prime or good secondary lending. Moving into 2013, some lenders commented that the regulatory capital impact of moving to a 'slotting' approach could potentially reduce appetite for commercial real estate lending.⁽¹⁾

Lenders reported that demand for credit from medium-sized firms rose slightly over the past quarter, but fell for small businesses (**Chart 8**). Corporate credit demand stemmed mainly from balance sheet restructuring, but also from a reported pickup in mergers and acquisitions activity for large and medium-sized firms. However, lenders commented that corporate borrower confidence remained fragile as a result of ongoing uncertainty in the euro area and domestic economic fragility and a few lenders commented that some companies might be discouraged from applying for credit because of a belief that lenders have a low appetite for risk. The commercial real estate sector was also reported to have dragged down on demand. Lenders expected demand to rise slightly for small and medium-sized firms in 2013 Q1.

Corporate loan performance had deteriorated in Q4, with increases in default rates across firm size and further slight increases expected next quarter (**Chart 9**). Losses given default rose for large and medium-sized firms, but were expected to remain unchanged for firms of all sizes next quarter. A few lenders noted that losses given default might be amplified by the limited options available for restructuring and alternative financing given the weak economic situation, as well as falling commercial property prices outside of London and the South East.

Lenders reported that spreads on corporate lending narrowed significantly for large and medium-sized firms in Q4 (**Chart 10**). In addition, fees and commissions fell for medium-sized firms and fell slightly for large firms. In contrast, spreads had remained broadly unchanged for small firms and other financial companies, and some lenders commented that spreads had increased a little for commercial real estate lending. Reductions in spreads were reported to have been driven in part by the Funding for Lending Scheme and by increased competition between banks. Looking forward, lenders expected a continued narrowing of spreads on lending to medium-sized firms and a slight narrowing on lending to large firms in 2013 Q1. Spreads were also expected to narrow slightly for other financial companies, but to remain broadly unchanged for small firms.

(1) Under a 'slotting' approach, banks' internal models are not used to generate capital requirements. Rather, CRE 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)											
		2010				2011				2012			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
How has the availability of secured credit provided to households changed?	Past three months	1.3	6.3	8.3	3.4	2.8	2.9	8.4	1.9	3.8	-4.1	21.9	26.2
	Next three months	3.2	-11.4	-3.9	2.7	14.6	-1.9	6.9	7.6	-8.7	0.1	36.1	24.7
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	0.0	0.0	2.0	0.0	1.1	0.0	5.0	-1.6	-8.6	-10.5	-2.8	0.8
	Next three months	-9.8	2.2	-8.9	-9.9	-8.2	-8.7	-11.2	-9.9	-8.6	-9.0	6.9	2.6
market share objectives	Past three months	5.6	11.3	9.6	8.3	7.2	18.7	14.9	-1.5	-11.6	16.9	8.4	22.5
	Next three months	7.3	1.8	8.9	7.1	17.9	7.3	-1.0	7.6	-18.9	1.1	11.3	29.9
changing appetite for risk	Past three months	-0.3	1.1	1.0	-0.9	1.4	0.0	7.0	7.8	-7.2	1.6	8.1	1.8
	Next three months	1.0	0.8	6.6	1.4	0.9	4.1	5.5	0.0	-18.7	0.0	1.7	16.7
tight wholesale funding conditions	Past three months	5.7	1.1	-14.1	-6.3	-11.5	2.9	-20.9	-26.9	-20.0	-20.4	9.2	21.8
	Next three months	-11.1	-12.6	0.0	-13.2	2.5	-9.1	-12.7	-21.9	-20.8	-18.3	-5.3	5.8
expectations for house prices	Past three months	10.5	29.0	-1.3	-12.5	-14.3	-27.5	-6.8	-6.8	1.4	-1.6	-10.0	-1.9
	Next three months	-10.5	6.9	9.2	-19.1	-19.6	-27.7	-16.2	-9.3	-11.5	-10.7	-1.9	-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	1.9	0.6	-6.4	14.8	-5.4	1.3	1.4	-1.8	9.8	5.3	2.7	20.4
	Next three months	5.6	7.2	-1.4	2.1	4.8	0.8	4.8	-4.5	-6.3	1.2	12.6	33.6
Borrowers with high loan to value ratios (more than 75%)	Past three months	22.6	18.3	7.4	-5.4	14.8	9.4	16.5	2.1	-10.7	4.0	19.6	29.0
	Next three months	5.7	-6.9	-14.3	9.1	28.6	14.2	24.2	13.3	-8.6	-23.7	15.2	33.6
How have credit scoring criteria for granting loan applications by households changed?	Past three months	-1.3	-8.8	-7.4	-1.6	0.0	4.4	-5.8	-1.4	-10.1	-2.8	-11.4	4.7
	Next three months	0.0	-5.2	-18.4	0.0	2.7	-0.5	-2.0	-19.1	-14.3	-9.9	0.0	-9.3
How has the proportion of household loan applications being approved changed?	Past three months	-3.9	0.3	0.6	0.5	0.4	9.6	2.8	-9.7	-17.8	-26.2	-0.9	-1.9
	Next three months	3.0	-0.6	-10.3	-9.8	12.8	-0.5	0.0	-16.0	-2.6	-24.1	6.2	1.9
How has the average credit quality of new secured lending to households changed?^(c)	Past three months	0.0	5.6	8.6	1.6	9.0	3.8	3.9	0.0	2.7	12.1	8.1	9.3
	Next three months	7.0	-1.5	16.2	1.9	5.1	1.2	4.5	-5.5	24.5	18.8	0.0	9.3

		Net percentage balances ^(a)											
		2010				2011				2012			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
How has the default rate on secured loans to households changed?	Past three months	-23.6	-21.9	-21.8	-4.5	11.5	-1.5	-12.3	-24.4	-8.4	-7.0	-8.4	-9.3
	Next three months	3.0	3.0	-21.8	-0.3	14.3	23.0	3.6	-15.0	-3.3	1.5	1.7	3.7
How have losses given default on secured loans to households changed?	Past three months	-37.7	-20.2	-16.8	23.8	18.7	18.9	-0.8	14.6	-8.0	3.6	-4.0	5.0
	Next three months	1.8	25.7	-0.1	9.6	8.0	23.0	18.0	9.7	22.4	1.5	1.7	1.8
How has demand for secured lending for house purchase from households changed?	Past three months	-23.5	-5.8	-6.1	-41.5	-35.6	7.1	15.3	-21.2	16.2	28.4	7.7	19.6
	Next three months	39.8	16.4	18.1	-29.0	-7.4	-12.7	1.6	-6.8	12.5	-2.3	8.8	15.3
<i>of which: demand for prime lending</i>	Past three months	-23.5	-5.8	-6.1	-36.8	-18.1	0.3	14.1	-21.2	11.8	38.3	8.6	17.7
	Next three months	39.8	10.3	18.1	-29.0	12.7	2.3	2.8	-6.8	12.5	-2.3	8.8	17.2
<i>of which: demand for buy-to-let lending</i>	Past three months	-32.8	2.3	12.9	11.4	6.2	37.0	37.8	12.7	-5.3	-1.6	-9.2	12.6
	Next three months	26.6	14.5	-1.5	-1.0	8.9	21.1	1.8	-6.3	19.8	4.0	13.5	13.7
<i>of which: demand for other lending</i>	Past three months	-31.7	30.8	3.4	-32.1	-30.1	0.0	-4.1	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
	Next three months	34.7	22.1	-2.8	-32.1	0.0	0.0	-4.1	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
How has demand for secured lending for remortgaging from households changed?	Past three months	-34.4	14.2	2.2	16.7	31.1	2.1	-14.0	-10.6	5.6	9.9	-18.1	18.5
	Next three months	28.3	4.9	3.5	-2.0	26.3	4.3	9.5	-4.3	9.6	8.7	-0.3	17.2
How have overall secured lending spreads changed?	Past three months	2.9	19.8	13.6	27.6	18.8	0.9	28.2	7.9	-29.0	-32.5	-10.1	27.5
	Next three months	2.3	28.9	27.6	-6.6	15.3	17.7	17.3	10.4	-23.7	-21.1	21.7	39.1
<i>of which: spreads on prime lending</i>	Past three months	3.9	20.9	13.6	27.6	18.8	2.1	28.2	7.9	-29.0	-32.5	-10.1	28.0
	Next three months	2.3	30.3	28.7	3.3	15.3	26.4	17.3	10.4	-23.7	-21.1	21.7	43.8
<i>of which: spreads on buy-to-let lending</i>	Past three months	4.9	15.9	-0.6	10.6	9.6	17.2	1.8	9.9	-10.6	-6.6	1.9	22.3
	Next three months	0.0	22.7	16.7	7.9	9.6	12.7	1.4	2.7	6.7	-6.9	12.7	31.9
<i>of which: spreads on other lending</i>	Past three months	0.0	23.4	19.9	0.0	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
	Next three months	0.0	22.8	19.9	0.0	n.a.*	n.a.*	-2.9	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
How have fees on secured lending changed?	Past three months	0.0	0.0	11.9	10.9	7.6	6.9	-6.7	0.0	1.4	0.0	0.0	0.0
	Next three months	0.0	4.7	1.0	-5.8	-11.4	1.4	6.7	0.0	-1.6	0.0	1.8	1.8
How have maximum loan to value ratios changed?	Past three months	10.1	12.5	7.7	-1.6	1.4	1.2	2.8	11.5	4.9	6.4	9.3	1.8
	Next three months	10.8	1.9	-0.5	2.6	7.6	4.7	4.9	9.8	-9.1	-1.7	-0.1	16.1
How have maximum loan to income ratios changed?	Past three months	4.7	0.0	0.0	0.0	0.0	0.0	0.2	-5.0	0.0	6.8	6.9	2.1
	Next three months	0.0	-0.6	4.6	0.0	15.7	4.5	0.0	-5.0	-8.6	0.0	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)											
		2010				2011				2012			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
How has the availability of unsecured credit provided to households changed?	Past three months	-1.5	-0.6	3.5	-7.7	6.2	1.1	19.9	12.5	4.7	8.1	-4.2	6.6
	Next three months	16.1	7.8	15.0	18.2	10.3	12.2	1.9	7.0	-10.4	5.6	6.8	14.6
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	11.2	0.7	6.8	0.0	-1.3	1.2	-6.9	0.0	3.4	-1.7	0.0	0.0
	Next three months	6.0	17.9	0.9	6.9	-1.2	-4.6	-6.3	-2.4	-1.4	-2.2	-1.8	0.0
market share objectives	Past three months	6.4	3.5	6.7	0.7	8.9	1.8	3.5	-2.9	-1.5	7.6	-4.2	6.1
	Next three months	2.7	3.6	6.1	12.0	13.0	23.2	2.7	-2.2	-3.5	10.7	6.8	13.1
changing appetite for risk	Past three months	-0.6	-0.1	5.5	-8.8	7.9	0.3	7.2	1.8	-0.5	7.3	1.8	5.1
	Next three months	19.7	18.3	12.7	19.1	12.7	4.7	7.5	4.5	1.5	6.1	5.8	5.8
changing cost/availability of funds	Past three months	0.0	0.0	0.0	0.0	-2.0	0.0	-0.9	-1.1	-0.8	-0.7	1.8	5.1
	Next three months	0.0	0.0	0.9	10.9	7.8	5.4	-0.4	0.2	0.0	-11.9	1.1	4.8
How have credit scoring criteria for granting credit card loan applications by households changed?	Past three months	-15.7	16.5	0.9	-13.0	7.6	-0.4	2.6	5.2	5.7	8.4	0.8	-0.4
	Next three months	0.0	16.5	7.8	6.2	-7.3	4.9	12.7	4.1	0.8	3.6	5.7	13.4
How have credit scoring criteria for granting other unsecured loan applications by households changed?	Past three months	-15.9	-21.2	-24.1	-26.9	-11.8	16.7	25.0	10.6	-1.9	3.9	8.6	12.7
	Next three months	-25.6	-24.0	-3.3	8.8	-4.6	-7.7	11.6	2.2	2.5	8.6	2.7	-0.1
How have credit scoring criteria for granting total unsecured loan applications by households changed?	Past three months	-15.7	11.0	-2.6	-14.8	5.1	1.8	5.4	5.8	4.7	7.8	1.7	1.2
	Next three months	-3.9	10.6	6.3	6.6	-7.0	3.3	12.6	3.9	1.0	4.3	5.4	11.8
How has the proportion of credit card loan applications from households being approved changed?	Past three months	5.0	12.4	21.0	9.7	20.0	-7.6	-2.9	-1.2	3.8	-1.4	2.6	-17.4
	Next three months	-4.3	15.0	7.1	6.4	2.1	6.3	19.3	3.4	-7.6	-2.0	6.5	22.5
How has the proportion of other unsecured loan applications from households being approved changed?	Past three months	-4.9	-5.6	-26.9	-16.8	2.5	6.6	20.5	10.7	0.3	-2.3	15.2	20.8
	Next three months	-25.6	-19.5	-3.3	8.8	8.9	8.5	19.5	14.1	0.0	14.8	2.7	0.8
How has the proportion of total unsecured loan applications from households being approved changed?	Past three months	3.5	9.7	14.3	6.2	17.8	-5.8	0.1	0.3	3.4	-1.5	4.0	-12.9
	Next three months	-7.6	10.0	5.6	6.7	2.9	6.6	19.3	4.7	-6.6	0.1	6.1	19.9

		Net percentage balances ^(a)											
		2010				2011				2012			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
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.**	-6.7	2.6	-10.2
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	7.7	5.7	8.3
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.**	5.4	5.7	4.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-8.6	-2.7	0.9
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.**	-5.2	2.9	-8.6
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	5.7	4.8	7.4
How has the default rate on credit card loans to households changed?	Past three months	-32.4	-20.2	-40.1	-30.4	-35.2	-25.6	-41.8	-29.3	-43.8	-7.1	-0.4	-17.5
	Next three months	-21.7	-19.5	-15.9	7.3	5.3	-2.2	-21.4	-0.7	6.4	-2.2	-4.1	-9.1
How has the default rate on other unsecured loans to households changed?	Past three months	-34.8	-31.9	-33.2	-40.3	-37.8	-29.2	-37.6	-37.4	-35.9	-31.7	-21.7	-7.5
	Next three months	-26.8	-24.8	0.0	-10.1	-8.2	-4.4	3.6	-8.5	-12.7	0.0	0.0	0.0
How has the default rate on total unsecured loans to households changed?	Past three months	-32.8	-21.9	-39.2	-31.7	-35.5	-26.0	-41.3	-30.3	-42.8	-10.2	-2.9	-16.3
	Next three months	-22.5	-20.3	-13.7	5.0	3.6	-2.5	-18.2	-1.7	3.9	-2.0	-3.6	-8.0
How have losses given default on credit card loans to households changed?	Past three months	35.2	16.5	25.2	-37.0	7.0	11.3	-14.6	-10.7	-21.5	-13.2	6.8	5.9
	Next three months	13.9	-5.0	-11.8	-8.9	12.3	12.7	-9.1	-15.6	-7.6	-7.6	6.8	7.5
How have losses given default on other unsecured loans to households changed?	Past three months	15.6	26.1	-10.1	13.4	-2.5	-2.2	-11.8	6.5	0.0	-21.9	-16.0	-0.9
	Next three months	19.4	10.1	-7.4	3.3	-1.2	-8.3	0.0	0.0	-13.6	-8.6	-16.9	-16.5
How have losses given default on total unsecured loans to households changed?	Past three months	32.2	17.9	20.3	-30.4	5.8	9.6	-14.2	-8.5	-18.7	-14.3	4.1	5.1
	Next three months	14.7	-2.8	-11.2	-7.3	10.5	9.9	-8.0	-13.6	-8.4	-7.7	4.0	4.7
How has demand for credit card lending from households changed?	Past three months	-30.9	13.9	-14.9	-0.5	-0.3	-1.1	4.9	-7.5	-10.8	-16.5	4.1	27.8
	Next three months	13.0	2.5	29.5	8.2	6.2	5.7	24.8	-16.0	-1.6	12.5	7.3	0.0
How has demand for other unsecured lending from households changed?	Past three months	-2.6	25.8	9.5	-12.8	-13.0	-4.2	-4.6	-37.7	16.5	18.7	0.0	34.6
	Next three months	5.8	-8.1	3.3	13.7	24.1	-1.2	7.8	9.1	4.1	-17.0	9.2	32.3
How has demand for total unsecured lending from households changed?	Past three months	-26.6	15.6	-11.5	-2.2	-1.9	-1.5	3.7	-11.4	-7.3	-12.1	3.6	28.6
	Next three months	11.9	1.0	25.8	8.9	8.5	4.8	22.6	-12.8	-0.9	8.8	7.5	3.8
How have spreads on credit cards changed?	Past three months	-0.6	-0.2	-6.4	0.2	-6.1	-1.4	7.2	1.5	2.3	0.0	0.0	0.0
	Next three months	0.6	-8.6	0.0	-8.6	1.5	0.0	0.1	-11.1	1.5	0.0	5.7	0.0
How have spreads on other unsecured lending products changed?	Past three months	-20.7	-3.9	-17.4	10.4	22.1	8.4	-10.4	21.8	17.1	5.7	-13.9	31.0
	Next three months	-2.0	-8.8	12.6	8.2	2.1	24.8	32.3	5.1	16.7	6.6	12.6	8.0
How have overall unsecured lending spreads changed?	Past three months	-3.7	-0.8	-7.9	1.5	-2.5	-0.1	5.0	4.1	4.2	0.7	-1.6	3.6
	Next three months	0.2	-8.7	1.8	-6.4	1.5	3.2	4.1	-9.0	3.5	0.8	6.5	0.9
How have credit card limits changed?	Past three months	-10.0	0.3	0.8	-0.1	11.8	-1.7	13.3	21.2	20.7	-2.2	7.0	5.8
	Next three months	-0.7	6.1	4.8	-8.6	-0.7	12.6	27.7	5.6	0.8	13.5	5.7	6.6
How has the minimum proportion of credit card balances to be paid changed?	Past three months	-7.1	-7.5	-15.6	-8.1	-5.2	-18.7	-7.3	-7.6	-8.0	5.7	-12.3	0.0
	Next three months	0.0	0.0	0.0	-14.0	0.3	-6.2	0.0	0.0	0.0	-6.5	5.7	0.0
How have maximum maturities on loans changed? ^(d)	Past three months	0.0	-7.2	0.0	0.0	-2.0	0.0	13.6	-13.8	-2.2	-2.3	0.0	0.0
	Next three months	-2.8	-7.2	-15.3	-2.1	0.0	-9.4	0.0	-13.8	0.0	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)											
		2010				2011				2012			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
How has the availability of credit provided to the corporate sector overall changed?	Past three months	21.9	7.1	7.8	3.2	6.9	4.1	3.9	11.0	-2.6	-3.2	-5.5	29.4
	Next three months	22.7	6.5	3.4	4.8	7.8	3.4	2.4	8.1	-6.4	0.7	2.6	14.9
<i>of which:</i> commercial real estate sector	Past three months	7.8	3.5	6.4	3.0	-13.7	14.0	2.3	-8.4	-7.5	-7.1	-3.0	10.4
	Next three months	5.9	4.4	3.0	2.1	-6.5	17.8	0.6	-10.2	-20.7	-0.3	5.2	15.4
How have commercial property prices affected credit availability to the commercial real estate sector, and/or secured lending to PNFCs?	Past three months	-2.0	5.4	0.0	-24.5	-4.9	-16.3	-1.2	-1.0	-16.7	-15.0	-21.7	-39.4
	Next three months	14.2	5.4	-5.2	-23.7	-2.2	-16.3	-2.2	-1.0	-16.3	-17.8	-12.3	-13.6
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	24.7	2.9	0.8	0.9	0.7	0.3	-2.2	-16.7	-8.4	-4.2	1.0	-0.1
	Next three months	20.4	-10.1	0.6	2.1	6.8	6.5	-8.3	-15.5	-3.6	-3.4	-3.0	-0.1
changing sector-specific risks	Past three months	18.9	-12.3	0.0	13.3	-0.8	0.1	-4.2	-16.0	-3.1	-2.8	-3.8	0.0
	Next three months	23.9	-16.7	0.0	0.7	0.7	0.0	-4.2	-12.5	-1.9	-4.9	-1.7	0.0
market share objectives	Past three months	-1.4	-0.3	7.2	6.1	9.2	3.9	0.1	14.7	-2.1	4.0	2.8	2.9
	Next three months	4.7	8.6	15.3	6.2	10.3	3.2	0.1	13.5	-1.5	5.6	2.8	0.8
market pressures from capital markets	Past three months	-4.4	-1.1	-1.6	0.9	-4.4	10.4	5.6	0.2	8.3	-0.3	6.9	0.0
	Next three months	3.5	6.5	-4.3	0.0	1.7	10.4	21.2	2.9	-1.3	-4.3	0.5	5.8
changing appetite for risk	Past three months	-1.6	0.0	3.0	1.5	8.2	0.1	13.3	-2.6	-3.1	-3.8	-1.4	2.1
	Next three months	1.4	1.4	0.7	0.7	7.6	-0.7	-3.0	0.0	-1.9	-0.5	0.5	0.7
tight wholesale funding conditions	Past three months	-6.5	0.0	4.2	-6.4	-9.3	-2.8	-19.0	-42.6	2.1	0.0	-10.4	9.2
	Next three months	0.7	-1.7	-7.7	3.3	-6.8	5.6	-39.6	-49.4	-5.8	-25.1	21.5	7.9
How has the availability of credit provided to small businesses changed?^(c)	Past three months	-0.6	12.6	26.8	8.9	0.4	4.1	6.8	-1.2	-2.2	0.8	0.8	5.6
	Next three months	26.1	15.5	8.1	11.8	4.0	-2.1	2.5	13.3	0.9	0.8	2.6	6.5
How has the availability of credit provided to medium PNFCs changed?	Past three months	16.1	8.1	5.8	3.0	0.9	1.3	0.8	9.9	-3.1	-1.3	0.9	20.2
	Next three months	24.8	6.5	3.3	3.3	4.9	2.0	0.0	9.2	-2.2	0.8	2.8	17.4
How has the availability of credit provided to large PNFCs changed?	Past three months	16.8	6.9	0.3	1.4	5.2	0.8	-1.1	-0.7	-3.1	-1.4	0.0	17.5
	Next three months	12.3	6.2	2.9	0.7	4.5	4.9	-0.7	-3.8	-4.9	0.7	2.7	18.3

		Net percentage balances ^(a)											
		2010				2011				2012			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
How has the proportion of loan applications from small businesses being approved changed?	Past three months	32.3	34.9	-9.2	6.8	11.7	-6.1	3.0	-1.9	-2.0	14.5	-1.5	4.2
	Next three months	23.2	6.5	-2.1	-12.3	-1.6	7.4	0.0	0.0	0.9	0.8	0.0	3.3
How has the proportion of loan applications from medium PNFCs being approved changed?	Past three months	12.0	3.5	0.7	0.0	3.7	-0.8	0.6	-8.1	-4.6	2.0	-2.4	0.7
	Next three months	0.7	7.4	1.4	-1.4	-1.0	-0.8	3.0	-3.4	0.9	0.0	14.4	6.2
How has the proportion of loan applications from large PNFCs being approved changed?	Past three months	8.8	6.5	2.5	0.0	4.4	-0.8	-4.8	1.3	-3.8	-1.0	-1.2	0.0
	Next three months	0.8	6.5	1.8	0.0	5.8	-0.8	2.3	-1.3	-1.8	-1.6	0.7	5.5
Has there been a change in average credit quality on newly arranged PNFC borrowing facilities? ^(d)	Past three months	20.3	5.9	5.0	13.5	7.2	5.0	5.2	8.3	19.7	12.7	0.2	-0.8
	Next three months	23.2	-7.2	-1.0	12.9	4.0	3.6	5.2	3.9	15.1	12.7	-6.0	0.0
Has there been any change in 'target hold' levels associated with corporate lending?	Past three months	8.3	9.3	0.5	-2.8	-5.7	-11.0	1.7	10.7	24.2	13.1	1.3	-6.1
	Next three months	17.8	7.4	6.7	-2.8	-0.4	11.0	5.9	13.1	12.4	-0.3	4.8	0.7
How have loan tenors on new corporate loans changed? ^(e)	Past three months	21.1	39.5	12.7	-7.4	-0.5	3.1	-11.8	8.8	-10.0	-1.5	-7.0	-11.7
	Next three months	23.5	6.6	-4.9	1.5	1.1	18.5	-6.9	-14.2	-2.3	-1.3	-5.5	0.0
Has there been a change in draw-downs on committed lines by PNFCs?	Past three months	-15.6	-7.0	-7.6	0.0	-5.5	-19.5	9.8	14.0	-2.4	-0.1	-2.0	-1.1
	Next three months	-2.6	5.2	-0.9	0.0	-6.6	-12.7	11.9	15.3	4.9	1.5	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	2.0	15.7	-6.8	12.3	19.7	-8.2	-24.0	-14.7	1.4	-15.9	8.3	9.3
	Next three months	24.2	-3.6	11.3	19.1	19.7	8.1	-2.5	1.8	-1.3	-6.8	6.0	6.1
How has the default rate on loans to medium PNFCs changed?	Past three months	-6.6	-23.0	-12.5	-0.5	-21.1	0.7	-6.2	18.0	17.7	2.1	1.6	24.7
	Next three months	2.4	-2.5	-17.1	-15.7	-19.9	-5.0	20.0	25.5	21.9	0.0	13.5	9.4
How has the default rate on loans to large PNFCs changed?	Past three months	-15.2	-16.6	-25.6	-18.9	-20.2	-7.1	-6.3	18.6	6.9	-6.8	11.3	30.7
	Next three months	4.6	3.8	-22.5	-9.0	-21.1	-6.6	30.1	14.2	7.5	18.8	6.4	7.3
How has loss given default on loans to small businesses changed?	Past three months	4.1	-23.5	14.2	36.3	22.0	-15.5	-10.2	-19.6	8.6	5.9	0.0	0.0
	Next three months	10.9	13.1	18.6	19.1	15.5	2.9	0.7	1.0	-2.3	0.0	0.0	0.0
How have losses given default on loans to medium PNFCs changed?	Past three months	10.9	-1.6	0.9	0.3	-7.3	-7.7	-5.3	2.1	11.6	2.2	0.7	14.3
	Next three months	2.2	-1.6	-6.1	-5.1	-6.4	-5.7	6.3	19.3	21.5	14.8	15.1	0.2
How have losses given default on loans to large PNFCs changed?	Past three months	0.0	-2.3	-6.2	-5.0	-6.3	-7.8	-5.5	0.0	7.0	0.0	14.1	12.4
	Next three months	-4.4	-1.6	-7.2	-5.2	-8.2	-6.5	6.5	20.7	20.3	13.3	5.7	-0.7
How has demand for credit card lending from small businesses changed? ^(f)	Past three months	16.5	24.4	14.4	-7.6	-20.9	-29.6	-29.1	-1.5	-1.5	10.4	0.5	11.7
	Next three months	25.2	24.4	6.3	36.4	50.0	27.7	5.9	15.6	20.9	-1.4	10.4	9.8
How has demand for other unsecured lending from small businesses changed? ^(f)	Past three months	13.4	35.6	0.8	-8.6	n.a.*	21.2	-17.4	-25.4	-15.8	12.1	n.a.*	n.a.*
	Next three months	27.0	-3.6	7.5	-6.2	n.a.*	8.9	0.2	-15.6	15.8	0.0	n.a.*	n.a.*
How has demand for total unsecured lending from small businesses changed? ^(f)	Past three months	16.0	26.2	12.3	-7.8	-18.7	-21.5	-27.3	-5.1	-3.7	10.6	-2.2	8.7
	Next three months	25.5	20.0	6.5	27.7	47.0	24.7	5.0	10.9	20.1	-1.2	11.8	8.5
How has demand for secured lending from small businesses changed? ^(f)	Past three months	19.4	18.0	-13.5	-26.5	-26.9	34.9	-21.6	-9.8	-20.1	15.3	-1.5	-7.5
	Next three months	19.4	18.0	0.0	19.4	27.4	0.0	0.0	-9.8	17.7	0.0	17.2	2.0

		Net percentage balances ^(a)											
		2010				2011				2012			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
How has overall demand for lending from small businesses changed? ^(f)	Past three months	21.4	33.7	-18.6	0.0	-30.6	35.5	-15.4	-35.1	-16.6	16.7	-13.4	-19.2
	Next three months	27.2	24.6	0.2	-12.3	27.9	3.8	-10.7	-23.4	14.0	0.8	0.8	6.9
How has demand for lending from medium PNFCs changed?	Past three months	15.0	-3.2	-4.2	3.1	-3.1	14.9	9.2	-1.6	-5.9	-2.9	-2.8	5.5
	Next three months	18.9	8.9	2.8	1.1	9.5	3.5	-12.3	-9.2	19.2	10.9	6.3	5.2
How has demand for lending from large PNFCs changed?	Past three months	1.9	-9.6	-2.0	-3.7	10.6	6.3	-13.2	1.5	-5.2	-14.9	-13.3	0.6
	Next three months	6.3	-16.8	-9.7	19.1	5.0	-8.1	-14.9	-5.2	-8.0	-6.7	0.2	3.7
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.**	-2.4	10.7	-6.8
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	0.0	-0.6	0.0
What have been the main factors contributing to changes in demand for lending: ^(b)													
mergers and acquisitions	Past three months	35.2	-5.6	27.3	5.2	20.0	-9.4	3.0	-0.9	-19.6	-27.8	-10.7	10.4
	Next three months	34.2	1.1	31.2	35.2	8.2	-7.9	-6.8	-1.8	-3.3	3.4	-10.2	0.4
capital investment	Past three months	-9.1	-1.2	-3.2	0.0	0.0	-14.0	-7.7	-3.4	-19.1	-11.3	-9.3	-3.2
	Next three months	-0.7	0.7	2.3	-0.8	-0.9	-7.4	-12.2	-3.2	-1.6	-1.3	-6.5	-0.9
inventory finance	Past three months	15.0	1.8	-5.7	2.2	0.6	-0.1	-2.4	0.7	-14.6	-9.9	-7.8	0.0
	Next three months	21.0	1.8	3.2	0.7	6.2	7.4	-0.6	0.7	-0.6	0.0	0.7	3.1
balance sheet restructuring	Past three months	-1.1	-13.4	3.4	1.5	2.8	-15.8	10.6	-0.1	-11.1	-6.1	7.2	11.8
	Next three months	0.9	-1.4	-9.4	2.2	2.8	-16.6	-3.1	1.6	3.0	1.2	-0.8	3.2
commercial real estate	Past three months	8.4	1.0	6.5	-18.3	-3.4	-0.1	1.8	-1.1	-19.5	-6.5	-5.2	-10.0
	Next three months	2.7	7.2	3.1	-20.4	5.6	5.5	2.5	-1.4	-17.0	-3.8	-12.3	-12.9
How have spreads on loans to small businesses changed?	Past three months	-6.8	-0.7	0.0	-12.6	-8.3	-2.0	-2.5	-11.1	-6.4	-13.1	0.0	-2.0
	Next three months	-3.4	1.4	0.0	-11.3	-8.3	-11.2	-6.9	-20.3	-8.1	-21.1	-9.0	-2.0
How have fees/commissions on loans to small businesses changed?	Past three months	-6.8	-0.7	0.0	-11.3	-8.1	2.8	0.0	-7.0	0.0	-1.4	-12.7	1.5
	Next three months	-3.4	-1.4	0.0	-11.3	-6.1	0.0	-6.9	0.0	-8.1	-12.9	0.0	-0.7
How have collateral requirements for loans to small businesses changed?	Past three months	-2.1	0.0	0.0	0.0	-3.3	-2.0	-14.8	0.0	0.0	0.0	0.0	0.0
	Next three months	-0.7	-1.4	0.0	0.0	-3.3	-2.0	-13.5	0.0	0.0	0.0	0.0	0.0
How have maximum credit lines for small businesses changed?	Past three months	-2.6	1.4	1.0	0.0	0.0	-2.0	-2.6	0.0	0.0	0.0	0.0	0.0
	Next three months	-1.3	1.4	0.0	0.0	0.0	-2.0	-13.5	0.0	0.9	0.0	0.0	0.0
How have loan covenants for small businesses changed?	Past three months	-5.6	17.2	12.4	25.6	-3.3	-2.0	-14.8	-2.6	-2.8	-3.7	0.0	0.0
	Next three months	-4.1	15.8	0.0	-3.0	0.0	-2.0	-13.5	0.0	-0.9	-0.8	0.0	0.0
How have spreads on loans to medium PNFCs changed?	Past three months	21.0	17.8	-2.0	-3.0	14.3	21.9	22.6	-19.6	-33.1	-39.8	-5.5	29.8
	Next three months	12.8	2.2	-2.3	-1.3	0.6	19.9	18.0	-33.8	-11.6	-27.7	-1.4	19.3
How have fees/commissions on loans to medium PNFCs changed?	Past three months	8.2	1.8	2.1	17.7	14.5	19.2	20.6	-8.4	-18.8	-21.8	-2.2	19.9
	Next three months	12.0	0.3	-2.3	11.5	0.3	18.0	19.2	-20.9	-7.3	-15.4	0.0	7.8
How have collateral requirements for loans to medium PNFCs changed?	Past three months	-3.1	-1.6	0.0	-0.8	-0.6	-2.8	-4.4	-1.2	-4.8	-0.7	0.0	0.0
	Next three months	-0.9	0.0	0.0	0.0	0.9	-1.4	0.0	-2.5	-6.9	-1.9	0.0	1.2
How have maximum credit lines for medium PNFCs changed?	Past three months	0.7	3.4	-10.0	2.9	-8.6	-11.1	0.8	-4.0	-12.4	-3.3	-1.0	-1.2
	Next three months	3.5	3.6	-1.7	2.9	5.1	1.6	-5.3	-1.6	-7.7	-1.2	12.5	-0.5
How have loan covenants for medium PNFCs changed?	Past three months	-3.6	-0.2	12.9	1.8	1.3	4.9	-2.0	-3.7	-14.9	-15.3	0.0	0.0
	Next three months	-1.2	0.0	1.0	-5.1	-1.4	1.9	-5.3	-16.2	0.0	-1.2	0.0	0.0

		Net percentage balances ^(a)											
		2010				2011				2012			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
How have spreads on loans to large PNFCs changed?	Past three months	50.7	39.3	39.3	26.2	21.7	27.9	17.0	-14.4	-33.0	-4.3	-2.0	31.4
	Next three months	21.5	8.2	1.8	0.8	8.4	13.6	9.5	-44.2	-9.7	-23.0	0.0	8.5
How have fees/commissions on loans to large PNFCs changed?	Past three months	18.6	35.4	26.0	34.8	21.9	16.6	15.7	-3.7	-19.8	-2.9	-2.7	9.2
	Next three months	21.5	10.5	6.1	13.1	7.1	15.3	13.2	-29.6	-6.7	-10.5	0.0	7.8
How have collateral requirements for loans to large PNFCs changed?	Past three months	-2.0	-1.6	0.0	-0.8	13.8	-2.8	-2.1	-3.2	-0.7	0.0	0.0	0.0
	Next three months	-0.1	0.0	0.7	0.0	1.8	-1.4	0.0	-1.9	-0.7	-0.5	-0.5	0.0
How have maximum credit lines for large PNFCs changed?	Past three months	19.5	9.9	3.7	5.7	18.6	2.3	4.5	0.1	-10.1	-3.4	-1.1	-3.3
	Next three months	9.8	3.7	-0.2	3.7	18.8	15.2	3.0	-1.6	-7.6	0.0	0.7	2.6
How have loan covenants for large PNFCs changed?	Past three months	5.4	-0.9	7.0	19.0	19.8	16.5	17.4	-8.8	1.9	0.8	0.0	0.8
	Next three months	25.1	0.0	14.4	0.7	18.4	10.6	7.5	-21.8	-0.7	-0.5	0.0	0.0
How have spreads on loans to OFCs changed?	Past three months	41.6	21.8	-16.0	33.3	6.8	22.8	9.5	-16.5	-16.1	-3.6	0.6	-2.7
	Next three months	20.0	-12.9	-16.0	1.0	1.7	1.0	9.2	-30.4	-24.7	-22.1	13.9	7.9
How have fees/commissions on loans to OFCs changed?	Past three months	21.6	20.3	-19.1	32.6	1.7	1.0	1.8	-2.1	-8.6	-2.1	-0.3	-6.0
	Next three months	21.3	-12.9	-19.1	1.0	1.7	1.0	14.9	-16.1	-22.5	-8.6	0.0	10.3
How have collateral requirements for loans to OFCs changed?	Past three months	-22.5	0.0	0.0	0.9	1.9	-4.6	-1.3	-3.0	-7.5	-8.4	-6.6	-13.1
	Next three months	-1.3	0.0	0.0	0.0	1.0	0.0	-0.7	-3.0	-6.9	-2.1	0.0	0.0
How have maximum credit lines for OFCs changed?	Past three months	-6.4	1.5	0.0	19.8	6.1	5.3	-0.4	-9.1	-6.2	-9.4	6.3	6.3
	Next three months	5.0	12.1	0.0	4.9	6.8	5.3	-6.5	-9.1	-5.5	-0.8	-1.0	0.0
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.