

# Credit Conditions Survey

Survey results | 2013 Q1



BANK OF ENGLAND





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# Credit Conditions Survey

2013 Q1

As part of its mission to maintain monetary stability and financial stability, the Bank needs to understand trends and developments in credit conditions. This quarterly survey of bank and non-bank lenders is an input to this work. Lenders are asked about the past three months and the coming three months. The survey covers secured and unsecured lending to households; and lending to non-financial corporations, small businesses, and to non-bank financial firms. Along with various data sources and discussions between the major UK lenders and Bank staff, this survey serves as an input into the quarterly *Trends in Lending* publication which presents the Bank of England's assessment of the latest trends in lending to the UK economy.

This report presents the results of the 2013 Q1 survey. The 2013 Q1 survey was conducted between 8 February and 1 March 2013.

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 2013 Q1 survey, and copies of the questionnaires are available on the Bank's website at [www.bankofengland.co.uk/publications/Pages/other/monetary/creditconditions.aspx](http://www.bankofengland.co.uk/publications/Pages/other/monetary/creditconditions.aspx).

The publication dates in 2013 for future Credit Conditions Surveys are:

2013 Q2 survey on 3 July 2013

2013 Q3 survey on 9 October 2013



# Credit Conditions Survey

2013 Q1

## Supply

- The availability of **secured credit to households** was reported to have increased in the three months to beginning-March 2013. And a further increase is expected by lenders over the next three months.
- Lenders reported that the availability of **unsecured credit to households** also rose in 2013 Q1, with a further increase anticipated in Q2.
- The overall availability of **credit to the corporate sector** was reported to have increased in Q1. But that increase was confined to **large companies**, with **small and medium-sized companies** reported to have experienced little change in credit availability. Lenders expected overall credit availability to the corporate sector to be little changed in Q2.

## Demand

- Demand for **secured lending for house purchase** was reported to have risen slightly in 2013 Q1. Lenders expected a significant increase in Q2, spread across demand for **prime lending** and **buy-to-let lending**.
- Demand for **total unsecured lending** was reported to be little changed in 2013 Q1, but was expected to rise in 2013 Q2.
- Lenders reported a significant decrease in demand for credit from **small companies** in Q1, a slight reduction in credit demand from **medium-sized companies**, and little change in demand from **large companies**. Credit demand was expected to increase **across all firm sizes** in Q2, with significant increases expected for small and large companies.

## Defaults

- Lenders reported that default rates on **secured loans to households** had been little changed in the three months to beginning-March, and losses given default had fallen slightly. Defaults were expected to rise slightly in 2013 Q2, but losses given default on secured lending were expected to fall a little further.
- Default rates on **total unsecured loans** fell in 2013 Q1, with a further slight fall expected in Q2. Losses given default on total unsecured loans were little changed in Q1, with a slight increase expected in Q2.
- Lenders reported a fall in default rates on loans to **firms of all sizes** during Q1. Default rates were expected to be little changed in Q2 for small and large firms, but to rise for medium-sized companies.
- Losses given default fell for small and medium-sized companies in 2013 Q1, and were expected to be little changed in Q2. Losses given default for large companies were little changed in Q1, but were expected to rise slightly in Q2.

## Loan pricing

- Lenders reported that overall spreads on **secured lending to households** — relative to Bank Rate or the appropriate swap rate — tightened significantly again in 2013 Q1. And spreads were expected to tighten significantly further in Q2.
- Spreads on **total unsecured lending** were reported to be little changed in 2013 Q1, and that was expected to continue in Q2. Within unsecured lending, spreads on **credit card lending** were reported to be little changed in 2013 Q1, but spreads on **other unsecured lending** had tightened.
- Lenders reported that spreads on lending to **small companies** had tightened in 2013 Q1, and that spreads on lending to **large and medium-sized companies** had tightened significantly. A further tightening in spreads was expected for businesses of all sizes in Q2, with a slight tightening for small companies, and a significant tightening for large companies.

This report presents the results of the 2013 Q1 survey. The 2013 Q1 survey was conducted between 8 February and 1 March 2013. The results are based on lenders' own responses to the survey. They do not necessarily reflect the Bank's views on credit conditions. To calculate aggregate results, each lender is assigned a score based on their response. Lenders who report that credit conditions have changed 'a lot' are assigned twice the score of those who report that conditions have changed 'a little'. These scores are then weighted by lenders' market shares. The results are analysed by calculating 'net percentage balances' — the difference between the weighted

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

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

# Credit Conditions Survey

In the three months to beginning-March, lenders reported an increase in the overall amount of credit made available to the household and corporate sectors. Within the corporate sector, credit availability increased for large companies, but was little changed for small and medium-sized companies. Lenders expected a further increase in the availability of credit to the household sector over the coming quarter and little change in corporate credit availability. Spreads on lending to the secured household sector were reported to have tightened significantly in 2013 Q1, while spreads on total unsecured lending were little changed. Lenders reported that spreads on lending to small companies had tightened in 2013 Q1, and had tightened significantly for large and medium-sized companies. The Funding for Lending Scheme was widely cited as a factor pushing down on bank funding costs and borrowing costs for households and companies. Lenders reported that household demand for secured lending had risen slightly in 2013 Q1, but was little changed for total unsecured lending. Corporate credit demand was reported to be subdued, with a significant fall in demand from small businesses. Demand for lending was expected to pick up across all sectors in Q2. Loan performance was reported to have improved in Q1, default rates on unsecured lending and corporate lending fell, and losses given default on secured household lending, and lending to small and medium-sized companies, were lower.

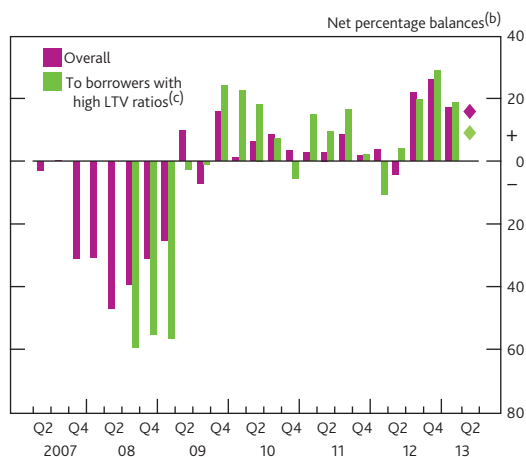
The 2013 Q1 *Credit Conditions Survey* was conducted between 8 February and 1 March 2013.

## Secured lending to households

In the three months to beginning-March, lenders reported an increase in the overall availability of secured credit to households for the third consecutive survey (**Chart 1**). Lenders reported that market share objectives had been the main contributor to the rise in availability in 2013 Q1, although an increased appetite for risk and improved wholesale funding conditions had also played a role. In the first ever *Bank Liabilities Survey*, lenders reported that the cost of raising funds in both retail and wholesale markets had fallen significantly in 2013 Q1.<sup>(1)</sup>

The rise in credit availability was reported to be a little more marked for borrowers with loan to value (LTV) ratios above 75%, compared with borrowers with an LTV of 75% or below. Consistent with that, the average credit quality of new secured lending was reported to have fallen, and maximum LTV and loan to income ratios were reported to have increased slightly. Credit scoring criteria were reported to be little changed and the proportion of applications approved fell slightly.

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



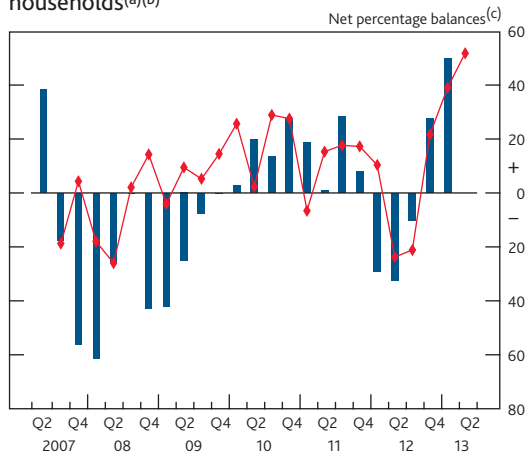
(a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question. The magenta and green bars show the responses over the previous three months. The corresponding diamonds show the expectations over the next three months.

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

(c) This question was introduced in 2008 Q3.

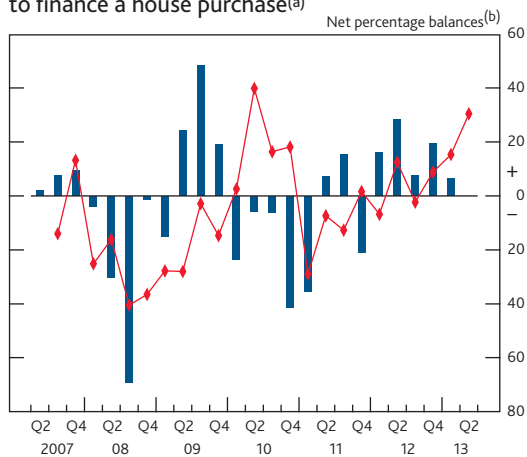
(1) The *Bank Liabilities Survey* is available at [www.bankofengland.co.uk/publications/Documents/other/monetary/bls/bls13q1.pdf](http://www.bankofengland.co.uk/publications/Documents/other/monetary/bls/bls13q1.pdf).

**Chart 2 Spreads on overall secured lending to households<sup>(a)(b)</sup>**



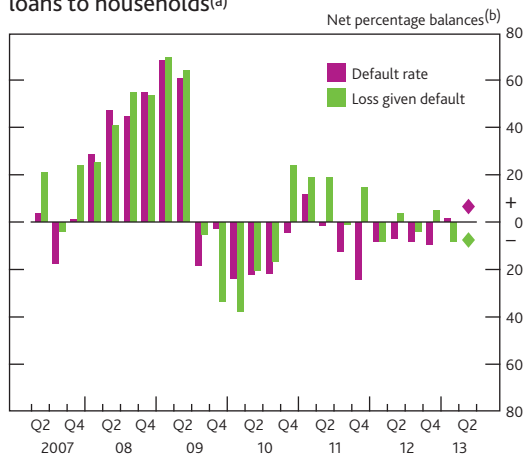
- (a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question. The blue bars show the responses over the previous three months. The red diamonds show the expectations over the next three months. Expectations balances have been moved forward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



- (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<sup>(a)</sup>**



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

The availability of secured credit was expected to increase further in 2013 Q2 across LTV ratios, again driven by market share objectives. Average credit quality was expected to deteriorate a little further.

Lenders reported that overall spreads on secured lending rates to households — relative to Bank Rate or the relevant swap rate — tightened significantly again in 2013 Q1 (Chart 2). Lenders commented that this tightening in part reflected the pass-through of cheaper funding costs, as well as increased competition among lenders. The Funding for Lending Scheme was cited by many lenders as a factor pushing down on bank funding costs and, in turn, lending rates. Lenders expected a further significant tightening in spreads over the next three months.

Demand for secured lending for house purchase was reported to have risen slightly in 2013 Q1, following reported increases in the previous four surveys (Chart 3). The demand for secured lending was expected to increase significantly in Q2 for both prime lending and buy-to-let lending.

Lenders reported that default rates on secured loans to households were little changed in 2013 Q1, and were expected to increase slightly in Q1 (Chart 4). Losses given default were reported to have fallen slightly in Q1, and expected to fall a little further in Q2. Many lenders commented that default rates were low and that loan performance over the past year had been better than expected.

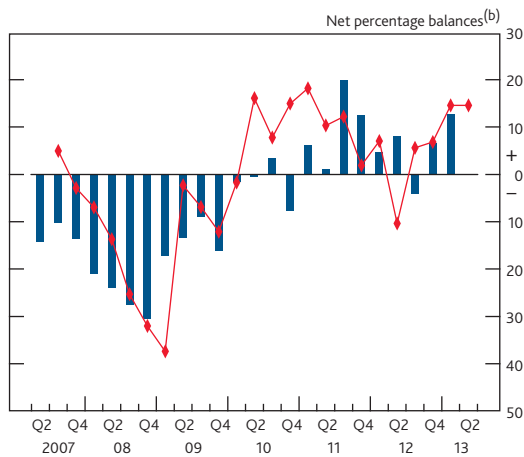
### Unsecured lending to households

The total amount of unsecured credit made available to households rose in the three months to beginning-March (Chart 5), driven by small changes in market share objectives and appetite for risk. Credit availability was expected to rise further next quarter, driven by the same factors.

In 2013 Q1, credit scoring criteria for credit card lending were loosened, and the proportion of loan applications approved increased significantly. In contrast, credit scoring criteria for other unsecured lending tightened, and the proportion of applications approved fell slightly. Credit scoring criteria for both credit cards and other unsecured lending were expected to loosen in 2013 Q2.

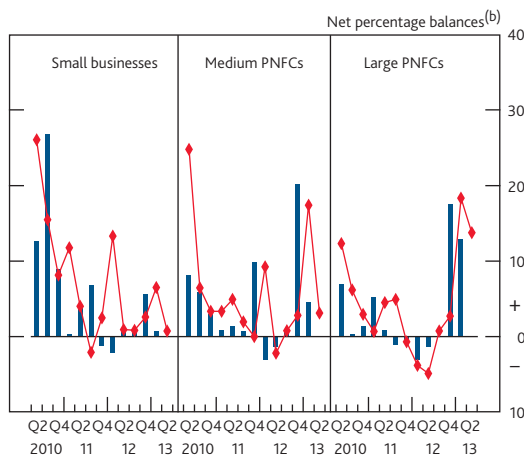
Spreads on overall unsecured lending were reported to have been unchanged in 2013 Q1, and were expected to remain unchanged over the coming quarter. But spreads on other unsecured lending products were reported to have tightened, and were expected to tighten significantly further in Q2.

Demand for total unsecured lending was reported to have been little changed in 2013 Q1, following a significant increase last quarter. Demand was expected to rise in Q2, reflecting a significant increase in demand for other unsecured lending and an increase in demand for credit card lending.

**Chart 5 Households unsecured credit availability<sup>(a)</sup>**

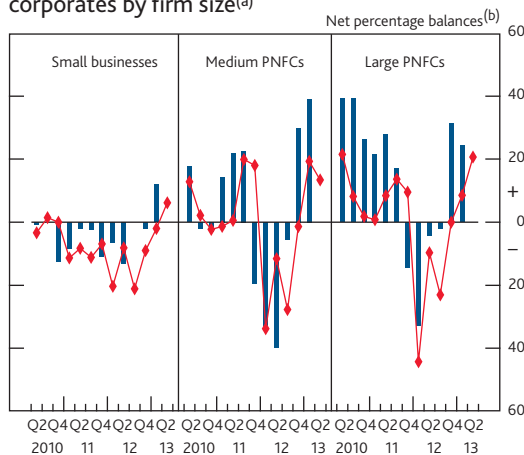
(a) See footnote (a) to Chart 2.

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

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

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

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

**Chart 7 Spreads over reference rates on lending to corporates by firm size<sup>(a)</sup>**

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

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

The performance of total unsecured loans improved a little in 2013 Q1: the default rate was reported to have fallen, while losses given default were little changed. Default rates were expected to fall a little further in 2013 Q2, but losses given default were expected to pick up slightly.

### 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 corporations (PNFCs) and small businesses.<sup>(1)</sup>

Overall credit availability to the corporate sector was reported to have increased for the second consecutive quarter in 2013 Q1. But the increase in Q1 was confined to large companies; the availability of credit to small and medium-sized firms was little changed (**Chart 6**). Lenders cited a variety of factors as having had a small impact on the rise in credit availability, including a changing economic outlook, market share objectives, a changing appetite for risk and more competition from capital markets. Lenders expected overall credit availability to the corporate sector to be little changed in the forthcoming quarter, although availability to large companies was expected to increase further.

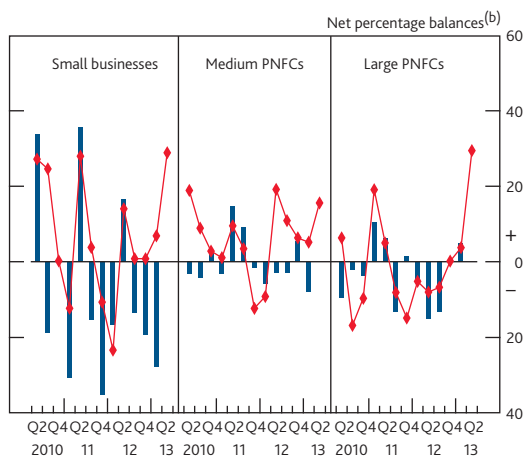
Credit availability to the commercial real estate sector was reported to be little changed in 2013 Q1, and was expected to remain so over the coming quarter. The impact of commercial property prices, which had been pushing down on credit availability in the previous four surveys, was reported to have been broadly unchanged in 2013 Q1. Some lenders commented that the regulatory capital impact of moving to a 'slotting' approach was having an impact on their appetite for commercial real estate lending, but other lenders reported that it was not having a material effect.<sup>(2)</sup>

Lenders reported that spreads on lending to small businesses had tightened in 2013 Q1 (**Chart 7**), although fees and commissions were reported to have risen slightly. It is the first time that tighter spreads for small businesses have been reported since the question was first asked in 2009 Q4. The Q1 Federation of Small Businesses' *Voice of Small Business Index* also suggested that the cost of credit for small businesses had fallen recently.

Spreads on lending to large and medium-sized companies tightened significantly for the second consecutive quarter (**Chart 7**). Fees and commissions were reported to have

(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.

(2) 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 Prudential Regulation Authority.

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

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

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

fallen slightly for medium-sized companies, and been little changed for large companies in 2013 Q1. Some lenders commented that the reduction in spreads reflected an increase in competition, and the impact of the Funding for Lending Scheme.

Lenders reported a significant decrease in demand for credit from small companies in Q1, a slight reduction in credit demand from medium-sized companies, and little change in demand from large companies (Chart 8). Lower capital investment was cited as the main reason contributing to lower demand overall. Lenders commented that confidence in the economic outlook remained fragile, and that was weighing on demand. A few lenders noted that some companies might have been discouraged from applying for credit because of a belief that lenders have a low appetite for risk. Credit demand was expected to increase across all firm sizes in Q2, with significant increases expected for small and large companies.

Loan performance improved in 2013 Q1, with the default rate on loans reported to have fallen for large and medium-sized companies, and to have fallen significantly for small businesses. Losses given default were also reported to have fallen for small businesses, and to have fallen slightly for medium-sized companies.

## Annex 1

### Secured lending to households questionnaire results

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

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

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

		Net percentage balances <sup>(a)</sup>											
		2010			2011				2012			2013	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>How has the availability of secured credit provided to households changed?</b>	Past three months	6.3	8.3	3.4	2.8	2.9	8.4	1.9	3.8	-4.1	21.9	26.2	17.0
	Next three months	-11.4	-3.9	2.7	14.6	-1.9	6.9	7.6	-8.7	0.1	36.1	24.7	15.8
<b>Factors contributing to changes in credit availability:<sup>(b)</sup></b>													
changing economic outlook	Past three months	0.0	2.0	0.0	1.1	0.0	5.0	-1.6	-8.6	-10.5	-2.8	0.8	1.9
	Next three months	2.2	-8.9	-9.9	-8.2	-8.7	-11.2	-9.9	-8.6	-9.0	6.9	2.6	0.0
market share objectives	Past three months	11.3	9.6	8.3	7.2	18.7	14.9	-1.5	-11.6	16.9	8.4	22.5	21.6
	Next three months	1.8	8.9	7.1	17.9	7.3	-1.0	7.6	-18.9	1.1	11.3	29.9	21.6
changing appetite for risk	Past three months	1.1	1.0	-0.9	1.4	0.0	7.0	7.8	-7.2	1.6	8.1	1.8	8.3
	Next three months	0.8	6.6	1.4	0.9	4.1	5.5	0.0	-18.7	0.0	1.7	16.7	0.0
tight wholesale funding conditions	Past three months	1.1	-14.1	-6.3	-11.5	2.9	-20.9	-26.9	-20.0	-20.4	9.2	21.8	7.6
	Next three months	-12.6	0.0	-13.2	2.5	-9.1	-12.7	-21.9	-20.8	-18.3	-5.3	5.8	3.8
expectations for house prices	Past three months	29.0	-1.3	-12.5	-14.3	-27.5	-6.8	-6.8	1.4	-1.6	-10.0	-1.9	-1.8
	Next three months	6.9	9.2	-19.1	-19.6	-27.7	-16.2	-9.3	-11.5	-10.7	-1.9	-1.9	-3.7
<b>How has the availability of household secured credit to the following types of borrower changed</b>													
Borrowers with low loan to value ratios (75% or less)	Past three months	0.6	-6.4	14.8	-5.4	1.3	1.4	-1.8	9.8	5.3	2.7	20.4	8.9
	Next three months	7.2	-1.4	2.1	4.8	0.8	4.8	-4.5	-6.3	1.2	12.6	33.6	8.2
Borrowers with high loan to value ratios (more than 75%)	Past three months	18.3	7.4	-5.4	14.8	9.4	16.5	2.1	-10.7	4.0	19.6	29.0	18.7
	Next three months	-6.9	-14.3	9.1	28.6	14.2	24.2	13.3	-8.6	-23.7	15.2	33.6	9.1
<b>How have credit scoring criteria for granting loan applications by households changed?</b>	Past three months	-8.8	-7.4	-1.6	0.0	4.4	-5.8	-1.4	-10.1	-2.8	-11.4	4.7	-4.2
	Next three months	-5.2	-18.4	0.0	2.7	-0.5	-2.0	-19.1	-14.3	-9.9	0.0	-9.3	5.3
<b>How has the proportion of household loan applications being approved changed?</b>	Past three months	0.3	0.6	0.5	0.4	9.6	2.8	-9.7	-17.8	-26.2	-0.9	-1.9	-6.6
	Next three months	-0.6	-10.3	-9.8	12.8	-0.5	0.0	-16.0	-2.6	-24.1	6.2	1.9	9.2
<b>How has the average credit quality of new secured lending to households changed?<sup>(c)</sup></b>	Past three months	5.6	8.6	1.6	9.0	3.8	3.9	0.0	2.7	12.1	8.1	9.3	-15.6
	Next three months	-1.5	16.2	1.9	5.1	1.2	4.5	-5.5	24.5	18.8	0.0	9.3	-7.8



		Net percentage balances <sup>(a)</sup>											
		2010			2011				2012				2013
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>How has the default rate on secured loans to households changed?</b>	Past three months	-21.9	-21.8	-4.5	11.5	-1.5	-12.3	-24.4	-8.4	-7.0	-8.4	-9.3	1.4
	Next three months	3.0	-21.8	-0.3	14.3	23.0	3.6	-15.0	-3.3	1.5	1.7	3.7	6.6
<b>How have losses given default on secured loans to households changed?</b>	Past three months	-20.2	-16.8	23.8	18.7	18.9	-0.8	14.6	-8.0	3.6	-4.0	5.0	-8.1
	Next three months	25.7	-0.1	9.6	8.0	23.0	18.0	9.7	22.4	1.5	1.7	1.8	-7.6
<b>How has demand for secured lending for house purchase from households changed?</b>	Past three months	-5.8	-6.1	-41.5	-35.6	7.1	15.3	-21.2	16.2	28.4	7.7	19.6	6.4
	Next three months	16.4	18.1	-29.0	-7.4	-12.7	1.6	-6.8	12.5	-2.3	8.8	15.3	30.4
<i>of which: demand for prime lending</i>	Past three months	-5.8	-6.1	-36.8	-18.1	0.3	14.1	-21.2	11.8	38.3	8.6	17.7	6.4
	Next three months	10.3	18.1	-29.0	12.7	2.3	2.8	-6.8	12.5	-2.3	8.8	17.2	30.8
<i>of which: demand for buy-to-let lending</i>	Past three months	2.3	12.9	11.4	6.2	37.0	37.8	12.7	-5.3	-1.6	-9.2	12.6	7.6
	Next three months	14.5	-1.5	-1.0	8.9	21.1	1.8	-6.3	19.8	4.0	13.5	13.7	22.8
<i>of which: demand for other lending</i>	Past three months	30.8	3.4	-32.1	-30.1	0.0	-4.1	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
	Next three months	22.1	-2.8	-32.1	0.0	0.0	-4.1	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
<b>How has demand for secured lending for remortgaging from households changed?</b>	Past three months	14.2	2.2	16.7	31.1	2.1	-14.0	-10.6	5.6	9.9	-18.1	18.5	14.5
	Next three months	4.9	3.5	-2.0	26.3	4.3	9.5	-4.3	9.6	8.7	-0.3	17.2	31.2
<b>How have overall secured lending spreads changed?</b>	Past three months	19.8	13.6	27.6	18.8	0.9	28.2	7.9	-29.0	-32.5	-10.1	27.5	50.0
	Next three months	28.9	27.6	-6.6	15.3	17.7	17.3	10.4	-23.7	-21.1	21.7	39.1	51.8
<i>of which: spreads on prime lending</i>	Past three months	20.9	13.6	27.6	18.8	2.1	28.2	7.9	-29.0	-32.5	-10.1	28.0	50.8
	Next three months	30.3	28.7	3.3	15.3	26.4	17.3	10.4	-23.7	-21.1	21.7	43.8	51.8
<i>of which: spreads on buy-to-let lending</i>	Past three months	15.9	-0.6	10.6	9.6	17.2	1.8	9.9	-10.6	-6.6	1.9	22.3	46.3
	Next three months	22.7	16.7	7.9	9.6	12.7	1.4	2.7	6.7	-6.9	12.7	31.9	25.7
<i>of which: spreads on other lending</i>	Past three months	23.4	19.9	0.0	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
	Next three months	22.8	19.9	0.0	n.a.*	n.a.*	-2.9	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
<b>How have fees on secured lending changed?</b>	Past three months	0.0	11.9	10.9	7.6	6.9	-6.7	0.0	1.4	0.0	0.0	0.0	-0.4
	Next three months	4.7	1.0	-5.8	-11.4	1.4	6.7	0.0	-1.6	0.0	1.8	1.8	1.0
<b>How have maximum loan to value ratios changed?</b>	Past three months	12.5	7.7	-1.6	1.4	1.2	2.8	11.5	4.9	6.4	9.3	1.8	7.8
	Next three months	1.9	-0.5	2.6	7.6	4.7	4.9	9.8	-9.1	-1.7	-0.1	16.1	7.8
<b>How have maximum loan to income ratios changed?</b>	Past three months	0.0	0.0	0.0	0.0	0.0	0.2	-5.0	0.0	6.8	6.9	2.1	7.9
	Next three months	-0.6	4.6	0.0	15.7	4.5	0.0	-5.0	-8.6	0.0	0.0	0.0	7.9
<b>What percentage of your existing secured loan book is contractually committed to passing on any further cuts in Bank Rate?</b>	Median <sup>(d)</sup>	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**

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

\*\* Additional question not asked in survey.

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

## Annex 2

### Unsecured lending to households questionnaire results

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

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

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

		Net percentage balances <sup>(a)</sup>											
		2010			2011				2012				2013
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>How has the availability of unsecured credit provided to households changed?</b>	Past three months	-0.6	3.5	-7.7	6.2	1.1	19.9	12.5	4.7	8.1	-4.2	6.6	12.7
	Next three months	7.8	15.0	18.2	10.3	12.2	1.9	7.0	-10.4	5.6	6.8	14.6	14.6
<b>Factors contributing to changes in credit availability:<sup>(b)</sup></b>													
changing economic outlook	Past three months	0.7	6.8	0.0	-1.3	1.2	-6.9	0.0	3.4	-1.7	0.0	0.0	0.0
	Next three months	17.9	0.9	6.9	-1.2	-4.6	-6.3	-2.4	-1.4	-2.2	-1.8	0.0	0.7
market share objectives	Past three months	3.5	6.7	0.7	8.9	1.8	3.5	-2.9	-1.5	7.6	-4.2	6.1	8.1
	Next three months	3.6	6.1	12.0	13.0	23.2	2.7	-2.2	-3.5	10.7	6.8	13.1	13.5
changing appetite for risk	Past three months	-0.1	5.5	-8.8	7.9	0.3	7.2	1.8	-0.5	7.3	1.8	5.1	5.8
	Next three months	18.3	12.7	19.1	12.7	4.7	7.5	4.5	1.5	6.1	5.8	5.8	7.4
changing cost/availability of funds	Past three months	0.0	0.0	0.0	-2.0	0.0	-0.9	-1.1	-0.8	-0.7	1.8	5.1	0.0
	Next three months	0.0	0.9	10.9	7.8	5.4	-0.4	0.2	0.0	-11.9	1.1	4.8	0.0
<b>How have credit scoring criteria for granting credit card loan applications by households changed?</b>	Past three months	16.5	0.9	-13.0	7.6	-0.4	2.6	5.2	5.7	8.4	0.8	-0.4	19.2
	Next three months	16.5	7.8	6.2	-7.3	4.9	12.7	4.1	0.8	3.6	5.7	13.4	17.3
<b>How have credit scoring criteria for granting other unsecured loan applications by households changed?</b>	Past three months	-21.2	-24.1	-26.9	-11.8	16.7	25.0	10.6	-1.9	3.9	8.6	12.7	-13.8
	Next three months	-24.0	-3.3	8.8	-4.6	-7.7	11.6	2.2	2.5	8.6	2.7	-0.1	19.4
<b>How have credit scoring criteria for granting total unsecured loan applications by households changed?</b>	Past three months	11.0	-2.6	-14.8	5.1	1.8	5.4	5.8	4.7	7.8	1.7	1.2	15.3
	Next three months	10.6	6.3	6.6	-7.0	3.3	12.6	3.9	1.0	4.3	5.4	11.8	17.5
<b>How has the proportion of credit card loan applications from households being approved changed?</b>	Past three months	12.4	21.0	9.7	20.0	-7.6	-2.9	-1.2	3.8	-1.4	2.6	-17.4	24.4
	Next three months	15.0	7.1	6.4	2.1	6.3	19.3	3.4	-7.6	-2.0	6.5	22.5	16.5
<b>How has the proportion of other unsecured loan applications from households being approved changed?</b>	Past three months	-5.6	-26.9	-16.8	2.5	6.6	20.5	10.7	0.3	-2.3	15.2	20.8	-5.6
	Next three months	-19.5	-3.3	8.8	8.9	8.5	19.5	14.1	0.0	14.8	2.7	0.8	26.9
<b>How has the proportion of total unsecured loan applications from households being approved changed?</b>	Past three months	9.7	14.3	6.2	17.8	-5.8	0.1	0.3	3.4	-1.5	4.0	-12.9	20.9
	Next three months	10.0	5.6	6.7	2.9	6.6	19.3	4.7	-6.6	0.1	6.1	19.9	17.7

		Net percentage balances <sup>(a)</sup>															
		2010			2011				2012				2013				
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1				
How has the average credit quality of new credit card lending to households changed? <sup>(c)</sup>	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.**	-6.7	2.6	-10.2	-0.3
	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.**	7.7	5.7	8.3	-6.1
How has the average credit quality of new other unsecured lending to households changed? <sup>(c)</sup>	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.**	5.4	5.7	4.0	2.7
	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.**	n.a.**	-8.6	-2.7	0.9	-1.0
How has the average credit quality of new total unsecured lending to households changed? <sup>(c)</sup>	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.**	-5.2	2.9	-8.6	0.0
	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.**	5.7	4.8	7.4	-5.5
How has the default rate on credit card loans to households changed?	Past three months	-20.2	-40.1	-30.4	-35.2	-25.6	-41.8	-29.3	-43.8	-7.1	-0.4	-17.5	-16.2				
	Next three months	-19.5	-15.9	7.3	5.3	-2.2	-21.4	-0.7	6.4	-2.2	-4.1	-9.1	-7.5				
How has the default rate on other unsecured loans to households changed?	Past three months	-31.9	-33.2	-40.3	-37.8	-29.2	-37.6	-37.4	-35.9	-31.7	-21.7	-7.5	0.0				
	Next three months	-24.8	0.0	-10.1	-8.2	-4.4	3.6	-8.5	-12.7	0.0	0.0	0.0	0.0				
How has the default rate on total unsecured loans to households changed?	Past three months	-21.9	-39.2	-31.7	-35.5	-26.0	-41.3	-30.3	-42.8	-10.2	-2.9	-16.3	-14.3				
	Next three months	-20.3	-13.7	5.0	3.6	-2.5	-18.2	-1.7	3.9	-2.0	-3.6	-8.0	-6.7				
How have losses given default on credit card loans to households changed?	Past three months	16.5	25.2	-37.0	7.0	11.3	-14.6	-10.7	-21.5	-13.2	6.8	5.9	1.4				
	Next three months	-5.0	-11.8	-8.9	12.3	12.7	-9.1	-15.6	-7.6	-7.6	6.8	7.5	8.3				
How have losses given default on other unsecured loans to households changed?	Past three months	26.1	-10.1	13.4	-2.5	-2.2	-11.8	6.5	0.0	-21.9	-16.0	-0.9	-22.9				
	Next three months	10.1	-7.4	3.3	-1.2	-8.3	0.0	0.0	-13.6	-8.6	-16.9	-16.5	0.0				
How have losses given default on total unsecured loans to households changed?	Past three months	17.9	20.3	-30.4	5.8	9.6	-14.2	-8.5	-18.7	-14.3	4.1	5.1	-1.4				
	Next three months	-2.8	-11.2	-7.3	10.5	9.9	-8.0	-13.6	-8.4	-7.7	4.0	4.7	7.3				
How has demand for credit card lending from households changed?	Past three months	13.9	-14.9	-0.5	-0.3	-1.1	4.9	-7.5	-10.8	-16.5	4.1	27.8	2.4				
	Next three months	2.5	29.5	8.2	6.2	5.7	24.8	-16.0	-1.6	12.5	7.3	0.0	11.6				
How has demand for other unsecured lending from households changed?	Past three months	25.8	9.5	-12.8	-13.0	-4.2	-4.6	-37.7	16.5	18.7	0.0	34.6	-6.2				
	Next three months	-8.1	3.3	13.7	24.1	-1.2	7.8	9.1	4.1	-17.0	9.2	32.3	35.1				
How has demand for total unsecured lending from households changed?	Past three months	15.6	-11.5	-2.2	-1.9	-1.5	3.7	-11.4	-7.3	-12.1	3.6	28.6	1.4				
	Next three months	1.0	25.8	8.9	8.5	4.8	22.6	-12.8	-0.9	8.8	7.5	3.8	14.3				
How have spreads on credit cards changed?	Past three months	-0.2	-6.4	0.2	-6.1	-1.4	7.2	1.5	2.3	0.0	0.0	0.0	0.0				
	Next three months	-8.6	0.0	-8.6	1.5	0.0	0.1	-11.1	1.5	0.0	5.7	0.0	0.0				
How have spreads on other unsecured lending products changed?	Past three months	-3.9	-17.4	10.4	22.1	8.4	-10.4	21.8	17.1	5.7	-13.9	31.0	11.6				
	Next three months	-8.8	12.6	8.2	2.1	24.8	32.3	5.1	16.7	6.6	12.6	8.0	25.7				
How have overall unsecured lending spreads changed?	Past three months	-0.8	-7.9	1.5	-2.5	-0.1	5.0	4.1	4.2	0.7	-1.6	3.6	1.4				
	Next three months	-8.7	1.8	-6.4	1.5	3.2	4.1	-9.0	3.5	0.8	6.5	0.9	3.0				
How have credit card limits changed?	Past three months	0.3	0.8	-0.1	11.8	-1.7	13.3	21.2	20.7	-2.2	7.0	5.8	6.7				
	Next three months	6.1	4.8	-8.6	-0.7	12.6	27.7	5.6	0.8	13.5	5.7	6.6	0.0				
How has the minimum proportion of credit card balances to be paid changed?	Past three months	-7.5	-15.6	-8.1	-5.2	-18.7	-7.3	-7.6	-8.0	5.7	-12.3	0.0	-14.2				
	Next three months	0.0	0.0	-14.0	0.3	-6.2	0.0	0.0	0.0	-6.5	5.7	0.0	0.0				
How have maximum maturities on loans changed? <sup>(d)</sup>	Past three months	-7.2	0.0	0.0	-2.0	0.0	13.6	-13.8	-2.2	-2.3	0.0	0.0	0.0				
	Next three months	-7.2	-15.3	-2.1	0.0	-9.4	0.0	-13.8	0.0	0.0	0.0	0.0	-1.0				

\*\* 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  $\pm 100$ . This annex reports the net percentage balance of respondents for each question in the corporate lending questionnaire, including specific questions for private non-financial corporations (PNFCs) and other financial corporations (OFCs).

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

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

		Net percentage balances <sup>(a)</sup>											
		2010			2011				2012				2013
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>How has the availability of credit provided to the corporate sector overall changed?</b>	Past three months	7.1	7.8	3.2	6.9	4.1	3.9	11.0	-2.6	-3.2	-5.5	29.4	12.3
	Next three months	6.5	3.4	4.8	7.8	3.4	2.4	8.1	-6.4	0.7	2.6	14.9	3.1
<i>of which: commercial real estate sector</i>	Past three months	3.5	6.4	3.0	-13.7	14.0	2.3	-8.4	-7.5	-7.1	-3.0	10.4	1.7
	Next three months	4.4	3.0	2.1	-6.5	17.8	0.6	-10.2	-20.7	-0.3	5.2	15.4	2.4
<b>How have commercial property prices affected credit availability to the commercial real estate sector, and/or secured lending to PNFCs?</b>	Past three months	5.4	0.0	-24.5	-4.9	-16.3	-1.2	-1.0	-16.7	-15.0	-21.7	-39.4	1.0
	Next three months	5.4	-5.2	-23.7	-2.2	-16.3	-2.2	-1.0	-16.3	-17.8	-12.3	-13.6	1.7
<b>Factors contributing to changes in credit availability:<sup>(b)</sup></b>													
changing economic outlook	Past three months	2.9	0.8	0.9	0.7	0.3	-2.2	-16.7	-8.4	-4.2	1.0	-0.1	6.4
	Next three months	-10.1	0.6	2.1	6.8	6.5	-8.3	-15.5	-3.6	-3.4	-3.0	-0.1	6.4
changing sector-specific risks	Past three months	-12.3	0.0	13.3	-0.8	0.1	-4.2	-16.0	-3.1	-2.8	-3.8	0.0	0.0
	Next three months	-16.7	0.0	0.7	0.7	0.0	-4.2	-12.5	-1.9	-4.9	-1.7	0.0	-0.8
market share objectives	Past three months	-0.3	7.2	6.1	9.2	3.9	0.1	14.7	-2.1	4.0	2.8	2.9	8.1
	Next three months	8.6	15.3	6.2	10.3	3.2	0.1	13.5	-1.5	5.6	2.8	0.8	8.1
market pressures from capital markets	Past three months	-1.1	-1.6	0.9	-4.4	10.4	5.6	0.2	8.3	-0.3	6.9	0.0	7.3
	Next three months	6.5	-4.3	0.0	1.7	10.4	21.2	2.9	-1.3	-4.3	0.5	5.8	7.3
changing appetite for risk	Past three months	0.0	3.0	1.5	8.2	0.1	13.3	-2.6	-3.1	-3.8	-1.4	2.1	7.8
	Next three months	1.4	0.7	0.7	7.6	-0.7	-3.0	0.0	-1.9	-0.5	0.5	0.7	7.8
tight wholesale funding conditions	Past three months	0.0	4.2	-6.4	-9.3	-2.8	-19.0	-42.6	2.1	0.0	-10.4	9.2	4.6
	Next three months	-1.7	-7.7	3.3	-6.8	5.6	-39.6	-49.4	-5.8	-25.1	21.5	7.9	-5.9
<b>How has the availability of credit provided to small businesses changed?<sup>(c)</sup></b>	Past three months	12.6	26.8	8.9	0.4	4.1	6.8	-1.2	-2.2	0.8	0.8	5.6	0.7
	Next three months	15.5	8.1	11.8	4.0	-2.1	2.5	13.3	0.9	0.8	2.6	6.5	0.7
<b>How has the availability of credit provided to medium PNFCs changed?</b>	Past three months	8.1	5.8	3.0	0.9	1.3	0.8	9.9	-3.1	-1.3	0.9	20.2	4.5
	Next three months	6.5	3.3	3.3	4.9	2.0	0.0	9.2	-2.2	0.8	2.8	17.4	3.1
<b>How has the availability of credit provided to large PNFCs changed?</b>	Past three months	6.9	0.3	1.4	5.2	0.8	-1.1	-0.7	-3.1	-1.4	0.0	17.5	12.9
	Next three months	6.2	2.9	0.7	4.5	4.9	-0.7	-3.8	-4.9	0.7	2.7	18.3	13.8

		Net percentage balances <sup>(a)</sup>											
		2010			2011				2012				2013
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
How has the proportion of loan applications from small businesses being approved changed?	Past three months	34.9	-9.2	6.8	11.7	-6.1	3.0	-1.9	-2.0	14.5	-1.5	4.2	9.8
	Next three months	6.5	-2.1	-12.3	-1.6	7.4	0.0	0.0	0.9	0.8	0.0	3.3	0.7
How has the proportion of loan applications from medium PNFCs being approved changed?	Past three months	3.5	0.7	0.0	3.7	-0.8	0.6	-8.1	-4.6	2.0	-2.4	0.7	-3.1
	Next three months	7.4	1.4	-1.4	-1.0	-0.8	3.0	-3.4	0.9	0.0	14.4	6.2	5.8
How has the proportion of loan applications from large PNFCs being approved changed?	Past three months	6.5	2.5	0.0	4.4	-0.8	-4.8	1.3	-3.8	-1.0	-1.2	0.0	-3.1
	Next three months	6.5	1.8	0.0	5.8	-0.8	2.3	-1.3	-1.8	-1.6	0.7	5.5	0.7
Has there been a change in average credit quality on newly arranged PNFC borrowing facilities? <sup>(d)</sup>	Past three months	5.9	5.0	13.5	7.2	5.0	5.2	8.3	19.7	12.7	0.2	-0.8	1.2
	Next three months	-7.2	-1.0	12.9	4.0	3.6	5.2	3.9	15.1	12.7	-6.0	0.0	-0.8
Has there been any change in 'target hold' levels associated with corporate lending?	Past three months	9.3	0.5	-2.8	-5.7	-11.0	1.7	10.7	24.2	13.1	1.3	-6.1	-11.8
	Next three months	7.4	6.7	-2.8	-0.4	11.0	5.9	13.1	12.4	-0.3	4.8	0.7	0.0
How have loan tenors on new corporate loans changed? <sup>(e)</sup>	Past three months	39.5	12.7	-7.4	-0.5	3.1	-11.8	8.8	-10.0	-1.5	-7.0	-11.7	0.0
	Next three months	6.6	-4.9	1.5	1.1	18.5	-6.9	-14.2	-2.3	-1.3	-5.5	0.0	0.0
Has there been a change in draw-downs on committed lines by PNFCs?	Past three months	-7.0	-7.6	0.0	-5.5	-19.5	9.8	14.0	-2.4	-0.1	-2.0	-1.1	1.6
	Next three months	5.2	-0.9	0.0	-6.6	-12.7	11.9	15.3	4.9	1.5	1.5	1.5	-2.4
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	15.7	-6.8	12.3	19.7	-8.2	-24.0	-14.7	1.4	-15.9	8.3	9.3	-22.2
	Next three months	-3.6	11.3	19.1	19.7	8.1	-2.5	1.8	-1.3	-6.8	6.0	6.1	-0.7
How has the default rate on loans to medium PNFCs changed?	Past three months	-23.0	-12.5	-0.5	-21.1	0.7	-6.2	18.0	17.7	2.1	1.6	24.7	-13.6
	Next three months	-2.5	-17.1	-15.7	-19.9	-5.0	20.0	25.5	21.9	0.0	13.5	9.4	11.2
How has the default rate on loans to large PNFCs changed?	Past three months	-16.6	-25.6	-18.9	-20.2	-7.1	-6.3	18.6	6.9	-6.8	11.3	30.7	-11.2
	Next three months	3.8	-22.5	-9.0	-21.1	-6.6	30.1	14.2	7.5	18.8	6.4	7.3	0.7
How has loss given default on loans to small businesses changed?	Past three months	-23.5	14.2	36.3	22.0	-15.5	-10.2	-19.6	8.6	5.9	0.0	0.0	-14.0
	Next three months	13.1	18.6	19.1	15.5	2.9	0.7	1.0	-2.3	0.0	0.0	0.0	-0.7
How have losses given default on loans to medium PNFCs changed?	Past three months	-1.6	0.9	0.3	-7.3	-7.7	-5.3	2.1	11.6	2.2	0.7	14.3	-8.6
	Next three months	-1.6	-6.1	-5.1	-6.4	-5.7	6.3	19.3	21.5	14.8	15.1	0.2	-2.1
How have losses given default on loans to large PNFCs changed?	Past three months	-2.3	-6.2	-5.0	-6.3	-7.8	-5.5	0.0	7.0	0.0	14.1	12.4	4.1
	Next three months	-1.6	-7.2	-5.2	-8.2	-6.5	6.5	20.7	20.3	13.3	5.7	-0.7	9.9
How has demand for credit card lending from small businesses changed? <sup>(f)</sup>	Past three months	24.4	14.4	-7.6	-20.9	-29.6	-29.1	-1.5	-1.5	10.4	0.5	11.7	11.7
	Next three months	24.4	6.3	36.4	50.0	27.7	5.9	15.6	20.9	-1.4	10.4	9.8	21.5
How has demand for other unsecured lending from small businesses changed? <sup>(f)</sup>	Past three months	35.6	0.8	-8.6	n.a.*	21.2	-17.4	-25.4	-15.8	12.1	n.a.*	n.a.*	n.a.*
	Next three months	-3.6	7.5	-6.2	n.a.*	8.9	0.2	-15.6	15.8	0.0	n.a.*	n.a.*	n.a.*
How has demand for total unsecured lending from small businesses changed? <sup>(f)</sup>	Past three months	26.2	12.3	-7.8	-18.7	-21.5	-27.3	-5.1	-3.7	10.6	-2.2	8.7	7.6
	Next three months	20.0	6.5	27.7	47.0	24.7	5.0	10.9	20.1	-1.2	11.8	8.5	22.5
How has demand for secured lending from small businesses changed? <sup>(f)</sup>	Past three months	18.0	-13.5	-26.5	-26.9	34.9	-21.6	-9.8	-20.1	15.3	-1.5	-7.5	-11.2
	Next three months	18.0	0.0	19.4	27.4	0.0	0.0	-9.8	17.7	0.0	17.2	2.0	28.5

		Net percentage balances <sup>(a)</sup>											
		2010			2011				2012				2013
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
How has overall demand for lending from small businesses changed? <sup>(f)</sup>	Past three months	33.7	-18.6	0.0	-30.6	35.5	-15.4	-35.1	-16.6	16.7	-13.4	-19.2	-27.7
	Next three months	24.6	0.2	-12.3	27.9	3.8	-10.7	-23.4	14.0	0.8	0.8	6.9	28.9
How has demand for lending from medium PNFCs changed?	Past three months	-3.2	-4.2	3.1	-3.1	14.9	9.2	-1.6	-5.9	-2.9	-2.8	5.5	-7.9
	Next three months	8.9	2.8	1.1	9.5	3.5	-12.3	-9.2	19.2	10.9	6.3	5.2	15.6
How has demand for lending from large PNFCs changed?	Past three months	-9.6	-2.0	-3.7	10.6	6.3	-13.2	1.5	-5.2	-14.9	-13.3	0.6	4.8
	Next three months	-16.8	-9.7	19.1	5.0	-8.1	-14.9	-5.2	-8.0	-6.7	0.2	3.7	29.4
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.**	-2.4	10.7	-6.8	-13.5
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	0.0	-0.6	0.0	6.9
<b>What have been the main factors contributing to changes in demand for lending:<sup>(b)</sup></b>													
mergers and acquisitions	Past three months	-5.6	27.3	5.2	20.0	-9.4	3.0	-0.9	-19.6	-27.8	-10.7	10.4	6.4
	Next three months	1.1	31.2	35.2	8.2	-7.9	-6.8	-1.8	-3.3	3.4	-10.2	0.4	20.4
capital investment	Past three months	-1.2	-3.2	0.0	0.0	-14.0	-7.7	-3.4	-19.1	-11.3	-9.3	-3.2	-11.8
	Next three months	0.7	2.3	-0.8	-0.9	-7.4	-12.2	-3.2	-1.6	-1.3	-6.5	-0.9	3.9
inventory finance	Past three months	1.8	-5.7	2.2	0.6	-0.1	-2.4	0.7	-14.6	-9.9	-7.8	0.0	3.6
	Next three months	1.8	3.2	0.7	6.2	7.4	-0.6	0.7	-0.6	0.0	0.7	3.1	3.9
balance sheet restructuring	Past three months	-13.4	3.4	1.5	2.8	-15.8	10.6	-0.1	-11.1	-6.1	7.2	11.8	16.8
	Next three months	-1.4	-9.4	2.2	2.8	-16.6	-3.1	1.6	3.0	1.2	-0.8	3.2	2.2
commercial real estate	Past three months	1.0	6.5	-18.3	-3.4	-0.1	1.8	-1.1	-19.5	-6.5	-5.2	-10.0	4.5
	Next three months	7.2	3.1	-20.4	5.6	5.5	2.5	-1.4	-17.0	-3.8	-12.3	-12.9	16.5
How have spreads on loans to small businesses changed?	Past three months	-0.7	0.0	-12.6	-8.3	-2.0	-2.5	-11.1	-6.4	-13.1	0.0	-2.0	12.0
	Next three months	1.4	0.0	-11.3	-8.3	-11.2	-6.9	-20.3	-8.1	-21.1	-9.0	-2.0	6.2
How have fees/commissions on loans to small businesses changed?	Past three months	-0.7	0.0	-11.3	-8.1	2.8	0.0	-7.0	0.0	-1.4	-12.7	1.5	-7.4
	Next three months	-1.4	0.0	-11.3	-6.1	0.0	-6.9	0.0	-8.1	-12.9	0.0	-0.7	7.4
How have collateral requirements for loans to small businesses changed?	Past three months	0.0	0.0	0.0	-3.3	-2.0	-14.8	0.0	0.0	0.0	0.0	0.0	0.0
	Next three months	-1.4	0.0	0.0	-3.3	-2.0	-13.5	0.0	0.0	0.0	0.0	0.0	0.0
How have maximum credit lines for small businesses changed?	Past three months	1.4	1.0	0.0	0.0	-2.0	-2.6	0.0	0.0	0.0	0.0	0.0	0.0
	Next three months	1.4	0.0	0.0	0.0	-2.0	-13.5	0.0	0.9	0.0	0.0	0.0	0.0
How have loan covenants for small businesses changed?	Past three months	17.2	12.4	25.6	-3.3	-2.0	-14.8	-2.6	-2.8	-3.7	0.0	0.0	0.0
	Next three months	15.8	0.0	-3.0	0.0	-2.0	-13.5	0.0	-0.9	-0.8	0.0	0.0	0.0
How have spreads on loans to medium PNFCs changed?	Past three months	17.8	-2.0	-3.0	14.3	21.9	22.6	-19.6	-33.1	-39.8	-5.5	29.8	39.1
	Next three months	2.2	-2.3	-1.3	0.6	19.9	18.0	-33.8	-11.6	-27.7	-1.4	19.3	13.4
How have fees/commissions on loans to medium PNFCs changed?	Past three months	1.8	2.1	17.7	14.5	19.2	20.6	-8.4	-18.8	-21.8	-2.2	19.9	9.3
	Next three months	0.3	-2.3	11.5	0.3	18.0	19.2	-20.9	-7.3	-15.4	0.0	7.8	2.8
How have collateral requirements for loans to medium PNFCs changed?	Past three months	-1.6	0.0	-0.8	-0.6	-2.8	-4.4	-1.2	-4.8	-0.7	0.0	0.0	0.0
	Next three months	0.0	0.0	0.0	0.9	-1.4	0.0	-2.5	-6.9	-1.9	0.0	1.2	0.0
How have maximum credit lines for medium PNFCs changed?	Past three months	3.4	-10.0	2.9	-8.6	-11.1	0.8	-4.0	-12.4	-3.3	-1.0	-1.2	0.0
	Next three months	3.6	-1.7	2.9	5.1	1.6	-5.3	-1.6	-7.7	-1.2	12.5	-0.5	0.0
How have loan covenants for medium PNFCs changed?	Past three months	-0.2	12.9	1.8	1.3	4.9	-2.0	-3.7	-14.9	-15.3	0.0	0.0	0.0
	Next three months	0.0	1.0	-5.1	-1.4	1.9	-5.3	-16.2	0.0	-1.2	0.0	0.0	0.0

		Net percentage balances <sup>(a)</sup>											
		2010			2011				2012				2013
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
How have spreads on loans to large PNFCs changed?	Past three months	39.3	39.3	26.2	21.7	27.9	17.0	-14.4	-33.0	-4.3	-2.0	31.4	24.3
	Next three months	8.2	1.8	0.8	8.4	13.6	9.5	-44.2	-9.7	-23.0	0.0	8.5	20.7
How have fees/commissions on loans to large PNFCs changed?	Past three months	35.4	26.0	34.8	21.9	16.6	15.7	-3.7	-19.8	-2.9	-2.7	9.2	0.7
	Next three months	10.5	6.1	13.1	7.1	15.3	13.2	-29.6	-6.7	-10.5	0.0	7.8	8.8
How have collateral requirements for loans to large PNFCs changed?	Past three months	-1.6	0.0	-0.8	13.8	-2.8	-2.1	-3.2	-0.7	0.0	0.0	0.0	0.0
	Next three months	0.0	0.7	0.0	1.8	-1.4	0.0	-1.9	-0.7	-0.5	-0.5	0.0	0.8
How have maximum credit lines for large PNFCs changed?	Past three months	9.9	3.7	5.7	18.6	2.3	4.5	0.1	-10.1	-3.4	-1.1	-3.3	3.9
	Next three months	3.7	-0.2	3.7	18.8	15.2	3.0	-1.6	-7.6	0.0	0.7	2.6	3.9
How have loan covenants for large PNFCs changed?	Past three months	-0.9	7.0	19.0	19.8	16.5	17.4	-8.8	1.9	0.8	0.0	0.8	7.3
	Next three months	0.0	14.4	0.7	18.4	10.6	7.5	-21.8	-0.7	-0.5	0.0	0.0	0.8
How have spreads on loans to OFCs changed?	Past three months	21.8	-16.0	33.3	6.8	22.8	9.5	-16.5	-16.1	-3.6	0.6	-2.7	12.7
	Next three months	-12.9	-16.0	1.0	1.7	1.0	9.2	-30.4	-24.7	-22.1	13.9	7.9	6.5
How have fees/commissions on loans to OFCs changed?	Past three months	20.3	-19.1	32.6	1.7	1.0	1.8	-2.1	-8.6	-2.1	-0.3	-6.0	3.9
	Next three months	-12.9	-19.1	1.0	1.7	1.0	14.9	-16.1	-22.5	-8.6	0.0	10.3	0.0
How have collateral requirements for loans to OFCs changed?	Past three months	0.0	0.0	0.9	1.9	-4.6	-1.3	-3.0	-7.5	-8.4	-6.6	-13.1	0.0
	Next three months	0.0	0.0	0.0	1.0	0.0	-0.7	-3.0	-6.9	-2.1	0.0	0.0	0.0
How have maximum credit lines for OFCs changed?	Past three months	1.5	0.0	19.8	6.1	5.3	-0.4	-9.1	-6.2	-9.4	6.3	6.3	0.0
	Next three months	12.1	0.0	4.9	6.8	5.3	-6.5	-9.1	-5.5	-0.8	-1.0	0.0	12.9
What percentage of your existing PNFC loan book is contractually committed to passing on any further cuts in Bank Rate?	Median <sup>(g)</sup>	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**

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

\*\* Additional question not asked in survey.

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