

Credit Conditions Survey

Survey results | 2013 Q2



BANK OF ENGLAND





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Credit Conditions Survey

2013 Q2

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

This report presents the results of the 2013 Q2 survey. The 2013 Q2 survey was conducted between 10 May and 31 May 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 Q2 survey, and copies of the questionnaires are available on the Bank's website at www.bankofengland.co.uk/publications/Pages/other/monetary/creditconditions.aspx.

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

2013 Q3 survey on 9 October 2013



Credit Conditions Survey

2013 Q2

Supply

- The availability of **secured credit to households** was reported to have increased in the three months to end-May 2013, with a further increase expected by lenders over the next three months.
- Lenders reported that the availability of **unsecured credit to households** also rose in 2013 Q2, with a significant further increase anticipated in Q3.
- The overall availability of **credit to the corporate sector** was reported to have increased in Q2. Availability increased **across all firm sizes**, with the most significant increase for **large companies**. Lenders expected overall credit availability to the corporate sector to be little changed in Q3.

Demand

- Demand for **secured lending for house purchase** was reported to have risen significantly in 2013 Q2, and was expected to increase significantly further in Q3. Lenders also reported a significant increase in demand for **secured lending for remortgaging** in Q2.
- Demand for **total unsecured lending** was reported to have fallen significantly in Q2, reflecting a fall in demand for **credit card lending**. Demand for total unsecured lending was expected to be broadly unchanged in Q3.
- Lenders reported increased corporate demand for credit **across all firm sizes** in Q2. In Q3, credit demand was expected to increase significantly for large businesses, to increase a little for medium-sized businesses and to be broadly unchanged for small businesses.

Defaults

- Lenders reported that default rates on **secured loans to households** were little changed in 2013 Q2, with little change expected in Q3. Losses given default were also broadly flat, and were expected to fall a little in Q3.
- The default rate on **total unsecured loans** fell slightly in Q2 and was expected to fall a little further in Q3. Losses given default increased slightly and were also expected to pick up a little in Q3.
- Default rates for **large and medium-sized companies** were little changed in Q2, while the default rate on **small business** loans was reported to have increased significantly. Losses given default were reported to have increased for medium-sized companies and to have increased slightly for small businesses in Q2. No significant changes in corporate loan performance were expected in Q3.

Loan pricing

- Lenders reported that overall spreads on **secured lending to households** — relative to Bank Rate or the appropriate swap rate — fell significantly for the third consecutive quarter in 2013 Q2, and were expected to fall significantly further in Q3.
- Spreads on **total unsecured lending** were reported to have been broadly unchanged in Q2, and were expected to fall a little in Q3. While spreads on **credit card lending** remained broadly flat in Q2, spreads on **other unsecured lending** products were reported to have fallen significantly.
- Changes in spreads on **corporate lending** varied across firm size in Q2, with significant falls reported for large firms, a slight decrease for medium-sized firms, and little change for small businesses. While spreads were expected to fall significantly further for large firms in Q3, spreads on lending to small and medium-sized firms were expected to be unchanged.

This report presents the results of the 2013 Q2 survey. The 2013 Q2 survey was conducted between 10 May and 31 May 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 ± 100 .

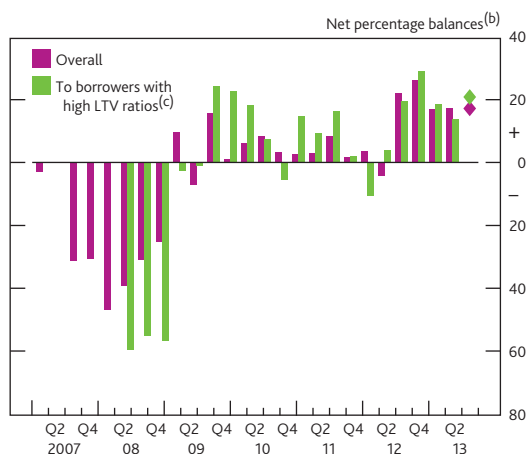
This report, and copies of the questionnaires are available on the Bank's website at www.bankofengland.co.uk/publications/Pages/other/monetary/creditconditions.aspx.

Credit Conditions Survey

In the three months to end-May, lenders reported an increase in credit availability to households and corporates. Lenders expected a further increase in credit availability for households in Q3, but little change for corporates. Spreads on secured household lending fell significantly in Q2. Spreads on unsecured household lending were little changed overall, although within this spreads on other unsecured lending products such as personal loans had fallen significantly. Changes in spreads on corporate lending varied across firm size in Q2, with significant falls reported for large firms, a slight decrease for medium-sized firms, and little change for small businesses. Lenders expected spreads for both households and corporates to evolve in a similar way in Q3. Lenders reported that household demand for secured lending had risen significantly in Q2. In contrast, household demand for unsecured lending fell significantly, reflecting lower demand for credit card lending. Corporate credit demand was reported to have picked up, with increases in demand across all business sizes. Household loan performance was broadly unchanged in Q2, while corporate loan performance was mixed.

The 2013 Q2 *Credit Conditions Survey* was conducted between 10 May and 31 May 2013.

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.

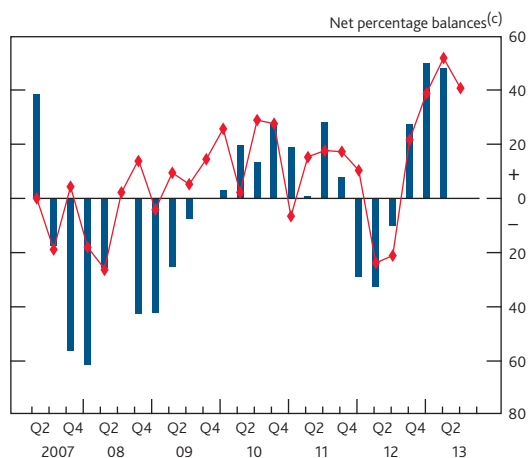
Secured lending to households

In the three months to end-May, lenders reported an increase in the availability of secured credit to households (**Chart 1**). Lenders reported that market share objectives had been the main factor behind this increase, although greater risk appetite also made a contribution. The proportion of applications approved was reported to have increased in 2013 Q2, the first time a positive balance has been recorded since 2011 Q3.

The expansion of availability for secured credit was expected to continue, across loan to value (LTV) ratios, in 2013 Q3, with market share objectives again cited as the biggest contributing factor. Maximum LTV ratios were expected to increase a little, and lenders expected their willingness to lend at 90% LTV ratios and above to increase, as it had in Q2. Consistent with this, average credit quality on new secured lending was expected to deteriorate slightly in Q3. Some lenders noted that the Government's Help to Buy Scheme should facilitate more lending at high LTV ratios in the future.

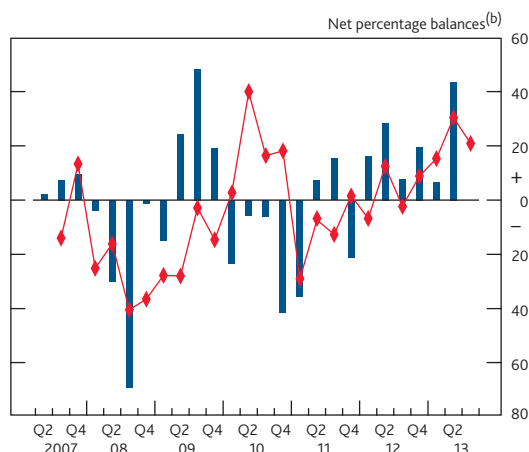
Lenders reported that spreads on secured lending rates to households — relative to Bank Rate or the relevant swap rate — fell significantly for the third consecutive quarter in 2013 Q2 (**Chart 2**). Within the total, a significant fall in spreads was reported for both prime lending and buy-to-let lending. Lenders expected a further significant narrowing in spreads

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



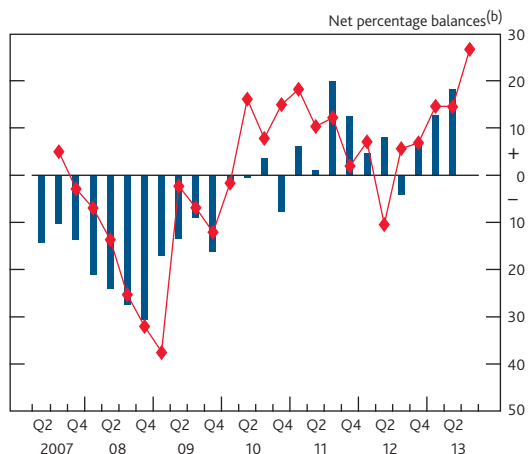
- (a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question. The blue bars show the responses over the previous three months. The red diamonds show the expectations over the next three months. Expectations balances have been moved forward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



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

Chart 4 Household unsecured credit availability^(a)



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

over the next three months. Consistent with this, in the *Bank Liabilities Survey*, lenders reported that the cost charged to business units to fund the flow of new loans (the 'transfer price') fell significantly in 2013 Q2, driven by significant falls in funding costs.⁽¹⁾

Demand for lending for house purchase was reported to have risen significantly, with the highest balance recorded since 2009 Q3 (Chart 3). Within the total, significant increases in demand were reported for both prime lending and buy-to-let lending. Demand for secured lending for house purchase was expected to increase significantly further in Q3. Demand for remortgaging was also reported to have risen significantly in Q2, and lenders expected a further slight increase in Q3. Some lenders noted that increased demand for secured lending in part reflected competitive pricing, which in turn was influenced by the Funding for Lending Scheme, and a general improvement in consumer sentiment.

Secured loan performance, as measured by default rates and losses given default, was broadly unchanged in Q2. Lenders expected little change in default rates in Q3, and losses given default to fall slightly.

Unsecured lending to households

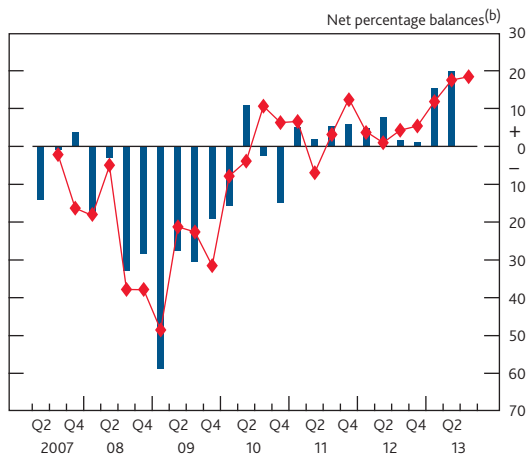
The total amount of unsecured credit made available to households rose in the three months to end-May (Chart 4), and was expected to rise significantly next quarter.

Lenders reported that a slight increase in risk appetite contributed to the increased availability of unsecured credit in 2013 Q2. Consistent with this, credit scoring criteria were loosened (Chart 5), and the proportion of loan applications approved increased significantly. Lenders expected a further loosening of credit scoring criteria next quarter. This was likely to push up on approval rates, which were expected to increase significantly in Q3.

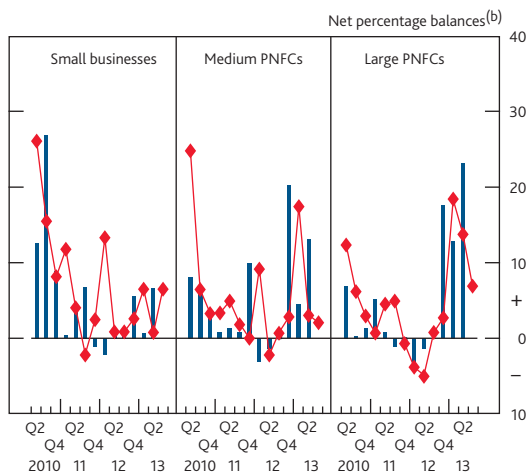
Lenders reported that spreads on credit card lending remained broadly flat in Q2, with a slight fall expected in Q3. Spreads on other unsecured lending products, such as personal loans, were reported to have fallen significantly, and were expected to narrow further in Q3.

Demand for total unsecured lending was reported to have fallen significantly in Q2, reflecting lower demand for credit card lending. It was noted that marketing activity had been reduced in Q2, which might explain some of the weakness in demand. In contrast, demand for other unsecured lending increased slightly, and was expected to increase further in Q3. Some lenders expected increasingly competitive offers to support demand for other unsecured lending going forwards.

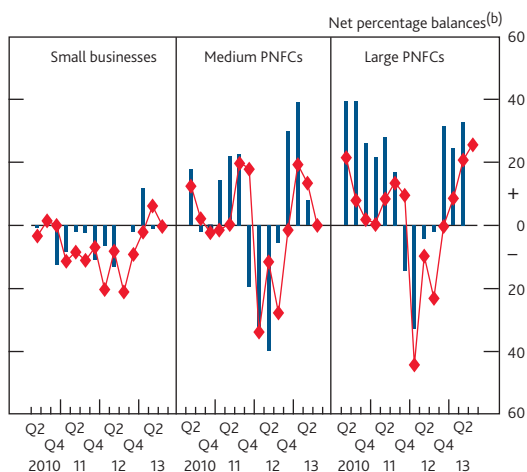
(1) The 2013 Q2 *Bank Liabilities Survey* is available at www.bankofengland.co.uk/publications/Pages/other/monetary/bls/default.aspx.

Chart 5 Household unsecured credit scoring criteria^(a)

(a) See footnote (a) to Chart 2.
 (b) A positive balance indicates a loosening in credit scoring criteria for unsecured credit.

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 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.

The default rate on total unsecured loans fell slightly in 2013 Q2 and was expected to fall a little further in Q3. Losses given default increased slightly, and were also expected to pick up a little in Q3.

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.⁽¹⁾

The overall availability of credit to the corporate sector was reported to have increased in Q2. The most important positive factor for availability was an improvement in the economic outlook, although market share objectives and competition from capital markets were also cited.

Availability increased across all firm sizes, with the most significant increase for large companies (Chart 6). Credit availability to small companies increased slightly in Q2, and lenders reported that the proportion of small business loans being approved had increased.

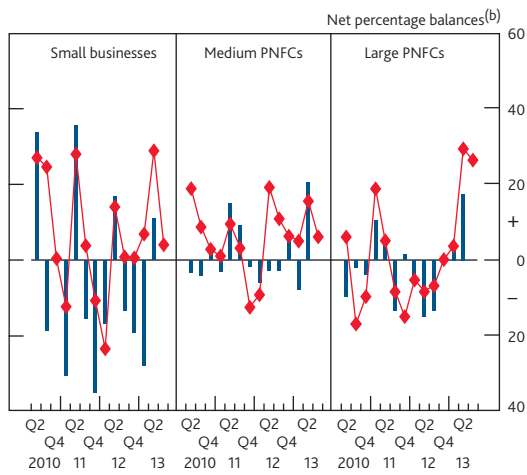
Looking ahead to Q3, lenders expected overall credit availability to the corporate sector to be little changed, although the changing economic outlook was expected to push up significantly on credit availability, with market share objectives remaining supportive.

Changes in spreads on lending to businesses varied across firm size in 2013 Q2, with significant falls reported for large firms, a slight decrease for medium-sized firms, and little change for small businesses (Chart 7). Some lenders noted that increased competition among lenders had squeezed margins. Fees and commissions were reported to have fallen for large firms in Q2, and to have fallen slightly for small and medium-sized firms. Large firms also benefitted from an increase in maximum credit lines. While spreads were expected to fall significantly further for large firms in Q3, spreads on lending to small and medium-sized firms were expected to be unchanged.

Demand for corporate credit was reported to have picked up across firm sizes in 2013 Q2 (Chart 8). The reported increase in demand from small businesses in Q2 followed falls in the previous three surveys. And the balances relating to demand for credit from large and medium-sized firms were the highest recorded since 2007.

The most significant factor cited by lenders as pushing up on credit demand was an increase in mergers and acquisitions

(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.

activity, mainly relating to large corporates, while balance sheet restructuring was also a contributor. Some lenders also noted an increase in optimism and confidence about the macroeconomic environment among corporates. Credit demand was expected to increase significantly for large firms in Q3. Demand from medium-sized firms was expected to increase a little, while small firms' demand was expected to be little changed.

Corporate loan performance was mixed in 2013 Q2. Default rates for large and medium-sized businesses were little changed, but increased significantly for small businesses, following a significant fall in Q1. Losses given default were reported to have increased for medium-sized companies in Q2, and, to a lesser extent, for small businesses. No significant changes in corporate loan performance were expected in Q3.

Credit conditions for non-bank financial corporations loosened in 2013 Q2, with lenders reporting a narrowing in lending spreads, a significant fall in fees and commissions, and an increase in maximum credit lines.

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				2013	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the availability of secured credit provided to households changed?	Past three months	8.3	3.4	2.8	2.9	8.4	1.9	3.8	-4.1	21.9	26.2	17.0	17.4
	Next three months	-3.9	2.7	14.6	-1.9	6.9	7.6	-8.7	0.1	36.1	24.7	15.8	17.2
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	2.0	0.0	1.1	0.0	5.0	-1.6	-8.6	-10.5	-2.8	0.8	1.9	2.0
	Next three months	8.9	-9.9	-8.2	-8.7	-11.2	-9.9	-8.6	-9.0	6.9	2.6	0.0	0.0
market share objectives	Past three months	9.6	8.3	7.2	18.7	14.9	-1.5	-11.6	16.9	8.4	22.5	21.6	34.9
	Next three months	8.9	7.1	17.9	7.3	-1.0	7.6	-18.9	1.1	11.3	29.9	21.6	13.0
changing appetite for risk	Past three months	1.0	-0.9	1.4	0.0	7.0	7.8	-7.2	1.6	8.1	1.8	8.3	13.1
	Next three months	6.6	1.4	0.9	4.1	5.5	0.0	-18.7	0.0	1.7	16.7	0.0	6.0
tight wholesale funding conditions	Past three months	-14.1	-6.3	-11.5	2.9	-20.9	-26.9	-20.0	-20.4	9.2	21.8	7.6	3.9
	Next three months	0.0	-13.2	2.5	-9.1	-12.7	-21.9	-20.8	-18.3	-5.3	5.8	3.8	1.8
expectations for house prices	Past three months	-1.3	-12.5	-14.3	-27.5	-6.8	-6.8	1.4	-1.6	-10.0	-1.9	-1.8	0.5
	Next three months	9.2	-19.1	-19.6	-27.7	-16.2	-9.3	-11.5	-10.7	-1.9	-1.9	-3.7	7.8
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	-6.4	14.8	-5.4	1.3	1.4	-1.8	9.8	5.3	2.7	20.4	8.9	9.3
	Next three months	-1.4	2.1	4.8	0.8	4.8	-4.5	-6.3	1.2	12.6	33.6	8.2	19.2
Borrowers with high loan to value ratios (more than 75%)	Past three months	7.4	-5.4	14.8	9.4	16.5	2.1	-10.7	4.0	19.6	29.0	18.7	13.8
	Next three months	-14.3	9.1	28.6	14.2	24.2	13.3	-8.6	-23.7	15.2	33.6	9.1	20.8
Have you become more willing to lend to borrowers with housing equity less than 10% of the value of their home?	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.**	18.1
	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.**	19.7
How have credit scoring criteria for granting loan applications by households changed?	Past three months	-7.4	-1.6	0.0	4.4	-5.8	-1.4	-10.1	-2.8	-11.4	4.7	-4.2	0.0
	Next three months	-18.4	0.0	2.7	-0.5	-2.0	-19.1	-14.3	-9.9	0.0	-9.3	5.3	1.5
How has the proportion of household loan applications being approved changed?	Past three months	0.6	0.5	0.4	9.6	2.8	-9.7	-17.8	-26.2	-0.9	-1.9	-6.6	10.5
	Next three months	-10.3	-9.8	12.8	-0.5	0.0	-16.0	-2.6	-24.1	6.2	1.9	9.2	3.1

		Net percentage balances ^(a)											
		2010		2011				2012				2013	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the average credit quality of new secured lending to households changed?^(c)	Past three months	8.6	1.6	9.0	3.8	3.9	0.0	2.7	12.1	8.1	9.3	-15.6	8.0
	Next three months	16.2	1.9	5.1	1.2	4.5	-5.5	24.5	18.8	0.0	9.3	-7.8	-6.0
How has the default rate on secured loans to households changed?	Past three months	-21.8	-4.5	11.5	-1.5	-12.3	-24.4	-8.4	-7.0	-8.4	-9.3	1.4	-2.4
	Next three months	-21.8	-0.3	14.3	23.0	3.6	-15.0	-3.3	1.5	1.7	3.7	6.6	3.8
How have losses given default on secured loans to households changed?	Past three months	-16.8	23.8	18.7	18.9	-0.8	14.6	-8.0	3.6	-4.0	5.0	-8.1	1.4
	Next three months	-0.1	9.6	8.0	23.0	18.0	9.7	22.4	1.5	1.7	1.8	-7.6	-8.0
How has demand for secured lending for house purchase from households changed?	Past three months	-6.1	-41.5	-35.6	7.1	15.3	-21.2	16.2	28.4	7.7	19.6	6.4	43.5
	Next three months	18.1	-29.0	-7.4	-12.7	1.6	-6.8	12.5	-2.3	8.8	15.3	30.4	20.9
<i>of which: demand for prime lending</i>	Past three months	-6.1	-36.8	-18.1	0.3	14.1	-21.2	11.8	38.3	8.6	17.7	6.4	43.5
	Next three months	18.1	-29.0	12.7	2.3	2.8	-6.8	12.5	-2.3	8.8	17.2	30.8	19.8
<i>of which: demand for buy-to-let lending</i>	Past three months	12.9	11.4	6.2	37.0	37.8	12.7	-5.3	-1.6	-9.2	12.6	7.6	35.3
	Next three months	-1.5	-1.0	8.9	21.1	1.8	-6.3	19.8	4.0	13.5	13.7	22.8	18.2
<i>of which: demand for other lending</i>	Past three months	3.4	-32.1	-30.1	0.0	-4.1	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
	Next three months	-2.8	-32.1	0.0	0.0	-4.1	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
How has demand for secured lending for remortgaging from households changed?	Past three months	2.2	16.7	31.1	2.1	-14.0	-10.6	5.6	9.9	-18.1	18.5	14.5	40.9
	Next three months	3.5	-2.0	26.3	4.3	9.5	-4.3	9.6	8.7	-0.3	17.2	31.2	6.7
How have overall secured lending spreads changed?	Past three months	13.6	27.6	18.8	0.9	28.2	7.9	-29.0	-32.5	-10.1	27.5	50.0	48.1
	Next three months	27.6	-6.6	15.3	17.7	17.3	10.4	-23.7	-21.1	21.7	39.1	51.8	40.7
<i>of which: spreads on prime lending</i>	Past three months	13.6	27.6	18.8	2.1	28.2	7.9	-29.0	-32.5	-10.1	28.0	50.8	48.1
	Next three months	28.7	3.3	15.3	26.4	17.3	10.4	-23.7	-21.1	21.7	43.8	51.8	47.5
<i>of which: spreads on buy-to-let lending</i>	Past three months	-0.6	10.6	9.6	17.2	1.8	9.9	-10.6	-6.6	1.9	22.3	46.3	43.9
	Next three months	16.7	7.9	9.6	12.7	1.4	2.7	6.7	-6.9	12.7	31.9	25.7	34.9
<i>of which: spreads on other lending</i>	Past three months	19.9	0.0	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
	Next three months	19.9	0.0	n.a.*	n.a.*	-2.9	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*	n.a.*
How have fees on secured lending changed?	Past three months	11.9	10.9	7.6	6.9	-6.7	0.0	1.4	0.0	0.0	0.0	-0.4	1.4
	Next three months	1.0	-5.8	-11.4	1.4	6.7	0.0	-1.6	0.0	1.8	1.8	1.0	5.2
How have maximum loan to value ratios changed?	Past three months	7.7	-1.6	1.4	1.2	2.8	11.5	4.9	6.4	9.3	1.8	7.8	9.6
	Next three months	-0.5	2.6	7.6	4.7	4.9	9.8	-9.1	-1.7	-0.1	16.1	7.8	7.6
How have maximum loan to income ratios changed?	Past three months	0.0	0.0	0.0	0.0	0.2	-5.0	0.0	6.8	6.9	2.1	7.9	0.0
	Next three months	4.6	0.0	15.7	4.5	0.0	-5.0	-8.6	0.0	0.0	0.0	7.9	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				2013	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the availability of unsecured credit provided to households changed?	Past three months	3.5	-7.7	6.2	1.1	19.9	12.5	4.7	8.1	-4.2	6.6	12.7	18.1
	Next three months	15.0	18.2	10.3	12.2	1.9	7.0	-10.4	5.6	6.8	14.6	14.6	26.6
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	6.8	0.0	-1.3	1.2	-6.9	0.0	3.4	-1.7	0.0	0.0	0.0	0.0
	Next three months	0.9	6.9	-1.2	-4.6	-6.3	-2.4	-1.4	-2.2	-1.8	0.0	0.7	-2.2
market share objectives	Past three months	6.7	0.7	8.9	1.8	3.5	-2.9	-1.5	7.6	-4.2	6.1	8.1	1.1
	Next three months	6.1	12.0	13.0	23.2	2.7	-2.2	-3.5	10.7	6.8	13.1	13.5	7.6
changing appetite for risk	Past three months	5.5	-8.8	7.9	0.3	7.2	1.8	-0.5	7.3	1.8	5.1	5.8	8.1
	Next three months	12.7	19.1	12.7	4.7	7.5	4.5	1.5	6.1	5.8	5.8	7.4	7.5
changing cost/availability of funds	Past three months	0.0	0.0	-2.0	0.0	-0.9	-1.1	-0.8	-0.7	1.8	5.1	0.0	0.8
	Next three months	0.9	10.9	7.8	5.4	-0.4	0.2	0.0	-11.9	1.1	4.8	0.0	5.8
How have credit scoring criteria for granting credit card loan applications by households changed?	Past three months	0.9	-13.0	7.6	-0.4	2.6	5.2	5.7	8.4	0.8	-0.4	19.2	18.4
	Next three months	7.8	6.2	-7.3	4.9	12.7	4.1	0.8	3.6	5.7	13.4	17.3	16.4
How have credit scoring criteria for granting other unsecured loan applications by households changed?	Past three months	-24.1	-26.9	-11.8	16.7	25.0	10.6	-1.9	3.9	8.6	12.7	-13.8	28.7
	Next three months	-3.3	8.8	-4.6	-7.7	11.6	2.2	2.5	8.6	2.7	-0.1	19.4	32.0
How have credit scoring criteria for granting total unsecured loan applications by households changed?	Past three months	-2.6	-14.8	5.1	1.8	5.4	5.8	4.7	7.8	1.7	1.2	15.3	19.8
	Next three months	6.3	6.6	-7.0	3.3	12.6	3.9	1.0	4.3	5.4	11.8	17.5	18.4
How has the proportion of credit card loan applications from households being approved changed?	Past three months	21.0	9.7	20.0	-7.6	-2.9	-1.2	3.8	-1.4	2.6	-17.4	24.4	19.3
	Next three months	7.1	6.4	2.1	6.3	19.3	3.4	-7.6	-2.0	6.5	22.5	16.5	27.9
How has the proportion of other unsecured loan applications from households being approved changed?	Past three months	-26.9	-16.8	2.5	6.6	20.5	10.7	0.3	-2.3	15.2	20.8	-5.6	34.5
	Next three months	-3.3	8.8	8.9	8.5	19.5	14.1	0.0	14.8	2.7	0.8	26.9	34.9
How has the proportion of total unsecured loan applications from households being approved changed?	Past three months	14.3	6.2	17.8	-5.8	0.1	0.3	3.4	-1.5	4.0	-12.9	20.9	21.3
	Next three months	5.6	6.7	2.9	6.6	19.3	4.7	-6.6	0.1	6.1	19.9	17.7	28.8

		Net percentage balances ^(a)												
		2010		2011				2012				2013		
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
How has the average credit quality of new credit card lending to households changed? ^(c)	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-6.7	2.6	-10.2	-0.3	3.8
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	7.7	5.7	8.3	-6.1	0.0
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.**	5.4	5.7	4.0	2.7	11.6
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-8.6	-2.7	0.9	-1.0	5.1
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.**	-5.2	2.9	-8.6	0.0	4.8
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	5.7	4.8	7.4	-5.5	0.7
How has the default rate on credit card loans to households changed?	Past three months	-40.1	-30.4	-35.2	-25.6	-41.8	-29.3	-43.8	-7.1	-0.4	-17.5	-16.2	-8.6	
	Next three months	-15.9	7.3	5.3	-2.2	-21.4	-0.7	6.4	-2.2	-4.1	-9.1	-7.5	-9.5	
How has the default rate on other unsecured loans to households changed?	Past three months	-33.2	-40.3	-37.8	-29.2	-37.6	-37.4	-35.9	-31.7	-21.7	-7.5	0.0	-6.4	
	Next three months	0.0	-10.1	-8.2	-4.4	3.6	-8.5	-12.7	0.0	0.0	0.0	0.0	-6.4	
How has the default rate on total unsecured loans to households changed?	Past three months	-39.2	-31.7	-35.5	-26.0	-41.3	-30.3	-42.8	-10.2	-2.9	-16.3	-14.3	-8.3	
	Next three months	-13.7	5.0	3.6	-2.5	-18.2	-1.7	3.9	-2.0	-3.6	-8.0	-6.7	-9.1	
How have losses given default on credit card loans to households changed?	Past three months	25.2	-37.0	7.0	11.3	-14.6	-10.7	-21.5	-13.2	6.8	5.9	1.4	9.5	
	Next three months	-11.8	-8.9	12.3	12.7	-9.1	-15.6	-7.6	-7.6	6.8	7.5	8.3	9.5	
How have losses given default on other unsecured loans to households changed?	Past three months	-10.1	13.4	-2.5	-2.2	-11.8	6.5	0.0	-21.9	-16.0	-0.9	-22.9	-9.0	
	Next three months	-7.4	3.3	-1.2	-8.3	0.0	0.0	-13.6	-8.6	-16.9	-16.5	0.0	-8.1	
How have losses given default on total unsecured loans to households changed?	Past three months	20.3	-30.4	5.8	9.6	-14.2	-8.5	-18.7	-14.3	4.1	5.1	-1.4	7.1	
	Next three months	-11.2	-7.3	10.5	9.9	-8.0	-13.6	-8.4	-7.7	4.0	4.7	7.3	7.2	
How has demand for credit card lending from households changed?	Past three months	-14.9	-0.5	-0.3	-1.1	4.9	-7.5	-10.8	-16.5	4.1	27.8	2.4	-32.7	
	Next three months	29.5	8.2	6.2	5.7	24.8	-16.0	-1.6	12.5	7.3	0.0	11.6	0.0	
How has demand for other unsecured lending from households changed?	Past three months	9.5	-12.8	-13.0	-4.2	-4.6	-37.7	16.5	18.7	0.0	34.6	-6.2	5.4	
	Next three months	3.3	13.7	24.1	-1.2	7.8	9.1	4.1	-17.0	9.2	32.3	35.1	15.8	
How has demand for total unsecured lending from households changed?	Past three months	-11.5	-2.2	-1.9	-1.5	3.7	-11.4	-7.3	-12.1	3.6	28.6	1.4	-27.6	
	Next three months	25.8	8.9	8.5	4.8	22.6	-12.8	-0.9	8.8	7.5	3.8	14.3	2.1	
How have spreads on credit cards changed?	Past three months	-6.4	0.2	-6.1	-1.4	7.2	1.5	2.3	0.0	0.0	0.0	0.0	1.0	
	Next three months	0.0	-8.6	1.5	0.0	0.1	-11.1	1.5	0.0	5.7	0.0	0.0	5.6	
How have spreads on other unsecured lending products changed?	Past three months	-17.4	10.4	22.1	8.4	-10.4	21.8	17.1	5.7	-13.9	31.0	11.6	21.6	
	Next three months	12.6	8.2	2.1	24.8	32.3	5.1	16.7	6.6	12.6	8.0	25.7	17.4	
How have overall unsecured lending spreads changed?	Past three months	-7.9	1.5	-2.5	-0.1	5.0	4.1	4.2	0.7	-1.6	3.6	1.4	3.7	
	Next three months	1.8	-6.4	1.5	3.2	4.1	-9.0	3.5	0.8	6.5	0.9	3.0	7.2	
How have credit card limits changed?	Past three months	0.8	-0.1	11.8	-1.7	13.3	21.2	20.7	-2.2	7.0	5.8	6.7	1.8	
	Next three months	4.8	-8.6	-0.7	12.6	27.7	5.6	0.8	13.5	5.7	6.6	0.0	9.7	
How has the minimum proportion of credit card balances to be paid changed?	Past three months	-15.6	-8.1	-5.2	-18.7	-7.3	-7.6	-8.0	5.7	-12.3	0.0	-14.2	-6.6	
	Next three months	0.0	-14.0	0.3	-6.2	0.0	0.0	0.0	-6.5	5.7	0.0	0.0	0.0	
How have maximum maturities on loans changed? ^(d)	Past three months	0.0	0.0	-2.0	0.0	13.6	-13.8	-2.2	-2.3	0.0	0.0	0.0	-0.9	
	Next three months	-15.3	-2.1	0.0	-9.4	0.0	-13.8	0.0	0.0	0.0	0.0	-1.0	-3.0	

** 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				2013	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the availability of credit provided to the corporate sector overall changed?	Past three months	7.8	3.2	6.9	4.1	3.9	11.0	-2.6	-3.2	-5.5	29.4	12.3	14.2
	Next three months	3.4	4.8	7.8	3.4	2.4	8.1	-6.4	0.7	2.6	14.9	3.1	3.5
<i>of which: commercial real estate sector</i>	Past three months	6.4	3.0	-13.7	14.0	2.3	-8.4	-7.5	-7.1	-3.0	10.4	1.7	14.4
	Next three months	3.0	2.1	-6.5	17.8	0.6	-10.2	-20.7	-0.3	5.2	15.4	2.4	13.9
How have commercial property prices affected credit availability to the commercial real estate sector, and/or secured lending to PNFCs?	Past three months	0.0	-24.5	-4.9	-16.3	-1.2	-1.0	-16.7	-15.0	-21.7	-39.4	1.0	1.2
	Next three months	-5.2	-23.7	-2.2	-16.3	-2.2	-1.0	-16.3	-17.8	-12.3	-13.6	1.7	0.0
Factors contributing to changes in credit availability:^(b)													
changing economic outlook	Past three months	0.8	0.9	0.7	0.3	-2.2	-16.7	-8.4	-4.2	1.0	-0.1	6.4	17.1
	Next three months	0.6	2.1	6.8	6.5	-8.3	-15.5	-3.6	-3.4	-3.0	-0.1	6.4	38.5
changing sector-specific risks	Past three months	0.0	13.3	-0.8	0.1	-4.2	-16.0	-3.1	-2.8	-3.8	0.0	0.0	1.1
	Next three months	0.0	0.7	0.7	0.0	-4.2	-12.5	-1.9	-4.9	-1.7	0.0	-0.8	7.0
market share objectives	Past three months	7.2	6.1	9.2	3.9	0.1	14.7	-2.1	4.0	2.8	2.9	8.1	7.2
	Next three months	15.3	6.2	10.3	3.2	0.1	13.5	-1.5	5.6	2.8	0.8	8.1	17.0
market pressures from capital markets	Past three months	-1.6	0.9	-4.4	10.4	5.6	0.2	8.3	-0.3	6.9	0.0	7.3	8.8
	Next three months	-4.3	0.0	1.7	10.4	21.2	2.9	-1.3	-4.3	0.5	5.8	7.3	7.5
changing appetite for risk	Past three months	3.0	1.5	8.2	0.1	13.3	-2.6	-3.1	-3.8	-1.4	2.1	7.8	1.8
	Next three months	0.7	0.7	7.6	-0.7	-3.0	0.0	-1.9	-0.5	0.5	0.7	7.8	1.4
tight wholesale funding conditions	Past three months	4.2	-6.4	-9.3	-2.8	-19.0	-42.6	2.1	0.0	-10.4	9.2	4.6	-1.5
	Next three months	-7.7	3.3	-6.8	5.6	-39.6	-49.4	-5.8	-25.1	21.5	7.9	-5.9	0.0
How has the availability of credit provided to small businesses changed?^(c)	Past three months	26.8	8.9	0.4	4.1	6.8	-1.2	-2.2	0.8	0.8	5.6	0.7	6.6
	Next three months	8.1	11.8	4.0	-2.1	2.5	13.3	0.9	0.8	2.6	6.5	0.7	6.6
How has the availability of credit provided to medium PNFCs changed?	Past three months	5.8	3.0	0.9	1.3	0.8	9.9	-3.1	-1.3	0.9	20.2	4.5	13.1
	Next three months	3.3	3.3	4.9	2.0	0.0	9.2	-2.2	0.8	2.8	17.4	3.1	2.1
How has the availability of credit provided to large PNFCs changed?	Past three months	0.3	1.4	5.2	0.8	-1.1	-0.7	-3.1	-1.4	0.0	17.5	12.9	23.2
	Next three months	2.9	0.7	4.5	4.9	-0.7	-3.8	-4.9	0.7	2.7	18.3	13.8	6.9

		Net percentage balances ^(a)											
		2010		2011				2012				2013	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the proportion of loan applications from small businesses being approved changed?	Past three months	-9.2	6.8	11.7	-6.1	3.0	-1.9	-2.0	14.5	-1.5	4.2	9.8	18.4
	Next three months	-2.1	-12.3	-1.6	7.4	0.0	0.0	0.9	0.8	0.0	3.3	0.7	4.0
How has the proportion of loan applications from medium PNFCs being approved changed?	Past three months	0.7	0.0	3.7	-0.8	0.6	-8.1	-4.6	2.0	-2.4	0.7	-3.1	-0.4
	Next three months	1.4	-1.4	-1.0	-0.8	3.0	-3.4	0.9	0.0	14.4	6.2	5.8	-1.1
How has the proportion of loan applications from large PNFCs being approved changed?	Past three months	2.5	0.0	4.4	-0.8	-4.8	1.3	-3.8	-1.0	-1.2	0.0	-3.1	2.6
	Next three months	1.8	0.0	5.8	-0.8	2.3	-1.3	-1.8	-1.6	0.7	5.5	0.7	-1.1
Has there been a change in average credit quality on newly arranged PNFC borrowing facilities? ^(d)	Past three months	5.0	13.5	7.2	5.0	5.2	8.3	19.7	12.7	0.2	-0.8	1.2	-2.2
	Next three months	-1.0	12.9	4.0	3.6	5.2	3.9	15.1	12.7	-6.0	0.0	-0.8	-0.9
Has there been any change in 'target hold' levels associated with corporate lending?	Past three months	0.5	-2.8	-5.7	-11.0	1.7	10.7	24.2	13.1	1.3	-6.1	-11.8	-5.1
	Next three months	6.7	-2.8	-0.4	11.0	5.9	13.1	12.4	-0.3	4.8	0.7	0.0	-4.5
How have loan tenors on new corporate loans changed? ^(e)	Past three months	12.7	-7.4	-0.5	3.1	-11.8	8.8	-10.0	-1.5	-7.0	-11.7	0.0	-1.7
	Next three months	-4.9	1.5	1.1	18.5	-6.9	-14.2	-2.3	-1.3	-5.5	0.0	0.0	-1.7
Has there been a change in draw-downs on committed lines by PNFCs?	Past three months	-7.6	0.0	-5.5	-19.5	9.8	14.0	-2.4	-0.1	-2.0	-1.1	1.6	-0.2
	Next three months	-0.9	0.0	-6.6	-12.7	11.9	15.3	4.9	1.5	1.5	1.5	-2.4	-0.2
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	-6.8	12.3	19.7	-8.2	-24.0	-14.7	1.4	-15.9	8.3	9.3	-22.2	26.5
	Next three months	11.3	19.1	19.7	8.1	-2.5	1.8	-1.3	-6.8	6.0	6.1	-0.7	-0.7
How has the default rate on loans to medium PNFCs changed?	Past three months	-12.5	-0.5	-21.1	0.7	-6.2	18.0	17.7	2.1	1.6	24.7	-13.6	-0.6
	Next three months	-17.1	-15.7	-19.9	-5.0	20.0	25.5	21.9	0.0	13.5	9.4	11.2	2.1
How has the default rate on loans to large PNFCs changed?	Past three months	-25.6	-18.9	-20.2	-7.1	-6.3	18.6	6.9	-6.8	11.3	30.7	-11.2	4.0
	Next three months	-22.5	-9.0	-21.1	-6.6	30.1	14.2	7.5	18.8	6.4	7.3	0.7	-1.5
How has loss given default on loans to small businesses changed?	Past three months	14.2	36.3	22.0	-15.5	-10.2	-19.6	8.6	5.9	0.0	0.0	-14.0	7.2
	Next three months	18.6	19.1	15.5	2.9	0.7	1.0	-2.3	0.0	0.0	0.0	-0.7	-0.7
How have losses given default on loans to medium PNFCs changed?	Past three months	0.9	0.3	-7.3	-7.7	-5.3	2.1	11.6	2.2	0.7	14.3	-8.6	12.5
	Next three months	-6.1	-5.1	-6.4	-5.7	6.3	19.3	21.5	14.8	15.1	0.2	-2.1	-11.5
How have losses given default on loans to large PNFCs changed?	Past three months	-6.2	-5.0	-6.3	-7.8	-5.5	0.0	7.0	0.0	14.1	12.4	4.1	0.2
	Next three months	-7.2	-5.2	-8.2	-6.5	6.5	20.7	20.3	13.3	5.7	-0.7	9.9	-0.7
How has demand for credit card lending from small businesses changed? ^(f)	Past three months	14.4	-7.6	-20.9	-29.6	-29.1	-1.5	-1.5	10.4	0.5	11.7	11.7	10.4
	Next three months	6.3	36.4	50.0	27.7	5.9	15.6	20.9	-1.4	10.4	9.8	21.5	10.4
How has demand for other unsecured lending from small businesses changed? ^(f)	Past three months	0.8	-8.6	n.a.*	21.2	-17.4	-25.4	-15.8	12.1	n.a.*	n.a.*	n.a.*	n.a.*
	Next three months	7.5	-6.2	n.a.*	8.9	0.2	-15.6	15.8	0.0	n.a.*	n.a.*	n.a.*	n.a.*
How has demand for total unsecured lending from small businesses changed? ^(f)	Past three months	12.3	-7.8	-18.7	-21.5	-27.3	-5.1	-3.7	10.6	-2.2	8.7	7.6	10.6
	Next three months	6.5	27.7	47.0	24.7	5.0	10.9	20.1	-1.2	11.8	8.5	22.5	9.1
How has demand for secured lending from small businesses changed? ^(f)	Past three months	-13.5	-26.5	-26.9	34.9	-21.6	-9.8	-20.1	15.3	-1.5	-7.5	-11.2	35.9
	Next three months	0.0	19.4	27.4	0.0	0.0	-9.8	17.7	0.0	17.2	2.0	28.5	6.9

		Net percentage balances ^(a)											
		2010		2011				2012				2013	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has overall demand for lending from small businesses changed? ^(f)	Past three months	-18.6	0.0	-30.6	35.5	-15.4	-35.1	-16.6	16.7	-13.4	-19.2	-27.7	11.1
	Next three months	0.2	-12.3	27.9	3.8	-10.7	-23.4	14.0	0.8	0.8	6.9	28.9	4.0
How has demand for lending from medium PNFCs changed?	Past three months	-4.2	3.1	-3.1	14.9	9.2	-1.6	-5.9	-2.9	-2.8	5.5	-7.9	20.5
	Next three months	2.8	1.1	9.5	3.5	-12.3	-9.2	19.2	10.9	6.3	5.2	15.6	6.3
How has demand for lending from large PNFCs changed?	Past three months	-2.0	-3.7	10.6	6.3	-13.2	1.5	-5.2	-14.9	-13.3	0.6	4.8	17.5
	Next three months	-9.7	19.1	5.0	-8.1	-14.9	-5.2	-8.0	-6.7	0.2	3.7	29.4	26.5
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.**	-2.4	10.7	-6.8	-13.5	0.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	0.0	-0.6	0.0	6.9	-13.5
What have been the main factors contributing to changes in demand for lending:^(b)													
mergers and acquisitions	Past three months	27.3	5.2	20.0	-9.4	3.0	-0.9	-19.6	-27.8	-10.7	10.4	6.4	27.1
	Next three months	31.2	35.2	8.2	-7.9	-6.8	-1.8	-3.3	3.4	-10.2	0.4	20.4	14.1
capital investment	Past three months	-3.2	0.0	0.0	-14.0	-7.7	-3.4	-19.1	-11.3	-9.3	-3.2	-11.8	4.0
	Next three months	2.3	-0.8	-0.9	-7.4	-12.2	-3.2	-1.6	-1.3	-6.5	-0.9	3.9	2.8
inventory finance	Past three months	-5.7	2.2	0.6	-0.1	-2.4	0.7	-14.6	-9.9	-7.8	0.0	3.6	0.7
	Next three months	3.2	0.7	6.2	7.4	-0.6	0.7	-0.6	0.0	0.7	3.1	3.9	0.7
balance sheet restructuring	Past three months	3.4	1.5	2.8	-15.8	10.6	-0.1	-11.1	-6.1	7.2	11.8	16.8	13.4
	Next three months	-9.4	2.2	2.8	-16.6	-3.1	1.6	3.0	1.2	-0.8	3.2	2.2	7.9
commercial real estate	Past three months	6.5	-18.3	-3.4	-0.1	1.8	-1.1	-19.5	-6.5	-5.2	-10.0	4.5	-7.9
	Next three months	3.1	-20.4	5.6	5.5	2.5	-1.4	-17.0	-3.8	-12.3	-12.9	16.5	-11.3
How have spreads on loans to small businesses changed?	Past three months	0.0	-12.6	-8.3	-2.0	-2.5	-11.1	-6.4	-13.1	0.0	-2.0	12.0	-1.2
	Next three months	0.0	-11.3	-8.3	-11.2	-6.9	-20.3	-8.1	-21.1	-9.0	-2.0	6.2	0.0
How have fees/commissions on loans to small businesses changed?	Past three months	0.0	-11.3	-8.1	2.8	0.0	-7.0	0.0	-1.4	-12.7	1.5	-7.4	7.8
	Next three months	0.0	-11.3	-6.1	0.0	-6.9	0.0	-8.1	-12.9	0.0	-0.7	7.4	0.0
How have collateral requirements for loans to small businesses changed?	Past three months	0.0	0.0	-3.3	-2.0	-14.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Next three months	0.0	0.0	-3.3	-2.0	-13.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
How have maximum credit lines for small businesses changed?	Past three months	1.0	0.0	0.0	-2.0	-2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Next three months	0.0	0.0	0.0	-2.0	-13.5	0.0	0.9	0.0	0.0	0.0	0.0	0.0
How have loan covenants for small businesses changed?	Past three months	12.4	25.6	-3.3	-2.0	-14.8	-2.6	-2.8	-3.7	0.0	0.0	0.0	0.0
	Next three months	0.0	-3.0	0.0	-2.0	-13.5	0.0	-0.9	-0.8	0.0	0.0	0.0	0.0
How have spreads on loans to medium PNFCs changed?	Past three months	-2.0	-3.0	14.3	21.9	22.6	-19.6	-33.1	-39.8	-5.5	29.8	39.1	7.9
	Next three months	-2.3	-1.3	0.6	19.9	18.0	-33.8	-11.6	-27.7	-1.4	19.3	13.4	0.0
How have fees/commissions on loans to medium PNFCs changed?	Past three months	2.1	17.7	14.5	19.2	20.6	-8.4	-18.8	-21.8	-2.2	19.9	9.3	9.6
	Next three months	-2.3	11.5	0.3	18.0	19.2	-20.9	-7.3	-15.4	0.0	7.8	2.8	-0.7
How have collateral requirements for loans to medium PNFCs changed?	Past three months	0.0	-0.8	-0.6	-2.8	-4.4	-1.2	-4.8	-0.7	0.0	0.0	0.0	0.0
	Next three months	0.0	0.0	0.9	-1.4	0.0	-2.5	-6.9	-1.9	0.0	1.2	0.0	0.8
How have maximum credit lines for medium PNFCs changed?	Past three months	-10.0	2.9	-8.6	-11.1	0.8	-4.0	-12.4	-3.3	-1.0	-1.2	0.0	-1.0
	Next three months	-1.7	2.9	5.1	1.6	-5.3	-1.6	-7.7	-1.2	12.5	-0.5	0.0	0.0
How have loan covenants for medium PNFCs changed?	Past three months	12.9	1.8	1.3	4.9	-2.0	-3.7	-14.9	-15.3	0.0	0.0	0.0	0.0
	Next three months	1.0	-5.1	-1.4	1.9	-5.3	-16.2	0.0	-1.2	0.0	0.0	0.0	0.0

		Net percentage balances ^(a)											
		2010		2011				2012				2013	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How have spreads on loans to large PNFCs changed?	Past three months	39.3	26.2	21.7	27.9	17.0	-14.4	-33.0	-4.3	-2.0	31.4	24.3	32.8
	Next three months	1.8	0.8	8.4	13.6	9.5	-44.2	-9.7	-23.0	0.0	8.5	20.7	25.8
How have fees/commissions on loans to large PNFCs changed?	Past three months	26.0	34.8	21.9	16.6	15.7	-3.7	-19.8	-2.9	-2.7	9.2	0.7	13.1
	Next three months	6.1	13.1	7.1	15.3	13.2	-29.6	-6.7	-10.5	0.0	7.8	8.8	13.2
How have collateral requirements for loans to large PNFCs changed?	Past three months	0.0	-0.8	13.8	-2.8	-2.1	-3.2	-0.7	0.0	0.0	0.0	0.0	-0.9
	Next three months	0.7	0.0	1.8	-1.4	0.0	-1.9	-0.7	-0.5	-0.5	0.0	0.8	0.9
How have maximum credit lines for large PNFCs changed?	Past three months	3.7	5.7	18.6	2.3	4.5	0.1	-10.1	-3.4	-1.1	-3.3	3.9	16.7
	Next three months	-0.2	3.7	18.8	15.2	3.0	-1.6	-7.6	0.0	0.7	2.6	3.9	19.1
How have loan covenants for large PNFCs changed?	Past three months	7.0	19.0	19.8	16.5	17.4	-8.8	1.9	0.8	0.0	0.8	7.3	0.0
	Next three months	14.4	0.7	18.4	10.6	7.5	-21.8	-0.7	-0.5	0.0	0.0	0.8	6.4
How have spreads on loans to OFCs changed?	Past three months	-16.0	33.3	6.8	22.8	9.5	-16.5	-16.1	-3.6	0.6	-2.7	12.7	12.7
	Next three months	-16.0	1.0	1.7	1.0	9.2	-30.4	-24.7	-22.1	13.9	7.9	6.5	19.8
How have fees/commissions on loans to OFCs changed?	Past three months	-19.1	32.6	1.7	1.0	1.8	-2.1	-8.6	-2.1	-0.3	-6.0	3.9	23.4
	Next three months	-19.1	1.0	1.7	1.0	14.9	-16.1	-22.5	-8.6	0.0	10.3	0.0	19.8
How have collateral requirements for loans to OFCs changed?	Past three months	0.0	0.9	1.9	-4.6	-1.3	-3.0	-7.5	-8.4	-6.6	-13.1	0.0	3.5
	Next three months	0.0	0.0	1.0	0.0	-0.7	-3.0	-6.9	-2.1	0.0	0.0	0.0	0.0
How have maximum credit lines for OFCs changed?	Past three months	0.0	19.8	6.1	5.3	-0.4	-9.1	-6.2	-9.4	6.3	6.3	0.0	19.8
	Next three months	0.0	4.9	6.8	5.3	-6.5	-9.1	-5.5	-0.8	-1.0	0.0	12.9	19.8
What percentage of your existing PNFC loan book is contractually committed to passing on any further cuts in Bank Rate?	Median ^(g)	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**

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

** Additional question not asked in survey.

- (a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question by their market shares. Positive balances indicate that lenders, on balance, reported/expected demand/credit availability/defaults to be higher than over the previous/current three-month period, or that the terms and conditions on which credit was provided became cheaper or looser respectively.
- (b) A positive balance indicates that the changes in the factors described have served to increase credit availability/demand.
- (c) Additional questions on lending to small businesses were introduced in the 2009 Q4 survey. Small businesses were defined as those with annual turnover of less than £1 million in all of the new questions, consistent with the existing questions on small business demand. In line with existing guidance, answers relating to medium-sized PNFCs in the main survey continued to include any firm with annual turnover of 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.