Credit Conditions Survey

Survey results | 2016 Q2

BANK OF ENGLAND

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Credit Conditions Survey

2016 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 building society 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 *Credit Conditions Review* publication which presents the Bank of England's assessment of the latest developments in bank funding, and household and corporate credit conditions.

This report presents the results of the 2016 Q2 survey. The 2016 Q2 survey was conducted between 23 May 2016 and 10 June 2016.

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 2016 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 2016 Q3 *Credit Conditions Survey* will be published on 14 October 2016.

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Credit Conditions Survey

2016 Q2

This report presents the results of the 2016 Q2 survey which was conducted before the EU referendum, between 23 May and 10 June 2016. Reported expectations balances for the next three months reflect lenders' expectations prior to the outcome of the EU referendum. The *Credit Conditions Review* published alongside this survey includes further details on credit conditions, including lenders' expectations about the near-term outlook based on discussions held immediately after the referendum.

Supply

- The availability of secured credit to households was reported to have decreased slightly in the three months to mid-June. Lenders expected availability to be unchanged in Q3 (**Chart 1**). Lenders did report an increased willingness to lend to borrowers with housing equity less than 10% of the value of their home in Q2.

- Lenders reported that the availability of unsecured credit to households increased significantly in the three months to mid-June (**Chart 2**). The availability of other unsecured lending products, such as personal loans, appeared to increase further in Q2: credit scoring criteria continued to loosen significantly and the proportion of loan applications approved increased.

- The overall availability of credit to the corporate sector was reported to have been unchanged in 2016 Q2 for the ninth consecutive quarter (**Chart 3**). Lenders did report that the availability of credit to the commercial real estate sector had fallen in Q2 for the first time since 2012 Q2.

Demand

- Lenders reported that demand for secured lending for house purchase increased significantly in 2016 Q2. Within this, demand for prime lending increased significantly, but demand for buy-to-let lending decreased slightly (**Chart 4**). Lenders expected overall demand to increase slightly in Q3, but demand for buy-to-let lending was expected to fall again.

- Demand for other unsecured lending products was reported to have increased significantly in the three months to mid-June for the fourth consecutive quarter. Demand for credit card lending increased in Q2 and was expected to increase again next quarter.

- Lenders reported that demand for corporate lending decreased significantly for large companies in the three months to mid-June, but demand for lending from small businesses increased, and demand from medium-sized businesses increased slightly (**Chart 5**).

Loan pricing

- Overall spreads on secured lending to households — relative to Bank Rate or the appropriate swap rate — were reported to have widened in 2016 Q2, but lenders expected them to narrow significantly next quarter (**Chart 6**). Fees on secured lending decreased slightly in Q2 for the first time in a year.

- Lenders reported that spreads on other unsecured lending products widened in Q2, while spreads on credit card lending were unchanged. Looking ahead, spreads on other unsecured lending products were expected to widen significantly over the next quarter, and spreads on credit cards were also expected to widen.

- Spreads on lending to businesses of all sizes were unchanged in 2016 Q2. But lenders reported that fees and commissions on loans to small businesses decreased and fell slightly for medium-sized companies.

Defaults

- Lenders reported that default rates on secured loans to households fell in 2016 Q2 and were expected to fall again in Q3. Losses given default on secured loans to households also decreased in Q2.

- Default rates on credit card lending and on other unsecured lending to households were reported to have been unchanged in Q2.

- Lenders reported that default rates on loans to small businesses decreased significantly in Q2, and remained unchanged for medium and large companies.

Chart 1 Household secured credit availability(a)

Net percentage balances(b)

(a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question. The blue bars show the responses over the previous three months. The red diamonds show the expectations over the next three months. Expectations balances have been moved forward one quarter so that they can be compared with the actual outturns in the following quarter.
(b) A positive balance indicates that more secured credit is available.

Chart 2 Household unsecured credit availability(a)

Net percentage balances(b)
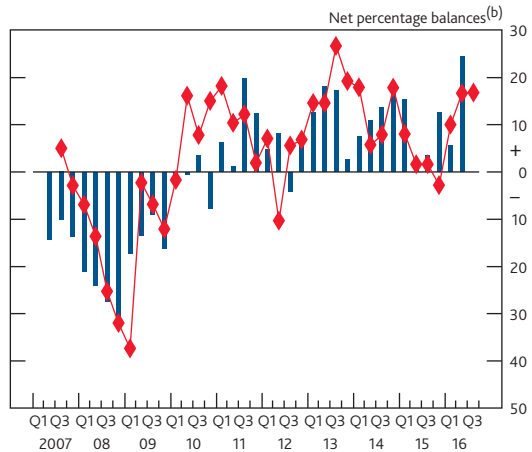
(a) See footnote (a) to **Chart 1**.
(b) A positive balance indicates that more unsecured credit is available.

Chart 3 Corporate credit availability(a)

Net percentage balances(b)
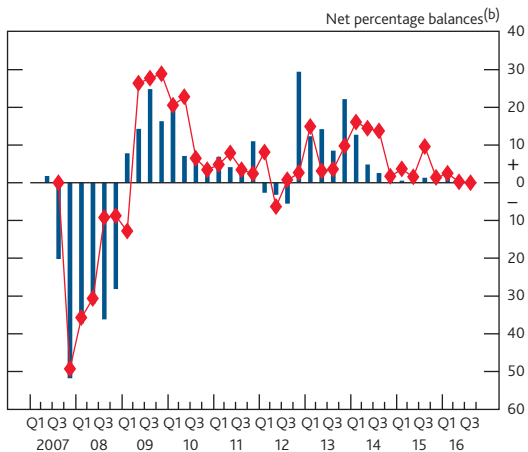
(a) See footnote (a) to **Chart 1**.
(b) A positive balance indicates that more corporate credit is available.

Chart 4 Household demand for secured lending(a)

Net percentage balances(b)
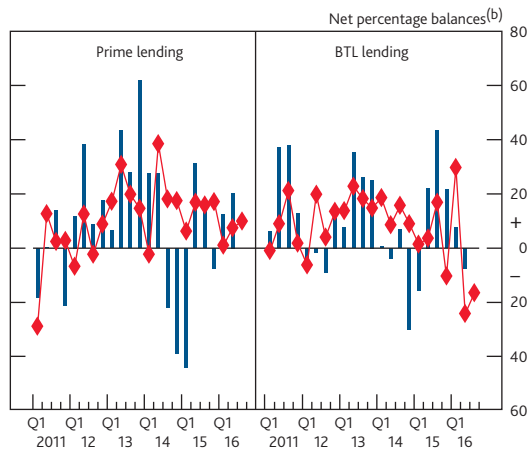
(a) See footnote (a) to **Chart 1**.
(b) A positive balance indicates an increase in demand.

Chart 5 Corporate demand for lending by firm size(a)

Net percentage balances(b)
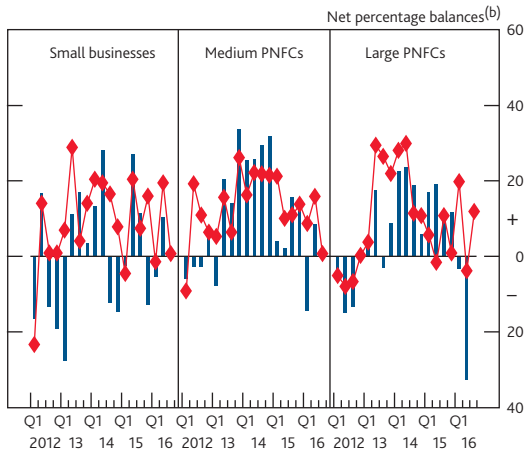
(a) See footnote (a) to **Chart 1**.
(b) A positive balance indicates an increase in demand.

Chart 6 Spreads on secured lending to households(a)(b)

Net percentage balances(c)
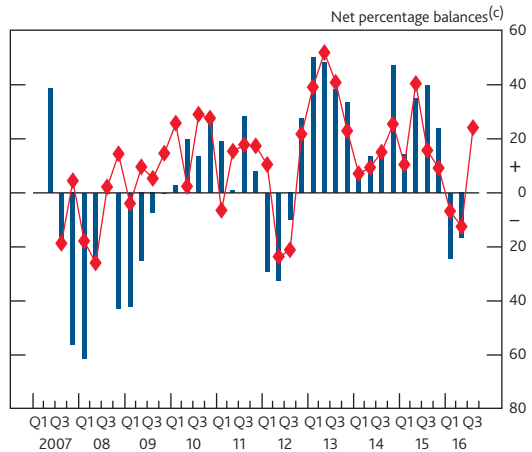
(a) See footnote (a) to **Chart 1**.
(b) Spreads are over Bank Rate or the relevant swap rate.
(c) A positive balance indicates that spreads have fallen such that, all else being equal, it is cheaper for households to borrow.

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.

Where the survey balances are discussed, descriptions of a 'significant' change refer to a net percentage balance greater than 20 in absolute terms, and a 'slight' change refers to a net percentage balance of between 5 and 10 in absolute terms. Survey balances between 0 and 5 in absolute terms are described as unchanged.

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]											
		2013		2014				2015				2016	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the availability of secured credit	Past three months	21.7	13.8	5.8	8.2	-28.5	7.8	-4.1	8.8	15.5	5.4	-3.4	-5.4
provided to households changed?	Next three months	-4.5	20.7	13.0	-1.3	17.7	1.5	8.5	7.5	15.2	14.6	16.3	4.6
Factors contributing to changes in													
credit availability:[b]													
changing economic outlook	Past three months	4.8	5.3	7.3	1.4	0.0	0.0	0.0	0.0	2.2	0.0	-1.2	0.0
	Next three months	4.8	8.9	7.6	0.0	3.2	0.0	0.0	2.2	0.0	0.0	5.9	-8.7
market share objectives	Past three months	29.5	20.1	0.3	9.5	11.4	4.3	5.2	7.4	5.5	9.1	2.7	14.5
	Next three months	10.1	11.4	20.9	15.1	15.1	11.9	6.4	9.8	12.4	11.1	14.7	13.8
changing appetite for risk	Past three months	-4.8	11.5	14.8	-2.3	-25.5	0.0	0.0	9.3	1.2	2.4	-1.9	-7.6
	Next three months	11.5	11.6	-7.3	-9.8	1.5	1.5	8.9	1.7	3.6	8.7	0.7	-7.3
tight wholesale funding conditions	Past three months	0.0	0.0	0.0	2.3	0.0	-2.2	0.0	2.1	0.0	4.9	0.0	0.0
	Next three months	0.0	-2.7	0.0	2.3	0.0	2.2	0.0	-4.9	-2.2	0.8	-11.0	-2.1
expectations for house prices	Past three months	1.7	17.1	3.1	0.7	-10.1	1.5	0.0	1.7	0.0	21.3	13.1	14.1
	Next three months	1.7	18.0	6.2	-0.3	-0.2	3.6	0.0	1.7	0.0	21.3	13.1	5.5
How has the availability of household secured credit to the following types of borrower changed?													
Borrowers with low loan to value ratios	Past three months	19.5	2.9	1.4	2.7	-11.1	0.7	-6.8	15.0	6.4	3.5	3.6	0.8
(75% or less)	Next three months	-8.1	0.0	4.4	12.0	10.8	1.5	16.3	0.8	7.8	7.4	-1.2	-0.8
Borrowers with high loan to value ratios	Past three months	35.3	19.1	33.8	1.3	-10.2	0.4	-2.4	11.4	16.4	1.5	6.4	-3.8
(more than 75%)	Next three months	-2.0	28.4	8.6	5.7	1.3	3.6	-0.1	1.8	2.6	3.4	1.6	7.9
Have you become more willing to lend to	Past three months	2.4	18.0	44.9	15.3	-14.2	-18.9	9.0	-1.2	1.8	7.7	-0.8	19.5
borrowers with housing equity less than 10%	Next three months	10.8	24.6	14.1	-4.3	-7.1	0.0	0.0	11.5	10.3	5.8	12.2	7.0
of the value of their home?													

		2013		2014				2015				2016	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How have credit scoring criteria for granting	Past three months	-3.1	10.5	5.5	-0.6	-17.9	0.0	2.0	8.4	3.1	0.6	-0.5	-6.6
loan applications by households changed?	Next three months	9.8	6.4	-9.7	-1.6	-3.1	1.7	1.9	3.7	-4.8	1.2	9.5	3.6
How has the proportion of household loan	Past three months	14.2	28.7	-11.0	0.7	-15.6	-9.4	-1.0	13.0	9.2	-10.4	2.6	0.1
applications being approved changed?	Next three months	9.2	-2.0	-24.8	-20.6	10.8	5.2	11.8	5.8	-0.7	12.4	0.7	5.5
How has the average credit quality of new	Past three months	10.1	13.2	5.1	-6.8	0.7	-1.4	-1.4	-3.0	0.7	4.6	-4.9	-7.8
secured lending to households changed?[c]	Next three months	0.0	-10.3	-18.3	8.5	-3.7	-2.1	9.9	10.4	2.6	0.9	-8.0	10.7
How has the default rate on secured loans to	Past three months	-26.2	-44.9	-39.7	-34.1	-30.8	-33.8	-34.6	-17.3	-15.5	-22.4	-16.2	-17.2
households changed?	Next three months	-14.6	-26.3	-19.1	-16.3	-20.3	-20.3	-11.0	-14.1	-14.6	-6.4	-8.6	-15.2
How have losses given default on	Past three months	-37.6	-51.0	-48.4	-12.4	-27.1	-15.2	-33.9	-24.5	-33.1	-24.0	6.0	-19.5
secured loans to households changed?	Next three months	-32.4	-46.0	-42.9	-6.3	-26.7	-5.9	20.1	-10.0	-14.9	-18.8	-3.3	-16.3
How has demand for secured lending for house	Past three months	29.6	62.0	11.2	26.8	-27.4	-46.1	-40.8	32.1	23.3	7.9	12.2	21.5
purchase from households changed?	Next three months	8.6	-2.3	38.5	18.1	19.0	6.3	17.5	15.9	3.1	11.0	7.2	6.4
of which: demand for prime lending	Past three months	27.9	62.0	27.8	27.5	-22.0	-38.8	-44.3	31.3	15.4	-7.7	12.5	20.4
	Next three months	14.7	-2.3	38.5	18.1	17.4	6.3	16.8	15.9	17.1	1.0	7.5	9.9
of which: demand for buy-to-let lending	Past three months	26.0	25.2	0.6	-4.0	6.9	-30.0	-15.8	22.2	43.4	21.6	7.6	-7.7
	Next three months	14.7	18.5	8.6	15.7	9.0	1.5	3.6	16.9	-10.3	29.7	-24.3	-16.6
How has demand for secured lending for	Past three months	25.3	33.1	-5.2	25.7	-28.8	-19.1	-26.8	11.9	17.5	13.8	15.0	4.8
remortgaging from households changed?	Next three months	11.0	1.0	26.8	5.0	25.0	10.1	8.3	11.2	15.7	-0.2	13.3	10.7
How have overall secured lending spreads	Past three months	38.4	33.4	6.4	13.5	14.9	47.0	14.4	35.0	39.7	23.8	-24.3	-16.7
changed?	Next three months	22.8	7.0	9.4	15.0	25.4	10.5	40.3	15.6	9.1	-6.9	-12.5	24.0
of which: spreads on prime lending	Past three months	38.4	33.4	6.4	13.5	14.9	47.0	14.4	35.0	41.3	24.7	-18.6	-16.7
	Next three months	22.8	7.0	9.4	15.0	26.0	10.5	38.4	15.6	9.8	-6.9	-12.5	22.5
of which: spreads on buy-to-let lending	Past three months	30.6	26.5	-1.8	21.9	24.8	28.1	-10.4	10.2	35.7	20.5	-24.1	-14.1
	Next three months	15.0	-3.2	12.8	23.6	10.6	11.5	17.4	21.1	17.1	-6.4	-9.1	25.5
How have fees on secured lending changed?	Past three months	-1.9	0.0	6.9	-10.1	0.7	17.5	9.8	6.4	0.0	0.0	1.6	9.3
	Next three months	5.4	0.0	0.7	-1.4	9.5	0.7	7.0	0.0	0.0	0.0	0.7	0.0
How have maximum loan to value ratios	Past three months	1.6	5.0	24.7	12.3	1.8	-0.7	11.0	0.8	0.7	8.0	0.0	1.6
changed?	Next three months	0.1	14.4	4.0	0.7	0.0	0.0	-4.0	-0.8	1.9	1.5	2.3	0.7
How have maximum loan to income ratios	Past three months	0.0	8.4	8.2	5.9	-3.9	-22.0	-18.5	-0.3	6.1	-3.3	-1.9	-5.1
changed?	Next three months	8.4	0.0	0.0	-7.3	-1.6	-5.1	-9.0	6.0	-0.7	-7.5	0.0	2.1

Net percentage balances[a]

(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.

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.

Where the survey balances are discussed, descriptions of a 'significant' change refer to a net percentage balance greater than 20 in absolute terms, and a 'slight' change refers to a net percentage balance of between 5 and 10 in absolute terms. Survey balances between 0 and 5 in absolute terms are described as unchanged.

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] | | | | | | | | | | | |
| | | 2013 | | 2014 | | | | 2015 | | | | 2016 | |
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the availability of unsecured credit	Past three months	17.2	2.6	7.4	10.8	13.6	16.7	15.4	2.6	3.5	12.5	5.6	24.5
provided to households changed?	Next three months	19.2	17.9	5.7	7.8	17.8	8.0	1.6	1.6	-2.8	10.0	16.6	16.7
Factors contributing to changes in credit availability:[b]													
changing economic outlook	Past three months	8.3	1.1	0.7	0.0	0.0	1.4	0.0	0.0	0.0	0.0	0.5	0.0
	Next three months	9.4	8.1	4.3	-1.2	0.4	1.4	0.0	0.0	0.0	0.0	0.0	0.0
market share objectives	Past three months	11.4	0.1	6.6	0.7	12.4	6.3	13.1	-1.6	19.0	5.9	1.4	-0.4
	Next three months	9.3	21.9	18.3	16.4	20.0	25.8	15.7	8.5	7.7	11.9	4.5	4.0
changing appetite for risk	Past three months	2.9	1.4	13.2	6.8	-0.9	12.2	5.8	1.3	0.2	7.4	0.5	0.4
	Next three months	4.1	9.4	1.8	2.0	-6.5	6.0	1.3	0.8	1.1	4.4	6.0	0.0
changing cost/availability of funds	Past three months	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.3	-0.5
	Next three months	0.4	0.0	0.0	-2.0	0.3	11.6	0.0	0.0	-5.1	1.1	0.0	9.3
How have credit scoring criteria for granting	Past three months	26.2	7.6	8.0	0.9	8.4	19.2	27.2	1.1	1.4	1.0	-5.0	10.9
credit card loan applications by households	Next three months	20.2	17.0	13.2	14.4	6.6	2.9	9.9	-0.4	-28.1	-6.0	17.3	6.5
changed?													
How have credit scoring criteria for granting	Past three months	28.0	15.2	8.6	24.5	20.1	29.8	0.0	6.5	7.8	17.0	22.7	21.6
other unsecured loan applications by	Next three months	28.7	13.6	25.7	22.1	9.1	15.7	6.3	6.5	0.3	20.9	8.9	11.9
households changed?													
How have credit scoring criteria for granting	Past three months	26.5	8.8	8.1	4.9	10.4	21.1	22.2	2.1	2.8	3.9	0.2	12.9
total unsecured loan applications by	Next three months	21.5	16.4	15.3	15.7	7.1	5.2	9.2	0.9	-23.0	-1.1	15.8	7.5
households changed?													

		Net percentage balances[a]											
		2013		2014				2015				2016	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the proportion of credit card loan applications from households being approved changed?	Past three months	24.6	8.9	0.4	0.4	19.0	11.9	-11.0	-5.4	-3.0	-20.1	-10.0	6.4
	Next three months	20.2	17.0	15.2	14.4	12.3	2.1	16.4	12.7	-10.7	12.2	33.2	17.3
How has the proportion of other unsecured loan applications from households being approved changed?	Past three months	25.4	22.6	4.8	25.0	-8.2	18.9	9.5	-2.3	18.3	-2.0	7.1	13.5
	Next three months	20.8	13.6	29.0	19.9	14.0	15.7	3.6	8.0	14.1	15.8	26.2	11.9
How has the proportion of total unsecured loan applications from households being approved changed?	Past three months	24.7	11.2	1.2	4.6	14.3	13.2	-7.3	-4.8	0.9	-16.8	-6.8	7.7
	Next three months	20.3	16.4	17.5	15.3	12.6	4.5	14.1	11.8	-6.3	12.8	31.9	16.3
How has the average credit quality of new credit card lending to households changed?[c]	Past three months	6.7	-11.3	-13.7	-6.3	3.1	-20.6	-18.3	7.2	-23.3	-15.5	-11.2	0.1
	Next three months	-9.4	-8.2	-10.9	-7.9	12.9	6.0	-1.1	1.1	0.4	35.0	-16.8	-2.5
How has the average credit quality of new other unsecured lending to households changed?[c]	Past three months	-9.6	-3.3	17.8	-3.9	-12.6	3.8	12.8	4.6	15.3	-13.5	4.0	7.0
	Next three months	-8.9	-1.0	-4.8	2.4	-10.5	3.8	1.1	0.0	0.0	1.7	5.5	1.3
How has the average credit quality of new total unsecured lending to households changed?[c]	Past three months	4.0	-10.0	-8.4	-5.9	0.3	-16.2	-12.6	6.7	-16.3	-15.1	-8.4	1.4
	Next three months	-9.4	-7.0	-9.9	-6.1	8.8	5.6	-0.7	0.9	-0.4	28.7	-12.6	-1.8
How has the default rate on credit card loans to households changed?	Past three months	-23.8	-17.9	-27.7	-27.4	-4.4	-24.3	-12.4	-13.0	-10.6	-2.7	2.2	2.9
	Next three months	-8.9	-11.2	-19.6	-12.0	17.5	-8.7	-5.8	-13.0	6.9	3.3	-4.1	5.4
How has the default rate on other unsecured loans to households changed?	Past three months	-6.8	-3.6	-22.6	-7.2	-3.9	1.8	12.4	16.0	12.4	-20.3	17.5	4.4
	Next three months	0.0	0.0	-4.4	0.0	2.4	14.2	18.6	-1.5	-1.5	1.5	-16.0	12.6
How has the default rate on total unsecured loans to households changed?	Past three months	-21.1	-15.5	-26.8	-23.9	-4.3	-19.6	-7.8	-7.6	-6.5	-6.0	5.0	3.2
	Next three months	-7.4	-9.4	-17.1	-10.0	14.8	-4.6	-1.3	-10.8	5.4	2.9	-6.3	6.7
How have losses given default on credit card loans to households changed?	Past three months	9.8	3.7	-10.9	-3.3	-19.8	22.8	13.9	-12.4	-14.7	-17.1	-22.4	-10.9
	Next three months	9.8	10.4	0.0	10.6	-1.6	-0.7	-12.4	-0.6	-27.8	-12.3	-10.8	-10.9
How have losses given default on other unsecured loans to households changed?	Past three months	-0.5	0.0	0.0	-2.3	-2.4	5.0	0.0	-5.0	-8.0	-11.0	0.0	0.0
	Next three months	0.0	0.0	0.0	0.0	-2.4	0.0	-6.3	-6.5	-12.8	-1.4	0.0	-7.0
How have losses given default on total unsecured loans to households changed?	Past three months	8.2	3.1	-9.1	-3.1	-16.8	19.6	11.3	-11.0	-13.5	-16.0	-18.2	-8.9
	Next three months	8.3	8.7	0.0	8.8	-1.8	-0.6	-11.3	-1.7	-25.1	-10.2	-8.8	-10.2
How has demand for credit card lending from households changed?	Past three months	-1.9	-14.5	-26.7	-6.3	10.6	58.3	-7.7	4.2	17.0	-28.5	1.5	10.7
	Next three months	0.0	9.7	1.4	-2.0	27.8	35.4	0.3	13.1	2.2	38.7	3.5	17.3
How has demand for other unsecured lending from households changed?	Past three months	26.4	-23.0	11.7	4.0	1.8	38.7	-5.4	5.7	35.7	31.3	24.0	26.9
	Next three months	-6.5	15.3	29.4	13.6	24.8	14.0	11.4	9.0	12.8	18.2	19.3	1.3
How has demand for total unsecured lending from households changed?	Past three months	2.7	-15.9	-20.2	-4.5	9.1	54.8	-7.2	4.5	20.4	-17.3	5.7	13.7
	Next three months	-1.0	10.6	6.1	0.7	27.3	31.6	2.4	12.3	4.5	34.8	6.4	14.3
How have spreads on credit cards changed?	Past three months	-9.4	-4.7	0.0	-13.2	-0.4	-5.7	0.0	0.4	11.8	1.6	-17.8	-4.7
	Next three months	-2.0	0.0	-4.6	-1.1	-3.9	-1.0	1.1	0.0	0.0	1.0	0.0	-10.4
How have spreads on other unsecured lending products changed?	Past three months	37.5	34.6	44.3	15.2	9.3	51.7	36.7	16.7	43.3	-22.8	-5.4	-17.3
	Next three months	23.4	27.0	44.5	30.7	7.7	-2.9	33.4	23.9	-9.5	-6.4	-18.1	-24.1
How have overall unsecured lending spreads changed?[d]	Past three months	-1.9	1.8	7.4	-8.4	1.3	4.6	6.4	3.3	17.2	-2.1	-15.6	-6.9
	Next three months	2.1	4.5	3.6	4.4	-1.9	-1.3	6.7	4.2	-1.6	-0.1	-3.0	-12.9

		Net percentage balances[a]											
		2013		2014				2015				2016	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How have credit card limits changed?	Past three months	7.5	-13.1	6.7	0.9	6.6	-12.5	-5.9	-15.2	11.2	13.9	0.6	12.4
	Next three months	0.0	0.9	0.9	8.8	7.5	8.8	6.6	9.3	3.2	12.9	17.4	10.9
How has the minimum proportion of	Past three months	0.0	0.0	-6.6	0.0	-6.6	0.0	0.0	-1.1	-1.6	-2.5	2.3	1.0
credit card balances to be paid changed?	Next three months	0.0	0.0	0.0	2.0	-6.6	0.0	0.0	-12.5	-2.0	-2.8	0.6	0.0
How have the following terms on new credit card lending to households changed?													
Length of interest free period on balance	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	31.1	20.4	0.7	21.0	1.1	7.9
transfers	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	28.5	1.2	1.3	1.1	8.8	2.2
Length of interest free period for purchases	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	0.0	7.7	13.5	11.1	1.7	12.6
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-5.6	1.2	-1.1	0.0	13.6	-2.8
How have maximum maturities on loans	Past three months	0.7	-2.3	0.0	2.2	0.0	5.1	0.0	0.0	-2.3	4.4	0.0	0.0
changed?[e]	Next three months	0.0	0.0	0.0	2.2	0.0	5.1	0.0	0.0	0.0	0.0	0.0	0.0

** Additional question not asked in survey.

(a) Net percentage balances are calculated by weighting together the responses of those lenders who answered the question by their market shares. Positive balances indicate that lenders, on balance, reported/expected demand/credit availability/defaults to be higher than over the previous/current three-month period, or that the terms and conditions on which credit was provided became cheaper or looser respectively.
(b) A positive balance indicates that the changes in the factors described have served to increase credit availability/demand.
(c) A positive balance indicates an improvement in the credit quality of new borrowing.
(d) The balances for the past three quarters were incorrect and have been revised. The changes are within ±0.2.
(e) 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.

Where the survey balances are discussed, descriptions of a 'significant' change refer to a net percentage balance greater than 20 in absolute terms, and a 'slight' change refers to a net percentage balance of between 5 and 10 in absolute terms. Survey balances between 0 and 5 in absolute terms are described as unchanged.

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]											
		2013		2014				2015				2016	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the availability of credit provided to	Past three months	8.5	22.2	12.7	4.8	2.6	2.0	0.6	0.6	1.4	-0.1	3.2	1.2
the corporate sector overall changed?	Next three months	9.7	16.1	14.4	13.7	1.7	3.6	1.5	9.6	1.4	2.4	0.2	0.0
of which: commercial real estate sector	Past three months	0.7	14.8	14.6	-0.9	-0.9	3.9	6.7	2.7	1.4	2.2	4.6	-11.5
	Next three months	2.6	0.1	15.8	2.8	-0.9	3.9	3.6	9.7	0.8	3.4	1.3	-10.7
How have commercial property prices affected	Past three months	2.6	23.2	14.5	2.5	2.3	22.4	0.6	0.6	1.7	0.6	2.0	-10.9
credit availability to the commercial real estate sector, and/or secured lending to PNFCs?	Next three months	1.4	2.6	2.5	2.5	0.0	3.7	-3.9	0.0	1.1	0.6	1.1	-10.9
Factors contributing to changes in credit availability:[b]													
changing economic outlook	Past three months	6.2	22.2	18.2	32.5	24.3	4.2	0.6	0.6	0.6	0.6	9.0	0.0
	Next three months	29.4	24.8	19.9	32.5	10.6	-17.9	0.0	6.9	-1.0	8.6	6.6	-8.3
changing sector-specific risks	Past three months	0.0	3.0	5.7	2.4	-0.4	6.1	0.0	0.0	0.1	1.2	3.5	-8.8
	Next three months	0.6	1.8	5.7	12.0	-2.1	-1.5	5.4	1.5	-1.3	1.2	2.5	-7.1
market share objectives	Past three months	11.8	21.3	20.0	19.2	9.9	8.1	7.1	13.5	0.4	0.0	0.6	0.0
	Next three months	19.4	25.2	20.6	22.2	8.1	8.1	8.6	3.8	0.0	0.6	0.6	0.0
market pressures from capital markets	Past three months	8.2	22.3	12.8	16.8	14.2	8.1	0.6	-1.7	-0.4	-0.4	1.3	2.4
	Next three months	19.2	20.6	12.8	18.0	7.2	0.0	0.0	-2.4	0.0	-0.4	0.0	1.2
changing appetite for risk	Past three months	-1.1	16.7	11.8	4.5	1.7	13.1	0.0	0.0	1.4	-1.4	3.8	0.0
	Next three months	9.9	16.0	14.9	14.9	0.0	0.9	3.7	1.4	0.0	1.1	0.9	1.3
tight wholesale funding conditions	Past three months	0.0	0.0	11.4	-2.7	7.0	0.0	1.3	0.0	0.0	-0.7	0.0	0.0
	Next three months	0.0	-7.5	0.0	-2.7	0.0	0.0	1.3	0.0	0.0	-0.7	0.0	0.0

		Net percentage balances[a]											
		2013		2014				2015				2016	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has the availability of credit provided to small businesses changed?	Past three months	3.2	12.7	7.6	4.9	-9.4	0.0	0.0	19.0	5.2	1.4	1.4	0.0
	Next three months	15.4	13.9	1.9	-9.4	-13.0	-11.8	21.0	13.9	23.6	2.1	1.4	0.0
How has the availability of credit provided to medium PNFCs changed?	Past three months	4.7	0.6	0.6	3.6	2.4	0.6	0.6	-0.7	1.5	1.4	3.4	0.0
	Next three months	6.6	2.8	1.8	10.3	0.6	4.3	0.6	3.4	1.5	4.2	-6.8	0.0
How has the availability of credit provided to large PNFCs changed?	Past three months	2.5	13.1	11.5	5.9	1.5	14.9	12.0	-1.4	0.0	-1.4	-1.3	1.2
	Next three months	11.0	23.4	11.5	5.9	-0.2	3.5	-0.1	2.7	0.0	2.5	2.4	0.0
How has the proportion of loan applications from small businesses being approved changed?	Past three months	8.5	16.5	15.4	7.5	-14.9	-0.7	-11.1	26.6	44.2	19.9	10.6	-0.7
	Next three months	12.8	12.1	0.6	-11.9	-12.1	2.4	7.0	3.6	13.3	12.7	12.0	0.7
How has the proportion of loan applications from medium PNFCs being approved changed?	Past three months	-1.7	0.6	1.2	7.3	9.1	-1.2	-0.5	-0.4	8.3	0.0	-0.7	-0.7
	Next three months	0.6	1.2	7.3	9.1	10.9	1.2	1.2	1.2	0.0	0.9	0.7	1.4
How has the proportion of loan applications from large PNFCs being approved changed?	Past three months	-1.7	0.6	0.3	4.4	0.9	-0.8	-0.7	6.4	0.6	0.0	-1.7	-0.6
	Next three months	0.6	1.2	-0.3	5.0	3.4	-0.2	-0.1	18.0	0.0	0.8	-1.7	0.6
Has there been a change in average credit quality on newly arranged PNFC borrowing facilities?[c]	Past three months	0.4	0.0	-0.9	-7.6	-4.5	6.6	-7.7	-9.2	0.0	10.5	0.0	0.0
	Next three months	-0.9	0.0	-0.9	-0.9	-4.5	0.0	-1.1	-1.3	0.0	0.0	-1.1	0.0
Has there been any change in 'target hold' levels associated with corporate lending?	Past three months	-5.2	-12.2	-10.8	-13.5	-7.4	-13.8	-6.6	0.0	-0.6	1.0	1.1	0.0
	Next three months	-6.3	-9.5	-10.0	-7.9	-7.2	-0.6	-0.6	-1.9	0.0	-0.6	0.0	0.0
How have loan tenors on new corporate loans changed?[d]	Past three months	-1.1	23.8	11.2	11.3	10.5	2.9	-0.7	11.5	11.5	-0.5	0.0	0.0
	Next three months	11.3	13.9	11.2	14.7	11.1	-0.2	11.3	11.5	10.1	0.1	0.0	0.0
Has there been a change in draw-downs on committed lines by PNFCs?	Past three months	-13.2	-9.8	-1.1	-2.0	2.3	-1.0	-0.1	-0.1	1.5	2.0	0.0	-24.5
	Next three months	3.0	-1.1	-0.2	7.5	2.7	-0.8	0.6	0.6	1.0	1.4	0.0	-0.7
How has the default rate on loans to small businesses changed?	Past three months	2.7	-22.3	8.4	-18.6	8.4	-33.8	-10.3	-34.8	-19.7	-23.6	-26.9	-21.0
	Next three months	0.5	-14.4	0.6	-0.6	-14.9	-10.8	-10.8	-15.1	-4.4	-11.3	-11.2	-11.1
How has the default rate on loans to medium PNFCs changed?	Past three months	-3.7	-3.3	-12.8	-14.1	-10.4	-11.9	-11.2	-7.3	-1.9	-11.0	4.5	0.0
	Next three months	-15.9	-5.4	9.4	-2.1	-4.0	-1.4	-0.8	-3.4	-0.6	11.5	0.0	0.0
How has the default rate on loans to large PNFCs changed?	Past three months	9.9	-10.5	-7.6	-25.5	-23.7	-15.1	-20.0	-12.2	1.5	1.0	2.7	0.0
	Next three months	-3.1	-4.5	-12.9	-13.3	-18.4	-13.6	0.0	-4.0	7.3	12.9	13.8	1.2
How has losses given default on loans to small businesses changed?	Past three months	-12.6	-11.9	0.6	-3.7	-3.7	-3.0	-3.5	-19.3	-14.6	-13.5	-11.9	-11.1
	Next three months	10.9	-11.9	0.6	-3.1	-3.0	-3.0	-2.9	-7.1	-12.8	-12.5	-11.2	-11.1
How have losses given default on loans to medium PNFCs changed?	Past three months	-13.0	-11.3	1.0	-23.1	-23.3	-17.6	-16.7	-17.3	-14.1	9.1	-0.7	0.0
	Next three months	-12.4	-13.0	-15.3	-10.4	-9.2	-2.3	0.0	-4.1	0.0	-1.7	0.0	0.0
How have losses given default on loans to large PNFCs changed?	Past three months	-3.3	-12.5	-14.8	-23.3	-23.9	-16.8	-14.0	-18.3	-10.9	-0.6	0.7	0.0
	Next three months	-1.5	-13.1	-13.6	-9.3	-9.4	-2.4	0.0	-4.1	0.0	-0.6	1.3	0.0
How has demand for credit card lending from small businesses changed?	Past three months	21.8	-26.2	-4.7	3.6	23.3	2.3	23.1	22.7	41.8	2.8	-1.0	27.6
	Next three months	9.4	11.2	18.0	23.1	17.4	8.5	8.4	8.1	9.7	6.7	34.8	-12.9
How has demand for other unsecured lending from small businesses changed?	Past three months	24.4	20.0	-2.3	8.0	-11.7	0.0	-7.5	19.6	-11.0	12.4	19.4	-1.1
	Next three months	16.1	20.3	22.0	10.4	12.3	-7.5	13.5	3.5	32.4	-4.6	-6.7	-1.1

		Net percentage balances[a]											
		2013		2014				2015				2016	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How has demand for total unsecured lending from small businesses changed?	Past three months	22.2	-18.4	-4.3	4.3	17.0	1.9	17.2	22.1	32.1	4.9	3.4	22.0
	Next three months	10.5	12.7	18.7	20.8	16.5	5.5	9.3	7.2	15.2	4.7	24.4	-10.6
How has demand for secured lending from small businesses changed?	Past three months	24.1	33.0	-2.3	-0.5	-26.1	12.9	-13.6	19.2	-6.6	-12.2	-4.2	3.0
	Next three months	8.7	11.5	18.9	19.9	13.1	-6.8	18.9	5.3	2.3	-7.2	10.9	11.1
How has overall demand for lending from small businesses changed?	Past three months	16.9	3.6	13.4	28.1	-12.5	-14.6	-2.5	27.0	11.5	-12.8	-5.5	10.5
	Next three months	14.0	20.4	19.4	16.5	7.7	-4.6	20.4	7.4	16.0	-1.5	19.4	0.7
How has demand for lending from medium PNFCs changed?	Past three months	14.0	33.7	25.6	25.8	29.4	31.8	4.1	2.2	15.5	12.3	-14.4	8.5
	Next three months	26.2	16.3	22.2	21.8	21.4	21.2	10.0	10.9	13.7	8.7	15.8	0.7
How has demand for lending from large PNFCs changed?	Past three months	-3.0	8.8	22.6	23.6	19.0	5.8	17.0	19.1	10.3	11.7	-3.3	-32.8
	Next three months	21.9	28.1	29.9	11.4	10.7	5.6	-1.6	10.7	0.9	19.8	-3.9	11.8
How has demand for lending from OFCs changed?	Past three months	13.4	2.7	17.1	14.4	39.0	0.0	0.0	27.4	39.9	26.1	17.6	0.0
	Next three months	13.4	9.9	17.1	14.4	24.4	27.2	27.4	18.0	26.0	21.3	12.6	0.0
What have been the main factors contributing to changes in demand for lending:[b]													
mergers and acquisitions	Past three months	12.8	14.3	27.0	36.0	28.9	43.2	10.3	16.0	12.4	32.3	-12.6	-7.2
	Next three months	27.7	22.0	26.4	28.3	16.6	7.2	17.7	7.3	9.2	18.8	-16.6	-11.1
capital investment	Past three months	23.9	31.2	17.9	19.5	13.9	5.0	11.7	0.1	9.2	11.2	-0.7	7.8
	Next three months	19.4	37.6	25.2	24.6	3.8	3.9	1.1	10.5	0.0	0.6	-4.9	0.0
inventory finance	Past three months	-0.5	31.5	22.2	11.9	10.8	-0.9	-4.2	-1.4	16.3	1.6	-0.2	0.0
	Next three months	22.8	25.6	6.0	13.5	3.8	0.0	0.0	0.0	12.9	0.6	0.0	0.0
balance sheet restructuring	Past three months	7.3	7.1	5.2	1.0	3.2	4.5	6.0	-1.0	-1.1	1.7	-4.7	-0.8
	Next three months	8.0	8.1	28.4	-1.8	1.3	4.5	7.1	-1.0	0.0	8.6	1.1	1.5
commercial real estate	Past three months	23.3	29.4	26.9	29.3	25.7	30.0	32.4	11.2	7.5	15.2	15.5	-33.2
	Next three months	27.7	28.0	39.8	28.7	20.7	15.6	10.1	17.4	10.9	15.2	0.9	-5.1
How have spreads on loans to small businesses changed?	Past three months	6.7	7.9	3.3	3.1	3.0	3.0	0.6	4.9	12.1	-1.4	0.7	0.0
	Next three months	0.0	0.0	3.3	-4.7	3.0	3.0	7.9	4.2	0.0	0.6	0.7	-10.5
How have fees/commissions on loans to small businesses changed?	Past three months	7.9	0.0	0.0	0.0	-13.0	13.0	12.8	0.0	9.8	12.0	12.6	11.1
	Next three months	0.0	0.0	0.0	0.0	13.0	0.0	0.0	0.0	0.0	12.0	0.7	0.0
How have collateral requirements for loans to small businesses changed?	Past three months	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.9	0.0	0.0
	Next three months	0.0	0.0	0.0	0.0	0.0	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	0.0	7.9	0.0	0.0	0.6	0.6	0.8	0.6	0.7	0.7	0.7	0.0
	Next three months	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.0
How have loan covenants for small businesses changed?	Past three months	0.0	0.0	0.0	0.0	4.8	5.1	5.3	0.0	0.0	0.0	0.8	0.0
	Next three months	0.0	0.0	0.0	4.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
How have spreads on loans to medium PNFCs changed?	Past three months	23.1	25.5	14.7	35.2	29.7	41.7	37.5	43.4	25.7	4.5	9.6	0.9
	Next three months	16.8	13.9	23.9	29.1	22.2	10.3	5.2	8.9	7.7	0.6	2.0	1.4
How have fees/commissions on loans to medium PNFCs changed?	Past three months	1.2	18.3	14.9	16.4	14.7	37.4	22.1	28.2	12.1	4.6	9.6	5.5
	Next three months	1.2	21.2	15.8	10.9	14.7	9.3	5.2	8.3	0.0	12.0	2.0	1.4
How have collateral requirements for loans to medium PNFCs changed?	Past three months	1.5	0.9	-0.3	0.6	0.0	0.0	0.0	8.3	0.0	0.0	0.0	0.0
	Next three months	2.2	0.6	0.0	1.8	0.0	0.0	6.8	8.3	0.0	0.0	0.0	0.0

		Net percentage balances[a]											
		2013		2014				2015				2016	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
How have maximum credit lines for medium PNFCs changed?	Past three months	10.6	-1.2	0.8	1.0	3.6	0.0	6.8	8.3	8.7	8.2	10.0	0.0
	Next three months	0.7	-1.2	1.7	4.6	3.6	0.0	6.8	8.3	0.6	9.6	9.3	0.0
How have loan covenants for medium PNFCs changed?	Past three months	-0.2	0.6	-0.9	11.2	10.9	11.8	10.8	12.3	11.5	0.0	0.7	9.2
	Next three months	-0.9	1.2	7.2	5.7	10.3	0.9	10.8	9.0	0.0	0.0	0.0	9.2
How have spreads on loans to large PNFCs changed?	Past three months	37.7	34.6	45.8	50.6	49.8	45.0	50.0	46.3	23.0	13.1	-1.3	4.6
	Next three months	42.3	43.6	42.7	30.2	25.7	20.9	8.7	5.3	7.3	7.1	0.0	0.5
How have fees/commissions on loans to large PNFCs changed?	Past three months	12.4	33.3	23.7	47.4	47.4	46.7	34.9	31.3	21.3	11.7	0.6	4.6
	Next three months	29.6	42.3	28.9	27.8	26.9	21.3	8.7	1.3	8.4	8.5	1.9	1.3
How have collateral requirements for loans to large PNFCs changed?	Past three months	0.7	0.0	-0.3	11.0	1.7	0.0	3.9	0.0	0.0	0.0	0.0	0.0
	Next three months	0.0	0.6	0.0	5.3	0.0	0.0	0.0	0.0	0.0	7.5	0.0	0.0
How have maximum credit lines for large PNFCs changed?	Past three months	31.1	18.7	31.1	32.2	19.6	1.5	7.6	2.5	9.7	1.1	0.7	0.0
	Next three months	29.6	18.4	13.2	6.6	0.9	0.9	7.8	2.5	7.6	8.4	0.0	0.0
How have loan covenants for large PNFCs changed?	Past three months	23.9	20.6	30.8	29.9	26.9	43.4	23.8	29.2	12.4	11.7	0.6	0.0
	Next three months	20.7	20.3	31.2	38.8	47.2	8.4	12.6	2.5	1.5	9.1	0.0	0.0
How have spreads on loans to OFCs changed?	Past three months	42.0	33.4	46.6	48.0	48.1	39.5	26.3	27.9	32.5	29.9	-7.1	0.0
	Next three months	28.2	43.6	46.0	42.9	34.3	27.2	27.0	22.2	7.9	12.5	-21.2	0.0
How have fees/commissions on loans to OFCs changed?	Past three months	19.9	32.7	43.9	46.7	42.7	38.5	26.3	26.6	14.3	17.2	0.0	0.0
	Next three months	28.2	42.2	43.3	42.9	34.3	26.2	14.7	26.6	0.0	12.5	0.0	0.0
How have collateral requirements for loans to OFCs changed?	Past three months	0.0	1.3	0.6	0.0	5.3	0.0	-14.7	7.7	7.9	0.0	0.0	0.0
	Next three months	0.0	2.0	0.0	0.0	0.0	0.0	-14.7	0.0	7.9	0.0	9.5	0.0
How have maximum credit lines for OFCs changed?	Past three months	33.0	7.3	21.9	34.1	34.3	18.9	13.5	32.8	20.6	17.2	4.0	27.0
	Next three months	7.1	20.4	34.8	34.1	34.3	18.9	25.8	25.2	7.9	0.0	4.0	18.0

(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) A positive balance indicates an improvement in the credit quality of new borrowing.
(d) 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.