Credit Conditions Survey

Survey results | 2016 Q3

BANK OF ENGLAND

Credit Conditions Survey

2016 Q3

As part of its mission to maintain monetary stability and financial stability, the Bank needs to understand trends and developments in credit conditions. This quarterly survey of bank and 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 Q3 survey. The 2016 Q3 survey was conducted between 23 August 2016 and 14 September 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 Q3 survey, and copies of the questionnaires are available on the Bank's website at **www.bankofengland.co.uk/publications/Pages/other/monetary/creditconditions.aspx**.

The publication dates in 2017 for future *Credit Conditions Surveys* are:
2016 Q4 *Survey* on 13 January 2017.
2017 Q1 *Survey* on 13 April 2017.
2017 Q2 *Survey* on 13 July 2017.
2017 Q3 *Survey* on 12 October 2017.

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Credit Conditions Survey

2016 Q3

Supply

- The availability of secured credit to households was reported unchanged in the three months to mid-September 2016, and was expected to remain unchanged in Q4 (**Chart 1**). Credit scoring criteria tightened slightly in Q3, for a second consecutive quarter, and lenders reported that the proportion of household loan applications being approved declined in Q3.

- Lenders reported that the availability of unsecured credit to households increased in Q3 (**Chart 2**). The availability of other unsecured lending products, such as personal loans, appeared to increase again in Q3: credit scoring criteria continued to loosen, while the proportion of loan applications approved increased slightly.

- The overall availability of credit to the corporate sector was reported to have been unchanged in Q3 for the tenth consecutive quarter. Availability of credit to the commercial real estate sector was also unchanged in Q3, after falling in the previous quarter for the first time since 2012 Q2.

Demand

- Lenders reported that demand for secured lending for house purchase fell significantly in 2016 Q3. Within this, both demand for prime and buy-to-let lending decreased significantly, and the latter recorded the largest fall since the *Credit Conditions Survey* began in 2007 Q2 (**Chart 3**). Lenders expected overall demand, and demand for prime and buy-to-let, to increase in Q4.

- Demand for other unsecured lending products was reported to have increased slightly in the three months to mid-September, after four consecutive quarters of significant increases. Demand for credit card lending was also reported to have increased in Q3.

- Lenders reported that overall demand for corporate lending from small, medium and large businesses decreased significantly in the three months to mid-September (**Chart 4**). Demand for lending from small and medium-sized businesses was expected to be unchanged and continue to decrease, respectively, in Q4. Demand from large business was expected rise slightly in Q4.

Loan pricing

- Overall spreads on secured lending to households — relative to Bank Rate or the appropriate swap rate — were reported to be unchanged in 2016 Q3, and were expected to remain unchanged next quarter. Fees, maximum loan to value and income ratios on secured lending were all unchanged in Q3, and were expected to remain unchanged in Q4.

- Lenders reported that spreads on other unsecured lending products widened significantly in Q3, but this was expected to be offset by a narrowing over the next quarter (**Chart 5**). Spreads on credit card lending were unchanged in Q3, and expected to widen slightly in Q4.

- Spreads on lending to medium-sized businesses narrowed significantly in the three months to mid-September, but were expected to widen in Q4, and fees declined slightly. Spreads and fees on lending to small and large businesses were both reported unchanged in Q3.
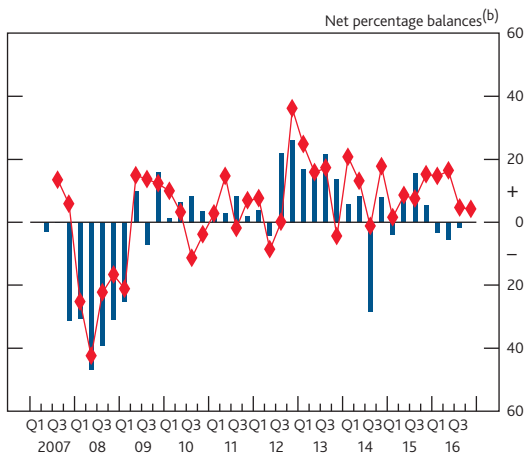
Defaults

- Lenders reported that default rates on secured loans to households fell in 2016 Q3, for the thirteenth consecutive quarter, and were expected to fall again in Q4. Losses given default on secured loans to households were unchanged in Q3, and were expected to rise slightly in Q4.

- Default rates on other unsecured lending rose significantly in Q3, recording the largest positive balance since 2009 Q2, but were expected to fall in Q4 (**Chart 6**). Default rates on credit card lending to households were reported to have increased slightly in Q3.

- Lenders reported that default rates on loans to small, medium and large businesses were all unchanged in Q3. Losses given default on loans to small businesses fell for a sixth consecutive quarter, but were unchanged for medium and large businesses.

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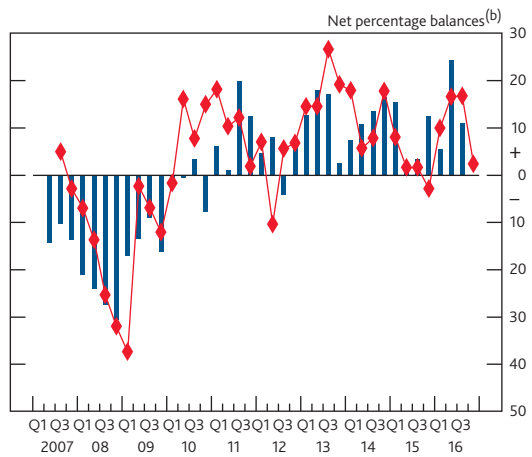
(a) See footnote (a) to Chart 1.
(b) A positive balance indicates that more unsecured credit is available.

Chart 3 Household demand for secured lending(a)

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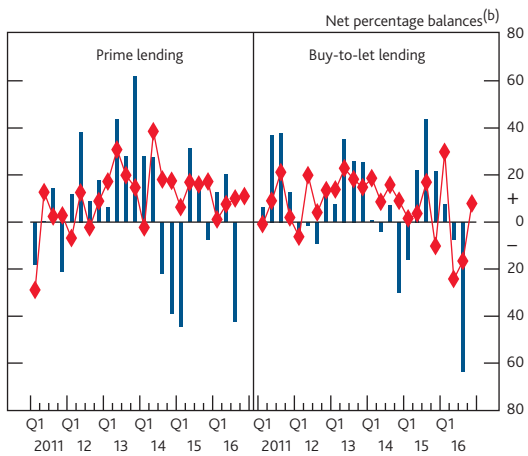
(a) See footnote (a) to Chart 1.
(b) A positive balance indicates an increase in demand.

Chart 4 Corporate demand for credit by firm size(a)

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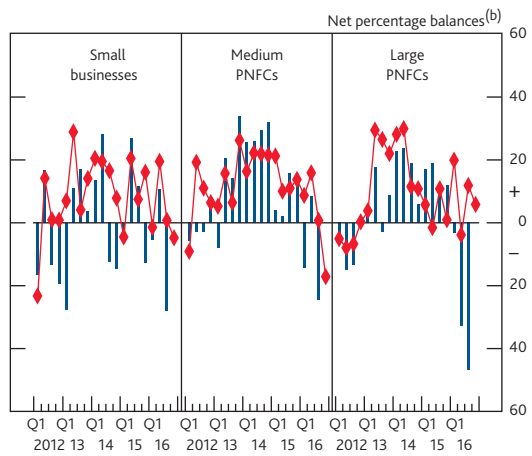
(a) See footnote (a) to Chart 1.
(b) A positive balance indicates an increase in demand.

Chart 5 Spreads on other unsecured lending to households(a)(b)

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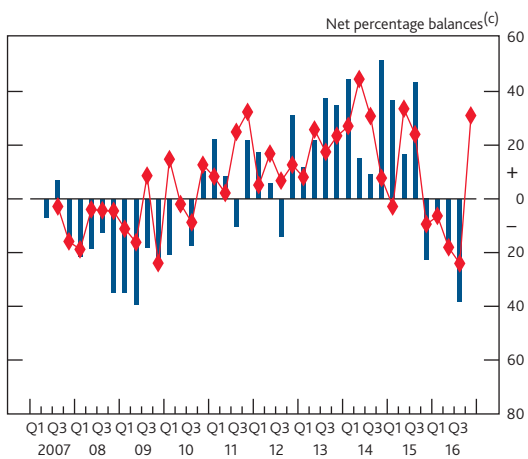
(a) See footnote (a) to Chart 1.
(b) Spreads are over Bank Rate or the relevant swap rate.
(c) A positive balance indicates that spreads have fallen such that, all else being equal, it is cheaper for households to borrow.

Chart 6 Default rates on unsecured lending(a)

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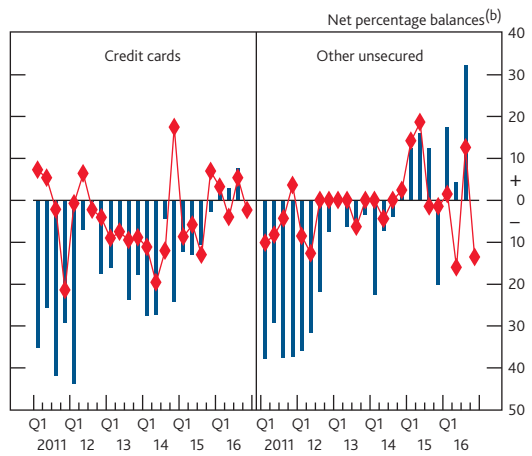
(a) See footnote (a) to Chart 1.
(b) A positive balance indicates an increase in defaults.

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		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How has the availability of secured credit	Past three months	13.8	5.8	8.2	-28.5	7.8	-4.1	8.8	15.5	5.4	-3.4	-5.4	-1.8
provided to households changed?	Next three months	20.7	13.0	-1.3	17.7	1.5	8.5	7.5	15.2	14.6	16.3	4.6	4.1
Factors contributing to changes in													
credit availability:[b]													
changing economic outlook	Past three months	5.3	7.3	1.4	0.0	0.0	0.0	0.0	2.2	0.0	-1.2	0.0	-4.5
	Next three months	8.9	7.6	0.0	3.2	0.0	0.0	2.2	0.0	0.0	5.9	-8.7	-3.8
market share objectives	Past three months	20.1	0.3	9.5	11.4	4.3	5.2	7.4	5.5	9.1	2.7	14.5	11.2
	Next three months	11.4	20.9	15.1	15.1	11.9	6.4	9.8	12.4	11.1	14.7	13.8	18.3
changing appetite for risk	Past three months	11.5	14.8	-2.3	-25.5	0.0	0.0	9.3	1.2	2.4	-1.9	-7.6	-3.3
	Next three months	11.6	-7.3	-9.8	1.5	1.5	8.9	1.7	3.6	8.7	0.7	-7.3	1.5
tight wholesale funding conditions	Past three months	0.0	0.0	2.3	0.0	-2.2	0.0	2.1	0.0	4.9	0.0	0.0	-1.9
	Next three months	-2.7	0.0	2.3	0.0	2.2	0.0	-4.9	-2.2	0.8	-11.0	-2.1	5.2
expectations for house prices	Past three months	17.1	3.1	0.7	-10.1	1.5	0.0	1.7	0.0	21.3	13.1	14.1	-4.5
	Next three months	18.0	6.2	-0.3	-0.2	3.6	0.0	1.7	0.0	21.3	13.1	5.5	-8.3
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	2.9	1.4	2.7	-11.1	0.7	-6.8	15.0	6.4	3.5	3.6	0.8	-0.8
(75% or less)	Next three months	0.0	4.4	12.0	10.8	1.5	16.3	0.8	7.8	7.4	-1.2	-0.8	3.4
Borrowers with high loan to value ratios	Past three months	19.1	33.8	1.3	-10.2	0.4	-2.4	11.4	16.4	1.5	6.4	-3.8	-1.1
(more than 75%)	Next three months	28.4	8.6	5.7	1.3	3.6	-0.1	1.8	2.6	3.4	1.6	7.9	0.6
Have you become more willing to lend to	Past three months	18.0	44.9	15.3	-14.2	-18.9	9.0	-1.2	1.8	7.7	-0.8	19.5	2.4
borrowers with housing equity less than 10%	Next three months	24.6	14.1	-4.3	-7.1	0.0	0.0	11.5	10.3	5.8	12.2	7.0	3.1
of the value of their home?													

		2013	2014				2015				2016		
Net percentage balances[a]		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How have credit scoring criteria for granting loan applications by households changed?	Past three months	10.5	5.5	-0.6	-17.9	0.0	2.0	8.4	3.1	0.6	-0.5	-6.6	-8.3
	Next three months	6.4	-9.7	-1.6	-3.1	1.7	1.9	3.7	-4.8	1.2	9.5	3.6	0.4
How has the proportion of household loan applications being approved changed?	Past three months	28.7	-11.0	0.7	-15.6	-9.4	-1.0	13.0	9.2	-10.4	2.6	0.1	-10.2
	Next three months	-2.0	-24.8	-20.6	10.8	5.2	11.8	5.8	-0.7	12.4	0.7	5.5	0.3
How has the average credit quality of new secured lending to households changed?[c]	Past three months	13.2	5.1	-6.8	0.7	-1.4	-1.4	-3.0	0.7	4.6	-4.9	-7.8	3.6
	Next three months	-10.3	-18.3	8.5	-3.7	-2.1	9.9	10.4	2.6	0.9	-8.0	10.7	-1.9
How has the default rate on secured loans to households changed?	Past three months	-44.9	-39.7	-34.1	-30.8	-33.8	-34.6	-17.3	-15.5	-22.4	-16.2	-17.2	-15.0
	Next three months	-26.3	-19.1	-16.3	-20.3	-20.3	-11.0	-14.1	-14.6	-6.4	-8.6	-15.2	-11.6
How have losses given default on secured loans to households changed?	Past three months	-51.0	-48.4	-12.4	-27.1	-15.2	-33.9	-24.5	-33.1	-24.0	6.0	-19.5	-0.2
	Next three months	-46.0	-42.9	-6.3	-26.7	-5.9	20.1	-10.0	-14.9	-18.8	-3.3	-16.3	5.0
How has demand for secured lending for house purchase from households changed?	Past three months	62.0	11.2	26.8	-27.4	-46.1	-40.8	32.1	23.3	7.9	12.2	21.5	-44.0
	Next three months	-2.3	38.5	18.1	19.0	6.3	17.5	15.9	3.1	11.0	7.2	6.4	18.2
of which: demand for prime lending	Past three months	62.0	27.8	27.5	-22.0	-38.8	-44.3	31.3	15.4	-7.7	12.5	20.4	-42.5
	Next three months	-2.3	38.5	18.1	17.4	6.3	16.8	15.9	17.1	1.0	7.5	9.9	11.0
of which: demand for buy-to-let lending	Past three months	25.2	0.6	-4.0	6.9	-30.0	-15.8	22.2	43.4	21.6	7.6	-7.7	-63.8
	Next three months	18.5	8.6	15.7	9.0	1.5	3.6	16.9	-10.3	29.7	-24.3	-16.6	7.8
How has demand for secured lending for remortgaging from households changed?	Past three months	33.1	-5.2	25.7	-28.8	-19.1	-26.8	11.9	17.5	13.8	15.0	4.8	-11.6
	Next three months	1.0	26.8	5.0	25.0	10.1	8.3	11.2	15.7	-0.2	13.3	10.7	14.0
How have overall secured lending spreads changed?	Past three months	33.4	6.4	13.5	14.9	47.0	14.4	35.0	39.7	23.8	-24.3	-16.7	-3.7
	Next three months	7.0	9.4	15.0	25.4	10.5	40.3	15.6	9.1	-6.9	-12.5	24.0	-0.4
of which: spreads on prime lending	Past three months	33.4	6.4	13.5	14.9	47.0	14.4	35.0	41.3	24.7	-18.6	-16.7	-5.8
	Next three months	7.0	9.4	15.0	26.0	10.5	38.4	15.6	9.8	-6.9	-12.5	22.5	-0.3
of which: spreads on buy-to-let lending	Past three months	26.5	-1.8	21.9	24.8	28.1	-10.4	10.2	35.7	20.5	-24.1	-14.1	-18.1
	Next three months	-3.2	12.8	23.6	10.6	11.5	17.4	21.1	17.1	-6.4	-9.1	25.5	-2.5
How have fees on secured lending changed?	Past three months	0.0	6.9	-10.1	0.7	17.5	9.8	6.4	0.0	0.0	1.6	9.3	0.0
	Next three months	0.0	0.7	-1.4	9.5	0.7	7.0	0.0	0.0	0.0	0.7	0.0	1.5
How have maximum loan to value ratios changed?	Past three months	5.0	24.7	12.3	1.8	-0.7	11.0	0.8	0.7	8.0	0.0	1.6	1.6
	Next three months	14.4	4.0	0.7	0.0	0.0	-4.0	-0.8	1.9	1.5	2.3	0.7	-2.7
How have maximum loan to income ratios changed?	Past three months	8.4	8.2	5.9	-3.9	-22.0	-18.5	-0.3	6.1	-3.3	-1.9	-5.1	1.4
	Next three months	0.0	0.0	-7.3	-1.6	-5.1	-9.0	6.0	-0.7	-7.5	0.0	2.1	1.9

(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.**

On 4 January 2017, the 2016 Q3 net percentage balance of respondents to the question 'How has demand for total unsecured lending from households changed over the past three months?' was amended to correct the figure in the version of this annex published on 14 October 2016.

		Net percentage balances[a]											
		2013	2014				2015				2016		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How has the availability of unsecured credit	Past three months	2.6	7.4	10.8	13.6	16.7	15.4	2.6	3.5	12.5	5.6	24.5	11.0
provided to households changed?	Next three months	17.9	5.7	7.8	17.8	8.0	1.6	1.6	-2.8	10.0	16.6	16.7	2.4
Factors contributing to changes in credit availability:[b]													
changing economic outlook	Past three months	1.1	0.7	0.0	0.0	1.4	0.0	0.0	0.0	0.0	0.5	0.0	-0.7
	Next three months	8.1	4.3	-1.2	0.4	1.4	0.0	0.0	0.0	0.0	0.0	0.0	-0.9
market share objectives	Past three months	0.1	6.6	0.7	12.4	6.3	13.1	-1.6	19.0	5.9	1.4	-0.4	-1.5
	Next three months	21.9	18.3	16.4	20.0	25.8	15.7	8.5	7.7	11.9	4.5	4.0	2.2
changing appetite for risk	Past three months	1.4	13.2	6.8	-0.9	12.2	5.8	1.3	0.2	7.4	0.5	0.4	0.0
	Next three months	9.4	1.8	2.0	-6.5	6.0	1.3	0.8	1.1	4.4	6.0	0.0	-0.5
changing cost/availability of funds	Past three months	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.3	-0.5	0.0
	Next three months	0.0	0.0	-2.0	0.3	11.6	0.0	0.0	-5.1	1.1	0.0	9.3	-0.5
How have credit scoring criteria for granting	Past three months	7.6	8.0	0.9	8.4	19.2	27.2	1.1	1.4	1.0	-5.0	10.9	5.0
credit card loan applications by households	Next three months	17.0	13.2	14.4	6.6	2.9	9.9	-0.4	-28.1	-6.0	17.3	6.5	0.0
changed?													
How have credit scoring criteria for granting	Past three months	15.2	8.6	24.5	20.1	29.8	0.0	6.5	7.8	17.0	22.7	21.6	11.6
other unsecured loan applications by	Next three months	13.6	25.7	22.1	9.1	15.7	6.3	6.5	0.3	20.9	8.9	11.9	9.5
households changed?													
How have credit scoring criteria for granting	Past three months	8.8	8.1	4.9	10.4	21.1	22.2	2.1	2.8	3.9	0.2	12.9	6.2
total unsecured loan applications by	Next three months	16.4	15.3	15.7	7.1	5.2	9.2	0.9	-23.0	-1.1	15.8	7.5	1.8
households changed?													

		2013	2014				2015				2016		
	Net percentage balances(a)	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How has the proportion of credit card loan applications from households being approved changed?	Past three months	8.9	0.4	0.4	19.0	11.9	-11.0	-5.4	-3.0	-20.1	-10.0	6.4	2.7
	Next three months	17.0	15.2	14.4	12.3	2.1	16.4	12.7	-10.7	12.2	33.2	17.3	2.5
How has the proportion of other unsecured loan applications from households being approved changed?	Past three months	22.6	4.8	25.0	-8.2	18.9	9.5	-2.3	18.3	-2.0	7.1	13.5	5.5
	Next three months	13.6	29.0	19.9	14.0	15.7	3.6	8.0	14.1	15.8	26.2	11.9	13.7
How has the proportion of total unsecured loan applications from households being approved changed?	Past three months	11.2	1.2	4.6	14.3	13.2	-7.3	-4.8	0.9	-16.8	-6.8	7.7	3.2
	Next three months	16.4	17.5	15.3	12.6	4.5	14.1	11.8	-6.3	12.8	31.9	16.3	4.6
How has the average credit quality of new credit card lending to households changed?(c)	Past three months	-11.3	-13.7	-6.3	3.1	-20.6	-18.3	7.2	-23.3	-15.5	-11.2	0.1	-20.6
	Next three months	-8.2	-10.9	-7.9	12.9	6.0	-1.1	1.1	0.4	35.0	-16.8	-2.5	3.3
How has the average credit quality of new other unsecured lending to households changed?(c)	Past three months	-3.3	17.8	-3.9	-12.6	3.8	12.8	4.6	15.3	-13.5	4.0	7.0	-5.0
	Next three months	-1.0	-4.8	2.4	-10.5	3.8	1.1	0.0	0.0	1.7	5.5	1.3	6.6
How has the average credit quality of new total unsecured lending to households changed?(c)	Past three months	-10.0	-8.4	-5.9	0.3	-16.2	-12.6	6.7	-16.3	-15.1	-8.4	1.4	-17.7
	Next three months	-7.0	-9.9	-6.1	8.8	5.6	-0.7	0.9	-0.4	28.7	-12.6	-1.8	3.9
How has the default rate on credit card loans to households changed?	Past three months	-17.9	-27.7	-27.4	-4.4	-24.3	-12.4	-13.0	-10.6	-2.7	2.2	2.9	7.7
	Next three months	-11.2	-19.6	-12.0	17.5	-8.7	-5.8	-13.0	6.9	3.3	-4.1	5.4	-2.4
How has the default rate on other unsecured loans to households changed?	Past three months	-3.6	-22.6	-7.2	-3.9	1.8	12.4	16.0	12.4	-20.3	17.5	4.4	32.3
	Next three months	0.0	-4.4	0.0	2.4	14.2	18.6	-1.5	-1.5	1.5	-16.0	12.6	-13.5
How has the default rate on total unsecured loans to households changed?	Past three months	-15.5	-26.8	-23.9	-4.3	-19.6	-7.8	-7.6	-6.5	-6.0	5.0	3.2	12.4
	Next three months	-9.4	-17.1	-10.0	14.8	-4.6	-1.3	-10.8	5.4	2.9	-6.3	6.7	-4.5
How have losses given default on credit card loans to households changed?	Past three months	3.7	-10.9	-3.3	-19.8	22.8	13.9	-12.4	-14.7	-17.1	-22.4	-10.9	-0.8
	Next three months	10.4	0.0	10.6	-1.6	-0.7	-12.4	-0.6	-27.8	-12.3	-10.8	-10.9	0.0
How have losses given default on other unsecured loans to households changed?	Past three months	0.0	0.0	-2.3	-2.4	5.0	0.0	-5.0	-8.0	-11.0	0.0	0.0	3.7
	Next three months	0.0	0.0	0.0	-2.4	0.0	-6.3	-6.5	-12.8	-1.4	0.0	-7.0	2.6
How have losses given default on total unsecured loans to households changed?	Past three months	3.1	-9.1	-3.1	-16.8	19.6	11.3	-11.0	-13.5	-16.0	-18.2	-8.9	0.1
	Next three months	8.7	0.0	8.8	-1.8	-0.6	-11.3	-1.7	-25.1	-10.2	-8.8	-10.2	0.5
How has demand for credit card lending from households changed?	Past three months	-14.5	-26.7	-6.3	10.6	58.3	-7.7	4.2	17.0	-28.5	1.5	10.7	15.1
	Next three months	9.7	1.4	-2.0	27.8	35.4	0.3	13.1	2.2	38.7	3.5	17.3	8.6
How has demand for other unsecured lending from households changed?	Past three months	-23.0	11.7	4.0	1.8	38.7	-5.4	5.7	35.7	31.3	24.0	26.9	5.2
	Next three months	15.3	29.4	13.6	24.8	14.0	11.4	9.0	12.8	18.2	19.3	1.3	18.1
How has demand for total unsecured lending from households changed?	Past three months	-15.9	-20.2	-4.5	9.1	54.8	-7.2	4.5	20.4	-17.3	5.7	13.7	12.2
	Next three months	10.6	6.1	0.7	27.3	31.6	2.4	12.3	4.5	34.8	6.4	14.3	10.4
How have spreads on credit cards changed?	Past three months	-4.7	0.0	-13.2	-0.4	-5.7	0.0	0.4	11.8	1.6	-17.8	-4.7	-1.1
	Next three months	0.0	-4.6	-1.1	-3.9	-1.0	1.1	0.0	0.0	1.0	0.0	-10.4	-7.0
How have spreads on other unsecured lending products changed?	Past three months	34.6	44.3	15.2	9.3	51.7	36.7	16.7	43.3	-22.8	-5.4	-17.3	-38.2
	Next three months	27.0	44.5	30.7	7.7	-2.9	33.4	23.9	-9.5	-6.4	-18.1	-24.1	30.9
How have overall unsecured lending spreads changed?	Past three months	1.8	7.4	-8.4	1.3	4.6	6.4	3.3	17.2	-2.1	-15.6	-6.9	-8.1
	Next three months	4.5	3.6	4.4	-1.9	-1.3	6.7	4.2	-1.6	-0.1	-3.0	-12.9	0.2

		Net percentage balances[a]											
		2013	2014				2015				2016		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How have credit card limits changed?	Past three months	-13.1	6.7	0.9	6.6	-12.5	-5.9	-15.2	11.2	13.9	0.6	12.4	22.5
	Next three months	0.9	0.9	8.8	7.5	8.8	6.6	9.3	3.2	12.9	17.4	10.9	3.3
How has the minimum proportion of credit card balances to be paid changed?	Past three months	0.0	-6.6	0.0	-6.6	0.0	0.0	-1.1	-1.6	-2.5	2.3	1.0	7.7
	Next three months	0.0	0.0	2.0	-6.6	0.0	0.0	-12.5	-2.0	-2.8	0.6	0.0	7.7
How have the following terms on new credit card lending to households changed?													
Length of interest free period on balance transfers	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	31.1	20.4	0.7	21.0	1.1	7.9	13.3
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	28.5	1.2	1.3	1.1	8.8	2.2	18.3
Length of interest free period for purchases	Past three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	0.0	7.7	13.5	11.1	1.7	12.6	0.0
	Next three months	n.a.**	n.a.**	n.a.**	n.a.**	n.a.**	-5.6	1.2	-1.1	0.0	13.6	-2.8	3.9
How have maximum maturities on loans changed?[d]	Past three months	-2.3	0.0	2.2	0.0	5.1	0.0	0.0	-2.3	4.4	0.0	0.0	0.0
	Next three months	0.0	0.0	2.2	0.0	5.1	0.0	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) 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		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How has the availability of credit provided to	Past three months	22.2	12.7	4.8	2.6	2.0	0.6	0.6	1.4	-0.1	3.2	1.2	0.0
the corporate sector overall changed?	Next three months	16.1	14.4	13.7	1.7	3.6	1.5	9.6	1.4	2.4	0.2	0.0	0.0
of which: commercial real estate sector	Past three months	14.8	14.6	-0.9	-0.9	3.9	6.7	2.7	1.4	2.2	4.6	-11.5	-0.7
	Next three months	0.1	15.8	2.8	-0.9	3.9	3.6	9.7	0.8	3.4	1.3	-10.7	0.0
How have commercial property prices affected	Past three months	23.2	14.5	2.5	2.3	22.4	0.6	0.6	1.7	0.6	2.0	-10.9	-12.1
credit availability to the commercial real estate	Next three months	2.6	2.5	2.5	0.0	3.7	-3.9	0.0	1.1	0.6	1.1	-10.9	-12.1
sector, and/or secured lending to PNFCs?													
Factors contributing to changes in credit availability:[b]													
changing economic outlook	Past three months	22.2	18.2	32.5	24.3	4.2	0.6	0.6	0.6	0.6	9.0	0.0	-2.5
	Next three months	24.8	19.9	32.5	10.6	-17.9	0.0	6.9	-1.0	8.6	6.6	-8.3	0.0
changing sector-specific risks	Past three months	3.0	5.7	2.4	-0.4	6.1	0.0	0.0	0.1	1.2	3.5	-8.8	-0.5
	Next three months	1.8	5.7	12.0	-2.1	-1.5	5.4	1.5	-1.3	1.2	2.5	-7.1	0.7
market share objectives	Past three months	21.3	20.0	19.2	9.9	8.1	7.1	13.5	0.4	0.0	0.6	0.0	0.0
	Next three months	25.2	20.6	22.2	8.1	8.1	8.6	3.8	0.0	0.6	0.6	0.0	0.0
market pressures from capital markets	Past three months	22.3	12.8	16.8	14.2	8.1	0.6	-1.7	-0.4	-0.4	1.3	2.4	0.0
	Next three months	20.6	12.8	18.0	7.2	0.0	0.0	-2.4	0.0	-0.4	0.0	1.2	0.0
changing appetite for risk	Past three months	16.7	11.8	4.5	1.7	13.1	0.0	0.0	1.4	-1.4	3.8	0.0	0.1
	Next three months	16.0	14.9	14.9	0.0	0.9	3.7	1.4	0.0	1.1	0.9	1.3	0.0
tight wholesale funding conditions	Past three months	0.0	11.4	-2.7	7.0	0.0	1.3	0.0	0.0	-0.7	0.0	0.0	0.0
	Next three months	-7.5	0.0	-2.7	0.0	0.0	1.3	0.0	0.0	-0.7	0.0	0.0	0.0

		Net percentage balances[a]											
		2013	2014				2015				2016		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How has the availability of credit provided to small businesses changed?	Past three months	12.7	7.6	4.9	-9.4	0.0	0.0	19.0	5.2	1.4	1.4	0.0	0.0
	Next three months	13.9	1.9	-9.4	-13.0	-11.8	21.0	13.9	23.6	2.1	1.4	0.0	0.0
How has the availability of credit provided to medium PNFCs changed?	Past three months	0.6	0.6	3.6	2.4	0.6	0.6	-0.7	1.5	1.4	3.4	0.0	0.0
	Next three months	2.8	1.8	10.3	0.6	4.3	0.6	3.4	1.5	4.2	-6.8	0.0	0.0
How has the availability of credit provided to large PNFCs changed?	Past three months	13.1	11.5	5.9	1.5	14.9	12.0	-1.4	0.0	-1.4	-1.3	1.2	-1.1
	Next three months	23.4	11.5	5.9	-0.2	3.5	-0.1	2.7	0.0	2.5	2.4	0.0	0.0
How has the proportion of loan applications from small businesses being approved changed?	Past three months	16.5	15.4	7.5	-14.9	-0.7	-11.1	26.6	44.2	19.9	10.6	-0.7	-4.8
	Next three months	12.1	0.6	-11.9	-12.1	2.4	7.0	3.6	13.3	12.7	12.0	0.7	-4.8
How has the proportion of loan applications from medium PNFCs being approved changed?	Past three months	0.6	1.2	7.3	9.1	-1.2	-0.5	-0.4	8.3	0.0	-0.7	-0.7	-4.8
	Next three months	1.2	7.3	9.1	10.9	1.2	1.2	1.2	0.0	0.9	0.7	1.4	-4.8
How has the proportion of loan applications from large PNFCs being approved changed?	Past three months	0.6	0.3	4.4	0.9	-0.8	-0.7	6.4	0.6	0.0	-1.7	-0.6	-4.6
	Next three months	1.2	-0.3	5.0	3.4	-0.2	-0.1	18.0	0.0	0.8	-1.7	0.6	-3.3
Has there been a change in average credit quality on newly arranged PNFC borrowing facilities?[c]	Past three months	0.0	-0.9	-7.6	-4.5	6.6	-7.7	-9.2	0.0	10.5	0.0	0.0	0.0
	Next three months	0.0	-0.9	-0.9	-4.5	0.0	-1.1	-1.3	0.0	0.0	-1.1	0.0	0.0
Has there been any change in 'target hold' levels associated with corporate lending?	Past three months	-12.2	-10.8	-13.5	-7.4	-13.8	-6.6	0.0	-0.6	1.0	1.1	0.0	0.0
	Next three months	-9.5	-10.0	-7.9	-7.2	-0.6	-0.6	-1.9	0.0	-0.6	0.0	0.0	0.0
How have loan tenors on new corporate loans changed?[d]	Past three months	23.8	11.2	11.3	10.5	2.9	-0.7	11.5	11.5	-0.5	0.0	0.0	0.0
	Next three months	13.9	11.2	14.7	11.1	-0.2	11.3	11.5	10.1	0.1	0.0	0.0	0.0
Has there been a change in draw-downs on committed lines by PNFCs?	Past three months	-9.8	-1.1	-2.0	2.3	-1.0	-0.1	-0.1	1.5	2.0	0.0	-24.5	0.0
	Next three months	-1.1	-0.2	7.5	2.7	-0.8	0.6	0.6	1.0	1.4	0.0	-0.7	0.0
How has the default rate on loans to small businesses changed?	Past three months	-22.3	8.4	-18.6	8.4	-33.8	-10.3	-34.8	-19.7	-23.6	-26.9	-21.0	-1.8
	Next three months	-14.4	0.6	-0.6	-14.9	-10.8	-10.8	-15.1	-4.4	-11.3	-11.2	-11.1	-11.3
How has the default rate on loans to medium PNFCs changed?	Past three months	-3.3	-12.8	-14.1	-10.4	-11.9	-11.2	-7.3	-1.9	-11.0	4.5	0.0	0.0
	Next three months	-5.4	9.4	-2.1	-4.0	-1.4	-0.8	-3.4	-0.6	11.5	0.0	0.0	0.0
How has the default rate on loans to large PNFCs changed?	Past three months	-10.5	-7.6	-25.5	-23.7	-15.1	-20.0	-12.2	1.5	1.0	2.7	0.0	0.0
	Next three months	-4.5	-12.9	-13.3	-18.4	-13.6	0.0	-4.0	7.3	12.9	13.8	1.2	0.0
How has losses given default on loans to small businesses changed?	Past three months	-11.9	0.6	-3.7	-3.7	-3.0	-3.5	-19.3	-14.6	-13.5	-11.9	-11.1	-11.3
	Next three months	-11.9	0.6	-3.1	-3.0	-3.0	-2.9	-7.1	-12.8	-12.5	-11.2	-11.1	-11.3
How have losses given default on loans to medium PNFCs changed?	Past three months	-11.3	1.0	-23.1	-23.3	-17.6	-16.7	-17.3	-14.1	9.1	-0.7	0.0	0.0
	Next three months	-13.0	-15.3	-10.4	-9.2	-2.3	0.0	-4.1	0.0	-1.7	0.0	0.0	0.0
How have losses given default on loans to large PNFCs changed?	Past three months	-12.5	-14.8	-23.3	-23.9	-16.8	-14.0	-18.3	-10.9	-0.6	0.7	0.0	0.0
	Next three months	-13.1	-13.6	-9.3	-9.4	-2.4	0.0	-4.1	0.0	-0.6	1.3	0.0	0.0
How has demand for credit card lending from small businesses changed?	Past three months	-26.2	-4.7	3.6	23.3	2.3	23.1	22.7	41.8	2.8	-1.0	27.6	-2.7
	Next three months	11.2	18.0	23.1	17.4	8.5	8.4	8.1	9.7	6.7	34.8	-12.9	18.1
How has demand for other unsecured lending from small businesses changed?	Past three months	20.0	-2.3	8.0	-11.7	0.0	-7.5	19.6	-11.0	12.4	19.4	-1.1	-15.4
	Next three months	20.3	22.0	10.4	12.3	-7.5	13.5	3.5	32.4	-4.6	-6.7	-1.1	-11.5

		Net percentage balances[a]											
		2013	2014				2015				2016		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How has demand for total unsecured lending from small businesses changed?	Past three months	-18.4	-4.3	4.3	17.0	1.9	17.2	22.1	32.1	4.9	3.4	22.0	-4.7
	Next three months	12.7	18.7	20.8	16.5	5.5	9.3	7.2	15.2	4.7	24.4	-10.6	10.9
How has demand for secured lending from small businesses changed?	Past three months	33.0	-2.3	-0.5	-26.1	12.9	-13.6	19.2	-6.6	-12.2	-4.2	3.0	-17.5
	Next three months	11.5	18.9	19.9	13.1	-6.8	18.9	5.3	2.3	-7.2	10.9	11.1	-11.7
How has overall demand for lending from small businesses changed?	Past three months	3.6	13.4	28.1	-12.5	-14.6	-2.5	27.0	11.5	-12.8	-5.5	10.5	-28.0
	Next three months	20.4	19.4	16.5	7.7	-4.6	20.4	7.4	16.0	-1.5	19.4	0.7	-4.8
How has demand for lending from medium PNFCs changed?	Past three months	33.7	25.6	25.8	29.4	31.8	4.1	2.2	15.5	12.3	-14.4	8.5	-24.5
	Next three months	16.3	22.2	21.8	21.4	21.2	10.0	10.9	13.7	8.7	15.8	0.7	-17.2
How has demand for lending from large PNFCs changed?	Past three months	8.8	22.6	23.6	19.0	5.8	17.0	19.1	10.3	11.7	-3.3	-32.8	-46.8
	Next three months	28.1	29.9	11.4	10.7	5.6	-1.6	10.7	0.9	19.8	-3.9	11.8	5.7
How has demand for lending from OFCs changed?	Past three months	2.7	17.1	14.4	39.0	0.0	0.0	27.4	39.9	26.1	17.6	0.0	8.8
	Next three months	9.9	17.1	14.4	24.4	27.2	27.4	18.0	26.0	21.3	12.6	0.0	8.8
What have been the main factors contributing to changes in demand for lending:[b]													
mergers and acquisitions	Past three months	14.3	27.0	36.0	28.9	43.2	10.3	16.0	12.4	32.3	-12.6	-7.2	-22.8
	Next three months	22.0	26.4	28.3	16.6	7.2	17.7	7.3	9.2	18.8	-16.6	-11.1	5.1
capital investment	Past three months	31.2	17.9	19.5	13.9	5.0	11.7	0.1	9.2	11.2	-0.7	7.8	-7.0
	Next three months	37.6	25.2	24.6	3.8	3.9	1.1	10.5	0.0	0.6	-4.9	0.0	-6.0
inventory finance	Past three months	31.5	22.2	11.9	10.8	-0.9	-4.2	-1.4	16.3	1.6	-0.2	0.0	-7.0
	Next three months	25.6	6.0	13.5	3.8	0.0	0.0	0.0	12.9	0.6	0.0	0.0	-6.0
balance sheet restructuring	Past three months	7.1	5.2	1.0	3.2	4.5	6.0	-1.0	-1.1	1.7	-4.7	-0.8	-17.5
	Next three months	8.1	28.4	-1.8	1.3	4.5	7.1	-1.0	0.0	8.6	1.1	1.5	4.4
commercial real estate	Past three months	29.4	26.9	29.3	25.7	30.0	32.4	11.2	7.5	15.2	15.5	-33.2	-33.1
	Next three months	28.0	39.8	28.7	20.7	15.6	10.1	17.4	10.9	15.2	0.9	-5.1	-10.3
How have spreads on loans to small businesses changed?	Past three months	7.9	3.3	3.1	3.0	3.0	0.6	4.9	12.1	-1.4	0.7	0.0	0.0
	Next three months	0.0	3.3	-4.7	3.0	3.0	7.9	4.2	0.0	0.6	0.7	-10.5	-11.3
How have fees/commissions on loans to small businesses changed?	Past three months	0.0	0.0	0.0	-13.0	13.0	12.8	0.0	9.8	12.0	12.6	11.1	0.0
	Next three months	0.0	0.0	0.0	13.0	0.0	0.0	0.0	0.0	12.0	0.7	0.0	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	7.9	0.0	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	7.9	0.0	0.0	0.6	0.6	0.8	0.6	0.7	0.7	0.7	0.0	0.0
	Next three months	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.0
How have loan covenants for small businesses changed?	Past three months	0.0	0.0	0.0	4.8	5.1	5.3	0.0	0.0	0.0	0.8	0.0	0.0
	Next three months	0.0	0.0	4.7	0.0	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	25.5	14.7	35.2	29.7	41.7	37.5	43.4	25.7	4.5	9.6	0.9	20.8
	Next three months	13.9	23.9	29.1	22.2	10.3	5.2	8.9	7.7	0.6	2.0	1.4	-11.8
How have fees/commissions on loans to medium PNFCs changed?	Past three months	18.3	14.9	16.4	14.7	37.4	22.1	28.2	12.1	4.6	9.6	5.5	9.5
	Next three months	21.2	15.8	10.9	14.7	9.3	5.2	8.3	0.0	12.0	2.0	1.4	0.0
How have collateral requirements for loans to medium PNFCs changed?	Past three months	0.9	-0.3	0.6	0.0	0.0	0.0	8.3	0.0	0.0	0.0	0.0	0.0
	Next three months	0.6	0.0	1.8	0.0	0.0	6.8	8.3	0.0	0.0	0.0	0.0	0.0

		Net percentage balances[a]											
		2013	2014				2015				2016		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
How have maximum credit lines for medium PNFCs changed?	Past three months	-1.2	0.8	1.0	3.6	0.0	6.8	8.3	8.7	8.2	10.0	0.0	0.0
	Next three months	-1.2	1.7	4.6	3.6	0.0	6.8	8.3	0.6	9.6	9.3	0.0	0.0
How have loan covenants for medium PNFCs changed?	Past three months	0.6	-0.9	11.2	10.9	11.8	10.8	12.3	11.5	0.0	0.7	9.2	9.5
	Next three months	1.2	7.2	5.7	10.3	0.9	10.8	9.0	0.0	0.0	0.0	9.2	0.0
How have spreads on loans to large PNFCs changed?	Past three months	34.6	45.8	50.6	49.8	45.0	50.0	46.3	23.0	13.1	-1.3	4.6	1.2
	Next three months	43.6	42.7	30.2	25.7	20.9	8.7	5.3	7.3	7.1	0.0	0.5	0.5
How have fees/commissions on loans to large PNFCs changed?	Past three months	33.3	23.7	47.4	47.4	46.7	34.9	31.3	21.3	11.7	0.6	4.6	0.0
	Next three months	42.3	28.9	27.8	26.9	21.3	8.7	1.3	8.4	8.5	1.9	1.3	0.0
How have collateral requirements for loans to large PNFCs changed?	Past three months	0.0	-0.3	11.0	1.7	0.0	3.9	0.0	0.0	0.0	0.0	0.0	0.0
	Next three months	0.6	0.0	5.3	0.0	0.0	0.0	0.0	0.0	7.5	0.0	0.0	0.0
How have maximum credit lines for large PNFCs changed?	Past three months	18.7	31.1	32.2	19.6	1.5	7.6	2.5	9.7	1.1	0.7	0.0	0.0
	Next three months	18.4	13.2	6.6	0.9	0.9	7.8	2.5	7.6	8.4	0.0	0.0	0.0
How have loan covenants for large PNFCs changed?	Past three months	20.6	30.8	29.9	26.9	43.4	23.8	29.2	12.4	11.7	0.6	0.0	1.1
	Next three months	20.3	31.2	38.8	47.2	8.4	12.6	2.5	1.5	9.1	0.0	0.0	1.1
How have spreads on loans to OFCs changed?	Past three months	33.4	46.6	48.0	48.1	39.5	26.3	27.9	32.5	29.9	-7.1	0.0	8.8
	Next three months	43.6	46.0	42.9	34.3	27.2	27.0	22.2	7.9	12.5	-21.2	0.0	-8.8
How have fees/commissions on loans to OFCs changed?	Past three months	32.7	43.9	46.7	42.7	38.5	26.3	26.6	14.3	17.2	0.0	0.0	8.8
	Next three months	42.2	43.3	42.9	34.3	26.2	14.7	26.6	0.0	12.5	0.0	0.0	8.8
How have collateral requirements for loans to OFCs changed?	Past three months	1.3	0.6	0.0	5.3	0.0	-14.7	7.7	7.9	0.0	0.0	0.0	0.0
	Next three months	2.0	0.0	0.0	0.0	0.0	-14.7	0.0	7.9	0.0	9.5	0.0	0.0
How have maximum credit lines for OFCs changed?	Past three months	7.3	21.9	34.1	34.3	18.9	13.5	32.8	20.6	17.2	4.0	27.0	-8.8
	Next three months	20.4	34.8	34.1	34.3	18.9	25.8	25.2	7.9	0.0	4.0	18.0	-8.8

(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.