

Credit Conditions Survey

Survey results | 2008 Q1



BANK OF ENGLAND





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Credit Conditions Survey

2008 Q1

As part of its mission to maintain monetary stability and financial stability, the Bank needs to understand trends and developments in credit conditions. This 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 small businesses; and lending to non-financial corporations, and to non-bank financial firms.

This report presents the results of the 2008 Q1 survey. The 2008 Q1 survey was conducted between 25 February and 19 March.

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 2008 Q1 survey, and copies of the questionnaires are available on the Bank's website at www.bankofengland.co.uk/publications/other/monetary/creditconditions.htm.

The publication dates in 2008 for future Credit Conditions Surveys are:

2008 Q2 survey on 3 July 2008.

2008 Q3 survey on 2 October 2008.



BANK OF ENGLAND

Credit Conditions Survey

2008 Q1

Supply

- Lenders reported that they had reduced the **availability of secured credit to households** over the three months to mid-March in line with their expectations in the Q4 survey. They expected a slightly larger reduction in secured credit availability over the next three months.
- **Household unsecured credit availability** was reported to have been reduced over the past three months. Lenders expected to reduce unsecured credit availability somewhat further over the next three months.
- **Corporate credit availability** had been reduced over the past three months, consistent with lenders' expectations in Q4. A further slightly smaller reduction in corporate credit availability was expected over the next three months.

Demand

- Demand for **secured lending for house purchase** was reported to have been broadly unchanged over the past three months. Lenders expected demand for secured lending for house purchase to fall over the next three months.
- Lenders said that demand for credit by **medium-sized non-financial corporations** had fallen slightly over the past three months. Demand for credit by **large non-financial corporations** was broadly unchanged.

Terms and conditions

- A marked increase in spreads on **secured lending to households** for all types of borrowers was reported over the past three months. Some further increases were expected over the next three months.
- Lenders reported that spreads on **corporate lending** had increased significantly over the past three months. They expected a further marked increase in spreads.

Default rates

- Default rates and losses given default on **secured lending to households** were reported to have risen over the past three months, broadly in line with their expectations in the Q4 survey. Looking ahead, lenders expected both default rates and losses given default on secured lending to rise further.
- Lenders reported that default rates by **medium-sized and large non-financial corporations** had picked up more sharply than expected over the past three months. Default rates were expected to increase further over the next three months.

This report presents the results of the 2008 Q1 survey. The 2008 Q1 survey was conducted between 25 February and 19 March. 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

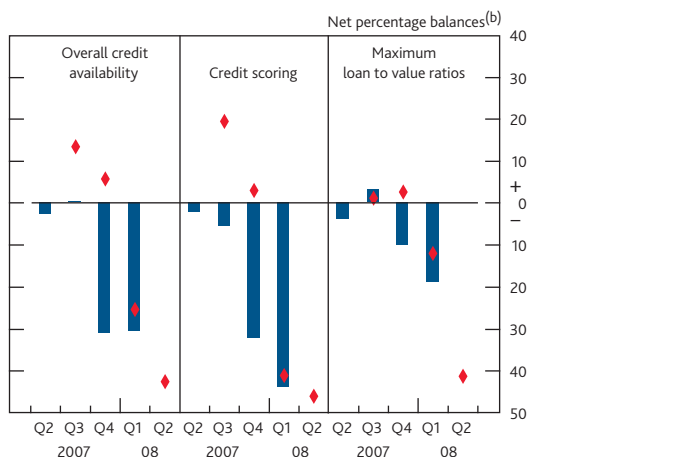
between the weighted balance of lenders reporting that, for example, demand was higher/lower or terms and conditions were tighter/looser. The net percentage balances are scaled to lie between ± 100 .

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

Credit Conditions Survey

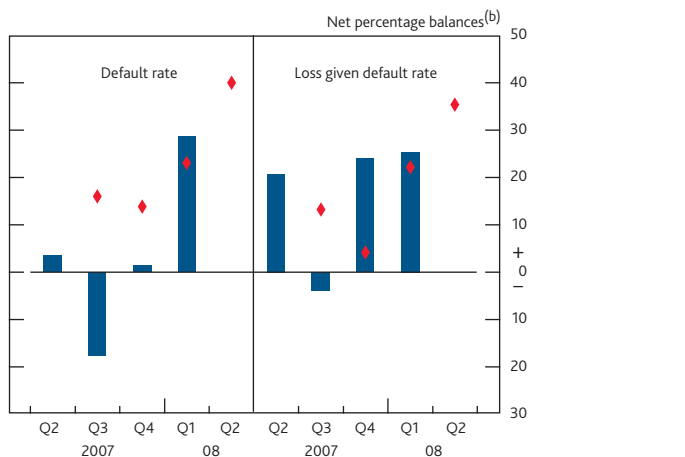
In the three months to mid-March, lenders reported a reduction in the availability of credit across the full range of their lending activities to households and corporates. Lenders expected a further reduction in credit availability over the next three months. Spreads on new loans had increased, particularly for household secured and corporate lending. Over the past three months, both default rates and the losses following default on secured lending to households were reported to have increased, broadly in line with expectations in Q4. They were expected to increase further over the next three months. Lenders reported that default rates on lending to non-financial corporations had increased by more than they had expected at the time of the Q4 survey.

Chart 1 Secured credit availability^(a)



- (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, an easing of credit scoring criteria, and an increase in maximum loan to value ratios.

Chart 2 Default rates and loss given default rates on secured loans to households^(a)



- (a) See footnote (a) of Chart 1.
- (b) A positive balance indicates higher default and loss given default rates.

The Q1 Credit Conditions Survey was conducted between 25 February and 19 March. The survey included some additional questions about the impact of factors associated with recent developments in financial markets.⁽¹⁾ The questions and the aggregate responses to them are provided in the annexes.

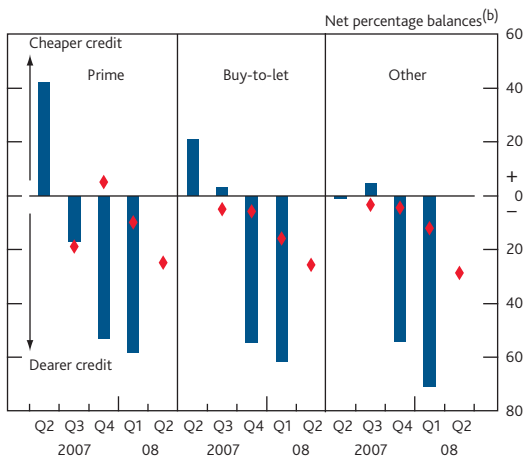
Secured lending to households and small businesses

In line with their expectations in the 2007 Q4 survey, a net balance of lenders reported that they had reduced the amount of secured credit they were prepared to make available to households over the three months to mid-March (**Chart 1**). This reduction in secured credit availability was associated with a reduced risk appetite and increased concerns about the macroeconomy and the housing market. Lenders achieved the reduction in secured credit availability in part through a tightening of credit scoring, and by reducing maximum loan to value (LTV) ratios. Lenders expected the availability of credit to be reduced further over the next three months, again reflecting reductions in risk appetite and concerns about the macroeconomic outlook.

Default rates and losses on loans in default on secured lending were reported to have increased over the past three months, broadly in line with what lenders had expected in Q4 (**Chart 2**). Lenders commented that this increase in losses was from a low base, and related it in part to the lagged impact of past Bank Rate rises, and slowing house price inflation. Default rates, and losses given default, were expected to increase further over the next three months.

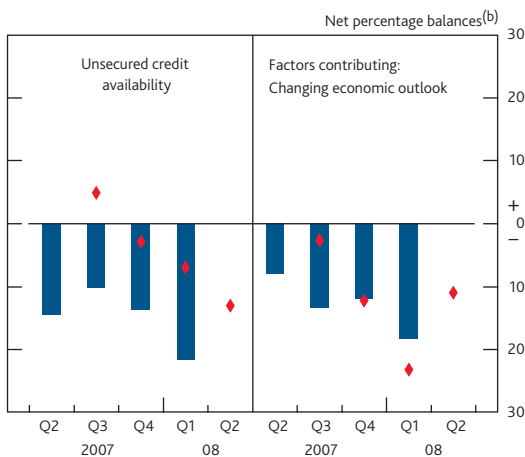
Demand for secured loans for house purchase was reported to have been broadly unchanged over the past three months,

(1) For a further discussion of recent developments in financial markets, see the 'Markets and operations' article in the 2008 Q1 *Quarterly Bulletin*.

Chart 3 Spreads on household secured lending^(a)

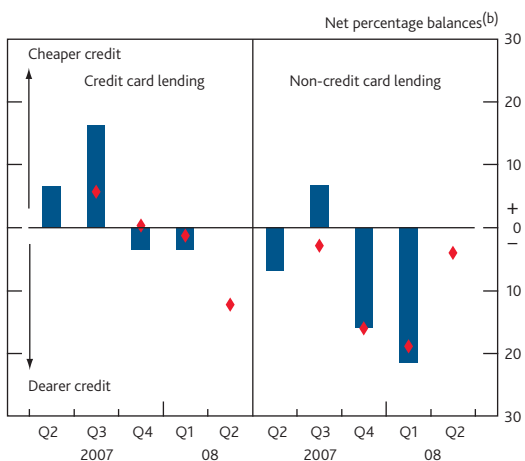
(a) See footnote (a) of Chart 1.

(b) A positive balance indicates that spreads have become narrower, such that it is cheaper for households to borrow.

Chart 4 Total unsecured credit availability^(a)

(a) See footnote (a) of Chart 1.

(b) A positive balance indicates that more unsecured credit is available, or that the change in the factors described have served to increase credit availability.

Chart 5 Spreads on unsecured lending^(a)

(a) See footnote (a) of Chart 1.

(b) A positive balance indicates that spreads have become narrower, such that it is cheaper for households to borrow.

contrary to expectations of a fall in demand at the time of the Q4 survey. Within this, demand for prime lending was reported to be broadly unchanged; however, demand for buy-to-let, and for other borrowing for house purchase (eg loans to borrowers with poor credit histories) was reported to be higher, and stronger than expected. A number of lenders commented that the increased demand they had seen for their products related to other lenders, some of whom are underrepresented in the survey, cutting back on their credit availability; this made trends in overall demand hard to judge at present. Lenders expected overall demand for secured lending for house purchase to fall over the next three months.

Demand for remortgaging was reported to have risen strongly over the past three months and by more than had been expected at the time of the Q4 survey. Demand for remortgaging was expected to increase further over the next three months. The strength in remortgaging demand was related to borrowers coming to the end of the fixed or discounted interest period on their mortgages and looking to refinance with an alternative product.

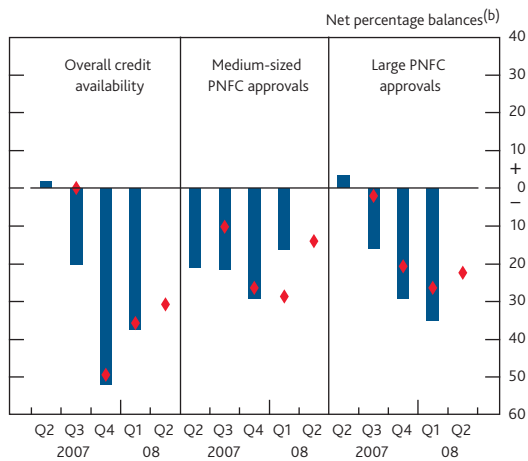
In the three months to mid-March, lenders reported that spreads on secured lending had increased significantly across all types of borrowers (Chart 3). This increase exceeded the expectations that lenders had in Q4. Spreads were expected to widen somewhat further over the next three months.

Unsecured lending to households and small businesses

Lenders reported that they had reduced the amount of unsecured credit they were prepared to make available to households and small businesses by a little more than they had expected three months ago (Chart 4). This reduction was driven by concerns about the economic outlook and a reduced appetite for risk. Credit scoring criteria were reported to have tightened for both credit card and non-credit card unsecured lending and approval rates had fallen. However, credit card limits were reported to have increased for those customers that met credit scoring criteria. A number of lenders related this to an improvement in the credit quality of new borrowers, and a policy of risk-sensitive limits on new lending. Lenders expected a further reduction in overall unsecured credit availability over the next three months, in part through a tightening in the credit scoring criteria applied to applications for non-credit card unsecured borrowing.

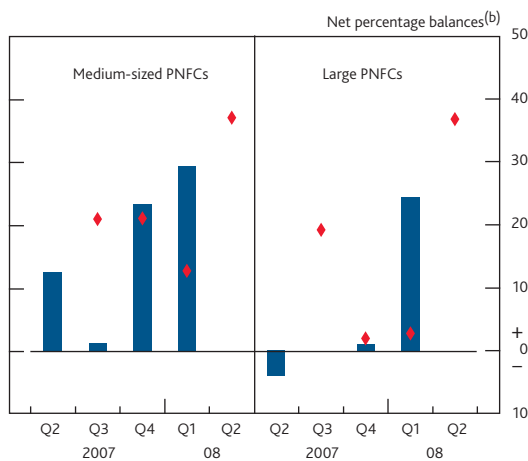
Lenders reported that default rates on credit card debt had fallen slightly over the past three months, though default rates on non-credit card unsecured loans were reported to have increased slightly.

Demand for credit card borrowing was reported to have fallen slightly over the past three months, though demand for non-credit card unsecured borrowing had risen slightly.

Chart 6 Overall corporate credit availability^(a)

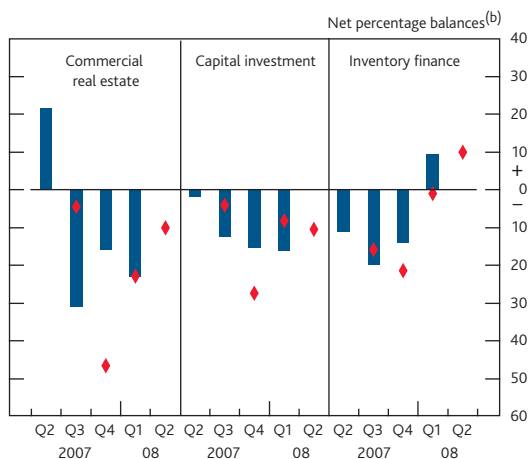
(a) See footnote (a) of Chart 1.

(b) A positive balance indicates more corporate credit is available or that the change in the factors described have served to increase credit availability.

Chart 7 Default rates on corporate lending^(a)

(a) See footnote (a) of Chart 1.

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

Chart 8 Drivers of changes in demand for corporate lending^(a)

(a) See footnote (a) of Chart 1.

(b) A positive balance indicates that the change in the factors described have served to increase demand for corporate borrowing.

In line with their expectations in Q4, lenders reported that spreads on credit card lending were broadly unchanged and spreads on non-credit card unsecured lending had increased over the past three months (Chart 5). Over the next three months, spreads on credit card lending were expected to increase slightly, though spreads on non-credit card unsecured lending were expected to be broadly unchanged.

Lending to corporates

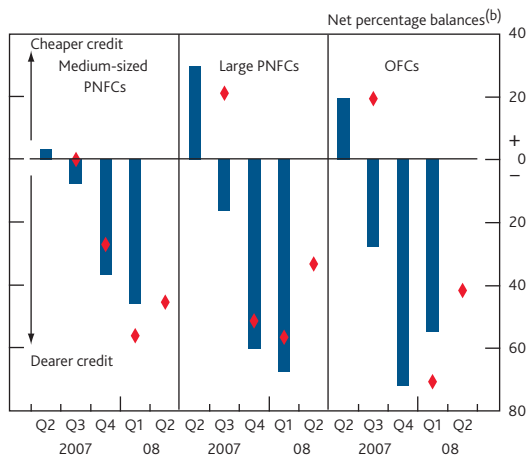
Lenders reported that they had reduced overall credit availability to corporates over the past three months in line with their expectations at the time of the 2007 Q4 survey (Chart 6). Within this, credit availability to the commercial real estate sector was also reported to have been reduced. The reduction in overall corporate credit availability had been driven largely by concerns over economic conditions. Loan approval rates had fallen, particularly for large private non-financial corporations (PNFCs). Overall credit availability was expected to be reduced further over the next three months, with approval rates expected to fall further.

PNFC default rates had risen by more than lenders had expected in the Q4 survey (Chart 7). Lenders noted that this increase was from a very low base, with signs of stress concentrated in some smaller transactions and leveraged deals. The losses experienced following default were reported to have increased for medium-sized PNFCs, though to have been unchanged for large PNFCs. Default rates, and losses given defaults, were expected to increase over the next three months.

Lenders reported that demand for credit by medium-sized PNFCs had fallen over the past three months, contrary to their expectations in Q4. Demand for borrowing by large PNFCs was broadly unchanged. There had been an increase in demand arising from inventory finance, but a fall in demand due to capital investment and from the commercial real estate sector (Chart 8). Over the next three months, lenders expected demand for credit by PNFCs to fall. Demand for credit by hedge funds was reported to have increased. This was related to an increased demand by hedge funds to enter derivatives or financing transactions with a number of UK lenders. Demand for credit by structured finance vehicles had reportedly fallen. Lenders linked this to lower business at specialist mortgage lenders and a resulting fall in demand for funds by the securitisation vehicles of these specialist lenders. Demand for credit by institutional investors and hedge funds was expected to increase over the next three months.

Over the three months to mid-March, lenders reported that they had increased spreads on new lending to PNFCs and other financial corporations (OFCs) (Chart 9). Lenders also reported higher commissions and fees. They expected a further widening in spreads, and an increase in fees, over the next three months.

Chart 9 Spreads on lending to corporates^(a)



(a) See footnote (a) of Chart 1.

(b) A positive balance indicates that spreads have become narrower, such that it is cheaper for corporates to borrow.

Corporate non-price terms and conditions were reported to have tightened over the past three months. Maximum credit lines had been reduced, particularly for large PNFCs and OFCs. Loan covenants were stricter. Collateral requirements were higher for medium-sized PNFCs and OFCs, though broadly unchanged for large PNFCs. A further reduction in maximum credit lines, together with a further strengthening of covenants was expected over the next three months.

Annex 1

Secured lending to households and small businesses 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 these net percentage balances 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.

		Net percentage balances ^(a)			
		2007		2008	
		June	Sep.	Dec.	Mar.
How has the availability of secured credit provided to households changed?	Past three months	-2.9	0.1	-31.2	-30.7
	Next three months	13.4	5.8	-25.3	-42.5
Factors contributing to changes in credit availability:^(b)					
	changing economic outlook				
	Past three months	-7.2	-9.6	0.5	-35.3
	Next three months	2.1	-3.3	-19.9	-38.9
market share objectives	Past three months	20.0	21.3	-7.6	5.7
	Next three months	29.6	19.7	-25.5	-11.1
changing appetite for risk	Past three months	1.8	-1.5	-35.2	-33.2
	Next three months	13.4	14.3	-28.0	-46.5
changing cost/availability of funds	Past three months	-9.3	10.0	-12.5	-12.2
	Next three months	13.3	-15.1	-17.3	-6.7
How have credit scoring criteria for granting loan applications by households changed?	Past three months	-2.4	-5.7	-32.3	-43.9
	Next three months	19.5	3.1	-41.0	-45.9
How has the proportion of household loan applications being approved changed?	Past three months	-5.3	-2.7	-21.5	-6.8
	Next three months	9.5	5.6	-3.8	-21.2
Has there been any change in the use of securitisations associated with secured lending to households?	Past three months	13.3	-9.1	-34.7	-33.8
	Next three months	4.1	-20.5	-37.7	-36.6
Has there been any change in 'target hold' levels associated with secured lending to households?^(a)	Past three months	-6.6	2.6	1.3	29.1
	Next three months	13.3	5.9	2.2	29.1
How has the default rate on secured loans to households changed?	Past three months	3.5	-17.5	1.3	28.6
	Next three months	16.1	13.8	23.0	40.1
How has loss given default on secured loans to households changed?	Past three months	20.7	-3.9	24.0	25.3
	Next three months	13.2	4.1	22.1	35.3
How has demand for secured lending for house purchase from households changed?	Past three months	2.1	7.5	9.4	-3.8
	Next three months	-14.0	13.2	-25.2	-16.1
<i>of which: demand for prime lending</i>	Past three months	-3.3	-3.8	4.4	-1.1
	Next three months	-14.0	15.8	-17.6	-13.5
<i>of which: demand for buy-to-let lending</i>	Past three months	14.1	10.2	14.7	6.9
	Next three months	-0.1	-4.9	-30.9	-5.8
<i>of which: demand for other lending</i>	Past three months	n.a.*	4.8	15.0	17.5
	Next three months	n.a.*	-30.4	-21.1	6.8

		Net percentage balances ^(a)			
		2007		2008	
		June	Sep.	Dec.	Mar.
How has demand for secured lending for remortgaging from households changed?	Past three months	22.0	4.3	34.2	40.8
	Next three months	17.1	24.3	11.6	24.4
How has demand for other lending secured on dwellings from households changed?	Past three months	2.0	-17.6	-17.1	-0.9
	Next three months	2.3	-16.2	-17.1	7.5
How has demand for secured lending from small businesses changed?	Past three months	39.1	47.8	10.3	-5.0
	Next three months	55.5	47.8	18.6	-14.4
How have overall secured lending spreads changed? ^(a)	Past three months	38.5	-17.6	-56.2	-61.4
	Next three months	-18.7	4.3	-17.9	-26.0
<i>of which: spreads on prime lending^(a)</i>	Past three months	42.1	-17.0	-53.2	-58.1
	Next three months	-18.7	5.0	-9.8	-24.9
<i>of which: spreads on buy-to-let lending^(a)</i>	Past three months	20.8	3.1	-54.5	-61.6
	Next three months	-4.9	-5.8	-15.8	-25.6
<i>of which: spreads on other lending^(a)</i>	Past three months	-1.1	4.4	-53.8	-70.8
	Next three months	-3.4	-4.5	-12.0	-28.6
How have fees on secured lending changed? ^(a)	Past three months	5.9	3.4	-2.7	-1.9
	Next three months	-2.5	-6.1	-3.8	-3.8
How have maximum loan to value ratios changed?	Past three months	-4.0	2.8	-10.2	-18.9
	Next three months	1.3	2.6	-11.9	-41.2
How have maximum loan to income ratios changed?	Past three months	-4.4	-1.4	-3.3	-11.5
	Next three months	-4.4	3.1	2.1	-13.1

Additional question

How have the following factors affected overall household secured credit availability over the latest three months relative to the previous three months? How do you expect them to affect overall household secured credit availability over the next three months relative to the latest three months?^(b)

	Past three months	Next three months
Tighter wholesale funding conditions:	-48.7	-46.5
Actual, or potential, need to support ABCP conduits, structured investment vehicles or money market mutual funds:	-29.6	-31.5
Reduced ability to transfer credit risk off balance sheet and/or tighter conditions for raising capital:	-34.9	-44.9
Expectations for house prices:	-43.0	-46.1

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

- (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.

Annex 2

Unsecured lending to households and small businesses 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.

		Net percentage balances ^(a)			
		2007		2008	
		June	Sep.	Dec.	Mar.
How has the availability of unsecured credit provided to households changed?	Past three months	-14.3	-10.2	-13.6	-21.1
	Next three months	4.9	-2.9	-7.0	-13.7
Factors contributing to changes in credit availability:^(b)					
changing economic outlook	Past three months	-8.0	-13.4	-11.9	-17.9
	Next three months	-2.6	-12.2	-23.2	-10.8
market share objectives	Past three months	6.5	-0.8	7.5	-0.7
	Next three months	13.6	-3.6	-2.5	-1.2
changing appetite for risk	Past three months	-3.4	-8.0	-14.3	-8.3
	Next three months	1.4	-11.7	-18.7	-16.6
changing cost/availability of funds	Past three months	17.4	1.0	1.2	-1.6
	Next three months	18.8	0.0	-10.2	-1.4
How have credit scoring criteria for granting credit card loan applications by households changed?	Past three months	-15.0	-7.8	7.9	-16.6
	Next three months	-1.0	-13.7	-16.4	0.2
How have credit scoring criteria for granting other unsecured loan applications by households changed?	Past three months	-12.0	19.9	-8.5	-20.8
	Next three months	-5.6	-24.2	-24.2	-21.8
How have credit scoring criteria for granting total unsecured loan applications by households changed?	Past three months	-14.2	-0.8	3.7	-17.7
	Next three months	-2.2	-16.3	-18.3	-5.2
How has the proportion of credit card loan applications from households being approved changed?	Past three months	33.2	15.1	10.0	-6.7
	Next three months	6.1	-2.5	-26.3	-7.6
How has the proportion of other unsecured loan applications from households being approved changed?	Past three months	6.1	14.8	-17.7	-24.9
	Next three months	2.6	-18.1	-28.5	-26.8
How has the proportion of total unsecured loan applications from households being approved changed?	Past three months	25.9	15.0	3.0	-11.2
	Next three months	5.2	-6.4	-26.9	-12.4
How has the default rate on credit card loans to households changed?	Past three months	-14.6	-20.8	-8.8	-10.0
	Next three months	-17.3	-13.3	9.0	2.1
How has the default rate on other unsecured loans to households changed?	Past three months	-6.0	-6.5	-11.4	5.5
	Next three months	-20.8	-7.5	-7.6	3.2
How has the default rate on total unsecured loans to households changed?	Past three months	-12.3	-17.2	-9.5	-6.2
	Next three months	-18.2	-11.8	4.8	2.4

		Net percentage balances ^(a)			
		2007		2008	
		June	Sep.	Dec.	Mar.
How has loss given default on credit card loans to households changed?	Past three months	-2.9	5.9	5.2	-3.7
	Next three months	-3.7	12.8	4.6	-3.0
How has loss given default on other unsecured loans to households changed?	Past three months	13.9	-1.4	8.8	1.4
	Next three months	8.8	5.8	17.2	4.3
How has loss given default on total unsecured loans to households changed?	Past three months	1.6	4.1	6.1	-2.4
	Next three months	-0.3	11.0	7.8	-1.2
How has demand for credit card lending from households changed?	Past three months	1.2	-2.2	10.5	-11.0
	Next three months	5.2	3.2	-5.9	5.1
How has demand for other unsecured lending from households changed?	Past three months	-20.4	-4.9	-11.7	7.8
	Next three months	1.3	-4.5	2.3	-23.3
How has demand for total unsecured lending from households changed?	Past three months	-4.6	-2.9	4.9	-6.4
	Next three months	4.2	1.2	-3.8	-1.9
How has demand for credit card lending from small businesses changed?	Past three months	14.7	-4.9	5.2	-1.6
	Next three months	0.9	-2.4	19.7	-1.6
How has demand for other unsecured lending from small businesses changed?	Past three months	2.6	-11.4	-9.2	-14.5
	Next three months	2.6	-9.2	-10.5	-13.9
How has demand for total unsecured lending from small businesses changed?	Past three months	11.8	-6.7	0.2	-5.3
	Next three months	1.3	-4.2	9.4	-5.2
How have spreads on credit cards changed? ^(a)	Past three months	6.6	16.2	-3.5	-4.8
	Next three months	5.7	0.4	-1.2	-11.9
How have spreads on other unsecured lending products changed? ^(a)	Past three months	-6.9	6.7	-15.8	-21.5
	Next three months	-2.9	-16.0	-18.8	-4.0
How have overall unsecured lending spreads changed? ^(a)	Past three months	3.0	13.8	-6.6	-8.9
	Next three months	3.4	-3.7	-5.7	-10.0
How have credit card limits changed?	Past three months	-10.4	25.1	16.8	13.9
	Next three months	12.7	-2.7	7.9	-2.3
How has the minimum proportion of credit card balances to be paid changed? ^(a)	Past three months	-4.6	-2.9	3.2	-4.7
	Next three months	11.0	8.5	-0.1	-5.2
How have maximum maturities on loans changed?	Past three months	-2.5	0.0	-2.3	3.7
	Next three months	0.0	-0.9	0.0	0.0

(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.

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.

		Net percentage balances ^(a)			
		2007		2008	
		June	Sep.	Dec.	Mar.
How has the availability of credit provided to the corporate sector overall changed?	Past three months	1.8	-20.2	-51.8	-37.3
	Next three months	0.0	-49.3	-35.7	-30.7
<i>of which: commercial real estate sector</i>	Past three months	0.8	-14.7	-37.1	-43.0
	Next three months	-3.2	-29.8	-45.6	-49.5
Factors contributing to changes in credit availability:^(b)					
changing economic outlook	Past three months	-4.5	-11.2	-45.1	-37.4
	Next three months	-16.2	-48.4	-46.7	-22.5
changing sector-specific risks	Past three months	-29.5	-25.7	-38.8	-1.6
	Next three months	-15.5	-37.3	-45.5	-10.7
market share objectives	Past three months	21.0	0.0	-27.4	-7.4
	Next three months	4.1	0.0	-29.9	-16.8
market pressures from capital markets	Past three months	25.1	-31.6	-38.2	21.2
	Next three months	0.2	-50.1	-23.3	-7.4
changing appetite for risk	Past three months	1.1	-17.5	-33.9	10.5
	Next three months	-12.3	-27.7	-33.5	-3.5
changing cost/availability of funds	Past three months	-25.1	-33.7	-45.2	4.8
	Next three months	-10.8	-42.2	-41.6	1.6
How has the proportion of loan applications from medium PNFCs being approved changed?	Past three months	-20.9	-21.6	-29.2	-16.1
	Next three months	-10.2	-26.4	-28.7	-13.9
How has the proportion of loan applications from large PNFCs being approved changed?	Past three months	3.4	-16.0	-29.1	-35.1
	Next three months	-2.0	-20.7	-26.4	-22.3
Has there been any change in the use of cash securitisations associated with corporate lending?	Past three months	7.7	-1.5	-75.8	-27.1
	Next three months	21.3	-68.8	-54.0	-18.8
Has there been any change in the use of derivatives/synthetic securitisations associated with corporate lending?	Past three months	3.9	1.0	-36.7	-13.4
	Next three months	15.9	-40.1	-32.1	-13.7
Has there been any change in 'target hold' levels associated with corporate lending?^(a)	Past three months	37.3	18.5	11.3	17.3
	Next three months	18.8	3.8	32.7	33.2
How have loan tenors on new corporate loans changed?	Past three months	-0.7	-5.5	13.6	17.6
	Next three months	-9.1	13.3	8.1	21.0

		Net percentage balances ^(a)			
		2007		2008	
		June	Sep.	Dec.	Mar.
How has the default rate on loans to medium PNFCs changed?	Past three months	12.4	1.3	23.3	29.2
	Next three months	21.0	21.0	12.7	37.0
How has the default rate on loans to large PNFCs changed?	Past three months	-3.9	0.0	1.1	24.4
	Next three months	19.2	2.0	2.8	36.8
How has loss given default on loans to medium PNFCs changed?	Past three months	1.5	0.0	3.4	8.7
	Next three months	1.5	5.1	11.5	20.1
How has loss given default on loans to large PNFCs changed?	Past three months	0.0	0.0	1.8	0.0
	Next three months	0.0	1.2	0.7	15.1
How has demand for lending from medium PNFCs changed?	Past three months	6.0	-7.3	-7.2	-13.8
	Next three months	4.1	-15.0	6.9	-7.2
How has demand for lending from large PNFCs changed?	Past three months	30.9	-21.9	-24.4	4.1
	Next three months	6.4	-31.0	-0.2	-14.6
How has demand from institutional investors/pension funds changed?	Past three months	0.0	-4.5	38.5	2.1
	Next three months	0.0	5.4	35.8	16.1
How has demand from securities dealers changed?	Past three months	n.a.*	n.a.*	24.1	-11.7
	Next three months	n.a.*	n.a.*	24.1	3.0
How has demand from hedge funds changed?	Past three months	-1.0	n.a.*	54.8	23.3
	Next three months	-1.0	n.a.*	43.3	15.0
How has demand from structured finance vehicles changed?	Past three months	6.7	-4.9	46.0	-48.9
	Next three months	6.2	-1.7	31.4	-0.2
How has demand from other OFCs changed?	Past three months	0.0	-1.7	17.9	-1.3
	Next three months	0.0	3.9	17.8	-4.5
What have been the main factors contributing to changes in demand for lending:^(b)					
mergers and acquisitions	Past three months	45.3	15.5	-53.7	6.7
	Next three months	27.3	-66.8	-22.6	-5.0
capital investment	Past three months	-1.9	-12.6	-15.4	-16.4
	Next three months	-4.2	-27.5	-8.3	-10.6
inventory finance	Past three months	-11.2	-20.0	-14.0	9.6
	Next three months	-15.9	-21.5	-1.1	9.9
balance sheet restructuring	Past three months	4.7	-40.3	-26.7	2.4
	Next three months	1.9	-48.8	-7.0	6.0
commercial real estate	Past three months	21.5	-31.1	-15.9	-23.2
	Next three months	-4.5	-46.5	-22.9	-10.2
How have spreads on loans to medium PNFCs changed? ^(a)	Past three months	3.6	-7.8	-36.6	-45.7
	Next three months	0.0	-26.8	-55.9	-45.4
How have fees/commissions on loans to medium PNFCs changed? ^(a)	Past three months	0.7	-4.7	-30.3	-40.7
	Next three months	0.0	-21.1	-51.9	-44.6
How have collateral requirements for loans to medium PNFCs changed? ^(a)	Past three months	-7.5	0.0	-11.9	-21.5
	Next three months	0.0	-10.0	-15.6	-19.5

		Net percentage balances ^(a)			
		2007		2008	
		June	Sep.	Dec.	Mar.
How have maximum credit lines for medium PNFCs changed?	Past three months	3.6	0.0	-21.1	-30.6
	Next three months	3.1	-24.5	-21.1	-25.9
How have loan covenants for medium PNFCs changed? ^(a)	Past three months	14.8	-1.1	-20.6	-35.6
	Next three months	-1.3	-29.3	-37.8	-25.4
How have spreads on loans to large PNFCs changed? ^(a)	Past three months	29.8	-16.4	-60.1	-67.6
	Next three months	21.2	-51.2	-56.4	-33.2
How have fees/commissions on loans to large PNFCs changed? ^(a)	Past three months	26.1	-7.1	-52.5	-49.6
	Next three months	20.4	-35.5	-59.3	-42.1
How have collateral requirements for loans to large PNFCs changed? ^(a)	Past three months	22.8	13.1	-16.8	-1.7
	Next three months	0.0	-6.5	-12.9	4.7
How have maximum credit lines for large PNFCs changed?	Past three months	20.6	10.5	-36.4	-49.0
	Next three months	6.3	-47.0	-16.8	-12.4
How have loan covenants for large PNFCs changed? ^(a)	Past three months	36.4	4.9	-46.3	-48.1
	Next three months	20.9	-48.2	-35.6	-23.3
How have spreads on loans to OFCs changed? ^(a)	Past three months	19.7	-27.7	-72.1	-54.8
	Next three months	19.5	-82.2	-70.7	-41.7
How have fees/commissions on loans to OFCs changed? ^(a)	Past three months	18.4	-11.8	-64.4	-50.8
	Next three months	18.4	-42.4	-62.9	-38.9
How have collateral requirements for loans to OFCs changed? ^(a)	Past three months	10.9	-1.4	-35.7	-29.7
	Next three months	0.0	-45.1	-34.3	-12.4
How have maximum credit lines for OFCs changed?	Past three months	4.4	-13.1	-37.4	-52.5
	Next three months	4.4	-54.8	-38.4	-34.5

Additional questions

How have the following factors affected overall PNFCs credit availability over the latest three months relative to the previous three months? How do you expect them to affect overall household PNFCs credit availability over the next three months relative to the latest three months?^(b)

	Past three months	Next three months
Tighter wholesale funding conditions:	-12.9	10.1
Actual, or potential, need to support ABCP conduits, structured investment vehicles or money market mutual funds:	16.2	17.8
Reduced ability to transfer credit risk off balance sheet and/or tighter conditions for raising capital:	-19.3	-5.3

Has there been a change in draw-downs on committed lines by PNFCs over the latest three months relative to the previous three months? What do you expect over the next three months relative to the latest three months?

	Past three months	Next three months
	5.0	12.8

Has there been a change in average credit quality on newly arranged PNFC borrowing facilities over the latest three months relative to the previous three months? What do you expect over the next three months relative to the latest three months?^(c)

	Past three months	Next three months
	5.5	7.0

How have commercial property prices affected credit availability to the commercial real estate sector, and/or secured lending to PNFCs over the latest three months relative to the previous three months? What do you expect over the next three months relative to the latest three months?

	Past three months	Next three months
	-20.9	-9.0

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

- (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.