

Statistics Release

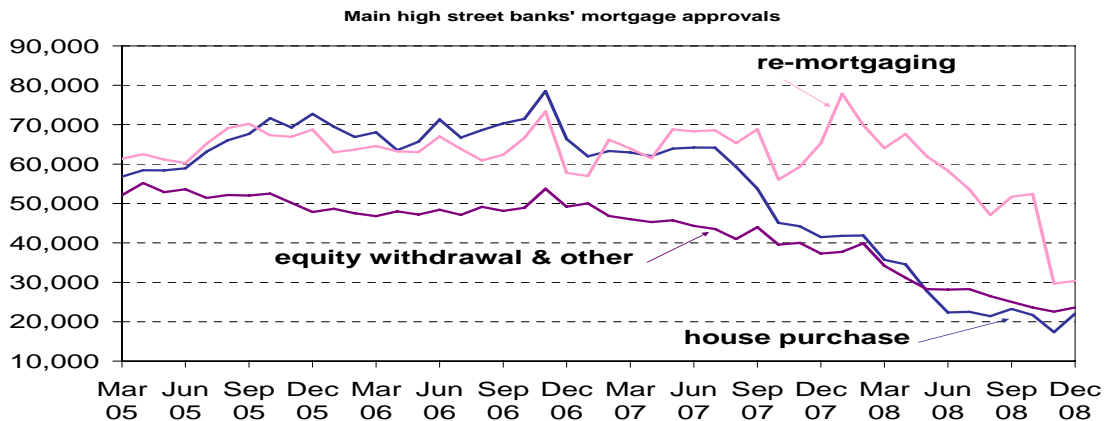
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December figures for the main high street banks

In December, net mortgage lending rose by £2.9 billion. This was lower than in November and below the average of the previous six months. Consumer credit remained subdued, falling by £0.4bn net, while personal deposits rose by £4.0bn. However, the significant falls in Bank Rate and the financial sector turmoil affected both lender and customer activity in November and December, so monthly movements are less indicative than usual of trends.

<i>seasonally adjusted data</i>	mortgage lending	consumer credit	personal deposits	company finance
December net change	+ £ 2.9 bn	- £ 0.4 bn	+ £ 4.0 bn	- £ 14.0 bn
<i>(previous month)</i>	+ £ 3.2 bn	+ £ 0.2 bn	+ £ 4.2 bn	+ £ 1.2 bn
average of previous six months	+ £ 3.5 bn	+ £ 0.2 bn	+ £ 1.3 bn	+ £ 18.0 bn
annual growth	+ 10.7 %	+ 2.3 %	+ 4.7 %	+ 27.0 %
amounts outstanding nsa	£ 495.8 bn	£ 102.2 bn	£ 575.3 bn	£ 827.9 bn



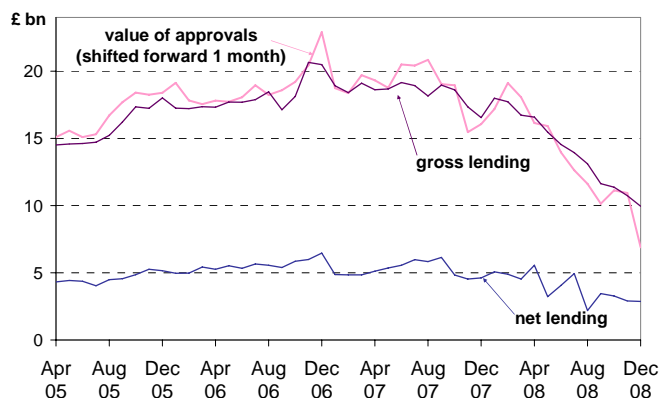
BBA statistics director, David Dooks, said of the latest data:

"This first opportunity to compare 2008 with 2007 shows that gross mortgage lending by the main high street banks totalled £170bn, some 23% below 2007's total of £221bn. However, lending by the rest of the mortgage market was half the previous year's total, showing how mortgage lending became much more concentrated during the year. The banks approved less than half the 2007 number of loans for house purchase, reflecting falling demand from households facing greater economic uncertainty and double-digit falls in house prices over the year which led to a wait-and-see mentality."

"Consumer credit was very weak in December as people reined in their credit card spending, despite early Sales and heavy discounting by retailers. This consumer caution was also reflected in personal deposits, which rose strongly."

Section 1: Mortgage lending & value of mortgages approved

<i>seasonally adjusted data</i>	gross mortgage lending	all mortgage loans approved	house purchase loans approved
December	£ 10.0 bn	£ 7.2 bn	£ 2.6 bn
(<i>previous month</i>)	£ 10.7 bn	£ 6.9 bn	£ 2.1 bn
average of previous six months	£ 12.6 bn	£ 10.6 bn	£ 2.9 bn
compared with a year earlier	- 39.8 %	- 58.3 %	- 60.4 %

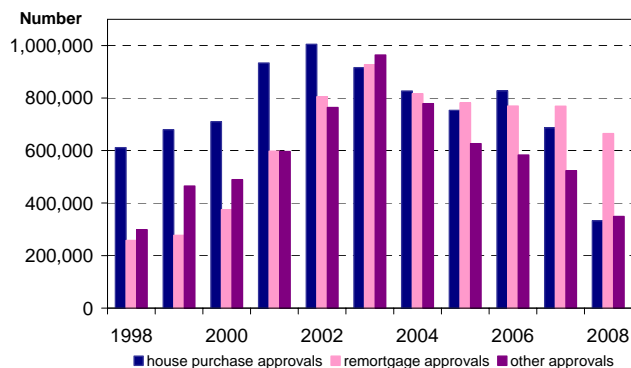


The annual growth rate for net mortgage lending was still in double digits at end-year and reflects the main banks replacing other lenders in the market. During 2008, banks' net lending rose by £48bn, compared with £62bn in 2007. In 2008 as a whole, gross lending was £170bn, some 23% lower than in 2007.

Approval activity appeared to increase slightly during December, but was more likely to reflect delayed activity from November.

Section 2: Number of mortgages approved

<i>seasonally adjusted data</i>	house purchase	re-mortgaging	equity withdrawal & other purposes
December	22,051	30,360	23,608
(<i>previous month</i>)	17,339	29,712	22,552
average of previous six months	22,437	49,811	26,379
compared with a year earlier	- 46.8 %	- 53.5 %	- 36.7 %
average value nsa	£116,000	£129,000	£26,000
annual change in average value (nsa)	- 25.5 %	- 9.7 %	- 20.6 %



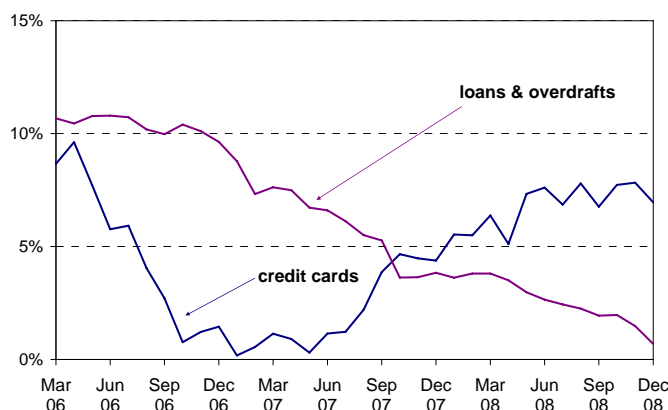
In 2008, house purchase approvals were 52% lower than in 2007.

Approvals for re-mortgaging were 14% lower than 2007.

Approvals for equity withdrawal & other purposes were 33% lower in 2008 than 2007.

Section 3: Consumer credit - credit cards

<i>seasonally adjusted data</i>	new spending	repayments	net lending	number of purchases
December	£ 6.8 bn	£ 7.3 bn	– £ 0.2 bn	98.2 mn
<i>(previous month)</i>	£ 6.9 bn	£ 7.1 bn	+ £ 0.3 bn	100.7 mn
average of previous six months	£ 7.1 bn	£ 7.4 bn	+ £ 0.2 bn	102.3 mn
compared with a year earlier	– 8.9%	– 4.2 %		– 5.9 %
annual growth			+ 7.0 %	
amounts outstanding nsa			£ 27.7bn	



Credit card borrowing declined in December and the annual growth rate fell from 7.9% to 7.0%. The number of purchases was 5.9% below those seen a year ago.

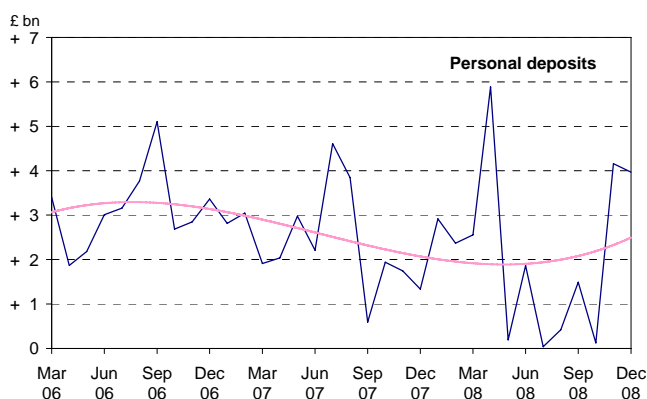
Though borrowing on overdraft increased slightly in December, personal loans declined further and there was a net fall in non-credit card lending. The annual growth rate declined from 1.5% to 0.7%.

n.b. Consumer credit allows for the effects of write-offs, in line with Bank of England data.

Section 4: Consumer credit - personal loans and overdrafts

<i>seasonally adjusted data</i>	new loans	overdrafts nsa	net lending
December	£ 1.7 bn	+ £ 0.4 bn	– £ 0.1 bn
<i>(previous month)</i>	£ 1.9 bn	–	–
average of previous six months	£ 2.1 bn	–	–
compared with a year earlier	– 37.7 %		
annual growth			+ 0.7 %
amounts outstanding nsa	£ 64.4 bn	£ 10.1 bn	£ 74.5 bn

Section 5: Personal deposits & savings



Personal deposits in December rose by much the same as in November, taking the annual growth rate from 4.2% to 4.7%.

Section 6: Company finance

<i>seasonally adjusted data</i>	December	average of previous six months	amounts outstanding
Non-financial companies	– £ 2.9 bn	+ £ 1.0 bn	£ 345 bn
of which			
Manufacturing	– £ 0.1 bn	– £ 0.1 bn	£ 20 bn
Construction	+ £ 0.7 bn	+ £ 0.1 bn	£ 22 bn
Wholesale & retail trade	– £ 0.4 bn	–	£ 30 bn
Hotels & restaurants	+ £ 0.3 bn	+ £ 0.2 bn	£ 23 bn
Transport, storage & communications	– £ 0.4 bn	+ £ 0.1 bn	£ 11 bn
Real estate	+ £ 0.1 bn	+ £ 1.4 bn	£ 148 bn
Renting machinery & equipment	– £ 2.2 bn	+ £ 0.2 bn	£ 6 bn
Electricity, gas & water	+ £ 0.3 bn	–	£ 5 bn
Financial companies	– £ 11.1 bn	+ £ 17.0 bn	£ 483 bn
of which			
Financial intermediation	– £ 6.3 bn	+ £ 13.0 bn	£ 390 bn
Financial auxiliaries	– £ 5.5 bn	+ £ 3.9 bn	£ 78 bn
Insurance & pension funds	+ £ 0.7 bn	+ £ 0.1 bn	£ 15 bn

The growth in lending to the real estate sector was very subdued in December and there were net repayments of lending to, manufacturers, wholesalers & retailers and transport; all sectors heavily influenced by the impacts of the economic downturn while the reduction in lending to the renting machinery & equipment sector reflected the repayment of short-term finance. Lending to financial companies fell as temporary funding transactions in previous months unwound.

Notes to Editors

- 1. The BBA is the leading UK banking and financial services trade association and represents its members, from 60 countries, on domestic and international issues. Our members provide the full range of banking and financial services, operate some 150 million personal accounts, contribute £50bn to the economy and together make up the world's largest international banking centre.*
- 2. The Major British Banking Groups (MBBG) account for some two-thirds of all UK mortgage lending outstanding, provide over half of all consumer credit and, within that, some 70% of all card credit. They include the nine largest retail lenders in the UK: Abbey, Alliance & Leicester, Barclays, Bradford & Bingley, HBOS, HSBC Bank, LloydsTSB, Northern Rock and Royal Bank of Scotland.*
- 3. Net changes in amounts outstanding are consistent with Table A4.3 of the Bank of England's Monetary & Financial Statistics and the comprehensive data for lending to individuals by all lenders due to be released by the Bank of England on 30 January 2009.*

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