

Statistics Release

embargoed until 09:30 on Tuesday, 23 September, 2008

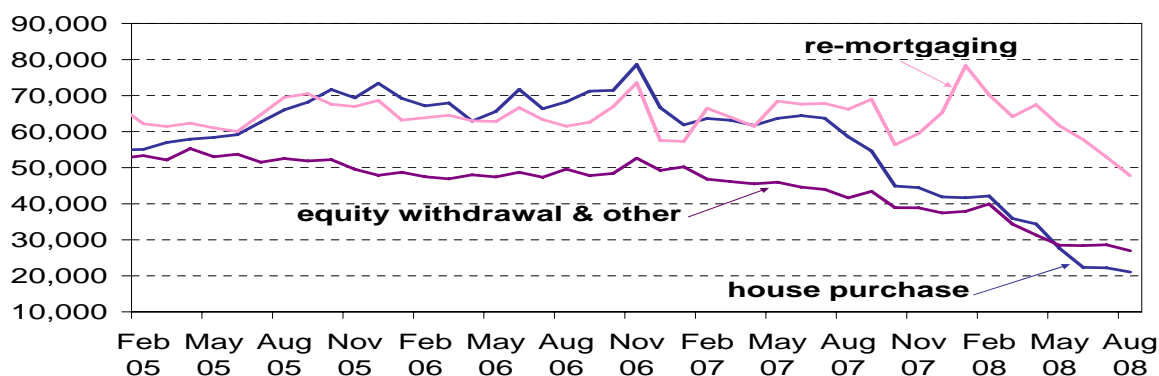
Serial no. 059/08

August figures for the main high street banks

In August, net mortgage lending rose only by £2.1 billion; less than half the average rise over the previous six months. The number of approvals for house purchase was again very low and those for remortgaging also fell. Consumer credit rose by £0.4bn in August, slightly above the previous 6 month average of £0.3bn. Personal deposit growth continued to be weak and the annual growth rate declined by 0.7% to 4.0%.

<i>seasonally adjusted data</i>	mortgage lending	consumer credit	personal deposits	company finance
August net change	+ £ 2.1 bn	+ £ 0.4 bn	+ £ 0.2 bn	+ £ 8.5 bn
<i>(previous month)</i>	+ £ 4.8 bn	+ £ 0.1 bn	- £ 0.1 bn	+ £ 18.2 bn
average of previous six months	+ £ 4.7 bn	+ £ 0.3 bn	+ £ 2.2 bn	+ £ 14.8 bn
annual growth	+ 11.4 %	+ 3.6 %	+ 4.0 %	+ 26.2 %
amounts outstanding nsa	£ 537.4 bn	£ 109.2bn	£ 570.0 bn	£ 774.2 bn

Main high street banks' mortgage approvals



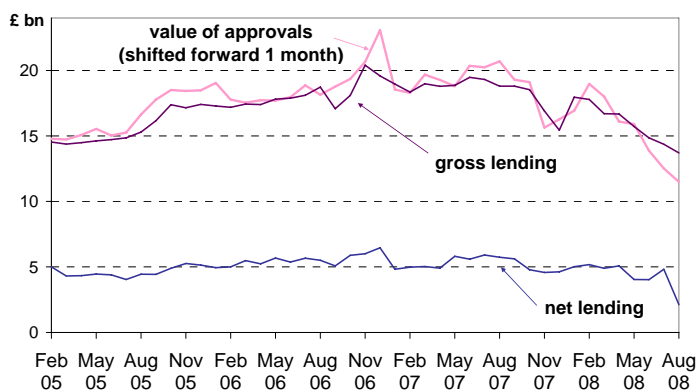
BBA statistics director, David Dooks, said of the latest data:

"The low number of mortgage approvals in previous months predicted lower gross lending in August and, together with remortgaging, a much weaker net lending figure than of late resulted. Falling property prices, economic pressures on households, tighter lending criteria and anticipation of the Government's announcement on stamp duty all suppressed or delayed demand in August and will continue having an impact in the months ahead.

Monthly fluctuations in consumer credit and deposits reflect the behaviour of families repaying as much as they spend on credit cards and using their current accounts for expenditure."

Section 1: Mortgage lending & value of mortgages approved

<i>seasonally adjusted data</i>	gross mortgage lending	all mortgage loans approved	house purchase loans approved
August	£ 13.7 bn	£ 10.3 bn	£ 2.8 bn
(previous month)	£ 14.4 bn	£ 11.5 bn	£ 3.1 bn
average of previous six months	£ 16.0 bn	£ 14.6 bn	£ 4.7 bn
compared with a year earlier	- 27.1 %	- 46.4 %	- 69.1 %



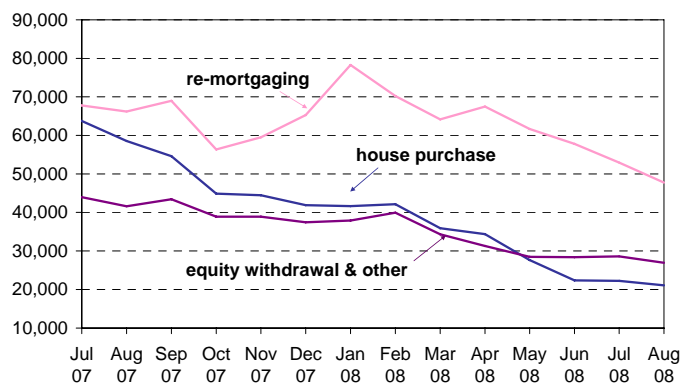
Net mortgage lending declined sharply in August as lower gross lending combined with higher than usual repayments. The annual growth rate declined from 12.0% to 11.4%.

Gross lending in the month was 5% lower than in July and 27% lower than a year earlier.

Approval activity continued to decline during August, particularly for remortgaging.

Section 2: Number of mortgages approved

<i>seasonally adjusted data</i>	house purchase	re-mortgaging	equity withdrawal & other purposes
August	21,086	47,765	26,940
(previous month)	22,239	52,911	28,605
average of previous six months	33,484	66,626	33,745
compared with a year earlier	- 64.0 %	- 27.8 %	- 35.3 %
average value nsa	£130,000	£140,000	£27,000
annual change in average value (nsa)	- 15.2 %	+ 5.1 %	- 12.1 %



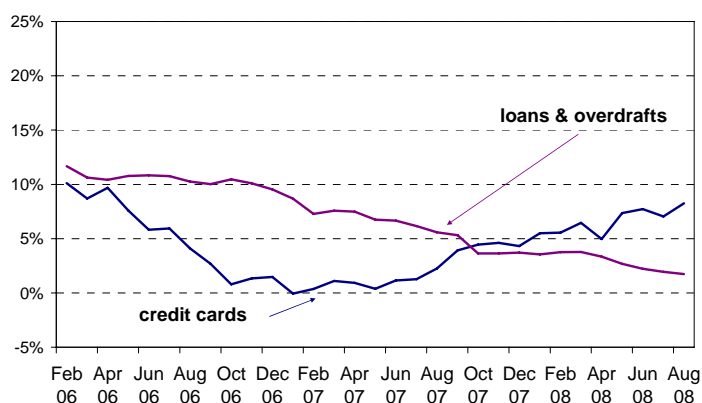
Approvals for house purchase were similar to July's low level, some 64% lower than a year ago.

Approvals for remortgaging in August were 28% lower than last year and the lowest since early 2001.

Approvals for equity withdrawal & other purposes were 35% lower than a year ago.

Section 3: Consumer credit - credit cards

<i>seasonally adjusted data</i>	new spending	repayments	net lending	number of purchases
August	£ 7.3 bn	£ 7.4 bn	+ £ 0.4 bn	103.4 mn
(previous month)	£ 7.2 bn	£ 7.4 bn	–	102.7 mn
average of previous six months	£ 7.3 bn	£ 7.6 bn	+ £ 0.2 bn	104.0 mn
compared with a year earlier	+ 0.5 %	– 2.0 %		– 0.9 %
annual growth			+ 8.2 %	
amounts outstanding nsa			£ 33.6 bn	



Annual growth in credit card borrowing increased from 7.0% to + 8.2%.

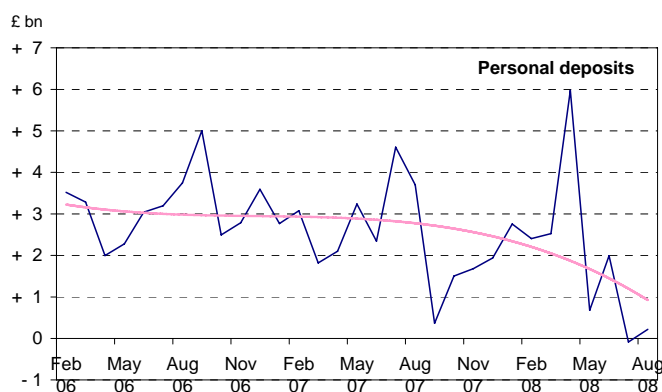
Borrowing on overdraft fell slightly and gross unsecured loans remained subdued.

N.B. Consumer credit series allow for the effects of write-offs, in line with similar figures published by the Bank of England.

Section 4: Consumer credit - personal loans and overdrafts

<i>seasonally adjusted data</i>	new loans	overdrafts nsa	net lending
August	£ 2.1 bn	– £ 0.1 bn	–
(previous month)	£ 2.2 bn	+ £ 0.1 bn	+ £ 0.1 bn
average of previous six months	£ 2.4 bn	–	+ £ 0.1 bn
compared with a year earlier	– 23.9 %		
annual growth			+ 1.8 %
amounts outstanding nsa	£ 66.0 bn	£ 9.6 bn	£ 75.6 bn

Section 5: Personal deposits & savings



Personal deposits rose by just £0.3bn in August after a small fall in July to continue the pattern of weaker deposits seen in the last few months. The annual growth rate fell to 4.0%.

Section 6: Company finance

<i>seasonally adjusted data</i>	August	average of previous six months	amounts outstanding
Non-financial companies	+ £ 0.6 bn	+ £ 4.4 bn	£ 351 bn
of which Manufacturing	- £ 0.1 bn	+ £ 0.2 bn	£ 21 bn
Construction	-	+ £ 0.3 bn	£ 23 bn
Wholesale & retail trade	- £ 0.7 bn	+ £ 0.3 bn	£ 30 bn
Hotels & restaurants	+ £ 0.1 bn	+ £ 0.3 bn	£ 22 bn
Transport, storage & communications	+ £ 1.0 bn	-	£ 11 bn
Real estate	+ £ 1.3 bn	+ £ 1.9 bn	£ 144 bn
Business services	- £ 0.9 bn	+ £ 0.3 bn	£ 30 bn
Financial companies	+ £ 7.9 bn	+ £ 10.4 bn	£ 424 bn
of which Financial intermediation	+ £ 4.6 bn	+ £ 6.8 bn	£ 341 bn
Financial auxiliaries	+ £ 3.1 bn	+ £ 3.2 bn	£ 68 bn
Insurance & pension funds	+ £ 0.2 bn	+ £ 0.4 bn	£ 14 bn

Lending to non-financial companies was dominated by real estate and transport storage and communications. There was a net repayment of borrowing from business services sector (legal, accountancy & consultancy) and wholesale & retail trade.

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 29 September 2008.*

For information:

BBA Newsroom: www.bba.org.uk

Brian Capon
Assistant Director, Media
Tel: 020 7216 8810
brian.capon@bba.org.uk

David Dooks
Statistics Director
Tel: 020 7216 8837
david.dooks@bba.org.uk