Shin 2009 <http://risk.econ.queensu.ca/wp-content/uploads/2013/10/Shin-Northern-RockJEP-2009.pdf>

* Northern Rock not subprime lending – so why collapse?
* 1998 – 2007 mortgages grew by 23.2% annualised, became 5th biggest bank in terms of mortgages
* Deposits/liabilities shrank from 60% to 23%, funding made up using mortgage backed securities issued via special purpose entities via Granite Finance Trustees and wholesale market short term funding
* Crunch in shorter term wholesale funding following global crisis triggered liquidity crisis at Northern Rock

FPC Stability Report May 2008

* Pg 21: Highly indebted households, adverse credit borrowers and buy-to-let investors are particularly vulnerable…Credit supply has tightened sharply for high-risk borrowers, such as high loan to value (LTV) households, those with adverse credit histories and buy-to-let investors. As a proportion of the stock of outstanding UK mortgages, adverse credit and buy-to-let loans had risen from 9% at the end of 2004 to 14% at the end of 2007. Some lenders that specialised in lending to these groups have exited the market and remaining lenders have withdrawn high-risk and buy-to-let mortgage products or priced them less competitively to deter demand. Many high-risk borrowers may find that they are unable to refinance expiring fixed-rate mortgage deals and will instead move onto the standard variable rate. This will result in a jump in their average effective mortgage rate of around 2.5 percentage points. As in the United States, this repayment shock is occurring at the same time as house prices are falling. Those who bought in recent years with high loan to income multiples and/or high LTV ratios will be particularly vulnerable to further shocks to their disposable income, such as higher inflation or unemployment