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External Business of Banks Operating in the UK: 4th Quarter 2008

External **liabilities** of banks operating in the UK fell by \$597.5 billion during Q4 2008. Liabilities to Developed Countries drove the movement, with large decreases in deposits from the United States and Switzerland. Liabilities to Offshore Centres also fell, driven by Jersey and the Cayman Islands, as did liabilities to Developing Countries, driven by a large fall in deposits from Russia.

During Q4 2008, external **claims** of banks operating in the UK fell by \$595.7 billion. Claims on Developed Countries drove the movement, with large decreases in claims reported against the United States, France and Japan. Claims on Offshore Centres also decreased, driven by the Cayman Islands. Claims on Developing Countries fell, with the largest fall reported on Russia.

Table A: Regional breakdown of external claims and liabilities of banks operating in the UK

US\$ billions

Not seasonally adjusted

Liabilities to:	Exchange rate adjusted flows			Amounts outstanding End-Dec 2008
	2008			
	Q2	Q3	Q4	
Developed Countries	- 447.7	71.6	- 342.0	3 610.2
Offshore Centres	- 136.7	22.2	- 67.2	1 079.6
Developing Countries	- 48.6	40.6	- 150.1	406.8
International Organisations & Other	- 49.6	95.0	- 38.2	1 028.4
Total	- 682.5	229.5	- 597.5	6 125.1
Claims on:				
Developed Countries	- 527.9	125.2	- 448.3	4 448.3
Offshore Centres	- 38.1	6.8	- 107.4	571.1
Developing Countries	- 19.9	- 4.4	- 54.7	339.2
International Organisations & Other	38.0	13.2	14.6	133.3
Total	- 547.9	140.8	- 595.7	5 491.9

Chart 1: External liabilities outstanding analysed by area

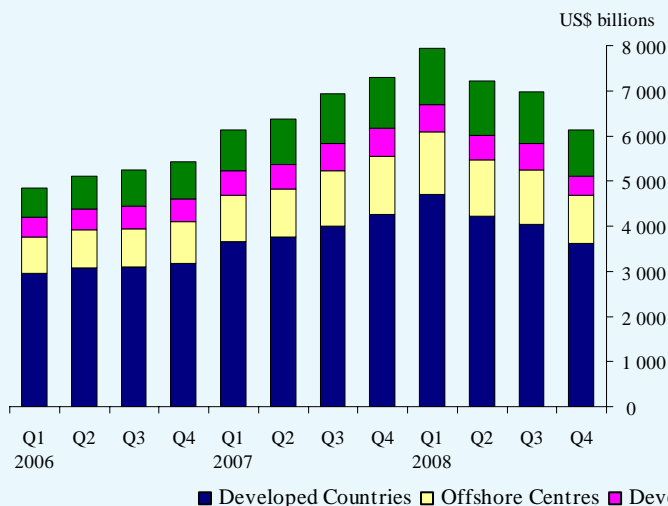


Chart 2: External claims outstanding analysed by area

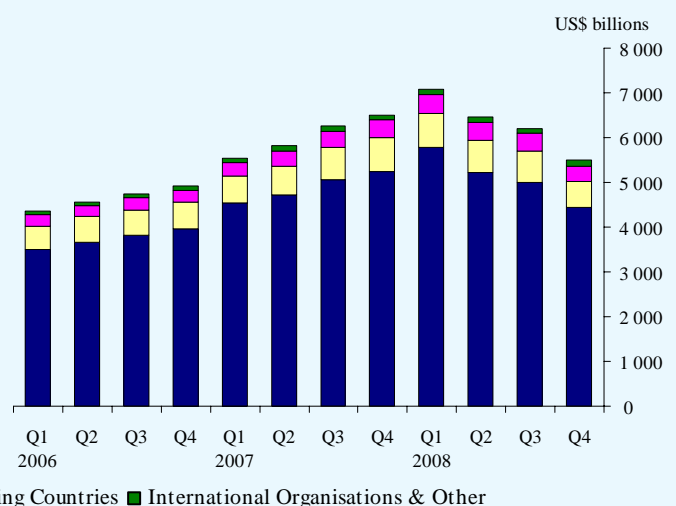


Table B: Analysis of changes vis-à-vis Developed countries – 2008 Q4

US\$ billions

Not seasonally adjusted

Liabilities		Claims					
Largest increases	Largest decreases	Largest increases	Largest decreases				
Luxembourg	25.3	United States	-219.7	Luxembourg	34.1	United States	-186.8
Netherlands	19.5	Switzerland	-70.5	Austria	2.5	France	-66.6
France	16.8	Japan	-37.7	Canada	2.3	Japan	-51.4
Denmark	12.4	Germany	-34.2	Malta	1.1	Italy	-39.9
Ireland	7.4	Italy	-16.2	Slovenia	0.1	Switzerland	-27.6

Total **liabilities** to Developed Countries decreased by \$342.0 billion during Q4 2008. This was driven by a fall in deposits from the United States and Switzerland. The largest rise was reported against Luxembourg. Total **claims** on Developed Countries also decreased, down \$448.3 billion, driven by a fall in claims on the United States, France and Japan. The largest increase was reported against Luxembourg.

Table C: Analysis of changes vis-à-vis Offshore Centres – 2008 Q4

US\$ billions

Not seasonally adjusted

Liabilities		Claims					
Largest increases	Largest decreases	Largest increases	Largest decreases				
Bahamas	27.3	Jersey	-37.0	Bahamas	1.4	Cayman Islands	-77.6
Isle of Man	2.6	Cayman Islands	-30.9	Bahrain	1.2	Bermuda	-11.1
Bahrain	2.2	Bermuda	-17.5	Guernsey	0.9	Hong Kong	-7.9
Guernsey	0.6	Gibraltar	-5.7	Mauritius	0.4	Singapore	-7.2
Lebanon	0.4	Singapore	-3.8	Panama	0.2	West Indies UK	-4.7

A fall in total **liabilities** to Offshore Centres of \$67.2 billion was reported during Q4 2008, driven by decreases vis-à-vis Jersey and the Cayman Islands. The largest increase was reported against the Bahamas. **Claims** on Offshore Centres fell by \$107.4 billion, predominantly driven by the Cayman Islands.

Table D: Analysis of changes vis-à-vis Developing countries – 2008 Q4

US\$ billions

Not seasonally adjusted

Liabilities		Claims					
Largest increases	Largest decreases	Largest increases	Largest decreases				
United Arab Emirates	6.5	Russia	-93.5	Qatar	11.3	Russia	-18.0
India	3.7	China, People's Republic	-11.9	South Africa	1.0	Korea, Republic of	-7.9
Qatar	2.9	Libya	-8.1	Romania	0.9	Brazil	-6.6
Brunei	1.3	Saudi Arabia	-4.9	Poland	0.4	China, People's Republic	-4.9
Kuwait	1.3	Malaysia	-4.2	Guatemala	0.3	Turkey	-3.3

Total **liabilities** to Developing Countries decreased by \$150.1 billion during the quarter driven by a fall in deposits from Russia. Total **claims** on the region also fell, down \$54.7 billion, driven by Russia. The largest increase was reported against Qatar.

Notes to Editors

- UK liabilities** comprise deposits and advances received by reporting institutions from non-residents, liabilities arising from acceptances given on behalf of non-residents and certificates of deposit issues in London by reporting institutions and held by non-residents. **UK claims** comprise the reporting institutions' loans and advances to non-residents; commercial bills and other negotiable paper drawn on non-residents; lending under ECGD special schemes for exports, including amounts refinanced; acceptances given on behalf of non-residents; assets leased out under finance leases; and holdings of certain non-resident investments with an original maturity of one year or more. Further information on the definitions of external claims and liabilities are shown separately.
- Tables providing a more detailed country and currency breakdown of external business of banks operating in the UK are shown separately. In addition, the Statistical Interactive Database provides long runs of statistical data with comprehensive search options and the ability to download in a variety of formats. This database can be accessed at www.bankofengland.co.uk/mfsd/iadb. The additional tables, shown separately, illustrate the codes for each series which can be used for downloading long runs from the database.
- Data covering the external business of banks in other centres as well as in the UK are available from the Bank for International Settlements (BIS) on their website at www.bis.org.