



# Statistical release

Published on 3 June 2016 at 09:30am

## External business of monetary financial institutions operating in the UK: 2016 Q1<sup>(1)</sup>

Exchange rate adjusted changes in the external **liabilities** of monetary financial institutions (MFIs) operating in the UK fell by \$23.4 billion during 2016 Q1. The largest decrease in external liabilities was to Developed Countries, which was more than accounted for by Switzerland<sup>(2)</sup>. Liabilities to Developing Countries also decreased, with the largest fall reported on Brazil<sup>(3)</sup>. These falls were partially offset by an increase in liabilities to International Organisations and Other, which in this instance reflected an increase in liabilities unallocated by country.

During 2016 Q1, exchange rate adjusted changes in the external **claims** of MFIs operating in the UK fell by \$38.4 billion. The fall in claims was partly accounted for by Developing Countries, which was mostly driven by Brazil<sup>(3)</sup>. Claims to Developed Countries also fell, with the largest falls on Switzerland and the United States<sup>(2)</sup>.

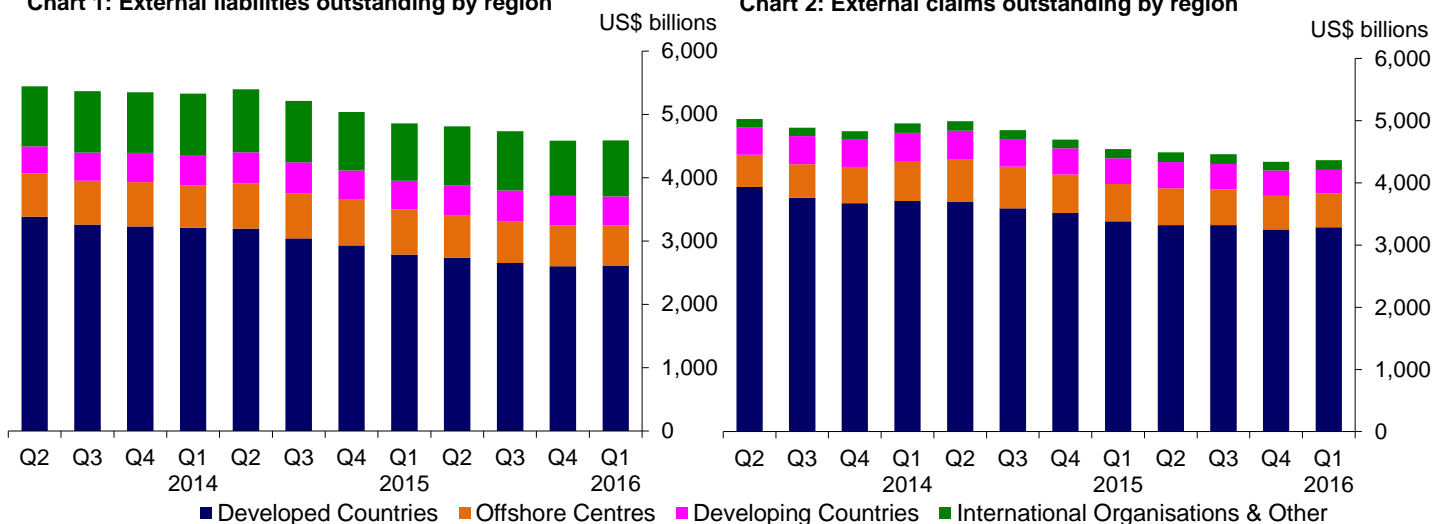
**Table A: Regional breakdown of external claims and liabilities**

US\$ billions

Not seasonally adjusted

	Exchange rate adjusted flows <sup>(4)</sup>			Amounts outstanding <sup>(4)</sup> End-Q1 2016
	Q3 2015	Q4	Q1 2016	
<b>Liabilities to:</b>				
Developed Countries <sup>(2)</sup>	-70.6	3.8	-38.5	2,603.7
Offshore Centres	-6.0	-16.4	1.1	643.5
Developing Countries <sup>(3)</sup>	16.9	-11.4	-11.7	455.6
International Organisations & Other	26.9	-23.0	25.8	887.1
<b>Total<sup>(2)(3)</sup></b>	<b>-32.9</b>	<b>-47.1</b>	<b>-23.4</b>	<b>4,590.0</b>
<b>Claims on:</b>				
Developed Countries <sup>(2)</sup>	12.1	-6.9	-24.8	3,288.2
Offshore Centres	-13.1	-29.2	1.5	539.9
Developing Countries <sup>(3)</sup>	-6.8	0.5	-28.9	382.6
International Organisations & Other	6.9	6.6	13.8	155.3
<b>Total<sup>(2)(3)</sup></b>	<b>-0.9</b>	<b>-29.0</b>	<b>-38.4</b>	<b>4,366.1</b>

**Chart 1: External liabilities outstanding by region**



**Table B: Exchange rate adjusted changes vis-à-vis Developed Countries - 2016 Q1**

US\$ billions

Not seasonally adjusted

Liabilities				Claims			
Largest increases		Largest decreases		Largest increases		Largest decreases	
Germany	25.0	Switzerland <sup>(2)</sup>	-60.3	Netherlands	14.4	Switzerland <sup>(2)</sup>	-28.1
United States	14.0	Canada	-8.4	Germany	10.5	United States <sup>(2)</sup>	-25.7
Ireland	8.4	Italy	-6.0	Japan	6.4	Australia	-3.7
Belgium	5.2	Australia	-5.9	Spain	4.8	Canada	-3.5
Austria	2.5	Netherlands	-4.1	France	4.1	Sweden	-2.0

Total **liabilities** to Developed Countries decreased by \$38.5 billion during 2016 Q1. The fall in liabilities was more than accounted for by Switzerland<sup>(2)</sup>. The largest increase was reported to Germany. Total **claims** on the region decreased by \$24.8 billion over the quarter. This was driven by falls in claims on both Switzerland and the United States<sup>(2)</sup>. The largest increase was reported on the Netherlands.

**Table C: Exchange rate adjusted changes vis-à-vis Offshore Centres - 2016 Q1**

US\$ billions

Not seasonally adjusted

Liabilities				Claims			
Largest increases		Largest decreases		Largest increases		Largest decreases	
Cayman Islands	4.3	Hong Kong	-1.2	Jersey	9.9	Singapore	-18.1
West Indies UK	0.7	Guernsey	-1.1	Cayman Islands	8.5	Mauritius	-0.9
Macao	0.6	Barbados	-1.0	Curacao	1.4	Bahrain	-0.8
Bermuda	0.2	Lebanon	-0.9	Guernsey	0.7	Panama	-0.5
Bahrain	0.1	Singapore	-0.5	Bermuda	0.6	Macao	-0.2

Total **liabilities** to Offshore Centres increased by \$1.1 billion during 2016 Q1. The increase in liabilities was more than accounted for by the Cayman Islands. The largest decrease was reported to Hong Kong. Total **claims** on the region increased by \$1.5 billion over the quarter. The increase in claims was driven by increases on both Jersey and the Cayman Islands. The largest decrease was reported on Singapore.

**Table D: Exchange rate adjusted changes vis-à-vis Developing Countries - 2016 Q1**

US\$ billions

Not seasonally adjusted

Liabilities				Claims			
Largest increases		Largest decreases		Largest increases		Largest decreases	
China	7.1	Brazil <sup>(3)</sup>	-13.6	Saudi Arabia	2.9	Brazil <sup>(3)</sup>	-13.2
India	4.1	Saudi Arabia	-7.8	Turkey	2.1	United Arab Emirates	-8.6
Taiwan	3.3	Russia	-4.7	Argentina	1.6	Russia	-2.7
South Africa	2.6	Qatar	-4.0	Czech Republic	0.6	Qatar	-2.0
Kuwait	2.2	United Arab Emirates	-3.1	Vietnam	0.4	India	-1.6

Total **liabilities** to Developing Countries decreased by \$11.7 billion during 2016 Q1. The decrease in liabilities was more than accounted for by Brazil<sup>(3)</sup>. The largest increase was reported to China. Total **claims** on the region decreased by \$28.9 billion over the quarter. The fall in claims was driven by a decrease on Brazil<sup>(3)</sup>. The largest increase was reported on Saudi Arabia.

## Technical notes

1. Monetary financial institutions comprise banks, including the Bank of England, and building societies.
2. Gross claims and liabilities are affected by a change in intragroup balances with non-resident offices. These changes have stemmed from a review of funding strategy, most notably affecting liabilities vis-à-vis Switzerland to the value of approximately -\$55 billion, claims vis-à-vis Switzerland to the value of approximately -\$24 billion and claims vis-à-vis the United States to the value of approximately -\$33 billion.
3. Gross claims and liabilities are affected by a change in intragroup balances with non-resident offices to the value of approximately -\$12 billion. These changes have stemmed from a review of funding strategy, most notably affecting positions vis-à-vis Brazil.
4. Amounts outstanding are reported to the Bank of England in sterling regardless of the original underlying currency. Figures are then translated into US dollars at the end quarter exchange rate. Changes data are adjusted to remove the effects of exchange rate movements and material break in series. By counterpart country, only the top five changes of greater than \$50 million are shown in Tables B-D. Further information on the distinction between amounts outstanding and changes data is available at:  
[www.bankofengland.co.uk/statistics/Pages/iadb/notesiadb/Changes\\_flows\\_growth\\_rates.aspx](http://www.bankofengland.co.uk/statistics/Pages/iadb/notesiadb/Changes_flows_growth_rates.aspx)

5. Additional data on external business of monetary financial institutions operating in the UK are available in the following Bankstats tables:
  - C3.1 – Changes to the external business of monetary financial institutions operating in the UK: Analysis by region and nationality
  - C3.2 – External business of monetary financial institutions operating in the UK: Analysis by region and country
  - C3.3 – External business of monetary financial institutions operating in the UK: Analysis by currency and sector
  - C3.4 – External business of monetary financial institutions operating in the UK: Analysis by region and sector

During 2015 a number of enhancements were made to the locational banking statistics dataset. Data by region and subsector were published in Bankstats table C3.4 for the first time on 5 June 2015, while on 4 December 2015 additional counterparty country data and expanded subsector information were included in Bankstats tables C3.2 and C3.3 respectively for first time. Further details regarding the enhancements can be found in the following Bankstats articles:

<http://www.bankofengland.co.uk/statistics/Documents/ms/articles/art2may15.pdf>  
<http://www.bankofengland.co.uk/statistics/Documents/articles/2015/8nov.pdf>

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:  
<http://www.bankofengland.co.uk/boeapps/iadb>

The additional tables, shown separately, illustrate the codes for each series which can be used for downloading long runs from the database.

6. **Other liabilities** comprises liabilities that cannot be allocated by counterpart country, reporting population differences and estimates of: international issues of securities; commercial paper and certificates of deposit issued; and net non-euro foreign currency items in suspense and balances awaiting settlement of securities transactions, which are assumed to be held by non-residents. **Other claims** comprises claims that cannot be allocated by counterpart country, reporting population differences and net non-euro foreign currency items in suspense and balances awaiting settlement of securities transactions. Population differences arise as the country allocation of external claims and liabilities is collected from a sample of UK monetary financial institutions that have significant business with non-residents whereas total external claims and liabilities reflects the external business of all UK monetary financial institutions.
7. **UK liabilities** by counterpart country comprise deposits and advances received by reporting institutions from non-residents, liabilities under sale and repurchase agreements with 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** by counterpart country comprise the reporting institutions' loans and advances to non-residents, claims under sales and repurchase agreements with 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. Investments in the share capital of reporting institutions' non-resident subsidiaries and in securities without contractually defined repayment dates (e.g. equities) are excluded. Further information on the definitions of external claims and liabilities are shown separately at:  
[http://www.bankofengland.co.uk/statistics/Pages/iadb/notesiadb/external\\_business.aspx](http://www.bankofengland.co.uk/statistics/Pages/iadb/notesiadb/external_business.aspx)
8. Data covering the external business of banks in other centres as well as in the UK are available from the Bank for International Settlements on their website at: [www.bis.org](http://www.bis.org)