



Statistical release

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External business of monetary financial institutions operating in the UK: 2016 Q2⁽¹⁾

Exchange rate adjusted changes in the external liabilities of monetary financial institutions (MFIs) operating in the UK rose by \$178.6 billion during 2016 Q2. The largest increase in external liabilities was to Developed Countries, which was largely accounted for by United States, Switzerland and Japan. Liabilities to Offshore Centres and Developing Countries also increased, with the largest rises reported on Guernsey and Poland respectively.

During 2016 Q2, exchange rate adjusted changes in the external claims of MFIs operating in the UK rose by \$162.7 billion. The rise in claims was mainly accounted for by Developed Countries, with the largest increases on Germany and Netherlands. Claims on Offshore Centres and Developing Countries also increased, with the largest rises on Cayman Islands and Saudi Arabia respectively.

Table A: Regional breakdown of external claims and liabilities

US\$ billions

Not seasonally adjusted

	Exchange rate adjusted flows ⁽²⁾			Amounts outstanding ⁽²⁾ End-Q2 2016
	Q4 2015	Q1 2016	Q2	
Liabilities to:				
Developed countries	3.8	- 38.5	91.1	2,653.8
Offshore centres	- 16.4	1.1	13.4	643.5
Developing countries	- 11.4	- 11.7	9.5	460.3
International Organisations and Other ⁽³⁾	- 23.0	27.7	64.6	890.4
Total	- 47.0	- 21.4	178.6	4,648.0
Claims on:				
Developed countries	- 6.9	- 24.8	105.4	3,358.2
Offshore centres	- 29.2	1.5	32.2	563.4
Developing countries	0.5	- 28.9	7.4	387.7
International Organisations and Other ⁽³⁾	6.6	13.8	17.6	150.1
Total	- 29.0	- 38.4	162.7	4,459.5

Chart 1: External liabilities outstanding by region

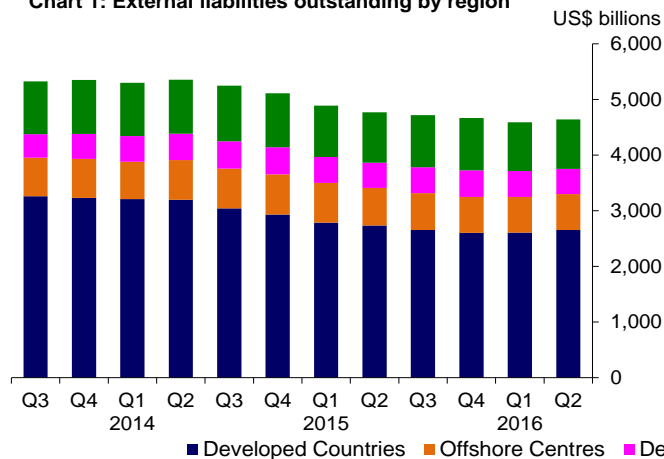
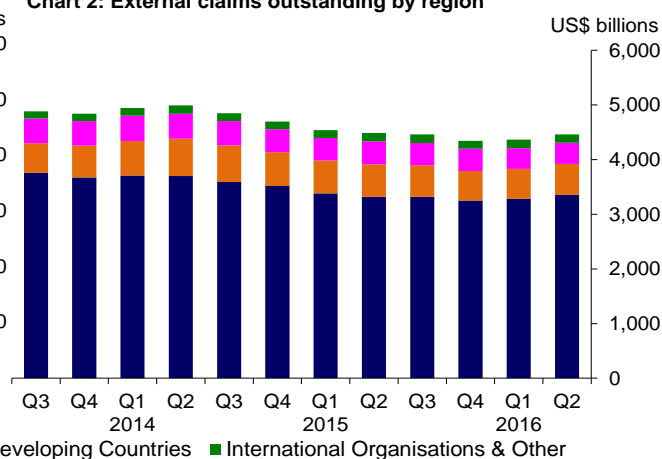


Chart 2: External claims outstanding by region



Exchange rate adjusted changes in external claims and liabilities: Developed Countries⁽²⁾

Exchange rate adjusted changes vis-à-vis Developed Countries by counterpart sector - 2016 Q2⁽⁴⁾

US\$ billions

Not seasonally adjusted

Chart 3: Changes in liabilities by counterpart sector

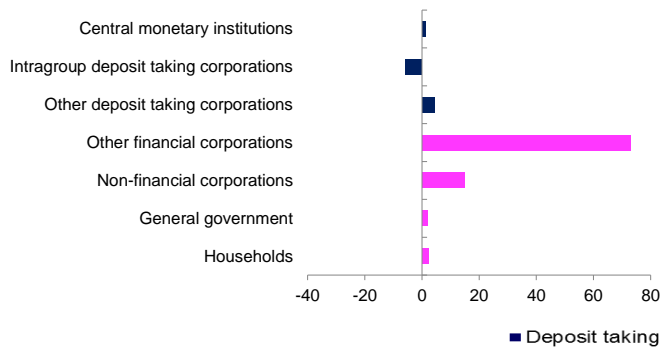
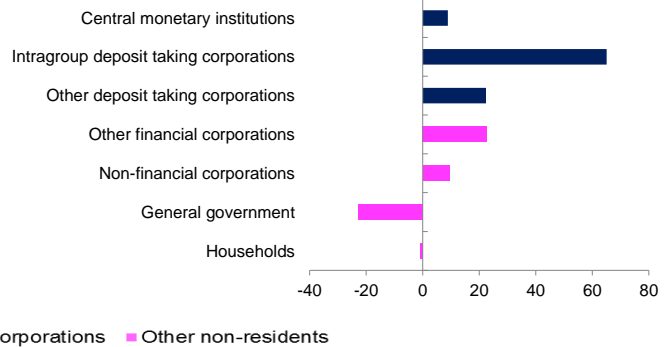


Chart 4: Changes in claims by counterpart sector



Total **liabilities** to Developed Countries increased by \$91.1 billion during 2016 Q2. By sector, this was largely driven by an increase in liabilities to other financial corporations of \$73.0 billion. The next largest increase was in liabilities to non-financial corporations of \$14.7 billion.

Total **claims** on the region increased by \$105.4 billion over the quarter. By sector, the largest increase in claims was on intragroup deposit taking corporations up by \$65.1 billion. Claims on other financial corporations and other deposit taking corporations were also up, by \$22.8 billion and \$22.4 billion respectively. By contrast, claims on general government fell by \$22.7 billion.

Table B: Exchange rate adjusted changes vis-à-vis Developed Countries - 2016 Q2

US\$ billions

Not seasonally adjusted

Liabilities				Claims			
Largest increases		Largest decreases		Largest increases		Largest decreases	
United States	31.3	Ireland	-17.5	Germany	56.9	Italy	-11.2
Switzerland	26.6	France	-7.1	Netherlands	30.2	Ireland	-8.5
Japan	21.2	Italy	-3.9	Switzerland	17.0	Finland	-3.4
Germany	18.2	Finland	-2.1	Japan	14.4	United States	-3.0
Luxembourg	8.6	Belgium	-0.6	Austria	4.6	Belgium	-2.3

By country, the largest increases in **liabilities** were to United States and Switzerland, driven by other non-residents and deposit taking corporations respectively. The largest decrease was reported to Ireland, which was almost entirely driven by other non-residents.

The rise in **claims** was largely accounted for by increases on both Germany and Netherlands, driven by deposit taking corporations. The largest decrease was reported on Italy, driven by other non-residents.

Exchange rate adjusted changes vis-à-vis Developed Countries - 2016 Q2

US\$ billions

Not seasonally adjusted

Chart 5: Changes in liabilities by country (5 largest increases/decreases)

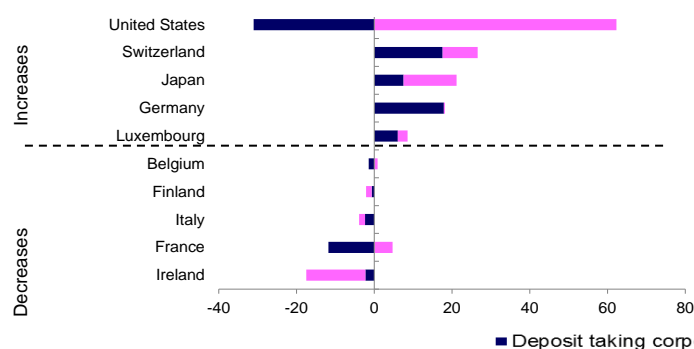
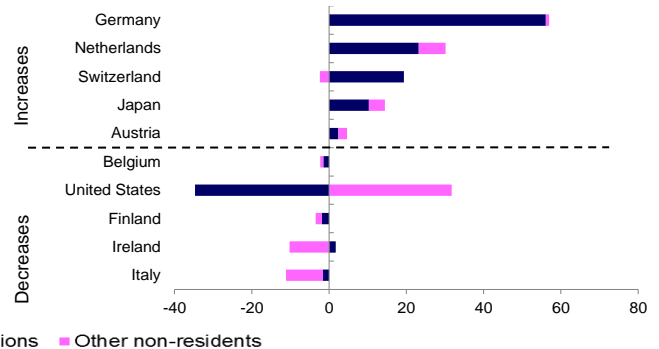


Chart 6: Changes in claims by country (5 largest increases/decreases)



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Exchange rate adjusted changes in external claims and liabilities: Offshore Centres⁽²⁾

Exchange rate adjusted changes vis-à-vis Offshore Centres by counterpart sector - 2016 Q2⁽⁴⁾

US\$ billions

Not seasonally adjusted

Chart 7: Changes in liabilities by counterpart sector

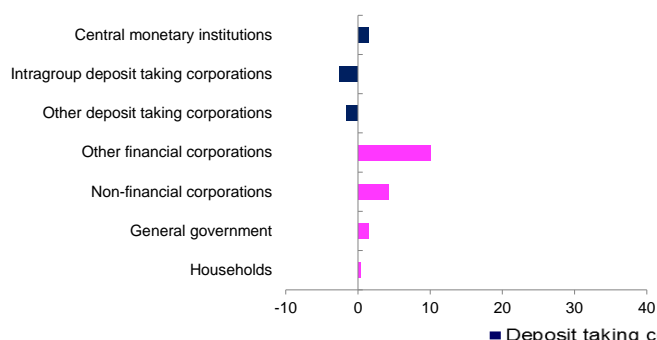
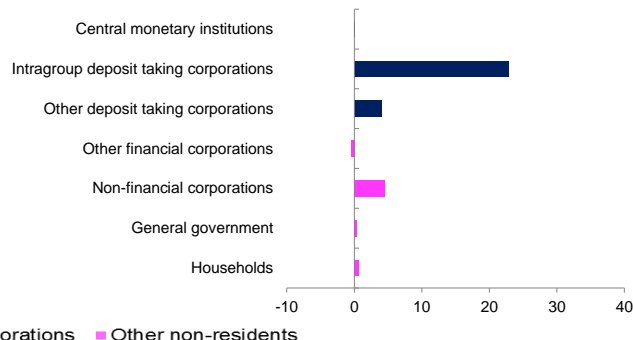


Chart 8: Changes in claims by counterpart sector



Total **liabilities** to Offshore Centres increased by \$13.4 billion during 2016 Q2. By sector, this was largely driven by an increase in liabilities to other financial corporations of \$10.0 billion. The next largest increase was in liabilities to non-financial corporations of \$4.2 billion.

Total **claims** on the region increased by \$32.2 billion over the quarter. By sector, the largest increase in claims was on intragroup deposit taking corporations, up by \$22.8 billion. In addition, claims on non-financial corporations and other deposit taking corporations rose by \$4.6 billion and \$4.1 billion respectively.

Table C: Exchange rate adjusted changes vis-à-vis Offshore Centres - 2016 Q2

US\$ billions

Not seasonally adjusted

Liabilities				Claims			
Largest increases		Largest decreases		Largest increases		Largest decreases	
Guernsey	4.7	Hong Kong	-1.5	Cayman Islands	27.7	Jersey	-2.1
Jersey	4.3	Barbados	-1.5	Hong Kong	7.4	Bahamas	-1.7
West Indies UK	2.5	Mauritius	-1.4	West Indies UK	1.5	Mauritius	-1.5
Cayman Islands	2.5	Singapore	-0.9	Bermuda	1.1	Guernsey	-0.9
Bermuda	1.5	Bahamas	-0.2	Bahrain	0.5	Curacao	-0.3

By country, the increase in **liabilities** was largely accounted for by Guernsey and Jersey, which was driven by deposit taking corporations and other non-residents respectively. The largest falls were reported to Hong Kong and Barbados, driven by deposit taking corporations.

The increase in **claims** was largely driven by Cayman Islands, which was more than accounted for by deposit taking corporations. The second largest increase was on Hong Kong, driven by other non-residents. The largest decrease was reported on Jersey, which was more than accounted for by deposit taking corporations.

Exchange rate adjusted changes vis-à-vis Offshore Centres - 2016 Q2

US\$ billions

Not seasonally adjusted

Chart 9: Changes in liabilities by country (5 largest increases/decreases)

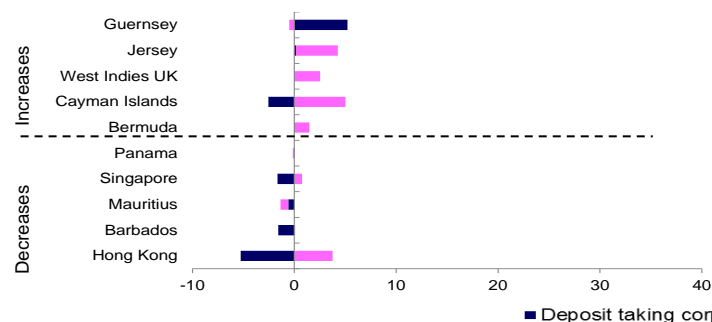
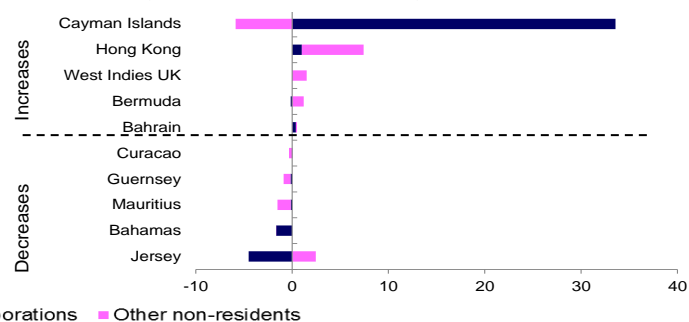


Chart 10: Changes in claims by country (5 largest increases/decreases)



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Exchange rate adjusted changes in external claims and liabilities: Developing countries⁽²⁾

Exchange rate adjusted changes vis-à-vis Developing Countries by counterpart sector - 2016 Q2⁽⁴⁾

US\$ billions

Not seasonally adjusted

Chart 11: Changes in liabilities by counterpart sector

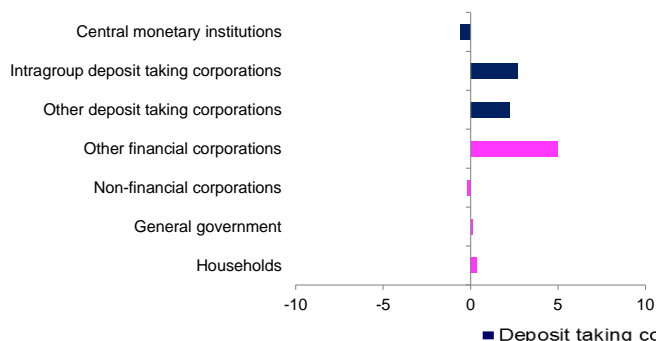
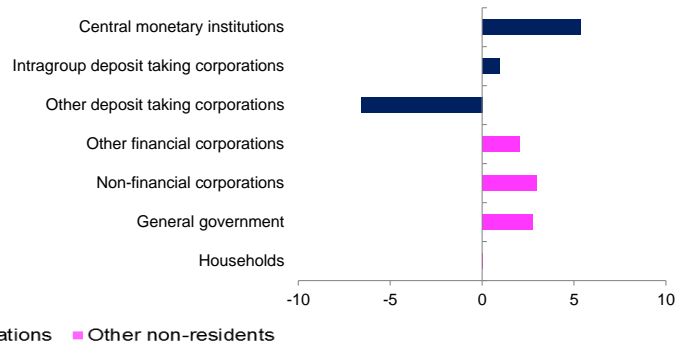


Chart 12: Changes in claims by counterpart sector



Total **liabilities** to Developing Countries increased by \$9.5 billion during 2016 Q2. By sector, this was largely driven by an increase in liabilities to other financial corporations of \$5.0 billion. The next largest increase in liabilities were to intragroup deposit taking corporations of \$2.7 billion.

Total **claims** on the region increased by \$7.4 billion over the quarter. By sector, the largest increase in claims was on central monetary institutions, up by \$5.4 billion. Increases were also reported on non-financial corporations and general government, up \$3.0 billion and £2.8 billion respectively. This was offset by a fall on other deposit taking corporations, down by \$6.6 billion.

Table D: Exchange rate adjusted changes vis-à-vis Developing Countries - 2016 Q2

US\$ billions

Not seasonally adjusted

Liabilities				Claims			
Largest increases		Largest decreases		Largest increases		Largest decreases	
Poland	7.8	China	-7.0	Saudi Arabia	6.0	India	-2.7
Russia	6.6	South Africa	-2.3	Poland	5.3	Czech Republic	-1.4
Kuwait	3.4	United Arab Emirates	-1.8	United Arab Emirates	1.7	Nigeria	-1.3
Libya	1.8	Turkey	-1.4	China	1.4	Russia	-1.1
Saudi Arabia	1.4	India	-1.0	Oman	0.9	Turkey	-1.0

By country, the increase in **liabilities** was more than accounted for by Poland and Russia, which was driven by deposit taking corporations. The largest decrease was reported to China, more than accounted for by deposit taking corporations.

The rise in **claims** was driven by an increase on both Saudi Arabia and Poland, largely driven by deposit taking corporations and other non-residents respectively. The largest decrease was reported on India and more than accounted for by deposit taking corporations.

Exchange rate adjusted changes vis-à-vis Developing Countries - 2016 Q2

US\$ billions

Not seasonally adjusted

Chart 13: Changes in liabilities by country (5 largest increases/decreases)

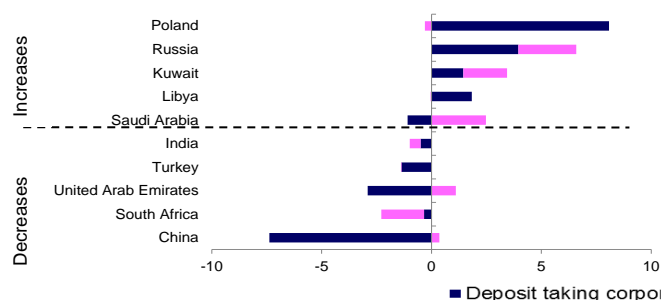
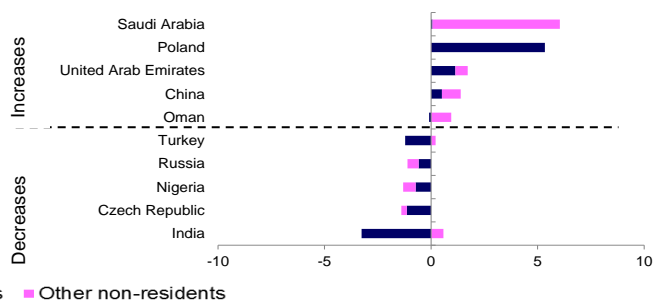


Chart 14: Changes in claims by country (5 largest increases/decreases)



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Technical notes

1. Monetary financial institutions comprise banks, including the Bank of England, and building societies.
2. 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
3. **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.
4. **Households** includes individuals, families, non-quasi-corporations or enterprises owned by household members and non-profit institutions serving households (NPISHs) such as charities, religious institutions, trade unions and consumer associations. **General government** includes central government, state government, local government and social security funds. For more information on sector classifications, see Part III.10 of the Classification of Accounts Guide, which can be accessed at: <http://www.bankofengland.co.uk/statistics/Documents/reporters/defs/cag201310.pdf>
5. **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
6. Additional data on external business of monetary financial institutions operating in the UK are available in the following Bank of England Bankstats (Monetary & Financial Statistics) at www.bankofengland.co.uk/statistics/Pages/bankstats/default.aspx:
 - 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

In addition, The Statistical Interactive Database, IADB, 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/NewIntermed.asp>

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

7. 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