# Statistical Annex

## The international banking market



## Securities markets



## Derivatives markets

## The BIS international financial statistics summary tables

The BIS publishes a variety of international financial statistics, most of them on a quarterly basis. They cover banking statistics on both a locational and a consolidated basis, debt securities issues in both domestic and international markets, and statistics on derivatives traded on exchanges and over the counter. The main purpose of the statistics is to provide a measure of the size and structure of key segments of the global financial market and to monitor their development. A summary of the most recent data is presented in seven tables (see below).①

### 1 International banking statistics (Tables A1, A2, B1 and B2)

The locational reporting system provides quarterly data on the international financial claims and liabilities of banks resident in the 44 reporting countries on a gross basis. The methodology is consistent with the principles underlying the compilation of national accounts, balances of payments and external debt statistics. Breakdowns are provided in terms of instrument, currency, sector and vis-à-vis country. The currency breakdown allows the BIS to approximate global bank credit flows adjusted for exchange rate fluctuations.

The consolidated banking statistics cover banks' worldwide on-balance sheet claims, on both a contractual (immediate borrower) and an ultimate risk basis (ie net of risk mitigants such as guarantees and collateral). Positions are reported by head offices in their home country and include all branches and subsidiaries on a worldwide consolidated basis, net of inter-office accounts. Breakdowns are available in terms of instrument, sector, maturity and vis-à-vis country. Information is also available on key off-balance sheet items such as guarantees extended, credit commitments and derivative contracts. Currently 31 countries provide consolidated banking data.

While the locational statistics are appropriate for measuring lending flows in a given period, the consolidated statistics are more suited to gauging the size of banks' country and liquidity risk exposures. The data are compiled by the BIS on the basis of national data reported by the respective central banks, which in turn collect these data from the internationally active banks in their jurisdiction.

### 2 Debt securities statistics (Tables C1 and C2)

Securities statistic are harmonised with recommendations from the Handbook on Securities Statistics Part 1 (jointly released by BIS, ECB and IMF; available at the IMF web site www.imf.org/external/np/sta/wgsd/pdf/051309.pdf). There are three datasets, each covering a different market of issue: international debt securities, domestic debt securities and total debt securities.

The sectoral breakdown presents data based on the sector of the borrower itself and not on the sector of the parent of the borrower or any guarantor. "General government" comprises central government and other governments, while "Financial corporations" comprises commercial banks, central bank, and other financial institutions.

The compilation methodology was changed in December 2012 for the full history of the statistics. For statistics compiled according to the old methodology, see the detailed Annex Tables in pre-December 2012 version of the *BIS Quarterly Review*.

### 3 Derivatives statistics (Table D)

Semi-annual data are compiled for activity in over-the-counter (OTC) markets whilst quarterly data are available on activity in exchange-traded markets. The data on OTC derivatives are based on the reporting to the BIS by central banks in major financial centres that in turn collect the information on a consolidated basis from reporting dealers headquartered in their respective country, while those on exchange-traded derivatives are obtained from market sources.

The derivatives data cover notional amounts outstanding and gross market values for a number of risk categories: foreign exchange, interest rates, equity-linked, commodities and credit default swaps. Gross credit exposure in OTC markets after bilateral netting is also available.

① More detailed tables and options to download the data in time series form are available at www.bis.org/statistics/index.htm.

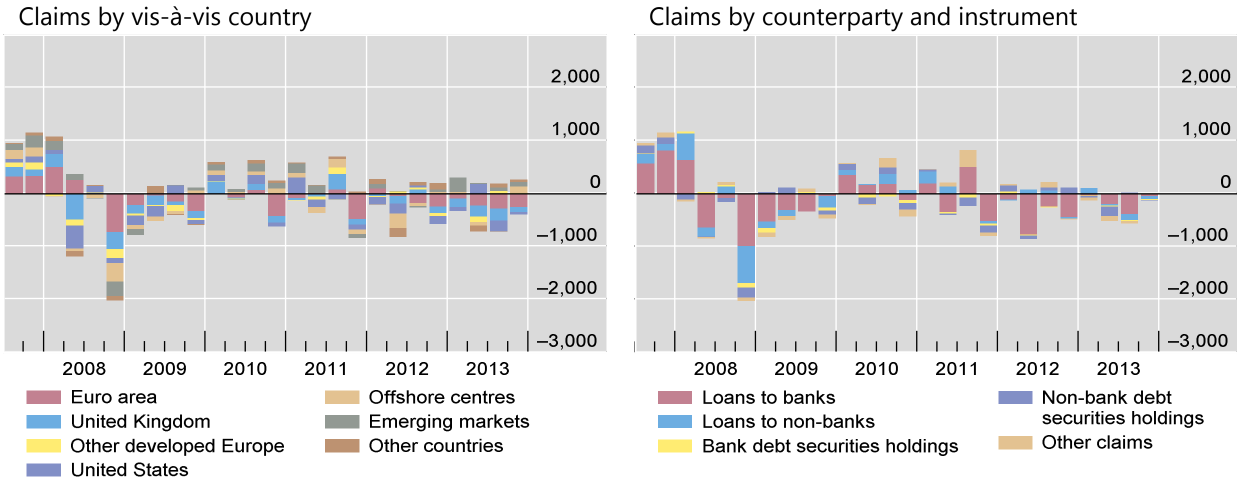
## Table A1: International positions of banks by residence of counterparty, December 2013[1]

In billions of US dollars

| | Vis-à-vis advanced economies | Vis-à-vis offshore centres | Vis-à-vis emerging market economies | | | | | All countries |
|---|---|---|---|---|---|---|---|---|
| | | | Total | Africa | Asia | Europe | Latin America | |
| | | | **Amounts outstanding** | | | | | |
| **Total claims** | **23,493** | **4,553** | **4,349** | **483** | **2,169** | **944** | **753** | **33,000** |
| **Total cross-border claims** | **20,921** | **3,678** | **3,667** | **476** | **1,804** | **741** | **646** | **28,567** |
| Loans | 14,146 | 2,906 | 2,869 | 433 | 1,415 | 557 | 465 | 19,989 |
| Securities | 4,506 | 530 | 455 | 15 | 254 | 71 | 114 | 5,719 |
| Claims on banks | 12,772 | 2,084 | 2,030 | 200 | 1,174 | 391 | 265 | 17,041 |
| Claims on non-banks | 8,149 | 1,595 | 1,637 | 276 | 631 | 350 | 381 | 11,526 |
| US dollar | 7,953 | 2,252 | 1,445 | 269 | 514 | 218 | 445 | 11,706 |
| Euro | 8,709 | 278 | 458 | 75 | 60 | 296 | 27 | 9,629 |
| **Foreign currency claims on residents** | **2,573** | **875** | **682** | **7** | **365** | **203** | **107** | **4,130** |
| | | | **Estimated exchange rate-adjusted changes during the quarter**[2] | | | | | |
| **Total claims** | **-353** | **143** | **89** | **-20** | **116** | **-4** | **-4** | **-121** |
| **Total cross-border claims** | **-318** | **112** | **91** | **-20** | **115** | **-10** | **6** | **-122** |
| Loans | -288 | 107 | 87 | -16 | 102 | -8 | 9 | -97 |
| Securities | -18 | -4 | 5 | 1 | 8 | -3 | -2 | -23 |
| Claims on banks | -193 | 110 | 75 | -20 | 91 | -3 | 6 | -38 |
| Claims on non-banks | -126 | 2 | 17 | 0 | 23 | -7 | 1 | -85 |
| US dollar | -2 | 68 | 3 | -9 | 15 | -7 | 5 | 64 |
| Euro | -343 | 4 | -13 | -11 | 3 | -4 | 0 | -355 |
| **Foreign currency claims on residents** | **-34** | **31** | **-3** | **0** | **1** | **6** | **-10** | **-6** |
| | | | **Amounts outstanding** | | | | | |
| **Total liabilities** | **20,586** | **5,220** | **3,373** | **911** | **1,422** | **459** | **581** | **32,351** |
| **Total cross-border liabilities** | **17,633** | **4,065** | **2,671** | **900** | **959** | **321** | **491** | **25,417** |
| Deposits | 14,718 | 3,808 | 2,520 | 859 | 912 | 305 | 444 | 21,271 |
| Securities | 1,548 | 94 | 28 | 5 | 12 | 1 | 9 | 2,488 |
| Liabilities to banks | 12,322 | 2,576 | 1,655 | 572 | 620 | 232 | 231 | 17,476 |
| Liabilities to non-banks | 5,311 | 1,488 | 1,016 | 327 | 340 | 88 | 260 | 7,941 |
| US dollar | 7,163 | 2,619 | 1,509 | 619 | 375 | 149 | 367 | 11,624 |
| Euro | 6,777 | 386 | 289 | 102 | 51 | 95 | 40 | 7,970 |
| **Foreign currency liabilities to residents** | **2,953** | **1,155** | **702** | **12** | **463** | **138** | **89** | **4,811** |
| | | | **Estimated exchange rate-adjusted changes during the quarter**[2] | | | | | |
| **Total liabilities** | **-122** | **33** | **52** | **8** | **46** | **-6** | **3** | **-64** |
| **Total cross-border liabilities** | **-145** | **-6** | **39** | **8** | **45** | **-12** | **-1** | **-131** |
| Deposits | -137 | -5 | 40 | 8 | 44 | -12 | 0 | -123 |
| Securities | 39 | 0 | 2 | 1 | 1 | 0 | 0 | 42 |
| Liabilities to banks | 45 | 6 | 42 | 11 | 39 | -11 | 3 | 40 |
| Liabilities to non-banks | -190 | -12 | -3 | -3 | 5 | -2 | -3 | -171 |
| US dollar | 113 | 9 | 23 | 16 | 17 | -9 | -1 | 133 |
| Euro | -299 | -12 | -16 | -10 | 0 | -2 | -3 | -333 |
| **Foreign currency liabilities to residents** | **22** | **39** | **12** | **0** | **2** | **6** | **4** | **73** |

### Cross-border positions

Exchange rate-adjusted changes in stocks




[1] Detailed breakdowns and time series data are available at www.bis.org/statistics/bankstats.htm (Tables 1–7B ). [2] Taking into account exchange rate effects on outstanding balances in non-US dollar currencies.

## Table A2: International positions of banks by nationality of head office, December 2013[1]

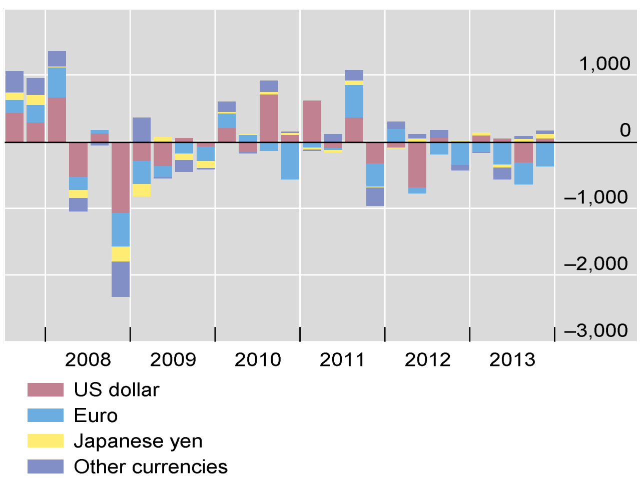
In billions of US dollars

| | France | Germany | Italy | Nether-lands | Spain | Switzer-land | United Kingdom | Japan | United States | Emerging markets | All countries |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Nationality of banks** | | | | | | | | | | |
| | **Amounts outstanding** | | | | | | | | | | |
| **Total claims** | **3,643** | **3,569** | **894** | **1,587** | **692** | **2,591** | **3,934** | **4,433** | **3,647** | **1,585** | **32,916** |
| on banks | 2,295 | 2,004 | 543 | 728 | 340 | 1,499 | 2,043 | 1,931 | 2,291 | 812 | 18,254 |
| on related foreign offices | 1,324 | 1,015 | 211 | 428 | 214 | 997 | 1,179 | 1,057 | 1,416 | 283 | 10,051 |
| on other banks | 953 | 963 | 332 | 290 | 125 | 495 | 824 | 872 | 840 | 468 | 7,942 |
| on official monetary institutions | 17 | 26 | 0 | 10 | 1 | 7 | 40 | 2 | 36 | 61 | 261 |
| on non–banks | 1,349 | 1,565 | 351 | 858 | 352 | 1,092 | 1,891 | 2,502 | 1,356 | 772 | 14,662 |
| US dollar | 1,166 | 1,102 | 145 | 427 | 228 | 1,269 | 1,710 | 2,562 | 2,300 | 1,198 | 14,514 |
| Euro | 1,816 | 1,954 | 654 | 873 | 326 | 551 | 1,239 | 614 | 708 | 140 | 10,517 |
| Other currencies | 661 | 513 | 95 | 287 | 138 | 771 | 985 | 1,257 | 639 | 246 | 7,885 |
| | **Estimated exchange rate-adjusted changes during the quarter[2]** | | | | | | | | | | |
| **Total claims** | **-72** | **-63** | **-39** | **-57** | **-21** | **62** | **-125** | **139** | **-68** | **25** | **-215** |
| on banks | 29 | -50 | -31 | 5 | -9 | 31 | -130 | 137 | -33 | 21 | -33 |
| on related foreign offices | 122 | -27 | -10 | 11 | -4 | 20 | -99 | 106 | 25 | 22 | 193 |
| on other banks | -83 | -23 | -20 | 5 | -4 | 7 | -41 | 32 | -57 | 2 | -238 |
| on official monetary institutions | -10 | 0 | 0 | -10 | -1 | 4 | 9 | 0 | -1 | -3 | 12 |
| on non–banks | -100 | -13 | -9 | -62 | -12 | 31 | 5 | 2 | -36 | 4 | -182 |
| US dollar | 70 | -14 | 4 | 0 | -3 | 33 | -26 | 86 | -82 | 26 | 67 |
| Euro | -120 | -37 | -42 | -36 | -15 | 9 | -129 | -9 | 27 | -3 | -387 |
| Other currencies | -22 | -13 | -1 | -21 | -3 | 20 | 31 | 61 | -13 | 2 | 105 |
| | **Amounts outstanding** | | | | | | | | | | |
| **Total liabilities** | **3,620** | **3,254** | **687** | **1,606** | **697** | **2,682** | **4,104** | **2,771** | **4,382** | **1,683** | **32,361** |
| to banks | 1,975 | 1,597 | 406 | 577 | 444 | 1,413 | 1,813 | 1,790 | 2,291 | 890 | 16,812 |
| to related foreign offices | 1,163 | 1,025 | 192 | 379 | 159 | 1,026 | 1,064 | 946 | 1,260 | 211 | 9,036 |
| to other banks | 707 | 486 | 201 | 174 | 243 | 368 | 621 | 769 | 796 | 644 | 6,808 |
| to official monetary institutions | 104 | 86 | 13 | 24 | 42 | 19 | 129 | 75 | 235 | 35 | 968 |
| to non–banks | 1,645 | 1,657 | 281 | 1,029 | 253 | 1,268 | 2,291 | 982 | 2,092 | 793 | 15,549 |
| US dollar | 1,383 | 1,169 | 138 | 530 | 257 | 1,315 | 1,652 | 1,819 | 3,105 | 1,177 | 15,409 |
| Euro | 1,668 | 1,496 | 493 | 682 | 353 | 615 | 1,160 | 381 | 593 | 157 | 9,284 |
| Other currencies | 569 | 589 | 56 | 393 | 87 | 752 | 1,292 | 571 | 684 | 349 | 7,668 |
| | **Estimated exchange rate-adjusted changes during the quarter[2]** | | | | | | | | | | |
| **Total liabilities** | **69** | **-5** | **-34** | **-39** | **-10** | **17** | **-163** | **142** | **27** | **55** | **-6** |
| to banks | 75 | 16 | -61 | 15 | -8 | -5 | -124 | 118 | 90 | 22 | 69 |
| to related foreign offices | 123 | 31 | 5 | 21 | -4 | 21 | -97 | 112 | 54 | 5 | 257 |
| to other banks | -47 | -24 | -63 | 0 | -11 | -29 | -39 | 5 | 20 | 4 | -249 |
| to official monetary institutions | -2 | 9 | -3 | -6 | 6 | 3 | 13 | 1 | 15 | 12 | 60 |
| to non–banks | -6 | -21 | 27 | -54 | -2 | 22 | -39 | 24 | -63 | 33 | -74 |
| US dollar | 143 | 1 | 0 | 6 | -2 | 8 | -32 | 116 | 60 | 48 | 237 |
| Euro | -62 | 9 | -33 | -33 | -9 | 7 | -128 | -7 | -4 | -2 | -289 |
| Other currencies | -13 | -15 | -1 | -13 | 1 | 2 | -3 | 33 | -29 | 9 | 47 |

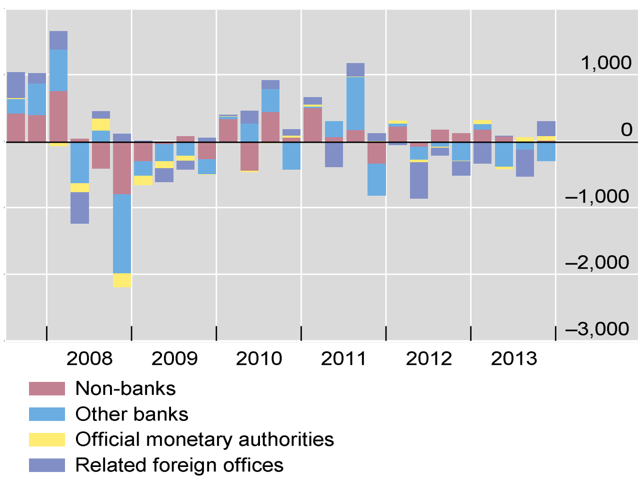
### International positions of BIS reporting banks

Exchange rate-adjusted changes in stocks

Claims by currency




Liabilities by sector of counterparty




[1] Detailed breakdowns and time series data are available at www.bis.org/statistics/bankstats.htm (Tables 8A–8B). [2] Taking into account exchange rate effects on outstanding balances in non-dollar currencies.

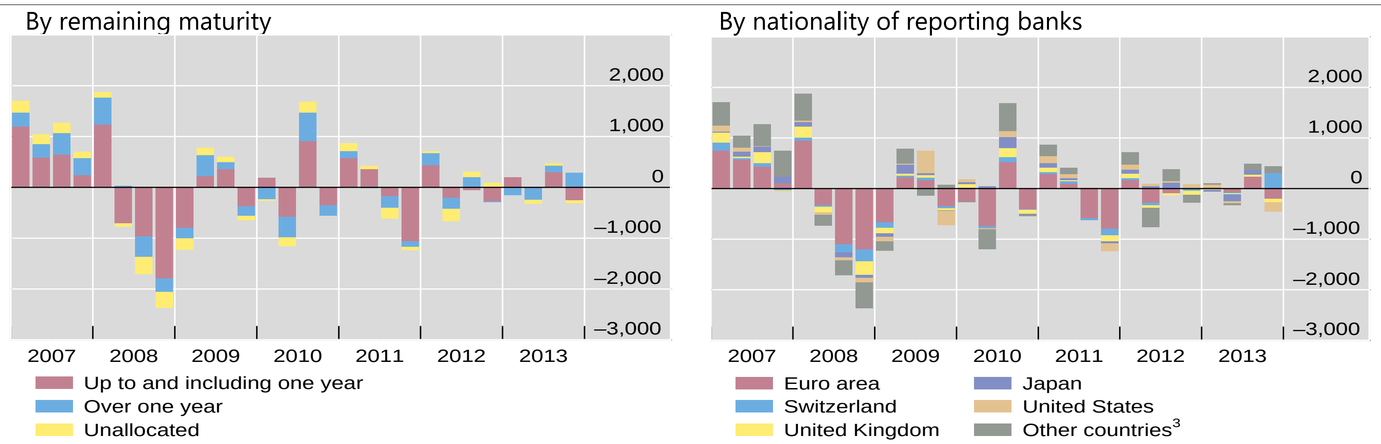
## Table B1: Consolidated claims, immediate borrower basis, December 2013[1]

Amounts outstanding, in billions of US dollars

| | Vis–à–vis advanced economies | | | | Vis-à-vis offshore centres | Vis–à–vis emerging market economies | | | | | All countries |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | United States | Euro area | Japan | | Total | Africa | Asia | Europe | Latin America | |
| **Foreign claims** | **21,992** | **5,898** | **8,636** | **1,154** | **2,852** | **5,998** | **629** | **2,577** | **1,491** | **1,301** | **31,169** |
| **International claims** | **13,636** | **2,496** | **6,320** | **844** | **2,259** | **3,599** | **424** | **1,787** | **820** | **568** | **19,822** |
| Up to and including one year | 6,831 | 905 | 2,860 | 711 | 1,188 | 1,959 | 191 | 1,214 | 300 | 254 | 10,055 |
| Over one year | 4,584 | 991 | 2,377 | 55 | 708 | 1,334 | 206 | 432 | 439 | 257 | 6,764 |
| Unallocated by maturity | 2,218 | 600 | 1,081 | 78 | 361 | 303 | 26 | 140 | 81 | 56 | 2,995 |
| **Local currency claims** | **8,356** | **3,402** | **2,316** | **310** | **592** | **2,398** | **205** | **790** | **670** | **733** | **11,347** |
| **Local currency liabilities** | **5,989** | **2,308** | **2,005** | **167** | **485** | **1,790** | **177** | **500** | **538** | **575** | **8,310** |
| | **Unadjusted changes during the quarter[2]** | | | | | | | | | | |
| *Foreign claims* | *-205* | *-77* | *-129* | *17* | *38* | *121* | *-3* | *127* | *14* | *-17* | *-39* |
| *International claims* | *-128* | *18* | *-132* | *115* | *36* | *73* | *-7* | *82* | *-1* | *-1* | *-10* |
| *Local currency claims* | *-77* | *-95* | *4* | *-98* | *2* | *48* | *4* | *45* | *15* | *-16* | *-29* |
| *Local currency liabilities* | *-266* | *-250* | *-20* | *-29* | *-11* | *45* | *8* | *28* | *23* | *-14* | *-189* |
| **Nationality of reporting banks:** | **Foreign claims** | | | | | | | | | | |
| **Domestically owned banks (total)** | **18,355** | **5,476** | **6,999** | **694** | **2,712** | **5,269** | **581** | **2,057** | **1,425** | **1,206** | **26,652** |
| Euro area | 7,593 | 1,517 | 3,888 | 215 | 404 | 2,271 | 216 | 343 | 1,122 | 590 | 10,463 |
| Switzerland | 1,395 | 624 | 389 | . | 241 | 137 | 29 | . | . | . | 1,807 |
| United Kingdom | 2,199 | 993 | 833 | 92 | 625 | 921 | 203 | 519 | 69 | 130 | 3,790 |
| Japan | 2,259 | 1,224 | 588 | . | 564 | 429 | 31 | 305 | 36 | 57 | 3,252 |
| United States | 1,790 | . | 703 | 289 | 479 | 713 | 63 | 317 | 90 | 243 | 2,997 |
| Other countries[3] | 3,119 | 1,119 | 599 | 98 | 399 | 799 | 39 | 574 | 109 | 186 | 4,344 |
| **Other foreign banks** | **3,637** | **421** | **1,637** | **461** | **140** | **729** | **48** | **521** | **65** | **95** | **4,517** |
| | **International claims, all maturities** | | | | | | | | | | |
| **Domestically owned banks (total)** | **10,104** | **2,098** | **4,757** | **384** | **2,119** | **2,874** | **379** | **1,267** | **755** | **474** | **15,414** |
| Euro area | 4,154 | 509 | 2,287 | 132 | 363 | 1,080 | 151 | 258 | 524 | 147 | 5,793 |
| Switzerland | 781 | 181 | 365 | 28 | 223 | 135 | 26 | 59 | 20 | 29 | 1,172 |
| United Kingdom | 994 | 299 | 522 | 43 | 259 | 431 | 86 | 245 | 50 | 50 | 1,730 |
| Japan | 1,717 | 809 | 557 | . | 517 | 296 | 31 | 177 | 35 | 53 | 2,531 |
| United States | 1,214 | . | 634 | 131 | 427 | 388 | 46 | 168 | 60 | 113 | 2,044 |
| Other countries[3] | 1,243 | 301 | 392 | 50 | 330 | 544 | 38 | 359 | 66 | 82 | 2,144 |
| **Other foreign banks** | **3,532** | **398** | **1,563** | **460** | **140** | **726** | **45** | **521** | **65** | **95** | **4,409** |
| | **International claims, short–term** | | | | | | | | | | |
| **Domestically owned banks (total)** | **4,432** | **662** | **1,927** | **266** | **1,095** | **1,470** | **163** | **811** | **277** | **220** | **7,072** |
| Euro area | 1,877 | 249 | 830 | 77 | 195 | 425 | 51 | 140 | 165 | 69 | 2,535 |
| Switzerland | 427 | 74 | 197 | 14 | 177 | 95 | 18 | 48 | 11 | 18 | 720 |
| United Kingdom | 425 | 122 | 227 | 18 | 160 | 245 | 39 | 153 | 30 | 23 | 831 |
| Japan | 198 | 62 | 58 | . | 53 | 116 | 6 | 90 | 11 | 9 | 367 |
| United States | 828 | . | 394 | 120 | 318 | 260 | 32 | 130 | 36 | 62 | 1,412 |
| Other countries[3] | 678 | 156 | 221 | 37 | 192 | 328 | 17 | 250 | 23 | 39 | 1,206 |
| **Other foreign banks** | **2,398** | **243** | **933** | **444** | **93** | **489** | **28** | **403** | **23** | **34** | **2,983** |

## International claims of BIS reporting banks on an immediate borrower basis[4]

Changes in stocks[2]




[1] Detailed breakdowns and time series data are available at www.bis.org/statistics/consstats.htm (Tables 9A–9B) and BIS WebStats. [2] Quarterly difference in outstanding stocks, excluding effects of breaks in series, not adjusted for exchange rate movements. [3] Domestically owned banks in other reporting countries. [4] Worldwide consolidated positions of domestically owned banks and unconsolidated positions of foreign banks in 31 reporting countries.

## Table B2: Consolidated claims, ultimate risk basis, December 2013[1]

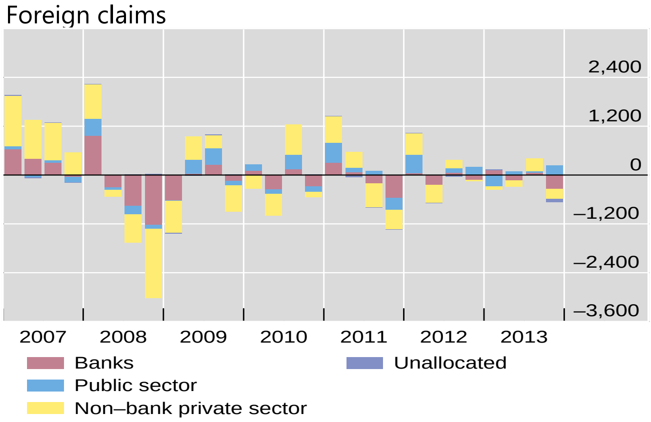
Amounts outstanding, in billions of US dollars

| | Vis–à–vis advanced economies | | | | Vis–à–vis offshore centres | Vis–à–vis emerging market economies | | | | | All countries |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | United States | Euro area | Japan | | Total | Africa | Asia | Europe | Latin America | |
| **Foreign claims** | **17,671** | **5,463** | **6,724** | **685** | **2,085** | **4,939** | **503** | **1,956** | **1,354** | **1,126** | **24,973** |
| Banks | 3,529 | 555 | 1,539 | 210 | 168 | 983 | 68 | 588 | 182 | 144 | 4,689 |
| Public sector | 4,387 | 1,872 | 1,588 | 204 | 224 | 1,182 | 119 | 397 | 330 | 336 | 6,009 |
| Non–bank private sector | 9,695 | 3,010 | 3,578 | 270 | 1,691 | 2,758 | 315 | 970 | 830 | 644 | 14,195 |
| Unallocated | 60 | 26 | 19 | 0 | 3 | 16 | 1 | 1 | 12 | 2 | 79 |
| **Cross–border claims** | **9,129** | **2,339** | **4,461** | **308** | **1,244** | **2,040** | **255** | **996** | **461** | **327** | **12,689** |
| **Local claims in all currencies** | **8,542** | **3,124** | **2,263** | **377** | **841** | **2,900** | **248** | **960** | **893** | **799** | **12,284** |
| | **Unadjusted changes during the quarter[2]** | | | | | | | | | | |
| *Foreign claims* | *-352* | *-93* | *-119* | *-102* | *-27* | *-47* | *-15* | *22* | *-9* | *-45* | *-433* |
| *Cross–border claims* | *-1* | *236* | *-129* | *-11* | *-35* | *-115* | *-19* | *-34* | *-33* | *-28* | *-154* |
| *Local claims in all currencies* | *-350* | *-329* | *10* | *-92* | *8* | *67* | *4* | *56* | *24* | *-17* | *-279* |
| **Nationality of reporting banks[3]** | **Foreign claims** | | | | | | | | | | |
| **Total** | **17,671** | **5,463** | **6,724** | **685** | **2,085** | **4,939** | **503** | **1,956** | **1,354** | **1,126** | **24,973** |
| Euro area | 7,378 | 1,509 | 3,767 | 214 | 357 | 2,187 | 189 | 340 | 1,082 | 576 | 10,111 |
| France | 2,358 | 577 | 1,244 | 148 | 121 | 487 | 117 | 139 | 195 | 36 | 2,975 |
| Germany | 1,968 | 461 | 889 | 43 | 139 | 286 | 29 | 111 | 124 | 22 | 2,449 |
| Italy | 590 | 34 | 481 | ... | 10 | 233 | 9 | 13 | 207 | 3 | 844 |
| Spain | 878 | 215 | 233 | 8 | 14 | 562 | 3 | 10 | 65 | 484 | 1,495 |
| Switzerland | 1,272 | 662 | 340 | . | 107 | 5 | 5 | . | . | . | 1,385 |
| United Kingdom | 2,227 | 962 | 870 | 112 | 587 | 940 | 200 | 536 | 70 | 134 | 3,799 |
| Japan | 2,266 | 1,284 | 564 | . | 384 | 426 | 28 | 302 | 35 | 61 | 3,076 |
| United States | 1,798 | . | 690 | 306 | 399 | 713 | 58 | 323 | 90 | 242 | 2,927 |
| Other countries | 2,730 | 1,047 | 494 | 53 | 252 | 667 | 22 | 454 | 77 | 114 | 3,675 |
| | **Cross–border claims** | | | | | | | | | | |
| **Total** | **9,129** | **2,339** | **4,461** | **308** | **1,244** | **2,040** | **255** | **996** | **461** | **327** | **12,689** |
| Euro area | 3,665 | 518 | 2,129 | 112 | 247 | 746 | 114 | 242 | 301 | 90 | 4,847 |
| France | 1,135 | 124 | 660 | 67 | 87 | 231 | 65 | 97 | 44 | 26 | 1,462 |
| Germany | 1,361 | 284 | 754 | 27 | 100 | 197 | 27 | 77 | 74 | 20 | 1,716 |
| Italy | 245 | 21 | 161 | ... | 9 | 49 | 3 | 13 | 30 | 3 | 313 |
| Spain | 177 | 21 | 100 | 8 | 12 | 41 | 3 | 10 | 4 | 25 | 271 |
| Switzerland | 807 | 396 | 316 | . | 79 | 4 | 4 | . | . | . | 890 |
| United Kingdom | 1,010 | 295 | 544 | 49 | 152 | 352 | 56 | 206 | 44 | 45 | 1,559 |
| Japan | 1,745 | 894 | 533 | . | 308 | 244 | 25 | 129 | 32 | 57 | 2,296 |
| United States | 1,014 | . | 616 | 113 | 321 | 342 | 38 | 151 | 57 | 96 | 1,693 |
| Other countries | 889 | 236 | 322 | 34 | 137 | 352 | 19 | 268 | 27 | 38 | 1,403 |
| | **Other potential exposures[4, 5]** | | | | | | | | | | |
| Derivatives contracts | 3,468 | 654 | 1,102 | 126 | 110 | 145 | 29 | 64 | 24 | 28 | 3,737 |
| Guarantees extended | 7,253 | 1,432 | 3,344 | 224 | 318 | 1,126 | 144 | 369 | 389 | 225 | 8,938 |
| Credit commitments | 2,862 | 993 | 953 | 52 | 204 | 506 | 60 | 159 | 131 | 156 | 3,574 |

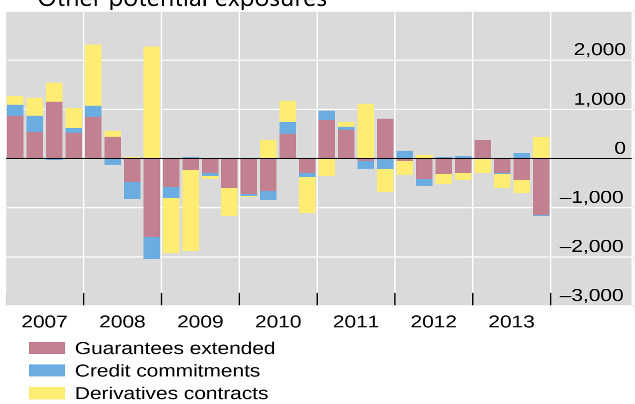
## Consolidated claims and other potential exposures of BIS reporting banks on an ultimate risk basis

Changes in stocks[2]

Foreign claims




Other potential exposures[4, 5]




[1] Detailed breakdowns and time series data are available at www.bis.org/statistics/consstats/htm (Tables 9C–9E). [2] Quarterly difference in outstanding stocks, excluding effects of breaks in series, not adjusted for exchange rate movements. [3] Worldwide consolidated positions of domestically owned banks of 24 reporting countries. [4] Not included in foreign claims. [5] Derivatives relate to positive market values recorded as on– or off–balance sheet items. Credit commitments and guarantees are recorded as off–balance sheet items.

## Table C1: International debt securities issuance, March 2014

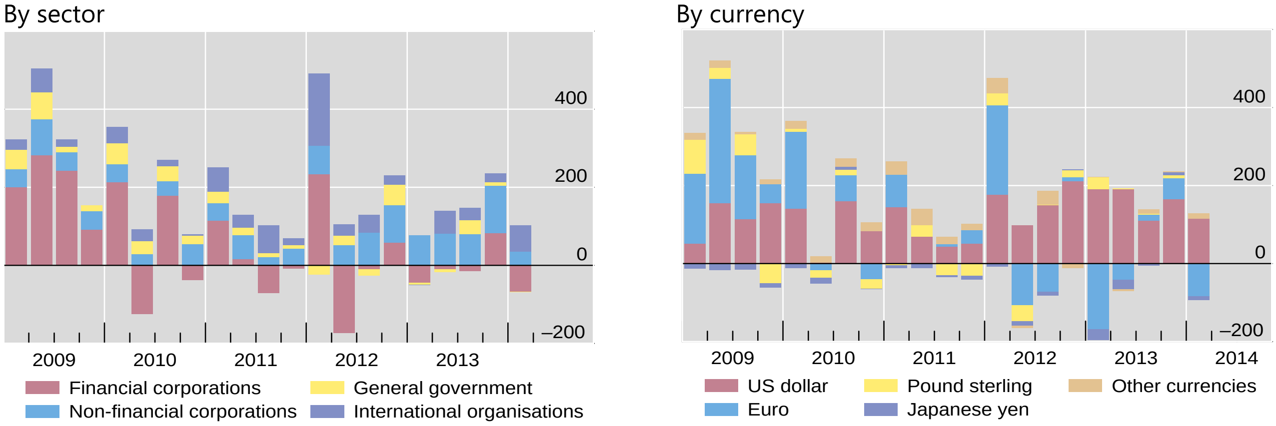
In billions of US dollars

| | Developed countries | | | | Off-shore centres | Emerging markets | | | | | Int'l organi-sations | All countries |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | United States | Euro area | Japan | | Total | Africa | Asia | Europe | Latin America | | |
| **Amounts outstanding** | | | | | | | | | | | | |
| **Total issues** | **17,723** | **2,064** | **9,593** | **211** | **1,859** | **1,736** | **219** | **458** | **449** | **610** | **1,544** | **22,862** |
| **Money market instruments** | **750** | **10** | **428** | **3** | **87** | **17** | **6** | **9** | **2** | **1** | **16** | **870** |
| Financial corporations | 692 | 8 | 390 | 3 | 87 | 17 | 6 | 9 | 2 | 1 | 0 | 796 |
| Non-financial corporations | 38 | 2 | 28 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 39 |
| General government | 20 | 0 | 11 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 |
| US dollar | 261 | 1 | 143 | 1 | 40 | 11 | 3 | 6 | 1 | 1 | 11 | 324 |
| Euro | 291 | 6 | 188 | 0 | 12 | 3 | 1 | 2 | 0 | 0 | 1 | 307 |
| Other currencies | 198 | 4 | 97 | 2 | 35 | 3 | 2 | 1 | 0 | 0 | 4 | 240 |
| **Bonds and notes** | **16,973** | **2,054** | **9,165** | **208** | **1,772** | **1,719** | **214** | **449** | **447** | **609** | **1,528** | **21,992** |
| Financial corporations | 13,777 | 1,743 | 7,374 | 161 | 1,632 | 481 | 64 | 210 | 93 | 113 | 0 | 15,889 |
| Non-financial corporations | 2,334 | 306 | 1,168 | 43 | 83 | 492 | 66 | 134 | 66 | 226 | 0 | 2,910 |
| General government | 862 | 4 | 624 | 5 | 57 | 744 | 83 | 103 | 288 | 270 | 0 | 1,663 |
| US dollar | 4,872 | 1,383 | 1,430 | 120 | 1,380 | 1,288 | 176 | 349 | 266 | 497 | 442 | 7,983 |
| Euro | 8,771 | 406 | 6,808 | 10 | 148 | 231 | 18 | 13 | 147 | 52 | 698 | 9,848 |
| Other currencies | 3,330 | 265 | 928 | 78 | 243 | 200 | 19 | 87 | 34 | 60 | 388 | 4,162 |
| Floating rate | 5,184 | 401 | 2,972 | 27 | 523 | 68 | 12 | 27 | 12 | 18 | 142 | 5,917 |
| Fixed rate | 11,500 | 1,546 | 6,097 | 155 | 1,189 | 1,609 | 194 | 398 | 430 | 587 | 1,386 | 15,683 |
| Equity-related | 289 | 107 | 97 | 26 | 60 | 42 | 8 | 25 | 5 | 4 | 0 | 391 |
| **Net issuance during the quarter** | | | | | | | | | | | | |
| **Total issues** | **-80** | **-4** | **-58** | **6** | **25** | **21** | **4** | **12** | **-5** | **11** | **68** | **35** |
| **Money market instruments** | **-1** | **-2** | **1** | **1** | **1** | **0** | **-1** | **1** | **0** | **0** | **-1** | **-2** |
| Financial corporations | 1 | -1 | -7 | 1 | 1 | 0 | -1 | 1 | 0 | 0 | 0 | 2 |
| Non-financial corporations | 4 | -1 | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 |
| General government | -7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -7 |
| US dollar | -1 | 0 | 5 | 0 | 0 | 0 | -1 | 1 | 0 | 0 | -2 | -4 |
| Euro | -7 | -2 | -13 | 0 | -1 | 0 | 0 | 0 | 0 | 0 | 0 | -7 |
| Other currencies | 7 | 0 | 9 | 0 | 3 | -1 | 0 | -1 | 0 | 0 | 1 | 9 |
| **Bonds and notes** | **-79** | **-2** | **-59** | **5** | **24** | **22** | **4** | **11** | **-5** | **11** | **70** | **37** |
| Financial corporations | -105 | -18 | -73 | 7 | 23 | 12 | 2 | 4 | 3 | 4 | 0 | -70 |
| Non-financial corporations | 22 | 16 | 17 | -2 | 1 | 8 | 1 | 3 | 0 | 4 | 0 | 31 |
| General government | 4 | 0 | -2 | 0 | 0 | 2 | 2 | 5 | -9 | 4 | 0 | 6 |
| US dollar | 54 | 14 | 27 | 7 | 25 | 13 | 1 | 9 | -5 | 8 | 26 | 118 |
| Euro | -108 | -19 | -88 | -2 | -1 | 4 | 3 | 0 | 0 | 1 | 30 | -75 |
| Other currencies | -25 | 3 | 2 | -1 | 1 | 5 | 1 | 2 | -1 | 3 | 14 | -5 |
| Floating rate | -102 | -5 | -49 | 2 | 1 | 1 | 0 | 3 | 0 | -1 | 15 | -85 |
| Fixed rate | 15 | -2 | -12 | 4 | 19 | 19 | 4 | 8 | -6 | 13 | 55 | 109 |
| Equity-related | 8 | 5 | 3 | 0 | 5 | 1 | 1 | 0 | 1 | 0 | 0 | 14 |

### Net international debt securities issuance

By sector

By currency



## Table C2: Domestic and total debt securities, December 2013

In billions of US dollars

| | Domestic debt securities | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | China | Brazil | Korea | Mexico | Malaysia | Thailand | Turkey | South Africa | Russia | Israel | Indonesia | Singapore |
| **Amounts outstanding** | | | | | | | | | | | | |
| All issuers | 4,085 | 2,000 | 1,406 | 606 | 334 | 265 | 206 | 199 | 285 | 217 | 101 | 99 |
| Financial corporations | 1,762 | 577 | 395 | 173 | 60 | 124 | 15 | 42 | 75 | 31 | 13 | ... |
| Non-financial corporations | 818 | 148 | 552 | 47 | 123 | 47 | 2 | 26 | 83 | 48 | 7 | ... |
| General government | 1,504 | 1,275 | 459 | 386 | 151 | 94 | 189 | 131 | 126 | 138 | 82 | 99 |
| Short-term | ... | ... | 97 | 109 | 50 | 55 | 11 | 26 | 0 | 2 | ... | 31 |
| Long-term | ... | ... | 1,310 | 497 | 283 | 210 | 195 | 172 | 285 | 137 | ... | 68 |
| Unallocated | 4,085 | 2,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 79 | 101 | 0 |
| **Exchange rate adjusted changes** | | | | | | | | | | | | |
| All issuers | 80 | 95 | 20 | 24 | 10 | -9 | -1 | 6 | 21 | 1 | 5 | -2 |
| Financial corporations | 31 | 19 | 5 | 9 | 2 | -2 | 1 | 0 | 7 | 0 | 0 | ... |
| Non-financial corporations | 3 | 6 | 12 | 2 | 3 | 1 | 0 | 1 | 5 | 0 | 1 | ... |
| General government | 46 | 70 | 3 | 13 | 5 | -9 | -2 | 5 | 9 | 2 | 4 | -2 |
| Short-term | ... | ... | -7 | 15 | 0 | -1 | 1 | -1 | ... | 0 | ... | -4 |
| Long-term | ... | ... | 27 | 9 | 9 | -8 | -2 | 7 | 21 | 1 | ... | 2 |
| Unallocated | 80 | 95 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 0 |

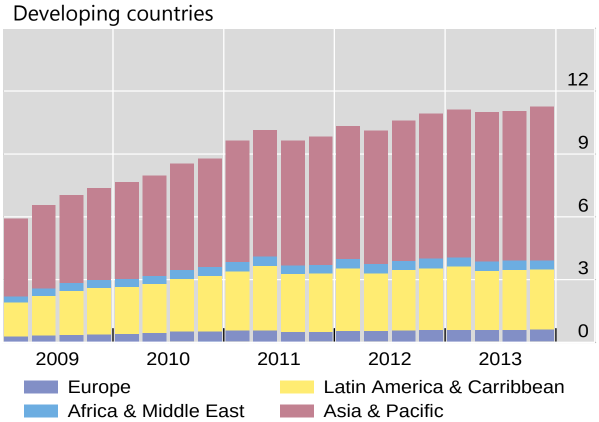
| | Total debt securities | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | United States | Japan | United Kingdom | France | Germany | Italy | Spain | Netherlands | Canada | Australia | Ireland | Denmark |
| **Amounts outstanding** | | | | | | | | | | | | |
| All issuers[1] | 36,942 | 12,244 | 5,844 | 4,757 | 4,357 | 4,074 | 2,389 | 2,378 | 2,188 | 1,832 | 1,196 | 901 |
| Financial corporations | 14,799 | 2,492 | 2,791 | 1,867 | 1,927 | 1,510 | 1,226 | 1,749 | 508 | 1,109 | 1,032 | 712 |
| Non-financial corporations | 7,097 | 733 | 704 | 643 | 175 | 173 | 30 | 148 | 386 | 211 | 10 | 34 |
| General government | 14,819 | 9,019 | 2,346 | 2,246 | 2,255 | 2,391 | 1,134 | 481 | 1,294 | 512 | 154 | 155 |

## Outstanding amounts

In trillions of US dollars

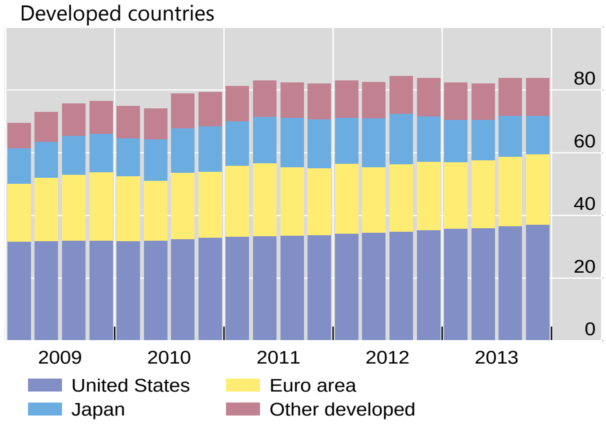
### Domestic debt securities

Developing countries




### Total debt securities

Developed countries




[1] All issuers include households and non-profit institutions serving households.

## Table D: Global OTC derivatives market, end-December 2013[1]

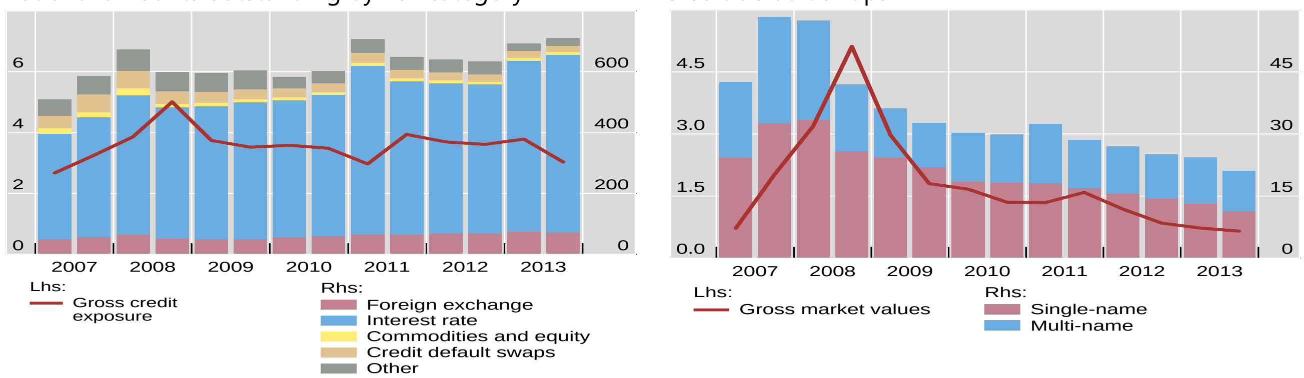
In billions of US dollars

| | Forwards and swaps | | | | Options | | | |
|---|---|---|---|---|---|---|---|---|
| | Total | with reporting dealers | with other financial institutions | with non-financial customers | Total | with reporting dealers | with other financial institutions | with non-financial customers |
| | **Notional amounts outstanding** | | | | | | | |
| **All contracts**[2] | **641,543** | **106,848** | **507,817** | **25,361** | **68,639** | **38,936** | **25,121** | **3,812** |
| **Foreign exchange** | **58,666** | **25,366** | **25,531** | **7,769** | **11,886** | **5,840** | **5,022** | **1,025** |
| US dollar | 51,129 | 23,703 | 21,768 | 5,658 | 9,891 | 4,876 | 4,149 | 865 |
| Euro | 21,999 | 8,913 | 9,257 | 3,829 | 3,178 | 1,555 | 1,178 | 444 |
| Japanese yen | 10,351 | 5,215 | 3,941 | 1,195 | 3,771 | 2,074 | 1,473 | 225 |
| Pound sterling | 7,917 | 3,125 | 3,565 | 1,226 | 872 | 462 | 290 | 120 |
| Other | 25,937 | 9,777 | 12,529 | 3,631 | 6,060 | 2,712 | 2,954 | 394 |
| Up to one year | 41,687 | 16,215 | 20,066 | 5,407 | 9,511 | 4,500 | 4,254 | 756 |
| Over one year | 16,979 | 9,151 | 5,465 | 2,363 | 2,376 | 1,340 | 768 | 268 |
| *Memo: Exchange-traded*[3] | *244* | . | . | . | *143* | . | . | . |
| **Interest rate** | **535,099** | **65,961** | **452,824** | **16,314** | **49,264** | **30,236** | **16,786** | **2,242** |
| US dollar | 158,209 | 18,935 | 134,311 | 4,963 | 15,583 | 8,110 | 6,641 | 832 |
| Euro | 216,188 | 18,456 | 192,554 | 5,179 | 24,879 | 17,041 | 6,717 | 1,121 |
| Japanese yen | 48,704 | 9,511 | 36,214 | 2,979 | 4,169 | 2,758 | 1,335 | 76 |
| Pound sterling | 49,214 | 4,305 | 43,999 | 910 | 3,000 | 1,731 | 1,188 | 81 |
| Other | 62,784 | 14,754 | 45,747 | 2,283 | 1,633 | 596 | 906 | 131 |
| Up to one year | 184,217 | 19,281 | 161,406 | 3,530 | 14,085 | 7,622 | 5,809 | 654 |
| Over one year | 350,882 | 46,680 | 291,419 | 12,784 | 35,180 | 22,614 | 10,977 | 1,588 |
| *Memo: Exchange-traded*[3] | *24,191* | . | . | . | *32,794* | . | . | . |
| **Equity** | **2,277** | **634** | **1,463** | **180** | **4,283** | **1,463** | **2,411** | **409** |
| *Memo: Exchange-traded*[3] | *1,492* | . | . | . | *5,751* | . | . | . |
| **Commodities** | **1,464** | **...** | **...** | **...** | **742** | **...** | **...** | **...** |
| **Credit default swaps** | **21,020** | **11,053** | **9,779** | **188** | **...** | **...** | **...** | **...** |
| **Unallocated** | **23,018** | **3,834** | **18,220** | **910** | **2,463** | **1,397** | **901** | **137** |
| | **Gross market values** | | | | | | | |
| **All contracts** | **16,361** | **4,379** | **10,810** | **1,172** | **2,022** | **1,202** | **645** | **176** |
| **Foreign exchange** | **2,011** | **868** | **791** | **351** | **273** | **143** | **96** | **35** |
| US dollar | 1,706 | 806 | 663 | 237 | 211 | 117 | 67 | 27 |
| Euro | 638 | 218 | 252 | 168 | 69 | 29 | 29 | 11 |
| Japanese yen | 569 | 290 | 193 | 87 | 152 | 94 | 41 | 17 |
| Pound sterling | 245 | 84 | 102 | 59 | 11 | 5 | 4 | 2 |
| Other | 863 | 339 | 372 | 152 | 104 | 41 | 50 | 12 |
| **Interest rate** | **12,865** | **2,936** | **9,186** | **743** | **1,174** | **806** | **317** | **50** |
| US dollar | 4,006 | 964 | 2,854 | 188 | 306 | 214 | 80 | 12 |
| Euro | 6,129 | 1,229 | 4,508 | 392 | 709 | 492 | 189 | 28 |
| Japanese yen | 643 | 221 | 393 | 29 | 53 | 41 | 12 | 1 |
| Pound sterling | 1,205 | 242 | 889 | 74 | 89 | 52 | 29 | 8 |
| Other | 883 | 281 | 543 | 59 | 17 | 8 | 7 | 2 |
| **Equity** | **202** | **37** | **141** | **24** | **498** | **206** | **207** | **84** |
| **Credit default swaps** | **653** | **369** | **276** | **9** | **...** | **...** | **...** | **...** |
| **Unallocated** | **629** | **168** | **416** | **45** | **78** | **46** | **25** | **7** |

### Global OTC derivatives[4]

Notional amounts outstanding by risk category

Credit default swaps




[1] Detailed breakdowns and time series data are available at http://www.bis.org/statistics/derstats.htm (Tables 19, 20A–C, 21A–C, 22A–C and 23A–B). [2] Due to incomplete counterparty breakdowns for the commodity derivatives, components do not add up to the total. [3] Futures and options. Data on exchange-traded and OTC derivatives are not directly comparable; the former refers to open interest while the latter refers to gross positions. [4] In trillions of US dollars.

# Notes to tables

Data for the most recent period are provisional. Data on changes in stocks have been calculated by converting the relevant stocks into their original currencies using end-of-period exchange rates and subsequently converting the changes in stocks into US dollar amounts using period average rates. Flow and turnover data have been calculated by converting flows and turnover in original currencies into US dollar amounts using period average exchange rates.

## Tables A1–A2

The data in Tables A1–A2 (the locational BIS banking statistics) cover banks' unconsolidated gross international on-balance sheet assets and liabilities. These data are based on the residence of the reporting institution and therefore measure the activities of all banking offices residing in each reporting country. Such offices report exclusively on their own unconsolidated business, which thus includes international transactions with any of their own affiliates. BIS reporting banks include banks residing in the G10 countries, plus Australia, Austria, the Bahamas, Bahrain, Bermuda, Brazil, the Cayman Islands, Chile, Chinese Taipei, Curacao, Cyprus, Denmark, Finland, Greece, Guernsey, Hong Kong SAR, India, Indonesia, Ireland, Isle of Man, Jersey, Korea, Luxembourg, Macao SAR, Malaysia, Mexico, the Netherlands Antilles (till Q3 2010), Norway, Panama, Portugal, Singapore, South Africa, Spain and Turkey. Breakdowns by currency are compiled from actual reported data and do not include any estimates done by the BIS for reporting countries that provide incomplete or partial currency information. Table A1 provides aggregated figures by residence of banks in all reporting countries. Table A2 provides figures by nationality of banks in reporting countries. The nationality statistics are prepared by regrouping the locational data into categories based on the control or ownership of the banking offices in question. Thus, for a reporting country, total assets and total liabilities of all banks reported under locational by residence statistics should be equal to the total assets and total liabilities of all banks reported under nationality statistics. Detailed tables, including time series data in CSV files, guidelines and information on breaks in series in the locational banking statistics, are available on the BIS website under www.bis.org/statistics/bankstats.htm.

## Tables B1–B2

The consolidated statistics are based mainly on the country of incorporation of the reporting institutions and measure the international lending activities of banks' head offices in the reporting countries and all their offices at home and abroad, with positions between offices of the same bank being netted out. The data in Table B1 cover BIS reporting banks' worldwide consolidated claims on an immediate borrower basis. These contractual claims are not adjusted for risk mitigants, such as guarantees and collateral. The 31 reporting countries comprise the G10 countries plus Australia, Austria, Brazil, Chile, Chinese Taipei, Denmark, Finland, Greece, Hong Kong SAR, India, Ireland, Luxembourg, Mexico, Norway, Panama, Portugal, Singapore, Spain and Turkey. The data in Table B2 cover BIS reporting banks' worldwide consolidated claims on an ultimate risk basis. These contractual claims are adjusted for risk mitigants, such as guarantees and collateral. The reporting population is a subset of 24 countries which reports both sets of data and comprises Australia, Austria, Belgium, Canada, Chile, Chinese Taipei, Finland, France, Germany, Greece, India, Ireland, Italy, Japan, the Netherlands, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The data in Table B1 cover both foreign and international claims, while Table B2 covers foreign claims only. International claims are defined as BIS reporting banks' cross-border claims in all currencies plus the local claims of their foreign affiliates in foreign currency. Foreign claims include, in addition, reporting banks' foreign affiliates' local claims in local currency, as shown below.

Austria and Portugal report on a partially consolidated basis. Detailed information on breaks in series in the consolidated banking statistics is available on the BIS website under www.bis.org/statistics/consstats.htm.

**Types of claims**

| A | B | C | D |
|---|---|---|---|
| Cross-border claims | Local claims of foreign affiliates in foreign currency | Local claims of foreign affiliates in local currency | Domestic claims in the reporting country |

***International claims*** (A + B)

***Foreign claims*** (A + B + C)

The shaded area indicates claims excluded from the consolidated banking statistics; bold italics indicate claims published within the consolidated banking statistics.

## Tables C1–C2

Securities statistic are harmonised with recommendations from the Handbook on Securities Statistics Part 1 (jointly released by BIS, ECB and IMF; available at the IMF web site, www.imf.org/external/np/sta/wgsd/pdf/051309.pdf). There are three datasets, each covering different market of issue: international debt securities, domestic debt securities and total debt securities.

The sectoral breakdown presents data based on the sector of the borrower itself and not on the sector of the parent company of the borrower or any guarantor. "General government" comprises central governments and other governments, while "Financial corporations" comprises commercial banks, central banks, and other financial institutions.

Detailed information about the compilation of the statistics on domestic and total debt securities is available on the BIS website.

## Table D

The data in Table D cover the activity recorded in the global over-the-counter (OTC) and exchange-traded derivatives markets. The data on exchange-traded derivatives are obtained from market sources, while those on OTC derivatives are based on the reporting to the BIS by central banks in major financial centres that in turn collect the information on a consolidated basis from reporting dealers headquartered in their respective countries.

The data on OTC derivatives are available in terms of notional amounts outstanding, gross market values and gross credit exposure. Gross credit exposure excludes credit default swap contracts for all countries except the United States. These statistics are adjusted for inter-dealer double-counting and cover foreign exchange, interest rate, equity, commodity and credit derivatives.

For the exchange-traded derivatives, data on open interest measured in terms of US dollars are available for the main financial derivatives contracts (interest rate, currency and equity-linked derivatives).

Information on the methodology used to compile these statistical sets and a more detailed description of their coverage can be found on pages 18 to 21 of the Guide to the international financial statistics, available at www.bis.org/publ/bppdf/bispap14.htm.

# Special features in the BIS Quarterly Review

| | | |
|---|---|---|
| December 2013 | The anatomy of the global FX market through the lens of the 2013 Triennial Survey | D Rime & A Schrimpf |
| December 2013 | FX market trends before, between and beyond Triennial Surveys | M Bech & J Sobrun |
| December 2013 | FX and derivatives markets in emerging economies and the internationalisation of their currencies | T Ehlers & F Packer |
| December 2013 | The OTC interest rate derivatives market in 2013 | J Gyntelberg & C Upper |
| September 2013 | How have banks adjusted to higher capital requirements? | B Cohen |
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| March 2013 | Hedging in derivatives markets: the experience of Chile | F Avalos & R Moreno |
| March 2013 | How much does the private sector really borrow - a new database for total credit to the private non-financial sector | C Dembiermont, M Drehmann & S Muksakunratana |

# Recent BIS publications[1]

## BIS Papers

**Globalisation, inflation and monetary policy in Asia and the Pacific**
**March 2014**

www.bis.org/publ/bppdf/bispap77.htm

Central The People's Bank of China and the Bank for International Settlements co-hosted a research conference on "Globalisation and Inflation Dynamics in Asia and the Pacific" on 23–24 September 2013 in Beijing. This was the wrap-up conference for the BIS Asian Office's two-year research programme on globalisation and inflation that was launched by the Asian Consultative Council in February 2012.

The event brought together senior officials and researchers from central banks, international organisations and academia. Governor Zhou Xiaochuan of the People's Bank of China made the opening remarks and former Governor Masaaki Shirakawa of the Bank of Japan delivered the keynote address.

The research papers presented at the conference covered the dynamics of inflation forecasts in the region; the measurement of economic slack; supply chains and inflation spillovers; financial globalisation and the role of exchange rate in monetary policy; global commodity price cycles and their monetary policy implications; and the role of inflation in China's monetary policy rule.

This volume is a collection of the speeches, presentations and a background paper from the conference.

## BIS Working Papers

**The exit from non-conventional monetary policy: what challenges?**
**Philip Turner**

www.bis.org/publ/work448.htm

Monetary policies pursued in response to the financial crisis have shown that changes in central bank balance sheets have major macroeconomic consequences. The New Classical Macroeconomics, which gained increasing sway from the late-1980s, had led to an exclusive focus on the policy rate and a neglect of balance sheet effects. Key financial market imperfections that had been demonstrated by earlier (or contemporaneous) advances in microeconomic theory were assumed away under the guise of Ricardian equivalence. Getting their balance sheets back to normal levels is important in order to preserve policy flexibility for the future, but will present central banks with formidable challenges. This task will require cooperation with Treasuries without surrendering monetary policy independence.As central banks pragmatically monitor market resilience, the financial dominance trap is to be avoided.

[1] Requests for publications should be addressed to Bank for International Settlements, Press & Communications, Centralbahnplatz 2, CH-4002 Basel. These publications are also available on the BIS website (www.bis.org).

**Trade linkages and the globalisation of inflation in Asia and the Pacific**
**Raphael Auer and Aaron Mehrotra**

www.bis.org/publ/work447.htm

Some observers argue that increased real integration has led to greater comovement of prices internationally. We examine the evidence for cross-border price spillovers among economies participating in the pan-Asian cross-border production networks. Starting with country-level data, we find that both producer price and consumer price inflation rates move more closely together between those Asian economies that trade more with one another, ie that share a higher degree of trade intensity. Next, using a novel data set based on the World Input-Output Database (WIOD), we examine the importance of the supply chain for cross-border price spillovers at the sectoral level. We document the increasing importance of imported intermediate inputs for economies in the Asia-Pacific region and examine the impact on domestic producer prices of changes in costs of imported intermediate inputs. Our results suggest that real integration through the supply chain matters for domestic price dynamics in the Asia-Pacific region.

**One currency, two markets: the renminbi's growing influence in Asia-Pacific**
**Chang Shu, Dong He and Xiaoqiang Cheng**

www.bis.org/publ/work446.htm

This study presents evidence of the renminbi's growing influence in the Asia-Pacific region. The CNH market - the offshore renminbi foreign exchange market in Hong Kong SAR - is found to exert an effect on Asian currencies that is distinct from that of the onshore (CNY) market. Changes in the RMB/USD rates in both markets have a statistically and economically significant impact on changes in Asian currency rates against the US dollar, even after controlling for other major currency moves and the transmission of China's monetary policy to the region. The continuing growth of the offshore renminbi market suggests that the influence of the CNH market is rising, but how long the independent impact will last will likely depend on China's progress in liberalising its capital account. The findings also suggest that China's regional influence is increasingly transmitted through financial channels.

**Foreign exchange intervention and the banking system balance sheet in emerging market economies**
**Blaise Gadanecz, Aaron Mehrotra and Madhusudan Mohanty**

www.bis.org/publ/work445.htm

Large-scale forex intervention in emerging market economies (EMEs) aimed at resisting currency appreciation has major implications for the composition of banking system balance sheets. The domestic monetary consequences depend on the nature of central bank liabilities that are the counterpart of forex reserves. Even if the immediate change in bank reserves due to FX intervention is offset by the sale of securities, bank lending may still be stimulated, running counter to the aims of the monetary authority. In this paper, we empirically investigate the impact of banks' holdings of liquid government securities, generated by such intervention, on bank credit in a panel of EMEs. We find that, for well capitalised banking systems, holdings of government and central bank paper over time lead to an expansion in their credit to the private sector. This result is confirmed at both country and bank level. The balance sheet effects of large-scale FX intervention therefore require close attention.

**Reforming the international monetary system in the 1970s and 2000s: would an SDR substitution account have worked?**
**Robert N McCauley and Catherine R Schenk**

www.bis.org/publ/work444.htm

This paper analyses the discussion of a substitution account in the 1970s and how the account might have performed had it been agreed in 1980. The substitution account would have allowed central banks to diversify away from the dollar into the IMF's Special Drawing Right (SDR), comprised of US dollar, Deutsche mark, French franc (later euro), Japanese yen and British pound, through transactions conducted off the market. The account's dollar assets could fall short of the value of its SDR liabilities, and hedging would have defeated the purpose of preventing dollar sales. In the event, negotiators were unable to agree on how to distribute the open-ended cost of covering any shortfall if the dollar's depreciation were to exceed the value of any cumulative interest rate premium on the dollar. As it turned out, the substitution account would have encountered solvency problems had the US dollar return been based on US Treasury bill yields, even if a substantial fraction of the IMF's gold had been devoted to meet the shortfall at recent, high prices for gold. However, had the US dollar return been based on US Treasury bond yields, the substitution account would have been solvent even without any gold backing.

**Banks and capital requirements: channels of adjustment**
**Benjamin Cohen and Michela Scatigna**

www.bis.org/publ/work443.htm

Bank capital ratios have increased steadily since the financial crisis. For a sample of 94 large banks from advanced and emerging economies, retained earnings account for the bulk of their higher risk-weighted capital ratios, with reductions in risk weights playing a lesser role. On average, banks continued to expand their lending, though lending growth was relatively slower among European banks. Lower dividend payouts and (for advanced economy banks) wider lending spreads have contributed to banks' ability to use retained earnings to build capital. Banks that came out of the crisis with higher capital ratios and stronger profitability were able to expand lending more.

## Basel Committee on Banking Supervision

**Point of sale disclosure in the insurance, banking and securities sectors - final report**
**April 2014**

www.bis.org/publ/joint35.htm

The Joint Forum released today its final report on Point of Sale Disclosure in the insurance, banking and securities sectors.

The report identifies and assesses differences and gaps in regulatory approaches to point of sale (POS) disclosure for investment and savings products across the insurance, banking and securities sectors, and considers whether the approaches need to be further aligned across sectors. It sets out eight recommendations, for use mainly by policymakers and supervisors to assist them in considering, developing or modifying their POS disclosure regulations. Those recommendations are:

1. Jurisdictions should consider implementing a concise written or electronic POS disclosure document for the product sample identified in this report, taking into account the jurisdiction's regulatory regime.

2. The POS disclosure document should be provided to consumers free of charge, before the time of purchase.

3. A jurisdiction considering POS disclosure should consider requiring that a POS disclosure document disclose key characteristics including costs, risks and financial benefits or other features of a given product and any underlying or referenced assets, investments or indices, irrespective of the financial sector from which the products are derived.

4. The POS disclosure document should be clear, fair, not misleading and written in a plain language designed to be understandable by the consumer.

5. The POS disclosures should include the same type of information to facilitate comparison of competing products.

6. The POS disclosure document should be concise, set out key information about a product and may include, as appropriate, links or refer to other information.  It should make clear that it does not provide exhaustive information.

7. Allocation of responsibility for preparing, making available and/or delivering the POS disclosure document should be clearly established, and the POS disclosure document should identify which entity is responsible for its content.

8. A jurisdiction considering POS disclosure should consider how to use its capabilities and powers to implement these POS recommendations, taking into account the jurisdiction's regulatory regime.

An earlier version of this report was issued for consultation in August 2013. The Joint Forum thanks those who provided feedback and comments as these were instrumental in finalising the report and its recommendations. The changes made to the consultative document are explained in an annex to the final report

**Frequently asked questions on Basel III's January 2013 liquidity coverage ratio**
**April 2014**

www.bis.org/publ/bcbs284.htm

The Basel Committee on Banking Supervision today issued frequently asked questions (FAQs) on Basel III's liquidity coverage ratio (LCR). To promote consistent global implementation of those requirements, the Committee has agreed to periodically review frequently asked questions and publish answers along with any technical elaboration of the rules text and interpretative guidance that may be necessary.

The Committee has received a number of interpretation questions related to the January 2013 publication of the LCR standard. The FAQs published today correspond to the text set out in that standard.

**Supervisory framework for measuring and controlling large exposures - final standard**
**April 2014**

www.bis.org/publ/bcbs283.htm

This Basel Committee on Banking Supervision standard sets out a supervisory framework for measuring and controlling large exposures. The framework is scheduled to take effect from 1 January 2019 and will supersede the Committee's 1991 standard on this topic. Since publication of the original standard, the financial system has changed dramatically. While many jurisdictions modelled their national rules after the Committee's 1991 guidance, there have been inconsistent results across jurisdictions due to differences in measures of exposure, measures of capital and numerical limits. The revised framework will help ensure a common minimum standard for measuring, aggregating and controlling single name concentration risk across jurisdictions.

The purpose of large exposure limits is to constrain the maximum loss a bank could face in the event of a sudden failure of a counterparty or a group of connected counterparties and to help ensure the bank remains a going concern. Especially where the bank's counterparty is another bank, large exposure limits can directly contribute towards the reduction of systemwide contagion risk.

The large exposure standard published today includes a general limit applied to all of a bank's exposures to a single counterparty, which is set at 25% of a bank's Tier 1 capital. This limit also applies to a bank's exposure to identified groups of connected counterparties (ie counterparties that are interdependent and likely to fail simultaneously). A tighter limit will apply to exposures between banks that have been designated as global systemically important banks (G-SIBs). This limit has been set at 15% of Tier 1 capital.

This final standard takes into account comments on the Committee's March 2013 proposals.The initial proposal has been revised as follows:

- the definition and the reporting thresholds are now 10% of the eligible capital base (instead of the 5% initially proposed);
- the treatment of a limited range of credit default swaps (CDS) used as hedges in the trading book has been modified so that it is more closely aligned with the risk-based capital framework;

- the initially proposed granularity threshold for exposures to securitisation vehicles has been replaced with a materiality threshold related to the capital base of the bank (calibrated at 0.25% of the capital base); and
- a treatment that recognises particular features of some covered bonds.

The Committee will by 2016 review the appropriateness of setting a large exposure limit for exposures to qualifying central counterparties (QCCPs) related to clearing activities, which are currently exempted. It will also review the impact of the large exposures framework on monetary policy implementation.

The Basel Committee wishes to thank all those who contributed time and effort to express their views during the consultation process.

**Capital requirements for bank exposures to central counterparties - final standard**
**April 2014**

www.bis.org/publ/bcbs282.htm

The Basel Committee completed its work on the capital treatment of bank exposures to central counterparties, following a collaborative effort between the BCBS, the Committee on Payment and Settlement Systems (CPSS), and the International Organization of Securities Commissions (IOSCO) to improve upon the interim capital requirements that were published in July 2012. The final standard will take effect on **1 January 2017**. The interim requirements will continue to apply until that time.

When developing the final standard, the Basel Committee sought to simplify the interim policy framework and to complement relevant initiatives undertaken by other supervisory bodies, including the CPSS-IOSCO Principles for financial market infrastructures. The Committee also aimed to support broader policy efforts advanced by the G20 leaders and the Financial Stability Board, particularly those relating to central clearing of standardised OTC derivative contracts.

The final standard differs from the interim requirements by:

- including a single approach for calculating capital requirements for a bank's exposure that arises from its contributions to the mutualised default fund of a qualifying CCP (QCCP);
- employing the standardised approach for counterparty credit risk (as opposed to the Current Exposure Method) to measure the hypothetical capital requirement of a CCP;
- including an explicit cap on the capital charges applicable to a bank's exposures to a QCCP;
- specifying how to treat multi-level client structures whereby an institution clears its trades through intermediaries linked to a CCP; and
- incorporating responses to frequently asked questions posed to the Basel Committee in the course of its work on the final standard.

A related consultative document was published in June 2013, which was followed by a joint quantitative impact study (QIS) that was designed to assess the capital impact of proposed revisions to the interim requirements, inform the calibration of the revised policy framework, and to obtain feedback on implementation issues and operational burden.

The Committee wishes to thank those institutions that responded to the consultative document and participated in the joint QIS exercise.

**Progress report on implementation of the Basel regulatory framework**
**April 2014**

www.bis.org/publ/bcbs281.htm

This updated Progress report on implementation of the Basel regulatory framework provides a high-level view of Basel Committee members' progress in adopting Basel II, Basel 2.5 and Basel III, as of end March 2014.

It focuses on the status of domestic rule-making processes to ensure that the Committee's capital standards are transformed into national law or regulation according to the internationally agreed timeframes. The Committee believes that disclosure will provide additional incentive for members to fully comply with the international agreements.

**External audits of banks - final document**
**March 2014**

www.bis.org/publ/bcbs280.htm

The recent financial crisis not only revealed weaknesses in risk management, control and governance processes at banks, but also highlighted the need to improve the quality of external audits of banks. Given the central role banks play in contributing to financial stability, and therefore the need for market confidence in the quality of external audits of banks' financial statements, the Basel Committee is issuing this guidance on external audits of banks. This document enhances and supersedes the Committee's guidance The relationship between banking supervisors and bank's external auditors (2002) and External audit quality and banking supervision (2008).

This document describes supervisory expectations regarding audit quality and how that relates to the work of the external auditor and of the audit Committee in a bank. Implementation of the principles and the explanatory guidance is expected to improve the quality of bank audits and enhance the effectiveness of prudential supervision which is an important element of financial stability.

This document sets out supervisory expectations of how:

1. audit committees can contribute to audit quality in their oversight of the external audit function;

2. external auditors can discharge their responsibilities more effectively;

3. an effective relationship between the external auditor and the supervisor, which allows greater mutual understanding about the respective roles and responsibilities of supervisors and external auditors, can lead to regular communication of mutually useful information; and

4. regular and effective dialogue between the banking supervisory authorities and relevant audit oversight bodies can enhance the quality of bank audits.

In addition to the proposed guidance, the Committee published a letter to the International Auditing and Assurance Standards Board (IAASB) on areas where it believes International Standards on Auditing could be enhanced. Serving as an observer on the Basel Committee group that developed the revised guidance, the IAASB provided helpful and meaningful input to this effort.

**The standardised approach for measuring counterparty credit risk exposures**
**March 2014**

www.bis.org/publ/bcbs279.htm

The Basel Committee's final standard on The standardised approach for measuring counterparty credit risk exposures includes a comprehensive, non-modelled approach for measuring counterparty credit risk associated with OTC derivatives, exchange-traded derivatives, and long settlement transactions. The new standardised approach (SA-CCR) replaces both the Current Exposure Method (CEM) and the Standardised Method (SM) in the capital adequacy framework. In addition, the IMM shortcut method will be eliminated from the framework once the SA-CCR takes effect, which is scheduled for 1 January 2017.

The Committee's objective in undertaking this work was to develop a risk sensitive methodology that appropriately differentiates between margined and unmargined trades, and provides more meaningful recognition of netting benefits than either of the existing non-modelled approaches. The SA-CCR limits the need for discretion by national authorities, minimises the use of banks' internal estimates, and avoids undue complexity by drawing upon prudential approaches already available in the capital framework. It has been calibrated to reflect the level of volatilities observed over the recent stress period, while also giving regard to incentives for centralised clearing of derivative transactions.

The SA-CCR retains the same general structure as that used in the CEM, consisting of two key regulatory components: replacement cost and potential future exposure. An alpha factor is applied to the sum of these components in arriving at the exposure at default (EAD). The EAD is multiplied by the risk weight of a given counterparty in accordance with either the Standardised or Internal Ratings-Based approaches for credit risk to calculate the corresponding capital requirement.

A related consultative document was published in June 2013, which was followed by a joint quantitative impact study (JQIS) that was designed to assess the capital impact of the methodology, the burden associated with its implementation, and various technical features that merited further quantitative analysis. After giving due consideration to the feedback received from respondents to the consultative paper and the results of the JQIS, the Committee made a number of the adjustments to the proposed methodology prior to finalising the SA-CCR. These include:

- increased specificity regarding the application of the approach to complex instruments;
- the introduction of a supervisory measure of duration for interest rate and credit derivative exposures;
- removal of the one-year trade maturity floor for unmargined trades and the addition of a formula to scale down the maturity factor for any such trades with remaining maturities less than one year;
- the inclusion of a supervisory option pricing formula to estimate the supervisory delta for options;
- a cap on the measured exposure for margined transactions to mitigate distortions arising from high threshold values in some margining agreements; and
- adjustments to the calibration of the approach with respect to foreign exchange, credit and some commodity derivatives.

The Committee wishes to thank those institutions that responded to the consultative document and participated in the JQIS exercise.

**Risk Weight for the European Stability Mechanism (ESM) and European Financial Stability Facility (EFSF)**
**March 2014**

www.bis.org/publ/bcbs_nl17.htm

The Basel Committee on Banking Supervision has agreed that supervisors may allow banks to apply a 0% risk weight to claims on the European Stability Mechanism (ESM) and European Financial Stability Facility (EFSF). The ESM and EFSF will be included in the list of entities receiving a 0% risk weight set out in paragraph 56 of the document Basel II: International Convergence of Capital Measurement and Capital Standards: A Revised Framework - Comprehensive Version, June 2006. Claims on the ESM and EFSF will therefore also be included as Level 1 High Quality Liquid Assets (HQLA) in accordance with paragraph 50 (c) in Basel III: The Liquidity Coverage Ratio and Liquidity Risk Monitoring Tools, January 2013.

**Results of the Basel III monitoring exercise as of 30 June 2013Weight for the European Stability Mechanism (ESM) and European Financial Stability Facility (EFSF)**
**March 2014**

www.bis.org/publ/bcbs278.htm

This report presents the results of the Basel Committee's Basel III monitoring exercise. The study is based on the rigorous reporting processes set up by the Committee to periodically review the implications of the Basel III standards for financial markets. The results of previous exercises in this series were published in September 2013, March 2013, September 2012 and April 2012.

A total of 227 banks participated in the current study, comprising 102 large internationally active banks ("Group 1 banks", defined as internationally active banks that have Tier 1 capital of more than €3 billion) and 125 Group 2 banks (ie representative of all other banks).

The results of the monitoring exercise assume that the final Basel III package has been fully implemented, based on data as of 30 June 2013. That is, they do not take account of the transitional arrangements set out in the Basel III framework, such as the gradual phase-in of deductions from regulatory capital. No assumptions were made about bank profitability or behavioural responses, such as changes in bank capital or balance sheet composition. For that reason, the results of the study are not comparable to industry estimates.

Data as of 30 June 2013 show that shortfalls in the risk-based capital of large internationally active banks generally continue to shrink. At the Common Equity Tier 1 (CET1) target level of 7.0% (plus the surcharges on G-SIBs as applicable), the aggregate shortfall for Group 1 banks is €57.5 billion, compared to €115.0 billion on 31 December 2012. However, the aggregate shortfall of CET1 capital with respect to the 4.5% minimum has increased to €3.3 billion, which is €1.1 billion higher than previously. As a point of reference, the sum of after-tax profits prior to distributions across the same sample of Group 1 banks for the year ending 30 June 2013 was €456 billion.

Under the same assumptions, the capital shortfall for Group 2 banks included in the sample is estimated at €12.4 billion for the CET1 minimum of 4.5% and €27.7 billion for a CET1 target level of 7.0%. This represents an increase compared to the previous period of €1.0 billion and €2.1 billion, respectively, which is caused by a small number of Group 2 banks within the sample. The sum of Group 2 bank after-tax profits prior to distributions in the year ending 30 June 2013 was €26 billion.

The average CET1 capital ratios under the Basel III framework across the same sample of banks are 9.5% for Group 1 banks and 9.1% for Group 2 banks. This compares with the fully phased-in CET1 minimum requirement of 4.5% and a CET1 target level of 7.0%.

Basel III's Liquidity Coverage Ratio (LCR) will come into effect on 1 January 2015. The minimum requirement will be set initially at 60% and then rise in equal annual steps to reach 100% in 2019. The weighted average LCR for the Group 1 bank sample was 114% on 30 June 2013, down from 119% six months earlier. For Group 2 banks, the average LCR has increased from 126% to 132%. For banks in the sample, 72% reported an LCR that met or exceeded a 100% minimum requirement, while 91% reported an LCR at or above a 60% minimum requirement.

Basel III also includes a longer-term structural liquidity standard - the Net Stable Funding Ratio (NSFR). In January 2014, the Basel Committee published a consultative document on proposed revisions to the NSFR. While the most recent Basel III monitoring exercise collected NSFR data, the results were based on the original version of Basel III's NSFR as published in December 2010. Results of the NSFR calculation are therefore not presented in today's monitoring report to avoid confusion with the revised NSFR issued by the Committee in January. The Committee's next Basel III monitoring exercise, which will be based on financial data as of December 2013, will include data related to the proposed revisions to the NSFR. The Committee expects to publish the results of that exercise later this year.

## Committee on the Global Financial System

**EME banking systems and regional financial integration**
**March 2014**

www.bis.org/publ/cgfs510.htm

This report - prepared by a Study Group chaired by Andrew Khoo (Monetary Authority of Singapore) - develops a central bank perspective on the regional integration of EME banking systems and financial markets, assesses the drivers of these developments, and draws broad conclusions for policymakers. The findings are based on data from the BIS international banking statistics (IBS) and various other public sources, interviews with the private sector, inputs from central banks from non-CGFS jurisdictions, as well as reviews of the existing academic literature and case studies from select CGFS member jurisdictions.

The Group's findings suggest that, while regional bank expansion has the potential to affect the global financial system in a variety of ways, the still small overall footprint of regional banking groups means that current trends are unlikely to have significantly changed the risk profile of EME banking systems at this stage. Yet, broader effects are possible over time, as bank-level data points at balance sheet capacity for further cross-border expansion. Furthermore, business models of the larger, more systemically important EME bank affiliates are growing in sophistication, converging with those of similarly sized, more regionally focused advanced economy peers. With time, this may warrant policy responses in a number of areas, including efforts to improve regulatory environments and market infrastructures, and crisis prevention and resolution measures.

## Speeches

**Global economic and financial challenges: a tale of two views**

Speech by Mr Jaime Caruana, General Manager of the Bank for International Settlements, prepared for a lecture at the Harvard Kennedy School in Cambridge, Massachusetts, 9 April 2014

www.bis.org/speeches/sp140409.htm

This speech contrasts two explanatory views of the sluggish and uneven recovery from the global financial crisis of 2008-09. One view points to a persistent shortfall of demand and the other to the specificities of a financial cycle-induced recession - the "shortfall of demand" vs the "balance sheet" view. The speech summarises each diagnosis in seven stylised propositions covering: the origin of the recession, the implications of deleveraging, the causes of weak credit growth, the role of asymmetries in the international monetary system, the nature of hysteresis, the interpretation of negative equilibrium real interest rates, and the risk of deflation. It then reviews evidence bearing on the two views and contrasts the policy prescriptions to be inferred from each view. The speech concludes that the balance sheet view provides a better overarching explanation of events. In terms of policy, the implication is that there has been too much emphasis since the crisis on stimulating demand and not enough on balance sheet repair and structural reforms to boost productivity. Looking forward, policy frameworks need to ensure that policies are more symmetrical over the financial cycle, so as to avoid the risks of entrenching instability and eventually running out of policy ammunition.

**Global liquidity: where it stands, and why it matters**

IMFS Distinguished Lecture by Mr Jaime Caruana, General Manager of the Bank for International Settlements, at the Goethe University, Frankfurt, Germany, 5 March 2014.

www.bis.org/speeches/sp140305.htm

These remarks apply the concepts of global liquidity and the financial cycle to analyse developments in the global financial system in the past decade or so and to understand the current configuration of risks and vulnerabilities. The focus is on how financial risk-taking, asset prices and credit expansion tend to move together across countries, even when these countries are at different stages of the macroeconomic business cycle. After the boom in the early 2000s and the bust in the crisis period 2007-09, the world is now in a new phase of global liquidity - with potential new risks. Although global liquidity conditions remain accommodative at the current juncture, more normal conditions will inevitably return at some point. Both policymakers and the private sector will need to be prepared for that adjustment. This means watching out for vulnerabilities that may have built up while conditions were accommodative. It also means taking action to build resilience in the financial system.