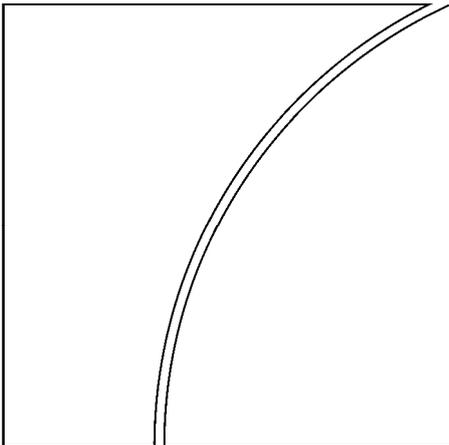




BANK FOR INTERNATIONAL SETTLEMENTS



## **Statistical commentary on provisional locational and consolidated international banking statistics at end-December 2008**

Monetary and Economic Department

April 2009

Queries concerning this release should be addressed to the authors listed below:

Statistical commentary:	Karsten von Kleist e-mail: karsten.von-kleist@bis.org	tel: +41 61 280 8408
Locational banking statistics (data):	Swapam Pradhan e-mail: swapan-kumar.pradhan@bis.org	tel: +41 61 280 8491
Consolidated banking statistics (data):	Sebastian Görlich e-mail: sebastian.goerlich@bis.org	tel: +41 61 280 8410

Bank for International Settlements  
Monetary and Economic Department  
CH-4002 Basel, Switzerland

Fax: +41 61 280 9100 and +41 61 280 8100

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# Release of preliminary locational and consolidated banking statistics

## Fourth quarter of 2008

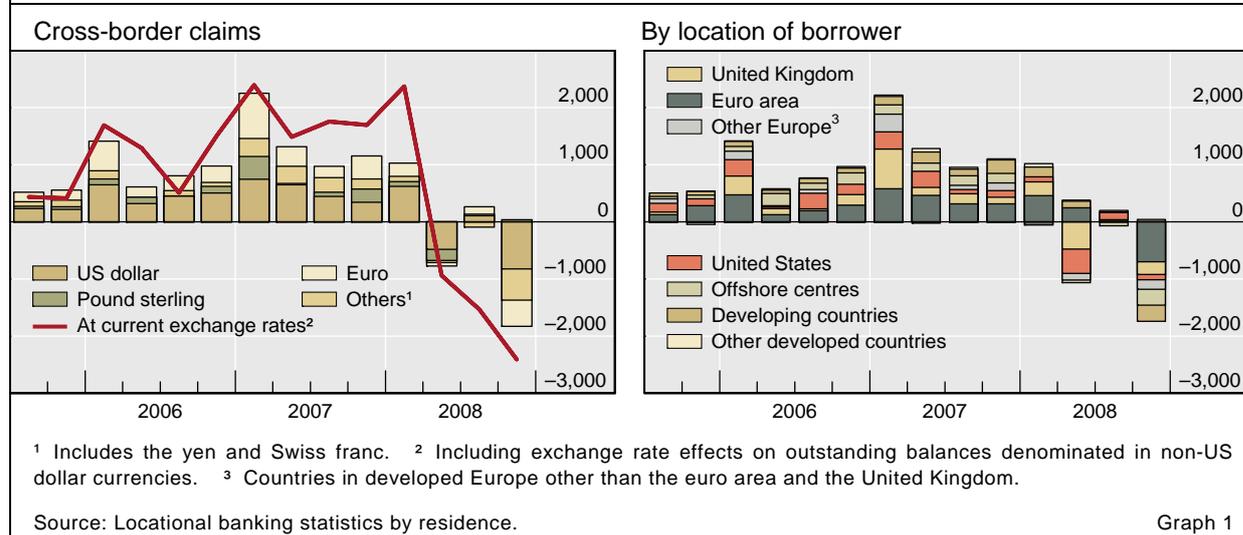
Data for the fourth quarter of 2008 are provisional. Final data, with a detailed analysis of the recent trends, will be published in the forthcoming *BIS Quarterly Review* to be released on 8 June 2009.

### Locational banking statistics<sup>1</sup> (Table 1)

After a relatively small change in total outstanding stocks in the third quarter, banks' external claims shrank by 5.4% in the fourth quarter of 2008 (\$1.8 trillion at constant exchange rates), to \$31 trillion.<sup>2</sup> This was the largest reduction ever recorded. Claims denominated in US dollars and yen were down by 6% and 15%, respectively. Claims vis-à-vis non-banks declined 8%.

#### Changes in claims of BIS reporting banks

In billions of US dollars, at constant exchange rates



<sup>1</sup> The locational statistics are structured by residence of the banks' offices, and provide details on the currency distribution and the liability and asset structure of cross-border banking.

<sup>2</sup> In the third quarter of 2008, at current exchange rates, most of the decline in outstanding stocks had been due to a 10% depreciation of the euro relative to the US dollar. In contrast, in the fourth quarter 80% of the reported decrease was due to an actual reduction in banks' claims.

- **Sector:** Claims on non-banks and banks dropped by \$903 billion and \$887 billion respectively, the latter partly accounted for by a \$315 billion (3%) decline in cross-border claims on banks' related foreign offices.
- **Location of counterparties:** Cross-border bank claims on borrowers in developed countries declined by 5% (\$1,272 billion). Claims on non-banks in offshore centres fell by 14% (\$217 billion), while credit to non-banks in developing countries dropped by 6% (\$77 billion). Banks' liabilities to banks in developing economies declined by 12% (\$298 billion). Banks' holdings and issues of cross-border securities contracted by 3% (\$211 billion) and 7% (\$232) billion, respectively.
- **Currencies:** Banks' cross-border claims denominated in US dollars decreased by \$803 billion (6%), including 12% and 13% reductions in holdings of dollar securities issued by residents of offshore centres and developing countries respectively. Euro claims contracted by \$491 billion (4%).
- **Foreign currency credit to residents of reporting countries** decreased by \$126 billion (3%), while banks' holdings of local foreign currency securities increased by \$88 billion (49%). Yen and Swiss franc claims on residents declined by \$70 billion and \$32 billion respectively, mainly in developed economies.

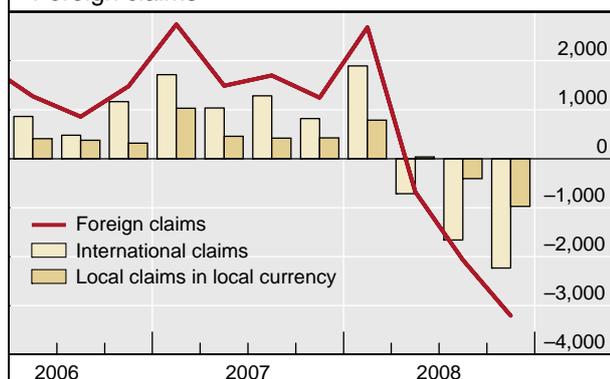
## Consolidated bank assets on an immediate borrower basis (Table 2)

In the fourth quarter of 2008, at current exchange rates, the consolidated international claims of BIS reporting banks on an *immediate borrower basis* contracted by \$2.2 trillion, to \$20.5 trillion.

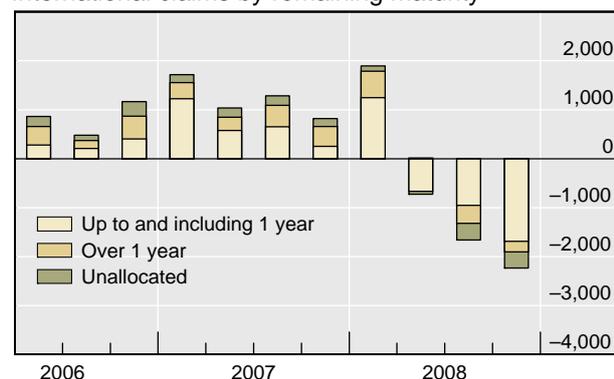
### BIS reporting banks' consolidated claims on an immediate borrower basis<sup>1</sup>

Changes in stocks,<sup>2</sup> in billions of US dollars

#### Foreign claims<sup>3</sup>



#### International claims by remaining maturity



<sup>1</sup> Worldwide consolidated positions of banks headquartered in 30 reporting countries. <sup>2</sup> Quarterly difference in outstanding stocks. <sup>3</sup> Sum of international claims and local claims in local currency; international claims comprise cross-border claims in all currencies and local claims in foreign currencies; local claims relate to those booked by reporting banks' foreign offices on residents of the country in which the foreign office is located.

Source: Consolidated banking statistics on an immediate borrower basis.

Graph 2

- *Local claims in local currency* dropped by \$1 trillion (\$428 billion at constant exchange rates), to \$10.4 trillion (Graph 2, left-hand panel). Exchange rate adjusted claims in developed countries fell by \$478 billion, mainly in the United States and Japan. Local currency claims in developing markets in Europe rose by \$15 billion.
- *Maturities*: The residual maturity structure of outstanding claims lengthened, as short-term claims in all regions were reduced proportionately more than long-term claims (Graph 2, right-hand panel).

### Consolidated bank assets on an ultimate risk basis (Table 3)

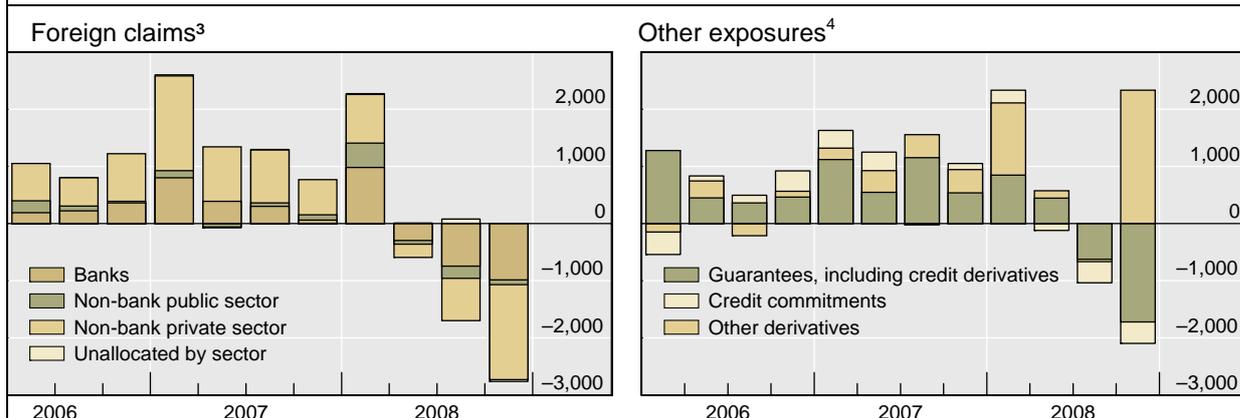
On an *ultimate risk basis*, ie after taking into account net risk transfers related to credit derivatives, guarantees and collateral, banks' exposures declined by \$2.8 trillion. Claims on other banks and on the non-bank private sector went down by \$1 trillion and \$1.7 trillion, respectively. In contrast, the share of the public sector rose from 14% to 16% of total claims.

Brisk activity, predominantly in swaps and interest rate products, as well as large movements in credit derivatives led derivative contracts with positive market value to rise by almost 52%, to \$6.5 trillion, vis-à-vis residents of developed countries.

- Guarantees, which include credit protection sold via credit derivatives, decreased by 24% vis-à-vis developed countries (to \$5.3 trillion) and by 19% (to \$264 billion) vis-à-vis offshore centres. Guarantees for borrowers resident in developing countries rose 7%, to \$776 million.
- Banks' credit commitments contracted by 10%, to \$3 trillion, in developed countries, and by around 4% in offshore centres and 3% in developing economies.

### BIS reporting banks' consolidated claims on an ultimate risk basis<sup>1</sup>

Changes in stocks,<sup>2</sup> in billions of US dollars



<sup>1</sup> Worldwide consolidated positions of banks headquartered in 24 reporting countries. <sup>2</sup> Quarterly difference in outstanding stocks. <sup>3</sup> Sum of cross-border and local claims. The latter comprise claims in all currencies booked by reporting banks' foreign offices on residents of the country in which the foreign office is located. <sup>4</sup> 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.

Source: Consolidated banking statistics on an ultimate risk basis.

Graph 3

Table 1

**External claims and liabilities of BIS reporting banks (locational banking statistics)**

Exchange rate adjusted changes in amounts outstanding, in billions of US dollars

	Vis-à-vis developed countries		Vis-à-vis offshore centres		Vis-à-vis developing countries		Vis-à-vis all countries <sup>1, 2</sup>		Stocks at end-Dec 2008
	Q3 2008	Q4 2008	Q3 2008	Q4 2008	Q3 2008	Q4 2008	Q3 2008	Q4 2008	
Total external claims	211	-1,272	-70	-279	1	-281	168	-1,790	30,952
By sector									
On banks	177	-663	-70	-62	3	-204	120	-887	20,143
On non-banks	34	-609	0	-217	-2	-77	48	-903	10,809
By instrument									
Loans	115	-1,255	-24	-167	47	-205	150	-1,678	22,450
Securities	68	-90	-31	-82	-16	-57	18	-211	6,408
Other stocks	29	73	-14	-30	-30	-19	0	99	2,093
By currency									
US dollar	111	-531	-40	-119	5	-136	73	-803	12,075
Euro	112	-503	-4	-17	26	10	103	-491	12,001
Yen	-22	-140	5	-50	-1	-10	-20	-202	1,337
Other currencies <sup>3</sup>	10	-97	-31	-93	-29	-146	12	-293	5,538
<i>Memo: Local claims in foreign currency</i>	34	-57	8	-15	37	-54	79	-126	4,059
Total external liabilities	-35	-1,201	-32	-122	129	-298	73	-1,736	28,731
By sector									
On banks	198	-953	-66	57	124	-272	276	-1,250	21,105
On non-banks	-233	-248	34	-179	5	-26	-203	-486	7,626
By instrument									
Deposits	-70	-1,332	-28	-108	124	-289	75	-1,873	24,225
Securities	-48	-128	-3	-17	1	-4	-93	-232	3,280
Other stocks	82	259	-1	3	3	-5	91	369	1,226
By currency									
US dollar	-113	-550	-64	-23	57	-158	-143	-849	12,298
Euro	104	-408	23	-7	72	-78	195	-488	9,692
Yen	-35	-113	12	2	1	-5	-23	-125	1,178
Other currencies <sup>3</sup>	9	-130	-3	-94	0	-57	44	-275	5,563

<sup>1</sup> Including claims on international organisations; excluding claims on residents. <sup>2</sup> Including unallocated data not individualised in the tables. <sup>3</sup> Including unallocated currencies.

Table 2

**Consolidated claims on a contractual (immediate borrower) basis**

Amounts outstanding, in billions of US dollars and percentages

	Vis-à-vis developed countries		Vis-à-vis offshore centres		Vis-à-vis developing countries		Total <sup>1</sup>	
	Q3 2008	Q4 2008	Q3 2008	Q4 2008	Q3 2008	Q4 2008	Q3 2008	Q4 2008
Foreign claims <sup>2</sup>	27,104	24,607	2,342	2,054	4,593	4,185	34,119	30,912
International claims <sup>3</sup>	18,056	16,379	1,962	1,674	2,656	2,403	22,753	20,522
As % of foreign claims	(66.6)	(66.6)	(83.8)	(81.5)	(57.8)	(57.4)	(66.7)	(66.4)
Local claims <sup>4</sup>	9,048	8,228	380	380	1,937	1,782	11,365	10,391
As % of foreign claims	(33.4)	(33.4)	(16.2)	(18.5)	(42.2)	(42.6)	(33.3)	(33.6)
Breakdown of international claims by maturity								
Up to and including one year	9,783	8,507	946	743	1,269	1,064	12,023	10,333
As % of international claims	(54.2)	(51.9)	(48.2)	(44.4)	(47.8)	(44.3)	(52.8)	(50.4)
Over one year and up to two years	703	657	71	66	159	164	936	890
As % of international claims	(3.9)	(4.0)	(3.6)	(4.0)	(6.0)	(6.8)	(4.1)	(4.3)
Over two years	4,743	4,637	582	535	976	970	6,330	6,161
As % of international claims	(26.3)	(28.3)	(29.6)	(32.0)	(36.7)	(40.3)	(27.8)	(30.0)
Unallocated	2,828	2,578	364	329	252	205	3,465	3,137
As % of international claims	(15.7)	(15.7)	(18.6)	(19.7)	(9.5)	(8.5)	(15.2)	(15.3)
Risk transfers <sup>5</sup>								
Inward risk transfers	1,309	1,123	101	81	165	132	1,579	1,339
Outward risk transfers	992	931	323	272	262	236	1,577	1,440
Net risk transfers	371	226	-477	-401	-146	-139	-256	-318
Foreign claims <sup>6</sup>	27,475	24,833	1,865	1,653	4,448	4,045	33,863	30,594
Of which: domestically owned banks	22,895	20,640	1,798	1,592	4,198	3,817	28,966	26,111

<sup>1</sup> Including positions vis-à-vis international organisations and unallocated. <sup>2</sup> Foreign claims of all banks (domestic and foreign banks) in 30 reporting countries. <sup>3</sup> Cross-border claims denominated in all currencies plus local claims of foreign offices denominated in foreign currencies. <sup>4</sup> Local claims of domestic banks' foreign offices denominated in local currencies. <sup>5</sup> While 30 countries report claims on a contractual basis, 26 countries provide risk transfer information. Inward risk transfers minus outward risk transfers do not equal net risk transfers as some countries report only net risk transfers. <sup>6</sup> After net risk transfers reported by 26 countries.

Table 3

**Consolidated foreign claims and other contingent exposures  
on an ultimate risk basis**

Amounts outstanding, in billions of US dollars and percentages

	Vis-à-vis developed countries		Vis-à-vis offshore centres		Vis-à-vis developing countries		Total <sup>1</sup>	
	Q3 2008	Q4 2008	Q3 2008	Q4 2008	Q3 2008	Q4 2008	Q3 2008	Q4 2008
<i>Memo: Foreign claims of domestically owned banks (after net risk transfers reported by 26 countries, Table 2)</i>	(22,895)	(20,640)	(1,798)	(1,592)	(4,198)	(3,817)	(28,966)	(26,111)
Foreign claims after net risk transfers (24 countries) <sup>2</sup>	22,343	20,166	1,764	1,565	4,149	3,775	28,329	25,567
Of which: local claims	9,805	8,864	492	483	2,285	2,134	12,590	11,488
As % of foreign claims	(43.9)	(44.0)	(27.9)	(30.9)	(55.1)	(56.5)	(44.4)	(44.9)
By sector								
Banks	6,720	5,916	214	202	893	724	7,837	6,851
As % of foreign claims	(30.1)	(29.3)	(12.1)	(12.9)	(21.5)	(19.2)	(27.7)	(26.8)
Public sector	3,155	3,158	81	71	814	740	4,092	4,006
As % of foreign claims	(14.1)	(15.7)	(4.6)	(4.6)	(19.6)	(19.6)	(14.4)	(15.7)
Non-bank private sector	12,230	10,888	1,457	1,273	2,418	2,287	16,113	14,455
As % of foreign claims	(54.7)	(54.0)	(82.6)	(81.4)	(58.3)	(60.6)	(56.9)	(56.5)
Unallocated	238	204	13	18	23	24	287	254
As % of foreign claims	(1.1)	(1.0)	(0.7)	(1.2)	(0.6)	(0.6)	(1.0)	(1.0)
<b>Other exposures</b>								
Derivative contracts <sup>3</sup>	4,291	6,522	259	319	265	307	4,831	7,166
Guarantees extended	7,024	5,314	326	264	725	776	8,076	6,355
Credit commitments <sup>4</sup>	3,293	2,951	528	509	655	637	4,481	4,105

<sup>1</sup> Including positions vis-à-vis international organisations and unallocated. <sup>2</sup> Based on data from domestically owned banks in 24 countries which submitted both sets of data in the second and third quarter of 2008 and also provided data on risk transfers, and a detailed breakdown of foreign claims and contingent exposures. <sup>3</sup> Excluding Chile; positive market values only. <sup>4</sup> Excluding Chile.

## Breaks in series and major data revisions processed in Q4 2008

The changes in locational banking discussed in the statistical commentary are net of the breaks listed below.

<b>A. Locational banking statistics by residence</b>			<b>Assets</b>	<b>Liabilities</b>
<b>Breaks in series<sup>1</sup></b>			<b>USD billions</b>	
<b>Quarters</b>	<b>Reporting countries</b>	<b>Details</b>		
Q4 2008	Jersey	Inclusion of bearer bonds issued under international debt securities	–	23.8
Q3 2004	Netherlands	Change of sector allocations of some counterparts of the reporting MFIs	–0.6	5.1
Q1 2003	Netherlands	Inclusion of participations and debt securities by liabilities and	–	4.7
Q2 2002	Cayman Islands	Inclusion of issues of debt securities by reporting banks & improved currency breakdown	0.0	7.2
<b>Data revisions in previous quarters</b>				
<b>Quarters</b>	<b>Reporting countries</b>	<b>Details</b>		
Q2 2008	Bahrain	Revisions from reporting banks	–36.5	–34.5
Q3 2008	Bahrain	Revisions from reporting banks	–41.1	–28.9
Q1 2006 to Q4 2007	Canada	Revisions from reporting banks	Between –0.2 and 0.4	Between –0.4 and 0.0
Q2 2002 to Q3 2006	Cayman Islands	Revisions from reporting banks	Between 0.0 and .1	Between –0.1 and 0.0
Q4 2006	Cayman Islands	Revisions from reporting banks	64.2	32.2
Q3 2007	Cayman Islands	Revisions from reporting banks	35.9	–0.5
Q4 2007	Cayman Islands	Revisions from reporting banks	18.2	14.6
Q1 2008	Cayman Islands	Revisions from reporting banks		
Q4 2005 to Q3 2006	Portugal	Revisions from reporting banks	Between –7.9 and 0.1	Between –13.4 and 0.2
Q3 2008	Singapore	Revisions from reporting banks	–1.6	–1.6
Q2 2005 to Q3 2007	Sweden	Reallocation of deposit liabilities to other liabilities	Between 0.0 and 4.9	Between 0.0 and 3.4
Q3 2008	Netherlands	Revisions from reporting banks	0	–33.4
Q1 2003 to Q4 2004	Netherlands	Revisions from reporting banks	Between –1.1 to 0.6	Between –8.1 to 15.1
Q1 2004 to Q4 2006	Switzerland	Revisions from reporting banks	Between –0.1 and 0.1	Between –1.2 and 0.1
Q1 2008	United Kingdom	Revisions from reporting banks	0.0	–2.0
Q2 2008	United Kingdom	Revisions from reporting banks	–11.9	–14.2
Q3 2008	United Kingdom	Revisions from reporting banks	7.1	0.8
Q1 2007	United States	Revisions from reporting banks	–2.8	–20.9
Q2 2007	United States	Revisions from reporting banks	3.9	5.2
Q3 2007	United States	Revisions from reporting banks	22.5	–12.5
Q4 2007	United States	Revisions from reporting banks	27.5	19.5
Q1 2008	United States	Revisions from reporting banks	29.3	39.9
Q2 2008	United States	Revisions from reporting banks	–2.6	79.2
Q3 2008	United States	Revisions from reporting banks	–5.3	–17.1

## B. Locational banking statistics by nationality

Assets Liabilities

### Breaks in series<sup>1</sup>

USD billions

Quarters	Reporting countries	Details		
Q4 2008	Jersey	Change in nationality of a foreign bank	–	23.9

### Data revisions of previous quarters

Quarters	Reporting countries	Details		
Q2 2008	Bahrain	Revisions from reporting banks	–10.1	–12.8
Q3 2008	Bahrain	Revisions from reporting banks	–11.7	–8.1
Q3 2008	Cayman Islands	Revisions from reporting banks	5.4	0.0
Q3 2008	Finland	Revisions of liabilities to related foreign offices	0.0	–37.0
Q4 2007	France	Revisions from reporting banks	8.2	4.5
Q1 2008	France	Revisions from reporting banks	7.9	2.6
Q3 2008	France	Revisions from reporting banks	7.8	2.7
Q1 2001–	Guernsey	Revisions of Liabilities, CDs and other securities	0.0	–30.0 to
Q3 2008				–50.0
Q3 2007	Japan	Revisions from reporting banks	0.0	–7.4
Q4 2007	Japan	Revisions from reporting banks	0.0	5.1
Q1 2008	Japan	Revisions from reporting banks	0.0	2.7
Q2 2008	Japan	Revisions from reporting banks	0.0	10.8
Q2 2008	Portugal	Revisions from reporting banks	0.0	2.0
Q3 2008	Portugal	Revisions from reporting banks	0.0	1.6
Q3 2008	Singapore	Revisions from reporting banks	0.0	1.6
Q1 2008	United States	Revisions from reporting banks	0.5	1.2
Q2 2008	United States	Revisions from reporting banks	0.5	3.6
Q3 2008	United States	Revisions from reporting banks	3.9	1.6

<sup>1</sup> See [www.bis.org/statistics/breakstables.pdf](http://www.bis.org/statistics/breakstables.pdf) for historical breaks in series.

### C. Consolidated statistics on an immediate borrower basis

(Changes in billions of US dollars)

Quarters	Reporting countries	Details of breaks in series <sup>1</sup>	International claims	Other positions
Q4 2008	Germany	Change in nationality of banks among domestic, inside area and outside area foreign banks	8.7	
		Local currency claims of foreign offices		-7.6
		Local currency liabilities of foreign offices		-4.0
Q4 2008	Spain	Change in nationality of banks among domestic, inside area and outside area foreign banks	22.8	
		Local currency claims of foreign offices		129.1
		Local currency liabilities of foreign offices		115.8
Q4 2007	Netherlands	Sale of a foreign bank	1.9	
		Local currency claims of foreign offices		-9.3
		Local currency liabilities of foreign offices		-11.3
Q2 2008	Netherlands	Sale of a foreign bank	-	
		Local currency claims of foreign offices		-68.9
		Local currency liabilities of foreign offices		-68.9
Q3 2008	Netherlands	Sale of a foreign bank	-	
		Local currency claims of foreign offices		-45.5
		Local currency liabilities of foreign offices		-45.5
Q4 2008	Netherlands	Acquisition of a foreign bank	18.4	
		Local currency claims of foreign offices		11.0
		Local currency liabilities of foreign offices		-
<b>Quarters</b>	<b>Reporting countries</b>	<b>Details of data revisions</b>		
Q3 2008	United Kingdom	Data revisions from reporting banks:	11.2	
		Local currency claims		0.8
		Local currency liabilities		0.3
Q1 2008	Ireland	Data revisions from reporting banks	32.4	

### D. Consolidated statistics on an ultimate risk basis

Quarters	Reporting countries	Details of data revisions <sup>2</sup>	Foreign claims	Other exposures
Q3 2008	United Kingdom	Data revisions from reporting banks:	12.6	
		Cross-border claims		9.4
		Local claims of foreign offices		3.3
Q4 2007	Netherlands	Data revisions from reporting banks	-0.6	
		Guarantees extended		1.9

<sup>1</sup> See [www.bis.org/statistics/breakstables.pdf](http://www.bis.org/statistics/breakstables.pdf) for historical breaks in series.