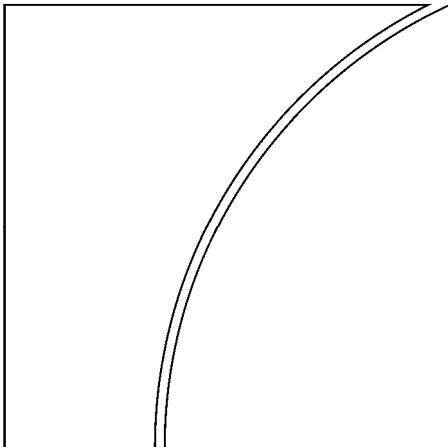




BANK FOR INTERNATIONAL SETTLEMENTS



Statistical commentary on provisional locational and consolidated international banking statistics at end-June 2009

Monetary and Economic Department

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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

Second quarter of 2009

Data for the second quarter of 2009 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 7 December 2009.

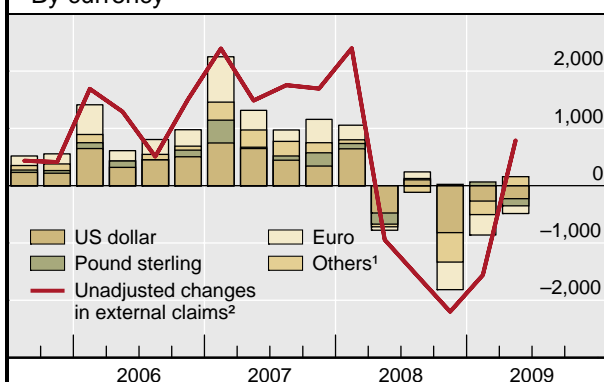
Locational banking statistics¹ (Table 1)

Banks' external claims continued to decline in the second quarter of 2009, but at a slower pace. While external claims on the non-bank sector increased for the first time since the third quarter of 2008 – by 0.5 % – the overall decrease in international banking activity during the quarter reflected a further contraction in interbank claims.

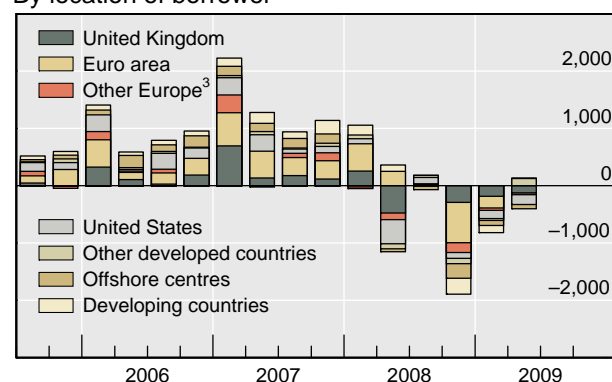
Changes in external claims of BIS reporting banks

In billions of US dollars, adjusted for exchange rate movements

By currency



By location of borrower



¹ Including the yen and Swiss franc. ² Including exchange rate effects on outstanding balances denominated in currencies other than the US dollar. ³ Developed countries.

Source: Locational banking statistics by residence.

Graph 1

- **Sector:** After a drop of 2.6% (\$0.8 trillion) in the previous quarter, banks' external claims continued to decline in the second quarter of 2009 – by 1.1% (\$0.3 trillion) – to \$30.4 trillion². Claims on non-banks increased for the first time since the third quarter of 2008, by \$48 billion or 0.5% (after a contraction of \$133 billion or 1.2% in the first quarter of 2009). Interbank claims dropped for the third consecutive quarter, by \$375 billion or 2% (after a fall of \$664 billion or 3.3% in the first quarter).

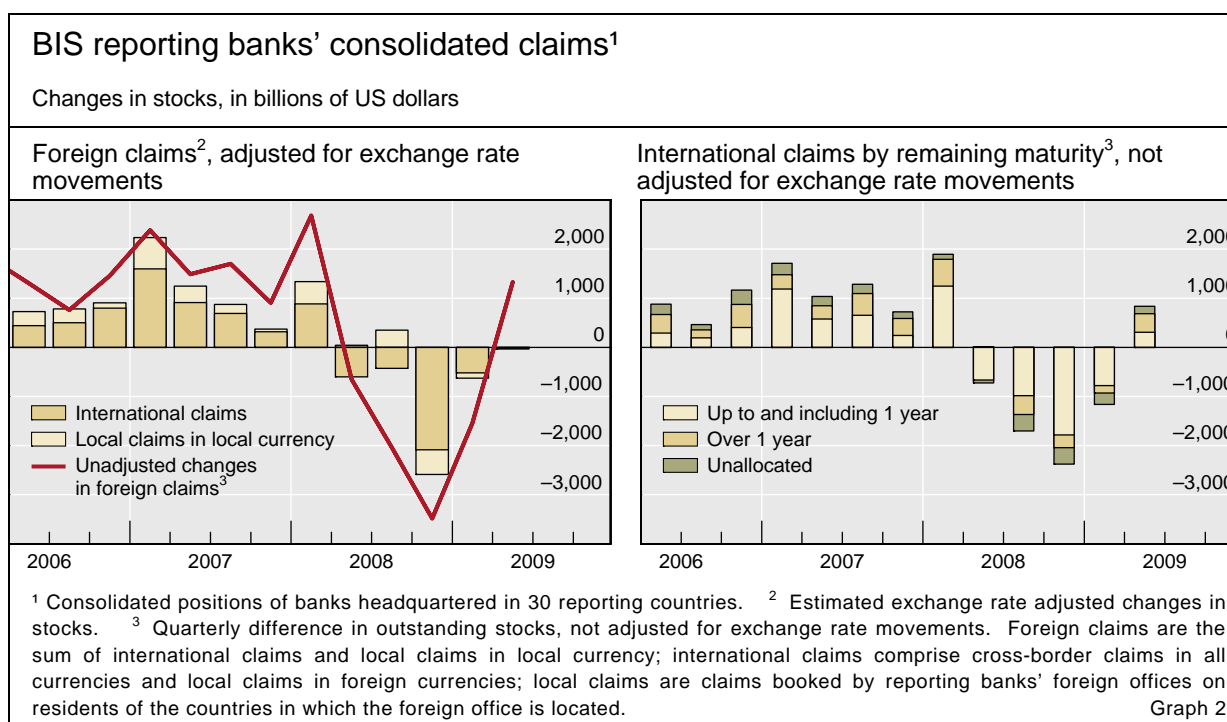
¹ The locational statistics are structured by residence of the banks' offices; they provide details on the currency distribution and the liability and asset structure of cross-border banking. The reported changes in claims by location are net of breaks shown in the Annex at the end of the release.

² All changes reported in Table 1 exclude the effect of exchange rate movements on outstanding balances.

- *Location of counterparties:* Cross-border claims on banks in developed countries declined by a further 1.9% (\$291 billion) after a decrease of 3.1% (\$506 billion) in the first quarter of 2009. In contrast, claims on non-banks expanded by \$87 billion (1.1%) in developed countries and by \$11.4 billion (1.4%) in emerging economies (excluding those in Europe) respectively.
- *Instruments:* Banks' holdings of other banks' securities decreased marginally by \$9 billion (0.4%) whereas holdings of securities issued by non-banks rose by \$99 billion (2.5%).
- *Currencies:* Banks' cross-border claims denominated in US dollars, pounds sterling and euros shrank by \$180 billion (1.5%), \$133 billion (7.4%) and \$118 billion (1.1%) respectively, while yen-denominated cross-border claims increased by \$86 billion (8%), partly reversing the sharp contraction of 15% (\$208 billion) in the first quarter.
- *Foreign currency claims on residents of reporting countries:* These claims declined by \$71 billion, with claims in US dollars and euros decreasing by \$46 billion (2.4%) and \$19 billion (2%) respectively, while claims in yen went up by \$12 billion (7%).

Consolidated bank claims on an immediate borrower basis (Table 2)

Adjusted for estimated exchange rate movements (taken from the locational by nationality statistics), total consolidated international claims stabilised in the second quarter of 2009 after four consecutive quarters of decline. Local claims in local currencies were also unchanged, excluding exchange rate movements (Graph 2, left panel).³



³ This suggests that the nominal \$1.4 billion growth in consolidated claims (Table 2), which are reported in US dollar equivalent without a currency breakdown, was fully driven by the strengthening of most world currencies vis-à-vis the dollar during the quarter. (All values in Tables 2 and 3 are reported at current exchange rates.)

- *Local claims in local currency:* The aggregate remained unchanged at around \$10 trillion, excluding the impact of exchange rate movements. Net reductions in local credit were most pronounced in the United States (\$115 billion). Net increases were reported mainly in Germany, Japan, Hong Kong SAR and the United Kingdom (\$130 billion in total when adjusted for exchange-rate movements).

Consolidated foreign claims and other contingent exposures on an ultimate risk basis (subset of 24 reporting countries; Table 3)

On an *ultimate risk basis*, taking into account risk transfers, the share of interbank credit continued to shrink for the fifth consecutive quarter.

- *Counterparties:* The share of interbank lending dropped to 24% of the total in the second quarter of 2009. Credit to public sector counterparties declined less rapidly, causing a relative increase in the share of the latter sector from 14% to 17% over the last five quarters.
- *Other exposures:* Due to market conditions, the positive market value of *derivatives* claims in banks' trading book declined by 26% (\$1.6 trillion) in the second quarter of 2009, further reversing the spike seen in mainly FX derivatives value in the fourth quarter of 2008.

BIS reporting banks' consolidated claims on an ultimate risk basis¹

Changes in stocks,² in billions of US dollars

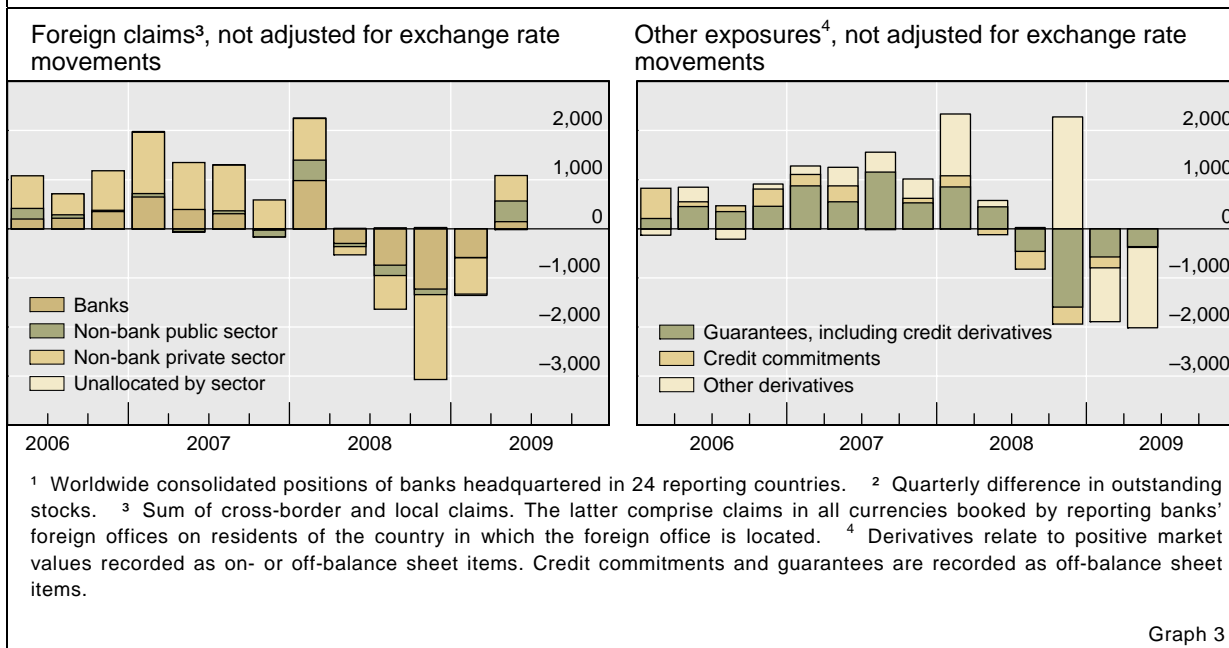


Table 1

Changes in external claims and liabilities of BIS reporting banks (locational statistics)

In billions of US dollars, at constant quarterly exchange rates

	Vis-à-vis developed countries		Vis-à-vis offshore centres		Vis-à-vis developing countries		Vis-à-vis all countries ^{1, 2}		Stocks at end-June 2009
	Q1 2009	Q2 2009	Q1 2009	Q2 2009	Q1 2009	Q2 2009	Q1 2009	Q2 2009	
Total external claims	-607	-204	-87	-74	-126	10	-796	-327	30,368
By sector									
On banks	-506	-291	-70	-29	-104	7	-664	-375	19,485
On non-banks	-101	87	-17	-45	-22	3	-133	48	10,883
By instrument									
Loans	-521	-213	-50	-65	-100	-11	-668	-312	21,978
Securities	-18	86	-27	-6	-16	10	-43	90	6,449
Other stocks	-68	-78	-10	-2	-10	11	-86	-105	1,940
By currency									
US dollar	-187	-151	-9	-24	-43	4	-245	-180	11,733
Euro	-269	-70	-58	-33	-13	-4	-344	-118	11,769
Yen	-170	70	-29	21	-9	-4	-208	86	1,174
Other currencies ³	19	-52	9	-38	-60	14	0	-115	5,692
<i>Memo: Local claims in foreign currency</i>	-252	-49	-21	-18	-18	-4	-291	-71	3,734
Total external liabilities	-656	-253	-160	-152	-28	-74	-754	-407	28,249
By sector									
On banks	-318	-205	-124	-119	-32	-72	-410	-353	20,952
On non-banks	-338	-48	-36	-34	3	-2	-345	-54	7,297
By instrument									
Deposits	-601	-170	-163	-156	-26	-74	-782	-409	23,359
Securities	-13	25	10	1	0	-2	113	157	3,888
Other stocks	-43	-107	-7	3	-2	2	-85	-155	1,002
By currency									
US dollar	-189	-104	-128	-83	-75	-20	-348	-144	12,028
Euro	-201	-116	-29	-34	31	-33	-146	-151	9,478
Yen	-143	69	-16	-11	-5	-2	-162	58	1,039
Other currencies ³	-124	-101	12	-24	21	-19	-98	-170	5,704

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

Table 2

Consolidated claims on a contractual (immediate borrower) basis

Amounts outstanding, in billions of US dollars at current quarterly exchange rates

	Vis-à-vis developed countries		Vis-à-vis offshore centres		Vis-à-vis emerging markets		Total ¹	
	Q1 2009	Q2 2009	Q1 2009	Q2 2009	Q1 2009	Q2 2009	Q1 2009	Q2 2009
Foreign claims on immediate borrower basis (30 countries) ²	23,584	24,729	2,086	2,125	4,021	4,228	29,763	31,168
International claims ³	15,563	16,302	1,701	1,704	2,334	2,411	19,669	20,502
Local claims in local currency ⁴	8,021	8,427	385	421	1,687	1,817	10,094	10,666
As % of foreign claims	(34.0)	(34.1)	(18.5)	(19.8)	(42.0)	(43.0)	(33.9)	(34.2)
Breakdown of international claims by maturity								
Up to and including one year	7,903	8,209	804	791	1,037	1,046	9,758	10,065
As % of international claims	(50.8)	(50.4)	(47.3)	(46.4)	(44.4)	(43.4)	(49.6)	(49.1)
Unallocated	2,438	2,545	290	298	177	208	2,936	3,081
As % of international claims	(15.7)	(15.6)	(17.1)	(17.5)	(7.6)	(8.6)	(14.9)	(15.0)
Risk transfers ⁵								
Inward risk transfers	1,083	1,102	106	110	135	143	1,327	1,360
Outward risk transfers	875	949	334	341	248	258	1,458	1,549
Net risk transfers	227	147	-407	-413	-131	-137	-316	-409
Foreign claims on ultimate risk basis (26 countries) ⁶	23,811	24,876	1,678	1,712	3,890	4,091	29,447	30,760
Of which: domestically owned banks ⁷	19,793	20,616	1,595	1,638	3,677	3,869	25,131	26,201

¹ Including positions vis-à-vis international organisations and unallocated. ² Foreign claims of all banks (domestic and foreign) in 30 reporting countries. ³ Cross-border claims denominated in all currencies plus local claims of foreign offices denominated in foreign currencies. ⁴ Local claims of domestic banks' foreign offices denominated in local currencies. ⁵ 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 because some countries report only net risk transfers. ⁶ After net risk transfers reported by 26 countries. ⁷ Claims reported by banks headquartered in BIS reporting countries, exclusive of (1) cross-border claims of subsidiaries and affiliates on residents in the headquarters (home) country, (2) cross-border claims of non-consolidated entities and (3) cross-border claims of entities whose headquarters are outside the BIS reporting countries.

Table 3

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

Amounts outstanding, in billions of US dollars at current quarterly exchange rates

	Vis-à-vis developed countries		Vis-à-vis offshore centres		Vis-à-vis emerging markets		Total ¹	
	Q1 2009	Q2 2009	Q1 2009	Q2 2009	Q1 2009	Q2 2009	Q1 2009	Q2 2009
Foreign claims after net risk transfers (24 countries) ²	19,345	20,165	1,567	1,609	3,639	3,831	24,615	25,680
Of which: local claims in all currencies	8,747	9,205	488	525	2,042	2,186	11,283	11,923
As % of foreign claims	(45.2)	(45.6)	(31.1)	(32.6)	(56.1)	(57.1)	(45.8)	(46.4)
By sector								
Banks	5,231	5,345	147	154	685	704	6,071	6,213
As % of foreign claims	(27.0)	(26.5)	(9.4)	(9.6)	(18.8)	(18.4)	(24.7)	(24.2)
Public sector	3,192	3,519	105	126	725	796	4,067	4,492
As % of foreign claims	(16.5)	(17.5)	(6.7)	(7.9)	(19.9)	(20.8)	(16.5)	(17.5)
Non-bank private sector	10,755	11,144	1,296	1,314	2,209	2,313	14,262	14,778
As % of foreign claims	(55.6)	(55.3)	(82.7)	(81.7)	(60.7)	(60.4)	(57.9)	(57.5)
Unallocated	166	157	20	14	19	18	216	197
As % of foreign claims	(0.9)	(0.8)	(1.3)	(0.9)	(0.5)	(0.5)	(0.9)	(0.8)
Other exposures								
Derivatives contracts ³	5,751	4,289	297	194	293	223	6,355	4,718
Guarantees extended	8,192	7,875	517	509	783	745	9,493	9,129
Credit commitments ⁴	2,912	2,894	425	410	590	606	3,931	3,916

¹ Including positions vis-à-vis international organisations and unallocated. ² Based on data from domestically owned banks in 24 countries that submit both immediate borrower and ultimate risk basis data, provide data on risk transfers and give a detailed breakdown of foreign claims and contingent exposures. ³ Excluding Chile; positive market values only. ⁴ Excluding Chile.

Annex

Breaks in series and major data revisions processed in Q2 2009

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

A. Locational banking statistics by residence

In billions of US dollars

Assets

Liabilities

Breaks in series¹

Quarters	Reporting countries	Details		
Q2 2009	Belgium	New foreign banking subsidiary and transfer of business from other banks in Belgium	13.3	12.6
Q1 2008	Netherlands	Inclusion of debt securities liabilities	0.0	221.0
Q1 2009	United Kingdom	Inclusion of cross-border positions of building societies	7.0	12.2
Q4 2008	United States	Reporter panel changes, including addition of new bank holding companies. Historically, only cross-border positions of brokers and dealers of former investment banks were included in locational banking.	123.3	95.1

Data revisions of previous quarters (exclusive of breaks-in-series)

Quarters	Reporting countries	Details		
Q1 2007 to Q1 2009	Canada	Revisions from reporting banks	Between -3.8 and 0.0	Between -7.8 and 0.1
Q4 2003 to Q1 2009	Finland	Revisions due to rectification of reporting errors	Between -0.3 and 1.0	Between -0.3 and 3.7
Q1 2009	Ireland	Revisions on rectification of reporting errors	-7.4	-447.2
Q2 2008 to Q1 2009	Japan	Revisions from reporting banks	Between 0.0 and 1.0	Between 0.0 and 0.6
Q1 2009	Malaysia	Revisions from reporting banks	-0.1	1.1
Q1 2009	Mexico	Revisions from reporting banks	0.5	-0.5
Q1 2008	Netherlands	Inclusion of debt securities liabilities to residents and other revisions	25.5	25.9
Q2 2008	Netherlands	Inclusion of debt securities liabilities to residents and other revisions	29.6	253.9
Q3 2008	Netherlands	Inclusion of debt securities liabilities to residents and other revisions	19.7	215.6
Q4 2008	Netherlands	Inclusion of debt securities liabilities to residents and other revisions	14.5	205.0
Q1 2009	Netherlands	Inclusion of debt securities liabilities to residents and other revisions	0.0	203.5
Q4 2003 to Q1 2009	Sweden	Reporting of foreign currency denominated debt securities liabilities to residents	0.0	Between 2.6 and 29.8
Q1 2009	United Kingdom	Revisions from existing reporting banks and partial inclusion of unclassified amounts from building societies.	28.0	66.6
Q4 2008	United States	Revisions from reporting banks	55.8	51.4
Q1 2009	United States	Revisions from reporting banks	147.3	104.5

B. Locational banking statistics by nationality

In billions of US dollars

Assets**Liabilities****Breaks in series¹**

Quarters	Reporting countries	Details		
Q2 2009	Belgium	Increase in reporting population	13.3	12.6
Q3 2008	Ireland	Nationality reclassification	–	–
Q1 2009	United Kingdom	Inclusion of cross-border positions of building societies (assets \$7.0 billion, liabilities \$12.2 billion) and revisions from existing reporting banks including partial inclusion of unclassified amounts from building societies (breaks will be separated from revisions)	35.0	78.8

Data revisions of previous quarters (exclusive of breaks-in-series)

Quarters	Reporting countries	Details		
Q1 2007 to Q1 2009	Canada	Revisions from reporting banks	Between –3.7 and 1.0	Between –7.8 and 87.0
Q4 2003 to Q1 2009	Finland	Rectification of reporting errors	Between –0.9 and 5.9	Between –0.9 and 8.4
Q1 2009	Hong Kong SAR	Revisions from reporting banks	4.0	8.0
Q1 2009	Malaysia	Revisions from reporting banks	–19.0	1.1
Q1 2008 to Q1 2009	Netherlands	Rectification of reporting errors	Between 19.7 and 29.5	Between 202.3 and 253.9
Q3 2008 to Q1 2009	Sweden	Rectification of reporting errors	Between 1.1 and 1.5	Between –8.6 and 9.0
Q1 2009	United States	Revisions from reporting banks	143.7	103.0

¹ See 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 series¹	International claims	Other positions
Q1 2009	United Kingdom	Increase in reporting population due to inclusion of building societies	33.2	
		Local currency claims of foreign offices		1.4
		Local currency liabilities of foreign offices		4.3
Q2 2009	Germany	Change in reporting population between inside area, outside area and domestic banks	-4.7	
		Local currency claims of foreign offices		-0.4
		Local currency liabilities of foreign offices		-2.2
Q2 2009	Ireland	Change in reporting population between inside area and domestic banks.	4.5	
Quarters	Reporting countries	Details of data revisions		
Q1 2009	Canada	Data revisions from reporting banks	8.4	
		Outward risk transfers		0.1
		Inward risk transfers		0.1
Q4 2008	Sweden	Data revisions from reporting banks:	-0.3	
Q1 2009	United Kingdom	Revision of data on new reporting population basis	33.2	
		Local currency claims of foreign offices		1.4
		Local currency liabilities of foreign offices		4.3
		Inward risk transfers		2.4
		Net risk transfers		2.4
Q3 2008	United States	Data revisions from reporting banks	-22.5	
		Local currency claims of foreign offices		-7.3
		Local currency liabilities of foreign offices		-13.2
		Outward risk transfers		-0.9
		Inward risk transfers		-0.4
Q1 2009	United States	Data revisions from reporting banks	-104.9	
		Local currency claims of foreign offices		23.9
		Local currency liabilities of foreign offices		—
		Outward risk transfers		13.6
		Inward risk transfers		-53.4
		Net risk transfers		-67.1
Q1 2009	Netherlands	Revision of data on new reporting population basis		
		Local currency claims of foreign offices		-25.3
		Local currency liabilities of foreign offices		-15.4
		Outward risk transfers		-9.7
		Inward risk transfers		-9.7
Q1 2008	Japan	Data revisions from reporting banks	1.1	
Q1 2009	Luxembourg	Data revisions from reporting banks	-2.8	
Q1 2009	Panama	Data revisions from reporting banks	-4.5	

¹ See www.bis.org/statistics/breakstables.pdf for historical breaks in series.

D. Consolidated statistics on an ultimate risk basis

Changes in billions of US dollars

Quarters	Reporting countries	Details of breaks in series ¹	Foreign claims	Other positions
Q1 2009	United Kingdom	Increase in reporting population due to inclusion of building societies	33.6	
		Cross-border claims		31.7
		Local claims of foreign offices		1.9
Q2 2009	Germany	Decrease in reporting population of inside area banks	-5.2	
		Cross-border claims		-4.0
		Local claims of foreign offices		-1.2
Q2 2009	Ireland	Increase in reporting population of inside area banks	4.9	
		Cross-border claims		4.9
		Local claims of foreign offices		—
Quarters	Reporting countries	Details of data revisions ²	Foreign claims	Other exposures
Q3 2008	Canada	Data revisions from reporting banks	0.7	
		Cross-border claims		0.7
		Local claims of foreign offices		—
		Credit commitments		-1.0
Q4 2008	Canada	Data revisions from reporting banks		
		Cross-border claims		-3.0
		Local claims of foreign offices		3.0
		Credit commitments		-0.9
Q1 2009	Canada	Data revisions from reporting banks		
		Cross-border claims		-2.3
		Local claims of foreign offices		2.3
Q1 2009	United Kingdom	Data revisions from reporting banks	33.6	
		Cross-border claims		31.7
		Local claims of foreign offices		1.9
Q3 2009	United States	Data revisions from reporting banks	-18.7	
		Cross-border claims		-9.1
		Local claims of foreign offices		-9.7
Q1 2009	United States	Data revisions from reporting banks	-129.0	
		Cross-border claims		-165.5
		Local claims of foreign offices		36.5
		Guarantees extended		1860.3
		Credit commitments		-1.1
Q1 2009	Netherlands	Data revisions from reporting banks	-25.3	
		Cross-border claims		—
		Local claims of foreign offices		-25.3
Q1 2008	Japan	Data revisions from reporting banks	1.1	
		Cross-border claims		1.1
		Local claims of foreign offices		—

¹ See www.bis.org/statistics/breakstables.pdf for historical breaks in series.